

# INDUSTRIAL MARKET REPORT

SECOND  
QUARTER  
2006

Compared to  
last quarter:

## VACANCY



## AVAILABILITY



## ABSORPTION



## LEASE RATES



## CONSTRUCTION



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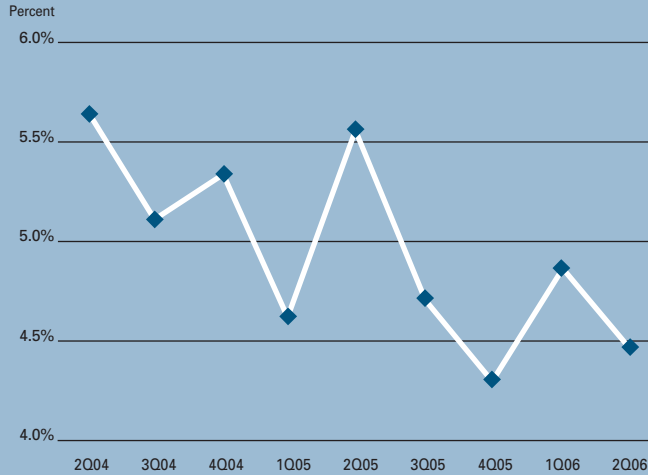
## MARKET HIGHLIGHTS

- ◆ Unemployment in the second quarter of 2006 in Los Angeles County is 4.9%, which is down 0.4% since the first quarter of 2006 and down 0.3% since the second 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-Countries Industrial market during 2006 thus far is 97,953 square feet. This decline is due to the lack of available land for development and increasing construction and land costs.
- ◆ Currently there is 360,315 square feet of construction under way; this is down from last year when there was 502,117 square feet under construction.
- ◆ Planned construction for this area is down compared to last year. Currently there is 164,674 square feet on the slate as being planned, compared to last year's figure of 164,674.
- ◆ The Industrial vacancy rate checked in at a low 4.47%. This represents an decrease in vacant space of 20% 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 5.28%, which is 26.67% lower than it was a year ago when it was 7.20%. 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 positive number of 308,280 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.

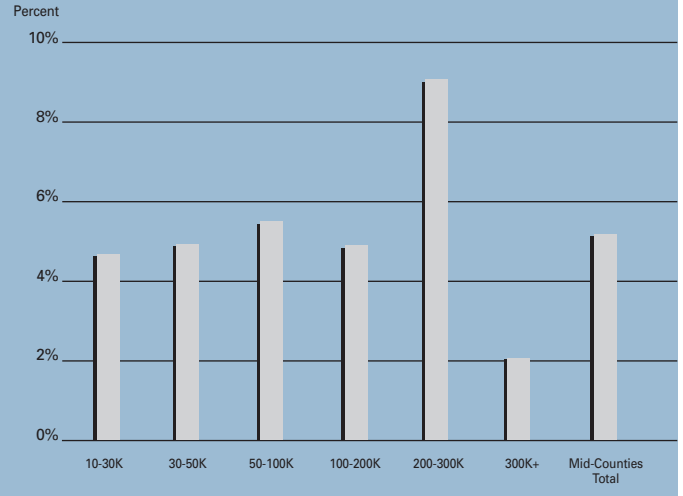
## MID-COUNTIES MARKET STATISTICS

	2Q2006	1Q2006	2Q2005	% CHANGE VS. 2005
Under Construction	360,315	0	502,117	-28.24%
Planned Construction	164,674	782,400	315,985	-47.89%
Vacancy	4.47%	4.86%	5.57%	-19.75%
Availability	5.28%	6.79%	7.20%	-26.67%
Pricing	\$0.52	\$0.52	\$0.49	6.12%
Net Absorption	308,280	-143,819	-523,302	N/A
Gross Absorption	2,483,144	2,062,155	1,892,977	31.18%

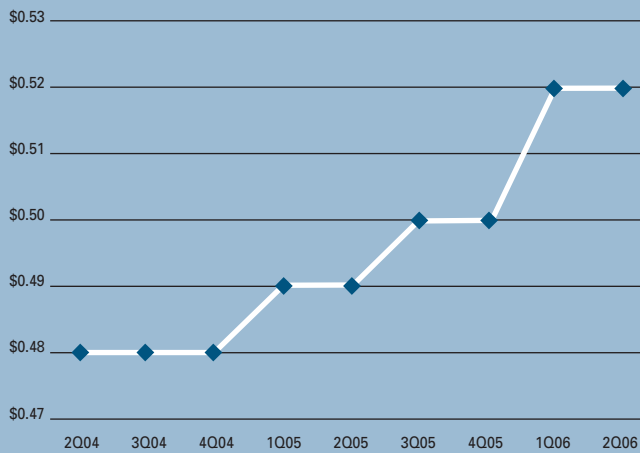
## VACANCY RATE



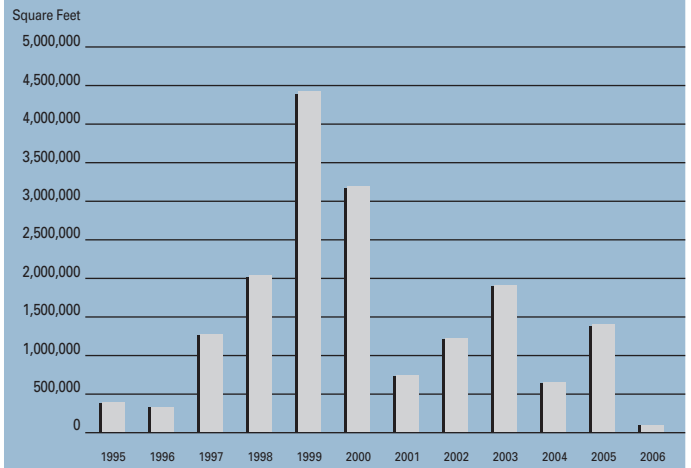
## AVAILABILITY RATE BY SIZE



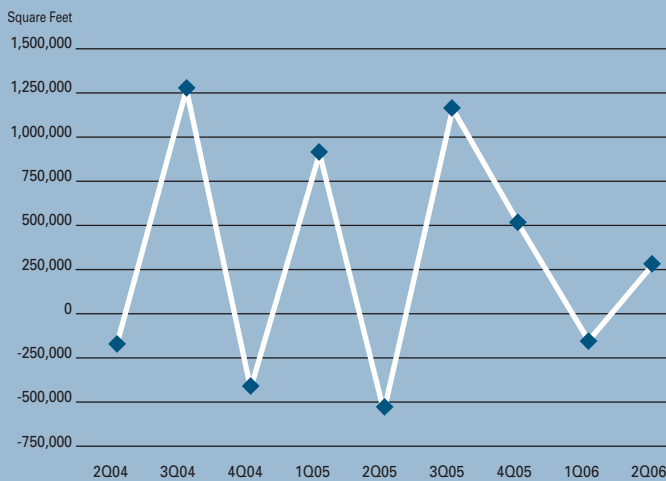
## AVERAGE ASKING TRIPLE NET LEASE RATE



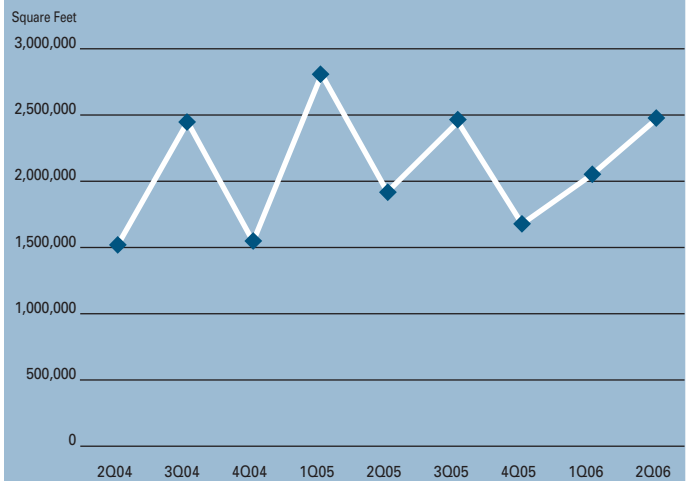
## ANNUAL INDUSTRIAL NEW CONSTRUCTION



## NET ABSORPTION



## GROSS ABSORPTION



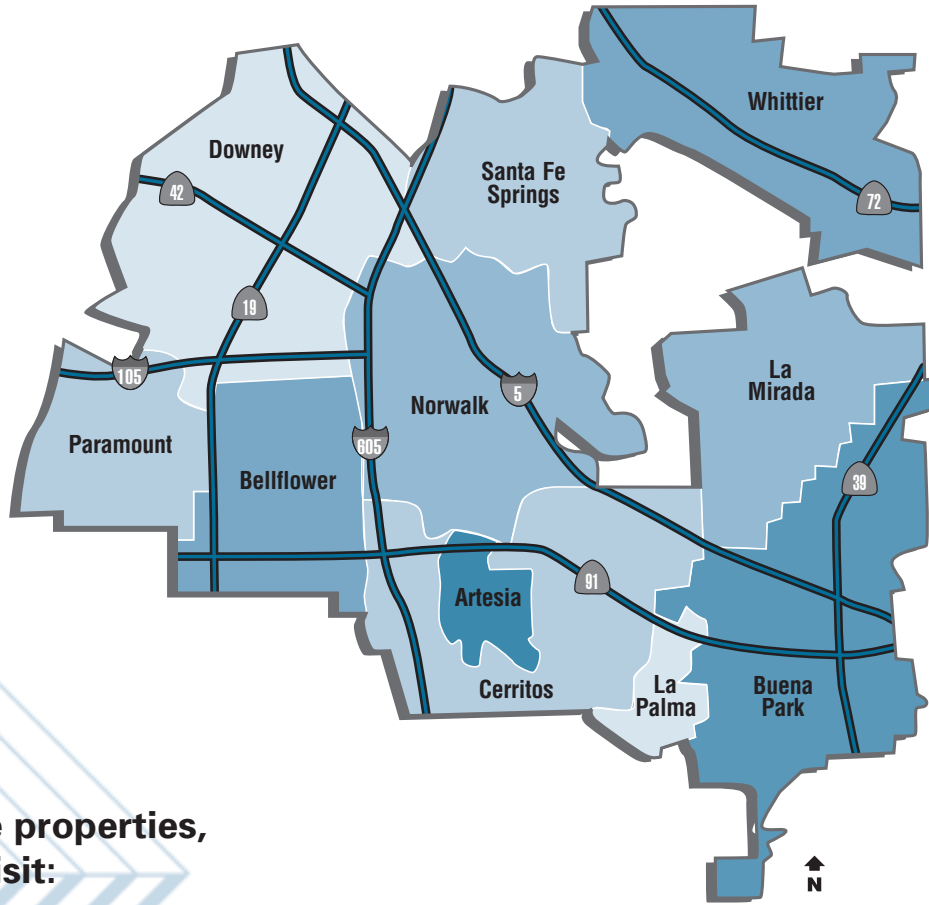
# SECOND QUARTER 2006

## MID - C O U N T I E S

	INVENTORY				VACANCY & RENT					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2006	Square Feet Available	Availability Rate 2Q2006	Average Asking Lease Rate	Net Absorption 2Q2006	Net Absorption 2006	Net Absorption 2005	Net Absorption 2004
<b>Artesia / Cerritos</b>													
10,000 - 29,999	104	1,953,771	0	0	93,331	4.78%	167,146	8.56%	\$0.59	(36,030)	13,320	(24,774)	(16,582)
30,000 - 49,999	60	2,387,672	0	0	174,868	7.32%	187,713	7.86%	\$0.64	(37,952)	(62,028)	66,907	(53,406)
50,000 - 99,999	53	3,621,676	0	0	160,246	4.42%	356,429	9.84%	\$0.49	(147,318)	(153,312)	29,866	67,400
100,000 - 199,999	29	3,944,954	0	0	488,436	12.38%	488,436	12.38%	\$0.51	(44,779)	(66,383)	(321,250)	(86,242)
200,000 - 299,999	5	1,199,948	0	0	0	0.00%	0	0.00%	\$0.00	33,800	0	0	0
300,000+	1	320,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Artesia / Cerritos Total</b>	<b>252</b>	<b>13,428,021</b>	<b>0</b>	<b>0</b>	<b>916,881</b>	<b>6.83%</b>	<b>1,199,724</b>	<b>8.93%</b>	<b>\$0.52</b>	<b>(232,479)</b>	<b>(268,403)</b>	<b>(249,251)</b>	<b>(88,830)</b>
<b>Bellflower / Downey</b>													
10,000 - 29,999	102	1,753,527	0	0	37,490	2.14%	65,465	3.73%	\$0.00	16,652	(18,620)	45,036	2,771
30,000 - 49,999	21	804,127	0	0	41,600	5.17%	49,183	6.12%	\$0.63	5,290	12,551	(52,351)	36,186
50,000 - 99,999	12	834,085	0	0	35,901	4.30%	40,095	4.81%	\$0.56	0	17,154	(25,890)	49,617
100,000 - 199,999	7	910,152	0	0	0	0.00%	0	0.00%	\$0.00	147,560	147,560	(2,560)	0
200,000 - 299,999	2	528,153	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	1	315,705	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Bellflower / Downey Total</b>	<b>145</b>	<b>5,145,749</b>	<b>0</b>	<b>0</b>	<b>114,991</b>	<b>2.23%</b>	<b>154,743</b>	<b>3.01%</b>	<b>\$0.56</b>	<b>169,502</b>	<b>158,645</b>	<b>(35,765)</b>	<b>88,574</b>
<b>Buena Park / La Palma</b>													
10,000 - 29,999	86	1,583,692	0	25,680	77,055	4.87%	77,055	4.87%	\$0.63	1,332	(49,058)	25,015	16,790
30,000 - 49,999	29	1,077,373	0	0	1,800	0.17%	33,700	3.13%	\$0.50	(1,800)	(1,800)	7,105	122,402
50,000 - 99,999	36	2,495,088	0	0	59,360	2.38%	59,360	2.38%	\$0.00	70,000	0	29,410	331,613
100,000 - 199,999	19	2,560,134	0	0	0	0.00%	0	0.00%	\$0.00	50,000	26,000	318,561	(215,086)
200,000 - 299,999	13	3,386,891	0	0	46,092	1.36%	132,795	3.92%	\$0.00	64,400	209,108	4,245	(209,526)
300,000+	9	4,866,644	0	0	6,500	0.13%	6,500	0.13%	\$0.00	(6,500)	(6,500)	0	(274,038)
<b>Buena Park / La Palma Total</b>	<b>192</b>	<b>15,969,822</b>	<b>0</b>	<b>25,680</b>	<b>190,807</b>	<b>1.19%</b>	<b>309,410</b>	<b>1.94%</b>	<b>\$0.56</b>	<b>177,432</b>	<b>177,750</b>	<b>384,336</b>	<b>(227,845)</b>
<b>La Mirada</b>													
10,000 - 29,999	60	1,071,173	0	0	8,800	0.82%	51,050	4.77%	\$0.00	10,717	(6,468)	27,453	(10,434)
30,000 - 49,999	35	1,322,896	0	0	173,666	13.13%	173,666	13.13%	\$0.53	(73,420)	(112,929)	(20,621)	73,984
50,000 - 99,999	40	2,796,921	0	0	109,436	3.91%	132,340	4.73%	\$0.58	101,962	129,173	32,425	62,646
100,000 - 199,999	25	3,237,864	0	0	355,490	10.98%	449,336	13.88%	\$0.47	28,255	8,383	(242,965)	4,097
200,000 - 299,999	14	3,241,937	0	0	826,848	25.50%	826,848	25.50%	\$0.50	(334,515)	(347,250)	(85,997)	(297,601)
300,000+	1	498,630	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	180,969
<b>La Mirada Total</b>	<b>175</b>	<b>12,169,421</b>	<b>0</b>	<b>0</b>	<b>1,474,240</b>	<b>12.11%</b>	<b>1,633,240</b>	<b>13.42%</b>	<b>\$0.49</b>	<b>(267,001)</b>	<b>(329,091)</b>	<b>(289,705)</b>	<b>13,661</b>
<b>Norwalk</b>													
10,000 - 29,999	31	556,759	0	0	90,677	16.29%	90,677	16.29%	\$0.71	0	(29,615)	51,805	(25,935)
30,000 - 49,999	6	238,985	0	0	35,200	14.73%	35,200	14.73%	\$0.00	0	7,826	0	4,974
50,000 - 99,999	13	874,657	0	0	71,994	8.23%	71,994	8.23%	\$0.00	(71,994)	(71,994)	0	0
100,000 - 199,999	9	1,175,104	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
200,000 - 299,999	1	216,268	0	0	0	0.00%	0	0.00%	\$0.00	0	216,268	(216,268)	0
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Norwalk Total</b>	<b>60</b>	<b>3,061,773</b>	<b>0</b>	<b>0</b>	<b>197,871</b>	<b>6.46%</b>	<b>197,871</b>	<b>6.46%</b>	<b>\$0.79</b>	<b>(71,994)</b>	<b>122,485</b>	<b>(164,463)</b>	<b>(20,961)</b>
<b>Paramount</b>													
10,000 - 29,999	224	3,864,201	0	0	104,336	2.70%	104,336	2.70%	\$0.75	(31,607)	(18,860)	65,710	(20,046)
30,000 - 49,999	44	1,672,481	0	0	38,193	2.28%	79,525	4.75%	\$0.00	(10,705)	12,908	22,363	(37,464)
50,000 - 99,999	21	1,550,661	0	0	0	0.00%	0	0.00%	\$0.00	0	0	20,280	(13,112)
100,000 - 199,999	6	890,869	0	0	0	0.00%	0	0.00%	\$0.00	1,250	1,250	0	0
200,000 - 299,999	2	513,568	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	1	323,008	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Paramount Total</b>	<b>298</b>	<b>8,814,788</b>	<b>0</b>	<b>0</b>	<b>142,529</b>	<b>1.62%</b>	<b>183,861</b>	<b>2.09%</b>	<b>\$0.75</b>	<b>(41,062)</b>	<b>(4,702)</b>	<b>108,353</b>	<b>(70,622)</b>
<b>Santa Fe Springs</b>													
10,000 - 29,999	582	10,004,584	0	0	384,914	3.85%	424,626	4.24%	\$0.55	(35,509)	5,931	289,879	80,982
30,000 - 49,999	172	6,707,095	0	43,277	167,474	2.50%	168,123	2.51%	\$0.60	(42,191)	(102,205)	312,499	162,678
50,000 - 99,999	138	9,545,019	0	95,717	350,952	3.68%	558,159	5.85%	\$0.52	(16,737)	(141,668)	245,062	(52,505)
100,000 - 199,999	83	10,925,880	160,247	0	217,986	2.00%	217,986	2.00%	\$0.49	355,831	291,143	1,071,232	736,018
200,000 - 299,999	25	6,178,132	200,068	0	442,923	7.17%	442,923	7.17%	\$0.55	(127,021)	(127,021)	116,077	7,240
300,000+	9	4,305,719	0	0	216,268	5.02%	216,268	5.02%	\$0.00	454,826	454,826	453,148	(669,416)
<b>Santa Fe Springs Total</b>	<b>1,009</b>	<b>47,666,429</b>	<b>360,315</b>	<b>138,994</b>	<b>1,780,517</b>	<b>3.74%</b>	<b>2,028,085</b>	<b>4.25%</b>	<b>\$0.54</b>	<b>589,199</b>	<b>381,006</b>	<b>2,487,897</b>	<b>264,997</b>
<b>Whittier</b>													
10,000 - 29,999	45	749,902	0	0	17,800	2.37%	17,800	2.37%	\$0.00	28,147	(6,200)	(11,600)	19,580
30,000 - 49,999	17	665,444	0	0	5,920	0.89%	5,920	0.89%	\$0.00	(5,920)	(5,920)	0	35,040
50,000 - 99,999	10	660,975	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	26,741
100,000 - 199,999	6	745,563	0	0	17,460	2.34%	17,460	2.34%	\$0.00	6,105	(17,460)	0	258,920
200,000 - 299,999	4	915,823	0	0	61,840	6.75%	61,840	6.75%	\$0.00	(43,649)	(43,649)	69,095	(87,286)
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Whittier Total</b>	<b>82</b>	<b>3,737,707</b>	<b>0</b>	<b>0</b>	<b>103,020</b>	<b>2.76%</b>	<b>103,020</b>	<b>2.76%</b>	<b>\$0.00</b>	<b>(15,317)</b>	<b>(73,229)</b>	<b>57,495</b>	<b>252,995</b>
<b>Mid Counties Total</b>													
10,000 - 29,999	1,234	21,537,609	0	25,680	814,403	3.78%	998,155	4.63%	\$0.58	(46,298)	(109,570)	468,524	47,126
30,000 - 49,999	384	14,876,073	0	43,277	638,721	4.29%	733,030	4.93%	\$0.58	(166,698)	(251,597)	335,902	344,394
50,000 - 99,999	323	22,379,082	0	95,717	787,889	3.52%	1,218,377	5.44%	\$0.52	(64,087)	(220,647)	331,153	472,400
100,000 - 199,999	184	24,390,520	160,247	0	1,079,372	4.43%	1,173,218	4.81%	\$0.49	544,222	390,493	823,018	697,707
200,000 - 299,999	66	16,180,720	200,068	0	1,377,703	8.51%	1,464,406	9.05%	\$0.51	(407,185)	(92,544)	(112,848)	(587,173)
300,000+	22	10,629,706	0	0	222,768	2.10%	222,768	2.10%	\$0.00	448,326	448,326	453,148	(762,485)
<b>Total</b>	<b>2,213</b>	<b>109,993,710</b>	<b>360,315</b>	<b>164,674</b>	<b>4,920,856</b>	<b>4.47%</b>	<b>5,809,954</b>	<b>5.28%</b>	<b>\$0.52</b>	<b>308,280</b>	<b>164,461</b>	<b>2,298,897</b>	<b>211,969</b>

# INDUSTRIAL MARKET REPORT

SECOND QUARTER 2006



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