

INDUSTRIAL MARKET REPORT

FOURTH
QUARTER
2006

Compared to
last quarter:

VACANCY

DOWN



AVAILABILITY

DOWN



ABSORPTION

UP



LEASE RATES

UP



CONSTRUCTION

UP



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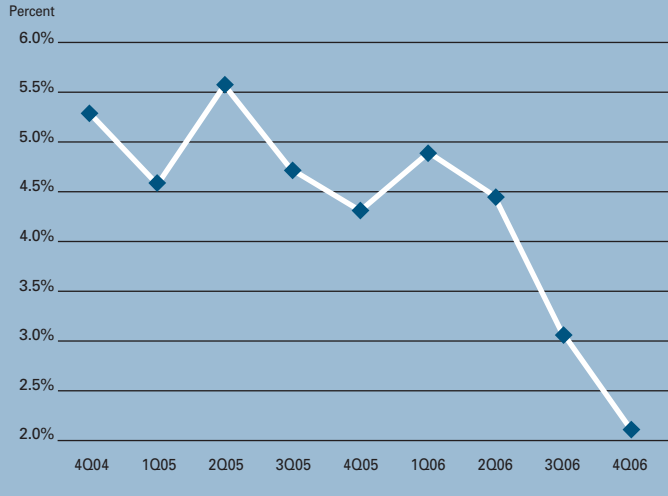
MARKET HIGHLIGHTS

- ◆ Unemployment in the fourth quarter of 2006 in Los Angeles County is 4.0%, which is down 1.1% since the third quarter of 2006, and down 1.1% since the fourth quarter of 2005.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that Los Angeles County gained 52,800 non-farm jobs with a 5.7% increase in total personal income in 2006, and they are forecasting 47,800 new jobs for 2007.
- ◆ Total new construction added to the Mid-Counties Industrial market during 2006 was 441,529 square feet. This decline is due to the lack of available land for development along with increasing construction and land costs.
- ◆ Currently there is 512,073 square feet of construction under way; this is down 1.90% from last year when there was 521,996 square feet 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 301,894.
- ◆ The Industrial vacancy rate checked in at a low 2.21% and represents a new record low. This represents an decrease in vacant space of almost 50% 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 3.34%, which is 37.92% lower than it was a year ago when it was 5.38%. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .55 cents per square foot per month this quarter. This is an increase of 10% when compared to a year ago and a new record high.
- ◆ Net absorption for the Mid Counties this quarter posted a positive number of 902,510 square feet. The Mid Counties has 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.

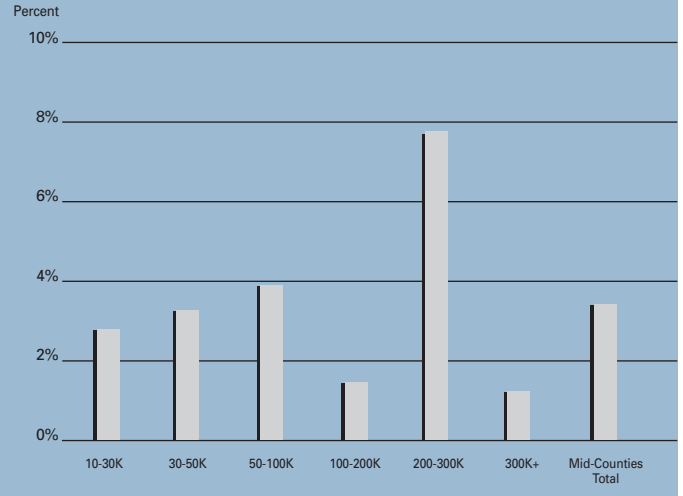
MID-COUNTIES MARKET STATISTICS

	2006	2005	2004	% CHANGE VS. 2005
Inventory Added	441,529	965,790	685,703	-54.28%
Under Construction	512,073	521,996	285,058	-1.90%
Vacancy Rate	2.21%	4.34%	5.33%	-49.08%
Availability Rate	3.34%	5.38%	7.06%	-37.92%
Average Asking Lease Rate	\$0.55	\$0.50	\$0.48	10.00%
Net Absorption	2,256,400	2,298,897	211,969	-1.85%
Gross Absorption	8,373,269	8,896,896	7,593,904	-5.89%

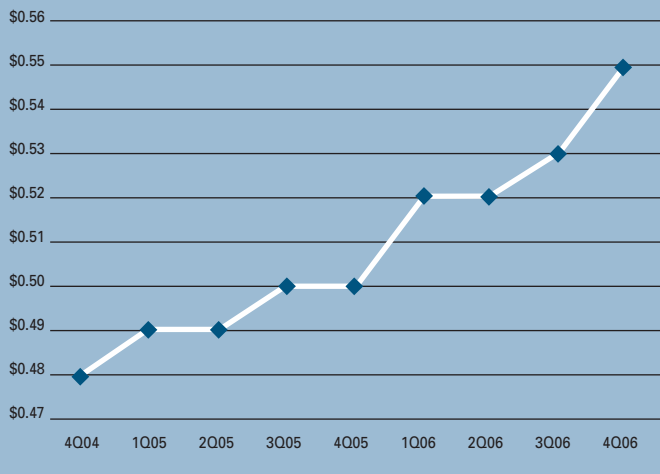
VACANCY RATE



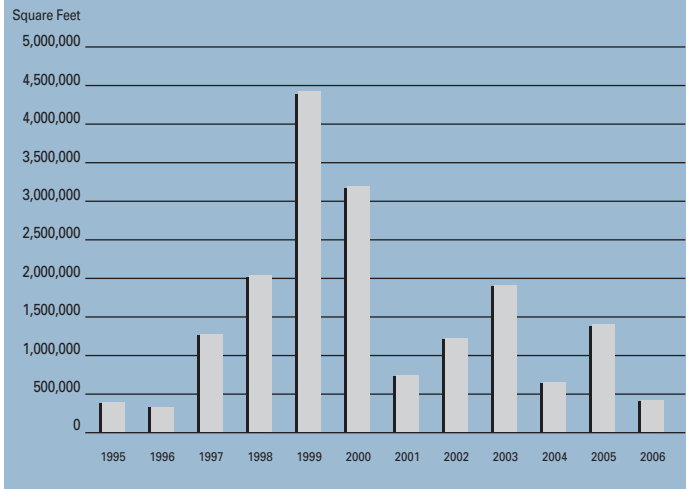
AVAILABILITY RATE BY SIZE



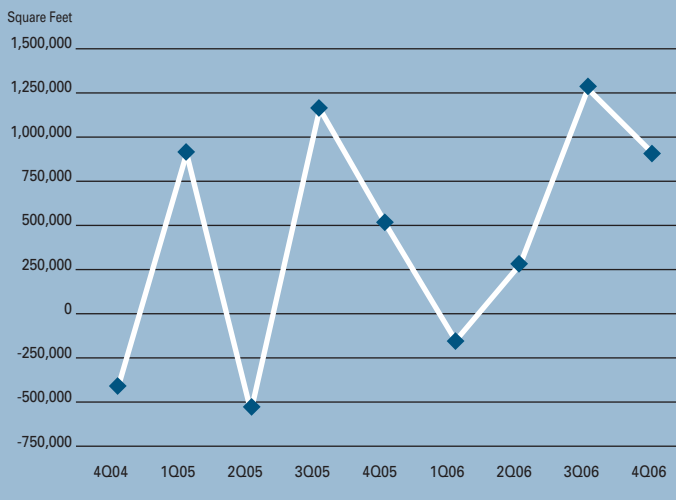
AVERAGE ASKING TRIPLE NET LEASE RATE



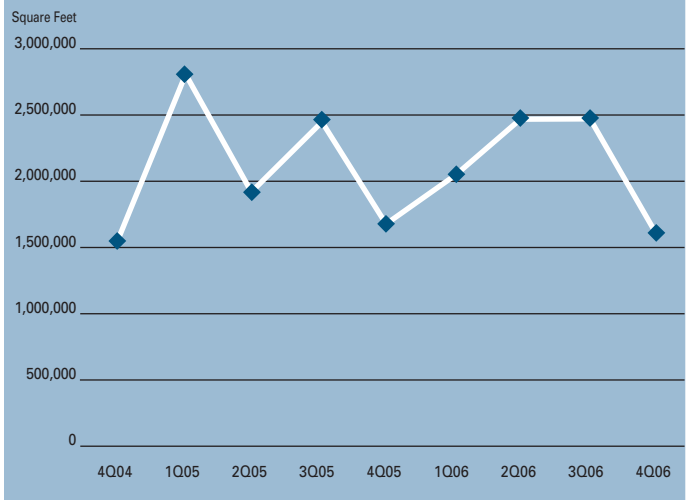
ANNUAL INDUSTRIAL NEW CONSTRUCTION



NET ABSORPTION



GROSS ABSORPTION



FOURTH QUARTER 2006

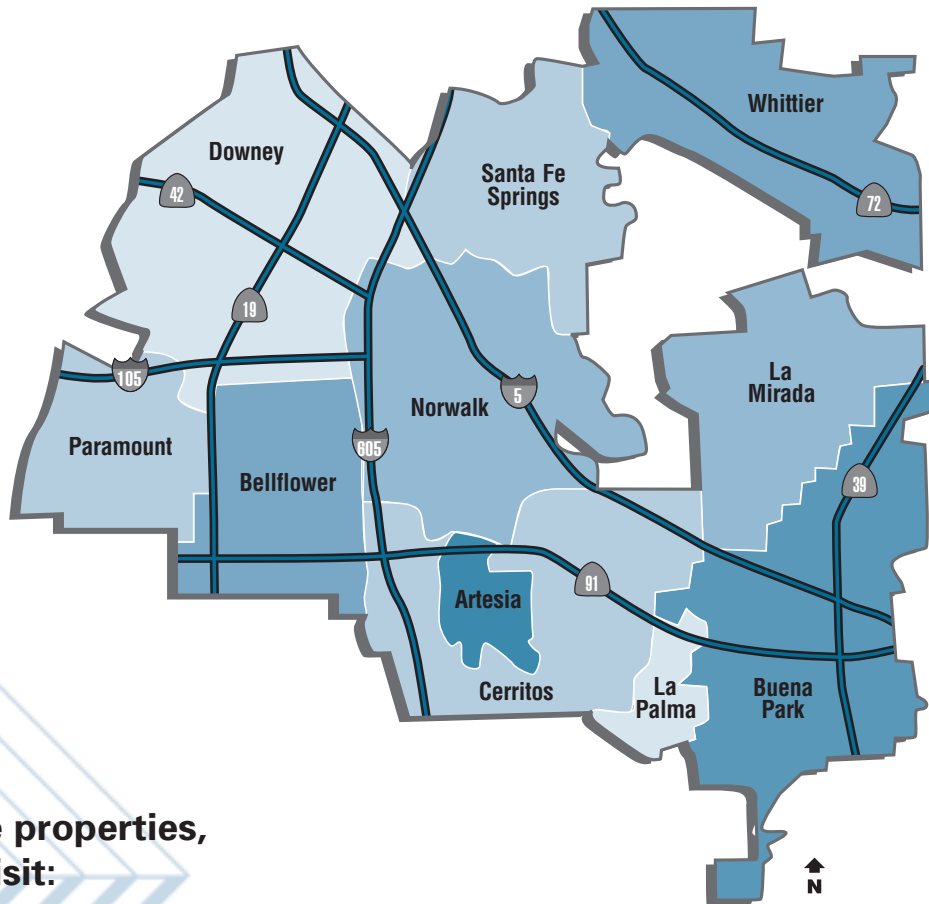
MID-COUNTIES

	INVENTORY				VACANCY & RENT					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2006	Square Feet Available	Availability Rate 4Q2006	Average Asking Lease Rate	Net Absorption 4Q2006	Net Absorption 2006	Net Absorption 2005	Net Absorption 2004
Artesia / Cerritos													
10,000 - 29,999	106	2,002,922	0	0	70,535	3.52%	81,548	4.07%	\$0.80	13,656	36,116	(24,774)	(16,582)
30,000 - 49,999	62	2,452,564	0	0	2,336	0.10%	118,698	4.84%	\$0.55	134,589	152,936	66,907	(53,406)
50,000 - 99,999	57	3,887,050	0	0	267,728	6.89%	437,501	11.26%	\$0.52	31,853	(247,194)	29,866	67,400
100,000 - 199,999	30	4,110,123	178,454	0	135,212	3.29%	73,025	1.78%	\$0.52	58,952	551	(321,250)	(86,242)
200,000 - 299,999	5	1,199,948	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	1	320,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Artesia / Cerritos Total	261	13,972,607	178,454	0	475,811	3.41%	710,772	5.09%	\$0.52	239,050	(57,591)	(249,251)	(88,830)
Bellflower / Downey													
10,000 - 29,999	105	1,791,901	0	0	23,773	1.33%	27,934	1.56%	\$0.59	(7,155)	(2,603)	45,036	2,771
30,000 - 49,999	19	742,940	0	0	13,505	1.82%	48,883	6.58%	\$0.66	(7,240)	39,746	(52,351)	36,186
50,000 - 99,999	13	904,716	0	0	42,000	4.64%	42,000	4.64%	\$0.53	(1,905)	11,055	(25,890)	49,617
100,000 - 199,999	6	810,152	0	0	0	0.00%	0	0.00%	\$0.00	0	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
Bellflower / Downey Total	146	5,093,567	0	0	79,278	1.56%	118,817	2.33%	\$0.53	(16,300)	195,758	(35,765)	88,574
Buena Park / La Palma													
10,000 - 29,999	83	1,501,428	0	25,680	39,075	2.60%	37,246	2.48%	\$0.00	15,876	(11,078)	25,015	16,790
30,000 - 49,999	30	1,101,004	0	0	6,700	0.61%	81,865	7.44%	\$0.00	27,300	(6,400)	7,105	122,402
50,000 - 99,999	37	2,572,684	0	0	0	0.00%	0	0.00%	\$0.00	0	19,360	29,410	331,613
100,000 - 199,999	19	2,560,134	0	0	0	0.00%	0	0.00%	\$0.00	0	26,000	318,561	(215,086)
200,000 - 299,999	13	3,375,161	0	0	340,842	10.10%	427,926	12.68%	\$0.65	(27,377)	(85,642)	4,245	(209,526)
300,000+	9	4,866,644	0	0	0	0.00%	0	0.00%	\$0.00	6,500	0	0	(274,038)
Buena Park / La Palma Total	191	15,977,055	0	25,680	386,617	2.42%	547,037	3.42%	\$0.56	22,299	(57,760)	384,336	(227,845)
La Mirada													
10,000 - 29,999	62	1,117,937	0	0	6,400	0.57%	36,271	3.24%	\$0.62	11,015	(4,068)	27,453	(10,434)
30,000 - 49,999	38	1,448,795	0	0	46,700	3.22%	21,058	1.45%	\$0.50	46,326	(17,883)	(20,621)	73,984
50,000 - 99,999	44	3,135,240	0	0	120,000	3.83%	64,481	2.06%	\$0.65	93,515	118,609	32,425	62,646
100,000 - 199,999	24	3,169,478	0	0	100,000	3.16%	120,309	3.80%	\$0.57	137,700	263,873	(242,965)	4,097
200,000 - 299,999	15	3,451,471	0	0	462,033	13.39%	625,574	18.12%	\$0.51	35,217	17,565	(85,997)	(297,601)
300,000+	2	857,901	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	180,969
La Mirada Total	185	13,180,822	0	0	735,133	5.58%	867,693	6.58%	\$0.52	323,773	378,096	(289,705)	13,661
Norwalk													
10,000 - 29,999	33	591,435	0	0	77,315	13.07%	98,402	16.64%	\$0.65	(12,678)	(16,253)	51,805	(25,935)
30,000 - 49,999	6	238,985	0	0	0	0.00%	0	0.00%	\$0.00	35,200	43,026	0	4,974
50,000 - 99,999	13	889,657	0	0	0	0.00%	0	0.00%	\$0.00	71,994	0	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
Norwalk Total	62	3,111,449	0	0	77,315	2.48%	98,402	3.16%	\$0.65	94,516	243,041	(164,463)	(20,961)
Paramount													
10,000 - 29,999	224	3,862,621	0	0	39,815	1.03%	75,672	1.96%	\$0.52	14,717	37,951	65,710	(20,046)
30,000 - 49,999	46	1,743,159	0	0	0	0.00%	14,850	0.85%	\$0.00	66,965	51,101	22,363	(37,464)
50,000 - 99,999	19	1,411,442	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	0	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
Paramount Total	298	8,744,667	0	0	39,815	0.46%	90,522	1.04%	\$0.58	81,682	90,302	108,353	(70,622)
Santa Fe Springs													
10,000 - 29,999	623	10,710,389	0	0	99,859	0.93%	231,145	2.16%	\$0.59	129,578	311,324	289,879	80,982
30,000 - 49,999	177	6,900,898	80,002	0	26,174	0.38%	212,987	3.09%	\$0.60	78,893	41,695	312,499	162,678
50,000 - 99,999	151	10,539,966	253,617	0	196,367	1.86%	349,669	3.32%	\$0.64	41,341	(12,383)	245,062	(52,505)
100,000 - 199,999	90	11,831,676	0	0	122,375	1.03%	149,700	1.27%	\$0.00	51,000	436,851	1,071,232	736,018
200,000 - 299,999	27	6,673,898	0	0	284,537	4.26%	259,943	3.89%	\$0.58	(110,150)	31,365	1,167,077	7,240
300,000+	11	5,077,078	0	0	0	0.00%	136,198	2.68%	\$0.00	0	671,094	453,148	(669,416)
Santa Fe Springs Total	1,079	51,733,905	333,619	0	729,312	1.41%	1,339,642	2.59%	\$0.59	190,662	1,479,946	2,487,897	264,997
Whittier													
10,000 - 29,999	73	1,147,828	0	0	37,640	3.28%	48,347	4.21%	\$0.99	(31,540)	(24,240)	(11,600)	19,580
30,000 - 49,999	17	660,259	0	0	9,343	1.42%	9,343	1.42%	\$0.00	(1,632)	(9,343)	0	35,040
50,000 - 99,999	12	790,209	0	0	0	0.00%	63,500	8.04%	\$0.00	0	0	0	26,741
100,000 - 199,999	7	882,526	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	258,920
200,000 - 299,999	5	1,125,920	0	0	0	0.00%	0	0.00%	\$0.00	0	18,191	69,095	(87,286)
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Whittier Total	114	4,606,742	0	0	46,983	1.02%	121,190	2.63%	\$0.99	(33,172)	(15,392)	57,495	252,995
Mid Counties Total													
10,000 - 29,999	1,309	22,726,461	0	25,680	394,412	1.74%	636,565	2.80%	\$0.67	133,469	327,149	468,524	47,126
30,000 - 49,999	395	15,288,604	80,002	0	104,758	0.69%	507,684	3.32%	\$0.56	380,401	294,878	335,902	344,394
50,000 - 99,999	346	24,130,964	253,617	0	626,095	2.59%	957,151	3.97%	\$0.54	236,798	(110,553)	331,153	472,400
100,000 - 199,999	191	25,430,062	178,454	0	357,587	1.41%	343,034	1.35%	\$0.54	247,652	876,085	823,018	697,707
200,000 - 299,999	70	17,084,387	0	0	1,087,412	6.36%	1,313,443	7.69%	\$0.58	(102,310)	197,747	(112,848)	(587,173)
300,000+	25	11,760,336	0	0	0	0.00%	136,198	1.16%	\$0.00	6,500	671,094	453,148	(762,485)
Total	2,336	116,420,814	512,073	25,680	2,570,264	2.21%	3,894,075	3.34%	\$0.55	902,510	2,256,400	2,298,897	211,969

MID-COUNTIES

INDUSTRIAL MARKET REPORT

FOURTH QUARTER 2006



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