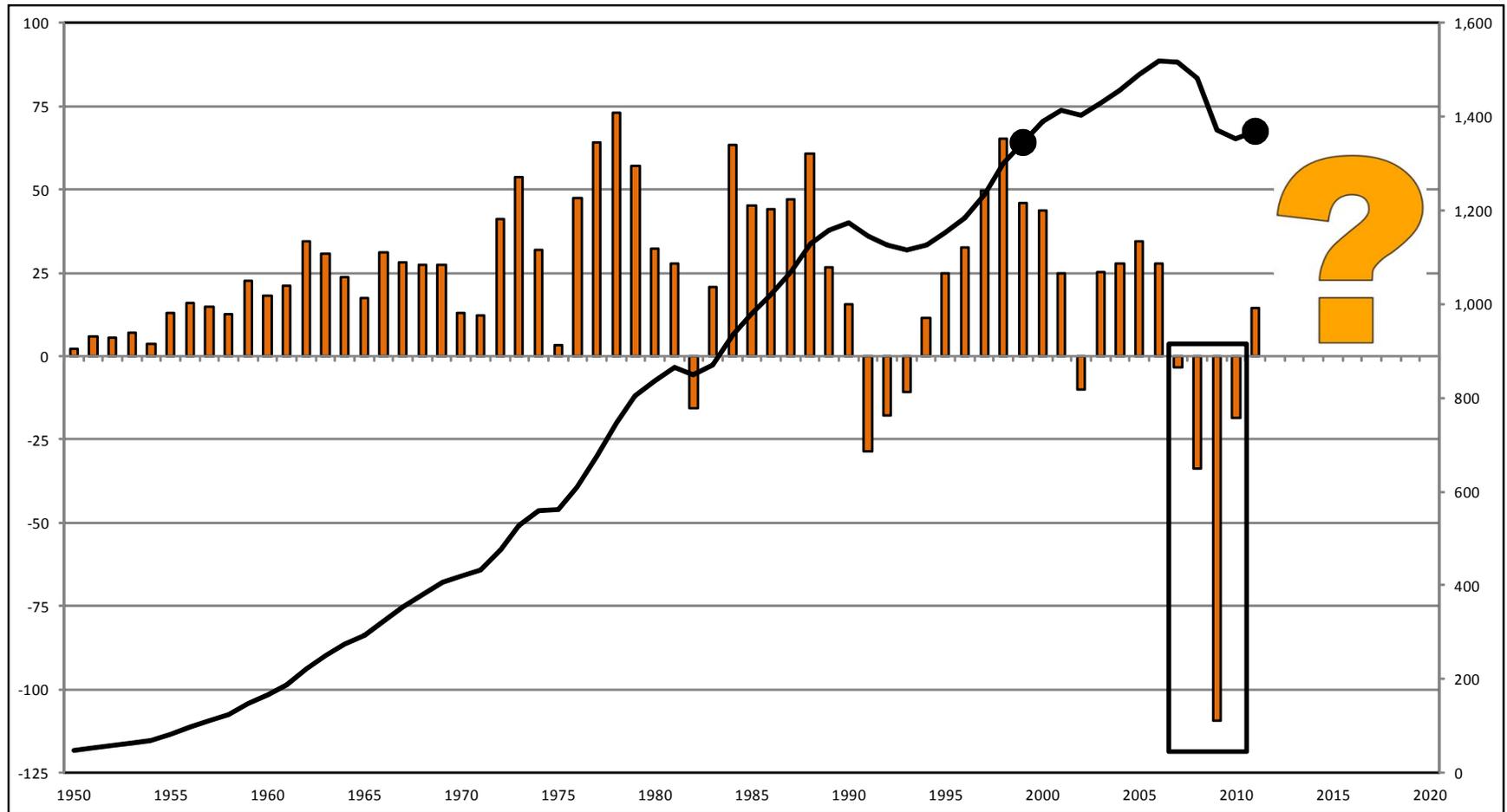


Building Employment With Bold Ideas

Growing and Recruiting Next Cycle Jobs

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Growing and Recruiting Next Cycle Jobs

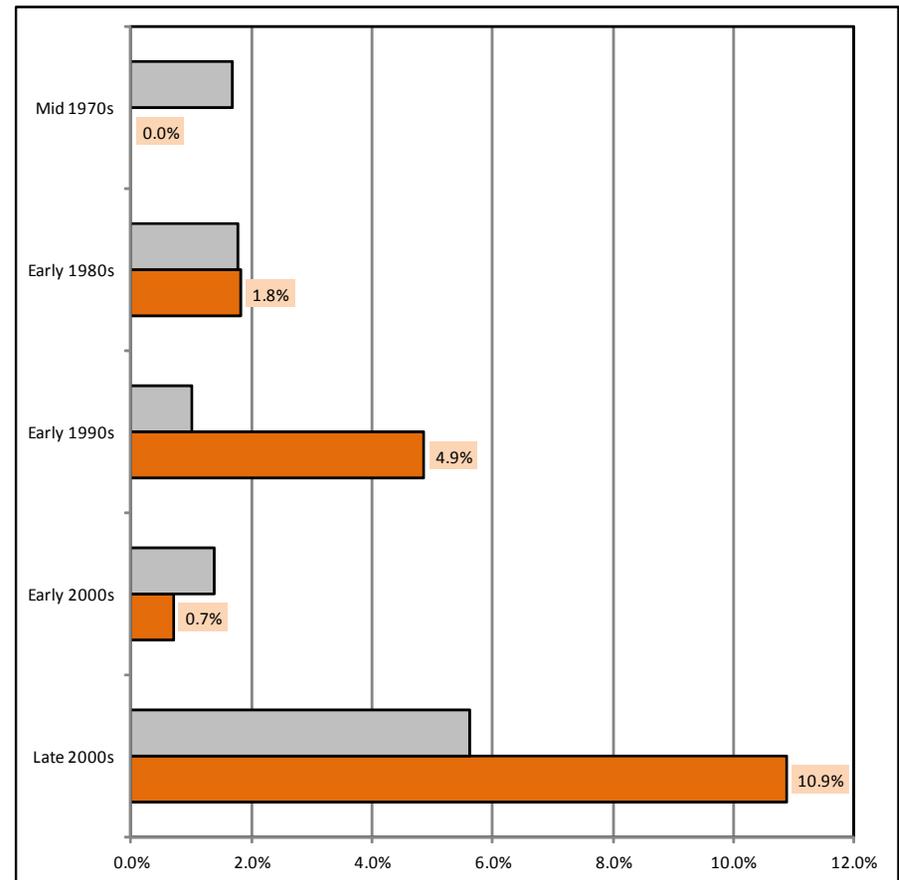


Source: US Bureau of Labor Statistics

Scale of Last Recession Unprecedented

- OC Particularly Hard Hit
- Absolute Job Loss 3X Early '90s Recession

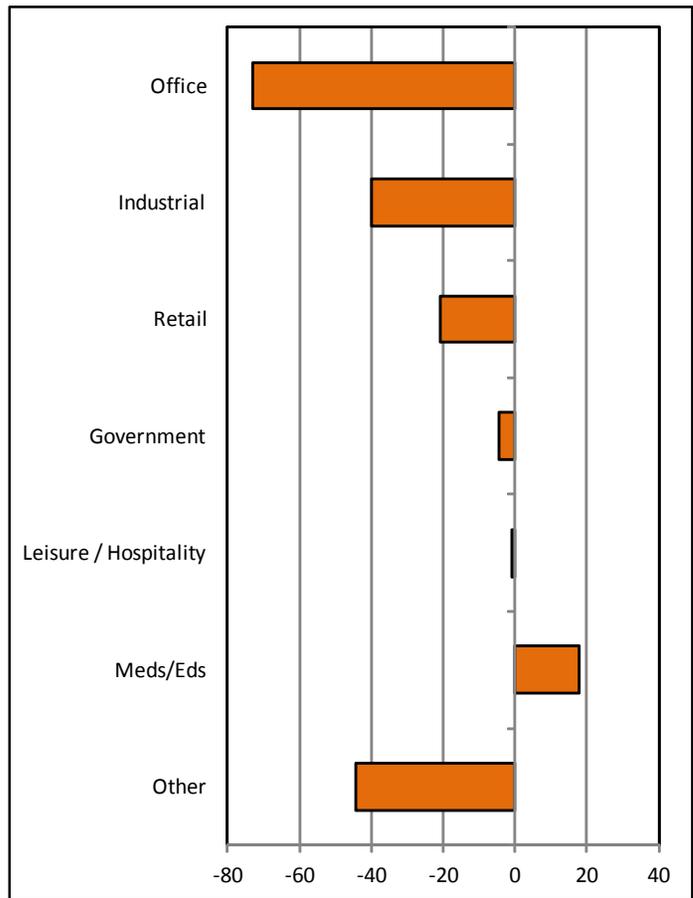
Previous Recessions	Job Losses		
	000s	OC Percent	US Percent
Mid 1970s	0	0.0%	1.7%
Early 1980s	16	1.8%	1.8%
Early 1990s	57	4.9%	1.0%
Early 2000s	10	0.7%	1.4%
Late 2000s	165	10.9%	5.6%



Jobs by Industry

- Office Industries = 44% of Net Job Loss
- Meds/Eds – Lone Bright Spot

Industry Jobs (000s)	2006	2010	Change	
			Num.	Perc.
Office	445	372	-73	-16%
Industrial	295	255	-40	-14%
Retail	161	140	-21	-13%
Government	157	152	-4	-3%
Leisure / Hospitality	170	169	-1	-1%
Meds/Eds	138	156	18	13%
Other	155	111	-44	-29%
Non-Farm	1,519	1,354	-165	-11%



Source: US Bureau of Labor Statistics

Office: Professional & Business Services, Financial Activities, Information
 Industrial: Manufacturing, Wholesale Trade and Warehousing, Transportation and Utilities

Workplace Performance

- 7.6M SF of Vacant Office to Fill

<u>Real Estate:</u>	<u>Office</u>	<u>Industrial</u>	<u>Retail</u>
Current - 1Q12			
Inventory (MM SF)	151	391	135
Vacant Space	23	13	8
Vacancy Rate	15.0%	3.4%	5.8%
Stabilized Vacancy Rate	10%	5%	3%
Stabilized Vacancy	15	20	4
SF to Stabilization	7.6	0.0	3.8
Trough			
Quarter	1Q10	4Q09	4Q11
Vacancy	18.2%	4.8%	6.0%
BP Improvement	320	140	20

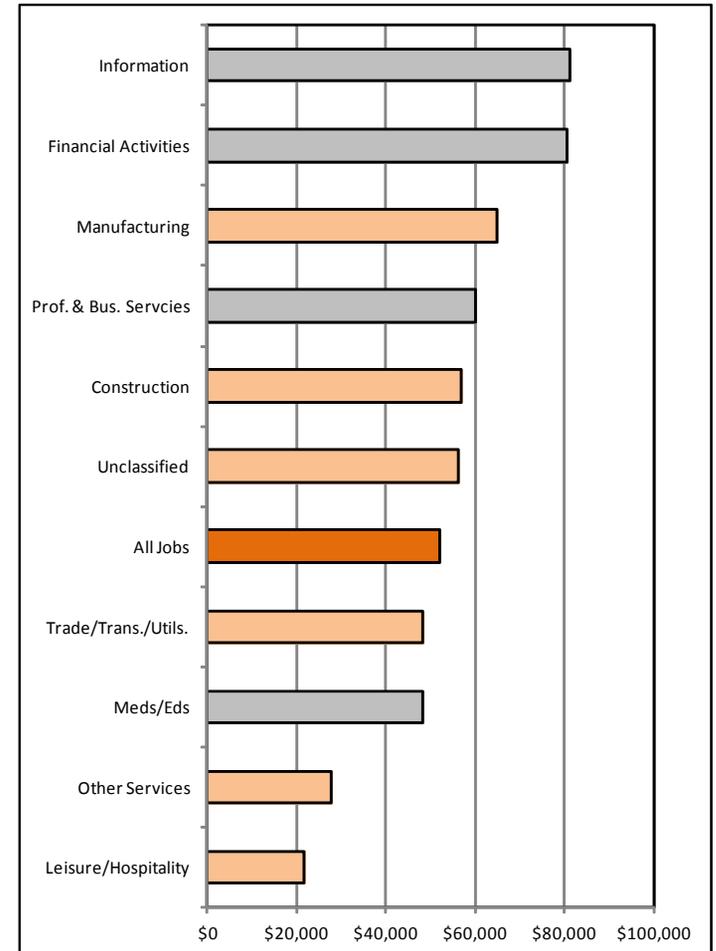
Source: CBRE; CoStar

Not All Jobs are the Same

- Hardest Hit Industries Possessed Highest Incomes

Industry Jobs (000s)/ Median Wage	Jobs/Wages		Change	
	2006	2010	Num.	Perc.
Office	445	372	-73	-16%
Information		\$81,288		
Financial Activities		\$80,638		
Prof. & Bus. Services		\$60,142		
Office Wage		\$67,258		
Industrial	295	255	-40	-14%
Retail	161	140	-21	-13%
Government	157	152	-4	-3%
Leisure / Hospitality	170	169	-1	-1%
Leis./Hosp. Wage		\$21,574		
Meds/Eds	138	156	18	13%
Meds/Eds Wage		\$48,318		
Other	155	111	-44	-29%
Non-Farm Total	1,519	1,354	-165	-11%
Total		\$52,108		

Source: US Bureau of Labor Statistics

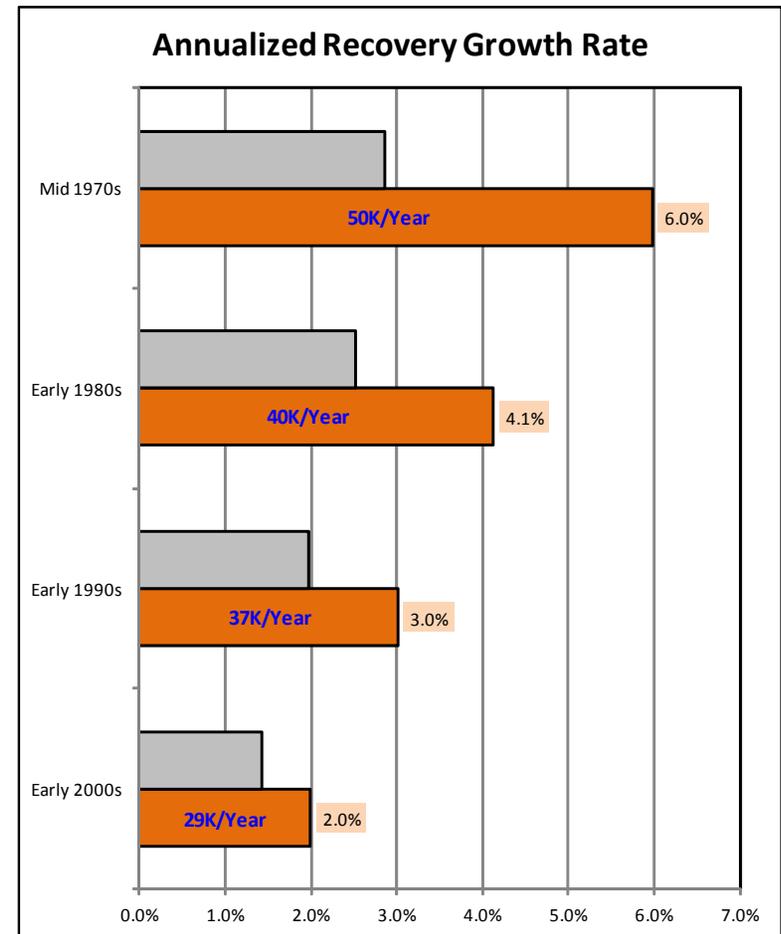


Recovery Rates are Slowing

- If Trend Continues, Commercial Markets Will Take Longer to Recover

Post Recession Job Gains	OC			US	
	000s	Perc.	Yrs.	Perc.	Yrs.
Mid 1970s	302	54%	6	18%	6
Early 1980s	324	38%	8	22%	8
Early 1990s	298	27%	8	22%	10
Early 2000s	115	8%	4	6%	4
<i>Late 2000s</i>	<i>14</i>	<i>1.1%</i>	<i>1</i>	<i>1.1%</i>	<i>1</i>

Source: US Bureau of Labor Statistics



Predictable Growth?

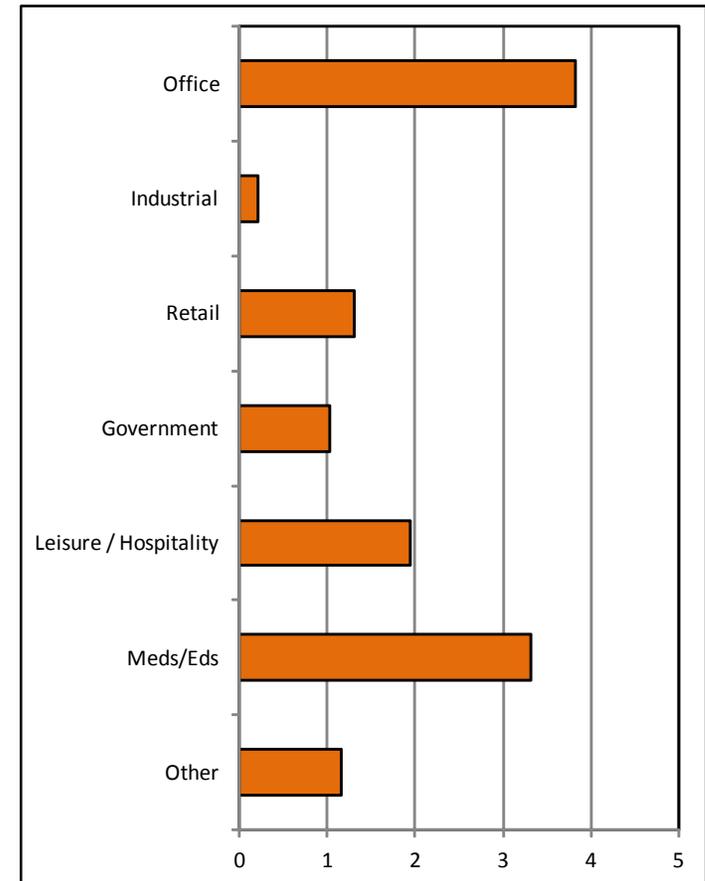
- California EDD – 13K (stabilized)
- 4K Office Jobs
- How Accelerate Growth?

Industry Jobs (000s)	2008e	2018p	Chg./Year	
			Num.	Perc.
Office	410	448	3.8	0.9%
Industrial	290	292	0.2	0.1%
Retail	156	169	1.3	0.8%
Government	161	171	1.0	0.6%
Leisure / Hospitality	176	196	2.0	1.1%
Meds/Eds	151	184	3.3	2.0%
Other	138	150	1.2	0.8%
Non-Farm	1,482	1,609	12.8	0.9%

Source: California Employment Development Department (10-year forecast)

Office: Professional & Business Services, Financial Activities, Information

Industrial: Manufacturing, Wholesale Trade and Warehousing, Transportation and Utilities

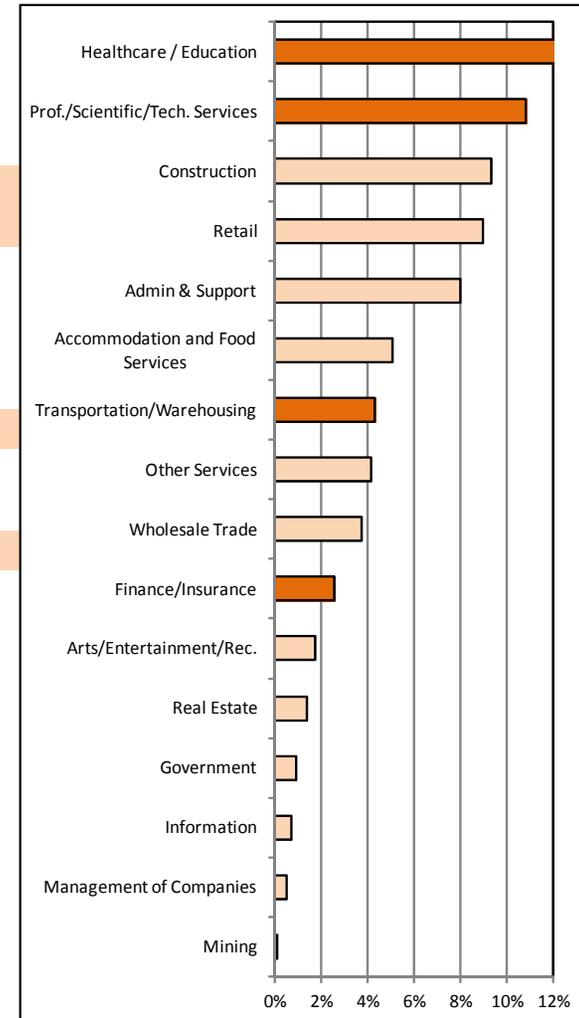


Projected Growth Industries – U.S.

- Meds / Eds = 38% of Net Job Gains

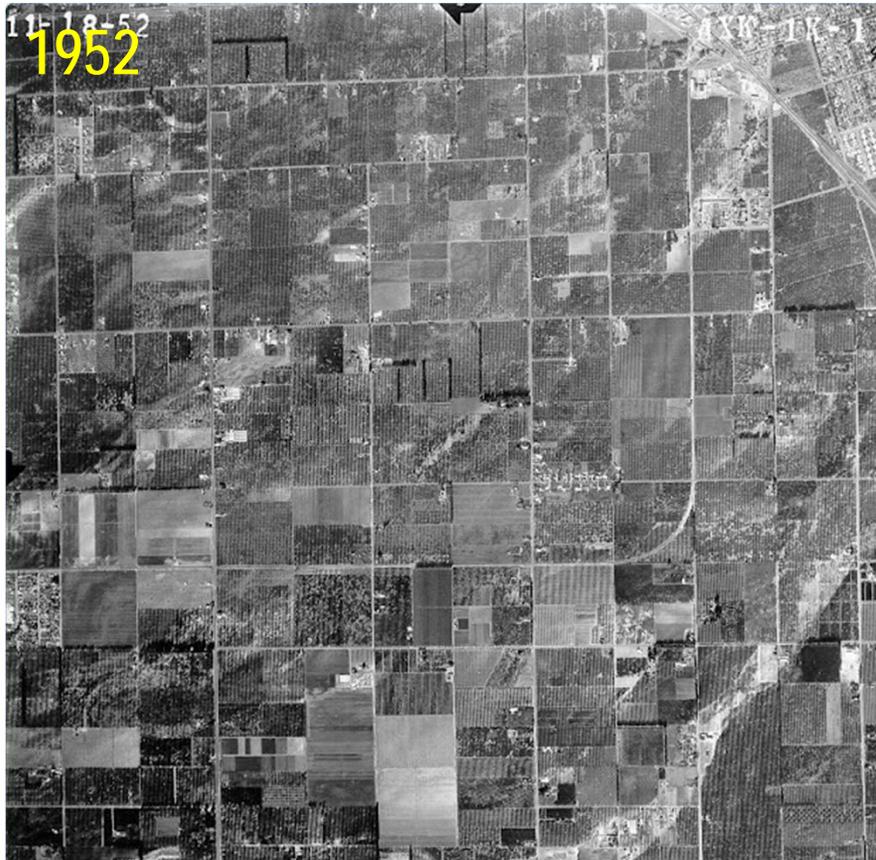
Industry	United States		Median Wage
	10-Yr. Growth Num.	Share	
Healthcare / Education	7,549	38%	\$40,326
Prof./Scientific/Tech. Services	2,128	11%	\$66,897
Construction	1,840	9%	\$50,623
Retail	1,769	9%	\$26,038
Admin & Support	1,579	8%	\$31,688
Accommodation and Food Services	1,002	5%	\$16,708
Transportation/Warehousing	853	4%	\$43,414
Other Services	822	4%	\$33,787
Wholesale Trade	744	4%	\$52,982
Finance/Insurance	505	3%	\$54,021
Arts/Entertainment/Rec.	341	2%	\$24,451
Real Estate	275	1%	\$38,994
Government	180	1%	---
Information	140	1%	\$60,115
Management of Companies	103	1%	\$66,523
Mining	25	0%	\$65,095
Utilities	-36	---	\$73,022
Agriculture	-48	---	---
Manufacturing	-73	---	\$49,888
Non-Farm	19,698		\$41,600

Source: US Bureau of Labor Statistics; values in 000s



Marketing Orange County

- No Longer SoCal's Affordable Growth Outlet
- More LA Residents Commute to OC than Vice-Versa
- Suburban to Maturing Urban Metropolis



Changed Competitive Environment

- Increased Competition
 - ✓ Domestic
 - ✓ Global
- Greater Exposure to Global Demand Shifts
 - ✓ Europe
 - ✓ China
- Land Constraints

Why “No” to Orange County

- Cost of Doing Business
 - ✓ Energy Costs
 - ✓ Tax Burden
 - ✓ Regulatory Burden
 - ✓ Land \$\$
- Freeway Congestion
- Cost of Living

Why “Yes” to Orange County

- Quality of Life
- Educated Labor Force
- Universities
- International Trade – access to sea / air ports
- Hi-Tech Niche
- Venture Capital

What Should We Be Doing?

- Aggressive Marketing of Regional Assets
- Government Regulatory Incentives
- Innovative Workplace Environments
- Targeted Niche Job Clusters
- Import New Businesses

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