

INDUSTRIAL MARKET REPORT

FOURTH
QUARTER
2004

Compared to
last quarter:

VACANCY



ABSORPTION



ACTIVITY



LEASE RATES



CONSTRUCTION



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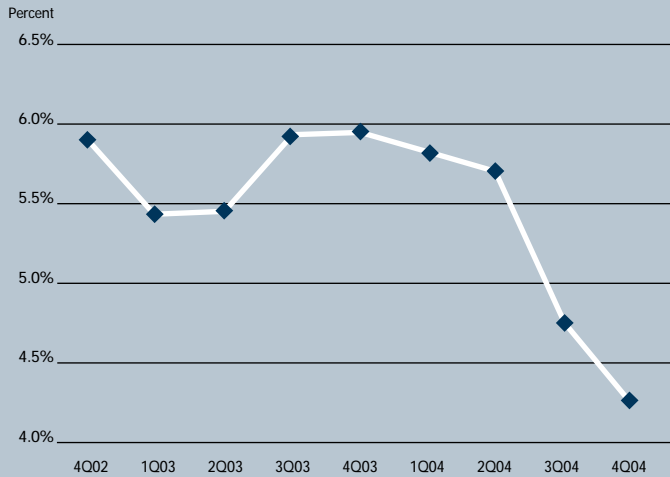
MARKET HIGHLIGHTS

- ◆ Unemployment for the fourth quarter of 2004 in Orange County is 2.9%, which is .3% lower than it was when compared to the third quarter of 2004, and is .6% lower than it was during the fourth quarter of 2003.
- ◆ According to Chapman University, it is estimated that Orange County will add 25,000 new jobs in 2004. Furthermore, they are forecasting 21,000 new jobs will be added to the county in 2005 as the Orange County economy continues to expand.
- ◆ Total space under construction is just over 700,000 square feet this quarter, which is more than 40% higher than the half million square feet that was under construction a year ago.
- ◆ Industrial vacancy came in at a low rate of 4.28%, which is almost 30% lower than it was a year ago. This will put more pressure on lease rates to continue to climb.
- ◆ Industrial availability checked in at a rate of 6.23%, which is 25% lower than what was on the market a year ago.
- ◆ The average asking triple net lease rate is .58 cents per square foot per month this quarter. This is an increase of over 11.5% when compared to a year ago and two cents higher than last quarter. The level of activity was a little lower in the fourth quarter of 2004 when compared to last quarter, checking in at 4.6 million square feet this quarter from a strong 5.3 million square feet last quarter.
- ◆ Net absorption for the county during the fourth quarter of 2004 posted a positive number of 1,800,296 square feet, giving the Industrial Market in Orange County a total of over 4.3 million square feet of positive absorption for 2004, making 2004 the best performance since 2000.
- ◆ Rental rates are expected to increase at moderate levels in the short run, and concessions will lessen as the economy in Orange County continues to improve. These conditions will put upward pressure on lease rates going forward. We should see rental rate growth of 7% to 10% in 2005.

INDUSTRIAL MARKET STATISTICS

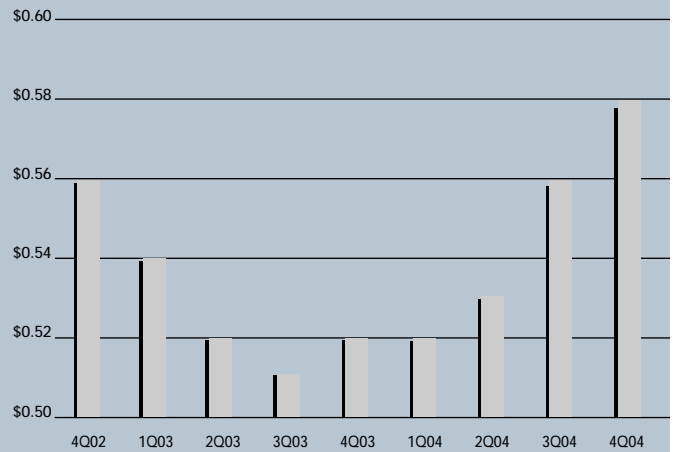
	2004	2003	2002	% CHANGE VS. 2003
Inventory Added	633,562	1,263,358	1,554,531	-49.85%
Under Construction	709,060	493,057	770,935	43.81%
Vacancy Rate	4.28%	5.96%	5.90%	-28.19%
Availability Rate	6.23%	8.32%	8.57%	-25.12%
Average Asking Lease Rate	\$0.58	\$0.52	\$0.56	11.54%
Net Absorption	4,358,760	2,861,850	(2,918,328)	52.31%
Gross Absorption	17,982,555	17,070,848	12,285,749	5.34%

VACANCY RATE

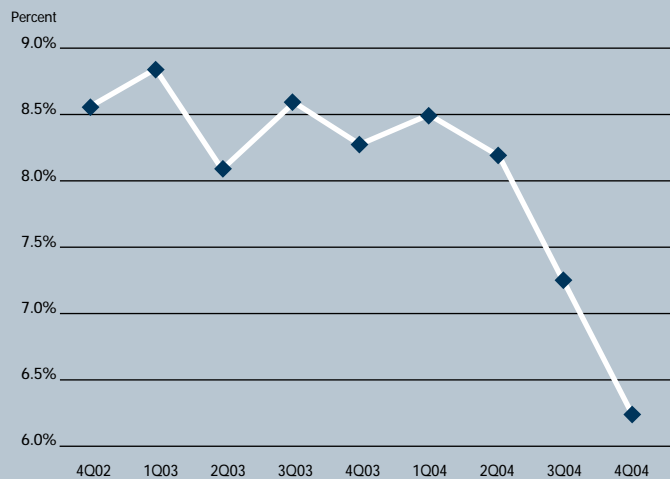


WEIGHTED AVERAGE ASKING LEASE RATES

ON A TRIPLE NET BASIS FOR
MANUFACTURING & DISTRIBUTION PRODUCT

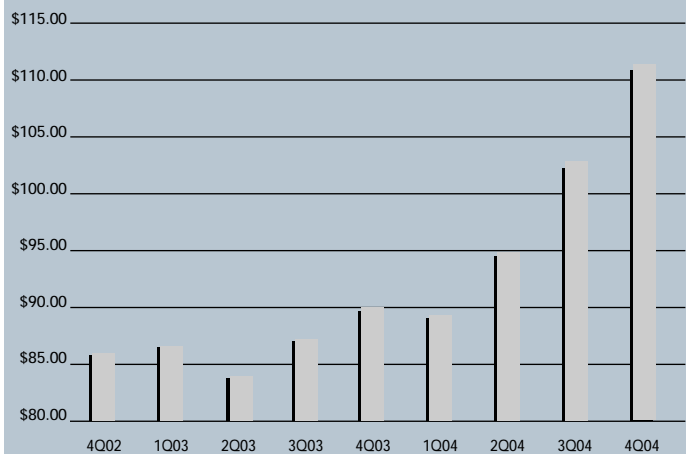


AVAILABILITY RATE

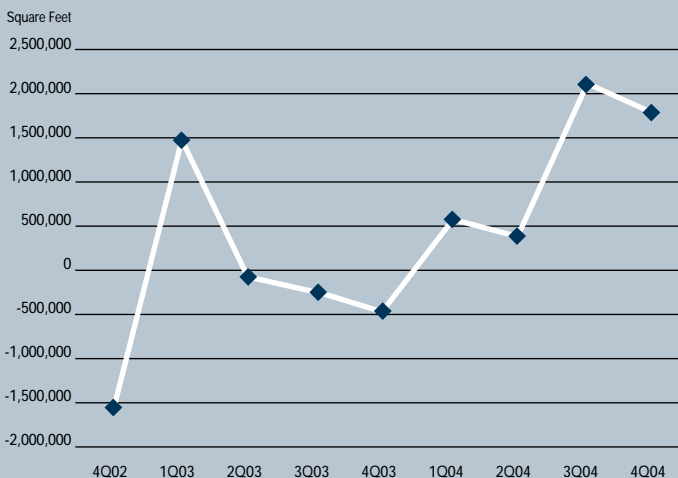


WEIGHTED AVERAGE ASKING SALES RATES

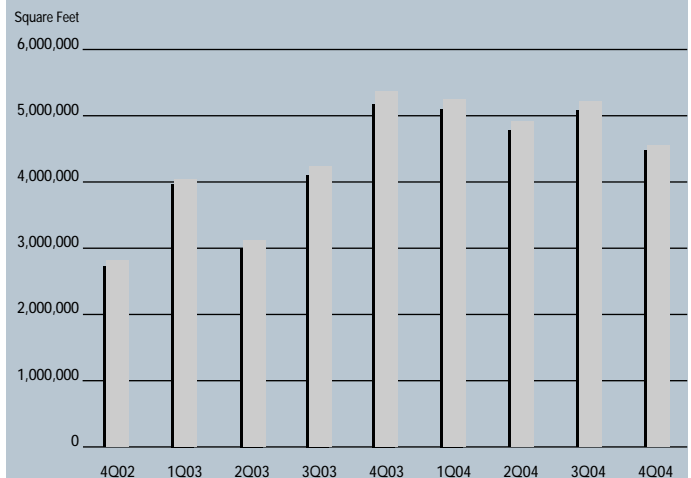
PER SQUARE FOOT FOR
MANUFACTURING & DISTRIBUTION PRODUCT



NET ABSORPTION



GROSS ABSORPTION

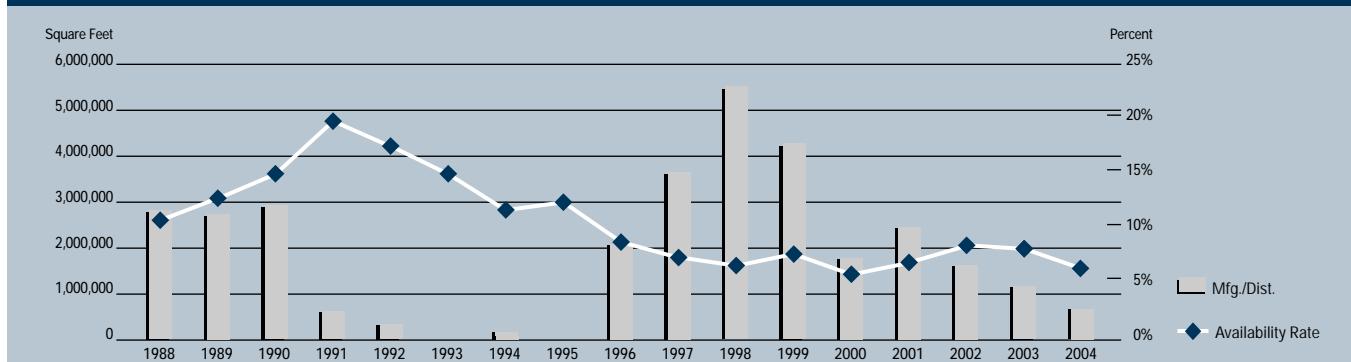


ORANGE COUNTY

	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
North County														
Anaheim	1,250	44,356,820	88,580	346,035	1,779,637	4.01%	2,114,347	4.77%	\$0.55	\$101.30	444,745	339,533	783,309	2,848,768
Brea	231	10,781,180	0	77,560	491,983	4.56%	926,589	8.59%	\$0.47	\$98.72	83,620	696,811	228,406	1,188,150
Buena Park	174	13,314,273	0	0	1,201,197	9.02%	1,230,767	9.24%	\$0.45	\$85.00	(411,501)	(268,385)	213,761	1,157,153
Fullerton	282	16,128,319	0	0	1,135,317	7.04%	1,399,652	8.68%	\$0.44	\$54.95	363,219	752,791	629,093	1,555,040
La Habra	86	2,325,261	0	24,203	42,998	1.85%	42,998	1.85%	\$0.60	\$0.00	67,277	83,063	88,192	268,639
Orange	430	11,502,376	0	0	134,795	1.17%	160,562	1.40%	\$0.61	\$145.46	234,516	336,568	376,993	1,013,820
Placentia	145	3,639,170	0	0	208,973	5.74%	216,661	5.95%	\$0.55	\$0.00	18,547	(48,715)	70,516	233,906
Yorba Linda	27	706,282	0	0	11,818	1.67%	11,818	1.67%	\$0.88	\$0.00	0	16,993	10,023	63,046
North County Total	2,625	102,753,681	88,580	447,798	5,006,718	4.87%	6,103,394	5.94%	\$0.47	\$83.82	800,423	1,908,659	2,400,293	8,328,522
West County														
Cypress	48	3,602,451	0	0	216,327	6.00%	297,469	8.26%	\$0.63	\$99.90	3,283	(65,285)	87,425	230,890
Garden Grove	288	10,811,495	111,555	0	457,600	4.23%	535,676	4.95%	\$0.67	\$124.33	155,026	(69,239)	250,807	803,087
Huntington Beach	437	12,036,581	0	447,547	352,972	2.93%	579,959	4.82%	\$0.58	\$129.17	59,899	100,471	142,739	545,219
La Palma	14	1,709,621	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	28,851	51,119	93,851	295,331
Los Alamitos	73	1,976,752	0	0	34,765	1.76%	47,265	2.39%	\$0.58	\$0.00	80,463	117,171	80,463	134,993
Stanton	57	1,102,501	0	10,699	3,168	0.29%	3,168	0.29%	\$0.00	\$0.00	31,200	20,000	31,200	53,200
Westminster	58	1,817,801	0	0	174,682	9.61%	174,682	9.61%	\$0.45	\$108.40	(10,062)	(108,985)	6,746	81,843
West County Total	975	33,057,202	111,555	458,246	1,239,514	3.75%	1,638,219	4.96%	\$0.59	\$119.37	348,660	45,252	693,231	2,144,563
Airport Area														
Costa Mesa	207	6,429,236	0	140,824	127,613	1.98%	562,451	8.75%	\$1.16	\$121.70	17,253	136,343	70,233	419,890
Fountain Valley	139	3,322,900	0	212,000	53,064	1.60%	89,347	2.69%	\$0.59	\$113.05	(2,360)	132,015	31,489	311,661
Irvine	324	14,203,128	0	0	539,870	3.80%	923,355	6.50%	\$0.64	\$128.52	266,438	327,713	417,870	1,140,810
Newport Beach	19	316,009	0	0	10,791	3.41%	10,791	3.41%	\$0.00	\$0.00	0	(3,191)	0	7,600
Santa Ana	876	26,605,240	14,170	0	1,058,605	3.98%	1,492,053	5.61%	\$0.58	\$100.03	49,457	567,788	311,441	2,302,920
Tustin	87	4,331,919	225,311	71,422	245,734	5.67%	545,092	12.58%	\$0.82	\$112.12	131,516	414,777	173,007	657,537
Airport Area Total	1,652	55,208,432	239,481	424,246	2,035,677	3.69%	3,623,089	6.56%	\$0.65	\$114.64	462,304	1,575,445	1,004,040	4,840,418
South County														
Aliso Viejo	10	678,093	0	0	13,136	1.94%	26,816	3.95%	\$0.95	\$0.00	0	15,186	0	20,816
Foothill Ranch	39	2,868,250	0	136,256	95,495	3.33%	337,440	11.76%	\$0.39	\$0.00	10,011	447,069	10,094	762,506
Irvine Spectrum	140	7,178,098	191,636	0	229,674	3.20%	813,854	11.34%	\$0.61	\$148.67	(5,417)	141,859	124,332	728,528
Laguna Hills	69	1,273,664	0	0	40,579	3.19%	40,579	3.19%	\$0.85	\$0.00	21,104	39,558	58,873	167,651
Laguna Niguel	19	516,609	0	0	2,060	0.40%	2,060	0.40%	\$0.00	\$0.00	2,000	2,020	2,400	10,080
Lake Forest	128	3,602,200	0	0	196,371	5.45%	265,676	7.38%	\$0.76	\$160.05	80,739	65,986	112,149	340,744
Mission Viejo	26	966,906	0	0	24,340	2.52%	78,122	4.08%	\$1.23	\$0.00	8,661	(57,945)	8,661	145,081
Rancho Santa Margarita	35	1,056,063	0	0	33,038	3.13%	45,656	4.32%	\$0.84	\$138.56	1,107	174	24,145	79,129
San Clemente	50	1,166,273	77,808	26,289	103,800	8.84%	129,581	11.11%	\$0.79	\$112.50	55,133	135,485	96,105	341,777
San Juan Capistrano	32	838,184	0	0	19,195	2.29%	48,195	5.75%	\$1.69	\$0.00	15,571	40,012	23,003	72,740
South County Total	548	20,144,340	269,444	162,545	756,968	3.76%	1,787,979	8.88%	\$0.70	\$145.46	188,909	829,404	459,762	2,669,052
Orange County Total	5,800	211,163,655	709,060	1,492,835	9,038,877	4.28%	13,152,681	6.23%	\$0.58	\$111.36	1,800,296	4,358,760	4,557,326	17,982,555

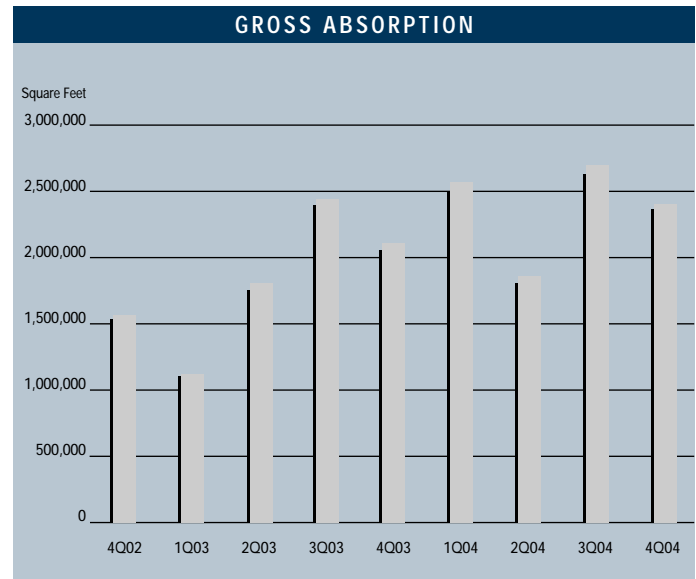
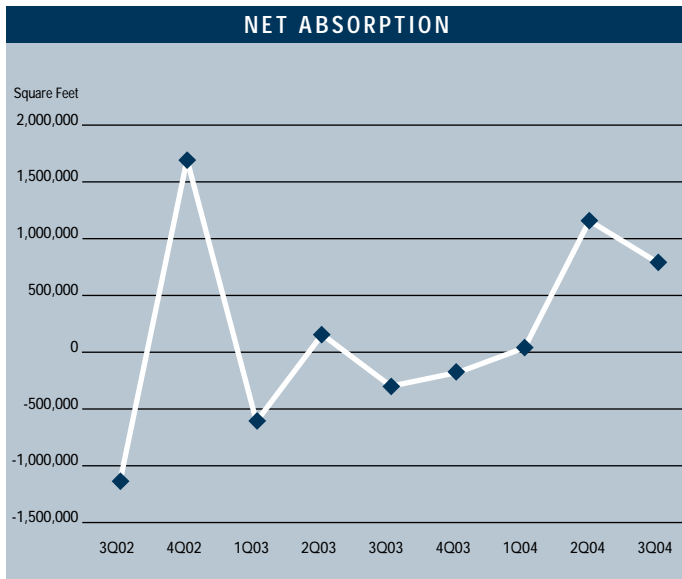
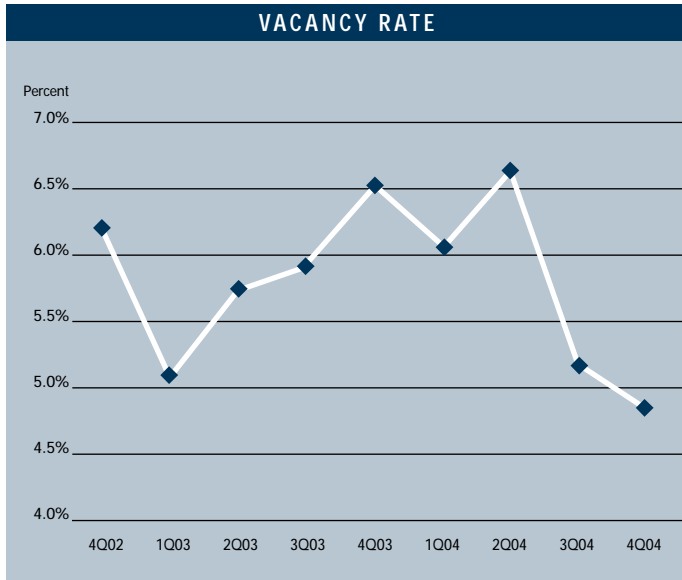
	INVENTORY				VACANCY & PRICING						ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
O.C. Totals														
10,000-19,999	2,927	40,377,021	276,343	196,977	1,423,955	3.53%	1,672,733	4.14%	\$0.77	\$144.17	92,222	328,480	798,583	3,257,140
20,000-29,999	1,158	27,389,813	91,637	197,110	1,047,696	3.83%	1,283,351	4.69%	\$0.82	\$126.68	249,085	667,842	730,266	2,800,550
30,000-39,999	474	16,003,332	172,904	213,477	701,171	4.38%	865,109	5.41%	\$0.65	\$121.50	107,244	425,728	393,845	1,770,480
40,000-49,999	311	13,569,401	0	136,821	374,312	2.76%	614,991	4.53%	\$0.56	\$116.03	155,275	581,040	318,023	1,157,821
50,000-74,999	373	22,362,380	53,676	357,779	731,823	3.27%	1,267,663	5.67%	\$0.59	\$109.00	229,816	600,004	339,697	1,662,317
75,000-99,999	176	14,963,665	0	0	451,282	3.02%	903,541	6.04%	\$0.74	\$94.29	491,356	301,892	527,189	1,349,052
100,000-149,999	191	22,440,471	114,500	0	1,174,110	5.23%	1,720,332	7.67%	\$0.55	\$85.09	427,231	645,663	647,189	2,012,374
150,000-199,999	64	10,909,949	0	178,671	1,007,282	9.23%	1,234,282	11.31%	\$0.47	\$0.00	150,698	(189,596)	215,698	406,666
200,000-299,999	72	17,122,970	0	212,000	1,017,387	5.94%	1,769,496	10.33%	\$0.42	\$53.00	(26,368)	702,285	389,061	1,712,047
300,000+	54	26,024,653	0	0	1,109,859	4.26%	1,821,183	7.00%	\$0.45	\$0.00	(76,263)	295,422	197,775	1,854,108
Total	5,800	211,163,655	709,060	1,492,835	9,038,877	4.28%	13,152,681	6.23%	\$0.58	\$111.36	1,800,296	4,358,760	4,557,326	17,982,555

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



NORTH ORANGE COUNTY

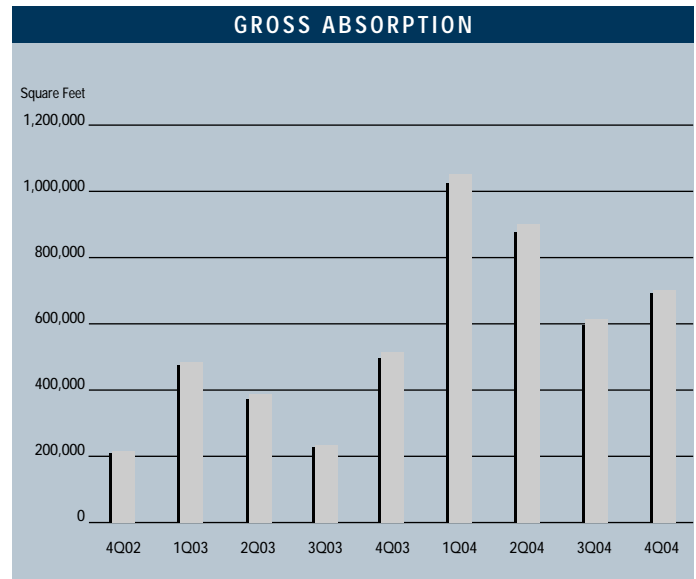
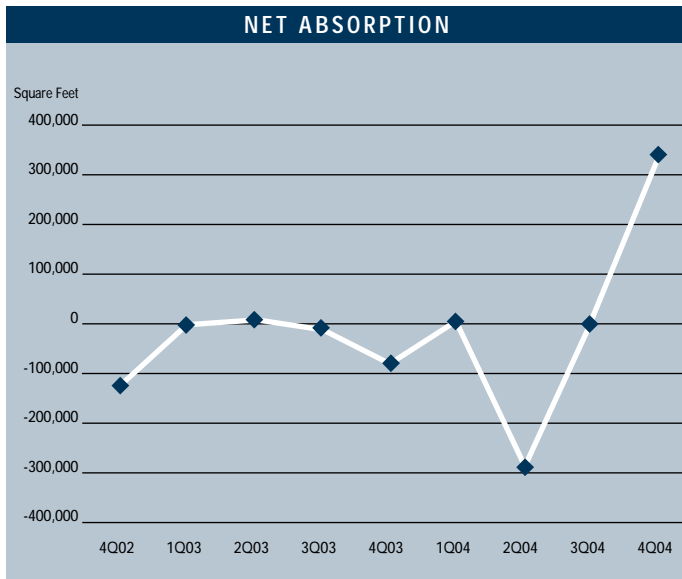
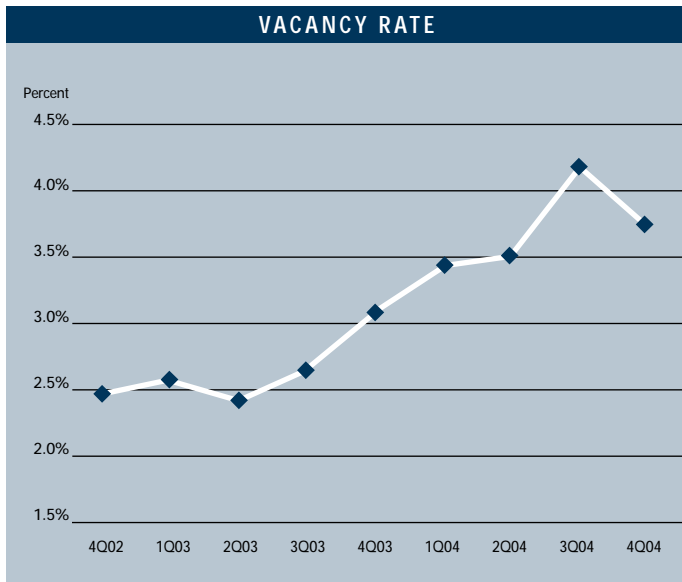
The North Orange County Industrial Market consists of 2,625 buildings totaling 102,753,681 square feet, and currently has an availability rate of 5.94%, which shows a decrease from last quarter's 7.46% figure.



	INVENTORY						VACANCY & PRICING				ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
North Totals														
10,000-19,999	1,286	17,747,045	88,580	186,278	512,957	2.89%	574,072	3.23%	\$0.62	\$140.68	191,337	201,284	455,620	1,339,960
20,000-29,999	514	12,144,254	0	141,780	413,891	3.41%	479,504	3.95%	\$0.57	\$99.30	163,935	442,070	331,668	1,292,314
30,000-39,999	224	7,585,321	0	74,600	410,589	5.41%	412,099	5.43%	\$0.55	\$98.50	33,322	149,421	217,160	834,840
40,000-49,999	143	6,215,818	0	45,140	184,095	2.96%	191,539	3.08%	\$0.45	\$102.05	26,643	255,999	127,801	514,320
50,000-74,999	179	10,741,227	0	0	379,831	3.54%	535,865	4.99%	\$0.48	\$124.90	(25,392)	407,800	84,006	693,621
75,000-99,999	79	6,716,590	0	0	70,006	1.04%	181,678	2.70%	\$0.47	\$64.71	257,979	364,824	293,812	699,305
100,000-149,999	96	11,316,572	0	0	584,893	5.17%	687,803	6.08%	\$0.46	\$59.00	182,496	185,962	230,656	809,756
150,000-199,999	33	5,699,934	0	0	833,063	14.62%	833,063	14.62%	\$0.44	\$0.00	150,698	(170,915)	150,698	167,562
200,000-299,999	42	9,994,541	0	0	795,388	7.96%	1,029,246	10.30%	\$0.45	\$53.00	(104,332)	721,252	311,097	1,379,596
300,000+	29	14,592,379	0	0	822,005	5.63%	1,178,525	8.08%	\$0.44	\$0.00	(76,263)	(649,038)	197,775	597,248
Total	2,625	102,753,681	88,580	447,798	5,006,718	4.87%	6,103,394	5.94%	\$0.47	\$83.82	800,423	1,908,659	2,400,293	8,328,522

WEST ORANGE COUNTY

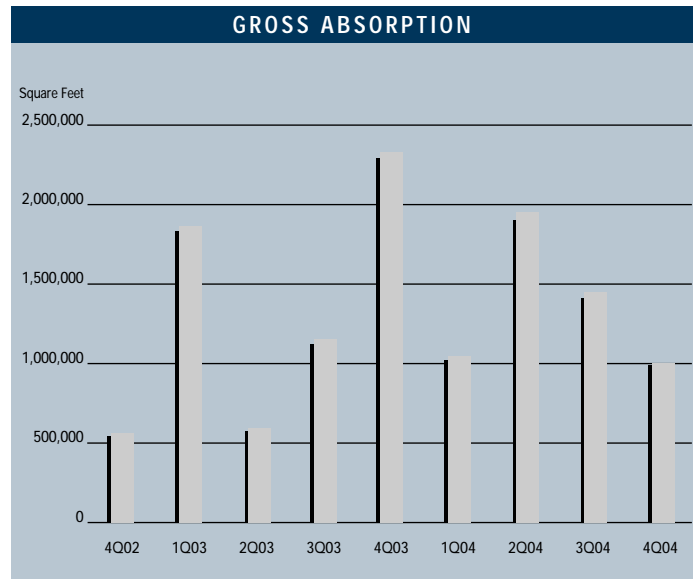
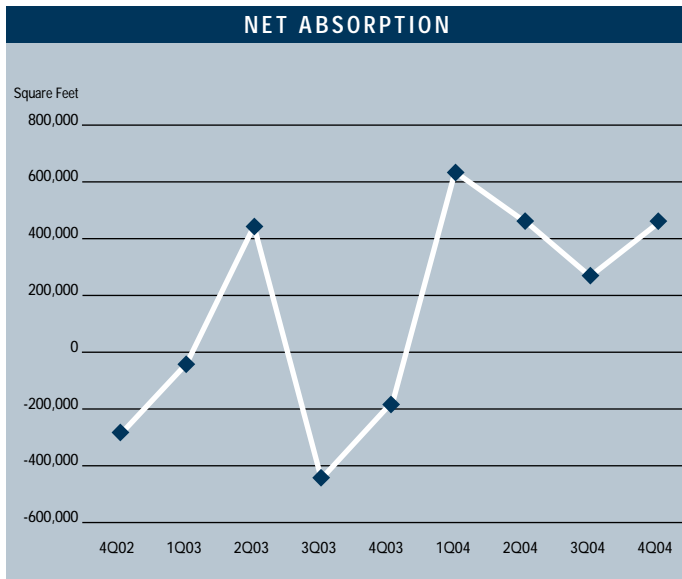
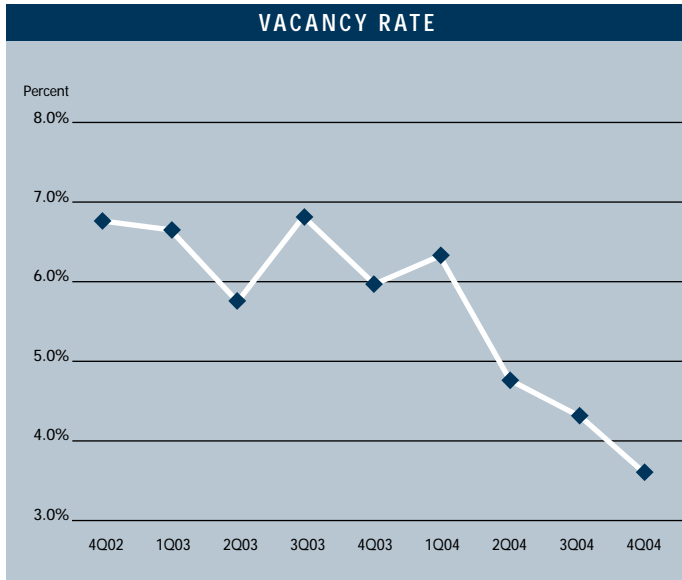
The West Orange County Industrial Market consists of 975 buildings totaling 33,057,202 square feet, and currently has an availability rate of 4.96%, which shows a decrease from last quarter's 5.86% figure.



	INVENTORY						VACANCY & PRICING				ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
North Totals														
10,000-19,999	555	7,396,600	18,329	10,699	225,228	3.05%	311,951	4.22%	\$0.87	\$130.33	(17,165)	41,244	102,580	450,964
20,000-29,999	178	4,205,779	0	0	169,939	4.04%	187,139	4.45%	\$0.68	\$123.70	22,049	52,304	83,577	358,185
30,000-39,999	55	1,865,975	39,550	35,366	37,880	2.03%	100,501	5.39%	\$0.72	\$135.00	37,273	44,416	54,429	193,620
40,000-49,999	53	2,326,405	0	43,329	46,000	1.98%	92,180	3.96%	\$0.00	\$127.36	93,525	88,067	93,525	298,262
50,000-74,999	53	3,133,722	53,676	190,181	83,858	2.68%	108,697	3.47%	\$0.49	\$109.78	73,947	39,481	73,947	213,986
75,000-99,999	28	2,340,210	0	0	258,346	11.04%	338,346	14.46%	\$0.59	\$0.00	85,773	(112,042)	85,773	172,605
100,000-149,999	23	2,674,758	0	0	186,007	6.95%	267,149	9.99%	\$0.58	\$0.00	53,258	18,662	134,400	226,660
150,000-199,999	12	1,979,529	0	178,671	24,257	1.23%	24,257	1.23%	\$0.00	\$0.00	0	0	65,000	93,000
200,000-299,999	11	2,709,094	0	0	150,000	5.54%	150,000	5.54%	\$0.41	\$0.00	0	(68,881)	0	131,280
300,000+	7	4,425,130	0	0	57,999	1.31%	57,999	1.31%	\$0.00	\$0.00	0	(57,999)	0	6,001
Total	975	33,057,202	111,555	458,246	1,239,514	3.75%	1,638,219	4.96%	\$0.59	\$119.37	348,660	45,252	693,231	2,144,563

AIRPORT AREA

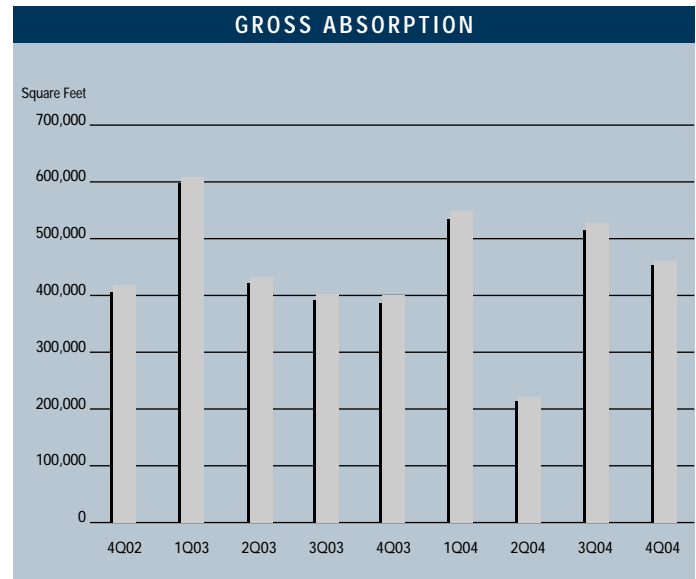
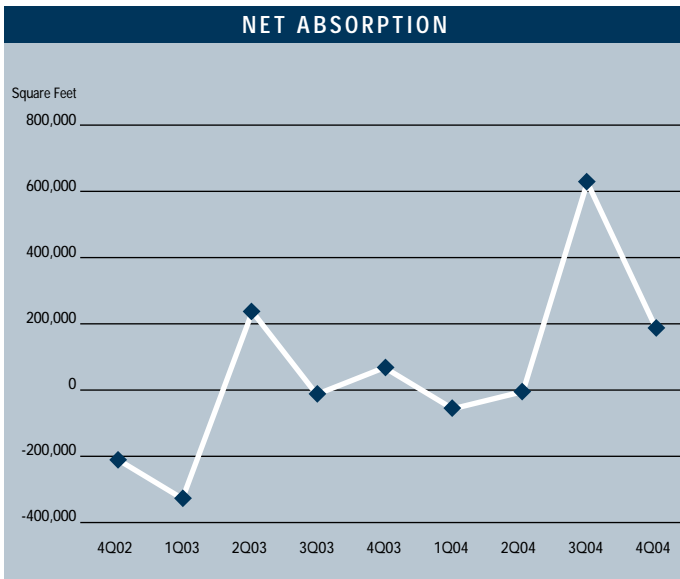
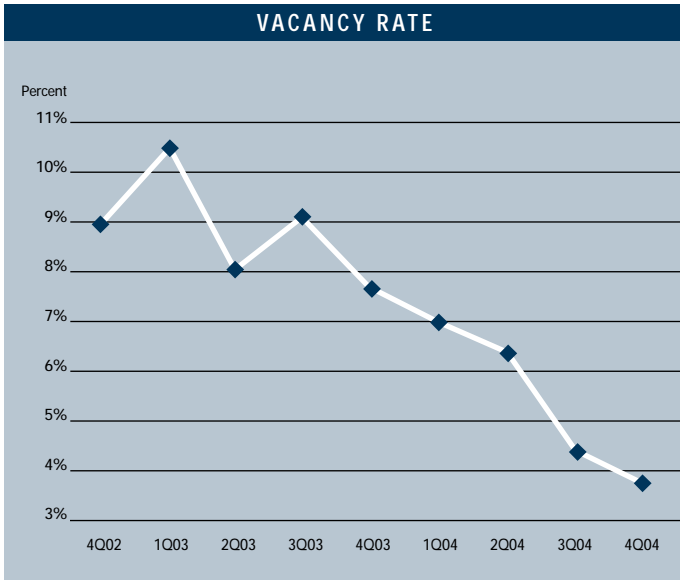
The Airport Area of the Orange County Industrial Market consists of 1,652 buildings totaling 55,208,432 square feet, and currently has an availability rate of 6.56%, which shows a decrease from last quarter's 6.87% figure.



	INVENTORY						VACANCY & PRICING				ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
North Totals														
10,000-19,999	809	11,290,204	14,170	0	487,981	4.32%	536,595	4.75%	\$0.82	\$142.95	(90,231)	(42,940)	116,980	865,025
20,000-29,999	350	8,284,932	44,110	29,041	261,844	3.16%	328,931	3.97%	\$0.79	\$127.21	54,613	105,635	229,830	668,956
30,000-39,999	154	5,177,632	66,701	71,422	140,647	2.72%	233,099	4.50%	\$0.66	\$121.15	24,476	112,404	93,128	589,424
40,000-49,999	88	3,833,384	0	48,352	98,140	2.56%	234,989	6.13%	\$0.61	\$98.76	86,966	293,417	86,966	316,858
50,000-74,999	111	6,666,530	0	63,431	254,374	3.82%	441,964	6.63%	\$0.64	\$76.97	111,344	60,115	111,344	578,990
75,000-99,999	53	4,565,822	0	0	122,930	2.69%	381,317	8.35%	\$0.99	\$105.21	60,352	10,338	60,352	276,017
100,000-149,999	48	5,600,907	114,500	0	403,210	7.20%	633,380	11.31%	\$0.54	\$115.00	187,877	272,166	278,533	670,929
150,000-199,999	14	2,397,545	0	0	69,272	2.89%	256,272	10.69%	\$0.52	\$0.00	0	102,009	0	102,009
200,000-299,999	14	3,362,186	0	212,000	41,799	1.24%	114,258	3.40%	\$0.58	\$0.00	26,907	80,114	26,907	150,114
300,000+	11	4,029,290	0	0	155,480	3.86%	462,284	11.47%	\$0.49	\$0.00	0	582,187	0	622,096
Total	1,652	55,208,432	239,481	424,246	2,035,677	3.69%	3,623,089	6.56%	\$0.65	\$114.64	462,304	1,575,445	1,004,040	4,840,418

SOUTH ORANGE COUNTY

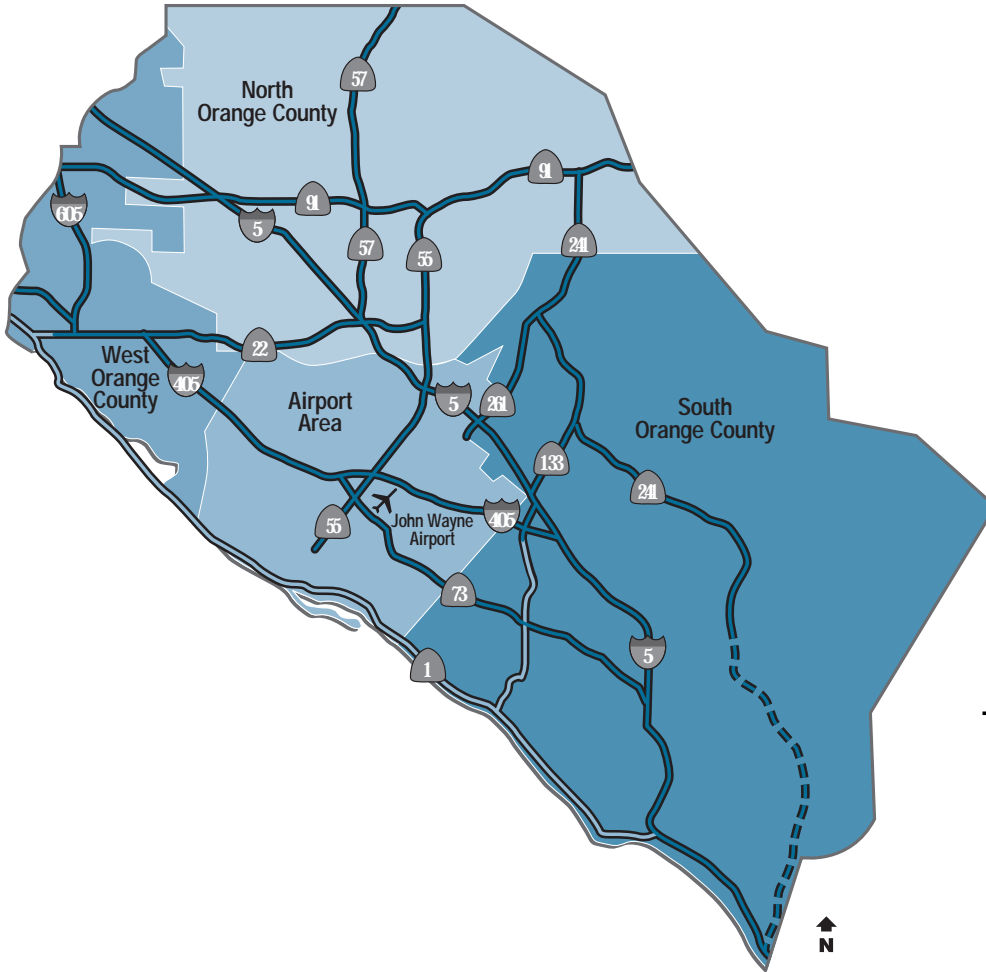
The South Orange County Industrial Market consists of 548 buildings totaling 20,144,340 square feet, and currently has an availability rate of 8.88%, which shows a decrease from last quarter's 9.55% figure.



	INVENTORY						VACANCY & PRICING				ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2004	Square Feet Available	Availability Rate 4Q2004	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2004	Net Absorption 2004	Gross Absorption 4Q2004	Gross Absorption 2004
North Totals														
10,000-19,999	277	3,943,172	155,264	0	197,789	5.02%	250,115	6.34%	\$0.91	\$153.22	8,281	128,892	123,403	601,191
20,000-29,999	116	2,754,848	47,527	26,289	202,022	7.33%	287,777	10.45%	\$1.03	\$151.04	8,488	67,833	85,191	481,095
30,000-39,999	41	1,374,404	66,653	32,089	112,055	8.15%	119,410	8.69%	\$0.78	\$125.82	12,173	119,487	29,128	152,596
40,000-49,999	27	1,193,794	0	0	46,077	3.86%	96,283	8.07%	\$0.72	\$140.22	(51,859)	(56,443)	9,731	28,381
50,000-74,999	30	1,820,901	0	104,167	13,760	0.76%	181,137	9.95%	\$0.65	\$0.00	69,917	92,608	70,400	175,720
75,000-99,999	16	1,341,043	0	0	0	0.00%	2,200	0.16%	\$0.62	\$0.00	87,252	38,772	87,252	201,125
100,000-149,999	24	2,848,234	0	0	0	0.00%	132,000	4.63%	\$0.55	\$0.00	3,600	168,873	3,600	305,029
150,000-199,999	5	832,941	0	0	80,690	9.69%	120,690	14.49%	\$0.49	\$0.00	0	(120,690)	0	44,095
200,000-299,999	5	1,057,149	0	0	30,200	2.86%	475,992	45.03%	\$0.57	\$0.00	51,057	(30,200)	51,057	51,057
300,000+	7	2,977,854	0	0	74,375	2.50%	122,375	4.11%	\$0.39	\$0.00	0	420,272	0	628,763
Total	548	20,144,340	269,444	162,545	756,968	3.76%	1,787,979	8.88%	\$0.70	\$145.46	188,909	829,404	459,762	2,669,052

INDUSTRIAL MARKET REPORT

FOURTH QUARTER 2004



SUBMARKETS

NORTH

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

WEST

Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, 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

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