DAUM

COMMERCIAL REAL ESTATE SERVICES

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q2 | 2025

Market Report

Orange County Office

MARKET REPORT Q2 | Office 2025 Orange County

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MARKET ACTIVITY

Direct Vacancy ⩓ 17.77%	Net Absorption ⩔ -545,253 SF
Overall Vacancy ⩓ 19.55%	Gross Absorption ⩔ 1,589,990 SF
Under Construction ⩓ 388,721 SF	Rental Rates (FSG) ⩓ $2.80
Median Sale $/SF ⩓ $275.00	Deal Volume ⩓ $195.3M

KEY TAKE AWAYS

MARKET

- **Vacancy Rate**: Increased by 64 bps to 19.55% in Q2.
- **Net Absorption**: Turned negative in Q2, totaling -545,253 SF.
- **Sales**: Volume in Q2 totaled $195.3M with a median price PSF of $275.00. The largest sale in Q2 was the Stadium Tower located in Anaheim. It was purchased for $72.1M at a price PSF of $275.47. The buyer is an entity related to the owner of the Anaheim Ducks.
- **Asking Rents**: Increased $0.03 or 1.08% to a rate of $2.80 PSF in Q2.

ECONOMIC OUTLOOK

- **Interest Rates:** At both the May & June meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are still projecting two 25 bps cuts to occur in 2025. With the first cut likely in September.
- **Supply Chain**: YTD Y/Y volume at the San Pedro Port Complex is up 10.2%. The cost from China/East Asia to the West Coast increased 55% over Q2, ending at $3,389 per container. (Freightos). The US tariff landscape remains highly fluid with the July 9 deadline for the 90-day pause on "reciprocal tariffs" approaching. Current rates include a 10% baseline tariff on most imports plus country-specific levies. Onshoring trends are driving strong demand for industrial properties as companies relocate in US.

ECONOMIC OUTLOOK

U.S. Employment ⩔ 4.1%	U6 Rate ⩔ 7.7%
Interest Rate ⩓ 6.77% (30 year fixed)	Changing GDP ⩓ 2.5%
Port Traffic Y/Y Δ ⩓ 10.2%	NYSE Performance ⩓ 11.1%
Inflation Change ⩔ 2.38%	10 Yr. - 2 Yr. Spread ⩓ 52 BPS

EXPERIENCE IN A CHANGING MARKET
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Q2 //////// Market Report

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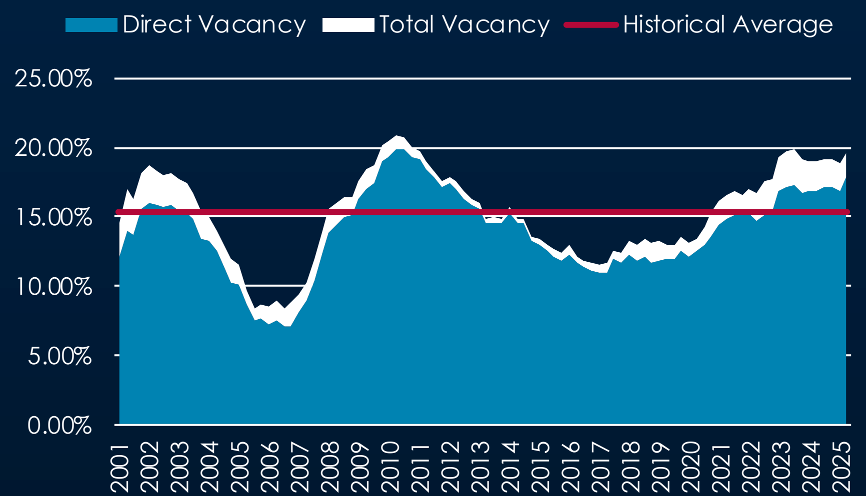
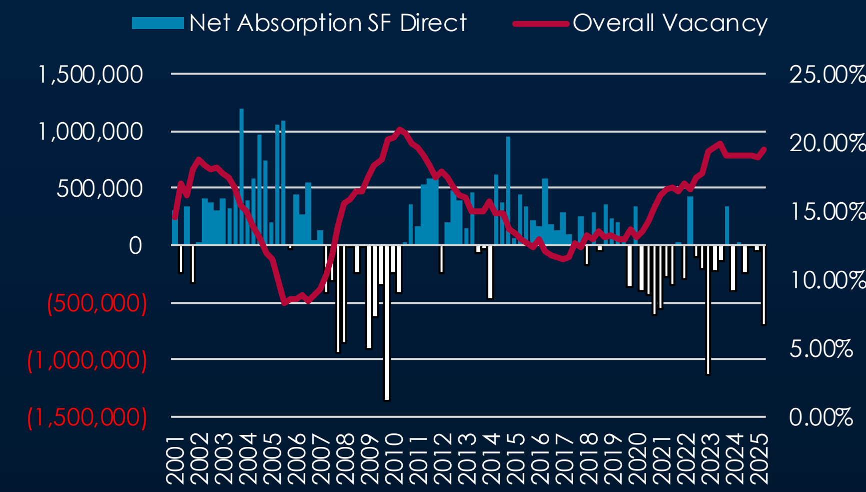
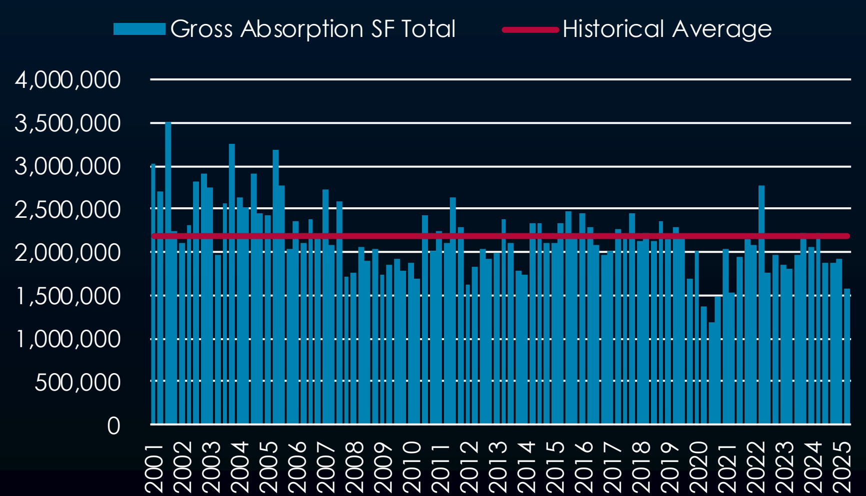
OVERALL VACANCY
INCREASED BY 64 BPS FROM Q1 TO 19.55% IN Q2



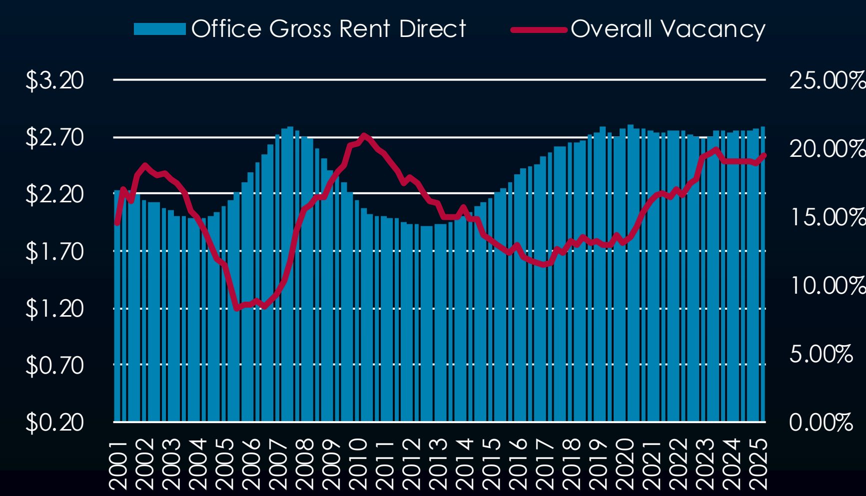
NET ABSORPTION
TURNED NEGATIVE IN Q2 TOTALING -545K SF



GROSS ABORPTION
DECLINED 17.4% FROM Q1 TO 1.59M SF IN Q2



ASKING RENTS
INCREASED BY $0.03 PSF OR 1.08% TO $2.80 PSF IN Q2



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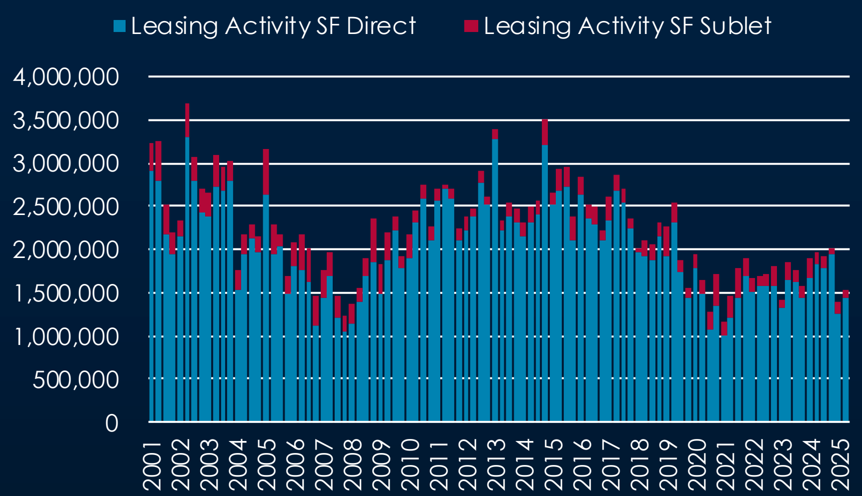
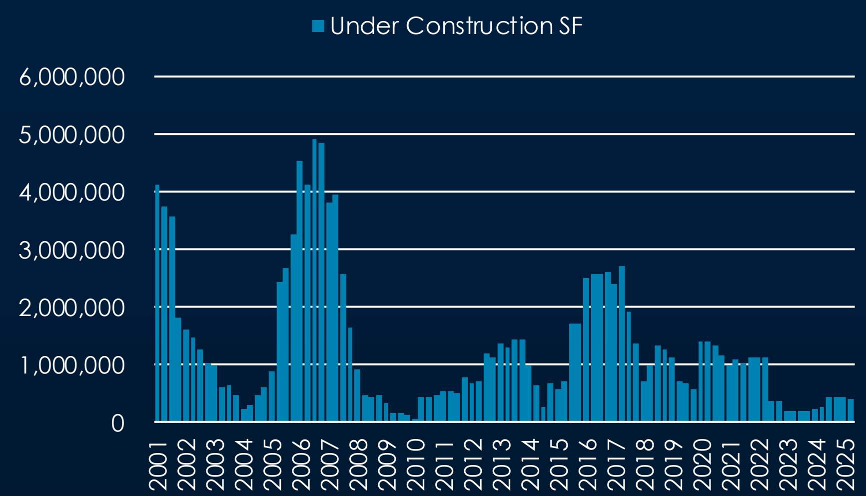
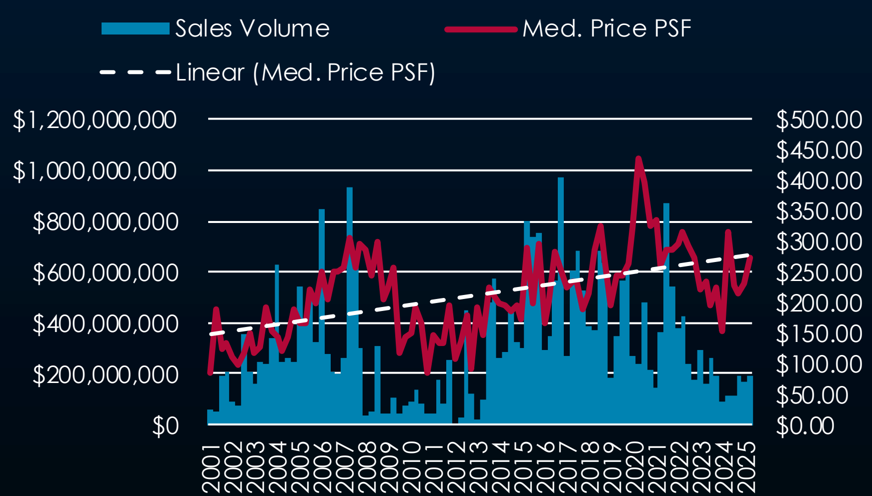
LEASING ACTIVITY
INCREASED 11.1% FROM REVISED Q1 TO 1.54M SF IN Q2

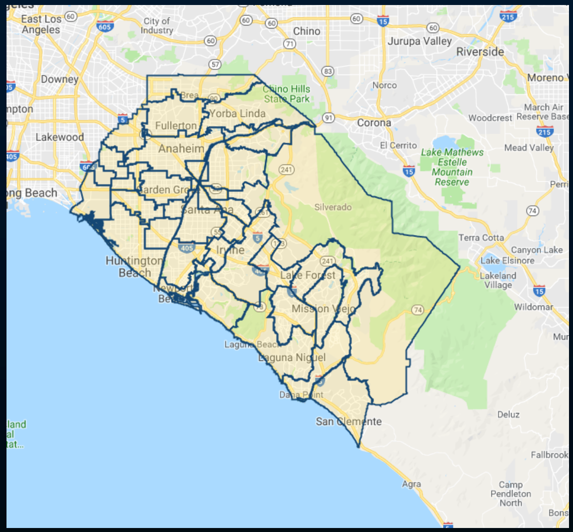


CONSTRUCTION ACTIVITY
154K SF WAS DELIVERED IN Q2. UC REVISED TO 389K SF



SALES
SALES VOLUME TOTALED $195M. MEDIAN PRICE PSF WAS $275.00





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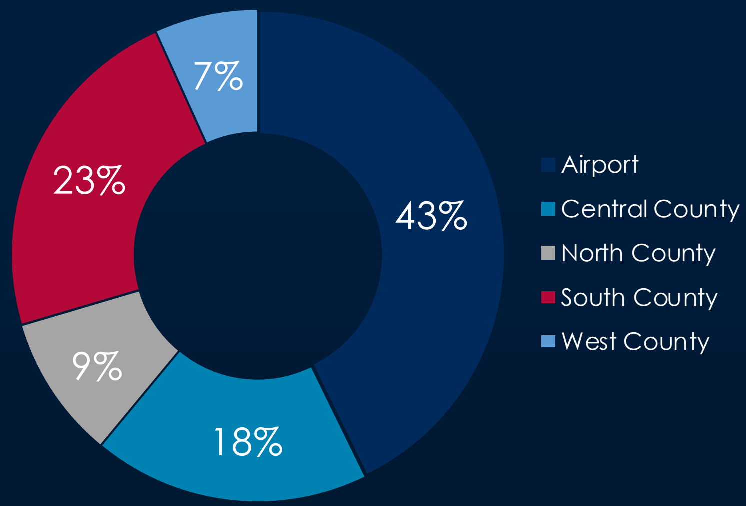
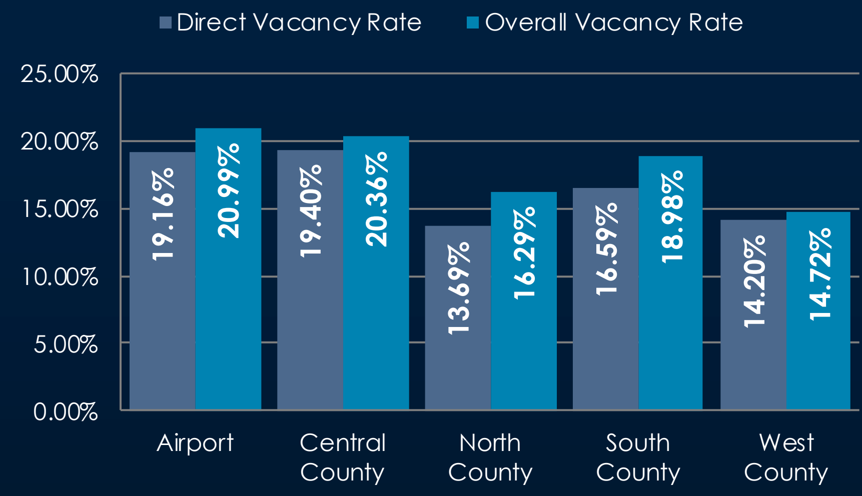
Q2 Market Report

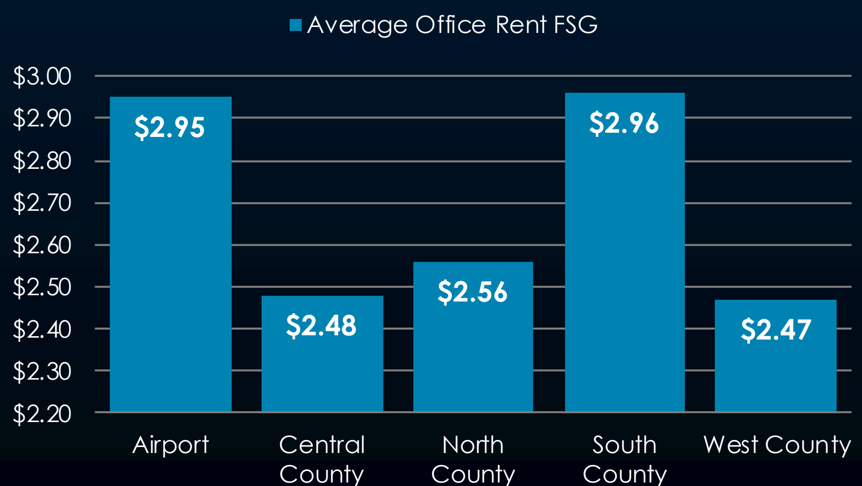
SQUARE FOOT BREAKDOWN– 84,928,776 SF MARKET SIZE



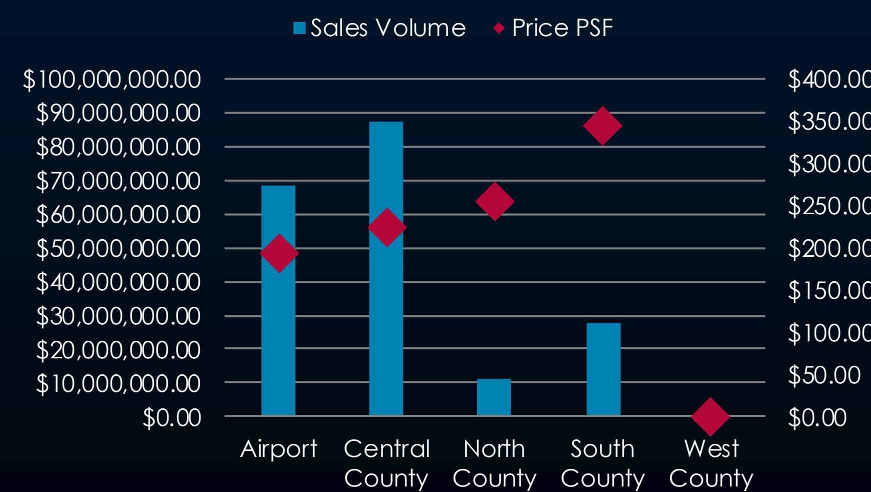
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



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METHODOLOGY & TERMINOLOGY

Methodology
Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & greater.

Direct Vacant SF
Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF
Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate
Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

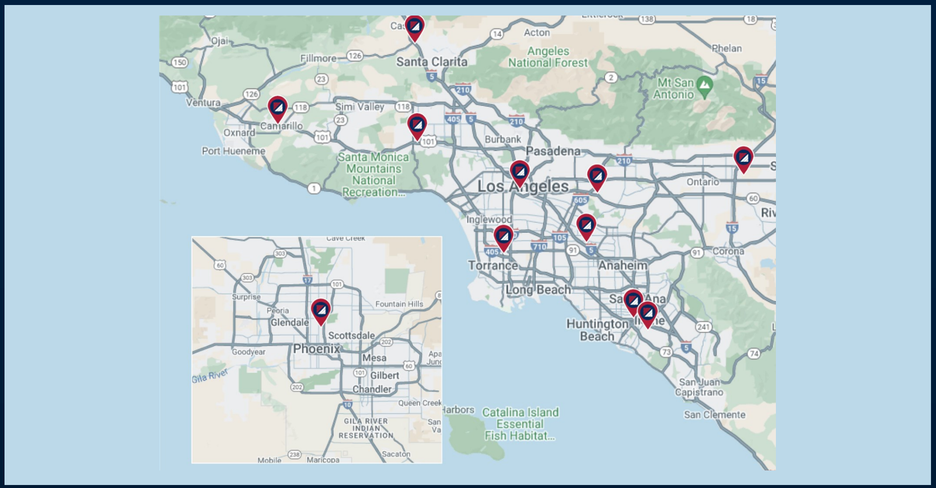
Vacancy W/ Sublet Rate
Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption
The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction
Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2025
New buildings with original construction completed in the year 2025 and granted a Certificate of Occupancy. Renovated buildings are not included



MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
VENTURA COUNTY	751 DAILY DR. SUITE 105 CAMARILLO, CA 93010	805-987-8866
INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
PHOENIX	1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016	602-957-7300
INVESTMENT DIVISION	650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626	949-341-4500
INDIAN WELLS	74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210	760-253-8539

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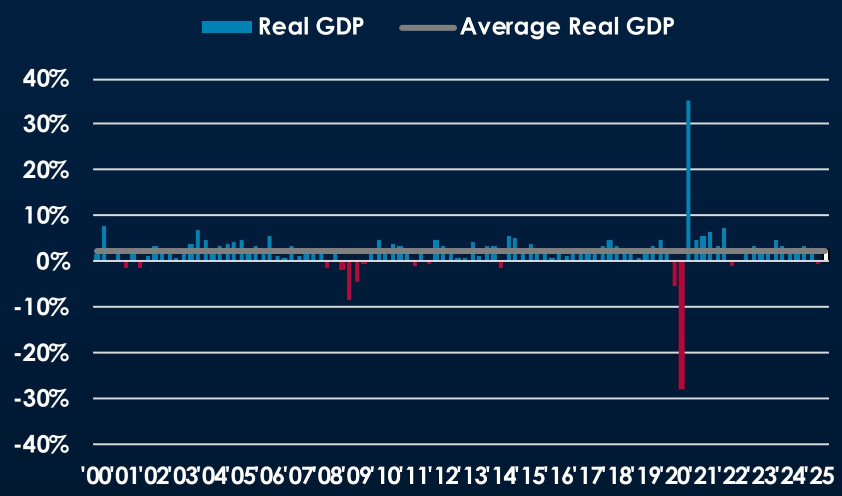
Economic Overview

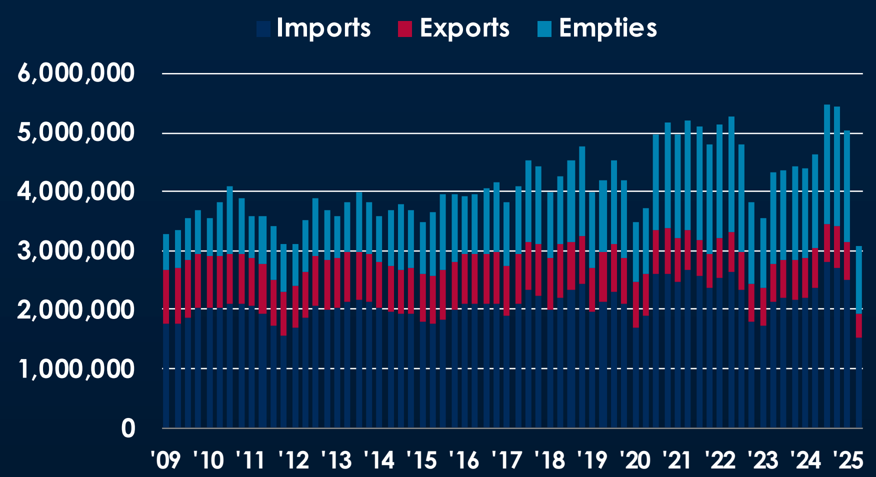
Q2 2025

GDP IN Q1 FINISHED AT -0.5%. Q2 ESTIMATE AT 2.5% PER GDPNOW

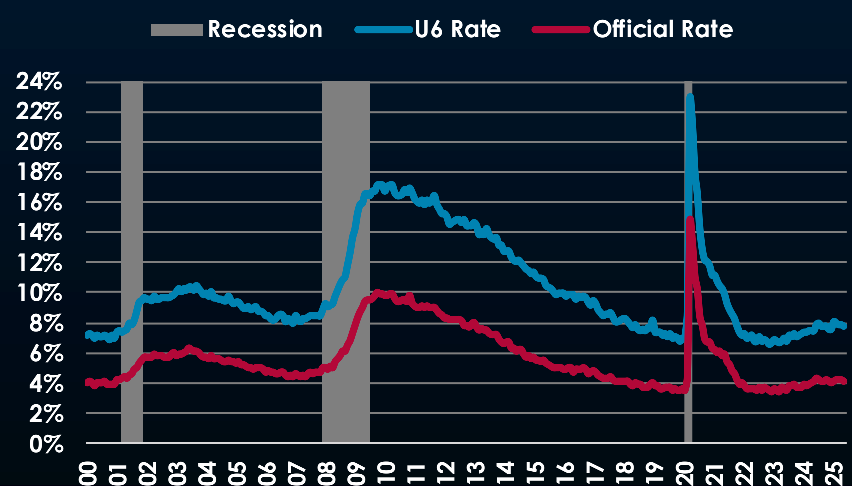


**2.5% Estimate for Q2-25 from the Federal Reserve Bank of Atlanta GDPNow*

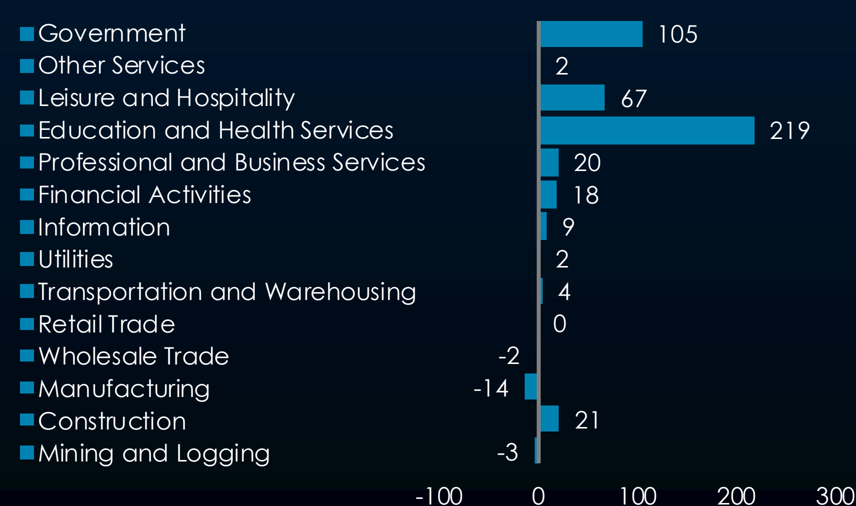
PORT ACTIVITY IN Q1 WAS UP 15.0% Y/Y. YTD 2025 UP 10.2% Y/Y



LABOR MARKET REMAINS RESILIENT; MAKING FED DECISION TO CUT HARDER



EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q2



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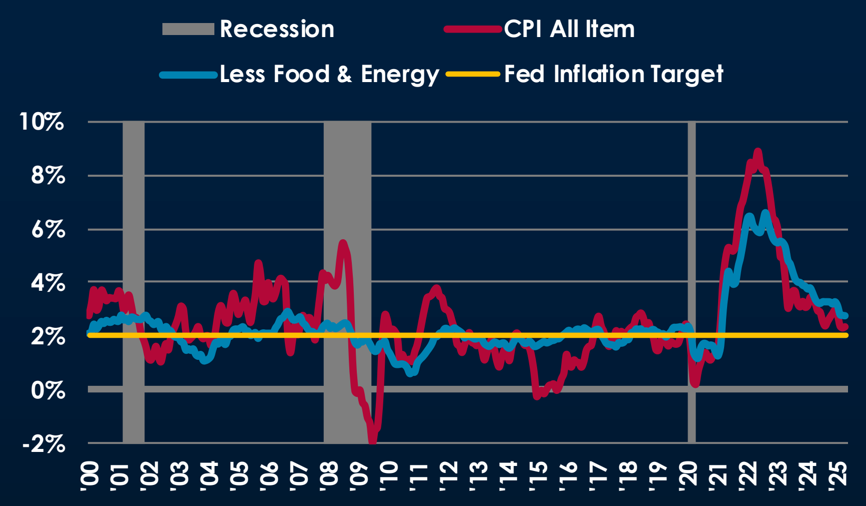
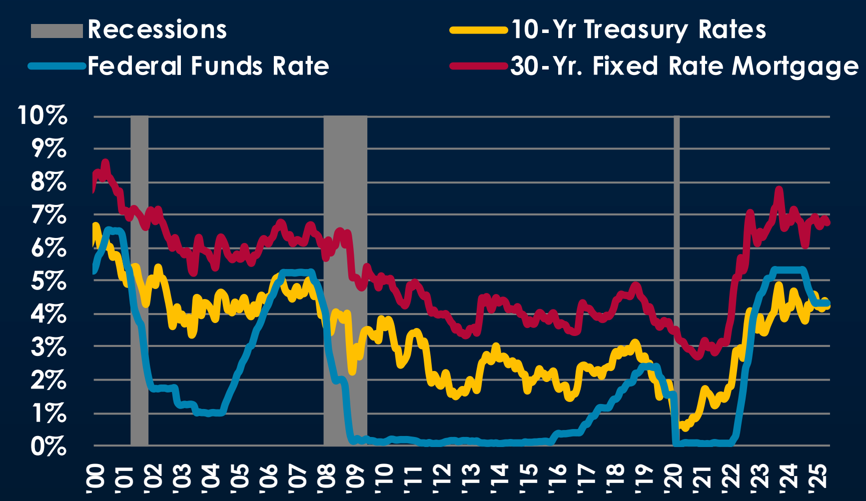
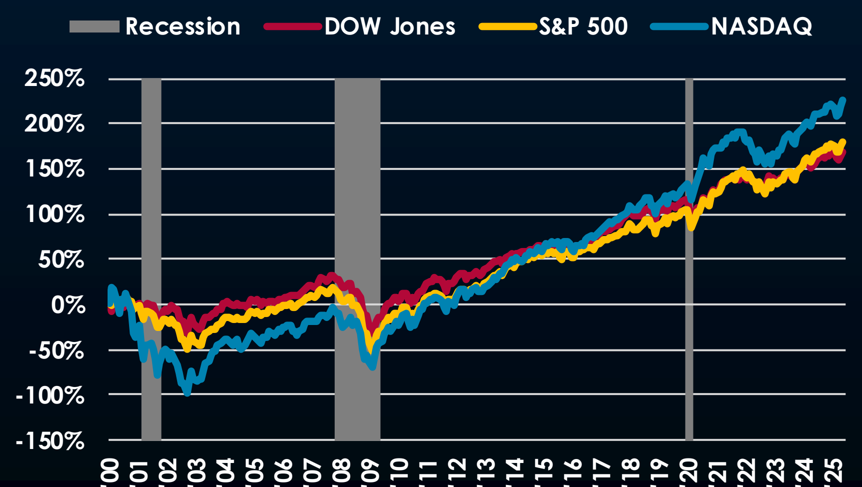
CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



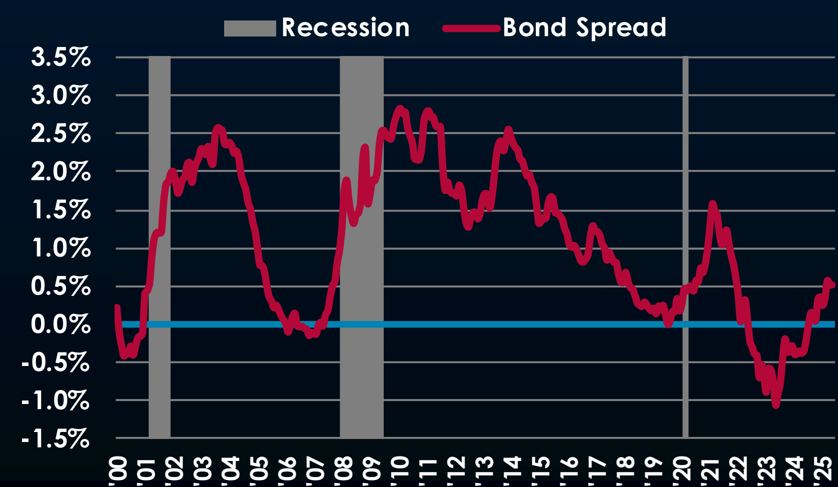
THE FED HELD RATES IN MAY & JUNE. 10 YR UP BY ONLY 1 BPS IN Q2



S&P 500 AND NASDAQ REACHED ALL TIME HIGHS TO CLOSE Q2



10-2 YEAR YIELD CURVE STEEPENED IN Q2



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