

# Ventura County

## Office Market Outlook 2Q 2019

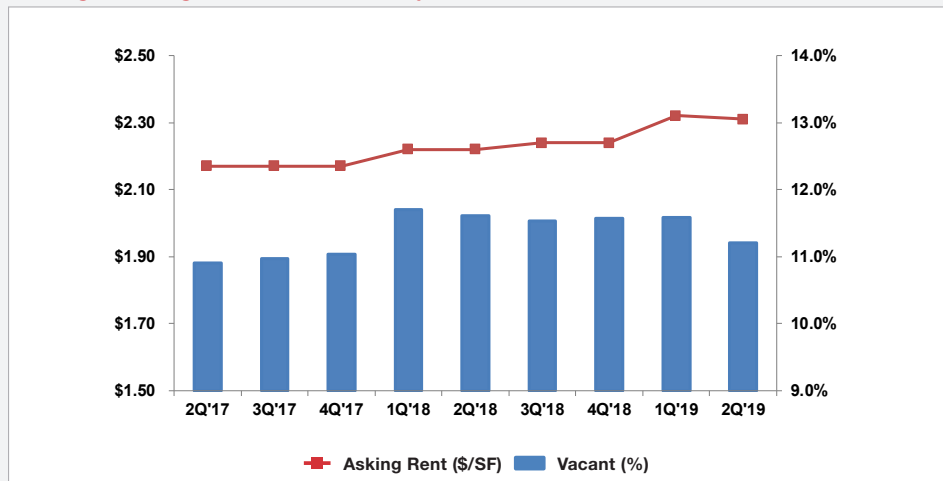
### MARKET OVERVIEW

The Ventura County office market made modest gains in the average asking rent and occupancy rate this quarter. The average asking rent reached one of the highest levels in ten years, up 4.1% from 2Q 2018 to \$2.31/SF. Vacancy closed the quarter at 11.2%, down 40 basis points from 2Q 2018. While the occupancy rate climbed to 88.8%, it remained below its pre-recession peak of 94.3% in 2005. The rise in the average rent has been led by class B office space. Class B landlords felt confident to raise asking rents 8.0% to \$2.17/SF over 2Q 2018, while class A rents softened by \$0.01/SF to \$2.63/SF over the same time. This has narrowed the difference between class A and B rents from \$0.63/SF in 2Q 2018 to \$0.46/SF this quarter. For class A space to remain competitive, landlords are easing rents, renovating buildings and offering some concessions. As a result, class A vacancy fell 310 basis points over the year to 13.1%. This quarter, Atara Biotherapeutics and SAGE Publishing moved into their spaces at Conejo Corporate Campus, which helped lower vacancy for class A space. Year to date total leasing was up 11.6% from 2Q 2018 to 936,982 SF, with class A leasing volume rising 22% over this time last year to 342,911 SF as several large leases were signed this quarter, including Harbor Freight Tools and Anthem Blue Cross. Year to date leasing of class B space increased 11.6% over last year to 549,208 SF.

### TRENDS TO WATCH

The Ventura County office market is expected to remain steady. With Ventura County at full employment, the future for employment growth remains limited. The Los Angeles Economic Development Corporation's 2019 Economic Forecast Report predicts that by 2020 only 2,140 new jobs will be created in office-occupying sectors. The Education & Health Services Sector will provide 1,770 of those jobs, while the Information and Financial Services Sectors will lose 190 jobs. This low employment growth is due to an aging workforce, high costs of living, and net out-migration. These trends may limit growth in office space occupancy. As landlords compete for a limited pool of tenants in the market the gap between class A and B rent may narrow further as office space users seek value.

Average Asking Rent\* and Vacancy Rate



### MARKET OUTLOOK

#### Asking Rental Rates



#### Sale Prices



#### Availability/Vacancy Rates



#### Landlord Concessions



#### Sales/Leasing Volume



#### New Construction



NAI Capital Research  
[www.naicapital.com](http://www.naicapital.com)

# Ventura County

## Office Market Outlook 2Q 2019

### Market Statistics\*

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	2Q19 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	2Q19 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT (\$/SF FSG)	AVERAGE SALE PRICE (\$/SF)
East	18,686,349	0	16.1%	11.8%	575,311	780,759	325,599	407,350	\$2.47	\$232
West	11,598,650	27,046	11.7%	10.3%	90,590	156,223	172,277	258,131	\$1.92	\$203
<b>Ventura County</b>	<b>30,284,999</b>	<b>27,046</b>	<b>14.4%</b>	<b>11.2%</b>	<b>665,901</b>	<b>936,982</b>	<b>497,876</b>	<b>665,481</b>	<b>\$2.31</b>	<b>\$220</b>

### Leasing

Leasing activity this quarter totaled 665,901 SF, up 146% over the prior quarter and 42% over last year at this time. This is the highest quarterly leasing volume on record as several large transactions occurred this quarter. In the largest transaction, Harbor Freight Tools leased 228,990 SF at the Corporate Center Calabasas and will occupy four newly renovated buildings for its new corporate headquarters. Majestic Asset Management renovated the project since acquiring it in 2017. Anthem Blue Cross renewed its 119,196 SF lease at the Wellpoint Campus in Westlake Village reported at a starting rent of \$1.35/SF NNN, and nine months of free rent. These transactions highlight a growing trend of landlords adjusting asking rents, upgrading properties, and offering concessions to attract and retain tenants.

### Sales

Sales activity in Ventura County remained limited in the first half of 2019 following a strong performance in 2018. Sales activity rose to 497,876 SF this quarter after a weak showing in 1Q 2019. This brought the year to date sales to just 665,481 SF, down nearly 60% over last year at this time. Part of this low transaction volume is the result of higher asking prices, which averaged \$267/SF, while sale prices averaged \$220/SF. Due to higher interest rates, investors are either searching for lower priced properties that offer higher cap rates or are making all-cash transactions. This quarter's largest sales transaction involved Strategic Office Partners purchasing the 196,034 SF Conejo Corporate Campus from Harbor Associates, LLC for \$211/SF at a 6.4% cap rate.

### Select Lease Transactions

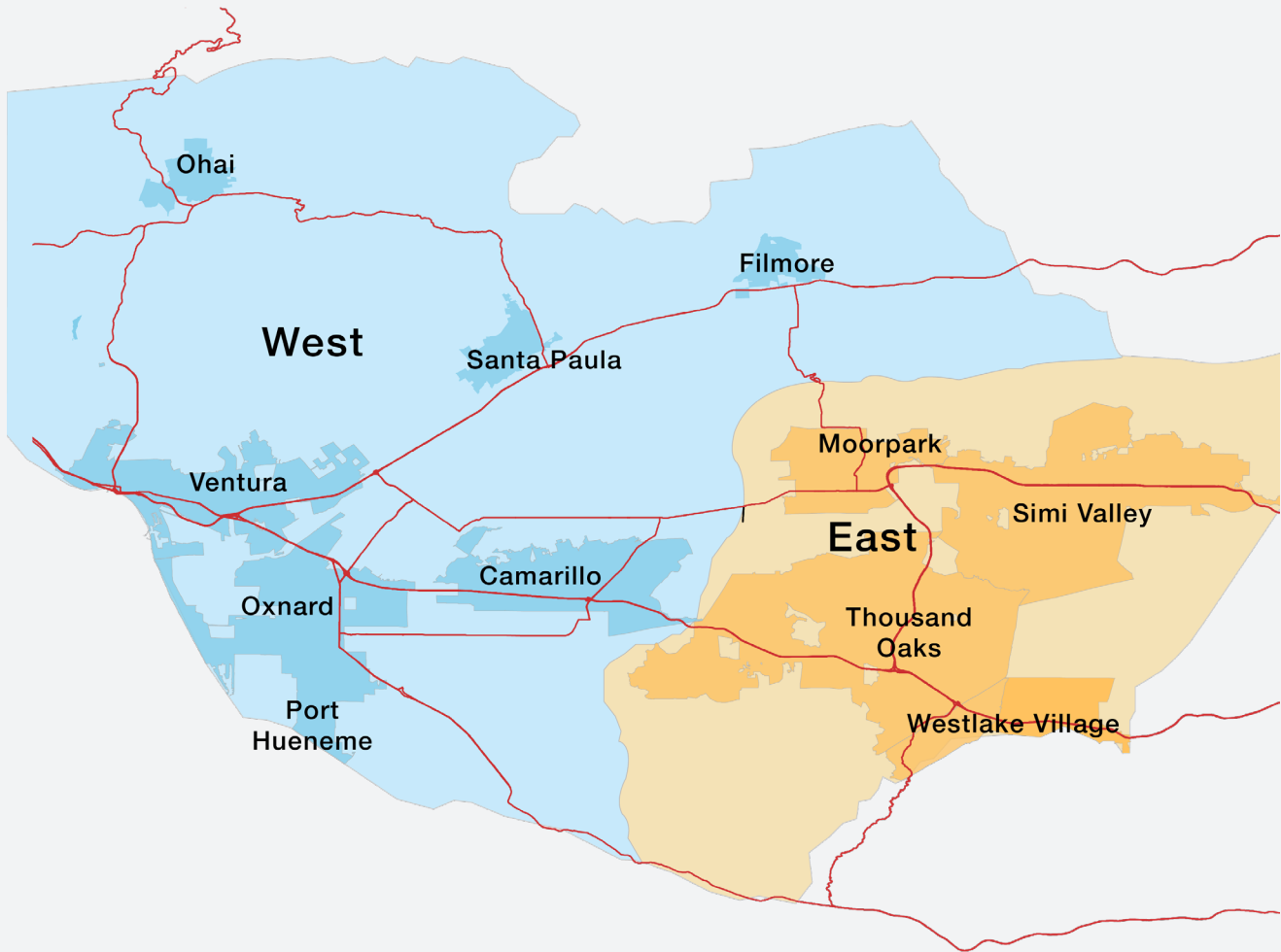
TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/SF**	SQUARE FEET
Harbor Freight	26565-26709 Agoura Rd	East	Withheld	228,990
Blue Cross	4553 La Tienda Rd	East	\$1.35 NNN	119,196
Atara	2380 Conejo Spectrum St	East	Withheld	25,000
Tenant Not Listed	248 Hampshire Rd	East	\$3.50 NNN	16,200
Tenant Not Listed	685 E Cochran St	East	\$1.50 MG	14,405

### Select Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/SF	SQUARE FEET
Strategic Office Partners	2380-2400 Conejo Spectrum St	East	\$211	196,034
Majestic Asset Management, Inc.	2829 Townsgate Rd	East	\$218	84,098
Terry York Properties	28348 Roadside Dr	East	\$209	22,761
Blue Knight Global Services, Inc.	3175 Old Conejo Rd	East	\$203	6,523
Dr. Roee E Rubinstein, MD	400 S Reino Rd	East	\$375	6,131

# Ventura County

## Office Market Outlook 2Q 2019



● **West**

- Camarillo
- Fillmore
- Ojai
- Oxnard
- Santa Paula
- Ventura

● **East**

- Agoura Hills
- Calabasas
- Moorpark
- Newbury Park
- Simi Valley
- Thousand Oaks
- Westlake Village

# Ventura County

## Office Market Outlook 2Q 2019



### NAI Capital Research

#### J.C. Casillas

Vice President  
Research, Marketing and Communications  
jcasillas@naicapital.com

#### Jillian Olivas

Research and Communications  
jolivas@naicapital.com

#### Kevin de Bree

Research Analyst  
kdebree@naicapital.com

#### Katherine Tattersfield

Marketing Research Writer  
ktattersfield@naicapital.com

### NAI Capital Southern California Office Locations

#### Headquarters

15821 Ventura Blvd., Ste. 320  
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., Ste. 100  
Torrance, CA 90502  
310.532.9080

##### Pasadena

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

##### Valencia

25060 Avenue Stanford, Ste. 165  
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

#### 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 Ave., Ste. 206  
Victorville, CA 92392  
760.780.4200

#### Orange County

##### Irvine

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

#### Coachella Valley

##### Palm Desert

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