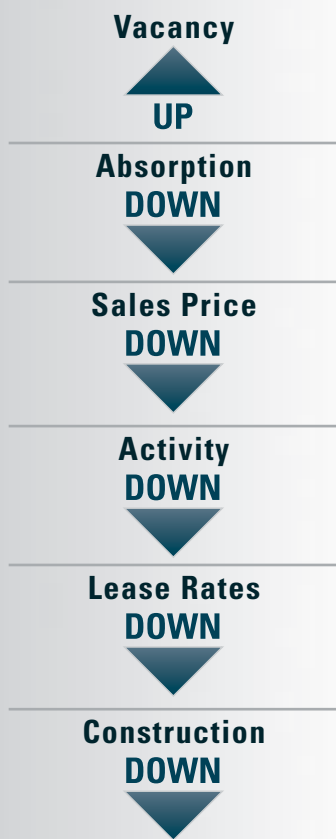




Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:



Market Highlights

- ◆ The Orange County Industrial market is facing challenges due to the national recession and 2008's tumultuous financial events. The three primary concerns are as follows: expensive and scarce financing, economic uncertainty and volatility, and an increasing gap between "ask" and "bid" pricing between buyers and sellers. Currently, buyers are typically offering 25% below ask price. 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 industrial market. These industries will increase employment opportunities and help to ease vacancy rate concerns in the coming quarters.
- ◆ Industrial vacancy recorded a low rate of 4.48%, which is higher than it was a year ago when it was 3.92%. The lowest vacancy rate in the county can be found in North Orange County, coming in at 3.98%. North Orange County is the largest of all the submarkets in the county and contains 46% of all Industrial buildings in Orange County.
- ◆ Industrial availability, including both direct and sublease space, checked in at a rate of 8.6%, which is higher than what was on the market a year ago when it was 5.64%. The increase of vacancy and available space coupled with slowing demand will continue to put downward pressure on lease and sale rates going forward into 2009.
- ◆ Currently, there is no Industrial space under construction in Orange County. The shrinking availability of land is only allowing for the development of primarily small, for-sale industrial buildings. This lack of available land, combined with the high land prices, scarce financing and rising construction costs, has led to few mid-size buildings and distribution centers being developed in this infill market.
- ◆ The average asking triple net lease rate is .72 cents per square foot per month this quarter. This is a decrease of 6.49% when compared to a year ago and four cents lower than last quarter. Asking lease rates are expected to remain at current

levels for the short run, and concessions should continue to increase in the forms of free rent and increasing tenant improvement allowances to incentivize tenants to act now.

- ◆ The average asking selling price is \$160.37 per square foot per this quarter, down a bit from last quarter when it was \$164.28 and last year's rate of \$174.18. Currently there is a disconnect between the market and sellers which may create downward pressure on pricing if the inventory of buildings for sale rises.
- ◆ The level of activity registered at 12.25 million square feet for 2008. This is lower than the 12.84 million square feet of activity we saw in 2007; this recent drop in activity is mostly a result of hesitancy in the marketplace from the continuous stream of negative news in a wide area of topics. The recent lack of activity can be tied to the credit crunch as well, which means we could see an increase in activity in the second half of 2009 from pent up demand, once financial markets correct themselves and as consumer confidence increases. The final outcome, though, hinges on how bad the recession gets and how quickly credit eases up.
- ◆ Net absorption for the county during the fourth quarter of 2008 posted a negative number of 26,522 square feet, giving the industrial market a total of 465,979 square feet of negative absorption for 2008. This is a direct result of the general slowdown of the US economic environment.
- ◆ According to the State of California Employment Development Department, Orange County lost 38,400 payroll jobs over the last twelve months—18,000 in financial, professional & business services. Between October 2008 and November 2008 Orange County lost 2,100 jobs, mostly in the leisure and hospitality sectors.
- ◆ The unemployment rate in Orange County was 6.1% in November 2008, unchanged from a revised 6.1% percent in October 2008, but above the year ago estimate of 4.2%. This compares with an unadjusted unemployment rate of 8.3 percent for California and 6.5 percent for the nation during the same period.

To view available properties, please visit:
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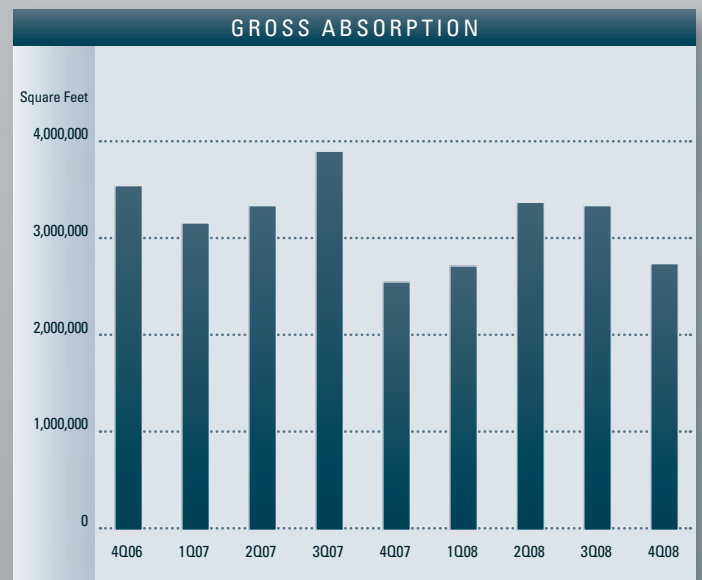
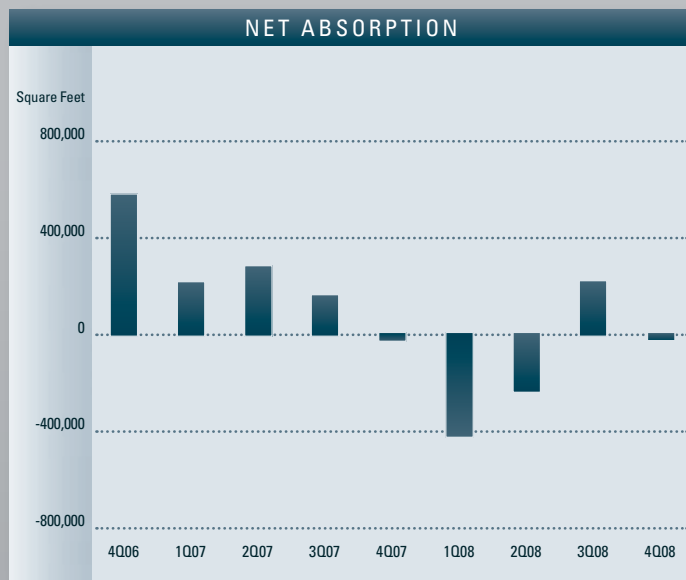
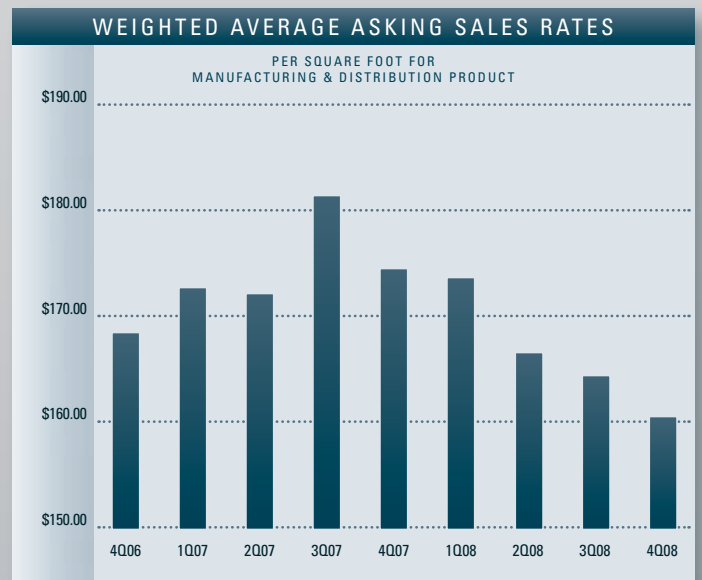
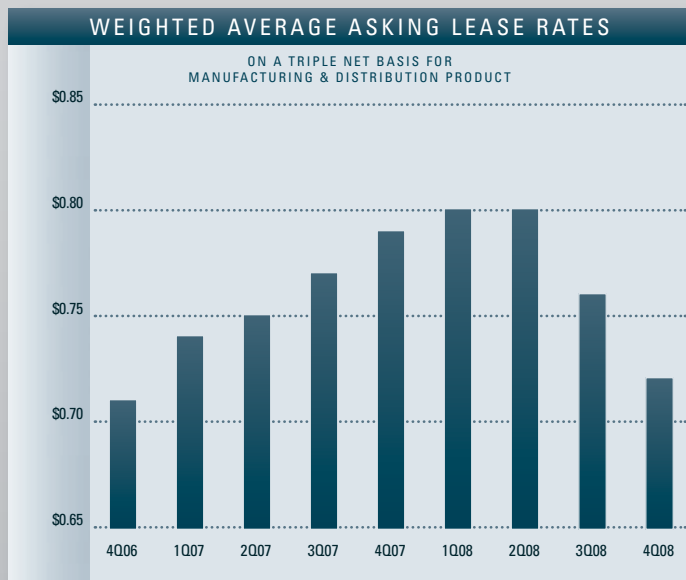
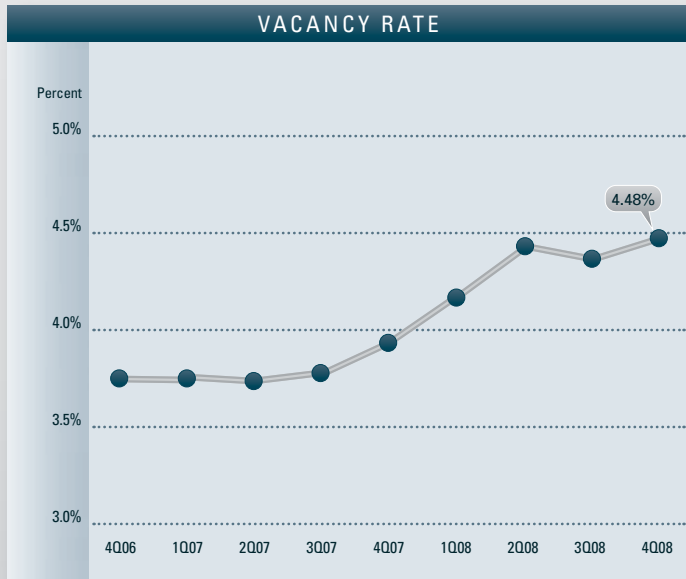


Prepared by:
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INDUSTRIAL MARKET OVERVIEW

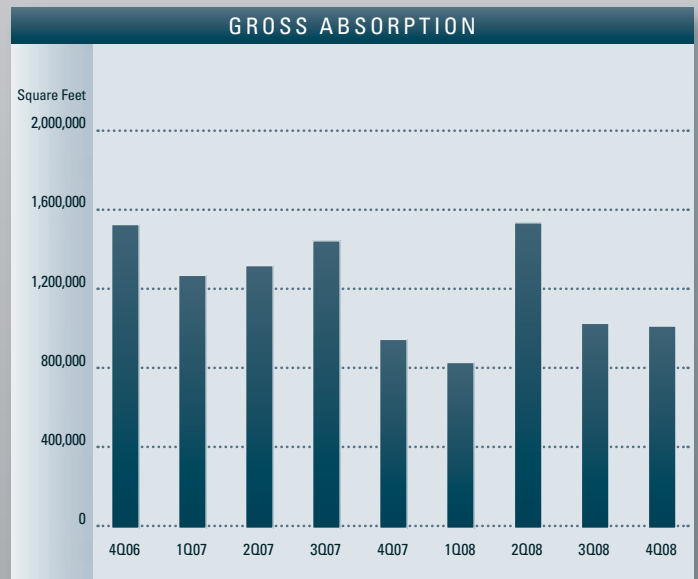
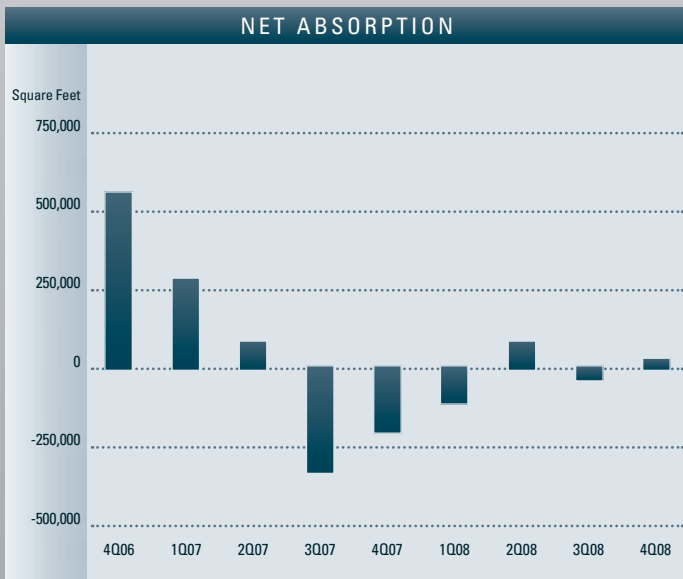
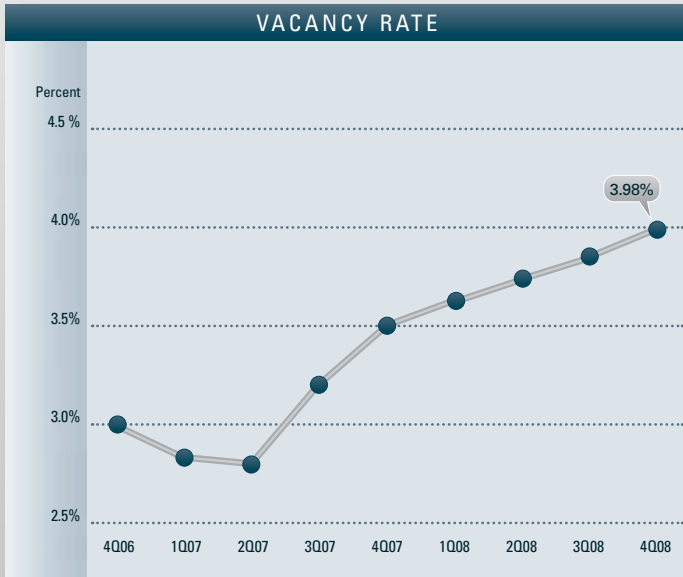
| | 2008 | 2007 | 2006 | % CHANGE VS. 2007 |
|----------------------------|------------|------------|------------|-------------------|
| Inventory Added | 936,046 | 1,077,658 | 1,725,850 | -13.14% |
| Under Construction | 0 | 328,000 | 1,199,098 | -100.00% |
| Vacancy Rate | 4.48% | 3.92% | 3.75% | 14.29% |
| Availability Rate | 8.60% | 5.64% | 4.72% | 52.48% |
| Average Asking Lease Rate | \$0.72 | \$0.77 | \$0.72 | -6.49% |
| Average Asking Sales Price | \$160.37 | \$174.18 | \$168.51 | -7.93% |
| Net Absorption | (465,979) | 652,842 | 715,242 | N/A |
| Activity | 12,258,896 | 12,836,961 | 13,371,593 | -4.50% |

Real People. Real Solutions.



NORTH ORANGE COUNTY

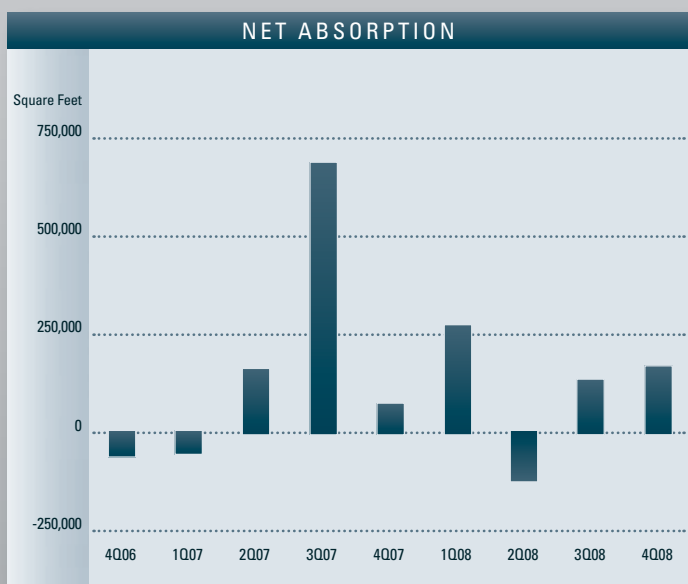
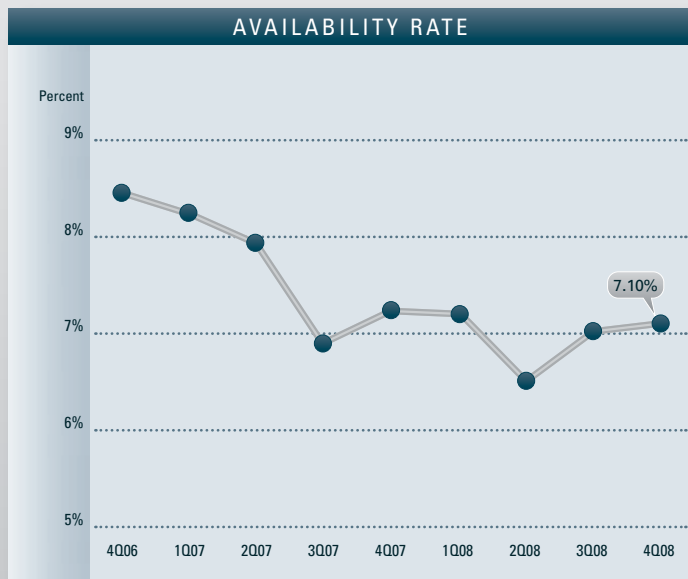
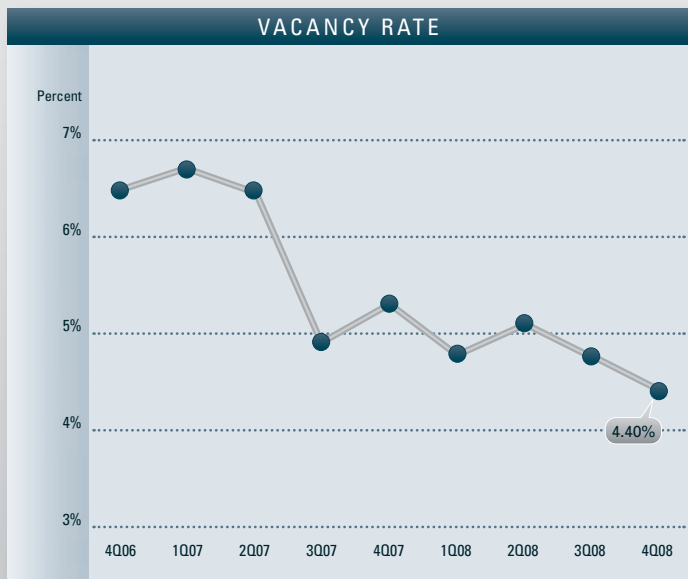
The North Orange County Industrial Market consists of 3,865 buildings totaling 113,165,232 square feet, and currently has an availability rate of 8.05%, which shows an increase from last quarter's 7.60% figure.



| | INVENTORY | | | | | VACANCY & PRICING | | | | | ABSORPTION | | | |
|---------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|--------------------------|---------------------------|----------------------------|-----------------------|---------------------|-------------------------|-----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 4Q2008 | Square Feet Available | Availability Rate 4Q2008 | Average Asking Lease Rate | Average Asking Sales Price | Net Absorption 4Q2008 | Net Absorption 2008 | Gross Absorption 4Q2008 | Gross Absorption 2008 |
| North Totals | | | | | | | | | | | | | | |
| Less than 9,999 | 1,069 | 7,010,149 | 0 | 0 | 312,373 | 4.46% | 512,497 | 7.31% | \$0.82 | \$192.96 | 6,812 | 4,091 | 117,074 | 418,472 |
| 10,000-19,999 | 1,403 | 19,364,919 | 0 | 0 | 803,244 | 4.15% | 1,276,225 | 6.59% | \$0.81 | \$188.57 | 5,104 | (293,378) | 243,401 | 856,103 |
| 20,000-29,999 | 538 | 12,761,889 | 0 | 0 | 447,734 | 3.51% | 916,619 | 7.18% | \$0.86 | \$172.41 | 92,065 | 28,805 | 202,251 | 626,403 |
| 30,000-39,999 | 232 | 7,869,226 | 0 | 37,600 | 189,495 | 2.41% | 486,225 | 6.18% | \$0.69 | \$0.00 | 33,096 | (10,583) | 179,876 | 350,461 |
| 40,000-49,999 | 142 | 6,192,848 | 0 | 0 | 235,441 | 3.80% | 391,230 | 6.32% | \$0.64 | \$0.00 | (74,507) | (149,149) | 25,900 | 95,894 |
| 50,000-74,999 | 193 | 11,658,053 | 0 | 0 | 576,007 | 4.94% | 936,230 | 8.03% | \$0.66 | \$0.00 | (111,960) | (130,584) | 123,834 | 457,076 |
| 75,000-99,999 | 90 | 7,697,500 | 0 | 0 | 213,748 | 2.78% | 471,423 | 6.12% | \$0.63 | \$0.00 | 40,982 | (1,358) | 40,982 | 307,523 |
| 100,000-149,999 | 94 | 11,102,903 | 0 | 0 | 260,686 | 2.35% | 1,199,998 | 10.81% | \$0.54 | \$0.00 | 54,424 | 402,716 | 79,830 | 685,429 |
| 150,000-199,999 | 34 | 5,838,215 | 0 | 0 | 540,697 | 9.26% | 836,984 | 14.34% | \$0.60 | \$127.00 | 0 | (7,360) | 0 | 208,534 |
| 200,000-299,999 | 42 | 10,033,081 | 0 | 0 | 0 | 0.00% | 1,119,621 | 11.16% | \$0.66 | \$0.00 | 0 | 441,525 | 0 | 441,525 |
| 300,000 plus | 28 | 13,636,449 | 0 | 0 | 925,487 | 6.79% | 966,174 | 7.09% | \$0.69 | \$0.00 | (12,899) | (322,045) | 0 | 16,434 |
| Total | 3,865 | 113,165,232 | 0 | 37,600 | 4,504,912 | 3.98% | 9,113,226 | 8.05% | \$0.66 | \$170.42 | 33,117 | (37,320) | 1,013,148 | 4,463,854 |

WEST ORANGE COUNTY

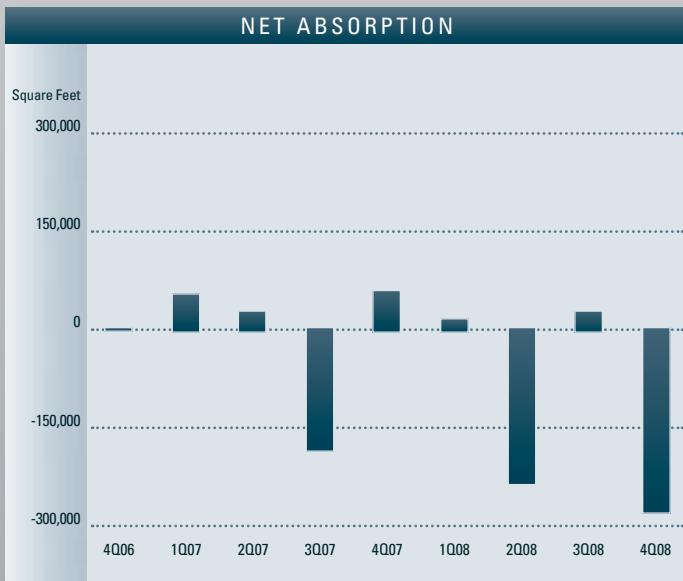
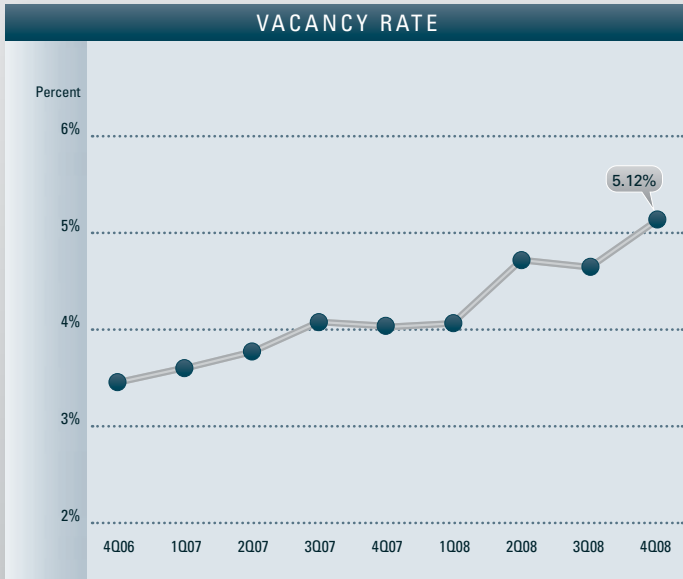
The West Orange County Industrial Market consists of 1,698 buildings totaling 42,546,362 square feet, and currently has an availability rate of 7.10%, which shows an increase from last quarter's 7.07% figure.



| | INVENTORY | | | | | VACANCY & PRICING | | | | | ABSORPTION | | | |
|--------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|--------------------------|---------------------------|----------------------------|-----------------------|---------------------|-------------------------|-----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 4Q2008 | Square Feet Available | Availability Rate 4Q2008 | Average Asking Lease Rate | Average Asking Sales Price | Net Absorption 4Q2008 | Net Absorption 2008 | Gross Absorption 4Q2008 | Gross Absorption 2008 |
| West Totals | 1,698 | 42,546,362 | 0 | 42,087 | 1,870,054 | 4.40% | 3,022,730 | 7.10% | \$0.59 | \$137.90 | 171,718 | 460,101 | 687,067 | 2,662,232 |
| Less than 9,999 | 655 | 3,861,296 | 0 | 0 | 87,784 | 2.27% | 130,980 | 3.39% | \$0.72 | \$184.25 | (17,956) | (2,110) | 26,702 | 169,801 |
| 10,000-19,999 | 560 | 7,434,256 | 0 | 16,407 | 191,728 | 2.58% | 388,084 | 5.22% | \$0.97 | \$182.91 | 32,967 | 3,197 | 96,986 | 327,627 |
| 20,000-29,999 | 179 | 4,254,129 | 0 | 25,680 | 202,531 | 4.76% | 280,322 | 6.59% | \$0.86 | \$0.00 | (46,134) | (47,651) | 46,943 | 184,386 |
| 30,000-39,999 | 62 | 2,143,521 | 0 | 0 | 62,900 | 2.93% | 114,456 | 5.34% | \$0.49 | \$0.00 | (20,562) | (31,022) | 17,118 | 79,951 |
| 40,000-49,999 | 59 | 2,594,165 | 0 | 0 | 141,910 | 5.47% | 145,410 | 5.61% | \$0.57 | \$0.00 | (35,686) | 35,840 | 10,000 | 202,587 |
| 50,000-74,999 | 83 | 4,954,884 | 0 | 0 | 259,042 | 5.23% | 480,056 | 9.69% | \$0.60 | \$162.29 | 29,820 | 86,035 | 93,881 | 342,101 |
| 75,000-99,999 | 32 | 2,716,895 | 0 | 0 | 195,654 | 7.20% | 104,486 | 3.85% | \$0.00 | \$149.91 | (91,168) | 50,196 | 0 | 195,076 |
| 100,000-149,999 | 29 | 3,423,862 | 0 | 0 | 4,500 | 0.13% | 229,094 | 6.69% | \$0.61 | \$85.18 | 0 | 148,056 | 0 | 148,056 |
| 150,000-199,999 | 18 | 3,074,593 | 0 | 0 | 328,130 | 10.67% | 452,595 | 14.72% | \$0.67 | \$127.37 | 69,670 | 153,865 | 144,670 | 332,665 |
| 200,000-299,999 | 13 | 3,180,368 | 0 | 0 | 161,112 | 5.07% | 462,484 | 14.54% | \$0.51 | \$0.00 | 250,767 | 63,695 | 250,767 | 679,982 |
| 300,000 plus | 8 | 4,908,393 | 0 | 0 | 234,763 | 4.78% | 234,763 | 4.78% | \$0.47 | \$0.00 | 0 | 0 | 0 | 0 |

AIRPORT AREA

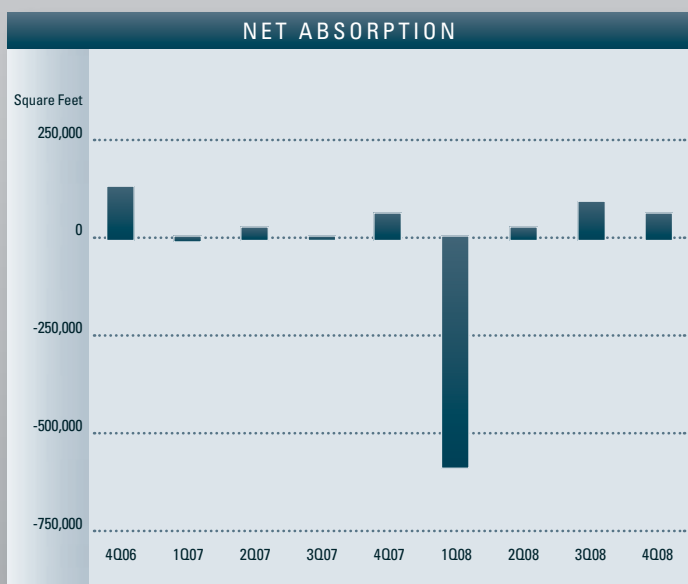
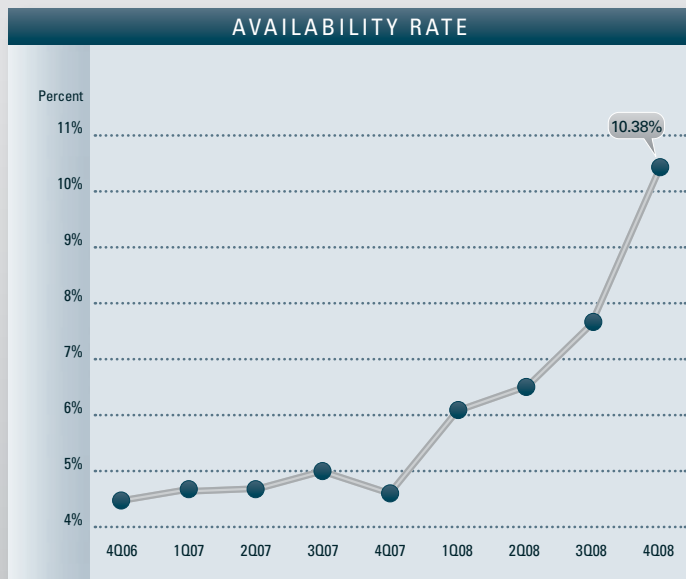
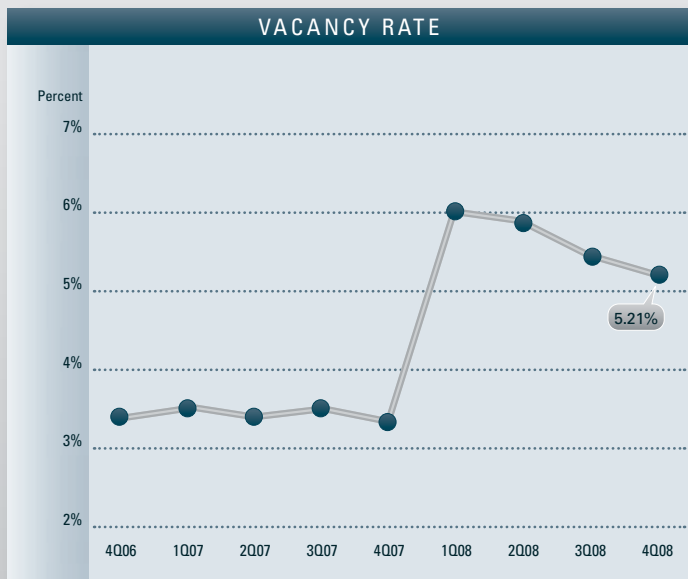
The Airport Area of the Orange County Industrial Market consists of 2,789 buildings totaling 66,464,587 square feet, and currently has an availability rate of 9.82%, which shows an increase from last quarter's 8.88% figure.



| | INVENTORY | | | | | VACANCY & PRICING | | | | | ABSORPTION | | | |
|-----------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|--------------------------|---------------------------|----------------------------|-----------------------|---------------------|-------------------------|-----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 4Q2008 | Square Feet Available | Availability Rate 4Q2008 | Average Asking Lease Rate | Average Asking Sales Price | Net Absorption 4Q2008 | Net Absorption 2008 | Gross Absorption 4Q2008 | Gross Absorption 2008 |
| Airport Totals | | | | | | | | | | | | | | |
| Less than 9,999 | 925 | 5,319,139 | 0 | 0 | 157,166 | 2.95% | 255,948 | 4.81% | \$0.89 | \$157.58 | (28,785) | (73,811) | 54,124 | 181,384 |
| 10,000-19,999 | 934 | 13,113,891 | 0 | 10,000 | 581,494 | 4.43% | 958,504 | 7.31% | \$0.89 | \$147.74 | (118,809) | (138,404) | 213,587 | 729,629 |
| 20,000-29,999 | 383 | 9,150,724 | 0 | 0 | 556,932 | 6.09% | 826,184 | 9.03% | \$0.88 | \$0.00 | (47,658) | (120,514) | 188,099 | 610,708 |
| 30,000-39,999 | 169 | 5,717,503 | 0 | 35,000 | 353,312 | 6.18% | 620,691 | 10.86% | \$0.84 | \$153.92 | (61,988) | (89,180) | 18,373 | 319,758 |
| 40,000-49,999 | 97 | 4,245,014 | 0 | 0 | 183,432 | 4.32% | 343,129 | 8.08% | \$0.83 | \$141.25 | 117,311 | 83,627 | 195,412 | 427,340 |
| 50,000-74,999 | 130 | 7,771,542 | 0 | 0 | 554,443 | 7.13% | 721,568 | 9.28% | \$0.94 | \$164.82 | (65,823) | (114,399) | 9,177 | 381,148 |
| 75,000-99,999 | 58 | 4,949,621 | 0 | 0 | 155,137 | 3.13% | 675,360 | 13.64% | \$0.82 | \$0.00 | (22,812) | 133,374 | 19,320 | 351,887 |
| 100,000-149,999 | 54 | 6,293,941 | 0 | 120,000 | 435,122 | 6.91% | 854,670 | 13.58% | \$0.71 | \$192.68 | (103,380) | (127,148) | 0 | 363,320 |
| 150,000-199,999 | 15 | 2,600,348 | 0 | 0 | 157,458 | 6.06% | 244,272 | 9.39% | \$0.00 | \$0.00 | 48,000 | (21,727) | 48,000 | 195,731 |
| 200,000-299,999 | 13 | 3,229,103 | 0 | 0 | 260,850 | 8.08% | 260,850 | 8.08% | \$0.79 | \$0.00 | 0 | 0 | 0 | 0 |
| 300,000 plus | 11 | 4,073,761 | 0 | 0 | 4,500 | 0.11% | 765,477 | 18.79% | \$0.82 | \$0.00 | 0 | (4,500) | 0 | 0 |
| Total | 2,789 | 66,464,587 | 0 | 165,000 | 3,399,846 | 5.12% | 6,526,653 | 9.82% | \$0.81 | \$162.74 | (283,944) | (472,682) | 746,092 | 3,560,905 |

SOUTH ORANGE COUNTY

The South Orange County Industrial Market consists of 909 buildings totaling 24,565,535 square feet, and currently has an availability rate of 10.38%, which shows an increase from last quarter's 7.66% figure.



| | INVENTORY | | | VACANCY & PRICING | | | | | ABSORPTION | | | | | |
|---------------------|------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|-----------------------|--------------------------|---------------------------|----------------------------|-----------------------|---------------------|-------------------------|-----------------------|
| | Number Of Bldgs. | Net Rentable Square Feet | Square Feet U / C | Square Feet Planned | Square Feet Vacant | Vacancy Rate 4Q2008 | Square Feet Available | Availability Rate 4Q2008 | Average Asking Lease Rate | Average Asking Sales Price | Net Absorption 4Q2008 | Net Absorption 2008 | Gross Absorption 4Q2008 | Gross Absorption 2008 |
| South Totals | | | | | | | | | | | | | | |
| Less than 9,999 | 327 | 2,110,429 | 0 | 0 | 96,506 | 4.57% | 244,146 | 11.57% | \$1.15 | \$125.00 | 6,992 | 4,400 | 57,132 | 179,674 |
| 10,000-19,999 | 276 | 3,970,602 | 0 | 0 | 228,069 | 5.74% | 381,597 | 9.61% | \$1.01 | \$180.77 | (8,939) | (97,257) | 76,738 | 262,392 |
| 20,000-29,999 | 123 | 2,908,085 | 0 | 0 | 205,865 | 7.08% | 358,082 | 12.31% | \$0.92 | \$164.18 | 4,454 | (39,243) | 59,859 | 217,852 |
| 30,000-39,999 | 48 | 1,603,880 | 0 | 34,745 | 97,355 | 6.07% | 189,576 | 11.82% | \$0.91 | \$0.00 | 8,993 | (25,509) | 14,550 | 109,468 |
| 40,000-49,999 | 31 | 1,374,641 | 0 | 0 | 99,935 | 7.27% | 93,075 | 6.77% | \$0.96 | \$0.00 | (5,304) | (40,648) | 0 | 59,442 |
| 50,000-74,999 | 41 | 2,525,708 | 0 | 53,264 | 97,607 | 3.86% | 330,628 | 13.09% | \$0.73 | \$0.00 | (32,490) | 84,459 | 0 | 186,125 |
| 75,000-99,999 | 19 | 1,648,491 | 0 | 0 | 12,094 | 0.73% | 86,321 | 5.24% | \$0.72 | \$0.00 | 78,881 | 25,506 | 90,975 | 207,205 |
| 100,000-149,999 | 23 | 2,691,234 | 0 | 0 | 140,200 | 5.21% | 283,537 | 10.54% | \$0.74 | \$0.00 | 0 | (37,200) | 0 | 103,000 |
| 150,000-199,999 | 8 | 1,332,594 | 0 | 0 | 10,828 | 0.81% | 234,700 | 17.61% | \$0.00 | \$0.00 | 0 | 0 | 0 | 0 |
| 200,000-299,999 | 6 | 1,287,149 | 0 | 0 | 290,586 | 22.58% | 348,426 | 27.07% | \$0.71 | \$0.00 | 0 | (290,586) | 0 | 97,587 |
| 300,000 plus | 7 | 3,112,722 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | \$0.00 | \$0.00 | 0 | 0 | 0 | 149,160 |
| Total | 909 | 24,565,535 | 0 | 88,009 | 1,279,045 | 5.21% | 2,550,088 | 10.38% | \$0.88 | \$166.55 | 52,587 | (416,078) | 299,254 | 1,571,905 |

CONSTRUCTION UPDATE

Under Construction

| Property Address | City | Description | Square Feet | Estimate Delivery | Recorded Owner |
|------------------|------|-------------|-------------|-------------------|----------------|
|------------------|------|-------------|-------------|-------------------|----------------|

Nothing Under Construction

Recent Deliveries

| Property Address | City | Description | Square Feet | Date Delivered | Recorded Owner |
|--------------------------|-----------|--------------|-------------|----------------|-----------------|
| Valencia Business Center | Fullerton | 10 Buildings | 231,467 | April-08 | Magellan Group |
| Koll Center III | Irvine | 11 Buildings | 194,915 | April-08 | Multiple Owners |
| Kimberly Business Center | Fullerton | 6 Buildings | 174,985 | October-08 | Low Enterprise |
| Kimberly Business Center | Fullerton | 13 Buildings | 110,414 | September-08 | Low Enterprise |

Submarkets

NORTH

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

WEST

Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

AIRPORT

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

SOUTH

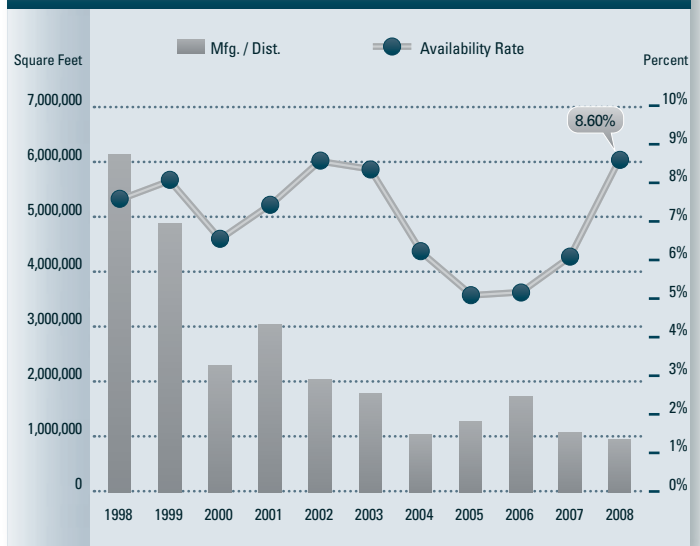
Aliso Viejo, Foothill Ranch, Irvine Spectrum, Laguna Hills, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente and San Juan Capistrano

Product Type

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. AVAILABILITY RATE



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Chula Vista, CA 91910

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FAX: 619.498.4567

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2020 Main St., Suite 100
Irvine, CA 92614

TEL: 949.851.5100

FAX: 949.261.9092

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Suite 200
Las Vegas, NV 89135

TEL: 702.734.4500

FAX: 702.733.7690

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