

INDUSTRIAL MARKET REPORT

FIRST
QUARTER
2004

Compared to
last quarter:

VACANCY

DOWN



ABSORPTION



UP

LEASE RATES



FLAT

CONSTRUCTION



UP

To view available properties,
please visit:

www.voitco.com



CORFAC
International

Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



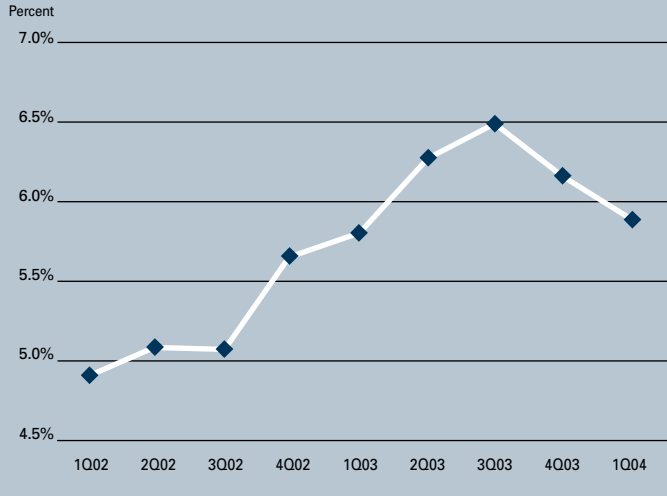
MARKET HIGHLIGHTS

- ◆ Unemployment in the first quarter of 2004 in San Diego County is 4.1%, which is an increase of 0.1% since the fourth quarter of 2003 and down from the 4.4% we saw a year ago.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that San Diego County added 11,000 new non-farm jobs in 2003, and they are forecasting 21,700 new jobs in 2004. They are also forecasting a 2.6% increase in total personal income for 2004, the second highest level in greater Southern California.
- ◆ Currently there is 993,776 square feet of Industrial construction underway, and total construction is up by almost 10% compared to a year ago.
- ◆ Planned Industrial construction in San Diego County is down compared to last year. Currently there is 1,379,712 square feet of Industrial space on the slate as being planned, compared to last year's figure of 2,065,919.
- ◆ The Industrial vacancy rate is checking in at 5.87%, which is down from the 6.22% rate during the fourth quarter of 2003. This lack of supply is creating a lot of constrained demand for Industrial space in the San Diego County area.
- ◆ Rental rates are expected to remain somewhat flat and we should see rent concessions lessening during 2004 as the economy improves.
- ◆ Industrial absorption checked in at 653,889 square feet of positive net absorption during first quarter of 2004, giving the San Diego Industrial Market a great start for 2004.

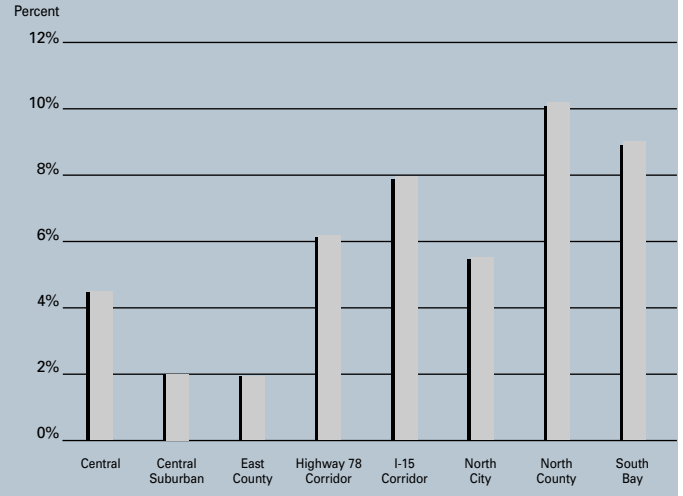
INDUSTRIAL MARKET STATISTICS

	1Q2004	4Q2003	1Q2003	% CHANGE VS. 1Q03
Under Construction	993,776	523,612	907,007	9.57%
Planned Construction	1,379,712	1,624,607	2,065,919	-33.22%
Vacancy	5.87%	6.22%	5.80%	1.21%
Availability	9.53%	8.85%	6.59%	44.61%
Pricing	\$0.64	\$0.65	\$0.67	-4.48%
Net Absorption	653,889	600,724	1,287,748	-49.22%

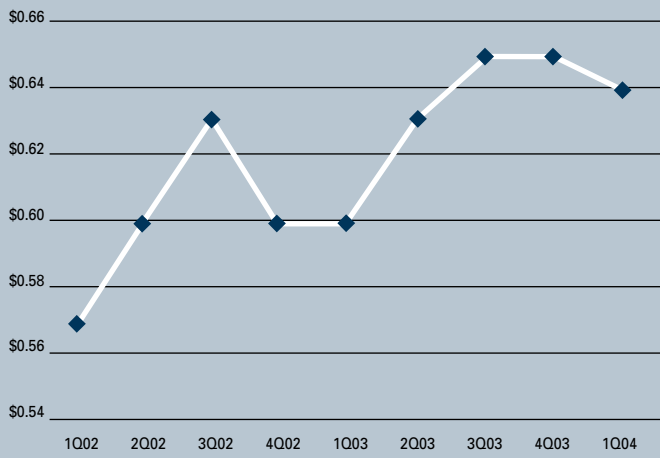
VACANCY RATE



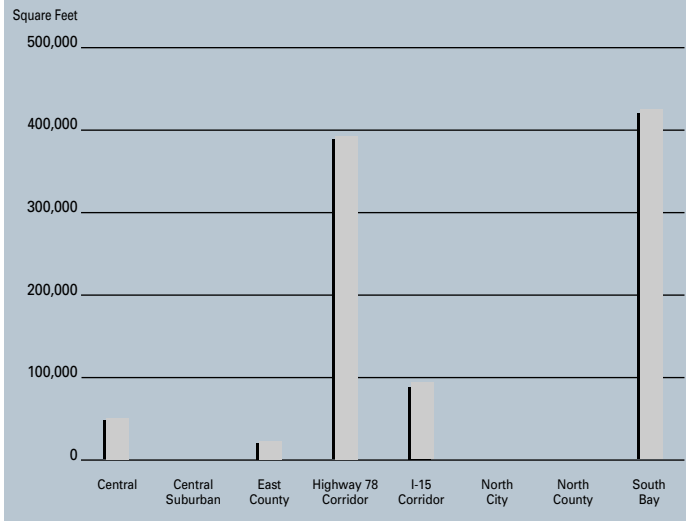
VACANCY RATE BY SUBMARKET



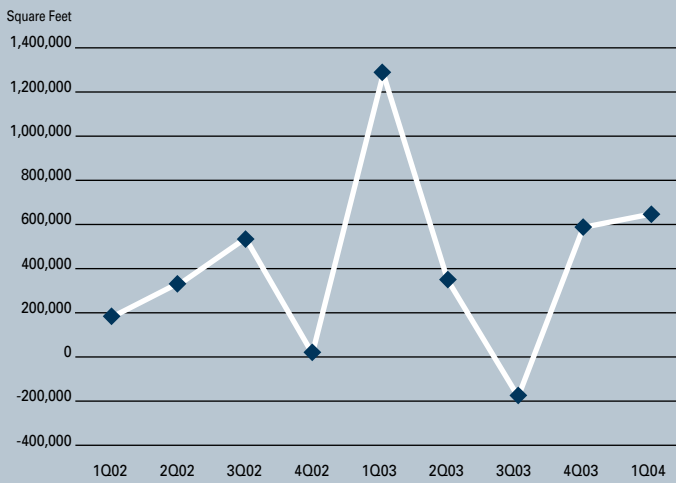
AVERAGE ASKING TRIPLE NET LEASE RATE



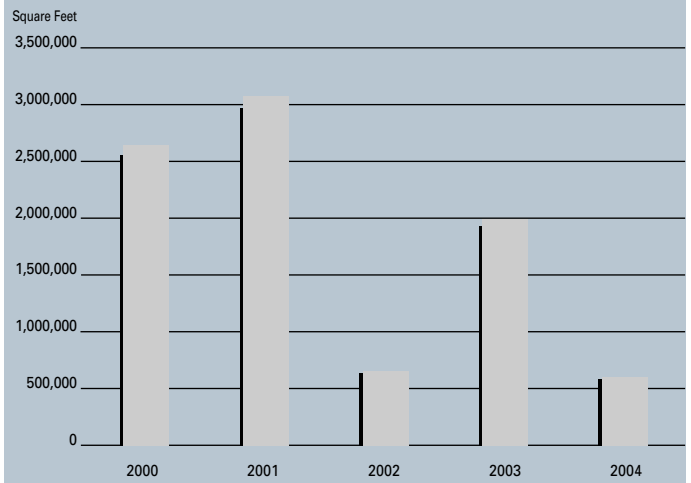
CONSTRUCTION ACTIVITY



QUARTERLY NET ABSORPTION



ANNUAL NET ABSORPTION



SAN DIEGO COUNTY

Industrial product consists of commercial buildings that feature the following: loading docks, ceiling heights greater than 16 feet, less than 30% of the building built-out as office space, and primary use of the building is manufacturing, distribution and/or warehousing.

INVENTORY					VACANCY & ABSORPTION					
	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2004	Total Availability 1Q2004	Average Asking Lease Rate	Net Absorption 1Q2004	Net Absorption 2004
Central										
Downtown	81	3,406,295	51,672	0	80,160	2.35%	98,160	\$0.63	132,006	132,006
East City	85	3,238,858	0	0	226,750	7.00%	356,750	\$0.55	16,305	16,305
Central Total	166	6,645,153	51,672	0	306,910	4.62%	454,910	\$0.57	148,311	148,311
Central Suburban										
Airport/Sports Arena	101	3,398,365	0	0	102,246	3.01%	198,433	\$0.65	(5,436)	(5,436)
Kearny Mesa	305	9,745,574	0	0	177,957	1.83%	877,304	\$0.86	112,508	112,508
Mission Gorge	41	1,109,402	0	0	15,700	1.42%	24,272	\$0.90	(2,036)	(2,036)
Rose Canyon/Morena	79	3,080,647	0	0	47,001	1.53%	47,001	\$0.00	(19,151)	(19,151)
Central Suburban Total	526	17,333,988	0	0	342,904	1.98%	1,147,010	\$0.81	85,885	85,885
East County										
El Cajon	250	7,691,675	17,580	0	145,093	1.89%	424,827	\$0.58	21,384	21,384
La Mesa/Spring Valley	50	1,712,844	6,000	0	16,775	0.98%	28,158	\$0.75	45,289	45,289
Santee/Lakeside	155	3,594,662	0	12,680	101,141	2.81%	110,041	\$0.68	(99,659)	(99,659)
Unincorporated East County	5	470,342	0	0	0	0.00%	0	\$0.00	0	0
East County Total	460	13,469,523	23,580	12,680	263,009	1.95%	563,026	\$0.60	(32,986)	(32,986)
Highway 78 Corridor										
Oceanside	176	4,575,007	82,435	466,446	275,026	6.01%	372,117	\$0.51	(30,238)	(30,238)
San Marcos	254	7,452,982	101,896	20,000	494,034	6.63%	551,748	\$0.57	(196,570)	(196,570)
Vista/Fallbrook	264	10,789,395	206,979	108,000	663,107	6.15%	994,926	\$0.63	60,726	60,726
Highway 78 Corridor Total	694	22,817,384	391,310	594,446	1,432,167	6.28%	1,918,791	\$0.60	(166,082)	(166,082)
I-15 Corridor										
Carmel Mountain Ranch	10	615,455	0	0	54,605	8.87%	54,605	\$0.52	0	0
Escondido	223	4,722,944	71,100	0	216,262	4.58%	393,027	\$0.61	(8,409)	(8,409)
Poway	149	6,113,315	23,808	61,359	463,687	7.58%	691,283	\$0.64	138,830	138,830
Rancho Bernardo	49	4,107,426	0	0	510,545	12.43%	950,494	\$0.74	62,207	62,207
Scripps Ranch	20	461,687	0	22,000	46,425	10.06%	48,009	\$0.62	8,000	8,000
I-15 Corridor Total	451	16,020,827	94,908	83,359	1,291,524	8.06%	2,137,418	\$0.67	200,628	200,628
North City										
Miramar	335	11,874,971	0	65,010	689,385	5.81%	1,095,824	\$0.74	(76,429)	(76,429)
Sorrento Mesa	85	3,141,499	0	0	133,788	4.26%	343,327	\$0.85	40,712	40,712
Sorrento Valley	38	956,672	0	0	53,588	5.60%	53,588	\$1.00	(5,298)	(5,298)
North City Total	458	15,973,142	0	65,010	876,761	5.49%	1,492,739	\$0.79	(41,015)	(41,015)
North County										
Carlsbad	177	7,432,147	0	218,392	768,567	10.34%	968,951	\$0.71	46,786	46,786
North Beach Cities	4	119,000	0	0	6,000	5.04%	6,000	\$0.00	0	0
North County Total	181	7,551,147	0	218,392	774,567	10.26%	974,951	\$0.71	46,786	46,786
South Bay										
Chula Vista	145	5,092,677	173,266	0	414,035	8.13%	702,343	\$0.52	239,856	239,856
National City	61	2,574,886	0	74,000	114,101	4.43%	153,785	\$0.59	8,264	8,264
Otay Mesa	167	9,314,754	259,040	331,825	1,045,494	11.22%	1,636,301	\$0.53	181,818	181,818
San Ysidro	46	1,296,552	0	0	70,039	5.40%	70,039	\$0.59	(17,576)	(17,576)
South Bay Total	419	18,278,869	432,306	405,825	1,643,669	8.99%	2,562,468	\$0.53	412,362	412,362
San Diego County Total	3,355	118,090,033	993,776	1,379,712	6,931,511	5.87%	11,251,313	\$0.64	653,889	653,889

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

INDUSTRIAL MARKET REPORT

FIRST QUARTER 2004

SUBMARKETS

CENTRAL

Downtown
East City

CENTRAL SUBURBAN

Airport/Sports Arena
Kearny Mesa
Mission Gorge
Rose Canyon/Morena

EAST COUNTY

El Cajon
La Mesa/Spring Valley
Santee/Lakeside
Unincorporated East County

HIGHWAY 78 CORRIDOR

Oceanside
San Marcos
Vista/Fallbrook

I-15 CORRIDOR

Carmel Mountain Ranch
Escondido
Poway
Rancho Bernardo
Scripps Ranch

NORTH CITY

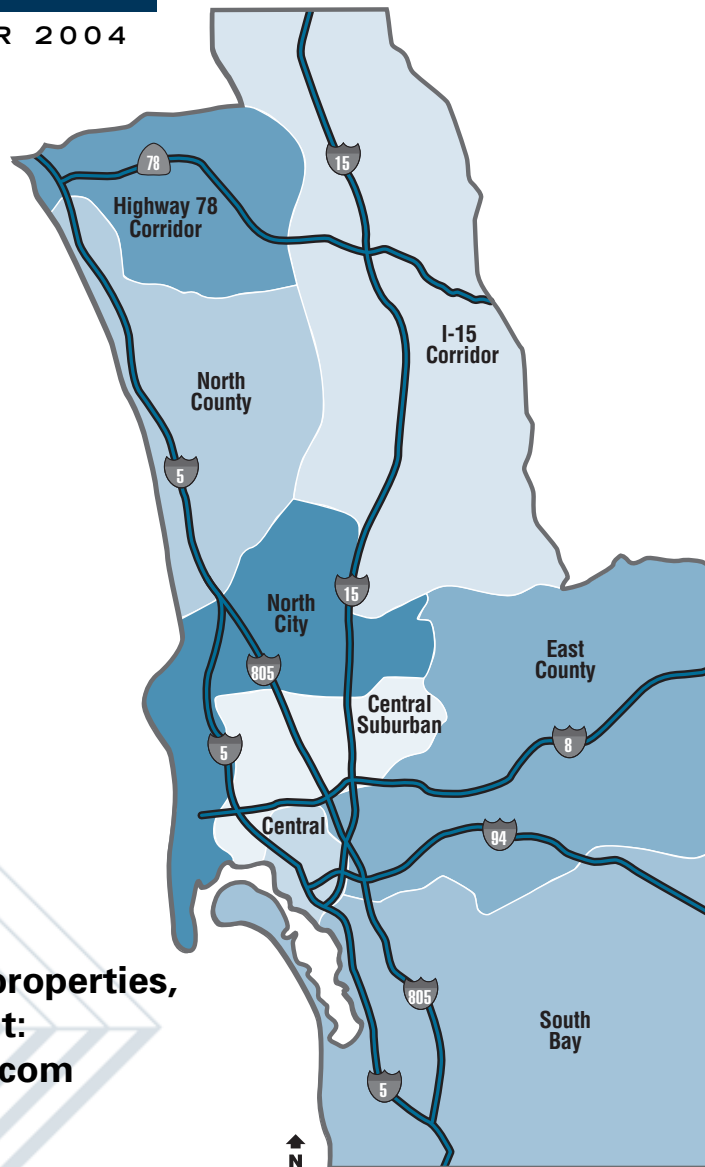
Miramar
Sorrento Mesa
Sorrento Valley

NORTH COUNTY

Carlsbad
North Beach Cities

SOUTH BAY

Chula Vista
National City
Otay Mesa
San Ysidro



To view available properties,
please visit:
www.voidco.com

For Further Information:

SAN DIEGO OFFICE

4370 La Jolla Village Drive, Suite 990
San Diego, California 92122

TEL: 858.453.0505

FAX: 858.453.1981

CHULA VISTA OFFICE

660 Bay Boulevard, Suite 210
Chula Vista, California 91910

TEL: 619.498.4560

FAX: 619.495.4567



Real People. Real Solutions.