

3Q25

Orange County Industrial Market Overview



NEWMARK

Market Observations

Economy

- U.S. retail sales growth surpassed the 20-year average for the first time in two years as consumers got ahead of purchases in anticipation of upcoming tariffs.
- Orange County's median household income is the highest in Southern California. Its affluent population of 3.2 million is appealing to warehouse occupiers.
- Local industrial-using employment has declined year-over-year since March 2024. Job losses in the manufacturing sector continue to drive down industrial employment.
- Consumer Confidence continues to trend down as Americans grapple with still-high inflation and the prospect of higher prices after the Trump Administration introduced new tariffs. This could lead to a deceleration in retail sales in the months ahead, which will slow cargo import volumes. Historically, there is a strong correlation between imports and warehouse leasing activity.

Major Transactions

- The largest deal of the quarter was signed by Anduril for 162,656 SF. The defense technology company signed its third industrial lease of the year in the market at 3100 S Harbor Blvd in Santa Ana, a new office-to-industrial development that delivered earlier this year.
- Line Drive Trucking also signed a direct lease for 105,173 SF at a new construction facility that delivered last year. The tenant plans to occupy the space at 3071 E Coronado St in Anaheim later this year.
- An owner-user transaction topped this year's sales activity on a sales volume basis. Future Foam, a local foam supplier, acquired a 417,320-SF distribution facility at 1050 S State College Blvd in Fullerton for \$145.0 million.

Leasing Market Fundamentals

- This quarter marks the eighth net absorption loss in the last 11 quarters, bringing the total to -703,353 SF. The top three move-outs of the quarter, which originate from West County and North County, totaled 606,670 SF alone.
- Vacancy (5.3%) is 260 basis points higher than it was two years ago but remains well below the peak of 6.7% seen during the Global Financial Crisis (reached in 2010). Orange County's vacancy is the second lowest in the Southwest behind Los Angeles.
- After experiencing rapid growth and reaching an all-time high of \$1.65/SF NNN two and a half years ago, asking rents dropped to \$1.49/SF NNN.
- Under-construction activity dropped to 1.6 MSF after six projects totaling 648,796 SF delivered, bringing pre-leasing levels to 19.0% of overall construction.

Outlook

- Rent declines will be slower than neighboring markets, due to Orange County's smaller inventory set, and its high-earning consumer base that is attractive to all final-mile distributors. These factors also appeal to developers and investors.
- Vacancy will increase in the quarters ahead as some tenants enact cost-cutting measures and new speculative construction delivers vacant.
- Sales activity is expected to fluctuate as investors contend with the current economic climate.
- Sustained tariffs will increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will elevate replacement costs, hinder future construction, and insulate rents of existing product.

-
1. Economy
 2. Leasing Market Fundamentals
 3. Sales Activity
 4. Appendix

3Q25

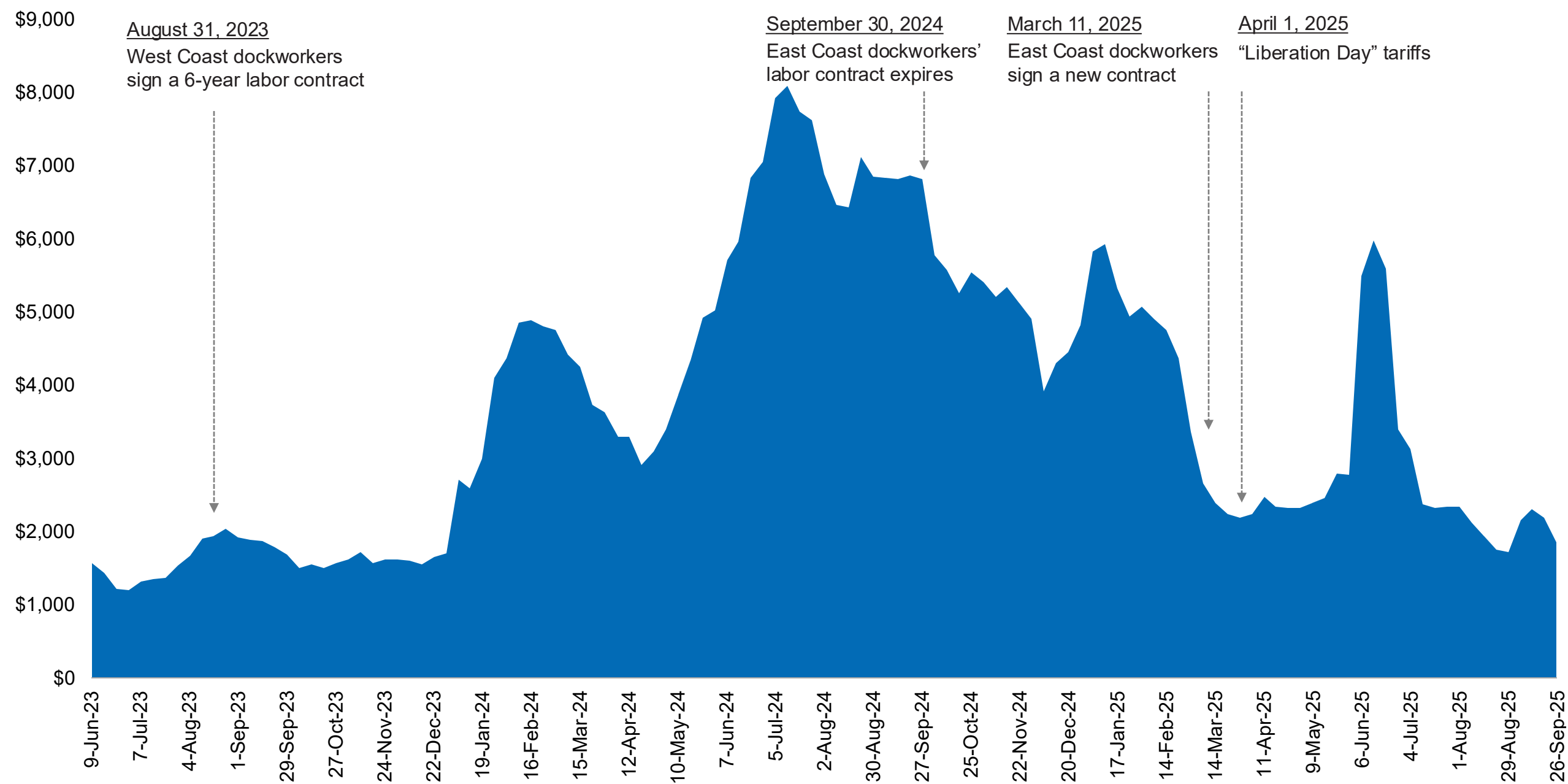
Economy



Ocean Container Spot Rates Have Been Volatile

Dockworker labor contracts that were preceded with contentious negotiations beforehand, higher U.S. inflation followed by slower consumer spending, and the Trump Administration's sweeping (and ever-changing) tariffs on foreign goods are all factors.

Ocean Container Spot Rates from China/East Asia to North America's West Coast

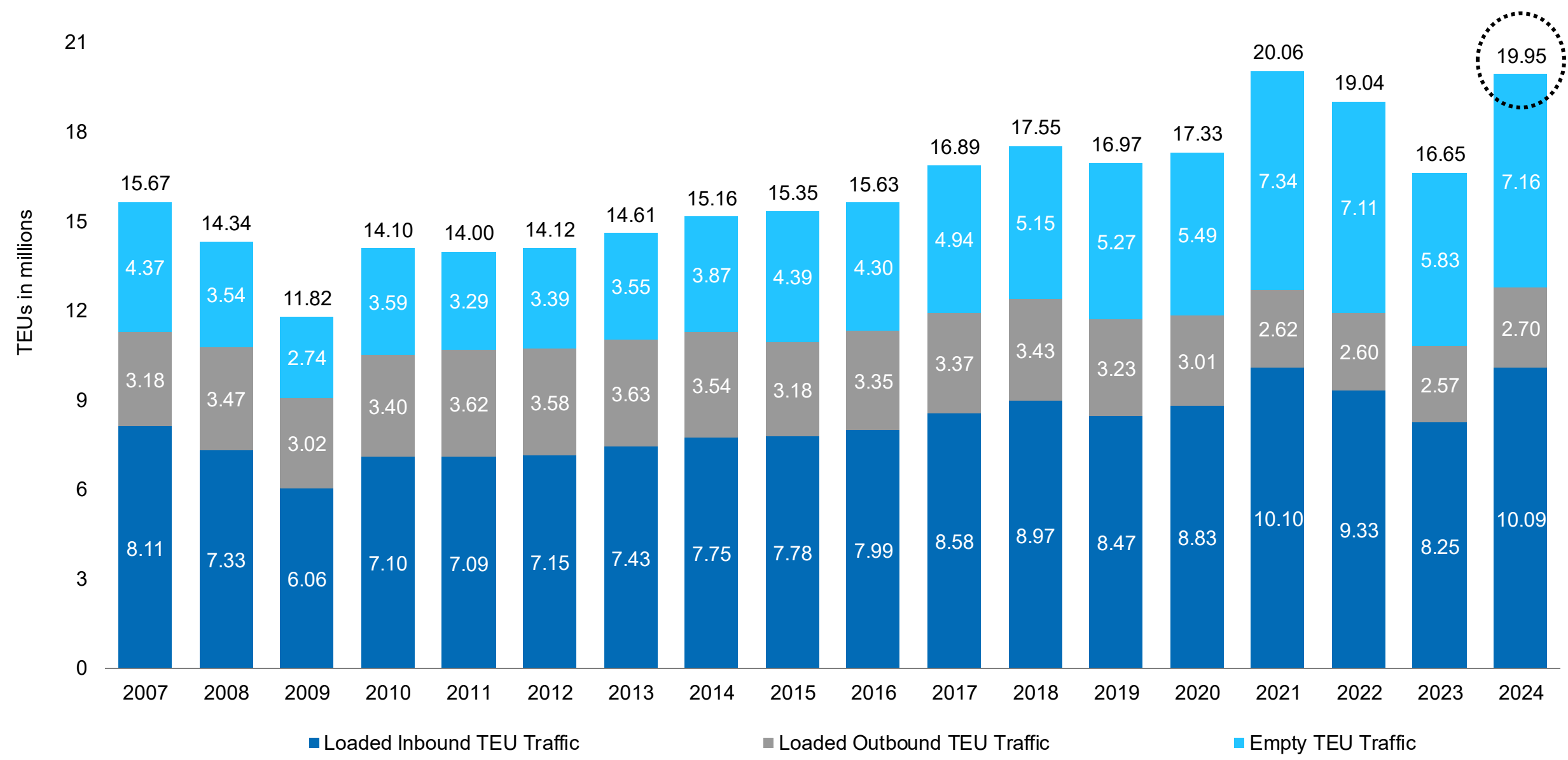


Source: Freightos, Newmark Research
Note: A spot rate is a one-time rate based on supply and demand, or shipment volume compared to available equipment. Because spot rates reflect current market conditions, they fluctuate continually. So, when load volumes are high and capacity is limited, pricing tends to increase.

Southern California’s Ports: 2024 Was the Second Busiest Year on Record

The inflated growth of 2021-2022 (due to strong retail sales from stay-at-home measures, government stimulus, and distributors stockpiling goods) has passed. Southern California’s ports then contended with an influx of imports in 2024 due to labor negotiations with Gulf and East Coast dockworkers and the frontloading of cargo as a hedge against potential tariffs.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | By Year

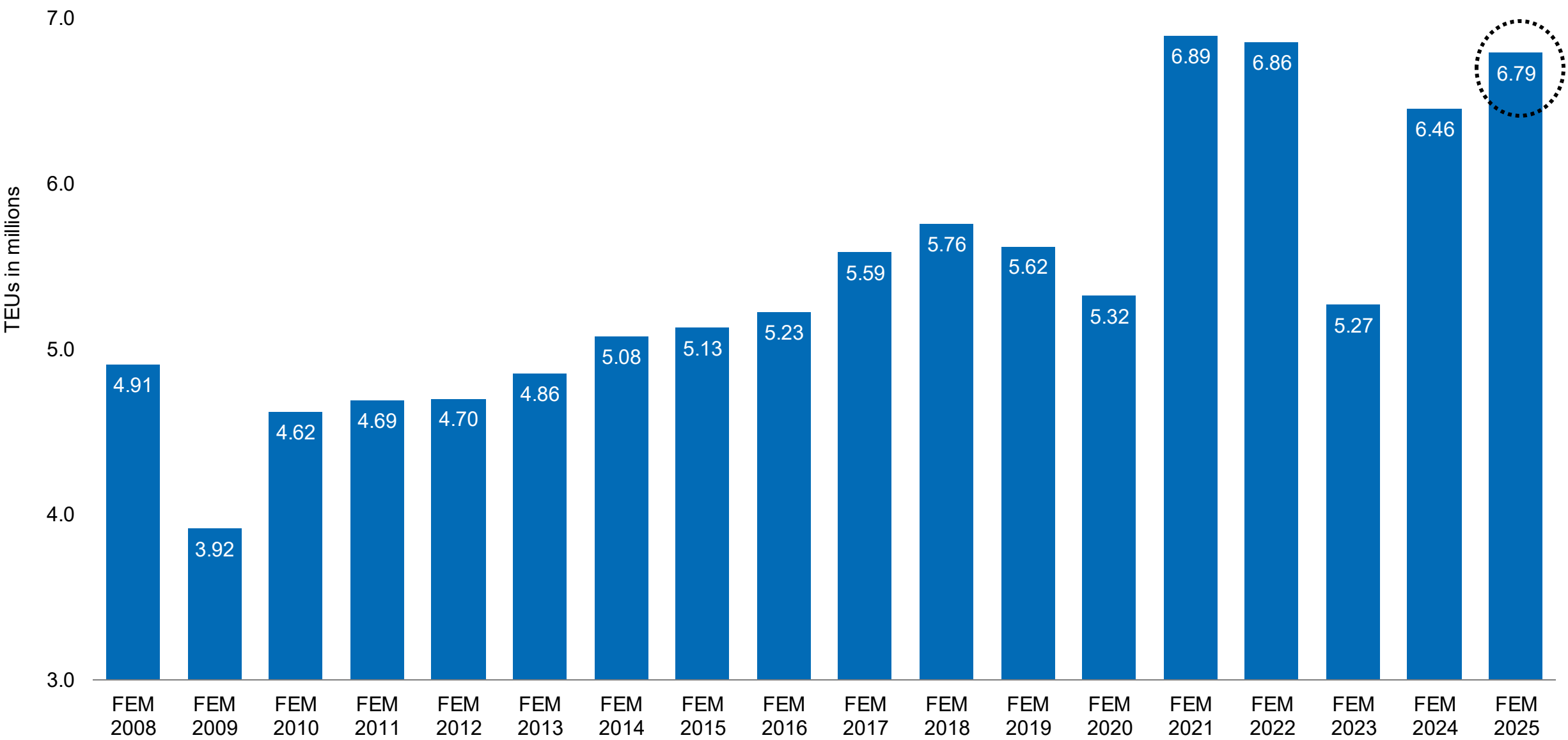


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Loaded Import Volume in the First Eight Months of 2025 Third Highest on Record

The frontloading of imports before President Trump’s tariffs went into effect shaped 2025’s year-to-date figure. Recent volume is uneven, as the next slide explores.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Eight Months (FEM) of a Given Year

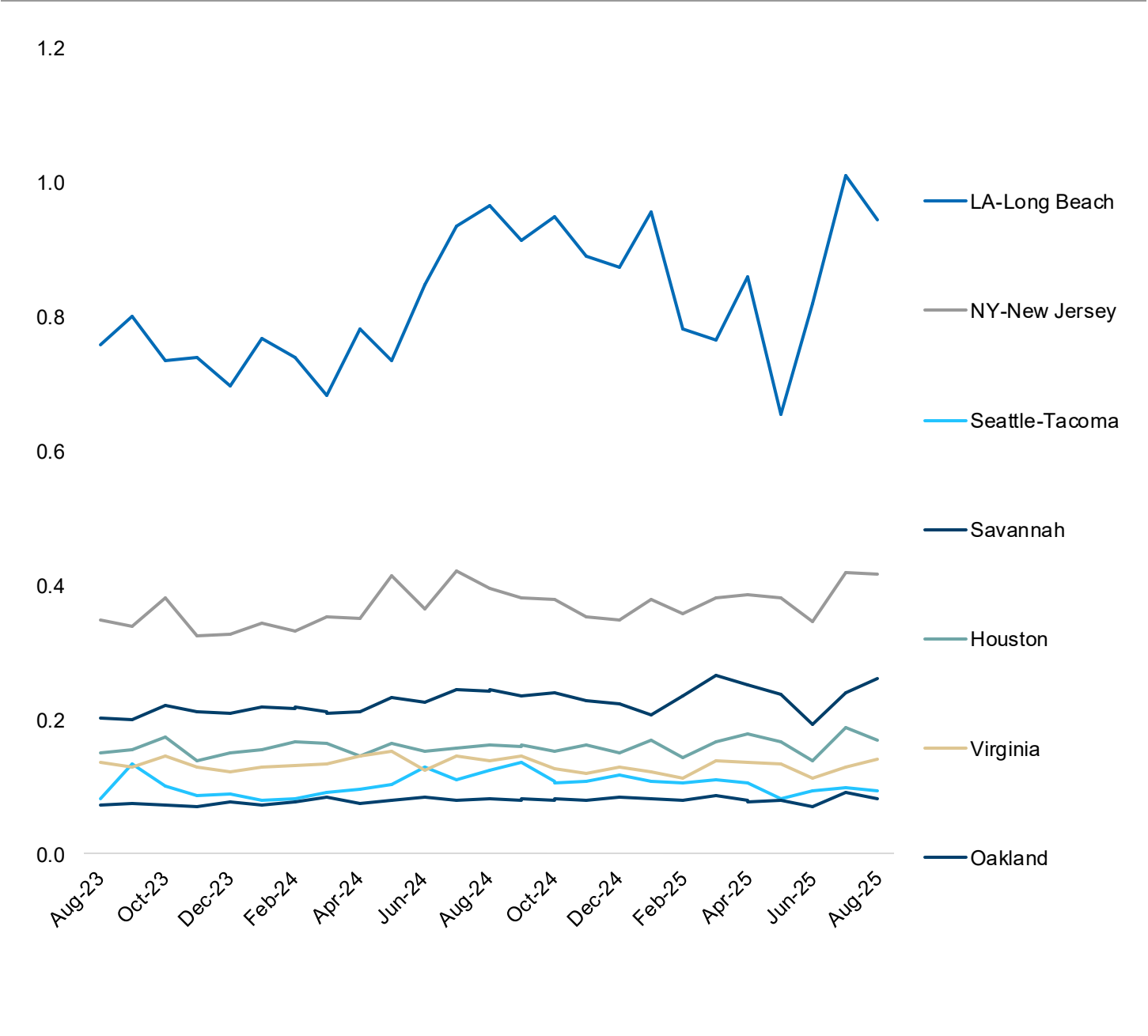


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Southern California Ports Lead the Nation in Imports—Most of Which Originate from China

Ever-changing U.S. trade policies on foreign goods (namely, Chinese goods—when looking at countries with the highest tariffs) has led to volatile year-to-date import traffic. April imports at Los Angeles-Long Beach were up as distributors raced to get product into the U.S. before then-145% tariffs on Chinese goods went into effect, while May’s figures plummeted. Imports then surged in the summer months, following the U.S. and China agreeing to a 90-day pause on most of their escalating tariffs, which was later extended until November 10. What happens beyond is anyone’s guess...In the end, China’s influence on U.S. West Coast industrial markets is substantial, which the table to the right hints at.

Top U.S. Ports: Loaded Imports (TEUs in Millions) by Month



Source: Newmark Research, Individual Ports
Note: Southern California TEU traffic tends to be volatile in the early months of a given year due to the Lunar New Year.

Top U.S. Ports: Imports by Country of Origin | 2024

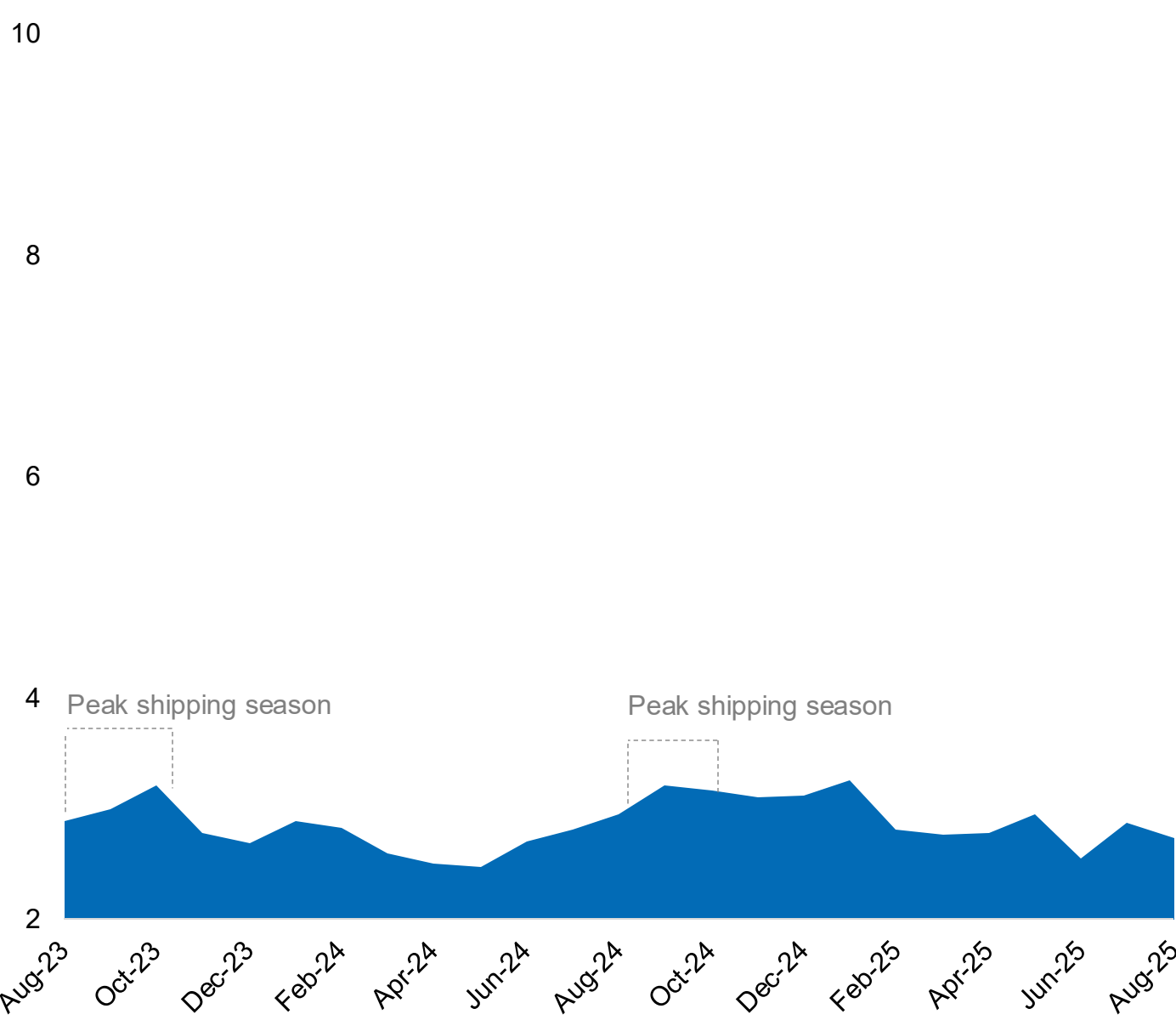
U.S. Seaport	Total Import Value (in Billions), 2024	Top 5 Countries for Imports (Based on their % of Import Value)
Los Angeles-Long Beach*	\$387	China (40%), Vietnam (14%), Japan (10%), South Korea (6%), Taiwan (5%)
New York-New Jersey	\$220	China (14%), Italy (9%), India (7%), Germany (7%), France (5%)
Seattle-Tacoma*	\$104	China (28%), Japan (21%), South Korea (17%), Vietnam (11%), Taiwan (5%)
Savannah	\$95	China (23%), South Korea (10%), India (9%), Vietnam (7%), Japan (5%)
Houston	\$94	China (18%), Germany (6%), South Korea (6%), India (6%), Vietnam (5%)
Virginia	\$70	China (13%), Germany (12%), India (10%), Italy (6%), Vietnam (6%)
Oakland*	\$33	China (37%), Vietnam (7%), Japan (7%), Taiwan (7%), Thailand (4%)

* U.S. West Coast

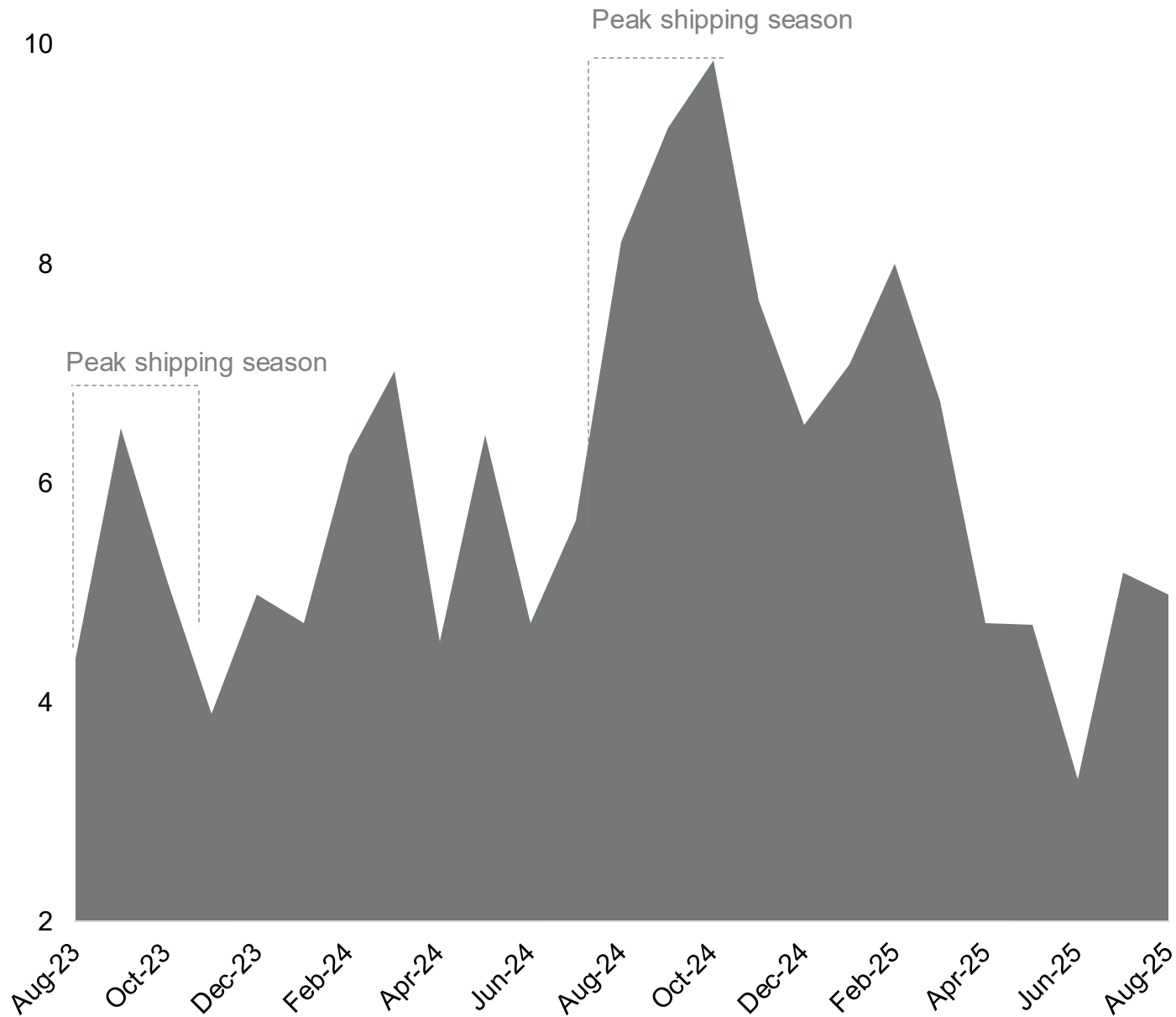
Southern California’s Ports: Rail Dwell Times Higher Than Trucks

A fair share of import traffic at The Ports of Los Angeles and Long Beach consists of goods that are passing through to other U.S. markets. Truck dwell times would be much higher if domestic consumption was stronger and more goods were bound for Southern California’s warehouses. Rail dwell times have been volatile in recent months, reflecting uneven import volume due to tariffs.

Truck-Bound Cargo Dwell Time (in Days) | Ports of Los Angeles and Long Beach



Rail-Bound Cargo Dwell Time (in Days) | Ports of Los Angeles and Long Beach

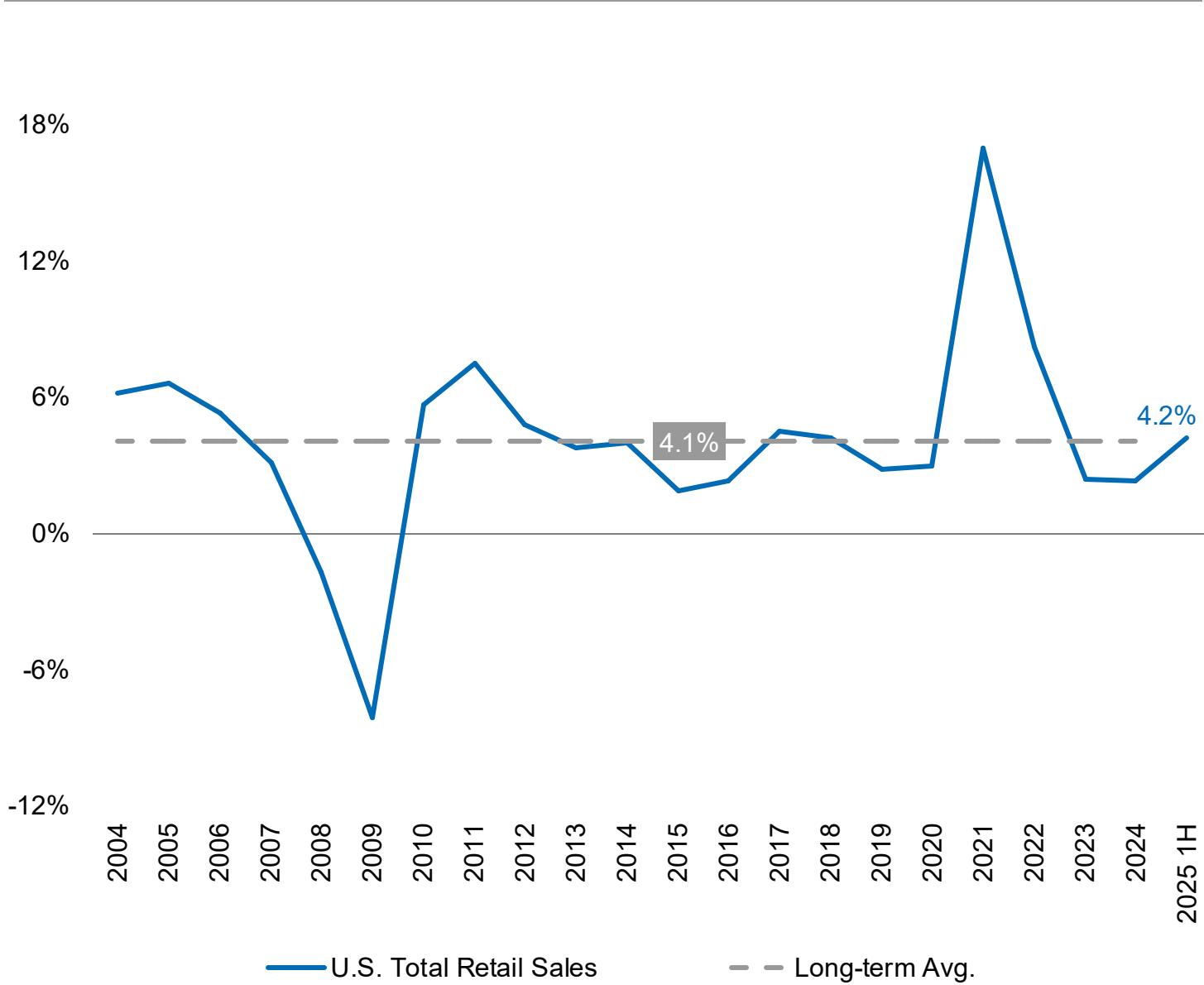


Source: Newmark Research, The Pacific Merchant Shipping Association (PMSA)
Note: Truck-bound cargo dwell time measures how long cargo waits after being unloaded from ships to being placed on an outbound vehicle.

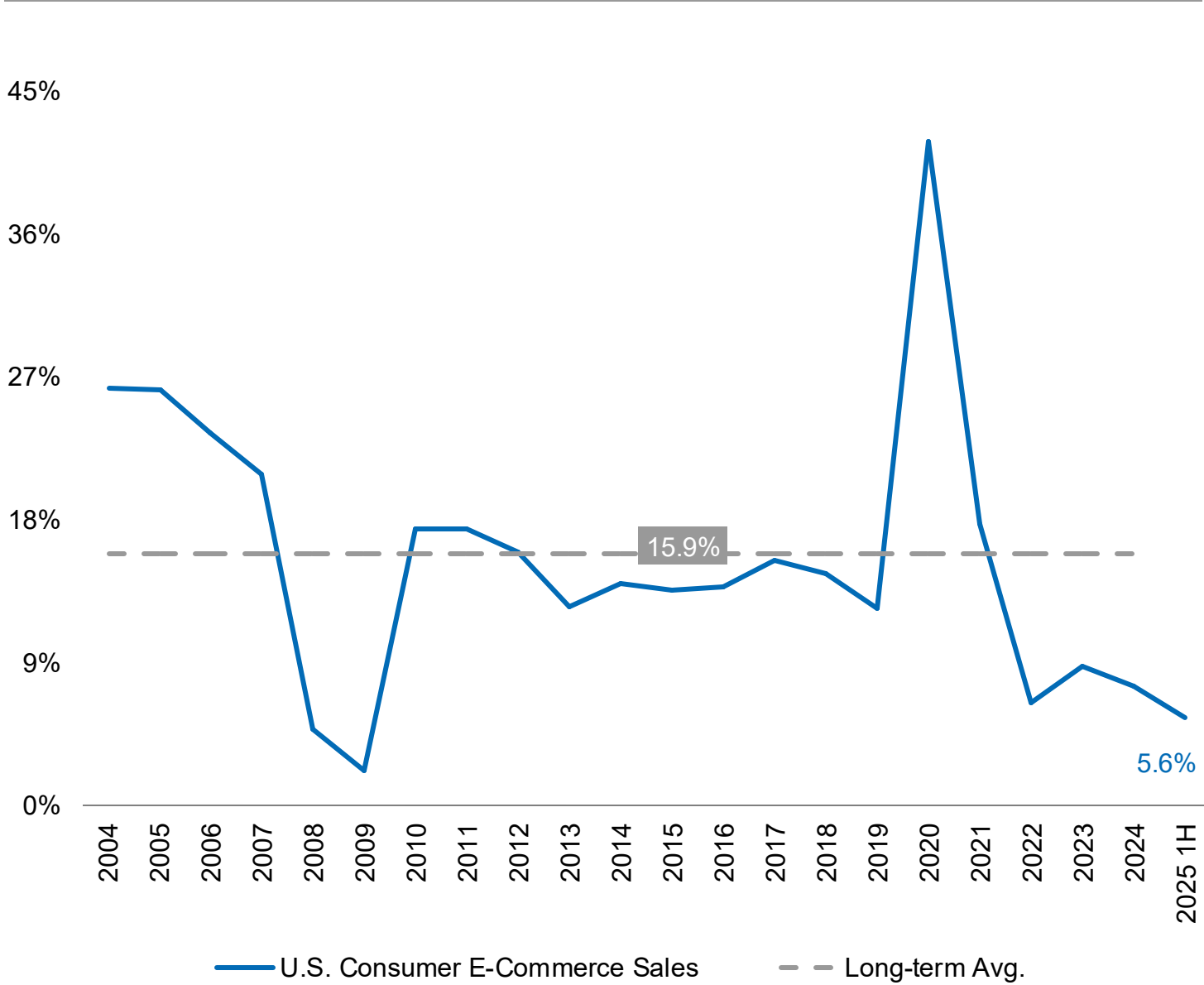
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.2% in the first half of 2025 relative to the same period in 2024 as consumers frontloaded purchases – led by motor vehicles – ahead of expected higher prices due to impending tariffs. For e-commerce specifically: Growth exceeded total retail sales (+5.6% over the same period), yet the decline from 2021 onward is noticeable as consumer spending generally registers slower gains. Since tariffs are typically stagflationary shocks, which simultaneously increase the likelihood of an economic slowdown while putting upward pressure on prices, many economists have lowered their retail sales growth projections.

U.S. Overall Retail Sales Annual Growth



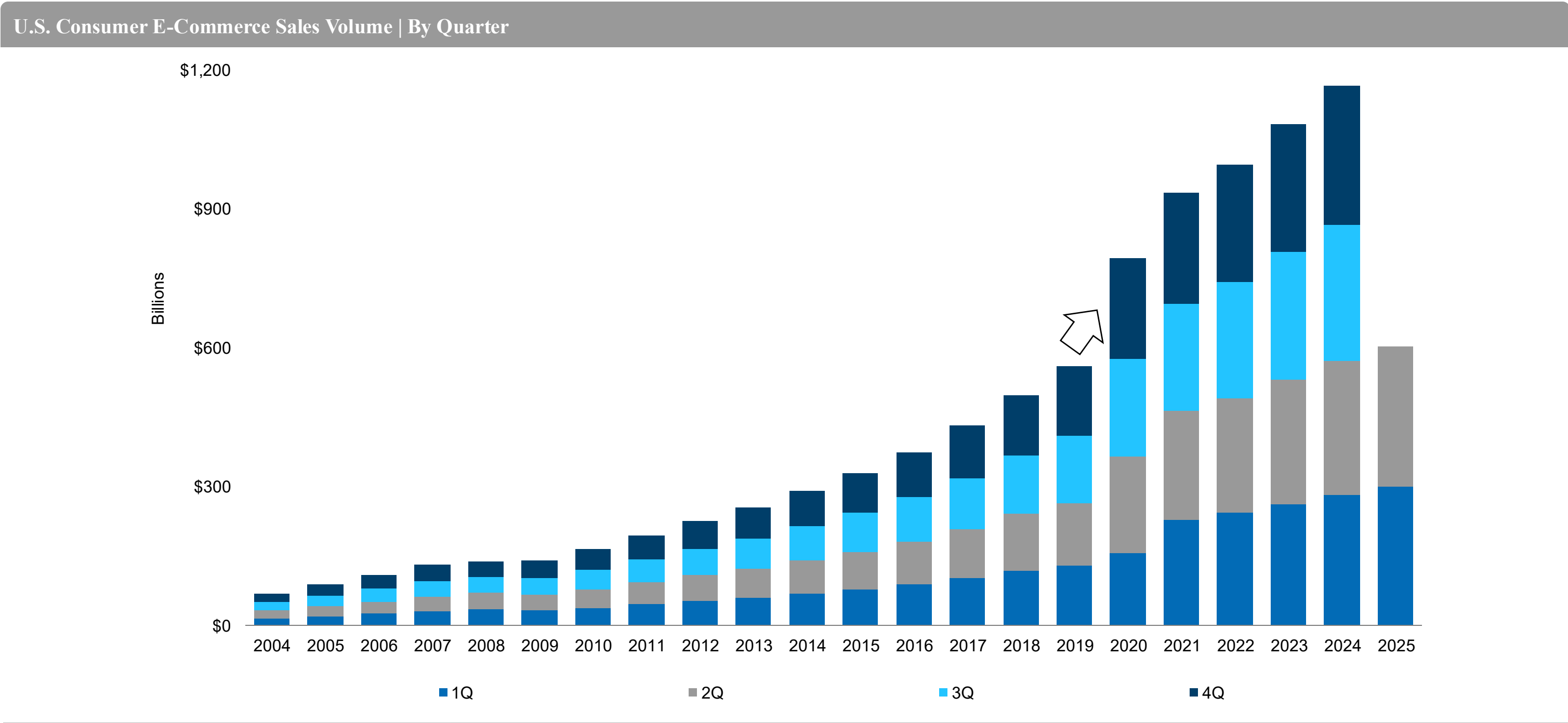
U.S. Consumer E-Commerce Sales Annual Growth



Source: US Census Bureau (consumer adjusted retail sales); most current data available

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates

Every \$1.0 billion in e-commerce sales is supported by roughly 1.2 MSF of logistics space. More e-commerce facilities are to be expected, especially in markets with large populations.

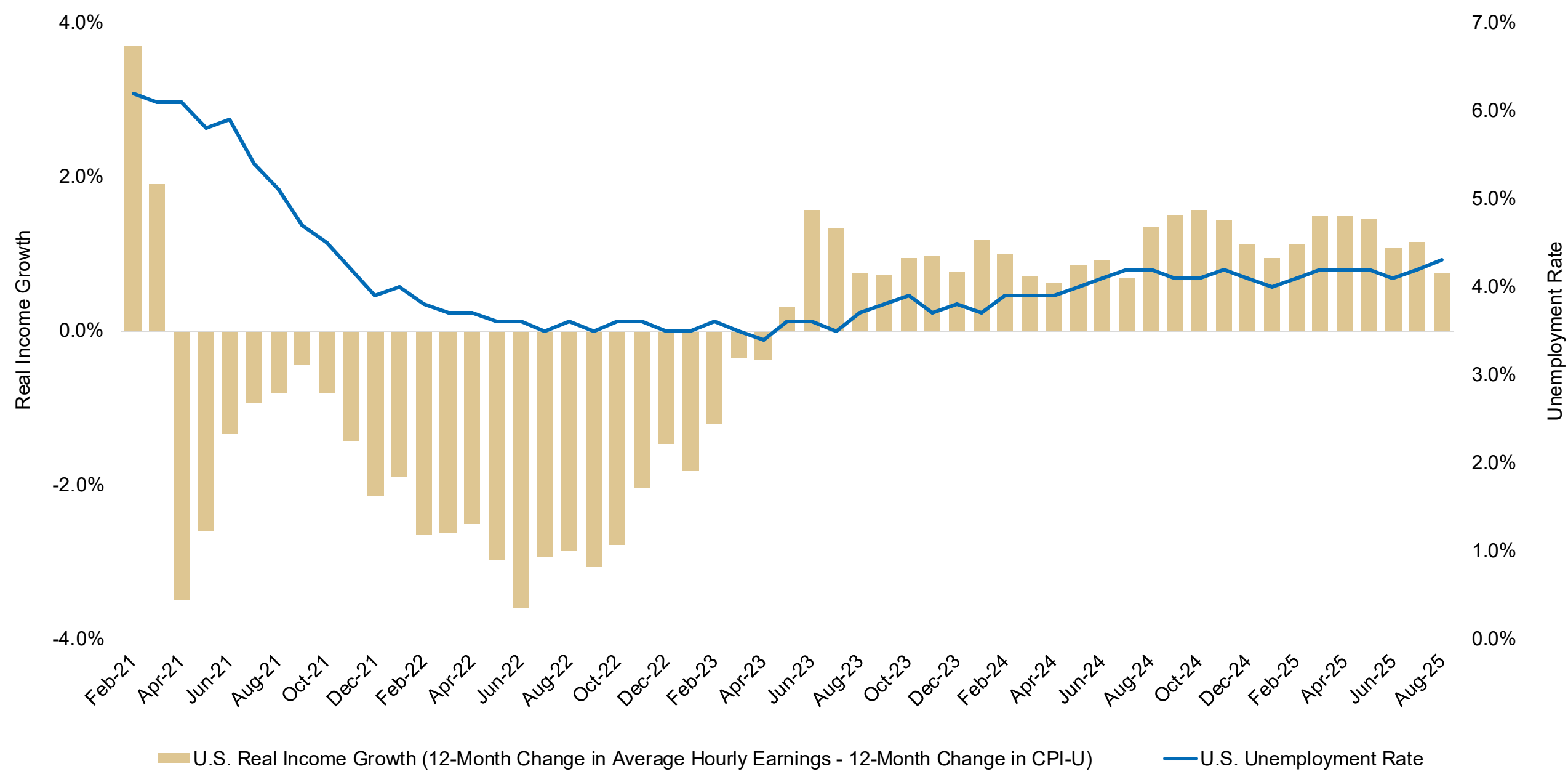


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low

More purchasing power amid a healthy labor market historically favors retail sales. How quickly consumer prices rise (and increase inflation) has yet to be determined. A pronounced jump will invariably slow retail sales and prompt many companies to re-evaluate their bottom lines, leading to rising unemployment in a worst-case scenario.

U.S. Real Income Growth vs. Unemployment Rate | By Month

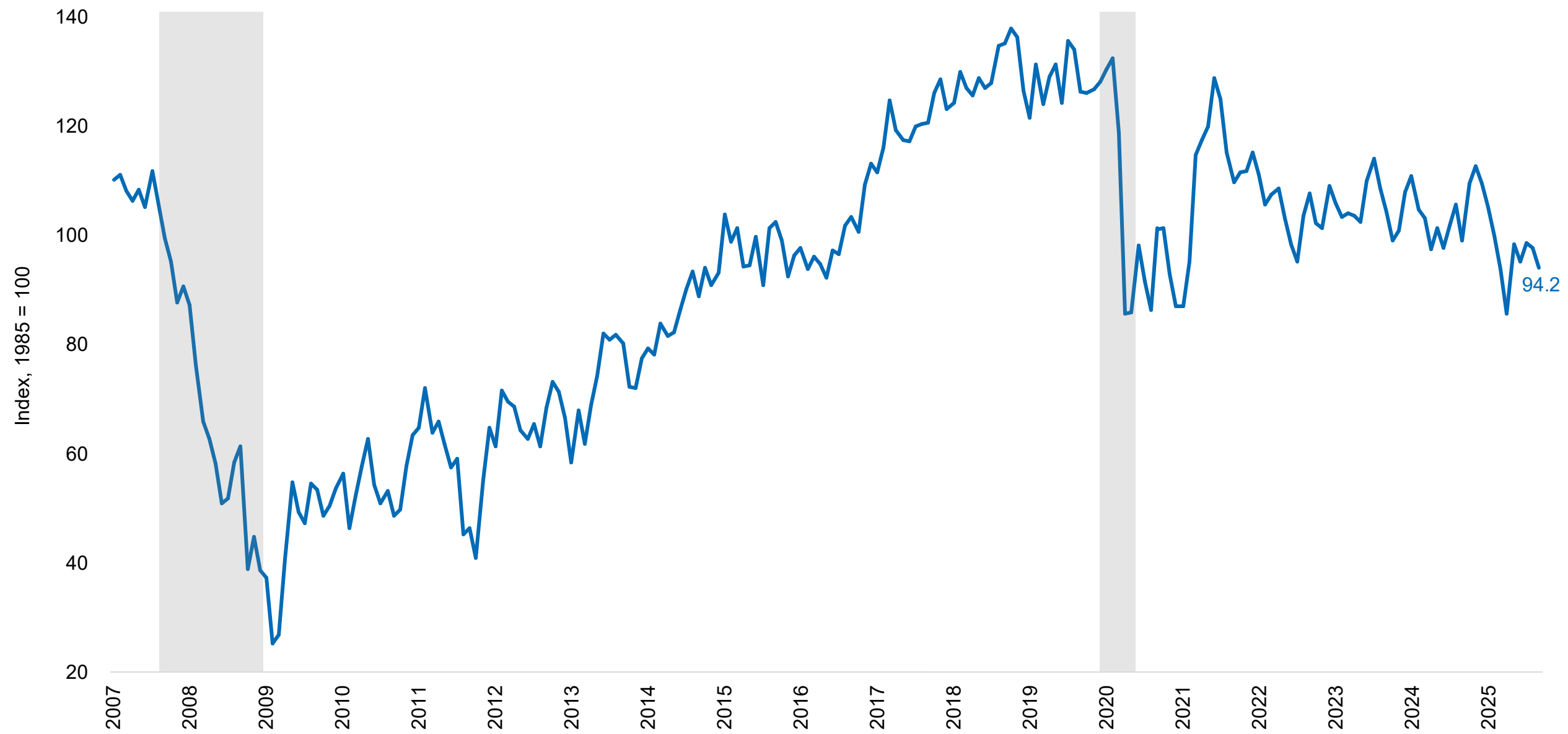


Source: Newmark Research, U.S. Bureau of Labor Statistics

U.S. Consumer Confidence is Down

The drop-off since late 2024 signals economic pessimism among Americans. Worries about tariffs, which consumers frequently link to negative economic and price impacts, persist. Slower U.S. employment gains will exert downward pressure on the index.

U.S. Consumer Confidence Index

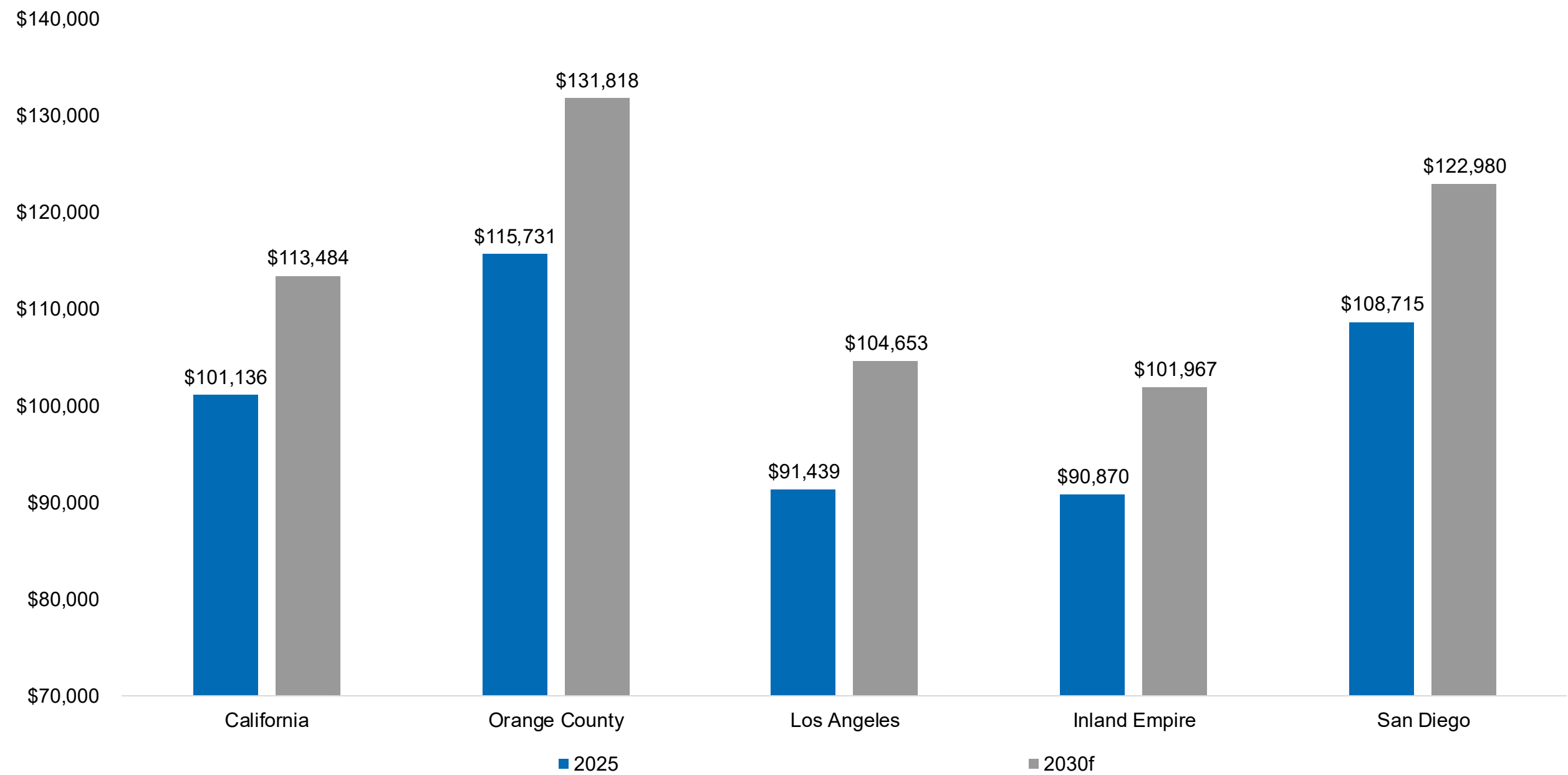


Source: U.S. Bureau of Labor Statistics, The Conference Board
Note: Shaded areas indicate U.S. recessions

Orange County Median Household Income Highest in Southern California

Orange County’s affluent population continues to attract major industrial players to fill the growing demand for last-mile e-commerce delivery facilities in the supply-constrained market.

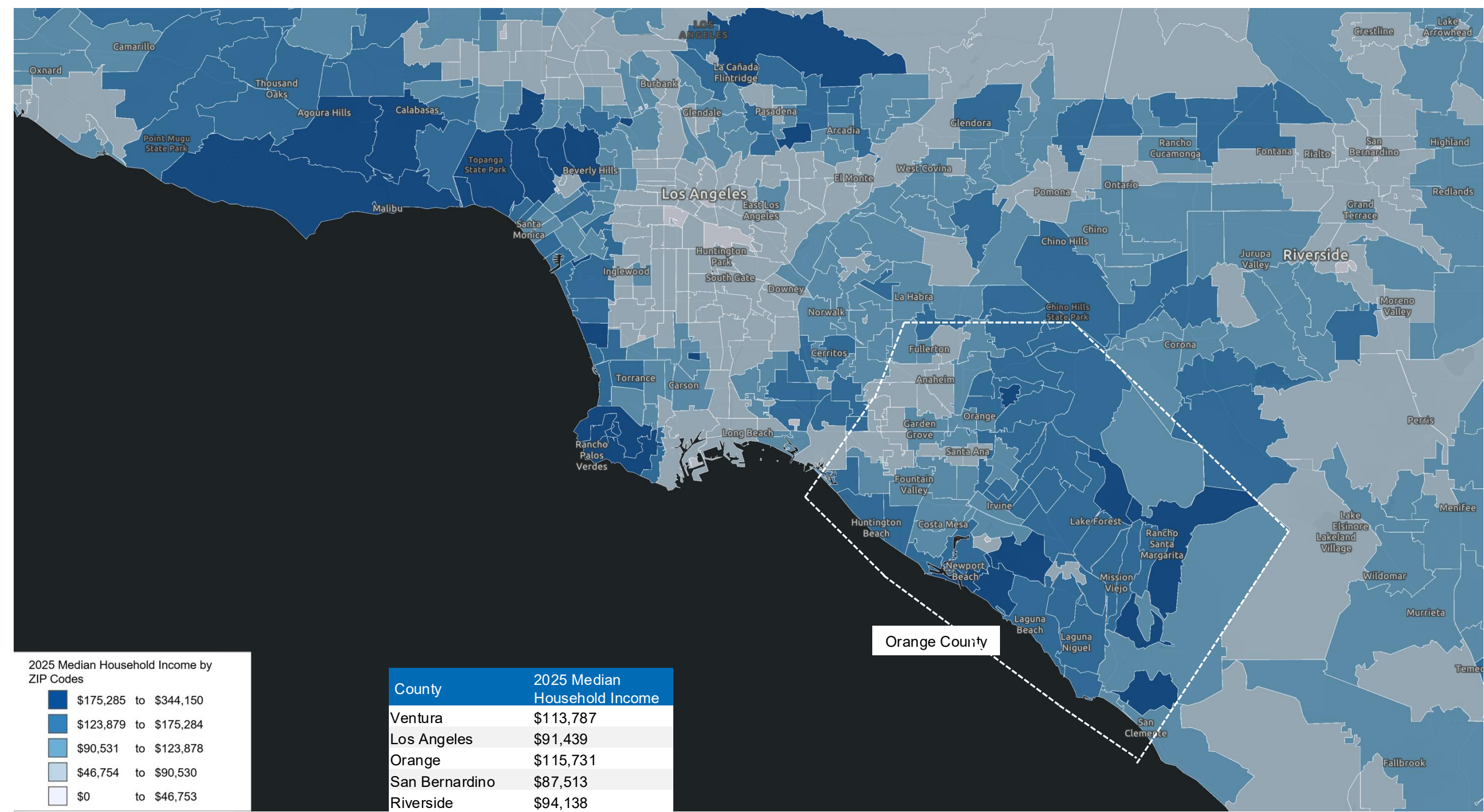
Southern California Median Household Income: 2025 vs. 2030 Projections



Source: Newmark Research, ESRI

Orange County is the Most Affluent County in Southern California

Across the greater map: median household incomes are generally higher in coastal and foothill communities.

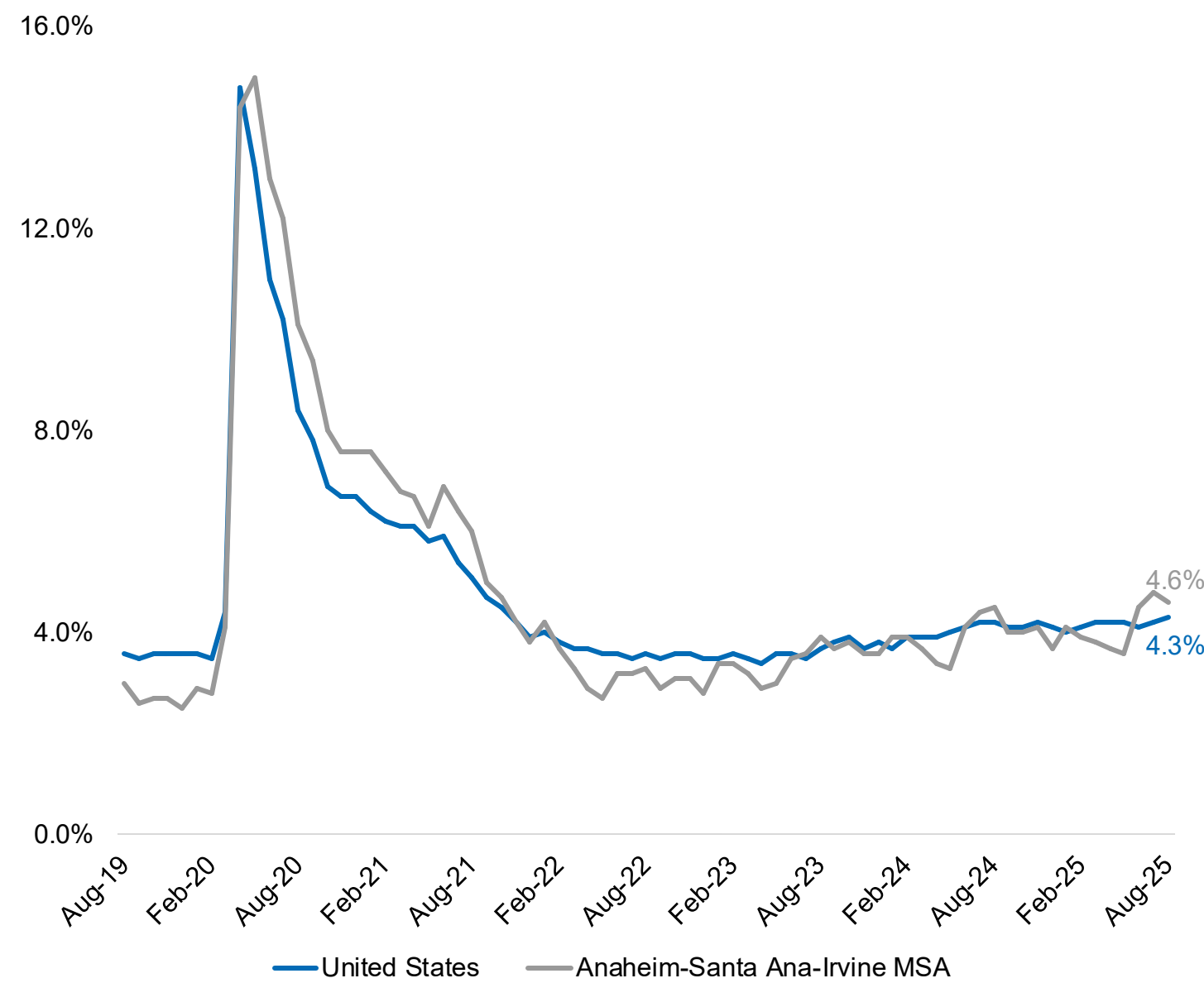


Source: Newmark Research, ESRI

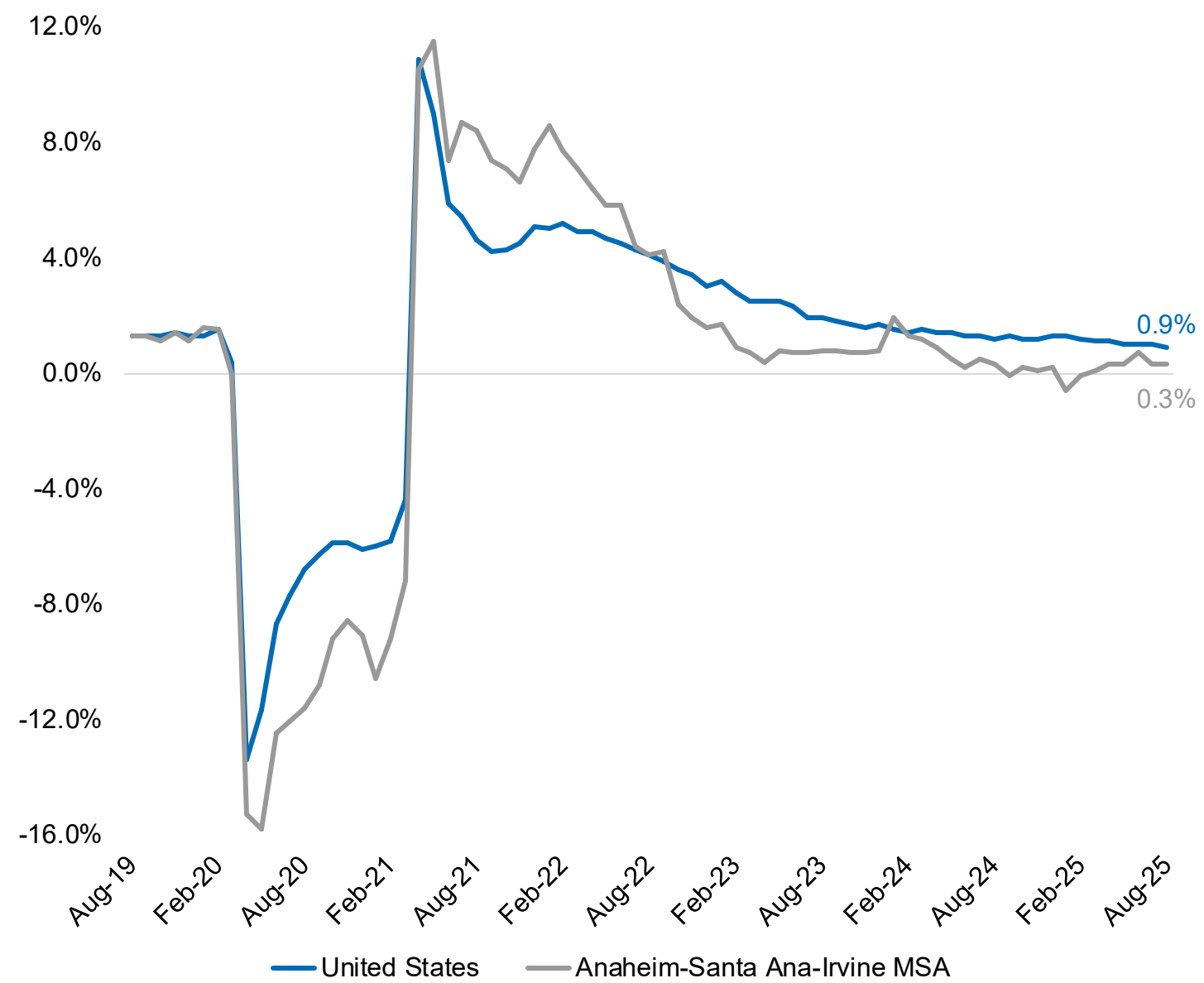
Local Employment Growth Is Stagnant

Local unemployment jumped 100 basis points from May to August (4.6%) while year-over-year nonfarm employment growth has plateaued. In the months ahead, unemployment will continue to fluctuate as companies grapple with the uncertainty surrounding the economy.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month% Change

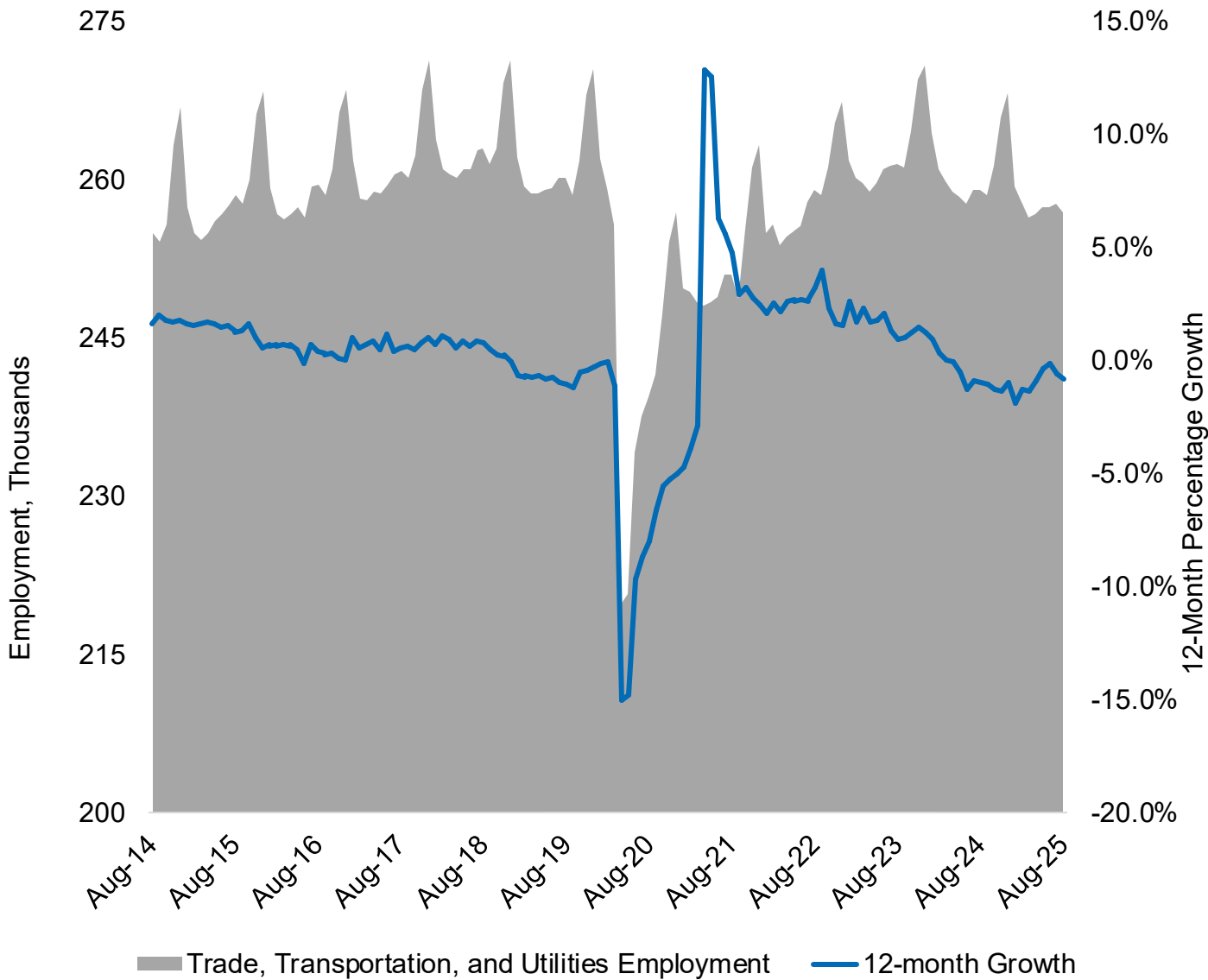


Source: U.S. Bureau of Labor Statistics, Anaheim-Santa Ana-Irvine, CA
Note: August 2025 data is preliminary.

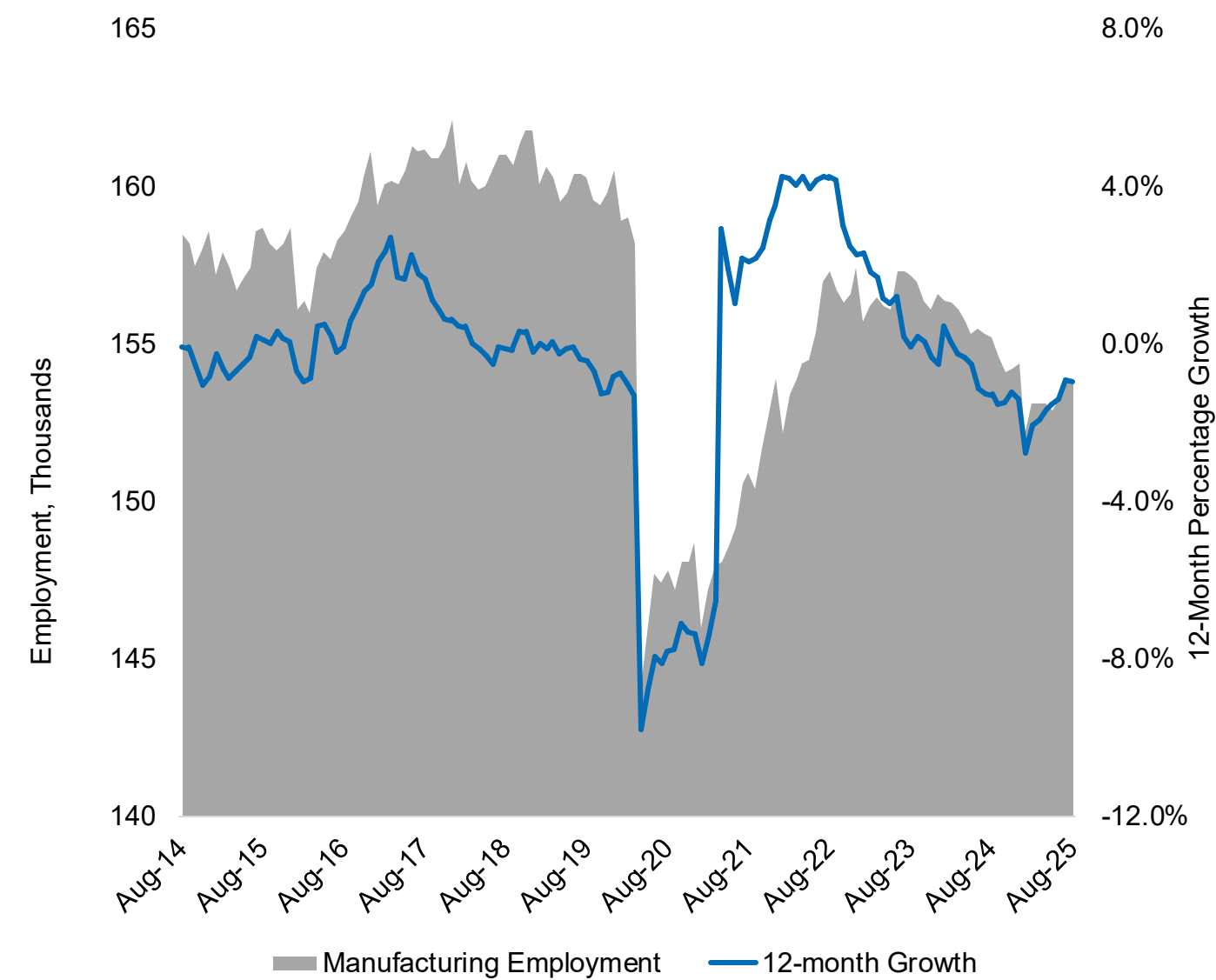
Manufacturing Sector Driving Down Industrial Employment

The trade/transportation/utilities sector continues to follow a cyclical pattern where local employment peaks in November ahead of the holiday season and drops gradually in the first half of the following year. A spate of plant closures has contributed to a continued decline in manufacturing employment over the last 12 months. Given the regionally disadvantageous costs of doing business in California, it is unlikely that the county will recoup these job losses any time soon.

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics, Anaheim-Santa Ana-Irvine MSA
Note: August 2025 data is preliminary.

3Q25

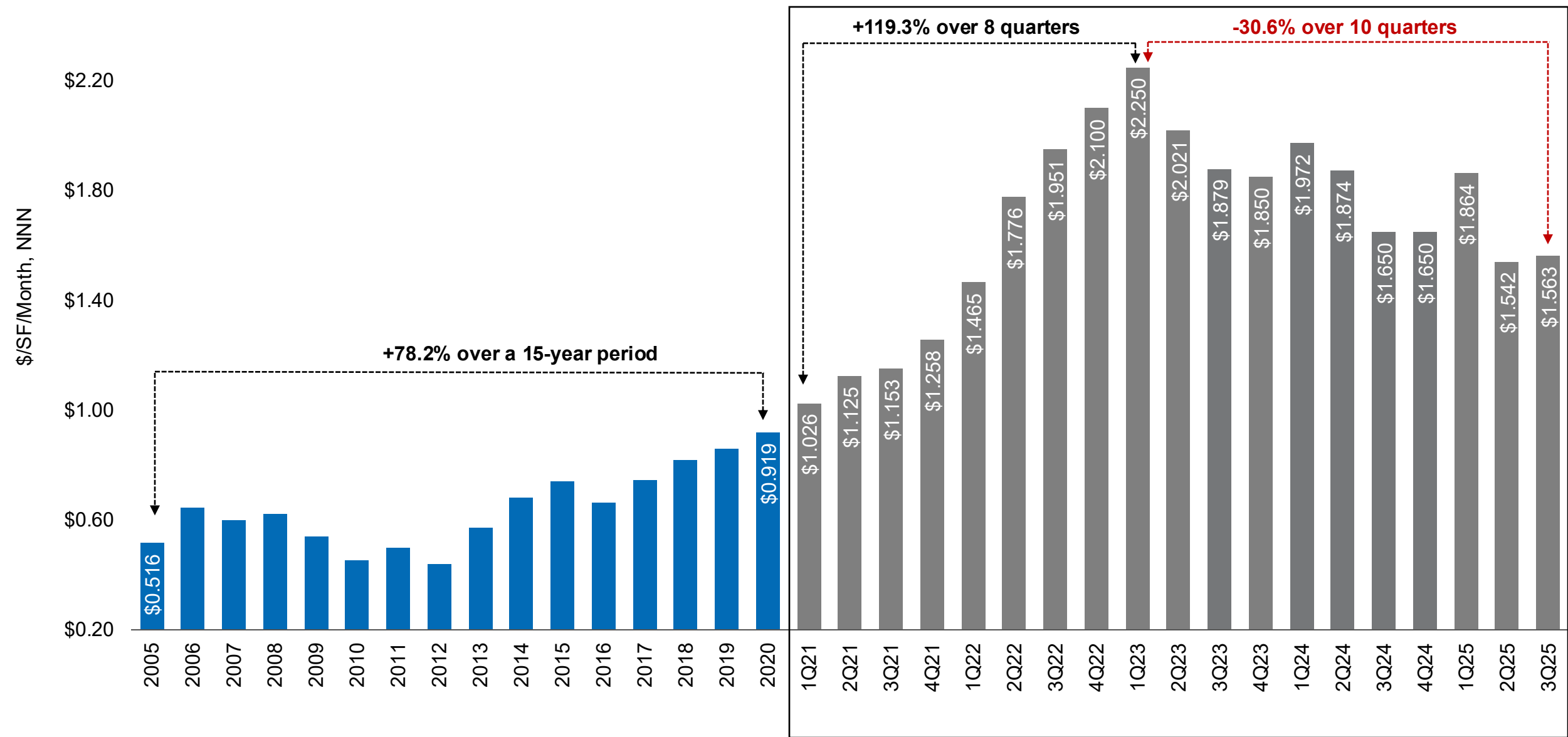
Leasing Market Fundamentals



Contract Rents Continue to Adjust

Generally, rents are softening as landlords compete for tenants amid a slower leasing environment, sublease space, and new speculative construction deliveries. The increase in the first quarter of 2025 is largely attributed to Anduril committing to a build-to-suit facility in Irvine with a contract rent close to the mid-\$2s.

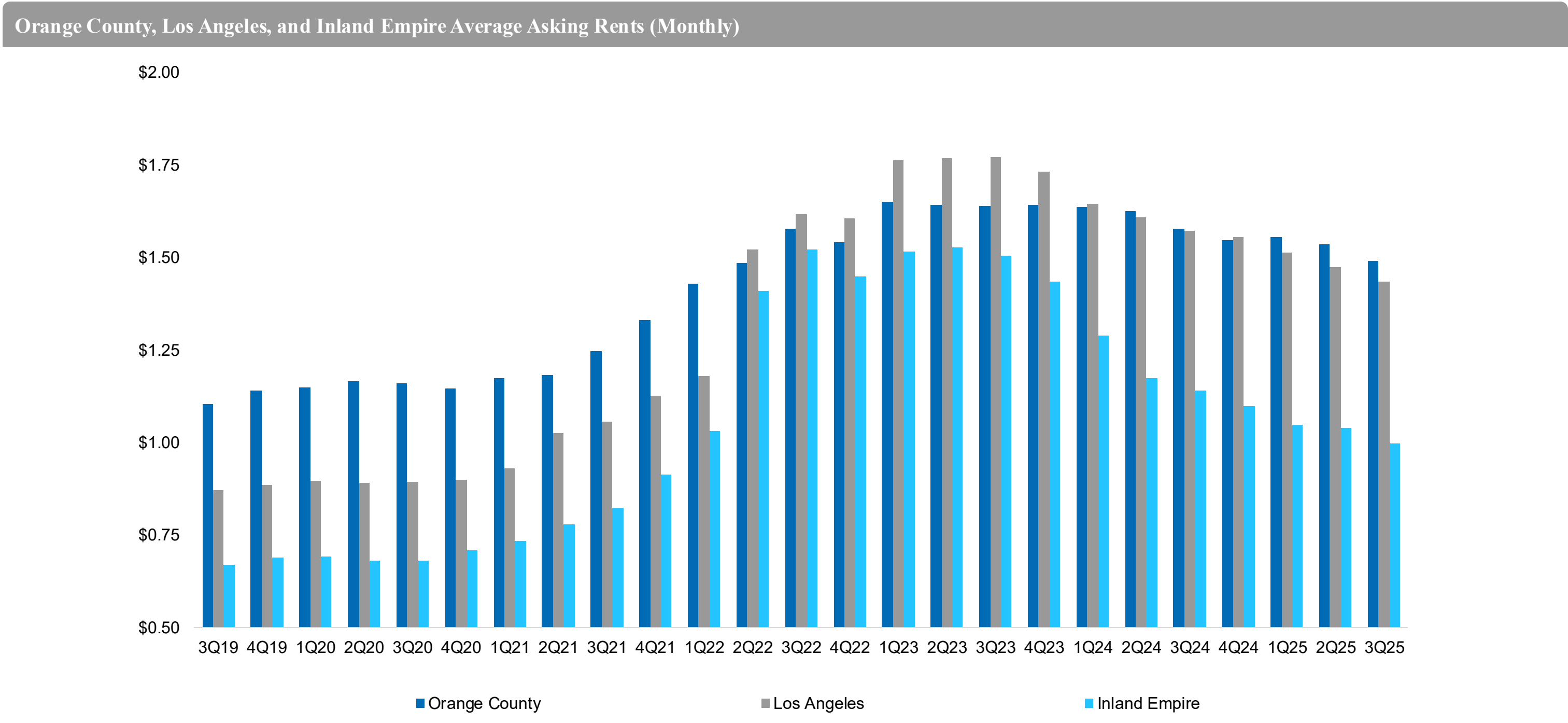
Orange County: Average Weighted Contract Rent for Warehouse Leases: 20,000+ SF | 30'+ Clear Facilities



Source: Newmark Research
Note: Data drawn from 210 transactions and excludes subleases. Developed on September 23, 2025.

Inland Empire Luring Orange County Tenants With Lower Asking Rents

The average asking rent in Orange County is \$1.49 NNN, 33.0% higher than the Inland Empire’s average. Some Orange County tenants, especially logistics companies, are relocating operations to cut down on mounting costs. Orange County is historically pricey since new supply additions are limited due to the cost and regulation hurdles of infill development.



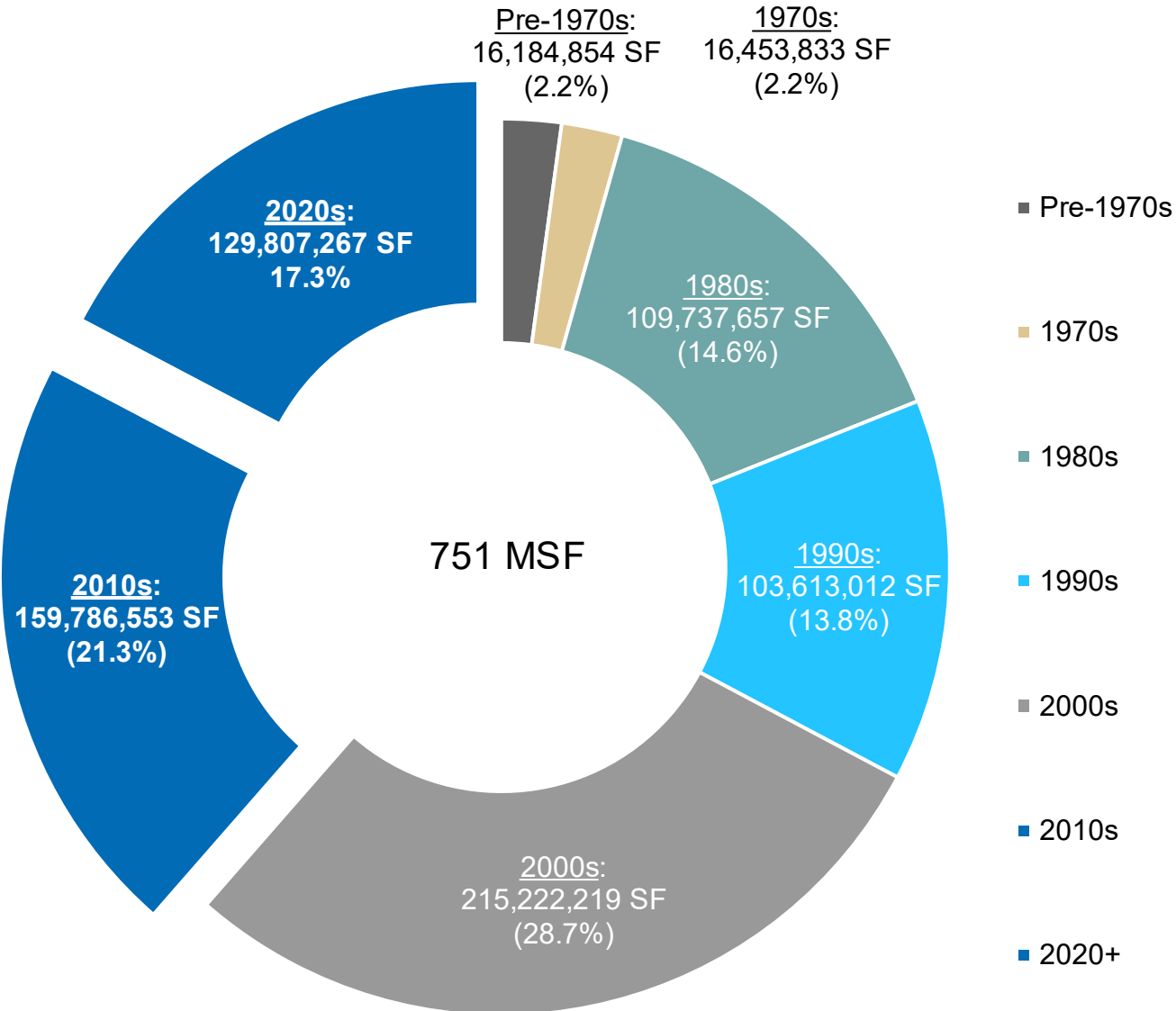
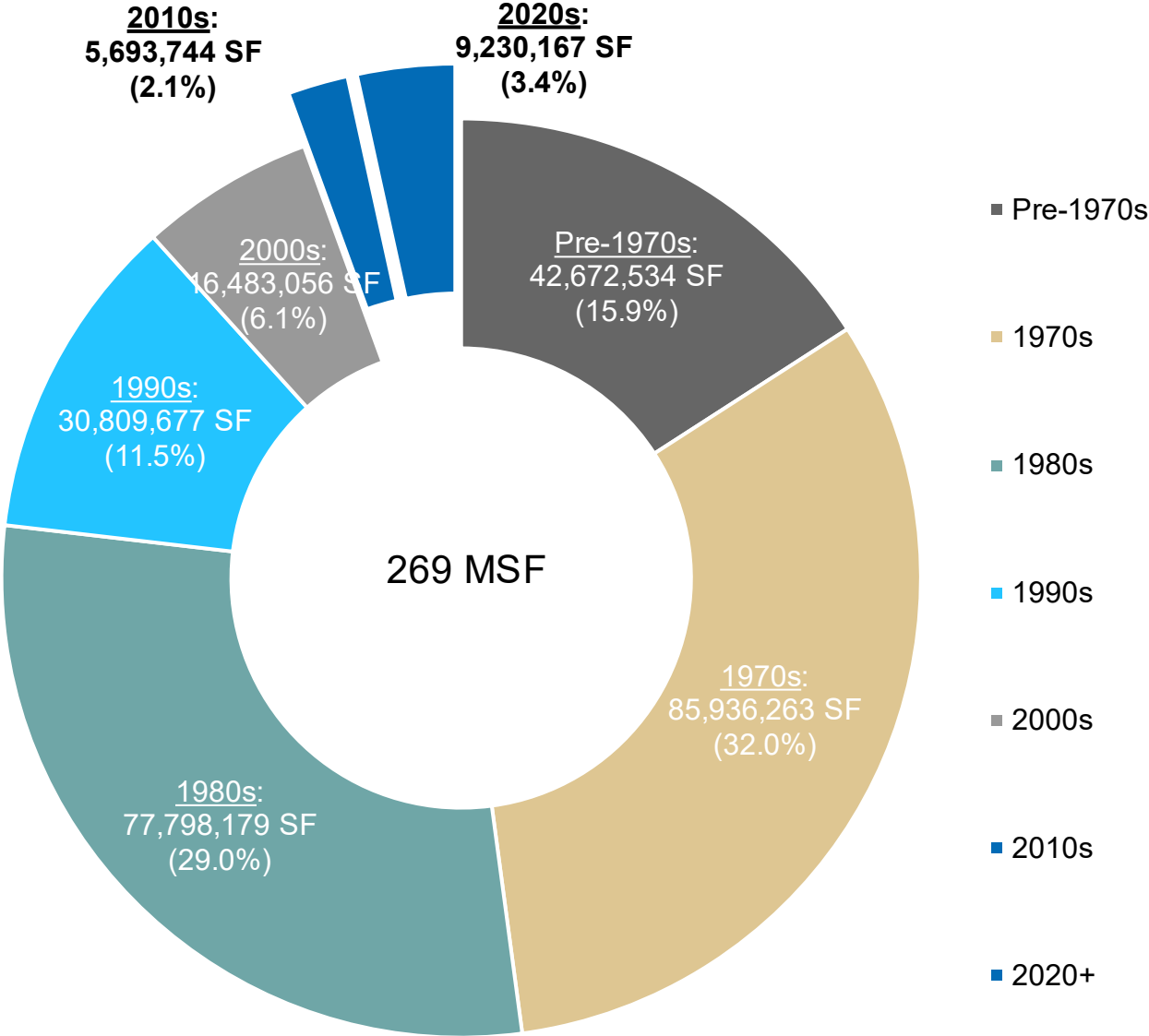
Source: Newmark Research

Modern Supply is More Readily Available in the Inland Empire

Only 5.5% of Orange County’s inventory was built from 2010+, a stark contrast to the Inland Empire’s 38.6% share. Newer facilities tend to offer features (e.g., higher clear heights, more dock-high doors, thicker slabs conducive to automation, and deeper truck courts) that better help an occupier to maximize efficiencies relative to more-dated buildings.

Orange County: Inventory Composition by Decade Built

Inland Empire: Inventory Composition by Decade Built

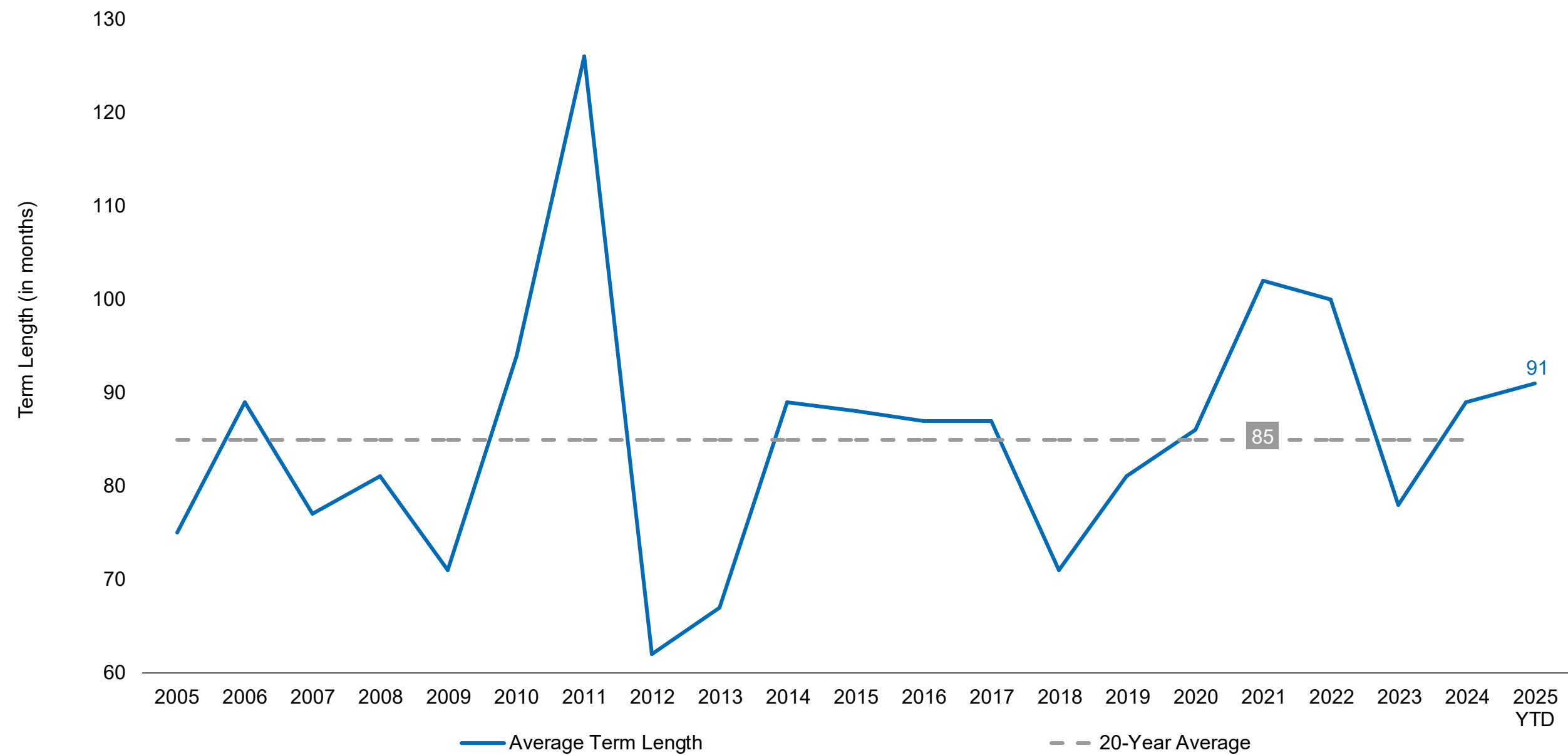


Source: Newmark Research

Term Lengths Are Trending Up After Declines in 2022-2023

Term lengths rose in 2024, followed by a moderate increase in the first nine months of 2025. Anduril's signing of 144-month leases in Irvine (313,214 SF) and Santa Ana (77,369 SF) partly shaped the year-to-date average.

Orange County: Average Weighted Term Length for Warehouse Leases: 20,000+ SF SF | 30'+ Clear Facilities

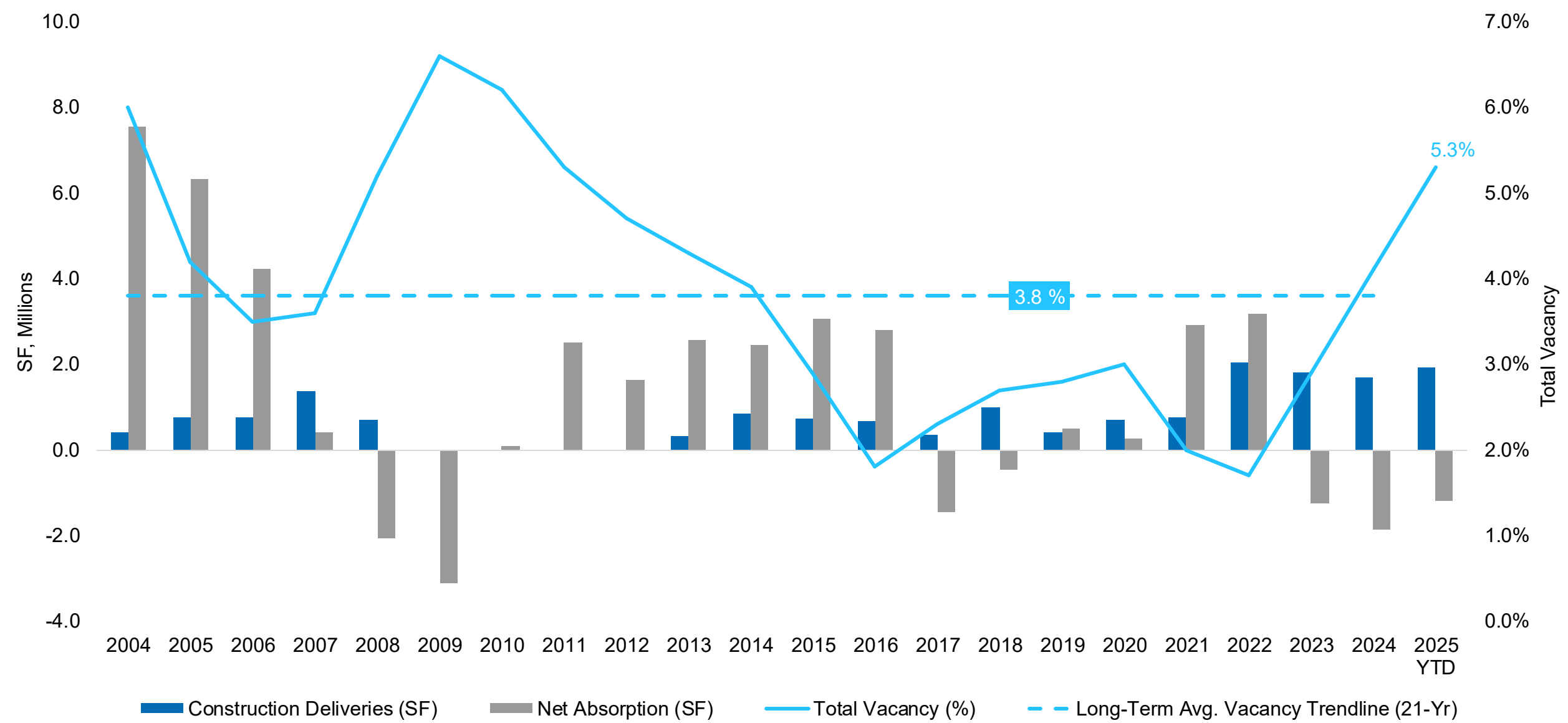


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. Developed on September 23, 2025.

Vacancy Reaches Highest Level Since 2011

Vacancy surpassed the 21-year average after incurring absorption losses in eight out of 11 past quarters but remains below the peak of 6.7% seen in 2010. This quarter, the market posted 703,353 SF of net absorption losses that was met with 648,796 SF in construction deliveries, accelerating vacancy's upward trajectory. On a year-to-date basis, net absorption totals -1.2 MSF, versus 1.9 MSF in construction deliveries.

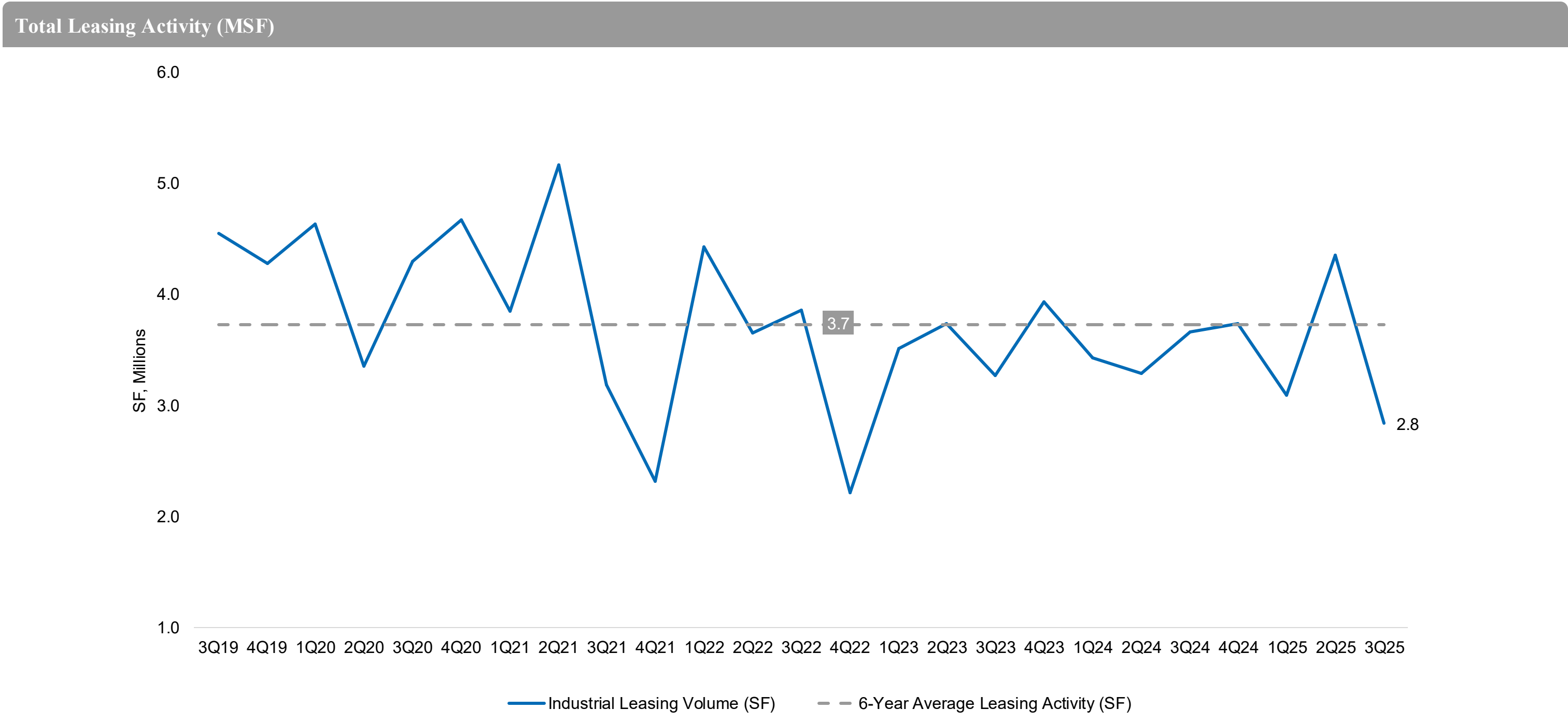
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Falls Below Six-Year Average

Leasing activity dropped to its lowest level in three years and is subdued compared to leasing volumes seen during the pandemic. Measured retail sales growth, economic uncertainty surrounding tariffs, and high business costs are prompting tenants to downsize, which will lead to lower leasing figures in the quarters ahead.

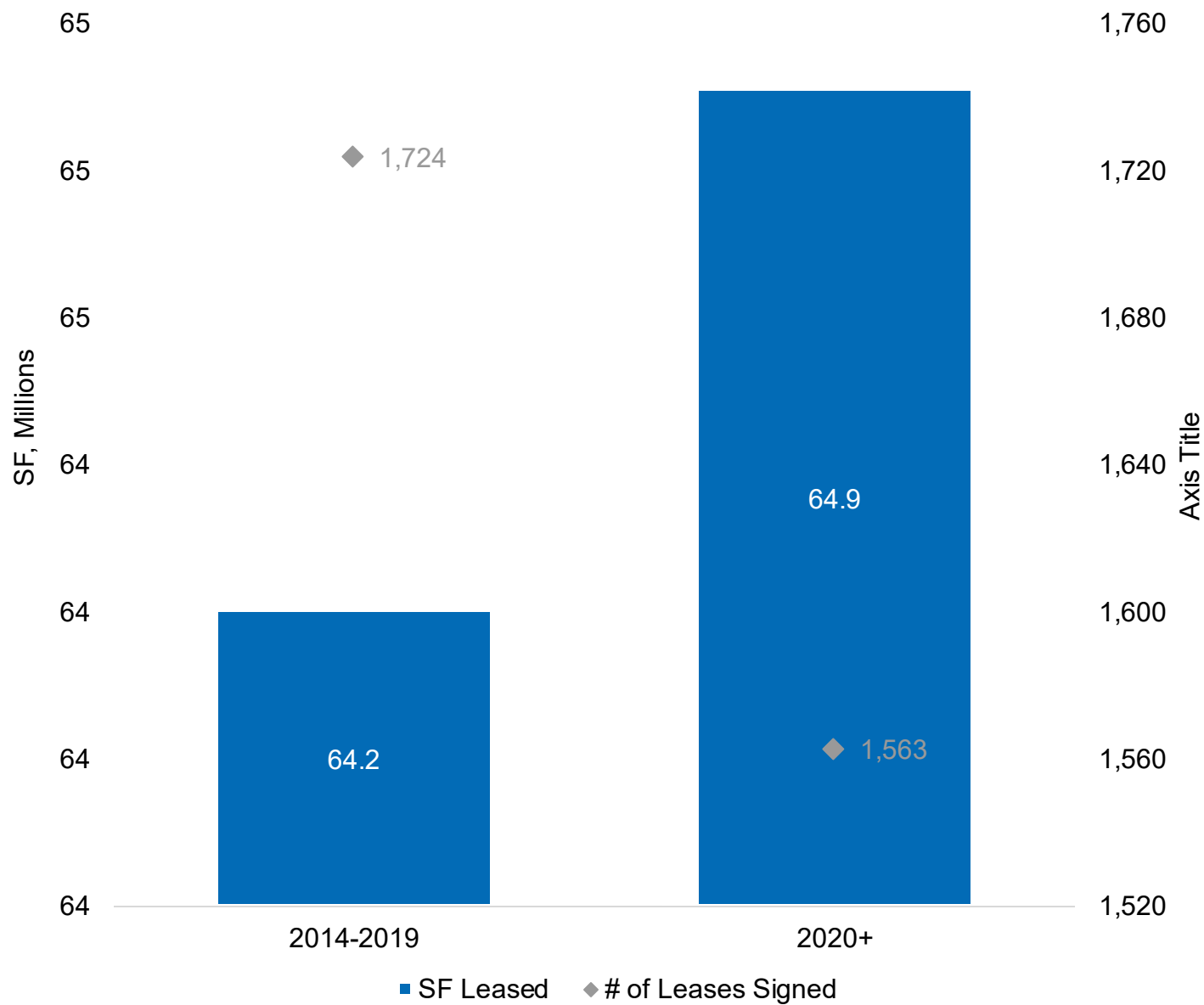


Source: Newmark Research, CoStar

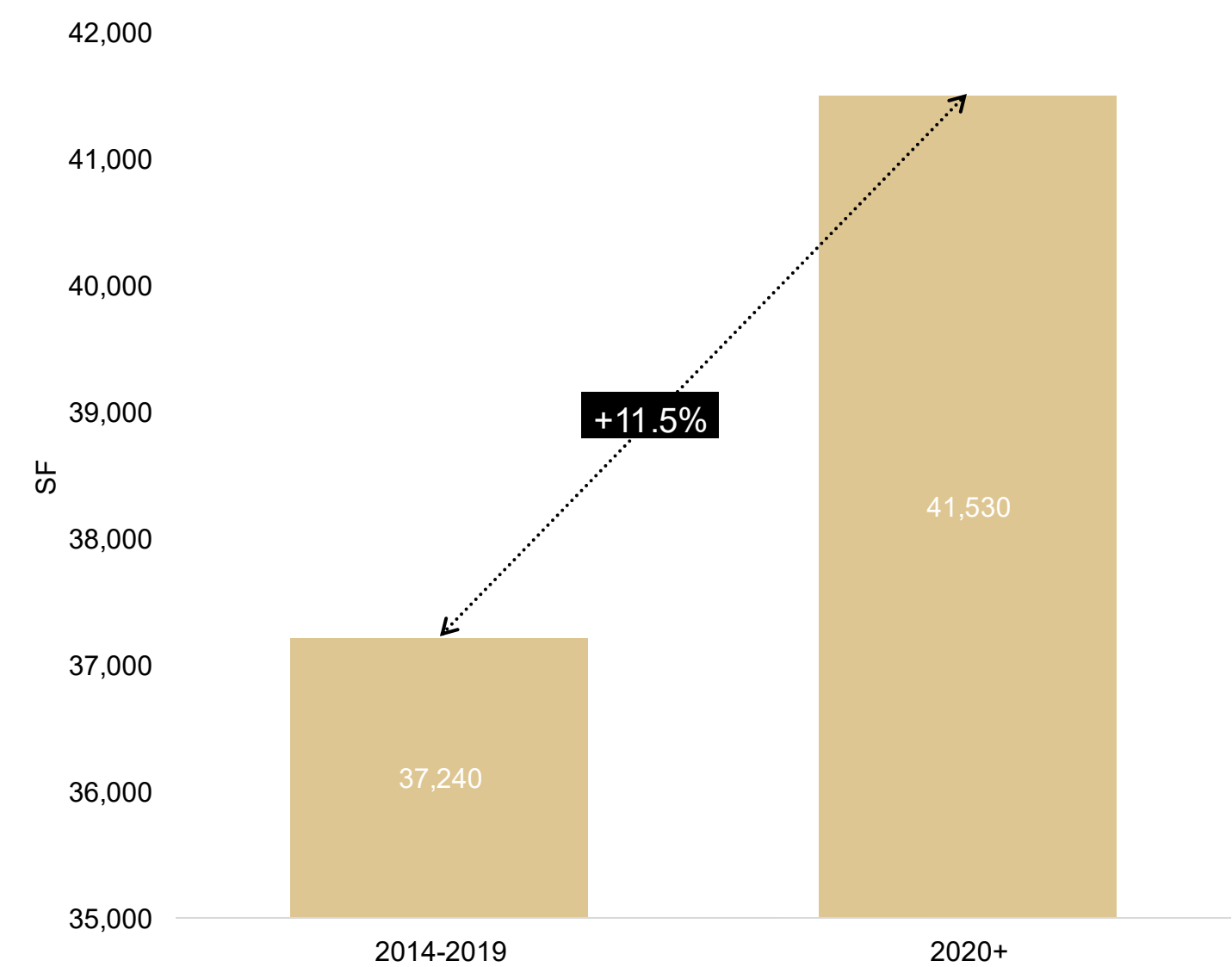
Pre- and Post-Covid Annual Leasing Averages are Worlds Apart

Despite softening market fundamentals, leasing activity over the last five years is pronounced compared to pre-Covid times. The hyper-demand that followed the pandemic is beginning to regulate which may bring down lease size averages and deal counts down slightly in the coming quarters.

Average Annual Leasing Activity: SF Leased and Lease Count



Average Annual Lease Size (SF)

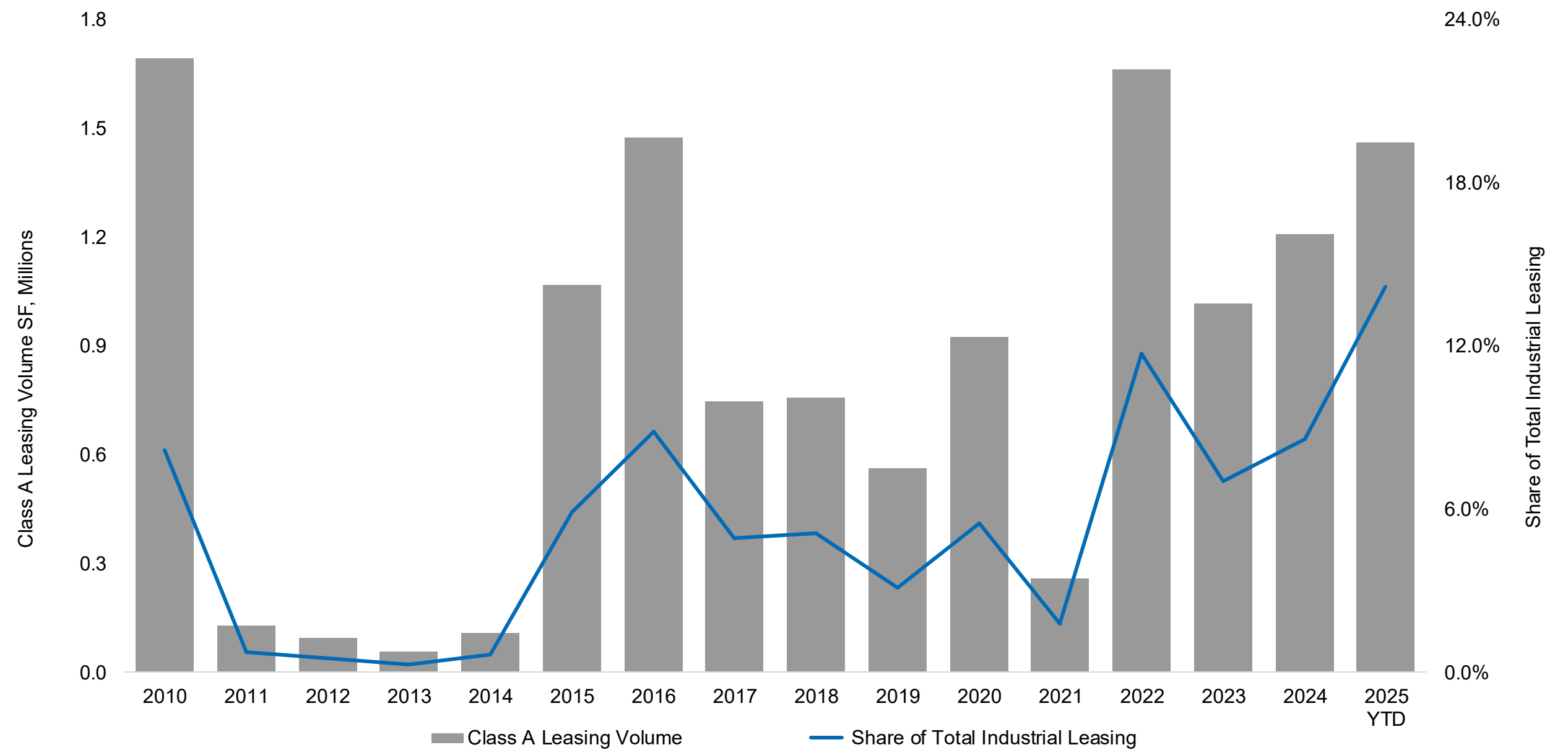


Source: Newmark Research, CoStar

Boost in Class A Leasing Activity Year-to-Date

Class A leasing activity jumped in 2025, accounting for 14.2% of all leasing activity year-to-date. The top contributors of the quarter include new leases for Anduril at 3100 Harbor Blvd (162,656 SF) and Line Drive Trucking at 3071 E Coronado St (105,173 SF).

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

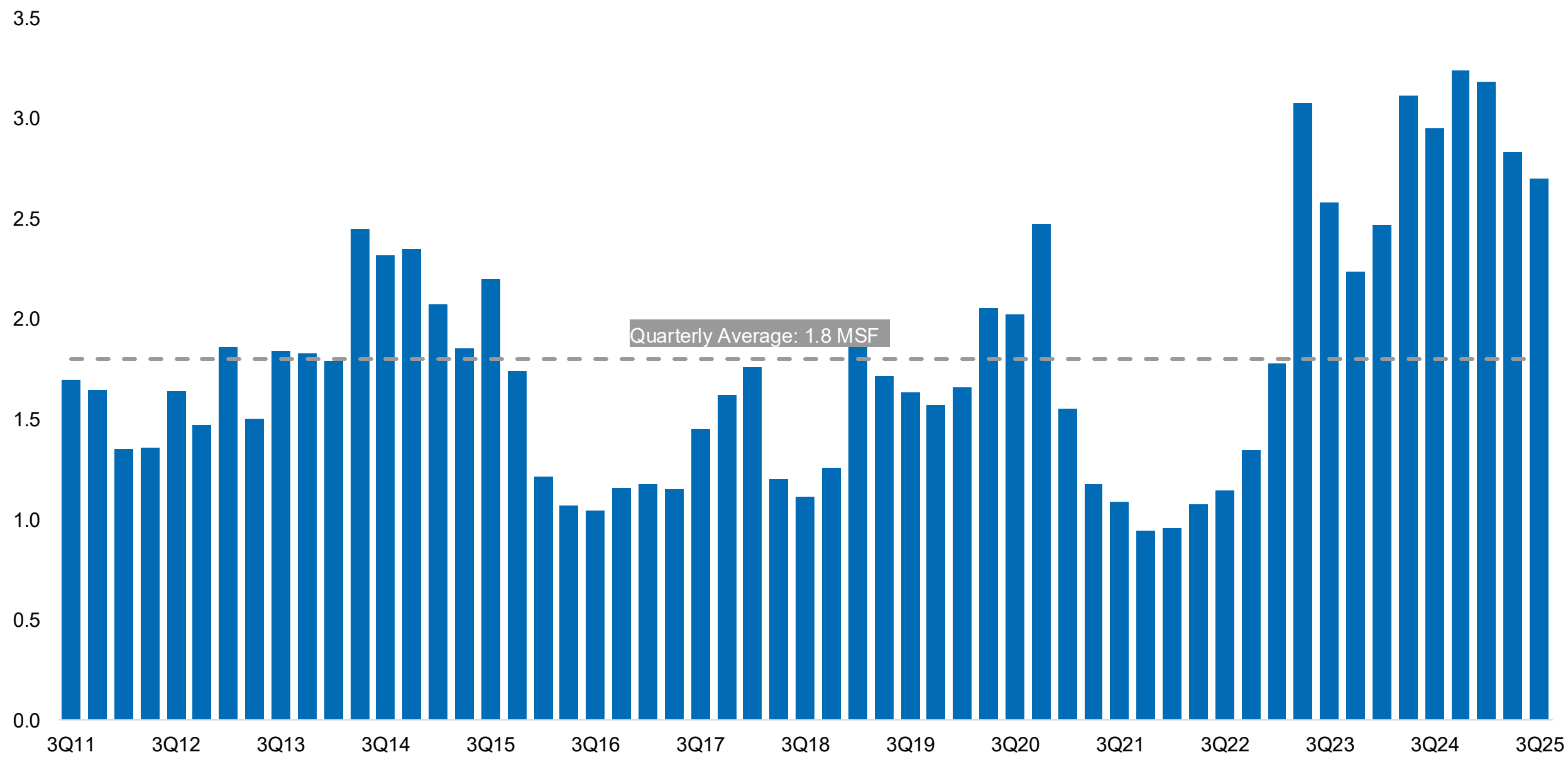


Source: Newmark Research, CoStar

Sublease Availability Tapering Off

The drop in sublet availability is attributed not only to leasing activity but also to listings being withdrawn or converted to direct space. This quarter, Freeman Decorating's 128,794-SF listing at 3454 E Miraloma Ave was withdrawn. The largest sublease of the quarter was signed by Bio-Rad Laboratories at 7 Holland for 26,512 SF.

Available Industrial Sublease Volume (MSF)

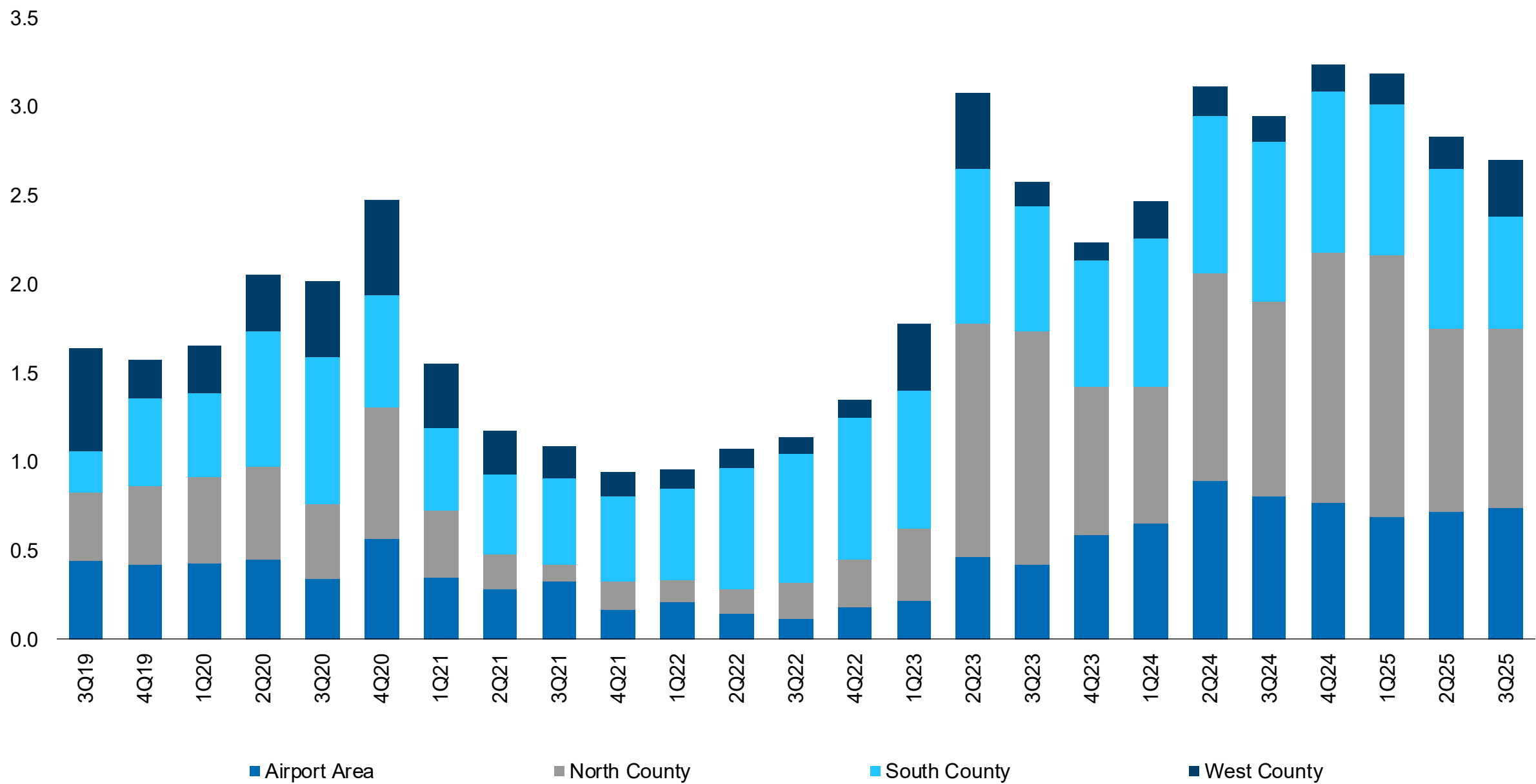


Source: Newmark Research

Bulk of Sublet Availability Originating from North County

North County’s available sublease space accounts for 37.5% of the greater market’s total. Historically, North County sublease offerings were limited despite comprising 39.7% of the market’s total inventory. Over the last two years, however, the submarket has seen an uptick in sublet availability thanks to large-block listings by notable tenants such as Orora Packaging (131,544 SF) and Berger Allied (91,116 SF).

Available Sublease Space (MSF), By Submarket

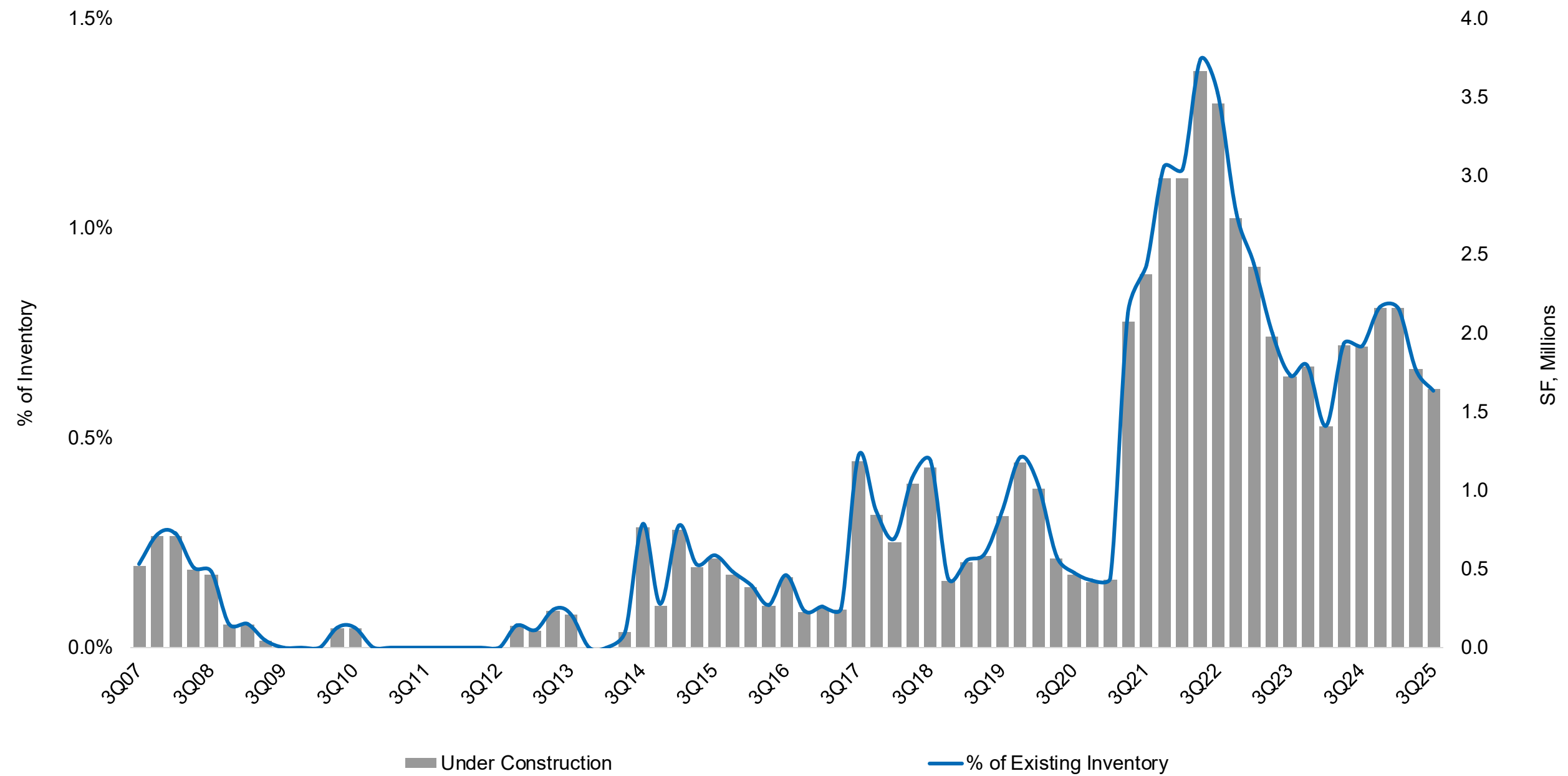


Source: Newmark Research

Elevated Under-Construction Levels Gradually Normalizing

An additional three projects broke ground this quarter while six others delivered, bringing the under-construction total to 1.6 MSF across 11 development projects, all of which remain fully available save the Lake Center development leased by Anduril. Construction starts are expected to level off in the quarters ahead.

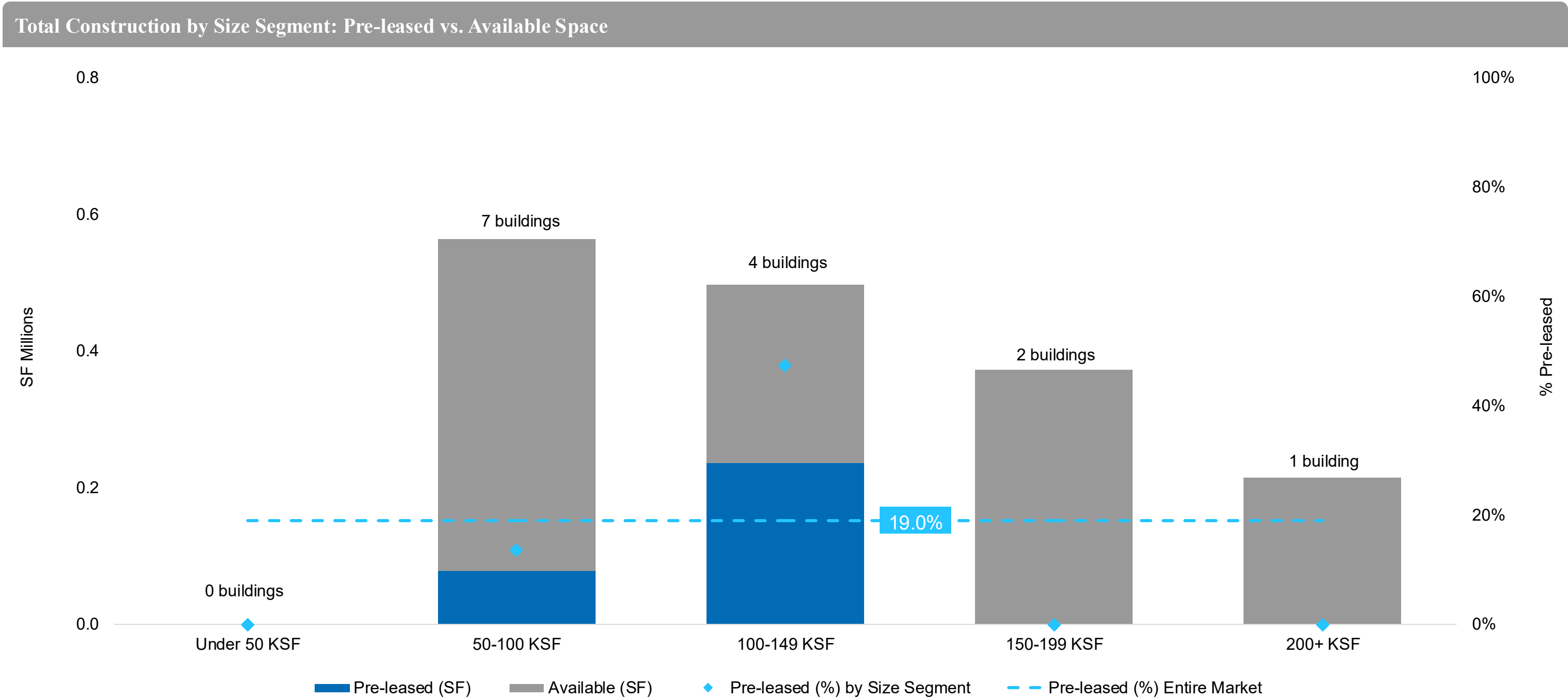
Industrial Under Construction and % of Existing Inventory



Source: Newmark Research

Pre-leasing Activity at a Halt

Of the 14 buildings currently underway, only three have pre-leased to date. The bulk of under-construction activity is spread across the middle three size segments, most of which remains available. Six fully available buildings delivered while two others that are fully leased broke ground this quarter, boosting pre-leasing figures to 19.0%.

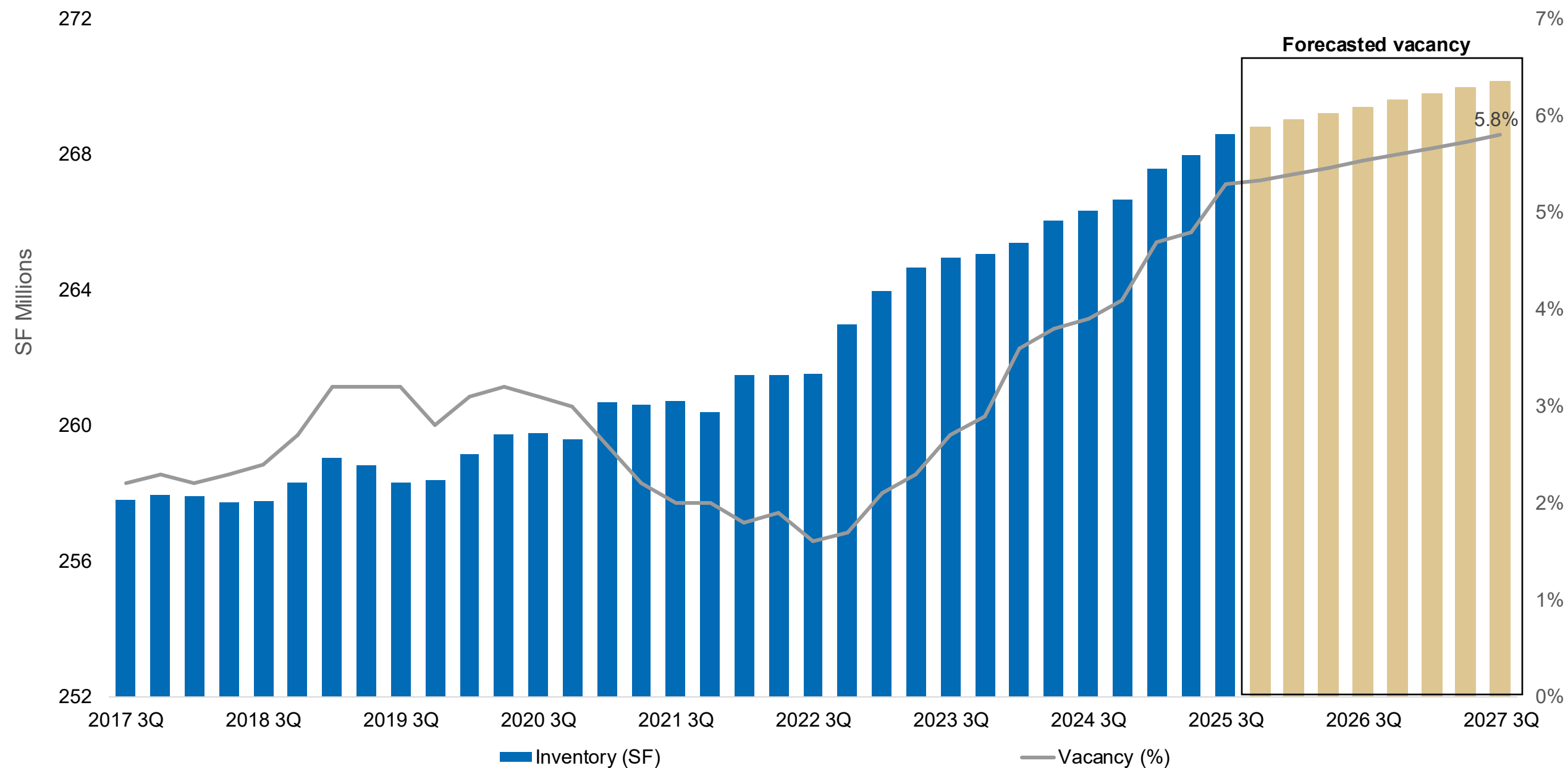


Source: Newmark Research

Unclaimed New Construction Will Boost Vacancy

Assuming all underway developments that are fully available, including the planned projects that will break ground in the next two years, remain so, vacancy will noticeably rise in the coming quarters. Developers, to cut their losses and avoid vacant properties, will provide more concessions to secure tenants.

Historical and Forecasted Industrial Vacancy (%)



Source: Newmark Research

This Quarter’s Top Leases Occurred in All Submarkets

This quarter’s top deals originated from all submarkets, the largest of which was based in the Airport Area. The bulk of leasing activity historically comes from North County, the largest submarket by inventory size.

Notable Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Anduril	3100 S Harbor Blvd	Airport Area	Direct Lease	162,656
The defense technology company has been expanding rapidly recently; this is their third industrial lease of the year in Orange County.				
Line Drive Trucking	3071 E Coronado St	North County	Direct Lease	105,173
The Anaheim-based logistics company signed a new lease at the newly-constructed warehouse facility.				
Harbor Distributing	5600 Argosy Ave	West County	Direct Lease	104,678
This marks the distributor’s second location in Orange County and fourth in Southern California.				
Intellian Technologies	19531 Pauling	South County	Direct Lease	75,507
This location will serve as an extension to the satellite company’s headquarters in the Irvine Spectrum.				
Intertrade Industries	14600 Hoover St	West County	Lease Renewal	74,107
The plastics manufacturing company has been at this location since 2012 and has committed to an additional five years.				

Source: Newmark Research

3Q25

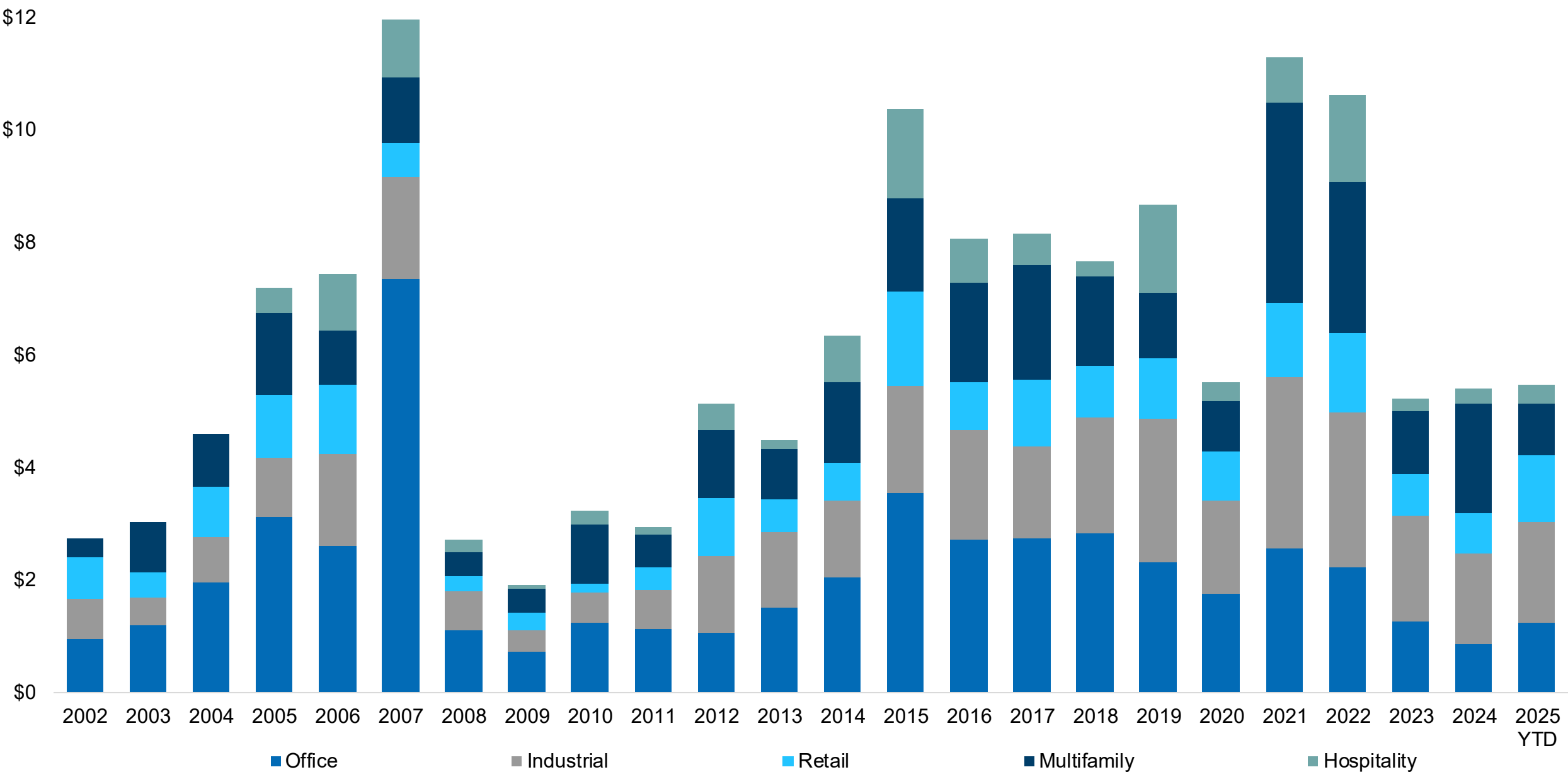
Sales Activity



Industrial Comprised 32.9% of Total Sales Volume Year-to-Date

This is an improvement from three years ago when industrial comprised only 26.0% of all sales. Still-low vacancy and heated rent growth in recent years favor the segment, with many investors targeting desirable buildings with credit tenants whose leases are up for renewal. What the tenant was paying (\$\$) is different than today's rent averages (\$\$\$\$).

Orange County: Sales Volume Across Commercial Property Segments (\$ in Billions)

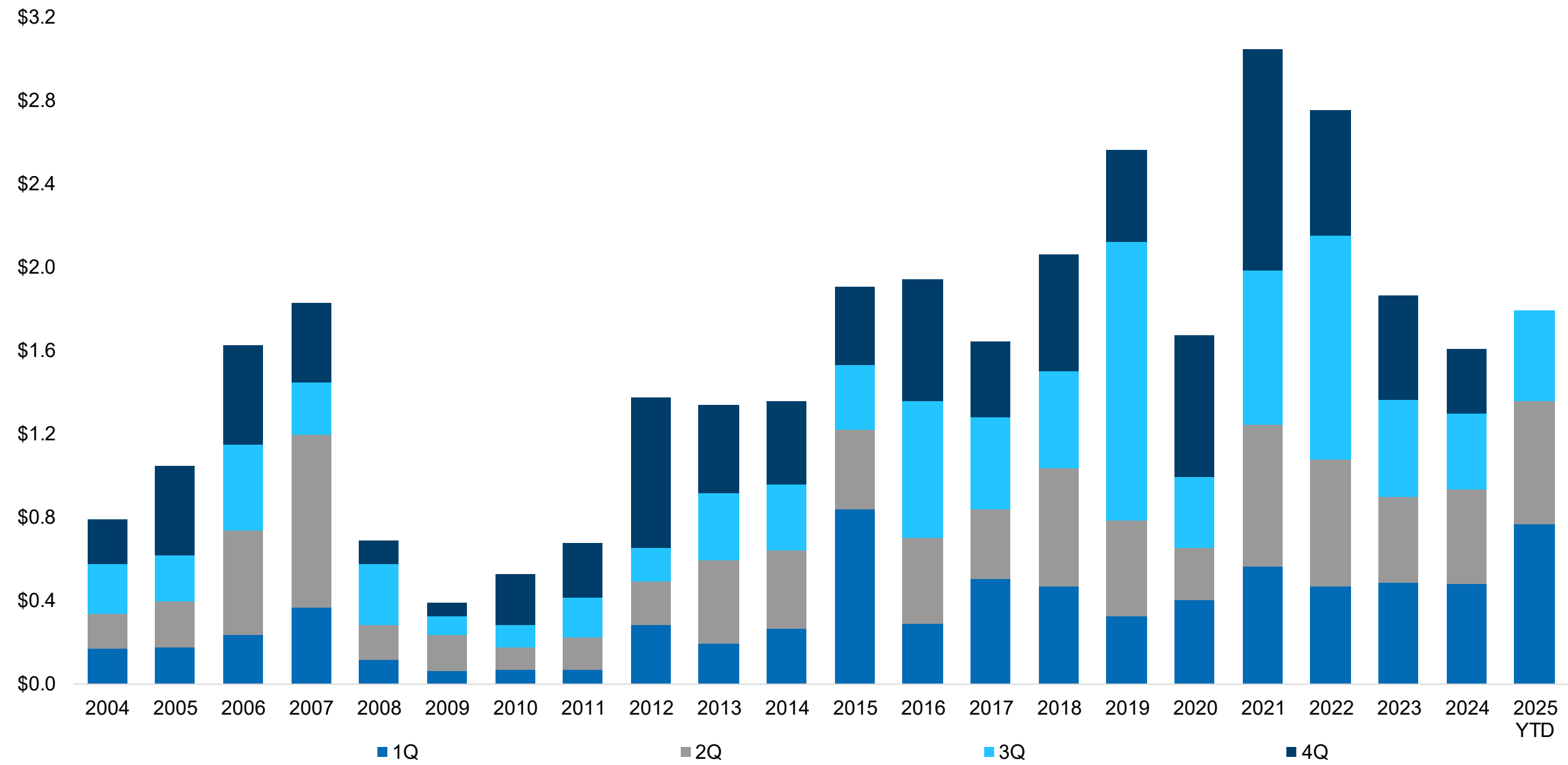


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the third quarter of 2025.

Industrial Sales Activity Picking Up

Industrial sales volume totaled \$1.8 billion 2025 year-to-date, exceeding the annual total for the previous year. Interest rate cuts are driving recent investments; however, with the newly imposed tariffs already causing economic instability, sales activity is expected to fluctuate.

Orange County: Industrial Sales Volume (\$ in Billions) | By Quarter

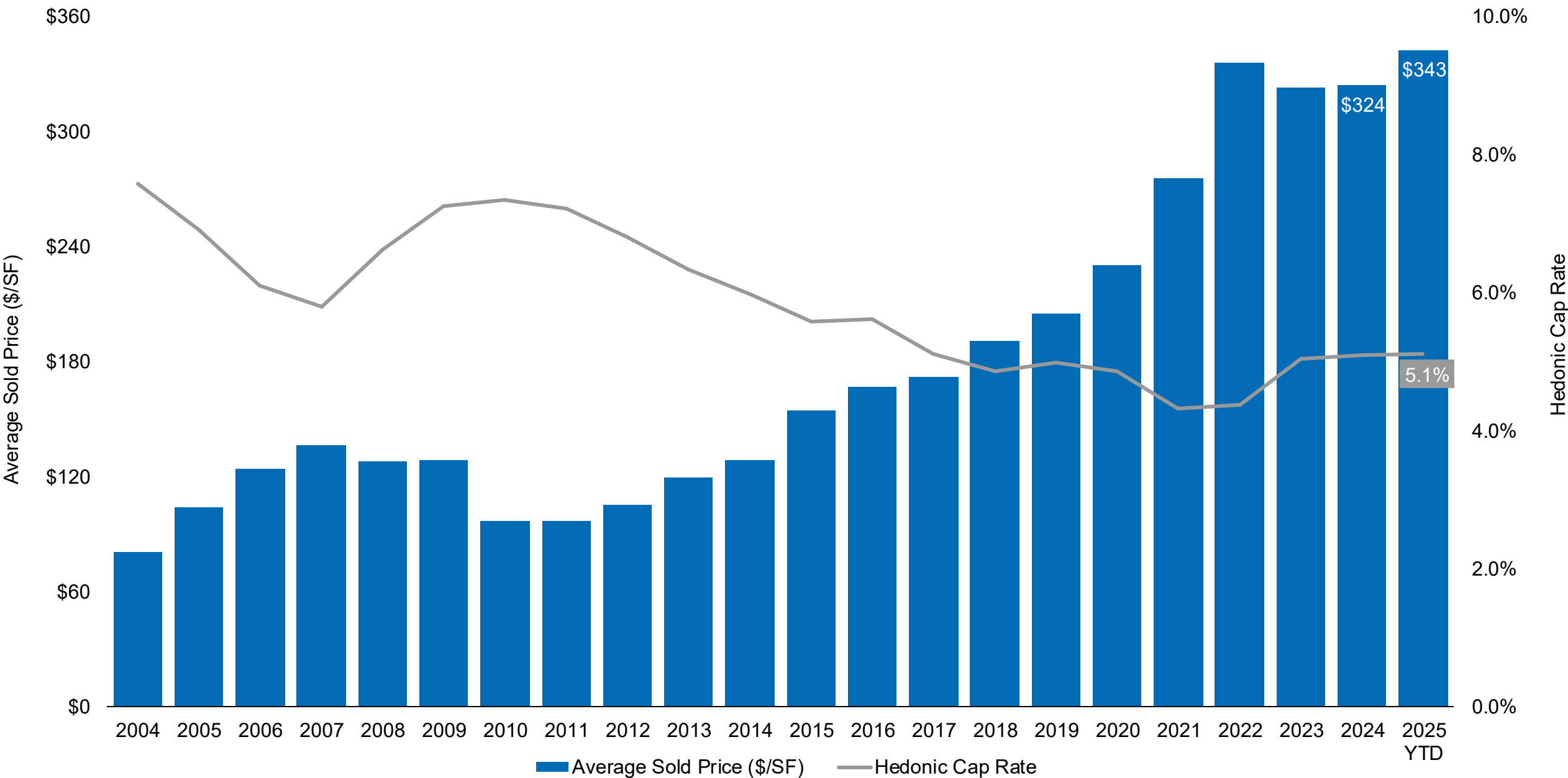


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the third quarter of 2025.

Pricing Exceeds 2022’s Peak, While Cap Rates Hold Steady

Current pricing (\$343/SF) is just over 2022’s peak pricing of \$336/SF while cap rates trail around the 5.1% mark.

Orange County: Industrial Price Per Square Foot and Hedonic Cap Rate Averages

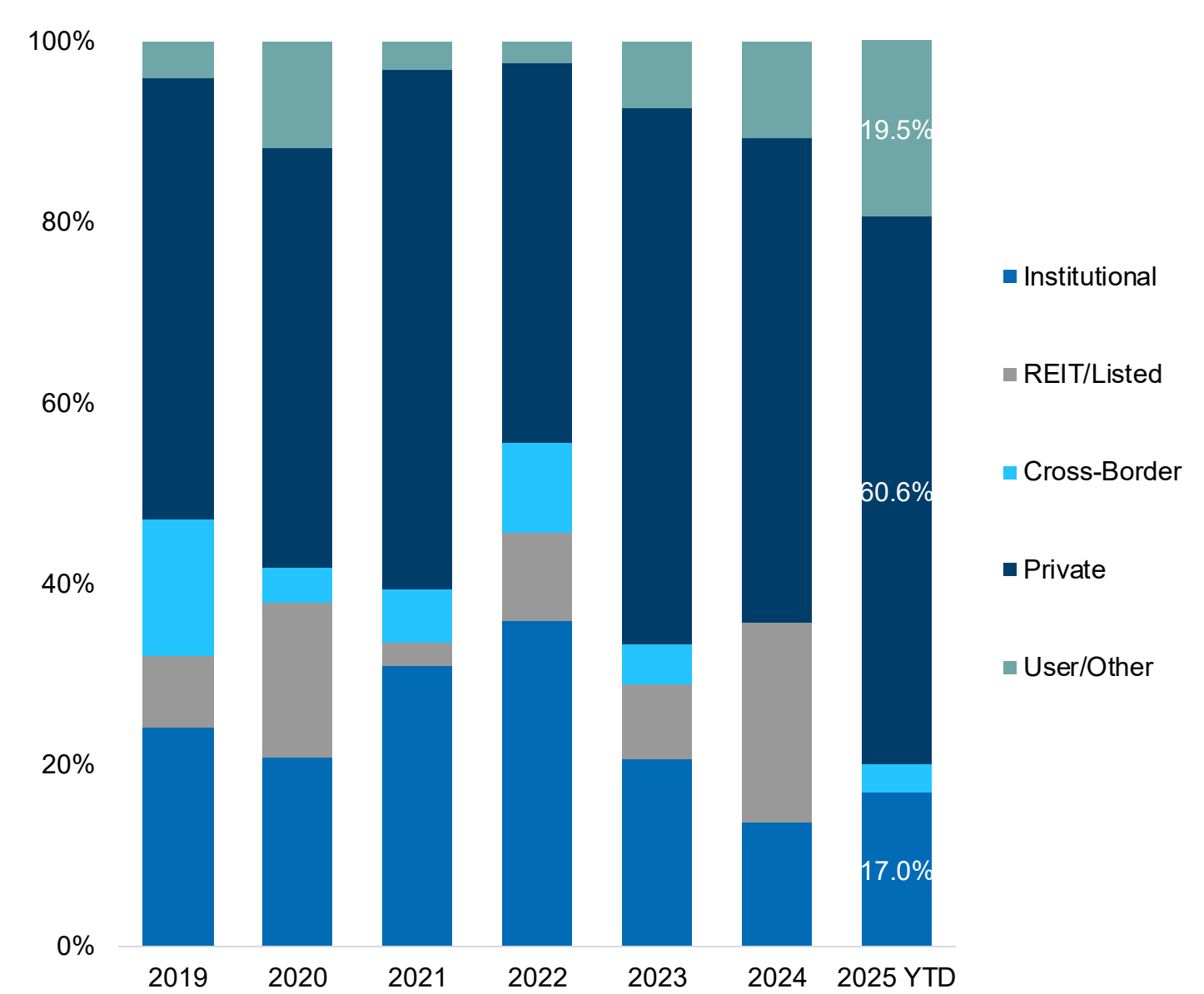


Source: Newmark Research, MSCI Real Capital Analytics
Note: 12-month trailing averages are cited.

Private and Institutional Buyers Most Active

Industrial is widely perceived as being more stable in today’s environment when compared with other commercial property segments. Additionally, domestic e-commerce growth is spurring interest in last-mile facilities in markets with affluent consumer populations, like Orange County.

Orange County: Industrial Buyer Composition, by Year | Based on Sales Volume



Orange County: Most Active Industrial Buyers | Last 12 Months

Company	Investor Type	Volume	# of Properties	Size (SF)
Future Foam	User/Other	\$145,000,000	1	417,320
Walt Disney	User/Other	\$124,000,000	1	406,787
Ares Management	Institutional	\$96,000,000	1	308,685
New York Life Insurance	Institutional	\$92,100,000	1	218,968
Buchanan Street Partners	Institutional	\$83,000,000	1	226,636
Jiaherb	User/Other	\$53,679,500	1	130,925
Lake Forest Reliability Project	User/Other	\$50,875,000	1	102,299
P3 Foundation Inc.	Private	\$50,000,000	1	59,230
Intracorp Homes	Private	\$46,000,000	1	151,925
3 Industrial	Private	\$38,750,000	1	149,810
SDC Technologies Inc.	Private	\$38,500,000	1	100,000
Orange Bakery	User/Other	\$30,650,000	1	54,088

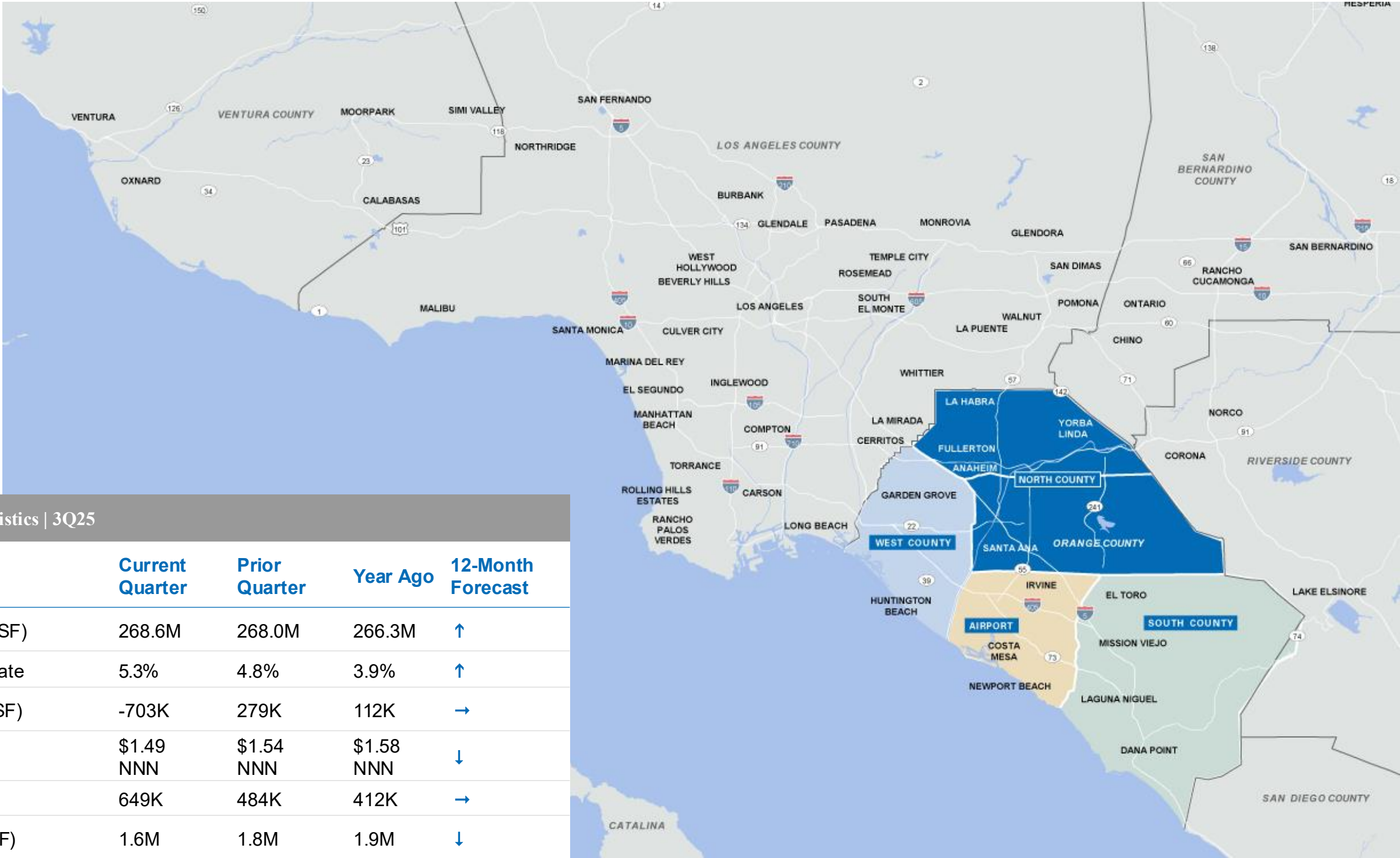
Source: Newmark Research
Note: Preliminary data is cited for the third quarter of 2025.

3Q25

Appendix



Orange County Submarket Map and High-Level Statistics | 3Q25



Source: Newmark Research

Orange County Submarket Statistics | 3Q25 (page 1 of 3)

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport	84,579,185	411,211	5.0%	-22,470	-240,831	\$1.28	\$1.43	\$1.38
Costa Mesa	10,911,687	0	3.3%	-34,078	-82,933	-	\$1.90	\$1.43
Fountain Valley	4,680,019	0	2.1%	-6,032	38,920	\$1.48	-	\$1.48
Irvine	25,973,372	0	6.9%	-106,220	-78,734	\$1.58	\$1.64	\$1.61
Newport Beach	760,566	0	0.9%	860	860	-	-	-
Santa Ana	32,337,423	411,211	4.8%	126,506	-121,254	\$0.97	\$1.29	\$1.15
Tustin	9,916,118	0	4.5%	-3,506	2,310	\$1.32	-	\$1.43
North County	106,774,185	784,169	4.6%	-366,073	240,326	\$1.57	\$1.47	\$1.52
Anaheim	50,478,761	260,823	5.5%	-60,058	138,596	\$1.67	\$1.51	\$1.56
Brea	11,960,974	52,102	4.0%	-159,968	41,050	\$1.48	\$1.18	\$1.41
Fullerton	21,998,007	185,525	5.4%	-176,602	-46,203	\$1.63	\$1.53	\$1.59
La Habra	3,472,890	0	0.7%	1,645	13,011	-	-	\$1.65
Orange	12,884,104	285,719	2.6%	27,438	-54,746	\$1.55	\$1.48	\$1.55
Placentia	3,767,968	0	2.3%	-2,025	43,258	\$1.33	\$1.30	\$1.32
Yorba Linda	2,211,481	0	2.0%	3,497	105,360	\$1.40	-	\$1.40

Source: Newmark Research

Orange County Submarket Statistics | 3Q25 (page 2 of 3)

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
South County	35,850,836	364,161	6.7%	-15,808	-552,059	\$1.41	\$1.60	\$1.64
Aliso Viejo	1,819,973	0	4.0%	-8,275	-11,764	-	-	\$1.43
Foothill Ranch	2,855,723	0	4.2%	-50,421	-82,640	-	\$1.58	\$1.61
Irvine Spectrum	17,926,005	364,161	9.4%	14,149	-430,767	\$1.34	\$1.62	\$1.68
Laguna Beach	76,268	0	0.0%	3,600	3,600	-	-	-
Laguna Hills	1,237,183	0	0.5%	-2,160	707	-	-	\$1.31
Laguna Niguel	452,142	0	2.7%	-12,090	-12,090	-	-	-
Lake Forest	4,873,875	0	5.9%	-799	-126,052	\$1.44	\$1.52	\$1.47
Mission Viejo	1,093,758	0	0.8%	8,108	28,188	\$2.33	-	\$2.33
Rancho Santa Margarita	2,362,298	0	1.6%	26,879	33,964	-	-	\$1.55
San Clemente	2,101,518	0	2.0%	5,201	38,051	\$1.60	\$1.70	\$1.54
San Juan Capistrano	1,052,093	0	13.0%	0	6,744	-	-	-
West County	41,419,414	88,164	6.1%	-299,002	-644,531	\$1.37	\$1.53	\$1.45
Cypress	6,606,953	0	16.5%	-65,029	-265,999	\$1.60	\$1.60	\$1.57
Garden Grove	13,112,830	88,164	3.3%	-77,781	-83,725	\$1.10	\$1.41	\$1.23

Source: Newmark Research

Orange County Submarket Statistics | 3Q25 (page 3 of 3)

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Huntington Beach	16,170,998	0	3.6%	-151,424	-356,574	\$1.76	\$1.55	\$1.48
Los Alamitos	2,063,009	0	4.3%	11,206	36,848	-	\$1.60	\$1.60
Seal Beach	841,203	0	0.0%	0	0	-	-	-
Stanton	826,538	0	0.9%	-4,432	28,694	-	\$1.65	\$1.65
Westminster	1,797,883	0	17.2%	-11,542	-3,775	\$1.50	\$1.28	\$1.48
Orange County	268,623,620	1,647,705	5.3%	-703,353	-1,197,095	\$1.42	\$1.48	\$1.49

Source: Newmark Research

Some Underperforming Office Properties Will Find New Life

Finding the best use for a commercial asset is the principal goal of any developer. A handful of underperforming office properties will eventually vanish to make way for new industrial product, a list that will continue to grow.

Office-to-Industrial Redevelopment Project Announcements

Address: 5757-5665 Plaza Dr
Buyer: Goodman Logistics
Office RBA: 466,058 SF

Address: 1700-1740 E Garry Ave
Buyer: Terreno Realty
Office RBA: 99,000 SF

Address: 1801 E Saint Andrew Pl
Buyer: Rexford Industrial
Office RBA: 370,000 SF

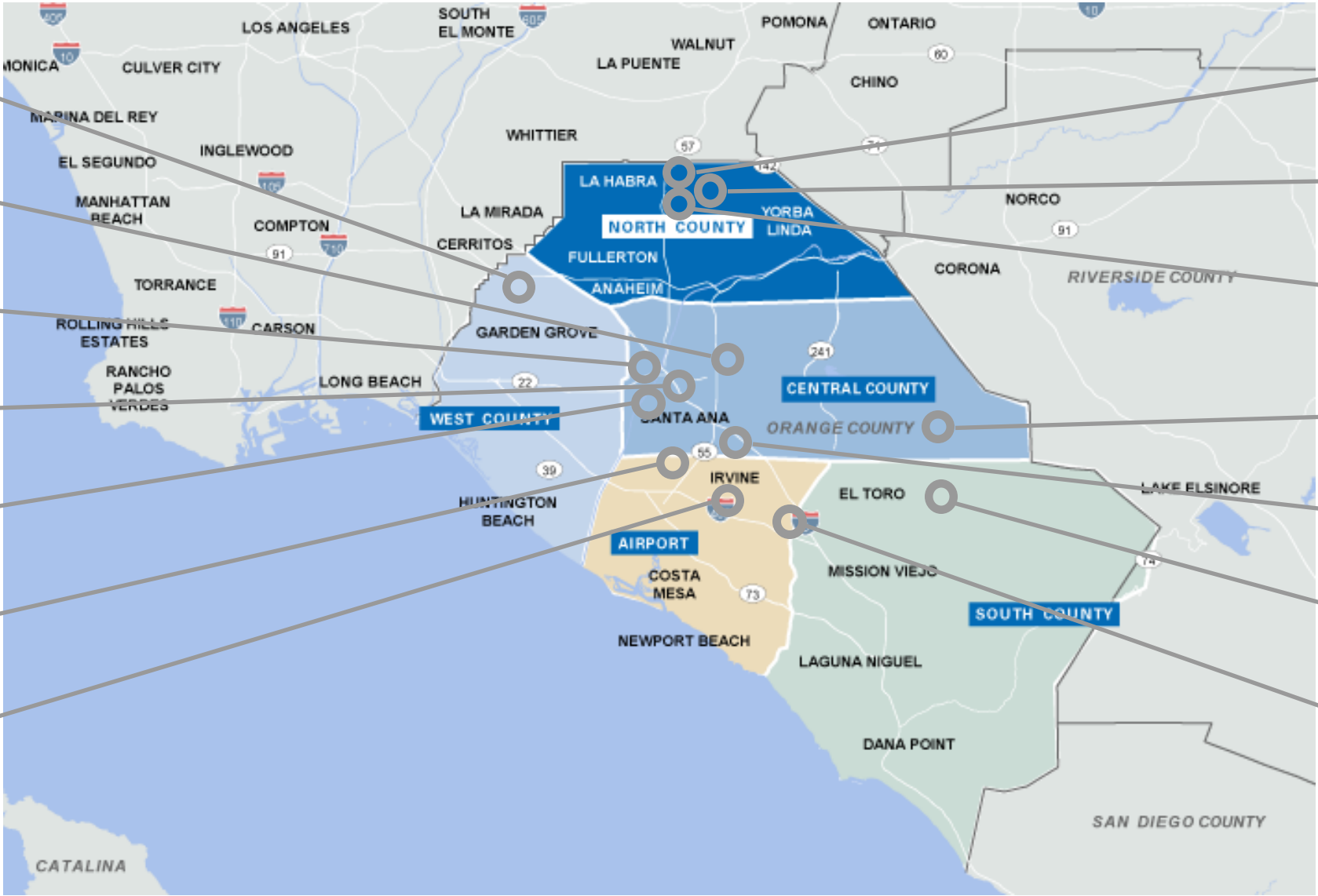
Address: 3100-3130 S Harbor Blvd
Buyer: Kearny/Dune
Office RBA: 197,370 SF

Address: 3100-3120 W Lake Center Dr
Owner: C.J. Segerstrom & Sons
Office RBA: 178,026 SF

Address: 3700-3720 S Susan St
Owner: C.J. Segerstrom & Sons
Office RBA: 31,082 SF

Address: 16752 Armstrong Ave
Buyer: Rexford Industrial
Office RBA: 81,600 SF

3.1 MSF slated for
industrial conversion

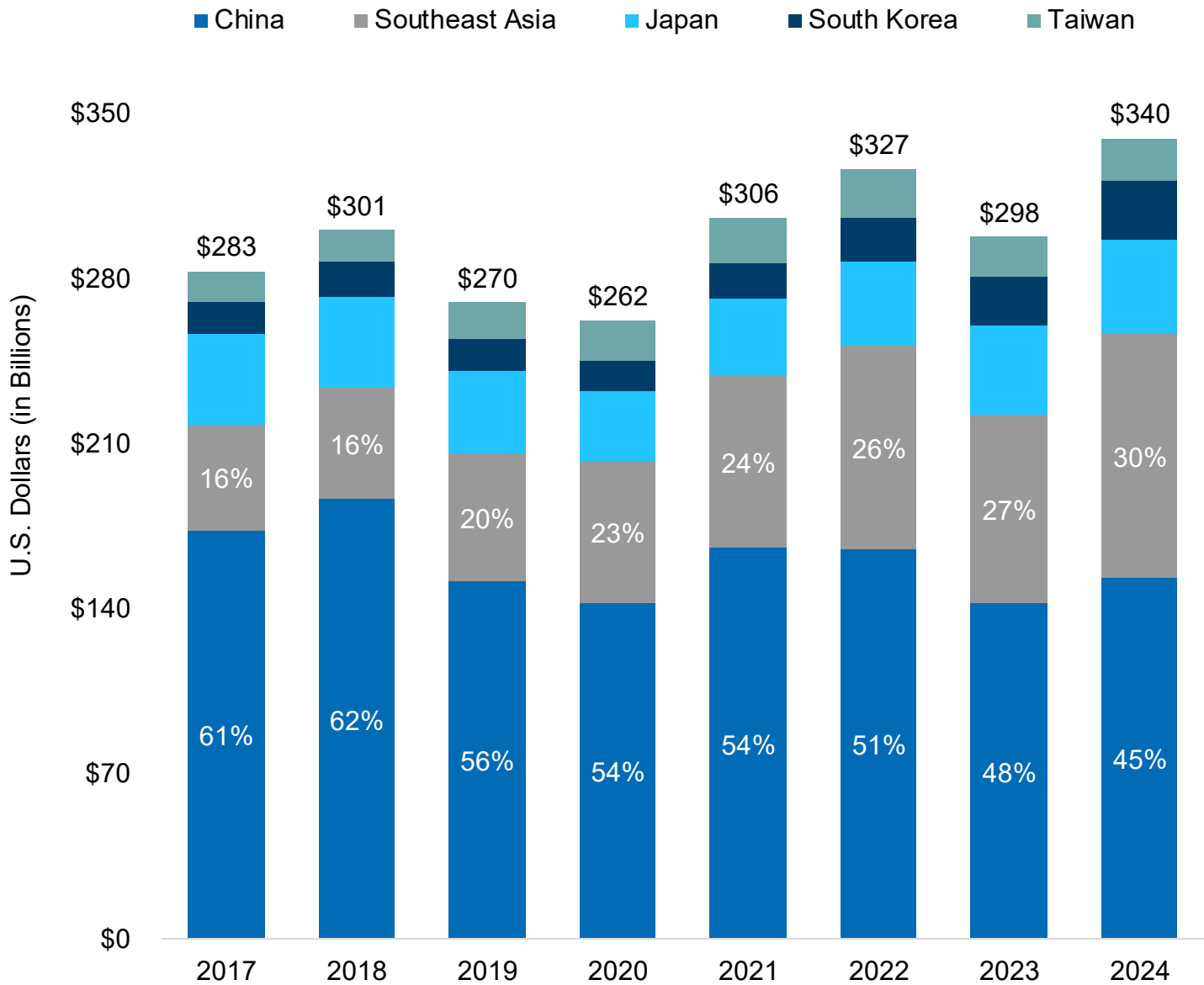


Source: Newmark Research

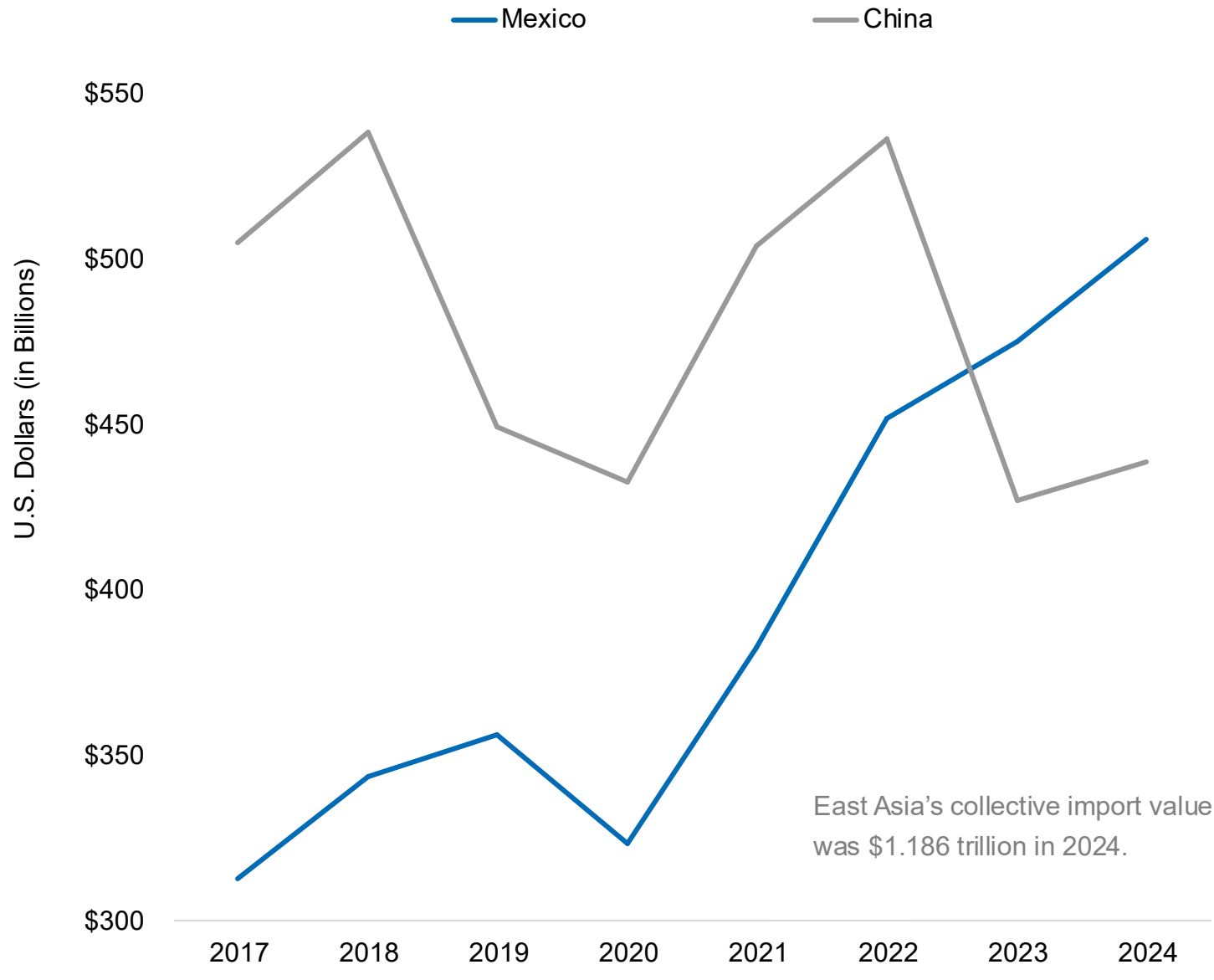
Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.’ Top Trade Partner

China’s exporter-dominance is narrowing due to lower manufacturing wages in other countries; escalating U.S. tariffs (began in 2018 and grew more contentious this year); and stringent lockdown measures during the height of COVID-19 that stalled production and riled global supply chains. Although Mexico’s manufacturing industry is rising, East Asia will continue to produce the bulk of the world’s goods; Southern California’s seaports remain the best point of entry for trans-Pacific routes.

Annual Import Value from East Asia to Ports of Los Angeles and Long Beach



Annual Import Value to U.S. from Mexico and China (All Ports of Entry)



Source: Newmark Research, USA Trade Online, US Census Bureau
Note: Southeast Asia includes the following countries: Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam

Assembly Bill 98 Adds Regulations on Warehouse Development in the State

Building setbacks, facility design features and truck routes are among the bill’s focus---regulations that will ultimately increase warehouse occupancy costs. It is also worth noting that the state will have more control over matters that have historically fallen under the jurisdiction of counties and cities.

California Assembly Bill 98 (also known as “The Planning Logistics and Neighborhood Standards Act”)

Macro

- Signed into law on September 29, 2024.
- Prohibits California cities and counties from approving all new development or expansions (20%+) of logistics centers unless they meet specified standards.
- Commences on January 1, 2026.

Standards

- Establishes setback requirements for new 250,000+ SF warehouse developments that are within 900 feet of homes, schools, daycares, parks or healthcare facilities.
 - Truck loading bays must be at least 300 feet from the property line in areas zoned for industrial use and 500 feet from the property line in areas not zoned for industrial use.
- Guidelines for sub-250,000 SF warehouse developments are [here](#); see Section 65098.1. (d)
- For all new/expanded logistics facilities: Imposes other standards relating to warehouse design, including landscaping buffers, entry gates, signage and the infrastructure to accommodate future truck and car charging stations.
- Facility operators must prepare and submit a truck routing plan to and from the state highway system based on the jurisdiction’s latest truck map before receiving a certificate of occupancy.
- A logistics developer must replace demolished housing at a 2-to-1 ratio. The developer will also be required to pay any evicted tenant’s rent for 12 months.

Agency Requirements

- Requires cities and counties to establish designated truck routes that avoid residential areas and sensitive receptors.
- SCAQMD will deploy mobile air monitoring systems in Riverside and San Bernardino Counties to study air pollution in communities. It will report its findings to the California State Legislature.

Impacts on Industrial Market Across California

- Cities and counties will need to update their general plans. Critics of the bill point to unclear provisions that will likely cause confusion for municipalities and delay the entitlement of proposed projects.
- Most jurisdictions in the state have until 2028 to enforce the changes; the Inland Empire has until 2026.
- Will limit new industrial construction in established areas of a given market; pre-existing facilities near residential populations will command rent premiums.
- Building plans for many unentitled sites will be revised.
- Development costs will rise.
- The Inland Empire, with the largest concentration of warehouse development in the state, will be most affected. Construction will grow in tertiary areas, such as the High Desert.

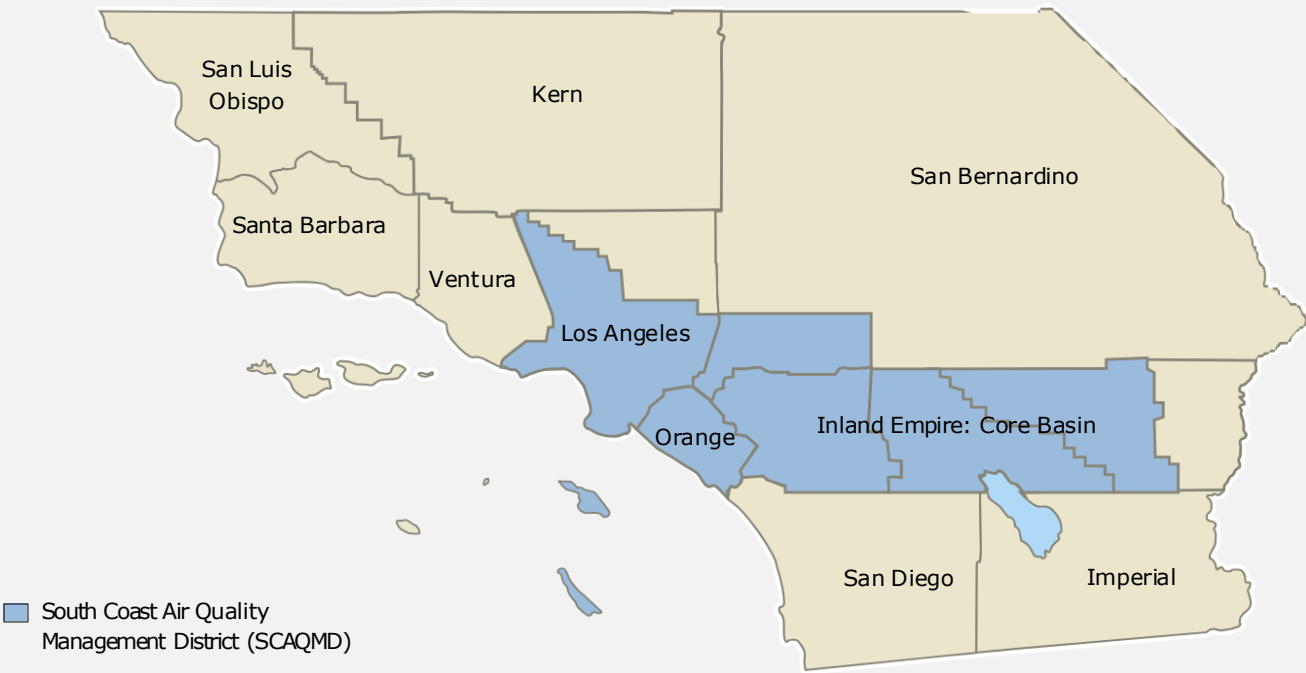
Source: Newmark Research; Rutan & Tucker, LLP; California Legislative Information.

WAIRE: Program Summary and Implications for Industrial

The Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program imposes additional costs for warehouse occupiers and encourages new construction outside of South Coast Air Quality Management District’s (SCAQMD’s) jurisdiction.

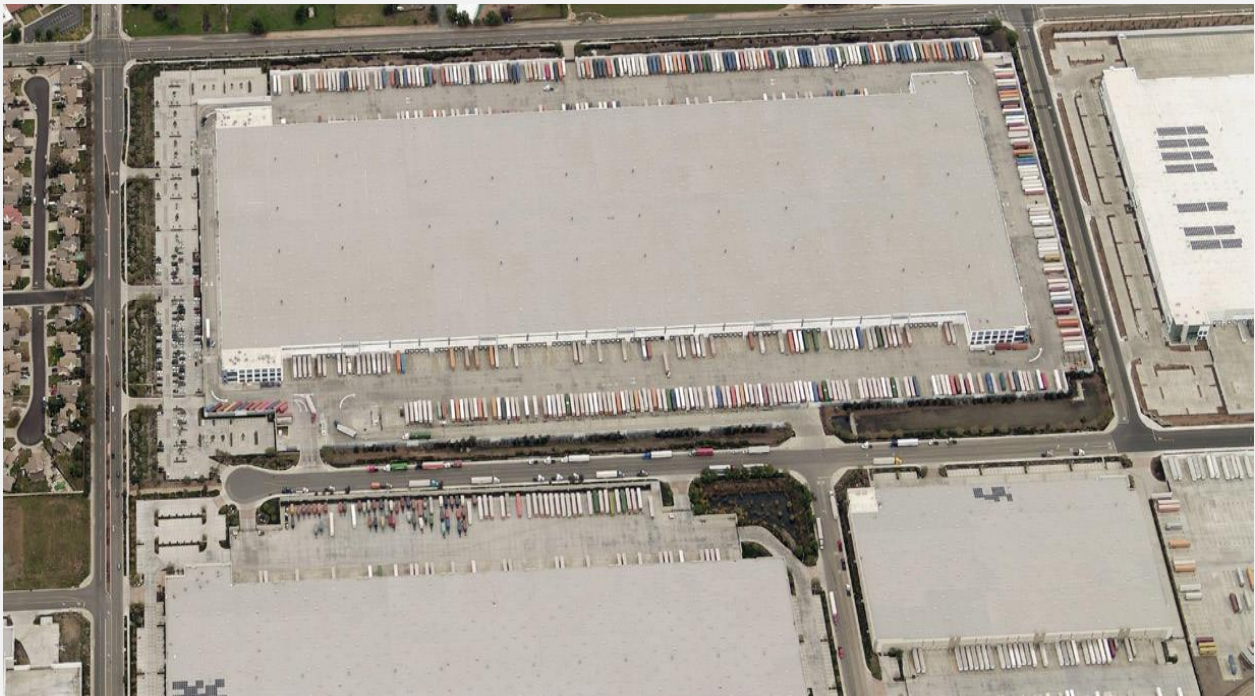
Program Summary

- In 2021, SCAQMD implemented the WAIRE program to “reduce local and regional emissions of nitrogen oxides and particulate matter...[derived from] warehouses and the mobile sources attracted to warehouses.”
- The program essentially imposes an emissions-based tariff on warehouse occupiers whose footprints are above 100,000 SF in much of LA, Orange, Riverside and San Bernardino Counties.
- The first report submission year was 2023, and average collections are estimated to be between \$670 million and \$1.0 billion per year.
- For more information, please read [Newmark’s report on the subject.](#)



Implications for Industrial Real Estate

- Retrofitted buildings within SCAQMD’s jurisdiction that have solar roof panels, EV stations, etc. help to lower a tenant’s annual WAIRE costs. These buildings will command a rent premium.
- Building owners can participate in the WAIRE Program and can give preferential treatment to top-credit tenants.



Source: Newmark Research

The World’s Top 20 Containerized Cargo Seaports

Sixteen are in Asia, China leads all other countries with nine and Los Angeles-Long Beach is the only U.S. complex to make the list.

Rank	Seaport	2024 Volume (TEU, in millions)
1	Shanghai, China	51.5
2	Singapore	41.1
3	Ningbo-Zhoushan, China	39.3
4	Shenzhen, China	33.4
5	Qingdao, China	30.9
6	Guangzhou, China	26.1
7	Busan, South Korea	24.4
8	Tianjin, China	23.3
9	Los Angeles-Long Beach, U.S.	18.3
10	Jebel Ali, United Arab Emirates	15.5

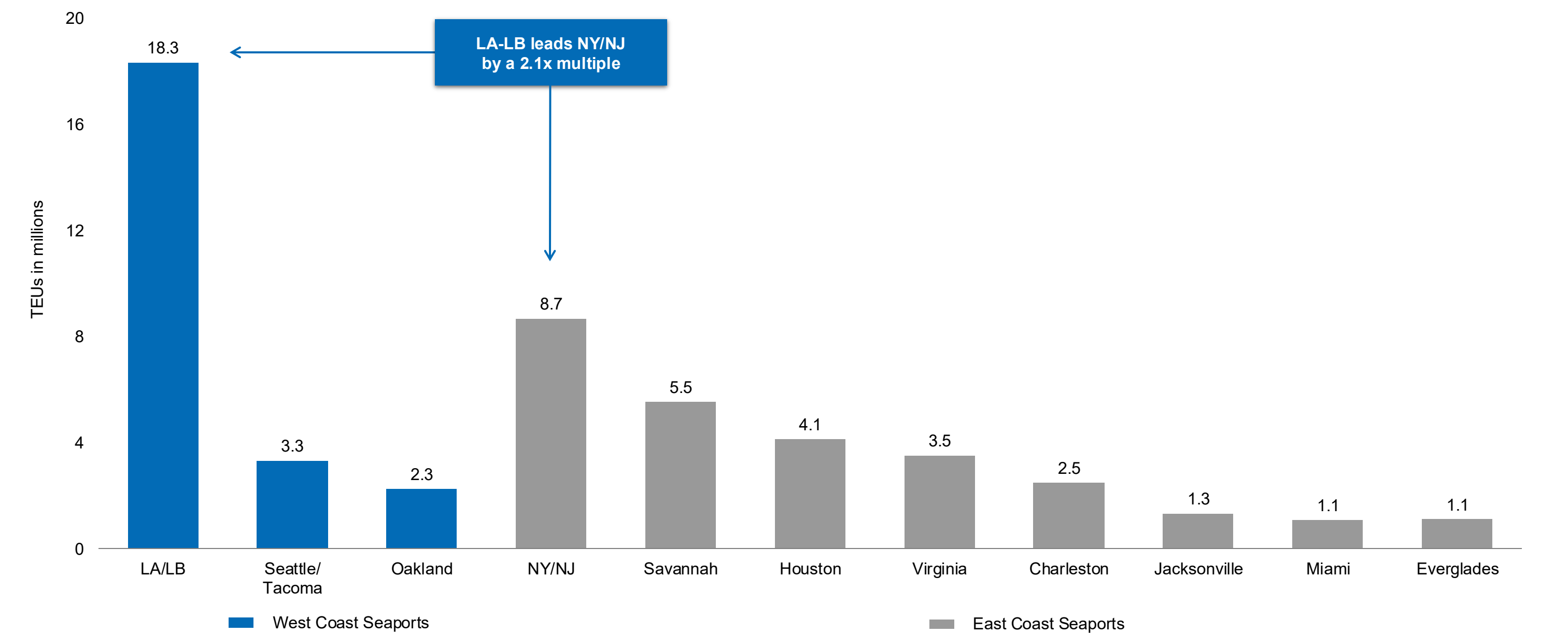
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan	9.2
20	Beibu Gulf, China	9.0

Source: Newmark Research, upply
Note: TEU totals includes loaded and empty containers

Los Angeles-Long Beach is the Nation’s Dominant Port System

Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation’s major population centers.

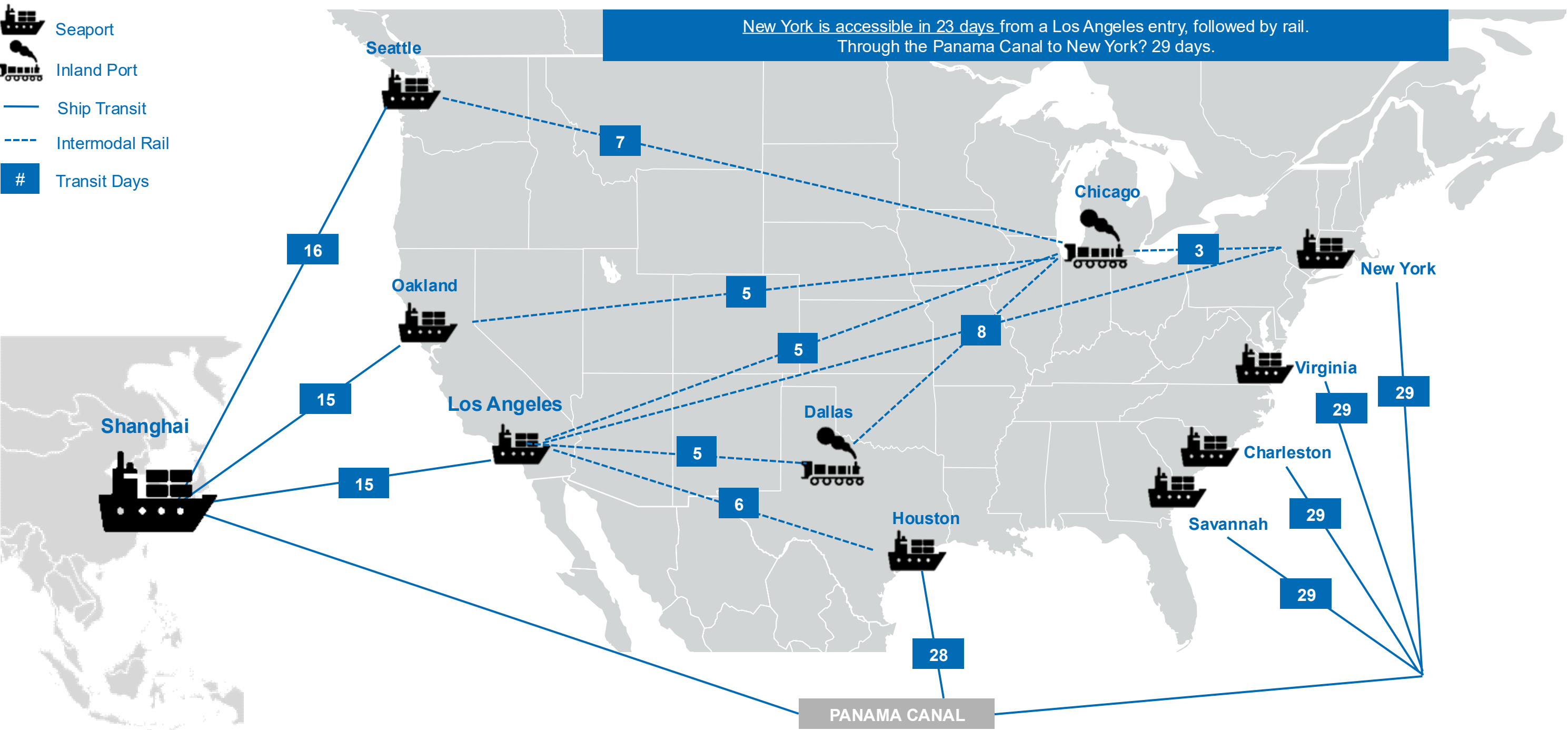
Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Why Los Angeles-Long Beach?

In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.

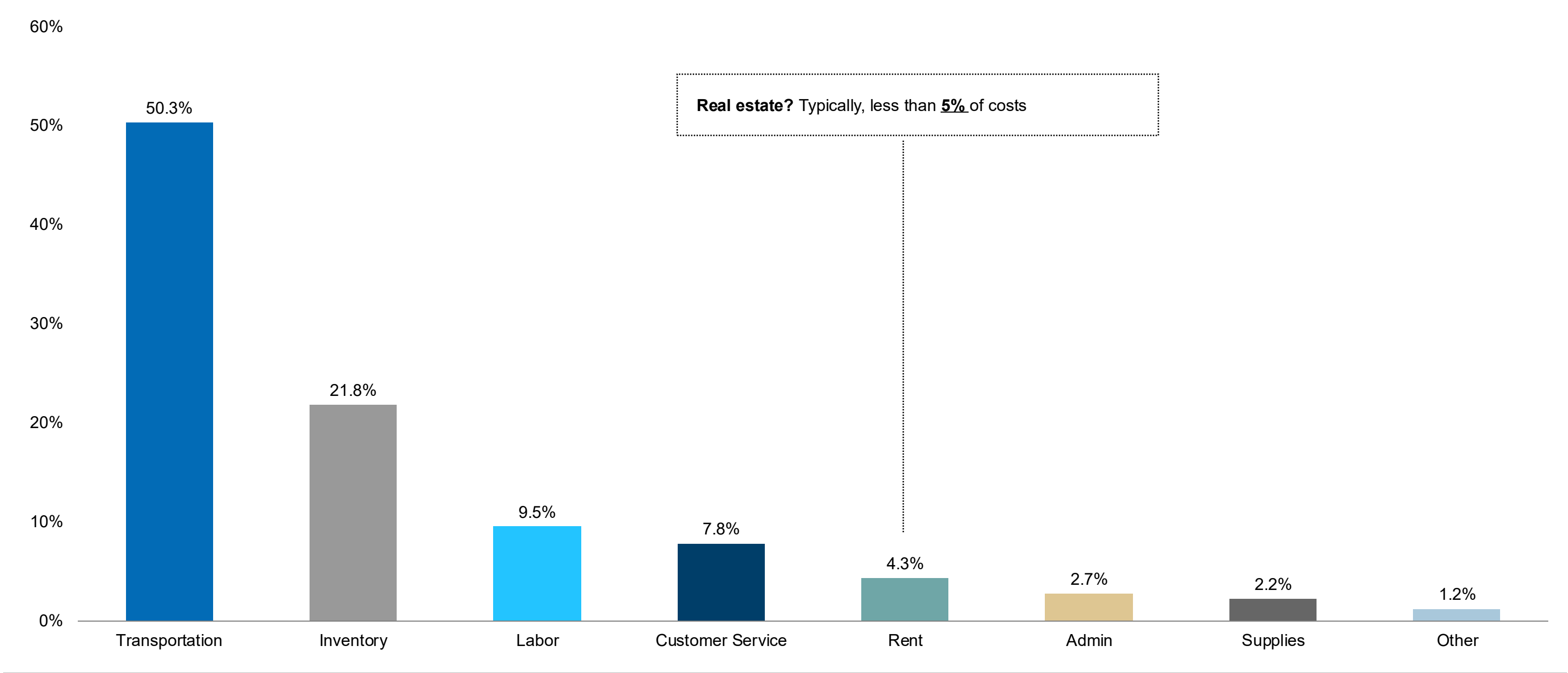


Source: Newmark Research, IMS Worldwide

Transport Costs Are the Biggest Expenditure for Most Warehouse Occupiers

Before the pandemic, the average was just over 50%.

Cost Splits for the Average Warehouse Occupier Prior to COVID-19



Source: Newmark Research, Exchange Inc. Logistics Cost & Service Report
Note: These ratios do not apply to all industries. 3PLs, for instance, are highly rent-sensitive.

For more information:

Fahima Dawd

Senior Research Analyst

Orange County

fahima.dawd@nmrk.com

Dain Fedora

Head of Research

Southwest

dain.fedora@nmrk.com

Orange County

18401 Von Karman Ave., Suite 150

Irvine, CA 92612

t 949-608-2000

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

NEWMARK