# Report





Compared to

last quarter:

**Vacancy** 



**Absorption** 



**Lease Rates** 



Construction



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- 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 over 300,000 square feet for the second quarter of 2003, which is down more than 75% than under construction totals in the second quarter of 2002.
- The office vacancy rate checked in at 13.88%, which is lower than the 14.22% rate of the first quarter of 2002. This is a sign of strength with almost 2 million square feet of new product that was built in 2002 being absorbed. Note that this rate of 13.88% is much lower than the 25% vacancy rates Orange County experienced back in the early 90's.
- The total amount of office space available, including both direct and sublease space, in Orange County is also lower, registering in at 15.66% this quarter from 16.41% in the second quarter of 2002.
- The average asking Full Service Gross lease rate per month per foot in Orange County is currently \$2.03, which is a 4.69% decrease over last year's second quarter rate of \$2.13.
- Net absorption posted a positive number of 486,129 square feet for the second quarter of this year, giving the county a total of over 1 million square feet of positive absorption for the first half of 2003.

# OFFICE MARKET STATISTICS

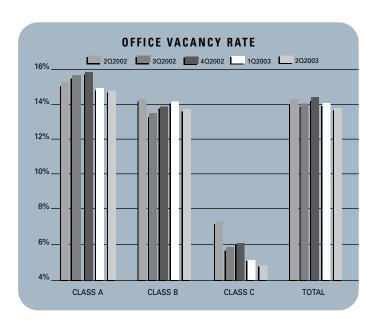
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	202003	102003	202002	% CHANGE VS. 2002
Under Construction	316,727	1,030,093	1,358,641	-76.69%
Planned Construction	4,227,201	5,361,114	6,950,648	-39.18%
Vacancy	13.88%	14.22%	14.43%	-3.81%
Availability	15.66%	16.07%	16.41%	-4.57%
Pricing	\$2.03	\$2.04	\$2.13	-4.69%
Net Absorption	486,129	636,529	-383,558	126.74%

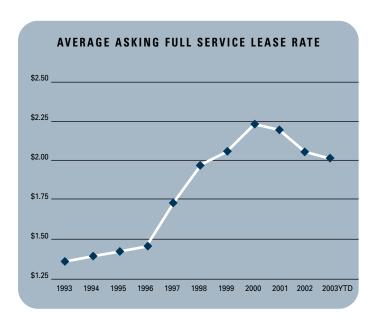
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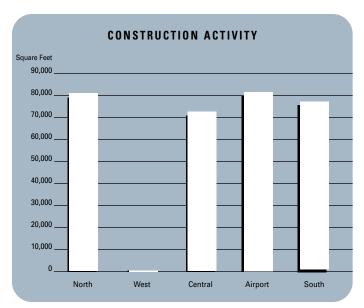
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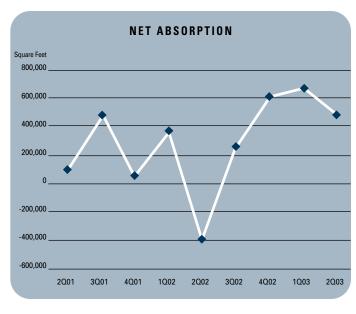
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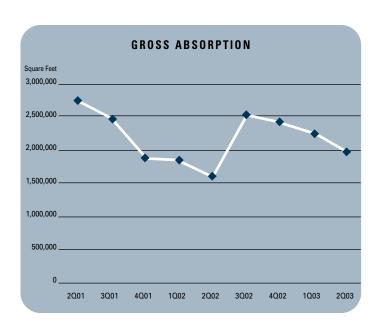












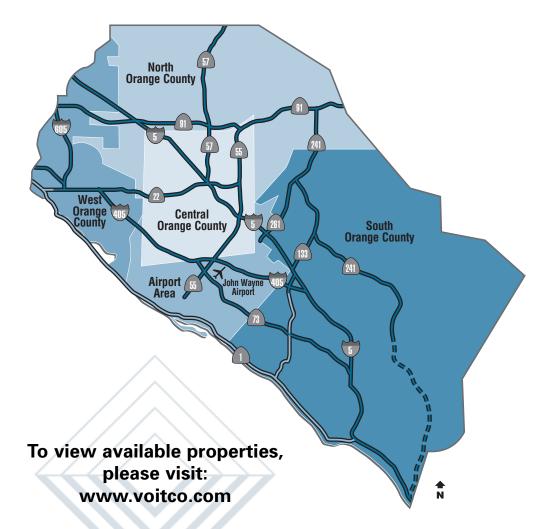
#### S E C O N D Q U A R T E R 2 0 0 3

#### O R A N G E 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 202003	Square Feet Available	Availability Rate 202003	Average Asking Lease Rate	Net Absorption 202003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001	
North County														
Anaheim Hills Brea Buena Park Fullerton La Habra La Palma Placentia Yorba Linda	10 39 10 26 7 7 8 7	627,200 3,642,510 625,415 1,914,770 376,849 552,396 296,347 347,233	0 82,150 0 0 0 0 0	60,000 202,150 0 0 0 0 0	15,663 527,839 195,265 30,915 121,258 39,789 17,289 24,194	2.50% 14.49% 31.22% 1.61% 32.18% 7.20% 5.83% 6.97%	15,663 571,709 195,265 31,767 121,258 39,789 17,289 24,194	2.50% 15.70% 31.22% 1.66% 32.18% 7.20% 5.83% 6.97%	\$1.90 \$1.69 \$1.49 \$1.65 \$1.30 \$1.69 \$1.59 \$1.71	(1,549) (111,148) 5,304 910 1,978 (4,064) 5,504 (2,367)	(4,850) (77,408) 11,325 116,955 4,375 1,022 4,104 (5,729)	10,832 79,588 1,618 7,286 184 (5,801) 3,849 (1,788)	(3,607) 79,316 (27,946) 45,661 (109,695) 2,918 20,123 (5,441)	
North County Total	114	8,382,720	82,150	262,150	972,212	11.60%	1,016,934	12.13%	\$1.63	(105,432)	49,794	95,768	1,329	
West County														
Cypress Fountain Valley Garden Grove Huntington Beach Los Alamitos Seal Beach Stanton Westminster	28 31 20 42 12 6 1	2,176,437 1,515,520 917,417 2,411,239 675,671 425,480 37,185 465,174	0 0 0 0 0 0	0 0 0 0 0 0 0	402,750 169,026 78,792 178,718 15,331 40,543 9,328 42,348	18.51% 11.15% 8.59% 7.41% 2.27% 9.53% 25.09% 9.10%	402,750 172,226 89,107 183,706 16,581 45,225 9,328 48,649	18.51% 11.36% 9.71% 7.62% 2.45% 10.63% 25.09% 10.46%	\$1.78 \$1.87 \$1.51 \$1.80 \$1.62 \$2.15 \$1.20 \$1.64	11,314 3,781 (2,984) 32,546 2,309 9,810 0 20,674	26,276 7,541 7,270 41,975 (8,910) (8,268) 0 35,244	(158,782) (86,906) 24,761 (1,948) 5,986 (1,528) 6,105 (5,138)	157,270 (79,260) 14,598 (18,687) 47,067 406 1,813 30,038	
West County Total	152	8,624,123	0	0	936,836	10.86%	967,572	11.22%	\$1.79	77,450	101,128	(217,450)	153,245	
Central County														
Anaheim Orange Santa Ana Tustin	90 74 162 34	5,968,523 6,848,885 11,246,914 1,434,660	0 0 74,500 0	573,065 0 282,400 0	917,710 513,406 1,359,424 326,177	15.38% 7.50% 12.09% 22.74%	952,623 590,565 1,520,541 330,163	15.96% 8.62% 13.52% 23.01%	\$1.65 \$1.86 \$1.79 \$1.68	41,530 89,460 (90,230) (23)	165,771 270,527 (71,744) 8,262	258,007 (130,264) (56,432) (3,602)	(102,241) 136,020 314,064 43,260	
Central County Total	360	25,498,982	74,500	855,465	3,116,717	12.22%	3,393,892	13.31%	\$1.77	40,737	372,816	67,709	391,103	
Airport Area														
Corona Del Mar Costa Mesa Irvine Newport Beach	1 60 221 133	35,378 6,137,107 20,201,792 9,548,230	0 0 0 82,434	0 180,000 1,627,190 72,887	6,126 948,659 3,218,118 1,292,064	17.32% 15.46% 15.93% 13.53%	6,126 1,182,514 3,634,330 1,409,827	17.32% 19.27% 17.99% 14.77%	\$2.95 \$2.03 \$2.23 \$2.46	3,222 3,914 332,252 83,364	(1,372) 29,599 533,047 141,643	(2,887) (52,945) 769,633 (121,047)	0 13,978 (177,990) 6,921	
Airport Area Total	415	35,922,507	82,434	1,880,077	5,464,967	15.21%	6,232,797	17.35%	\$2.27	422,752	702,917	592,754	(157,091)	
South County														
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	40 4 8 96 4 33 10 41 36 3 8	2,565,265 210,660 702,879 6,049,087 161,268 1,746,362 659,377 1,996,423 1,812,768 132,035 320,462 528,731	0 0 0 77,643 0 0 0 0 0	1,078,809 0 0 125,700 0 0 0 0 25,000 0	576,368 0 173,021 993,607 10,325 217,078 33,201 400,779 253,593 16,482 58,062 2,256	22.47% 0.00% 24.62% 16.43% 6.40% 12.43% 5.04% 20.07% 13.99% 12.48% 18.12% 0.43%	602,623 0 173,021 1,366,819 10,325 223,187 36,201 544,209 278,477 17,162 58,062 2,256	23.49% 0.00% 24.62% 22.60% 6.40% 12.78% 5.49% 27.26% 15.36% 13.00% 18.12% 0.43%	\$2.41 \$0.00 \$2.10 \$2.40 \$2.13 \$2.14 \$2.13 \$1.82 \$2.13 \$2.15 \$2.09 \$1.70	54,789 0 (2,255) (96,728) 0 (15,779) 8,502 75,960 11,779 (3,617) 15,466 2,505	49,073 0 15,710 (266,203) 0 (21,008) 3,908 83,559 4,481 1,811 21,977 2,695	56,745 3,800 2,242 505,871 0 3,852 7,329 295,666 39,006 13,218 47,996 34,710	158,788 0 110,453 (262,014) 10,036 31,400 36,459 162,774 151,761 (29,906) 594 16,639	
South County Total	294	16,885,317	77,643	1,229,509	2,734,772	16.20%	3,312,342	19.62%	\$2.23	50,622	(103,997)	1,010,435	386,984	
Orange County Total	1,335	95,313,649	316,727	4,227,201	13,225,504	13.88%	14,923,537	15.66%	\$2.03	486,129	1,122,658	1,549,216	775,570	

	INVENTORY					VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2003	Square Feet Available	Availability Rate 202003	Average Asking Lease Rate	Net Absorption 202003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001	
North County Class A Class B Class C	43 59 12	3,968,404 3,907,139 507,177	0 82,150 0	180,000 82,150 0	652,748 300,094 19,370	16.45% 7.68% 3.82%	656,278 341,286 19,370	16.54% 8.73% 3.82%	\$1.64 \$1.63 \$1.38	1,122 (102,343) (4,211)	183,063 (128,480) (4,789)	1,463 88,562 5,743	(40,213) 50,462 (8,920)	
West County Class A Class B Class C	31 95 26	2,982,529 4,380,098 1,261,496	0 0 0	0 0 0	379,966 504,691 52,179	12.74% 11.52% 4.14%	390,281 518,874 58,417	13.09% 11.85% 4.63%	\$1.89 \$1.70 \$1.49	21,569 24,811 31,070	35,749 23,909 41,470	(159,943) 36,388 (6,989)	67,701 77,214 87,590	
Central County Class A Class B Class C	89 219 52	12,523,679 10,959,959 2,015,344	0 74,500 0	855,465 0 0	1,692,832 1,322,756 101,129	13.52% 12.07% 5.02%	1,892,047 1,397,565 104,280	15.11% 12.75% 5.17%	\$1.89 \$1.60 \$1.50	(8,780) 47,421 2,096	331,551 25,563 15,702	(82,112) 125,402 24,419	339,948 40,907 10,248	
Airport Area Class A Class B Class C	129 252 34	21,444,524 12,871,434 1,606,549	55,065 27,369 0	1,632,190 247,887 0	3,125,341 2,243,720 95,906	14.57% 17.43% 5.97%	3,658,301 2,477,116 97,380	17.06% 19.25% 6.06%	\$2.35 \$2.07 \$1.75	352,335 72,518 (2,101)	496,788 170,833 35,296	124,023 410,730 (28,905)	63,446 (315,583) 15,786	
South County Class A Class B Class C	116 167 11	9,125,731 7,350,146 409,440	0 77,643 0	1,103,809 125,700 0	1,675,934 1,041,422 17,416	18.36% 14.17% 4.25%	1,788,323 1,506,603 17,416	19.60% 20.50% 4.25%	\$2.28 \$2.03 \$1.53	31,449 17,368 1,805	44,826 (150,323) 1,500	558,623 464,035 (12,223)	108,103 278,349 532	
Orange County Class A Class B Class C	408 792 135	50,044,867 39,468,776 5,800,006	55,065 261,662 0	3,771,464 455,737 0	7,526,821 5,412,683 286,000	15.04% 13.71% 4.93%	8,385,230 6,241,444 296,863	16.76% 15.81% 5.12%	\$2.14 \$1.78 \$1.62	397,695 59,775 28,659	1,091,977 (58,498) 89,179	442,054 1,125,117 (17,955)	538,985 131,349 105,236	
Orange County Total	1,335	95,313,649	316,727	4,227,201	13,225,504	13.88%	14,923,537	15.66%	\$2.03	486,129	1,122,658	1,549,216	775,570	





# **SUBMARKETS**

# NORTH

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

# **WEST**

Cypress, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, Stanton and Westminster

#### **CENTRAL**

Anaheim, Orange, Santa Ana and Tustin

# **AIRPORT**

Corona Del Mar, Costa Mesa, Irvine and Newport Beach

#### SOUTH

Aliso Viejo, Dana Point, Foothill Ranch, Irvine Spectrum, Laguna Beach, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente and San Juan Capistrano

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Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building cannot compete with Class A at the same price.

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