

# R & D MARKET REPORT

SECOND  
QUARTER  
2004

Compared to  
last quarter:

## VACANCY



UP

## ABSORPTION



DOWN

## LEASE RATES



FLAT

## CONSTRUCTION



DOWN

To view available properties,  
please visit:

[www.voitco.com](http://www.voitco.com)



Prepared by:  
**Jerry J. Holdner, Jr.**  
Vice President  
of Market Research  
e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)



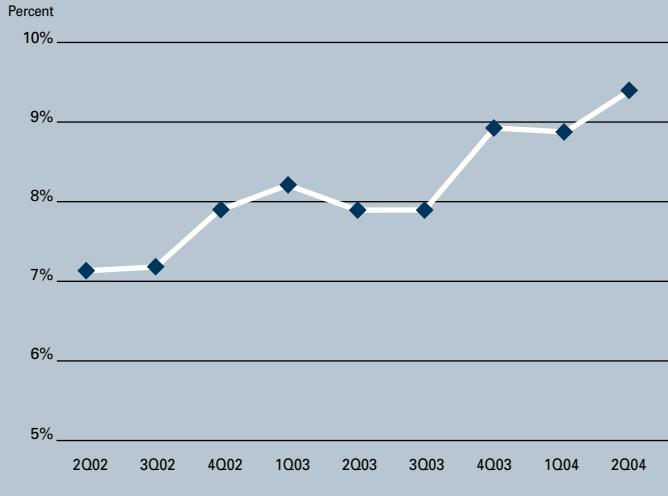
## MARKET HIGHLIGHTS

- ◆ 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 396,042 square feet for the first quarter of 2004, which is about 125,000 square feet more than the amount that was under construction in the fourth quarter of 2003.
- ◆ The R&D vacancy rate checked in at 9.45%, which is higher than it was a year ago when it was 8.00%. This lack of supply is creating a lot of constrained demand for R&D space in Orange County.
- ◆ The total amount of R&D space available in Orange County, which includes both direct and sublease space, is lower than it was a year ago; 11.86% this quarter as compared to 12.89% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$0.85, which is a 2.3% decrease over last year's second quarter rate of \$0.87.
- ◆ Net absorption for the R&D market this second quarter posted a negative number of 258,416 square feet.

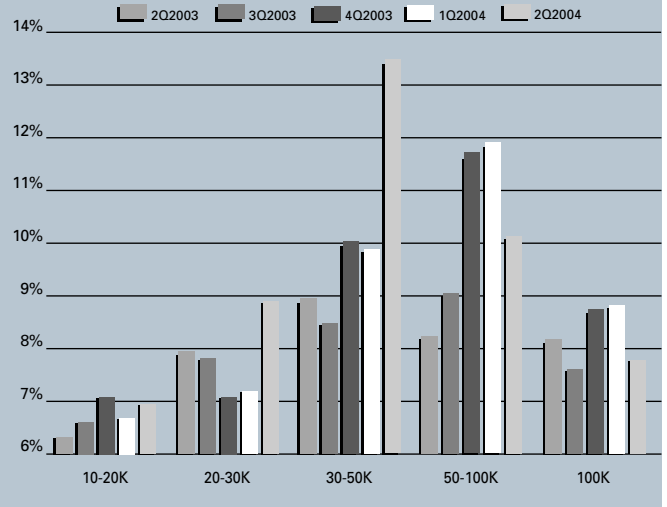
### R&D MARKET STATISTICS

	2Q2004	1Q2004	2Q2003	% CHANGE VS. 2003
Under Construction	257,065	396,042	296,487	-13.30%
Planned Construction	471,013	336,026	462,487	1.84%
Vacancy	9.45%	8.90%	8.00%	18.13%
Availability	11.86%	11.81%	12.89%	-7.99%
Pricing	\$0.85	\$0.85	\$0.87	-2.30%
Net Absorption	-258,416	-104,859	161,463	N/A

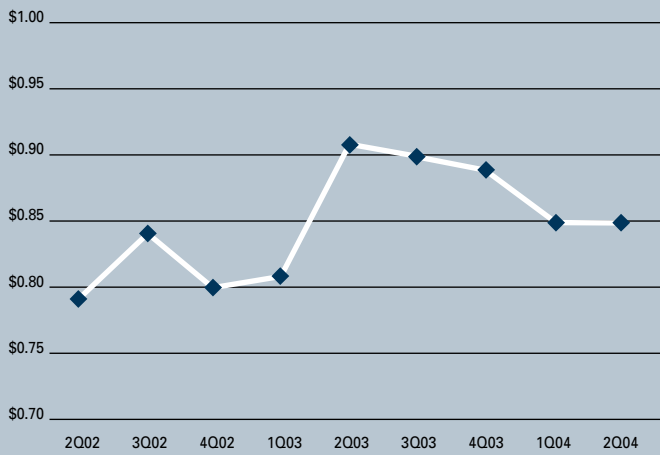
## VACANCY RATE



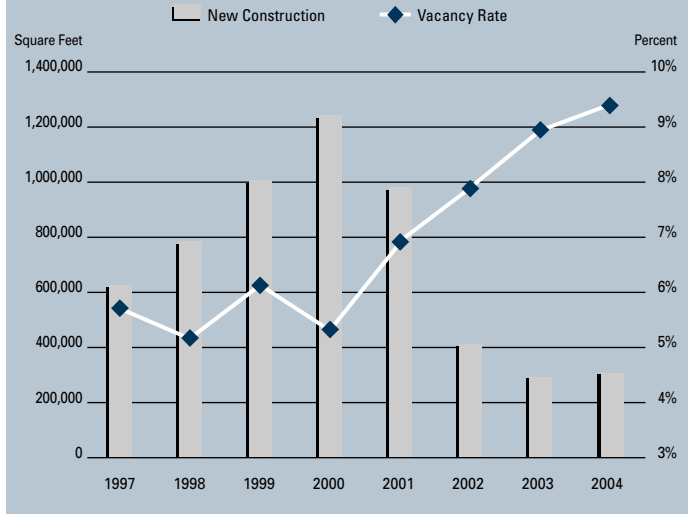
## R&D VACANCY RATE



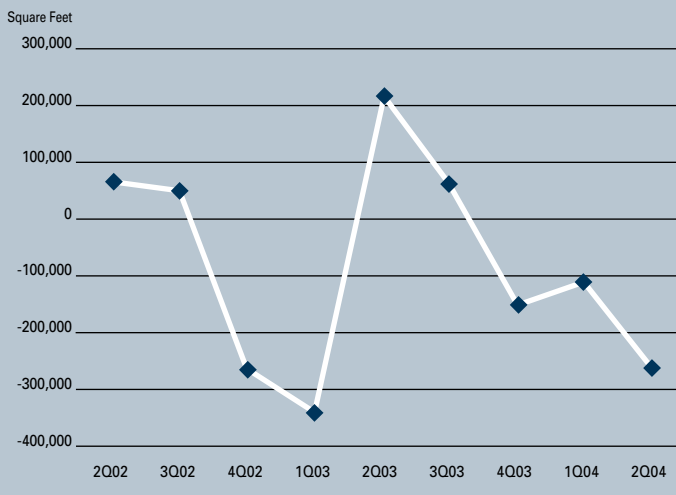
## AVERAGE ASKING TRIPLE NET LEASE RATE



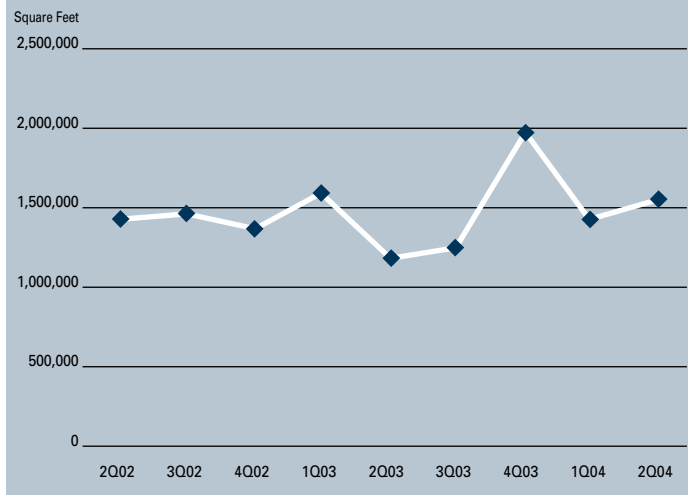
## ANNUAL R&D NEW CONSTRUCTION VS. VACANCY RATE



## NET ABSORPTION



## GROSS ABSORPTION



ORANGE COUNTY

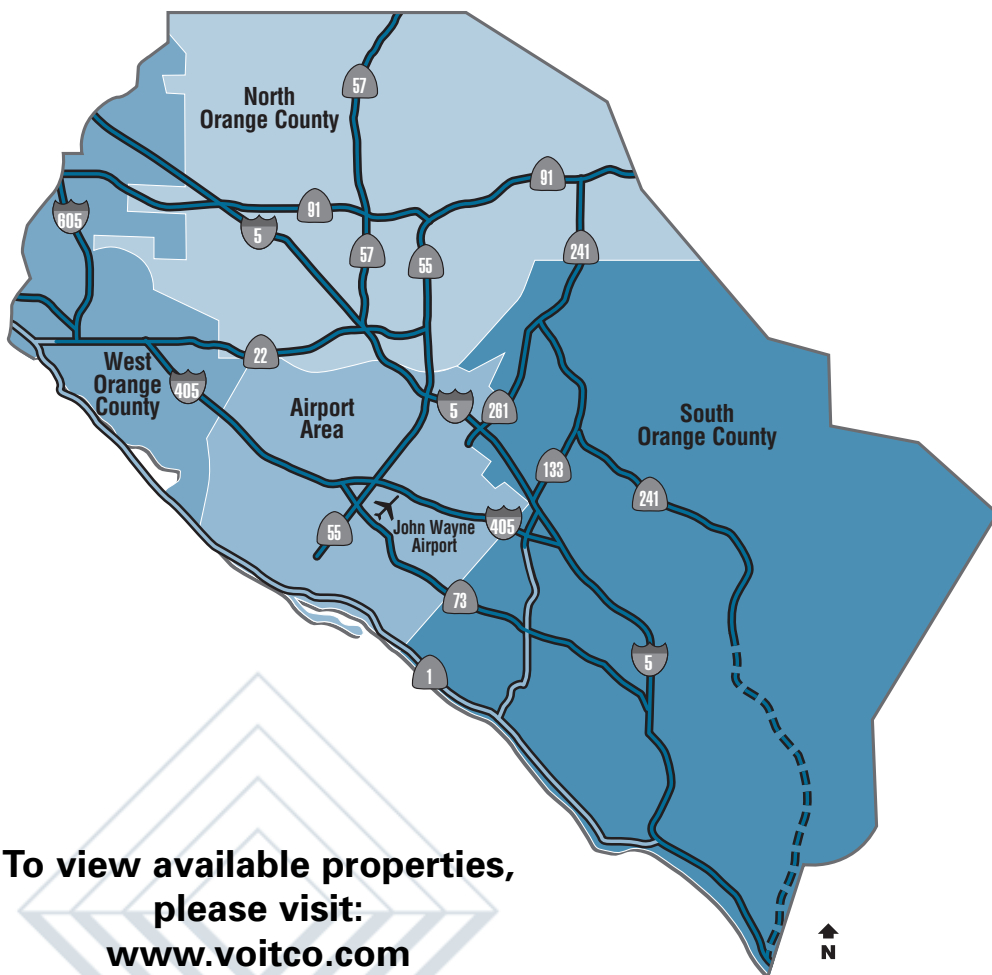
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U/C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2004	Square Feet Available	Availability Rate 2Q2004	Average Asking Lease Rate	Net Absorption 2Q2004	Net Absorption 2004	Net Absorption 2003	Net Absorption 2002
<b>North County</b>													
Anaheim Hills	7	292,180	0	0	72,903	24.95%	72,903	24.95%	\$0.99	(35,630)	(40,275)	5,276	(35,105)
Anaheim	155	4,548,356	0	0	271,094	5.96%	373,421	8.21%	\$0.73	(38,902)	(50,082)	(129,475)	81,200
Brea	39	970,264	0	0	6,475	0.67%	19,195	1.98%	\$0.75	46,049	49,453	(21,197)	(13,303)
Buena Park	25	937,115	0	0	31,412	3.35%	205,824	21.96%	\$0.62	(8,181)	20,649	(22,150)	(88,848)
Fullerton	36	1,531,209	0	0	32,386	2.12%	90,458	5.91%	\$0.75	20,299	12,907	18,049	(8,974)
La Habra	7	107,089	0	0	1,596	1.49%	1,596	1.49%	\$0.85	0	0	(1,596)	2,732
Orange	94	1,898,774	0	0	41,850	2.20%	55,470	2.92%	\$0.71	24,960	17,666	8,984	(42,982)
Placentia	19	546,334	0	0	25,044	4.58%	25,044	4.58%	\$0.55	(5,418)	5,642	(9,098)	(1,562)
Yorba Linda	55	1,430,599	0	0	38,762	2.71%	56,666	3.96%	\$0.80	(6,424)	6,628	15,386	1,061
<b>North County Total</b>	<b>437</b>	<b>12,261,920</b>	<b>0</b>	<b>0</b>	<b>521,522</b>	<b>4.25%</b>	<b>900,577</b>	<b>7.34%</b>	<b>\$0.70</b>	<b>(3,247)</b>	<b>22,588</b>	<b>(135,821)</b>	<b>(105,781)</b>
<b>West County</b>													
Cypress	54	3,331,989	36,091	0	593,410	17.81%	593,410	17.81%	\$0.96	23,285	(73,896)	24,413	30,675
Fountain Valley	47	1,354,051	0	0	77,150	5.70%	80,427	5.94%	\$0.86	3,856	4,392	2,149	19,136
Garden Grove	70	1,959,917	0	0	178,717	9.12%	178,717	9.12%	\$0.76	(28,777)	21,783	157,840	(166,070)
Huntington Beach	86	2,204,991	0	0	66,772	3.03%	66,772	3.03%	\$0.81	(37,078)	(31,179)	7,881	56,995
La Palma	7	272,981	0	0	0	0.00%	18,906	6.93%	\$0.92	0	15,508	(7,040)	(6,782)
Los Alamitos	30	647,470	0	0	34,425	5.32%	35,949	5.55%	\$0.75	(22,645)	(2,649)	(22,574)	13,606
Stanton	6	156,045	0	0	15,225	9.76%	15,225	9.76%	\$0.80	(4,589)	(4,589)	(5,261)	875
Westminster	19	519,409	0	0	80,521	15.50%	80,521	15.50%	\$0.55	(450)	1,184	(3,614)	393
<b>West County Total</b>	<b>319</b>	<b>10,446,853</b>	<b>36,091</b>	<b>0</b>	<b>1,046,220</b>	<b>10.01%</b>	<b>1,069,927</b>	<b>10.24%</b>	<b>\$0.86</b>	<b>(66,398)</b>	<b>(69,446)</b>	<b>153,794</b>	<b>(51,172)</b>
<b>Airport Area</b>													
Costa Mesa	159	3,951,856	0	0	693,519	17.55%	772,655	19.55%	\$0.76	(95,451)	(216,254)	(103,912)	(192,471)
Irvine	309	8,453,648	0	22,269	791,134	9.36%	1,120,460	13.25%	\$0.93	157,885	108,282	100,248	283,931
Newport Beach	23	802,058	0	0	28,232	3.52%	31,170	3.89%	\$1.05	617	(3,953)	(2,642)	(525)
Santa Ana	170	5,114,827	74,500	0	792,708	15.50%	792,708	15.50%	\$0.85	188,997	127,638	(226,633)	(32,189)
Tustin	97	3,515,911	0	0	234,640	6.67%	354,421	10.08%	\$0.66	(45,251)	(85,779)	197,088	104,757
<b>Airport Area Total</b>	<b>758</b>	<b>21,838,300</b>	<b>74,500</b>	<b>22,269</b>	<b>2,540,233</b>	<b>11.63%</b>	<b>3,071,414</b>	<b>14.06%</b>	<b>\$0.85</b>	<b>206,797</b>	<b>(70,066)</b>	<b>(35,851)</b>	<b>163,503</b>
<b>South County</b>													
Aliso Viejo	41	1,084,633	0	0	132,937	12.26%	132,937	12.26%	\$0.84	(13,600)	(32,339)	(63,177)	4,664
Foothill Ranch	6	133,348	0	0	0	0.00%	0	0.00%	\$0.00	0	0	10,261	32,257
Irvine Spectrum	225	9,289,638	88,351	0	1,044,247	11.24%	1,468,446	15.81%	\$0.93	(277,877)	(111,069)	(287,912)	(307,316)
Laguna Beach	2	30,800	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Laguna Hills	50	1,049,167	0	0	42,915	4.09%	47,728	4.55%	\$0.90	9,070	24,960	(28,457)	(4,262)
Laguna Niguel	13	424,824	0	0	32,318	7.61%	32,318	7.61%	\$0.97	2,150	8,608	(21,509)	(16,176)
Lake Forest	55	1,453,718	58,123	128,250	155,488	10.70%	253,079	17.41%	\$0.89	(30,764)	(55,679)	97,112	(35,346)
Mission Viejo	33	654,099	0	0	55,720	8.52%	57,544	8.80%	\$0.89	10,333	3,349	(35,114)	11,435
Rancho Santa Margarita	54	1,837,460	0	0	182,826	9.95%	205,666	11.19%	\$0.84	(93,259)	(74,663)	132,149	(83,713)
San Clemente	43	997,208	0	320,494	108,497	10.88%	110,697	11.10%	\$0.85	(11,673)	(19,735)	43,843	82,273
San Juan Capistrano	37	539,079	0	0	1,250	0.23%	8,750	1.62%	\$0.89	10,952	10,217	6,274	22,858
<b>South County Total</b>	<b>559</b>	<b>17,493,974</b>	<b>146,474</b>	<b>448,744</b>	<b>1,756,198</b>	<b>10.04%</b>	<b>2,317,165</b>	<b>13.25%</b>	<b>\$0.94</b>	<b>(395,568)</b>	<b>(246,351)</b>	<b>(146,530)</b>	<b>(293,326)</b>
<b>Orange County Total</b>	<b>2,073</b>	<b>62,041,047</b>	<b>257,065</b>	<b>471,013</b>	<b>5,864,173</b>	<b>9.45%</b>	<b>7,359,083</b>	<b>11.86%</b>	<b>\$0.85</b>	<b>(258,416)</b>	<b>(363,275)</b>	<b>(164,408)</b>	<b>(286,776)</b>

	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>													
10,000 to 19,999	223	3,081,867	0	0	112,108	3.64%	114,448	3.71%	\$0.71	(5,110)	29,462	(51,411)	49,391
20,000 to 29,999	99	2,384,268	0	0	161,963	6.79%	198,490	8.32%	\$0.83	(34,162)	(25,863)	2,888	(7,293)
30,000 to 49,999	76	2,789,365	0	0	201,864	7.24%	300,968	10.79%	\$0.66	11,575	(30,856)	69,252	(90,420)
50,000 to 99,999	27	1,834,480	0	0	45,587	2.49%	286,671	15.63%	\$0.66	24,450	36,845	(25,955)	(59,518)
100,000+	12	2,171,940	0	0	0	0.00%	0	0.00%	\$0.00	0	13,000	(130,595)	2,059
<b>West County</b>													
10,000 to 19,999	147	2,076,182	36,091	0	124,936	6.02%	124,936	6.02%	\$0.88	(16,399)	13,622	17,308	(40,895)
20,000 to 29,999	71	1,685,242	0	0	94,286	5.59%	117,993	7.00%	\$0.94	(5,416)	(19,289)	7,872	26,051
30,000 to 49,999	52	1,933,587	0	0	175,611	9.08%	175,611	9.08%	\$0.84	(68,491)	(68,531)	81,007	(30,019)
50,000 to 99,999	37	2,388,219	0	0	360,387	15.09%	360,387	15.09%	\$0.72	87,908	68,752	47,607	(7,902)
100,000+	12	2,363,623	0	0	291,000	12.31%	291,000	12.31%	\$0.98	(64,000)	(64,000)	0	1,593
<b>Airport Area</b>													
10,000 to 19,999	375	5,373,783	0	0	373,266	6.95%	505,915	9.41%	\$0.93	56,427	(39,114)	(17,480)	140,982
20,000 to 29,999	178	4,215,245	0	22,269	442,030	10.49%	544,593	12.92%	\$0.94	(20,836)	(25,489)	111,943	(75,257)
30,000 to 49,999	121	4,563,048	0	0	747,181	16.37%	853,691	18.71%	\$0.84	(53,372)	(51,574)	(76,617)	33,370
50,000 to 99,999	58	3,979,601	74,500	0	603,409	15.16%	792,868	19.92%	\$0.72	114,666	(30,374)	(37,285)	(68,123)
100,000+	26	3,706,623	0	0	374,347	10.10%	374,347	10.10%	\$0.63	109,912	76,485	(16,412)	132,531
<b>South County</b>													
10,000 to 19,999	244	3,584,912	58,123	31,976	376,067	10.49%	399,784	11.15%	\$0.95	(16,696)	39,055	8,380	37,102
20,000 to 29,999	140	3,341,883	0	44,908	331,628	9.92%	439,553	13.15%	\$0.90	(75,261)	(62,502)	9,036	(33,815)
30,000 to 49,999	101	3,787,077	88,351	145,860	635,173	16.77%	839,868	22.18%	\$0.91	(161,979)	(218,012)	866	(135,592)
50,000 to 99,999	55	3,677,037	0	226,000	200,432	5.45%	409,462	11.14%	\$0.93	(134,875)	(4,952)	(84,976)	(84,274)
100,000+	19	3,103,065	0	0	212,898	6.86%	228,498	7.36%	\$1.29	(6,757)	60	(79,836)	(76,747)
<b>Orange County</b>													
10,000 to 19,999	989	14,116,744	94,214	31,976	986,377	6.99%	1,145,083	8.11%	\$0.00	18,222	43,025	(43,203)	186,580
20,000 to 29,999	488	11,626,638	0	67,177	1,029,907	8.86%	1,300,629	11.19%	\$0.00	(135,675)	(133,143)	131,739	(90,314)
30,000 to 49,999	350	13,073,077	88,351	145,860	1,759,829	13.46%	2,170,138	16.60%	\$0.00	(272,267)	(368,973)	74,508	(222,661)
50,000 to 99,999	177	11,879,337	74,500	226,000	1,209,815	10.18%	1,849,388	15.57%	\$0.00	92,149	70,271	(100,609)	(219,817)
100,000+	69	11,345,251	0	0	878,245	7.74%	893,845	7.88%	\$0.00	39,155	25,545	(226,843)	59,436
<b>Orange County Total</b>	<b>2,073</b>	<b>62,041,047</b>	<b>257,065</b>	<b>471,013</b>	<b>5,864,173</b>	<b>9.45%</b>	<b>7,359,083</b>	<b>11.86%</b>	<b>\$0.85</b>	<b>(258,416)</b>	<b>(363,275)</b>	<b>(164,408)</b>	<b>(286,776)</b>

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple net basis.

R & D MARKET  
**REPORT**

SECOND QUARTER 2004



To view available properties,  
please visit:  
[www.voitco.com](http://www.voitco.com)

**SUBMARKETS**

**NORTH**

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

**WEST**

Cypress, Fountain Valley, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Stanton, Westminster

**AIRPORT**

Costa Mesa, Irvine, Newport Beach, Santa Ana and Tustin

**SOUTH**

Aliso Viejo, 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**

**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.

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 10,000 square feet and larger 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.