

MARKET TRENDS

# ORANGE COUNTY OFFICE

MARKET DRIVERS

Orange County’s office market showed steady improvement throughout the second quarter of 2025, outperforming the national average. Net absorption was slightly negative, pushing the vacancy rate to 12.5% from the previous quarter. Tenants still prefer high-quality buildings with modern amenities, especially in the Central and Airport Area submarkets, which remain the hub of demand.

The average asking rent has remained steady at \$2.82 per square foot each quarter, but it is slightly lower than it was a year ago. The flight-to-quality trend persists, with tenant demand for premium office buildings in desirable areas, complete with amenities, remaining the key driver of recent lease signings.

ECONOMIC REVIEW

Orange County’s economy remains fundamentally resilient, though it continues to face headwinds in the labor market. Job growth has slowed due to persistent labor shortages, challenges a modest increase of 0.73% is forecasted by year-end. The county’s unemployment rate rose to 3.6%, yet well below the statewide average of 5.3%.

Despite sector-specific losses in financial services and construction, key industries such as healthcare, hospitality, technology, and logistics continue to expand, supporting broader regional stability.

NEAR-TERM OUTLOOK

The trend of redeveloping abandoned suburban office buildings remains a key strategy, with ambitions to convert several into other real estate endeavors. The success of recent conversions is leading to increased occupancy, despite the lack of new developments.

Tenant preference continues to lean toward newer, more innovative buildings, where leasing activity has remained positive. In response, landlords in more challenged submarkets are pursuing competitive strategies—including repositioning efforts, property upgrades, and generous tenant improvement packages—to attract and retain tenants in a dynamic market environment.

## Market Summary

	2Q25	1Q25	2Q24	YOY Change
Direct Vacancy Rate	12.5%	11.9%	12.0%	3.98%
Availability Rate	16.6%	16.6%	17.0%	-2.06%
Asking Lease Rate	\$2.82	\$2.80	\$2.79	1.08%
	2Q25	1Q25	2Q24	YOY Change
Lease Volume (SF)	2,991	1,736,057	2,305,486	-99.87%
Sale Volume (SF)	1,566,991	1,069,034	439,460	256.57%
Net Absorption	-91,795	-155,328	618,103	N/A

2Q 2025

↓ 3K SF  
LEASING ACTIVITY

↓ -92K SF  
NET ABSORPTION

↑ 12.5%  
VACANCY RATE

↑ \$2.82  
ASKING RENT (AVG)

↑ 154K SF  
NEW DELIVERIES

Year-Over-Year Trend

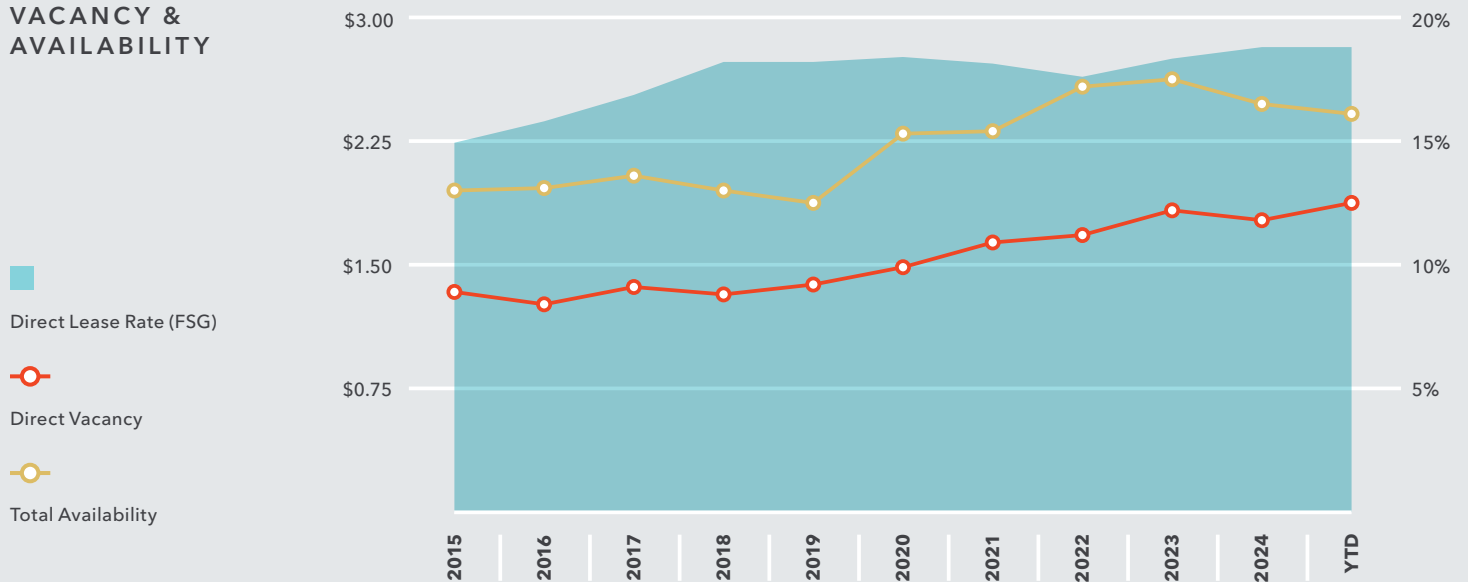
## Market Highlights

**DIRECT MARKET VACANCY**  
rate is 12.5%.

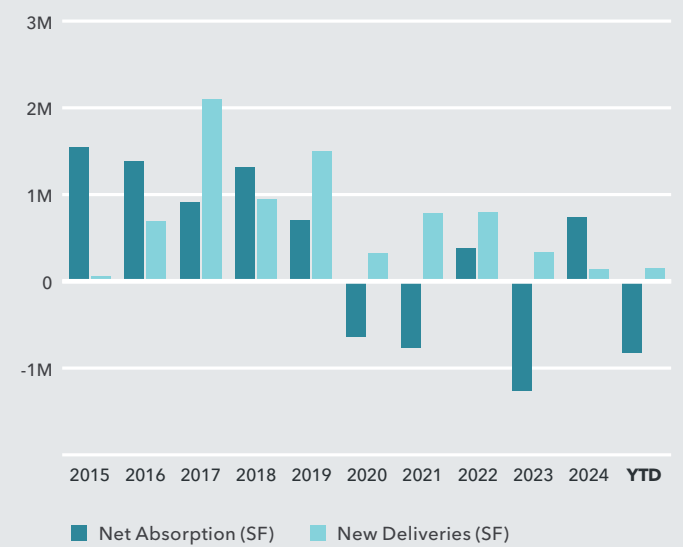
**AVERAGE ASKING PRICE**  
on a full-service basis  
is \$2.82/SF.

**399K SF** is still being  
developed in 2Q25.

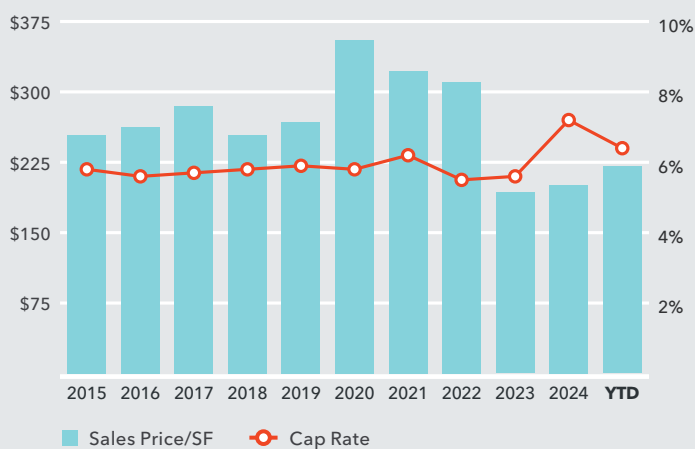
## LEASE RATE, VACANCY & AVAILABILITY



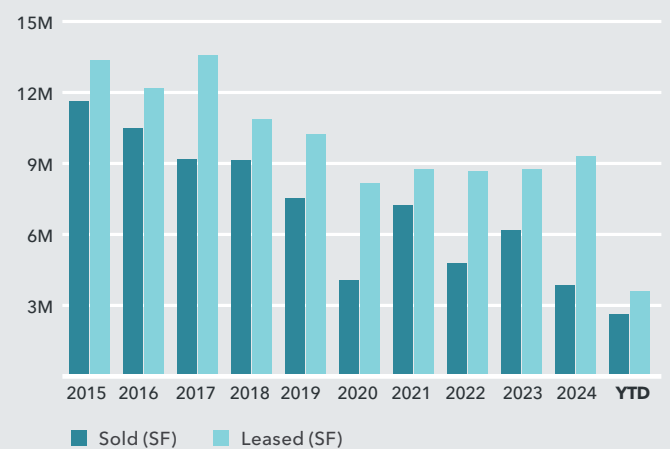
## NET ABSORPTION & NEW DELIVERIES



## 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	QTR Direct Net Absorption	YTD Direct Net Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (F5)
Costa Mesa	9,320,312	14.4%	1.5%	15.9%	18.9%	-20,769	-43,793	0	328,561	\$3.23
Irvine/Tustin Legacy	27,368,678	16.0%	1.6%	17.7%	20.6%	-14,715	-257,256	2,403	901,221	\$2.79
Newport Beach	13,041,630	12.1%	0.6%	12.7%	14.4%	-7,123	-234,778	0	470,432	\$3.66
South Santa Ana	2,498,485	20.8%	0.3%	21.1%	23.8%	30,314	3,416	0	57,078	\$2.52
Class A	26,838,413	19.8%	1.4%	21.2%	23.4%	27,598	-272,279	2,403	1,057,516	\$3.26
Class B	23,191,373	10.4%	1.3%	11.7%	14.7%	-38,025	-241,881	0	659,508	\$2.77
Class C	2,199,319	4.7%	0.0%	4.7%	8.3%	-1,866	-18,251	0	40,268	\$3.19
<b>Airport</b>	<b>52,229,105</b>	<b>15.0%</b>	<b>1.3%</b>	<b>16.3%</b>	<b>18.9%</b>	<b>-12,293</b>	<b>-532,411</b>	<b>2,403</b>	<b>1,757,292</b>	<b>\$2.99</b>
Civic Center Area	5,440,683	7.9%	0.0%	7.9%	8.5%	935	6,570	0	22,835	\$2.66
East Orange	2,129,955	3.2%	1.1%	4.3%	4.7%	-100	12,959	0	37,643	\$2.63
Main Place	3,022,230	12.1%	1.4%	13.5%	16.2%	4,857	-16,763	0	29,541	\$3.09
Parkcenter	4,694,128	13.8%	0.3%	14.1%	20.1%	-178	22,880	160	188,623	\$2.31
Santa Ana	4,796,571	15.0%	1.0%	16.0%	14.2%	6,814	-58,345	0	74,280	\$2.41
Stadium Area	3,733,196	18.7%	0.5%	19.2%	23.3%	0	-83,404	0	148,652	\$2.27
The City	2,689,619	25.9%	0.3%	26.1%	26.6%	2,684	2,764	0	108,720	\$2.04
Tustin	1,979,490	1.1%	0.0%	1.1%	1.9%	0	50,957	0	7,210	\$2.11
Class A	8,010,169	18.8%	0.4%	19.2%	23.1%	7,541	-35,450	0	299,997	\$2.81
Class B	15,888,331	11.5%	0.8%	12.3%	12.4%	10,071	-111,712	160	260,219	\$2.47
Class C	4,587,372	6.8%	0.1%	6.9%	10.4%	-2,600	84,780	0	57,288	\$1.65
<b>Central</b>	<b>28,485,872</b>	<b>12.8%</b>	<b>0.5%</b>	<b>13.4%</b>	<b>15.1%</b>	<b>15,012</b>	<b>-62,382</b>	<b>160</b>	<b>617,504</b>	<b>\$2.43</b>
Anaheim Hills	1,497,937	7.4%	0.2%	7.7%	9.7%	0	-49,053	0	23,896	\$2.35
Brea/La Habra	4,510,616	16.4%	0.0%	16.4%	21.4%	-11,864	-232,214	0	72,097	\$2.72
Buena Park/La Palma	2,285,103	10.3%	0.0%	10.3%	9.9%	5,859	-9,519	0	74,309	\$2.49
Fullerton	2,937,634	2.6%	0.0%	2.6%	4.0%	4,470	147	0	29,159	\$2.78
North/East Anaheim	5,623,989	4.3%	3.7%	8.0%	8.5%	-7,783	37,733	0	83,584	\$2.37
Placentia/Yorba Linda	826,179	13.1%	0.0%	13.1%	13.3%	0	-12,812	0	14,206	\$2.29
Class A	3,427,836	11.9%	6.0%	17.9%	25.8%	-7,213	7,233	0	104,937	\$2.96
Class B	11,848,214	8.8%	0.1%	8.9%	9.2%	-6,855	-312,932	0	171,534	\$2.52
Class C	2,435,408	2.5%	0.0%	2.5%	2.8%	0	39,981	0	20,780	\$2.14
<b>North</b>	<b>17,681,458</b>	<b>8.6%</b>	<b>1.2%</b>	<b>9.8%</b>	<b>11.5%</b>	<b>-9,318</b>	<b>-265,718</b>	<b>0</b>	<b>297,251</b>	<b>\$2.56</b>
Irvine Spectrum	15,754,899	11.6%	1.4%	12.9%	18.1%	-53,962	125,531	0	548,528	\$3.09
Laguna Hills/Aliso Viejo	6,107,665	15.2%	6.2%	21.4%	31.7%	-1,258	-35,892	180	93,519	\$2.79
Laguna Niguel/Laguna Beach	2,062,429	5.2%	0.2%	5.4%	6.6%	-933	7,498	0	26,368	\$3.47
Lake Forest/Foothill Ranch	3,415,559	15.1%	0.8%	15.9%	22.7%	-8,996	-722	0	14,971	\$2.24
Mission Viejo	2,314,975	18.7%	0.2%	18.9%	23.3%	0	-47,944	0	31,543	\$2.74
Dana Point/San Juan/ San Clemente	2,537,475	5.0%	0.1%	5.1%	7.5%	-2,082	-23,062	0	27,733	\$2.84
Class A	11,298,592	13.3%	3.7%	17.0%	25.2%	16,858	80,008	0	313,674	\$3.09
Class B	20,202,384	12.1%	1.1%	13.2%	17.7%	-83,072	-72,253	0	401,518	\$2.84
Class C	1,561,278	4.3%	0.0%	4.3%	6.8%	-1,017	1,713	180	27,470	\$2.79
<b>South</b>	<b>33,042,254</b>	<b>12.1%</b>	<b>1.9%</b>	<b>14.1%</b>	<b>19.8%</b>	<b>-67,231</b>	<b>25,409</b>	<b>180</b>	<b>742,662</b>	<b>\$2.93</b>
Cypress	1,895,016	11.2%	0.0%	11.2%	16.8%	1,660	-83,618	0	46,374	\$2.31
Fountain Valley	2,407,357	4.1%	0.2%	4.3%	4.4%	-976	124,770	0	40,626	\$2.66
Garden Grove	2,188,931	5.5%	0.4%	5.9%	6.6%	0	-15,384	0	11,607	\$2.11
Huntington Beach	3,152,520	11.1%	0.4%	11.5%	14.2%	-1,478	19,506	248	51,661	\$2.42
Los Alamitos/Stanton	1,215,450	4.8%	0.0%	4.8%	5.3%	-11,436	-1,935	0	4,584	\$2.68
Seal Beach	569,769	10.1%	0.8%	10.8%	7.7%	0	-11,260	0	25,709	\$3.42
Westminster	943,023	6.0%	0.0%	6.0%	7.7%	0	-8,563	0	9,795	\$3.06
Class A	2,535,761	16.2%	0.6%	16.8%	18.1%	-10,391	-83,016	0	86,446	\$2.55
Class B	7,941,438	6.3%	0.2%	6.4%	8.7%	-1,839	6,253	0	96,788	\$2.50
Class C	1,785,867	2.5%	0.1%	2.6%	2.6%	0	-8,721	248	7,122	\$2.67
<b>West</b>	<b>12,372,066</b>	<b>7.7%</b>	<b>0.2%</b>	<b>7.9%</b>	<b>9.7%</b>	<b>-12,230</b>	<b>23,516</b>	<b>248</b>	<b>190,356</b>	<b>\$2.52</b>
<b>Orange County Total</b>	<b>143,810,755</b>	<b>12.5%</b>	<b>1.2%</b>	<b>13.7%</b>	<b>16.6%</b>	<b>-91,795</b>	<b>-936,527</b>	<b>2,991</b>	<b>3,605,065</b>	<b>\$2.82</b>
Class A	52,083,131	17.5%	2.0%	19.6%	23.7%	34,393	-303,504	2,403	1,862,570	\$3.11
Class B	79,071,740	10.4%	0.8%	11.2%	13.6%	-119,720	-732,525	160	1,589,567	\$2.70
Class C	12,549,244	4.7%	0.0%	4.7%	7.0%	-5,483	99,502	428	152,928	\$2.18

## SIGNIFICANT SALE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
2400 E Katella Ave - Stadium Tower	Central County	261,858	\$72,134,000	\$275.47	H & S Ventures LLC	CSHV Stadium Towers LLC
18191 Von Karman Ave (Ground Leasehold)	Airport Area	127,637	\$35,700,000	\$279.70	Hyundai Glovis	SENTRE, Inc.
5000 Birch St (2 Office Properties)	Airport Area	310,523	\$33,000,000	\$106.27	Formosa, Ltd	John Hancock Real Estate
27101-27201 Puerta Real (2 Office Properties)	South County	232,000	\$32,000,000	\$137.93	Kingsbarn Realty Capital	Barings
2020 E 1st St (Sold for Land Value)	Central County	162,043	\$19,200,000	\$118.49	Meritage Homes	Harbor Associates
1 City Blvd W (Redevelopment Project)	Central County	359,134	\$18,500,000	\$51.51	Surlamer Investments	TPG Capital, LP

## SIGNIFICANT LEASE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Tustin Centre II	Central County	82,042	June 2025	Greenlaw Partners	Regional Center-Orange County (Renewal)
Koll Center Newport	Airport Area	62,977	June 2025	Formosa, Ltd	Undisclosed
Stadium Gateway	Central County	47,385	April 2025	GEM Realty Capital, Inc.	Undisclosed
Lake Forest Tech Center	South County	40,090	April 2025	Liquidmetal Technologies	MatterHackers
Anaheim City Centre	North County	37,736	April 2025	Harbor Associates	Undisclosed
Park Place	Airport Area	29,125	May 2025	LBA Realty	Undisclosed

## SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Weave @ocVIBE	NEC E Katella Ave & S Douglass Rd	Central County	168,137	H&S Ventures	December 2025
Advantech	SEC Red Hill Ave & Victory Rd	Central County	108,942	SOC Community College District	December 2025
BeWell OC Building	7850-7900 Marine Way	South County	74,800	Mind OC	October 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	July 2025

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

26.2M

ANNUAL  
SALES SF

36.7M

ANNUAL  
LEASING SFASSET  
SERVICES

58M SF

MANAGEMENT  
PORTFOLIO SIZE

850+

ASSETS UNDER  
MANAGEMENT

250+

CLIENTS  
SERVEDVALUATION  
ADVISORY

2,400+

AVERAGE ANNUAL  
ASSIGNMENTS

39

TOTAL  
APPRAISERS

24

WITH MAI  
DESIGNATIONS

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