



**Q4 TRENDS AT A GLANCE**

*Change from prior quarter*

- Absorption**  
(40,467) SF
- Vacancy**  
+10 basis points (bps) to 12.7%
- Leasing Activity**  
281,621 SF
- Direct Lease Rate**  
+\$0.01 to \$2.09 PSF
- Under Construction**  
51,800 SF
- Completed Construction**  
0 SF
- Office Buildings Sold**  
7
- Median Sale Price**  
\$190 PSF
- Unemployment Rate**
- Ventura County:** 3.8% (Nov)
- California:** 4.6% (Nov)
- U.S.:** 4.1% (Nov)

**More Softening in the Ventura County Office Market as Leasing Activity Declines**

Ventura County's office market remained lackluster in the fourth quarter, seeing weakening leasing activity, negative absorption and a slight uptick in vacancies.

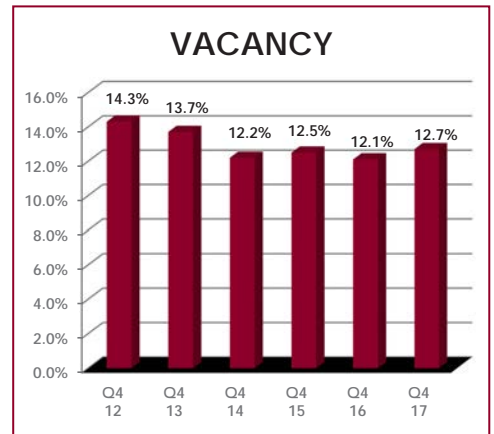
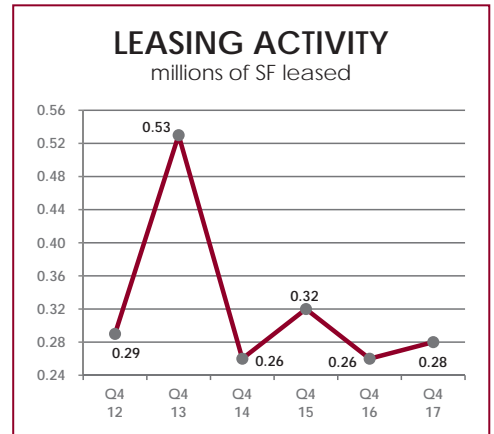
Vacancies inched up 10 basis points (bps) to 12.7 percent versus the prior quarter. Year-over-year vacancies rose 60 bps, however, the comparison may be deceptive. The Q4 2016 period vacancy level of 12.1 percent was bookended by vacancy rates of 12.7 in Q3 2016 as well as the first quarter of 2017 and may have been an anomaly. A more realistic assessment might be that nothing much has changed in occupancy levels in Ventura County for three years, and the region has not moved any closer to pre-recession vacancy rates in the single digits.

There has been a steady decline in leasing since the beginning of the year, and in Q4 activity fell to 281,621 square feet from 307,118 square feet in the prior quarter.

All this resulted in weak absorption for the quarter and for the year. In Q4 there were 40,467 fewer square feet leased than were vacated compared with positive absorption of 54,150 square feet in Q3. For the full year, absorption registered negative 151,968 square feet. While office performance softened across the country in the fourth quarter, the neighboring Los Angeles market and other metro areas remained stronger than did Ventura County.

The good news for landlords is that asking rates have remained above \$2 per square foot for the past eight quarters. In Q4 2017 office lease rates averaged \$2.09 per square foot, a penny above average rates in the prior quarter and unchanged from the year-ago period.

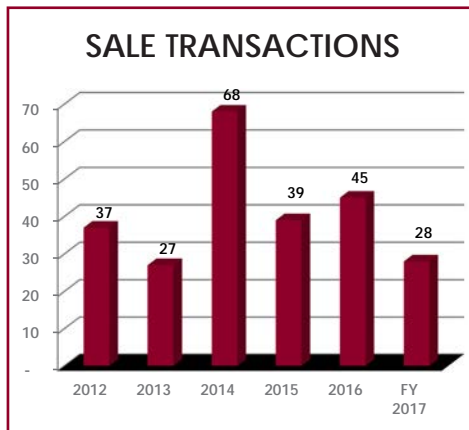
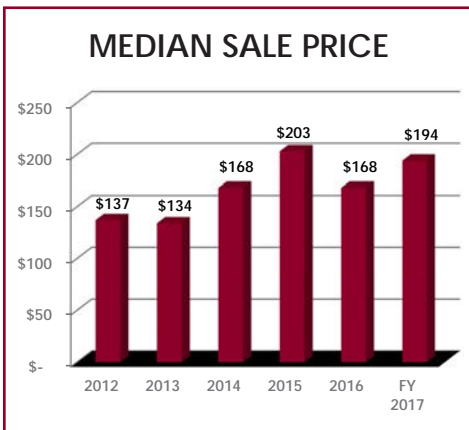
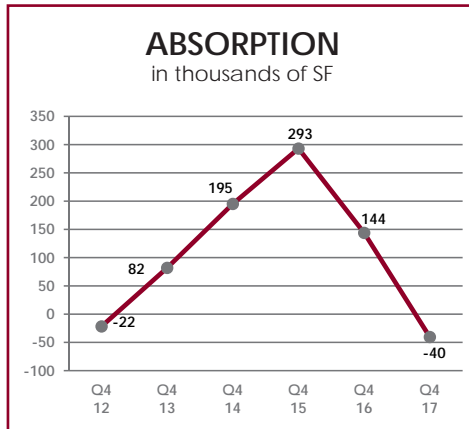
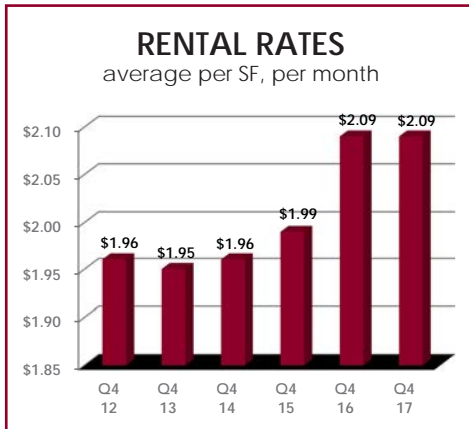
The performance of Ventura County's commercial real estate market mirrors



what is happening in the County's economy. According to a report by California Lutheran University, Ventura County endured "the worst three years of growth since at least the 90s, shrinking at an average annual rate of -0.7 percent."

Although office real estate sales fared a bit better, prices have yet to reach pre-recession levels. For the full year 2017, the median price of office buildings sold was \$194 per square foot, an increase of 15 percent over 2016. However the median price of office buildings sold in Ventura County in 2007 was \$294 per square foot.





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

## Economy at a Glance

**MARIJUANA:** With two medical marijuana dispensaries approved and two or three more moving through the approval process, Port Hueneme officials are good-naturedly referring to their city as Pot Hueneme, Ventura County Star reported. Approved dispensaries will pay 5 percent of gross revenues to the city, a much needed boost to its coffers, the city council said.

**TAXES:** The tax reform legislation allows for a one-time repatriation of overseas cash and Bank of America Merrill Lynch asked 302 U.S. companies how they intend to spend the estimated \$2.5 trillion stashed overseas. Sixty-five percent of the companies said they would use it to pay down debt which, with three more interest rate hikes expected, would save them billions in interest expense, Business Insider reported. Just 42 percent said they would spend it on M&A and 35 percent said they would make Cap X expenditures.

**HOUSEHOLDS:** Household wealth rose to \$96.9 trillion in the third quarter, largely attributable to rising stock and real estate prices, data from the Federal Reserve reported by Reuters showed. Household net worth totaled \$95.2 trillion in the prior quarter.

## 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 2017	FY 2017	Underway	Completed	
Agoura Hills	2,242,898	266,025	11.9%	(62,878)	58,456	26,800	0	\$2.21
Camarillo	2,819,334	485,600	17.2%	7,362	6,323	0	0	\$1.76
Conejo Valley	10,050,343	1,180,895	11.7%	18,069	(130,043)	0	0	\$2.37
Oxnard / Port Hueneme	3,210,432	294,354	9.2%	11,835	(5,671)	25,000	0	\$1.99
Simi Valley / Moorpark	2,997,769	689,641	23.0%	(13,978)	(27,475)	0	0	\$1.75
Ventura	4,078,495	314,195	7.7%	(877)	(47,264)	0	0	\$1.84
<b>Total</b>	<b>25,399,271</b>	<b>3,230,710</b>	<b>12.7%</b>	<b>(40,467)</b>	<b>(151,968)</b>	<b>51,800</b>	<b>0</b>	<b>\$2.09</b>

Source: CoStar and Lee & Associates

### Q4 2017 LARGEST LEASES

Property Name/Address	Class	Square Feet	Tenant	Type
5701 Lindero Canyon Rd, Westlake Village*	B	18,300	Invia Robotics, Inc.	New
2101 Corporate Center Dr, Newbury Park	B	25,073	Xirus	Renewal
30601 Agoura Rd, Agoura Hills	B	31,422	American Homes 4 Rent	New
30930 Russell Ranch Rd, Westlake Village	A	11,365	N/A	New

### Q4 2017 LARGEST SALES

Property Address	Class	Square Feet	Seller Buyer	Sale Price	PSF
<b>Westlake Professional Center</b> 3180 Willow Ln, Westlake Village	C	29,783	Westlake Professional Center, Inc. 3180 Willow Lane, LLC	\$8,900,000	\$298.83
1150 Paseo Camarillo, Camarillo	C	8,984	DBD PWB, LLC George & Deborah Tash	\$4,591,500	\$511.08
<b>The Campus @ Westlake*</b> 4353 Park Terrace Dr, Westlake Village	B	15,527	Majestic Asset Management, Inc. Conico Management	\$5,225,000	\$336.51
<b>North Ranch Atrium</b> 4035-4055 Thousand Oaks Blvd, Westlake Village	B	22,013	RRM Partners, Ltd. H Selvin Property-Erringer, LP	\$2,779,000	\$126.24

\*Denotes Lee & Associates Transaction

**VENTURA COUNTY OFFICE SUBMARKETS**

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



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