ORANGE COUNTY

FLEX MARKET REPORT

FIRST QUARTER 2006

Compared to last quarter:

VACANCY

UP

ABSORPTION

UP

LEASE RATES

RECORD HIGH

RECORD HIGH

UP

CONSTRUCTION

DOWN

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

MARKET HIGHLIGHTS

- Unemployment for the first quarter of 2006 in Orange County is 3.6%, which is 0.2% lower than it was when compared to the fourth quarter of 2005, and is 0.6% lower than it was during the first quarter of 2005.
- According to Chapman University, it is estimated that Orange County added 24,000 new payroll jobs in 2005. Furthermore, they are forecasting 20,000 new payroll jobs will be added to the county in 2006 as the Orange County economy continues to expand.
- Total space under construction checked in at just over 85,117 square feet for the first quarter of 2006, which is 88% less than the amount that was under construction during the first quarter of 2005.
- The flex vacancy rate checked in at a low 8.40%, which is lower than it was a year ago when it was 9.28%. Another sign of strength was the 593,157 square feet of new product that was built in the last five quarters, 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; 12.36% this quarter as compared to 14.77% this quarter last year.
- The average asking Triple Net lease rate per month per foot in Orange County is currently at $1.77, which is a 15.69% increase over last year's first quarter rate of $1.53. This is a new record high for lease rates in the flex market.
- Net absorption for the county this quarter posted a positive number of 134,054 square feet, giving the county a total of over two point four million square feet of positive absorption for the last ten 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 rental rate growth of 7% to 10% in 2006.

FLEX MARKET STATISTICS

	1Q2006	4Q2005	1Q2005	% CHANGE VS. 1Q05
Under Construction	85,117	1,212,185	702,133	-87.88%
Planned Construction	145,180	560,623	767,925	-81.09%
Vacancy	8.40%	8.27%	9.28%	-9.48%
Availability	12.36%	10.83%	14.77%	-16.32%
Pricing	$1.77	$1.67	$1.53	15.69%
Net Absorption	134,054	-12,745	471,333	-71.56%
Activity	568,249	510,457	707,441	-19.68%

Voit Commercial Brokerage

CORFAC International

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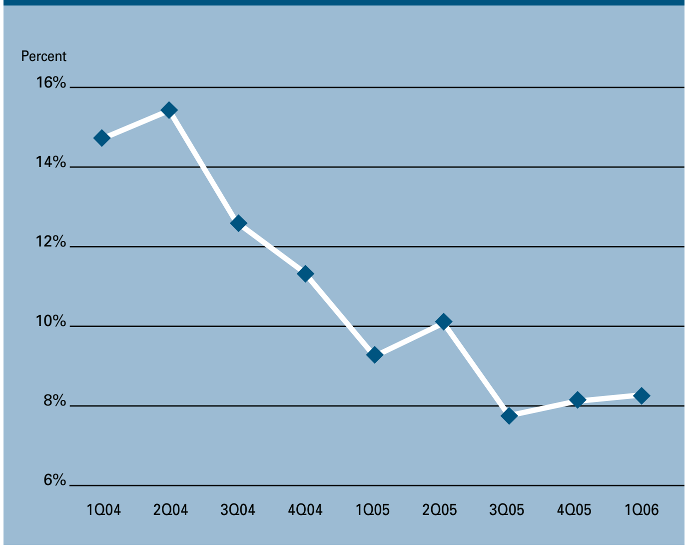
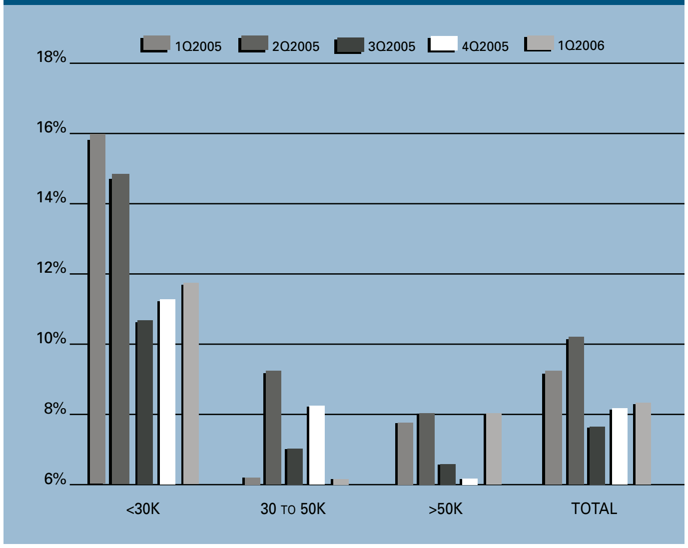
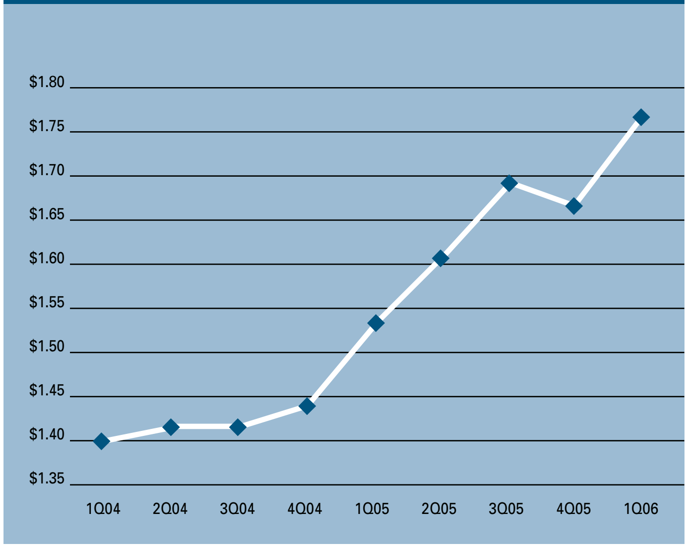
VACANCY RATE



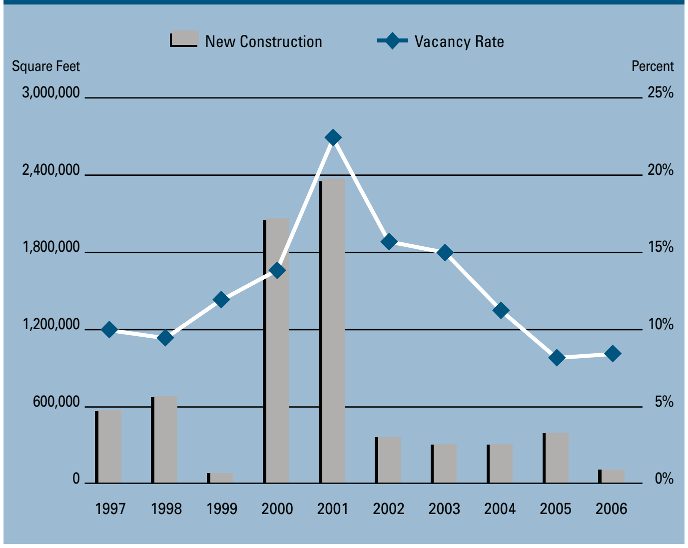
FLEX VACANCY RATE



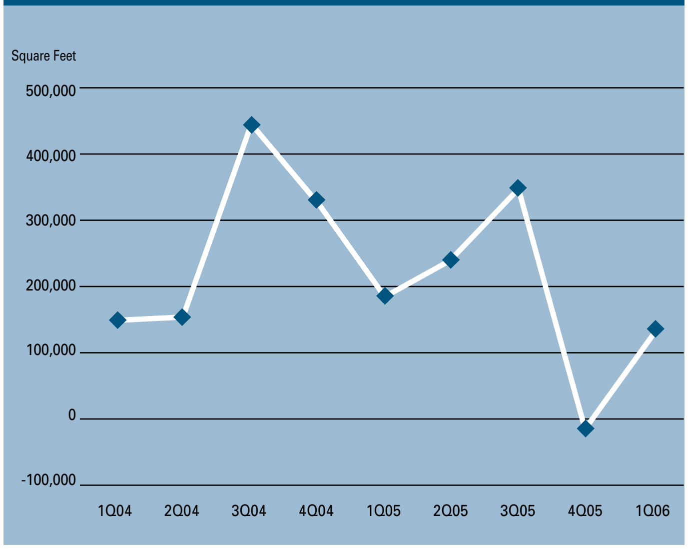
AVERAGE ASKING TRIPLE NET LEASE RATE



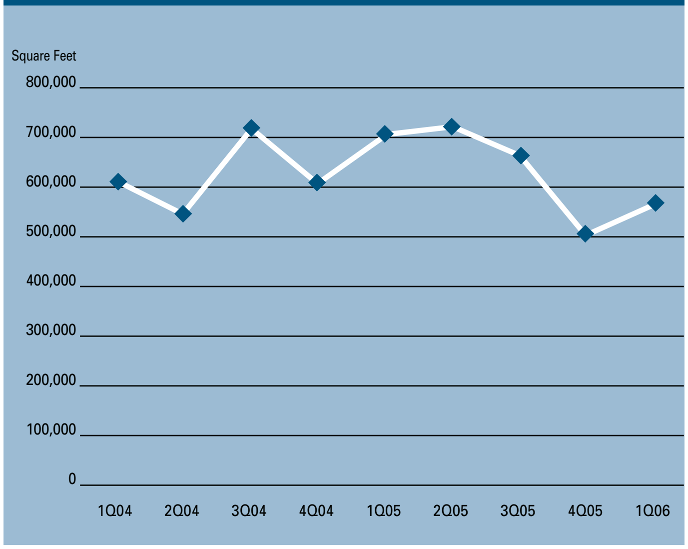
ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



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 1Q2006	Square Feet Available	Availability Rate 1Q2006	Average Asking Lease Rate	Net Absorption 1Q2006	Net Absorption 2005	Net Absorption 2004	Net Absorption 2003
North County													
Anaheim Hills	11	198,634	0	0	0	0.00%	0	0.00%	$0.00	833	4,803	10,352	(901)
Anaheim	8	162,015	0	0	1,661	1.03%	2,751	1.70%	$0.00	3,500	14,251	10,561	(3,105)
Brea	15	456,680	0	0	48,272	10.57%	48,272	10.57%	$1.20	5,729	(8,726)	72,846	(58,366)
Fullerton	7	73,900	0	0	12,190	0.00%	12,190	16.50%	$2.34	720	100	19,700	6,515
Placentia	1	28,000	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	142
Yorba Linda	1	10,560	0	0	10,560	100.00%	10,560	100.00%	$2.25	(10,560)	0	0	0
North County Total	43	929,789	0	0	72,683	7.82%	73,773	7.93%	$2.27	222	10,428	113,459	(55,715)
West County													
Cypress	8	324,081	0	0	56,378	17.40%	56,378	17.40%	$1.40	20,038	38,313	772	(19,289)
Huntington Beach	3	48,648	0	36,000	0	0.00%	0	0.00%	$0.00	2,248	10,985	(1,520)	(9,489)
Los Alamitos	1	24,552	0	0	15,000	61.09%	15,000	61.09%	$1.50	(15,000)	0	0	0
Seal Beach	4	43,005	0	0	842	1.96%	842	1.96%	$0.00	0	(842)	8,787	(7,668)
West County Total	16	440,286	0	36,000	72,220	16.40%	72,220	16.40%	$1.43	7,286	48,456	8,039	(36,446)
Central County													
Anaheim	7	214,958	0	0	6,514	3.03%	9,714	4.52%	$0.00	(6,514)	7,164	49,879	(3,105)
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	$0.00	1,260	(1,260)	0	0
Orange	7	146,612	0	0	646	0.44%	6,817	4.65%	$0.00	0	11,490	34,501	13,207
Santa Ana	8	92,769	22,448	3,000	0	0.00%	0	0.00%	$0.00	0	10,011	229	73,822
Tustin	2	18,600	0	0	0	0.00%	0	0.00%	$0.00	0	0	0	95,482
Central County Total	26	500,339	22,448	3,000	7,160	1.43%	16,531	3.30%	$0.00	(5,254)	27,405	84,609	179,406
Airport Area													
Costa Mesa	5	80,770	0	12,280	1,579	1.95%	1,579	1.95%	$0.00	0	14,688	28,090	-126
Irvine	68	3,119,559	0	0	175,663	5.63%	205,391	6.58%	$2.02	11,810	184,544	122,450	194,221
Newport Beach	26	612,180	9,111	0	63,044	10.30%	91,175	14.89%	$0.00	30,225	(42,173)	16,610	2,115
Santa Ana	9	383,249	0	0	80,594	21.03%	99,503	25.96%	$1.70	(35,552)	21,748	(3,730)	0
Tustin	4	195,686	0	0	0	0.00%	48,700	24.89%	$0.00	0	7,110	24,129	0
Airport Area Total	112	4,391,444	9,111	12,280	320,880	7.31%	446,348	10.16%	$1.97	6,483	185,917	187,549	196,210
South County													
Aliso Viejo	38	1,169,363	0	0	37,620	3.22%	61,460	5.26%	$1.72	12,864	12,375	35,901	56,330
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	$1.95	0	0	0	2,651
Foothill Ranch	3	83,659	0	0	11,518	13.77%	11,518	13.77%	$2.60	(5,000)	29,482	0	0
Irvine Spectrum	122	3,775,628	30,000	0	322,655	8.55%	610,287	16.16%	$1.88	112,709	292,745	460,580	138,986
Laguna Beach	3	57,207	9,382	0	0	0.00%	0	0.00%	$0.00	0	0	0	808
Laguna Hills	14	451,482	0	0	98,643	21.85%	98,766	21.88%	$1.15	(19,120)	(42,124)	7,297	(4,187)
Laguna Niguel	3	53,170	0	25,500	0	0.00%	0	0.00%	$0.00	0	6,000	7,638	(1,638)
Lake Forest	31	1,239,426	0	0	153,493	12.38%	251,377	20.28%	$1.52	14,132	164,714	3,719	56,549
Mission Viejo	31	467,957	0	68,400	21,145	4.52%	28,240	6.03%	$2.39	4,206	43,793	51,427	33,299
Rancho Santa Margarita	6	197,311	0	0	19,407	9.84%	22,407	11.36%	$3.00	(4,653)	36,117	11,092	16,755
San Clemente	7	160,795	0	0	50,151	31.19%	62,824	39.07%	$2.85	16,264	17,526	2,519	(546)
San Juan Capistrano	15	352,562	14,176	0	11,985	3.40%	11,985	3.40%	$0.00	(6,085)	48,544	(1,762)	18,266
South County Total	276	8,062,900	53,558	93,900	729,967	9.05%	1,162,214	14.41%	$1.70	125,317	609,172	578,411	317,273
Orange County Total	**473**	**14,324,758**	**85,117**	**145,180**	**1,202,910**	**8.40%**	**1,771,086**	**12.36%**	**$1.77**	**134,054**	**881,378**	**972,067**	**600,728**

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2006	Square Feet Available	Availability Rate 1Q2006	Average Asking Lease Rate	Net Absorption 1Q2006	Net Absorption 2005	Net Absorption 2004	Net Absorption 2003
North County													
0 to 29,999	33	486,147	0	0	45,275	9.31%	45,275	9.31%	$1.89	5,302	4,166	30,313	4,357
30,000 to 49,999	8	320,642	0	0	20,308	6.33%	21,398	6.67%	$0.00	(100)	2,016	4,615	(7,979)
50,000+	2	123,000	0	0	7,100	5.77%	7,100	5.77%	$1.75	(4,980)	4,246	76,538	(54,046)
West County													
0 to 29,999	10	121,518	0	0	23,604	19.42%	23,604	19.42%	$1.50	(6,714)	30,182	(2,740)	(8,370)
30,000 to 49,999	3	118,562	0	36,000	20,480	17.27%	20,480	17.27%	$1.40	0	37,783	(14,200)	(28,076)
50,000+	3	200,206	0	0	28,136	14.05%	28,136	14.05%	$1.40	14,000	(19,509)	23,759	0
Central County													
0 to 29,999	22	305,945	22,448	3,000	6,514	2.13%	6,514	2.13%	$0.00	(5,254)	22,083	14,957	42,965
30,000 to 49,999	1	33,070	0	0	0	0.00%	0	0.00%	$0.00	0	1,867	19,652	59,771
50,000+	3	161,324	0	0	646	0.40%	10,017	6.21%	$0.00	0	3,455	50,000	76,670
Airport Area													
0 to 29,999	36	579,315	9,111	12,280	13,401	2.31%	13,401	2.31%	$0.00	11,473	49,512	60,711	28,260
30,000 to 49,999	38	1,553,978	0	0	43,766	2.82%	97,239	6.26%	$1.88	16,758	121,913	66,866	39,906
50,000+	38	2,258,151	0	0	263,713	11.68%	335,708	14.87%	$1.99	(21,748)	14,492	61,192	128,044
South County													
0 to 29,999	150	2,178,124	23,558	63,900	344,992	15.84%	344,992	15.84%	$1.58	127,049	316,781	(14,032)	115,367
30,000 to 49,999	77	3,069,033	30,000	30,000	235,145	7.66%	293,484	9.56%	$1.72	37,973	69,718	153,617	89,519
50,000+	49	2,815,743	0	0	149,830	5.32%	523,738	18.60%	$1.69	(39,705)	222,673	438,826	112,387
Orange County													
0 to 29,999	251	3,671,049	55,117	79,180	433,786	11.82%	433,786	11.82%	$1.71	131,856	422,724	89,209	182,579
30,000 to 49,999	127	5,095,285	30,000	66,000	319,699	6.27%	432,601	8.49%	$1.73	54,631	233,297	230,550	153,141
50,000+	95	5,558,424	0	0	449,425	8.09%	904,699	16.28%	$1.80	(52,433)	225,357	650,315	263,055
Orange County Total	**473**	**14,324,758**	**85,117**	**145,180**	**1,202,910**	**8.40%**	**1,771,086**	**12.36%**	**$1.77**	**134,054**	**881,378**	**972,067**	**600,728**

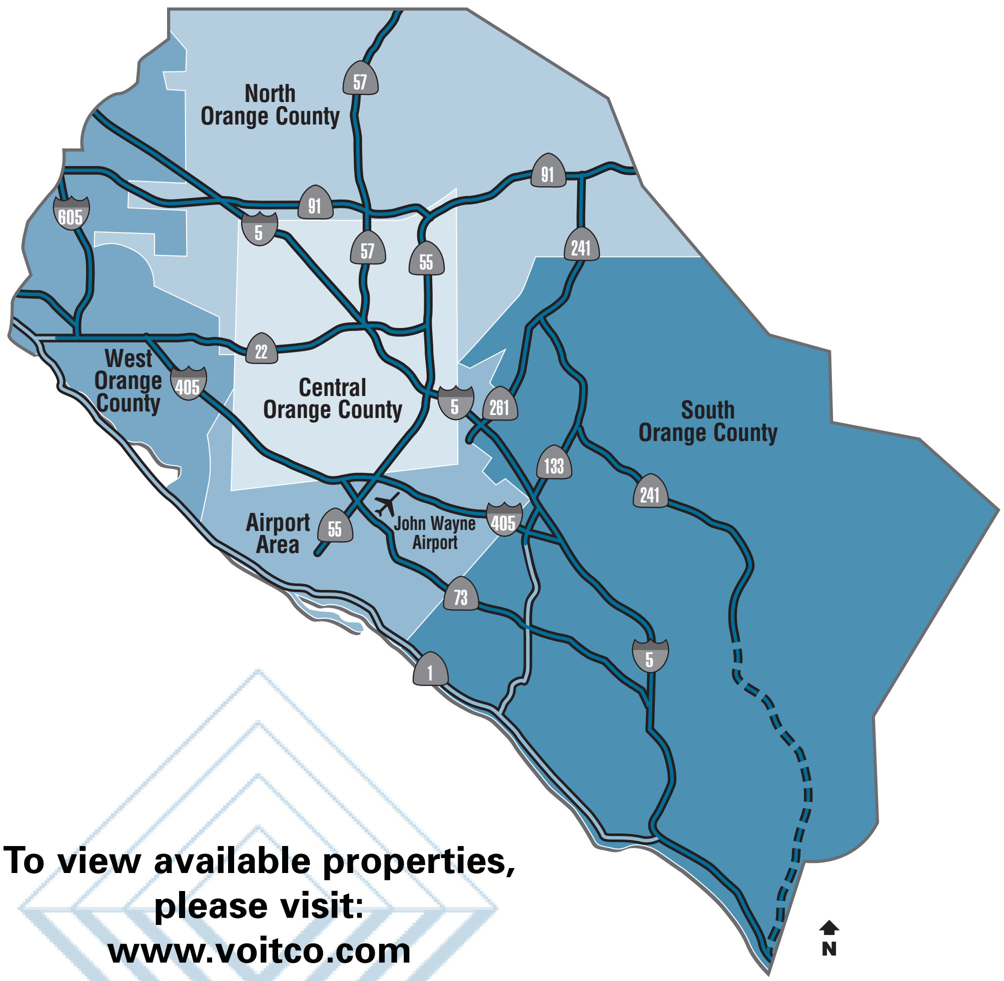
This survey consists of buildings up to 74,999 square feet. Lease rates are on a triple net basis.

ORANGE COUNTY

FLEX MARKET

REPORT

FIRST QUARTER 2006



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SUBMARKETS

NORTH

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

WEST

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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3500 W. Orangewood Ave.
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FAX: 949.261.9092

Voit Commercial Brokerage

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This survey consists of properties up to 74,999 square feet 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.