

QUARTERLY COMMERCIAL REAL ESTATE UPDATES

OFFICE TENANTS

Don't Be Deceived by High Lease Rates!

REDUCE YOUR EFFECTIVE RATE

While published or advertised lease rates offered by landlords can seem high, don't despair! By using an experienced commercial real estate professional, tenants can dramatically reduce their effective rate (the average rate a tenant will pay over their lease term including landlord concessions) by negotiating more free rent and lower start rates into their lease.

Allow us to save you time, money and reduce risk with our experienced team!

OFFICE LEASING STATS - ORANGE COUNTY

Vacancy rates in Orange County's office market reached 11.11% in the fourth quarter of 2017, an increase from the record low of 9.89% in the fourth quarter of 2016. The increase is a result of mainly new construction. In 2017, Orange County added more than 2.1 million square feet of new development, the majority of which was in the Airport and South County submarkets.



VACANCY RATES

↑ 11.11%

AVERAGE ASKING
LEASE RATE

\$2.63



UNEMPLOYMENT RATE

↓ 2.8%

Office Space Cost Saving Tips

TIME YOUR MOVE TO BENEFIT YOUR BOTTOM LINE

By planning at least 9 months ahead of your next move, you can negotiate your new lease from a position of strength with prospective landlords. More time allows you to carefully survey the marketplace and solicit landlord offers from multiple buildings to secure the highest possible economic terms for your lease.

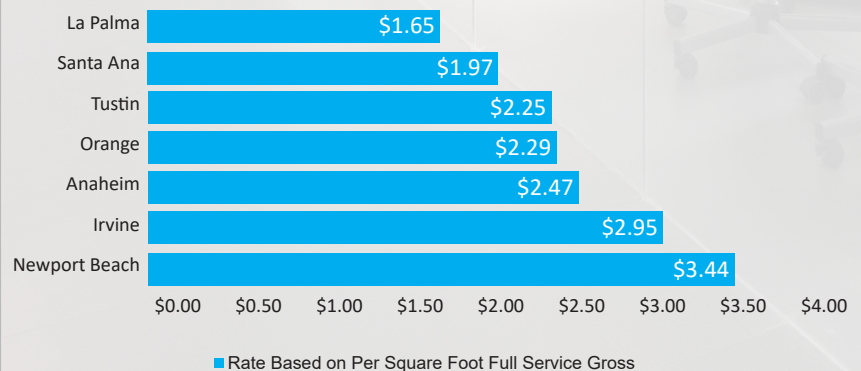
TACKLE YOUR TENANT IMPROVEMENTS

With California energy compliance (Title 24) costing landlords more money to upgrade office space, tenants can benefit from finding space which requires less money to improve. Search for offices which already have a layout conducive to your business needs and these savings can be negotiated into a lower overall rent.

HAVE VOIT INVESTIGATE HISTORICAL BUILDING OPERATING EXPENSES FOR YOU

When looking for your future office suite, ask your prospective landlord for at least three years of historical operating expenses. Historical year-over-year operating expenses indicate how stable a building is managed and what you can expect in future operating expense pass-through costs. By avoiding buildings with operating expenses that fluctuate significantly every year, tenants can save considerably on monthly rent.

Office Rental Rates Across Orange County (Per Square Foot)



2018

OFFICE TRENDS

We exist during a time of remarkable technological and manufacturing advancements for office furniture and accessories. These innovations help us rethink and disrupt traditional concepts around work and replace our images of what the office should look like: for example, the uncomfortably tight cubicle farm or the stodgy firm with heavy, ornate wood furniture. The offices of tomorrow can be minimally defined or luxuriously appointed, neutral or colorful, handcrafted or polished.

The focus now is on our ability to improve the space for everyone, to recognize the individual's value in the work place. The theme for 2018 office design is "vitality:" taking the office space beyond being a place we simply tolerate to becoming a place where we feel re-energized and full of possibility. Here are four trends to look forward to in 2018.

Source: Inc. "5 Office Trends for 2018 We're Excited to See"

1.

"GREENING THE OFFICE"

From rooftop gardens to water features to nature-based wall dividers using bamboo or wood, nature was the name of the game in the context of employee health and wellbeing. It has been proven that being in nature is beneficial on many levels for staff to feel calm, creative, happier, and healthier.

2.

PANTONE'S NEW COLORS

Pantone recently released their eight trend palettes for 2018. A few color combinations to note include a blend of blues and oranges, while other palettes include neutral metallics...fit for a polished yet future-forward look. And the "Far-fetched" palette will expand company culture with globally-inspired hues that offer a warm welcome.



3.

VIRTUAL & AUGMETED REALITY

VR & AR is showing itself to be a great resource for employees that want to demonstrate models, overhaul the boring pitch deck, and hold meetings with stakeholders in other states or countries. VR and AR can help close deals with a "face to face" call, act as a test drive of a product or service, or create a "feel like you're really there" lead-generation campaign. For talent recruitment, a virtual tour of the office will eventually become the standard.



4.

MORE TEXTURES

Textures heighten the sensory elements of a room, and can summon a nostalgic home comfort in everyday spaces. Think faux or real sheepskin chair throws, acoustic fabric wall panels, beach shell wall dividers, woven rugs, and handmade baskets.



Patrick McCredie

ASSOCIATE

949.263.5321

pmccredie@voitco.com

Lic. #02014408

Patrick McCredie is dedicated to providing thoughtful market analysis and a personalized approach to every client leasing and sales requirement. His methodical approach to problem-solving and ability to effectively translate client needs into satisfactory results distinguishes Patrick as a superior real estate professional. Patrick is well versed in leasing analysis and reporting requirements for institutional owners to help achieve the strongest possible economic terms for clients. Patrick is a member of CORFAC international and has completed a certificate in Real Estate Investments from UCLA.



Liz Hurley

SENIOR VICE PRESIDENT

949.263.5325

lhurley@voitco.com

Lic. #00931852

Liz is a 30-year veteran, specializing in the leasing and disposition of commercial real estate for small and large clients. Prior to joining Voit Real Estate Services, Liz served as Senior Managing VP at Transwestern overseeing the tenant service advisory lines in Orange County. Previously, Liz was a Senior Director at Cushman & Wakefield where she focused on institutional agency leasing. Liz helps clients focus on what is most important to their business: saving time, money and mitigating risk in their office renewals, expansions and moves. Her strong business ethics have earned Liz countless years of repeat business from loyal clients.

Voit

REAL ESTATE SERVICES

2020 Main Street, Suite 100, Irvine, CA 92614

949.851.5100 | 949.261.9092 Fax

www.VoitCo.com

Licensed as Real Estate Salespersons by the CA Bur of Real Estate. The information contained herein has been obtained from sources we deem reliable. While we have no reason to doubt its accuracy, we do not guarantee it. ©2018 Voit Real Estate Services, Inc. All Rights Reserved. License #01991785