



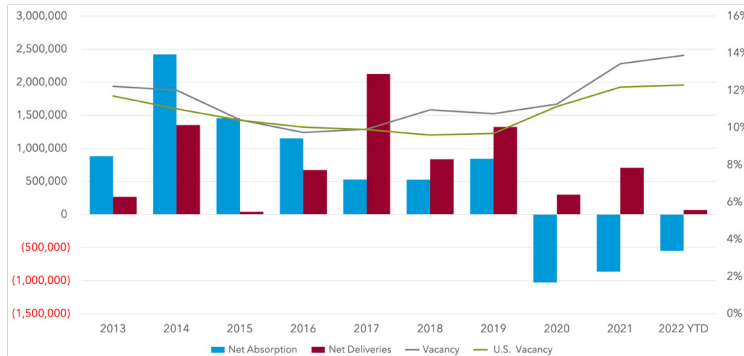
OFFICE MARKET OVERVIEW

GARY MCARDELL, CCIM, SIOR, Senior Vice President, Principal

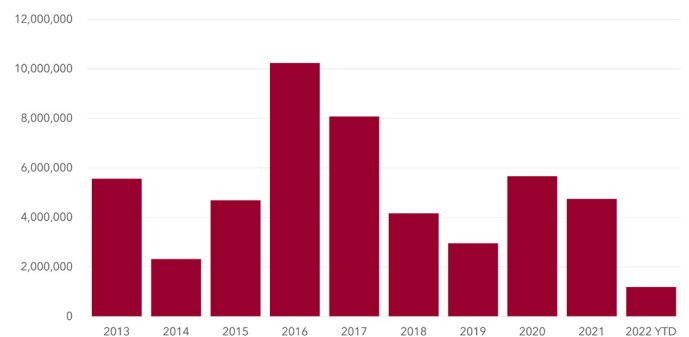
After a strong rebound in Q4, the Orange County office market took a turn back into negative territory with 550,000 SF of negative absorption in the Q1 of 2022. The vacancy rate crept up to 13.9%, well above the "equilibrium point" of 10% where landlords and tenants have equal power at the negotiating table. An 18% availability rate points to an abundance of sublease space and Landlord's premarketing space that will inevitably hit the market when leases expire. The bright spot was the South County market, driven mainly by strong activity in the Spectrum office area. The Spectrum offers many choices for new shell office space and has been the recipient of the majority of leasing since companies have begun their return to the office.

| MARKET INDICATORS | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| ▼ 12 Mo. Net Absorption SF | (550,126) | 610,486 | (234,879) | (241,425) | (997,532) |
| ▲ Vacancy Rate | 13.89% | 13.38% | 13.83% | 13.47% | 13.1% |
| ▼ Avg NNN Asking Rate PSF | \$2.63 | \$2.65 | \$2.63 | \$2.63 | \$2.66 |
| ▼ SF Under Construction | 1,188,054 | 1,257,554 | 1,150,417 | 1,233,876 | 1,105,111 |
| ▲ Inventory SF | 117,645,693 | 117,576,193 | 117,485,161 | 117,264,702 | 117,047,681 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|--|------------|---|--|----------------|
| 1610 E Saint Andrew Place Santa Ana, CA | 205,004 SF | Not Disclosed (Part of Portfolio Sale) | Global Atlantic Financial Group & Drawbridge Realty | Class B |
| 1600 E Saint Andrew Place Santa Ana, CA | 187,875 SF | Not Disclosed (Part of Portfolio Sale) | Global Atlantic Financial Group & Drawbridge Realty | Class B |
| 1700 E Saint Andrew Place Santa Ana, CA | 171,330 SF | Not Disclosed (Part of Portfolio Sale) | Global Atlantic Financial Group & Drawbridge Realty | Class A |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|------------|------------------------------------|---------------------------------|-----------------------|
| 1600 S Douglass Rd, 1st & 2nd Floor Anaheim, CA | 127,750 SF | H & S Ventures LLC | Carrington Real Estate Services | Finance and Insurance |
| 15545 Sand Canyon Ave 1st & 2nd Fl Irvine, CA | 53,980 SF | Irvine Company | Cap Diagnostics | Private |
| 3345 Michelson Drive, 4th Floor Irvine, CA | 40,237 SF | Principal Financial Group, Inc. | Undisclosed | Undisclosed |

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