OC Q2 26

SECOND QUARTER 2026 MARKET REPORT

ORANGE COUNTY OFFICE

Voit REAL ESTATE SERVICES

OVERVIEW. Orange County's office market is working through a structural reset that is beginning to show measurable results. Vacancy has declined for four consecutive quarters, and net absorption has posted positive occupancy growth over that same stretch, a reversal from the net demand losses that ran through most of 2024 and the first half of 2025. The improvement is not evenly distributed. Occupancy gains are concentrating in newer, high-amenity buildings while older mid-tier space remains under pressure, and demand is holding rather than surging. The conditions driving the reset are durable: a development pipeline at effectively zero, a conversion and demolition cycle pulling obsolete buildings out of the leasable base, and a tenant population that has clarified its space requirements. The reset is not complete, but the direction has changed.

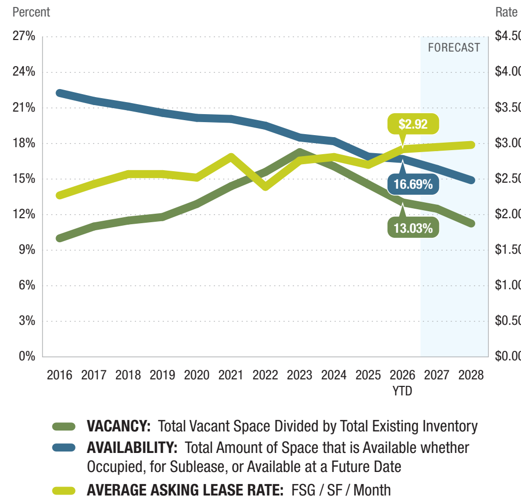
VACANCY & AVAILABILITY. Total vacancy declined to 13.03% in Q2 2026, down 49 basis points quarter over quarter from 13.52% in Q1 2026 and down 276 bps year over year from 15.79% in Q2 2025. The rate has fallen for four consecutive quarters and now sits 304 bps below the 16.07% recorded at the close of 2024. Total availability finished the quarter at 16.69%, down 20 bps from 16.89% in Q1 2026 and down 281 bps from 19.50% a year earlier. The 366-basis-point spread between availability and physical vacancy reflects space being marketed ahead of scheduled move-outs, including sublease inventory still working through the market, though the gap has narrowed from 409 bps at year-end 2024.

LEASE RATES. The average asking lease rate for Orange County office space rose to $2.92 PSF full-service gross in Q2 2026, up 3.5% quarter over quarter from $2.82 PSF in Q1 2026 and up 5.4% year over year from $2.77 PSF in Q2 2025. A portion of the quarterly increase reflects a larger pool of buildings carrying active asking rates rather than uniform escalation across existing inventory. Pricing varies widely by geography — the Airport Area leads the county at $3.18 PSF while West County trails at $2.45 PSF. The gap between classes is the more instructive figure. Class A space is asking $3.26 PSF versus Class B at $2.60 PSF, a premium of $0.66 PSF that has made upgrading economically viable for some tenants with expiring leases. Free rent periods and tenant improvement allowances remain standard components of executed transactions across all classes.

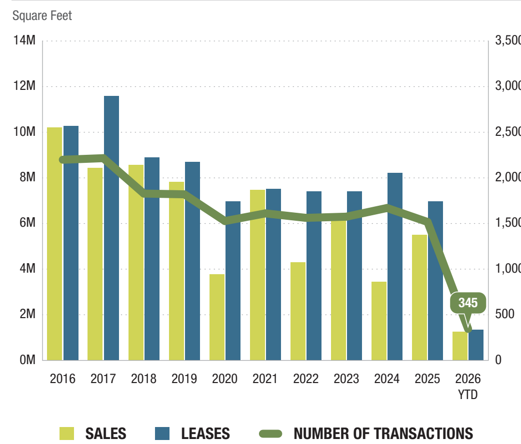
TRANSACTION ACTIVITY. Total transaction volume reached 327 transactions encompassing 1,558,600 SF in Q2 2026, down from 2,336,479 SF across 314 transactions in Q1 2026, a decline driven entirely by investment sales. Only five sales totaling 201,779 SF closed versus 18 sales and 1,055,604 SF the previous quarter. Leasing moved the other direction, rising to 322 deals and 1,356,821 SF from 296 deals and 1,280,875 SF in Q1 2026. Gross absorption of 1,293,524 SF edged past the 1,278,309 SF recorded in Q1 2026 but remained 22.6% below the 1,671,499 SF posted in Q2 2025, suggesting occupancy gains reflect slowing move-outs more than accelerating move-ins.

ABSORPTION. Orange County's office market recorded positive occupancy growth of 308,223 SF in Q2 2026, up from 292,601 SF in Q1 2026 and the fourth consecutive quarter of gains. A year earlier, Q2 2025 recorded a net demand loss of 277,724 SF; full-year 2024 closed at a net demand

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

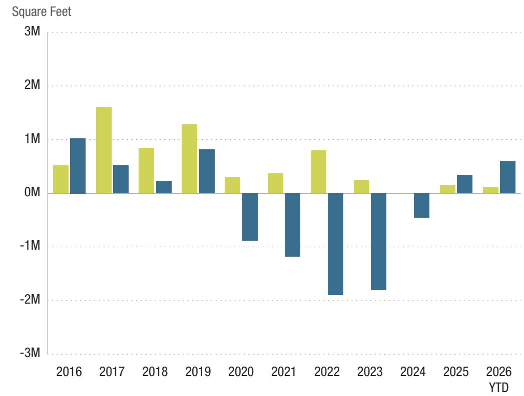
	Change Over Last Quarter	Q2 2026	Q1 2026	Q2 2025	% Change Over Last Year
Vacancy Rate	DOWN	13.03%	13.52%	15.79%	(17.50%)
Availability Rate	DOWN	16.69%	16.89%	19.50%	(14.43%)
Average Asking Lease Rate	UP	$2.92	$2.82	$2.77	5.42%
Sale & Lease Transactions	DOWN	1,558,600	2,336,479	3,468,464	(55.06%)
Gross Absorption	UP	1,293,524	1,278,309	1,671,499	(22.61%)
Net Absorption	POSITIVE	308,223	292,601	(277,724)	N/A

loss of 447,555 SF before 2025 finished positive at 339,164 SF. The largest gain came from Advantech taking possession of its 108,942-square-foot build-to-suit at RedHill and Victory Road in Tustin, which delivered fully occupied during the quarter. Additional gains were recorded at 100 Bayview Circle in Newport Beach at 30,007 SF and at 2400 East Katella Avenue in Anaheim, where the Anaheim Ducks occupied 29,647 SF. Move-outs partially offset those gains, led by Square Milner's 52,088-square-foot departure at 18500 Von Karman Avenue in Irvine. Demand remains concentrated among larger tenants rather than broadly distributed.

CONSTRUCTION. The construction pipeline closed Q2 2026 at 168,137 SF, down from 314,479 SF in Q1 2026. The quarter's sole delivery was Advantech's 108,942-square-foot build-to-suit in Tustin; one Anaheim project remains underway, with 583,380 SF planned countywide. New office starts are limited because values trade well below replacement cost. Few ground-up projects currently pencil out, and some sites are being redirected to residential, though the planned pipeline shows developers positioning for when the economics improve. Approximately 4.35M SF of office space is slated for demolition or adaptive reuse conversion, removing underperforming supply, directly reducing structural vacancy, and supporting the stabilization of stronger assets.

EMPLOYMENT. Orange County's unemployment rate declined to 3.5% in May 2026, down from 3.7% in April 2026 and below the year-ago estimate of 3.7%. Professional and business services employment totaled 316,100 jobs in May 2026, down 1,300 jobs year over year. Financial activities employment reached 103,700 jobs, up 500 year over year. Information sector employment declined by 900 jobs year over year to 21,500 jobs.

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

The county's office inventory is being reshaped. Brokers estimate more than six million square feet has exited the office stock through demolition, conversion, and owner-user acquisition, and tenants displaced from those buildings have re-entered the market as active demand. A mandate requiring state government employees to work in person four days per week, effective July 1, 2026, adds a policy layer reinforcing the private-sector shift toward structured in-office schedules. Aerospace and defense expansion, technology companies tied to the AI economy, and major mixed-use investment continue to deepen the county's employment base and support long-term office demand. The market enters the second half of 2026 with momentum--four consecutive quarters of falling vacancy, four consecutive quarters of positive net absorption, and a minimal construction pipeline. Demand has not yet broadened to small and mid-sized tenants, and effective rents remain below headline asking rates. The full recovery is a 2027 story; the second half of 2026 is a market that has turned the corner and is building on it.

Significant Transactions

Sales

Property Address	City	Class	Square Feet	Total Price	Buyer	Seller
201–215 N. Broadway	Santa Ana	B	50,885	$5,431,000	Broadway Ipbc LLC	Santora Group LLC
95 Argonaut	Aliso Viejo	B	48,183	$14,000,000	Meritage Homes	Argonaut Office LLC
175 N. Riverview Dr.	Anaheim	B	40,066	$9,500,000	Riverview Hills LLC	Riverview Drive LLC
2955 N. Main St.	Irvine	B	33,848	$13,990,608	Victory Property Partners LLC	Propitious Irvine LLC
23591 El Toro Rd.	Lake Forest	B	28,827	$9,200,000	Vie Rental LLC	Tappan Icorporation

Leases

Property Address	City	Class	Square Feet	Transaction Date	Tenant	Owner
3500 Hyland Ave. - Renewal	Costa Mesa	B	54,745	May-2026	Z Supply	CJ Segerstrom & Son
4 Park Plaza	Irvine	A	43,854	Apr-2026	RWTinc.	The Irvine Company
17700 Laguna Canyon Rd.	Irvine Spectrum	A	42,901	May-2026	BD	The Irvine Company
2525 E. Katella Ave.	Anaheim	A	34,861	May-2026	Kiln	H&S Ventures LLC
5 Hutton Center Dr.	Santa Ana	A	27,028	May-2026	Videlle Investment	Barker Pacific Group

	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	67	7,501,985	0	0	1,036,261	13.81%	1,298,251	17.31%	$3.49	43,203	94,310	151,821	213,491
Irvine	221	23,071,644	0	182,380	3,354,966	14.54%	4,448,110	19.28%	$3.19	38,266	245,108	377,210	936,177
Newport Beach	91	8,356,976	0	0	1,008,912	12.07%	1,319,992	15.80%	$3.13	47,390	70,613	109,747	219,094
Santa Ana	14	2,449,106	0	0	493,823	20.16%	603,896	24.66%	$2.62	51,225	31,857	59,392	76,050
Tustin	4	417,368	0	0	70,928	16.99%	72,627	17.40%	$5.00	0	0	7,414	7,414
Airport Area Total	397	41,797,079	0	182,380	5,964,890	14.27%	7,742,876	18.52%	$3.18	180,084	441,888	705,584	1,452,226
Central County													
Anaheim	22	2,085,250	168,137	401,000	325,759	15.62%	500,994	24.03%	$2.08	29,364	46,580	14,033	18,883
Orange	50	5,719,106	0	0	1,064,956	18.62%	915,855	16.01%	$2.85	8,479	22,572	88,274	137,201
Santa Ana	112	9,649,566	0	0	953,009	9.88%	934,005	9.68%	$2.57	28,445	72,617	24,897	76,442
Tustin	33	1,782,748	0	0	13,225	0.74%	103,144	5.79%	$2.41	103,974	125,024	2,785	14,125
Central County Total	217	19,236,670	168,137	401,000	2,356,949	12.25%	2,453,998	12.76%	$2.59	170,262	266,793	129,989	246,651
North County													
Anaheim /Anaheim Hills	55	4,717,863	0	0	442,352	9.38%	475,154	10.07%	$2.59	33,875	(9,272)	3,794	20,247
Brea	35	3,432,187	0	0	525,926	15.32%	682,305	19.88%	$2.82	(40,043)	(32,069)	15,411	80,876
Buena Park	16	1,105,804	0	0	39,146	3.54%	39,146	3.54%	$2.49	1,345	19,121	5,800	17,750
Fullerton	20	1,844,974	0	0	32,528	1.76%	47,872	2.59%	$2.79	(5,080)	(2,286)	2,281	7,814
La Habra	4	146,451	0	0	32,743	22.36%	53,914	36.81%	$1.75	0	(14,261)	0	1,193
La Palma	7	620,773	0	0	135,272	21.79%	145,065	23.37%	$2.15	(191)	14,255	1,760	3,100
Placentia	6	201,762	0	0	32,224	15.97%	30,082	14.91%	$2.25	(3,553)	907	3,553	6,695
Yorba Linda	4	201,583	0	0	30,447	15.10%	5,691	2.82%	$2.49	2,993	1,672	0	4,337
North County Total	147	12,271,397	0	0	1,270,638	10.35%	1,479,229	12.05%	$2.66	(10,654)	(21,933)	32,599	142,012
South County													
Aliso Viejo	40	3,297,803	0	0	842,804	25.56%	1,269,072	38.48%	$2.72	11,914	(795)	40,225	55,133
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	152,993	24.35%	290,458	46.23%	$2.42	21,032	21,032	19,561	19,561
Irvine Spectrum	165	12,805,979	0	0	1,466,915	11.45%	2,197,215	17.16%	$3.04	(64,393)	(47,418)	276,515	485,343
Ladera Ranch	2	80,775	0	0	10,254	12.69%	11,769	14.57%	$0.00	(296)	(3,631)	2,915	2,915
Laguna Beach	3	84,085	0	0	2,472	2.94%	3,869	4.60%	$0.00	0	(2,472)	0	0
Laguna Hills	23	1,075,802	0	0	192,961	17.94%	210,874	19.60%	$2.72	(19,544)	(19,982)	6,156	10,830
Laguna Niguel	9	1,500,833	0	0	47,004	3.13%	51,219	3.41%	$2.29	14,812	17,144	11,404	25,275
Lake Forest	39	2,120,964	0	0	234,095	11.04%	404,315	19.06%	$2.45	(10,219)	9,342	15,612	20,574
Mission Viejo	21	1,168,307	0	0	218,068	18.67%	229,150	19.61%	$1.95	2,889	9,143	23,320	43,021
Rancho Santa Margarita	5	259,792	0	0	31,941	12.29%	40,300	15.51%	$2.20	(1,667)	4,462	1,634	1,634
San Clemente	6	325,870	0	0	35,186	10.80%	32,623	10.01%	$2.25	181	154	2,563	2,563
San Juan Capistrano	13	639,353	0	0	37,166	5.81%	38,381	6.00%	$2.99	(13,161)	(13,455)	3,793	3,793
South County Total	335	24,079,729	0	0	3,271,859	13.59%	4,779,245	19.85%	$2.88	(58,452)	(26,476)	403,698	670,642
West County													
Cypress	25	1,615,790	0	0	220,497	13.65%	333,671	20.65%	$2.55	1,825	(13,220)	6,046	8,046
Fountain Valley	13	1,169,895	0	0	47,795	4.09%	49,702	4.25%	$2.21	(2,957)	(9,758)	0	976
Garden Grove	12	1,121,740	0	0	68,309	6.09%	106,674	9.51%	$1.42	(1,396)	(14,603)	890	1,964
Huntington Beach	27	1,653,507	0	0	279,146	16.88%	341,474	20.65%	$1.85	16,724	(33,217)	5,005	39,603
Los Alamitos	4	203,039	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	0
Seal Beach	7	477,663	0	0	50,941	10.66%	45,260	9.48%	$3.44	7,264	5,827	9,713	9,713
Stanton	3	130,844	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	0
Westminster	9	373,930	0	0	32,916	8.80%	43,557	11.65%	$2.45	5,523	5,523	0	0
West County Total	100	6,746,408	0	0	699,604	10.37%	920,338	13.64%	$2.45	26,983	(59,448)	21,654	60,302
Orange County Total	**1,196**	**104,131,283**	**168,137**	**583,380**	**13,563,940**	**13.03%**	**17,375,686**	**16.69%**	**$2.92**	**308,223**	**600,824**	**1,293,524**	**2,571,833**
Airport Area													
Class A	129	25,444,460	0	182,380	4,597,351	18.07%	5,547,147	21.80%	$3.37	58,696	211,354	446,161	876,429
Class B	249	15,340,359	0	0	1,325,232	8.64%	1,984,893	12.94%	$2.91	124,467	233,311	252,089	543,657
Class C	19	1,012,260	0	0	42,307	4.18%	210,836	20.83%	$2.90	(3,079)	(2,777)	7,334	32,140
Central County													
Class A	36	7,296,918	168,137	326,000	1,520,763	20.84%	1,461,615	20.03%	$3.01	(17,874)	44,801	87,190	156,483
Class B	148	10,360,258	0	75,000	761,608	7.35%	886,572	8.56%	$2.16	183,510	215,239	37,538	82,862
Class C	33	1,579,494	0	0	74,578	4.72%	105,811	6.70%	$2.08	4,626	6,753	5,261	7,306
North County													
Class A	23	2,664,551	0	0	463,456	17.39%	562,646	21.12%	$2.90	(6,041)	20,610	12,336	63,259
Class B	105	8,791,292	0	0	785,368	8.93%	895,118	10.18%	$2.59	(4,725)	(42,805)	17,842	74,836
Class C	19	815,554	0	0	21,814	2.67%	21,465	2.63%	$2.22	112	262	2,421	3,917
South County													
Class A	75	9,259,303	0	0	1,478,001	15.96%	2,356,751	25.45%	$3.33	(40,263)	(1,222)	181,974	372,655
Class B	243	14,041,661	0	0	1,749,903	12.46%	2,370,872	16.88%	$2.55	(22,682)	(33,738)	218,859	289,202
Class C	17	778,765	0	0	43,955	5.64%	51,622	6.63%	$2.33	4,493	8,484	2,865	8,785
West County													
Class A	15	2,190,711	0	0	356,487	16.27%	497,700	22.72%	$2.77	24,297	(23,828)	4,264	35,175
Class B	72	4,083,770	0	0	305,470	7.48%	386,421	9.46%	$2.22	8,053	(3,029)	14,834	21,595
Class C	13	471,927	0	0	37,647	7.98%	36,217	7.67%	$1.82	(5,367)	(32,591)	2,556	3,532
Orange County													
Class A	278	46,855,943	168,137	508,380	8,416,058	17.96%	10,425,859	22.25%	$3.26	18,815	251,715	731,925	1,504,001
Class B	817	52,617,340	0	75,000	4,927,581	9.36%	6,523,876	12.40%	$2.60	288,623	368,978	541,162	1,012,152
Class C	101	4,658,000	0	0	220,301	4.73%	425,951	9.14%	$2.34	785	(19,869)	20,437	55,680
Orange County Total	**1,196**	**104,131,283**	**168,137**	**583,380**	**13,563,940**	**13.03%**	**17,375,686**	**16.69%**	**$2.92**	**308,223**	**600,824**	**1,293,524**	**2,571,833**

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.

SECOND QUARTER 2026 MARKET REPORT
ORANGE COUNTY OFFICE

Voit
REAL ESTATE SERVICES

The Office Reset is Working

by Chris Drzyzga, SIOR
SENIOR VICE PRESIDENT/PARTNER, IRVINE
949.263.5303 · chrisd@voitco.com · Lic. #01926212

Orange County's office market has still not returned to the old normal, and that is probably a good thing. The market has been forced through a necessary reset, and the result is a leaner and increasingly more stable office environment.

The theme I have written about previously — the market's "controlled demolition" — has continued to play out in a meaningful way. Over the last six years, more than six million square feet of office inventory has been removed from the Orange County office base through demolition, conversion, or acquisition by owner-users. That represents approximately 6% of the county's total office supply. That is notable and represents a structural reduction in inventory.

Just as important, the tenants that previously occupied those buildings did not necessarily disappear. They were displaced back into the market and forced to find new homes. That dynamic has helped absorb higher-quality space and reinforce the flight-to-quality trend that has defined the office sector over the past several years.

While headline vacancy rates still point to a market with challenges, the high end of the market is telling a different story. The overall office vacancy sits at approximately 13.03%, with the Class A segment at approximately 17.96% vacant. The Irvine Company's portfolio, arguably the county's premier office portfolio, is approximately 3% vacant.

Demand has not disappeared. Tenants are still using office space, but they have become more selective. The market is rewarding relevance and penalizing obsolescence. That is a healthy development.

It is also happening in one of the most desirable markets in the country. Orange County remains a preeminent location to live, work, invest, and build a business. The office market is benefiting not only from inventory reduction, but from the broader economic strength and development activity taking place across the region.

Major projects such as OCVibe, Dana Point Harbor, Related Bristol, the Great Park in Irvine, Westminster Mall, and the residential conversions at Fashion Island are reshaping how people experience Orange County. These projects represent billions of dollars in long-term investment across housing, entertainment, hospitality, retail, employment, infrastructure, and lifestyle.

At the same time, the county's economic base continues to deepen. Aerospace and defense companies such as Anduril and SpaceX are expanding their presence and helping stimulate broad swaths of the economy. Technology companies connected to the artificial intelligence revolution are also strengthening Orange County's position as a hub for innovation, talent and high-growth business activity.

A shrinking inventory base, continued flight to quality, major private investment, and a diversified innovation economy all point in the same direction: Orange County's office market has stabilized and is beginning its next cycle.

For tenants, this remains an attractive window to secure quality space on favorable terms. For owners, the message is equally clear: the market is improving, but only for assets that remain relevant.

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

Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA 714.978.7880
Encinitas, CA 760.472.5620
Inland Empire, CA 909.545.8000
Irvine, CA 949.851.5100
Los Angeles, CA 424.329.7500
San Diego, CA 858.453.0505