Vacancy rate stabilizes and asking rates rise amidst positive net absorption

▶ 20.8%
Vacancy Rate

▲ 26,000
SF Net Absorption

▶ 0
SF Construction Delivered

▶ 0
SF Under Construction

▲ $2.65
FSG/MTH Direct Lease Rate

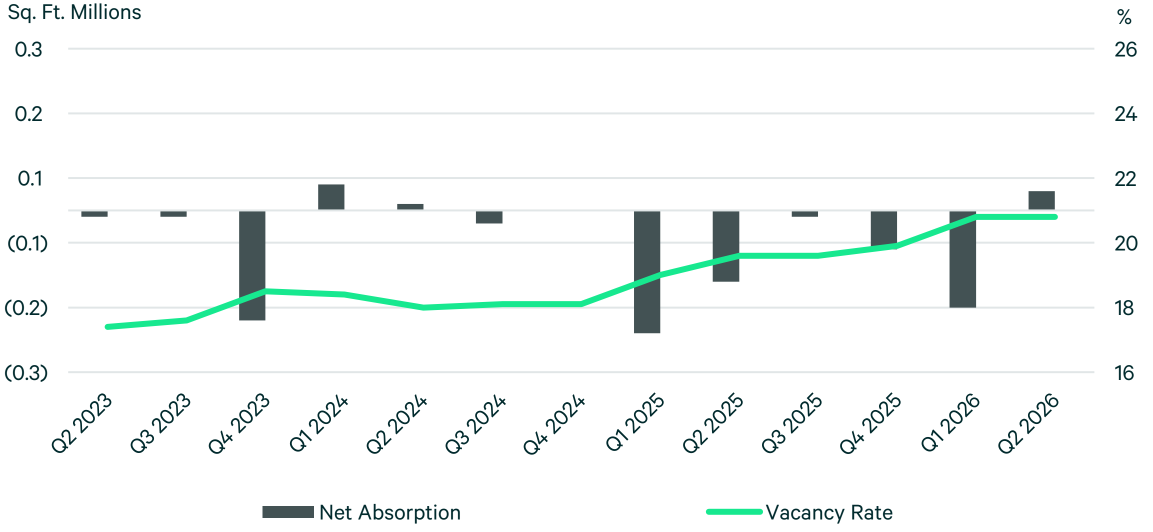
Note: Arrows indicate change from previous quarter.

Market Overview

Over the past 36 months, the office market showed persistent net move-outs, punctuated by a single quarter of modest positive absorption. Net absorption was volatile over the period. It moved from negative 191,000 sq. ft. in 2023 to positive 22,000 sq. ft. in 2024, then down to negative 364,000 sq. ft. in 2025. Year-to-date 2026 stood at -121,000 sq. ft. Vacancy rose from 17.4% in Q2 2023 to 20.8% in Q2 2026, a cumulative increase of 340 basis points, while availability reached a high of 25.3% in Q2 2025 before measuring 23.8% in Q2 2026. Average asking rent increased from $2.40 per sq. ft. in Q2 2023 to $2.65 per sq. ft. in Q2 2026, a gain of 10.4%.

Overall vacancy in Q2 2026 was 20.8%, unchanged quarter-over-quarter and 120 basis points higher year-over-year. However, Class A vacancy tightened 110 bps even as Class B loosened 50 bps. Net absorption was additionally concentrated to Class A properties with 87,000 sq. ft. of positive absorption while Class B properties recorded negative 61,000 sq. ft. of net move outs. The largest new lease in Conejo Valley was 26,000 sq. ft. for a Life Science user, followed by 23,000 sq. ft. for PNC Bank renewing in Agoura Hills, and 18,000 sq. ft. for Ember LifeSciences, signing a new lease in Westlake Village.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, overall vacancy stood at 21.8% for Class A and 20.4% for Class B, and the two classes moved in opposite directions during the quarter. Class A tightened by 110 basis points (bps) while Class B rose by 50 bps. The same divergence held year-over-year, as Class A eased 30 bps lower and Class B climbed 190 bps higher. Class A vacancy held essentially flat over three years, down just 10 bps from Q2 2023, whereas Class B surged 490 bps from the 15.5% recorded that quarter.

At the submarket level, East County recorded the lowest overall vacancy in Q2 2026 at 5.4%, with 63,000 sq. ft. of vacant space. West County was the second lowest, with overall vacancy of 14.6% and 645,000 sq. ft. of direct vacancy. Conejo Valley posted the highest vacancy, with an overall rate of 24.6% and 2.6 million sq. ft. of direct vacancy.

Figure 2: Vacancy Rates by Class

Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the overall average asking rent was $2.65, up 0.8% quarter-over-quarter from $2.63 in Q1 2026 and 2.7% higher year-over-year than the $2.58 recorded in Q2 2025. From $2.40 in Q2 2023, overall rents increased 10.4%, marking a steady upward trajectory over the full series. Class A space commanded $2.93, a 0.3% quarter-over-quarter and 1.7% year-over-year increase from $2.92 and $2.88, respectively. Class B advanced to $2.50, which reinforced the consistent pricing gap between Class A and the broader market.

In Q2 2026, Conejo Valley posted the highest submarket pricing, with Class A asking rents at $3.01 and Class B at $2.57. East County recorded the lowest Class A rate at $2.52 and West County the lowest Class B rate at $2.26. The spread between Conejo Valley and the lower-priced submarkets was meaningful, as Class A rents were 19.4% above East County and 15.3% above West County. Class B rents are 13.7% above West County, which highlighted moderate but distinct rent premiums by location.

Figure 3: Average Direct Asking Rate by Class

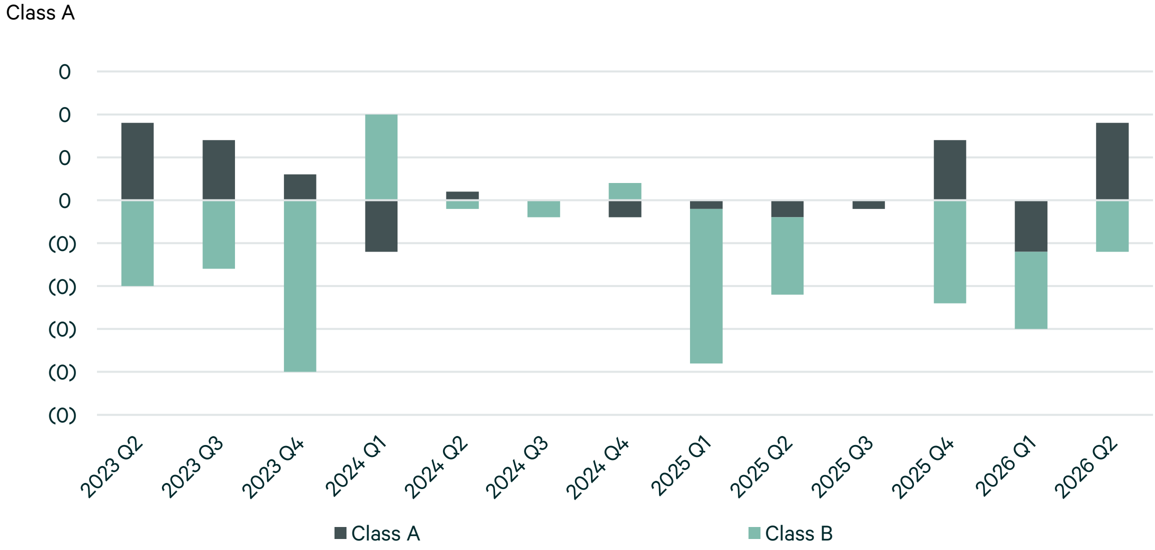
Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, the market posted total net absorption of 26,000 sq. ft., with 87,000 sq. ft. in Class A space and negative 61,000 sq. ft. in Class B space. On a quarter-over-quarter basis, total absorption exceeded Q1 2026's negative 147,000 sq. ft. by 173,000 sq. ft. Year-over-year, Q2 2026 absorption exceeded the negative 106,000 sq. ft. recorded in Q2 2025 by 132,000 sq. ft.

By submarket, Conejo Valley recorded the highest positive net absorption in Q2 2026 at 85,000 sq. ft., with West County posting 3,000 sq. ft., ranking first and second respectively. No other submarkets recorded positive net absorption during the quarter. On the negative side, Conejo Valley registered the most net giveback at negative 32,000 sq. ft., followed by West County at negative 26,000 sq. ft.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy entered mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom was certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth were valid, but AI-related business investments is expected to continue.

The more pressing concern in recent months was the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Leasing Activity

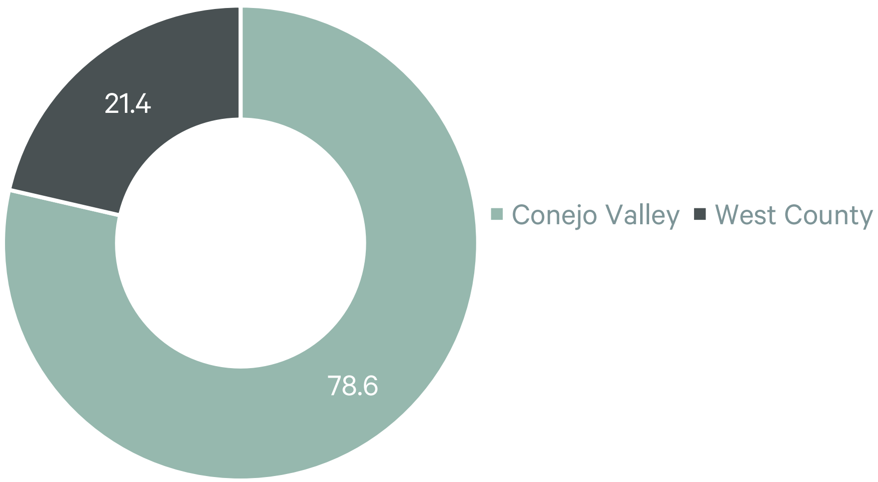
Leasing activity in Q2 2026 totaled 248,000 sq. ft., while full-year 2025 volume reached 1.0 million sq. ft. Activity decreased 37.8% quarter-over-quarter from 399,000 sq. ft. in Q1 2026 but increased 23.4% year-over-year compared with 201,000 sq. ft. in Q2 2025. On an annual basis, 2025 leasing was 11.5% higher than the 908,000 sq. ft. recorded in 2024.

Conejo Valley and West County were the only submarkets with positive leasing activity in Q2 2026, with 194,000 sq. ft. and 53,000 sq. ft. leased, respectively. Across these submarkets, Class A deals totaled 139,000 sq. ft. and Class B 108,000 sq. ft., with Conejo Valley accounting for 125,000 sq. ft. of Class A and 69,000 sq. ft. of Class B, and West County recording 14,000 sq. ft. of Class A and 39,000 sq. ft. of Class B.

Figure 5: Leasing Activity Trend

Source: CBRE Research, Q2 2026

Figure 6: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Life Science Tenant	26,000	New Lease	112 S Lakeview Canyon Rd, Westlake Village	Conejo Valley
PNC Bank	23,000	Renewal	26901 Agoura Rd, Agoura Hills	Conejo Valley
Ember LifeSciences	18,000	New Lease	30870 Russell Ranch Rd, Westlake Village	Conejo Valley
Premier Office Centers	15,000	Renewal	26575 Agoura Rd, Calabasas	Conejo Valley
Concentra Health Services	11,000	Renewal	1851 Lombard St, Oxnard	West County
Koios Enterprises	10,000	New Lease	4149 Liberty Canyon Rd, Agoura Hills	Conejo Valley

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 8: Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	5.10M	21.8	25.3	23.3	2.0	2.93	87,000	27,000	-	-
Class B	12.46M	20.4	23.2	21.3	1.9	2.50	(61,000)	(148,000)	-	-
Total	**17.56M**	**20.8**	**23.8**	**21.9**	**1.9**	**2.65**	**26,000**	**(121,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

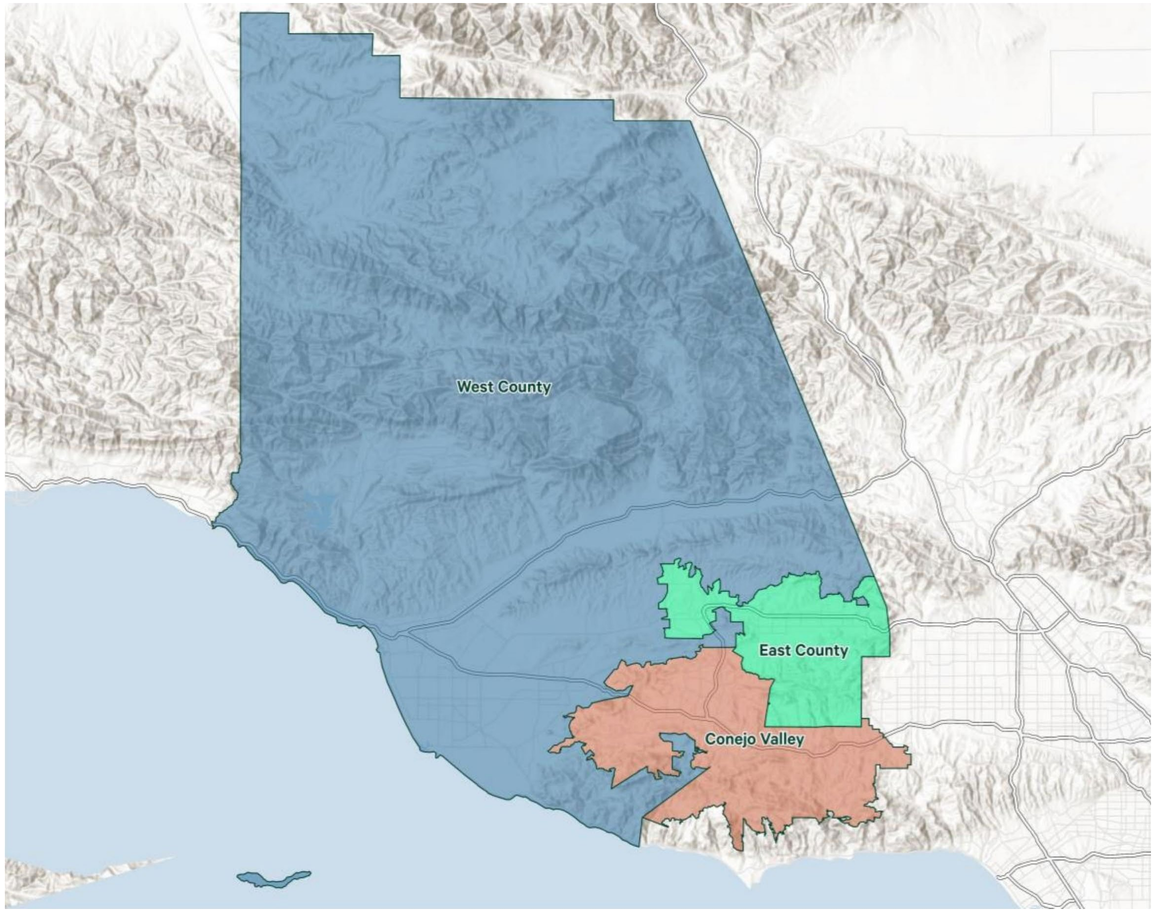
Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Conejo Valley	11.92M	24.6	28.1	25.4	2.7	2.73	3.01	52,000	(63,000)	-	-
East County	1.15M	5.4	7.4	6.6	0.8	2.42	2.52	(2,000)	(17,000)	-	-
West County	4.48M	14.6	16.7	16.5	0.3	2.37	2.61	(24,000)	(41,000)	-	-
Total	**17.56M**	**20.8**	**23.8**	**21.9**	**1.9**	**2.65**	**2.93**	**26,000**	**(121,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all Class A and B office projects 30,000 sq. ft. and greater in size for the Ventura Market, excluding government, medical, and owner-user buildings. Excludes planned buildings.

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