

MARKET TRENDS

ORANGE COUNTY OFFICE

MARKET DRIVERS

In Q1 2025, Orange County’s office market performed better than the national average, showing signs of a slow but positive recovery. Orange County’s office vacancy rate has fallen to 11.8%, a 60-basis-point decrease from their peak a year ago. The market is seeing improved net absorption, but the number of new leases remains the stagnant.

In 2025, office tenants in Orange County either reduced their space or extended their agreements. Market tenants largely approve of their office buildings, although they recommend several needed upgrades.

ECONOMIC REVIEW

The expansion of Orange County’s diversified economy is still slowing down because of a shortage of workforce. Orange County’s unemployment rate was below 4.1% over the same period, compared to California’s 5.5% rate.

Orange County’s labor market will probably feel the effects of both regional and national factors. The change in administration has reshaped the national economy, possibly affecting unemployment, federal programs, and the area’s overall job market.

NEAR-TERM OUTLOOK

In the near term, several unused suburban office buildings were placed in the market and redeveloped into major industrial logistics hubs. Net absorption among new creative buildings returned to a positive level this year. Tenants are once again looking for upscale office buildings in prime locations close to amenities, and the Airport Area region is driving the most recent lease activity.

A rising trend among landlords in soft markets is using redevelopment and tenant improvement allowances as a major tenant attraction strategy. The low vacancy rate is a result of Orange County’s limited ability to undertake large-scale construction projects.

Market Summary

	1Q25	4Q24	1Q24	YOY Change
Direct Vacancy Rate	11.8%	11.7%	12.4%	-4.78%
Availability Rate	17.0%	16.4%	17.4%	-2.07%
Asking Lease Rate	\$2.80	\$2.82	\$2.78	0.72%
	1Q25	4Q24	1Q24	YOY Change
Lease Volume (SF)	1,277,275	2,378,340	2,267,660	-43.67%
Sale Volume (SF)	607,485	1,690,437	908,154	-33.11%
Net Absorption	-95,626	383,697	-178,344	N/A

↓ 1.3M SF
LEASING ACTIVITY

↑ -96K SF
NET ABSORPTION

↓ 11.8%
VACANCY RATE

↑ \$2.80
ASKING RENT (AVG)

↓ 0 SF
NEW DELIVERIES

Year-Over-Year Trend

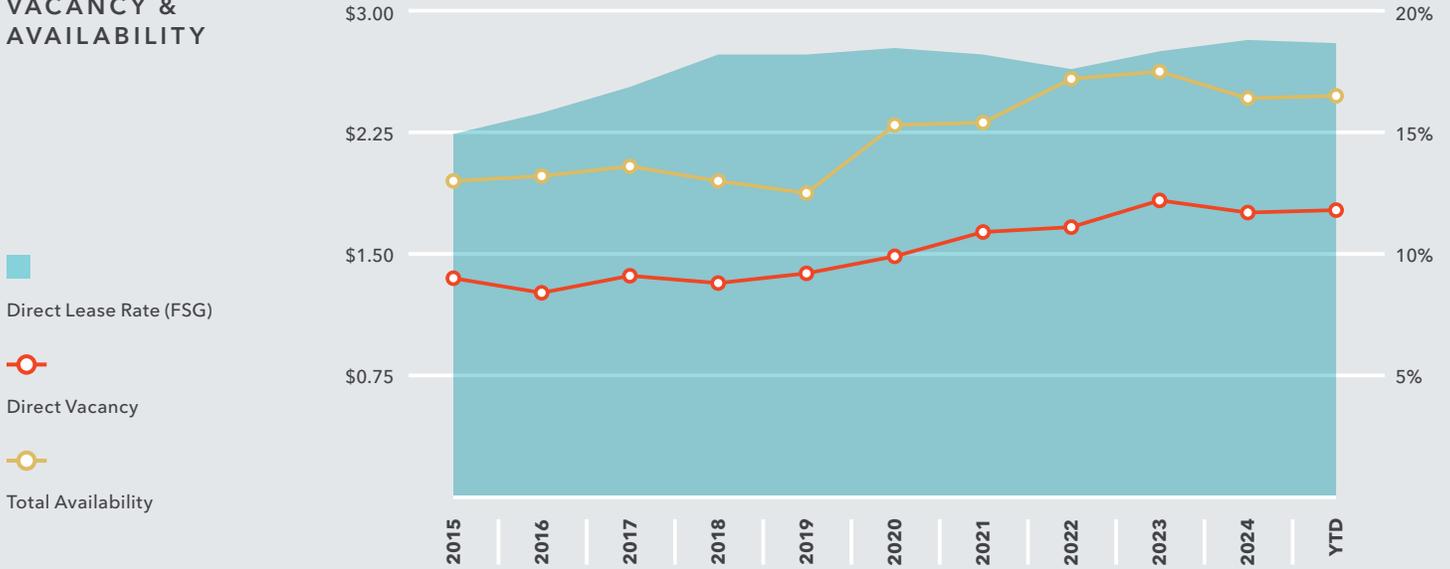
Market Highlights

DIRECT MARKET VACANCY rate is 11.8%.

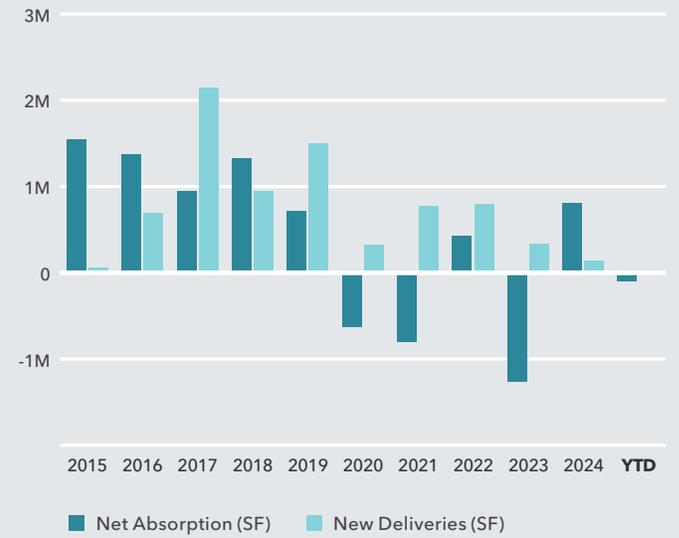
AVERAGE ASKING PRICE on a full-service basis is \$2.80/SF.

325K SF is still being developed in 1Q25.

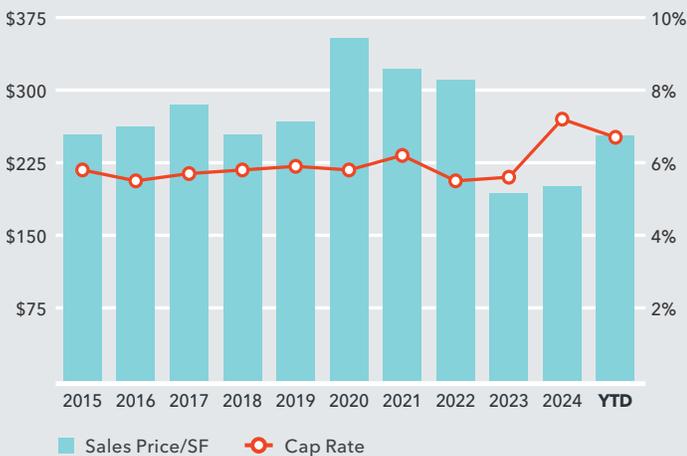
LEASE RATE, VACANCY & AVAILABILITY



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	9,218,859	13.2%	2.0%	15.2%	20.5%	34,117	34,117	167,338	167,338	\$3.16
Irvine/Tustin Legacy	27,430,013	15.0%	1.6%	16.6%	20.8%	6,145	6,145	328,608	328,608	\$2.79
Newport Beach	13,131,885	10.3%	0.9%	11.1%	15.0%	66,237	66,237	174,624	174,624	\$3.68
South Santa Ana	2,486,928	21.0%	0.3%	21.3%	23.7%	1,826	1,826	25,012	25,012	\$2.55
Class A	26,947,274	18.4%	1.7%	20.1%	25.2%	32,312	32,312	312,802	312,802	\$3.20
Class B	23,176,307	9.3%	1.2%	10.5%	14.0%	97,043	97,043	349,120	349,120	\$2.78
Class C	2,144,104	4.7%	0.0%	4.7%	6.8%	-21,030	-21,030	33,660	33,660	\$3.00
Airport	52,267,685	13.8%	1.4%	15.2%	19.5%	108,325	108,325	695,582	695,582	\$2.98
Civic Center Area	5,412,583	7.8%	0.2%	8.0%	8.7%	20,043	20,043	13,146	13,146	\$2.65
East Orange	2,152,654	3.5%	1.1%	4.6%	15.7%	7,200	7,200	15,491	15,491	\$2.44
Main Place	3,024,516	11.6%	1.8%	13.4%	16.3%	-472	-472	8,716	8,716	\$2.65
Parkcenter	4,700,635	13.6%	0.3%	13.9%	20.2%	30,262	30,262	40,680	40,680	\$2.34
Santa Ana	4,804,857	14.0%	1.0%	15.0%	13.3%	-133,815	-133,815	7,207	7,207	\$2.35
Stadium Area	3,732,051	16.8%	1.1%	17.9%	24.2%	-10,771	-10,771	25,546	25,546	\$2.20
The City	2,694,414	25.4%	0.0%	25.5%	26.2%	13,422	13,422	9,189	9,189	\$1.56
Tustin	1,969,087	1.0%	0.0%	1.0%	1.3%	53,824	53,824	7,468	7,468	\$2.11
Class A	8,014,964	18.2%	0.8%	19.0%	24.2%	10,732	10,732	36,034	36,034	\$2.71
Class B	15,931,284	10.6%	0.8%	11.4%	13.3%	-47,548	-47,548	52,228	52,228	\$2.42
Class C	4,544,549	7.5%	0.1%	7.5%	10.3%	16,509	16,509	39,181	39,181	\$1.72
Central	28,490,797	12.2%	0.7%	12.9%	15.9%	-20,307	-20,307	127,443	127,443	\$2.39
Anaheim Hills	1,497,937	8.3%	0.1%	8.4%	9.6%	-61,683	-61,683	10,027	10,027	\$2.37
Brea/La Habra	4,533,282	15.1%	0.0%	15.1%	19.0%	-175,004	-175,004	15,375	15,375	\$2.75
Buena Park/La Palma	2,283,219	11.5%	0.4%	11.9%	12.8%	-36,790	-36,790	11,370	11,370	\$2.40
Fullerton	2,937,634	2.1%	0.0%	2.1%	4.1%	14,451	14,451	5,634	5,634	\$2.69
North/East Anaheim	5,624,694	4.9%	3.7%	8.6%	9.6%	2,089	2,089	17,526	17,526	\$2.45
Placentia/Yorba Linda	826,374	12.4%	0.0%	12.4%	12.6%	-31,611	-31,611	10,685	10,685	\$2.16
Class A	3,405,806	12.3%	6.0%	18.4%	26.7%	-5,730	-5,730	10,135	10,135	\$2.73
Class B	11,891,926	8.3%	0.1%	8.4%	8.8%	-277,374	-277,374	49,359	49,359	\$2.51
Class C	2,435,408	4.6%	0.0%	4.6%	4.9%	-10,194	-10,194	11,123	11,123	\$2.15
North	17,703,140	8.5%	1.2%	9.8%	11.7%	-288,548	-288,548	70,617	70,617	\$2.53
Irvine Spectrum	15,789,595	10.8%	1.6%	12.4%	19.0%	241,592	241,592	236,024	236,024	\$3.07
Laguna Hills/Aliso Viejo	6,105,564	14.9%	6.4%	21.3%	32.1%	-15,023	-15,023	37,830	37,830	\$2.79
Laguna Niguel/Laguna Beach	2,062,429	5.2%	0.2%	5.4%	6.3%	7,203	7,203	9,524	9,524	\$3.03
Lake Forest/Foothill Ranch	3,414,415	14.1%	0.8%	15.0%	20.6%	32,741	32,741	4,785	4,785	\$2.18
Mission Viejo	2,316,317	20.2%	0.1%	20.3%	23.2%	-83,536	-83,536	41,421	41,421	\$2.42
Dana Point/San Juan/ San Clemente	2,537,475	4.5%	0.1%	4.6%	6.8%	-9,499	-9,499	12,379	12,379	\$2.93
Class A	11,339,087	13.9%	4.1%	18.0%	25.3%	11,604	11,604	195,360	195,360	\$3.23
Class B	20,110,395	11.0%	1.1%	12.1%	17.9%	156,045	156,045	143,740	143,740	\$2.73
Class C	1,549,278	3.6%	0.0%	3.6%	7.8%	5,829	13,672	2,863	2,863	\$2.97
South	32,978,760	11.6%	2.1%	13.7%	20.0%	173,478	173,478	341,963	341,963	\$2.92
Cypress	1,895,016	8.5%	0.0%	8.5%	11.3%	-31,409	-31,409	0	0	\$2.29
Fountain Valley	2,350,357	5.5%	0.3%	5.8%	6.0%	-14,355	-14,355	7,531	7,531	\$2.68
Garden Grove	2,166,792	5.5%	0.4%	5.9%	6.7%	-16,086	-16,086	4,314	4,314	\$2.11
Huntington Beach	3,123,003	11.2%	0.9%	12.1%	15.1%	8,213	8,213	21,547	21,547	\$2.38
Los Alamitos/Stanton	1,212,119	4.4%	0.0%	4.4%	4.7%	2,684	2,684	2,915	2,915	\$2.75
Seal Beach	580,801	8.7%	0.0%	8.7%	8.6%	-4,151	-4,151	1,560	1,560	\$3.43
Westminster	933,023	6.9%	0.0%	6.9%	7.1%	-16,563	-16,563	3,803	3,803	\$2.53
Class A	2,352,707	13.3%	0.8%	14.1%	15.9%	-21,937	-21,937	9,177	9,177	\$2.51
Class B	8,125,868	7.1%	0.3%	7.3%	9.0%	-46,452	-46,452	28,736	28,736	\$2.43
Class C	1,782,536	2.2%	0.1%	2.2%	2.3%	-3,278	-3,278	3,757	3,757	\$2.73
West	12,261,111	7.5%	0.3%	7.9%	9.3%	-71,667	-71,667	41,670	41,670	\$2.45
Orange County Total	143,701,493	11.8%	1.3%	13.1%	17.0%	-95,626	-95,626	1,277,275	1,277,275	\$2.80
Class A	52,032,198	16.8%	2.3%	19.1%	24.7%	26,981	26,981	563,508	563,508	\$3.13
Class B	79,235,780	9.6%	0.8%	10.4%	13.5%	-118,286	-118,286	623,183	623,183	\$2.65
Class C	12,435,875	5.2%	0.0%	5.2%	7.2%	-12,164	-12,164	90,584	90,584	\$2.26

SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
4665 Lampson Ave (Redev. Project)	West County	92,302	\$65,240,000	\$706.81	Lennar	MW Investment Group
2600 Michelson Dr	Airport Area	310,925	\$42,000,000	\$135.08	Gaines Investment Trust	Spus8 2600 Michelson
2525 Main St Properties (2 Office & Flex)	Airport Area	143,269	\$37,600,000	\$262.44	Pacific Tree Capital	J & R Group, LLC
18201 Von Karman Ave - Von Karman Towers	Airport Area	234,400	\$37,000,000	\$157.85	Greenlaw Partners	NY Life Real Estate Investors
27401 Los Altos - CERRO	South County	71,464	\$24,000,000	\$335.83	Eagle Hua Inc	Bolour
190 Newport Center Dr - Newport Center	Airport Area	11,512	\$18,000,000	\$1,563.59	The Irvine Company	Meadows Asset Management

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
The Quad at Discovery Park	South County	54,406	January 2025	The Irvine Company	Inari Medical
Sunflower Corporate Center	Airport Area	38,202	January 2025	SFHY Enterprise LLC	Safran Cabin
The Landing Building	Airport Area	28,606	February 2025	GEM Realty Capital	Honeywell (Renewal)
Discovery Park	South County	26,920	February 2025	The Irvine Company	Undisclosed (Sublease)
Irvine Concourse	Airport Area	22,842	February 2025	The Praedium Group	Undisclosed
Newport Gateway	Airport Area	22,446	January 2025	The Irvine Company	Arbonne International

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	December 2025
BeWell OC Building	7850-7900 Marine Way	South County	70,312	Mind OC	October 2025
The Orwell	200 E Baker St	Airport Area	44,832	Centric Partners/MGR Real Estate	March 2025
The Square Cypress	5255 Katella Ave	West County	31,585	Shea Properties	November 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.

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

ERIC PAULSEN
 Chief Operating Officer
 949.557.5079
 eric.paulsen@kidder.com
 LIC N° 01001040

COMMERCIAL BROKERAGE	<i>\$9B</i> AVERAGE ANNUAL TRANSACTION VOLUME	<i>26.2M</i> ANNUAL SALES SF	<i>36.7M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>58M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>850+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,400+</i> AVERAGE ANNUAL ASSIGNMENTS	<i>39</i> TOTAL APPRAISERS	<i>24</i> WITH MAI DESIGNATIONS

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