

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2007

Compared to
last quarter:

VACANCY

DOWN



RECORD
LOW

RECORD
LOW

AVAILABILITY



UP

ABSORPTION



UP

LEASE RATES



UP

RECORD
HIGH

RECORD
HIGH

CONSTRUCTION



UP

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Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



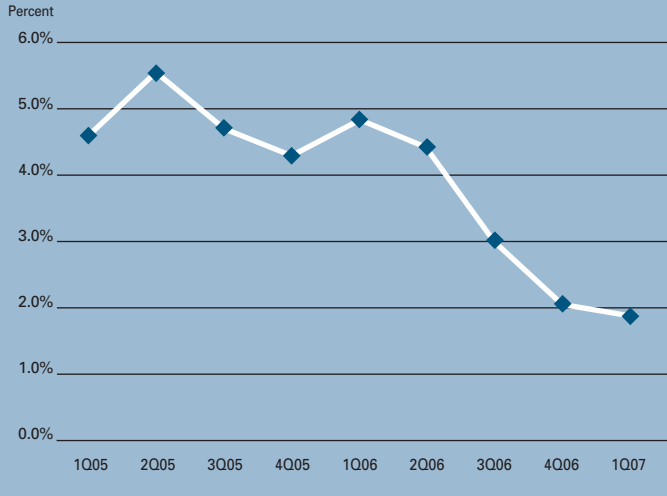
MARKET HIGHLIGHTS

- ◆ Unemployment in the first quarter of 2007 in Los Angeles County is 4.7%, which is up 0.7% since the fourth quarter of 2006 and down 0.5% since the first quarter of 2006.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that Los Angeles County will gain 43,700 non-farm jobs with a 4.9% increase in total personal income in 2007, and they are forecasting 51,800 new jobs for 2008.
- ◆ Total new construction added to the Mid-Counties Industrial market during the first quarter of 2007 was 139,537 square feet. This decline is due to the lack of available land for development along with increasing construction and land costs.
- ◆ Currently there is 572,604 square feet of construction underway, up from last year when there was nothing under construction.
- ◆ Planned construction for this area is down compared to last year. Currently there is 25,680 square feet on the slate as being planned, compared to last year's figure of 782,400.
- ◆ The Industrial vacancy rate checked in at a low 1.89%, which is a new record low. This represents a decrease in vacant space of over 67% 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 3.47%, which is 48.9% lower than it was a year ago when it was 6.79%. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .58 cents per square foot per month this quarter. This is an increase of 11.54% when compared to a year ago and represents a new record high.
- ◆ Net absorption for the Mid Counties this quarter posted a positive number of 242,164 square feet, the Mid Counties had a total of 2,256,400 square feet of positive absorption for 2006.
- ◆ 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.

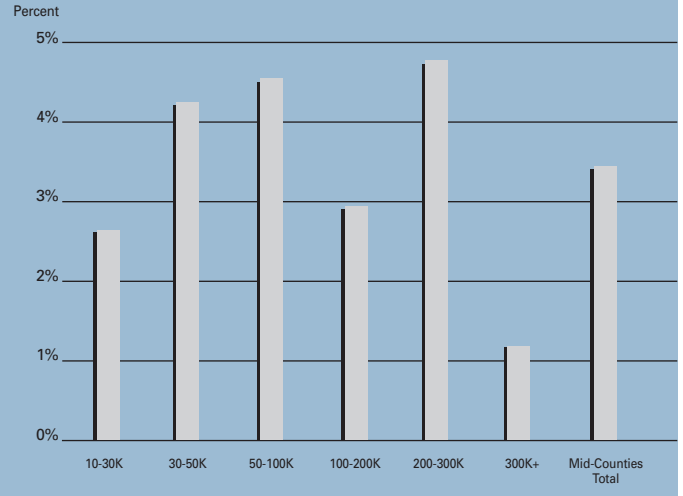
MID-COUNTIES MARKET STATISTICS

	1Q2007	4Q2006	1Q2006	% CHANGE VS. 1Q06
Under Construction	572,604	512,073	0	N/A
Planned Construction	25,680	25,680	782,400	-96.72%
Vacancy	1.89%	2.21%	5.86%	-67.75%
Availability	3.47%	3.34%	6.79%	-48.90%
Pricing	\$0.58	\$0.55	\$0.52	11.54%
Net Absorption	242,164	902,510	-1,193,726	N/A
Gross Absorption	1,184,467	1,777,462	2,062,155	-42.56%

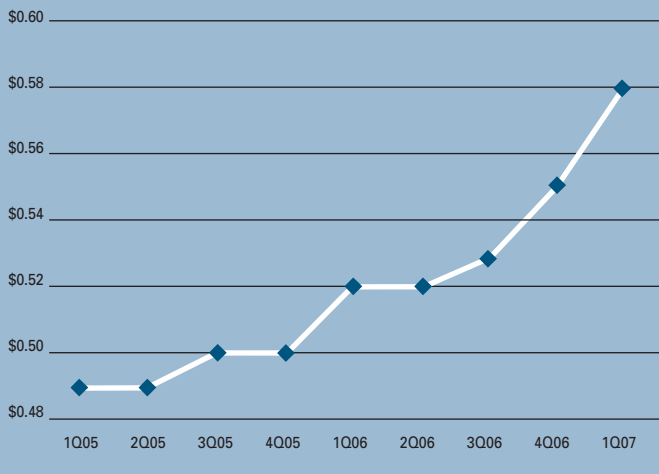
VACANCY RATE



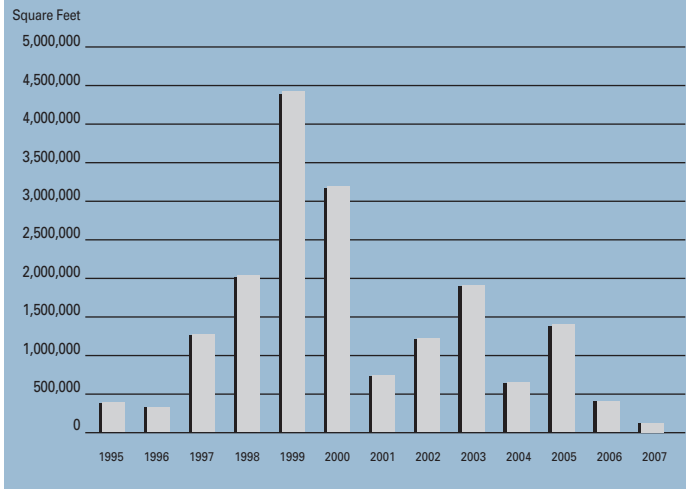
AVAILABILITY RATE BY SIZE



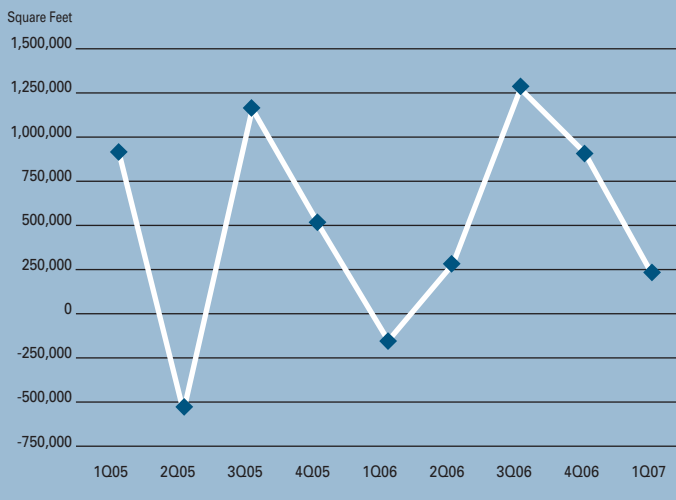
AVERAGE ASKING TRIPLE NET LEASE RATE



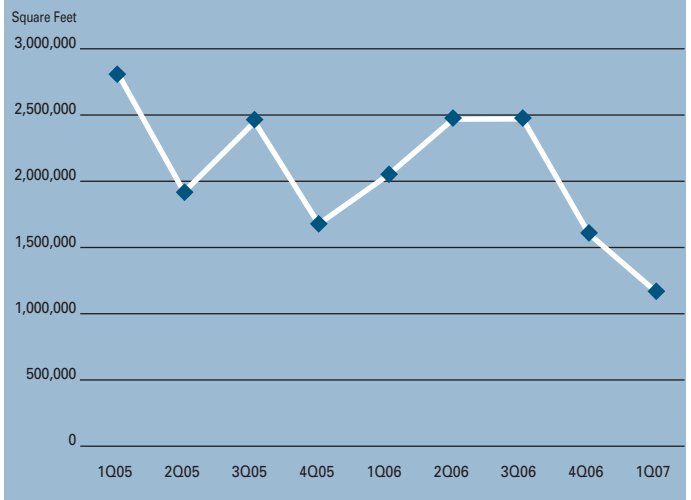
ANNUAL INDUSTRIAL NEW CONSTRUCTION



NET ABSORPTION



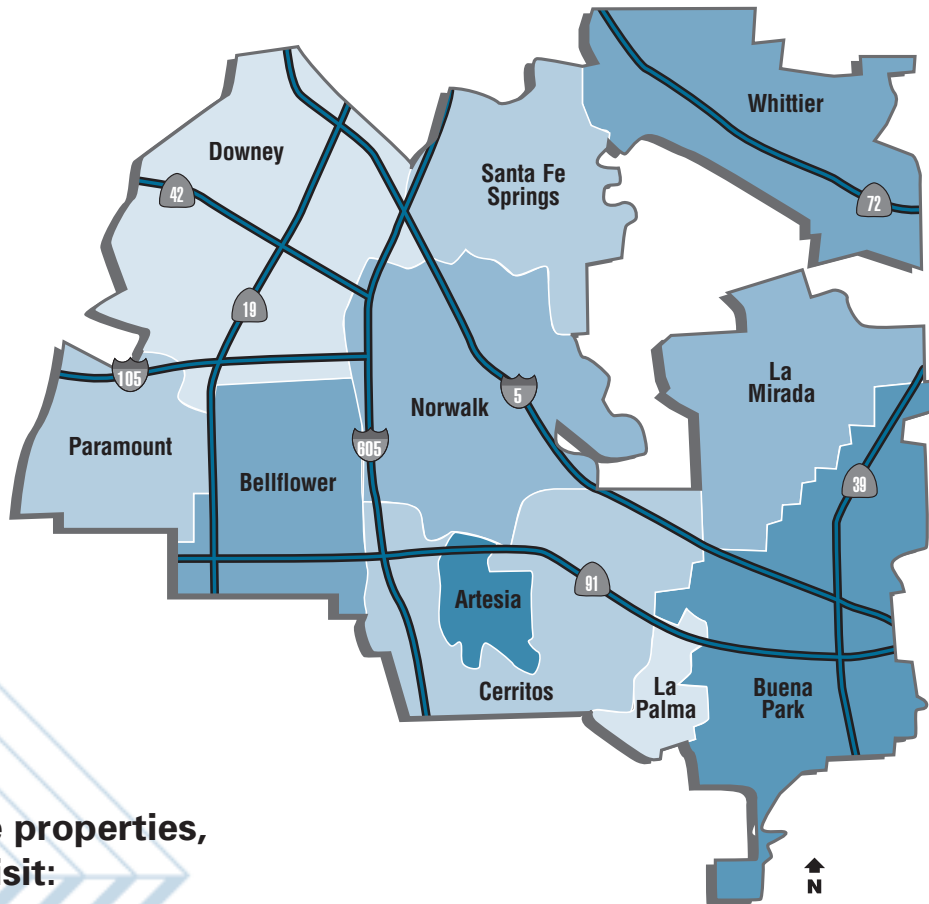
GROSS ABSORPTION



MID-COUNTIES

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2007



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3500 W. Orangewood Ave.
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FAX: 714.978.9431

IRVINE OFFICE

2020 Main St., Suite 100
Irvine, CA 92614

TEL: 949.851.5100

FAX: 949.261.9092



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