



Low Inventory Stabilizes North Orange County Pricing

by Erik Sikes

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Orange County's industrial market has been fairly stable in 2023. The same hurdles present in Q2 have overflowed to Q3. The common themes were high interest rates, high sale and lease prices, and low transaction volume. Most pundits believe the market in general will experience a significant drop in pricing and see more inventory, but nine months into 2023 the numbers portray a different story for North Orange County.

Despite the persistent macroeconomic uncertainty, average lease rates and sale prices increased last quarter. This is contrary to the expectation that buyers would be discouraged by high interest rates and that tenants would be forced to renew after seeing the high cost of relocating. While this is true to some extent, there continues to be a large number of industries who are very active in this market and have immediate requirements. To clarify, we have told our clients to think of it this way: In 2022, a listing may have had ten offers within the first week and would likely have been under contract at the asking price or above. In 2023, a listing may have only two offers within the first three weeks, but the comps support that it will be under contract at the asking price or slightly lower. Essentially, demand has decreased significantly from last year but there is still demand. In addition, there is just a 2%–3% vacancy rate in the North Orange County market, so there is limited product availability. Most predicted a flurry of availabilities this fall, but the reality is that the supply has not overcome the demand to own or lease industrial real estate in North Orange County.

All sellers and landlords are probably thrilled to read the last paragraph, but I suggest a dose of caution. This is not a market where any quality of building can just put up a sign with a sale price of \$400+ PSF or a lease rate of \$1.80 PSF and expect to achieve the targeted number. This is a more competitive market and buyers/tenants are more selective with the properties they pursue. Functionally obsolete buildings are sitting on the market for months and the principals are offering price reductions and open houses, often scratching their heads because the building next door was immediately under contract while their listing has garnered little interest. For example, it is not uncommon to see two buildings within the same size range sell with closing prices differing by \$100 PSF.

Make no mistake, the combination of rising interest rates and macroeconomic angst has taken a toll on the market. Once-active buyers and tenants are staying put and waving the white flag. Sellers and landlords are still coming to grips with the fact that they may have missed the boat with regard to peak pricing. Many signs point to a slowdown in the Southern California industrial real estate market. However, there is still substantial demand in North Orange County and unless we see more inventory, I am cautiously optimistic that this specific region will come out unscathed.

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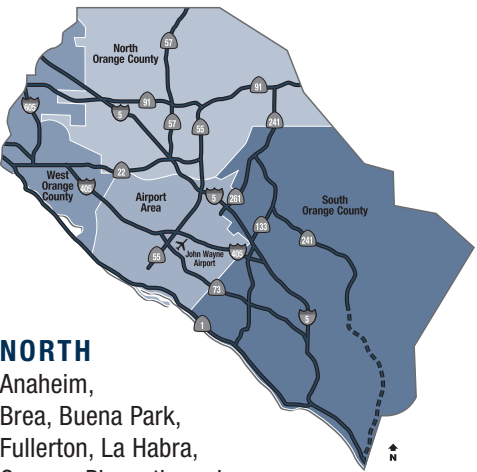
This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

Product Type

MFG./DIST.

Manufacturing / Distribution / Warehouse facilities with up to 29.9% office space.

Submarkets



NORTH

Anaheim, Brea, Buena Park, Fullerton, La Habra, Orange, Placentia and Yorba Linda

WEST

Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

AIRPORT

Costa Mesa, Fountain Valley, Irvine, Newport Beach, Santa Ana and Tustin

SOUTH

Aliso Viejo, Foothill Ranch, Irvine Spectrum, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente and San Juan Capistrano

OVERVIEW. Challenges for the Orange County industrial market continued in the third quarter. Vacancy rose sharply and net absorption dipped further into negative territory. Gross absorption and new construction showed little change. Active lease requirements have declined, and high interest rates are keeping the number of owner/user transactions below historical levels. Average asking lease rates moved up again in Q3, but with buildings taking longer to lease, price reductions are becoming more common. Quality product, appropriately priced, is moving fastest, but marketing time is now measured in months rather than days or weeks as it was just a year ago. Availability of buildings for sale is still markedly thin, and that has kept average asking sales prices from retreating significantly, despite mortgage interest rates approaching the 7% threshold.

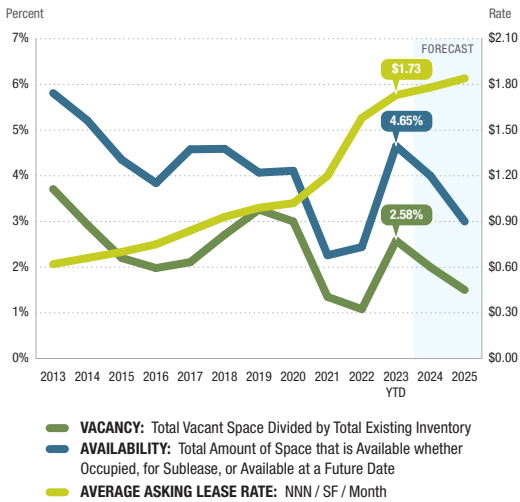
VACANCY & AVAILABILITY. Orange County's vacancy rate increased to 2.58% in Q3, up by 56 basis points from Q2. The availability rate, which includes currently occupied space offered for sale or lease, rose to 4.65%, marking a 71-basis-point increase following an 83-basis-point jump in Q2. The increase in space offered for sublease is putting extra pressure on availability. Tenants have more choices and are becoming more demanding on concessions like free rent and tenant improvements, even for buildings of higher quality. Less desirable space, lacking the modern features required by warehouse tenants, leases slowly. Both institutional and private landlords are emphasizing creditworthiness and seeking longer terms, in reaction to the market softening.

LEASE RATES & SALES PRICES. The average asking lease rate countywide moved up again in Q3, despite the significant rise in vacancy. Overall, the county saw the rate move up another \$0.05 PSF in Q3 to \$1.73 after a similar increase in Q2. Year over year, asking rents have grown by 16.9%, despite the rise in vacancy and the slowdown in active requirements. However, the trajectory of rent growth is definitely flattening. The average asking sales price fell by \$27 PSF in Q3 to just over \$397 PSF, following an increase of \$24 PSF in Q2. Rising mortgage rates in Q3 led potential buyers to await price reductions, but demand still absorbs the limited inventory, maintaining pricing near peak levels.

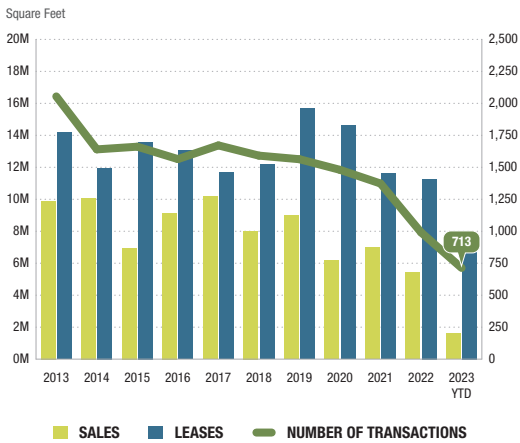
TRANSACTION ACTIVITY. Lease and sale activity dipped in Q3 both on a quarterly and year-over-year basis, and the supply of high-quality, functional space remains low. Active requirements in the market slowed again during the period. Those tenants and buyers still in circulation are becoming more selective and are less inclined to make decisions as quickly as they were in recent years when vacancy hovered in the 1% range. The number of lease transactions decreased to 176 in the period from 228 in Q2, but the number of sales rose to 44 from 32 in Q2. Total lease and sale activity by square footage fell to 1.8 MSF from just under 4 MSF in Q2. However, year-over-year sale and lease activity is down by over 65% and time on the market has moved higher. The biggest sale of the quarter was a 99,552 SF building in Brea, with total consideration of \$32.8 million. The largest lease was for 146,482 SF to Bio-Rad on Jeronimo Road in the Irvine Spectrum.

	Change Over Last Quarter	Q3 2023	Q2 2023	Q3 2022	% Change Over Last Year
Vacancy Rate	▲ UP	2.58%	2.02%	1.05%	146.93%
Availability Rate	▲ UP	4.65%	3.94%	2.20%	111.47%
Average Asking Lease Rate	▲ UP	\$1.73	\$1.68	\$1.48	16.89%
Average Asking Sale Price	▼ DOWN	\$397.35	\$424.37	\$438.89	(9.46%)
Sale & Lease Transactions	▼ DOWN	1,828,064	3,994,546	5,318,836	(65.63%)
Gross Absorption	▼ DOWN	2,555,927	2,740,633	2,695,714	(5.19%)
Net Absorption	▼ NEGATIVE	(423,503)	(194,101)	750,461	N/A

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

ABSORPTION. Orange County experienced its third consecutive quarter of negative net absorption in Q3. The overall loss in occupied space was 423,503 SF during the period, following a 194,101 SF decline in Q2 and a loss of 496,325 SF in Q1. All four major Orange County submarkets recorded negative net absorption in Q3. Gross absorption, which measures total move-ins, stabilized in Q3 at 2,555,927 SF, just slightly lower than the 2,740,633 SF recorded in Q2. Also, there are many lease renewals, many of them short term, not included in the quarterly statistics, as they are not reported by the parties.

CONSTRUCTION. In Q3, the construction queue dropped to 1,762,613 SF from 2,263,408 SF in Q2. The quarter brought new deliveries to the cities of Orange, Fullerton and Huntington Beach. Total base inventory now tops 235,882,710 SF. The current pipeline includes projects in 11 cities, including Anaheim, Brea, Fullerton, Huntington Beach, Irvine, Orange, Rancho Mission Viejo, Garden Grove, Santa Ana, Tustin and San Juan Capistrano. Most of the space underway is Class A distribution facilities that are in high demand from e-commerce users who require high clearance and state-of-the-art fire suppression systems. The largest project, LogistiCenter at 55 in Tustin, totals 311,770 SF with completion expected in Q4.

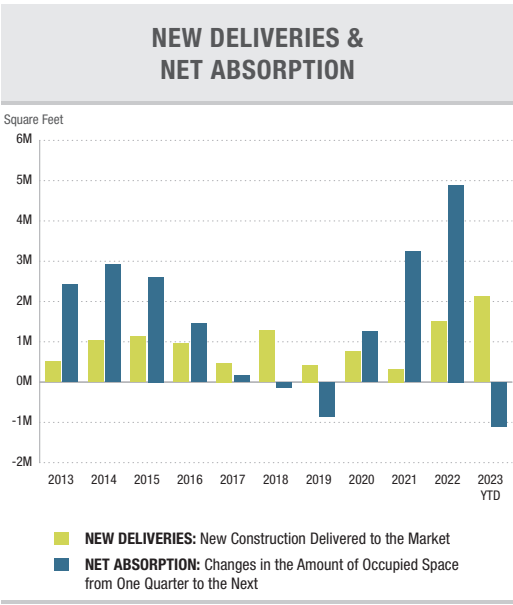
EMPLOYMENT. In August 2023, the unemployment rate in Orange County rose to 3.9%, marking an increase from the revised rate of 3.6% in July 2023 and exceeding the year-ago estimate of 3.2%. The government sector added 1,700 jobs, while manufacturing saw an increase of 1,000 jobs. Trade, transportation, and utilities also showed growth, adding 300 jobs, and professional and business services expanded with an additional 200 jobs.

Forecast

Vacancy rates in properties for lease will keep moving higher in the coming months as demand for space continues to soften. Time-on-market is increasing, and price reductions are becoming more common. Tenants are becoming more discerning in their decision making, as they no longer face the competitive bidding scenarios we saw through the middle of last year. Sales prices have held up well so far, but mortgage interest rates are continuing to move up now that the yield on the US 10-Year Treasury (a benchmark for setting commercial property mortgage rates) topped 4.8% for the first time in more than a decade. This will likely suppress demand, which could result in price corrections, as retiring owner/ users head for the exits to avoid an erosion of equity. Many of them have seen their property values rise four-fold in recent years but have been reluctant to sell because of the tax consequences. We expect that to change and for more inventory to hit the market soon. New construction activity will be minimal over the next year, as high capital costs and economic uncertainty send developers to the sidelines.

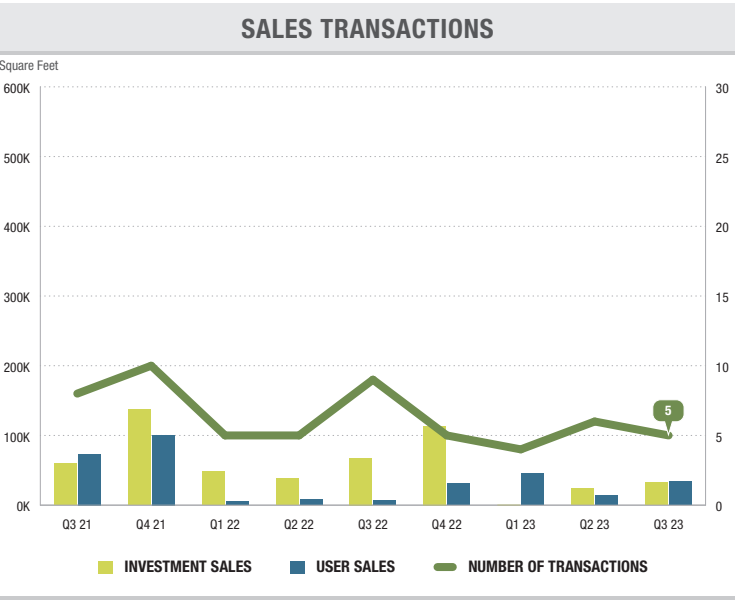
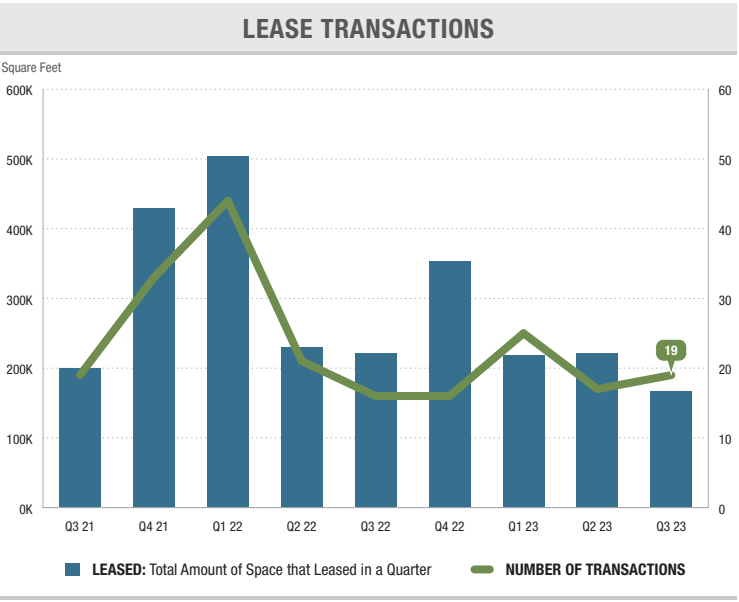
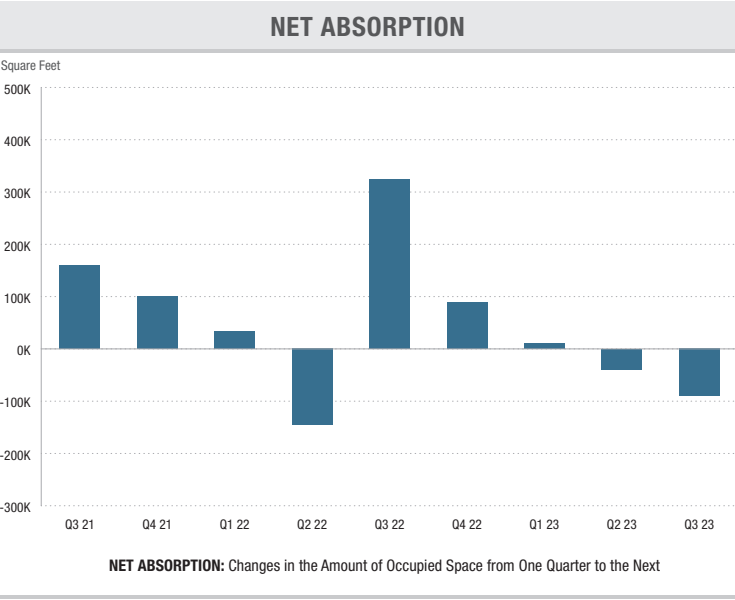
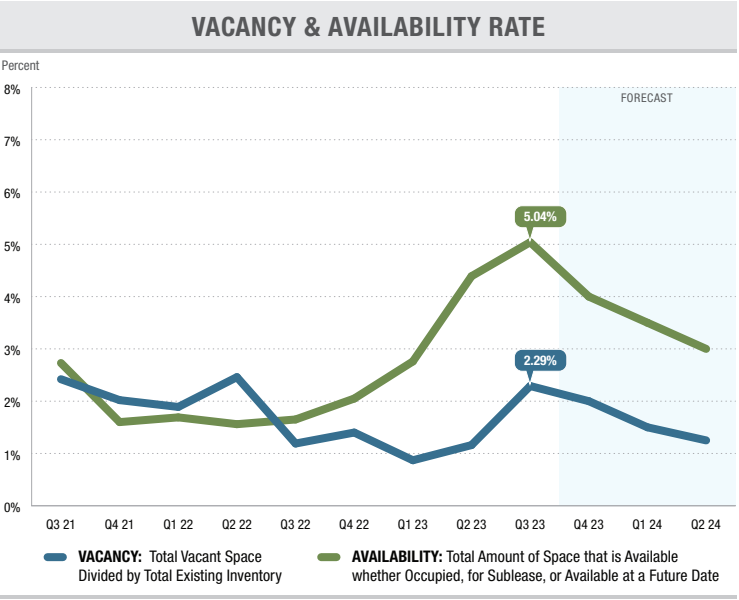
Significant Transactions

Sales					
Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
331–333 Cliffwood Park St.	Brea	99,552	\$32,837,885	Staley Point Capital	Artisan Ventures
1602–1634 E. Edinger Ave.	Santa Ana	88,410	\$18,000,000	Dornin Investment Group	Norwakowski Properties LP
5450–5480 Katella Ave.	Los Alamitos	46,560	\$11,850,000	Western Realco	Luban Living Trust
1607–1617 E. Edinger Ave.	Santa Ana	46,478	\$9,793,000	1609 Edinger LLC	Edinger Properties LLC
41 Columbia	Aliso Viejo	32,657	\$13,150,000	SCALEUP 7 LLC	Jrc Aliso Viejo LLC
Leases					
Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
9400 Jeronimo Rd.	Irvine Spectrum	146,482	Jul-2023	Bio-Rad Laboratories, LLC	Arbonne International, LLC
675–679 Placentia Ave. – Renewal	Fullerton	127,375	Sep-2023	Engineered Floors LLC	BB&K/Fullerton Industrial Park *
34 Parker	Irvine Spectrum	126,497	Aug-2023	Dzyne Inc.	Northwestern Mutual Life *
17311 Nichols Ln.	Huntington Beach	114,912	Sep-2023	Pyramid Logistics	CT Realty Investors
500 W. Warner Ave.	Santa Ana	113,499	Aug-2023	Builders Surplus	LBA Realty



SOUTH ORANGE COUNTY

In the third quarter of 2023, the South Orange County industrial market consisted of 948 buildings totaling 25,702,940 square feet and had an availability rate of 5.04%, which shows an increase from the previous quarter’s figure of 4.39%.

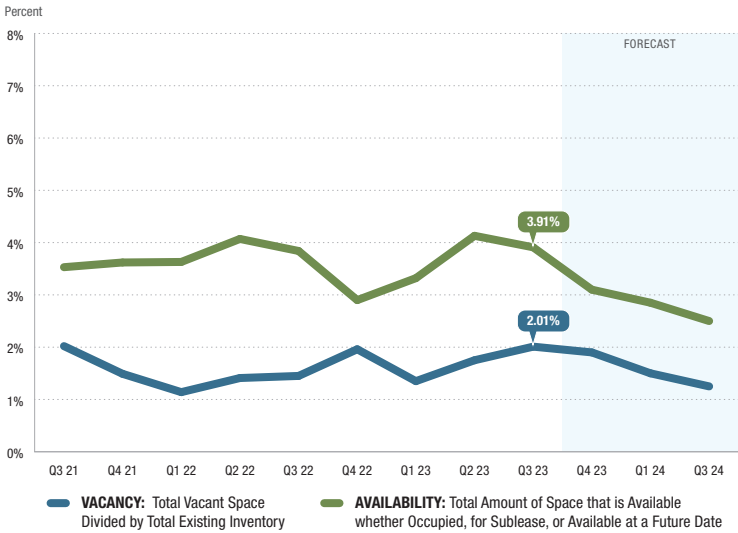


	INVENTORY				VACANCY & LEASE RATES					ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2023	Square Feet Available	Availability Rate Q3 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q3 2023	Net Absorption 2023	Gross Absorption Q3 2023	Gross Absorption 2023
South Totals														
Less than 9,999	366	2,281,077	0	0	52,082	2.28%	77,022	3.38%	\$1.78	\$733.33	(5,400)	(14,173)	18,647	69,308
10,000-19,999	274	3,922,162	39,844	0	89,587	2.28%	161,379	4.11%	\$1.74	\$416.47	(28,444)	20,259	26,137	81,818
20,000-29,999	132	3,152,514	20,800	0	71,589	2.27%	137,434	4.36%	\$1.62	\$445.00	9,916	(21,334)	23,865	179,224
30,000-39,999	48	1,636,693	0	0	101,382	6.19%	138,506	8.46%	\$1.72	\$399.34	(65,242)	(64,329)	35,947	74,727
40,000-49,999	28	1,253,736	0	0	55,240	4.41%	58,094	4.63%	\$1.65	\$0.00	(6,926)	(40,271)	0	4,480
50,000-74,999	36	2,165,096	0	0	119,929	5.54%	88,627	4.09%	\$1.80	\$0.00	(25,560)	(25,560)	84,742	117,880
75,000-99,999	16	1,399,171	94,195	0	24,291	1.74%	84,437	6.03%	\$0.00	\$0.00	99,638	99,638	99,638	176,951
100,000-199,999	32	4,341,354	101,508	172,000	73,901	1.70%	68,264	1.57%	\$0.00	\$0.00	(68,264)	(73,901)	5,637	5,637
200,000 plus	16	5,551,137	0	0	0	0.00%	480,421	8.65%	\$0.00	\$0.00	0	0	13,200	13,200
Total	948	25,702,940	256,347	172,000	588,001	2.29%	1,294,184	5.04%	\$1.77	\$416.31	(90,282)	(119,671)	307,813	723,225

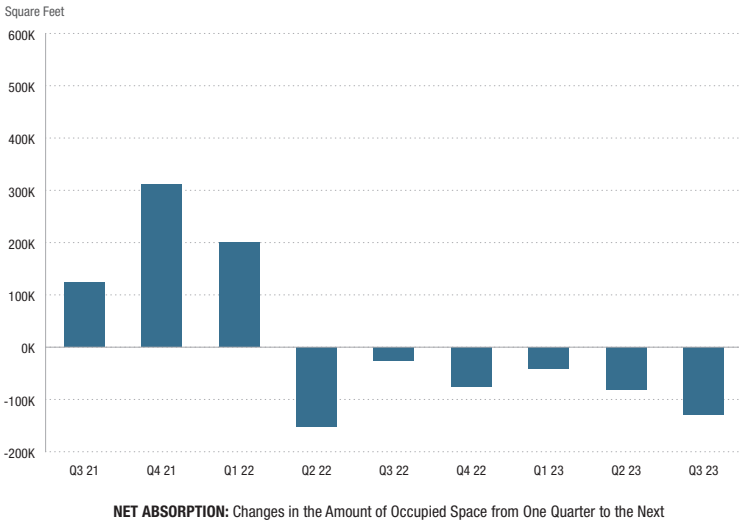
AIRPORT AREA

In the third quarter of 2023, the Airport Orange County industrial market consisted of 2,655 buildings totaling 58,146,216 square feet and had an availability rate of 3.91%, which shows a decrease from the previous quarter’s figure of 4.13%.

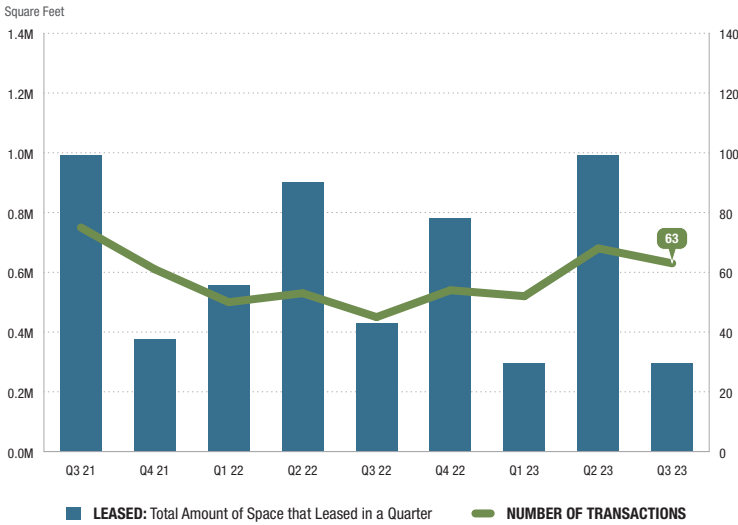
VACANCY & AVAILABILITY RATE



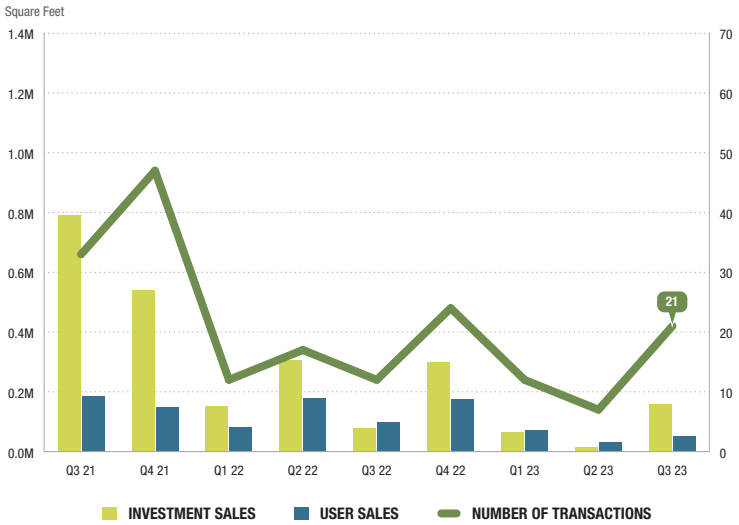
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



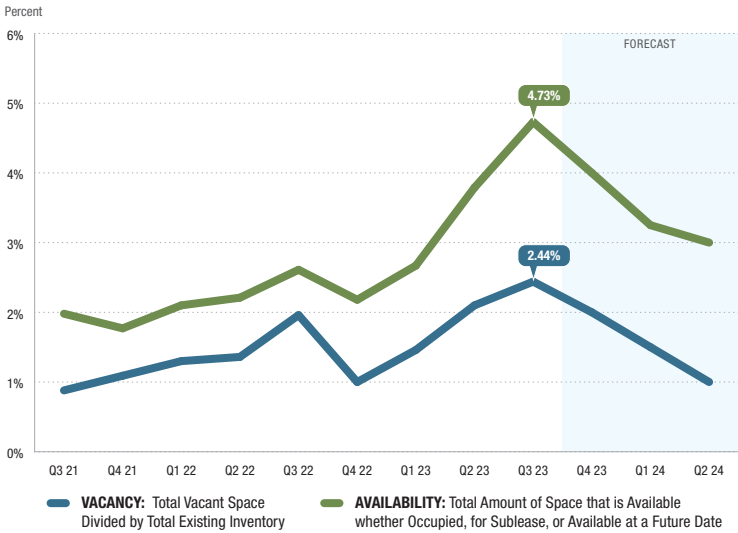
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Airport Totals														
Less than 9,999	932	5,434,993	0	0	86,869	1.60%	107,757	1.98%	\$2.48	\$401.74	280	(34,402)	62,181	155,919
10,000-19,999	909	12,713,355	0	0	229,389	1.80%	338,303	2.66%	\$1.75	\$433.65	(12,732)	6,859	144,948	352,911
20,000-29,999	353	8,424,871	0	0	161,569	1.92%	326,285	3.87%	\$1.60	\$377.19	(65,810)	(33,025)	78,387	210,124
30,000-39,999	162	5,518,766	0	0	163,110	2.96%	331,824	6.01%	\$1.92	\$363.14	(88,022)	(119,609)	29,529	169,308
40,000-49,999	76	3,315,455	0	0	67,006	2.02%	19,050	0.57%	\$1.78	\$0.00	7,796	103,897	17,796	53,002
50,000-74,999	105	6,353,697	0	0	191,959	3.02%	129,631	2.04%	\$1.61	\$356.01	58,004	91,905	192,660	375,061
75,000-99,999	47	4,019,393	82,241	0	50,871	1.27%	229,869	5.72%	\$0.00	\$0.00	(9,660)	(50,871)	0	0
100,000-199,999	50	6,363,119	706,736	275,500	54,706	0.86%	223,980	3.52%	\$0.00	\$0.00	0	(22,750)	0	191,471
200,000 plus	21	6,002,567	0	0	163,835	2.73%	569,617	9.49%	\$0.00	\$0.00	(19,236)	(194,275)	0	363,166
Total	2,655	58,146,216	788,977	275,500	1,169,314	2.01%	2,276,316	3.91%	\$1.67	\$397.78	(129,380)	(252,271)	525,501	1,870,962

	INVENTORY			VACANCY & LEASE RATES						ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2023	Square Feet Available	Availability Rate Q3 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q3 2023	Net Absorption 2023	Gross Absorption Q3 2023	Gross Absorption 2023
Airport Area														
Costa Mesa	447	7,647,666	0	0	286,258	3.74%	443,249	5.80%	\$1.46	\$396.94	(189,936)	(188,437)	37,256	139,563
Fountain Valley	178	3,680,498	0	0	65,780	1.79%	53,433	1.45%	\$2.36	\$456.94	(42,628)	(28,033)	85,220	137,136
Irvine	298	11,072,908	394,966	0	262,850	2.37%	366,601	3.31%	\$1.73	\$610.10	(55,418)	(25,782)	145,303	252,178
Newport Beach	48	602,698	0	0	4,165	0.69%	4,165	0.69%	\$0.00	\$0.00	15,346	31,332	15,346	34,984
Santa Ana	1,571	30,850,914	82,241	275,500	454,351	1.47%	1,225,958	3.97%	\$1.65	\$377.51	153,615	(10,105)	239,697	927,962
Tustin	113	4,291,532	311,770	0	95,910	2.23%	182,910	4.26%	\$1.78	\$424.43	(10,359)	(31,246)	2,679	379,139
Airport Area Total	2,655	58,146,216	788,977	275,500	1,169,314	2.01%	2,276,316	3.91%	\$1.67	\$397.78	(129,380)	(252,271)	525,501	1,870,962
North County														
Anaheim	1,832	44,394,358	203,793	111,957	1,106,614	2.49%	2,226,211	5.01%	\$1.70	\$415.26	40,877	(641,477)	404,811	958,251
Brea	327	12,031,238	124,678	0	252,578	2.10%	544,927	4.53%	\$1.82	\$457.04	(36,779)	(20,625)	67,261	184,795
Buena Park	238	13,309,159	0	27,765	160,192	1.20%	814,413	6.12%	\$1.89	\$319.15	(26,470)	(87,393)	155,629	248,999
Fullerton	463	20,649,100	139,000	140,000	873,968	4.23%	1,239,481	6.00%	\$1.75	\$348.69	(92,229)	173,363	412,123	1,277,527
La Habra	193	3,328,639	0	0	26,594	0.80%	48,896	1.47%	\$0.00	\$332.46	(4,325)	(19,709)	32,383	76,231
Orange	743	13,549,815	100,483	66,448	124,713	0.92%	262,853	1.94%	\$1.56	\$399.48	8,775	187,624	66,529	286,460
Placentia	218	4,243,899	0	0	203,472	4.79%	175,447	4.13%	\$1.45	\$272.76	(40,216)	(99,986)	32,806	127,036
Yorba Linda	55	908,881	0	0	0	0.00%	2,000	0.22%	\$1.50	\$0.00	8,493	62,806	8,493	52,631
North County Total	4,069	112,415,089	567,954	346,170	2,748,131	2.44%	5,314,228	4.73%	\$1.70	\$376.76	(141,874)	(445,397)	1,180,035	3,211,930
South County														
Aliso Viejo	18	685,634	0	0	32,300	4.71%	32,300	4.71%	\$1.90	\$415.00	0	21,972	0	42,152
Foothill Ranch	64	3,417,232	0	0	0	0.00%	433,279	12.68%	\$1.66	\$0.00	5,285	25,138	5,285	63,561
Irvine Spectrum	216	10,493,588	94,195	0	199,516	1.90%	323,091	3.08%	\$1.72	\$436.50	108,309	39,947	197,689	342,592
Laguna Beach	21	112,459	0	0	4,400	3.91%	4,950	4.40%	\$0.00	\$0.00	(4,400)	(4,400)	0	0
Laguna Hills	78	1,066,962	0	0	26,586	2.49%	24,836	2.33%	\$1.94	\$375.00	(2,095)	(15,409)	22,741	52,514
Laguna Niguel	17	231,576	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	1,600	3,200	1,600	3,200
Lake Forest	190	4,303,472	0	172,000	252,689	5.87%	352,784	8.20%	\$1.74	\$385.00	(171,075)	(149,907)	71,388	133,537
Mission Viejo	31	719,801	0	0	2,165	0.30%	8,102	1.13%	\$0.00	\$0.00	(2,165)	(1,312)	0	6,790
Rancho Mission Viejo	3	99,200	25,844	0	0	0.00%	1,920	1.94%	\$1.88	\$0.00	3,840	0	3,840	9,600
Rancho Santa Margarita	107	1,703,058	0	0	1,432	0.08%	4,286	0.25%	\$1.75	\$0.00	3,838	4,821	5,270	25,624
San Clemente	161	1,988,287	0	0	56,994	2.87%	89,919	4.52%	\$1.52	\$447.60	(21,500)	(31,802)	0	43,655
San Juan Capistrano	42	881,671	136,308	0	11,919	1.35%	18,717	2.12%	\$1.96	\$0.00	(11,919)	(11,919)	0	0
South County Total	948	25,702,940	256,347	172,000	588,001	2.29%	1,294,184	5.04%	\$1.77	\$416.31	(90,282)	(119,671)	307,813	723,225
West County														
Cypress	100	4,674,702	0	390,268	260,203	5.57%	369,249	7.90%	\$1.84	\$0.00	52,183	(150,738)	79,133	110,633
Garden Grove	474	12,079,597	149,335	0	663,321	5.49%	686,874	5.69%	\$1.78	\$407.56	(228,387)	(406,308)	229,066	367,371
Huntington Beach	697	13,839,398	0	0	565,907	4.09%	871,130	6.29%	\$1.84	\$449.00	150,796	277,425	230,831	659,369
La Palma	16	1,778,216	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	93	2,197,467	0	0	23,571	1.07%	23,571	1.07%	\$0.00	\$445.25	(3,180)	(9,443)	3,548	31,979
Seal Beach	15	946,896	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	174	1,847,964	0	0	61,224	3.31%	117,684	6.37%	\$1.58	513.31	(33,379)	(32,136)	0	57,493
Westminster	139	2,254,225	0	0	8,110	0.36%	11,640	0.52%	\$1.84	\$0.00	0	24,610	0	69,824
West County Total	1,708	39,618,465	149,335	390,268	1,582,336	3.99%	2,080,148	5.25%	\$1.80	\$452.04	(61,967)	(296,590)	542,578	1,296,669
Orange County Total	9,380	235,882,710	1,762,613	1,183,938	6,087,782	2.58%	10,964,876	4.65%	\$1.73	\$397.35	(423,503)	(1,113,929)	2,555,927	7,102,786
Less than 9,999	3,332	20,339,458	0	0	336,733	1.66%	494,573	2.43%	\$1.93	\$417.57	(4,988)	(125,920)	280,328	717,657
10,000-19,999	3,136	43,346,254	39,844	0	851,329	1.96%	1,261,910	2.91%	\$1.69	\$400.45	(192,781)	(106,524)	342,993	1,039,738
20,000-29,999	1,189	28,404,254	20,800	27,765	432,380	1.52%	1,020,772	3.59%	\$1.63	\$442.86	(210,348)	(96,993)	144,293	756,296
30,000-39,999	497	16,977,675	37,943	0	361,933	2.13%	691,410	4.07%	\$1.64	\$353.72	(87,246)	(14,513)	173,835	573,999
40,000-49,999	294	12,947,183	48,485	0	258,005	1.99%	514,078	3.97%	\$1.76	\$381.11	(44,812)	(75,996)	35,140	213,964
50,000-74,999	372	22,414,391	51,998	66,448	749,286	3.34%	882,384	3.94%	\$1.73	\$356.01	143,973	(53,895)	454,400	896,406
75,000-99,999	164	14,060,195	176,436	0	482,239	3.43%	825,307	5.87%	\$0.00	\$0.00	66,808	(84,049)	99,638	270,932
100,000-199,999	266	35,170,060	1,387,107	699,457	1,518,959	4.32%	2,424,344	6.89%	\$0.00	\$0.00	43,148	(287,261)	594,422	1,062,151
200,000 Plus	130	42,223,240	0	390,268	1,096,918	2.60%	2,850,098	6.75%	\$0.00	\$0.00	(137,257)	(268,778)	430,878	1,571,643
Orange County Total	9,380	235,882,710	1,762,613	1,183,938	6,087,782	2.58%	10,964,876	4.65%	\$1.73	\$397.35	(423,503)	(1,113,929)	2,555,927	7,102,786

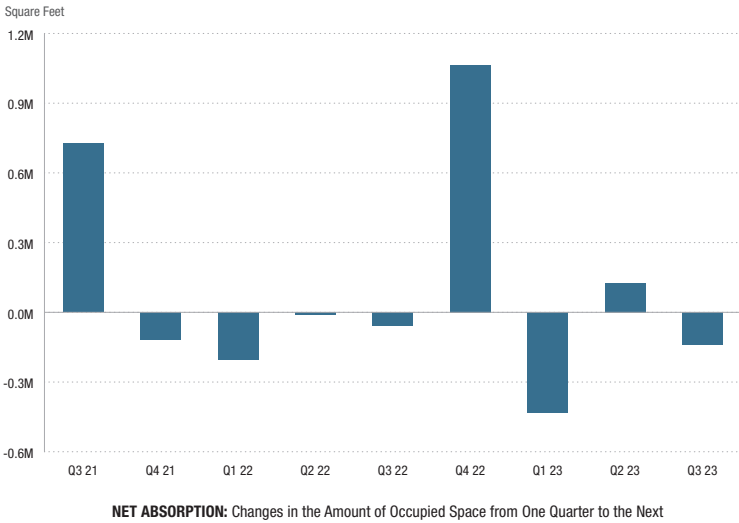
NORTH ORANGE COUNTY

In the third quarter of 2023, the North Orange County industrial market consisted of 4,069 buildings totaling 112,415,089 square feet and had an availability rate of 4.73%, which shows an increase from the previous quarter's figure of 3.79%.

VACANCY & AVAILABILITY RATE

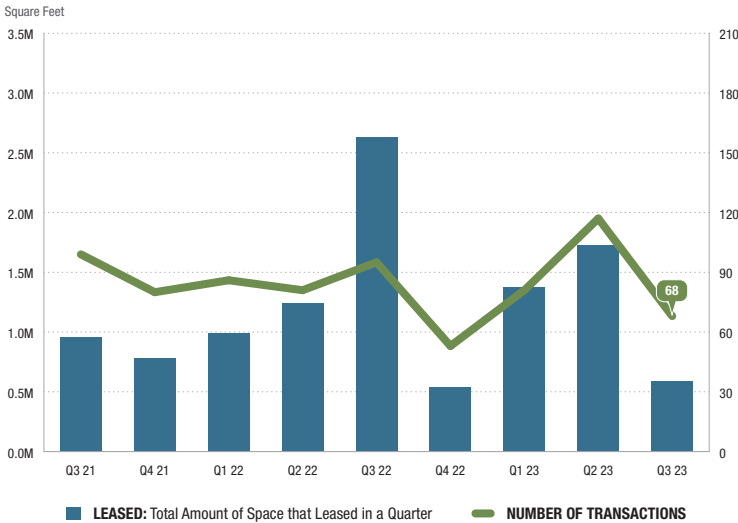


NET ABSORPTION

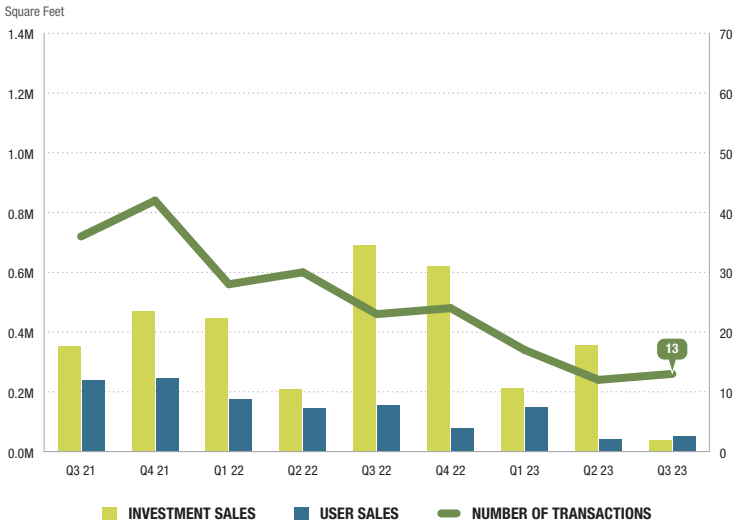


NET ABSORPTION: Changes in the Amount of Occupied Space from One Quarter to the Next

LEASE TRANSACTIONS



SALES TRANSACTIONS

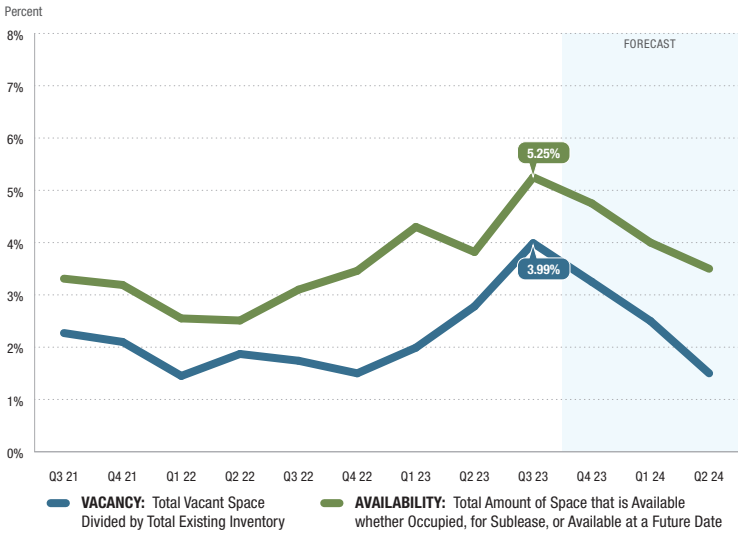


INVENTORY					VACANCY & LEASE RATES					ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2023	Square Feet Available	Availability Rate Q3 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q3 2023	Net Absorption 2023	Gross Absorption Q3 2023	Gross Absorption 2023
North Totals														
Less than 9,999	1,346	8,517,026	0	0	95,567	1.12%	157,679	1.85%	\$1.99	\$414.10	43,876	(14,003)	175,844	381,022
10,000-19,999	1,386	19,200,047	0	0	319,691	1.67%	460,650	2.40%	\$1.65	\$367.35	(100,104)	(62,920)	156,555	513,627
20,000-29,999	517	12,320,427	0	27,765	156,106	1.27%	462,393	3.75%	\$1.60	\$451.46	(124,671)	(71,159)	33,094	203,778
30,000-39,999	226	7,693,851	37,943	0	89,741	1.17%	207,380	2.70%	\$1.75	\$318.39	59,698	142,799	92,359	238,140
40,000-49,999	139	6,128,074	48,485	0	61,495	1.00%	350,743	5.72%	\$1.78	\$381.11	(3,543)	(90,958)	8,072	100,566
50,000-74,999	174	10,489,587	51,998	66,448	322,379	3.07%	378,722	3.61%	\$1.81	\$0.00	9,540	(112,472)	66,549	286,952
75,000-99,999	73	6,240,328	0	0	166,016	2.66%	336,578	5.39%	\$0.00	\$0.00	(23,170)	(164,316)	0	46,718
100,000-199,999	140	18,544,509	429,528	251,957	984,494	5.31%	1,618,104	8.73%	\$0.00	\$0.00	(3,500)	(107,181)	252,772	492,443
200,000 plus	68	23,281,240	0	0	552,642	2.37%	1,341,979	5.76%	\$0.00	\$0.00	0	34,813	394,790	948,684
Total	4,069	112,415,089	567,954	346,170	2,748,131	2.44%	5,314,228	4.73%	\$1.70	\$376.76	(141,874)	(445,397)	1,180,035	3,211,930

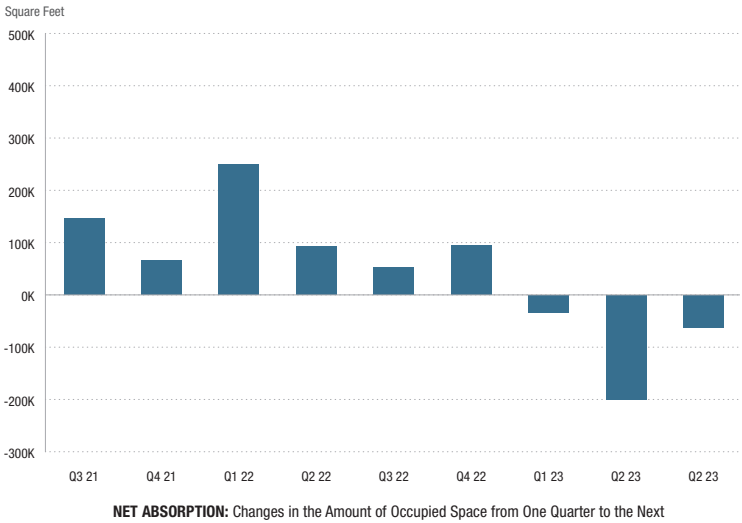
WEST ORANGE COUNTY

In the third quarter of 2023, the West Orange County industrial market consisted of 1,708 buildings totaling 39,618,465 square feet and had an availability rate of 5.25%, which shows an increase from the previous quarter's figure of 3.82%.

VACANCY & AVAILABILITY RATE

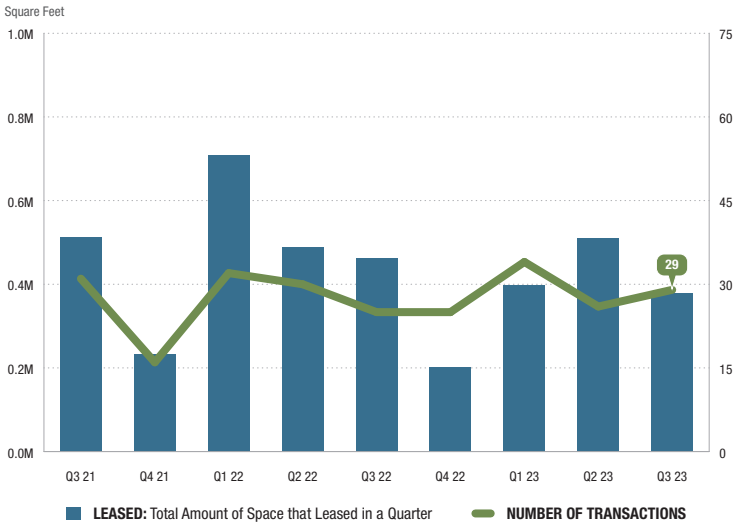


NET ABSORPTION

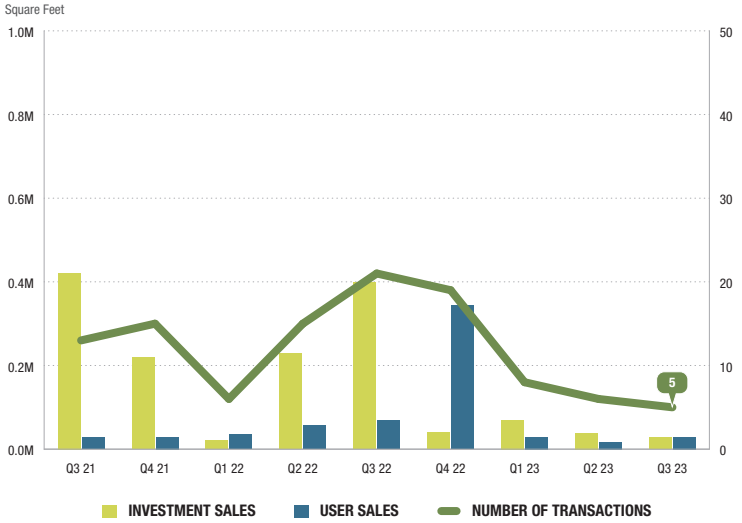


NET ABSORPTION: Changes in the Amount of Occupied Space from One Quarter to the Next

LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY					VACANCY & LEASE RATES					ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2023	Square Feet Available	Availability Rate Q3 2023	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption Q3 2023	Net Absorption 2023	Gross Absorption Q3 2023	Gross Absorption 2023
West Totals														
Less than 9,999	688	4,106,362	0	0	102,215	2.49%	152,115	3.70%	\$1.75	\$440.30	(43,744)	(63,342)	23,656	111,408
10,000-19,999	567	7,510,690	0	0	212,662	2.83%	301,578	4.02%	\$1.64	\$418.05	(51,501)	(70,722)	15,353	91,382
20,000-29,999	187	4,506,442	0	0	43,116	0.96%	94,660	2.10%	\$1.62	\$508.34	(29,783)	28,525	8,947	163,170
30,000-39,999	61	2,128,365	0	0	7,700	0.36%	13,700	0.64%	\$1.72	\$0.00	6,320	26,626	16,000	91,824
40,000-49,999	51	2,249,918	0	0	74,264	3.30%	86,191	3.83%	\$1.72	\$0.00	(42,139)	(48,664)	9,272	55,916
50,000-74,999	57	3,406,011	0	0	115,019	3.38%	285,404	8.38%	\$1.77	\$0.00	101,989	(7,768)	110,449	116,513
75,000-99,999	28	2,401,303	0	0	241,061	10.04%	174,423	7.26%	\$0.00	\$0.00	0	31,500	0	47,263
100,000-199,999	44	5,921,078	149,335	0	405,858	6.85%	513,996	8.68%	\$0.00	\$0.00	114,912	(83,429)	336,013	372,600
200,000 plus	25	7,388,296	0	390,268	380,441	5.15%	458,081	6.20%	\$0.00	\$0.00	(118,021)	(109,316)	22,888	246,593
Total	1,708	39,618,465	149,335	390,268	1,582,336	3.99%	2,080,148	5.25%	\$1.80	\$452.04	(61,967)	(296,590)	542,578	1,296,669