

MARKET TRENDS

ORANGE COUNTY INDUSTRIAL

MARKET DRIVERS

During 1Q 2026, Orange County's industrial market reported cautious stability, marking an end to a long period of limited demand. The direct vacancy rate remained stable at 5.7%, a trend that carried over from the previous year's end, driven by moderating availability growth and a surge in new lease activity to a four-year high in the preceding year. Compared to late 2025, this represents a significant improvement.

The market shows signs of recovery and is trending in a more favorable direction, with an overall availability of 8.8% including subleases and space under development. Net absorption in the 1Q 2026 was positive, reaching 58,000 SF. This was supported by strong leasing activity, which saw a total of 1.57M SF transacted. This marked a continuation of the increasing trend first observed in 2025, with small to medium-sized spaces being the primary source of support. This was a positive sign after two years of significant declines in occupancy.

ECONOMIC REVIEW

Orange County's economy is growing slowly, with job gains limited by skilled labor shortages and high operating costs. The industrial market is anchored by large-scale users and logistics operations that support steady, long-term demand, while most leasing activity is driven by smaller tenants and renewals.

New supply deliveries for the 1Q 2026 totaled 435,000 SF. Expected new supply deliveries may influence vacancy rates in specific submarkets because fewer new buildings are anticipated. This situation will likely leave a significant amount of attractive lease space available. Developers are reducing their asking rates and offering more favorable terms on large, vacant buildings to attract tenants, indicating the market is absorbing the recent excess supply.

NEAR-TERM OUTLOOK

Market conditions are forecast to rebalance gradually through 2026, as development activity declines and available space is absorbed, even if leasing activity continues at healthy levels. New projects are being put on hold by developers because of the market's current surplus. Investor confidence in Orange County's appeal was evident in owner-user acquisitions, and high investment activity continued, surpassing the previous year's average. It is anticipated that asking rents will stabilize and then slowly decline as vacant spaces get absorbed. As the market becomes more competitive, modest growth might take place.

Market Summary

	1Q26	4Q25	1Q25	YOY Change
Direct Vacancy Rate	5.7%	5.6%	4.8%	19.25%
Availability Rate	8.8%	8.6%	8.3%	6.37%
Asking Lease Rate/SF/Mo	\$1.46	\$1.49	\$1.55	-5.81%
	1Q26	4Q25	1Q25	YOY Change
Lease Transactions (SF)	1,574,299	1,890,773	2,484,912	-36.65%
Sale Transactions (SF)	661,701	1,418,784	1,230,318	-46.22%
Net Absorption (SF)	58,051	520,706	-915,749	N/A

↓ **1.6M SF**
LEASING ACTIVITY

↑ **58K SF**
NET ABSORPTION

↑ **5.7%**
VACANCY RATE

↓ **\$1.46**
ASKING RENT (AVG)

↓ **435K SF**
NEW DELIVERIES

Year-Over-Year Trend

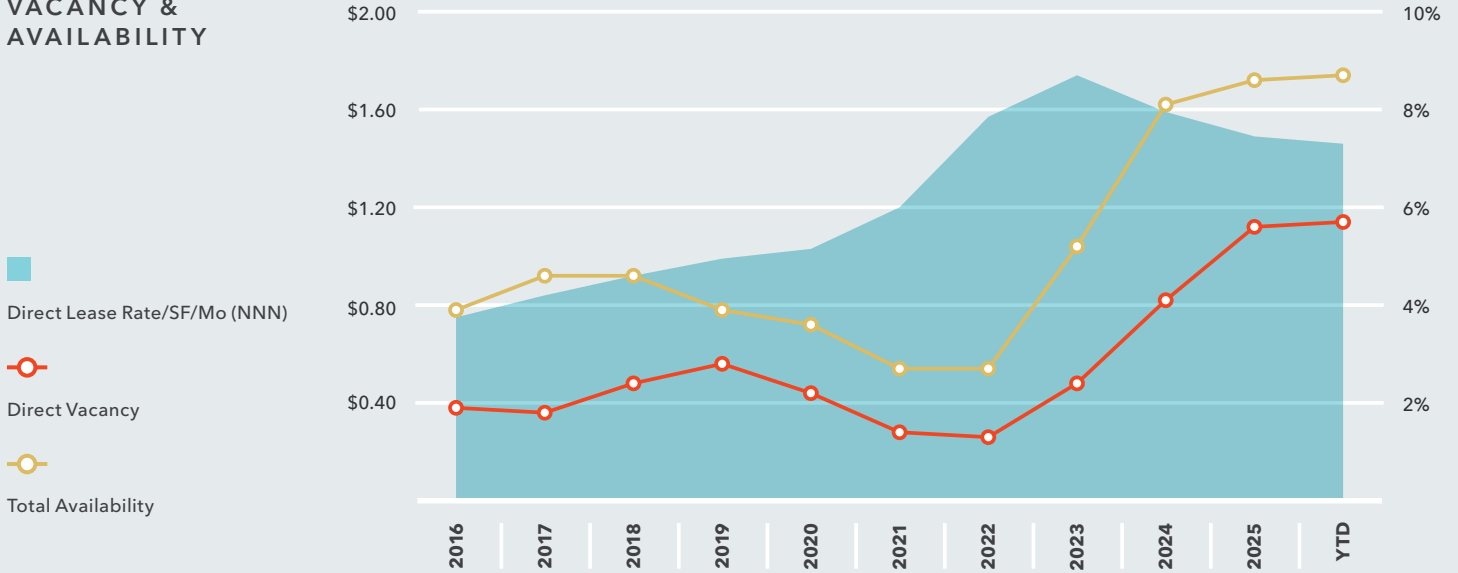
Market Highlights

DIRECT VACANCY RATES closed the quarter at 5.7%

RENTAL RATES ended at a \$1.46 PSF on an NNN basis

AVERAGE SALE PRICE was \$307.82 PSF, while the cap rate was 4.9%

LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

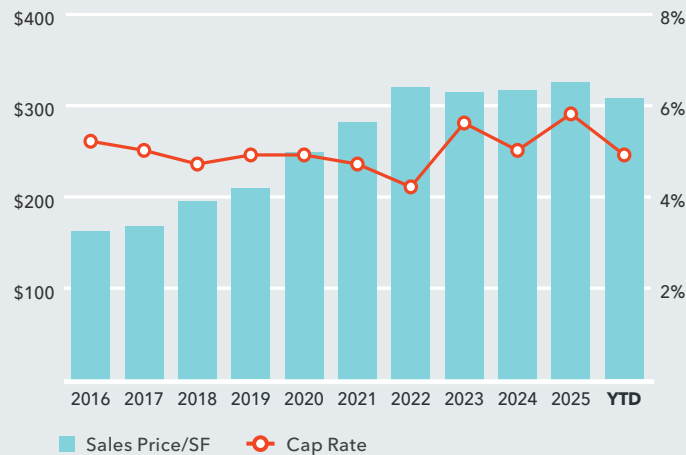
1415 S Acacia St, Fullerton, CA



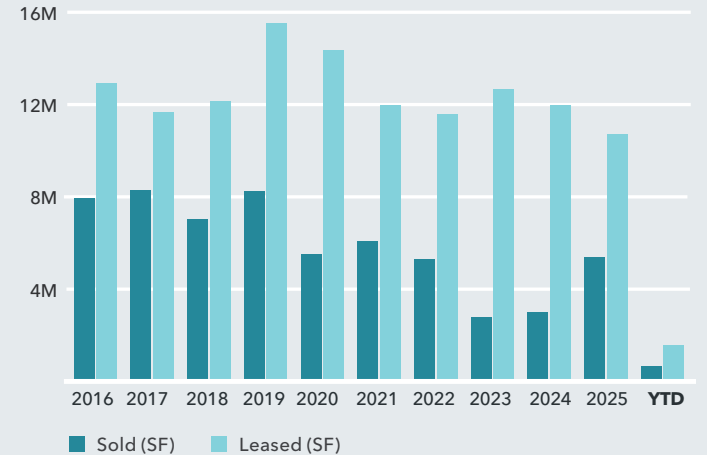
NET ABSORPTION & NEW DELIVERIES



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	1Q26 Direct Net Absorption	YTD Direct Net Absorption	1Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (NNN)
Costa Mesa	7,509,776	4.0%	0.2%	4.2%	5.8%	25,637	25,637	19,958	19,958	\$1.28
Fountain Valley	3,967,568	1.1%	1.1%	2.2%	6.6%	-29,053	-29,053	67,066	67,066	\$1.37
Irvine	11,814,546	8.8%	2.9%	11.7%	15.3%	16,112	16,112	98,962	98,962	\$1.62
Newport Beach	409,579	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Santa Ana	30,888,728	3.8%	0.6%	4.4%	5.5%	246,422	246,422	199,022	199,022	\$1.24
Tustin	5,043,912	7.0%	0.0%	7.0%	13.2%	14,659	14,659	0	0	\$1.77
Airport Area	59,634,109	4.9%	1.0%	5.8%	8.2%	273,777	273,777	385,008	385,008	\$1.41
Anaheim	45,160,063	5.8%	0.7%	6.5%	8.9%	-66,955	-66,955	339,431	339,431	\$1.45
Brea/La Habra	15,683,617	3.3%	1.3%	4.6%	7.7%	66,051	66,051	132,007	132,007	\$1.40
Buena Park	13,196,216	8.7%	3.2%	11.9%	15.1%	-125,567	-125,567	127,439	127,439	\$1.32
Fullerton	19,730,916	6.0%	1.1%	7.1%	8.3%	-115,659	-115,659	49,261	49,261	\$1.62
Orange	13,324,726	3.9%	0.3%	4.2%	7.2%	42,679	42,679	30,490	30,490	\$1.25
Placentia/Yorba Linda	4,892,659	1.3%	0.0%	1.3%	4.5%	23,263	23,263	15,014	15,014	\$1.38
North County	111,988,197	5.4%	1.1%	6.5%	9.0%	-176,188	-176,188	693,642	693,642	\$1.43
Irvine Spectrum	10,812,945	12.7%	0.0%	12.7%	17.1%	-18,781	-18,781	0	0	\$1.65
Laguna Hills/Aliso Viejo	1,868,577	2.1%	0.4%	2.4%	5.4%	8,324	8,324	8,218	8,218	\$1.73
Laguna Niguel/Laguna Beach	295,465	1.5%	0.3%	1.9%	8.8%	0	0	0	0	\$3.43
Lake Forest/Foothill Ranch	7,320,048	3.2%	0.6%	3.8%	5.5%	-21,486	-21,486	0	0	\$1.55
Mission Viejo	748,218	1.2%	0.0%	1.2%	2.2%	0	0	0	0	\$1.56
RSM/CDC/Ladera Ranch	1,877,933	3.1%	0.0%	3.1%	3.0%	4,262	4,262	7,910	7,910	\$1.66
Dana Point/San Juan/San Clemente	2,986,015	8.7%	0.1%	8.8%	13.4%	-44,275	-44,275	38,338	38,338	\$2.11
South County	25,909,201	7.6%	0.2%	7.8%	11.0%	-71,956	-71,956	54,466	54,466	\$1.72
Cypress	4,741,928	18.0%	0.6%	18.7%	20.0%	820	820	133,201	133,201	\$1.46
Garden Grove	12,281,741	4.8%	0.2%	5.0%	6.9%	-7,639	-7,639	142,160	142,160	\$1.33
Huntington Beach	14,095,763	3.7%	0.2%	3.9%	5.5%	30,187	30,187	55,522	55,522	\$1.49
La Palma	1,785,908	27.8%	0.0%	27.8%	23.8%	0	0	0	0	\$1.15
Los Alamitos/Stanton	3,915,837	1.6%	0.0%	1.6%	1.7%	-26,945	-26,945	27,138	27,138	\$1.62
Seal Beach	941,679	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Westminster	2,180,851	7.2%	0.0%	7.2%	7.4%	35,995	35,995	83,162	83,162	\$1.46
West County	39,943,707	6.7%	0.2%	6.9%	8.0%	32,418	32,418	441,183	441,183	\$1.37
5,000 - 9,999	17,172,698	2.0%	0.2%	2.1%	2.7%	-29,015	-29,015	119,400	119,400	\$1.75
10,000 - 24,999	60,803,977	2.5%	0.3%	2.8%	4.3%	40,056	40,056	354,881	354,881	\$1.59
25,000 - 49,999	41,917,288	3.7%	0.5%	4.1%	5.4%	88,853	88,853	425,502	425,502	\$1.46
50,000 - 99,999	37,334,935	5.3%	0.5%	5.7%	9.5%	94,450	94,450	480,871	480,871	\$1.49
100,000 - 249,999	49,233,991	11.5%	1.1%	12.5%	16.4%	-136,293	-136,293	193,645	193,645	\$1.48
250,000 Plus	31,258,743	8.3%	2.6%	10.9%	12.8%	0	0	0	0	\$1.33
Orange County Total	237,721,632	5.7%	0.8%	6.5%	8.8%	58,051	58,051	1,574,299	1,574,299	\$1.46



BIGGEST LEASE OF THE QUARTER
6100 Chip Ave, Cypress, CA

SIGNIFICANT SALE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Acacia Business Center	North County	202,551	\$46,587,000	\$230.00	Berkeley Partners	Link Logistics Real Estate
Lakeside Business Center	South County	94,612	\$34,500,000	\$364.65	Mosaic	Resco Properties
Grand Commerce Center	Airport Area	101,344	\$29,900,000	\$295.03	Dornin Investment Group	Rexford Industrial Realty, Inc.
18250 Euclid St	Airport Area	62,838	\$26,700,000	\$424.90	Undisclosed	Rexford Industrial Realty, Inc.
2692-2696 Dow Ave	Airport Area	55,022	\$22,250,000	\$404.38	Deercreek Yorba Linda, LLC	Motive Companies
Fullerton Air Industrial Park	North County	59,396	\$20,194,640	\$340.00	Choczero, LLC	Invesco Ltd.

SIGNIFICANT LEASE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Warland/Cypress Business Center	West County	81,554	February 2026	Warland Investments Company	Undisclosed
Mid-Counties Industrial Cente	North County	72,079	January 2026	NY State Common Retirement Fund	Undisclosed
Prologis West OC Bus Ctr	West County	70,171	January 2026	Prologis, Inc.	Undisclosed (Sublease)
6590 Darin Way	West County	63,016	January 2026	Cypress Land Company	Undisclosed
11552 Monarch St	West County	58,317	February 2026	Borstein Enterprises	Roller Bearing Company
1160-1180 N Anaheim Blvd	North County	54,298	March 2026	The O'Donnell Group	Undisclosed
Buena Park Industrial Center	North County	53,360	February 2026	Link Logistics Real Estate	Turner Packaging Solutions, Inc.

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Huntington Gateway	5055 Skylab Ln + 14393 Skybolt Ln	West County	261,707	Sares Regis Group	March 2027
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.	March 2026
5235 E Hunter Ave	5235 E Hunter Ave	North County	121,288	Rexford Industrial Realty, Inc.	April 2026
Amazon Distribution	625 N Grand Ave	Airport Area	112,500	Amazon	March 2027
11311 Western Ave	11311 Western Ave	West County	88,164	Scannell Properties	May 2026

Data Source: EDD, CoStar



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

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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

32.4M

ANNUAL
SALES SF

32.5M

ANNUAL
LEASING SFASSET
SERVICES

55M SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,700+

AVERAGE ANNUAL
ASSIGNMENTS

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS