

**OVERVIEW.** The Orange County industrial market stabilized in the final quarter of 2023. After climbing steadily since the middle of 2022, vacancy was unchanged in Q4. Net absorption was negative again during the period, but only slightly. New construction showed little change in Q4. Active lease requirements remained sparse, but supply stayed low enough to support lease rates and sales prices at levels near the recent market peak. In fact, both lease rates and sales prices moved higher again in Q4. High quality, functional buildings for lease and sale remain difficult to find, as tenants and buyers compete for the more modern properties. Owner/users sales, a primary component of industrial market activity for decades, remained hindered by higher mortgage rates.

**VACANCY & AVAILABILITY.** Orange County’s vacancy rate moved a single basis point lower to end the period at 2.57%, but year over year, vacancy is up 149 basis points from a historic low of 1.08%. The limited supply is fairly balanced with current tenant and buyer demand, which has a calming effect on the overall market after more than a decade of imbalance that sent sales prices and lease rates soaring. Tenants and buyers now have somewhat less competition, and they are not so disadvantaged in their negotiations with landlords and sellers. The availability rate, which includes currently occupied space offered for sale or lease, was unchanged during the period.

**LEASE RATES & SALES PRICES.** The average asking lease rate countywide rose by \$0.06 in Q4 to finish the period at \$1.79, a new record high. Year over year, the county has seen a 13.3% increase in asking rents despite the moderation from functionally obsolete space. However, rent growth does appear to be cresting, as time-on-market is lengthening as tenants are showing more patience. After a price decline in Q3, the average asking sales price topped the \$400 PSF barrier again in Q4, ending the quarter at \$425.40 PSF. Transaction velocity has slowed due to the substantial rise in mortgage interest rates that began in March of 2022. Most sellers have refused to lower their prices to reflect the rise in borrowing costs, and other potential sellers have decided to wait for rates to come down before putting their properties on the market.

**TRANSACTION ACTIVITY.** Overall lease and sale activity by square footage rose modestly in Q4, ending the quarter at 3.4 MSF, up from 3.32 MSF in Q3. However, this was a result of larger transactions, as the number of lease transactions fell from 216 to 140, and the number of sales decreased from 58 to 52. Sale activity by square footage rose to 1,537,000 SF from just over 909,000 SF in Q3. The biggest sale of the quarter was a 295,860 SF building in Buena Park, with total consideration of \$71 million. The largest lease was a renewal for 218,640 SF to Exemplis, also in Buena Park.

### VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



### TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



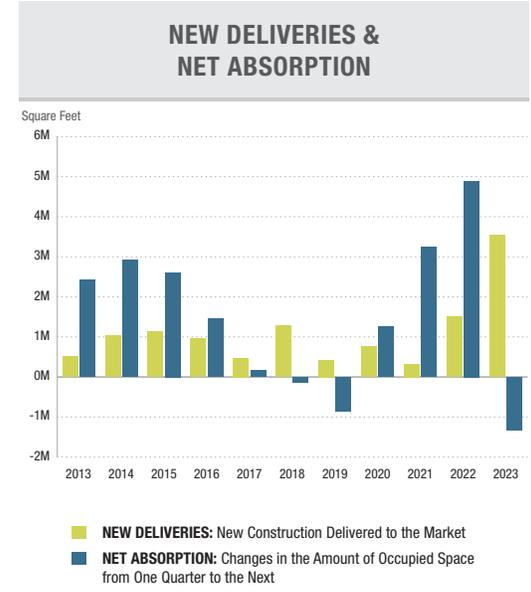
### Market Statistics

	Change Over Last Quarter	Q4 2023	Q3 2023	Q4 2022	% Change Over Last Year
Vacancy Rate	FLAT	2.57%	2.58%	1.08%	137.64%
Availability Rate	FLAT	4.65%	4.65%	2.44%	90.49%
Average Asking Lease Rate	UP	\$1.79	\$1.73	\$1.58	13.29%
Average Asking Sale Price	UP	\$425.40	\$397.35	\$391.87	8.56%
Sale & Lease Transactions	UP	3,415,728	3,324,300	3,909,316	(12.63%)
Gross Absorption	UP	3,517,836	2,555,927	3,248,177	8.30%
Net Absorption	NEGATIVE	(202,662)	(423,503)	2,644,930	N/A

**ABSORPTION.** Orange County experienced its fourth consecutive quarter of negative net absorption in Q4, but the overall loss narrowed to 202,662 SF from 423,503 SF in Q3. Two of the four major Orange County submarkets recorded negative net absorption in Q4, while North County posted a significant gain of 307,147 SF. Most of this gain was realized in the City of Fullerton. Gross absorption, which measures total move-ins, moved up to 3,517,836 SF in Q4, as compared with 2,555,927 SF in Q3. The biggest move-in for the quarter was 123,972 feet for a lease to James Worldwide on Raymer Street in Fullerton.

**CONSTRUCTION.** In Q4, the construction queue edged up to 1,782,833 SF from 1,762,613 SF in Q3. Total base inventory rose to 236,698,467 SF. Projects are still underway in ten cities, including Anaheim, Brea, Buena Park, Fullerton, Garden Grove, Irvine, Orange, Santa Ana, and Tustin, and Rancho Mission Viejo. Construction is concentrated in Class A distribution facilities with the high clearance, truck courts and fire sprinkler systems required by e-commerce retailers, 3PL operators and last-mile delivery companies. Irvine has the most activity with 398,659 SF, followed by Anaheim at 318,466 SF and Tustin at 311,442 SF. This may not be enough to satisfy future demand, as there are only a handful of projects in the planning stages.

**EMPLOYMENT.** In November 2023, the unemployment rate in Orange County rose to 3.8%, marking an increase from the revised rate of 3.7% in October 2023 and exceeding the year-ago estimate of 3.0%. The retail trade sector added 4,000 jobs, while warehousing, transportation, and utilities also showed growth, adding 500 jobs. Professional and business services saw the largest decline, with a loss of 3,800 jobs.



## Forecast

Vacancy rates in properties for lease will remain near current levels as supply and demand are likely to maintain their current balance. Time-on-market will continue to increase, especially for product with elements of functional obsolescence. Landlords will hold firm on their asking rates, but will continue to offer other concessions to attract the strongest tenants willing to sign longer leases. Sales prices have held up surprisingly well despite the elevated mortgage interest rates. In response to recent drops in the 10 Year Treasury Note, the SBA 504 rate is coming down, and more reductions are expected in 2024. This should give a boost to the owner/user sales market, which is one of the key drivers of industrial real estate activity in Orange County. If we see a significant spike in demand, we may see a corresponding increase in pricing, unless there are enough owners currently on the sidelines to jump in and provide balance.

## Significant Transactions

Sales						* Voit Real Estate Services Deal
Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller	
7100-7150 Village Dr.	Buena Park	295,860	\$71,000,000	Buchanan Street Partners	TA Realty	
23811-23891 Via Fabricante	Mission Viejo	100,295	\$33,000,000	MIG Real Estate, LLC	Gateway Mission Viejo Inc.	
2461-2495 E. Orangethorpe Ave.	Fullerton	85,700	\$19,450,000	HK Ventures, Inc *	CIP Real Estate *	
5037-5065 E. Hunter Ave.	Anaheim	84,497	\$31,000,000	Bisco Industries, Inc.	Glen Ceiley	
550 W. Crowther Ave.	Placentia	58,394	\$14,750,000	Mazo Capital Solutions	Cornell Co.	
Leases						* Voit Real Estate Services Deal
Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner	
6280 Artesia Blvd. – Renewal	Buena Park	218,640	Oct-2023	Exemplis	Prologis	
6250 Caballero Blvd. – Renewal	Buena Park	143,970	Oct-2023	Safety Zone	AEW	
285 N. Berry St.	Brea	124,678	Oct-2023	Flex Fit, LLC*	Transwestern Development Co.	
2009-2011 Raymer Ave.	Fullerton	123,972	Oct-2023	James Worldwide*	2009 Raymer Property Owner, LLC	
1500 Walnut Ave.	Fullerton	121,615	Oct-2023	Mullen Automotive	Link Logistics	

	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2023	Square Feet Available	Availability Rate Q4 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2023	Net Absorption 2023	Gross Absorption Q4 2023	Gross Absorption 2023
<b>Airport Area</b>														
Costa Mesa	447	7,647,666	0	0	314,838	4.12%	339,400	4.44%	\$1.44	\$645.87	(43,112)	(231,549)	170,024	309,587
Fountain Valley	178	3,680,498	0	0	30,820	0.84%	66,865	1.82%	\$2.03	\$401.60	(29,120)	(57,153)	45,850	182,986
Irvine	298	11,072,908	394,966	156,632	398,659	3.60%	662,232	5.98%	\$1.79	\$420.41	(107,528)	(133,310)	58,631	310,809
Newport Beach	48	602,698	0	0	10,765	1.79%	10,765	1.79%	\$1.80	\$560.00	(6,600)	24,732	3,972	38,956
Santa Ana	1,571	30,850,914	102,241	370,156	486,329	1.58%	1,396,488	4.53%	\$1.72	\$375.93	(79,813)	(89,918)	260,575	1,188,537
Tustin	113	4,291,532	311,442	0	94,860	2.21%	229,112	5.34%	\$1.78	\$399.00	1,050	(30,196)	1,050	380,189
<b>Airport Area Total</b>	<b>2,655</b>	<b>58,146,216</b>	<b>808,649</b>	<b>526,788</b>	<b>1,336,271</b>	<b>2.30%</b>	<b>2,704,862</b>	<b>4.65%</b>	<b>\$1.72</b>	<b>\$428.82</b>	<b>(265,123)</b>	<b>(517,394)</b>	<b>540,102</b>	<b>2,411,064</b>
<b>North County</b>														
Anaheim	1,833	44,489,536	318,466	338,000	1,139,918	2.56%	2,468,928	5.55%	\$1.73	\$411.90	53,446	(588,031)	485,616	1,443,867
Brea	328	12,162,163	124,678	0	214,713	1.77%	647,927	5.33%	\$1.78	\$422.54	20,706	81	48,233	233,028
Buena Park	238	13,309,159	27,765	0	495,136	3.72%	673,557	5.06%	\$1.74	\$417.25	(74,294)	(161,687)	150,576	399,575
Fullerton	463	20,649,100	139,449	0	197,414	0.96%	655,550	3.17%	\$1.71	\$394.93	252,842	426,205	1,119,967	2,397,494
La Habra	193	3,328,639	0	0	42,670	1.28%	42,670	1.28%	\$0.00	\$396.19	(17,878)	(37,587)	6,245	82,476
Orange	743	13,549,815	100,483	66,448	96,480	0.71%	304,155	2.24%	\$1.44	\$393.33	56,426	244,050	49,412	335,872
Placentia	218	4,243,899	0	0	132,679	3.13%	204,035	4.81%	\$1.64	\$339.39	15,899	(84,087)	127,085	254,121
Yorba Linda	55	908,881	0	0	0	0.00%	12,000	1.32%	\$0.00	\$0.00	0	62,806	0	52,631
<b>North County Total</b>	<b>4,071</b>	<b>112,641,192</b>	<b>710,841</b>	<b>404,448</b>	<b>2,319,010</b>	<b>2.06%</b>	<b>5,008,822</b>	<b>4.45%</b>	<b>\$1.70</b>	<b>\$401.97</b>	<b>307,147</b>	<b>(138,250)</b>	<b>1,987,134</b>	<b>5,199,064</b>
<b>South County</b>														
Aliso Viejo	18	685,634	0	0	4,800	0.70%	4,800	0.70%	\$0.00	\$550.05	0	21,972	27,500	69,652
Foothill Ranch	64	3,417,232	0	0	331,063	9.69%	451,985	13.23%	\$1.67	\$495.00	(301,348)	(276,210)	0	63,561
Irvine Spectrum	217	10,551,481	0	0	124,881	1.18%	255,078	2.42%	\$1.78	\$441.98	54,245	94,192	87,653	430,245
Laguna Beach	21	112,459	0	0	5,495	4.89%	6,350	5.65%	\$2.75	\$1,046.78	(1,095)	(5,495)	1,920	1,920
Laguna Hills	78	1,066,962	0	0	15,885	1.49%	18,531	1.74%	\$1.97	\$375.00	10,537	(4,872)	19,602	72,116
Laguna Niguel	17	231,576	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	3,200	0	3,200
Lake Forest	190	4,303,472	0	172,000	298,756	6.94%	458,505	10.65%	\$1.70	\$455.51	(43,218)	(193,125)	59,097	192,634
Mission Viejo	31	719,801	0	0	5,175	0.72%	7,773	1.08%	\$1.95	\$0.00	0	(1,312)	3,602	10,392
Rancho Mission Viejo	3	99,200	25,844	0	0	0.00%	1,000	1.01%	\$1.36	\$0.00	1,920	1,920	0	9,600
Rancho Santa Margarita	107	1,703,058	0	0	18,525	1.09%	16,881	0.99%	\$1.73	\$378.00	(18,525)	(13,704)	0	25,624
San Clemente	161	1,988,287	0	0	27,165	1.37%	72,508	3.65%	\$1.54	\$580.17	20,479	(11,323)	41,861	85,516
San Juan Capistrano	42	881,671	0	136,308	11,919	1.35%	24,221	2.75%	\$1.88	\$0.00	0	(11,919)	43,290	43,290
<b>South County Total</b>	<b>949</b>	<b>25,760,833</b>	<b>25,844</b>	<b>308,308</b>	<b>843,664</b>	<b>3.27%</b>	<b>1,317,632</b>	<b>5.11%</b>	<b>\$1.74</b>	<b>\$416.04</b>	<b>(277,005)</b>	<b>(396,676)</b>	<b>284,525</b>	<b>1,007,750</b>
<b>West County</b>														
Cypress	100	4,674,702	0	390,268	371,039	7.94%	340,806	7.29%	\$1.84	\$312.50	(78,896)	(229,634)	410,737	521,370
Garden Grove	475	12,177,493	237,499	0	589,294	4.84%	703,407	5.78%	\$1.80	\$405.20	83,115	(323,193)	111,235	478,606
Huntington Beach	698	14,273,263	0	0	543,319	3.81%	704,904	4.94%	\$1.76	\$439.26	12,090	289,515	154,628	813,997
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	6,728	0.31%	29,961	1.36%	\$0.00	\$468.56	8,548	(895)	8,548	40,527
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	54,020	2.92%	107,380	5.81%	\$1.73	\$441.96	7,204	(24,932)	14,545	72,038
Westminster	139	2,254,225	0	0	11,513	0.51%	83,923	3.72%	\$1.70	\$449.81	258	24,868	6,382	76,206
<b>West County Total</b>	<b>1,710</b>	<b>40,150,226</b>	<b>237,499</b>	<b>390,268</b>	<b>1,575,913</b>	<b>3.93%</b>	<b>1,970,381</b>	<b>4.91%</b>	<b>\$1.80</b>	<b>\$416.04</b>	<b>32,319</b>	<b>(264,271)</b>	<b>706,075</b>	<b>2,002,744</b>
<b>Orange County Total</b>	<b>9,385</b>	<b>236,698,467</b>	<b>1,782,833</b>	<b>1,629,812</b>	<b>6,074,858</b>	<b>2.57%</b>	<b>11,001,697</b>	<b>4.65%</b>	<b>\$1.79</b>	<b>\$425.40</b>	<b>(202,662)</b>	<b>(1,316,591)</b>	<b>3,517,836</b>	<b>10,620,622</b>
Less than 9,999	3,332	20,339,458	9,500	0	357,967	1.76%	595,085	2.93%	\$1.86	\$445.67	(18,113)	(144,033)	183,597	901,254
10,000-19,999	3,136	43,346,254	53,609	14,000	844,854	1.95%	1,383,330	3.19%	\$1.66	\$422.41	13,841	(92,683)	447,352	1,487,090
20,000-29,999	1,189	28,404,254	57,943	20,800	604,122	2.13%	1,114,869	3.93%	\$1.62	\$405.94	(113,192)	(210,185)	186,807	943,103
30,000-39,999	497	16,977,675	48,485	0	309,950	1.83%	840,464	4.95%	\$1.68	\$351.76	34,535	20,022	126,160	700,159
40,000-49,999	294	12,947,183	51,998	66,448	188,690	1.46%	560,222	4.33%	\$1.75	\$391.02	105,881	29,885	231,728	445,692
50,000-74,999	373	22,472,284	0	0	542,672	2.41%	935,881	4.16%	\$1.79	\$407.68	(36,810)	(90,705)	337,510	1,233,916
75,000-99,999	166	14,253,269	705,555	95,000	509,910	3.58%	910,834	6.39%	\$0.00	\$274.23	(5,848)	(89,897)	129,178	400,110
100,000-199,999	267	35,300,985	855,743	1,228,655	1,408,601	3.99%	2,082,108	5.90%	\$0.00	\$275.53	130,421	(156,840)	809,721	1,871,872
200,000 Plus	131	42,657,105	0	204,909	1,311,932	3.08%	2,578,904	6.05%	\$0.00	\$0.00	(313,377)	(582,155)	1,065,783	2,637,426
<b>Orange County Total</b>	<b>9,385</b>	<b>236,698,467</b>	<b>1,782,833</b>	<b>1,629,812</b>	<b>6,078,698</b>	<b>2.57%</b>	<b>11,001,697</b>	<b>4.65%</b>	<b>\$1.79</b>	<b>\$425.40</b>	<b>(202,662)</b>	<b>(1,316,591)</b>	<b>3,517,836</b>	<b>10,620,622</b>

Lease rates are on a triple-net basis.

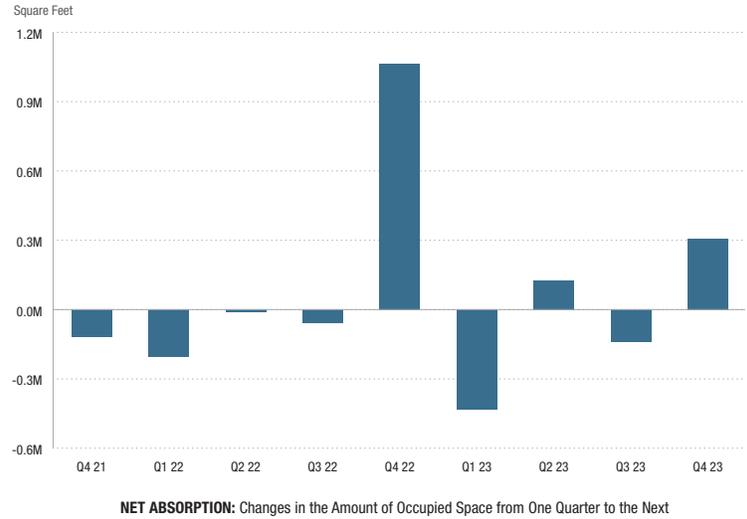
## NORTH ORANGE COUNTY

In the fourth quarter of 2023, the North Orange County industrial market consisted of 4,071 buildings totaling 112,641,192 square feet and had an availability rate of 4.45%, which shows a decrease from the previous quarter's figure of 4.73%.

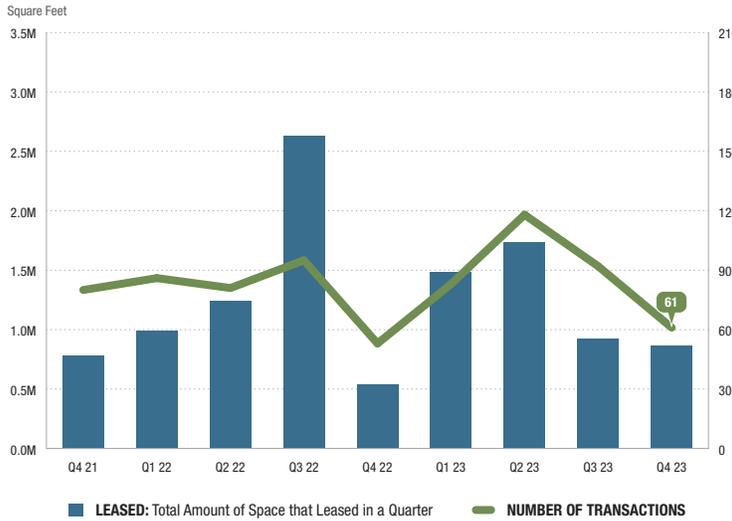
### VACANCY & AVAILABILITY RATE



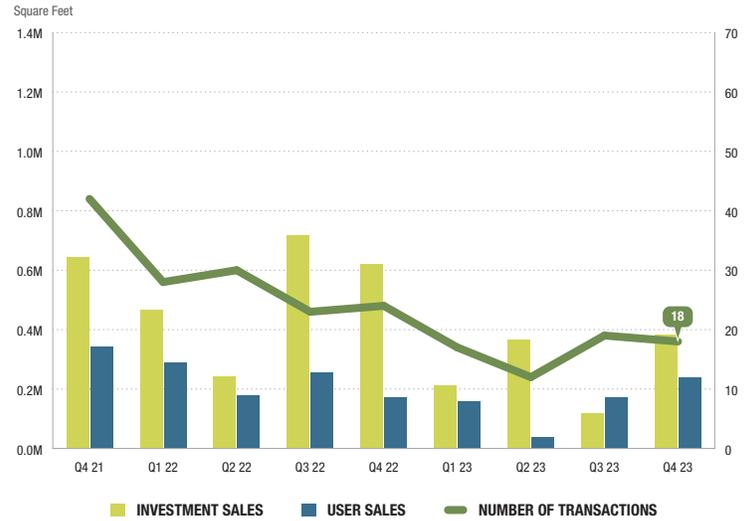
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

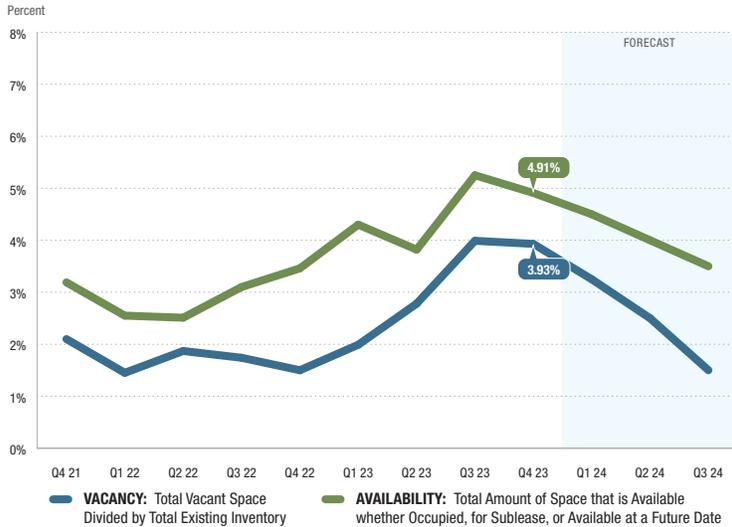
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2023	Square Feet Available	Availability Rate Q4 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2023	Net Absorption 2023	Gross Absorption Q4 2023	Gross Absorption 2023
<b>North Totals</b>														
Less than 9,999	1,346	8,517,026	9,500	0	110,136	1.29%	211,484	2.48%	\$1.75	\$430.33	(6,522)	(20,525)	70,397	451,419
10,000-19,999	1,386	19,200,047	27,765	0	294,617	1.53%	473,785	2.47%	\$1.56	\$375.29	19,336	(43,584)	203,327	716,954
20,000-29,999	517	12,320,427	37,943	0	268,917	2.18%	518,380	4.21%	\$1.63	\$379.92	(38,320)	(109,479)	50,100	253,878
30,000-39,999	226	7,693,851	48,485	0	97,977	1.27%	329,438	4.28%	\$1.40	\$321.27	19,847	162,646	20,818	258,958
40,000-49,999	139	6,128,074	51,998	66,448	22,480	0.37%	263,484	4.30%	\$1.77	\$391.02	83,420	(7,538)	125,521	226,087
50,000-74,999	174	10,489,587	0	0	333,474	3.18%	558,851	5.33%	\$1.73	\$459.35	(67,240)	(179,712)	113,569	400,521
75,000-99,999	74	6,335,506	535,150	0	81,305	1.28%	379,039	5.98%	\$0.00	\$274.23	36,630	(127,686)	84,711	131,429
100,000-199,999	141	18,675,434	0	338,000	745,823	3.99%	1,105,263	5.92%	\$0.00	\$0.00	238,671	131,490	580,908	1,073,351
200,000 plus	68	23,281,240	0	0	364,281	1.56%	1,169,098	5.02%	\$0.00	\$0.00	21,325	56,138	737,783	1,686,467
<b>Total</b>	<b>4,071</b>	<b>112,641,192</b>	<b>710,841</b>	<b>404,448</b>	<b>2,319,010</b>	<b>2.06%</b>	<b>5,008,822</b>	<b>4.45%</b>	<b>\$1.70</b>	<b>\$401.97</b>	<b>307,147</b>	<b>(138,250)</b>	<b>1,987,134</b>	<b>5,199,064</b>

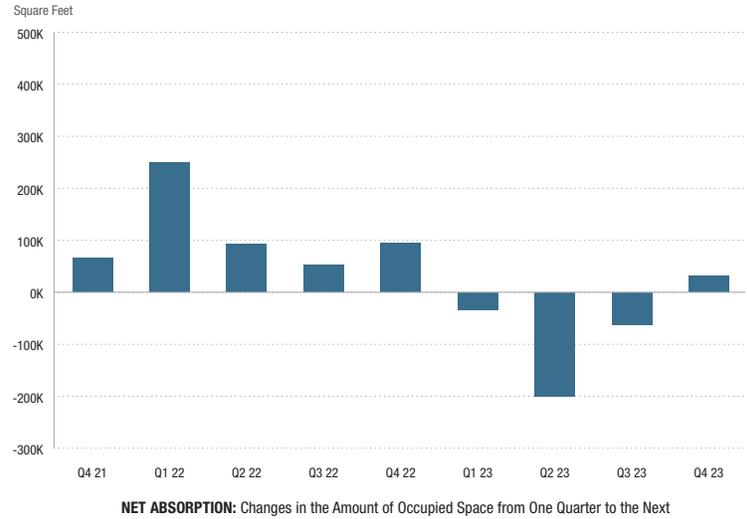
## WEST ORANGE COUNTY

In the fourth quarter of 2023, the West Orange County industrial market consisted of 1,710 buildings totaling 40,150,226 square feet and had an availability rate of 4.91%, which shows a decrease from the previous quarter's figure of 5.25%.

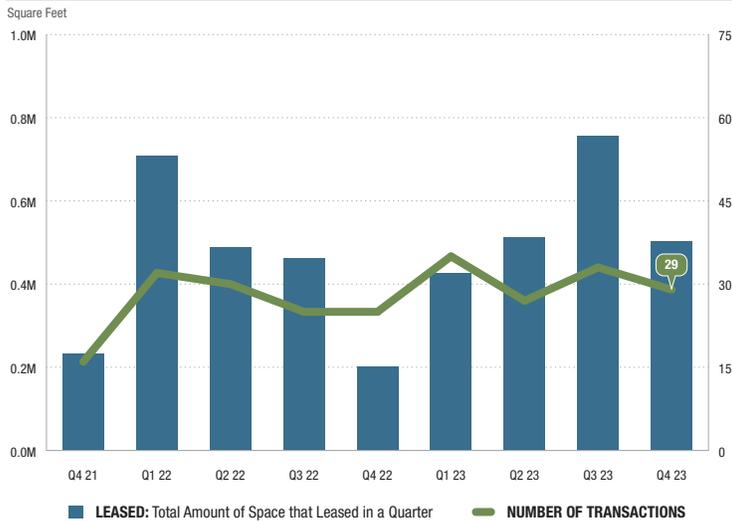
### VACANCY & AVAILABILITY RATE



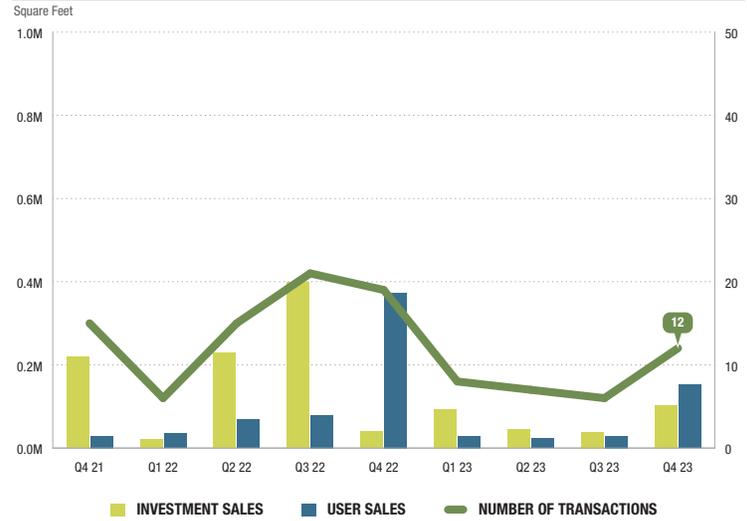
### NET ABSORPTION



### LEASE TRANSACTIONS



### SALES TRANSACTIONS



### INVENTORY

### VACANCY & LEASE RATES

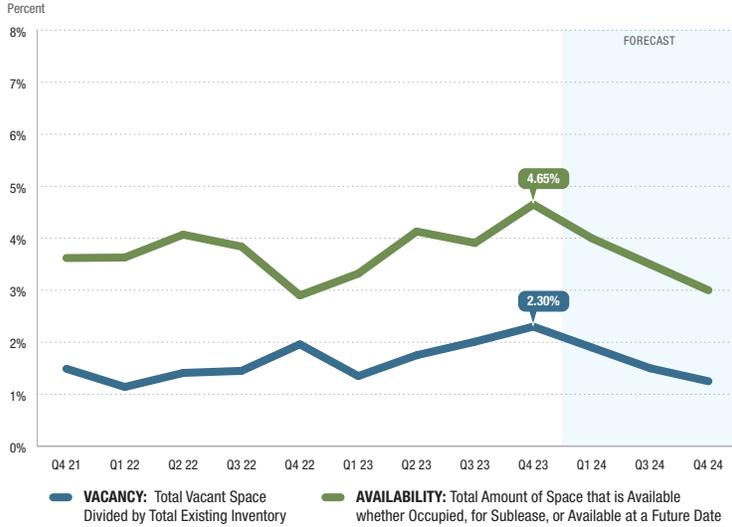
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q4 2023	Square Feet Available	Availability Rate Q4 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2023	Net Absorption 2023	Gross Absorption Q4 2023	Gross Absorption 2023
<b>West Totals</b>														
Less than 9,999	688	4,106,362	0	0	84,638	2.06%	127,926	3.12%	\$1.67	\$415.03	10,055	(53,287)	50,290	161,698
10,000-19,999	567	7,510,690	0	0	199,625	2.66%	331,080	4.41%	\$1.66	\$404.19	7,926	(62,796)	55,626	147,008
20,000-29,999	187	4,506,442	0	0	55,383	1.23%	144,950	3.22%	\$1.71	\$468.25	(8,364)	20,161	10,616	173,786
30,000-39,999	61	2,128,365	0	0	7,832	0.37%	17,282	0.81%	\$0.00	\$409.90	(132)	26,494	7,500	99,324
40,000-49,999	51	2,249,918	0	0	45,896	2.04%	93,130	4.14%	\$1.72	\$0.00	25,621	(23,043)	25,621	81,537
50,000-74,999	57	3,406,011	0	0	110,149	3.23%	159,403	4.68%	\$1.96	\$0.00	4,870	(2,898)	112,609	229,122
75,000-99,999	29	2,499,199	88,164	0	317,588	12.71%	147,230	5.89%	\$0.00	\$0.00	(76,527)	(45,027)	0	47,263
100,000-199,999	44	5,921,078	149,335	185,359	362,688	6.13%	420,488	7.10%	\$0.00	\$0.00	68,870	(14,559)	228,813	601,413
200,000 plus	26	7,822,161	0	204,909	392,114	5.01%	528,892	6.76%	\$0.00	\$0.00	0	(109,316)	215,000	461,593
<b>Total</b>	<b>1,710</b>	<b>40,150,226</b>	<b>237,499</b>	<b>390,268</b>	<b>1,575,913</b>	<b>3.93%</b>	<b>1,970,381</b>	<b>4.91%</b>	<b>\$1.80</b>	<b>\$416.04</b>	<b>32,319</b>	<b>(264,271)</b>	<b>706,075</b>	<b>2,002,744</b>

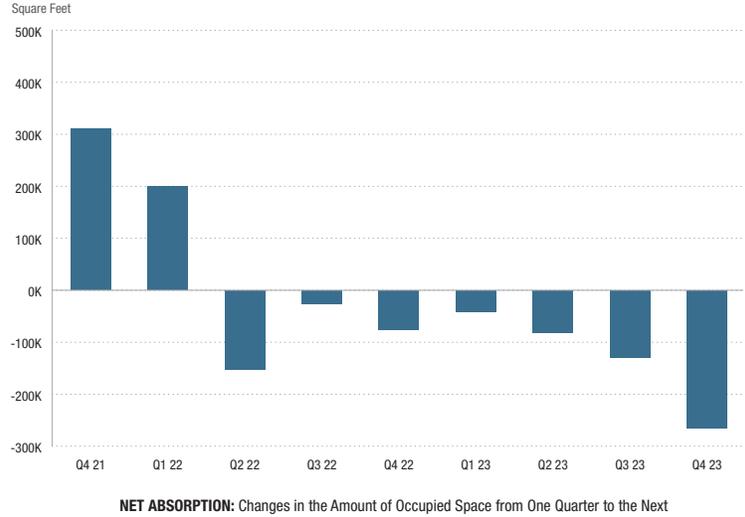
## AIRPORT AREA

In the fourth 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 4.65%, which shows an increase from the previous quarter's figure of 3.91%.

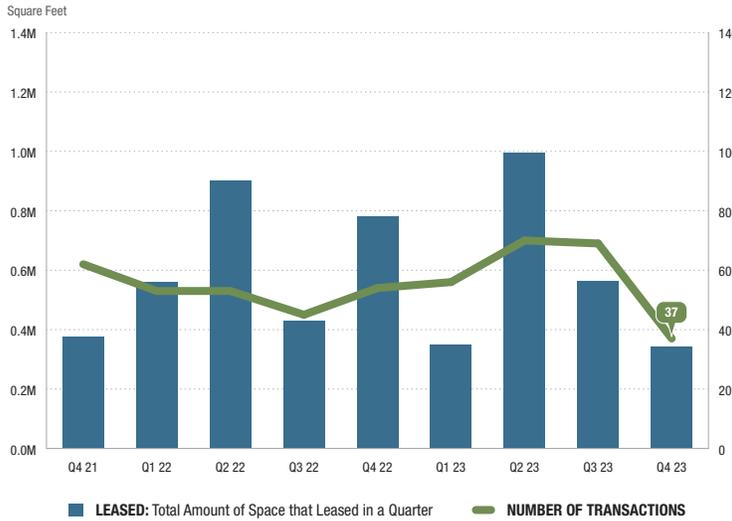
### VACANCY & AVAILABILITY RATE



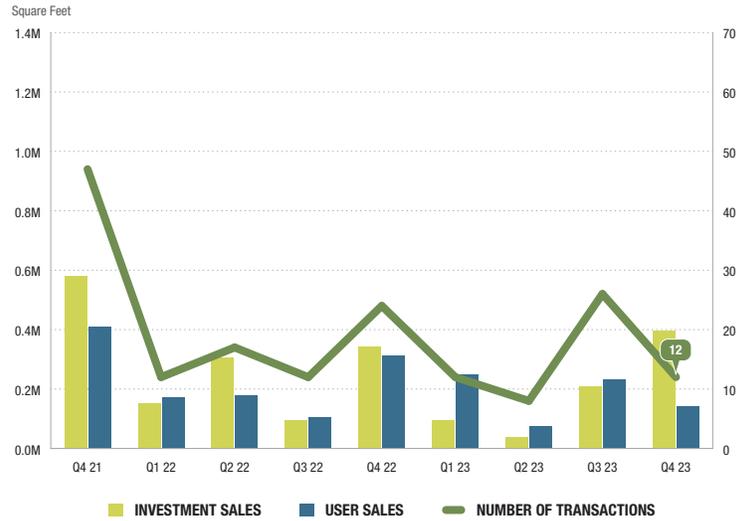
### NET ABSORPTION



### 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 Q4 2023	Square Feet Available	Availability Rate Q4 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2023	Net Absorption 2023	Gross Absorption Q4 2023	Gross Absorption 2023
<b>Airport Totals</b>														
Less than 9,999	932	5,434,993	0	0	104,078	1.91%	156,655	2.88%	\$2.23	\$433.91	(14,846)	(49,248)	53,893	209,812
10,000-19,999	909	12,713,355	0	0	256,353	2.02%	414,127	3.26%	\$1.70	\$466.35	(29,849)	(22,990)	128,917	481,828
20,000-29,999	353	8,424,871	20,000	0	216,747	2.57%	327,140	3.88%	\$1.54	\$408.42	(36,936)	(69,961)	70,513	280,637
30,000-39,999	162	5,518,766	0	0	124,583	2.26%	396,026	7.18%	\$1.93	\$331.49	(14,600)	(134,209)	55,138	224,446
40,000-49,999	76	3,315,455	0	0	69,036	2.08%	109,436	3.30%	\$1.78	\$0.00	(2,030)	101,867	40,586	93,588
50,000-74,999	105	6,353,697	0	0	72,200	1.14%	129,600	2.04%	\$1.79	\$356.01	0	91,905	78,055	453,116
75,000-99,999	47	4,019,393	82,241	95,000	50,871	1.27%	324,419	8.07%	\$0.00	\$0.00	0	(50,871)	0	0
100,000-199,999	50	6,363,119	706,408	431,788	221,568	3.48%	390,842	6.14%	\$0.00	\$275.53	(166,862)	(189,612)	0	191,471
200,000 plus	21	6,002,567	0	0	220,835	3.68%	456,617	7.61%	\$0.00	\$0.00	0	(194,275)	113,000	476,166
<b>Total</b>	<b>2,655</b>	<b>58,146,216</b>	<b>808,649</b>	<b>526,788</b>	<b>1,336,271</b>	<b>2.30%</b>	<b>2,704,862</b>	<b>4.65%</b>	<b>\$1.72</b>	<b>\$428.82</b>	<b>(265,123)</b>	<b>(517,394)</b>	<b>540,102</b>	<b>2,411,064</b>

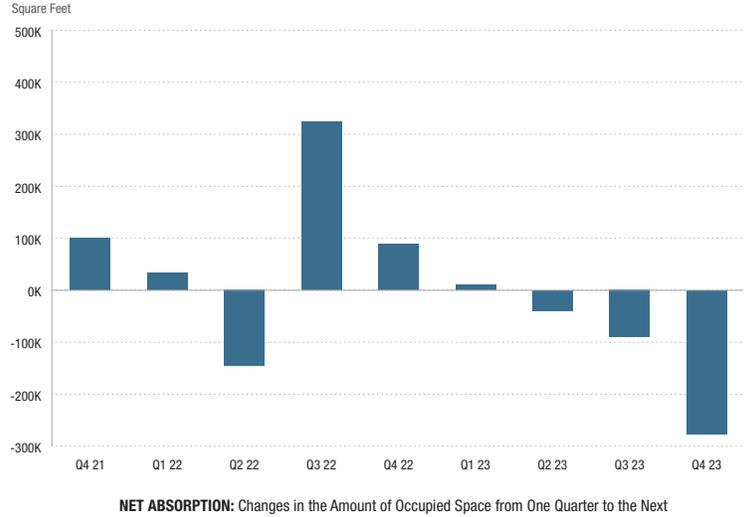
## SOUTH ORANGE COUNTY

In the fourth quarter of 2023, the South Orange County industrial market consisted of 949 buildings totaling 25,760,833 square feet and had an availability rate of 5.11%, which shows an increase from the previous quarter's figure of 5.04%.

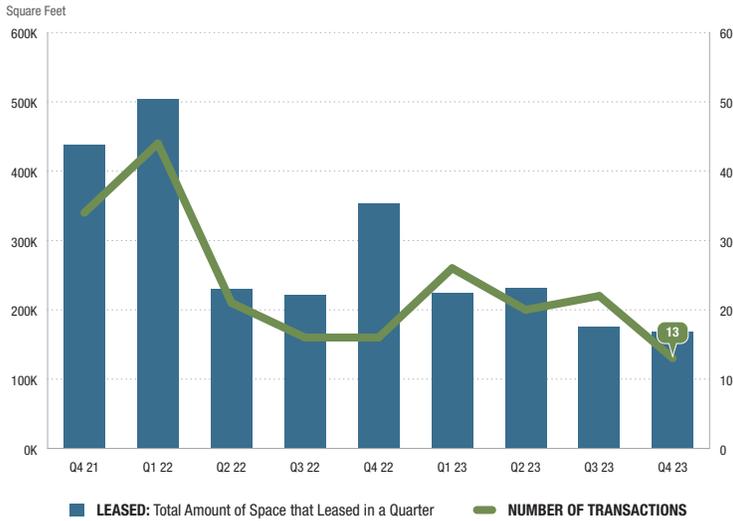
### VACANCY & AVAILABILITY RATE



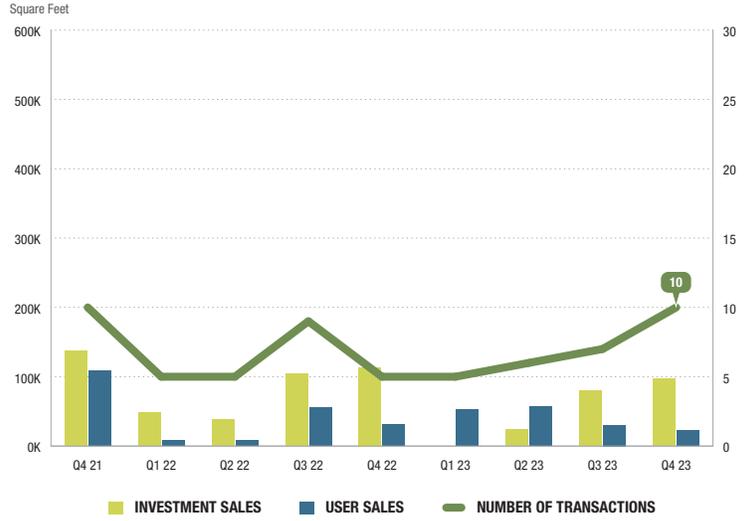
### NET ABSORPTION



### 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 Q4 2023	Square Feet Available	Availability Rate Q4 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q4 2023	Net Absorption 2023	Gross Absorption Q4 2023	Gross Absorption 2023
<b>South Totals</b>														
Less than 9,999	366	2,281,077	0	0	59,115	2.59%	99,020	4.34%	\$1.79	\$621.44	(6,800)	(20,973)	9,017	78,325
10,000-19,999	274	3,922,162	25,844	14,000	94,259	2.40%	164,338	4.19%	\$1.72	\$463.00	16,428	36,687	59,482	141,300
20,000-29,999	132	3,152,514	0	20,800	63,075	2.00%	124,399	3.95%	\$1.67	\$378.00	(29,572)	(50,906)	55,578	234,802
30,000-39,999	48	1,636,693	0	0	79,558	4.86%	97,718	5.97%	\$1.70	\$385.00	29,420	(34,909)	42,704	117,431
40,000-49,999	28	1,253,736	0	0	51,278	4.09%	94,172	7.51%	\$1.70	\$0.00	(1,130)	(41,401)	40,000	44,480
50,000-74,999	37	2,222,989	0	0	26,849	1.21%	88,027	3.96%	\$1.77	\$0.00	25,560	0	33,277	151,157
75,000-99,999	16	1,399,171	0	0	60,146	4.30%	60,146	4.30%	\$0.00	\$0.00	34,049	133,687	44,467	221,418
100,000-199,999	32	4,341,354	0	273,508	78,522	1.81%	165,515	3.81%	\$0.00	\$0.00	(10,258)	(84,159)	0	5,637
200,000 plus	16	5,551,137	0	0	334,702	6.03%	424,297	7.64%	\$0.00	\$0.00	(334,702)	(334,702)	0	13,200
<b>Total</b>	<b>949</b>	<b>25,760,833</b>	<b>25,844</b>	<b>308,308</b>	<b>847,504</b>	<b>3.27%</b>	<b>1,317,632</b>	<b>5.11%</b>	<b>\$1.74</b>	<b>\$534.60</b>	<b>(277,005)</b>	<b>(396,676)</b>	<b>284,525</b>	<b>1,007,750</b>



## Off the Peak, But Not Over the Edge

by **Garrett McClelland**

SENIOR VICE PRESIDENT / PARTNER, IRVINE  
949.263.5302 · gmcclelland@voitco.com · Lic. #01848147

As we begin 2024, signs of an industrial market changing from only a year ago are ever so apparent. The frothy market conditions of recent years have been steadily pulling back. The decline in the unprecedented high values has been caused by various factors including rising inflation, the uncertain economy, the pressures of the first fed rate hike, then the second, then more hikes. Couple this with reduced consumer confidence, and something had to give—in this case more of an industrial slowdown than a complete crash.

Orange County’s industrial market still remains tight with a 2.6% vacancy rate, but we’ve seen demand begin to lessen, creating a market that is now softer than at the start of 2023. The pack leaders of the industrial run-up were predominantly e-commerce and logistics companies. It’s no wonder this segment of the market took off when consumers had money to spend and time to waste during the pandemic. With a steady stream of packages arriving at doorsteps countywide, it’s felt more like an extended Christmas than business as usual over the last few years. To satisfy this robust demand, new industrial developments sprang up throughout Orange County to the tune of more than 1.5 million square feet in 2022 and 3.5 million square feet in 2023. As Orange County is primarily a small-building market, these new developments between 100,000–250,000 square feet significantly raised the availability rate to 4.7%. However, in the range under 50,000 SF the market has remained fairly tight, with less rent movement but also less velocity. Renewals made up the majority of deal transactions as tenants preferred to “wait and see” what the market would bear in the months to follow.

In 2024, landlords, now facing less activity, are becoming more creative with tenant incentives, broker bonuses, and open houses to generate increased interest. New availabilities are sitting unoccupied for longer than three months on average, a big change from the zero to two months we were accustomed to over the last couple of years. Nevertheless, an infill market like Orange County, with a sustained imbalance between limited supply and new demand, will remain strong as we fight economic headwinds.

Orange County rent growth still outperformed the national average this quarter, and although pricing has softened and availability has increased, we don’t expect a sharp decline in transactions in 2024. Sales volume was significantly down this quarter--unsurprisingly a direct consequence of higher interest rates, tighter lending practices and wider bid-ask spreads. Investors have pumped the breaks on risky new developments but have actively been targeting well positioned assets with income in place to mitigate risk.

I’m optimistic for 2024. Lower interest rates and a narrowing of the bid-ask gap will help fuel additional deal volume for both lease and sale transactions.

### Please Contact Us for Further Information

**Tony Tran**  
Regional Director of Research  
ttran@voitco.com

Anaheim, CA  
714.978.7880

Carlsbad, 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

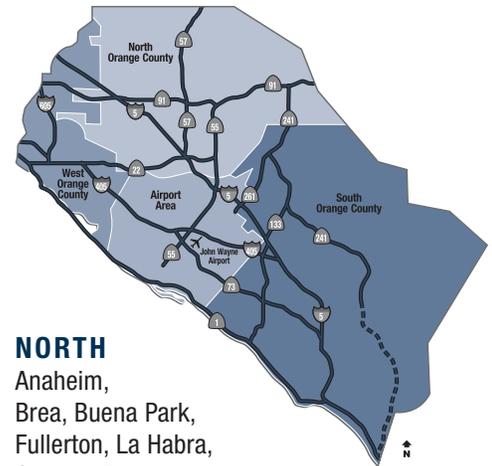
This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is 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