

MARKET TRENDS

ORANGE COUNTY INDUSTRIAL

MARKET DRIVERS

The demand for industrial space in the Orange County market stagnated during the first part of the year. Many market experts had anticipated a strong rebound following the presidential elections, but the reality has been quite the opposite. With business owners unable to make forecasts beyond just a few months, expansion plans have been put on hold. This uncertainty has led to a decline in demand for industrial space, placing pressure on landlords and sellers to lower their asking prices. Additionally, many businesses are struggling with the early effects of a trade war, resulting in a noticeable increase in sublease space hitting the market—an indicator of further challenges ahead.

ECONOMIC REVIEW

Several new industrial developments have recently come online. However, new construction has been progressing at a measured pace, and these state-of-the-art projects are standout properties. As the market recovers, these developments are expected to lease quickly at historically high rates. In the meantime, vacancy rates are projected to rise, and rents are likely to continue their decline.

NEAR-TERM OUTLOOK

The Orange County market is well-positioned for a strong recovery, bolstered by a diverse mix of major employers across various industries. Among the prominent players are The Walt Disney Company, Fluor Corporation, Edwards Lifesciences, Boeing, Broadcom, Pacific Life, and Ingram Micro. While several companies have relocated to other states in search of lower operating costs, many are finding that the anticipated savings don't outweigh the missed opportunities of being outside the Orange County market. As a result, we expect these companies to return, driving an uptick in demand for industrial properties.

The commercial real estate market has been in a recession for the past twenty-four months, but there is a strong drive to push it to new heights. Pent-up demand remains as business owners await the clarity needed to move forward with their growth plans. Once this happens, expect rent growth to surge, vacancy rates to drop, and new construction to accelerate. Peak pricing is just around the corner.

Market Summary

	1Q25	4Q24	1Q24	YOY Change
Direct Vacancy Rate	4.8%	4.3%	3.1%	53.75%
Availability Rate	8.7%	8.2%	6.0%	44.33%
Asking Lease Rate	\$1.57	\$1.59	\$1.72	-8.72%
	1Q25	4Q24	1Q24	YOY Change
Lease Transactions	1,530,450	2,939,880	2,853,518	-46.37%
Sale Transactions	1,088,215	784,853	647,001	68.19%
Net Absorption	-823,333	-368,024	-930,957	N/A

↓ **1.5M SF**
LEASING ACTIVITY

↑ **-823K SF**
NET ABSORPTION

↑ **4.8%**
VACANCY RATE

↓ **\$1.57**
ASKING RENT (AVG)

↓ **390K SF**
NEW DELIVERIES

Year-Over-Year Trend

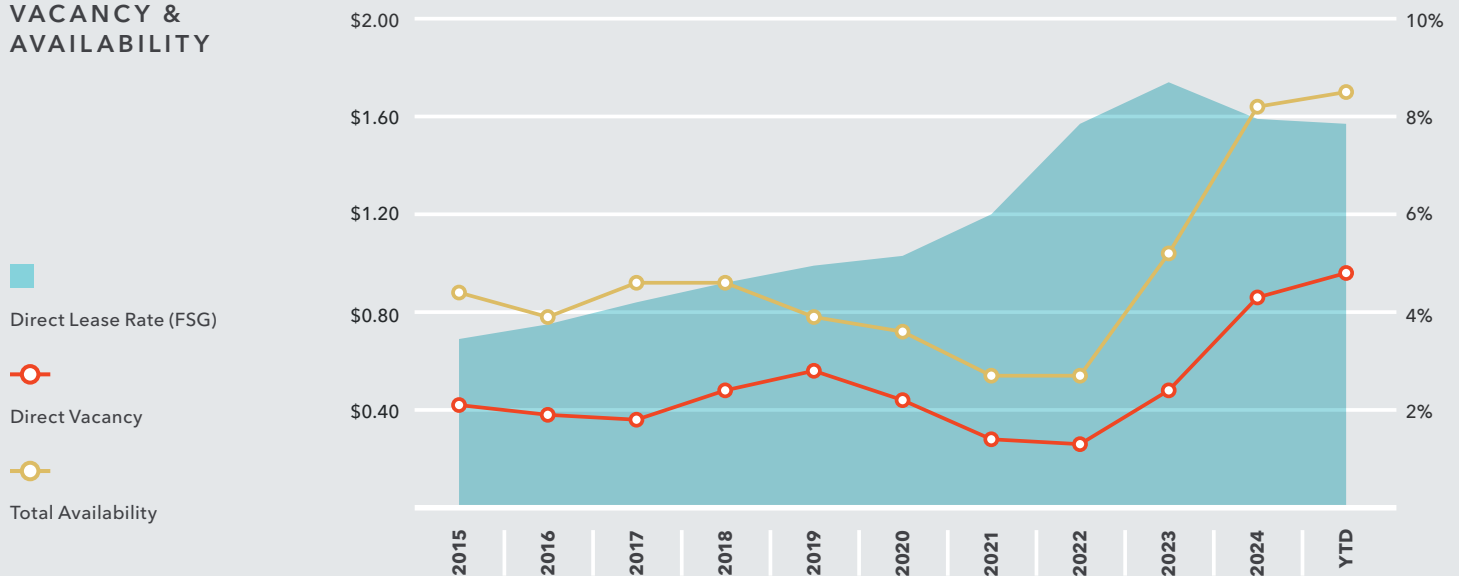
Market Highlights

DIRECT VACANCY RATES
rose to 4.8%

MARKET AVERAGE was
\$1.57 PSF on an NNN basis

SALE PRICE was \$321.38 PSF,
while the cap rate was 4.5%

LEASE RATE, VACANCY & AVAILABILITY

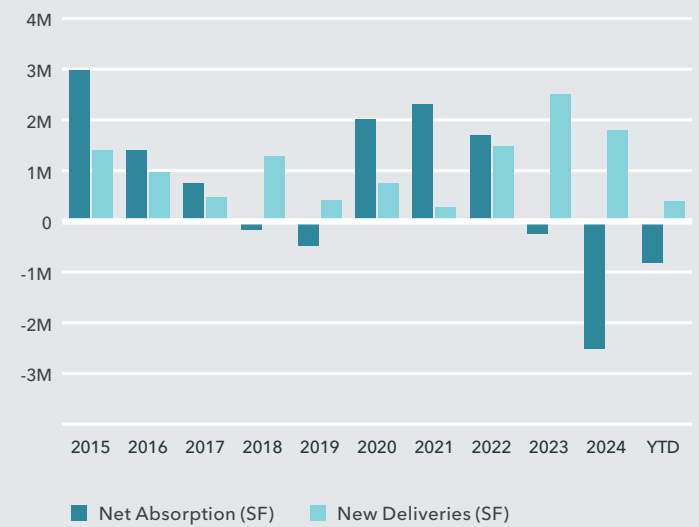


BIGGEST SALE OF THE QUARTER

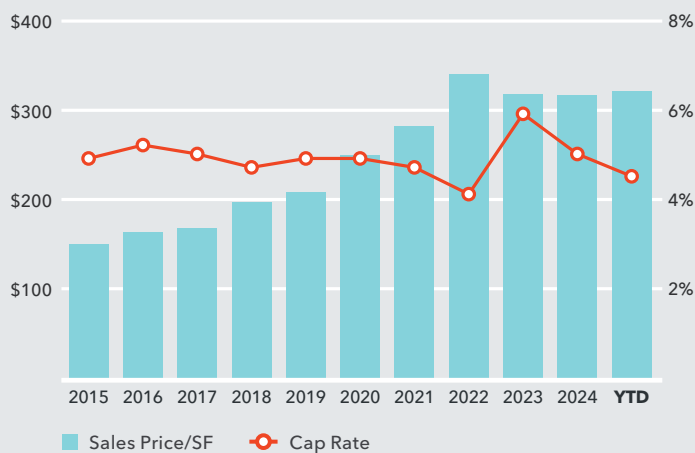
*1501-1601 E Cerritos Ave
Anaheim, CA*



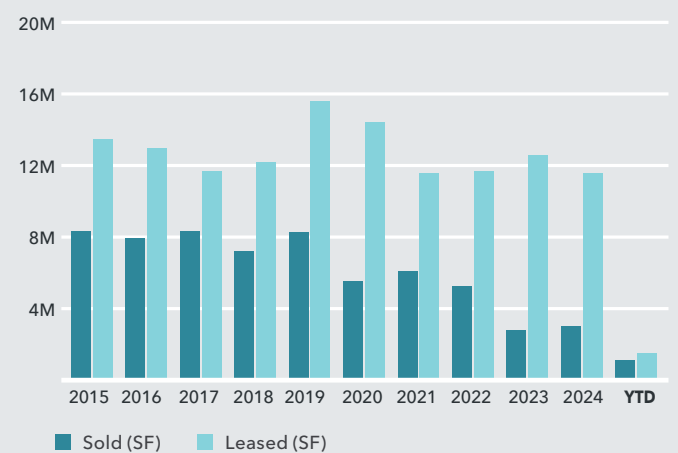
NET ABSORPTION & NEW DELIVERIES



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	QTR Direct Net Absorption	YTD Direct Net Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (FS)
Costa Mesa	7,492,405	4.4%	0.0%	4.4%	5.6%	-31,352	-31,352	28,092	28,092	\$1.67
Fountain Valley	3,654,295	2.5%	0.0%	2.5%	3.5%	4,614	4,614	44,561	44,561	\$1.42
Irvine	11,931,555	8.7%	2.6%	11.3%	12.6%	-136,420	-136,420	16,261	16,261	\$1.71
Newport Beach	414,709	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$3.30
Santa Ana	30,726,455	4.2%	1.0%	5.2%	8.1%	-152,130	-152,130	63,716	63,716	\$1.39
Tustin	4,730,533	7.3%	0.2%	7.4%	9.2%	69,872	69,872	2,328	2,328	\$1.64
Airport Area	58,949,952	5.2%	1.1%	6.3%	8.4%	-245,416	-245,416	154,958	154,958	\$1.55
Anaheim	45,077,142	5.3%	0.6%	6.0%	8.3%	-159,315	-159,315	572,643	572,643	\$1.60
Brea/La Habra	15,817,714	3.4%	0.3%	3.8%	8.1%	27,676	27,676	17,352	17,352	\$1.53
Buena Park	13,198,020	10.7%	3.7%	14.4%	16.4%	-81,647	-81,647	58,362	58,362	\$1.54
Fullerton	19,404,510	4.3%	1.4%	5.7%	9.3%	37,777	37,777	80,251	80,251	\$1.49
Orange	13,206,514	2.4%	0.5%	2.9%	6.8%	-35,727	-35,727	83,563	83,563	\$1.50
Placentia/Yorba Linda	4,839,753	3.6%	0.5%	4.1%	3.4%	82,749	82,749	35,019	35,019	\$1.63
North County	111,543,653	5.1%	1.1%	6.2%	9.0%	-128,487	-128,487	847,190	847,190	\$1.55
Irvine Spectrum	10,173,605	3.9%	0.4%	4.2%	11.6%	-245,020	-245,020	21,998	21,998	\$1.73
Laguna Hills/Aliso Viejo	1,786,480	3.2%	0.0%	3.2%	7.7%	-10,448	-10,448	5,096	5,096	\$1.75
Laguna Niguel/Laguna Beach	286,699	2.0%	0.0%	2.0%	2.0%	-3,340	-3,340	0	0	\$2.58
Lake Forest/Foothill Ranch	7,337,703	3.8%	1.8%	5.6%	6.9%	-561	-561	54,200	54,200	\$1.69
Mission Viejo	748,218	1.3%	0.0%	1.3%	1.3%	0	0	3,400	3,400	\$1.52
RSM/CDC/Ladera Ranch	1,775,013	3.0%	0.1%	3.1%	4.0%	-11,063	-11,063	5,630	5,630	\$1.74
Dana Point/San Juan/San Clemente	2,895,056	3.5%	0.3%	3.8%	9.4%	2,158	2,158	14,591	14,591	\$1.64
South County	25,002,774	3.6%	0.7%	4.3%	8.7%	-268,274	-268,274	104,915	104,915	\$1.71
Cypress	4,263,376	7.7%	0.0%	7.7%	19.1%	-249,850	-249,850	7,281	7,281	\$1.62
Garden Grove	12,379,111	4.4%	0.2%	4.5%	6.2%	61,785	61,785	23,020	23,020	\$1.52
Huntington Beach	13,963,129	2.1%	2.3%	4.4%	8.1%	-13,887	-13,887	335,107	335,107	\$1.61
La Palma	1,778,216	4.1%	0.0%	4.1%	0.0%	0	0	0	0	\$0.00
Los Alamitos/Stanton	3,955,160	4.7%	0.0%	4.7%	5.3%	45,954	45,954	47,365	47,365	\$1.60
Seal Beach	942,399	0.0%	0.0%	0.0%	1.4%	0	0	0	0	\$0.00
Westminster	2,218,745	5.7%	1.6%	7.3%	9.7%	-25,158	-25,158	10,614	10,614	\$1.45
West County	39,500,136	3.9%	1.0%	4.9%	7.9%	-181,156	-181,156	423,387	423,387	\$1.56
5,000 - 9,999	17,163,430	1.8%	0.1%	1.9%	2.7%	44,861	44,861	91,759	91,759	\$1.68
10,000 - 24,999	60,736,980	3.0%	0.3%	3.2%	4.2%	-257,905	-257,905	381,342	381,342	\$1.61
25,000 - 49,999	41,866,359	3.9%	0.2%	4.1%	5.9%	-109,599	-109,599	229,329	229,329	\$1.53
50,000 - 99,999	37,317,249	5.5%	0.6%	6.1%	8.9%	185,899	185,899	208,812	208,812	\$1.56
100,000 - 249,999	47,729,118	7.5%	1.4%	8.8%	16.9%	-413,692	-413,692	57,200	57,200	\$1.60
250,000 Plus	30,217,066	6.2%	4.1%	10.2%	11.4%	-272,897	-272,897	562,008	562,008	\$1.49
Orange County Total	235,030,202	4.8%	1.0%	5.8%	8.7%	-823,333	-823,333	1,530,450	1,530,450	\$1.57

SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1501-1601 E Cerritos Ave (Purchased By Tenant)	North County	406,787	\$124,000,000	\$304.83	The Walt Disney Company	JPMorgan Chase & Co
3300 E Birch St	North County	218,648	\$92,100,000	\$421.22	New York Life Insurance Co.	AEW Capital Mgmt
8401 Page St	North County	55,362	\$18,136,500	\$327.60	Ki-ayla LLC	ConvergeOne
Kimberly Business Center	North County	59,277	\$12,525,000	\$211.30	Terra Universal Inc	LBA Logistics
1601 N Miller St	North County	44,921	\$9,850,000	\$219.27	Salmobros Properties, LLC	Cal Core LLC
1842 Barranca Pkwy (1031 Exchange)	Airport Area	25,000	\$9,500,000	\$380.00	Finish Well LLC	Barranca Inv. Co. LP

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Straub Distributing Building	North County	281,548	February 2025	Pfizer Inc.	Straub Distributing Co., Ltd (Renewal)
McDonnell Center Business Park	West County	280,460	January 2025	Prologis, Inc.	Adient Aerospace (Sublease)
640 N Cypress St	North County	84,037	January 2025	GS Properties LLC	Undisclosed
1210 N Tustin Ave	North County	75,700	February 2025	Fluter Properties	Undisclosed
2425-2440 Artesia Ave	North County	55,214	January 2025	PacificWest Asset Mgmt	Acro Tech Service
1190 - 1198 N Kraemer Blvd	North County	50,000	February 2025	Zantos Living Trust	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Goodman Commerce Center	5755 Plaza Dr & 5885 Plaza Dr	West County	390,268	Goodman	March 2025
Bake Freeway Business Park	15700-15800 Bake Pky	South County	379,168	Tishman Speyer	August 2025
Stadium Landing	2120 E Howell Ave & 2223 E Katella Ave	North County	338,030	Pacific Industrial	May 2025 June 2025
Huntington Gateway	5055-14383-14393 Skybolt Ln	West County	318,751	Sares Regis Group	January 2025
LogistiCenter at Irvine I & II	2 & 4 Sterling	South County	224,920	Dermody Properties, Inc.	June 2025
Harbor Logistics Center	3130-3100 S Harbor Blvd	Airport Area	162,656	Kearny RE Co/Dune RE Partners LP	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.

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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