FIRST QUARTER 2026 MARKET REPORT
ORANGE COUNTY OFFICE

Voit REAL ESTATE SERVICES

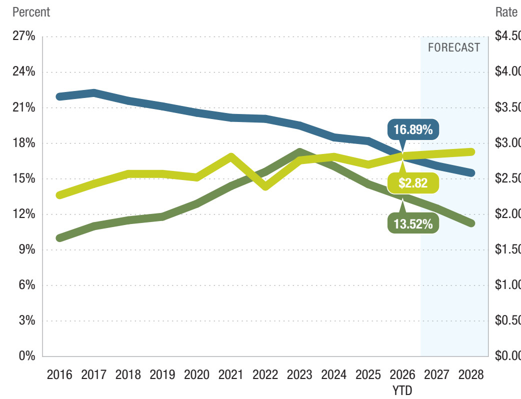
OVERVIEW. Two converging forces are reshaping demand for Orange County office space. Nationally, return-to-office mandates have become prominent, with more than half of Fortune 100 companies now requiring five-day attendance and nearly 30% of all U.S. employers planning to eliminate remote work entirely by year-end. At the same time, AI companies and their supporting ecosystems are emerging as the fastest-growing source of new office leasing, committing to larger footprints and showing a stronger preference for in-person work than prior generations of technology firms. Against this backdrop, vacancy has moderated from recent highs and net occupancy gains have returned for a third consecutive quarter, with a growing share of premier buildings resuming published asking rates. The recovery remains geographically narrow, however, and new construction is limited to two build-to-suit projects, keeping supply pressure well below historical norms. The question is no longer whether tenants will return, but how quickly the combined effects of corporate mandates and technology-driven demand will translate into broad-based occupancy gains.

VACANCY & AVAILABILITY. The countywide office vacancy rate fell to 13.52% in Q1 2026, a decline of 103 basis points quarter over quarter from 14.55% in Q4 2025 and 196 basis points year over year from 15.48% in Q1 2025. Vacancy has compressed nearly 375 basis points from the cycle peak of 17.27% recorded in Q4 2023, though it remains well above the pre-pandemic Q4 2019 baseline of 11.80%. Total availability, which captures sublease inventory in addition to direct vacancy, dropped to 16.89% from 18.19% in Q4 2025 and 20.07% one year ago. The gap between vacancy and availability narrowed to 337 basis points from 364 basis points last quarter, indicating continued absorption of sublease supply. The trajectory is constructive, but the remaining spread between current vacancy and pre-pandemic norms confirms that recovery is still incomplete.

LEASE RATES. The average asking lease rate rose to $2.82 PSF in Q1 2026, up from $2.70 PSF in Q4 2025 and $2.78 PSF in Q1 2025. The increase is partly attributable to a composition shift: 42 buildings that had not previously listed asking rates re-entered the market, including premium properties along the Von Karman Avenue corridor, Jamboree Center, and Griffin Towers. By submarket, the Airport Area commands the highest average at $3.04 PSF, while West County sits at $2.43 PSF. Free rent periods of three to six months and tenant improvement allowances remain standard components of new lease structures, particularly in Class A product.

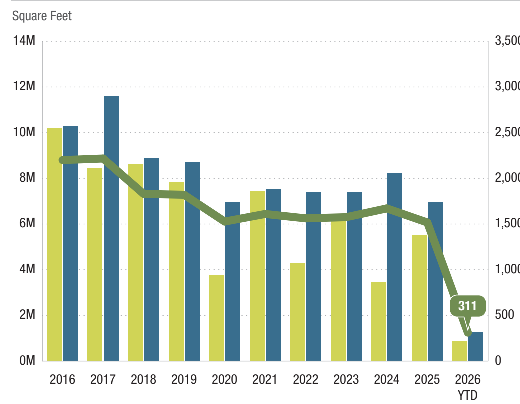
TRANSACTION ACTIVITY. Total transaction volume in Q1 2026 reached 2,142,766 SF across 311 deals, down from 3,756,577 SF across 379 deals in Q4 2025. Leasing accounted for 296 deals totaling 1,280,875 SF, while investment sales included 15 transactions at a combined volume of $335,468,000, more than double the Q1 2025 total of $163,569,739. Gross absorption totaled 1,278,309 SF, down 45.9% year over year from 2,364,303 SF in Q1 2025. The pullback in leasing velocity was partially seasonal, though the magnitude of the gross absorption decline suggests that tenant decision-making remains cautious and concentrated among a limited number of larger occupiers. The doubling of investment sales volume year over year reflects improving buyer confidence, particularly among owner-users seeking to lock in occupancy costs.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



VACANCY: Total Vacant Space Divided by Total Existing Inventory
AVAILABILITY: Total Amount of Space that is Available whether Occupied, for Sublease, or Available at a Future Date
AVERAGE ASKING LEASE RATE: FSG / SF / Month

TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



SALES **LEASES** **NUMBER OF TRANSACTIONS**

Market Statistics

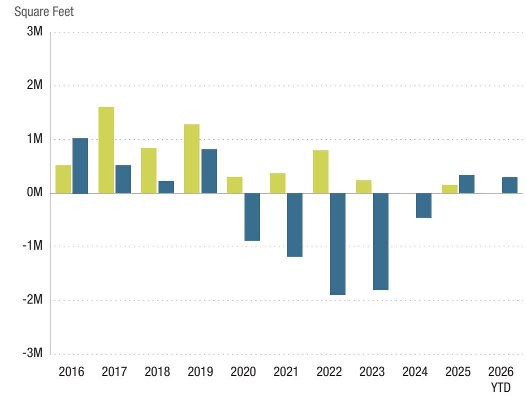
	Change Over Last Quarter	Q1 2026	Q4 2025	Q1 2025	% Change Over Last Year
Vacancy Rate	DOWN	13.52%	14.55%	15.48%	(12.65%)
Availability Rate	DOWN	16.89%	18.19%	20.07%	(15.85%)
Average Asking Lease Rate	UP	$2.82	$2.70	$2.78	1.44%
Sale & Lease Transactions	DOWN	2,142,766	3,756,577	2,467,573	(13.16%)
Gross Absorption	DOWN	1,278,309	2,719,665	2,364,303	(45.93%)
Net Absorption	POSITIVE	292,601	597,932	(333,333)	N/A

ABSORPTION. Orange County's office market recorded positive net occupancy growth of 292,601 SF in Q1 2026, the third consecutive quarter of positive absorption and a sharp reversal from the negative 333,333 SF posted one year ago. For context, full-year 2025 net absorption totaled 339,164 SF, meaning the first quarter alone nearly matched last year's entire recovery. Demand was driven by a handful of mid-sized tenants in the 25,000 to 55,000-SF range, with activity concentrated along the Irvine and Irvine Spectrum corridors. Move-outs partially offset gains but were smaller in scale and more dispersed across submarkets, including vacancies in Santa Ana, Anaheim, and Costa Mesa. The pattern reinforces that occupancy growth is being led by targeted commitments from established firms rather than broad-based expansion across tenant sizes and geographies.

CONSTRUCTION. Only 277,079 SF across two buildings were under construction at the close of Q1 2026, both Class A projects in Central County. The Weave @ OCVIBE at 2525 E Katella Avenue in Anaheim accounts for 168,137 SF. The Advantech North American Campus in Tustin contributes 108,942 SF. No new office space was delivered during the quarter. An additional 733,380 SF is proposed, but elevated capital costs and current vacancy levels make speculative construction unlikely.

EMPLOYMENT. Orange County's unemployment rate was 4.1% in January 2026, up from 3.9% in December 2025 and unchanged year over year, according to preliminary data from the California Employment Development Department. Professional and business services employed 316,000 workers, a gain of 3,000 jobs year over year. Professional, scientific, and technical services grew 3.4% to 143,000 jobs. Financial activities added 1,600 jobs to reach 103,400.

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

Return-to-office mandates continue to progress across both the public and private sectors. More than half of Fortune 100 companies now require five-day attendance, and state government employees face expanded in-person requirements taking effect in mid-2026. At the same time, AI companies are emerging as a significant new source of office demand, committing to larger footprints earlier and at a faster pace than prior technology cycles. Locally, the "Jobs First" initiative highlighted Orange County's $300 billion innovation economy, while Anduril Industries' $1 billion Southern California expansion reinforces the region's position in aerospace and defense. These demand drivers, combined with a dormant construction pipeline and vacancy trending lower, support continued stabilization through the balance of 2026. The defining issue for the market has shifted from the persistence of remote work to how AI and technology adoption will reshape the physical workplace. Broad-based demand recovery will continue into 2027, but the foundation for the next cycle is in place.

Significant Transactions

Sales

Property Address	City	Class	Square Feet	Total Price	Buyer	Seller
2955–2995 Red Hill Ave.	Costa Mesa	B	229,679	$59,000,000	The Khoshbin Company	GEM Realty Capital, Inc.
17911 Von Karman Ave.	Irvine	B	104,375	$23,750,000	West Capital Lending, Inc.	Manulife Financial Corporation
2300 E. Katella Ave.	Anaheim	B	69,032	$15,150,000	TPG Global, LLC	H & S Ventures LLC
30012 Ivy Glenn Dr.	Laguna Niguel	B	25,865	$5,450,000	Momentum J & B Holdings LLC	Bmh Ivy Glenn LLC

Leases

* Renewal ** Renewal / Expansion

Property Address	City	Class	Square Feet	Transaction Date	Tenant	Owner
18575 Jamboree Rd. *	Irvine	A	65,583	Feb-2026	Pathway Capital	Boardwalk Office Associates LLC
5271 California Ave.	Irvine Spectrum	B	55,338	Feb-2026	05 Apparel	The Irvine Company
111 Theory Dr. **	Irvine Spectrum	B	53,794	Jan-2026	The Regent of University of California	The Irvine Company
75 Columbia *	Aliso Viejo	B	47,349	Jan-2026	RxSight	Pacific Park Investments, Inc.
260 Progress	Irvine	A	44,430	Jan-2026	Pan Pacific	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 Q1 2026	Square Feet Available	Availability Rate Q1 2026	Average Asking Lease Rate	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
Airport Area													
Costa Mesa	67	7,501,985	0	0	1,132,034	15.09%	1,323,842	17.65%	$3.43	51,107	51,107	61,670	61,670
Irvine	224	23,201,683	0	182,380	3,666,186	15.80%	4,313,172	18.59%	$2.99	206,842	206,842	558,967	558,967
Newport Beach	91	8,356,976	0	0	1,052,296	12.59%	1,387,493	16.60%	$3.09	23,223	23,223	109,347	109,347
Santa Ana	14	2,449,106	0	0	545,048	22.25%	688,320	28.10%	$2.61	(19,368)	(19,368)	16,658	16,658
Tustin	4	417,368	0	0	70,928	16.99%	80,041	19.18%	$4.10	0	0	0	0
Airport Area Total	400	41,927,118	0	182,380	6,466,492	15.42%	7,792,868	18.59%	$3.04	261,804	261,804	746,642	746,642
Central County													
Anaheim	22	2,085,250	168,137	401,000	368,907	17.69%	403,647	19.36%	$2.06	17,216	17,216	4,850	4,850
Orange	50	5,719,106	0	0	1,046,953	18.31%	1,101,482	19.26%	$2.86	14,093	14,093	48,927	48,927
Santa Ana	112	9,649,566	0	0	969,871	10.05%	1,150,069	11.92%	$2.55	44,172	44,172	51,545	51,545
Tustin	32	1,673,806	108,942	0	10,741	0.64%	96,093	5.74%	$2.37	21,050	21,050	11,340	11,340
Central County Total	216	19,127,728	277,079	401,000	2,396,472	12.53%	2,751,291	14.38%	$2.55	96,531	96,531	116,662	116,662
North County													
Anaheim /Anaheim Hills	55	4,717,863	0	0	467,266	9.90%	514,089	10.90%	$2.61	(43,147)	(43,147)	16,453	16,453
Brea	35	3,432,187	0	0	474,469	13.82%	602,836	17.56%	$2.75	7,974	7,974	65,465	65,465
Buena Park	16	1,105,804	0	0	43,196	3.91%	41,909	3.79%	$2.50	17,776	17,776	11,950	11,950
Fullerton	20	1,844,974	0	0	26,514	1.44%	31,845	1.73%	$2.64	2,794	2,794	5,533	5,533
La Habra	4	146,451	0	0	32,743	22.36%	53,914	36.81%	$1.70	(14,261)	(14,261)	1,193	1,193
La Palma	7	620,773	0	0	135,081	21.76%	156,153	25.15%	$2.15	14,446	14,446	1,340	1,340
Placentia	6	201,762	0	0	28,671	14.21%	30,082	14.91%	$2.21	4,460	4,460	3,142	3,142
Yorba Linda	4	201,583	0	0	33,440	16.59%	5,691	2.82%	$2.49	(1,321)	(1,321)	4,337	4,337
North County Total	147	12,271,397	0	0	1,241,380	10.12%	1,436,519	11.71%	$2.65	(11,279)	(11,279)	109,413	109,413
South County													
Aliso Viejo	40	3,297,803	0	0	863,408	26.18%	1,352,831	41.02%	$2.75	(12,709)	(12,709)	14,908	14,908
Dana Point	2	91,876	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	0
Foothill Ranch	7	628,290	0	0	243,772	38.80%	292,242	46.51%	$2.42	0	0	0	0
Irvine Spectrum	165	12,805,979	0	0	1,360,806	10.63%	2,063,979	16.12%	$2.84	16,975	16,975	208,828	208,828
Ladera Ranch	2	80,775	0	0	9,958	12.33%	9,958	12.33%	$0.00	(3,335)	(3,335)	0	0
Laguna Beach	3	84,085	0	0	2,472	2.94%	3,869	4.60%	$0.00	(2,472)	(2,472)	0	0
Laguna Hills	23	1,075,802	0	0	173,417	16.12%	191,942	17.84%	$2.58	(438)	(438)	4,674	4,674
Laguna Niguel	9	1,500,833	0	0	61,816	4.12%	59,575	3.97%	$2.31	2,332	2,332	13,871	13,871
Lake Forest	39	2,120,964	0	0	224,042	10.56%	379,255	17.88%	$2.44	19,561	19,561	4,962	4,962
Mission Viejo	21	1,168,307	0	0	220,957	18.91%	242,915	20.79%	$2.78	6,254	6,254	19,701	19,701
Rancho Santa Margarita	5	259,792	0	0	30,274	11.65%	38,633	14.87%	$2.20	6,129	6,129	0	0
San Clemente	6	325,870	0	0	35,367	10.85%	37,428	11.49%	$2.25	(27)	(27)	0	0
San Juan Capistrano	13	639,353	0	0	24,005	3.75%	39,021	6.10%	$2.99	(294)	(294)	0	0
South County Total	335	24,079,729	0	0	3,250,294	13.50%	4,711,648	19.57%	$2.78	31,976	31,976	266,944	266,944
West County													
Cypress	25	1,615,790	0	0	222,322	13.76%	335,147	20.74%	$2.55	(15,045)	(15,045)	2,000	2,000
Fountain Valley	13	1,169,895	0	0	48,771	4.17%	47,795	4.09%	$2.19	(6,801)	(6,801)	976	976
Garden Grove	12	1,121,740	0	0	66,913	5.97%	74,708	6.66%	$1.47	(13,207)	(13,207)	1,074	1,074
Huntington Beach	27	1,653,507	0	0	296,323	17.92%	326,489	19.75%	$1.88	(49,941)	(49,941)	34,598	34,598
Los Alamitos	4	203,039	0	0	0	0.00%	0	0.00%		0	0	0	0
Seal Beach	7	477,663	0	0	57,650	12.07%	73,056	15.29%	$3.44	(1,437)	(1,437)	0	0
Stanton	3	130,844	0	0	0	0.00%	0	0.00%		0	0	0	0
Westminster	9	373,930	0	0	38,439	10.28%	43,557	11.65%	$2.45	0	0	0	0
West County Total	100	6,746,408	0	0	730,418	10.83%	900,752	13.35%	$2.43	(86,431)	(86,431)	38,648	38,648
Orange County Total	**1,198**	**104,152,380**	**277,079**	**583,380**	**14,085,056**	**13.52%**	**17,593,078**	**16.89%**	**$2.82**	**292,601**	**292,601**	**1,278,309**	**1,278,309**
Airport Area													
Class A	129	25,444,460	0	182,380	4,748,675	18.66%	5,476,888	21.52%	$3.30	152,658	152,658	430,268	430,268
Class B	252	15,470,398	0	0	1,562,959	10.10%	2,150,884	13.90%	$2.81	108,844	108,844	291,568	291,568
Class C	19	1,012,260	0	0	154,858	15.30%	165,096	16.31%	$2.90	302	302	24,806	24,806
Central County													
Class A	35	7,187,976	277,079	326,000	1,366,062	19.00%	1,553,615	21.61%	$3.05	62,675	62,675	69,293	69,293
Class B	148	10,360,258	0	75,000	969,011	9.35%	1,108,394	10.70%	$2.15	31,729	31,729	45,324	45,324
Class C	33	1,579,494	0	0	61,399	3.89%	89,282	5.65%	$2.07	2,127	2,127	2,045	2,045
North County													
Class A	23	2,664,551	0	0	484,223	18.17%	582,196	21.85%	$3.02	26,651	26,651	50,923	50,923
Class B	105	8,791,292	0	0	745,488	8.48%	841,511	9.57%	$2.58	(38,080)	(38,080)	56,994	56,994
Class C	19	815,554	0	0	11,669	1.43%	12,812	1.57%	$2.44	150	150	1,496	1,496
South County													
Class A	75	9,259,303	0	0	1,535,901	16.59%	2,260,553	24.41%	$3.26	39,041	39,041	190,681	190,681
Class B	243	14,041,661	0	0	1,675,435	11.93%	2,412,042	17.18%	$2.49	(11,056)	(11,056)	70,343	70,343
Class C	17	778,765	0	0	38,958	5.00%	39,053	5.01%	$2.48	3,991	3,991	5,920	5,920
West County													
Class A	15	2,190,711	0	0	381,280	17.40%	509,195	23.24%	$2.73	(48,125)	(48,125)	30,911	30,911
Class B	72	4,083,770	0	0	319,812	7.83%	363,207	8.89%	$2.24	(11,082)	(11,082)	6,761	6,761
Class C	13	471,927	0	0	29,326	6.21%	28,350	6.01%	$1.80	(27,224)	(27,224)	976	976
Orange County													
Class A	277	46,747,001	277,079	508,380	8,516,141	18.22%	10,382,447	22.21%	$3.21	232,900	232,900	772,076	772,076
Class B	820	52,747,379	0	75,000	5,272,705	10.00%	6,876,038	13.04%	$2.55	80,355	80,355	470,990	470,990
Class C	101	4,658,000	0	0	296,210	6.36%	334,593	7.18%	$2.30	(20,654)	(20,654)	35,243	35,243
Orange County Total	**1,198**	**104,152,380**	**277,079**	**583,380**	**14,085,056**	**13.52%**	**17,593,078**	**16.89%**	**$2.82**	**292,601**	**292,601**	**1,278,309**	**1,278,309**

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.

When Technology Outpaces Office Space

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Until recently, discussion around Orange County office space has centered on the disruptive effects of pandemic-era remote work and the lasting impact of hybrid policies. While these structural shifts continue to influence workplace decisions, a new technological force, potentially far more disruptive than anything preceding it, is dominating the conversation: artificial intelligence.

The rapid emergence of AI has introduced a fresh layer of uncertainty around the future of office space. Much of the current commentary assumes AI will reduce the number of employees in traditional workplaces by automating routine tasks and increasing productivity. If true, demand for office space could decline further, extending the consolidation trend driven by hybrid work and accelerating the shift toward more flexible workplaces.

However, that assumption may be premature. Historically, major technological advances have increased productivity while also creating entirely new industries, job categories, and working practices. AI will ultimately generate new forms of office demand even as it reshapes existing ones.

The development of AI systems requires teams of highly specialized professionals working closely together. Companies in this sector rely on collaboration-driven environments where ideas can be exchanged quickly, and this often results in requirements for specialized workspaces. Concurrently, companies not directly developing AI are investing heavily in teams responsible for integrating these tools into their businesses.

AI is also fueling the growth of new business ecosystems. Companies focused on data infrastructure, robotics, cybersecurity, and AI-enabled products are expanding rapidly. Around them, a network of supporting industries, including consulting firms, law firms, venture capital groups, and other professional services, are growing as well. These sectors still rely heavily on physical environments for collaboration, recruiting, and culture, reinforcing the continued relevance of well designed office space.

As technological change accelerates, building owners and tenants must confront a basic reality: innovation is outpacing office space. Office buildings take years to design, finance, construct, or reposition, and lease terms often commit tenants to space decisions for five years or more. Meanwhile, workplace technology, communication tools, and business models continue to change far more rapidly.

This gap between the speed of technological change and the static physical nature of real estate may become one of the defining challenges for the office sector in the future. Consequently, owners are increasingly focused on flexibility, building adaptability, and creating environments that can evolve as workplace expectations shift.

Despite these uncertainties, Orange County's office market is showing signs of gradual stabilization. Vacancy has moderated from recent highs and leasing activity remains steady. The recovery may be uneven, but the market appears to be entering a new phase—one shaped less by the immediate effects of the pandemic and more by the emerging influences on how, where, and why people work.

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

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