

# Ventura County

## Retail Market Outlook 1Q 2017

### MARKET OVERVIEW

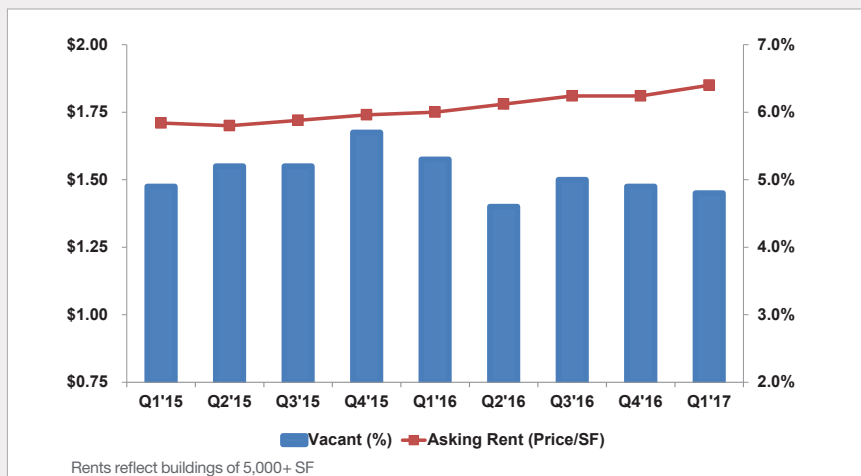
Ventura County's retail market has continued to see rising asking rents and falling vacancy rates in the first quarter of 2017. Average asking rents increased to \$1.85/SF, representing a 5.7% increase over this time last year, and a 2.2% increase over the quarter. The vacancy rate ended at 4.8%, falling 10 basis points from the prior quarter and 50 basis points from the first quarter of 2016. According to the Conference Board, the Consumer Confidence Index (CCI) increased in March to the highest level since December 2000. CCI is defined as the degree of optimism on the state of the economy that consumers express through their saving and spending. Additionally, over the year, the Ventura County economy added 9,100 new retail jobs, representing an increase of 3.1%, while the total unemployment rate fell from 5.2% to 4.6%. While Ventura County still faces challenges in its recovery, increasing wages and employment, alongside demand for retail services, continue to show signs of continued growth over the coming year.

### TRENDS TO WATCH

In the first quarter of 2017, the Ventura County retail market made a strong showing, as occupancy rates have declined while average asking rents have continued to increase. However, while employment and wages overall are increasing, Ventura County has faced challenges with underemployment and a lack of affordable housing. Increasingly, employment growth is concentrated in part-time positions in the retail services sector, while employment growth in the professional services sector is declining overall. However, there are some large construction projects coming online in the coming year. Phase I of The Amara, a large retail project in Camarillo, is scheduled to deliver 93,400 square feet in June. Tenants will include Bed Bath & Beyond, Cost Plus World Market, TJ Maxx, and others. The remainder of the 500,000 square foot project is slated to deliver in 2018.

### Average Asking Rent and Vacancy Rate

All Unit Sizes



Source: NAI Capital Research, CoStar, REIS

### MARKET OUTLOOK

#### Asking Rental Rates



#### Sale Prices



#### Availability/Vacancy Rates



#### Landlord Concessions



#### Sales/Leasing Volume



#### New Construction



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### Market Statistics

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	1Q17 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	1Q17 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT \$/PSF NNN	AVERAGE SALE PRICE \$/PSF
North	17,720,284	2,500	7.0%	4.4%	105,350	105,350	56,534	56,534	\$1.70	\$348
South	23,163,767	93,400	6.0%	5.1%	313,420	313,420	84,861	84,861	\$2.00	\$354
<b>Total</b>	<b>40,884,051</b>	<b>95,900</b>	<b>6.4%</b>	<b>4.8%</b>	<b>418,770</b>	<b>418,770</b>	<b>141,395</b>	<b>141,395</b>	<b>\$1.85</b>	<b>\$351</b>

RBA includes all retail buildings. Rents reflect buildings of 5,000 SF and greater.

### Leasing

Leasing activity in the first quarter totaled 418,770 square feet, which represented a 23% increase over the quarter and a 46% increase over this time last year. This increase in lease activity comes as rents continue to rise, with average asking rents closing the quarter at \$1.85/SF, up 2.2% over the prior quarter, and up 5.7% over this time last year. This indicates that there is growing demand for retail space in Ventura County. This quarter, both ULTA Beauty and Gold's Gym signed new leases at the Janss Marketplace in Thousand Oaks for 37,773 square feet and 31,528 square feet, respectively. In another lease transaction, Ace Hardware Store leased 8,880 square feet of retail space in Port Hueneme to set up a new branch in southwest Ventura County.

### Sales

Sales activity in the first quarter totaled 141,395 square feet, which a 64.8% decrease from last year. However, this drop in total sales activity coincides with a sharp increase in average sale prices. Sale prices this quarter averaged at \$351/SF, which represented a 37.0% increase over the year, as investors have been attracted to a smaller properties with higher sale prices. This quarter, the average transaction size was 5,612 square feet over 31 transactions, which was smaller by Ventura's standards. Cap rates averaged at 5.7%, which represented a 7 basis point drop over the quarter and a 33 basis point drop over the year, indicating that investors are becoming more confident in Ventura's retail market. In the largest sale transaction this quarter, an individual purchased the 53,592 square foot Plaza at Mission Oaks in Camarillo for \$351/SF.

### Select Lease Transactions

ADDRESS	SUBMARKET	ASKING RENT \$/PSF*	SQUARE FEET
165-275 N Moorpark Rd	South	N/A	37,773
165-275 N Moorpark Rd	South	N/A	31,528
535-687 W Channel Islands Blvd	South	N/A	8,880
2433-2473 Ventura Blvd	South	\$2.50	5,914
2190 1st St	North	\$1.35	4,900

\*All rents are NNN unless otherwise noted

### Significant Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/PSF	SQUARE FEET
Yousuf A. Tar	The Plaza at Mission Oaks	South	\$351	53,592
The Niki Group	2709 E Main St	North	\$177	20,300
Thomas Goldberg	4279 Hueneme Rd	South	\$351	8,737
Peter Hanna	2767 Tapo St	North	\$309	6,800
Peter Liu	2437 E Main St	North	\$188	5,456

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● **North**

- Fillmore
- Moorpark
- Oak View
- Ojai
- Piru
- Santa Paula
- Saticoy
- Simi Valley
- Ventura

● **South**

- Camarillo
- Casa Conejo
- El Rio
- Oxnard
- Port Hueneme
- Santa Rosa Valley
- Thousand Oaks

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