

FIGURES | NORTH ORANGE COUNTY OFFICE | Q3 2024

Class B tenant migration drives vacancy rate increase

▲ 9.2%
Vacancy Rate

▼ -34K
SF Net Absorption

▶ 0
SF Construction

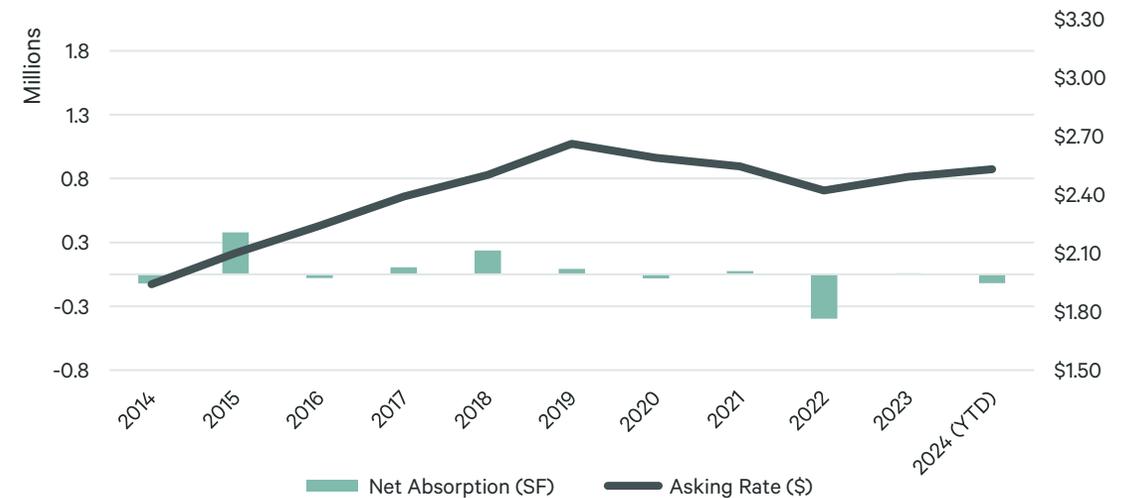
▼ \$2.53
FSG / Lease Rate

Note: Arrows indicate change from previous quarter.

SUBMARKET HIGHLIGHTS

- The vacancy rate increased 40 bps from Q2 2024 to 9.2% in Q3 2024 as tenants moved out of mainly Class B space. The availability rate decreased from 17.2% in Q2 2024 to 16.3% in Q3 2024 due to tenants occupying available sublease space.
- Asking rates were slightly lowered to \$2.53 FSG per sq. ft. per month quarter-over-quarter, and up \$0.12 from \$2.41 FSG per sq. ft. per month year-over-year. This was the third straight quarter rates decreased overall in the submarket.
- Class A space remained in line with Q2 2024 at \$2.74 FSG per sq. ft per month while Class B space decreased by \$0.02 to \$2.36 FSG per sq. ft. per month. Class C space also saw a \$0.02 decrease to \$2.15 FSG per sq. ft. per month.
- Net absorption fell from 56,808 sq. ft. in Q2 2024 to -34,315 sq. ft. in Q3 2024 due to several large tenants moving out of the submarket. United Health Care Services moved out of 27,065 sq. ft. at 18 Centerpointe Dr in La Palma, Honeywell vacated 17,255 sq. ft. at 22 Centerpointe Dr in La Palma, and Burns McDonnell Engineering moved out of 11,496 sq. ft. at 140 S State College Blvd in Brea.

FIGURE 1: Net Absorption & Asking Lease Rate Trend (FSG)



Source: CBRE Research, Q3 2024.

FIGURE 2: North Orange County Submarket Statistics by Class

| Class | Market Rentable Area (SF) | Avail. Rate (%) | Vacancy Rate (%) | Current Qtr Net Absorption (SF) | YTD Net Absorption (SF) | Under Construction (SF) | Construction Deliveries (SF) | Avg Asking Lease Rate (\$/SF/MO) |
|---------------------|---------------------------|-----------------|------------------|---------------------------------|-------------------------|-------------------------|------------------------------|----------------------------------|
| Class A | 2,596,059 | 24.9 | 13.6 | (5,876) | (43,960) | 0 | 0 | \$2.74 |
| Class B | 5,208,901 | 13.2 | 7.7 | (28,452) | (28,100) | 0 | 0 | \$2.36 |
| Class C | 634,830 | 7.2 | 3.3 | 13 | 2,728 | 0 | 0 | \$2.15 |
| North Orange County | 8,439,790 | 16.3 | 9.2 | (34,315) | (69,332) | 0 | 0 | \$2.53 |

Source: CBRE Research, Q3 2024.

FIGURE 3: North Orange County Submarket Statistics by City

| City (Top 8 by SF) | Market Rentable Area (SF) | Avail. Rate (%) | Vacancy Rate (%) | Current Qtr Net Absorption (SF) | YTD Net Absorption (SF) | Under Construction (SF) | Construction Deliveries (SF) | Avg Asking Lease Rate (\$/SF/MO) |
|---------------------|---------------------------|-----------------|------------------|---------------------------------|-------------------------|-------------------------|------------------------------|----------------------------------|
| Anaheim | 5,415,658 | 23.1 | 16.7 | (14,259) | (45,882) | 0 | 0 | \$2.53 |
| Brea | 3,877,809 | 17.9 | 10.0 | (36,026) | (9,936) | 0 | 0 | \$2.76 |
| Buena Park | 744,239 | 13.5 | 6.4 | 569 | (16,603) | 0 | 0 | \$2.38 |
| Fullerton | 1,192,396 | 7.8 | 2.1 | 12,851 | 23,709 | 0 | 0 | \$2.41 |
| La Habra | 122,212 | 4.0 | 3.3 | 402 | 0 | 0 | 0 | \$1.78 |
| La Palma | 580,373 | 26.8 | 17.9 | (2,156) | (55,872) | 0 | 0 | \$2.61 |
| Orange | 5,853,206 | 27.6 | 20.3 | 3,552 | (12,348) | 0 | 0 | \$2.74 |
| Placentia | 172,703 | 20.5 | 17.4 | (389) | (12,084) | 0 | 0 | \$2.04 |
| Yorba Linda | 285,542 | 10.4 | 4.8 | (7,996) | (7,996) | 0 | 0 | \$2.20 |
| North Orange County | 8,439,790 | 16.3 | 9.2 | (34,315) | (69,332) | 0 | 0 | \$2.53 |

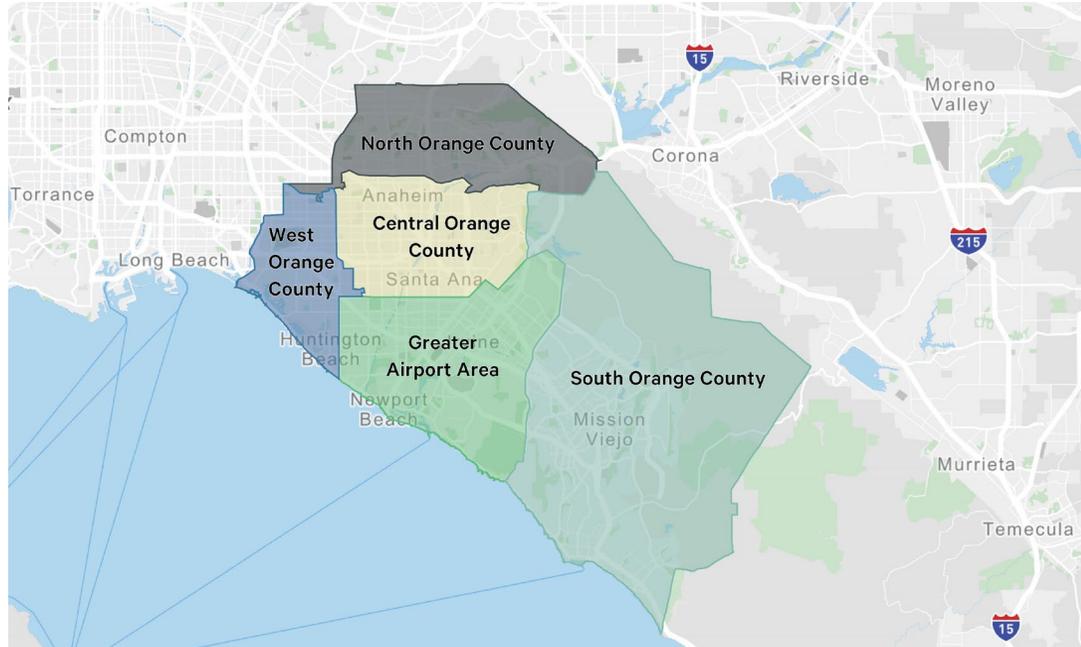
Source: CBRE Research, Q3 2024.

FIGURE 4: Key Transactions

| Occupier | Industry Sector | Location | Total Sq. Ft. |
|------------------------------|-----------------|--------------------------|---------------|
| Thermal Engineering | Engineering | 4 Centerpointe Dr | 22,063 |
| Crossway Community Church | Religious | 950 Mariner St | 12,209 |
| Garmin International* | Technology | 135 S State College Blvd | 10,877 |
| Twin Town Treatment Centers | Healthcare | 4281 Katella Ave | 9,548 |
| Pharmacy Alternatives of CA* | Healthcare | 2940 E La Palma Ave | 6,958 |

*Indicates Renewal. Source: CBRE Research, Q3 2024.

Market Area Overview



Definitions

Net Rentable Area The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. **Available Sq. Ft.** Space Available for lease which is either physically vacant or occupied. Includes Subleases. **Vacant Sq. Ft.** Portion of Available sq. ft. which is either physically vacant or immediately available. Includes Subleases. **Direct Vacancy Sq. Ft.** Portion of Available sq. ft. which is either physically vacant or immediately available. Excludes subleases. **Vacancy Rate** Vacant sq. ft. divided by the NRA. **Occupied Sq. Ft.** NRA not considered vacant. **Net Absorption** The change in Occupied sq. ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. **Average Asking Lease Rate** The rate determined by multiplying the asking gross lease rate for each building in the summary by its associated available space, summing the products, then dividing by the sum of the available spaces with gross lease rates for all buildings in the summary. Direct leases only; excludes sublease space and parking charges. **Full Service Gross (FSG)** Lease Type whereby the landlord assumes responsibility for all of the operating expenses and taxes for the property. **Normalization** Due to a reclassification of the market, the base, number and square footage of buildings for previous quarters have been adjusted to match the current base. Availability and vacancy figures for those buildings have been adjusted in previous quarters.

Survey Criteria

Includes all Class A and B multi-tenant office projects 30,000 sq. ft. and greater in size, excluding government, medical, and owner-user buildings. Excludes buildings Under Construction or Planned. Under construction buildings which have begun construction as evidenced by site excavation or foundation work.

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