



MARKET CHANGE

Compared to Previous Year:

Vacancy

DOWN

Net Absorption

POSITIVE

Sales Price

UP

Lease Rates

UP

Transactions

DOWN

HIGHLIGHTS

- **Encouraging Numbers** - The Orange County industrial market continued to improve in 2015, as pricing continues to increase. Vacancy dropped to its lowest level in over 20 years, posting a 2.33% vacancy rate at the end of 2015, while availability decreased to 4.47%. Asking sales prices, asking lease rates and occupancy costs continued to increase. The market posted 2.7 million square feet of positive absorption this year.
- **Construction** - There was 552,007 square feet under construction at the end of the of 2015 with another million square feet on the books as planned, mostly in Anaheim, Brea and Fountain Valley. This is the most construction we have seen since 2008. We anticipate more build-to-suit and speculative development emerging in 2016.
- **Vacancy** - Direct/sublease space (unoccupied) finished the year at 2.33%, the lowest figure ever recorded, and a decrease of 23.61% since the fourth quarter of 2014, despite the 2.2 million square feet of added space since the first quarter of 2014. The North County submarket presented the lowest vacancy rate in the county at 2.24%.
- **Availability** - Direct/sublease space being marketed came in at 4.47% for the fourth quarter of 2015, an 8 basis point decrease from the previous quarter, but a decrease of 16.91% from 2014's fourth quarter rate of 5.38%. The lack of available space is creating pent up demand in some size ranges and is applying upward pressure on pricing.
- **Lease Rates** - The average asking triple-net lease rate checked in at \$.69 per square foot per month, up two cents from the previous quarter and up six cents or 9.52% over 2014's fourth quarter figure. The South County submarket posted the highest average asking lease rate in the county at \$.81. The record high rate of \$.80 was established in the second and third quarters of 2008.
- **Sales Pricing** - The average asking sales price in the fourth quarter of 2015 was \$189.18 per square foot, three dollars and seventy-one cents higher than the previous quarter and up 7.33% when compared to 2014's fourth quarter rate. This is a new record high average asking price, eclipsing the previous record of \$181.23 posted in the third quarter of 2007.
- **Absorption** - The Orange County industrial market posted 2.7 million square feet of positive net absorption for 2015, giving the industrial market 12.5 million square feet of positive absorption since the second quarter of 2010. North Orange County experienced the most positive absorption in 2015, 1.8 million square feet. We are forecasting that positive net absorption will continue in 2016.
- **Transaction Activity** - Leasing activity checked in at 12.17 million square feet for 2015, a slight decrease from 2014's total of 12.21 million square feet leased. Sales activity came in below the previous year's rate, recording 6.04 million square feet for 2015 compared to 2014's total of 9.23 million square feet of sales transactions. This decrease is due to a lack of available space in many size ranges. This statistic can have some lag time in being reported, so look for this quarter's figures to end up somewhat higher on the next report.
- **Employment** - The unemployment rate in Orange County was 4.2% in November 2015, down from a revised 4.3% in October 2015 and below the previous year's estimate of 5.2%. This compares with an unadjusted unemployment rate of 5.7% for California and 4.8% for the nation during the same period. According to the State of California Employment Development Department, Orange County saw a net increase of 39,000 payroll jobs from November 2014 to November 2015. Most sectors showed gains in employment; the largest gains were in construction and leisure & hospitality each adding 8,200 jobs during that same period. Financial activities posted the largest year-over-year loss, dropping by 1,100 jobs.
- **Overall** - Vacancy continues to drop, and the amount of available space has decreased over the past year. A lack of product available for lease and sale in some size ranges (particularly anything below 100,000 square feet) is causing an increase in prices and a drop in transaction volume. As we move into 2016, positive absorption should continue, occupancy costs will continue to increase and with very few deliveries in the pipeline to apply upward pressure on vacancy, we foresee 2016 being another year of growth.

FORECAST

- **Employment** - We anticipate job growth of around 2.5%, or 39,000 jobs, in the Orange County area during the year according to Chapman University. The most rapid growth should take place in the professional & business services, education & health, leisure & hospitality, and construction sectors.
- **Lease Rates** - Expect average asking lease rates to increase by another 7% to 10% over the next four quarters.
- **Vacancy** - We anticipate vacancy rate continuing to descend in coming quarters, dropping by 30 basis points, to around 2%, by the end of the third quarter of 2016.

OVERVIEW

	2015	2014	2013	% of Change vs. 2014
Inventory Added	1,021,997	1,175,110	501,078	(13.03%)
Under Construction	552,007	479,082	1,175,110	15.22%
Vacancy Rate	2.33%	3.05%	3.69%	(23.61%)
Availability Rate	4.47%	5.38%	5.82%	(16.91%)
Average Asking Lease Rate	\$0.69	\$0.63	\$0.61	9.52%
Average Asking Sale Price	\$189.18	\$176.26	\$147.77	7.33%
Sale & Lease Transactions	19,102,210	21,157,771	24,565,252	(9.72%)
Gross Absorption	13,145,021	11,896,917	12,912,969	10.49%
Net Absorption	2,675,870	2,616,296	2,430,831	N/A

To view available properties or electronic versions of current or past market reports, please visit:

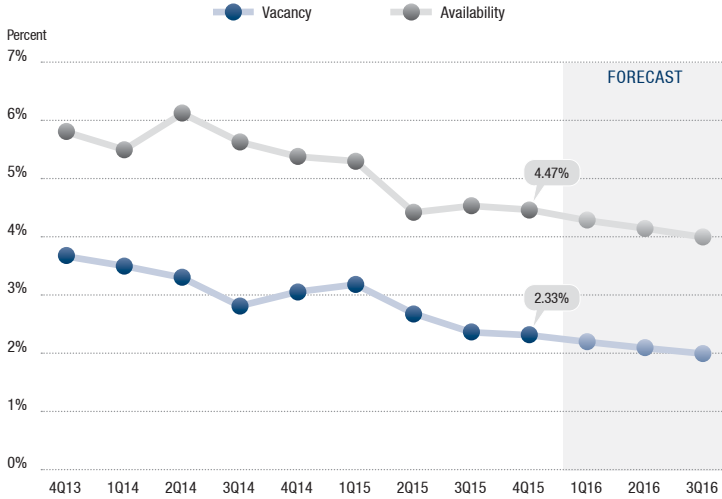
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Prepared by:
Jerry J. Holdner, Jr.
Vice President of Market Research
e-mail: jholdner@voitco.com

Tony Tran
Market Research Analyst
e-mail: ttran@voitco.com
VOIT Real Estate Services

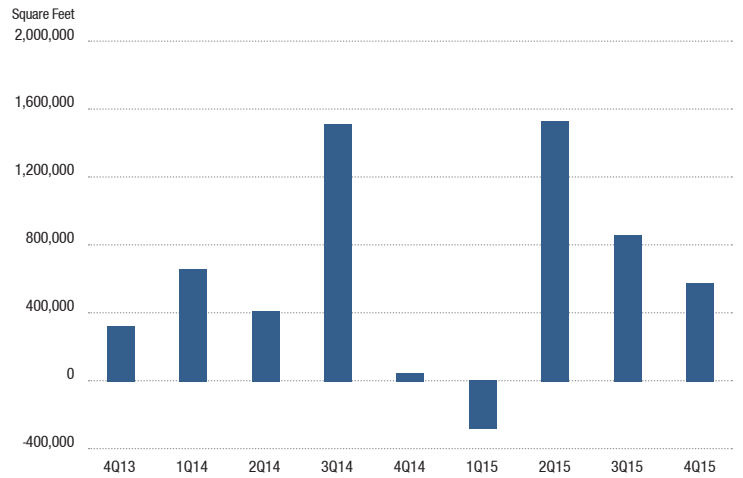
VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



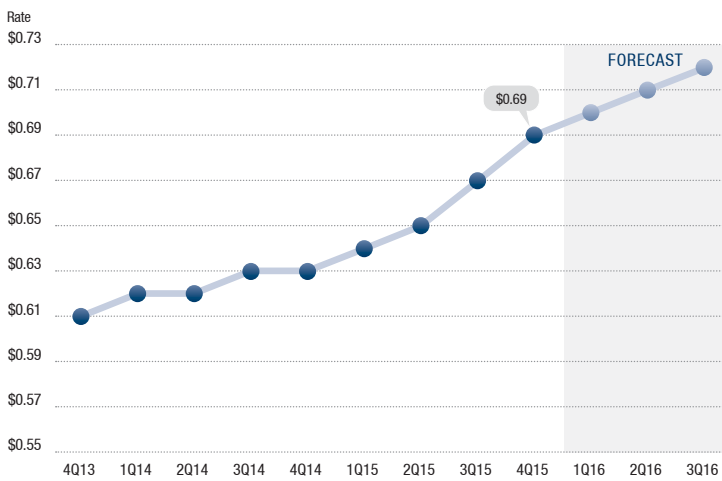
NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



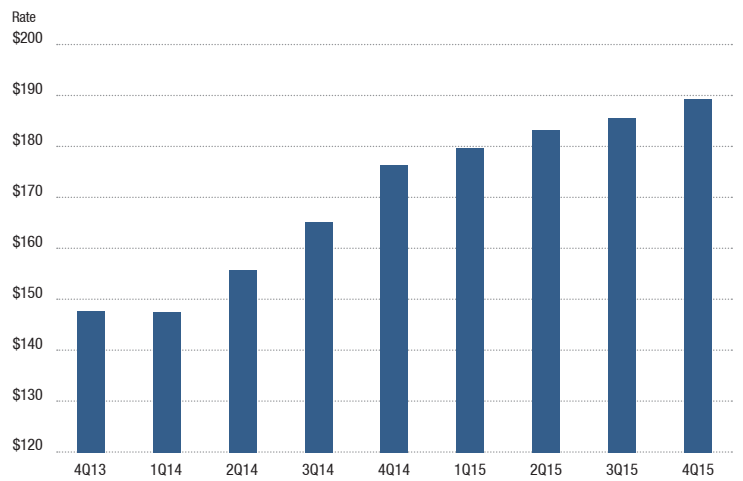
AVERAGE ASKING TRIPLE-NET LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



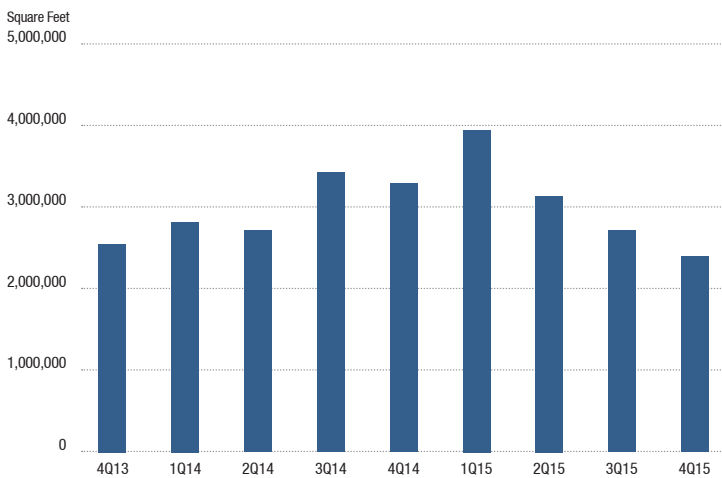
WEIGHTED AVERAGE ASKING SALES RATES

SALES PRICE ON A PER SQ. FT. BASIS



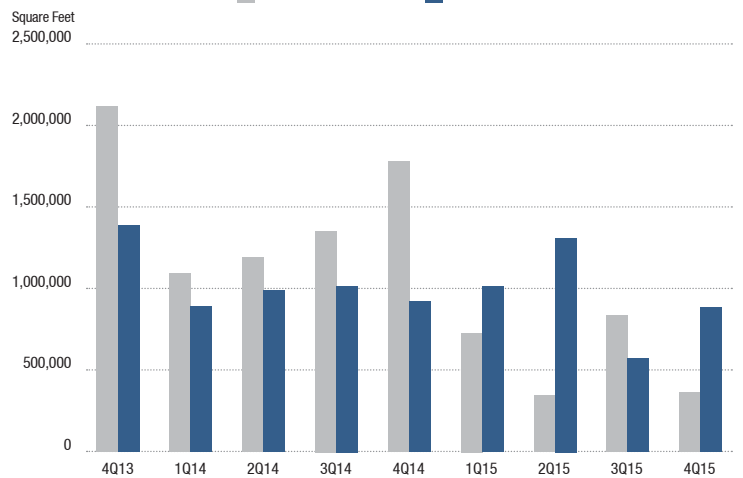
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

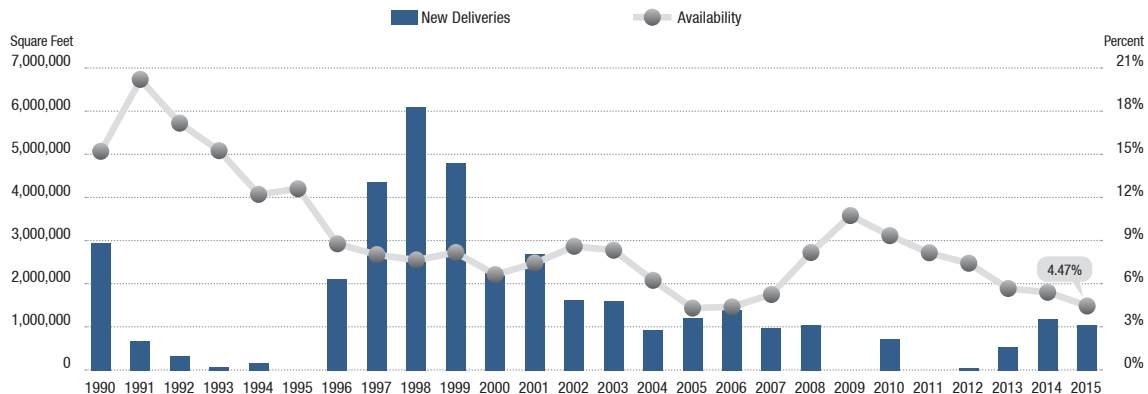
TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2015	Square Feet Available	Availability Rate 4Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2015	Net Absorption 2015	Gross Absorption 4Q2015	Gross Absorption 2015
North County														
Anaheim	1,823	44,685,891	0	406,766	1,410,615	3.16%	1,967,856	4.40%	\$0.65	\$175.24	452,766	840,011	954,164	2,742,807
Brea	327	11,445,875	367,194	218,968	22,792	0.20%	146,807	1.28%	\$0.63	\$190.18	158,197	592,706	189,157	1,055,881
Buena Park	231	13,528,098	0	0	151,181	1.12%	320,995	2.37%	\$0.51	\$167.45	59,038	505,112	72,165	926,164
Fullerton	443	16,989,205	0	175,000	585,647	3.45%	962,265	5.66%	\$0.53	\$98.58	127,198	(300,398)	224,613	976,252
La Habra	196	3,487,859	0	15,000	28,314	0.81%	54,243	0.98%	\$0.00	\$233.33	3,185	45,082	24,626	92,225
Orange	736	13,606,004	0	0	177,921	1.31%	216,039	1.59%	\$0.97	\$154.83	(19,055)	34,696	48,408	370,211
Placentia	220	4,127,098	0	0	59,238	1.44%	122,282	2.96%	\$0.00	\$0.00	(37,699)	(2,302)	17,391	157,156
Yorba Linda	52	985,367	0	0	950	0.10%	25,767	2.61%	\$0.00	\$199.50	13,339	44,426	13,339	66,019
North County Total	4,028	108,855,397	367,194	815,734	2,436,658	2.24%	3,796,030	3.49%	\$0.56	\$165.26	756,969	1,759,333	1,543,863	6,386,715
West County														
Cypress	95	3,994,505	0	0	242,459	6.07%	386,739	9.68%	\$0.67	\$221.81	(31,876)	86,934	0	177,243
Garden Grove	480	12,046,088	0	0	196,533	1.63%	861,649	7.15%	\$0.65	\$156.18	116,875	217,138	221,426	800,750
Huntington Beach	674	14,174,253	0	41,668	365,461	2.58%	544,243	3.84%	\$0.70	\$201.37	(140,113)	33,228	64,756	721,822
La Palma	16	1,774,689	0	0	111,934	6.31%	186,934	10.53%	\$0.00	\$0.00	(18,846)	(111,934)	0	170,692
Los Alamitos	97	2,422,350	0	0	5,816	0.24%	5,816	0.24%	\$1.11	\$209.77	(625)	158,089	6,733	185,531
Seal Beach	15	981,146	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	174	1,797,871	0	0	0	0.00%	17,078	0.95%	\$0.00	\$0.00	12,005	11,158	24,561	58,871
Westminster	152	2,385,952	0	0	46,158	1.93%	76,859	3.22%	\$0.79	\$195.00	(44,833)	(44,078)	19,292	86,358
West County Total	1,703	39,576,854	0	41,668	968,361	2.45%	2,079,318	5.25%	\$0.67	\$175.72	(107,413)	350,535	336,768	2,201,267
Airport Area														
Costa Mesa	415	7,655,448	0	0	28,714	0.38%	144,536	1.89%	\$1.13	\$316.43	(2,201)	218,941	151,260	500,168
Fountain Valley	184	3,703,398	172,713	73,200	28,827	0.78%	199,861	5.40%	\$0.77	\$103.88	5,990	(15,954)	47,949	102,395
Irvine	320	12,555,429	0	50,000	432,925	3.45%	540,731	4.31%	\$0.76	\$205.07	(62,340)	(36,067)	137,856	824,845
Newport Beach	49	565,910	0	0	627	0.11%	627	0.11%	\$0.00	\$0.00	0	(627)	0	15,270
Santa Ana	1,576	30,503,906	12,100	0	789,425	2.59%	1,509,092	4.95%	\$0.67	\$208.32	(137,895)	44,707	270,819	1,596,092
Tustin	114	4,525,190	0	0	70,667	1.56%	474,639	10.49%	\$0.66	\$212.39	(30,167)	181,982	0	278,362
Airport Area Total	2,658	59,509,281	184,813	123,200	1,351,185	2.27%	2,869,486	4.82%	\$0.73	\$210.85	(226,613)	392,982	607,884	3,317,132
South County														
Aliso Viejo	18	682,318	0	0	20,180	2.96%	26,180	3.84%	\$1.25	\$0.00	(20,180)	(16,674)	0	19,746
Foothill Ranch	76	3,519,341	0	0	69,858	1.98%	580,653	16.50%	\$0.89	\$230.84	(20,328)	5,966	43,260	111,445
Irvine Spectrum	206	9,706,775	0	0	201,882	2.08%	423,616	4.36%	\$0.79	\$255.10	81,049	165,119	91,761	424,125
Laguna Hills	92	1,168,501	0	0	47,550	4.07%	66,770	5.71%	\$0.85	\$188.55	(6,600)	16,262	20,640	140,728
Laguna Niguel	23	324,003	0	15,000	1,600	0.49%	1,600	0.49%	\$0.00	\$0.00	(1,600)	(1,600)	0	0
Lake Forest	190	4,108,807	0	0	261,462	6.36%	467,900	11.39%	\$0.79	\$245.97	53,023	(56,813)	90,009	202,186
Mission Viejo	32	501,589	0	0	7,275	1.45%	22,267	4.44%	\$0.00	\$189.00	(2,038)	11,419	3,837	27,976
Rancho Santa Margarita	102	1,608,122	0	0	1,050	0.07%	25,242	1.57%	\$0.89	\$180.47	40,768	10,189	70,108	92,792
San Clemente	159	1,968,016	0	0	32,876	1.67%	28,116	1.43%	\$0.00	\$208.04	18,914	28,711	50,320	167,197
San Juan Capistrano	43	915,020	0	0	9,603	1.05%	9,603	1.05%	\$0.00	\$0.00	7,044	10,441	13,901	53,712
South County Total	941	24,502,492	0	15,000	653,336	2.67%	1,651,947	6.74%	\$0.81	\$231.00	150,052	173,020	383,836	1,239,907
Orange County Total	9,330	232,444,024	552,007	995,602	5,409,540	2.33%	10,396,781	4.47%	\$0.69	\$189.18	572,995	2,675,870	2,872,351	13,145,021
Less than 9,999	3,294	20,013,179	12,100	0	187,476	0.94%	415,908	2.08%	\$0.99	\$237.19	53,215	22,593	205,557	667,506
10,000-19,999	3,144	43,427,463	0	30,000	474,317	1.09%	869,048	2.00%	\$0.96	\$193.17	121,337	441,491	605,101	2,540,067
20,000-29,999	1,193	28,383,845	0	0	492,922	1.74%	906,568	3.19%	\$0.81	\$172.50	(61,518)	98,810	340,235	1,416,225
30,000-39,999	487	16,518,536	38,713	73,200	281,129	1.70%	335,975	2.03%	\$0.82	\$210.16	31,132	6,230	144,728	639,159
40,000-49,999	296	12,995,907	0	41,668	213,776	1.64%	424,000	3.26%	\$0.78	\$177.80	84,780	230,572	208,567	704,178
50,000-74,999	373	22,421,901	0	50,000	530,299	2.37%	905,433	4.04%	\$0.65	\$140.89	(47,292)	470,736	227,998	1,445,716
75,000-99,999	169	14,473,110	0	0	324,069	2.24%	903,721	6.24%	\$0.69	\$171.44	43,810	585,791	214,219	1,132,091
100,000-149,999	184	21,622,007	134,000	0	942,855	4.36%	2,153,364	9.96%	\$0.66	\$172.80	189,034	470,407	288,416	1,518,066
150,000-199,999	70	11,855,556	0	175,000	992,477	8.37%	1,226,050	10.34%	\$0.63	\$0.00	143,665	369,650	293,615	1,241,933
200,000-299,999	69	16,463,048	0	625,734	76,383	0.46%	474,345	2.88%	\$0.63	\$0.00	164,832	502,341	230,415	1,141,219
300,000 Plus	51	24,269,472	367,194	0	893,837	3.68%	1,782,369	7.34%	\$0.45	\$0.00	(150,000)	(522,751)	113,500	698,861
Orange County Total	9,330	232,444,024	552,007	995,602	5,409,540	2.33%	10,396,781	4.47%	\$0.69	\$189.18	572,995	2,675,870	2,872,351	13,145,021

Lease rates are on a triple-net basis.

ANNUAL NEW DELIVERIES VS. AVAILABILITY RATE

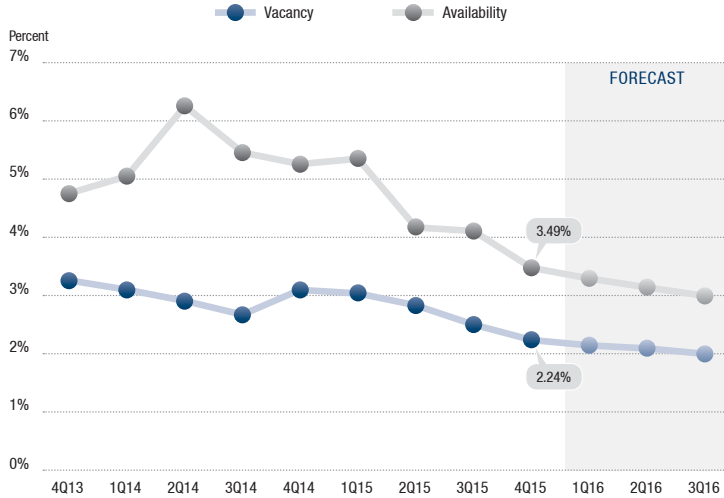


NORTH ORANGE COUNTY

In the fourth quarter of 2015, the North Orange County industrial market consisted of 4,028 buildings totaling 108,855,397 square feet and had an availability rate of 3.49%, which shows a decrease from the previous quarter's figure of 4.11%.

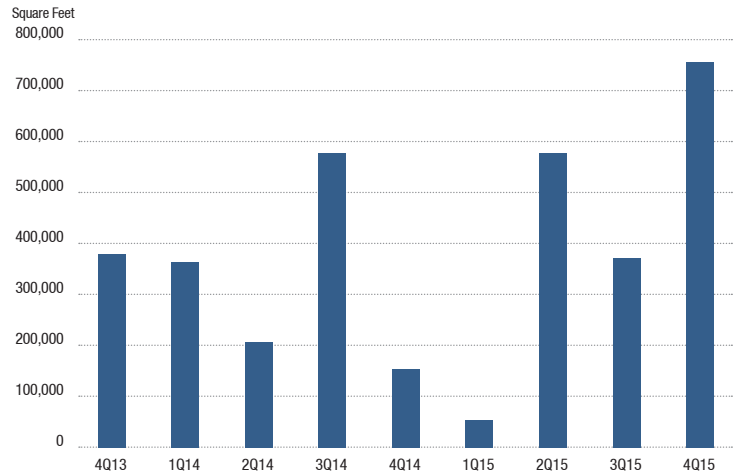
VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



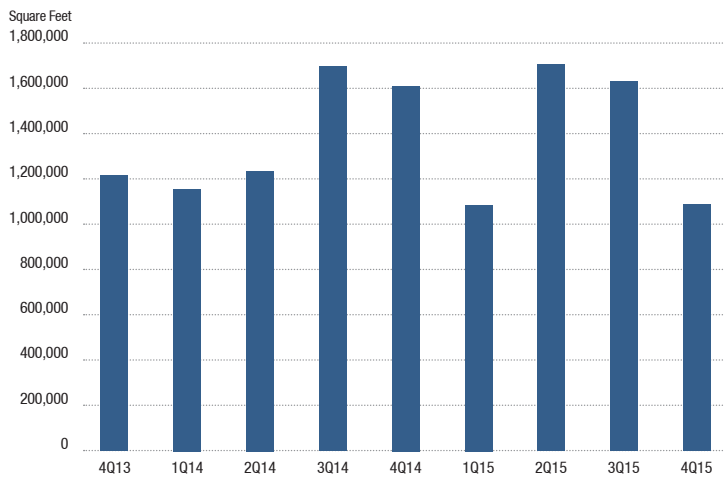
NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



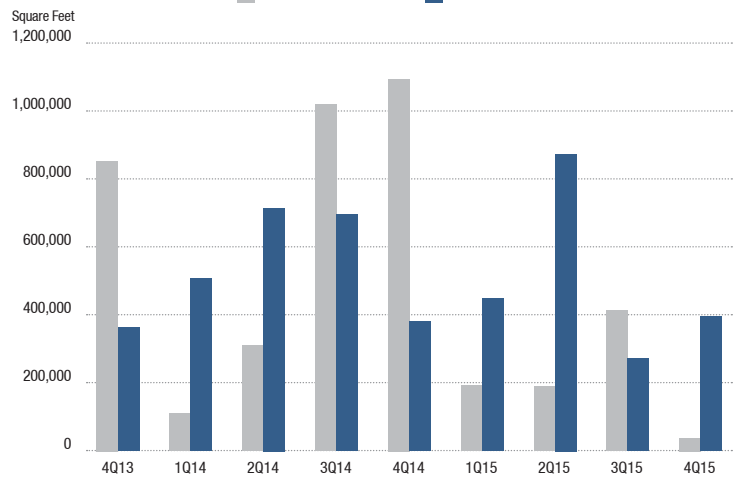
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

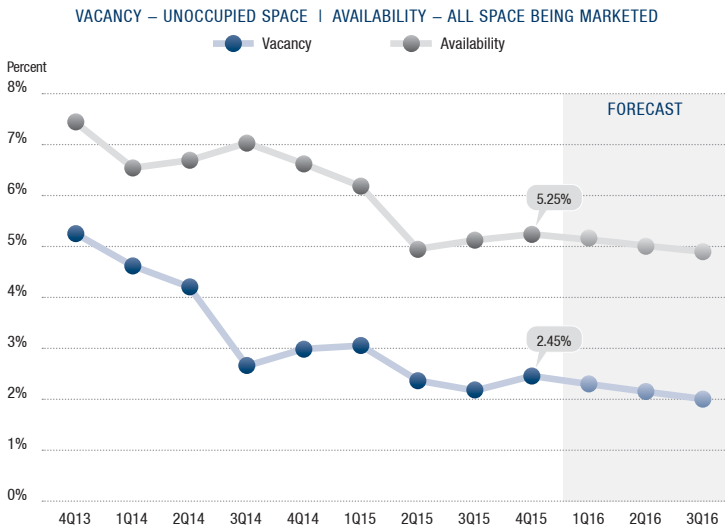
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2015	Square Feet Available	Availability Rate 4Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2015	Net Absorption 2015	Gross Absorption 4Q2015	Gross Absorption 2015
North Totals														
Less than 9,999	1,309	8,313,439	0	0	78,557	0.94%	180,435	2.17%	\$0.74	\$200.24	12,691	11,873	90,125	322,872
10,000-19,999	1,397	19,275,019	0	15,000	200,440	1.04%	314,740	1.63%	\$0.91	\$172.12	40,732	245,974	222,179	1,105,679
20,000-29,999	524	12,432,460	0	0	117,084	0.94%	262,583	2.11%	\$0.66	\$157.26	53,303	101,126	223,669	668,270
30,000-39,999	224	7,566,921	0	0	109,094	1.44%	103,336	1.37%	\$0.93	\$227.89	38,050	22,337	90,134	311,967
40,000-49,999	132	5,791,624	0	0	66,443	1.15%	127,684	2.20%	\$0.70	\$159.50	133,832	158,173	159,337	289,907
50,000-74,999	177	10,618,721	0	0	284,819	2.68%	325,994	3.07%	\$0.45	\$84.00	19,085	232,778	184,554	854,667
75,000-99,999	73	6,223,382	0	0	75,626	1.22%	125,875	2.02%	\$0.55	\$161.85	0	285,753	27,908	528,392
100,000-149,999	94	11,116,295	0	0	498,080	4.48%	681,268	6.13%	\$0.59	\$0.00	127,470	274,444	148,568	534,558
150,000-199,999	35	5,946,647	0	175,000	499,912	8.41%	464,678	7.81%	\$0.55	\$0.00	269,615	377,642	269,615	925,405
200,000-299,999	38	9,148,724	0	625,734	65,583	0.72%	111,018	1.21%	\$0.49	\$0.00	62,191	490,253	127,774	844,998
300,000 Plus	25	12,422,165	367,194	0	441,020	3.55%	1,098,419	8.84%	\$0.00	\$0.00	0	(441,020)	0	0
Total	4,028	108,855,397	367,194	815,734	2,436,658	2.24%	3,796,030	3.49%	\$0.56	\$165.26	756,969	1,759,333	1,543,863	6,386,715

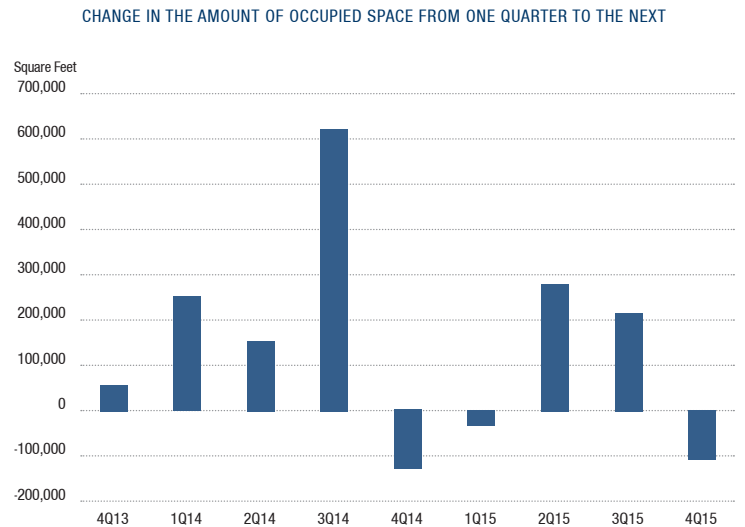
WEST ORANGE COUNTY

In the fourth quarter of 2015, the West Orange County industrial market consisted of 1,703 buildings totaling 39,576,854 square feet and had an availability rate of 5.25%, which shows an increase from the previous quarter's figure of 5.12%.

VACANCY & AVAILABILITY RATE

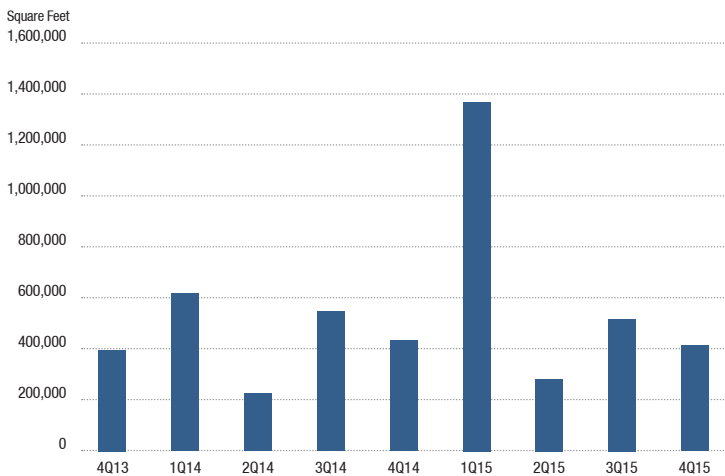


NET ABSORPTION



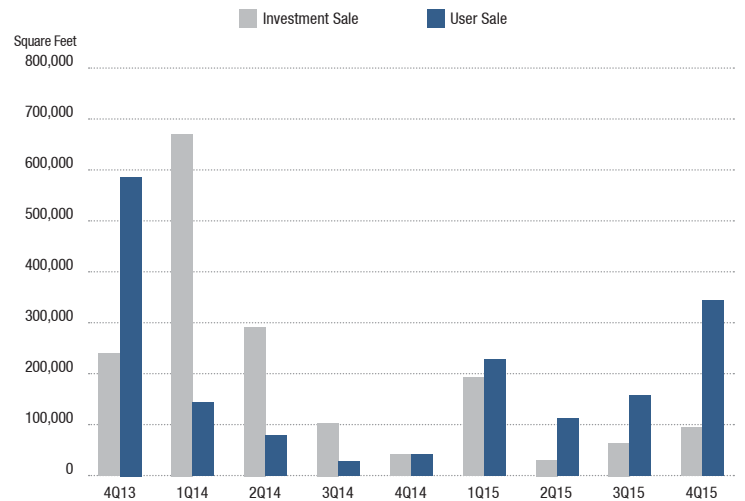
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

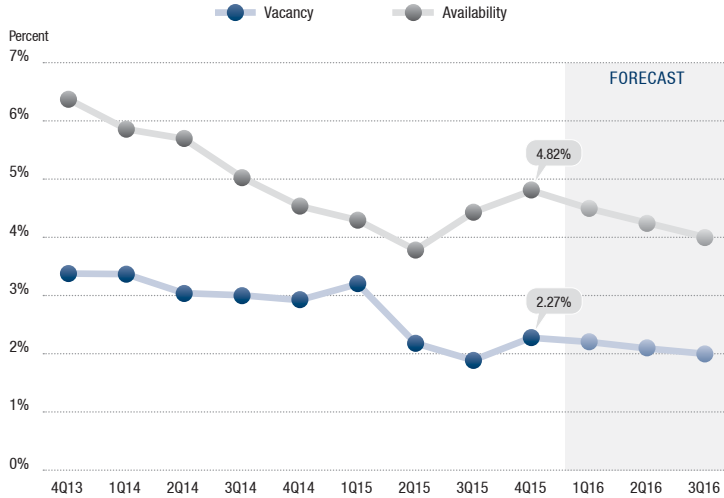
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2015	Square Feet Available	Availability Rate 4Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2015	Net Absorption 2015	Gross Absorption 4Q2015	Gross Absorption 2015
West Totals	699	4,124,682	0	0	55,939	1.36%	117,263	2.84%	\$0.97	\$232.10	21,030	657	27,983	96,683
Less than 9,999	559	7,418,155	0	0	73,035	0.98%	163,077	2.20%	\$0.84	\$192.71	17,467	115,645	102,925	367,779
10,000–19,999	183	4,382,445	0	0	148,505	3.39%	186,007	4.24%	\$0.72	\$161.41	(50,967)	(89,683)	50,483	162,583
20,000–29,999	62	2,159,160	0	0	44,698	2.07%	8,348	0.39%	\$0.70	\$180.02	(4,532)	(28,120)	3,816	68,024
30,000–39,999	51	2,234,861	0	41,668	59,094	2.64%	105,619	4.73%	\$0.64	\$168.00	(18,846)	(49,066)	0	50,576
40,000–49,999	58	3,464,144	0	0	70,182	2.03%	329,973	9.53%	\$0.66	\$150.00	0	46,060	0	109,623
50,000–74,999	30	2,563,801	0	0	0	0.00%	213,173	8.31%	\$0.73	\$0.00	0	217,320	0	217,320
75,000–99,999	26	3,058,929	0	0	183,506	6.00%	371,445	12.14%	\$0.64	\$149.01	(48,256)	215,627	24,920	424,053
100,000–149,999	14	2,325,115	0	0	333,402	14.34%	273,772	11.77%	\$0.58	\$0.00	(125,950)	(100,793)	24,000	223,727
150,000–199,999	13	3,131,860	0	0	0	0.00%	310,641	9.92%	\$0.66	\$0.00	102,641	22,888	102,641	296,221
200,000–299,999	8	4,713,702	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	184,678
Total	1,703	39,576,854	0	41,668	968,361	2.45%	2,079,318	5.25%	\$0.67	\$175.72	(107,413)	350,535	336,768	2,201,267

AIRPORT AREA

In the fourth quarter of 2015, the Airport Orange County industrial market consisted of 2,658 buildings totaling 59,509,281 square feet and had an availability rate of 4.82%, which shows an increase from the previous quarter's figure of 4.41%.

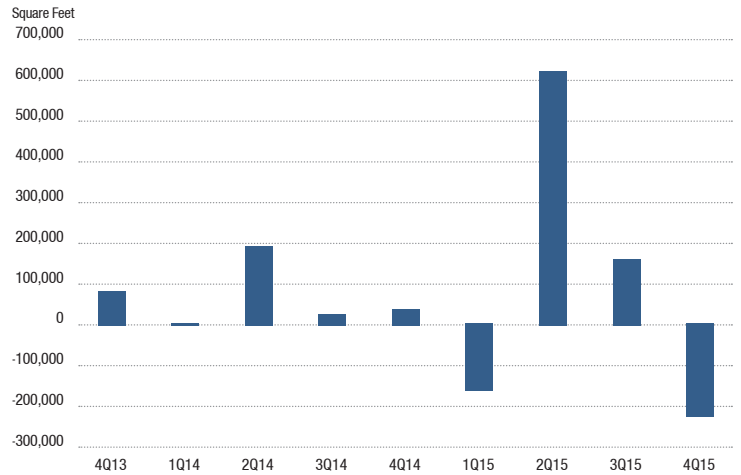
VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



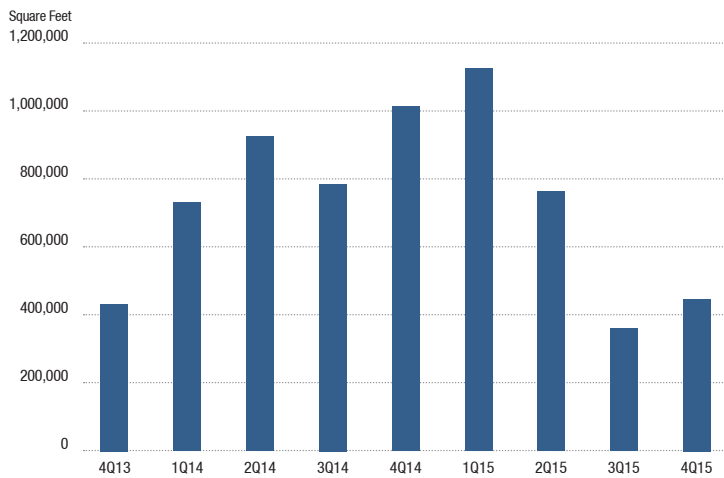
NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



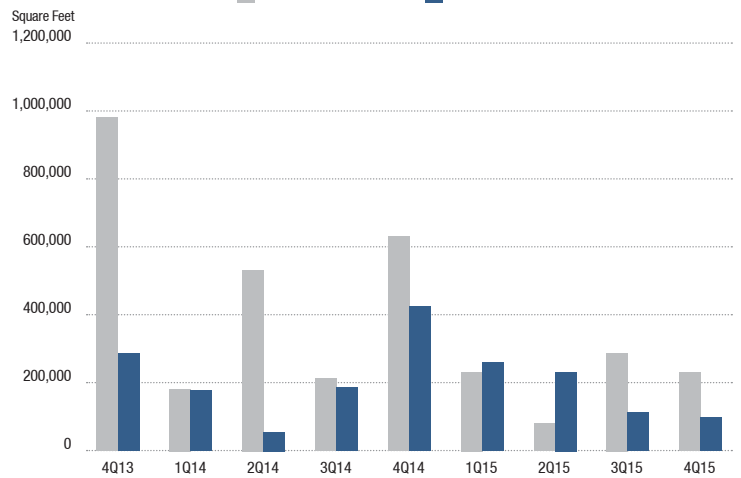
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

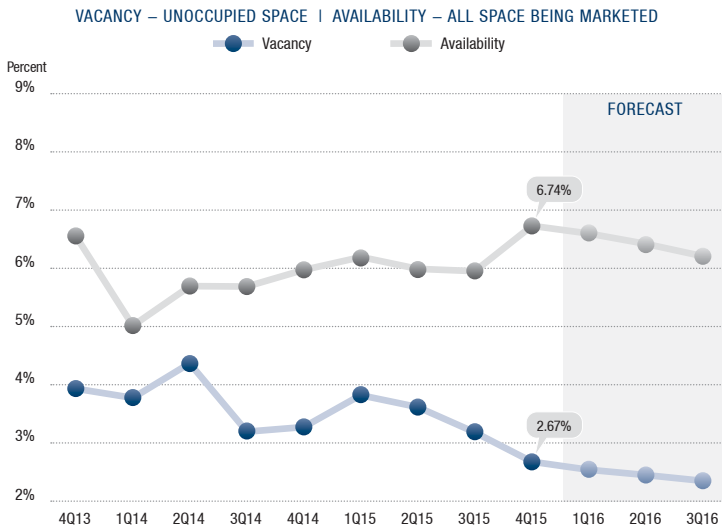
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2015	Square Feet Available	Availability Rate 4Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2015	Net Absorption 2015	Gross Absorption 4Q2015	Gross Absorption 2015
Airport Totals														
Less than 9,999	930	5,335,445	12,100	0	23,943	0.45%	70,439	1.32%	\$1.77	\$261.83	27,259	6,198	52,600	162,158
10,000–19,999	902	12,608,102	0	0	125,768	1.00%	269,221	2.14%	\$1.30	\$266.78	42,393	52,478	204,461	722,159
20,000–29,999	351	8,353,760	0	0	148,755	1.78%	256,205	3.07%	\$0.84	\$213.80	(44,320)	41,718	38,789	389,291
30,000–39,999	155	5,247,529	38,713	73,200	77,767	1.48%	200,818	3.83%	\$0.82	\$213.21	(19,465)	4,199	14,624	162,075
40,000–49,999	86	3,759,201	0	0	48,099	1.28%	150,557	4.01%	\$0.95	\$259.79	(37,878)	154,561	1,418	297,613
50,000–74,999	105	6,364,847	0	50,000	150,070	2.36%	232,089	3.65%	\$0.70	\$139.93	(74,287)	130,848	10,306	355,189
75,000–99,999	52	4,475,716	0	0	164,803	3.68%	390,653	8.73%	\$0.70	\$181.22	(47,951)	(38,743)	94,550	264,918
100,000–149,999	44	5,048,322	134,000	0	0	0.00%	359,087	7.11%	\$0.66	\$206.77	77,636	123,454	77,636	449,546
150,000–199,999	13	2,243,253	0	0	159,163	7.10%	487,600	21.74%	\$0.71	\$0.00	0	0	0	0
200,000–299,999	10	2,452,101	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
300,000 Plus	10	3,621,005	0	0	452,817	12.51%	452,817	12.51%	\$0.45	\$0.00	(150,000)	(81,731)	113,500	514,183
Total	2,658	59,509,281	184,813	123,200	1,351,185	2.27%	2,869,486	4.82%	\$0.73	\$210.85	(226,613)	392,982	607,884	3,317,132

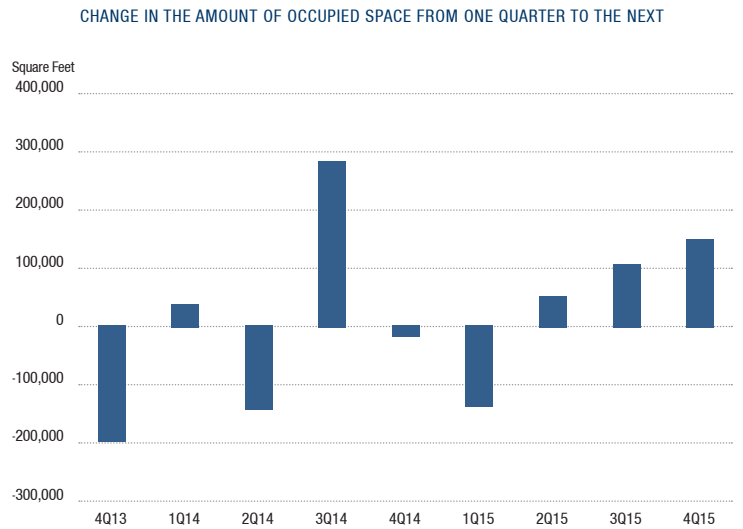
SOUTH ORANGE COUNTY

In the fourth quarter of 2015, the South Orange County industrial market consisted of 944 buildings totaling 24,502,492 square feet and had an availability rate of 6.74%, which shows an increase from the previous quarter's figure of 5.94%.

VACANCY & AVAILABILITY RATE

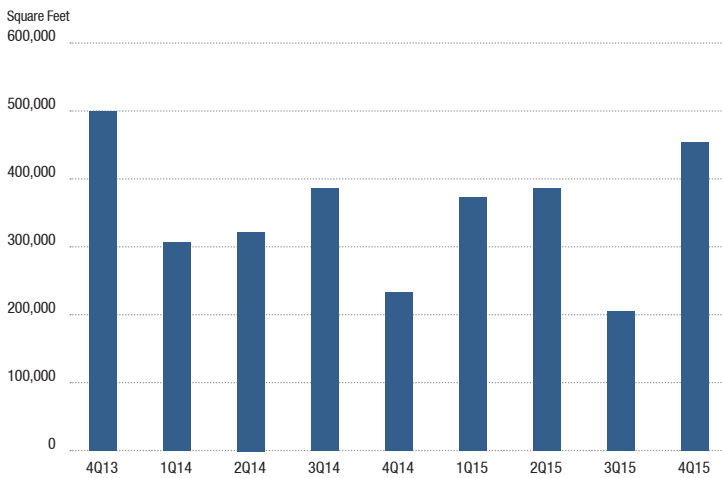


NET ABSORPTION



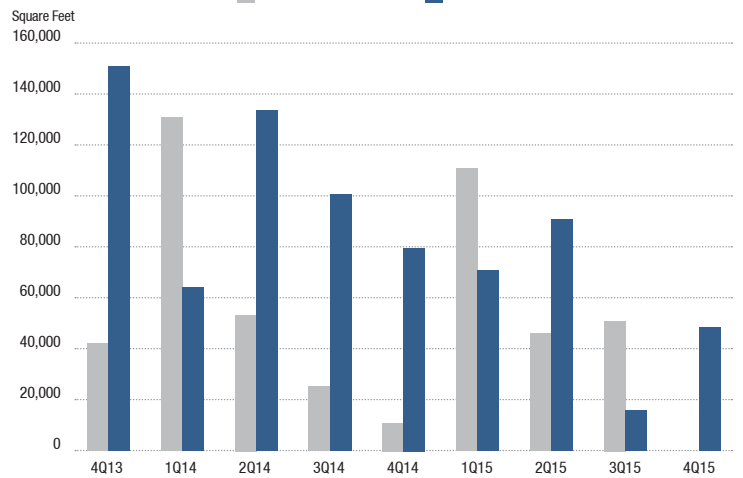
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



INVENTORY

VACANCY & LEASE RATES

ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2015	Square Feet Available	Availability Rate 4Q2015	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 4Q2015	Net Absorption 2015	Gross Absorption 4Q2015	Gross Absorption 2015
South Totals														
Less than 9,999	356	2,239,613	0	0	29,037	1.30%	47,771	2.13%	\$1.00	\$265.44	(7,765)	3,865	34,849	85,793
10,000-19,999	286	4,126,187	0	15,000	75,074	1.82%	122,010	2.96%	\$1.16	\$225.87	20,745	27,394	75,536	344,450
20,000-29,999	135	3,215,180	0	0	78,578	2.44%	201,773	6.28%	\$0.88	\$211.20	(19,534)	45,649	27,294	196,081
30,000-39,999	46	1,544,926	0	0	49,570	3.21%	23,473	1.52%	\$0.00	\$203.44	17,079	7,814	36,154	97,093
40,000-49,999	27	1,210,221	0	0	40,140	3.32%	40,140	3.32%	\$0.89	\$170.73	7,672	(33,096)	47,812	66,082
50,000-74,999	33	1,974,189	0	0	25,228	1.28%	17,377	0.88%	\$0.90	\$250.00	7,910	61,050	33,138	126,237
75,000-99,999	14	1,210,211	0	0	83,640	6.91%	174,020	14.38%	\$0.79	\$0.00	91,761	121,461	91,761	121,461
100,000-149,999	20	2,398,461	0	0	261,269	10.89%	741,564	30.92%	\$0.72	\$0.00	32,184	(143,118)	37,292	109,909
150,000-199,999	8	1,340,541	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	92,801	0	92,801
200,000-299,999	8	1,730,363	0	0	10,800	0.62%	52,686	3.04%	\$0.72	\$0.00	0	(10,800)	0	0
300,000 Plus	8	3,512,600	0	0	0	0.00%	231,133	6.58%	\$0.00	\$0.00	0	0	0	0
Total	941	24,502,492	0	15,000	653,336	2.67%	1,651,947	6.74%	\$0.81	\$231.00	150,052	173,020	383,836	1,239,907

MAJOR TRANSACTIONS IN 2015

Sales Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
601 Acacia Ave.	North County	441,020	\$112.72	Prologis Usiv Newca 7, LLC	Ktr Oc III, LLC
1225 W. Imperial Hwy.	North County	351,339	\$81.00	Clarion Partners	Greenlaw Partners
29947 Avenida de las Banderas	South County	300,000	\$123.33	Applied Medical Resources Corporation	Coxcom, LLC
1801 S. Standard Ave.	Airport Area	295,000	\$158.70	Prologis Usiv Newca 4, LLC	Ktr Santa Ana, LLC
5701 Skylab Rd.	West County	280,460	\$131.03	Prologis-Exchange 5701 Skylab Rd., LLC	Konica Minolta Bus. Solutions USA, Inc.

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
6565 Knott Ave. – Renewal	North County	626,304	Sep-2015	Saddle Creek Corporation	Prudential Real Estate Investors
6101 Knott Ave.	North County	272,548	Jun-2015	Wheel Pros, LLC	ComRef So. CA Industrial Sub F
6550 Katella Ave.	West County	234,763	Apr-2015	iLad, Inc.	Stockbridge Capital Group, LLC
5382 Industrial Dr.	West County	219,710	Jan-2015	Graphic Ink	Carroll Enterprises
26972 Burbank Ave.	South County	203,231	Oct-2015	Kawasaki Motors Corp, USA	FFP, LLC c/o Operon Group

SUBMARKETS

NORTH

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

WEST

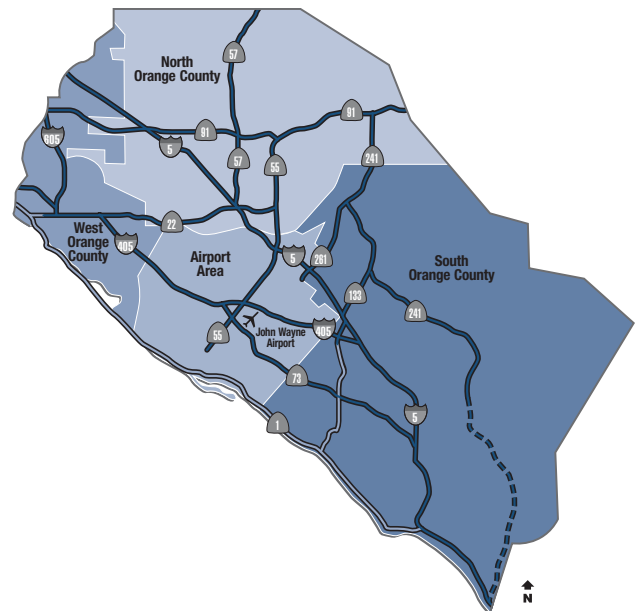
Cypress, Garden Grove, Huntington Beach, La Palma, Los Alamitos, Seal Beach, Stanton and Westminster

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



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