

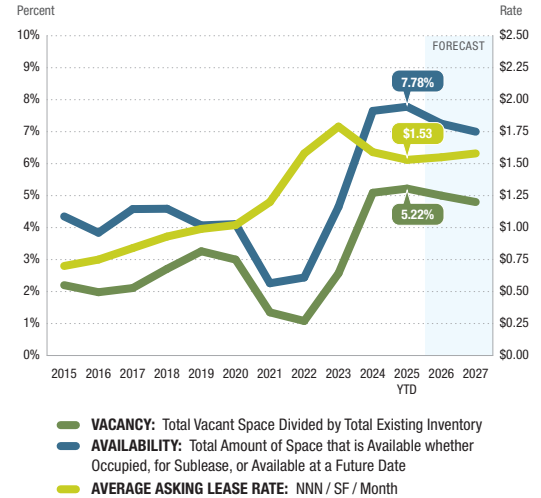
OVERVIEW. Orange County's industrial market entered 2025 in a mode of cautious realignment. Activity continues, but both landlords and tenants are pausing to reassess amid shifting external pressures. Rising tariffs have disrupted supply chains and caused some occupiers to defer space needs until inventory and logistics stabilize. In addition, recent federal legislation has expanded Qualified Business Income deductions and revised Opportunity Zone rules. These tax changes are expected to bolster investor appetite but also introduce some uncertainty as implementation details settle. The result is a market defined by measured repositioning rather than bullish expansion. Users are strategic and deliberate. Owners are calibrating offers to sustain tenancy. The tone is disciplined, but not paused, as both sides adapt to a shifting policy landscape.

VACANCY & AVAILABILITY. Orange County's industrial vacancy rate dipped to 5.22% in Q2, down slightly from last quarter but still up more than 25% year over year. Availability held flat at 7.78%, showing a steady pipeline of options despite slower decision-making. Much of the vacancy remains in larger, newly delivered buildings without preleasing. Airport Area closed Q2 at 5.68% vacancy, North County at 5.43%, South County at 3.66%, and West County at 4.94%. Landlords are focusing on tenant retention and targeted leasing strategies to keep occupancy stable, while tenants carefully weigh flexibility, costs, and long-term growth before committing to new deals.

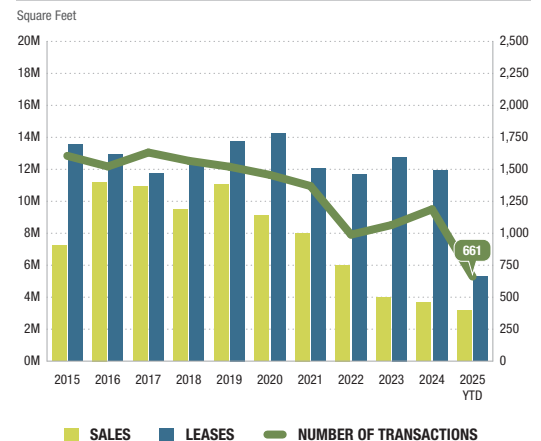
LEASE RATES & SALES PRICES. Orange County's average asking lease rate declined again in Q2, ending at \$1.53, down from \$1.57 in Q1 and \$1.66 a year ago, a 7.83% annual decrease. Although some expected a more dramatic correction, the drop has been gradual. Effective rates, which include concessions like free rent and tenant improvements, are even lower, giving tenants added leverage in negotiations. By submarket, South County remains the highest at \$1.72, followed by North County at \$1.51, West County at \$1.52, and Airport Area at \$1.49, highlighting regional differences in pricing and demand. On the sales side, the average asking price fell to \$371.93 per square foot in Q2 from \$377.81 in the last quarter and \$389.26 a year ago, a 4.45% annual decline. We should note the average asking lease and sales prices fluctuate from quarter to quarter due to the varying size of buildings on the market.

TRANSACTION ACTIVITY. Transaction activity picked up in Q2 2025, totaling 340 combined lease and sale transactions, up from 321 in Q1. Overall square footage transacted increased to 4,418,800 SF from 4,014,689 last quarter. Leasing accounted for most of the activity, with 282 deals totaling 2,925,938 SF, compared with 268 deals and 2,345,804 SF in Q1. Sales activity included 58 transactions, covering 1,492,862 SF, up from 53 transactions and 1,68,885 SF last quarter. This reflects cautious optimism as tenants and buyers continue to pursue high-quality, functional spaces despite higher interest rates and policy uncertainties. Tenants remain focused on flexibility and operational efficiency, taking more time to evaluate options. Landlords are prioritizing stable occupancy and targeted deal structures to maintain momentum in an environment that demands patience and adaptability.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

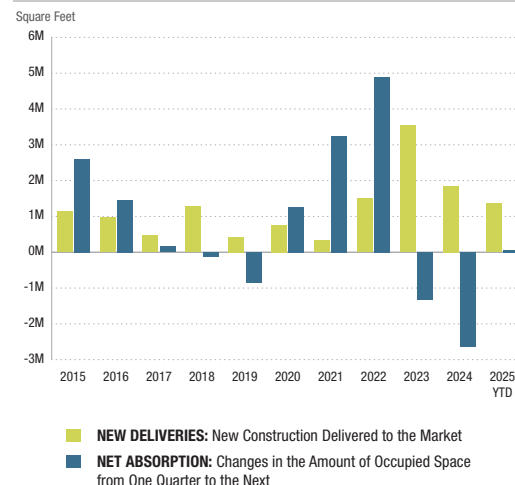
	Change Over Last Quarter	Q2 2025	Q1 2025	Q2 2024	% Change Over Last Year
Vacancy Rate	▼ DOWN	5.22%	5.31%	4.18%	25.01%
Availability Rate	▬ FLAT	7.78%	7.76%	6.92%	12.44%
Average Asking Lease Rate	▼ DOWN	\$1.53	\$1.57	\$1.66	(7.83%)
Average Asking Sale Price	▼ DOWN	\$371.93	\$377.81	\$389.26	(4.45%)
Sale & Lease Transactions	▲ UP	4,418,800	4,014,689	3,637,186	21.49%
Gross Absorption	▲ UP	3,405,604	2,492,255	2,725,096	24.97%
Net Absorption	▲ POSITIVE	336,362	(272,207)	(168,170)	N/A

ABSORPTION. Net absorption turned positive in Q2 2025 at 336,362 SF, reversing the losses seen in prior quarters. Gross absorption also improved, reaching 3,405,604 SF, up from 2,492,255 SF last quarter and 2,725,096 SF a year ago. North County led the gains, while South County and West County saw moderate improvements. The Airport Area held steady with minimal changes. This recent uptick suggests the market is starting to find footing after a prolonged period of uneven activity. While it's too early to call this a full recovery, the positive movement points to a more balanced environment ahead as companies continue to refine their space needs and long-term strategies.

CONSTRUCTION. Orange County's industrial construction pipeline contains 1,800,088 SF under construction and just over 1.0 MSF planned. Much of the ongoing activity is clustered in North County cities such as Anaheim and Orange, with additional projects extending to South County, specifically the Irvine Spectrum area. The completion of new industrial projects in Orange County is set to nearly match 2023's multi-decade high of around 2.0 MSF. In Q2 alone, 583,718 SF were delivered, with a significant portion involving redeveloped industrial buildings, land sites, and office conversions. While these new projects reflect confidence in long-term demand, developers are moving carefully, balancing construction schedules and financing conditions as they monitor leasing velocity and evolving tenant requirements.

EMPLOYMENT. Orange County's unemployment rate was 3.6% in May 2025, slightly lower than April but above last year's 3.3%. Nonfarm employment grew by 5,700 jobs month over month, led by leisure and hospitality. Over the first half of the year, private health services added the most jobs, while construction and manufacturing saw declines.

NEW DELIVERIES & NET ABSORPTION



Forecast

Orange County's industrial market is set for a temperate path over the next six months. Vacancy is expected to rise slightly as new buildings work to secure tenants and many users continue to weigh facilities decisions carefully. Leasing demand remains steady but is more deliberate, with many users taking additional time before committing. On the sales side, elevated interest rates will likely keep transactions moderated, with both institutional buyers and owner/users proceeding cautiously. Landlords may hold firm on asking rates, though concessions and flexible deal structures will remain important tools to secure commitments. Trade policy uncertainties and broader economic signals continue to shape occupier strategies, creating hesitation for some. However, we are starting to see emerging optimism in certain segments such as defense technology and AI, with these users expecting short-term growth. Even so, Orange County's fundamentals imply gradual stabilization rather than a sharp rebound.

Significant Transactions

Sales

* Voit Real Estate Services Deal

Property Address	City	Square Feet	Sale Price	Buyer	Seller
6600 Valley View St.	Buena Park	290,920	\$99,500,000	Stockbridge Capital Group LLC	IDI Logistics
20914–21092 Bake Pkwy.	Lake Forest	232,818	\$62,500,000	Buchanan Street Partners	BKM Capital Partners
5001 E. La Palma Ave.	Anaheim	149,455	\$38,750,000	Augusta 5001 La Palma Anaheim	YKK (USA) Inc.*
2929 E. Imperial Hwy.	Brea	130,925	\$53,679,250	Jiaherb	Brea Industrial IV LLC
12472 Industry St.	Garden Grove	48,697	\$12,500,000	12472 Industry, LLC	Moran Family Trust

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
1151–1153 N. Ocean Cir.	Anaheim	207,074	Jun-2025	Taylor Farms	BentallGreenOak
1930–1938 Malvern St. - Sublease	Fullerton	147,950	Apr-2025	Bear Down Brands	Cypress Medical Products
9400 Jeronimo Rd.	Irvine Spectrum	146,482	Jun-2025	Bio-Rad Laboratories	The Irvine Company
1922–1924 Barranca Pkwy.	Irvine	111,024	Jun-2025	Guilin Cabinets	Alere Property Group LLC
353 N. Euclid Way	Anaheim	110,784	Jun-2025	CustomFab Inc.	Link Logistics

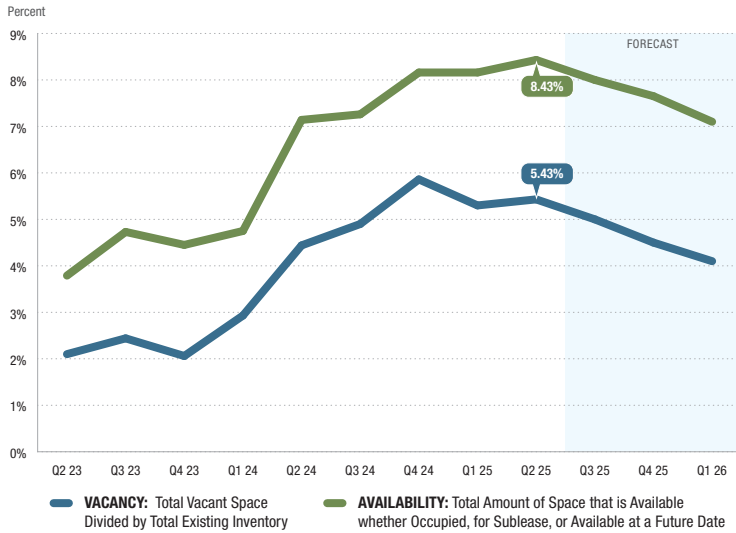
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
Airport Area														
Costa Mesa	449	7,674,694	0	0	336,965	4.39%	385,734	5.03%	\$1.65	\$741.19	(5,794)	(27,684)	143,080	194,829
Fountain Valley	179	3,701,270	0	0	76,432	2.07%	174,568	4.72%	\$1.65	\$465.00	(2,198)	36,982	78,052	150,226
Irvine	305	11,841,519	0	156,632	897,086	7.58%	1,303,501	11.01%	\$1.66	\$596.90	77,248	11,787	236,514	317,866
Newport Beach	49	607,894	0	0	4,165	0.69%	4,165	0.69%	\$3.30	\$0.00	1,855	1,280	12,728	15,228
Santa Ana	1,590	31,382,614	215,146	313,514	1,752,165	5.58%	2,338,223	7.45%	\$1.32	\$342.10	(19,271)	(83,056)	291,628	507,510
Tustin	116	4,612,962	0	0	331,790	7.19%	431,662	9.36%	\$1.48	\$0.00	12,094	3,766	116,805	191,333
Airport Area Total	2,688	59,820,953	215,146	470,146	3,398,603	5.68%	4,637,853	7.75%	\$1.49	\$390.92	63,934	(56,925)	878,807	1,376,992
North County														
Anaheim	1,846	45,034,485	260,923	0	2,738,276	6.08%	3,684,242	8.18%	\$1.59	\$396.06	15,531	220,539	596,400	1,166,233
Brea	331	12,403,979	0	0	398,700	3.21%	1,252,803	10.10%	\$1.56	\$309.53	42,243	79,031	141,657	243,537
Buena Park	239	13,722,407	0	0	1,413,612	10.30%	1,893,675	13.80%	\$1.21	\$354.34	27,155	(60,062)	307,770	471,211
Fullerton	466	19,908,498	0	0	1,084,742	5.45%	1,732,352	8.70%	\$1.59	\$340.15	59,644	150,692	422,565	598,644
La Habra	195	3,591,808	0	0	12,685	0.35%	84,530	2.35%	\$1.45	\$364.95	(5,848)	(11,998)	20,411	26,609
Orange	746	13,607,202	285,719	128,953	365,359	2.69%	787,448	5.79%	\$1.43	\$318.50	(66,598)	(68,666)	135,309	304,330
Placentia	221	4,272,865	0	0	147,243	3.45%	126,526	2.96%	\$1.63	\$306.71	12,814	86,340	69,970	159,263
Yorba Linda	55	908,881	0	0	4,956	0.55%	4,956	0.55%	\$0.00	\$0.00	1,831	7,454	7,805	16,848
North County Total	4,099	113,450,125	546,642	128,953	6,165,573	5.43%	9,566,532	8.43%	\$1.51	\$346.16	86,772	403,330	1,701,887	2,986,675
South County														
Aliso Viejo	19	735,866	0	0	0	0.00%	9,389	1.28%	\$0.00	\$0.00	0	0	21,607	21,607
Foothill Ranch	63	3,321,584	0	0	148,108	4.46%	202,772	6.10%	\$1.65	\$510.00	0	(32,257)	0	24,000
Irvine Spectrum	219	10,410,636	876,649	0	436,177	4.19%	1,021,658	9.81%	\$1.74	\$458.52	80,538	(162,662)	58,014	159,759
Laguna Beach	22	113,034	0	0	11,598	10.26%	31,698	28.04%	\$3.36	\$631.90	(6,000)	(9,340)	0	0
Laguna Hills	78	1,066,962	0	0	27,836	2.61%	137,729	12.91%	\$1.73	\$610.00	12,500	552	36,947	48,843
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	187,347	4.31%	409,372	9.41%	\$1.56	\$330.00	7,031	(10,019)	16,387	95,180
Mission Viejo	31	725,012	0	0	9,379	1.29%	18,318	2.53%	\$1.62	\$0.00	96	96	9,475	12,875
Rancho Mission Viejo	5	125,044	0	0	13,574	10.86%	16,488	13.19%	\$2.42	\$0.00	1,220	5,050	6,020	15,322
Rancho Santa Margarita	107	1,708,558	0	0	45,963	2.69%	52,144	3.05%	\$1.72	\$440.00	(6,000)	(14,842)	9,820	11,029
San Clemente	164	2,058,906	0	0	50,741	2.46%	54,807	2.66%	\$1.54	\$478.96	7,679	15,912	48,573	75,230
San Juan Capistrano	43	925,030	161,651	0	13,204	1.43%	22,492	2.43%	\$1.70	\$390.41	(13,204)	(13,204)	0	0
South County Total	960	25,770,528	1,038,300	0	943,927	3.66%	1,976,867	7.67%	\$1.72	\$467.14	83,860	(220,714)	206,843	463,845
West County														
Cypress	103	5,117,988	0	0	718,763	14.04%	759,451	14.84%	\$1.60	\$409.23	(2,684)	(252,534)	11,795	39,857
Garden Grove	485	12,598,947	0	88,164	565,956	4.49%	582,053	4.62%	\$1.44	\$384.62	(65,585)	19,384	197,147	426,831
Huntington Beach	703	14,153,922	0	318,751	403,990	2.85%	736,936	5.21%	\$1.63	\$410.01	147,283	93,138	342,335	441,484
La Palma	16	1,778,216	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	96	2,206,219	0	0	121,411	5.50%	57,117	2.59%	\$1.55	\$386.07	9,371	37,935	15,307	55,804
Seal Beach	15	947,258	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	5,480	5,480
Stanton	177	1,881,358	0	0	29,418	1.56%	55,948	2.97%	\$1.33	\$363.18	(15,560)	35,264	21,232	66,484
Westminster	138	2,290,921	0	0	185,370	8.09%	301,677	13.17%	\$1.42	\$0.00	28,971	5,277	24,771	34,407
West County Total	1,733	40,974,829	0	406,915	2,024,908	4.94%	2,493,182	6.08%	\$1.52	\$390.41	101,796	(61,536)	618,067	1,070,347
Orange County Total	9,480	240,016,435	1,800,088	1,006,014	12,533,011	5.22%	18,674,434	7.78%	\$1.53	\$371.93	336,362	64,155	3,405,604	5,897,859
Less than 9,999	3,372	20,544,302	0	0	421,957	2.05%	636,827	3.10%	\$1.72	\$465.34	(56,060)	(17,647)	218,049	461,057
10,000-19,999	3,154	43,637,717	14,000	0	1,119,356	2.57%	1,634,535	3.75%	\$1.61	\$400.70	115,177	(4,875)	605,213	1,067,527
20,000-29,999	1,191	28,503,453	46,143	0	797,985	2.80%	1,296,747	4.55%	\$1.61	\$286.82	150,474	116,315	405,436	725,039
30,000-39,999	500	17,072,977	0	0	692,439	4.06%	1,100,904	6.45%	\$1.51	\$356.49	(103,301)	(207,242)	167,999	405,271
40,000-49,999	300	13,206,007	0	0	555,794	4.21%	761,503	5.77%	\$1.65	\$0.00	(18,347)	34,720	238,231	310,984
50,000-74,999	380	22,831,022	71,640	57,044	1,121,316	4.91%	1,710,220	7.49%	\$1.41	\$373.32	(135,940)	(64,502)	137,612	549,425
75,000-99,999	168	14,479,406	274,413	260,601	799,228	5.52%	1,468,073	10.14%	\$1.49	\$417.50	114,921	308,797	262,560	548,936
100,000-199,999	285	38,071,989	975,837	688,369	3,443,187	9.04%	5,589,913	14.68%	\$1.60	\$0.00	250,356	281,838	1,011,996	1,183,769
200,000 Plus	130	41,669,562	418,055	0	3,581,749	8.60%	4,475,712	10.74%	\$0.00	\$243.77	19,082	(383,249)	358,508	1,731,195
Orange County Total	9,480	240,016,435	1,800,088	1,006,014	12,533,011	5.22%	18,674,434	7.78%	\$1.53	\$371.93	336,362	64,155	3,405,604	5,897,859

Lease rates are on a triple-net basis.

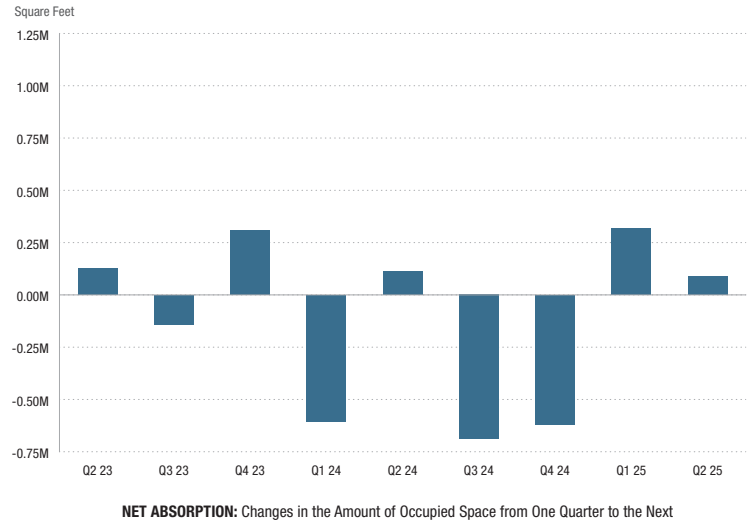
NORTH ORANGE COUNTY

In the second quarter of 2025, the North Orange County industrial market comprised 4,099 buildings totaling 113,450,125 square feet and had an availability rate of 8.43%, which shows an increase from the previous quarter's figure of 8.16%

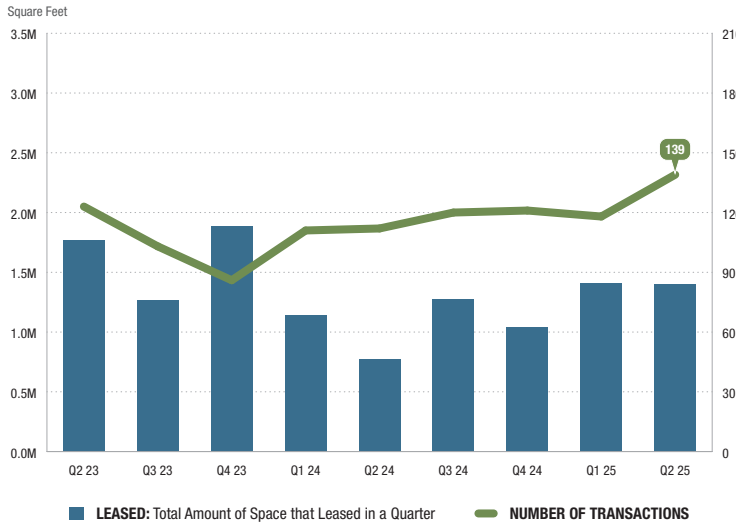
VACANCY & AVAILABILITY RATE



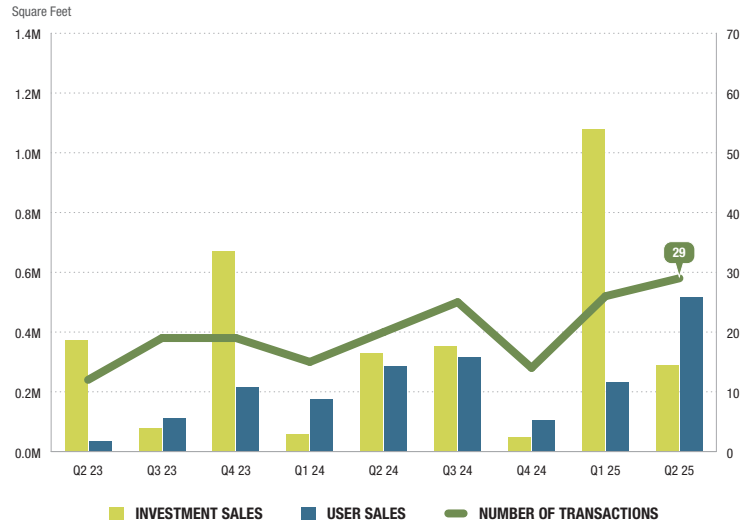
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

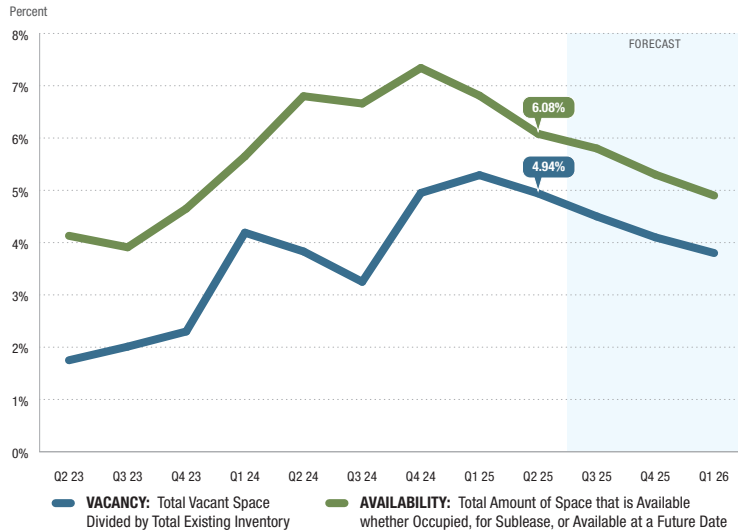
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
North Totals														
Less than 9,999	1,362	8,588,410	0	0	198,682	2.31%	273,381	3.18%	\$1.34	\$425.51	(19,965)	(35,257)	105,526	189,537
10,000-19,999	1,389	19,254,709	0	0	405,552	5.52%	562,838	6.83%	\$1.45	\$346.56	434	(7,972)	250,272	480,325
20,000-29,999	514	12,292,316	0	0	350,666	2.85%	525,015	4.27%	\$1.39	\$279.00	56,497	111,839	178,650	322,685
30,000-39,999	226	7,700,330	0	0	247,196	3.21%	393,416	5.11%	\$1.55	\$385.50	(44,273)	(74,086)	64,456	155,197
40,000-49,999	139	6,125,847	0	0	212,590	3.47%	394,692	6.44%	\$1.46	\$0.00	(4,850)	(9,996)	123,138	140,882
50,000-74,999	179	10,754,021	0	0	724,944	6.74%	1,034,793	9.62%	\$1.37	\$358.30	(7,562)	210,688	68,045	360,768
75,000-99,999	73	6,253,283	99,200	0	249,734	3.99%	559,090	8.94%	\$1.29	\$417.50	7,609	129,309	124,633	304,670
100,000-199,999	149	19,705,615	447,442	128,953	1,726,216	8.76%	3,228,110	16.38%	\$1.65	\$180.10	218,763	124,472	715,969	915,413
200,000 plus	68	22,775,594	0	0	2,049,993	9.00%	2,595,197	11.39%	\$0.00	\$0.00	(119,881)	(45,667)	71,198	117,198
Total	4,099	113,450,125	546,642	128,953	6,165,573	5.43%	9,566,532	8.43%	\$1.51	\$346.16	86,772	403,330	1,701,887	2,986,675

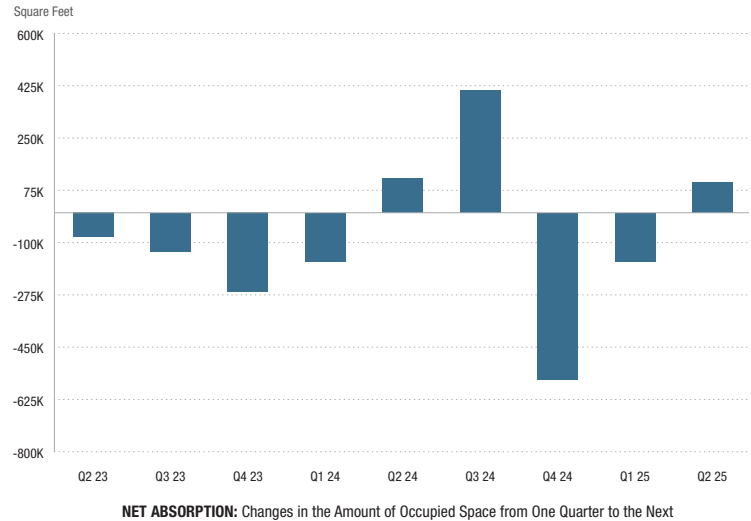
WEST ORANGE COUNTY

In the second 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 6.08%, which shows a decrease from the previous quarter's figure of 6.81%.

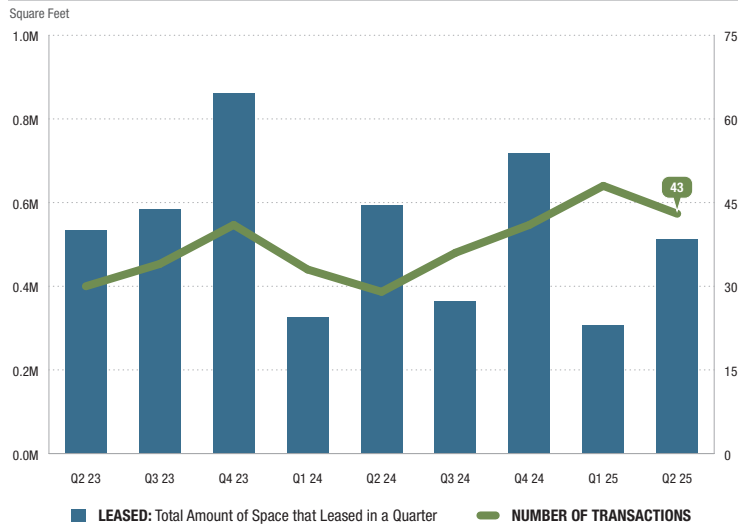
VACANCY & AVAILABILITY RATE



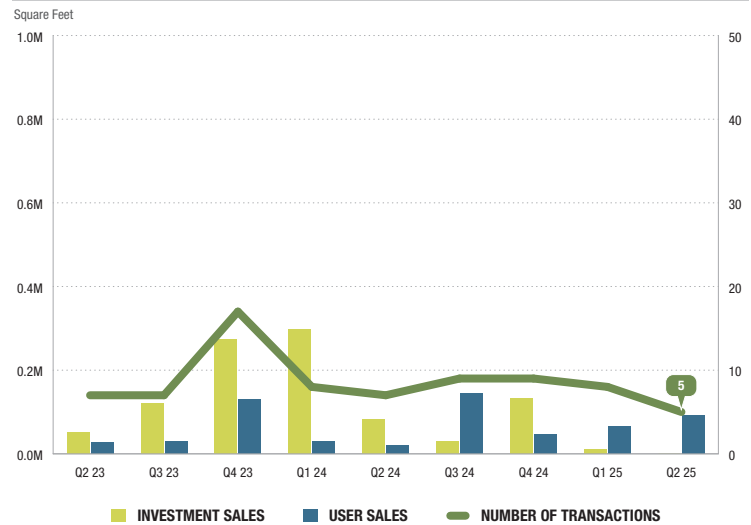
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

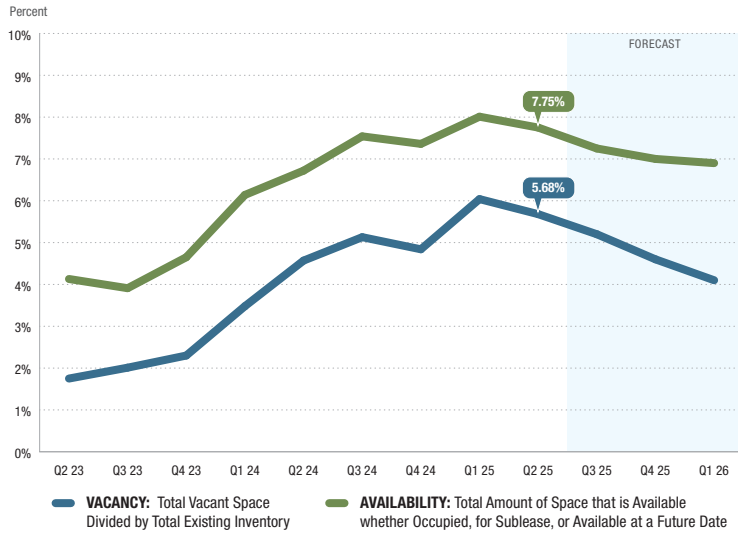
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
West Totals														
Less than 9,999	697	4,170,626	0	0	73,847	1.77%	114,003	2.73%	\$1.71	\$431.49	(25,350)	57,103	47,379	151,353
10,000-19,999	574	7,631,159	0	0	259,493	7.11%	346,590	15.16%	\$1.59	\$359.28	15,493	16,812	98,415	219,300
20,000-29,999	187	4,514,039	0	0	73,852	1.64%	122,362	2.71%	\$1.52	\$335.02	175	(28,021)	18,204	33,269
30,000-39,999	64	2,228,191	0	0	106,454	4.78%	151,128	6.78%	\$1.55	\$0.00	(4,638)	(40,411)	2,385	7,885
40,000-49,999	51	2,250,192	0	0	146,708	6.52%	146,708	6.52%	\$1.55	\$0.00	(5,023)	35,251	48,697	88,971
50,000-74,999	59	3,523,201	0	57,044	197,743	5.61%	324,575	9.21%	\$1.48	\$412.42	(75,497)	(151,782)	1,460	23,210
75,000-99,999	29	2,511,677	0	181,232	114,277	4.55%	145,497	5.79%	\$0.00	\$0.00	11,598	11,598	4,737	6,759
100,000-199,999	47	6,553,310	0	168,639	357,724	5.46%	200,959	3.07%	\$0.00	\$0.00	5,406	131,179	112,480	238,253
200,000 plus	25	7,592,434	0	0	694,810	9.15%	941,360	12.40%	\$0.00	\$0.00	179,632	(93,265)	284,310	301,347
Total	1,733	40,974,829	0	406,915	2,024,908	4.94%	2,493,182	6.08%	\$1.52	\$390.41	101,796	(61,536)	618,067	1,070,347

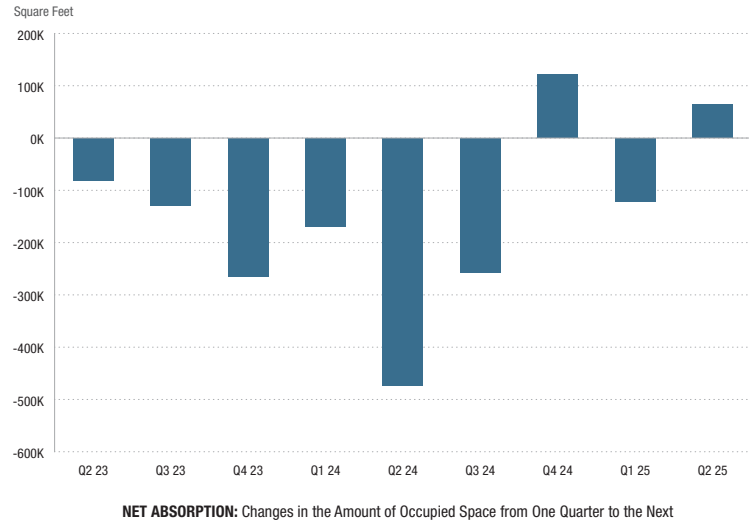
AIRPORT AREA

In the second quarter of 2025, the Airport Orange County industrial market consisted of 2,688 buildings totaling 59,820,953 square feet and had an availability rate of 7.75%, which shows a decrease from the previous quarter's figure of 8.01%.

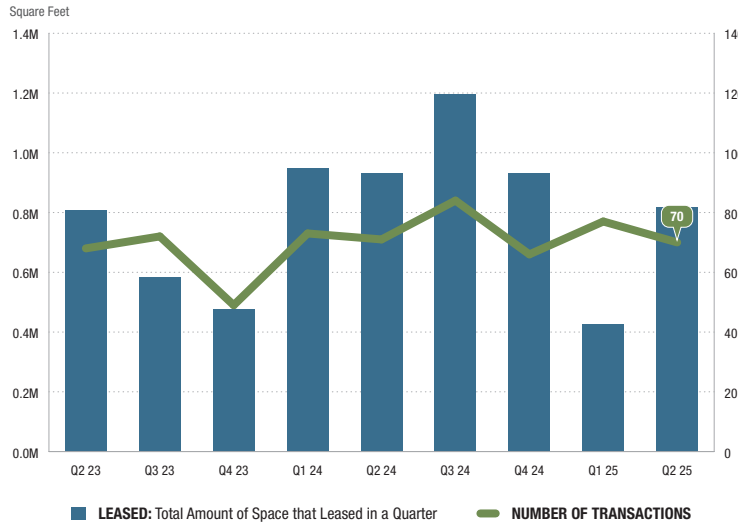
VACANCY & AVAILABILITY RATE



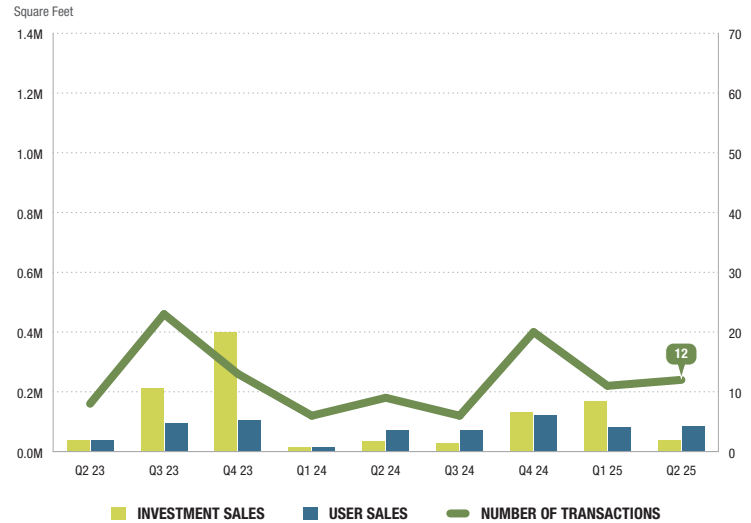
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

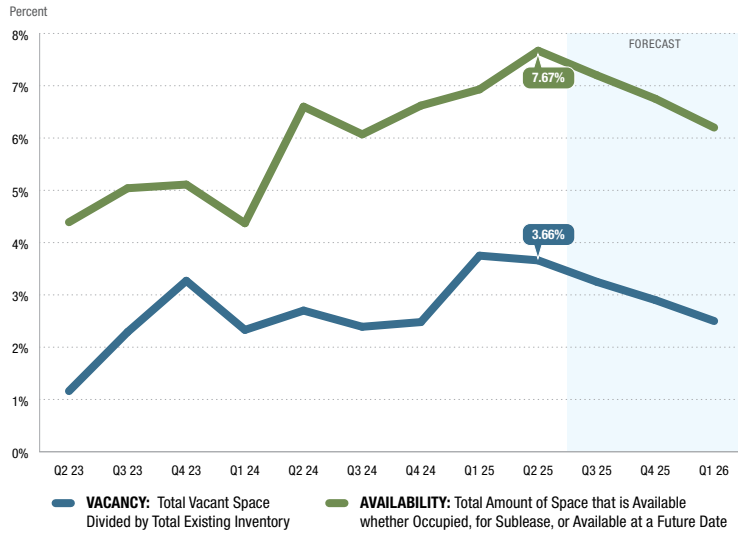
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
Airport Totals														
Less than 9,999	944	5,491,481	0	0	84,854	1.55%	145,245	2.64%	\$1.76	\$499.38	8,293	(8,179)	42,148	77,188
10,000-19,999	912	12,766,611	0	0	362,436	2.84%	529,087	4.14%	\$1.66	\$510.80	57,297	(30,715)	191,095	270,007
20,000-29,999	358	8,538,738	0	0	284,115	3.33%	482,347	5.65%	\$1.63	\$262.42	106,988	57,938	169,112	279,180
30,000-39,999	163	5,545,186	0	0	258,160	4.66%	408,161	7.36%	\$1.42	\$325.92	(71,740)	(71,866)	26,408	127,235
40,000-49,999	79	3,447,400	0	0	171,392	4.97%	117,387	3.41%	\$1.55	\$0.00	9,967	24,236	65,200	74,838
50,000-74,999	105	6,353,412	0	0	198,629	3.13%	316,994	4.99%	\$1.40	\$0.00	(52,881)	(123,408)	68,107	140,307
75,000-99,999	48	4,124,610	97,916	79,369	309,259	7.50%	448,408	10.87%	\$1.46	\$0.00	(20,177)	68,882	133,190	224,690
100,000-199,999	58	7,573,735	117,230	390,777	1,298,084	17.14%	1,659,881	21.92%	\$1.34	\$315.00	26,187	26,187	183,547	183,547
200,000 plus	21	5,979,780	0	0	431,674	7.22%	530,343	8.87%	\$0.00	\$0.00	0	0	0	0
Total	2,688	59,820,953	215,146	470,146	3,398,603	5.68%	4,637,853	7.75%	\$1.49	\$390.92	63,934	(56,925)	878,807	1,376,992

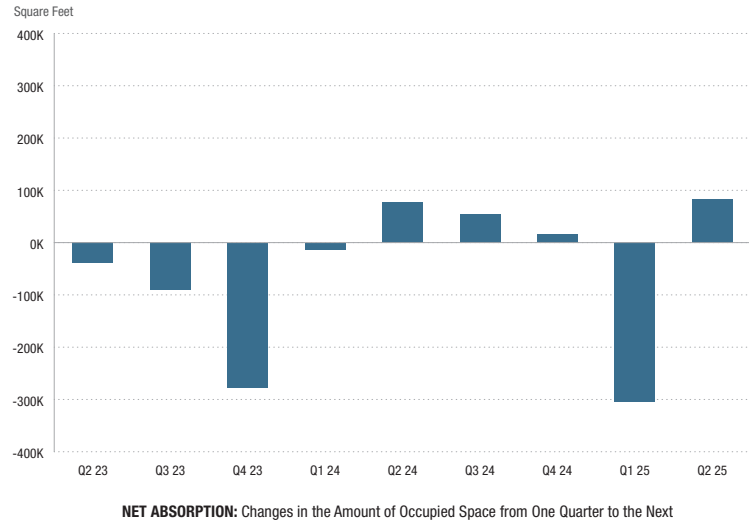
SOUTH ORANGE COUNTY

In the second quarter of 2025, the South Orange County industrial market consisted of 960 buildings totaling 25,770,528 square feet and had an availability rate of 7.67%, which shows an increase from the previous quarter's figure of 6.93%.

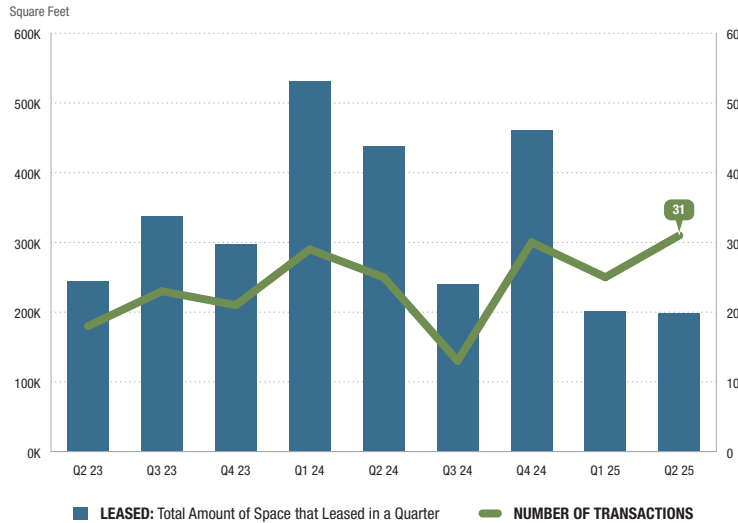
VACANCY & AVAILABILITY RATE



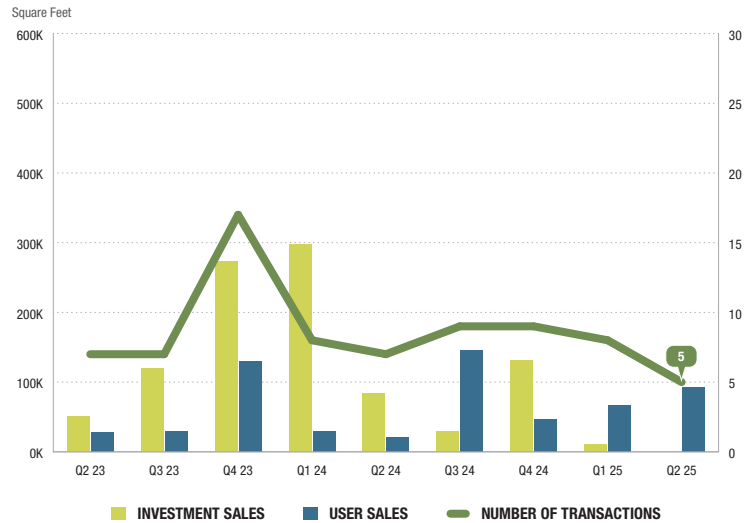
NET ABSORPTION



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 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
South Totals														
Less than 9,999	369	2,293,785	0	0	64,574	2.82%	104,198	4.54%	\$1.87	\$558.86	(19,038)	(31,314)	22,996	42,979
10,000-19,999	279	3,985,238	14,000	0	91,875	6.67%	196,020	9.70%	\$1.69	\$450.76	41,953	17,000	65,431	97,895
20,000-29,999	132	3,158,360	46,143	0	89,352	2.83%	167,023	5.29%	\$1.91	\$351.36	(13,186)	(25,441)	39,470	89,905
30,000-39,999	47	1,599,270	0	0	80,629	5.04%	148,199	9.27%	\$1.50	\$0.00	17,350	(20,879)	74,750	114,954
40,000-49,999	31	1,382,568	0	0	25,104	1.82%	102,716	7.43%	\$1.80	\$0.00	(18,441)	(14,771)	1,196	6,293
50,000-74,999	37	2,200,388	71,640	0	0	0.00%	33,858	1.54%	\$1.55	\$0.00	0	0	0	25,140
75,000-99,999	18	1,589,836	77,297	0	125,958	7.92%	315,078	19.82%	\$1.77	\$0.00	115,891	99,008	0	12,817
100,000-199,999	31	4,239,329	411,165	0	61,163	1.44%	500,963	11.82%	\$0.00	\$0.00	0	0	0	0
200,000 plus	16	5,321,754	418,055	0	405,272	7.62%	408,812	7.68%	\$0.00	\$0.00	(40,669)	(244,317)	3,000	73,862
Total	960	25,770,528	1,038,300	0	943,927	3.66%	1,976,867	7.67%	\$1.72	\$467.14	83,860	(220,714)	206,843	463,845

2025 Isn't a Standstill; It's a Setup

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As the second quarter of 2025 has officially ended, we can begin to look to the future with some clarity. After the post-COVID boom, which fueled a surge in e-commerce and sparked a wave of speculative development and investment, we have witnessed a market realignment in the industrial real estate sector. The period of “fairy tale” interest rates and ungrounded optimism has long faded, and while the current landscape may feel stagnant, the fundamentals suggest a more sustainable and strategic future is unfolding. Just like e-commerce boomed due to the pandemic, we are now seeing a rise in AI companies that are growing rapidly throughout Orange County, the largest of them being Palmer Luckey's military technology company Anduril.

Today's interest rates, though somewhat of a sticking point for real estate investors, are historically average when viewed over the past 25 years. Ultra-low rates were never sustainable long term; they were a reaction to crisis. High interest rates today reflect a stabilizing economy, not a collapsing one. In 2025 alone, \$957 billion in commercial mortgages will come due, and some of those borrowers will be forced to sell by their lenders, triggering equity transactions. Another major driving factor for future CRE growth is the announcement by the federal government that they are decreasing capital requirements for banks in 2025, which could increase their appetite for commercial real estate investments. We're seeing hesitation now, but with macro shifts like easing capital requirements and a wave of loan maturities, this could trigger selective re-engagement later this year. While many tenants remain hesitant to make long-term moves, especially those directly impacted by tariffs, we're beginning to see green shoots in segments like defense tech and AI.

The recent progress in finalizing a trade deal with China introduced a much-needed step towards fair trade between the world's two largest economies. If current trade talks progress and tariff policy stabilizes, we anticipate some users may begin exploring longer-term commitments again.

The Orange County industrial market has always been one of the most stable markets nationwide, and no administration will change that. Moving into the second half of 2025 and beyond, low inflation, growing GDP, and tighter supply should restore balance and eventually renew rent growth. High quality assets and repurposing strategies, like office-to-industrial conversions, will be well positioned winners in an evolving landscape. No matter the roadblocks our industry will face, with the right strategies and discipline success is inevitable.

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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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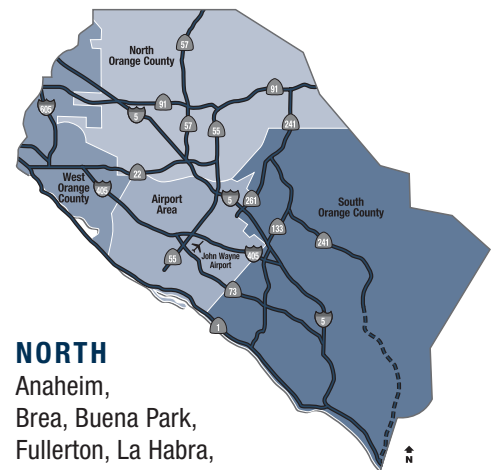
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