

## MARKET CHANGE

Compared to Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Sales Price

UP

Lease Rates

UP

Transactions

DOWN

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## HIGHLIGHTS

- **Encouraging Numbers** - The Orange County industrial market continued to improve this quarter, as prices continued to increase. Vacancy dropped to its lowest level in over 20 years, posting a 2.62% vacancy rate for the third quarter of 2015, while availability increased to 4.72%. Asking sales prices, asking lease rates and occupancy costs continued to increase. Net absorption posted 761,000 square feet of positive during the quarter.
- **Construction** - There was 1,060,210 square feet under construction at the end of the third quarter of 2015 with 413,836 square feet on the books as planned, mostly in Anaheim, Brea and Fountain Valley. 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 2.62%, the lowest figure ever recorded, and a decrease of 15.21% since the third quarter of 2014, despite the 1.7 million square feet of added space since the first quarter of 2014. The Airport submarket presented the lowest vacancy rate in the county at 1.81%.
- **Availability** - Direct/sublease space being marketed came in at 4.72% for the third quarter of 2015, an 18 basis point increase from the previous quarter, but a decrease of 19.73% from 2014's third quarter rate of 5.88%. 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 \$.67 per square foot per month, up two cents from the previous quarter and up four cents or 6.35% over 2014's third quarter figure. The South County submarket posted the highest average asking lease rate in the county at \$.83. The record high rate of \$.80 for the county was established in the second and third quarters of 2008.
- **Sales Pricing** - The average asking sales price in the third quarter of 2015 was \$213.23 per square foot, thirty dollars and seventeen cents higher than the previous quarter and up 29.23% when compared to 2014's third quarter rate. This is a new record high average asking price, eclipsing the previous record of \$181.23 posted in the third quarter of 2007.
- **Absorption** - The Orange County industrial market posted 760,914 square feet of positive net absorption at the end of the third quarter of 2015, giving the industrial market 12 million square feet of positive absorption since the second quarter of 2010. North Orange County experienced almost 365,000 square feet of positive absorption for the quarter. We are forecasting that positive net absorption will continue in the upcoming quarters.
- **Transaction Activity** - Leasing activity checked in at 1.8 million square feet for the quarter, a decrease over 2014's third quarter total of 3.4 million square feet leased. Sales activity came in below the previous year's rate, recording 1.33 million square feet for the third quarter of 2015 compared to 2014's second quarter total of 2.4 million square feet of sales transactions. This decrease is due to a lack of available space in many size ranges. This statistic can have some lag time in being reported, so look for this quarter's figures to end up somewhat higher on the next report.
- **Employment** - The unemployment rate in Orange County was 4.5% in August 2015, down from a revised 4.7% in July 2015 and below the previous year's estimate of 5.8%. This compares with an unadjusted unemployment rate of 6.1% for California and 5.2% for the nation during the same period. According to the State of California Employment Development Department, Orange County saw a net increase of 48,500 payroll jobs from August 2014 to August 2015. Most sectors showed gains in employment; the largest gains were 9,500 in educational and 8,400 in leisure and hospitality during that same period. Information posted the only year-over-year loss, dropping by 200 jobs.
- **Overall** - Vacancy continues to drop, and the amount of available space has decreased 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. As we move into the last quarter of 2015, positive absorption should continue, occupancy costs will continue to increase and with very few deliveries in the pipeline to apply upward pressure on vacancy, we foresee 2015 being another year of growth.

## FORECAST

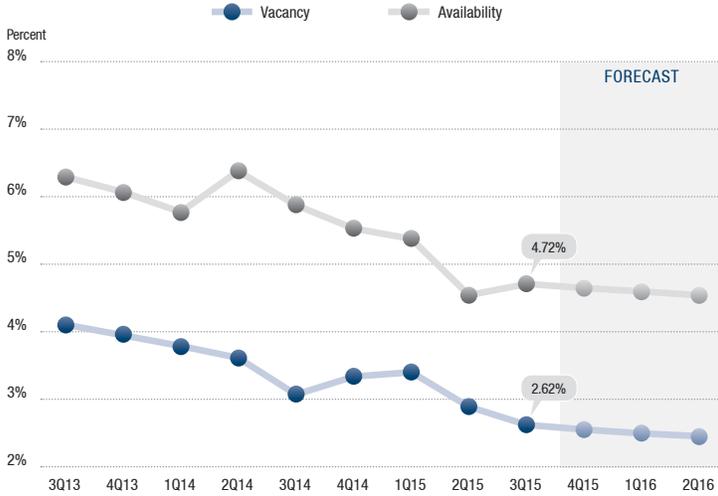
- **Employment** - We anticipate job growth of around 3.1%, or 47,000 jobs, in the Orange County area during the year according to Chapman University. The most rapid growth should take place in the professional & business services, education & health, leisure & hospitality, and construction sectors.
- **Lease Rates** - Expect average asking lease rates to increase by another 7% to 10% over the next four quarters.
- **Vacancy** - We anticipate vacancy rate continuing to descend in coming quarters, dropping by 20 basis points, to around 2.45%, by the end of the second quarter of 2016.

## OVERVIEW

	3Q15	2Q15	3Q14	% of Change vs. 3Q14
Total Vacancy Rate	2.62%	2.89%	3.09%	(15.21%)
Availability Rate	4.72%	4.54%	5.88%	(19.73%)
Average Asking Lease Rate	\$0.67	\$0.65	\$0.63	6.35%
Average Asking Sale Price	\$213.23	\$183.06	\$165.00	29.23%
Sale & Lease Transactions	3,088,343	4,446,514	5,824,687	(46.98%)
Gross Absorption	2,881,694	4,288,260	3,831,153	(24.78%)
Net Absorption	760,914	1,521,711	1,510,399	N/A

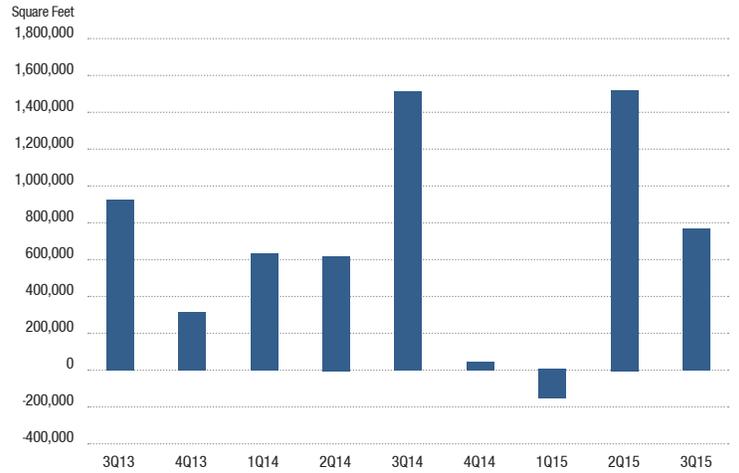
## VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



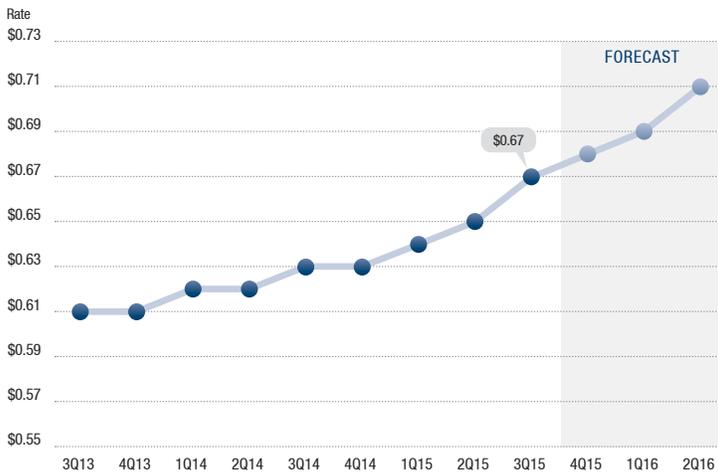
## NET ABSORPTION

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



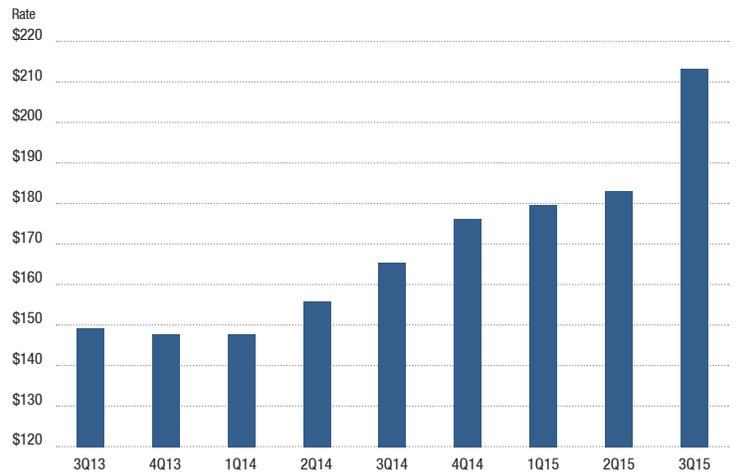
## AVERAGE ASKING TRIPLE-NET LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



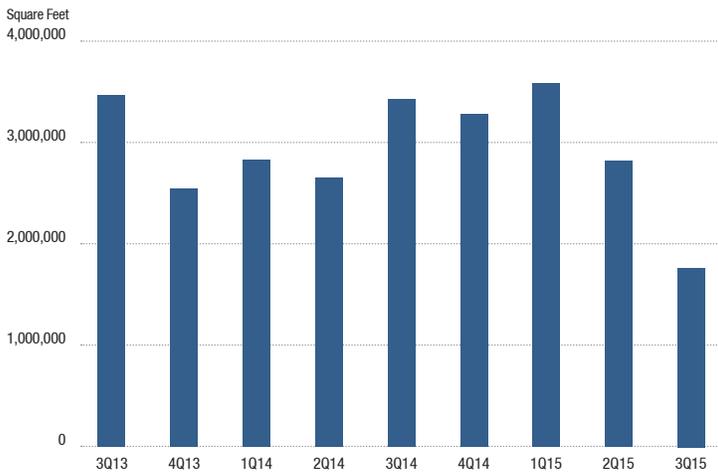
## WEIGHTED AVERAGE ASKING SALES RATES

SALES PRICE ON A PER SQ. FT. BASIS



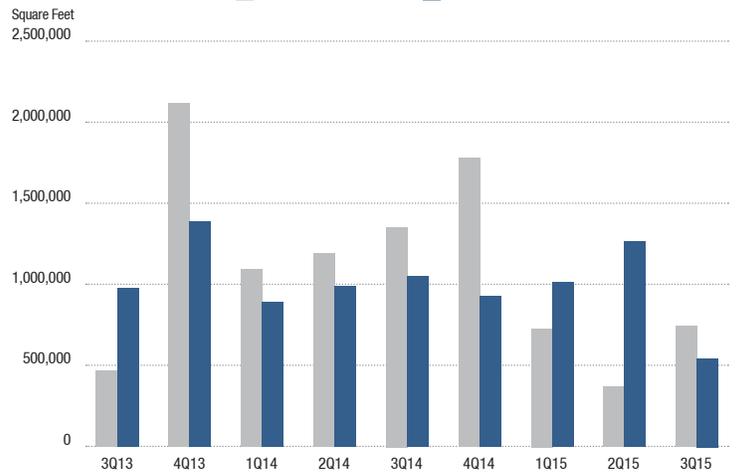
## LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



## SALES TRANSACTIONS

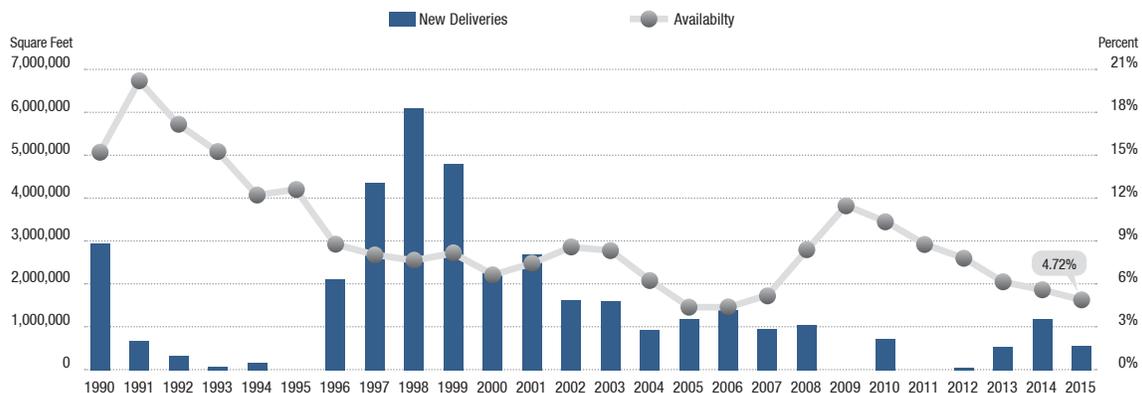
TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2015	Square Feet Available	Availability Rate 3Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2015	Net Absorption 2015	Gross Absorption 3Q2015	Gross Absorption 2015
<b>North County</b>														
Anaheim	1,818	44,101,584	481,821	0	1,381,060	3.13%	1,674,010	3.80%	\$0.66	\$211.67	39,828	387,245	470,704	1,788,643
Brea	328	11,457,517	367,194	218,968	185,429	1.62%	266,203	2.32%	\$0.61	\$203.77	(59,551)	430,069	119,895	866,724
Buena Park	230	13,516,298	0	0	221,259	1.64%	515,903	3.82%	\$0.52	\$173.29	349,187	446,074	460,525	853,999
Fullerton	443	16,988,205	0	0	712,845	4.20%	1,105,719	6.51%	\$0.54	\$233.53	(29,678)	(427,596)	73,852	751,639
La Habra	197	4,088,435	0	15,000	632,299	15.47%	647,921	15.85%	\$0.82	\$214.98	(5,381)	41,897	6,500	67,599
Orange	736	13,606,634	0	0	158,366	1.16%	246,100	1.81%	\$0.92	\$213.89	25,447	53,251	110,678	321,303
Placentia	219	4,111,451	0	0	21,539	0.52%	78,283	1.90%	\$0.00	\$170.04	33,968	35,397	49,516	139,765
Yorba Linda	52	985,473	0	0	14,289	1.45%	4,370	0.44%	\$0.00	\$245.00	10,208	31,087	24,991	52,680
<b>North County Total</b>	<b>4,023</b>	<b>108,855,597</b>	<b>849,015</b>	<b>233,968</b>	<b>3,327,086</b>	<b>3.06%</b>	<b>4,538,509</b>	<b>4.17%</b>	<b>\$0.60</b>	<b>\$207.75</b>	<b>364,028</b>	<b>997,424</b>	<b>1,316,661</b>	<b>4,842,352</b>
<b>West County</b>														
Cypress	96	4,002,005	0	0	210,583	5.26%	384,689	9.61%	\$0.64	\$194.53	110,863	118,810	124,894	177,243
Garden Grove	481	12,051,375	0	0	353,408	2.93%	916,734	7.61%	\$0.63	\$177.55	(66,759)	94,343	168,088	545,244
Huntington Beach	674	14,174,253	0	41,668	225,348	1.59%	568,166	4.01%	\$0.67	\$211.35	242,731	173,341	418,275	657,066
La Palma	16	1,774,689	0	0	93,088	5.25%	168,088	9.47%	\$0.00	\$0.00	(93,088)	(93,088)	0	170,692
Los Alamitos	97	2,422,350	0	0	5,191	0.21%	4,588	0.19%	\$0.00	\$198.84	7,468	158,714	7,468	178,798
Seal Beach	15	981,146	0	0	0	0.00%	64,000	6.52%	\$0.73	\$200.24	0	0	0	0
Stanton	174	1,798,557	0	0	12,005	0.67%	38,583	2.15%	\$0.00	\$180.81	(12,005)	(847)	9,472	34,310
Westminster	152	2,385,952	0	0	1,325	0.06%	88,081	3.69%	\$0.00	\$197.11	17,967	755	21,423	67,066
<b>West County Total</b>	<b>1,705</b>	<b>39,590,327</b>	<b>0</b>	<b>41,668</b>	<b>900,948</b>	<b>2.28%</b>	<b>2,232,929</b>	<b>5.64%</b>	<b>\$0.65</b>	<b>\$197.42</b>	<b>207,177</b>	<b>452,028</b>	<b>749,620</b>	<b>1,830,419</b>
<b>Airport Area</b>														
Costa Mesa	415	7,687,291	0	0	40,113	0.52%	184,229	2.40%	\$0.65	\$201.74	57,970	207,542	75,849	335,308
Fountain Valley	184	3,703,390	172,713	73,200	34,817	0.94%	116,056	3.13%	\$0.76	\$211.11	(24,720)	(21,944)	11,537	54,446
Irvine	322	12,889,553	0	50,000	380,085	2.95%	627,296	4.87%	\$0.76	\$220.69	80,917	16,773	125,478	686,989
Newport Beach	49	565,910	0	0	627	0.11%	627	0.11%	\$0.00	\$0.00	6,126	(627)	6,126	15,270
Santa Ana	1,574	30,329,975	12,100	0	581,482	1.92%	1,497,309	4.94%	\$0.68	\$220.63	(105,203)	251,304	264,116	1,071,741
Tustin	114	4,519,910	0	0	40,500	0.90%	332,376	7.35%	\$0.79	\$215.42	73,727	212,149	83,844	278,362
<b>Airport Area Total</b>	<b>2,658</b>	<b>59,696,029</b>	<b>184,813</b>	<b>123,200</b>	<b>1,077,624</b>	<b>1.81%</b>	<b>2,757,893</b>	<b>4.62%</b>	<b>\$0.71</b>	<b>\$217.51</b>	<b>88,817</b>	<b>665,197</b>	<b>566,950</b>	<b>2,442,116</b>
<b>South County</b>														
Aliso Viejo	18	682,318	0	0	0	0.00%	20,180	2.96%	\$0.00	\$0.00	19,746	3,506	19,746	19,746
Foothill Ranch	67	3,462,908	0	0	49,530	1.43%	423,936	12.24%	\$0.92	\$235.38	7,200	26,294	7,200	68,813
Irvine Spectrum	204	9,095,765	26,382	0	260,549	2.86%	356,835	3.92%	\$0.77	\$251.18	33,792	84,070	42,795	332,364
Laguna Hills	101	1,239,026	0	0	40,950	3.31%	70,503	5.69%	\$1.00	\$232.56	(9,066)	22,862	24,501	120,088
Laguna Niguel	25	365,372	0	15,000	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	192	4,147,064	0	0	321,285	7.75%	434,175	10.47%	\$0.76	\$221.24	31,339	(116,636)	78,475	105,377
Mission Viejo	33	519,924	0	0	5,237	1.01%	9,463	1.82%	\$0.00	\$232.56	(1,437)	14,817	690	25,499
Rancho Santa Margarita	102	1,608,122	0	0	41,818	2.60%	25,242	1.57%	\$0.89	\$265.48	1,300	(30,579)	5,640	22,684
San Clemente	159	1,960,516	0	0	51,790	2.64%	65,592	3.35%	\$0.00	\$199.98	5,018	9,797	33,479	116,877
San Juan Capistrano	43	915,020	0	0	16,647	1.82%	31,460	3.44%	\$1.10	\$0.00	13,000	3,397	35,937	39,811
<b>South County Total</b>	<b>944</b>	<b>23,996,035</b>	<b>26,382</b>	<b>15,000</b>	<b>787,806</b>	<b>3.28%</b>	<b>1,437,386</b>	<b>5.99%</b>	<b>\$0.83</b>	<b>\$241.55</b>	<b>100,892</b>	<b>17,528</b>	<b>248,463</b>	<b>851,259</b>
<b>Orange County Total</b>	<b>9,330</b>	<b>232,137,988</b>	<b>1,060,210</b>	<b>413,836</b>	<b>6,093,464</b>	<b>2.62%</b>	<b>10,966,717</b>	<b>4.72%</b>	<b>\$0.67</b>	<b>\$213.23</b>	<b>760,914</b>	<b>2,132,177</b>	<b>2,881,694</b>	<b>9,966,146</b>
Less than 9,999	3,292	20,013,264	0	0	238,691	1.19%	513,389	2.57%	\$0.88	\$201.07	(44,137)	(31,122)	144,734	461,777
10,000-19,999	3,152	43,529,376	12,100	30,000	611,348	1.40%	1,028,820	2.36%	\$0.84	\$207.15	281,736	309,474	670,727	1,923,086
20,000-29,999	1,194	28,351,560	26,382	0	432,472	1.53%	994,479	3.51%	\$0.82	\$212.78	(6,979)	132,878	293,804	1,069,190
30,000-39,999	488	16,559,466	72,368	73,200	278,606	1.68%	409,110	2.47%	\$0.71	\$220.03	54,583	(24,902)	153,769	494,431
40,000-49,999	295	12,950,812	45,087	41,668	253,469	1.96%	377,648	2.92%	\$0.64	\$240.95	152,565	145,792	192,192	495,611
50,000-74,999	371	22,286,127	63,774	50,000	459,233	2.06%	933,311	4.19%	\$0.63	\$201.79	196,000	478,028	328,615	1,217,718
75,000-99,999	167	14,309,615	0	0	284,027	1.98%	695,322	4.86%	\$0.68	\$216.28	154,125	625,833	247,635	917,872
100,000-149,999	180	21,145,217	473,305	0	792,584	3.75%	1,561,637	7.39%	\$0.65	\$0.00	2,549	281,373	301,718	976,058
150,000-199,999	71	12,007,857	0	0	1,136,142	9.46%	1,559,353	12.99%	\$0.61	\$206.77	(101,618)	260,065	144,091	914,238
200,000-299,999	69	16,463,048	0	218,968	252,255	1.53%	1,109,011	6.74%	\$0.68	\$0.00	169,907	337,509	272,548	910,804
300,000 Plus	51	24,521,646	367,194	0	1,354,637	5.52%	1,784,637	7.28%	\$0.65	\$0.00	(97,817)	(382,751)	131,861	585,361
<b>Orange County Total</b>	<b>9,330</b>	<b>232,137,988</b>	<b>1,060,210</b>	<b>413,836</b>	<b>6,093,464</b>	<b>2.62%</b>	<b>10,966,717</b>	<b>4.72%</b>	<b>\$0.67</b>	<b>\$213.23</b>	<b>760,914</b>	<b>2,132,177</b>	<b>2,881,694</b>	<b>9,966,146</b>

Lease rates are on a triple-net basis.

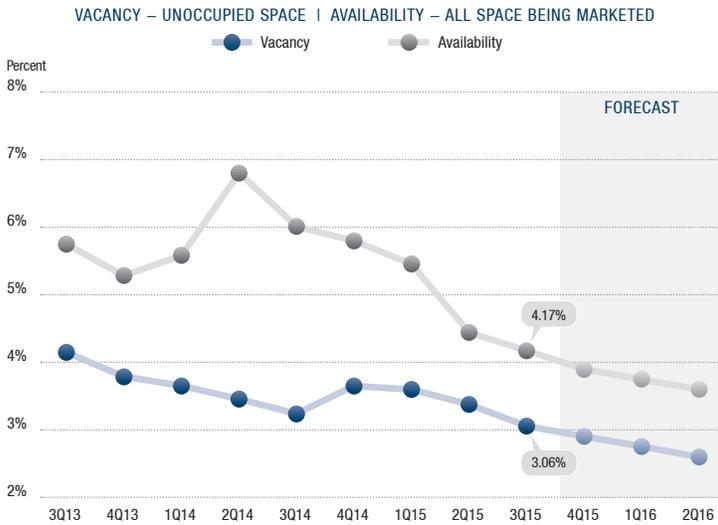
## ANNUAL NEW DELIVERIES VS. AVAILABILITY RATE



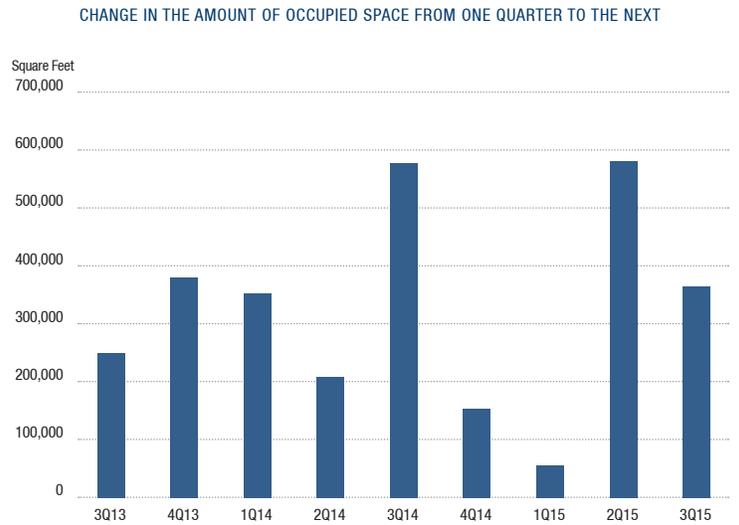
NORTH ORANGE COUNTY

In the third quarter of 2015, the North Orange County industrial market consisted of 4,023 buildings totaling 108,855,597 square feet and had an availability rate of 4.17%, which shows a decrease from the previous quarter's figure of 4.43%.

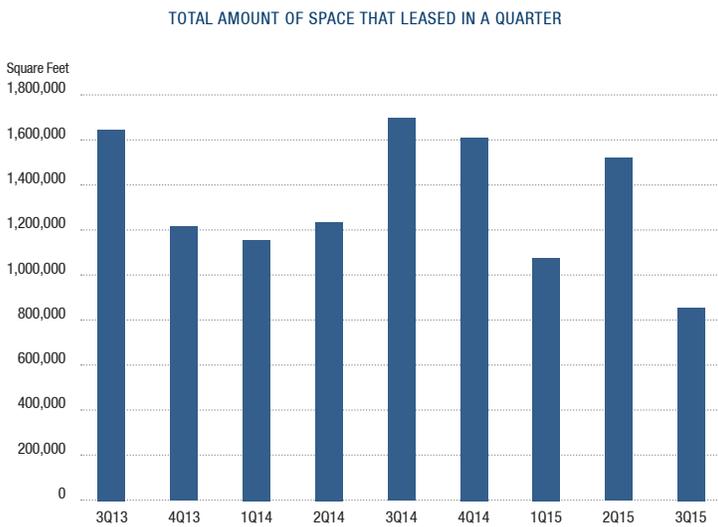
VACANCY & AVAILABILITY RATE



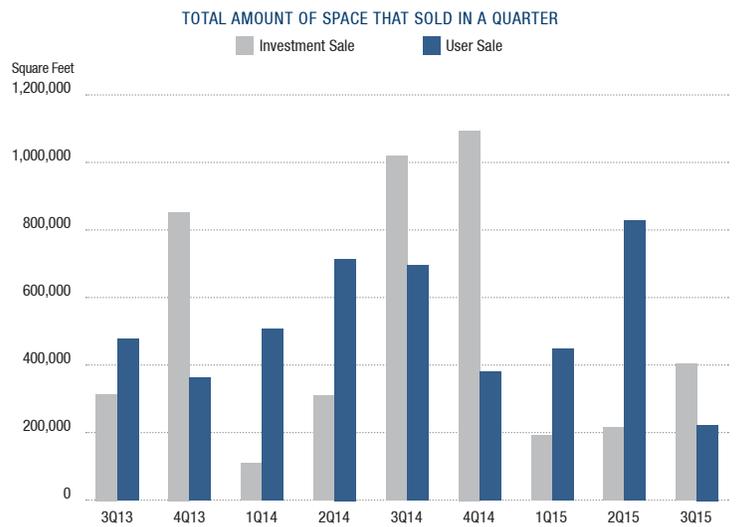
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

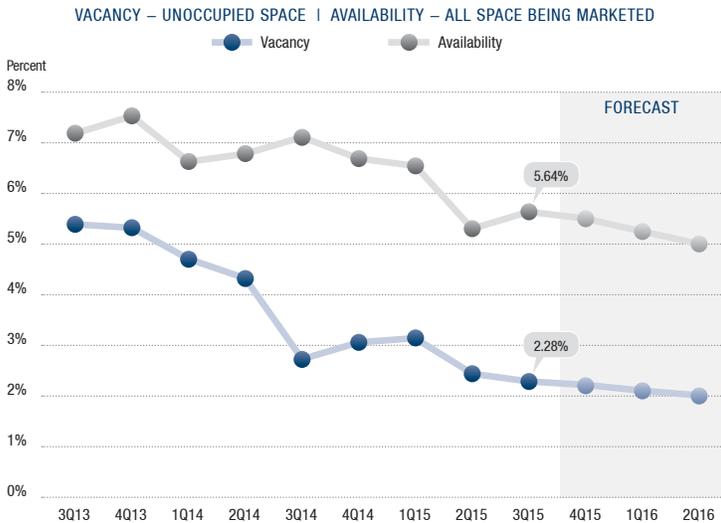
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2015	Square Feet Available	Availability Rate 3Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2015	Net Absorption 2015	Gross Absorption 3Q2015	Gross Absorption 2015
<b>North Totals</b>														
Less than 9,999	1,309	8,298,948	0	0	90,248	1.09%	208,250	2.51%	\$0.77	\$189.97	(16,627)	(1,318)	68,609	232,247
10,000-19,999	1,401	19,319,579	0	15,000	239,612	1.24%	365,118	1.89%	\$0.00	\$214.74	135,752	206,802	285,022	883,500
20,000-29,999	521	12,358,540	0	0	176,387	1.43%	375,364	3.04%	\$0.83	\$222.71	24,105	41,823	146,450	444,601
30,000-39,999	223	7,535,977	33,655	0	113,489	1.51%	167,524	2.22%	\$0.59	\$177.21	14,073	(15,713)	93,829	221,833
40,000-49,999	131	5,746,537	45,087	0	155,188	2.70%	230,340	4.01%	\$0.56	\$247.29	46,328	24,341	60,795	130,570
50,000-74,999	175	10,482,947	63,774	0	240,130	2.29%	287,953	2.75%	\$0.54	\$175.00	114,977	213,693	130,965	670,113
75,000-99,999	73	6,223,532	0	0	75,626	1.22%	125,875	2.02%	\$0.55	\$201.17	28,318	285,753	111,711	500,484
100,000-149,999	91	10,771,201	339,305	0	286,245	2.66%	397,549	3.69%	\$0.61	\$0.00	(119,748)	146,974	36,721	385,990
150,000-199,999	35	5,946,647	0	0	769,527	12.94%	813,301	13.68%	\$0.56	\$0.00	(135,698)	108,027	110,011	655,790
200,000-299,999	38	9,148,724	0	218,968	138,814	1.52%	315,415	3.45%	\$0.53	\$0.00	272,548	428,062	272,548	717,224
300,000 Plus	26	13,022,965	367,194	0	1,041,820	8.00%	1,251,820	9.61%	\$0.00	\$0.00	0	(441,020)	0	0
<b>Total</b>	<b>4,023</b>	<b>108,855,597</b>	<b>849,015</b>	<b>233,968</b>	<b>3,327,086</b>	<b>3.06%</b>	<b>4,538,509</b>	<b>4.17%</b>	<b>\$0.60</b>	<b>\$207.75</b>	<b>364,028</b>	<b>997,424</b>	<b>1,316,661</b>	<b>4,842,352</b>

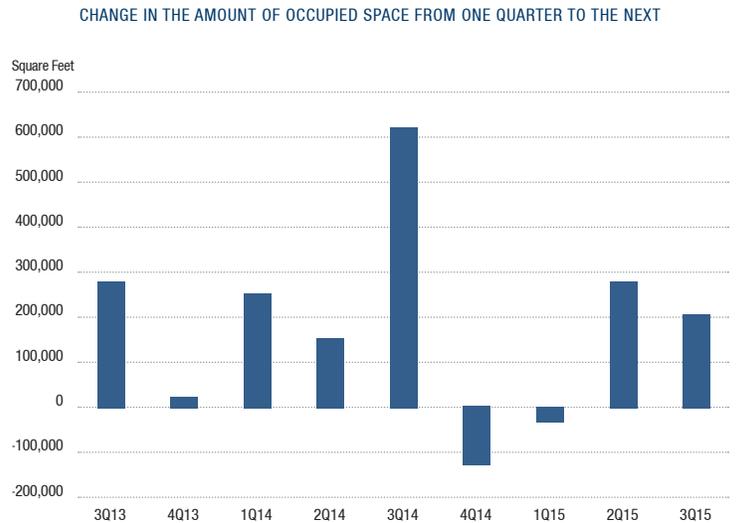
WEST ORANGE COUNTY

In the third quarter of 2015, the West Orange County industrial market consisted of 1,705 buildings totaling 39,590,327 square feet and had an availability rate of 5.64%, which shows an increase from the previous quarter's figure of 5.31%.

VACANCY & AVAILABILITY RATE

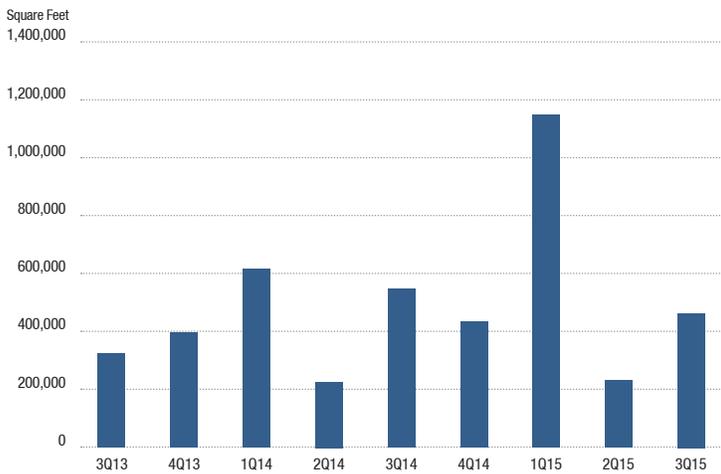


NET ABSORPTION



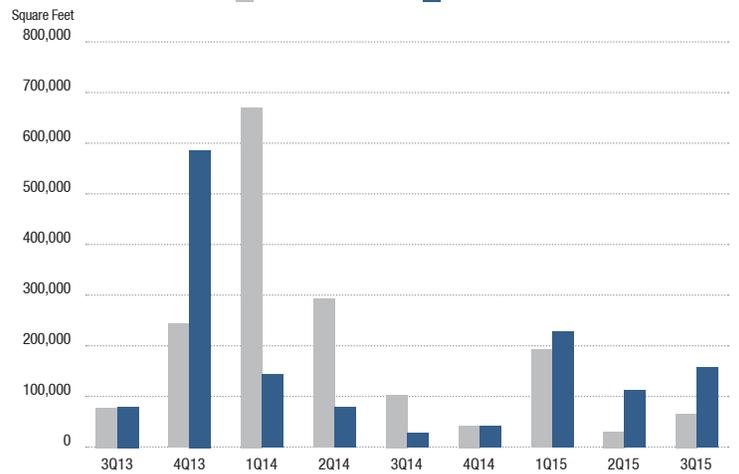
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

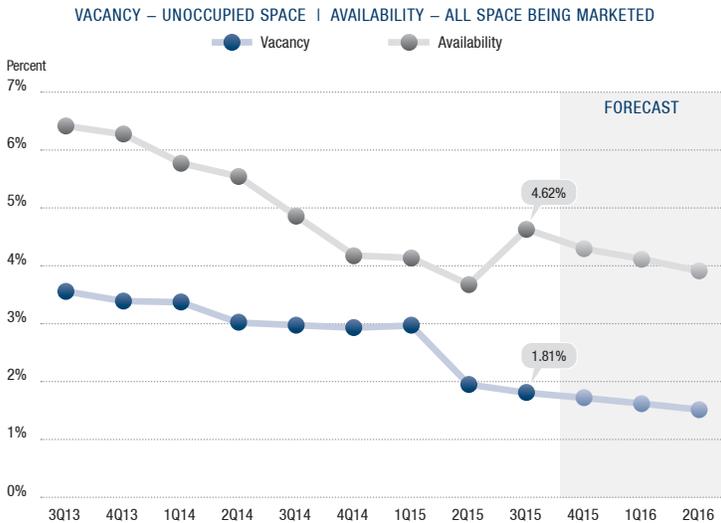
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2015	Square Feet Available	Availability Rate 3Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2015	Net Absorption 2015	Gross Absorption 3Q2015	Gross Absorption 2015
<b>West Totals</b>	700	4,137,840	0	0	76,969	1.86%	140,679	3.40%	\$1.13	\$182.06	(30,264)	(20,373)	26,677	68,700
Less than 9,999	560	7,418,470	0	0	90,502	1.22%	198,190	2.67%	\$0.99	\$193.29	36,286	98,178	98,424	264,854
10,000-19,999	183	4,382,445	0	0	97,538	2.23%	199,381	4.55%	\$0.69	\$184.42	(34,581)	(38,716)	43,268	112,100
20,000-29,999	62	2,159,160	0	0	40,166	1.86%	0	0.00%	\$0.00	\$245.00	39,468	(23,588)	42,924	64,208
30,000-39,999	51	2,234,861	0	41,668	40,248	1.80%	40,248	1.80%	\$0.00	\$249.74	15,460	(30,220)	40,000	50,576
40,000-49,999	58	3,464,144	0	0	110,182	3.18%	407,288	11.76%	\$0.65	\$173.96	(40,000)	6,060	0	109,623
50,000-74,999	30	2,563,801	0	0	0	0.00%	95,900	3.74%	\$0.73	\$0.00	94,572	217,320	94,572	217,320
75,000-99,999	26	3,058,929	0	0	135,250	4.42%	365,912	11.96%	\$0.59	\$0.00	194,797	263,883	264,997	399,133
100,000-149,999	14	2,325,115	0	0	207,452	8.92%	258,452	11.12%	\$0.58	\$0.00	34,080	59,237	34,080	165,647
150,000-199,999	13	3,131,860	0	0	102,641	3.28%	526,879	16.82%	\$0.66	\$0.00	(102,641)	(79,753)	0	193,580
200,000-299,999	8	4,713,702	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	104,678	184,678
300,000 Plus	8	4,713,702	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	104,678	184,678
<b>Total</b>	<b>1,705</b>	<b>39,590,327</b>	<b>0</b>	<b>41,668</b>	<b>900,948</b>	<b>2.28%</b>	<b>2,232,929</b>	<b>5.64%</b>	<b>\$0.65</b>	<b>\$197.42</b>	<b>207,177</b>	<b>452,028</b>	<b>749,620</b>	<b>1,830,419</b>

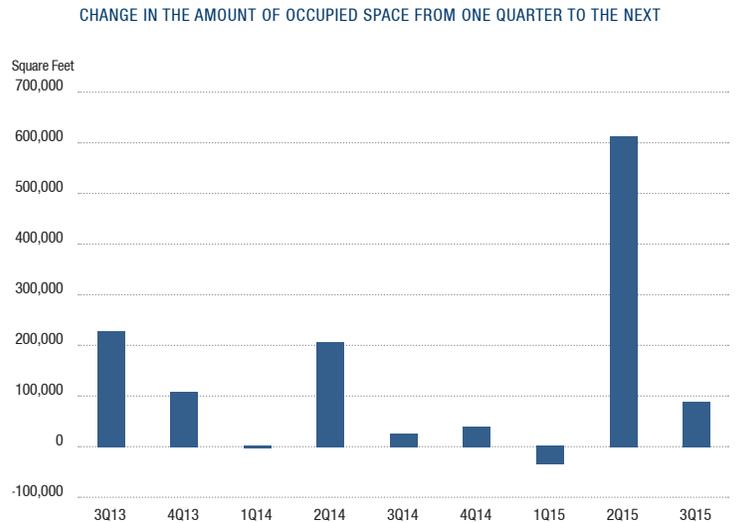
AIRPORT AREA

In the third quarter of 2015, the Airport Orange County industrial market consisted of 2,658 buildings totaling 59,696,029 square feet and had an availability rate of 4.62%, which shows an increase from the previous quarter's figure of 3.66%.

VACANCY & AVAILABILITY RATE

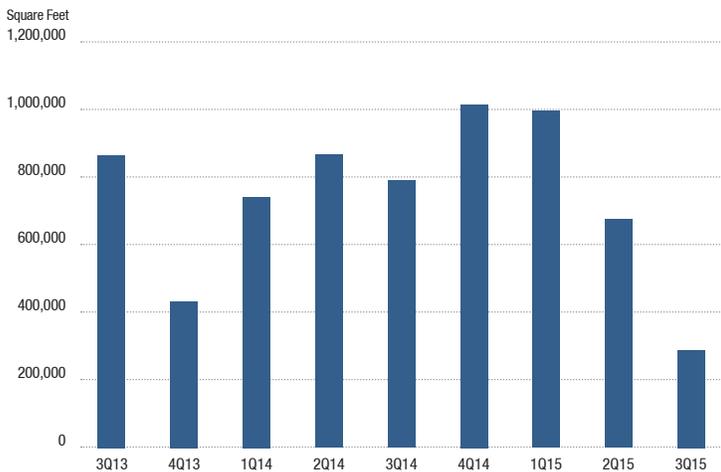


NET ABSORPTION



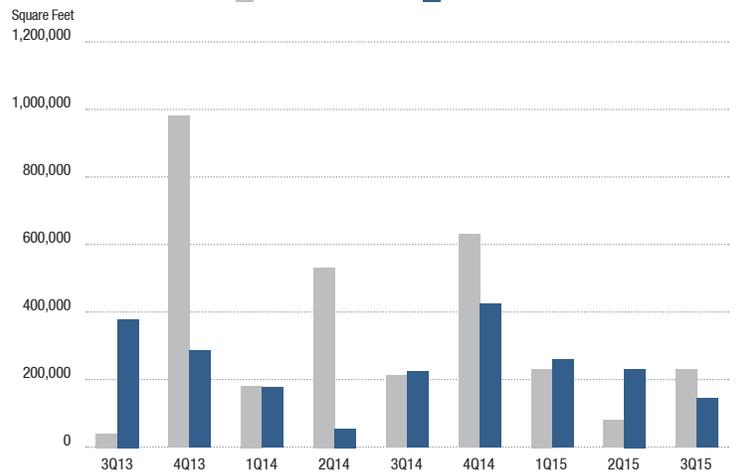
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

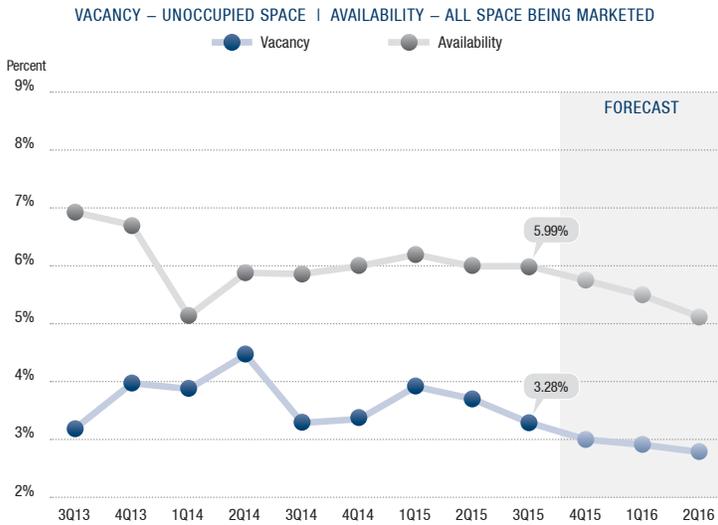
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2015	Square Feet Available	Availability Rate 3Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2015	Net Absorption 2015	Gross Absorption 3Q2015	Gross Absorption 2015
<b>Airport Totals</b>														
Less than 9,999	926	5,331,293	0	0	50,202	0.94%	93,201	1.75%	\$0.00	\$208.05	1,050	(21,061)	40,454	109,558
10,000–19,999	901	12,596,900	12,100	0	181,415	1.44%	315,089	2.50%	\$0.99	\$205.93	63,098	(3,515)	169,244	504,158
20,000–29,999	356	8,419,777	0	0	119,085	1.41%	286,242	3.40%	\$0.00	\$223.66	(32,420)	71,388	25,113	350,502
30,000–39,999	156	5,286,679	38,713	73,200	58,302	1.10%	175,493	3.32%	\$0.75	\$226.06	1,042	23,664	17,016	147,451
40,000–49,999	86	3,759,193	0	0	10,221	0.27%	66,920	1.78%	\$0.52	\$218.41	90,777	192,439	91,397	296,195
50,000–74,999	105	6,364,847	0	50,000	75,783	1.19%	212,842	3.34%	\$0.72	\$219.38	104,352	205,135	155,191	344,883
75,000–99,999	50	4,312,071	0	0	33,000	0.77%	344,717	7.99%	\$0.67	\$231.70	31,235	93,060	41,352	170,368
100,000–149,999	43	4,916,626	134,000	0	77,636	1.58%	242,972	4.94%	\$0.67	\$0.00	(72,500)	45,818	0	118,318
150,000–199,999	14	2,395,554	0	0	159,163	6.64%	487,600	20.35%	\$0.71	\$206.77	0	0	0	0
200,000–299,999	11	2,692,084	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
300,000 Plus	10	3,621,005	0	0	312,817	8.64%	532,817	14.71%	\$0.65	\$0.00	(97,817)	58,269	27,183	400,683
<b>Total</b>	<b>2,658</b>	<b>59,696,029</b>	<b>184,813</b>	<b>123,200</b>	<b>1,077,624</b>	<b>1.81%</b>	<b>2,757,893</b>	<b>4.62%</b>	<b>\$0.71</b>	<b>\$217.51</b>	<b>88,817</b>	<b>665,197</b>	<b>566,950</b>	<b>2,442,116</b>

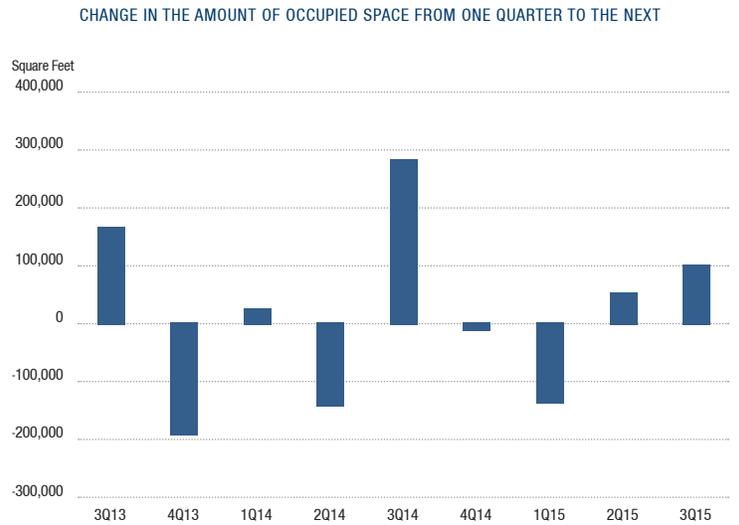
SOUTH ORANGE COUNTY

In the third quarter of 2015, the South Orange County industrial market consisted of 944 buildings totaling 23,996,035 square feet and had an availability rate of 5.99%, which about the same as the previous quarter's figure of 6.00%.

VACANCY & AVAILABILITY RATE

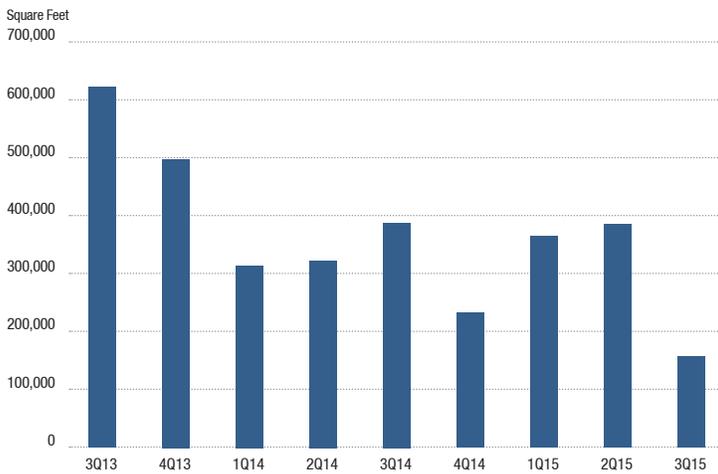


NET ABSORPTION



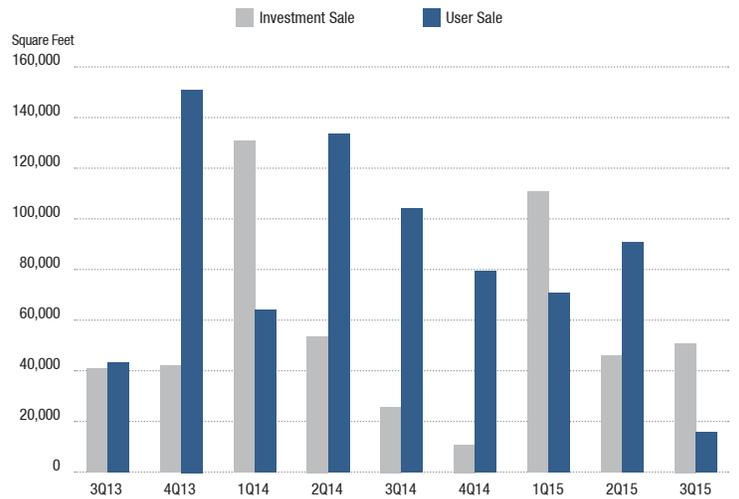
LEASE TRANSACTIONS

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 3Q2015	Square Feet Available	Availability Rate 3Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2015	Net Absorption 2015	Gross Absorption 3Q2015	Gross Absorption 2015
<b>South Totals</b>														
Less than 9,999	357	2,245,183	0	0	21,272	0.95%	71,259	3.17%	\$0.96	\$219.75	1,704	11,630	8,994	51,272
10,000-19,999	290	4,194,427	0	15,000	99,819	2.38%	150,423	3.59%	\$1.11	\$239.21	46,600	8,009	118,037	270,574
20,000-29,999	134	3,190,798	26,382	0	39,462	1.24%	133,492	4.18%	\$0.88	\$190.00	35,917	58,383	78,973	161,987
30,000-39,999	47	1,577,650	0	0	66,649	4.22%	66,093	4.19%	\$0.85	\$249.58	0	(9,265)	0	60,939
40,000-49,999	27	1,210,221	0	0	47,812	3.95%	40,140	3.32%	\$0.89	\$269.00	0	(40,768)	0	18,270
50,000-74,999	33	1,974,189	0	0	33,138	1.68%	25,228	1.28%	\$0.00	\$285.00	16,671	53,140	42,459	93,099
75,000-99,999	14	1,210,211	0	0	175,401	14.49%	128,830	10.65%	\$0.79	\$0.00	0	29,700	0	29,700
100,000-149,999	20	2,398,461	0	0	293,453	12.24%	555,204	23.15%	\$0.70	\$0.00	0	(175,302)	0	72,617
150,000-199,999	8	1,340,541	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	92,801	0	92,801
200,000-299,999	7	1,490,380	0	0	10,800	0.72%	266,717	17.90%	\$0.91	\$0.00	0	(10,800)	0	0
300,000 Plus	7	3,163,974	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
<b>Total</b>	<b>944</b>	<b>23,996,035</b>	<b>26,382</b>	<b>15,000</b>	<b>787,806</b>	<b>3.28%</b>	<b>1,437,386</b>	<b>5.99%</b>	<b>\$0.83</b>	<b>\$241.55</b>	<b>100,892</b>	<b>17,528</b>	<b>248,463</b>	<b>851,259</b>

## MAJOR TRANSACTIONS

### Sales Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
1265 N. Van Buren St. (3 Properties)	North County	192,913	\$153.98	LBA Realty	AT&T, Inc.
3000 Airway Ave. (2 Properties)	Airport Area	141,905	\$133.19	Crown Realty & Development	Land Associates Trust
1442-1450 W. Collins Ave. (2 Properties)	North County	104,493	\$100.49	Positive Investments, Inc.	KCE Properties, Inc.
16452 Construction Cir. S.	Airport Area	43,302	\$159.35	PS Business Parks, Inc.	C&D Zodiac, Inc.
2225 E. Katella Ave. (3 Properties)	North County	36,186	\$154.57	Katella Howell, LLC	Will of Gladys K Smith

### Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
6565 Knott Ave. – Renewal	North County	626,304	Sep-2015	Saddle Creek Corp.	Prudential Real Estate Inv.
1200 N. Miller St.	North County	161,794	Sep-2015	Disney	Panattoni Development Company
1231 Waner Ave.	Airport Area	154,040	Jul-2015	Goodwill Industries	Kinderfund Mgmt, LLC
11488 Slater Ave.	Airport Area	134,000	Jul-2015	Shock Doctor, Inc.	JKS-CMFV, LLC
17332 Gothard St.	West County	94,572	Aug-2015	Restaurant Depot, LLC	Shea Properties

## SUBMARKETS

### NORTH

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

### WEST

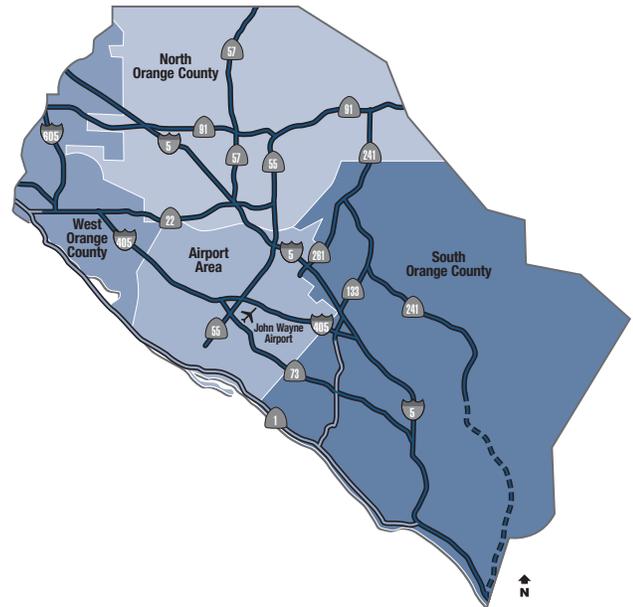
Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

### 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.

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