

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2004

Compared to
last quarter:

VACANCY



ABSORPTION



ACTIVITY



LEASE RATES



CONSTRUCTION



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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 added 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 just over 1/2 million square feet this quarter, which is less than the 766,851 million square feet that was under construction a year ago.
- ◆ The Industrial vacancy rate checked in at a rate of 5.82%, which is about the same as it was a year ago.
- ◆ The Industrial availability rate checked in at a rate of 8.51%, which almost 8% less than what was on the market a year ago.
- ◆ The average asking triple net lease rate checked in at .52 cents per square foot per month this quarter. This is a decrease of 3.7% when compared to a year ago and the same as last quarter.
- ◆ The level of activity was about the same during the first quarter of 2004 when compared to last quarter, checking in at 5.3 million square feet of activity. This is a sign of a healthy market.
- ◆ Net absorption for the county during the first quarter of 2004 posted a positive number of 496,555 square feet, giving the Industrial Market in Orange County a great start.

INDUSTRIAL MARKET STATISTICS

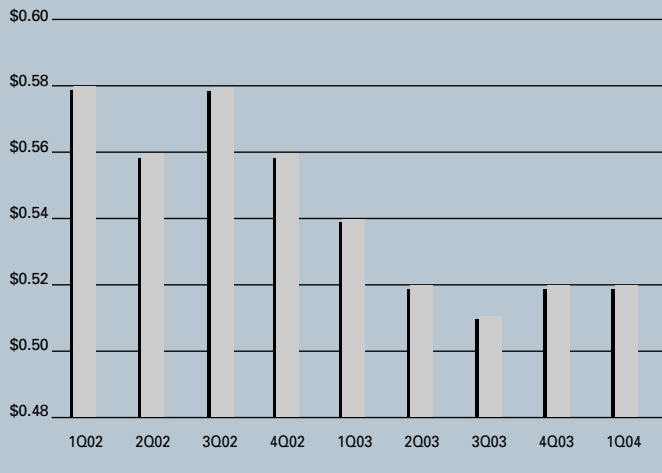
	1Q2004	4Q2003	1Q2003	% CHANGE VS. 1Q03
Under Construction	537,322	493,057	766,851	-29.93%
Planned Construction	1,117,507	1,089,314	3,630,539	-69.22%
Vacancy	5.82%	5.96%	5.90%	-1.36%
Availability	8.51%	8.32%	9.22%	-7.70%
Pricing	\$0.52	\$0.52	\$0.54	-3.70%
Activity	5,283,054	5,392,063	5,206,220	1.48%
Absorption	496,555	-459,539	1,487,985	N/A

VACANCY RATE

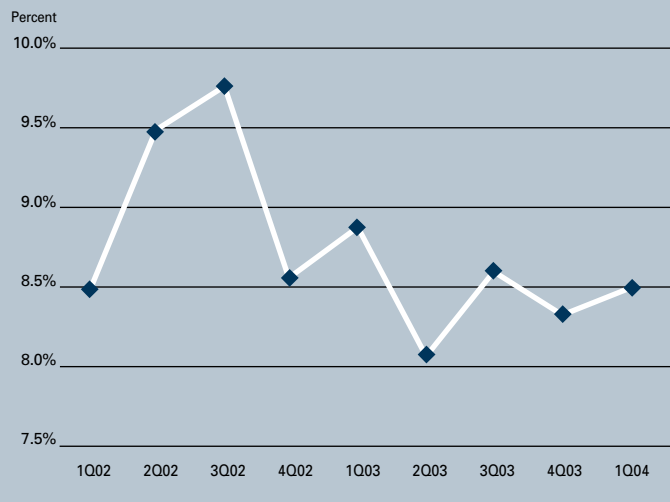


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR MANUFACTURING & DISTRIBUTION PRODUCT

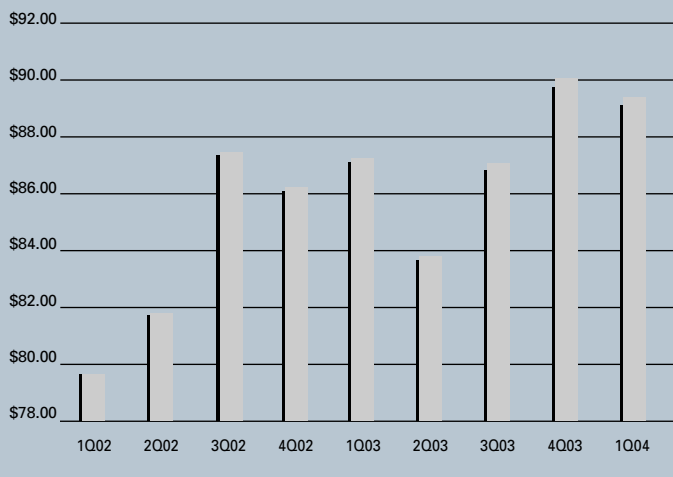


AVAILABILITY RATE

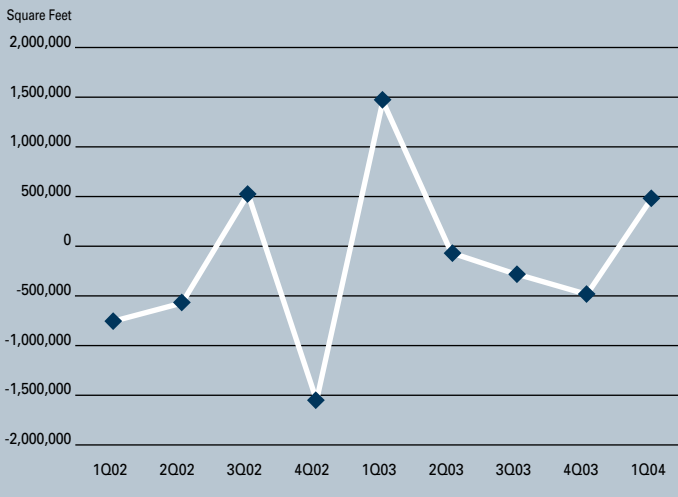


WEIGHTED AVERAGE ASKING SALES RATES

PER SQUARE FOOT FOR MANUFACTURING & DISTRIBUTION PRODUCT

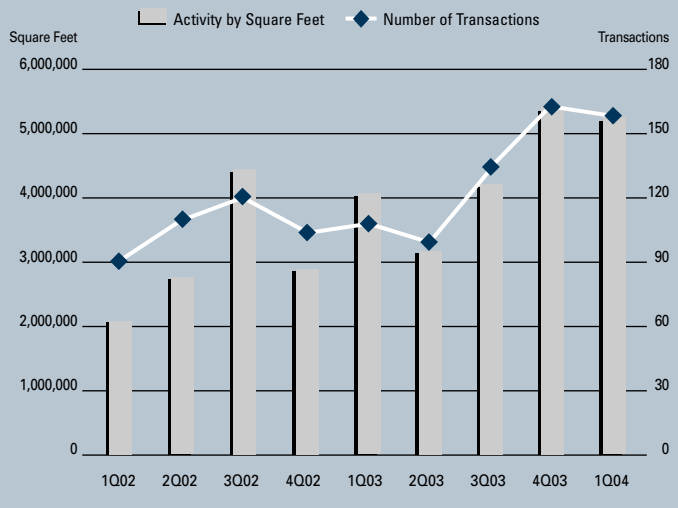


NET ABSORPTION



LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS

MANUFACTURING & DISTRIBUTION PRODUCT



ORANGE COUNTY

INVENTORY

VACANCY & PRICING

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	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
North County														
Anaheim	1,237	44,037,813	20,365	18,000	2,205,879	5.01%	3,213,524	7.30%	\$0.49	\$101.28	(175,139)	12,878	28	826,210
Brea	226	10,697,074	151,445	0	901,611	8.43%	947,507	8.86%	\$0.48	\$92.45	184,553	658,425	9	626,029
Buena Park	171	13,322,122	20,000	0	660,408	4.96%	1,321,185	9.92%	\$0.48	\$77.97	(290,916)	(262,682)	7	219,443
Fullerton	281	16,077,839	0	0	1,676,528	10.43%	1,806,577	11.24%	\$0.43	\$65.31	79,620	692,233	9	693,933
La Habra	84	2,262,243	0	0	148,142	6.55%	152,073	6.72%	\$0.48	\$0.00	(34,191)	(81,399)	1	18,876
Orange	429	11,519,642	0	0	327,467	2.84%	572,644	4.97%	\$0.50	\$93.55	50,067	122,668	10	163,619
Placentia	144	3,626,845	0	0	174,016	4.80%	205,919	5.68%	\$0.47	\$96.99	2,292	35,559	3	40,816
Yorba Linda	28	875,306	0	24,800	121,695	13.90%	145,907	16.67%	\$0.64	\$0.00	6,810	(155,937)	2	21,671
North County Total	2,600	102,418,884	191,810	42,800	6,215,746	6.07%	8,365,336	8.17%	\$0.47	\$79.55	(176,904)	1,021,745	69	2,610,597
West County														
Cypress	47	3,249,087	0	0	66,436	2.04%	338,387	10.41%	\$0.64	\$94.80	(43,573)	57,388	3	150,296
Garden Grove	289	10,857,991	0	0	478,221	4.40%	662,307	6.10%	\$0.52	\$73.60	(41,966)	30,080	8	418,897
Huntington Beach	431	11,868,959	109,650	214,037	251,692	2.12%	429,474	3.62%	\$0.61	\$117.49	51,822	8,143	13	342,300
La Palma	14	1,709,621	0	0	126,119	7.38%	401,250	23.47%	\$0.39	\$0.00	0	(51,119)	1	70,200
Los Alamitos	72	1,966,752	0	0	129,338	6.58%	129,338	6.58%	\$0.55	\$65.37	22,598	(137,684)	0	0
Stanton	57	1,102,501	0	10,200	23,168	2.10%	23,168	2.10%	\$0.00	\$0.00	70,171	(5,175)	2	80,771
Westminster	57	1,767,259	0	0	44,643	2.53%	164,643	9.32%	\$0.45	\$105.00	20,474	33,820	0	0
West County Total	967	32,522,170	109,650	224,237	1,119,617	3.44%	2,148,567	6.61%	\$0.55	\$80.89	79,526	(80,833)	27	1,062,464
Airport Area														
Costa Mesa	203	6,365,718	0	0	176,195	2.77%	357,134	5.61%	\$0.64	\$110.81	83,876	145,957	7	115,219
Fountain Valley	136	3,276,487	0	212,000	92,909	2.84%	124,389	3.80%	\$0.67	\$0.00	119,042	-65,868	7	104,879
Irvine	315	14,085,283	67,835	20,000	1,259,435	8.94%	1,686,834	11.98%	\$0.61	\$105.70	66,370	453,285	13	373,039
Newport Beach	20	676,009	0	0	2,600	0.38%	10,791	1.60%	\$0.00	\$0.00	5,000	-7,600	0	0
Santa Ana	879	26,748,682	0	33,196	1,686,786	6.31%	2,263,815	8.46%	\$0.53	\$92.46	64,221	104,305	18	440,500
Tustin	85	4,299,138	114,500	182,233	288,220	6.70%	532,448	12.38%	\$0.57	\$93.01	309,124	-1,345,430	2	28,980
Airport Area Total	1,638	55,451,317	182,335	447,429	3,506,145	6.32%	4,975,411	8.97%	\$0.58	\$99.30	647,633	(715,351)	47	1,062,617
South County														
Aliso Viejo	11	701,725	0	0	13,136	1.87%	26,816	3.82%	\$0.00	\$0.00	15,186	-28,322	1	14,640
Foothill Ranch	38	2,858,200	0	136,616	248,833	8.71%	548,975	19.21%	\$0.49	\$0.00	133,323	-296,044	2	244,660
Irvine Spectrum	138	7,008,289	0	206,333	479,153	6.84%	982,385	14.02%	\$0.55	\$123.20	-84,438	94,780	5	110,741
Laguna Hills	68	1,246,418	0	0	73,170	5.87%	76,230	6.12%	\$0.00	\$160.00	17,051	-66,299	0	0
Laguna Niguel	19	516,609	0	0	8,880	1.72%	8,880	1.72%	\$0.00	\$0.00	-4,800	-2,480	0	0
Lake Forest	128	3,567,345	0	0	270,445	7.58%	403,044	11.30%	\$0.68	\$115.00	-27,213	180,822	0	0
Mission Viejo	25	955,052	0	0	155,105	16.24%	156,833	16.42%	\$0.00	\$139.50	-140,710	12,145	6	137,973
Rancho Santa Margarita	34	1,008,969	0	0	13,772	1.36%	47,549	4.71%	\$0.00	\$129.00	21,184	45,986	1	12,028
San Clemente	47	1,208,454	53,527	60,092	101,786	8.42%	115,652	9.57%	\$0.65	\$119.39	5,017	116,605	0	0
San Juan Capistrano	32	838,184	0	0	41,171	4.91%	41,171	4.91%	\$0.65	\$0.00	11,700	43,888	1	27,334
South County Total	540	19,909,245	53,527	403,041	1,405,451	7.06%	2,407,535	12.09%	\$0.55	\$125.61	(53,700)	101,081	16	547,376
Orange County Total	5,745	210,301,616	537,322	1,117,507	12,246,959	5.82%	17,896,849	8.51%	\$0.52	\$89.36	496,555	326,642	159	5,283,054

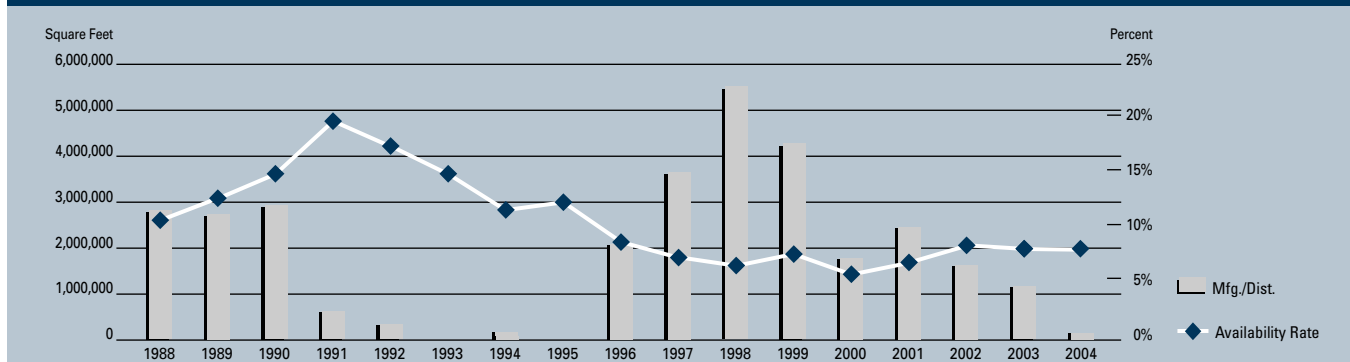
INVENTORY

VACANCY & PRICING

ABSORPTION

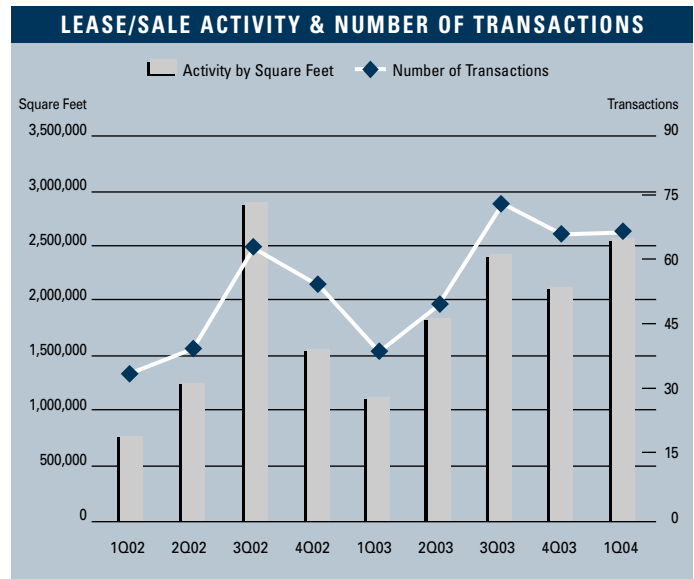
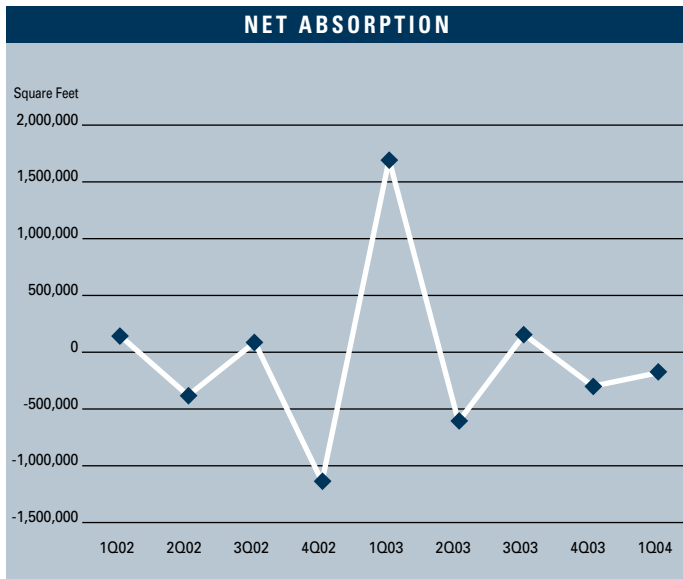
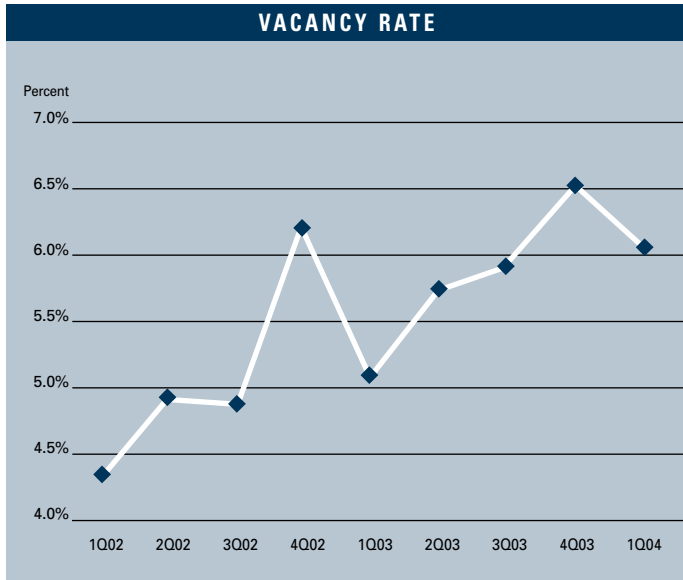
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2004	Square Feet Available	Availability Rate 1Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
O.C. Totals														
10,000-19,999	2,897	39,956,853	17,242	197,309	1,599,843	4.00%	2,056,635	5.15%	\$0.61	\$122.11	173,578	-208,631	85	1,134,686
20,000-29,999	1,149	27,158,498	216,256	186,226	1,433,523	5.28%	1,755,374	6.46%	\$0.60	\$104.57	89,917	-71,271	29	689,268
30,000-39,999	467	15,778,128	32,850	238,774	1,160,701	7.36%	1,392,092	8.82%	\$0.59	\$95.18	-109,487	8,521	15	538,008
40,000-49,999	308	13,436,917	46,824	0	661,450	4.92%	959,388	7.14%	\$0.54	\$94.81	252,382	-42,568	7	319,240
50,000-74,999	368	22,063,422	0	104,527	790,202	3.58%	1,524,580	6.91%	\$0.53	\$84.25	231,499	238,634	9	570,389
75,000-99,999	177	15,036,079	0	0	1,164,318	7.74%	1,657,583	11.02%	\$0.51	\$81.14	-153,044	446,305	3	250,715
100,000-149,999	189	22,197,470	224,150	0	1,905,972	8.59%	2,666,866	12.01%	\$0.49	\$74.93	55,318	284,114	6	739,160
150,000-199,999	62	10,578,147	0	178,671	938,762	8.87%	1,902,923	17.99%	\$0.42	\$68.00	107,599	192,986	3	538,793
200,000-299,999	72	17,129,446	0	212,000	1,702,208	9.94%	2,335,082	13.63%	\$0.39	\$58.22	-172,977	456,511	2	502,795
300,000+	56	26,965,656	0	0	889,980	3.30%	1,646,326	6.11%	\$0.45	\$0.00	21,770	-977,959	0	0
Total	5,745	210,301,616	537,322	1,117,507	12,246,959	5.82%	17,896,849	8.51%	\$0.52	\$89.36	496,555	326,642	159	5,283,054

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

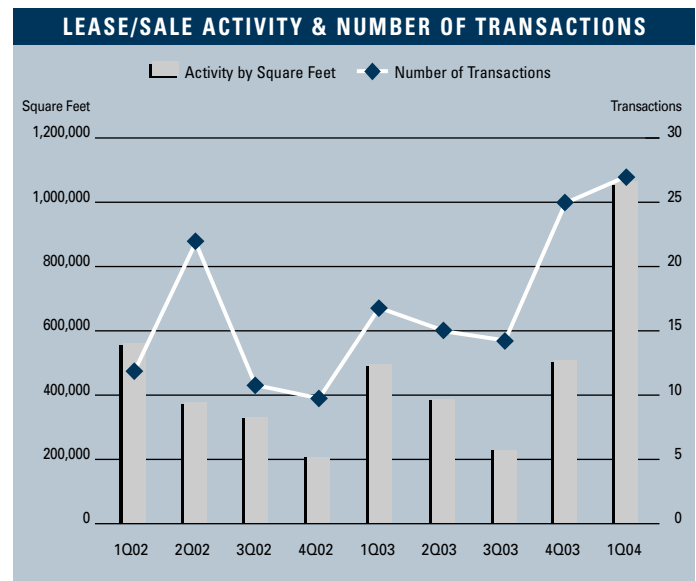
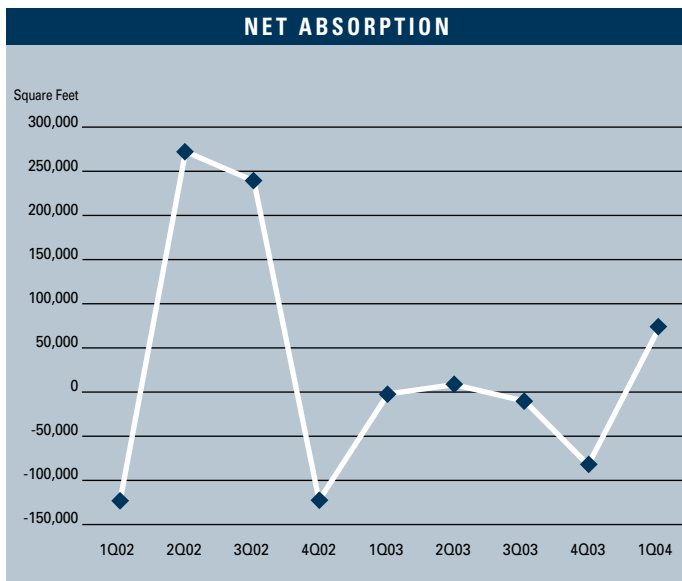
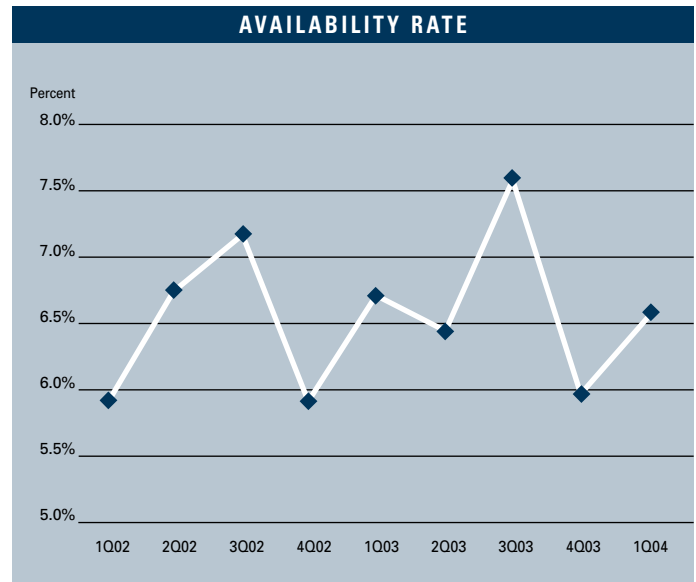
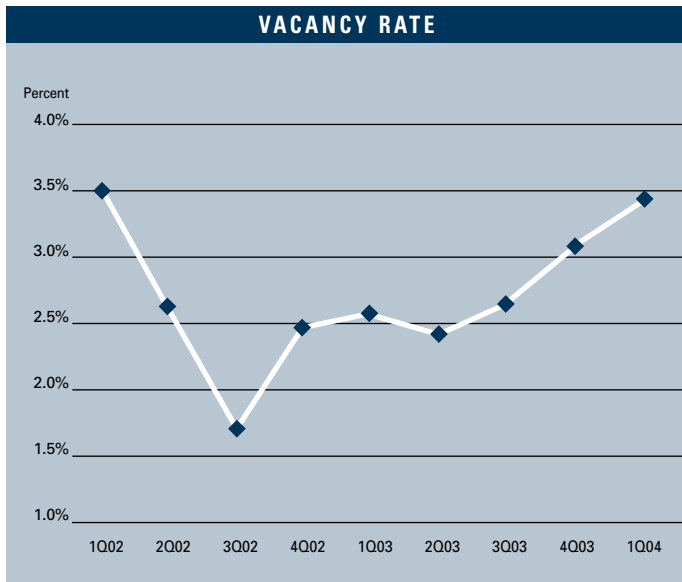
The North Orange County Industrial Market consists of 2,600 buildings totaling 102,418,884 square feet, and currently has an availability rate of 8.17%, which shows a decrease from last quarter's 8.43% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
North Totals	1,277	17,592,601	17,242	18,000	633,870	3.60%	777,929	4.42%	\$0.54	\$105.65	45,950	-124,284	38	527,155
10,000-19,999	1,277	17,592,601	17,242	18,000	633,870	3.60%	777,929	4.42%	\$0.54	\$105.65	45,950	-124,284	38	527,155
20,000-29,999	505	11,904,330	174,568	24,800	646,857	5.43%	838,981	7.05%	\$0.55	\$90.83	32,197	-24,167	9	214,790
30,000-39,999	222	7,510,458	0	0	547,778	7.29%	627,969	8.36%	\$0.50	\$90.89	-28,291	71,542	8	286,536
40,000-49,999	144	6,259,218	0	0	266,477	4.26%	371,127	5.93%	\$0.48	\$0.00	134,202	51,081	4	181,285
50,000-74,999	173	10,369,199	0	0	433,478	4.18%	582,385	5.62%	\$0.46	\$83.42	117,391	56,821	2	115,779
75,000-99,999	79	6,716,664	0	0	660,202	9.83%	741,494	11.04%	\$0.50	\$84.44	-39,202	38,346	1	82,544
100,000-149,999	96	11,291,002	0	0	955,810	8.47%	1,165,256	10.32%	\$0.46	\$66.40	-69,563	246,133	4	519,173
150,000-199,999	32	5,525,001	0	0	516,774	9.35%	1,109,840	20.09%	\$0.42	\$0.00	89,880	25,384	1	180,540
200,000-299,999	41	9,738,719	0	0	1,375,882	14.13%	1,375,882	14.13%	\$0.39	\$0.00	-72,777	146,135	2	502,795
300,000+	31	15,511,692	0	0	178,618	1.15%	774,473	4.99%	\$0.45	\$0.00	-386,691	534,754	0	0
Total	2,600	102,418,884	191,810	42,800	6,215,746	6.07%	8,365,336	8.17%	\$0.47	\$79.55	-176,904	1,021,745	69	2,610,597

WEST ORANGE COUNTY

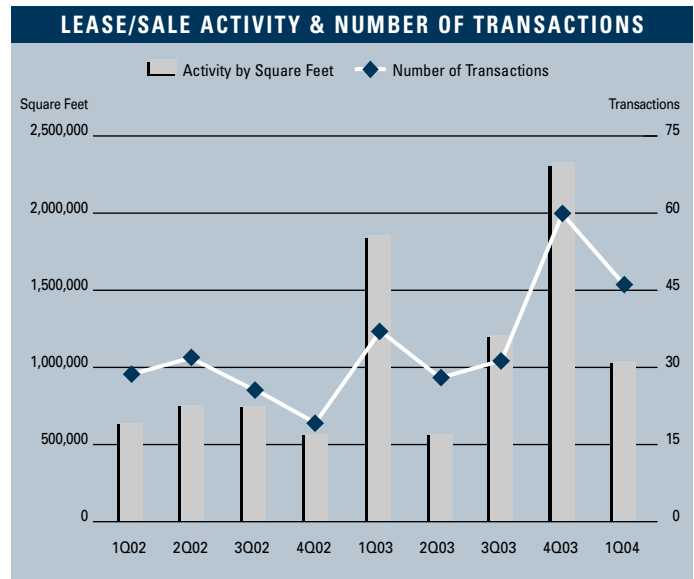
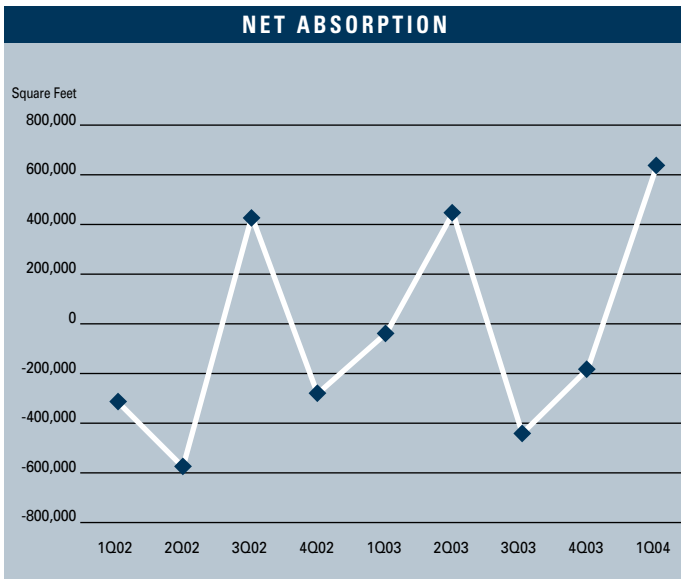
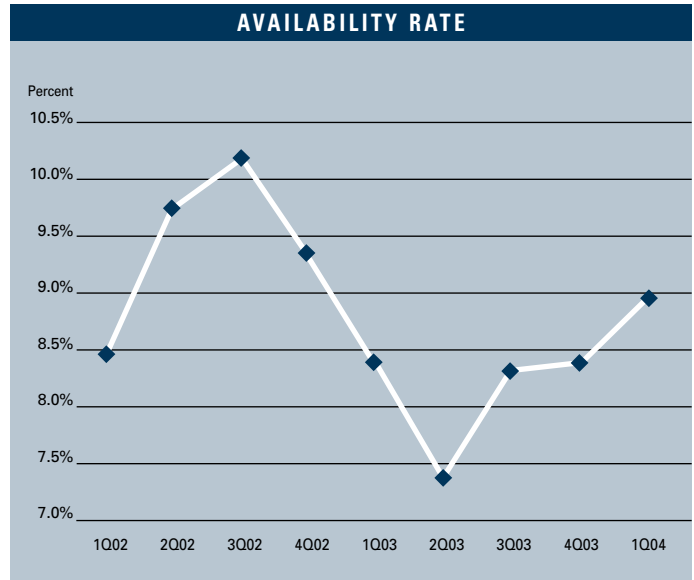
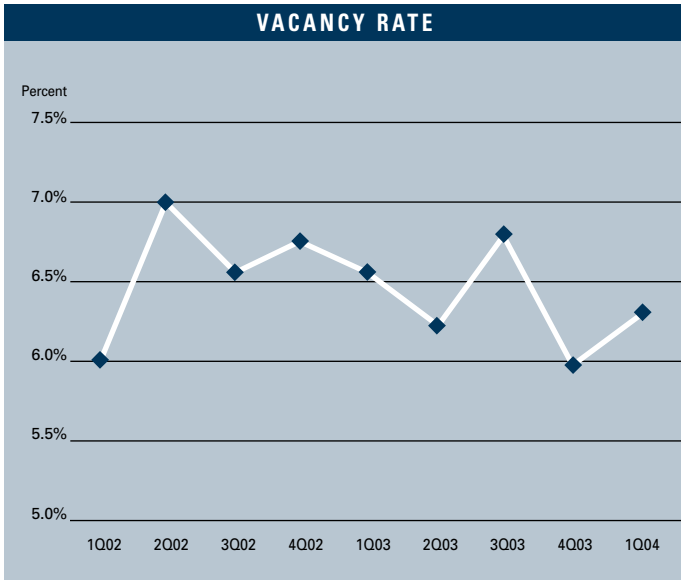
The West Orange County Industrial Market consists of 967 buildings totaling 32,522,170 square feet, and currently has an availability rate of 6.61%, which shows an increase from last quarter's 6.00% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
West Totals	967	32,522,170	109,650	224,237	1,119,617	3.44%	2,148,567	6.61%	\$0.55	\$80.89	79,526	-80,833	27	1,062,464
10,000-19,999	550	7,345,333	0	10,200	238,133	3.24%	322,947	4.40%	\$0.61	\$125.24	21,501	-63,543	9	104,140
20,000-29,999	180	4,252,922	0	0	191,622	4.51%	216,952	5.10%	\$0.73	\$81.34	15,222	-61,016	6	140,619
30,000-39,999	53	1,801,935	0	35,366	125,371	6.96%	166,296	9.23%	\$0.77	\$104.00	-21,959	33,558	3	110,067
40,000-49,999	52	2,281,613	0	0	128,697	5.64%	180,605	7.92%	\$0.52	\$94.81	51,733	-36,259	2	91,196
50,000-74,999	55	3,265,237	0	0	22,568	0.69%	214,262	6.56%	\$0.64	\$87.26	115,942	46,371	5	318,189
75,000-99,999	27	2,275,665	0	0	178,006	7.82%	311,295	13.68%	\$0.00	\$68.00	-124,973	76,336	0	0
100,000-149,999	21	2,462,982	109,650	0	154,101	6.26%	288,811	11.73%	\$0.46	\$0.00	22,060	-96,161	1	110,000
150,000-199,999	11	1,791,276	0	178,671	0	0.00%	115,000	6.42%	\$0.00	\$68.00	0	0	1	188,253
200,000-299,999	12	2,958,387	0	0	81,119	2.74%	332,399	11.24%	\$0.00	\$58.22	0	-81,119	0	0
300,000+	6	4,086,820	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	101,000	0	0

AIRPORT AREA

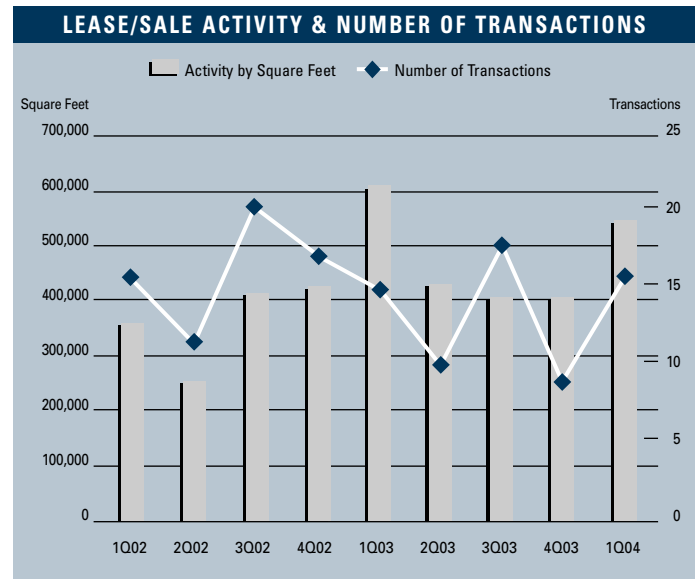
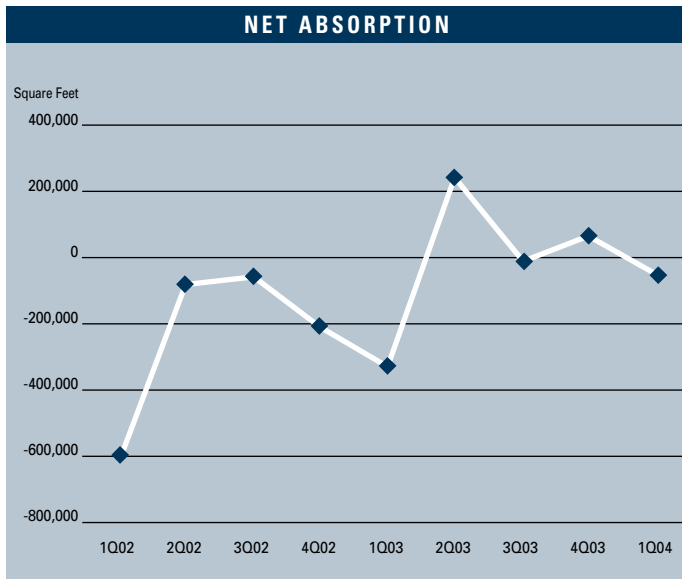
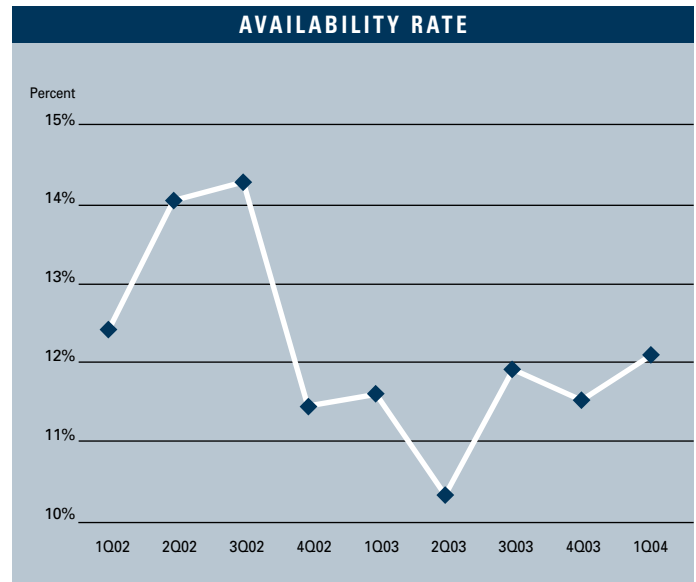
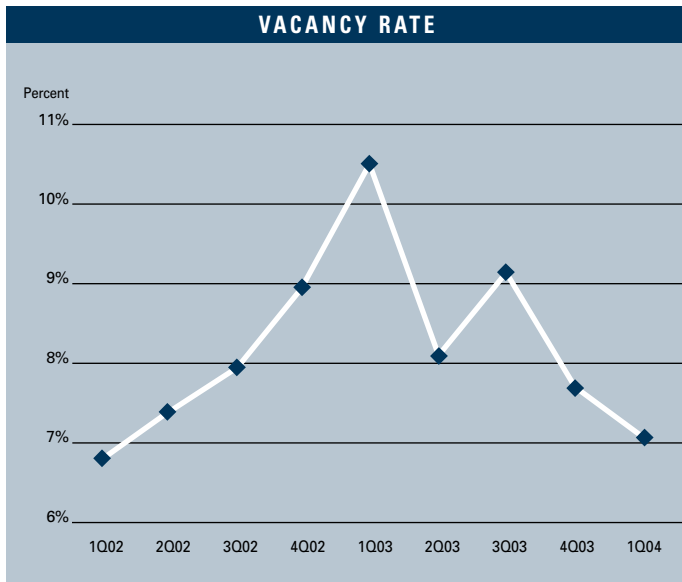
The Airport Area of the Orange County Industrial Market consists of 1,638 buildings totaling 55,451,317 square feet, and currently has an availability rate of 8.97%, which shows an increase from last quarter's 8.37% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
Airport Totals	1,638	55,451,317	182,335	447,429	3,506,145	6.32%	4,975,411	8.97%	\$0.58	\$99.30	647,633	-715,351	47	1,062,617
10,000-19,999	796	11,104,520	0	0	447,027	4.03%	589,455	5.31%	\$0.61	\$129.23	63,134	-52,182	30	398,766
20,000-29,999	350	8,294,136	21,011	64,110	359,367	4.33%	412,481	4.97%	\$0.63	\$125.54	58,900	-108,448	10	235,292
30,000-39,999	152	5,122,331	0	171,319	295,754	5.77%	406,029	7.93%	\$0.63	\$91.05	-63,981	-30,244	3	103,642
40,000-49,999	86	3,743,060	46,824	0	227,684	6.08%	369,064	9.86%	\$0.65	\$94.81	75,162	-146,639	1	46,759
50,000-74,999	110	6,602,466	0	0	250,307	3.79%	523,682	7.93%	\$0.54	\$80.00	43,564	95,135	0	0
75,000-99,999	55	4,702,707	0	0	204,416	4.35%	481,372	10.24%	\$0.59	\$87.47	94,053	354,904	2	168,171
100,000-149,999	49	5,720,071	114,500	0	620,022	10.84%	904,760	15.82%	\$0.56	\$86.92	109,987	110,365	1	109,987
150,000-199,999	14	2,397,545	0	0	421,988	17.60%	608,988	25.40%	\$0.00	\$0.00	86,814	61,305	0	0
200,000-299,999	14	3,375,191	0	212,000	191,913	5.69%	191,913	5.69%	\$0.00	\$0.00	-70,000	379,300	0	0
300,000+	12	4,389,290	0	0	487,667	11.11%	487,667	11.11%	\$0.44	\$0.00	250,000	-1,378,847	0	0

SOUTH ORANGE COUNTY

The South Orange County Industrial Market consists of 540 buildings totaling 19,909,245 square feet, and currently has an availability rate of 12.09%, which shows an increase from last quarter's 11.50% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 1Q2004	Net Absorption 2003	Number of Transactions	Gross Absorption 1Q2004
South Totals														
10,000-19,999	274	3,914,399	0	169,109	280,813	7.17%	366,304	9.36%	\$0.76	\$127.11	42,993	31,378	8	104,625
20,000-29,999	114	2,707,110	20,677	97,316	235,677	8.71%	286,960	10.60%	\$0.66	\$129.20	-16,402	122,360	4	98,567
30,000-39,999	40	1,344,404	32,850	32,089	191,798	14.27%	191,798	14.27%	\$0.64	\$112.50	4,744	-66,335	1	37,763
40,000-49,999	26	1,153,026	0	0	38,592	3.35%	38,592	3.35%	\$0.55	\$0.00	-8,715	89,249	0	0
50,000-74,999	30	1,826,520	0	104,527	83,849	4.59%	204,251	11.18%	\$0.54	\$0.00	-45,398	40,307	2	136,421
75,000-99,999	16	1,341,043	0	0	121,694	9.07%	123,422	9.20%	\$0.57	\$0.00	-82,922	-23,281	0	0
100,000-149,999	23	2,723,415	0	0	176,039	6.46%	308,039	11.31%	\$0.53	\$0.00	-7,166	23,777	0	0
150,000-199,999	5	864,325	0	0	0	0.00%	69,095	7.99%	\$0.00	\$0.00	-69,095	106,297	1	170,000
200,000-299,999	5	1,057,149	0	0	53,294	5.04%	434,888	41.14%	\$0.39	\$0.00	-30,200	12,195	0	0
300,000+	7	2,977,854	0	0	223,695	7.51%	384,186	12.90%	\$0.00	\$0.00	158,461	-234,866	0	0
Total	540	19,909,245	53,527	403,041	1,405,451	7.06%	2,407,535	12.09%	\$0.55	\$125.61	-53,700	101,081	16	547,376

