

FIGURES | ORANGE COUNTY INDUSTRIAL | Q3 2026

Rent growth and positive absorption point to market stabilization in Orange County

▲7.4%

Availability Rate

►5.5%

Vacant Available Rate

▲280.5

KSF Net Absorption

▼576.2

KSF Under Construction

▲\$1.51

Avg. Direct Asking Rate (NNN/MTH)

Note: Arrows indicate change from previous quarter.

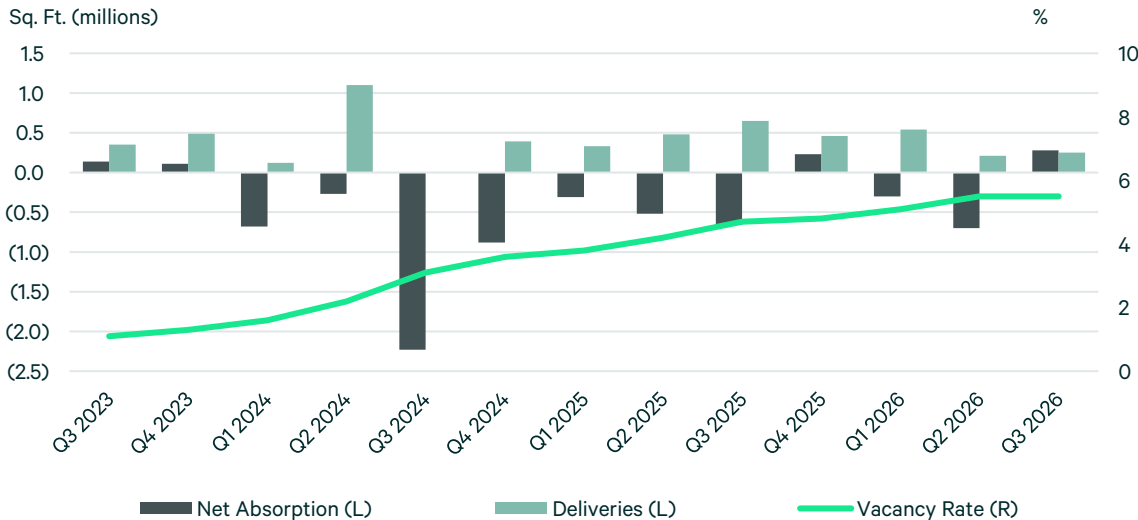
Market Overview

In Q3 2026, the market showed tentative improvement quarter-over-quarter as demand turned positive and leasing activity accelerated while overall vacancy held steady. Net absorption returned to positive territory at 280,000 sq. ft., compared with negative 702,000 sq. ft. in Q2 2026, and vacancy remained at 5.5% even as availability rose 20 basis points quarter-over-quarter to 7.4%. Average asking rent edged up to \$1.51 per sq. ft. per month from \$1.49 per sq. ft. per month in Q2 2026.

Orange County (OC) saw a dramatic increase in activity as tenants signed 4.1 million sq. ft. of new leases and renewals, up from 2.6 million sq. ft. in Q2 2026 and above the 3.9 million sq. ft. recorded in Q1 2026. The activity rebound was the highest quarterly volume since Q4 2023. The influx of demand was led by the Aerospace and Defense sector, accounting for over half a million sq. ft. in new leases.

Construction activity fell in Q3 2026 as under construction fell from 676,000 sq. ft. in the previous quarter to 576,000 sq. ft. due to elevated construction costs, rising availability, and economic uncertainty. New project starts were also constrained as persistent availability and inconsistent demand weighed on developers.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy & Availability

Vacancy in the overall market stabilized this quarter but remained markedly higher than recent years. Overall vacancy stood at 5.5% in Q3 2026, with no change quarter-over-quarter. Despite 2.6 million sq. ft. of tenant move outs in Q3 2026, strong leasing counteracted vacant space entering the market. Vacancy patterns varied across Orange County submarkets in Q3 2026. Airport Area posted the lowest overall vacancy at 3.2% due to new vacant Class A buildings being leased and sustained demand across the area, followed by West Orange County at 5.2%. South Orange County recorded the highest overall vacancy rate at 8.7%, stemming from newly constructed Class A buildings sitting vacant.

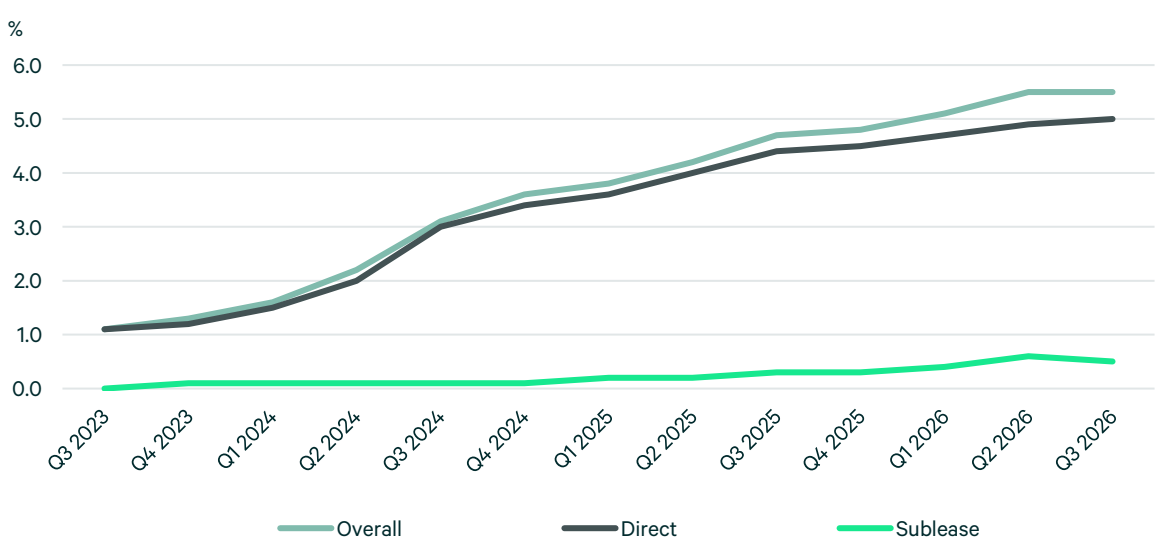
Availability increased mildly in Orange County from 7.2% in Q2 2026 to 7.4% in Q3 2026, continuing the trend of growing space on the market since Q4 2022. Availability remained tight in small-bay industrial buildings below 50,000 sq. ft., ending Q3 2026 at 4.1%. Conversely, availability in the 250,000-499,999 sq. ft. size range was markedly higher, ending the quarter at 15.9% as demand for big box buildings remained harder to generate.

Net Absorption

In Q3 2026, net absorption returned to positive territory, signaling modest occupancy growth for the overall market due to a boost in demand in the Airport Area submarket. Net absorption totaled 280,000 sq. ft., exceeding the negative 702,000 sq. ft. recorded in Q2 2026 on a quarter-over-quarter basis as tenant demand for quality assets continued. Class A buildings saw the highest positive absorption for the quarter, removing 611,000 sq. ft. of vacant space from the market, while Class B and Class C buildings realized 331,000 sq. ft. of negative absorption as tenants shed older, functionally obsolete space.

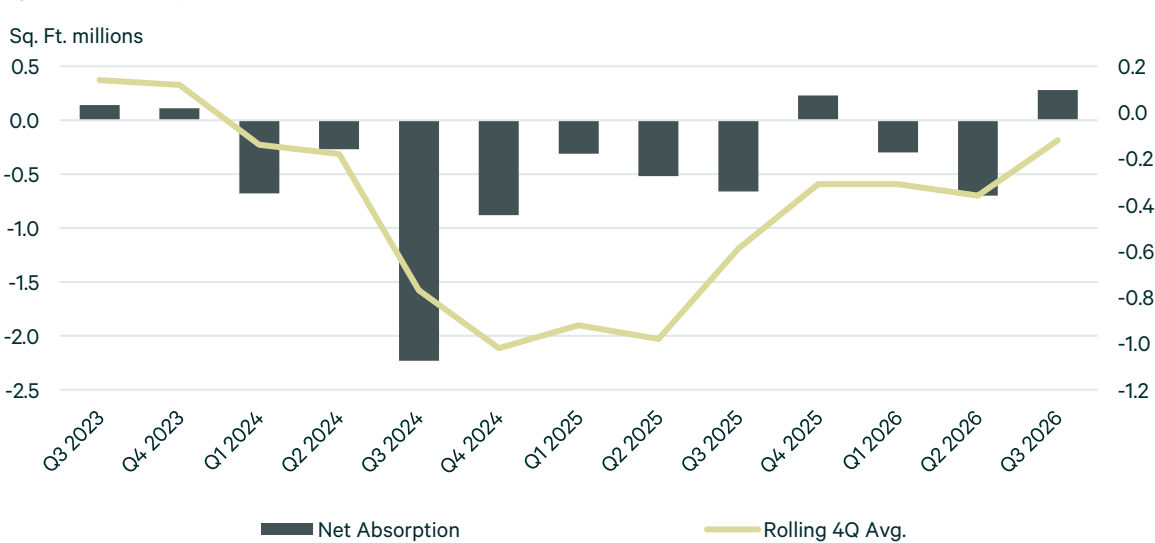
At the submarket level, the Airport Area was the only submarket with positive net absorption, posting 710,000 sq. ft. in the quarter and year-to-date absorption of 972,000 sq. ft. largely due to Anduril leasing two newly constructed buildings. All other submarkets experienced net occupancy contraction, with West Orange County recording negative 107,000 sq. ft. of net absorption. North Orange County and South Orange County posted the deepest losses, with net absorption totaling negative 169,000 sq. ft. and negative 153,000 sq. ft.

Figure 2: Vacancy Rate



CBRE Research

Figure 3: Net Absorption Trend



CBRE Research

Asking & Taking Rent

In Q3 2026, the overall average asking rent moved in a positive direction with rents ending the quarter at \$1.51 NNN per sq. ft. per month, a 1.3% quarter-over-quarter increase as the market showed signs of stabilization. Taking lease rates, however, landed at \$1.47 NNN per sq. ft. per month, a decrease from \$1.53 NNN per sq. ft. per month in Q2 2026, as landlords opted to fill vacant space. The spread between asking and taking rents highlighted landlords’ willingness to negotiate on base rents, while pulling back on other concessions. Average free rent for five-year deals declined from 3.6 months in Q2 2026 to 2.6 months in Q3 2026.

Asking rents varied by building quality, with Class A product commanding \$1.61 NNN per sq. ft. per month, 11.8% above the Class B asking rent of \$1.44 NNN per sq. ft. per month in Q3 2026. The premium between Class A and Class B product narrowed year-over-year from Q3 2025, as much of the best-in-class product was leased in recent quarters, leaving older Class A product on the market.

Submarket pricing in Q3 2026 showed a clear spread across Orange County. South Orange County recorded the highest average asking rent at \$1.77 NNN per sq. ft. per month, while North Orange County posted the lowest at \$1.43 NNN per sq. ft. per month. The Airport Area and West Orange County ended Q3 2026 at \$1.52 NNN per sq. ft. per month, and \$1.50 NNN per sq. ft. per month, respectively.

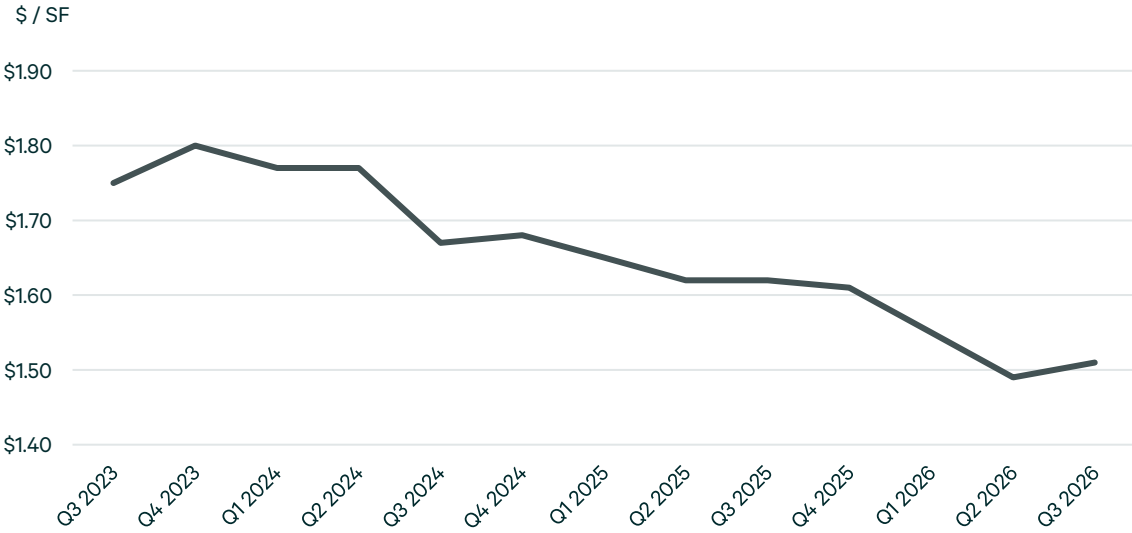
Construction Activity

In Q3 2026, construction activity in the Orange County industrial market slowed as construction costs continued to rise in 2026. Space under construction totaled 576,000 sq. ft. in the quarter compared with 1.4 million sq. ft. in Q3 2025, while construction deliveries reached 247,000 sq. ft. compared with 649,000 sq. ft. in Q3 2025.

Projects under construction were isolated to the 50,000-99,999 sq. ft. size range and the 100,000-249,999 sq. ft. size range in Orange County. Additionally, all construction deliveries in Q3 2026 and YTD 2026 fell within the same size ranges, showing developers prioritized mid-size product over small-bay or big box development for the past few years, despite vacancy in the sub-50,000 sq. ft. size range being the lowest in the market.

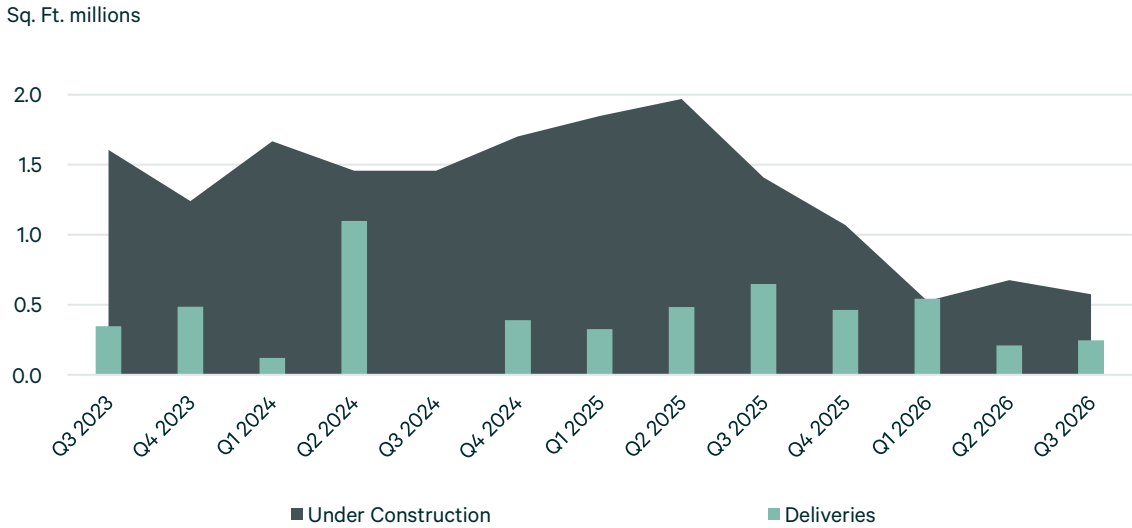
Construction underway was concentrated in West Orange County and North Orange County, which together contained the largest share of the active pipeline. This is partially due to the Goodman Commerce Center in Cypress starting construction on its last building for the project totaling 191,000 sq. ft. and the Berry Way Industrial Center in Brea totaling 148,000 sq. ft.

Figure 4: Average Direct Asking Rate



CBRE Research

Figure 5: Construction Activity



CBRE Research

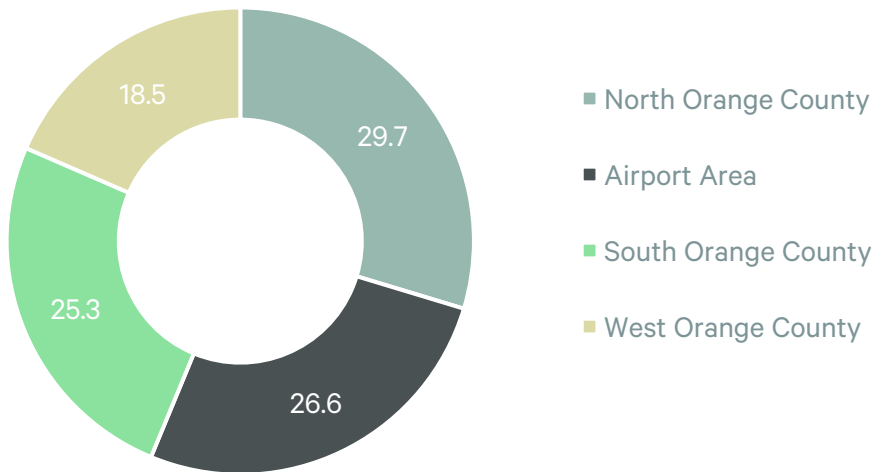
Leasing Activity

Leasing activity strengthened in Q3 2026, reversing course after the lackluster volume in Q2 2026. During the quarter, tenants signed new leases and renewals totaling 4.1 million sq. ft., with activity rising 58% quarter-over-quarter and 73.8% year-over-year. New leasing made up 69% of leasing activity, totaling 2.8 million sq. ft. The average lease size of the 51 new leases in Orange County totaled 53,400 sq. ft., up significantly from the average lease size of 31,000 sq. ft. in Q2 2026.

North Orange County and Airport Area posted the strongest leasing activity among the submarkets. Airport Area had two brand new buildings leased by Anduril, while North OC had the largest lease of the quarter to Glenair that totaled over 237,000 sq. ft. North Orange County recorded 1.2 million sq. ft. leased, Airport Area 1.1 million sq. ft., South Orange County 1 million sq. ft., and West Orange County 750,000 sq. ft., showing solid leasing performance across the entire market. There was a surge in large leases signed during the quarter, with 11 deals above 100,000 sq. ft. signed spanning all submarkets.

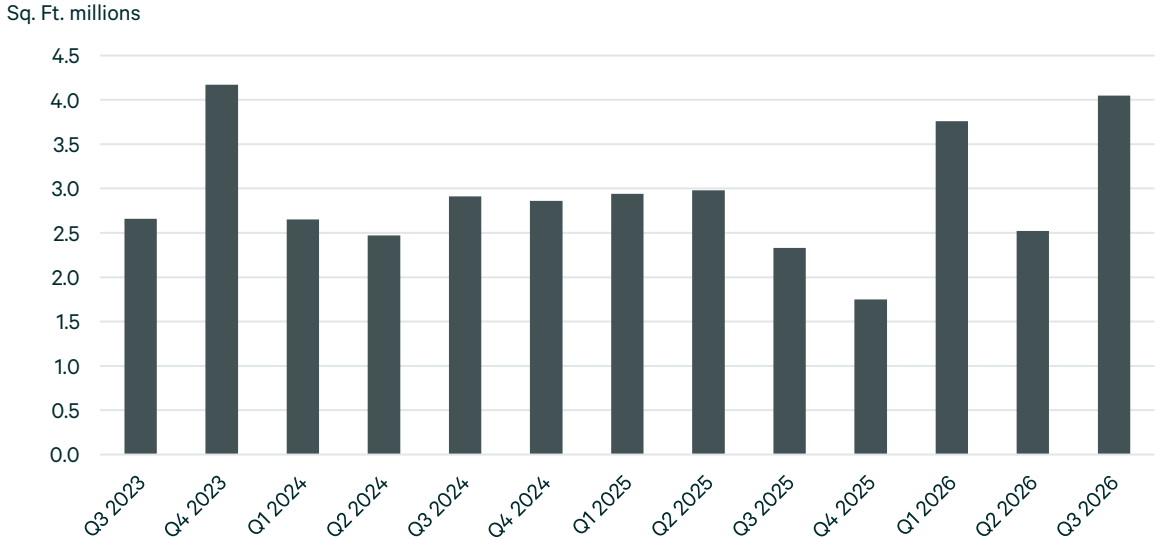
The Aerospace and Defense sector was the most active industry in Q3 2026, followed by Construction, Transportation and Logistics, and Manufacturing. Orange County’s diverse tenant mix continued through the quarter, with 14 different industries signing new leases.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



CBRE Research

Figure 6: Leasing Activity Trend



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Glenair	237,000	New Lease	2120 E Howell Ave	North Orange County
Mach Industries	234,000	New Lease	5383 Bolsa Ave	West Orange County
Confidential Tenant	203,000	Renewal	17871 Von Karman Ave	Airport Area
Confidential Tenant	162,000	Renewal	1200 N Miller St	North Orange County
Confidential Tenant	137,000	New Lease	18582 Teller Ave	Airport Area
Confidential Tenant	134,000	New Lease	1101 Bell Ave	Airport Area
Norman S. Wright Climatic Mechanical	132,000	New Lease	3335 E La Palma Ave	North Orange County

Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, continuing a stretch of solid expansion since 2023, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Orange County industrial saw improvement over the past quarter despite persistent inflation and economic uncertainty. The fundamentals in Q3 2026 signaled that the market is stabilizing, but the extent of normalization will depend on macroeconomic factors outside of Orange County. With the Ports of Long Beach and Los Angeles experiencing record import volume and the expansion of the Advanced Manufacturing and Aerospace and Defense industries into Orange County, the industrial market is experiencing tailwinds moving into the last quarter of 2026.

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	74.49M	10.2	13.9	11.8	2.1	1.42	(171,000)	(1.08M)	247,000	576,000
Manufacturing - General	138.70M	3.4	4.5	4.1	0.4	1.56	243,000	395,000	-	-
R&D/Flex	39.52M	3.6	5.1	4.3	0.8	1.69	208,000	(33,000)	-	-
Other Industrial	28,000	100.0	100.0	100.0	-	-	-	-	-	-
Total	252.74M	5.5	7.4	6.4	1.0	1.51	280,000	(721,000)	247,000	576,000

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	112.70M	3.1	4.1	3.7	0.4	1.62	(304,000)	(809,000)	-	-
50K-99,999 SF	49.73M	4.7	6.4	5.5	0.9	1.62	117,000	(141,000)	129,000	133,000
100K-249,999 SF	56.71M	8.5	10.4	8.8	1.6	1.47	1.53M	1.40M	118,000	443,000
250K-499,999 SF	23.90M	13.2	15.9	13.2	2.7	1.38	(1.06M)	(1.17M)	-	-
500K-749,999 SF	3.39M	-	-	-	-	-	-	-	-	-
750,000 SF +	6.33M	-	17.0	17.0	-	-	-	-	-	-
Total	252.74M	5.5	7.4	6.4	1.0	1.51	280,000	(721,000)	247,000	576,000

Source: CBRE Research, Q3 2026

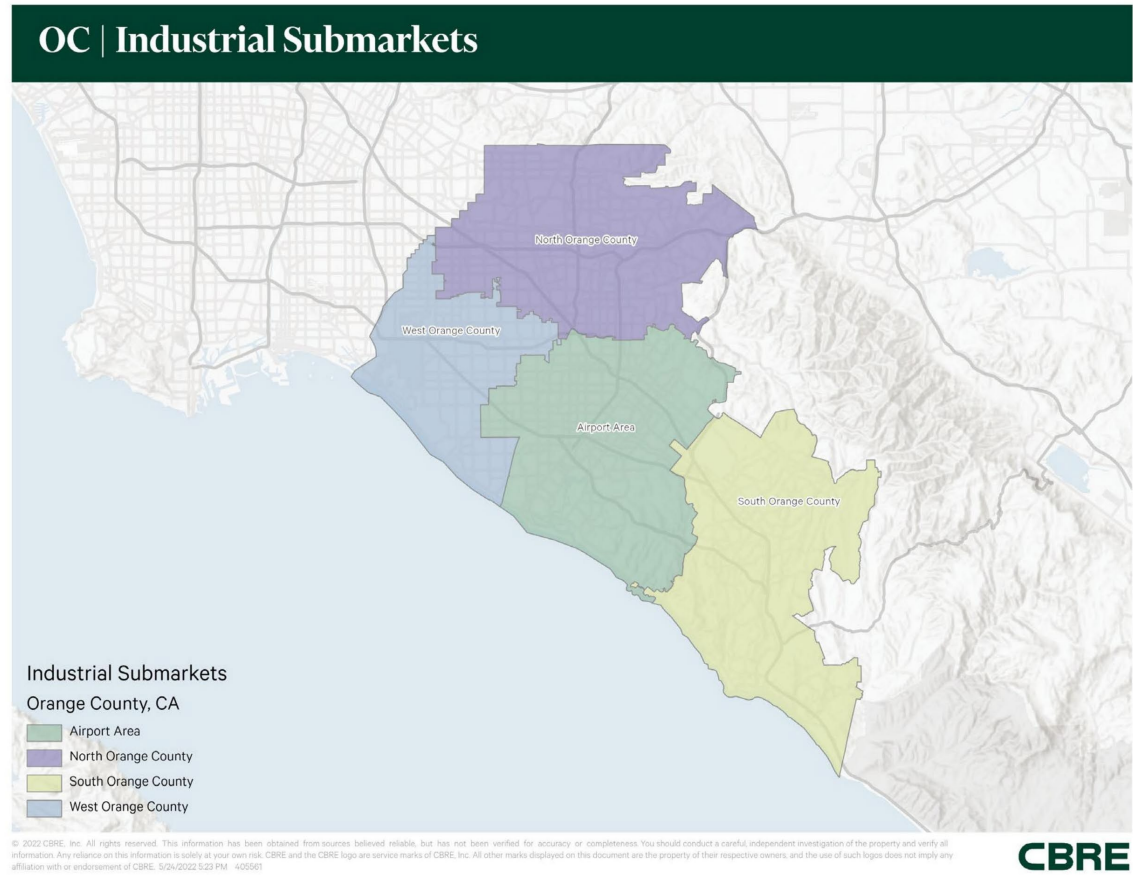
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport Area	65.35M	3.2	4.5	3.9	0.6	1.52	710,000	972,000	195,000	104,000
North Orange County	112.69M	5.8	8.3	7.3	1.0	1.43	(169,000)	(1.12M)	52,000	211,000
South Orange County	34.48M	8.7	10.7	8.8	2.0	1.77	(153,000)	(495,000)	-	-
West Orange County	40.21M	5.2	6.4	5.8	0.6	1.50	(107,000)	(76,000)	-	261,000
Total	252.74M	5.5	7.4	6.4	1.0	1.51	280,000	(721,000)	247,000	576,000

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Orange County. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Chris DiFrancesco

Field Research Analyst

chris.difrancesco@cbre.com

Rick Cozart

Research Manager

rick.cozartii@cbre.com

Taylor Coyne

Research Director

taylor.coyne@cbre.com