



Q1 TRENDS AT A GLANCE

Change from prior quarter

- Absorption**
(142,022) SF
- Vacancy**
+70 basis points (bps) to 12.9%
- Leasing Activity**
339,448 SF
- Direct Lease Rate**
Unchanged at \$2.07 PSF
- Under Construction**
26,800 SF
- Completed Construction**
0 SF
- Office Buildings Sold**
11
- Median Sale Price**
\$187 PSF
- Unemployment Rate**
- Ventura County:** 4.7% (Feb)
- California:** 5.0% (Feb)
- U.S.:** 4.7% (Feb)

Ventura County Office Market Appears to Languish as Vacancies Rise and Absorption Slows

As has been the case for some time, the Ventura County office market continues to ebb and flow, alternately making modest gains in one quarter and giving them back in the next.

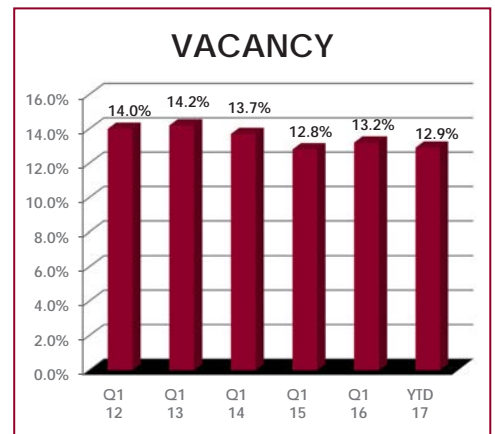
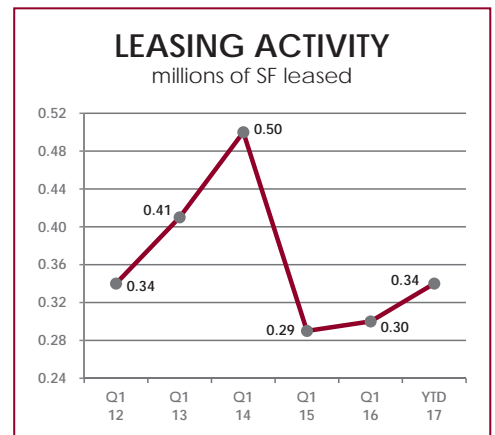
The lack of a clear direction may be due to the statistical anomalies resulting from the small size of the market. But it is also likely that the weak economy in the region is making it difficult to sustain all but the smallest gains.

In the first quarter, vacancies bumped up 70 basis points (bps) to 12.9 percent versus Q4 and 30 bps ahead of the year ago period. It should be noted that until the current quarter, vacancies had been steadily trending downward for four quarters. Nonetheless vacancy levels are still well above those during the last market peak when vacancies ranged from 8.8 percent to 7.9 percent.

The increase in vacancy levels contradicts the trends in leasing activity. In Q1 there were 339,448 square feet of space leased, nearly 100,000 square feet more than the prior quarter and about 40,000 square feet more than the year-ago period.

Nonetheless absorption declined in the quarter, registering negative 142,022 square feet compared with positive absorption of 141,505 square feet in Q4 and virtually unchanged from the year-ago period when 146,350 fewer square feet were leased than were vacated.

We have discussed the negative impact Save Open Space and Agricultural Resources (SOAR) has had on the Ventura County economy including limiting job growth and new housing development in previous reports. Recent statistics confirm these challenges. In 2016 \$42 million in commercial building permits



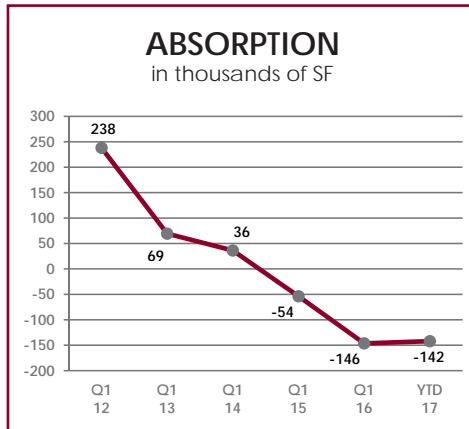
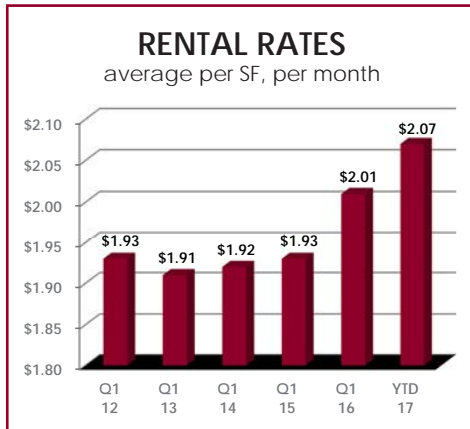
were filed compared to \$112 million prior to the recession.

It would appear that these development constraints are having a positive impact on office building prices, at least when viewed over the longer term. In the first quarter, 11 office buildings traded at a median price of \$187 per square foot, compared to nine office building sales at a median price of \$193 per square foot in the fourth quarter of 2016. But year-over year, the median price of office buildings sold has increased 7 percent or \$13 per square foot since Q1 2016.



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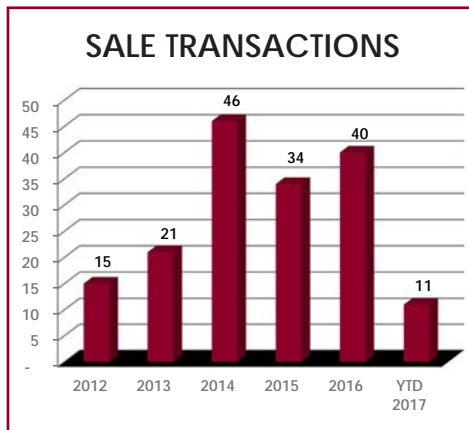
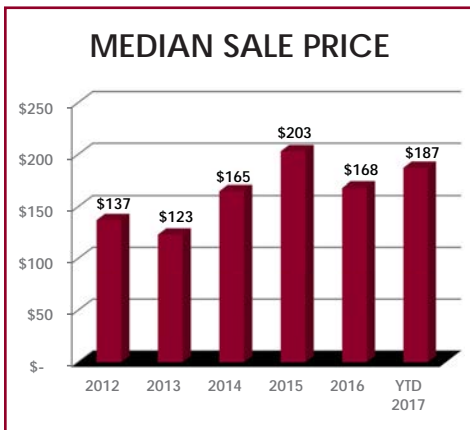
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Economy at a Glance

MERGER: PacWest Bancorp, parent of Pacific Western Bank, has agreed to acquire CU Bancorp, which operates California United Bank, for cash and stock valued at \$39.45 per CU Bancorp share, according to a report in the Pacific Coast Business Times.

LUXURY: For \$16,000, the Institute Sarita in Beijing will teach you how to fold a napkin, understand the rules of polo and properly pronounce luxury brands like Christian Louboutin, Lacroix and Hermes, according to a story in Bloomberg Businessweek. The two week class is offered to married women for \$16k and single women at \$13k.



ECONOMY: The Los Angeles County Economic Development Corporation (LAEDC) projects job growth of about 1.5 percent in each of the next two years, somewhat weaker than the past two years' 2 percent growth, the Los Angeles Business Journal reported. Despite the weaker job growth, the LAEDC projects the county's total economic output will grow at 2.7 percent.

AMGEN: The biopharma announced a restructuring that will eliminate 500 positions at its Thousand Oaks headquarters, according to a report in the San Fernando Valley Business Journal. Amgen said it will either relocate, reassign or lay off the workers. Some are slated to be relocated to a newly completed 136,000-square foot facility in Tampa, Fla and others will be relocated to facilities in Cambridge, Mass or San Francisco with some remaining in different positions in Thousand Oaks. The company employs approximately 5,500 workers in Thousand Oaks.

Median sale price and number of sale transactions excludes distressed sales and those where no price information was recorded.

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant office buildings of 5,000 SF and greater. Excludes buildings under construction, planned or under renovation.

DIRECT VACANCY

Space in existing buildings that is not occupied and is available for direct lease.

TOTAL VACANCY

Space in existing buildings that is not occupied and is available for direct lease and/or sub-lease.

TOTAL NET ABSORPTION

The square feet leased after deducting space vacated.

DIRECT ASKING LEASE RATE

Calculated for direct available space using NNN rents. Rents are weighted by total square feet available for direct lease.

UNDER CONSTRUCTION

Buildings in the process of construction. A building is considered complete when issued a certificate of occupancy.

MEDIAN SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all industrial buildings 5,000 SF and more sold at \$500,000 or more.

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Lee & Associates-LA North/Ventura, Inc. is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 45 agents.

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Submarkets	Total Inventory	Total Vacancy		Net Absorption	Construction		Asking FS Rate
		Total SF	%	Q4 2016	Underway	Completed	
Agoura Hills	2,241,359	328,865	14.7%	(4,200)	26,800	0	\$2.20
Camarillo	2,795,419	523,293	18.7%	(31,400)	0	0	\$1.75
Conejo Valley	9,992,940	1,119,024	11.2%	(78,500)	0	0	\$2.38
Oxnard / Port Hueneme	3,234,819	304,287	9.4%	13,000	0	0	\$2.00
Simi Valley / Moorpark	2,990,713	654,810	21.9%	7,400	0	0	\$1.74
Ventura	3,999,055	314,950	7.9%	(48,300)	0	0	\$1.80
Total	25,254,305	3,245,229	12.9%	(142,000)	26,800	0	\$2.07

Source: CoStar and Lee & Associates

Q1 2017 LARGEST LEASES

Property Name/Address	Class	Square Feet	Tenant	Type
2151 Alessandro Dr, Ventura	B	42,660	Church of Scientology	New
30501 Agoura Rd, Agoura Hills	B	25,464	Informa	New
300 Camarillo Ranch Rd, Camarillo	B	18,876	ODU Connection Systems	New
30401 Agoura Rd, Agoura Hills	B	9,887	Law Offices of Heywood Friedman	New

Q1 2017 LARGEST SALES

Property Address	Class	Square Feet	Seller Buyer	Sale Price	PSF
Agoura Hills Medical Plaza 29525 Canwood St, Agoura Hills	B	51,775	Agoura Hills Medical Plaza, Ltd. Hafco & Associates	\$13,800,000	\$266.54
Camarillo Business Center IV 760 Paseo Camarillo, Camarillo	B	71,922	Camarillo BC Properties, LLC Westlake Village Natomas, LP	\$10,500,000	\$145.99
4360 Park Terrace Dr, Westlake Village	B	45,464	Barker Pacific Group York Enterprises	\$8,811,045	\$193.80
1889 Rice Ave, Oxnard	B	39,028	Asset Management Consultants, Inc. Parviz Kashfian	\$7,300,000	\$187.05

VENTURA COUNTY OFFICE SUBMARKETS

Agoura Hills Agoura Hills Oak Park	Oxnard/Pt Hueneme Oxnard Pt Hueneme Saticoy
Camarillo Camarillo Somis	Ventura Fillmore Mira Monte Oak View
Conejo Valley Newbury Park Thousand Oaks Westlake Village	Ojai Santa Paula Somis Ventura
Moorpark/Simi Valley Moorpark Simi Valley	



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