

Orange County

Below are excerpts from our commercial appraisal reports. Our typical analysis, although not presented, includes relevant commercial and residential construction activities for the market area. This is supplemented with market reports for the specific property type, verified localized data within the competitive trade area, as well as market participant surveys.

Population/Demographic Characteristics

As of 2008, Orange County population totaled 3,107,952, increasing annually by 32,708 persons or 1.15% per year since 2000. The population of Orange County is expected to grow to nearly 3,252,501 residents by 2013, representing an increase of 4.65% over the 2008 figure according to ERSI. Orange County has 999,426 households with an average household size of 3.07 persons per dwelling. The County's average per capita income is \$35,942 with a median household income of \$79,364; it is notably more affluent than the State of California with 38.9% of the household income in excess of \$100,000. Income distribution is presented in the following table:

| HOUSEHOLD INCOME DISTRIBUTION | | |
|--------------------------------------|------------|---------------|
| Income Level | California | Orange County |
| Less than \$25,000 | 18.5% | 10.9% |
| \$25,000-50,000 | 22.2% | 16.8% |
| \$50,000-100,000 | 33.3% | 33.4% |
| \$100,000-150,000 | 13.8% | 20.2% |
| Above \$150,000 | 12.3% | 18.7% |
| Total | 100% | 100% |

Source: ERSI Business Information Systems

Housing

According to the California Department of Finance, there were a total of 1,030,289 housing units in Orange County as of January 1, 2008, up 60,805 units since 2000 which is an annual increase of 0.78%. Single-family residences represent the bulk of the housing stock with 62.78% of all units, with annual increases of 0.42% or 4,057 units since 2000. The multi-family dwellings total 349,947 units, with an annual increase of 2.81%, while mobile homes total 32,098 units, with annual changes of -0.036%. Over the same time frame, occupancy has increased 2.98% to 3.09 persons per household.

Construction Activities

Building permit valuation in Orange County for the residential sector, which includes both single-family homes and multiple-family dwellings, began its upward trend in the mid-1990s, peaking in 2002 at \$2.01 billion with 12,020 residential units. Residential construction activity in Orange County from 2000 to 2007 totaled \$13.76 billion with single family representing 72.15% of the total permit valuation, followed by multi-family dwellings representing 27.85%. Over the same time frame, 74,315 units were added to the residential inventory with 39,077 single family dwellings and the remainder of 82,843 units developed as multi-family dwellings. In 2007, relative to the prior year, the county's residential building permit valuation declined by -34.56%. with single family dwellings declining by 41.58% with multi-family dwellings increasing by 5.48%.

Non-residential construction activities in Orange County from 2000 to 2007 totaled \$6.33 billion. Most of the construction activity was related to office buildings with 33.21% of the total permit valuation, followed by new retail stores representing 22.93%. The least actives were the service station and industrial sectors with 0.46% and 7.94% of the county permit valuation. In 2007, relative to the prior year, non-residential building permit valuation declined by -9.19%. Within the commercial sectors, the following changes were noted: hotel/motel sector increased by 8.07%; service station sector increased by 0.34%; office building sector increased by 27.48%; new retail store sector increased by 31.04%; industrial sector increased by 5.06%; Historical construction activities for the various commercial sectors (retail, office, industrial, hotel/motel, and service stations) are presented in the following chart.

