

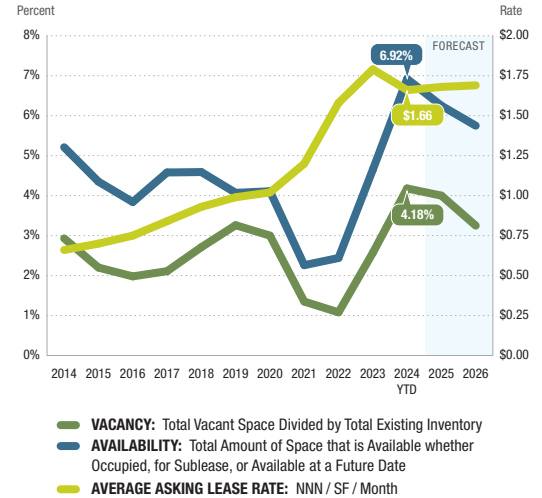
**OVERVIEW.** The Orange County industrial market softened further in Q2. Net absorption remained negative and vacancy rose again. The number of sales remained steady, but lease transaction count declined. Brokers report another drop in active lease and sale requirements, which is putting additional downward pressure on lease rates and sales prices. More deliveries in the Airport Area contributed to the spike in vacancy and an increase in the availability of premium space at the highest asking rates. Time on market increased again, prompting landlords to increase tenant and broker incentives. SBA mortgage interest rates for owner/user properties softened a bit late in the period, but not enough to cause a measurable interest in activity. The SBA 504 mortgage rate dropped to 6.35% in June from 6.69% in April.

**VACANCY & AVAILABILITY.** Orange County's industrial vacancy rate jumped by 96 basis points to 4.18% in Q2 after a 65-basis-point rise in the first quarter. Year over year, vacancy has more than doubled but remains low by historic standards. That said it is the pace of the increase that is cause for concern, especially if this trend continues. The supply of high quality buildings offered for sale remains thin, but time on market is on the rise across the board, which contributes to rising vacancy and availability. The availability rate rose 171 basis points over the quarter, to 6.92%. This is primarily due to the increase in time on market and the delivery of several new buildings in the Airport Area during Q2.

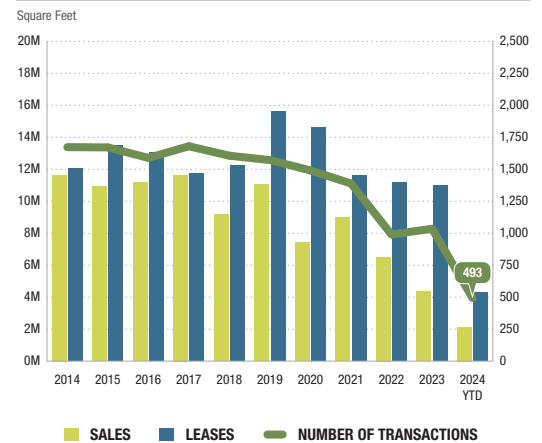
**LEASE RATES & SALES PRICES.** The average asking lease rate countywide fell by another \$0.04 in Q2 after a \$0.09 drop in Q1, ending the current period at \$1.66. For the first time in more than a decade, year-over-year average asking lease rates declined. Though the decrease was only 1.2%, it reflects the shift in underlying market dynamics. Landlords are reducing rates while they also increase tenant concessions to get their buildings leased before rates fall further. The average asking sales price also declined in Q2, falling to \$389 per square foot from just under \$410 per square foot in the first period. Year over year, the average price of an industrial building countywide fell by 8.27% after consecutive year-over-year gains since 2011. Sellers face pressure to reduce prices as high mortgage rates persist and inventory grows. Price cuts during marketing are becoming common, and even competitively priced properties struggle to attract buyers. The market is challenged by buyer hesitation due to high rates and fears of a potential economic downturn affecting property values.

**TRANSACTION ACTIVITY.** Sale transaction velocity was flat in Q2 with 38 buildings changing hands in the period. Owner/user activity remained sluggish due to persistently high mortgage rates and a price point that does not reflect the increase in debt service. At today's rates, an owner/user in a standard SBA scenario has a mortgage payment of \$2.50 per square foot per month, excluding the higher property taxes associated with the sale. Depending on the building, that can be as much as double what the rent would be for the same building. Unless prices come down substantially, that gap will remain large enough to discourage building ownership. Overall lease and sale activity by square footage fell by almost 400,000 SF in Q2, ending the quarter at 3,023,406 SF, the lowest quarterly total in several years.

### VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



### TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



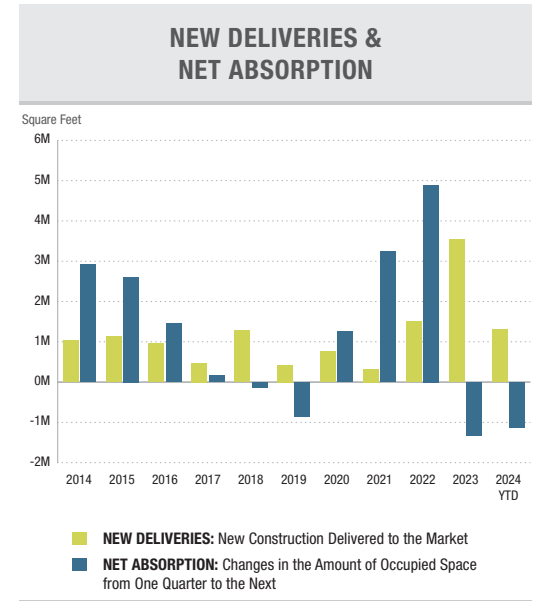
### Market Statistics

	Change Over Last Quarter	Q2 2024	Q1 2024	Q2 2023	% Change Over Last Year
Vacancy Rate	▲ UP	4.18%	3.22%	2.02%	106.79%
Availability Rate	▲ UP	6.92%	5.21%	3.94%	75.63%
Average Asking Lease Rate	▼ DOWN	\$1.66	\$1.70	\$1.68	(1.19%)
Average Asking Sale Price	▼ DOWN	\$389.26	\$409.94	\$424.37	(8.27%)
Sale & Lease Transactions	▼ DOWN	3,023,406	3,416,524	3,929,979	(23.07%)
Gross Absorption	▲ UP	2,725,096	2,345,024	2,740,633	(0.57%)
Net Absorption	▼ NEGATIVE	(168,170)	(949,396)	(33,915)	N/A

**ABSORPTION.** Orange County experienced another net loss in occupied space in Q2, though the loss was not nearly as significant as that of Q1. Absorption was negative 168,170 SF in the period, compared with a 949,396 SF loss in Q1. The biggest impact was to the Airport Area, which suffered a decline in occupied space of over 473,471 SF, while the West, North and South County markets posted modest gains. Net absorption has been consistently negative for the past year and the trend is expected to continue due to fewer active requirements circulating in the market. Gross absorption, which is a measure of total move-ins, managed an increase to 2,725,096 SF from 2,345,024 SF in Q1. The largest move-in for the current period was in Cypress where Raymond West Intralogistics occupied 215,000 SF at 5560 Katella Avenue.

**CONSTRUCTION.** In Q2, more than 771,000 SF was delivered to the speculative inventory base, bringing the county's total base up to 237,923,418 SF. Just over 280,000 SF of the newly delivered space was pre-leased with the remaining space now categorized as vacant. The current construction queue stands at 2,271,062 SF, up from 1,744,000 SF in Q1. New projects went underway in Irvine, Buena Park, Orange and Irvine Spectrum. Most of the space being built is state-of-the-art warehouse buildings that showcase the amenities needed by the logistics sector. In some cases, those projects are being built after demolishing older obsolete R&D and office buildings that have fallen out of favor in recent years.

**EMPLOYMENT.** Orange County's unemployment rate decreased to 3.2% in May 2024, down from 3.7% in April 2024. Several sectors crucial to industrial space demand demonstrated growth. The construction sector showed promise, adding 1,200 jobs. Other sectors contributing to the employment increase included trade, transportation, and utilities (1,000 jobs).



## Forecast

The vacancy rate is expected to inch higher through the rest of the year, as lagging lease and sale activity will increase marketing time. In addition, many players are reluctant to initiate active requirements until the upcoming election is behind us. Asking lease rates, which plateaued during the market peak of 2022, are now in measurable decline and that trend should continue. In addition, landlords will continue to offer significant tenant concessions to attract tenants. Sales prices will remain under pressure as interest rates remain near current levels, given the Fed has shown reluctance to lower rates. The owner/user market will remain under the most pressure because these highly leveraged transactions are very sensitive to mortgage rates. The SBA 504 mortgage rate was at 6.35% at quarter's end, about where it is expected to remain until the Fed decides to switch gears.

## Significant Transactions

### Sales

\* Voit Real Estate Services Deal

Property Address	City	Square Feet	Sale Price	Buyer	Seller
1901 E. Rossllynn Ave.	Fullerton	257,246	\$94,200,000	Rexford Industrial Realty	American Realty Advisors
2040-2050 S. State College Blvd.	Anaheim	104,767	\$64,500,000	NE State College LLC	Penwood Real Estate Investment
3140 E. Coronado St.	Anaheim	95,732	\$26,800,000	3140 Coronado LLC	Ddi Global Corp
1790 Apollo Ct.	Seal Beach	64,061	\$25,250,000	1790 Apollo Property Owners LLC	Thor Athletics, LLC
3366 E. La Palma Ave.	Anaheim	46,444	\$17,950,000	Sunrise 50 Investors LLC	The O'Connor Family Trust

### Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
1683 Sunflower Ave. - Renewal	Costa Mesa	197,000	Apr-2024	Robinson Pharma	Prologis, Inc.
12691 Pala Ct.	Garden Grove	149,335	Jun-2024	Daisy Nail	Prologis, Inc.
14852 Delta Ln.	Huntington Beach	119,893	Jun-2024	Boeing Encore Interiors	Sares-Regis
320-330 S. Hale Ave.	Fullerton	90,336	May-2024	McKenna Labs	EastGroup
25200 Commercentre Dr. - Renewal	Lake Forest	84,030	May-224	Vintage Design, Inc.	Sagar Real Estate Investments

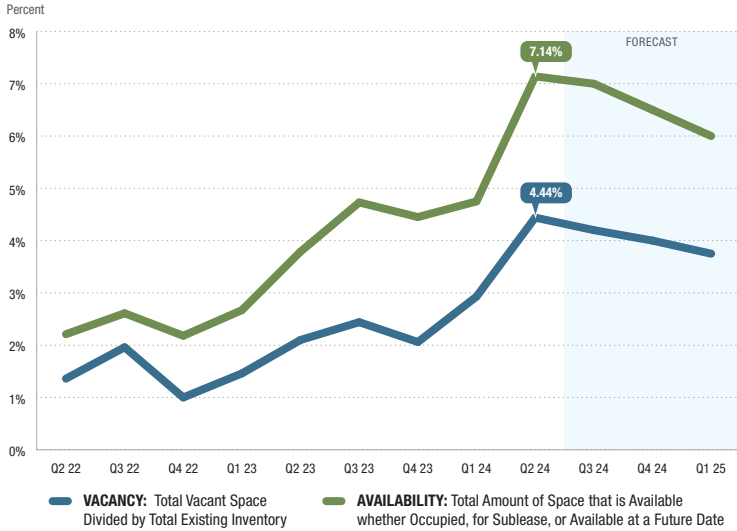
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2024	Square Feet Available	Availability Rate Q2 2024	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2024	Net Absorption 2024	Gross Absorption Q2 2024	Gross Absorption 2024
<b>Airport Area</b>														
Costa Mesa	449	7,674,694	0	0	357,006	4.65%	441,082	5.75%	\$1.43	\$468.45	(92,656)	(110,255)	43,818	79,758
Fountain Valley	179	3,701,270	0	0	80,249	2.17%	131,099	3.54%	\$1.60	\$401.44	45,165	(27,155)	63,381	99,651
Irvine	303	11,512,035	348,418	0	638,160	5.54%	1,067,583	9.27%	\$1.82	\$437.91	(104,764)	(40,857)	295,409	385,112
Newport Beach	49	607,894	0	0	4,165	0.69%	4,165	0.69%	\$2.89	\$0.00	12,376	6,600	12,376	12,376
Santa Ana	1,588	31,128,458	257,656	112,500	1,183,819	3.80%	1,793,636	5.76%	\$1.71	\$378.73	(323,833)	(422,903)	324,649	524,514
Tustin	116	4,612,962	0	150,493	440,981	9.56%	542,101	11.75%	\$1.63	\$0.00	(9,759)	(47,351)	0	0
<b>Airport Area Total</b>	<b>2,684</b>	<b>59,237,313</b>	<b>606,074</b>	<b>262,993</b>	<b>2,704,380</b>	<b>4.57%</b>	<b>3,979,666</b>	<b>6.72%</b>	<b>\$1.71</b>	<b>\$411.63</b>	<b>(473,471)</b>	<b>(641,921)</b>	<b>739,633</b>	<b>1,101,411</b>
<b>North County</b>														
Anaheim	1,841	44,644,972	375,973	0	2,173,622	4.87%	3,314,710	7.42%	\$1.66	\$362.08	293,874	(104,545)	627,019	959,900
Brea	330	12,279,301	124,678	0	577,168	4.70%	756,898	6.16%	\$1.41	\$427.60	(309,027)	(221,532)	178,943	243,121
Buena Park	238	13,622,407	127,765	0	762,971	5.60%	1,563,152	11.47%	\$1.76	\$375.34	(107,317)	(173,466)	88,646	128,559
Fullerton	463	19,644,515	135,741	0	813,771	4.14%	1,390,020	7.08%	\$1.66	\$329.31	426,685	283,449	261,175	357,524
La Habra	195	3,591,808	0	0	111,526	3.11%	94,958	2.64%	\$1.56	\$322.79	(6,539)	(51,151)	24,394	29,837
Orange	746	13,607,202	0	128,953	305,916	2.25%	689,178	5.06%	\$1.46	\$251.57	(83,579)	(112,856)	135,416	183,863
Placentia	221	4,272,865	0	0	234,204	5.48%	220,336	5.16%	\$1.55	\$314.45	(89,234)	(96,809)	59,274	169,778
Yorba Linda	55	908,881	0	0	15,412	1.70%	7,699	0.85%	\$0.00	\$0.00	(13,012)	(15,412)	24,123	35,143
<b>North County Total</b>	<b>4,089</b>	<b>112,571,951</b>	<b>764,157</b>	<b>128,953</b>	<b>4,994,590</b>	<b>4.44%</b>	<b>8,036,951</b>	<b>7.14%</b>	<b>\$1.62</b>	<b>\$351.67</b>	<b>111,851</b>	<b>(492,322)</b>	<b>1,398,990</b>	<b>2,107,725</b>
<b>South County</b>														
Aliso Viejo	19	735,866	0	0	49,980	6.79%	41,689	5.67%	\$0.00	\$415.00	0	(32,300)	0	0
Foothill Ranch	63	3,321,584	0	0	52,143	1.57%	532,228	16.02%	\$1.71	\$475.00	(12,003)	60,017	16,377	449,656
Irvine Spectrum	218	10,319,036	224,920	0	167,752	1.63%	501,932	4.86%	\$1.74	\$455.98	127,467	56,768	44,926	67,597
Laguna Beach	22	113,034	0	0	5,495	4.86%	6,350	5.62%	\$2.75	\$0.00	0	0	0	0
Laguna Hills	78	1,066,962	0	0	31,766	2.98%	81,091	7.60%	\$2.03	\$600.00	(21,544)	(17,261)	5,122	67,607
Laguna Niguel	17	231,576	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	192	4,348,320	0	0	266,116	6.12%	412,894	9.50%	\$1.65	\$422.88	(18,591)	(30,040)	77,703	145,734
Mission Viejo	31	725,012	0	0	2,026	0.28%	5,564	0.77%	\$1.91	\$0.00	(2,026)	984	0	3,010
Rancho Mission Viejo	5	125,044	0	0	22,344	17.87%	14,842	11.87%	\$2.45	\$0.00	3,500	5,420	9,040	16,528
Rancho Santa Margarita	107	1,708,558	0	0	8,719	0.51%	31,809	1.86%	\$1.61	\$0.00	0	9,806	0	15,662
San Clemente	164	2,058,906	0	0	83,625	4.06%	67,626	3.28%	\$1.67	\$423.30	1,568	7,981	19,336	39,607
San Juan Capistrano	43	925,030	136,308	0	2,388	0.26%	0	0.00%	\$1.85	\$0.00	0	3,817	2,388	15,829
<b>South County Total</b>	<b>959</b>	<b>25,678,928</b>	<b>361,228</b>	<b>0</b>	<b>692,354</b>	<b>2.70%</b>	<b>1,696,025</b>	<b>6.60%</b>	<b>\$1.70</b>	<b>\$467.90</b>	<b>78,371</b>	<b>65,192</b>	<b>174,892</b>	<b>821,230</b>
<b>West County</b>														
Cypress	101	4,727,720	390,268	0	47,918	1.01%	110,477	2.34%	\$1.77	\$0.00	267,545	316,881	56,503	163,589
Garden Grove	484	12,449,612	149,335	88,164	680,482	5.47%	965,278	7.75%	\$1.62	\$343.00	(219,712)	(256,623)	43,819	159,274
Huntington Beach	703	14,153,922	0	0	592,869	4.19%	1,272,052	8.99%	\$1.55	\$466.19	141,222	49,913	292,091	641,219
La Palma	16	1,778,216	0	0	0	0.00%	84,321	4.74%	\$0.00	\$339.00	0	0	0	0
Los Alamitos	96	2,206,219	0	0	64,297	2.91%	93,104	4.22%	\$1.45	\$460.00	(42,419)	(55,622)	0	6,728
Seal Beach	15	947,258	0	0	0	0.00%	3,162	0.33%	\$0.00	\$0.00	0	0	0	0
Stanton	177	1,881,358	0	0	53,422	2.84%	88,369	4.70%	\$1.99	\$475.22	(1,884)	(6,370)	19,168	63,555
Westminster	138	2,290,921	0	0	108,207	4.72%	134,801	5.88%	\$1.63	\$0.00	(29,673)	(96,694)	0	5,389
<b>West County Total</b>	<b>1,730</b>	<b>40,435,226</b>	<b>539,603</b>	<b>88,164</b>	<b>1,547,195</b>	<b>3.83%</b>	<b>2,751,564</b>	<b>6.80%</b>	<b>\$1.63</b>	<b>\$473.79</b>	<b>115,079</b>	<b>(48,515)</b>	<b>411,581</b>	<b>1,039,754</b>
<b>Orange County Total</b>	<b>9,462</b>	<b>237,923,418</b>	<b>2,271,062</b>	<b>480,110</b>	<b>9,938,519</b>	<b>4.18%</b>	<b>16,464,206</b>	<b>6.92%</b>	<b>\$1.66</b>	<b>\$389.26</b>	<b>(168,170)</b>	<b>(1,117,566)</b>	<b>2,725,096</b>	<b>5,070,120</b>
Less than 9,999	3,370	20,530,762	0	0	486,144	2.37%	664,290	3.24%	\$1.69	\$469.26	(89,400)	(84,823)	229,335	478,193
10,000-19,999	3,154	43,637,717	14,000	0	1,299,366	2.98%	1,711,860	3.92%	\$1.67	\$411.33	(223,499)	(269,450)	406,295	931,359
20,000-29,999	1,190	28,475,688	48,565	0	796,018	2.80%	1,177,755	4.14%	\$1.57	\$389.48	(143,210)	(168,382)	484,612	855,044
30,000-39,999	499	17,035,034	37,943	0	640,041	3.76%	961,815	5.65%	\$1.71	\$376.32	(94,934)	(397,189)	274,815	446,893
40,000-49,999	300	13,206,007	0	0	485,318	3.67%	827,467	6.27%	\$1.61	\$335.30	(34,671)	(272,915)	132,150	155,131
50,000-74,999	379	22,776,934	54,088	0	1,028,105	4.51%	1,655,082	7.27%	\$1.60	\$413.06	(165,803)	(265,632)	83,713	197,213
75,000-99,999	166	14,296,306	186,600	88,164	672,966	4.71%	1,277,239	8.93%	\$1.62	\$276.70	93,573	(72,635)	271,110	449,962
100,000-199,999	275	36,532,654	1,487,711	391,946	2,794,979	7.65%	3,863,332	10.58%	\$1.65	\$226.12	(31,886)	(3,724)	513,480	796,858
200,000 Plus	129	41,432,316	442,155	0	1,735,582	4.19%	4,325,366	10.44%	\$0.00	\$0.00	521,660	417,184	329,586	1,430,276
<b>Orange County Total</b>	<b>9,462</b>	<b>237,923,418</b>	<b>2,271,062</b>	<b>480,110</b>	<b>9,938,519</b>	<b>4.18%</b>	<b>16,464,206</b>	<b>6.92%</b>	<b>\$1.66</b>	<b>\$389.26</b>	<b>(168,170)</b>	<b>(1,117,566)</b>	<b>2,725,096</b>	<b>5,070,120</b>

Lease rates are on a triple-net basis.

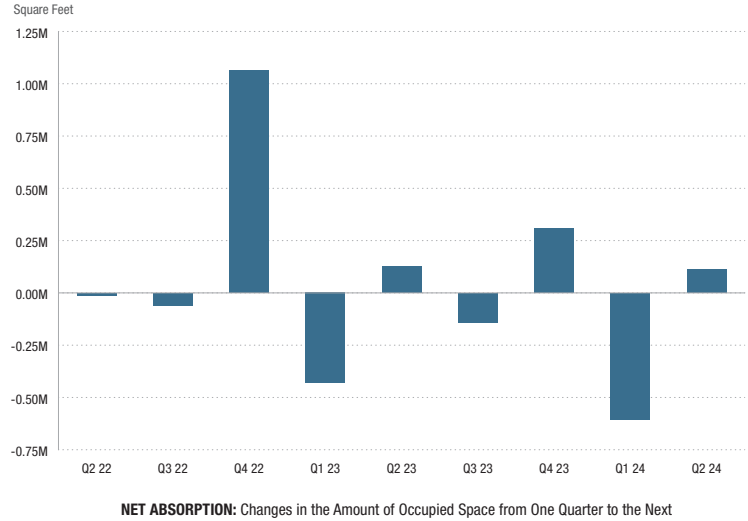
## NORTH ORANGE COUNTY

In the first quarter of 2024, the North Orange County industrial market consisted of 4,089 buildings totaling 112,571,951 square feet and had an availability rate of 7.14%, which shows an increase from the previous quarter's figure of 4.75%.

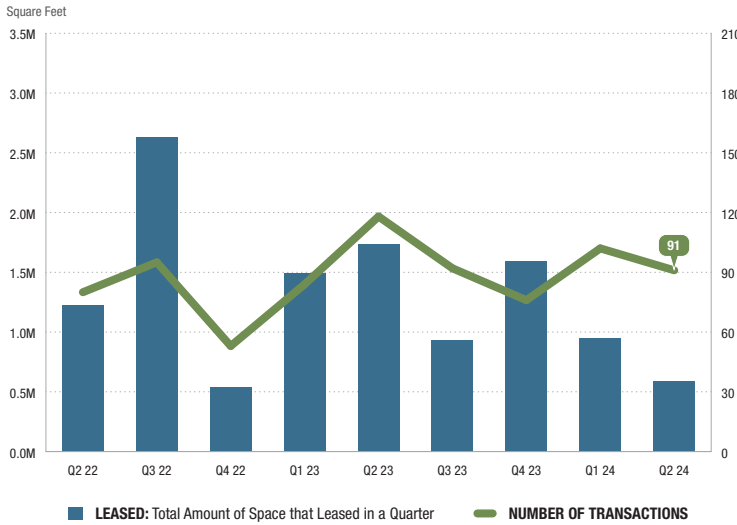
### VACANCY & AVAILABILITY RATE



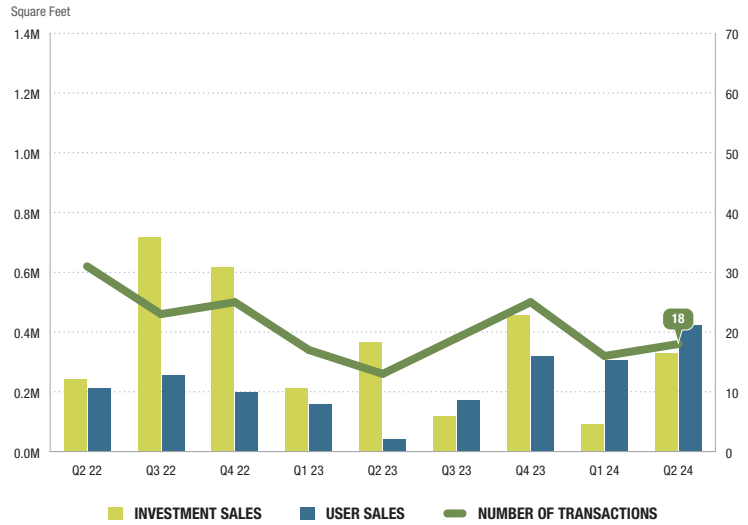
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

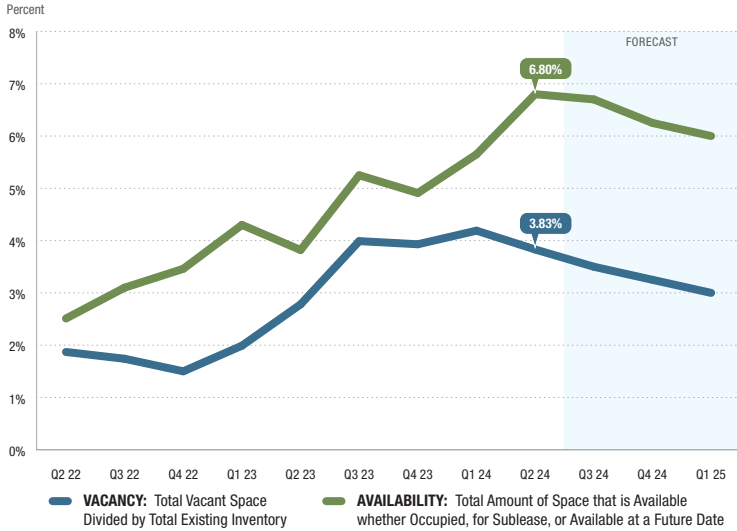
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2024	Square Feet Available	Availability Rate Q2 2024	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2024	Net Absorption 2024	Gross Absorption Q2 2024	Gross Absorption 2024
<b>North Totals</b>														
Less than 9,999	1,360	8,574,870	0	0	175,019	2.04%	255,831	2.98%	\$1.42	\$401.42	(42,016)	(34,129)	106,968	186,591
10,000-19,999	1,389	19,254,709	0	0	592,029	3.07%	701,945	3.65%	\$1.51	\$367.54	(177,037)	(231,673)	166,242	342,350
20,000-29,999	513	12,264,551	27,765	0	368,397	3.00%	486,777	3.97%	\$1.55	\$247.89	(114,428)	(159,231)	207,163	346,070
30,000-39,999	225	7,662,387	37,943	0	241,393	3.15%	318,874	4.16%	\$1.60	\$38,500.00	(39,540)	(134,192)	116,836	211,870
40,000-49,999	139	6,125,847	0	0	230,475	3.76%	375,302	6.13%	\$1.61	\$432.30	(38,818)	(166,470)	115,350	129,645
50,000-74,999	179	10,754,021	0	0	631,674	5.87%	1,064,476	9.90%	\$1.57	\$214.19	(55,135)	(192,858)	76,544	142,061
75,000-99,999	73	6,253,283	0	0	235,291	3.76%	514,238	8.22%	\$1.35	\$226.12	56,597	(58,540)	190,910	292,235
100,000-199,999	144	19,143,935	461,203	128,953	1,557,983	8.14%	2,313,802	12.09%	\$1.72	\$0.00	90,406	102,268	225,768	263,694
200,000 plus	67	22,538,348	237,246	0	962,329	4.27%	2,005,706	8.90%	\$0.00	\$0.00	431,822	382,503	193,209	193,209
<b>Total</b>	<b>4,089</b>	<b>112,571,951</b>	<b>764,157</b>	<b>128,953</b>	<b>4,994,590</b>	<b>4.44%</b>	<b>8,036,951</b>	<b>7.14%</b>	<b>\$1.62</b>	<b>\$351.67</b>	<b>111,851</b>	<b>(492,322)</b>	<b>1,398,990</b>	<b>2,107,725</b>

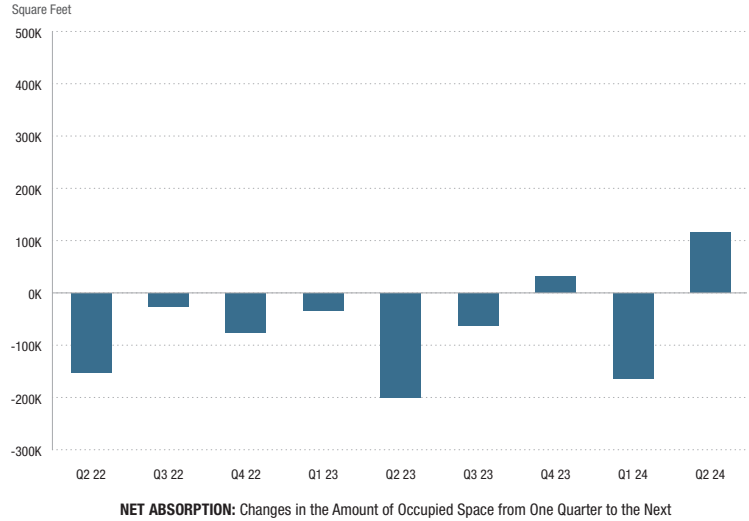
## WEST ORANGE COUNTY

In the first quarter of 2024, the West Orange County industrial market consisted of 1,730 buildings totaling 40,435,226 square feet and had an availability rate of 6.80%, which shows an increase from the previous quarter's figure of 5.65%.

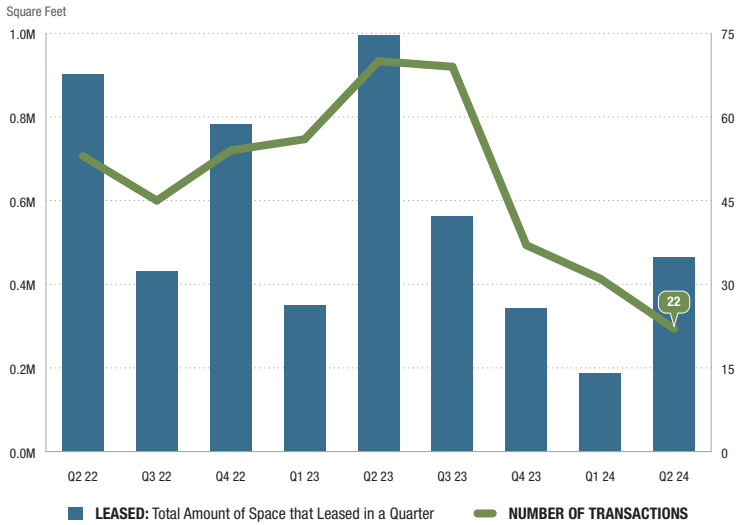
### VACANCY & AVAILABILITY RATE



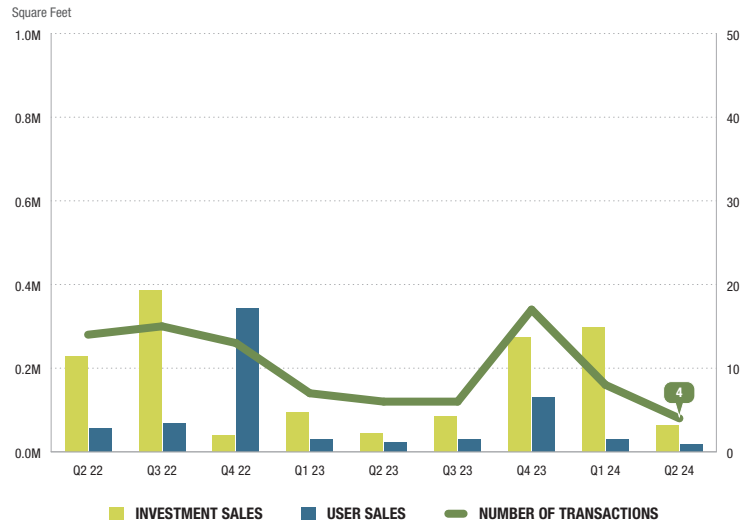
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

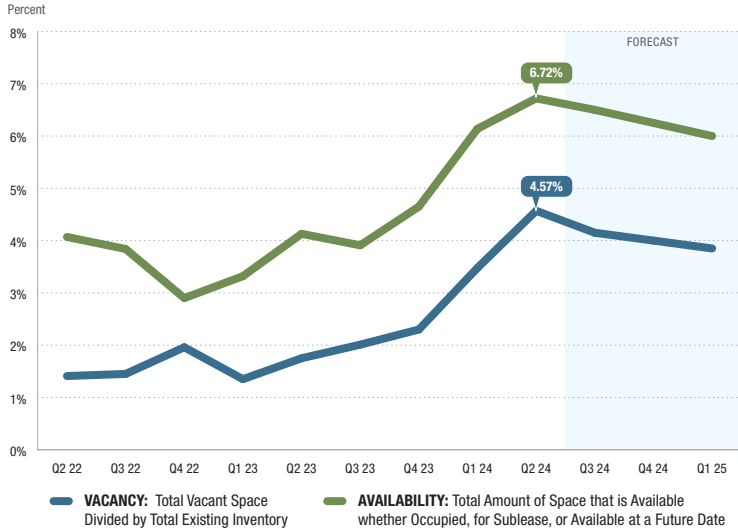
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2024	Square Feet Available	Availability Rate Q2 2024	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2024	Net Absorption 2024	Gross Absorption Q2 2024	Gross Absorption 2024
<b>West Totals</b>														
Less than 9,999	697	4,170,626	0	0	118,335	2.84%	152,580	3.66%	\$1.62	\$409.99	(17,825)	(25,054)	34,098	90,432
10,000-19,999	574	7,631,159	0	0	283,104	3.71%	346,953	4.55%	\$1.58	\$390.65	(38,748)	(84,181)	43,849	156,724
20,000-29,999	187	4,514,039	0	0	150,775	3.34%	231,747	5.13%	\$1.49	\$437.98	(13,972)	(70,592)	33,569	69,660
30,000-39,999	64	2,228,191	0	0	42,613	1.91%	53,934	2.42%	\$0.00	\$324.00	6,660	1,522	12,970	16,282
40,000-49,999	51	2,250,192	0	0	86,170	3.83%	188,471	8.38%	\$1.63	\$287.49	0	(40,274)	0	0
50,000-74,999	59	3,523,201	0	0	136,526	3.88%	225,257	6.39%	\$1.65	\$339.00	7,169	45,063	7,169	55,152
75,000-99,999	29	2,511,677	0	88,164	0	0.00%	129,899	5.17%	\$1.77	\$0.00	49,334	76,527	49,334	125,861
100,000-199,999	44	6,013,707	334,694	0	425,864	7.08%	429,026	7.13%	\$1.59	\$0.00	(72,550)	(75,720)	110,592	393,970
200,000 plus	25	7,592,434	204,909	0	303,808	4.00%	993,697	13.09%	\$0.00	\$0.00	195,011	124,194	120,000	131,673
<b>Total</b>	<b>1,730</b>	<b>40,435,226</b>	<b>539,603</b>	<b>88,164</b>	<b>1,547,195</b>	<b>3.83%</b>	<b>2,751,564</b>	<b>6.80%</b>	<b>\$1.63</b>	<b>\$473.79</b>	<b>115,079</b>	<b>(48,515)</b>	<b>411,581</b>	<b>1,039,754</b>

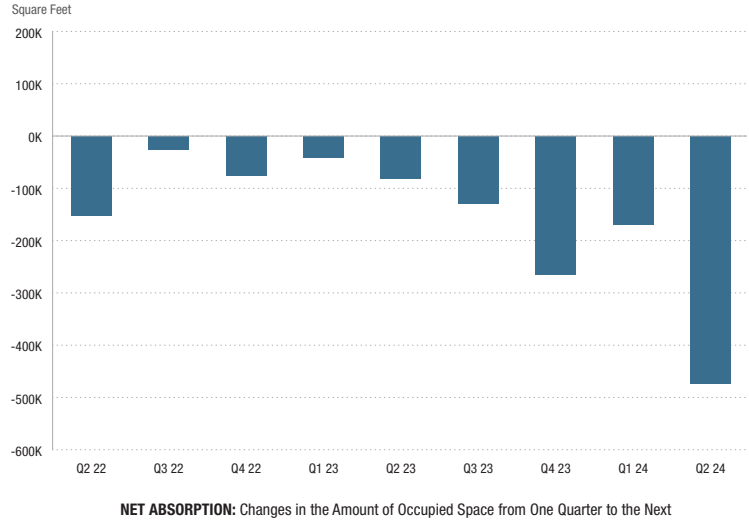
## AIRPORT AREA

In the first quarter of 2024, the Airport Orange County industrial market consisted of 2,684 buildings totaling 59,237,313 square feet and had an availability rate of 6.72%, which shows an increase from the previous quarter's figure of 6.14%.

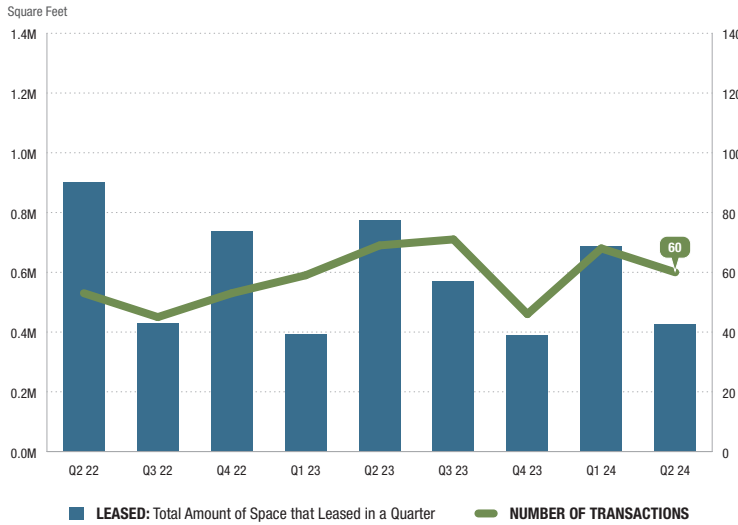
### VACANCY & AVAILABILITY RATE



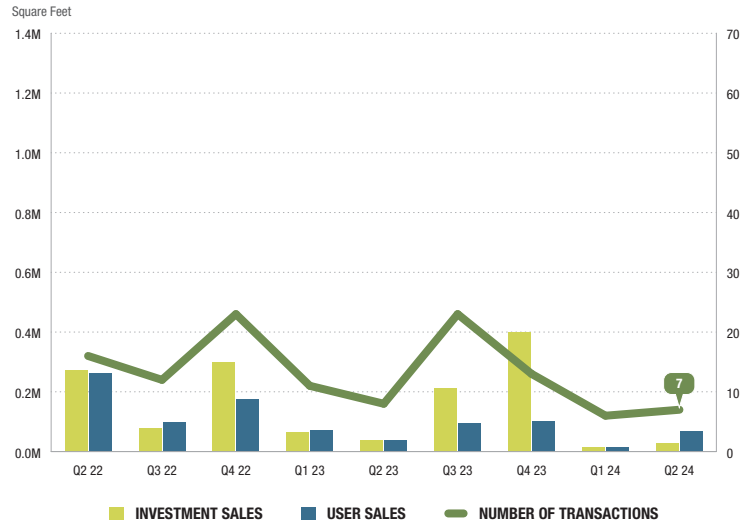
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

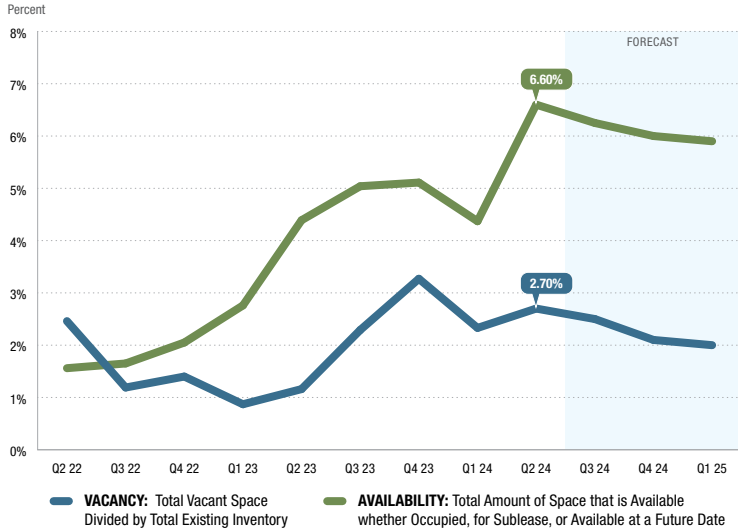
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2024	Square Feet Available	Availability Rate Q2 2024	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2024	Net Absorption 2024	Gross Absorption Q2 2024	Gross Absorption 2024
<b>Airport Totals</b>														
Less than 9,999	944	5,491,481	0	0	119,700	2.18%	163,654	2.98%	\$1.73	\$460.12	(12,750)	(8,375)	67,911	133,877
10,000-19,999	912	12,766,611	0	0	307,510	2.41%	493,783	3.87%	\$1.72	\$446.03	1,939	33,471	156,797	289,844
20,000-29,999	358	8,538,738	0	0	233,703	2.74%	354,290	4.15%	\$1.62	\$380.94	(319)	44,569	189,193	321,827
30,000-39,999	163	5,545,186	0	0	262,306	4.73%	450,083	8.12%	\$1.75	\$380.08	(13,111)	(187,032)	111,204	140,335
40,000-49,999	79	3,447,400	0	0	127,179	3.69%	166,799	4.84%	\$1.59	\$0.00	(42,127)	(71,143)	16,800	16,800
50,000-74,999	104	6,299,324	54,088	0	190,037	3.02%	251,738	4.00%	\$1.65	\$372.66	(117,837)	(117,837)	0	0
75,000-99,999	47	4,033,110	95,000	0	365,526	9.06%	531,253	13.17%	\$1.55	\$0.00	(94,550)	(172,814)	30,866	31,866
100,000-199,999	56	7,135,683	456,986	262,993	742,868	10.41%	976,733	13.69%	\$1.56	\$0.00	(60,000)	(28,044)	166,862	166,862
200,000 plus	21	5,979,780	0	0	355,551	5.95%	591,333	9.89%	\$0.00	\$0.00	(134,716)	(134,716)	0	0
<b>Total</b>	<b>2,684</b>	<b>59,237,313</b>	<b>606,074</b>	<b>262,993</b>	<b>2,704,380</b>	<b>4.57%</b>	<b>3,979,666</b>	<b>6.72%</b>	<b>\$1.71</b>	<b>\$411.63</b>	<b>(473,471)</b>	<b>(641,921)</b>	<b>739,633</b>	<b>1,101,411</b>

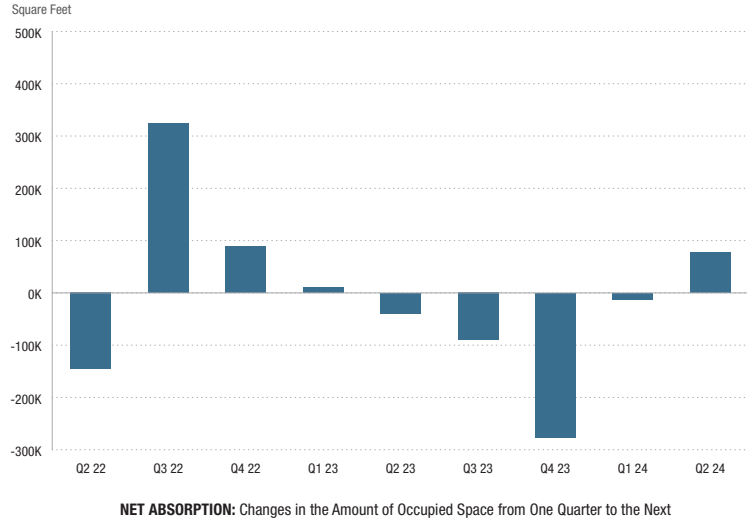
## SOUTH ORANGE COUNTY

In the first quarter of 2024, the South Orange County industrial market consisted of 959 buildings totaling 25,678,928 square feet and had an availability rate of 6.60%, which shows an increase from the previous quarter's figure of 4.37%.

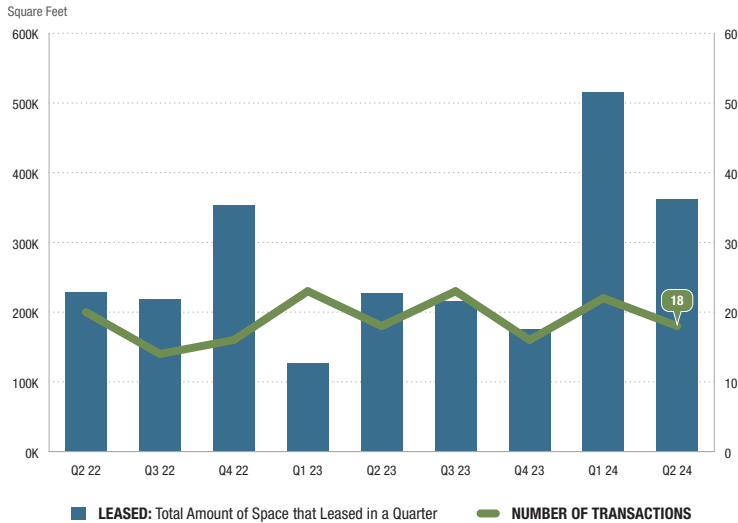
### VACANCY & AVAILABILITY RATE



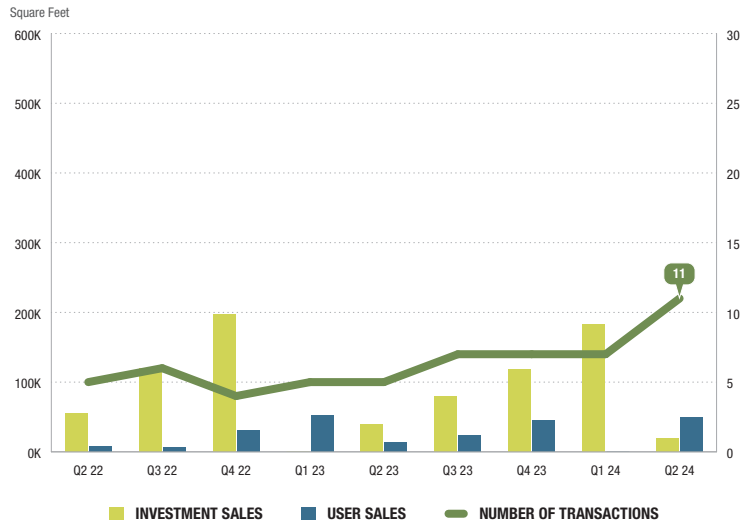
### NET ABSORPTION



### 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 Q2 2024	Square Feet Available	Availability Rate Q2 2024	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2024	Net Absorption 2024	Gross Absorption Q2 2024	Gross Absorption 2024
<b>South Totals</b>														
Less than 9,999	369	2,293,785	0	0	73,090	3.19%	92,225	4.02%	\$1.81	\$555.06	(16,809)	(17,265)	20,358	67,293
10,000-19,999	279	3,985,238	14,000	0	116,723	2.93%	169,179	4.25%	\$1.76	\$437.04	(9,653)	12,933	39,407	142,441
20,000-29,999	132	3,158,360	20,800	0	43,143	1.37%	104,941	3.32%	\$1.61	\$407.58	(14,491)	16,872	54,687	117,487
30,000-39,999	47	1,599,270	0	0	93,729	5.86%	138,924	8.69%	\$1.70	\$415.00	(48,943)	(77,487)	33,805	78,406
40,000-49,999	31	1,382,568	0	0	41,494	3.00%	96,895	7.01%	\$1.74	\$0.00	46,274	4,972	0	8,686
50,000-74,999	37	2,200,388	0	0	69,868	3.18%	113,611	5.16%	\$1.72	\$0.00	0	0	0	0
75,000-99,999	17	1,498,236	91,600	0	72,149	4.82%	101,849	6.80%	\$1.66	\$0.00	82,192	82,192	0	0
100,000-199,999	31	4,239,329	234,828	0	68,264	1.61%	143,771	3.39%	\$0.00	\$0.00	10,258	(2,228)	10,258	10,258
200,000 plus	16	5,321,754	0	0	113,894	2.14%	734,630	13.80%	\$0.00	\$0.00	29,543	45,203	16,377	396,659
<b>Total</b>	<b>959</b>	<b>25,678,928</b>	<b>361,228</b>	<b>0</b>	<b>692,354</b>	<b>2.70%</b>	<b>1,696,025</b>	<b>6.60%</b>	<b>\$1.70</b>	<b>\$534.60</b>	<b>78,371</b>	<b>65,192</b>	<b>174,892</b>	<b>821,230</b>



## Midpoint OC Industrial Rundown by Mike Zehner and Reed Rutter



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As we reach the halfway point of 2024, we continue to see various economic factors apply pressure on the Orange County industrial market, even though it remains one of the tightest and most competitive markets in the nation. Economic analysts led us to believe that interest rates were going to drop in the latter part of the year, but the Federal Reserve has not conformed to the prognostications. As a result, the stagnant and high interest rates have sent demand lower than in recent years and buildings are sitting on the market longer than they have in the past.

Additionally, average asking lease rates and market competition among lessees are trending downward, only increasing negotiability and landlord concessions for tenants across the board, including rent abatement and tenant improvement allowances. Both institutional and private investors see opportunity through a lens colored by inflation and as a result are more cautious in their underwriting. However, we are still seeing highly functional and reasonably priced buildings moving relatively quickly with the right marketing approach.

Developers are constantly looking for less risky opportunities to expand their portfolio within Orange County, as they remain confident in the long-term growth of the industrial sector and the population's reliance on warehouse space. Proximity to the ports and access to millions of people in Southern California support future progress.

One potential factor to consider looking forward is that owners of businesses and/or commercial property are wary of the potential for tax hikes after the November elections, whether on the corporate, capital gains, or estate tax fronts. As the government's deficit increases, many politicians see tax increases as a potential source of additional revenue, which could have material effects on institutional investors and owner/users looking to dispose of or trade their assets.

Optimism is still in the air when it comes to market stability in the industrial sector in Orange County. Buildings are trading at near peak levels and activity may be picking up. Long-term strategic planning is more important right now than ever, so please give us a call to further discuss the Orange County Industrial Market.

### Please Contact Us for Further Information

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Regional Director of Research  
ttran@voitco.com

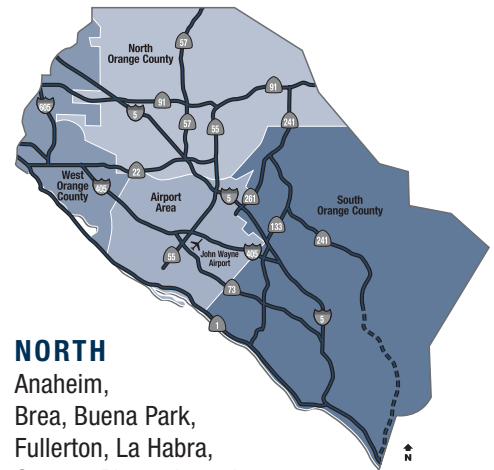
Anaheim, CA 714.978.7880	Carlsbad, CA 760.472.5620	Inland Empire, CA 909.545.8000	Irvine, CA 949.851.5100	Los Angeles, CA 424.329.7500	San Diego, CA 858.453.0505
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This survey consists of properties representing both single tenant and multi-tenant buildings. 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.

### 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