

COST OF INSURANCE

by Sandy Wendland



As most of us already know, the insurance market has been volatile over the last several years; particularly since

9/11. We have all experienced the rate increases, sometimes as high as 50%; sometimes even more. We have been able to keep our increases to much less; however we have experienced an increase of as much as 30% in one very bad year.

This trend is beginning to reverse itself. Our insurance broker has successfully negotiated about a 10% reduction in overall rates from the 2004. We review our properties annually making sure that our building values and loss of rents is accurate; and we adjust our coverage accordingly. So if you don't quite see a 10% reduction in your rate, odds are it is due to this adjustment.

You can help us keep the insurance rates down by doing the following:

- Store all hazardous materials appropriately.
- Keep all materials clear of any fire sprinklers.
- If your building is sprinklered, be sure that it is monitored by a alarm company.
- Make sure all fire extinguishers are up to date.
- Keep all yards free of debris.

We strive to get the most value per dollar for the expenses our tenants share. Our goal is to save money whenever possible.

SPENCER LABS

by Don Davis



We would like to congratulate Steve Todd and Spencer Labs for receiving its ISO 17025 Accreditation.

Spencer Labs is located in our building at 3100 W. Warner Avenue, Suite 6. Steve rented their suite in September 2002 with the plan to open a state-of-the-art Forensic DNA testing facility. Steve's customers will include law enforcement agencies, attorneys, prosecutors, and others with a need for DNA testing.

Steve has close ties with law enforcement and has manufactured and sold various devices for evidence testing for some time. His Fingerprint Recovery Chamber can reveal fingerprints that can be years old and have been exposed to the elements on a variety of materials and objects. As you can imagine, this can be very useful to law enforcement agencies.

We are confident Spencer Labs will be very successful and look forward to a continued relationship with Steve as his business grows.

PLUMBING WOES

by Don Davis

In July 2005 we undertook replacing the main waterlines in our multi-tenant buildings at 1101 S. Grand and 1415 E. McFadden Avenues in Santa Ana. Both buildings were constructed in 1972

and the original waterlines were galvanized iron and had rusted to the point were a major leak was eminent. We contracted with Coast Plumbing, our tenant on Mt. Cliffwood in Fountain Valley. We knew the project would be difficult since the buildings have multiple tenants. Disrupting the water service for a long period of time was not acceptable.

Coast Plumbing handled the job extremely well, coordinating with each of the tenants. They made every effort not to disrupt the tenants' operations. We thank Coast for a job well done.

We would also like to thank all the tenants of the Grand-McFadden Business Park for their cooperation and patience through out this project.

Pepper . . . and Salt
THE WALL STREET JOURNAL



"Big deal. We've been living in a real-estate bubble for years."

Property News is published for the use of tenants and other business associates of Isidore C. Myers - Joseph A. Erickson Properties, Inc. All rights reserved, 2005. Your comments and suggestions are always welcome.

Isidore C. Myers - Joseph A. Erickson Properties, Inc.
2 Upper Newport Plaza Drive
Newport Beach, CA 92660
(949) 752-2100
Fax (949) 851-8156
email: icmyers@pacbell.net
web: www.icmyers.com

Isidore C. Myers - Joseph A. Erickson Properties, Inc.
PROPERTY NEWS
The Best Foundation for Your Business Location™

In this issue:

Page 2
Focus of a Lifetime
Owning Vs. Leasing

Page 3
Full Portfolio
Tenant Anniversaries
Tenant News

Page 4
Cost of Insurance
Spencer labs
Plumbing Woes

U.S. FUTABA GROWS

by Joe Erickson

Isidore Myers, Don Davis and I met with Charles Fournell, the President of U.S. Futaba, Inc., on August 11th at the company's new 21,600 sq.ft. headquarters at 2901 W. Garry Avenue in Santa Ana. We congratulated Charles and his staff for growing for the third time in buildings in our portfolio.

When we arrived, Charles stated, "Isidore, it has been 23 years since we first met and began working together. The move into this facility has reinvigorated me and my enthusiasm for the future of our company has never been greater."

Isidore shook Charles' hand and replied that it made him very happy to view the success and steady growth that U.S. Futaba, Inc. has achieved over the years.

U. S. Futaba is a distributor of high quality hardware for the cabinetry and furniture industries. The company first leased our 6,000 sq.ft. building on Yale Street and then grew into our 12,300 sq.ft. building on Pendleton Avenue. The company also maintains a distribution facility on the East Coast.

The move into the Garry Avenue building was managed by Terry Garner. The office space planning and design were performed by Helga, Charles' wife.

We are already looking forward to growing again with U.S. Futaba, Inc. in the coming years. Charles believes the company will double its headquarter facility requirements in the next decade. We intend to remain a partner in the company's success when that time comes.

We thank the people of U.S. Futaba for their loyalty and we look forward to continuing our relationship and serving them for many years to come.

It is one of our highest ambitions to be able to share in the success of companies in our portfolio by providing them with larger facilities. U.S. Futaba is one of many companies that have grown with us.

We own 2901 W. Garry Avenue with our partner, John Heffernan, the newly appointed Mayor of the City of Newport Beach.



Isidore Myers (right) & Charles Fournell

"...my enthusiasm for the future ...has never been greater"

FOCUS OF A LIFETIME

by Joe Erickson



Isidore Myers, a life-long photography enthusiast, is preparing an exhibit of some of his thousands

of photographs at Orange Coast College in Costa Mesa.



The exhibit entitled, "I Came, I Saw, and Focused, Photography by Isidore C. Myers," will be on display from September 12th to October 7th at the college's Fine Arts Photography Gallery on the second floor of the Arts Center Building. Isidore will attend a gallery opening on September 17th between 4:00 PM and 6:00 PM.



You are welcome to attend the opening and meet Isidore or visit the exhibit at your convenience.

OWNING VS. LEASING

by Joe Erickson

Our business involves purchasing, developing and managing Orange County industrial and commercial real estate properties. We have been conservative investors for many years. We have worked in both strong and weak real estate cycles. We have not developed or purchased additional property recently as we feel that the market has heavily favored sellers for several years.

From time to time we have consulted with our tenants who desire to purchase their own facilities. Several of these tenants have eventually purchased their own buildings. While we miss the opportunity to continue working with them, we are proud to have been a part of their growth.

In considering the owning vs. leasing decision, business owners must make the best use of their financial resources. Many firms use every available dollar to nurture a profitable venture and hopefully earn a higher return on their business investment than utilizing other alternatives including real estate acquisition.

The "pride of ownership" goal of some business owners does have certain advantages. They are not much different from renting or buying a home.

There are tax savings from interest paid on real estate acquisition loans, property tax payments and depreciation on the building improvements (not the land). Financing the purchase of a building may also be easier

and have better interest rates than traditional financing of a small business. Modifications to a property can be made quickly and easily as long as building and zoning codes are met. With ownership of a building, the owner becomes its best possible tenant.

Traditional leasing has its shortcomings, such as rent increases, uncooperative landlords, and restraints on modifications or activities occurring on the premises.

But leasing offers several major advantages over ownership:

- Saving of the initial cash down payment needed in most purchases. Down payments can deprive businesses of badly needed cash.
- Typically, monthly rental payments are less than mortgage payments.
- Greater flexibility regarding locations and expansion requirements.
- Safer for business owners.

The Wall Street Journal reported on August 24, 2005, that as many as 65% of U.S. commercial real estate loans made in the second quarter of the year were interest-only for part or all of the loan's term.

Just 2 years ago, these interest-only loans made up just 7% of the overall commercial real estate loans. We believe that interest-only loans can be a problem for business owners because when the time comes to refinance, the property could be valued far less than the purchase price. Business owners would be required to use their own

cash to make up the difference in values or default and return the property to their lender.

As Owner-Lessor, we pride ourselves as being fair, open-minded and willing to assist our tenants in all aspects of their business operations. Should a tenant wish to discuss the owning vs. leasing decision, we are always willing to meet with them regarding their needs.

FULL PORTFOLIO

by Joe Erickson

2005 has been a good year for our company. Our portfolio of properties has been 100% leased for the most of the year. As noted in this newsletter, we have enjoyed the loyalty of many long time lessees. We have also welcomed a number of new companies into our buildings prior to becoming vacant.

We are proud of our record of attracting and retaining quality lessees as it reflects our sensitivity to the pressures our lessees face in uncertain economic times. We have a long-standing policy of being flexible regarding the terms of our leases and improvements done at our properties.

Our company is a business. Like all businesses our goal is to be profitable but we believe a negotiation must be good for all parties for it to be a good deal. We never take the "last nickel off of the table."

A good reputation is our most valuable asset. We will do everything in our power to assist our lessees and thank them for their loyalty.

TENANT ANNIVERSARIES

We would like to thank the following companies for being with us for 10 or more years.

American Alarm Systems	1973
U.S. HealthWorks of CA	1977
O.Hill Properties	1981
H&R Financial	1981
U.S. Futaba, Inc.	1984
Feedback Foundation, Inc.	1985
Smart & Final, Inc.	1985
Fountain Valley Transmission	1985
Promark	1985
Spee-Dee Printing	1986
Howard Larsen, Inc.	1987
B/T Western Corp.	1987
Kintron Mfg., Inc.	1990
3-D Door, Inc.	1991
Melmarc Products	1992
Mina Products Co.	1992
MBC Applied Environmental	1993
SDC Partners, Ltd.	1994
Dempsey's World Record	1994
SLO Newport	1994
All American Balloon Supply	1994
Draperys & More	1995
Superior Property Services	1995
Maximum Security Corp.	1995

TENANT NEWS!

Since our last property newsletter in August 2004, we attracted several new companies in our portfolio and are pleased to retain many of our lessees.

We welcome five new tenants in the free-standing buildings at Warner-Susan Business Park.

Custom Display Solutions
Ecoolthing Corporation
PSI Sales, Inc.
Qualitech Engineering, Inc.
Simmax Energy LLC
 We thank the following

lessees for extending their leases in our multi-tenant building at 3100 W. Warner Avenue:

Crown Jewel Sportswear
Dean Miller Hawaiian Islands Print
Dempsey's World Record Associates
JB Graphix
Sun-X Auto Glass
Smart Color Printing
Softwarehouse International
Spencer Labs
 In Redhill-Fischer Business Park
Promark
Mina Product Development
 In Grand-McFadden Business Park, we welcome
Francisco's Company
Leeward International, Inc.
TEI International, Inc.
 For extending their leases, we thank
American Alarm Systems
American Balloon Supply
Cal-Roadster, Inc.
Community Property Repairs
Diversified Litho
Draperys and More

At other locations:

The Philip MacDonald Company and Howard Larsen, Inc. in Newport Beach.
Spee-Dee Printing at Segerstrom Avenue and **Fountain Valley Transmission** in Fountain Valley.
 We congratulate **U.S. Futaba, Inc.** for expanding their business into our Garry Street building.
 And lastly, we welcome **CHAMP, Inc.** in our free-standing building in Santa Ana.