

OFFICE MARKET REPORT

FOURTH
QUARTER
2003

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



To view available properties,
please visit:

www.voitco.com



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



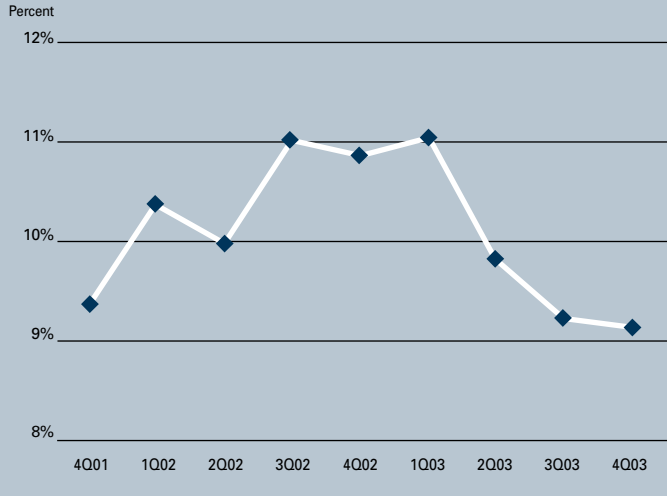
MARKET HIGHLIGHTS

- ◆ Unemployment in the fourth quarter of 2003 in San Diego County is 4.0%, which is a decrease of 0.3% since the third quarter of 2003 and down from the 4.1% we saw a year ago.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that San Diego County will add 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 1,385,963 square feet of Office construction underway, and total construction is higher than the 972,643 square feet that was under construction at this same time last year. This is an increase of just over 40%.
- ◆ Planned Office construction in San Diego County is down by almost 50% compared to last year. Currently there is 4,494,386 square feet of Office space on the slate as being planned, compared to last year's figure of 10,580,855 square feet.
- ◆ The Office vacancy rate is at 9.16%, which is down from the 9.33% rate during the third quarter of 2003. Although, when we add in the sublease space, the availability rate increased almost 3% when compared to last year. This increase of supply can be explained by the slower economy coupled with the product that has been added to the marketplace over the past few years.
- ◆ The average asking full service lease rate checked in at \$1.99 a square foot per month this quarter. This is a little higher than last quarter and 15.65% lower than what was reported in the fourth quarter of 2002.
- ◆ Rental rates are expected to remain flat and we should see rent concessions lessening during 2004 as the economy improves.
- ◆ The Office absorption checked in at a negative 81,503 square feet for the fourth quarter of 2003. This gives the San Diego Office market a total of 1,607,068 square feet of positive absorption for 2003.

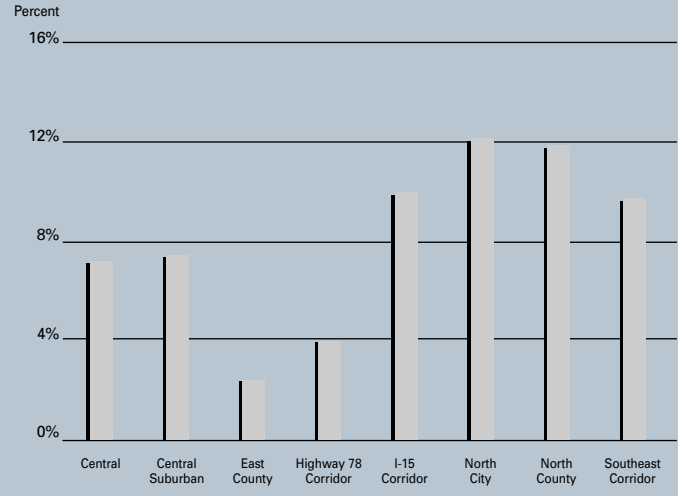
OFFICE MARKET STATISTICS

	2003	2002	2001	% CHANGE VS. 2002
Under Construction	1,385,963	972,643	1,574,226	42.49%
Planned Construction	5,556,459	10,580,855	8,354,748	-47.49%
Vacancy	9.16%	10.86%	9.36%	-15.65%
Pricing	\$1.99	\$2.32	\$2.19	-14.22%
Net Absorption	1,607,068	549,411	1,111,756	292.51%

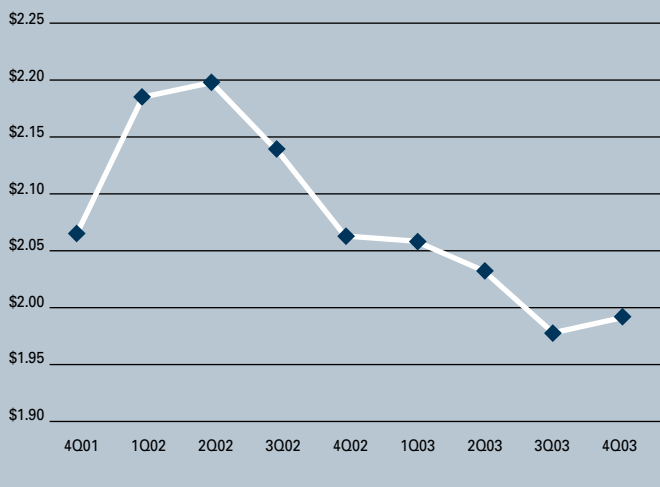
VACANCY RATE



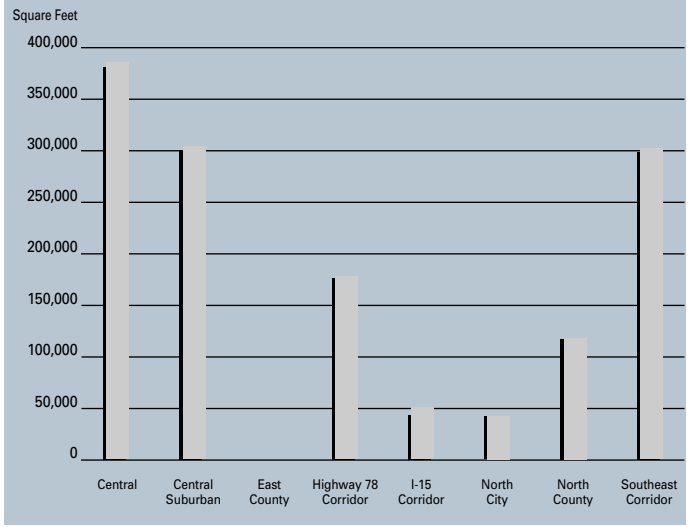
VACANCY RATE BY SUBMARKET



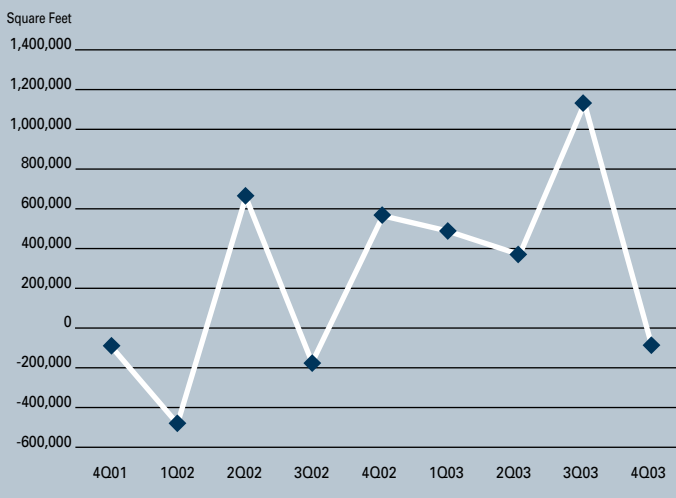
AVERAGE ASKING FULL SERVICE LEASE RATE



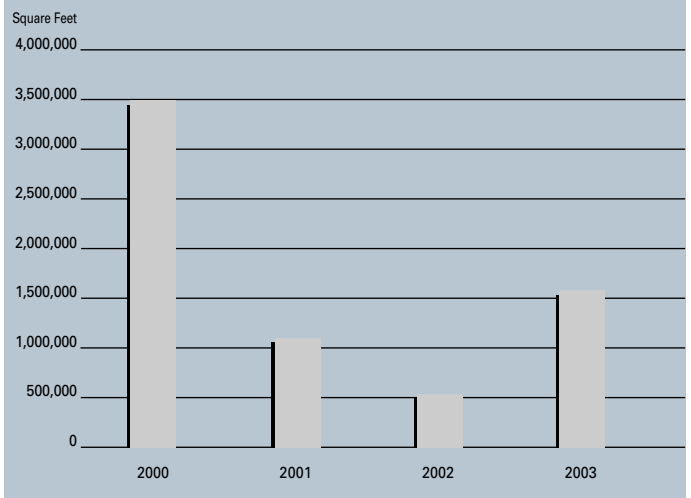
CONSTRUCTION ACTIVITY



QUARTERLY NET ABSORPTION



ANNUAL NET ABSORPTION



FOURTH QUARTER 2003

SAN DIEGO COUNTY

INVENTORY

VACANCY & ABSORPTION

	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2003	Total Availability 4Q2003	Average Asking Lease Rate	Net Absorption 4Q2003	Net Absorption 2003
Central										
Downtown	116	11,173,527	380,000	1,866,470	892,276	7.99%	1,266,346	\$1.74	11,450	52,633
Uptown	85	2,016,835	0	0	46,123	2.29%	109,181	\$1.75	11,800	(94,705)
Central Total	201	13,190,362	380,000	1,866,470	938,399	7.11%	1,375,527	\$1.74	23,250	51,314
Central Suburban										
College/Sports Area	47	1,482,239	82,236	0	70,380	4.75%	92,138	\$1.70	-25,547	(161,926)
Kearny Mesa	209	7,785,572	130,189	411,495	684,351	8.79%	932,967	\$1.79	32,035	(7,231)
Mission Gorge	15	336,394	0	0	2,523	0.75%	24,795	\$1.50	0	118,251
Mission Valley	120	6,655,498	58,222	158,000	391,803	5.89%	804,331	\$2.08	-1,061	290,696
Old Town	22	524,164	0	0	13,895	2.65%	32,570	\$1.25	-898	53,484
Pacific Beach	7	200,933	0	0	10,433	5.19%	11,310	\$0.00	110	12,142
Point Loma	6	127,545	38,727	38,727	62,266	48.82%	62,266	\$0.00	3,815	(1,570)
Rose Canyon/Morena	31	725,470	0	0	72,174	9.95%	75,042	\$0.00	-20,980	19,665
Central Suburban Total	457	17,837,815	309,374	608,222	1,307,825	7.33%	2,035,419	\$1.89	(12,526)	323,511
East County										
El Cajon	50	947,611	0	12,560	29,628	3.13%	41,038	\$0.00	16,135	67,147
La Mesa	54	1,510,220	0	0	28,409	1.88%	31,447	\$0.00	-2,523	63,810
Lemon Grove	6	124,192	0	0	0	0.00%	0	\$0.00	0	13,158
Santee	12	248,990	0	0	17,664	7.09%	17,664	\$0.00	8,933	135,805
Spring Valley	7	113,720	0	0	0	0.00%	3,206	\$0.00	0	56,687
East County Total	129	2,944,733	0	12,560	75,701	2.57%	93,355	\$0.00	22,545	336,607
Highway 78 Corridor										
Oceanside	27	678,836	22,766	0	27,340	4.03%	48,304	\$1.65	11,825	16,434
San Marcos	42	1,055,235	146,989	55,000	51,659	4.90%	78,069	\$0.00	38,872	15,358
Vista	54	1,193,694	11,500	155,000	36,401	3.05%	54,586	\$1.40	-15,080	75,494
Highway 78 Corridor Total	123	2,927,765	181,255	210,000	115,400	3.94%	180,959	\$1.63	35,617	107,286
I-15 Corridor										
Escondido	75	2,036,847	50,000	21,900	336,893	16.54%	348,323	\$2.15	34,567	106,698
Poway	11	737,799	0	30,684	13,113	1.78%	14,679	\$0.00	-499	(341)
Rancho Bernardo	63	2,800,745	0	22,818	205,303	7.33%	476,330	\$2.75	13,616	67,113
Sabre Springs	7	719,181	0	0	27,781	3.86%	27,781	\$0.00	0	5,352
Scripps Ranch	45	1,790,723	0	433,500	230,287	12.86%	285,096	\$1.93	-34,410	414,337
I-15 Corridor Total	201	8,085,295	50,000	508,902	813,377	10.06%	1,152,209	\$2.12	13,274	593,159
North City										
Del Mar Heights	58	3,593,907	0	1,561,737	515,323	14.34%	791,368	\$0.00	-71,098	(34,796)
Governor Park	21	1,019,209	0	0	53,565	5.26%	126,744	\$2.10	-15,728	(42,207)
La Jolla	38	1,215,960	0	0	95,410	7.85%	190,015	\$2.95	5,602	31,929
Miramar	55	1,918,322	0	0	259,159	13.51%	315,972	\$0.00	-61,058	78,855
Sorrento Mesa	80	4,954,261	0	0	910,334	18.37%	1,315,221	\$2.24	-36,823	(88,033)
Torrey Pines/Sorrento Valley	65	3,748,492	42,204	55,488	291,205	7.77%	467,162	\$1.75	20,613	(172,804)
UTC Center	72	6,561,424	0	150,000	702,047	10.70%	1,021,774	\$2.49	-75,243	179,921
North City Total	389	23,011,575	42,204	1,767,225	2,827,043	12.29%	4,228,256	\$2.43	(233,735)	(47,135)
North County										
Carlsbad	103	3,904,282	11,500	337,040	528,452	13.54%	638,183	\$1.86	26,454	455,123
North Beach Cities	61	1,524,320	107,630	56,000	111,997	7.35%	122,013	\$2.50	15,633	48,109
North County Total	164	5,428,602	119,130	393,040	640,449	11.80%	760,196	\$1.92	42,087	503,232
South/Southeast Corridor										
Chula Vista	53	2,371,822	304,000	190,040	40,343	1.70%	52,665	\$0.00	31,726	39,431
National City	11	327,042	0	0	161,027	49.24%	161,027	\$0.00	0	12,526
Otay Mesa	7	155,427	0	0	70,693	45.48%	70,693	\$0.00	-3,741	23,744
South/Southeast Total	71	2,854,291	304,000	190,040	272,063	9.53%	284,385	\$0.00	27,985	75,701
Class A	311	29,085,606	1,070,688	4,681,281	3,722,955	12.80%	5,167,968	\$2.16	(65,118)	291,923
Class B	665	29,344,299	315,275	844,618	2,426,869	8.27%	3,493,175	\$1.79	90,306	822,024
Class C	759	17,850,533	0	30,560	840,433	4.71%	1,449,163	\$1.62	(106,691)	493,121
San Diego County Total	1,735	76,280,438	1,385,963	5,556,459	6,990,257	9.16%	10,110,306	\$1.99	-81,503	1,607,068

This survey consists of office buildings greater than 10,000 square feet. Lease rates are on a full service gross basis.

OFFICE MARKET REPORT

FOURTH QUARTER 2003

SUBMARKETS

CENTRAL

Downtown
Uptown

CENTRAL SUBURBAN

College/Sports Area
Kearny Mesa
Mission Gorge
Mission Valley
Old Town
Pacific Beach
Point Loma
Rose Canyon/Morena

EAST COUNTY

El Cajon
La Mesa
Lemon Grove
Santee
Spring Valley

HIGHWAY 78 CORRIDOR

Oceanside
San Marcos
Vista

I-15 CORRIDOR

Escondido
Poway
Rancho Bernardo
Sabre Springs
Scripps Ranch

NORTH CITY

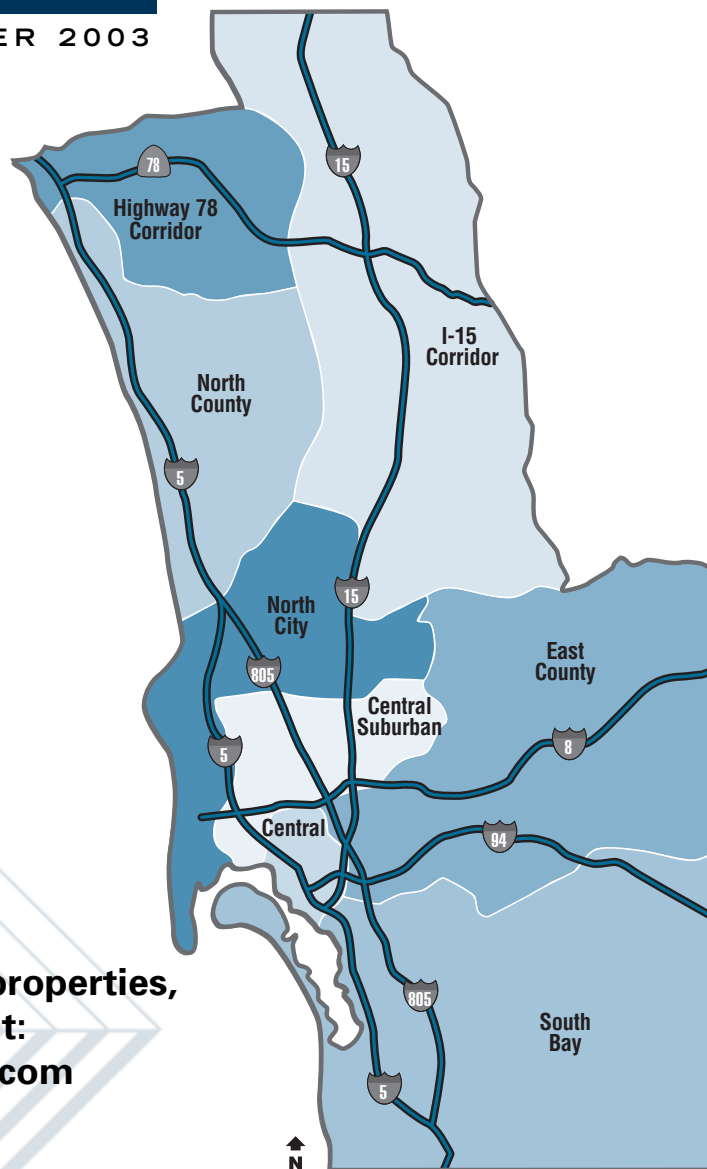
Del Mar Heights
Governor Park
La Jolla
Miramar
Sorrento Mesa
Torrey Pines/Sorrento Valley
UTC Center

NORTH COUNTY

Carlsbad
North Beach Cities

SOUTH/SOUTHEAST CORRIDOR

Chula Vista
National City
Otay Mesa



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.