

INDUSTRIAL MARKET REPORT

FOURTH
QUARTER
2003

Compared to
last quarter:

VACANCY



ABSORPTION



ACTIVITY



LEASE RATES



CONSTRUCTION



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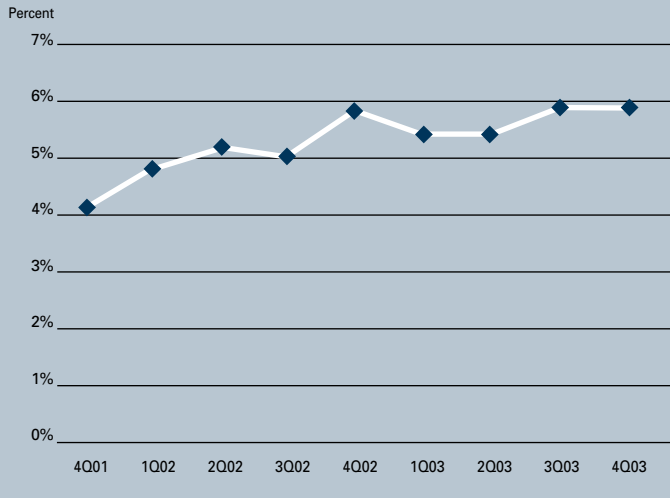
MARKET HIGHLIGHTS

- ◆ 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 just under a 1/2 million square feet this quarter, which is less than the 770,935 square feet that was under construction a year ago.
- ◆ The Industrial vacancy rate checked in at a rate of 5.96%, which is about the same as it was a year ago.
- ◆ The Industrial availability rate checked in at a rate of 8.32%, which is 3% less than what was on the market a year ago.
- ◆ The average asking triple net lease rate checked in at .52 cents per square foot per month this quarter. This is a decrease of 7% when compared to a year ago.
- ◆ The level of activity increased in 2003 with the industrial gross absorption or activity reaching over 17 million square feet, which was more than the 12.3 million square feet we saw in 2002.
- ◆ Net absorption for the county in 2003 posted a positive number of 690,565 square feet, which helped make up for all the negative absorption we saw in 2002.

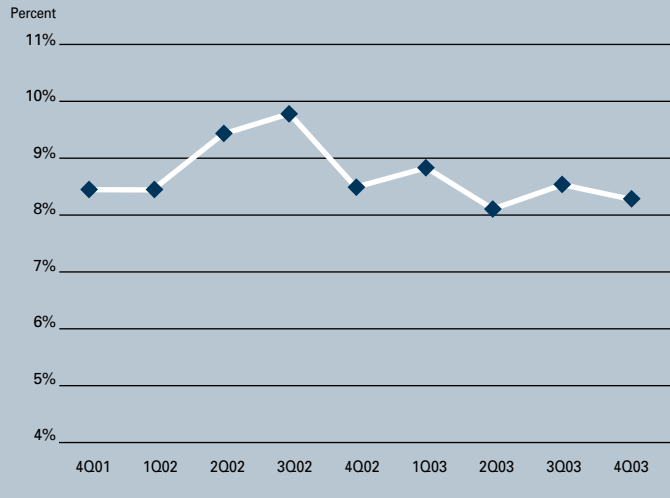
INDUSTRIAL MARKET STATISTICS

	2003	2002	2001	% CHANGE VS. 2002
Inventory Added	1,210,697	1,672,632	2,409,370	-27.62%
Under Construction	493,057	770,935	1,944,780	-36.04%
Vacancy Rate	5.96%	5.90%	4.12%	1.02%
Availability Rate	8.32%	8.57%	7.48%	-2.92%
Average Asking Lease Rate	\$0.52	\$0.56	\$0.59	-7.14%
Net Absorption	690,565	(2,234,150)	(1,089,867)	N/A
Square Feet Leased/Sold	17,070,848	12,285,749	12,981,906	38.95%

VACANCY RATE

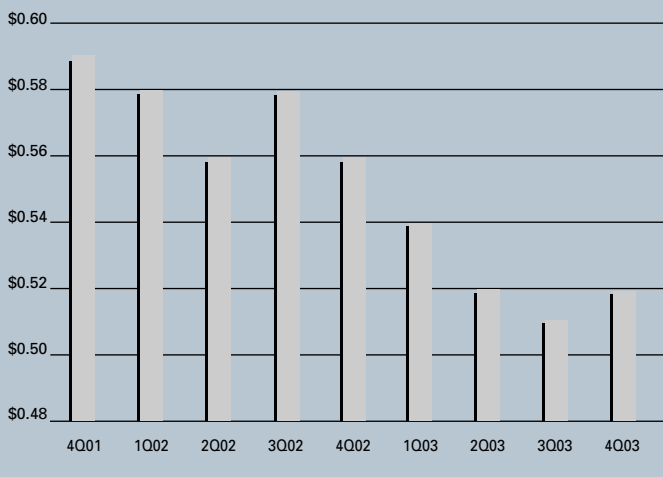


AVAILABILITY RATE



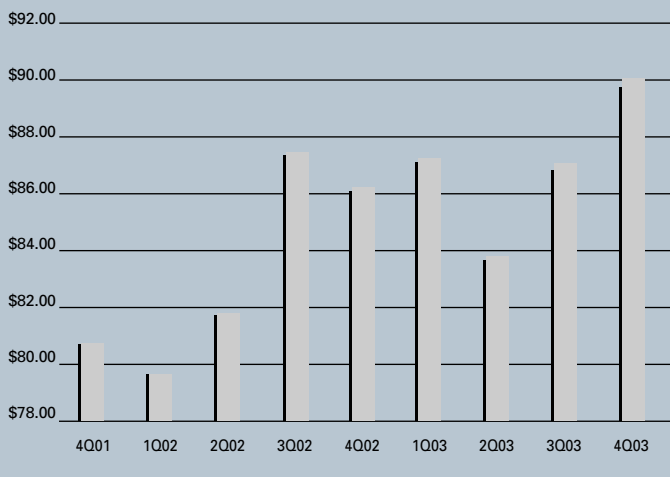
WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

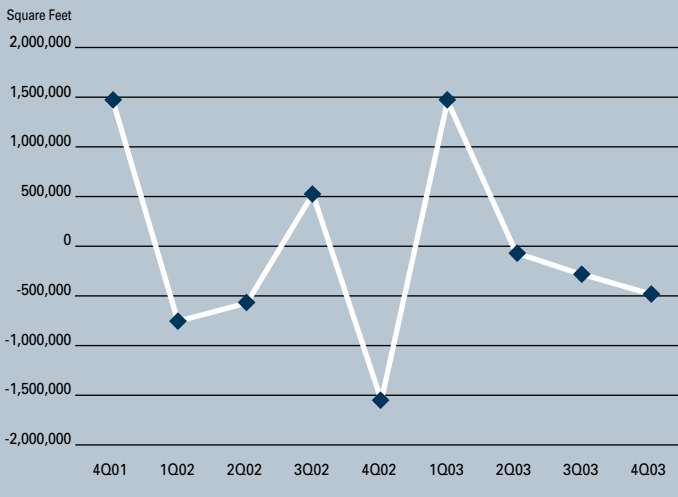


WEIGHTED AVERAGE ASKING SALES RATES

PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT

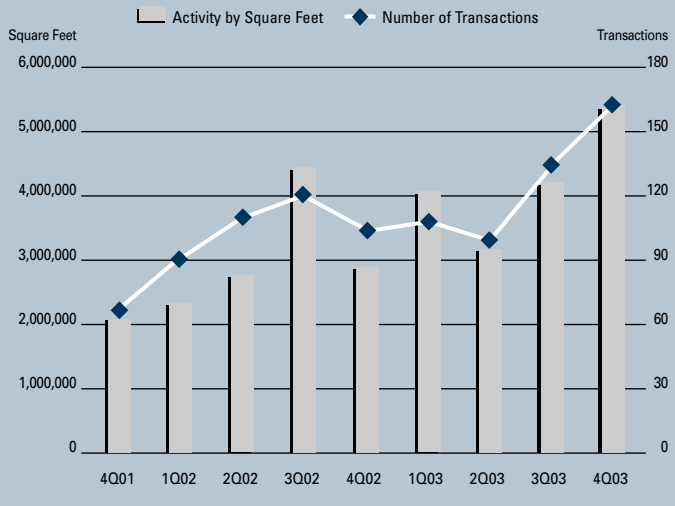


NET ABSORPTION



LEASE/SALE ACTIVITY & NUMBER OF TRANSACTIONS

MANUFACTURING & DISTRIBUTION PRODUCT



ORANGE COUNTY

INVENTORY

VACANCY & PRICING

ABSORPTION

	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet Available	Availability Rate 4Q2003	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
North County														
Anaheim	1,237	44,034,615	0	21,365	2,032,878	4.62%	3,170,377	7.20%	\$0.48	\$104.51	88,954	12,878	24	489,341
Brea	223	10,614,374	196,854	0	909,939	8.57%	1,036,798	9.77%	\$0.49	\$89.12	259,138	658,425	5	182,642
Buena Park	170	13,124,690	20,000	0	1,371,688	10.45%	1,379,859	10.51%	\$0.49	\$83.18	(1,053,079)	(262,682)	2	273,456
Fullerton	280	15,784,029	0	0	1,522,943	9.65%	1,852,290	11.74%	\$0.44	\$54.29	268,187	692,233	10	499,323
La Habra	84	2,262,243	0	0	127,351	5.63%	128,351	5.67%	\$0.48	\$83.00	23,426	(81,399)	1	186,154
Orange	433	11,641,720	0	0	343,311	2.95%	612,556	5.26%	\$0.54	\$100.41	146,006	122,668	15	277,647
Placentia	144	3,626,845	0	0	188,028	5.18%	214,863	5.92%	\$0.50	\$195.00	122,654	35,559	10	210,642
Yorba Linda	28	875,306	0	24,800	178,787	20.43%	202,999	23.19%	\$0.55	\$0.00	(139,100)	(155,937)	1	30,922
North County Total	2,599	101,963,822	216,854	46,165	6,674,925	6.55%	8,598,093	8.43%	\$0.48	\$79.55	(283,814)	1,021,745	68	2,150,127
West County														
Cypress	46	3,190,592	0	0	66,436	2.08%	134,092	4.20%	\$0.71	\$99.86	26,115	57,388	2	55,269
Garden Grove	286	10,879,903	78,041	0	316,594	2.91%	493,495	4.54%	\$0.57	\$95.56	(42,887)	30,080	4	65,919
Huntington Beach	431	11,869,402	109,650	35,366	332,661	2.80%	448,968	3.78%	\$0.51	\$106.84	(1,838)	(8,143)	14	277,629
La Palma	14	1,709,621	0	0	51,119	2.99%	367,599	21.50%	\$0.39	\$0.00	(51,119)	(51,119)	1	70,200
Los Alamitos	73	1,976,752	0	0	156,936	7.94%	161,136	8.15%	\$0.00	\$0.00	(15,402)	(137,684)	3	38,324
Stanton	56	1,092,501	0	10,200	23,168	2.12%	23,168	2.12%	\$0.00	\$0.00	7,248	(5,175)	1	12,155
Westminster	57	1,767,259	0	0	62,817	3.55%	319,219	18.06%	\$0.48	\$94.63	1,366	33,820	0	0
West County Total	963	32,477,030	187,691	45,566	1,009,731	3.11%	1,947,677	6.00%	\$0.56	\$97.78	(76,517)	(80,833)	25	519,496
Airport Area														
Costa Mesa	206	6,444,781	0	0	289,387	4.49%	520,966	8.08%	\$0.67	\$115.91	127,036	145,957	4	135,272
Fountain Valley	136	3,278,355	0	212,000	174,875	5.33%	180,433	5.50%	\$0.88	\$107.00	-55,742	-65,868	16	313,013
Irvine	314	14,028,154	67,835	56,400	875,812	6.24%	1,332,498	9.50%	\$0.64	\$147.01	46,338	453,285	14	389,937
Newport Beach	20	685,018	0	0	7,600	1.11%	7,600	1.11%	\$0.00	\$0.00	0	-7,600	0	0
Santa Ana	873	26,714,351	0	33,196	1,618,017	6.06%	2,018,063	7.55%	\$0.51	\$84.86	477,273	104,305	20	611,154
Tustin	85	4,299,138	0	297,104	344,022	8.00%	581,495	13.53%	\$0.52	\$81.64	-768,894	-1,345,430	6	869,322
Airport Area Total	1,634	55,449,797	67,835	598,700	3,309,713	5.97%	4,641,055	8.37%	\$0.58	\$93.32	(173,989)	(715,351)	60	2,318,698
South County														
Aliso Viejo	12	728,852	0	0	14,642	2.01%	26,631	3.65%	\$0.86	\$0.00	-11,865	-28,322	0	0
Foothill Ranch	38	2,858,200	0	136,616	384,186	13.44%	535,337	18.73%	\$0.47	\$0.00	-73,373	-296,044	2	231,834
Irvine Spectrum	139	7,018,308	0	169,317	503,543	7.17%	882,778	12.58%	\$0.54	\$125.00	86,501	94,780	1	13,200
Laguna Hills	66	608,413	0	0	74,879	12.31%	79,265	13.03%	\$0.70	\$0.00	-35,242	-66,299	0	0
Laguna Niguel	19	516,609	0	0	8,080	1.56%	8,080	1.56%	\$0.00	\$0.00	-4,880	-2,480	0	0
Lake Forest	127	3,549,649	0	0	265,555	7.48%	422,749	11.91%	\$0.64	\$135.19	76,225	180,822	4	73,939
Mission Viejo	23	821,486	0	0	18,530	2.26%	18,530	2.26%	\$0.00	\$0.00	24,094	12,145	0	0
Rancho Santa Margarita	34	1,008,969	0	0	33,212	3.29%	57,357	5.68%	\$0.79	\$150.00	4,315	45,986	1	69,089
San Clemente	48	1,279,851	20,677	92,950	122,437	9.57%	128,171	10.01%	\$0.00	\$119.00	-3,147	116,605	1	15,680
San Juan Capistrano	32	838,184	0	0	50,578	6.03%	52,871	6.31%	\$0.81	\$132.62	12,153	43,888	0	0
South County Total	538	19,229,521	20,677	398,883	1,475,642	7.67%	2,211,769	11.50%	\$0.54	\$127.71	74,781	101,081	9	403,742
Orange County Total	5,734	209,120,170	493,057	1,089,314	12,470,011	5.96%	17,398,594	8.32%	\$0.52	\$90.21	-459,539	326,642	162	5,392,063

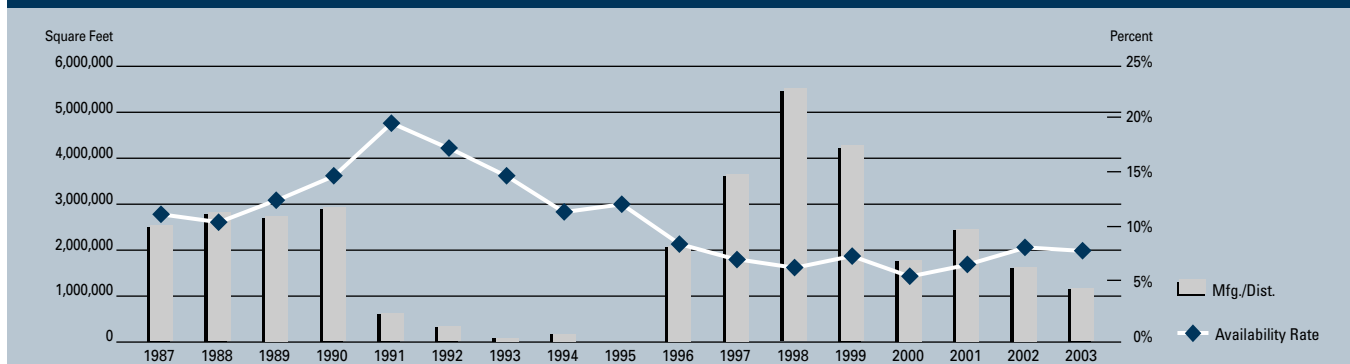
INVENTORY

VACANCY & PRICING

ABSORPTION

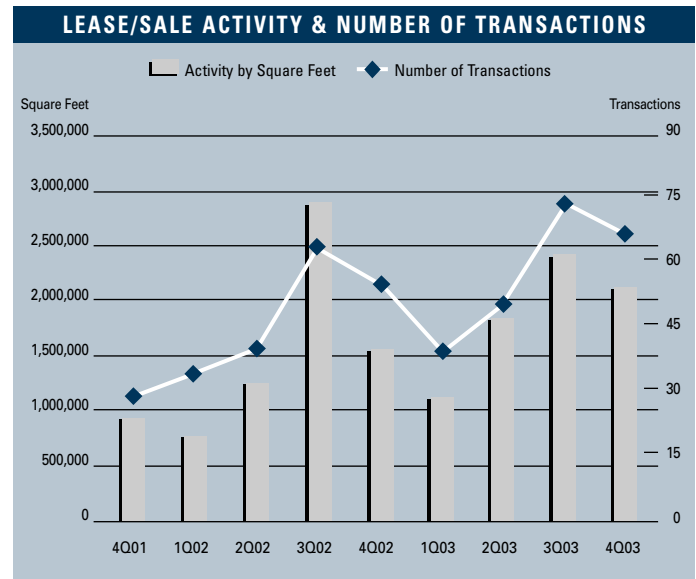
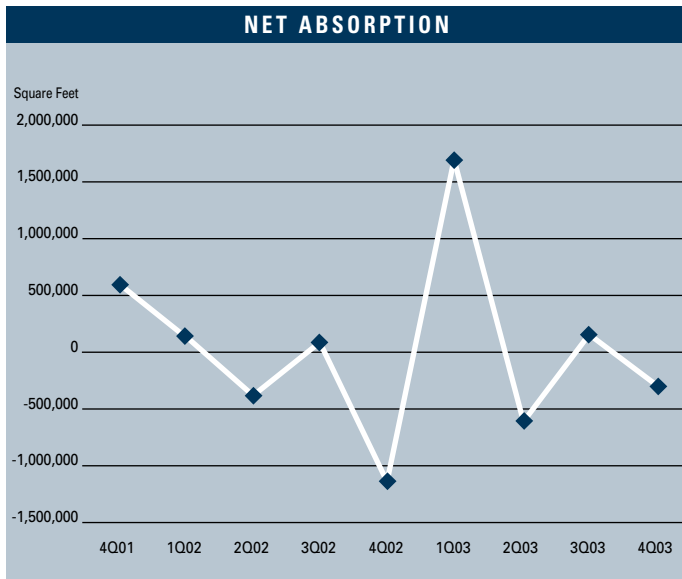
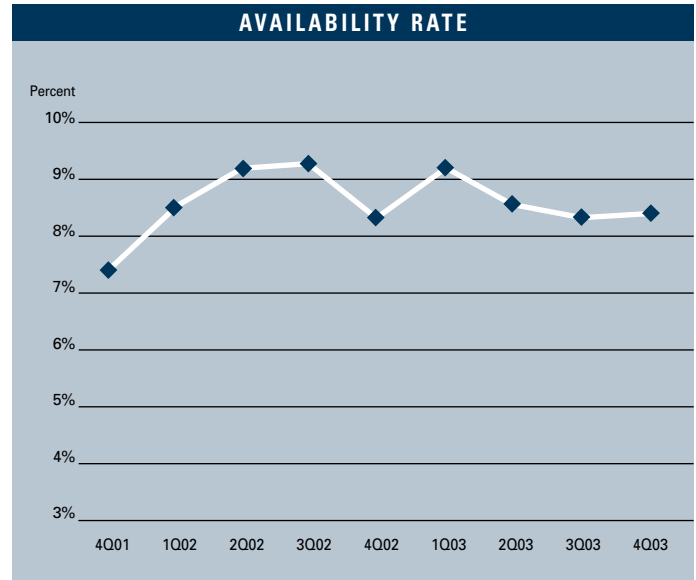
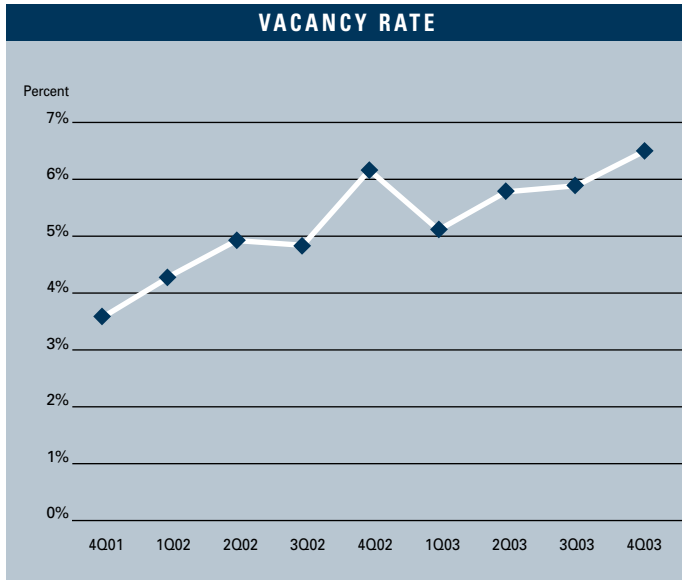
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet Available	Availability Rate 4Q2003	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
O.C. Totals														
10,000-19,999	2,882	39,142,177	74,357	199,233	1,631,379	4.17%	1,937,419	4.95%	\$0.67	\$122.78	165,852	-208,631	95	1,266,182
20,000-29,999	1,154	27,304,385	216,999	186,028	1,440,687	5.28%	1,838,775	6.73%	\$0.63	\$110.94	22,785	-71,271	28	662,020
30,000-39,999	468	15,809,458	0	273,026	1,060,437	6.71%	1,679,487	10.62%	\$0.59	\$90.54	14,431	8,521	9	305,269
40,000-49,999	307	13,391,146	92,051	0	866,205	6.47%	1,115,732	8.33%	\$0.55	\$87.60	-8,521	-42,568	7	299,535
50,000-74,999	372	22,315,207	0	104,527	1,032,079	4.63%	1,641,482	7.36%	\$0.54	\$88.33	269,649	238,634	8	508,947
75,000-99,999	175	14,878,261	0	0	917,511	6.17%	1,543,785	10.38%	\$0.51	\$84.00	-153,714	446,305	6	485,967
100,000-149,999	188	22,086,204	109,650	114,500	1,773,381	8.03%	2,138,779	9.68%	\$0.50	\$83.32	-155,766	284,114	3	345,028
150,000-199,999	61	10,386,042	0	0	630,327	6.07%	949,048	9.14%	\$0.45	\$77.00	-56,868	192,986	3	534,115
200,000-299,999	72	17,143,586	0	212,000	1,372,094	8.00%	2,469,794	14.41%	\$0.38	\$41.08	173,606	456,511	2	485,000
300,000+	55	26,663,704	0	0	1,745,911	6.55%	2,084,293	7.82%	\$0.45	\$0.00	-730,993	-977,959	1	500,000
Total	5,734	209,120,170	493,057	1,089,314	12,470,011	5.96%	17,398,594	8.32%	\$0.52	\$90.21	-459,539	326,642	162	5,392,063

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

The North Orange County Industrial Market consists of 2,599 buildings totaling 101,963,822 square feet, and currently has an availability rate of 8.43%, which shows an increase from last quarter's 8.39% figure.

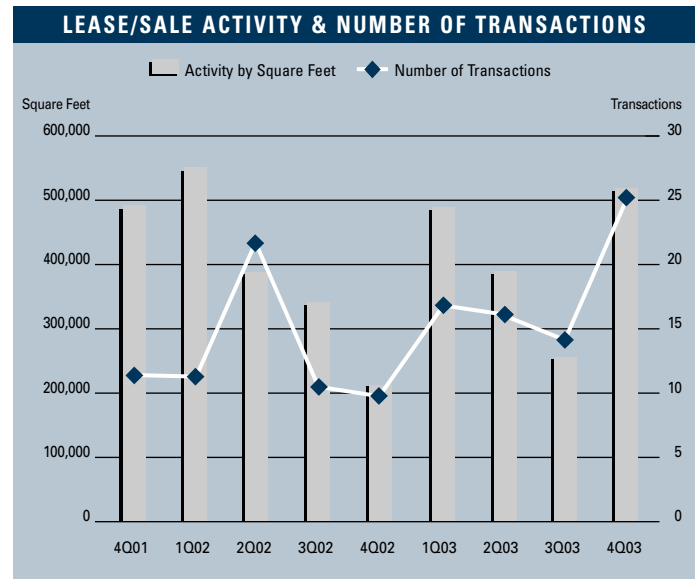
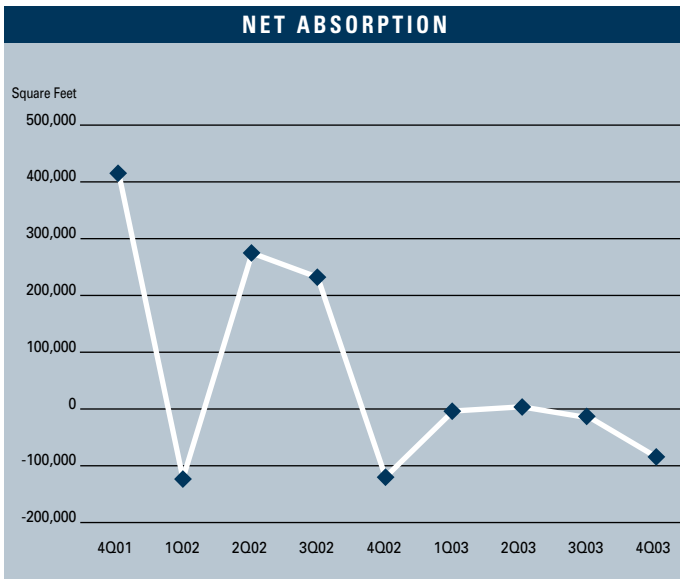
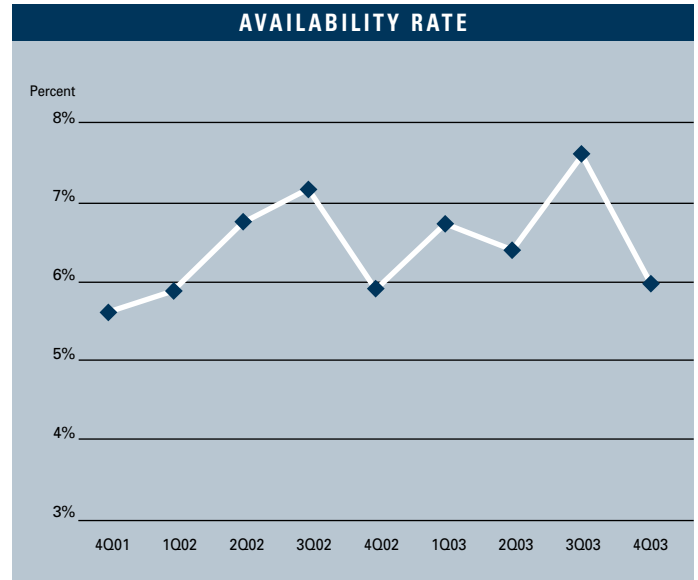
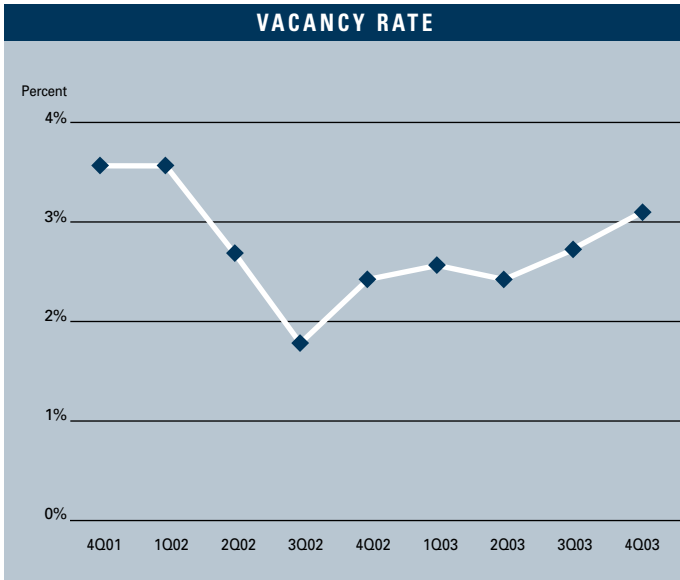


	INVENTORY						VACANCY & PRICING				ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet Available	Availability Rate 4Q2003	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
North Totals	2,599	101,963,822	216,854	46,165	6,674,925	6.55%	8,598,093	8.43%	\$0.48	\$79.55	-283,814	1,021,745	68	2,150,127
10,000-19,999	1,277	17,596,552	17,424	0	673,075	3.83%	782,145	4.44%	\$0.63	\$120.81	109,097	-124,284	39	535,136
20,000-29,999	508	11,992,698	154,203	46,165	684,113	5.70%	891,655	7.43%	\$0.57	\$94.13	5,849	-24,167	12	289,976
30,000-39,999	221	7,476,419	0	0	445,571	5.96%	795,109	10.63%	\$0.52	\$88.41	63,947	71,542	5	173,948
40,000-49,999	142	6,164,088	45,227	0	355,452	5.77%	453,022	7.35%	\$0.50	\$87.70	27,121	51,081	4	176,798
50,000-74,999	175	10,493,971	0	0	598,679	5.70%	754,681	7.19%	\$0.50	\$75.60	31,919	56,821	2	125,443
75,000-99,999	78	6,633,056	0	0	557,514	8.41%	712,854	10.75%	\$0.48	\$84.00	-160,626	38,346	2	162,764
100,000-149,999	96	11,304,543	0	0	828,555	7.33%	917,268	8.11%	\$0.45	\$67.00	86,586	246,133	2	239,908
150,000-199,999	31	5,339,896	0	0	519,046	9.72%	697,767	13.07%	\$0.44	\$77.00	-204,193	25,384	1	186,154
200,000-299,999	41	9,752,859	0	0	1,138,862	11.68%	1,381,152	14.16%	\$0.35	\$41.88	-96,868	146,135	1	260,000
300,000+	30	15,209,740	0	0	874,058	5.75%	1,212,440	7.97%	\$0.45	\$0.00	-146,646	534,754	0	0



WEST ORANGE COUNTY

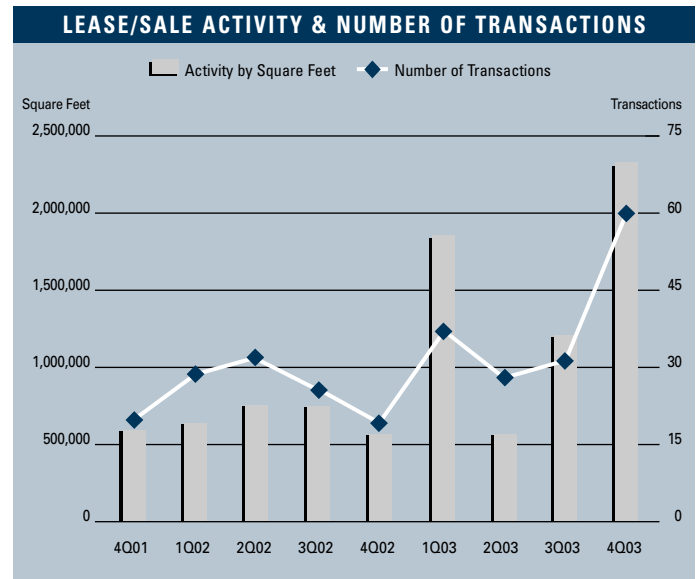
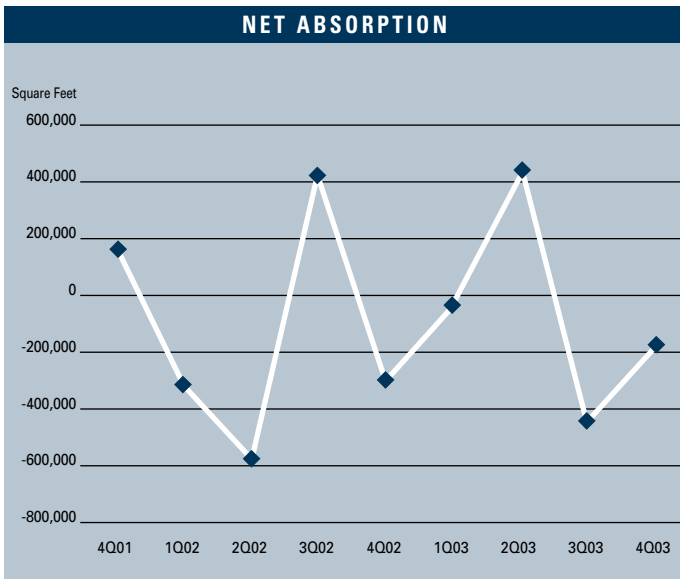
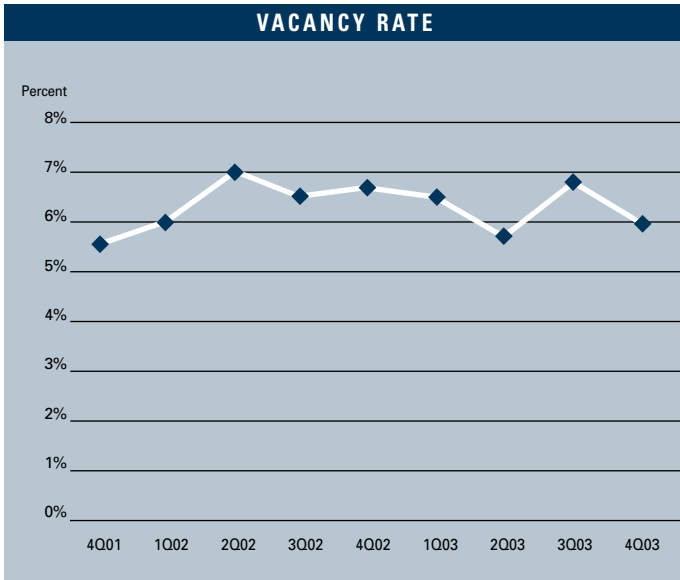
The West Orange County Industrial Market consists of 963 buildings totaling 32,477,030 square feet, and currently has an availability rate of 6.00%, which shows a decrease from last quarter's 7.62% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
West Totals	963	32,477,030	187,691	45,566	1,009,731	3.11%	1,947,677	6.00%	\$0.56	\$97.78	-76,517	-80,833	25	519,496
10,000-19,999	546	7,283,389	56,933	10,200	211,089	2.90%	267,505	3.67%	\$0.71	\$115.02	-19,929	-63,543	15	187,360
20,000-29,999	180	4,260,614	21,108	0	199,925	4.69%	230,957	5.42%	\$0.76	\$108.65	17,556	-61,016	7	141,556
30,000-39,999	53	1,801,935	0	35,366	91,972	5.10%	151,031	8.38%	\$0.64	\$96.11	-10,031	33,558	0	0
40,000-49,999	52	2,281,613	0	0	180,430	7.91%	217,880	9.55%	\$0.57	\$94.26	-20,800	-36,259	1	40,380
50,000-74,999	56	3,342,853	0	0	68,339	2.04%	187,230	5.60%	\$0.63	\$94.60	2,864	46,371	1	70,200
75,000-99,999	26	2,207,055	0	0	22,756	1.03%	84,972	3.85%	\$0.47	\$0.00	27,002	76,336	1	80,000
100,000-149,999	21	2,463,088	109,650	0	154,101	6.26%	224,301	9.11%	\$0.40	\$0.00	-22,060	-96,161	0	0
150,000-199,999	11	1,791,276	0	0	0	0.00%	115,000	6.42%	\$0.00	\$0.00	0	0	0	0
200,000-299,999	12	2,958,387	0	0	81,119	2.74%	468,801	15.85%	\$0.00	\$0.00	-51,119	-81,119	0	0
300,000+	6	4,086,820	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	101,000	0	0

AIRPORT AREA

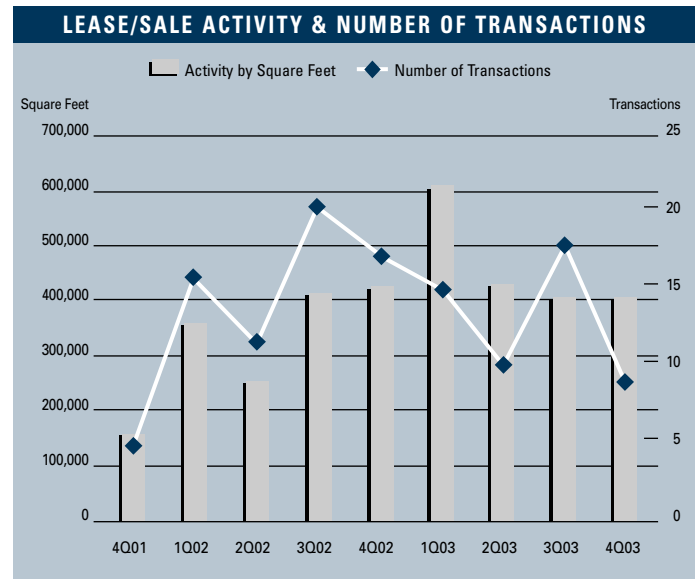
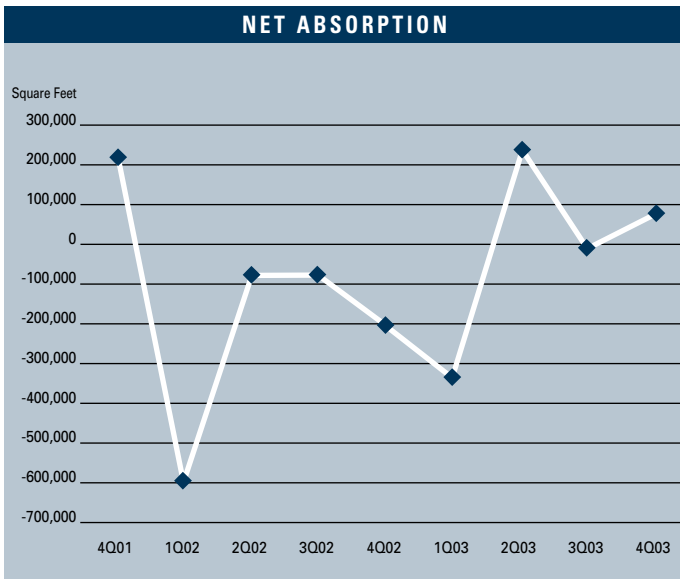
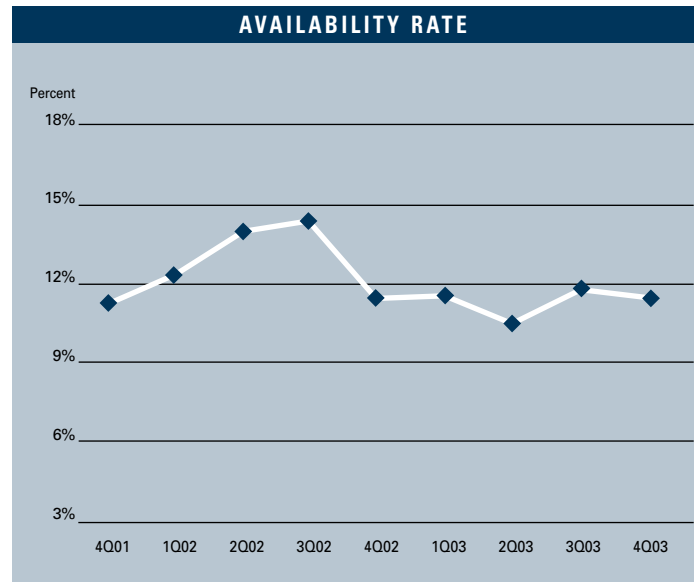
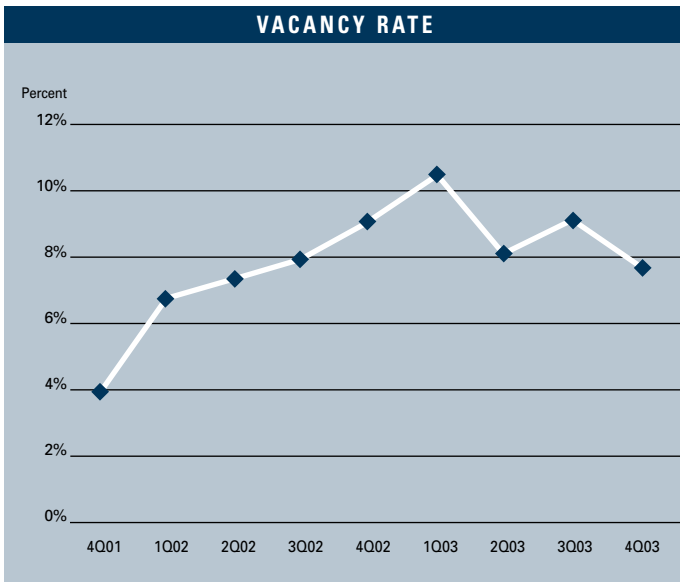
The Airport Area of the Orange County Industrial Market consists of 1,634 buildings totaling 55,449,797 square feet, and currently has an availability rate of 8.37%, which shows an increase from last quarter's 8.31% figure.



	INVENTORY					VACANCY & PRICING					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	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
Airport Totals	1,634	55,449,797	67,835	598,700	3,309,713	5.97%	4,641,055	8.37%	\$0.58	\$93.32	-173,989	-715,351	60	2,318,698
10,000-19,999	788	11,003,842	0	31,113	435,037	3.95%	528,365	4.80%	\$0.66	\$124.17	94,142	-52,182	36	478,630
20,000-29,999	352	8,334,361	21,011	68,374	359,464	4.31%	460,687	5.53%	\$0.69	\$136.69	20,987	-108,448	9	230,488
30,000-39,999	153	5,155,852	0	172,713	306,617	5.95%	517,070	10.03%	\$0.79	\$89.79	-27,464	-30,244	3	93,558
40,000-49,999	87	3,792,419	46,824	0	300,446	7.92%	400,658	10.56%	\$0.58	\$80.84	-54,951	-146,639	2	82,357
50,000-74,999	110	6,580,466	0	0	266,967	4.06%	493,252	7.50%	\$0.45	\$0.00	169,547	95,135	3	170,842
75,000-99,999	55	4,697,107	0	0	298,469	6.35%	628,785	13.39%	\$0.54	\$0.00	49,923	354,904	3	243,203
100,000-149,999	49	5,730,724	0	114,500	621,852	10.85%	828,337	14.45%	\$0.60	\$76.52	-163,419	110,365	1	105,120
150,000-199,999	14	2,390,545	0	0	111,281	4.66%	111,281	4.66%	\$0.49	\$0.00	0	61,305	1	189,500
200,000-299,999	14	3,375,191	0	212,000	121,913	3.61%	184,953	5.48%	\$0.00	\$0.00	321,593	379,300	1	225,000
300,000+	12	4,389,290	0	0	487,667	11.11%	487,667	11.11%	\$0.44	\$0.00	-584,347	-1,378,847	1	500,000

SOUTH ORANGE COUNTY

The South Orange County Industrial Market consists of 538 buildings totaling 19,229,521 square feet, and currently has an availability rate of 11.50%, which shows a decrease from last quarter's 11.92% figure.



	INVENTORY						VACANCY & PRICING				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	Average Asking Sales Price	Net Absorption 4Q2003	Net Absorption 2003	Number of Transactions	Gross Absorption 4Q2003
South Totals														
10,000-19,999	271	3,258,394	0	157,920	312,178	9.58%	359,404	11.03%	\$0.78	\$135.34	-17,458	31,378	5	65,056
20,000-29,999	114	2,716,712	20,677	71,489	197,185	7.26%	255,476	9.40%	\$0.65	\$136.50	-21,607	122,360	0	0
30,000-39,999	41	1,375,252	0	64,947	216,277	15.73%	216,277	15.73%	\$0.61	\$0.00	-12,021	-66,335	1	37,763
40,000-49,999	26	1,153,026	0	0	29,877	2.59%	44,172	3.83%	\$0.67	\$0.00	40,109	89,249	0	0
50,000-74,999	31	1,897,917	0	104,527	98,094	5.17%	206,319	10.87%	\$0.67	\$119.00	65,319	40,307	2	142,462
75,000-99,999	16	1,341,043	0	0	38,772	2.89%	117,174	8.74%	\$0.57	\$0.00	-70,013	-23,281	0	0
100,000-149,999	22	2,587,849	0	0	168,873	6.53%	168,873	6.53%	\$0.47	\$125.00	-56,873	23,777	0	0
150,000-199,999	5	864,325	0	0	0	0.00%	25,000	2.89%	\$0.00	\$0.00	147,325	106,297	1	158,461
200,000-299,999	5	1,057,149	0	0	30,200	2.86%	434,888	41.14%	\$0.42	\$0.00	0	12,195	0	0
300,000+	7	2,977,854	0	0	384,186	12.90%	384,186	12.90%	\$0.00	\$0.00	0	-234,866	0	0
Total	538	19,229,521	20,677	398,883	1,475,642	7.67%	2,211,769	11.50%	\$0.54	\$127.71	74,781	101,081	9	403,742

