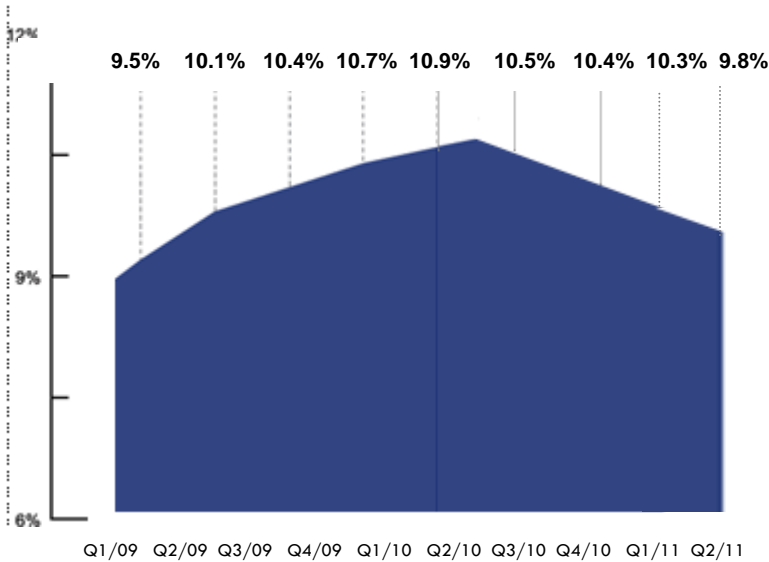


INDUSTRIAL MARKET TRENDS JACKSONVILLE, FL

Grubb & Ellis Research | Second Quarter, 2011



US INDUSTRIAL VACANCY RATE

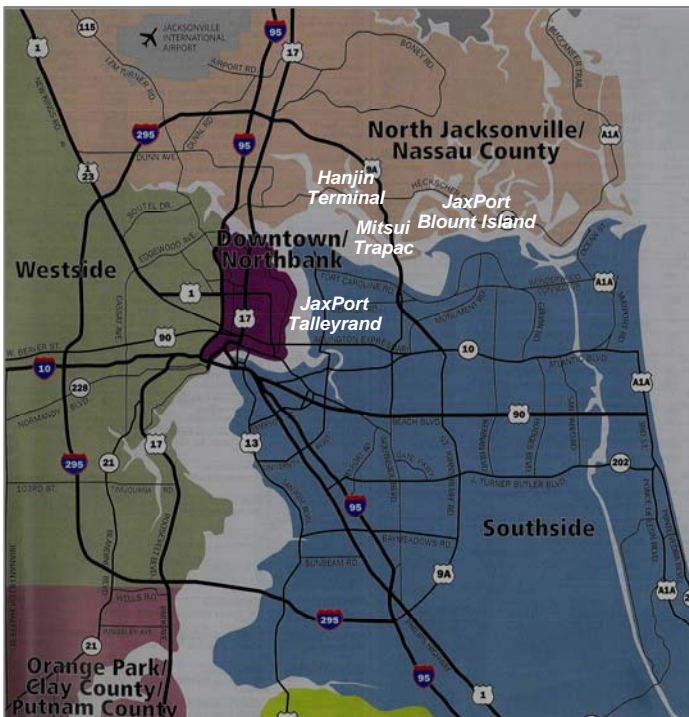


With no new industrial construction and increasing demand in the Northeast Florida market, the local vacancy rate continued to decline during the second quarter of 2011. The current Northeast Florida vacancy rate is 9.1%. This is the national trend also, as the overall industrial vacancy rate decreased by 30 basis points to 9.8%.

The National Director of Industrial Research for Grubb & Ellis, Rene Circ, highlights the following second quarter national statistics, which are:

- 32 million SF of positive net absorption
- 3.5 million SF of total completions
- 9.8% vacancy rate & 13.2% availability rate nationally
- .2% decline in net asking rents

INDUSTRIAL SUBMARKET MAP



Recent local transactions include Saddle Creek (213,000 SF lease on Gran Bay Parkway), Kaman Aerospace (100,000 SF lease in Imeson Industrial Park), Coca Cola (105,000 SF lease on Huron Street) and Nolan Supply (57,700 SF sale on Shad Road). There are many tenants actively searching for blocks of space greater than 100,000 SF, but the activity for smaller users (less than 100,000 SF) has declined over the past several quarters. Rental rates appear to be stabilizing and most landlords are not having to offer as much in the way of lease concessions as we saw them having to do in 2009 and 2010.

As expected, new lease and sales transactions have slowed with the beginning of the summer, however, the potential transactions in the pipeline provide a positive outlook for the third and fourth quarter of 2011.

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Industrial Market Snapshot NE Florida Second Quarter 2011

Submarket	Total SF	Vacant SF	Vacancy Rate	SF Under Construction	Average Asking Rate
Downtown	8,021,719	588,988	6.7%	0	Whse: \$1.80
Northside	22,192,318	3,146,587	14.2%	0	Whse: \$4.08 Flex: \$6.45
Westside	42,708,046	2,610,924	6.1%	235,000	Whse: \$3.52 Flex: \$7.96
Southside	23,081,982	2,393,024	10.4%	0	Whse: \$4.17 Flex: \$8.48
Orange Park/Clay	3,729,081	370,651	9.9%	0	Whse: \$3.50 Flex: \$9.25
St. Johns	2,618,080	288,467	11.0%	0	Whse: \$5.25 Flex: \$9.50
Total	102,351,226	9,283,141	9.1%	235,000	Whse: \$3.98 Flex: \$8.34

Market Highlights:

1. Saddle Creek leased 213,000 SF at 12751 Gran Bay Parkway
2. Kaman Aerospace leased 100,800 SF at 780 Whittaker Road
3. Coca Cola leased 105,000 SF at 1707 Huron Street
4. APR Energy expanded into an additional 90,000 SF at Northpoint Industrial Park
5. Noland Supply sold their 57,716 SF facility at 5300 Shad Road

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