R&D MARKET EPORT

FOURTH QUARTER 2003

Compared to last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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MARKET HIGHLIGHTS

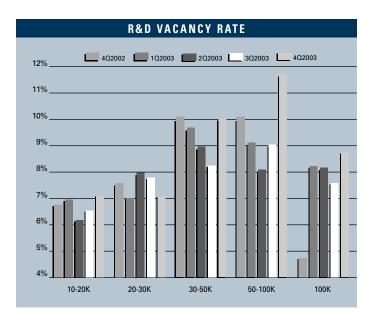
- Unemployment for the fourth quarter of 2003 in Orange County is 3.5%, which is a decrease of .3% when compared to the third quarter of 2003, and is .4% lower than it was during the fourth quarter of 2002.
- According to Los Angeles County Economic Development Corporation it is estimated that Orange 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 271,600 square feet for the fourth quarter of 2003, which is about 45,000 square feet more than the amount that was under construction in the third quarter of 2003.
- The R&D vacancy rate checked in at a healthy 8.96%, which is higher than it was a year ago when it was 7.92%. This lack of supply is creating a lot of constrained demand for R&D space in Orange County.
- The total amount of R&D space available in Orange County, which includes both direct and sublease space, is about the same as it was a year ago; 13.10% this quarter as compared to 13.26% this quarter last year.
- The average asking Triple Net lease rate per month per foot in Orange County is currently \$0.89, which is a 11.25% increase over last year's fourth quarter rate of \$0.80.
- Net absorption for the R&D market this fourth quarter posted a negative number of 144,045 square feet, giving the county a total of just over 200,000 square feet of negative absorption for 2003.

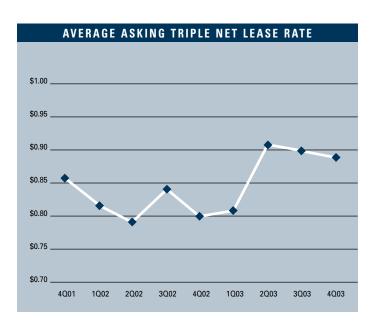
R&D MARKET STATISTICS

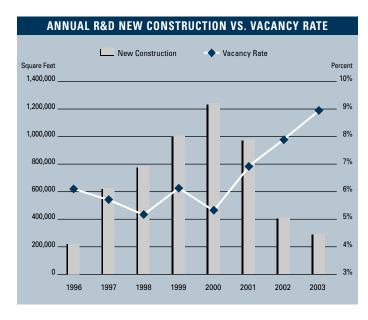
	402003	302003	402002	% CHANGE VS. 4002
Under Construction	271,600	316,850	154,656	75.62%
Planned Construction	505,608	498,756	423,587	19.36%
Vacancy	8.96%	7.91%	7.92%	13.13%
Availability	13.10%	12.97%	13.26%	-1.21%
Pricing	\$0.89	\$0.90	\$0.80	11.25%
Net Absorption	-144,045	60,367	-259,033	44.39%

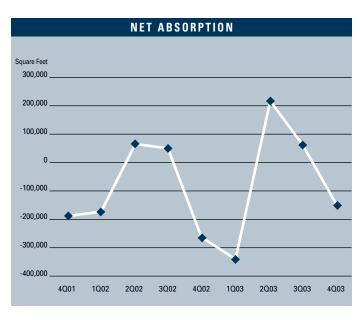
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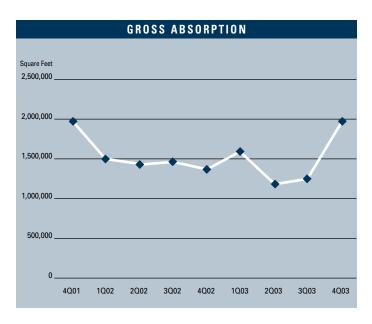












QUARTER 2003 FOURTH

ORANGE COUNTY

VACANCY & LEASE RATES

ABSORPTION

INVENTORY

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	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 402003	Square Feet For Sublet	Availability Rate 402003	Average Asking Lease Rate	Net Absorption 402003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County													
Anaheim Hills Anaheim Brea	7 153 39	292,180 4,501,541 978,686	0 0 0	0 0 0	33,376 360,066 92,079	11.42% 8.00% 9.41%	54,175 437,659 102,464	18.54% 9.72% 10.47%	\$0.99 \$0.72 \$0.64	0 15,226 (17,617)	5,276 (129,475) (21,197)	(35,105) 81,200 (13,303)	17,615 (48,159) (24,665)
Buena Park Fullerton La Habra Orange	25 36 7 92	937,115 1,547,442 107,089 1,842,442	0 0 0 0	0 0 0 0	45,504 37,908 1,596 56,662	4.86% 2.45% 1.49% 3.08%	229,662 97,944 1,596 81,685	24.51% 6.33% 1.49% 4.43%	\$0.61 \$0.75 \$0.00 \$0.68	(14,619) (6,746) 532 22,675	(22,150) 18,049 (1,596) 8,984	(88,848) (8,974) 2,732 (42,982)	24,243 2,426 20,137 104,249
Placentia Yorba Linda North County Total	19 54 432	545,669 1,403,522 12,155,686	0 0	0	29,475 38,894 695,560	5.40% 2.77% 5.72%	294,475 38,894 1,338,554	53.97% 2.77% 11.01%	\$0.60 \$0.84 \$0.70	(27,535) (12,252) (40,336)	(9,098) 15,386 (135,821)	(1,562) 1,061 (105,781)	(7,863) (27,295) 60,688
West County	432	12,100,000	U	U	090,000	5.72%	1,338,334	11.01%	\$0.70	(40,330)	(130,821)	(105,/81)	00,000
Cypress Fountain Valley Garden Grove Huntington Beach La Palma Los Alamitos Stanton Westminster	56 47 69 87 7 30 6	3,338,315 1,354,051 1,916,820 2,238,991 274,011 647,470 156,045 519,409	0 0 0 0 0	34,000 0 0 0 0 0	415,771 79,542 139,718 109,689 15,508 22,574 14,420 81,705	12.45% 5.87% 7.29% 4.90% 5.66% 3.49% 9.24% 15.73%	432,106 79,542 187,050 144,831 20,098 26,675 14,420 81,705	12.94% 5.87% 9.76% 6.47% 7.33% 4.12% 9.24% 15.73%	\$0.77 \$1.00 \$0.50 \$0.82 \$0.95 \$0.00 \$0.00 \$0.55	26,763 (2,058) 738 (8,006) (8,242) 3,686 779 4,448	24,413 2,149 157,840 7,881 (7,040) (22,574) (5,261) (3,614)	30,675 19,136 (166,070) 56,995 (6,782) 13,606 875 393	98,038 (13,977) (147,200) (112,591) 13,401 39,307 4,040 143,056
West County Total	321	10,445,112	0	34,000	878,927	8.41%	986,427	9.44%	\$0.77	18,108	153,794	(51,172)	24,074
Airport Area													
Costa Mesa Irvine Newport Beach Santa Ana Tustin	161 309 22 160 97	4,105,646 8,447,358 789,058 4,752,648 3,519,923	0 0 0 271,600 0	0 0 0 0	611,103 875,604 16,799 571,156 206,138	14.88% 10.37% 2.13% 12.02% 5.86%	780,429 1,280,094 16,799 571,156 344,243	19.01% 15.15% 2.13% 12.02% 9.78%	\$0.85 \$0.90 \$0.00 \$1.05 \$0.75	(355,363) (132,572) (1,450) (130,844) 226,681	(103,912) 100,248 (2,642) (226,633) 197,088	(192,471) 283,931 (525) (32,189) 104,757	(130,238) (283,181) (6,777) (51,016) (192,500)
Airport Area Total	749	21,614,633	271,600	0	2,280,800	10.55%	2,992,721	13.85%	\$0.88	(393,548)	(35,851)	163,503	(663,712)
South County Aliso Vieio	41	1,083,324	0	0	95,269	8.79%	154,344	14.25%	\$1.07	(20.012)	(62 177)	4,664	(4,525)
Also Viejo Foothill Ranch Irvine Spectrum Laguna Beach Laguna Hills Laguna Niguel Lake Forest Mission Viejo Rancho Santa Margarita San Clemente San Juan Capistrano	222 2 50 13 55 33 54 40 37	133,348 9,264,086 30,800 1,057,721 424,824 1,505,811 654,099 1,837,460 922,825 539,079	000000000000000000000000000000000000000	88,351 0 0 293,257 0 90,000	95,265 0 1,093,243 0 60,807 39,295 103,462 55,498 124,285 91,825 8,967	0.00% 11.80% 0.00% 5.75% 9.25% 6.87% 8.48% 6.76% 9.95% 1.66%	1,896,168 0 70,619 48,376 270,956 70,466 146,917 94,184 11,467	14.23% 0.00% 20.47% 0.00% 6.68% 11.39% 17.99% 10.77% 8.00% 10.21% 2.13%	\$0.00 \$1.01 \$0.00 \$1.20 \$0.00 \$1.01 \$0.93 \$0.89 \$1.12 \$1.35	(29,013) 0 228,356 0 (15,520) 14,136 34,455 (14,399) 34,461 9,710 9,545	(63,177) 10,261 (287,912) 0 (28,457) (21,509) 97,112 (35,114) 132,149 43,843 6,274	32,257 (307,316) 0 (4,262) (16,176) (35,346) 11,435 (83,713) 82,273 22,858	(4,323) (16,818) (74,817) 0 (4,966) 8,617 39,774 (7,032) 102,758 (14,671) 414
South County Total Orange County Total	553 2,055	17,453,377 61,668,808	0 271,600	471,608 505,608	1,672,651 5,527,938	9.58% 8.96%	2,763,497 8,081,199	15.83% 13.10%	\$1.01 \$0.89	271,731 -144,045	(146,530) -164,408	(293,326) -286,776	28,734 -550,216
		INVEN	ITORY			VACANC	Y & LEAS	F RATES			ABSOR	PTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Square Feet For Sublet	Availability Rate 4Q2003	Average Asking Lease Rate	Net Absorption 4Q2003	Net Absorption 2003	Net Absorption 2002	Net Absorption 2001
North County 10,000 to 19,999 20,000 to 29,999 30,000 to 49,999 50,000 to 99,999 100,000+	221 96 76 27 12	3,047,115 2,314,278 2,787,873 1,834,480 2,171,940	0 0 0 0	0 0 0 0	162,213 111,659 200,419 90,674 130,595	5.32% 4.82% 7.19% 4.94% 6.01%	181,707 385,858 351,179 289,215 130,595	5.96% 16.67% 12.60% 15.77% 6.01%	\$0.62 \$0.75 \$0.73 \$0.62 \$0.71	(7,345) (9,943) 15,670 (25,718) (13,000)	(51,411) 2,888 69,252 (25,955) (130,595)	49,391 (7,293) (90,420) (59,518) 2,059	(8,575) 26,924 (107,049) 143,995 5,393
West County 10,000 to 19,999 20,000 to 29,999 30,000 to 49,999 50,000 to 99,999 100,000+	147 73 52 37 12	2,073,504 1,730,586 1,924,490 2,388,219 2,328,313	0 0 0 0 0	0 0 34,000 0 0	118,366 83,881 175,393 401,287 100,000	5.71% 4.85% 9.11% 16.80% 4.29%	158,305 83,881 155,582 488,659 100,000	7.63% 4.85% 8.08% 20.46% 4.29%	\$0.89 \$0.95 \$0.77 \$0.74 \$0.00	7,894 36,996 (25) (35,797) 9,040	17,308 7,872 81,007 47,607 0	(40,895) 26,051 (30,019) (7,902) 1,593	(461) (50,093) (61,311) 67,404 68,535
Airport Area 10,000 to 19,999 20,000 to 29,999 30,000 to 49,999 50,000 to 99,999 100,000+	372 175 119 57 26	5,328,537 4,141,019 4,494,717 3,943,737 3,706,623	0 54,224 153,775 63,601 0	0 0 0 0	313,774 345,108 536,615 682,370 402,933	5.89% 8.33% 11.94% 17.30% 10.87%	420,629 458,755 764,057 943,857 405,423	7.89% 11.08% 17.00% 23.93% 10.94%	\$0.98 \$1.02 \$0.88 \$0.85 \$0.75	(46,744) (28,396) (171,050) (222,132) 74,774	(17,480) 111,943 (76,617) (37,285) (16,412)	140,982 (75,257) 33,370 (68,123) 132,531	(167,172) (64,201) (153,125) (119,548) (159,666)
South County 10,000 to 19,999 20,000 to 29,999 30,000 to 49,999 50,000 to 99,999 100,000+	242 134 101 57 19	3,545,928 3,197,069 3,798,408 3,808,907 3,103,065	0 0 0 0	57,000 97,507 227,101 90,000 0	412,393 279,369 395,296 227,885 357,708	11.63% 8.74% 10.41% 5.98% 11.53%	450,003 413,858 771,594 644,259 483,783	12.69% 12.94% 20.31% 16.91% 15.59%	\$1.04 \$0.96 \$0.99 \$0.96 \$1.07	(16,561) 92,008 41,972 43,209 111,103	8,380 9,036 866 (84,976) (79,836)	37,102 (33,815) (135,592) (84,274) (76,747)	(53,852) 21,457 71,666 (34,372) 23,835
Orange County 10,000 to 19,999 20,000 to 29,999 30,000 to 49,999 50,000 to 99,999 100,000+	982 478 348 178 69	13,995,084 11,382,952 13,005,488 11,975,343 11,309,941	0 54,224 153,775 63,601 0	57,000 97,507 261,101 90,000 0	1,006,746 820,017 1,307,723 1,402,216 991,236	7.19% 7.20% 10.06% 11.71% 8.76%	1,210,644 1,342,352 2,042,412 2,365,990 1,119,801	8.65% 11.79% 15.70% 19.76% 9.90%	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00	(62,756) 90,665 (113,433) (240,438) 181,917	(43,203) 131,739 74,508 (100,609) (226,843)	186,580 (90,314) (222,661) (219,817) 59,436	(230,060) (65,913) (249,819) 57,479 (61,903)

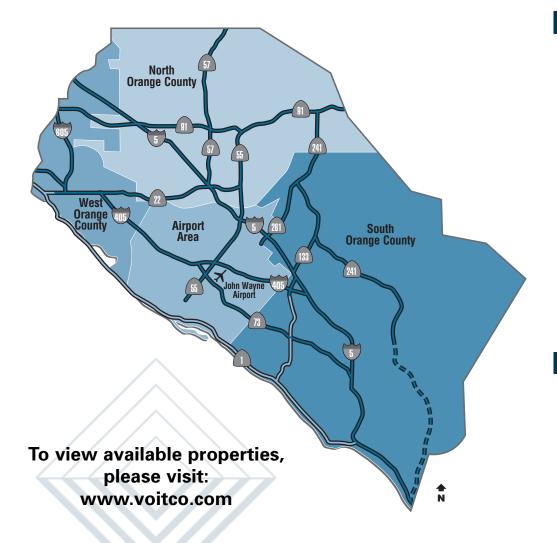
This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple net basis.

Orange County Total



2,055 61,668,808 271,600 505,608 5,527,938 8.96% 8,081,199 13.10% \$0.89 -144,045 -164,408 -286,776 -550,216





SUBMARKETS

NORTH

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

WEST

Cypress, Fountain Valley, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Stanton, Westminster

AIRPORT

Costa Mesa, Irvine, Newport Beach, Santa Ana and Tustin

SOUTH

Aliso Viejo, 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

R&DORMID-TECH

30% to 74.9% improved with drop ceiling, minimum parking ratio of 3 to 1, minimum 50% of exterior glassline, dock and/or ground level loading.

For Further Information:

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