

MARKET TRENDS

ORANGE COUNTY OFFICE

MARKET DRIVERS

By late 2025, Orange County’s office market remained stable with improving infrastructure. Leasing stayed strong in the Airport Area and Irvine Spectrum, while direct vacancy held at 11%, reflecting steady demand for Class A space. Older high-rises and mid-tier buildings saw selective gains as tenants sought value without sacrificing amenities and transit access. With few new projects, large spaces in top-tier buildings are scarce, prompting tenants to start searches early to secure prime locations.

Average asking rates have stabilized in the mid-\$2.70s PSF (full-service) after earlier declines. Landlords continue offering incentives—free rent and property upgrades—to secure reliable tenants ahead of anticipated market shifts in 2026. Net absorption has remained positive for the second consecutive quarter.

ECONOMIC REVIEW

Orange County’s economy remains strong, driven by corporate services, technology, healthcare, and government contracting. Office-using sectors expanded gradually, offsetting declines in older industries like construction and banking. Despite growth in key high-value segments, overall job growth has slowed due to high housing costs and a shortage of qualified workers.

The region has emerged as a hub for AI and life sciences, driving demand for adaptable buildings, energy efficiency, and modern workplace solutions. Healthcare continues to add jobs, helping counter broader declines in the traditional financial services sector.

NEAR-TERM OUTLOOK

The 2026 outlook is cautiously optimistic, with several strengths. High-quality properties are expected to appreciate faster as tenants seek modern spaces with enhanced amenities. Repositioning and redevelopment will remain key strategies, particularly in older suburban areas still below pre-pandemic performance.

Landlords are likely to gain negotiating leverage for premium properties, given the limited pipeline of new office buildings. Investors and private funds increasingly believe prime real estate has reached its lowest price point, signaling confidence in long-term value.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	11.7%	11.8%	11.7%	0.40%
Availability Rate	15.5%	15.3%	16.3%	-4.61%
Asking Lease Rate	\$2.78	\$2.78	\$2.82	-1.42%
	4Q25	3Q25	4Q24	YOY Change
Lease Volume (SF)	1,593,508	2,208,617	2,374,864	-32.90%
Sale Volume (SF)	1,295,319	816,984	1,690,437	-23.37%
Net Absorption	150,937	436,450	289,704	N/A

4Q 2025

↓ 1.6M SF
LEASING ACTIVITY

↓ 151K SF
NET ABSORPTION

↔ 11.7%
VACANCY RATE

↓ \$2.78
ASKING RENT (AVG)

↑ 32K SF
NEW DELIVERIES

Year-Over-Year Trend

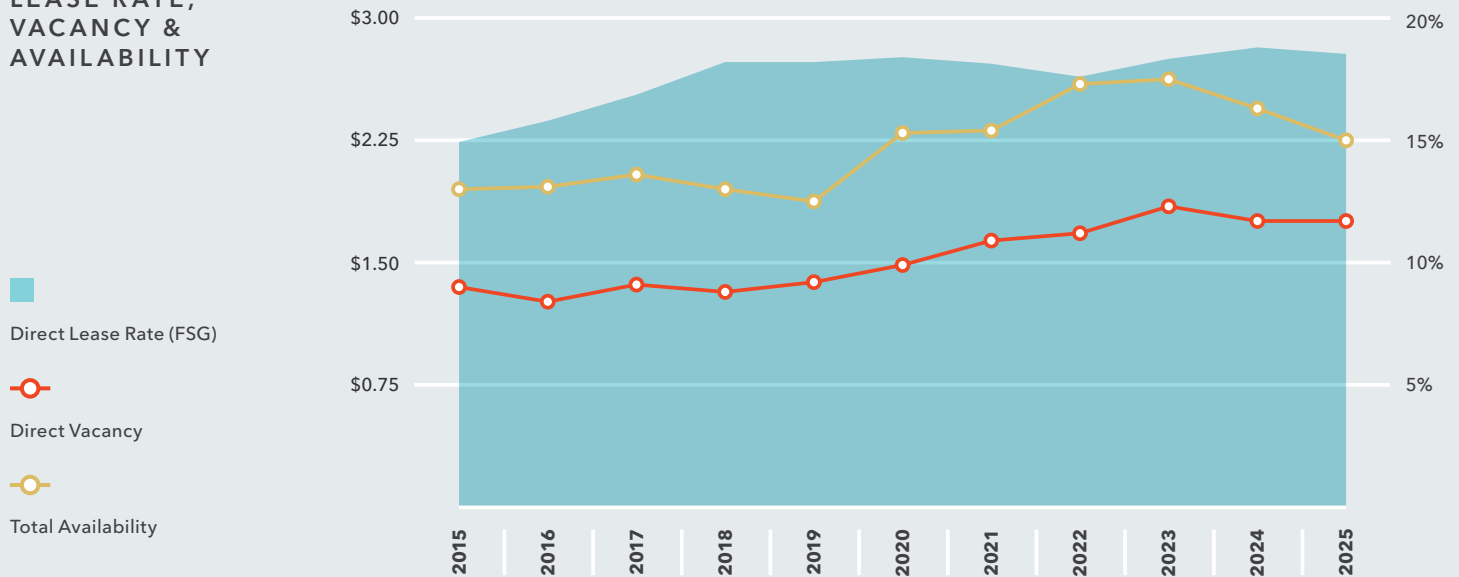
Market Highlights

DIRECT MARKET VACANCY
rate is 11.7%

AVERAGE ASKING PRICE
on a full-service basis
is \$2.78 PSF

367K SF is still being
developed in 4Q25

LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

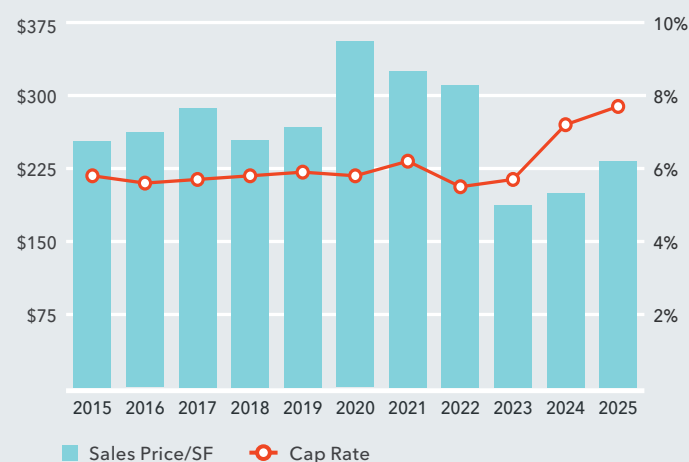
*Flight @ Tustin Legacy, Tustin, CA
(10 Properties)*



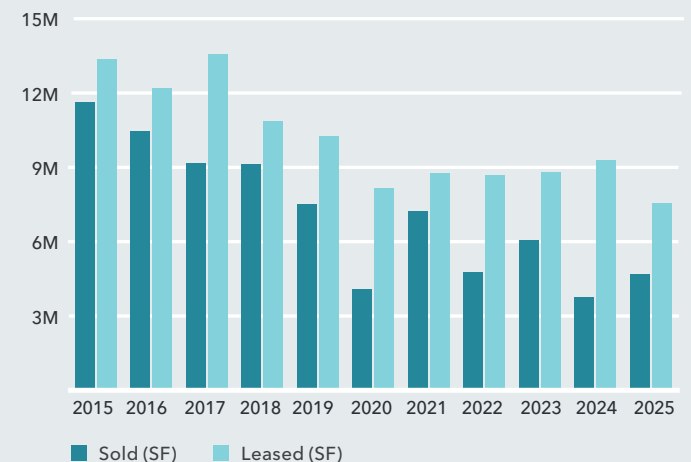
NET ABSORPTION & NEW DELIVERIES



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	4Q25 Direct Net Absorption	2025 Direct Net Absorption	4Q25 Total Leasing Activity	2025 Total Leasing Activity	Average Rental Rate (F5)
Costa Mesa	9,382,280	14.6%	0.8%	15.4%	17.8%	-112,134	-70,781	172,656	909,303	\$3.26
Irvine/Tustin Legacy	27,366,586	15.0%	1.7%	16.7%	19.0%	99,833	-32,054	587,082	2,054,769	\$2.81
Newport Beach	12,945,998	11.1%	0.7%	11.9%	14.1%	33,261	-103,977	98,287	864,600	\$3.99
South Santa Ana	2,449,106	20.6%	0.9%	21.5%	25.1%	17,913	20,417	3,676	94,717	\$2.54
Class A	25,666,856	18.5%	1.5%	20.0%	22.2%	250,580	70,580	439,156	2,352,390	\$3.34
Class B	24,323,203	10.6%	1.0%	11.5%	14.0%	-201,776	-237,275	406,276	1,488,078	\$2.89
Class C	2,153,911	4.9%	1.0%	5.9%	9.8%	-9,931	-19,700	16,269	82,921	\$3.15
Airport	52,143,970	14.2%	1.2%	15.5%	17.9%	38,873	-186,395	861,701	3,923,389	\$3.06
Civic Center Area	5,557,894	7.3%	0.0%	7.3%	7.8%	13,736	29,458	1,483	51,137	\$2.56
East Orange	2,159,465	2.8%	1.0%	3.7%	3.5%	5,282	22,079	13,748	67,279	\$2.60
Main Place	2,960,720	10.2%	1.1%	11.3%	11.6%	48,689	45,926	17,792	113,703	\$3.09
Parkcenter	4,626,013	12.0%	2.5%	14.5%	18.3%	75,560	107,555	35,398	279,795	\$2.43
Santa Ana	4,778,690	13.9%	1.0%	14.9%	12.0%	55,497	-1,196	142,998	279,427	\$2.40
Stadium Area	3,742,045	15.2%	0.5%	15.7%	22.0%	71,549	47,094	34,692	220,057	\$2.10
The City	2,678,685	25.8%	0.0%	25.8%	26.6%	5,531	8,665	16,564	136,027	\$1.44
Tustin	1,613,980	0.9%	0.0%	0.9%	6.3%	6,270	52,802	2,662	18,147	\$1.88
Class A	8,056,163	17.2%	1.5%	18.7%	22.6%	59,528	71,085	37,525	393,245	\$2.92
Class B	15,364,456	10.4%	0.7%	11.1%	10.7%	192,317	91,791	213,837	635,854	\$2.34
Class C	4,696,873	6.0%	0.1%	6.1%	9.4%	30,269	149,507	13,975	136,473	\$1.71
Central	28,117,492	11.6%	0.8%	12.4%	13.9%	282,114	312,383	265,337	1,165,572	\$2.42
Anaheim Hills	1,497,937	7.5%	0.0%	7.5%	7.9%	-17,364	-50,484	6,198	37,659	\$2.37
Brea/La Habra	4,392,985	14.6%	0.1%	14.7%	19.6%	10,621	-133,145	16,349	205,481	\$2.71
Buena Park/La Palma	2,290,407	9.0%	0.5%	9.5%	9.3%	-855	20,498	10,346	106,150	\$2.45
Fullerton	2,788,757	2.9%	0.0%	3.0%	5.1%	-2,738	-4,093	7,766	46,164	\$2.35
North/East Anaheim	5,620,980	4.4%	3.5%	7.9%	8.1%	-1,690	30,035	25,504	131,192	\$2.43
Placentia/Yorba Linda	815,665	10.3%	0.0%	10.3%	9.2%	9,077	11,509	2,697	38,319	\$2.31
Class A	3,184,008	16.6%	0.5%	17.1%	21.4%	15,005	-114,187	1,599	181,488	\$2.97
Class B	11,798,219	6.6%	1.7%	8.3%	9.4%	39	-49,416	65,646	355,645	\$2.52
Class C	2,492,504	2.6%	0.0%	2.6%	2.7%	-17,993	37,923	1,615	27,832	\$2.00
North	17,474,731	7.9%	1.2%	9.1%	10.7%	-2,949	-125,680	68,860	564,965	\$2.56
Irvine Spectrum	15,616,649	11.4%	0.9%	12.3%	15.2%	-136,301	106,508	285,134	1,150,912	\$2.76
Laguna Hills/Aliso Viejo	6,117,675	13.9%	7.0%	20.9%	30.7%	6,235	42,063	14,878	203,796	\$2.72
Laguna Niguel/Laguna Beach	2,117,328	4.5%	0.2%	4.7%	6.5%	8,169	20,245	6,159	38,462	\$3.26
Lake Forest/Foothill Ranch	3,404,413	14.0%	0.2%	14.2%	23.0%	30,165	-18,145	6,963	61,364	\$2.22
Mission Viejo	2,298,275	14.2%	0.5%	14.7%	17.8%	3,414	-670	28,706	76,861	\$3.10
Dana Point/San Juan/ San Clemente	2,552,672	5.3%	0.1%	5.4%	7.0%	-13,319	-26,100	18,881	65,994	\$2.81
Class A	10,977,426	11.1%	4.2%	15.2%	22.4%	-935	198,302	79,986	624,006	\$3.26
Class B	20,398,020	12.1%	0.7%	12.8%	16.2%	-102,320	-83,054	272,334	909,195	\$2.54
Class C	1,527,623	3.5%	0.0%	3.5%	6.1%	1,618	8,653	8,401	64,188	\$2.64
South	32,903,069	11.4%	1.8%	13.2%	17.8%	-101,637	123,901	360,721	1,597,389	\$2.76
Cypress	1,926,845	15.6%	0.0%	15.6%	23.1%	-57,134	-140,066	0	78,392	\$2.51
Fountain Valley	2,410,827	4.2%	0.1%	4.3%	4.7%	-3,182	121,907	1,003	48,492	\$2.37
Garden Grove	2,172,346	4.5%	0.1%	4.6%	5.6%	2,645	7,317	4,376	22,353	\$2.04
Huntington Beach	3,223,778	10.6%	0.1%	10.7%	13.1%	2,890	27,331	23,483	106,518	\$2.55
Los Alamitos/Stanton	1,214,911	4.2%	0.0%	4.2%	4.5%	-1,284	4,850	7,905	27,316	\$2.91
Seal Beach	569,769	8.0%	1.4%	9.5%	12.0%	122	431	122	25,831	\$3.42
Westminster	949,779	7.8%	0.2%	8.0%	8.6%	-9,521	-26,369	0	9,795	\$3.15
Class A	2,647,709	15.9%	0.4%	16.2%	20.2%	-48,693	16,138	3,951	100,984	\$2.67
Class B	7,934,719	6.9%	0.1%	7.0%	9.2%	-14,754	-35,669	26,273	194,494	\$2.54
Class C	1,885,827	2.3%	0.0%	2.3%	2.3%	-2,017	14,932	6,665	23,219	\$2.74
West	12,468,255	8.1%	0.2%	8.3%	10.5%	-65,464	-4,599	36,889	318,697	\$2.59
Orange County Total	143,107,517	11.7%	1.2%	12.9%	15.5%	150,937	119,610	1,593,508	7,570,012	\$2.78
Class A	50,602,522	16.4%	2.0%	18.4%	22.1%	275,485	241,918	562,217	3,652,113	\$3.19
Class B	79,818,617	10.0%	0.9%	10.8%	12.8%	-126,494	-313,623	984,366	3,583,266	\$2.62
Class C	12,688,738	4.3%	0.2%	4.5%	6.8%	1,946	191,315	46,925	334,633	\$2.24

SIGNIFICANT SALE TRANSACTION 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Flight at Tustin Legacy Campus (10 Prop)	Airport Area	474,724	\$199,000,000	\$419.19	Glendon Capital Management	Lincoln Property Co.
The HIVE: 3 Office (Excess Land)	Airport Area	190,000	\$77,928,000	\$410.15	Drawbridge Realty	Invesco Ltd.
15 Mareblu - Mareblu Medical Center	South County	34,222	\$24,763,000	\$723.60	So Investment Holdings, LLC	IRA Capital, LLC
600 City Pkwy W - City Parkway	Central County	203,490	\$23,000,000	\$113.03	Astiva Health, Inc.	Greenlaw Partners
120 S State College Blvd - Brea Place	North County	79,528	\$19,450,000	\$244.57	2000 Gold Limited Partnership	HdL Companies
Alton Corporate Center Portfolio	Central County	133,417	\$19,000,000	\$142.41	Edwards Lifesciences	Cusumano R. E. Group

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
1700 E Saint Andrew Pl	Central County	99,589	November 2025	Manova Partners, Inc.	County of Orange (Renewal)
555 Anton Blvd - The MET	Central County	56,877	October 2025	PGIM, Inc.	DK Law
701 S Parker St - Orange Financial Center	Central County	48,657	October 2025	Milan Capital Management	Architects Orange
Harbor Gateway Business Center	Airport Area	38,040	November 2025	CJ Segerstrom & Sons	Mission Critical Electronics
15326 Alton Pky - Alton/Technology	Airport Area	32,621	November 2025	The Irvine Company	Undisclosed
21 Technology Dr	South County	32,517	November 2025	The Irvine Company	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	January 2026
Medical Office Building	17931 Von Karman Ave	Airport Area	68,000	PMB Real Estate Services	March 2026
Medical Office Building	121 E Whittier Blvd	North County	10,000	Gire Orthodontics	January 2026

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**41**TOTAL
APPRAISERS**23**WITH MAI
DESIGNATIONS