

Ventura County

Office Market Outlook Q1 2022

MARKET OVERVIEW

Ventura County's office market is in recovery mode as companies are working to bring their people back into the office post the pandemic shutdown. Tenant demand improved moderately this quarter throughout the region, helping to prop up occupancy and the average asking rent. Vacant office space on the market declined by 22,183 square feet from prior quarter, essentially keeping the vacancy rate flat from the prior quarter at 12.1 percent. Year over year the vacancy rate increased 10 basis points.

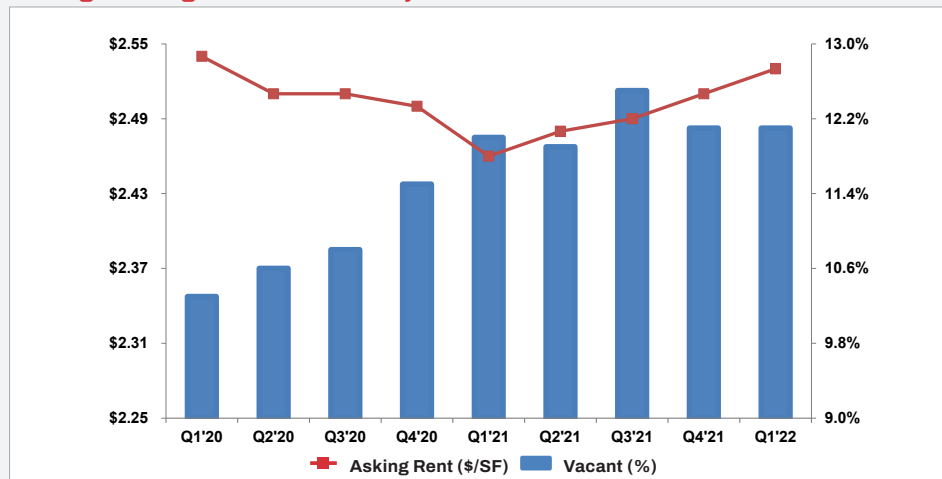
Vacated office space is getting slowly leased as tenants assess their work from home-office hybrid needs. Since the first quarter of 2021 to the first quarter of 2022 close to 1.5 million square feet of office space was leased, moving the total amount of vacant space on the market this quarter down to 3,527,234 square feet. In East Ventura County leasing volume increased 16.8 percent from last year at this time. West Ventura County, similarly, experienced a 14.0 percent increase in leasing volume over the same time frame indicating the office market is working to get back to pre-pandemic levels. Quarter over quarter, available sublease space increased 3.9 percent in the East, whereas the West witnessed a 17.0 percent increase. Overall, the average asking rent inched up 2-cents quarter over quarter to \$2.53 per square foot full service gross.

TRENDS TO WATCH

Office leasing will be fueled by growth in employment from office occupying sectors. Office sales and leasing volume depict steady momentum following the economy reopening from the COVID-19 shutdown. The unemployment rate in the Ventura County registered 3.5 percent in March 2022, down from a revised 4.1 percent in February 2022, and below the year-ago estimate of 7.1 percent. Professional & business services, which is the largest office occupying sector, added 100 jobs over the year in Ventura County. The speed at which employment gets back to pre-pandemic levels will be key in the recovery of the office market.

Landlords are expected to continue using some concessions as part of their effort to remain competitive. Tenant improvement allowances along with months of free rent from landlords looking to lure tenants into their projects, especially where sublease space has come online, will work to maintain occupancy, stoking demand. Investors and users will resume sale transactions. Sales dollar volume bounced back, up 7.3 percent quarter over quarter and 97.9 percent year to date compared to last year. Square footage sold year to date increased 100 percent from the first quarter of 2021. Start of the year stats showed the positive shift continuing, with demand lifting landlord expectations in a post-pandemic office work environment.

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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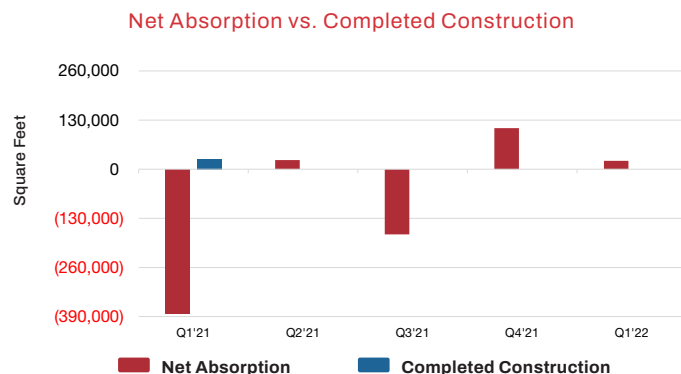
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Market Statistics*

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT (\$/SF FSG)	AVERAGE SALE PRICE (\$/SF)
East	17,686,421	0	18.3%	15.0%	210,419	210,419	534,566	534,566	\$2.58	\$312
West	11,543,816	0	10.7%	7.6%	72,507	72,507	38,099	38,099	\$2.36	\$309
Ventura County	29,230,237	0	15.3%	12.1%	282,926	282,926	572,665	572,665	\$2.53	\$312

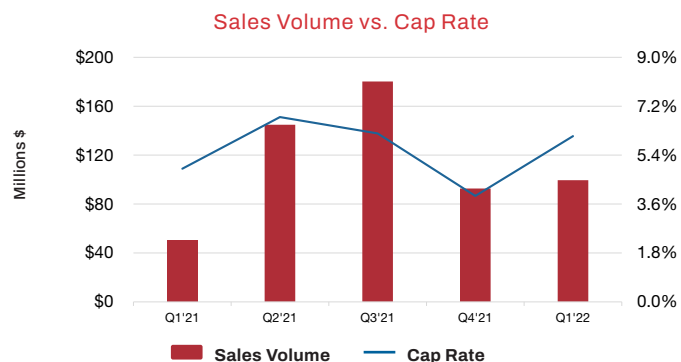
Net Absorption, Completed Construction Trends

Office market net absorption depicted the change in momentum that followed starting from the COVID-19 shutdown. With minimal construction added to the market, the worst of the shutdown hit in first quarter 2021 when more than 382 thousand square feet of office was vacated in a single quarter. Over the past five quarters approximately 27,000 square feet of office space was completed.



Sales and Cap Rate Trends

Sales volume increased in this quarter, up 7.3 percent from the fourth quarter of 2021 to \$99,511,732. Year over year sales volume increases 98 percent as buyers and sellers adjusted to the uncertainty in demand in the first quarter of 2022. The average cap rate increased 120 basis points from the first quarter of 2021 to 6.1 percent.



Select Lease Transactions

TENANT	ADDRESS	CITY	SUBMARKET	SQUARE FEET
Pain Management and Injury Relief	1120 Newbury Rd	Thousand Oaks	East	13,060*
The Doggy Den	975 Business Center Cir	Thousand Oaks	East	8,122
D. A. Davidson	60 S California St	Ventura	West	4,738
Pom & Associates	584-596 Poli St	Ventura	West	1,400
Channel Islands Rehab	4474 Market St	Ventura	West	1,434

*Sale Leaseback

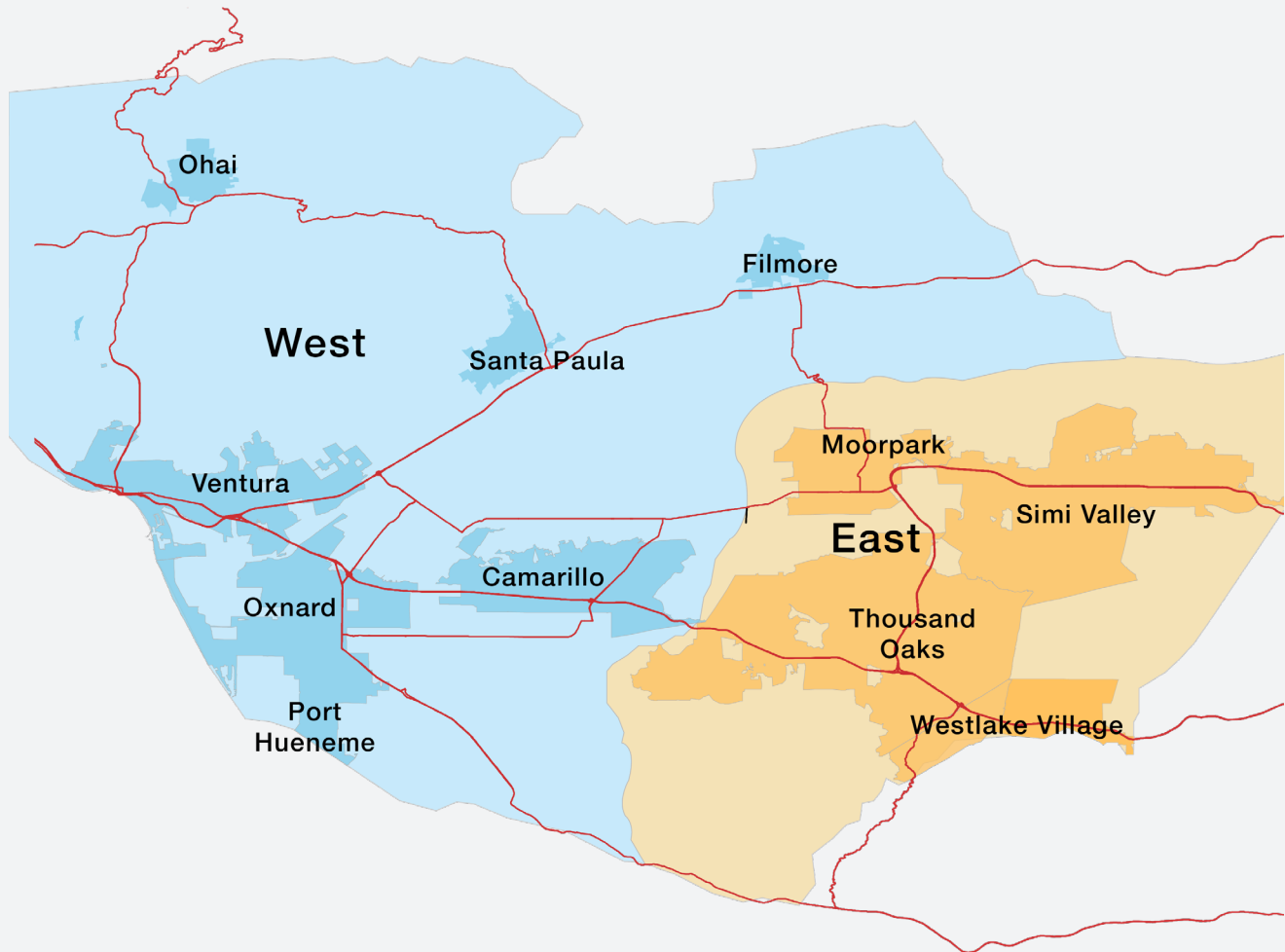
Select Sales Transactions

BUYER	ADDRESS	CITY	SUBMARKET	SQUARE FEET
California Commercial Investment Group, Inc.	2829 Townsgate Rd	Westlake Village	East	88,334
The Johnston Group	699 Hampshire Rd	Westlake Village	East	27,905
Felsenthal Property Management, Inc.	1838 Eastman Ave	Ventura	West	23,180
City of Moorpark	323 Science Dr	Moorpark	East	22,464
IRA Capital, LLC	1120 Newbury Rd	Thousand Oaks	East	13,060*

*Sale Leaseback

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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 Commercial Southern California Office Locations

Headquarters

15821 Ventura Blvd., Ste. 320
Los Angeles, CA 91436
818.905.2400

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. 470
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

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