

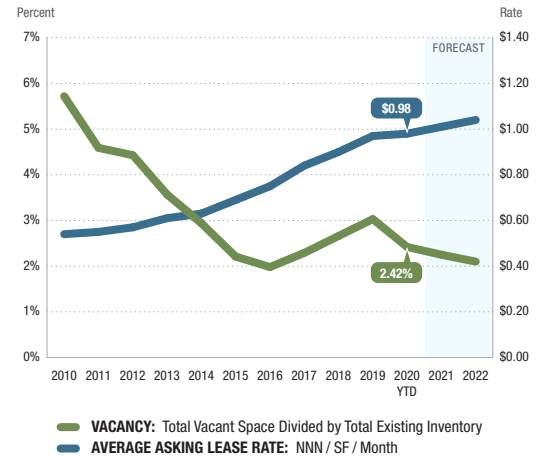
MARKET OVERVIEW. The year began just as the last few have in Orange County. The availability of quality functional space was in short supply, the delivery pipeline was running at a trickle and strong demand for existing product kept landlords and sellers in the driver’s seat. The result: overall sale and lease activity declined again, mainly due to low vacancy, pushing lease rates and sales prices to new record levels throughout the county, especially for space configured to accommodate e-commerce oriented users with a preference for high ceilings, calculated sprinkler systems and good truck access. The push within the industry among its biggest players to reduce delivery times continued to drive up demand for good warehouse space, even into the smaller size ranges, making it tough for single-location entrepreneurial industrial users to secure efficient space. Then came March. The entire market was thrown into a state of uncertainty that will take a few months to sort out. Lease and sale transactions not yet in the final stages were postponed, as buyers and tenants stepped back in order to sort through rapidly changing economic conditions.

VACANCY. The fact that vacancy remains at extremely low levels is nothing new. The lack of quality space offered for lease and sale has been ongoing for the past several years. Orange County ended the first quarter of the year with an overall rate of 2.42%, down 61 basis points year-over-year. Of note is the fact that time on market for space offered only for lease is on the rise for two main reasons. First, low mortgage rates have shifted more of the demand for space to acquisitions, and second, a significant portion of properties on the market for lease have elements of functional obsolescence and/or items of deferred maintenance that could increase annual operating costs.

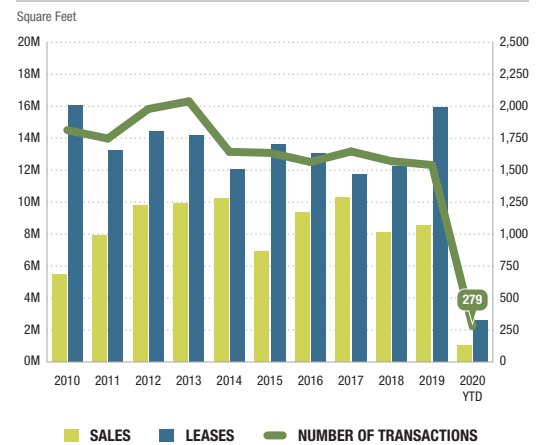
LEASE RATES. The average asking lease rate has been rising steadily for the past several years, but there are signs that the rate of increase may be flattening out. As the time on market for space offered for lease is increasing, landlords are feeling pressure to soften their position regarding coupon rates. While the best quality space is still garnering a premium, growing tenants are reluctant to pay top dollar for space that lacks functionality. We are seeing more tenants renewing in place in order to avoid moving costs, especially if they can’t find space that is going to help them operate more efficiently. Of note is the fact that many properties are offered without an asking price, which makes the average asking lease rate a less reliable metric.

SALES PRICES. Since 2011, sales prices have increased steadily and they continue to do so today, in large part due to another significant drop in mortgage interest rates. As of this writing, borrowers have access to 25-year, fully amortized loans through the Small Business Administration at a fixed rate of just 2.876%, the lowest rate ever for an SBA loan. Despite the recent economic disruption caused by the COVID-19 pandemic, many buyers are still moving forward with their purchase plans at today’s premium price point. That said, some transactions have been put on hold, and this will be reflected in the metrics later in the year. As with lease rates, the average asking sales price can be misleading due to properties being offered without an asking price, along with others that are sold on an off-market basis. The Orange County industrial market’s average asking price at the first quarter rose to \$274.62 per square foot. While sale prices vary greatly depending on the size range, this represents an increase of nearly 16.9% from the first quarter of 2019.

VACANCY vs. AVERAGE ASKING LEASE RATE



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter	1Q 2020	4Q 2019	1Q 2019	% Change Over Last Year
Vacancy Rate	▼ DOWN	2.42%	3.03%	3.35%	(27.76%)
Availability Rate	▲ UP	4.32%	4.11%	4.77%	(9.43%)
Average Asking Lease Rate	▲ UP	\$0.98	\$0.97	\$0.93	5.38%
Average Asking Sale Price	▲ UP	\$274.62	\$271.69	\$234.89	16.91%
Sale & Lease Transactions	▼ DOWN	3,663,524	6,095,245	4,992,017	(26.61%)
Gross Absorption	▼ DOWN	3,146,089	3,759,308	2,568,961	22.47%
Net Absorption	▲ POSITIVE	857,946	886,529	(1,099,404)	N/A

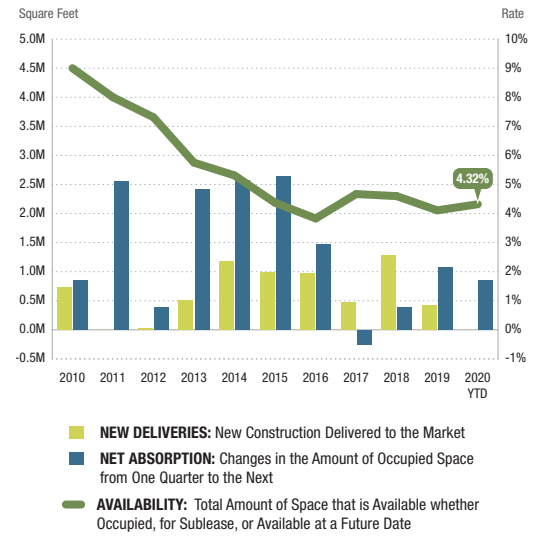
TRANSACTION ACTIVITY. Total transaction activity has been on the decline for some time, mainly due to lack of supply. The first quarter saw a drop in activity, falling by 2.4 MSF to 3,663,524 square feet. In terms of for-lease space, time on market for less functional buildings is rising while top quality product continues to move at a brisk pace. Activity on the sale side is still driving transaction activity, but current supply is falling short of demand, resulting in a decrease in market velocity.

AVAILABILITY. The availability rate for direct/sublease space being marketed for sale and lease stood at 4.32% as the first quarter ended, up from 4.11% in the previous quarter. The availability rate, which is approximately two percentage points higher than the vacancy rate, includes space offered for sale and lease that is currently available but still occupied.

ABSORPTION. Net absorption remained positive at 857,346 square feet in the first quarter despite the low vacancy rate and lack of supply of functional product. Generally, net absorption is looked upon as the key metric in terms of measuring business growth. But in Orange County, that is less the case because business growth is restricted by the lack of space. Net absorption would be much higher if developers were able to increase delivery of new product configured to meet the needs of today's fastest growth sectors. Instead, many tenants are forced to renew leases and deal with inefficiencies due to the lack of viable alternatives.

CONSTRUCTION. The lack of new product is one of the county's biggest challenges. The region has reached infill status, with just a few remaining sites that are suitable for industrial development. But that scarcity has driven the price of industrial land so high that it has become increasingly difficult for developers to get projects to pencil out. They must count on continuing rent growth that is already at record levels, and that means they are at greater risk. As a result, just 638,660 square feet of space is underway throughout Orange County.

NEW DELIVERIES & NET ABSORPTION vs. AVAILABILITY RATE



Forecast

Last quarter we were most concerned about warnings of a global slowdown, US GDP growth and trade relations between the US and China. But, the world has changed and we are finally able to identify the Black Swan economists have been warning us about for years. The COVID-19 virus, first identified in China, has circled the planet in a matter of weeks, causing leaders around the world to take draconian steps to stop it. Entire countries are on lockdown and our own federal and state governments have taken steps similar to our neighbors in Asia and Europe. It's too early to tell what the exact impact the reaction to the virus will have on the Orange County industrial market, but we do predict at least a near-term slowdown in sale and lease activity. We should see the statistical evidence of that in the second quarter and third quarter numbers

After industrial rents averaged more than 7% annual growth over the past five years, that pace has decelerated in the past year. Last quarter we forecasted rents to rise by 3% in 2020, but the COVID-19 virus impact could cause rent growth to flatten out or even pull back slightly by the end of the year. If that happens, it will be welcome relief to tenants who have been negotiating at a huge disadvantage for many years.

Significant Transactions

Sales

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
202200-20202 Windrow Dr.	Lake Forest	125,442	\$29,400,000	Applied Medical Resources Corp	SY Corporation
1300 W. Taft Ave.	Orange	120,000	\$29,885,000	Goodman North America	American Bottling Company
17353 Derian Ave.	Irvine	78,727	\$16,625,000	Alere Property Group, LLC	Group Effort G 6, LLC
5492 Bolsa Ave.	Huntington Beach	42,690	\$7,300,000	Rocker Solenoid Company	Hewitt Living Trust
14321 Corporate Dr.	Garden Grove	40,274	\$7,470,000	Realty Assocs Fund Xii Portfolio	Peerless Capital, LLC

Leases

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
210 E. Lambert Rd.	Fullerton	309,439	Jan-2020	Total Transportation & Distribution, Inc.	Prologis*
14600 Myford Rd .	Irvine	186,741	Jan-2020	Rivian Automotive	Meggitt PLC
5800 Skylab Rd.	Huntington Beach	167,778	Feb-2020	Home & Body Company	Mitsubishi Electronics
3310-3250 E. Miraloma Ave.	Anaheim	113,000	Feb-2020	Beltman Corporation	Bunzl Distribution
1160-1190 N. Anaheim Blvd. – Renewal	Anaheim	110,529	Jan-2020	Elysium Mosaics Inc.	The O'Donnell Group, Inc.

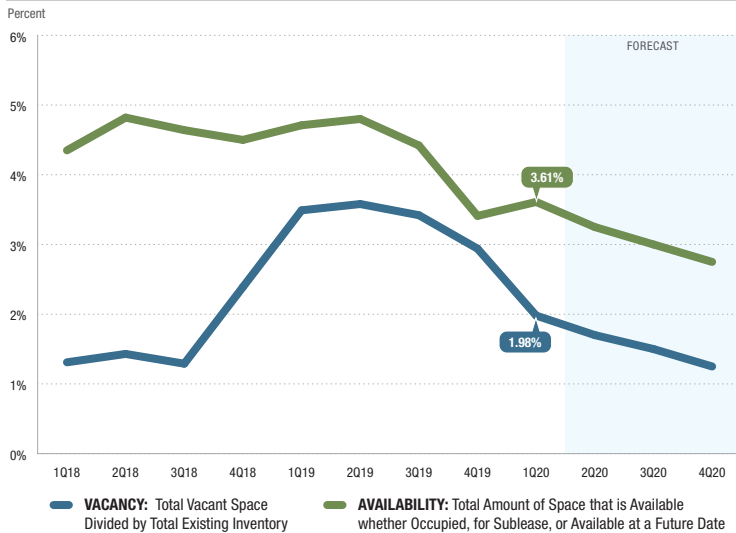
	INVENTORY				VACANCY & LEASE RATES						ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2020	Square Feet Available	Availability Rate 1Q2020	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2020	Net Absorption 2020	Gross Absorption 1Q2020	Gross Absorption 2020
Airport Area														
Costa Mesa	427	7,351,860	0	0	127,165	1.73%	207,340	2.82%	\$1.12	\$376.74	(5,639)	(5,639)	41,686	41,686
Fountain Valley	184	3,820,993	0	73,200	50,422	1.32%	212,450	5.56%	\$1.35	\$262.85	(74,775)	(74,775)	10,985	10,985
Irvine	304	11,584,411	0	0	357,106	3.08%	405,132	3.50%	\$1.09	\$335.66	(6,923)	(6,923)	278,157	278,157
Newport Beach	52	637,002	0	0	0	0.00%	5,500	0.86%	\$0.00	\$0.00	(3,000)	(3,000)	0	0
Santa Ana	1,572	30,416,953	497,638	0	963,775	3.17%	1,665,608	5.48%	\$0.88	\$226.99	(18,784)	(18,784)	274,755	274,755
Tustin	112	4,213,175	0	45,000	84,261	2.00%	70,523	1.67%	\$1.18	\$294.73	82,152	82,152	75,402	75,402
Airport Area Total	2,651	58,024,394	497,638	118,200	1,582,729	2.73%	2,566,553	4.42%	\$0.94	\$274.07	(26,969)	(26,969)	680,985	680,985
North County														
Anaheim	1,824	44,132,985	0	129,355	918,358	2.08%	1,336,781	3.03%	\$0.93	\$238.48	(51,647)	(51,647)	251,180	251,180
Brea	330	12,022,342	0	108,000	141,632	1.18%	360,155	3.00%	\$0.89	\$251.13	(65,458)	(65,458)	137,696	137,696
Buena Park	233	13,398,486	0	0	171,788	1.28%	552,759	4.13%	\$0.77	\$238.85	1,177,857	1,177,857	1,198,094	1,198,094
Fullerton	455	19,273,745	0	1,500,000	687,681	3.57%	1,283,141	6.66%	\$0.88	\$205.56	54,240	54,240	191,626	191,626
La Habra	198	3,497,864	0	0	21,724	0.62%	64,974	1.86%	\$0.89	\$224.01	16,691	16,691	17,696	17,696
Orange	738	13,523,300	0	0	167,342	1.24%	224,395	1.66%	\$0.99	\$247.59	(48,912)	(48,912)	39,344	39,344
Placentia	220	4,182,748	93,382	0	82,097	1.96%	170,726	4.08%	\$0.00	\$255.31	47,714	47,714	90,456	90,456
Yorba Linda	54	882,002	0	0	0	0.00%	7,699	0.87%	\$0.00	\$230.60	15,565	15,565	15,565	15,565
North County Total	4,052	110,913,472	93,382	1,737,355	2,190,622	1.98%	4,000,630	3.61%	\$0.89	\$237.13	1,146,050	1,146,050	1,941,657	1,941,657
South County														
Aliso Viejo	16	629,005	0	0	17,680	2.81%	17,680	2.81%	\$0.00	\$293.40	(3,040)	(3,040)	18,620	18,620
Foothill Ranch	66	3,506,398	0	0	6,200	0.18%	306,656	8.75%	\$0.00	\$355.00	0	0	23,540	23,540
Irvine Spectrum	208	9,834,683	0	0	668,195	6.79%	708,856	7.21%	\$1.13	\$392.09	67,201	67,201	201,004	201,004
Laguna Beach	20	92,116	0	0	12,725	13.81%	13,405	14.55%	\$2.30	\$0.00	1,500	1,500	1,500	1,500
Laguna Hills	73	1,026,876	0	0	37,314	3.63%	48,252	4.70%	\$1.20	\$0.00	(12,130)	(12,130)	15,929	15,929
Laguna Niguel	20	271,295	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Lake Forest	189	4,076,723	0	0	91,042	2.23%	145,337	3.57%	\$1.17	\$354.50	4,297	4,297	47,023	47,023
Mission Viejo	30	462,480	0	0	15,631	3.38%	17,403	3.76%	\$1.80	\$0.00	(3,212)	(3,212)	3,632	3,632
Rancho Santa Margarita	106	1,711,751	0	0	43,918	2.57%	33,345	1.95%	\$1.37	\$310.00	(6,321)	(6,321)	0	0
San Clemente	158	1,989,005	0	0	37,273	1.87%	44,790	2.25%	\$0.00	\$261.11	(13,308)	(13,308)	5,021	5,021
San Juan Capistrano	43	923,189	0	0	12,191	1.32%	12,191	1.32%	\$1.60	\$0.00	0	0	0	0
South County Total	929	24,523,521	0	0	942,169	3.84%	1,347,915	5.50%	\$1.15	\$358.01	34,987	34,987	316,269	316,269
West County														
Cypress	101	4,760,718	0	0	189,874	3.99%	477,410	10.03%	\$0.89	\$0.00	(3,200)	(3,200)	4,500	4,500
Garden Grove	476	11,765,249	0	0	371,462	3.16%	616,884	5.24%	\$0.81	\$207.51	(238,403)	(238,403)	119,369	119,369
Huntington Beach	685	12,722,972	47,640	0	278,768	2.19%	551,710	4.34%	\$0.96	\$282.29	(62,418)	(62,418)	56,927	56,927
La Palma	16	1,780,056	0	0	0	0.00%	333,924	18.76%	\$0.00	\$0.00	0	0	0	0
Los Alamitos	94	2,218,570	0	0	5,574	0.25%	15,763	0.71%	\$0.00	\$265.00	14,399	14,399	14,399	14,399
Seal Beach	15	933,761	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
Stanton	174	1,827,005	0	0	16,627	0.91%	61,966	3.39%	\$0.00	\$235.41	(4,300)	(4,300)	3,600	3,600
Westminster	140	2,346,764	0	0	24,207	1.03%	30,331	1.29%	\$0.00	\$0.00	(2,200)	(2,200)	8,383	8,383
West County Total	1,701	38,355,095	47,640	0	886,512	2.31%	2,087,988	5.44%	\$0.86	\$231.81	(296,122)	(296,122)	207,178	207,178
Orange County Total	9,333	231,816,482	638,660	1,855,555	5,602,032	2.42%	10,003,086	4.32%	\$0.98	\$274.62	857,946	857,946	3,146,089	3,146,089
Less than 9,999	3,318	20,129,959	0	0	239,640	1.19%	481,956	2.39%	\$1.24	\$332.65	189	189	142,771	142,771
10,000-19,999	3,142	43,417,425	0	0	864,009	1.99%	1,305,376	3.01%	\$1.12	\$284.30	(196,503)	(196,503)	432,197	432,197
20,000-29,999	1,192	28,395,650	218,164	118,200	781,158	2.75%	1,274,745	4.49%	\$1.01	\$259.68	(25,086)	(25,086)	317,009	317,009
30,000-39,999	477	16,273,224	0	0	301,095	1.85%	447,568	2.75%	\$1.14	\$240.95	(535)	(535)	269,321	269,321
40,000-49,999	289	13,095,456	47,640	0	312,534	2.39%	633,776	4.84%	\$0.94	\$209.43	2,637	2,637	146,272	146,272
50,000-74,999	371	22,345,873	127,006	0	499,873	2.24%	1,093,476	4.89%	\$0.94	\$169.71	(126,995)	(126,995)	103,030	103,030
75,000-99,999	163	13,924,342	79,128	0	213,130	1.53%	481,390	3.46%	\$1.09	\$0.00	94,016	94,016	256,220	256,220
100,000-199,999	257	33,636,296	166,722	237,355	1,203,784	3.58%	2,128,761	6.33%	\$0.91	\$185.00	(52,846)	(52,846)	258,664	258,664
200,000 Plus	124	40,598,257	0	1,500,000	1,186,809	2.92%	2,156,038	5.31%	\$0.94	\$0.00	1,163,069	1,163,069	1,220,605	1,220,605
Orange County Total	9,333	231,816,482	638,660	1,855,555	5,602,032	2.42%	10,003,086	4.32%	\$0.98	\$274.62	857,946	857,946	3,146,089	3,146,089

Lease rates are on a triple-net basis.

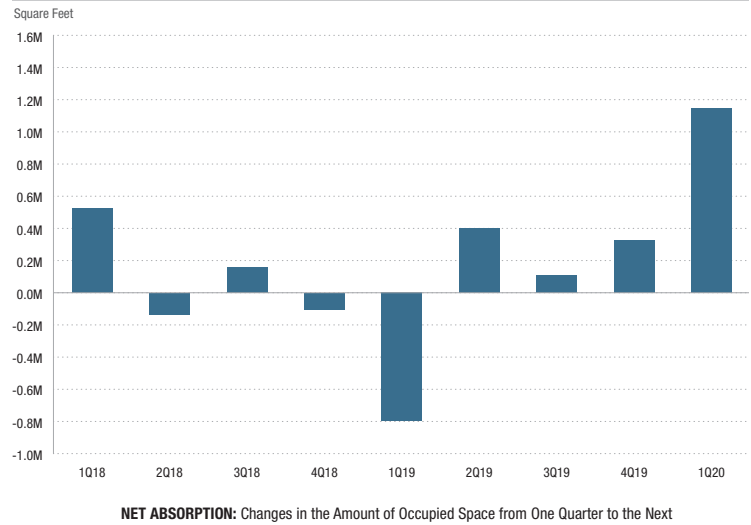
NORTH ORANGE COUNTY

In the first quarter of 2020, the North Orange County industrial market consisted of 4,052 buildings totaling 110,913,472 square feet and had an availability rate of 3.61%, which shows an increase from the previous quarter's figure of 3.41%.

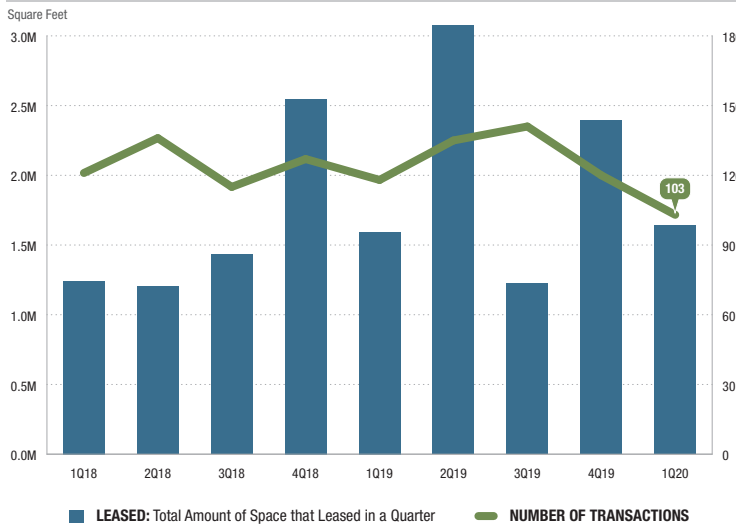
VACANCY & AVAILABILITY RATE



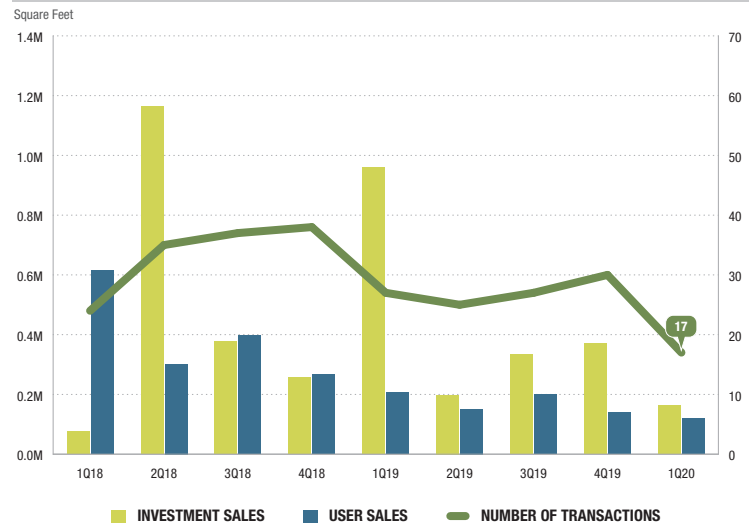
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

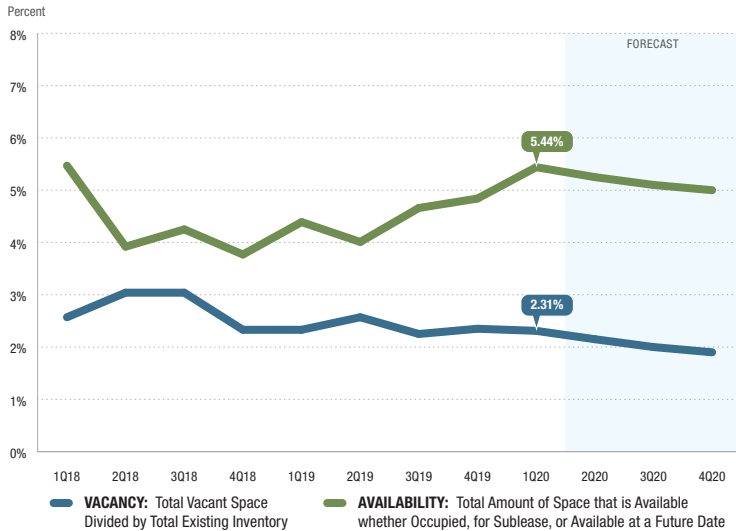
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2020	Square Feet Available	Availability Rate 1Q2020	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2020	Net Absorption 2020	Gross Absorption 1Q2020	Gross Absorption 2020
North Totals														
Less than 9,999	1,332	8,429,175	0	0	98,229	1.17%	201,434	2.39%	\$1.18	\$291.15	11,983	11,983	76,141	76,141
10,000-19,999	1,402	19,420,055	0	0	438,459	2.26%	635,768	3.27%	\$1.15	\$255.26	(84,255)	(84,255)	147,475	147,475
20,000-29,999	514	12,194,213	38,608	0	265,038	2.17%	539,141	4.42%	\$0.97	\$229.34	(89,258)	(89,258)	79,156	79,156
30,000-39,999	222	7,534,332	0	0	116,090	1.54%	216,983	2.88%	\$1.15	\$238.00	10,867	10,867	83,856	83,856
40,000-49,999	136	5,981,356	0	0	85,600	1.43%	176,507	2.95%	\$0.84	\$179.95	91,641	91,641	102,657	102,657
50,000-74,999	176	10,597,040	54,774	0	152,590	1.44%	592,888	5.59%	\$0.90	\$169.71	18,464	18,464	97,864	97,864
75,000-99,999	71	6,027,019	0	0	31,431	0.52%	135,449	2.25%	\$0.89	\$0.00	(21,431)	(21,431)	142,833	142,833
100,000-199,999	131	17,235,981	0	237,355	494,091	2.87%	727,527	4.22%	\$0.82	\$0.00	19,692	19,692	92,039	92,039
200,000 plus	68	23,494,301	0	1,500,000	509,094	2.17%	774,933	3.30%	\$0.88	\$0.00	1,188,347	1,188,347	1,119,636	1,119,636
Total	4,052	110,913,472	93,382	1,737,355	2,190,622	1.98%	4,000,630	3.61%	\$0.89	\$237.13	1,146,050	1,146,050	1,941,657	1,941,657

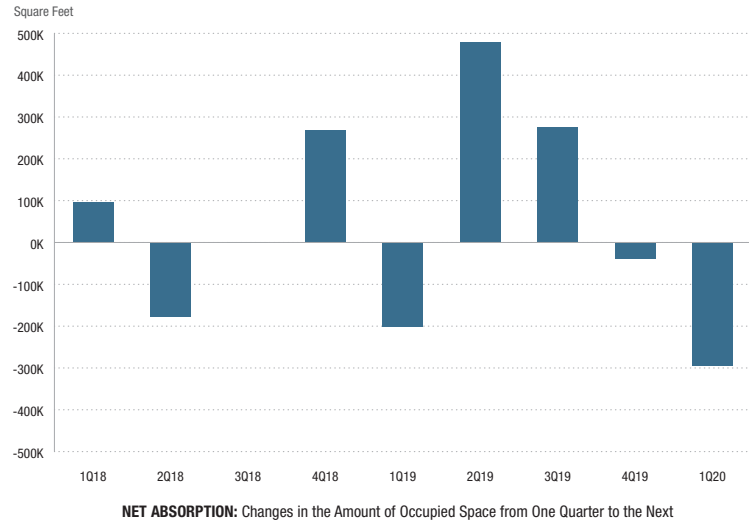
WEST ORANGE COUNTY

In the first quarter of 2020, the West Orange County industrial market consisted of 1,701 buildings totaling 38,355,095 square feet and had an availability rate of 5.44%, which shows an increase from the previous quarter's figure of 4.84%.

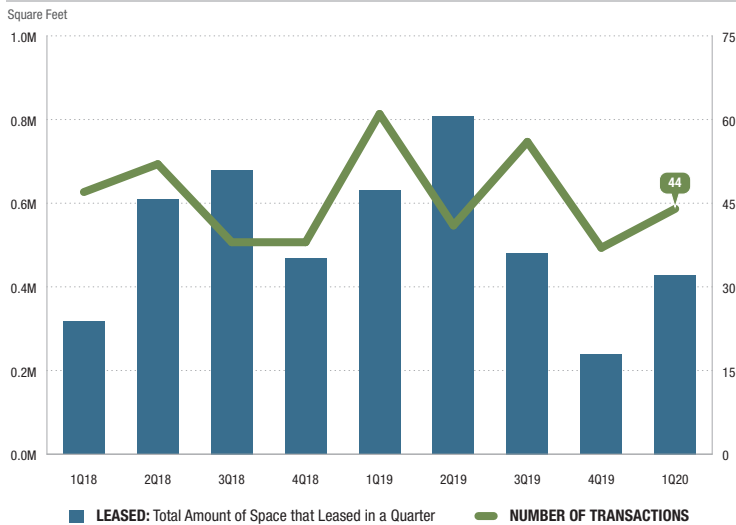
VACANCY & AVAILABILITY RATE



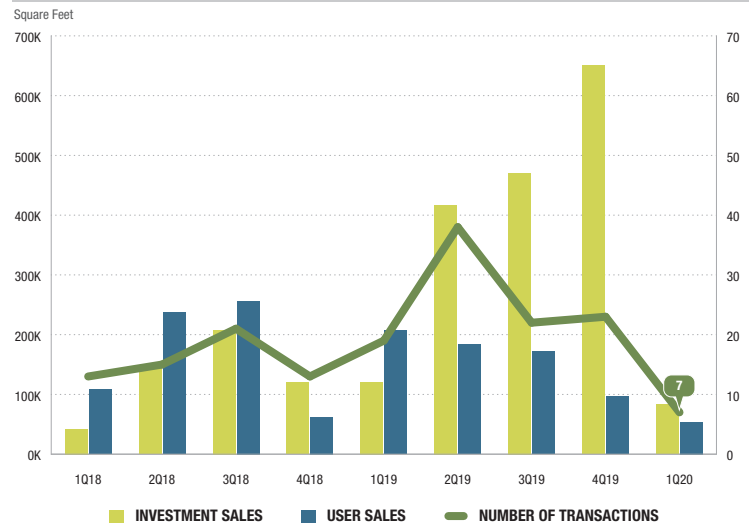
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

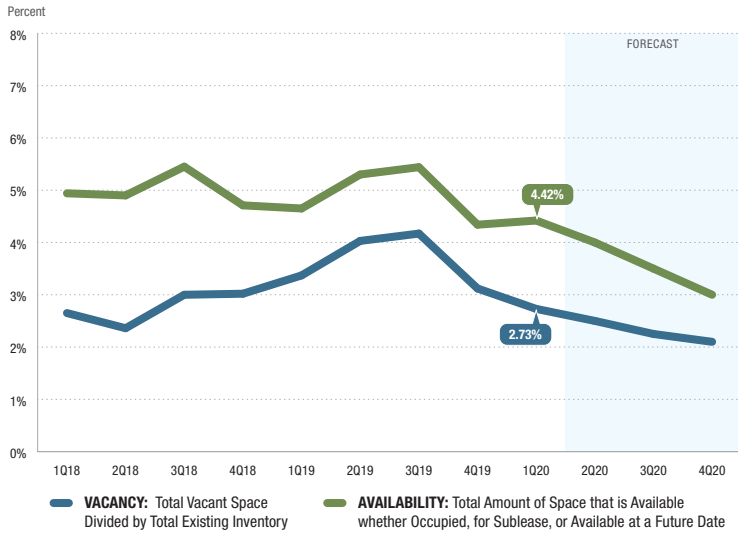
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2020	Square Feet Available	Availability Rate 1Q2020	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2020	Net Absorption 2020	Gross Absorption 1Q2020	Gross Absorption 2020
West Totals														
Less than 9,999	692	4,101,225	0	0	57,450	1.40%	108,966	2.66%	\$1.00	\$276.62	(3,606)	(3,606)	34,851	34,851
10,000-19,999	561	7,427,113	0	0	154,140	2.08%	232,537	3.13%	\$0.95	\$248.29	(33,801)	(33,801)	94,920	94,920
20,000-29,999	184	4,411,813	0	0	153,373	3.48%	236,364	5.36%	\$0.95	\$221.24	(30,822)	(30,822)	13,963	13,963
30,000-39,999	61	2,134,272	0	0	14,245	0.67%	14,245	0.67%	\$0.00	\$0.00	0	0	3,456	3,456
40,000-49,999	53	2,319,615	47,640	0	71,691	3.09%	147,098	6.34%	\$0.80	\$198.50	(61,065)	(61,065)	1,419	1,419
50,000-74,999	57	3,402,508	0	0	91,866	2.70%	161,693	4.75%	\$0.84	\$0.00	(20,544)	(20,544)	0	0
75,000-99,999	30	2,577,226	0	0	0	0.00%	122,263	4.74%	\$0.00	\$0.00	0	0	0	0
100,000-199,999	41	5,501,106	0	0	200,460	3.64%	440,863	8.01%	\$0.00	\$0.00	(136,485)	(136,485)	34,080	34,080
200,000 plus	22	6,480,217	0	0	143,287	2.21%	623,959	9.63%	\$0.00	\$0.00	(9,799)	(9,799)	24,489	24,489
Total	1,701	38,355,095	47,640	0	886,512	2.31%	2,087,988	5.44%	\$0.86	\$231.81	(296,122)	(296,122)	207,178	207,178

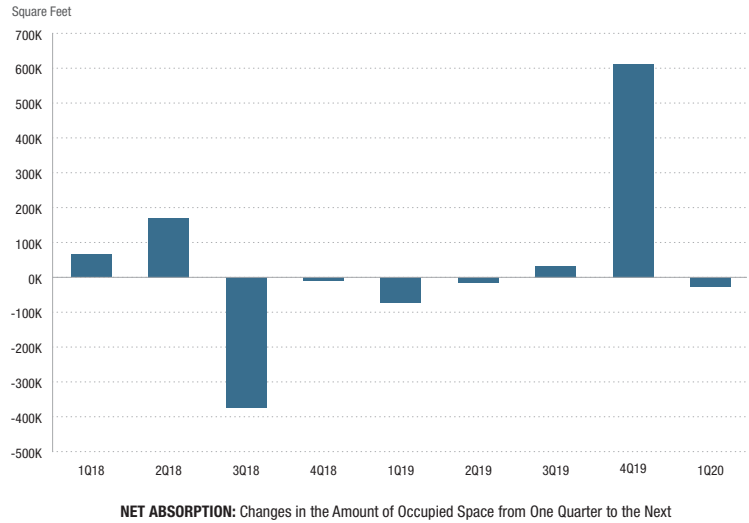
AIRPORT AREA

In the first quarter of 2020, the Airport Orange County industrial market consisted of 2,651 buildings totaling 58,024,394 square feet and had an availability rate of 4.42%, which shows an increase from previous quarter's figure of 4.34%.

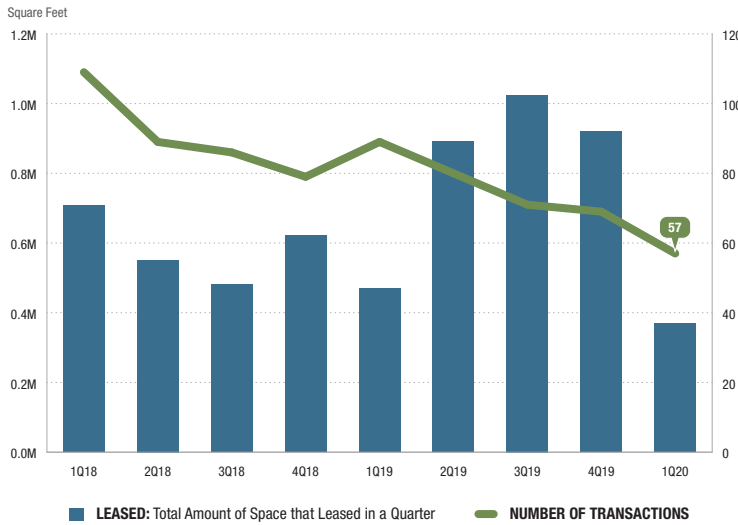
VACANCY & AVAILABILITY RATE



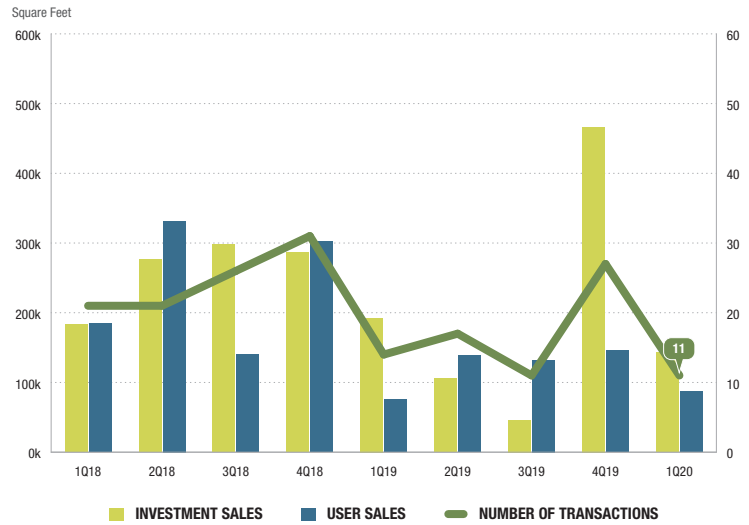
NET ABSORPTION



LEASE TRANSACTIONS



SALES TRANSACTIONS



INVENTORY

VACANCY & LEASE RATES

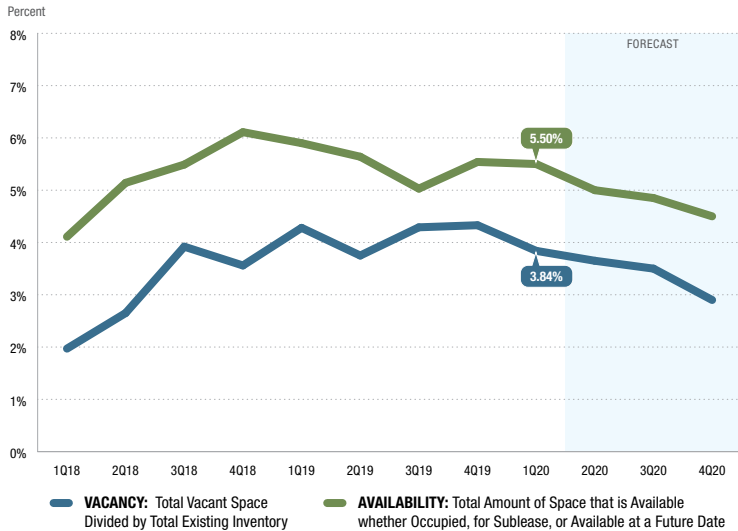
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2020	Square Feet Available	Availability Rate 1Q2020	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2020	Net Absorption 2020	Gross Absorption 1Q2020	Gross Absorption 2020
Airport Totals														
Less than 9,999	930	5,393,041	0	0	42,713	0.79%	112,004	2.08%	\$1.40	\$346.49	(9,828)	(9,828)	14,799	14,799
10,000-19,999	907	12,691,496	0	0	177,840	1.40%	327,655	2.58%	\$1.20	\$312.69	(43,434)	(43,434)	149,088	149,088
20,000-29,999	361	8,617,216	179,556	118,200	233,015	2.70%	347,790	4.04%	\$0.99	\$291.67	96,339	96,339	139,938	139,938
30,000-39,999	149	5,073,494	0	0	161,155	3.18%	186,575	3.68%	\$0.89	\$243.81	(15,034)	(15,034)	116,561	116,561
40,000-49,999	80	3,504,539	0	0	105,399	3.01%	182,020	5.19%	\$0.50	\$245.27	(30,065)	(30,065)	6,340	6,340
50,000-74,999	103	6,250,001	72,232	0	130,787	2.09%	195,514	3.13%	\$0.95	\$0.00	(124,915)	(124,915)	3,806	3,806
75,000-99,999	48	4,112,178	79,128	0	181,699	4.42%	223,678	5.44%	\$1.09	\$0.00	115,447	115,447	113,387	113,387
100,000-199,999	54	6,770,362	166,722	0	191,347	2.83%	566,978	8.37%	\$0.85	\$185.00	0	0	132,545	132,545
200,000 plus	19	5,612,067	0	0	358,774	6.39%	424,339	7.56%	\$0.89	\$0.00	(15,479)	(15,479)	4,521	4,521
Total	2,651	58,024,394	497,638	118,200	1,582,729	2.73%	2,566,553	4.42%	\$0.94	\$274.07	(26,969)	(26,969)	680,985	680,985

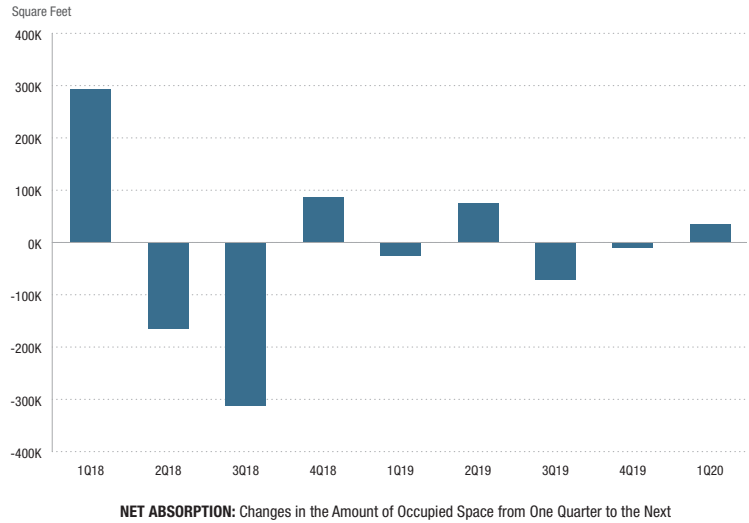
SOUTH ORANGE COUNTY

In the first quarter of 2020, the South Orange County industrial market consisted of 929 buildings totaling 24,523,521 square feet and had an availability rate of 5.50%, which shows a decrease from the previous quarter's figure of 5.54%.

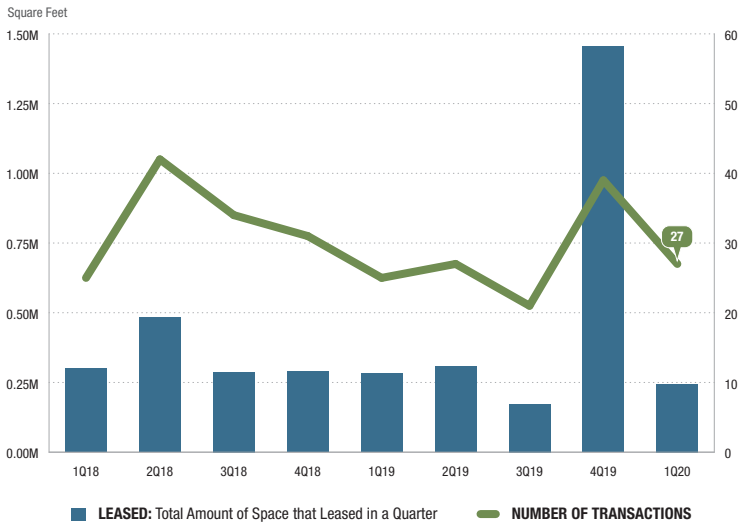
VACANCY & AVAILABILITY RATE



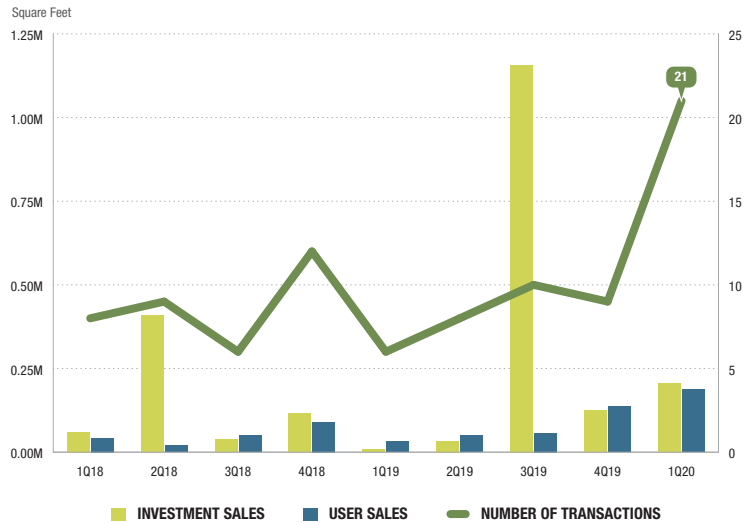
NET ABSORPTION



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 1Q2020	Square Feet Available	Availability Rate 1Q2020	Average Asking Lease Rate	Average Asking Sales Price	Net Absorption 1Q2020	Net Absorption 2020	Gross Absorption 1Q2020	Gross Absorption 2020
South Totals														
Less than 9,999	364	2,206,518	0	0	41,248	1.87%	59,552	2.70%	\$1.40	\$384.54	1,640	1,640	16,980	16,980
10,000-19,999	272	3,878,761	0	0	93,570	2.41%	109,416	2.82%	\$1.31	\$364.64	(35,013)	(35,013)	40,714	40,714
20,000-29,999	133	3,172,408	0	0	129,732	4.09%	151,450	4.77%	\$1.21	\$317.41	(1,345)	(1,345)	83,952	83,952
30,000-39,999	45	1,531,126	0	0	9,605	0.63%	29,765	1.94%	\$1.43	\$0.00	3,632	3,632	65,448	65,448
40,000-49,999	20	1,289,946	0	0	49,844	3.86%	128,151	9.93%	\$1.63	\$0.00	2,126	2,126	35,856	35,856
50,000-74,999	35	2,096,324	0	0	124,630	5.95%	143,381	6.84%	\$1.12	\$0.00	0	0	1,360	1,360
75,000-99,999	14	1,207,919	0	0	0	0.00%	0	0.00%	\$0.00	\$0.00	0	0	0	0
100,000-199,999	31	4,128,847	0	0	317,886	7.70%	393,393	9.53%	\$1.02	\$0.00	63,947	63,947	0	0
200,000 plus	15	5,011,672	0	0	175,654	3.50%	332,807	6.64%	\$1.15	\$0.00	0	0	71,959	71,959
Total	929	24,523,521	0	0	942,169	3.84%	1,347,915	5.50%	\$1.15	\$358.01	34,987	34,987	316,269	316,269



Battling Target Fixation

by **Seth Davenport**

EXECUTIVE VICE PRESIDENT / PARTNER, IRVINE
714.935.2376 · sdavenport@voitco.com · Lic. #01413387

The concept of target fixation is well known in racing circles. It's based on the fact that we go where our eyes take us. Car racers are trained to use this instinctive phenomenon to their advantage. They are always looking up the track or through a turn rather than right over the hood. This is what allows them to go so much faster than the rest of us ever could. It's also why us non-racers see debris in our lane and then inexplicably run right over it instead of going around it as we would if we focused on the area to either side of it.

Harnessing target fixation is one of the first skills taught at any driving school. Without it, students drive in a stop-and-go, point-to-point fashion, which makes them reset their target at every entry, apex and exit point. A tracing of their laps looks like one of those connect-the-dots pictures we drew as kids waiting at the dentist's office. A good racer is looking at the apex of the turn before reaching the entry point and then picks up the exit before hitting the apex. This reduces steering inputs and allows the driver to move through the turn faster.

We think the concept of target fixation carries over into business decision-making, as well, and the current virus scare is one heck of a target to fix on. It is debris that, for the moment, lies across our path of travel and most of us have applied the brakes to avoid the unknown danger it presents. That reaction has sent the world's economy into a tizzy and shifted the psychology of decision-making into a defensive posture. Understandable? Of course. The virus crisis is an exogenous shock that no one anticipated and it has become the road hazard we just can't take our eyes off of.

That said, when it comes to commercial real estate, it's probably better to have a racer's eye for the track. Real estate is a long-term investment whether you buy it or lease it. It represents the whole track, whereas market conditions at any instant in time represent a specific point on the track. In this case the corner workers are waving yellow flags, so it only makes sense to roll off the gas and survey the danger.

As you evaluate the implications of this unexpected road hazard, we encourage you to heed the yellow flags, but to keep moving forward. In all likelihood, the virus will run its course and the medical community will develop protection from future outbreaks. Could that mean we run a couple of laps under the yellow caution flag? Yes, but the track will eventually go green again and you don't want to be parked in the pit when it is cleared to go.

We realize that many of you, depending on your industry, will be impacted more than others, but it still makes sense to stay on track in anticipation of a return to full race pace on the next lap. If you were looking to buy, sell or lease real estate before this latest market anomaly, the reasons for that decision will come back around soon. In the meantime, respect the yellow flag and hope you see the green one soon.

Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA 714.978.7880	Carlsbad, CA 760.517.4000	Inland Empire, CA 909.545.8000	Irvine, CA 949.851.5100	Los Angeles, CA 424.329.7500	San Diego, CA 858.453.0505
-----------------------------	------------------------------	-----------------------------------	----------------------------	---------------------------------	-------------------------------

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services. ©2020 Voit Real Estate Services, Inc. DRE License #01991785.

Represented in 150 Markets
Nationally & Internationally.

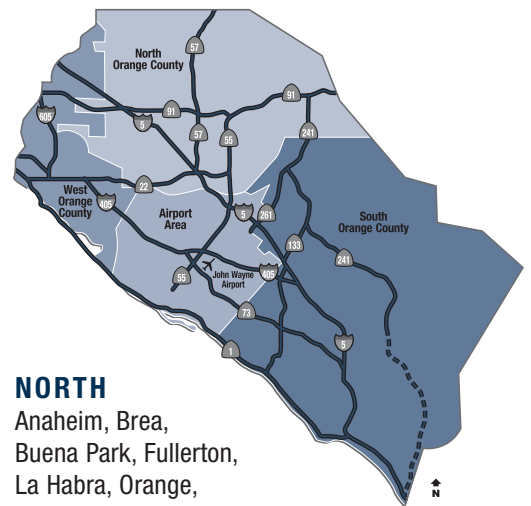


Product Type

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