

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2005

Compared to
last quarter:

VACANCY



ABSORPTION



SALES PRICE



ACTIVITY



LEASE RATES



CONSTRUCTION



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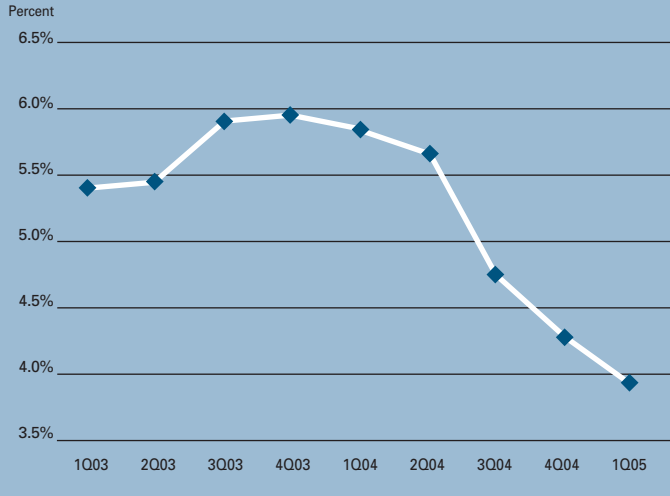
MARKET HIGHLIGHTS

- ◆ 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 is just over 750,000 square feet this quarter, which is more than 40% higher than the half million square feet that was under construction a year ago.
- ◆ Industrial vacancy came in at a low rate of 3.92%, which is over 30% lower than it was a year ago. This will put more pressure on lease rates to continue to climb.
- ◆ Industrial availability checked in at a rate of 5.58%, which is almost 35% lower than what was on the market a year ago.
- ◆ The average asking triple net lease rate is .59 cents per square foot per month this quarter. This is an increase of over 13.5% when compared to a year ago and one cent higher than last quarter.
- ◆ The average asking selling price rate is \$120.16 per square foot this quarter. This is an increase of almost 35% when compared to a year ago.
- ◆ The level of activity was a little lower in the first quarter of 2005 when compared to last quarter, checking in at 3.8 million square feet this quarter from 4.6 million square feet last quarter. This is due to the lack of available product in the marketplace.
- ◆ Net absorption for the county during the first quarter of 2005 posted a positive number of 97,861 square feet, giving the Industrial Market in Orange County a total of over 4.4 million square feet of positive absorption for the last five quarters.
- ◆ 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 lease rate growth of 10% to 15% during 2005.

INDUSTRIAL MARKET STATISTICS

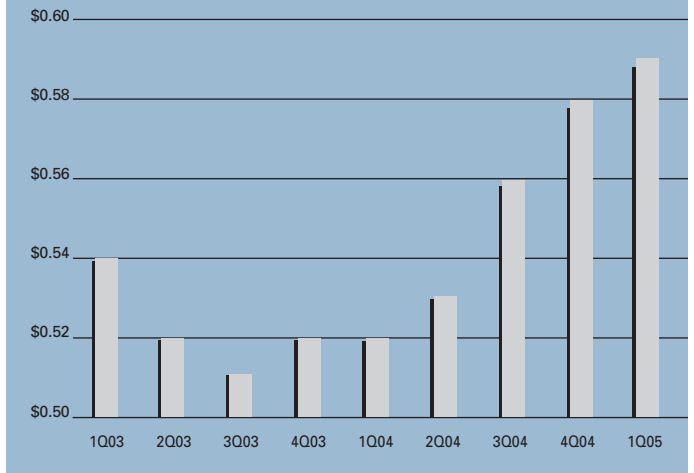
	1Q2005	4Q2004	1Q2004	% CHANGE VS. 1Q04
Under Construction	768,535	709,060	537,322	43.03%
Planned Construction	1,188,405	1,492,835	1,117,507	6.34%
Vacancy	3.92%	4.28%	5.82%	-32.65%
Availability	5.58%	6.23%	8.51%	-34.43%
Avg. Ask Lease Rate	\$0.59	\$0.58	\$0.52	13.46%
Avg. Ask Sales Price	\$120.16	\$111.36	\$89.36	34.47%
Activity	3,830,420	4,557,326	5,283,054	-27.50%
Absorption	97,861	1,800,296	496,555	N/A

VACANCY RATE

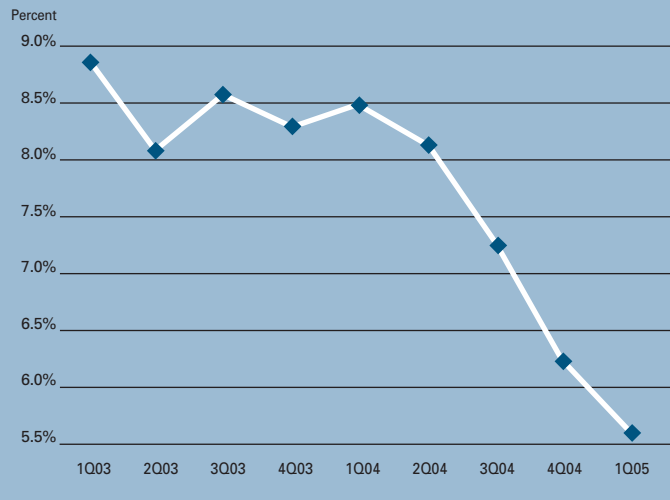


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

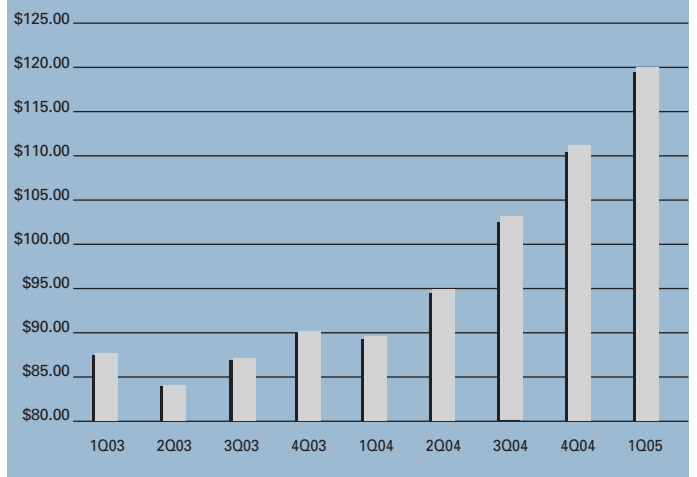


AVAILABILITY RATE

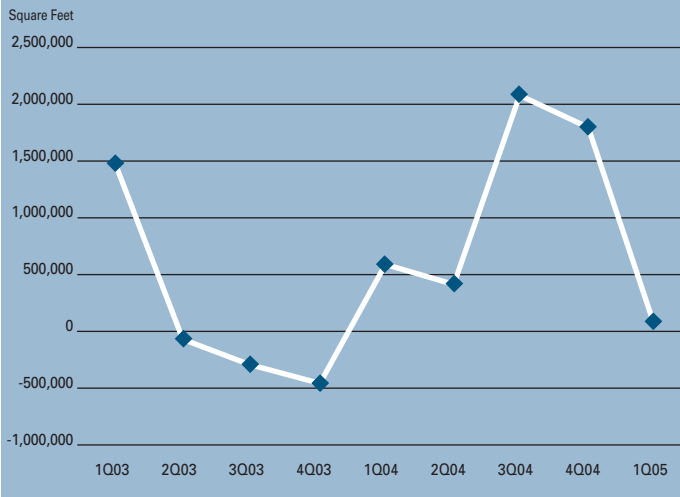


WEIGHTED AVERAGE ASKING SALES RATES

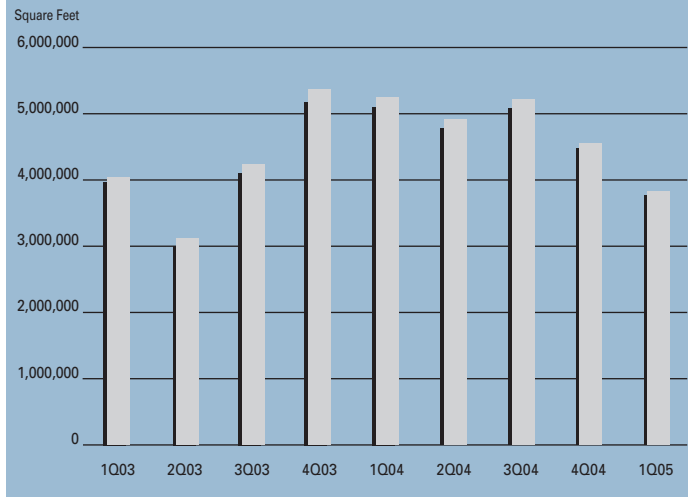
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION



GROSS ABSORPTION

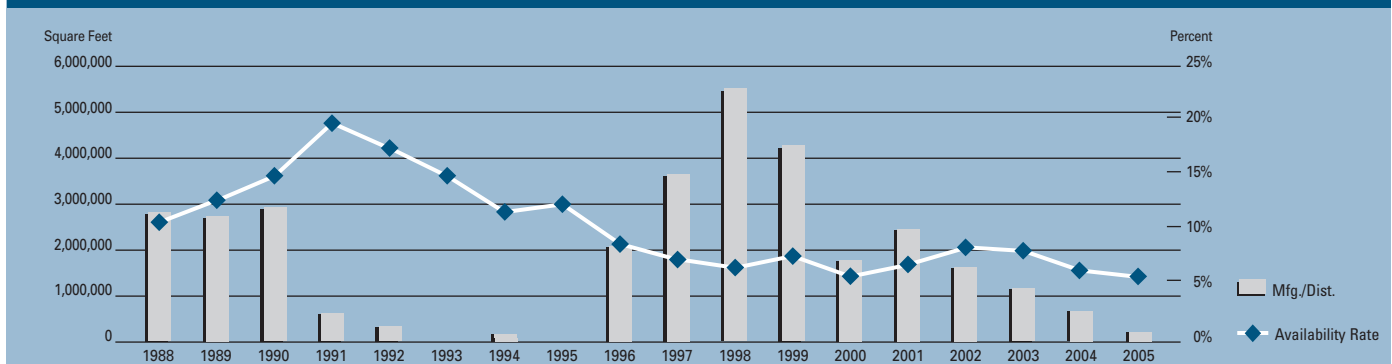


ORANGE COUNTY

	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2005	Square Feet Available	Availability Rate 1Q2005	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
North County														
Anaheim	1,257	44,442,764	0	343,551	1,477,781	3.33%	1,617,030	3.64%	\$0.55	\$129.15	268,090	339,533	694,969	2,848,768
Brea	231	10,783,372	0	77,560	462,855	4.29%	749,243	6.95%	\$0.46	\$145.54	(22,452)	696,811	127,149	1,188,150
Buena Park	176	13,699,907	0	0	601,669	4.39%	601,669	4.39%	\$0.48	\$92.75	601,383	(268,385)	828,124	1,157,153
Fullerton	282	16,135,467	0	0	1,116,133	6.92%	1,550,623	9.61%	\$0.47	\$75.86	(57,888)	752,791	210,809	1,555,040
La Habra	86	2,325,261	0	24,203	26,037	1.12%	26,037	1.12%	\$0.59	\$114.07	14,551	83,063	24,141	268,639
Orange	430	11,502,376	0	0	138,757	1.21%	189,742	1.65%	\$0.84	\$161.65	(13,937)	336,568	80,141	1,013,820
Placentia	144	3,575,289	0	0	158,801	4.44%	188,962	5.29%	\$0.55	\$150.20	7,366	(48,715)	75,340	232,906
Yorba Linda	28	836,282	0	0	11,818	1.41%	11,818	1.41%	\$0.88	\$0.00	130,000	16,993	130,000	63,046
North County Total	2,634	103,300,718	0	445,314	3,993,851	3.87%	4,935,124	4.78%	\$0.50	\$120.76	927,113	1,908,659	2,170,673	8,328,522
West County														
Cypress	48	3,602,451	0	0	204,987	5.69%	412,681	11.46%	\$0.63	\$107.86	(54,692)	(65,285)	108,413	230,890
Garden Grove	289	10,822,523	0	16,407	433,052	4.00%	605,175	5.59%	\$0.58	\$121.86	(42,037)	(69,239)	61,278	803,087
Huntington Beach	437	12,088,172	297,523	341,579	365,996	3.03%	373,496	3.09%	\$0.64	\$124.67	(45,734)	100,471	91,654	545,219
La Palma	14	1,709,621	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	51,119	0	295,331
Los Alamitos	74	1,986,752	0	0	42,078	2.12%	42,078	2.12%	\$0.58	\$115.41	(7,313)	117,171	0	134,993
Stanton	56	1,092,501	0	10,200	9,368	0.86%	9,368	0.86%	\$0.70	\$0.00	(6,200)	20,000	0	53,200
Westminster	58	1,817,801	0	0	142,682	7.85%	142,682	7.85%	\$0.41	\$108.42	29,120	(108,985)	32,000	81,843
West County Total	976	33,119,821	297,523	368,186	1,198,163	3.62%	1,585,480	4.79%	\$0.58	\$118.51	(126,856)	45,252	293,345	2,144,563
Airport Area														
Costa Mesa	210	6,546,598	0	0	112,065	1.71%	477,700	7.30%	\$0.72	\$160.76	(351,832)	136,343	138,522	419,890
Fountain Valley	141	3,356,143	0	212,000	38,612	1.15%	38,612	1.15%	\$0.79	\$127.34	20,452	132,015	95,347	311,661
Irvine	323	14,128,349	0	0	787,733	5.58%	1,388,166	9.83%	\$0.66	\$175.70	(216,304)	327,713	265,882	1,140,810
Newport Beach	19	3,310,009	0	0	13,291	4.21%	13,291	4.21%	\$0.92	\$0.00	(2,500)	(3,191)	0	7,600
Santa Ana	876	26,614,603	0	0	987,019	3.71%	1,221,954	4.59%	\$0.58	\$97.66	68,528	567,788	429,464	2,302,920
Tustin	87	4,332,492	296,733	0	465,496	10.74%	558,390	12.89%	\$0.76	\$128.11	(219,762)	414,777	43,873	657,537
Airport Area Total	1,656	55,294,194	296,733	212,000	2,404,216	4.35%	3,698,113	6.69%	\$0.65	\$118.59	(701,418)	1,575,445	973,088	4,840,418
South County														
Aliso Viejo	11	689,022	0	0	13,136	1.91%	26,816	3.89%	\$0.95	\$0.00	0	15,186	0	20,816
Foothill Ranch	39	2,868,250	0	136,616	74,375	2.59%	316,320	11.03%	\$0.39	\$0.00	(86,890)	447,069	21,120	762,506
Irvine Spectrum	144	7,224,262	141,429	0	300,935	4.17%	731,059	10.12%	\$0.69	\$139.83	5,335	141,859	123,207	728,528
Laguna Hills	69	1,274,664	0	0	23,836	1.87%	25,035	1.96%	\$1.13	\$0.00	16,743	39,558	16,743	167,651
Laguna Niguel	19	516,609	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	2,060	2,020	2,060	10,080
Lake Forest	129	3,722,200	0	0	168,620	4.53%	236,874	6.36%	\$0.72	\$153.38	22,886	65,986	109,950	340,744
Mission Viejo	26	966,906	0	0	29,866	3.09%	80,066	8.28%	\$1.27	\$128.00	(5,526)	(57,945)	0	145,081
Rancho Santa Margarita	35	1,056,063	0	0	21,475	2.03%	35,107	3.32%	\$0.88	\$136.27	9,261	174	24,657	79,129
San Clemente	51	1,192,386	32,850	26,289	66,481	5.58%	109,415	9.18%	\$0.73	\$122.77	38,772	135,485	90,577	341,777
San Juan Capistrano	32	838,184	0	0	14,195	1.69%	45,143	5.39%	\$1.66	\$255.56	(3,629)	40,012	5,000	72,740
South County Total	555	20,348,546	174,279	162,905	712,919	3.50%	1,605,835	7.89%	\$0.70	\$143.59	(978)	829,404	393,314	2,669,052
Orange County Total	5,821	212,063,279	768,535	1,188,405	8,309,149	3.92%	11,824,552	5.58%	\$0.59	\$120.16	97,861	4,358,760	3,830,420	17,982,555

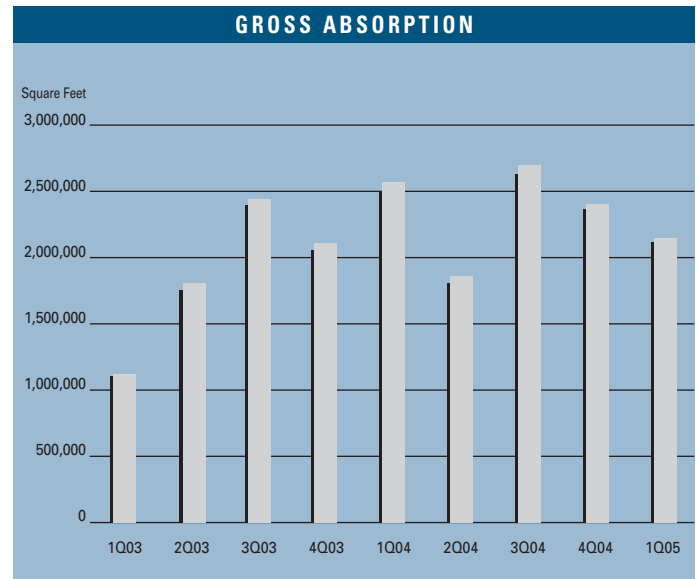
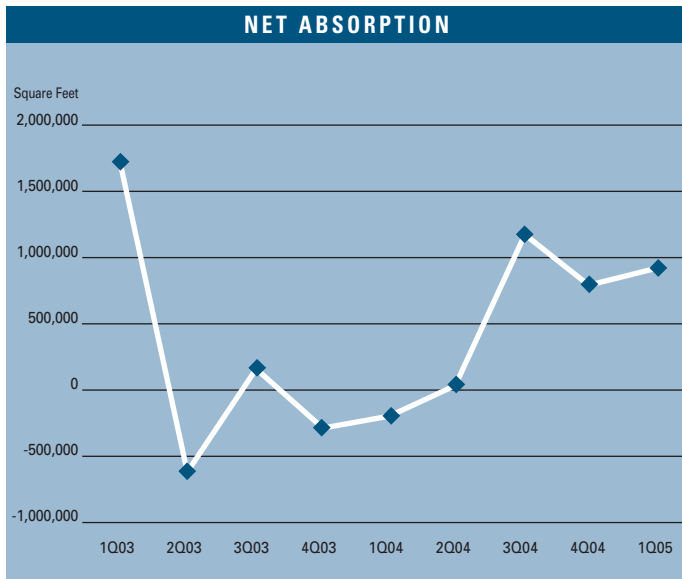
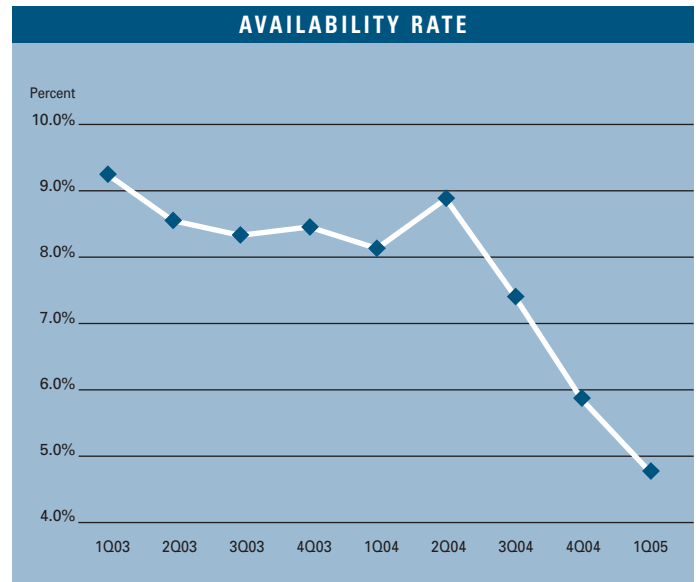
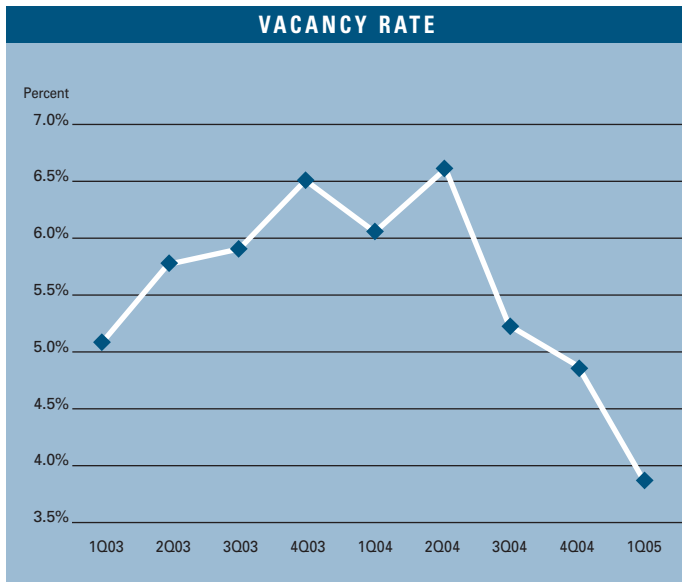
	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2005	Square Feet Available	Availability Rate 1Q2005	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
O.C. Totals														
10,000-19,999	2,940	40,566,601	112,231	210,401	1,263,031	3.11%	1,445,031	3.56%	\$0.86	\$157.36	276,386	328,480	910,513	3,257,140
20,000-29,999	1,165	27,555,598	91,637	168,069	1,052,558	3.82%	1,289,582	4.68%	\$0.83	\$128.55	(46,902)	667,842	460,789	2,800,550
30,000-39,999	477	16,105,293	210,523	142,055	712,951	4.43%	806,380	5.01%	\$0.69	\$148.27	47,650	425,728	303,630	1,770,480
40,000-49,999	312	13,625,381	43,329	45,140	356,934	2.62%	688,272	5.05%	\$0.58	\$105.89	(30,199)	581,040	114,849	1,157,821
50,000-74,999	370	22,213,972	116,315	232,069	905,489	4.08%	1,201,192	5.41%	\$0.58	\$101.78	(303,513)	600,004	143,341	1,662,317
75,000-99,999	177	15,078,241	80,000	0	458,443	3.04%	920,859	6.11%	\$0.68	\$74.64	(208,453)	301,892	161,921	1,349,052
100,000-149,999	189	22,300,686	114,500	0	1,008,619	4.52%	1,705,555	7.65%	\$0.54	\$99.46	270,130	645,663	555,116	2,012,374
150,000-199,999	64	10,909,949	0	178,671	613,111	5.62%	969,244	8.88%	\$0.48	\$0.00	210,508	(189,596)	366,861	406,666
200,000-299,999	73	17,340,305	0	212,000	964,149	5.56%	1,454,230	8.39%	\$0.45	\$0.00	42,393	702,285	366,395	1,712,047
300,000+	54	26,364,253	0	0	973,864	3.69%	1,344,207	5.10%	\$0.45	\$0.00	(160,139)	295,422	447,005	1,854,108
Total	5,821	212,063,279	768,535	1,188,405	8,309,149	3.92%	11,824,552	5.58%	\$0.59	\$120.16	97,861	4,358,760	3,830,420	17,982,555

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

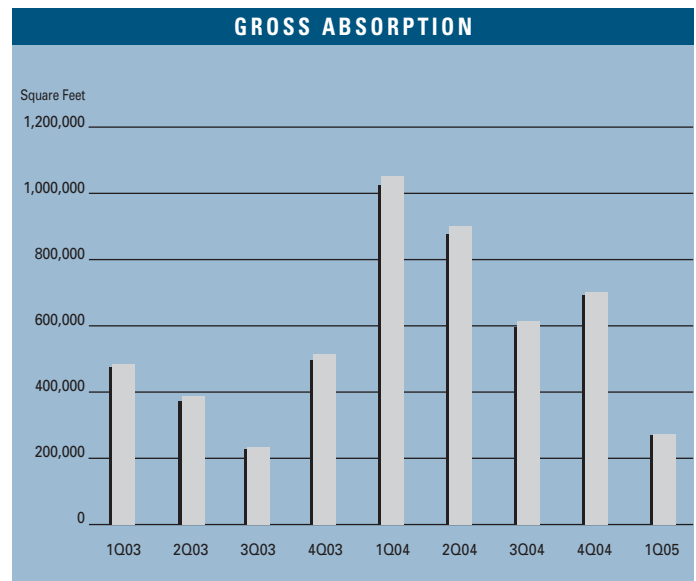
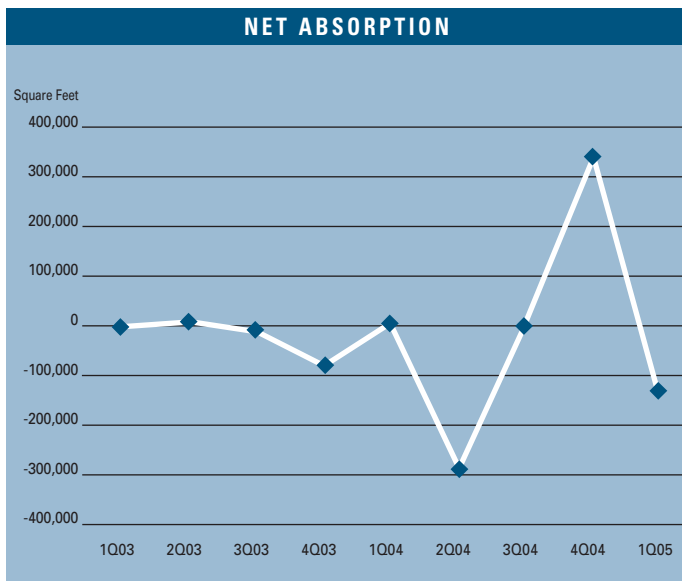
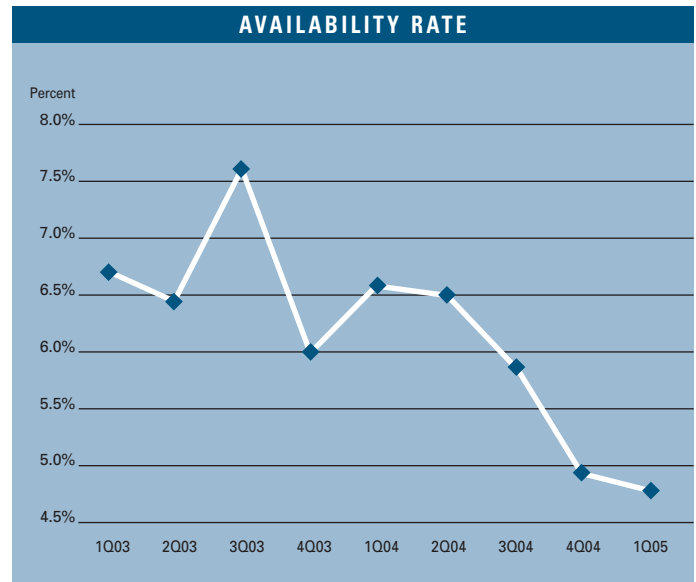
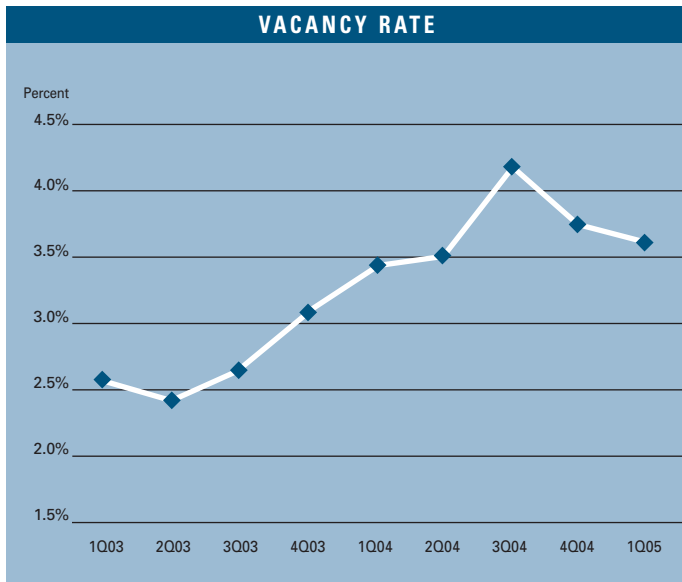
The North Orange County Industrial Market consists of 2,634 buildings totaling 103,300,718 square feet, and currently has an availability rate of 4.78%, which shows a decrease from last quarter's 5.94% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
North Totals														
10,000-19,999	1,292	17,837,389	0	183,794	452,345	2.54%	464,745	2.61%	\$0.67	\$158.28	150,621	201,284	412,939	1,339,960
20,000-29,999	519	12,263,369	0	141,780	403,908	3.29%	452,607	3.69%	\$0.67	\$132.26	(25,701)	442,070	185,592	1,292,314
30,000-39,999	224	7,583,811	0	74,600	395,060	5.21%	395,060	5.21%	\$0.68	\$163.09	1,980	149,421	76,614	834,840
40,000-49,999	144	6,269,834	0	45,140	165,303	2.64%	270,432	4.31%	\$0.53	\$96.41	(24,723)	255,999	46,064	514,320
50,000-74,999	176	10,582,466	0	0	429,244	4.06%	528,211	4.99%	\$0.56	\$89.81	(124,260)	407,800	50,988	693,621
75,000-99,999	82	6,996,166	0	0	97,863	1.40%	333,979	4.77%	\$0.49	\$74.64	(25,899)	364,824	48,763	699,305
100,000-149,999	92	10,924,894	0	0	462,094	4.23%	830,571	7.60%	\$0.49	\$59.00	189,924	185,962	352,110	809,756
150,000-199,999	33	5,699,934	0	0	438,892	7.70%	438,892	7.70%	\$0.42	\$0.00	219,765	(170,915)	341,861	167,562
200,000-299,999	43	10,211,876	0	0	774,142	7.58%	845,627	8.28%	\$0.45	\$0.00	118,401	721,252	208,737	1,379,596
300,000+	29	14,930,979	0	0	375,000	2.51%	375,000	2.51%	\$0.35	\$0.00	447,005	(649,038)	447,005	597,248
Total	2,634	103,300,718	0	445,314	3,993,851	3.87%	4,935,124	4.78%	\$0.50	\$120.76	927,113	1,908,659	2,170,673	8,328,522

WEST ORANGE COUNTY

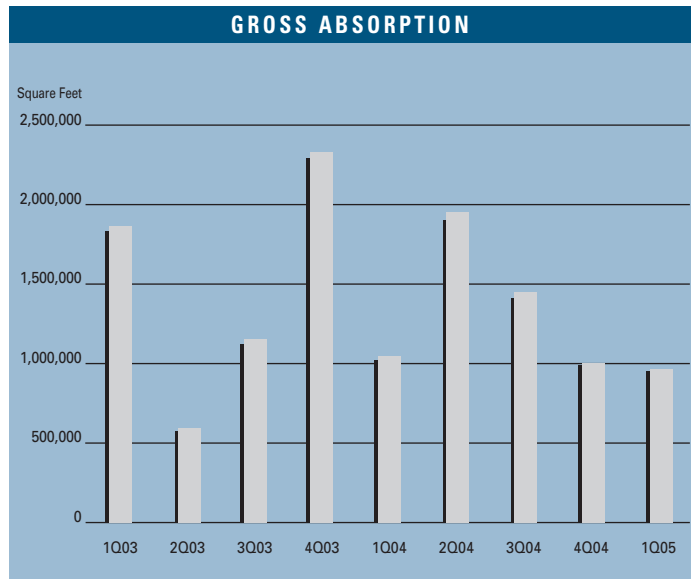
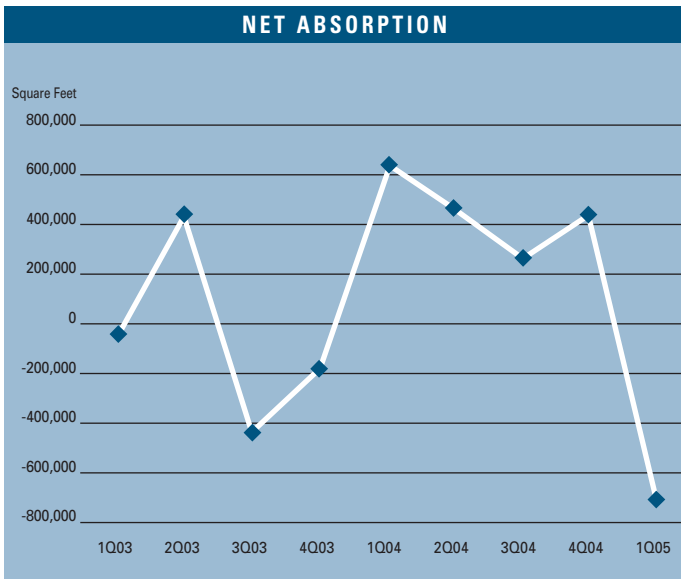
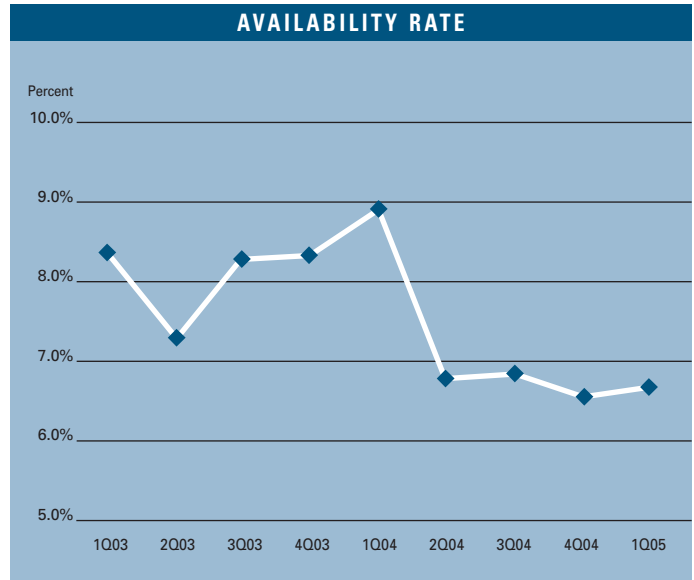
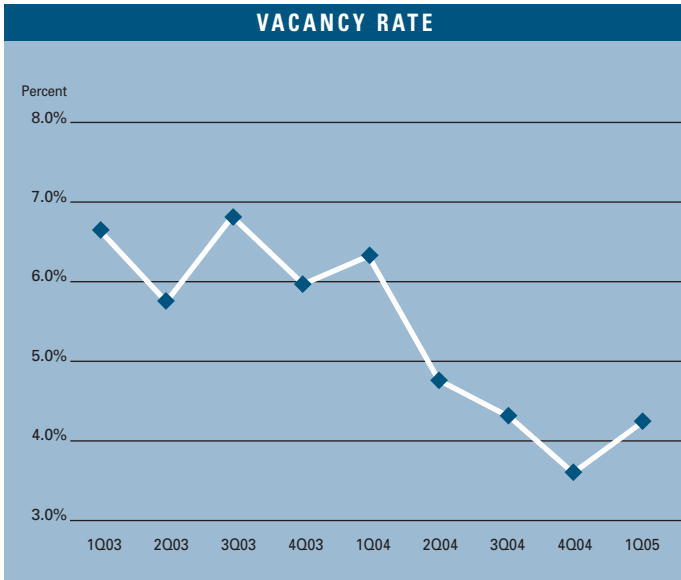
The West Orange County Industrial Market consists of 976 buildings totaling 33,119,821 square feet, and currently has an availability rate of 4.79%, which shows a decrease from last quarter's 4.96% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
West Totals														
10,000-19,999	556	7,405,726	18,329	26,607	215,619	2.91%	284,309	3.84%	\$0.94	\$145.44	(10,419)	41,244	90,766	450,964
20,000-29,999	178	4,205,779	0	0	113,303	2.69%	185,907	4.42%	\$0.72	\$130.19	56,626	52,304	64,976	358,185
30,000-39,999	55	1,865,975	39,550	35,366	73,765	3.95%	94,877	5.08%	\$0.74	\$135.00	(38,765)	44,416	6,000	193,620
40,000-49,999	53	2,326,405	43,329	0	46,000	1.98%	46,180	1.99%	\$0.52	\$116.66	0	88,067	0	298,262
50,000-74,999	53	3,133,722	116,315	127,542	95,507	3.05%	95,507	3.05%	\$0.56	\$111.35	(66,649)	39,481	23,190	213,986
75,000-99,999	27	2,260,210	80,000	0	235,706	10.43%	235,706	10.43%	\$0.57	\$0.00	(43,392)	(112,042)	108,413	172,605
100,000-149,999	24	2,808,251	0	0	186,007	6.62%	266,605	9.49%	\$0.62	\$114.28	0	18,662	0	226,660
150,000-199,999	12	1,979,529	0	178,671	24,257	1.23%	168,390	8.51%	\$0.49	\$0.00	(24,257)	0	0	93,000
200,000-299,999	11	2,709,094	0	0	150,000	5.54%	150,000	5.54%	\$0.41	\$0.00	0	(68,881)	0	131,280
300,000+	7	4,425,130	0	0	57,999	1.31%	57,999	1.31%	\$0.00	\$0.00	0	(57,999)	0	6,001
Total	976	33,119,821	297,523	368,186	1,198,163	3.62%	1,585,480	4.79%	\$0.58	\$118.51	(126,856)	45,252	293,345	2,144,563

AIRPORT AREA

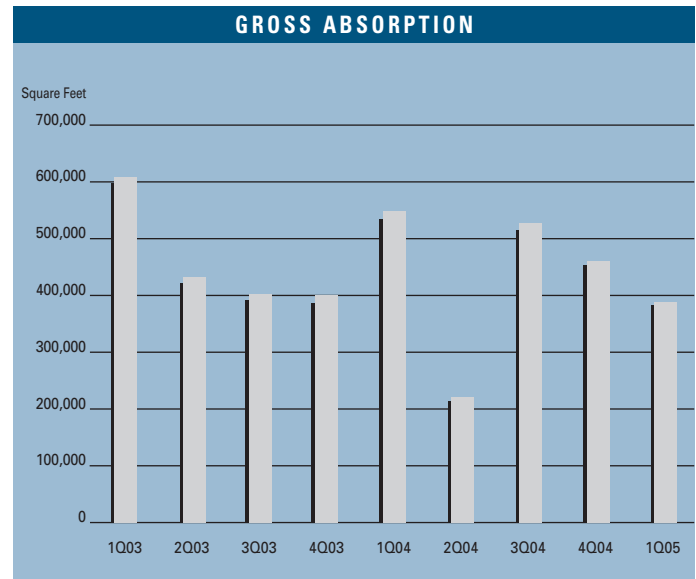
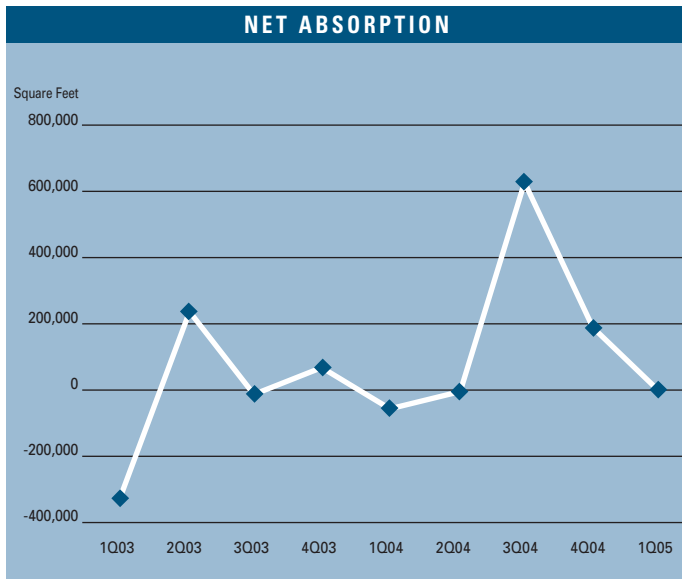
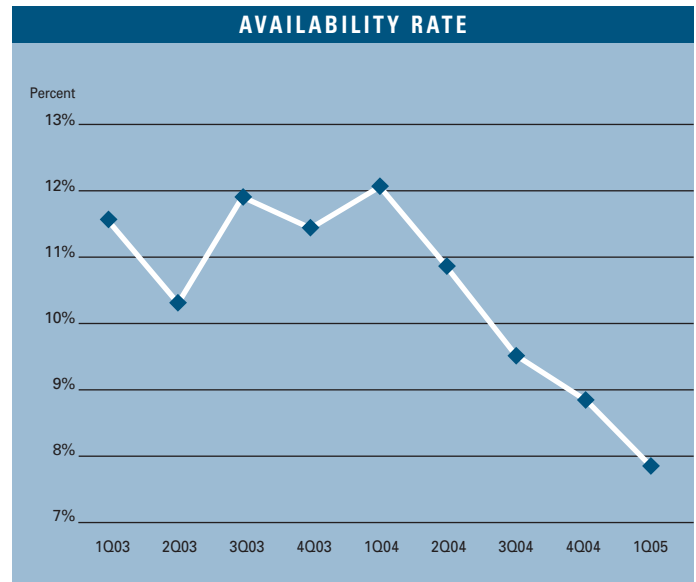
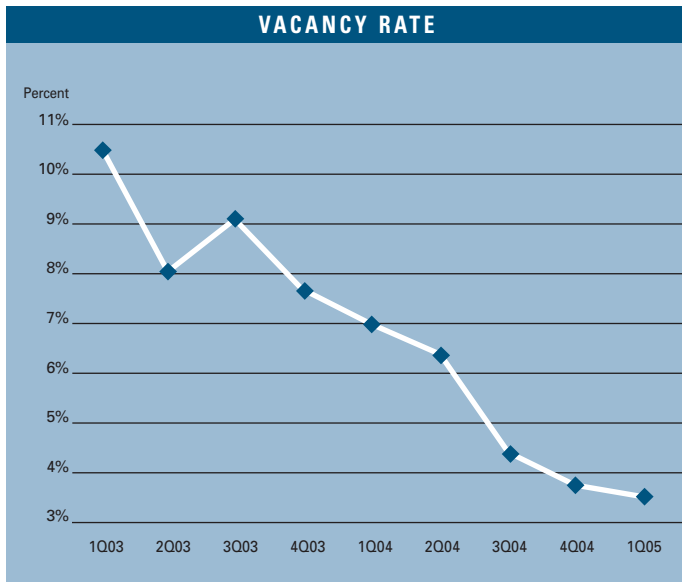
The Airport Area of the Orange County Industrial Market consists of 1,656 buildings totaling 55,294,194 square feet, and currently has an availability rate of 6.69%, which shows an increase from last quarter's 6.56% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
Airport Totals	1,656	55,294,194	296,733	212,000	2,404,216	4.35%	3,698,113	6.69%	\$0.65	\$118.59	(701,418)	1,575,445	973,088	4,840,418
10,000-19,999	810	11,325,934	0	0	380,413	3.36%	403,181	3.56%	\$0.81	\$183.99	88,930	(42,940)	269,423	865,025
20,000-29,999	352	8,331,602	44,110	0	350,013	4.20%	422,650	5.07%	\$0.83	\$127.94	(79,566)	105,635	104,001	668,956
30,000-39,999	156	5,257,241	138,123	0	182,165	3.47%	192,958	3.67%	\$0.65	\$126.16	31,476	112,404	160,702	589,424
40,000-49,999	88	3,833,384	0	0	130,601	3.41%	309,454	8.07%	\$0.61	\$80.15	(32,461)	293,417	41,800	316,858
50,000-74,999	111	6,676,883	0	0	301,807	4.52%	450,549	6.75%	\$0.62	\$76.97	(47,433)	60,115	61,953	578,990
75,000-99,999	52	4,480,822	0	0	122,930	2.74%	347,030	7.74%	\$1.04	\$0.00	(137,218)	10,338	4,745	276,017
100,000-149,999	48	5,599,307	114,500	0	360,518	6.44%	476,379	8.51%	\$0.59	\$0.00	80,206	272,166	203,006	670,929
150,000-199,999	14	2,397,545	0	0	69,272	2.89%	256,272	10.69%	\$0.53	\$0.00	0	102,009	0	102,009
200,000-299,999	14	3,362,186	0	212,000	40,007	1.19%	50,807	1.51%	\$0.55	\$0.00	1,792	80,114	127,458	150,114
300,000+	11	4,029,290	0	0	466,490	11.58%	788,833	19.58%	\$0.49	\$0.00	(607,144)	582,187	0	622,096

SOUTH ORANGE COUNTY

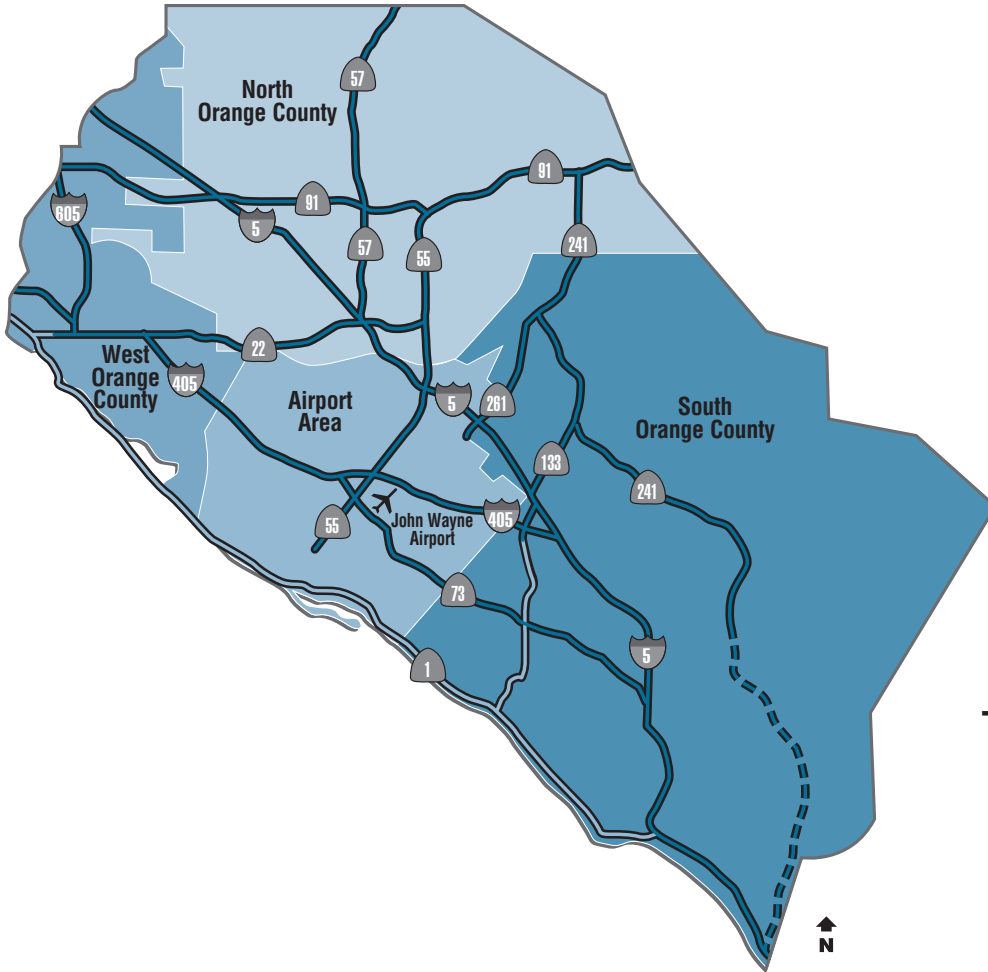
The South Orange County Industrial Market consists of 555 buildings totaling 20,348,546 square feet, and currently has an availability rate of 7.89%, which shows a decrease from last quarter's 8.88% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 1Q2005	Net Absorption 2004	Gross Absorption 1Q2005	Gross Absorption 2004
South Totals	555	20,348,546	174,279	162,905	712,919	3.50%	1,605,835	7.89%	\$0.70	\$143.59	(978)	829,404	393,314	2,669,052
10,000-19,999	282	3,997,552	93,902	0	214,654	5.37%	292,796	7.32%	\$0.99	\$143.14	47,254	128,892	137,385	601,191
20,000-29,999	116	2,754,848	47,527	26,289	185,334	6.73%	228,418	8.29%	\$1.02	\$132.44	1,739	67,833	106,220	481,095
30,000-39,999	42	1,401,266	32,850	32,089	61,961	4.42%	123,485	8.81%	\$0.70	\$187.30	52,959	119,487	60,314	152,596
40,000-49,999	27	1,195,758	0	0	15,030	1.26%	62,206	5.20%	\$0.73	\$130.00	26,985	(56,443)	26,985	28,381
50,000-74,999	30	1,820,901	0	104,527	78,931	4.33%	126,925	6.97%	\$0.62	\$0.00	(65,171)	92,608	7,210	175,720
75,000-99,999	16	1,341,043	0	0	1,944	0.14%	4,144	0.31%	\$0.62	\$0.00	(1,944)	38,772	0	201,125
100,000-149,999	25	2,968,234	0	0	0	0.00%	132,000	4.45%	\$0.55	\$0.00	0	168,873	0	305,029
150,000-199,999	5	832,941	0	0	80,690	9.69%	105,690	12.69%	\$0.49	\$0.00	15,000	(120,690)	25,000	44,095
200,000-299,999	5	1,057,149	0	0	0	0.00%	407,796	38.58%	\$0.63	\$0.00	(77,800)	(30,200)	30,200	51,057
300,000+	7	2,978,854	0	0	74,375	2.50%	122,375	4.11%	\$0.39	\$0.00	0	420,272	0	628,763

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2005



SUBMARKETS

NORTH

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

WEST

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

AIRPORT

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

SOUTH

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

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