

# Ventura County

## Office Market Outlook 2Q 2017

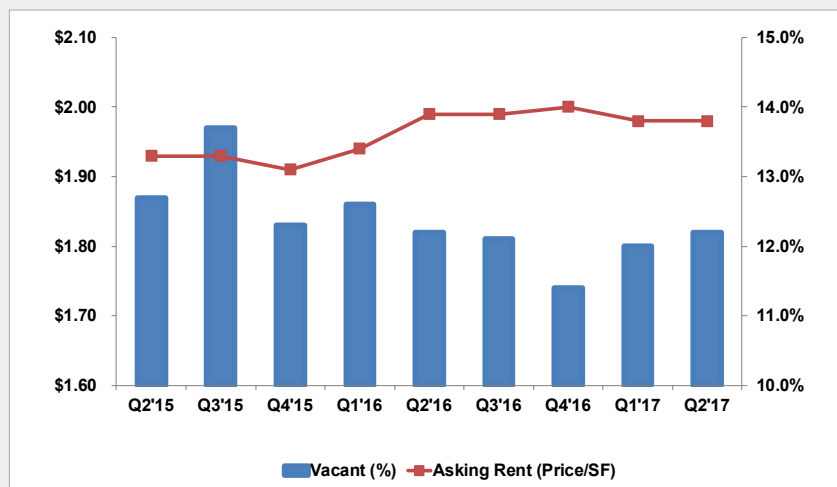
### MARKET OVERVIEW

The Ventura County office market may be losing steam. The average asking rent held steady, while the vacancy rate saw an uptick again this quarter. The vacancy rate increased by 20 basis points this quarter to 12.2% and is up 80 basis points since the fourth quarter of 2016; however, it remains the same as last year at this time. The average asking rent was \$1.98/SF this quarter, ranging between \$1.98/SF and \$2.00/SF in the past year. No projects are under construction nor have there been any deliveries in 2017. However, there are plans for 173,000 square feet of construction if demand persists. Demand for office space in Ventura County is driven by the strengthening local economy and employment gains. From June 2016 to June 2017 the unemployment rate dropped from 5.2% to 4.2%. Jobs in the office occupying sectors grew by 2.4% over the same period, while Professional & Business Services, one of the main drivers of demand for office space, saw a net gain of 200 jobs. The Educational & Health Services sector saw the most growth with 5,100 new jobs added, representing an 11.6% growth over the year.

### TRENDS TO WATCH

Employment indicators are improving and the outlook for the Ventura County office market remains positive heading into the second half of 2017. The Ventura County office market has held its own year over year since the recession. Developers are building confidence to push forward with new projects. The four office projects slated for construction could be expected to break ground over the next six months if the market remains on solid footing. The largest of those projects is an 86,000 square foot office medical building at 650 E Los Angeles Ave in Moorpark, which is listed to break ground in December 2017. Currently, the majority of the construction that is planned calls for office medical space because Education & Health Services is seeing the most significant growth in employment. As one of the county's largest employment sectors, Education & Health Services will likely continue to be an important driver of demand for office space.

#### Average Asking Rent and Vacancy Rate



Source: NAI Capital Research, CoStar

### 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 (%)	2Q17 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	2017 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT \$/PSF FSG	AVERAGE SALE PRICE \$/PSF
North	8,180,540	0	14.3%	12.7%	45,874	155,356	109,571	282,383	\$1.76	\$216
South	13,670,127	0	16.8%	11.9%	135,788	274,910	175,407	393,545	\$2.09	\$185
<b>Total</b>	<b>21,850,667</b>	<b>0</b>	<b>15.9%</b>	<b>12.2%</b>	<b>181,662</b>	<b>430,266</b>	<b>284,978</b>	<b>676,928</b>	<b>\$1.98</b>	<b>\$193</b>

RBA includes office buildings of all sizes and classes. Rents reflect buildings of at least 20,000 square feet.

### Leasing

This quarter, leasing activity totaled 181,662 square feet representing a 27% decrease over the prior quarter and is 30% below last year at this time. Average asking rents held steady at \$1.98/SF over the previous quarter and over the year. Rents have risen 5.3% from lowest point in the recession, but have room to grow as they remain 13.9% below the peak of \$2.30/SF. Employment in the Education & Healthcare sector has continued to see significant year over year growth, as over 3,600 new jobs were created over the past year. One of the most significant lease transactions this quarter involved Digital Insights, a mobile banking software company, leasing 19,657 square feet in Westlake Village for \$2.35/SF. In another transaction, Horizon Veterinary Group leased 9,100 square feet in Ventura for \$1.99/SF.

### Sales

Sales activity in the second quarter of 2017 totaled 284,978 square feet, representing a decrease of 13% over the prior quarter and 12% from a year ago. Average sale prices registered \$193/SF this quarter, which represented a 29% increase over the quarter, but down 15% over the year. In the largest sales transaction this quarter, the Koda Group purchased two class B office buildings in the Camarillo Business Center in Camarillo totaling 162,810 square feet for \$155/SF. In a similar transaction, an individual purchased another 37,638 square foot building also in the Camarillo Business Center for \$190/SF.

### Select Lease Transactions

TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/PSF*	SQUARE FEET
Digital Insights	5601 Lindero Canyon Rd, Westlake Village	South	\$2.35	19,657
Horizon Veterinary Group	5280 Valentine Rd, Ventura	North	\$1.99	9,100
Wagner Financial	196 S Fir St, Ventura	North	\$2.10	3,746
Window Design Group	515 Marin St, Thousand Oaks	South	\$2.50	3,539
Everest Realty Group of California	2901 N Ventura Rd, Oxnard	South	\$2.40	3,359

\*All rents are FSG unless otherwise noted

### Select Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/PSF	SQUARE FEET
Korda Group	Camarillo Business Center III-IV, Camarillo	South	\$155	162,810
Robert Taylor	Camarillo Business Center VI, Camarillo	South	\$190	37,638
David A Elson	545-555 A St, Oxnard	South	\$190	35,000
Scheu Business Parks, LLC	40 W Cochran St, Simi Valley	North	\$162	29,678
StoneCreek Company, Developers	2045 Royal Ave, Simi Valley	North	\$266	24,417

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## Office Market Outlook 2Q 2017



● **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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### NAI Capital Southern California Office Locations

#### Headquarters

16001 Ventura Blvd., Ste. 200  
Los Angeles, CA 91436  
818.905.2400

#### Property Management

120<sup>1/2</sup> South El Camino Real, Ste. 210  
San Clemente, CA 92674  
949.874.0415

#### Los Angeles County

##### Downtown LA

601 S. Figueroa St., Ste 3825  
Los Angeles, CA 90017  
213.632.7700

##### West Los Angeles

11835 Olympic Blvd., Ste. 700E  
Los Angeles, CA 90064  
310.440.8500

##### Torrance

970 W. 190th St. Dr., Ste. 100  
Torrance, CA 90502  
310.532.9080

##### Pasadena

225 S. Lake Ave., Ste. 1170  
Pasadena, CA 91101  
626.564.4800

##### Valencia

27451 Tournay Rd., Ste. 200  
Valencia, CA 91355  
661.705.3550

##### Diamond Bar

21660 E. Copley Dr., Ste. 320  
Diamond Bar, CA 91765  
909.348.0600

#### Ventura County

##### Oxnard

300 Esplanade Dr., Ste. 1660  
Oxnard, CA 93036  
805.278.1400

##### Westlake Village

2555 Townsgate Rd., Ste. 320  
Westlake Village, CA 91361  
805.446.2400

##### Simi Valley

2655 First St., Ste. 250  
Simi Valley, CA 93065  
805.522.7132

#### Orange County

##### Irvine

1920 Main St., Ste. 100  
Irvine, CA 92614  
949.854.6600

#### Inland Empire

##### Ontario

800 N. Haven Dr., Ste. 400  
Ontario, CA 91764  
909.945.2339

##### Temecula

27720 Jefferson Ave., Ste. 330  
Temecula, CA 92590  
951.491.7590

##### Victorville

13911 Park Avenue, Ste. 206  
Victorville, CA 92392  
760.780.4200

#### Coachella Valley

##### Palm Desert

75-410 Gerald Ford Dr., Ste. 200  
Palm Desert, CA 92211  
760.346.1566