

INDUSTRIAL MARKET REPORT

THIRD
QUARTER
2005

Compared to
last quarter:

VACANCY

DOWN



ABSORPTION



UP

SALES PRICE



FLAT

ACTIVITY

DOWN



LEASE RATES



FLAT

CONSTRUCTION

DOWN



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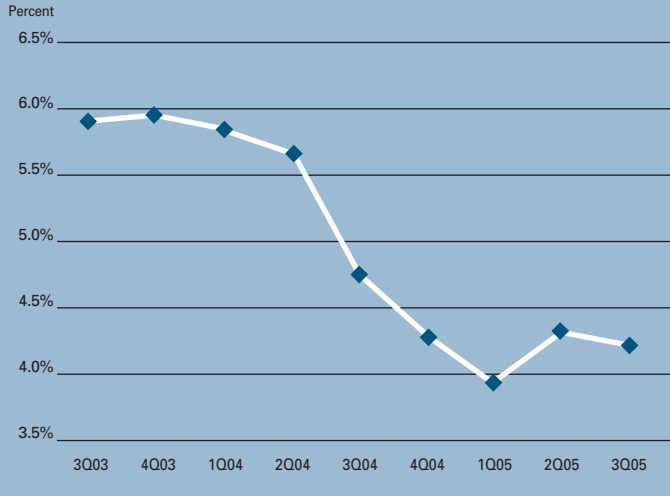
MARKET HIGHLIGHTS

- ◆ 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 is just under 600,000 square feet this quarter, which is 5.61% higher than what was under construction a year ago.
- ◆ Industrial vacancy came in at a low rate of 4.23%, which is 11.13% lower than it was a year ago. This will put more pressure on lease rates to continue to climb.
- ◆ Industrial availability checked in at a rate of 5.81%, which is 20% lower than what was on the market a year ago.
- ◆ The average asking triple net lease rate is .61 cents per square foot per month this quarter. This is an increase of 9% when compared to a year ago and the same as last quarter. This gets us closer to the record high average asking lease rate of \$.62, which we experienced in the fourth quarter of 2000 and the first quarter of 2001.
- ◆ The average asking selling price rate is \$119.81 per square foot per this quarter. This is an increase of almost 23.5% when compared to a year ago.
- ◆ The level of activity was a little lower in the third quarter of 2005 when compared to last quarter, checking in at 4.1 million square feet this quarter from 4.4 million square feet last quarter. This is due to the lack of available product.
- ◆ Net absorption for the county during the third quarter of 2005 posted a positive number of 863,466 square feet, giving the Industrial Market in Orange County a total of over 6 million square feet of positive absorption for the last seven 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 lease rate growth of 10% to 15% during 2005.

INDUSTRIAL MARKET STATISTICS

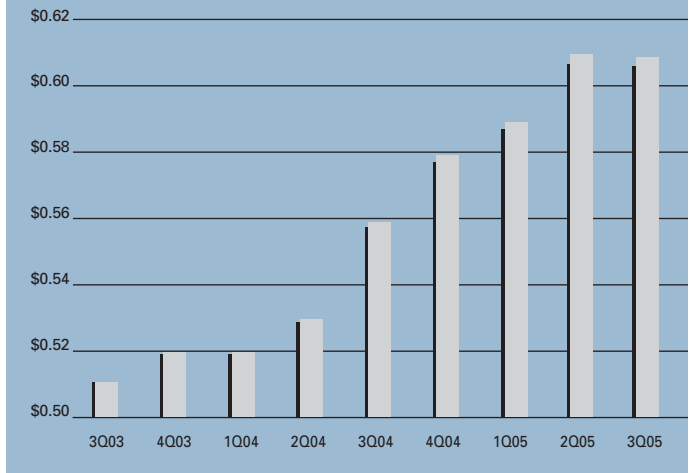
	3Q2005	2Q2005	3Q2004	% CHANGE VS. 3Q04
Under Construction	597,215	806,272	565,468	5.61%
Planned Construction	928,202	922,576	1,207,899	-23.16%
Vacancy	4.23%	4.33%	4.76%	-11.13%
Availability	5.81%	6.12%	7.26%	-19.97%
Avg. Ask Lease Rate	\$0.61	\$0.61	\$0.56	8.93%
Avg. Ask Sales Price	\$119.81	\$120.66	\$103.08	16.23%
Activity - Gross Absorption	4,070,876	4,417,080	5,322,118	-23.51%
Absorption	863,466	1,021,161	2,109,470	N/A

VACANCY RATE

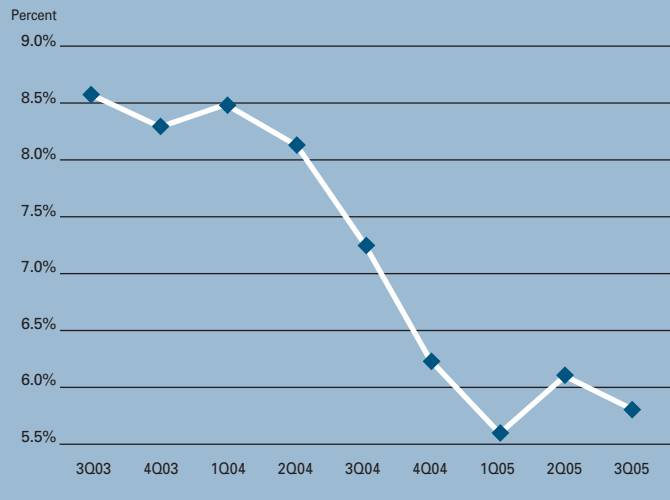


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

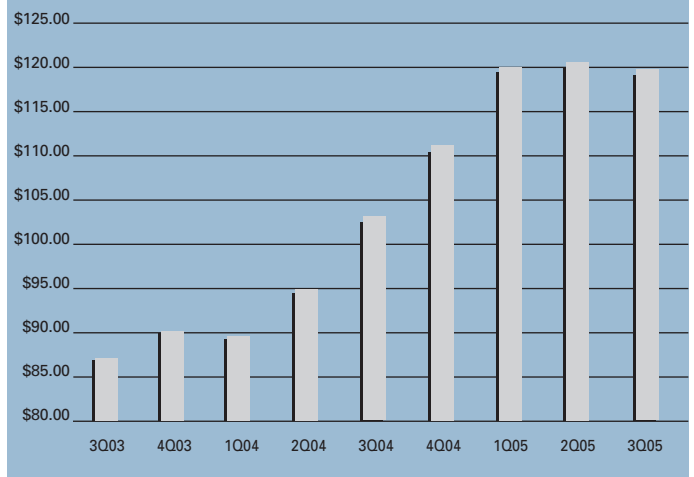


AVAILABILITY RATE

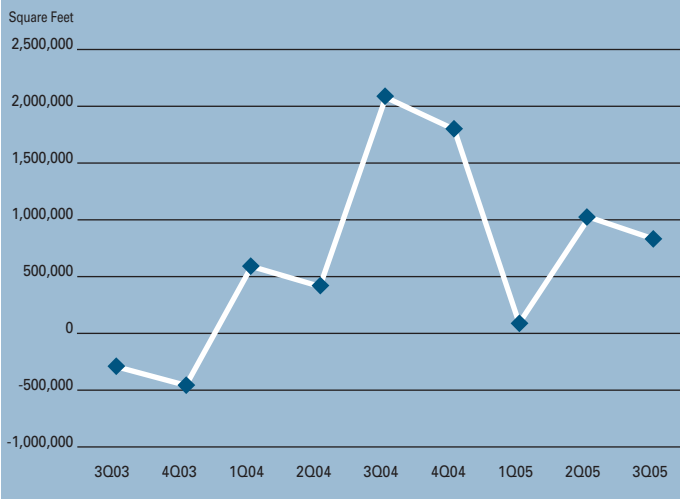


WEIGHTED AVERAGE ASKING SALES RATES

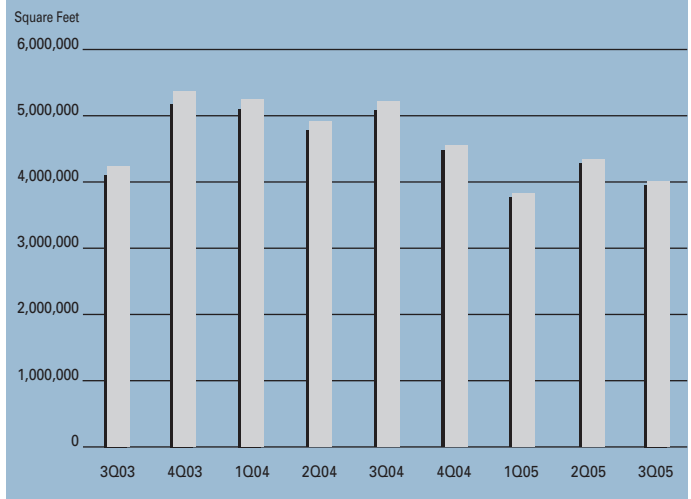
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION



GROSS ABSORPTION

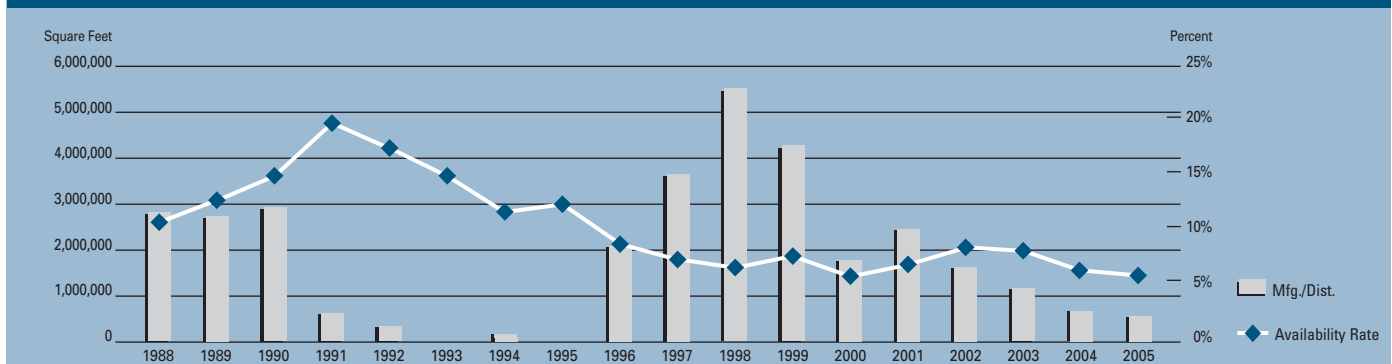


ORANGE COUNTY

	INVENTORY				VACANCY & PRICING						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	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
North County														
Anaheim	1,256	44,396,962	0	171,475	1,168,760	2.63%	1,668,466	3.76%	\$0.51	\$128.52	468,052	670,453	958,006	2,103,731
Brea	233	10,804,016	77,560	0	220,070	2.04%	707,546	6.55%	\$0.54	\$158.47	69,181	230,575	114,168	496,978
Buena Park	176	13,926,968	0	0	539,808	3.88%	871,447	6.26%	\$0.48	\$116.03	105,079	(6,882)	187,446	448,546
Fullerton	284	16,383,352	0	0	1,455,623	8.88%	1,659,964	10.13%	\$0.52	\$80.48	(186,557)	(366,206)	221,270	719,232
La Habra	88	2,361,786	0	107,115	27,609	1.17%	50,025	2.12%	\$0.66	\$159.95	(12,696)	12,979	12,213	57,814
Orange	433	11,547,726	79,655	61,128	163,445	1.42%	163,445	1.42%	\$0.83	\$160.72	(19,714)	(10,925)	87,700	271,369
Placentia	143	3,558,477	0	0	89,958	2.53%	162,831	4.58%	\$0.64	\$121.72	22,326	80,609	61,790	213,641
Yorba Linda	28	836,282	0	0	26,707	3.19%	26,707	3.19%	\$0.85	\$0.00	4,297	115,111	16,942	146,942
North County Total	2,641	103,815,569	157,215	339,718	3,691,980	3.56%	5,310,431	5.12%	\$0.52	\$113.96	449,968	725,714	1,659,535	4,458,253
West County														
Cypress	49	3,807,572	56,908	0	422,802	11.10%	680,777	17.88%	\$0.61	\$109.80	(204,314)	(201,365)	0	308,959
Garden Grove	292	11,051,711	0	16,407	390,167	3.53%	735,459	6.65%	\$0.55	\$120.90	107,375	28,544	325,776	560,795
Huntington Beach	439	12,342,011	284,189	282,908	340,777	2.76%	480,995	3.90%	\$0.68	\$133.93	18,716	65,083	251,252	497,069
La Palma	14	1,709,621	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	73	1,976,752	0	0	5,834	0.30%	5,834	0.30%	\$0.00	\$0.00	26,931	28,931	35,783	45,096
Stanton	57	1,111,851	0	0	18,533	1.67%	18,533	1.67%	\$0.62	\$0.00	6,550	(15,365)	6,550	14,418
Westminster	58	1,817,801	0	0	11,190	0.62%	11,190	0.62%	\$0.41	\$115.00	133,742	160,612	135,742	170,742
West County Total	982	33,817,319	341,097	299,315	1,189,303	3.52%	1,932,788	5.72%	\$0.59	\$117.69	89,000	66,440	755,103	1,597,079
Airport Area														
Costa Mesa	211	6,517,060	0	0	282,666	4.34%	282,666	4.34%	\$0.71	\$146.24	235,473	(74,471)	273,570	491,665
Fountain Valley	141	3,358,677	0	152,553	81,199	2.42%	103,185	3.07%	\$0.77	\$135.07	(17,899)	6,025	33,600	141,399
Irvine	333	14,289,329	0	0	742,764	5.20%	1,135,016	7.94%	\$0.75	\$0.00	368,594	198,992	555,953	1,167,774
Newport Beach	19	316,009	0	0	11,820	3.74%	11,820	3.74%	\$0.96	\$0.00	(5,000)	(1,029)	2,500	18,291
Santa Ana	878	26,637,295	0	0	1,238,452	4.65%	1,256,320	4.72%	\$0.55	\$115.20	(14,176)	(134,505)	331,584	1,159,024
Tustin	93	4,591,611	37,614	0	761,883	16.59%	771,464	16.80%	\$0.59	\$142.97	(106,857)	(257,030)	281,595	865,733
Airport Area Total	1,675	55,710,981	37,614	152,553	3,118,784	5.60%	3,560,471	6.39%	\$0.64	\$125.73	460,135	(262,018)	1,478,802	3,843,886
South County														
Aliso Viejo	11	689,022	0	0	11,136	1.62%	24,816	3.60%	\$0.95	\$0.00	0	2,000	0	2,000
Foothill Ranch	40	3,018,250	0	136,616	171,826	5.69%	381,964	12.66%	\$0.52	\$0.00	(97,451)	(45,428)	0	160,023
Irvine Spectrum	144	7,222,792	0	0	481,201	6.66%	707,733	9.80%	\$0.67	\$146.28	25,398	135,412	58,684	395,236
Laguna Hills	69	1,273,664	0	0	54,120	4.25%	54,120	4.25%	\$1.39	\$0.00	(37,025)	(13,541)	11,333	47,442
Laguna Niguel	19	516,609	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	2,060	0	2,060
Lake Forest	129	3,726,678	0	0	236,970	6.36%	282,885	7.59%	\$0.88	\$167.03	(62,984)	(45,434)	25,786	186,966
Mission Viejo	26	966,670	0	0	28,041	2.90%	28,041	2.90%	\$1.34	\$0.00	(1,757)	44,299	4,578	56,160
Rancho Santa Margarita	35	1,056,063	0	0	19,894	1.88%	19,894	1.88%	\$0.88	\$141.65	19,500	14,888	23,787	62,645
San Clemente	52	1,225,236	26,289	0	34,511	2.82%	69,101	5.64%	\$0.70	\$184.00	24,077	114,992	39,212	213,640
San Juan Capistrano	32	838,184	35,000	0	19,451	2.32%	61,134	7.29%	\$1.06	\$0.00	(5,395)	(8,885)	14,056	21,488
South County Total	557	20,533,168	61,289	136,616	1,057,150	5.15%	1,629,688	7.94%	\$0.75	\$154.89	(135,637)	200,363	177,436	1,147,660
Orange County Total	5,855	213,877,037	597,215	928,202	9,057,217	4.23%	12,433,378	5.81%	\$0.61	\$119.81	863,466	730,499	4,070,876	11,046,878

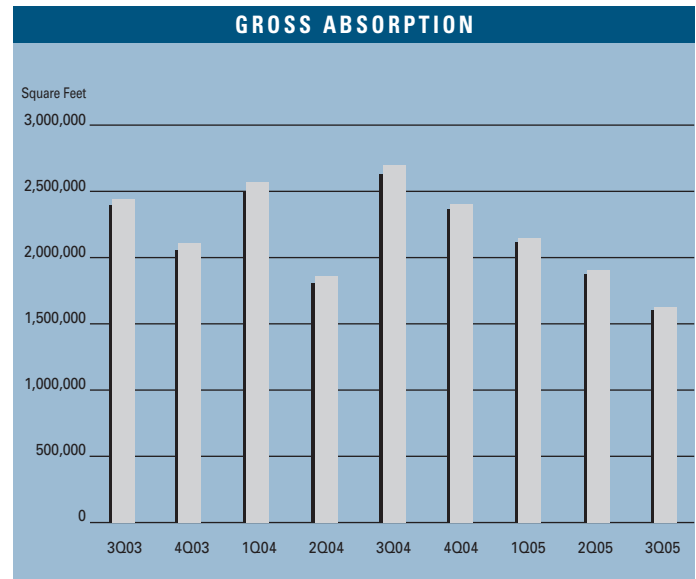
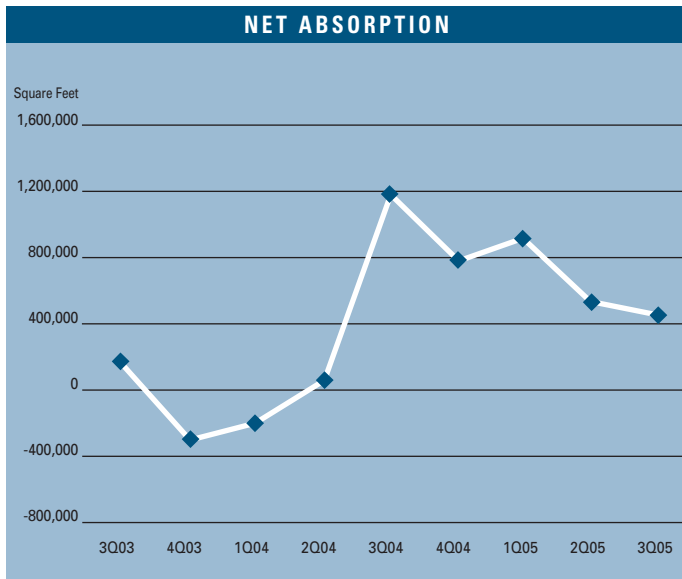
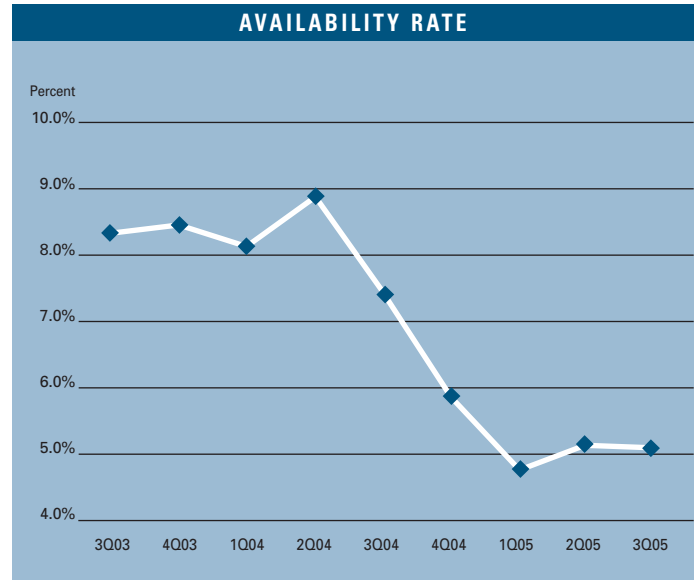
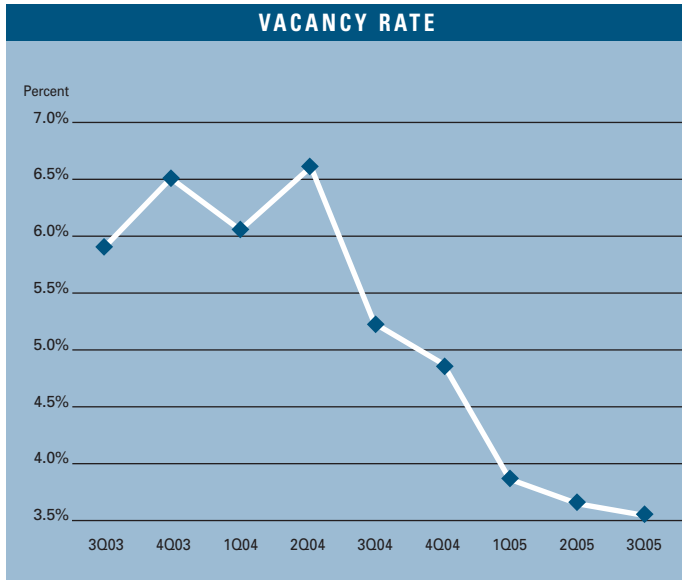
	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2005	Square Feet Available	Availability Rate 3Q2005	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
O.C. Totals	2,959	40,838,487	190,214	227,697	1,119,314	2.74%	1,476,228	3.61%	\$0.85	\$165.56	92,681	678,165	591,042	2,293,553
10,000-19,999	1,164	27,525,104	46,619	74,795	835,390	3.04%	1,155,563	4.20%	\$0.76	\$143.72	224,916	357,436	594,084	1,605,044
20,000-29,999	484	16,357,906	77,164	136,884	525,535	3.21%	715,108	4.37%	\$0.88	\$136.04	139,928	435,571	379,539	1,207,086
30,000-39,999	314	13,715,257	44,995	0	443,182	3.23%	659,501	4.81%	\$0.62	\$116.71	(23,175)	(75,904)	172,813	491,713
40,000-49,999	369	22,155,660	238,223	226,731	780,833	3.52%	1,013,073	4.57%	\$0.61	\$106.73	108,295	(110,707)	382,944	941,618
50,000-74,999	176	14,995,824	0	77,095	896,488	5.98%	972,343	6.48%	\$0.57	\$64.71	(46,318)	(373,716)	250,351	757,869
75,000-99,999	193	22,695,892	0	0	1,469,501	6.47%	1,809,754	7.97%	\$0.58	\$100.82	36,394	71,569	463,292	1,325,435
100,000-149,999	67	11,417,695	0	185,000	821,708	7.20%	1,139,317	9.98%	\$0.50	\$124.61	(11,110)	(156,845)	238,570	572,062
150,000-199,999	75	17,804,365	0	0	1,473,926	8.28%	1,898,727	10.66%	\$0.50	\$89.48	(164,474)	(114,584)	227,955	726,213
200,000-299,999	54	26,370,847	0	0	691,340	2.62%	1,593,764	6.04%	\$0.52	\$109.00	506,329	19,514	770,286	1,126,285
Total	5,855	213,877,037	597,215	928,202	9,057,217	4.23%	12,433,378	5.81%	\$0.61	\$119.81	863,466	730,499	4,070,876	11,046,878

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

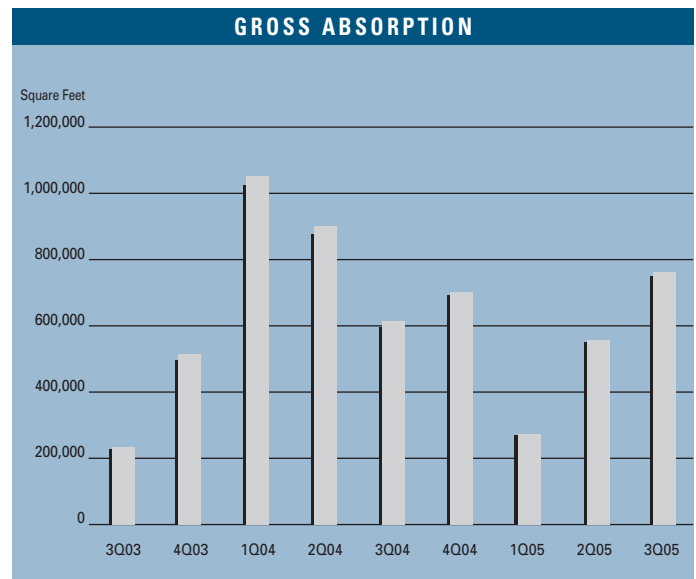
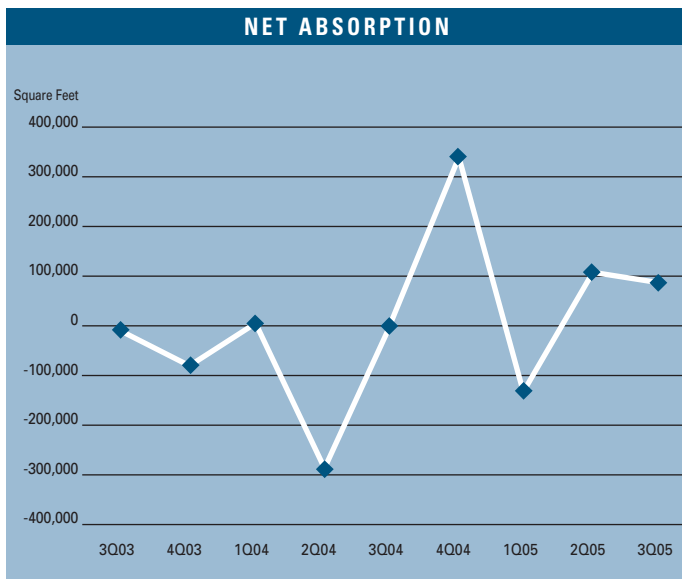
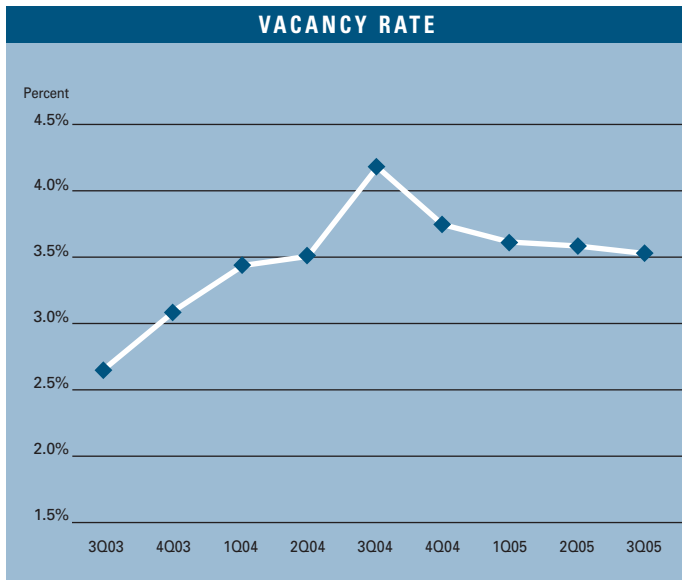
The North Orange County Industrial Market consists of 2,641 buildings totaling 103,815,569 square feet, and currently has an availability rate of 5.12%, which shows a decrease from last quarter's 5.13% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
North Totals														
10,000-19,999	1,298	17,920,853	136,885	195,494	374,394	2.09%	505,363	2.82%	\$0.67	\$163.14	7,769	293,719	220,016	965,132
20,000-29,999	516	12,191,290	20,330	74,795	288,063	2.36%	434,393	3.56%	\$0.63	\$153.72	9,155	130,880	239,897	677,239
30,000-39,999	226	7,657,010	0	69,429	176,551	2.31%	266,710	3.48%	\$0.61	\$153.00	49,349	220,489	98,226	448,933
40,000-49,999	144	6,269,834	0	0	119,153	1.90%	154,194	2.46%	\$0.64	\$0.00	86,007	21,427	106,896	179,264
50,000-74,999	175	10,524,374	0	0	388,853	3.69%	502,439	4.77%	\$0.57	\$91.04	101,838	(109,222)	209,571	407,666
75,000-99,999	80	6,817,515	0	0	340,323	4.99%	412,818	6.06%	\$0.51	\$64.71	(156,980)	(289,677)	5,544	140,979
100,000-149,999	96	11,325,371	0	0	892,627	7.88%	918,885	8.11%	\$0.52	\$71.50	(124,757)	(172,330)	211,134	625,844
150,000-199,999	33	5,699,934	0	0	277,756	4.87%	402,756	7.07%	\$0.45	\$0.00	96,096	197,145	96,096	319,241
200,000-299,999	44	10,471,622	0	0	834,260	7.97%	1,149,566	10.98%	\$0.46	\$69.11	6,491	58,283	97,155	318,955
300,000+	29	14,937,766	0	0	0	0.00%	563,307	3.77%	\$0.45	\$0.00	375,000	375,000	375,000	375,000
Total	2,641	103,815,569	157,215	339,718	3,691,980	3.56%	5,310,431	5.12%	\$0.52	\$113.96	449,968	725,714	1,659,535	4,458,253

WEST ORANGE COUNTY

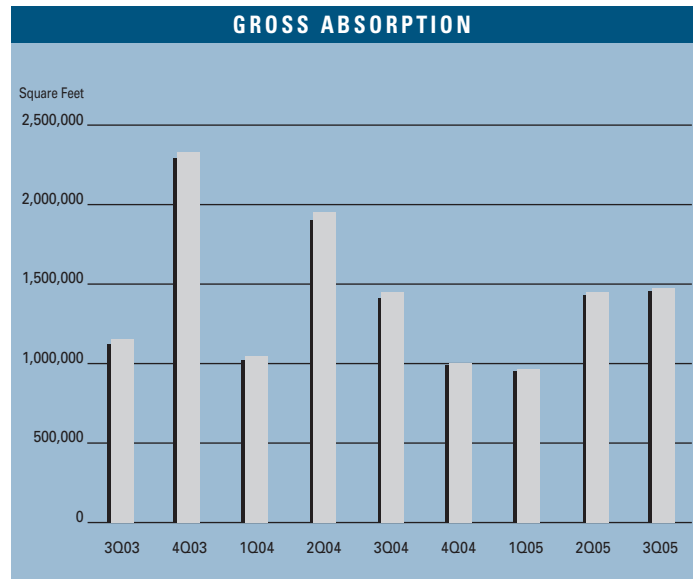
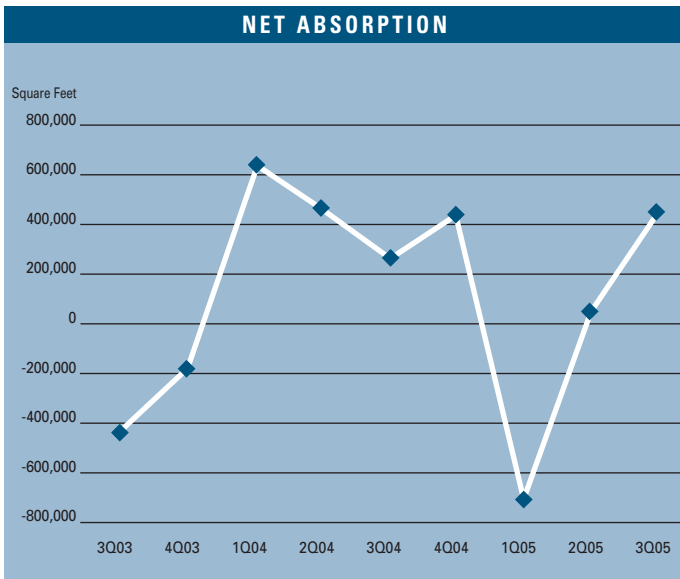
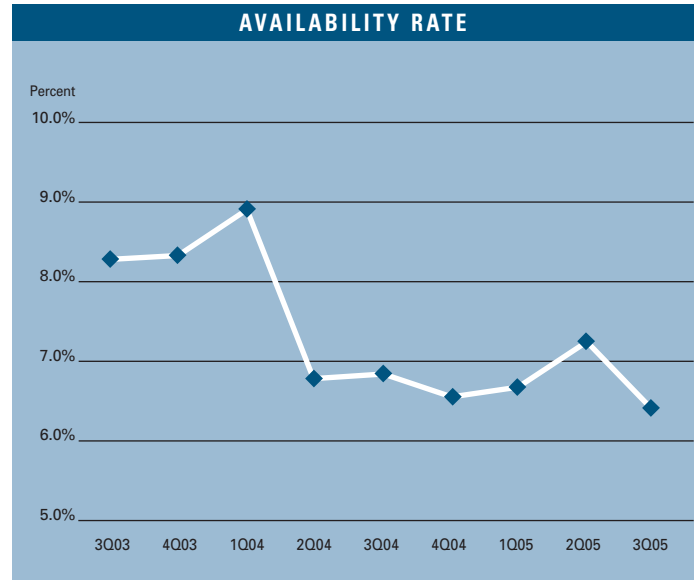
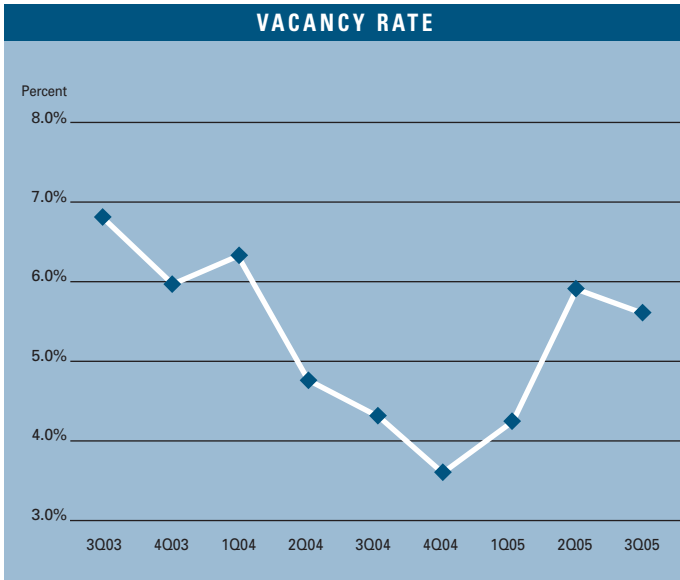
The West Orange County Industrial Market consists of 982 buildings totaling 33,817,319 square feet, and currently has an availability rate of 5.72%, which shows a decrease from last quarter's 5.98% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
West Totals														
10,000-19,999	556	7,399,073	18,329	16,407	93,444	1.26%	139,580	1.89%	\$0.85	\$170.59	69,094	117,354	109,934	314,880
20,000-29,999	179	4,224,308	0	0	89,451	2.12%	89,451	2.12%	\$0.74	\$0.00	28,123	80,478	92,994	197,285
30,000-39,999	55	1,865,975	39,550	35,366	47,721	2.56%	47,721	2.56%	\$0.89	\$0.00	41,776	14,975	51,994	137,241
40,000-49,999	54	2,367,905	44,995	0	98,780	4.17%	192,827	8.14%	\$0.49	\$113.99	(72,780)	(52,780)	0	46,000
50,000-74,999	53	3,133,722	238,223	62,542	85,089	2.72%	112,807	3.60%	\$0.58	\$115.70	10,000	(56,231)	40,000	64,858
75,000-99,999	28	2,341,465	0	0	159,626	6.82%	159,626	6.82%	\$0.60	\$0.00	80,000	102,688	80,000	264,493
100,000-149,999	24	2,808,251	0	0	137,798	4.91%	181,656	6.47%	\$0.73	\$126.25	129,351	129,351	129,351	239,236
150,000-199,999	14	2,337,275	0	185,000	243,080	10.40%	435,689	18.64%	\$0.53	\$124.61	(112,250)	(243,080)	130,830	155,087
200,000-299,999	12	2,913,408	0	0	234,314	8.04%	234,314	8.04%	\$0.59	\$114.00	(84,314)	(84,314)	120,000	120,000
300,000+	7	4,425,937	0	0	0	0.00%	339,117	7.66%	\$0.59	\$109.00	0	57,999	0	57,999
Total	982	33,817,319	341,097	299,315	1,189,303	3.52%	1,932,788	5.72%	\$0.59	\$117.69	89,000	66,440	755,103	1,597,079

AIRPORT AREA

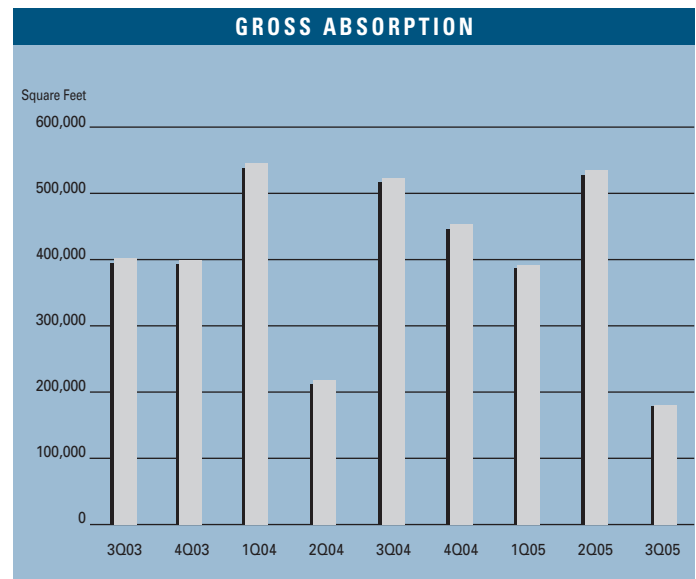
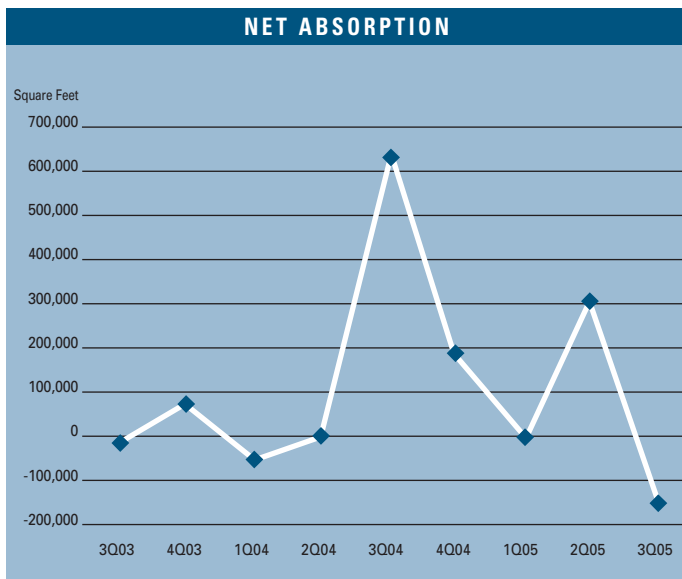
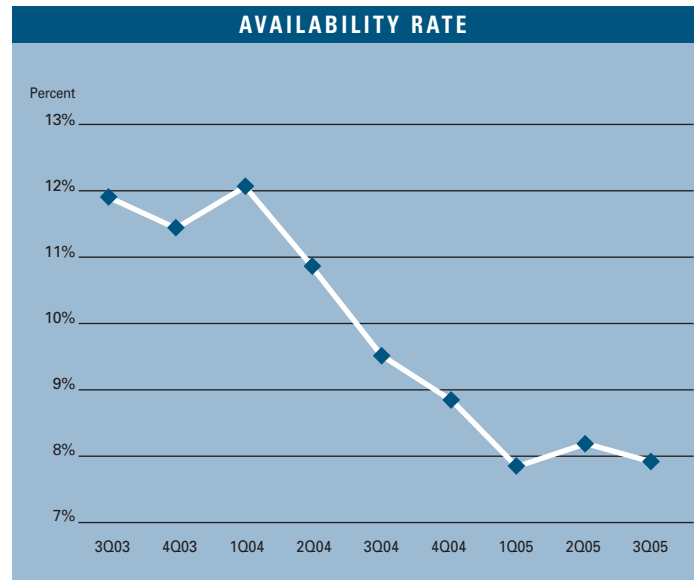
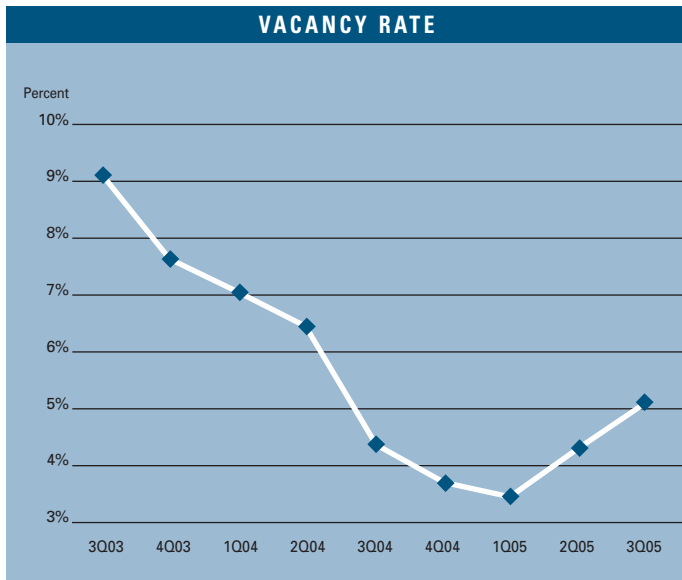
The Airport Area of the Orange County Industrial Market consists of 1,675 buildings totaling 55,710,981 square feet, and currently has an availability rate of 6.39%, which shows a decrease from last quarter's 7.26% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
Airport Totals	823	11,516,767	0	15,796	397,197	3.45%	509,737	4.43%	\$0.82	\$159.39	37,864	243,987	194,984	724,052
10,000-19,999	823	11,516,767	0	15,796	397,197	3.45%	509,737	4.43%	\$0.82	\$159.39	37,864	243,987	194,984	724,052
20,000-29,999	353	8,356,128	0	0	317,284	3.80%	406,888	4.87%	\$0.80	\$136.21	136,594	99,597	188,136	479,978
30,000-39,999	160	5,400,805	37,614	0	178,652	3.31%	274,849	5.09%	\$1.25	\$117.21	99,084	174,948	212,609	485,156
40,000-49,999	89	3,881,760	0	0	210,219	5.42%	250,274	6.45%	\$0.63	\$0.00	(36,402)	(112,079)	65,917	198,921
50,000-74,999	111	6,676,663	0	59,662	298,181	4.47%	363,978	5.45%	\$0.65	\$104.22	(11,260)	18,793	125,656	350,883
75,000-99,999	52	4,495,801	0	77,095	364,931	8.12%	364,931	8.12%	\$0.58	\$0.00	60,326	(155,119)	162,607	350,197
100,000-149,999	48	5,594,036	0	0	439,076	7.85%	476,570	8.52%	\$0.60	\$0.00	31,800	114,548	122,807	460,355
150,000-199,999	14	2,397,545	0	0	256,272	10.69%	256,272	10.69%	\$0.53	\$0.00	0	(187,000)	0	0
200,000-299,999	14	3,362,186	0	0	40,007	1.19%	40,007	1.19%	\$0.57	\$0.00	10,800	1,792	10,800	149,058
300,000+	11	4,029,290	0	0	616,965	15.31%	616,965	15.31%	\$0.51	\$0.00	131,329	(461,485)	395,286	645,286
Total	1,675	55,710,981	37,614	152,553	3,118,784	5.60%	3,560,471	6.39%	\$0.64	\$125.73	460,135	(262,018)	1,478,802	3,843,886

SOUTH ORANGE COUNTY

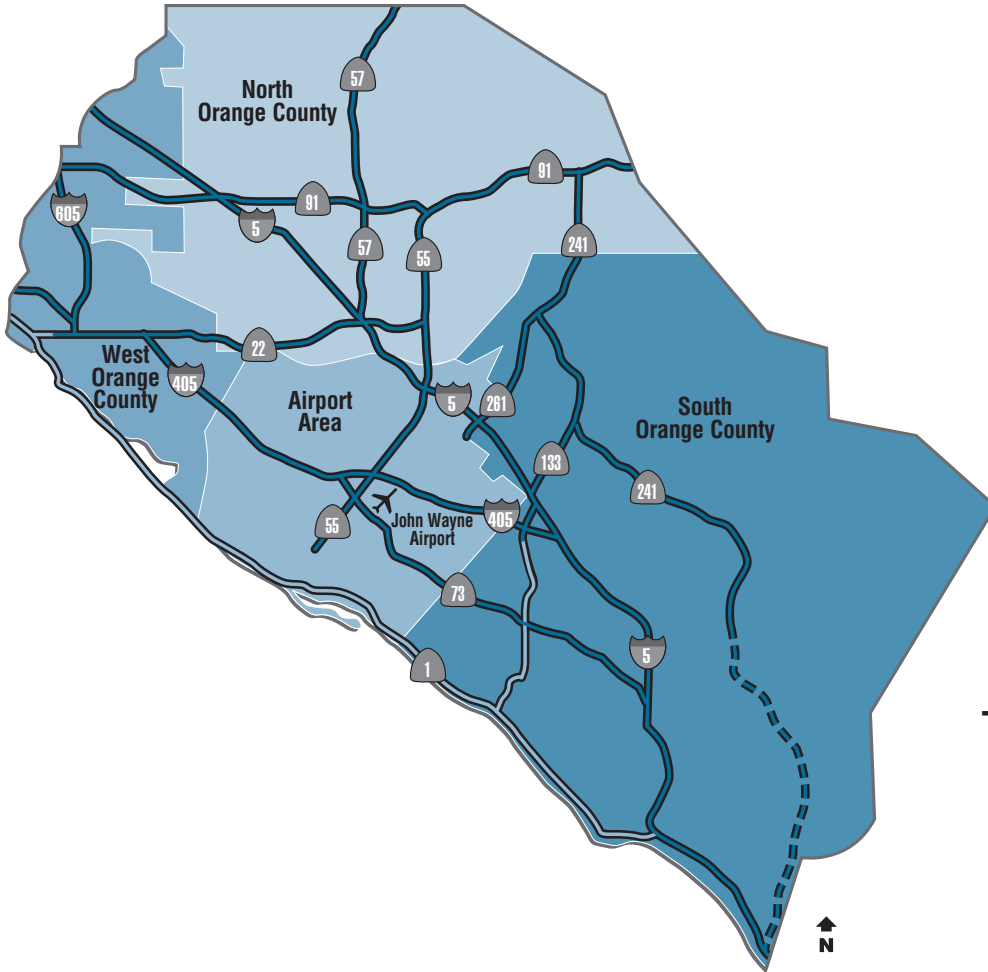
The South Orange County Industrial Market consists of 557 buildings totaling 20,533,168 square feet, and currently has an availability rate of 7.94%, which shows a decrease from last quarter's 8.21% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 3Q2005	Net Absorption 2005	Gross Absorption 3Q2005	Gross Absorption 2005
South Totals														
10,000-19,999	282	4,001,794	35,000	0	254,279	6.35%	321,548	8.04%	\$0.98	\$179.31	(22,046)	23,105	66,108	289,489
20,000-29,999	116	2,753,378	26,289	0	140,592	5.11%	224,831	8.17%	\$0.93	\$129.00	51,044	46,481	73,057	250,542
30,000-39,999	43	1,434,116	0	32,089	122,611	8.55%	125,828	8.77%	\$0.85	\$155.00	(50,281)	25,159	16,710	135,756
40,000-49,999	27	1,195,758	0	0	15,030	1.26%	62,206	5.20%	\$0.73	\$130.00	0	67,528	0	67,528
50,000-74,999	30	1,820,901	0	104,527	8,710	0.48%	33,849	1.86%	\$0.65	\$0.00	7,717	35,953	7,717	118,211
75,000-99,999	16	1,341,043	0	0	31,608	2.36%	34,968	2.61%	\$0.65	\$0.00	(29,664)	(31,608)	2,200	2,200
100,000-149,999	25	2,968,234	0	0	0	0.00%	232,643	7.84%	\$0.58	\$0.00	0	0	0	0
150,000-199,999	6	982,941	0	0	44,600	4.54%	44,600	4.54%	\$0.55	\$0.00	5,044	76,090	11,644	97,734
200,000-299,999	5	1,057,149	0	0	365,345	34.56%	474,840	44.92%	\$0.63	\$0.00	(97,451)	(90,345)	0	138,200
300,000+	7	2,977,854	0	0	74,375	2.50%	74,375	2.50%	\$0.39	\$0.00	0	48,000	0	48,000
Total	557	20,533,168	61,289	136,616	1,057,150	5.15%	1,629,688	7.94%	\$0.75	\$154.89	(135,637)	200,363	177,436	1,147,660

INDUSTRIAL MARKET REPORT

THIRD QUARTER 2005



SUBMARKETS

NORTH

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

WEST

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

AIRPORT

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

SOUTH

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

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