

MARKET TRENDS

ORANGE COUNTY INDUSTRIAL

MARKET DRIVERS

The Orange County industrial market continues its cooling trend at the end of 2024, with moderate leasing activity resulting in a slight increase in vacancy rates. Despite this slowdown, Orange County remains among the top 20 industrial markets in the U.S. with a vacancy rate far below the national average. Although rental rents in neighboring markets have decreased, the market has stabilized and grown more competitive.

Market fundamentals remain healthy despite the slowdown over the past two years. Its geographic barriers make it difficult to find land suitable for new development, keeping vacancy rates low. There has also been steady growth in property values over the last ten years, a trend expected to continue. The region's strategic location appeals to larger companies and provides growth opportunities for smaller businesses. A diverse, stable labor pool further enhances its appeal. Industrial space users—including logistics, distribution, and last-mile delivery services—view Orange County as a central hub between the Ports of Los Angeles and Long Beach and Downtown Los Angeles, Mid-Counties, and the Inland Empire.

ECONOMIC REVIEW

Economic uncertainty will impact the future demand for industrial properties as business owners look for ways to minimize costs rather than invest in growth. Rising inflation, which results in increased interest rates, is

the largest contributor to this uncertainty. However, Orange County's large and resilient economy is well-positioned to weather the storm. Optimism is returning, fueled by substantial capital reserves poised to drive future growth. While vacancy rates are higher than recent years, this is the result of several large developments coming online and companies finding ways to shed space to reduce expenses. Despite changes in the market, industrial rents remain relatively stable due to a continued perceived shortage of available space compared with other regions. Investors remain highly interested in Orange County's industrial market, drawn by its dense population, limited land for new development, and proximity to the ports, Los Angeles, and Inland Empire.

NEAR-TERM OUTLOOK

Overall transaction volume is increasing. However, it is slower than expected and lease rates will probably fall even further. Once the economy stabilizes, it will not take long to revert to peak pricing. There is simply not enough supply to satisfy the demand coming from an economy the size of Orange County. Long-term challenges may include interruptions in the supply chain, a lack of available land, and the relatively built-out nature of the market, which restricts the potential for new, large-scale industrial developments. Evaluating the region's future industrial potential requires consideration of these factors, as the market remains strong.

Market Summary

	4Q24	3Q24	4Q23	YOY Change
Direct Vacancy Rate	4.4%	4.1%	2.5%	75.28%
Availability Rate	8.6%	7.9%	5.1%	69.12%
Asking Lease Rate	\$1.59	\$1.59	\$1.74	-8.62%
Leased SF	1,477,361	2,994,507	3,471,059	-57.44%
Sold SF	193,360	858,526	1,048,378	-81.56%
Total Net Absorption	(517,339)	(546,706)	(642,670)	N/A

↓ **1.5M SF**
LEASING ACTIVITY

↑ **-517K SF**
NET ABSORPTION

↑ **4.4%**
VACANCY RATE

↓ **\$1.59**
ASKING RENT (AVG)

↓ **130K SF**
NEW DELIVERIES

Year-Over-Year Trend

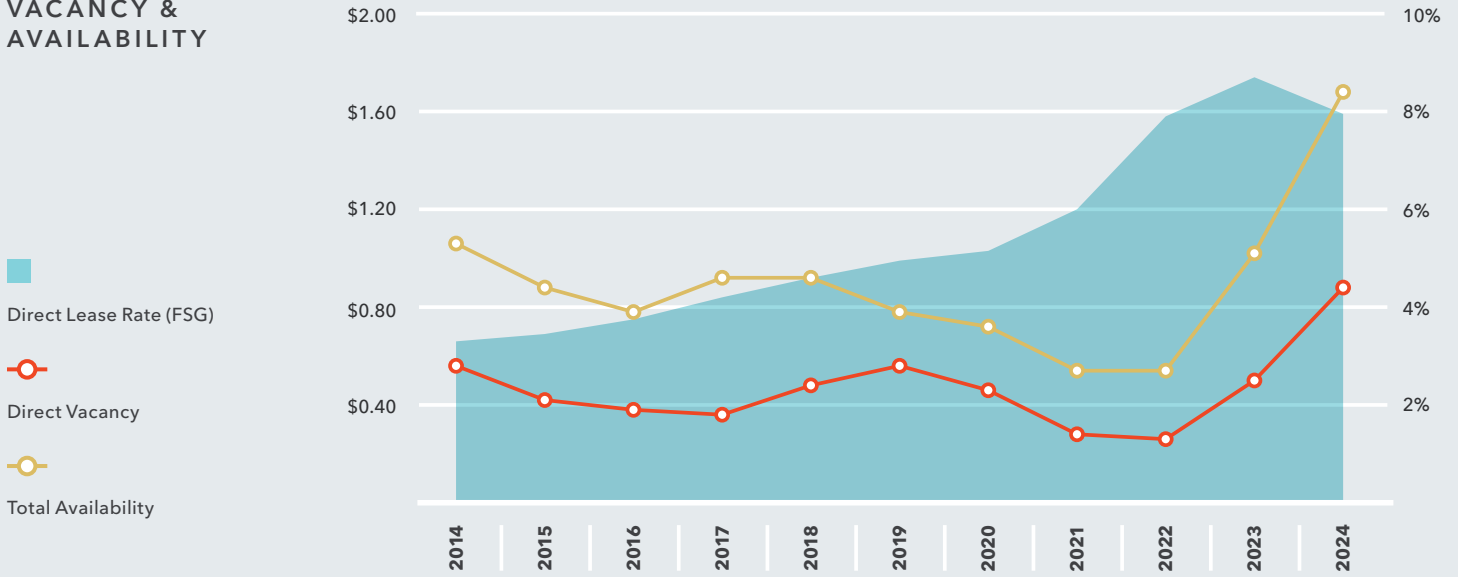
Market Highlights

DIRECT VACANCY RATES rose to 4.4%

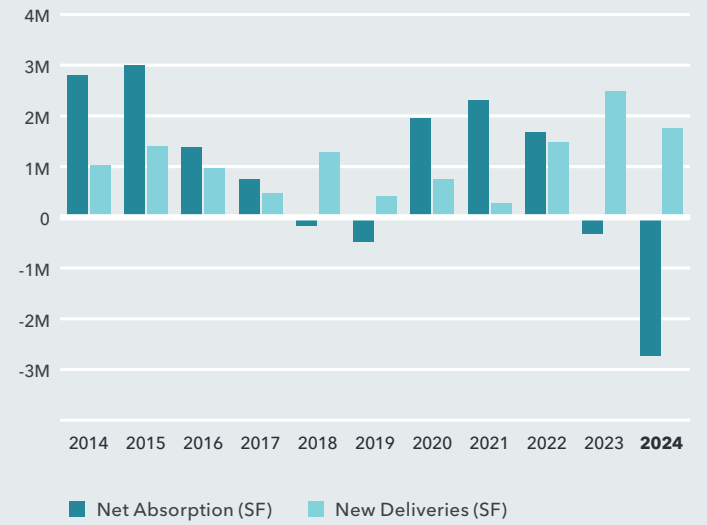
MARKET AVERAGE was \$1.59 PSF on an NNN basis

SALE PRICE was \$332.57 PSF, while the cap rate was 5.4%

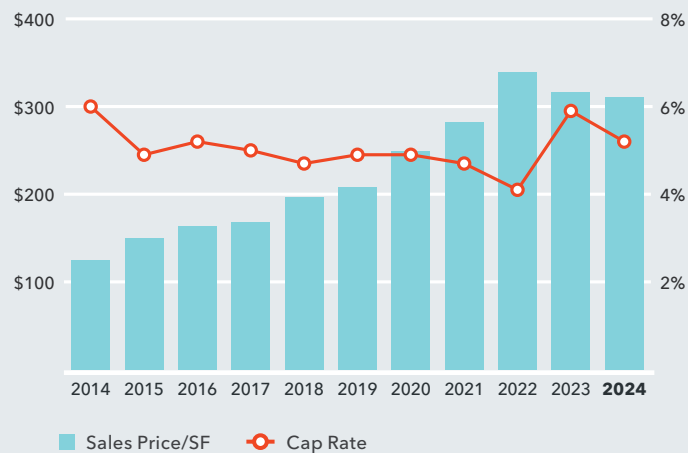
LEASE RATE, VACANCY & AVAILABILITY



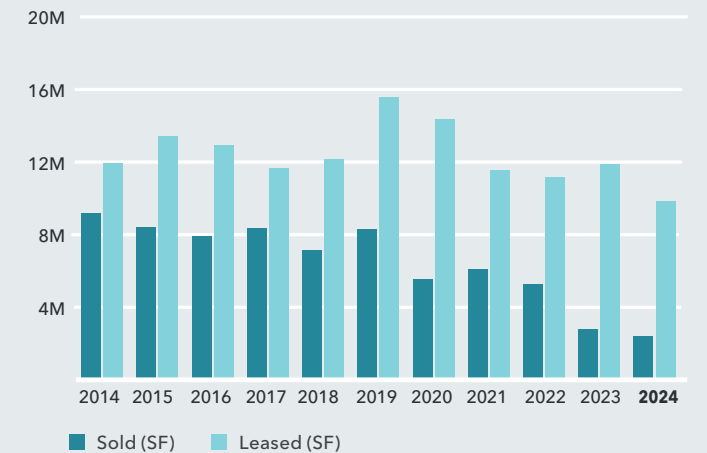
NET ABSORPTION & NEW DELIVERIES



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	QTR Direct Net Absorption	YTD Direct Net Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (FS)
Costa Mesa	7,384,212	3.8%	0.0%	3.9%	6.0%	26,776	(17,228)	61,374	507,781	\$1.52
Fountain Valley	3,695,484	2.7%	0.2%	2.8%	3.6%	(8,316)	(65,621)	18,278	136,967	\$1.44
Irvine	11,826,328	7.7%	2.5%	10.2%	12.6%	(83,733)	(219,507)	46,549	644,439	\$1.72
Newport Beach	414,709	0.0%	0.0%	0.0%	0.0%	0	6,600	10,327	16,927	\$3.30
Santa Ana	30,484,570	2.8%	1.1%	3.9%	7.5%	(19,423)	(323,195)	179,208	1,776,264	\$1.43
Tustin	4,665,497	9.1%	2.7%	11.8%	10.4%	(12,376)	(30,580)	100,853	206,924	\$1.69
Airport Area	58,470,800	4.4%	1.3%	5.7%	8.3%	(97,072)	(649,531)	416,589	3,289,302	\$1.57
Anaheim	45,003,033	5.1%	1.0%	6.1%	8.7%	(254,144)	(857,160)	398,300	1,465,977	\$1.64
Brea/La Habra	15,819,331	3.7%	1.0%	4.6%	6.5%	150,023	(155,200)	68,015	476,072	\$1.38
Buena Park	13,112,071	9.1%	3.9%	13.0%	14.8%	(71,758)	(1,031,671)	15,479	621,283	\$1.64
Fullerton	19,483,652	4.4%	1.4%	5.9%	10.6%	(280,955)	(404,317)	111,335	630,103	\$1.52
Orange	13,190,490	2.1%	0.4%	2.5%	5.4%	(69,342)	(87,044)	32,005	270,899	\$1.51
Placentia/Yorba Linda	4,814,419	5.3%	0.5%	5.9%	5.1%	(18,218)	(75,080)	17,254	225,767	\$1.56
North County	111,422,996	4.9%	1.3%	6.2%	8.9%	(544,394)	(2,610,472)	642,388	3,690,101	\$1.57
Irvine Spectrum	10,240,640	1.6%	0.7%	2.3%	10.1%	43,079	113,843	117,667	387,361	\$1.71
Laguna Hills/Aliso Viejo	1,783,738	2.7%	0.0%	2.7%	6.4%	(7,664)	44,783	6,014	81,758	\$1.75
Laguna Niguel/Laguna Beach	286,699	0.8%	0.0%	0.8%	0.8%	4,597	3,237	4,375	4,375	\$2.75
Lake Forest/Foothill Ranch	7,333,782	3.9%	0.7%	4.6%	11.8%	1,622	372,437	53,540	763,333	\$1.68
Mission Viejo	748,218	1.5%	0.0%	1.5%	1.3%	(5,937)	(8,491)	2,026	3,862	\$1.71
RSM/CDC/Ladera Ranch	1,808,700	2.4%	0.0%	2.4%	3.8%	(17,766)	11,118	3,274	27,755	\$1.91
Dana Point/San Juan/San Clemente	2,895,056	3.6%	0.5%	4.1%	9.7%	29,020	(31,256)	23,138	97,322	\$1.64
South County	25,096,833	2.6%	0.5%	3.2%	9.5%	46,951	505,671	210,034	1,365,766	\$1.71
Cypress	4,263,203	1.8%	0.0%	1.8%	19.4%	25,979	287,201	2,800	90,362	\$1.66
Garden Grove	12,369,554	6.1%	0.2%	6.3%	7.9%	19,769	(225,943)	61,994	561,530	\$1.57
Huntington Beach	13,947,570	2.0%	2.5%	4.5%	6.4%	76,060	264,610	62,225	596,652	\$1.58
La Palma	1,778,216	4.1%	0.0%	4.1%	0.0%	0	0	0	0	\$0.00
Los Alamitos/Stanton	3,945,214	6.2%	0.0%	6.2%	6.5%	(9,106)	(170,928)	79,731	153,632	\$1.59
Seal Beach	942,399	0.0%	0.0%	0.0%	1.4%	0	0	0	64,061	\$0.00
Westminster	2,218,740	6.1%	0.0%	6.1%	6.3%	(35,526)	(127,248)	1,600	17,687	\$1.45
West County	39,464,896	4.0%	0.9%	4.9%	7.9%	77,176	27,692	208,350	1,483,924	\$1.59
5,000 - 9,999	17,166,714	2.2%	0.1%	2.3%	2.9%	14,297	(72,216)	142,105	641,544	\$1.66
10,000 - 24,999	60,707,597	2.6%	0.3%	3.0%	4.1%	(67,956)	(149,099)	502,038	2,398,329	\$1.64
25,000 - 49,999	41,723,151	3.6%	0.4%	3.9%	5.5%	(174,831)	(864,385)	247,351	1,454,115	\$1.57
50,000 - 99,999	37,403,860	5.9%	0.7%	6.7%	8.5%	(5,015)	(823,861)	464,834	1,420,921	\$1.58
100,000 - 249,999	47,245,168	6.4%	1.8%	8.2%	16.8%	116,585	194,538	51,897	2,265,675	\$1.60
250,000 Plus	30,209,035	5.3%	4.1%	9.4%	12.6%	(400,419)	(1,011,617)	69,136	1,648,509	\$1.50
Orange County Total	234,455,525	4.4%	1.2%	5.5%	8.6%	(517,339)	(2,726,640)	1,477,361	9,829,093	\$1.59

SIGNIFICANT SALE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
5609 River Way Portfolio (2 Ind/Off)	North County	183,000	\$53,350,000	\$291.53	Style Korean	Bain Capital, LP
2325-2335 Moore Ave	North County	161,738	\$30,100,000	\$186.10	Staley Point Capital	Moore Avenue Partners, LLC
Fullerton Brea Business Park (8 Ind)	North County	110,933	\$28,800,000	\$259.62	Newport Private Group	BKM Capital Partners
1519 & 1535 E. Edinger Ave (2 Ind)	Airport Area	53,355	\$15,472,950	\$290.00	Suavecito Pomade	Blower-Dempsay Corporation
100-102 Kalmus Dr	Airport Area	36,850	\$15,230,000	\$413.30	Race Technologies	Deutsch Company
3080 S Harbor Blvd	Airport Area	30,342	\$10,350,000	\$341.11	McGuff Company, Inc.	The Hansfeld Family Trust

SIGNIFICANT LEASE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
2815 Warner Avenue	Airport Area	120,000	July 2024	The Irvine Company	Orange Courier (Sublease)
Huntington Gateway	West County	119,894	July 2024	Sares-Regis Group	Encore Interiors
Monarch Industrial Center	West County	108,981	July 2024	Rexford Industrial Realty, Inc.	Big D Flooring
Saturn-Nasa Business Park	North County	104,316	August 2024	Checker Properties	AMP Research (Sublease)
Monarch Industrial Center	West County	97,896	July 2024	Rexford Industrial Realty, Inc.	Wesanco
5450 Dodds Ave	North County	62,812	August 2024	TGB Properties, LLC	ShinWoo

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Goodman Commerce Ctr	5755 Plaza Dr & 5885 Plaza Dr	West County	390,268	Goodman	Nov - Dec 2025
Stadium Landing	2120 E Howell Ave & 2223 E Katella Ave	North County	338,030	PI Stadium, LLC	Oct 2024 - Jun 2025
LogistiCenter at SR-55	2 & 4 Sterling	South County	224,920	Dermody Properties, Inc.	Jan - Feb 2025
Harbor Logistics Ctr	3130-3100 S Harbor	Airport Area	162,656	Kearny RE Co/Dune RE Partners, LP	March 2025
Brea Logistics Ctr	285 N Berry St	North County	124,678	9th Street Partners, LLC	November 2024
Yamaha	6660 Orangethorpe Ave	North County	100,000	Yamaha Corporation	December 2024

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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COMMERCIAL BROKERAGE	\$10B 3-YEAR AVERAGE TRANSACTION VOLUME	31.7M ANNUAL SALES SF	42.4M ANNUAL LEASING SF
ASSET SERVICES	57M SF MANAGEMENT PORTFOLIO SIZE	850+ ASSETS UNDER MANAGEMENT	260+ CLIENTS SERVED
VALUATION ADVISORY	2,600+ 3-YEAR AVERAGE ASSIGNMENTS	43 TOTAL APPRAISERS	27 WITH MAI DESIGNATIONS

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