Flex Market Report VOIT COMMERCIAL BROKERAGE

Compared to last quarter:



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Market Highlights

- The Orange County flex market is currently in a transitional phase. With vacancy rates increasing due to slowing demand and the completion of a lot of new office construction in 2007, along with the mortgage industry and credit conflicts, some challenges exist. However, the region's strong local economy and high quality of life continue to make it a desirable location for business. The growing influence of new industries such as high technology, biotechnology and healthcare should further diversify the local economy and help to rejuvenate the office market. These industries will increase employment opportunities and help to ease vacancy rate concerns in the coming quarters.
- The flex vacancy rate registered 12.76%, which is higher than it was a year ago when it was 7.76%. This increase is due to the new flex buildings that have been delivered to the market in the last 12 months, coupled with the residential housing market problems.
- The total amount of flex space available in Orange County, which includes both direct and sublease space, is higher than it was a year ago; 17.07% this quarter as compared to 12.79% this quarter last year.
- The average asking Triple Net lease rate per month per foot for flex space in Orange County is currently at \$2.01 on a triple net basis, which is a 1.52% increase over last year's fourth quarter rate of \$1.98.
- Net absorption for the county this quarter posted a negative number of 190,220 square feet, giving the

county a total of over 2.3 million square feet of positive absorption over the last 4 years.

- The level of activity registered at 2.3 million square feet for 2007. This is an increase from the 2.1 million square feet that occurred in 2006. Almost 25% of the activity that occurred in 2007 was sublet space.
- Total space under construction checked in at 286,978 square feet for the fourth quarter of 2007, which is a 1.34% decrease from the 290,889 square feet under construction during the fourth quarter of 2006. Another sign of strength is the 667,258 square feet of new product that was delivered in 2007.
- According to Chapman University, it is estimated that Orange County added 7,115 new payroll jobs in 2007. Furthermore, they are forecasting 2,361 payroll jobs will be lost to the county in 2008. UCLA is forecasting zero job creation, the LAEDC is forecasting 15,300 new jobs, and California State University of Fullerton is predicting 32,250 new jobs in 2008.
- Unemployment for the fourth guarter of 2007 in Orange County is 4.2%, which is the same as it was when compared to last quarter, and is 0.8% higher than it was a year ago.
- Lease rates are expected to remain at current levels for the short run, and concessions should begin to increase in the forms of free rent, reduced parking fees, relocation funds and tenant improvement allowances, as new inventory becomes available from vacancies and construction deliveries.

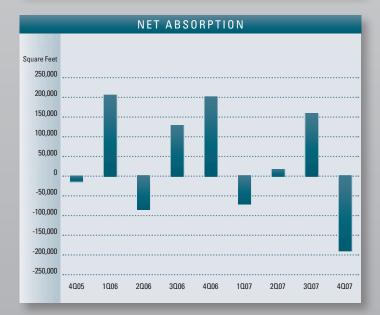
FLEX MARKET OVERVIEW										
	2007	2006	2005	% CHANGE VS. 2006						
Inventory Added	667,258	365,856	441,309	82.38%						
Under Construction	286,978	290,889	380,188	-1.34%						
Vacancy Rate	12.76%	7.76%	8.27%	64.43%						
Availability Rate	17.07%	12.79%	10.83%	33.46%						
Average Asking Lease Rate	\$2.01	\$1.98	\$1.67	1.52%						
Net Absorption	(190,220)	392,999	881,378	N/A						
Gross Absorption	2,273,464	2,113,992	2,586,976	7.54%						

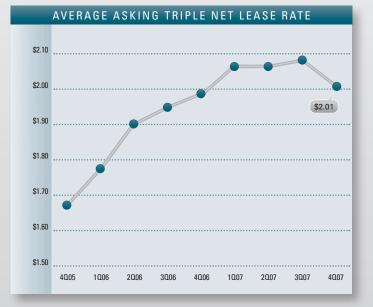
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ORANGE COUNTY / FLEX MARKET REPORT / FOURTH QUARTER 2007



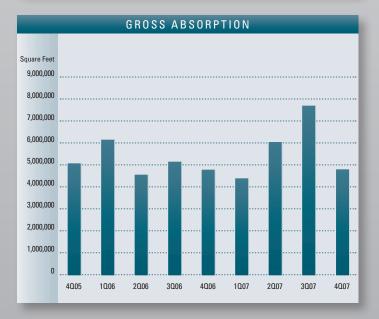






ANNUAL FLEX NEW CONSTRUCTION VS. VACANCY RATE



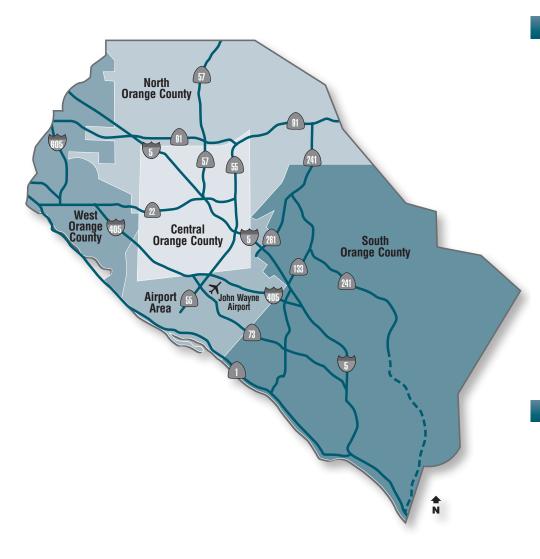


VOIT COMMERCIAL BROKERAGE

	INVENTORY					ACANC	Y & LE <u>AS</u>	SE RATES	ABSORPTION				
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 402007	Square Feet Available	Availability Rate 402007	Average Asking Lease Rate	Net Absorption 402007	Net Absorption 2007	Net Absorption 2006	Net Absorption 2005
North County													
Anaheim Hills Anaheim	13 7	218,969 158,680	0	0	4,679 26,300	2.14% 16.57%	4,679 26,300	2.14% 16.57%	\$0.00 \$0.00	(2,889) (6,100)	2,602 (12,479)	(6,458) (150)	4,803 14,251
Brea	15	460,480	42,372	0	42,348	9.20%	45,341	9.85%	\$0.00	3,025	(12,475)	13,981	(8,726)
Fullerton	10	153,882	22,000	0	7,720	0.00%	51,720	33.61%	\$0.00	720	720	3,600	100
Placentia	3	61,675	22,000	0	1,120	0.00%	2,300	3.73%	\$0.00	1,343	120	3,000	0
	1	10,560	0	0		46.90%	4,953	46.90%	\$0.00		0		0
Yorba Linda					4,953					(4,953)		(4,953)	
North County Total	49	1,064,246	64,372	0	86,000	8.08%	135,293	12.71%	\$0.00	(8,854)	(26,282)	6,020	10,428
West County													
Cypress	9	374,081	0	0	52,556	14.05%	52,556	14.05%	\$0.00	1,100	(21,410)	31,270	38,313
Huntington Beach	3	48,796	0	0	10,105	20.71%	5,945	12.18%	\$0.00	(306)	(2,531)	(5,326)	10,985
Seal Beach	4	43,005	0	0	0	0.00%	0	0.00%	\$0.00	0	0	842	(842)
West County Total	16	465,882	0	0	62,661	13.45%	58,501	12.56%	\$0.00	794	(23,941)	26,786	48,456
Central County													
Anaheim	8	219,639	0	0	3,093	1.41%	3.093	1.41%	\$0.00	0	1.690	(4,783)	7,164
Garden Grove	2	27,400	0	0	3,033	0.00%	3,033	0.00%	\$0.00	0	1,030	1.260	(1,260)
Orange	7	146,612	0	0	5,634	3.84%	12,738	8.69%	\$0.00	0	(5,634)	646	11,490
Santa Ana	11	140,012	0	3.000	24,782	14.51%	26,482	15.51%	\$0.00	(4,107)	(3,034)	040	10,011
Tustin	3	23,894	0	3,000	24,702	0.00%	20,402	0.00%	\$0.00	(4,107)	000	0	0
Central County Total	31	588,327	0	3,000	33,509	5.70%	42,313	7.19%	\$0.00	(4,107)	(3,278)	(2,877)	27,405
Airport Area													
Costa Mesa	5	67,231	0	0	0	0.00%	3,311	4.92%	\$0.00	3,311	13,380	0	14,688
Irvine	84	3,251,565	222,606	150,000	510,763	15.71%	588,952	18.11%	\$2.10	(149,543)	(207,080)	81,464	184,544
Newport Beach	26	595,233	0	30,139	31,702	5.33%	53,444	8.98%	\$0.00	(5,871)	18,149	58,418	(42,173)
Santa Ana	10	410,934	0	0	70,779	17.22%	121,779	29.63%	\$1.93	(15,232)	(37,185)	13,998	21,748
Tustin	4	195,758	Û	50,400	48,772	24.91%	48,772	24.91%	\$0.00	0	(72)	(48,700)	7,110
Airport Area Total	129	4,520,721	222,606	230,539	662,016	14.64%	816,258	18.06%	\$2.08	(167,335)	(212,808)	105,180	185,917
South County													
Aliso Viejo	42	1,298,892	0	0	58,544	4.51%	90,164	6.94%	\$1.95	16.977	8,818	(13,878)	12,375
Dana Point	42	58,840	0	0	00,044	0.00%	30,104 0	0.00%	\$0.00	10,377	612	2.738	12,375
Foothill Ranch	5	139,636	0	0	63,392	45.40%	80,599	57.72%	\$2.32	(19,971)	(18,072)	(2,800)	29,482
Irvine Spectrum	203	4,607,635	0	0	768,941	16.69%	1,048,438	22.75%	\$1.91	(6,756)	26,418	122,0007	292,745
	203	96,511	0	3.000	16,112	16.69%	18,496	19.16%	\$3.40	(604)	(6,801)	321	252,745
Laguna Beach Laguna Hills	0 15	442,455	0	3,000	39,850	9.01%	72,245	16.33%	\$3.40 \$0.00	(604)	(6,801) 24,530	13,553	(42,124)
Laguna Hills Laguna Niguel	4	442,455 98,481	0	0	39,850 17,885	9.01%	17,885	18.16%	\$0.00 \$2.70	(5,208)	(16,896)	13,553	(42,124)
Laguna Niguei	35	1,278,845	0	0	74,239	5.81%	156.812	12.26%	\$2.70 \$1.47	11.322	51.654	41.732	164,714
Mission Viejo	29	390,571	0	17,500	74,239	18.73%	73,169	18.73%	\$1.47	(19,142)	(37,989)	41,732	43,793
Rancho Santa Margarita	29	197,311	0	00	16,187	8.20%	17,678	8.96%	\$0.00	2,500	(6,418)	4,300	43,793
San Clemente	9	183,429	0	0	34,154	8.20%	50,389	27.47%	\$2.50	2,500	(0,418)	4,985	36,117
San Juan Capistrano	23	495,034	0	0	25,766	5.20%	40,713	8.22%	\$0.00	16,934	61,091	43,567 41,225	48,544
South County Total	381	9,287,640	0	20,500	1,188,239	12.79%	1,666,588	17.94%	\$2.55	(10,718)		257,890	609,172
,											75,641	,	
Orange County Total	606	15,926,816	286,978	254,039	2,032,425	12.76%	2,718,953	17.07%	\$2.01	(190,220)	(190,668)	392,999	881,378

		INVEN	TORY			VACANC	Y & LEAS	E RATES		ABSORPTION				
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 402007	Square Feet Available	Availability Rate 402007	Average Asking Lease Rate	Net Absorption 402007	Net Absorption 2007	Net Absorption 2006	Net Absorption 2005	
North County														
0 to 29,999	38	576,604	22,000	0	47,674	8.27%	43,965	7.62%	\$0.00	(11,026)	(12,529)	8,265	4,166	
30,000 to 49,999	9	364,642	42,372	0	36,458	10.00%	89,460	24.53%	\$0.00	(7,991)	(13,600)	(2,650)	2,016	
50,000+	2	123,000	0	0	1,868	1.52%	1,868	1.52%	\$0.00	10,163	(153)	405	4,246	
West County														
0 to 29,999	9	97,114	0	0	11,205	11.54%	7,045	7.25%	\$0.00	794	(3,631)	9,316	30,182	
30,000 to 49,999	3	118,562	0	0	1,456	1.23%	1,456	1.23%	\$0.00	0	(1,456)	20,480	37,783	
50,000+	4	250,206	0	0	50,000	19.98%	50,000	19.98%	\$0.00	0	(18,854)	(3,010)	(19,509)	
Central County														
0 to 29,999	26	341,368	0	3,000	16,046	4.70%	16,046	4.70%	\$0.00	(1,907)	14,185	(3,523)	22,083	
30,000 to 49,999	1	33,070	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	1,867	
50,000+	4	213,889	0	0	17,463	8.16%	26,267	12.28%	\$0.00	(2,200)	(17,463)	646	3,455	
Airport Area														
0 to 29,999	54	756,876	0	30,139	120,609	15.94%	159,494	21.07%	\$2.07	(32,835)	72,388	12,007	49,512	
30,000 to 49,999	38	1,568,696	0	0	192,244	12.26%	295,024	18.81%	\$2.09	(35,666)	(106,562)	21,737	121,913	
50,000+	37	2,195,149	0	200,400	349,163	15.91%	361,740	16.48%	\$2.07	(98,834)	(178,634)	71,436	14,492	
South County														
0 to 29,999	247	3,040,168	157,487	20,500	599,098	19.71%	802,440	26.39%	\$1.96	(114,738)	167,881	289,255	316,781	
30,000 to 49,999	83	3,291,807	65,119	0	322,974	9.81%	506,309	15.38%	\$1.92	3,616	(74,754)	107,191	69,718	
50,000+	51	2,955,665	0	0	266,167	9.01%	357,839	12.11%	\$1.97	100,404	(17,486)	(138,556)	222,673	
Orange County														
0 to 29,999	374	4,812,130	179,487	53,639	794,632	16.51%	1,028,990	21.38%	\$2.00	(159,712)	238,294	315,320	422,724	
30,000 to 49,999	134	5,376,777	107,491	0	553,132	10.29%	892,249	16.59%	\$1.98	(40,041)	(196,372)	146,758	233,297	
50,000+	98	5,737,909	0	200,400	684,661	11.93%	797,714	13.90%	\$2.05	9,533	(232,590)	(69,079)	225,357	
Orange County Total	606	15,926,816	286,978	254,039	2,032,425	12.76%	2,718,953	17.07%	\$2.01	(190,220)	(190,668)	392,999	881,378	

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



SUBMARKETS

NORTH

Anaheim Hills, Anaheim, Brea, Fullerton, Placentia, Yorba Linda

WEST

Cypress, Huntington Beach, Seal Beach

CENTRAL

Anaheim, Garden Grove, Orange, Santa Ana, Tustin

AIRPORT

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

SOUTH

Aliso Viejo, Dana Point, Foothill Ranch, Irvine Spectrum, Laguna Beach, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente, 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, please contact:

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