



## MARKET CHANGE

*Compared to the Previous Quarter:*

**Vacancy**

**DOWN**

**Net Absorption**

**POSITIVE**

**Sales Price**

**FLAT**

**Lease Rates**

**UP**

**Transactions**

**DOWN**

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## HIGHLIGHTS

- **Encouraging Numbers** - The Orange County industrial market continued to improve, posting a sub-4% vacancy rate for the first quarter of 2014. Both vacancy and availability displayed significant drops, and asking lease rates continued to increase. Net absorption posted over a half million square feet of positive absorption during the first quarter.
- **Construction** - There was nothing under construction at the end of the first quarter of 2014 and just over 2.0 million square feet planned, mostly in Anaheim and Brea. However, there was over 700,000 square feet of industrial space delivered in 2013, the most new construction in the Orange County industrial market since 2008. We anticipate more built-to-suit and speculative development emerging later this year.
- **Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 3.96%, the lowest figure seen since the fourth quarter of 2008 and a decrease of over 16% since the first quarter of 2013. The North County submarket presented the lowest vacancy rate in the county at 3.72%.
- **Availability** - Direct/sublease space being marketed came in at 5.87% for the first quarter of 2014, a drop from the previous quarter and a huge decrease of 16.97% from 2013's rate of 7.07%. The lack of available space is creating pent up demand in some size ranges and is applying upward pressure on pricing.
- **Lease Rates** - The average asking triple-net lease rate checked in at \$.62 per square foot per month, up one cent from the previous quarter and up four cents or 6.90% over 2013's first quarter figure. The South County submarket posted the highest average asking lease rate in the county at \$.76. The record high rate of \$.80 was established in the first and second quarters of 2008.
- **Sales Pricing** - The average asking sales price in the first quarter of 2014 was \$147.55 per square foot, about the same as the previous quarter but up 5.51% when compared to 2013's first quarter rate. The record high asking price of \$181.23 was established in the third quarter of 2007.
- **Absorption** - The Orange County industrial market posted 529,000 square feet of positive net absorption at the end of the first quarter of 2014, giving the industrial market over 6.7 million since the second quarter of 2010. North Orange County experienced over 367,000 square feet of the positive absorption in the first quarter of 2014. We are forecasting that net absorption will continue its positive trend into 2014.
- **Transaction Activity** - Leasing activity for the end of the first quarter checked in at 2.4 million square feet, about the same as the fourth quarter of 2013. Sales activity remained consistent with the previous year, posting 1.8 million square feet in the first quarter, compared to 1.5 million in the first quarter of 2013. This statistic can have some lag time in being reported, so look for first quarter figures to end up somewhat higher. Details of the largest transactions can be found on the back page of this report.
- **Employment** - The unemployment rate in Orange County was 5.8% in February 2014 — unchanged from a revised 5.8% in January 2014 and below the previous year's estimate of 6.6%. This compares with an unadjusted unemployment rate of 8.5% for California and 7.0% for the nation during the same period. According to the State of California Employment Development Department, Orange County saw a net increase of 31,000 payroll jobs from February 2013 to February 2014. Most sectors showed gains in employment; the largest gains were 8,600 in construction and 8,100 in professional and business services during that same period. Financial activities posted the largest year-over-year loss, dropping by 1,700 jobs.
- **Overall** - Vacancy continues to drop, and the amount of available space has dramatically decreased. A lack of product available for lease and sale in some size ranges (particularly anything below 100,000 square feet) is causing an increase in prices and a drop in transaction volume. While these are certainly positive indicators, cautious optimism still prevails, as job creation will need to continue in order to drive the demand needed to sustain growth in the Orange County industrial market.

## FORECAST

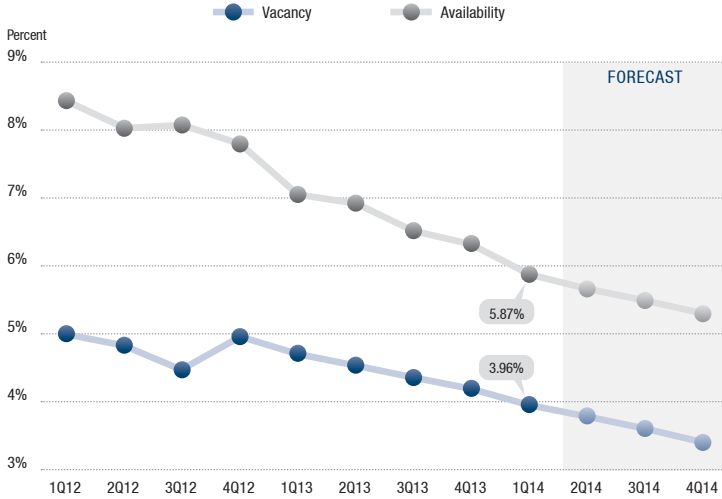
- **Employment** - We anticipate job growth of around 1.5%, or 30,000 jobs, in the Orange County area over the year. Look for professional and business services and research-oriented businesses — IT, defense, medical and alternative energy companies to lead the way for employment gains in the coming years.
- **Lease Rates** - Expect average asking lease rates to increase by another 5%–8% by 2015.
- **Vacancy** - We anticipate vacancy rates continuing to descend in coming quarters, dropping by 60 basis points, to around 3.4%, by 2015.

## OVERVIEW

	1Q14	4Q13	1Q13	% of Change vs. 1Q13
Vacancy Rate	3.96%	4.22%	4.72%	(16.10%)
Availability Rate	5.87%	6.33%	7.07%	(16.97%)
Average Asking Lease Rate	\$0.62	\$0.61	\$0.58	6.90%
Average Asking Sale Price	\$147.55	\$147.77	\$139.85	5.51%
Sale & Lease Transactions	4,143,953	6,009,910	5,309,558	(21.95%)
Gross Absorption	2,800,555	3,009,795	3,454,733	(18.94%)
Net Absorption	529,425	493,919	522,068	N/A

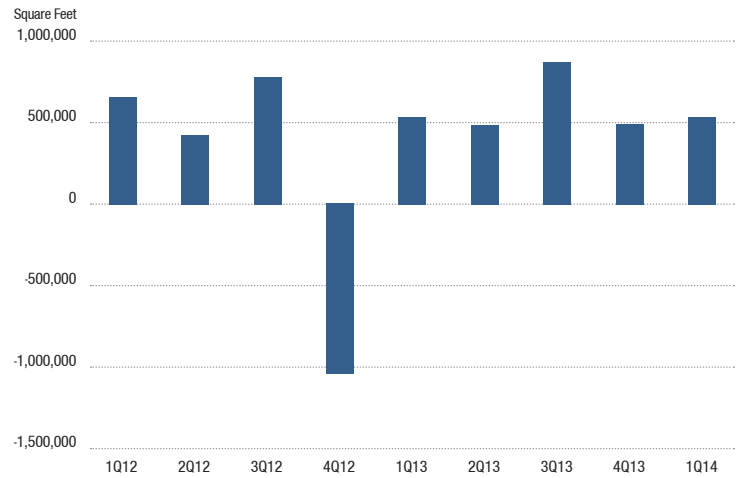
## VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



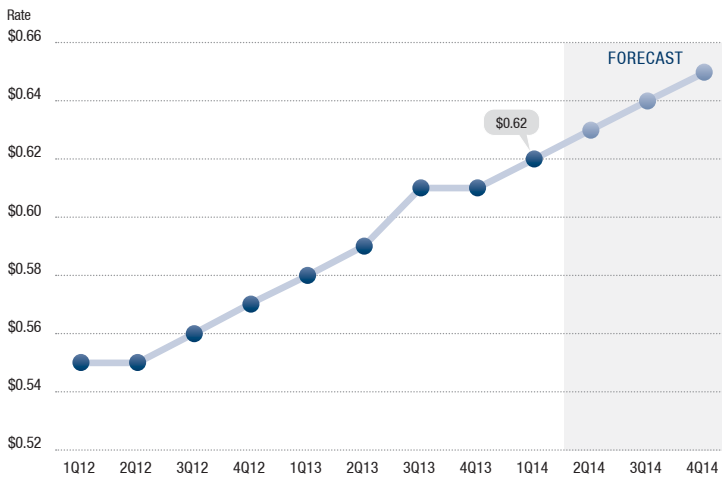
## NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



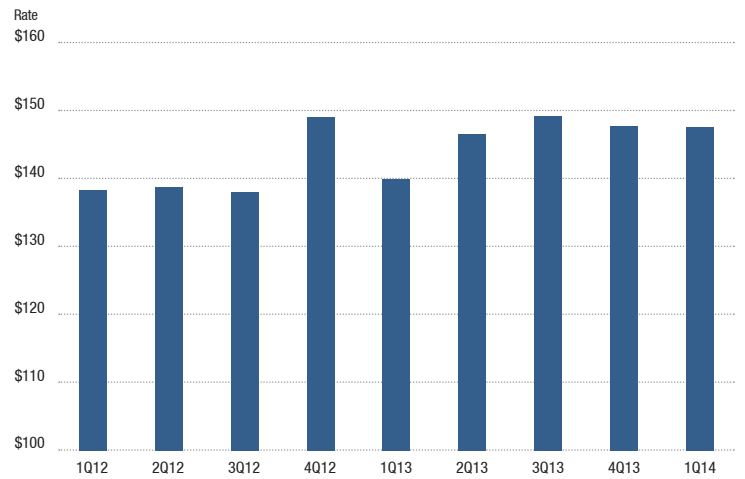
## AVERAGE ASKING TRIPLE-NET LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



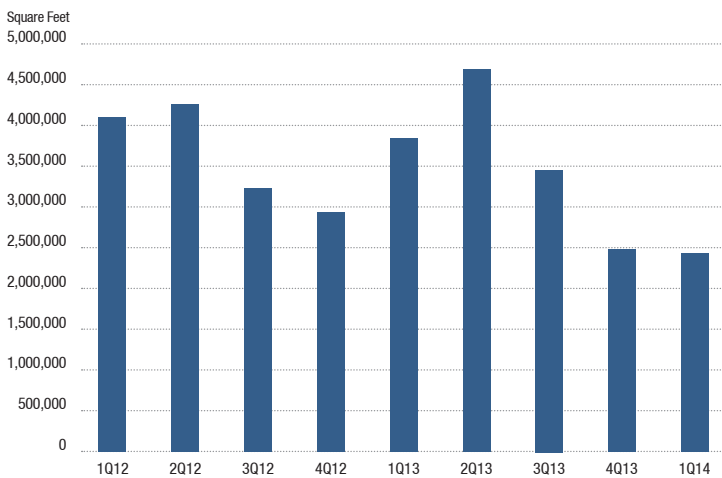
## WEIGHTED AVERAGE ASKING SALES RATES

SALES PRICE ON A PER SQ. FT. BASIS



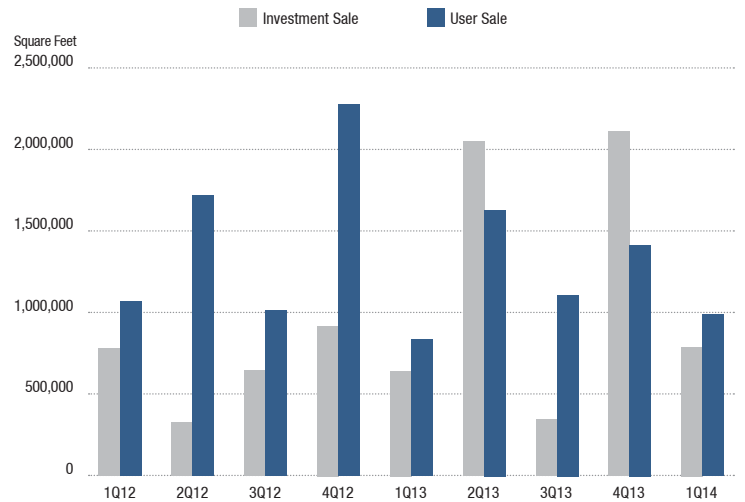
## LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



## SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



**INVENTORY**

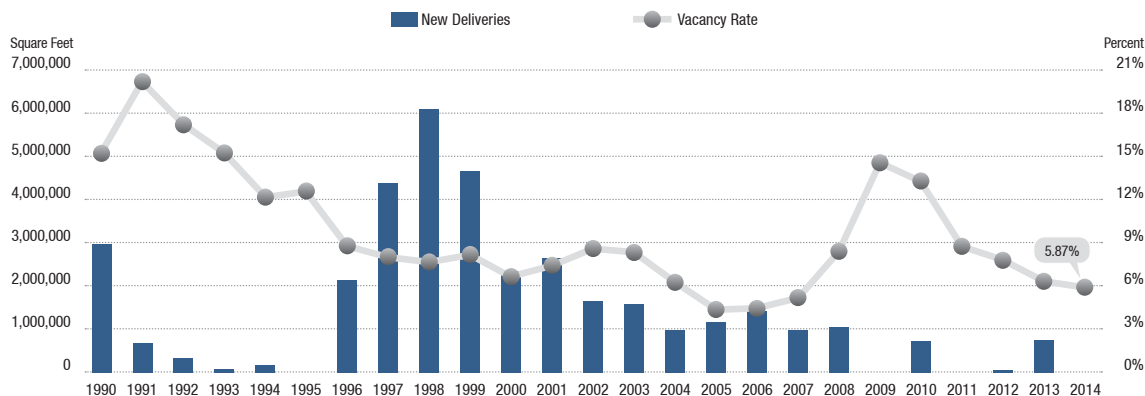
**VACANCY & LEASE RATES**

**ABSORPTION**

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Square Feet Available	Availability Rate 1Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2014	Net Absorption 2013	Gross Absorption 1Q2014	Gross Absorption 2013
<b>North County</b>														
Anaheim	1,819	43,335,520	0	962,434	1,583,907	3.65%	2,020,465	4.66%	\$0.54	\$130.14	202,231	242,954	501,264	2,015,379
Brea	329	11,521,059	0	725,052	362,927	3.15%	1,024,940	8.90%	\$0.58	\$158.32	(87,717)	10,377	34,213	400,492
Buena Park	231	13,490,591	0	0	416,214	3.09%	631,975	4.68%	\$0.48	\$141.66	276,541	(85,282)	529,770	597,746
Fullerton	443	16,955,298	0	0	419,745	2.48%	971,766	5.73%	\$0.57	\$103.41	(41,090)	316,382	125,117	1,461,723
La Habra	200	4,109,443	0	0	673,902	16.40%	682,237	16.60%	\$0.90	\$195.52	(4,439)	244,240	23,365	327,916
Orange	742	13,837,157	0	0	225,525	1.63%	315,782	2.28%	\$1.20	\$161.96	804	226,465	48,022	620,684
Placentia	219	4,120,090	0	0	337,016	8.18%	275,070	6.68%	\$0.60	\$147.36	21,951	92,456	61,233	378,935
Yorba Linda	52	977,330	0	0	10,505	1.07%	26,565	2.72%	\$0.00	\$194.30	(1,192)	1,120	8,336	11,969
<b>North County Total</b>	<b>4,035</b>	<b>108,346,488</b>	<b>0</b>	<b>1,687,486</b>	<b>4,029,741</b>	<b>3.72%</b>	<b>5,948,800</b>	<b>5.49%</b>	<b>\$0.56</b>	<b>\$137.30</b>	<b>367,089</b>	<b>1,048,712</b>	<b>1,331,320</b>	<b>5,814,844</b>
<b>West County</b>														
Cypress	97	3,898,695	0	0	414,521	10.63%	620,865	15.92%	\$0.59	\$182.34	49,334	213,273	50,779	417,913
Garden Grove	481	12,047,821	0	0	323,739	2.69%	889,146	7.38%	\$0.56	\$134.96	(16,464)	129,573	132,070	786,175
Huntington Beach	675	14,207,148	0	186,154	919,373	6.47%	917,531	6.46%	\$0.50	\$158.97	209,987	(77,756)	258,721	636,797
La Palma	16	1,777,797	0	0	0	0.00%	6,300	0.35%	\$0.00	\$0.00	0	0	0	10,881
Los Alamitos	96	2,395,768	0	0	187,526	7.83%	181,696	7.58%	\$0.58	\$0.00	(3,603)	(83,581)	12,678	101,818
Seal Beach	15	981,146	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	76,161	0	76,161
Stanton	176	1,811,897	0	0	14,640	0.81%	14,486	0.80%	\$0.00	\$111.00	13,763	2,175	20,895	53,305
Westminster	151	2,366,424	0	0	13,290	0.56%	53,097	2.24%	\$0.00	\$303.63	(200)	52,729	0	88,852
<b>West County Total</b>	<b>1,707</b>	<b>39,486,696</b>	<b>0</b>	<b>186,154</b>	<b>1,873,089</b>	<b>4.74%</b>	<b>2,683,121</b>	<b>6.80%</b>	<b>\$0.56</b>	<b>\$143.17</b>	<b>252,817</b>	<b>312,574</b>	<b>475,143</b>	<b>2,171,902</b>
<b>Airport Area</b>														
Costa Mesa	419	7,600,787	0	0	201,918	2.66%	309,193	4.07%	\$0.76	\$203.11	(53,380)	125,898	46,805	477,814
Fountain Valley	184	3,701,657	0	155,000	49,004	1.32%	114,637	3.10%	\$1.32	\$0.00	(23,864)	193,893	28,363	327,610
Irvine	325	12,571,775	0	0	731,952	5.82%	1,149,497	9.14%	\$0.66	\$144.89	25,487	74,534	158,712	625,892
Newport Beach	53	927,151	0	0	1,359	0.15%	1,359	0.15%	\$0.00	\$0.00	0	(1,359)	1,000	3,000
Santa Ana	1,580	30,710,688	0	0	1,082,860	3.53%	1,679,361	5.47%	\$0.60	\$123.73	8,147	(325,529)	301,984	1,410,386
Tustin	114	4,449,641	0	0	271,319	6.10%	321,611	7.23%	\$0.55	\$149.16	(70,432)	(7,074)	30,945	249,009
<b>Airport Area Total</b>	<b>2,675</b>	<b>59,961,699</b>	<b>0</b>	<b>155,000</b>	<b>2,338,412</b>	<b>3.90%</b>	<b>3,575,658</b>	<b>5.96%</b>	<b>\$0.65</b>	<b>\$142.67</b>	<b>(114,042)</b>	<b>60,363</b>	<b>567,809</b>	<b>3,093,711</b>
<b>South County</b>														
Aliso Viejo	18	677,214	0	0	5,506	0.81%	5,506	0.81%	\$0.00	\$184.53	0	14,174	0	19,680
Foothill Ranch	68	3,662,906	0	0	55,866	1.53%	142,773	3.90%	\$0.66	\$148.55	25,086	(30,267)	25,086	168,611
Irvine Spectrum	210	9,277,158	0	0	385,593	4.16%	426,147	4.59%	\$0.75	\$214.42	93,139	143,207	246,828	711,364
Laguna Hills	94	1,223,743	0	15,000	70,552	5.77%	81,642	6.67%	\$0.81	\$250.00	7,160	9,428	20,957	103,477
Laguna Niguel	25	365,372	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	24,730	0	24,730
Lake Forest	198	4,229,192	0	0	267,325	6.32%	398,649	9.43%	\$0.75	\$174.91	(141,693)	219,636	36,684	607,207
Mission Viejo	35	543,540	0	0	27,968	5.15%	30,380	5.59%	\$0.00	\$0.00	(6,261)	496	4,497	50,231
Rancho Santa Margarita	106	1,637,238	0	0	22,326	1.36%	98,931	6.04%	\$0.85	\$209.03	10,552	10,645	19,807	42,035
San Clemente	171	2,073,337	0	0	79,472	3.83%	180,093	8.69%	\$0.95	\$176.48	27,666	(14,489)	56,080	138,989
San Juan Capistrano	44	940,482	0	0	47,999	5.10%	74,584	7.93%	\$1.03	\$175.51	7,912	(8,216)	16,344	106,054
<b>South County Total</b>	<b>969</b>	<b>24,630,182</b>	<b>0</b>	<b>15,000</b>	<b>962,607</b>	<b>3.91%</b>	<b>1,438,705</b>	<b>5.84%</b>	<b>\$0.76</b>	<b>\$188.54</b>	<b>23,561</b>	<b>369,344</b>	<b>426,283</b>	<b>1,972,378</b>
<b>Orange County Total</b>	<b>9,386</b>	<b>232,425,065</b>	<b>0</b>	<b>2,043,640</b>	<b>9,203,849</b>	<b>3.96%</b>	<b>13,646,284</b>	<b>5.87%</b>	<b>\$0.62</b>	<b>\$147.55</b>	<b>529,425</b>	<b>1,790,993</b>	<b>2,800,555</b>	<b>13,052,835</b>
Less than 9,999	3,319	20,160,088	0	0	389,886	1.93%	633,743	3.14%	\$0.92	\$204.31	16,194	202,876	260,376	1,126,923
10,000-19,999	3,174	43,792,212	0	15,000	1,273,844	2.91%	1,912,967	4.37%	\$0.89	\$166.05	16,609	476,984	555,115	2,982,805
20,000-29,999	1,201	28,578,124	0	0	645,995	2.26%	1,347,447	4.71%	\$0.68	\$163.37	(5,010)	718,256	293,193	2,192,757
30,000-39,999	489	16,602,873	0	35,000	512,005	3.08%	644,839	3.88%	\$0.93	\$144.43	1,764	(107,534)	167,715	780,187
40,000-49,999	296	12,981,875	0	90,264	326,927	2.52%	877,825	6.76%	\$0.59	\$147.93	46,140	90,348	156,078	650,608
50,000-74,999	369	22,151,206	0	244,355	775,746	3.50%	1,221,293	5.51%	\$0.62	\$124.20	(128,895)	290,503	247,961	1,182,409
75,000-99,999	167	14,246,748	0	283,199	549,963	3.86%	785,397	5.51%	\$0.55	\$132.41	187,685	77,960	224,072	804,688
100,000-149,999	183	21,503,280	0	227,852	1,115,402	5.19%	1,509,513	7.02%	\$0.60	\$127.37	(106,073)	61,429	221,791	1,076,741
150,000-199,999	67	11,372,649	0	780,776	1,145,807	10.08%	1,135,177	9.98%	\$0.61	\$103.62	(13,432)	(94,542)	15,368	784,276
200,000-299,999	70	16,711,964	0	0	746,440	4.47%	1,516,808	9.08%	\$0.53	\$139.00	514,443	166,348	658,886	1,203,328
300,000 Plus	51	24,324,046	0	367,194	1,721,834	7.08%	2,061,275	8.47%	\$0.57	\$0.00	0	(91,635)	0	268,113
<b>Orange County Total</b>	<b>9,386</b>	<b>232,425,065</b>	<b>0</b>	<b>2,043,640</b>	<b>9,203,849</b>	<b>3.96%</b>	<b>13,646,284</b>	<b>5.87%</b>	<b>\$0.62</b>	<b>\$147.55</b>	<b>529,425</b>	<b>1,790,993</b>	<b>2,800,555</b>	<b>13,052,835</b>

Lease rates are on a triple-net basis.

**ANNUAL NEW DELIVERIES VS. VACANCY RATE**

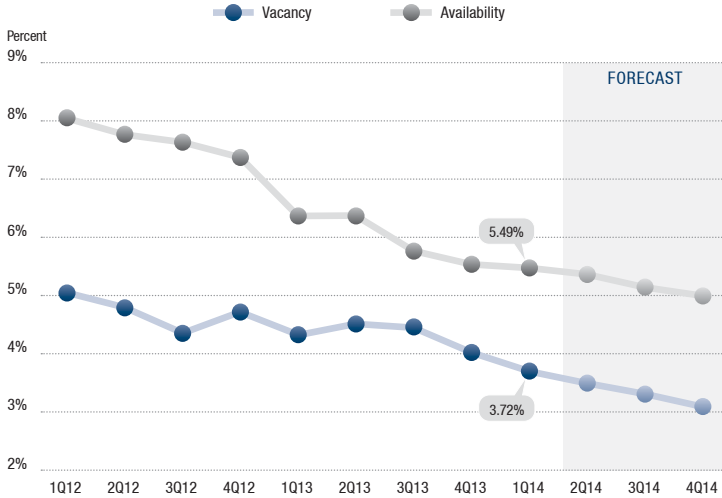


## NORTH ORANGE COUNTY

In the first quarter of 2014, the North Orange County industrial market consisted of 4,035 buildings totaling 108,346,488 square feet and had an availability rate of 5.49%, which shows a slight decrease from the previous quarter's figure of 5.53%.

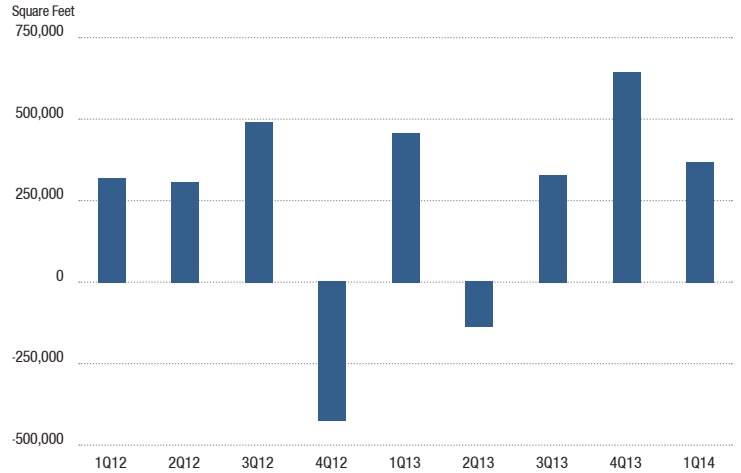
### VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



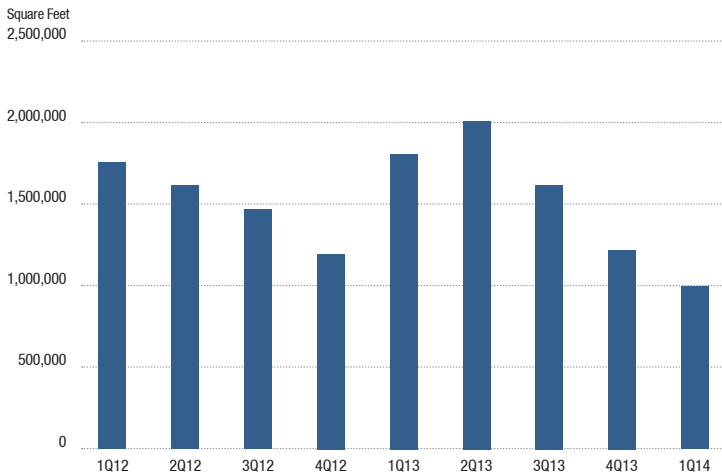
### NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



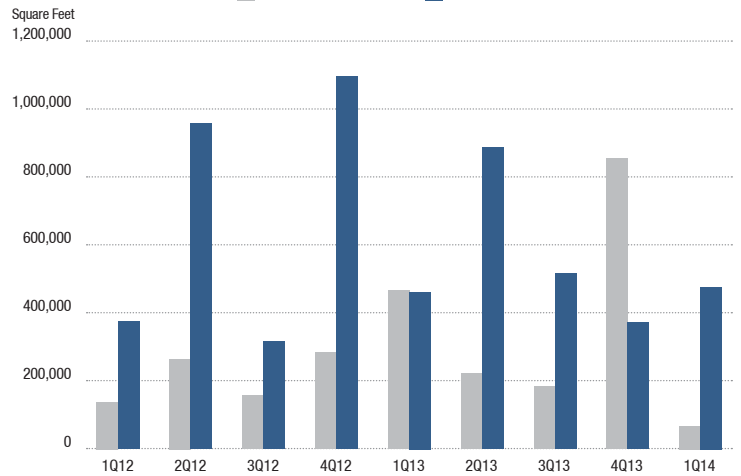
### LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



### SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



### INVENTORY

### VACANCY & LEASE RATES

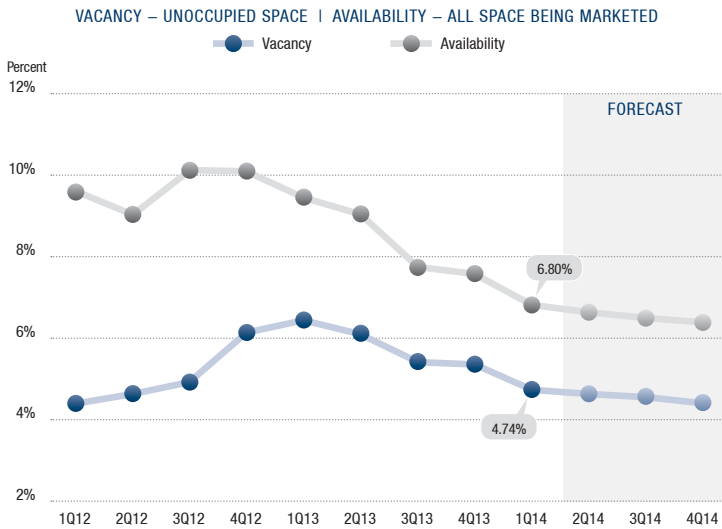
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Square Feet Available	Availability Rate 1Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2014	Net Absorption 2013	Gross Absorption 1Q2014	Gross Absorption 2013
<b>North Totals</b>														
Less than 9,999	1,314	8,310,381	0	0	192,635	2.32%	267,647	3.22%	\$0.74	\$184.37	(41,181)	95,355	106,334	413,074
10,000-19,999	1,412	19,467,162	0	0	611,107	3.14%	820,583	4.22%	\$0.91	\$155.74	(9,544)	163,095	236,218	1,277,301
20,000-29,999	521	12,354,432	0	0	277,430	2.25%	582,314	4.71%	\$0.69	\$163.96	(3,950)	214,853	96,410	819,233
30,000-39,999	223	7,533,339	0	0	184,003	2.44%	263,600	3.50%	\$0.73	\$142.02	28,153	(58,531)	94,147	321,407
40,000-49,999	130	5,693,158	0	48,864	161,805	2.84%	333,796	5.86%	\$0.51	\$157.54	(35,692)	49,314	69,558	219,500
50,000-74,999	173	10,345,189	0	194,173	282,207	2.73%	598,109	5.78%	\$0.68	\$105.47	(59,614)	11,033	84,303	331,765
75,000-99,999	75	6,375,278	0	188,627	125,761	1.97%	178,660	2.80%	\$0.46	\$0.00	0	114,596	0	296,003
100,000-149,999	92	10,884,692	0	107,852	420,107	3.86%	541,008	4.97%	\$0.55	\$89.55	29,392	222,404	61,982	686,705
150,000-199,999	31	5,308,942	0	780,776	465,064	8.76%	387,280	7.29%	\$0.52	\$88.48	15,368	(68,088)	15,368	198,754
200,000-299,999	38	9,126,229	0	0	558,822	6.12%	1,225,003	13.42%	\$0.52	\$139.00	444,157	131,714	567,000	1,062,613
300,000 Plus	26	12,947,686	0	367,194	750,800	5.80%	750,800	5.80%	\$0.00	\$0.00	0	172,967	0	188,489
<b>Total</b>	<b>4,035</b>	<b>108,346,488</b>	<b>0</b>	<b>1,687,486</b>	<b>4,029,741</b>	<b>3.72%</b>	<b>5,948,800</b>	<b>5.49%</b>	<b>\$0.56</b>	<b>\$137.30</b>	<b>367,089</b>	<b>1,048,712</b>	<b>1,331,320</b>	<b>5,814,844</b>

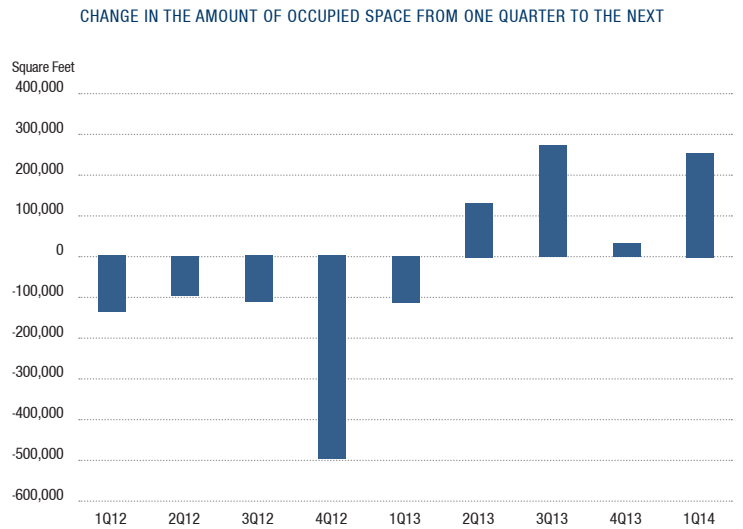
WEST ORANGE COUNTY

In the first quarter of 2014, the West Orange County industrial market consisted of 1,707 buildings totaling 39,486,696 square feet and had an availability rate of 6.80%, which shows a decrease from the previous quarter's figure of 7.58%.

VACANCY & AVAILABILITY RATE

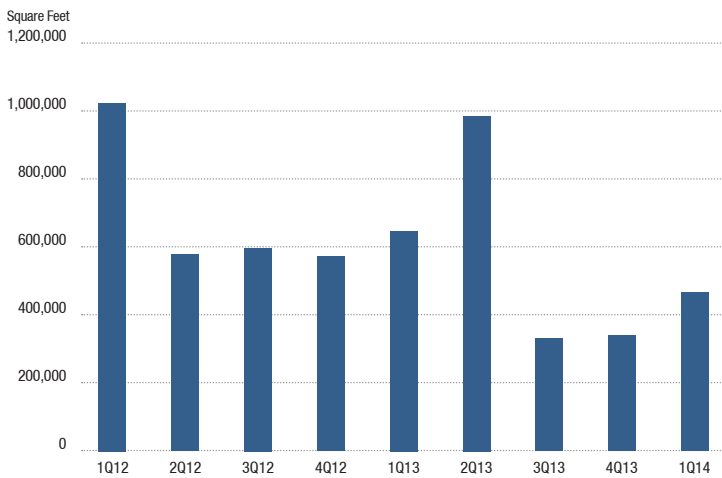


NET ABSORPTION



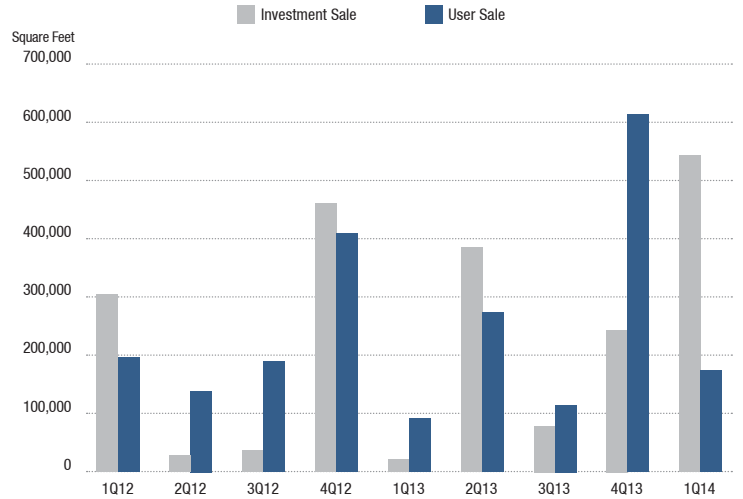
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

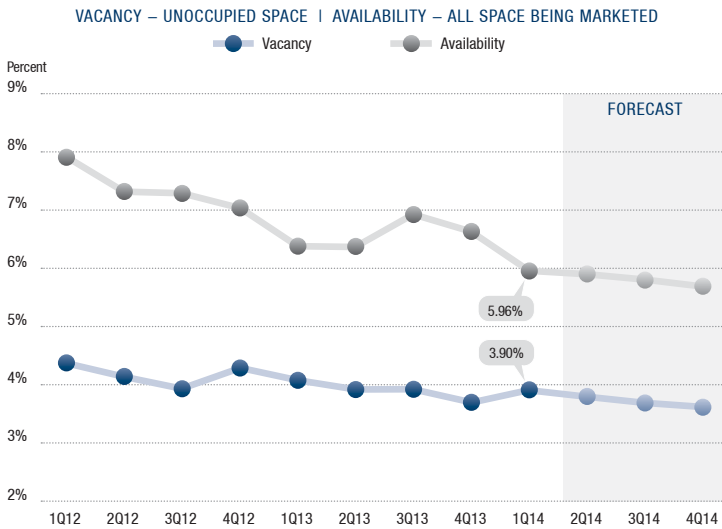
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Square Feet Available	Availability Rate 1Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2014	Net Absorption 2013	Gross Absorption 1Q2014	Gross Absorption 2013
<b>West Totals</b>	<b>1,707</b>	<b>39,486,696</b>	<b>0</b>	<b>186,154</b>	<b>1,873,089</b>	<b>4.74%</b>	<b>2,683,121</b>	<b>6.80%</b>	<b>\$0.56</b>	<b>\$143.17</b>	<b>252,817</b>	<b>312,574</b>	<b>475,143</b>	<b>2,171,902</b>
Less than 9,999	701	4,122,476	0	0	60,222	1.46%	121,656	2.95%	\$0.83	\$200.46	35,208	8,085	44,791	181,293
10,000–19,999	561	7,418,838	0	0	178,682	2.41%	255,463	3.44%	\$0.79	\$164.31	36,159	74,059	118,936	387,517
20,000–29,999	185	4,429,121	0	0	58,383	1.32%	144,433	3.26%	\$0.88	\$124.18	25,791	176,592	43,024	390,539
30,000–39,999	61	2,127,160	0	0	46,213	2.17%	62,245	2.93%	\$0.65	\$140.00	52	(29,678)	35,925	35,733
40,000–49,999	51	2,231,641	0	41,400	27,000	1.21%	112,040	5.02%	\$0.56	\$99.00	47,092	59,358	47,092	160,525
50,000–74,999	59	3,551,570	0	50,182	47,310	1.33%	47,310	1.33%	\$0.47	\$130.32	(36,060)	209,827	0	299,558
75,000–99,999	28	2,373,329	0	94,572	135,915	5.73%	167,837	7.07%	\$0.63	\$130.67	117,375	(3,880)	129,375	137,386
100,000–149,999	25	2,900,950	0	0	258,969	8.93%	383,969	13.24%	\$0.58	\$129.60	0	12,512	0	156,975
150,000–199,999	15	2,486,049	0	0	432,137	17.38%	316,282	12.72%	\$0.54	\$0.00	(28,800)	(254,021)	0	339,768
200,000–299,999	13	3,131,860	0	0	134,939	4.31%	239,126	7.64%	\$0.00	\$0.00	56,000	59,720	56,000	82,608
300,000 Plus	8	4,713,702	0	0	493,319	10.47%	832,760	17.67%	\$0.00	\$0.00	0	0	0	0

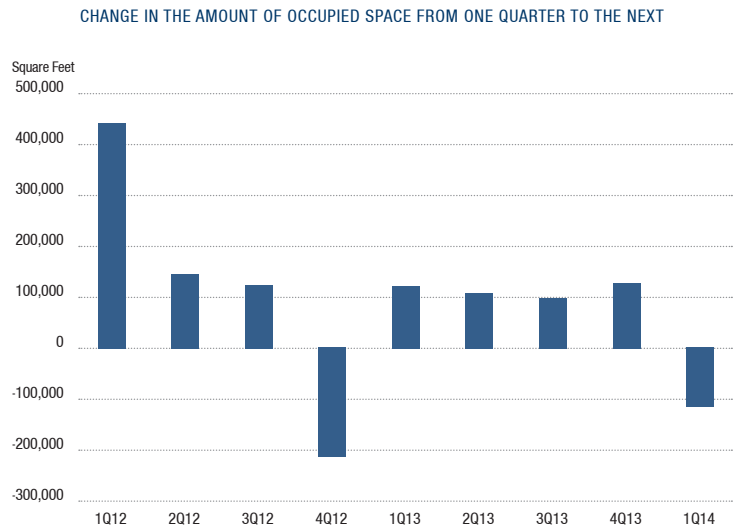
AIRPORT AREA

In the first quarter of 2014, the Airport Orange County industrial market consisted of 2,675 buildings totaling 59,961,699 square feet and had an availability rate of 5.96%, which shows a decrease from the previous quarter's figure of 6.63%.

VACANCY & AVAILABILITY RATE

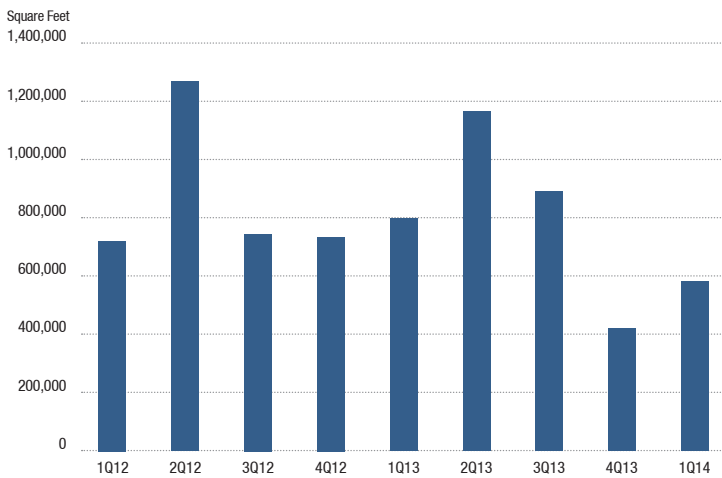


NET ABSORPTION



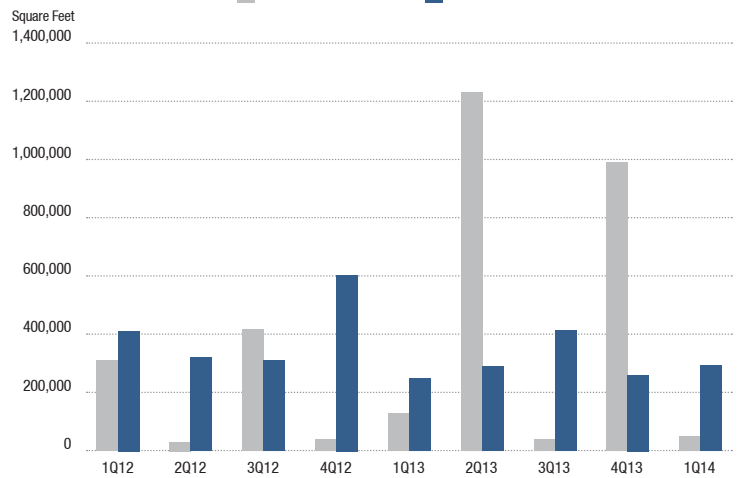
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

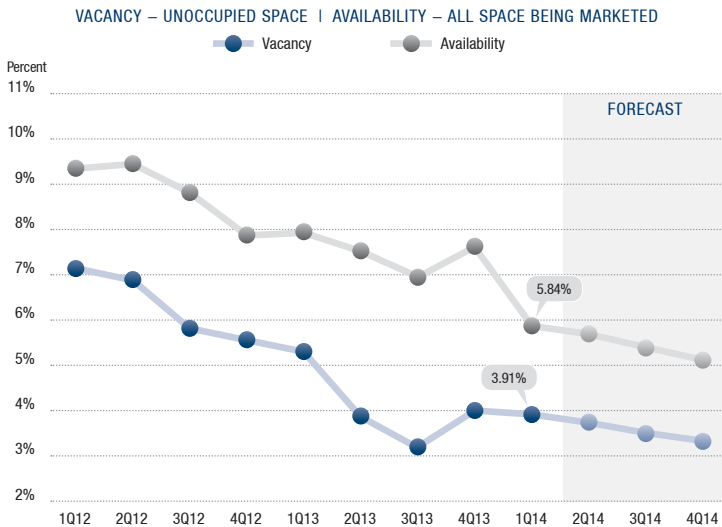
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Square Feet Available	Availability Rate 1Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2014	Net Absorption 2013	Gross Absorption 1Q2014	Gross Absorption 2013
<b>Airport Totals</b>														
Less than 9,999	939	5,407,365	0	0	93,877	1.74%	137,167	2.54%	\$1.00	\$215.01	5,159	65,715	59,582	384,026
10,000–19,999	902	12,568,047	0	0	322,881	2.57%	553,414	4.40%	\$0.92	\$164.57	(20,503)	32,388	140,196	794,638
20,000–29,999	357	8,511,483	0	0	200,628	2.36%	372,405	4.38%	\$0.67	\$144.52	(46,825)	199,102	73,885	614,067
30,000–39,999	157	5,328,571	0	35,000	153,754	2.89%	112,639	2.11%	\$1.00	\$138.11	(14,961)	31,659	37,643	296,482
40,000–49,999	87	3,798,500	0	0	129,107	3.40%	371,946	9.79%	\$0.62	\$141.48	34,740	(45,420)	39,428	177,929
50,000–74,999	103	6,226,252	0	0	336,459	5.40%	442,441	7.11%	\$0.59	\$125.01	(46,319)	(40,880)	47,366	216,038
75,000–99,999	50	4,303,774	0	0	261,587	6.08%	412,200	9.58%	\$0.54	\$135.32	(14,487)	52,041	9,900	261,225
100,000–149,999	45	5,217,080	0	120,000	206,599	3.96%	356,917	6.84%	\$0.62	\$133.81	(10,846)	(140,106)	159,809	159,634
150,000–199,999	13	2,237,117	0	0	155,805	6.96%	338,814	15.15%	\$0.68	\$128.96	0	170,466	0	188,653
200,000–299,999	13	3,166,726	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
300,000 Plus	9	3,196,784	0	0	477,715	14.94%	477,715	14.94%	\$0.65	\$0.00	0	(264,602)	0	1,019
<b>Total</b>	<b>2,675</b>	<b>59,961,699</b>	<b>0</b>	<b>155,000</b>	<b>2,338,412</b>	<b>3.90%</b>	<b>3,575,658</b>	<b>5.96%</b>	<b>\$0.65</b>	<b>\$142.67</b>	<b>(114,042)</b>	<b>60,363</b>	<b>567,809</b>	<b>3,093,711</b>

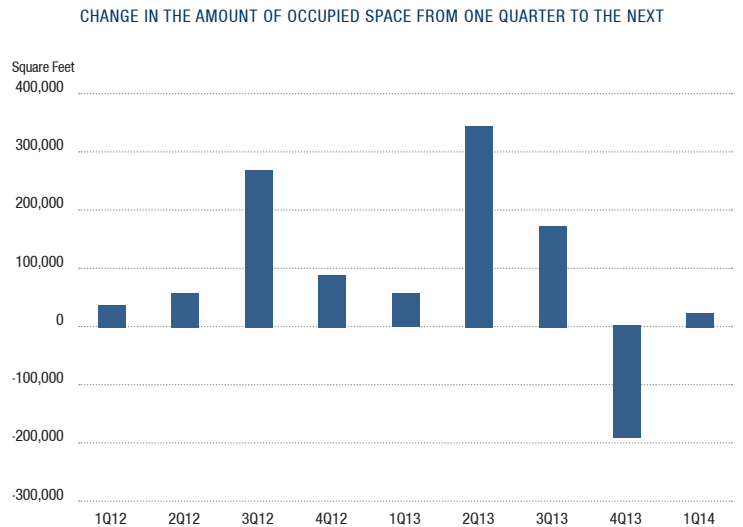
SOUTH ORANGE COUNTY

In the first quarter of 2014, the South Orange County industrial market consisted of 969 buildings totaling 24,630,182 square feet and had an availability rate of 5.84%, which shows a significant decrease from the previous quarter's figure of 7.26%.

VACANCY & AVAILABILITY RATE

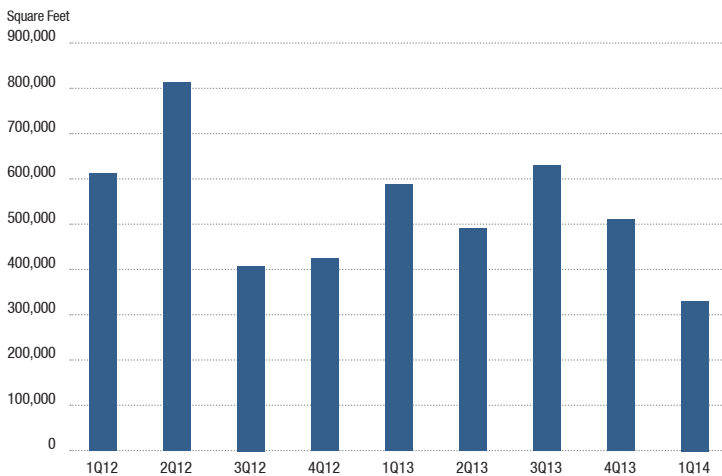


NET ABSORPTION



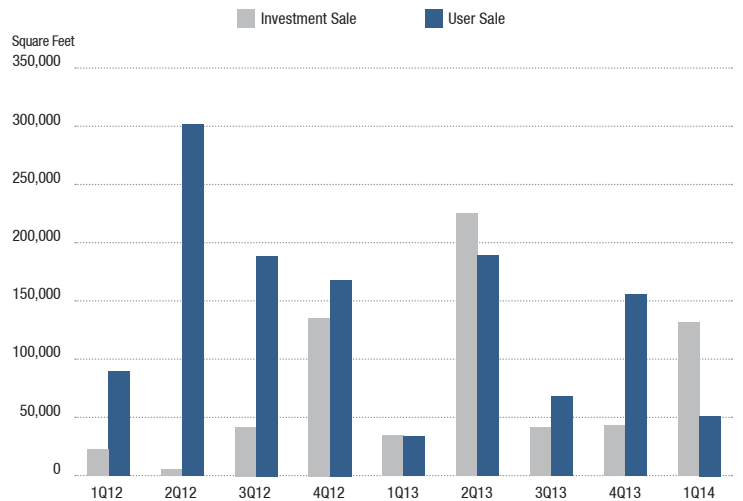
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2014	Square Feet Available	Availability Rate 1Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2014	Net Absorption 2013	Gross Absorption 1Q2014	Gross Absorption 2013
<b>South Totals</b>	<b>969</b>	<b>24,630,182</b>	<b>0</b>	<b>15,000</b>	<b>962,607</b>	<b>3.91%</b>	<b>1,438,705</b>	<b>5.84%</b>	<b>\$0.76</b>	<b>\$188.54</b>	<b>23,561</b>	<b>369,344</b>	<b>426,283</b>	<b>1,972,378</b>
Less than 9,999	365	2,319,866	0	0	43,152	1.86%	107,273	4.62%	\$0.96	\$218.26	17,008	33,721	49,669	148,530
10,000-19,999	299	4,338,165	0	15,000	161,174	3.72%	283,507	6.54%	\$0.84	\$195.91	10,497	207,442	59,765	523,349
20,000-29,999	138	3,283,088	0	0	109,554	3.34%	248,295	7.56%	\$0.70	\$188.88	19,974	127,709	79,874	368,918
30,000-39,999	48	1,613,803	0	0	128,035	7.93%	206,355	12.79%	\$1.10	\$166.00	(11,480)	(50,984)	0	126,565
40,000-49,999	28	1,258,576	0	0	9,015	0.72%	60,043	4.77%	\$0.75	\$175.03	0	27,096	0	92,654
50,000-74,999	34	2,028,195	0	0	109,770	5.41%	133,433	6.58%	\$0.76	\$0.00	13,098	110,523	116,292	335,048
75,000-99,999	14	1,194,367	0	0	26,700	2.24%	26,700	2.24%	\$0.59	\$0.00	84,797	(84,797)	84,797	110,074
100,000-149,999	21	2,500,558	0	0	229,727	9.19%	227,619	9.10%	\$0.67	\$145.63	(124,619)	(33,381)	0	73,427
150,000-199,999	8	1,340,541	0	0	92,801	6.92%	92,801	6.92%	\$0.63	\$0.00	0	57,101	0	57,101
200,000-299,999	6	1,287,149	0	0	52,679	4.09%	52,679	4.09%	\$0.62	\$0.00	14,286	(25,086)	35,886	58,107
300,000 Plus	8	3,465,874	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	78,605



## MAJOR TRANSACTIONS

### Sales Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
6550 Katella Ave. & 11130 Holder St.	West County	543,431	\$111.30	Stockbridge Capital Group, LLC	Colony Realty Partners
700 S. Raymond Ave. – 2 Properties	North County	209,130	\$77.46	C-III Asset Management	Mesa Cold Storage
11700 Monarch St.	West County	107,000	\$120.09	Catalina Cylinders Corporation	Monarch RRC Properties
18250 Euclid St.	Airport Area	62,838	\$127.95	Pan-Pacific Investments	M3 Management II, LLC
1211 McGaw Ave.	Airport Area	38,400	\$145.00	MMM International, LLC	Rdm Properties, Inc.

### Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
6400 Valley View St.	North County	238,270	Mar-14	Dynamic Worldwide West	Prologis
5800 Skylab Rd.	West County	167,778	Mar-14	Mitsubishi Electronics	Morgan Stanley
3340 E. La Palma Ave.	North County	153,898	Jan-14	Intense Lighting	LBA Realty
5551-5559 McFadden Ave.	West County	112,051	Mar-14	Highmark Smart, Reliable Seating	Sares-Regis
6400 Artesia Blvd.	North County	55,376	Jan-14	California Furniture Outlet	C & S, LLC

## SUBMARKETS

### NORTH

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

### WEST

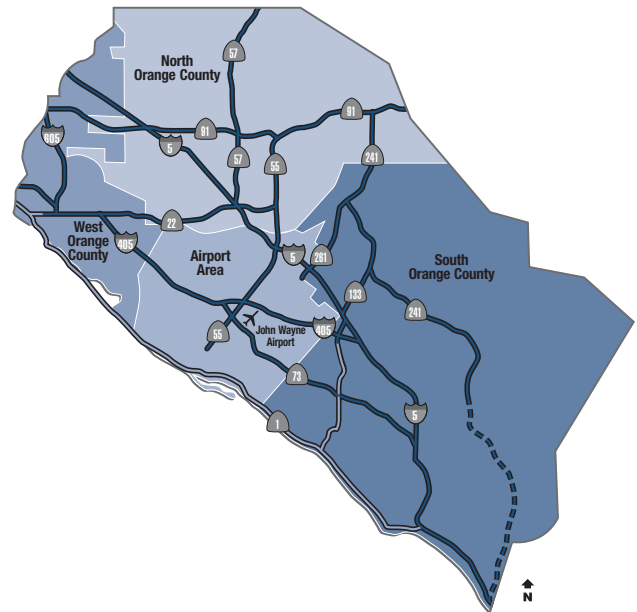
Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

### 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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### Please Contact Us for Further Information

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Sacramento, CA  
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San Jose, CA  
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This survey consists of properties 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 Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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