

# FLEX MARKET REPORT

SECOND QUARTER 2004

Compared to last quarter:

## VACANCY



## ABSORPTION



## LEASE RATES



## CONSTRUCTION



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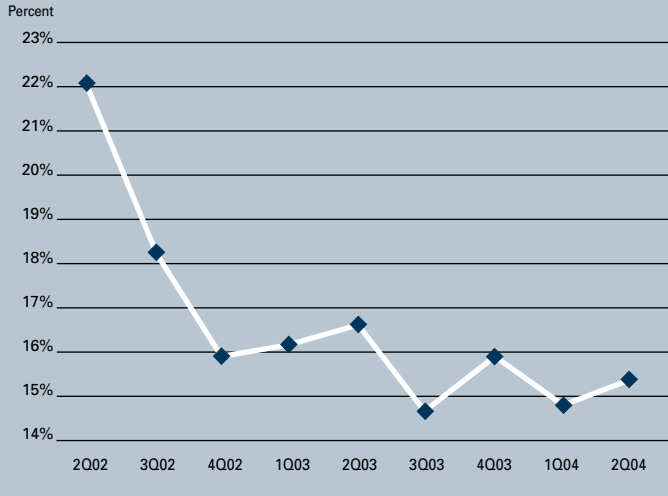
## MARKET HIGHLIGHTS

- ◆ Unemployment for the second quarter of 2004 in Orange County is 3.2%, which is a decrease of .3% when compared to the first quarter of 2004, and is .4% lower than it was during the second quarter of 2003.
- ◆ According to Chapman University it is estimated that Orange County will add 27,000 new jobs in 2004. Furthermore, they are forecasting 30,000 new jobs will be added to the county in 2005 as the Orange County economy continues to expand.
- ◆ Total space under construction checked in at 241,691 square feet for the second quarter of 2004, which is about 40,000 square feet less than the amount that was under construction in the first quarter of 2004.
- ◆ The flex vacancy rate checked in at 15.44%, which is lower than it was a year ago at 16.59%. Another sign of strength was the 360,456 square feet of new product that was built in 2003, which has been absorbed.
- ◆ The total amount of flex space available in Orange County, which includes both direct and sublease space, is lower than it was a year ago; 18.89% this quarter as compared to 20.21% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$1.42, which is a 2.74% decrease over last year's second quarter rate of \$1.46.

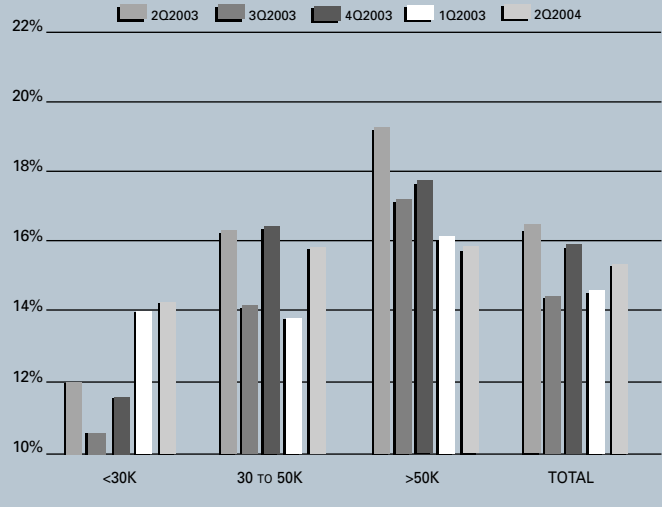
### FLEX MARKET STATISTICS

	2Q2004	1Q2004	2Q2003	% CHANGE VS. 2003
Under Construction	241,691	284,731	235,647	2.56%
Planned Construction	145,386	167,768	187,457	-22.44%
Vacancy	15.44%	14.78%	16.59%	-6.93%
Availability	18.89%	19.70%	20.21%	-6.53%
Pricing	\$1.42	\$1.40	\$1.46	-2.74%
Net Absorption	150,775	146,919	-23,913	N/A

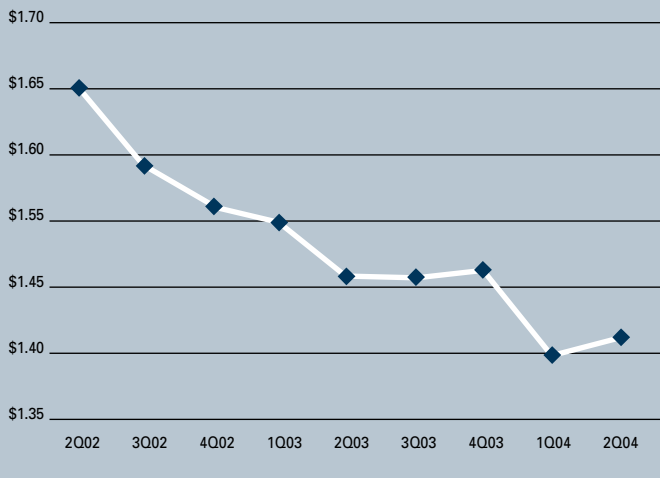
## VACANCY RATE



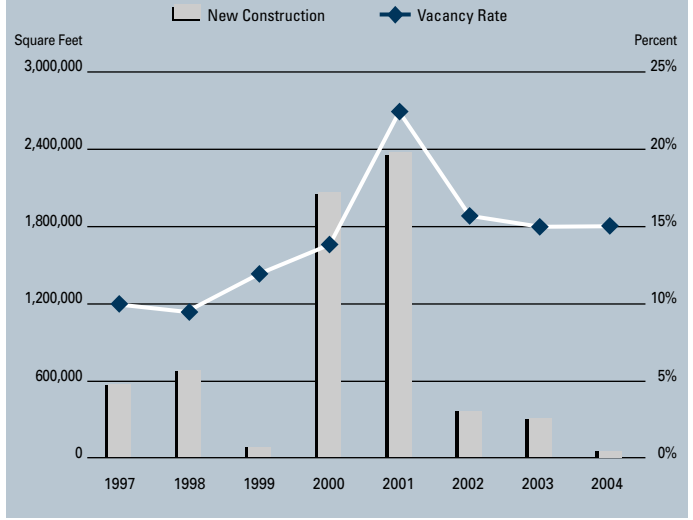
## FLEX VACANCY RATE



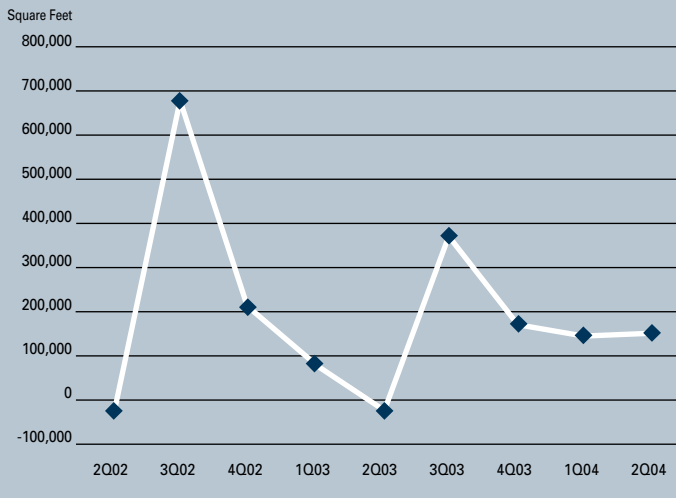
## AVERAGE ASKING TRIPLE NET LEASE RATE



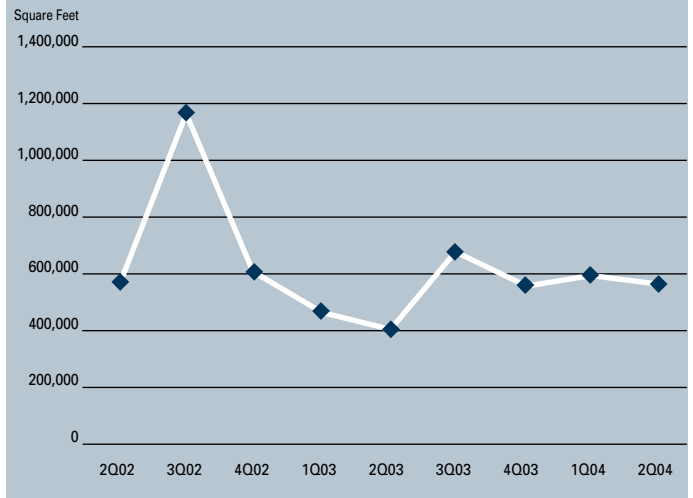
## ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



## NET ABSORPTION



## GROSS ABSORPTION



# S E C O N D   Q U A R T E R   2 0 0 4

## O R A N G E   C O U N T Y

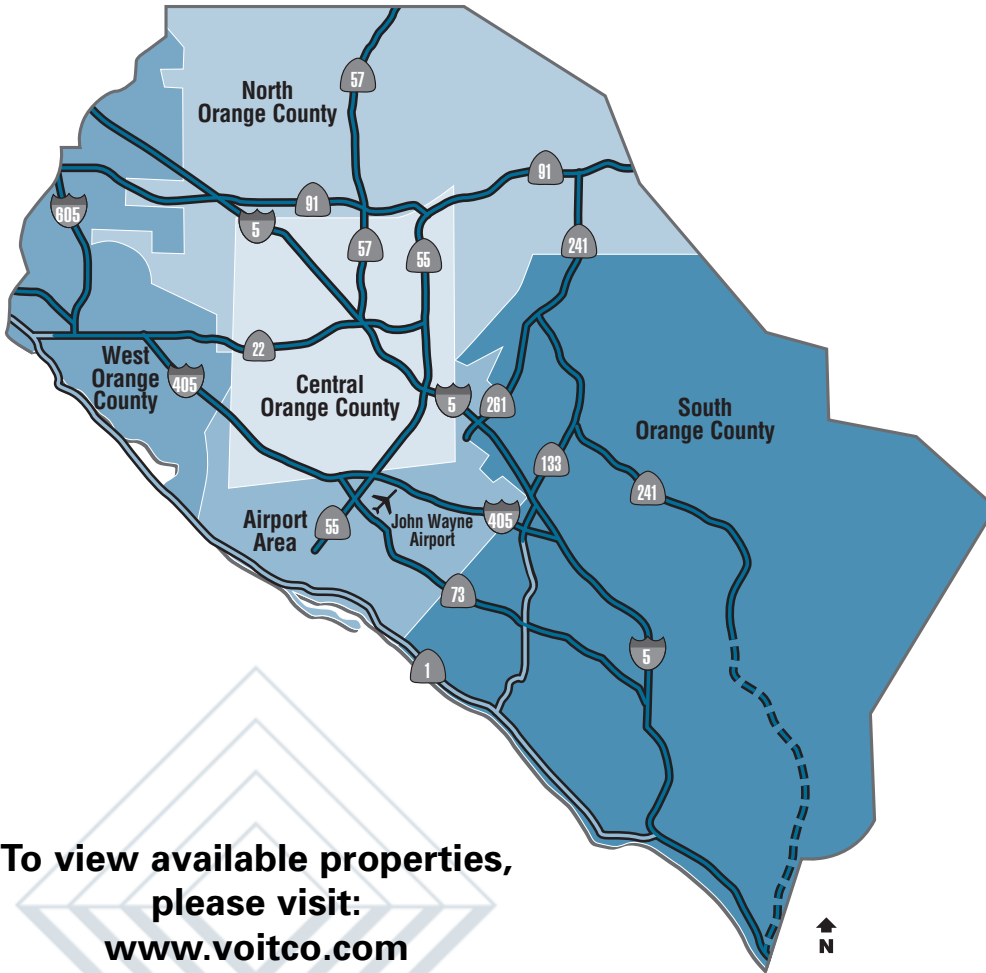
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2004	Square Feet Available	Availability Rate 2Q2004	Average Asking Lease Rate	Net Absorption 2Q2004	Net Absorption 2004	Net Absorption 2003	Net Absorption 2002
<b>North County</b>													
Anaheim Hills	11	198,634	0	0	6,116	3.08%	7,214	3.63%	\$1.20	2,268	1,862	(901)	1,487
Brea	14	435,913	0	0	77,850	17.86%	77,850	17.86%	\$1.02	16,772	18,904	(62,691)	(4,933)
Buena Park	1	12,000	0	0	1,220	10.17%	1,220	10.17%	\$1.27	0	(610)	1,220	(610)
Fullerton	4	24,500	23,400	0	0	0.00%	0	0.00%	\$0.00	0	0	6,515	0
La Habra	1	8,323	0	0	0	0.00%	0	0.00%	\$0.82	4,886	4,232	(1,953)	0
Placentia	1	28,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	142	408
Yorba Linda	1	10,560	0	12,700	0	0.00%	0	0.00%	\$0.00	0	0	0	4,844
<b>North County Total</b>	<b>33</b>	<b>717,930</b>	<b>23,400</b>	<b>12,700</b>	<b>85,186</b>	<b>11.87%</b>	<b>86,284</b>	<b>12.02%</b>	<b>\$1.12</b>	<b>23,926</b>	<b>24,388</b>	<b>(57,668)</b>	<b>1,196</b>
<b>West County</b>													
Cypress	6	325,764	0	0	77,564	23.81%	108,890	33.43%	\$1.14	(11,866)	9,924	(19,289)	0
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	2,224
Huntington Beach	3	48,648	0	0	12,493	25.68%	12,493	25.68%	\$1.05	(780)	(780)	(9,489)	(1,344)
Los Alamitos	1	24,552	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Seal Beach	4	43,005	0	0	7,568	17.60%	7,568	17.60%	\$1.24	0	1,219	(7,668)	2,381
Westminster	1	8,674	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>West County Total</b>	<b>17</b>	<b>478,043</b>	<b>0</b>	<b>0</b>	<b>97,625</b>	<b>20.42%</b>	<b>128,951</b>	<b>26.97%</b>	<b>\$1.11</b>	<b>(12,646)</b>	<b>10,363</b>	<b>(36,446)</b>	<b>3,261</b>
<b>Central County</b>													
Anaheim	17	430,369	0	40,000	76,057	17.67%	76,057	17.67%	\$1.25	19,329	23,151	(3,105)	36,453
Orange	7	145,859	0	0	14,388	9.86%	18,885	12.95%	\$1.75	18,097	28,126	13,207	4,715
Santa Ana	17	475,379	0	0	109,494	23.03%	116,654	24.54%	\$1.65	(10,717)	(26,033)	73,822	35,667
Tustin	6	214,286	0	0	11,240	5.25%	34,240	15.98%	\$1.42	0	19,999	95,482	(33,777)
<b>Central County Total</b>	<b>47</b>	<b>1,265,893</b>	<b>0</b>	<b>40,000</b>	<b>211,179</b>	<b>16.68%</b>	<b>245,836</b>	<b>19.42%</b>	<b>\$1.36</b>	<b>26,709</b>	<b>45,243</b>	<b>179,406</b>	<b>43,058</b>
<b>Airport Area</b>													
Costa Mesa	4	53,851	0	0	25,224	46.84%	25,224	46.84%	\$1.92	-272	16,138	-126	16,164
Irvine	80	3,237,119	0	0	578,864	17.88%	628,629	19.42%	\$1.47	63,753	138,284	194,221	528,908
Newport Beach	24	584,994	25,891	0	43,965	7.52%	148,749	25.43%	\$1.55	-9,778	3,807	2,115	11,560
<b>Airport Area Total</b>	<b>108</b>	<b>3,875,964</b>	<b>25,891</b>	<b>0</b>	<b>648,053</b>	<b>16.72%</b>	<b>802,602</b>	<b>20.71%</b>	<b>\$1.51</b>	<b>53,703</b>	<b>158,229</b>	<b>196,210</b>	<b>556,632</b>
<b>South County</b>													
Aliso Viejo	41	1,261,312	0	0	65,631	5.20%	145,772	11.56%	\$1.28	(6,105)	15,592	56,330	23,162
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	\$1.65	0	0	2,651	(4,461)
Foothill Ranch	1	47,659	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	71	3,154,338	126,400	0	570,278	18.08%	615,647	19.52%	\$1.41	65,214	(13,073)	138,986	56,797
Laguna Beach	2	18,454	0	0	0	0.00%	0	0.00%	\$0.00	0	0	808	4,679
Laguna Hills	13	449,087	0	0	52,960	11.79%	70,125	15.62%	\$1.45	6,705	(10,204)	(4,187)	31,919
Laguna Niguel	3	53,170	0	0	6,000	11.28%	6,000	11.28%	\$3.00	3,761	1,638	(1,638)	0
Lake Forest	28	1,153,755	18,000	0	225,733	19.57%	324,988	28.17%	\$1.30	(14,240)	42,993	56,549	189,955
Mission Viejo	28	401,842	23,000	73,230	28,605	7.12%	28,605	7.12%	\$1.90	6,764	25,736	33,299	(5,399)
Rancho Santa Margarita	3	111,829	25,000	0	7,925	7.09%	7,925	7.09%	\$1.94	1,379	3,167	16,755	10,113
San Clemente	7	160,795	0	19,456	81,956	50.97%	81,956	50.97%	\$2.25	(4,395)	(952)	(546)	26,800
San Juan Capistrano	14	302,289	0	0	1,300	0.43%	3,527	1.17%	\$0.00	0	1,382	18,266	69,594
<b>South County Total</b>	<b>214</b>	<b>7,168,870</b>	<b>192,400</b>	<b>92,686</b>	<b>1,043,738</b>	<b>14.56%</b>	<b>1,287,895</b>	<b>17.97%</b>	<b>\$1.32</b>	<b>59,083</b>	<b>66,279</b>	<b>317,273</b>	<b>403,159</b>
<b>Orange County Total</b>	<b>419</b>	<b>13,506,700</b>	<b>241,691</b>	<b>145,386</b>	<b>2,085,781</b>	<b>15.44%</b>	<b>2,551,568</b>	<b>18.89%</b>	<b>\$1.42</b>	<b>150,775</b>	<b>304,502</b>	<b>598,775</b>	<b>1,007,306</b>

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<b>North County</b>													
0 to 29,999	26	383,568	23,400	12,700	14,008	3.65%	15,106	3.94%	\$1.02	17,002	3,390	4,357	14,865
30,000 to 49,999	5	211,362	0	0	6,412	3.03%	6,412	3.03%	\$1.09	4,117	3,867	(7,979)	3,815
50,000+	2	123,000	0	0	64,766	52.66%	64,766	52.66%	\$1.13	2,807	17,131	(54,046)	(17,484)
<b>West County</b>													
0 to 29,999	10	119,774	0	0	12,493	10.43%	12,493	10.43%	\$1.05	(780)	(780)	(8,370)	3,261
30,000 to 49,999	4	158,063	0	0	62,505	39.54%	93,831	59.36%	\$0.98	(30,420)	(29,201)	(28,076)	0
50,000+	3	200,206	0	0	22,627	11.30%	22,627	11.30%	\$1.40	18,554	40,344	0	0
<b>Central County</b>													
0 to 29,999	29	408,927	0	0	41,991	10.27%	57,326	14.02%	\$1.53	33,164	25,397	42,965	20,275
30,000 to 49,999	10	367,816	0	40,000	32,554	8.85%	51,876	14.10%	\$1.28	6,957	14,956	59,771	(24,047)
50,000+	8	489,150	0	0	136,634	27.93%	136,634	27.93%	\$1.24	(13,412)	4,890	76,670	46,830
<b>Airport Area</b>													
0 to 29,999	42	623,592	25,891	0	94,279	15.12%	83,866	13.45%	\$1.45	(5,839)	55,391	28,260	10,801
30,000 to 49,999	34	1,388,723	0	0	305,149	21.97%	390,224	28.10%	\$1.58	5,104	14,896	39,906	222,939
50,000+	32	1,863,649	0	0	248,625	13.34%	328,512	17.63%	\$1.51	54,438	87,942	128,044	322,892
<b>South County</b>													
0 to 29,999	93	1,500,293	192,400	32,236	271,418	18.09%	329,242	21.95%	\$1.41	351	(56,522)	115,367	166,949
30,000 to 49,999	75	3,003,257	0	60,450	404,373	13.46%	547,921	18.24%	\$1.29	(35,099)	(25,772)	89,519	29,825
50,000+	46	2,665,320	0	0	367,947	13.80%	410,732	15.41%	\$1.30	93,831	148,573	112,387	206,385
<b>Orange County Total</b>													
0 to 29,999	200	3,036,154	241,691	44,936	434,189	14.30%	498,033	16.40%	\$1.37	43,898	26,876	182,579	216,151
30,000 to 49,999	128	5,129,221	0	100,450	810,993	15.81%	1,090,264	21.26%	\$1.39	(49,341)	(21,254)	153,141	232,532
50,000+	91	5,341,325	0	0	840,599	15.74%	963,271	18.03%	\$1.45	156,218	298,880	263,055	558,623
<b>Orange County Total</b>	<b>419</b>	<b>13,506,700</b>	<b>241,691</b>	<b>145,386</b>	<b>2,085,781</b>	<b>15.44%</b>	<b>2,551,568</b>	<b>18.89%</b>	<b>\$1.42</b>	<b>150,775</b>	<b>304,502</b>	<b>598,775</b>	<b>1,007,306</b>

This survey consists of buildings up to 74,999 square feet. Lease rates are on a triple net basis.

# FLEX MARKET REPORT

SECOND QUARTER 2004



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## SUBMARKETS

### NORTH

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

### WEST

Cypress, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, Westminster

### CENTRAL

Anaheim, Orange, Santa Ana and Tustin

### AIRPORT

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

## PRODUCT TYPE

### 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.

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**  
**FAX: 949.261.9092**



**Real People. Real Solutions.**

This survey consists of properties up to 74,999 square feet in size, 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 Commercial Brokerage use only, and cannot legally be reproduced without prior written consent from the management of Voit Commercial Brokerage.