

MARKET TRENDS | **ORANGE COUNTY**

# OFFICE

**2ND QUARTER**  
**2020**

▲ VACANCY | ▼ ABSORPTION | ▲ RENTAL RATE | ▼ CONSTRUCTION DELIVERIES

**TOP SALE TRANSACTIONS FOR 2Q 2020**

Property	Submarket	Square Feet	Sale Price	Price/SF	Buyer	Seller
Element (3 Bldgs.)	Laguna Hills/Aliso Viejo	165,028	\$73,500,000	\$445.38	IRA Capital, LLC	CrossHarbor Partners, LLC
Five Point Gateway	Irvine Spectrum	189,000	\$89,278,719	\$472.37	City of Hope	FIVEPOINT Holdings, LLC
2212-2214 E 4th St	Parkcenter Area	56,000	\$38,400,000	\$685.71	IRA Capital, LLC	St. Joseph Health System
Allred Corporate Center (3 Bldgs.)	Lake Forest	155,665	\$38,816,500	\$249.36	Menlo Equities	EverWest Real Estate Investors, LLC
721 W 1st St	Parkcenter Area	11,499	\$8,400,000	\$730.50	KW Global, Inc.	David Shenton

**TOP LEASE TRANSACTIONS FOR 2Q 2020**

Property	Submarket	Square Feet	Date	Landlord	Tenant
3351 Michelson Dr	Irvine/Tustin Legacy	56,481	June 2020	LBA Realty	Undisclosed
3347 Michelson Dr	Irvine/Tustin Legacy	51,039	June 2020	LBA Realty	Undisclosed
1 City Blvd W	The City Area	39,894	May 2020	Greenlaw Partners	Owning Corporation
15360 Barranca Pkwy	Irvine Spectrum	39,060	April 2020	The Irvine Company	American Home Loans

**TOP UNDER CONSTRUCTION**

Property	Address	Submarket	Square Feet	Owner	Delivery Date
The Press	1375 Sunflower Dr	The Press	380,856	Invesco Real Estate	July 2020
15332 Newport Ave	15332 Newport Ave	Tustin	180,000	SchoolsFirst Federal Credit Union	January 2021
Spectrum Terrace	17500 Laguna Canyon Rd	Irvine Spectrum	114,875	The Irvine Company	December 2020
Spectrum Terrace	17600 Laguna Canyon Rd	Irvine Spectrum	114,875	The Irvine Company	December 2020
Spectrum Terrace	17400 Laguna Canyon Rd	Irvine Spectrum	114,603	The Irvine Company	December 2020

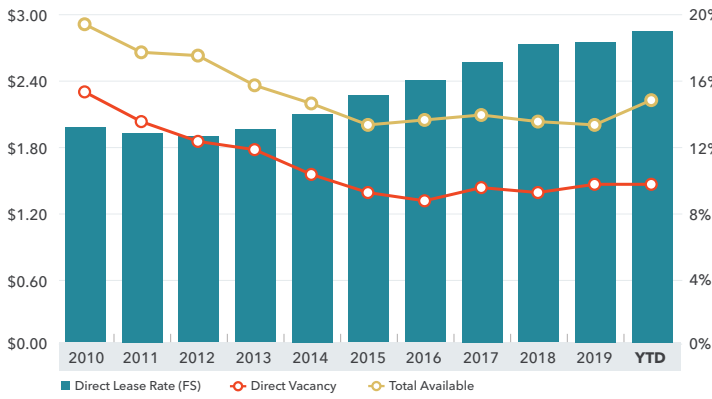
## Market Breakdown

	2Q 2020	1Q 2020	2Q 2019	Annual % Change
Direct Vacancy Rate	9.5%	9.3%	9.1%	4.45%
Availability Rate	14.6%	13.6%	12.9%	12.89%
Asking Lease Rate	\$2.81	\$2.76	\$2.74	2.55%
Lease Transactions	1,196,610	2,222,809	2,944,020	-59.35%
Sale Transactions	627,035	1,185,974	1,731,852	-63.79%
Net Absorption	(296,952)	264,512	312,257	N/A

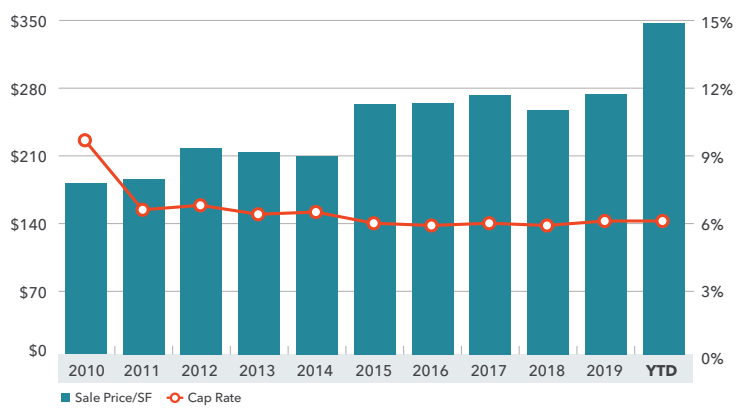
## ORANGE COUNTY SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	2Q Direct Net Absorption	YTD Direct Net Absorption	2Q Leasing Activity	YTD Leasing Activity	Average Rental Rate (FSG)
Costa Mesa	8,733,440	11.9%	1.4%	13.3%	23.9%	(32,904)	(93,497)	33,912	127,741	\$3.08
Irvine/Tustin Legacy	27,685,411	11.8%	0.9%	12.7%	16.7%	(129,860)	109,712	346,748	843,992	\$2.88
Newport Beach	13,062,610	8.1%	0.5%	8.6%	13.1%	(25,263)	(109,785)	69,734	195,760	\$3.37
South Santa Ana	2,484,012	13.3%	0.2%	13.5%	18.4%	(45,559)	(42,405)	9,711	119,321	\$2.74
Class A	26,653,288	13.0%	1.1%	14.1%	19.6%	(103,553)	16,796	326,292	806,094	\$3.30
Class B	23,156,015	9.1%	0.7%	9.8%	15.1%	(112,404)	(145,753)	131,161	451,620	\$2.95
Class C	2,156,170	5.6%	0.1%	5.7%	7.5%	(17,629)	(7,018)	2,652	29,100	\$2.76
<b>Airport</b>	<b>51,965,473</b>	<b>10.9%</b>	<b>0.9%</b>	<b>11.8%</b>	<b>17.1%</b>	<b>(233,586)</b>	<b>(135,975)</b>	<b>460,105</b>	<b>1,286,814</b>	<b>\$3.04</b>
Civic Center Area	5,508,045	10.1%	0.0%	10.1%	11.0%	(49,820)	(57,053)	5,323	37,357	\$2.17
East Orange	2,023,381	5.1%	0.1%	5.2%	14.9%	(2,593)	(26,139)	19,320	29,429	\$2.70
Main Place	3,194,120	11.0%	0.2%	11.2%	13.4%	11,765	57,947	17,772	153,093	\$2.68
Parkcenter	5,075,584	11.1%	0.4%	11.5%	17.7%	(43,751)	(85,406)	35,844	93,842	\$2.37
Santa Ana	5,045,624	13.2%	1.3%	14.5%	21.0%	(24,727)	(19,968)	64,492	203,405	\$2.40
Stadium Area	3,584,685	12.5%	0.4%	12.9%	16.4%	(7,464)	(26,002)	11,947	41,221	\$2.63
The City	2,632,976	14.1%	0.1%	14.2%	24.3%	20,651	71,857	108,951	182,662	\$2.35
Tustin	1,922,977	2.0%	2.7%	4.7%	3.1%	1,887	131	9,711	76,922	\$1.89
Class A	7,261,806	14.7%	0.1%	14.8%	23.1%	(11,898)	96,740	101,085	296,699	\$2.81
Class B	17,332,665	10.1%	0.9%	10.9%	14.6%	(43,061)	(145,643)	154,683	478,820	\$2.36
Class C	4,392,921	6.5%	0.0%	6.6%	8.4%	(39,093)	(35,730)	17,592	42,412	\$1.92
<b>Central</b>	<b>28,987,392</b>	<b>10.7%</b>	<b>0.6%</b>	<b>11.2%</b>	<b>15.8%</b>	<b>(94,052)</b>	<b>(84,633)</b>	<b>273,360</b>	<b>817,931</b>	<b>\$2.44</b>
Anaheim Hills	1,421,605	12.9%	0.2%	13.1%	12.6%	(39,063)	(83,252)	16,179	25,455	\$2.04
Brea/La Habra	4,791,269	5.0%	0.8%	5.8%	10.1%	(7,897)	(16,607)	10,374	90,541	\$2.51
Buena Park/La Palma	2,160,091	8.8%	0.0%	8.8%	9.7%	(12,190)	5,992	4,778	27,722	\$2.22
Fullerton	3,086,949	5.7%	0.3%	5.9%	6.3%	(11,423)	(1,715)	32,735	72,231	\$2.49
North/East Anaheim	6,329,618	5.6%	0.1%	5.7%	7.1%	2,690	(12,366)	31,220	63,106	\$2.23
Placentia/Yorba Linda	881,597	11.5%	0.0%	11.5%	14.5%	(11,984)	4,959	5,753	30,884	\$3.02
Class A	3,282,778	7.5%	1.0%	8.5%	9.7%	(16,225)	(40,602)	23,012	54,002	\$2.68
Class B	13,231,082	7.0%	0.2%	7.2%	9.1%	(55,826)	(58,912)	70,552	232,668	\$2.40
Class C	2,157,269	3.4%	0.0%	3.4%	5.4%	(7,816)	(3,475)	7,475	23,269	\$2.18
<b>North</b>	<b>18,671,129</b>	<b>6.7%</b>	<b>0.3%</b>	<b>7.0%</b>	<b>8.8%</b>	<b>(79,867)</b>	<b>(102,989)</b>	<b>101,039</b>	<b>309,939</b>	<b>\$2.41</b>
Irvine Spectrum	14,580,216	8.7%	1.5%	10.2%	16.5%	(16,285)	120,312	221,787	536,627	\$3.24
Laguna Hills/Aliso Viejo	6,003,672	13.3%	1.8%	15.1%	21.2%	14,675	3,336	47,857	169,101	\$2.94
Laguna Niguel/Laguna Beach	2,272,060	4.7%	0.2%	4.8%	6.9%	(2,891)	8,231	7,598	22,340	\$2.72
Lake Forest/Foothill Ranch	3,852,957	9.1%	0.6%	9.7%	14.1%	(7,882)	18,670	10,269	42,846	\$2.38
Mission Viejo	2,330,272	11.6%	0.8%	12.4%	14.0%	16,235	56,847	5,441	29,274	\$2.66
Dana Point/San Juan/ San Clemente	2,982,523	5.6%	0.2%	5.8%	8.6%	(10,415)	6,177	18,880	47,198	\$2.53
Class A	10,594,063	11.4%	2.5%	13.9%	20.9%	8,879	215,144	88,571	299,367	\$3.45
Class B	20,128,164	8.4%	0.5%	8.9%	13.2%	(288)	9,535	212,889	527,834	\$2.87
Class C	1,299,473	5.3%	0.0%	5.3%	7.1%	(15,154)	(11,106)	10,372	20,185	\$2.26
<b>South</b>	<b>32,021,700</b>	<b>9.2%</b>	<b>1.2%</b>	<b>10.4%</b>	<b>15.5%</b>	<b>(6,563)</b>	<b>213,573</b>	<b>311,832</b>	<b>847,386</b>	<b>\$3.02</b>
Cypress	1,989,435	9.4%	0.0%	9.4%	10.3%	(51,382)	(73,592)	0	23,863	\$2.31
Fountain Valley	2,326,800	4.7%	0.5%	5.2%	5.7%	6,344	21,635	13,884	28,386	\$1.97
Garden Grove	2,183,073	5.1%	0.1%	5.1%	5.0%	(5,259)	(4,481)	4,973	12,795	\$1.93
Huntington Beach	3,968,860	6.7%	0.2%	6.9%	9.2%	(6,096)	(25,494)	29,036	83,836	\$2.32
Los Alamitos/Stanton	1,296,669	4.5%	0.1%	4.5%	6.4%	141,202	145,313	1,650	7,738	\$1.94
Seal Beach	574,594	4.5%	2.8%	7.4%	11.3%	30,989	383	0	0	\$3.42
Westminster	919,445	2.5%	0.1%	2.6%	5.5%	1,318	13,820	731	731	\$2.40
Class A	1,934,188	10.9%	0.2%	11.1%	14.2%	(4,500)	(33,997)	19,341	48,783	\$2.47
Class B	8,560,763	5.9%	0.4%	6.3%	7.8%	127,600	111,825	27,156	90,489	\$2.28
Class C	2,763,925	2.5%	0.1%	2.6%	2.6%	(5,984)	(244)	3,777	18,077	\$1.92
<b>West</b>	<b>13,258,876</b>	<b>5.9%</b>	<b>0.3%</b>	<b>6.2%</b>	<b>7.6%</b>	<b>117,116</b>	<b>77,584</b>	<b>50,274</b>	<b>157,349</b>	<b>\$2.29</b>
Class A	49,709,123	12.5%	1.2%	13.7%	19.6%	(127,297)	254,081	558,301	1,504,945	\$3.19
Class B	82,425,689	8.4%	0.6%	9.0%	12.8%	(83,979)	(228,948)	596,441	1,781,431	\$2.17
Class C	12,769,758	4.8%	0.1%	4.9%	6.3%	(85,676)	(57,573)	41,868	133,043	\$2.26
<b>Orange County Total</b>	<b>144,904,570</b>	<b>9.5%</b>	<b>0.7%</b>	<b>10.3%</b>	<b>14.6%</b>	<b>(296,952)</b>	<b>(32,440)</b>	<b>1,196,610</b>	<b>3,419,419</b>	<b>\$2.81</b>

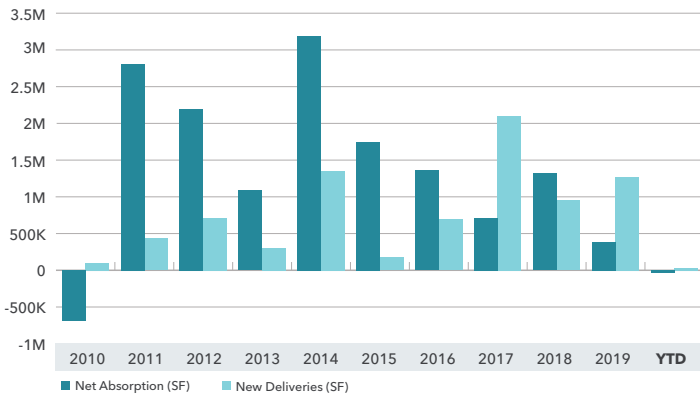
### LEASE RATE, VACANCY & AVAILABILITY



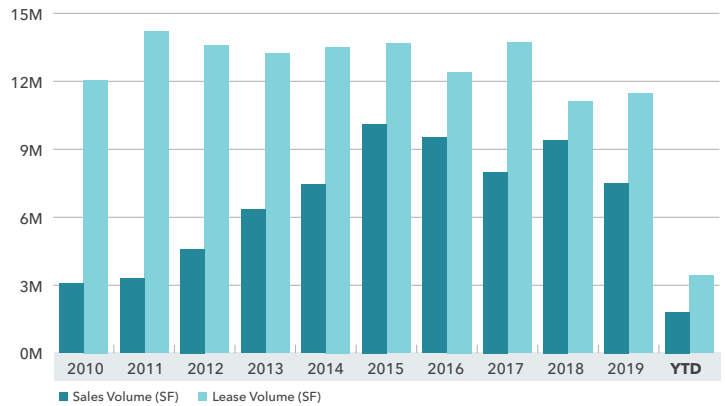
### AVERAGE SALES PRICE/SF & CAP RATES



### NET ABSORPTION & NEW DELIVERIES



### SALE VOLUME & LEASE VOLUME



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 22 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

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

**JOHN CHA**  
 Director of Research  
 206.248.7338  
[john.cha@kidder.com](mailto:john.cha@kidder.com)

**ROBERT THORNBURGH, SIOR, CCIM**  
 Regional President, Brokerage  
 Southern California  
 949.557.5000  
[robert.thornburgh@kidder.com](mailto:robert.thornburgh@kidder.com)  
 LIC N° 01324961

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#### COMMERCIAL BROKERAGE

**27M** ANNUAL SALES SF  
**440+** NO. OF BROKERS  
**\$9.6B** ANNUAL TRANSACTION VOLUME  
**42M** ANNUAL LEASING SF

#### VALUATION ADVISORY

**1,680+** APPRAISALS ANNUALLY  
**38/24** TOTAL NO. APPRAISERS/MAI'S

#### PROPERTY MANAGEMENT

**70M+** MANAGEMENT PORTFOLIO SF  
**\$12B+** IN ASSETS UNDER MANAGEMENT

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