OC Q2 26

SECOND QUARTER 2026 MARKET REPORT

ORANGE COUNTY FLEX / R&D

Voit REAL ESTATE SERVICES

OVERVIEW. After two years of price correction, Orange County's R&D / Flex market produced the first quarter that looks like the page is turning. Net absorption turned positive after more than a year of consecutive quarterly losses, gross absorption reached its strongest level in several years, and the construction pipeline emptied with the delivery of the market's only active project. Pricing held: asking rents have traded in a narrow band long enough to signal a floor, and buyers, sellers, landlords, and tenants are converging on market value after a long stretch of postponed decisions. Transaction velocity is rising on both the leasing and sales sides. The correction is not fully resolved, but the quarter's profile, accelerating absorption against stable pricing, is the shape recoveries tend to take.

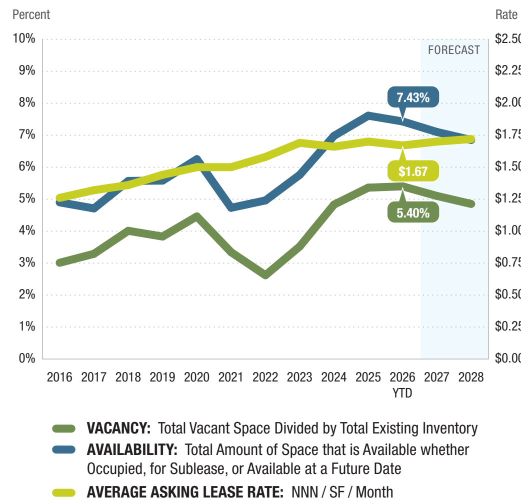
VACANCY & AVAILABILITY. The vacancy rate in the Orange County R&D / Flex market declined to 5.40% in Q2 2026, down 21 basis points quarter over quarter from 5.61% in Q1 2026, the first quarterly decline after four consecutive increases. Year over year, vacancy remains 26 bps above the 5.14% recorded in Q2 2025, and it stands 57 bps above the 4.83% posted at year-end 2024, a reminder that the market is still digesting the space returned during the correction. Total availability declined to 7.43%, down 46 bps from 7.89% in Q1 2026. The 203-basis-point spread between availability and physical vacancy reflects space being marketed ahead of scheduled move-outs.

LEASE RATES. The average asking lease rate for Orange County R&D / Flex space held at $1.67 PSF NNN in Q2 2026, unchanged quarter over quarter from Q1 2026 and up 1.8% year over year from $1.64 PSF in Q2 2025. Over the past eight quarters asking rents have ranged between $1.64 PSF and $1.70 PSF, a band of just $0.06 PSF that signals pricing has found a floor and is giving both owners underwriting assets and tenants making long-term commitments a stable basis for decisions. The submarket runs from South County at $1.76 PSF and the Airport Area at $1.74 PSF at the high end to North County at $1.47 PSF and West County at $1.41 PSF at the low end. Free rent periods and tenant improvement allowances remain standard components of executed transactions across the submarket spectrum.

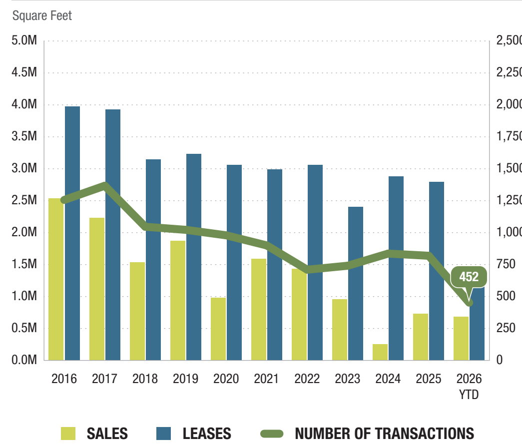
TRANSACTION ACTIVITY. Total transaction volume reached 247 transactions encompassing 1,013,746 SF in Q2 2026, up from 208 transactions and 965,299 SF in Q1 2026, though below the 1,121,007 SF recorded across 215 transactions in Q2 2025. Leasing accounted for 230 deals totaling 639,602 SF, more deals but slightly less square footage than the prior quarter, a profile that points to steady activity among small and mid-sized requirements rather than a handful of large commitments. Sales activity more than doubled to 17 transactions totaling 374,144 SF, up from 8 transactions and 307,308 SF in Q1 2026 and the most in any quarter over the past two years. Dollar volume totaled $90,005,454, and the average sale price of $334.18 PSF fell from $400.32 PSF as the mix shifted toward smaller buildings.

ABSORPTION. The Orange County R&D / Flex market recorded positive occupancy growth of 120,020 SF in Q2 2026, reversing a net demand loss of 93,392 SF in Q1 2026 and ending

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

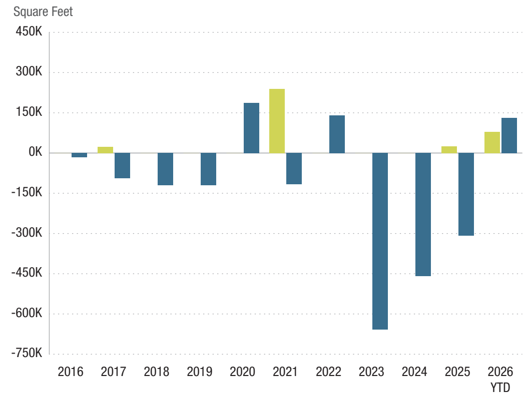
	Change Over Last Quarter	Q2 2026	Q1 2026	Q2 2025	% Change Over Last Year
Vacancy Rate	DOWN	5.40%	5.61%	5.14%	4.96%
Availability Rate	DOWN	7.43%	7.89%	7.40%	0.49%
Average Asking Lease Rate	FLAT	$1.67	$1.67	$1.64	1.83%
Sale & Lease Transactions	UP	1,013,746	965,299	1,121,007	(9.57%)
Gross Absorption	UP	1,060,034	775,129	741,817	42.90%
Net Absorption	POSITIVE	120,020	(93,392)	(148,254)	N/A

a run of five consecutive negative quarters that began in Q1 2025. A year earlier, Q2 2025 recorded a net demand loss of 148,254 SF, and full-year 2025 closed at a net demand loss of 307,525 SF. Gross absorption reached 1,060,034 SF, up 36.8% quarter over quarter from 775,129 SF and 42.9% year over year from 741,817 SF. The largest single gain was Advantech's 78,837-square-foot build-to-suit at RedHill and Victory Road in Tustin, which delivered fully occupied during the quarter. Act 2 Network occupied 36,225 SF at 1717 South Grand Avenue in Santa Ana, and Accton Manufacturing took 16,514 SF at 17909 Gillette Avenue in Irvine.

CONSTRUCTION. No R&D / Flex space was under construction at the close of Q2 2026, down from 78,837 SF in Q1 2026. The pipeline emptied with the quarter's sole delivery, Advantech's 78,837-square-foot build-to-suit at Tustin Legacy's Advanced Technology and Education Park, which was occupied on completion. No additional projects are planned countywide. Land scarcity and rental rates below the level required for speculative development have kept the window for new R&D / Flex product closed. A pipeline at zero removes the risk of new supply adding vacancy pressure and stands as one of the more positive supply-side conditions in the market.

EMPLOYMENT. Orange County's unemployment rate declined to 3.5% in May 2026, down from 3.7% in April 2026, according to the California Employment Development Department. Manufacturing employment totaled 147,200 jobs in May 2026, down 3,100 year over year, while professional and scientific services, a primary driver of R&D / Flex demand, recorded 141,900 jobs, up 1.7% year over year.

NEW DELIVERIES & NET ABSORPTION



NEW DELIVERIES: New Construction Delivered to the Market
NET ABSORPTION: Changes in the Amount of Occupied Space from One Quarter to the Next

Forecast

Orange County's R&D/Flex tenant base is narrow but durable: aerospace and defense, medical devices, life sciences, advanced manufacturing, and technology companies needing lab and office capacity under one roof. That profile is distinct from the logistics users who drive conventional industrial demand and insulates the market from tariff-driven import disruptions that weigh more heavily on warehouse product. Aerospace and defense expansion, led by companies such as Anduril, is a genuine demand driver for this building type, and artificial intelligence is generating requirements for hardware prototyping and robotics testing that this product is configured to serve. The price discovery period that suppressed transaction velocity through 2024 and much of 2025 has run its course; buyers, sellers, landlords, and tenants are converging on market value. Asking rents have stabilized, absorption has turned positive, and the pipeline is empty. Vacancy may still fluctuate quarter to quarter, and a full recovery in rents and occupancy is a 2027 story, but 2Q 2026 reads as the quarter the correction stopped being the story.

Significant Transactions

Sales

Property Address	City	Square Feet	Sale Price	Buyer	Seller
2350-2384 .E Orangethorpe Ave.	Anaheim	62,395	$18,700,000	GDC Orangethorpe JV LLC	Orangethorpe Industrial LLC
3 Whatney	Irvine Spectrum	29,216	$9,000,000	KCJ Commercial Holdings LLC	3 Whatney, LLC
310 Goddard Way	Irvine Spectrum	12,198	$5,330,000	Suntsu Electronics, Inc.	310 Goddard LLC
525 N. Shepard St.	Anaheim	10,739	$4,833,000	525 Shepard LLC	91 Crossroads LLC

208 Avenida Fabricante

* Voit Real Estate Services Deal

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
2350 Artesia Ave.	Fullerton	34,966	Apr-2026	Resources Refrigeration	TFL Logistics/Commonwealth LLC*
11 Studebaker - Sublease	Irvine Spectrum	30,220	Jun-2026	Tellus Power Globe Holdings, Ltd	Intellian Technologies USA Inc.
920 E 1st St.	Santa Ana	22,000	Apr-2026	Ministry Inc.	Magna & Magna Inc.
3000 Airway Ave. - Sublease	Costa Mesa	20,903	Jun-2026	Carbeeco*	Via Merch LLC/The T-Shirt Land, LLC*
9 Parker	Irvine Spectrum	19,651	Apr-2026	Relief Cardiovascular, Inc.	The irvine Company

	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 2026	Square Feet Available	Availability Rate Q2 2026	Average Asking Lease Rate	Net Absorption Q2 2026	Net Absorption 2026	Gross Absorption Q2 2026	Gross Absorption 2026
Airport Area													
Costa Mesa	155	3,618,112	0	0	260,163	7.19%	253,510	7.01%	$1.75	(27,113)	(41,816)	73,732	89,544
Fountain Valley	49	1,406,594	0	0	33,438	2.38%	39,528	2.81%	$2.25	(3,268)	(7,368)	4,228	16,100
Irvine	234	6,077,040	0	0	322,298	5.30%	476,482	7.84%	$1.72	21,237	65,601	88,252	138,540
Newport Beach	20	495,930	0	0	28,667	5.78%	67,060	13.52%	$0.00	2,369	(22,090)	2,369	2,946
Santa Ana	169	4,156,026	0	0	180,223	4.34%	179,566	4.32%	$1.85	(50,254)	(24,360)	105,819	228,094
Tustin	83	2,704,617	0	0	55,612	2.06%	70,986	2.62%	$1.75	167,942	165,459	105,005	122,855
Airport Area Total	710	18,458,319	0	0	880,401	4.77%	1,087,132	5.89%	$1.74	110,913	135,426	379,405	598,079
North County													
Anaheim	163	4,622,704	0	0	145,791	3.15%	144,139	3.12%	$1.43	(15,721)	7,111	53,996	113,725
Brea	50	1,526,590	0	0	76,044	4.98%	137,931	9.04%	$1.52	15,633	1,893	76,661	88,733
Buena Park	28	861,656	0	0	20,652	2.40%	42,513	4.93%	$0.00	1,810	(2,857)	3,416	5,022
Fullerton	38	1,645,453	0	0	109,581	6.66%	110,052	6.69%	$1.00	(80,571)	(86,638)	7,110	16,905
La Habra	13	273,934	0	0	1,001	0.37%	10,264	3.75%	$0.00	2,500	7,350	5,745	13,958
Orange	94	2,099,095	0	0	72,030	3.43%	74,711	3.56%	$1.79	10,646	(1,540)	28,246	46,059
Placentia	24	699,253	0	0	24,129	3.45%	35,598	5.09%	$1.29	4,390	6,442	11,537	19,329
Yorba Linda	49	1,438,114	0	0	67,396	4.69%	70,475	4.90%	$1.49	13,681	3,525	25,968	41,485
North County Total	459	13,166,799	0	0	516,624	3.92%	625,683	4.75%	$1.47	(47,632)	(64,714)	212,679	345,216
South County													
Aliso Viejo	41	1,140,399	0	0	77,741	6.82%	95,017	8.33%	$1.44	(1,304)	(1,697)	5,025	14,024
Foothill Ranch	8	273,620	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	0
Irvine Spectrum	289	10,356,583	0	0	1,025,773	9.90%	1,733,857	16.74%	$1.79	(29,917)	(60,767)	170,613	339,749
Laguna Hills	52	1,239,488	0	0	35,631	2.87%	36,343	2.93%	$1.43	1,839	(14,097)	14,211	27,989
Laguna Niguel	18	882,042	0	0	21,249	2.41%	21,249	2.41%	$0.00	8,204	9,879	9,464	12,584
Lake Forest	60	1,471,005	0	0	81,771	5.56%	98,400	6.69%	$1.66	44,582	17,476	61,318	71,251
Mission Viejo	36	693,417	0	0	25,800	3.72%	24,060	3.47%	$1.68	8,277	1,636	10,425	17,155
Rancho Santa Margarita	37	1,404,356	0	0	2,350	0.17%	12,008	0.86%	$1.60	1,830	0	1,830	1,830
San Clemente	58	1,358,612	0	0	42,646	3.14%	37,440	2.76%	$1.67	(3,298)	2,145	19,999	33,475
San Juan Capistrano	40	711,112	0	0	66,456	9.35%	59,754	8.40%	$0.00	3,211	(14,543)	38,354	38,593
South County Total	639	19,530,634	0	0	1,379,417	7.06%	2,118,128	10.85%	$1.76	33,424	(59,968)	331,239	556,650
West County													
Cypress	48	2,006,547	0	0	215,548	10.74%	290,272	14.47%	$1.53	9,409	94,280	41,507	155,818
Garden Grove	60	1,742,177	0	0	28,187	1.62%	37,966	2.18%	$1.40	15,307	41,582	30,203	72,358
Huntington Beach	115	2,440,677	0	0	59,976	2.46%	59,022	2.42%	$1.51	3,757	7,222	50,526	70,425
La Palma	1	78,980	0	0	0	0.00%	0	0.00%	$1.10	0	0	0	0
Los Alamitos	40	802,951	0	0	64,562	8.04%	129,118	16.08%	$0.00	(6,718)	(15,584)	9,069	22,386
Stanton	3	68,350	0	0	11,412	16.70%	9,912	14.50%	$0.00	0	(6,912)	0	1,500
Westminster	15	389,649	0	0	12,726	3.27%	5,880	1.51%	$0.00	1,560	(855)	5,406	12,731
West County Total	282	7,529,331	0	0	392,411	5.21%	532,170	7.07%	$1.41	23,315	119,733	136,711	335,218
Orange County Total	**2,090**	**58,685,083**	**0**	**0**	**3,168,853**	**5.40%**	**4,363,113**	**7.43%**	**$1.67**	**120,020**	**130,477**	**1,060,034**	**1,835,163**
Airport Area													
10,000-24,999	497	8,037,079	0	0	309,583	3.85%	435,656	5.42%	$1.75	775	(2,804)	145,705	227,525
25,000-49,999	152	4,999,658	0	0	299,988	6.00%	348,569	6.97%	$1.96	(5,066)	(30,067)	122,800	191,344
50,000-99,999	48	3,256,244	0	0	270,830	8.32%	302,907	9.30%	$1.60	115,204	168,297	110,900	179,210
100,000 Plus	13	2,165,338	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	0
North County													
10,000-24,999	298	4,759,955	0	0	161,819	3.40%	198,316	4.17%	$1.58	1,185	(22,259)	62,104	93,838
25,000-49,999	113	3,728,861	0	0	153,960	4.13%	205,080	5.50%	$1.35	25,904	6,596	95,009	154,456
50,000-99,999	34	2,175,414	0	0	90,260	4.15%	38,390	1.76%	$1.48	(57,559)	(33,304)	3,696	42,217
100,000 Plus	14	2,502,569	0	0	110,585	4.42%	183,897	7.35%	$0.00	(17,162)	(15,747)	51,870	54,705
South County													
10,000-24,999	366	6,096,733	0	0	326,396	5.35%	386,189	6.33%	$1.76	62,383	15,740	197,418	274,307
25,000-49,999	198	6,632,075	0	0	471,616	7.11%	685,816	10.34%	$1.78	(54,938)	(69,512)	114,162	254,436
50,000-99,999	62	4,211,461	0	0	395,003	9.38%	618,429	14.68%	$1.66	25,979	(6,196)	19,659	27,907
100,000 Plus	13	2,590,365	0	0	186,402	7.20%	427,694	16.51%	$0.00	0	0	0	0
West County													
10,000-24,999	198	3,202,134	0	0	118,779	3.71%	139,147	4.35%	$1.46	13,766	25,226	53,637	124,842
25,000-49,999	55	1,892,836	0	0	130,064	6.87%	175,990	9.30%	$1.58	11,808	13,972	59,206	100,929
50,000-99,999	25	1,736,214	0	0	15,344	0.88%	88,809	5.12%	$1.21	(2,259)	80,535	23,868	109,447
100,000 Plus	4	698,147	0	0	128,224	18.37%	128,224	18.37%	$1.55	0	0	0	0
Orange County													
10,000-24,999	1,359	22,095,901	0	0	916,577	4.15%	1,159,308	5.25%	$1.72	78,109	15,903	458,864	720,512
25,000-49,999	518	17,253,430	0	0	1,055,628	6.12%	1,415,455	8.20%	$1.78	(22,292)	(79,011)	391,177	701,165
50,000-99,999	169	11,379,333	0	0	771,437	6.78%	1,048,535	9.21%	$1.52	81,365	209,332	158,123	358,781
100,000 Plus	44	7,956,419	0	0	425,211	5.34%	739,815	9.30%	$1.55	(17,162)	(15,747)	51,870	54,705
Orange County Total	**2,090**	**58,685,083**	**0**	**0**	**3,168,853**	**5.40%**	**4,363,113**	**7.43%**	**$1.67**	**120,020**	**130,477**	**1,060,034**	**1,835,163**

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple-net basis.

OC Q2 26

SECOND QUARTER 2026 MARKET REPORT

ORANGE COUNTY FLEX / R&D

Voit REAL ESTATE SERVICES

From Price Discovery to Market Recovery

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The Orange County industrial market is entering a new phase. After nearly two years of market correction, the uncertainty surrounding pricing has largely subsided. Buyers, sellers, landlords, and tenants are becoming increasingly aligned on market value, allowing decisions that were postponed throughout 2024 and 2025 to finally move forward. The result is a noticeable increase in transaction velocity across both the leasing and sales markets.

Leasing activity has strengthened as occupiers recognize that today's market presents an attractive balance of pricing and availability. Rather than waiting for additional rent declines, companies are securing long-term occupancy while quality space remains available. At the same time, lease rates appear to have found a floor. While landlords continue to compete by offering concessions, asking rents across much of Orange County have stabilized, providing greater confidence for both owners underwriting assets and tenants making long-term real estate decisions.

The sales market is experiencing a similar shift. Capital has become increasingly competitive as financing costs stabilize and seller expectations adjust to current market conditions. The bid-ask spread that limited transaction activity over the past two years continues to narrow, allowing more properties to trade. Owner-users remain particularly active, recognizing the long-term value of controlling occupancy costs while acquisition opportunities remain available.

Perhaps the most important shift is psychological. The market is transitioning away from decision paralysis and back toward execution. Businesses no longer view waiting as a strategy, but view leasing as an asset. Combined with Orange County's limited industrial land supply and a shrinking development pipeline, today's environment is creating the foundation for healthier market fundamentals over the next several years. Unlike the rapid appreciation experienced during the post-pandemic expansion, the next cycle is likely to be defined by disciplined growth supported by real occupier demand rather than speculative momentum.

Looking ahead, the Orange County industrial market appears positioned for a sustainable recovery. Leasing volume is increasing, sale transactions are gaining momentum, and lease rates have largely stabilized. While vacancy may fluctuate as recently completed developments continue to lease, the broader market is becoming more balanced. As confidence returns and available inventory is absorbed, Orange County's long-term supply constraints should once again support gradual rent growth and renewed investment activity.

Product Type

R&D OR MID-TECH
30% to 74.9% improved with drop ceiling, minimum parking ratio of 3 to 1, minimum 50% of exterior glassline, dock and/or ground level loading.

Submarkets

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

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

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

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

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