

Ventura County

Retail Market Outlook 3Q 2018

MARKET OVERVIEW

The Ventura County retail market held its ground in 3Q 2018. The 4.3% vacancy rate fell 10 basis points from 2Q 2018 yet went up 10 basis points year over year. As vacancy inched down, the average asking rent stayed flat at \$1.95/SF, 2.5% below 3Q 2017. No new inventory entered the market for the fourth consecutive quarter. At the same time, conditions tightened up as the market worked to absorb new inventory from 2017. The Collection at RiverPark in Oxnard, a 28,655 SF community center, was the only property completed in 2017 to remain below full occupancy at the end of the quarter.

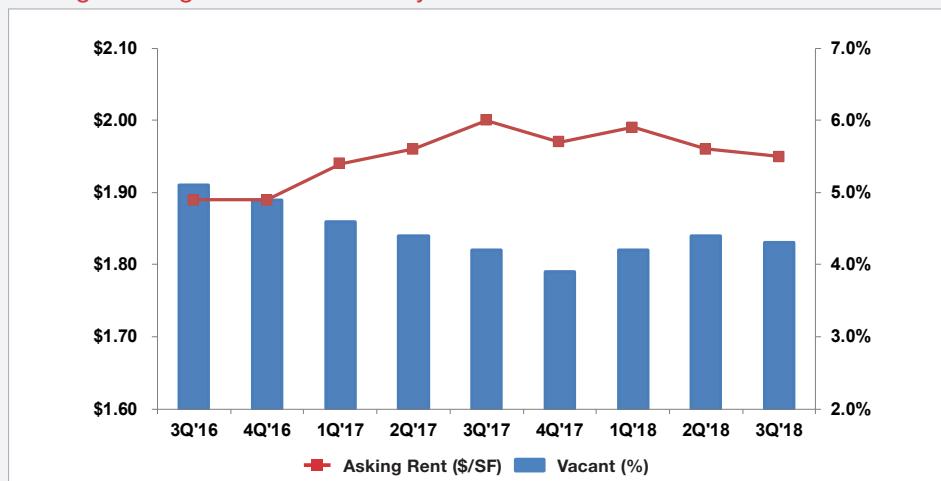
Construction volume totaled 65,715 SF in five projects, compared to 55,235 SF in 2Q 2018. The 45,000 SF built-to-suit LA Fitness building in Agoura Hills remained the largest project under construction. Two mixed-use projects in the pipeline show developers are willing to take a risk on these types of properties. Cedar Oak Development, to be completed 4Q 2018, will feature 22-multifamily units alongside an approximately 4,000 SF food hall concept with that is currently seeking restaurant tenants.

TRENDS TO WATCH

Proposed construction projects demonstrate that developers are eyeing the Santa Paula community for future expansion. Three out of the five largest proposed projects would be in Santa Paula, including a 154,718 SF neighborhood center. Santa Paula's population is expected to add 314 households by 2023, which represents 3% of the total anticipated new households in Ventura County over the same period.

Overall, Ventura County's fundamentals will remain stable for the balance of 2018. The County's unemployment rate was steady at 3.9% in July and August of 2018, while the California rate hit 4.3% during that time. Total nonfarm employment added 5,100 jobs from August 2017 to August 2018. The Leisure and Hospitality sector, which includes food stores, gained 2,500 jobs over the same time while positions in General Merchandise Stores increased 5.1%. This indicates the County's retail market will experience a strong fourth quarter, which is typically the highest grossing of the year for retailers.

Average Asking Rent* and Vacancy Rate



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 (%)	3Q18 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	3Q18 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT \$/SF NNN	AVERAGE SALE PRICE \$/SF
West	24,661,523	11,700	4.7%	2.8%	89,604	202,457	420,733	818,487	\$1.75	\$304
East	19,299,487	54,015	8.5%	6.2%	64,860	303,545	270,133	769,967	\$2.12	\$322
Ventura County	43,961,010	65,715	6.3%	4.3%	154,464	506,002	690,866	1,588,454	\$1.95	\$310

Leasing

Power centers performed well this quarter as vacancy declined 90 basis points to 3.6%. A 6,438 SF sublease transaction at Simi at the Plaza in Simi Valley spurred this drop. The average asking rent for power centers reached \$1.83/SF, dipping 7.6% over the previous quarter as some properties with vacancies reduced their rental rates. For example, the Marketplace at Oxnard dropped its asking rent from \$2.05/SF in 2Q 2018 to \$1.78/SF this quarter.

Overall leasing activity reflected moderate demand in 3Q 2018. Leasing volume totaled 154,464 SF, down 14.1% from 2Q 2018 and 58.6% year over year. Despite a general decline, the West submarket witnessed an impressive 87.4% quarterly uptick in leasing volume. Most of the tenants secured spaces within neighborhood/strip centers and power centers in Camarillo and the city of Ventura.

Sales

Sales volume surged to 690,866 SF, bringing the YTD total to nearly 1.6M SF, which represented 146% higher volume than last year at this time. Investment activity focused primarily on buildings within power and neighborhood/strip centers. The average sales price registered at \$310/SF this quarter. Ventura County's East submarket posted the highest sales price at \$322/SF. One standout transaction saw investment firm GL Development LLC purchase a fully leased 1,599 SF freestanding strip center building at State Farm Plaza in Thousand Oaks for \$500K or \$313/SF.

Cap rates averaged 6.18%, a 114-basis-point increase from 3Q 2017. The bulk of this quarter's sales activity occurred in Ventura County's West submarket, mainly within the city of Ventura and Oxnard.

Select Lease Transactions

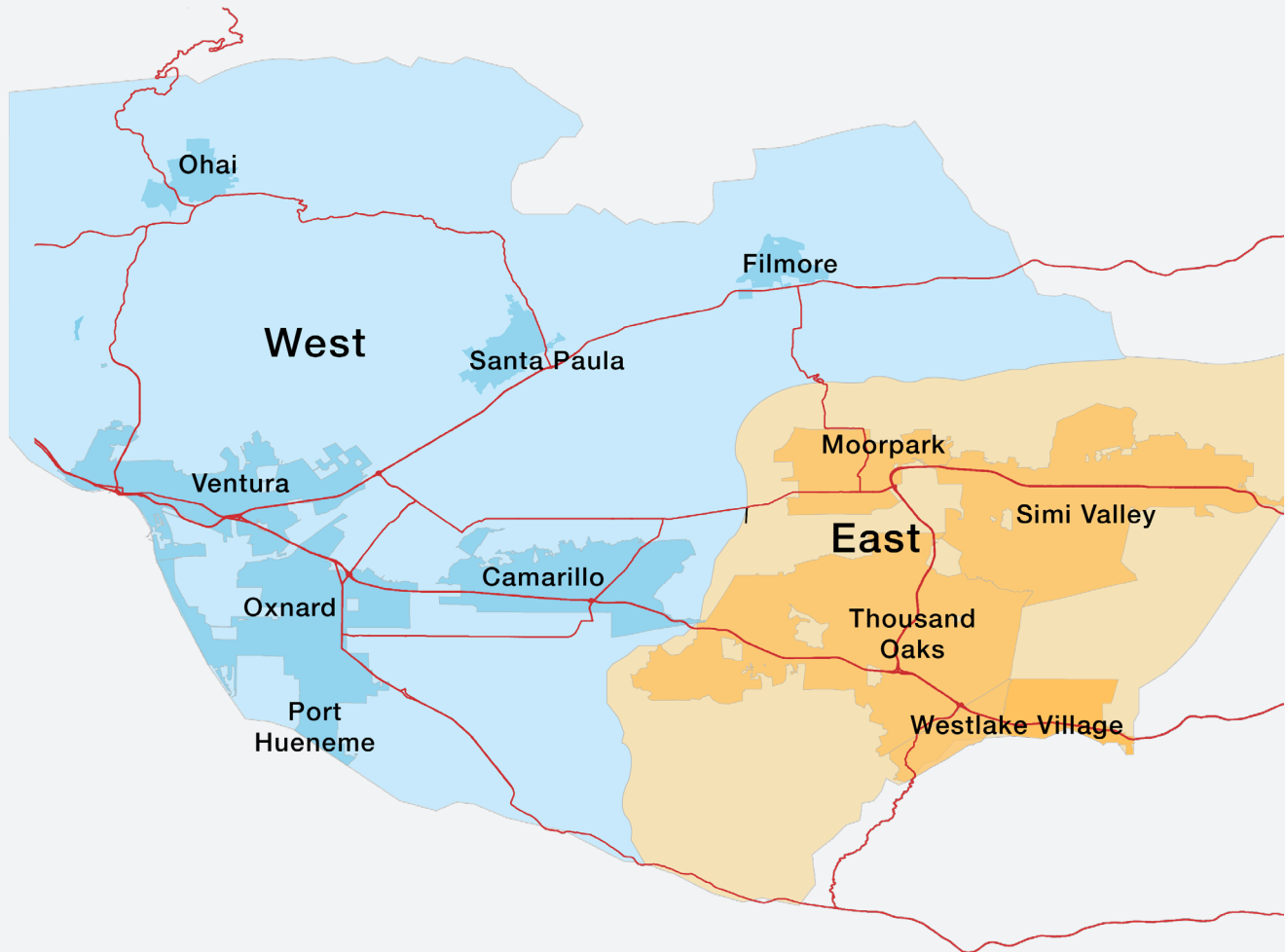
TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/SF**	SQUARE FEET
Withheld	1276 E. Los Angeles Avenue	East	\$1.50	11,082
Dollar Tree	7770-7800 Telegraph Rd	West	\$1.25	8,805
Withheld	2855 Johnson Dr	West	\$1.25	4,572
Corepower Yoga	1724-1772 Avenida De Los Arboles	East	Withheld	2,681
Smokers Zone	900-980 S A St	West	\$1.40 MG	1,454

Select Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/SF	SQUARE FEET
DRA Advisors LLC	Esplanade Shopping Center	West	\$269	356,864
Red Mountain Retail Group, Inc.	150 W Esplanade Dr	West	\$37	116,504
Sterling Organization	North Ranch Gateway	East	\$405	86,427
Private Investor	3700-3720 Saviers Rd	West	\$263	13,111
Gl Dev LLC	2243-2251 E Thousand Oaks Blvd	East	\$313	1,599

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● **West**

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

● **East**

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

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Ventura County

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