

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

AVAILABILITY



UP

ABSORPTION



DOWN

LEASE RATES



UP

CONSTRUCTION



DOWN

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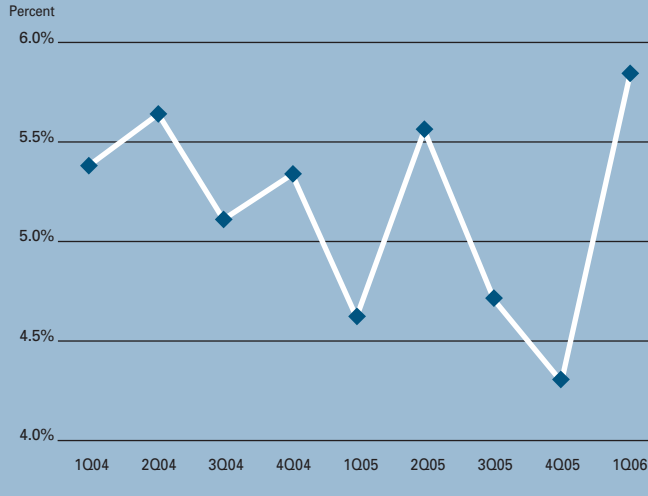
MARKET HIGHLIGHTS

- ◆ Unemployment in the first quarter of 2006 in Los Angeles County is 5.3%, which is up .02 since the fourth quarter of 2005 and down 0.4% since the first quarter of 2005.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that Los Angeles County gained 27,900 non-farm jobs in 2005, and they are forecasting 37,900 new jobs with a 6.0% increase in total personal income for 2006.
- ◆ Total new construction added to the Mid-Counties Industrial market during 2006 thus far is 81,214 square feet. This decline is due to the lack of available land for development and increasing construction and land costs.
- ◆ Currently there is zero square feet of construction under way; this is down from last year when there was 628,498 square feet under construction.
- ◆ Planned construction for this area is up compared to last year. Currently there is 782,400 square feet on the slate as being planned, compared to last year's figure of 513,432.
- ◆ The Industrial vacancy rate checked in at a low 5.86%. This represents an increase in vacant space of 26% compared to this same time last year. This low rate will continue to put upward pressure on lease rates going forward.
- ◆ The Industrial availability rate checked in at 6.79%, which is 6% higher than it was a year ago when it was 6.40%. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .52 cents per square foot per month this quarter. This is an increase of 6.12% when compared to a year ago and a new record high.
- ◆ Net absorption for the Mid Counties this quarter posted a negative number of 1,193,726 square feet, the Mid Counties had a total of 2,298,897 of positive absorption for 2005.
- ◆ Rental rates are expected to increase at moderate levels, 5% to 10%, in the short run and concessions will continue to lessen as the economy continues to improve.

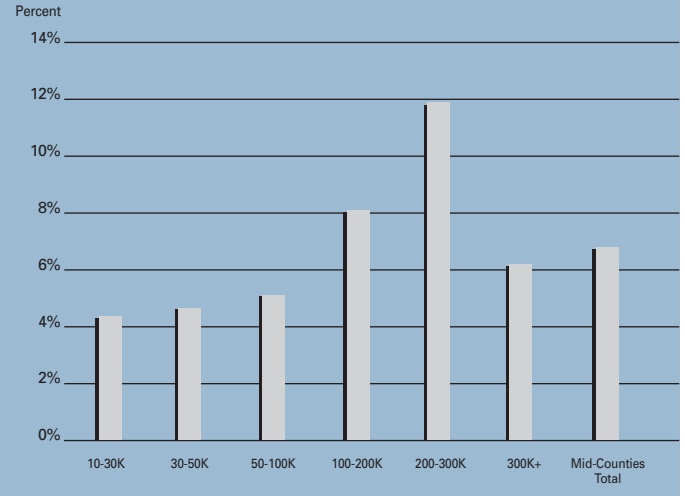
MID-COUNTIES MARKET STATISTICS

| | 1Q2006 | 4Q2005 | 1Q2005 | % CHANGE VS. 1Q05 |
|----------------------|------------|-----------|-----------|-------------------|
| Under Construction | 0 | 67,170 | 628,498 | N/A |
| Planned Construction | 782,400 | 301,864 | 513,432 | 52.39% |
| Vacancy | 5.86% | 4.34% | 4.65% | 26.02% |
| Availability | 6.79% | 5.38% | 6.40% | 6.09% |
| Pricing | \$0.52 | \$0.50 | \$0.49 | 6.12% |
| Net Absorption | -1,193,726 | 519,218 | 909,061 | N/A |
| Gross Absorption | 2,062,155 | 1,535,754 | 2,817,090 | -26.80% |

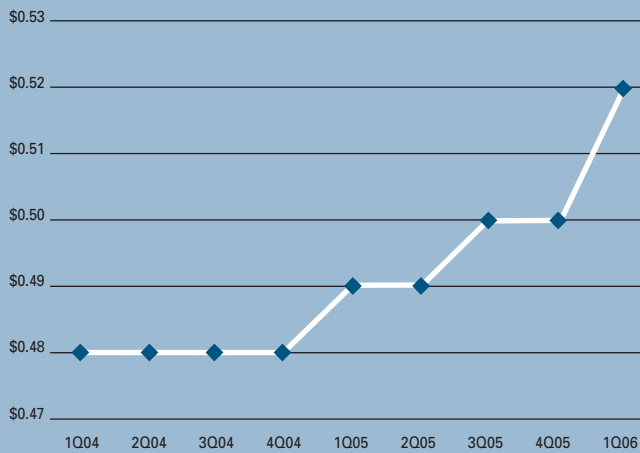
VACANCY RATE



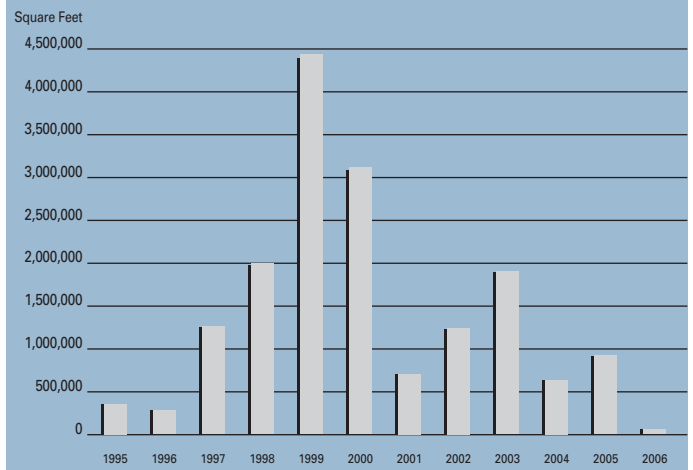
AVAILABILITY RATE BY SIZE



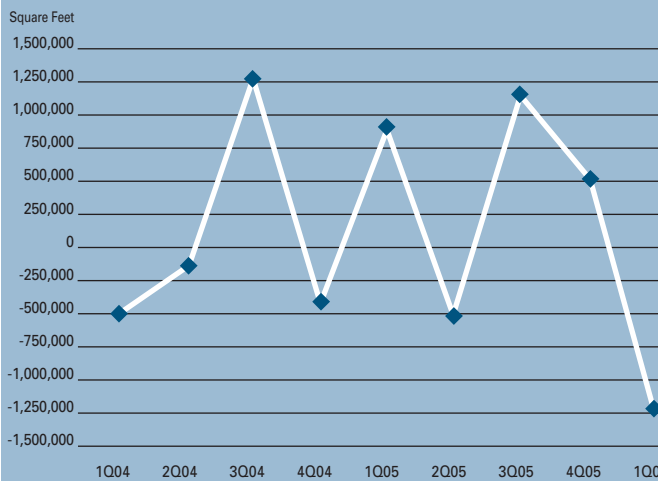
AVERAGE ASKING TRIPLE NET LEASE RATE



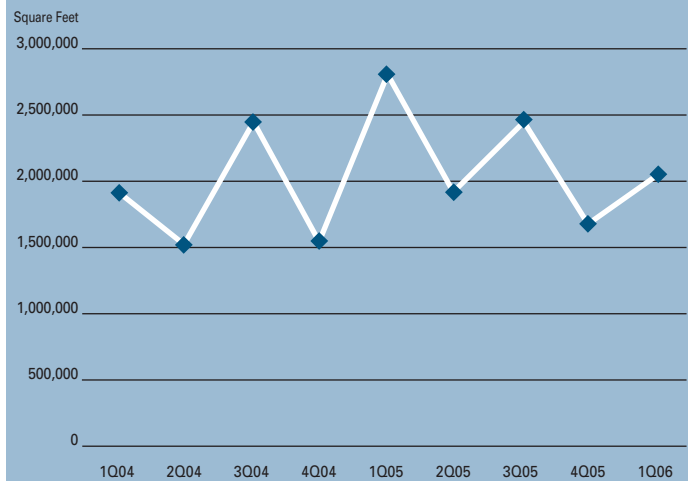
ANNUAL INDUSTRIAL NEW CONSTRUCTION



NET ABSORPTION



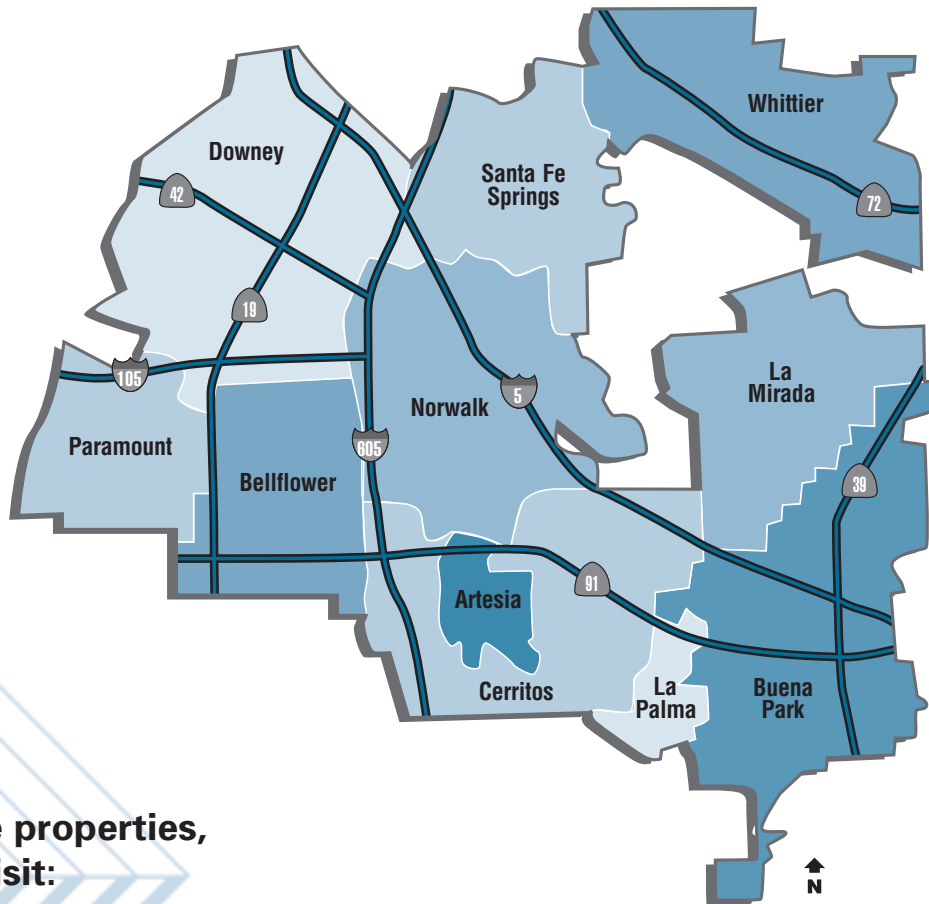
GROSS ABSORPTION



MID-COUNTIES

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2006



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