

Ongoing demand keeps vacancy in check

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **5,016**

UNITS DELIVERED (YTD) **2,678**

MARKET FUNDAMENTALS



VACANCY RATE **4.4%**

YEAR-OVER-YEAR CHANGE **+0bps**

ASKING RENTS **\$2,632**

YEAR-OVER-YEAR CHANGE **+0.8%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$307,000**

ORANGE COUNTY MULTIFAMILY Q4 2025

HIGHLIGHTS

- Multifamily operating conditions in Orange County were mixed during the fourth quarter as rents dipped while the vacancy rate held flat. Development was lighter than expected due to delays in recent months. Projects totaling approximately 2,700 units came online in 2025, down 4% from 2024.
- Local vacancy held steady in the fourth quarter, keeping at 4.4%. Throughout 2025, there was very little fluctuation in the vacancy rate, and current vacancy conditions are in line with what was recorded at the end of 2024.
- Asking rents in Orange County declined by 0.7% during the fourth quarter to \$2,632 per month. Annual rent growth remained positive, rising 0.8% in 2025, outpacing the previous two years.
- The pace of multifamily sales continued to soften in the fourth quarter, though the total transaction count in 2025 still roughly matched the previous year. The median sale price dipped 15% to \$307,000 per unit at an average cap rate of 5.1%.

ORANGE COUNTY MULTIFAMILY MARKET OVERVIEW

Operating conditions in the Orange County multifamily market fluctuated modestly throughout the year, though the vacancy rate held within a tight range, ending the year at the same level as it was a year ago. These generally stable vacancy conditions coincided with relatively modest deliveries for the full year. Fourth quarter deliveries were elevated compared to earlier quarters, though there were significantly fewer units completed than originally forecast. This was due to the delayed delivery of projects totaling over 1,000 units during the closing three months of the year, with these units now scheduled to come to market in 2026. While Irvine contained the greatest number of completed units in 2025, Anaheim also had elevated deliveries while vacancy remained relatively stable and rent growth in South Anaheim was some of the strongest in Orange County.

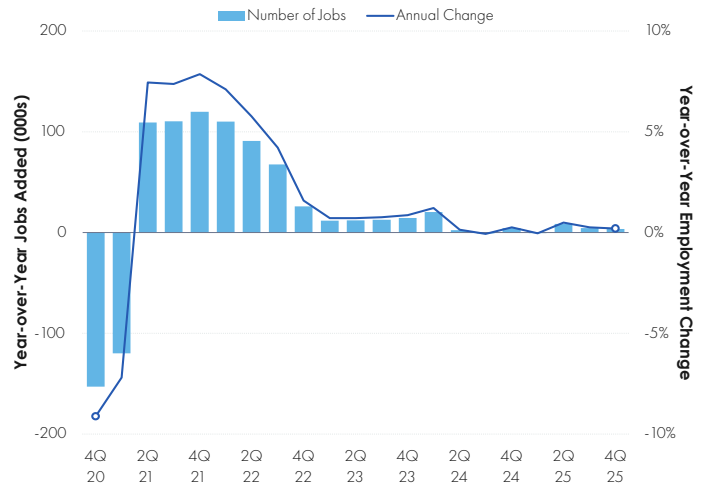
The Orange County multifamily investment market cooled during the second half of the year, with fourth quarter activity slowing considerably. Roughly half of all properties that sold this year were in Santa Ana. In 2024, activity was more widespread with Anaheim and Huntington Beach recording a few sales in addition to Santa Ana. Class C properties, most of which were located in Santa Ana, made up the largest share of sales in 2025, though pricing on these properties has been down considerably from last year. In 2025 the median sale price of multifamily properties was \$307,000 per unit, down 15% from 2024. Pricing varied over the past year, with a few properties selling for below \$200,000 per unit, while one asset traded for nearly \$700,000 per unit.

EMPLOYMENT

- Employment growth in Orange County was light, but still positive in 2025. During the past year, local employers added 3,400 workers to payrolls, an increase of 0.2%.
- The private education and health services sector continues to support nearly all employment growth in the market. Over the past year, this sector expanded by 5.8%, hiring 16,100 new employees.
- The leisure and hospitality sector also continued to grow in 2025. Employment in this sector rose 0.3% during the past 12 months as employers added 600 jobs.
- **FORECAST:** The labor market in Orange County is expected to record another modest year. In 2026, local employers are projected to expand payrolls by roughly 2,500 workers, representing an annual increase of 0.2%.

Local employers added 3,400 workers to payrolls.

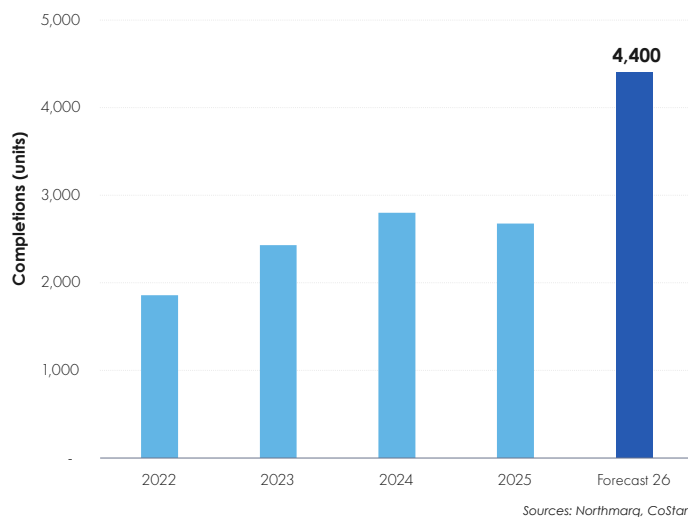
EMPLOYMENT OVERVIEW



Sources: Northmarq, Bureau of Labor Statistics

Approximately 2,700 units were completed in 2025.

DEVELOPMENT TRENDS



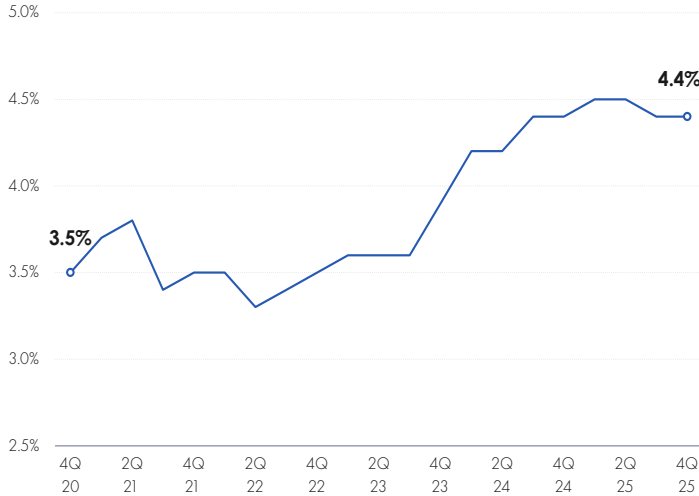
Sources: Northmarq, CoStar

DEVELOPMENT & PERMITTING

- Multifamily completions in Orange County accelerated during the fourth quarter, though annual deliveries lagged 2024. Projects totaling approximately 2,700 units were completed in 2025, down 4% from the year before.
- The number of units currently under construction dipped in recent months as fewer new projects broke ground. Projects totaling roughly 5,000 units are currently under construction, down 15% from one year ago.
- Permits for projects totaling approximately 1,900 multifamily units were pulled in 2025, the lowest total of the past decade. In the trailing 10 years, developers pulled permits for an average of 4,200 units per year.
- **FORECAST:** The wave of new supply that was forecast for the fourth quarter of 2025 has mostly been pushed into early 2026. There are now roughly 4,400 units scheduled for completion in 2026, with more than half of them on track to deliver in the first quarter alone.

The vacancy rate was unchanged during the past three months.

VACANCY TRENDS



Sources: Northmarq, REIS

VACANCY

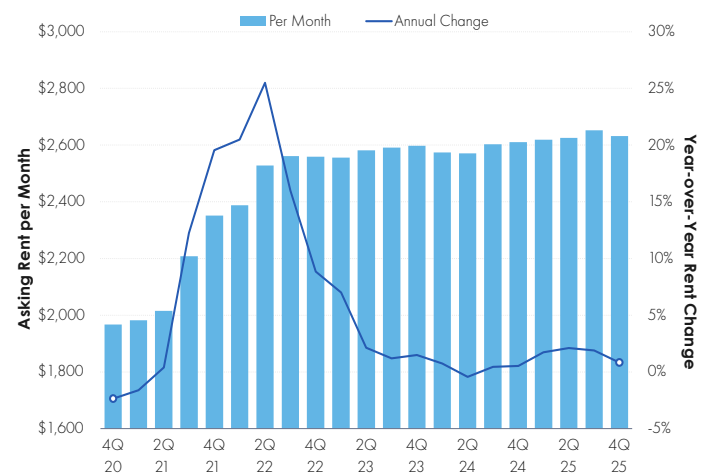
- Following a slight improvement during the third quarter, the vacancy rate was unchanged during the past three months, holding at 4.4%. One year ago, the rate was also 4.4%.
- The Buena Park submarket continues to be one of the strongest areas for vacancy performance. During the past year, the vacancy rate in Buena Park declined by 70 basis points to 1.8%.
- Vacancy conditions in the Santa Ana area improved in recent quarters. In 2025, the rate in South Santa Ana dipped by 80 basis points to 3.7%, while vacancy in North Santa Ana decreased by 40 basis points annually.
- **FORECAST:** Upcoming completions may soften vacancy in the near term, but given the market’s proven stability, the rate should remain in the mid-4% range. Area vacancy is expected to close 2026 at 4.6%, up 20 basis points annually.

RENTS

- Asking rents in Orange County dipped in the fourth quarter, decreasing by 0.7% to \$2,632 per month. Despite the recent decrease, rents advanced by 0.8% in 2025. This followed a 0.5% rise in rents last year.
- The South Anaheim submarket recorded one of the strongest rent increases in Orange County during the past year. In 2025, South Anaheim asking rents increased by 3.9% to \$2,381 per month. Rents in North Anaheim were relatively flat.
- While one of the smallest multifamily submarkets in the area, Newport Beach posted a notable increase in rents in 2025. Asking rents in this area rose 4.8% over the past year to \$3,236 per month.
- **FORECAST:** Rents are projected to rise at a slightly faster pace in 2026 than they did in 2024 and 2025. Over the next year, asking rents are forecast to rise 1.0% to roughly \$2,660 per month.

Rents in Orange County advanced by 0.8% in 2025.

RENTS TRENDS



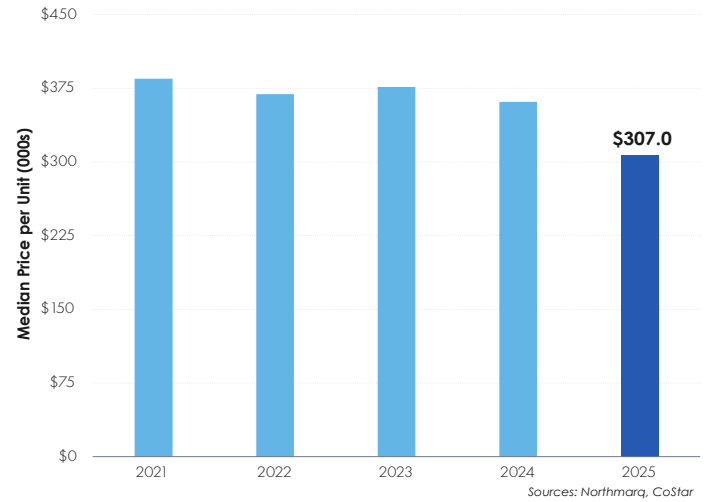
Sources: Northmarq, REIS

MULTIFAMILY SALES

- Multifamily transaction activity in the fourth quarter slowed to a near halt following a greater level of activity during the first half of the year. The total number of multifamily sales in 2025 roughly matched the 2024 figure, though it falls short of 2023 by 25%.
- Pricing on multifamily assets softened over the past year. The median sale price in 2025 was \$307,000 per unit, down 15% from 2024. This was driven primarily by Class C assets, which made up nearly half of all sales while the median price on these properties dropped 27% from 2024.
- The average cap rate remained the same in the fourth quarter, keeping at 5.1%. Since 2023, cap rates have held close to 5.0%. In 2022, the average cap rate in Orange County was closer to 4.0%.

The median sale price in 2025 was \$307,000 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

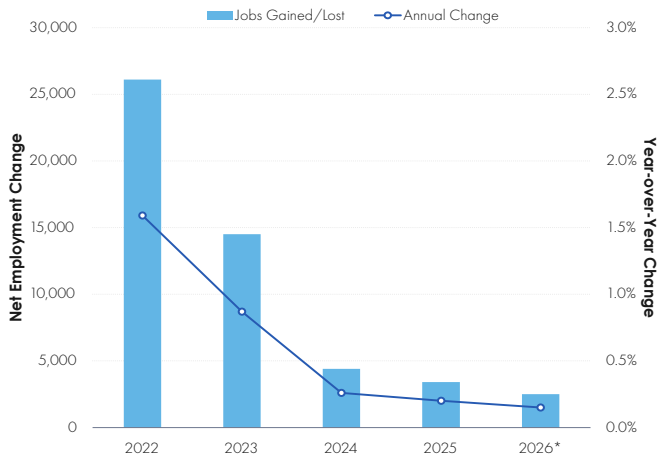
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Skyline at MacArthur Place	15 MacArthur Pl., Santa Ana	2008	350	\$239,600,000	\$684,571
Citron Apartments	901 E. South St., Anaheim	2022	314	\$144,440,000	\$460,000
Coventry Court	16000 Cambridge Way, Tustin	2012	240	\$83,000,000	\$345,833
Vista Del Sol Apartments	8911 Mays Ave., Garden Grove	1968	52	\$16,409,000	\$315,558
Huntington Breeze	16171 Springdale St., Huntington Beach	1987	114	\$35,000,000	\$307,018
Imperial Apartments	1722 N. Bush St., Santa Ana	1985	51	\$15,000,000	\$294,118

LOOKING AHEAD

Changes in multifamily operating conditions in 2026 will likely be similar to what was recorded in 2025 as many of the same factors will be at play. A spike in deliveries is expected to come in the earlier months of the year as the projects that were delayed at the end of 2025 are completed alongside an already inflated construction pipeline. This should push annual deliveries in 2026 to a cyclical high. Orange County has historically been resilient to large vacancy changes, so only a small increase in vacancy is predicted to come as a result of this influx of new supply. Rent growth should continue to be positive yet moderate, as operators prioritize occupancy over rent growth in the near future.

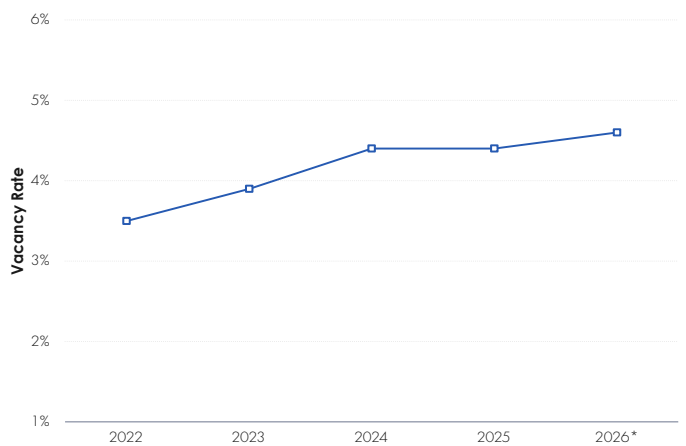
Multifamily transaction activity is expected to remain subdued through 2026, with total sales likely to align with levels recorded during the previous year. The increase in new deliveries may lessen some investor demand in the near term, impacting deal flow. As the development pipeline begins to taper in 2027, the number of sales that take place may begin to rise closer to historical averages. A total return to pre-2020 transaction counts is not anticipated until at least 2028. Cap rates are expected to hold stable, consistent with long-standing regional trends. Forecasted reductions in interest rates could further support the investment landscape as lower borrowing costs would allow for more deals to pencil for investors.

EMPLOYMENT FORECAST



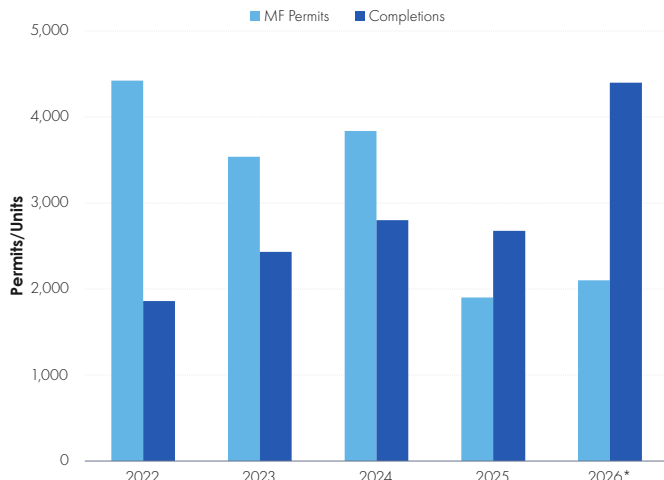
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



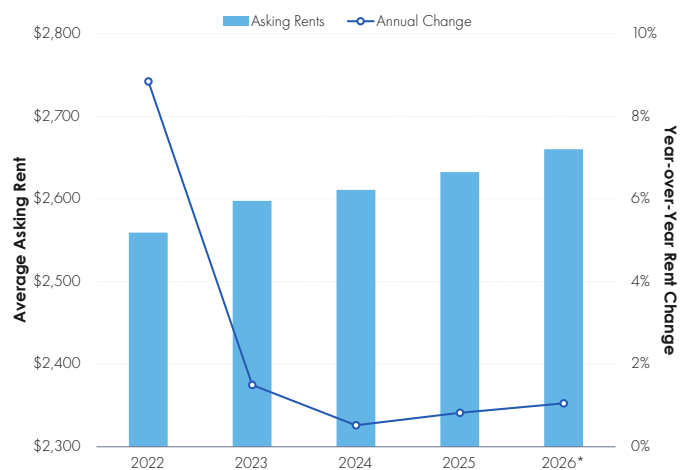
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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