

FLEX MARKET REPORT

FIRST QUARTER 2004

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



To view available properties, please visit:
www.voitco.com



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



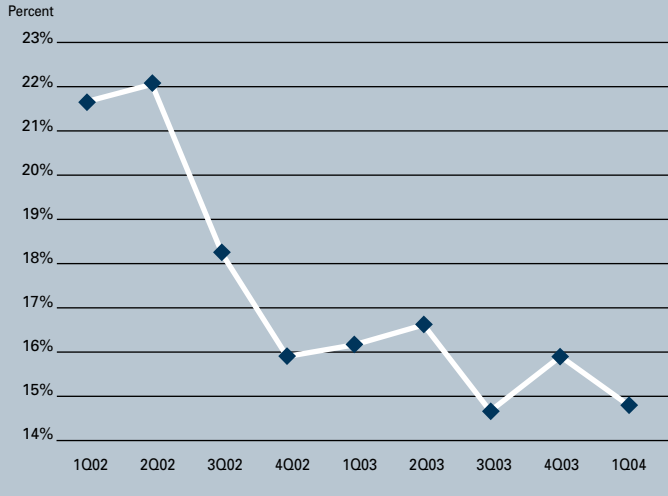
MARKET HIGHLIGHTS

- ◆ Unemployment for the first quarter of 2004 in Orange County is 3.5%, which is the same as it was during the fourth quarter of 2003, and is .5% lower than it was during the first quarter of 2003.
- ◆ According to the Los Angeles County Economic Development Corporation, it is estimated that Orange County will add 9,800 new non-farm jobs in 2003, and they are forecasting 29,200 new jobs in 2004. They are also forecasting a 3.5% increase in total personal income for 2004, the highest level in greater Southern California.
- ◆ Total space under construction checked in at 284,731 square feet for the first quarter of 2004, which is about 50,000 square feet less than the amount that was under construction in the fourth quarter of 2003.
- ◆ The flex vacancy rate checked in at 14.78%, which is lower than it was a year ago at 16.42%. Another sign of strength was the 360,456 square feet of new product that was built in 2003, which has been absorbed.
- ◆ The total amount of flex space available in Orange County, which includes both direct and sublease space, is lower than it was a year ago; 19.70% this quarter as compared to 20.63% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$1.40, which is a 9.68% decrease over last year's first quarter rate of \$1.55.
- ◆ Net absorption for the Flex market this first quarter posted a positive number of 146,919 square feet, this is about the same as last quarter when it was 164,595. This is a positive sign going into 2004.

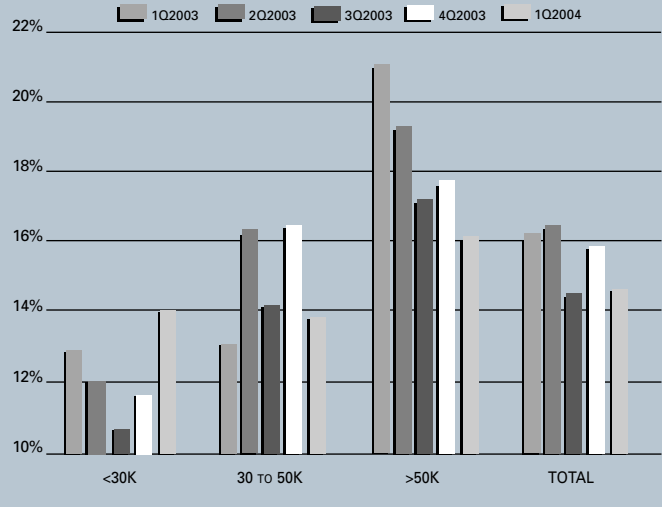
FLEX MARKET STATISTICS

	1Q2004	4Q2003	1Q2003	% CHANGE VS. 1Q03
Under Construction	284,731	335,450	206,982	37.56%
Planned Construction	167,768	212,509	201,483	-16.73%
Vacancy	14.78%	15.12%	16.42%	-9.99%
Availability	19.70%	20.86%	20.63%	-4.51%
Pricing	\$1.40	\$1.47	\$1.55	-9.68%
Net Absorption	146,919	164,595	107,002	37.30%

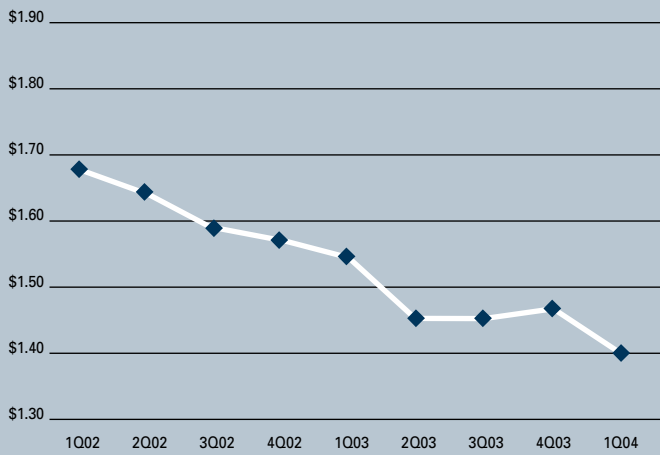
VACANCY RATE



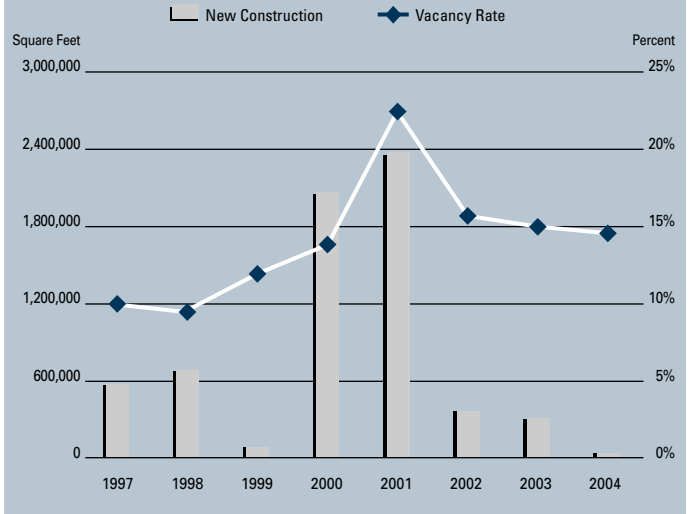
FLEX VACANCY RATE



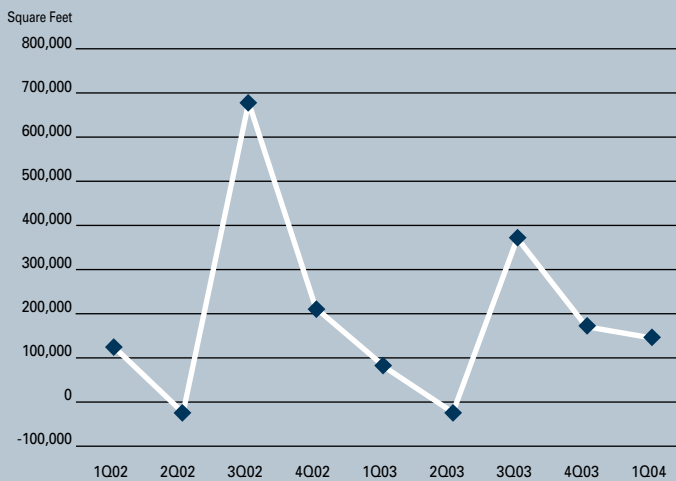
AVERAGE ASKING TRIPLE NET LEASE RATE



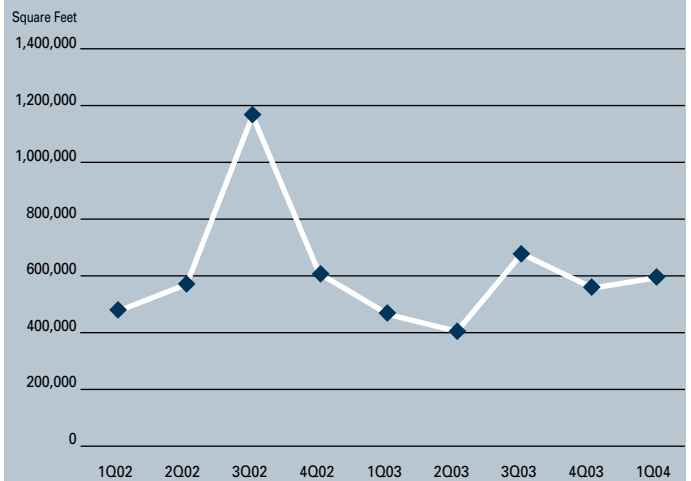
ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION



GROSS ABSORPTION



FIRST QUARTER 2004

ORANGE COUNTY

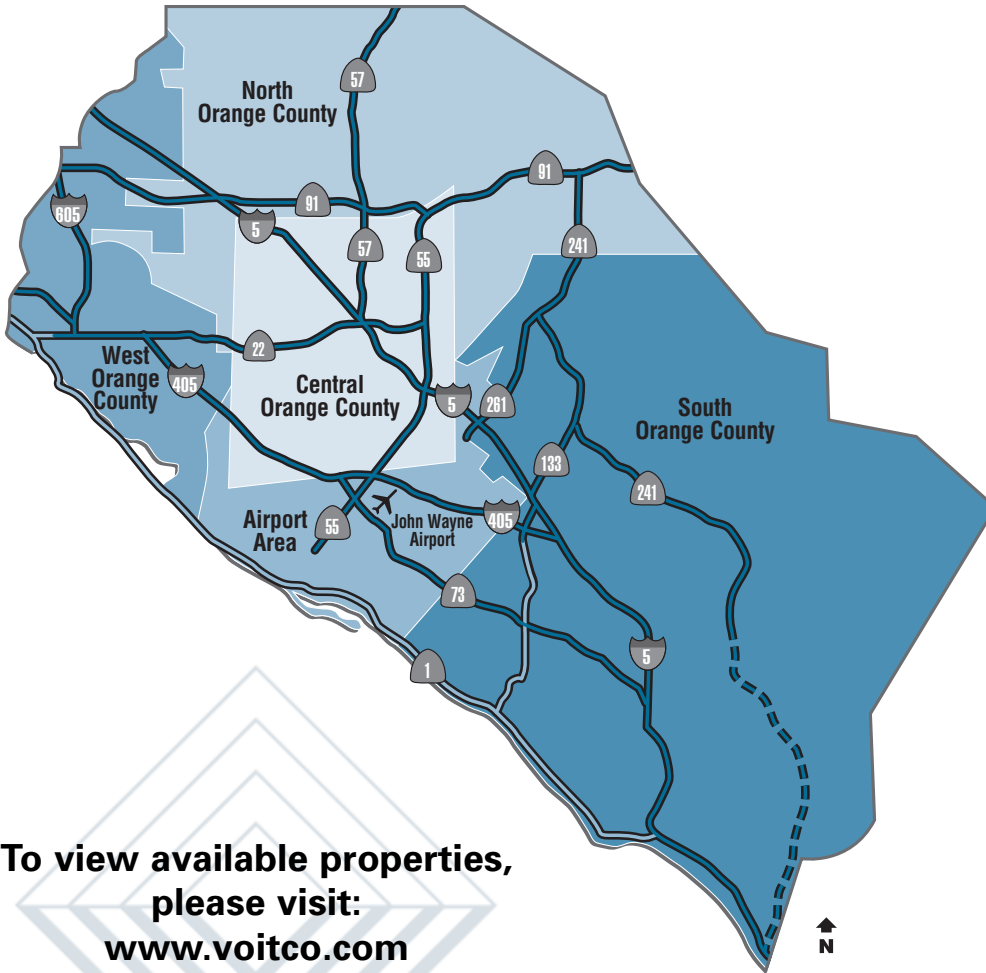
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2004	Square Feet Available	Availability Rate 1Q2004	Average Asking Lease Rate	Net Absorption 1Q2004	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County													
Anaheim Hills	11	198,634	0	0	8,384	4.22%	8,384	4.22%	\$1.20	(406)	(901)	1,487	41,138
Brea	14	435,913	0	0	94,622	21.71%	109,922	25.22%	\$0.92	2,132	(62,691)	(4,933)	78,060
Buena Park	1	12,000	0	0	1,220	10.17%	1,220	10.17%	\$1.27	(610)	1,220	(610)	790
Fullerton	4	24,500	23,400	0	0	0.00%	0	0.00%	\$0.00	0	6,515	0	0
La Habra	1	8,323	0	0	4,886	0.00%	4,886	58.70%	\$0.82	(654)	(1,953)	0	0
Placentia	1	28,000	0	0	0	0.00%	0	0.00%	\$0.00	0	142	408	(550)
Yorba Linda	1	10,560	0	12,700	0	0.00%	0	0.00%	\$0.00	0	0	4,844	(491)
North County Total	33	717,930	23,400	12,700	109,112	15.20%	124,412	17.33%	\$1.13	462	(57,668)	1,196	118,947
West County													
Cypress	4	238,322	0	0	60,470	25.37%	60,470	25.37%	\$1.40	21,790	(19,289)	0	110,667
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	\$0.00	0	0	2,224	(2,224)
Huntington Beach	3	48,648	0	0	11,713	24.08%	12,493	25.68%	\$1.05	0	(9,489)	(1,344)	6,694
Los Alamitos	1	24,552	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	14,500
Seal Beach	4	43,005	0	0	7,568	17.60%	7,568	17.60%	\$1.80	1,219	(7,668)	2,381	(3,500)
Westminster	1	8,674	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	8,674
West County Total	15	390,601	0	0	79,751	20.42%	80,531	20.62%	\$1.40	23,009	(36,446)	3,261	134,811
Central County													
Anaheim	15	363,389	50,000	30,000	21,676	5.96%	50,614	13.93%	\$1.25	(4,668)	(3,105)	36,453	(38,867)
Orange	7	145,859	0	0	35,670	24.46%	36,290	24.88%	\$1.68	10,029	13,207	4,715	3,516
Santa Ana	17	475,379	0	0	84,658	17.81%	86,516	18.20%	\$1.65	(15,316)	73,822	35,667	43,522
Tustin	6	214,286	0	0	11,240	5.25%	34,240	15.98%	\$1.50	19,999	95,482	(33,777)	(59,721)
Central County Total	45	1,198,913	50,000	30,000	153,244	12.78%	207,660	17.32%	\$1.36	10,044	179,406	43,058	(51,550)
Airport Area													
Costa Mesa	4	53,851	0	0	24,952	46.34%	25,224	46.84%	\$1.95	16,410	-126	16,164	0
Irvine	80	3,224,249	9,442	0	554,125	17.19%	624,445	19.37%	\$1.49	74,531	194,221	528,908	73,237
Newport Beach	23	568,795	49,439	0	14,008	2.46%	29,467	5.18%	\$2.01	13,585	2,115	11,560	77,034
Airport Area Total	107	3,846,895	58,881	0	593,085	15.42%	679,136	17.65%	\$1.62	104,526	196,210	556,632	150,271
South County													
Aliso Viejo	42	1,276,312	0	0	61,106	4.79%	171,184	13.41%	\$1.35	22,697	56,330	23,162	73,447
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	\$1.75	0	2,651	(4,461)	(1,540)
Foothill Ranch	1	47,659	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	71	3,107,132	109,450	0	559,188	18.00%	827,967	26.65%	\$1.38	(77,605)	138,986	56,797	3,926
Laguna Beach	2	18,454	0	9,382	0	0.00%	0	0.00%	\$0.00	0	808	4,679	(4,755)
Laguna Hills	13	449,087	0	0	57,600	12.83%	78,304	17.44%	\$1.13	(16,909)	(4,187)	31,919	41,060
Laguna Niguel	2	41,170	0	0	3,761	9.14%	3,761	9.14%	\$0.00	(2,123)	(1,638)	0	5,551
Lake Forest	28	1,153,943	18,000	0	211,694	18.35%	306,892	26.60%	\$0.95	57,233	56,549	189,955	133,889
Mission Viejo	28	401,842	0	96,230	35,369	8.80%	35,369	8.80%	\$1.90	18,972	33,299	(5,399)	(15,958)
Rancho Santa Margarita	3	111,829	25,000	0	9,304	8.32%	9,304	8.32%	\$2.10	1,788	16,755	10,113	32,276
San Clemente	7	162,010	0	19,456	84,541	52.18%	84,541	52.18%	\$2.25	3,443	(546)	26,800	10,828
San Juan Capistrano	14	302,289	0	0	1,300	0.43%	4,420	1.46%	\$0.00	1,382	18,266	69,594	37,711
South County Total	214	7,126,067	152,450	125,068	1,027,213	14.41%	1,525,092	21.40%	\$1.39	8,878	317,273	403,159	316,435
Orange County Total	414	13,280,406	284,731	167,768	1,962,405	14.78%	2,616,831	19.70%	\$1.40	146,919	598,775	1,007,306	668,914

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2004	Square Feet Available	Availability Rate 1Q2004	Average Asking Lease Rate	Net Absorption 1Q2004	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County													
0 to 29,999	26	383,568	23,400	12,700	31,010	8.08%	45,589	11.89%	\$1.01	(13,612)	4,357	14,865	38,803
30,000 to 49,999	5	211,362	0	30,000	10,529	4.98%	11,250	5.32%	\$1.08	(250)	(7,979)	3,815	80,144
50,000+	2	123,000	0	0	67,573	54.94%	67,573	54.94%	\$1.11	14,324	(54,046)	(17,484)	0
West County													
0 to 29,999	10	119,774	0	0	11,713	9.78%	12,493	10.43%	\$1.05	0	(8,370)	3,261	15,470
30,000 to 49,999	2	70,621	0	0	26,857	38.03%	26,857	38.03%	\$1.46	1,219	(28,076)	0	12,506
50,000+	3	200,206	0	0	41,181	20.57%	41,181	20.57%	\$1.40	21,790	0	0	106,835
Central County													
0 to 29,999	28	391,927	0	0	56,232	14.35%	73,788	18.83%	\$1.53	(16,257)	42,965	20,275	(4,413)
30,000 to 49,999	10	367,836	0	0	34,724	9.44%	66,392	18.05%	\$1.28	7,999	59,771	(24,047)	4,703
50,000+	7	439,150	50,000	0	62,288	14.18%	67,480	15.37%	\$1.24	18,302	76,670	46,830	(51,840)
Airport Area													
0 to 29,999	41	594,721	58,881	0	64,339	10.82%	83,516	14.04%	\$1.45	61,230	28,260	10,801	64,374
30,000 to 49,999	34	1,388,723	0	0	252,580	18.19%	274,567	19.77%	\$1.68	9,792	39,906	222,939	72,704
50,000+	32	1,863,451	0	0	276,166	14.82%	321,053	17.23%	\$1.53	33,504	128,044	322,892	13,193
South County													
0 to 29,999	94	1,527,305	152,450	64,618	260,815	17.08%	310,393	20.32%	\$1.35	(55,191)	115,367	166,949	24,815
30,000 to 49,999	75	3,003,442	0	60,450	367,408	12.23%	699,717	23.30%	\$1.40	9,327	89,519	29,825	70,091
50,000+	45	2,595,320	0	0	398,990	15.37%	514,982	19.84%	\$1.38	54,742	112,387	206,385	221,529
Orange County Total													
0 to 29,999	199	3,017,295	234,731	77,318	424,109	14.06%	525,779	17.43%	\$1.29	(23,830)	182,579	216,151	139,049
30,000 to 49,999	126	5,041,984	0	90,450	692,098	13.73%	1,078,783	21.40%	\$1.39	28,087	153,141	232,532	240,148
50,000+	89	5,221,127	50,000	0	846,198	16.21%	1,012,269	19.39%	\$1.44	142,662	263,055	558,623	289,717
Orange County Total	414	13,280,406	284,731	167,768	1,962,405	14.78%	2,616,831	19.70%	\$1.40	146,919	598,775	1,007,306	668,914

This survey consists of buildings up to 74,999 square feet. Lease rates are on a triple net basis.

FLEX MARKET REPORT

FIRST QUARTER 2004



To view available properties,
please visit:
www.voitco.com

SUBMARKETS

NORTH

Anaheim Hills, Brea, Buena Park, Fullerton, La Habra, Placentia and Yorba Linda

WEST

Cypress, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, Westminster

CENTRAL

Anaheim, Orange, Santa Ana and Tustin

AIRPORT

Costa Mesa, Irvine and Newport Beach

SOUTH

Aliso Viejo, Dana Point, Foothill Ranch, Irvine Spectrum, Laguna Beach, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente and San Juan Capistrano

PRODUCT TYPE

FLEX-TECH OR CORPORATE HEADQUARTER

Minimum 75% improved with drop ceiling, minimum parking ratio of 3.5 to 1, minimum of 3 elevations with full glassline, with ground level loading possible.

For Further Information:

ANAHEIM METRO OFFICE

3500 W. Orangewood Ave.
Orange, California 92868-1642
TEL: 714.978.7880
FAX: 714.978.9431

IRVINE OFFICE

18500 Von Karman Ave., Suite 150
Irvine, California 92612-0508
TEL: 949.851.5100
FAX: 949.261.9092



Real People. Real Solutions.