

ORANGE COUNTY OFFICE MARKET **Yardi® Matrix**

Market Analysis

First Quarter 2019

Contacts

Jeff Adler

*Vice President & General
Manager of Yardi Matrix*
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern

*Director of Research and
Publications*
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Chris Nebenzahl

Senior Analyst
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Veronica Grecu

Senior Real Estate Market Analyst
Veronica.Grecu@Yardi.com
(306) 955-1855 x7583

Author

Razvan Cimpean

Associate Editor
Razvan-I.Cimpean@Yardi.com

Aggregated and anonymized
expense and lease expiration
data is available to Yardi Matrix
subscribers. Please contact us
for details!

For more information please contact:

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

A Leveling Office Market



Orange County's office market continues to grow, bolstered by its highly skilled and educated workforce and relatively affordable cost of doing business. Although it is not one of the leading tech markets, its gaming, software, engineering and cybersecurity appeal is there, positioning it as an alternative SoCal market. As a result, coworking firms have expanded their presence in Orange County, where they have leased more than 1 million square feet. WeWork recently signed a 44,520-square-foot lease at The Irvine Co.'s 400 Spectrum Center.

The Orange County job market is strong, with unemployment at 2.8% at the end of last year and 7,700 jobs added in the 12 months ending in November 2018. Significant job gains in professional and business services (7,100), education and health services (6,700) and leisure and hospitality (6,600) have offset losses in other sectors, such as manufacturing and government. The two sectors lost a total of 10,300 jobs.

While transaction volume dropped 17.3% year-over-year nationwide as of December 2018, Orange County's investment activity was up 1.4% year-over-year, thanks to an increased interest in value-add plays. Class B office buildings in the John Wayne Airport and South Coast Metro submarkets were largely targeted by investors, thanks to their solid asking rent growth. The average vacancy rate in the market in January was 11.7%, well below the national average of 14.0%. Submarkets with newer office inventory, such as Irvine Spectrum and Newport Center, had some of the smallest vacancy rates in the metro.