

# Orange County



## Quick Stats

**14.5%**

Orange County  
Unemployment Rate  
as of May 2020

**(73,457) SF**

Negative Net Absorption  
Current Quarter

Positive 154K SF  
Past 12 Months

**10.5%**

Total Vacancy Rate Unchanged  
from Q1 2020

**1.4M SF**

Under Construction  
Current Quarter

**\$2.82 PSF**

Asking Rental Rate  
Weighted Average

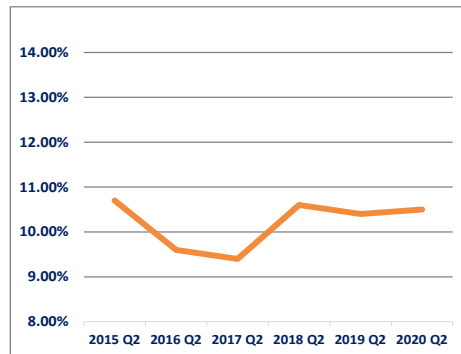
Orange County began this year with unemployment at 2.9%. The latest data available from the Bureau of Labor Statistics indicates unemployment was 14.5% in May, which is up from 13.8% in April. The business impact of Covid-19 continues to unfold. However, despite the significant rise in unemployment, Orange County has not suffered as severely as neighboring Los Angeles. Although we expect Orange County office vacancies to rise in 2021, the market will continue to be a thriving hub for financial services, information technology, logistics, and healthcare due to its ideal geography and ability to attract a talented workforce.

Orange County has not experienced a sudden increase in sublease space activity, indicative of companies giving back office space. This is in contrast with Los Angeles, which has witnessed a dramatic increase and rising amount of sublease space availability. Alternatively, Orange County sublease availability is near its historical average and not out of its norm with total availability decreasing. Some Orange County technology companies are even considering expanding in order to adopt more post Covid-19 work friendly environments incorporating expansive social distancing room and lower density of employees.

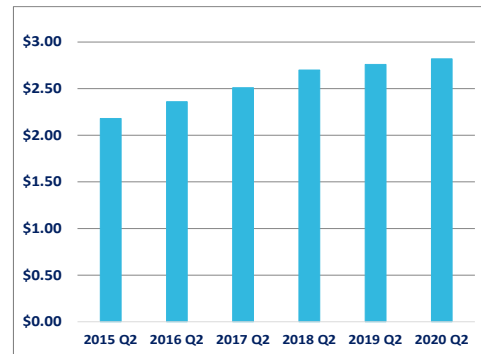
Although there is a good deal of construction underway, at 1.4M SF, there are still submarkets experiencing rental rate increases. Larger submarkets with the highest rental growth have been Costa Mesa and Anaheim. Some rent losses have occurred in the most expensive submarkets, but these losses have been negligible and not significant. Submarkets with negative rental growth have been Irvine, Newport Beach, Laguna Beach and Laguna Nigel.

Demand for space in medical office buildings remains strong. Despite advances in telemedicine, certain treatments can only happen in-person, like oncological procedures. One of the region's largest second quarter sale transactions in Irvine, at 15161 Alton Pkwy, was cancer care related. City of Hope, a top-ranking cancer hospital in California, purchased the office building and an 8-acre parcel of adjacent land for future growth. In time, this office building with no medical uses currently is planned to be entirely converted to medical office space. A hospital, dedicated to treating and curing cancer, is scheduled to be built on site as well, with an expected delivery of 2025. Medical office buildings providing clinical, oncological, ambulatory, surgical, and imaging in OC are in demand.

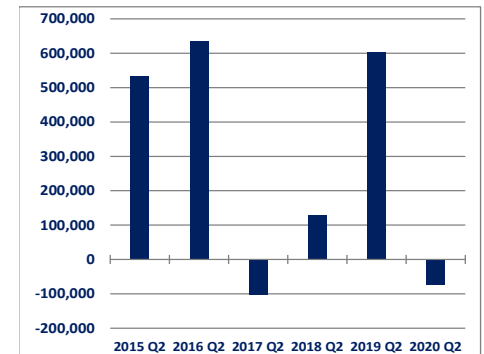
## Vacancy Rent



## Asking Rate



## Net Absorption



## Top Leases

Tenant	Type	Address	Submarket	SF
Panasonic Avionics	New	3337, 3345, 3347, 3351 Michelson Dr, Irvine	Airport Area	230,228
Happy Money	New	1375 Sunflower Ave, Costa Mesa	Airport Area	90,000
Ambry Genetics	New	1 Enterprise, Aliso Viejo	South County	50,000
LoanMe	New	1900 S State College Blvd, Anaheim	North County	42,493
Owning Corporation	New	1 City Blvd W, Orange	Central County	39,894

## Top Sales

Address	Buyer	Seller	Price	SF	P/SF (\$)
15161 Alton Pkwy, Irvine	City of Hope	Rockpoint Group	\$89,280,000	189,000	\$472
26650, 26600, 26700 Aliso Viejo Pkwy, Aliso Viejo	IRA Capital	CrossHARbor Capital Partners	\$73,500,000	165,028	\$445
26521, 26541, 26561 Rancho Pkwy S, Lake Forest	Menlo Equities	EverWest Real Estate Investors	\$38,820,000	155,665	\$249
2212-2214 East 4th St, Santa Ana	IRA Capital	St. Joseph Health System	\$38,400,000	56,000	\$686
441 Old Newport Blvd, Newport Beach	Newport Care Medical Group	Barry Beitler	\$8,690,000	14,934	\$582

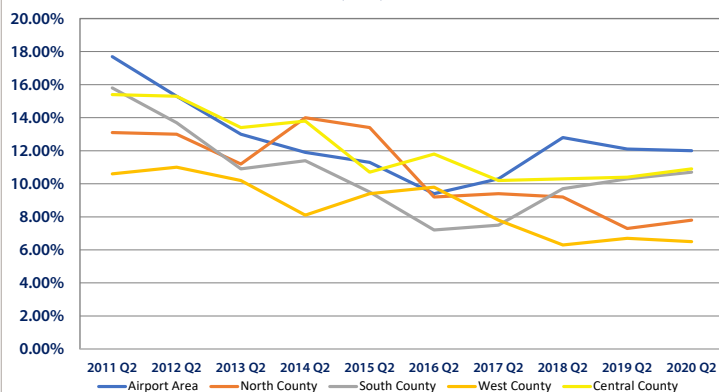
## Under Construction

Address	Developer	SF	Completion
The Press, 1375 Sunflower Dr, Costa Mesa	SteelWave, Inc.	380,856	Q3 2020
Spectrum Terrace, Phase 2, Irvine Spectrum	Irvine Company	344,625	Q4 2020
15332 Newport Avenue, Tustin	Schools First Federal Credit Union	180,000	Q1 2021
Vans HQ Expansion, 1588 S Coast Dr, Costa Mesa	VF Outdoor	91,032	Q1 2021
The Source H20, Irvine Spectrum	KPRS Construction Services	69,968	Q3 2020

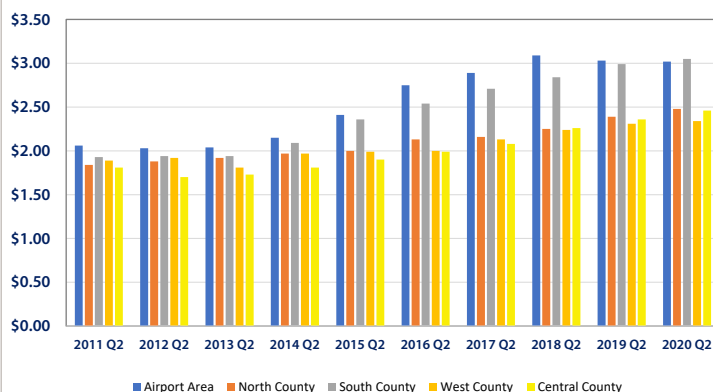
## Orange County By The Numbers

	VACANCY				NET ABSORPTION		AVG. ADVERTISED RATES (FSG)			CONSTRUCTION PIPELINE		
	Q2 2020 Inventory (SF)	Q2 2020 Vacancy (SF)	Q2 2020 Vacancy (%)	Q1 2020 Vacancy (%)	Current Quarter Absorption	12 Month Total Absorption	Q2 2020 Rental Rates	Q1 2020 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries	YTD Deliveries	Under Construction Qtr-End
<b>AIRPORT AREA</b>												
Class A	24,541,276	3,417,701	13.9%	13.7%	-65,059	165,431	\$3.36	\$3.24	4%	0	0	91,032
Class B	19,161,415	1,853,272	9.7%	9.2%	-88,407	-106,980	\$2.89	\$2.92	-1%	0	29,991	380,856
Class C	1,201,966	32,006	2.7%	2.2%	-5,028	9,885	\$2.70	\$2.65	2%	0	0	0
Total	44,904,657	5,302,979	11.8%	11.5%	-158,494	68,336	\$3.03	\$3.00	1%	0	29,991	471,888
<b>NORTH COUNTY</b>												
Class A	2,146,002	196,637	9.2%	8.4%	-15,371	111	\$2.66	\$2.68	-1%	0	0	0
Class B	8,232,283	616,267	7.5%	7.0%	-43,778	-50,311	\$2.48	\$2.48	0%	0	0	0
Class C	454,346	28,430	6.3%	6.1%	-498	-4,875	\$2.00	\$2.00	0%	0	0	0
Total	10,832,631	841,334	7.8%	7.2%	-59,647	-55,075	\$2.48	\$2.49	0%	0	0	0
<b>SOUTH COUNTY</b>												
Class A	10,594,063	1,450,268	13.7%	14.3%	65,350	588,119	\$3.45	\$3.48	-1%	0	0	364,449
Class B	18,121,089	1,652,346	9.1%	9.5%	63,034	-258,792	\$2.89	\$2.88	0%	0	0	347,766
Class C	663,682	39,067	5.8%	5.6%	-1,363	-21,517	\$2.30	\$2.39	-4%	0	0	0
Total	29,378,834	3,141,681	10.7%	11.1%	127,021	307,810	\$3.05	\$3.05	0%	0	0	712,215
<b>WEST COUNTY</b>												
Class A	1,724,188	214,333	12.4%	12.2%	-3,900	-63,692	\$2.47	\$2.46	0%	0	0	0
Class B	7,704,066	500,443	6.5%	7.8%	99,913	74,686	\$2.31	\$2.25	3%	0	0	0
Class C	1,654,711	4,872	0.3%	0.3%	-297	-14,796	\$2.24	\$2.08	8%	0	0	0
Total	11,082,965	719,648	6.5%	7.4%	95,716	-3,802	\$2.34	\$2.29	2%	0	0	0
<b>CENTRAL COUNTY</b>												
Class A	10,491,132	1,505,628	14.4%	13.9%	-44,229	-118,879	\$2.80	\$2.82	-1%	0	0	0
Class B	19,714,819	1,999,358	10.1%	10.0%	-29,113	-59,909	\$2.36	\$2.32	2%	0	0	180,000
Class C	3,581,317	193,095	5.4%	5.3%	-4,711	15,479	\$1.89	\$1.88	1%	0	0	0
Total	33,787,268	3,698,081	10.9%	10.7%	-78,053	-163,309	\$2.46	\$2.44	1%	0	0	180,000
<b>ORANGE COUNTY MARKET</b>												
Class A	49,496,661	6,784,567	13.7%	13.6%	-63,209	571,090	\$3.18	\$3.14	1%	0	0	455,481
Class B	72,933,672	6,621,686	9.1%	9.1%	1,649	-401,306	\$2.70	\$2.67	1%	0	29,991	908,622
Class C	7,556,022	297,470	3.9%	3.8%	-11,897	-15,824	\$2.17	\$2.18	0%	0	0	0
Total	129,986,355	13,703,723	10.5%	10.5%	-73,457	153,960	\$2.82	\$2.78	1%	0	29,991	1,364,103

Vacancy by Region



Rental Rate by Region



## Orange County By The Numbers

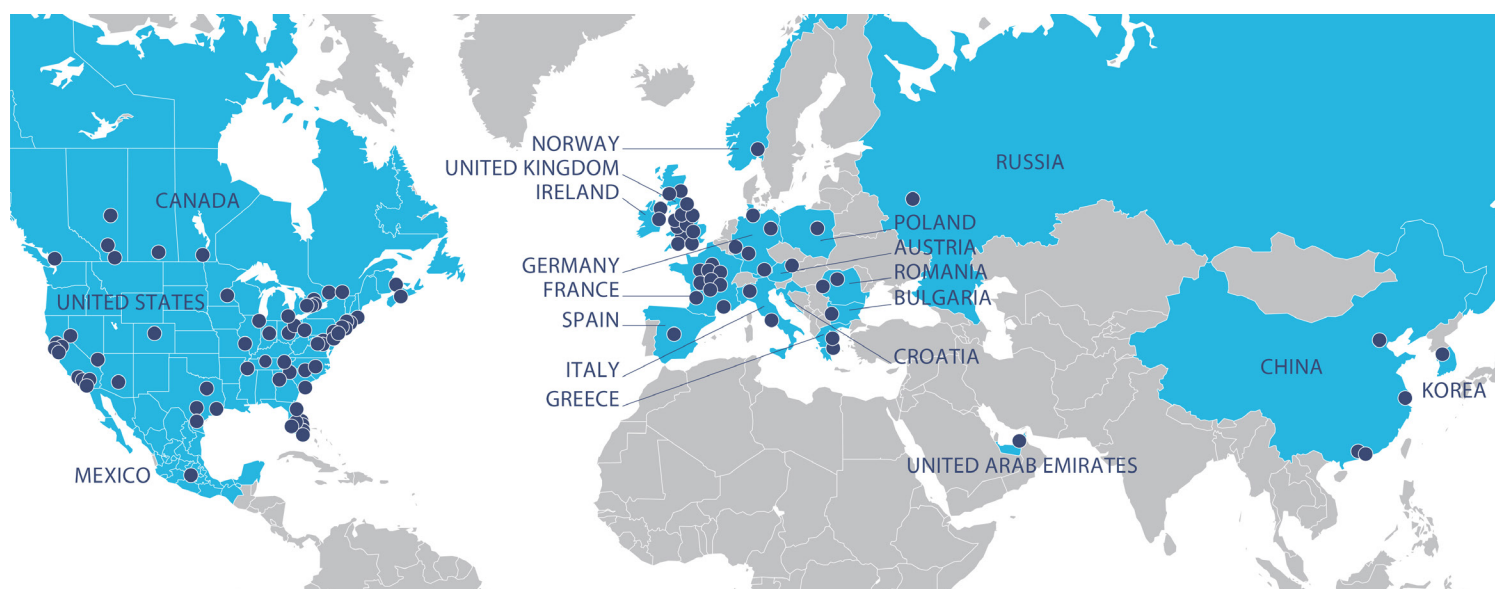
	VACANCY				NET ABSORPTION		AVG. ADVERTISED RATES (FSG)		
	Q2 2020 Inventory (SF)	Q2 2020 Vacancy (SF)	Q2 2020 Vacancy (%)	Q1 2020 Vacancy (%)	Current Quarter Absorption	12 Month Total Absorption	Q2 2020 Rental Rates FSG	Q1 2020 Rental Rates FSG	Qtr/Qtr Change (%)
<b>AIRPORT AREA</b>									
Costa Mesa	7,634,972	994,542	13.0%	12.6%	-33,912	-70,592	\$3.15	\$2.85	11%
Irvine	26,294,083	3,366,161	12.8%	12.4%	-100,675	151,378	\$2.89	\$2.94	-2%
Newport Beach	10,975,602	942,276	8.6%	8.4%	-23,907	-12,450	\$3.26	\$3.28	-1%
Airport Area TOTAL	44,904,657	5,302,979	12.0%	11.6%	-158,494	68,336	\$3.02	\$2.99	1%
<b>NORTH COUNTY</b>									
Anaheim Hills	1,245,939	173,000	13.9%	10.3%	-44,239	-90,353	\$2.05	\$2.27	-10%
Brea/La Habra	4,451,247	252,045	5.7%	5.6%	-780	1,305	\$2.53	\$2.47	2%
Buena Park/La Palma	1,958,671	185,605	9.5%	8.8%	-12,583	6,966	\$2.22	\$2.28	-3%
Fullerton	2,553,329	136,791	5.4%	5.5%	3,412	9,255	\$2.63	\$2.70	-3%
Placentia/Yorba Linda	623,445	93,893	15.1%	14.2%	-5,457	17,752	\$3.08	\$2.79	10%
North County TOTAL	10,832,631	841,334	7.8%	7.2%	-59,647	-55,075	\$2.48	\$2.49	0%
<b>SOUTH COUNTY</b>									
Aliso Viejo/Laguna Hills	5,586,678	859,276	15.4%	16.0%	35,059	40,785	\$3.01	\$3.00	0%
Dana Point/San Clemente/SJC	2,194,365	118,384	5.4%	5.5%	3,207	9,884	\$2.41	\$2.39	1%
Foothill Ranch/Lake Forest/RSM	3,429,531	330,866	9.6%	9.3%	-11,424	-106,942	\$2.40	\$2.42	-1%
Irvine Spectrum	13,991,640	1,450,471	10.4%	11.0%	81,913	376,183	\$3.27	\$3.28	0%
Laguna Beach/Laguna Niguel	2,011,080	101,192	5.0%	4.9%	-1,816	-12,537	\$2.60	\$2.70	-4%
Mission Viejo	2,165,540	281,492	13.0%	13.9%	20,082	437	\$2.66	\$2.67	0%
South County TOTAL	29,378,834	3,141,681	10.7%	11.1%	127,021	307,810	\$3.05	\$3.05	0%
<b>WEST COUNTY</b>									
Cypress	1,956,330	187,169	9.6%	6.9%	-51,382	-19,324	\$2.31	\$2.28	1%
Fountain Valley	2,078,731	95,849	4.6%	4.5%	-3,228	-27,469	\$1.95	\$1.88	4%
Garden Grove	1,633,296	80,418	4.9%	4.8%	-1,336	-36,295	\$1.94	\$1.85	5%
Huntington Beach	3,360,080	262,259	7.8%	7.5%	-8,967	-56,423	\$2.36	\$2.34	1%
Los Alamitos/Stanton	959,078	42,902	4.5%	19.5%	143,679	156,044	\$2.15	\$2.03	6%
Seal Beach	506,012	38,602	7.6%	11.0%	16,950	-12,737	\$3.42	\$3.42	0%
Westminster	589,438	12,449	2.1%	2.1%	-	-7,598	\$2.40	\$2.56	-6%
West County TOTAL	11,082,965	719,648	6.5%	7.4%	95,716	-3,802	\$2.34	\$2.29	2%
<b>CENTRAL COUNTY</b>									
Anaheim	8,968,176	772,328	8.6%	8.7%	8,373	-7,786	\$2.51	\$2.39	5%
Orange	4,460,136	426,300	9.6%	9.8%	11,852	61,600	\$2.70	\$2.64	2%
Santa Ana	14,450,703	1,884,259	13.0%	12.6%	-67,216	-236,643	\$2.35	\$2.42	-3%
Tustin	5,908,253	615,194	10.4%	9.9%	-31,062	19,520	\$2.38	\$2.35	1%
Central County TOTAL	33,787,268	3,698,081	10.9%	10.9%	-78,053	-163,309	\$2.46	\$2.44	1%
<b>ORANGE COUNTY</b>									
TOTAL OFFICE	129,986,355	13,703,723	10.5%	10.5%	-73,457	153,960	\$2.82	\$2.78	1%

# A Growing, Multinational Presence

## Avison Young at a Glance

Founded:	<b>1978</b>
Total Real Estate Professionals:	<b>5,000</b>
Offices:	<b>120</b>
Countries:	<b>20</b>
Brokerage Professionals:	<b>1,600+</b>
Property Under Management:	<b>290 million sf</b>

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, with legacies dating back more than 200 years, the company comprises approximately 5,000 real estate professionals in 120 offices in 20 countries. The firm's experts provide value-added, client-centric investment sales, leasing, advisory, management and financing services to clients across the office, retail, industrial, multi-family and hospitality sectors.



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