ORANGE COUNTY

THIRD QUARTER 2026 INDUSTRIAL MARKET REPORT

TENANT DEMAND SURGES; FIRMING FOR SLIDING RENTS

Strong countywide demand for industrial space returned in the third quarter with the most tenant growth for any three-month period since late 2022. A long slide in overall rents also came to a halt.

Net absorption totaled 824,188 SF in Q3. There has been positive overall tenant expansion of 1,440,309 SF in three of the last four quarters – a relief for landlords following 11 straight negative quarters during which occupancy declined more than 9.5 million SF.

There was healthy Q3 tenant expansion throughout most of the county. The overall vacancy rate ticked downward from 6.9% at midyear to settle at 6.7%. Three newly completed buildings totaling 304,230 SF boosted the county's inventory to 277.7 million SF. The nearly 17% skid in asking rents was checked after a 10-quarter decline.

Among U.S. markets, Orange County's inventory is ranked 22nd largest with vacancy at 46th lowest. It's 30th in net absorption and ninth most in asking rents.

The 72.4-million-SF Airport market led the way with 530,896 SF of Q3 tenant growth. The Airport market also is the county's tightest with a vacancy rate of 5.9%, down from 6.4% at midyear. The Airport market covers Costa Mesa, Fountain Valley, Irvine, Newport Beach, South Santa Ana and Tustin.

The North and West County markets also reported positive net absorption.

West County, with 44.3 million SF of inventory, reported a Q3 net gain of 379,552 SF throughout the cities of Cypress, Huntington Beach, Los Alamitos, Stanton, Seal Beach and Westminster

North County, the county's largest market with 117 million SF of space, recorded 133,259 SF of tenant growth. North County includes Anaheim, Brea, La Habra, Buena Park, Fullerton, La Palma, Placentia and Yorba Linda.

South County continues as the demand outlier with negative 248,000 SF of Q3 absorption. Covering 43.8 million SF from the Irvine Spectrum to San Clemente, South County tenants have put 1.8 million SF back in available inventory in the last four years, driving up the vacancy rate from 2.2% to 9%.

Asking full-service rents averaged $1.47 per SF in Q3, posting the first quarterly bump in three years since their $1.67 per SF historical peak. That high-water mark followed a post-recession, 12-year run-up from 64 cents per SF from Q3 2011.

The largest lease in the quarter was for an airport-close 136,612-SF, two-year-old logistics facility at 18582 Teller Ave. Developed on 6.25 acres by Marq Logistics for Ares Real Estate, the asking rent was $1.28 per SF. Other terms and the tenant's name were undisclosed.

The largest sale in Q3 was the $75-million acquisition by Robinson Pharma from Starpoint Ventures of a 263,988-SF building with 26 feet of clear height at 2323 Main St., Irvine. The building initially was purchased in 2006 by Hines Interest LP for $31.5.

MARKET FORECAST

Cal State Fullerton's Business Expectations Index for Orange County rose to 72.4% in Q3, up from Q2's 68.5%. Inflation remains as the leading concern followed by fuel costs, interest rates, tariffs, government deficits, the Iran war and a potential stock market decline.

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ECONOMIC INDICATORS

	Current Quarter	Prior Quarter
OC Unemployment	4.4%	4.1%
California Unemployment	5.4%	5.2%
US Unemployment	4.2%	4.2%

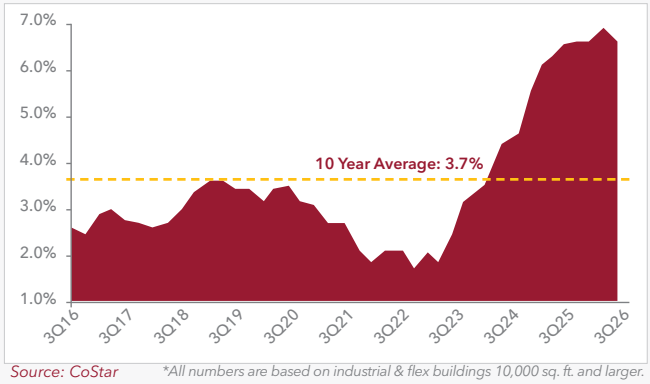
Source: EDD

INDUSTRIAL MARKET INDICATORS

	Current Quarter	Prior Quarter
Total Inventory (SF)	277,735,284	277,445,475
Vacancy Rate (%)	6.7%	6.9%
Net Absorption (SF)	824,188	(222,479)
Average Asking Rent (NNN)	$1.45	$1.43
Under Construction (SF)	529,560	715,803

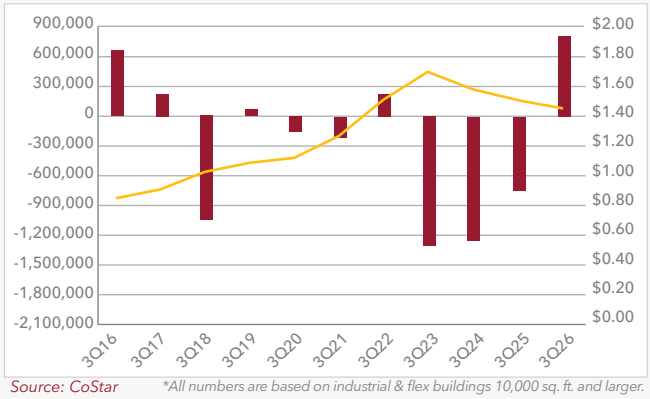
Source: CoStar **All numbers are based on industrial & flex buildings 10,000 sq. ft. and larger.*

OVERALL VACANCY



Source: CoStar **All numbers are based on industrial & flex buildings 10,000 sq. ft. and larger.*

NET ABSORPTION VS ASKING RATES



Source: CoStar **All numbers are based on industrial & flex buildings 10,000 sq. ft. and larger.*

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ORANGE COUNTY INDUSTRIAL MARKET STATISTICS - 3Q 2026

Submarket	Bldg Count	Total SF Inventory	Total SF Available	Availability Rate	Total SF Vacant	Vacancy Rate	Net SF Absorption	YTD Net SF Absorption	Avg Asking Lease Rate	SF Under Construction
North	3,161	117,024,615	10,524,012	9.0%	7,474,972	6.4%	133,259	(15,166)	$1.36	52,102
West	1,316	44,326,370	3,342,504	7.5%	2,822,254	6.4%	408,035	726,424	$1.32	261,392
Greater Airport	2,433	72,362,274	4,638,646	6.4%	4,297,067	5.9%	530,896	621,716	$1.48	216,066
South	1,241	43,782,042	4,843,907	11.1%	3,946,379	9.0%	(248,002)	(416,141)	$1.72	0
Outlying OC	1	239,983	- 0 -	0.0%	- 0 -	0.0%	- 0 -	- 0 -	- 0 -	0
TOTALS	**8,152**	**277,735,284**	**23,349,069**	**8.4%**	**18,540,672**	**6.7%**	**824,188**	**916,833**	**$1.45**	**529,560**

Source: CoStar

**All numbers are based on industrial & flex buildings 10,000 sq. ft. and larger.*

LEASE TRANSACTIONS 3Q 2026

	PROPERTY	SF	TENANT	LANDLORD	REPRESENTING BROKERS
	2120 E Howell Ave Anaheim, CA	237,246	Undisclosed	PI Stadium, LLC	Jeff Gahagan & Bob Sattler represented the Tenant.
	15541 Mosher Ave Tustin, CA	55,263	Provenza Floors, Inc.	TA Mosher Avenue L.P.	Dale Camera, Jason Helmick & Zach Schwaner represented the Tenant.
	1830 E Warner Ave Santa Ana, CA	32,000	NexSpring	William T White III	Bob Griffin represented the Landlord.

SALE TRANSACTIONS 3Q 2026

	PROPERTY	SF	BUYER	SELLER	REPRESENTING BROKERS
	64640 19th Ave Desert Hot Springs, CA	60,000	Sunland Warehouse LLC	Snider Investments, LLC	Kylee King, Allen Basso & Eric Darnell represented the Buyer.
	1025 N Armando St Anaheim, CA	24,988	WCP Enterprise, LLC	Gazelle, LCC	Luke Hudson represented the Seller and the Buyer.
	2401-2413 S Broadway Santa Ana, CA	11,452	Habib Properties, LLC	JB Capital	Charlie Winn represented the Seller.

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