

FLEX MARKET REPORT

THIRD QUARTER 2005

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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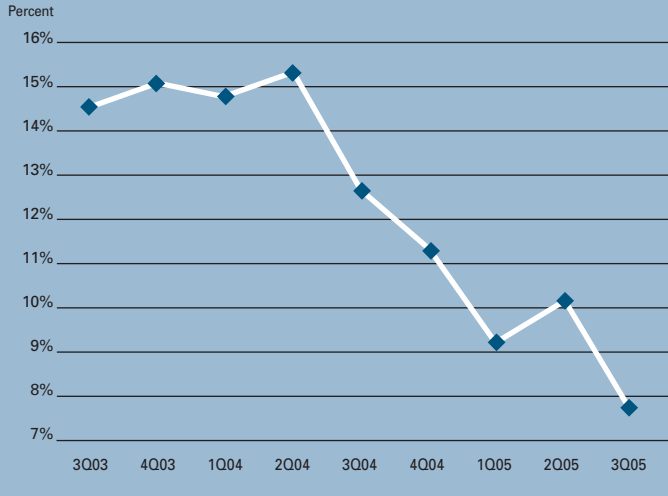
MARKET HIGHLIGHTS

- ◆ Unemployment for the third quarter of 2005 in Orange County is 3.8%, which is .5% higher than it was when compared to the second quarter of 2005, and is .6% higher than it was during the third 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 1,032,357 square feet for the third quarter of 2005, which is five and a half times as much as the amount that was under construction during the third quarter of 2004.
- ◆ The flex vacancy rate checked in at a low 7.74%, which is lower than it was a year ago when it was 12.62%. 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; 12.57% this quarter as compared to 16.70% 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 \$1.69, which is a 19.01% increase over last year's third quarter rate of \$1.42.
- ◆ Net absorption for the county this quarter posted a positive number of 352,420 square feet, giving the county a total of over two point three 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.

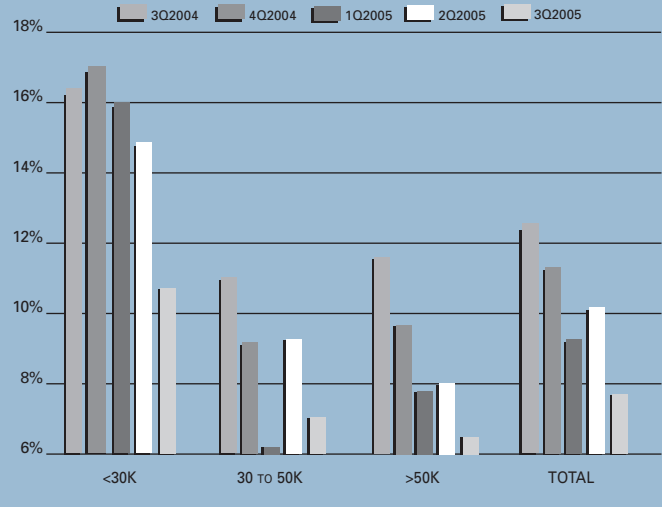
FLEX MARKET STATISTICS

	3Q2005	2Q2005	3Q2004	% CHANGE VS. 3Q04
Under Construction	1,032,357	1,104,000	178,695	577.72%
Planned Construction	701,336	781,415	145,386	482.40%
Vacancy	7.74%	10.20%	12.62%	-38.67%
Availability	12.57%	15.02%	16.70%	-24.73%
Pricing	\$1.69	\$1.61	\$1.42	19.01%
Net Absorption	352,420	245,097	449,169	-21.54%

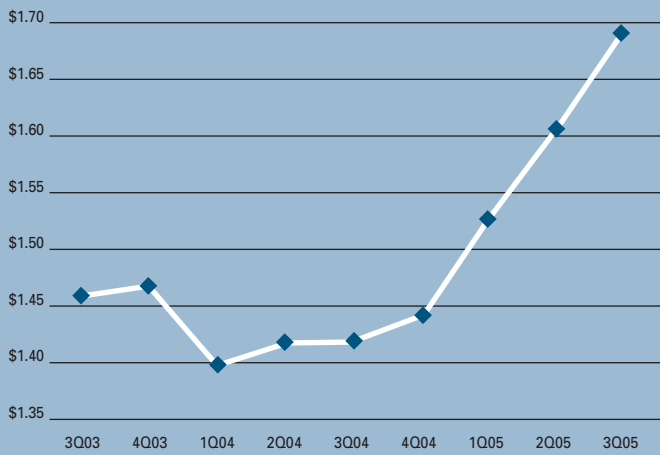
VACANCY RATE



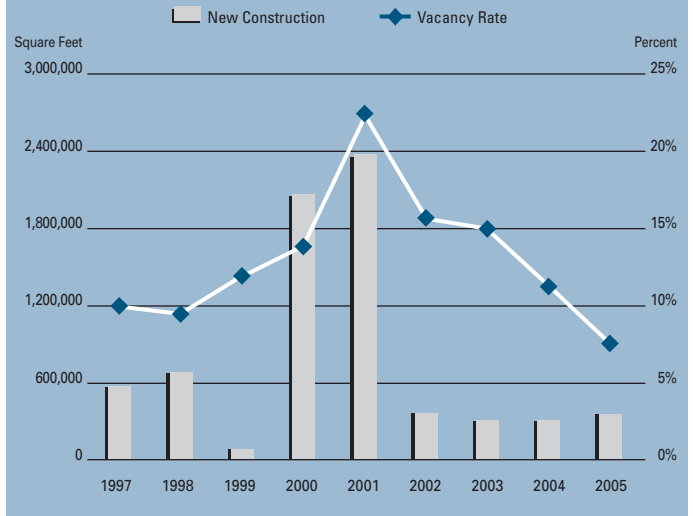
FLEX VACANCY RATE



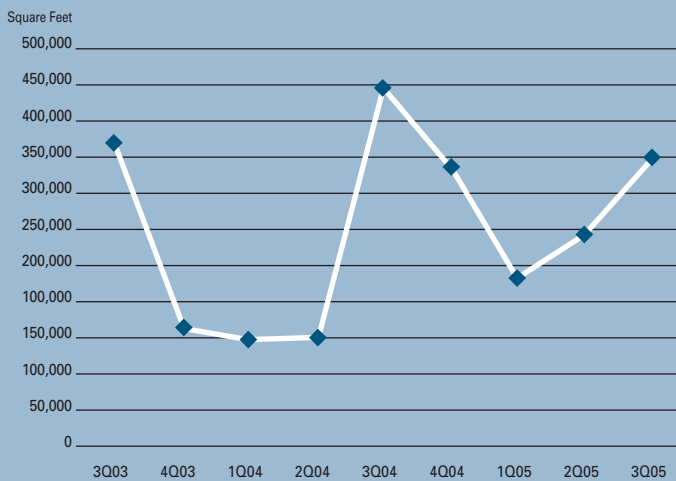
AVERAGE ASKING TRIPLE NET LEASE RATE



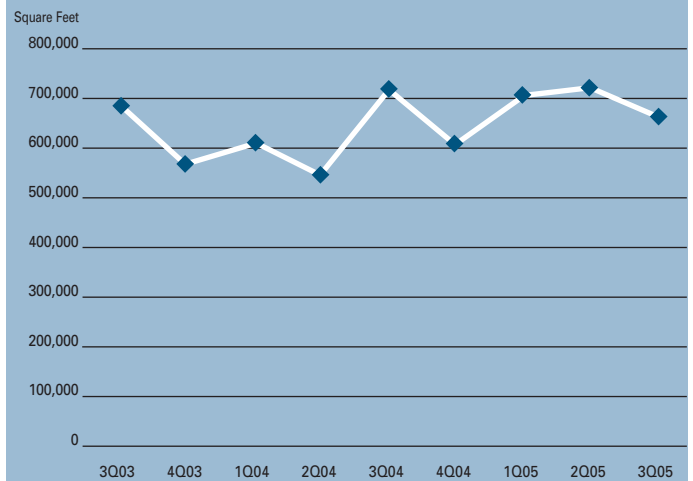
ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION



GROSS ABSORPTION



ORANGE COUNTY

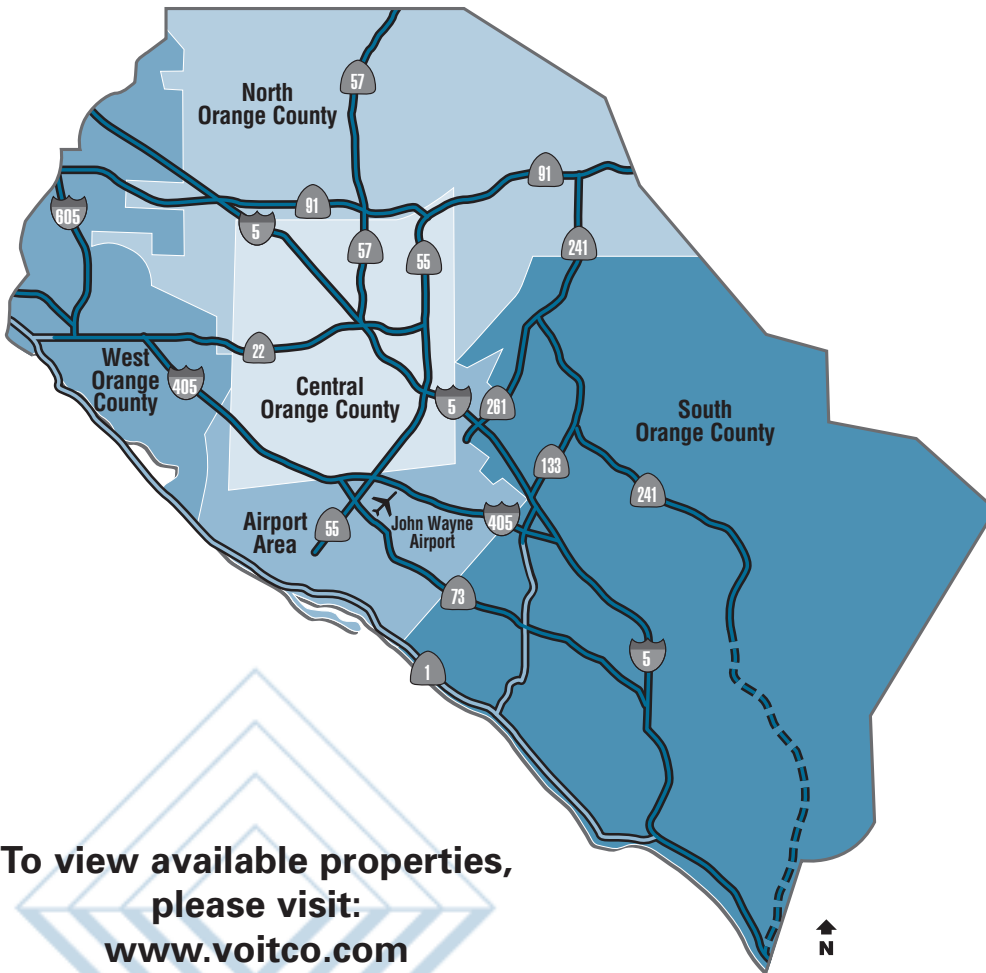
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2005	Square Feet Available	Availability Rate 3Q2005	Average Asking Lease Rate	Net Absorption 3Q2005	Net Absorption 2005	Net Absorption 2004	Net Absorption 2003
North County													
Anaheim Hills	14	241,634	0	0	16,224	6.71%	23,357	9.67%	\$0.00	(2,595)	(1,598)	10,352	(901)
Anaheim	8	162,015	0	0	12,412	7.66%	12,412	7.66%	\$0.00	1,050	7,000	10,561	(3,105)
Brea	14	435,313	21,367	0	43,707	10.04%	43,707	10.04%	\$1.25	(8,707)	(17,969)	72,846	(58,366)
Fullerton	5	47,900	0	0	3,600	0.00%	3,600	7.52%	\$2.34	0	100	19,700	6,515
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
North County Total	43	925,422	38,303	0	75,943	8.21%	83,076	8.98%	\$1.55	(10,252)	(12,467)	113,459	(55,715)
West County													
Cypress	7	306,763	0	0	67,116	21.88%	72,626	23.67%	\$1.38	30,266	34,274	772	(19,289)
Huntington Beach	3	48,648	0	0	0	0.00%	0	0.00%	\$0.00	0	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)
West County Total	15	422,968	0	0	67,116	15.87%	72,626	17.17%	\$1.38	30,266	47,507	8,039	(36,446)
Central County													
Anaheim	7	214,958	0	0	0	0.00%	0	0.00%	\$0.00	0	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	2,778	1.90%	4,038	2.77%	\$0.00	5,787	11,033	34,501	13,207
Santa Ana	8	92,769	0	25,448	0	0.00%	0	0.00%	\$0.00	0	10,011	229	73,822
Tustin	2	18,600	0	20,000	0	0.00%	0	0.00%	\$0.00	0	0	0	95,482
Central County Total	26	499,586	0	45,448	2,778	0.56%	4,038	0.81%	\$0.00	5,787	28,208	84,609	179,406
Airport Area													
Costa Mesa	5	80,770	0	12,280	5,554	6.88%	5,554	6.88%	\$0.00	0	10,713	28,090	-126
Irvine	66	3,078,559	266,770	91,391	212,463	6.90%	238,436	7.75%	\$1.89	76,733	123,454	122,450	194,221
Newport Beach	26	611,113	18,250	0	93,057	15.23%	112,724	18.45%	\$1.54	453	(39,283)	16,610	2,115
Santa Ana	10	391,317	50,000	0	32,386	8.28%	74,963	19.16%	\$0.00	(17,900)	34,404	(3,730)	0
Tustin	4	195,686	0	0	0	0.00%	71,700	36.64%	\$0.00	0	7,110	24,129	0
Airport Area Total	111	4,357,445	335,020	103,671	343,460	7.88%	503,377	11.55%	\$1.88	59,286	136,398	187,549	196,210
South County													
Aliso Viejo	38	1,170,233	0	0	15,908	1.36%	80,343	6.87%	\$1.20	43,929	46,951	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	20,000	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	103	3,536,501	456,363	49,350	268,205	7.58%	622,384	17.60%	\$1.15	112,018	279,924	460,580	138,986
Laguna Beach	2	18,454	9,382	0	0	0.00%	0	0.00%	\$0.00	0	0	0	808
Laguna Hills	15	485,620	0	0	52,593	10.83%	85,565	17.62%	\$1.40	(1,434)	(2,138)	7,297	(4,187)
Laguna Niguel	3	53,170	0	25,500	0	0.00%	0	0.00%	\$0.00	0	6,000	7,638	(1,638)
Lake Forest	31	1,239,426	0	128,550	153,909	12.42%	196,084	15.82%	\$1.05	58,017	196,605	3,719	56,549
Mission Viejo	31	467,957	0	219,400	34,924	7.46%	34,924	7.46%	\$2.08	18,904	34,220	51,427	33,299
Rancho Santa Margarita	6	197,311	0	0	23,735	12.03%	26,735	13.55%	\$0.00	33,248	27,136	11,092	16,755
San Clemente	7	160,795	0	117,184	35,179	21.88%	38,179	23.74%	\$0.00	1,607	33,124	2,519	(546)
San Juan Capistrano	14	302,562	173,289	12,533	1,600	0.53%	1,600	0.53%	\$0.00	1,044	2,844	(1,762)	18,266
South County Total	254	7,734,028	659,034	552,217	589,403	7.62%	1,089,164	14.08%	\$1.54	267,333	624,666	578,411	317,273
Orange County Total	449	13,939,449	1,032,357	701,336	1,078,700	7.74%	1,752,281	12.57%	\$1.69	352,420	824,312	972,067	600,728

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2005	Square Feet Available	Availability Rate 3Q2005	Average Asking Lease Rate	Net Absorption 3Q2005	Net Absorption 2005	Net Absorption 2004	Net Absorption 2003
North County													
0 to 29,999	33	481,780	38,303	0	44,384	9.21%	51,517	10.69%	\$1.56	(5,963)	(9,498)	30,313	4,357
30,000 to 49,999	8	320,642	0	0	29,359	9.16%	29,359	9.16%	\$0.00	(8,455)	(7,135)	4,615	(7,979)
50,000+	2	123,000	0	0	2,200	1.79%	2,200	1.79%	\$0.00	4,166	4,166	76,538	(54,046)
West County													
0 to 29,999	9	104,200	0	0	4,500	4.32%	10,010	9.61%	\$0.00	0	29,233	(2,740)	(8,370)
30,000 to 49,999	3	118,562	0	0	20,480	17.27%	20,480	17.27%	\$1.45	35,775	37,783	(14,200)	(28,076)
50,000+	3	200,206	0	0	42,136	21.05%	42,136	21.05%	\$1.37	(5,509)	(19,509)	23,759	0
Central County													
0 to 29,999	22	305,945	0	45,448	1,675	0.55%	2,935	0.96%	\$0.00	2,897	23,343	14,957	42,965
30,000 to 49,999	1	32,317	0	0	0	0.00%	0	0.00%	\$0.00	0	1,867	19,652	59,771
50,000+	3	161,324	0	0	1,103	0.68%	1,103	0.68%	\$0.00	2,890	2,998	50,000	76,670
Airport Area													
0 to 29,999	36	584,422	18,250	43,671	35,382	6.05%	37,224	6.37%	\$1.57	(139)	39,004	60,711	28,260
30,000 to 49,999	37	1,517,878	97,200	0	40,332	2.66%	157,359	10.37%	\$2.25	59,223	107,609	66,866	39,906
50,000+	38	2,255,145	219,570	60,000	267,746	11.87%	308,794	13.69%	\$1.80	202	(10,215)	61,192	128,044
South County													
0 to 29,999	130	1,985,276	234,195	197,739	281,570	14.18%	311,756	15.70%	\$1.57	211,014	312,834	(14,032)	115,367
30,000 to 49,999	78	3,097,909	147,915	294,478	261,401	8.44%	429,324	13.86%	\$1.53	16,137	132,366	153,617	89,519
50,000+	46	2,650,843	276,924	60,000	46,432	1.75%	348,084	13.13%	\$1.82	40,182	179,466	438,826	112,387
Orange County													
0 to 29,999	230	3,461,623	290,748	286,858	367,511	10.62%	413,442	11.94%	\$1.58	207,809	394,916	89,209	182,579
30,000 to 49,999	127	5,087,308	245,115	294,478	351,572	6.91%	636,522	12.51%	\$1.76	102,680	272,490	230,550	153,141
50,000+	92	5,390,518	496,494	120,000	359,617	6.67%	702,317	13.03%	\$1.67	41,931	156,906	650,315	263,055
Orange County Total	449	13,939,449	1,032,357	701,336	1,078,700	7.74%	1,752,281	12.57%	\$1.69	352,420	824,312	970,074	600,728

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

FLEX MARKET
REPORT

THIRD QUARTER 2005



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SUBMARKETS

NORTH

Anaheim Hills, Anaheim, Brea, Fullerton,
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:

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FAX: 714.978.9431

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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.