



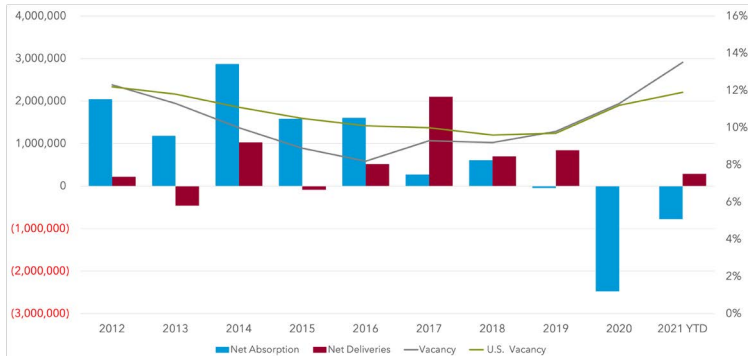
### OFFICE MARKET OVERVIEW

GARY MCARDELL, *Senior Vice President/Principal*

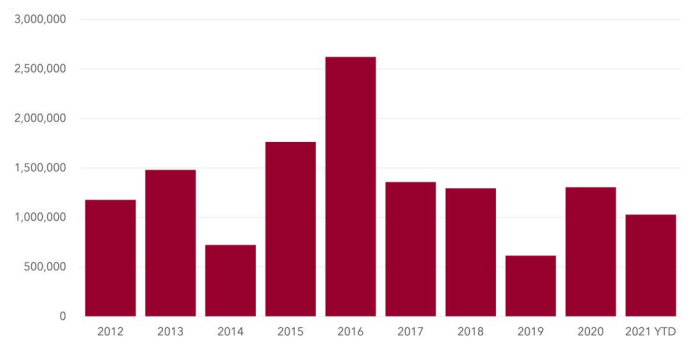
The Orange County office market continued in the first quarter to suffer the ongoing effects of the pandemic. The vacancy rate climbed to 13.5% and the County had over 775K SF of negative absorption in the 1st quarter. The negative absorption over the last 4 quarters represents the largest amount of space put back on the market since the Great Recession. The other big story is the vast amount of sublease space currently available. At 3.4M SF, this foreshadows future increases in the vacancy rate as anemic absorption will not be able to keep up with this future direct vacancy. California's lifting of stay at home orders will help to clarify the situation, but what is clear is that with weak demand and growing supply, lower rents and greater concessions will follow.

MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▲ Net Absorption SF	(776,138)	(1,026,084)	(724,906)	(92,172)	224,823
▲ Vacancy Rate	13.51%	12.37%	11.41%	10.73%	10.65%
▼ Avg NNN Asking Rate	\$32.07 PSF	\$32.30 PSF	\$32.52 PSF	\$32.85 PSF	\$32.57 PSF
▼ SF Under Construction	1,027,748	1,317,733	1,392,608	1,412,255	1,412,255
▲ Inventory SF	117,359,234	117,098,400	116,983,525	116,913,878	116,913,878

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
25 Enterprise Aliso Viejo, CA	149,876 SF	\$47,040,000 \$313.85 PSF	Summit IV LLC Summit Office, LLC	Class A
15 Enterprise Aliso Viejo, CA	147,401 SF	\$44,960,000 \$305.03 PSF	Summit IV LLC Summit Office, LLC	Class A
1 Banting Irvine, CA	69,948 SF	Undisclosed	Undisclosed CSU Fullerton Auxilliary Serv Corp	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1375 Sunflower Drive Costa Mesa, CA	639,206 SF	The Press Owner LLC	Anduril	Professional, Scientific, and Technical Services
3731 Warner Avenue Santa Ana, CA	129,600 SF	Orange Courier, Inc.	ReadySpace, LLC	Industrial Coworking
17595 Mount Herrmann Street Fountain Valley, CA	120,500 SF	Sakioka Company LLC	Undisclosed	Undisclosed

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