

MARKET TRENDS

ORANGE COUNTY OFFICE

MARKET DRIVERS

In 3Q 2025, Orange County’s office market outperformed many U.S. counterparts. The direct vacancy rate declined slightly year-over-year from 12.3% to 11.8%. Class A, amenity-rich developments like Spectrum Terrace and Innovation Office Park are thriving and remain in high demand. Some older high-rise buildings have also seen occupancy recovery as tenants seek affordable options, amenities, and strategic locations.

The average asking rent has decreased slightly to \$2.77 per square foot for full-service leases, a 1.07% annual decline. High-quality space is around \$3.20 per square foot to draw in tenants, which includes big discounts, tenant improvement allowances, and complimentary parking.

ECONOMIC REVIEW

Orange County’s economy is expanding at a measured but steady pace, fueled by growth healthcare, technology, and logistics fields. These gains are helping offset the downturn in the financial services and construction sectors. Redevelopment remains a key strategy as many older suburban workplaces are either moving or being repurposed.

Orange County’s infrastructure stays strong, even with the difficulties in the labor market. To remain competitive, landlords are responding by providing attractive tenant improvement options, better amenities, and adaptable lease options. Leasing decisions will continue to be influenced by factors including location, longevity, and adaptability through the end of 2025.

NEAR-TERM OUTLOOK

The market is expected to remain stable but cautious through year-end. Overall availability will likely stay limited as older suburban office parks are redeveloped into mixed-use projects, and new office construction remains muted, with only about 400,000 SF currently underway.

While the reuse of less desirable suburban properties remains a notable trend, the spotlight is shifting to high-end modern offices and innovative campuses. Increased investor activity at lower prices signals optimism that values may be bottoming out. Compared to other California markets, Orange County stands out as one of the strongest, driven by demand for premium space and tightening availability—despite persistent vacancies in older buildings.

Market Summary

	3Q25	2Q25	3Q24	YOY Change
Direct Vacancy Rate	11.8%	12.3%	12.0%	-1.35%
Availability Rate	15.9%	16.1%	16.9%	-5.75%
Asking Lease Rate	\$2.77	\$2.81	\$2.80	-1.07%
	3Q25	2Q25	3Q24	YOY Change
Lease Volume (SF)	1,618,319	2,002,079	2,328,067	-30.49%
Sale Volume (SF)	827,028	1,561,510	708,414	16.74%
Net Absorption	640,722	-616,424	56,230	N/A

3Q 2025

↓ 1.6M SF
LEASING ACTIVITY

↑ 641K SF
NET ABSORPTION

↓ 11.8%
VACANCY RATE

↓ \$2.77
ASKING RENT (AVG)

↔ 0 SF
NEW DELIVERIES

Year-Over-Year Trend

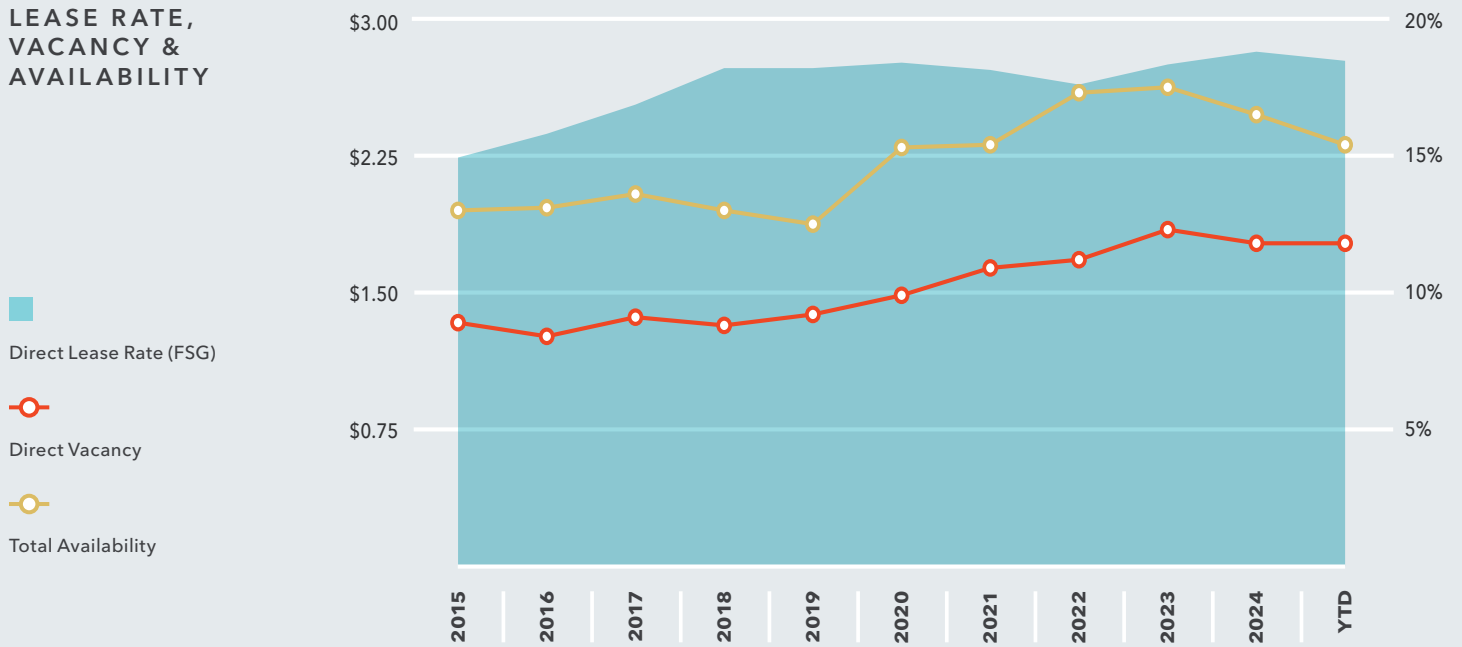
Market Highlights

DIRECT MARKET VACANCY rate is 11.8%

AVERAGE ASKING PRICE on a full-service basis is \$2.77 PSF

399K SF is still being developed in 3Q25

LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

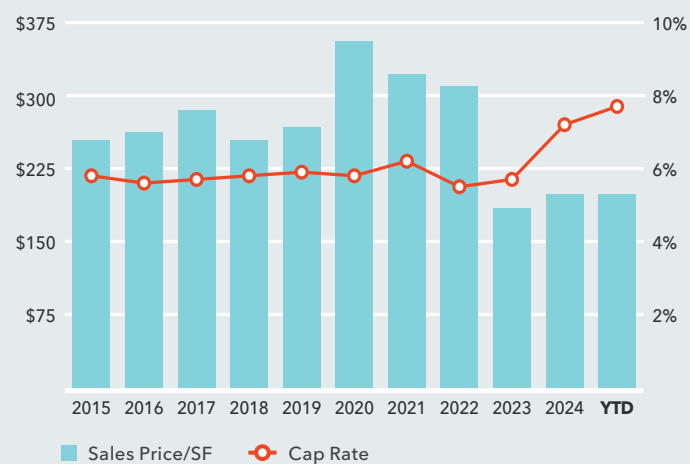
*Axis Anaheim, Anaheim, CA
(5 Properties)*



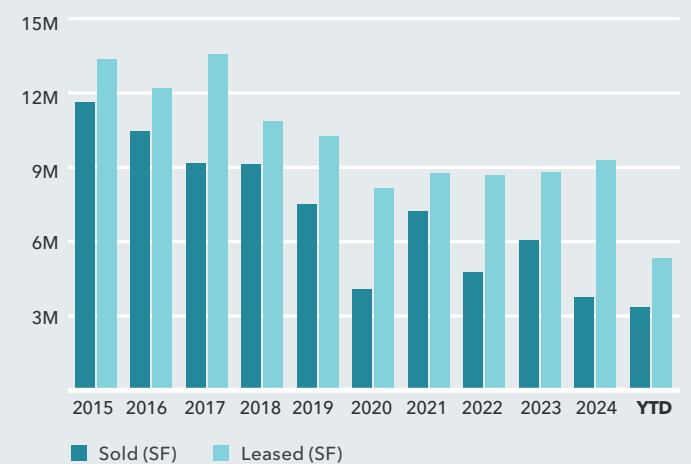
NET ABSORPTION & NEW DELIVERIES



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	3Q25 Direct Net Absorption	YTD Direct Net Absorption	3Q25 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (F5)
Costa Mesa	9,288,524	13.5%	1.2%	14.7%	18.4%	65,555	43,688	100,897	437,755	\$3.22
Irvine/Tustin Legacy	27,271,114	15.6%	2.0%	17.5%	19.9%	118,682	-123,859	481,988	1,444,357	\$2.79
Newport Beach	12,953,072	11.4%	0.9%	12.2%	13.4%	86,301	-135,642	176,591	662,238	\$3.94
South Santa Ana	2,498,488	20.9%	0.9%	21.8%	23.4%	29,402	2,504	23,815	89,478	\$2.52
Class A	25,535,886	19.6%	1.7%	21.3%	22.6%	82,639	-211,327	476,692	1,604,754	\$3.27
Class B	24,369,278	9.8%	1.3%	11.1%	14.3%	234,093	31,195	280,215	962,422	\$2.87
Class C	2,106,034	5.6%	0.9%	6.5%	9.0%	-16,792	-33,177	26,384	66,652	\$3.23
Airport	52,011,198	14.4%	1.5%	15.9%	18.2%	299,940	-213,309	783,291	2,633,828	\$3.04
Civic Center Area	5,569,010	7.6%	0.0%	7.6%	8.1%	9,491	15,126	24,089	46,924	\$2.53
East Orange	2,159,465	3.0%	1.1%	4.1%	3.9%	3,738	16,797	10,383	48,026	\$2.64
Main Place	2,990,230	11.7%	1.1%	12.8%	12.8%	20,250	-2,114	60,291	89,832	\$3.08
Parkcenter	4,707,207	13.3%	2.5%	15.8%	19.8%	20,047	54,131	51,214	239,837	\$2.39
Santa Ana	4,800,390	15.0%	1.0%	16.0%	13.3%	6,201	-58,958	111,919	184,641	\$2.42
Stadium Area	3,736,873	17.1%	0.5%	17.6%	22.2%	64,982	-21,949	38,147	190,809	\$2.03
The City	2,689,619	25.9%	0.0%	25.9%	27.3%	3,054	3,134	10,743	119,463	\$1.35
Tustin	1,919,755	1.1%	0.0%	1.1%	1.7%	-4,425	46,532	2,294	10,100	\$2.11
Class A	8,135,199	17.9%	1.4%	19.3%	23.0%	77,119	18,379	57,157	361,164	\$2.93
Class B	15,824,211	11.3%	0.7%	12.0%	11.0%	35,369	-74,192	209,402	466,569	\$2.30
Class C	4,613,139	6.5%	0.1%	6.6%	10.1%	10,850	108,512	42,521	101,899	\$1.68
Central	28,572,549	12.4%	0.8%	13.2%	14.3%	123,338	52,699	309,080	929,632	\$2.37
Anaheim Hills	1,497,937	6.4%	0.0%	6.4%	8.1%	15,933	-33,120	7,565	31,461	\$2.40
Brea/La Habra	4,359,205	15.2%	0.1%	15.3%	20.6%	-97,515	-152,957	73,898	145,995	\$2.71
Buena Park/La Palma	2,290,407	8.9%	0.5%	9.5%	9.9%	36,731	21,353	2,124	76,433	\$2.47
Fullerton	2,941,203	2.7%	0.0%	2.7%	4.3%	2,968	-1,355	9,239	38,398	\$2.63
North/East Anaheim	5,620,980	4.2%	3.5%	7.7%	8.2%	-6,215	39,301	22,104	105,688	\$2.44
Placentia/Yorba Linda	816,179	11.4%	0.0%	11.4%	8.2%	15,244	2,432	21,416	35,622	\$2.34
Class A	3,181,257	17.1%	0.5%	17.6%	21.1%	-143,638	-129,192	42,388	147,325	\$2.97
Class B	11,907,867	6.6%	1.6%	8.2%	9.8%	90,099	-51,070	88,521	260,055	\$2.53
Class C	2,436,787	1.9%	0.0%	1.9%	2.7%	15,935	55,916	5,437	26,217	\$2.05
North	17,525,911	7.8%	1.2%	9.0%	10.8%	-32,854	-124,346	136,346	433,597	\$2.57
Irvine Spectrum	15,635,328	10.6%	1.7%	12.3%	17.2%	53,171	283,029	202,004	744,179	\$2.82
Laguna Hills/Aliso Viejo	6,118,349	14.0%	7.1%	21.1%	30.7%	70,462	35,828	62,418	157,537	\$2.71
Laguna Niguel/Laguna Beach	2,117,429	4.9%	0.2%	5.1%	6.3%	3,043	11,724	6,785	33,803	\$3.33
Lake Forest/Foothill Ranch	3,404,413	14.9%	0.1%	15.0%	23.3%	-359	7,915	23,987	38,958	\$2.25
Mission Viejo	2,314,975	14.2%	0.5%	14.7%	19.1%	103,317	55,373	17,558	47,253	\$3.06
Dana Point/San Juan/ San Clemente	2,573,598	4.8%	0.1%	4.9%	7.2%	4,360	-14,220	15,336	49,180	\$2.92
Class A	11,309,276	11.0%	4.2%	15.2%	22.9%	276,565	339,715	200,204	495,715	\$3.28
Class B	20,113,250	11.7%	1.3%	13.0%	17.7%	-57,104	3,530	106,977	525,218	\$2.54
Class C	1,537,623	3.8%	0.0%	3.8%	5.8%	14,533	3,175	20,907	49,977	\$2.80
South	32,960,149	11.1%	2.2%	13.3%	18.9%	233,994	379,649	328,088	1,070,910	\$2.79
Cypress	1,897,964	11.2%	0.0%	11.2%	17.4%	2,346	-82,932	5,404	51,778	\$2.30
Fountain Valley	2,410,827	4.0%	0.1%	4.1%	4.3%	1,534	127,280	6,083	46,709	\$2.55
Garden Grove	2,172,346	4.7%	0.1%	4.8%	5.7%	19,096	3,712	6,370	17,977	\$2.11
Huntington Beach	3,208,658	10.8%	0.1%	10.9%	13.9%	2,066	23,050	28,830	81,465	\$2.48
Los Alamitos/Stanton	1,214,911	4.1%	0.0%	4.1%	4.1%	-3,367	6,134	14,827	19,411	\$2.69
Seal Beach	569,769	8.0%	0.8%	8.8%	11.4%	11,569	309	0	25,709	\$3.42
Westminster	946,090	6.8%	0.0%	6.8%	7.4%	-11,205	-16,848	0	9,795	\$3.12
Class A	2,647,709	13.9%	0.2%	14.2%	16.7%	30,647	67,022	5,891	92,337	\$2.55
Class B	7,902,149	6.4%	0.1%	6.5%	8.9%	-15,051	-21,875	48,909	144,378	\$2.54
Class C	1,870,707	2.3%	0.0%	2.3%	2.3%	6,443	15,558	6,714	16,129	\$2.54
West	12,420,565	7.4%	0.1%	7.5%	9.6%	22,039	60,705	61,514	252,844	\$2.54
Orange County Total	143,490,372	11.8%	1.4%	13.2%	15.9%	640,722	122,169	1,618,319	5,320,811	\$2.77
Class A	50,811,687	16.9%	2.1%	19.0%	22.3%	323,332	84,597	782,332	2,701,295	\$3.20
Class B	80,116,755	9.8%	1.1%	10.9%	13.3%	287,406	-112,412	734,024	2,358,642	\$2.60
Class C	12,564,290	4.5%	0.2%	4.7%	6.8%	30,969	149,984	101,963	260,874	\$2.22

SIGNIFICANT SALE TRANSACTION 3Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Axis Anaheim (5 Properties - Sold for Land)	Central County	309,438	\$62,460,000	\$201.85	ParkTerra	The Goldman Sachs Group, Inc.
1301 Dove St (REO Sale)	Airport Area	214,898	\$41,000,000	\$190.79	Cress Capital, LLC	Western Alliance Bank
895 Dove St - Newport Plaza	Airport Area	108,112	\$32,650,000	\$302.00	First Citizens Bank	Goldman Sachs Asset Mgmt.
Woodbridge Square Medical	Airport Area	36,104	\$24,250,000	\$671.67	Island Vista Holdings, LLC	Anchor Health Properties
2099 S State College Blvd - Stadium Centre	Central County	123,577	\$19,700,000	\$159.41	BACO Properties	Westbrook Partners
OCP on Orangewood Ave (2 Properties)	Central County	109,644	\$18,875,000	\$172.15	The Khoshbin Co.	Waterford Property Co.

SIGNIFICANT LEASE TRANSACTIONS 3Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Main Corporate Center	Airport Area	133,745	July 2025	Manova Partners Inc.	Hyundai
Carnegie Centre	Central County	48,972	September 2025	2510 Redhill, LLC	Foundation Building Materials (Renewal)
Orange Financial Center	Central County	47,234	September 2025	Milan Capital Management	Undisclosed
17911 Von Karman Ave	Airport Area	44,241	August 2025	Manulife Financial Corporation	Undisclosed
Centerview West	Airport Area	35,575	August 2025	Emmes Group Of Companies	Undisclosed
Saturn Technology Center	North County	31,029	September 2025	DDR Enterprise, LLC	KPRS Construction Services (Renewal)

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
Medical Office Building	17931 Von Karman Ave	Airport Area	68,000	PMB Real Estate Services	March 2026
The Square Cypress	5255 Katella Ave	West County	31,585	Shea Properties	November 2025
Medical Office Building	121 E Whittier Blvd	North County	10,000	Gire Orthodontics	October 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, 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.

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**COMMERCIAL
BROKERAGE****\$9B**AVERAGE ANNUAL
TRANSACTION VOLUME**26.2M**ANNUAL
SALES SF**36.7M**ANNUAL
LEASING SF**ASSET
SERVICES****53M SF**MANAGEMENT
PORTFOLIO SIZE**800+**ASSETS UNDER
MANAGEMENT**250+**CLIENTS
SERVED**VALUATION
ADVISORY****2,400+**AVERAGE ANNUAL
ASSIGNMENTS**39**TOTAL
APPRAISERS**24**WITH MAI
DESIGNATIONS