

# Orange County



## Market Facts

**2.8%**

Orange County  
Unemployment Rate  
As Of March 2018

**129,773 SF**

Positive Net Absorption  
Current Quarter

Positive 129,773 SF  
Year-To-Date

**2.2%**

Total Vacancy Rate  
Flat From 2.2% In Q4 2017

**\$0.92 PSF**

Asking Rental Rate  
Weighted Average

## Market Overview

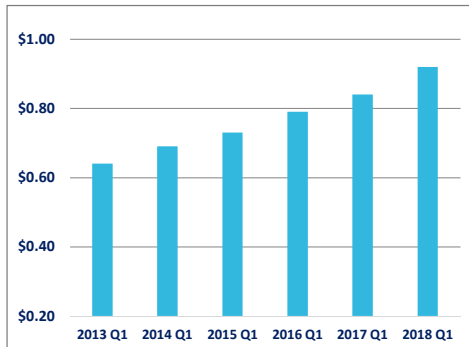
The Orange County industrial market, in the region of Southern California, remained tight in the first quarter of 2018 as record-low vacancy persisted, pushing rents to record highs. Even with a modest spike in the construction of speculative inventory, supply is trailing demand. The high-tech industry, aerospace, retail, distribution and manufacturing continue to drive demand in the industrial market. The population is growing steadily year-over-year, while unemployment remains low at 2.8% as of the first quarter of 2018.

The industrial vacancy rate for the first quarter of 2018 remained extremely low at 2.2%, after a modest increase of 20 basis points year-over-year. Industrial tenants seeking new space can expect a challenge as the number of options decline. The only industrial property currently under construction is Beckman Business Center, a seven-building industrial park located in Fullerton. The project will bring a total of 934,800 sf of speculative space to the market by mid-year 2018. Meanwhile, a 170,000-sf build-to-

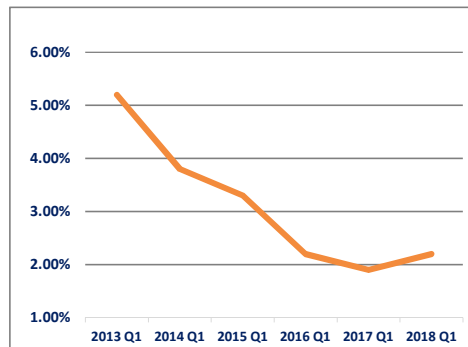
suit for Rosendin Electric at 1730 S Anaheim Way in Anaheim completed construction during the first quarter of the year. There is approximately 800,000 sf of proposed development, spread among five projects, waiting to commence in the market. As demand for industrial space increases, larger tenants increasingly look to options in the neighboring Inland Empire, the state's powerhouse of industrial inventory. However, last-mile warehousing is an unavoidable necessity within Orange County as consumer expectations grow along with the population in this affluent county.

Total net absorption reached 780,000 sf for the 12-month period through the first quarter of 2018, contracting from nearly 1.2 msf in the prior 12-month period. Rental rates during the first quarter of 2018 climbed to \$0.92 psf, up from \$0.84 psf at the same time in 2017. Rental rates have exceeded levels achieved at the height of the market prior to the last recession and are expected to grow further while limited new inventory is anticipated in this desirable and geographically vital market.

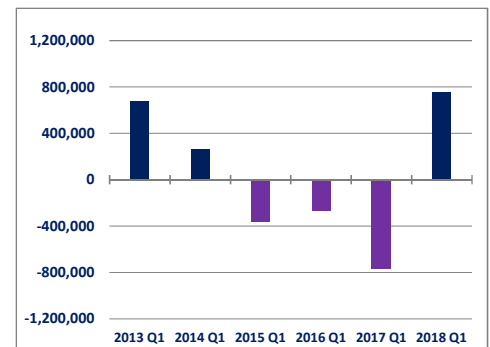
## Asking Rent



## Vacancy Rates



## Net Absorption



## Top Leases

Tenant	Type	Address	Submarket	SF
The Walt Disney Company	New	1501 E Cerritos Avenue	Anaheim	200,000
Shinoda Design Center	Renewal	601 W Dyer Road	Santa Ana	135,731
Legacy Foods	New	1765 Penhall Way	Anaheim	128,372
Engineered Floors, Inc.	Renewal	679 S Placentia Avenue	Fullerton	127,375
Titan Footwear	Sublease	15342 Graham Street	Huntington Beach	84,754

## Top Sales

Address	Buyer	Seller	Price	SF	P/SF
15 Argonaut, Aliso Viejo	Hertbert / Sherry Trust	BLT Enterprises	\$13,710,000	41,519	\$330
4200 Bonita Place, Brea	Samaritan's Purse	Guthrie Development Company	\$12,550,000	67,950	\$185
620 E Dyer Road, Santa Ana	Joseph Segilia	Western Bay Company	\$11,000,000	44,182	\$249
785 Challenger Street, Brea	B&F Properties	2DRE LLC	\$6,650,000	28,687	\$232
1962 Barranca Parkway, Irvine	1962 Barranca Parkway LLC	Monkeysports, Inc.	\$6,300,000	25,494	\$247

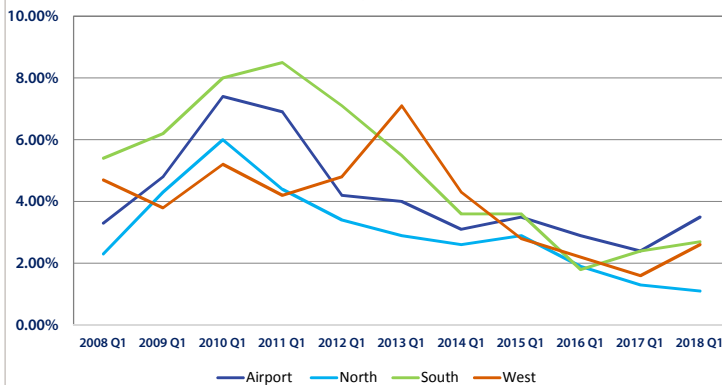
## Under Construction

Address	Submarket	Developer	SF	Completion
Beckman Business Center	Fullerton	Western Realco	793,138	Q2 2018

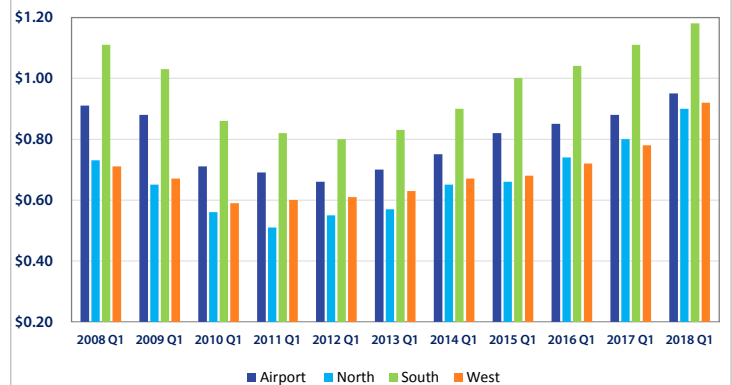
## Orange County By The Numbers

Vacancy					Net Absorption		Avg. Advertised Rates (FS)			Construction Pipeline		
Q1 2018 Inventory (SF)	Q1 2018 Vacancy (SF)	Q1 2018 Vacancy (%)	Q4 2017 Vacancy (%)		Current Quarter Absorption	Year-To-Date Absorption	Q1 2017 Rental Rates	Q4 2017 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries	Year-To-Date Deliveries	Under Construction Quarter-End
<b>Airport Area</b>												
20k to 49k SF	25,951,557	390,198	1.50%	1.80%	72,717	72,717	\$1.11	\$1.05	5.71%	0	0	0
50k to 99k SF	13,993,349	520,832	3.70%	3.90%	-52,182	-52,182	\$0.93	\$0.89	4.49%	0	0	0
100k SF and up	14,686,742	985,158	6.70%	6.30%	-41,717	-41,717	\$0.75	\$0.74	1.35%	0	0	0
Total	54,631,648	1,896,188	3.50%	3.50%	-21,182	-21,182	\$0.88	\$0.84	4.76%	0	0	0
<b>North County</b>												
20k to 49k SF	31,919,513	479,314	1.50%	1.50%	56,014	56,014	\$1.03	\$1.02	0.98%	0	0	87,652
50k to 99k SF	18,710,432	206,955	1.10%	1.60%	61,679	61,679	\$0.80	\$0.82	-2.44%	0	0	78,523
100k SF and up	43,495,621	320,086	0.70%	0.30%	450,783	450,783	\$0.78	\$0.73	6.85%	170,000	170,000	768,579
Total	94,125,566	1,006,355	1.10%	1.00%	568,476	568,476	\$0.84	\$0.87	-3.45%	170,000	170,000	934,754
<b>South County</b>												
20k to 49k SF	14,883,502	402,453	2.70%	2.80%	7,808	7,808	\$1.38	\$1.34	2.99%	0	0	0
50k to 99k SF	6,968,447	179,178	2.60%	2.60%	70,255	70,255	\$0.99	\$0.84	17.86%	0	0	0
100k SF and up	11,690,165	315,970	2.70%	3.10%	4,260	4,260	\$0.92	\$0.89	3.37%	0	0	0
Total	33,542,114	897,601	2.70%	2.80%	82,323	82,323	\$1.15	\$1.08	6.48%	0	0	0
<b>West County</b>												
20k to 49k SF	12,040,721	256,674	2.10%	2.20%	-4,838	-4,838	\$0.87	\$0.91	-4.40%	0	0	0
50k to 99k SF	8,181,041	148,004	1.80%	0.20%	-196,157	-196,157	\$0.78	\$0.79	-1.27%	0	0	0
100k SF and up	14,604,460	517,940	3.50%	3.10%	291,908	291,908	\$0.75	\$0.75	0.00%	0	0	0
Total	34,826,222	922,618	2.60%	2.10%	90,913	90,913	\$0.80	\$0.81	-1.23%	0	0	0
<b>Orange County Market</b>												
20k to 49k SF	84,795,293	1,528,639	1.80%	1.90%	131,701	131,701	\$1.17	\$1.13	3.54%	0	0	87,652
50k to 99k SF	47,853,269	1,054,969	2.20%	2.20%	-116,405	-116,405	\$0.88	\$0.84	4.76%	0	0	78,523
100k SF and up	84,476,988	2,139,154	2.50%	2.40%	705,234	705,234	\$0.78	\$0.77	1.30%	170,000	170,000	796,963
Total	217,125,550	4,722,762	2.20%	2.20%	720,530	720,530	\$0.92	\$0.91	1.10%	170,000	170,000	934,754

Vacancy by Region



Rental Rate by Region



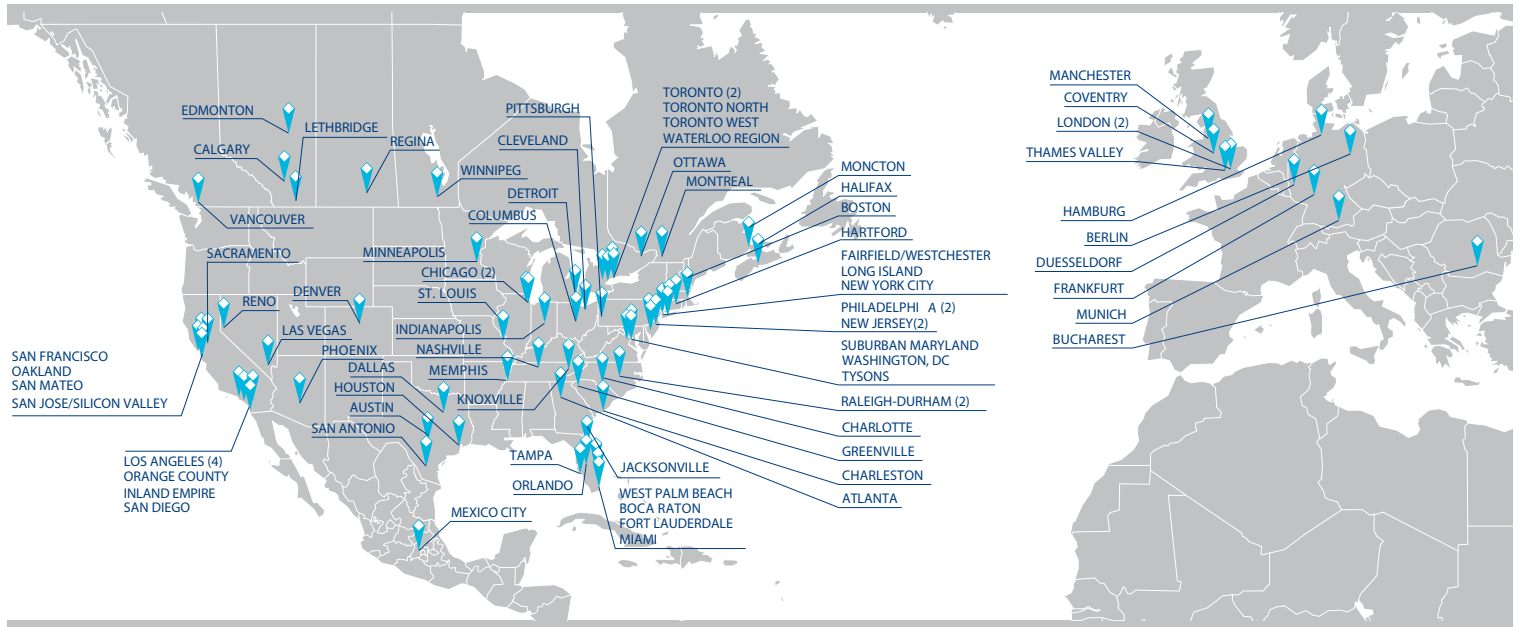
Industrial Markets	Total Market including owner occupied space			Leased Market				
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Costa Mesa	8,020,109	6.50%	0	6,571,578	7.80%	7.90%	14,299	\$1.07
Fountain Valley	3,433,551	0.90%	0	2,601,514	1.30%	1.30%	7,054	\$0.92
Irvine	14,169,783	2.80%	0	10,043,978	3.60%	3.60%	-179,834	\$0.95
Newport Beach	477,134	0.00%	0	425,234	0.00%	0.00%	0	\$2.13
Santa Ana	22,025,789	2.90%	0	16,372,800	3.80%	3.80%	15,016	\$0.86
Tustin	6,505,282	5.00%	0	5,038,598	4.00%	4.80%	-23,200	\$0.79
Airport Area	54,631,648	3.50%	0	41,053,702	4.20%	4.30%	-166,665	\$0.88
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Anaheim	36,229,520	1.40%	0	26,465,032	1.70%	1.70%	-60,307	\$1.06
Brea/La Habra	13,336,676	1.10%	0	6,505,782	2.20%	2.30%	128,463	\$0.79
Buena Park	13,141,440	0.40%	0	8,880,564	0.50%	0.50%	227,696	\$0.81
Fullerton	17,520,161	0.60%	934,754	12,811,019	0.70%	0.80%	167,987	\$0.74
Orange	9,3	1.50%	0	6,151,804	1.80%	1.80%	-52,093	\$0.81
Placentia/Yorba Linda	4,523,445	1.00%	0	3,265,532	1.20%	1.40%	36,353	\$0.77
North County	94,125,566	1.10%	934,754	64,079,733	1.40%	1.40%	448,099	\$0.84
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Aliso Viejo/Laguna Hills	2,624,244	0.90%	0	1,901,731	1.20%	1.20%	13,178	\$1.41
Dana Point/San Clemente/SJC	2,908,217	1.20%	0	2,368,530	1.40%	1.40%	5,198	\$1.11
Foothill Ranch/Lake Forest/RSM	9,490,869	1.50%	0	6,247,214	1.80%	2.00%	42,111	\$0.91
Irvine Spectrum	17,436,666	3.90%	0	12,010,359	4.00%	5.60%	31,416	\$1.33
Laguna Beach/Laguna Niguel	346,875	1.50%	0	224,561	2.30%	2.30%	0	-
Mission Viejo	735,243	1.90%	0	383,157	3.60%	3.60%	-1,377	\$1.23
South County	33,542,114	2.70%	0	23,135,552	2.90%	3.80%	90,526	\$1.15
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Cypress	6,126,146	2.50%	0	5,286,164	2.50%	2.90%	-10,143	\$0.94
Garden Grove	10,379,650	2.50%	0	7,297,835	3.50%	3.50%	36,421	\$0.75
Huntington Beach	10,744,904	3.40%	0	6,173,731	5.40%	5.40%	80,165	\$0.77
La Palma	1,859,005	7.40%	0	1,192,947	4.80%	4.80%	73,298	-
Los Alamitos/Stanton	2,912,329	0.40%	0	2,394,291	0.50%	0.50%	8,964	\$0.85
Seal Beach	986,466	0.00%	0	773,812	0.00%	0.00%	0	-
Westminster	1,817,722	0.20%	0	1,773,722	0.20%	0.20%	1,620	\$1.00
West County	34,826,222	2.60%	0	24,892,502	3.20%	3.30%	190,325	\$0.80
Orange County Total	217,125,550	2.20%	934,754	153,161,489	2.70%	2.90%	562,285	\$0.92

# A Growing, Multinational Presence

## Avison Young at a Glance

Founded: **1978**  
Total Real Estate Professionals: **2,600**  
Offices: **84**  
Brokerage Professionals: **1,100**  
Property Under Management: **100 million sf**

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,600 real estate professionals in 84 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.



### Contact Information - Southern California, United States

#### Los Angeles - Downtown

555 S Flower St, Ste 3200  
Los Angeles, CA 90071  
Primary Contact: Ted Simpson  
ted.simpson@avisonyoung.com  
213.935.7430

#### Los Angeles - North

6711 Forest Lawn Dr  
Los Angeles, CA 90068  
Primary Contact: Mark Evanoff  
mark.evanoff@avisonyoung.com  
323.851.6666

#### Los Angeles - Santa Monica

301 Arizona Ave, Ste 303  
Santa Monica, CA 90401  
Primary Contact: Randy Starr  
randy.starr@avisonyoung.com  
310.899.1800

#### Los Angeles - West

10940 Wilshire Blvd, Ste 800  
Los Angeles, CA 90024  
Primary Contact: Jonathan Larsen  
jonathan.larsen@avisonyoung.com  
213.471.1069

#### Inland Empire - Temecula

27555 Ynez Rd, Suite 204  
Temecula, CA 92590  
Primary Contact: Stan Nowak  
stan.nowak@avisonyoung.com  
951.267.2770

#### San Diego - UTC

4655 Executive Dr, Ste 325  
San Diego, CA 92121  
Primary Contact: Jerry Keeney  
jerry.keeney@avisonyoung.com  
858.201.7077

#### Orange County - Irvine

2030 Main St, Ste 150  
Irvine, CA 92614  
Primary Contact: Keith Kropfl  
keith.kropfl@avisonyoung.com  
949.757.1190

#### Regional Managing Director:

Chris Cooper - Corporate  
555 S Flower St, Ste 3200  
Los Angeles, CA 90071  
chris.cooper@avisonyoung.com  
213.935.7435

#### Report Prepared By:

Amber Jagers - Research Manager  
4655 Executive Dr, Ste 325  
San Diego, CA 92121  
amber.jagers@avisonyoung.com  
858.201.7072



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