



QUICK STATS

Current Quarter

Direct Vacancy	13.7%
Overall Vacancy	14.0%
Lease Rate FSG	\$2.30
Gross Absorption	452,378 SF
Under Construction	0 SF

MARKET TRENDS

Change from Last	Quarter	Year
Overall Vacancy	↓	↑
Rental Rates	↔	↑
Gross Absorption	↑	↑
Under Construction	↔	↓

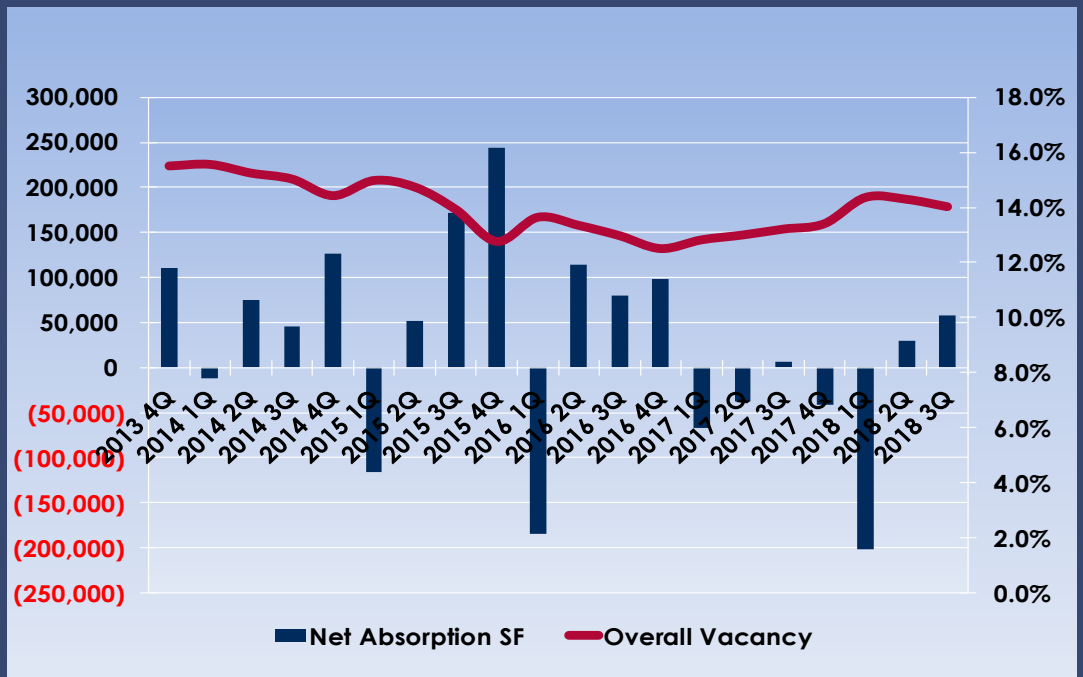
ECONOMIC STATS

	Current Month	Previous Year
	Sep. '18	Sep. '17
Unemployment Rate (MSA)	3.7%	4.3%
Change in # Of Jobs (MSA)	-300	+3,000
% Change for Jobs (MSA)	-0.1%	+1.0%

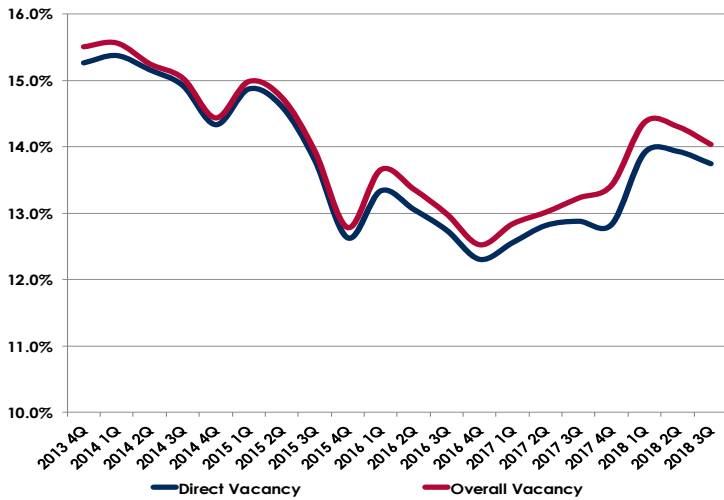
SUMMARY & OUTLOOK

The Ventura County office market witnessed vacancy rates decrease from 14.3% to 14.0%, during the quarter. Average asking rents increased 2.2%, year over year, moving from \$2.25 FSG to \$2.30 FSG. Gross absorption finished with 452,000 square feet of activity, while net absorption posted a gain of 57,000 square feet for the quarter. Under construction activity was unchanged during the quarter, with no new projects currently underway, as the market has delivered 18,000 square feet of new space for the year. Unemployment rates in Ventura County have declined from 4.3% to 3.7%, year over year, and are below California (3.9%) and slightly above the U.S. at 3.6%. The office market remains more balanced between landlord and tenant, with most of the market fundamentals remaining steady. Job creation will remain the key to increased office demand. Non-farm employment grew by 1.0%, year over year, adding 3,000 new jobs. The investment and sale market for office buildings in Ventura County continues to see solid activity levels, as the total square footage sold is on pace for a record year in 2018, while median sale prices continue to rise. The capital markets remain solid, but with the Fed continuing to raise interest rates at a measured pace, we do expect overall price growth and demand to cool in the coming year. We expect vacancy rates to remain near current levels in the coming quarters, as the market remains relatively flat. We expect rents to increase 2% to 4% for most submarkets in the coming year.

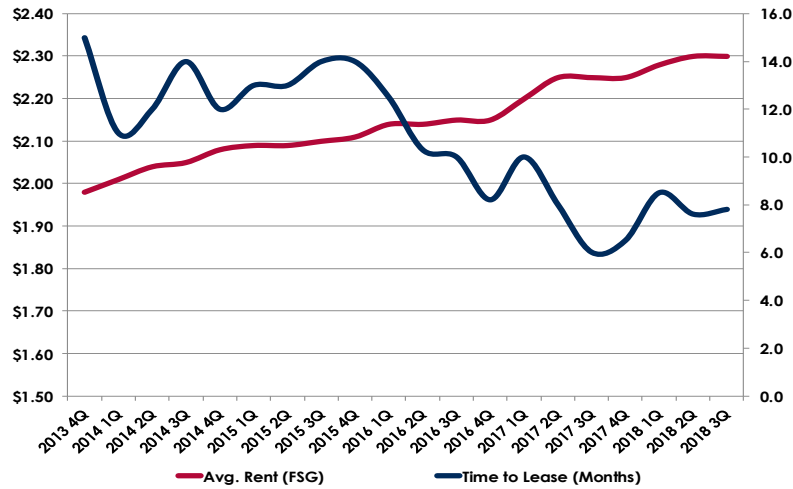
VACANCY & NET ABSORPTION



VACANCY



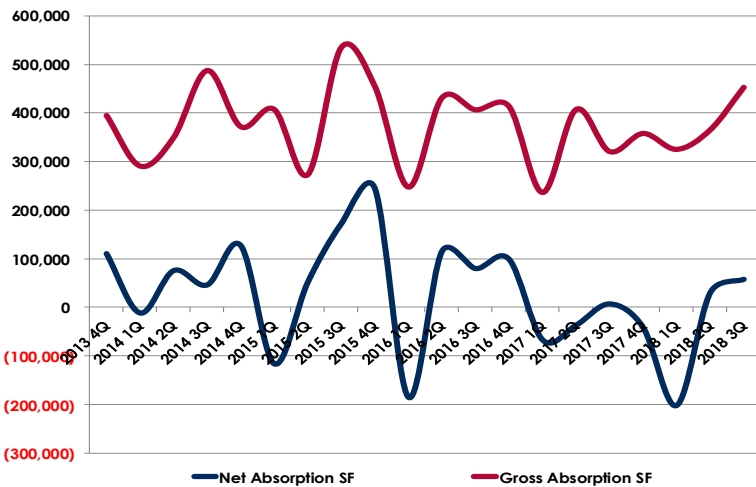
RENTAL RATES & TIME ON THE MARKET



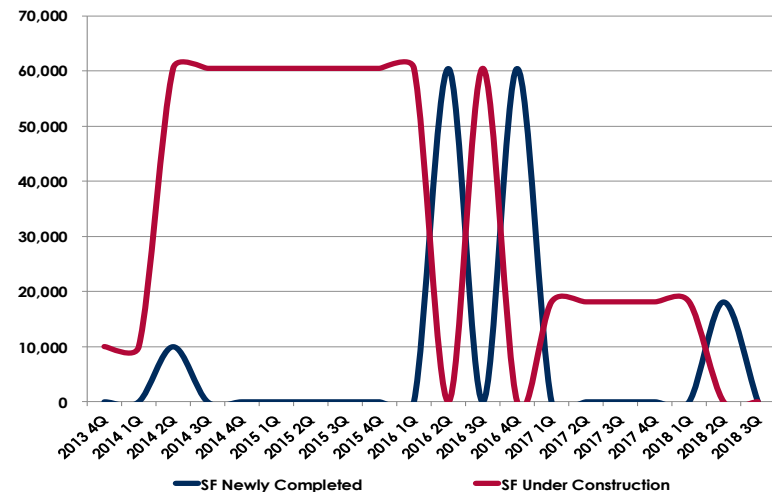
Overall vacancy rates (including sublease space) decreased during the quarter, moving from 14.3% to 14.0%. Of the six submarkets within the Ventura County market, the Calabasas submarket ended the quarter with the lowest total vacancy of 6.0%, followed by Westlake Village at 13.3%, Agoura Hills at 14.1%, the Greater Oxnard Plain at 14.3%, Thousand Oaks at 16.7%, and Simi Valley/Moorpark finishing the quarter at 20.2%. Since the third quarter of 2017, overall vacancy rates have increased from 13.2% to 14.0%.

Average asking rates increased 2.2%, year over year, moving from \$2.25 FSG to \$2.30 FSG. Of the six submarkets within the Ventura County market, the Calabasas submarket ended the quarter with the highest average asking rate of \$2.74 FSG, followed by Westlake Village at \$2.70 FSG, Simi Valley/Moorpark at \$2.28 FSG, Agoura Hills at \$2.23 FSG, Thousand Oaks at \$2.19 FSG and the Greater Oxnard Plain finishing the quarter at \$2.07 FSG. Average rents were unchanged during the quarter, holding at \$2.30 FSG.

ABSORPTION



CONSTRUCTION ACTIVITY

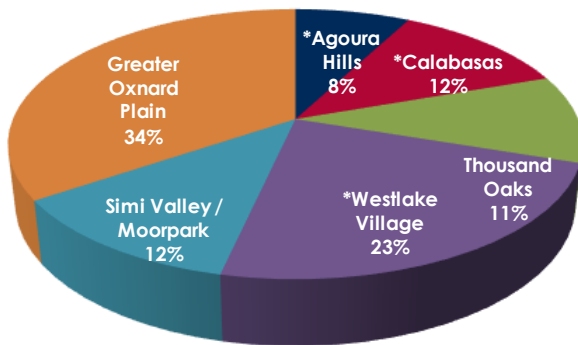
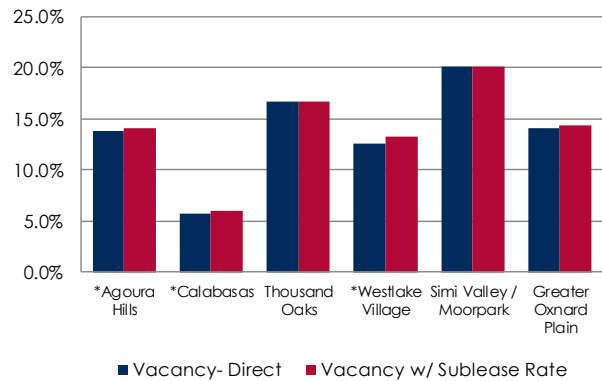


During the quarter gross absorption totaled 452,000 square feet of activity, up 24% compared to the previous quarter, and higher by 41% compared to a year ago. Net absorption finished the quarter with a gain of 57,000 square feet, but has lost 115,000 square feet for the year. In 2017, the market lost 139,000 square feet, after gaining 108,000 square feet in 2016, +351,000 square feet in 2015, and a gain of 236,000 square feet in 2014. Overall activity and demand levels have been trending higher the past two quarters, and we expect demand to remain near current levels heading into the final quarter of 2018.

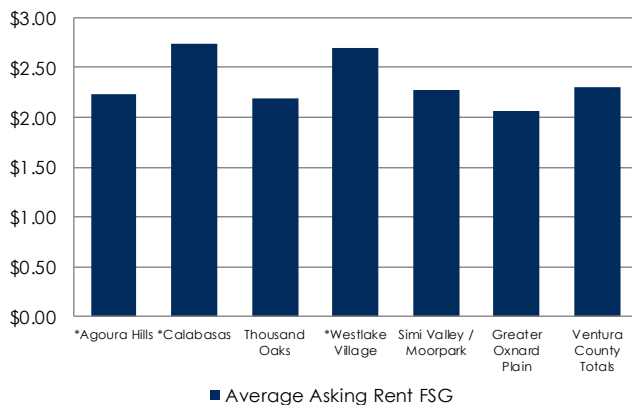
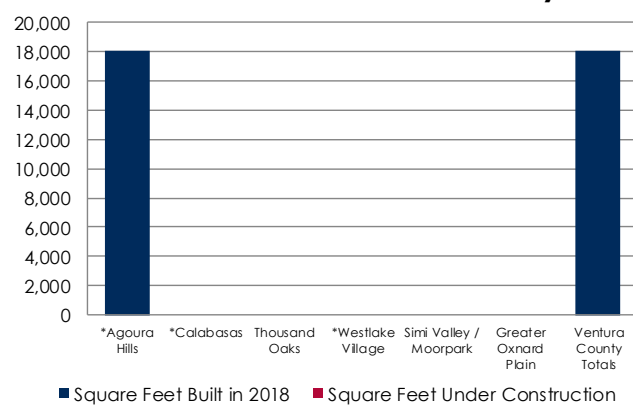
Under construction activity was unchanged during the quarter with no new projects currently underway, as the market has delivered 18,000 square feet for the year. The market did not deliver any new space in 2017, after adding 121,000 square feet of new space in 2016. The market did not deliver any new space in 2015, after adding 10,000 square feet during 2014. During the past five years, the market has averaged 30,000 square feet of new space deliveries, annually. We expect to see new development activity remain at lower levels in the coming quarters, as very few development sites still remain in this market.

MARKET SNAPSHOT

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Total Vacant w/ Sublet Rate
*Agoura Hills	1,647,434	228,329	13.9%	232,770	14.1%
*Calabasas	2,540,405	145,362	5.7%	152,362	6.0%
Thousand Oaks	2,248,324	375,285	16.7%	375,285	16.7%
*Westlake Village	4,983,730	625,057	12.5%	664,259	13.3%
Simi Valley / Moorpark	2,565,640	516,987	20.2%	516,987	20.2%
Greater Oxnard Plain	7,361,043	1,042,965	14.2%	1,053,398	14.3%
Ventura County Totals	21,346,576	2,933,985	13.7%	2,995,061	14.0%

Office Market Inventory

Office Vacancy Rates


SUBMARKETS	Average Asking Rent FSG	Low-High Asking Rent Range FSG	Square Feet Built in 2018	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
*Agoura Hills	\$2.23	\$1.30-\$2.90	18,112	0	94,698
*Calabasas	\$2.74	\$1.80-\$3.55	0	0	70,613
Thousand Oaks	\$2.19	\$1.30-\$3.25	0	0	39,605
*Westlake Village	\$2.70	\$1.35-\$3.70	0	0	163,700
Simi Valley / Moorpark	\$2.28	\$1.65-\$2.90	0	0	19,510
Greater Oxnard Plain	\$2.07	\$1.00-\$3.15	0	0	64,252
Ventura County Totals	\$2.30	\$1.00-\$3.70	18,112	0	452,378

Office Rental Rates

New Construction Activity


SOUTHERN CALIFORNIA OFFICE BUILDING SALE TREND ANALYSIS

TOTAL SALES TRANSACTIONS										
Market	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	351	357	550	752	779	895	1,059	987	1,158	734
Orange County	102	150	205	294	348	334	421	390	410	336
Inland Empire	168	156	249	266	328	370	430	401	507	332
Ventura County	24	29	54	59	58	107	86	110	109	99
Totals	645	692	1,058	1,371	1,513	1,706	1,996	1,888	2,184	1,501

TOTAL TRANSACTION DOLLAR VALUE (MILLIONS)										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$755.3	\$1,163.2	\$2,050.9	\$3,251.5	\$5,974.4	\$7,343.7	\$4,808.9	\$9,596.4	\$7,868.2	\$4,881.2
Orange County	\$362.4	\$501.6	\$629.2	\$783.3	\$1,386.4	\$1,596.8	\$2,762.5	\$2,503.9	\$2,291.3	\$1,697.3
Inland Empire	\$85.6	\$98.8	\$130.6	\$166.8	\$236.1	\$331.5	\$637.5	\$463.1	\$472.8	\$427.2
Ventura County	\$29.6	\$81.3	\$56.4	\$43.2	\$57.1	\$246.9	\$164.5	\$169.8	\$150.1	\$217.2
Totals	\$1,232.9	\$1,844.9	\$2,867.1	\$4,244.7	\$7,653.9	\$9,519.0	\$8,373.5	\$12,733.1	\$10,782.3	\$7,223.0

TOTAL SQUARE FEET SOLD										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	5,586,548	6,264,038	9,680,756	15,191,009	23,822,433	23,625,749	17,446,723	25,101,191	26,196,580	15,872,832
Orange County	2,006,822	3,404,048	3,896,963	6,081,582	7,190,681	8,132,668	12,114,535	11,818,719	9,101,010	7,488,049
Inland Empire	958,664	1,103,908	1,731,566	2,323,023	2,422,231	2,867,846	5,264,416	3,458,114	5,066,634	3,936,833
Ventura County	141,646	307,079	397,973	517,872	679,367	1,551,821	1,066,791	1,187,820	1,038,975	1,612,890
Totals	8,693,680	11,079,073	15,707,258	24,113,486	34,114,712	36,178,084	35,892,465	41,565,844	41,403,199	28,910,604

AVERAGE PRICE / SF										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$227.26	\$234.56	\$255.72	\$264.93	\$280.24	\$343.93	\$305.40	\$428.33	\$356.50	\$355.75
Orange County	\$195.73	\$181.97	\$191.81	\$211.44	\$212.11	\$208.88	\$259.38	\$263.93	\$273.67	\$258.79
Inland Empire	\$181.23	\$128.47	\$122.12	\$135.31	\$132.79	\$144.35	\$140.64	\$170.34	\$157.73	\$173.07
Ventura County	\$248.34	\$328.13	\$182.62	\$130.87	\$104.53	\$208.57	\$189.67	\$179.75	\$190.44	\$166.63
Averages	\$215.25	\$210.43	\$223.28	\$236.07	\$251.91	\$291.94	\$262.26	\$353.02	\$309.80	\$295.21

MEDIAN PRICE / SQUARE FOOT										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$259.65	\$211.87	\$204.57	\$245.12	\$233.03	\$265.09	\$284.48	\$297.75	\$302.50	\$326.06
Orange County	\$226.25	\$195.05	\$216.15	\$190.00	\$204.61	\$224.24	\$246.57	\$279.36	\$289.58	\$312.40
Inland Empire	\$187.29	\$165.00	\$135.00	\$119.49	\$126.81	\$135.05	\$133.10	\$159.99	\$166.99	\$167.35
Ventura County	\$297.09	\$202.17	\$215.19	\$183.47	\$175.15	\$180.41	\$213.19	\$187.17	\$202.82	\$247.24
Median Average	\$244.57	\$201.76	\$200.04	\$217.79	\$218.35	\$241.97	\$247.36	\$277.90	\$280.58	\$296.51

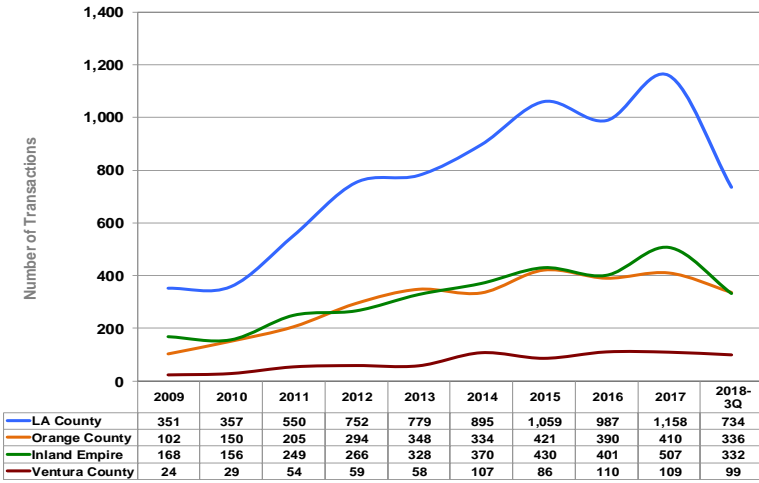
MEDIAN \$ PSF INCREASE										
Bldg. SF	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q	
LA County	-18.4%	-3.4%	19.8%	-4.9%	13.8%	7.3%	4.7%	1.6%	7.8%	
Orange County	-13.8%	10.8%	-12.1%	7.7%	9.6%	10.0%	13.3%	3.7%	7.9%	
Inland Empire	-11.9%	-18.2%	-11.5%	6.1%	6.5%	-1.4%	20.2%	4.4%	0.2%	
Ventura County	-31.9%	6.4%	-14.7%	-4.5%	3.0%	18.2%	-12.2%	8.4%	21.9%	
Totals	-17.5%	-0.9%	8.9%	0.3%	10.8%	2.2%	12.3%	1.0%	5.7%	

The following information has been obtained from sources deemed reliable. While we do not doubt its accuracy, we make no warranty or representation about it. This report contains verified arms-length transactions, but excludes all portfolio sales.

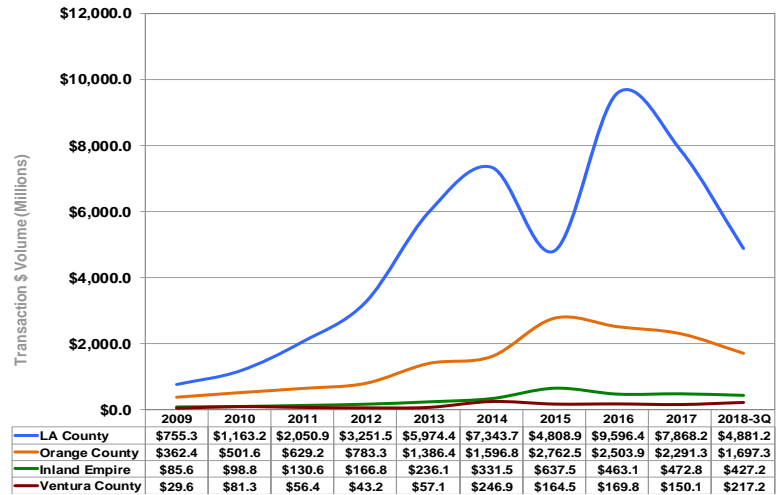


SOUTHERN CALIFORNIA OFFICE BUILDING SALE TREND ANALYSIS

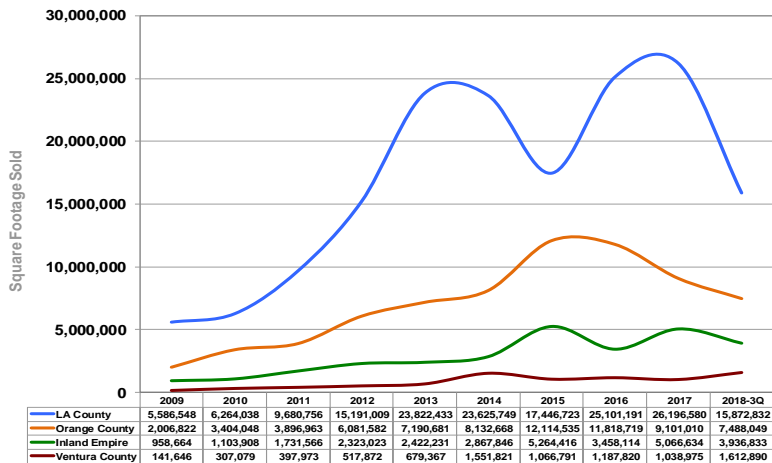
Number of Transactions



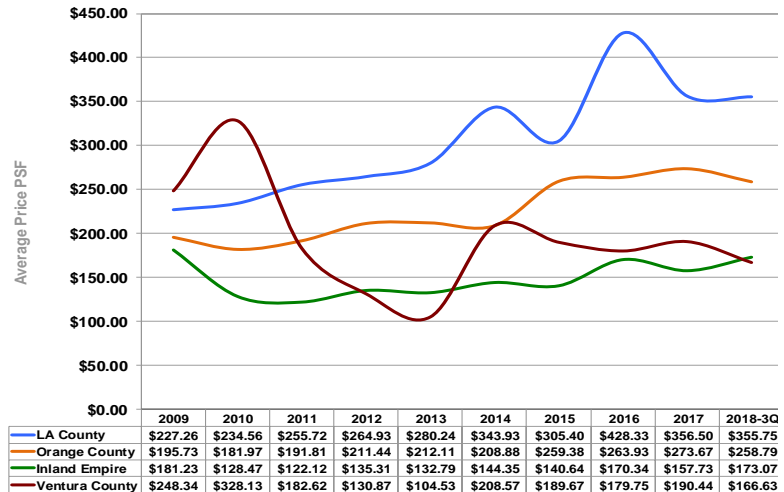
Transaction Volume \$



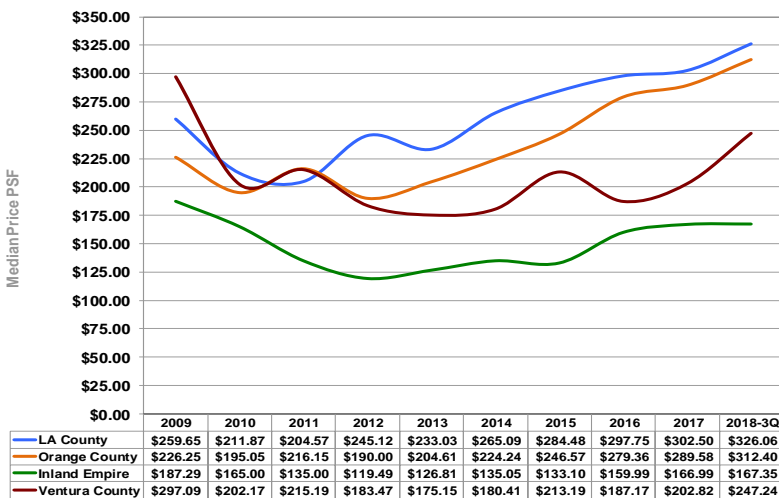
Square Footage Sold



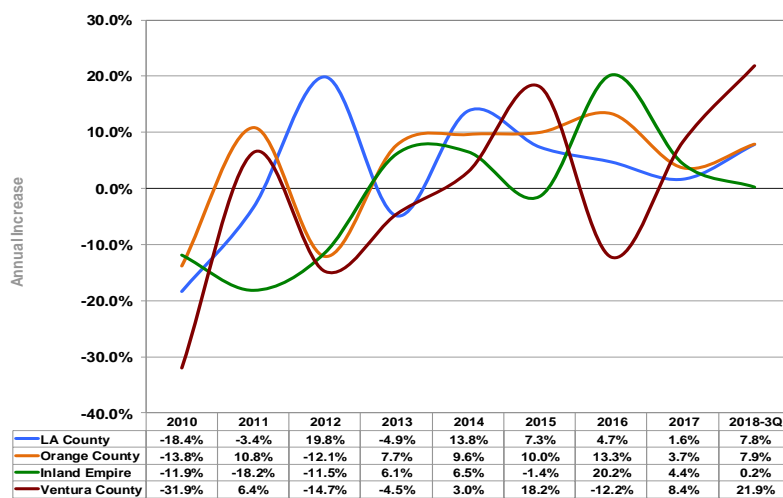
Average Price PSF



Median Price PSF

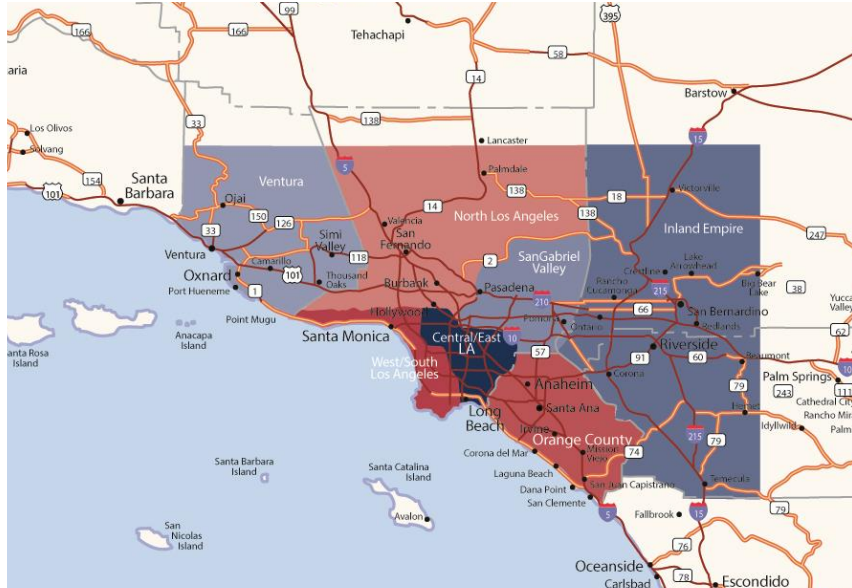


% Change Median Price PSF



MARKET REPORT OVERVIEW

SOUTHERN CALIFORNIA MARKET MAP



DAUM OFFICES

LOS ANGELES, CALIFORNIA

801 S. Figueroa Street, Suite 600
Los Angeles, CA 90017
213-626-9101

LOS ANGELES NORTH, CALIFORNIA

21820 Burbank Boulevard, Suite 201
Woodland Hills, CA 91367
818-887-3600

SANTA CLARITA VALLEY, CALIFORNIA

28494 Westinghouse Place, Suite 312
Valencia, CA 91355
661-705-2299

SAN GABRIEL VALLEY, CALIFORNIA

13181 Crossroads Pkwy. N, Suite 100
City of Industry, CA 91746
562-695-7244

SOUTH BAY, CALIFORNIA

1025 W. 190th Street, Suite 420
Gardena, CA 90248
310-538-6700

MID-COUNTIES, CALIFORNIA

13810 Cerritos Corporate Drive, Suite C
Cerritos, CA 90703
562-207-3300

ORANGE COUNTY, CALIFORNIA

4400 MacArthur Boulevard, Suite 950
Newport Beach, CA 92660
949-724-1900

VENTURA & SANTA BARBARA, CALIFORNIA

751 Daily Drive, Suite 105
Camarillo, CA 93010
805-987-8866

INLAND EMPIRE, CALIFORNIA

3595 E. Inland Empire Boulevard, Bldg. 5
Ontario, CA 91764
909-980-1234

PHOENIX ARIZONA

1702 E. Highland Avenue, Suite 120
Phoenix, AZ 85016
602-957-7300

The information contained in this report has been obtained from sources deemed reliable and has incorporated fourth-party data which has not been independently verified by DAUM. While we do not doubt its accuracy, DAUM makes no guarantee or warranty as to its completeness or accuracy. Due to the dynamic (constantly changing) database which DAUM uses to compile and analyze markets contained in this report, previously published statistics may vary from the data published in this report. Statistics and data have been revised to reflect changes in the following categories: existing buildings being verified and added to the database, new or revised occupancy information gathered, new construction being added to the inventory, building demolitions and renovations, as well as other factors that would necessitate revisions to the data and the properties surveyed. This methodology allows us to present the most current and up-to-date information, trend analysis and comparative statistics for this report.

METHODOLOGY & TERMINOLOGY

Methodology

Non-owner occupied, office buildings that are 10,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption

The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2018

New buildings with original construction completed in the year 2018 and granted a Certificate of Occupancy. Renovated buildings are not included.