

INVESTMENT FORECAST

Multifamily
Orange County

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

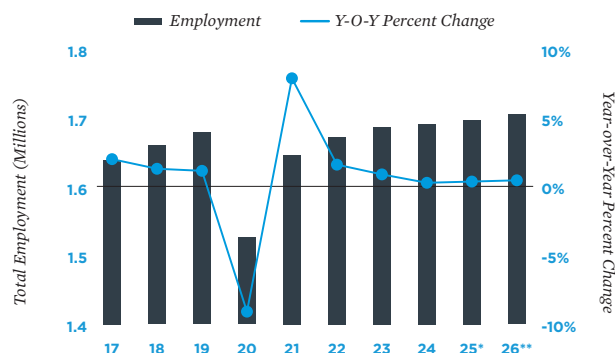
2026

Steady Fundamentals Sustain Investment Appeal

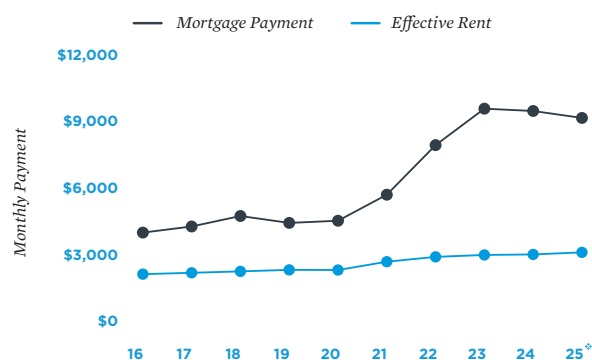
Vacancy remains low despite rising deliveries. Orange County is projected to be one of just five major U.S. metros in which apartment completions in 2026 will exceed those in 2025, although the total remains modest by national standards. Limited land availability has supported a consistent development pipeline since 2018, typically ranging between 2,000 and 3,000 units annually, helping keep metrowide vacancy below 4 percent. This year's construction activity is concentrated in North and South Irvine – the metro's highest-rent submarkets after Newport Beach – where strong net absorption is expected. Class A vacancy held flat in late 2025, while average monthly rents climbed more than 5 percent year-over-year, outpacing all other segments. Orange County's workforce should continue driving multifamily demand, since office-using jobs account for about 25 percent of total employment, more than in other Southern California metros. Return-to-office requirements will reinforce the trend. Supported by these demographics and limited housing options, the market should remain the second-least vacant on the West Coast by year-end.

Investor interest builds in workforce housing submarkets. Transaction velocity in Orange County rose roughly 40 percent year-over-year as of late 2025. The Irvine Company's tight control of land in the city of Irvine continues to concentrate investment activity elsewhere, reinforcing interest in areas with minimal near-term supply pressure. Sales over \$10 million climbed notably in Garden Grove, Santa Ana, and Anaheim – submarkets that led the metro in rent growth last year at approximately 5 percent, with the Class C average outpacing that of Class A. These areas' comparatively lower median household incomes support value-add strategies targeting workforce housing. Policy-driven support for income-constrained renters should continue to support the outlook for Class C housing, while steep homeownership barriers limit lease-up risk. Both factors are likely to sustain institutional interest in the metro in 2026, despite the high entry cost. While Orange County's average cap rate was the third lowest among major markets last year, the sub-5 percent reading underscores the market's generally stable conditions. This could appeal to larger organizations amid some nationwide economic uncertainty.

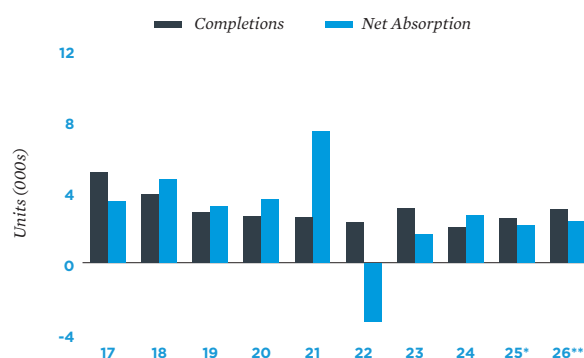
Employment Trends



Housing Affordability Gap



Supply and Demand



20.4%

2025 share of local population between 20 and 34 years old



40.2%

of local population hold bachelor's degree or higher*



\$1,374,800

2025 median home price*

* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

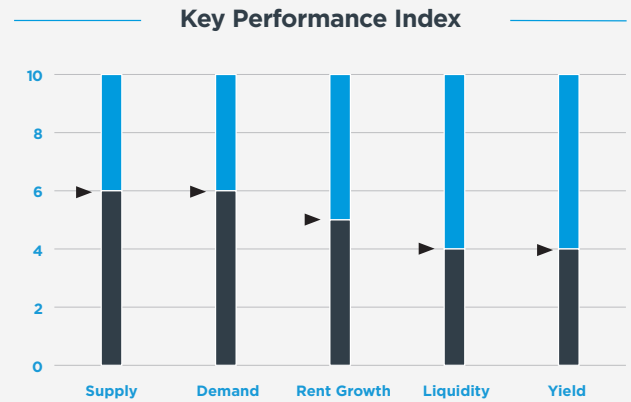
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

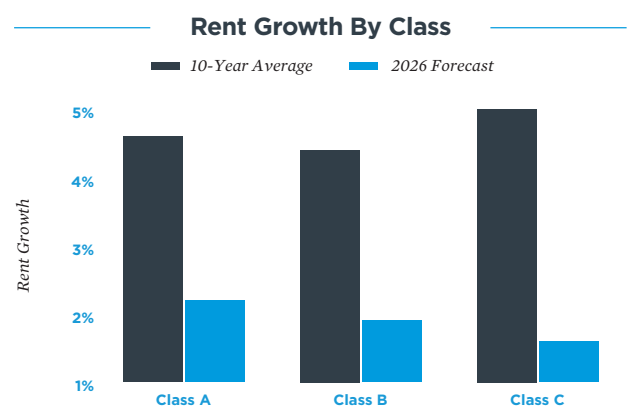
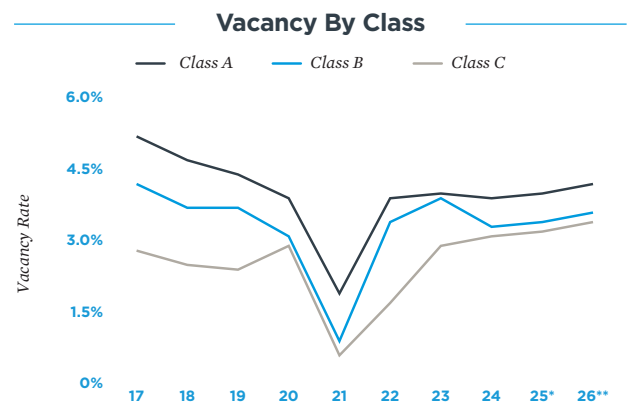
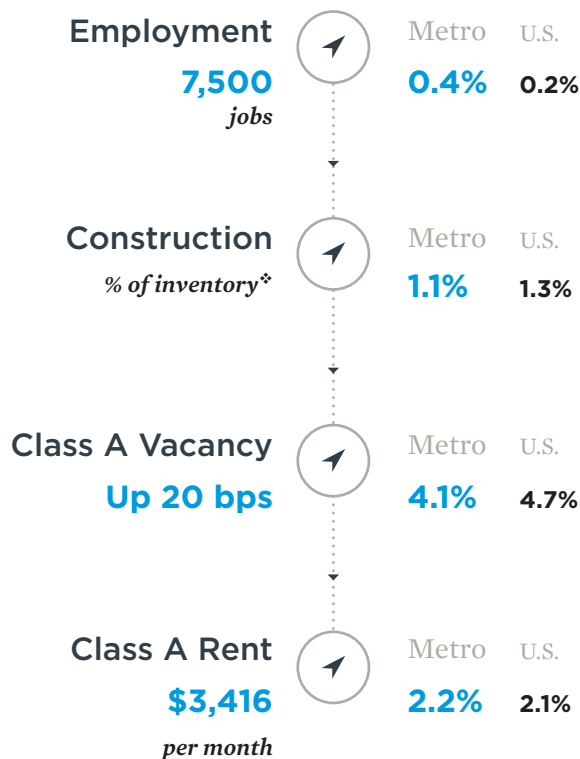
A supply score of 6 places Orange County in the top 10 markets for this ranking in 2026 and the leader in Southern California. A matching demand score also exceeds that of Oakland, the only other in-state metro with a higher supply score. A rent KPI of 5 reflects a pace of rent growth broadly in line with the U.S. this year.

While transaction activity increased last year, Orange County joins Riverside-San Bernardino as the only two California markets with a sub-5 liquidity score. One of the highest mean entry costs in the country keeps Orange County's yield score at 4.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



IPA Multifamily

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* Estimate ** Forecast
* Arrow reflects completions trend compared with 2025

Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics