

FLEX MARKET REPORT

FOURTH
QUARTER
2003

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



To view available properties,
please visit:
www.voitco.com



Voit
Commercial Brokerage



Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



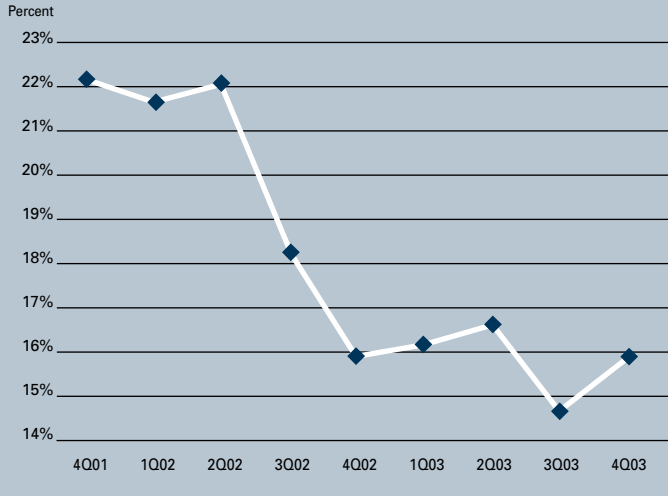
MARKET HIGHLIGHTS

- ◆ Unemployment for the fourth quarter of 2003 in Orange County is 3.5%, which is a decrease of .3% when compared to the third quarter of 2003, and is .4% lower than it was during the fourth quarter of 2002.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that Orange County will add 9,800 new non-farm jobs in 2003, and they are forecasting 29,200 new jobs in 2004. They are also forecasting a 3.5% increase in total personal income for 2004, the highest level in greater Southern California.
- ◆ Total space under construction checked in at 335,450 square feet for the fourth quarter of 2003, which is about 50,000 square feet more than the amount that was under construction in the third quarter of 2003.
- ◆ The flex vacancy rate checked in at 15.12%, which is lower than it was a year ago at 15.94%. Another sign of strength was the 360,456 square feet of new product that was built in 2003, which has been absorbed.
- ◆ The total amount of flex space available in Orange County, which includes both direct and sublease space, is about the same as it was a year ago; 20.86% this quarter as compared to 20.41% this quarter last year.
- ◆ The average asking Triple Net lease rate per month per foot in Orange County is currently \$1.47, which is a 6.37% decrease over last year's fourth quarter rate of \$1.57.
- ◆ Net absorption for the Flex market this fourth quarter posted a positive number of 164,595 square feet, giving the county a total of almost 600,000 square feet of positive absorption for 2003.

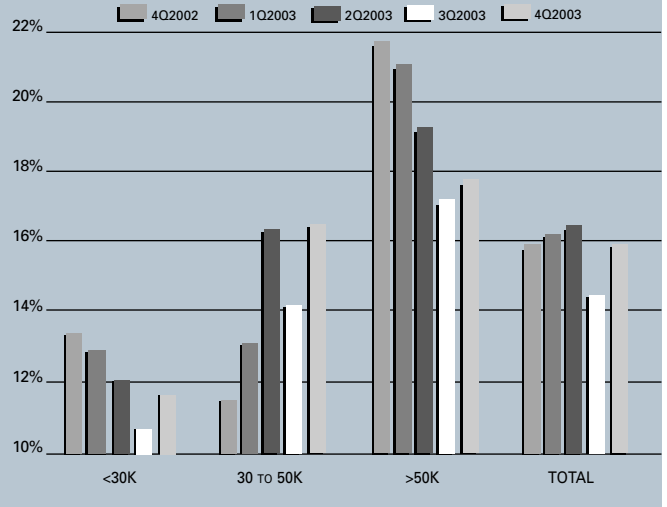
FLEX MARKET STATISTICS

	4Q2003	3Q2003	4Q2002	% CHANGE VS. 4Q02
Under Construction	335,450	281,450	223,800	49.89%
Planned Construction	212,509	187,445	203,485	4.43%
Vacancy	15.12%	14.62%	15.94%	-5.14%
Availability	20.86%	18.65%	20.41%	2.20%
Pricing	\$1.47	\$1.46	\$1.57	-6.37%
Net Absorption	164,595	371,621	212,684	-22.61%

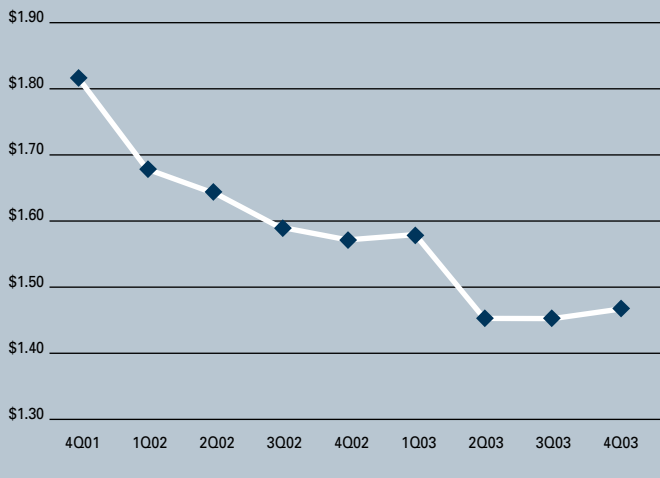
VACANCY RATE



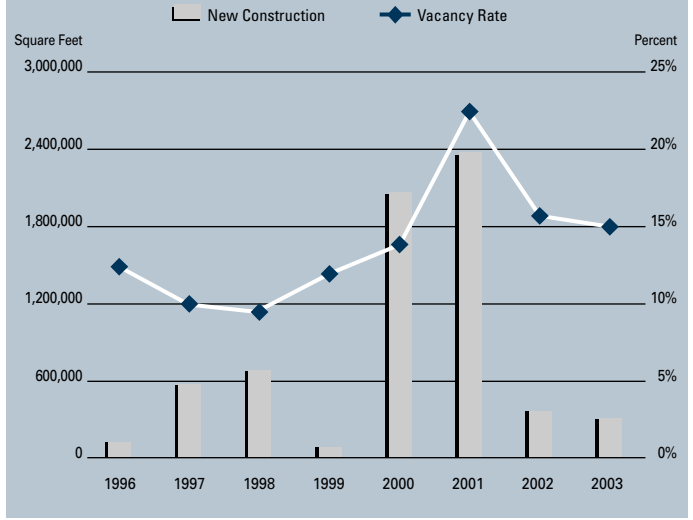
OFFICE VACANCY RATE



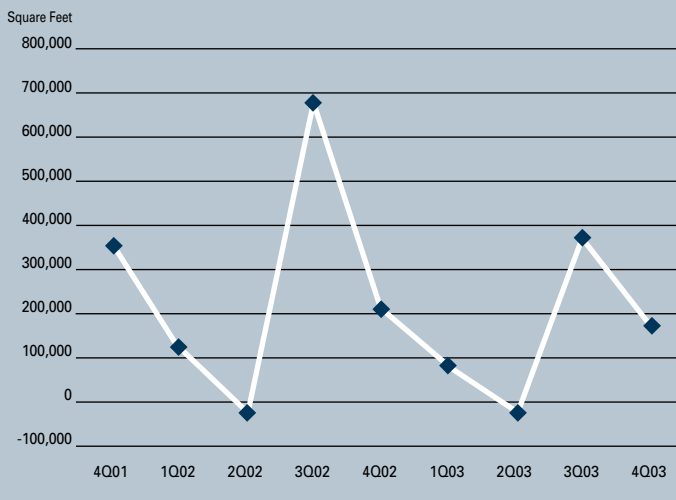
AVERAGE ASKING TRIPLE NET LEASE RATE



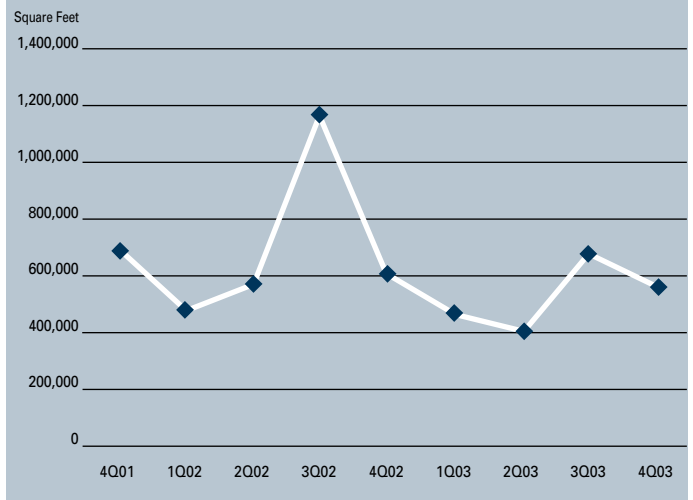
ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION



GROSS ABSORPTION



FOURTH QUARTER 2003

ORANGE COUNTY

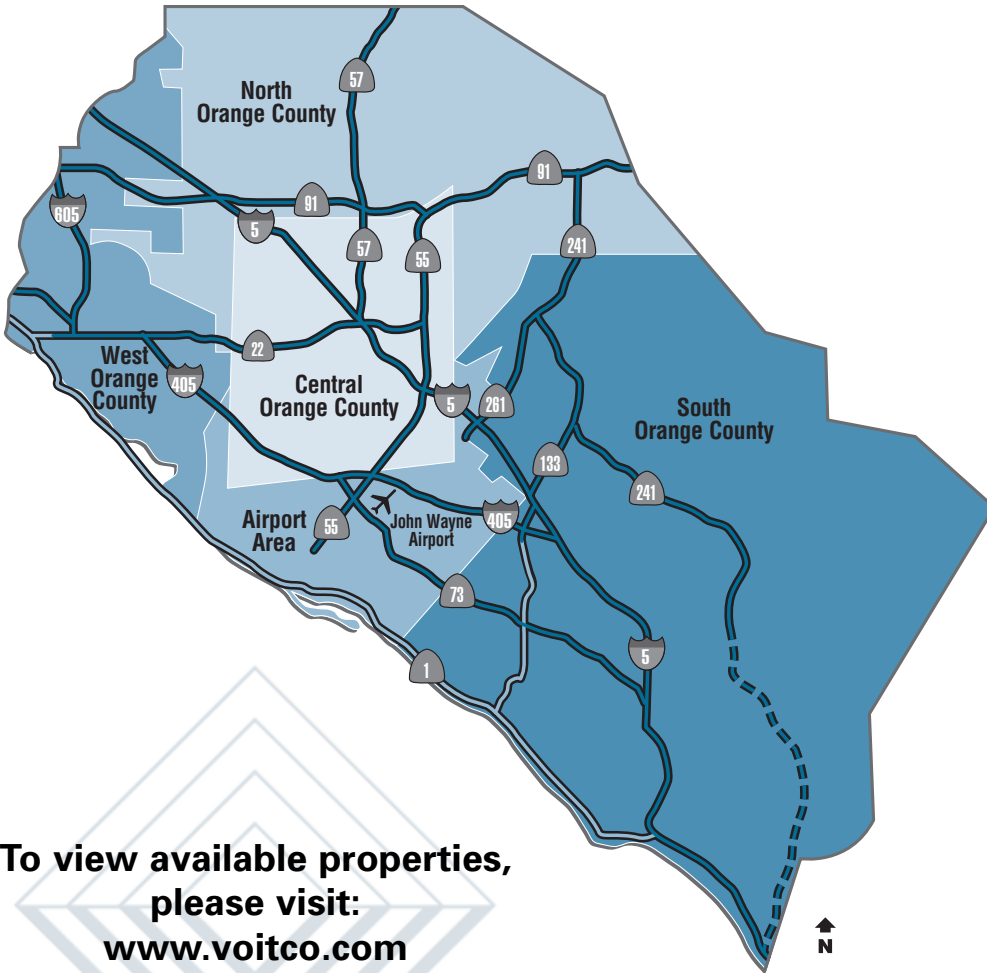
	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet Available	Availability Rate 4Q2003	Average Asking Lease Rate	Net Absorption 4Q2003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County													
Anaheim Hills	11	198,634	0	0	7,978	4.02%	10,900	5.49%	\$1.20	3,014	(901)	1,487	41,138
Brea	13	421,410	0	0	96,754	22.96%	122,007	28.95%	\$0.98	(2,515)	(62,691)	(4,933)	78,060
Buena Park	1	12,000	0	0	610	5.08%	610	5.08%	\$1.23	610	1,220	(610)	790
Fullerton	4	24,500	23,400	0	0	0.00%	0	0.00%	\$0.00	0	6,515	0	0
La Habra	1	8,323	0	0	4,232	0.00%	4,232	50.85%	\$0.82	0	(1,953)	0	0
Placentia	2	53,000	0	0	950	1.79%	950	1.79%	\$1.85	(950)	142	408	(550)
Yorba Linda	1	10,560	0	12,000	0	0.00%	0	0.00%	\$0.00	0	0	4,844	(491)
North County Total	33	728,427	23,400	12,000	110,524	15.17%	138,699	19.04%	\$1.13	159	(57,668)	1,196	118,947
West County													
Cypress	4	238,322	0	0	82,260	34.52%	82,260	34.52%	\$1.40	0	(19,289)	0	110,667
Garden Grove	2	27,400	0	0	0	0.00%	0	0.00%	\$0.00	0	0	2,224	(2,224)
Huntington Beach	3	48,648	0	0	11,713	24.08%	11,713	24.08%	\$1.05	(7,500)	(9,489)	(1,344)	6,694
Los Alamitos	1	24,552	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	14,500
Seal Beach	4	43,005	0	0	8,787	20.43%	8,787	20.43%	\$1.80	(8,787)	(7,668)	2,381	(3,500)
Westminster	1	8,674	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	8,674
West County Total	15	390,601	0	0	102,760	26.31%	102,760	26.31%	\$1.40	(16,287)	(36,446)	3,261	134,811
Central County													
Anaheim	15	363,389	50,000	25,000	15,925	4.38%	40,153	11.05%	\$1.03	3,221	(3,105)	36,453	(38,867)
Orange	7	145,859	0	0	46,319	31.76%	55,379	37.97%	\$1.68	11,083	13,207	4,715	3,516
Santa Ana	17	475,379	0	0	71,200	14.98%	87,516	18.41%	\$1.35	5,118	73,822	35,667	43,522
Tustin	6	214,286	0	0	11,239	5.24%	59,960	27.98%	\$1.34	0	95,482	(33,777)	(59,721)
Central County Total	45	1,198,913	50,000	25,000	144,683	12.07%	243,008	20.27%	\$1.36	19,422	179,406	43,058	(51,550)
Airport Area													
Costa Mesa	4	57,672	0	0	41,362	71.72%	41,362	71.72%	\$1.95	-1,962	-126	16,164	0
Irvine	73	3,166,499	0	12,000	557,107	17.59%	641,130	20.25%	\$1.62	37,907	194,221	528,908	73,237
Newport Beach	23	568,795	20,000	25,891	26,766	4.71%	29,497	5.19%	\$1.95	-23,031	2,115	11,560	77,034
Airport Area Total	100	3,792,966	20,000	37,891	625,235	16.48%	711,989	18.77%	\$1.62	12,914	196,210	556,632	150,271
South County													
Aliso Viejo	42	1,276,312	0	0	82,803	6.49%	168,837	13.23%	\$1.34	33,735	56,330	23,162	73,447
Dana Point	3	54,340	0	0	3,350	6.16%	3,350	6.16%	\$1.75	2,746	2,651	(4,461)	(1,540)
Foothill Ranch	1	47,659	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Irvine Spectrum	71	3,107,132	0	0	495,647	15.95%	937,165	30.16%	\$1.40	87,446	138,986	56,797	3,926
Laguna Beach	2	18,454	0	9,382	0	0.00%	0	0.00%	\$0.00	0	808	4,679	(4,755)
Laguna Hills	13	449,087	242,050	0	51,864	11.55%	64,947	14.46%	\$1.13	(7,454)	(4,187)	31,919	41,060
Laguna Niguel	2	41,170	0	0	1,638	3.98%	1,638	3.98%	\$1.80	2,000	(1,638)	0	5,551
Lake Forest	26	1,115,535	0	18,000	221,071	19.82%	221,071	19.82%	\$1.31	3,619	56,549	189,955	133,889
Mission Viejo	28	401,842	0	65,780	54,341	13.52%	54,739	13.62%	\$1.90	15,087	33,299	(5,399)	(15,958)
Rancho Santa Margarita	3	111,829	0	25,000	11,092	9.92%	11,092	9.92%	\$1.96	5,450	16,755	10,113	32,276
San Clemente	7	162,010	0	19,456	87,984	54.31%	87,984	54.31%	\$2.25	5,585	(546)	26,800	10,828
San Juan Capistrano	14	302,289	0	0	2,682	0.89%	5,802	1.92%	\$1.72	173	18,266	69,594	37,711
South County Total	212	7,087,659	242,050	137,618	1,012,472	14.28%	1,556,625	21.96%	\$1.39	148,387	317,273	403,159	316,435
Orange County Total	405	13,198,566	335,450	212,509	1,995,674	15.12%	2,753,081	20.86%	\$1.47	164,595	598,775	1,007,306	668,914

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet For Sublet	Sublet w/ Vacancy 4Q2003	Average Asking Lease Rate	Net Absorption 4Q2003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County													
0 to 29,999	26	394,065	23,400	12,000	18,348	4.66%	21,270	5.40%	\$1.13	(1,328)	4,357	14,865	38,803
30,000 to 49,999	5	211,362	0	0	10,279	4.86%	10,279	4.86%	\$1.08	(2,967)	(7,979)	3,815	80,144
50,000+	2	123,000	0	0	81,897	66.58%	107,150	87.11%	\$1.16	4,454	(54,046)	(17,484)	0
West County													
0 to 29,999	10	119,774	0	0	11,713	9.78%	11,713	9.78%	\$1.05	(7,500)	(8,370)	3,261	15,470
30,000 to 49,999	2	70,621	0	0	28,076	39.76%	28,076	39.76%	\$0.00	(8,787)	(28,076)	0	12,506
50,000+	3	200,206	0	0	62,971	31.45%	62,971	31.45%	\$1.40	0	0	0	106,835
Central County													
0 to 29,999	28	391,947	0	25,000	39,975	10.20%	62,738	16.01%	\$1.96	5,310	42,965	20,275	(4,413)
30,000 to 49,999	10	367,816	0	0	41,640	11.32%	91,550	24.89%	\$1.28	7,311	59,771	(24,047)	4,703
50,000+	7	439,150	50,000	0	63,068	14.36%	88,720	20.20%	\$1.24	6,801	76,670	46,830	(51,840)
Airport Area													
0 to 29,999	34	540,792	20,000	37,891	67,819	12.54%	67,819	12.54%	\$1.37	640	28,260	10,801	64,374
30,000 to 49,999	34	1,388,723	0	0	285,967	20.59%	285,967	20.59%	\$1.64	45,741	39,906	222,939	72,704
50,000+	32	1,863,451	0	0	271,449	14.57%	358,203	19.22%	\$1.61	(33,467)	128,044	322,892	13,193
South County													
0 to 29,999	92	1,488,897	242,050	107,618	206,803	13.89%	281,677	18.92%	\$1.32	37,835	115,367	166,949	24,815
30,000 to 49,999	75	3,003,442	0	30,000	401,027	13.35%	719,280	23.95%	\$1.40	57,433	89,519	29,825	70,091
50,000+	45	2,595,320	0	0	404,642	15.59%	555,668	21.41%	\$1.40	53,119	112,387	206,385	221,529
Orange County Total													
0 to 29,999	190	2,935,475	285,450	182,509	344,658	11.74%	445,217	15.17%	\$1.35	34,957	182,579	216,151	139,049
30,000 to 49,999	126	5,041,964	0	30,000	766,989	15.21%	1,135,152	22.51%	\$1.47	98,731	153,141	232,532	240,148
50,000+	89	5,221,127	50,000	0	884,027	16.93%	1,172,712	22.46%	\$1.49	30,907	263,055	558,623	289,717
Orange County Total	405	13,198,566	335,450	212,509	1,995,674	15.12%	2,753,081	20.86%	\$1.47	164,595	598,775	1,007,306	668,914

This survey consists of buildings 10,000 to 74,999 square feet. Lease rates are on a triple net basis.

FLEX MARKET REPORT

FOURTH QUARTER 2003



To view available properties,
please visit:
www.voitco.com

SUBMARKETS

NORTH

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

WEST

Cypress, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, Westminster

CENTRAL

Anaheim, Orange, Santa Ana and Tustin

AIRPORT

Costa Mesa, Irvine and Newport Beach

SOUTH

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

PRODUCT TYPE

FLEX-TECH OR CORPORATE HEADQUARTER

Minimum 75% improved with drop ceiling, minimum parking ratio of 3.5 to 1, minimum of 3 elevations with full glassline, with ground level loading possible.

For Further Information:

ANAHEIM METRO OFFICE

3500 W. Orangewood Ave.
Orange, California 92868-1642
TEL: 714.978.7880
FAX: 714.978.9431

IRVINE OFFICE

18500 Von Karman Ave., Suite 150
Irvine, California 92612-0508
TEL: 949.851.5100
FAX: 949.261.9092



Real People. Real Solutions.