

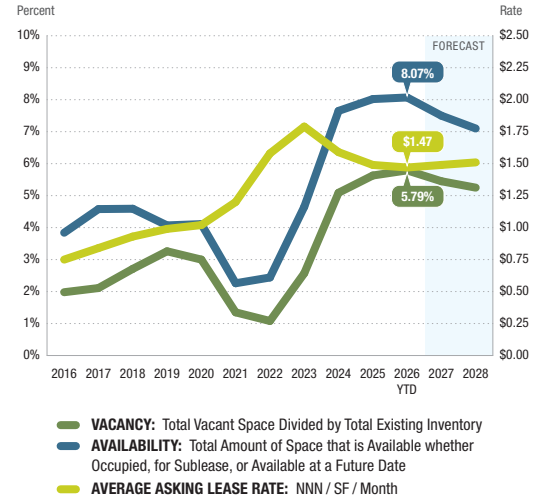
OVERVIEW. Two years into the correction cycle, the market showed its first clear signs of leveling off in Q1 2026. Vacancy expansion slowed, transaction velocity held firm, and the county recorded its first quarter of meaningful positive net absorption since early 2023. Demand is increasingly led by manufacturing. Precision fabricators, mechanical contractors, and defense tenants accounted for the majority of lease transactions, while traditional distribution users remained cautious and some segments continued to sublease excess capacity back to the market. Asking rents extended their correction from the cycle peak, though the pace of decline moderated. The construction pipeline contracted to its lowest level since early 2020, reducing forward supply risk. Heading into the second quarter, tempered stabilization, not rebound, defines the outlook.

VACANCY & AVAILABILITY. The industrial vacancy rate rose to 5.79% in Q1 2026, an increase of 16 basis points quarter over quarter from 5.63% in Q4 2025 and 48 basis points year over year from 5.31% in Q1 2025. Despite positive net absorption during the quarter, vacancy continued to climb as 712,208 SF of new construction were delivered. Vacancy stood at a cycle trough of 1.05% in Q3 2022; the pre-pandemic baseline in Q1 2019 was 3.32%. Total availability rose to 8.07%, slightly up from 8.02% in Q4 2025, and well above the 2.20% cycle trough in Q3 2022. The 228-basis-point gap between the 5.79% vacancy rate and the 8.07% availability rate reflects the persistent sublease inventory concentrated in the Irvine Spectrum and North County submarkets.

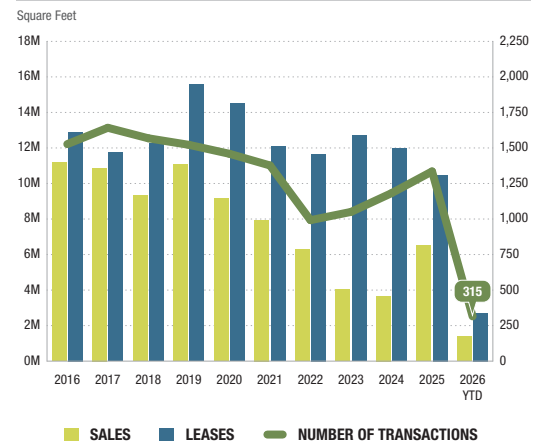
LEASE RATES & SALE PRICES. The average asking lease rate for industrial space declined to \$1.47 PSF in Q1 2026, down 1.3% from \$1.49 PSF in Q4 2025 and down 6.4% from \$1.57 PSF one year ago. Asking rents have now declined 17.9% from the cycle peak of \$1.79 PSF recorded in Q4 2023, a cumulative correction of \$0.32 PSF over ten quarters. The gap between asking rates and net effective rents continues to reflect a competitive leasing environment. Lease activity was split between manufacturing-oriented facilities, which accounted for roughly 55% of transactions, and distribution product at 38%. The average asking sale price declined 1.8% quarter over quarter to \$399.31 PSF, down from \$406.52 PSF in Q4 2025, but rose 5.7% year over year from \$377.81 PSF in Q1 2025. Sale pricing remains below the cycle peak of \$438.89 PSF recorded in Q3 2022.

TRANSACTION ACTIVITY. Total transaction volume reached 4,099,224 SF across 315 deals in Q1 2026, up from 3,565,542 SF across 312 deals in Q4 2025. Leasing accounted for 278 transactions totaling 2,705,009 SF, with manufacturing and industrial services tenants representing the majority of deal activity. Investment sales included 37 transactions totaling 1,394,215 SF. The owner-user sales market continued to benefit from SBA 504 financing at 25-year fixed rates near 5.73%, with buyers across technology, food production, and blue-collar operations acquiring buildings as seller pricing expectations recalibrate.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter	Q1 2026	Q4 2025	Q1 2025	% Change Over Last Year
Vacancy Rate	▲ UP	5.79%	5.63%	5.31%	8.94%
Availability Rate	▲ UP	8.07%	8.02%	7.76%	3.96%
Average Asking Lease Rate	▼ DOWN	\$1.47	\$1.49	\$1.57	(6.37%)
Average Asking Sale Price	▼ DOWN	\$399.31	\$406.52	\$377.81	5.69%
Sale & Lease Transactions	▲ UP	4,099,224	3,565,542	4,302,513	(4.72%)
Gross Absorption	▼ DOWN	2,913,788	3,861,444	2,492,255	16.91%
Net Absorption	▲ POSITIVE	531,781	286,194	(272,207)	N/A

ABSORPTION. Orange County recorded positive net absorption of 531,781 SF in Q1 2026, nearly doubling the 286,194 SF in Q4 2025 and marking the second consecutive quarter of positive net absorption. Gross absorption totaled 2,913,788 SF, up 16.9% year-over-year from 2,492,255 SF in Q1 2025 but down from 3,861,444 SF in Q4 2025. The largest move-ins included Anduril Industries in Santa Ana (112,230 SF), Harbinger Motors in Cypress (63,016 SF), and Roller Bearing Company of America in Garden Grove (58,317 SF). The absorption profile was manufacturing-weighted, consistent with the broader shift in the tenant base away from pure distribution.

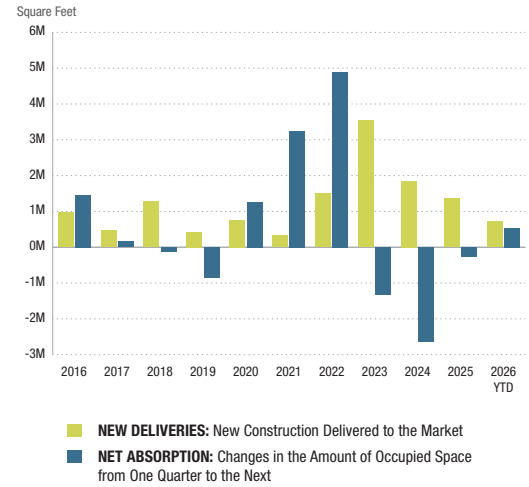
CONSTRUCTION. The active construction pipeline contracted to 917,225 SF at the close of Q1 2026, down from 1,600,528 SF in Q4 2025. Eight buildings totaling 712,208 SF delivered during the quarter. North County accounted for the largest projects, including 759 N. Eckhoff Street in Orange (186,519 SF) and 701 E. Ball Road in Anaheim (139,535 SF). Two buildings at Hughes in Irvine Spectrum also delivered. All entered the market vacant, adding to available inventory and contributing to the vacancy increase despite positive net absorption. Extended lease-up periods on recent spec deliveries have reinforced developer caution; new projects increasingly require prelease or build-to-suit commitments before breaking ground. With limited new supply in the pipeline, the conditions for vacancy improvement are forming as existing inventory absorbs.

EMPLOYMENT. Orange County's unemployment rate was 4.1% in January 2026, up from a revised 3.9% in December 2025 and unchanged year over year, according to the California Employment Development Department. The county outperformed both the state at 5.5% and the nation at 4.7%. Professional and business services added 3,000 jobs year over year, with professional, scientific, and technical services growing 3.4%. Manufacturing contracted by 4,000 jobs, a 2.6% decline.

Forecast

The supply side has shifted in favor of long-term vacancy improvement. The construction pipeline is at its lowest level since early 2020 and developers are generally requiring prelease commitments before breaking ground. Entitled land for new industrial development remains constrained across all four submarkets. On the demand side, the tenant base is evolving. Manufacturing and industrial services users now account for the majority of leasing activity, a structural shift from the logistics-dominated cycles of 2020 through 2022. Defense and EV manufacturing tenants continue to expand, while traditional distribution users remain cautious amid tariff uncertainty. Buildings less than 25,000 SF are absorbing more quickly than large-format product above 80,000 SF, where tenant leverage remains elevated. The balance of 2026 is likely to produce continued stabilization of key metrics.

NEW DELIVERIES & NET ABSORPTION



Significant Transactions

Sales

Property Address	City	Square Feet	Sale Price	Buyer	Seller
200–250 S. Kraemer Blvd.	Brea	576,234	\$140,000,000	Manley Fanticola Holdings	Oaktree Capital Management LP
1415–1425 S. Acacia St.	Fullerton	193,005	\$46,587,000	Berkeley Partners	Link Logistics Real Estate
23042–23142 Alcalde Dr.	Laguna Hills	94,612	\$34,500,000	Mosaic	Resco Properties
14042–14146 Willow Ln.	Westminster	60,564	\$14,850,000	Willow HN TN LLC	Tw Westminster LLC
2301 Raymer Ave.	Fullerton	57,300	\$19,482,000	ChocZero, Inc	Invesco Advisers, Inc.

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
2501 E Orangethorpe Ave.	Fullerton	229,422	Mar-2026	Houdini	Prologis Inc.
1100 Valencia Ave.	Tustin	177,766	Mar-2026	Anduril Industries	Dermody Properties
500 W Warner Ave.	Santa Ana	134,716	Mar-2026	PureCo	LBA Realty
17595 Mount Hermann Way - Renewal	Fountain Valley	120,000	Mar-2026	Interconnect Solutions Company	Sakioka

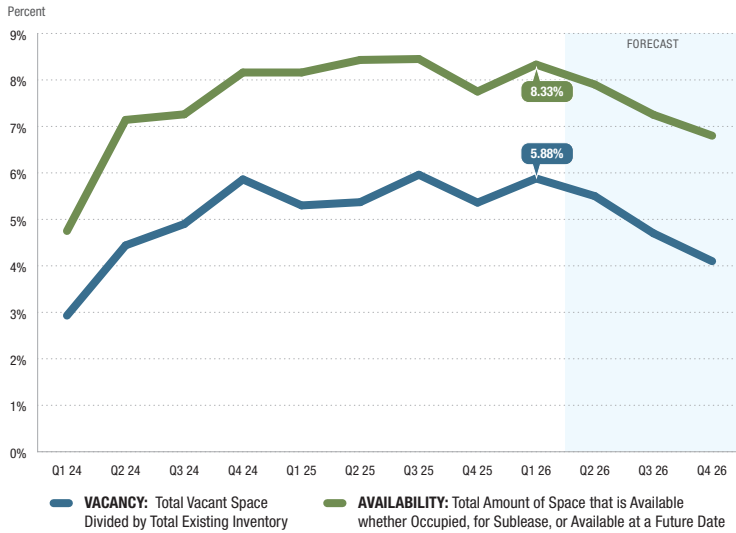
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2026	Square Feet Available	Availability Rate Q1 2026	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
Airport Area														
Costa Mesa	454	7,697,886	0	0	321,483	4.18%	407,996	5.30%	\$1.28	\$622.43	36,148	36,148	118,237	118,237
Fountain Valley	177	3,975,977	0	0	87,762	2.21%	262,871	6.61%	\$1.37	\$435.81	(37,027)	(37,027)	178,252	178,252
Irvine	309	11,806,840	156,632	25,000	1,053,473	8.92%	1,435,454	12.16%	\$1.62	\$479.02	51,054	51,054	200,532	200,532
Newport Beach	47	603,633	0	0	4,165	0.69%	4,165	0.69%	\$0.00	\$0.00	370	370	370	370
Santa Ana	1,589	31,695,754	313,514	176,000	1,294,363	4.08%	1,456,347	4.59%	\$1.37	\$365.14	218,163	218,163	661,640	661,640
Tustin	117	4,987,020	0	446,535	345,825	6.93%	481,791	9.66%	\$1.71	\$485.00	14,659	14,659	17,159	17,159
Airport Area Total	2,693	60,767,110	470,146	647,535	3,107,071	5.11%	4,048,624	6.66%	\$1.48	\$396.42	283,367	283,367	1,176,190	1,176,190
North County														
Anaheim	1,842	45,585,691	121,288	135,836	3,018,714	6.62%	3,865,887	8.48%	\$1.45	\$371.14	74,728	74,728	292,655	292,655
Brea	335	12,415,214	52,102	154,275	474,271	3.82%	1,070,112	8.62%	\$1.40	\$375.84	127,724	127,724	121,178	121,178
Buena Park	234	13,240,980	0	0	1,173,230	8.86%	1,660,760	12.54%	\$1.32	\$353.73	(119,984)	(119,984)	128,728	128,728
Fullerton	456	19,868,627	185,525	63,705	1,306,801	6.58%	1,639,724	8.25%	\$1.60	\$373.22	24,536	24,536	224,098	224,098
La Habra	191	3,520,736	0	0	66,735	1.90%	63,637	1.81%	\$1.45	\$444.66	(5,097)	(5,097)	24,891	24,891
Orange	752	13,655,800	0	400,425	545,398	3.99%	951,927	6.97%	\$1.25	\$310.21	(265)	(265)	131,669	131,669
Placentia	220	4,172,618	0	0	74,298	1.78%	186,319	4.47%	\$1.38	\$389.95	13,035	13,035	66,557	66,557
Yorba Linda	57	954,685	0	0	8,958	0.94%	8,958	0.94%	\$0.00	\$0.00	(5,538)	(5,538)	0	0
North County Total	4,087	113,414,351	358,915	754,241	6,668,405	5.88%	9,447,324	8.33%	\$1.42	\$366.03	109,139	109,139	989,776	989,776
South County														
Aliso Viejo	21	782,869	0	0	9,408	1.20%	19,395	2.48%	\$1.75	\$453.42	0	0	0	0
Foothill Ranch	64	3,333,141	0	0	111,019	3.33%	111,019	3.33%	\$1.56	\$395.00	8,419	8,419	20,422	20,422
Irvine Spectrum	224	11,049,098	0	445,781	1,544,298	13.98%	1,859,125	16.83%	\$1.65	\$518.37	(22,669)	(22,669)	34,819	34,819
Laguna Beach	24	122,492	0	0	5,800	4.74%	27,100	22.12%	\$3.43	\$602.02	(300)	(300)	0	0
Laguna Hills	80	1,074,506	0	0	18,315	1.70%	80,951	7.53%	\$1.72	\$416.67	8,324	8,324	11,690	11,690
Laguna Niguel	15	199,876	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	190	4,081,263	0	0	128,384	3.15%	261,309	6.40%	\$1.54	\$446.94	(21,560)	(21,560)	126,389	126,389
Mission Viejo	32	754,964	0	0	8,731	1.16%	16,751	2.22%	\$1.56	\$0.00	0	0	0	0
Rancho Mission Viejo	5	132,459	0	0	9,120	6.89%	7,272	5.49%	\$2.24	\$545.00	1,872	1,872	5,520	5,520
Rancho Santa Margarita	109	1,764,403	0	0	49,358	2.80%	52,378	2.97%	\$1.58	\$0.00	(13,396)	(13,396)	2,390	2,390
San Clemente	165	2,036,056	0	113,892	109,128	5.36%	215,872	10.60%	\$1.41	\$450.74	(44,275)	(44,275)	2,804	2,804
San Juan Capistrano	46	1,061,875	0	0	161,299	15.19%	176,348	16.61%	\$2.16	\$555.00	14,093	14,093	14,093	14,093
South County Total	975	26,393,002	0	559,673	2,154,860	8.16%	2,827,520	10.71%	\$1.71	\$492.38	(69,492)	(69,492)	218,127	218,127
West County														
Cypress	101	4,793,246	0	0	792,448	16.53%	948,268	19.78%	\$1.46	\$355.00	63,836	63,836	149,139	149,139
Garden Grove	488	12,416,656	88,164	0	484,693	3.90%	732,540	5.90%	\$1.32	\$328.21	64,846	64,846	76,554	76,554
Huntington Beach	709	14,299,298	0	318,751	541,070	3.78%	795,308	5.56%	\$1.46	\$440.69	31,647	31,647	168,617	168,617
La Palma	16	1,785,908	0	0	0	0.00%	424,285	23.76%	\$1.15	\$0.00	0	0	0	0
Los Alamitos	99	2,267,311	0	0	13,206	0.58%	22,923	1.01%	\$1.57	\$0.00	1,507	1,507	3,840	3,840
Seal Beach	15	947,228	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	179	1,844,987	0	0	47,127	2.55%	50,277	2.73%	\$1.78	\$377.80	(23,179)	(23,179)	12,826	12,826
Westminster	141	2,331,335	0	69,498	157,583	6.76%	163,005	6.99%	\$1.45	\$0.00	70,110	70,110	118,719	118,719
West County Total	1,748	40,685,969	88,164	388,249	2,036,127	5.00%	3,136,606	7.71%	\$1.37	\$358.69	208,767	208,767	529,695	529,695
Orange County Total	9,503	241,260,432	917,225	2,349,698	13,966,463	5.79%	19,460,074	8.07%	\$1.47	\$399.31	531,781	531,781	2,913,788	2,913,788
Less than 9,999	3,379	20,596,481	0	2,000	421,955	2.05%	574,594	2.79%	\$1.75	\$448.53	(27,648)	(27,648)	176,357	176,357
10,000-19,999	3,159	43,690,894	0	0	1,157,023	2.65%	1,891,549	4.33%	\$1.59	\$399.82	37,146	37,146	441,827	441,827
20,000-29,999	1,186	28,368,754	0	48,892	704,265	2.48%	1,253,705	4.42%	\$1.69	\$345.32	157,504	157,504	484,447	484,447
30,000-39,999	517	17,642,716	0	0	815,319	4.62%	989,571	5.61%	\$1.34	\$381.45	79,587	79,587	362,183	362,183
40,000-49,999	293	12,918,645	0	0	439,963	3.41%	757,410	5.86%	\$1.33	\$0.00	46,267	46,267	78,437	78,437
50,000-74,999	381	22,881,425	52,102	546,515	770,171	3.37%	1,430,903	6.25%	\$1.40	\$378.59	268,985	268,985	429,759	429,759
75,000-99,999	167	14,446,576	167,533	183,068	964,656	6.68%	1,653,295	11.44%	\$1.39	\$478.88	10,432	10,432	292,062	292,062
100,000-199,999	290	38,545,199	697,590	1,130,651	4,805,001	12.47%	5,755,076	14.93%	\$1.46	\$353.33	52,177	52,177	455,315	455,315
200,000 Plus	131	42,169,742	0	438,572	3,888,110	9.22%	5,153,971	12.22%	\$0.00	\$0.00	(92,669)	(92,669)	193,401	193,401
Orange County Total	9,503	241,260,432	917,225	2,349,698	13,966,463	5.79%	19,460,074	8.07%	\$1.47	\$399.31	531,781	531,781	2,913,788	2,913,788

Lease rates are on a triple-net basis.

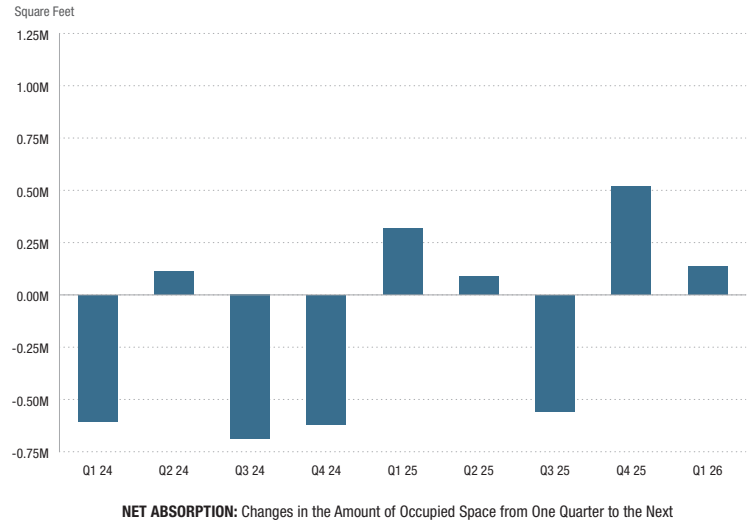
NORTH ORANGE COUNTY

In the first quarter of 2026, the North Orange County industrial market comprised 4,087 buildings totaling 113,414,351 square feet, with an availability rate of 8.33%, which shows an increase from the previous quarter's figure of 7.75%.

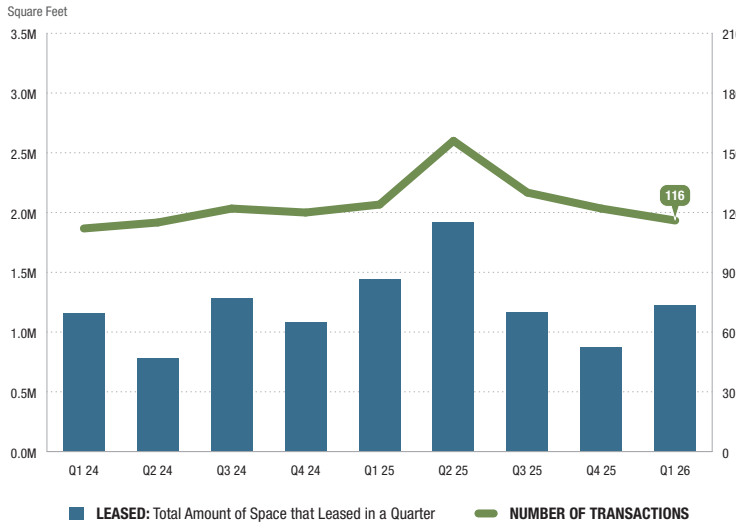
VACANCY & AVAILABILITY RATE



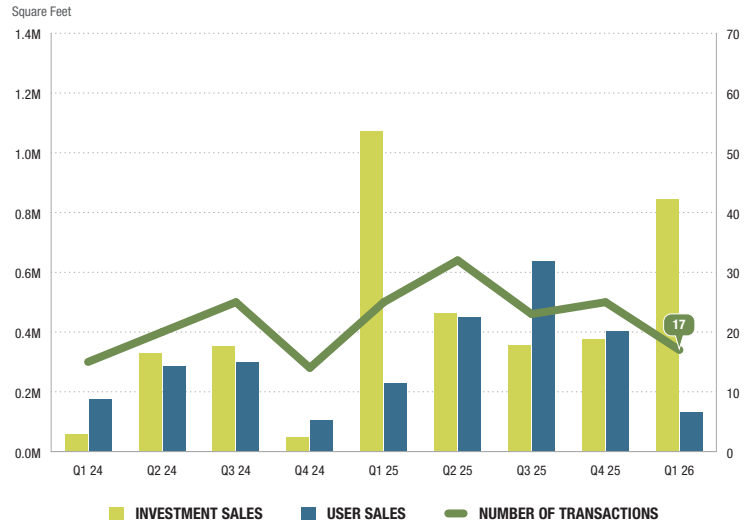
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

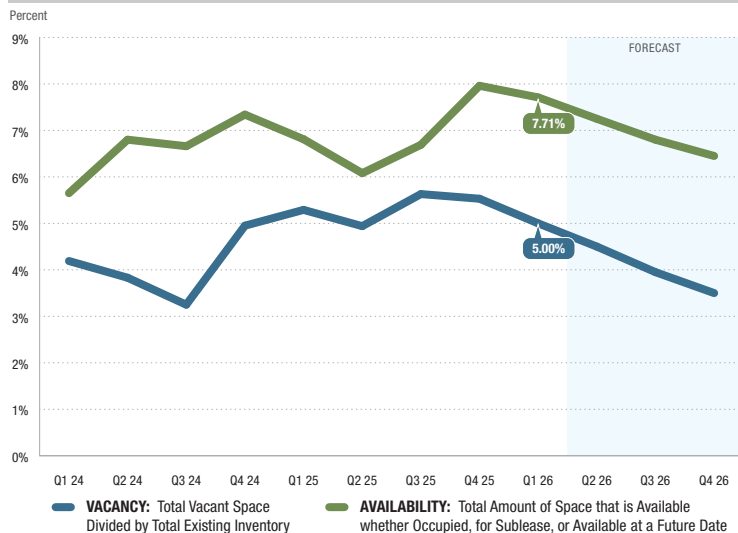
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
North Totals														
Less than 9,999	1,359	8,592,209	0	2,000	158,981	1.85%	244,618	2.85%	\$1.45	\$403.44	13,080	13,080	80,494	80,494
10,000-19,999	1,393	19,321,767	0	0	456,452	5.52%	658,445	6.83%	\$1.41	\$353.05	63,048	63,048	210,320	210,320
20,000-29,999	502	11,998,131	0	0	214,809	1.79%	426,954	3.56%	\$1.31	\$333.30	43,706	43,706	149,454	149,454
30,000-39,999	230	7,846,231	0	0	372,471	4.75%	398,371	5.08%	\$1.27	\$343.50	9,199	9,199	153,424	153,424
40,000-49,999	139	6,140,714	0	0	140,528	2.29%	280,418	4.57%	\$1.24	\$0.00	40,576	40,576	47,316	47,316
50,000-74,999	179	10,775,272	52,102	121,605	512,830	4.76%	804,528	7.47%	\$1.40	\$351.87	33,636	33,636	81,200	81,200
75,000-99,999	69	5,941,790	0	0	180,524	3.04%	592,492	9.97%	\$1.10	\$0.00	37,511	37,511	46,311	46,311
100,000-199,999	148	19,712,565	306,813	417,064	2,678,371	13.59%	3,155,042	16.01%	\$1.40	\$395.00	(507)	(507)	183,257	183,257
200,000 plus	68	23,085,672	0	213,572	1,953,439	8.46%	2,886,456	12.50%	\$0.00	\$0.00	(102,367)	(102,367)	38,000	38,000
Total	4,087	113,414,351	358,915	754,241	6,668,405	5.88%	9,447,324	8.33%	\$1.42	\$366.03	137,882	137,882	989,776	989,776

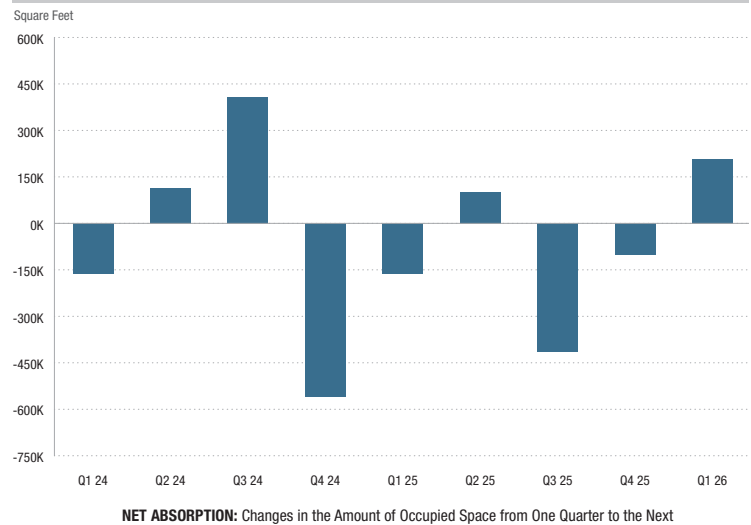
WEST ORANGE COUNTY

In the first quarter of 2026, the West Orange County industrial market consisted of 1,748 buildings totaling 40,685,969 square feet and had an availability rate of 7.71%, which shows a decrease from the previous quarter's figure of 7.96%.

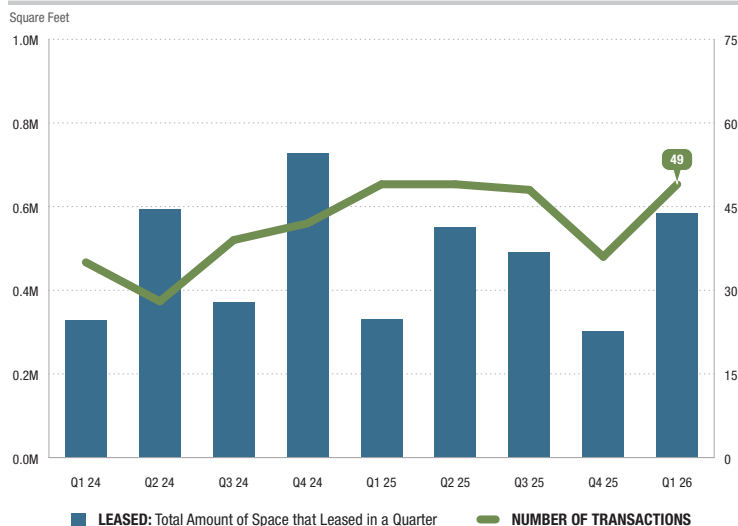
VACANCY & AVAILABILITY RATE



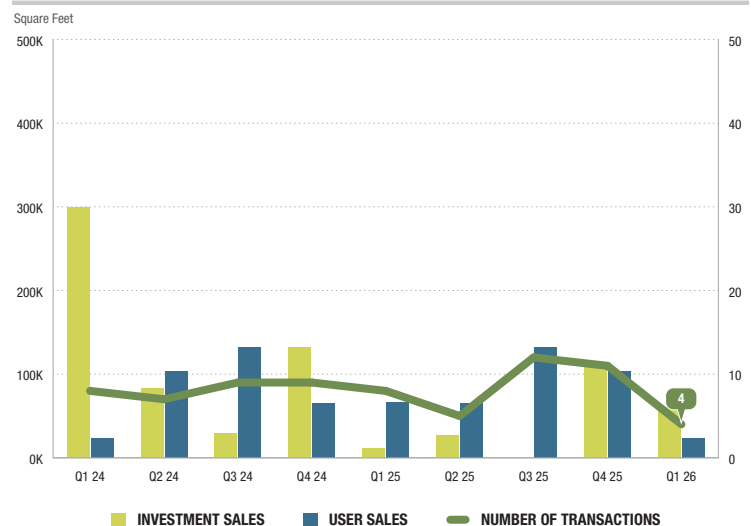
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

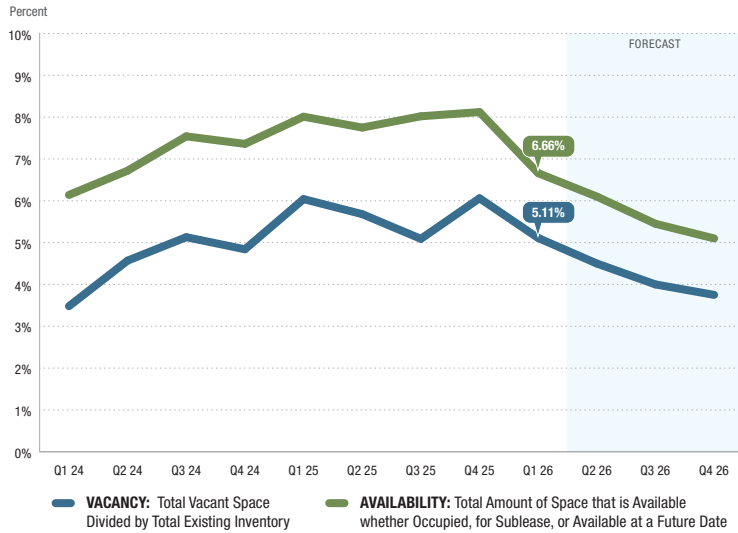
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
West Totals														
Less than 9,999	707	4,201,885	0	0	102,382	2.44%	119,761	2.85%	\$1.59	\$443.35	(29,087)	(29,087)	31,397	31,397
10,000-19,999	581	7,718,155	0	0	247,167	7.11%	425,655	15.16%	\$1.51	\$366.09	10,547	10,547	64,492	64,492
20,000-29,999	185	4,459,120	0	0	108,163	2.43%	158,525	3.56%	\$1.62	\$394.00	13,180	13,180	79,554	79,554
30,000-39,999	67	2,332,022	0	0	124,611	5.34%	155,270	6.66%	\$1.33	\$0.00	5,721	5,721	19,537	19,537
40,000-49,999	48	2,112,677	0	0	68,031	3.22%	22,135	1.05%	\$1.44	\$0.00	47,092	47,092	0	0
50,000-74,999	60	3,561,856	0	126,542	-12,403	-0.35%	117,412	3.30%	\$1.20	\$0.00	233,550	233,550	185,590	185,590
75,000-99,999	29	2,520,138	88,164	93,068	219,139	8.70%	242,150	9.61%	\$1.43	\$0.00	820	820	70,991	70,991
100,000-199,999	46	6,291,481	0	168,639	407,015	6.47%	656,258	10.43%	\$1.46	\$295.00	(73,056)	(73,056)	78,134	78,134
200,000 plus	25	7,488,635	0	0	772,022	10.31%	1,239,440	16.55%	\$0.00	\$0.00	0	0	0	0
Total	1,748	40,685,969	88,164	388,249	2,036,127	5.00%	3,136,606	7.71%	\$1.37	\$358.69	208,767	208,767	529,695	529,695

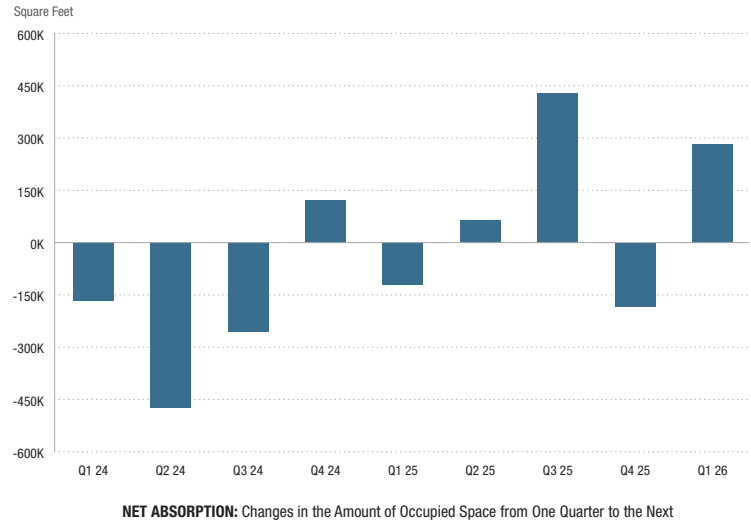
AIRPORT AREA

In the first quarter of 2026, the Airport Orange County industrial market consisted of 2,693 buildings totaling 60,767,110 square feet and had an availability rate of 6.66%, which shows a decrease from the previous quarter's figure of 8.12%.

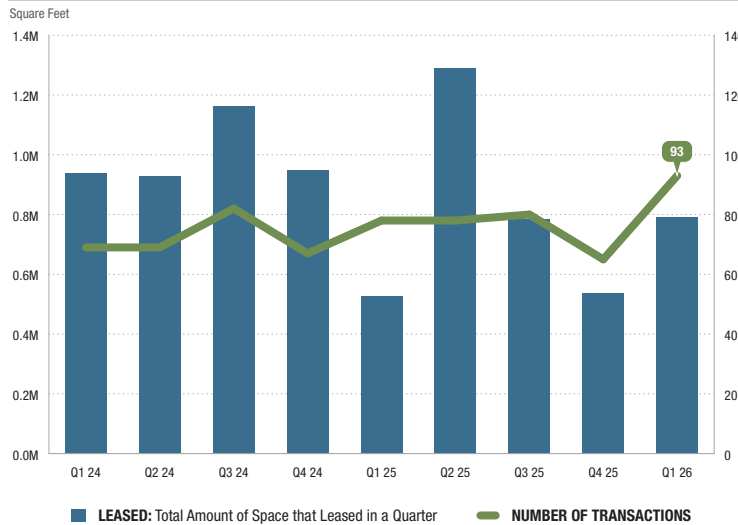
VACANCY & AVAILABILITY RATE



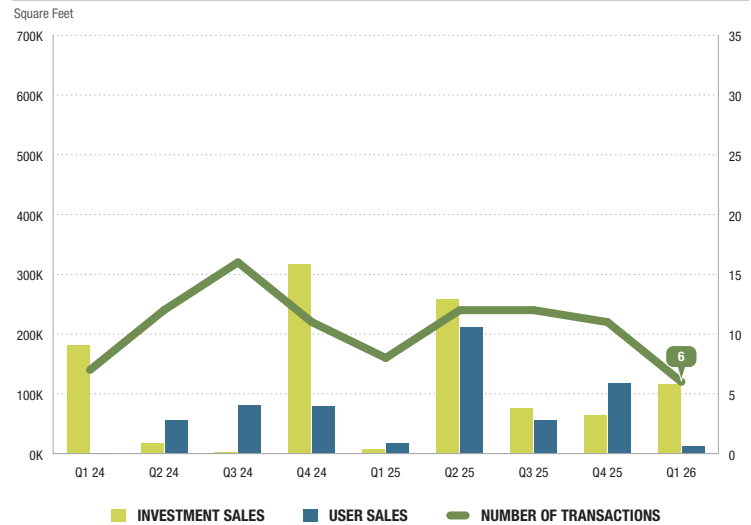
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

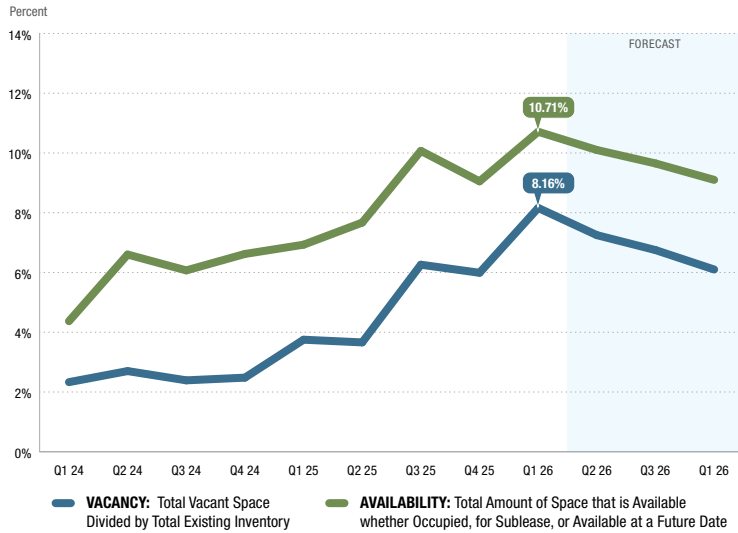
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
Airport Totals														
Less than 9,999	938	5,466,473	0	0	97,756	1.79%	118,300	2.16%	\$1.90	\$462.03	(16,879)	(16,879)	39,260	39,260
10,000-19,999	904	12,637,652	0	0	354,979	2.81%	616,109	4.88%	\$1.73	\$436.43	(50,357)	(50,357)	132,523	132,523
20,000-29,999	366	8,725,312	0	25,000	270,935	3.11%	532,275	6.10%	\$1.37	\$341.88	140,615	140,615	237,441	237,441
30,000-39,999	167	5,673,181	0	0	210,178	3.70%	278,847	4.92%	\$1.66	\$393.38	75,997	75,997	167,722	167,722
40,000-49,999	78	3,413,473	0	0	231,404	6.78%	279,217	8.18%	\$1.59	\$0.00	(41,401)	(41,401)	31,121	31,121
50,000-74,999	108	6,503,521	0	225,552	180,604	2.78%	381,337	5.86%	\$1.55	\$289.88	1,799	1,799	162,969	162,969
75,000-99,999	48	4,146,947	79,369	0	252,535	6.09%	506,195	12.21%	\$1.74	\$0.00	(6,331)	(6,331)	78,727	78,727
100,000-199,999	63	8,106,431	390,777	396,983	1,077,626	13.29%	1,073,840	13.25%	\$1.46	\$0.00	179,924	179,924	193,924	193,924
200,000 plus	21	6,094,120	0	0	431,054	7.07%	262,504	4.31%	\$0.00	\$0.00	0	0	132,503	132,503
Total	2,693	60,767,110	470,146	647,535	3,107,071	5.11%	4,048,624	6.66%	\$1.48	\$396.42	283,367	283,367	1,176,190	1,176,190

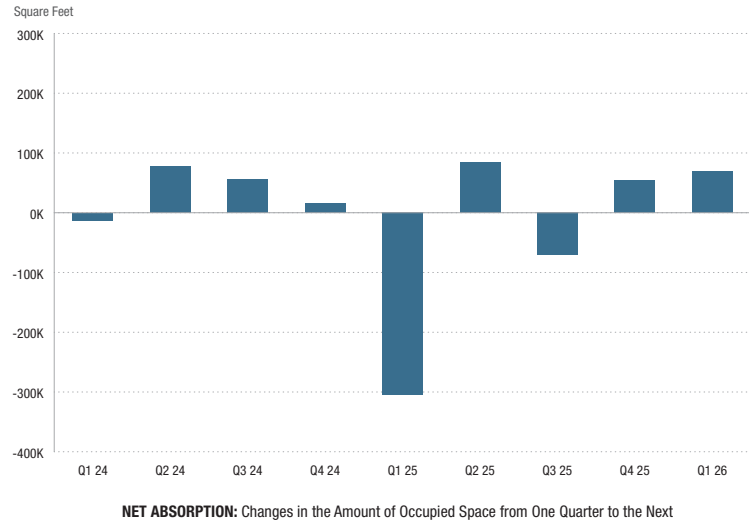
SOUTH ORANGE COUNTY

In the first quarter of 2026, the South Orange County industrial market consisted of 975 buildings totaling 26,393,002 square feet and had an availability rate of 10.71%, which shows an increase from the previous quarter's figure of 9.05%.

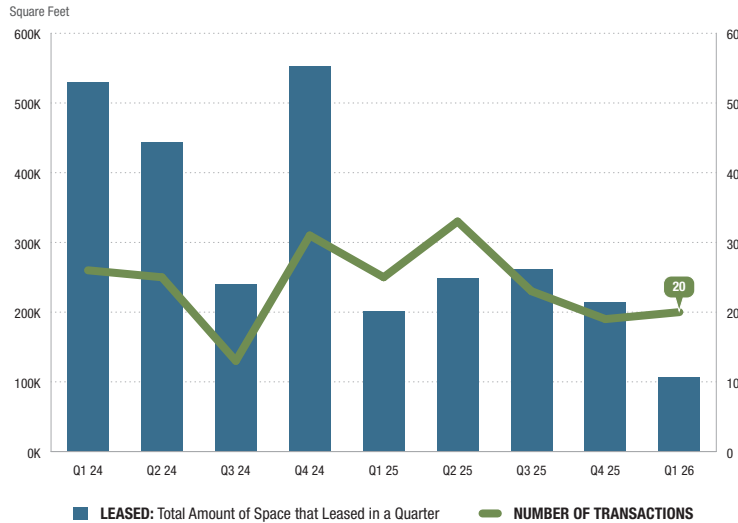
VACANCY & AVAILABILITY RATE



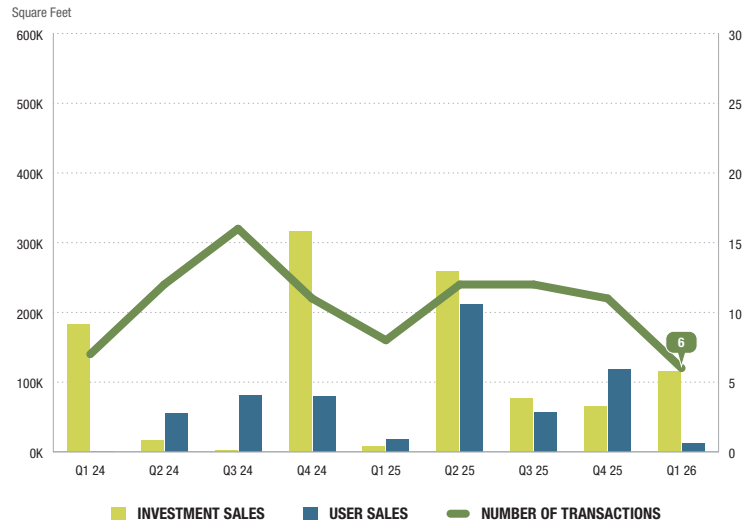
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
South Totals														
Less than 9,999	375	2,335,914	0	0	62,836	2.69%	91,915	3.93%	\$1.92	\$554.83	5,238	5,238	25,206	25,206
10,000-19,999	281	4,013,320	0	0	98,425	6.67%	191,340	9.70%	\$1.76	\$463.76	13,908	13,908	34,492	34,492
20,000-29,999	133	3,186,191	0	23,892	110,358	3.46%	135,951	4.27%	\$1.83	\$0.00	(11,254)	(11,254)	17,998	17,998
30,000-39,999	53	1,791,282	0	0	108,059	6.03%	157,083	8.77%	\$1.60	\$414.11	(11,330)	(11,330)	21,500	21,500
40,000-49,999	28	1,251,781	0	0	0	0.00%	175,640	14.03%	\$1.61	\$0.00	0	0	0	0
50,000-74,999	34	2,040,776	0	72,816	89,140	4.37%	127,626	6.25%	\$1.67	\$494.50	0	0	0	0
75,000-99,999	21	1,837,701	0	90,000	312,458	17.00%	312,458	17.00%	\$1.76	\$538.92	(21,568)	(21,568)	96,033	96,033
100,000-199,999	33	4,434,722	0	147,965	641,989	14.48%	869,936	19.62%	\$1.64	\$0.00	(54,184)	(54,184)	0	0
200,000 plus	17	5,501,315	0	225,000	731,595	13.30%	765,571	13.92%	\$0.00	\$0.00	9,698	9,698	22,898	22,898
Total	975	26,393,002	0	559,673	2,154,860	8.16%	2,827,520	10.71%	\$1.71	\$492.38	(69,492)	(69,492)	218,127	218,127



OC Industrial Is Opening Up

by **Jordan Kemper**

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The Orange County industrial market continues to normalize following several years of historically tight conditions. Manufacturing activity remains bifurcated: certain segments are growing and absorbing vacant space, while others are subleasing excess warehouse capacity back to the market. Aerospace, defense, and third-party parts manufacturers are displaying the highest demand, driven by a surge in government contract volume.

Anduril's leasing activity stands out as a defining story for the county. The defense technology company has absorbed nearly 1.5 million square feet of office and industrial space over the past year, providing a meaningful contribution to Orange County's overall net absorption. Anduril's expansion pace is one the OC Airport Area has not seen in years, and the ripple effect on the county's smaller manufacturing base will be significant. Suppliers tied to Anduril's production will feel sustained demand pressure for space as the company scales.

Demand is also bifurcated by the size of the property. Large-format buildings 80,000 square feet and above continue to see subdued demand, creating opportunities for tenants looking to expand into larger footprints. Buildings under 25,000 square feet are absorbing at a faster pace, driven by lease terms more favorable to tenants than at any point in the past several years.

The owner-user market is returning with conviction. Technology firms, blue-collar operators, and medical companies are re-entering the market, prioritizing long-term business investment over short-term flexibility. Seller pricing expectations, elevated through the peak cycle, are now recalibrating to market reality. The result is a more balanced transaction environment, with pricing settling into a range that works for both buyers and sellers.

Overall, leasing and owner-user activity is tracking above the pace of the past few years. Tenants have more options, more leverage, and more time to evaluate decisions. Owner-users are moving decisively to well-suited buildings as pricing expectations become more aligned with current market conditions.

Please Contact Us for Further Information

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This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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Product Type

MFG./DIST.

Manufacturing / Distribution / Warehouse facilities with up to 29.9% office space.

Submarkets



NORTH

Anaheim,
Brea, Buena Park,
Fullerton, La Habra,
Orange, Placentia and
Yorba Linda

WEST

Cypress, Garden Grove, Huntington Beach,
La Palma, Los Alamitos, Seal Beach, Stanton
and Westminster

AIRPORT

Costa Mesa, Fountain Valley, Irvine,
Newport Beach, Santa Ana and Tustin

SOUTH

Aliso Viejo, Foothill Ranch, Irvine Spectrum,
Laguna Hills, Laguna Niguel, Lake Forest,
Mission Viejo, Rancho Santa Margarita,
San Clemente and San Juan Capistrano