

Report

**SECOND
QUARTER
2003**


Market Highlights

- Unemployment for the second quarter of 2003 in Orange County is 3.6%, which is a decrease of .4% when compared to the first quarter of 2003 and is the same as it was during the second quarter of 2002.
- Chapman University estimates that Orange County will add 13,000 new jobs in 2003. Furthermore, they forecast that 30,000 new jobs will be added to the county in 2004, as the Orange County economy is expected to continue its recovery into next year.
- Total space under construction checked in at just above 1.25 million square feet this quarter, which is about half the amount of space that was under construction a year ago.
- The Industrial availability rate checked in at a sub 10% rate of 9.28%, which is about the same when compared to the first quarter of 2003. This indicates strength in the Industrial market, along with the last four quarters having shown a decrease in the total available space in Orange County. The average asking triple net lease rate checked in at .52 cents per square foot per month this quarter. This is a decrease of 14.75% when compared to a year ago.
- The level of activity increased this quarter with industrial gross absorption reaching 5,287,105 square feet, which is more than the 5,206,220 square feet we saw in the first quarter of 2003 and is about 5% more than what we saw in the second quarter of 2003.
- Net absorption for the county posted a negative number of 580,146 square feet for the second quarter of this year, giving the county a total of 166,112 square feet of positive absorption for the first half of 2003.

INDUSTRIAL MARKET STATISTICS

	2Q2003	1Q2003	2Q2002	% CHANGE VS. 2002
Under Construction	1,268,105	766,851	2,926,726	-56.67%
Planned Construction	3,484,197	3,630,539	5,034,978	-30.80%
Availability	9.28%	9.22%	6.59%	40.82%
Pricing	\$0.52	\$0.54	\$0.61	-14.75%
Activity	5,287,577	5,206,220	5,083,145	4.02%

Compared to
last quarter:

Availability



Activity



Absorption



Lease Rates



Sale Prices



Construction



Orange County

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Vice President

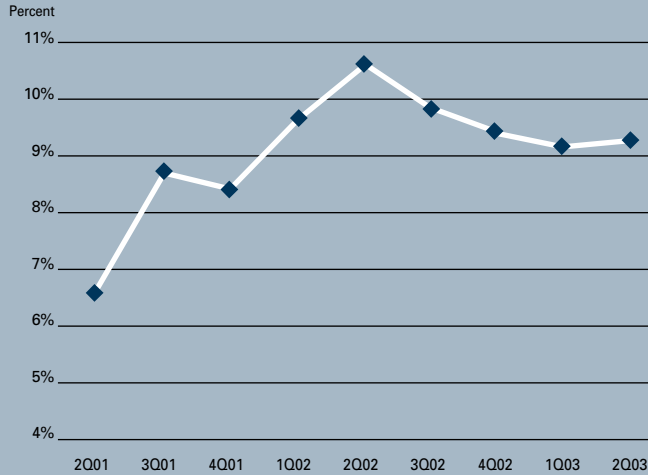
of Market Research

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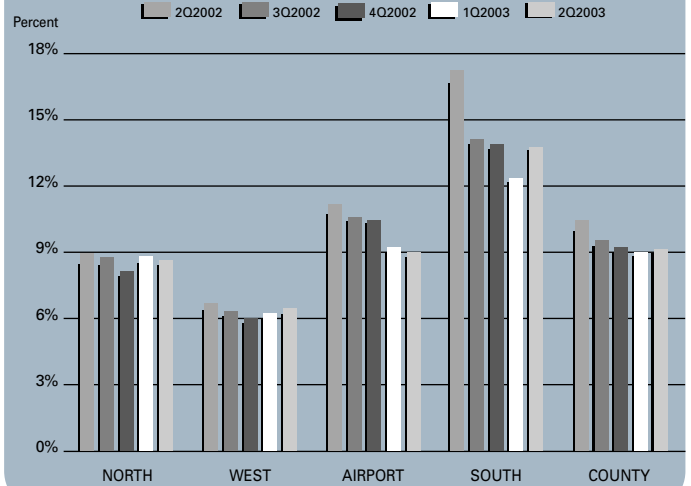
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AVAILABILITY RATE

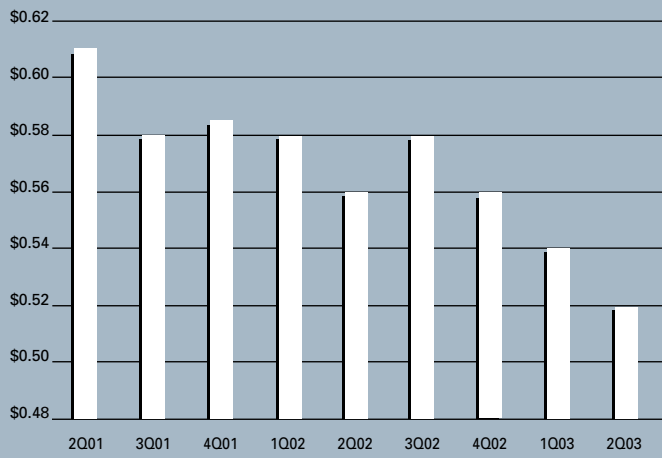


AVAILABILITY RATE BY SUBMARKET



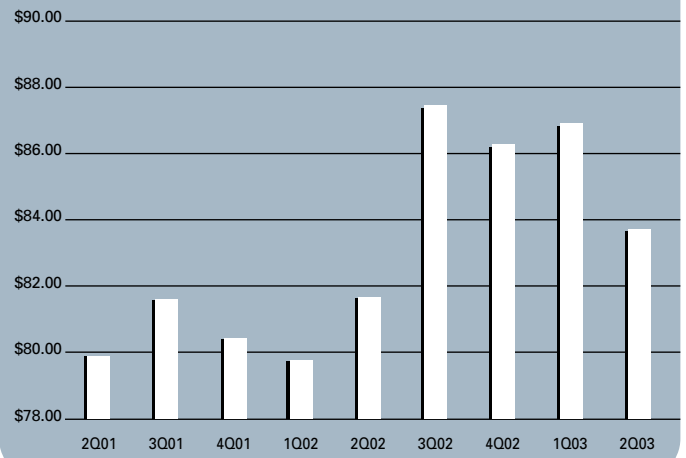
WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

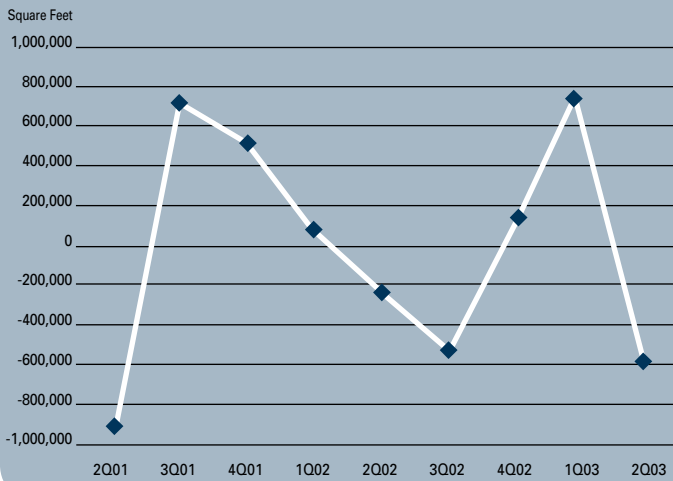


WEIGHTED AVERAGE ASKING SALES RATES

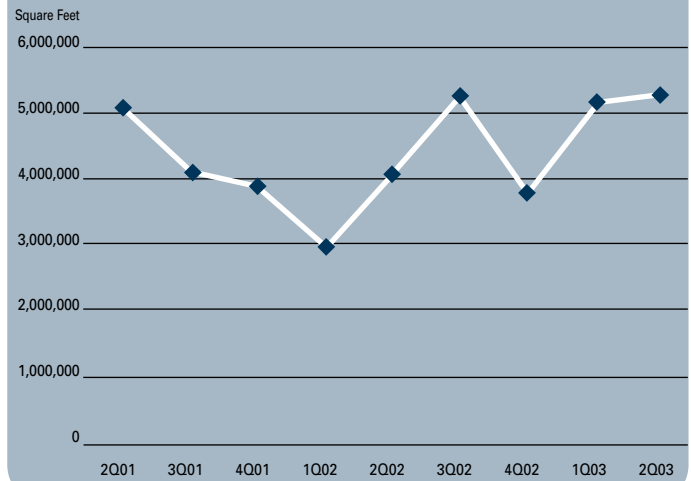
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION



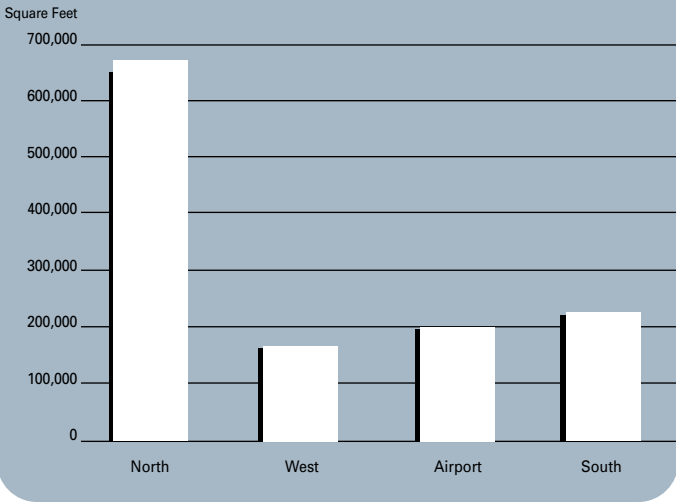
GROSS ABSORPTION



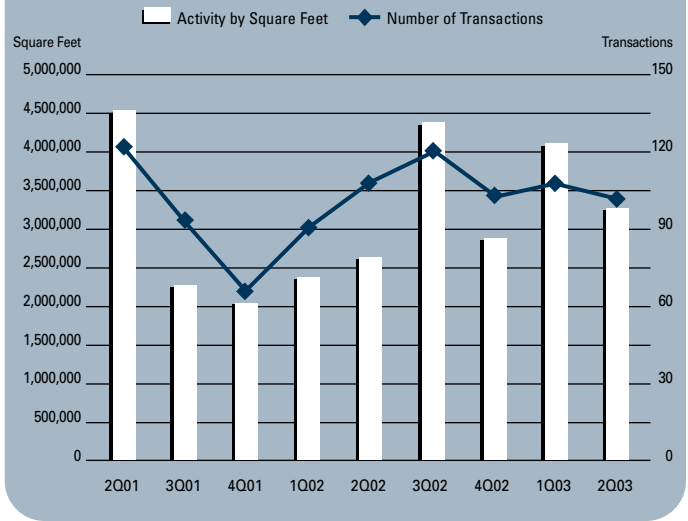
O R A N G E C O U N T Y

The Orange County Industrial Market consists of 8,006 buildings, totaling 281,483,036 square feet, and currently has an availability rate of 9.28%, which shows an increase from last quarter's 9.22% figure.

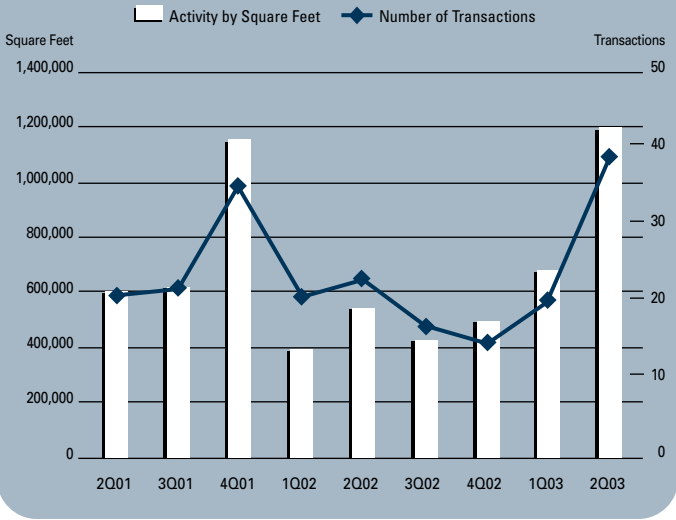
CONSTRUCTION ACTIVITY



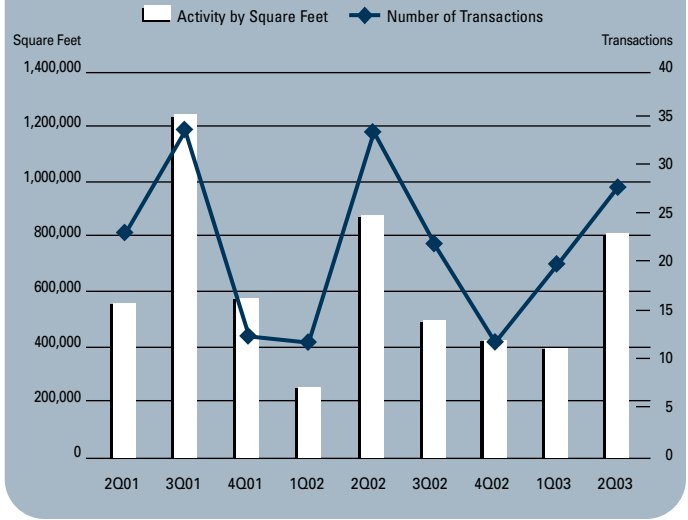
MANUFACTURING & DISTRIBUTION PRODUCT
LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS



RESEARCH & DEVELOPMENT PRODUCT
LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS



FLEX-TECH PRODUCT
LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS



INDUSTRIAL SURVEY FOR ORANGE COUNTY

SURVEY BY SIZE

	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
10,000-19,999	3,936	54,865,860	113,247	155,478	2,422,884	757,332	707,099	7.07%	7.12%
20,000-29,999	1,657	39,419,203	190,515	505,984	1,867,626	496,609	320,113	6.78%	7.49%
30,000-39,999	720	24,416,622	179,214	525,508	1,199,246	620,237	371,012	8.91%	9.73%
40,000-49,999	436	19,047,600	179,794	218,818	1,799,216	223,109	622,511	13.76%	13.67%
50,000-74,999	531	31,986,192	55,685	397,609	1,957,407	996,117	938,268	12.15%	12.33%
75,000-99,999	235	19,918,030	92,395	334,000	982,269	647,152	589,863	11.09%	11.80%
100,000-149,999	254	30,099,969	109,650	456,800	2,413,587	1,168,681	620,771	13.91%	12.89%
150,000-199,999	69	11,839,584	347,605	197,000	697,434	172,800	0	7.14%	4.33%
200,000-299,999	81	19,201,859	0	693,000	2,356,942	209,800	0	13.37%	14.57%
300,000+	63	29,830,502	0	0	1,070,254	0	0	3.59%	2.25%
Orange Total	8,006	281,483,036	1,268,105	3,484,197	16,766,865	5,291,837	4,169,637	9.28%	9.22%

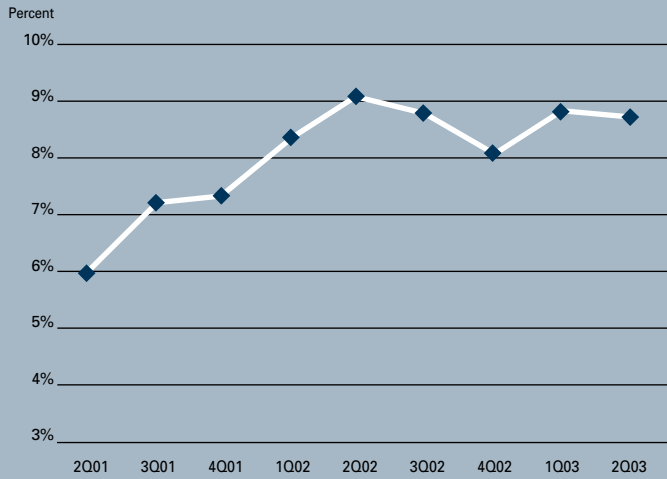
SURVEY BY SIZE

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
10,000-19,999	108.24	138.19	157.10	0.69	0.93	1.23	695,937	404,332	82	1,100,269
20,000-29,999	99.16	139.74	144.00	0.63	0.86	1.22	488,692	212,586	30	701,278
30,000-39,999	92.52	127.73	150.00	0.56	0.83	1.35	345,967	180,960	15	526,927
40,000-49,999	81.73	0.00	142.05	0.56	0.74	1.04	429,256	223,150	15	652,406
50,000-74,999	81.80	111.66	99.00	0.56	0.74	1.25	509,778	323,352	14	833,130
75,000-99,999	71.45	93.59	123.21	0.43	0.68	1.12	264,871	89,250	4	354,121
100,000-149,999	69.17	100.46	140.00	0.51	0.79	1.13	440,668	484,087	8	924,755
150,000-199,999	77.00	0.00	0.00	0.44	0.35	0.00	0	194,691	1	194,691
200,000-299,999	41.08	0.00	0.00	0.39	0.00	0.00	0	0	0	0
300,000+	75.00	0.00	0.00	0.45	0.00	0.00	0	0	0	0
Orange Total	83.72	116.42	135.79	0.52	0.77	1.21	3,175,169	2,112,408	169	5,287,577

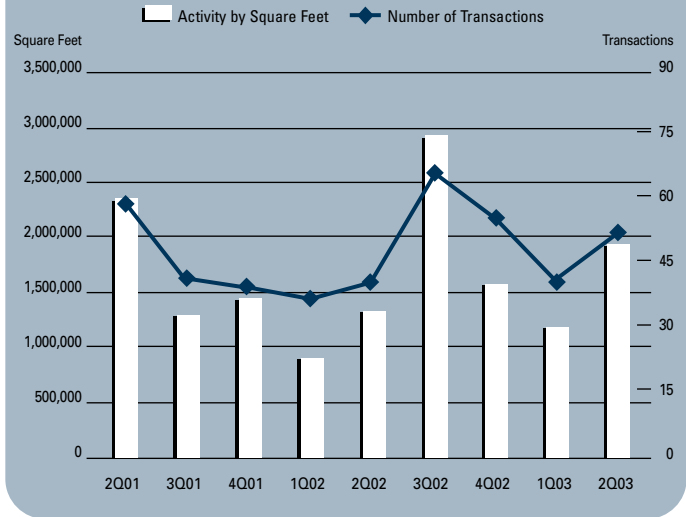
NORTH ORANGE COUNTY

The North Orange County Industrial Market consists of 3,022 buildings totaling 112,702,476 square feet, and currently has an availability rate of 8.71%, which shows a decrease from last quarter's 8.81% figure.

AVAILABILITY RATE



LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS



INDUSTRIAL SURVEY FOR NORTH ORANGE COUNTY

SURVEY BY CITY

	Inventory				Availability					
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate		
					Mfg./Dist.	R&D	Flex	2Q2003	1Q2003	
Anaheim	1,392	48,579,725	64,464	19,895	2,097,481	582,218	191,161	5.90%	6.76%	
Brea	267	11,608,398	155,541	151,558	1,475,457	83,659	112,094	14.21%	14.70%	
Buena Park	192	12,891,265	402,434	53,383	1,300,726	86,708	0	10.44%	7.33%	
Fullerton	318	17,149,841	0	0	2,454,243	185,032	0	15.39%	15.78%	
La Habra	92	2,838,811	0	0	110,146	0	0	3.88%	0.75%	
Orange	528	13,436,750	32,317	31,000	711,678	46,530	0	5.63%	7.54%	
Placentia	153	3,936,384	14,500	0	240,033	0	0	6.08%	5.15%	
Yorba Linda	80	2,261,302	0	25,000	58,974	137,181	0	8.67%	2.11%	
North Total	3,022	112,702,476	669,256	280,836	8,448,738	1,121,328	303,255	8.71%	8.81%	

SURVEY BY CITY

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg./Dist.	R&D	Flex	Mfg./Dist.	R&D	Flex				
Anaheim	90.91	94.45	0.00	0.47	0.71	0.00	373,220	302,296	19	675,516
Brea	84.14	105.00	0.00	0.47	0.75	0.00	273,463	176,824	10	450,287
Buena Park	79.78	0.00	0.00	0.46	0.75	0.00	0	0	0	0
Fullerton	59.75	0.00	0.00	0.44	0.38	0.00	276,273	179,560	12	455,833
La Habra	82.50	0.00	0.00	0.48	0.00	0.00	0	0	0	0
Orange	94.35	0.00	0.00	0.52	0.48	0.00	130,982	122,774	11	253,756
Placentia	103.86	0.00	0.00	0.56	0.00	0.00	65,517	0	1	65,517
Yorba Linda	88.94	0.00	0.00	0.62	0.71	0.00	0	0	0	0
North Total	76.53	96.44	0.00	0.47	0.63	0.00	1,119,455	781,454	53	1,900,909

SURVEY BY SIZE

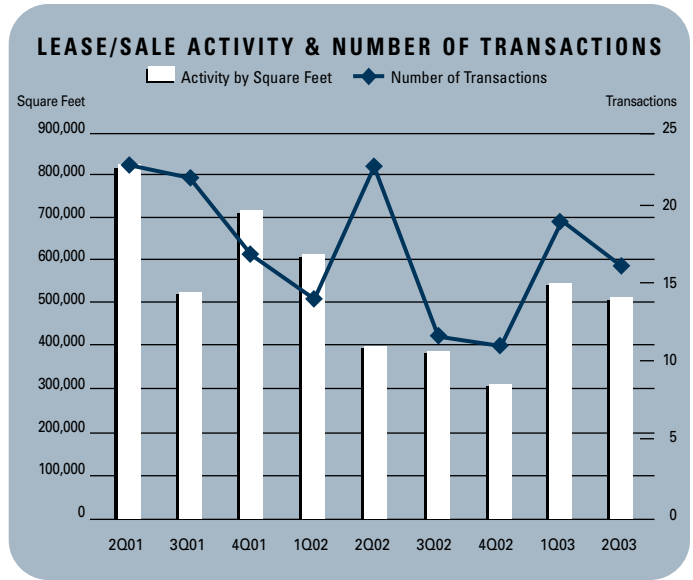
	Inventory				Availability					
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate		
					Mfg./Dist.	R&D	Flex	2Q2003	1Q2003	
10,000-19,999	1,489	20,545,862	31,924	37,319	1,098,229	141,530	42,568	6.23%	6.10%	
20,000-29,999	615	14,561,540	103,788	159,134	838,514	69,512	23,891	6.35%	7.48%	
30,000-39,999	270	9,151,810	141,559	31,000	597,344	102,029	32,690	7.88%	9.45%	
40,000-49,999	147	6,418,747	85,800	0	883,322	89,042	0	14.95%	12.99%	
50,000-74,999	183	10,988,462	55,685	53,383	793,416	61,153	62,106	8.30%	9.73%	
75,000-99,999	86	7,313,627	92,395	0	825,473	254,667	0	14.58%	15.84%	
100,000-149,999	102	12,106,777	0	0	826,455	230,595	142,000	9.90%	9.73%	
150,000-199,999	32	5,498,125	158,105	0	526,153	172,800	0	12.36%	6.36%	
200,000-299,999	44	10,455,591	0	0	1,660,359	0	0	15.88%	20.35%	
300,000+	30	14,804,320	0	0	399,473	0	0	2.70%	0.00%	
North Total	3,022	112,702,476	669,256	280,836	8,448,738	1,121,328	303,255	8.71%	8.81%	

SURVEY BY SIZE

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg./Dist.	R&D	Flex	Mfg./Dist.	R&D	Flex				
10,000-19,999	98.03	0.00	0.00	0.60	0.81	0.00	134,736	114,901	18	249,637
20,000-29,999	93.55	130.00	0.00	0.58	0.80	0.00	186,555	97,737	12	284,292
30,000-39,999	87.35	105.00	0.00	0.51	0.65	0.00	99,870	72,231	5	172,101
40,000-49,999	74.87	0.00	0.00	0.51	0.65	0.00	86,395	88,500	4	174,895
50,000-74,999	76.44	0.00	0.00	0.50	0.00	0.00	315,819	211,835	9	527,654
75,000-99,999	71.45	0.00	0.00	0.42	0.71	0.00	89,080	89,250	2	178,330
100,000-149,999	67.00	89.00	0.00	0.46	0.68	0.00	207,000	107,000	3	314,000
150,000-199,999	77.00	0.00	0.00	0.42	0.35	0.00	0	0	0	0
200,000-299,999	41.08	0.00	0.00	0.37	0.00	0.00	0	0	0	0
300,000+	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
North Total	76.53	96.44	0.00	0.47	0.63	0.00	1,119,455	781,454	53	1,900,909

W E S T O R A N G E C O U N T Y

The West Orange County Industrial Market consists of 1,242 buildings totaling 42,632,154 square feet, and currently has an availability rate of 6.65%, which shows an increase from last quarter's 6.41% figure.



INDUSTRIAL SURVEY FOR WEST ORANGE COUNTY

SURVEY BY CITY

	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
Cypress	122	7,882,150	0	0	516,368	247,099	105,630	11.03%	10.97%
Garden Grove	348	12,676,865	0	0	281,816	281,352	0	4.44%	4.66%
Huntington Beach	507	13,664,856	168,557	318,800	621,965	51,821	0	4.87%	4.55%
La Palma	22	2,020,032	0	0	300,080	0	0	14.86%	11.14%
Los Alamitos	104	2,778,455	0	0	50,824	78,489	0	4.65%	4.79%
Stanton	65	1,314,078	0	22,900	44,265	0	0	3.37%	3.37%
Westminster	74	2,295,718	0	0	264,661	0	0	11.53%	11.09%
West Total	1,242	42,632,154	168,557	341,700	2,079,979	658,761	105,630	6.65%	6.41%

SURVEY BY CITY

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
Cypress	101.52	0.00	0.00	0.74	0.00	1.09	40,270	0	1	40,270
Garden Grove	81.92	0.00	0.00	0.55	0.00	0.00	162,463	11,656	6	174,119
Huntington Beach	86.71	0.00	0.00	0.54	0.00	0.00	22,200	105,854	6	128,054
La Palma	124.00	0.00	0.00	0.39	0.00	0.00	0	0	0	0
Los Alamitos	0.00	206.90	0.00	0.00	0.00	0.00	0	124,735	1	124,735
Stanton	95.39	0.00	0.00	0.00	0.00	0.00	0	0	0	0
Westminster	0.00	0.00	0.00	0.48	0.00	0.00	47,385	0	2	47,385
West Total	92.21	206.90	0.00	0.56	0.67	1.09	272,318	242,245	16	514,563

SURVEY BY SIZE

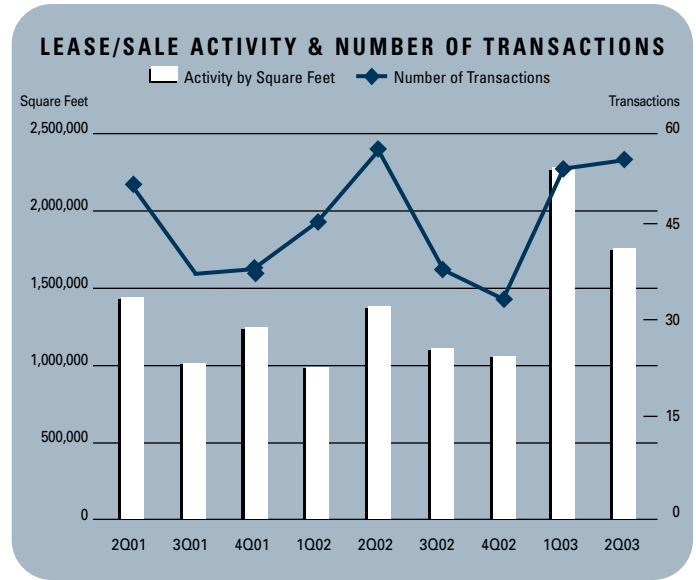
	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
10,000-19,999	655	8,827,075	21,252	22,900	338,517	112,384	11,630	5.23%	4.66%
20,000-29,999	246	5,837,271	0	0	318,558	83,331	0	6.88%	6.60%
30,000-39,999	87	2,978,765	37,655	0	78,952	34,821	0	3.77%	5.25%
40,000-49,999	65	2,843,161	0	46,300	311,549	88,867	0	14.08%	15.63%
50,000-74,999	89	5,436,801	0	0	268,205	239,358	0	9.34%	10.33%
75,000-99,999	35	2,954,641	0	75,500	75,000	0	94,000	5.72%	3.18%
100,000-149,999	32	3,759,380	109,650	0	474,198	100,000	0	14.84%	12.21%
150,000-199,999	11	1,791,276	0	197,000	0	0	0	0.00%	0.00%
200,000-299,999	13	3,178,544	0	0	215,000	0	0	6.76%	6.76%
300,000+	9	5,025,240	0	0	0	0	0	0.00%	0.00%
West Total	1,242	42,632,154	168,557	341,700	2,079,979	658,761	105,630	6.65%	6.41%

SURVEY BY SIZE

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
10,000-19,999	101.78	206.90	0.00	0.74	0.95	0.98	50,131	35,838	7	85,969
20,000-29,999	103.87	0.00	0.00	0.53	0.78	0.00	20,000	0	1	20,000
30,000-39,999	96.11	0.00	0.00	0.77	0.82	0.00	68,900	39,812	3	108,712
40,000-49,999	90.65	0.00	0.00	0.55	0.65	0.00	133,287	41,860	4	175,147
50,000-74,999	97.95	0.00	0.00	0.64	0.66	0.00	0	0	0	0
75,000-99,999	0.00	0.00	0.00	0.00	0.00	1.10	0	0	0	0
100,000-149,999	65.13	0.00	0.00	0.47	0.59	0.00	0	124,735	1	124,735
150,000-199,999	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
200,000-299,999	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
300,000+	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
West Total	92.21	206.90	0.00	0.56	0.67	1.09	272,318	242,245	16	514,563

AIRPORT AREA

The Airport Area of the Orange County Industrial Market consists of 2,513 buildings totaling 83,759,757 square feet, and currently has an availability rate of 9.12%, which shows a decrease from last quarter's 9.44% figure.



INDUSTRIAL SURVEY FOR AIRPORT AREA

SURVEY BY CITY

	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
Costa Mesa	378	10,965,627	0	13,000	340,020	271,563	262,132	7.97%	9.36%
Fountain Valley	174	4,430,540	0	630,500	307,069	52,743	0	8.12%	8.17%
Irvine	670	25,124,139	13,056	258,432	1,067,365	774,664	1,219,959	12.18%	13.20%
Newport Beach	54	2,365,998	0	0	62,000	0	0	2.62%	2.55%
Santa Ana	1,045	32,419,955	189,500	832,077	1,753,689	77,718	395,286	6.83%	6.62%
Tustin	192	8,453,498	0	114,500	586,435	319,274	168,328	12.71%	11.93%
Airport Total	2,513	83,759,757	202,556	1,848,509	4,116,578	1,495,962	2,045,705	9.12%	9.44%

SURVEY BY CITY

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
Costa Mesa	96.21	139.48	118.00	0.55	0.55	1.18	142,546	130,653	9	273,199
Fountain Valley	107.86	0.00	0.00	0.61	0.89	0.00	58,781	0	3	58,781
Irvine	125.81	112.58	140.79	0.74	0.82	1.37	497,400	183,553	23	680,953
Newport Beach	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
Santa Ana	86.38	0.00	150.00	0.56	0.98	1.29	327,924	397,440	19	725,364
Tustin	79.46	95.84	104.32	0.54	0.71	0.98	0	43,445	2	43,445
Airport Total	91.13	111.53	128.42	0.61	0.77	1.18	1,026,651	755,091	56	1,781,742

SURVEY BY SIZE

	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
10,000-19,999	1,220	17,117,850	13,056	25,000	714,945	225,039	304,159	7.26%	6.98%
20,000-29,999	531	12,714,485	0	151,056	441,465	120,434	51,354	4.82%	5.33%
30,000-39,999	245	8,295,872	0	327,683	294,210	133,845	170,024	7.21%	9.34%
40,000-49,999	140	6,094,707	0	130,268	437,815	0	350,269	12.93%	12.74%
50,000-74,999	168	10,103,431	0	127,202	719,963	184,555	529,483	14.19%	14.99%
75,000-99,999	83	7,077,600	0	168,500	81,796	392,485	417,863	12.61%	14.31%
100,000-149,999	77	9,056,284	0	456,800	892,103	439,604	222,553	17.16%	16.00%
150,000-199,999	20	3,527,810	189,500	0	171,281	0	0	4.61%	4.61%
200,000-299,999	14	3,396,488	0	462,000	0	0	0	0.00%	0.00%
300,000+	13	6,375,230	0	0	363,000	0	0	5.69%	5.69%
Airport Total	2,513	83,759,757	202,556	1,848,509	4,116,578	1,495,962	2,045,705	9.12%	9.44%

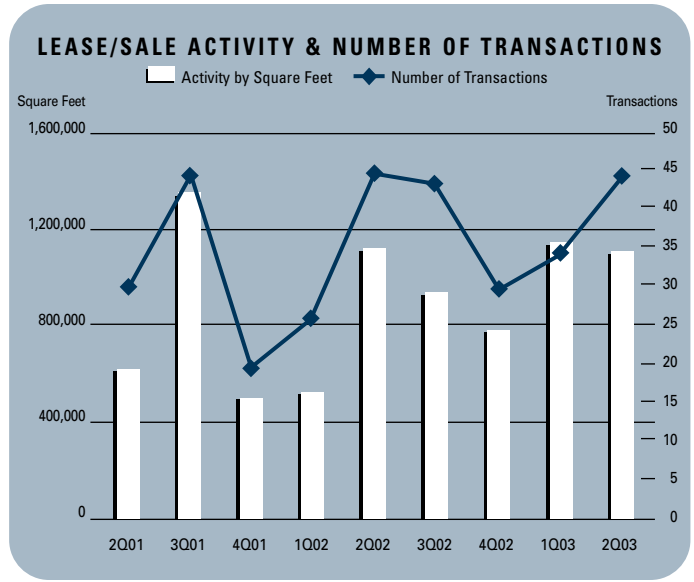
SURVEY BY SIZE

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
10,000-19,999	118.51	0.00	152.73	0.70	0.95	1.14	309,343	103,003	30	412,346
20,000-29,999	93.95	154.00	144.00	0.66	1.05	1.05	73,734	114,849	8	188,583
30,000-39,999	96.68	139.48	150.00	0.52	0.87	0.00	177,197	68,917	7	246,114
40,000-49,999	84.93	0.00	118.00	0.59	0.00	1.37	84,453	45,539	3	129,992
50,000-74,999	79.63	105.00	99.00	0.59	0.74	1.25	63,440	111,517	3	174,957
75,000-99,999	0.00	93.59	123.21	0.53	0.65	1.12	84,816	0	1	84,816
100,000-149,999	74.47	115.00	140.00	0.67	0.78	1.03	233,668	116,575	3	350,243
150,000-199,999	0.00	0.00	0.00	0.49	0.00	0.00	0	194,691	1	194,691
200,000-299,999	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
300,000+	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
Airport Total	91.13	111.53	128.42	0.61	0.77	1.18	1,026,651	755,091	56	1,781,742



S O U T H O R A N G E C O U N T Y

The South Orange County Industrial Market consists of 1,229 buildings totaling 42,388,649 square feet, and currently has an availability rate of 13.73%, which shows an increase from last quarter's 12.75% figure.



INDUSTRIAL SURVEY FOR SOUTH ORANGE COUNTY

SURVEY BY CITY

	Inventory				Vacancy & Rent				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
Aliso Viejo	66	2,369,163	0	0	14,640	115,468	470,484	25.35%	11.61%
Foothill Ranch	42	3,058,913	0	53,264	684,215	10,261	0	22.70%	11.81%
Irvine Spectrum	462	19,476,813	178,810	0	932,475	1,496,284	1,128,042	18.10%	17.84%
Laguna Hills	115	2,216,412	0	0	10,613	0	0	0.48%	0.00%
Laguna Niguel	38	959,936	0	0	0	18,333	15,081	3.48%	5.32%
Lake Forest	204	6,128,310	48,926	609,767	269,503	174,513	47,927	7.96%	8.50%
Mission Viejo	59	1,711,437	0	0	0	13,427	0	0.78%	0.78%
Rancho S. Margarita	92	2,988,992	0	0	139,136	69,089	53,513	8.76%	13.70%
San Clemente	89	2,190,712	0	350,121	0	118,411	0	5.41%	10.33%
San Juan Capistrano	62	1,287,961	0	0	70,988	0	0	5.51%	5.51%
South Total	1,229	42,388,649	227,736	1,013,152	2,121,570	2,015,786	1,715,047	13.73%	12.75%

SURVEY BY CITY

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
Aliso Viejo	0.00	150.00	0.00	0.93	0.99	1.28	23,750	10,134	3	33,884
Foothill Ranch	75.00	135.00	0.00	0.45	0.89	0.00	0	10,261	1	10,261
Irvine Spectrum	0.00	134.61	154.82	0.54	0.91	1.24	531,251	191,211	27	722,462
Laguna Hills	0.00	0.00	0.00	0.90	0.00	0.00	0	0	0	0
Laguna Niguel	0.00	155.00	0.00	0.00	0.00	0.00	0	0	0	0
Lake Forest	122.18	0.00	0.00	0.70	0.93	1.31	93,795	20,960	4	114,755
Mission Viejo	0.00	0.00	0.00	0.00	1.00	0.00	0	0	0	0
Rancho S. Margarita	127.11	0.00	156.70	0.54	0.83	0.00	41,295	87,663	6	128,958
San Clemente	0.00	119.71	0.00	0.00	0.86	0.00	66,654	13,389	3	80,043
San Juan Capistrano	133.35	0.00	0.00	0.87	0.00	0.00	0	0	0	0
South Total	90.30	131.48	155.29	0.57	0.89	1.25	756,745	333,618	44	1,090,363

SURVEY BY SIZE

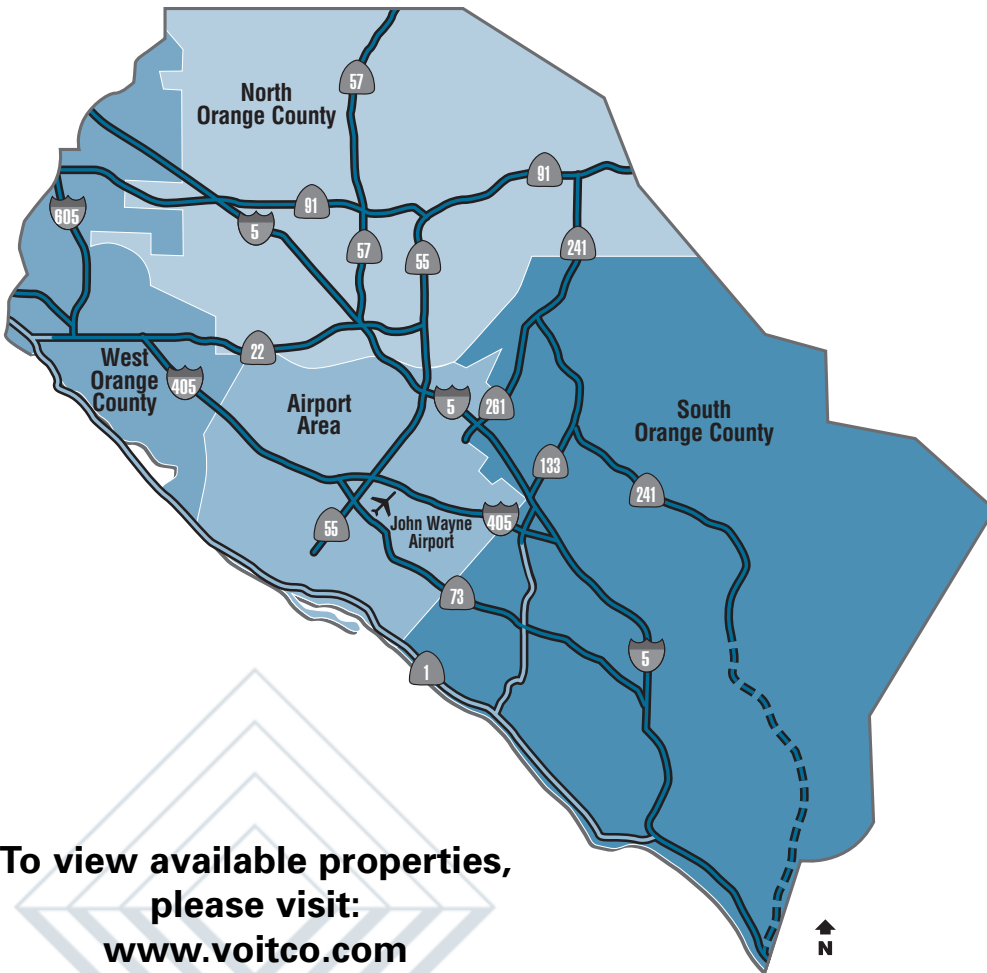
	Inventory				Availability				
	Number of Bldgs.	Net Rentable Sq. Feet	Square Feet U/C	Square Feet Planned	Total Square Feet Available			Availability Rate	
					Mfg/Dist.	R&D	Flex	2Q2003	1Q2003
10,000-19,999	572	8,375,073	47,015	70,259	271,193	278,379	348,742	10.67%	12.45%
20,000-29,999	265	6,305,907	86,727	195,794	269,089	223,332	244,868	11.53%	12.64%
30,000-39,999	118	3,990,175	0	166,825	228,740	349,542	168,298	18.71%	14.48%
40,000-49,999	84	3,690,985	93,994	42,250	166,530	45,200	272,242	12.79%	14.87%
50,000-74,999	91	5,457,498	0	217,024	175,823	511,051	346,679	18.94%	14.56%
75,000-99,999	31	2,572,162	0	90,000	0	0	78,000	3.03%	3.54%
100,000-149,999	43	5,177,528	0	0	220,831	398,482	256,218	16.91%	15.34%
150,000-199,999	6	1,022,373	0	0	0	0	0	0.00%	0.00%
200,000-299,999	10	2,171,236	0	231,000	481,583	209,800	0	31.84%	20.94%
300,000+	9	3,625,712	0	0	307,781	0	0	8.49%	8.49%
South Total	1,229	42,388,649	227,736	1,013,152	2,121,570	2,015,786	1,715,047	13.73%	12.75%

SURVEY BY SIZE

	Pricing						Activity			
	Average Asking Sales Price per Sq. Ft.			Average Triple Net Asking Price per Sq. Ft.			Square Feet Leased	Square Feet Sold	# of Trans.	Total Activity
	Mfg/Dist.	R&D	Flex	Mfg/Dist.	R&D	Flex				
10,000-19,999	133.86	130.79	157.87	0.78	0.95	1.28	201,727	150,590	27	352,317
20,000-29,999	124.18	138.57	0.00	0.75	0.85	1.31	208,403	0	9	208,403
30,000-39,999	0.00	0.00	0.00	0.63	0.88	1.35	0	0	0	0
40,000-49,999	0.00	0.00	153.09	0.69	1.10	1.10	125,121	47,251	4	172,372
50,000-74,999	0.00	119.00	0.00	0.64	0.81	1.26	130,519	0	2	130,519
75,000-99,999	0.00	0.00	0.00	0.00	0.00	0.00	90,975	0	1	90,975
100,000-149,999	0.00	0.00	0.00	0.45	0.94	1.29	0	135,777	1	135,777
150,000-199,999	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0
200,000-299,999	0.00	0.00	0.00	0.42	0.00	0.00	0	0	0	0
300,000+	75.00	0.00	0.00	0.45	0.00	0.00	0	0	0	0
South Total	90.30	131.48	155.29	0.57	0.89	1.25	756,745	333,618	44	1,090,363

INDUSTRIAL MARKET Report

2ND QUARTER 2003



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FAX: 949.261.9092

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

PRODUCT TYPE

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

R & D OR MID-TECH

30% to 74.9% improved with drop ceiling, minimum parking ratio of 3 to 1, minimum 50% of exterior glassline, dock and/or ground level loading.

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.



Real People. Real Solutions.