

R & D MARKET REPORT

FIRST
QUARTER
2004

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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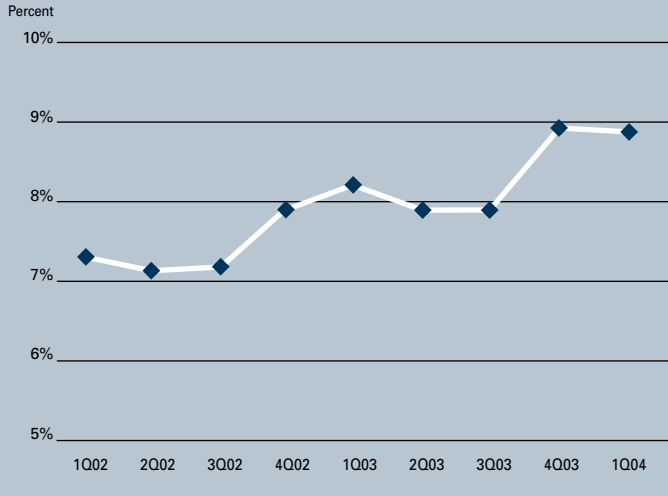
MARKET HIGHLIGHTS

- ◆ 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 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 396,042 square feet for the first quarter of 2004, which is about 125,000 square feet more than the amount that was under construction in the fourth quarter of 2003.
- ◆ The R&D vacancy rate checked in at healthy 8.90%, which is higher than it was a year ago when it was 8.22%. This lack of supply is creating a lot of constrained demand for R&D space in Orange County.
- ◆ The total amount of R&D space available in Orange County, which includes both direct and sublease space, is lower than it was a year ago; 11.81% this quarter as compared to 13.06% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$0.85, which is a 2.41% increase over last year's first quarter rate of \$0.83.
- ◆ Net absorption for the R&D market this first quarter posted a negative number of 258,144 square feet.

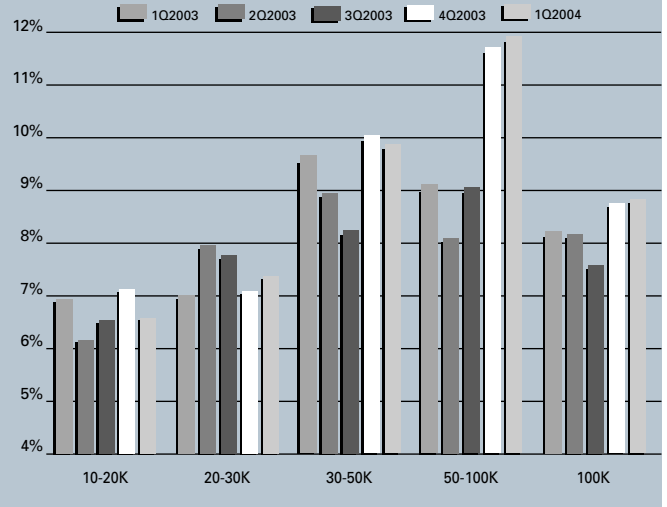
R&D MARKET STATISTICS

	1Q2004	4Q2003	1Q2003	% CHANGE VS. 1Q03
Under Construction	396,042	271,600	250,009	58.41%
Planned Construction	336,026	505,608	462,487	-27.34%
Vacancy	8.90%	8.96%	8.22%	8.27%
Availability	11.81%	13.10%	13.06%	-9.57%
Pricing	\$0.85	\$0.89	\$0.83	2.41%
Net Absorption	-258,144	-144,045	-352,939	44.39%

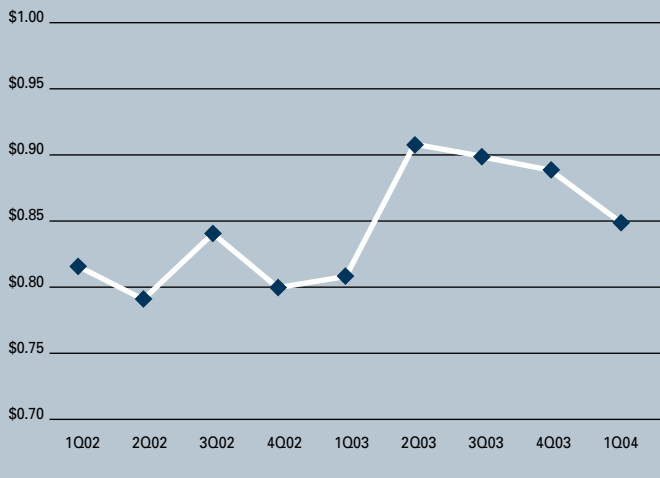
VACANCY RATE



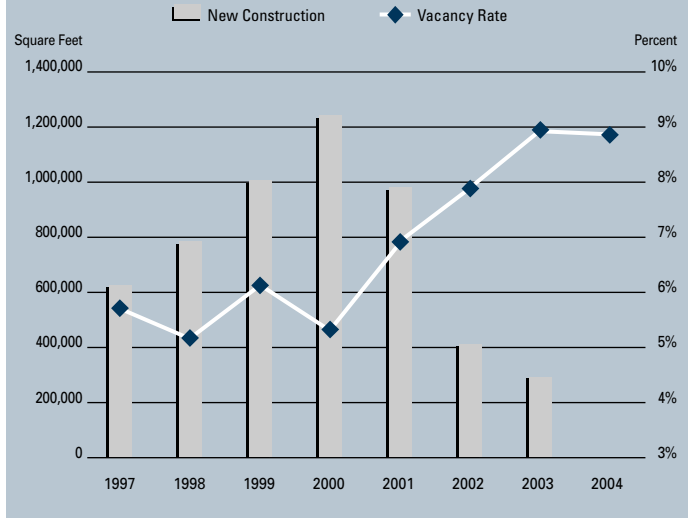
R&D VACANCY RATE



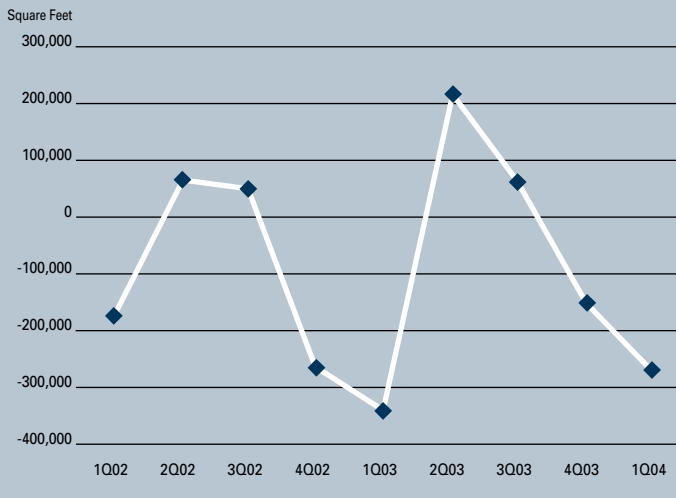
AVERAGE ASKING TRIPLE NET LEASE RATE



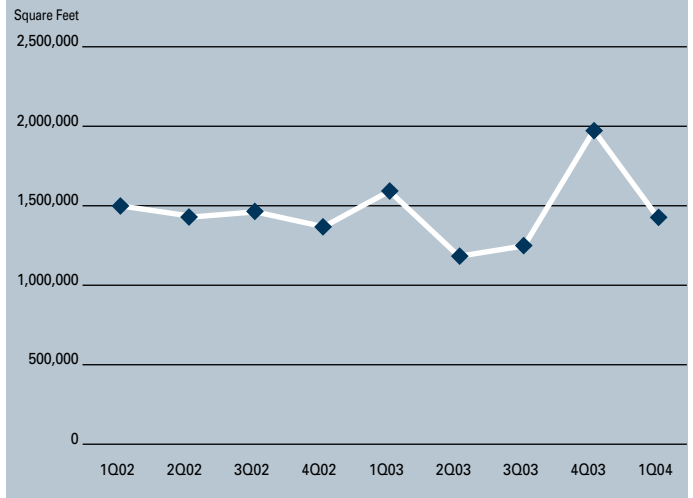
ANNUAL R&D NEW CONSTRUCTION VS. VACANCY RATE



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	7	292,180	0	0	38,021	13.01%	66,539	22.77%	\$0.99	(4,645)	5,276	(35,105)	17,615
Anaheim	154	4,385,355	0	0	401,718	9.16%	471,441	10.75%	\$0.71	(24,180)	(129,475)	81,200	(48,159)
Brea	39	970,264	0	0	54,851	5.65%	54,851	5.65%	\$0.64	3,404	(21,197)	(13,303)	(24,665)
Buena Park	25	937,115	0	0	31,704	3.38%	218,414	23.31%	\$0.62	28,830	(22,150)	(88,848)	24,243
Fullerton	36	1,547,442	0	0	45,300	2.93%	92,494	5.98%	\$0.75	(7,392)	18,049	(8,974)	2,426
La Habra	7	107,089	0	0	1,596	1.49%	1,596	1.49%	\$0.85	0	(1,596)	2,732	20,137
Orange	94	1,898,774	0	0	69,717	3.67%	105,719	5.57%	\$0.70	(7,294)	8,984	(42,982)	104,249
Placentia	19	546,334	0	0	31,246	5.72%	31,246	5.72%	\$0.55	11,060	(9,098)	(1,562)	(7,863)
Yorba Linda	55	1,430,599	0	0	42,598	2.98%	42,598	2.98%	\$0.82	13,052	15,386	1,061	(27,295)
North County Total	436	12,115,152	0	0	716,751	5.92%	1,084,898	8.95%	\$0.70	12,835	(135,821)	(105,781)	60,688
West County													
Cypress	54	3,296,743	36,091	0	430,595	13.06%	489,695	14.85%	\$0.77	(97,181)	24,413	30,675	98,038
Fountain Valley	47	1,354,051	0	0	79,062	5.84%	87,845	6.49%	\$1.00	536	2,149	19,136	(13,977)
Garden Grove	69	1,916,820	0	0	146,941	7.67%	165,548	8.64%	\$0.74	50,560	157,840	(166,070)	(147,200)
Huntington Beach	86	2,204,991	0	0	59,942	2.72%	91,356	4.14%	\$0.81	5,899	7,881	56,995	(112,591)
La Palma	7	272,981	0	0	0	0.00%	12,783	4.68%	\$0.92	15,508	(7,040)	(6,782)	13,401
Los Alamitos	30	647,470	0	0	10,019	1.55%	27,171	4.20%	\$0.75	20,005	(22,574)	13,606	39,307
Stanton	6	156,045	0	0	14,420	9.24%	14,420	9.24%	\$0.00	0	(5,261)	875	4,040
Westminster	19	519,409	0	0	80,071	15.42%	80,071	15.42%	\$0.56	1,634	(3,614)	393	143,056
West County Total	318	10,368,510	36,091	0	821,050	7.92%	968,889	9.34%	\$0.76	(3,039)	153,794	(51,172)	24,074
Airport Area													
Costa Mesa	162	4,120,428	0	0	706,587	17.15%	863,399	20.95%	\$0.82	(214,676)	(103,912)	(192,471)	(130,238)
Irvine	307	8,349,296	0	22,269	929,806	11.14%	1,144,445	13.71%	\$0.89	(97,688)	100,248	283,931	(283,181)
Newport Beach	22	789,058	0	0	21,369	2.71%	21,369	2.71%	\$1.05	(4,570)	(2,642)	(625)	(6,777)
Santa Ana	160	4,341,165	271,600	0	502,447	11.57%	395,556	9.11%	\$1.13	(64,534)	(226,633)	(32,189)	(51,016)
Tustin	97	3,519,923	0	0	239,689	6.81%	382,778	10.87%	\$0.66	(40,528)	197,088	104,757	(192,500)
Airport Area Total	748	21,119,870	271,600	22,269	2,399,898	11.36%	2,807,547	13.29%	\$0.85	(421,996)	(35,851)	163,503	(663,712)
South County													
Aliso Viejo	41	1,083,324	0	0	109,625	10.12%	142,894	13.19%	\$0.98	(18,739)	(63,177)	4,664	(4,525)
Foothill Ranch	6	133,348	0	0	0	0.00%	0	0.00%	\$0.00	0	10,261	32,257	(16,818)
Irvine Spectrum	222	9,257,417	88,351	0	946,207	10.22%	1,852,338	20.01%	\$0.93	166,808	(287,912)	(307,316)	(74,817)
Laguna Beach	2	30,800	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Laguna Hills	50	1,057,721	0	0	47,093	4.45%	58,151	5.50%	\$0.90	12,140	(28,457)	(4,262)	(4,966)
Laguna Niguel	13	424,824	0	0	32,258	7.59%	35,078	8.26%	\$0.97	6,458	(21,509)	(16,176)	8,617
Lake Forest	54	1,837,460	0	223,757	112,390	6.12%	129,940	7.07%	\$1.01	(16,326)	97,112	(35,346)	39,774
Mission Viejo	33	654,099	0	0	65,082	9.95%	65,082	9.95%	\$0.92	(6,984)	(35,114)	11,435	(7,032)
Rancho Santa Margarita	54	1,837,460	0	0	110,683	6.02%	0	0.00%	\$0.95	18,596	132,149	(83,713)	102,758
San Clemente	43	997,208	0	90,000	98,325	9.86%	101,375	10.17%	\$0.80	(8,062)	43,843	82,273	(14,671)
San Juan Capistrano	37	539,079	0	0	8,802	1.63%	11,302	2.10%	\$1.00	165	6,274	22,858	414
South County Total	555	17,852,740	88,351	313,757	1,530,465	8.57%	2,396,160	13.42%	\$0.94	154,056	(146,530)	(293,326)	28,734
Orange County Total	2,057	61,456,272	396,042	336,026	5,468,164	8.90%	7,257,494	11.81%	\$0.85	-258,144	-164,408	-286,776	-550,216

INVENTORY

VACANCY & LEASE RATES

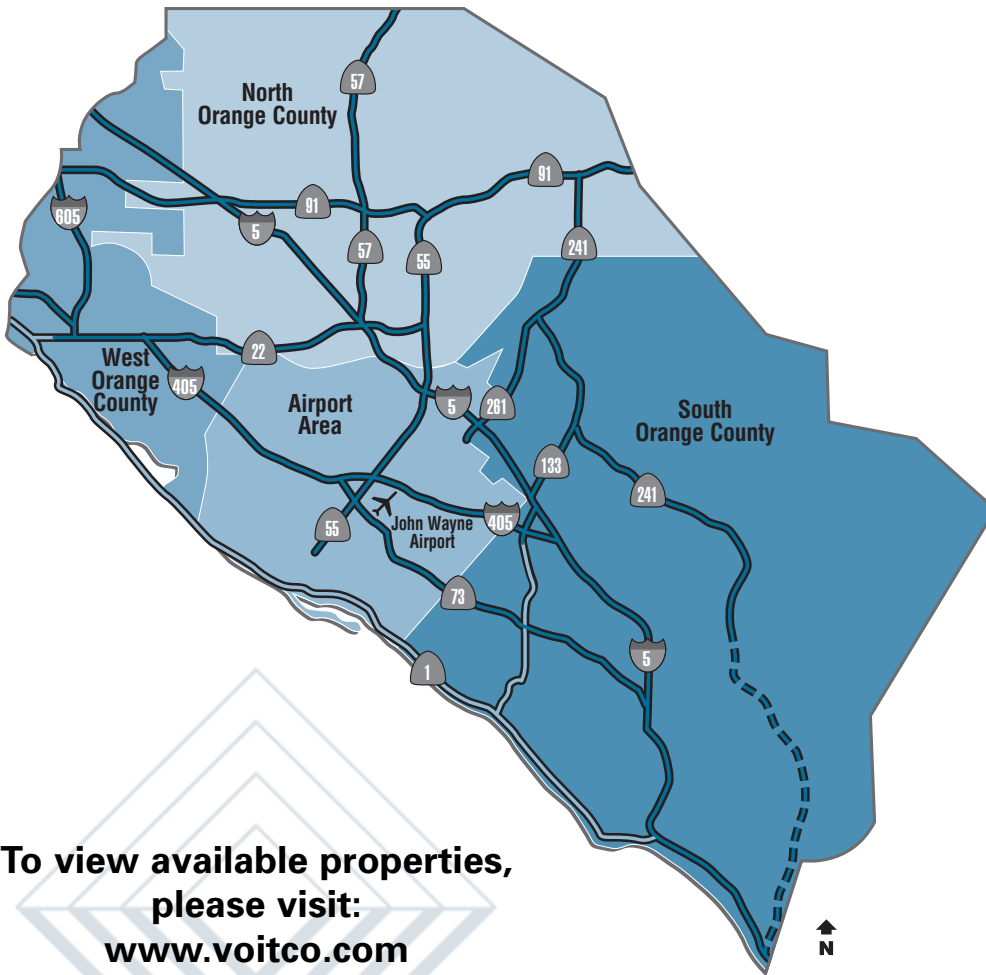
ABSORPTION

	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													
10,000 to 19,999	223	3,081,867	0	0	120,767	3.92%	120,767	3.92%	\$0.68	34,572	(51,411)	49,391	(8,575)
20,000 to 29,999	98	2,361,058	0	0	114,944	4.87%	119,621	5.07%	\$0.86	13,207	2,888	(7,293)	26,924
30,000 to 49,999	77	2,826,618	0	0	215,478	7.62%	231,573	8.19%	\$0.70	(47,339)	69,252	(90,420)	(107,049)
50,000 to 99,999	27	1,834,480	0	0	90,553	4.94%	141,846	7.73%	\$0.66	12,395	(25,955)	(59,518)	143,995
100,000+	11	2,011,129	0	0	175,009	8.70%	471,091	23.42%	\$0.71	0	(130,595)	2,059	5,393
West County													
10,000 to 19,999	147	2,073,504	0	0	104,837	5.06%	104,837	5.06%	\$0.89	30,030	17,308	(40,895)	(461)
20,000 to 29,999	71	1,687,984	0	0	94,726	5.61%	143,465	8.50%	\$0.76	(13,873)	7,872	26,051	(50,093)
30,000 to 49,999	51	1,890,490	36,091	0	132,292	7.00%	132,292	7.00%	\$0.78	(40)	81,007	(30,019)	(61,311)
50,000 to 99,999	37	2,388,219	0	0	389,195	16.30%	488,295	20.45%	\$0.72	(19,156)	47,607	(7,902)	67,404
100,000+	12	2,328,313	0	0	100,000	4.29%	100,000	4.29%	\$0.74	0	0	1,593	68,535
Airport Area													
10,000 to 19,999	374	5,363,787	0	0	398,895	7.44%	409,175	7.63%	\$0.85	(79,058)	(17,480)	140,982	(167,172)
20,000 to 29,999	175	4,137,803	54,224	22,269	354,771	8.57%	360,207	8.71%	\$1.00	(10,520)	111,943	(75,257)	(64,201)
30,000 to 49,999	118	4,464,500	153,775	0	508,172	11.38%	539,869	12.09%	\$0.87	(59,561)	(76,617)	33,370	(153,125)
50,000 to 99,999	56	3,559,157	63,601	0	799,940	22.48%	1,160,176	32.60%	\$0.85	(219,772)	(37,285)	(68,123)	(119,548)
100,000+	25	3,594,623	0	0	338,120	9.41%	338,120	9.41%	\$0.75	(53,085)	(16,412)	132,531	(159,666)
South County													
10,000 to 19,999	242	3,544,295	0	17,000	321,497	9.07%	321,908	9.08%	\$0.95	55,751	8,380	37,102	(53,852)
20,000 to 29,999	136	3,244,046	0	68,507	281,324	8.67%	317,668	9.79%	\$1.00	17,598	9,036	(33,815)	21,457
30,000 to 49,999	102	3,822,087	88,351	138,250	429,387	11.23%	765,928	20.04%	\$0.95	(56,033)	866	(135,592)	71,666
50,000 to 99,999	56	4,139,247	0	90,000	142,012	3.43%	546,846	13.21%	\$0.99	129,923	(84,976)	(84,274)	(34,372)
100,000+	19	3,103,065	0	0	356,245	11.48%	443,810	14.30%	\$1.05	6,817	(79,836)	(76,747)	23,835
Orange County Total													
10,000 to 19,999	986	14,063,453	0	17,000	945,996	6.73%	956,687	6.80%	\$0.00	41,295	(43,203)	186,580	(230,060)
20,000 to 29,999	480	11,430,891	54,224	90,776	845,765	7.40%	940,961	8.23%	\$1.00	6,412	131,739	(90,314)	(65,913)
30,000 to 49,999	348	13,003,695	278,217	138,250	1,285,329	9.88%	1,669,662	12.84%	\$0.00	(162,973)	74,508	(222,661)	(249,819)
50,000 to 99,999	176	11,921,103	63,601	90,000	1,421,700	11.93%	2,337,163	19.61%	\$0.00	(96,610)	(100,609)	(219,817)	57,479
100,000+	67	11,037,130	0	0	969,374	8.78%	1,353,021	12.26%	\$0.00	(46,268)	(226,843)	59,436	(61,903)
Orange County Total	2,057	61,456,272	396,042	336,026	5,468,164	8.90%	7,257,494	11.81%	\$0.85	-258,144	-164,408	-286,776	-550,216

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple net basis.

R & D MARKET
REPORT

FIRST QUARTER 2004



To view available properties,
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SUBMARKETS

NORTH

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

WEST

Cypress, Fountain Valley, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Stanton, Westminster

AIRPORT

Costa Mesa, Irvine, Newport Beach, Santa Ana and Tustin

SOUTH

Aliso Viejo, 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

R & D OR MID-TECH

30% to 74.9% improved with drop ceiling, minimum parking ratio of 3 to 1, minimum 50% of exterior glassline, dock and/or ground level loading.

For Further Information:

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TEL: 949.851.5100
FAX: 949.261.9092



Real People. Real Solutions.

This survey consists of properties 10,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a triple net basis. The information contained in this report is gathered from sources that are deemed reliable but no guarantees are made as to its accuracy. This information is for Voit Commercial Brokerage use only, and cannot legally be reproduced without prior written consent from the management of Voit Commercial Brokerage.