

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2006

Compared to
last quarter:

VACANCY



UP

ABSORPTION



DOWN

SALES PRICE



UP

ACTIVITY



DOWN

LEASE RATES



FLAT

CONSTRUCTION



UP

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Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



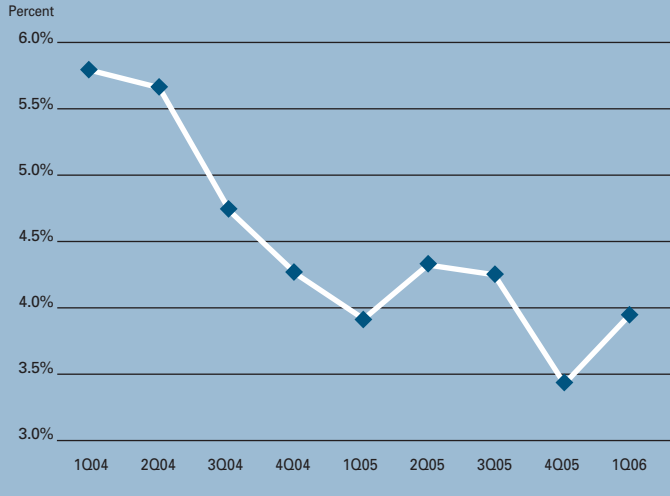
MARKET HIGHLIGHTS

- ◆ 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 is over 1.4 million square feet this quarter, which is 89% higher than what was under construction a year ago.
- ◆ Industrial vacancy came in at a low rate of 3.96%, which is about the same as it was a year ago. This will put more pressure on lease rates to continue to climb in 2006.
- ◆ Industrial availability checked in at a rate of 5.33%, which is 4.48% lower than what was on the market a year ago.
- ◆ The average asking triple net lease rate is .61 cents per square foot per month this quarter. This is an increase of 3.39% when compared to a year ago, and the same as last quarter. This gets us closer to the record high average asking lease rate of .62 cents, which we experienced in the fourth quarter of 2000 and the first quarter of 2001.
- ◆ The average asking selling price is \$130.70 per square foot per this quarter and represents a new record high rate. This is an increase of almost 8.77% when compared to a year ago.
- ◆ The level of activity was a little lower in first quarter of 2006 when compared to last year, checking in at 2.6 million square feet this quarter, down from 3.8 million square feet in first quarter of 2005. This is due to the lack of available product.
- ◆ Net absorption for the county during this quarter posted a negative number of 1.2 million square feet, giving the Industrial Market in Orange County a total of over 8 million square feet of positive absorption for the past 3 years.
- ◆ 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 7% to 10% during 2006.

INDUSTRIAL MARKET STATISTICS

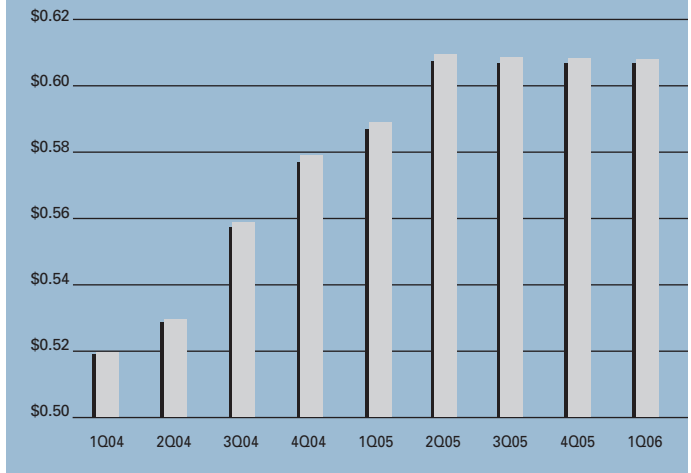
	1Q2006	4Q2005	1Q2005	% CHANGE VS. 1Q05
Under Construction	1,452,343	754,116	768,535	88.98%
Planned Construction	1,186,388	1,341,904	1,188,405	-0.17%
Vacancy	3.96%	3.43%	3.92%	1.02%
Availability	5.33%	5.13%	5.58%	-4.48%
Avg. Ask Lease Rate	\$0.61	\$0.61	\$0.59	3.39%
Avg. Ask Sales Price	\$130.70	\$129.17	\$120.16	8.77%
Activity	2,652,610	3,466,890	3,830,420	-30.75%
Absorption	-1,178,398	1,900,759	97,861	N/A

VACANCY RATE

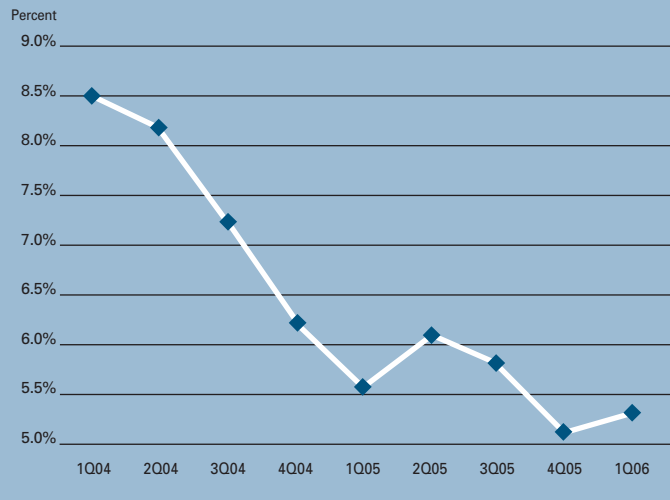


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

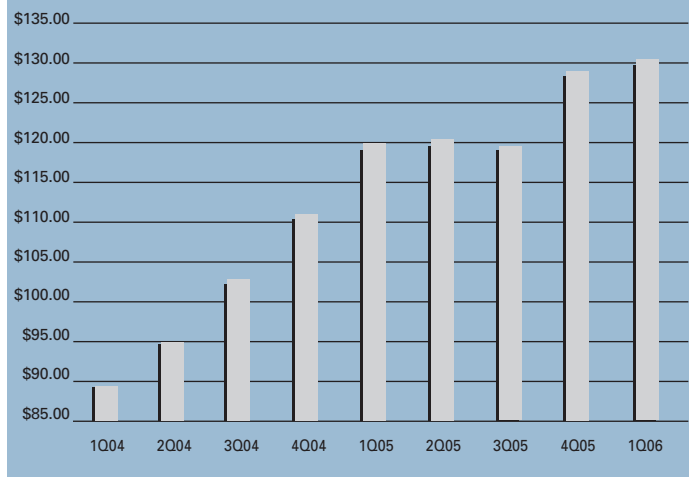


AVAILABILITY RATE

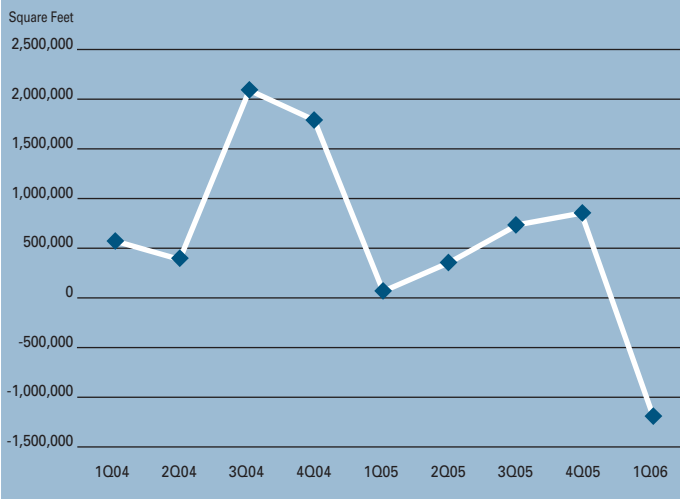


WEIGHTED AVERAGE ASKING SALES RATES

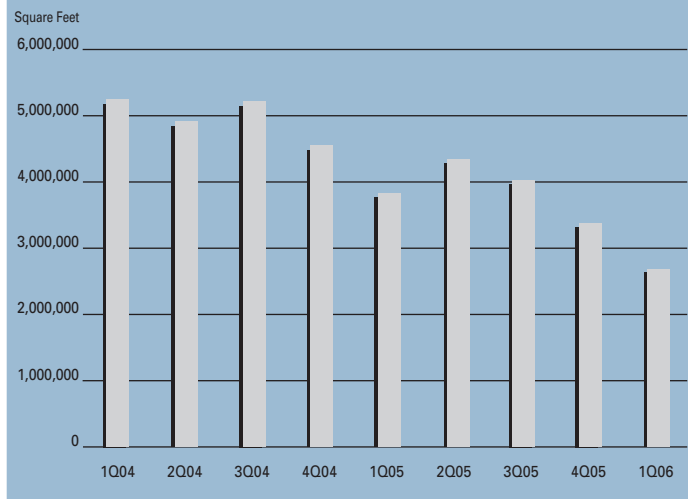
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION



GROSS ABSORPTION

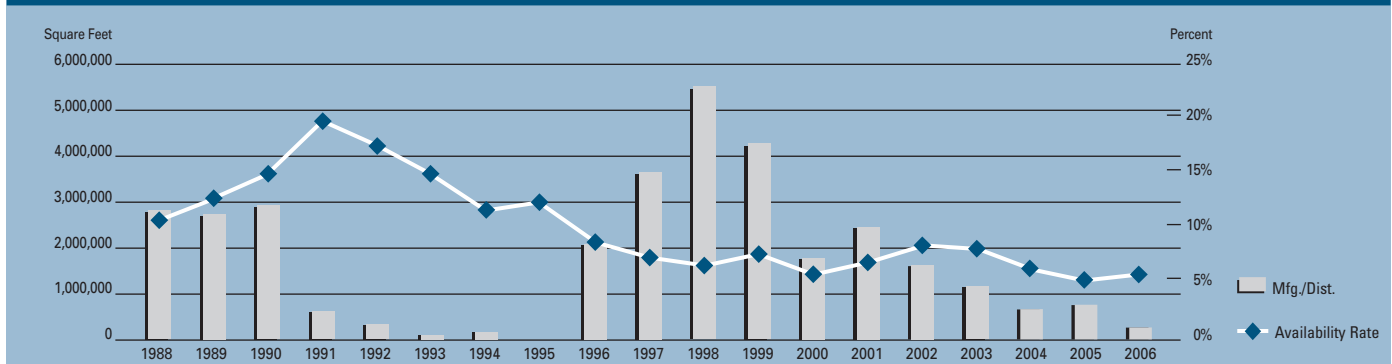


ORANGE COUNTY

	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2006	Square Feet Available	Availability Rate 1Q2006	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
North County														
Anaheim	1,253	43,992,157	204,275	404,730	1,231,781	2.80%	1,749,184	3.98%	\$0.57	\$155.23	(40,483)	535,754	491,670	2,481,042
Brea	242	10,857,602	0	0	311,163	2.87%	808,330	7.44%	\$0.40	\$129.43	(34,084)	207,320	145,381	758,937
Buena Park	178	14,253,608	0	0	318,239	2.23%	368,239	2.58%	\$0.58	\$142.50	318	384,336	230,568	852,716
Fullerton	285	16,534,078	0	0	1,127,689	6.82%	1,303,528	7.88%	\$0.47	\$84.32	219,011	(234,478)	271,117	995,054
La Habra	86	2,304,580	107,115	0	36,729	1.59%	43,600	1.89%	\$0.76	\$183.47	(25,748)	27,910	15,557	79,499
Orange	442	11,650,108	61,128	0	299,685	2.57%	417,237	3.58%	\$0.69	\$160.68	(104,099)	42,331	142,509	351,765
Placentia	145	3,592,025	0	0	177,007	4.93%	177,907	4.95%	\$0.62	\$155.00	(110,784)	103,444	1,483	247,931
Yorba Linda	27	799,682	0	0	19,828	2.48%	19,828	2.48%	\$0.88	\$0.00	(14,322)	136,312	0	160,808
North County Total	2,658	103,981,840	372,518	404,730	3,522,121	3.39%	4,887,853	4.70%	\$0.50	\$132.57	(110,191)	1,202,929	1,298,285	5,927,752
West County														
Cypress	50	3,883,153	0	0	734,995	18.93%	734,995	18.93%	\$0.61	\$110.88	(342,085)	(121,533)	0	391,759
Garden Grove	291	10,969,829	0	0	658,943	6.01%	921,441	8.40%	\$0.57	\$125.91	(122,845)	(115,231)	147,220	660,531
Huntington Beach	443	12,453,150	245,730	178,671	107,598	1.72%	407,134	3.27%	\$0.72	\$151.23	212,028	219,159	284,709	579,768
La Palma	14	1,709,621	0	25,680	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	74	2,054,021	0	0	40,505	1.97%	42,405	2.06%	\$0.49	\$99.00	(9,066)	1,426	2,834	45,096
Seal Beach	0	0	626,474	204,222	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	59	1,216,206	0	0	18,533	1.52%	18,533	1.52%	\$0.62	\$149.00	(17,033)	1,668	0	31,451
Westminster	61	1,860,341	0	0	3,848	0.21%	3,848	0.21%	\$0.00	\$0.00	(3,848)	170,362	1,066	182,752
West County Total	992	34,146,321	872,204	408,573	1,671,422	4.89%	2,128,356	6.23%	\$0.60	\$120.70	(282,849)	155,851	435,829	1,891,357
Airport Area														
Costa Mesa	215	6,687,001	0	0	225,352	3.37%	400,490	5.99%	\$1.05	\$0.00	(83,970)	153,670	46,035	773,577
Fountain Valley	140	3,303,862	174,913	0	107,028	3.23%	107,028	3.23%	\$0.78	\$159.49	(43,808)	24,004	27,042	186,164
Irvine	334	14,495,235	0	173,205	667,824	4.61%	979,713	6.76%	\$0.81	\$222.81	(20,072)	113,099	148,699	1,799,899
Newport Beach	20	355,008	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	2,500	8,291	5,000	25,111
Santa Ana	873	26,419,157	0	10,000	1,178,343	4.46%	1,310,085	4.96%	\$0.65	\$124.17	(555,246)	109,858	280,714	1,791,119
Tustin	93	4,552,778	0	0	451,100	9.91%	451,100	9.91%	\$0.61	\$0.00	61,872	(53,305)	110,404	1,100,356
Airport Area Total	1,675	55,818,041	174,913	183,205	2,629,647	4.71%	3,248,416	5.82%	\$0.75	\$137.37	(638,724)	355,617	617,894	5,676,226
South County														
Aliso Viejo	10	677,886	0	0	0	0.00%	13,680	2.02%	\$1.05	\$0.00	0	2,000	0	2,000
Foothill Ranch	40	3,023,230	0	189,880	175,018	5.79%	175,018	5.79%	\$0.52	\$0.00	0	(152,025)	100,643	257,474
Irvine Spectrum	144	7,299,968	10,000	0	146,973	2.01%	460,764	6.31%	\$0.90	\$0.00	43,448	152,798	114,347	452,204
Laguna Hills	67	1,197,196	0	0	38,220	3.19%	68,966	5.76%	\$1.07	\$0.00	(38,530)	39,139	16,046	85,622
Laguna Niguel	20	528,466	0	0	400	0.08%	400	0.08%	\$0.00	\$0.00	400	1,260	400	2,060
Lake Forest	129	3,816,230	0	0	257,754	6.75%	257,754	6.75%	\$0.88	\$197.69	(159,010)	(45,055)	38,066	301,224
Mission Viejo	26	966,670	0	0	6,960	0.72%	6,960	0.72%	\$1.44	\$0.00	6,079	59,301	6,079	76,122
Rancho Santa Margarita	33	1,020,765	0	0	4,383	0.43%	14,723	1.44%	\$0.00	\$210.00	(4,383)	34,782	0	73,965
San Clemente	54	1,291,894	22,708	0	27,942	2.16%	64,490	4.99%	\$0.65	\$175.15	16,782	96,279	22,728	246,362
San Juan Capistrano	32	869,290	0	0	24,103	2.77%	105,080	12.09%	\$1.06	\$0.00	(11,420)	(2,117)	2,293	28,256
South County Total	555	20,691,595	32,708	189,880	681,753	3.29%	1,167,835	5.64%	\$0.94	\$180.91	(146,634)	186,362	300,602	1,527,289
Orange County Total	5,880	214,637,797	1,452,343	1,186,388	8,504,943	3.96%	11,432,460	5.33%	\$0.61	\$130.70	(1,178,398)	1,900,759	2,652,610	15,022,624

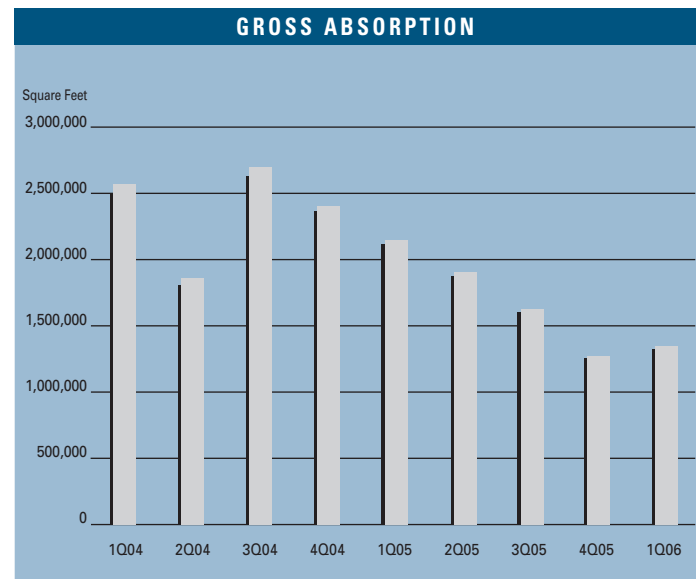
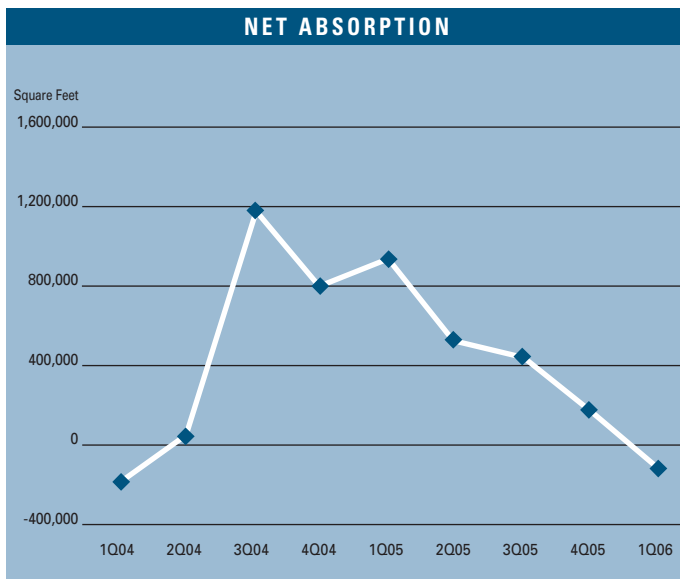
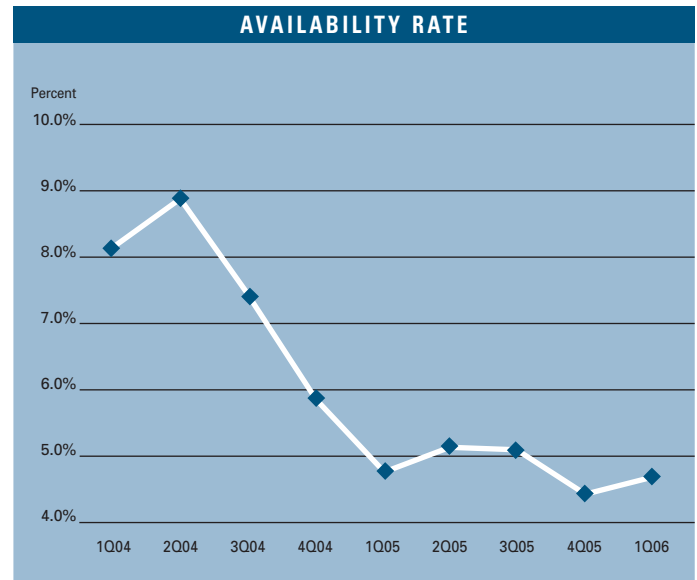
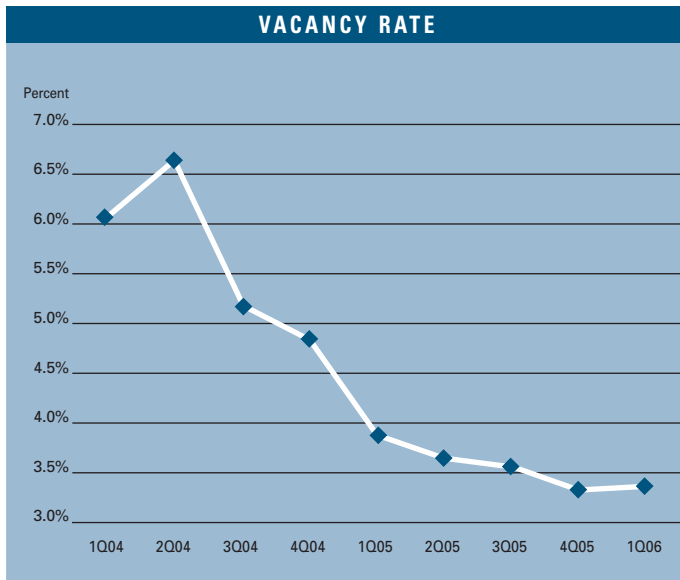
	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2006	Square Feet Available	Availability Rate 1Q2006	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
O.C. Totals														
10,000-19,999	2,978	41,120,177	253,650	90,679	1,254,600	3.05%	1,438,170	3.50%	\$0.82	\$185.12	(203,072)	841,254	589,869	2,926,914
20,000-29,999	1,164	27,546,393	120,303	78,956	818,584	2.97%	1,038,975	3.77%	\$0.92	\$143.94	19,135	259,129	488,972	1,971,887
30,000-39,999	483	16,319,197	69,429	71,339	557,163	3.41%	814,863	4.99%	\$0.93	\$161.40	(233,290)	543,029	167,510	1,594,842
40,000-49,999	307	13,394,418	45,225	0	376,388	2.81%	649,669	4.85%	\$0.60	\$146.60	(100,126)	83,511	133,065	633,753
50,000-74,999	381	22,824,100	231,458	285,852	984,581	4.31%	1,465,722	6.42%	\$0.68	\$105.52	(175,762)	18,764	284,559	1,332,148
75,000-99,999	177	15,056,890	155,095	76,161	571,950	3.80%	601,614	4.00%	\$0.58	\$0.00	181,851	(337,060)	280,701	957,031
100,000-149,999	193	22,706,316	208,183	209,700	810,225	3.57%	1,078,320	4.75%	\$0.60	\$119.03	(3,668)	414,708	380,023	2,169,424
150,000-199,999	68	11,578,094	369,000	373,701	1,087,517	9.39%	1,237,517	10.69%	\$0.58	\$131.09	(489,800)	225,902	26,000	962,418
200,000-299,999	76	18,064,365	0	0	1,004,219	5.56%	1,534,538	8.49%	\$0.50	\$89.48	165,451	(159,733)	301,911	944,384
300,000+	53	26,027,847	0	0	1,039,716	3.99%	1,573,072	6.04%	\$0.45	\$109.00	(339,117)	11,255	0	1,529,823
Total	5,880	214,637,797	1,452,343	1,186,388	8,504,943	3.96%	11,432,460	5.33%	\$0.61	\$130.70	(1,178,398)	1,900,759	2,652,610	15,022,624

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

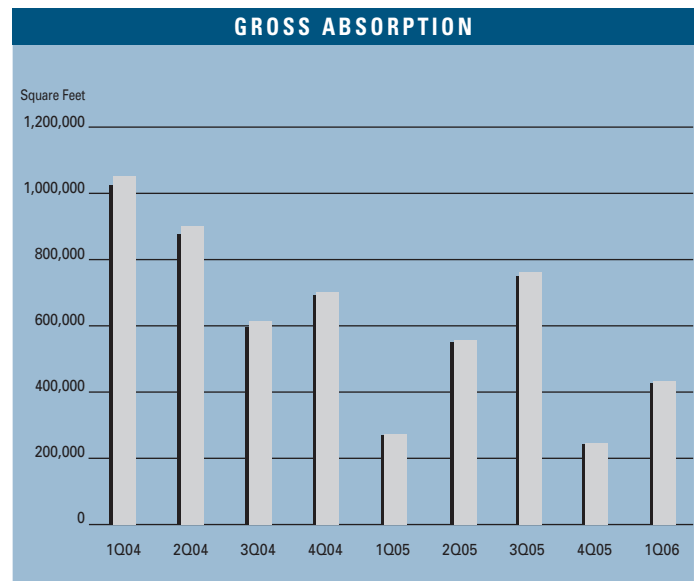
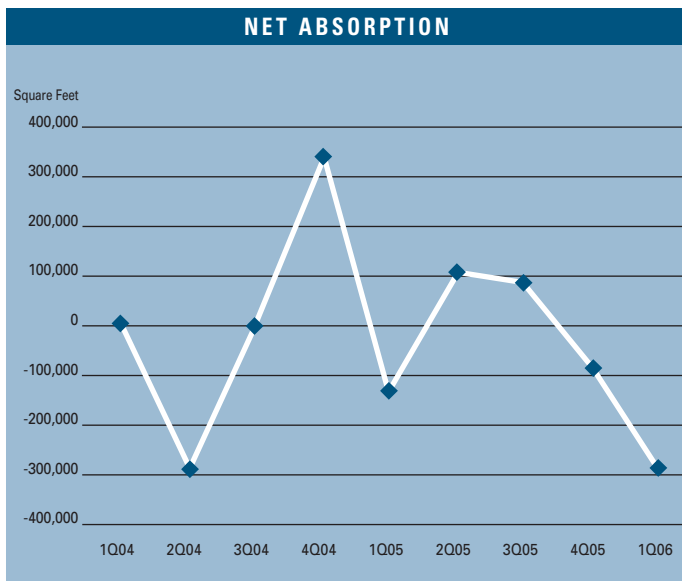
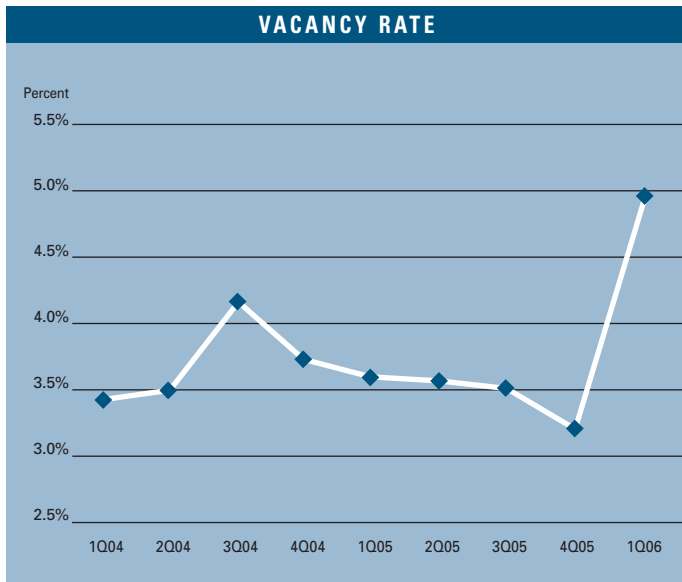
The North Orange County Industrial Market consists of 2,658 buildings totaling 103,981,840 square feet, and currently has an availability rate of 4.70%, which shows an increase from last quarter's 4.45% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
North Totals														
10,000-19,999	1,317	18,191,966	205,494	0	593,289	3.26%	631,319	3.47%	\$0.71	\$190.97	(144,742)	360,459	275,642	1,174,238
20,000-29,999	518	12,260,254	97,595	0	379,046	3.09%	497,213	4.06%	\$0.78	\$148.76	(47,311)	96,059	179,953	785,567
30,000-39,999	223	7,551,964	69,429	0	287,426	3.81%	368,386	4.88%	\$0.71	\$153.99	(141,266)	250,880	47,352	499,810
40,000-49,999	139	6,048,531	0	0	80,400	1.33%	203,400	3.36%	\$0.57	\$153.49	(52,387)	58,567	28,638	222,779
50,000-74,999	181	10,856,195	0	0	375,554	3.46%	546,530	5.03%	\$0.53	\$110.39	(161,325)	1,402	74,068	650,086
75,000-99,999	78	6,634,183	0	0	226,870	3.42%	226,870	3.42%	\$0.50	\$0.00	68,698	(213,057)	130,448	169,609
100,000-149,999	95	11,219,313	0	209,700	462,350	4.12%	462,350	4.12%	\$0.55	\$116.36	128,530	79,417	274,280	1,131,085
150,000-199,999	34	5,893,046	0	195,030	251,756	4.27%	376,756	6.39%	\$0.57	\$137.50	26,000	380,901	26,000	502,997
200,000-299,999	45	10,731,622	0	0	658,643	6.14%	944,162	8.80%	\$0.46	\$69.11	213,612	19,088	261,904	416,581
300,000+	28	14,594,766	0	0	206,787	1.42%	630,867	4.32%	\$0.33	\$0.00	0	169,213	0	375,000
Total	2,658	103,981,840	372,518	404,730	3,522,121	3.39%	4,887,853	4.70%	\$0.50	\$132.57	(110,191)	1,202,929	1,298,285	5,927,752

WEST ORANGE COUNTY

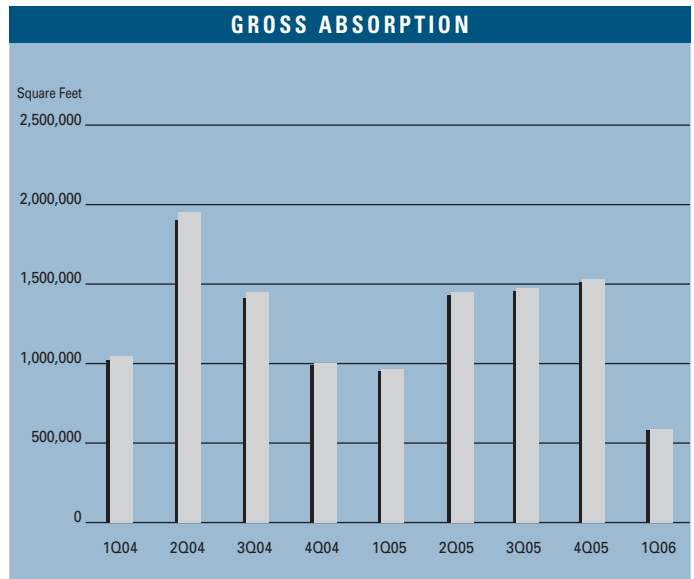
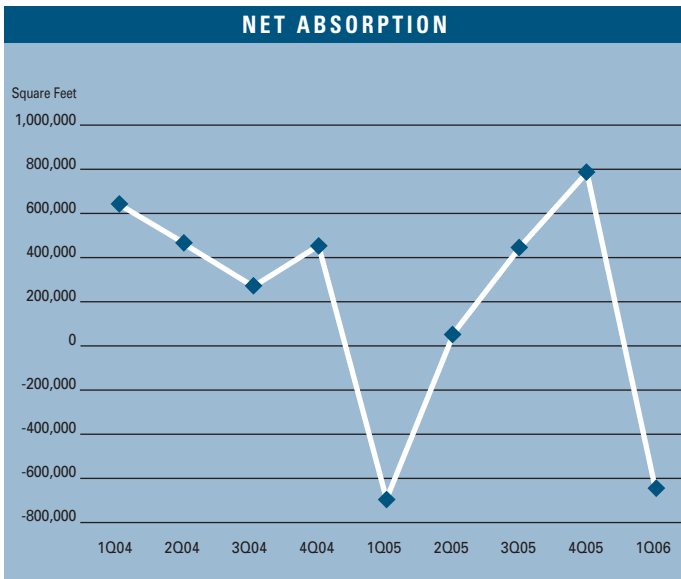
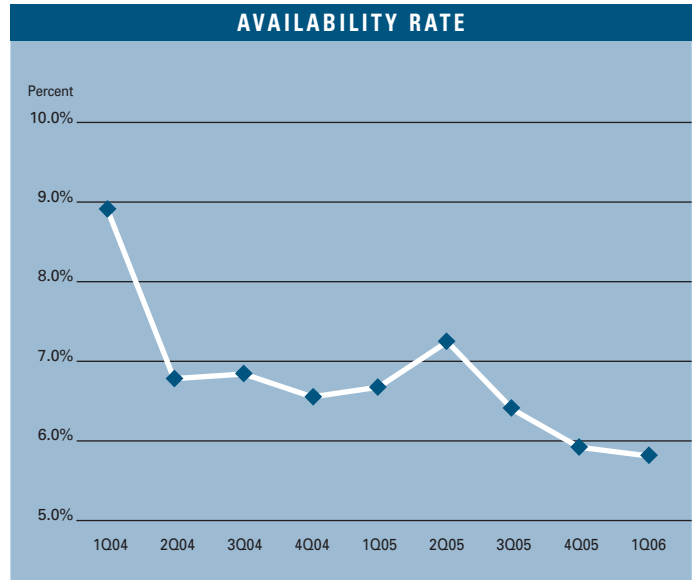
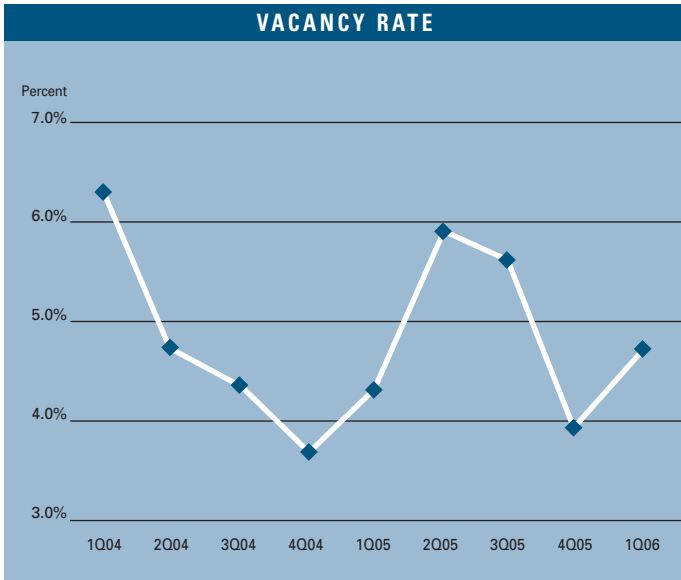
The West Orange County Industrial Market consists of 992 buildings totaling 34,146,321 square feet, and currently has an availability rate of 6.23%, which shows an increase from last quarter's 5.57% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
West Totals														
10,000-19,999	559	7,435,109	0	0	145,758	1.96%	159,298	2.14%	\$0.91	\$159.20	(4,963)	88,988	64,030	350,333
20,000-29,999	179	4,233,422	0	25,680	68,003	1.61%	157,617	3.72%	\$0.53	\$141.33	45,195	49,550	64,279	237,717
30,000-39,999	56	1,903,666	0	0	106,836	5.61%	168,218	8.84%	\$0.54	\$0.00	(20,395)	14,365	40,616	176,579
40,000-49,999	54	2,367,800	45,225	0	105,451	4.45%	193,318	8.16%	\$0.51	\$131.09	(27,676)	14,720	57,015	72,000
50,000-74,999	59	3,480,691	171,796	128,061	139,454	4.01%	200,766	5.77%	\$0.68	\$135.00	158,519	(34,892)	169,889	93,447
75,000-99,999	29	2,425,762	78,000	76,161	93,700	3.86%	93,700	3.86%	\$0.75	\$0.00	37,032	128,614	40,000	308,087
100,000-149,999	24	2,808,251	208,183	0	71,132	2.53%	214,351	7.63%	\$0.62	\$126.25	(14,476)	171,510	0	320,108
150,000-199,999	13	2,152,275	369,000	178,671	279,489	12.99%	279,489	12.99%	\$0.58	\$124.61	(28,800)	(250,689)	0	155,087
200,000-299,999	12	2,913,408	0	0	322,482	11.07%	322,482	11.07%	\$0.59	\$114.00	(88,168)	(84,314)	0	120,000
300,000+	7	4,425,937	0	0	339,117	7.66%	339,117	7.66%	\$0.59	\$109.00	(339,117)	57,999	0	57,999
Total	992	34,146,321	872,204	408,573	1,671,422	4.89%	2,128,356	6.23%	\$0.60	\$120.70	(282,849)	155,851	435,829	1,891,357

AIRPORT AREA

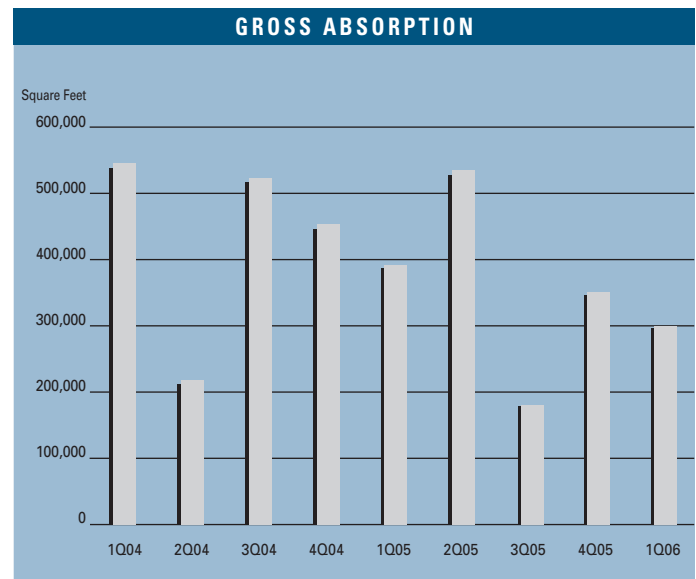
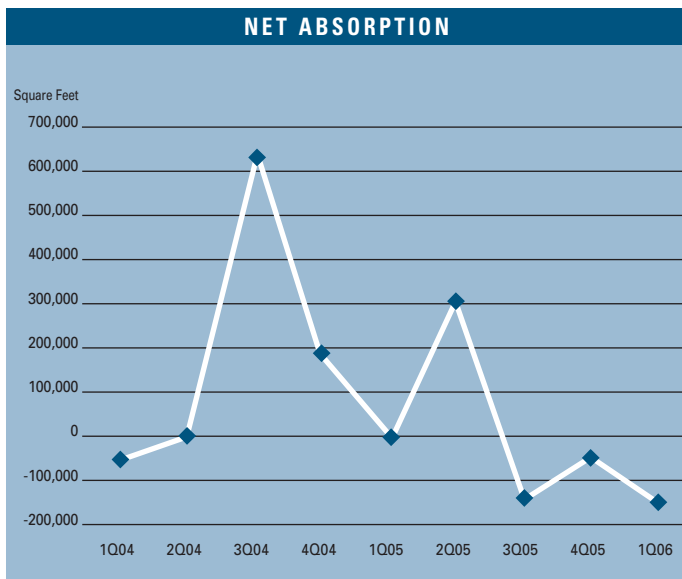
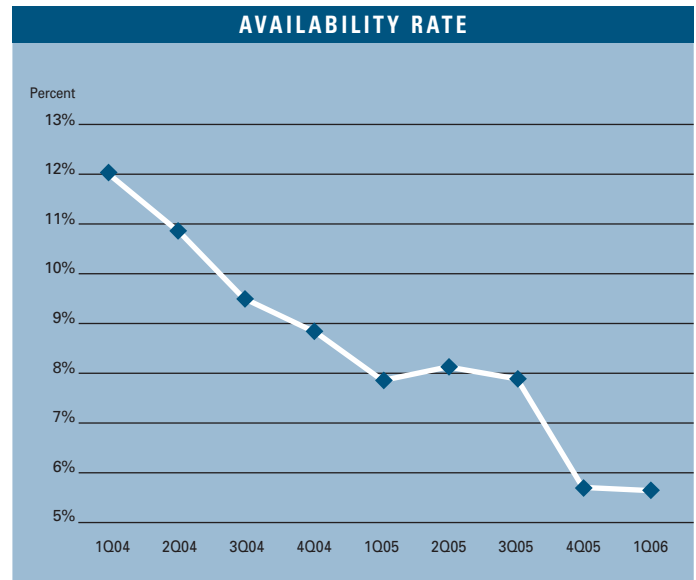
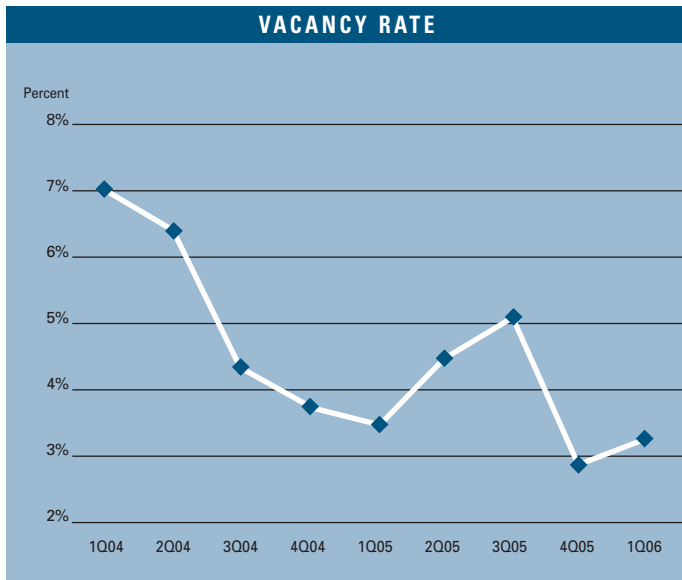
The Airport Area of the Orange County Industrial Market consists of 1,675 buildings totaling 55,818,041 square feet, and currently has an availability rate of 5.82%, which shows a decrease from last quarter's 5.92% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
Airport Totals	1,675	55,818,041	174,913	183,205	2,629,647	4.71%	3,248,416	5.82%	\$0.75	\$137.37	(638,724)	355,617	617,894	5,676,226
10,000-19,999	821	11,497,441	38,156	90,679	352,753	3.07%	427,787	3.72%	\$0.75	\$179.78	(74,876)	308,752	158,669	1,005,821
20,000-29,999	356	8,429,128	0	53,276	232,686	2.76%	241,919	2.87%	\$1.12	\$126.56	71,028	72,919	176,737	663,039
30,000-39,999	159	5,366,077	0	39,250	107,358	2.00%	154,441	2.88%	\$1.34	\$0.00	(46,268)	196,275	63,860	685,268
40,000-49,999	87	3,790,641	0	0	134,374	3.54%	196,788	5.19%	\$0.64	\$0.00	21,070	(57,304)	27,170	271,446
50,000-74,999	111	6,669,313	59,662	0	406,247	6.09%	597,100	8.95%	\$0.76	\$92.64	(119,140)	17,101	38,042	470,404
75,000-99,999	53	4,565,902	77,095	0	244,420	5.35%	244,420	5.35%	\$0.57	\$0.00	74,177	(184,385)	108,309	477,135
100,000-149,999	49	5,710,518	0	0	176,100	3.08%	300,976	5.27%	\$0.65	\$0.00	(117,722)	264,424	5,100	718,231
150,000-199,999	14	2,397,545	0	0	556,272	23.20%	556,272	23.20%	\$0.65	\$0.00	(487,000)	0	0	187,000
200,000-299,999	14	3,362,186	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	40,007	1,792	40,007	149,058
300,000+	11	4,029,290	0	0	419,437	10.41%	528,713	13.12%	\$0.52	\$0.00	0	(263,957)	0	1,048,824

SOUTH ORANGE COUNTY

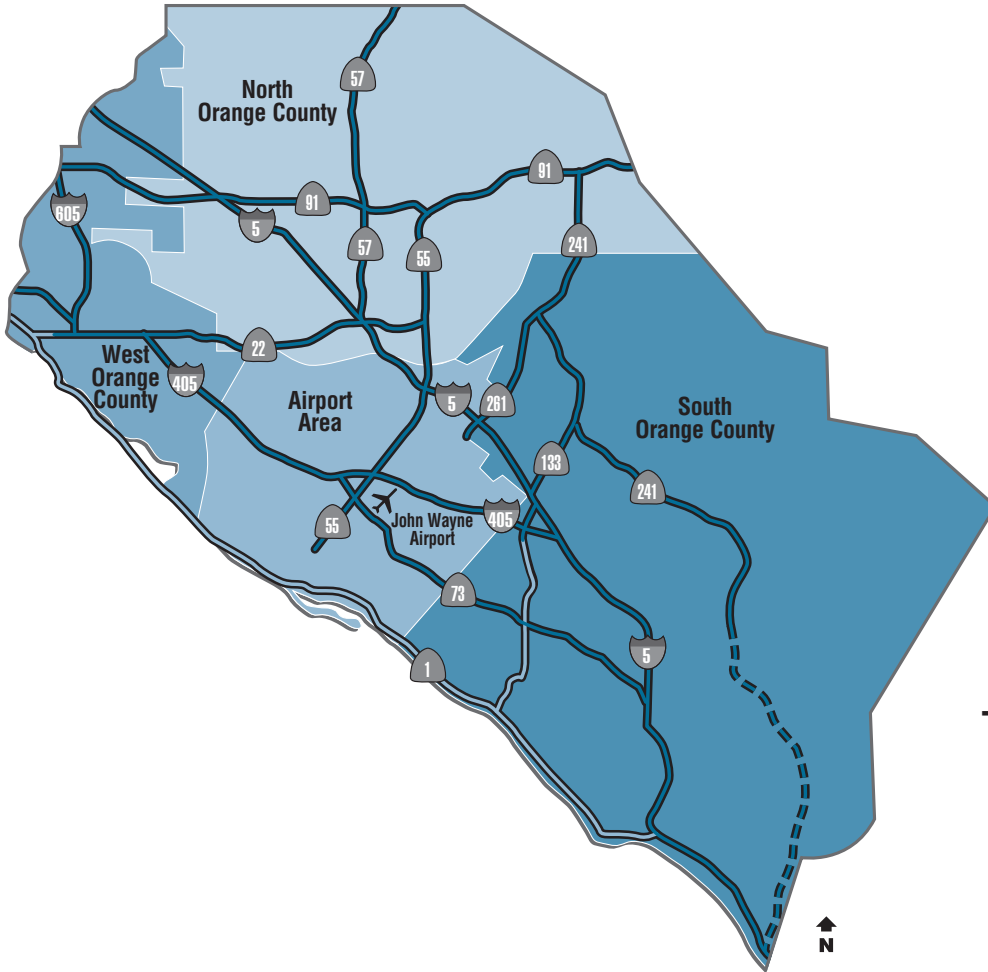
The South Orange County Industrial Market consists of 555 buildings totaling 20,691,595 square feet, and currently has an availability rate of 5.64%, which shows a decrease from last quarter's 5.68% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 1Q2006	Net Absorption 2005	Gross Absorption 1Q2006	Gross Absorption 2005
South Totals														
10,000-19,999	281	3,995,661	10,000	0	162,800	4.07%	219,766	5.50%	\$1.03	\$185.65	21,509	83,055	91,528	396,522
20,000-29,999	111	2,623,589	22,708	0	138,849	5.29%	142,226	5.42%	\$1.04	\$182.02	(49,777)	40,601	68,003	285,564
30,000-39,999	45	1,497,490	0	32,089	55,543	3.71%	123,818	8.27%	\$1.03	\$175.08	(25,361)	81,509	15,682	233,185
40,000-49,999	27	1,187,446	0	0	56,163	4.73%	56,163	4.73%	\$0.82	\$0.00	(41,133)	67,528	20,242	67,528
50,000-74,999	30	1,817,901	0	157,791	63,326	3.48%	121,326	6.67%	\$0.64	\$0.00	(53,816)	35,153	2,560	118,211
75,000-99,999	17	1,431,043	0	0	6,960	0.49%	36,624	2.56%	\$0.77	\$0.00	1,944	(68,232)	1,944	2,200
100,000-149,999	25	2,968,234	0	0	100,643	3.39%	100,643	3.39%	\$0.58	\$0.00	0	(100,643)	100,643	0
150,000-199,999	7	1,135,228	0	0	0	0.00%	25,000	2.20%	\$0.55	\$0.00	0	95,690	0	117,334
200,000-299,999	5	1,057,149	0	0	23,094	2.18%	267,894	25.34%	\$0.63	\$0.00	0	(96,299)	0	258,745
300,000+	7	2,977,854	0	0	74,375	2.50%	74,375	2.50%	\$0.00	\$0.00	0	48,000	0	48,000
Total	555	20,691,595	32,708	189,880	681,753	3.29%	1,167,835	5.64%	\$0.94	\$180.91	(146,634)	186,362	300,602	1,527,289

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2006



SUBMARKETS

NORTH

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

WEST

Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, 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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For Further Information:

ANAHEIM METRO OFFICE

3500 W. Orangewood Ave.
Orange, California 92868-1642

TEL: 714.978.7880

FAX: 714.978.9431

IRVINE OFFICE

18500 Von Karman Ave., Suite 150
Irvine, California 92612-0508

TEL: 949.851.5100

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