

MARKET FUNDAMENTALS

	YOY Chg	Outlook
14.2% Vacancy Rate	▼	▼
1.1M YTD Net Absorption, SF	▲	▲
\$2.93 Asking Rent, PSF (Overall, All Property Classes)	▲	▲

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 concentrated outside traditional office-using sectors. Private education and health services led gains (+10,100 jobs, +3.5% YOY), driven by health care and social assistance (+8,200 jobs), while leisure and hospitality added 5,100 jobs (+2.1%). Six sectors declined, losing a combined 11,900 jobs, with government recording the largest decrease (-3,800 jobs, -2.7%). All three major office-using sectors contracted, as professional and business services lost 3,500 jobs, information declined by 1,200 jobs and financial activities shed 300 jobs.

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 As a result, office demand is expected to recover gradually, with leasing activity continuing to be driven by higher-quality space and selective tenant expansion.

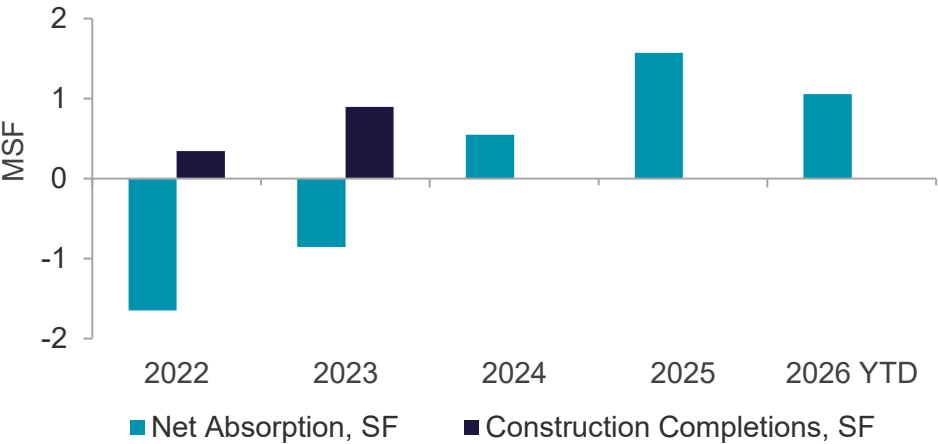
SUPPLY AND DEMAND

During Q3 2026, OC's office market recorded a second consecutive quarter of modestly negative absorption, though fundamentals remained well ahead of year-ago levels. The overall vacancy rate was 14.2%, up 30 basis points (bps) quarter-over-quarter (QOQ) but down 280 bps YOY and well below the Q1 2024 peak of 17.8%. Overall net absorption totaled negative 8,765 square feet (sf), bringing year-to-date (YTD) net absorption to nearly 1.1 million square feet (msf). Class A continued to outperform, absorbing 181,652 sf, while Class B gave back 169,355 sf, underscoring occupiers' preference for higher-quality space.

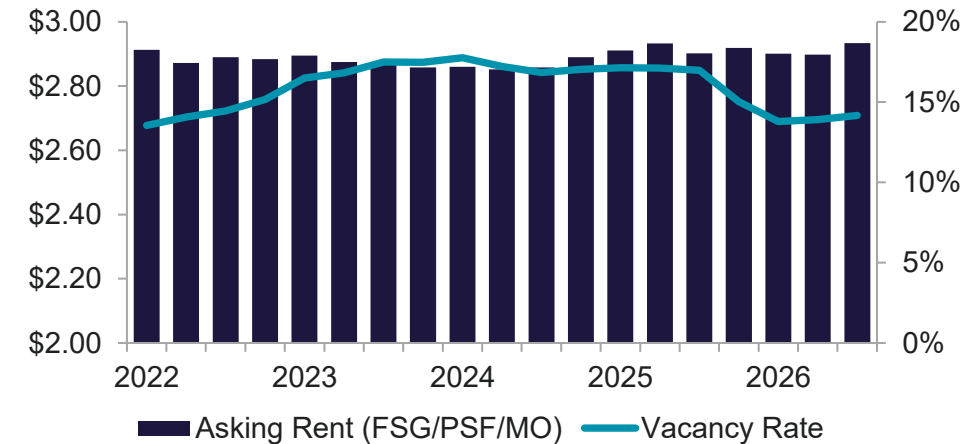
At the submarket level, Central County drove the decline, giving back 95,077 sf, while the Greater Airport Area added 93,373 sf. Notable move-ins during the quarter included 70,640 sf at 600 Anton Boulevard in Costa Mesa, 34,174 sf by National Services Group in South Santa Ana and 32,621 sf by SpyGlass Pharma in Irvine Spectrum. Sublease availability edged up 3.7% QOQ to 1.9 msf but remained down 18.2% YOY.

Leasing activity totaled nearly 1.6 msf in Q3 2026, down 2.5% QOQ and 6.7% YOY

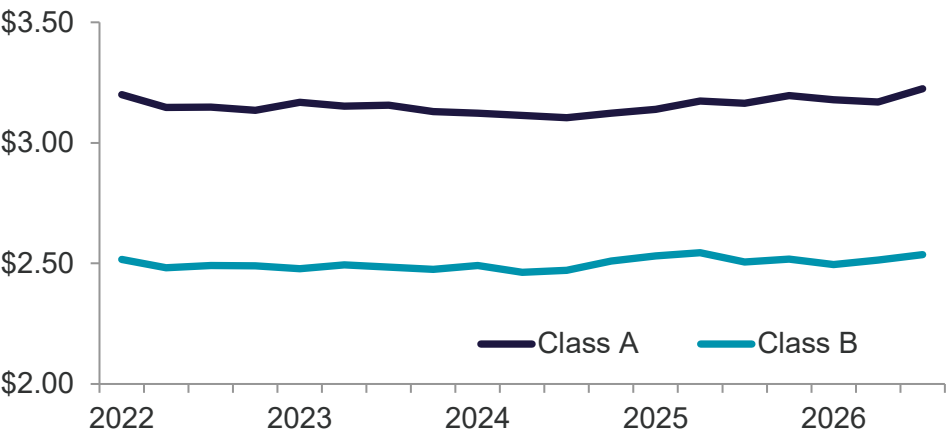
SPACE DEMAND / DELIVERIES



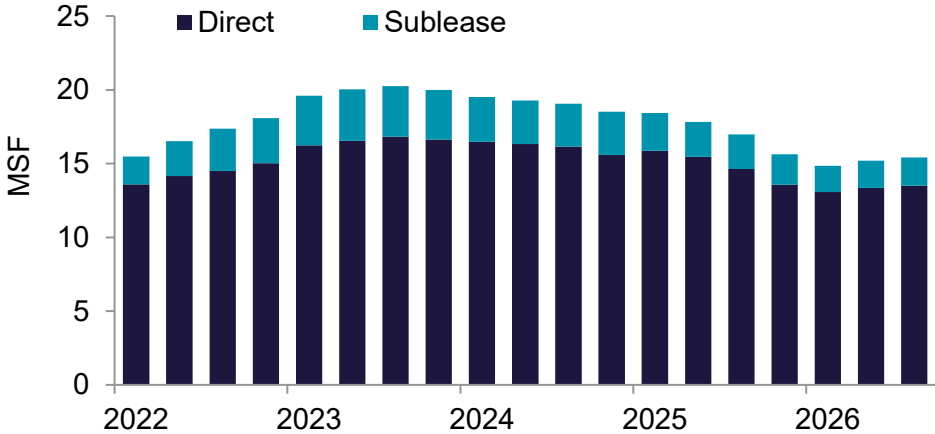
OVERALL VACANCY / ASKING RENT



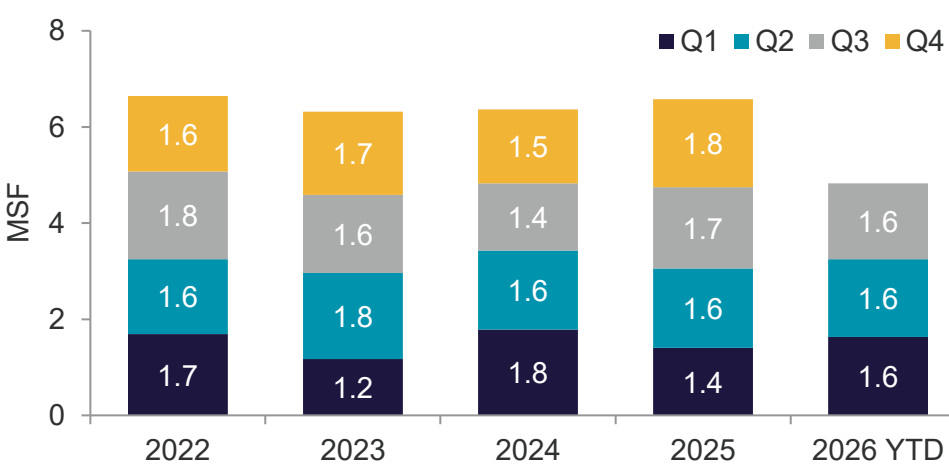
AVERAGE OVERALL ASKING RENT \$PSF MONTHLY



DIRECT VS. SUBLEASE AVAILABLE SPACE



NEW LEASING ACTIVITY



but in line with the five-year quarterly average of 1.6 msf, bringing YTD leasing to 4.8 msf. Large-block demand strengthened, with three commitments exceeding 100,000 sf: Envista (117,702 sf) at Lakeview Business Center in Irvine Spectrum, the Regional Center of Orange County (108,153 sf) in Cypress and Anduril (102,417 sf) in Newport Beach. The Greater Airport Area accounted for 55% of quarterly leasing, while Irvine, Irvine Spectrum and Newport Beach together represented 62%. Class A properties continued to dominate demand, capturing 58% of YTD leasing activity.

PRICING

Despite a modest uptick in vacancy, asking rents firmed during the quarter. The overall average asking rent rose 1.2% QOQ and 1.1% YOY to \$2.93 per square foot (psf) per month on a full-service gross basis, its highest level since Q3 2021. The Class A average asking rent increased 1.7% QOQ and 1.9% YOY to \$3.22 psf, while the Class B average asking rent rose 0.9% QOQ and 1.2% YOY to \$2.54 psf. Rents in the Greater Airport Area led gains, up 5.0% YOY to an average of \$3.27 psf. Trophy assets continued to command a premium, with asking rents ranging from \$5.15 to \$9.50 psf. To attract and retain tenants while preserving face rents, landlords continued to offer generous concession packages, including free rent and tenant improvement allowances.

FUTURE INVENTORY

The development pipeline remains limited, with 277,079 sf underway and no projects delivered YTD. Activity is concentrated in two projects: Advantech's 108,942-sf build-to-suit (BTS) North American headquarters in Tustin (South of I-5), scheduled for completion in October 2026, and The Weave @ OCVIBE, a 168,137-sf Class A development in the Stadium Area expected to deliver in Q2 2027. Beyond these projects, the broader pipeline remains largely on hold as higher construction costs and financing challenges continue to constrain new development.

SALES ACTIVITY

Office sales in OC totaled \$586 million (M) across eight transactions in Q3 2026, up 74% QOQ from \$336M in Q2 2026 and 35% YOY from \$436M in Q3 2025, marking the highest quarterly volume since Q4 2021.³ Activity was headlined by Broadcom's \$325M acquisition of the 660,900-sf campus at 15101-15191 Alton Parkway in Irvine Spectrum, which accounted for 55% of quarterly volume. Other notable trades included Greenlaw Partners' \$98M purchase of 100 Bayview Circle in Newport Beach and homebuilder Taylor Morrison's \$68.7M acquisition of Tustin Financial Plaza, which is slated for residential redevelopment. Owner-users (41%) and private investors (41%) led 2026 YTD acquisitions, while private owners (40%) and institutional owners (38%) accounted for the largest shares of dispositions. The trailing four-quarter average sale price was \$322 psf, up from \$221 psf a year earlier.

OUTLOOK

- Market fundamentals are expected to improve gradually, with vacancy trending lower as large leases signed in 2026 commence and tenant demand continues to absorb available space.
- Flight-to-quality will continue to shape leasing activity, with tenants favoring Class A properties that offer modern amenities and premier locations. Owners of older, commodity office buildings will likely remain focused on concessions, capital improvements and repositioning strategies to stay competitive.
- Limited development activity will continue to constrain new supply, reducing competitive pressure from new deliveries and supporting occupancy gains across existing inventory.
- Modest employment growth, ongoing softness in office-using industries and elevated borrowing costs are expected to temper the pace of recovery, resulting in steady rather than rapid leasing gains.
- Capital markets activity is expected to remain selective, with owner-users and private investors targeting well-located assets, while obsolete office buildings continue to attract buyers pursuing residential redevelopment.

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	39,317,751	5,118,687	271,888	13.7%	93,373	952,819	2,551,431	0	\$3.27	\$3.43
South County	21,130,744	2,833,079	411,480	15.4%	6,670	66,155	1,296,596	0	\$2.84	\$3.03
West County	4,396,385	627,237	22,809	14.8%	5,592	-3,862	229,530	0	\$2.52	\$3.13
Central County	17,569,006	2,238,387	257,458	14.2%	-95,077	-22,750	566,352	277,079	\$2.52	\$2.80
North County	5,421,975	659,941	5,753	12.3%	-19,323	64,945	185,167	0	\$2.63	\$2.87
Class A	43,822,311	6,474,963	653,284	16.3%	181,652	823,179	2,783,447	277,079	\$3.22	
Class B	42,569,892	4,902,513	300,783	12.2%	-169,355	262,545	1,993,109	0	\$2.54	
Class C	1,443,658	99,855	15,321	8.0%	-21,062	-28,417	52,520	0	\$2.21	
OC TOTALS	87,835,861	11,477,331	969,388	14.2%	-8,765	1,057,307	4,829,076	277,079	\$2.93	

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

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Lakeview Business Center	Irvine Spectrum	Envista	117,702	New
5701 Katella Ave.	Cypress	Regional Center of Orange County, Inc.	108,153	New
4000 MacArthur Blvd. - West	Newport Beach	Anduril	102,417	New
600 Anton Blvd.	Costa Mesa	Confidential	70,640	New
3 Hutton Centre Dr.	South Santa Ana	National Services Group	34,174	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
15101-15191 Alton Pkwy.	Irvine Spectrum	PRP Real Assets / Broadcom	660,900	\$325.0M / \$492
100 Bayview Cir.	Newport Beach	Granite Properties, Inc. / Greenlaw Partners	346,335	\$98.0M / \$283
Tustin Financial Plaza	Parkcenter Area	The Kelemen Company, Kingsbarn Realty Capital / Taylor Morrison	185,180	\$68.7M / \$371
19000 MacArthur Blvd.	Irvine	CM Stratplan, Inc. / KF Partners Inc.	151,706	\$26.5M / \$175

KEY PROJECTS UNDER CONSTRUCTION 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
The Weave @ OCVIBE	Stadium Area	Kiln	168,137	Samueli Family
Advantech North American HQ BTS	Tustin (South of I-5)	Advantech	108,942	South Orange County Community College District

Sources: ¹ www.EDD.gov Anaheim-Santa Ana-Irvine MD (Orange County). ² Lightcast forecast for Orange County, CA as of October 2026. ³ Real Capital Analytics, \$10M+.

This map illustrates the five counties of the Los Angeles region, each highlighted in a different shade of blue. The counties are labeled as follows:

- NORTH COUNTY** (darkest blue)
- CENTRAL COUNTY** (medium-dark blue)
- WEST COUNTY** (medium-light blue)
- GREATER AIRPORT AREA** (lightest blue)
- SOUTH COUNTY** (medium-dark blue)

Major highways are marked with numbered shields: 5, 57, 91, 39, 55, 241, 1, 405, 133, 73, and 5. Surrounding counties are labeled in grey: LOS ANGELES COUNTY, SAN BERNARDINO COUNTY, RIVERSIDE COUNTY, ORANGE COUNTY, and SAN DIEGO COUNTY.

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