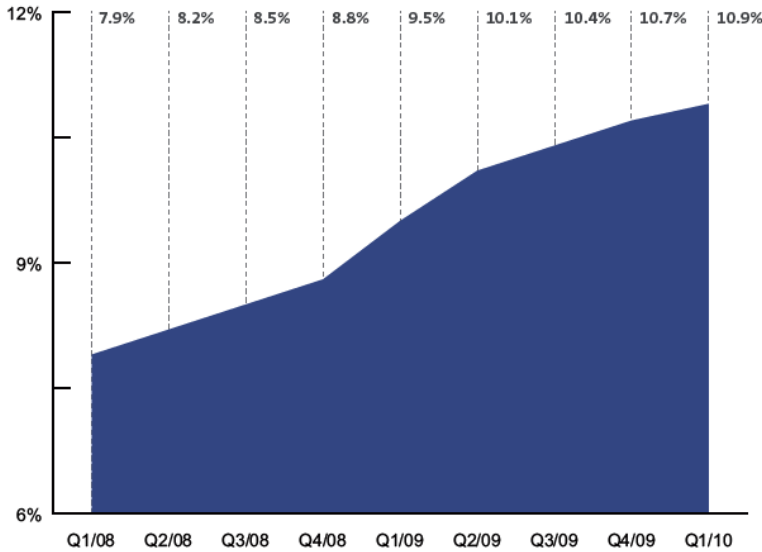


INDUSTRIAL MARKET TRENDS JACKSONVILLE, FL

Grubb & Ellis Research | First Quarter 2010



US INDUSTRIAL VACANCY RATE



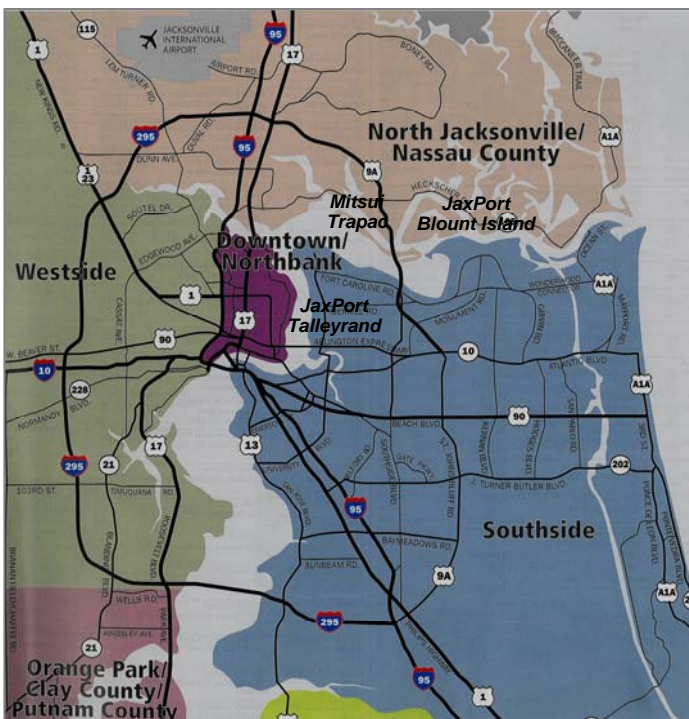
* All product types

The Northeast Florida industrial market ended the first quarter with a slight increase in the vacancy rate, but encouraging activity with some leases being completed and prospects in search of space, providing hope that our market is healing.

Several transactions of note include Football Fanatics leasing 553,451 SF on Commonwealth Avenue in the Westside sub-market for their distribution operation and headquarters. This was a relocation and expansion from approximately 160,000 SF, which is a great sign that their company is profitable and growing. Also on the Westside, Eagle Moving & Storage leased 50,000 SF on Ellis Road, which is a relocation and expansion from the Southside sub-market. In the Northside sub-market, Crowley Logistics leased 60,000 SF in Pattillo's Northpoint Industrial Park and APR Energy absorbed approximately 96,000 SF of sublease space that was vacated by Atrium Window & Doors.

Smaller transactions from 20,000-60,000 SF are the ones that help us maintain a stable market, but unfortunately those are the ones that we have not been seeing as often in the past two years. Current lease rates are still down approximately 25-35% from where they were 2-3 years ago, but lack of new construction should help to stabilize, and begin to reduce, our overall vacancy. Landlord concessions are not as drastic as we had seen 6-12 months ago, which is also a good sign that our market has stabilized.

INDUSTRIAL SUBMARKET MAP



From a national perspective, some indicators that drive industrial demand are improving. Manufacturing indexes, freight shipments, and imports & exports are all improving. Container traffic in many East coast ports is increasing, which shows signs of improved consumer spending. Hopefully, this leads to the retail giants needing more inventory on hand and more warehouse space in close proximity to keep their store inventory replenished.

We anticipate that the financially sound tenants will continue to try restructuring their leases for longer terms. They will accomplish this by negotiating a more favorable lease rate today while providing the Landlords with longer lease terms. This is a win for the Tenant in reducing his current lease expenditure, and a win for the Landlord that may be faced with having to refinance his property in a few years. All financing is extremely difficult, but easier for those with sound rental income on their properties.

The ports in Miami and Jacksonville seem to be the focal points for the industrial markets that will experience the quickest turn around in Florida, according to several economist and University professors. Let's hope they are correct and we continue to see improved conditions for the rest of 2010.

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Industrial Market Snapshot NE Florida First Quarter 2010

*(First Quarter 2010 Industrial Market numbers have been adjusted to reflect a change in the minimum size of buildings being tracked, as well as a shift in geographical boundaries, including the elimination of Nassau County.)

Submarket	Total SF	Vacant SF	Vacancy Rate	SF Under Construction	Average Asking Rate
Downtown	7,721,719	571,407	7.4%	0	Whse: \$1.80
Northside	21,912,444	2,782,880	12.7%	279,874	Whse: \$4.25 Flex: \$6.45
Westside	42,206,387	2,688,946	6.4%	0	Whse: \$3.65 Flex: \$7.96
Southside	23,081,982	2,897,301	12.6%	0	Whse: \$4.17 Flex: \$8.52
Orange Park/Clay	3,729,081	528,136	14.1%	0	Whse: \$3.50 Flex: \$9.25
St. Johns	2,618,080	301,079	11.5%	0	Whse: \$5.25 Flex: \$9.50
Total	101,269,690	9,241,613	10.96%	279,874	Whse: \$4.07 Flex: \$8.35

Market Highlights:

1. Football Fanatics leased 553,451 SF at 5233 Commonwealth Avenue
2. Crowley Logistics leased 60,000 at 3700 Port Jacksonville Parkway
3. APR Energy subleased 96,000 SF at 3600 Port Jacksonville Parkway
4. Eagle Moving and Storage leased 50,000 SF at 2003 North Ellis Road

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