

MARKET TRENDS

ORANGE COUNTY INDUSTRIAL

MARKET DRIVERS

America is resilient. Orange County is resilient. And the Orange County industrial market is no exception. Despite macroeconomic headwinds and structural shifts, the fundamentals in this market remain solid, supported by a diversified economy, proximity to ports, and steady demand for well-located industrial space.

Nationwide, the U.S. is undergoing a recalibration aimed at reducing the trade deficit and formalizing the labor force. While this transformation may result in higher wages for the working class, it also brings reduced imports and increased costs of goods. The implications for industrial real estate are still unfolding, particularly as supply chains and warehousing needs evolve in real time.

Locally, lease rates in Orange County have transitioned from a brief downward trend to a period of stabilization. Tenant incentives—such as free rent and commission bonuses—are tapering off, signaling renewed landlord confidence. Vacancy rates remain within manageable ranges, avoiding any signs of overbuilding or oversupply.

Notably, the spread between expiring renewal rates and current market rents is narrowing. This suggests tenants may opt for moving rather than a renewal, which will likely increase transaction velocity through the second half of the year.

However, market participants must stay vigilant. Government policies, like the recently proposed WARE tax—an estimated \$0.08 per square foot surcharge on industrial properties over 50,000 SF—pose a significant risk. As seen with the mansion tax and gas tax, such measures may erode property values and create friction in otherwise stable sectors.

In summary, while the Orange County industrial market remains resilient, proactive engagement on policy matters and disciplined underwriting will be key to navigating the shifting landscape ahead.

ECONOMIC REVIEW

The Orange County economy continues to sputter along, showing mixed signals as key sectors navigate a complex environment. Core industries such as healthcare, education, tech, and biotech remain foundational to the region, but all are feeling the strain from recent reductions in government funding. Institutions and employers in these sectors are reassessing budgets and workforce strategies as they try to understand the long-term implications.

In the logistics and transportation sector, slower activity at the ports—driven largely by ongoing global trade tensions and tariff uncertainty—has led to hesitancy among industrial users. Many are delaying long-term real estate commitments, contributing to a cautious outlook for warehouse and distribution space.

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Market Summary

	2Q25	1Q25	2Q24	YOY Change
Direct Vacancy Rate	4.9%	4.8%	3.6%	37.31%
Availability Rate	8.8%	8.6%	7.5%	16.69%
Asking Lease Rate	\$1.50	\$1.55	\$1.65	-9.09%
	2Q25	1Q25	2Q24	YOY Change
Lease Transactions	1,787,950	2,327,164	2,722,454	-34.33%
Sale Transactions	726,421	1,202,459	696,200	4.34%
Net Absorption	475,196	-768,565	-660,219	N/A

↓ 1.8M SF
LEASING ACTIVITY

↑ 475K SF
NET ABSORPTION

↑ 4.9%
VACANCY RATE

↓ \$1.50
ASKING RENT (AVG)

↑ 750K SF
NEW DELIVERIES

Year-Over-Year Trend

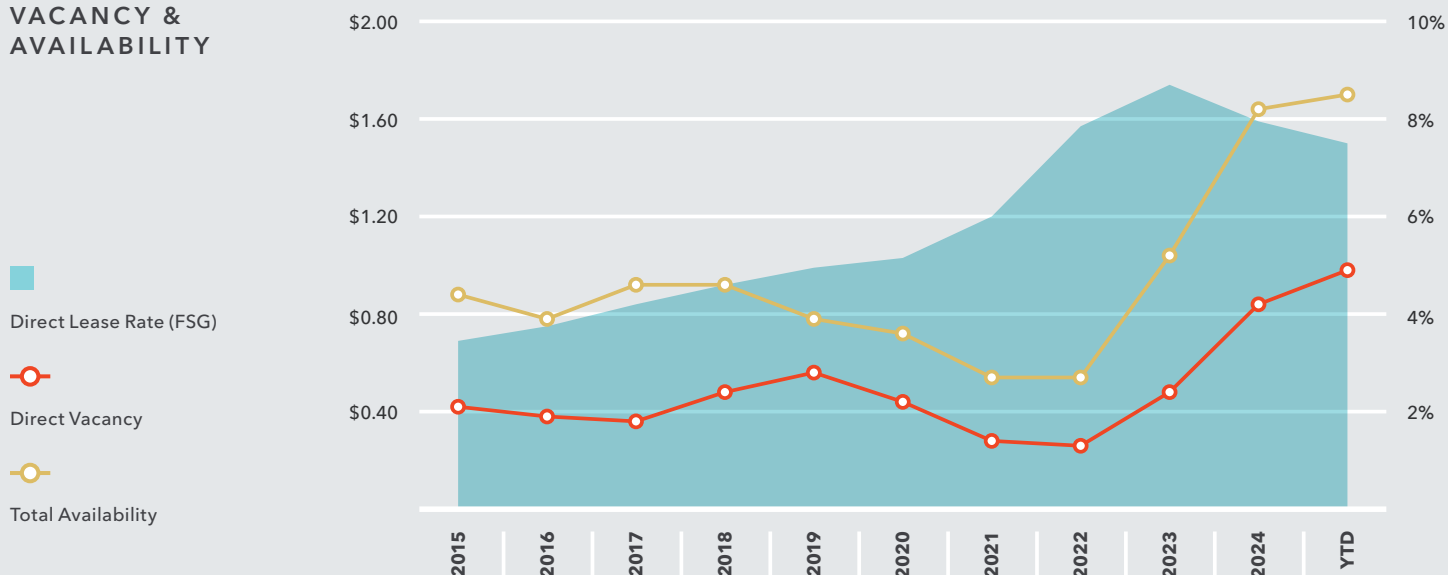
Market Highlights

DIRECT VACANCY RATES
rose to 4.9%

MARKET AVERAGE was
\$1.50 PSF on an NNN basis

SALE PRICE was \$349.47 PSF,
while the cap rate was 4.7%

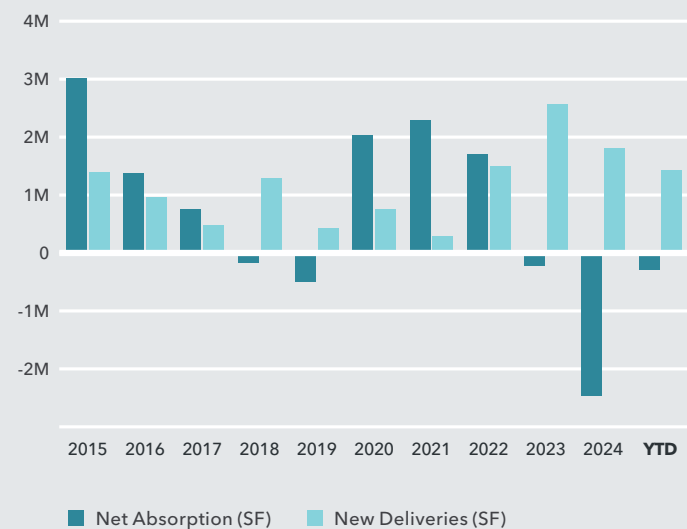
LEASE RATE, VACANCY & AVAILABILITY



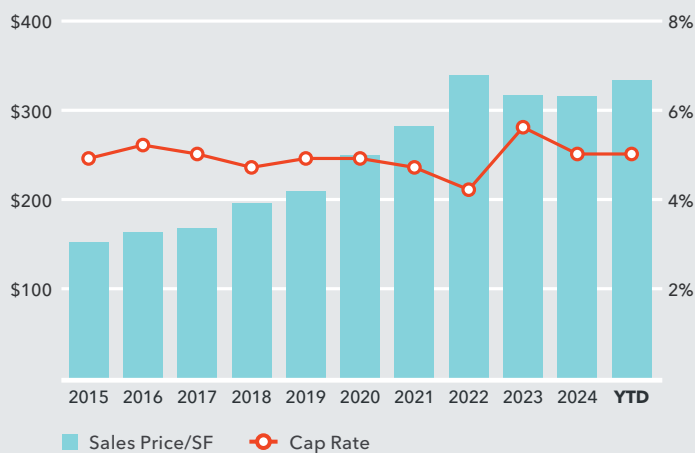
BIGGEST SALE OF THE QUARTER

Spectrum Centre Business Park

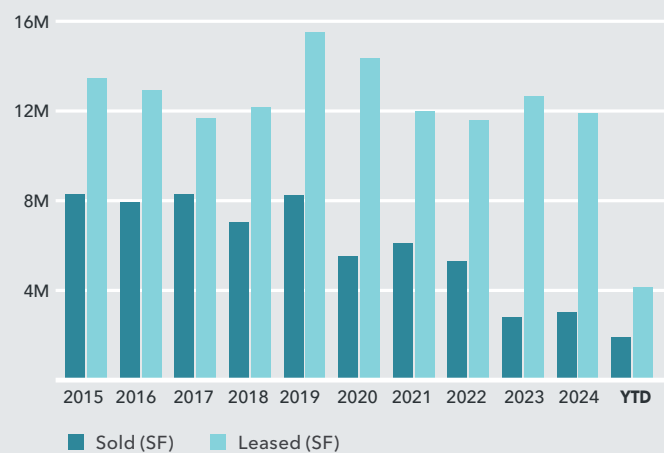
NET ABSORPTION & NEW DELIVERIES



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	QTR Direct Net Absorption	YTD Direct Net Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (NNN)
Costa Mesa	7,532,746	4.6%	0.0%	4.6%	5.4%	-6,475	-48,151	67,610	141,968	\$1.65
Fountain Valley	3,644,095	2.2%	0.0%	2.2%	4.7%	15,806	18,205	20,804	107,939	\$1.51
Irvine	11,844,847	9.6%	2.3%	11.9%	12.2%	-109,697	-239,337	114,473	173,474	\$1.66
Newport Beach	414,709	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$3.30
Santa Ana	30,808,242	4.4%	0.8%	5.2%	7.5%	51,028	-234,364	142,696	299,306	\$1.34
Tustin	4,731,703	8.4%	0.2%	8.6%	9.0%	-62,126	14,880	78,911	119,133	\$1.43
Airport Area	58,976,342	5.6%	0.9%	6.5%	8.1%	-111,464	-488,767	424,494	841,820	\$1.49
Anaheim	45,036,451	5.1%	0.5%	5.5%	8.3%	-67,727	-40,750	441,877	1,416,976	\$1.40
Brea/La Habra	15,704,074	3.2%	0.0%	3.2%	9.3%	19,062	70,214	165,909	190,202	\$1.56
Buena Park	13,690,193	8.8%	3.8%	12.6%	15.2%	775,137	637,103	86,952	104,302	\$1.12
Fullerton	19,540,217	5.0%	0.6%	5.6%	9.0%	-36,150	35,105	176,132	422,457	\$1.61
Orange	13,163,752	2.9%	0.2%	3.1%	8.2%	-73,891	-100,985	81,463	186,920	\$1.44
Placentia/Yorba Linda	4,822,939	2.7%	0.5%	3.2%	2.8%	29,290	126,406	24,716	60,585	\$1.63
North County	111,957,626	4.9%	0.8%	5.7%	9.2%	645,721	727,093	977,049	2,381,442	\$1.44
Irvine Spectrum	10,245,465	4.9%	0.3%	5.2%	16.3%	-41,042	-347,322	8,214	66,280	\$1.71
Laguna Hills/Aliso Viejo	1,811,885	2.8%	1.2%	4.0%	8.3%	7,202	-4,746	41,565	63,650	\$1.73
Laguna Niguel/Laguna Beach	286,539	2.0%	0.0%	2.0%	11.2%	0	-3,340	0	0	\$3.36
Lake Forest/Foothill Ranch	7,311,586	3.9%	1.5%	5.4%	8.1%	-24,308	-5,469	15,387	109,677	\$1.60
Mission Viejo	748,218	0.3%	0.0%	0.3%	2.4%	6,989	6,989	5,937	12,875	\$1.62
RSM/CDC/Ladera Ranch	1,815,872	3.4%	0.1%	3.5%	4.1%	-8,400	-19,057	15,840	21,470	\$1.68
Dana Point/San Juan/San Clemente	2,895,056	1.9%	0.3%	2.2%	7.8%	46,114	49,672	2,459	17,050	\$1.67
South County	25,114,621	3.8%	0.7%	4.5%	11.0%	-13,445	-323,273	89,402	291,002	\$1.70
Cypress	4,653,644	15.6%	0.1%	15.6%	15.8%	-6,942	-256,792	112,227	119,508	\$1.60
Garden Grove	12,373,735	4.0%	0.2%	4.1%	5.3%	48,072	109,681	14,844	86,139	\$1.50
Huntington Beach	13,965,548	2.4%	0.2%	2.6%	7.4%	-81,970	-114,962	123,488	277,113	\$1.66
La Palma	1,778,216	4.1%	0.0%	4.1%	0.0%	0	0	0	0	\$0.00
Los Alamitos/Stanton	3,958,683	3.8%	0.0%	3.8%	4.8%	1,409	80,768	24,075	85,105	\$1.60
Seal Beach	941,679	0.0%	0.0%	0.0%	1.6%	0	0	0	0	\$0.00
Westminster	2,218,745	5.8%	1.6%	7.4%	9.2%	-6,185	-27,117	22,371	32,985	\$1.59
West County	39,890,250	4.8%	0.2%	5.0%	7.1%	-45,616	-208,422	297,005	600,850	\$1.57
5,000 - 9,999	17,153,924	2.0%	0.1%	2.1%	3.2%	-41,377	13,660	92,240	252,821	\$1.70
10,000 - 24,999	60,819,676	2.7%	0.2%	3.0%	4.2%	72,305	-129,620	456,521	1,093,954	\$1.62
25,000 - 49,999	41,851,929	3.9%	0.2%	4.0%	6.0%	18,465	-121,254	308,300	749,066	\$1.46
50,000 - 99,999	37,163,650	5.8%	0.4%	6.2%	9.6%	-165,259	47,938	380,648	722,648	\$1.40
100,000 - 249,999	48,172,322	8.4%	0.8%	9.2%	17.2%	21,131	-462,361	559,841	813,283	\$1.53
250,000 Plus	30,783,773	6.0%	3.0%	9.0%	10.4%	569,931	358,268	3,000	495,942	\$1.57
Orange County Total	235,945,274	4.9%	0.7%	5.7%	8.8%	475,196	-293,369	1,787,950	4,115,114	\$1.50

Despite the current drag, there are signs of cautious optimism. Inflation is easing, and interest rate stability is giving businesses more room to plan. Vacancy rates in industrial real estate remain manageable, and activity is expected to improve in the latter half of the year as global supply chains adjust and funding clarity improves.

In short, while Orange County's economy is not yet firing on all cylinders, the fundamentals remain intact. A diversified economic base and a highly educated workforce offer resilience, and with stability returning on several fronts, there may be light at the end of the tunnel.

NEAR-TERM OUTLOOK

The outlook for the Orange County industrial market remains bright, driven by a combination of measured development, stable fundamentals, and a diversified local economy. Unlike many other markets that have seen overbuilding, Orange County's new industrial

development has remained disciplined, helping maintain a healthy balance between supply and demand. As a result, property values are stabilizing.

The strength of this market lies in its economic diversity. Key sectors such as healthcare, tech, professional services, and logistics form a resilient foundation that supports industrial demand across various use types. While Orange County continues to attract inbound investment and companies relocating from other areas, it is not overly dependent on these outside sources. The region's established business base, educated workforce, and strategic location provide a self-sustaining ecosystem.

Looking ahead, continued stability in lease rates, declining tenant incentives, and manageable vacancy levels suggest a balanced market environment. Orange County remains well-positioned as a top-tier industrial submarket in Southern California—resilient, independent, and poised for long-term growth.

SIGNIFICANT SALE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Spectrum Centre Business Park (16 Properties)	South County	232,818	\$62,500,000	\$268.45	Buchanan Street Partners	BKM Capital Partners
20 Icon	South County	102,299	\$50,875,000	\$497.32	Lake Forest Reliability Project LLC	Rexford Ind. Realty, Inc.
18011 Mitchell S (Investment Triple Net)	Airport Area	35,500	\$21,000,000	\$591.55	Undisclosed	North Palisade Partners
2249 S Yale St	Airport Area	49,506	\$13,198,102	\$266.60	Grower's Choice	Elk River Capital
Talega Business Park	South County	32,850	\$12,900,000	\$392.69	Odyssey	Girard Holdings, LLC
12472 Industry St	West County	48,697	\$12,250,000	\$251.56	Island Snacks	Moran Family Trust

SIGNIFICANT LEASE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Fullerton Crossroads	North County	147,950	April 2025	DWS Group	Undisclosed (Sublease)
2220 E Cerritos Ave	North County	100,505	April 2025	Karney Management Company	Undisclosed
Jamboree Business Park	Airport Area	94,550	April 2025	The Irvine Company	Rivian
11240 Warland Dr	West County	85,773	May 2025	Warland Investments Company	Undisclosed
15342-15362 Graham St	West County	84,754	May 2025	Sares-Regis Group	Undisclosed
Prologis Mid Counties Distribution Center	North County	83,279	April 2025	Prologis, Inc.	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Bake Freeway Business Park	15700-15800 Bake Pky	South County	379,168	Tishman Speyer	August 2025
Stadium Landing	2100 & 2120 E Howell Ave	North County	338,030	Pacific Industrial	July 2025
Huntington Gateway	5055-14383-14393 Skybolt Ln	West County	318,751	Sares Regis Group	December 2025
Orange Logistics Center	759 N Eckhoff St 752 N Poplar St	North County	285,719	IDI Logistics	December 2025
LogistiCenter at Irvine I & II	2 & 4 Sterling	South County	224,920	Dermody Properties, Inc.	June 2025
701 E Ball Rd	701 E Ball Rd	North County	139,535	TPG Angelo Gordon & Co., L.P.	November 2025
Swallows Creek	30700-30630-30590 Rancho Viejo Rd	South County	136,401	Integral Communities, Inc.	September 2025

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M SF

MANAGEMENT
PORTFOLIO SIZE

850+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS

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