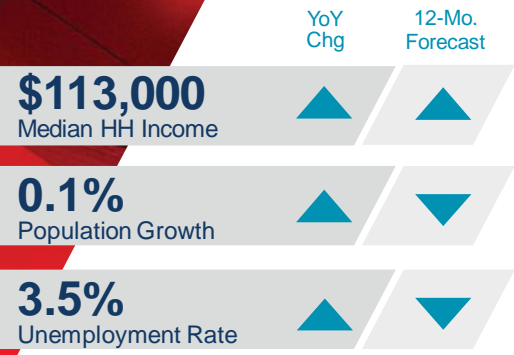


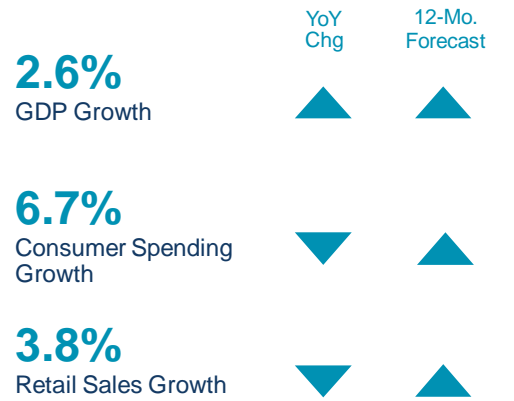
# Orange County

Retail Q4 2023



Source: BLS (Economic Indicators are representative of specific county or MSA.)

## U.S. ECONOMIC INDICATORS Q4 2023



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW

Total nonfarm employment in Orange County (OC) grew by 29,300 or 1.7% year-over-year (YOY) between November 2022 and November 2023. The private education and health services sector accounted for the most gains, or 8,900 jobs added (+3.5% YOY), followed by the leisure and hospitality sector, adding 8,700 jobs (+3.9% YOY), and trade, transportation, and utilities adding 5,400 jobs (+2.0% YOY). During the same time, the monthly unemployment rate increased from 3.0% last year to 3.8% and is currently 30 basis points (bps) above the quarterly average of 3.5%.<sup>1</sup> All employment sectors are projected to grow at a combined growth rate of 1.4% in 2024 and 1.2% in 2025 compared to the five-year historical average of 0.4%.<sup>2</sup>

## SUPPLY AND DEMAND

The overall vacancy rate decreased 20 bps quarter-over-quarter (QOQ) to 3.7%, down 10 bps from a year ago.<sup>3</sup> The Q4 2023 vacancy rate was 40 bps below the five-year quarterly average of 4.1% and 290 bps below the peak rate of 6.6% recorded in Q2 2010. Overall, tenants absorbed 224,639 square feet (sf) across all center types in Q4 2023, but occupancy changes were not uniform among the different retail centers. On the positive side, power centers absorbed the most space with 165,501 sf of occupancy gains, while tenants occupying community centers vacated a net negative 34,628 sf in the fourth quarter. New leasing activity dropped in Q4 2023 to 431,802 sf, down 24.2% QOQ and 35.8% from a year ago. Construction activity remained muted in OC, with no active projects under construction and just over 21,000 sf delivered year-to-date in 2023. OC's retail market has not recorded over 100,000 sf under construction since Q4 2018.

The overall average asking rent increased for the sixth consecutive quarter. At \$2.59 per square foot (psf) per month on a triple net basis, the average asking rate rose 0.4% QOQ and 5.3% YOY to an all-time high. The highest average asking rent was found in power centers, which recorded a decrease of 14.3% YOY to \$2.88 psf, while the most affordable rent was in neighborhood centers at \$2.44 psf (+3.8% YOY).

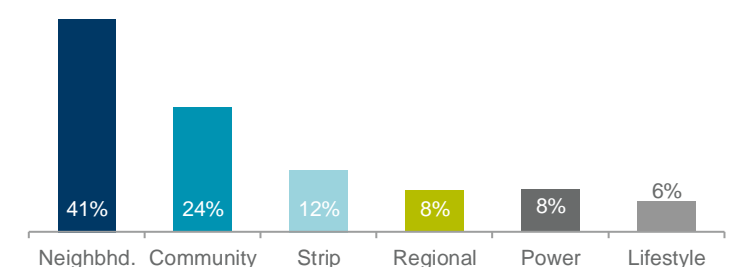
## SALES ACTIVITY

The OC retail market recorded just under \$331 million (M) in sales volume across 13 properties in Q4 2023 compared to \$101M in Q3 2023 (+229% QOQ) and \$169M in Q4 2022 (+96% YOY). The average price per square foot increased 7% QOQ to \$283 psf, although still 17% lower than a year ago. Throughout 2023, private investors comprised 93% of buyers (vs. 75% in 2022) and 50% of sellers (vs. 67% in 2022). Institutional capital only made one acquisition in 2023 but continued to shed assets, comprising 39% of sellers.<sup>4</sup>

## RENT / VACANCY RATE



## TOTAL AVAILABILITY BY PRODUCT TYPE



# Orange County

Retail Q4 2023



**MARKET STATISTICS**

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION (SF)	OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (All Center Types)
North County	24,557,166	877,908	42,354	3.7%	76,549		171,337	0	\$2.21
Greater Airport Area	13,608,017	239,382	13,423	1.9%	99,662		140,805	0	\$4.23
South County	21,470,850	774,585	49,501	3.8%	154,925		102,886	0	\$2.80
West County	21,525,576	678,138	71,003	3.5%	9,317		78,584	0	\$2.50
Central County	15,297,603	549,507	291,893	5.5%	-115,814		-455,060	0	\$2.64
Community	23,777,509	816,630	86,507	3.8%	-34,628		5,471	0	\$2.73
Lifestyle	4,736,870	249,043	600	5.3%	-6,354		24,227	0	N/A
Neighborhood	31,072,611	1,262,272	79,832	4.3%	95,878		128,502	0	\$2.44
Power	12,488,861	269,537	8,507	2.2%	165,501		116,804	0	\$2.88
Regional	12,526,749	91,175	283,942	3.0%	-8,094		-258,760	0	N/A
Strip	11,856,612	430,863	8,786	3.7%	12,336		22,308	0	\$2.66
<b>OC TOTALS</b>	<b>96,459,212</b>	<b>3,119,520</b>	<b>468,174</b>	<b>3.7%</b>	<b>224,639</b>		<b>38,552</b>	<b>0</b>	<b>\$2.59</b>

\*Rental rates reflect triple net asking \$PSF/month. \*\*Renewals included in leasing statistics.

**KEY LEASE TRANSACTIONS Q4 2023**

PROPERTY	SUBMARKET	TENANT	SF	TYPE
460-530 N. Euclid St.	North County	Crunch Fitness	42,250	Direct
26501-26505 Aliso Creek Rd.	South County	Bowlero	38,535	Direct
7881 Edinger Ave.	West County	Barnes & Noble	36,806	Renewal**
12300-12470 Seal Beach Blvd.	West County	Crate & Barrel Outlet	27,060	Direct
2807-2887 Park Ave.	Central County	Prime Hot Pot	8,008	Direct

**KEY SALES TRANSACTIONS Q4 2023**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
South Coast Collection Portfolio	Greater Airport Area	Rockwood Capital / Continental Realty Corporation	292,000	\$110.0M / \$377
Buena Park Place Portfolio	North County	SITE Centers Corp. / Countrywood California Investment LLC	208,572	\$53.0M / \$254
1351 W. 17 <sup>th</sup> St.	Central County	Edgewood Center For Children And Families / Tabani Group Inc.	107,687	\$16.7M / \$155
Canyon Village Portfolio	North County	Spehar Canyon Village LLC / Au Zone Canyon Village Anaheim LLC	100,271	\$15.0M / \$150

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