

# ORANGE COUNTY OFFICE MARKET Yardi® Matrix

## Market Analysis

Second Quarter 2018

### 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

Institutional Research Manager  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

#### Veronica Grecu

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

#### Author

#### Roxana Baiceanu

Associate Editor  
Roxana.Baiceanu@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

## Demand Remains Strong



Orange County's economy has been **growing at a steady pace** throughout the last four quarters, despite the divide between the low-paying hospitality and leisure sector and the high-paying professional and business services sector. The recent **office construction boom**, which added almost 2 million square feet to the inventory in 2017, has had a significant impact on rental rates and investment volume, both of which are on the rise. **Vacancy**, however, remains at a low **11.5%**, driving up demand, in tandem with the market's affordable average asking price per square foot, \$33.62 as of May.

A **tight job market**, with unemployment around 3%, has also been putting pressure on developers. The metro added roughly 30,000 office-using jobs during the 12 months ending in April, with the professional and services sector benefiting from 13,400 new jobs. Booming construction activity in the multifamily, hospitality and office segments will continue to fuel growth in this sector. The education and health services sector has added 9,600 jobs and expects to grow further, as several medical centers, including City of Hope, are in the pipeline. The information sector, however, has lost 100 jobs.

**Co-working is on the rise** in Orange County, with Spaces and WeWork opening their third and second locations, respectively, in Irvine Spectrum and Costa Mesa.