Market dynamics shift as availability increases and net absorption declines

▲ 4.0%
Availability Rate

▼ (391K)
SF Net Absorption (000s)

▼ 0K
SF Completed (000s)

▼ $2.54
Avg. Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.
Source: CBRE Econometric Advisors, Q2 2025.

MARKET HIGHLIGHTS

— The Orange County retail market closed Q2 2025 with an availability rate of 4.0%, up 40 basis points (bps) from Q1 2025. The increase reflects retailers "wait-and-see" stance following the Liberation Day tariff announcement.

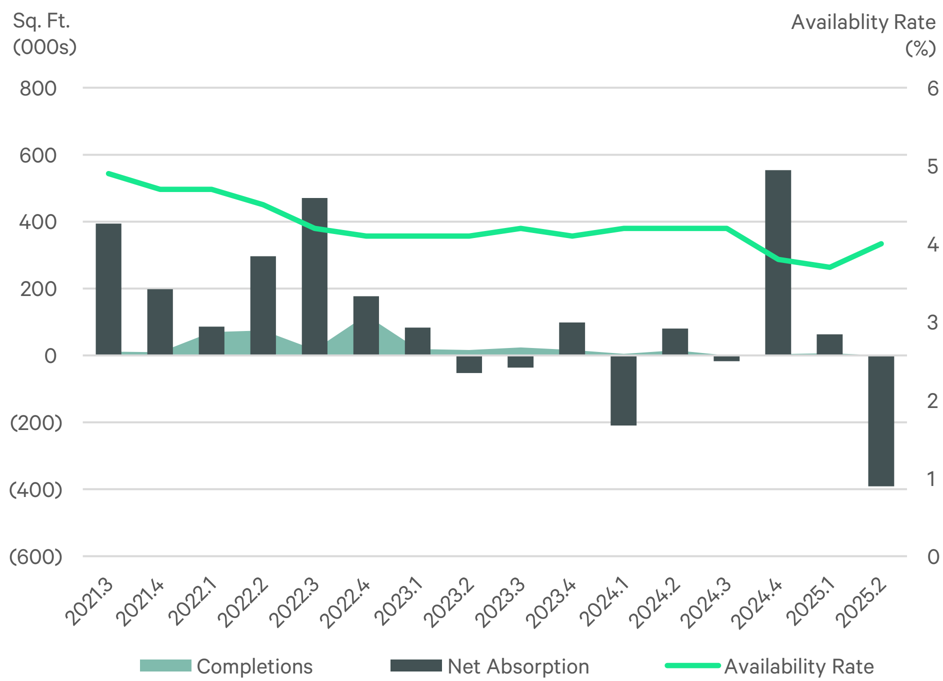
— The retail market saw 391,000 sq. ft. become vacant in Q2 2025, a significant shift from the 63,000 sq. ft. of positive net absorption in Q1 2025. The negative absorption was primarily caused by a wave of bankruptcies among major retailers, including Rite Aid, Jo-Ann, Big Lots, and At Home.

— No properties were delivered in Q2 2025, compared to 7,000 sq. ft. in Q1 2025, as elevated construction cost and a cautious market outlook continued to delay new development.

— The asking rent declined $0.08 in Q2 2025 to $2.54 NNN per sq. ft. per month as slower leasing activity and increased availability placed downward pressure on rents.

— Retail investment sales amounted to $305.7 million in total volume in Q2 2025, compared to $300 million in Q1 2025, signaling steady investor interest despite continued economic uncertainty.

FIGURE 1: Completions, Net Absorption, and Availability Rate



Source: CBRE Econometric Advisors, Q2 2025.

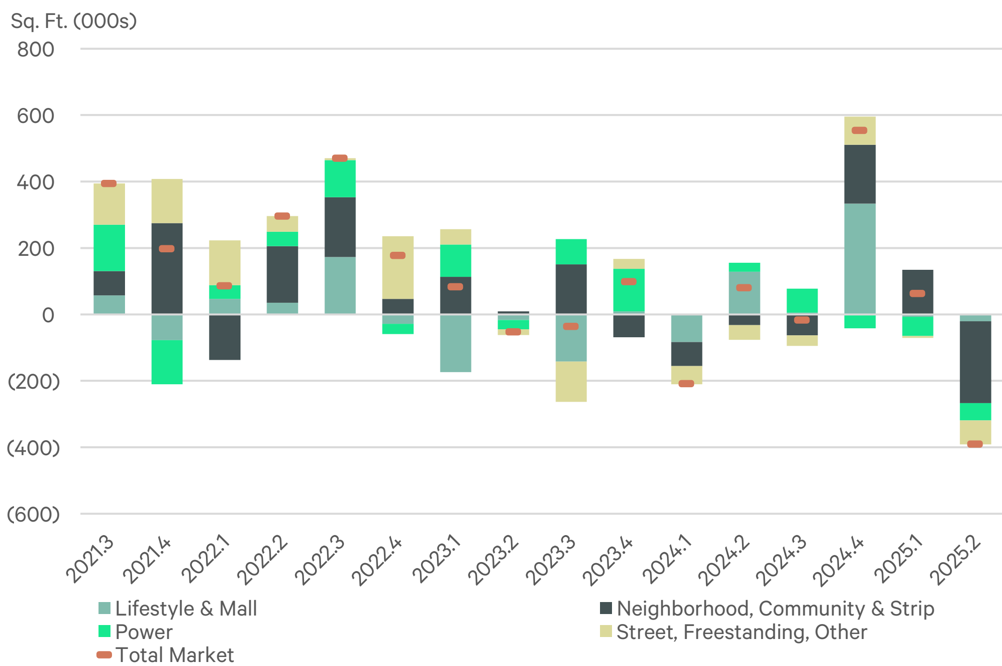
Market Overview

FIGURE 2: Market Statistics by Product Type

Market	Inventory (SF, 000s)	Availablity Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Lifestyle & Mall	16,542	1.3	(21)	-	$0.00
Neighborhood, Community & Strip	66,740	5.2	(246)	-	$2.60
Power	12,333	3.2	(52)	-	$1.99
Street, Freestanding, Other	38,292	3.3	(72)	-	-
Total Market	133,907	4.0	(391)	-	$2.54

Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 3: Net Absorption by Center Type



Source: CBRE Econometric Advisors, ORANGE COUNTY.

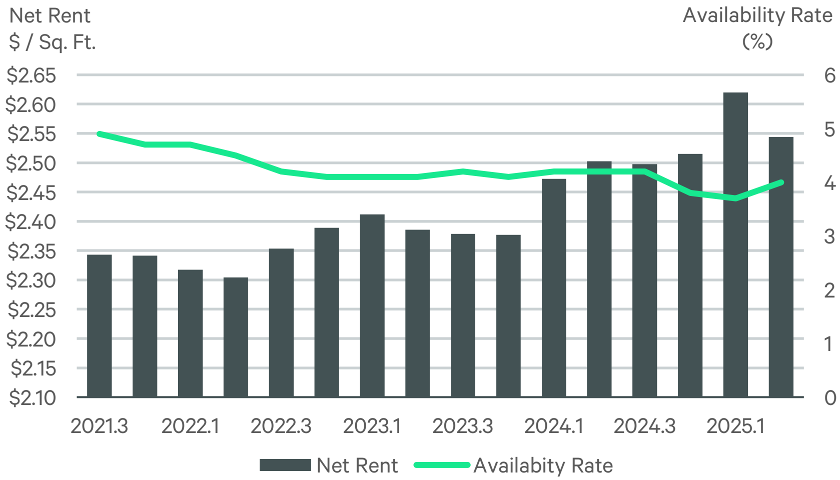
FIGURE 4: Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Total Market	133,907	4.0	(391)	-	$2.54
Central Coast	22,688	2.2	(86)	-	$3.64
Central Orange Cou	50,892	3.5	(159)	-	$2.29
North County	23,328	5.0	(171)	-	$2.20
Outlying Orange Co	116	12.9	(4)	-	
South County	23,811	6.2	(26)	-	$3.07
West County	13,072	3.1	55	-	$2.97

Source: CBRE Econometric Advisors, ORANGE COUNTY.

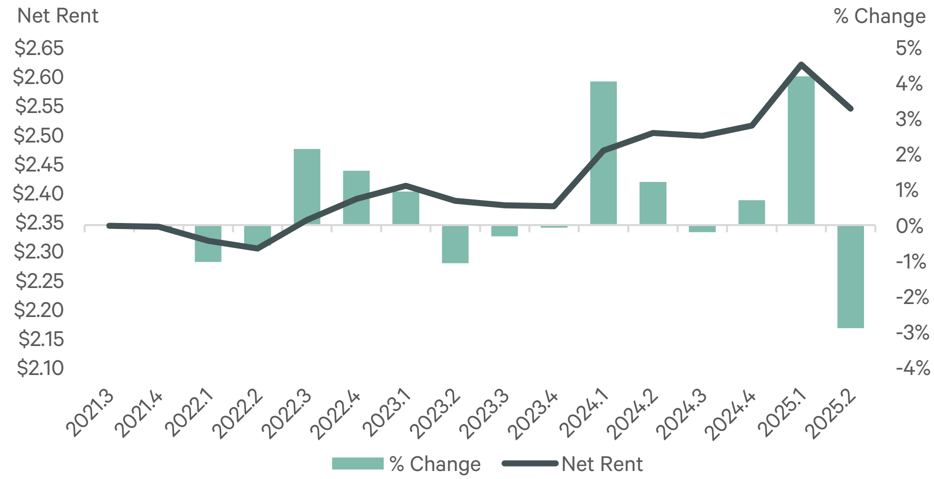
Asking Rents & Availablity

FIGURE 5: Net Asking Rent and Availability Rate



Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 6: Net Rent and % Change



Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 7: Availablity by Center Type

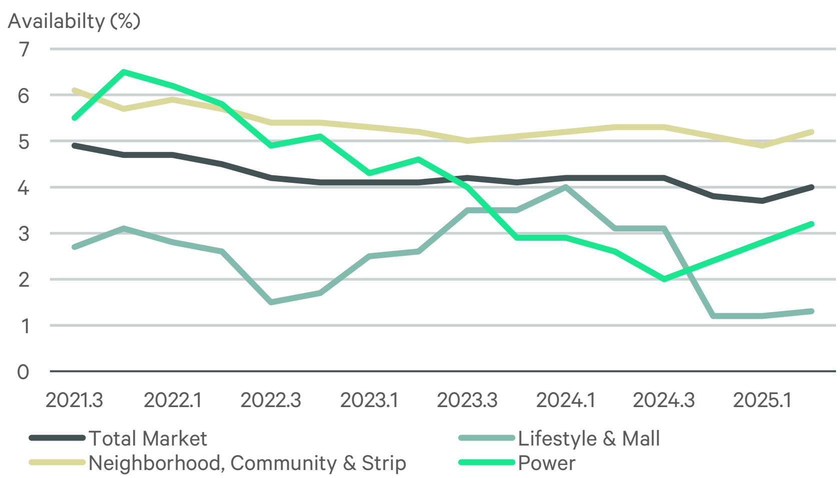
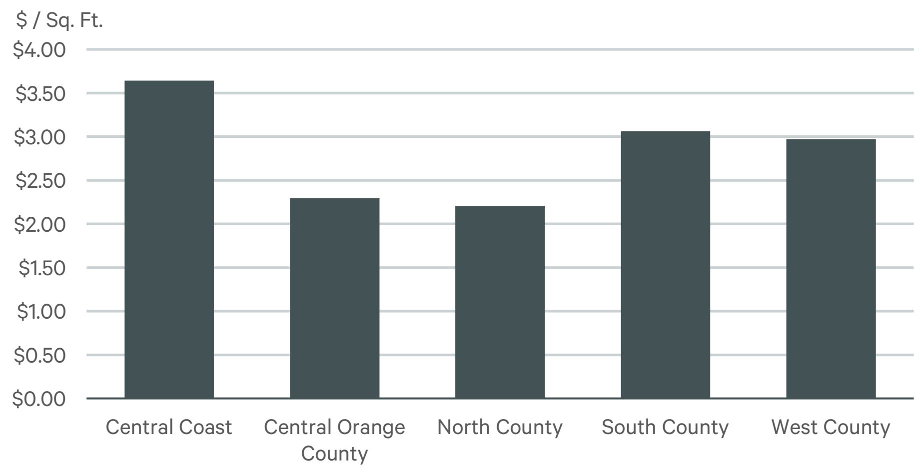
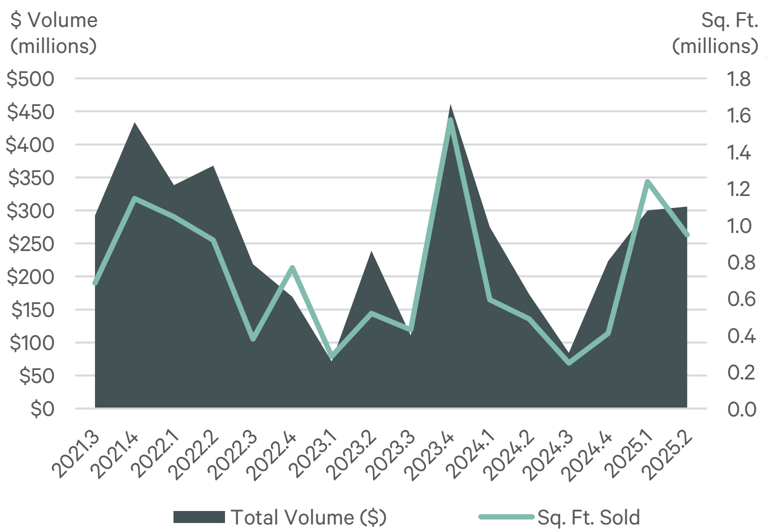


FIGURE 8: Top 5 Submarket by Net Rent



Investment Sales

FIGURE 9: Retail Investment Sale Volume



Source: MSCI Real Capital Analytics, Q2 2025.

FIGURE 10: Retail Investment Sale Price Per Sq. Ft.

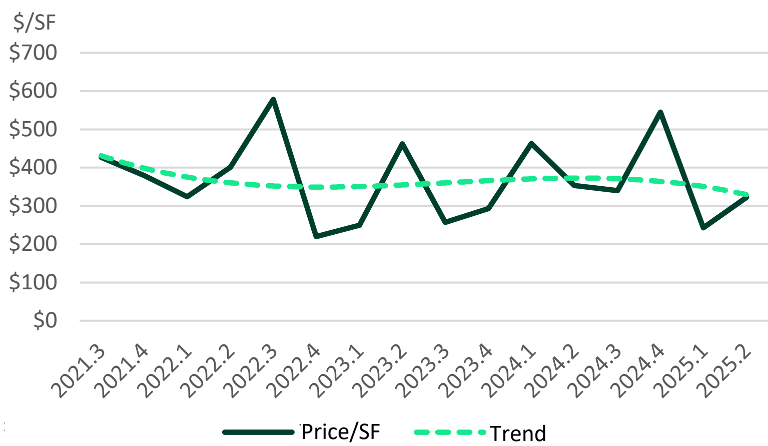


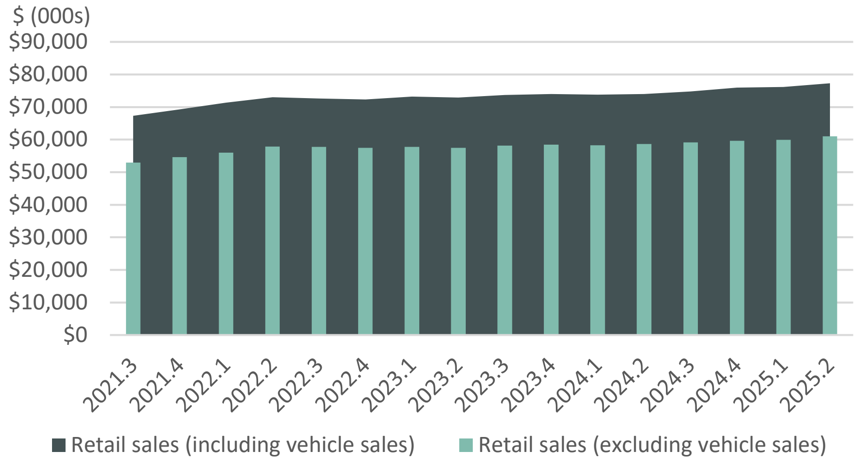
FIGURE 11: Q2 2025 Sale Transactions

Buyer	Property Name	City	Building SF	Sale Price	Price / SF
Space Investment Partners	Fullerton Metrocenter	Fullerton	433,000	$118,500,000	$274
Space Investment Partners	Shorecliff Retail Center	San Clement	25,060	$8,900,000	$355
Terreno Realty	The Home Depot	Santa Ana	162,480	$49,500,000	$305
Costco	26602 Towne Centre Drive	Lake Forest	89,000	$12,500,000	$140
Costco	25732 El Paseo	Mission Viej	35,330	$14,420,000	$408
Margeratte 88 LLC; Wholeso	Marguerite Plaza	Mission Viej	51,312	$11,608,333	$226
Asana Partners	Westport Plaza & Square (le	Costa Mesa	39,000	$25,700,000	$659
TUYET LLC, Loy Pham	6486 Westminster Boulevarc	Westminste	27,050	$9,980,000	$369
Calvary Chapel Beachside; St	La Bella Plaza	Huntington	26,000	$7,700,000	$296
SWI Investors LLC	Foothill Plaza	Lake Forest	14,017	$9,350,000	$667
11900 Beach Blvd LLC	Walgreens	Stanton	13,400	$5,500,000	$410
Mark Babenko	520 West 19th Street	Costa Mesa	6,000	$2,500,000	$417

Source: MSCI Real Capital Analytics, Q2 2025.

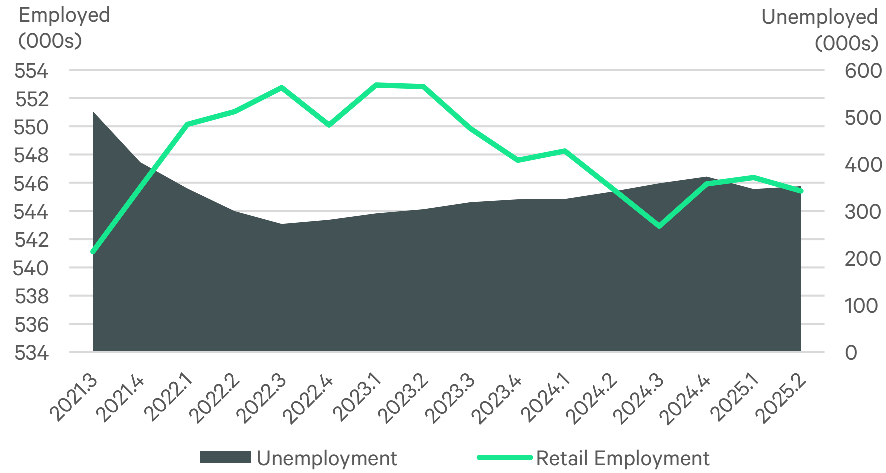
Economic Overview

FIGURE 12: Total Retail Sales



Source: Oxford Economics, Q2 2025.

FIGURE 13: Retail Employment vs. Unemployment



Source: Oxford Economics, Q2 2025.

FIGURE 14: GDP & Consumer Spending

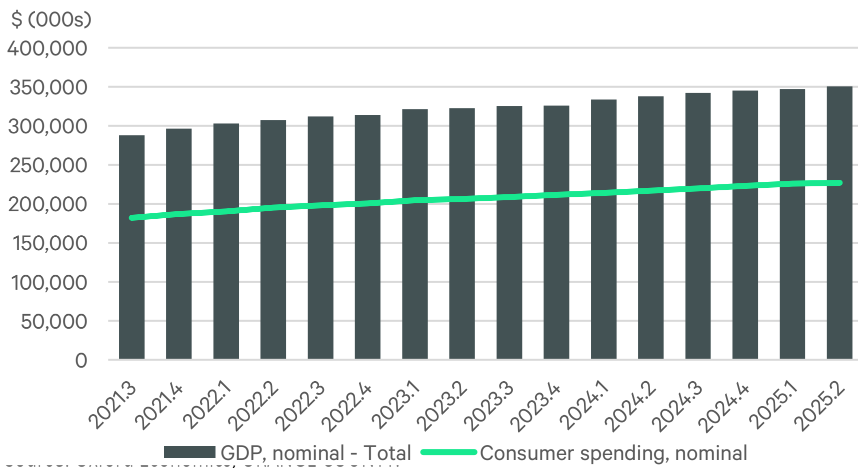
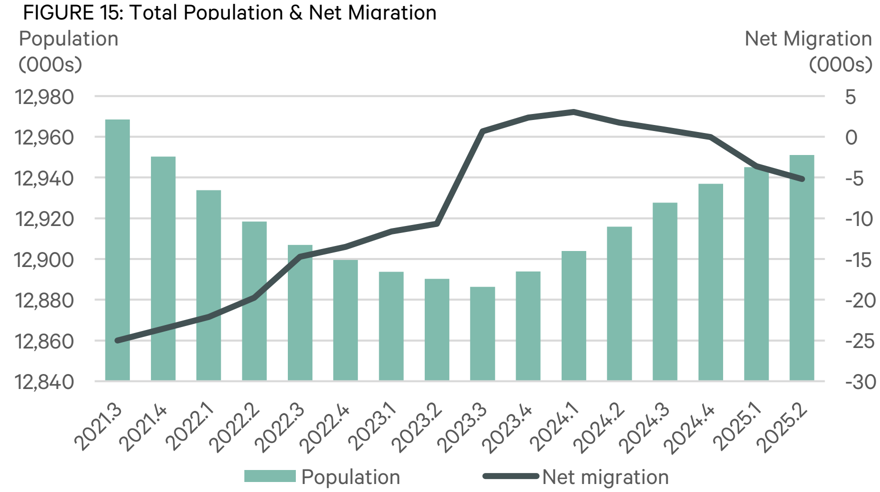


FIGURE 15: Total Population & Net Migration



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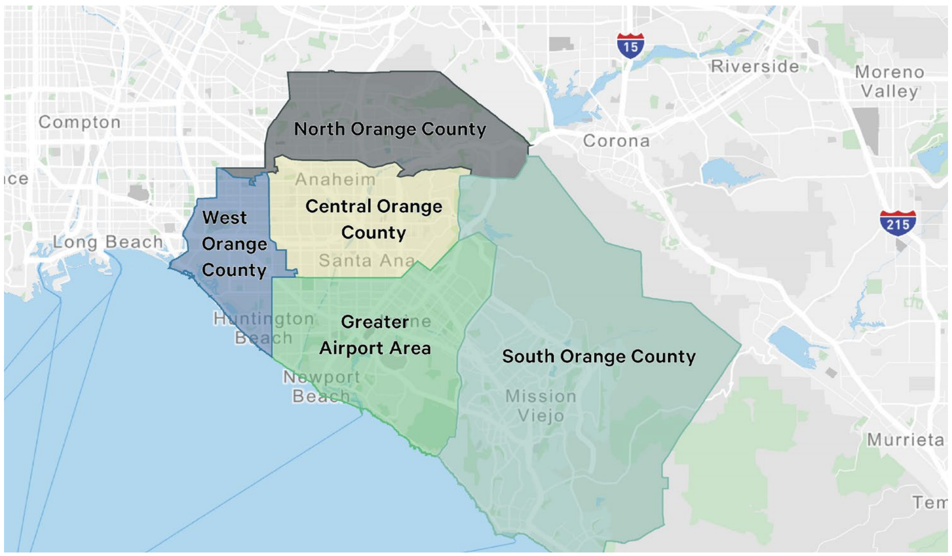

Retail Definitions

Neighborhood, community and strip centers are groupings of buildings where there is most often an anchor property (except strip). Neighborhood properties are the largest ranging from 125,000 to 400,000 sq. ft., followed by community at 30,000 to 125,000 sq. ft., and strip with 30,000 or less sq. ft.

Lifestyle are upscale national-chain specialty stores with dining and entertainment in an outdoor setting. Lifestyle centers range from 150,000 to 500,000 sq. ft. Malls, including both regional and super regional malls, can provide a wide range of goods and services. Regional malls are built around full-line department stores and usually range over 300,000 sq. ft. Super regional malls are usually over 750,000 sq. ft. with more department stores.

Power Centers are category-dominant anchors, including discount department stores, off-price stores, and wholesale clubs, with only a few small tenants. They range from 250,000 to 600,000 sq. ft. and have multiple anchors.

Freestanding Retail are single-tenant occupied retail buildings. All other variables may vary.

Market Definition

The Orange County market consists of Central Orange County, North County, South County, West County, and Outlying Orange County.