

Orange County

Office market snapshot

Q3 2023

New developments have attracted incoming tenants, but overall occupancy levels continue to fall as occupiers relinquish underutilized space. Market vacancy has increased from 9.6% in 2019, to 13.4% currently, close to the national average of 13.4%, and trending roughly 150 basis points below vacancy in neighboring markets.

-81k sf

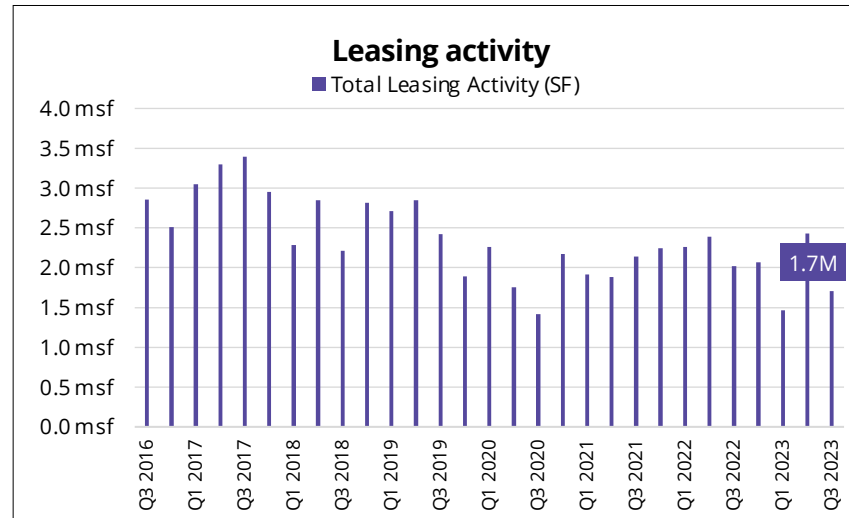
Tenant movement has shown signs of improvement with just over 81k sf of negative net absorption, when compared to -157k sf in 2Q 2023.

\$33.29

Asking rents remain stable as landlords continue to offer generous concessions packages in lieu of decreasing rents.

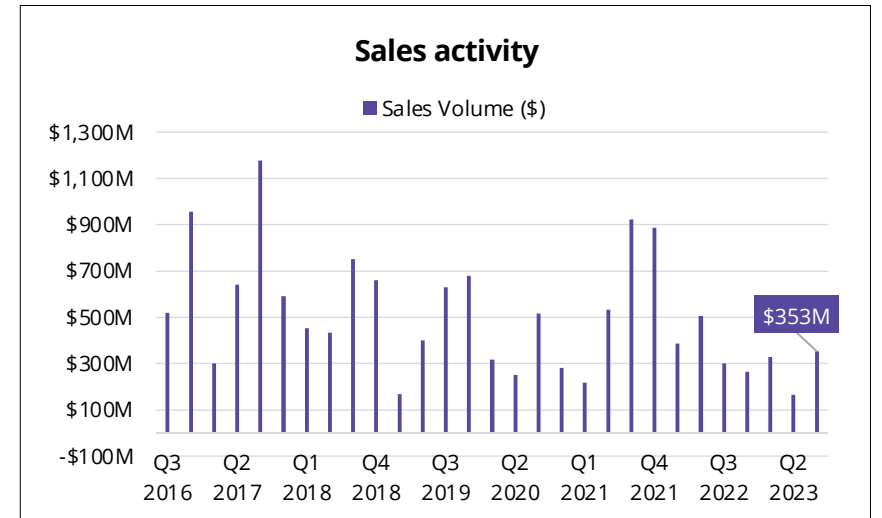
4.1%

Sublet availabilities have decreased, falling 30 basis points from the prior quarter.



Leasing activity in Q3 dropped off slightly but remained stable when compared to activity in previous quarters. 1.7M square feet was leased in Q3 compared to 2.4M in Q2, and 1.4M in Q1.

Note 1:
Note 2:
Source: Costar, AVANT by Avison Young

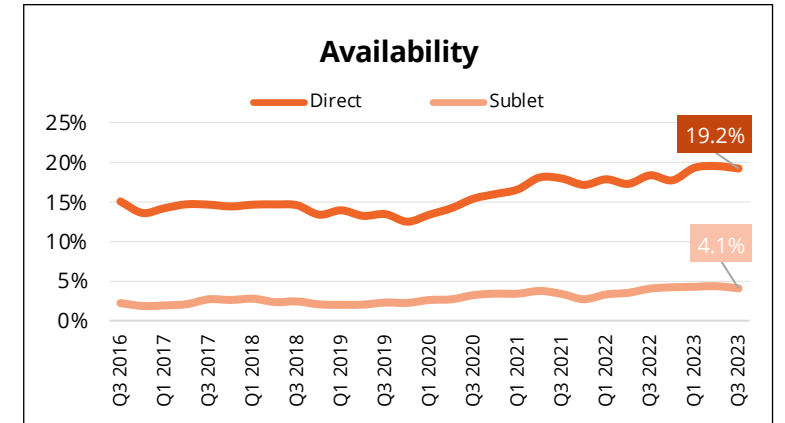
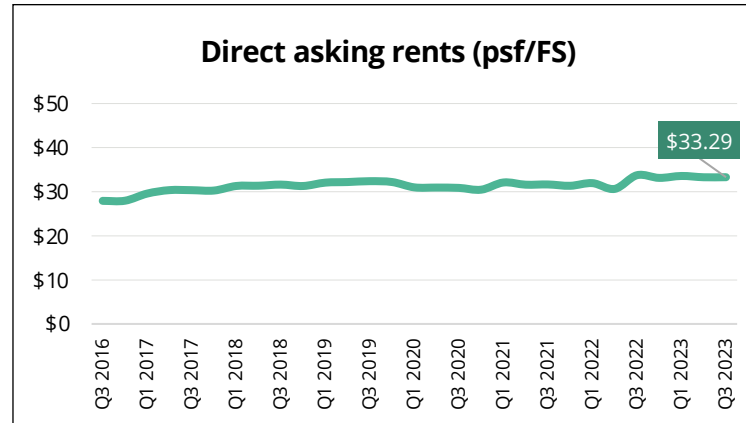
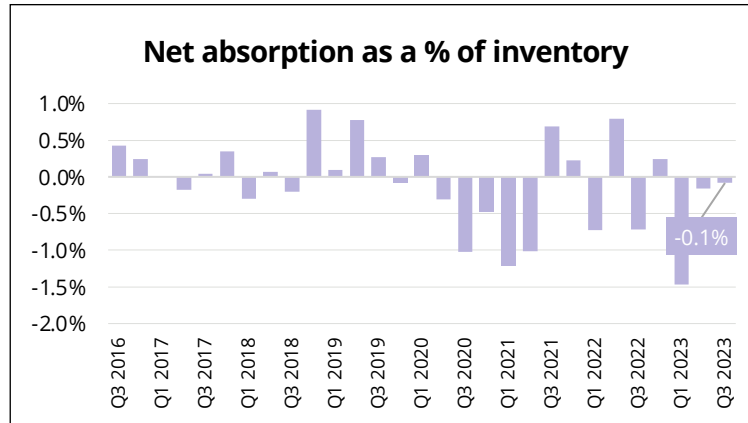


Sales activity picked up in Q3 totaling to \$353M, more than twice as much as Q2. Diamond Development Group acquired two adjacent buildings, at the Raytheon Campus, totaling over 400,000 SF for \$76.5M, or \$190 per square foot

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Undisclosed	3220 El Camino Real	62,850	Direct	Sublease
Boot Barn	17100 Laguna Canyon Rd	59,803	Direct	Sublease
Undisclosed	25510 Commercentre Dr	36,291	Direct	New
Undisclosed	15253 Bake Pky	62,501	Direct	sublease

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Diamond Development Group	1801 Hughes Dr Bldg 2	\$39,357,365	\$190	Oaktree Capital Management
Joe C Wen	7755 Center Ave	\$22,710,510	\$114	Pendulum Property Partners
Diamond Development Group	1801 Hughes Dr Bldg 1	\$37,142,635	\$187	Oaktree Capital Management
MGR Real Estate	3070 Bristol St	\$23,270,853	\$178	EQ Office

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Airport Area	51,154,878	0	0	21.0%	4.0%	25.0%	6.4%	0.7%	(1.7%)	\$34.25
Central County	16,458,674	0	0	15.6%	3.4%	19.0%	4.3%	(1.4%)	1.7%	\$25.68
North County	6,702,356	0	0	14.3%	2.1%	16.4%	19.8%	(1.1%)	(2.3%)	\$27.56
South County	19,306,567	258,395	0	18.4%	5.6%	24.0%	3.7%	(0.5%)	(2.5%)	\$29.88
West County	4,347,403	0	0	12.7%	1.6%	14.3%	9.4%	(0.5%)	(2.3%)	\$28.81
Market total	97,969,878	258,395	0	19.2%	4.1%	23.3%	8.7%	(0.08%)	(1.71%)	\$33.29

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Trophy	2,304,757	0	0	10.1%	5.1%	15.2%	11.8%	(0.52%)	1.66%	\$39.15
Class A	43,290,397	0	0	24.9%	5.4%	29.8%	5.6%	(0.16%)	(2.86%)	\$37.11
Class B	48,347,901	258,395	0	15.6%	3.1%	18.7%	2.7%	(0.11%)	(1.02%)	\$31.84
Class C	4,026,823	0	0	7.5%	1.5%	9%	1.1%	0.17%	(0.83%)	\$24.13
Market total	97,969,878	258,395	0	19.2%	4.1%	23.3%	8.7%	(0.08%)	(1.71%)	\$33.29

Note 1:
Note 2:
Source: