Point of View

King Industrial Realty of Florida
Licensed Real Estate Broker
CORFAC INTERNATIONAL

Judging a Book by its Cover? Proceed with Caution…

During the fourth quarter of 2008, the Jacksonville industrial market continued its downward slide - recording the worst absorption numbers since the third quarter of 2005 along with the lowest deal count in years. Additionally, the availability of distribution space rose to an all-time high for both new and second-generation space. Statistically, the only saving grace was a continuation of very large transactions.

The Jacksonville distribution market grew to over 95 million square feet, of which about 16.4 million square feet is currently being marketed. Consequently, the availability rate rose nine percent to a record high of 17.2 percent. New and second-generation available space accounted for 4.5 million and 11.9 million square feet respectively. The quarter recorded a mere 75 transactions, the lowest number of deals posted since we began keeping records. Net absorption was negative -191,616 square feet, the only quarter to register negative absorption during 2008. On a positive note, the average size transaction far exceeded that of past quarters. Thanks to several large deals, it came in at 21,535 square feet compared to an average size deal of 14,487 square feet in 2007.

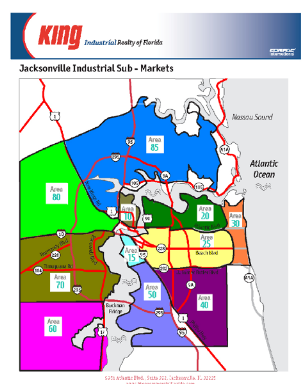
Quarter	Company	Square Foot
1Q08	Bridgestone Firestone	1,026,500 SF
2Q08	OHL Logistics	240,000 SF
3Q08	Dr. Pepper/Snapple	601,170 SF
4Q08	Volkswagen Georgia Pacific SanMar Corp	260,000 SF 546,000 SF 335,160 SF

On the surface, with the exception of availability rates, the 2008 year-end statistics look relatively healthy. Activity of 7.1 million square feet, 436 deals and positive net absorption at 1.5 million square feet all seem pretty good. But when you look closer you find that 42% of the total activity (3 million square feet) was the result of just six deals. Take those exceptional deals out of the equation and the numbers look very very different… and not in a good way.

For the first time in many years, tenants are being offered concessions along with lower lease rates. Landlords are aggressively pursuing deals - doing whatever they can to maintain occupancy levels or to fill-in the gaps until economic times improve. Sale prices are also suffering. The inability to secure favorable financing has caused the market to dry up substantially. Even all cash buyers who don't rely on debt are waiting on the sidelines trying to determine when the bottom of the downturn will be reached.

Although I am a total optimist and always look at the glass "half full", I believe we still have several quarters to endure before we see any signs of recovering.

Jeff L. Graham, SIOR
President



Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	95,200,479	-191,616	16,360,422	17.2%	1,615,097	75	21,535
Service Center	2,499,378	-17,250	583,043	23.3%	12,382	5	2,476

CORFAC International

4Q-2008