

## MARKET TRENDS

# ORANGE COUNTY INDUSTRIAL

### MARKET DRIVERS

The industrial market in Orange County continues to be strongly competitive, despite a decline in demand from its peaks in the prior year. As of the Q4 2023 conclusion, the industrial market in Orange County was being characterized as a multifaceted and stable microcosm.

The geographical region's strong transit system and advantageous location were appealing to a diverse range of industries. The main factors that contributed were the growth of e-commerce, high-tech manufacturing, and logistics services companies. The market's low vacancy rate and limited supply ensured its steady state and promised future growth. Businesses began to reassess requirements and maximize their existing spaces, moving away from impulsive actions and embracing a methodical approach. By the end of 2023, there were indications of a slowdown as vacancies increased and a decline in leasing activity.

### ECONOMIC REVIEW

These significant emerging factors, which have contributed to the industrial sector's amazing development and resilience, are what have driven Orange County's industrial market's dynamic economic environment. The region's economy has flourished in part because of its diverse industrial base. Given the strong confidence of the firm, it is reasonable to expect demand to expand going forward.

The high-demand, profitable submarkets in Orange County are driving the growth of the industrial sector, which is still healthy but changing from its initial state. Businesses need to navigate this new climate with prudence and adaptability.

### NEAR-TERM OUTLOOK

The market has cooled down after years of double-digit rent increases and intense competition for each square foot. By the end of 2023, Orange County's industrial market environment was mainly dictated by technological developments.

Completion of multiple large-scale industrial park clusters, motivated by the industry's resiliency and good return prospects, resulted in significantly expanded growth.

## Market Summary

	4Q23	3Q23	4Q22	Annual Change
Direct Vacancy Rate	2.6%	1.9%	1.3%	<b>96.37%</b>
Availability Rate	5.4%	5.4%	2.8%	<b>93.09%</b>
Asking Lease Rate	\$1.74	\$1.72	\$1.58	<b>10.13%</b>
Lease Transactions	1,971,919	2,408,370	1,861,032	<b>5.96%</b>
Sale Transactions	913,784	527,899	1,667,644	<b>-45.21%</b>
Net Absorption	(639,523)	(283,555)	1,572,966	<b>N/A</b>

↑ **2.0M SF**  
LEASING ACTIVITY

↓ **-640K SF**  
NET ABSORPTION

↑ **2.6%**  
VACANCY RATE

↑ **\$1.74**  
ASKING RENT (AVG)

↑ **821K SF**  
NEW DELIVERIES

Year-Over-Year Trend

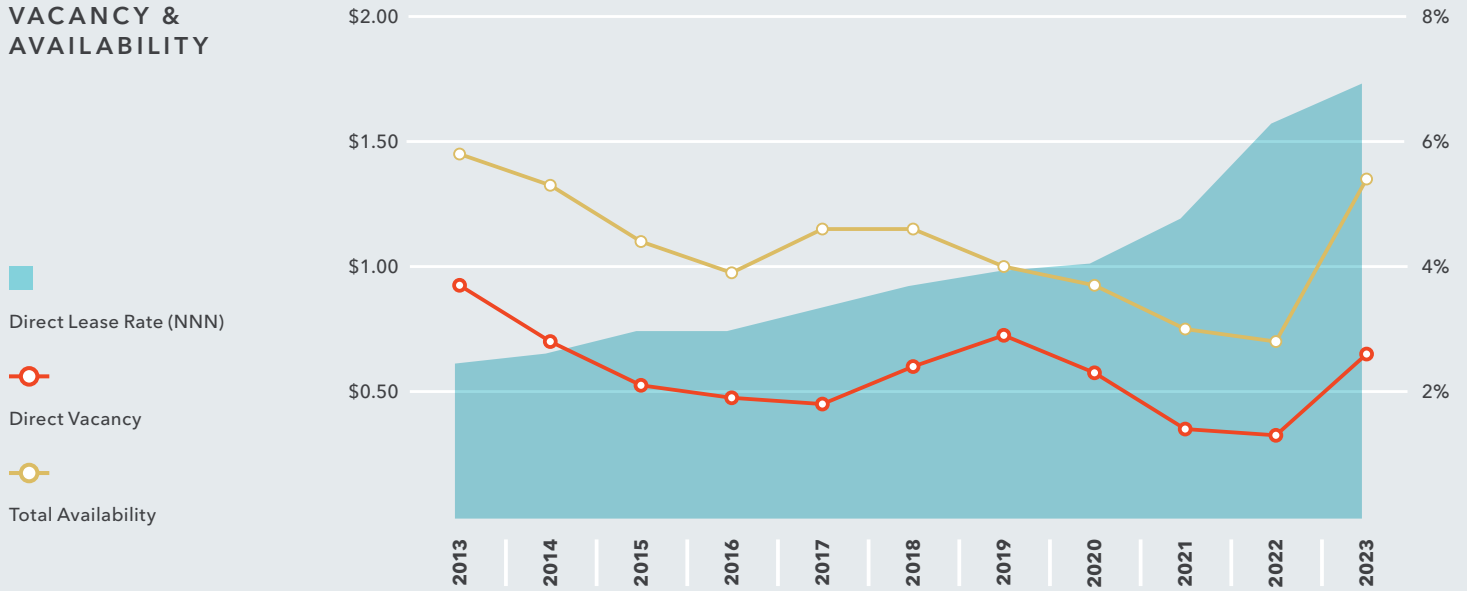
## Market Highlights

**DIRECT VACANCY RATE**, is currently at 2.6%.

**MARKET AVERAGE** increased by 10% from year-to-year, reaching \$1.74/SF, on a NNN basis.

**AVERAGE SALE PRICE** in Q4 2023 was \$304.98/SF, while the cap rate was 4.7%.

## LEASE RATE, VACANCY & AVAILABILITY

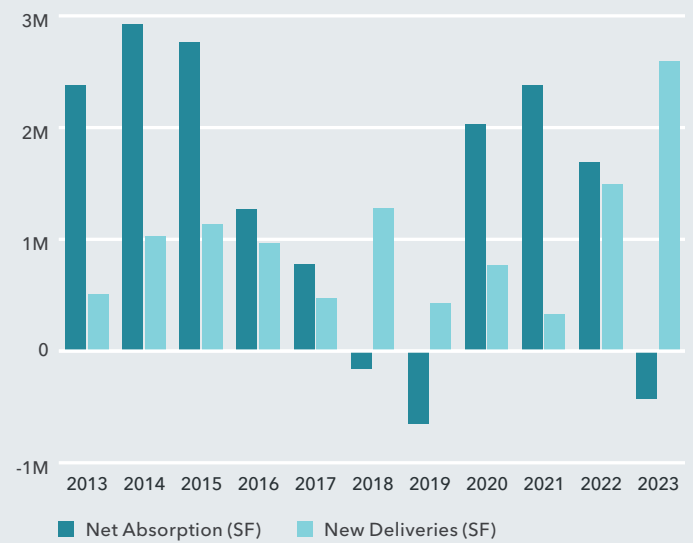


## BIGGEST SALE OF THE QUARTER

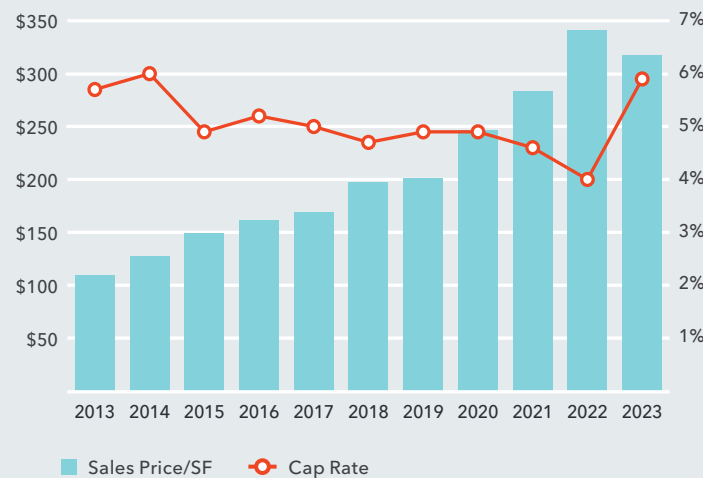
### Village Business Park Portfolio Buena Park



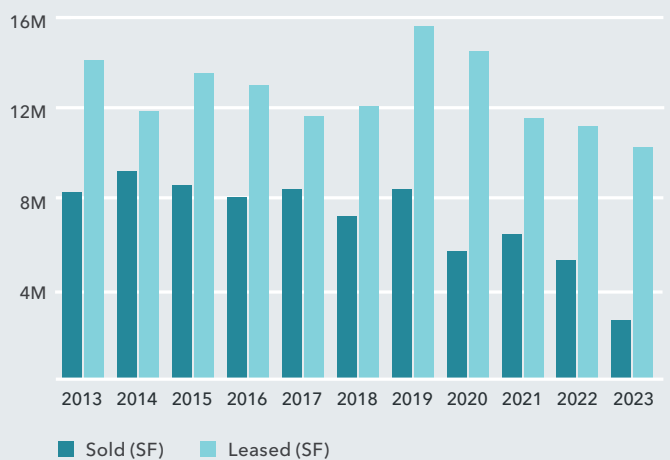
## NET ABSORPTION & NEW DELIVERIES



## AVERAGE SALES PRICE/SF & CAP RATE



## SALE VOLUME & LEASING ACTIVITY



## SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	4Q Direct Net Absorption	2023 Direct Net Absorption	4Q Total Leasing Activity	2023 Leasing Activity	Average Rental Rate (NNN)
Costa Mesa	7,469,298	4.1%	0.2%	4.3%	4.5%	(53,623)	(214,422)	138,470	558,552	\$1.43
Fountain Valley	3,691,285	0.9%	0.0%	0.9%	1.8%	(31,280)	(2,683)	87,633	195,286	\$2.03
Irvine	11,277,853	2.3%	1.8%	4.2%	9.5%	(84,296)	(137,035)	36,700	292,357	\$1.88
Newport Beach	404,382	1.6%	0.0%	1.6%	1.6%	(6,600)	8,746	0	15,346	\$0.00
Santa Ana	30,312,847	1.4%	0.2%	1.6%	4.9%	72,147	0	68,682	1,085,920	\$1.73
Tustin	4,364,200	1.9%	0.3%	2.2%	12.4%	1,050	232,098	0	65,008	\$1.78
<b>Airport Area</b>	<b>57,519,865</b>	<b>2.0%</b>	<b>0.5%</b>	<b>2.5%</b>	<b>6.1%</b>	<b>(102,602)</b>	<b>(113,296)</b>	<b>331,485</b>	<b>2,212,469</b>	<b>\$1.78</b>
Anaheim	44,428,698	2.6%	0.3%	2.8%	6.2%	(214,470)	(417,406)	185,839	1,965,273	\$1.73
Brea/La Habra	15,250,463	1.9%	0.1%	2.1%	4.5%	(36,659)	(64,544)	205,943	658,630	\$1.78
Buena Park	13,464,651	1.8%	2.5%	4.4%	5.2%	(138,818)	(167,399)	5,323	351,930	\$1.74
Fullerton	19,380,647	1.2%	0.0%	1.2%	4.1%	176,672	805,352	491,935	1,569,007	\$1.71
Orange	13,240,592	0.9%	0.2%	1.1%	2.9%	(21,289)	(44,359)	55,610	307,046	\$1.44
Placentia/Yorba Linda	4,806,693	3.8%	0.4%	4.2%	4.0%	(14,976)	(49,256)	34,835	224,089	\$1.64
<b>North County</b>	<b>110,571,744</b>	<b>2.0%</b>	<b>0.5%</b>	<b>2.5%</b>	<b>5.0%</b>	<b>(249,540)</b>	<b>62,388</b>	<b>979,485</b>	<b>5,075,975</b>	<b>\$1.70</b>
Irvine Spectrum	10,596,434	1.7%	0.0%	1.7%	2.5%	665	76,281	0	314,121	\$1.78
Laguna Hills/Aliso Viejo	1,814,030	2.1%	0.1%	2.2%	1.4%	38,037	13,135	1,586	72,301	\$1.97
Laguna Niguel/Laguna Beach	311,660	1.8%	0.0%	1.8%	1.8%	(1,095)	(3,895)	0	0	\$2.75
Lake Forest/Foothill Ranch	9,356,491	7.2%	0.8%	8.0%	10.5%	(459,190)	(615,719)	143,245	288,688	\$1.70
Mission Viejo	748,266	0.4%	0.0%	0.4%	1.0%	2,165	(2,157)	4,776	11,566	\$1.95
Dana Point/San Juan/San Clemente	2,906,235	2.4%	0.3%	2.7%	3.1%	9,621	(1,806)	15,546	97,052	\$1.56
<b>South County</b>	<b>25,733,116</b>	<b>3.8%</b>	<b>0.3%</b>	<b>4.1%</b>	<b>5.3%</b>	<b>(409,797)</b>	<b>(534,161)</b>	<b>165,153</b>	<b>783,728</b>	<b>\$1.74</b>
Cypress	4,675,375	7.9%	0.0%	7.9%	7.2%	(319,596)	(315,007)	84,017	540,697	\$1.84
Garden Grove	12,175,346	4.7%	0.2%	4.9%	7.6%	42,280	(131,002)	87,284	822,129	\$1.81
Huntington Beach	14,198,309	3.8%	0.1%	3.8%	4.9%	389,697	620,403	309,423	688,572	\$1.76
La Palma	1,778,216	4.1%	0.0%	4.1%	0.0%	0	0	0	0	\$1.35
Los Alamitos/Stanton	3,857,119	1.9%	0.0%	1.9%	3.9%	9,777	(41,131)	15,072	85,153	\$1.68
Seal Beach	941,709	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Westminster	2,193,978	0.4%	0.0%	0.4%	3.9%	258	28,303	0	44,265	\$1.70
<b>West County</b>	<b>39,820,052</b>	<b>4.1%</b>	<b>0.1%</b>	<b>4.2%</b>	<b>5.5%</b>	<b>122,416</b>	<b>161,566</b>	<b>495,796</b>	<b>2,180,816</b>	<b>\$1.79</b>
5,000 - 9,999	17,076,029	1.7%	0.1%	1.7%	3.1%	5,779	(237,522)	124,483	599,332	\$1.86
10,000 - 24,999	60,840,807	2.2%	0.3%	2.2%	3.5%	(236,708)	(669,731)	411,997	1,948,817	\$1.67
25,000 - 49,999	41,450,900	1.6%	0.3%	1.9%	4.9%	23,675	(87,803)	222,021	1,264,880	\$1.70
50,000 - 99,999	36,863,718	3.3%	0.2%	3.5%	5.6%	(182,175)	(194,290)	155,982	1,454,996	\$1.78
100,000 - 249,999	46,913,217	4.0%	0.3%	4.4%	7.9%	(349,257)	(139,188)	944,436	2,872,156	\$1.77
250,000 Plus	30,505,106	1.9%	1.3%	3.2%	7.3%	99,163	905,031	113,000	2,112,807	\$1.75
<b>Orange County Total</b>	<b>233,644,777</b>	<b>2.6%</b>	<b>0.4%</b>	<b>2.9%</b>	<b>5.4%</b>	<b>(639,523)</b>	<b>(423,503)</b>	<b>1,971,919</b>	<b>10,252,988</b>	<b>\$1.74</b>

## TOP SALE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Village Business Park I Portfolio	North County	295,860	\$71,000,000	\$239.98	Buchanan Street Partners	TA Realty
Lincoln Technology Center Portfolio	West County	126,898	\$35,000,217	\$275.81	JYJ Logistics, LLC	HK Ventures
Mission Viejo Business Center Portfolio	South County	100,295	\$33,000,000	\$329.03	MIG Real Estate, LLC	LA Co. Employees Retirement Assoc.
Catellus Corporate Center	North County	84,497	\$31,000,000	\$366.88	Bisco Industries, Inc.	Glen F. Ceiley
15662-15682 Producer Ln	West County	56,596	\$20,000,000	\$353.38	Teacher Credited Materials	Delfin Design & Manufacturing
Cedarwoods Business Park Portfolio	North County	85,889	\$19,450,000	\$226.46	HK Ventures	Ida J Hinterberg Living Trust

## TOP LEASE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
2501 E Orangethorpe Ave	North County	229,422	November 2023	Prologis, Inc.	Undisclosed (Sublease)
5800 Skylab Rd - McDonnell Ctr Business Pk	West County	167,778	December 2023	Morgan Stanley & Co. LLC	Home & Body Co. (Renewal)
5665 Corporate Ave - Cypress Pointe	West County	159,943	October 2023	Bixby Land Company	Bar Bakers, LLC
675-679 S Placentia Ave	North County	127,375	October 2023	Bailard	Engineered Floors LLC (Renewal)
285 N Berry St - Brea Logistics Center	North County	124,678	October 2023	Transwestern Development Co.	Flex Fit, LLC
2009 Raymer Ave	North County	123,972	October 2023	Oaktree Capital Management, L.P.	James Worldwide (Sublease)

## TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
LogistiCenter at SR-55	1101 Bell & 1100 Valencia	Airport Area	311,442	Dermody Properties, Inc.	December 2023
LBA Logistics Center	1215 N Van Buren St	North County	165,850	LBA Logistics	March 2024
Prologis West Orange County Logistics Ctr	12691 Pala Dr	West County	149,335	Prologis, Inc.	February 2024
1901 Via Burton	1901 Via Burton	North County	139,449	Rexford Industrial Realty, Inc.	January 2024
9th Street Irvine	17451 Von Karman Ave	Airport Area	137,698	9th Street Partners LLC	December 2023
Irvine Commerce Center	18582 Teller Ave	Airport Area	136,612	ARES Management LLC	December 2023

Data Source: EDD, Costar, Port of Long Beach, OCBJ



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The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL  
BROKERAGE

\$12B

TRANSACTION  
VOLUME ANNUALLY

32.1M

ANNUAL  
SALES SF

41.2M

ANNUAL  
LEASING SFASSET  
SERVICES

53M

MANAGEMENT  
PORTFOLIO SF

771+

ASSETS UNDER  
MANAGEMENT

250+

ASSET SERVICES  
CLIENTSVALUATION  
ADVISORY

2,800+

ASSIGNMENTS  
ANNUALLY

42

TOTAL  
APPRAISERS

23

WITH MAI  
DESIGNATIONS

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