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MARKET **R & D** R

FOURTH QUARTER 2006





Compared to last quarter:

VACANCY

DOWN





CONSTRUCTION



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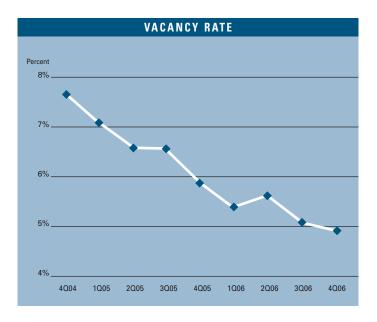
MARKET HIGHLIGHTS

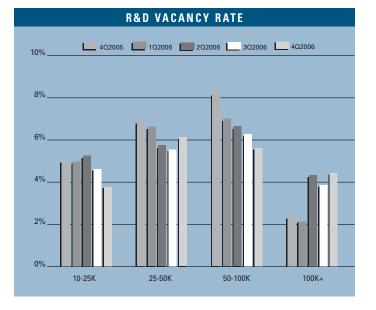
- Unemployment for the fourth guarter of 2006 in Orange County is 3.4%, which is 0.2% lower than it was when compared to the third guarter of 2006, and is 0.2% lower than it was at the end of last year.
- According to Chapman University, it is estimated that Orange County added 21,000 new payroll jobs in 2006. Furthermore, they are forecasting 15,000 new payroll jobs will be added to the county in 2007 as the Orange County economy continues to expand.
- Total space under construction checked in at 140,414 square feet for the fourth quarter of 2006, which is 35.42% less than the amount that was under construction in the fourth guarter of 2005.
- The R&D vacancy rate checked in at a low 4.93%, which is lower than it was a year ago when it was 5.87% and represents a new record low. 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 lower than it was a year ago; 5.87% this quarter as compared to 7.93% this quarter last year.
- The average asking Triple Net lease rate per month per foot in Orange County is currently \$1.24, which is 27.84% higher than it was this time last year. This is a new record high for lease rates in the R&D market.
- Net absorption for the R&D market this guarter posted a positive number of 181,374 square feet, giving the R&D Market in Orange County a total of over 4 million square feet of positive absorption for the last ten quarters.
- 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 5% to 10% in 2006.

R&D MARKET STATISTICS

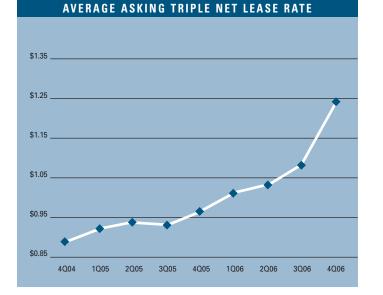
	2006	2005	2004	% CHANGE VS. 2005
Inventory Added	443,928	353,295	633,562	25.65%
Under Construction	140,414	217,443	191,181	-35.42%
Vacancy Rate	4.93%	5.87%	7.62%	-16.01%
Availablity Rate	5.87%	7.93%	9.54%	-25.98%
Average Asking Lease Rate	\$1.24	\$0.97	\$0.89	27.84%
Net Absorption	1,055,755	1,722,946	1,198,490	-38.72%
Gross Absorption	5,458,356	6,586,718	5,210,409	-17.13%

R & D MARKET R EPORT



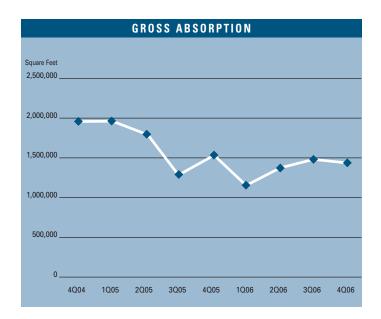


ANNUAL R&D NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION Square Feet 1,000,000 800.000 600,000 400,000 200,000 0 4Q04 1Q05 2Q05 3Q05 4Q05 1Q06 2Q06 3Q06 4Q06





FOURTH QUARTER 2006 🔷 VOIT COMMERCIAL BROKERAGE

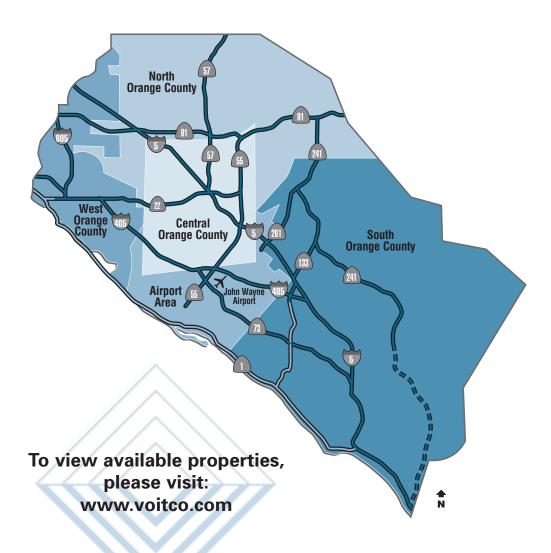
FOURTH QUARTER 2006

ORANGE COUNTY

		INVEN	NTORY		VACANCY & LEAS				ABSORPTION		
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 402006	Square Feet Available	Availability Rate 402006	Average Asking Lease Rate	Net Absorption 402006	Net Absorption 2006
North County								· ·			
Anaheim Hills	7	293,786	0	0	15,860	5.40%	15,860	5.40%	\$0.00	0	(7,000)
Anaheim Brea	72 41	2,457,366 1,671,071	10,739 36,107	0	72,907 43,445	2.97% 2.60%	146,593 46,865	5.97% 2.80%	\$0.00 \$0.00	31,052 (1,265)	61,202 (10,373)
Buena Park Fullerton	23 37	913,930 985,066	0 0	0 0	51,018 25,758	5.58% 2.61%	67,448 88,158	7.38% 8.95%	\$0.00 \$0.88	75,486 (7,750)	33,538 (19,250)
La Habra La Palma	6 7	95,589 272,981	0	0	0	0.00% 0.00%	0	0.00% 0.00%	\$0.00 \$0.00	0	0
Placentia Yorba Linda	19 54	545,794 1,446,065	0	0 0	5,905 137,767	1.08% 9.53%	12,664 64,550	2.32% 4.46%	\$1.30 \$0.81	7,403 (60,258)	13,973 (17,765)
North County Total	266	8,681,648	46,846	0	352,660	4.06%	442,138	4.40% 5.09%	\$0.81	44,668	54,325
West County	200		0+0,0+		002,000	4.0070	++2,100	0.0076	<i>\$</i> 0.00	44,000	04,020
Cypress	43	2,688,528	0	0	85,713	3.19%	110,542	4.11%	\$0.96	(12,756)	91,194
Huntington Beach Los Alamitos	85 30	1,929,322 651,480	0 0	0 0	92,366 9,020	4.79% 1.38%	104,559 7,100	5.42% 1.09%	\$0.89 \$0.00	(33,387) (5,400)	(35,352) 1,008
West County Total	158	5,269,330	0	0	187,099	3.55%	222,201	4.22%	\$0.91	(51,543)	56,850
Central County											
Anaheim Garden Grove	74 83	1,987,201 2,533,962	0 0	0 0	56,641 338,794	2.85% 13.37%	68,347 224,329	3.44% 8.85%	\$1.25 \$0.94	1,790 (6,400)	45,914 (4,741)
Orange Santa Ana	98 55	2,102,327 1,517,988	0	0	37,169 12,494	1.77% 0.82%	39,138 12,494	1.86% 0.82%	\$0.91 \$1.75	(395) (1,635)	7,822 24,522
Westminster	24	655,454	Ő	Ő	20,575	3.14%	7,327	1.12%	\$0.00	0	(13,695)
Central County Total	334	8,796,932	0	0	465,673	5.29%	351,635	4.00%	\$1.12	(6,640)	59,822
Airport Area Costa Mesa	162	3,774,383	0	0	221,402	5.87%	201,088	5.33%	\$1.19	77,222	48,025
Fountain Valley	46	1,352,179	Ō	49,186	58,798	4.35%	59,735	4.42%	\$0.00	(10,744)	(11,830)
Irvine Newport Beach	289 23	8,037,822 769,379	22,269 0	0 0	420,923 20,262	5.24% 2.63%	542,184 35,460	6.75% 4.61%	\$1.06 \$0.00	230,019 (337)	501,475 2,179
Santa Ana Tustin	135 89	4,546,865 3,007,348	0 0	0 0	240,209 56,894	5.28% 1.89%	253,166 74,076	5.57% 2.46%	\$1.82 \$1.04	(77,687) (19,818)	(102,203) 44,184
Airport Area Total	744	21,487,976	22,269	49,186	1,018,488	4.74%	1,165,709	5.42%	\$1.09	198,655	481,830
South County											
Aliso Viejo Foothill Ranch	44 6	1,105,834 135,698	0 0	0	21,533 0	1.95% 0.00%	61,590 0	5.57% 0.00%	\$0.94 \$0.00	4,841 0	22,705 0
Irvine Spectrum	270	10,358,912	71,299	22,397	743,052	7.17%	1,106,659	10.68%	\$1.55	24,064	246,382
Laguna Hills Laguna Niguel	50 13	1,068,139 423,047	0 0	0 0	41,859 25,825	3.92% 6.10%	58,941 25,825	5.52% 6.10%	\$0.00 \$0.00	(14,953) 0	1,005 (4,766)
Lake Forest Mission Viejo	58 31	1,486,694 602,858	0 0	0 0	87,295 23,803	5.87% 3.95%	84,452 25,531	5.68% 4.23%	\$1.13 \$1.25	(10,119) 14,584	(15,736) 18,099
Rancho Santa Margarita San Clemente	48 46	1,700,901 1,050,470	0	0 226,000	17,054 96,989	1.00% 9.23%	33,417 95,660	1.96% 9.11%	\$0.95 \$1.04	(1,788) (19,744)	3,488 128,425
San Juan Capistrano	41	590,005	0	0	12,639	2.14%	7,491	1.27%	\$1.61	(651)	3,326
South County Total	607	18,522,558	71,299	248,397	1,070,049 3,093,969	5.78%	1,499,566	8.10%	\$1.44	(3,766)	402,928
Orange County Total North County	2,109	62,758,444	140,414	297,583	3,093,909	4.93%	3,681,249	5.87%	\$1.24	181,374	1,055,755
10,000 to 24,999	156	2,453,439	46,846	0	104,810	4.27%	103,166	4.20%	\$0.99	925	10,735
25,000 to 49,999 50,000 to 99,999	74 25	2,527,854 1,694,896	0 0	0 0	177,075 70,775	7.00% 4.18%	115,051 223,921	4.55% 13.21%	\$0.79 \$0.00	(36,509) 80,252	(51,321) 22,143
100,000+ West County	11	2,005,459	0	0	0	0.00%	0	0.00%	\$0.00	0	72,768
10,000 to 24,999	91	1,354,875	0	0	64,172	4.74%	76,365	5.64%	\$0.89	(28,493)	(2,658)
25,000 to 49,999 50,000 to 99,999	39 21	1,321,203 1,330,832	0 0	0	62,489 60,438	4.73% 4.54%	60,569 85,267	4.58% 6.41%	\$0.00 \$0.96	(35,569) 12,519	(27,381) 86,889
100,000+	7	1,262,420	0	0	00,400	0.00%	03,207	0.00%	\$0.00	0	00,000
Central County 10,000 to 24,999	231	3,651,146	0	0	94,133	2.58%	99,192	2.72%	\$0.99	19,867	42,078
25,000 to 49,999	77	2,522,784	0	0	161,894	6.42%	125,754	4.98%	\$1.21	(29,686)	(48,124)
50,000 to 99,999 100,000+	16 10	1,102,252 1,520,750	0	0 0	2,280 207,366	0.21% 13.64%	100,301 26,388	9.10% 1.74%	\$0.00 \$0.00	3,179	50,594 15,274
Airport Area 10.000 to 24.999	495	7,920,737	22,269	12,100	263,277	3.32%	355,462	4.49%	\$1.07	108,788	200,293
25,000 to 49,999	170	5,731,727	0	37,086	257,092	4.49%	363,685	6.35%	\$1.26	(61,612)	73,617
50,000 to 99,999 100,000+	54 25	3,616,675 4,218,837	0 0	0	206,386 291,733	5.71% 6.92%	134,804 311,758	3.73% 7.39%	\$1.26 \$0.90	15,437 136,042	97,249 110,671
South County											
10,000 to 24,999 25,000 to 49,999	370 162	6,078,184 5,532,603	71,299 0	22,397 0	282,258 446,065	4.64% 8.06%	403,051 544,459	6.63% 9.84%	\$1.17 \$1.32	40,795 (34,964)	140,940 220,533
50,000 to 99,999	54	3,636,223	0	226,000	287,057	7.89%	336,860	9.26%	\$1.79	(8,328)	69,175
100,000+ Orange County	21	3,275,548		V	54,669	1.67%	215,196	6.57%	\$0.00	(1,269)	(27,720)
10,000 to 24,999 25,000 to 49,999	1,343 522	21,458,381 17,636,171	140,414 0	34,497 37,086	808,650 1,104,615	3.77% 6.26%	1,037,236 1,209,518	4.83% 6.86%	\$1.03 \$1.25	141,882 (198,340)	391,388 167,324
50,000 to 99,999	170	11,380,878	0	226,000	626,936	5.51%	881,153	7.74%	\$1.62	99,880	326,050
100,000+	74	12,283,014	0	0	553,768	4.51%	553,342	4.50%	\$0.90	137,952	170,993 33,041
Orange County Total	2,109	62,758,444	140,414	297,583	3,093,969	4.93%	3,681,249	5.87%	\$1.24	181,374	1,055,755

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





SUBMARKETS

NORTH

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

WEST

Cypress, Huntington Beach, Los Alamitos

CENTRAL COUNTY

Anaheim, Garden Grove, Orange, Santa Ana, Westminster

AIRPORT

Costa Mesa, Fountain Valley, Irvine, Newport Beach, Santa Ana, 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

PRODUCT TYPE

R & D OR MID-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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3500 W. Orangewood Ave. Orange, California 92868-1642 TEL: 714.978.7880 FAX: 714.978.9431 IRVINE OFFICE

2020 Main St., Suite 100 Irvine, CA 92614 TEL: 949.851.5100 FAX: 949.261.9092





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This survey consists of properties 10,000 square feet and larger in size, 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 Commercial Brokerage use only, and cannot legally be reproduced without prior written consent from the management of Voit Commercial Brokerage.