

MARKETBEAT

ORANGE COUNTY

INDUSTRIAL Q3 2026



MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.0% Vacancy Rate	▲	▬
-2.0M YTD Net Absorption, SF	▼	▲
\$1.47 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Orange County Employment*	▲	▲
3.9% Orange County Unemployment Rate*	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS
*Q3 2026

ECONOMIC OVERVIEW

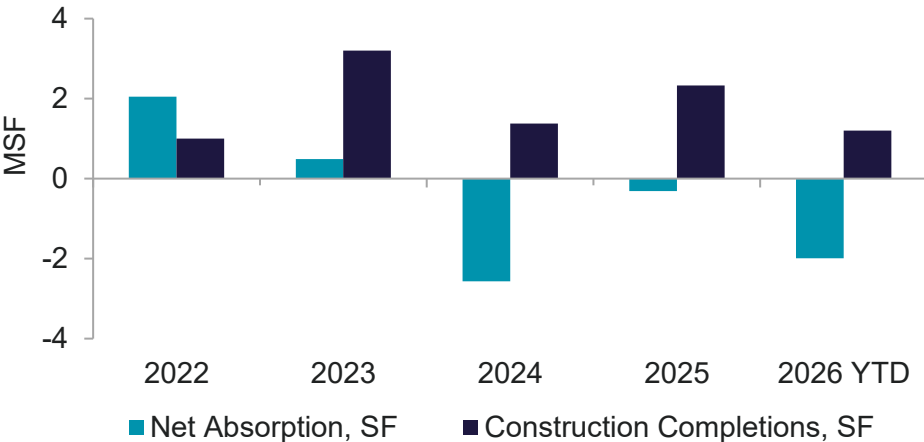
Orange County (OC) nonfarm employment increased by 4,300 jobs, or 0.3% year-over-year (YOY), between August 2025 and August 2026, reflecting modest growth and continued softness among industrial demand drivers. Private education and health services led gains (+10,100 jobs, +3.5% YOY), driven by health care and social assistance (+8,200 jobs), followed by leisure and hospitality (+5,100 jobs) - sectors that provide limited direct support for warehouse and distribution space. By contrast, six sectors lost a combined 11,900 jobs YOY, led by government (-3,800 jobs). Industrial-adjacent sectors were among the decliners, as construction shed 1,700 jobs and manufacturing lost 1,400 jobs, while transportation and warehousing declined by 900 jobs. Retail trade was a modest bright spot, adding 1,300 jobs (+0.9%).

The monthly unemployment rate was 4.4% in August 2026, down from 4.6% in August 2025 and above the Q3 2026 average of 3.9%.¹ Looking ahead, total employment is projected to grow 0.9% in 2026 and 0.7% in 2027, below the five-year historical average of 1.7%,² pointing to a gradual and uneven recovery in industrial demand across the OC market.

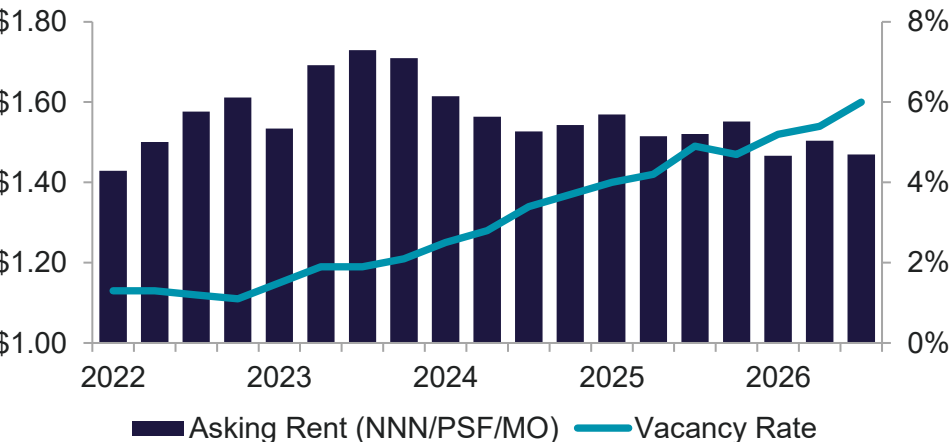
Port activity across Los Angeles (LA) and Long Beach - key indicators of regional industrial demand - remained near record levels through summer 2026. In August, the Port of LA processed 955,907 Twenty-Foot Equivalent Units (TEUs) (-0.3% YOY), capping the busiest three-month stretch in its history, while the Port of Long Beach handled 919,992 TEUs (+2.0% YOY), its busiest August on record. Loaded imports, a key driver of regional warehouse and distribution(W/D) demand, totaled 500,302 TEUs at LA (-0.8% YOY) and 456,100 TEUs at Long Beach (+3.6% YOY).

Year-to-date (YTD) throughput remained ahead of 2025 levels, with LA up 1.5% YOY (7.0 million TEUs) and Long Beach up 1.3% YOY (6.7 million TEUs),³ supported by early holiday shipments as importers moved cargo ahead of peak season. Despite strong cargo volumes, evolving tariff policies continue to influence sourcing and inventory decisions. Overall, solid port volumes have yet to translate into occupancy gains across the OC market, where W/D vacancy rose to 8.9% in Q3 2026, highlighting the disconnect between cargo throughput and demand for industrial space.

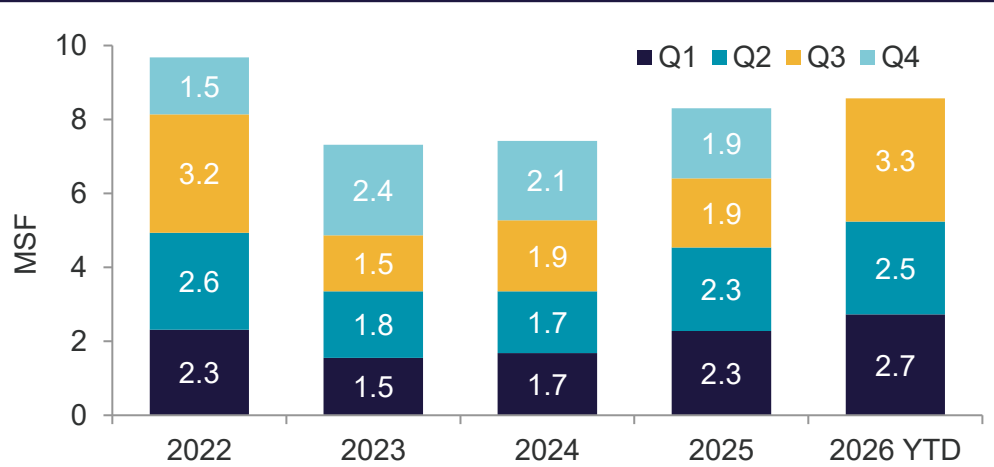
SPACE DEMAND / DELIVERIES



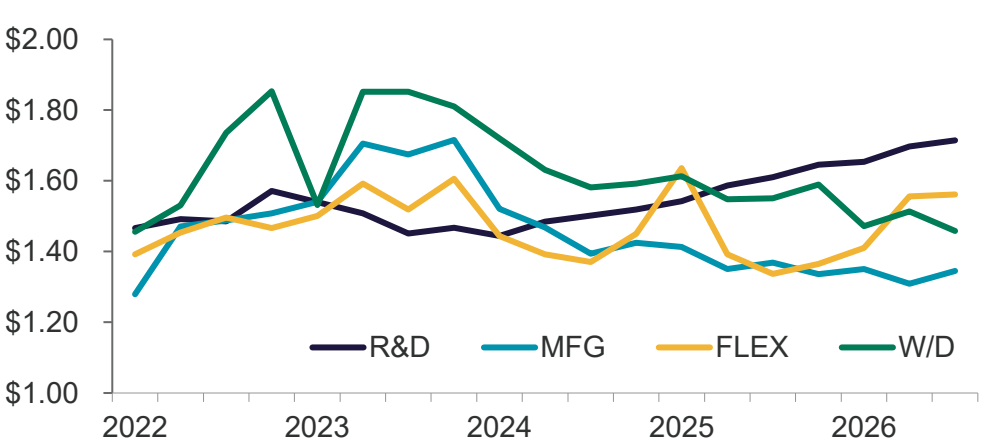
OVERALL VACANCY / ASKING RENT



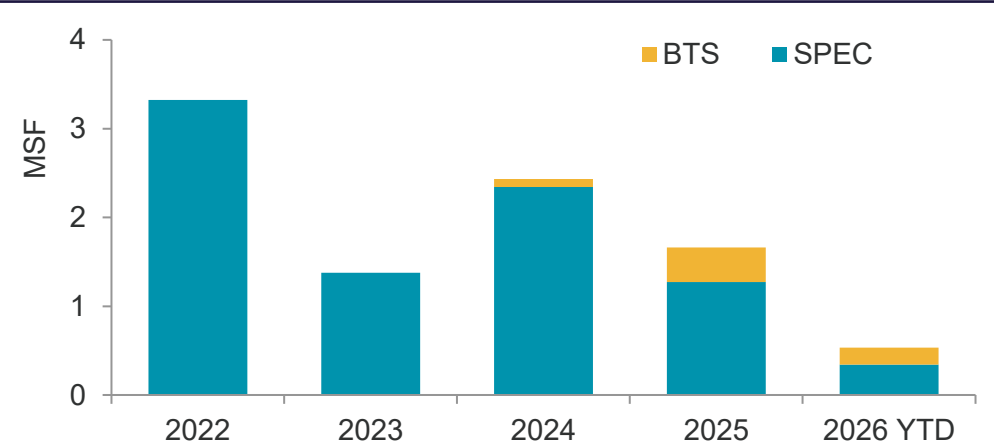
NEW LEASING ACTIVITY



AVERAGE ASKING RENT \$PSF MONTHLY NNN



UNDER CONSTRUCTION BY BUILDING TYPE



SUPPLY AND DEMAND

The OC industrial vacancy rate climbed to 6.0% in Q3 2026, increasing 60 basis points (bps) quarter-over-quarter (QOQ) and 110 bps YOY, its highest level in a decade. Net absorption remained negative for a third consecutive quarter, totaling negative 849,136 square feet (sf) as large move-outs outpaced new occupancies, bringing YTD net absorption to negative 2.0 million square feet (msf). Two full-building move-outs in La Palma and Buena Park drove losses, totaling more than 820,000 sf. At the same time, the Greater Airport Area posted positive absorption of 779,663 sf in Q3 2026, led by Anduril's occupancy of newly delivered space at South Coast Technology Center. Leasing activity, however, accelerated, with new leases totaling more than 3.3 msf, up 32.8% QOQ and 78.1% YOY, led by Glenair (237,246 sf) in Anaheim and Taco Bell (235,000 sf) in Irvine Spectrum. Additionally, 401,089 sf of the 713,089 sf delivered in Q3 2026 came online vacant, highlighting continued lease-up risk for speculative (SPEC) supply.

PRICING

As vacancy climbed, pricing softened. Overall average asking rent declined to \$1.47 per square foot (psf) per month on a triple-net basis in Q3 2026, down \$0.03 (-2.3%) QOQ and \$0.05 (-3.4%) YOY. W/D properties experienced the greatest downward pressure, with average asking rent falling to \$1.46 psf, down \$0.05 (-3.6%) QOQ and \$0.09 (-6.0%) YOY. Manufacturing properties proved more resilient, with average asking rent rising \$0.04 (+2.8%) QOQ to \$1.35 psf, although average rent remained down \$0.02 (-1.7%) YOY. Research and development (R&D) average rent rose \$0.02 (+1.0%) QOQ and \$0.10 (+6.5%) YOY to \$1.71 psf. The divergence underscores continued demand for specialized, higher-function space.

FUTURE INVENTORY

As of the end of Q3 2026, five industrial buildings totaling 534,944 sf were under construction across OC, the smallest pipeline in a decade. Two build-to-suit (BTS) projects for Amazon in Santa Ana and Advantech in Tustin account for 191,322 sf, while the remaining 343,622 sf is SPEC and scheduled to deliver in 2027. With fewer projects breaking ground, new supply is expected to remain limited.

SALES ACTIVITY

Industrial investment sales activity slowed in Q3 2026, with total transaction volume reaching \$231 million, down 48.8% QOQ and 26.7% YOY. The average sale price rose to approximately \$344 psf, up 21.8% QOQ but down 31.8% YOY. Private buyers accounted for most of the YTD activity (79.9%), followed by institutional investors (14.7%), user/other purchasers (3.2%) and cross-border buyers (2.3%).⁴ In September 2026, the Federal Reserve raised the federal funds rate by 25 bps to a target range of 3.75% - 4.00%, adding to financing costs and keeping many investors cautious.

OUTLOOK

- Port activity at the Ports of LA and Long Beach remained near record levels through summer 2026, supported by early holiday shipments. As front-loaded cargo works through the supply chain, volumes are expected to moderate, signaling a more typical pace of transpacific trade.
- Trade policy continues to influence sourcing and inventory decisions. With much of the holiday cargo already pulled forward, importers remain cautious about expansion, likely weighing on near-term demand for port-adjacent and logistics-oriented industrial space in OC.
- Large leases signed in 2026 and scheduled for occupancy over the coming quarters, together with a shrinking SPEC development pipeline, should help stabilize vacancy. However, W/D rents are likely to remain under pressure as landlords compete to backfill large-block vacancies.
- Higher borrowing costs following the Federal Reserve's September 2026 rate increase are expected to keep capital markets activity selective, with private buyers continuing to lead acquisitions.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MFG)*	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT (ALL)*
North County	106,906,801	7,133,988	6.7%	-993,345	-1,133,257	3,070,988	82,230	598,644	\$1.30	\$1.39	\$1.38
West County	39,139,584	2,237,073	5.7%	-260,576	-189,134	1,739,004	261,392	88,164	\$1.28	\$1.44	\$1.43
Greater Airport Area	69,301,171	2,699,417	3.9%	779,663	322,061	2,705,896	191,322	312,000	\$1.35	\$1.31	\$1.42
South County	36,263,500	2,907,914	8.0%	-374,878	-988,183	1,051,555	0	203,589	\$1.75	\$1.86	\$1.80
R&D	21,016,008	883,094	4.2%	147,426	-20,616	829,422	0	171,652	N/A	N/A	\$1.71
MFG	81,561,825	1,746,390	2.1%	-42,911	-402,942	1,627,656	69,498	0	N/A	N/A	\$1.35
FLEX	17,700,384	723,024	4.1%	-63,993	-338,217	291,271	0	0	N/A	N/A	\$1.56
W/D	131,332,839	11,625,884	8.9%	-889,658	-1,226,738	5,819,094	465,446	1,030,745	N/A	N/A	\$1.46
OC TOTALS	251,611,056	14,978,392	6.0%	-849,136	-1,988,513	8,567,443	534,944	1,202,397	\$1.35	\$1.46	\$1.47

*Rental rates reflect weighted triple net asking (NNN) \$psf/month. **Renewals not included in leasing statistics. W/D = Warehouse/Distribution. Completions are not reflective of U.S. Industrial MarketBeat Tables

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2120 E. Howell Ave.	North County	Glenair Inc.	237,246	New
15955-15967 Alton Pkwy.	South County	Taco Bell	235,000	New
5383 Bolsa Ave.	West County	Confidential	233,705	New
17871 Von Karman Ave.	Greater Airport Area	Confidential	202,500	Renewal**
3300 S. Fairview St.	Greater Airport Area	Financial Statement Services Inc.	197,613	Renewal**

KEY SALE TRANSACTIONS Q3 2026

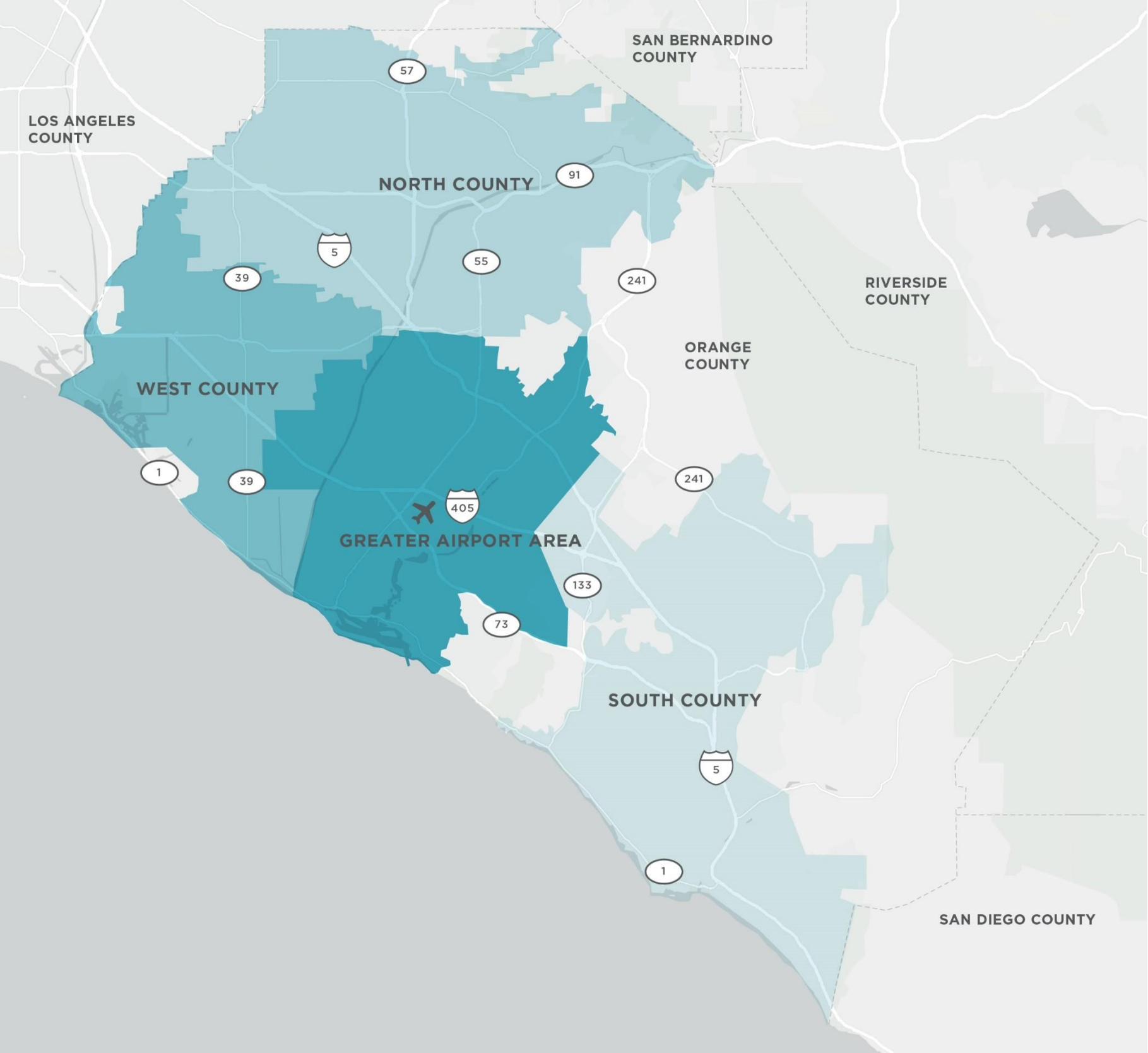
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2323 Main St.	Greater Airport Area	Starpointe Ventures / Robinson Pharma, Inc.	260,850	\$75.0M / \$288
1500 S. Raymond Ave.	North County	Rexford Industrial Realty, Inc. / Terra Universal Inc.	136,218	\$50.2M / \$369
6635 Caballero Blvd.	North County	Rexford Industrial Realty, Inc. / GuruNanda	92,395	\$28.2M / \$305
14351 Myford Rd.	Greater Airport Area	Link Logistics Real Estate / Hines	86,000	\$18.8M / \$218
1222 E. Howell Ave.	North County	Rexford Industrial Realty, Inc. / EQT Real Estate	81,325	\$16.6M / \$204

KEY PROJECTS UNDER CONSTRUCTION 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Goodman Commerce Center Cypress	West County	N/A	191,894	Goodman
625 N. Grand Ave., Santa Ana	Greater Airport Area	Amazon	112,485	Amazon
Anaheim 82	North County	N/A	82,230	Shriji Properties, LLC

Sources : ¹ www.EDD.gov Anaheim-Santa Ana-Irvine MD (Orange County). ² Lightcast forecast for Orange County, CA as of October 2026. ³The Port of Long Beach and Los Angeles, San Pedro Ports. ⁴RCA, \$10M+.

INDUSTRIAL SUBMARKETS



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