

THE CoSTAR OFFICE REPORT

MID-YEAR 2007

Orange County Office Market



ORANGE COUNTY OFFICE MARKET



TABLE OF CONTENTS

Table of Contents	A
Methodology	B
Terms & Definitions	C
Market Highlights & Overview	1
CoStar Markets & Submarkets	4
Employment & Tenant Analysis	5
Employment & Unemployment Analysis	
Tenant Profiles	
Inventory & Development Analysis	7
Construction Activity Map	
Inventory & Development Analysis	
Select Top Deliveries	
Select Top Under Construction Properties	
Figures at a Glance	12
Figures at a Glance by Class & Market	
Figures at a Glance by Class & Submarket	
Historical Figures at a Glance	
Leasing Activity Analysis	18
Leasing Activity Map	
Leasing Activity Analysis	
Select Top Lease Transactions	
Sales Activity Analysis	21
Sales Activity Analysis	
Select Top Sales Transactions	
Select Same Building Sales	
Select Land Sales	
Analysis of Individual CoStar Markets	24
Airport Area Market	
Central County Market	
North County Market	
South County Market	
West County Market	

METHODOLOGY

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 33.6 billion square feet of coverage in 1.2 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

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CoStar Group, Inc.

2 Bethesda Metro Center • Bethesda, MD USA 20814 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

ORANGE COUNTY OFFICE MARKET



TERMS & DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

ORANGE COUNTY OFFICE MARKET

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Released Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

ORANGE COUNTY OFFICE MARKET



OVERVIEW

ORANGE COUNTY'S VACANCY INCREASES TO 8.4%

Net Absorption Negative (227,726) SF in the Quarter

The Orange County Office market ended the second quarter 2007 with a vacancy rate of 8.4%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (227,726) square feet in the second quarter. Vacant sublease space decreased in the quarter, ending the quarter at 1,432,186 square feet. Rental rates ended the second quarter at \$31.58, an increase over the previous quarter. A total of 48 buildings delivered to the market in the quarter totaling 949,519 square feet, with 4,163,313 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Orange County office market was negative (227,726) square feet in the second quarter 2007. That compares to positive 676,280 square feet in the first quarter 2007, positive 93,855 square feet in the fourth quarter 2006, and positive 579,746 square feet in the third quarter 2006.

Tenants moving into large blocks of space in 2007 include: Broadcom Corp. moving into 583,620 square feet at University Research Park on California Ave. in Irvine; CashCall Inc. moving into 127,750 square feet at 1600 Douglass Rd; and Arbonne moving into 89,410 square feet at 3 Park Plz.

The Class-A office market recorded net absorption of positive 59,766 square feet in the second quarter 2007, compared to positive 164,391 square feet in the first quarter 2007, negative (326,225) in the fourth quarter 2006, and positive 218,000 in the third quarter 2006.

The Class-B office market recorded net absorption of negative (149,345) square feet in the second quarter 2007, compared to positive 468,829 square feet in the first quarter 2007, positive

444,162 in the fourth quarter 2006, and positive 321,116 in the third quarter 2006.

The Class-C office market recorded net absorption of negative (138,147) square feet in the second quarter 2007 compared to positive 43,060 square feet in the first quarter 2007, negative (24,082) in the fourth quarter 2006, and positive 40,630 in the third quarter 2006.

Vacancy

The office vacancy rate in the Orange County market area increased to 8.4% at the end of the second quarter 2007. The vacancy rate was 7.6% at the end of the first quarter 2007, 7.1% at the end of the fourth quarter 2006, and 6.9% at the end of the third quarter 2006.

Class-A projects reported a vacancy rate of 9.8% at the end of the second quarter 2007, 9.0% at the end of the first quarter 2007, 8.6% at the end of the fourth quarter 2006, and 7.8% at the end of the third quarter 2006.

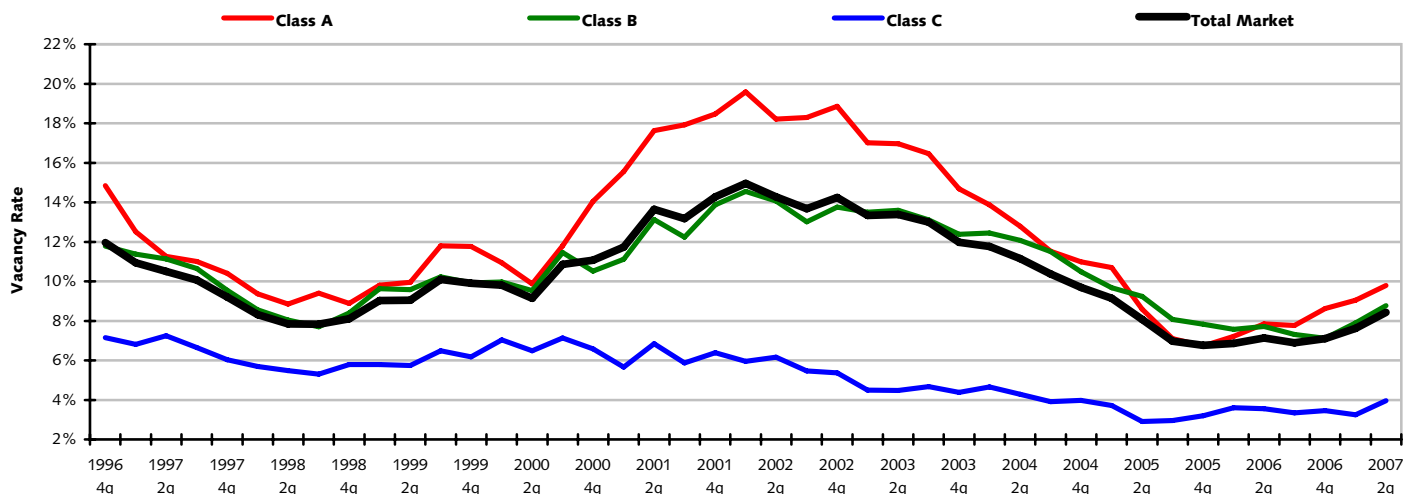
Class-B projects reported a vacancy rate of 8.8% at the end of the second quarter 2007, 7.9% at the end of the first quarter 2007, 7.1% at the end of the fourth quarter 2006, and 7.3% at the end of the third quarter 2006.

Class-C projects reported a vacancy rate of 4.0% at the end of the second quarter 2007, 3.2% at the end of first quarter 2007, 3.5% at the end of the fourth quarter 2006, and 3.3% at the end of the third quarter 2006.

Largest Lease Signings

The largest lease signings occurring in 2007 included: the 169,254-square-foot lease signed by Fluor Corp. in the Discovery

VACANCY RATES BY CLASS 1996-2007



Source: CoStar Property®



ORANGE COUNTY OFFICE MARKET

OVERVIEW

Business Center in the Irvine Spectrum; the 127,750-square-foot lease signed by CashCall Inc. at 1600 Douglass Rd in the Anaheim Stadium Area submarket; and the 89,650-square-foot lease signed by St. Jude's at Arrowhead/Perrier in the North County market.

Sublease Vacancy

The amount of vacant sublease space in the Orange County market decreased to 1,432,186 square feet by the end of the second quarter 2007, from 1,459,253 square feet at the end of the first quarter 2007. There was 1,597,389 square feet vacant at the end of the fourth quarter 2006 and 1,257,294 square feet at the end of the third quarter 2006.

Orange County's Class-A projects reported vacant sublease space of 728,444 square feet at the end of second quarter 2007, down from the 843,370 square feet reported at the end of the first quarter 2007. There was 975,911 square feet of sublease space vacant at the end of the fourth quarter 2006, and 671,328 square feet at the end of the third quarter 2006.

Class-B projects reported vacant sublease space of 649,662 square feet at the end of the second quarter 2007, up from the 565,728 square feet reported at the end of the first quarter 2007. At the end of the fourth quarter 2006 there was 611,609 square feet, and at the end of the third quarter 2006 there was 574,224 square feet vacant.

Class-C projects reported increased vacant sublease space from the first quarter 2007 to the second quarter 2007. Sublease vacancy went from 50,155 square feet to 54,080 square feet during that time. There was 9,869 square feet at the end of the fourth quarter 2006, and 11,742 square feet at the end of the third quarter 2006.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$31.58 per-square-foot per year at the end of the second quarter 2007 in the Orange County market area. This represented a 1.5% increase in quoted rental rates from the

end of the first quarter 2007, when rents were reported at \$31.10 per-square-foot.

The average quoted rate within the Class-A sector was \$35.50 at the end of the second quarter 2007, while Class-B rates stood at \$28.73, and Class-C rates at \$23.02. At the end of the first quarter 2007, Class-A rates were \$35.18 per-square-foot, Class-B rates were \$28.01, and Class-C rates were \$22.41.

Deliveries and Construction

During the second quarter 2007, 48 buildings totaling 949,519 square feet were completed in the Orange County market area. This compares to 28 buildings totaling 1,469,353 square feet that were completed in the first quarter 2007, 22 buildings totaling 436,512 square feet completed in the fourth quarter 2006, and 260,088 square feet in 6 buildings completed in the third quarter 2006.

There was 4,163,313 square feet of office space under construction at the end of the second quarter 2007.

Some of the notable 2007 deliveries include: 2211 Michelson Ave, a 266,603-square-foot facility that delivered in second quarter 2007 and is now 27% occupied, and Kia Motors America, a 236,000-square-foot building that delivered in first quarter 2007 and is now 100% occupied.

The largest projects underway at the end of second quarter 2007 were 3161 Michelson Dr, a 530,380-square-foot building with 61% of its space pre-leased, and Opus Center Irvine - Phase III, a 314,074-square-foot facility that is 14% pre-leased.

Inventory

Total office inventory in the Orange County market area amounted to 136,532,012 square feet in 4,770 buildings as of the end of the second quarter 2007. The Class-A office sector consisted of 47,077,189 square feet in 358 projects. There were 2,599 Class-B buildings totaling 69,712,363 square feet, and the Class-C sector consisted of 19,742,460 square feet in 1,813 buildings. Within the Office market there were 400 owner-occupied buildings accounting for 10,865,487 square feet of office space.

Sales Activity

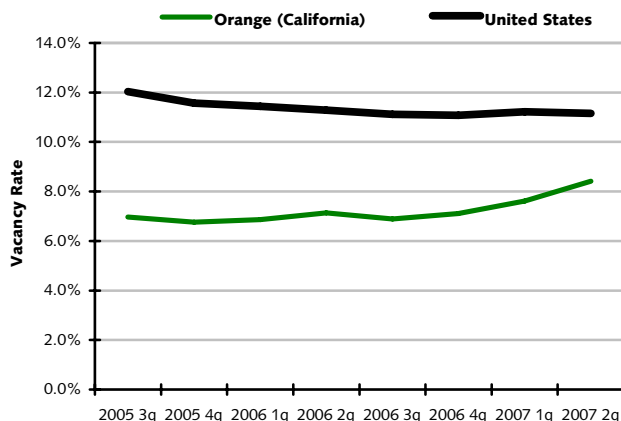
Tallying office building sales of 15,000 square feet or larger, Orange (California) office sales figures rose during the first quarter 2007 in terms of dollar volume compared to the fourth quarter of 2006.

In the first quarter, 22 office transactions closed with a total volume of \$397,007,000. The 22 buildings totaled 1,495,774 square feet and the average price per square foot equated to \$265.42 per square foot. That compares to 14 transactions totaling \$179,388,780 in the fourth quarter 2006. The total square footage in the fourth quarter was 660,935 square feet for an average price per square foot of \$271.42.

Total office building sales activity in 2007 was down compared to 2005. In the first three months of 2007, the market saw 22 office sales transactions with a total volume of \$397,007,000.

U.S. VACANCY COMPARISON

Past 8 Quarters



Source: CoStar Property

ORANGE COUNTY OFFICE MARKET



OVERVIEW

The price per square foot averaged \$265.42. In the same first three months of 2005, the market posted 24 transactions with a total volume of \$905,227,330. The price per square foot averaged \$285.61.

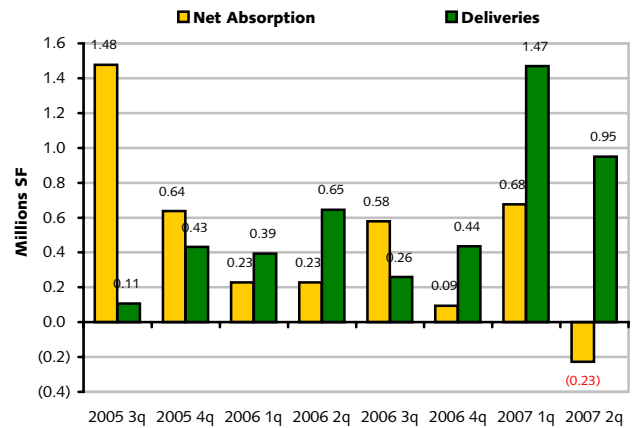
Cap rates have been higher in 2007, averaging 6.92% compared to the same period in 2005 when they averaged 6.14%.

One of the largest transactions that has occurred within the last 4 quarters in the Orange (California) market is the sale of Hutton Centre Tower in Santa Ana. This 210,041 square foot office building sold for \$64,125,000, or \$305.30 per square foot. The property sold on 3/26/2007, at a 7.00% cap rate.

Reports compiled by: Jan Rasmussen, CoStar Senior Research Manager, and Josh Ohl, CoStar **Senior Research Associate**

ABSORPTION & DELIVERIES

Past 8 Quarters



Source: CoStar Property•

ORANGE COUNTY OFFICE MARKET

MARKETS

CoSTAR MARKETS & SUBMARKETS

In analyzing metropolitan areas in the U.S., CoStar has developed geographic designations to help group properties together, called Regions, Markets and Submarkets. Regions are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are then divided into Markets, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Markets	Submarkets				
Airport Area	Airport Complex East Fountain Valley North Irvine	Airport Complex South Irvine Business Center South Coast Metro	Airport Complex West Newport Beach South Santa Ana	Costa Mesa Newport Center Tustin	
Central County	Anaheim Stadium Area Garden Grove Park Center	Chapman Ave Corridor Katella Ave Corridor Santa Ana Civic Center	Disneyland Area Katella North The City	Eastern Central County Lincoln Ave Corridor	
North County	Anaheim Hills Placentia/Yorba Linda	Brea	Buena Park	Fullerton Office Complex	
South County	Irvine Spectrum Outlying Orange County	Laguna San Clemente	Mission Viejo San Juan Capistrano	North Laguna Hills	
West County	Cypress/Los Alamitos Westminster Complex	Huntington Beach Complex	Seal Beach	West Huntington Beach	

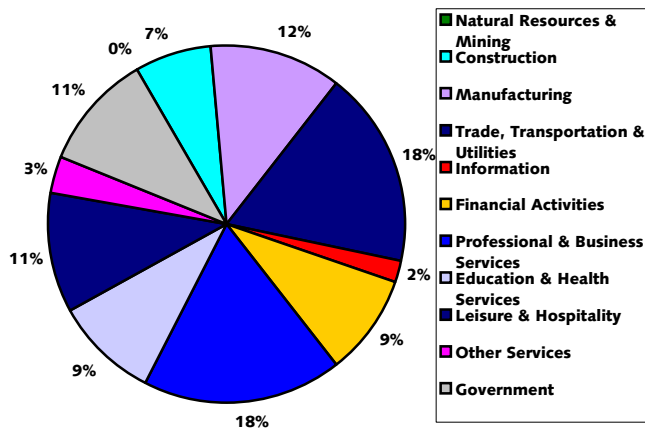
ORANGE COUNTY OFFICE MARKET



EMPLOYMENT AND TENANT

TOTAL EMPLOYMENT BY INDUSTRY

Percent of Total Employment by Industry



Source: Department of Labor, Bureau of Labor Statistics

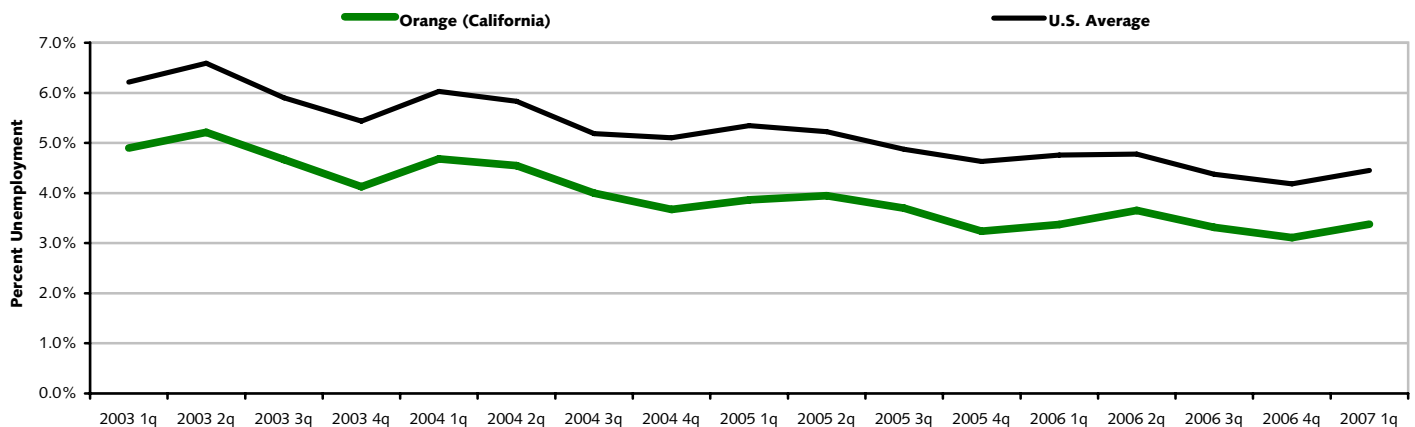
OFFICE* EMPLOYMENT GROWTH

Cumulative Growth in Office* Jobs Over the Past 5 Years

Market	Employment Growth	Inventory Growth	Difference
Atlanta	7.90%	5.10%	2.80%
Boston	5.20%	2.30%	2.90%
Chicago	7.00%	3.40%	3.60%
Dallas/Ft Worth	15.10%	5.40%	9.70%
Denver	6.50%	3.80%	2.70%
Los Angeles	5.80%	1.80%	4.00%
New York City	6.60%	1.20%	5.40%
Seattle/Puget Sound	13.30%	3.60%	9.70%
Tampa/St Petersburg	19.20%	6.60%	12.60%
Washington	12.60%	7.90%	4.70%
Orange (California)	10.20%	4.60%	5.60%

Source: Department of Labor, Bureau of Labor Statistics

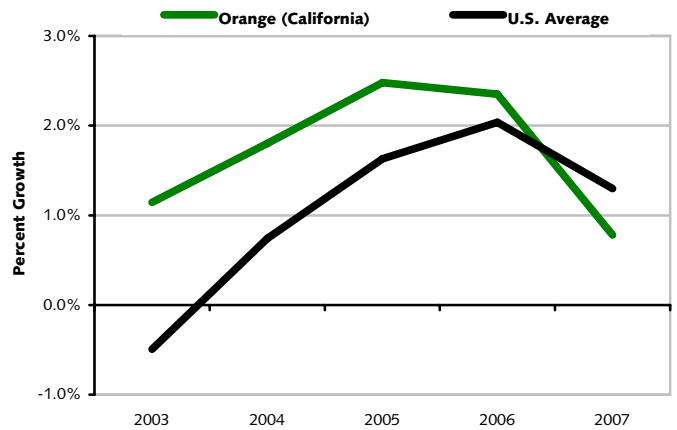
HISTORICAL UNEMPLOYMENT RATES



Source: Department of Labor, Bureau of Labor Statistics.

TOTAL EMPLOYMENT GROWTH

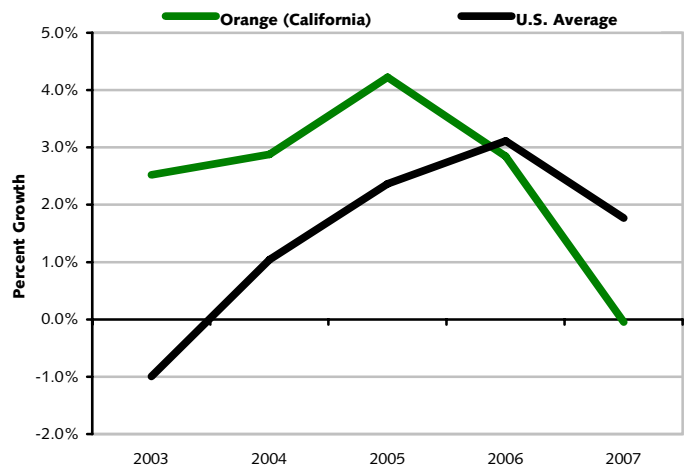
Total Number of Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics

OFFICE* EMPLOYMENT GROWTH

Number of Office* Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics. * Office employment is defined as jobs in the Information, Financial Activities, and Professional & Business Services industries

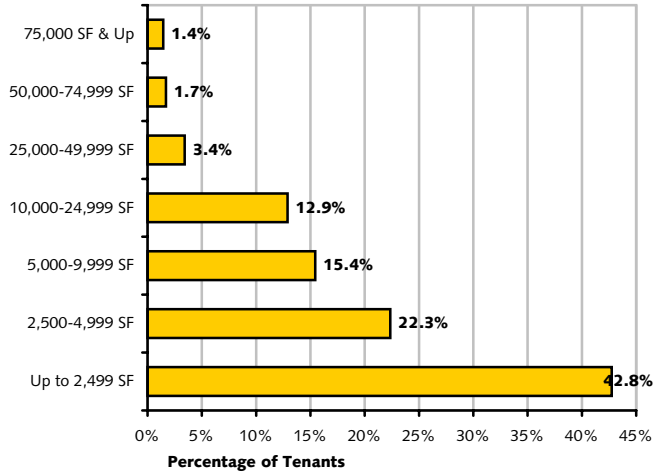


ORANGE COUNTY OFFICE MARKET

EMPLOYMENT AND TENANT

TENANT BY SIZE RANGE

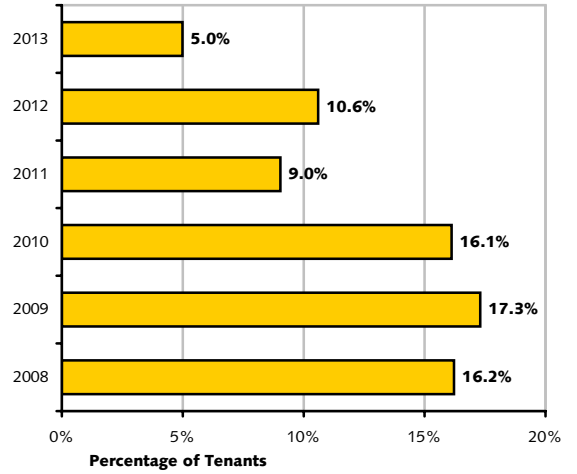
Based on Total Number of Tenants



Source: CoStar Tenant®

TENANTS BY LEASE EXPIRATION

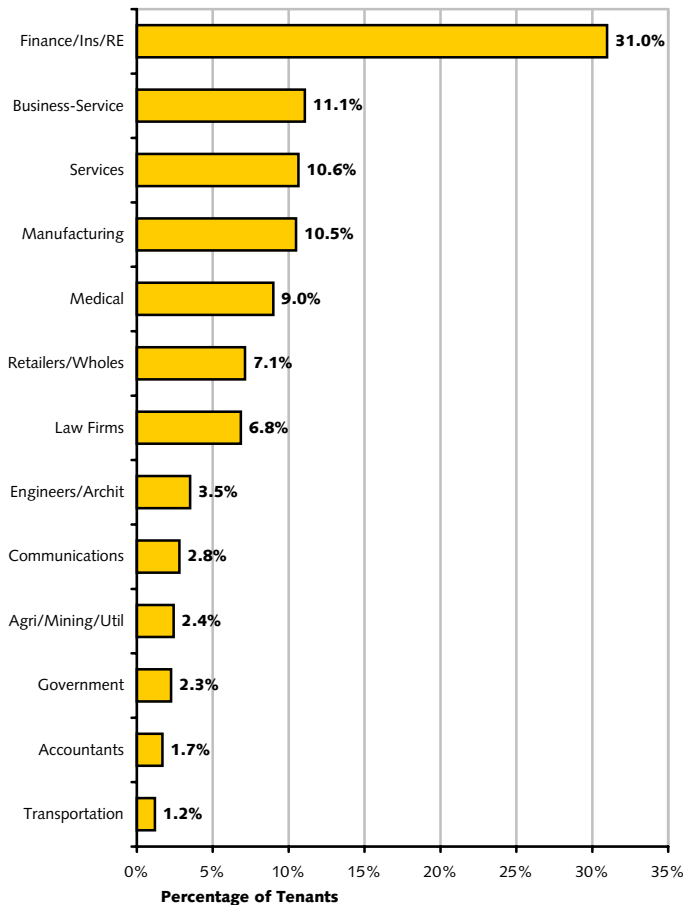
Based on Total Square Footage of Tenants



Source: CoStar Tenant®

TENANTS BY INDUSTRY

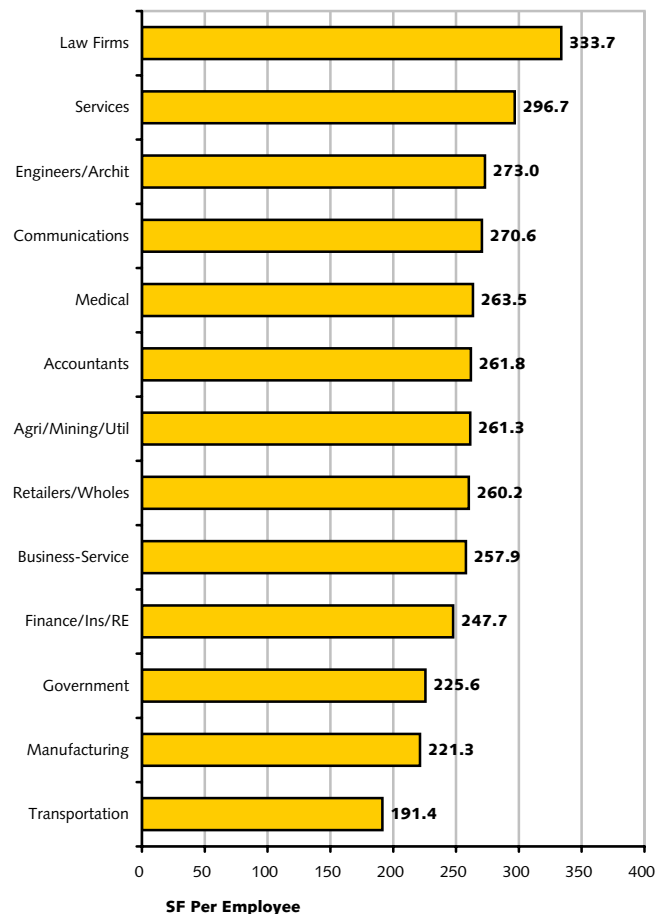
Based on Total Square Footage of Tenants



Source: CoStar Tenant®

SF PER EMPLOYEE BY INDUSTRY

Based on All Tenants



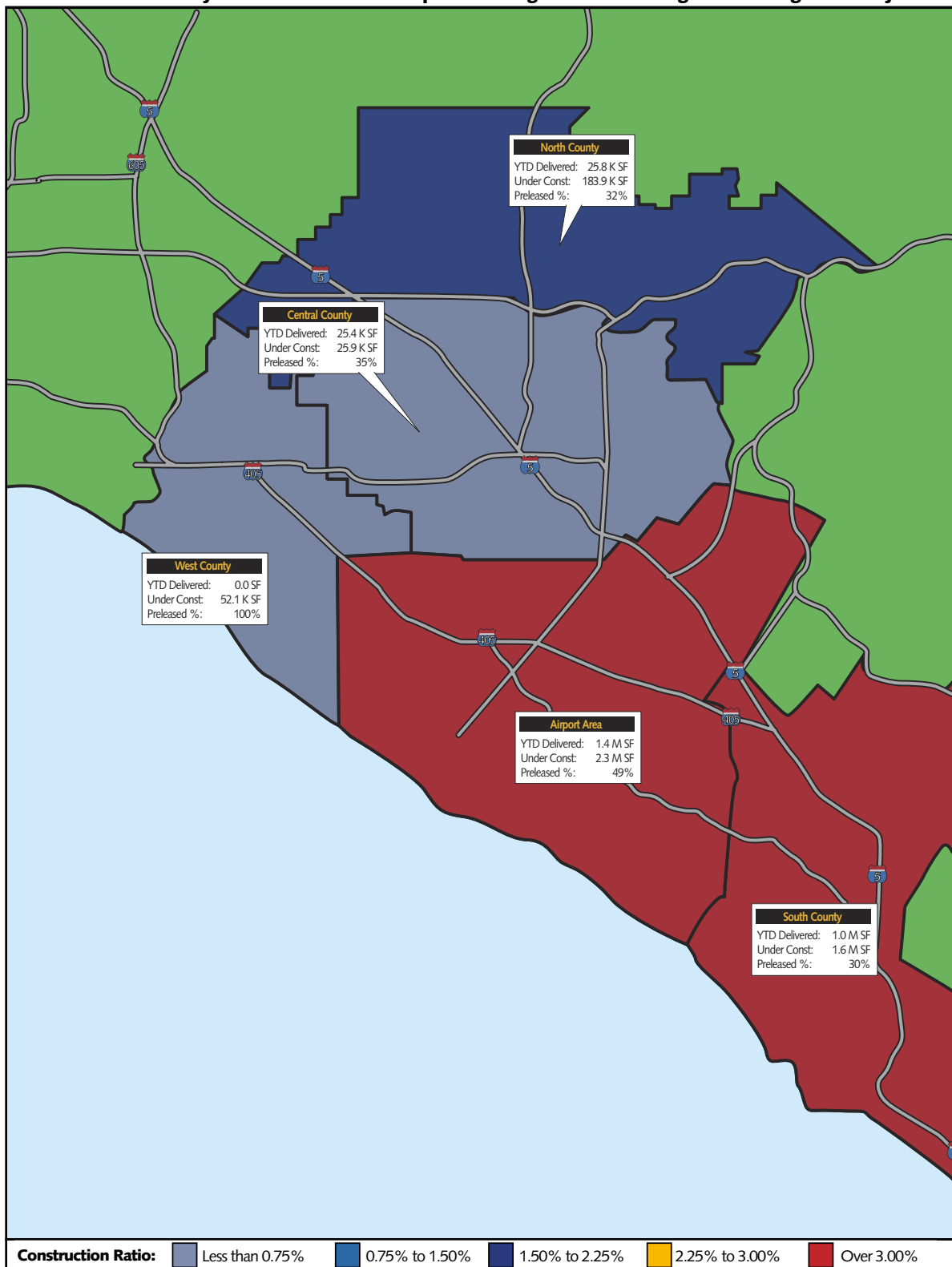
Source: CoStar Tenant®

ORANGE COUNTY OFFICE MARKET



INVENTORY & DEVELOPMENT

CONSTRUCTION HIGHLIGHTS IN SELECT CoSTAR MARKETS Color Coded by Under Construction Square Footage as a Percentage of Existing Inventory



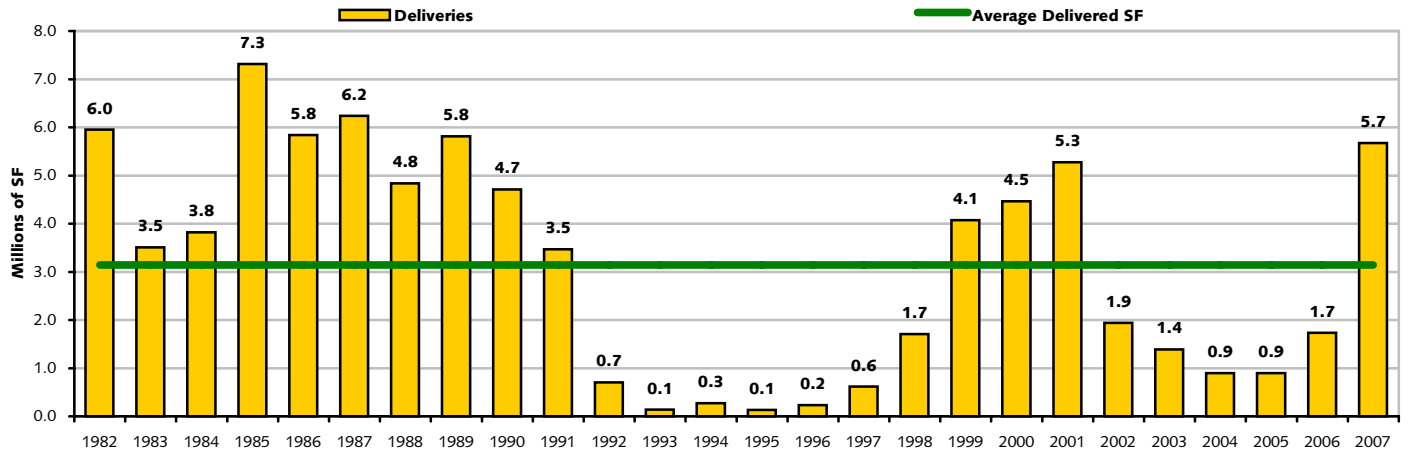
Source: CoStar Property®



ORANGE COUNTY OFFICE MARKET

INVENTORY & DEVELOPMENT

HISTORICAL DELIVERIES 1982 - 2007



Source: CoStar Property® * Future deliveries based on current under construction buildings.

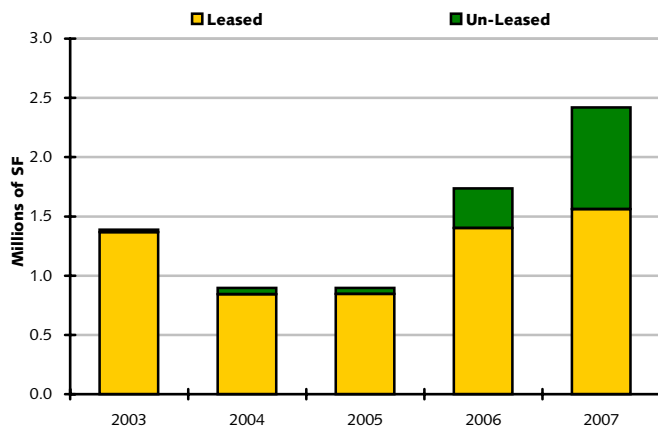
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Airport Area	18	2,278,169	1,112,302	48.8%	40,290	126,565
South County	90	1,623,248	494,405	30.5%	24,828	18,036
North County	3	183,884	58,287	31.7%	24,908	61,295
West County	2	52,129	52,129	100.0%	24,759	26,064
Central County	2	25,883	9,159	35.4%	21,758	12,941
Totals	115	4,163,313	1,726,282	41.5%	28,623	36,203

Source: CoStar Property®

RECENT DELIVERIES

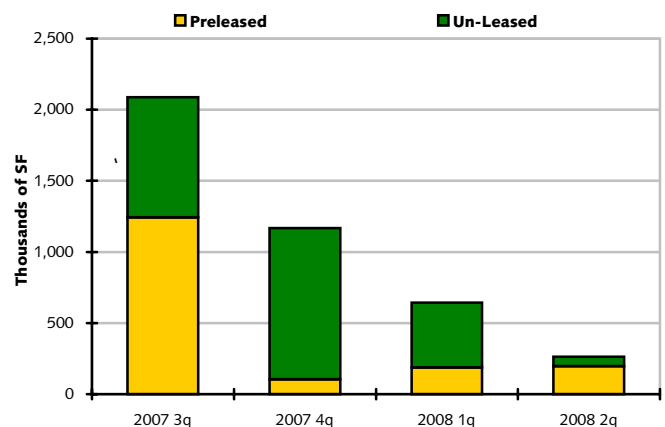
Leased & Un-Leased SF in Deliveries Since 2003



Source: CoStar Property®

FUTURE DELIVERIES

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

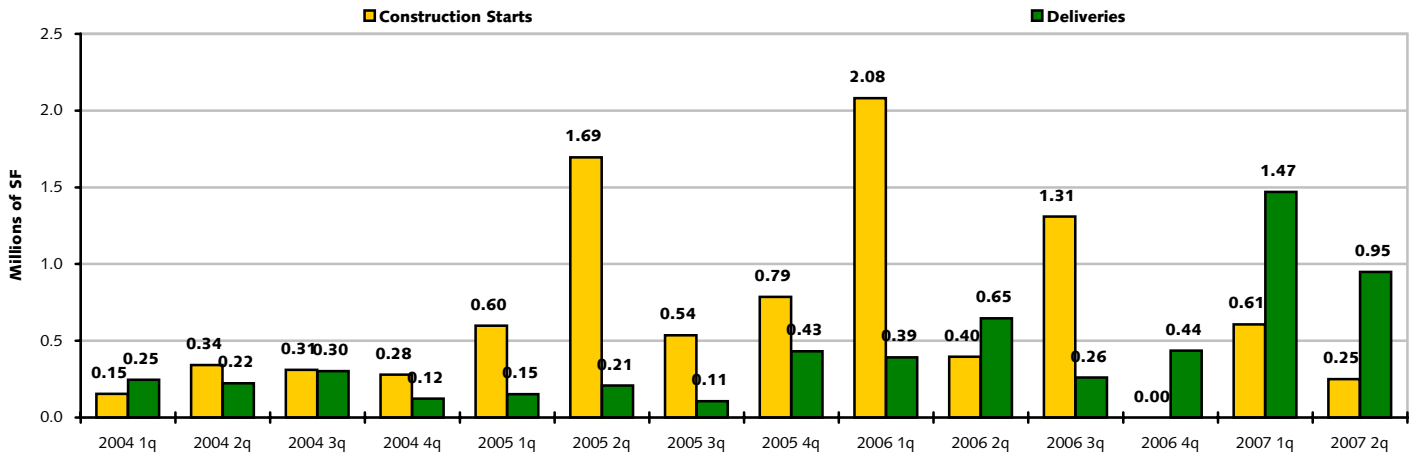
ORANGE COUNTY OFFICE MARKET



INVENTORY & DEVELOPMENT

HISTORICAL CONSTRUCTION STARTS & DELIVERIES

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

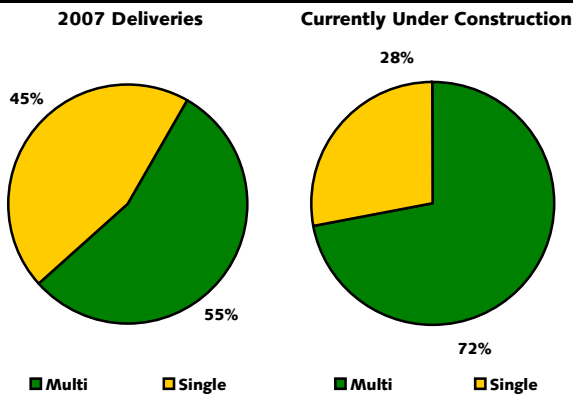
RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	59	695,235	395,382	56.9%	\$34.37	271,794	423,441
50,000 SF - 99,999 SF	12	839,070	612,933	73.0%	\$33.91	481,656	357,414
100,000 SF - 249,999 SF	4	617,964	480,764	77.8%	\$39.00	337,964	280,000
250,000 SF - 499,999 SF	1	266,603	71,983	27.0%	\$40.99	0	266,603
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: CoStar Property®

RECENT DEVELOPMENT BY TENANCY

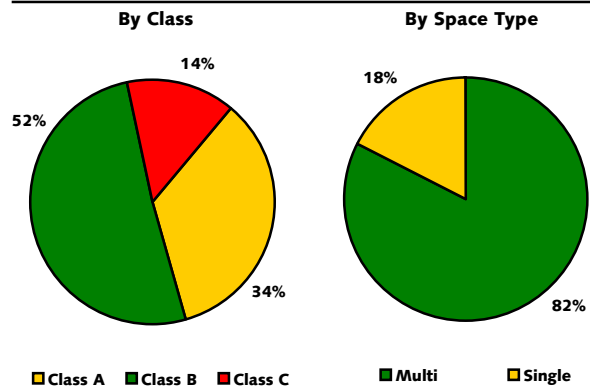
Based on RBA Developed for Single & Multi Tenant Use



Source: CoStar Property®

EXISTING INVENTORY COMPARISON

Based on Total RBA



Source: CoStar Property®



ORANGE COUNTY OFFICE MARKET

INVENTORY & DEVELOPMENT

SELECT YEAR-TO-DATE DELIVERIES

Based on Project Square Footage

- | | | |
|---|--|---|
| <p>1. 2211 Michelson Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 266,603
 # Floors: 12
 Class: A
 Occupied: 27%
 Quoted Rate: \$40.99
 Grnd Brk Date: First Quarter 2006
 Deliv Date: Second Quarter 2007
 Leasing Co: Orion Property Partners, Inc.
 Developer: Hines/Crescent Real Estate Equities
 Architect: DMJM Engineers & Constructors</p> | <p>2. Kia Motors America</p> <hr/> <p>Submarket: Airport Area
 RBA: 236,000
 # Floors: 2
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Third Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: Studley
 Developer: Snyder Langston Builders
 Architect: Skidmore, Owings & Merrill LLP</p> | <p>3. Summit Office Campus - Phase 5</p> <hr/> <p>Submarket: South County
 RBA: 140,000
 # Floors: 4
 Class: A
 Occupied: 2%
 Quoted Rate: \$39.00
 Grnd Brk Date: Fourth Quarter 2005
 Deliv Date: Second Quarter 2008
 Leasing Co: CB Richard Ellis
 Developer: AEW/Parker LLC
 Architect: Langdon Wilson</p> |
| <p>4. 26800 Crown Valley Pkwy</p> <hr/> <p>Submarket: South County
 RBA: 140,000
 # Floors: 5
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Third Quarter 2005
 Deliv Date: Second Quarter 2007
 Leasing Co: Pacific Medical Buildings
 Developer: N/A
 Architect: N/A</p> | <p>5. 5270 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 101,964
 # Floors: 3
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>6. 5260 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 90,900
 # Floors: 4
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> |
| <p>7. 5300 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 90,900
 # Floors: 4
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>8. 5271 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 80,364
 # Floors: 3
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>9. 5301 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 80,364
 # Floors: 3
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> |
| <p>10. Pacific Medical Plaza</p> <hr/> <p>Submarket: Airport Area
 RBA: 76,650
 # Floors: 4
 Class: A
 Occupied: 66%
 Quoted Rate: Negotiable
 Grnd Brk Date: Second Quarter 2006
 Deliv Date: First Quarter 2007
 Leasing Co: Colliers International
 Developer: N/A
 Architect: N/A</p> | <p>11. 5281 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 69,564
 # Floors: 3
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>12. 5291 California Ave</p> <hr/> <p>Submarket: Airport Area
 RBA: 69,564
 # Floors: 3
 Class: B
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> |
| <p>13. 15211 Laguna Canyon Rd</p> <hr/> <p>Submarket: South County
 RBA: 64,006
 # Floors: 2
 Class: A
 Occupied: 0%
 Quoted Rate: \$33.66
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>14. 15201 Laguna Canyon Rd</p> <hr/> <p>Submarket: South County
 RBA: 54,306
 # Floors: 2
 Class: A
 Occupied: 0%
 Quoted Rate: \$33.66
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> | <p>15. 15231 Laguna Canyon Rd</p> <hr/> <p>Submarket: South County
 RBA: 54,306
 # Floors: 2
 Class: A
 Occupied: 0%
 Quoted Rate: \$33.66
 Grnd Brk Date: Second Quarter 2005
 Deliv Date: First Quarter 2007
 Leasing Co: The Irvine Company
 Developer: The Irvine Company
 Architect: LPA, Inc.</p> |

ORANGE COUNTY OFFICE MARKET



INVENTORY & DEVELOPMENT

SELECT TOP UNDER CONSTRUCTION PROPERTIES

Based on Project Square Footage

- | | | |
|---|--|--|
| <p>1. 3161 Michelson Dr</p> <hr/> Submarket: Airport Area
RBA: 530,380
Floors: 20
Class: A
Preleased: 61%
Quoted Rate: \$46.20
Grnd Brk Date: Third Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: Maguire Properties
Developer: Maguire Properties
Architect: HKS Architects, Inc. | <p>2. Opus Center Irvine - Phase III</p> <hr/> Submarket: Airport Area
RBA: 314,074
Floors: 13
Class: A
Preleased: 14%
Quoted Rate: Negotiable
Grnd Brk Date: Third Quarter 2006
Deliv Date: Fourth Quarter 2007
Leasing Co: CB Richard Ellis
Developer: Opus/SPI Holdings Corporation
Architect: Langdon Wilson | <p>3. 40 Pacifica</p> <hr/> Submarket: South County
RBA: 312,187
Floors: 14
Class: A
Preleased: 0%
Quoted Rate: \$46.85
Grnd Brk Date: First Quarter 2006
Deliv Date: Fourth Quarter 2007
Leasing Co: The Irvine Company
Developer: The Irvine Company
Architect: LPA Irvine |
| <p>4. 20 Pacifica</p> <hr/> Submarket: South County
RBA: 312,184
Floors: 14
Class: A
Preleased: 0%
Quoted Rate: \$46.85
Grnd Brk Date: First Quarter 2006
Deliv Date: Fourth Quarter 2007
Leasing Co: The Irvine Company
Developer: The Irvine Company
Architect: LPA Irvine | <p>5. Irvine Center Towers</p> <hr/> Submarket: Airport Area
RBA: 236,273
Floors: 10
Class: A
Preleased: 2%
Quoted Rate: \$42.10
Grnd Brk Date: Fourth Quarter 2005
Deliv Date: Third Quarter 2007
Leasing Co: The Irvine Company
Developer: The Irvine Company
Architect: Ware Malcomb | <p>6. Washington Mutual Campus - Bldg F</p> <hr/> Submarket: Airport Area
RBA: 151,370
Floors: 5
Class: B
Preleased: 0%
Quoted Rate: \$38.22
Grnd Brk Date: Third Quarter 2006
Deliv Date: Fourth Quarter 2007
Leasing Co: Maguire Properties
Developer: Maguire Properties
Architect: Callison Architecture, Inc. |
| <p>7. Summit Office Campus - Phase 5</p> <hr/> Submarket: South County
RBA: 120,000
Floors: 4
Class: A
Preleased: 2%
Quoted Rate: \$39.00
Grnd Brk Date: Fourth Quarter 2005
Deliv Date: Third Quarter 2007
Leasing Co: CB Richard Ellis
Developer: AEW/Parker LLC
Architect: Langdon Wilson | <p>8. Summit Office Campus - Phase 6</p> <hr/> Submarket: South County
RBA: 116,000
Floors: 4
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2007
Deliv Date: Second Quarter 2008
Leasing Co: CB Richard Ellis
Developer: Parker Properties, LP
Architect: Langdon Wilson | <p>9. Impac Center - Bldg 5</p> <hr/> Submarket: Airport Area
RBA: 108,000
Floors: 4
Class: A
Preleased: 73%
Quoted Rate: Negotiable
Grnd Brk Date: Second Quarter 2007
Deliv Date: Second Quarter 2008
Leasing Co: Cushman & Wakefield Inc.
Developer: Dorn Platz
Architect: Ware Malcomb |
| <p>10. 5290 California Ave</p> <hr/> Submarket: Airport Area
RBA: 101,964
Floors: 3
Class: B
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: Second Quarter 2005
Deliv Date: Third Quarter 2007
Leasing Co: The Irvine Company
Developer: The Irvine Company
Architect: LPA, Inc. | <p>11. Orange County Campus-Spectrum 7 - Building 1</p> <hr/> Submarket: Airport Area
RBA: 100,000
Floors: 3
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: The Capital Group Companies, Inc.
Developer: N/A
Architect: N/A | <p>12. Orange County Campus-Spectrum 7 - Building 2</p> <hr/> Submarket: Airport Area
RBA: 100,000
Floors: 3
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: The Capital Group Companies, Inc.
Developer: N/A
Architect: N/A |
| <p>13. Orange County Campus-Spectrum 7 - Building 3</p> <hr/> Submarket: Airport Area
RBA: 100,000
Floors: 3
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: The Capital Group Companies, Inc.
Developer: N/A
Architect: N/A | <p>14. Orange County Campus-Spectrum 7 - Building 4</p> <hr/> Submarket: Airport Area
RBA: 100,000
Floors: 3
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: The Capital Group Companies, Inc.
Developer: N/A
Architect: N/A | <p>15. Orange County Campus-Spectrum 7 - Building 5</p> <hr/> Submarket: Airport Area
RBA: 100,000
Floors: 3
Class: A
Preleased: 100%
Quoted Rate: N/A
Grnd Brk Date: First Quarter 2006
Deliv Date: Third Quarter 2007
Leasing Co: The Capital Group Companies, Inc.
Developer: N/A
Architect: N/A |

ORANGE COUNTY OFFICE MARKET

FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	152	25,028,118	2,291,366	2,770,373	11.1%	64,982	397,559	1,738,727	\$36.83
Central County	62	8,606,464	527,439	646,633	7.5%	102,111	0	25,883	\$31.21
North County	25	2,788,599	113,808	116,070	4.2%	(53,901)	0	0	\$29.83
South County	98	8,338,469	825,198	921,469	11.1%	101,151	441,802	973,847	\$37.15
West County	21	2,315,539	119,229	150,939	6.5%	9,814	0	0	\$30.48
Totals	358	47,077,189	3,877,040	4,605,484	9.8%	224,157	839,361	2,738,457	\$35.50

Source: CoStar Property®

CLASS B MARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	975	28,790,250	2,186,211	2,455,497	8.5%	564,302	954,135	539,442	\$29.61
Central County	540	13,689,218	856,678	990,770	7.2%	(29,641)	22,448	0	\$25.38
North County	215	6,965,963	418,882	450,644	6.5%	(2,934)	25,822	183,884	\$27.23
South County	702	16,164,616	1,696,877	1,858,735	11.5%	(115,113)	574,106	649,401	\$30.67
West County	167	4,102,316	302,944	355,608	8.7%	(97,130)	0	52,129	\$21.36
Totals	2,599	69,712,363	5,461,592	6,111,254	8.8%	319,484	1,576,511	1,424,856	\$28.73

Source: CoStar Property®

CLASS C MARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	324	4,643,139	183,261	194,518	4.2%	48,055	0	0	\$24.50
Central County	815	8,535,906	322,394	362,017	4.2%	(106,188)	3,000	0	\$20.80
North County	249	2,425,606	89,523	89,523	3.7%	(1,036)	0	0	\$24.06
South County	278	2,261,365	91,882	91,882	4.1%	(9,354)	0	0	\$27.78
West County	147	1,876,444	40,538	43,738	2.3%	(26,564)	0	0	\$22.25
Totals	1,813	19,742,460	727,598	781,678	4.0%	(95,087)	3,000	0	\$23.02

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	1,451	58,461,507	4,660,838	5,420,388	9.3%	677,339	1,351,694	2,278,169	\$33.05
Central County	1,417	30,831,588	1,706,511	1,999,420	6.5%	(33,718)	25,448	25,883	\$27.45
North County	489	12,180,168	622,213	656,237	5.4%	(57,871)	25,822	183,884	\$27.73
South County	1,078	26,764,450	2,613,957	2,872,086	10.7%	(23,316)	1,015,908	1,623,248	\$33.66
West County	335	8,294,299	462,711	550,285	6.6%	(113,880)	0	52,129	\$24.61
Totals	4,770	136,532,012	10,066,230	11,498,416	8.4%	448,554	2,418,872	4,163,313	\$31.58

Source: CoStar Property®

ORANGE COUNTY OFFICE MARKET



FIGURES AT A GLANCE

CLASS A SUBMARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Complex East	46	8,499,791	1,186,728	1,387,738	16.3%	(1,077)	266,603	874,653	\$36.12
Airport Complex South	3	627,362	1,856	6,118	1.0%	(2,438)	0	0	\$33.36
Airport Complex West	0	0	0	0	0.0%	0	0	0	\$0.00
Anaheim Hills	2	117,422	4,668	4,668	4.0%	(4,668)	0	0	\$28.20
Anaheim Stadium Area	12	1,790,488	96,262	154,741	8.6%	140,580	0	0	\$30.21
Brea	12	1,397,904	71,225	71,225	5.1%	(41,829)	0	0	\$32.11
Buena Park	5	549,095	35,945	38,207	7.0%	(7,404)	0	0	\$23.85
Chapman Ave Corridor	7	1,065,016	73,210	73,210	6.9%	19,807	0	0	\$27.97
Costa Mesa	1	76,650	33,108	33,108	43.2%	43,542	76,650	0	\$0.00
Cypress/Los Alamitos	7	810,810	30,164	45,727	5.6%	5,861	0	0	\$26.30
Disneyland Area	3	482,202	101,624	105,554	21.9%	(37,522)	0	0	\$26.72
Eastern Central County	6	976,252	11,995	46,361	4.7%	(1,348)	0	0	\$32.56
Fountain Valley	4	256,647	19,198	19,198	7.5%	(11,604)	0	0	\$29.13
Fullerton Office Complex	2	261,750	1,970	1,970	0.8%	0	0	0	\$32.40
Garden Grove	4	247,552	12,642	12,642	5.1%	6,955	0	0	\$22.26
Huntington Beach Complex	6	651,053	54,503	65,624	10.1%	7,361	0	0	\$32.31
Irvine Business Center	26	5,138,826	349,782	399,778	7.8%	62,264	0	314,074	\$37.58
Irvine Spectrum	29	2,801,295	315,887	347,571	12.4%	(4,809)	261,802	737,847	\$41.50
Katella Ave Corridor	0	0	0	0	0.0%	0	0	0	\$0.00
Katella North	1	64,812	11,424	11,424	17.6%	10,178	0	0	\$23.49
Laguna	22	2,072,710	298,564	309,611	14.9%	23,797	140,000	236,000	\$37.67
Lincoln Ave Corridor	0	0	0	0	0.0%	0	0	0	\$0.00
Mission Viejo	21	1,454,921	86,967	106,019	7.3%	79,705	0	0	\$28.09
Newport Beach	0	0	0	0	0.0%	0	0	0	\$0.00
Newport Center	21	2,476,503	72,802	94,027	3.8%	40,565	0	0	\$47.78
North Irvine	9	967,080	8,488	19,337	2.0%	79,740	54,306	550,000	\$31.55
North Laguna Hills	12	887,783	21,357	27,510	3.1%	4,189	0	0	\$29.23
Outlying Orange County	11	908,760	102,423	130,758	14.4%	(1,731)	40,000	0	\$31.50
Park Center	4	844,736	43,750	52,536	6.2%	5,982	0	20,395	\$32.75
Placentia/Yorba Linda	4	462,428	0	0	0.0%	0	0	0	\$25.32
San Clemente	3	213,000	0	0	0.0%	0	0	0	\$28.20
San Juan Capistrano	0	0	0	0	0.0%	0	0	0	\$0.00
Santa Ana Civic Center	15	1,175,675	46,353	46,353	3.9%	16,959	0	5,488	\$22.67
Seal Beach	4	316,911	25,700	30,726	9.7%	(22,647)	0	0	\$36.37
South Coast Metro	37	6,319,359	619,404	811,069	12.8%	(146,010)	0	0	\$36.54
South Santa Ana	3	575,900	0	0	0.0%	0	0	0	\$0.00
The City	10	1,959,731	130,179	143,812	7.3%	(59,480)	0	0	\$34.63
Tustin	2	90,000	0	0	0.0%	0	0	0	\$0.00
West Huntington Beach	1	235,000	0	0	0.0%	0	0	0	\$0.00
Westminster Complex	3	301,765	8,862	8,862	2.9%	19,239	0	0	\$25.80
Totals	358	47,077,189	3,877,040	4,605,484	9.8%	224,157	839,361	2,738,457	\$35.50

Source: CoStar Property®



ORANGE COUNTY OFFICE MARKET

FIGURES AT A GLANCE

CLASS B SUBMARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Complex East	174	4,806,729	306,928	342,547	7.1%	(49,125)	0	0	\$27.03
Airport Complex South	41	847,574	32,235	36,723	4.3%	12,739	13,380	0	\$32.75
Airport Complex West	52	1,006,217	208,635	210,979	21.0%	(58,036)	12,849	0	\$27.59
Anaheim Hills	18	441,005	31,418	31,418	7.1%	(1,536)	0	0	\$22.49
Anaheim Stadium Area	22	843,917	27,770	63,556	7.5%	23,183	0	0	\$21.01
Brea	83	3,084,408	245,019	268,683	8.7%	(42,734)	0	183,884	\$29.47
Buena Park	19	666,898	28,208	28,208	4.2%	38,956	25,822	0	\$21.88
Chapman Ave Corridor	60	1,300,732	33,419	35,129	2.7%	1,634	0	0	\$23.73
Costa Mesa	51	836,043	17,625	23,625	2.8%	(10,379)	0	0	\$20.37
Cypress/Los Alamitos	47	1,429,226	146,418	146,418	10.2%	(51,590)	0	12,129	\$21.46
Disneyland Area	28	1,005,470	64,358	64,358	6.4%	377	0	0	\$21.30
Eastern Central County	44	1,157,996	146,789	148,729	12.8%	(35,626)	0	0	\$23.83
Fountain Valley	55	1,973,696	220,053	222,625	11.3%	(26,963)	0	0	\$20.84
Fullerton Office Complex	58	1,809,718	56,321	56,321	3.1%	(4,001)	0	0	\$24.32
Garden Grove	43	800,581	43,737	43,737	5.5%	(12,964)	0	0	\$21.73
Huntington Beach Complex	46	939,958	67,326	67,326	7.2%	10,523	0	0	\$20.08
Irvine Business Center	190	6,147,189	641,071	750,300	12.2%	(264,340)	0	151,370	\$28.28
Irvine Spectrum	170	5,065,533	963,314	1,034,856	20.4%	(487,514)	287,129	502,462	\$31.32
Katella Ave Corridor	34	889,236	39,143	45,293	5.1%	6,860	0	0	\$21.09
Katella North	55	1,528,129	59,919	98,120	6.4%	5,651	0	0	\$23.35
Laguna	85	2,456,333	102,044	137,931	5.6%	(27,117)	0	31,500	\$29.51
Lincoln Ave Corridor	27	679,396	13,735	13,735	2.0%	13,231	0	0	\$16.73
Mission Viejo	158	3,694,415	216,004	248,748	6.7%	222,361	140,000	57,000	\$28.53
Newport Beach	59	1,447,549	28,892	28,892	2.0%	(6,323)	0	0	\$45.03
Newport Center	60	1,242,920	46,284	69,951	5.6%	(18,622)	0	40,000	\$43.76
North Irvine	130	5,096,405	243,815	325,492	6.4%	858,098	860,926	184,550	\$34.12
North Laguna Hills	136	2,212,497	246,690	258,843	11.7%	96,009	123,977	4,950	\$30.90
Outlying Orange County	51	854,316	58,334	58,334	6.8%	20,229	23,000	53,489	\$31.72
Park Center	105	2,758,114	147,202	178,107	6.5%	(9,437)	22,448	0	\$23.36
Placentia/Yorba Linda	37	963,934	57,916	66,014	6.8%	6,381	0	0	\$23.39
San Clemente	50	903,074	63,800	71,236	7.9%	22,441	0	0	\$26.33
San Juan Capistrano	52	978,448	46,691	48,787	5.0%	38,478	0	0	\$36.01
Santa Ana Civic Center	116	2,273,711	186,019	205,419	9.0%	9,803	0	0	\$31.57
Seal Beach	3	144,378	0	0	0.0%	0	0	0	\$0.00
South Coast Metro	75	2,797,149	155,547	158,157	5.7%	(51,110)	0	0	\$29.81
South Santa Ana	50	1,165,076	90,869	90,869	7.8%	10,817	0	0	\$23.23
The City	6	451,936	94,587	94,587	20.9%	(32,353)	0	0	\$31.18
Tustin	38	1,423,703	194,257	195,337	13.7%	167,546	66,980	163,522	\$29.41
West Huntington Beach	25	432,828	52,518	52,518	12.1%	(11,743)	0	40,000	\$18.82
Westminster Complex	46	1,155,926	36,682	89,346	7.7%	(44,320)	0	0	\$23.35
Totals	2,599	69,712,363	5,461,592	6,111,254	8.8%	319,484	1,576,511	1,424,856	\$28.73

Source: CoStar Property®

ORANGE COUNTY OFFICE MARKET



FIGURES AT A GLANCE

CLASS C SUBMARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Complex East	34	662,168	7,861	7,861	1.2%	8,769	0	0	\$28.38
Airport Complex South	8	97,576	1,200	1,200	1.2%	660	0	0	\$22.34
Airport Complex West	13	174,430	6,049	7,586	4.3%	12,312	0	0	\$21.86
Anaheim Hills	10	61,296	4,900	4,900	8.0%	(4,900)	0	0	\$27.78
Anaheim Stadium Area	12	291,805	2,231	2,231	0.8%	(956)	0	0	\$19.78
Brea	58	492,054	39,366	39,366	8.0%	2,590	0	0	\$19.86
Buena Park	35	387,695	1,200	1,200	0.3%	0	0	0	\$21.60
Chapman Ave Corridor	52	420,688	10,701	10,701	2.5%	(4,305)	0	0	\$23.84
Costa Mesa	53	564,063	32,582	33,582	6.0%	16,211	0	0	\$21.34
Cypress/Los Alamitos	42	712,431	22,348	25,548	3.6%	(22,348)	0	0	\$23.41
Disneyland Area	47	520,522	43,260	43,260	8.3%	(1,505)	0	0	\$27.20
Eastern Central County	38	486,016	25,667	25,667	5.3%	(12,765)	0	0	\$18.76
Fountain Valley	37	541,989	8,988	8,988	1.7%	9,229	0	0	\$16.67
Fullerton Office Complex	87	733,932	31,700	31,700	4.3%	(11,663)	0	0	\$33.29
Garden Grove	118	1,149,857	44,090	79,671	6.9%	(56,616)	0	0	\$20.28
Huntington Beach Complex	35	457,737	7,545	7,545	1.6%	(6,345)	0	0	\$23.87
Irvine Business Center	16	364,341	62,100	62,100	17.0%	(2,858)	0	0	\$24.89
Irvine Spectrum	25	161,357	3,584	3,584	2.2%	500	0	0	\$23.86
Katella Ave Corridor	15	175,981	8,364	8,364	4.8%	(8,364)	0	0	\$19.75
Katella North	84	830,078	12,444	14,594	1.8%	(10,500)	0	0	\$17.70
Laguna	33	261,825	0	0	0.0%	3,862	0	0	\$36.12
Lincoln Ave Corridor	33	229,101	4,314	4,314	1.9%	(3,277)	0	0	\$18.95
Mission Viejo	54	547,684	9,340	9,340	1.7%	(602)	0	0	\$28.05
Newport Beach	66	825,737	11,314	12,034	1.5%	1,574	0	0	\$36.52
Newport Center	11	209,986	225	225	0.1%	2,444	0	0	\$27.00
North Irvine	21	191,471	0	0	0.0%	0	0	0	\$0.00
North Laguna Hills	53	475,084	28,437	28,437	6.0%	3,528	0	0	\$25.00
Outlying Orange County	0	0	0	0	0.0%	0	0	0	\$0.00
Park Center	230	2,865,830	145,434	147,326	5.1%	228	3,000	0	\$20.26
Placentia/Yorba Linda	59	750,629	12,357	12,357	1.6%	12,937	0	0	\$21.44
San Clemente	51	287,444	30,051	30,051	10.5%	(10,356)	0	0	\$27.31
San Juan Capistrano	62	527,971	20,470	20,470	3.9%	(6,286)	0	0	\$33.05
Santa Ana Civic Center	185	1,556,028	25,889	25,889	1.7%	(8,128)	0	0	\$19.51
Seal Beach	15	124,696	1,793	1,793	1.4%	(1,793)	0	0	\$30.69
South Coast Metro	21	567,858	20,554	20,554	3.6%	6,197	0	0	\$21.72
South Santa Ana	37	362,866	31,660	39,660	10.9%	(5,755)	0	0	\$20.10
The City	1	10,000	0	0	0.0%	0	0	0	\$0.00
Tustin	7	80,654	728	728	0.9%	(728)	0	0	\$25.20
West Huntington Beach	14	163,852	6,740	6,740	4.1%	(4,822)	0	0	\$16.17
Westminster Complex	41	417,728	2,112	2,112	0.5%	8,744	0	0	\$20.99
Totals	1,813	19,742,460	727,598	781,678	4.0%	(95,087)	3,000	0	\$23.02

Source: CoStar Property®

ORANGE COUNTY OFFICE MARKET

FIGURES AT A GLANCE

TOTAL OFFICE SUBMARKET STATISTICS

Mid-Year 2007

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Complex East	254	13,968,688	1,501,517	1,738,146	12.4%	(41,433)	266,603	874,653	\$34.15
Airport Complex South	52	1,572,512	35,291	44,041	2.8%	10,961	13,380	0	\$32.75
Airport Complex West	65	1,180,647	214,684	218,565	18.5%	(45,724)	12,849	0	\$27.24
Anaheim Hills	30	619,723	40,986	40,986	6.6%	(11,104)	0	0	\$23.42
Anaheim Stadium Area	46	2,926,210	126,263	220,528	7.5%	162,807	0	0	\$28.15
Brea	153	4,974,366	355,610	379,274	7.6%	(81,973)	0	183,884	\$29.80
Buena Park	59	1,603,688	65,353	67,615	4.2%	31,552	25,822	0	\$23.13
Chapman Ave Corridor	119	2,786,436	117,330	119,040	4.3%	17,136	0	0	\$25.63
Costa Mesa	105	1,476,756	83,315	90,315	6.1%	49,374	76,650	0	\$20.97
Cypress/Los Alamitos	96	2,952,467	198,930	217,693	7.4%	(68,077)	0	12,129	\$22.76
Disneyland Area	78	2,008,194	209,242	213,172	10.6%	(38,650)	0	0	\$25.03
Eastern Central County	88	2,620,264	184,451	220,757	8.4%	(49,739)	0	0	\$26.75
Fountain Valley	96	2,772,332	248,239	250,811	9.0%	(29,338)	0	0	\$21.45
Fullerton Office Complex	147	2,805,400	89,991	89,991	3.2%	(15,664)	0	0	\$26.11
Garden Grove	165	2,197,990	100,469	136,050	6.2%	(62,625)	0	0	\$21.06
Huntington Beach Complex	87	2,048,748	129,374	140,495	6.9%	11,539	0	0	\$26.65
Irvine Business Center	232	11,650,356	1,052,953	1,212,178	10.4%	(204,934)	0	465,444	\$32.01
Irvine Spectrum	224	8,028,185	1,282,785	1,386,011	17.3%	(491,823)	548,931	1,240,309	\$36.15
Katella Ave Corridor	49	1,065,217	47,507	53,657	5.0%	(1,504)	0	0	\$20.94
Katella North	140	2,423,019	83,787	124,138	5.1%	5,329	0	0	\$22.54
Laguna	140	4,790,868	400,608	447,542	9.3%	542	140,000	267,500	\$35.52
Lincoln Ave Corridor	60	908,497	18,049	18,049	2.0%	9,954	0	0	\$17.08
Mission Viejo	233	5,697,020	312,311	364,107	6.4%	301,464	140,000	57,000	\$28.31
Newport Beach	125	2,273,286	40,206	40,926	1.8%	(4,749)	0	0	\$42.20
Newport Center	92	3,929,409	119,311	164,203	4.2%	24,387	0	40,000	\$46.11
North Irvine	160	6,254,956	252,303	344,829	5.5%	937,838	915,232	734,550	\$33.80
North Laguna Hills	201	3,575,364	296,484	314,790	8.8%	103,726	123,977	4,950	\$30.15
Outlying Orange County	62	1,763,076	160,757	189,092	10.7%	18,498	63,000	53,489	\$31.54
Park Center	339	6,468,680	336,386	377,969	5.8%	(3,227)	25,448	20,395	\$23.39
Placentia/Yorba Linda	100	2,176,991	70,273	78,371	3.6%	19,318	0	0	\$23.46
San Clemente	104	1,403,518	93,851	101,287	7.2%	12,085	0	0	\$26.53
San Juan Capistrano	114	1,506,419	67,161	69,257	4.6%	32,192	0	0	\$35.31
Santa Ana Civic Center	316	5,005,414	258,261	277,661	5.5%	18,634	0	5,488	\$27.91
Seal Beach	22	585,985	27,493	32,519	5.5%	(24,440)	0	0	\$36.20
South Coast Metro	133	9,684,366	795,505	989,780	10.2%	(190,923)	0	0	\$34.76
South Santa Ana	90	2,103,842	122,529	130,529	6.2%	5,062	0	0	\$22.41
The City	17	2,421,667	224,766	238,399	9.8%	(91,833)	0	0	\$33.83
Tustin	47	1,594,357	194,985	196,065	12.3%	166,818	66,980	163,522	\$29.40
West Huntington Beach	40	831,680	59,258	59,258	7.1%	(16,565)	0	40,000	\$18.42
Westminster Complex	90	1,875,419	47,656	100,320	5.3%	(16,337)	0	0	\$23.97
Totals	4,770	136,532,012	10,066,230	11,498,416	8.4%	448,554	2,418,872	4,163,313	\$31.58

Source: CoStar Property®

ORANGE COUNTY OFFICE MARKET



FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

Mid-Year 2007

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2007 2q	358	47,077,189	3,877,040	4,605,484	9.8%	59,766	3	446,603	18	2,738,457	\$35.50
2007 1q	355	46,630,586	3,375,277	4,218,647	9.0%	164,391	7	392,758	20	3,077,060	\$35.18
2006 4q	348	46,237,828	3,014,369	3,990,280	8.6%	(326,225)	1	78,368	23	3,234,854	\$33.61
2006 3q	347	46,159,460	2,914,359	3,585,687	7.8%	218,000	1	200,000	24	3,313,222	\$32.52
2006 2q	346	45,959,460	2,873,227	3,603,687	7.8%	(28,011)	2	278,000	23	2,668,768	\$32.05
2006 1q	344	45,681,460	2,650,727	3,297,676	7.2%	(103,272)	1	131,687	24	2,870,118	\$30.81
2005 4q	343	45,549,773	2,602,720	3,062,717	6.7%	373,041	2	220,000	15	1,520,831	\$29.90
2005 3q	341	45,329,773	2,799,036	3,215,758	7.1%	677,710	0	0	12	1,145,795	\$28.99
2005 2q	341	45,329,773	3,403,355	3,893,468	8.6%	956,852	0	0	12	1,145,795	\$27.90
2005 1q	341	45,329,773	4,054,371	4,850,320	10.7%	133,178	0	0	4	479,687	\$27.67
2004	341	45,329,773	4,148,998	4,983,498	11.0%	1,716,629	1	55,065	3	351,687	\$26.31
2003	340	45,274,708	5,792,902	6,645,062	14.7%	2,382,705	5	600,664	1	55,065	\$24.85
2002	335	44,674,044	7,381,717	8,427,103	18.9%	645,261	7	1,009,980	6	655,729	\$25.36
2001	328	43,664,064	6,960,491	8,062,384	18.5%	422,959	25	2,736,076	6	877,916	\$27.00
2000	303	40,927,988	4,651,362	5,749,267	14.0%	914,998	22	2,095,403	24	2,659,206	\$27.77
1999	281	38,832,585	3,932,586	4,568,862	11.8%	603,597	22	2,018,979	23	2,300,723	\$27.55

Source: CoStar Property®

CLASS B MARKET STATISTICS

Mid-Year 2007

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2007 2q	2,599	69,712,363	5,461,592	6,111,254	8.8%	(149,345)	44	499,916	97	1,424,856	\$28.73
2007 1q	2,555	69,212,447	4,896,265	5,461,993	7.9%	468,829	21	1,076,595	138	1,782,522	\$28.01
2006 4q	2,534	68,135,852	4,242,618	4,854,227	7.1%	444,162	21	358,144	152	2,486,611	\$27.04
2006 3q	2,514	67,798,207	4,386,520	4,960,744	7.3%	321,116	5	60,088	173	2,844,755	\$26.86
2006 2q	2,509	67,738,119	4,664,824	5,221,772	7.7%	232,550	10	352,885	134	2,442,031	\$26.56
2006 1q	2,499	67,385,234	4,528,204	5,101,437	7.6%	413,381	31	260,914	114	2,476,019	\$25.83
2005 4q	2,468	67,124,320	4,840,233	5,253,904	7.8%	354,551	11	211,773	71	2,136,846	\$24.88
2005 3q	2,457	66,912,547	4,993,310	5,396,682	8.1%	809,424	4	106,000	77	2,157,795	\$24.31
2005 2q	2,456	66,884,547	5,731,852	6,178,106	9.2%	483,413	15	207,720	68	1,727,741	\$23.77
2005 1q	2,441	66,676,827	6,001,872	6,453,799	9.7%	676,791	12	151,653	60	906,806	\$22.82
2004	2,429	66,525,174	6,530,101	6,978,937	10.5%	1,908,896	75	839,062	41	602,023	\$23.03
2003	2,357	65,787,284	7,383,731	8,149,943	12.4%	1,581,808	35	786,901	70	709,170	\$22.03
2002	2,322	65,000,383	7,860,133	8,944,850	13.8%	822,623	24	907,556	23	470,520	\$22.80
2001	2,300	64,124,605	7,948,841	8,891,695	13.9%	(182,210)	75	2,507,949	24	901,625	\$24.15
2000	2,227	61,930,656	6,028,265	6,515,536	10.5%	1,586,204	54	2,348,701	68	2,276,004	\$23.01
1999	2,176	59,758,843	5,506,536	5,929,927	9.9%	900,021	52	1,982,560	56	2,410,762	\$21.53

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

Mid-Year 2007

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2007 2q	4,770	136,532,012	10,066,230	11,498,416	8.4%	(227,726)	48	949,519	115	4,163,313	\$31.58
2007 1q	4,722	135,582,493	8,861,918	10,321,171	7.6%	676,280	28	1,469,353	159	4,862,582	\$31.10
2006 4q	4,694	134,113,140	7,930,709	9,528,098	7.1%	93,855	22	436,512	176	5,724,465	\$29.84
2006 3q	4,673	133,697,127	7,948,646	9,205,940	6.9%	579,746	6	260,088	198	6,160,977	\$29.11
2006 2q	4,667	133,437,039	8,214,446	9,525,598	7.1%	228,894	13	645,885	157	5,110,799	\$28.64
2006 1q	4,654	132,791,154	7,857,270	9,108,607	6.9%	227,461	32	392,601	139	5,361,137	\$27.43
2005 4q	4,624	132,403,741	8,050,561	8,948,655	6.8%	638,295	13	431,773	87	3,672,677	\$26.44
2005 3q	4,614	132,014,294	8,350,536	9,197,503	7.0%	1,477,327	4	106,000	90	3,318,590	\$25.80
2005 2q	4,613	131,986,294	9,695,243	10,646,830	8.1%	1,598,916	15	207,720	81	2,888,536	\$25.10
2005 1q	4,598	131,778,574	10,751,895	12,038,026	9.1%	862,669	12	151,653	65	1,401,493	\$24.57
2004	4,586	131,626,921	11,432,803	12,749,042	9.7%	3,705,149	77	895,303	44	953,710	\$24.19
2003	4,512	130,832,790	14,004,051	15,660,060	12.0%	4,157,320	41	1,388,904	72	765,411	\$23.06
2002	4,472	129,450,058	16,265,675	18,434,648	14.2%	1,632,053	32	1,939,629	30	1,127,588	\$23.65
2001	4,443	127,603,795	16,123,074	18,220,438	14.3%	302,535	104	5,274,239	31	1,801,634	\$25.09
2000	4,342	122,648,956	11,937,425	13,568,134	11.1%	2,434,434	77	4,463,898	96	4,965,424	\$24.79
1999	4,269	118,368,083	10,621,833	11,721,695	9.9%	1,497,309	78	4,076,194	80	4,731,279	\$23.79

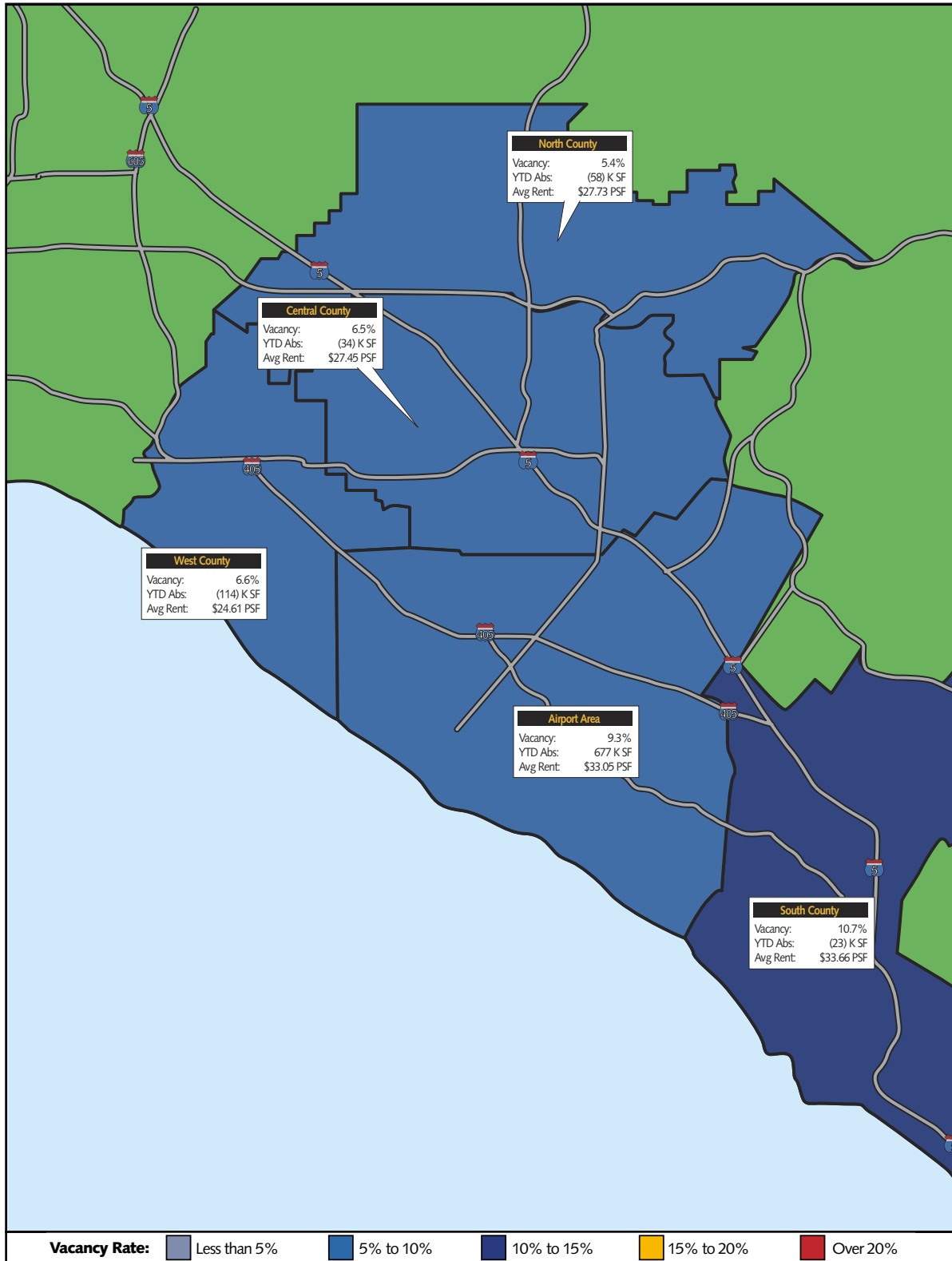
Source: CoStar Property®



ORANGE COUNTY OFFICE MARKET

LEASING ACTIVITY

LEASING HIGHLIGHTS IN SELECT CoSTAR MARKETS Color Coded by Vacancy Rate



Source: CoStar Property®

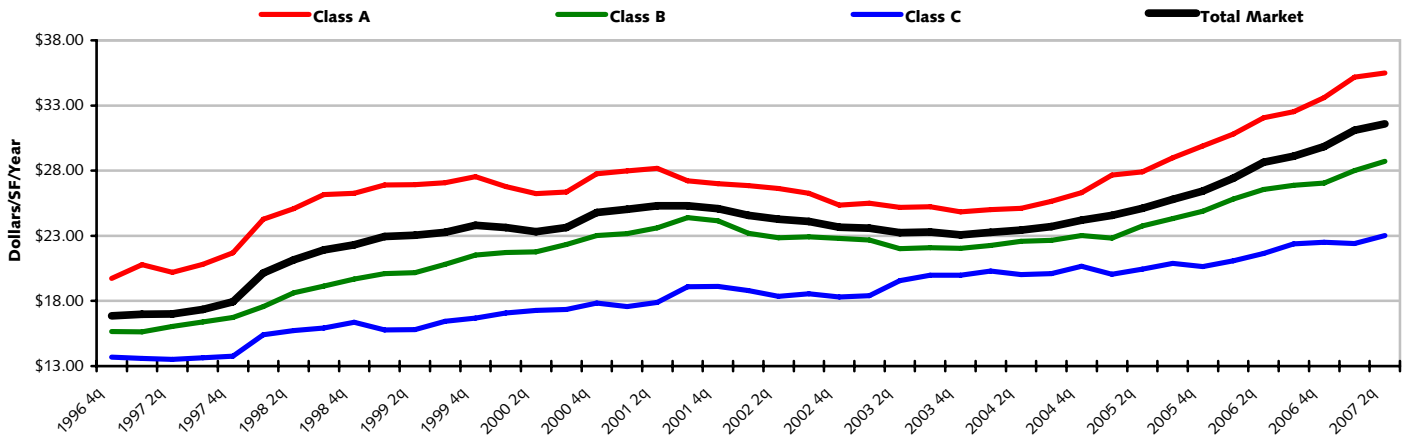
ORANGE COUNTY OFFICE MARKET



LEASING ACTIVITY

HISTORICAL RENTAL RATES

Based on Full-Service Equivalent Rental Rates



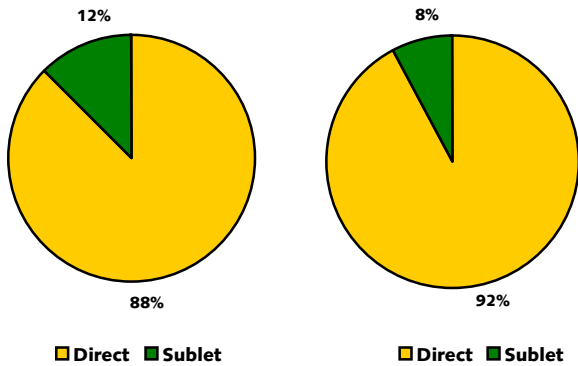
Source: CoStar Property®

VACANCY BY AVAILABLE SPACE TYPE

Percent of All Vacant Space in Direct vs. Sublet

Orange (California)

United States



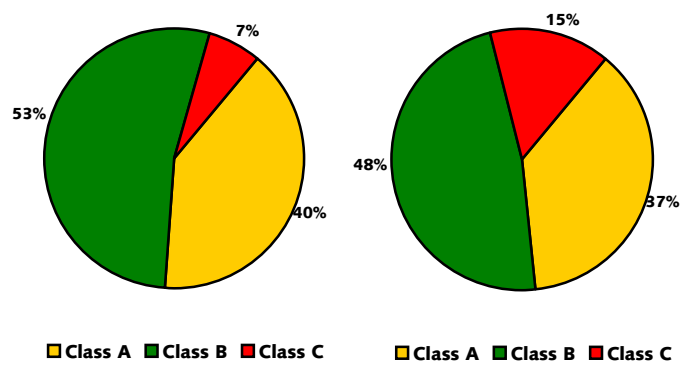
Source: CoStar Property®

VACANCY BY CLASS

Percent of All Vacant Space by Class

Orange (California)

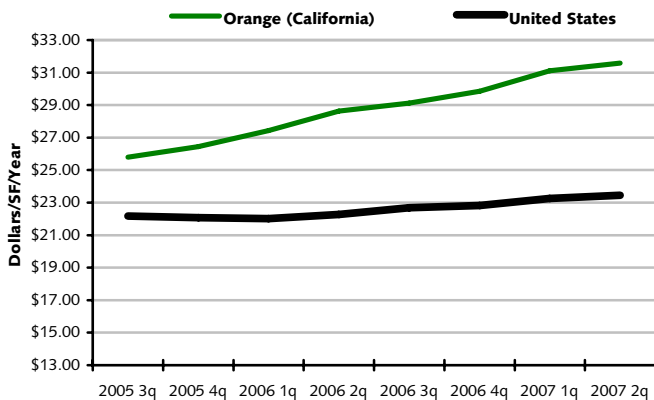
United States



Source: CoStar Property®

U.S. RENTAL RATE COMPARISON

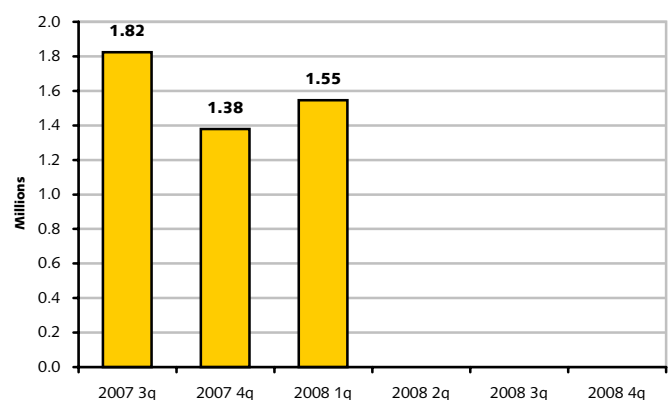
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

FUTURE SPACE AVAILABLE

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces Source: CoStar Property®

ORANGE COUNTY OFFICE MARKET

LEASING ACTIVITY

SELECT TOP OFFICE LEASES Based on Leased Square Footage For Deals Signed in 2007

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 Alton Corporate Center - Bldg 1	Irvine Spectrum	234,820	1st	N/A	Mattox Properties	The Irvine Company
2 Discovery Business Center	Irvine Spectrum	169,254	2nd	Fluor Corp.	Cushman & Wakefield Inc.	The Irvine Company
3 1600 Douglass Rd	Anaheim Stadium Area	127,750	1st	CashCall Inc.	Orion Property Partners, Inc.	Newport Commercial Realty Advisors
4 Arrowhead/Perrier	Brea	89,650	2nd	St. Jude's	Val Mesa Realty Group, Inc.	Cushman & Wakefield, Inc.
5 140 Brea Financial Commons*	Brea	72,023	1st	Capital Group Companies	N/A	Equity Office Management LLC
6 Pacific Vista - Bldg C	Mission Viejo	70,558	1st	Lehman Brothers	N/A	Voit Commercial Brokerage
7 Legacy Redhill Center	Airport Complex West	68,593	2nd	N/A	N/A	CB Richard Ellis
8 Impac Center - Bldg 5	Airport Complex East	66,000	2nd	WL Homes	Orion Property Partners, Inc.	Cushman & Wakefield Inc.
9 1 Pointe Dr	Brea	62,475	1st	The Hartford Group	N/A	Cushman & Wakefield Inc.
10 Vantis - Phase 2	Laguna	53,178	2nd	Shea Properties	Grubb & Ellis	Grubb & Ellis
11 2211 Michelson Ave	Airport Complex East	37,259	1st	Pathway Capital Management, LLC	CB Richard Ellis	Orion Property Partners, Inc.
12 130 Theory Dr	North Irvine	31,720	2nd	N/A	N/A	The Irvine Company
13 18581 Teller	Airport Complex East	28,344	1st	N/A	N/A	Newport Commercial Realty Advisors
14 3161 Michelson Dr	Airport Complex East	27,915	1st	N/A	N/A	Maguire Properties
15 49 Discovery	Irvine Spectrum	27,360	2nd	N/A	N/A	The Irvine Company
16 Banco Popular Bldg	Disneyland Area	25,723	2nd	N/A	N/A	CB Richard Ellis
17 2211 Michelson Ave	Airport Complex East	25,400	1st	Wachovia	Lincoln Property Company	Orion Property Partners, Inc.
18 Pacific Commercentre - Bldg 2	Mission Viejo	25,000	2nd	N/A	N/A	CresaPartners of Orange County, Inc
19 Opus Center Irvine - Phase III	Irvine Business Center	24,945	2nd	N/A	N/A	CB Richard Ellis
20 MetroCenter at South Coast	South Coast Metro	23,638	1st	Pacific Communications	CB Richard Ellis	Grubb & Ellis
21 4 Park Plz	Irvine Business Center	22,764	1st	N/A	N/A	The Irvine Company
22 15241 Laguna Canyon Rd	Irvine Spectrum	22,296	1st	N/A	N/A	The Irvine Company
23 Brea Corporate Plaza	Brea	22,160	2nd	N/A	N/A	Abbey Pacific Services
24 MetroCenter at South Coast	South Coast Metro	20,324	2nd	Woodruff Spradlin & Smart	Travers Realty-ONCOR International	Grubb & Ellis
25 17901 Von Karman Ave	Irvine Business Center	20,187	1st	N/A	N/A	CB Richard Ellis
26 Von Karman Corporate Ctr - Bldg 3	Irvine Business Center	20,079	1st	N/A	N/A	Lee & Associates
27 31 Columbia	Laguna	20,010	1st	N/A	Lee & Associates	Cushman & Wakefield Inc.
28 Anaheim Palms Corp Center - Bldg 1	Katella North	19,442	1st	N/A	N/A	CB Richard Ellis
29 4 Technology Dr	Irvine Spectrum	19,200	2nd	N/A	N/A	The Irvine Company
30 4340 Von Karman Ave	Airport Complex East	18,978	2nd	Select University Technologies, Inc.	CB Richard Ellis	Grubb & Ellis
31 Pacific Commercentre - Phase I	Mission Viejo	18,568	1st	Panasonic Avionics Corporation	Voit Commercial Brokerage	Grubb & Ellis
32 3161 Michelson Dr	Airport Complex East	18,287	1st	N/A	N/A	Maguire Properties
33 100 Bayview	Airport Complex South	18,282	1st	N/A	N/A	Grubb & Ellis
34 Anaheim City Centre	Disneyland Area	17,811	2nd	N/A	N/A	Arden Realty, Inc.
35 2600 Michelson	Airport Complex East	17,760	1st	N/A	N/A	Newport Commercial Realty Advisors
36 Foothill Corporate Plaza - Phase III	Outlying Orange County	17,674	2nd	Saxon Mortgage, Inc.	N/A	Cushman & Wakefield Inc.
37 7585 Irvine Center Dr	Irvine Spectrum	17,306	2nd	N/A	N/A	The Irvine Company
38 Lakeview Business Center - Bldg 5	Irvine Spectrum	17,160	1st	N/A	N/A	The Irvine Company
39 Pacific Corporate Plaza - Bldg 3	Laguna	17,029	2nd	N/A	N/A	Cushman & Wakefield Inc.
40 25-29 Technology Park - Bldg B*	Irvine Spectrum	16,909	1st	Alliance Title	N/A	PRES Companies

Source: CoStar Property®

* Renewal

ORANGE COUNTY OFFICE MARKET



SALES ACTIVITY

THE OPTIMIST SALES INDEX

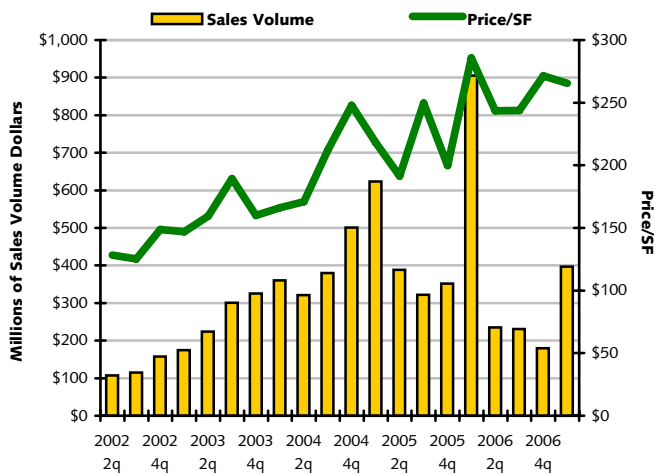
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

SALES VOLUME & PRICE

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

SALES ANALYSIS BY BUILDING SIZE

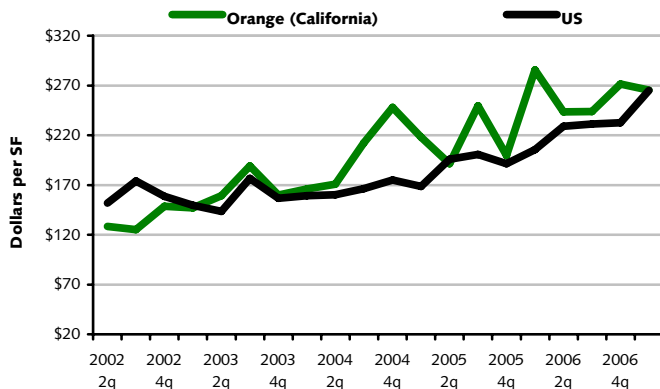
Based on Office Building Sales From April 2006 - March 2007

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	160	1,760,029	\$ 470,903,265	\$ 267.55	6.24%
50K-249K SF	27	2,984,727	\$ 770,775,000	\$ 258.24	6.49%
250K-499K SF	-	-	-	\$ -	-
>500K SF	-	-	-	\$ -	-

Source: CoStar COMPS®

U.S. PRICE/SF COMPARISON

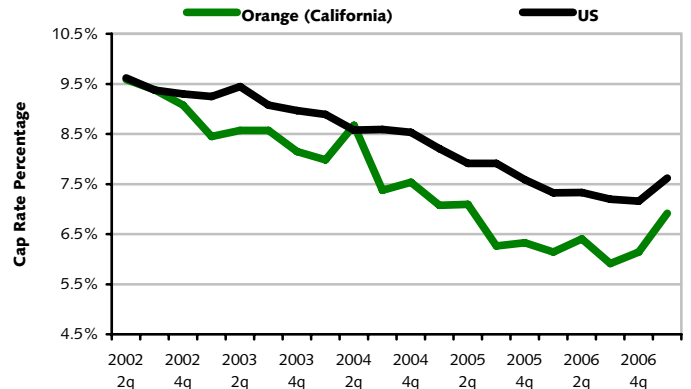
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. CAP RATE COMPARISON

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®



ORANGE COUNTY OFFICE MARKET

SALES ACTIVITY

SELECT TOP SALES

Based on Sales from April 2006 Through March 2007

1. Hutton Centre Tower



Santa Ana

Price: \$64,125,000
 Price/SF: \$305.30
 Cap Rate: 7%
 RBA: 210,041
 Date: 3/26/2007
 Year Built: 1988
 Buyer: Legacy Partners II Santa Ana Hutton LLC
 Seller: NNN 4 Hutton LLC

2. 27442 Portola Pky



Foothill Ranch

Price: \$62,325,000
 Price/SF: \$298.57
 Cap Rate: 5.75%
 RBA: 208,747
 Date: 5/12/2006
 Year Built: 2001
 Buyer: CB Richard Ellis Investors, LLC
 Seller: Steadfast Foothill Plaza LLC

3. Pacifica Court



Irvine

Price: \$42,000,000
 Price/SF: \$391.79
 Cap Rate: 5.7%
 RBA: 107,199
 Date: 5/10/2006
 Year Built: 1999
 Buyer: Pacific Court Tower LLC
 Seller: PAC Court Associates LP

4. 26561 Rancho Pky S



Lake Forest

Price: \$40,750,000
 Price/SF: \$266.55
 Cap Rate: N/A
 RBA: 152,880
 Date: 2/28/2007
 Year Built: 2001
 Buyer: GRE Foothill LLC
 Seller: D38 DB LLC

5. 1901 Newport Plaza



Newport Beach

Price: \$40,500,000
 Price/SF: \$286.25
 Cap Rate: N/A
 RBA: 141,487
 Date: 12/22/2006
 Year Built: 1982
 Buyer: 1901 Newport LLC
 Seller: KWI 1901 Newport Plaza LP

6. 25541 Commercentre Dr



Lake Forest

Price: \$39,500,000
 Price/SF: \$253.54
 Cap Rate: N/A
 RBA: 155,796
 Date: 8/24/2006
 Year Built: 2000
 Buyer: TS Palm Terrace LP
 Seller: Metropolitan Life Insurance Company

7. 4000 Metro



Orange

Price: \$38,000,000
 Price/SF: \$207.72
 Cap Rate: N/A
 RBA: 182,935
 Date: 7/14/2006
 Year Built: 1985
 Buyer: West Millennium Homes
 Seller: Burnham Pacific Properties Inc

8. 3300 Hyland Ave



Costa Mesa

Price: \$38,000,000
 Price/SF: \$210.87
 Cap Rate: N/A
 RBA: 180,202
 Date: 3/9/2007
 Year Built: 1975
 Buyer: 3300 Hyland I LLC
 Seller: Valeant Pharmaceuticals International

9. 20411 SW Birch St



Newport Beach

Price: \$35,750,000
 Price/SF: \$363.98
 Cap Rate: N/A
 RBA: 98,220
 Date: 2/23/2007
 Year Built: 2001
 Buyer: Ferrado Bayview Llc
 Seller: Birch Bayview Plaza, LLC

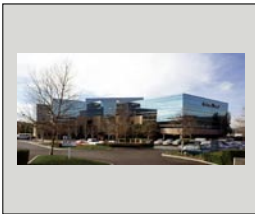
ORANGE COUNTY OFFICE MARKET



SALES ACTIVITY

SELECT SAME BUILDING SALES

Based On Recent Building Sales Compared to Prior Sale

**East Hills Office Park, Phas**

Address: 180 N Riverview Dr
 City: Anaheim Hills
 RBA: 57,245
 Year Built: 1988
 Tot \$ Return: \$5,900,000
 Tot % Return: 56%
 Ann.Return: 22%
 Months Held: 31

Most Recent Sale

Price: \$16,500,000
 Price/SF: \$288.23
 Cap Rate: 6.09%
 Date: 7/27/2006
 Buyer: K-II Fullerton, LLC
 Seller: LBA Realty Fund-Holding Co I
 Brokers: Voit Commercial Brokerage
 Grubb & Ellis

Sale Prior to Most Recent Sale

Price: \$10,600,000
 Price/SF: \$185.17
 Cap Rate: 9.38%
 Date: 12/19/2003
 Buyer: LBA Realty Fund LP
 Seller: CA-East Hills Office Park
 Brokers: Cushman & Wakefield Inc.

**901 Civic Center Bldg**

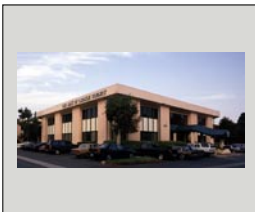
Address: 901 Civic Center Dr W
 City: Santa Ana
 RBA: 104,000
 Year Built: 1985
 Tot \$ Return: \$6,300,000
 Tot % Return: 75%
 Ann.Return: 23%
 Months Held: 40

Most Recent Sale

Price: \$14,700,000
 Price/SF: \$141.35
 Cap Rate: 6.5%
 Date: 4/24/2006
 Buyer: NNN VF 901 Civic, LLC
 Seller: Santa Ana Arts IV, Inc.
 Brokers: Grubb & Ellis
 Voit Commercial Brokerage

Sale Prior to Most Recent Sale

Price: \$8,400,000
 Price/SF: \$80.77
 Cap Rate: N/A
 Date: 12/31/2002
 Buyer: Santa Ana Historic Performin
 Seller: Nakano International Corp.
 Brokers: Voit Commercial Brokerage

**Slater Office Building**

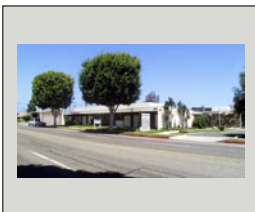
Address: 10101 Slater Ave
 City: Fountain Valley
 RBA: 58,629
 Year Built: 1980
 Tot \$ Return: \$5,300,000
 Tot % Return: 85%
 Ann.Return: 20%
 Months Held: 52

Most Recent Sale

Price: \$11,550,000
 Price/SF: \$197.00
 Cap Rate: 6.8%
 Date: 1/19/2007
 Buyer: Slater Partners LP
 Seller: Slater Office Building LLC
 Brokers: Lee & Associates
 CB Richard Ellis

Sale Prior to Most Recent Sale

Price: \$6,250,000
 Price/SF: \$106.60
 Cap Rate: 10.5%
 Date: 9/13/2002
 Buyer: Slater Office Building
 Seller: PJ's
 Brokers: Voit Commercial Brokerage

**Family Practice Center**

Address: 5911 Heil Ave
 City: Huntington Beach
 RBA: 7,588
 Year Built: 1962
 Tot \$ Return: \$750,000
 Tot % Return: 71%
 Ann.Return: 21%
 Months Held: 40

Most Recent Sale

Price: \$1,800,000
 Price/SF: \$237.22
 Cap Rate: 6.3%
 Date: 11/27/2006
 Buyer: Parr-Bohn Properties Ltd II
 Seller: The Kramer Family Trust
 Brokers: Lee & Associates

Sale Prior to Most Recent Sale

Price: \$1,050,000
 Price/SF: \$138.38
 Cap Rate: N/A
 Date: 8/8/2003
 Buyer: Michael D. & Kathleen Kramer
 Seller: BWCH Inc
 Brokers: N/A

SELECT LAND SALES

Based on Commercially Zoned Land Sales Occurring From April 2006 - March 2007

Irvine Center Dr, Irvine

Sale Price: \$9,329,000
 Acres: 3.06
 Price/SF: \$69.99
 Closing Date: 08/01/2006
 Zoning: N/Av, Irvine
 Intended Use: Office
 Buyer: Irvine Medical Plaza LLC
 Seller: Irvine Community Development Co., LLC

Laguna Canyon Rd, Irvine

Sale Price: \$6,687,360
 Acres: 1.92
 Price/SF: \$80.00
 Closing Date: 08/04/2006
 Zoning: MS, Irvine
 Intended Use: Office
 Buyer: Spectrum 6 Medical Investors, LLC
 Seller: Irvine Community Development Co., LLC

Warner Ave, Fountain Valley

Sale Price: \$5,250,000
 Acres: 1.18
 Price/SF: \$102.57
 Closing Date: 08/21/2006
 Zoning: CP, Fountain Villy
 Intended Use: Hold for Development
 Buyer: Club 42 Inc
 Seller: Los Caballeros Racquet & Sport Club L

Seal Beach Blvd, Seal Beach

Sale Price: \$5,085,625
 Acres: 4.67
 Price/SF: \$25.00
 Closing Date: 09/26/2006
 Zoning: SP, Seal Beach
 Intended Use: Unknown
 Buyer: Pacific Gateway Retail, LLC
 Seller: The Boeing Company

23981 Alicia Pky, Mission Viejo

Sale Price: \$4,230,000
 Acres: 1.20
 Price/SF: \$80.92
 Closing Date: 04/10/2006
 Zoning: NC-C, Mission Viejo
 Intended Use: Retail
 Buyer: VMA Alicia, LLC
 Seller: Stallion 15, LLC

200-299 Bristol St, Costa Mesa

Sale Price: \$2,150,000
 Acres: 0.72
 Price/SF: \$68.17
 Closing Date: 11/21/2006
 Zoning: C1, Costa Mesa
 Intended Use: Unknown
 Buyer: Theofanis & Wanda Teazis
 Seller: Reza Mohammadi Baher & Masoomeh

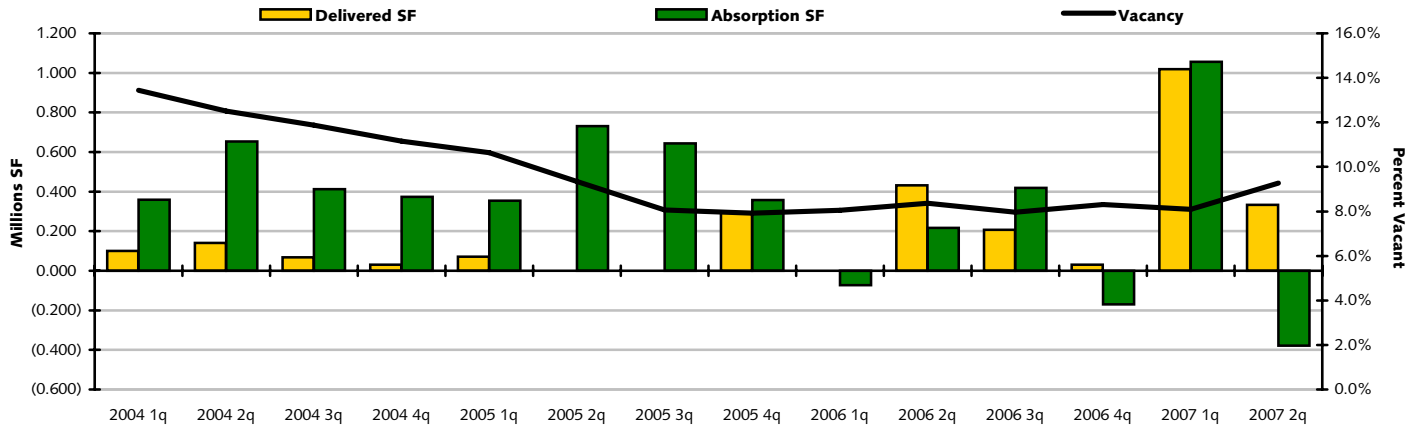


ORANGE COUNTY OFFICE MARKET

AIRPORT AREA MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

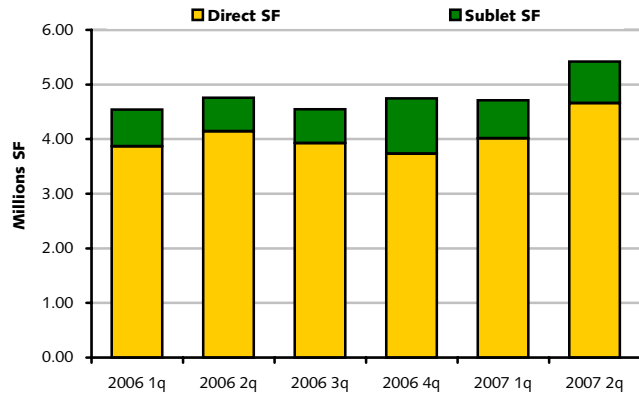
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

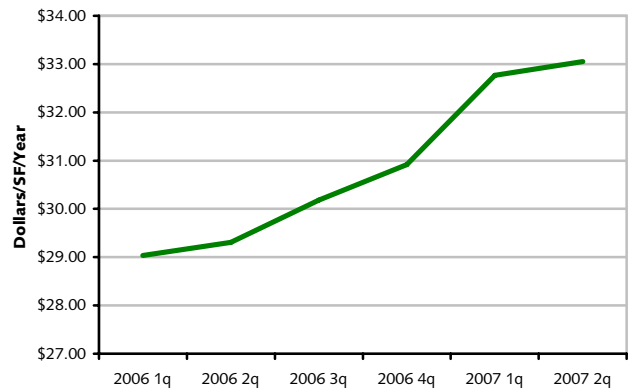
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2007 2q	1,451	58,461,507	5,420,388	9.3%	(378,610)	3	333,583	18	2,278,169	\$33.05
2007 1q	1,448	58,127,924	4,708,195	8.1%	1,055,949	15	1,018,111	19	2,463,752	\$32.76
2006 4q	1,433	57,109,813	4,746,033	8.3%	(169,801)	2	31,122	31	3,249,986	\$30.91
2006 3q	1,431	57,078,691	4,545,110	8.0%	418,196	2	206,500	33	3,281,108	\$30.18
2006 2q	1,429	56,872,191	4,756,806	8.4%	216,012	7	431,770	31	2,481,884	\$29.31
2006 1q	1,422	56,440,421	4,541,048	8.0%	(73,154)	0	0	33	2,747,373	\$29.04
2005 4q	1,422	56,440,421	4,467,894	7.9%	357,129	4	296,600	21	1,862,183	\$27.67
2005 3q	1,418	56,143,821	4,528,423	8.1%	643,097	0	0	24	1,922,510	\$27.03
2005 2q	1,421	56,221,821	5,249,520	9.3%	730,192	0	0	23	1,686,510	\$26.41
2005 1q	1,421	56,221,821	5,979,712	10.6%	354,506	3	70,459	8	481,170	\$26.15
2004 4q	1,418	56,151,362	6,263,759	11.2%	372,983	2	31,261	6	340,459	\$25.63
2004 3q	1,418	56,184,555	6,669,935	11.9%	412,910	3	68,310	8	371,720	\$25.09
2004 2q	1,415	56,116,245	7,014,535	12.5%	653,943	3	141,000	10	390,030	\$24.62
2004 1q	1,412	55,975,245	7,527,478	13.4%	359,234	4	100,926	8	263,410	\$24.44
2003 4q	1,408	55,874,319	7,785,786	13.9%	970,919	7	247,041	9	271,236	\$24.36
2003 3q	1,401	55,627,278	8,509,664	15.3%	222,877	1	7,440	14	488,967	\$24.39

Source: CoStar Property®

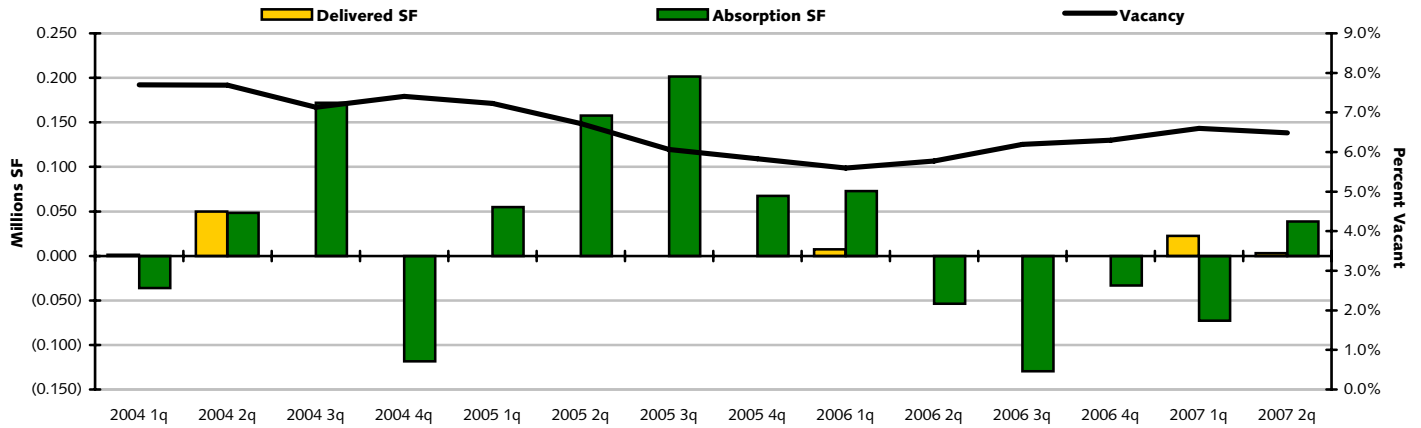
ORANGE COUNTY OFFICE MARKET



CENTRAL COUNTY MARKET

MARKET HIGHLIGHTS - CLASS "A, B & C"

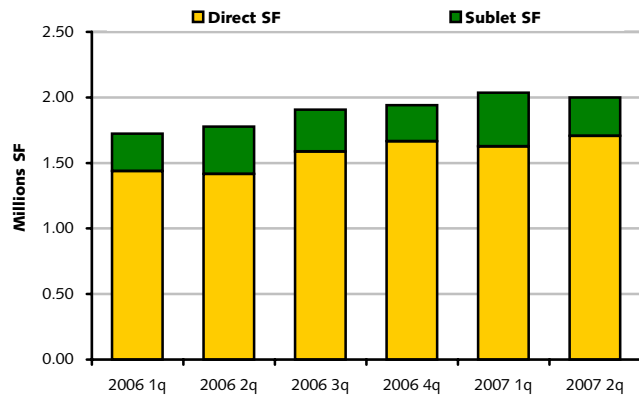
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

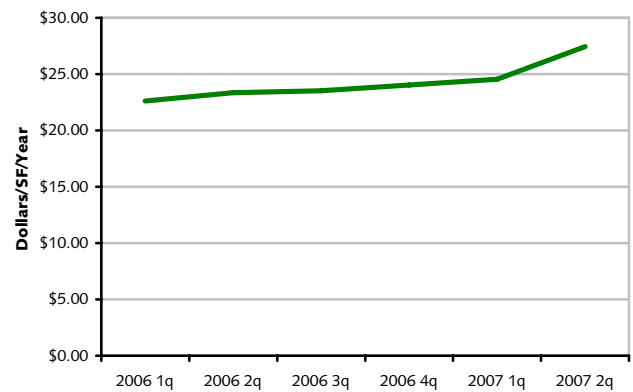
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2007 2q	1,417	30,831,588	1,999,420	6.5%	38,835	1	3,000	2	25,883	\$27.45
2007 1q	1,416	30,828,588	2,035,255	6.6%	(72,553)	1	22,448	3	28,883	\$24.53
2006 4q	1,415	30,806,140	1,940,254	6.3%	(33,200)	0	0	3	45,843	\$24.04
2006 3q	1,415	30,806,140	1,907,054	6.2%	(129,347)	0	0	3	45,843	\$23.52
2006 2q	1,415	30,806,140	1,777,707	5.8%	(53,665)	0	0	2	42,843	\$23.35
2006 1q	1,415	30,806,140	1,724,042	5.6%	72,824	2	7,342	2	42,843	\$22.60
2005 4q	1,415	30,803,986	1,794,712	5.8%	67,330	0	0	3	27,737	\$21.91
2005 3q	1,416	30,809,686	1,867,742	6.1%	201,365	0	0	2	7,342	\$21.29
2005 2q	1,416	30,809,686	2,069,107	6.7%	157,637	0	0	2	7,342	\$20.83
2005 1q	1,416	30,809,686	2,226,744	7.2%	54,733	0	0	0	0	\$20.77
2004 4q	1,416	30,809,686	2,281,477	7.4%	(118,339)	0	0	0	0	\$20.43
2004 3q	1,417	30,846,404	2,199,856	7.1%	172,179	0	0	0	0	\$20.42
2004 2q	1,417	30,846,404	2,372,035	7.7%	48,367	1	50,000	0	0	\$20.06
2004 1q	1,416	30,796,404	2,370,402	7.7%	(36,119)	1	1,176	1	50,000	\$20.18
2003 4q	1,415	30,795,228	2,333,107	7.6%	531,232	1	22,580	2	51,176	\$19.99
2003 3q	1,414	30,772,648	2,841,759	9.2%	(211,030)	0	0	3	73,756	\$20.47

Source: CoStar Property®

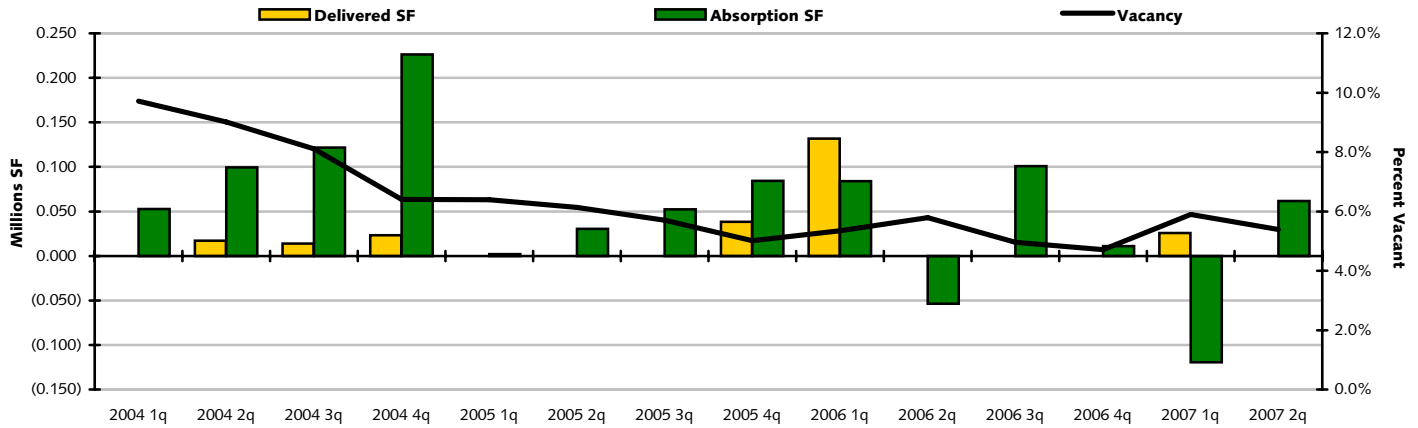


ORANGE COUNTY OFFICE MARKET

NORTH COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

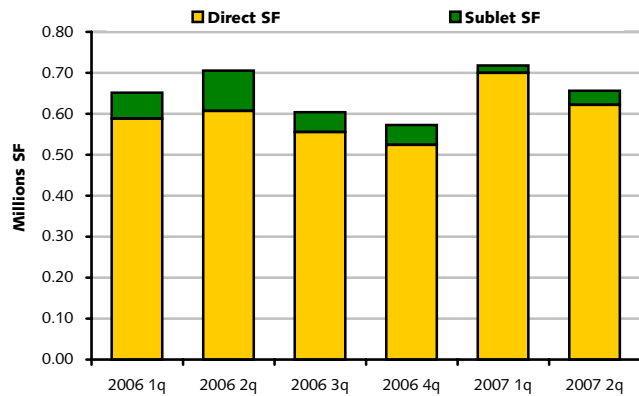
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

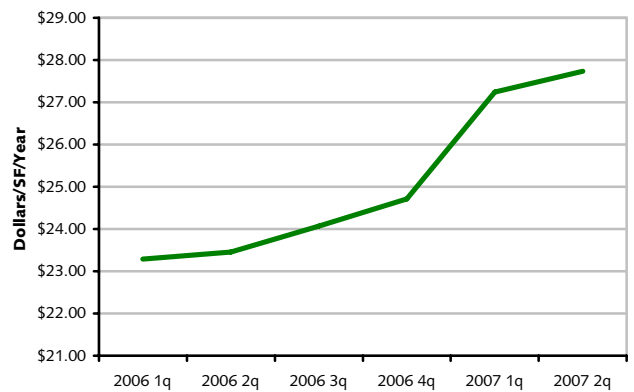
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2007 2q	489	12,180,168	656,237	5.4%	61,722	0	0	3	183,884	\$27.73
2007 1q	489	12,180,168	717,959	5.9%	(119,593)	1	25,822	1	81,634	\$27.24
2006 4q	488	12,154,346	572,544	4.7%	11,136	0	0	2	107,456	\$24.71
2006 3q	489	12,174,845	604,179	5.0%	101,013	0	0	2	107,456	\$24.07
2006 2q	489	12,174,845	705,192	5.8%	(53,665)	0	0	1	81,634	\$23.46
2006 1q	489	12,174,845	651,527	5.4%	83,920	1	131,687	1	81,634	\$23.29
2005 4q	488	12,043,158	603,760	5.0%	84,382	3	38,303	2	213,321	\$23.15
2005 3q	487	12,041,481	686,465	5.7%	52,329	0	0	4	169,990	\$21.42
2005 2q	487	12,041,481	738,794	6.1%	30,451	0	0	4	169,990	\$21.13
2005 1q	487	12,041,481	769,245	6.4%	1,931	0	0	3	148,623	\$20.79
2004 4q	487	12,041,481	771,176	6.4%	226,265	1	23,400	1	131,687	\$21.12
2004 3q	486	12,018,081	974,041	8.1%	121,795	1	14,000	1	23,400	\$20.76
2004 2q	485	12,004,081	1,081,836	9.0%	99,246	1	17,000	2	37,400	\$20.32
2004 1q	484	11,987,081	1,164,082	9.7%	52,556	0	0	3	54,400	\$19.82
2003 4q	484	11,987,081	1,216,638	10.1%	90,792	2	90,150	3	54,400	\$19.50
2003 3q	482	11,896,931	1,217,280	10.2%	71,479	0	0	4	130,550	\$19.91

Source: CoStar Property®

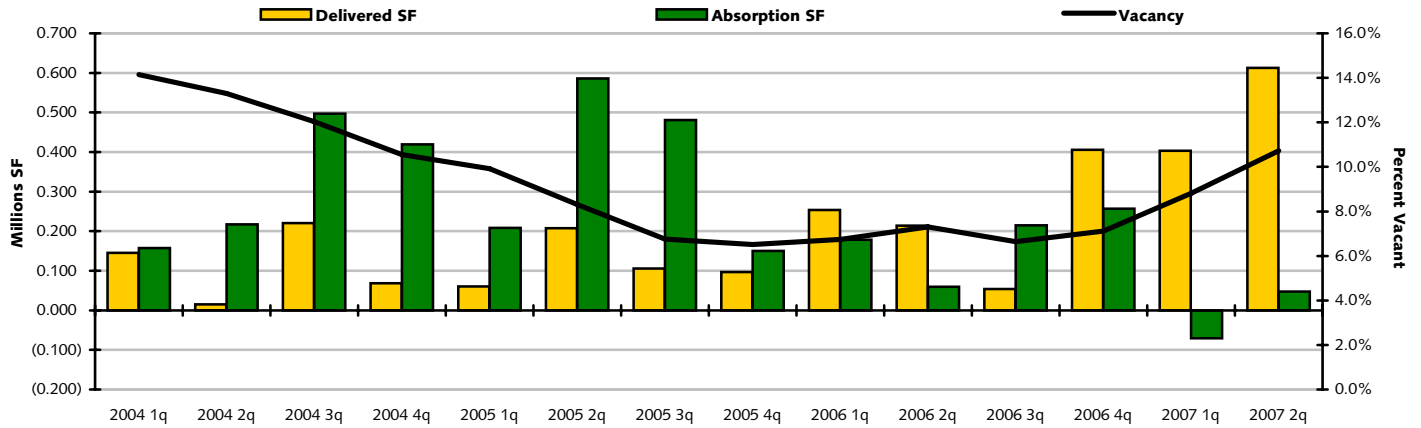
ORANGE COUNTY OFFICE MARKET



SOUTH COUNTY MARKET

MARKET HIGHLIGHTS - CLASS "A, B & C"

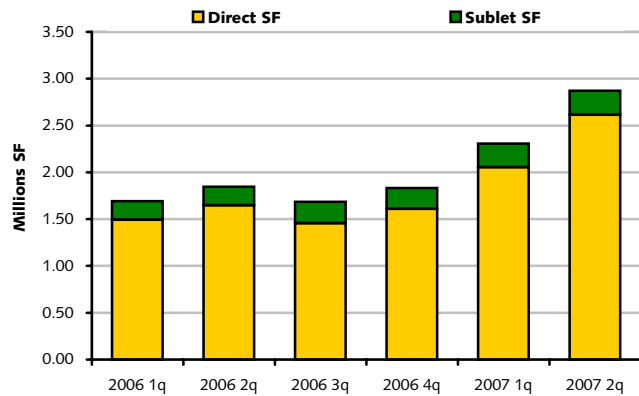
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



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VACANT SPACE

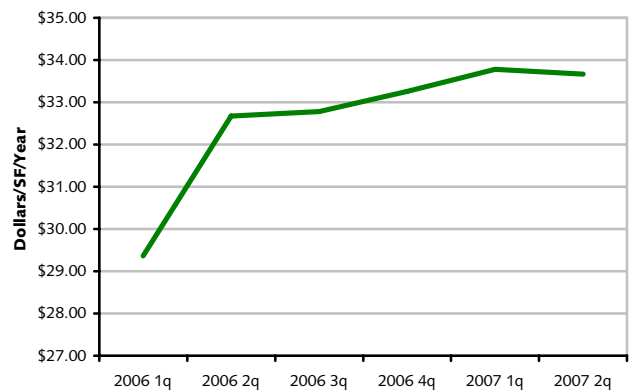
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2007 2q	1,078	26,764,450	2,872,086	10.7%	47,184	44	612,936	90	1,623,248	\$33.66
2007 1q	1,034	26,151,514	2,306,334	8.8%	(70,500)	11	402,972	134	2,236,184	\$33.78
2006 4q	1,023	25,748,542	1,832,862	7.1%	256,712	20	405,390	140	2,321,180	\$33.26
2006 3q	1,003	25,343,152	1,684,184	6.6%	214,999	4	53,588	160	2,726,570	\$32.78
2006 2q	999	25,289,564	1,845,595	7.3%	59,541	6	214,115	123	2,504,438	\$32.67
2006 1q	993	25,075,449	1,691,021	6.7%	178,300	29	253,572	103	2,489,287	\$29.36
2005 4q	964	24,821,877	1,615,749	6.5%	150,387	6	96,870	61	1,569,436	\$29.33
2005 3q	958	24,725,007	1,669,266	6.8%	480,949	4	106,000	60	1,218,748	\$28.06
2005 2q	954	24,619,007	2,044,215	8.3%	585,668	15	207,720	52	1,024,694	\$26.92
2005 1q	939	24,411,287	2,422,163	9.9%	208,743	7	60,694	54	771,700	\$26.15
2004 4q	932	24,350,593	2,570,212	10.6%	419,620	6	68,112	35	461,064	\$25.53
2004 3q	926	24,282,481	2,921,720	12.0%	497,246	34	220,188	26	382,176	\$24.76
2004 2q	892	24,062,293	3,198,778	13.3%	216,871	1	15,000	46	342,284	\$24.85
2004 1q	891	24,047,293	3,400,649	14.1%	157,319	19	144,930	44	304,441	\$24.48
2003 4q	872	23,902,363	3,413,038	14.3%	179,546	1	6,000	58	388,599	\$24.20
2003 3q	871	23,896,363	3,586,584	15.0%	525,848	2	77,643	21	165,930	\$24.46

Source: CoStar Property®

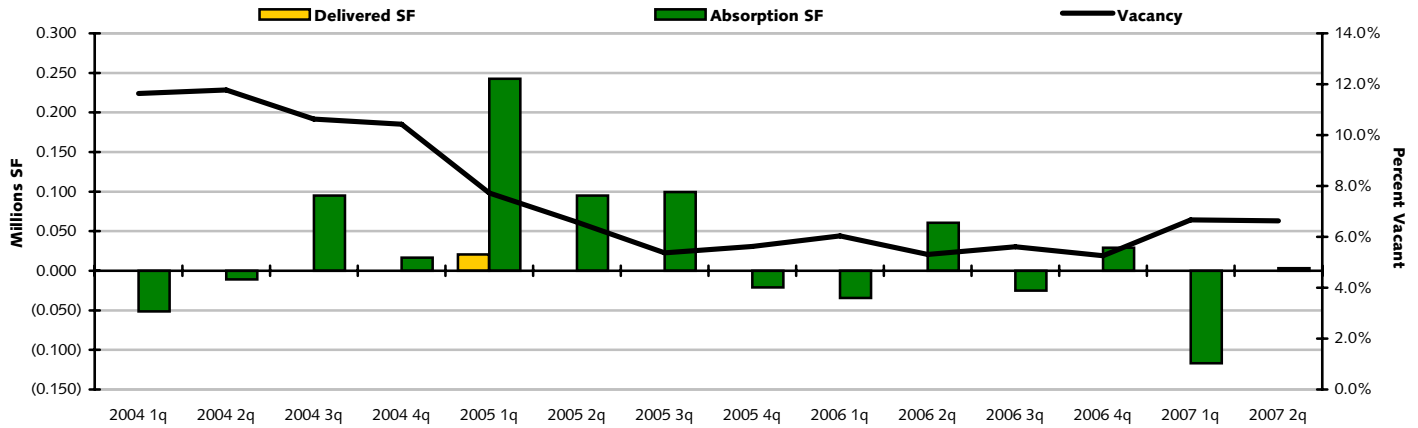


ORANGE COUNTY OFFICE MARKET

WEST COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

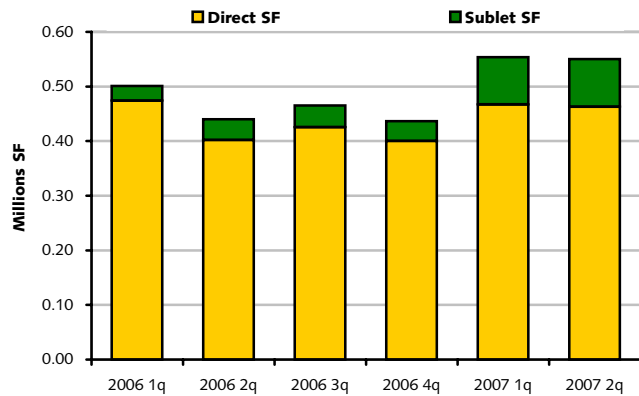
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

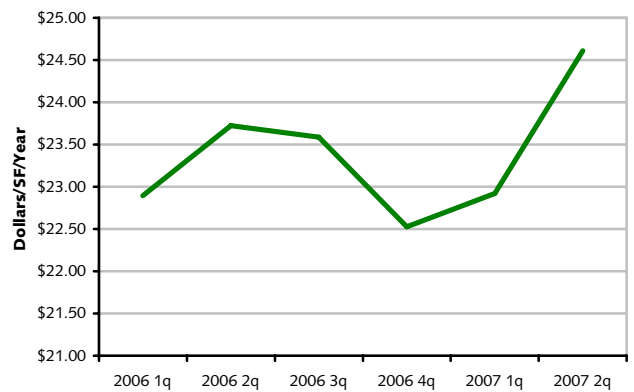
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2007 2q	335	8,294,299	550,285	6.6%	3,143	0	0	2	52,129	\$24.61
2007 1q	335	8,294,299	553,428	6.7%	(117,023)	0	0	2	52,129	\$22.92
2006 4q	335	8,294,299	436,405	5.3%	29,008	0	0	0	0	\$22.53
2006 3q	335	8,294,299	465,413	5.6%	(25,115)	0	0	0	0	\$23.59
2006 2q	335	8,294,299	440,298	5.3%	60,671	0	0	0	0	\$23.72
2006 1q	335	8,294,299	500,969	6.0%	(34,429)	0	0	0	0	\$22.89
2005 4q	335	8,294,299	466,540	5.6%	(20,933)	0	0	0	0	\$21.59
2005 3q	335	8,294,299	445,607	5.4%	99,587	0	0	0	0	\$22.73
2005 2q	335	8,294,299	545,194	6.6%	94,968	0	0	0	0	\$22.49
2005 1q	335	8,294,299	640,162	7.7%	242,756	2	20,500	0	0	\$21.51
2004 4q	333	8,273,799	862,418	10.4%	16,609	0	0	2	20,500	\$21.64
2004 3q	333	8,273,799	879,027	10.6%	94,892	0	0	2	20,500	\$21.47
2004 2q	333	8,273,799	973,919	11.8%	(10,980)	0	0	2	20,500	\$21.06
2004 1q	333	8,273,799	962,939	11.6%	(51,448)	0	0	0	0	\$21.12
2003 4q	333	8,273,799	911,491	11.0%	(108,804)	0	0	0	0	\$21.14
2003 3q	333	8,273,799	802,687	9.7%	(34,025)	0	0	0	0	\$21.33

Source: CoStar Property®

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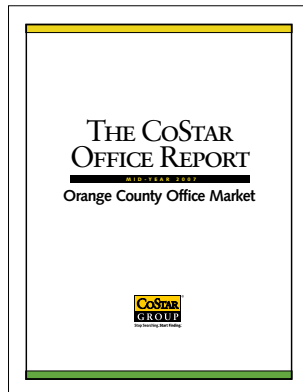
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