



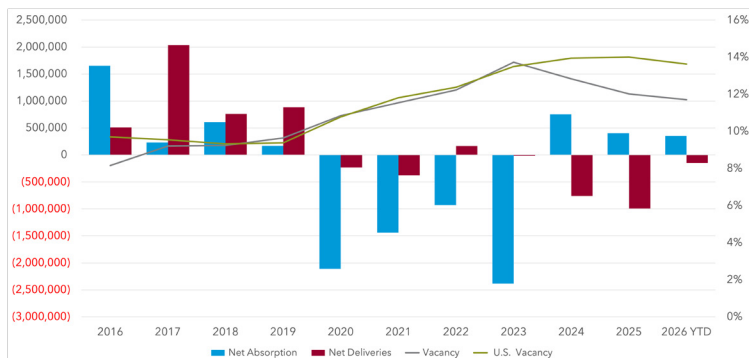
OFFICE MARKET OVERVIEW

MARSHAL VOGT, *President*

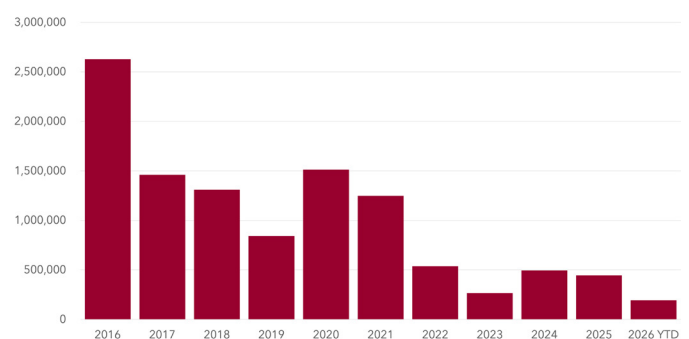
Orange County's office market continued to strengthen in Q3 2026, recording its third consecutive quarter of positive net absorption, bringing annual absorption to 1.1 million square feet. Demand from manufacturing, medical, and pharmaceutical users supported occupancy gains, while leasing activity remained below pre-pandemic levels. Vacancy continued to decline, supported by owner-user acquisitions and the redevelopment of obsolete office properties. Asking rents increased 4.6% year-over-year, with premier buildings outperforming the broader market. Limited new construction and shrinking inventory should support continued stabilization, although modest employment growth and subdued leasing activity remain challenges to sustained recovery and future rent growth.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ 12 Mo. Net Absorption SF	1,606,296	1,292,452	781,764	402,123	(777,519)
▼ Vacancy Rate	11.50%	11.60%	11.60%	12.00%	12.80%
▼ Avg Asking Rent PSF	\$3.03	\$3.04	\$2.98	\$2.94	\$2.90
▼ Sale Price PSF	\$279.00	\$284.00	\$277.00	\$272.00	\$265.00
▲ Cap Rate	7.60%	7.50%	7.70%	7.80%	7.90%
▼ Under Construction	193,724	256,492	402,834	445,491	458,140
▲ Inventory	155,962,534	155,899,766	155,769,986	156,105,704	156,444,726

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
15101-15191 Alton Pky Irvine, CA	660,893 SF	\$325,000,000 \$491.76 PSF	Broadcom PRP Real Assets	Class A
100 Bayview Cir Newport Beach, CA	346,335 SF	\$98,000,000 \$282.96 PSF	Greenlaw Partners Granite Properties	Class A
19000 MacArthur Blvd Irvine, CA	163,714 SF	\$26,500,000 \$161.87 PSF	KF Partners CM Capital	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
15955 Alton Pky Irvine, CA	104,294 SF	Irvine Company	Taco Bell	Fast Food Restaurant
4000 MacArthur Blvd Newport Beach, CA	102,417 SF	MetLife	Anduril	Defense
19 Technology Dr Irvine, CA	63,507 SF	Irvine Company	Biosnese	Pharmaceutical

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2026 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com