

# Ventura County

## Office Market Outlook Q2 2020

### MARKET OVERVIEW

The Ventura County office market experienced lower leasing volume, a rise in vacancy and a decline in the average asking rent after spending an entire quarter under the COVID-19 shutdown. On a square foot basis, leasing volume fell to a record low 153K SF, down 58% from the prior quarter. Leasing in the first half of 2020 amounted to 29.7% of the total for 2009 in the depths of the Financial Crisis, indicating that if the shutdown remains in place for the balance of 2020, annual leasing volume could end up well below the last recession. Sales dollar volume was down 89.4% from last quarter to \$12.2M.

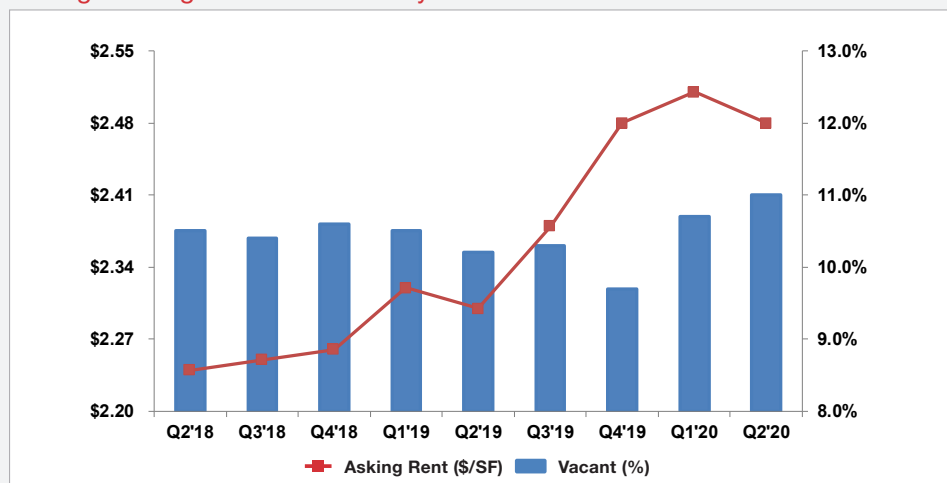
The Paycheck Protection Program, which provides businesses with funds for up to eight weeks of payroll costs including benefits, interest on mortgages, rent and utilities, appears to be working to maintain existing tenant occupancy in the office market. Vacancy only increased 30 bps from Q1 2020 to 11.0% as the average asking rent dipped \$0.03/SF during the same period to \$2.48/SF per month. Office space under construction is minimal and remained unchanged at 67K SF.

### TRENDS TO WATCH

The impact of the shutdown on Ventura County's office market continues. Employment in the County, a key driver of demand for office space, showed signs of a modest recovery in June. Following a mixed jobs report in May, the County added a solid 9,900 net jobs over the month of June, including 2,100 jobs in office-occupying sectors. Education & Health Services added 1,300 jobs and Professional & Business Services with 700 jobs added led the gains in office-occupying sectors.

NAI Capital conducted a COVID-19 Impact Survey of its office market professionals to get a pulse of where the market could be headed. Most office brokers (67%) believe office rent and sales prices will remain unchanged — only a third expect vacancy to rise as the market holds steady. All office brokers surveyed expect leasing volume to decline and landlords to offer more concessions to keep tenants while only a third anticipate a reduction in sales transactions. Decisions to buy or lease will get delayed for some time; if a company planned on taking space in Q2, it will be postponed for a few months into Q3 or yearend.

### 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 VACANT (%)	Q2'20 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	Q2'20 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT (\$/SF)	AVERAGE SALE PRICE (\$/SF)
East	18,611,847	0	14.0%	11.8%	107,162	376,091	2,000	435,518	\$2.63	\$535
West	11,389,677	66,672	11.6%	9.5%	46,126	138,328	61,297	106,229	\$2.14	\$182
<b>Ventura County</b>	<b>30,001,524</b>	<b>66,672</b>	<b>13.1%</b>	<b>11.0%</b>	<b>153,288</b>	<b>514,419</b>	<b>63,297</b>	<b>541,747</b>	<b>\$2.48</b>	<b>\$193</b>

### Leasing

Quarterly leasing activity dropped 77.6% over Q2 2019 to 153K SF. This brought the year-to-date total leasing volume to 49.2% below the first half of 2019. Subleasing activity remained consistent, down 65% from Q1 2020, yet up 22.7% year over year to nearly 10K SF.

Most tenants took spaces in class A properties this quarter, which offer a sizeable discount compared to LA County. The average rent for class A office space in Ventura County was 16% less than LA County's average rate of \$3.36/SF. AmericasHealth Plan leased 6K SF for an asking rate of \$2.50/SF while another tenant signed on for 4K SF with the same rental rate at 1000 Town Center Dr. in Oxnard. The class A property was 95% leased at the end of Q2 2020.

### Sales

Sales volume plummeted 86.8% over Q2 2019 to 63KK SF valued at \$12.2M — the lowest quarterly sales volume since Q1 2013. Year-to-date, sales volume decreased 16% over the first half of 2019. Investors are seizing opportunities during the pandemic. The average sales price registered \$193/SF while cap rates on investment sales \$2M+ dropped 260 bps from Q1 2020 to 6.0% on average.

Investors concentrated on the East market in 2020 thus far where sales activity year-to-date remained on par with the first half of 2019. Omninet Capital purchased a 265K SF office property in Westlake Village for \$55M or \$207/SF. The portfolio, which officially closed in Q3, included four buildings: a two-building, 195,906-SF project at 2801 and 2815 Townsgate Road, and a two-building, 69,707-SF campus at 100 and 200 N. Westlake Blvd.

### Select Lease Transactions

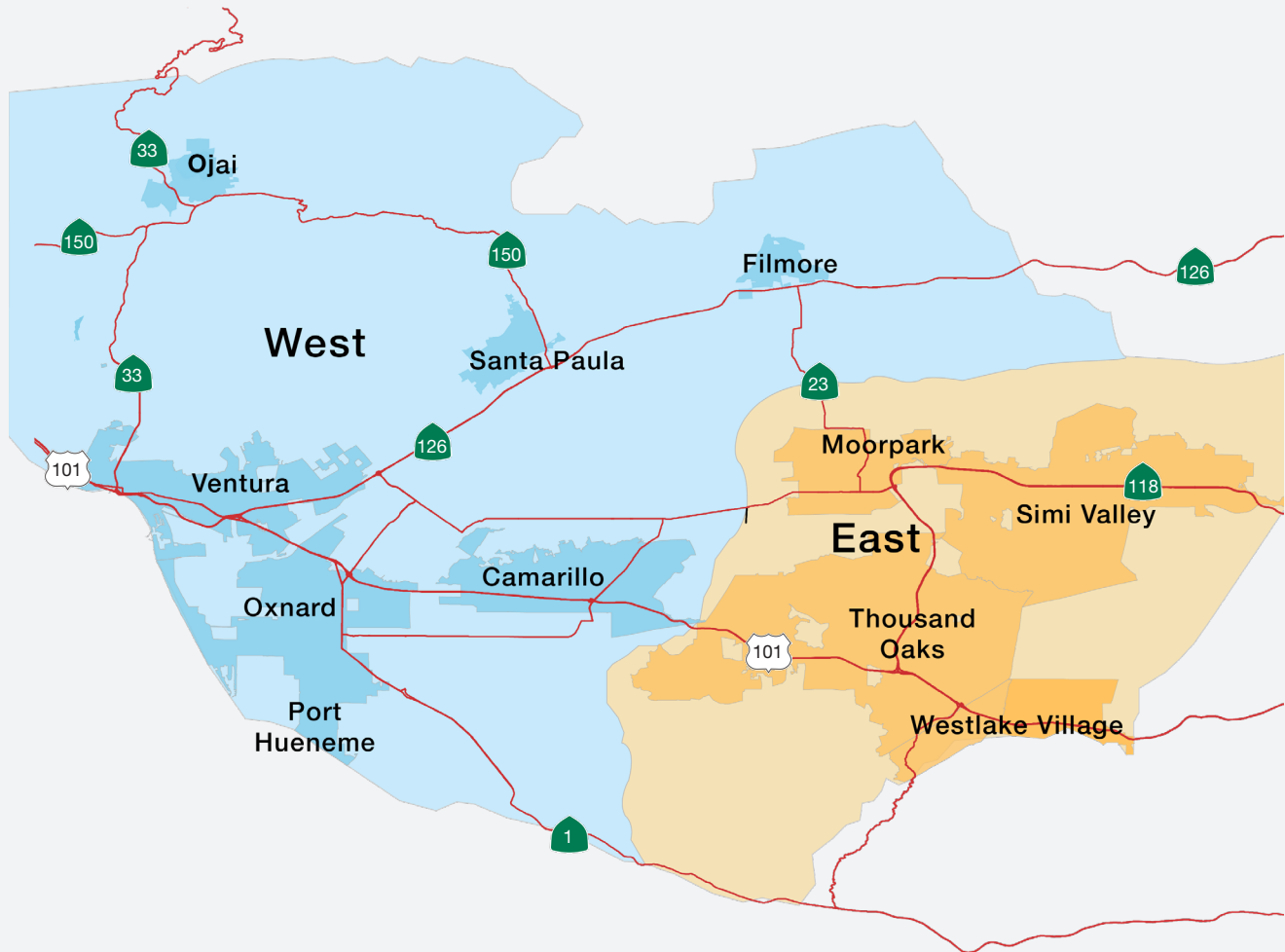
TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/SF**	SQUARE FEET
TBD	3027 Townsgate Rd., Westlake Village	East	\$3.35	22,643
B. Riley Financial	30870 Russell Ranch Rd., Westlake Village	East	\$3.25	18,170
Ventura County Transportation Commission	751 E Daily Dr., Camarillo	West	\$2.25	6,514
Chesapeake Technology International	770 Paseo Camarillo, Camarillo	West	\$2.25	6,460
AmericasHealth Plan	1000 Town Center Dr., Oxnard	West	\$2.50	6,151

### Select Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/SF	SQUARE FEET
Omninet Capital	Four- Property Portfolio, Westlake Village	East	\$207	265,600
Montalvo Center, LLC	1280 S. Victoria Ave., Ventura	West	\$138	30,786
7707, LLC	877 S. Victoria Ave., Ventura	West	\$132	15,900
Green Hawk, LLC	39 N. California St., Ventura	West	\$136	11,000
Negley Law, APC	2020 S. Victoria Ave., Ventura	West	\$327	6,720

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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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### 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

707 Wilshire Blvd., Ste. 5125  
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