MARKETBEAT
ORANGE COUNTY
OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.0% Vacancy Rate	▲	▲
-708.3K YTD Net Absorption, SF	▼	▼
$2.87 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Orange County Employment	▲	▼
4.2% Orange County Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMIC OVERVIEW

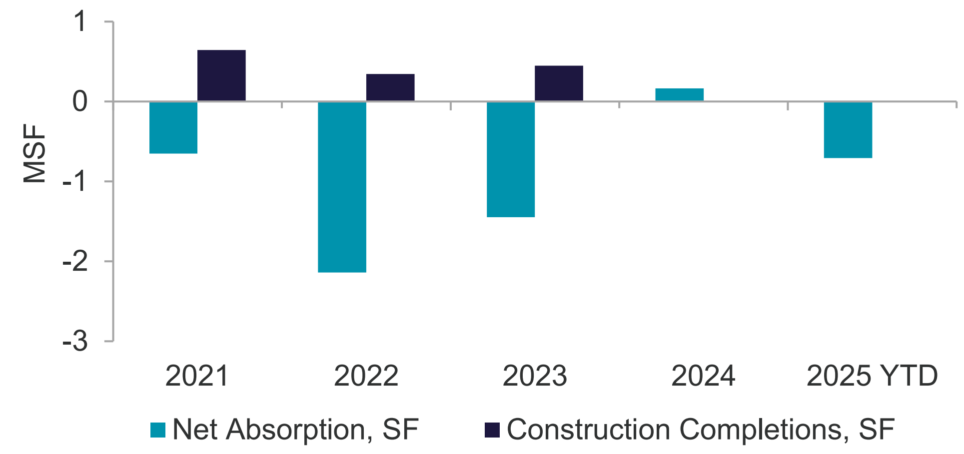
Between August 2024 and August 2025, total nonfarm employment in Orange County (OC) increased by 5,200 jobs, or 0.3% year-over-year (YOY), signaling modest but steady labor market expansion. Private education and health services led all industries with 14,400 jobs (+4.5% YOY), with health care and social assistance (+13,500) accounting for nearly all the growth. Additional gains were recorded in government (+2,900), leisure and hospitality (+1,400), and other services (+1,200). Six industries collectively shed 14,700 jobs, with losses concentrated among office-using and goods-producing sectors, reflecting slower corporate hiring. The unemployment rate edged up to 4.6%, compared to 4.5% one year earlier, though it remains 30 basis points (bps) above the quarterly average of 4.2%.[1] All employment sectors in OC are projected to grow at a combined growth rate of 1.0% in 2025 and 0.8% in 2026, compared to the five-year historical average of 0.1%.[2]

SUPPLY AND DEMAND

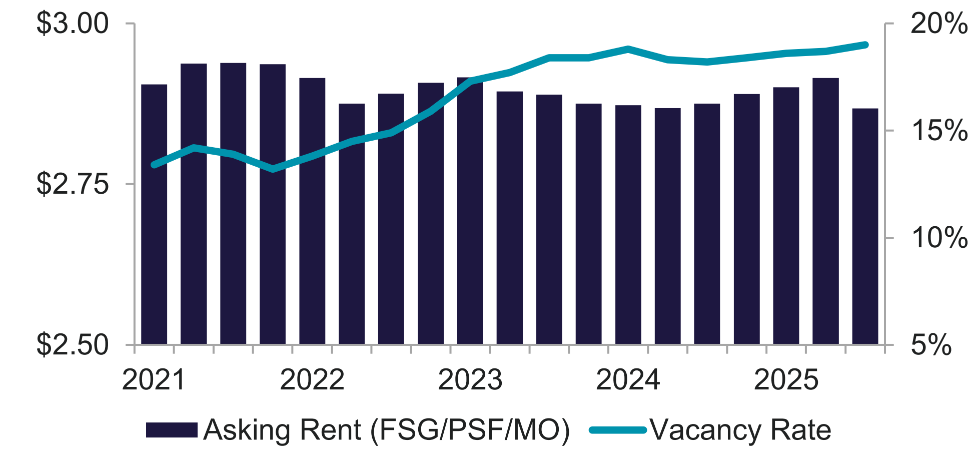
During Q3 2025, OC's office market remained challenged by shifting tenant preferences and persistent uncertainty regarding future space utilization and long-term occupancy needs. The overall vacancy rate rose to 19.0%, a 30-bps increase quarter-over-quarter (QOQ) and 80 bps YOY. Since Q1 2020, vacancy has climbed 850 bps, underscoring the profound structural changes that have reshaped the OC market over the past five years. Q3 2025 saw over 263,000 square feet (sf) vacated, driven by larger tenant downsizings. On a positive note, two notable move-ins – Ventura Foods (+59,626 sf) and Acrisure (+59,409 sf) - helped contribute positive net absorption to the overall figure in Q3 2025. Those deals occurred within the South County and the Greater Airport Area market. Furthermore, available sublease space decreased this quarter to 2.7 million square feet (msf), which is down 1.1% QOQ and 28.5% from its Q2 2023 peak of 3.8 msf.

New leasing activity in Q3 2025 decreased slightly, with 1.6 msf leased, excluding renewals. This compares to 1.6 msf in Q2 2025 (-2.6% QOQ) and 1.4 msf in Q3 2024 (+13.0% YOY). The Greater Airport Area was the most active major market by a significant margin, accounting for 58% or 919,259 sf of leasing activity in Q3 2025, followed by South County (22% or 345,518 sf). The three most active submarkets were Irvine (36%), Irvine Spectrum (16%), and Newport Beach (13%). Together, these submarkets accounted for 64%, or 1.0 msf, of new leases signed in Q3 2025.

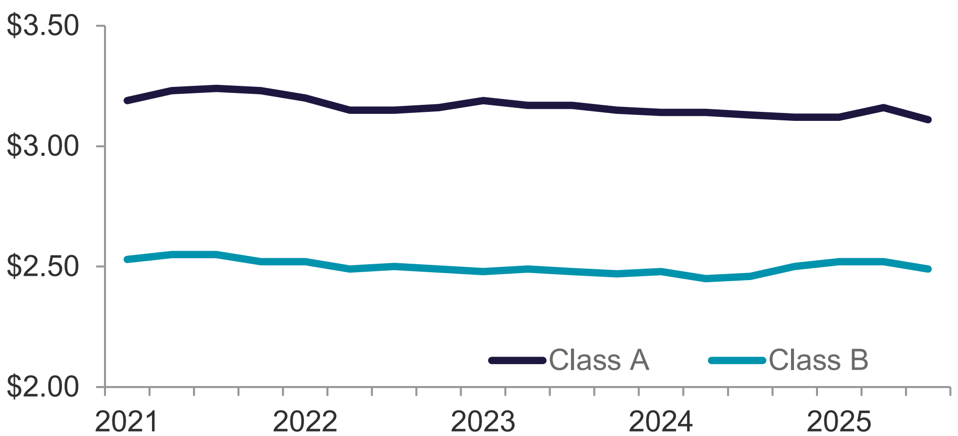
SPACE DEMAND / DELIVERIES



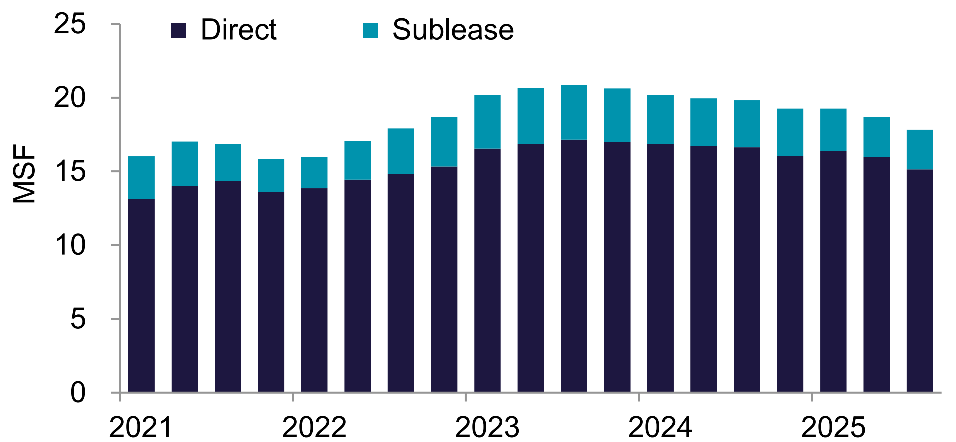
OVERALL VACANCY / ASKING RENT



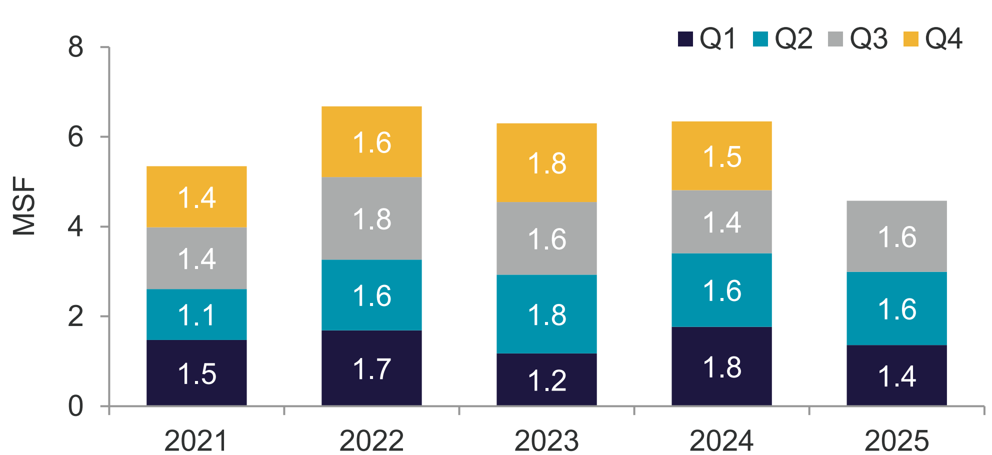
AVERAGE OVERALL ASKING RENT $PSF MONTHLY



DIRECT VS. SUBLEASE AVAILABLE SPACE



NEW LEASING ACTIVITY



Class A assets remained the primary driver of leasing activity, accounting for 68% of all new transactions in the quarter. This underscores tenants' ongoing preference for premium, amenity-rich office product, even amid broader market headwinds.

PRICING: INCREASED VACANCY PUTS SLIGHT PRESSURE ON RENTS

Although vacancy continues to rise, asking rents have held mainly firm over the past year. Instead of lowering rates, well-capitalized landlords are turning to more creative deal structures, such as extended rent abatements, substantial TI packages, and aggressive broker incentives to attract tenants and preserve face rents. The average asking rent decreased 1.7% QOQ, and 0.3% YOY to $2.87 per square foot (psf) monthly on a full-service basis. Over the past 12 months, the average Class A asking rent decreased by 0.6% to $3.11 psf, while Class B rent increased by 1.2% to $2.49 psf. Trophy properties are achieving rental rates between $4.65 and $5.95 psf, reflecting a premium over broader market averages. These assets also consistently rank among the best-performing in terms of occupancy.

FUTURE INVENTORY: OCVIBE AND ADVANTECH'S NA HQ PROCEED FORWARD

After years of limited construction, the OC office pipeline features two significant projects. The Weave @ OCVIBE and Advantech's future North American headquarters. The Weave @ OCVIBE is a 168,137 sf Class A office project located in the Stadium Area submarket, adjacent to the Honda Center and various nearby amenities. This will be the first development of its kind in the submarket in more than two decades and represents the initial phase of a larger, multi-phase plan unfolding over the coming years. The second project is a 108,942 sf Class A build-to-suit office in the Tustin (South of I-5) submarket which will house Advantech's North American headquarters upon completion. The tenant will have an option to purchase the building in 2034. Both developments are projected to deliver in 2026.

The development pipeline also includes three significant proposed projects: Five Lagunas in Laguna Hills, Flight @ Tustin Legacy Phase II in Tustin, and Innovation Office Park Phase III in Irvine Spectrum. However, near-term groundbreaking remains unlikely without significant pre-leasing commitments.

SALES ACTIVITY: PRIVATE BUYERS CONTINUE TO ACQUIRE AT A DISCOUNT

The OC office market recorded $204 million (M) in sales volume (7 transactions) in Q3 2025, compared to $222M (8 transactions) in Q2 2025 and $94M (4 transactions) in Q3 2024.[3] This represents a decrease in volume of 8% QOQ, although up 117% YOY. The average price psf was $201 in Q3 2025, up 22% QOQ, although down 22% YOY. The leading buyers as of Q3 2025 were private buyers at 57% (vs. 25% in Q3 2024), followed by users at 29% (vs. 50% in Q3 2024), and institutional investors at 14% (vs. 25% in Q3 2024). Institutional investors accounted for 71% of sales activity as of Q3 2025 (vs. 25% in Q3 2024), followed by private investors at 29% (vs. 75% in Q3 2024).

OUTLOOK

- Landlords, constrained by existing debt obligations, are likely to preserve face rents while increasing concession offerings. Typical enhancements include extended rent abatement periods and more substantial TI allowances.
- Tenant demand across OC remains healthy, with active requirements collectively amounting to 1.5 msf over the next two years. Alcon Research represents one of the largest drivers of this demand. Although not all requirements will materialize immediately, they indicate continued leasing momentum in upcoming quarters.
- The trend of office assets being repositioned or removed from inventory for multifamily or industrial redevelopment continues. Since 2023, roughly 2.0 msf of office product has been removed, with an additional 5.0 msf potentially slated for demolition in the coming years
- Well-capitalized landlords are expected to remain active in introducing spec suites, aligning product with shifting tenant preferences and accelerating lease-up activity.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Greater Airport Area	39,800,160	7,350,499	682,035	20.2%	-105,723	-382,341	2,430,009	0	$3.08	$3.22
South County	21,798,094	3,435,253	580,253	18.4%	-50,915	-75,910	998,562	0	$2.74	$2.95
West County	4,386,665	679,609	22,686	16.0%	30,716	-51,508	192,805	0	$2.63	$3.23
Central County	18,087,855	3,254,866	122,607	18.7%	-23,089	-58,682	724,263	277,079	$2.59	$2.91
North County	5,419,664	820,290	16,943	15.4%	-114,610	-139,865	233,025	0	$2.65	$2.88
Class A	44,610,351	9,497,330	920,706	23.4%	-81,975	-372,200	2,837,781	277,079	$3.11	
Class B	43,411,013	5,926,928	500,317	14.8%	-150,950	-306,424	1,706,340	0	$2.49	
Class C	1,471,074	116,259	3,501	8.1%	-30,696	-29,682	34,543	0	$1.97	
OC TOTALS	**89,492,438**	**15,540,517**	**1,424,524**	**19.0%**	**-263,621**	**-708,306**	**4,578,664**	**277,079**	**$2.87**	

**Rental rates reflect full-service gross (FSG) asking, $psf/month. **Renewals not included in leasing statistics.*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2300 Main St.	Greater Airport Area	Hyundai AutoEver America	133,745	New
800 & 840 Newport Center Dr.	Greater Airport Area	Pacific Life	99,000	Renewal**/Expansion
2510-2520 Red Hill Ave.	Central County	Foundation Building Materials	48,972	Renewal**
701 S. Parker St.	Central County	Architects Orange	48,657	New
17911 Von Karman Ave.	Greater Airport Area	West Capital Lending, Inc.	44,270	New

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
AXIS Anaheim	Central County	The Goldman Sachs Group c/o Pendulum Property Partners / ParkTerra c/o JEN Partners	308,405	$62.5M / $203
1301 Dove St.	Greater Airport Area	Western Alliance Bank / Cress Capital LLC	214,858	$41.0M / $191
2099 S. State College Blvd.	Central County	Westbrook Partners / Baco Properties c/o Bowis Investment Realty Corp.	123,577	$19.7M / $159
895 Dove St.	Greater Airport Area	Goldman Sachs Asset Management / First Citizens Bank	108,112	$32.7M / $302

KEY PROJECTS UNDER CONSTRUCTION 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
The Weave @ OCVIBE	Central County	N/A	168,137	The Samueli Family
Advantech North American HQ – BTS	Central County	Advantech	108,942	South Orange County Community College District

Sources: [1] www.bls.gov Anaheim-Santa Ana-Irvine MD (Orange County). [2]Lightcast forecast for Orange County, CA as of 9/2025. [3]RCA, $10M+.

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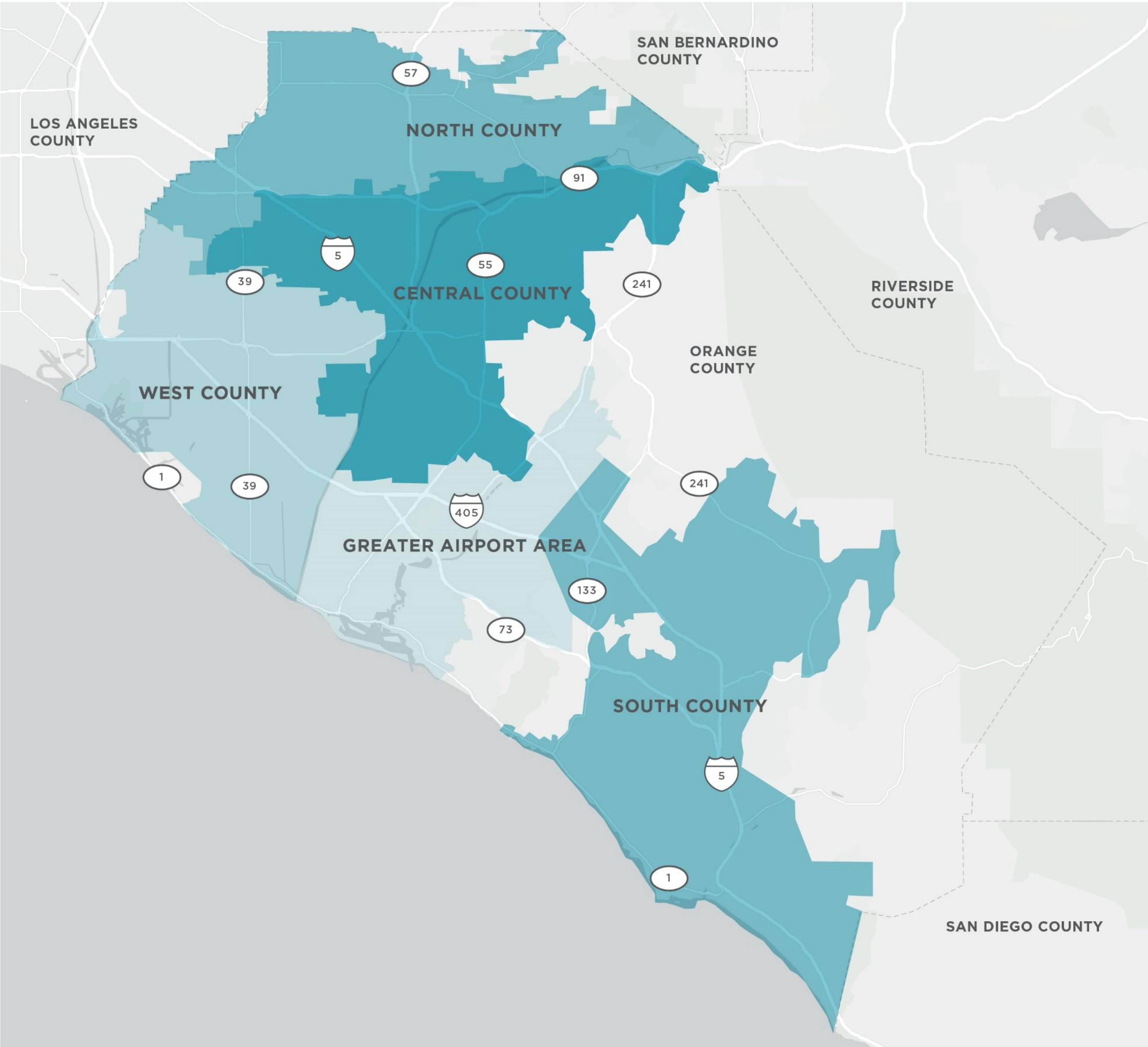
OFFICE Q3 2025

OFFICE SUBMARKETS



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