



Orange County office market report

Q2 2022

**AVISON
YOUNG**

Orange County office market trends

01

Employment

- The Orange County area's **unemployment rate registered 2.4%** as of May 2022, making it fall to the lowest levels since the first reports of Covid-19 in the United States.
- Professional and business services **added 78,300 people** to payroll systems since April 2021.
- **Hybrid work schedules** continue to be offered on a company-by-company basis, requiring employees to return to the office between 2 to 4 days a week.

02

Vacancy & Activity

- Total **office vacancy decreased to 12.9%** at the end of the second quarter, down from the first quarter's rate of 13.5%. Despite the rates decrease, sublease vacancies did increase by 20 basis points to a rate of 1.5%, the highest since Q4 2003.
- At the end of Q2 2022, the office development pipeline remains unchanged with **1.25 msf across 13 properties.**
- **Leasing activity in Q2 2022 remained stable** when compared to Q2 2022.
- There has been an increase in touring, during Q2 2022 **which indicates signs of improvement for the office market leasing.**

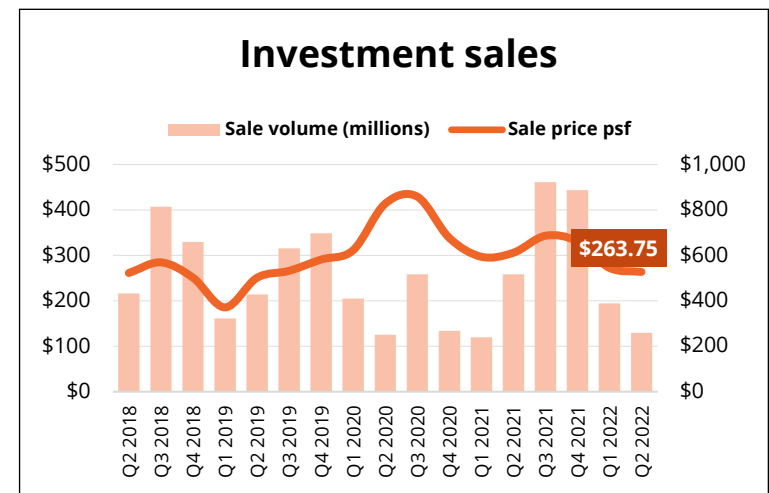
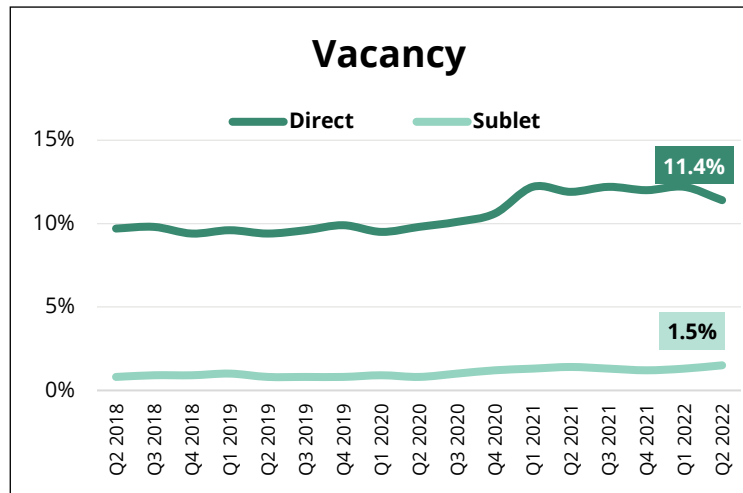
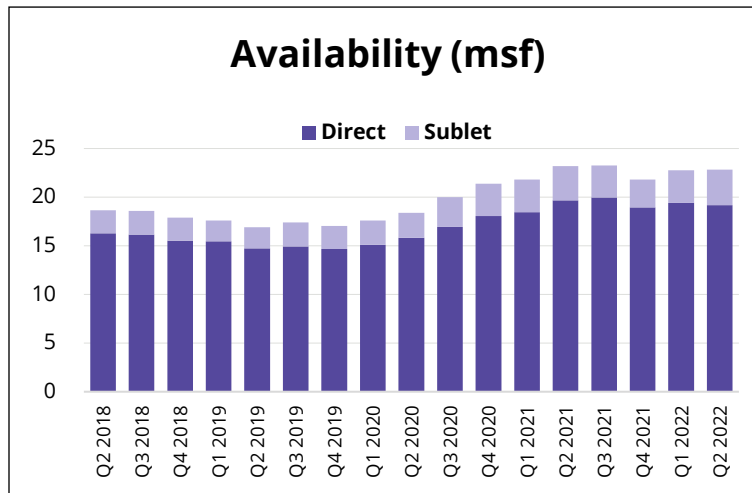
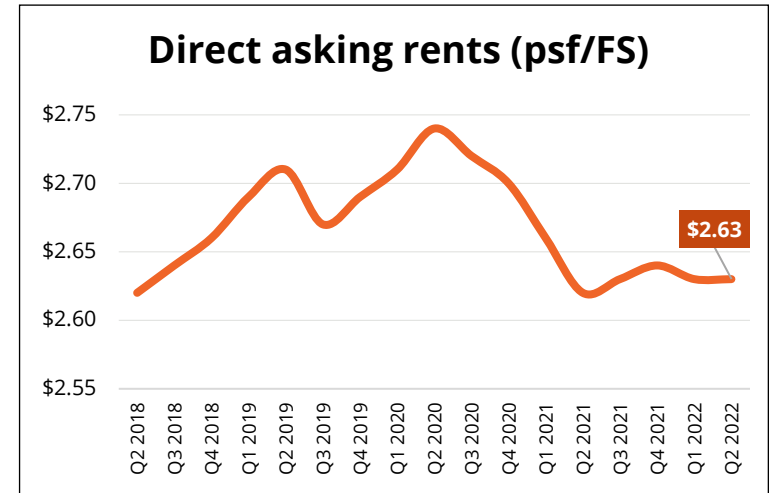
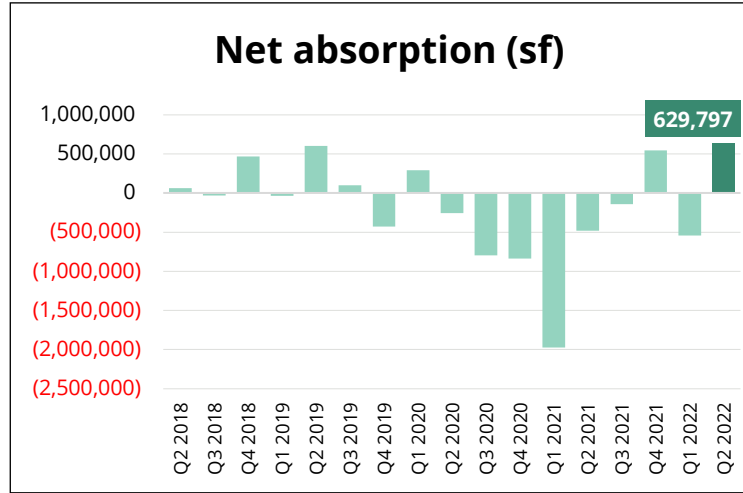
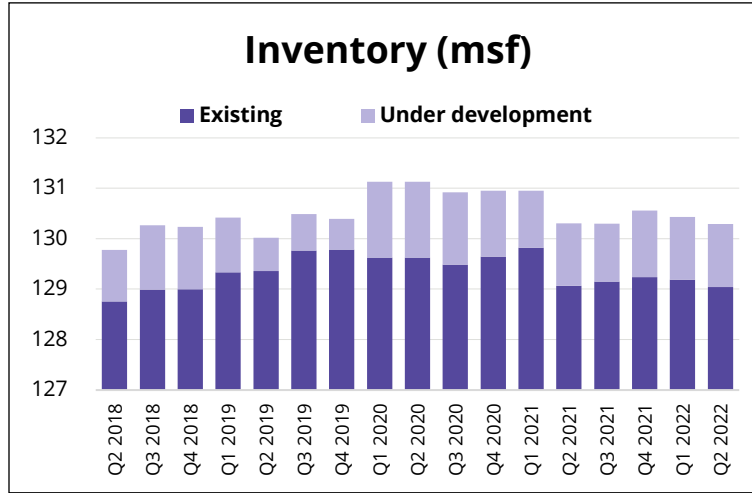
03

Pricing

- **Office rents hold steady at \$2.63 psf** full service per month at the end of Q2 2022.
- Rather than decreasing rents, landlords have been more inclined to provide larger concessions. Tenant improvement **allowances averages are just above \$80 psf** for Class A & Trophy buildings.



Orange County office market indicators



*Survey consists of office buildings greater than 20,000 sf.

Orange County office market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Comerica	611 Anton Blvd, Costa Mesa	Airport Area	May 2022	35,699	New	Direct
Americor	18200 Von Karman Ave, Irvine	Airport Area	May 2022	31,446	New	Direct
Undisclosed	43 Discovery, Irvine	South County	Jun 2022	31,407	New	Sublease
Lugano Diamonds & Jewelry Inc	620 Newport Center Dr, Newport Beach	Airport Area	May 2022	29,150	New	Direct
US Real Estate Services Inc	27442 Portola Pky, Foothill Ranch	South County	May 2022	27,191	New	Sublease

Recent sales activity

Buyer	Address	Sale date	Square Feet	Sale price	Sale price psf	Seller
Rexford Industrial Realty, Inc	15771 Red Hill Ave, Tustin	Jun 2022	103,281	\$46,000,000	\$445	Rixby Land Company
Planned Parenthood Federation of America, Inc	801 E Katella Ave, Anaheim	May 2022	43,286	\$18,150,000	\$419	Richard Launder
Oceans Church	9800 Muirlands Blvd, Irvine	May 2022	56,773	\$18,000,000	\$317	Chapman University
Lutheran High School Association of Orange County	3111 N Tustin Ave, Orange	Jun 2022	65,460	\$15,101,000	\$230	Angelo, Gordon & Co
Alere Property Group	3855 E La Palma Ave, Anaheim	Apr 2022	20,160	\$11,953,000	\$292	Newcastle Partners

Large contiguous space availabilities

Owner	Address	Date available	Block size (sf)	Floors	Asking rent	Landlord Broker
Greenlaw Partners	1 City Blvd W, Orange	Nov 2022	350,136	1-19	\$1.40 FS	CBRE
Rexford Industrial Realty, Inc	2401-2421 N Glassell St, Orange	30 Days	160,853	1-2	\$1.25 NNN	CBRE
Global Atlantic Financial Group	1610 E Saint Andrew Pl, Santa Ana	Vacant	150,630	1-2	\$1.75 NNN	Savills
Goodman North America	5665 Plaza Dr, Cypress	Nov 2022	150,626	1-5	\$2.55 FS	CBRE

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Orange County office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
Airport Area	47,538,318	15.6%	19.1%	11.6%	273,867	87,168	449,206	\$2.74	\$2.75	\$2.75
Central County	25,473,176	14.3%	18.9%	13.2%	(196,290)	(605,870)	137,000	\$2.31	\$2.65	\$2.18
North County	16,176,926	7.7%	12.9%	6.8%	(100,421)	(185,720)	0	\$2.39	\$2.48	\$2.38
South County	29,798,908	11.8%	13.5%	11.0%	576,880	707,791	661,783	\$2.74	\$2.84	\$2.69
West County	10,053,629	8.5%	25.5%	6.0%	75,761	83,507	0	\$2.62	\$2.73	\$2.50
Market Total	129,040,957	12.9%	17.7%	10.4%	629,797	86,876	1,247,989	\$2.63	\$2.75	\$2.58

By Class	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	Construction	Available Sublease
Class A	48,956,679	17.7%	418,368	(38,589)	989,885	1,146,633
Class B	73,847,737	10.4%	157,531	103,005	258,104	786,675
Class C	6,236,541	6.1%	53,898	22,460	0	17,516
Market Total	129,040,957	12.9%	629,797	86,876	1,247,989	1,950,824

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For more market insights
and information visit
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