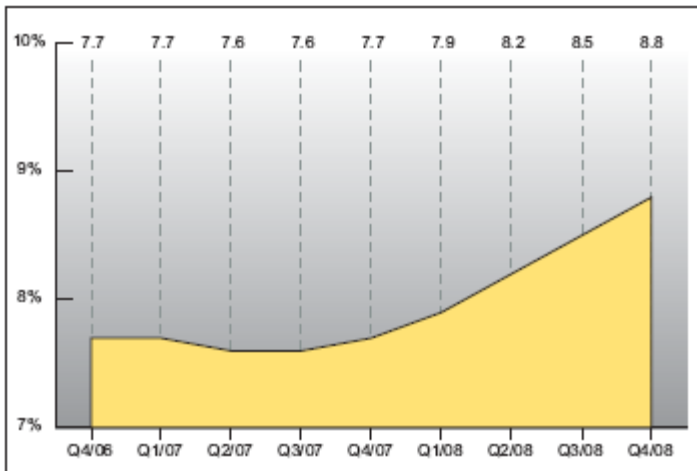


INDUSTRIAL MARKET TRENDS JACKSONVILLE, FL

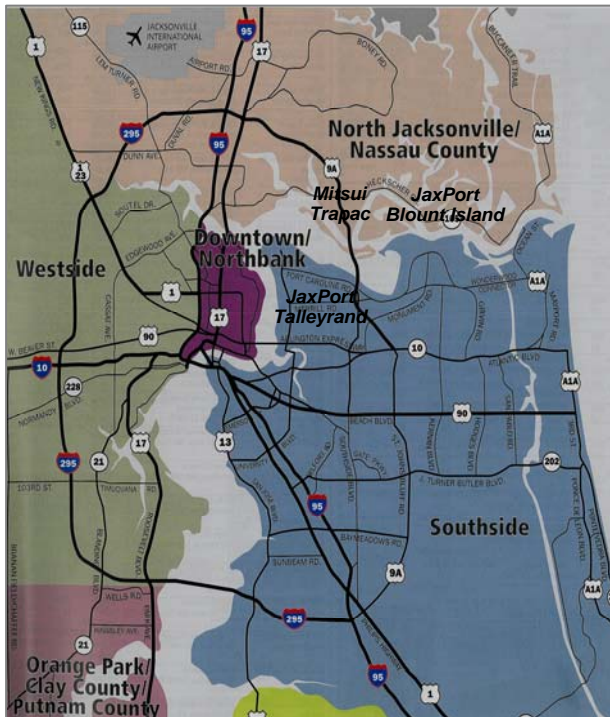
Grubb & Ellis Research | Fourth Quarter 2008



U.S. INDUSTRIAL VACANCY RATE ALL PRODUCT TYPES



INDUSTRIAL SUBMARKET MAP



Jacksonville Industrial Market Trends

Is published quarterly by Grubb & Ellis|Phoenix Realty Group

To obtain additional copies, please contact:
Betty Fastenberg
 Director of Marketing
 Email: bfastenberg@phoenixrealty.net

The Jacksonville Industrial Market ended the fourth quarter with a vacancy rate of approximately 8.3%. This is slightly higher than the previous quarter, due to the availability of sublease space, deliveries of new Class A product in North Jacksonville and the continued availability of second generation space in Class A parks in all of Jacksonville's submarkets.

Jacksonville's Industrial Market is approximately 112 million square feet, primarily situated in North, West and South Jacksonville. The majority of the distribution and manufacturing space is located in North and West Jacksonville, with South Jacksonville primarily consisting of flex product.

The slowdown in the global economy and the capital markets financial crisis has directly affected anticipated port growth through container cargo and deliveries of new industrial product citywide.

The 158-acre TraPac Container terminal originally expected to handle about 300,000 shipping containers in 2009 is now expected to handle only 120,000 containers. The new terminal and shipping lanes will eventually create 1,600 port jobs and 4,000 indirect jobs relating to the terminal. While the terminal is expected to handle 800,000 containers per year at capacity and create \$870 million in economic impact, developers and lenders are hesitant to build speculative product because of the uncertainty of the market and the availability of investment grade, net leased industrial portfolios.

While land was at a premium last year, land prices continue to fall as development of new construction has decreased. Capitalization rates for net leased, institutional grade bulk distribution buildings have increased significantly and financing constraints have forced owners to lower pricing expectations.

Buyers that are financially capable of purchasing buildings have many options to choose from and Tenants are in demand. There continues to be increased industrial availability citywide from a leasing and purchasing standpoint. Landlords are forced to decrease their asking rental rates and leasing concessions are common for credit tenants willing to sign longer term leases.

The larger lease signings that occurred in 2008 included a 601,500 square foot lease signed by Dr. Pepper Snapple Group at 2300 Picketville Road in West Jacksonville. Also, Bacardi USA renewed their lease at Imeson Center for 300,000 square feet, Georgia Pacific leased approximately 500,000 square feet from Johnson Development at Westlake and Kraft renewed their 187,000 SF lease at Westside Industrial Park.

Grubb & Ellis|Phoenix Realty Group

10739 Deerwood Park Boulevard #103 | Jacksonville, FL 32256
 Phone: 904.39.5222 | Fax: 904.399.0330
www.phoenixrealty.net \ *Independently Owned and Operated*

Industrial Market Snapshot NE Florida Fourth Quarter 2008

Submarket	Total SF	Vacant SF	Vacancy Rate	SF Under Construction	Average Asking Rate
Downtown	11,580,489	789,331	6.8%	0	Whse: \$3.05 Flex: \$8.53
Northside	16,639,596	1,914,431	11.50%	793,304	Whse: \$4.12 Flex: \$7.48
Westside	44,355,943	3,224,644	7.30%	1,208,813	Whse: \$3.89 Flex: \$7.91
Southside	25,854,982	2,297,739	8.88%	102,416	Whse: \$5.89 Flex: \$10.00
Orange Park/Clay	5,010,853	524,116	10.5%	0	Whse: \$5.73 Flex: \$12.39
St. Johns	5,026,464	496,416	9.9%	108,204	Whse: \$6.62 Flex: \$11.83
Nassau	3,562,825	77,143	2.2%	0	Whse: \$4.57 Flex: \$7.50
Total	112,031,152	9,323,820	8.3%	2,212,737	Whse: \$4.43 Flex: \$10.29
All Submarkets					
Whse/Distribution	104,553,364	8,538,594	8.2%	2,023,121	\$4.43
R&D/Flex	7,477,788	785,226	10.5%	189,616	\$10.29
Total	112,031,152	9,323,820	8.3%	2,212,737	Whse: \$4.43 Flex: \$10.29

*(Original numbers obtained from CoStar and adjusted by Grubb & Ellis|Phoenix Realty Group for the individual submarkets)

Market Highlights:

1. Cabot Properties has completed construction of Phase 1 at Alta Lakes Commerce Center which consists of Buildings 1 through 4
2. Oakmont is under construction with a ±872,627 SF speculative development, NorthPort Logistics Center, in the Northside submarket
3. Georgia Pacific leased ± 500,000 SF at Johnson Westlake

For more information on the NE Florida Industrial Market, contact one of our specialists:

John Richardson, SIOR
President
jrichardson@phoenixrealty.net
904.399.5222

Bryan Bartlett, SIOR,
Vice President
bbartlett@phoenixrealty.net
904.399.5222

Dan Stover,
Industrial Specialist
dstover@phoenixrealty.net
904.399.5222

Bobby Gatling,
Industrial Specialist
bgatling@phoenixrealty.net
904.399.5222

Aaron Zarle
Industrial Advisor
azarle@phoenixrealty.net
904.399.5222

Doug Wendell
Industrial Advisor
dwendell@phoenixrealty.net
904.399.5222



Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis|Phoenix Realty Group. Grubb & Ellis|Phoenix Group makes no warranties or representations as to the completeness or accuracy thereof.

Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.