



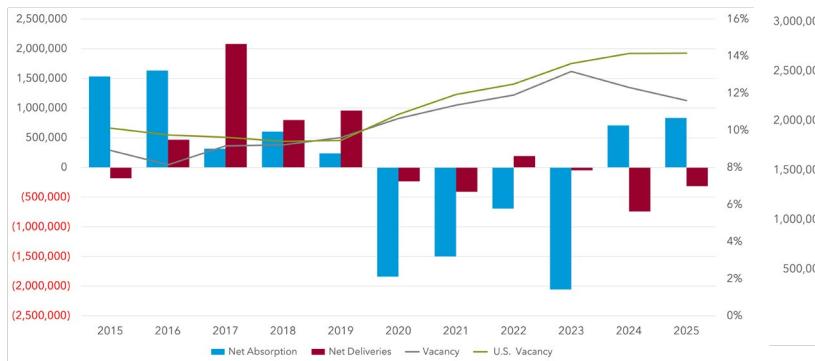
OFFICE MARKET OVERVIEW

MARSHAL VOGT, President and Managing Principal

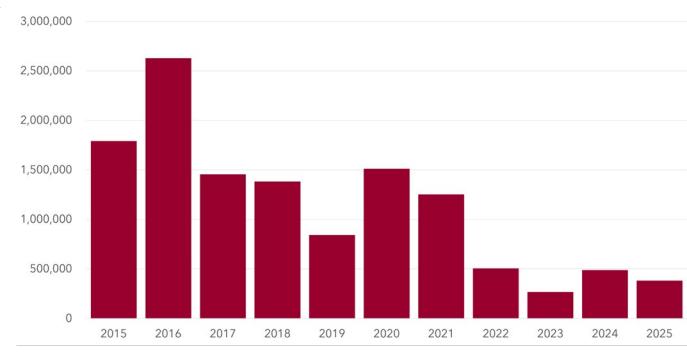
Orange County's office market showed measurable stabilization through 2025, with availability tightening to approximately 14.0% by year-end, down from the 2023 peak of 16.9%. The improvement was driven by the burn-off of sublease space, renewed leasing activity in premier buildings, and a steady contraction of overall supply. Owner-user acquisitions and the demolition of obsolete suburban campuses—often redeveloped for industrial use—continued to remove space from inventory. Availability remained lowest in North County and Coastal South County, while larger submarkets worked through elevated vacancy tied to corporate downsizing. Tenant preference for high-quality assets persisted, shaping leasing dynamics across the county.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	835,349	(291,760)	(417,461)	521,855	709,724
▼ Vacancy Rate	11.60%	12.30%	12.50%	12.20%	12.30%
▲ Avg Asking Rent PSF	\$33.72	\$33.60	\$33.60	\$33.60	\$33.72
▲ Sale Price PSF	\$258.00	\$256.00	\$257.00	\$257.00	\$258.00
▼ Cap Rate	8.00%	8.10%	8.00%	7.90%	7.90%
▼ Under Construction	382,723	414,308	414,308	384,354	489,901
▼ Inventory	157,272,839	157,307,993	157,495,857	157,412,047	157,588,160

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
770-840 The City Drive, S Orange, CA	395,767 SF	\$89,000,000 \$224.88 PSF	MGR Real Estate Granite Properties	Class A
1700-1783 Flight Way Tustin, CA	474,724 SF	\$199,900,000 \$419.19 PSF	G3 Flight Flight Phase I	Class A
3333-3335 Susan Street Costa Mesa, CA	190,000 SF	\$77,928,000 \$410.15 PSF	Drawbridge Realty Invesco	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5290 California Avenue Irvine, CA	102,000 SF	Irvine Company	Medtronic	Manufacturing
1700 E. Saint Andrew Santa Ana, CA	99,589 SF	Drawbridge Realty	County of Orange	Public Admin
20 Pacifica Irvine, CA	55,039 SF	Irvine Company	Integra Capital Group	Finance/Insurance



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