

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2007

Compared to
last quarter:

VACANCY

DOWN



ABSORPTION



UP

SALES PRICE



UP

ACTIVITY

DOWN



LEASE RATES



UP

CONSTRUCTION

DOWN



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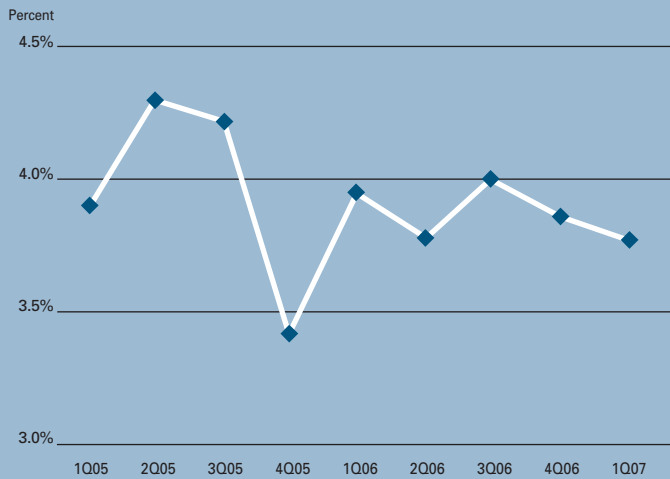
MARKET HIGHLIGHTS

- ◆ Unemployment for the first quarter of 2007 in Orange County is 3.5%, which is 0.1% higher than it was when compared to the fourth quarter of 2006, and is 0.1% lower than it was a year ago.
- ◆ According to Chapman University, it is estimated that Orange County added 21,000 new payroll jobs in 2006. Furthermore, they are forecasting 15,000 new payroll jobs will be added to the county in 2007 as the Orange County economy continues to expand.
- ◆ Total space under construction is almost 1.1 million square feet this quarter, which is 25% lower than what was under construction a year ago.
- ◆ Industrial vacancy came in at a low rate of 3.78%, which is 4.55% lower than it was a year ago. This will put more pressure on lease rates to continue to climb during 2007.
- ◆ Industrial availability checked in at a rate of 5.04%, which is 5.44% lower than what was on the market a year ago. This is near the all time record low for available space in Orange County, which was set last quarter when it was 4.72%.
- ◆ The average asking triple net lease rate is .75 cents per square foot per month this quarter. This is an increase of 22.95% when compared to a year ago and three cents higher than last quarter. This is a all time record high asking rate in Orange County.
- ◆ The average asking selling price is \$160.71 per square foot per this quarter. This is an increase of 22.96% when compared to a year ago and represents a new record high asking rate.
- ◆ The level of activity checked in at just under three million square feet this quarter, this is up 11.75% when compared to the same quarter last year.
- ◆ Net absorption for the county during the first quarter of 2007 posted a positive number of 93,009 square feet.
- ◆ 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 5% to 10% during 2007.

INDUSTRIAL MARKET STATISTICS

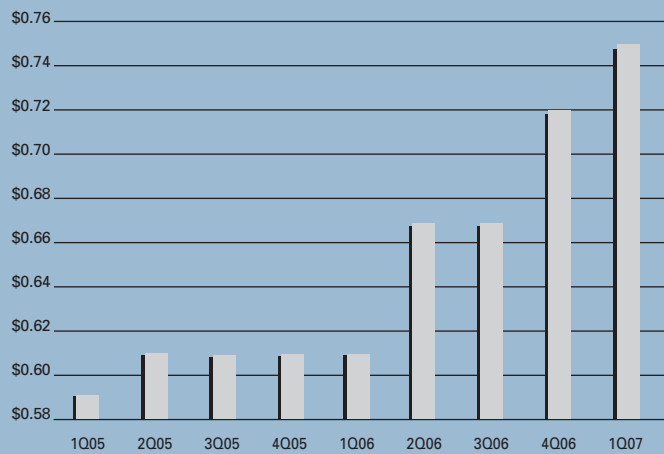
	1Q2007	4Q2006	1Q2006	% CHANGE VS. 1Q06
Under Construction	1,091,973	1,199,098	1,452,343	-24.81%
Planned Construction	999,018	935,198	1,186,388	-15.79%
Vacancy	3.78%	3.87%	3.96%	-4.55%
Availability	5.04%	4.72%	5.33%	-5.44%
Avg. Ask Lease Rate	\$0.75	\$0.72	\$0.61	22.95%
Avg. Ask Sales Rate	\$160.71	\$156.75	\$130.70	22.96%
Activity	2,964,419	3,136,271	2,652,610	11.75%
Absorption	93,009	31,408	-1,178,398	N/A

VACANCY RATE

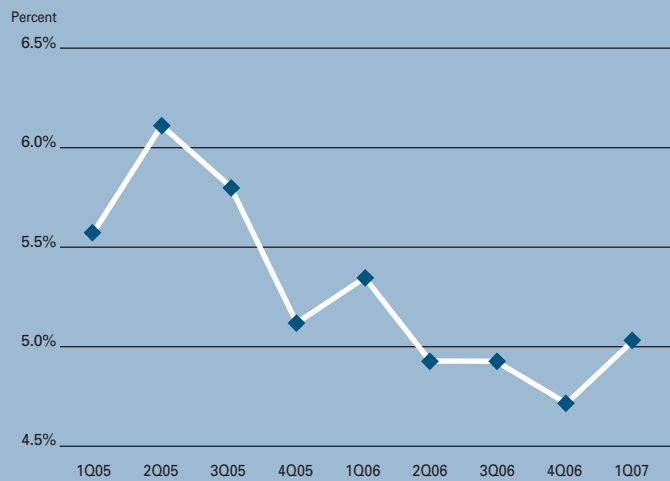


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

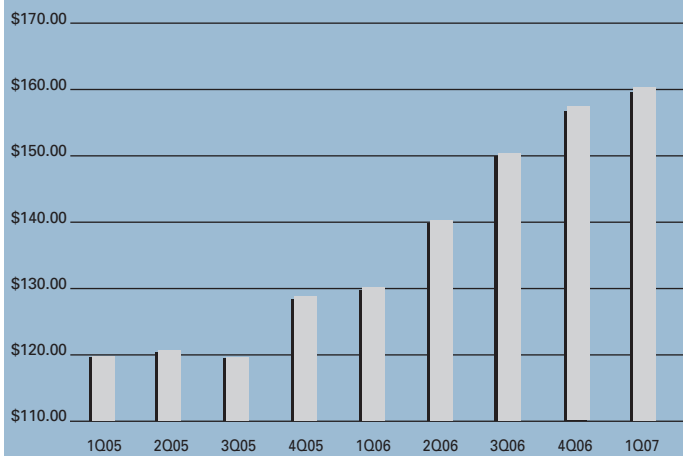


AVAILABILITY RATE

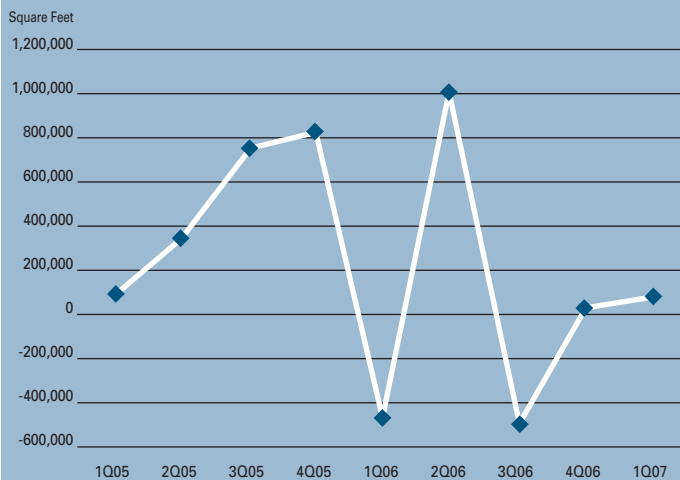


WEIGHTED AVERAGE ASKING SALES RATES

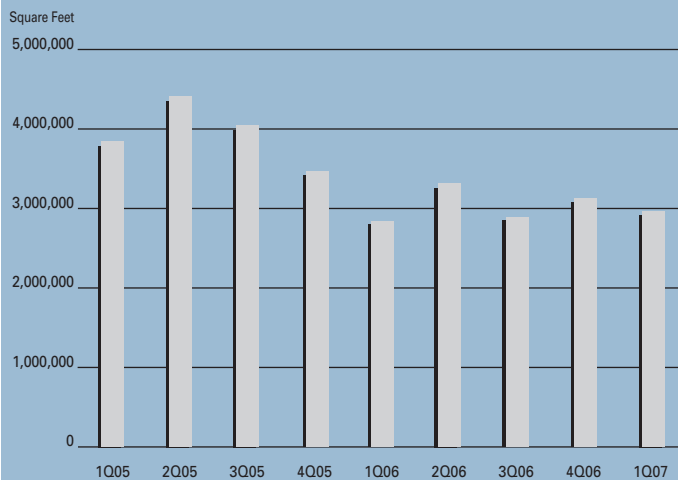
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION

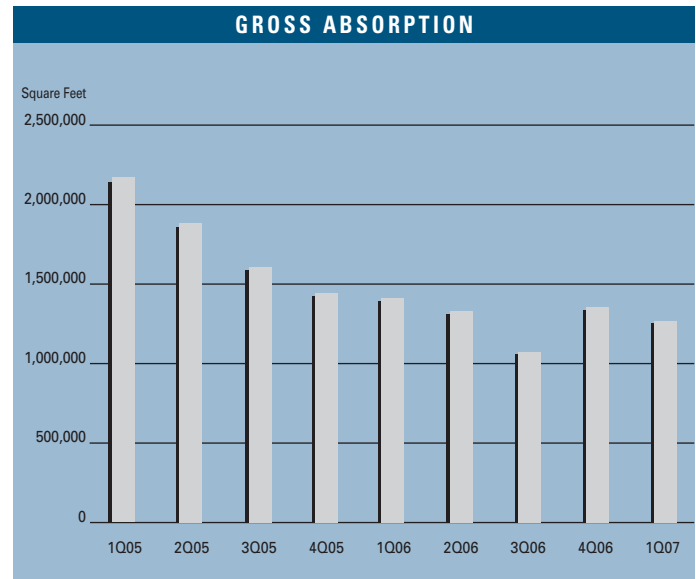
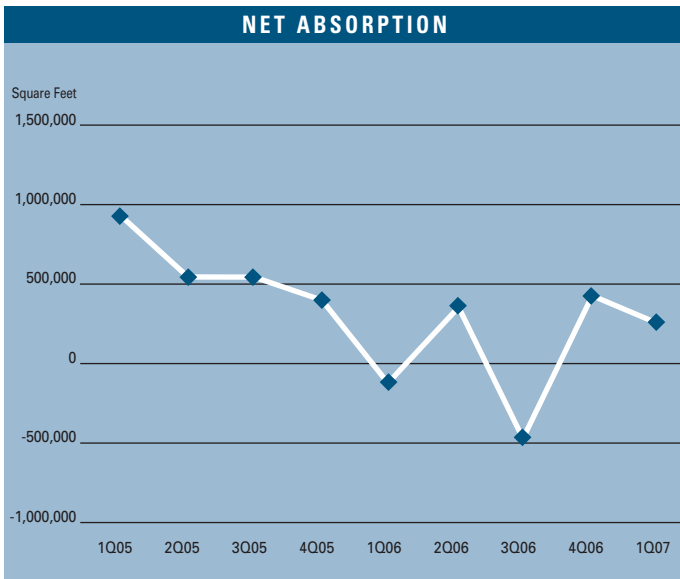
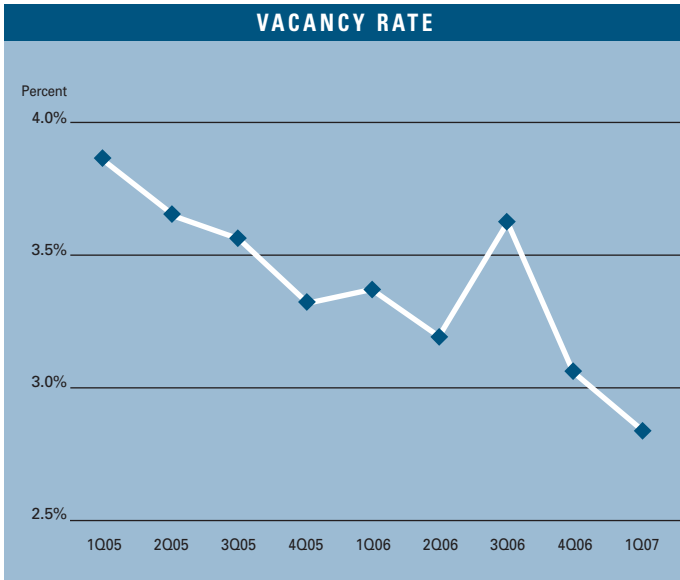


GROSS ABSORPTION



NORTH ORANGE COUNTY

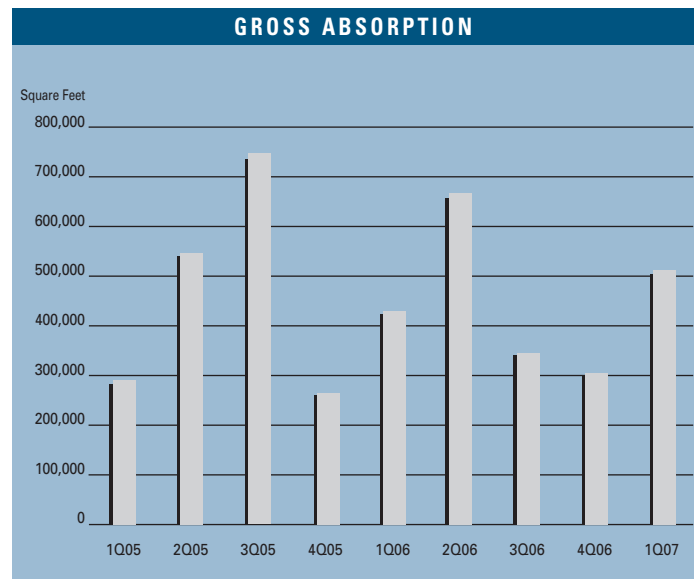
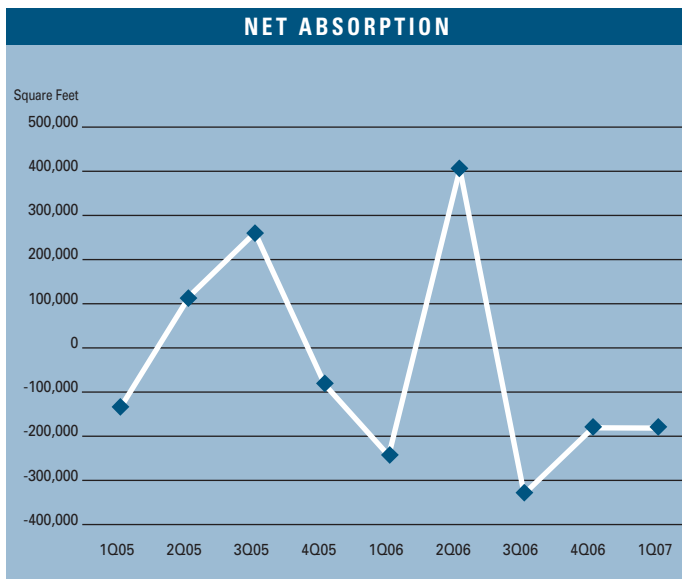
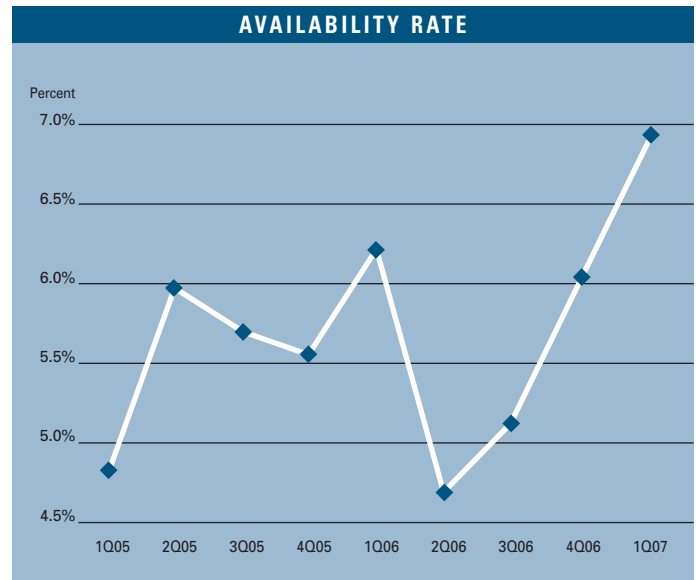
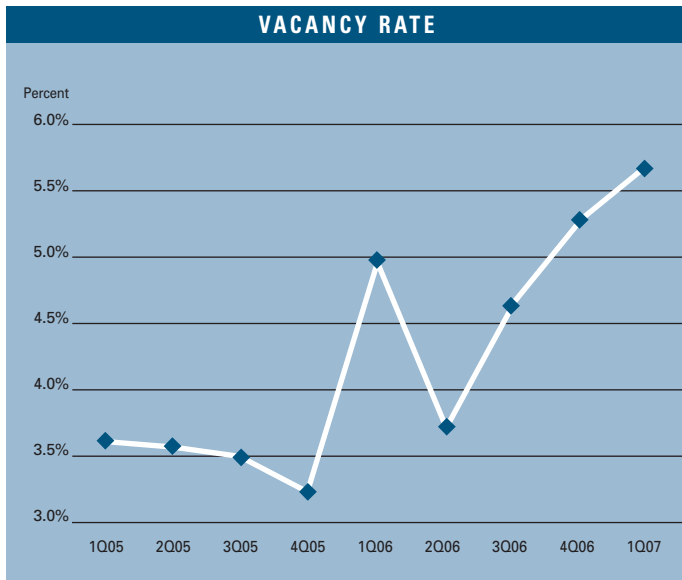
The North Orange County Industrial Market consists of 2,681 buildings totaling 105,065,205 square feet, and currently has an availability rate of 4.33%, which shows a decrease from last quarter's 4.47% figure.



	INVENTORY					VACANCY & PRICING					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Square Feet Available	Availability Rate 1Q2007	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2007	Net Absorption 2006	Gross Absorption 1Q2007	Gross Absorption 2006
North Totals														
10,000-19,999	1,332	18,320,852	175,658	33,127	277,430	1.51%	429,113	2.34%	\$0.75	\$180.77	193,712	133,683	354,007	998,767
20,000-29,999	513	12,139,406	138,762	78,103	337,259	2.78%	478,475	3.94%	\$0.70	\$171.22	(44,481)	65,901	153,610	785,729
30,000-39,999	230	7,796,379	37,470	31,449	117,151	1.50%	308,511	3.96%	\$1.06	\$160.57	18,058	43,668	126,348	421,264
40,000-49,999	141	6,137,072	46,309	0	217,377	3.54%	151,117	2.46%	\$0.70	\$135.66	22,052	(75,344)	114,200	193,895
50,000-74,999	183	11,074,130	0	58,864	340,727	3.08%	453,539	4.10%	\$0.69	\$117.17	(15,453)	(78,145)	101,783	573,029
75,000-99,999	82	6,998,481	0	0	269,328	3.85%	223,358	3.19%	\$0.69	\$165.00	(60,480)	112,745	25,000	361,396
100,000-149,999	96	11,339,164	0	209,700	469,308	4.14%	610,788	5.39%	\$0.65	\$100.68	(146,740)	206,712	65,100	776,970
150,000-199,999	34	5,883,005	0	195,030	160,225	2.72%	393,738	6.69%	\$0.65	\$0.00	274,446	(134,225)	274,446	26,000
200,000-299,999	41	9,833,500	0	0	562,135	5.72%	912,279	9.28%	\$0.50	\$0.00	(450)	41,065	0	837,705
300,000+	29	15,543,216	0	0	229,074	1.47%	589,588	3.79%	\$0.00	\$0.00	38,060	(60,347)	53,560	186,360
Total	2,681	105,065,205	398,199	606,273	2,980,014	2.84%	4,550,506	4.33%	\$0.64	\$150.20	278,724	255,713	1,268,054	5,161,115

WEST ORANGE COUNTY

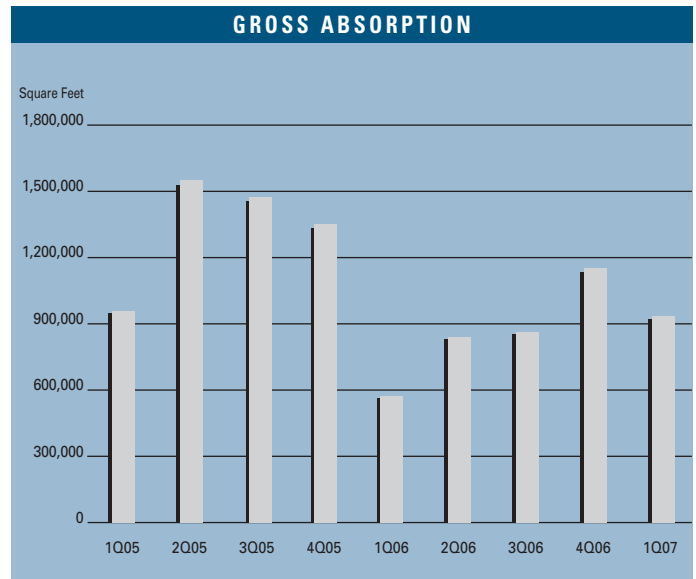
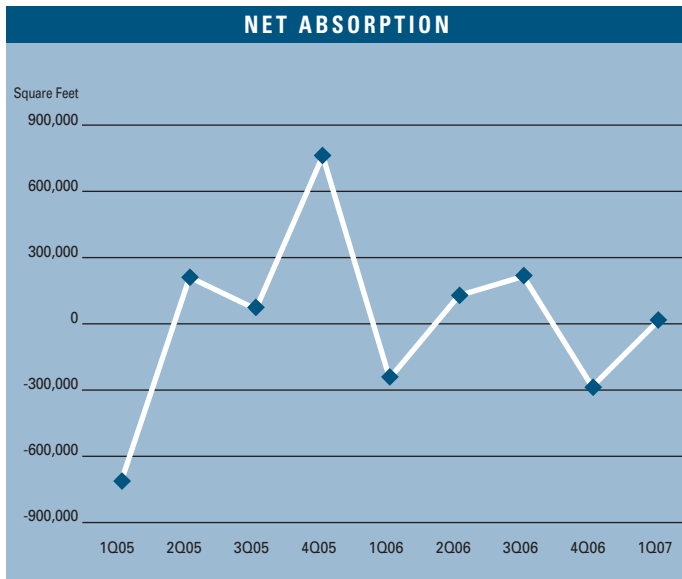
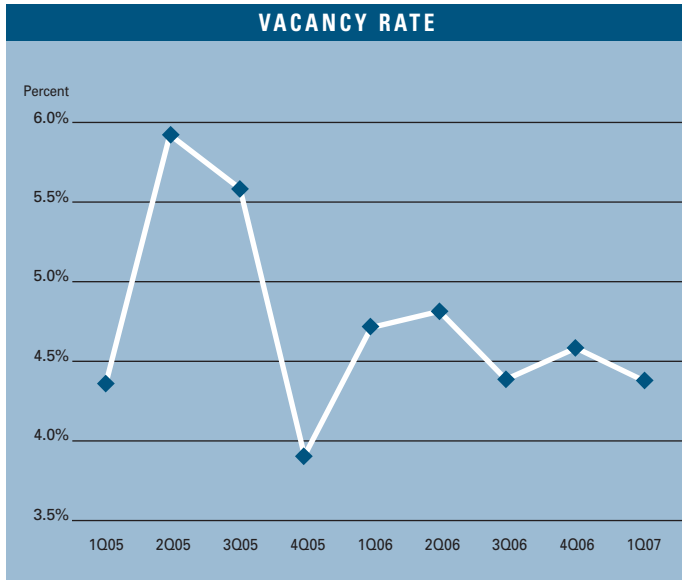
The West Orange County Industrial Market consists of 1,013 buildings totaling 35,533,561 square feet, and currently has an availability rate of 6.96%, which shows an increase from last quarter's 6.06% figure.



	INVENTORY					VACANCY & PRICING					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Square Feet Available	Availability Rate 1Q2007	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2007	Net Absorption 2006	Gross Absorption 1Q2007	Gross Absorption 2006
West Totals														
10,000-19,999	567	7,572,531	55,610	16,407	88,211	1.16%	120,528	1.59%	\$0.84	\$186.16	14,932	57,541	66,097	240,618
20,000-29,999	180	4,255,876	69,942	25,680	157,275	3.70%	163,537	3.84%	\$0.00	\$167.43	(23,503)	15,497	32,769	210,894
30,000-39,999	59	2,008,882	0	0	94,261	4.69%	117,849	5.87%	\$0.65	\$0.00	(21,078)	13,258	15,463	194,101
40,000-49,999	55	2,414,671	0	0	134,993	5.59%	98,513	4.08%	\$0.64	\$175.65	(43,319)	26,101	3,044	215,364
50,000-74,999	62	3,665,746	64,000	64,061	338,930	9.25%	324,614	8.86%	\$0.70	\$160.12	(87,876)	109,049	67,951	300,138
75,000-99,999	27	2,244,144	0	76,161	135,107	6.02%	226,583	10.10%	\$0.75	\$185.27	(85,773)	81,398	0	130,732
100,000-149,999	27	3,177,676	108,056	0	0	0.00%	350,834	11.04%	\$0.63	\$105.23	150,151	(54,512)	153,151	110,115
150,000-199,999	17	2,829,359	0	0	528,794	18.69%	528,794	18.69%	\$0.54	\$0.00	28,800	(121,905)	28,800	250,689
200,000-299,999	12	2,938,739	0	0	308,226	10.49%	308,226	10.49%	\$0.60	\$0.00	(212,946)	(65,280)	45,560	35,135
300,000+	7	4,425,937	0	0	234,763	5.30%	234,763	5.30%	\$0.53	\$0.00	104,354	(339,117)	104,354	104,354
Total	1,013	35,533,561	297,608	182,309	2,020,560	5.69%	2,474,241	6.96%	\$0.62	\$167.41	(176,258)	(277,970)	517,189	1,792,140

AIRPORT AREA

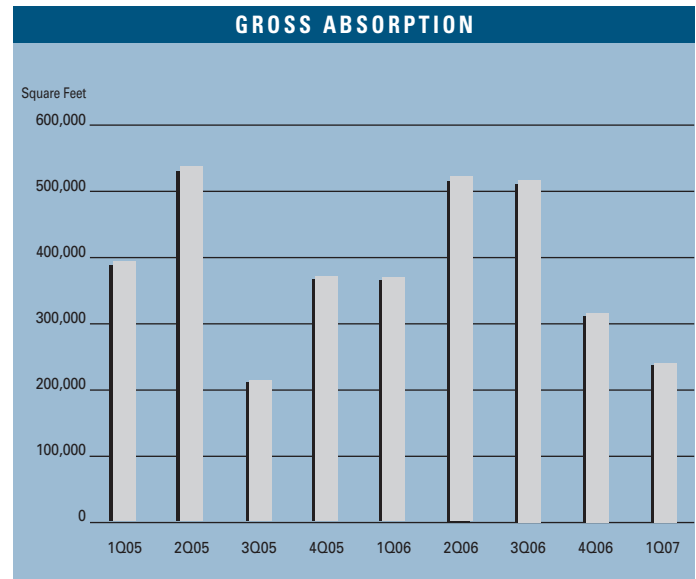
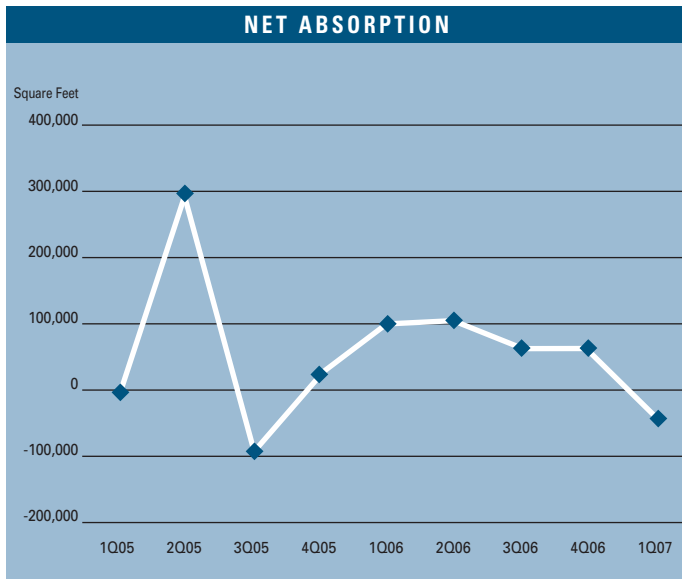
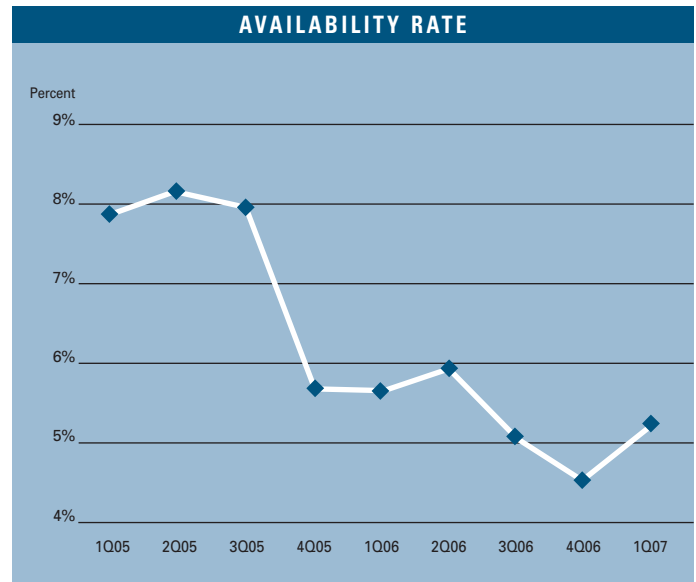
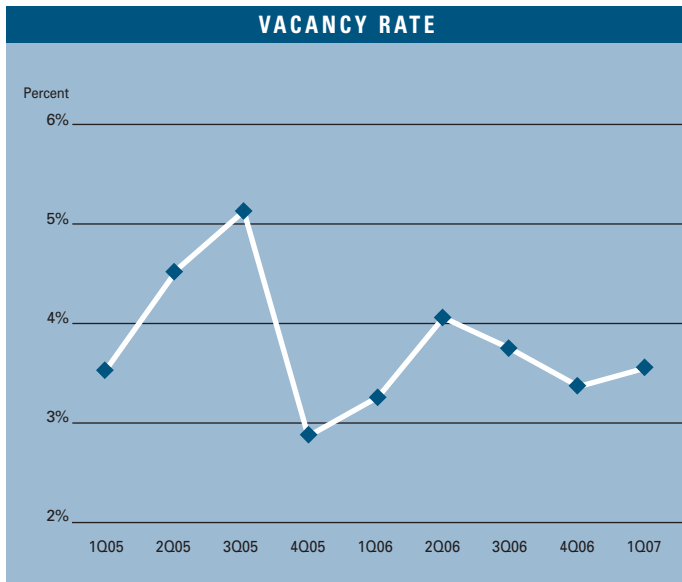
The Airport Area of the Orange County Industrial Market consists of 1,829 buildings totaling 60,343,833 square feet, and currently has an availability rate of 5.09%, which shows an increase from last quarter's 4.44% figure.



	INVENTORY					VACANCY & PRICING					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Square Feet Available	Availability Rate 1Q2007	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2007	Net Absorption 2006	Gross Absorption 1Q2007	Gross Absorption 2006
Airport Totals	1,829	60,343,833	72,970	51,984	2,645,623	4.38%	3,071,187	5.09%	\$0.91	\$164.98	28,341	(199,709)	936,161	3,282,809
10,000-19,999	895	12,571,275	33,720	10,000	340,267	2.71%	374,246	2.98%	\$1.02	\$211.33	(23,727)	23,930	198,465	697,076
20,000-29,999	393	9,328,957	0	0	265,070	2.84%	310,465	3.33%	\$0.96	\$184.51	12,476	72,529	109,495	619,947
30,000-39,999	169	5,729,517	39,250	0	201,315	3.51%	287,895	5.02%	\$1.07	\$157.89	(71,890)	54,421	39,180	176,686
40,000-49,999	96	4,201,342	0	41,984	439,416	10.46%	361,720	8.61%	\$0.80	\$154.32	(57,758)	(209,797)	15,760	252,651
50,000-74,999	126	7,559,486	0	0	496,247	6.56%	530,413	7.02%	\$0.72	\$166.45	(104,499)	(63,744)	128,718	512,891
75,000-99,999	58	4,956,961	0	0	145,896	2.94%	84,411	1.70%	\$0.62	\$95.00	51,071	213,472	124,891	561,998
100,000-149,999	53	6,195,749	0	0	259,250	4.18%	304,892	4.92%	\$0.75	\$153.04	(41,692)	(44,958)	0	370,988
150,000-199,999	15	2,538,531	0	0	183,731	7.24%	135,731	5.35%	\$0.65	\$0.00	0	69,272	0	69,272
200,000-299,999	13	3,227,600	0	0	260,850	8.08%	260,850	8.08%	\$1.05	\$0.00	(1,711)	(259,139)	0	21,300
300,000+	11	4,034,415	0	0	53,581	1.33%	420,564	10.42%	\$0.00	\$0.00	266,071	(55,695)	319,652	0

SOUTH ORANGE COUNTY

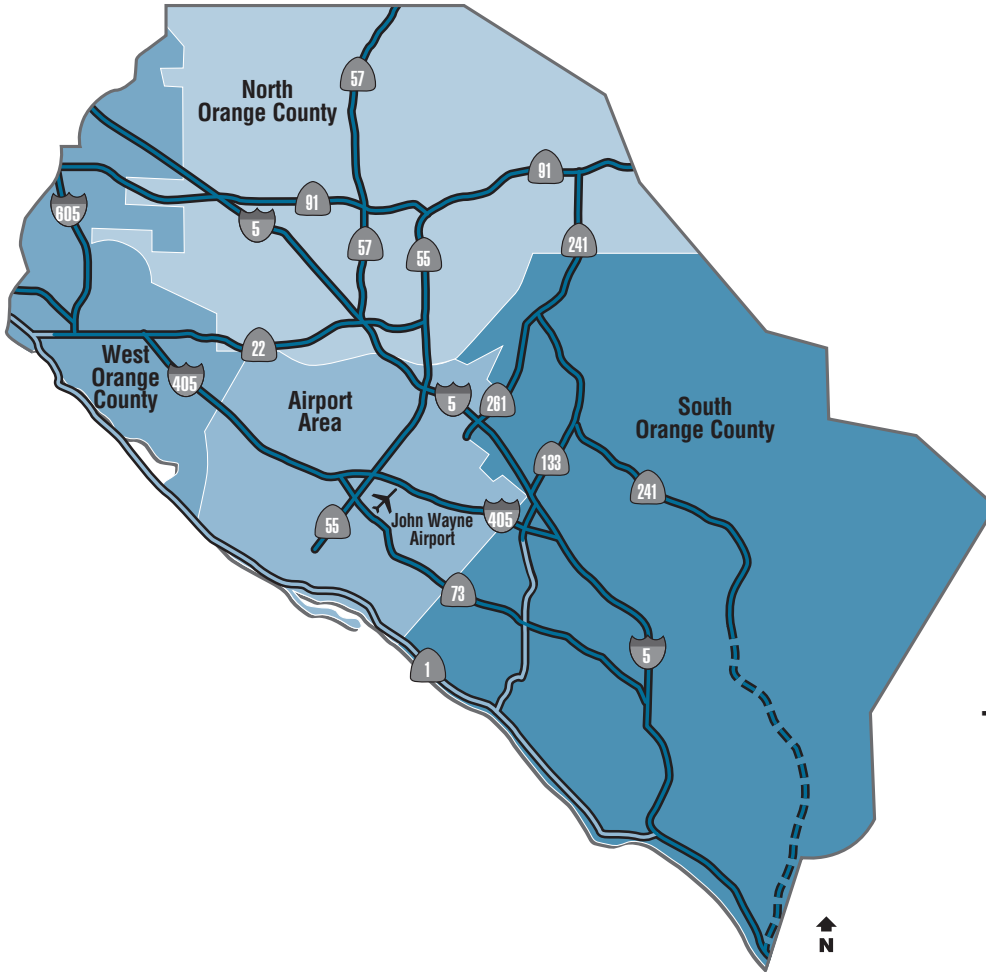
The South Orange County Industrial Market consists of 563 buildings totaling 21,285,140 square feet, and currently has an availability rate of 5.22%, which shows an increase from last quarter's 4.56% figure.



	INVENTORY					VACANCY & PRICING					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2007	Square Feet Available	Availability Rate 1Q2007	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2007	Net Absorption 2006	Gross Absorption 1Q2007	Gross Absorption 2006
South Totals														
10,000-19,999	279	3,973,725	56,959	21,836	179,537	4.52%	247,668	6.23%	\$1.09	\$226.62	(36,948)	46,001	87,663	370,692
20,000-29,999	117	2,770,190	168,348	0	120,035	4.33%	134,838	4.87%	\$0.87	\$181.17	(5,850)	5,887	55,124	311,765
30,000-39,999	46	1,526,922	37,716	32,089	130,443	8.54%	104,693	6.86%	\$1.02	\$219.39	(29,366)	(42,159)	12,040	107,702
40,000-49,999	26	1,147,446	0	0	66,086	5.76%	90,510	7.89%	\$1.04	\$0.00	(24,122)	(26,934)	0	55,661
50,000-74,999	30	1,825,452	60,173	104,527	6,890	0.38%	66,862	3.66%	\$0.95	\$0.00	57,681	(55,061)	57,681	62,384
75,000-99,999	20	1,709,565	0	0	88,505	5.18%	118,169	6.91%	\$0.74	\$0.00	(29,700)	2,467	0	64,872
100,000-149,999	25	2,951,235	0	0	103,000	3.49%	228,760	7.75%	\$1.10	\$0.00	3,600	(5,957)	3,600	258,069
150,000-199,999	7	1,134,796	0	0	16,808	1.48%	0	0.00%	\$0.00	\$0.00	0	8,192	0	30,538
200,000-299,999	6	1,267,955	0	0	44,253	3.49%	120,627	9.51%	\$0.69	\$0.00	26,907	236,741	26,907	424,506
300,000+	7	2,977,854	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	74,375	0	74,375
Total	563	21,285,140	323,196	158,452	755,557	3.55%	1,112,127	5.22%	\$0.96	\$214.01	(37,798)	243,552	243,015	1,760,564

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2007



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

PRODUCT TYPE

MFG./DIST.

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