

FLEX MARKET REPORT

FIRST QUARTER 2005

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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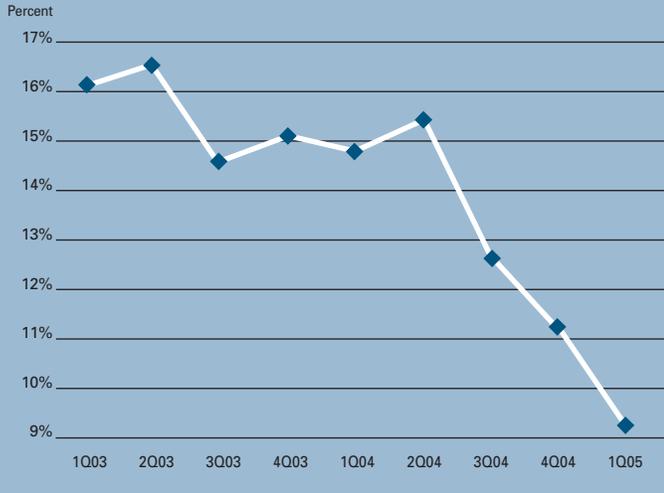
MARKET HIGHLIGHTS

- ◆ Unemployment for the first quarter of 2005 in Orange County is 4.1%, which is .5% higher than it was when compared to the fourth quarter of 2004, and is .5% lower than it was during the first quarter of 2004.
- ◆ According to Chapman University, it is estimated that Orange County added 25,000 new jobs in 2004. Furthermore, they are forecasting 21,000 new jobs will be added to the county in 2005 as the Orange County economy continues to expand.
- ◆ Total space under construction checked in at 702,133 square feet for the first quarter of 2005, which is three times as much as the amount that was under construction during the first quarter of 2004.
- ◆ The flex vacancy rate checked in at 9.28%, which is lower than it was a year ago when it was 14.78%. Another sign of strength was the 392,454 square feet of new product that was built in 2004, 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; 14.77% this quarter as compared to 19.70% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$1.53, which is a 9.29% increase over last year's first quarter rate of \$1.40.
- ◆ Rental rates are expected to increase at moderate levels in the short run, and concessions will lessen as the economy in Orange County continues to improve. These conditions will put upward pressure on lease rates going forward. We should see rental rate growth of 10% to 15% in 2005.

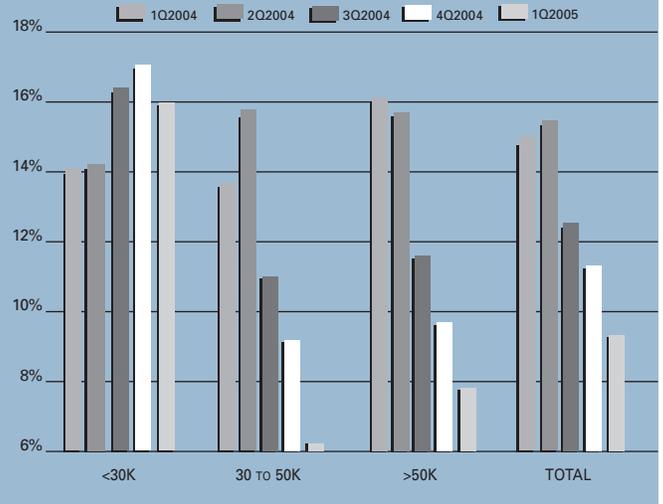
FLEX MARKET STATISTICS

	1Q2005	4Q2004	1Q2004	% CHANGE VS. 1Q04
Under Construction	702,133	125,034	284,731	146.60%
Planned Construction	767,925	115,838	167,768	357.73%
Vacancy	9.28%	11.36%	14.78%	-37.21%
Availability	14.77%	15.34%	19.70%	-25.03%
Pricing	\$1.53	\$1.44	\$1.40	9.29%
Net Absorption	471,333	335,524	146,919	220.81%

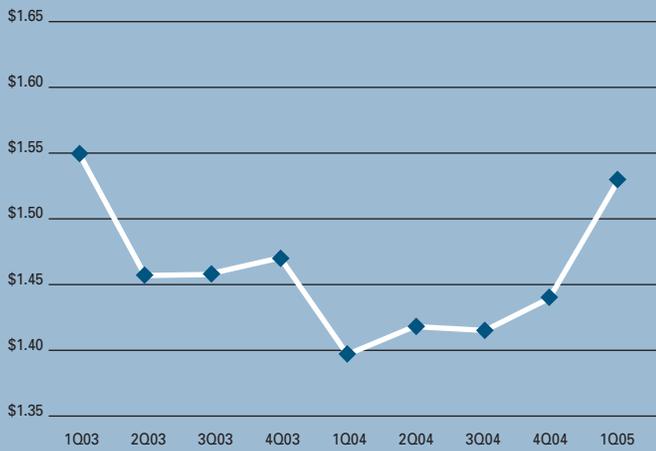
VACANCY RATE



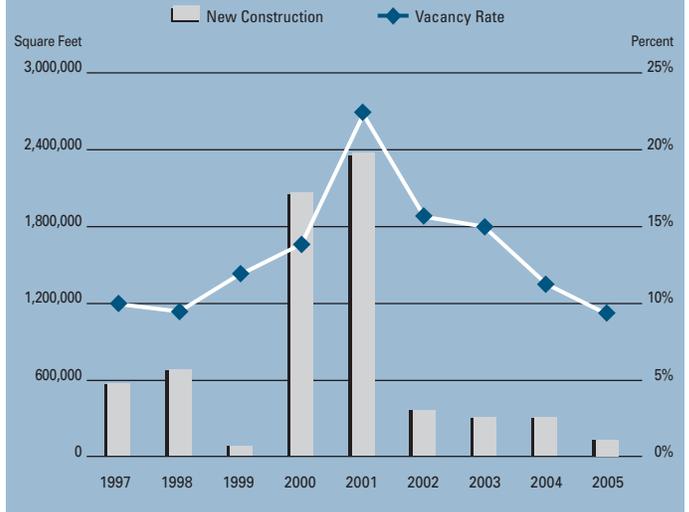
FLEX VACANCY RATE



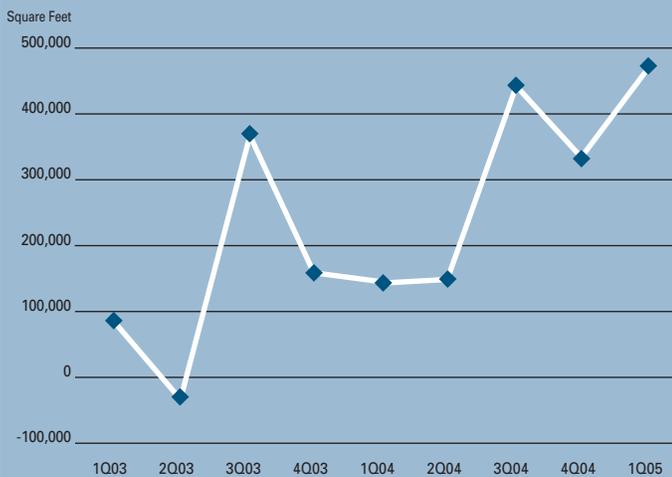
AVERAGE ASKING TRIPLE NET LEASE RATE



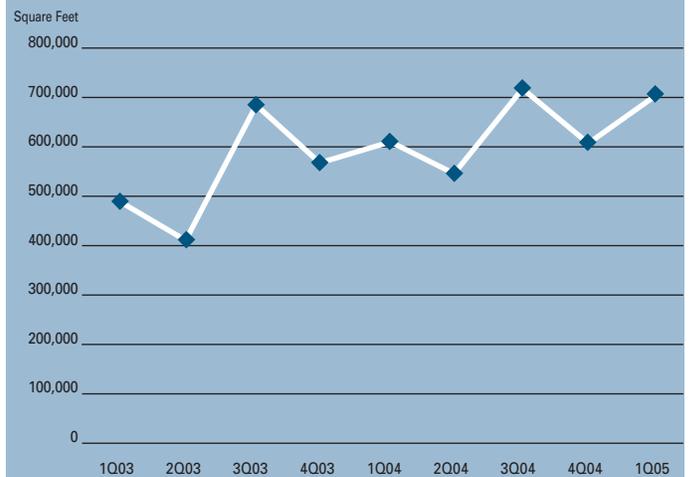
ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION



GROSS ABSORPTION



ORANGE COUNTY

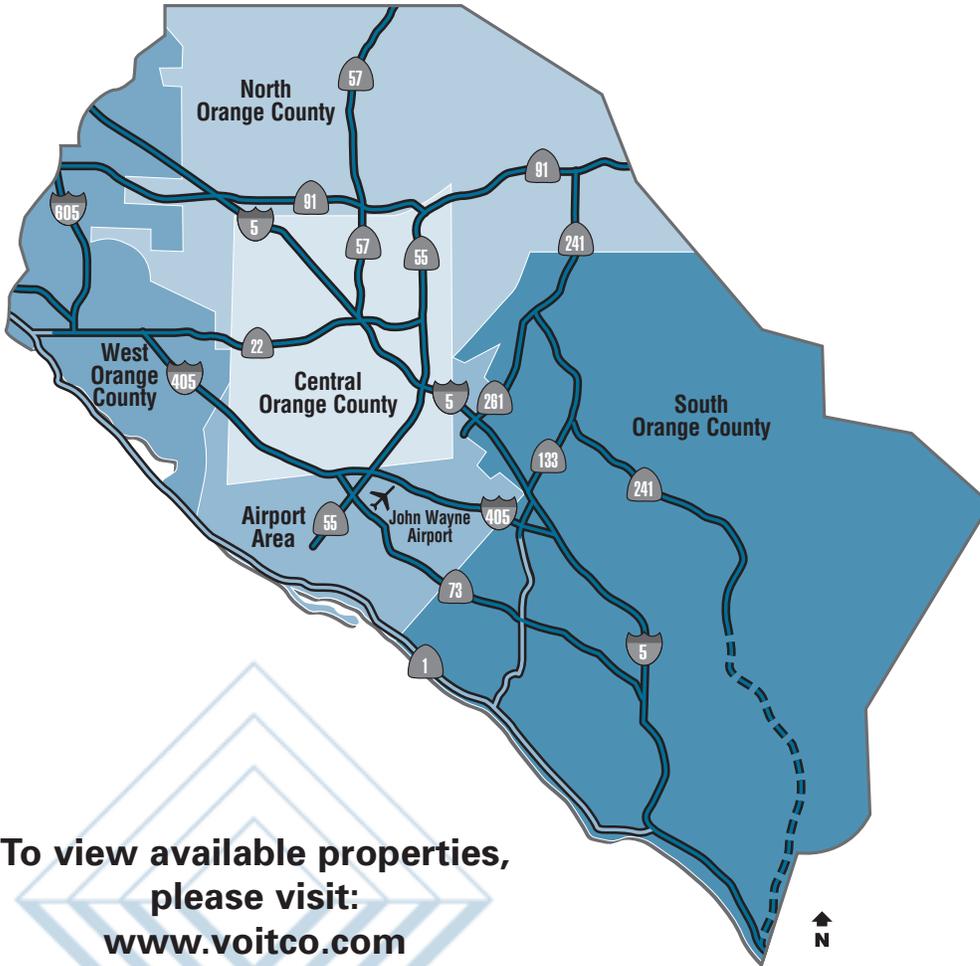
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2005	Square Feet Available	Availability Rate 1Q2005	Average Asking Lease Rate	Net Absorption 1Q2005	Net Absorption 2004	Net Absorption 2003	Net Absorption 2002
North County													
Anaheim Hills	12	215,634	0	0	9,362	4.34%	9,362	4.34%	\$0.00	5,264	10,352	(901)	1,487
Anaheim	9	214,972	0	0	6,080	2.83%	13,462	6.26%	\$0.00	5,950	10,561	(3,105)	(610)
Brea	14	435,913	0	0	16,580	3.80%	26,507	6.08%	\$1.05	3,763	72,846	(58,366)	(4,933)
Fullerton	5	47,900	0	0	0	0.00%	0	0.00%	\$0.00	3,700	19,700	6,515	0
Orange	1	58,367	0	0	6,859	0.00%	6,859	11.75%	\$0.00	(2,758)	(1,993)	(1,953)	0
Placentia	1	28,000	16,936	0	0	0.00%	0	0.00%	\$0.00	0	0	142	408
Yorba Linda	1	10,560	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	4,844
North County Total	43	1,011,346	16,936	0	38,881	3.84%	56,190	5.56%	\$1.05	15,919	111,466	(57,668)	1,196
West County													
Buena Park	1	12,000	0	0	1,220	10.17%	1,220	10.17%	\$0.00	610	(1,220)	0	(610)
Cypress	6	342,869	0	0	94,216	27.48%	150,528	43.90%	\$1.11	(7,500)	772	(19,289)	2,834
Huntington Beach	3	48,648	0	0	11,573	23.79%	11,573	23.79%	\$0.00	1,660	(1,520)	(9,489)	(1,344)
Los Alamitos	1	24,552	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Seal Beach	4	43,005	0	0	0	0.00%	0	0.00%	\$0.00	0	8,787	(7,668)	2,381
West County Total	15	471,074	0	0	107,009	22.72%	163,321	34.67%	\$1.11	(5,230)	6,819	(36,446)	3,261
Central County													
Anaheim	7	198,397	0	40,000	11,951	6.02%	11,951	6.02%	\$0.00	0	49,879	(3,105)	36,453
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	2,224
Orange	6	87,492	0	0	7,843	8.96%	7,843	8.96%	\$2.40	1,867	34,501	13,207	4,715
Santa Ana	8	92,769	0	3,000	7,461	8.04%	7,461	8.04%	\$0.00	2,550	229	73,822	33,443
Tustin	2	18,600	0	0	0	0.00%	0	0.00%	\$0.00	0	0	95,482	(33,777)
Central County Total	25	424,658	0	43,000	27,255	6.42%	27,255	6.42%	\$2.40	4,417	84,609	179,406	43,058
Airport Area													
Costa Mesa	5	80,770	0	0	16,677	20.65%	16,677	20.65%	\$0.00	-410	28,090	-126	16,164
Irvine	63	2,959,103	289,367	157,200	225,144	7.61%	522,515	17.66%	\$1.65	209,904	122,450	194,221	528,908
Newport Beach	27	620,385	0	18,250	26,137	4.21%	121,101	19.52%	\$0.00	19,453	16,610	2,115	11,560
Santa Ana	10	392,610	50,000	0	65,784	16.76%	65,784	16.76%	\$0.00	1,006	-3,730	0	0
Tustin	4	195,686	0	0	7,110	3.63%	30,110	15.39%	\$0.00	0	24,129	0	0
Airport Area Total	109	4,248,554	339,367	175,450	340,852	8.02%	756,187	17.80%	\$1.65	229,953	187,549	196,210	556,632
South County													
Aliso Viejo	40	1,244,217	0	0	48,445	3.89%	113,596	9.13%	\$1.49	1,319	35,901	56,330	23,162
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	\$0.00	0	0	2,651	(4,461)
Foothill Ranch	1	47,659	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	108	3,613,757	131,600	0	316,582	8.76%	443,713	12.28%	\$1.61	195,175	460,580	138,986	56,797
Laguna Beach	2	18,454	0	9,382	0	0.00%	0	0.00%	\$0.00	0	0	808	4,679
Laguna Hills	14	471,348	0	0	41,246	8.75%	53,299	11.31%	\$1.15	(6,089)	7,297	(4,187)	31,919
Laguna Niguel	3	53,170	0	0	1,194	2.25%	1,194	2.25%	\$3.00	4,806	7,638	(1,638)	0
Lake Forest	30	1,221,199	0	128,250	246,834	20.21%	308,924	25.30%	\$1.26	23,772	3,719	56,549	189,955
Mission Viejo	29	424,842	67,230	161,000	35,035	8.25%	39,173	9.22%	\$2.31	(13,259)	51,427	33,299	(5,399)
Rancho Santa Margarita	4	152,151	25,000	0	10,989	7.22%	15,777	10.37%	\$0.00	4,143	11,092	16,755	10,113
San Clemente	7	160,795	0	117,184	71,486	44.46%	71,486	44.46%	\$0.00	14,607	2,519	(546)	26,800
San Juan Capistrano	14	302,289	50,000	133,659	2,644	0.87%	2,644	0.87%	\$0.00	1,800	(1,762)	18,266	69,594
South County Total	255	7,764,221	345,830	549,475	777,805	10.02%	1,053,156	13.56%	\$1.49	226,274	578,411	317,273	403,159
Orange County Total	447	13,919,853	702,133	767,925	1,291,802	9.28%	2,056,109	14.77%	\$1.53	471,333	968,854	598,775	1,007,306

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
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North County													
0 to 29,999	31	455,780	16,936	0	19,264	4.23%	25,626	5.62%	\$1.18	13,792	30,313	4,357	14,865
30,000 to 49,999	8	321,242	0	0	6,392	1.99%	17,339	5.40%	\$0.00	4,885	4,615	(7,979)	3,815
50,000+	4	234,324	0	0	13,225	5.64%	13,225	5.64%	\$0.00	(2,758)	76,538	(54,046)	(17,484)
West County													
0 to 29,999	8	95,700	0	0	12,793	13.37%	12,793	13.37%	\$0.00	2,270	(2,740)	(8,370)	3,261
30,000 to 49,999	3	118,562	0	0	24,656	20.80%	65,763	55.47%	\$1.45	(7,500)	(14,200)	(28,076)	0
50,000+	4	256,812	0	0	69,560	27.09%	84,765	33.01%	\$1.03	0	23,759	0	0
Central County													
0 to 29,999	22	305,945	0	3,000	22,468	7.34%	22,468	7.34%	\$0.00	2,550	14,957	42,965	20,275
30,000 to 49,999	2	68,713	0	40,000	4,787	6.97%	4,787	6.97%	\$0.00	1,867	19,652	59,771	(24,047)
50,000+	1	50,000	0	0	0	0.00%	0	0.00%	\$0.00	0	50,000	76,670	46,830
Airport Area													
0 to 29,999	36	577,149	119,797	18,250	57,114	9.90%	65,298	11.31%	\$1.60	9,088	60,711	28,260	10,801
30,000 to 49,999	36	1,480,141	0	97,200	101,751	6.87%	190,139	12.85%	\$1.58	91,527	65,646	39,906	222,939
50,000+	37	2,191,264	219,570	60,000	181,987	8.31%	500,750	22.85%	\$1.65	129,338	61,192	128,044	322,892
South County													
0 to 29,999	130	1,937,093	159,380	191,629	430,530	22.23%	440,968	22.76%	\$1.37	86,899	(14,032)	115,367	166,949
30,000 to 49,999	78	3,112,279	66,450	297,846	183,263	5.89%	356,425	11.45%	\$1.51	97,489	153,617	89,519	29,825
50,000+	47	2,714,849	120,000	60,000	164,012	6.04%	255,763	9.42%	\$1.33	41,886	438,826	112,387	206,385
Orange County Total													
0 to 29,999	227	3,371,667	296,113	212,879	542,169	16.08%	567,153	16.82%	\$1.39	114,599	89,209	182,579	216,151
30,000 to 49,999	127	5,100,937	66,450	435,046	320,849	6.29%	634,453	12.44%	\$1.58	188,268	229,330	153,141	232,532
50,000+	93	5,447,249	339,570	120,000	428,784	7.87%	854,503	15.69%	\$1.45	168,466	650,315	263,055	558,623
Orange County Total	447	13,919,853	702,133	767,925	1,291,802	9.28%	2,056,109	14.77%	\$1.53	471,333	968,854	598,775	1,007,306

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

FLEX MARKET REPORT

FIRST QUARTER 2005



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SUBMARKETS

NORTH

Anaheim Hills, Anaheim, Brea, Fullerton, Orange, Placentia, Yorba Linda

WEST

Buena Park, Cypress, Huntington Beach, Los Alamitos, Seal Beach

CENTRAL

Anaheim, Garden Grove, Orange, Santa Ana, Tustin

AIRPORT

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

SOUTH

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

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FAX: 949.261.9092



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