

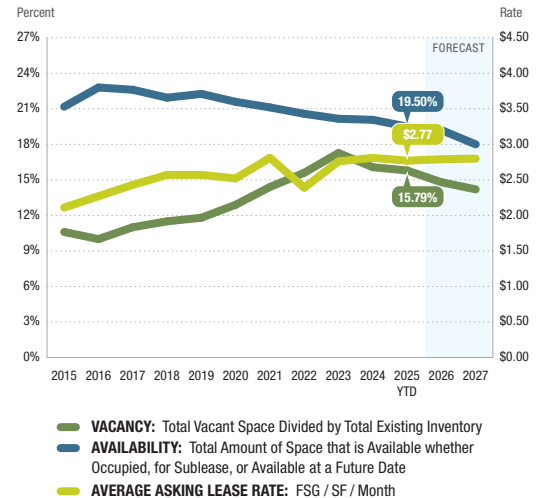
OVERVIEW. Orange County's office market is entering a new era shaped by policy momentum rather than pandemic fatigue. With the current administration implementing tax incentives for domestic hiring, R&D investment, and technology expansion, companies are rethinking office space as a growth platform instead of a cost burden. At the state level, programs supporting high-skill job creation and regional innovation clusters are pushing firms to establish larger, centralized hubs that attract top talent and strengthen brand recognition. Orange County, home to strong technology, life sciences, and professional services sectors, is well positioned to capture this shift. Office space now acts as a strategic lever to qualify for incentives, anchor new business lines, and secure long-term market relevance. High-rise buildings appeal to firms seeking visibility and client proximity. Low-rise campuses support wellness, collaboration, and flexibility. Rather than questioning how much space they can cut, companies are now asking how much influence they can build. This pivot sets the stage for a market driven by growth-focused decisions, shaping a more resilient and opportunity-rich future.

VACANCY & AVAILABILITY. Orange County's office vacancy rate rose slightly to 15.79% in Q2 2025, up from 15.48% last quarter but down 55 basis points year over year. The total availability rate decreased to 19.50% from 20.07% last quarter, a positive sign suggesting some space is being leased or withdrawn from the market. Tenant downsizing and strategic consolidations continue to keep vacancy rates above historical levels, but the recent dip in availability hints at improving tenant activity. Class A vacancy ended the quarter at 21.25%, reflecting ongoing pressure on larger, high-profile spaces. Class B space saw a vacancy rate of 12.25%, where smaller, more flexible layouts are attracting steady demand. Class C remained stable at 4.68%, with much of this product being fully leased or no longer actively marketed.

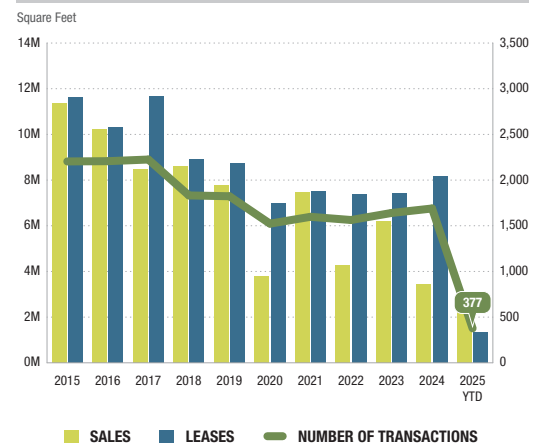
LEASE RATES. The average asking lease rate in Orange County ended Q2 2025 at \$2.77 per square foot (full-service gross). This rate decreased slightly from \$2.78 last quarter but remained one cent higher than the year-ago average of \$2.76. Overall, rents are still above last year's level, despite the recent quarterly dip. Class A space averaged \$3.09 per square foot, supported by high-quality, well located buildings that continue to draw tenants focused on upgraded amenities. Class B and C spaces averaged \$2.60 and \$1.74 per square foot, respectively, with mid-rise and low-rise buildings holding steady as tenant options become more limited.

TRANSACTION ACTIVITY. Transaction activity in Orange County slowed in Q2 2025, with 341 lease deals completed totaling 1,605,876 SF. This is down from 458 deals and 2,088,048 SF during Q2 last year. Compared with Q1 2025, however, leasing volume increased slightly from 1,497,783 SF across 350 deals. The quarter also recorded 15 sale transactions, covering 1,527,611 SF of building area. Overall, total transaction volume for Q2 2025, including both leasing and sales, reached 3,133,487 SF. Most tenants continued to focus on rightsizing and improving efficiency rather than pursuing large expansions. The increase over Q1 indicates some renewed movement among occupiers, while the decline from last year underscores the careful approach many are still taking.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter	Q2 2025	Q1 2025	Q2 2024	% Change Over Last Year
Vacancy Rate	▲ UP	15.79%	15.48%	16.34%	(3.37%)
Availability Rate	▼ DOWN	19.50%	20.07%	21.12%	(7.67%)
Average Asking Lease Rate	▼ DOWN	\$2.77	\$2.78	\$2.76	0.36%
Sale & Lease Transactions	▲ UP	3,133,487	2,472,470	2,526,829	24.01%
Gross Absorption	▼ DOWN	1,671,499	2,364,303	2,909,409	(42.55%)
Net Absorption	▼ NEGATIVE	(277,724)	(333,333)	(225,869)	N/A

ABSORPTION. Orange County recorded negative net absorption of 277,724 SF in Q2 2025, continuing the trend seen last quarter when absorption was negative 333,333 SF. Gross absorption fell to 1,671,499 SF, down 42.6% from a year ago, reflecting cautious tenant movement and ongoing rightsizing efforts. The Airport Area and Central Orange County recorded the deepest losses in net absorption, driven by large space givebacks in Irvine and Orange. Class B properties experienced the largest negative absorption as tenants opted to consolidate or relocate, while Class C assets showed a slight gain, reinforcing the trend of tenants favoring smaller, more efficient footprints and lower-cost options. This highlights the ongoing shifts in facility strategy across the market.

CONSTRUCTION. Through Q2 2025, no new office space deliveries have been recorded year to date, and only 168,137 SF is nearing completion, mainly The Weave @ OCVIBE project. Tight capital markets and subdued tenant demand are expected to slow new starts. Meanwhile, there is a clear trend of office properties being repurposed or demolished to meet changing market needs. Several former offices in Santa Ana, for example, have become industrial flex campuses. These conversions help reduce vacancy, support mixed-use districts, and align with evolving live-work-play preferences while addressing local housing goals.

EMPLOYMENT. In May 2025, Orange County's unemployment rate stood at 3.9%, showing no change from May 2024. Over the past year, the Professional and Business Services sector experienced the largest decline, losing 4,100 jobs, primarily in professional, scientific, and technical services. In contrast, Government employment increased by 3,200 jobs year over year. The Private Education and Health Services sector recorded the most significant job growth, adding 8,600 positions, with nearly all gains in Health Care and Social Assistance (+8,700 jobs). These employment trends reflect a cautious but stable labor market, influencing the pace of office space demand.

Forecast

The Orange County office market is expected to move forward at a steady, gradual pace. Vacancy could continue to ease slightly as older, less competitive buildings are removed or repurposed. While large-scale tenant growth remains limited, steady leasing and ongoing rightsizing suggest a more stable foundation ahead. Asking rents may see mild adjustments, and longer negotiation timelines will likely continue, especially for larger spaces. Demand will keep focusing on modern, well located buildings with strong amenities, supporting the ongoing flight-to-quality trend. Importantly, there is opportunity in this flight to quality, as Class A pricing has generally returned to pre-COVID levels pricing, making it an attractive option for tenants looking to upgrade. Older properties may face challenges, but limited new construction and targeted improvements should help maintain market balance and support a measured recovery. Quality and context have become non-negotiable, with tenants increasingly seeking spaces that reflect their brand and integrate into vibrant, lifestyle-oriented environments.

Significant Transactions

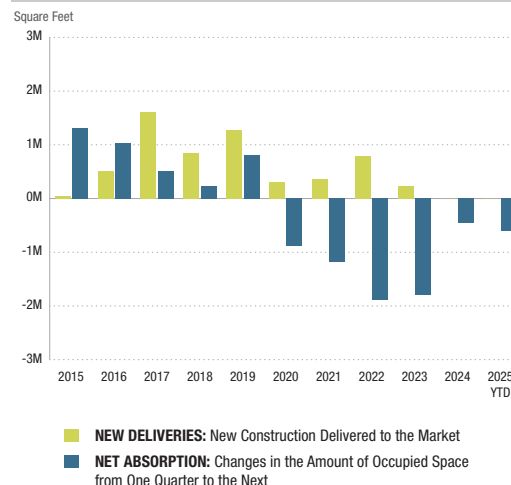
Sales

Property Address	City	Class	Square Feet	Total Price	Buyer	Seller
5000 Birch St.	Newport Beach	A	310,523	\$33,000,000	Formosa, Ltd	John Hancock Real Estate
2400 E. Katella Ave.	Anaheim	A	261,858	\$72,134,000	H& S Ventures LLC	CBRE Investment Management
18191 Von Karman Ave.	Irvine	A	127,637	\$35,700,000	Hyundai Glovis	SENTRE, Inc.
725 W. Town & Country Rd.	Orange	B	90,191	\$15,450,000	725 Town & Country LLC	Bailand
511 N. Tustin St.	Anaheim	B	44,760	\$11,370,000	Success Anaheim LLC	Goldstone Holdings LLC

Leases

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
1900 S. State College Blvd.	Anaheim	A	92,489	Apr-2025	Regent of the University of California	Lincoln Property Company
1525 N. Tustin Ave. - Renewal	Santa Ana	A	82,042	May-2025	Regional California Edison	Greenlaw Partners
5000 Birch St.	Newport Beach	A	62,977	Jun-2025	UCI	Manulife Financial Corporation
2600 Michelson Dr. - Renewal	Irvine	A	60,714	Jun-2025	Zillow	Dune Real Estate Partners
19900 MacArthur Blvd.	Irvine	A	44,789	May-2025	Callahan & Blaine	Newport Gateway Office LLC

NEW DELIVERIES & NET ABSORPTION



	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 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
Airport Area													
Costa Mesa	59	6,765,141	0	0	1,356,892	20.06%	1,637,506	24.21%	\$3.27	(15,993)	(30,140)	175,466	352,237
Irvine	241	23,945,501	0	182,380	4,285,657	17.90%	5,202,095	21.72%	\$2.84	(162,896)	(275,343)	509,451	1,260,153
Newport Beach	103	9,099,665	0	0	1,225,967	13.47%	1,505,820	16.55%	\$3.13	76,838	(18,562)	201,029	445,823
Santa Ana	9	1,980,930	0	0	559,802	28.26%	615,707	31.08%	\$2.54	(22,941)	(21,115)	14,726	64,728
Tustin	4	418,585	0	0	66,280	15.83%	66,280	15.83%	\$4.74	0	(25,414)	0	22,994
Airport Area Total	416	42,209,822	0	182,380	7,494,598	17.76%	9,027,408	21.39%	\$2.96	(124,992)	(370,574)	900,672	2,145,935
Central County													
Anaheim	20	1,938,161	168,137	401,000	468,990	24.20%	432,332	22.31%	\$2.54	(11,772)	(8,901)	39,520	61,050
Orange	63	6,074,976	0	0	1,260,538	20.75%	1,285,648	21.16%	\$2.31	(84,042)	(42,674)	85,954	186,418
Santa Ana	127	9,292,514	0	0	1,298,796	13.98%	1,609,347	17.32%	\$2.38	11,567	(192,439)	52,568	234,234
Tustin	37	1,913,985	0	0	100,983	5.28%	131,075	6.85%	\$2.39	6,917	68,068	18,458	102,791
Central County Total	247	19,219,636	168,137	401,000	3,129,307	16.28%	3,458,402	17.99%	\$2.39	(77,330)	(175,946)	196,500	584,493
North County													
Anaheim / Anaheim Hills	62	4,215,221	0	0	401,967	9.54%	447,452	10.62%	\$2.43	31,280	43,095	34,754	60,943
Brea	36	3,591,741	0	0	452,373	12.59%	776,988	21.63%	\$2.76	(18,793)	(21,043)	20,791	92,454
Buena Park	18	1,204,984	0	0	99,734	8.28%	101,049	8.39%	\$2.40	1,916	(21,971)	12,450	23,932
Fullerton	16	867,909	0	0	35,291	4.07%	66,632	7.68%	\$2.36	(5,410)	(3,356)	11,138	19,077
La Habra	3	115,103	0	0	5,786	5.03%	5,786	5.03%	\$1.79	(2,909)	(3,843)	173	173
La Palma	7	542,913	0	0	152,319	28.06%	162,805	29.99%	\$0.00	4,354	(5,813)	2,991	5,678
Placentia	6	197,762	0	0	54,591	27.60%	58,220	29.44%	\$2.03	(6,571)	(6,623)	8,479	12,550
Yorba Linda	5	289,383	0	0	42,479	14.68%	17,723	6.12%	\$2.47	0	(22,680)	0	3,717
North County Total	153	11,025,016	0	0	1,244,540	11.29%	1,636,655	14.84%	\$2.52	3,867	(42,234)	90,776	218,524
South County													
Aliso Viejo	36	2,675,982	0	0	865,528	32.34%	1,173,063	43.84%	\$2.86	24,715	(19,596)	28,473	60,094
Dana Point	3	127,999	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Foothill Ranch	7	639,436	0	0	220,653	34.51%	273,523	42.78%	\$2.50	(20,128)	(12,038)	0	8,090
Irvine Spectrum	169	13,215,573	0	0	1,628,462	12.32%	2,465,046	18.65%	\$3.07	(33,371)	97,800	293,827	731,672
Laguna Beach	4	124,004	0	0	600	0.48%	600	0.48%	\$0.00	1,872	1,872	3,392	3,392
Laguna Hills	28	1,341,232	0	465,000	263,289	19.63%	288,768	21.53%	\$2.66	200	(8,897)	18,500	36,789
Laguna Niguel	7	395,699	0	0	70,438	17.80%	83,606	21.13%	\$2.40	12,096	13,011	14,588	17,264
Lake Forest	40	2,172,465	0	0	278,619	12.83%	450,966	20.76%	\$2.10	(282)	21,023	7,416	36,905
Mission Viejo	24	1,276,103	0	0	224,251	17.57%	270,110	21.17%	\$1.90	12,934	4,118	28,456	51,774
Rancho Santa Margarita	5	212,716	0	0	27,316	12.84%	44,839	21.08%	\$2.30	(11,824)	(8,348)	0	3,476
San Clemente	8	411,212	0	0	27,130	6.60%	38,668	9.40%	\$2.31	(13,559)	(8,357)	2,829	8,124
San Juan Capistrano	19	944,993	0	0	26,967	2.85%	49,017	5.19%	\$2.85	5,147	3,518	5,747	9,638
South County Total	350	23,537,414	0	465,000	3,633,253	15.44%	5,138,206	21.83%	\$2.87	(22,200)	84,106	403,228	967,218
West County													
Cypress	27	1,819,947	0	0	214,100	11.76%	219,506	12.06%	\$2.30	(53,869)	(85,278)	43,641	44,501
Fountain Valley	26	1,180,227	0	0	45,277	3.84%	46,253	3.92%	\$2.58	3,486	(10,061)	3,921	3,921
Garden Grove	14	710,092	0	0	80,157	11.29%	83,253	11.72%	\$1.77	(2,288)	(16,869)	2,747	7,227
Huntington Beach	32	1,805,421	0	0	289,031	16.01%	355,746	19.70%	\$2.22	(5,801)	8,523	18,797	43,846
Los Alamitos	8	441,664	0	0	6,199	1.40%	11,225	2.54%	\$2.88	3,504	1,963	4,475	8,401
Seal Beach	6	452,518	0	0	54,922	12.14%	36,859	8.15%	\$3.45	2,109	487	6,456	9,433
Stanton	4	143,361	0	0	18,357	12.80%	18,357	12.80%	\$1.51	0	0	0	0
Westminster	11	445,789	0	0	51,778	11.61%	51,804	11.62%	\$2.44	(4,210)	(5,174)	286	2,303
West County Total	128	6,999,019	0	0	759,821	10.86%	823,003	11.76%	\$2.39	(57,069)	(106,409)	80,323	119,632
Orange County Total	1,294	102,990,907	168,137	1,048,380	16,261,519	15.79%	20,083,674	19.50%	\$2.77	(277,724)	(611,057)	1,671,499	4,035,802
Airport Area													
Class A	120	25,559,378	0	182,380	5,349,032	20.93%	6,343,295	24.82%	\$3.16	(20,514)	(344,056)	602,452	1,459,188
Class B	278	15,633,843	0	0	2,127,253	13.61%	2,646,198	16.93%	\$2.72	(104,266)	(24,727)	291,376	673,517
Class C	18	1,016,601	0	0	18,313	1.80%	37,915	3.73%	\$2.75	(212)	(1,791)	6,844	13,230
Central County													
Class A	35	6,388,248	168,137	401,000	1,536,524	24.05%	1,652,589	25.87%	\$2.73	(36,392)	8,508	91,256	231,460
Class B	171	11,085,346	0	0	1,417,299	12.79%	1,553,420	14.01%	\$2.42	(51,660)	(204,484)	87,345	309,590
Class C	41	1,746,042	0	0	175,484	10.05%	252,393	14.46%	\$1.55	10,722	20,030	17,899	43,443
North County													
Class A	20	2,428,817	0	0	578,846	23.83%	826,201	34.02%	\$2.84	44,024	44,480	38,109	83,583
Class B	114	7,738,123	0	0	647,782	8.37%	791,822	10.23%	\$2.46	(42,410)	(92,931)	48,927	122,852
Class C	19	858,076	0	0	17,912	2.09%	18,632	2.17%	\$2.27	2,253	6,217	3,740	12,089
South County													
Class A	67	9,056,157	0	465,000	1,667,849	18.42%	2,396,847	26.47%	\$3.04	83,581	134,128	194,184	414,317
Class B	266	13,634,203	0	0	1,945,809	14.27%	2,706,989	19.85%	\$2.76	(108,180)	(59,196)	202,723	535,688
Class C	17	847,054	0	0	19,595	2.31%	34,370	4.06%	\$2.53	2,399	9,174	6,321	17,213
West County													
Class A	12	1,309,359	0	0	373,440	28.52%	409,744	31.29%	\$2.71	(66,608)	(88,195)	19,856	30,434
Class B	101	5,166,242	0	0	384,181	7.44%	411,059	7.96%	\$2.38	10,979	(16,774)	60,467	89,198
Class C	15	523,418	0	0	2,200	0.42%	2,200	0.42%	\$0.00	(1,440)	(1,440)	0	0
Orange County													
Class A	254	44,741,959	168,137	1,048,380	9,505,691	21.25%	11,628,676	25.99%	\$3.09	4,091	(245,135)	945,857	2,218,982
Class B	930	53,257,757	0	0	6,522,324	12.25%	8,109,488	15.23%	\$2.60	(295,537)	(398,112)	690,838	1,730,845
Class C	110	4,991,191	0	0	233,504	4.68%	345,510	6.92%	\$1.74	13,722	32,190	34,804	85,975
Orange County Total	1,294	102,990,907	168,137	1,048,380	16,261,519	15.79%	20,083,674	19.50%	\$2.77	(277,724)	(611,057)	1,671,499	4,035,802

This survey consists of office properties 25,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a full-service gross basis.



The New Vibe of Orange County's Office Market

by **Chris Drzyzga SIOR**

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In a market still struggling against the lingering impacts of hybrid work, rising capital costs, and evolving user demands, the recent sale of 2400 E. Katella Avenue in Anaheim stands out — not just for its price tag, but for what it signals about the future of office real estate in Orange County.

Acquired for \$275 per square foot by Henry and Susan Samuelli, the 12-story, 90% leased Class A office building represents the highest price paid for a Central County office asset in more than three years. But this transaction is more than just a headline, it's a case study in two structural trends reshaping our market: flight to quality and the emergence of mixed-use campuses.

The Samuelis' acquisition adds another strategic component to its signature development, the OC VIBE — a \$4 billion, 100-acre, master-planned district that will integrate office, retail, hospitality, residential, entertainment, and green space around the Honda Center and ARTIC transit hub. With completion targeted for 2028, just ahead of the LA Olympics, OC VIBE exemplifies how placemaking and experience-driven environments are outperforming traditional stand-alone office buildings.

This isn't an isolated play. Across the county, owners and developers are pursuing similar strategies. Starting in 2026, five major sites in the South Coast Metro submarket will undergo phased transformations — replacing aging malls and low-density retail with walkable, urban villages featuring housing, senior care, retail, hospitality, and civic infrastructure. These projects reflect a broader recalibration of land use and a recognition that office now performs best when integrated into vibrant, lifestyle-oriented ecosystems.

The Irvine Company's plan to reposition parts of its Newport Center and MacArthur Court projects into residential and amenity-driven communities is further evidence that this is not a temporary pivot — it's a fundamental shift in how we plan, finance, and operate commercial real estate.

Just as importantly, these projects aren't only responding to the challenges of the office market. They're also addressing a critical regional need for housing. Cities like Anaheim, Santa Ana, and Newport Beach face ambitious, state-mandated housing goals, and these mixed-use redevelopments offer a practical, scalable path forward — delivering new residential inventory in desirable, transit-connected, and high-amenity environments.

Yes, challenges remain. Leasing velocity is still inconsistent, capital is selective, and tenants are more discerning than ever. However, these projects make clear the future of commercial property development here in Orange County — projects that are part of something bigger, rich in amenities, and built for how people live and work in our high-tech world. Quality and context are no longer optional; they are the price of admission.

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This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a full-service gross 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

CLASS A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

CLASS B: Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area, and systems are adequate. However, Class B buildings cannot compete with Class A buildings of the same price.

CLASS C: Buildings competing for tenants requiring functional space at rents below the area average.

Submarkets

AIRPORT AREA

Costa Mesa, Irvine, Newport Beach

CENTRAL COUNTY

Anaheim, Orange, Santa Ana, Tustin

NORTH COUNTY

Anaheim Hills, Brea, Buena Park, Fullerton, La Habra, La Palma, Placentia, Yorba Linda

SOUTH COUNTY

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

WEST COUNTY

Cypress, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, Stanton, Westminster