

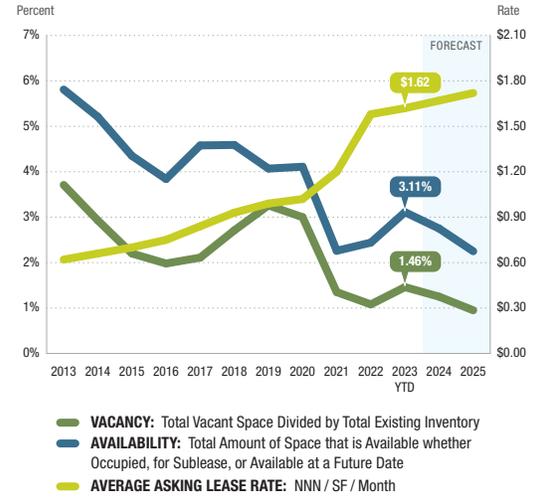
OVERVIEW. The recent trend in the Orange County industrial market continued in Q1. Despite historical lows, vacancy rates rose slightly while both gross and net absorption declined. Conversely, average asking lease rates experienced another moderate increase. Average asking sales prices remained relatively stable. For the third consecutive period, new sale and lease transaction activity saw a downturn. Construction levels, consistently low in recent years, remained unchanged. Active requirements continued to diminish, signaling a further market slowdown due to increased capital costs, ongoing inflation and anticipated sluggishness in the general economy. With mortgage interest rates doubling in the past year and now hovering around 6%, Orange County is heading into the wind, as industrial activity has traditionally relied on owner/user sales. The increase in vacancy rates reflects the extended time-on-market for lease offerings. While deals are still being finalized, the process has become more protracted, as tenants are exercising more caution before committing to long-term leases.

VACANCY & AVAILABILITY. The Q1 vacancy rate in Orange County rose by 38 basis points to 1.46%, a year-over-year increase of 18 basis points. High-quality spaces remain scarce, but time on market is growing as tenant urgency decreases due to reduced competition. Landlords, especially those in the institutional ranks, are prioritizing strong credit tenants and becoming more flexible with concessions like free rent to get them. The availability rate, which also includes occupied spaces listed for lease or sale, increased by 67 basis points to 3.11%, marking the fourth consecutive quarterly rise. However, availability is primarily concentrated in lease offerings, as prospective sellers hesitate to list properties with pricing below the 2022 market peak. The shift in dynamics reflects the market’s adaptation to changing economic conditions.

LEASE RATES & SALES PRICES. The average asking lease rate for the county increased by \$0.04 to \$1.62, following a \$0.08 rise in Q4. The Airport Area saw the most significant growth, with a \$0.13 increase to \$1.68. The West County submarket also experienced a \$0.08 increase, ending the period at \$1.59. In contrast, North County saw a slight decrease of \$0.02 to \$1.51. Despite a recent decline in overall demand and an increase in time on market for lease spaces, year-over-year asking rents have grown by 29.6%. The average asking sales price marginally decreased by \$1.75 to \$390.12 per square foot after a substantial drop in Q4. Rising mortgage interest rates have put pressure on sales prices and reduced demand from owner/users, a crucial driver of Orange County’s industrial market. Reluctance to list properties below recent peaks has constrained for-sale inventory, with the majority of available spaces offered for lease only.

TRANSACTION ACTIVITY. Lease and sale activity remains constrained by a chronic shortage of high-quality space. However, with decreased competition, active tenants and buyers have more options, especially for lease product. Focusing on smaller-sized properties, Q1 lease transactions increased to 173, while total leased square footage dropped to 1.33 million. Sale transactions fell from 75 in Q4 to 40 in Q1, with 661,838 SF sold for an average of 16,525 SF

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

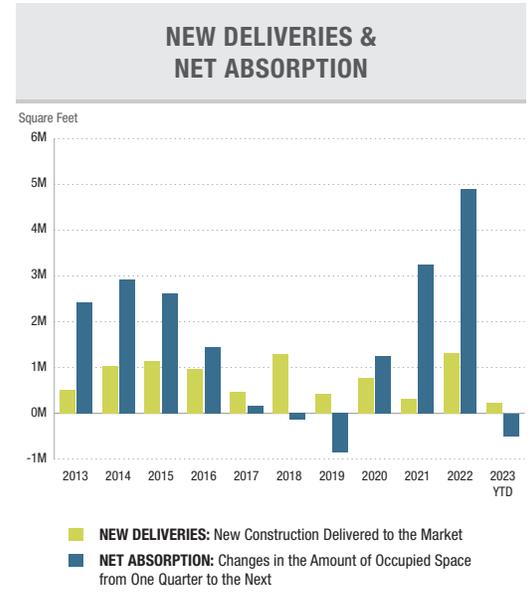
	Change Over Last Quarter	Q1 2023	Q4 2022	Q1 2022	% Change Over Last Year
Vacancy Rate	▲ UP	1.46%	1.08%	1.28%	14.34%
Availability Rate	▲ UP	3.11%	2.44%	2.43%	27.99%
Average Asking Lease Rate	▲ UP	\$1.62	\$1.58	\$1.25	29.60%
Average Asking Sale Price	▬ FLAT	\$390.12	\$391.87	\$359.36	8.56%
Sale & Lease Transactions	▼ DOWN	1,996,844	3,572,359	3,742,582	(46.65%)
Gross Absorption	▼ DOWN	1,806,226	3,248,177	2,417,864	(25.30%)
Net Absorption	▼ NEGATIVE	(496,325)	2,644,930	1,090,457	N/A

per sale. Total square footage leased and sold declined to just under 2 MSF in Q1, reflecting the trend we see in most major Southern California markets.

ABSORPTION. During Q1, Orange County experienced negative net absorption. The overall loss in occupied space reached 496,325 SF, in contrast to the previous quarter's 2.6 MSF gain. Anaheim, with its 44 MSF inventory base, saw the biggest drop, losing over 478,806 SF due to multiple substantial move-outs. West County and the Airport Area also encountered minor losses, while South County registered a modest gain. However, in markets with low vacancy and limited new deliveries like Orange County, maintaining consistent positive net absorption is difficult, as many growing businesses are forced to remain in place due to the low availability of quality space.

CONSTRUCTION. In Q1, the construction queue dropped to 2.1 MSF, while the total base inventory neared 234 MSF. The current pipeline consists of thirteen buildings across six cities in the county, all high-clearance distribution buildings with fire suppression capabilities to cater to e-commerce users. The largest project, Huntington Gateway, spans 781,175 SF and is set for completion in Q3. Other projects include a 187,000 SF building in Anaheim, two buildings totaling 311,770 SF in Tustin, and two buildings totaling 274,310 SF in Irvine. Approximately 1.5 MSF are in the planning stages, mainly in the North County submarket.

EMPLOYMENT. The unemployment rate in Orange County remained at 3.4% in February 2023, unchanged from a revised 3.4% in January 2023 and lower than the 3.7% rate a year ago. Employment increased in six sectors: government (adding 2,800 jobs), private education and health services (1,900 jobs), construction (1,800 jobs), other services (1,500 jobs), professional and business services (1,100 jobs), and financial activities (600 jobs).



Forecast

Due to elevated mortgage rates, we expect further downward pressure on sales prices going forward. However, sellers will be reluctant to sell below the recent peak in the short term. The rate on the SBA 504 loan recently fell into the high 5% range, and this could give the sale market a boost in Q2 and bring new listings onto the market. The inventory of buildings for lease will accumulate in the coming months, as existing available product will take longer to move. Lease rates have managed to keep rising thus far, but that may change soon as vacancy, which is primarily in for-lease product, also rises. We do not expect major change to the basic dynamic of the Orange County industrial market unless there is another unexpected shock to the general economy. Rather, we expect things to move in the same general direction, but at a slower pace.

Significant Transactions

Sales

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
1701-1771 S. Lewis St.	Anaheim	193,200	\$58,000,000	Greenlaw Partners	Raymab, LLC
7272-7274 Lampson Ave.	Garden Grove	65,234	\$16,350,000	Dornin Investment Group	Commercial Custom Seating
2995 Airway Ave.	Costa Mesa	45,600	\$20,000,000	Singleton Holdings LLC*	Crevier Classic Cars, LLC
11190-11240 Talbert Ave.	Fountain Valley	31,000	\$9,015,767	Talbert Faountain Valley LLC	Qmc Hydraulic Crane
515 S. Rose St.	Anaheim	23,625	\$7,550,000	A&R Custom Design, LLC	Vonic Properties, LLC*

Leases

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
2501 E. Orangethorpe Ave. - Renewal	Fullerton	229,422	Mar-2023	3PL Global, LLC	Prologis
2362 Kimberly Ave.	Fullerton	173,825	Feb-2023	Bandai Logipal America, Inc.	GLC Fullerton LLC
4 Goodyear	Irvine Spectrum	94,195	Feb-2023	Terrain Orbital	WP Carey
2337 W. Commonwealth Ave.	Fullerton	64,292	Feb-2023	True Steel & Cutting, Inc.	TFL Logistic II Artesia/Common*
17590 Gillette Ave.	Irvine	53,066	Feb-2023	TruAbutment Inc.	CREF 3 Gillette Owner LLC

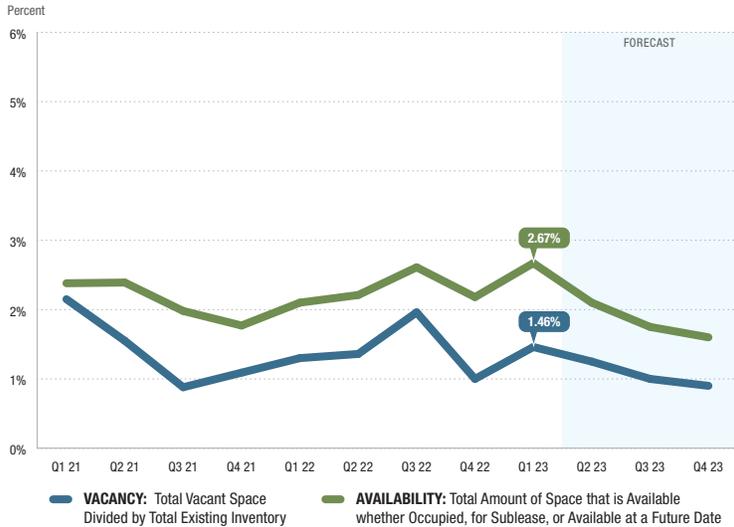
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2023	Square Feet Available	Availability Rate Q1 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2023	Net Absorption 2023	Gross Absorption Q1 2023	Gross Absorption 2023
Airport Area														
Costa Mesa	447	7,647,666	0	0	85,375	1.12%	233,490	3.05%	\$1.53	\$0.00	4,128	4,128	63,124	63,124
Fountain Valley	178	3,680,498	0	0	21,169	0.58%	110,179	2.99%	\$1.94	\$0.00	9,128	9,128	30,349	30,349
Irvine	298	11,072,908	274,310	0	117,206	1.06%	438,572	3.96%	\$1.65	\$0.00	15,608	15,608	49,700	49,700
Newport Beach	48	602,698	0	0	20,151	3.34%	10,957	1.82%	\$0.00	\$0.00	0	0	15,346	15,346
Santa Ana	1,571	30,850,914	0	194,741	455,866	1.48%	988,560	3.20%	\$1.55	\$344.86	(48,936)	(48,936)	130,927	130,927
Tustin	113	4,291,532	311,770	0	86,151	2.01%	147,631	3.44%	\$1.67	\$0.00	(21,487)	(21,487)	313,780	313,780
Airport Area Total	2,655	58,146,216	586,080	194,741	785,918	1.35%	1,929,389	3.32%	\$1.68	\$344.86	(41,559)	(41,559)	603,226	603,226
North County														
Anaheim	1,831	44,206,838	292,198	305,775	808,609	1.83%	1,369,515	3.10%	\$1.44	\$397.02	(478,806)	(478,806)	161,347	161,347
Brea	327	12,031,238	255,603	0	112,823	0.94%	183,069	1.52%	\$0.00	\$434.53	(23,237)	(23,237)	41,112	41,112
Buena Park	238	13,309,159	0	27,765	167,492	1.26%	608,008	4.57%	\$2.46	\$325.00	(88,079)	(88,079)	28,046	28,046
Fullerton	460	19,450,013	0	279,000	303,661	1.56%	382,408	1.97%	\$1.50	\$381.57	35,937	35,937	101,648	101,648
La Habra	193	3,328,639	0	0	54,281	1.63%	81,549	2.45%	\$0.00	\$391.30	(36,441)	(36,441)	9,035	9,035
Orange	743	13,549,815	0	165,548	74,609	0.55%	127,778	0.94%	\$1.65	\$419.61	126,153	126,153	129,240	129,240
Placentia	218	4,243,899	0	0	91,206	2.15%	178,976	4.22%	\$1.27	\$357.35	(131)	(131)	19,354	19,354
Yorba Linda	55	908,881	0	0	12,200	1.34%	31,225	3.44%	\$1.43	\$0.00	33,581	33,581	17,900	17,900
North County Total	4,065	111,028,482	547,801	778,088	1,624,881	1.46%	2,962,528	2.67%	\$1.51	\$395.12	(431,023)	(431,023)	507,682	507,682
South County														
Aliso Viejo	18	685,634	0	0	32,300	4.71%	32,300	4.71%	\$1.55	\$415.00	21,972	21,972	42,152	42,152
Foothill Ranch	64	3,417,232	0	0	0	0.00%	77,786	2.28%	\$1.64	\$0.00	25,138	25,138	58,276	58,276
Irvine Spectrum	215	10,393,950	99,638	0	89,697	0.86%	355,297	3.42%	\$1.65	\$425.00	(26,483)	(26,483)	19,044	19,044
Laguna Beach	21	112,459	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Laguna Hills	78	1,066,962	0	0	20,165	1.89%	26,098	2.45%	\$1.90	\$0.00	(18,645)	(18,645)	16,952	16,952
Laguna Niguel	17	231,576	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	1,600	1,600	1,600	1,600
Lake Forest	190	4,303,472	0	172,000	40,811	0.95%	191,663	4.45%	\$1.84	\$420.16	5,637	5,637	3,400	3,400
Mission Viejo	31	719,801	0	0	853	0.12%	853	0.12%	\$1.75	\$0.00	0	0	0	0
Rancho Mission Viejo	3	99,200	0	25,844	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	3,840	3,840
Rancho Santa Margarita	107	1,703,058	0	0	6,736	0.40%	14,013	0.82%	\$1.75	\$447.96	953	953	15,054	15,054
San Clemente	161	1,988,287	0	0	31,092	1.56%	7,580	0.38%	\$1.41	\$0.00	0	0	8,640	8,640
San Juan Capistrano	42	881,671	5,000	136,308	0	0.00%	0	0.00%	\$2.00	\$0.00	0	0	0	0
South County Total	947	25,603,302	104,638	334,152	221,654	0.87%	705,590	2.76%	\$1.71	\$425.65	10,172	10,172	168,958	168,958
West County														
Cypress	100	4,674,702	0	0	43,953	0.94%	601,186	12.86%	\$1.55	\$0.00	12,079	12,079	31,500	31,500
Garden Grove	474	12,079,597	97,896	149,335	354,208	2.93%	442,763	3.67%	\$1.69	\$443.88	(139,231)	(139,231)	61,946	61,946
Huntington Beach	693	13,268,382	781,175	0	341,476	2.57%	551,750	4.16%	\$1.42	\$460.69	62,183	62,183	313,509	313,509
La Palma	16	1,778,216	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	93	2,197,467	0	0	2,880	0.13%	11,175	0.51%	\$0.00	\$391.20	9,788	9,788	25,551	25,551
Seal Beach	15	946,896	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	174	1,847,964	0	0	29,413	1.59%	58,788	3.18%	\$1.35	\$500.00	(6,800)	(6,800)	27,486	27,486
Westminster	139	2,254,225	0	0	6,924	0.31%	13,433	0.60%	\$1.74	\$0.00	28,066	28,066	66,368	66,368
West County Total	1,704	39,047,449	879,071	149,335	778,854	1.99%	1,679,095	4.30%	\$1.59	\$452.71	(33,915)	(33,915)	526,360	526,360
Orange County Total	9,371	233,825,449	2,117,590	1,456,316	3,411,307	1.46%	7,276,602	3.11%	\$1.62	\$390.12	(496,325)	(496,325)	1,806,226	1,806,226
Less than 9,999	3,332	20,339,458	14,500	0	298,379	1.47%	507,731	2.50%	\$1.80	\$399.68	(116,840)	(116,840)	151,548	151,548
10,000-19,999	3,136	43,346,254	0	39,844	477,205	1.10%	867,524	2.00%	\$1.56	\$385.94	7,324	7,324	278,287	278,287
20,000-29,999	1,189	28,404,254	0	48,565	320,300	1.13%	571,195	2.01%	\$1.66	\$406.02	34,246	34,246	362,017	362,017
30,000-39,999	497	16,977,675	0	33,000	104,290	0.61%	342,158	2.02%	\$1.58	\$347.62	103,704	103,704	242,645	242,645
40,000-49,999	294	12,947,183	0	99,100	368,969	2.85%	343,557	2.65%	\$1.56	\$457.04	(131,533)	(131,533)	24,583	24,583
50,000-74,999	372	22,414,391	0	148,689	714,053	3.19%	1,065,007	4.75%	\$1.46	\$335.55	(300,502)	(300,502)	192,234	192,234
75,000-99,999	163	13,960,557	292,712	0	213,111	1.53%	294,877	2.11%	\$0.00	\$0.00	(111,346)	(111,346)	47,263	47,263
100,000-199,999	261	34,461,404	1,376,513	1,087,118	783,042	2.27%	1,775,655	5.15%	\$1.75	\$0.00	(177,986)	(177,986)	58,996	58,996
200,000 Plus	127	40,974,273	433,865	0	131,958	0.32%	1,508,898	3.68%	\$0.00	\$0.00	196,608	196,608	448,653	448,653
Orange County Total	9,371	233,825,449	2,117,590	1,456,316	3,411,307	1.46%	7,276,602	3.11%	\$1.62	\$390.12	(496,325)	(496,325)	1,806,226	1,806,226

Lease rates are on a triple-net basis.

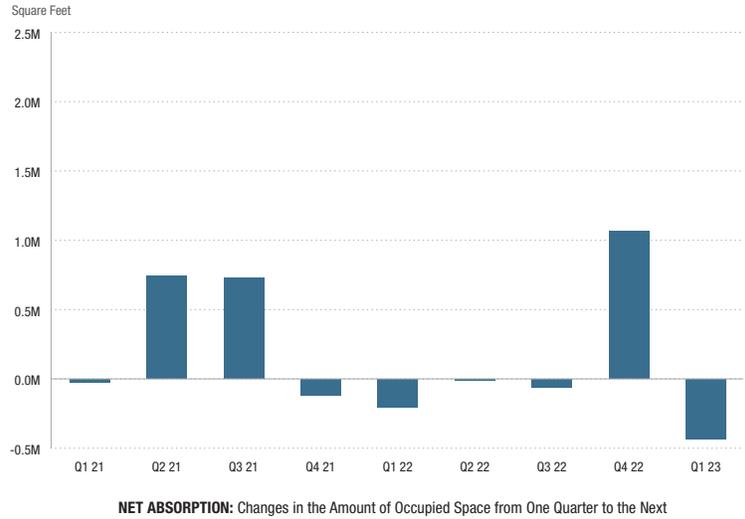
NORTH ORANGE COUNTY

In the first quarter of 2023, the North Orange County industrial market consisted of 4,065 buildings totaling 111,028,482 square feet and had an availability rate of 2.67%, which shows an increase from the previous quarter's figure of 2.18%.

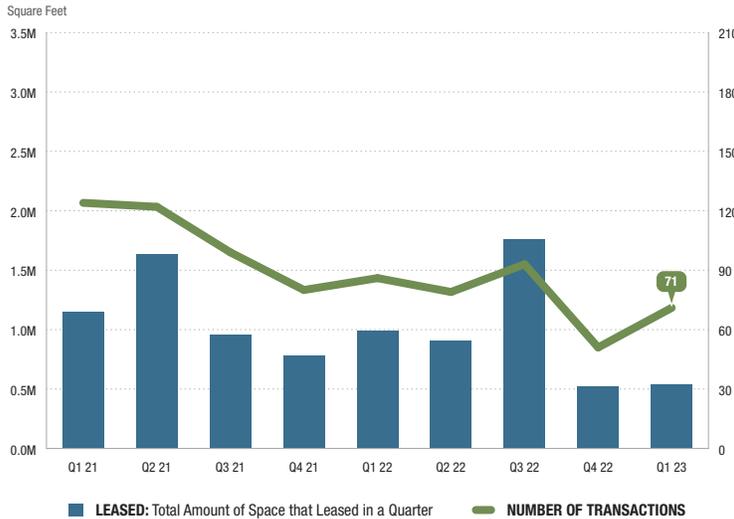
VACANCY & AVAILABILITY RATE



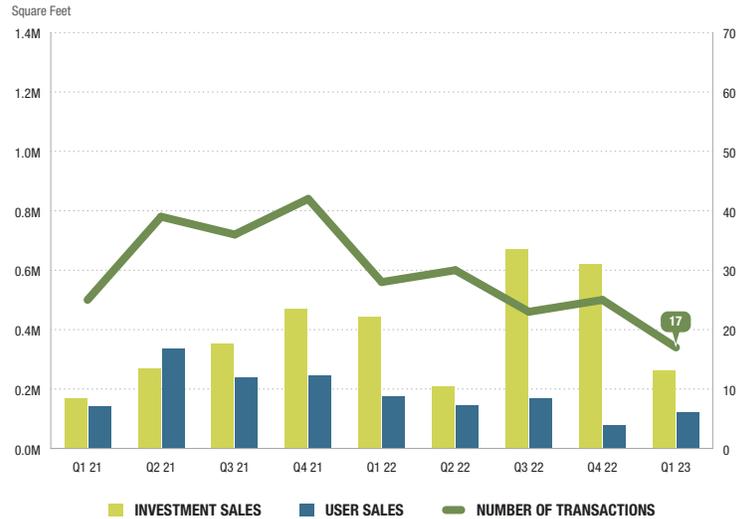
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

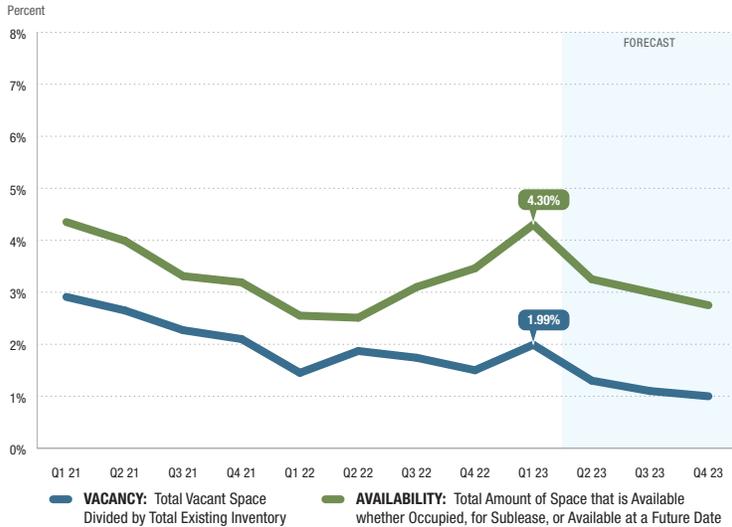
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2023	Square Feet Available	Availability Rate Q1 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2023	Net Absorption 2023	Gross Absorption Q1 2023	Gross Absorption 2023
North Totals														
Less than 9,999	1,346	8,517,026	9,500	0	171,766	2.02%	253,686	2.98%	\$1.73	\$418.62	(83,127)	(83,127)	70,175	70,175
10,000-19,999	1,386	19,200,047	0	0	210,559	1.10%	426,410	2.22%	\$1.57	\$365.89	(24,095)	(24,095)	118,573	118,573
20,000-29,999	517	12,320,427	0	27,765	70,301	0.57%	122,815	1.00%	\$1.50	\$0.00	29,773	29,773	95,950	95,950
30,000-39,999	226	7,693,851	0	33,000	50,983	0.66%	97,552	1.27%	\$1.50	\$0.00	67,752	67,752	59,903	59,903
40,000-49,999	139	6,128,074	0	99,100	199,789	3.26%	196,389	3.20%	\$1.45	\$457.04	(108,175)	(108,175)	5,505	5,505
50,000-74,999	174	10,489,587	0	66,448	310,314	2.96%	329,828	3.14%	\$0.00	\$0.00	(173,563)	(173,563)	149,732	149,732
75,000-99,999	73	6,240,328	95,178	0	142,846	2.29%	187,864	3.01%	\$0.00	\$0.00	(142,846)	(142,846)	0	0
100,000-199,999	138	18,183,164	443,123	551,775	391,997	2.16%	951,658	5.23%	\$1.74	\$0.00	30,355	30,355	2,896	2,896
200,000 plus	66	22,255,978	0	0	76,326	0.34%	396,326	1.78%	\$0.00	\$0.00	(27,097)	(27,097)	4,948	4,948
Total	4,065	111,028,482	547,801	778,088	1,624,881	1.46%	2,962,528	2.67%	\$1.51	\$395.12	(431,023)	(431,023)	507,682	507,682

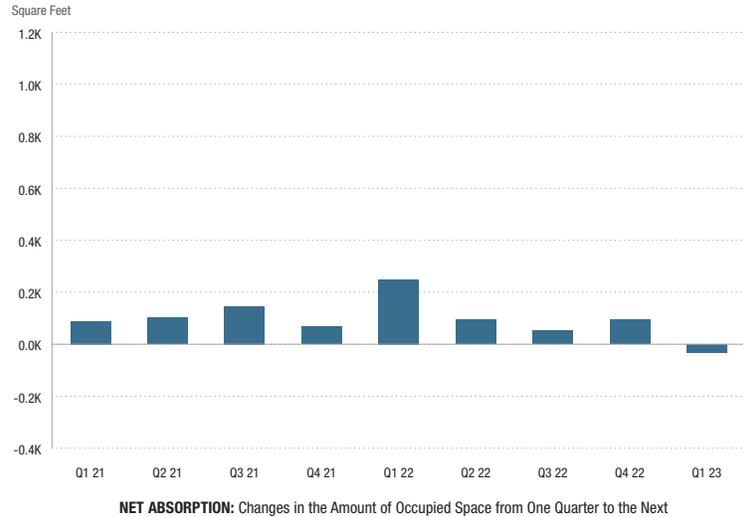
WEST ORANGE COUNTY

In the first quarter of 2023, the West Orange County industrial market consisted of 1,704 buildings totaling 39,047,449 square feet and had an availability rate of 4.30%, which shows an increase from the previous quarter's figure of 3.46%.

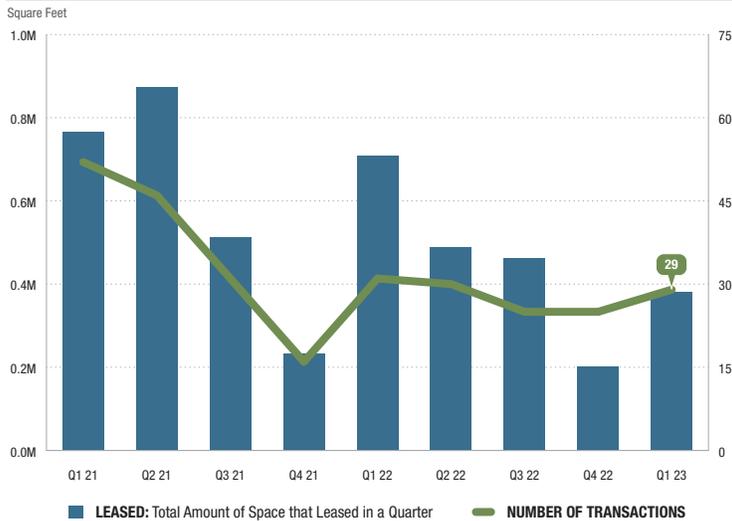
VACANCY & AVAILABILITY RATE



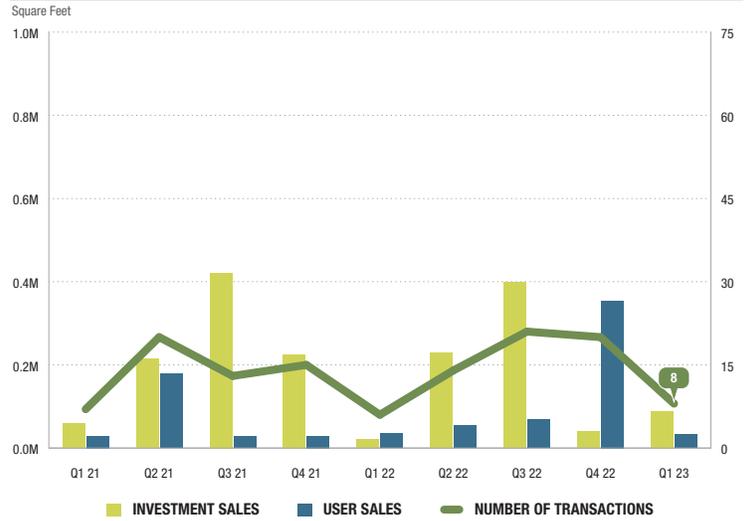
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

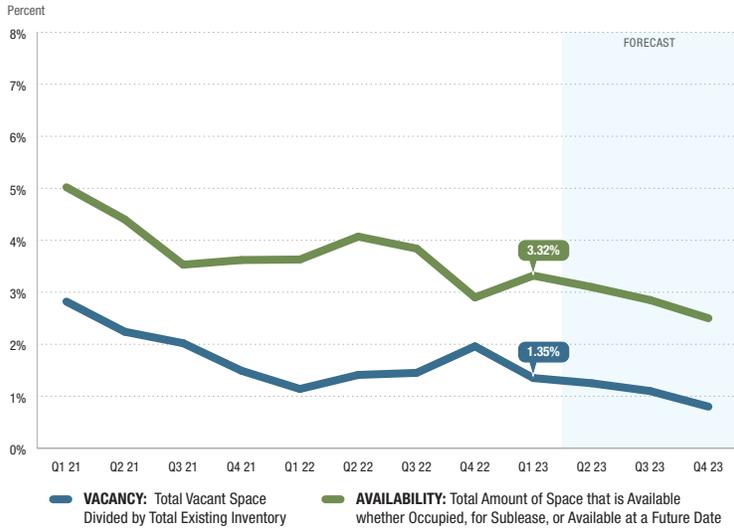
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2023	Square Feet Available	Availability Rate Q1 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2023	Net Absorption 2023	Gross Absorption Q1 2023	Gross Absorption 2023
West Totals														
Less than 9,999	688	4,106,362	0	0	33,996	0.83%	86,399	2.10%	\$1.68	\$458.24	(1,098)	(1,098)	33,018	33,018
10,000-19,999	567	7,510,690	0	0	111,040	1.48%	150,678	2.01%	\$1.43	\$458.65	(12,083)	(12,083)	49,490	49,490
20,000-29,999	187	4,506,442	0	0	74,670	1.66%	127,411	2.83%	\$1.32	\$435.72	11,387	11,387	106,516	106,516
30,000-39,999	61	2,128,365	0	0	6,020	0.28%	14,420	0.68%	\$1.75	\$0.00	31,762	31,762	66,368	66,368
40,000-49,999	51	2,249,918	0	0	46,644	2.07%	32,125	1.43%	\$0.00	\$0.00	(46,644)	(46,644)	0	0
50,000-74,999	57	3,406,011	0	0	187,969	5.52%	284,662	8.36%	\$1.38	\$0.00	(64,103)	(64,103)	0	0
75,000-99,999	28	2,401,303	97,896	0	70,265	2.93%	0	0.00%	\$0.00	\$0.00	31,500	31,500	47,263	47,263
100,000-199,999	41	5,573,767	347,310	149,335	223,718	4.01%	554,503	9.95%	\$1.79	\$0.00	(208,341)	(208,341)	0	0
200,000 plus	24	7,164,591	433,865	0	24,532	0.34%	428,897	5.99%	\$0.00	\$0.00	223,705	223,705	223,705	223,705
Total	1,704	39,047,449	879,071	149,335	778,854	1.99%	1,679,095	4.30%	\$1.59	\$452.71	(33,915)	(33,915)	526,360	526,360

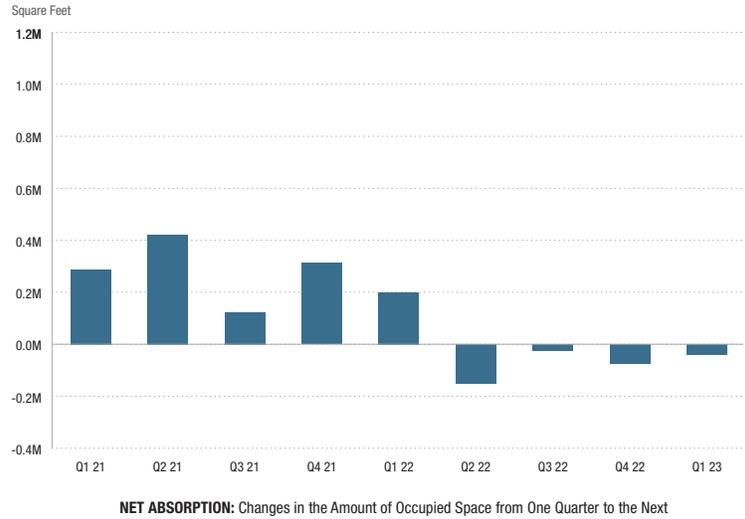
AIRPORT AREA

In the first quarter of 2023, the Airport Orange County industrial market consisted of 2,655 buildings totaling 58,146,216 square feet and had an availability rate of 3.32%, which shows an increase from previous quarter's figure of 2.90%.

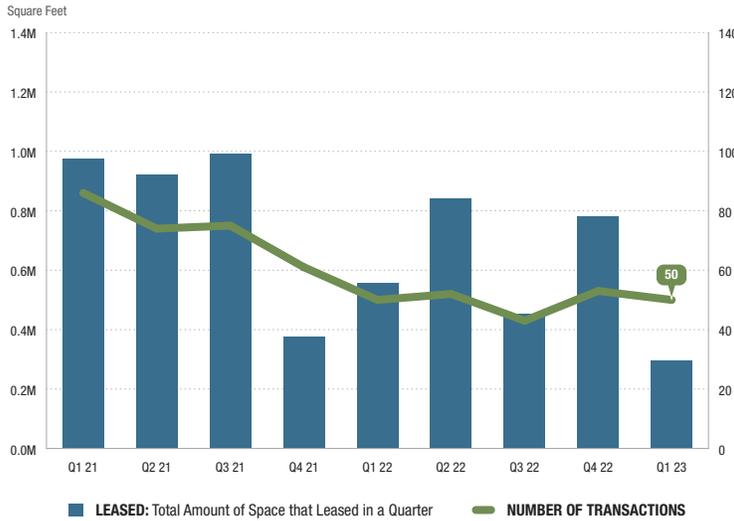
VACANCY & AVAILABILITY RATE



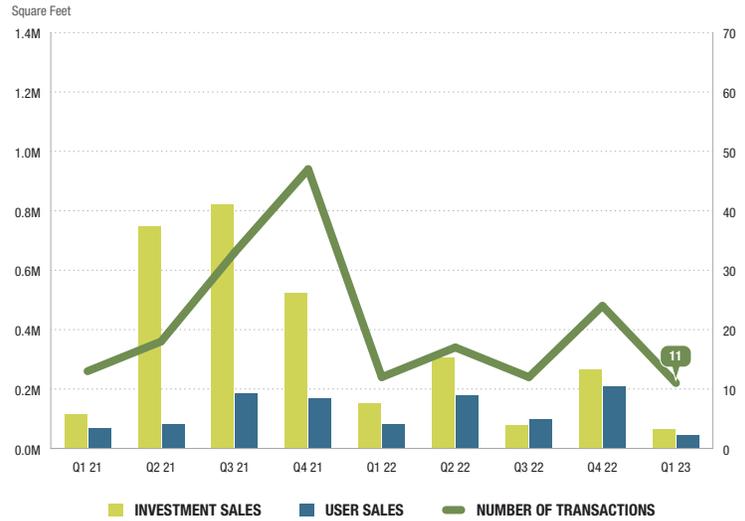
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

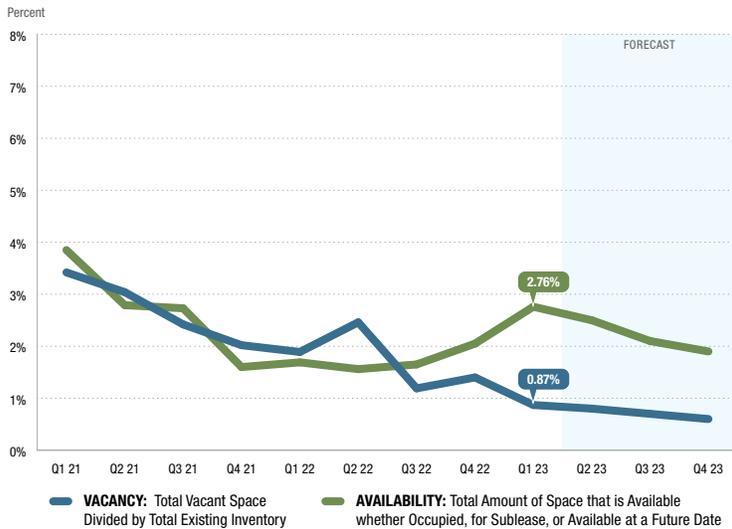
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2023	Square Feet Available	Availability Rate Q1 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2023	Net Absorption 2023	Gross Absorption Q1 2023	Gross Absorption 2023
Airport Totals														
Less than 9,999	932	5,434,993	0	0	67,087	1.23%	103,638	1.91%	\$2.00	\$321.39	(27,444)	(27,444)	29,256	29,256
10,000-19,999	909	12,713,355	0	0	125,293	0.99%	231,133	1.82%	\$1.63	\$394.68	6,433	6,433	100,324	100,324
20,000-29,999	353	8,424,871	0	0	109,068	1.29%	232,546	2.76%	\$1.98	\$376.32	(14,680)	(14,680)	61,063	61,063
30,000-39,999	162	5,518,766	0	0	14,987	0.27%	140,386	2.54%	\$1.24	\$315.17	(563)	(563)	111,621	111,621
40,000-49,999	76	3,315,455	0	0	72,786	2.20%	63,866	1.93%	\$1.78	\$0.00	57,531	57,531	15,498	15,498
50,000-74,999	105	6,353,697	0	82,241	198,270	3.12%	388,739	6.12%	\$1.44	\$335.55	(62,836)	(62,836)	9,364	9,364
75,000-99,999	47	4,019,393	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
100,000-199,999	50	6,363,119	586,080	112,500	167,327	2.63%	201,230	3.16%	\$1.55	\$0.00	0	0	56,100	56,100
200,000 plus	21	6,002,567	0	0	31,100	0.52%	567,851	9.46%	\$0.00	\$0.00	0	0	220,000	220,000
Total	2,655	58,146,216	586,080	194,741	785,918	1.35%	1,929,389	3.32%	\$1.68	\$344.86	(41,559)	(41,559)	603,226	603,226

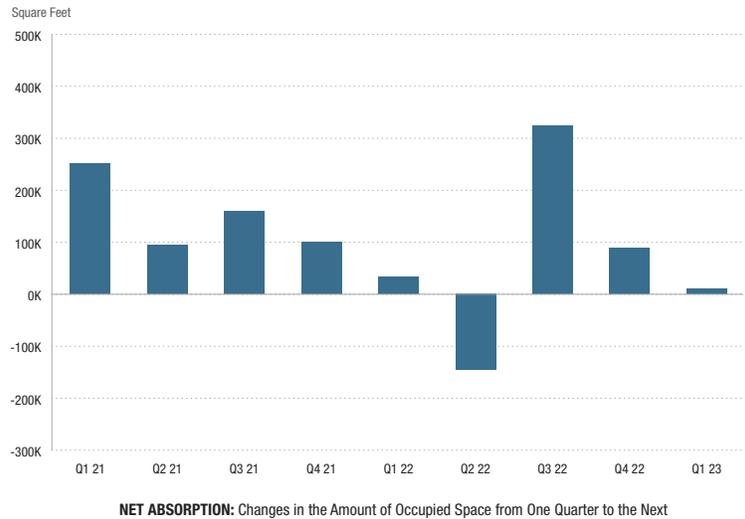
SOUTH ORANGE COUNTY

In the first quarter of 2023, the South Orange County industrial market consisted of 947 buildings totaling 25,603,302 square feet and had an availability rate of 2.76%, which shows an increase from the previous quarter's figure of 2.05%.

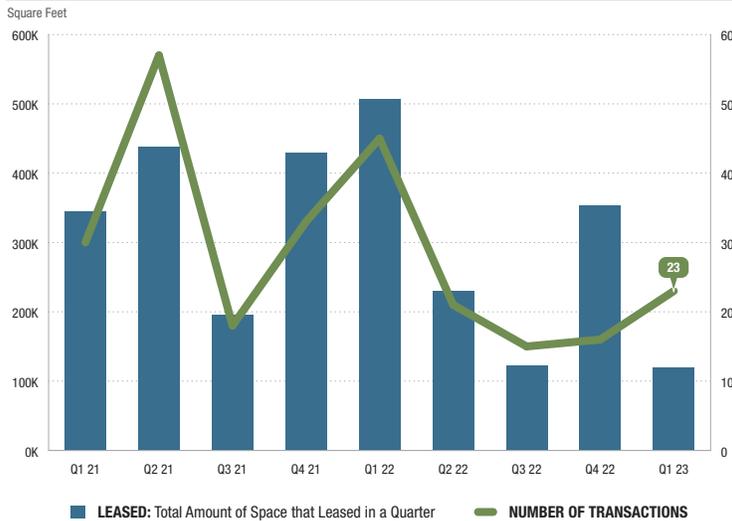
VACANCY & AVAILABILITY RATE



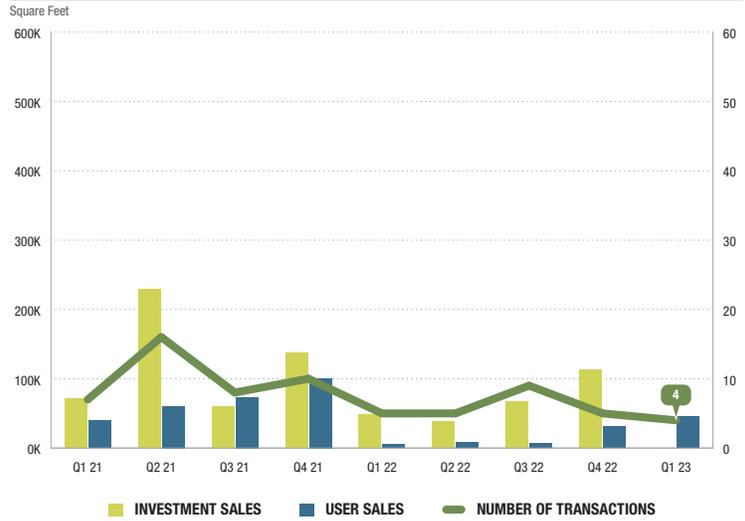
NET ABSORPTION



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 Q1 2023	Square Feet Available	Availability Rate Q1 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q1 2023	Net Absorption 2023	Gross Absorption Q1 2023	Gross Absorption 2023
South Totals														
Less than 9,999	366	2,281,077	5,000	0	25,530	1.12%	64,008	2.81%	\$1.82	\$429.42	(5,171)	(5,171)	19,099	19,099
10,000-19,999	274	3,922,162	0	39,844	30,313	0.77%	59,303	1.51%	\$1.64	\$0.00	37,069	37,069	9,900	9,900
20,000-29,999	132	3,152,514	0	20,800	66,261	2.10%	88,423	2.80%	\$1.68	\$0.00	7,766	7,766	98,488	98,488
30,000-39,999	48	1,636,693	0	0	32,300	1.97%	89,800	5.49%	\$0.00	\$0.00	4,753	4,753	8,593	8,593
40,000-49,999	28	1,253,736	0	0	49,750	3.97%	51,177	4.08%	\$0.00	\$0.00	(34,245)	(34,245)	3,580	3,580
50,000-74,999	36	2,165,096	0	0	17,500	0.81%	61,778	2.85%	\$3.18	\$384.37	0	0	33,138	33,138
75,000-99,999	15	1,299,533	99,638	0	0	0.00%	107,013	8.23%	\$1.53	\$384.37	0	0	0	0
100,000-199,999	32	4,341,354	0	273,508	0	0.00%	68,264	1.57%	\$3.48	\$384.37	0	0	0	0
200,000 plus	16	5,551,137	0	0	0	0.00%	115,824	2.09%	\$1.53	\$384.37	0	0	0	0
Total	947	25,603,302	104,638	334,152	221,654	0.87%	705,590	2.76%	\$1.71	\$425.65	10,172	10,172	168,958	168,958

Market Cools but Cautious Optimism Continues

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Orange County’s industrial market has been running hot for more than a decade, but buyer demand cooled further in the first quarter due to persistently high prices and the recent spike in mortgage interest rates. The leasing side of the equation is under pressure as well, as increasing economic uncertainty has businesses owners taking a more cautious approach to making long-term commitments for expansion space.

Hopeful sellers, still looking to achieve last year’s peak pricing, are seeing their properties sit on the market for months rather than days or weeks. As a result, there has been a trend towards price reductions, especially for older, less functional owner/user buildings. Even the institutional players, still flush with cash, have become more cautious. Those who have not moved to the sidelines altogether are focusing on quality product leased to strong credit tenants.

While leasing demand has fallen off last year’s peak, it is still strong enough to absorb the limited supply of quality space that does come to market. Vacancy is still at a historic low point and there is adequate demand from various user types, including the e-commerce sector, to keep demand from stalling out. Fortunately, Orange County has a central location, good transportation infrastructure and proximity to the Ports of Long Beach and Los Angeles, all of which have helped insulate the region’s industrial product from severe economic challenges in the past.

Talk of a general recession later this year persists, but the current balance of industrial supply and demand should insulate the market from a wild swing in property values and lease rates in the near term. Orange County’s local economy remains well balanced in terms of the business sectors driving economic activity, unlike the Silicon Valley economy, which is primarily driven by the struggling tech sector. As a result, although we are seeing some uncertainty and hesitation from investors, owner/users and tenants of late, the strong underlying fundamentals of the Orange County economy should help to mitigate a significant falloff in industrial property sales prices and lease rates through the balance of the year.

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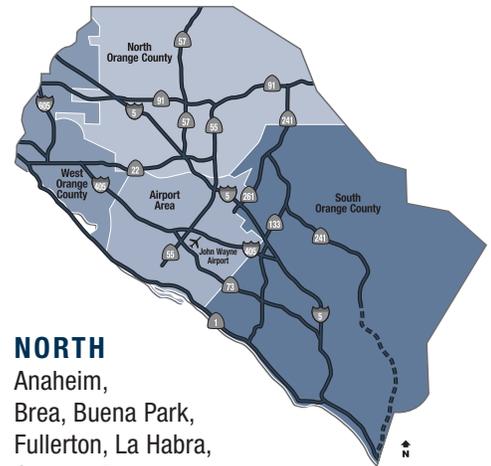
This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services’ use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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