

MARKET OVERVIEW. Orange County vacancies remain low, even with the negative absorption since the second quarter of 2018. Rent growth continues to trend well above the historical average. Competition is high among companies in search of a sizable footprint, as the inventory skews smaller than in neighboring Inland Empire, which can accommodate a more significant industrial presence. While a few sizable projects have recently delivered, there is little left in the pipeline that could accommodate a large user. Investors continue to target Orange County’s campuses and distribution facilities, often for the purpose of redevelopment. Vacancies have recovered from the significant speculative space delivered in the 2018, but with more space on the way, vacancies have risen back above the historical average, although the new space provides an avenue for tenants to gain a foothold in the County.

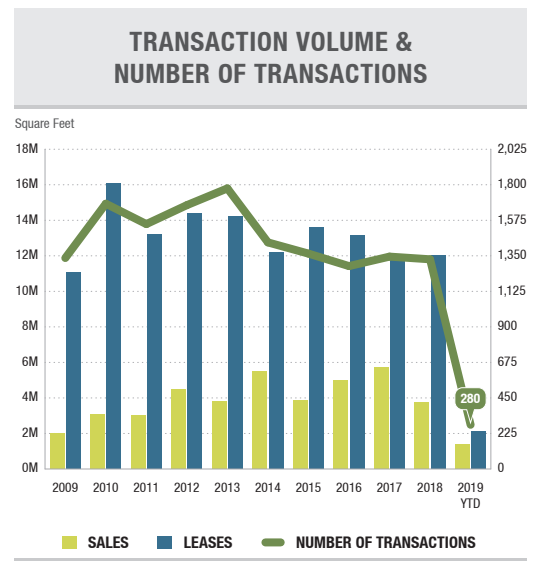
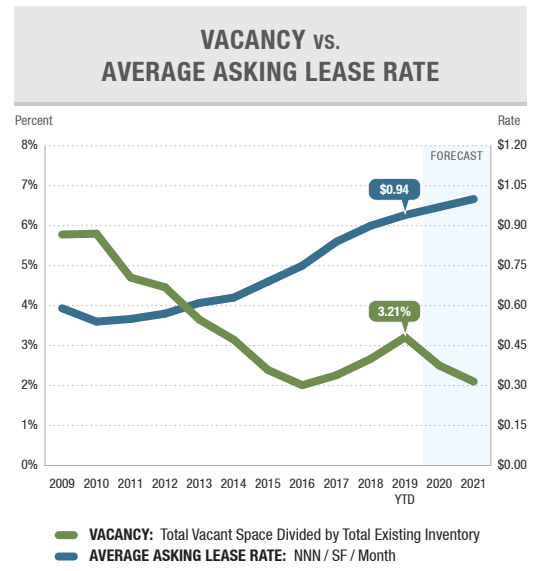
VACANCY. Direct/sublease space (unoccupied) finished the quarter at 3.21%, rising above 3% for the first time in more than 4 years; however, the vacancy rate for Orange County’s industrial market is still significantly lower than the last economic expansion, which was roughly 5.80% in 2010. Low vacancy rates generally mean that the market performance of an area is good and that there is strong demand. However, with higher demand for industrial space comes higher rental rates.

LEASE RATES. The average asking lease rate, which incorporates all size ranges and submarkets throughout Orange County, is \$0.94 NNN per square foot per month, a \$0.04 per square foot increase from last quarter and a \$0.11 per square foot increase from a year ago (13.25% annual increase). Orange County saw rent growth in the low-teens. This was up from single-digit growth in 2018. Industrial rents across the country were pushed higher by historically low market vacancy rates. Annual rent growth in the U.S. has been on an upswing with the national average often trending above 6% in the past several years.

SALE PRICES. The Orange County industrial market’s average asking price at the end of the first quarter of 2019 came in at \$234.89 per square foot (average price tracks 1,000 square foot buildings and larger). While sale prices vary greatly depending on the size of the building, this represents an increase of nearly 5.53% from the first quarter of 2018. As interest rates have increased, we expect to see more modest levels of appreciation throughout 2019. Investors continue to target Orange County, and market cap rates have settled near 5% — less, on average, than returns in the office sector and a bit higher than for apartments.

TRANSACTION ACTIVITY. Orange County continues to show strong fundamentals at the end of the first quarter of 2019. The vacancy rate, currently at 3.21%, is in line with historical lows and mirrors the national average. Tenant demand has come from a mix of industries including home and office furniture, logistics and automotive repair. Demand for quality industrial space in Orange County has slowed down, with 3.48 million square feet in total transactions (sale and lease) in the first quarter, down from just over 4.30 million square feet last quarter. With such a limited number of available options, the supply and demand imbalance continues to limit overall activity.

AVAILABILITY. Availability held steady in the Orange County market in the first quarter of 2019 as expanding new supply caught up to strong demand. The availability rate, or ratio of available space (being marketed) to total rentable area in the region, came in at 4.99%, up 6.40% from a year ago.



Market Statistics

	Change Over Last Quarter	1Q 2019	4Q 2018	1Q 2018	% Change Over Last Year
Vacancy Rate	▲ UP	3.21%	2.67%	1.91%	68.06%
Availability Rate	▲ UP	4.99%	4.86%	4.69%	6.40%
Average Asking Lease Rate	▲ UP	\$0.94	\$0.90	\$0.83	13.25%
Average Asking Sale Price	▲ UP	\$234.89	\$229.16	\$222.58	5.53%
Sale & Lease Transactions	▼ DOWN	3,483,862	4,304,059	3,550,514	(1.88%)
Gross Absorption	▲ UP	2,568,961	2,552,579	3,725,571	(31.05%)
Net Absorption	▼ NEGATIVE	(1,126,104)	303,392	950,224	N/A

OVERALL. Our outlook for Orange County in 2019 is optimistic, with continued strength in property fundamentals, demand outpacing supply, strong absorption squeezing already tight vacancy rates and spurring rent growth. Investors and owner-users are capitalizing on the industrial market's strong momentum. Investment sales focused on industrial product can expect higher prices. Demand has surpassed the limited supply in the Orange County industrial market. Market signals show us this trend should continue well into 2019. With a limited amount of construction for industrial space, landlords will see a rise in rent and occupancy rates. With only 500,000 square feet under construction, expect renewal transactions to continue to dominate most large transactions as tenants have limited options for modern fulfillment space.

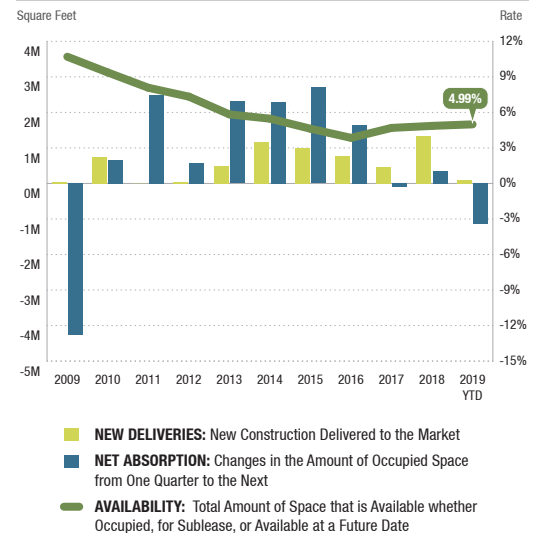
LEASE RATES. Despite slightly elevated vacancies, rent growth has remained strong. Expect lease rates to continue to climb. We expect 2–3% annualized growth in the coming year.

VACANCY. Industrial real estate demand continues to soar to new heights, and we expect more of the same through 2019, anticipating vacancy rates in the 2.5–3.1% range over the next three quarters.

CONSTRUCTION. Large, vacant plots are rarely available, and lately any availability tends to be targeted for multifamily development. Several industrial facilities have been redeveloped into multifamily and office projects. While developers were busy targeting North County submarkets with speculative construction over the past several years, a few projects have filtered over to the Airport Area. At the end of the first quarter of 2019, there were 12 buildings under construction totaling 841,447 square feet. Notable projects underway include Shea Dyer Road in Santa Ana, a 9-building industrial park totaling 472,667 square feet (Shea); Orange Commerce Center, a 3-building project totaling 178,504 square feet (Panattoni); and 1585 MacArthur Boulevard, a 100,233 square foot built-to-suit project for Robinson Pharma in Santa Ana (CJ Segerstrom).

ABSORPTION. Net absorption has maintained a healthy pace the past few years, holding vacancies relatively steady, even in the face of an increase in construction. After posting positive net absorption in 2018, the Orange County industrial market slowed in the first quarter of 2019, starting the year with 1,126,104 square feet of negative net absorption. While fundamentals were healthy for most of the cycle, recent move-outs have pushed vacancies above the historical average.

NEW DELIVERIES & NET ABSORPTION vs. AVAILABILITY RATE



Significant Transactions

Sales

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
4260–4278 Harbor & 210 E. Lambert	Fullerton	663,257	\$123,650,000	Institutional Investor *	PSIP WR Fullerton, LLC *
1481–1497 N. Main St.	Orange	138,970	\$21,950,000	Alere *	Horwin Noip, LLC
4250 N. Harbor Blvd.	Fullerton	105,322	\$20,959,078	Achem Industry America, Inc.	PSIP WR Fullerton, LLC *
12821 Knott Ave.	Garden Grove	120,800	\$19,800,000	Rexford	Brutten/Reynolds, LLC
4320 N. Harbor Blvd.	Fullerton	78,523	\$16,489,830	Laguna Canyon Plaza, LLC	PSIP WR Fullerton, LLC *

Leases

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
6270–6290 Caballero Blvd.	Buena Park	130,000	Jan–2019	OC RV *	AEW
1331 S. State College Blvd.	Fullerton	74,620	Mar–2019	Multi–Quip, Inc.	KDK Property, LLC
7150 Village Dr.	Buena Park	67,920	Jan–2019	Mash Studios, Inc.	TA Realty
1401–1409 E. Orangethorpe Ave.	Fullerton	56,000	Mar–2019	Found Rentals, Inc.	TCLW Fullerton
9750 Irvine Blvd.	Irvine Spectrum	45,960	Feb–2019	GM Business Interiors	LBA Realty

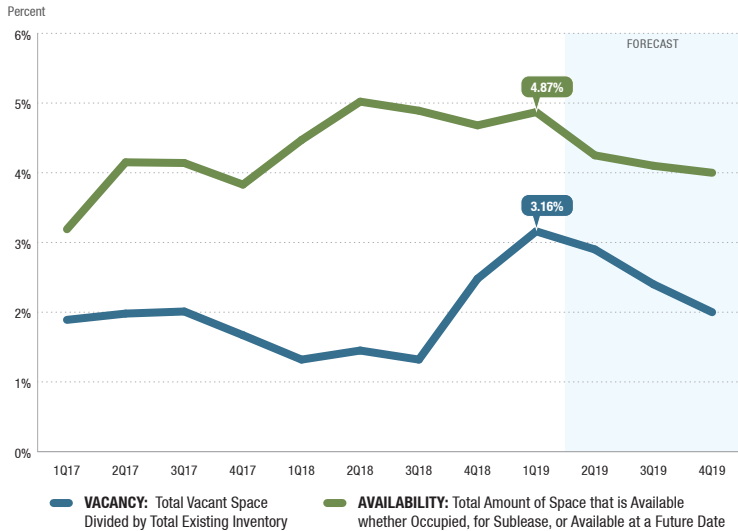
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2019	Square Feet Available	Availability Rate 1Q2019	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2019	Net Absorption 2019	Gross Absorption 1Q2019	Gross Absorption 2019
Airport Area														
Costa Mesa	425	7,556,450	100,276	0	80,996	1.07%	158,302	2.09%	\$1.10	\$351.37	80,405	80,405	114,117	114,117
Fountain Valley	186	3,882,851	0	73,200	78,829	2.03%	313,834	8.08%	\$1.09	\$236.36	(27,433)	(27,433)	50,133	50,133
Irvine	306	11,703,674	0	0	379,976	3.25%	558,327	4.77%	\$0.92	\$294.88	(48,296)	(48,296)	110,890	110,890
Newport Beach	51	630,166	0	0	2,995	0.48%	2,995	0.48%	\$0.00	\$0.00	5,500	5,500	8,000	8,000
Santa Ana	1,571	30,074,135	472,667	0	1,115,376	3.71%	1,568,206	5.21%	\$1.00	\$232.69	(115,099)	(115,099)	348,397	348,397
Tustin	110	4,243,222	0	10,000	98,902	2.33%	109,730	2.59%	\$0.99	\$237.11	31,742	31,742	20,348	20,348
Airport Area Total	2,649	58,090,498	572,943	83,200	1,757,074	3.02%	2,711,394	4.67%	\$0.99	\$256.39	(73,181)	(73,181)	651,885	651,885
North County														
Anaheim	1,826	44,627,882	0	244,259	513,386	1.15%	1,041,676	2.33%	\$0.95	\$239.86	(45,625)	(45,625)	213,078	213,078
Brea	334	12,177,237	0	0	138,141	1.13%	455,798	3.74%	\$0.81	\$154.59	37,487	37,487	30,623	30,623
Buena Park	232	13,353,097	0	0	1,303,205	9.76%	1,797,907	13.46%	\$0.83	\$0.00	(999,218)	(999,218)	318,403	318,403
Fullerton	454	19,084,995	0	0	1,119,724	5.87%	1,353,021	7.09%	\$1.00	\$169.43	157,713	157,713	309,078	309,078
La Habra	197	3,483,932	0	217,000	38,353	1.10%	66,982	1.92%	\$0.94	\$173.85	8,929	8,929	16,612	16,612
Orange	739	13,521,073	0	0	257,601	1.91%	287,852	2.13%	\$1.02	\$220.54	(26,744)	(26,744)	110,109	110,109
Placentia	220	4,169,035	178,504	0	145,857	3.50%	260,116	6.24%	\$0.82	\$238.46	41,332	41,332	141,529	141,529
Yorba Linda	53	1,010,951	0	0	10,059	1.00%	158,245	15.65%	\$0.00	\$0.00	14,194	14,194	16,594	16,594
North County Total	4,055	111,428,202	178,504	461,259	3,526,326	3.16%	5,421,597	4.87%	\$0.87	\$192.97	(811,932)	(811,932)	1,156,026	1,156,026
South County														
Aliso Viejo	17	661,690	0	0	9,224	1.39%	59,232	8.95%	\$1.50	\$327.64	5,416	5,416	14,640	14,640
Foothill Ranch	68	3,552,109	0	0	25,138	0.71%	25,138	0.71%	\$0.00	\$295.00	(25,138)	(25,138)	0	0
Irvine Spectrum	208	9,812,747	90,000	0	681,300	6.94%	1,029,263	10.49%	\$1.05	\$326.27	(14,536)	(14,536)	128,883	128,883
Laguna Beach	20	91,904	0	0	14,225	15.48%	14,225	15.48%	\$0.00	\$0.00	0	0	0	0
Laguna Hills	72	1,029,626	0	0	20,106	1.95%	59,414	5.77%	\$1.30	\$0.00	2,247	2,247	8,613	8,613
Laguna Niguel	20	271,295	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	189	4,120,970	0	0	105,326	2.56%	220,672	5.35%	\$1.23	\$312.71	29,724	29,724	29,724	29,724
Mission Viejo	30	462,480	0	0	11,793	2.55%	18,800	4.07%	\$0.00	\$0.00	561	561	9,905	9,905
Rancho Santa Margarita	104	1,675,902	0	0	40,205	2.40%	46,172	2.76%	\$1.25	\$335.00	(16,914)	(16,914)	8,588	8,588
San Clemente	159	1,998,825	0	0	60,276	3.02%	60,018	3.00%	\$1.19	\$307.81	(17,114)	(17,114)	17,206	17,206
San Juan Capistrano	43	923,189	0	0	8,269	0.90%	0	0.00%	\$0.00	\$0.00	9,214	9,214	9,214	9,214
South County Total	930	24,600,737	90,000	0	975,862	3.97%	1,532,934	6.23%	\$1.15	\$322.06	(26,540)	(26,540)	226,773	226,773
West County														
Cypress	101	4,332,287	0	0	193,221	4.46%	172,753	3.99%	\$0.89	\$0.00	(13,275)	(13,275)	12,446	12,446
Garden Grove	475	11,809,980	0	0	294,201	2.49%	468,009	3.96%	\$0.79	\$203.57	145,931	145,931	190,220	190,220
Huntington Beach	681	12,605,466	0	97,460	212,611	1.69%	711,724	5.65%	\$0.66	\$399.75	42,435	42,435	165,391	165,391
La Palma	16	1,780,056	0	0	424,285	23.84%	424,285	23.84%	\$0.00	\$0.00	(424,285)	(424,285)	75,000	75,000
Los Alamitos	95	2,346,033	0	0	12,320	0.53%	33,568	1.43%	\$0.00	\$0.00	(390)	(390)	11,830	11,830
Seal Beach	15	978,518	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	174	1,790,774	0	0	38,926	2.17%	89,263	4.98%	\$1.00	\$247.20	(22,374)	(22,374)	18,077	18,077
Westminster	142	2,361,592	0	0	14,103	0.60%	26,323	1.11%	\$0.00	\$215.20	57,507	57,507	61,313	61,313
West County Total	1,699	38,004,706	0	97,460	1,189,667	3.13%	1,925,925	5.07%	\$0.80	\$223.32	(214,451)	(214,451)	534,277	534,277
Orange County Total	9,333	232,124,143	841,447	641,919	7,448,929	3.21%	11,591,850	4.99%	\$0.94	\$234.89	(1,126,104)	(1,126,104)	2,568,961	2,568,961
Less than 9,999	3,305	20,100,337	0	10,000	345,392	1.72%	539,758	2.69%	\$1.43	\$315.54	(29,523)	(29,523)	239,835	239,835
10,000–19,999	3,144	43,430,107	0	0	774,553	1.78%	1,126,244	2.59%	\$1.21	\$247.03	18,626	18,626	531,609	531,609
20,000–29,999	1,170	28,035,128	94,176	0	546,637	1.95%	1,044,490	3.73%	\$1.11	\$238.53	(91,454)	(91,454)	285,057	285,057
30,000–39,999	490	16,677,119	70,786	73,200	536,440	3.22%	870,988	5.22%	\$1.00	\$264.20	(24,397)	(24,397)	263,973	263,973
40,000–49,999	296	13,006,193	47,813	82,000	401,555	3.09%	579,775	4.46%	\$0.99	\$217.16	36,420	36,420	135,026	135,026
50,000–74,999	374	22,512,856	274,670	55,000	707,524	3.14%	1,155,970	5.13%	\$0.89	\$247.04	(190,369)	(190,369)	316,219	316,219
75,000–99,999	166	14,204,474	90,000	177,460	336,616	2.37%	560,486	3.95%	\$0.83	\$184.14	(14,684)	(14,684)	57,445	57,445
100,000–199,999	255	33,430,508	264,002	0	751,620	2.25%	2,065,951	6.18%	\$0.84	\$145.47	600,069	600,069	529,608	529,608
200,000 Plus	124	40,727,421	0	244,259	3,048,592	7.49%	3,648,188	8.96%	\$0.87	\$0.00	(1,430,792)	(1,430,792)	210,189	210,189
Orange County Total	9,324	232,124,143	841,447	641,919	7,448,929	3.21%	11,591,850	4.99%	\$0.94	\$234.89	(1,126,104)	(1,126,104)	2,568,961	2,568,961

Lease rates are on a triple-net basis.

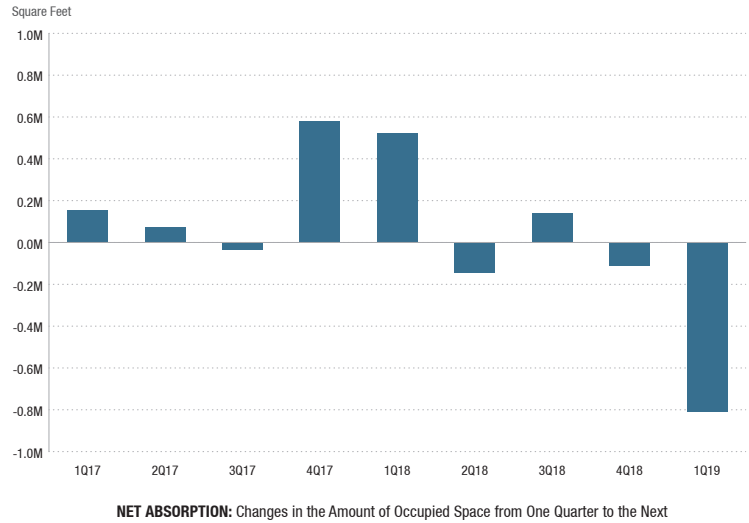
NORTH ORANGE COUNTY

In the first quarter of 2019, the North Orange County industrial market consisted of 4,055 buildings totaling 111,428,202 square feet and had an availability rate of 4.87%, which shows an increase from the previous quarter's figure of 4.68%.

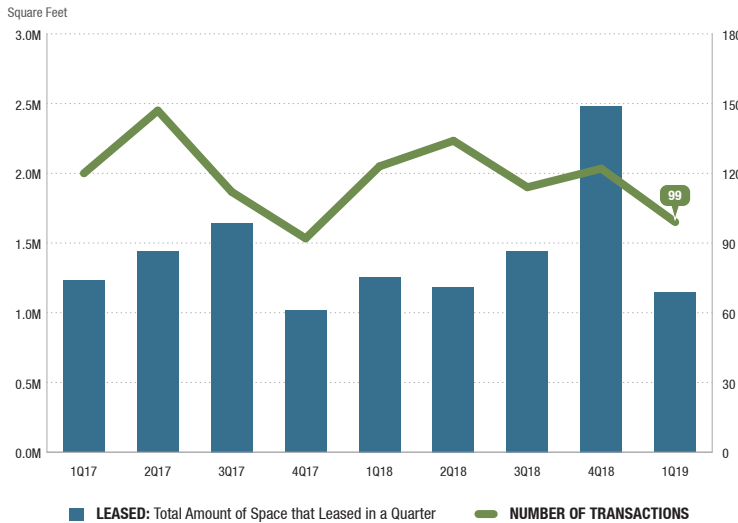
VACANCY & AVAILABILITY RATE



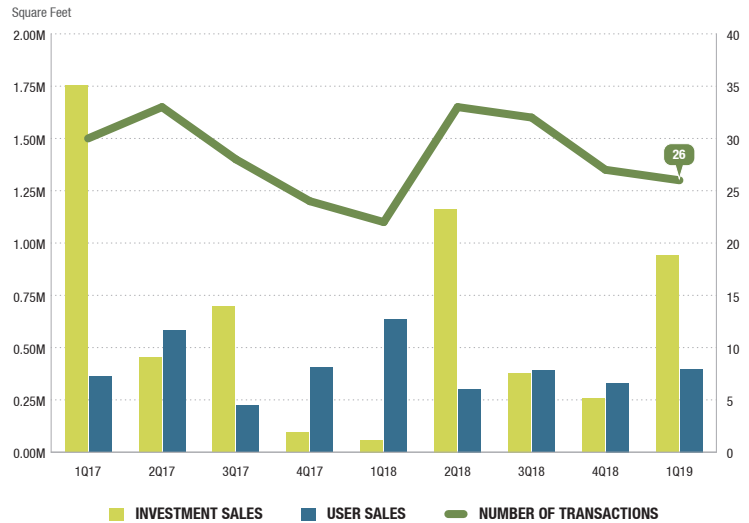
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

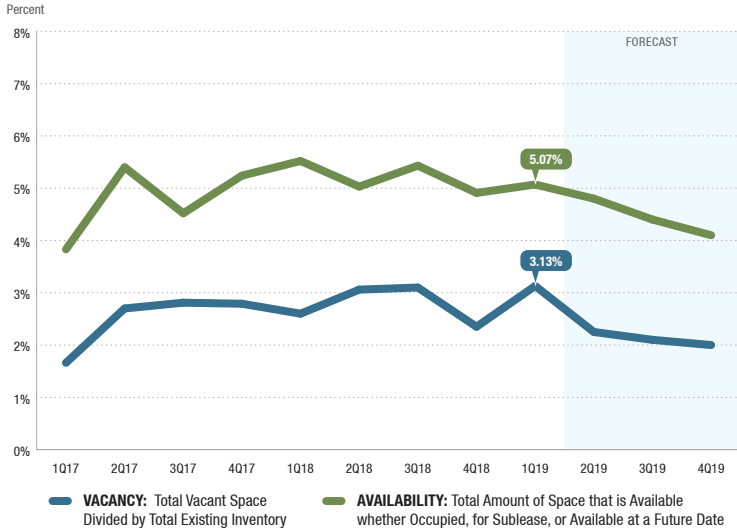
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2019	Square Feet Available	Availability Rate 1Q2019	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2019	Net Absorption 2019	Gross Absorption 1Q2019	Gross Absorption 2019
North Totals														
Less than 9,999	1,326	8,398,715	0	0	144,570	1.72%	231,837	2.76%	\$1.05	\$275.66	(16,495)	(16,495)	108,634	108,634
10,000–19,999	1,405	19,448,872	0	0	333,741	1.72%	419,596	2.16%	\$0.88	\$227.72	(11,169)	(11,169)	224,762	224,762
20,000–29,999	512	12,124,152	0	0	120,952	1.00%	253,313	2.09%	\$1.21	\$211.93	11,140	11,140	102,386	102,386
30,000–39,999	230	7,785,303	0	0	186,669	2.40%	400,043	5.14%	\$0.93	\$231.21	(20,987)	(20,987)	59,568	59,568
40,000–49,999	133	5,843,500	47,813	82,000	185,847	3.18%	218,168	3.73%	\$0.00	\$135.40	(23,914)	(23,914)	66,887	66,887
50,000–74,999	174	10,426,908	130,691	55,000	347,263	3.33%	466,440	4.47%	\$0.78	\$174.12	(207,429)	(207,429)	65,517	65,517
75,000–99,999	74	6,285,880	0	80,000	187,373	2.98%	358,394	5.70%	\$0.85	\$0.00	18,009	18,009	57,445	57,445
100,000–199,999	134	17,687,162	0	0	358,698	2.03%	772,290	4.37%	\$0.79	\$128.08	374,077	374,077	310,638	310,638
200,000 plus	67	23,427,710	0	244,259	1,661,213	7.09%	2,301,516	9.82%	\$0.87	\$0.00	(935,164)	(935,164)	160,189	160,189
Total	4,055	111,428,202	178,504	461,259	3,526,326	3.16%	5,421,597	4.87%	\$0.87	\$192.97	(811,932)	(811,932)	1,156,026	1,156,026

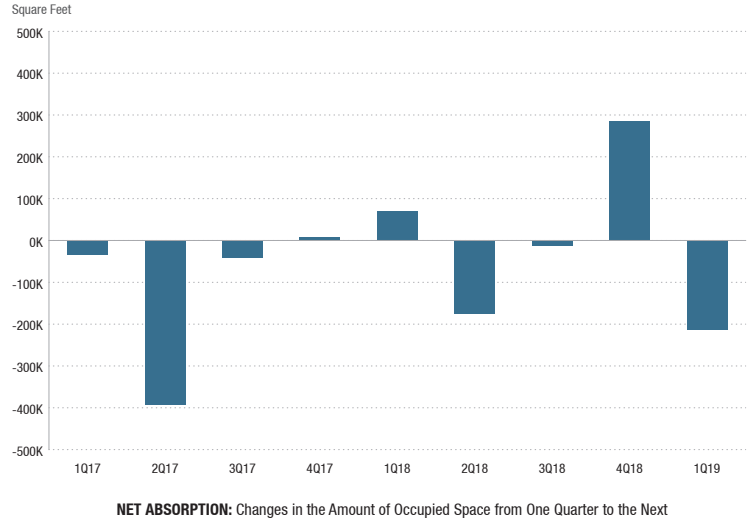
WEST ORANGE COUNTY

In the first quarter of 2019, the West Orange County industrial market consisted of 1,699 buildings totaling 38,004,706 square feet and had an availability rate of 5.07%, which shows an increase from the previous quarter's figure of 4.91%.

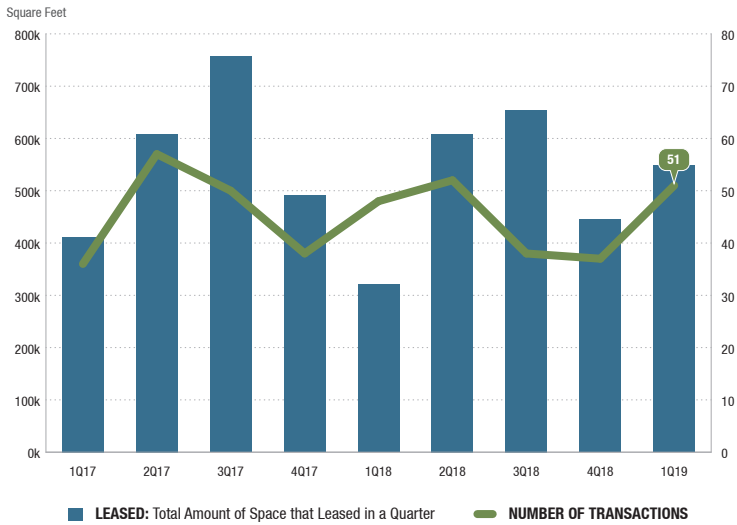
VACANCY & AVAILABILITY RATE



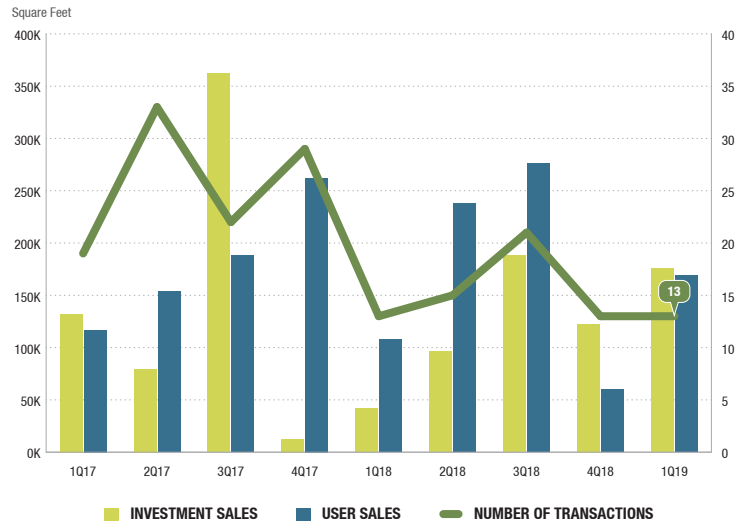
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

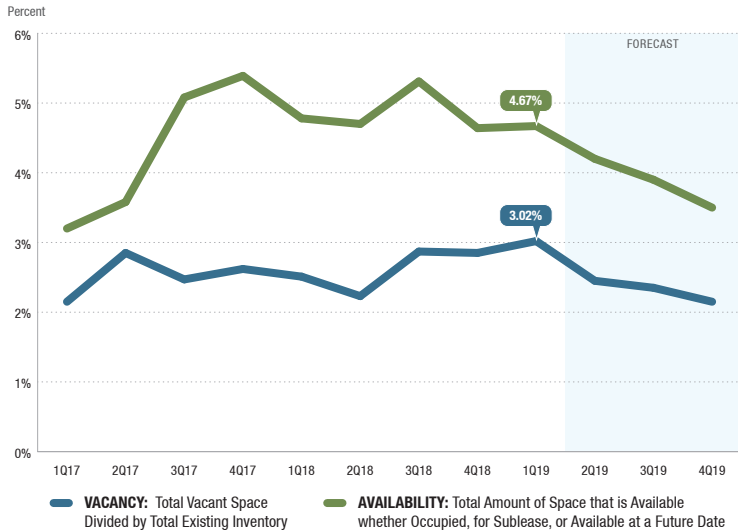
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2019	Square Feet Available	Availability Rate 1Q2019	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2019	Net Absorption 2019	Gross Absorption 1Q2019	Gross Absorption 2019
West Totals														
Less than 9,999	694	4,109,722	0	0	53,847	1.31%	98,004	2.38%	\$0.97	\$320.54	2,917	2,917	45,108	45,108
10,000-19,999	560	7,424,796	0	0	147,591	1.99%	219,138	2.95%	\$1.01	\$230.12	18,794	18,794	102,436	102,436
20,000-29,999	179	4,303,933	0	0	65,771	1.53%	179,871	4.18%	\$0.95	\$193.74	(27,096)	(27,096)	24,655	24,655
30,000-39,999	64	2,246,132	0	0	23,969	1.07%	31,500	1.40%	\$0.00	\$0.00	33,717	33,717	81,735	81,735
40,000-49,999	51	2,229,053	0	0	48,185	2.16%	148,000	6.64%	\$0.53	\$193.12	39,978	39,978	46,163	46,163
50,000-74,999	62	3,713,237	0	0	189,450	5.10%	251,400	6.77%	\$0.84	\$0.00	(10,197)	(10,197)	119,180	119,180
75,000-99,999	30	2,593,777	0	97,460	76,080	2.93%	76,080	2.93%	\$0.77	\$0.00	(76,080)	(76,080)	0	0
100,000-199,999	37	5,033,008	0	0	40,000	0.79%	371,905	7.39%	\$0.00	\$0.00	176,980	176,980	115,000	115,000
200,000 plus	22	6,351,048	0	0	544,774	8.58%	550,027	8.66%	\$0.79	\$0.00	(373,464)	(373,464)	0	0
Total	1,699	38,004,706	0	97,460	1,189,667	3.13%	1,925,925	5.07%	\$0.80	\$223.32	(214,451)	(214,451)	534,277	534,277

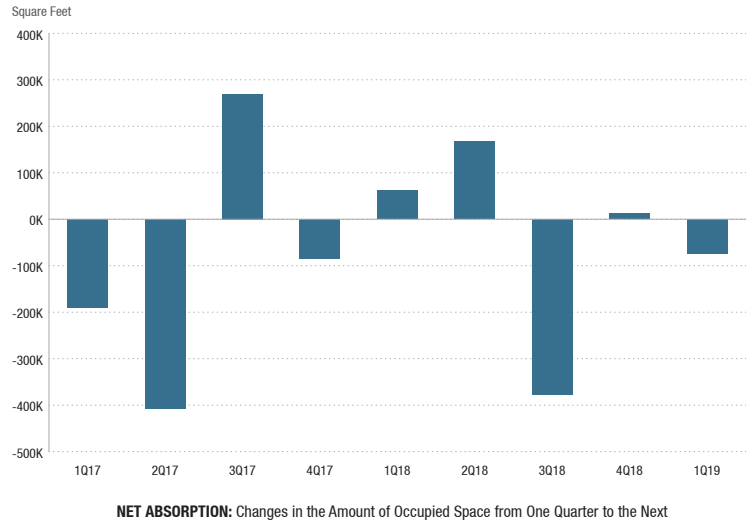
AIRPORT AREA

In the first quarter of 2019, the Airport Orange County industrial market consisted of 2,640 buildings totaling 58,090,498 square feet and had an availability rate of 4.67%, which shows an increase from previous quarter's figure of 4.64%.

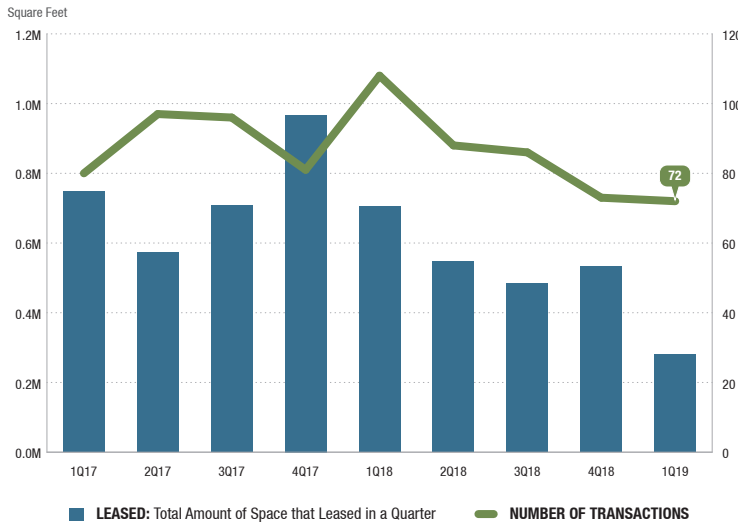
VACANCY & AVAILABILITY RATE



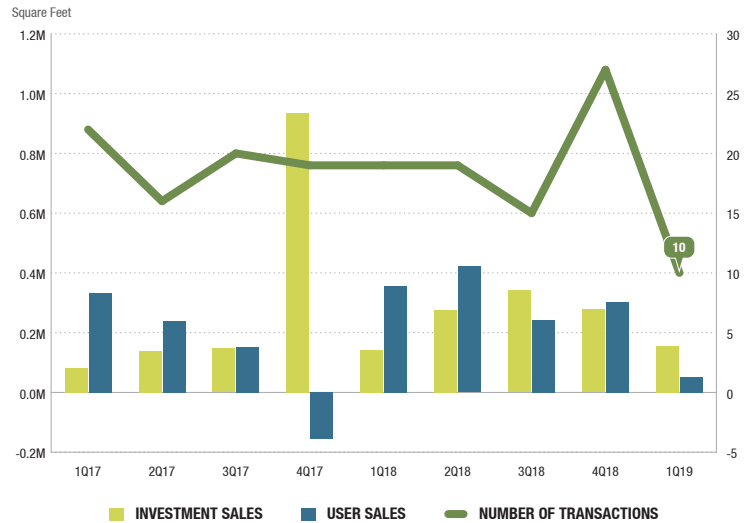
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

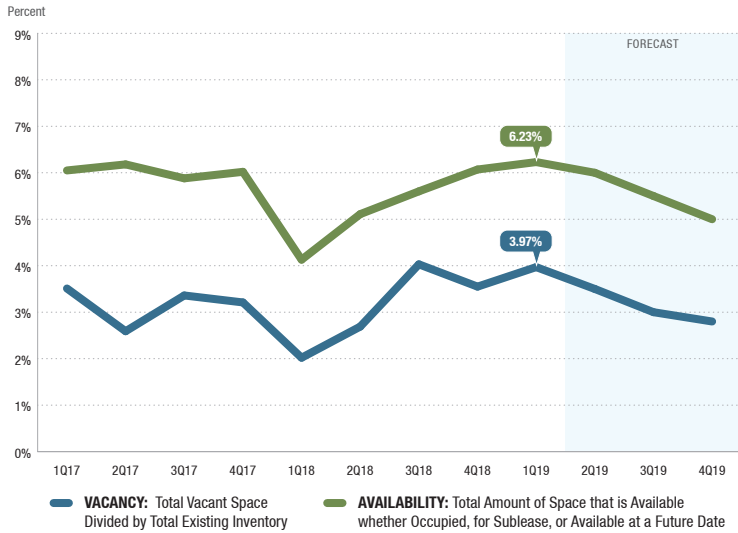
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2019	Square Feet Available	Availability Rate 1Q2019	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2019	Net Absorption 2019	Gross Absorption 1Q2019	Gross Absorption 2019
Airport Totals														
Less than 9,999	932	5,395,738	0	10,000	107,845	2.00%	135,309	2.51%	\$1.54	\$365.29	(40,065)	(40,065)	46,363	46,363
10,000–19,999	906	12,657,029	0	0	199,653	1.58%	328,257	2.59%	\$1.24	\$235.36	6,953	6,953	134,673	134,673
20,000–29,999	345	8,425,716	94,176	0	226,449	2.69%	402,888	4.78%	\$1.04	\$273.21	(41,008)	(41,008)	112,629	112,629
30,000–39,999	150	5,086,183	70,786	73,200	263,986	5.19%	326,994	6.43%	\$0.96	\$265.00	(6,613)	(6,613)	122,670	122,670
40,000–49,999	83	3,649,218	0	0	92,213	2.53%	143,139	3.92%	\$1.34	\$287.83	17,228	17,228	17,228	17,228
50,000–74,999	102	6,202,059	143,979	0	106,131	1.71%	212,585	3.43%	\$0.82	\$243.47	27,257	27,257	131,522	131,522
75,000–99,999	49	4,206,576	0	0	73,163	1.74%	126,012	3.00%	\$0.00	\$184.14	(41,410)	(41,410)	0	0
100,000–199,999	54	6,763,690	264,002	0	191,347	2.83%	539,923	7.98%	\$0.82	\$185.00	86,634	86,634	36,800	36,800
200,000 plus	19	5,704,289	0	0	496,287	8.70%	496,287	8.70%	\$0.00	\$0.00	(82,157)	(82,157)	50,000	50,000
Total	2,640	58,090,498	572,943	83,200	1,757,074	3.02%	2,711,394	4.67%	\$0.99	\$256.39	(73,181)	(73,181)	651,885	651,885

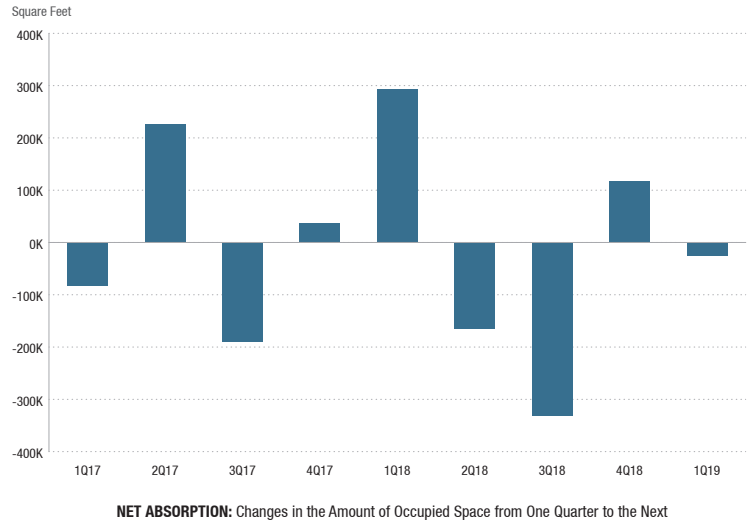
SOUTH ORANGE COUNTY

In the first quarter of 2019, the South Orange County industrial market consisted of 930 buildings totaling 24,600,737 square feet and had an availability rate of 6.23%, which shows an increase from the previous quarter's figure of 6.07%.

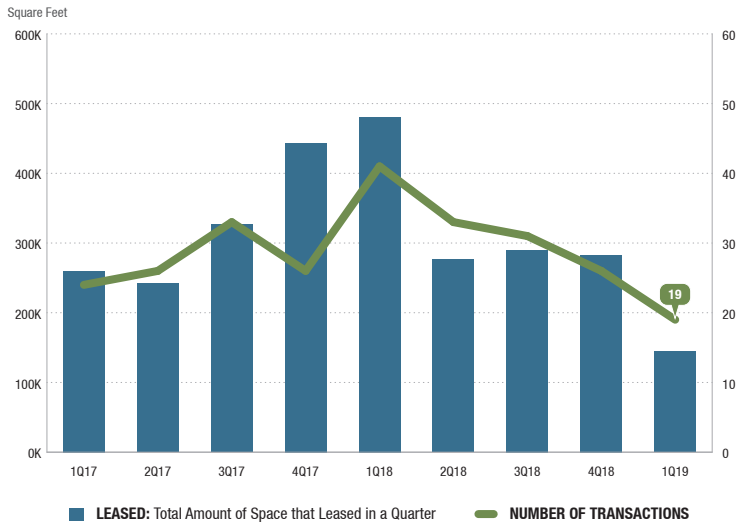
VACANCY & AVAILABILITY RATE



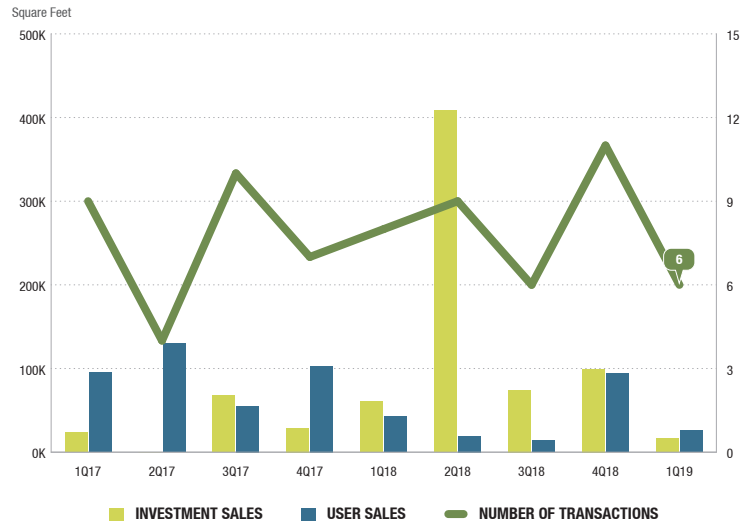
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2019	Square Feet Available	Availability Rate 1Q2019	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2019	Net Absorption 2019	Gross Absorption 1Q2019	Gross Absorption 2019
South Totals	930	24,600,737	90,000	0	975,862	3.97%	1,532,934	6.23%	\$1.15	\$322.06	(26,540)	(26,540)	226,773	226,773
Less than 9,999	353	2,196,162	0	0	39,130	1.78%	74,608	3.40%	\$1.64	\$337.02	24,120	24,120	39,730	39,730
10,000-19,999	273	3,899,410	0	0	93,568	2.40%	159,253	4.08%	\$1.25	\$331.92	4,048	4,048	69,738	69,738
20,000-29,999	134	3,181,327	0	0	133,465	4.20%	208,418	6.55%	\$1.22	\$0.00	(34,490)	(34,490)	45,387	45,387
30,000-39,999	46	1,559,501	0	0	61,816	3.96%	112,451	7.21%	\$1.23	\$295.01	(30,514)	(30,514)	0	0
40,000-49,999	29	1,284,422	0	0	75,310	5.86%	70,468	5.49%	\$1.45	\$315.00	3,128	3,128	4,748	4,748
50,000-74,999	36	2,170,652	0	0	64,680	2.98%	225,545	10.39%	\$1.10	\$329.00	0	0	0	0
75,000-99,999	13	1,118,241	90,000	0	0	0.00%	0	0.00%	\$0.00	\$0.00	84,797	84,797	0	0
100,000-199,999	30	3,946,648	0	0	161,575	4.09%	381,833	9.67%	\$0.95	\$0.00	(37,622)	(37,622)	67,170	67,170
200,000 plus	16	5,244,374	0	0	346,318	6.60%	300,358	5.73%	\$0.00	\$0.00	(40,007)	(40,007)	0	0



Are You Looking for a Building to Buy or Lease?
Good Luck. There Aren't Many.

by Jack Faris

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The vacancy rates for industrial buildings in North Orange County are all under 5% in every city, with some cities having vacancy rates that are approaching 1%. The North Orange County industrial market is arguably one of the strongest markets in the country with very little developable land that is zoned for industrial. This means little or no new buildings coming online.

The only opportunity for new industrial building development occurs when obsolete industrial buildings are sold to developers, who then scrape the existing properties and build new state of the art industrial/distribution centers. For the past 30 years, developers' target market was local owner/users. Not so much anymore. For example, the 55-acre Beckman site in Fullerton was recently redeveloped by Western Realco and the 650,000 square feet of new buildings were then sold to investors. Users didn't stand a chance. Investors will now pay full retail price for new industrial buildings that have no tenants making it tough for the smaller outfits to compete.

Surprisingly, however, the smaller end users are competing and getting deals done. Here are a few things you can do as a local owner/user to compete for high-quality industrial buildings when they become available:

1. Educate yourself about market conditions. Know the values of buildings in the size range in which you are interested. Keep up with the most recent sale and lease comps. Be ahead of the game so when you get the call from your broker informing you that the perfect building is coming available you won't have to scramble to figure out if it is priced right or not. You will already know.
2. Get your financing lined up. Pre-approval letters are not that hard to get and will give you credibility when you make an offer to purchase.
3. Be mobile. Keep your existing lease short-term if possible or get an early termination provision in your existing lease. The lease rate you currently pay may be under market and your landlord may want you out of the building so he can raise the lease rate to market value.
4. Be accessible. If your broker is not able to reach you quickly and when needed, you may miss an amazing opportunity. Develop a relationship with your broker so they know your ideal property, objectives, etc. and maintain open lines of communication. It costs you nothing.
5. Be patient. It may take a year or two before the right building comes to market.

Navigating market conditions can be difficult, so in order to be successful, you must be prepared. For smaller end users, often times, the best way to go about finding your ideal property is by working closely with your broker and learning about the specific industrial niche in which you are interested. Be available to receive "The Call" and you will end up in your perfect space despite the many potential barriers.

**Please Contact Us
for Further Information**

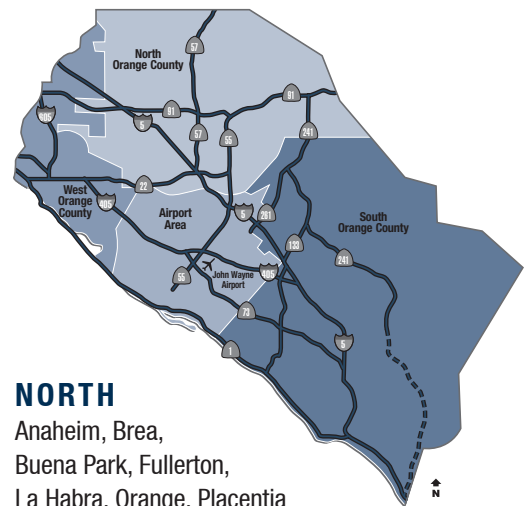
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Product Type

MFG./DIST.

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

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