

MARKET TRENDS

ORANGE COUNTY OFFICE

MARKET DRIVERS

Orange County's office market is showing signs of recovery by the end of 2024, following a year of slow activity caused by a drop in leases. So far this year, nearly 510,000 square feet have been net absorbed, surpassing pre-pandemic levels.

In contrast to the gloomy figures of the previous two years, 2024 presents a considerably brighter picture. Modern, well-appointed, and creatively inspiring office spaces are in high demand among tenants. Landlords are improving the rental experience by offering rent reductions, free rent periods, and interior renovations.

ECONOMIC REVIEW

Orange County has a lower unemployment rate than the state average, resulting in a more active job market compared to neighboring Southern California counties.

The economy shows signs of picking up, despite only modest growth so far. The variety of businesses in Orange County provides ample job opportunities in many different fields. Many people moved to more affordable locations after the pandemic, hindering Orange County's employment market recovery. The labor force is still not quite back to its pre-pandemic levels.

NEAR-TERM OUTLOOK

The incoming presidential administration's promises have generated optimism for near-future changes, especially given the rise in leasing activity over the past year. The office job market is constantly changing, with some companies actively revising their office space plans. Orange County's surging demand for commercial real estate has prompted landlords to expand their holdings by converting older office spaces into spacious industrial logistics facilities or modernizing existing suburban office complexes. The market has benefited from fewer buildings being developed as a result, which has reduced sublease vacancies and improved net absorption.

At present, the Airport Area is experiencing the most active leasing market, with tenants looking for upscale office buildings in prime locations near amenities, while the Central Orange Market has shown favorable net absorption.

Market Summary

	4Q24	3Q24	4Q23	YOY Change
Direct Vacancy Rate	12.0%	12.0%	12.3%	-2.21%
Availability Rate	17.1%	16.9%	17.6%	-3.01%
Asking Lease Rate	\$2.82	\$2.80	\$2.77	1.81%
	4Q24	3Q24	4Q23	YOY Change
Leased SF	1,063,411	2,268,836	2,008,285	-47.05%
Sold SF	671,621	829,542	1,211,753	-44.57%
Total Net Absorption	(17,322)	(32,659)	237,731	N/A

↓ 1.1M SF
LEASING ACTIVITY

↓ -17K SF
NET ABSORPTION

↓ 12.0%
VACANCY RATE

↑ \$2.82
ASKING RENT (AVG)

↓ 0 SF
NEW DELIVERIES

Year-Over-Year Trend

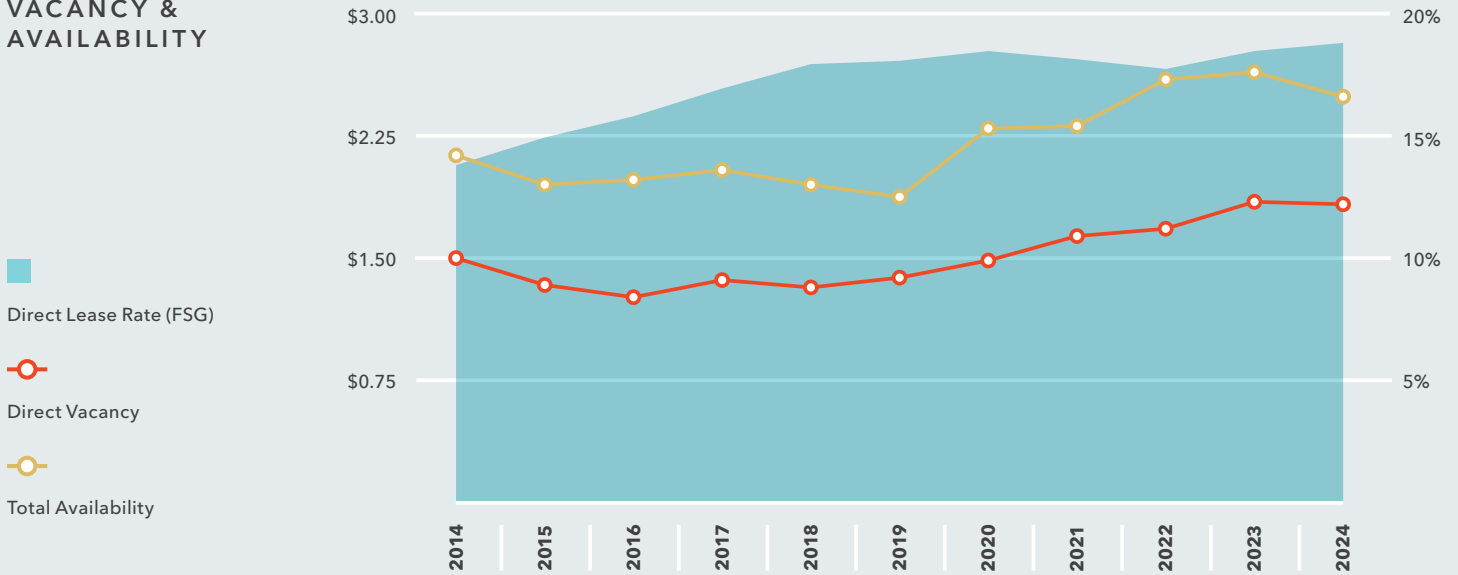
Market Highlights

DIRECT MARKET VACANCY rate is 12.0%.

AVERAGE ASKING PRICE on a full-service basis is \$2.82/SF.

278K SF is still being developed in 4Q24.

LEASE RATE, VACANCY & AVAILABILITY

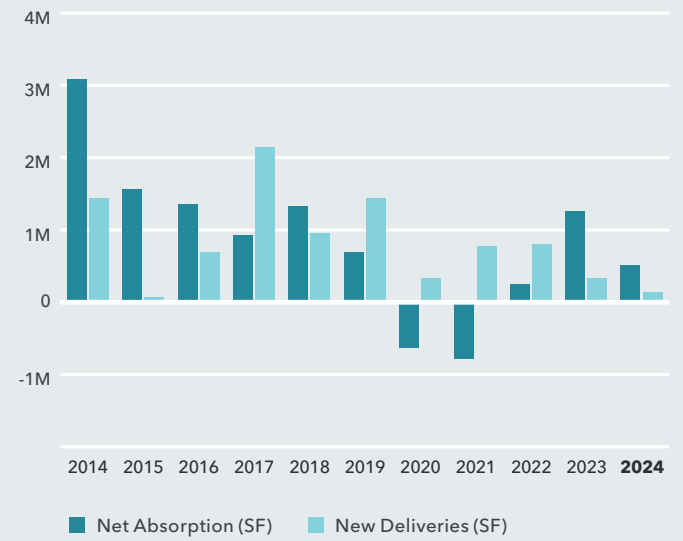


BIGGEST SALE OF THE QUARTER

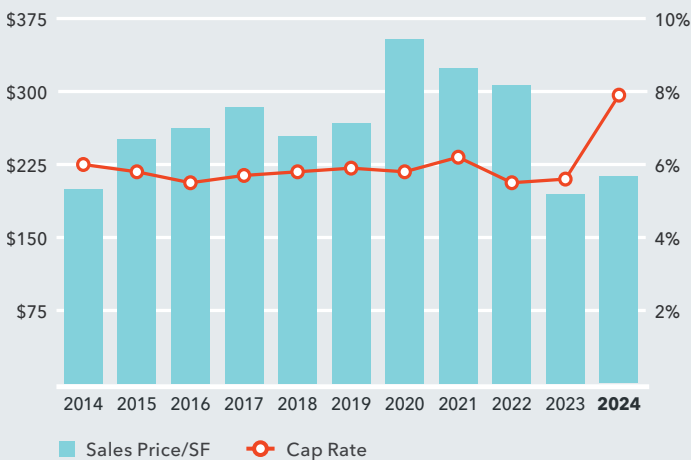
2677 N Main St, Santa Ana, CA



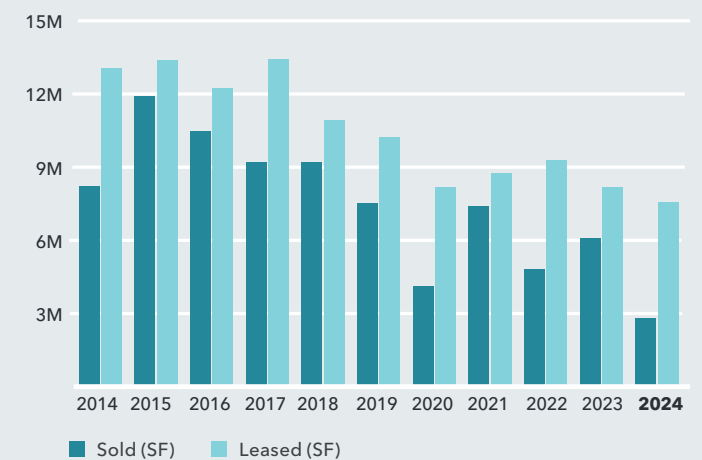
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	4Q24 Direct Net Absorption	YTD Direct Net Absorption	4Q24 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (F5)
Costa Mesa	9,213,567	14.7%	1.1%	15.8%	20.0%	12,558	(28,761)	254,056	662,896	\$3.10
Irvine/Tustin Legacy	27,483,637	15.6%	2.0%	17.6%	21.9%	(67,964)	(295,951)	300,228	2,616,995	\$2.82
Newport Beach	13,083,666	11.2%	0.7%	11.9%	16.4%	(1,738)	(167,768)	108,427	749,001	\$3.61
South Santa Ana	2,476,966	21.4%	0.3%	21.7%	23.1%	6,028	31,034	13,813	93,761	\$2.55
Class A	27,268,853	19.2%	1.8%	21.0%	25.8%	17,214	(174,456)	511,712	2,883,510	\$3.20
Class B	22,907,504	10.2%	1.1%	11.4%	14.9%	(79,781)	(315,466)	160,596	1,171,428	\$2.76
Class C	2,081,479	3.1%	0.1%	3.1%	6.4%	11,451	28,476	4,216	67,715	\$2.71
Airport	52,257,836	14.6%	1.5%	16.1%	20.2%	(51,116)	(461,446)	676,524	4,122,653	\$2.98
Civic Center Area	5,407,259	8.5%	0.2%	8.7%	8.7%	1,509	(56,396)	21,565	55,166	\$2.86
East Orange	2,121,846	3.5%	1.3%	4.9%	15.3%	6,192	155,969	3,062	65,898	\$3.28
Main Place	3,020,131	11.8%	4.3%	16.1%	17.8%	85,657	90,669	11,242	147,026	\$2.56
Parkcenter	5,035,295	13.9%	0.1%	14.0%	19.6%	5,658	96,533	24,715	220,556	\$2.31
Santa Ana	4,820,698	11.2%	2.2%	13.4%	16.8%	87,129	377,795	37,990	138,361	\$2.42
Stadium Area	3,744,697	16.9%	0.6%	17.5%	22.0%	(44,183)	(3,806)	22,011	179,732	\$2.10
The City	2,694,414	26.8%	0.0%	26.8%	27.9%	(3,073)	(114,869)	13,733	66,657	\$1.02
Tustin	1,918,369	3.9%	0.0%	3.9%	4.7%	(5,563)	(47,729)	0	32,589	\$2.11
Class A	8,045,323	18.4%	1.3%	19.7%	24.4%	46,862	150,845	20,870	317,245	\$2.80
Class B	16,378,827	10.3%	1.2%	11.5%	14.4%	108,437	403,421	100,253	458,798	\$2.39
Class C	4,338,559	8.9%	0.1%	9.0%	10.9%	(21,973)	(56,100)	13,195	129,942	\$1.61
Central	28,762,709	12.4%	1.1%	13.4%	16.7%	133,326	498,166	134,318	905,985	\$2.38
Anaheim Hills	1,509,791	4.5%	0.0%	4.5%	8.9%	543	10,663	5,696	77,088	\$2.38
Brea/La Habra	4,531,804	9.9%	0.6%	10.6%	20.2%	2,059	198,882	6,411	217,013	\$2.67
Buena Park/La Palma	2,298,407	10.4%	0.4%	10.8%	12.2%	3,976	(90,830)	5,905	84,862	\$2.36
Fullerton	2,924,634	2.6%	0.0%	2.6%	4.5%	4,418	17,549	1,454	78,544	\$2.63
North/East Anaheim	5,740,865	5.1%	3.6%	8.7%	8.6%	12,889	(28,858)	6,123	60,318	\$2.47
Placentia/Yorba Linda	803,528	8.0%	0.3%	8.3%	12.0%	24,790	7,005	7,011	41,244	\$2.10
Class A	3,381,059	12.3%	6.9%	19.3%	26.1%	40,734	(23,175)	1,657	147,672	\$2.74
Class B	12,359,834	5.3%	0.1%	5.4%	8.3%	4,313	114,685	23,275	368,961	\$2.47
Class C	2,111,136	5.2%	0.0%	5.2%	6.5%	3,628	22,901	7,668	42,436	\$2.15
North	17,809,029	6.7%	1.4%	8.0%	11.5%	48,675	114,411	32,600	559,069	\$2.50
Irvine Spectrum	15,927,751	12.2%	1.6%	13.7%	17.9%	(110,792)	(150,189)	93,122	1,104,923	\$3.21
Laguna Hills/Aliso Viejo	6,033,539	15.6%	6.1%	21.7%	30.1%	(26,058)	315,921	55,072	214,598	\$2.66
Laguna Niguel/Laguna Beach	2,102,348	4.9%	0.3%	5.2%	6.6%	2,411	6,147	4,120	28,590	\$3.05
Lake Forest/Foothill Ranch	3,375,834	16.9%	0.8%	17.6%	17.9%	29,695	72,278	4,183	173,079	\$2.19
Mission Viejo	2,319,271	16.8%	0.7%	17.5%	19.4%	(21,319)	(46,100)	7,477	86,633	\$2.42
Dana Point/San Juan/San Clemente	2,572,575	3.6%	0.3%	3.9%	5.4%	(10,513)	22,650	4,381	59,328	\$2.98
Class A	11,614,382	13.6%	3.8%	17.4%	24.0%	(78,756)	271,053	71,380	606,117	\$3.64
Class B	19,834,391	12.3%	1.1%	13.5%	16.0%	(85,169)	(85,529)	90,745	1,009,980	\$2.64
Class C	1,635,510	4.6%	0.2%	4.7%	7.4%	27,349	35,183	6,230	51,054	\$2.98
South	33,084,283	12.4%	2.0%	14.4%	18.4%	(136,576)	220,707	168,355	1,667,151	\$2.98
Cypress	1,895,016	8.5%	0.0%	8.5%	12.8%	6,799	13,121	0	16,718	\$2.31
Fountain Valley	2,396,659	4.2%	0.0%	4.2%	4.6%	(6,244)	(837)	4,112	26,202	\$2.65
Garden Grove	2,146,541	4.3%	0.0%	4.3%	5.5%	(1,380)	3,670	7,617	62,745	\$2.01
Huntington Beach	3,104,096	11.5%	0.8%	12.3%	15.3%	(15,163)	87,244	16,663	111,849	\$2.33
Los Alamitos/Stanton	1,231,119	4.7%	0.1%	4.8%	4.4%	858	14,372	4,969	41,054	\$2.80
Seal Beach	580,801	7.9%	0.0%	7.9%	10.5%	3,499	13,760	10,731	17,657	\$3.44
Westminster	933,023	5.4%	0.0%	5.4%	5.3%	0	7,838	7,522	16,808	\$2.45
Class A	2,328,699	12.9%	0.4%	13.3%	16.8%	(8,852)	55,720	9,616	64,747	\$2.51
Class B	8,157,020	6.6%	0.2%	6.8%	8.4%	(5,305)	66,335	40,686	210,093	\$2.42
Class C	1,801,536	1.5%	0.0%	1.5%	2.1%	2,526	17,113	1,312	18,193	\$2.62
West	12,287,255	7.0%	0.2%	7.2%	9.1%	(11,631)	139,168	51,614	293,033	\$2.44
Orange County Total	144,201,112	12.0%	1.4%	13.4%	17.1%	(17,322)	511,006	1,063,411	7,547,891	\$2.82
Class A	52,610,676	17.1%	2.5%	19.6%	24.8%	17,202	279,987	615,235	4,019,291	\$3.25
Class B	79,637,576	9.6%	0.9%	10.5%	13.4%	(57,505)	183,446	415,555	3,219,260	\$2.60
Class C	11,948,220	5.5%	0.1%	5.6%	7.6%	22,981	47,573	32,621	309,340	\$2.09

SIGNIFICANT SALE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
2677 N Main St - Main Street Town Center	Airport Area	220,452	\$54,500,000	\$247.22	OC Transportation Authority	Muller Company
Brea Plaza Office Park II (Redev. Project)	North County	164,908	\$31,500,000	\$191.02	Manley Fanticola Holdings	Mercury Casualty Company
Tustin Financial Plaza (Office Properties)	Central County	185,000	\$27,500,000	\$148.65	Kingsbarn Realty Capital	Sagard Real Estate
2161 San Joaquin Hills Rd	Airport Area	7,207	\$10,088,000	\$1,399.75	Island Vista Holdings, LLC	Schilling Aviation Holding, LLC
17771 Cowan Ave	Airport Area	34,079	\$9,179,000	\$269.34	AG Cowan	Encore Cowan, LLC
2740 N Grand Ave - US Bank	Central County	15,570	\$6,150,000	\$394.99	Grand Sage, LLC	Rubalcaba Brothers, LLC

SIGNIFICANT LEASE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
600 Anton Blvd - Plaza Tower	Airport Area	44,000	November 2024	CJ Segerstrom & Sons	Snell & Wilmer (Renewal)
18191 Von Karman Ave - Lakeshore	Airport Area	26,641	October 2024	Lakeshore Towers, LP	Undisclosed (4th Floor)
18191 Von Karman Ave - Lakeshore	Airport Area	26,642	October 2024	Lakeshore Towers, LP	Undisclosed (5th Floor)
600 Anton Blvd - Plaza Tower	Airport Area	26,472	November 2024	CJ Segerstrom & Sons	Snell & Wilmer (Renewal)
5 Park Plaza - Jamboree Center	Airport Area	23,240	November 2024	The Irvine Company	Undisclosed
611 Anton Blvd - Pacific Arts Plaza	Airport Area	19,981	November 2024	The Irvine Company	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Weave @ocV!BE	NEC E Katella Ave & S Douglass Rd	Central County	168,137	H&S Ventures	April 2025
The Orwell	200 E Baker St	Airport Area	44,832	Centric Partners/MGR Real Estate	January 2025
The Square Cypress	5255 Katella Ave	West County	31,585	Shea Properties	November 2025
BeWell OC Building A	7850 Marine Way	South County	23,500	Mind OC	March 2025
121 E Whittier Blvd	121 E Whittier Blvd	North County	10,000	Gire Orthodontics	March 2025

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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