

LEE & ASSOCIATES  
**OFFICE MARKET REPORT**  
NORTH/CENTRAL ORANGE COUNTY

THE OFFICE ADVISORY GROUP

SECOND QUARTER 2017

**MARKET OVERVIEW** Orange County

(Change from last quarter)



**Average  
Lease Rate**  
\$2.55 FSG

Up from \$2.52 last quarter



**Availability**  
14.6 %

Up from 14.2% last quarter



**Vacancy**  
10.3%

Up from 10.2% last quarter



**Absorption**  
- 3,320 SF

Down from 255,021 SF last quarter

*\*All numbers are based on office space in buildings 30,000 sq. ft. and larger.*



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**OC OFFICE MARKET TRENDS**

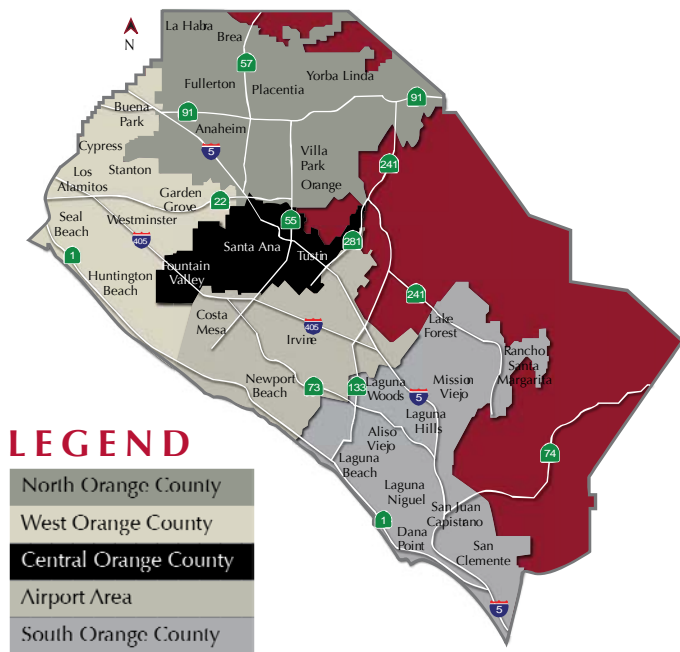
- For the 11<sup>th</sup> consecutive quarter, average lease rates have increased. Current average lease rates are \$2.55/sf FSG, up \$0.03/Sf from last quarter; up from \$2.42 FSG one year ago.
- Orange County vacancy rate is at 10.3%, an increase from the previous quarter's number.
- Net absorption for the overall OC market totaled a negative 3,320 square feet, down from a positive 255,021 SF last quarter.
- Office sales for the quarter totaled \$588 Million; up from \$258.11 Million last quarter (Q1 - 2017).
- Class A office buildings led the leasing activity this quarter with over 1,010,000 SF leased; a change from Class B buildings which led activity in Q1.
- Four new buildings were delivered to the market in the second quarter; over 2.4 million SF currently under construction.
- The Monster Energy Beverage Co. founders purchase of 18301 Von Karman, Irvine represents the largest building sale for the quarter, a price tag of \$85,000,000 (\$380psf).
- Cylance signed the largest lease of the quarter (133,000 square feet) at 400 Spectrum Center in the Irvine Spectrum.
- Vacant sublease space increased from 543,000 sq. ft. in the first quarter 2017 to 672,198 sq. ft. this quarter
- Office inventory in Orange County (all buildings): 6,068 buildings totaling over 153 million square feet.
- Discuss plans for the coming years with your real estate professional to determine how to get the most of your real estate expenditures and strategize for a tight market.

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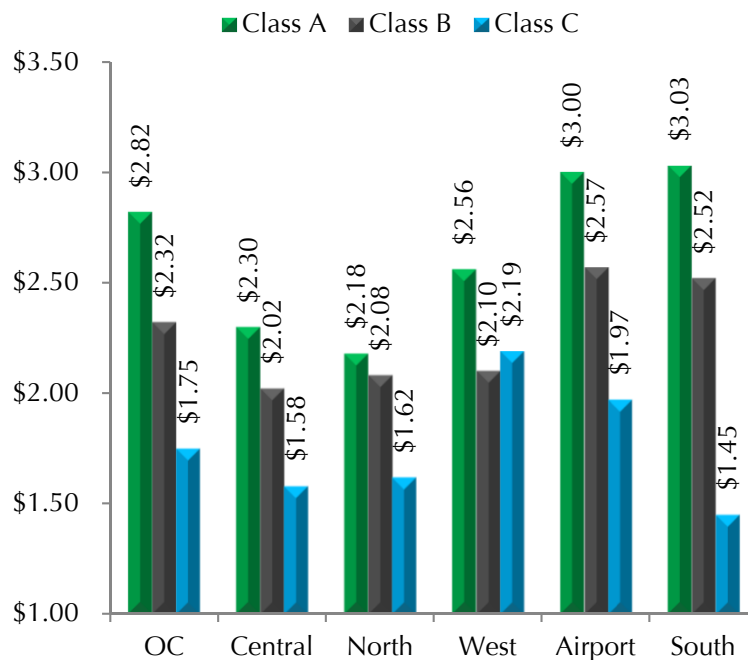
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SECOND QUARTER 2017

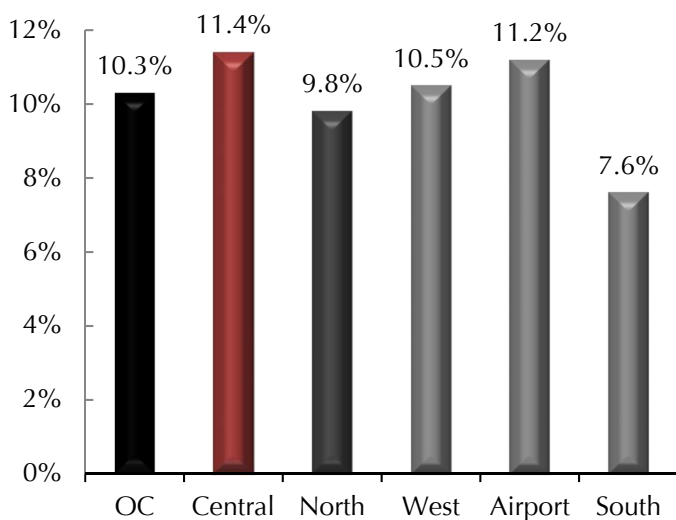
## MAP



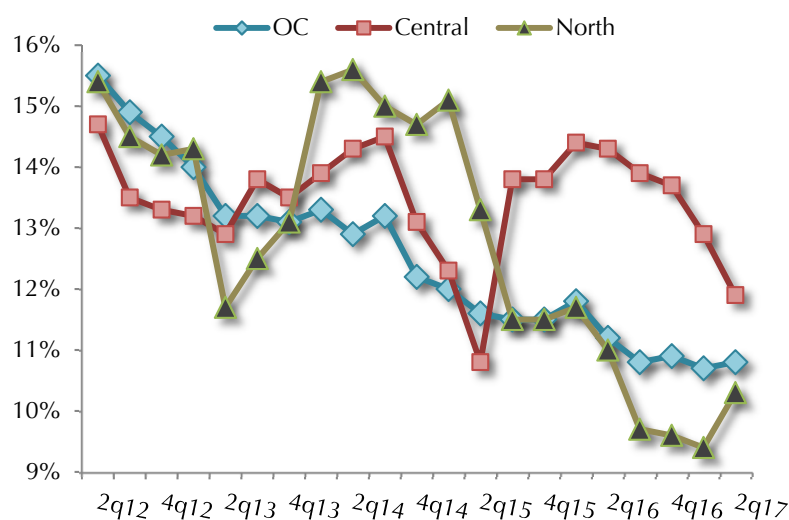
## ASKING RATE



## VACANCY RATE



## HISTORICAL VACANCY



## IN THE KNOW

About 1.1 million square feet of new space has been added in the last eight quarters. Later this year, 545,000 square feet of premium space is due for completion near the airport. The Irvine Company recently began marketing 836,000 square feet of soon to be vacated space in the University research Park. Developers are planning to break ground on roughly 1.25 million square feet in the next 18 months on projects in the Airport and Central County submarkets and at the Irvine Spectrum -Lee & Associates, Inc. [www.officeadvisorygroup.com](http://www.officeadvisorygroup.com)

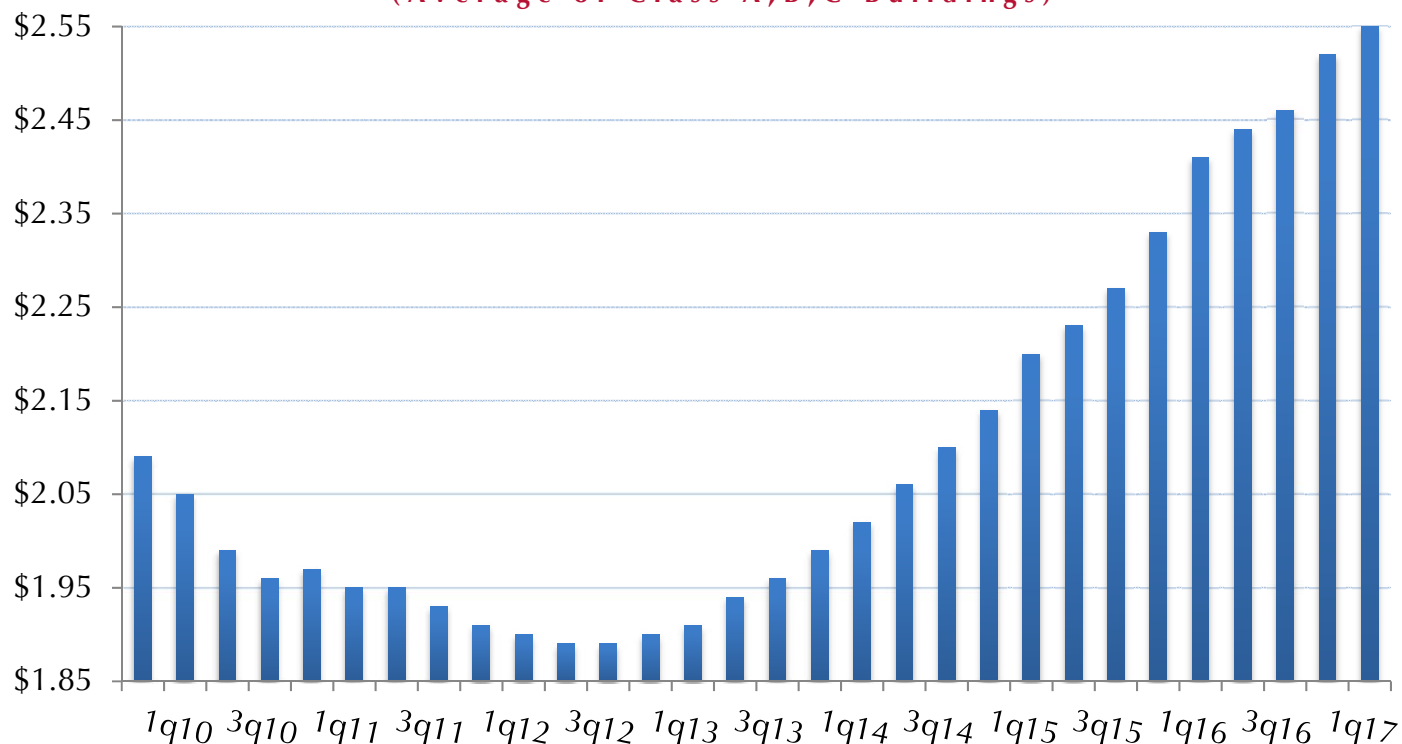
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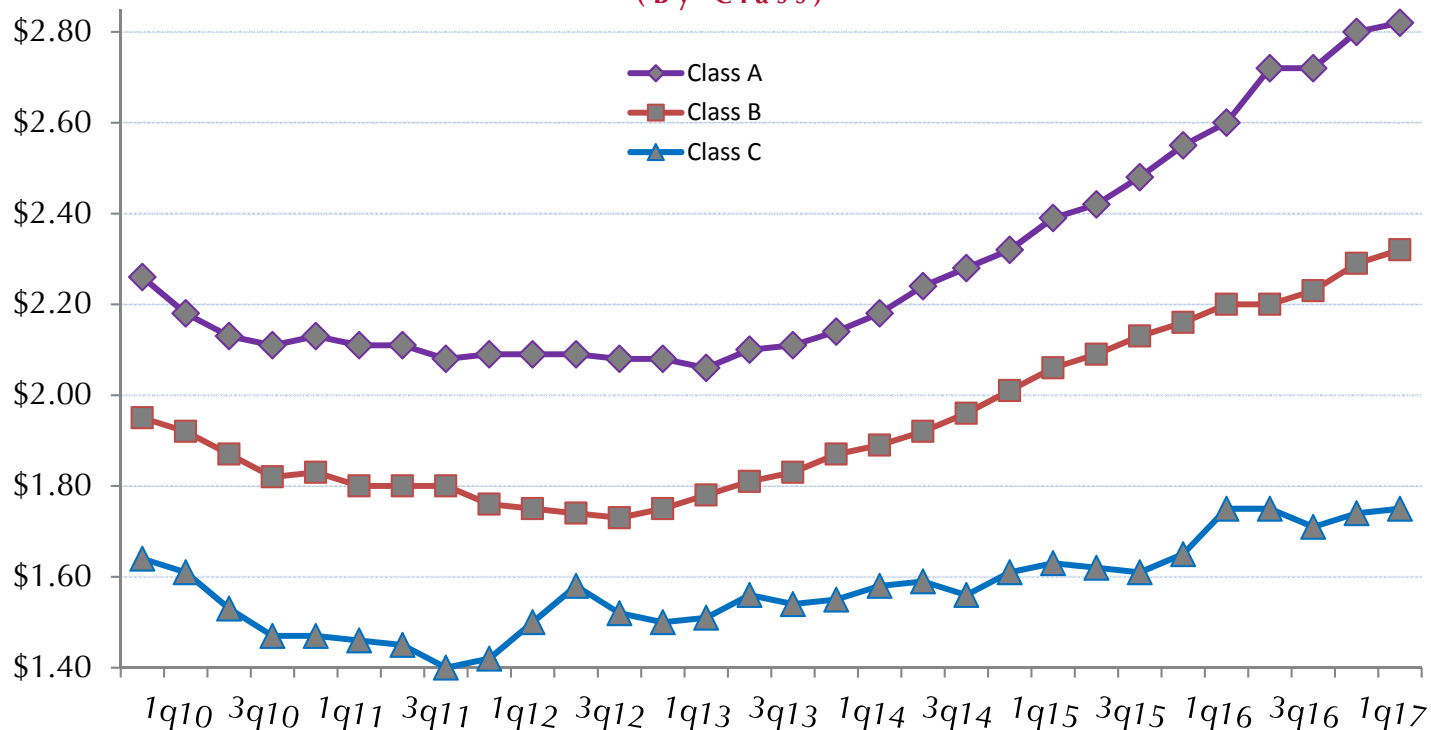
## HISTORICAL AVERAGE ASKING RATES

(Average of Class A,B,C Buildings)



## HISTORICAL AVERAGE ASKING RATES

(By Class)

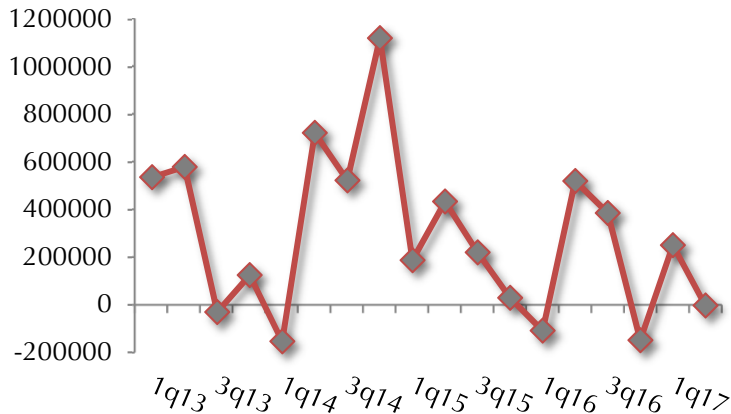


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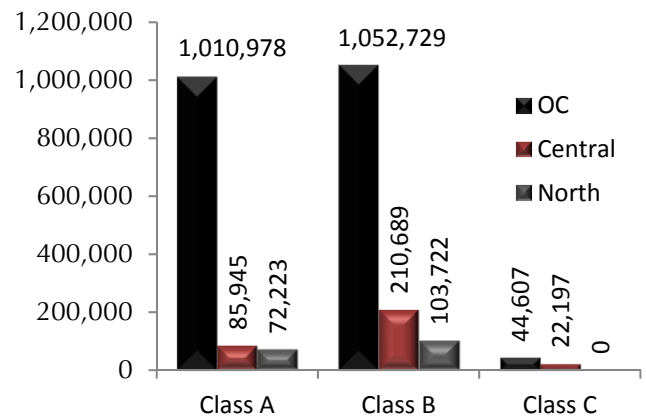
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SECOND QUARTER 2017

**TOTAL NET ABSORPTION**



**LEASING ACTIVITY BY CLASS PSF**



**AVAILABLE PROPERTIES**



**300 S Harbor**  
 Anaheim, CA  
 For Lease  
 1,672 - 11,435 sf



**7561 Center- Bldg 48**  
 Huntington Beach, CA  
 For Sale  
 5,400 sf



**265 S Anita**  
 Orange, CA  
 For Lease  
 808 - 4,224 sf



**1500 E Katella**  
 Orange, CA  
 For Sale  
 1,220 sf



**1235 N Harbor**  
 Fullerton, CA  
 Fully Leased  
 Call for Details



**330 E Lambert**  
 Brea, CA  
 For Lease  
 1,782 - 3,558 sf



**910 W 17th**  
 Santa Ana, CA  
 Sold  
 Call For Details



**17821 E 17th**  
 Tustin, CA  
 For Lease  
 2,328 - 4,129 sf



**2040 N Tustin**  
 Santa Ana, CA  
 Sold  
 Call for Details



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**RECENT TRANSACTIONS**

PROPERTY	TYPE	TENANT / BUYER	LANDLORD / SELLER	SIZE
910 17 <sup>th</sup> Street, Santa Ana	Sale	Rodney Hopkins	Chuck Orapeza	2,065 SF
1211 N Tustin, Anaheim	Lease	Anacal Engineering	Sproal Trust	4,077 SF
2040 Tustin, Santa Ana	Sale	Bonetati & Soble	MQ Properties	3,748 SF
17821 17 <sup>th</sup> St, Tustin	Lease	Bober, Ta & Koby	Centrium Properties	1,945 SF
6 Hutton Center, Santa Ana	Sublease	GotMortgage	ColdGenesys	3,449 SF
2030 Main, Irvine	Lease	Fenton Grant	Praedium	6,282 SF
300 S Harbor, Anaheim	Lease	Passport Health	KF Properties	1,041 SF
14771 Plaza, Tustin	Lease	Mike Wheeler	Wachter Trust	1,120 SF
17821 17 <sup>th</sup> , Tustin	Lease	ReConnect Ministries	Centrium Properties	1,063 SF
265 S Anita, Orange	Lease	Jewell Law	FVSD	942 SF
1801 Edinger, Santa Ana	Lease	AIG	BBBS	1,796 SF
500 N State College, Orange	Lease	TraPac	Lincoln Property	6,519 SF

**TOP 5 LEASES**

**2nd QUARTER TOP LEASES / TOP SALES**

ADDRESS	SUBMARKET	SF	TENANT
400 Spectrum Center	Irvine Spectrum	133,324	Cylance
18872 MacArthur	Irvine	39,361	AutoBytel
140 State College	Brea	38,277	Burn & McDonnell Engineering
7555 Irvine Center	Irvine Spectrum	34,612	Accurate Background
17875 Von Karman	Irvine	34,215	Regus

**TOP 5 SALES**

ADDRESS	PRICE	PRICE/ SF	BUYER
18301 Von Karman, Irvine	\$85,800,000	\$380	Rodney Sacks
2010 Main, Irvine	\$81,372,000	\$261	Emmes Realty
1910 Main, Irvine	\$79,996,000	\$261	Emmes Realty
2400 Katella, Anaheim	\$76,925,000	\$293	CBRE Investors
200 Center, Anaheim	\$58,900,000	\$307	Greenlaw



**Sales Volume**

\$588.65 Million (2017 Q2) vs \$258.02 Million (2017 Q1) - Up 128% from last quarter

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## THE OFFICE ADVISORY GROUP



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### MARSHAL J. VOGT

As a Principal of the Lee & Associates office in Orange, Marshal leads a team of specialists who represent landlords, tenants, owner/users and investors in the lease, acquisition and disposition of commercial office properties in Orange County. Focusing primarily on the North/Central Orange County, he excels in the areas of client communication, transaction management and strategic real estate planning.



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### JAIMESON HEARNE

Jaimeson, who is highly motivated and possesses an energetic demeanor, began his career at Lee & Associates. He focuses on the leasing, purchasing and selling of office space on behalf of property and business owners throughout Orange County. His determination to succeed is built on his commitment to customer service and client relationships.

## LEE & ASSOCIATES – ORANGE

Established in 1983 as the 2nd of what is now more than 50 Lee & Associates offices across the United States, Lee & Associates-Orange has completed some of the most significant commercial real estate transactions in Orange County history. Lee & Associates-Orange offers a unique combination of leadership, experience, in-depth market knowledge and negotiating expertise. We are serious about our business and whatever the scope of the assignment, we assemble a group of strategic business partners that individually and collectively create value in the completion of your assignment. The 47 professionals at Lee & Associates-Orange provide solutions tailored and customized to each client's unique challenges and objectives based on our history and North/Central OC market knowledge.

### CLIENT TESTIMONIALS

*"They were incredibly easy to work with, responsive, professional and exceeded all of our expectations."*

- Michelle Stamm, Web4Inc.

*"Expanding a business can easily become overwhelming. There sure is comfort in knowing there are people like Marshal and his team who make it their business in helping to take care of ours."*

- Luis Soler, Caliber Sealing Solutions

*"The team's guidance, expertise and constant persistence assisted us in making the best business decision for our company."*

- Susan Naples, Cardinal

*"I would recommend their services without hesitation."*

- Richard Klein, Children's Bureau

**Dedicated.  
Honest.  
Professional.**

