

# FLEX MARKET REPORT

SECOND QUARTER 2005

Compared to last quarter:

## VACANCY



## ABSORPTION



## LEASE RATES



## CONSTRUCTION



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



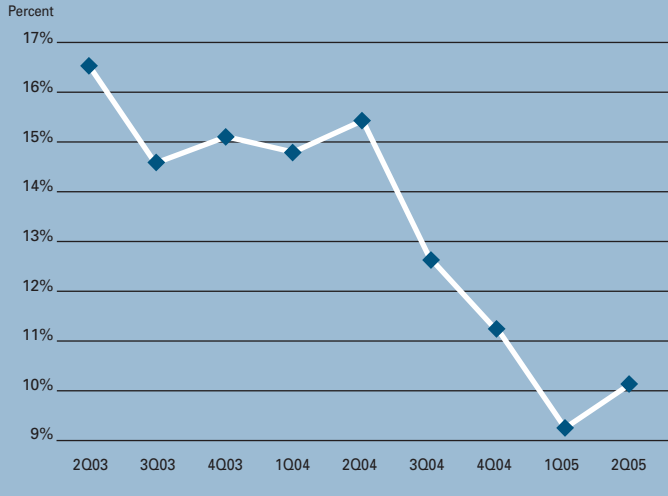
## MARKET HIGHLIGHTS

- ◆ Unemployment for the second quarter of 2005 in Orange County is 3.3%, which is .8% lower than it was when compared to the first quarter of 2005, and is .8% lower than it was during the second quarter of 2004.
- ◆ According to Chapman University, it is estimated that Orange County added 31,000 new jobs in 2004. Furthermore, they are forecasting 24,000 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 1,104,000 square feet for the second quarter of 2005, which is four and a half times as much as the amount that was under construction during the second quarter of 2004.
- ◆ The flex vacancy rate checked in at 10.20%, which is lower than it was a year ago when it was 15.44%. Another sign of strength was the 392,454 square feet of new product that was built in 2004, 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; 15.02% this quarter as compared to 18.89% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently at a new record high of \$1.61, which is a 13.38% increase over last year's second quarter rate of \$1.42.
- ◆ Net absorption for the county this quarter posted a positive number of 245,097 square feet, giving the county a total of over two million square feet of positive absorption for the last eight quarters.
- ◆ Rental rates are expected to increase at moderate levels in the short run, and concessions will lessen as the economy in Orange County continues to improve. These conditions will put upward pressure on lease rates going forward. We should see rental rate growth of 10% to 15% in 2005.

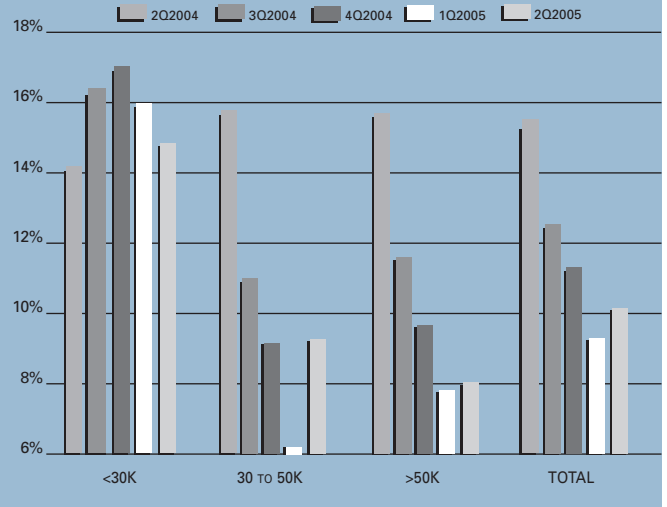
## FLEX MARKET STATISTICS

	2Q2005	1Q2005	2Q2004	% CHANGE VS. 2004
Under Construction	1,104,000	702,133	241,691	456.78%
Planned Construction	781,415	767,925	145,386	537.48%
Vacancy	10.20%	9.28%	15.44%	-33.94%
Availability	15.02%	14.77%	18.89%	-20.49%
Pricing	\$1.61	\$1.53	\$1.42	13.38%
Net Absorption	245,097	186,072	150,775	62.56%

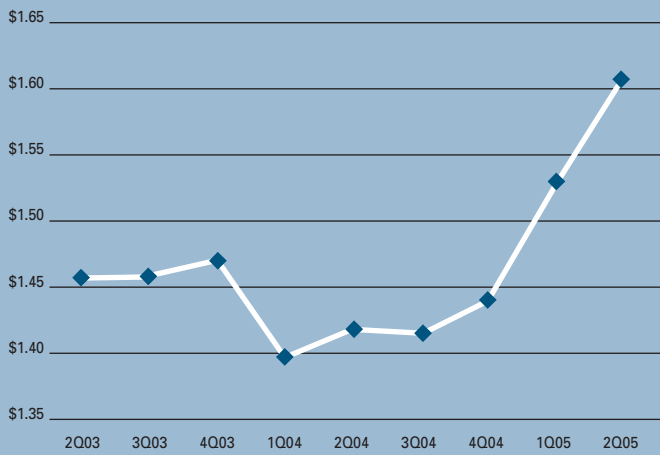
## VACANCY RATE



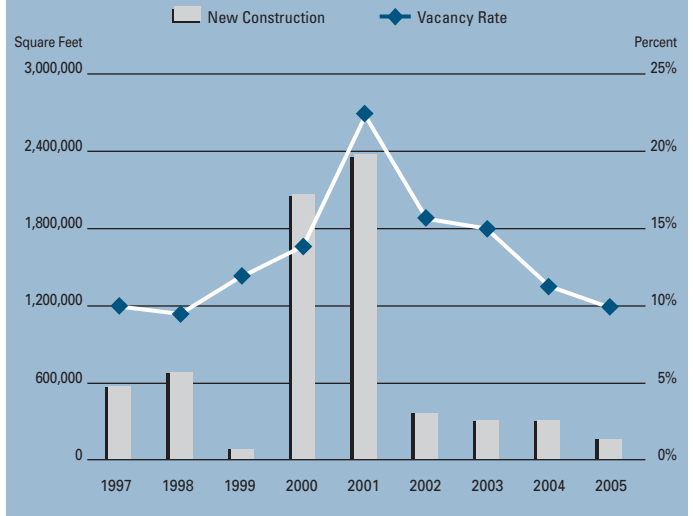
## FLEX VACANCY RATE



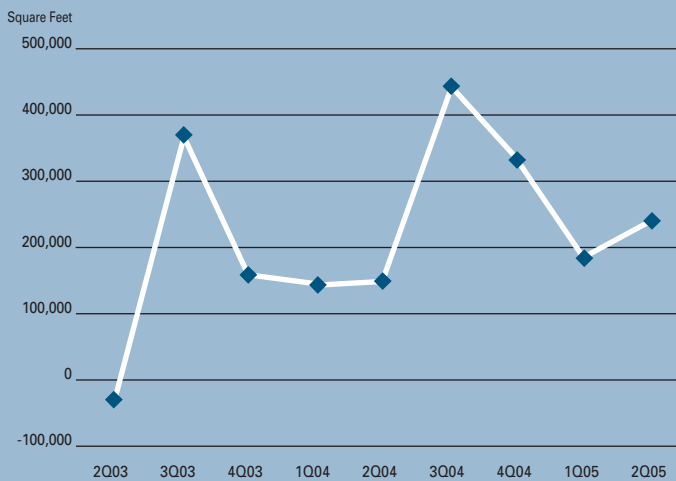
## AVERAGE ASKING TRIPLE NET LEASE RATE



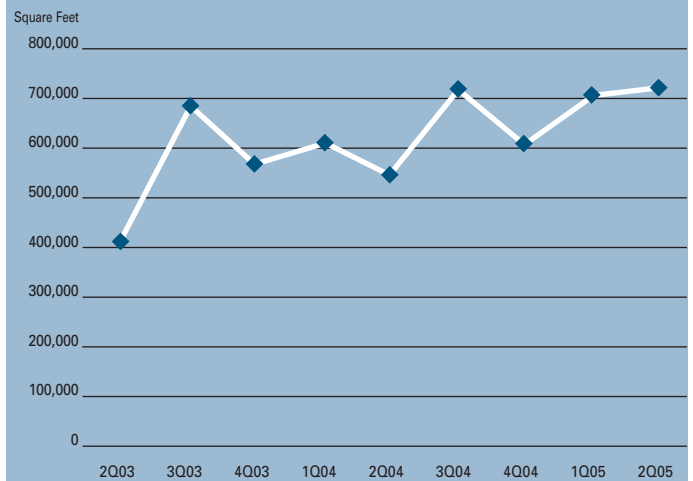
## ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



## NET ABSORPTION



## GROSS ABSORPTION



ORANGE COUNTY

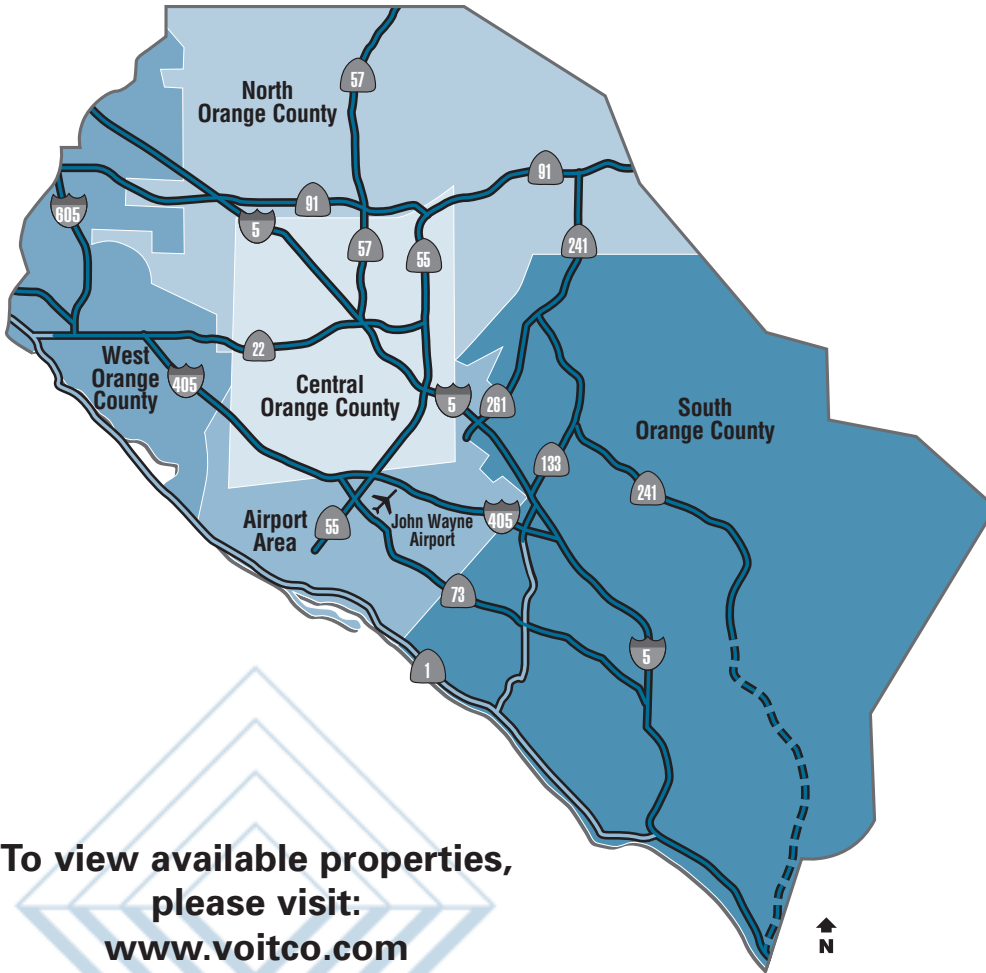
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2005	Square Feet Available	Availability Rate 2Q2005	Average Asking Lease Rate	Net Absorption 2Q2005	Net Absorption 2005	Net Absorption 2004	Net Absorption 2003
<b>North County</b>													
Anaheim Hills	12	215,634	0	0	18,557	8.61%	18,557	8.61%	\$0.00	(9,195)	(3,931)	10,352	(901)
Anaheim	8	162,015	0	0	10,662	6.58%	10,662	6.58%	\$0.00	0	8,750	10,561	(3,105)
Brea	14	433,410	21,367	0	43,707	10.08%	43,707	10.08%	\$1.05	(8,707)	(17,969)	72,846	(58,366)
Fullerton	5	47,900	0	0	3,600	0.00%	3,600	7.52%	\$2.34	(3,600)	100	19,700	6,515
Orange	1	58,367	0	0	6,859	0.00%	6,859	11.75%	\$0.00	0	(1,993)	(1,993)	(1,953)
Placentia	1	28,000	16,936	0	0	0.00%	0	0.00%	\$0.00	0	0	0	142
Yorba Linda	1	10,560	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>North County Total</b>	<b>42</b>	<b>955,886</b>	<b>38,303</b>	<b>0</b>	<b>83,385</b>	<b>8.72%</b>	<b>83,385</b>	<b>8.72%</b>	<b>\$1.40</b>	<b>(21,502)</b>	<b>(15,043)</b>	<b>111,466</b>	<b>(57,668)</b>
<b>West County</b>													
Cypress	7	306,763	0	0	101,480	33.08%	116,685	38.04%	\$1.38	7,410	(90)	772	(19,289)
Huntington Beach	3	48,648	0	0	11,573	23.79%	11,573	23.79%	\$0.00	11,573	13,233	(1,520)	(9,489)
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	0	0.00%	0	0.00%	\$0.00	0	0	8,787	(7,668)
<b>West County Total</b>	<b>15</b>	<b>422,968</b>	<b>0</b>	<b>0</b>	<b>113,053</b>	<b>26.73%</b>	<b>128,258</b>	<b>30.32%</b>	<b>\$1.38</b>	<b>18,983</b>	<b>13,143</b>	<b>8,039</b>	<b>(36,446)</b>
<b>Central County</b>													
Anaheim	7	214,958	0	40,000	0	0.00%	0	0.00%	\$0.00	7,164	7,164	49,879	(3,105)
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Orange	7	145,859	0	0	8,565	5.87%	14,646	10.04%	\$1.73	6,137	5,246	34,501	13,207
Santa Ana	8	92,769	0	25,448	0	0.00%	0	0.00%	\$0.00	7,461	10,011	229	73,822
Tustin	2	18,600	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	95,482
<b>Central County Total</b>	<b>26</b>	<b>499,586</b>	<b>0</b>	<b>65,448</b>	<b>8,565</b>	<b>1.71%</b>	<b>14,646</b>	<b>2.93%</b>	<b>\$1.73</b>	<b>20,762</b>	<b>22,421</b>	<b>84,609</b>	<b>179,406</b>
<b>Airport Area</b>													
Costa Mesa	5	80,770	0	12,280	5,554	6.88%	5,554	6.88%	\$0.00	11,123	10,713	28,090	-126
Irvine	66	3,078,559	350,839	60,000	315,876	10.26%	361,679	11.75%	\$1.69	-41,932	20,041	122,450	194,221
Newport Beach	26	611,113	6,500	11,750	90,852	14.87%	130,967	21.43%	\$0.00	40,671	-37,078	16,610	2,115
Santa Ana	10	391,317	50,000	0	21,395	5.47%	84,367	21.56%	\$0.00	51,298	45,395	-3,730	0
Tustin	4	195,686	0	0	0	0.00%	71,700	36.64%	\$0.00	7,110	7,110	24,129	0
<b>Airport Area Total</b>	<b>111</b>	<b>4,357,445</b>	<b>407,339</b>	<b>84,030</b>	<b>433,677</b>	<b>9.95%</b>	<b>654,267</b>	<b>15.01%</b>	<b>\$1.69</b>	<b>68,270</b>	<b>46,181</b>	<b>187,549</b>	<b>196,210</b>
<b>South County</b>													
Aliso Viejo	38	1,169,187	0	0	59,837	5.12%	103,716	8.87%	\$1.45	4,394	3,022	35,901	56,330
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	\$0.00	0	0	0	2,651
Foothill Ranch	1	47,659	56,000	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	102	3,513,501	483,436	52,307	336,919	9.59%	678,768	19.32%	\$1.68	(7,469)	170,420	460,580	138,986
Laguna Beach	2	18,454	0	9,382	0	0.00%	0	0.00%	\$0.00	0	0	0	808
Laguna Hills	15	484,366	0	0	51,159	10.56%	81,221	16.77%	\$1.40	5,385	(704)	7,297	(4,187)
Laguna Niguel	3	53,170	0	0	0	0.00%	0	0.00%	\$0.00	1,194	6,000	7,638	(1,638)
Lake Forest	31	1,239,017	0	128,250	210,966	17.03%	211,868	17.10%	\$1.26	114,816	139,548	3,719	56,549
Mission Viejo	27	368,878	12,780	220,000	33,813	9.17%	33,813	9.17%	\$2.08	19,990	6,555	51,427	33,299
Rancho Santa Margarita	3	112,151	25,000	0	11,823	10.54%	13,696	12.21%	\$0.00	2,166	6,309	11,092	16,755
San Clemente	7	160,795	0	117,184	54,576	33.94%	57,530	35.78%	\$0.00	18,108	31,517	2,519	(546)
San Juan Capistrano	14	302,289	81,142	104,814	2,644	0.87%	2,644	0.87%	\$0.00	0	1,800	(1,762)	18,266
<b>South County Total</b>	<b>246</b>	<b>7,523,807</b>	<b>658,358</b>	<b>631,937</b>	<b>765,087</b>	<b>10.17%</b>	<b>1,186,606</b>	<b>15.77%</b>	<b>\$1.54</b>	<b>158,584</b>	<b>364,467</b>	<b>578,411</b>	<b>317,273</b>
<b>Orange County Total</b>	<b>440</b>	<b>13,759,692</b>	<b>1,104,000</b>	<b>781,415</b>	<b>1,403,767</b>	<b>10.20%</b>	<b>2,067,162</b>	<b>15.02%</b>	<b>\$1.61</b>	<b>245,097</b>	<b>431,169</b>	<b>970,074</b>	<b>598,775</b>

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<b>North County</b>													
0 to 29,999	31	453,277	38,303	0	42,480	9.37%	42,480	9.37%	\$1.22	(17,937)	(735)	30,313	4,357
30,000 to 49,999	8	321,242	0	0	34,539	10.75%	34,539	10.75%	\$0.00	(3,565)	(14,308)	4,615	(7,979)
50,000+	3	181,367	0	0	6,366	3.51%	6,366	3.51%	\$0.00	0	0	76,538	(54,046)
<b>West County</b>													
0 to 29,999	9	104,200	0	0	4,500	4.32%	4,500	4.32%	\$0.00	27,573	29,233	(2,740)	(8,370)
30,000 to 49,999	3	118,562	0	0	71,926	60.67%	71,926	60.67%	\$1.45	5,410	(39,849)	(14,200)	(28,076)
50,000+	3	200,206	0	0	36,627	18.29%	51,832	25.89%	\$1.36	(14,000)	23,759	23,759	0
<b>Central County</b>													
0 to 29,999	22	305,945	0	25,448	4,572	1.49%	4,572	1.49%	\$1.73	17,896	20,446	14,957	42,965
30,000 to 49,999	1	32,317	0	40,000	0	0.00%	0	0.00%	\$0.00	0	1,975	19,652	59,771
50,000+	3	161,324	0	0	3,993	2.48%	10,074	6.24%	\$0.00	2,866	0	50,000	76,670
<b>Airport Area</b>													
0 to 29,999	36	584,422	90,569	24,030	35,243	6.03%	58,616	10.03%	\$1.63	29,305	39,143	60,711	28,260
30,000 to 49,999	37	1,517,878	97,200	0	103,806	6.84%	170,033	11.20%	\$1.58	24,316	44,135	66,866	39,906
50,000+	38	2,255,145	219,570	60,000	294,628	13.06%	425,618	18.87%	\$1.71	14,849	(37,097)	61,192	128,044
<b>South County</b>													
0 to 29,999	124	1,856,788	186,250	245,328	405,782	21.85%	405,782	21.85%	\$1.42	41,248	104,107	(14,032)	115,367
30,000 to 49,999	76	3,016,176	125,184	326,609	260,825	8.65%	402,281	13.34%	\$1.53	19,938	132,942	153,617	89,519
50,000+	46	2,650,843	346,924	60,000	98,480	3.72%	378,543	14.28%	\$1.68	97,398	127,418	438,826	112,387
<b>Orange County</b>													
0 to 29,999	222	3,304,632	315,122	294,806	492,577	14.91%	515,950	15.61%	\$1.46	98,085	192,194	89,209	182,579
30,000 to 49,999	125	5,006,175	222,384	366,609	471,096	9.41%	678,779	13.56%	\$1.58	46,099	124,895	230,550	153,141
50,000+	93	5,448,885	566,494	120,000	440,094	8.08%	872,433	16.01%	\$1.67	100,913	114,080	650,315	263,055
<b>Orange County Total</b>	<b>440</b>	<b>13,759,692</b>	<b>1,104,000</b>	<b>781,415</b>	<b>1,403,767</b>	<b>10.20%</b>	<b>2,067,162</b>	<b>15.02%</b>	<b>\$1.61</b>	<b>245,097</b>	<b>431,169</b>	<b>970,074</b>	<b>598,775</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 2005



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

**SUBMARKETS**

**NORTH**

Anaheim Hills, Anaheim, Brea, Fullerton, Orange, Placentia, Yorba Linda

**WEST**

Cypress, Huntington Beach, Los Alamitos, Seal Beach

**CENTRAL**

Anaheim, Garden Grove, Orange, Santa Ana, Tustin

**AIRPORT**

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

**SOUTH**

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

**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.