

Orange County



Market Facts

3.6%

Orange County
Unemployment Rate
As Of Sept 2017

97,016 SF

Positive Net Absorption
Current Quarter

Negative -177,198 SF
Year-To-Date

2.2%

Total Vacancy Rate
Flat From 2.2% In Q2 2017

\$0.89 PSF

Asking Rental Rate
Weighted Average

Market Overview

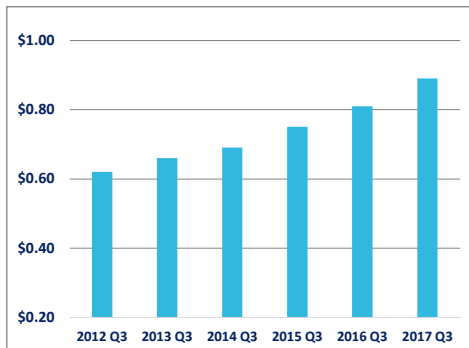
The Orange County industrial market remains one of the tightest in the U.S., as limited product reaches record occupancy levels. Slim vacancy rates have sent rental rates to a height not seen in a decade. Demand is driven by the high-tech industry, aerospace, manufacturing and distribution firms throughout the county. Major companies will continue to seek a presence in this geographically vital market, and the county's bustling economy boasts an unemployment rate of 3.6%.

Orange County's industrial vacancy rate for the third quarter of 2017 has stayed flat at 2.2%, remaining at a highly competitive level. Current construction pacing is not expected to have a major impact on vacancy or rents in the near term. There are two industrial projects currently under construction; one build-to-suit for Rosendin Electric, and the seven-building Beckman Business Center, with no current tenant commitments. One industrial building has completed construction during the third quarter; a 200,000 sf building for

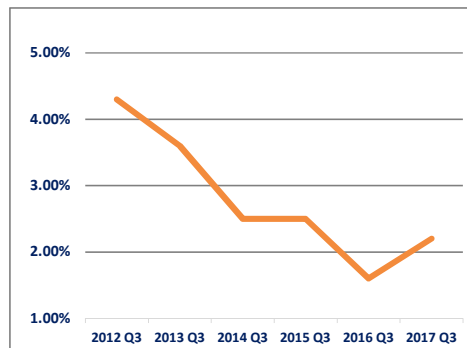
owner-occupier Jellco Container. Demands for creative office, residential and self-storage have outpaced proposals for industrial development, and led to the repurposing of many older industrial buildings. Industrial tenants seeking new space may expect a challenge as demand further outpaces supply. There is more than 740,000 sf of proposed industrial development on record in the county.

Total net absorption came in at positive 10,458 sf for the 12 month period through the third quarter of 2017, contracting from the prior 12 month period which recorded 2M sf. The third quarter of 2017 experienced a rental rates increase to \$0.89 psf, up from \$0.81 psf at the same time in the previous year. Rental rates have reached the levels achieved at the height of the market prior to the last recession. The year-over-year rental rate increases leading to this point, have been perpetuated by dwindling supply in a desirable market. With limited inventory coming on-line, rents have the capacity to grow further.

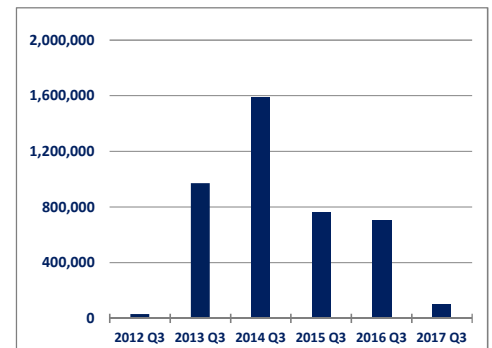
Asking Rent



Vacancy Rates



Net Absorption



Top Leases

Tenant	Type	Address	Submarket	SF
Amazon	New	6400 Valley View Street	Buena Park	238,270
Shaw Industries, Inc.	New	6550 Katella Avenue	Cypress	234,763
Priority One	New	14000 E 183rd Street	La Palma	131,000
Whynter	New	3300 E Birch Street	Brea	106,969
Flexport	New	6201 Knott Avenue	Buena Park	102,367

Top Sales

Address	Buyer	Seller	Price	SF	P/SF
3454 E Miraloma Avenue, Anaheim	DCT Industrial Trust, Inc.	TIAA-CREF Investment Management, LLC	\$56,620,000	300,000	\$189
500 W Warner Avenue, Santa Ana	LBA Realty	SEARS Holding Corporation	\$41,000,000	338,312	\$121
6280 Artesia Boulevard, Buena Park	Duke Realty Corporation	Greenlaw Partners	\$35,800,500	218,640	\$164
418-436 W 6th St & 320-694 S B St, Tustin	Taylor Morrison, Inc.	Shokrian Property Listings	\$30,230,000	170,724	\$177
12752-12822 Monarch St, Garden Grove	Penwood Real Estate	Colony Northstar, Inc.	\$27,000,000	276,585	\$98

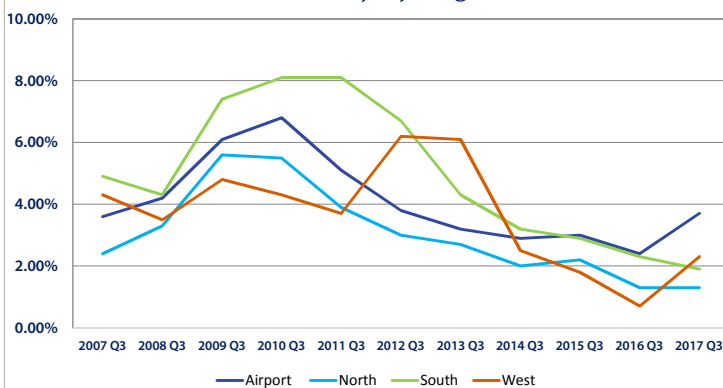
Under Construction

Address	Submarket	Developer	SF	Completion
Beckman Business Center	Fullerton	Western Realco	793,138	Q2 2018
1701 S Anaheim Way	Anaheim	Batcheller Equities	170,000	Q4 2017

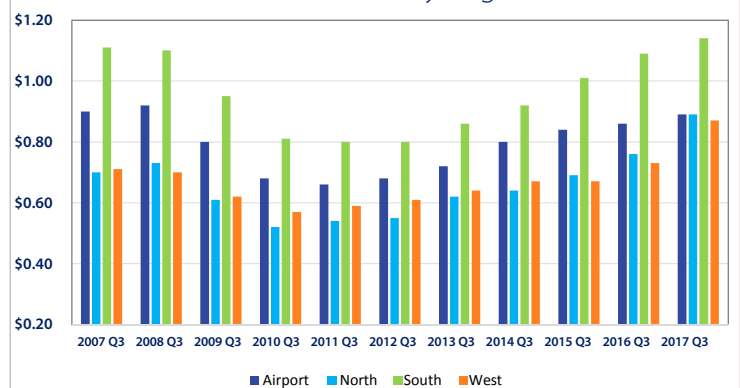
Orange County By The Numbers

Vacancy					Net Absorption		Avg. Advertised Rates (FS)			Construction Pipeline		
Q3 2017 Inventory (SF)	Q3 2017 Vacancy (SF)	Q3 2017 Vacancy (%)	Q2 2017 Vacancy (%)		Current Quarter Absorption	Year-To-Date Absorption	Q3 2017 Rental Rates	Q2 2017 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries	Year-To-Date Deliveries	Under Construction Quarter-End
Airport Area												
20k to 49k SF	26,041,545	494,654	1.90%	2.00%	145,021	78,983	\$1.10	\$1.05	4.76%	0	0	0
50k to 99k SF	14,166,320	478,557	3.40%	2.60%	21,704	-160,920	\$0.85	\$0.85	0.00%	0	0	0
100k SF and up	15,093,713	1,097,147	7.30%	4.70%	-67,339	-139,352	\$0.74	\$0.72	2.78%	0	0	0
Total	55,301,578	2,070,358	3.70%	3.00%	99,386	-221,289	\$0.85	\$0.88	-3.41%	0	0	0
North County												
20k to 49k SF	31,989,782	495,804	1.50%	1.20%	122,325	-3,613	\$0.93	\$0.79	17.72%	0	23,191	87,652
50k to 99k SF	18,708,483	337,287	1.80%	1.20%	-72,313	-342,829	\$0.82	\$0.78	5.13%	0	51,450	78,523
100k SF and up	43,914,960	397,224	0.90%	2.50%	39,969	539,133	\$0.71	\$0.67	5.97%	200,000	664,301	796,963
Total	94,613,225	1,230,315	1.30%	1.80%	89,981	192,691	\$0.83	\$0.72	15.28%	200,000	738,942	963,138
South County												
20k to 49k SF	15,014,027	286,340	1.90%	2.20%	43,223	118,544	\$1.32	\$1.30	1.54%	0	0	0
50k to 99k SF	6,827,853	204,230	3.00%	2.00%	34,367	165,062	\$0.84	\$0.88	-4.55%	0	0	0
100k SF and up	11,693,681	158,655	1.40%	1.40%	0	67,149	\$0.73	\$0.80	-8.75%	0	0	0
Total	33,535,561	649,225	1.90%	1.90%	77,590	350,755	\$1.11	\$1.14	-2.63%	0	0	0
West County												
20k to 49k SF	12,044,173	224,944	1.90%	1.60%	-21,455	54,760	\$0.89	\$0.86	3.49%	0	41,668	0
50k to 99k SF	8,109,210	160,734	2.00%	2.20%	-22,763	-199,107	\$0.81	\$0.76	6.58%	0	0	0
100k SF and up	14,621,211	424,061	2.90%	3.20%	-125,723	-355,008	\$0.73	\$0.72	1.39%	0	0	0
Total	34,774,594	809,739	2.30%	2.40%	-169,941	-499,355	\$0.79	\$0.76	3.95%	0	41,668	0
Orange County Market												
20k to 49k SF	85,089,527	1,501,742	1.80%	1.80%	289,114	248,674	\$1.12	\$1.11	0.90%	0	64,859	87,652
50k to 99k SF	47,811,866	1,180,808	2.50%	1.90%	-39,005	-537,794	\$0.83	\$0.82	1.22%	0	51,450	78,523
100k SF and up	85,323,565	2,077,087	2.40%	2.90%	-153,093	111,922	\$0.74	\$0.70	5.71%	200,000	664,301	796,963
Total	218,224,958	4,759,637	2.20%	2.20%	97,016	-177,198	\$0.89	\$0.87	2.30%	200,000	780,610	963,138

Vacancy by Region



Rental Rate by Region



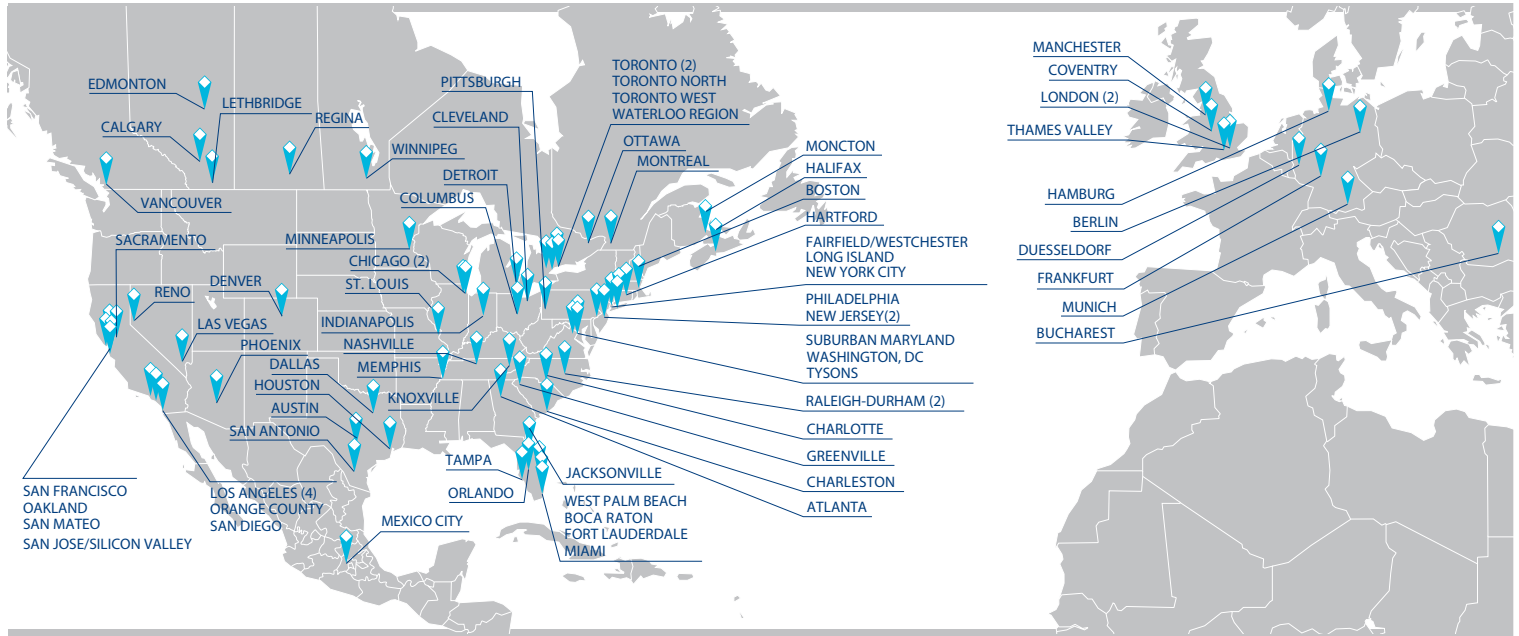
Industrial Markets	Total Market including owner occupied space			Leased Market				
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Costa Mesa	8,055,786	4.70%	0	6,607,255	5.50%	5.70%	76,084	\$0.93
Fountain Valley	3,431,744	1.10%	0	2,599,707	1.40%	1.40%	5,127	\$0.95
Irvine	14,762,683	3.50%	0	10,575,831	4.80%	4.80%	-95,199	\$0.87
Newport Beach	476,659	0.30%	0	424,759	0.40%	0.40%	-696	\$2.13
Santa Ana	22,069,257	3.10%	0	16,295,828	4.10%	4.10%	46,670	\$0.79
Tustin	6,505,449	6.90%	0	5,076,039	7.10%	7.10%	18,614	\$1.02
Airport Area	55,301,578	3.70%	0	41,579,419	4.60%	4.70%	50,600	\$0.85
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Anaheim	35,914,180	1.20%	170,000	26,206,530	0.90%	0.90%	65,016	\$1.04
Brea/La Habra	13,338,380	1.20%	0	6,507,486	2.20%	2.40%	61,221	\$0.76
Buena Park	13,139,794	0.60%	0	8,919,182	0.20%	0.20%	7,336	\$0.80
Fullerton	18,282,482	1.60%	793,138	12,555,020	0.80%	0.80%	57,901	\$0.73
Orange	9,4	2.20%	0	6,333,749	3.20%	3.20%	-118,195	\$0.80
Placentia/Yorba Linda	4,514,700	1.70%	0	3,256,787	2.40%	2.40%	35,894	\$0.76
North County	94,613,225	1.30%	963,138	63,778,754	1.20%	1.20%	109,173	\$0.83
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Aliso Viejo/Laguna Hills	2,586,481	1.20%	0	1,863,968	1.70%	1.70%	-6,467	\$1.35
Dana Point/San Clemente/SJC	2,907,883	0.80%	0	2,368,196	1.00%	1.00%	-5,396	\$1.09
Foothill Ranch/Lake Forest/RSM	9,541,200	2.20%	0	6,297,545	2.10%	3.20%	-33,660	\$0.89
Irvine Spectrum	17,419,909	2.10%	0	11,873,424	2.70%	2.90%	90,342	\$1.28
Laguna Beach/Laguna Niguel	346,875	1.50%	0	224,561	2.30%	2.30%	0	-
Mission Viejo	733,213	1.40%	0	381,127	2.70%	2.70%	-690	-
South County	33,535,561	1.90%	0	23,008,821	2.30%	2.70%	44,129	\$1.11
	Existing Inventory (SF)	Total Vacancy%	Under Construction	Existing Inventory (SF)	Direct Vacancy %	Total Vacancy %	Total Net Absorption	Average Asking Rents
Cypress	6,147,182	4.00%	0	5,286,164	4.30%	4.60%	-82,292	\$0.94
Garden Grove	10,341,972	2.80%	0	7,260,157	4.00%	4.00%	37,864	\$0.77
Huntington Beach	10,715,254	2.30%	0	6,173,832	2.60%	4.00%	62,666	\$0.79
La Palma	1,853,669	0.00%	0	1,191,896	0.00%	0.00%	-131,000	\$0.63
Los Alamitos/Stanton	2,912,329	0.60%	0	2,394,291	0.80%	0.80%	-12,187	\$1.08
Seal Beach	986,466	0.00%	0	773,812	0.00%	0.00%	0	\$0.75
Westminster	1,817,722	0.40%	0	1,773,722	0.40%	0.40%	-3,016	-
West County	34,774,594	2.30%	0	24,853,874	2.80%	3.30%	-127,965	\$0.79
Orange County Total	218,224,958	2.20%	963,138	153,220,868	2.60%	2.70%	75,937	\$0.89

A Growing, Multinational Presence

Avison Young at a Glance

Founded: **1978**
Total Real Estate Professionals: **2,600**
Offices: **82**
Brokerage Professionals: **1,100**
Property Under Management: **100 million sf**

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, the company comprises 2,600 real estate professionals in 82 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.



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