

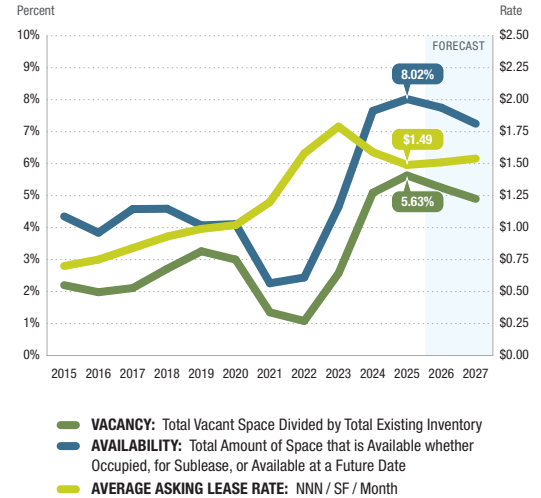
OVERVIEW. The Orange County industrial market ended 2025 showing early signs of recovery after several soft quarters. Gross absorption in Q4 ran ahead of Q3 with tenants physically occupying more space, even as new leasing volume moderated. Despite this improvement in occupancy, vacancy remains near the highest level of the past decade, and a meaningful portion of recent new construction remains on the market. However, tours and active requirements picked up in the second half of the year, creating optimism for 2026. Overall, the market is moving toward the end of its correction phase and heading into the new year with a more-balanced relationship between owners and occupiers, though it will take time to work through the current supply.

VACANCY & AVAILABILITY. Vacancy in Q4 came in at 5.63%, down slightly from 5.72% in Q3, but still higher than the 5.09% recorded in Q4 2024. Total availability finished Q4 at 8.02%, down from 8.22% in Q3 and up from 7.65% a year ago. The narrowing gap between vacancy and availability suggests that some shadow space has either been leased or removed from the market, which helps firm up the outlook for occupancy. Overall, both vacancy and availability are higher than a year ago but are now moving off modestly from the highs reached earlier in 2025.

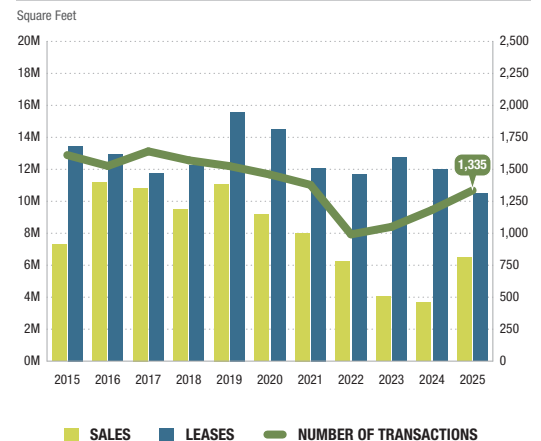
LEASE RATES & SALE PRICES. Asking rents in Q4 averaged \$1.49 per square foot (PSF), up \$0.01 from Q3, but \$0.10, or about 6%, lower than the \$1.59 recorded in Q4 2024. This shows that rents have largely flattened on a quarterly basis after several years of strong gains, while still sitting below where they were a year ago. Average asking sale prices ended Q4 at \$406.52 PSF, an increase of \$22.91, or roughly 6%, from Q3 and \$17.54, or about 5%, above Q4 2024. The rise in pricing points to steady owner-user and investor demand for Orange County industrial assets even as leasing activity has cooled, with buyers still paying a premium for quality buildings in a market with limited purchase options.

TRANSACTION ACTIVITY. Total transaction volume in Q4 reached 3,376,403 SF of leased and sold space, about 514,000 SF lower than the 3,890,827 SF recorded in Q3 and down from 4,210,012 SF in Q4 2024. The market recorded 294 transactions, compared with 337 in Q3 and 311 one year ago, showing that deal flow has eased but remains active across the small and medium size ranges. The focus has shifted from quick speculative deals to more targeted relocations and renewals, as tenants take longer to make decisions but are still executing on space needs. The pricing gap between what landlords and sellers are asking and what tenants and buyers are willing to pay has narrowed compared with earlier in 2025, which is helping more deals get across the finish line.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter		Q4 2025	Q3 2025	Q4 2024	% Change Over Last Year
Vacancy Rate	▼ DOWN		5.63%	5.72%	5.09%	10.72%
Availability Rate	▼ DOWN		8.02%	8.22%	7.65%	4.85%
Average Asking Lease Rate	▲ UP		\$1.49	\$1.48	\$1.59	(6.29%)
Average Asking Sale Price	▲ UP		\$406.52	\$383.61	\$388.98	4.51%
Sale & Lease Transactions	▼ DOWN		3,376,403	3,890,827	4,210,012	(19.80%)
Gross Absorption	▲ UP		3,861,444	3,394,098	2,398,510	60.99%
Net Absorption	▲ POSITIVE		286,194	(612,876)	(1,042,116)	N/A

ABSORPTION. Net absorption in Q4 turned positive to 286,194 SF after three straight quarters of losses, when tenants were returning more space than they were taking. Notable move-ins included Paper Mart taking 246,732 SF on Batavia in Orange and Mohawk Carpet subleasing 90,000 SF on Valley View in Buena Park, both of which contributed meaningfully to the quarter's gains. Gross absorption totaled 3,861,444 SF in Q4, reflecting solid move-in activity across the market. Together, these trends point to an industrial market that remains active and is starting to make progress on the space that accumulated over the past year.

CONSTRUCTION. The construction pipeline remains modest relative to the overall size of the market and continues to support a healthy balance between supply and demand. At the close of Q4, 1,600,528 SF of industrial product was under construction, with another 1,935,157 SF in planning. When compared with an inventory base exceeding 240 MSF, this level of new supply is small and limits the risk that new projects will overwhelm tenant demand. Developers have become more cautious on new starts, focusing on infill sites and buildings with strong functional features that appeal to a broad set of users. This approach to new product, combined with steady leasing, should help the market avoid the higher vacancy levels that have emerged in some larger big-box industrial markets.

EMPLOYMENT. Orange County's unemployment rate was 4.4% in September 2025, based on the most recent data available at year's end. This reading is up from 4.0% a year earlier but still below the statewide jobless rate, and it points to a labor market that has cooled but remains on solid footing. Employment in transportation, warehousing, and manufacturing has been generally stable, with logistics and ecommerce activity helping to offset softness in some traditional manufacturing categories.

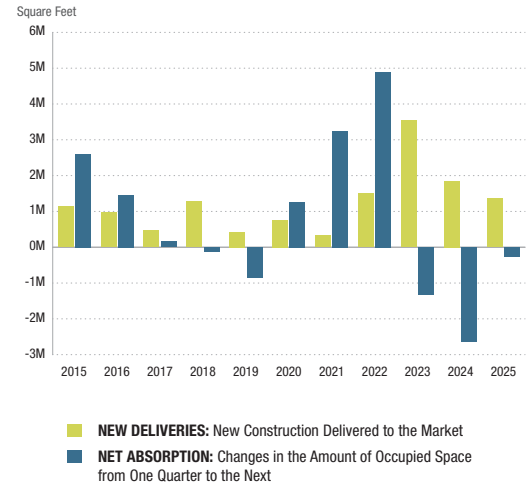
Forecast

The Orange County industrial market enters 2026 with mixed signals that suggest the first half of the year will largely mirror Q4 conditions before meaningful improvement takes hold. With vacancy at 5.63% and substantial inventory still working through the system, it will likely take a few months for the market to stabilize and absorb the excess supply. Asking rents of \$1.49 PSF have already been corrected from their peak and are expected to remain near current levels through midyear, particularly for larger buildings in the 100,000- to 300,000-SF range where competition for tenants remains intense. Sales pricing at \$406.52 PSF should hold steady as owner-user demand remains consistent, though investors will likely continue underwriting deals with more conservative assumptions than in past cycles. By the second half of 2026, modest improvement in both leasing velocity and pricing is possible as the market finds its footing, but advancement is expected to be gradual rather than dramatic.

Significant Transactions

Sales						* Voit Real Estate Services Deal
Property Address	City	Square Feet	Sale Price	Buyer	Seller	
2164 N. Batavia St.	Orange	246,732	\$69,624,000	Lincoln Property /Artemis	Paper Mart	
6211 Descanso Ave.	Buena Park	133,128	\$31,250,000	LA's Total Awesome	Crockett Living Trust *	
2601 S. Garnsey St.	Santa Ana	124,000	\$32,240,000	WareSpace	McDonald Packaging, Inc.	
17352 Armstrong Ave.	Irvine	123,748	\$17,000,000	Avenue Equities	Fletcher Jones Motor Cars, Inc.	
3130 S. Fairview St.	Santa Ana	82,241	\$40,505,709	Robinson Pharma	Hines	
Leases						
Property Address	City	Square Feet	Transaction Date	Tenant	Owner	
2164 N. Batavia St.	Orange	246,732	Nov-2025	Paper Mart	2164 N Batavia Owner LLC	
6300 Valley View St. - Sublease	Buena Park	90,000	Oct-2025	Mohark Carpet	Manhattan Beachwear, LLC	
15551-15561 Del Amo Ave.	Tustin	72,303	Nov-2025	Dailed Holdings	Link/Blackstone	
25862 Commercentre Dr.	Lake Forest	61,163	Oct-2025	Intertek	Prologis, Inc.	
1900 E. Carnegie Ave.	Santa Ana	60,110	Nov-2025	Vita Plus	EMC Carnegie	

NEW DELIVERIES & NET ABSORPTION



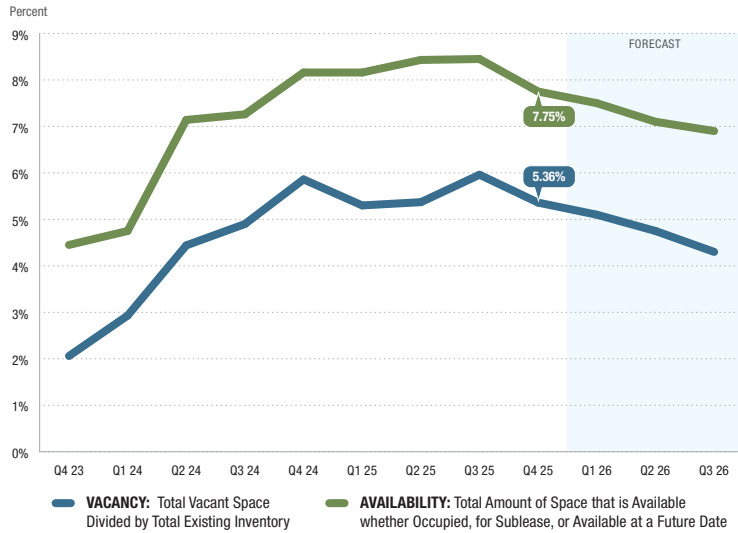
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
Airport Area														
Costa Mesa	449	7,674,694	0	0	399,101	5.20%	497,943	6.49%	\$1.47	\$638.78	(77,132)	(99,036)	112,243	362,489
Fountain Valley	179	3,701,270	0	0	55,035	1.49%	310,538	8.39%	\$1.79	\$408.89	10,775	61,827	41,655	215,529
Irvine	305	11,841,519	0	0	1,159,161	9.79%	1,389,342	11.73%	\$1.84	\$479.02	(156,198)	66,981	294,950	881,665
Newport Beach	49	607,894	0	0	4,165	0.69%	4,165	0.69%	\$0.00	\$0.00	0	1,280	575	15,803
Santa Ana	1,591	31,480,530	430,744	176,000	1,650,533	5.24%	2,094,467	6.65%	\$1.25	\$374.54	(13,275)	94,514	341,884	1,449,798
Tustin	116	4,612,962	93,372	153,118	363,579	7.88%	568,218	12.32%	\$1.75	\$0.00	52,780	62,946	84,407	275,740
Airport Area Total	2,689	59,918,869	524,116	329,118	3,631,574	6.06%	4,864,673	8.12%	\$1.43	\$414.83	(183,050)	188,512	875,714	3,201,024
North County														
Anaheim	1,846	45,034,485	260,923	21,126	2,787,904	6.19%	3,603,417	8.00%	\$1.55	\$441.49	200,929	124,322	659,229	2,574,770
Brea	331	12,403,979	52,102	0	507,134	4.09%	1,242,713	10.02%	\$1.43	\$373.44	55,436	114,207	347,225	646,824
Buena Park	239	13,722,407	0	0	975,246	7.11%	1,414,570	10.31%	\$1.33	\$346.84	292,941	335,229	310,620	1,013,010
Fullerton	466	19,908,498	0	249,230	1,393,093	7.00%	1,539,952	7.74%	\$1.59	\$372.87	(148,059)	(321,606)	285,736	1,168,308
La Habra	195	3,591,808	0	0	63,224	1.76%	66,070	1.84%	\$1.45	\$520.23	6,624	(22,900)	22,855	78,714
Orange	746	13,607,202	285,719	186,853	263,488	1.94%	767,316	5.64%	\$1.23	\$295.73	124,118	29,483	259,491	886,978
Placentia	221	4,272,865	0	0	87,333	2.04%	160,069	3.75%	\$1.47	\$0.00	(11,327)	98,545	117,322	317,124
Yorba Linda	55	908,881	0	0	3,420	0.38%	3,420	0.38%	\$0.00	\$0.00	(3,420)	7,454	0	24,204
North County Total	4,099	113,450,125	598,744	457,209	6,080,842	5.36%	8,797,527	7.75%	\$1.47	\$382.52	517,242	364,734	2,002,478	6,709,932
South County														
Aliso Viejo	19	735,866	0	0	9,408	1.28%	9,408	1.28%	\$1.90	\$453.42	0	(9,408)	0	21,607
Foothill Ranch	63	3,321,584	0	0	143,444	4.32%	139,268	4.19%	\$1.56	\$408.37	55,085	(27,593)	75,507	124,593
Irvine Spectrum	222	10,923,124	364,161	445,781	1,019,403	9.33%	1,454,268	13.31%	\$1.54	\$501.75	(86,554)	(276,052)	153,771	468,568
Laguna Beach	22	113,034	0	0	5,500	4.87%	27,100	23.98%	\$3.38	\$631.90	2,137	(3,242)	3,137	10,235
Laguna Hills	78	1,066,962	0	0	23,139	2.17%	90,487	8.48%	\$1.74	\$416.67	1,072	4,206	18,152	83,917
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	224,800	106,824	2.46%	382,571	8.80%	\$1.54	\$399.02	88,227	61,063	95,021	213,133
Mission Viejo	31	725,012	0	0	8,731	1.20%	16,751	2.31%	\$1.57	\$0.00	2,486	1,663	2,486	16,798
Rancho Mission Viejo	5	125,044	0	0	10,992	8.79%	10,992	8.79%	\$2.25	\$0.00	(1,848)	5,232	1,824	24,744
Rancho Santa Margarita	107	1,708,558	0	0	35,962	2.10%	37,097	2.17%	\$1.60	\$0.00	(906)	6,035	25,324	37,780
San Clemente	164	2,058,906	0	90,000	69,967	3.40%	63,802	3.10%	\$1.43	\$479.66	(19,321)	14,186	13,802	109,315
San Juan Capistrano	46	1,061,431	25,343	0	149,605	14.09%	158,893	14.97%	\$2.22	\$545.08	14,400	(13,204)	16,400	16,400
South County Total	966	26,419,417	389,504	760,581	1,582,975	5.99%	2,390,637	9.05%		\$470.56	54,778	(237,114)	405,424	1,127,090
West County														
Cypress	103	5,117,988	0	0	856,284	16.73%	1,097,407	21.44%	\$1.56	\$405.00	(109,893)	(448,071)	85,773	135,372
Garden Grove	485	12,598,947	88,164	0	453,114	3.60%	611,696	4.86%	\$1.38	\$343.84	54,774	(35,609)	142,934	726,270
Huntington Beach	703	14,153,922	0	318,751	584,729	4.13%	726,680	5.13%	\$1.58	\$429.69	(65,722)	(156,425)	194,194	866,932
La Palma	16	1,778,216	0	0	0	0.00%	424,285	23.86%	\$1.24	\$0.00	0	0	0	0
Los Alamitos	96	2,206,219	0	0	14,713	0.67%	23,510	1.07%	\$1.53	\$0.00	120,552	144,633	129,992	204,436
Seal Beach	15	947,258	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	5,480
Stanton	177	1,881,358	0	0	30,723	1.63%	42,313	2.25%	\$1.43	\$380.45	12,015	45,844	21,479	101,023
Westminster	138	2,290,921	0	69,498	326,428	14.25%	335,673	14.65%	\$1.43	\$0.00	(114,502)	(129,031)	3,456	75,842
West County Total	1,733	40,974,829	88,164	388,249	2,265,991	5.53%	3,261,564	7.96%	\$1.44	\$384.29	(102,776)	(578,659)	577,828	2,115,355
Orange County Total	9,487	240,763,240	1,600,528	1,935,157	13,561,382	5.63%	19,314,401	8.02%	\$1.49	\$406.52	286,194	(262,527)	3,861,444	13,153,401
Less than 9,999	3,372	20,544,302	0	0	397,578	1.94%	530,869	2.58%	\$1.80	\$481.43	12,681	(17,550)	193,147	886,861
10,000-19,999	3,155	43,651,810	0	19,126	1,227,494	2.81%	1,822,239	4.17%	\$1.60	\$396.90	(58,141)	(46,536)	482,602	2,194,604
20,000-29,999	1,192	28,524,253	25,343	0	954,407	3.35%	1,403,309	4.92%	\$1.61	\$355.63	(82,052)	(6,882)	302,603	1,359,948
30,000-39,999	500	17,072,977	0	0	845,123	4.95%	1,259,616	7.38%	\$1.48	\$361.66	(79,917)	(227,706)	199,941	905,197
40,000-49,999	300	13,206,007	0	0	512,843	3.88%	703,750	5.33%	\$1.47	\$0.00	(37,052)	749	187,841	613,504
50,000-74,999	380	22,831,022	123,742	596,515	913,573	4.00%	1,674,034	7.33%	\$1.39	\$380.10	366,367	354,377	679,385	1,503,743
75,000-99,999	169	14,577,322	437,402	357,868	1,117,444	7.67%	1,665,690	11.43%	\$1.38	\$391.69	(127,316)	186,047	655,968	1,451,598
100,000-199,999	287	38,381,646	798,817	736,648	4,091,784	10.66%	5,701,580	14.85%	\$1.47	\$243.77	143,383	114,598	907,595	2,743,686
200,000 Plus	132	41,973,901	215,224	225,000	3,501,136	8.34%	4,553,314	10.85%	\$0.00	\$0.00	148,241	(619,624)	252,362	2,579,604
Orange County Total	9,487	240,763,240	1,600,528	1,935,157	13,561,382	5.63%	19,314,401	8.02%	\$1.49	\$406.52	286,194	(262,527)	3,861,444	13,153,401

Lease rates are on a triple-net basis.

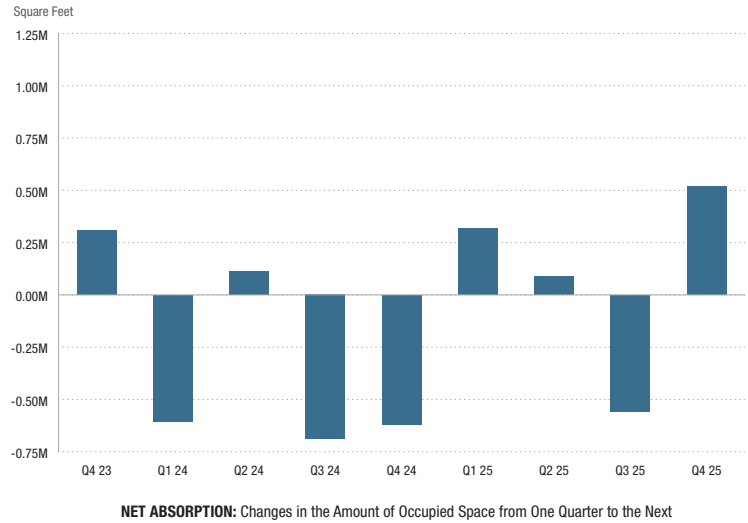
NORTH ORANGE COUNTY

In the fourth quarter of 2025, the North Orange County industrial market comprised 4,099 buildings totaling 113,450,125 square feet, with an availability rate of 7.75%, which shows a decrease from the previous quarter's figure of 8.45%.

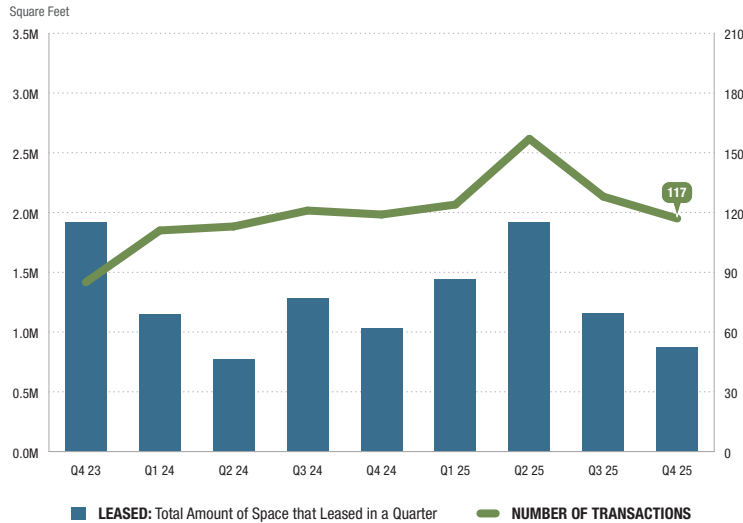
VACANCY & AVAILABILITY RATE



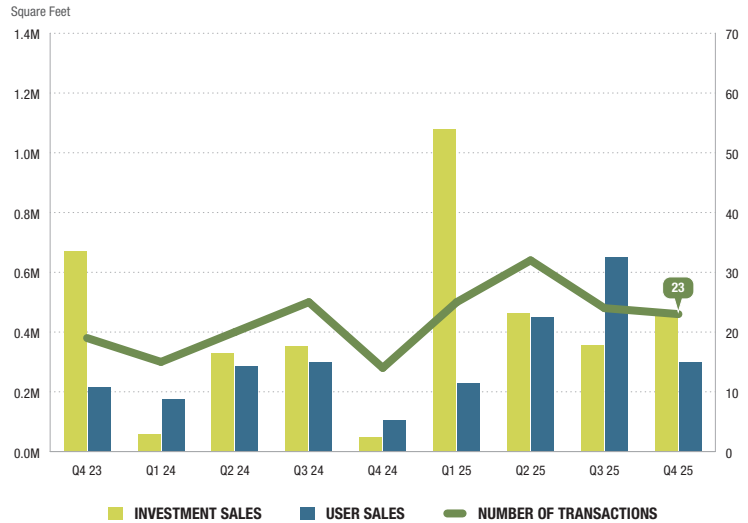
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

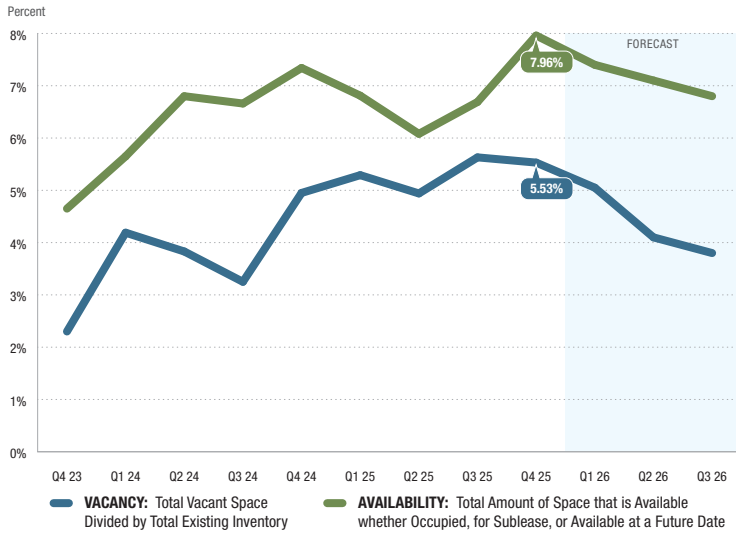
ABSORPTION

	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 Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
North Totals														
Less than 9,999	1,362	8,588,410	0	0	180,743	2.10%	242,633	2.83%	\$1.28	\$387.40	14,186	(45,989)	99,901	399,015
10,000-19,999	1,389	19,254,709	0	19,126	516,440	5.52%	608,825	6.83%	\$1.56	\$353.93	725	(101,367)	199,672	889,344
20,000-29,999	514	12,292,316	0	0	319,958	2.60%	472,553	3.84%	\$1.45	\$333.62	1,578	101,808	140,597	617,272
30,000-39,999	226	7,700,330	0	0	325,264	4.22%	468,696	6.09%	\$1.40	\$357.27	(5,471)	21,023	148,115	411,670
40,000-49,999	139	6,125,847	0	0	229,578	3.75%	283,134	4.62%	\$1.28	\$0.00	16,364	(19,557)	135,913	333,879
50,000-74,999	179	10,754,021	52,102	121,605	435,123	4.05%	879,219	8.18%	\$1.36	\$420.63	304,726	557,437	492,540	1,033,419
75,000-99,999	73	6,253,283	99,200	0	118,835	1.90%	428,191	6.85%	\$1.11	\$395.00	14,079	143,388	183,411	575,121
100,000-199,999	149	19,705,615	447,442	316,478	2,182,910	11.08%	3,131,989	15.89%	\$1.49	\$0.00	45,855	(174,631)	411,529	1,716,608
200,000 plus	68	22,775,594	0	0	1,771,991	7.78%	2,282,287	10.02%	\$0.00	\$0.00	125,200	(117,378)	190,800	733,604
Total	4,099	113,450,125	598,744	457,209	6,080,842	5.36%	8,797,527	7.75%	\$1.47	\$382.52	517,242	364,734	2,002,478	6,709,932

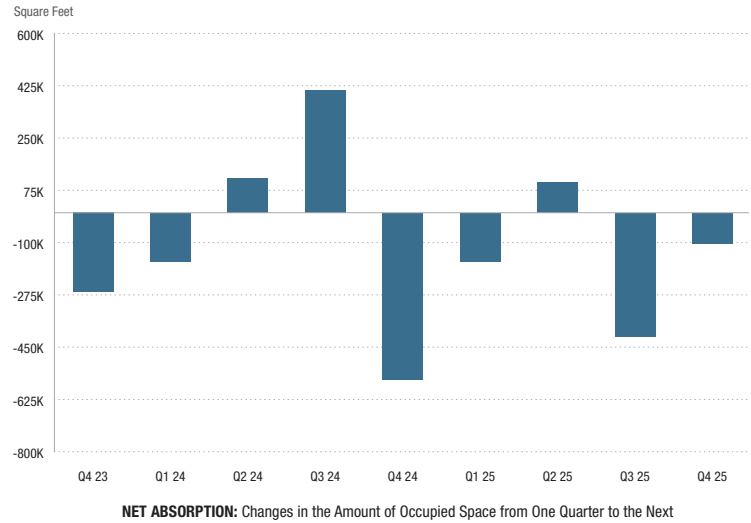
WEST ORANGE COUNTY

In the fourth quarter of 2025, the West Orange County industrial market consisted of 1,733 buildings totaling 40,974,829 square feet and had an availability rate of 7.96%, which shows an increase from the previous quarter's figure of 6.69%.

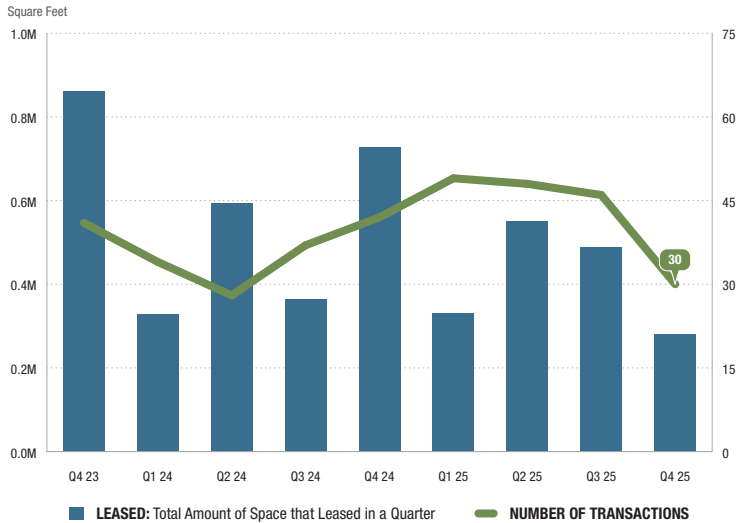
VACANCY & AVAILABILITY RATE



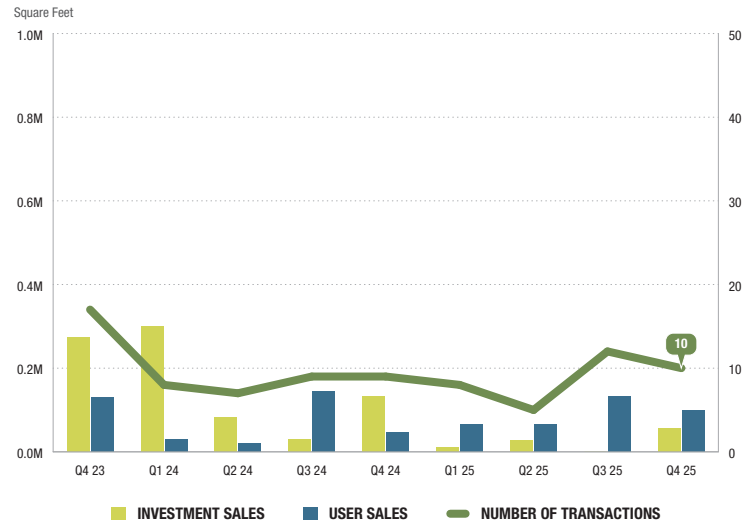
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

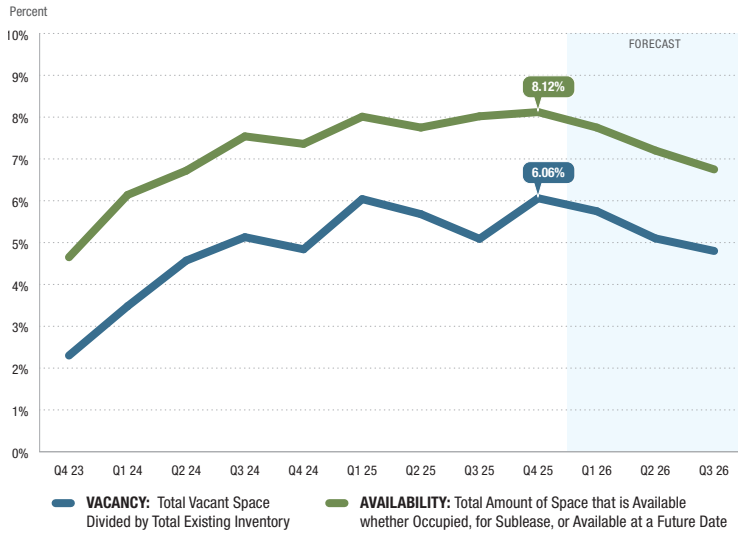
ABSORPTION

	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 Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
West Totals														
Less than 9,999	697	4,170,626	0	0	62,308	1.49%	95,561	2.29%	\$1.56	\$511.95	33,386	93,191	57,447	254,829
10,000-19,999	574	7,631,159	0	0	268,509	7.11%	413,795	15.16%	\$1.53	\$366.33	(67,758)	(10,998)	65,940	453,955
20,000-29,999	187	4,514,039	0	0	136,726	3.03%	160,134	3.55%	\$1.55	\$424.00	(23,545)	(88,181)	30,708	109,493
30,000-39,999	64	2,228,191	0	0	138,074	6.20%	187,579	8.42%	\$1.35	\$0.00	(24,283)	(72,031)	4,676	88,343
40,000-49,999	51	2,250,192	0	0	115,123	5.12%	68,031	3.02%	\$1.53	\$0.00	24,509	19,486	46,644	142,691
50,000-74,999	59	3,523,201	0	126,542	221,147	6.28%	294,047	8.35%	\$1.45	\$353.49	(25,719)	(171,436)	69,060	105,504
75,000-99,999	29	2,511,677	88,164	93,068	300,123	11.95%	323,134	12.87%	\$1.43	\$329.41	(19,366)	(100,193)	168,078	174,837
100,000-199,999	47	6,553,310	0	168,639	251,959	3.84%	522,976	7.98%	\$1.33	\$0.00	0	65,179	96,754	335,007
200,000 plus	25	7,592,434	0	0	772,022	10.17%	1,196,307	15.76%	\$0.00	\$0.00	0	(313,676)	38,521	450,696
Total	1,733	40,974,829	88,164	388,249	2,265,991	5.53%	3,261,564	7.96%	\$1.44	\$384.29	(102,776)	(578,659)	577,828	2,115,355

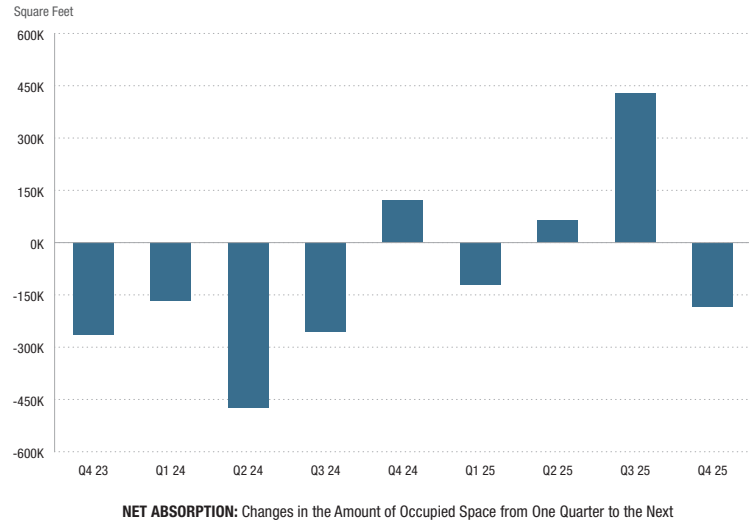
AIRPORT AREA

In the fourth quarter of 2025, the Airport Orange County industrial market consisted of 2,689 buildings totaling 59,918,869 square feet and had an availability rate of 8.12%, which shows an increase from the previous quarter's figure of 8.02%.

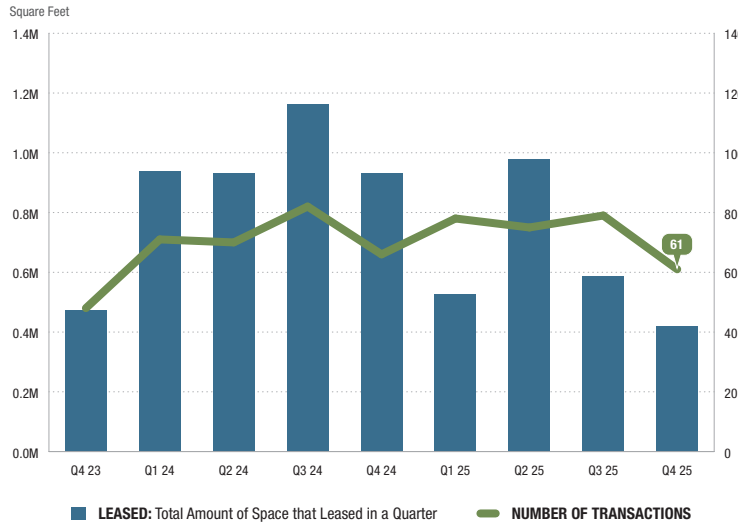
VACANCY & AVAILABILITY RATE



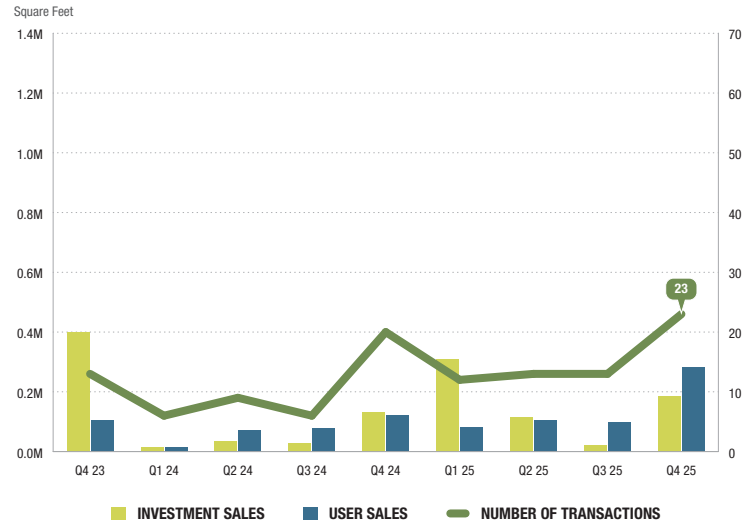
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

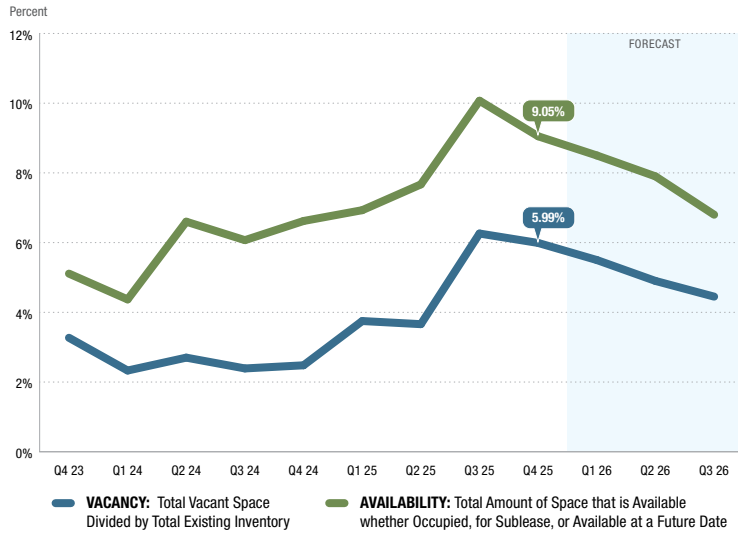
ABSORPTION

	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 Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
Airport Totals														
Less than 9,999	944	5,491,481	0	0	82,177	1.50%	87,256	1.59%	\$2.08	\$476.48	(1,632)	(10,957)	29,185	159,988
10,000-19,999	912	12,766,611	0	0	333,470	2.61%	614,738	4.82%	\$1.65	\$446.20	(5,450)	58,265	171,926	683,000
20,000-29,999	358	8,538,738	0	0	385,235	4.51%	621,241	7.28%	\$1.52	\$404.23	(60,609)	(10,573)	85,043	449,531
30,000-39,999	163	5,545,186	0	0	285,056	5.14%	457,588	8.25%	\$1.43	\$39.38	(50,163)	(137,319)	47,150	275,443
40,000-49,999	79	3,447,400	0	0	168,142	4.88%	267,125	7.75%	\$1.56	\$0.00	(80,409)	(9,513)	2,800	103,053
50,000-74,999	105	6,353,412	0	225,552	239,803	3.77%	475,208	7.48%	\$1.57	\$289.88	53,502	(31,624)	83,927	305,822
75,000-99,999	49	4,222,526	172,741	0	460,887	10.91%	571,168	13.53%	\$1.71	\$0.00	(22,188)	143,685	193,041	514,722
100,000-199,999	58	7,573,735	351,375	103,566	1,245,750	16.45%	1,240,626	16.38%	\$1.47	\$0.00	(16,101)	185,928	262,642	708,845
200,000 plus	21	5,979,780	0	0	431,054	7.21%	529,723	8.86%	\$0.00	\$0.00	0	620	0	620
Total	2,689	59,918,869	524,116	329,118	3,631,574	6.06%	4,864,673	8.12%	\$1.43	\$414.83	(183,050)	188,512	875,714	3,201,024

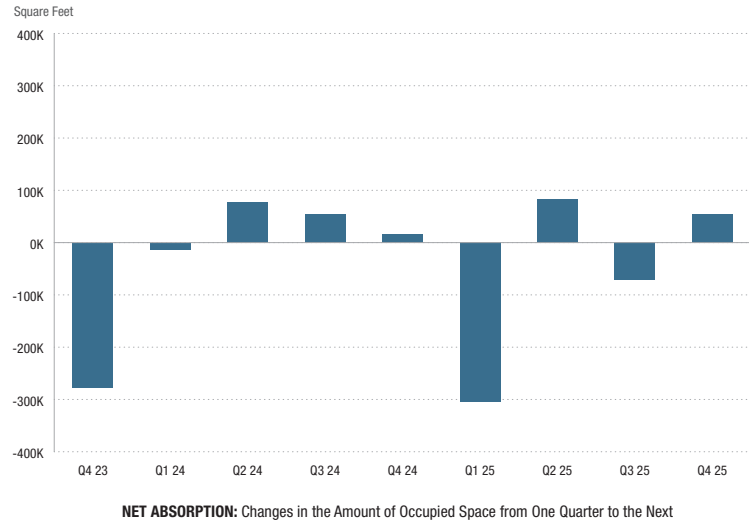
SOUTH ORANGE COUNTY

In the fourth quarter of 2025, the South Orange County industrial market consisted of 966 buildings totaling 26,419,417 square feet and had an availability rate of 9.05%, which shows a decrease from the previous quarter's figure of 10.07%.

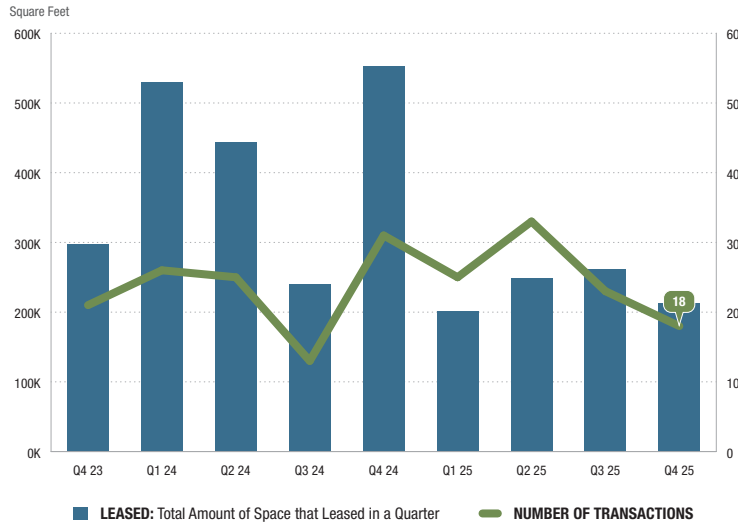
VACANCY & AVAILABILITY RATE



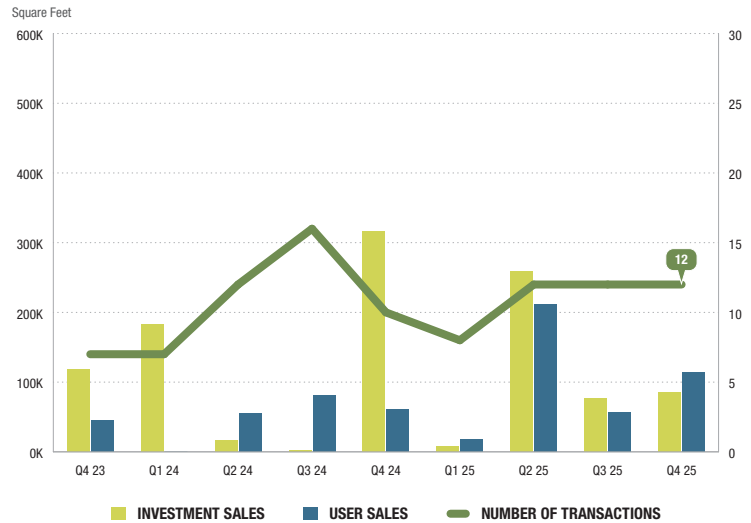
NET ABSORPTION



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 Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
South Totals														
Less than 9,999	369	2,293,785	0	0	72,350	3.15%	105,419	4.60%	\$1.91	\$562.16	(33,259)	(53,795)	6,614	73,029
10,000-19,999	280	3,999,331	0	0	109,075	6.67%	184,881	9.70%	\$1.76	\$462.28	14,342	7,564	45,064	168,305
20,000-29,999	133	3,179,160	25,343	0	112,488	3.54%	149,381	4.70%	\$1.89	\$427.12	524	(9,936)	46,255	183,652
30,000-39,999	47	1,599,270	0	0	96,729	6.05%	145,753	9.11%	\$1.51	\$391.00	0	(39,379)	0	129,741
40,000-49,999	31	1,382,568	0	0	0	0.00%	85,460	6.18%	\$1.61	\$0.00	2,484	10,333	2,484	33,881
50,000-74,999	37	2,200,388	71,640	122,816	17,500	0.80%	25,560	1.16%	\$1.47	\$410.00	33,858	0	33,858	58,998
75,000-99,999	18	1,589,836	77,297	264,800	237,599	14.94%	343,197	21.59%	\$1.67	\$529.00	(99,841)	(833)	111,438	186,918
100,000-199,999	33	4,548,986	0	147,965	411,165	9.04%	805,989	17.72%	\$1.59	\$0.00	113,629	38,122	136,670	136,670
200,000 plus	18	5,626,093	215,224	225,000	526,069	9.35%	544,997	9.69%	\$0.00	\$0.00	23,041	(189,190)	23,041	155,896
Total	966	26,419,417	389,504	760,581	1,582,975	5.99%	2,390,637	9.05%	\$0.00	\$470.56	54,778	(237,114)	405,424	1,127,090



The Time Is Now

by **Reed Rutter**

SENIOR ASSOCIATE, IRVINE

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There is no denying that soft market conditions defined the 2025 Orange County industrial market. Vacancy stayed on the rise, absorption ran negative, and lease rates continued their slide, giving tenants additional leverage. Decision-making slowed as higher interest rates, cautious capital markets and general economic uncertainty kept both occupiers and investors in wait-and-see mode. But markets do not turn purely on headlines, and as 2025 ended, the data offered a clear indication that things are beginning to change.

After an extended period of uncertainty, the fourth quarter delivered a break in the trend. For the first time in more than two years, vacancy declined, settling at 5.63%, while total availability compressed to just above 8%. More importantly, net absorption returned to positive territory, reversing the significant occupancy losses experienced earlier in the year. Gross absorption surged nearly 61% year over year, signaling that the increase in tenant activity is real and measurable.

While lease rates remain below their prior peak, they have stabilized. Landlords continue to offer concessions, including free rent and tenant improvement packages, yet the leverage gap is no longer widening. As demand rebuilds, particularly in functional, well located product, that balance is beginning to shift.

On the capital side, the numbers tell an equally important story. Average asking sale prices in the fourth quarter remained elevated, although below recent peak levels, rising more than 4.5% year over year, despite softer leasing conditions. This discrepancy shows a growing reality that as lease rates have adjusted, capital sources are restructuring their investment criteria. Investors understand Orange County's structural constraints, limited land and static inventory base, coupled with historically strong demand, and they are positioning themselves accordingly.

The broader economy provides additional support. GDP growth hit 4.3% in Q3, and the Federal Reserve has begun easing monetary policy in an effort to restore liquidity and encourage business growth. With interest rates trending lower and the discussion shifting toward more "pro-growth, business-friendly" leadership at the Fed in 2026, sidelined capital is preparing to re-enter the market.

What is emerging is not a rapid rebound, but a slow transition that is gaining momentum. Stabilization precedes recovery, and this modest shift in market metrics confirms that the market is returning to good health. The disconnect between lease rates and sale pricing will not persist indefinitely, as history suggests it closes through increased activity, not further hesitation.

As we move into 2026, the lesson is clear: momentum is shifting before our eyes, and the numbers now support it. Those waiting for the "perfect" signal may find themselves competing in a far tighter and more expensive environment. In Orange County industrial, the turn is underway and the time to act is now.

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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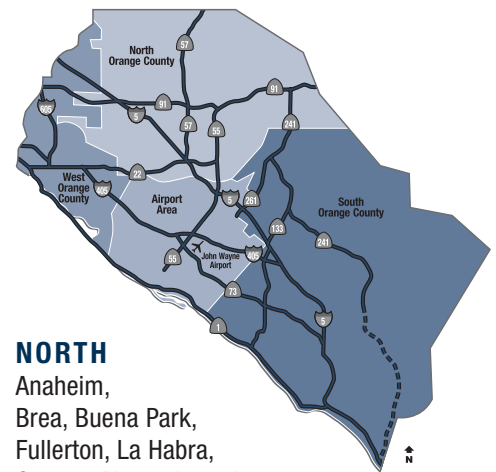
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