



## MARKET CHANGE

*Compared to the Previous Quarter:*

Vacancy

DOWN



Net Absorption

POSITIVE



Sales Price

UP



Lease Rates

UP



Transactions

FLAT



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## HIGHLIGHTS

- **Encouraging Numbers** - The Orange County industrial market continued to improve, posting a 3.32% vacancy rate for the third quarter of 2014, the lowest level since the second quarter of 1998. Both vacancy and availability displayed significant drops and asking lease rates and occupancy costs continued to increase. Net absorption posted over 1.3 million square feet of positive absorption during the third quarter.
- **Construction** - There was 625,950 square feet under construction at the end of the third quarter of 2014 and over 1.85 million square feet planned, mostly in Anaheim and Brea. This is the most construction we have seen since 2008. We anticipate more build-to-suit and speculative development emerging later this year.
- **Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 3.32%, the lowest figure seen since the second quarter of 1998, and a decrease of over 20% since the third quarter of 2013. The West County submarket presented the lowest vacancy rate in the county at 2.79%.
- **Availability** - Direct/sublease space being marketed came in at 5.96% for the third quarter of 2014, a 15 basis point decrease from the previous quarter and a decrease of 7.45% from 2013's rate of 6.44%. The lack of available space is creating pent up demand in some size ranges and is applying upward pressure on pricing.
- **Lease Rates** - The average asking triple-net lease rate checked in at \$.63 per square foot per month, one cent higher than the previous quarter and up two cents or 3.28% over 2013's third quarter figure. The South County submarket posted the highest average asking lease rate in the county at \$.74. The record high rate of \$.80 was established in the second and third quarters of 2008.
- **Sales Pricing** - The average asking sales price in the third quarter of 2014 was \$165 per square foot, four dollars and twenty cents higher than the previous quarter and up 10.69% when compared to 2013's third quarter rate. The record high asking price of \$181.23 was established in the third quarter of 2007.
- **Absorption** - The Orange County industrial market posted 1,331,446 square feet of positive net absorption at the end of the third quarter of 2014, giving the industrial market 9.3 million square feet of positive absorption since the second quarter of 2010. West Orange County experienced over 623,000 square feet of positive absorption in the third quarter of 2014. We are forecasting that net absorption will continue its positive trend into the fourth quarter of 2014.
- **Transaction Activity** - Leasing activity for the end of the third quarter checked in at 2.4 million square feet, about 250,000 square feet less than the previous quarter. Sales activity was higher than the previous year, posting 2.4 million square feet in the third quarter, compared to 1.5 million in the third quarter of 2013. This statistic can have some lag time in being reported, so look for the third quarter figures to end up somewhat higher in the next report. Details of the largest transactions can be found on the back page of this report.
- **Employment** - The unemployment rate in Orange County was 5.4% in August 2014, down from a revised 5.8% in July 2014 and below the previous year's estimate of 6.4%. This compares with an unadjusted unemployment rate of 7.4% for California and 6.3% for the nation during the same period. According to the State of California Employment Development Department, Orange County saw a net increase of 17,900 payroll jobs from August 2013 to August 2014. Most sectors showed gains in employment; the largest gains were 5,500 in educational and health services and 5,300 in leisure and hospitality during that same period. Financial activities posted the largest year-over-year loss, dropping by 4,200 jobs.
- **Overall** - Vacancy continues to drop, and the amount of available space has decreased significantly over the past year. A lack of product available for lease and sale in some size ranges (particularly anything below 100,000 square feet) is causing an increase in prices and a drop in transaction volume. While these are certainly positive indicators, cautious optimism still prevails, as job creation will need to continue in order to drive the demand needed to sustain growth in the Orange County industrial market.

## FORECAST

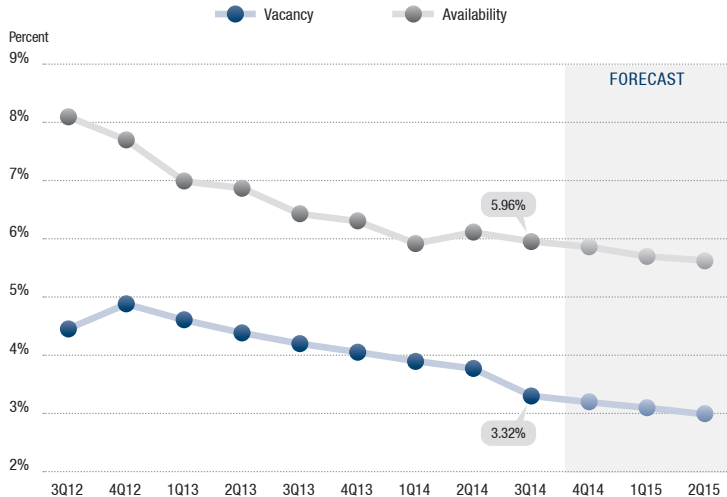
- **Employment** - We anticipate job growth of around 2.6%, or 37,000 jobs, in the Orange County area over the year. The most rapid growth is forecast to take place in the construction, education & health, professional & business services, and leisure & hospitality sectors.
- **Lease Rates** - Expect average asking lease rates to increase by another 4% to 7% over the next four quarters.
- **Vacancy** - We anticipate vacancy rate continuing to descend in coming quarters, dropping by 60 basis points, to around 3.0%, by the end of the second quarter of 2015.

## OVERVIEW

	3Q14	2Q14	3Q13	% of Change vs. 3Q13
Vacancy Rate	3.32%	3.76%	4.20%	(20.95%)
Availability Rate	5.96%	6.11%	6.44%	(7.45%)
Average Asking Lease Rate	\$0.63	\$0.62	\$0.61	3.28%
Average Asking Sale Price	\$165.00	\$155.80	\$149.07	10.69%
Sale & Lease Transactions	4,826,228	4,852,585	4,956,533	(2.63%)
Gross Absorption	3,692,207	2,622,066	3,502,049	5.43%
Net Absorption	1,331,446	310,116	809,892	N/A

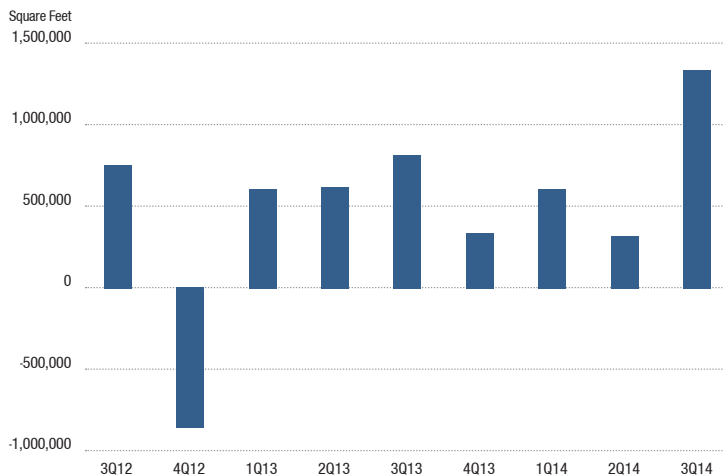
## VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



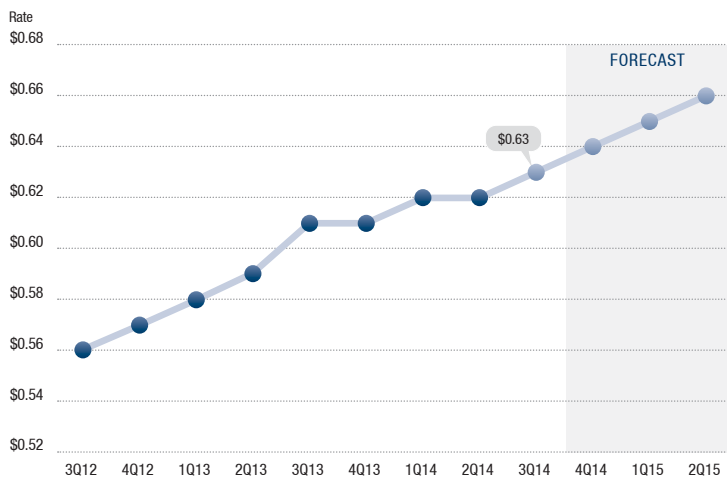
## NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



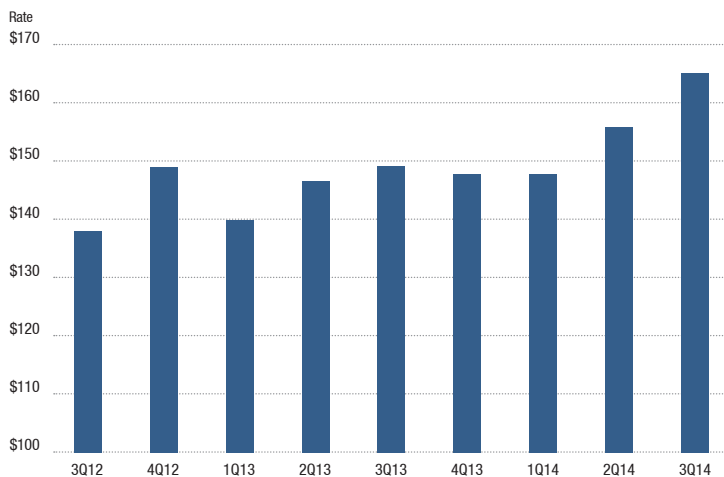
## AVERAGE ASKING TRIPLE-NET LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



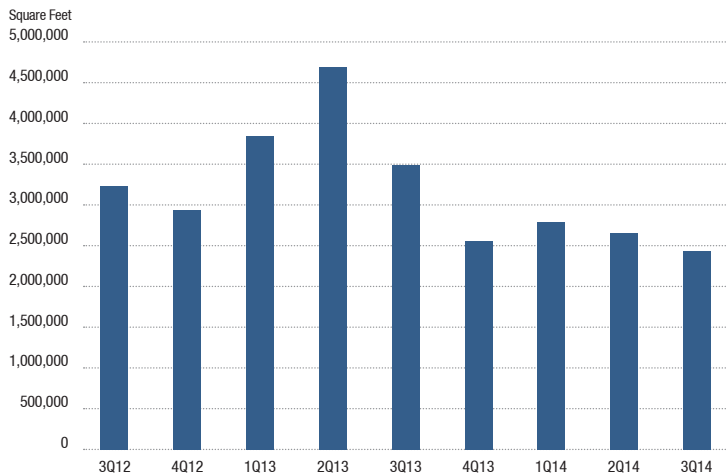
## WEIGHTED AVERAGE ASKING SALES RATES

SALES PRICE ON A PER SQ. FT. BASIS



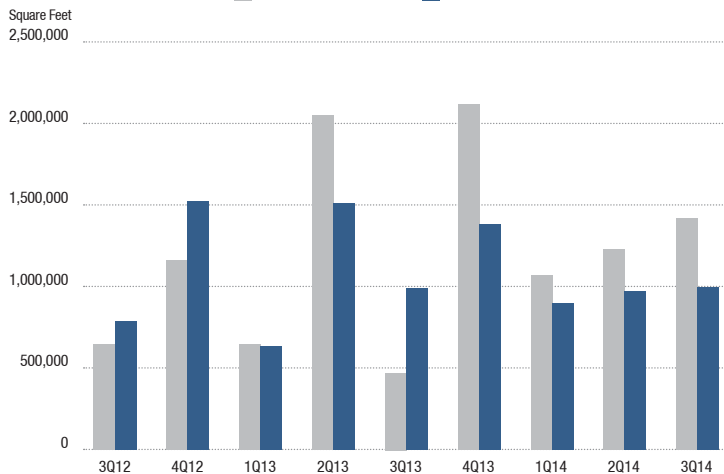
## LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



## SALES TRANSACTIONS

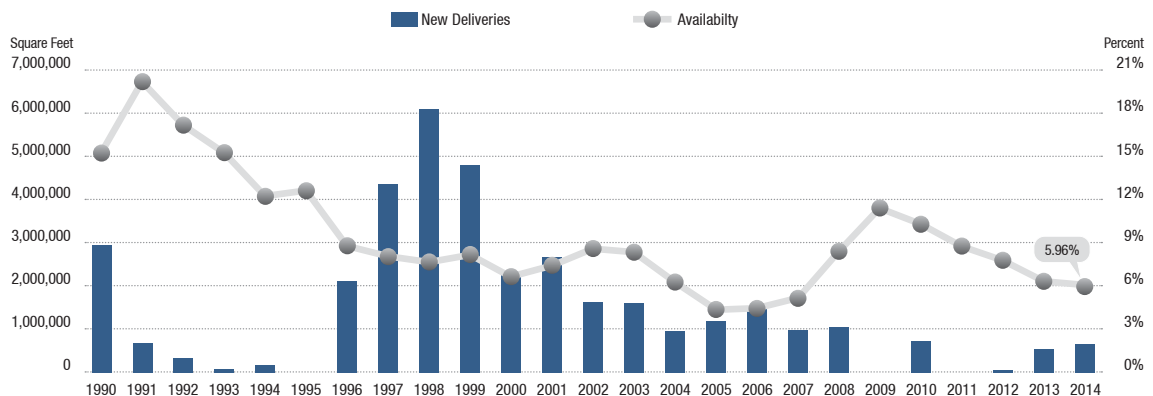
TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Square Feet Available	Availability Rate 3Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2014	Net Absorption 2014	Gross Absorption 3Q2014	Gross Absorption 2014
<b>North County</b>														
Anaheim	1,825	44,039,135	625,950	599,642	1,455,429	3.30%	1,949,159	4.43%	\$0.52	\$171.32	192,032	806,543	494,346	1,685,197
Brea	326	11,445,091	0	725,322	201,844	1.76%	887,805	7.76%	\$0.59	\$156.60	88,725	122,558	153,776	308,240
Buena Park	231	13,490,593	0	0	509,674	3.78%	783,173	5.81%	\$0.56	\$143.66	(1,623)	62,883	263,075	873,392
Fullerton	442	16,951,486	0	0	309,125	1.82%	1,344,565	7.93%	\$0.52	\$159.05	152,251	(43,414)	342,358	545,209
La Habra	199	4,106,646	0	15,000	703,683	17.14%	729,775	17.77%	\$0.83	\$181.66	(41,159)	(37,720)	13,761	60,717
Orange	737	13,642,474	0	0	183,277	1.34%	228,027	1.67%	\$0.97	\$181.41	50,718	39,322	126,938	229,330
Placentia	219	4,116,635	0	0	326,534	7.93%	160,366	3.90%	\$0.67	\$163.51	(22,825)	32,433	40,002	180,116
Yorba Linda	52	985,573	0	0	32,385	3.29%	62,914	6.38%	\$0.77	\$164.26	3,402	(23,072)	14,010	22,346
<b>North County Total</b>	<b>4,031</b>	<b>108,777,633</b>	<b>625,950</b>	<b>1,339,964</b>	<b>3,721,951</b>	<b>3.42%</b>	<b>6,145,784</b>	<b>5.65%</b>	<b>\$0.55</b>	<b>\$167.11</b>	<b>421,521</b>	<b>959,533</b>	<b>1,448,266</b>	<b>3,904,547</b>
<b>West County</b>														
Cypress	97	3,906,486	0	0	329,393	8.43%	690,944	17.69%	\$0.58	\$163.24	77,078	134,462	77,078	137,147
Garden Grove	480	12,028,679	0	0	378,549	3.15%	1,009,779	8.39%	\$0.58	\$164.63	(59,198)	(72,714)	139,523	398,801
Huntington Beach	673	14,186,961	0	186,154	160,165	1.13%	593,341	4.18%	\$0.54	\$190.13	645,980	969,195	789,614	1,275,894
La Palma	16	1,774,689	0	0	22,288	1.26%	192,980	10.87%	\$0.00	\$157.06	(22,288)	(22,288)	0	0
Los Alamitos	96	2,395,829	0	0	177,195	7.40%	190,678	7.96%	\$0.57	\$0.00	760	6,728	42,303	71,376
Seal Beach	15	981,146	0	0	0	0.00%	64,000	6.52%	\$0.73	\$161.72	0	0	0	0
Stanton	175	1,802,073	0	0	12,360	0.69%	53,700	2.98%	\$0.00	\$193.14	(9,308)	16,043	6,200	44,683
Westminster	151	2,366,424	0	0	18,592	0.79%	22,597	0.95%	\$0.00	\$0.00	(9,052)	(5,502)	23,500	37,213
<b>West County Total</b>	<b>1,703</b>	<b>39,442,287</b>	<b>0</b>	<b>186,154</b>	<b>1,098,542</b>	<b>2.79%</b>	<b>2,818,019</b>	<b>7.14%</b>	<b>\$0.58</b>	<b>\$167.48</b>	<b>623,972</b>	<b>1,025,924</b>	<b>1,078,218</b>	<b>1,965,114</b>
<b>Airport Area</b>														
Costa Mesa	417	7,599,315	0	0	213,401	2.81%	281,290	3.70%	\$0.77	\$186.36	(6,049)	(73,363)	109,089	167,851
Fountain Valley	184	3,703,496	0	224,200	10,211	0.28%	117,519	3.17%	\$0.00	\$182.91	9,011	14,929	19,194	93,699
Irvine	325	13,058,681	0	0	530,600	4.06%	881,170	6.75%	\$0.74	\$143.98	29,163	133,065	82,263	400,803
Newport Beach	51	903,351	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	1,359	1,359	1,359	2,359
Santa Ana	1,580	30,711,061	0	12,100	914,636	2.98%	1,620,559	5.28%	\$0.67	\$160.16	7,358	176,871	335,101	1,041,229
Tustin	117	4,669,748	0	0	354,980	7.60%	508,644	10.89%	\$0.60	\$159.48	(30,969)	(44,093)	48,012	171,041
<b>Airport Area Total</b>	<b>2,674</b>	<b>60,645,652</b>	<b>0</b>	<b>236,300</b>	<b>2,023,828</b>	<b>3.34%</b>	<b>3,409,182</b>	<b>5.62%</b>	<b>\$0.70</b>	<b>\$155.70</b>	<b>9,873</b>	<b>208,768</b>	<b>595,018</b>	<b>1,876,982</b>
<b>South County</b>														
Aliso Viejo	18	682,318	0	0	7,139	1.05%	23,379	3.43%	\$1.10	\$175.97	1,997	(1,633)	5,506	5,506
Foothill Ranch	68	3,662,255	0	53,264	144,203	3.94%	230,763	6.30%	\$0.70	\$0.00	47,100	(63,251)	59,237	84,323
Irvine Spectrum	211	9,284,033	0	26,382	293,924	3.17%	585,849	6.31%	\$0.68	\$185.07	171,762	186,508	261,370	643,238
Laguna Hills	93	1,212,311	0	15,000	46,481	3.83%	105,671	8.72%	\$1.02	\$210.27	(432)	15,631	49,313	112,327
Laguna Niguel	25	365,372	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	195	4,205,187	0	0	296,944	7.06%	350,927	8.35%	\$0.78	\$183.16	28,900	(178,643)	107,147	197,338
Mission Viejo	35	543,540	0	0	35,873	6.60%	41,067	7.56%	\$0.00	\$0.00	(3,004)	(14,166)	17,278	27,549
Rancho Santa Margarita	106	1,637,065	0	0	11,804	0.72%	52,195	3.19%	\$0.92	\$165.44	2,350	21,074	4,700	38,399
San Clemente	171	2,065,612	0	0	68,497	3.32%	122,236	5.92%	\$0.83	\$180.87	21,685	38,641	60,432	169,695
San Juan Capistrano	44	940,020	0	0	11,432	1.22%	34,622	3.68%	\$0.95	\$0.00	5,722	44,099	5,722	63,751
<b>South County Total</b>	<b>966</b>	<b>24,597,713</b>	<b>0</b>	<b>94,646</b>	<b>916,297</b>	<b>3.73%</b>	<b>1,546,709</b>	<b>6.29%</b>	<b>\$0.74</b>	<b>\$180.32</b>	<b>276,080</b>	<b>48,260</b>	<b>570,705</b>	<b>1,342,126</b>
<b>Orange County Total</b>	<b>9,374</b>	<b>233,463,285</b>	<b>625,950</b>	<b>1,857,064</b>	<b>7,760,618</b>	<b>3.32%</b>	<b>13,919,694</b>	<b>5.96%</b>	<b>\$0.63</b>	<b>\$165.00</b>	<b>1,331,446</b>	<b>2,242,485</b>	<b>3,692,207</b>	<b>9,088,769</b>
Less than 9,999	3,311	20,153,446	0	0	254,874	1.26%	585,034	2.90%	\$0.91	\$207.73	35,845	131,025	191,053	700,430
10,000-19,999	3,185	43,643,143	0	42,100	1,129,270	2.59%	1,825,501	4.18%	\$0.93	\$174.85	15,441	145,409	566,068	1,721,017
20,000-29,999	1,201	28,575,557	0	26,382	601,661	2.11%	1,022,667	3.58%	\$0.73	\$169.69	64,845	39,584	427,027	1,168,587
30,000-39,999	487	16,529,367	0	141,285	326,434	1.97%	728,765	4.41%	\$0.71	\$152.41	(6,891)	208,919	206,932	707,463
40,000-49,999	278	13,079,763	0	89,488	315,868	2.41%	839,767	6.42%	\$0.60	\$140.57	120,411	109,580	244,677	516,484
50,000-74,999	370	22,233,422	0	170,048	804,315	3.62%	1,432,614	6.44%	\$0.58	\$144.56	206,492	64,831	497,331	801,864
75,000-99,999	167	14,271,899	0	189,842	506,817	3.55%	1,087,848	7.62%	\$0.59	\$160.35	147,480	263,239	173,152	509,584
100,000-149,999	184	21,573,005	0	461,470	1,364,623	6.33%	1,682,056	7.80%	\$0.63	\$167.00	163,513	(115,294)	454,856	747,136
150,000-199,999	68	11,531,812	625,950	154,916	770,668	6.68%	1,180,537	10.24%	\$0.62	\$128.96	194,008	248,563	194,008	387,531
200,000-299,999	70	16,734,459	0	214,339	674,202	4.03%	1,541,351	9.21%	\$0.51	\$0.00	(103,017)	586,681	243,784	1,268,725
300,000 Plus	53	25,137,412	0	367,194	1,011,886	4.03%	1,993,554	7.93%	\$0.57	\$0.00	493,319	559,948	493,319	559,948
<b>Orange County Total</b>	<b>9,374</b>	<b>233,463,285</b>	<b>625,950</b>	<b>1,857,064</b>	<b>7,760,618</b>	<b>3.32%</b>	<b>13,919,694</b>	<b>5.96%</b>	<b>\$0.63</b>	<b>\$165.00</b>	<b>1,331,446</b>	<b>2,242,485</b>	<b>3,692,207</b>	<b>9,088,769</b>

Lease rates are on a triple-net basis.

## ANNUAL NEW DELIVERIES VS. AVAILABILITY RATE

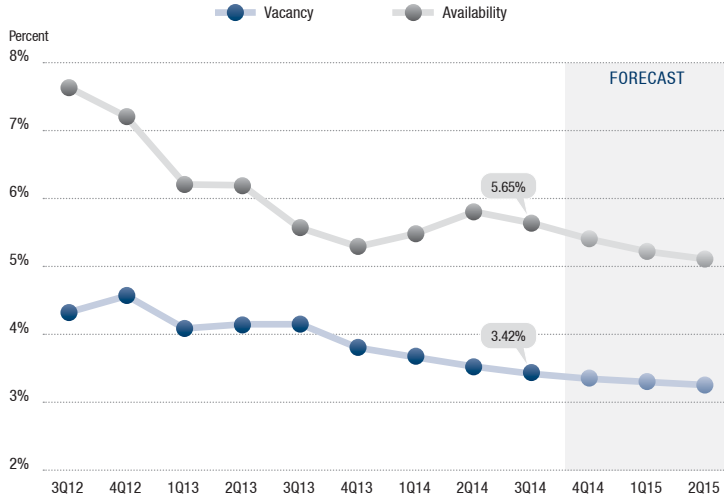


## NORTH ORANGE COUNTY

In the third quarter of 2014, the North Orange County industrial market consisted of 4,031 buildings totaling 108,777,633 square feet and had an availability rate of 5.65%, which shows a decrease from the previous quarter's figure of 5.80%.

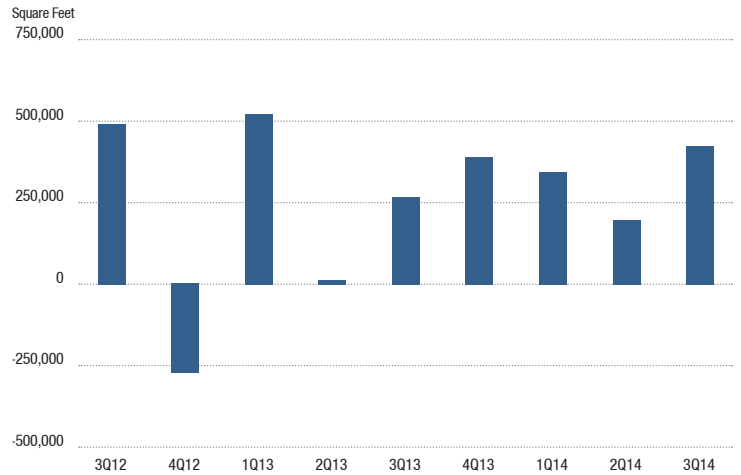
### VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



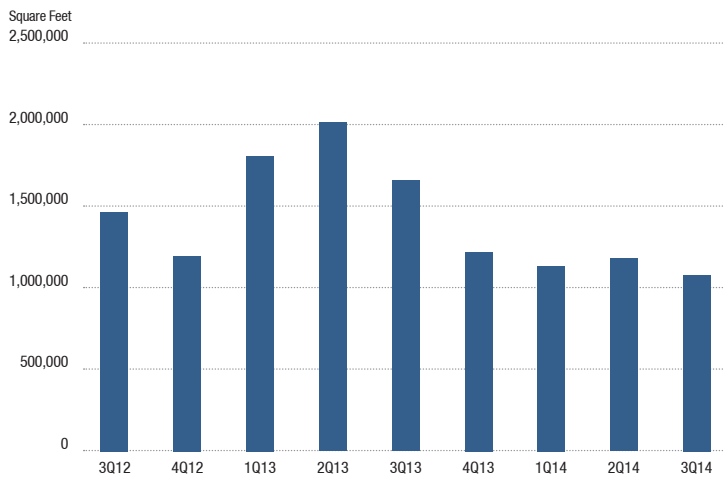
### NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



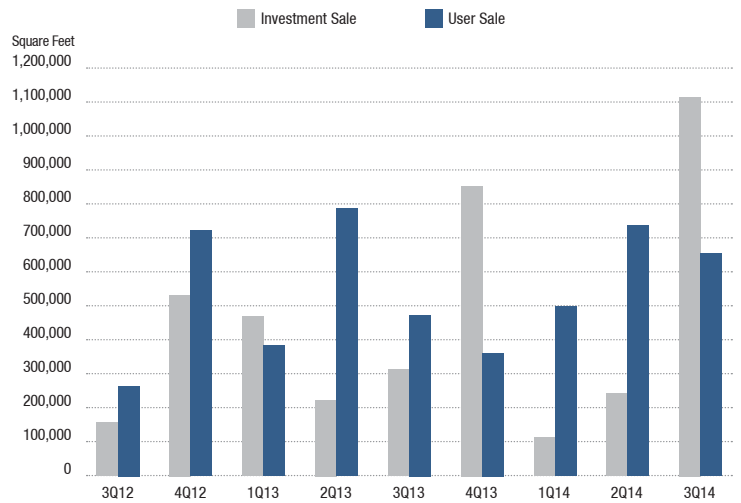
### LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



### SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



### INVENTORY

### VACANCY & LEASE RATES

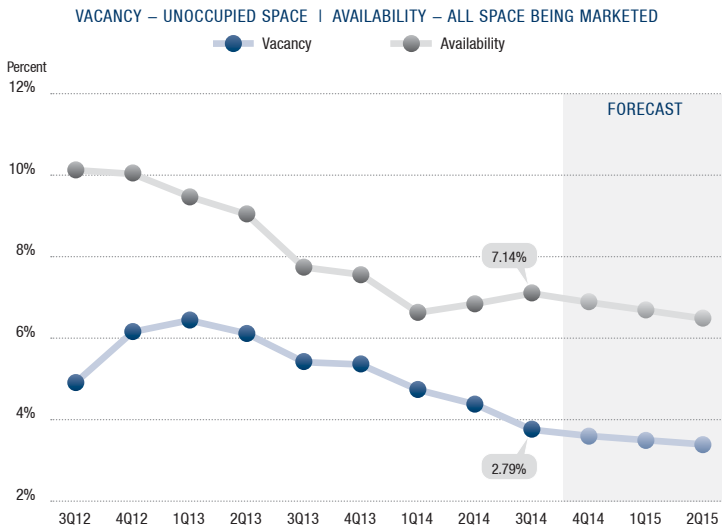
### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Square Feet Available	Availability Rate 3Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2014	Net Absorption 2014	Gross Absorption 3Q2014	Gross Absorption 2014
<b>North Totals</b>														
Less than 9,999	1,311	8,333,254	0	0	102,369	1.23%	252,909	3.03%	\$0.80	\$207.78	46,801	44,035	104,486	324,885
10,000-19,999	1,408	19,381,887	0	15,000	506,710	2.61%	723,458	3.73%	\$0.80	\$174.48	25,474	94,853	206,032	670,266
20,000-29,999	523	12,405,740	0	0	296,722	2.39%	540,045	4.35%	\$0.67	\$169.73	60,099	(23,242)	187,472	436,293
30,000-39,999	222	7,504,055	0	36,085	146,791	1.96%	265,623	3.54%	\$0.65	\$152.77	4,681	102,929	120,271	351,783
40,000-49,999	131	5,747,714	0	48,088	61,718	1.07%	242,082	4.21%	\$0.55	\$140.67	131,269	116,776	132,709	225,347
50,000-74,999	174	10,427,405	0	66,602	390,855	3.75%	862,036	8.27%	\$0.55	\$149.07	119,497	54,033	274,217	340,152
75,000-99,999	74	6,292,436	0	95,270	183,579	2.92%	231,878	3.69%	\$0.41	\$165.88	28,890	38,590	54,562	64,562
100,000-149,999	92	10,881,424	0	342,470	522,027	4.80%	432,861	3.98%	\$0.60	\$177.71	111,182	71,472	151,182	283,654
150,000-199,999	31	5,308,942	625,950	154,916	282,160	5.31%	272,332	5.13%	\$0.54	\$0.00	26,230	85,328	26,230	195,496
200,000-299,999	38	9,148,724	0	214,339	628,220	6.87%	1,131,533	12.37%	\$0.51	\$0.00	(132,602)	374,759	191,105	1,012,109
300,000 Plus	27	13,346,052	0	367,194	600,800	4.50%	1,191,027	8.92%	\$0.00	\$0.00	0	0	0	0
<b>Total</b>	<b>4,031</b>	<b>108,777,633</b>	<b>625,950</b>	<b>1,339,964</b>	<b>3,721,951</b>	<b>3.42%</b>	<b>6,145,784</b>	<b>5.65%</b>	<b>\$0.55</b>	<b>\$167.11</b>	<b>421,521</b>	<b>959,533</b>	<b>1,448,266</b>	<b>3,904,547</b>

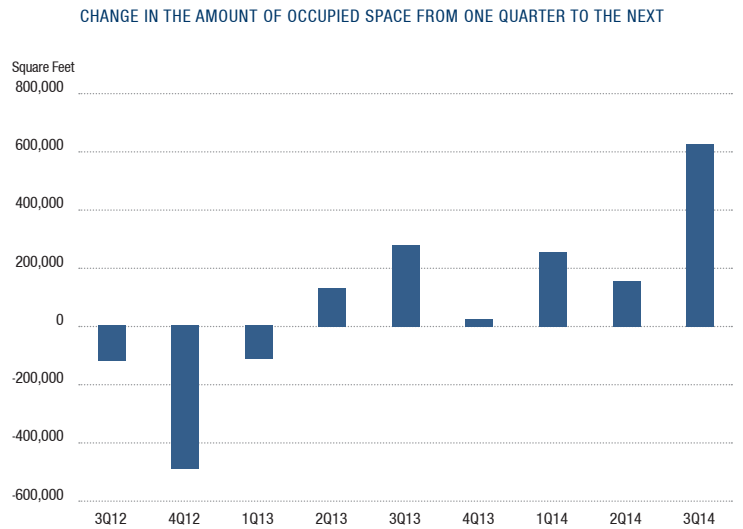
WEST ORANGE COUNTY

In the third quarter of 2014, the West Orange County industrial market consisted of 1,703 buildings totaling 39,442,287 square feet and had an availability rate of 7.14%, which shows an increase from the previous quarter's figure of 6.82%.

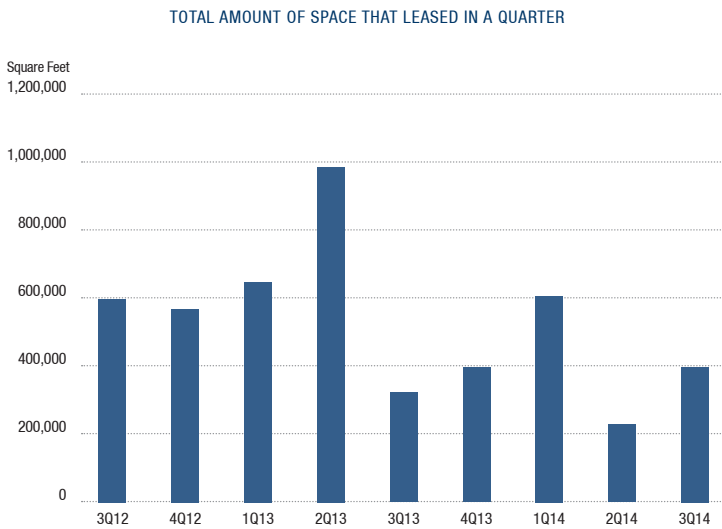
VACANCY & AVAILABILITY RATE



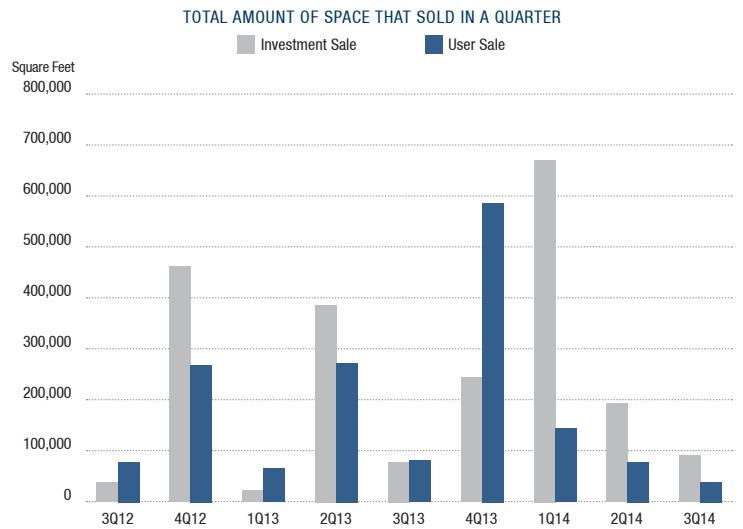
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

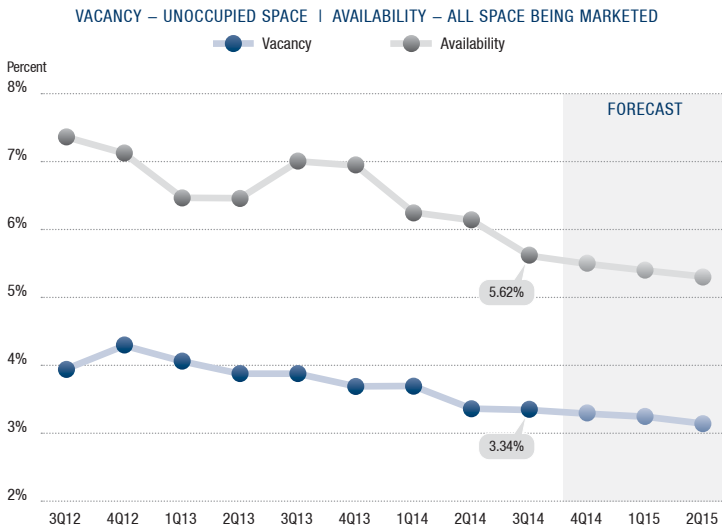
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Square Feet Available	Availability Rate 3Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2014	Net Absorption 2014	Gross Absorption 3Q2014	Gross Absorption 2014
<b>West Totals</b>														
Less than 9,999	699	4,106,119	0	0	52,658	1.28%	93,730	2.28%	\$0.80	\$205.62	(13,001)	42,772	3,880	98,611
10,000–19,999	561	7,422,446	0	0	283,440	3.82%	410,137	5.53%	\$0.72	\$176.32	(79,654)	(68,599)	83,106	310,648
20,000–29,999	183	4,385,013	0	0	62,600	1.43%	102,544	2.34%	\$0.88	\$163.73	(24,561)	20,134	30,275	138,360
30,000–39,999	61	2,127,160	0	0	55,927	2.63%	89,777	4.22%	\$0.67	\$158.68	(6,762)	(9,662)	26,880	65,853
40,000–49,999	51	2,231,641	0	41,400	27,000	1.21%	160,916	7.21%	\$0.54	\$138.94	0	47,092	3,500	95,632
50,000–74,999	59	3,551,570	0	50,182	36,060	1.02%	94,000	2.65%	\$0.66	\$154.98	9,836	(24,810)	9,836	13,586
75,000–99,999	28	2,373,329	0	94,572	58,837	2.48%	200,248	8.44%	\$0.60	\$163.35	77,078	194,453	77,078	206,453
100,000–149,999	25	2,913,398	0	0	259,030	8.89%	511,339	17.55%	\$0.58	\$0.00	(61)	(61)	182,566	182,566
150,000–199,999	15	2,486,049	0	0	240,102	9.66%	314,069	12.63%	\$0.55	\$0.00	167,778	163,235	167,778	192,035
200,000–299,999	13	3,131,860	0	0	22,888	0.73%	409,818	13.09%	\$0.00	\$0.00	0	168,051	0	168,051
300,000 Plus	8	4,713,702	0	0	0	0.00%	431,441	9.15%	\$0.49	\$0.00	493,319	493,319	493,319	493,319
<b>Total</b>	<b>1,703</b>	<b>39,442,287</b>	<b>0</b>	<b>186,154</b>	<b>1,098,542</b>	<b>2.79%</b>	<b>2,818,019</b>	<b>7.14%</b>	<b>\$0.58</b>	<b>\$167.48</b>	<b>623,972</b>	<b>1,025,924</b>	<b>1,078,218</b>	<b>1,965,114</b>

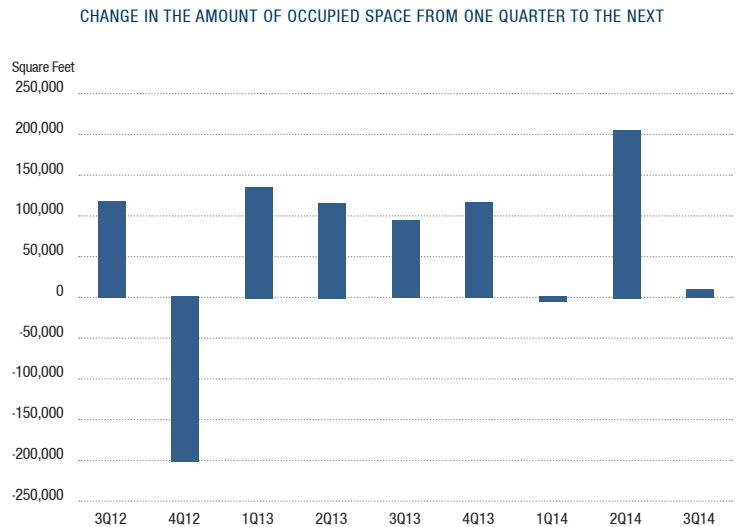
AIRPORT AREA

In the third quarter of 2014, the Airport Orange County industrial market consisted of 2,674 buildings totaling 60,645,652 square feet and had an availability rate of 5.62%, which shows a decrease from the previous quarter's figure of 6.16%.

VACANCY & AVAILABILITY RATE

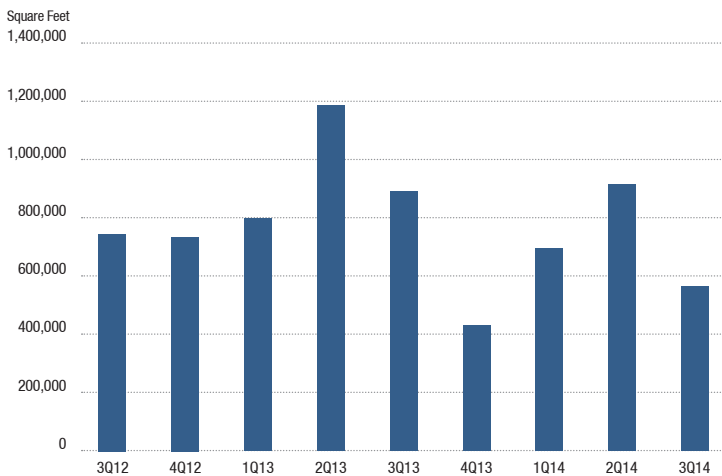


NET ABSORPTION



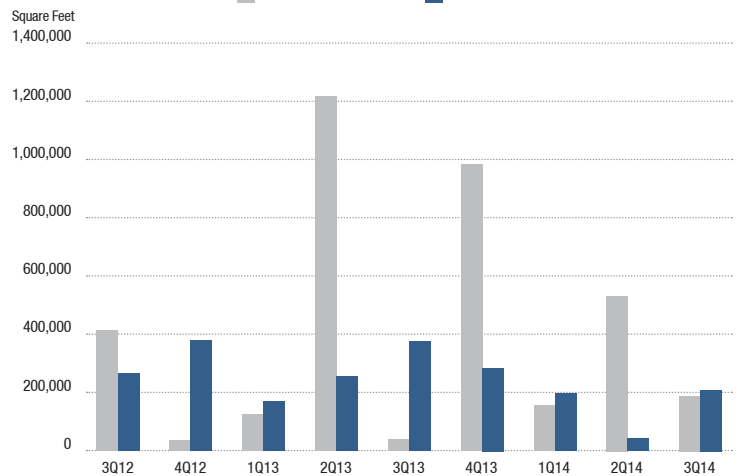
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

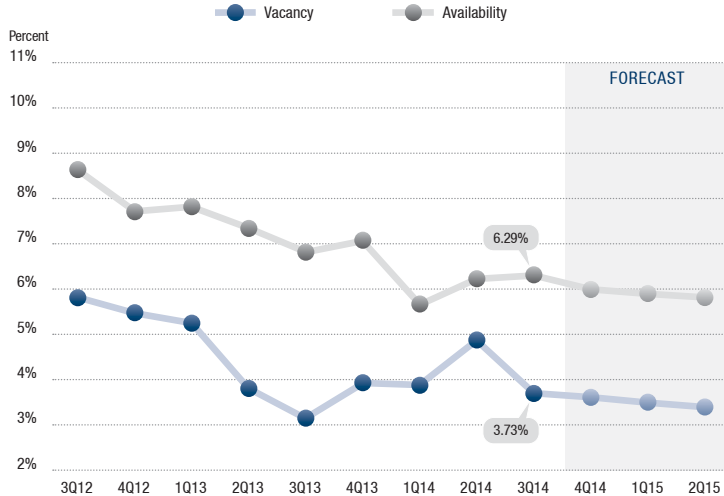
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Square Feet Available	Availability Rate 3Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2014	Net Absorption 2014	Gross Absorption 3Q2014	Gross Absorption 2014
<b>Airport Totals</b>	2,674	60,645,652	0	236,300	2,023,828	3.34%	3,409,182	5.62%	\$0.70	\$155.70	9,873	208,768	595,018	1,876,982
Less than 9,999	937	5,404,844	0	0	47,479	0.88%	127,837	2.37%	\$1.13	\$207.06	(2,597)	43,557	53,330	174,364
10,000–19,999	920	12,547,888	0	12,100	220,288	1.76%	413,844	3.30%	\$1.16	\$173.86	48,665	66,316	189,522	502,465
20,000–29,999	355	8,456,200	0	0	152,713	1.81%	223,589	2.64%	\$0.65	\$166.17	11,668	1,090	104,825	336,789
30,000–39,999	157	5,320,501	0	105,200	98,366	1.85%	254,594	4.79%	\$0.96	\$151.39	(22,087)	40,427	24,301	143,539
40,000–49,999	68	3,841,832	0	0	220,106	5.73%	429,725	11.19%	\$0.66	\$142.05	(56,582)	(56,259)	57,440	135,462
50,000–74,999	103	6,226,252	0	0	309,161	4.97%	368,491	5.92%	\$0.58	\$136.84	31,886	(19,021)	134,788	214,854
75,000–99,999	51	4,395,923	0	0	89,000	2.02%	405,431	9.22%	\$0.63	\$159.90	14,812	94,100	14,812	127,072
100,000–149,999	46	5,277,422	0	119,000	319,824	6.06%	313,250	5.94%	\$0.60	\$157.73	(15,892)	(28,071)	16,000	175,808
150,000–199,999	14	2,396,280	0	0	155,805	6.50%	501,335	20.92%	\$0.79	\$128.96	0	0	0	0
200,000–299,999	13	3,166,726	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
300,000 Plus	10	3,611,784	0	0	411,086	11.38%	371,086	10.27%	\$0.65	\$0.00	0	66,629	0	66,629

## SOUTH ORANGE COUNTY

In the third quarter of 2014, the South Orange County industrial market consisted of 966 buildings totaling 24,597,713 square feet and had an availability rate of 6.29%, which shows an increase from the previous quarter's figure of 6.23%.

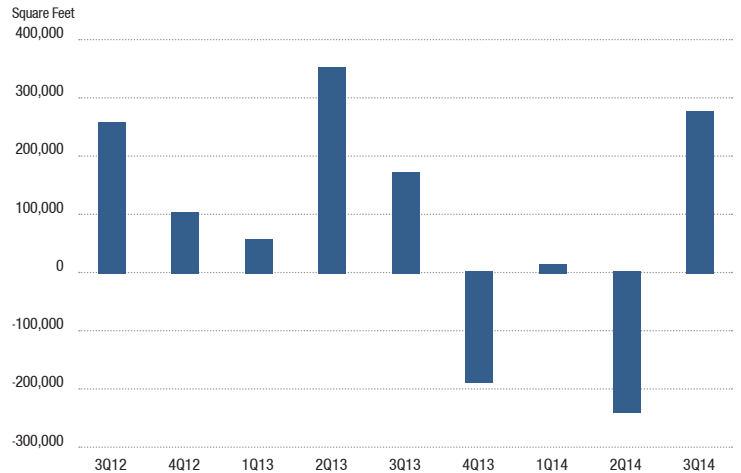
### VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



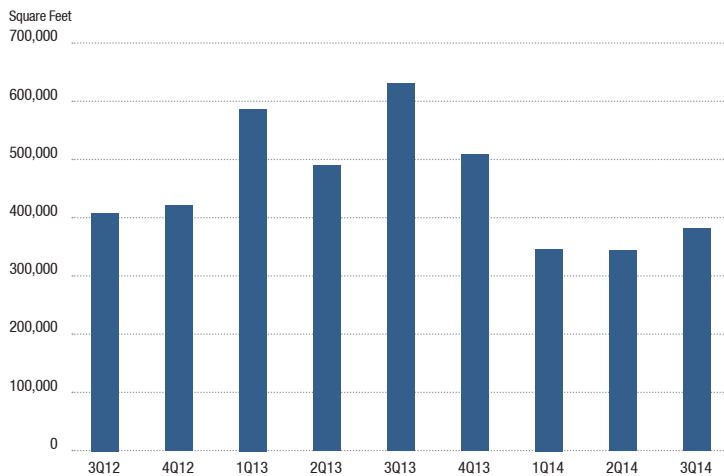
### NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



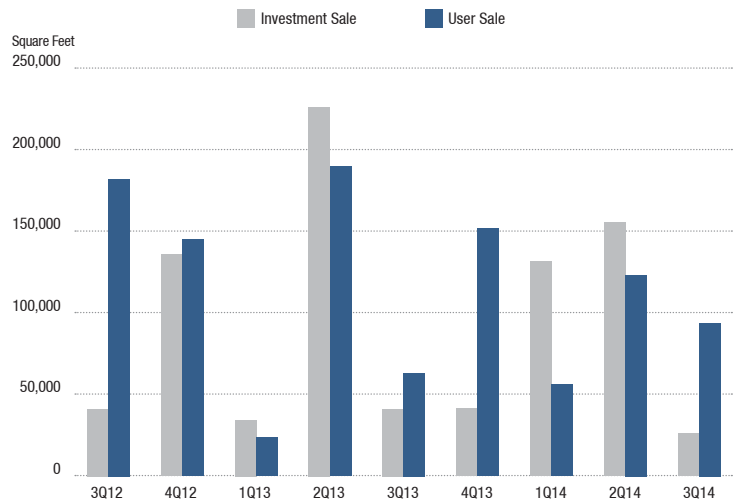
### LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



### SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



### INVENTORY

### VACANCY & LEASE RATES

### ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2014	Square Feet Available	Availability Rate 3Q2014	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2014	Net Absorption 2014	Gross Absorption 3Q2014	Gross Absorption 2014
<b>South Totals</b>														
Less than 9,999	364	2,309,229	0	0	52,368	2.27%	110,558	4.79%	\$0.99	\$209.45	4,642	661	29,357	102,570
10,000–19,999	296	4,290,922	0	15,000	118,832	2.77%	278,062	6.48%	\$0.93	\$175.32	20,956	52,839	87,408	237,638
20,000–29,999	140	3,328,604	0	26,382	89,626	2.69%	156,489	4.70%	\$0.87	\$176.18	17,639	41,602	104,455	257,145
30,000–39,999	47	1,577,651	0	0	25,350	1.61%	118,771	7.53%	\$0.00	\$0.00	17,277	75,225	35,480	146,288
40,000–49,999	28	1,258,576	0	0	7,044	0.56%	7,044	0.56%	\$0.90	\$0.00	45,724	1,971	51,028	60,043
50,000–74,999	34	2,028,195	0	53,264	68,239	3.36%	108,087	5.33%	\$0.76	\$0.00	45,273	54,629	78,490	233,272
75,000–99,999	14	1,210,211	0	0	175,401	14.49%	250,291	20.68%	\$0.65	\$155.25	26,700	(63,904)	26,700	111,497
100,000–149,999	21	2,500,761	0	0	263,742	10.55%	424,606	16.98%	\$0.68	\$0.00	68,284	(158,634)	105,108	105,108
150,000–199,999	8	1,340,541	0	0	92,601	6.91%	92,801	6.92%	\$0.63	\$0.00	0	0	0	0
200,000–299,999	6	1,287,149	0	0	23,094	1.79%	0	0.00%	\$0.00	\$0.00	29,585	43,871	52,679	88,565
300,000 Plus	8	3,465,874	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
<b>Total</b>	<b>966</b>	<b>24,597,713</b>	<b>0</b>	<b>94,646</b>	<b>916,297</b>	<b>3.73%</b>	<b>1,546,709</b>	<b>6.29%</b>	<b>\$0.74</b>	<b>\$180.32</b>	<b>276,080</b>	<b>48,260</b>	<b>570,705</b>	<b>1,342,126</b>



## MAJOR TRANSACTIONS

### Sales Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
601 S. Acacia Ave.	North County	440,227	\$97.11	KTR Capital Partners, LP	Yokohama Tire Corporation
1315 N. Blue Gum St. – 7 Properties	North County	176,450	\$109.89	Turner Development Corporation	TW Investment Corporation
2330 Raymer Ave.	North County	139,592	\$90.55	Nicholas Michael Group	Parkinson
7272 Chapman Ave.	West County	70,000	\$137.50	Sukut Construction, Inc.	Linco Investment Company
1148 N. Ocean Cir.	North County	48,864	\$152.24	MaxWest, LLC	La Palma/ Miller Phase II, LLC

### Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
3130-3150 E. Miraloma Ave.	North County	144,000	Jul-14	Arden Engineering, Inc.	TIAA-CREF
12101 Western Ave.	West County	125,773	Aug-14	OneSource Distributors, LLC	Karney Management
895 Columbia St. – Renewal	North County	115,494	Aug-14	Wurth Louis & Company	Louis Investment Company
6201 Knott Ave. – Renewal	North County	102,361	Sep-14	Mondelez International	Heitman
610 N. Gilbert St. – Renewal	North County	96,960	Jul-14	Dae Shin USA, Inc.	RREEF

## SUBMARKETS

### NORTH

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

### WEST

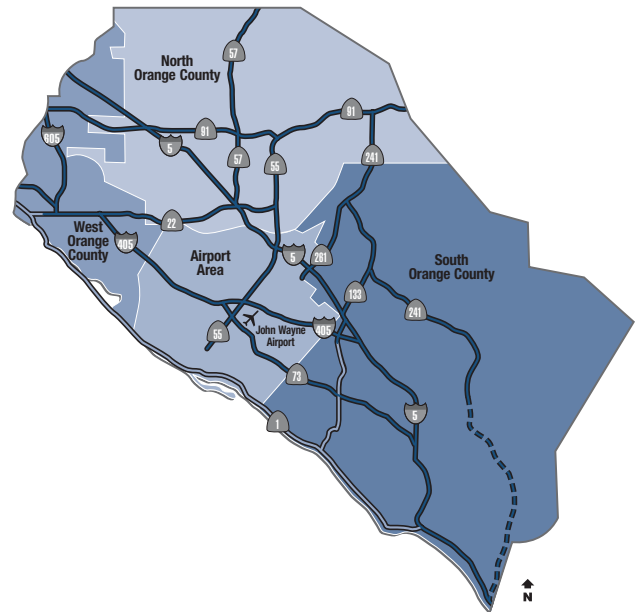
Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

### 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



## PRODUCT TYPE

### MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

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This survey consists of properties 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 Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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