



Q2 TRENDS AT A GLANCE

	Change from prior quarter
Absorption (57,554) SF	
Vacancy +30 basis points (bps) to 13.1%	
Leasing Activity 334,327 SF	
Direct Lease Rate +\$0.01 to \$2.08 PSF	
Under Construction 26,800 SF	
Completed Construction 0 SF	
Office Buildings Sold 8	
Median Sale Price \$194 PSF	
Unemployment Rate	
Ventura County: 3.8% (May)	
California: 4.7% (May)	
U.S.: 4.4% (June)	



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Progress Continues to Be Slow with Rising Vacancies, Weak Absorption and Little Movement in Asking Rates

Unlike its Los Angeles North neighbor, Ventura County's office market continues to stumble. While fundamentals have improved since the end of the recession, progress has been slow and even now, Ventura County's office market has not fully recovered from the last downturn.

Leasing activity has remained relatively stable, and in Q2 334,327 SF of gross leasing took place, just short of the 383,980 SF leased in the prior quarter and the 349,219 SF leased in the year-ago period.

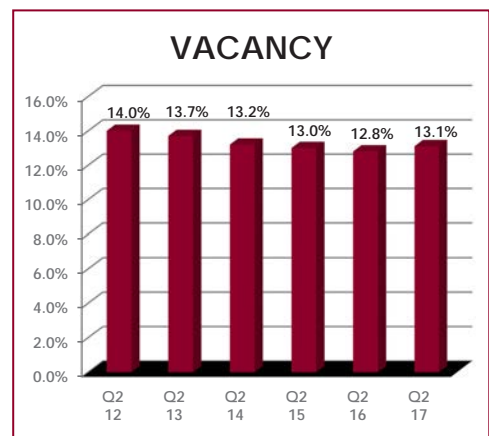
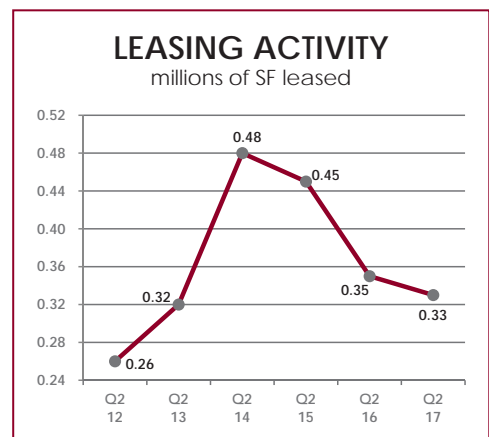
Vacancies have been rising for three quarters, and in Q2 reached 13.1 percent, an increase of 30 basis points (bps) over the prior quarter and the year ago period.

A long term view, however, shows that vacancies have been trending downward since reaching a high of 16.2 percent in 2010. But by this measure too, the office market recovery continues to fall short of single-digit vacancy levels prior to the recession.

With lackluster leasing, absorption has been weak. In Q2 57,554 fewer square feet of space was leased than was vacated. While an improvement over the Q1 absorption of negative 141,322 SF, the first half of the year ended with 207,911 SF of net space given back.

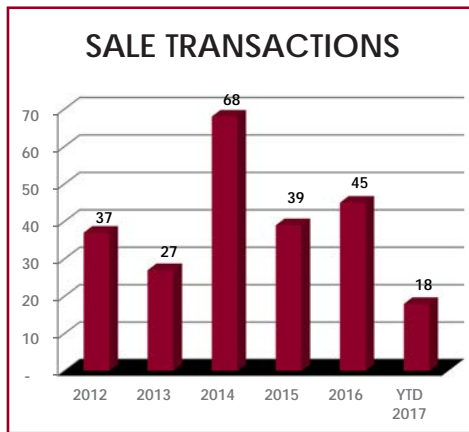
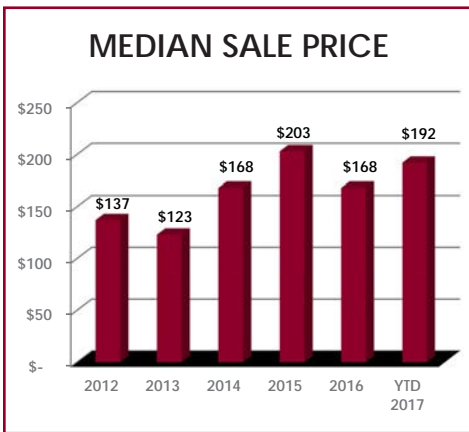
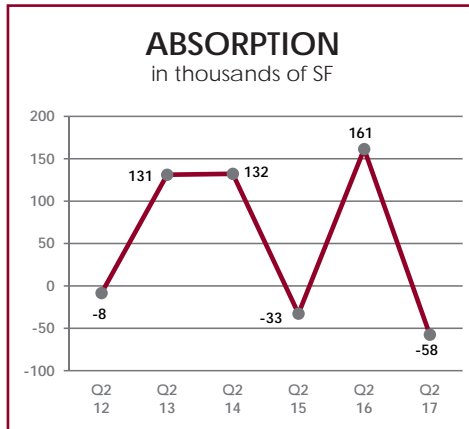
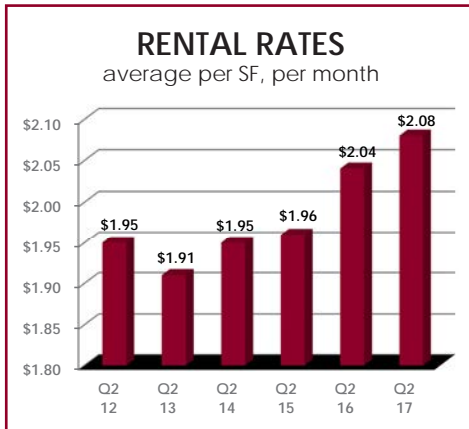
Average asking rates, while inching ahead, are moving at a much slower pace than is occurring in the Los Angeles North region. The average asking rate reached \$2.08 PSF in the current quarter, \$0.01 ahead of the prior quarter and \$0.04 ahead of the year-ago period. At the last market peak, the average asking rate was \$2.36 PSF.

Velocity in building sales has been similarly lackluster but sale prices have



climbed steadily. The median price of office buildings sold in Q2 was \$194 PSF, an increase of \$7 PSF or 3.7 percent compared to the prior quarter and 17.5 percent ahead of the year-ago period.

Just eight sales took place in Q2, short of the 10 buildings traded in Q1 and 15 buildings sold a year ago. The low volume of sales may be disproportionately skewing the median sale price, and it should be noted that even the current median is \$100 PSF short of the median price of buildings sold at the height of the last market cycle.



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

Economy at a Glance

OFFICE: A recent *Wall Street Journal* report noted that, while tepid job growth has limited the office market recovery in past quarters, the current slowdown can be traced to uncertainty coming out of Washington, D.C. as businesses await clear direction on tax reform and infrastructure investment. Nationally, the Q2 office vacancy was 16 %, down from 17.6 % at the height of the recession.

HARBOR: The Ventura Harbor received a \$300,000 grant with which officials are exploring options to cultivate shellfish and scale up the fishing industry, according to a report in the *Pacific Coast Business Times*. The Ventura Harbor is the 10th largest fishing port in the country, generating a \$250 million economic impact.

ACQUISITION: Semtech has reached an agreement to acquire AptoVision Technologies, a chip maker for high-definition displays based in Montreal, for \$28 million, *Pacific Coast Business Times* reported.

EARRINGS: A pair of earrings known as Apollo Blue and Artemis Pink fetched a record \$57 million at auction by Sotheby's. Estimates for the pear-shaped earrings ranged from \$50 million to \$68 million. They were bought by an anonymous bidder.

RESTAURANTS: Jeannine's Gourmet Food Hall has closed its Westlake Village location. The company continues to operate three locations in Santa Barbara and Montecito.

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	%	Q2 2017	YTD 2017	Underway	Completed	
Agoura Hills	2,241,359	262,763	11.7%	66,102	65,357	26,800	0	\$2.21
Camarillo	2,795,703	486,510	17.4%	36,783	8,601	0	0	\$1.71
Conejo Valley	9,974,173	1,208,474	12.1%	84,023	(182,927)	0	0	\$2.40
Oxnard / Port Hueneme	3,236,272	318,171	9.8%	(16,609)	(839)	0	0	\$2.02
Simi Valley / Moorpark	2,980,423	657,960	22.1%	(3,150)	3,163	0	0	\$1.75
Ventura	4,010,863	362,123	9.0%	(50,363)	(94,972)	0	0	\$1.88
Total	25,238,793	3,296,001	13.1%	(57,554)	(207,911)	26,800	0	\$2.08

Source: CoStar and Lee & Associates

Q2 2017 LARGEST LEASES

Property Name/Address	Class	Square Feet	Tenant	Type
5601 Lindero Canyon Rd, Westlake Village	B	51,802	NCR Corporation	Renewal
30930 Russell Ranch Rd, 3rd Floor, Westlake Village	A	13,110	N/A	New
30700 Russell Ranch Rd, 1st Floor, Westlake Village	A	8,964	N/A	New
31111 Agoura Rd, 1st Floor, Westlake Village	A	8,814	N/A	New

Q2 2017 LARGEST SALES

Property Address	Class	Square Feet	Seller Buyer	Sale Price	PSF
Agoura Gateway 28632 Roadside Dr, Agoura Hills	B	94,364	Jacinto Arteaga 540 South Lake Avenue, LLC	\$20,050,000	\$212.48
Camarillo Business Center III 751 E. Daily Dr, Camarillo	B	90,888	The Blackstone Group 751 Daily, LP	\$14,750,000	\$162.29
Camarillo Business Center VI 771 E. Daily Dr, Camarillo	A	37,638	Calvin Douglas Ehler & Theresa Ann Kaub-Ehler ROPAT, LLC	\$7,150,000	\$189.97
Royal Medical Plaza 2045 Royal Ave, Simi Valley	B	24,417	The Johnston Group Stone Creek Company Developers	\$6,500,000	\$266.21

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 Ventura
Moorpark/Simi Valley Moorpark Simi Valley	



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