

# ORANGE COUNTY INDUSTRIAL MARKET

## Q4 2023

### ECONOMIC SNAPSHOT FOR ORANGE COUNTY

UNEMPLOYMENT RATE 3.7%  
INFLATION RATE 2.8%

### INDUSTRIAL SNAPSHOT

YTD NET ABSORPTION SF 510,859  
VACANCY RATE 3.0%  
UNDER CONSTRUCTION SF 1,665,576  
SUBLEASE VACANT SF 2,484,205  
DIRECT ASKING RATE \$1.72/SF NNN

## Orange County's Market Fundamentals Remain Strong as Port Volume Increases

Orange County had positive 510,859 SF of net absorption in Q4 as cargo volume increased by 24% year-over-year at the Port of Long Beach and by 19% at the Port of Los Angeles. Although, the overall vacancy rate increased by 10 basis points to 3.0% due to 903,417 SF of deliveries, a significant portion of which is unoccupied. Vacancy, at 3.0%, is the 2nd tightest market in the U.S. due to a lack of inventory, cheaper asking rents than Los Angeles, and closer proximity to major ports and airports than the Inland Empire.

Asking rents increased 8.7% year-over-year to \$1.72/SF NNN. The largest uptick was in West County, where asking rents surged by 12.9% to \$1.69/SF NNN. West County benefitted from multiple new Class A buildings delivering in Q4. Asking rents will continue to increase in Orange County as owners have significant leverage to raise rents in a market with limited supply and increased port volume.

As interest rates have stabilized over the past few months, buyers and sellers found a common ground on pricing. Sales volume increased to \$512 million in Q4, a 115% increase from Q3, and 8.6% above the 10-year average. The largest deal was at 1683 Sunflower Ave in Costa Mesa, which sold for \$72 million and \$80 per SF.

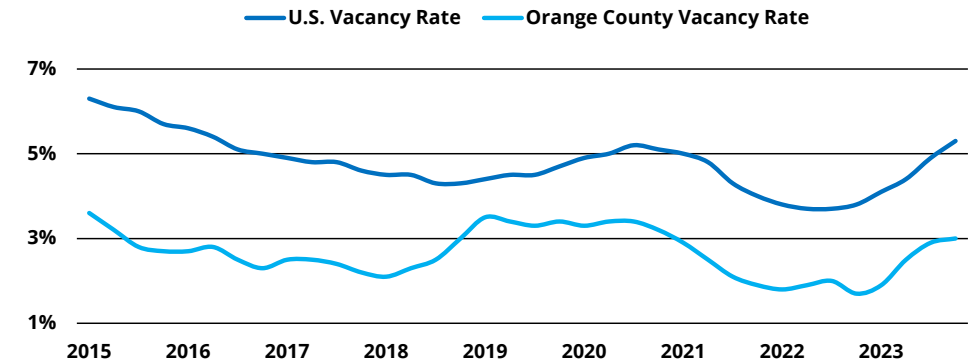
### Trendlines

	Q4 2022	Q4 2023	ONE-YR TREND	12-MONTH FORECAST
Unemployment Rate	2.9%	3.7%	↑	↓
Net Absorption (Thousands SF)	1.3	0.5	↓	↑
Overall Vacancy Rate	1.7%	3.0%	↑	↓
Overall Vacant SF (MSF)	4.2	7.7	↑	↓
Under Construction (MSF)	2.3	1.7	↓	↔
Asking Rent, All Service (PSF)	\$1.58	\$1.72	↑	↑
Sales Volume (Millions)	\$806	\$512	↓	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

## Overall Vacancy Rate

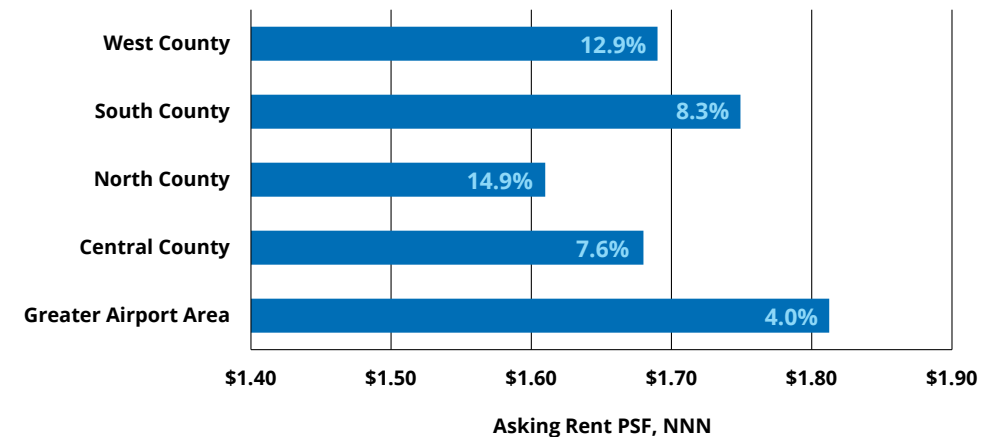
Orange County | Q4 2023



Source: Bureau of Labor Statistics, Transwestern

## Asking Rents by Submarket and YoY Growth

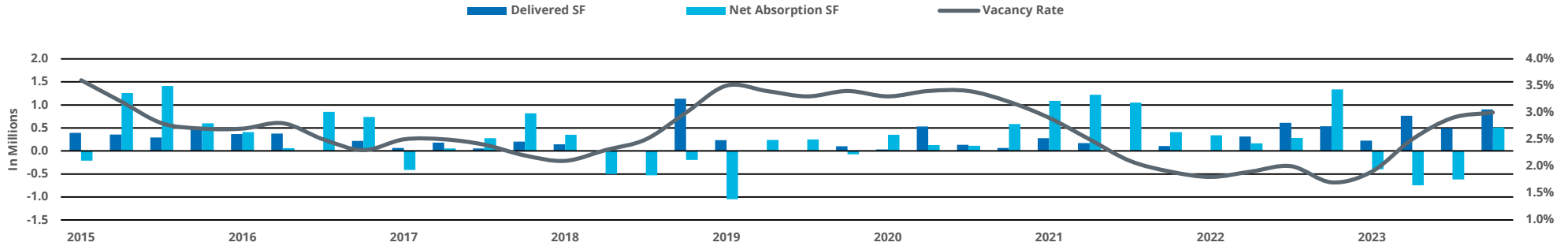
Orange County | Q4 2023



Source: Bureau of Labor Statistics, Transwestern



### Delivery Impact on Key Indicators



Source: CoStar, Transwestern

### Market Indicators Flex | Q4 2023

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Vacancy Rate	Under Construction SF	Net Absorption SF	Asking Rent PSF, All Service
Greater Airport Area	10,534,203	296,948	1.6%	2.9%	0	16,675	\$1.94
Central County	9,729,198	222,501	2.4%	2.3%	0	4,709	\$1.78
North County	10,934,772	368,355	3.2%	3.3%	0	(7,305)	\$1.38
South County	18,887,408	731,949	2.7%	4.2%	0	33,028	\$1.82
West County	9,138,957	311,860	3.4%	3.3%	0	(35,353)	\$1.43
<b>TOTAL</b>	<b>59,224,538</b>	<b>1,931,613</b>	<b>2.7%</b>	<b>3.2%</b>	<b>0</b>	<b>11,754</b>	<b>\$1.67</b>

Source: CoStar, Transwestern

### Market Indicators Logistics | Q4 2023

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Vacancy Rate	Under Construction SF	Net Absorption SF	Asking Rent PSF, All Service
Greater Airport Area	18,105,645	494,842	2.6%	3.7%	414,966	(192,562)	\$1.77
Central County	52,319,903	1,190,654	2.2%	2.3%	412,253	59,607	\$1.70
North County	83,434,904	1,573,206	1.7%	2.2%	600,858	653,576	\$1.78
South County	22,545,796	930,627	3.9%	2.2%	0	(417,990)	\$1.79
West County	37,691,585	1,514,072	3.8%	3.9%	237,499	396,474	\$1.79
<b>TOTAL</b>	<b>214,097,833</b>	<b>5,703,401</b>	<b>2.8%</b>	<b>2.9%</b>	<b>1,665,576</b>	<b>499,105</b>	<b>\$1.77</b>

Source: CoStar, Transwestern

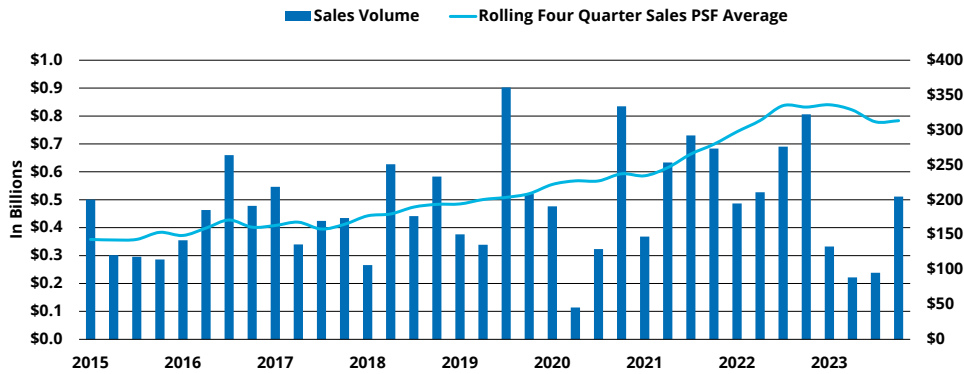


### Notable Sales

Address	Submarket	Sales Price	Building SF	Price PSF	Buyer	Seller
1683 Sunflower Ave	Airport Area	\$72,000,000	904,000	\$80	Garden Homes	Farmosa, LTD
5037-5065 E Hunter Ave	North County	\$31,000,000	85,000	\$365	Bisco Industries	Glen Ceiley
7050 Village Dr	North County	\$21,560,000	81,000	\$266	Buchanan Street Partners	TA Realty
15662-15682 Producer Ln	West County	\$20,000,000	57,000	\$351	Teacher Credited Materials	Delfin Design & Manufacturing
3323 Hyland Ave	Airport Area	\$19,080,000	50,770	\$376	Continental Realty Corporation	Rockwood Capital
3309 Hyland Ave	Airport Area	\$17,720,000	52,755	\$336	Continental Realty Corporation	Rockwood Capital

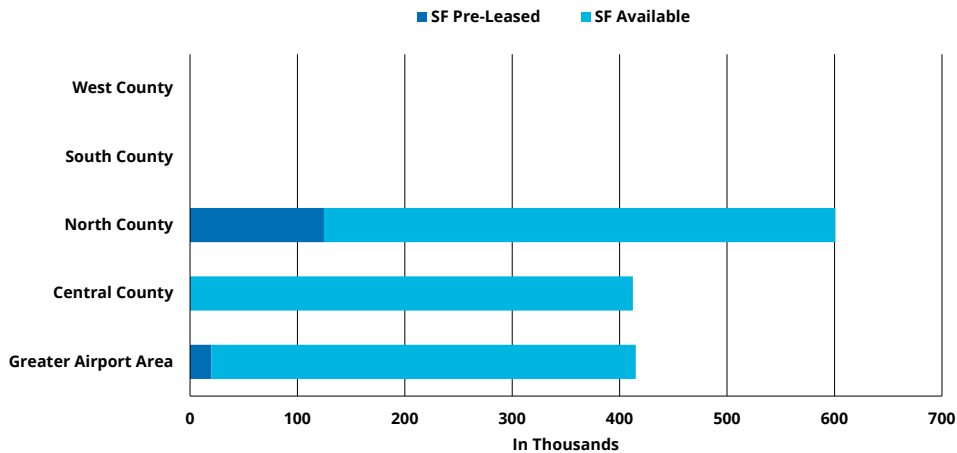
Source: CoStar, Transwestern

### Sales Volume



Source: CoStar, Real Capital Analytics, Transwestern

### Under Construction by Submarket



Source: CoStar, Transwestern

### Notable Leases

Tenant	Address	Submarket	Type	SF Leased
Home & Body Co.	5800 Skylab Rd	West County	Renewal	168,000
Mullen Automotive	1500 E Walnut Ave	North County	New	121,615
JEC Logistics	1683 Sunflower Ave	Airport Area	Sublease	113,000
Vestcom	6300 Katella Ave	West County	New	76,527
Nihon Kohden Digital Health	20081-20111 Ellipse	South County	New	72,500
Boeing	5951 Skylab Rd	West County	New	57,800

Source: CoStar, Transwestern

### RESEARCH METHODOLOGY

This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding government-owned buildings in Orange County.



#### FOR MORE INFORMATION

Carter Clemmensen

Research Analyst  
 carter.clemmensen@transwestern.com  
 (213) 258-4709

#### ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high-net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at [transwestern.com](https://transwestern.com) and @Transwestern.