

**OVERVIEW.** The Orange County industrial sector continues to outperform its office and retail counterparts, both of which have suffered heavily during the pandemic. All major submarkets in all size ranges have thrived during the crisis and that trend continued in Q1. Demand is still running well ahead of supply for both lease and sale product, pushing sales prices and lease rates up. E-commerce activity did the heavy lifting in the early stages of the pandemic, but activity across multiple sectors has strengthened of late. Mortgage interest rates are still historically low, but they did rise substantially in Q1 because of the spike in the 10-year Treasury yield. That was not enough to dampen demand however, as owner-user buyers continue to line up to pay record prices for good quality freestanding industrial buildings.

**VACANCY & AVAILABILITY.** The overall vacancy rate in Orange County remained near its historic low at just 2.48% despite ongoing virus protocols. Those tenants and buyers who waited for the market to soften during the pandemic have been disappointed, as quality product is now even more difficult to find. Fullerton and Buena Park saw significant vacancy declines in Q1, ending the period at just 1.68% and 0.47% respectively. North County still has the lowest overall vacancy rate of all five major submarkets at a scant 1.68%. South County vacancy fell sharply from 4.02% in the final quarter of 2020 to just 2.79% in Q1. The countywide availability rate, which includes sublease space, fell slightly to 4.01%, confirming that concerns over an increase in sublease space were unfounded.

**LEASE RATES & SALES PRICES.** The average asking lease rate for the county spiked in Q1, adding five cents to reach a record high of \$1.06. Landlords are still holding the line on asking rates and strong credit, personal guarantees and hefty security deposits, as multiple tenants are competing for the same space. Tenants are now convinced that making aggressively low offers, as many attempted last year, is not a successful strategy.

Sales prices moved from \$268.49 in Q4 to a record high of \$282.67 on a countywide basis. That brought the year-over-year increase in industrial property values to a whopping 14.4%. Demand from owner / user buyers became even more intense in Q1, as incentives from the SBA were reintroduced to stimulate activity. Owner / user buyers can borrow 90% of the purchase price at a blended rate in the mid-3% range even after a rate spike for 504 loans of more than 80 basis points from January to March. Tenants looking to buy seek to build equity for themselves by paying down their own mortgages rather than sending a check to a landlord each month. The fixed-rate, fully amortized loans also allow them to secure long-term occupancy costs.

**TRANSACTION ACTIVITY.** Lease and sale activity was down in Q1 after a strong flurry of year-end closings in December of 2020. In all, 307 sale and lease transactions were completed in Q1; 264 leases and 43 sales compared with a total of 292 leases and 110 sales in Q4. The total amount of square footage leased and sold was well off Q4's pace, falling by half due to a smaller number of transactions in the upper size ranges. Variances like this are not uncommon, as Orange County is made up primarily of buildings under 100,000 SF, and just a few large transactions in any given period can cause a big swing in quarter-to-quarter results.

**VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES**



**TRANSACTION VOLUME & NUMBER OF TRANSACTIONS**



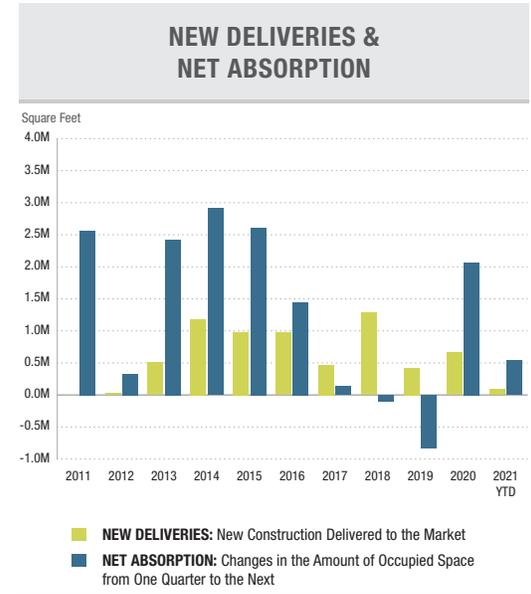
Market Statistics

	Change Over Last Quarter	1Q 2021	4Q 2020	1Q 2020	% Change Over Last Year
Vacancy Rate	▼ DOWN	2.48%	3.00%	2.83%	(12.53%)
Availability Rate	▼ DOWN	4.01%	4.07%	4.62%	(13.12%)
Average Asking Lease Rate	▲ UP	\$1.06	\$1.02	\$1.00	6.00%
Average Asking Sale Price	▲ UP	\$282.67	\$268.69	\$247.00	14.44%
Sale & Lease Transactions	▼ DOWN	3,198,983	7,078,445	5,103,505	(37.32%)
Gross Absorption	▲ UP	2,848,785	2,134,878	2,970,316	(4.09%)
Net Absorption	▲ POSITIVE	540,953	1,431,561	990,490	N/A

**ABSORPTION.** As vacancy declines, net positive absorption tends to decrease due the lack of availability of quality space for buyers and tenants. So, it is no surprise that net absorption, which measures the net difference in occupied space from one period to another, moved lower in Q1 to just 540,000 SF, down from over 1.4 MSF in Q4. The decline also reflects abnormally strong fourth quarter performance, which is the strongest performing quarter in most years. The Airport Area submarket accounted for most of the net gain in occupied space for the period at just over 428,000 SF. North County was flat while West County posted a slight decline. Gross absorption, which measures total move-ins, managed to move higher in Q1 even though net absorption was down, as tenants and buyers are trading places immediately after buildings become vacant. Absorption is well distributed across all size ranges, a further indication that businesses of all sizes are returning to good health.

**CONSTRUCTION.** Ground-up development has been moving at a crawl for several years and slowed even further in Q1. Only 351,000 SF of new inventory was in the construction queue as Q1 ended, down from 876,000 at year's end. Just two projects are in the construction pipeline, a 243,000 SF building on Bolsa Chica in Huntington Beach, and a 108,000 SF building on Berry Street in Brea. The lack of new inventory contributes to the difficulty in finding quality space throughout the county. Tenants and owner/users are left with an aging inventory of existing space to choose from, and some buildings are burdened by elements of functional obsolescence. As we reported last quarter, an increasing number of growing businesses are being forced to consider the Inland Empire to find suitable space. By comparison, that market has nearly 20 MSF under construction.

**EMPLOYMENT.** The unemployment rate in Orange County was 6.8% in February 2021, down from a revised 7.3% in January 2021, and above the year-ago estimate of 2.8%. Employment increased in six sectors: professional and business services (up 7,900 jobs), educational and health services (up 3,500 jobs), other services and government (up 3,100 jobs each), manufacturing (up 500 jobs), and information (up 100 jobs).



## Forecast

Orange County's industrial market conditions are not likely to change for the remainder of 2021. Even greater demand, shorter supply, higher lease rates and loftier sales prices are expected. Orange County is benefitting from an aggressive vaccine rollout, which has helped to ease pandemic restrictions and get more people back to work, on the roads and into retail businesses, which will give an even further boost to the recovering economy.

However, the federal infrastructure bill being considered by Congress contains several tax hikes that are sure to be hotly debated during the second quarter. The initial bill will likely contain an increase in corporate and personal income tax rates, along with the elimination of the 20% exemption of Qualified Business Income earned by pass-through entities. Also under discussion are provisions to tax capital gains at ordinary rates, eliminate the step-up rule, lower the threshold for estate taxes, and eliminate or restrict 1031 exchanges, all of which could be disruptive to the commercial real estate sector.

## Significant Transactions

### Sales

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
14422 Astronautics Lane	Huntington Beach	46,644	\$12,610,000	Alere Property Group	Terrible Herbst Motor Sport
1000 E Cerritos Ave.	Anaheim	45,180	\$6,950,000	Dunbar Real Estate Investment	JLW Investments, LLC
170 W. Technology Dr.	Irvine Spectrum	41,905	\$11,895,000	TA Realty	Ingold Family Investment LLC
401 W. Dyer Rd.	Santa Ana	38,568	\$9,000,000	Ingold Family Investment LLC	John N Kallab
18060 Euclid St.	Fountain Valley	37,423	\$8,500,000	Harbour Outdoor	Sacher Euclid Property LLC

### Leases

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
25892-25902 Towne Centre Dr. - Sublease	Foothill Ranch	130,706	Mar-2021	ProTab Laboratories, Inc.	SeneGence International
3731 Warner Ave.	Santa Ana	129,600	Feb-2021	ReadySpaces	Orange Courier, Inc.
6363 Regio Ave.	Buena Park	116,662	Jan-2021	Premier Transportation	6363 Regio LLC
2801-2803 S. Yale St.	Santa Ana	86,814	Jan-2021	Bear Down Brands	LAPCO Industrial Parks
1177 N. Grove St.	Anaheim	73,335	Feb-2021	Brook & Whittle	Grove Construction

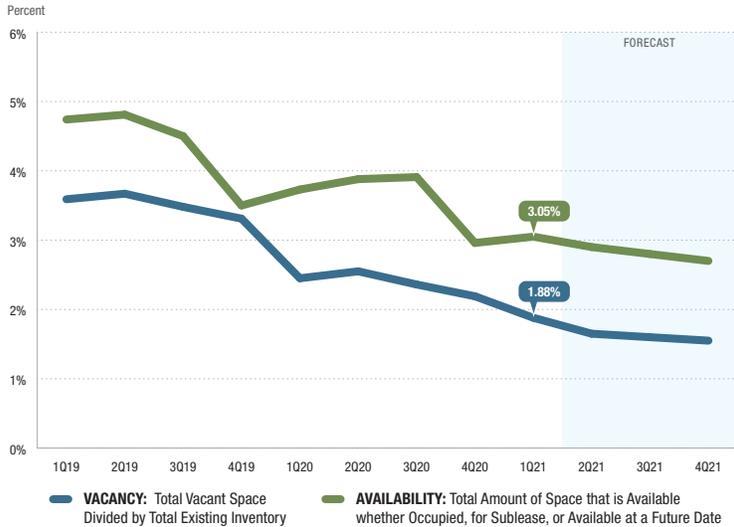
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2021	Square Feet Available	Availability Rate 1Q2021	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2021	Net Absorption 2021	Gross Absorption 1Q2021	Gross Absorption 2021
<b>Airport Area</b>														
Costa Mesa	437	7,399,847	0	0	220,439	2.98%	320,349	4.33%	\$1.32	\$377.81	(4,188)	(4,188)	99,845	99,845
Fountain Valley	181	3,762,565	0	36,000	51,438	1.37%	93,468	2.48%	\$1.03	\$0.00	10,601	10,601	22,219	22,219
Irvine	306	11,585,638	0	0	303,488	2.62%	734,079	6.34%	\$1.10	\$372.15	113,877	113,877	159,630	159,630
Newport Beach	49	606,502	0	0	20,968	3.46%	25,968	4.28%	\$1.55	\$0.00	(8,373)	(8,373)	2,500	2,500
Santa Ana	1,586	31,071,836	0	150,533	1,094,184	3.52%	1,326,361	4.27%	\$0.99	\$272.60	355,409	355,409	540,103	540,103
Tustin	112	4,205,504	0	45,000	134,156	3.19%	650,869	15.48%	\$1.09	\$305.45	(38,935)	(38,935)	13,873	13,873
<b>Airport Area Total</b>	<b>2,671</b>	<b>58,631,892</b>	<b>0</b>	<b>231,533</b>	<b>1,824,673</b>	<b>3.11%</b>	<b>3,151,094</b>	<b>5.37%</b>	<b>\$1.05</b>	<b>\$291.46</b>	<b>428,391</b>	<b>428,391</b>	<b>838,170</b>	<b>838,170</b>
<b>North County</b>														
Anaheim	1,832	44,281,900	0	78,960	1,069,679	2.42%	1,155,605	2.61%	\$1.06	\$245.71	(138,031)	(138,031)	261,560	261,560
Brea	330	12,055,072	108,125	108,125	300,440	2.49%	241,313	2.00%	\$0.93	\$228.43	(51,473)	(51,473)	108,330	108,330
Buena Park	234	13,330,038	0	0	62,747	0.47%	461,583	3.46%	\$0.64	\$265.66	279,515	279,515	215,370	215,370
Fullerton	455	19,318,162	0	1,620,000	324,493	1.68%	922,341	4.77%	\$0.97	\$259.24	7,975	7,975	221,399	221,399
La Habra	197	3,520,960	0	0	16,127	0.46%	51,915	1.47%	\$0.89	\$321.92	(12,014)	(12,014)	4,113	4,113
Orange	746	13,621,167	0	201,520	174,528	1.28%	240,120	1.76%	\$0.96	\$333.77	(22,433)	(22,433)	92,067	92,067
Placentia	224	4,350,495	0	0	140,913	3.24%	271,998	6.25%	\$0.00	\$272.15	(73,385)	(73,385)	47,668	47,668
Yorba Linda	54	882,002	0	0	3,420	0.39%	54,782	6.21%	\$0.00	\$0.00	4,279	4,279	10,099	10,099
<b>North County Total</b>	<b>4,072</b>	<b>111,359,796</b>	<b>108,125</b>	<b>2,008,605</b>	<b>2,092,347</b>	<b>1.88%</b>	<b>3,399,657</b>	<b>3.05%</b>	<b>\$0.92</b>	<b>\$259.72</b>	<b>(5,567)</b>	<b>(5,567)</b>	<b>960,606</b>	<b>960,606</b>
<b>South County</b>														
Aliso Viejo	16	629,005	0	0	17,680	2.81%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Foothill Ranch	65	3,561,738	0	0	0	0.00%	220,216	6.18%	\$1.06	\$0.00	0	0	130,209	130,209
Irvine Spectrum	209	9,871,212	0	145,000	536,480	5.43%	456,126	4.62%	\$1.14	\$386.34	60,342	60,342	171,547	171,547
Laguna Beach	21	108,920	0	0	6,995	6.42%	1,360	1.25%	\$2.36	\$0.00	1,500	1,500	6,995	6,995
Laguna Hills	73	1,026,876	0	0	37,369	3.64%	35,486	3.46%	\$1.24	\$375.00	(22,695)	(22,695)	27,313	27,313
Laguna Niguel	19	256,297	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	191	4,232,884	0	0	43,636	1.03%	136,371	3.22%	\$1.33	\$294.26	130,777	130,777	159,009	159,009
Mission Viejo	30	719,181	0	0	18,278	2.54%	5,693	0.79%	\$1.33	\$0.00	(18,278)	(18,278)	0	0
Rancho Santa Margarita	107	1,704,665	0	0	13,839	0.81%	48,982	2.87%	\$1.21	\$274.11	(10,774)	(10,774)	33,847	33,847
San Clemente	159	1,988,521	0	0	22,297	1.12%	110,641	5.56%	\$1.11	\$342.05	(911)	(911)	7,209	7,209
San Juan Capistrano	42	887,189	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	13,204	13,204
<b>South County Total</b>	<b>932</b>	<b>24,986,488</b>	<b>0</b>	<b>145,000</b>	<b>696,574</b>	<b>2.79%</b>	<b>1,014,875</b>	<b>4.06%</b>	<b>\$1.18</b>	<b>\$341.68</b>	<b>139,961</b>	<b>139,961</b>	<b>549,333</b>	<b>549,333</b>
<b>West County</b>														
Cypress	102	4,818,547	0	150,000	237,884	4.94%	459,436	9.53%	\$0.90	\$0.00	(55,613)	(55,613)	118,582	118,582
Garden Grove	475	11,761,831	0	0	352,740	3.00%	363,893	3.09%	\$1.23	\$278.53	95,990	95,990	276,087	276,087
Huntington Beach	686	12,607,459	242,976	0	267,048	2.12%	439,684	3.49%	\$0.94	\$339.00	(55,247)	(55,247)	79,743	79,743
La Palma	16	1,778,258	0	0	84,321	4.74%	154,321	8.68%	\$0.99	\$0.00	0	0	0	0
Los Alamitos	94	2,219,301	0	0	76,128	3.43%	164,115	7.39%	\$0.00	\$298.66	(10,391)	(10,391)	0	0
Seal Beach	15	933,761	0	0	88,507	9.48%	88,507	9.48%	\$0.85	\$0.00	0	0	0	0
Stanton	175	1,838,150	0	0	21,987	1.20%	51,045	2.78%	\$0.00	\$275.32	(1,771)	(1,771)	13,608	13,608
Westminster	142	2,353,020	0	0	39,150	1.66%	74,129	3.15%	\$0.81	\$0.00	5,200	5,200	12,656	12,656
<b>West County Total</b>	<b>1,705</b>	<b>38,310,327</b>	<b>242,976</b>	<b>150,000</b>	<b>1,167,765</b>	<b>3.05%</b>	<b>1,795,130</b>	<b>4.69%</b>	<b>\$0.99</b>	<b>\$285.70</b>	<b>(21,832)</b>	<b>(21,832)</b>	<b>500,676</b>	<b>500,676</b>
<b>Orange County Total</b>	<b>9,380</b>	<b>233,288,503</b>	<b>351,101</b>	<b>2,535,138</b>	<b>5,781,359</b>	<b>2.48%</b>	<b>9,360,756</b>	<b>4.01%</b>	<b>\$1.06</b>	<b>\$282.67</b>	<b>540,953</b>	<b>540,953</b>	<b>2,848,785</b>	<b>2,848,785</b>
Less than 9,999	3,332	20,259,997	0	0	300,134	1.48%	340,417	1.68%	\$1.44	\$329.28	20,294	20,294	227,061	227,061
10,000-19,999	3,146	43,488,043	0	0	989,232	2.27%	1,147,189	2.64%	\$1.27	\$303.93	(99,989)	(99,989)	578,475	578,475
20,000-29,999	1,195	28,408,132	0	45,960	660,191	2.32%	924,744	3.26%	\$1.20	\$303.37	27,093	27,093	395,554	395,554
30,000-39,999	490	16,716,340	0	107,033	487,101	2.91%	772,079	4.62%	\$1.09	\$256.40	6,113	6,113	238,276	238,276
40,000-49,999	294	12,926,178	0	45,000	422,416	3.27%	651,817	5.04%	\$1.05	\$230.07	(28,607)	(28,607)	163,713	163,713
50,000-74,999	373	22,458,396	0	0	510,751	2.27%	713,523	3.18%	\$1.10	\$274.23	144,467	144,467	229,178	229,178
75,000-99,999	166	14,189,243	0	0	400,262	2.82%	719,787	5.07%	\$1.04	\$212.20	98,621	98,621	94,364	94,364
100,000-199,999	260	34,177,410	108,125	635,625	1,264,184	3.70%	1,052,533	3.08%	\$0.92	\$0.00	305,707	305,707	699,150	699,150
200,000 Plus	124	40,664,764	242,976	1,701,520	747,088	1.84%	3,038,667	7.47%	\$0.94	\$0.00	67,254	67,254	223,014	223,014
<b>Orange County Total</b>	<b>9,380</b>	<b>233,288,503</b>	<b>351,101</b>	<b>2,535,138</b>	<b>5,781,359</b>	<b>2.48%</b>	<b>9,360,756</b>	<b>4.01%</b>	<b>\$1.06</b>	<b>\$282.67</b>	<b>540,953</b>	<b>540,953</b>	<b>2,848,785</b>	<b>2,848,785</b>

Lease rates are on a triple-net basis.

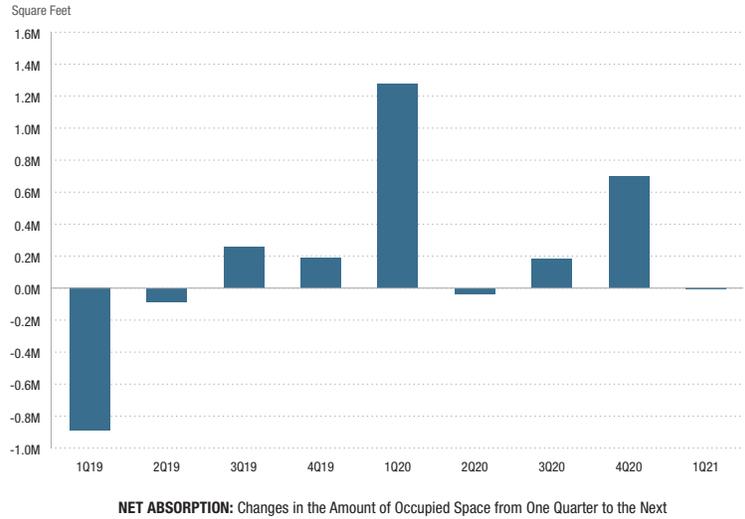
## NORTH ORANGE COUNTY

In the first quarter of 2021, the North Orange County industrial market consisted of 4,072 buildings totaling 111,359,796 square feet and had an availability rate of 3.05%, which shows an increase from the previous quarter's figure of 2.96%.

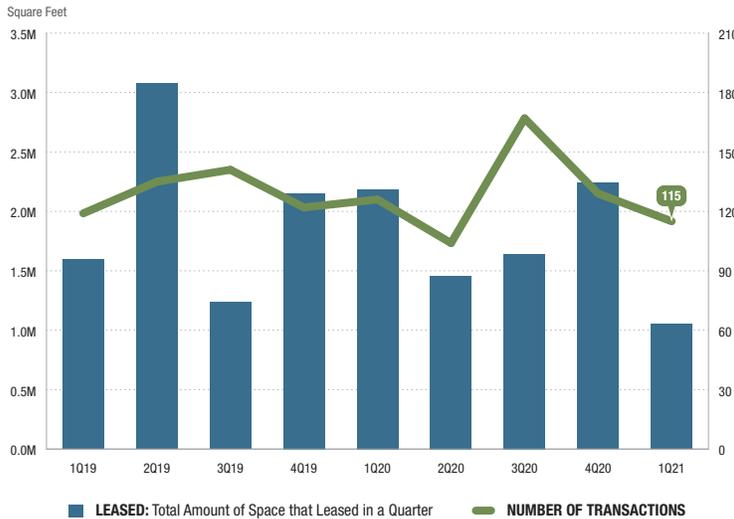
### VACANCY & AVAILABILITY RATE



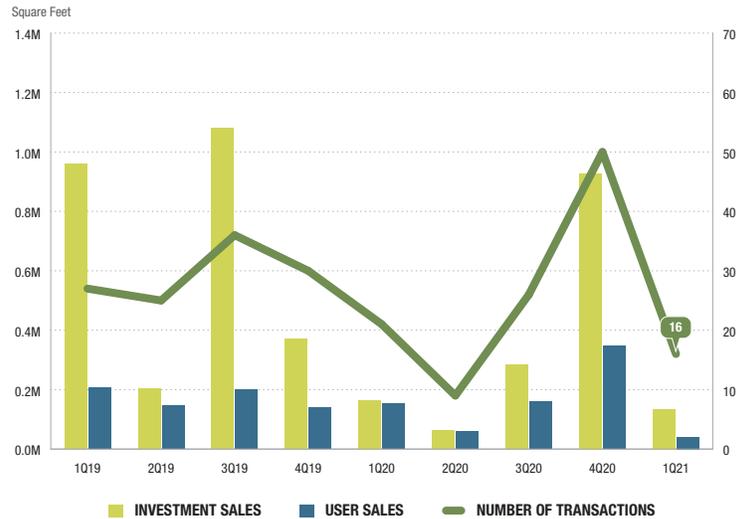
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

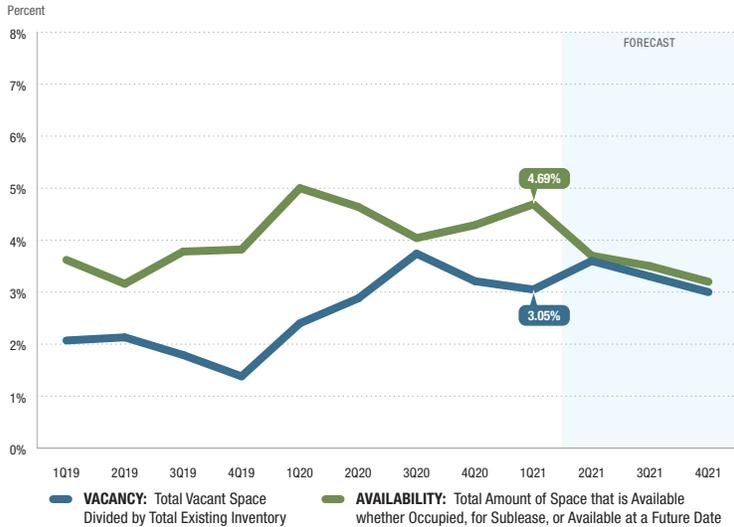
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2021	Square Feet Available	Availability Rate 1Q2021	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2021	Net Absorption 2021	Gross Absorption 1Q2021	Gross Absorption 2021
<b>North Totals</b>														
Less than 9,999	1,343	8,501,360	0	0	139,153	1.64%	154,546	1.82%	\$1.82	\$301.75	17,179	17,179	97,700	97,700
10,000-19,999	1,398	19,354,614	0	0	401,045	2.07%	488,451	2.52%	\$1.11	\$270.93	(83,401)	(83,401)	231,314	231,314
20,000-29,999	521	12,308,620	0	45,960	345,501	2.81%	480,043	3.90%	\$1.03	\$324.09	56,771	56,771	190,817	190,817
30,000-39,999	226	7,684,042	0	33,000	252,719	3.29%	306,161	3.98%	\$1.03	\$227.59	(83,867)	(83,867)	20,621	20,621
40,000-49,999	135	5,930,270	0	0	184,654	3.11%	224,676	3.79%	\$0.89	\$185.55	(1,486)	(1,486)	27,663	27,663
50,000-74,999	178	10,727,669	0	0	295,318	2.75%	339,722	3.17%	\$0.90	\$273.79	(119,943)	(119,943)	16,348	16,348
75,000-99,999	71	6,034,433	0	0	29,573	0.49%	96,341	1.60%	\$0.95	\$212.20	132,395	132,395	62,864	62,864
100,000-199,999	133	17,568,096	108,125	228,125	376,894	2.15%	287,286	1.64%	\$0.64	\$0.00	32,496	32,496	249,100	249,100
200,000 plus	67	23,250,692	0	1,701,520	67,490	0.29%	1,022,431	4.40%	\$0.00	\$0.00	44,289	44,289	64,179	64,179
<b>Total</b>	<b>4,072</b>	<b>111,359,796</b>	<b>108,125</b>	<b>2,008,605</b>	<b>2,092,347</b>	<b>1.88%</b>	<b>3,399,657</b>	<b>3.05%</b>	<b>\$0.92</b>	<b>\$259.72</b>	<b>(5,567)</b>	<b>(5,567)</b>	<b>960,606</b>	<b>960,606</b>

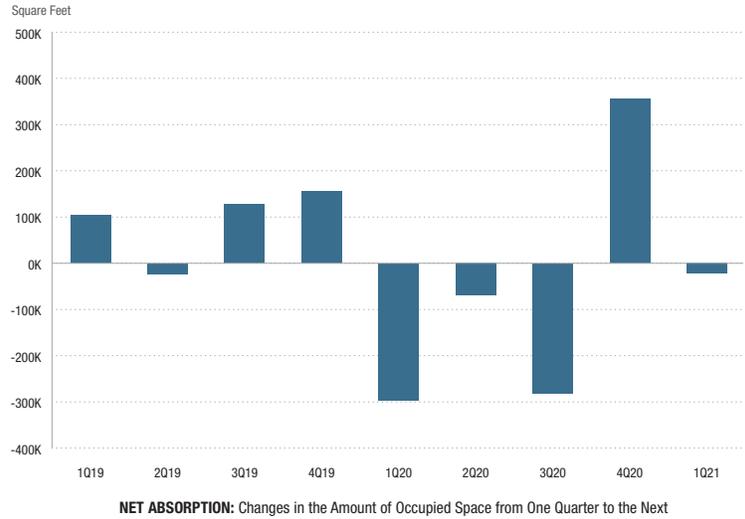
## WEST ORANGE COUNTY

In the first quarter of 2021, the West Orange County industrial market consisted of 1,705 buildings totaling 38,310,327 square feet and had an availability rate of 4.69%, which shows an increase from the previous quarter's figure of 4.29%.

### VACANCY & AVAILABILITY RATE



### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

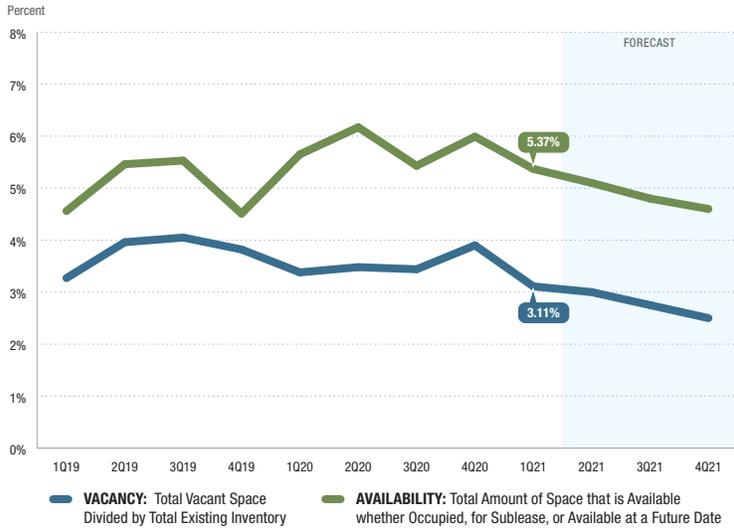
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2021	Square Feet Available	Availability Rate 1Q2021	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2021	Net Absorption 2021	Gross Absorption 1Q2021	Gross Absorption 2021
<b>West Totals</b>														
Less than 9,999	694	4,117,334	0	0	59,080	1.43%	63,465	1.54%	\$1.06	\$351.14	(6,010)	(6,010)	44,168	44,168
10,000-19,999	564	7,471,673	0	0	140,659	1.88%	176,977	2.37%	\$0.93	\$284.40	(18,463)	(18,463)	59,372	59,372
20,000-29,999	184	4,415,692	0	0	34,577	0.78%	95,133	2.15%	\$1.68	\$0.00	20,064	20,064	28,404	28,404
30,000-39,999	62	2,160,325	0	0	12,440	0.58%	71,419	3.31%	\$0.79	\$209.79	(1,992)	(1,992)	13,224	13,224
40,000-49,999	53	2,330,285	0	0	99,450	4.27%	99,450	4.27%	\$0.85	\$0.00	(15,878)	(15,878)	106,851	106,851
50,000-74,999	55	3,287,337	0	0	137,394	4.18%	177,580	5.40%	\$0.00	\$0.00	4,322	4,322	41,992	41,992
75,000-99,999	31	2,661,547	0	0	255,294	9.59%	343,281	12.90%	\$0.99	\$0.00	(12,201)	(12,201)	31,500	31,500
100,000-199,999	40	5,385,465	0	150,000	239,239	4.44%	133,736	2.48%	\$0.89	\$0.00	8,326	8,326	175,165	175,165
200,000 plus	22	6,480,669	242,976	0	189,632	2.93%	634,089	9.78%	\$0.83	\$0.00	0	0	0	0
<b>Total</b>	<b>1,705</b>	<b>38,310,327</b>	<b>242,976</b>	<b>150,000</b>	<b>1,167,765</b>	<b>3.05%</b>	<b>1,795,130</b>	<b>4.69%</b>	<b>\$0.99</b>	<b>\$285.70</b>	<b>(21,832)</b>	<b>(21,832)</b>	<b>500,676</b>	<b>500,676</b>

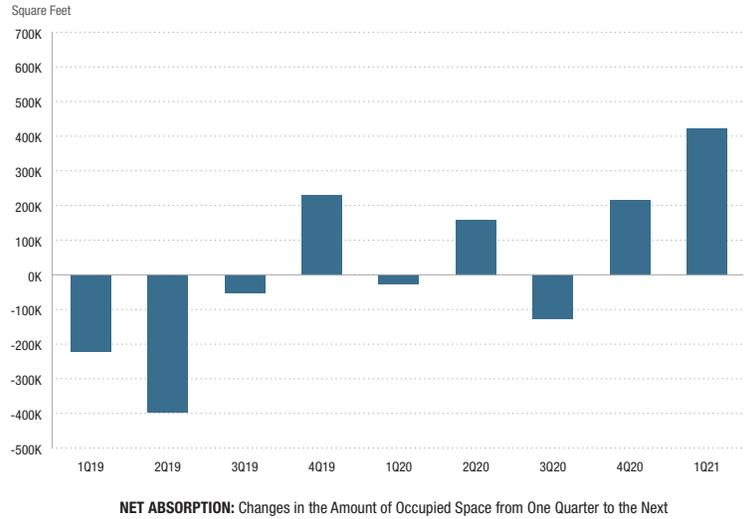
## AIRPORT AREA

In the first quarter of 2021, the Airport Orange County industrial market consisted of 2,671 buildings totaling 58,631,892 square feet and had an availability rate of 5.37%, which shows a decrease from previous quarter's figure of 5.99%.

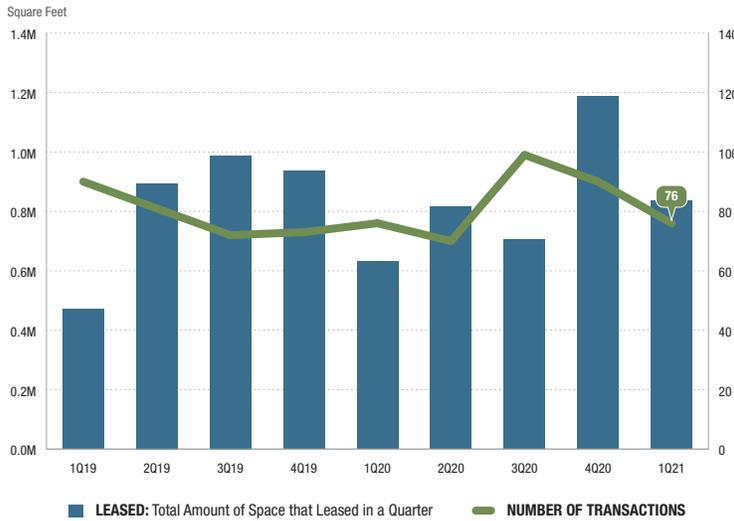
### VACANCY & AVAILABILITY RATE



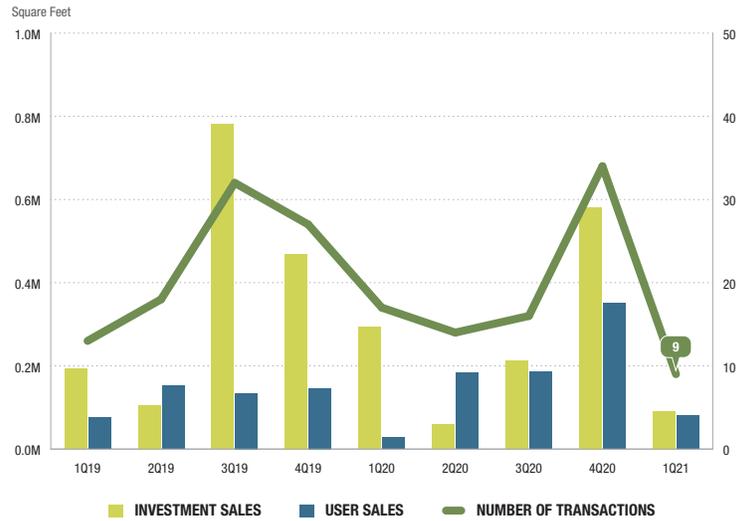
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

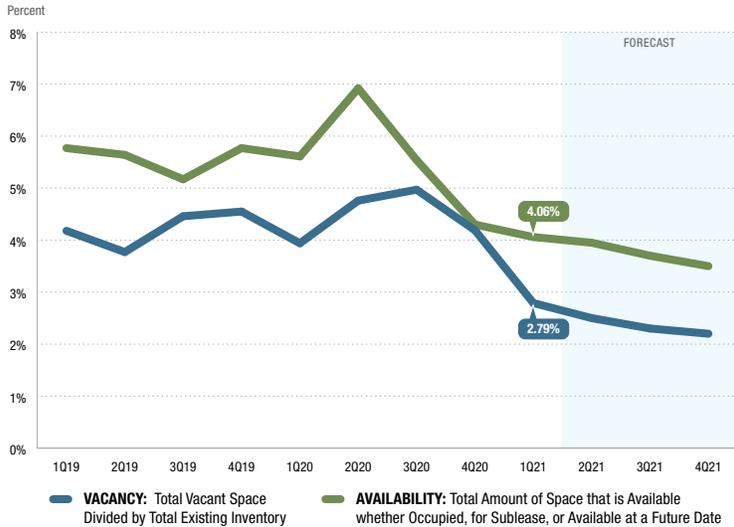
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2021	Square Feet Available	Availability Rate 1Q2021	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2021	Net Absorption 2021	Gross Absorption 1Q2021	Gross Absorption 2021
<b>Airport Totals</b>														
Less than 9,999	936	5,418,303	0	0	61,811	1.14%	69,605	1.28%	\$1.57	\$334.38	21,399	21,399	64,193	64,193
10,000-19,999	912	12,773,099	0	0	290,638	2.28%	307,329	2.41%	\$1.35	\$342.24	15,684	15,684	194,164	194,164
20,000-29,999	359	8,567,834	0	0	216,530	2.53%	280,213	3.27%	\$1.15	\$267.59	(16,978)	(16,978)	63,190	63,190
30,000-39,999	157	5,342,294	0	74,033	203,642	3.81%	292,922	5.48%	\$1.15	\$235.01	58,167	58,167	204,431	204,431
40,000-49,999	77	3,375,677	0	45,000	125,920	3.73%	227,670	6.74%	\$0.94	\$279.81	(20,200)	(20,200)	0	0
50,000-74,999	107	6,480,293	0	0	28,019	0.43%	134,443	2.07%	\$0.98	\$250.00	185,478	185,478	95,778	95,778
75,000-99,999	49	4,191,955	0	0	115,395	2.75%	266,162	6.35%	\$1.07	\$0.00	(21,573)	(21,573)	0	0
100,000-199,999	55	6,893,173	0	112,500	371,136	5.38%	399,693	5.80%	\$0.94	\$0.00	206,414	206,414	216,414	216,414
200,000 plus	19	5,589,264	0	0	411,582	7.36%	1,173,057	20.99%	\$0.89	\$0.00	0	0	0	0
<b>Total</b>	<b>2,671</b>	<b>58,631,892</b>	<b>0</b>	<b>231,533</b>	<b>1,824,673</b>	<b>3.11%</b>	<b>3,151,094</b>	<b>5.37%</b>	<b>\$1.05</b>	<b>\$291.46</b>	<b>428,391</b>	<b>428,391</b>	<b>838,170</b>	<b>838,170</b>

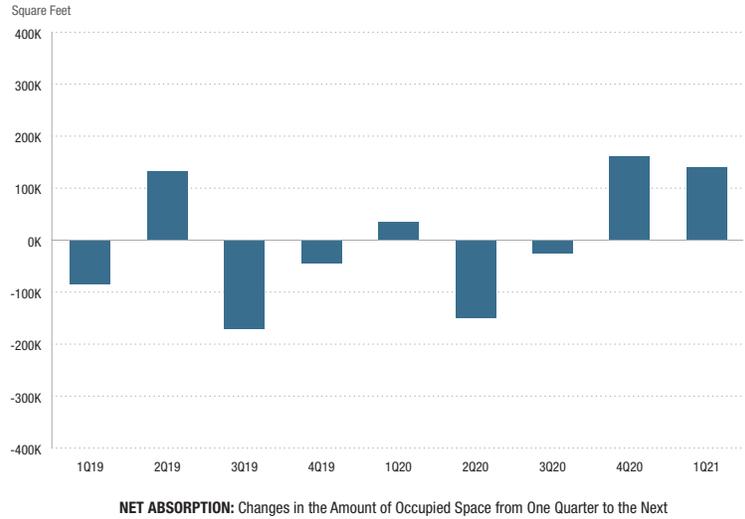
## SOUTH ORANGE COUNTY

In the first quarter of 2021, the South Orange County industrial market consisted of 932 buildings totaling 24,986,488 square feet and had an availability rate of 4.06%, which shows a decrease from the previous quarter's figure of 4.12%.

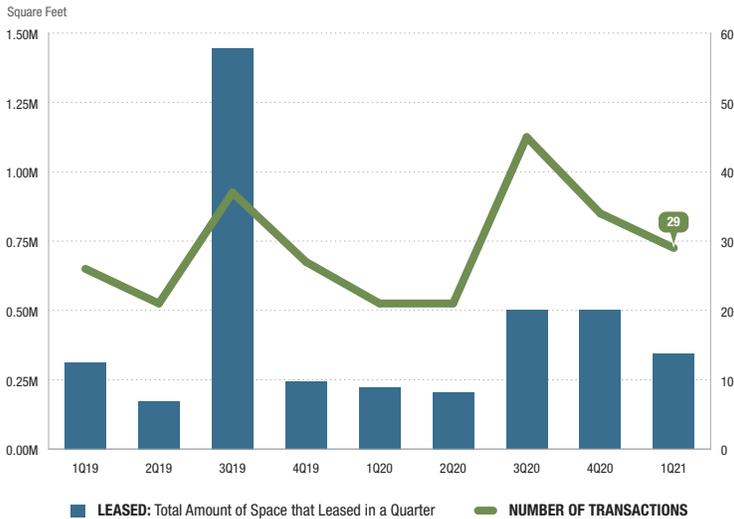
### VACANCY & AVAILABILITY RATE



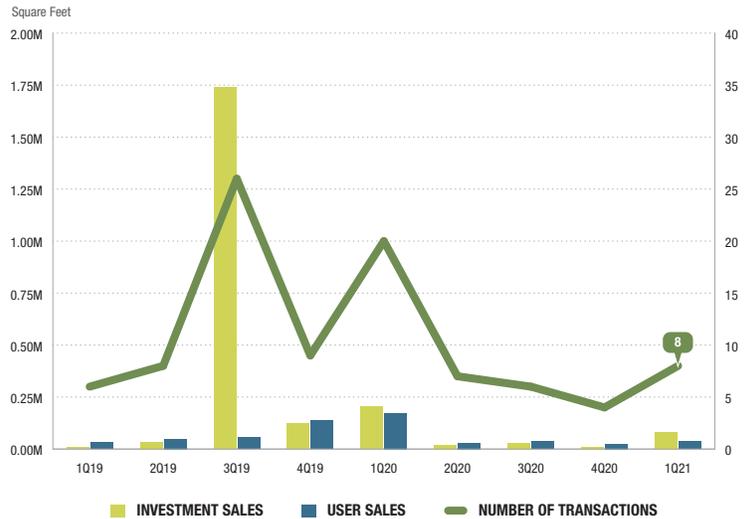
### NET ABSORPTION



### 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 1Q2021	Square Feet Available	Availability Rate 1Q2021	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2021	Net Absorption 2021	Gross Absorption 1Q2021	Gross Absorption 2021
<b>South Totals</b>	<b>932</b>	<b>24,986,488</b>	<b>0</b>	<b>145,000</b>	<b>696,574</b>	<b>2.79%</b>	<b>1,014,875</b>	<b>4.06%</b>	<b>\$1.18</b>	<b>\$341.68</b>	<b>139,961</b>	<b>139,961</b>	<b>549,333</b>	<b>549,333</b>
Less than 9,999	359	2,223,000	0	0	40,090	1.80%	52,801	2.38%	\$1.52	\$405.30	(12,274)	(12,274)	21,000	21,000
10,000-19,999	272	3,888,657	0	0	156,890	4.03%	174,432	4.49%	\$1.28	\$349.47	(13,809)	(13,809)	93,625	93,625
20,000-29,999	131	3,115,986	0	0	63,583	2.04%	69,355	2.23%	\$1.31	\$0.00	(32,764)	(32,764)	113,143	113,143
30,000-39,999	45	1,529,679	0	0	18,300	1.20%	101,577	6.64%	\$1.14	\$337.82	33,805	33,805	0	0
40,000-49,999	29	1,289,946	0	0	12,392	0.96%	100,021	7.75%	\$1.27	\$0.00	8,957	8,957	29,199	29,199
50,000-74,999	33	1,963,097	0	0	50,020	2.55%	61,778	3.15%	\$1.37	\$294.26	74,610	74,610	75,060	75,060
75,000-99,999	15	1,301,308	0	0	0	0.00%	14,003	1.08%	\$0.00	\$0.00	0	0	0	0
100,000-199,999	32	4,330,676	0	145,000	276,915	6.39%	231,818	5.35%	\$1.03	\$0.00	58,471	58,471	58,471	58,471
200,000 plus	16	5,344,139	0	0	78,384	1.47%	209,090	3.91%	\$0.00	\$0.00	22,965	22,965	158,835	158,835



## Owner-User Demand Flourishes in Industrial Market

by **Erik Sikes**

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A year ago, many industrial business sectors were left in a state of panic and disarray due to the coronavirus pandemic. It is not unusual for markets to be thrown an occasional curveball, but the severity of the global pandemic that essentially shut down the world in March instilled a new sense of vulnerability and uncertainty. Today some business sectors are still struggling. However, others are back to business as usual and some even managed to have record-breaking years in 2020. Overall, the industrial market flourished in 2020 and we expect it to be even stronger this year.

Although Covid-19 remains a major issue, the largest source of uncertainty is a series of tax hikes proposed by the new administration. President Biden campaigned on eliminating 1031 exchanges, raising marginal income tax rates, taxing capital gains at ordinary income tax rates, lowering the estate tax threshold, erasing the step-up rule, and raising corporate income tax rates. A question we constantly hear from clients is, "Which proposal will affect me the most?" The reality is, to varying degrees, they all would have an adverse effect on the commercial real estate market. It is too early to know which of President Biden's proposals will be formally pursued, and he will face a tough legislative challenge, given the even split of Democrat and Republican Senators.

Even with the reality of Covid-19 and the threat of higher taxes, the owner-user market has exploded. With vacancy rates on leased buildings dropping to a historic low, sale prices for free-standing buildings have moved higher and higher. Potential buyers are enticed by fixed-rate SBA loans in the 3% range, as well as three months of free mortgage payments of up to \$9,000. For many, it just makes sense to amortize their own mortgage rather than write a check to their landlord each month so he can do the same.

While there are undoubtedly reasons to exercise caution about near-term economic challenges, many of our clients remain willing to take on the risk of owning industrial property in Southern California. For them, the desire to grow their businesses and build wealth through property ownership at the same time is a prudent decision.

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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. ©2021 Voit Real Estate Services, Inc. DRE License #01991785.

Represented in 150 Markets  
Nationally & Internationally.



### Product Type

#### MFG./DIST.

Manufacturing / Distribution / Warehouse facilities with up to 29.9% office space.

### Submarkets



#### NORTH

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

#### WEST

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

#### AIRPORT

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

#### SOUTH

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