



Office

Orange County

21Q3

Vacancy Rate
17.2%

YOY
↑
FORECAST
↓

Net Absorption
(473)K SF

YOY
↑
FORECAST
↓

Under Construction
679K SF

YOY
↓
FORECAST
↓

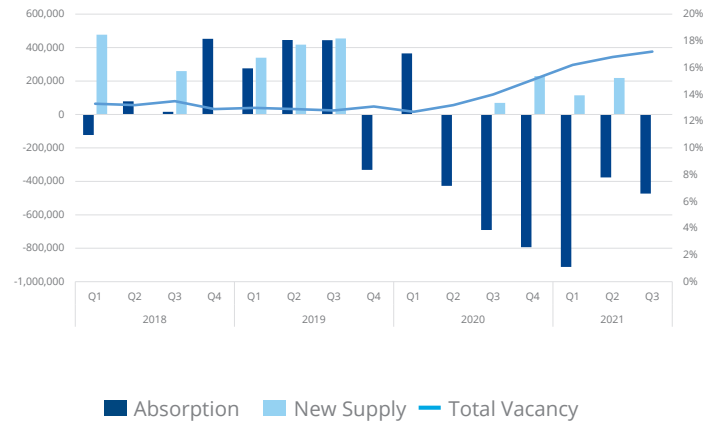
Overall Class A Asking Lease Rates (FSG)
\$3.05/SF

YOY
↓
FORECAST
↑

Orange County

- Orange County office vacancy continues to rise for the sixth consecutive quarter. It recorded at 17.2% this quarter, which is 40 basis points higher than previously.
- Over 60% of negative demand was in the Airport area, where more than 1M SF of occupancy was lost.
- West County showed a significant change in its average asking rent, closing at \$2.59, which is an increase of 10.2% since Q3 2020.
- Availability in the Airport area has reached 25%, which is the highest in the market. Availability in this area has not been this high since Q1 2011.
- Orange County had a few large leases this quarter. The largest of which was a 65,003-SF sublease in South County, occupied by a non-denominational Christian church, - Oceans Church.

Market Graph



Net absorption was negative for six consecutive quarters, with occupancy losses totaling over 3.6 M SF over this period.

Market Indicators



6.0%
Unemployment Rate



8.34%
GDP - Quarterly % Change YOY

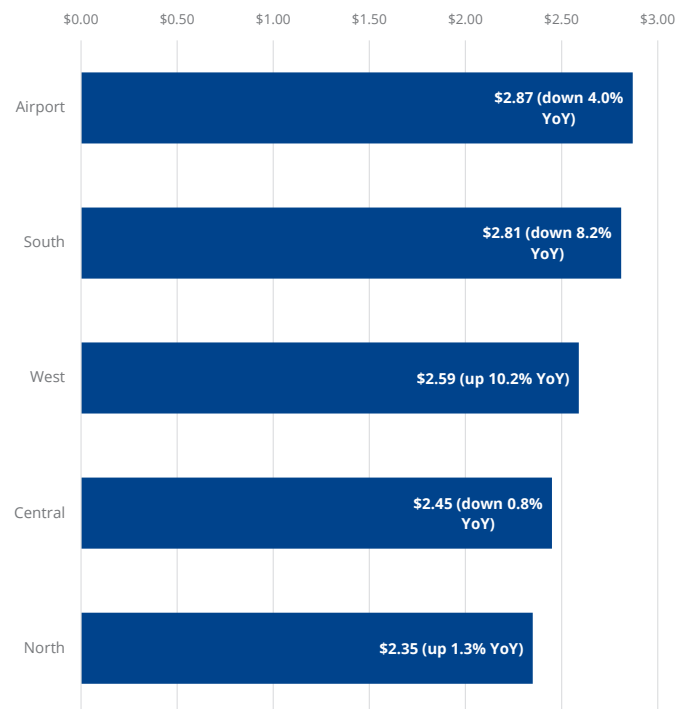


1.46%
U.S. 10-Year Treasury Note

Historical Comparison

	Q3 2020	Q2 2021	Q3 2021
Total Inventory (SF)	87,849,997	88,376,361	88,194,940
New Supply (SF)	69,647	218,513	0
Net Absorption (SF)	(691,224)	(376,090)	(473,078)
Overall Vacancy	14.0%	16.8%	17.2%
Under Construction (SF)	1,011,665	679,618	679,702
Overall Asking Lease Rates (FSG)	\$2.82	\$2.71	\$2.72

Average Asking Rate



Submarket	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Prior Qtr	Lease Activity Current	Lease Activity YTD	Net Absorption Current	Net Absorption YTD	Under Construction	Avg Asking Rate (All Classes)	Avg Asking Rate (Class A)
Airport	40,888,464	21.0%	4.0%	25.0%	18.9%	18.0%	890,133	2,757,063	(476,661)	(1,103,097)	449,206	\$2.87	\$3.21
Central	14,254,516	21.1%	1.8%	22.9%	16.2%	16.2%	216,716	541,935	(9,122)	(172,414)	0	\$2.45	\$2.71
North	7,875,704	8.3%	2.7%	11.0%	8.2%	9.0%	113,015	241,116	64,674	104,996	0	\$2.35	\$2.57
South	19,961,532	19.1%	3.8%	22.9%	18.4%	18.8%	611,949	1,389,179	69,498	(525,963)	230,496	\$2.81	\$3.10
West	5,214,724	16.8%	3.3%	20.2%	15.2%	12.8%	80,463	223,685	(121,467)	(64,828)	0	\$2.59	\$3.00
Total	88,194,940	19.2%	3.5%	22.6%	17.2%	16.8%	1,912,276	5,152,978	(473,078)	(1,761,306)	679,702	\$2.72	\$3.05

Leasing Activity

Address	Submarket	Tenant	Size (SF)	Type
15253 Bake Parkway	South / Irvine	Oceans Church	65,003	Sublease
14191 Myford Rd	Central / Tustin	Avid Bio Services	28,086	New
48 Discovery	South / Irvine	Midas Technologies	26,920	New
111 Theory Dr	Airport / Irvine	Bridge Diagnostics	26,897	New

Sales Activity

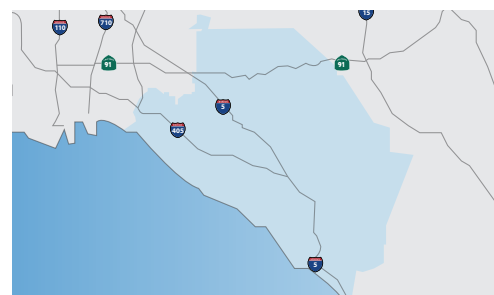
Address	Submarket	Buyer	Size (SF)	Sales Price / PSF
333 City Blvd W	Central / Orange	Opal Holdings	435,177	\$150,500,000 / \$345
1801 E Saint Andrew Pl	Airport / Santa Ana	Rexford Industrial Realty	370,374	\$105,300,000 / \$284
2 MacArthur Pl	Airport / Santa Ana	Boyd Watterson Asset Management	208,142	\$45,000,000 / \$216

Development Activity

Project	Submarket	Developer	Size (SF)	Completion Year
1375 Sunflower Drive / The Press	Airport / Costa Mesa	SteelWave	449,206	2022
17700 Laguna Canyon Road / Spectrum Terrace	South / Irvine	Irvine Company	115,206	2022
17800 Laguna Canyon Road / Spectrum Terrace	South / Irvine	Irvine Company	115,206	2022

Market Description

Orange County is a moderately large suburban office market comprised of 88.4M SF of office buildings 25,000 SF and greater in the Los Angeles Basin. Orange County is a relatively new and moderately dense market with 41% of its space in Class A buildings. Orange County is home to a broad mix of firms, including significant representation from the finance, insurance, telecommunications, high-tech, real estate, engineering and professional services sectors.



FOR MORE INFORMATION
 Matt Nelson
 Senior Research Director
 Greater Los Angeles
 +1 949 724 5519
 matt.nelson@colliers.com

Jodie Poirier
 Executive Managing Director
 Greater Los Angeles
 +1 213 532 3205
 jodie.poirier@colliers.com

Vincent Chang
 Research Manager
 Greater Los Angeles
 +1 213 532 3253
 vincent.chang@colliers.com

Copyright © 2021 Colliers International Greater Los Angeles, Inc. The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.