

MARKET TRENDS

ORANGE COUNTY INDUSTRIAL

MARKET DRIVERS

At the close of 2025, Orange County’s industrial market remained in a state of adjustment, characterized by reduced tenant interest and rising vacancy rates due to recently completed construction. Total availability of industrial space—including subleases and space under construction—increased to 9.0%, while the vacancy rate rose to 6.7%. Negative net absorption in the fourth quarter indicates a decline in occupancy, resulting in a year-to-date loss exceeding 2M SF.

Smaller-format buildings continue to lease much faster than larger box facilities. In Q4 2025, vacancy climbed to 6.7% as newly delivered projects from 2024 and 2025 remained unoccupied. To attract tenants and accelerate transactions, landlords are responding to lower asking rates by offering enhanced concession packages, such as free rent.

ECONOMIC REVIEW

Orange County’s economy is growing slowly but steadily. Employment growth has lagged behind the national average due to labor shortages and a population shift to more affordable regions during the pandemic. The county’s diverse workforce—particularly in advanced manufacturing, healthcare, and life sciences—supports long-term demand for industrial space. However, logistics-related space requirements have declined amid falling import volumes and rising operating costs. With new supply entering the market as demand softens, vacancy rates face additional upward pressure.

NEAR-TERM OUTLOOK

Market stability is anticipated in 2026 as the number of active construction projects declines significantly from its cyclical peak. This trend should continue to benefit tenants with substantial space requirements. Developers are delaying new project starts due to high barriers to surplus supply. Asking rates are expected to remain steady through 2026, then gradually increase as vacant space is absorbed. Investor activity surged in 2025, approaching record highs, driven by price adjustments and Orange County’s high barriers to entry.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	5.8%	5.6%	4.1%	40.95%
Availability Rate	9.0%	8.7%	8.1%	10.88%
Asking Lease Rate/SF/Mo	\$1.49	\$1.48	\$1.59	-6.29%

	4Q25	3Q25	4Q24	YOY Change
Lease Transactions (SF)	1,404,368	2,474,403	3,336,450	-57.91%
Sale Transactions (SF)	929,773	1,308,148	785,178	18.42%
Net Absorption (SF)	-337,194	-269,587	-91,804	N/A



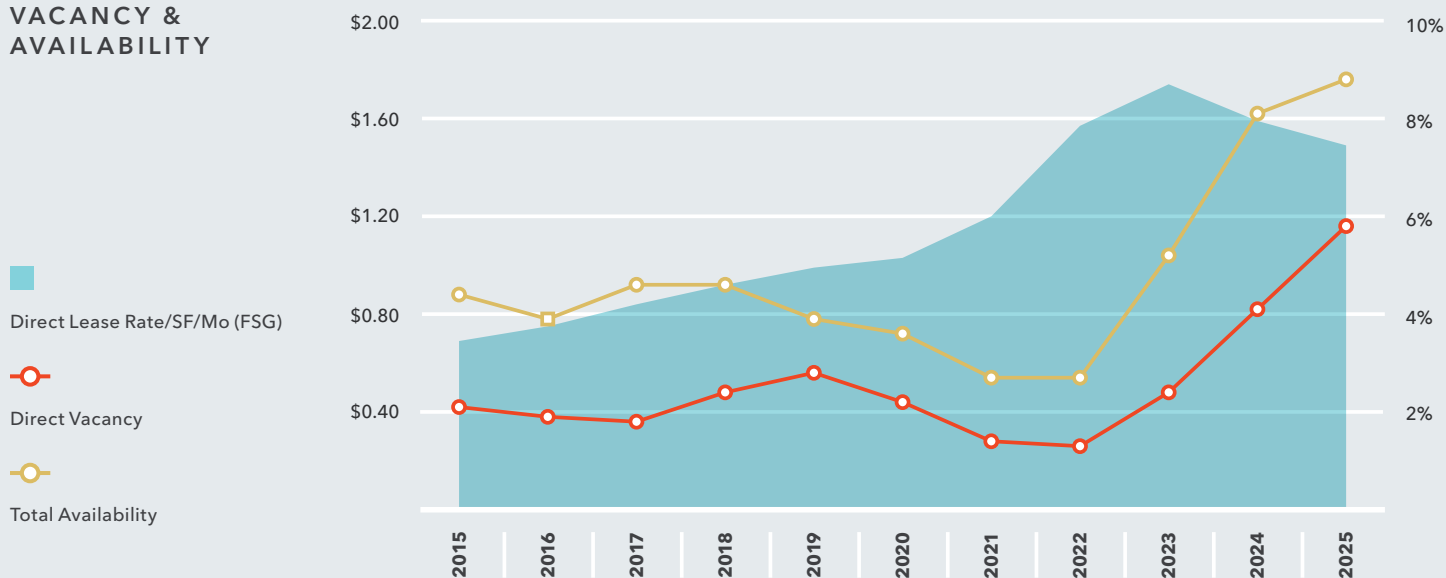
Market Highlights

DIRECT VACANCY RATES closed the year at 5.8%

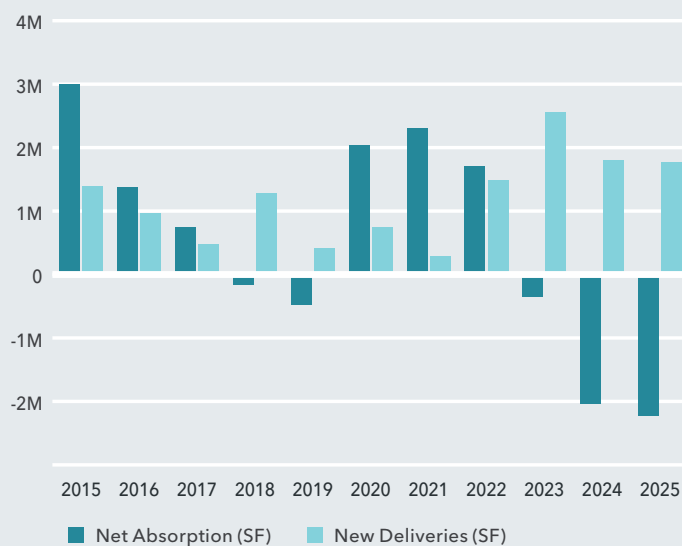
RENTAL RATES ended at a \$1.49 PSF on an NNN basis

AVERAGE SALE PRICE was \$310.50 PSF, while the cap rate was 5.9%

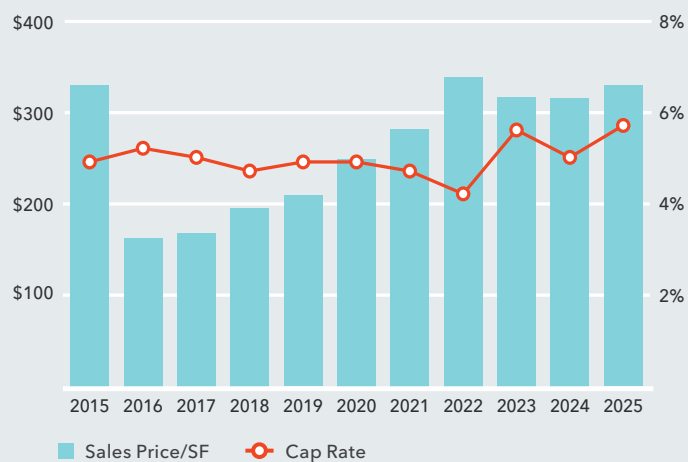
LEASE RATE, VACANCY & AVAILABILITY



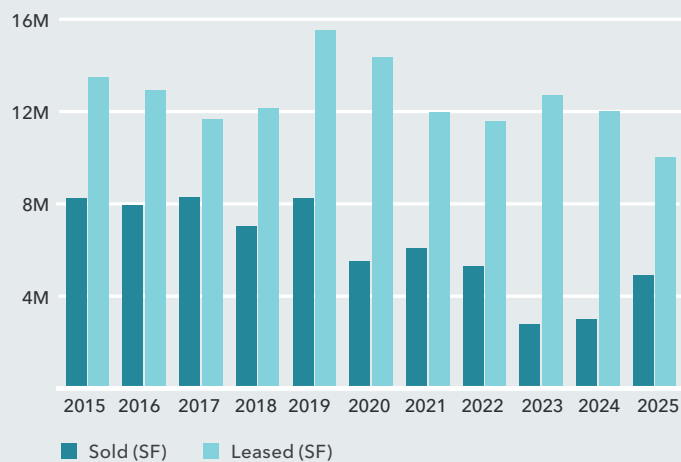
NET ABSORPTION & NEW DELIVERIES



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	4Q25 Direct Net Absorption	2025 Direct Net Absorption	4Q25 Total Leasing Activity	2025 Total Leasing Activity	Average Direct Rental Rate (NNN)
Costa Mesa	7,570,566	4.8%	0.4%	5.2%	6.6%	-33,659	-65,707	75,220	568,968	\$1.47
Fountain Valley	3,966,940	0.8%	4.3%	5.1%	7.9%	-4,025	63,316	25,886	174,642	\$1.80
Irvine	11,797,514	9.3%	3.4%	12.7%	15.0%	91,044	-166,764	15,110	354,238	\$1.64
Newport Beach	404,749	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Santa Ana	30,861,239	4.9%	0.6%	5.5%	6.8%	-102,663	-371,580	180,591	1,153,442	\$1.24
Tustin	5,000,086	7.4%	0.0%	7.4%	11.5%	59,336	39,373	85,636	203,348	\$1.67
Airport Area	59,601,094	5.7%	1.3%	7.0%	8.8%	10,033	-501,362	382,443	2,454,638	\$1.43
Anaheim	45,202,002	6.1%	0.5%	6.6%	8.1%	-11,021	-165,614	154,806	2,590,617	\$1.57
Brea/La Habra	15,686,387	3.9%	0.5%	4.4%	9.3%	66,126	-48,768	16,505	462,247	\$1.43
Buena Park	13,155,872	7.9%	3.4%	11.4%	13.0%	60,063	244,130	280,808	489,421	\$1.33
Fullerton	19,259,913	5.8%	1.1%	6.9%	7.9%	88,144	-111,816	75,402	931,848	\$1.61
Orange	13,042,015	4.2%	0.2%	4.3%	8.2%	-105,301	-296,547	100,652	475,672	\$1.30
Placentia/Yorba Linda	4,823,656	1.4%	0.0%	1.4%	3.0%	62,277	187,046	17,809	176,048	\$1.47
North County	111,169,845	5.5%	0.9%	6.4%	8.6%	160,288	-191,569	645,982	5,125,853	\$1.48
Irvine Spectrum	10,285,140	7.5%	0.0%	7.5%	16.8%	-145,548	-396,562	44,476	287,143	\$1.54
Laguna Hills/Aliso Viejo	1,848,944	2.5%	0.0%	2.5%	5.3%	-2,028	-1,059	14,727	113,451	\$1.77
Laguna Niguel/Laguna Beach	295,565	1.5%	0.5%	2.0%	9.0%	3,137	-2,242	1,500	8,598	\$3.36
Lake Forest/Foothill Ranch	7,341,563	3.3%	1.4%	4.7%	6.9%	61,163	32,145	84,061	351,121	\$1.55
Mission Viejo	748,218	1.3%	0.0%	1.3%	2.2%	1,243	-499	1,243	16,798	\$1.56
RSM/CDC/Ladera Ranch	1,874,689	3.6%	0.0%	3.6%	2.4%	-494	-4,231	2,954	56,289	\$1.75
Dana Point/San Juan/San Clemente	2,985,441	7.1%	0.0%	7.1%	8.3%	-18,502	26,976	9,802	37,771	\$2.06
South County	25,379,560	5.4%	0.4%	5.8%	10.5%	-101,029	-345,472	158,763	871,171	\$1.69
Cypress	4,652,528	18.4%	2.3%	20.7%	23.6%	-9,099	-388,418	0	129,250	\$1.56
Garden Grove	12,278,555	5.0%	0.3%	5.3%	7.2%	-51,266	-120,599	86,093	353,685	\$1.32
Huntington Beach	14,006,754	4.1%	0.2%	4.3%	7.1%	8,526	-351,994	119,176	610,711	\$1.59
La Palma	1,785,908	27.8%	0.0%	27.8%	23.8%	-424,285	-424,285	0	170,692	\$1.24
Los Alamitos/Stanton	3,909,817	1.2%	0.0%	1.2%	1.1%	113,969	185,985	11,911	206,439	\$1.53
Seal Beach	941,679	0.0%	0.0%	0.0%	0.0%	0	0	0	5,480	\$0.00
Westminster	2,225,287	8.8%	3.2%	11.9%	12.3%	-44,331	-93,089	0	102,059	\$1.46
West County	39,800,528	7.0%	0.6%	7.6%	9.3%	-406,486	-1,192,400	217,180	1,578,316	\$1.43
5,000 - 9,999	17,175,899	1.9%	0.1%	2.0%	2.8%	1,973	36,112	86,249	579,906	\$1.79
10,000 - 24,999	60,734,766	2.7%	0.4%	3.1%	4.2%	-48,429	-65,125	358,256	2,316,091	\$1.63
25,000 - 49,999	41,698,366	4.2%	0.3%	4.5%	5.9%	-71,711	-416,594	220,403	1,680,273	\$1.46
50,000 - 99,999	37,432,624	5.2%	0.9%	6.1%	10.2%	477,328	497,948	391,800	1,873,783	\$1.45
100,000 - 249,999	48,423,660	11.5%	1.4%	12.9%	17.1%	-295,214	-1,400,428	155,185	2,276,844	\$1.52
250,000 Plus	30,732,130	8.0%	2.3%	10.4%	11.7%	-401,141	-882,716	192,475	1,303,081	\$1.38
Orange County Total	236,197,445	5.8%	0.9%	6.7%	9.0%	-337,194	-2,230,803	1,404,368	10,029,978	\$1.49

BIGGEST LEASE OF THE QUARTER

1050 S State College Blvd
Fullerton, CA



SIGNIFICANT SALE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1050 S State College Blvd	North County	417,320	\$145,000,000	\$347.46	Future Foam Inc	State College Buildings SUB, LLC
2164 N Batavia St	North County	249,431	\$69,624,000	\$279.13	Lincoln Property/Artemis RE Partners	Frick Family Properties
3130 S Fairview St	Airport Area	82,241	\$40,709,250	\$495.00	Robinson Pharma, Inc	Hines
6211 Descanso Ave	North County	75,992	\$31,250,000	\$411.23	Int'l Paper Co/LAs Totally Awesome	Crockett Living Trust
522 E Vermont Ave A-D	North County	87,531	\$22,000,000	\$251.34	City of Anaheim	Anaheim East Vermont, LLC
17352 Armstrong Ave	Airport Area	123,748	\$17,000,000	\$137.38	Avenue Equities	Fletcher Jones Motor Cars, Inc.

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Goodman Logistics Center Fullerton	North County	1,025,262	October 2025	Goodman North America	Samsung
6300-6340 Valley View St	North County	190,800	October 2025	Prudential/PGIM, Inc.	Undisclosed (Sublease)
Beckman Business Center	North County	141,616	October 2025	Prologis, Inc.	180 Snacks Inc.
Lakeview Business Center	South County	84,580	November 2025	The Irvine Company	Undisclosed
15551-15561 Del Amo Ave	Airport Area	72,303	November 2025	Link Logistics Real Estate	Dialed Holdings
Prologis Lake Forest Distribution Center	South County	61,163	October 2025	Prologis, Inc.	Intertec
Tower Business Park	North County	60,245	October 2025	Link Logistics Real Estate	La Mirada Foods

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Bake Freeway Business Park	15700-15800 Bake Pky	South County	379,168	Tishman Speyer	December 2025
Orange Logistics Center	759 N Eckhoff St 752 N Poplar St	North County	285,719	IDI Logistics	December 2025
Huntington Gateway	5055 Skylab Ln + 14393 Skybolt Ln	West County	261,707	Sares Regis Group	December 2025
Bridgepointe Irvine	1 Banting	South County	215,224	Bridge Industrial	October 2026
701 E Ball Rd	701 E Ball Rd	North County	139,535	TPG Angelo Gordon & Co., L.P.	December 2025
5235 E Hunter Ave	5235 E Hunter Ave	North County	121,288	Rexford Industrial Realty, Inc.	April 2026

Data Source: EDD, CoStar



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

GARY BARAGONA

Director of Research
415.229.8925
gary.baragona@kidder.com

DARREN TAPPEN

Regional President, Brokerage
Greater LA, SoCal & Arizona
959.557.5000
darren.tappen@kidder.com

Designated Broker

Eric Paulsen | LIC N° 01001040

COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

53M SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

41

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS