

MARKET TRENDS

ORANGE COUNTY OFFICE

MARKET DRIVERS

The Orange County office market is growing, despite fewer new lease agreements, as tenants downsize, sublease, or occupy new spaces, sometimes using a combination of these methods. Landlords are turning suburban office campuses that are less appealing into more financially beneficial commercial purposes or modifying them for more profitable business uses.

In the recent mid-quarter, landlords provided tenants in manufacturing, healthcare, and technology sectors with updated office spaces and lease conditions. These modern spaces were developed with business professionals in mind, aiming to offer contemporary areas for lease.

ECONOMIC REVIEW

Orange County's diverse economy is experiencing slow growth because of a limited labor supply, with job creation slipping behind the national average. Despite this, the life sciences remain the region's primary industry, and the healthcare job market is highly competitive.

NEAR-TERM OUTLOOK

Vacancy rates are increasing because of reduced net absorption over the past year. The reduction is driven by the variation in lease rents at different sites. Nevertheless, the market has sustained positive net absorption through the second half of 2026.

Orange County's economy is projected for slow, steady growth through late 2026 and into 2027, with a stable job market expected. Restricting the construction of traditional office buildings in Orange County is a sensible decision. This approach involves leveraging the campus's notable amenities and event venues while also reducing overall asking prices.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	11.5%	11.5%	12.3%	-6.86%
Availability Rate	14.5%	15.2%	16.1%	-10.17%
Asking Lease Rate/SF/Mo	\$2.98	\$2.93	\$2.78	7.19%

	3Q26	2026 YTD	2025 YTD	YOY Change
Lease Volume (SF)	1,806,198	5,685,110	8,687,344	-34.56%
Sale Volume (SF)	1,627,202	4,334,223	5,464,114	-20.68%
Net Absorption (SF)	95,112	342,446	1,262,439	N/A

3Q 2026

↓ **1.8M SF**
LEASING ACTIVITY

↓ **95K SF**
NET ABSORPTION

↓ **11.5%**
VACANCY RATE

↑ **\$2.98**
ASKING RENT (AVG)

↑ **62K SF**
NEW DELIVERIES

Year-Over-Year Trend

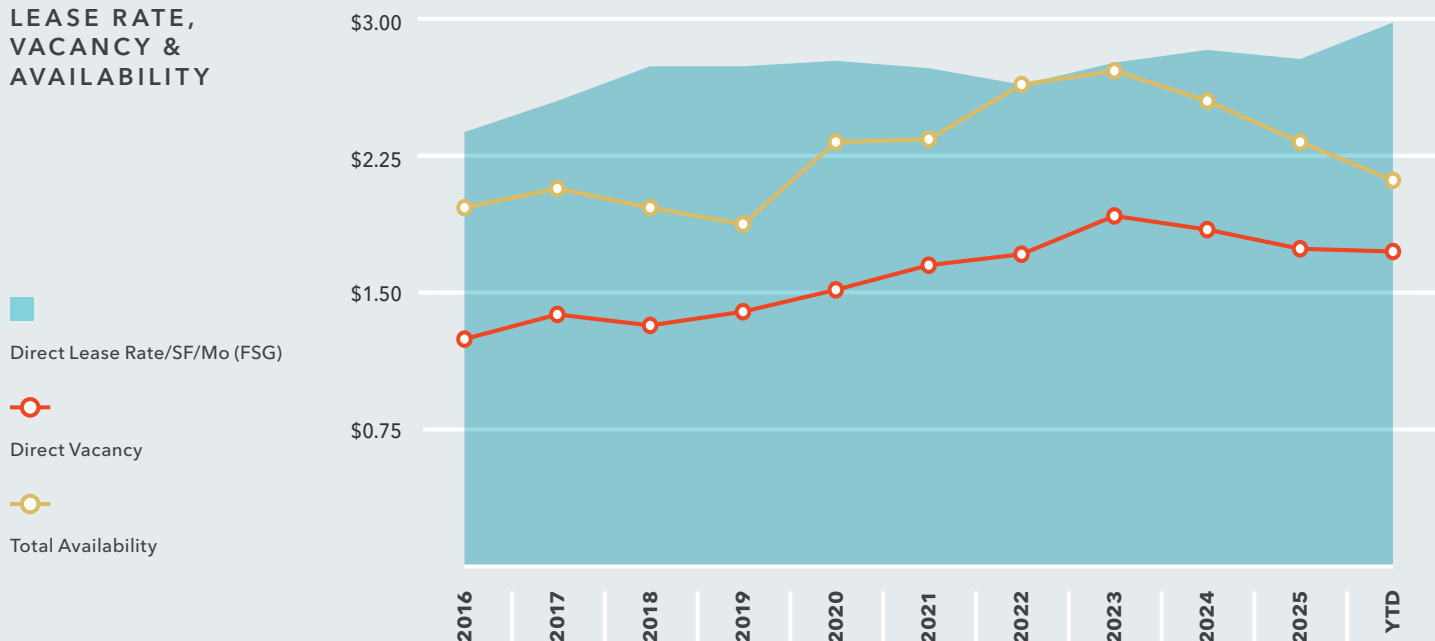
Market Highlights

DIRECT MARKET VACANCY
stood at 11.5%

AVERAGE ASKING PRICE
on a full-service basis
is \$2.98 PSF

178K SF is still being
developed in 3Q26

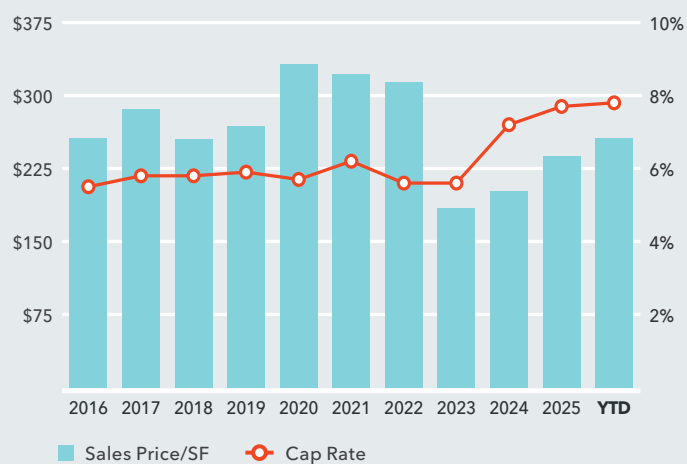
LEASE RATE, VACANCY & AVAILABILITY



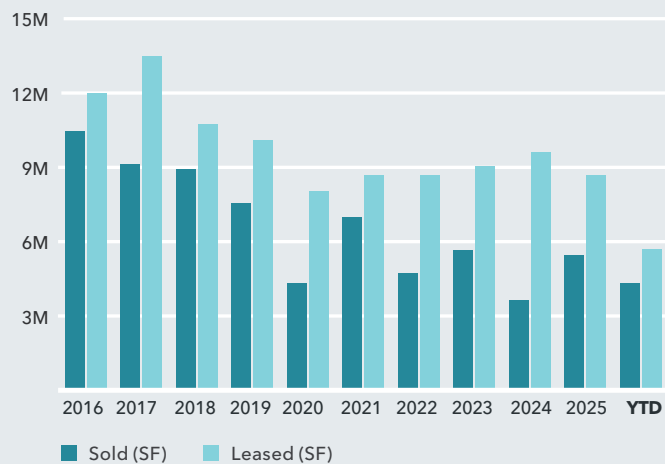
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	3Q26 Direct Net Absorption	YTD Direct Net Absorption	3Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (FS)
Costa Mesa	9,247,093	10.7%	1.0%	11.7%	14.6%	96,876	240,470	165,964	477,019	\$3.49
Irvine/Tustin Legacy	26,676,251	13.1%	0.7%	13.7%	17.2%	35,935	120,124	491,614	1,804,715	\$3.22
Newport Beach	12,723,014	10.0%	0.4%	10.4%	12.2%	5,125	110,979	250,774	571,267	\$3.91
South Santa Ana	2,448,498	20.9%	0.2%	21.1%	25.1%	-23,697	-8,531	45,515	148,067	\$2.60
Class A	26,083,606	17.2%	0.7%	17.9%	20.1%	60,861	150,248	584,834	1,813,443	\$3.45
Class B	22,393,568	7.4%	0.6%	8.0%	11.3%	58,021	328,930	357,325	1,134,564	\$3.13
Class C	2,617,682	4.7%	0.3%	5.0%	12.5%	-4,643	-16,136	11,708	53,061	\$3.10
Airport	51,094,856	12.3%	0.6%	12.9%	15.9%	114,239	463,042	953,867	3,001,068	\$3.29
Civic Center Area	5,668,342	10.5%	0.0%	10.5%	5.2%	-234,633	-359,041	6,867	23,966	\$2.43
East Orange	2,139,500	3.6%	0.0%	3.6%	4.0%	1,006	-22,297	25,829	45,460	\$2.46
Main Place	2,831,159	9.6%	1.1%	10.7%	13.2%	12,416	45,257	10,618	73,875	\$3.31
Parkcenter	4,540,632	11.1%	2.4%	13.4%	18.8%	67,520	120,537	43,117	186,243	\$2.45
Santa Ana	4,462,434	7.9%	0.5%	8.3%	12.8%	-7,527	106,365	32,389	50,036	\$2.53
Stadium Area	3,776,510	13.0%	0.1%	13.0%	17.1%	16,074	38,733	34,567	142,693	\$2.07
The City	2,679,123	19.9%	0.2%	20.1%	19.5%	-38,111	-72,538	21,891	89,124	\$3.07
Tustin	1,679,360	0.7%	0.0%	0.7%	6.1%	-641	112,402	1,592	8,599	\$1.66
Class A	6,873,545	15.5%	1.8%	17.3%	21.5%	-14,616	186,600	40,915	255,704	\$3.14
Class B	15,351,208	9.0%	0.3%	9.3%	9.3%	-144,614	-190,457	82,476	235,543	\$2.38
Class C	5,552,307	6.9%	0.1%	7.0%	9.7%	-24,666	-26,725	53,479	128,749	\$1.87
Central	27,777,060	10.2%	0.6%	10.8%	12.4%	-183,896	-30,582	176,870	619,996	\$2.58
Anaheim Hills	1,446,067	6.6%	0.0%	6.6%	7.2%	-5,801	12,275	7,807	30,641	\$2.56
Brea/La Habra	4,398,354	13.8%	0.4%	14.2%	17.7%	32,800	30,570	18,882	111,661	\$2.76
Buena Park/La Palma	2,270,635	8.2%	0.5%	8.8%	9.6%	-17,450	20,630	9,510	34,261	\$2.68
Fullerton	2,790,275	4.2%	0.1%	4.3%	5.0%	-22,073	-35,876	7,427	29,522	\$2.64
North/East Anaheim	5,476,648	4.9%	3.5%	8.4%	8.6%	9,981	-44,304	19,179	47,953	\$2.58
Placentia/Yorba Linda	832,459	12.3%	0.0%	12.3%	7.1%	-9,612	-10,778	31,829	44,703	\$2.26
Class A	2,915,616	15.9%	0.9%	16.8%	17.7%	17,534	46,269	42,469	102,415	\$2.83
Class B	11,522,572	7.1%	1.7%	8.8%	9.9%	-6,528	-69,155	46,207	164,991	\$2.59
Class C	2,776,250	3.4%	0.0%	3.4%	4.0%	-23,161	-4,597	5,958	31,335	\$2.44
North	17,214,438	8.0%	1.3%	9.3%	10.3%	-12,155	-27,483	94,634	298,741	\$2.62
Irvine Spectrum	15,290,718	9.7%	1.3%	11.0%	16.0%	231,850	53,510	381,702	1,117,733	\$3.06
Laguna Hills/Aliso Viejo	6,407,826	14.3%	4.5%	18.8%	26.8%	29,021	-18,514	61,000	157,902	\$2.75
Laguna Niguel/Laguna Beach	2,116,758	53.7%	0.3%	54.0%	4.7%	-11,050	12,677	4,822	32,312	\$3.02
Lake Forest/Foothill Ranch	3,460,936	14.5%	0.4%	14.9%	24.2%	-73,780	2,732	42,072	114,509	\$2.50
Mission Viejo	2,296,359	13.8%	0.1%	14.0%	16.8%	-7,820	14,426	14,255	80,624	\$2.49
Dana Point/San Juan/San Clemente	2,468,827	5.5%	0.6%	6.1%	7.4%	-2,232	-4,162	12,990	56,511	\$2.87
Class A	10,986,422	10.0%	2.6%	12.6%	21.4%	147,624	62,227	158,994	665,427	\$3.43
Class B	20,009,383	16.6%	1.2%	17.7%	15.9%	30,042	-1,254	335,069	822,485	\$2.62
Class C	1,879,604	8.4%	0.2%	8.7%	11.9%	-11,677	-304	22,778	71,679	\$3.09
South	32,875,409	13.9%	1.6%	15.5%	17.5%	165,989	60,669	516,841	1,559,591	\$2.93
Cypress	1,783,180	22.5%	0.3%	22.8%	20.8%	-1,062	-101,039	28,617	75,631	\$2.56
Fountain Valley	2,400,017	4.0%	0.2%	4.2%	4.5%	-197	5,254	7,273	26,739	\$2.27
Garden Grove	2,155,036	6.3%	0.1%	6.4%	8.9%	2,345	-26,512	1,176	7,472	\$2.11
Huntington Beach	3,093,024	11.6%	1.5%	13.1%	14.4%	14,819	-20,020	10,784	44,753	\$2.68
Los Alamitos/Stanton	1,229,795	3.8%	0.7%	4.5%	4.8%	-5,647	-4,551	6,323	27,208	\$3.07
Seal Beach	573,645	7.5%	2.4%	9.9%	11.7%	-409	2,488	2,543	16,241	\$3.53
Westminster	922,591	5.7%	0.9%	6.6%	10.3%	1,086	21,180	7,270	7,670	\$2.82
Class A	2,439,975	17.2%	2.7%	19.9%	19.3%	-12,554	257	28,900	89,986	\$2.76
Class B	7,271,848	8.2%	0.2%	8.4%	9.9%	23,893	-87,403	26,210	83,540	\$2.48
Class C	2,445,465	5.0%	0.3%	5.3%	5.9%	-404	-36,054	8,876	32,188	\$3.20
West	12,157,288	9.4%	0.7%	10.1%	11.0%	10,935	-123,200	63,986	205,714	\$2.61
Orange County Total	141,224,451	11.5%	0.9%	12.4%	14.5%	95,112	342,446	1,806,198	5,685,110	\$2.98
Class A	49,419,924	15.2%	1.4%	16.6%	20.4%	198,849	445,601	856,112	2,926,975	\$3.35
Class B	76,548,579	10.1%	0.8%	11.0%	11.8%	-39,186	-19,339	847,287	2,441,123	\$2.74
Class C	15,271,308	5.8%	0.2%	5.9%	8.8%	-64,551	-83,816	102,799	317,012	\$2.55

SIGNIFICANT SALE TRANSACTION 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Broadcom Five Point Gateway	South County	660,893	\$325,000,000	\$491.76	Broadcom	PRP Real Assets
Chet Holifield Federal Redevelopment Project	South County	1,054,233	\$207,921,000	\$197.22	Hoag	US GSA
100 Bayview Circle	Airport Area	346,335	\$98,000,000	\$282.96	Greenlaw Partners	Granite Properties, Inc.
Tustin Financial Plaza	Central County	185,000	\$68,675,000	\$371.22	Taylor Morrison, Inc.	Kingsbarn Realty Capital
Orange Center Tower	Central County	365,701	\$63,125,000	\$172.61	Global Edge Holding	Lincoln Property Company
14351 Myford Rd	Central County	147,218	\$37,820,000	\$256.90	Hines	Link Logistics Real Estate

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Alton HQ	South County	166,761	September 2026	The Irvine Company	Taco Bell
19-21 Technology Dr	South County	96,024	September 2026	The Irvine Company	Biosense Webster
Plaza Tower	Airport Area	70,640	September 2026	CJ Segerstrom & Sons	Undisclosed
Lakeview Business Center	South County	70,191	September 2026	The Irvine Company	DH Dental
Innovation Office Park	South County	32,819	July 2026	The Irvine Company	Marsh McLennan Agency
UCI Research Park	Airport Area	31,907	August 2026	The Irvine Company	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Weave @ OCVIBE	2525 E Katella Ave	Central County	168,137	H&S Ventures	November 2028
Medical Office Building	121 E Whittier Blvd	North County	10,000	Gire Orthodontics	October 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 20 offices in Washington, Oregon, California, Nevada, Arizona, and Texas. 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**32.4M**ANNUAL
SALES SF**32.5M**ANNUAL
LEASING SF**ASSET
SERVICES****55M+ SF**MANAGEMENT
PORTFOLIO SIZE**800+**ASSETS UNDER
MANAGEMENT**250+**CLIENTS
SERVED**VALUATION
ADVISORY****2,700+**AVERAGE ANNUAL
ASSIGNMENTS**42**TOTAL
APPRAISERS**23**WITH MAI
DESIGNATIONS