

NORTH ORANGE COUNTY INDUSTRIAL MARKET OVERVIEW

EXCEPT FOR LEASE RATES, IT'S A GAME OF DWINDLING NUMBERS

- Orange County's diverse industrial market continues its steady growth with demand heavily outpacing supply.
- Vacancy Rates - Industrial vacancy for Quarter 1 recorded an extraordinarily low rate of 2.37%, down from the previous year's low of 3.16%. Statistically speaking, 98 of every 100 Orange County industrial buildings are leased.
- Sales Price - Orange County industrial market's average asking rate for Quarter 1 came in at \$191.00, up slightly from the previous quarter and a 6% increase from the previous year. Expect both sales activity and pricing to increase if interest rates remain low. SBA financing, requiring only 10% down payment, remains the favorable financing method for owner/users; overall occupancy costs of ownership on a monthly basis are comparable to leasing, while also providing favorable tax treatment.
- Lease Rates - Asking rental rates continue to climb, a trend that has been witnessed since 2011. The average triple-net (NNN) lease rate checked in at \$0.71 per square foot NNN per month, up two cents from the previous quarter. Expect the rent hikes to continue.
- Market Transactions - Orange County's industrial market had a slow start to the year in terms of overall transactions. The limited supply of buildings in most size ranges resulted in a decline of both sales and leasing activity.
- Market Overview - Buildings are being leased and sold faster than they are coming on the market, thus resulting in a highly competitive and volatile market.
 - Smaller industrial spaces particularly those less than 30,000 square feet are in extremely high demand and are not being built during this business cycle due to the increase in construction costs and spike in industrial land costs.
 - Landlords will continue to have leverage in the coming quarters resulting in limited concessions to tenants. Given the lack of quality product on the market, tenants must plan early when considering to expand, renew, relocate, buy or sell.

ORANGE COUNTY OVERALL MARKET OVERVIEW

(Change from last quarter)

AVAILABILITY - 4.6%
Down from 5.1% last quarter



VACANCY - 2.9%
Up from 2.7% last quarter



ABSORPTION - 103,205 SQ. FT.
Down from 823,977 SF last quarter

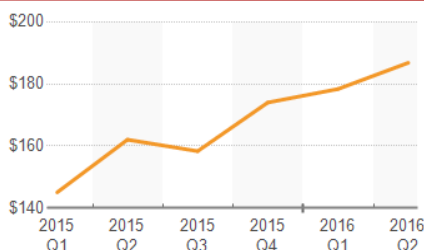


AVERAGE LEASE RATE - \$0.82 NNN
Up from \$0.79 last quarter

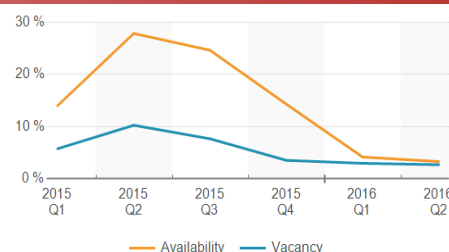


*All numbers are based on industrial buildings 10,000 sq. ft. and larger.

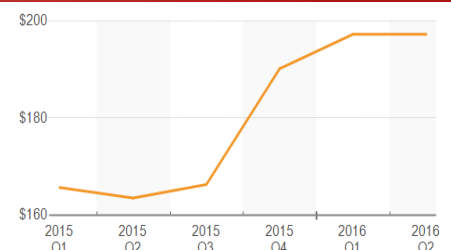
AVERAGE SALES PRICE PER SF



AVERAGE VS. VACANCY RATE



ASKING PRICE PER SF



Source: CoStar

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14404-14514 Best Avenue
Santa Fe Springs, CA



12131 Western
Garden Grove, CA



4045 Leaverton Court
Anaheim, CA

Recent Lease Transactions

Property	SF	Tenant	Landlord	Representing Broker
14404-14514 Best Ave. Santa Fe Springs	200,000	Haringa, Inc.	Best Avenue Center	Lee and Associates represented the Landlord and the Tenant.
12131 Western Garden Grove, CA	100,000	Tatum Logistics	Money Mailer Holding Group	Lee & Associates represented the Landlord and the Tenant.
4045 Leaverton Court Anaheim, CA	13,533	DPR Construction	Lease - All - La Palma	Lee & Associates represented the Tenant.



3199 E. La Palma
Anaheim, CA



6811 Walker Street
La Palma, CA



2926 W. 1st Street
Santa Ana, CA

Recent Sales Transactions

Property	SF	Tenant	Landlord	Representing Broker
3199 E La Palma Ave Anaheim, CA	33,655	Gunwoo Kim	La Palma/ Miller Phase III	Lee & Associates represented the Buyer.
6811 Walker St. La Palma, CA	22,888	Emad Hakim	Clark & Barbara June Cornell	Lee & Associates represented the Buyer.
2926 W. 1st St. Santa Ana, CA	30,000	Kiddos, LLC	TLG Paving	Lee & Associates represented the Seller.

With more than 60 years of combined experience in commercial real estate, North Orange County Industrial provides unparalleled service to our clients. The North Orange County Industrial Group operates within the Lee & Associates Orange Office, which is part of a network of 55 Lee & Associates Offices throughout North America with associated offices throughout Europe.

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*For more information about the North Orange County Industrial Real Estate Market,
and/or a free broker opinion of value, please contact:*

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