

INDUSTRIAL SPACE

Orange County: 2027 outlook

What an industrial business needs from its building, what it costs, and how to secure it
For Orange County operators in 5,000 to 50,000 square feet

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Executive summary

Orange County industrial looks soft from a distance. For operators in 5,000 to 50,000 square feet, it isn't.

Asking rents have eased and some big distribution buildings sit empty. But in the sizes most owner-operated businesses use, vacancy is only about 2% to 4%. If your lease ends in 2027 or 2028, start early.

1.86–4.06%
vacancy in OC buildings under 50,000 SF, by size range, Q3 2026

8.69–10.68%
vacancy in buildings of 75,000 SF and up, Q3 2026

$1.44
countywide average asking rent, NNN, down from $1.48 a year earlier

Three things worth knowing

1. Your size range isn't the market average. Countywide vacancy is 5.64%. Under 50,000 square feet it's 1.86% to 4.06%, so there are few buildings to choose from.

2. Moving costs more than you think. Power, racking, machinery, permits and lost production all come before a lower rent saves you anything. Page 4 shows the numbers.

3. The lease matters as much as the rent. On a triple-net lease you take on the roof, HVAC and code work too. Page 6 covers the clauses that decide who pays.



Stefan Rogers

I'm a Senior Vice President and Partner at Voit Real Estate Services. I've been advising business owners and operators in Orange County and the UK for over 25 years.

I started at Cushman & Wakefield in London in appraisal, asset management and corporate acquisitions, qualified as a Chartered Surveyor in 2001, and hold a BSc (Hons) in Real Estate Management from Oxford Brookes University, England.

Voit Real Estate Services

Founded in 1971, Voit is Southern California's leading privately owned, broker-owned commercial real estate firm. The Orange County figures in this guide come from Voit's quarterly research.

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The market

The big buildings have vacancy. The small ones don't.

Rents have eased, but not evenly across sizes.

New supply is at a five-year low.

> *"Vacancy should continue to decline through year-end 2026 and into Q1 2027 …"*
>
> **— Voit Real Estate Services, Q3 2026 Orange County Industrial Market Report**

1 A two-speed market

870,309 SF
net absorption in Q3 2026, after a negative second quarter

2.73 mo
average free rent on a typical 62-month lease, Q3 2026

428,663 SF
under construction, the least since Q2 2021

$1.56
average direct NNN lease comp in Q3 2026, against $1.44 average asking

Orange County industrial, Q3 2026, by building size

Building size	Vacancy	Asking rent (NNN)
Under 10,000 SF	1.86%	$1.82
10,000–19,999 SF	2.79%	$1.56
20,000–29,999 SF	3.10%	$1.51
30,000–39,999 SF	4.06%	$1.38
40,000–49,999 SF	3.77%	$1.60
75,000–99,999 SF	8.69%	$1.49
100,000–199,999 SF	10.68%	$1.38
All sizes	**5.64%**	**$1.44**

Source: Voit Real Estate Services, Q3 2026. Rents per SF per month.

What's happening in Orange County

Vacancy fell to 5.64% in Q3 2026, and demand turned positive again, led by defense and aerospace manufacturers. The $1.44 average asking rent is pulled down by large empty distribution buildings. Leases actually signed averaged $1.56.

What this means if your lease ends in 2027 or 2028

- **Budget from your size range.** Most small buildings ask $1.51 to $1.82, not $1.44.
- **Don't count on free rent.** It averaged 2.73 months, but landlords of small buildings may have less reason to offer it.
- **Start early.** The right building doesn't come up often, and permits and power upgrades take months. Start at nine months and the landlord knows you're staying.

2 Rent and the cost of moving

Compare the whole cost. On a triple-net lease you also pay taxes, insurance and maintenance, and often the roof and HVAC. Two buildings with the same rent can cost very different amounts to occupy.

The cost of moving. Racking has to come down and be permitted again, machinery moved, power and sprinklers upgraded, and production kept going. None of that shows up in a rent comparison.

An example: a 20,000 SF operator weighing a move

Five-year term	Relocate	Renew in place
Premises	20,000 SF, another building	20,000 SF, existing
Negotiated rent, NNN	$1.40 / SF / mo; 3 mo free	$1.50 / SF / mo; 1 mo free
Year-one rent	$336,000	$360,000
Five-year rent, 3% increases, after free rent	$1,699,870	$1,881,289
Rent saved by moving	**$181,419**	**—**
Electrical service upgrade	($150,000)	—
Racking, machinery move and permits	($160,000)	—
Two weeks of lost production	($100,000)	—
IT, signage, restoring the old building	($45,000)	—
Landlord allowance	$40,000	—
Five-year position vs. renewing	**($233,581)**	**Baseline**

Pre-tax and for illustration only. Rents are in line with Voit's Q3 2026 asking rents for this size. The one-time costs are assumptions, so get your own quotes. With an $80,000 power upgrade and one week of lost production, moving still comes out $113,581 behind.

Rent saved vs. one-time cost of moving



The bottom line. Moving for rent alone rarely pays. Move when the building can't do the job: not enough power, height, yard or room to grow.

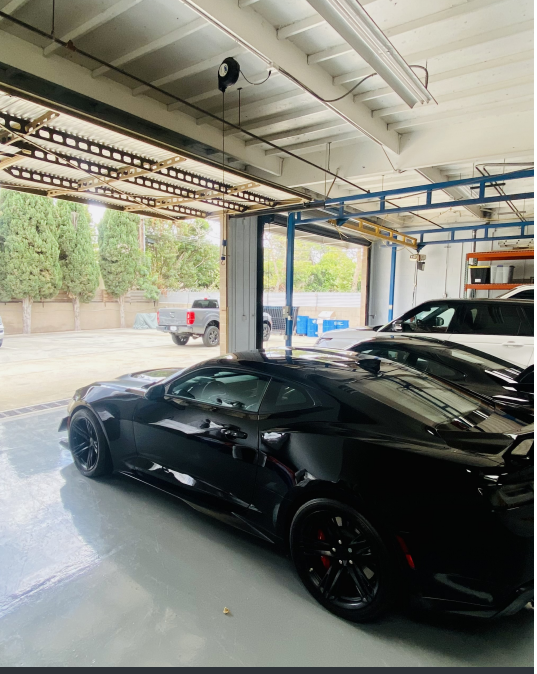


The economics

On a triple-net lease, compare the total cost of occupancy, not the base rent.

Moving a business isn't the same as moving its people.

In this example, the new building would need to be about 19% cheaper before moving paid for itself.



What an industrial business needs from its building

An industrial building has to run your operation on day one, legally and safely. A building that looks right on a flyer often can’t.

3 Six key requirements

Power. Check the amps, voltage and three-phase service against what your equipment needs now and next year. Upgrades run on the utility’s timeline, not yours.

Clear height and floor. Clear height decides how high you can rack. Check that the slab can carry your racking and machines.

Loading and yard. Count the dock-high and ground-level doors, and check that trucks can get in, park and turn.

Zoning. Each city decides what can operate where. Confirm with the city that your use is allowed before you sign.

Fire and life safety. Storage above about 12 feet usually needs a high-pile permit and the right sprinklers. Sprinkler upgrades are expensive.

Office, parking and staff. Enough office, restrooms and parking for every shift. A building that suits the machines but not the people costs you staff.

> **The test for any building**
>
> Can it run your operation on day one, legally, with room for next year’s equipment? If not, the rent doesn’t matter.

4 Ten clauses to negotiate

1. Term and options. Match the term to your plans, with renewal options and a right of first refusal on space next door.

2. Selling the business. Make sure the lease can go with the business if you sell, without the landlord taking a cut.

3. Personal guaranties. Cap them and have them reduce over time.

4. Condition on day one. The roof, HVAC, power, plumbing, sprinklers and doors should work when you move in, with a longer warranty than the standard form gives.

5. Roof and HVAC replacement. Pay only for the part of a replacement used up during your lease.

6. Code compliance. Agree that problems that existed before you moved in stay with the landlord.

7. Hazardous materials. Record the building's condition at move-in so you aren't blamed for what came before.

8. Permits. Make the lease subject to getting your use, high-pile and hazardous materials permits.

9. Improvements and restoration. Get racking and power upgrades approved now, and cap what it costs to restore the building when you leave.

10. Costs, holdover and renewal rent. Keep the right to audit operating costs, limit holdover rent, and agree how renewal rent is set.



Lease provisions that matter

Most industrial leases here use the AIR CRE forms. They're a fair start, but leave a lot to negotiate.

> *"Thanks so very much!!! It takes a lot to move me, because I hate moving, but this is truly a really great move."*
>
> **— Vern Hunt, Synergy, Inc.**



5 Renew, relocate or buy

The same process works whichever way you go.

RENEW WHEN

- The building still runs your operation, or can with improvements the landlord pays for
- You can grow in place, or into space next door
- Renewing comes out ahead once the cost of moving is counted
- You have real alternatives, so you can negotiate the renewal

RELOCATE WHEN

- The building can't give you the power, clear height, loading or yard you need
- Growth or new equipment needs more than the building has
- The landlord's terms don't hold up against the market
- You've found a building that works and checked it with the city

BUY WHEN

- The business is stable and you plan to stay in the area
- A 5,000–50,000 SF building is available where you need it
- SBA 504 or conventional owner-user financing works
- The after-tax numbers support it, which they often don't

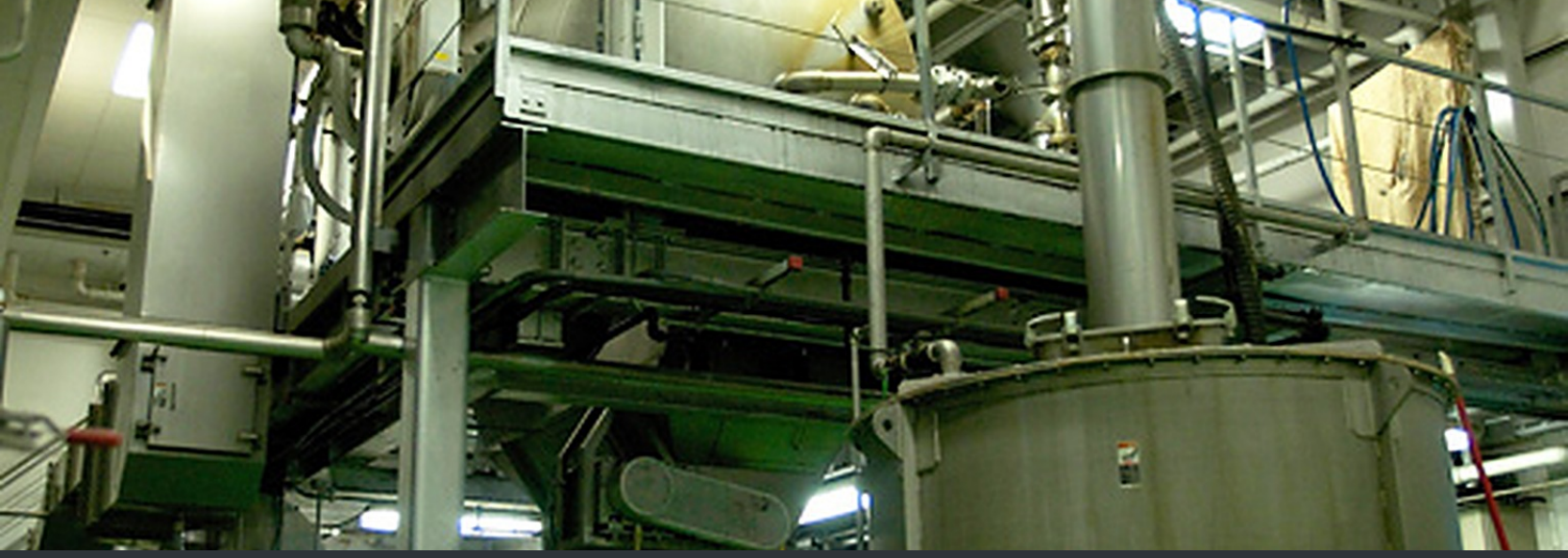
If you already own your building, my guide *Sale-Leaseback: Converting your building into growth capital* covers your options.

The 24-month clock

24 mo	18 mo	12 mo	9 mo	3 mo
Lease review and key dates; how the operation will change: headcount, equipment, power, loading	Market survey including off-market; power, zoning and fire checks on two or three real alternatives	Proposals from the alternatives and your landlord in parallel; side-by-side comparison	Decision; LOI; lease negotiation; permits and any utility upgrade ordered if moving	Racking permits and install, machinery move, IT cut-over, notify customers and suppliers

The renewal trap

The landlord usually starts the conversation, the landlord's form sets the terms, and moving a running business feels too disruptive to think about. All of that works in the landlord's favor. **If you start at six months, you really have only one option, and the landlord knows it. Starting early is what gives you leverage.**



CASE STUDY | Saving a manufacturing plant purchase after a deal fell apart

CLIENT	INDUSTRY	LOCATION	SIZE
Marukome	Manufacturing	Irvine, California	72,000 SF building

Challenge. Marukome needed a manufacturing facility, and its purchase of a building had just failed at the last minute. The company still had to be operating by a fixed deadline, and the failed deal had already cost it valuable time.

Solution. I started an emergency acquisition search straight away. Intensive market research turned up a value-add building for sale, and proactive due diligence showed it could meet Marukome's operational needs with only a minor retrofit. Seven other buyers were competing for it, so I used my relationship with the seller to win the deal.

Results. Marukome bought the building at $30/SF below fair market value. The retrofit cost $22/SF, less than the discount, so the project came in well under budget. Despite the earlier delays, the company was operating in the building within its required timeframe.

AT A GLANCE

DEAL
Building purchase for an owner-user

STARTING POINT
Previous purchase failed at the last minute

COMPETITION
Seven other buyers

BUILDING
Value-add, needing only a minor retrofit

NEGOTIATED OUTCOMES

$30/SF
below fair market value

7
competing buyers beaten

$22/SF
retrofit, less than the discount

On time
despite earlier delays

Why it matters to your business

When a deal falls through, time is the one thing you can't buy back. Knowing the market and the owners is what lets you find the right building fast and win it under pressure, without paying a premium for being in a hurry.



Help that doesn’t stop when the lease is signed

> *“Without [Stefan’s] representation, we would never have had the time or know-how to successfully execute the transaction. It was also the best moving experience we have ever had thanks to your assistance after the lease was signed.”*
>
> **— Russell & Lazarus, APC**

6 How I work with your business

1. **Lease review and key dates**
   A confidential written summary of your options, dates and costs.
2. **Working out what you need**
   Headcount, equipment, power, height and loading, written up as a requirement.
3. **Financial model**
   Renew, relocate or buy, compared over five years with your own numbers.
4. **Finding the options**
   Listed and off-market buildings, checked for power, zoning and fire before we tour.
5. **Requests for proposal**
   Your landlord and the alternatives, asked at the same time and compared side by side.
6. **Negotiating the deal**
   The LOI and lease, negotiated with your attorney, with a focus on the page 6 clauses.
7. **Permits and the move**
   Permits, utility upgrades, contractors and racking installers, kept on budget and schedule.
8. **After you move in**
   Every key date tracked, and any growth, sale of the business or exit handled when it comes.

Representation, confidentiality and fees

Representation. I work under a written exclusive tenant-representation agreement. You’ll get the required California agency disclosure at the start, and I won’t act as a dual agent on your deal without your written consent. **Confidentiality.** You don’t need to send me your lease to get started. Your expiry date and a 20-minute call are enough for a first look. If you do decide to share it, I’ll sign your own form of confidentiality agreement. **Fees.** On a lease, my fee comes out of the landlord’s listing commission, and on a purchase, out of the seller’s.



Thinking about your next lease?
Call me for candid, confidential advice.

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About Voit Real Estate Services

Voit Real Estate Services is a privately owned, broker-owned commercial real estate firm founded in 1971 and headquartered in Irvine, California, with offices throughout Southern California. Its services include tenant and landlord representation, investment sales, owner/user acquisitions and dispositions, and advisory, delivered by brokers who are also the firm's owners. Voit's quarterly Orange County industrial research is the primary source for this guide.

Sources. Voit Real Estate Services, Q3 2026 Orange County Industrial Market Report. The relocation example on page 4 uses illustrative assumptions, not published figures. All Orange County figures are from Voit's series; other research houses define the building set differently.

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