

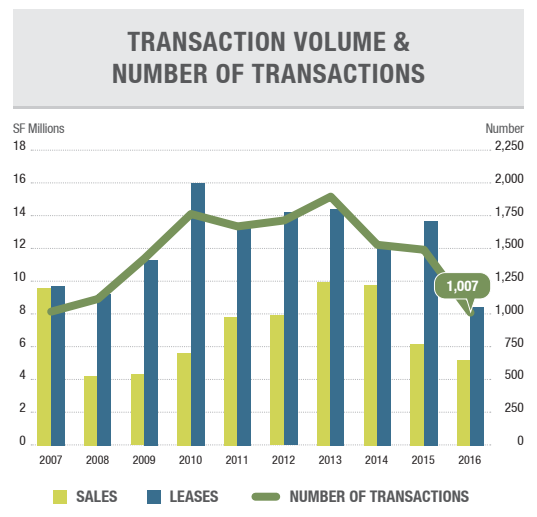
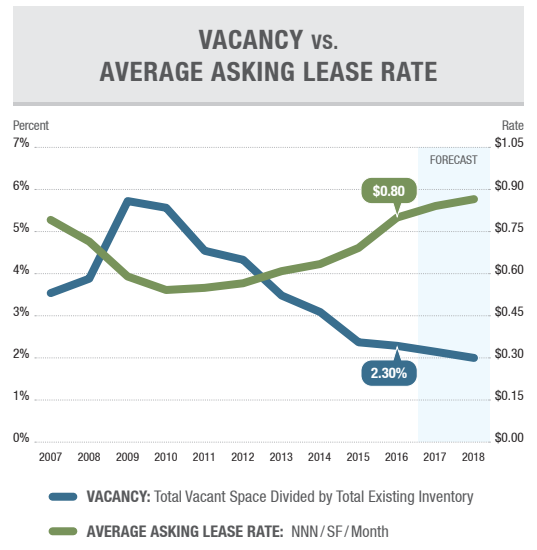
CONTINUED MOMENTUM. Orange County’s diverse industrial market continues to show strength, with an increase in net absorption over the second quarter and an even further decline in an already low vacancy rate (2.30%). This supply and demand imbalance has resulted in a sharp increase in lease rates (up 6.6% on average over the second quarter) and sale prices across all size ranges. Although overall transaction volume is down slightly in the third quarter given the lack of available inventory, both owner / users and investors continue to make sizable commitments in this low interest rate environment. Larger, multiple-building transactions include Bentall Kennedy’s acquisition of the Anaheim Concourse (Class A distribution project on the former Boeing Campus in North East Anaheim) from Panattoni / Clarion Partners, as well as Blackstone Group’s \$1.5 billion acquisition of a 12 million square foot logistics portfolio from LBA. With e-commerce driving demand in the industrial sector coupled with a very limited pipeline of new development, expect the market fundamentals to stay strong into the foreseeable future.

VACANCY. Orange County’s industrial vacancy rate held near a record-low 2.30% in the third quarter. Landlords will continue to have leverage in this competitive market, resulting in higher lease rates and fewer concessions. As a tenant, limited choices will result in longer timeframes for expansions or relocations and “off market” transactions will become more common. Tenants will need to give themselves ample time prior to their lease expiration so that an informed decision can be made between very limited options.

LEASE RATES. Asking rental rates continued to climb, a trend we have been witnessing since 2011. The average asking triple-net lease rate checked in at \$0.80 NNN per square foot per month, up 6.6% from the previous quarter and \$0.13 (or 19.40%) over this time last year. Expect this trend to continue, particularly among quality buildings.

SALES PRICES. The Orange County industrial market’s average asking price at the end of the third quarter 2016 came in at \$234.06 per square foot (average price tracks 1,000 square foot buildings and above). While sale prices vary greatly depending on the size of the building and an average sale price is a bit tough to digest or directly apply, this figure represents an increase of 15.97% over the second quarter and a 26.20% increase over a year ago.

TRANSACTION ACTIVITY. Orange County’s total leasing and sale activity in the third quarter totaled approximately 4.65 million square feet, down 8.25% from the second quarter. Expansion in the logistics and e-commerce sectors continue to lead the way. Major lease transactions include: 3PL Global Logistic’s lease of 441,020 square feet at 601 S. Acacia Avenue in Fullerton, and Orora/ Corru-Kraft lease of 290,920 square feet at 6600 Valley View Street in Buena Park.



Market Statistics

	Change Over Last Quarter	3Q 2016	2Q 2016	3Q 2015	% Change Over Last Year
Vacancy Rate	▼ DOWN	2.30%	2.49%	2.51%	-8.37%
Availability Rate	▼ DOWN	3.68%	4.03%	4.83%	-23.81%
Average Asking Lease Rate	▲ UP	\$0.80	\$0.75	\$0.67	19.40%
Average Asking Sale Price	▲ UP	\$234.06	\$201.82	\$185.47	26.20%
Sale & Lease Transactions	▼ DOWN	4,651,978	5,070,295	4,816,307	-3.41%
Gross Absorption	▲ UP	2,932,336	2,596,735	2,987,136	-1.83%
Net Absorption	▲ POSITIVE	438,748	13,753	878,674	N/A

LEASE RATES. Anticipate asking rents to increase by an annualized average of 6% to reach a level of \$0.85 per square foot by the end of the second quarter of 2017.

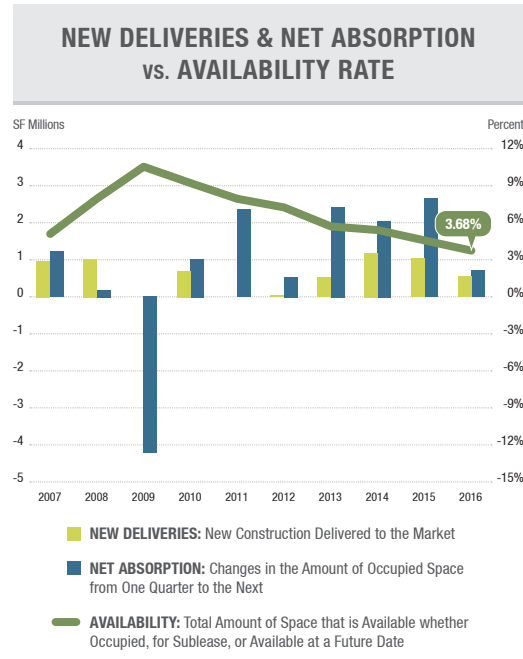
VACANCY. With limited new product coming online and tenants electing to recommit or renew in larger blocks of space, expect vacancy rates to remain below 3% for the balance of 2016 and well into 2017.

OVERALL. Industrial as an asset class is stealing market share from bricks and mortar retail as warehouses are becoming points of sale themselves in some cases, given the continuing change in consumer buying patterns (e-commerce). Demand for industrial space continues to outpace supply by a significant margin. With industrial land being rezoned in favor of high density residential or hospitality, new construction will be severely limited. Expect quality buildings to hold their value while lease rates continue to climb. Investors will likely see their greatest opportunity in acquisitions of “value add” projects or corporate real estate to be repositioned or repurposed.

CONSTRUCTION. During the third quarter of 2016, only three industrial buildings totaling 310,314 square feet are under construction in the entire Orange County Market (in Brea, Huntington Beach and Irvine). Even though the market is craving new, Class A product, OC is simply short on industrial land. With limited infill parcels now approaching \$50 per square foot in some cases, do not expect any significant construction in the coming months. The most noteworthy project in the queue is Western Realco’s eventual redevelopment of the Beckman Coulter site in Fullerton (approximately 1 million square feet of Class A industrial on 45 acres).

AVAILABILITY. Direct/sublease space being marketed came in at 3.68% for the third quarter of 2016 down from 4.03% in the second quarter. The lack of available space is creating competition in most size ranges and is applying upward pressure on lease rates.

ABSORPTION. Net absorption for Orange County was 438,748 square feet in the third quarter 2016. Airport Area experienced the most substantial level of absorption in the third quarter with more than 161,581 square feet in positive absorption. This is primarily driven by three larger tenants making substantial commitments: Kuehne + Nagel (300,000 square feet), Kawasaki Motors (203,231 square feet) and Amazon (202,500 square feet).



Significant Transactions

Sales

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
1180 N. Miller St. – 7 Properties	Anaheim	965,000	\$190,000,000	Bentall Kennedy	Panattoni Development/ Clarion Partners
22705–22745 Savi Ranch Pkwy. – 4 Properties	Yorba Linda	376,808	\$95,000,000	Hilrod Holdings	Hines
1335 S. Acacia Ave. – 5 Properties	Fullerton	361,672	\$40,100,000	Rexford Industrial	Operon Group
5401–5431 E. La Palma Ave. – 6 Properties	Anaheim	62,949	\$13,250,000	Gary Uyemura	CRPF II Canyon, LLC*
5109 E. La Palma Ave.	Anaheim	35,979	\$9,150,000	Chino Central Park, LLC	Anaheim Hills Partners, LLC*

Leases

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
601 S. Acacia Ave.	Fullerton	441,020	Aug-2016	3PL Global Logistics	Prologis
9950 Jeronimo Rd.	Irvine Spectrum	262,000	Sep-2016	Karma Automotive, LLC	Bixby Land Company
17871 Von Karman Ave.	Irvine	202,500	Jul-2016	Amazon	Menlo Equities
17322 Gothard St.	Huntington Beach	50,182	Jul-2016	AMD Direct, Inc. *	Gothard HB, LLC
1222 E. Howell Ave.	Anaheim	41,275	Aug-2016	Hirsch Glass Corp. *	GLP *

INVENTORY

VACANCY & LEASE RATES

ABSORPTION

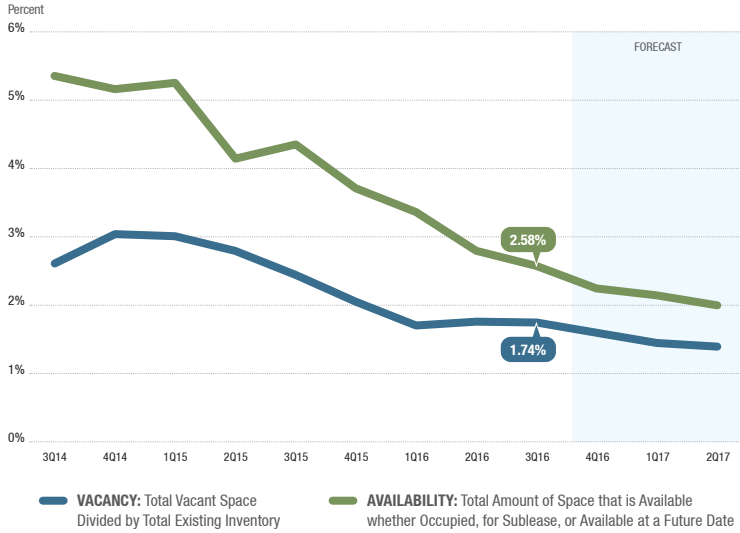
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2016	Square Feet Available	Availability Rate 3Q2016	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2016	Net Absorption 2016	Gross Absorption 3Q2016	Gross Absorption 2016
North County														
Anaheim	1,823	44,296,529	0	334,631	480,390	1.08%	773,407	1.75%	\$0.74	\$203.08	142,353	760,599	901,871	2,205,342
Brea	328	11,847,409	218,648	0	447,703	3.78%	567,613	4.79%	\$0.68	\$261.95	(54,820)	(57,717)	69,964	262,836
Buena Park	231	13,540,968	0	181,069	69,721	0.51%	483,197	3.57%	\$1.17	\$207.42	6,828	81,460	29,223	213,172
Fullerton	444	19,130,142	0	0	729,670	3.81%	476,830	2.49%	\$0.62	\$215.74	(6,419)	(155,023)	69,239	242,644
La Habra	196	3,509,302	0	0	59,657	1.70%	108,657	3.10%	\$0.00	\$180.59	11,838	(15,689)	24,695	47,552
Orange	735	13,559,209	0	0	97,858	0.72%	284,323	2.10%	\$0.65	\$234.12	(25,432)	80,063	45,068	259,362
Placentia	219	4,086,961	0	0	30,625	0.75%	87,100	2.13%	\$0.00	\$216.25	(27,222)	28,613	50,208	169,202
Yorba Linda	52	992,305	0	0	10,615	1.07%	79,625	8.02%	\$0.00	\$202.19	(6,431)	(9,665)	0	10,188
North County Total	4,028	110,962,825	218,648	515,700	1,926,239	1.74%	2,860,752	2.58%	\$0.72	\$209.52	40,695	712,641	1,190,268	3,410,298
West County														
Cypress	96	4,198,819	0	0	225,164	5.36%	600,160	14.29%	\$0.89	\$0.00	59,953	17,295	59,953	224,842
Garden Grove	476	12,047,304	0	0	150,409	1.25%	489,321	4.06%	\$0.75	\$203.04	15,761	46,124	128,010	535,827
Huntington Beach	681	14,174,256	41,668	0	461,824	3.26%	333,194	2.35%	\$0.76	\$180.76	(49,750)	(97,503)	66,979	482,752
La Palma	16	1,774,689	0	0	70,200	3.96%	0	0.00%	\$0.00	\$0.00	75,000	41,734	75,000	116,734
Los Alamitos	97	2,400,119	0	0	2,880	0.12%	52,564	2.19%	\$0.00	\$179.00	5,980	588	8,860	14,748
Seal Beach	15	991,653	0	0	0	0.00%	88,507	8.93%	\$0.75	\$0.00	0	0	0	0
Stanton	173	1,789,416	0	0	7,382	0.41%	9,782	0.55%	\$0.00	\$189.00	17,671	(7,362)	17,671	17,671
Westminster	138	2,313,932	0	0	9,536	0.41%	18,777	0.81%	\$0.00	\$210.00	14,614	36,622	35,836	97,090
West County Total	1,692	39,690,188	41,668	0	927,395	2.34%	1,592,305	4.01%	\$0.76	\$187.16	139,229	37,498	392,309	1,489,664
Airport Area														
Costa Mesa	412	7,456,887	0	0	343,171	4.60%	443,364	5.95%	\$1.09	\$320.29	19,254	(14,457)	57,534	209,564
Fountain Valley	186	3,860,388	0	250,000	121,849	3.16%	123,118	3.19%	\$0.95	\$217.90	11,695	79,691	140,215	368,738
Irvine	317	12,523,568	50,000	0	286,257	2.29%	639,190	5.10%	\$0.87	\$315.26	191,979	207,335	228,178	472,076
Newport Beach	49	565,910	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	2,500	627	5,000	6,326
Santa Ana	1,573	30,073,261	0	0	753,815	2.51%	1,424,230	4.74%	\$0.77	\$211.20	(36,605)	48,410	224,175	901,889
Tustin	115	4,541,492	0	0	312,632	6.88%	371,421	8.18%	\$0.76	\$279.57	(27,242)	(241,965)	57,060	187,932
Airport Area Total	2,652	59,021,506	50,000	250,000	1,817,724	3.08%	3,001,323	5.09%	\$0.81	\$258.50	161,581	79,641	712,162	2,146,525
South County														
Aliso Viejo	17	668,427	0	0	0	0.00%	6,000	0.90%	\$0.00	\$216.64	21,607	20,180	21,607	41,787
Foothill Ranch	68	3,575,508	0	0	220,275	6.16%	340,985	9.54%	\$0.88	\$164.31	158,413	(150,417)	349,414	374,024
Irvine Spectrum	211	9,857,087	0	0	191,974	1.95%	315,941	3.21%	\$0.96	\$232.64	(48,863)	11,768	58,507	155,236
Laguna Beach	16	80,431	0	0	3,280	4.08%	3,280	4.08%	\$0.00	\$347.50	1,640	0	1,640	3,280
Laguna Hills	75	1,088,167	0	0	1,672	0.15%	17,111	1.57%	\$1.00	\$212.60	32,482	42,598	45,587	103,676
Laguna Niguel	20	279,095	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	1,600	0	1,600
Lake Forest	190	4,132,029	0	0	257,975	6.24%	367,060	8.88%	\$0.88	\$197.45	(70,357)	(36,494)	120,339	246,508
Mission Viejo	32	501,589	0	0	1,013	0.20%	5,839	1.16%	\$0.00	\$182.00	2,452	6,262	3,465	26,932
Rancho Santa Margarita	100	1,584,327	0	0	21,842	1.38%	15,993	1.01%	\$1.25	\$216.00	(21,842)	(21,842)	0	7,970
San Clemente	158	1,976,387	0	0	21,260	1.08%	87,462	4.43%	\$1.16	\$184.72	28,788	11,616	37,038	108,892
San Juan Capistrano	43	915,020	0	0	7,077	0.77%	8,545	0.93%	\$0.00	\$169.62	(7,077)	2,526	0	24,603
South County Total	930	24,658,067	0	0	726,368	2.95%	1,168,216	4.74%	\$0.93	\$192.92	97,243	(112,203)	637,597	1,094,508
Orange County Total	9,302	234,332,586	310,316	765,700	5,397,726	2.30%	8,622,596	3.68%	\$0.80	\$234.06	438,748	717,577	2,932,336	8,140,995
Less than 9,999	3,277	19,945,990	0	0	179,342	0.90%	431,611	2.16%	\$1.07	\$257.32	11,711	12,250	220,209	565,541
10,000-19,999	3,142	43,338,861	0	16,225	490,921	1.13%	1,326,650	3.06%	\$1.13	\$212.20	43,804	54,825	418,891	1,196,183
20,000-29,999	1,183	28,153,314	0	26,500	452,704	1.61%	756,775	2.69%	\$0.95	\$208.14	(80,508)	73,289	427,644	1,107,622
30,000-39,999	489	16,617,638	0	0	305,160	1.84%	755,300	4.55%	\$0.83	\$163.58	(19,312)	27,334	180,513	624,455
40,000-49,999	292	12,819,717	41,668	0	181,478	1.42%	355,314	2.77%	\$0.94	\$226.43	(17,071)	(27,981)	142,330	312,385
50,000-74,999	376	22,631,424	50,000	0	461,769	2.04%	898,827	3.97%	\$0.74	\$168.57	(167,493)	(71,239)	31,941	679,833
75,000-99,999	166	14,233,372	0	85,140	430,066	3.02%	690,090	4.85%	\$0.77	\$0.00	3,150	(98,202)	87,228	335,467
100,000-149,999	187	21,961,912	0	0	782,447	3.56%	1,024,017	4.66%	\$0.75	\$159.41	126,174	296,832	417,186	1,465,926
150,000-199,999	69	11,663,038	0	181,069	436,379	3.74%	543,778	4.66%	\$0.69	\$206.77	183,139	556,098	278,739	746,819
200,000-299,999	70	16,659,127	218,648	456,766	72,501	0.44%	530,395	3.18%	\$0.76	\$49.19	130,730	(61,701)	203,231	434,941
300,000 Plus	51	26,308,193	0	0	1,604,959	6.10%	1,309,839	4.98%	\$0.68	\$0.00	224,424	(43,928)	524,424	671,823
Orange County Total	9,302	234,332,586	310,316	765,700	5,397,726	2.30%	8,622,596	3.68%	\$0.80	\$234.06	438,748	717,577	2,932,336	8,140,995

Lease rates are on a triple-net basis.

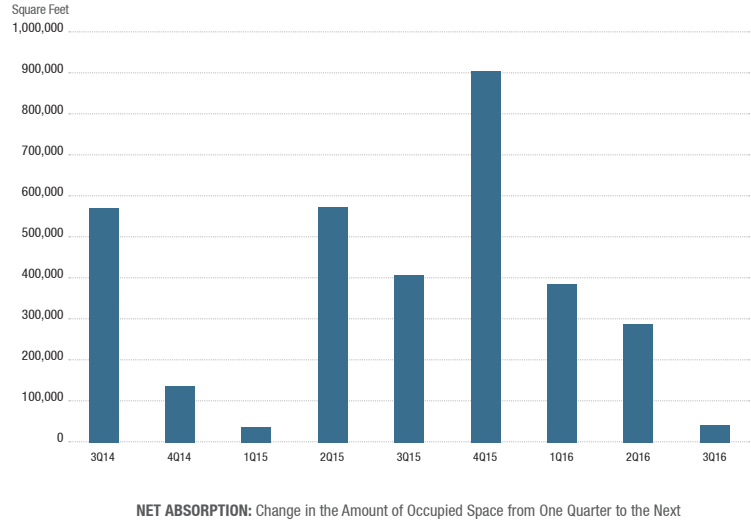
NORTH ORANGE COUNTY

In the third quarter of 2016, the North Orange County industrial market consisted of 4,028 buildings totaling 110,962,825 square feet and had an availability rate of 2.58%, which shows a decrease from the previous quarter's figure of 2.80%.

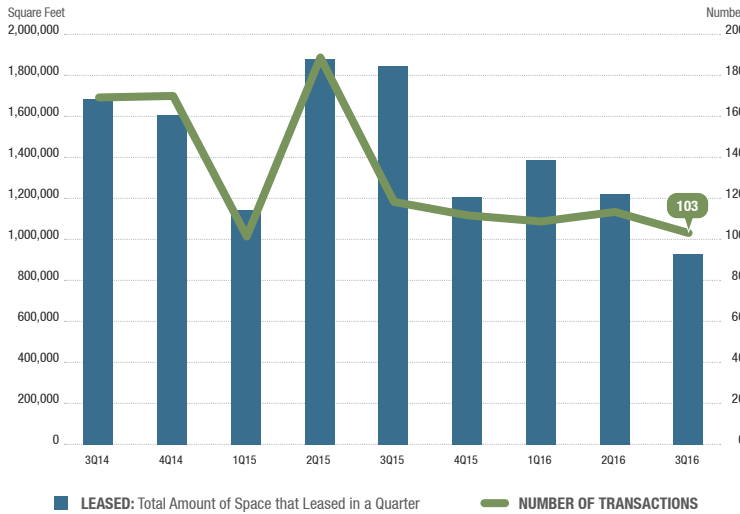
VACANCY & AVAILABILITY RATE



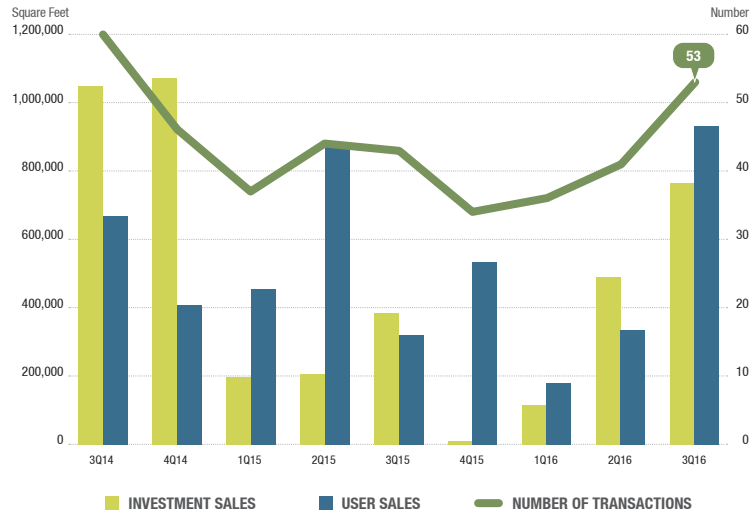
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

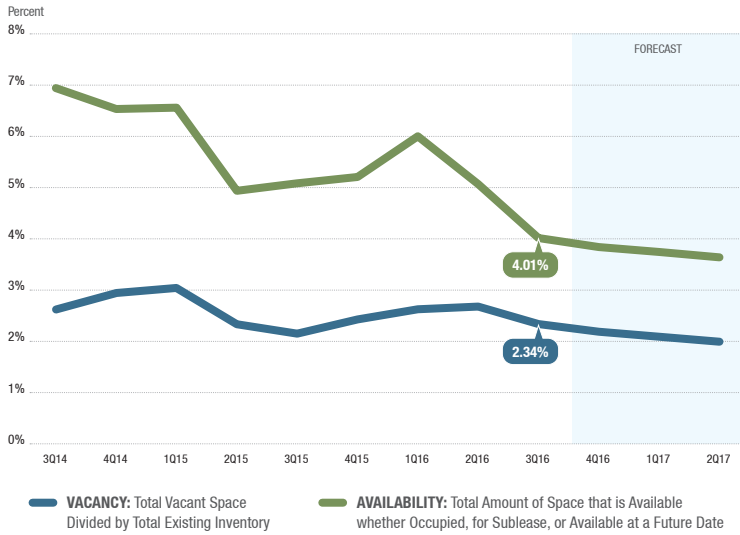
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2016	Square Feet Available	Availability Rate 3Q2016	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2016	Net Absorption 2016	Gross Absorption 3Q2016	Gross Absorption 2016
North Totals														
Less than 9,999	1,315	8,361,716	0	0	126,924	1.52%	224,175	2.68%	\$0.84	\$252.77	(26,499)	(48,367)	107,742	275,593
10,000-19,999	1,399	19,300,571	0	16,225	225,511	1.17%	735,990	3.81%	\$1.10	\$233.56	(31,207)	71,980	116,514	418,633
20,000-29,999	516	12,240,197	0	26,500	97,994	0.80%	214,787	1.75%	\$0.87	\$0.00	17,005	19,865	159,310	434,174
30,000-39,999	225	7,595,886	0	0	84,285	1.11%	285,753	3.76%	\$0.72	\$170.00	15,347	39,809	75,466	254,923
40,000-49,999	131	5,744,569	0	0	21,017	0.37%	159,517	2.78%	\$0.99	\$173.96	(6,014)	(14,853)	0	38,404
50,000-74,999	178	10,677,519	0	0	97,350	0.91%	199,885	1.87%	\$0.77	\$0.00	0	46,000	0	213,421
75,000-99,999	71	6,047,266	0	85,140	0	0.00%	32,000	0.53%	\$0.00	\$0.00	3,150	83,421	82,196	258,012
100,000-149,999	94	11,079,786	0	0	324,090	2.93%	460,528	4.16%	\$0.00	\$0.00	13,364	155,728	197,891	535,377
150,000-199,999	35	5,946,647	0	181,069	140,936	2.37%	157,604	2.65%	\$0.58	\$0.00	55,467	358,976	151,067	468,697
200,000-299,999	38	9,141,439	218,648	206,766	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	65,583
300,000 Plus	26	14,827,229	0	0	808,132	5.45%	390,513	2.63%	\$0.68	\$0.00	82	82	300,082	447,481
Total	4,028	110,962,825	218,648	515,700	1,926,239	1.74%	2,860,752	2.58%	\$0.72	\$209.52	40,695	712,641	1,190,268	3,410,298

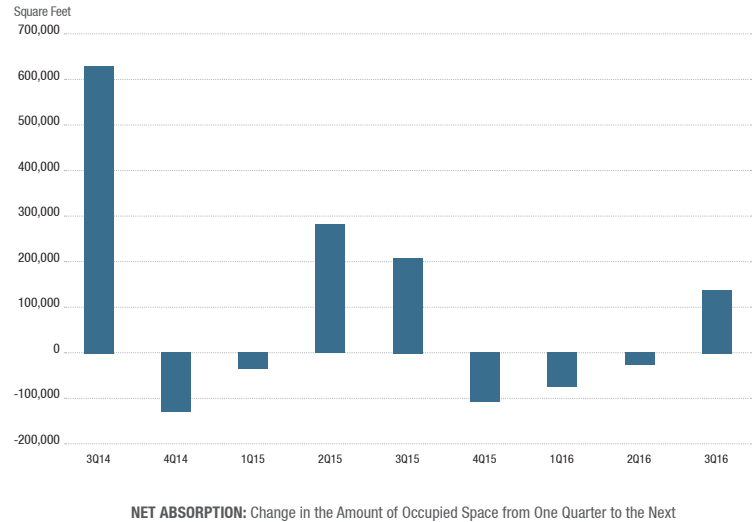
WEST ORANGE COUNTY

In the third quarter of 2016, the West Orange County industrial market consisted of 1,692 buildings totaling 39,690,188 square feet and had an availability rate of 4.01%, which shows a decrease from the previous quarter's figure of 5.08%.

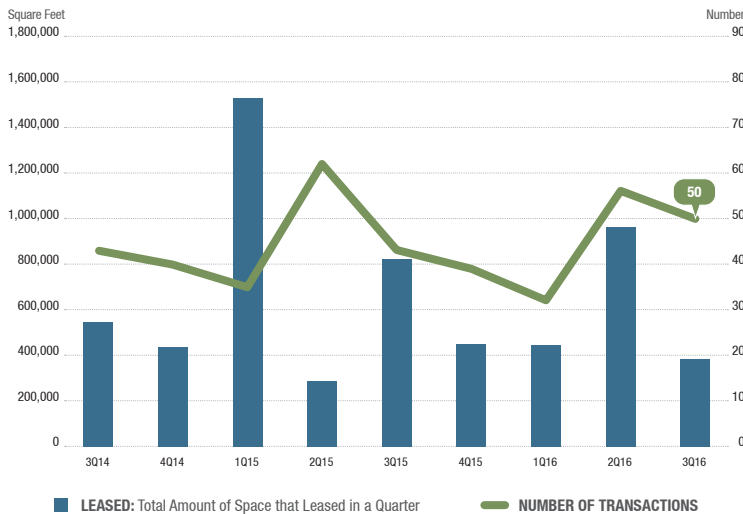
VACANCY & AVAILABILITY RATE



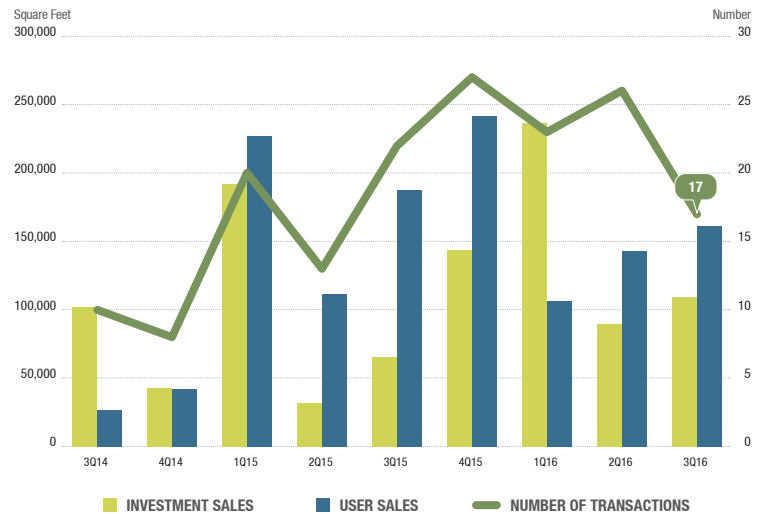
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

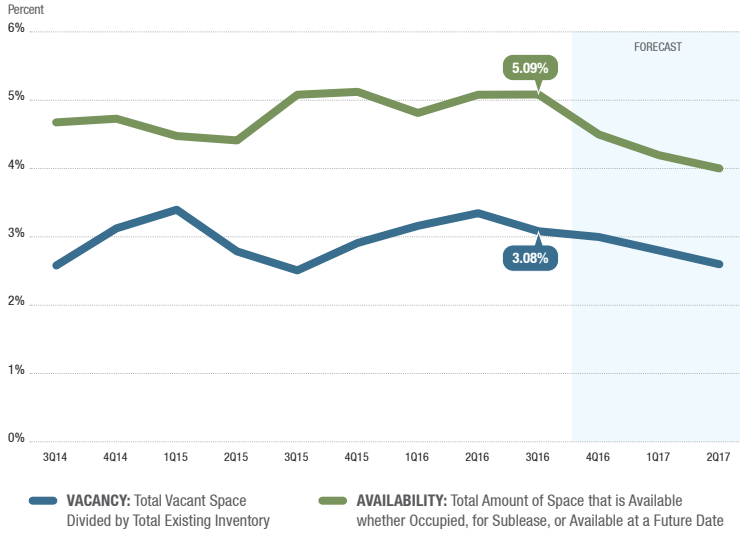
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2016	Square Feet Available	Availability Rate 3Q2016	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2016	Net Absorption 2016	Gross Absorption 3Q2016	Gross Absorption 2016
North Totals														
Less than 9,999	689	4,080,969	0	0	18,803	0.46%	72,855	1.79%	\$0.00	\$231.20	15,108	37,136	35,866	94,245
10,000-19,999	560	7,411,477	0	0	76,582	1.03%	167,093	2.25%	\$0.95	\$184.85	5,051	(2,527)	65,570	173,664
20,000-29,999	181	4,341,857	0	0	104,582	2.41%	128,063	2.95%	\$0.74	\$206.84	(6,572)	41,783	64,297	165,687
30,000-39,999	62	2,171,039	0	0	47,238	2.18%	87,259	4.02%	\$0.79	\$164.49	(41,238)	(4,888)	7,000	59,916
40,000-49,999	49	2,141,544	41,668	0	17,260	0.81%	28,886	1.35%	\$0.89	\$0.00	62,988	41,834	70,774	137,599
50,000-74,999	59	3,533,100	0	0	173,006	4.90%	170,421	4.82%	\$0.68	\$159.34	(23,780)	(102,824)	21,130	198,660
75,000-99,999	30	2,574,308	0	0	125,114	4.86%	88,507	3.44%	\$0.75	\$0.00	0	(125,114)	0	0
100,000-149,999	26	3,071,141	0	0	126,912	4.13%	50,890	1.66%	\$0.75	\$159.41	0	56,594	0	279,130
150,000-199,999	14	2,323,115	0	0	136,280	5.87%	46,900	2.02%	\$0.80	\$0.00	127,672	197,122	127,672	278,122
200,000-299,999	14	3,327,936	0	0	0	0.00%	412,314	12.39%	\$0.75	\$0.00	0	0	0	102,641
300,000 Plus	8	4,713,702	0	0	101,618	2.16%	339,117	7.19%	\$0.00	\$0.00	0	(101,618)	0	0
Total	1,692	39,690,188	41,668	0	927,395	2.34%	1,592,305	4.01%	\$0.76	\$187.16	139,229	37,498	392,309	1,489,664

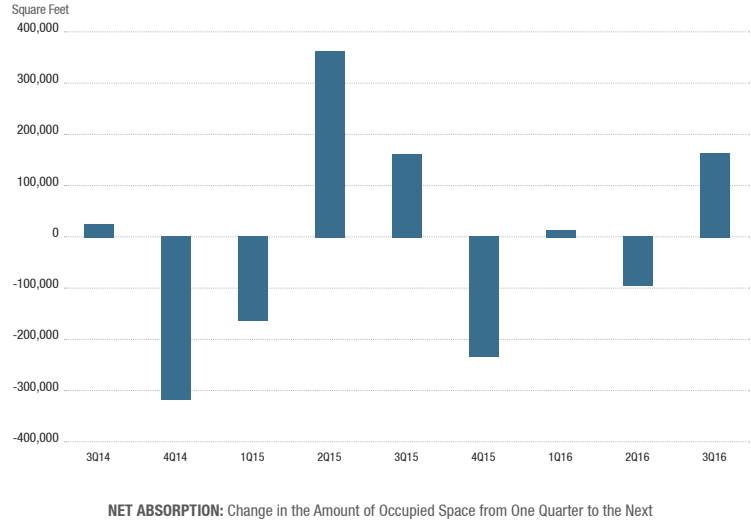
AIRPORT AREA

In the third quarter of 2016, the Airport Orange County industrial market consisted of 2,652 buildings totaling 59,021,506 square feet and had an availability rate of 5.09%, roughly the same as the previous quarter's figure of 5.08%.

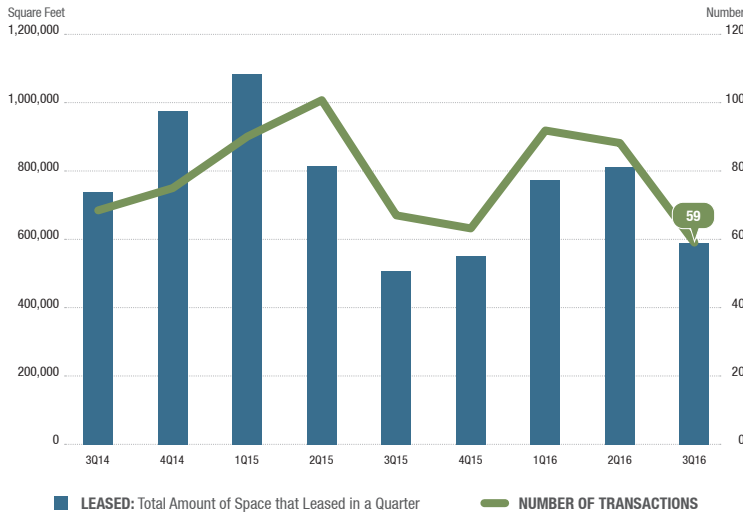
VACANCY & AVAILABILITY RATE



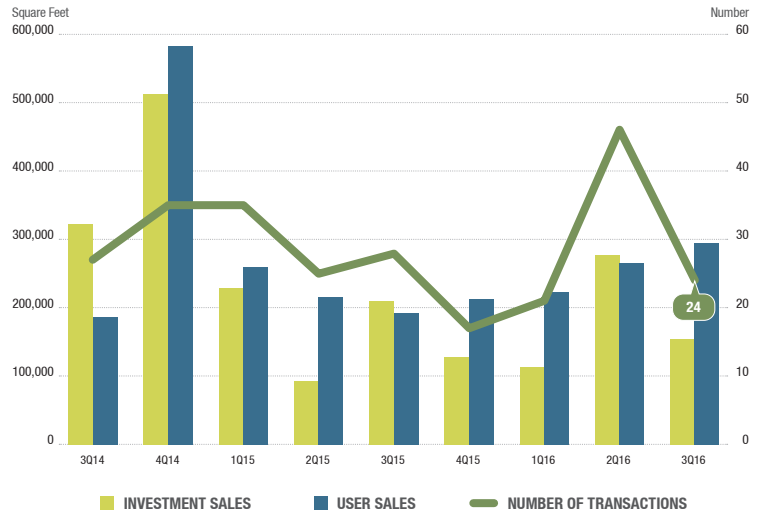
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

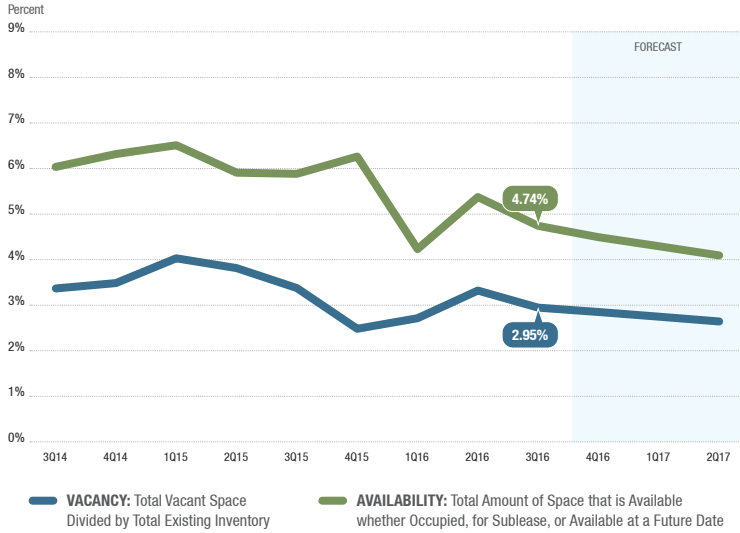
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2016	Square Feet Available	Availability Rate 3Q2016	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2016	Net Absorption 2016	Gross Absorption 3Q2016	Gross Absorption 2016
North Totals														
Less than 9,999	928	5,334,601	0	0	11,886	0.22%	66,071	1.24%	\$2.00	\$299.09	14,598	12,057	42,487	109,939
10,000-19,999	902	12,579,741	0	0	104,152	0.83%	254,758	2.03%	\$1.18	\$251.24	44,405	24,700	158,446	421,046
20,000-29,999	349	8,304,025	0	0	186,913	2.25%	271,531	3.27%	\$1.00	\$226.85	(84,369)	(30,142)	85,481	298,088
30,000-39,999	156	5,294,986	0	0	138,708	2.62%	329,609	6.22%	\$0.83	\$185.25	41,508	(22,228)	98,047	260,046
40,000-49,999	84	3,682,609	0	0	56,249	1.53%	74,414	2.02%	\$0.00	\$257.38	(27,233)	(8,150)	31,416	96,242
50,000-74,999	105	6,375,090	50,000	0	155,470	2.44%	382,759	6.00%	\$0.77	\$178.77	(107,770)	(3,700)	10,811	225,147
75,000-99,999	52	4,477,632	0	0	221,312	4.94%	440,753	9.84%	\$0.77	\$0.00	0	(56,509)	5,032	77,455
100,000-149,999	45	5,206,322	0	0	218,871	4.20%	392,154	7.53%	\$0.75	\$0.00	56,100	(24,204)	56,100	434,220
150,000-199,999	12	2,052,735	0	0	159,163	7.75%	339,274	16.53%	\$0.77	\$0.00	0	0	0	0
200,000-299,999	10	2,459,389	0	250,000	0	0.00%	0	0.00%	\$0.00	\$49.19	0	0	0	0
300,000 Plus	9	3,254,376	0	0	565,000	17.36%	450,000	13.83%	\$0.00	\$0.00	224,342	187,817	224,342	224,342
Total	2,652	59,021,506	50,000	250,000	1,817,724	3.08%	3,001,323	5.09%	\$0.81	\$258.50	161,581	79,641	712,162	2,146,525

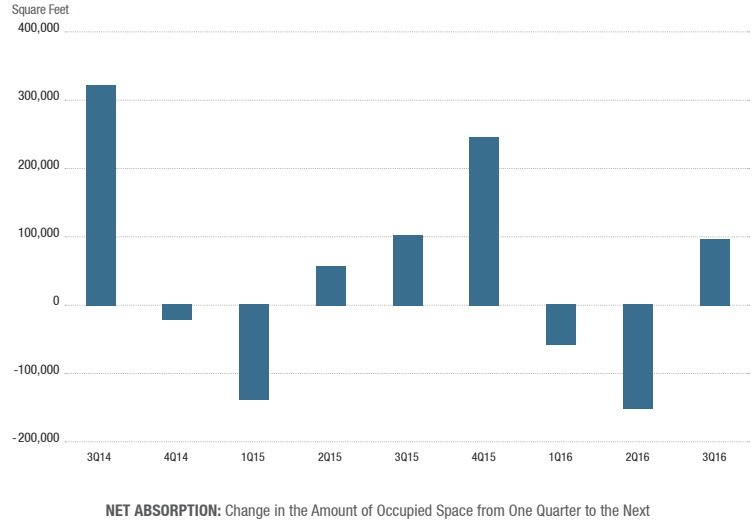
SOUTH ORANGE COUNTY

In the third quarter of 2016, the South Orange County industrial market consisted of 930 buildings totaling 24,658,067 square feet and had an availability rate of 4.74%, which shows a decrease from the previous quarter's figure of 5.38%.

VACANCY & AVAILABILITY RATE



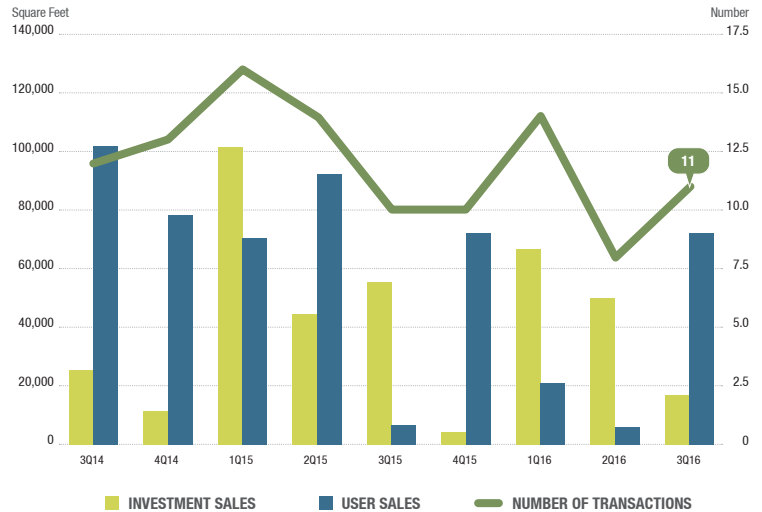
NET ABSORPTION



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 3Q2016	Square Feet Available	Availability Rate 3Q2016	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 3Q2016	Net Absorption 2016	Gross Absorption 3Q2016	Gross Absorption 2016
North Totals														
Less than 9,999	345	2,168,704	0	0	21,729	1.00%	68,510	3.16%	\$1.19	\$237.49	8,504	11,424	34,114	85,764
10,000-19,999	281	4,047,072	0	0	84,676	2.09%	168,809	4.17%	\$1.12	\$204.89	25,555	(39,328)	78,361	182,840
20,000-29,999	137	3,267,235	0	0	63,215	1.93%	142,394	4.36%	\$1.25	\$234.39	(6,572)	41,783	118,556	209,673
30,000-39,999	46	1,555,727	0	0	34,929	2.25%	52,679	3.39%	\$1.15	\$122.30	(34,929)	14,641	0	49,570
40,000-49,999	28	1,250,995	0	0	86,952	6.95%	92,497	7.39%	\$0.89	\$0.00	(46,812)	(46,812)	40,140	40,140
50,000-74,999	34	2,045,715	0	0	35,943	1.76%	145,762	7.13%	\$0.82	\$154.03	(35,943)	(10,715)	0	42,605
75,000-99,999	13	1,134,166	0	0	83,640	7.37%	128,830	11.36%	\$0.77	\$0.00	0	0	0	0
100,000-149,999	22	2,604,663	0	0	112,574	4.32%	120,445	4.62%	\$0.00	\$0.00	56,710	108,714	163,195	217,199
150,000-199,999	8	1,340,541	0	0	0	0.00%	0	0.00%	\$0.00	\$206.77	0	0	0	0
200,000-299,999	8	1,730,363	0	0	72,501	4.19%	118,081	6.82%	\$0.80	\$0.00	130,730	(61,701)	203,231	266,717
300,000 Plus	8	3,512,886	0	0	130,209	3.71%	130,209	3.71%	\$0.00	\$0.00	0	(130,209)	0	0
Total	930	24,658,067	0	0	726,368	2.95%	1,168,216	4.74%	\$0.93	\$192.92	97,243	(112,203)	637,597	1,094,508



Diversity Keeping O.C. Industrial Market on Track

by **Michael C. Vernick, CCIM, SIOR**
SENIOR VICE PRESIDENT, ANAHEIM

The Orange County industrial market continues to thrive, casting new sale price and cap rate records while lease rates continue to rise. Although pricing high watermarks have caused some buyers and tenants to rethink their expansion strategies, enough demand exists such that the vast majority of available properties are enjoying steady interest, with many leasing or selling with multiple offers in the queue. Although future increases for sale prices and lease rates may not be as pronounced as witnessed over the past twenty-four months, the combination of historically low vacancy, minimal new construction and steady demand from a diverse user base will keep upward pressure on lease rates and sale prices.

Orange County has experienced growth from a wide variety of industrial segments, all focused on direct access to Orange County's affluent consumer base. A variety of building classes being utilized for unique purposes were absorbed in the third quarter by third party logistics providers, manufacturers and even showroom users. This balanced demand is a further testament to the strength and stability of the Orange County industrial market.

The capital markets are also in a temporary state of imbalance, as we are seeing a tremendous amount of capital from a multitude of investor groups (seeking core & value add assets) who are competing with one another to secure a dwindling number of available alternatives. This frenzy is driving cap rates down and values up across all asset classes from Class A to older, multitenant properties. Developers continue to aggressively pursue underutilized or vacant land sites for redevelopment, pushing land pricing past previous record highs (\$40/SF) in infill Orange County locations.

All trends are positive and predicted to remain positive, while we keep a cautious eye on future interest rate increases.

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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. ©2016 Voit Real Estate Services, Inc. License #01333376.

Represented in 150 Markets
Nationally & Internationally.
CORFAC
International

Product Type

MFG./DIST.

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

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