



Office

Orange County

21Q1

Vacancy Rate  
16.9%  
YOY ↑  
FORECAST

Net Absorption  
-1.2M SF  
YOY ↓  
FORECAST

Under Construction  
666K SF  
YOY ↓  
FORECAST

Overall Class A Asking Lease Rates (FSG)  
\$3.12/SF  
YOY ↑  
FORECAST

## Orange County

- Orange County office vacancy increased another 110 basis points over the quarter to 16.9%, a rate last recorded in 2012.
- Sublease availability rose to 3.7%, but is lower than the Greater Los Angeles rate of 4%.
- Net absorption was negative for the fourth consecutive quarter, with the most quarterly losses in Q1.
- Much of the occupancy losses in Q1 were in South County, where the average asking rate decreased by 8.6 year-over-year.
- Overall average asking rate in the county is down 2.8% year-over-year.
- Leasing activity reached 1.6 MSF, on par with the quarterly average of 2020.
- Anduril, a defense tech firm, pre-leased the entirety of the mixed-use development The Press, making it the largest lease on record in Orange County.

## Market Indicators



**6.8%**  
Unemployment Rate



**5.1%**  
GDP - Quarterly % Change YOY

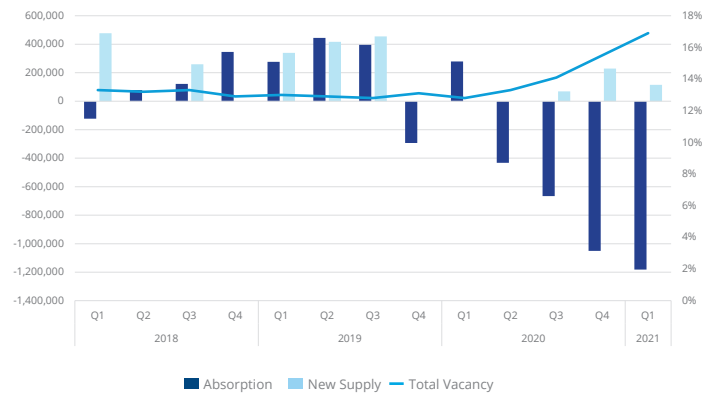


**0.93%**  
U.S. 10-Year Treasury Note

## Historical Comparison

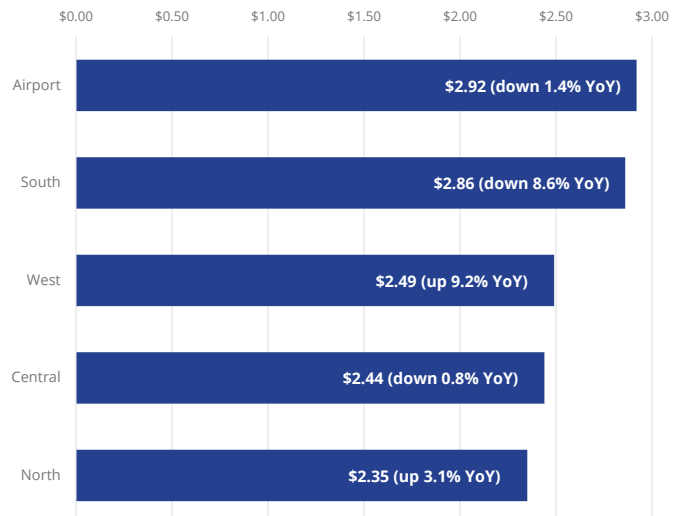
	Q1 2020	Q4 2020	Q1 2021
Total Inventory (SF)	87,868,281	88,068,438	88,183,042
New Supply (SF)	0	229,656	114,604
Net Absorption (SF)	279,146	(1,050,888)	(1,181,696)
Overall Vacancy	12.8%	15.5%	16.9%
Under Construction (SF)	1,080,623	781,320	666,716
Overall Asking Lease Rates (FSG)	\$2.82	\$2.79	\$2.74

## Market Graph



Net absorption was negative for four consecutive quarters, with occupancy losses totaling over 3.3 MSF over this time period.

## 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	41,040,379	19.1%	4.4%	23.6%	17.8%	17.0%	1,076,096	1,076,096	(308,154)	(308,154)	449,206	\$2.92	\$3.26
Central	14,316,187	19.0%	2.0%	21.1%	17.5%	14.9%	148,339	148,339	(364,095)	(364,095)	0	\$2.44	\$2.78
North	7,868,279	9.5%	1.8%	11.3%	8.9%	9.6%	45,010	45,010	49,860	49,860	0	\$2.35	\$2.58
South	19,708,283	20.2%	4.5%	24.7%	19.0%	15.4%	315,259	315,259	(608,771)	(608,771)	217,510	\$2.86	\$3.30
West	5,249,914	14.6%	1.7%	16.3%	12.9%	13.8%	68,056	68,056	49,464	49,464	0	\$2.49	\$2.97
<b>Total</b>	<b>88,183,042</b>	<b>18.3%</b>	<b>3.7%</b>	<b>21.9%</b>	<b>16.9%</b>	<b>15.5%</b>	<b>1,652,760</b>	<b>1,652,760</b>	<b>(1,181,696)</b>	<b>(1,181,696)</b>	<b>666,716</b>	<b>\$2.74</b>	<b>\$3.12</b>

## Leasing Activity

Address	Submarket	Tenant	Size (SF)	Type
1375 Sunflower Drive / The Press	Airport	Anduril	640,000	New
17600 Laguna Canyon Road / Spectrum Terrace	South	CoStar Group	114,780	New
100 Bayview Circle / 100 Bayview	Airport	Industrious	53,478	New
575 Anton Boulevard / The MET	Airport	California Pizza Kitchen	37,875	New
1600 E. Saint Andrews Pl / Pacific Center	Central	Collectors Universe	33,809	New

## Sales Activity

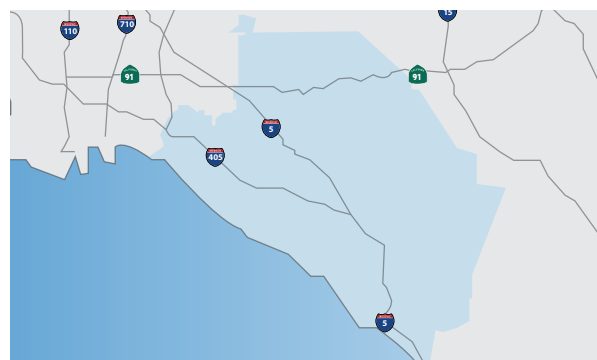
Project	Submarket	Developer	Size (SF)	Sales Price
15 & 25 Enterprise / Summit Office Campus	South	Harbor Associates	297,277	\$92,000,000

## Development Activity

Project	Submarket	Developer	Size (SF)	Completion Year
1375 Sunflower Drive / The Press	Airport	SteelWave	449,206	2021
110 & 140 Progress / Innovation Office Park	South	The Irvine Company	128,782	2021

## Market Description

Orange County is a moderately large suburban office market comprised of 88.2 MSF 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 service sectors.



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