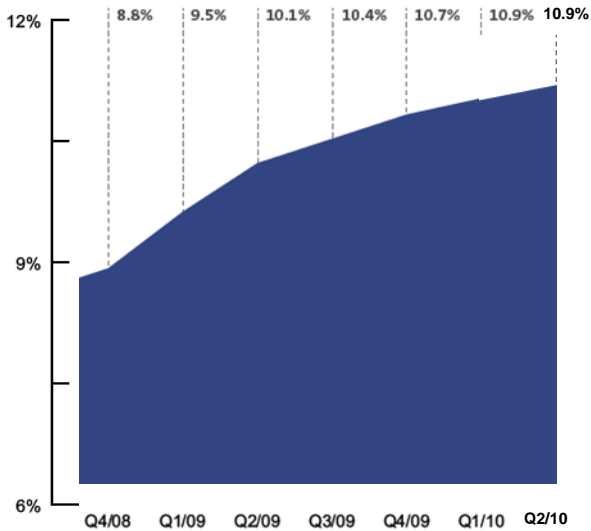


INDUSTRIAL MARKET TRENDS JACKSONVILLE, FL

Grubb & Ellis Research | Second Quarter 2010



US INDUSTRIAL VACANCY RATE



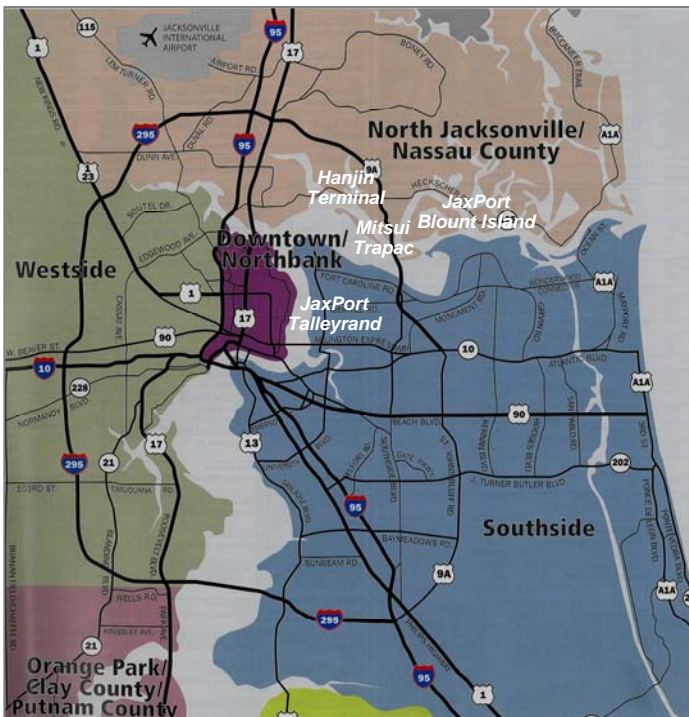
The industrial market for Northeast Florida during the Second Quarter of 2010 remained flat, but deals in the pipeline provide some encouragement.

The activity for industrial property investments has increased, which points to the amount of cash that these institutional investment groups have sitting on the sidelines. They are beginning to spend it and at return rates that we experienced when the market was much stronger.

Larger properties in excess of \$10 million are generating Cap Rates between 8.2% - 8.6% on Net Operating Income (NOI). We understand that there are some properties trading for less than 7% Cap Rates in other areas of the state. This is definitely a good sign that investors are confident to enter the market once again. However, borrowing money is still a challenge for smaller investors, business owners and all developers.

Fewer leases were completed in our local market, but the ones that were are at increased rental rates from 12 months ago and less in the way of landlord concessions.

INDUSTRIAL SUBMARKET MAP



Two large indicators for the industrial market are at the GDP and Import/Export volumes. Even though the GDP annualized rate was down to 2.4% at the end of the second quarter, the positive growth rate is still encouraging. Import/Export volumes continue to increase, but exports have outpaced imports. This will probably continue as long as consumer spending is down in the U.S. As consumer spending increases, hopefully this will translate into more job creation. Consumers need gainful employment to have confidence to spend money. Somewhat of a Catch 22.

There is still no new speculative industrial development right now, but two build to suits are underway with Penser, SC., ±240,000 SF in Westlake Industrial Park and Falken Tire, which is ±300,000 SF in the Westside Industrial Park.

Several sale and lease transactions are close to completion and should be closed early in the 3rd quarter. We expect the final half of 2010 to provide signs of recovery.

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Industrial Market Snapshot NE Florida Second Quarter 2010

*(Second 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	22,192,318	3,128,697	14.1%	0	Whse: \$4.25 Flex: \$6.45
Westside	42,206,387	2,790,146	6.5%	475,000	Whse: \$3.65 Flex: \$7.96
Southside	23,081,982	2,835,701	12.3%	0	Whse: \$4.17 Flex: \$8.52
Orange Park/Clay	3,729,081	525,036	14.1%	0	Whse: \$3.50 Flex: \$9.25
St. Johns	2,618,080	291,179	11.2%	0	Whse: \$5.25 Flex: \$9.50
Total	101,549,567	10,142,166	10.00%	475,000	Whse: \$4.07 Flex: \$8.35

Market Highlights:

1. Falkin Tire completed the transaction on a 300,000 SF build to suit at Westside Industrial Park
2. Signature Offset Printing leased 33,807 SF at JaxPort Trade Center
3. Carrier Corporation renewed their lease for 53,500 SF at 8691 Western Way
4. Natural Stone Construction, Inc. leased 22,500 SF at 9100 Philips Highway
5. Webb International delivered a 279,874 SF front loading, rail served building at 780 Whittaker Road

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