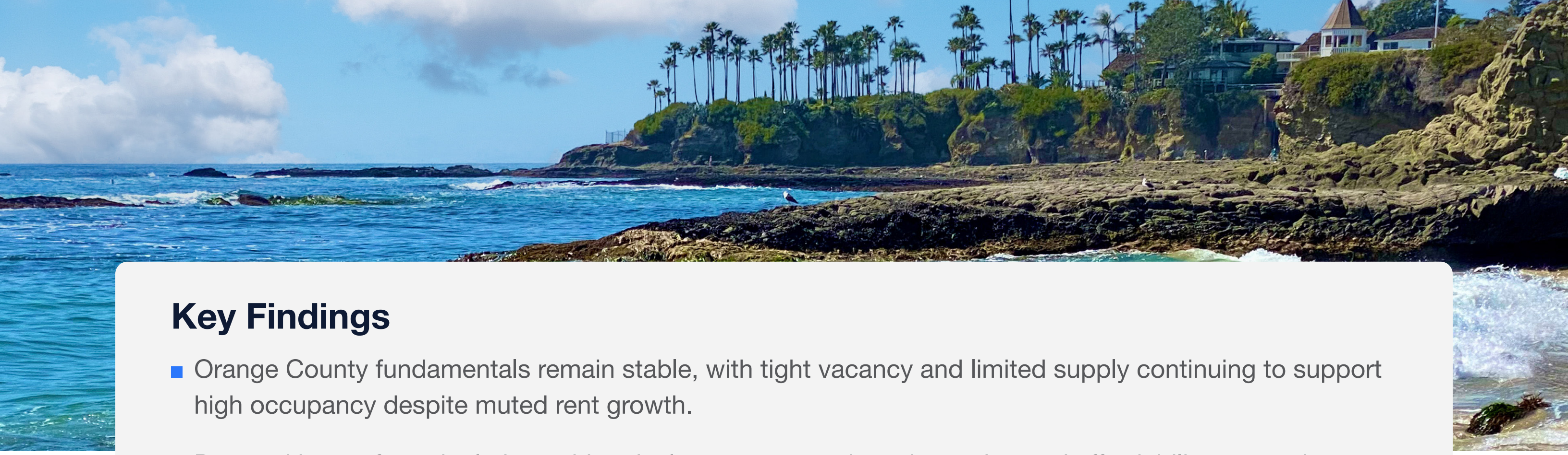
MATTHEWS™

Market Report

Orange County, CA

Multifamily | Q1 2026



Key Findings

- Orange County fundamentals remain stable, with tight vacancy and limited supply continuing to support high occupancy despite muted rent growth.
- Demand has softened relative to historical norms, as modest absorption and affordability constraints limit landlords' ability to push rents.
- Investment activity is gradually recovering, with pricing holding firm and cap rates stabilizing amid improving capital markets sentiment.

By the Numbers

Source: CoStar Group, Inc.

$295M Sales Volume	$443K Price Per Unit	4.5% Cap Rate	4.3% Vacancy Rate	1.1% Rent Growth
$2.8K Asking Rent Per Unit	5.0K units Under Construction	876 units Delivered	104 units Absorbed	

Orange County's economy continues to expand, though at a slower pace than the national average, creating a stable but subdued backdrop for multifamily demand. Employment growth has been modest in recent years, with gains only slightly above pre-pandemic levels, reflecting both labor constraints and slower business expansion. The unemployment rate remains relatively low at around 4%, indicating a tight labor market that continues to support renter demand. Key employment sectors include professional and business services, leisure and hospitality, and education and health services, all of which contribute to a diversified economic base. Major employers such as Disney and the University of California, Irvine anchor regional job stability while supporting ancillary industries.

Orange County Demographics

Source: CoStar Group, Inc.

4.4% Unemployment Rate	3,172,330 Current Population
1,104,452 Households	$119,622 Median Household Income

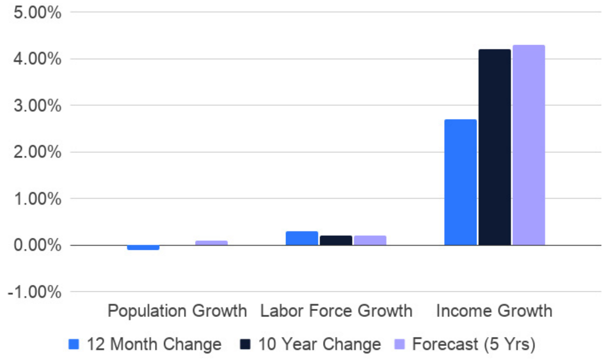
Top Orange County Employers

Source: OC Business Journal

1. Walt Disney Co.
2. University of California, Irvine
3. Providence Southern California

Population, Labor Force, & Income Growth

Source: CoStar Group, Inc.



Market Performance

Multifamily performance in Orange County remains resilient, supported by tight vacancy and consistent renter demand. As of Q1 2026, vacancy stands at approximately 4.3%, one of the lowest among major U.S. markets, reflecting strong occupancy despite elevated housing costs. Demand has moderated, with roughly 104 units absorbed during the quarter, indicating slower leasing velocity compared to historical norms. This moderation is partially due to limited available inventory and affordability constraints that are reducing renter turnover. Rent growth remains modest, with average asking rents reaching approximately $2,800 per unit and annual growth around 1.1%. Property owners have prioritized occupancy over aggressive rent increases, particularly as new deliveries introduce competitive lease-up concessions.

Despite muted rent growth, the market continues to benefit from strong underlying demand drivers, including lifestyle appeal and proximity to employment centers. Overall, performance reflects a balanced market where stable occupancy offsets slower revenue growth.

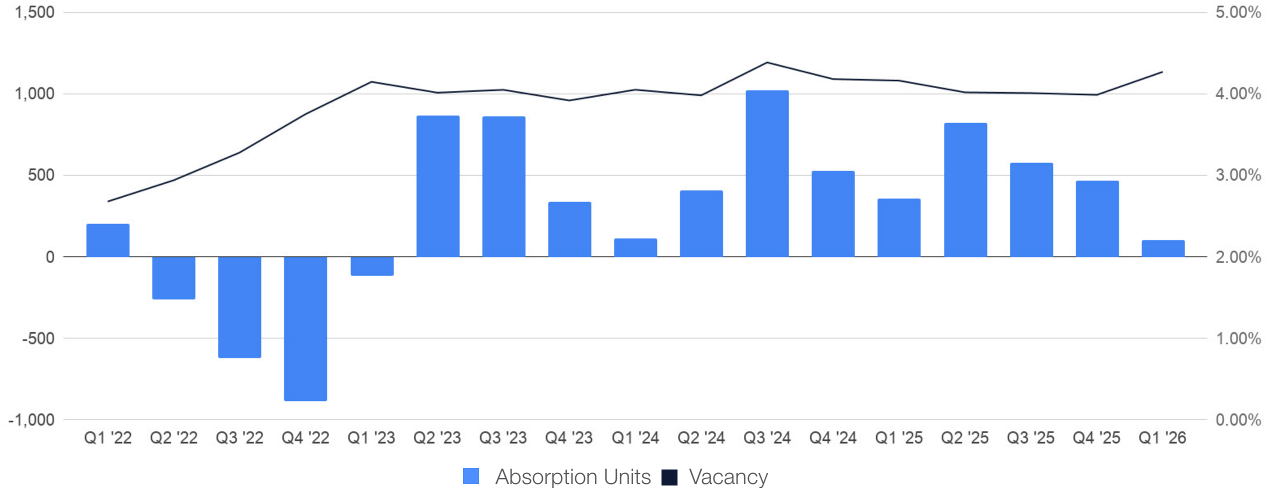
Performance by Class Sector

Source: CoStar Group, Inc.

	Vacancy Rate	Asking Rent	Inventory Units	Units Under Construction
Class A	5.4%	$3,310	76.2K	4,919
Class B	3.9%	$2,705	89.6K	85
Class C	3.7%	$2,141	94.6K	-

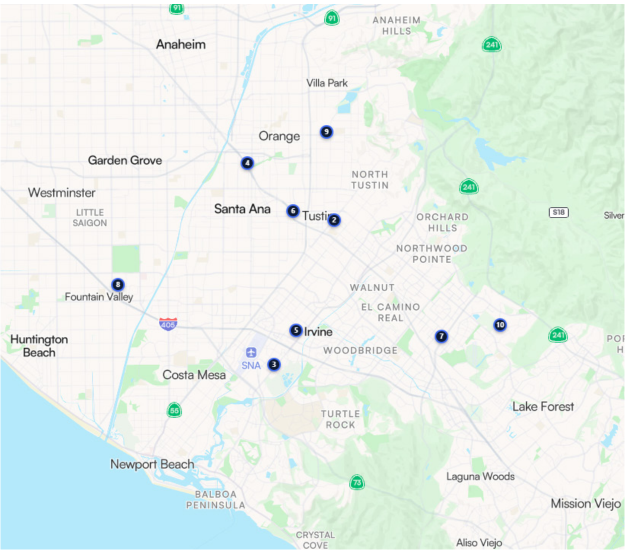
Orange County Multifamily Supply & Demand Dynamics

Source: CoStar Group, Inc.



Under Construction Properties

Source: CoStar Group, Inc.



Under Construction

Development activity remains constrained by land scarcity and regulatory barriers, keeping Orange County's pipeline relatively modest compared to other major markets. Approximately 5,000 units are under construction, with 876 units delivered in Q1 2026, contributing to gradual inventory growth. Construction is heavily concentrated in Irvine, where large-scale projects and master-planned developments continue to drive new supply. Elsewhere, limited available land restricts development activity, with future supply increasingly tied to redevelopment of retail sites. While supply is expected to rise in the near term, steady demand should absorb new deliveries, keeping vacancy relatively stable.

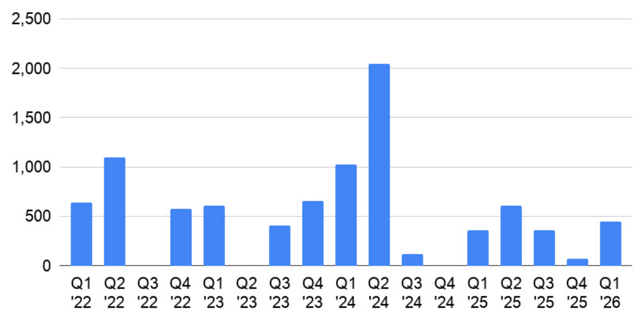
Top 10 Under Construction

Source: CoStar Group, Inc.

Address	Units	Complete Date
1000 Gateway *Irvine, CA*	1,100	05/2026
1000 Bryan Ave *Irvine, CA*	831	05/2026
18842 Teller Ave *Irvine, CA*	593	09/2026
2828 Mainplace Dr *Orange, CA*	408	04/2028
17422 Derian Ave *Irvine, CA*	371	05/2026
1801 E 4th St *Santa Ana, CA*	325	12/2027
6700 Roosevelt *Irvine, CA*	313	05/2026
10231 Slater Ave *Fountain Valley, CA*	272	01/2027
200 E First American Way *Santa Ana, CA*	270	02/2027
1122 N Anaheim Blvd *Anaheim, CA*	269	06/2026

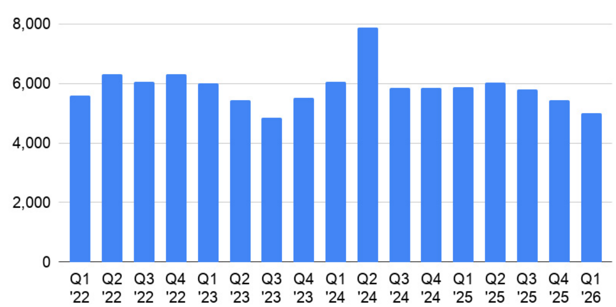
Units Construction Starts

Source: CoStar Group, Inc.



Units Under Construction

Source: CoStar Group, Inc.

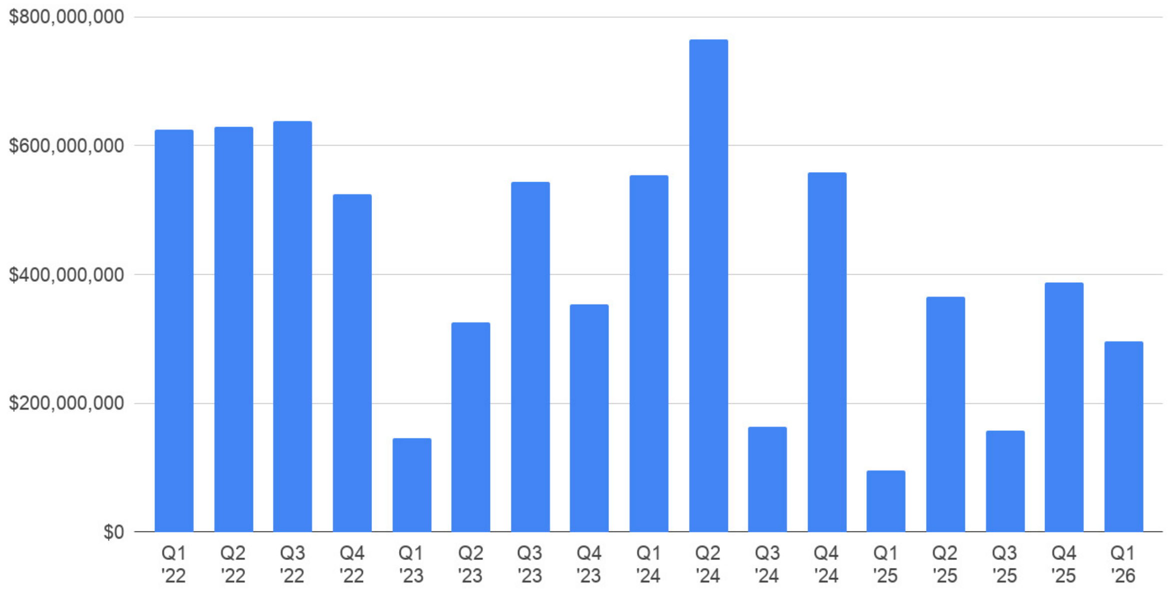


Sales

Investment activity in Orange County showed moderate momentum in Q1 2026, with approximately $295 million in total sales volume, reflecting an improvement from recent lows despite remaining below prior cycle peaks. Pricing remains elevated at roughly $443,000 per unit, underscoring continued investor confidence in the market's long-term fundamentals. Cap rates have stabilized near 4.5% following earlier expansion, while both institutional and private investors remain active due to the market's high barriers to entry, strong occupancy, and limited supply risk. However, higher borrowing costs and muted rent growth continue to temper some investor appetite. Private buyers, particularly in coastal submarkets, are still willing to accept lower initial yields in exchange for long-term appreciation potential. Overall, sentiment is improving, with expectations for increased transaction activity as financing conditions normalize, reinforcing Orange County's position as a core, long-term investment market supported by durable demand and constrained new supply.

Orange County Multifamily Sales Volume

Source: CoStar Group, Inc.



Significant Sales

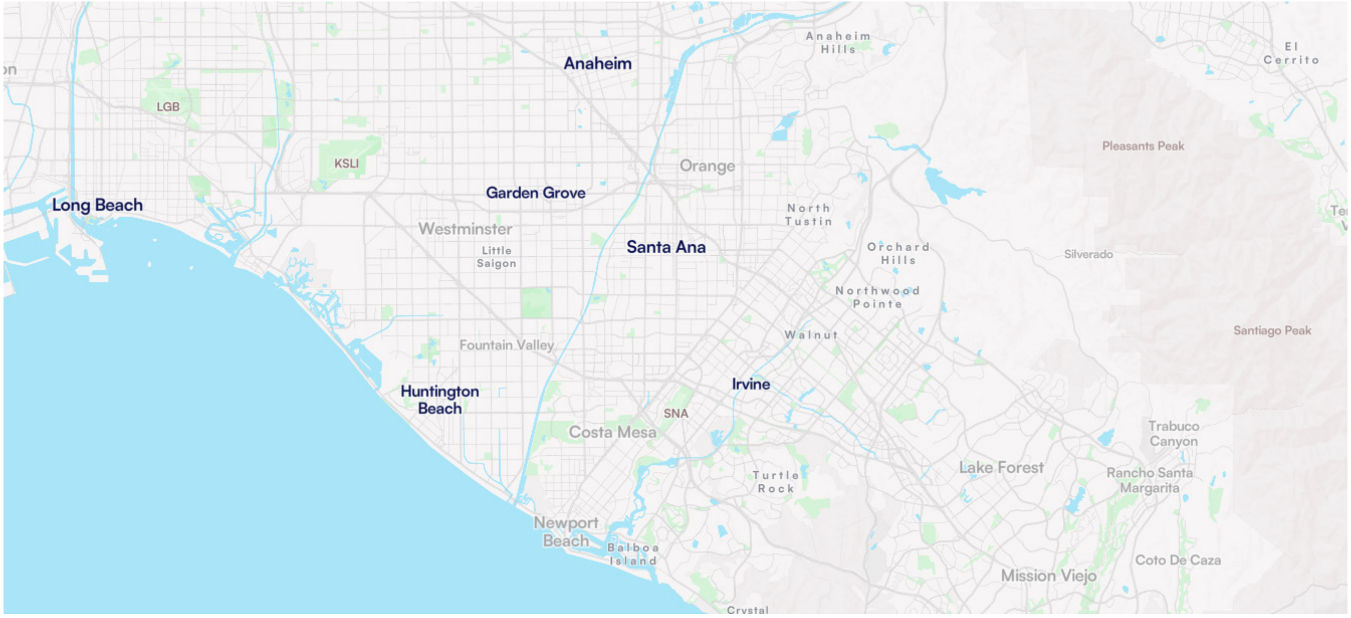
Q1 2026 | Source: CoStar Group, Inc.

Address	Year Built	Units	Sale Date	Price	Price/Unit
9155 Central Ave	1965	245	1/14/2026	$84,000,000	$343K
2104 S Lewis St	1989	132	2/4/2026	$42,750,000	$324K
319 W Lambert Rd	1969	68	4/8/2026	$27,250,000	$401K
9931 Central Ave	1969	52	2/9/2026	$15,750,000	$303K
365 W Wilson St	1969	38	2/10/2026	$14,250,000	$375K

Submarket Highlights

Source: CoStar Group, Inc.

Submarket	Vacancy	Market Rent Per Unit	Units Under Construction
Anaheim	4.6%	$2,330	282
Central OC East of I-5	4.4%	$2,617	325
Central OC West of I-5	3.3%	$2,375	588
Costa Mesa	2.8%	$2,737	-
Huntington/Seal Beach	4.7%	$2,775	-
Irvine	5.1%	$3,255	3,275
Newport Beach	2.8%	$3,638	-
North County	4.4%	$2,435	126
South County	4.7%	$3,012	-
Tustin	2.5%	$2,606	-



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