

**Momentum Continues...Barely**

With the 4th quarter of 2007 showing a slight leveling off in activity and the economy showing signs of a moderate slow down, the 1Q08 also showed signs of a moderate slow down. Activity for the quarter registered 2.4 million square feet with positive absorption of 1,183,000 square feet.

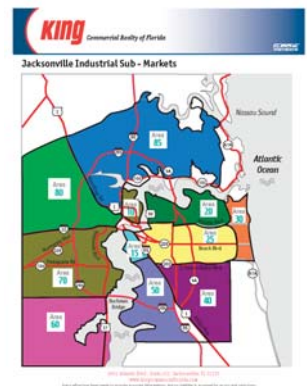
The Jacksonville distribution market grew to almost 92 million square feet with about 12.7 million square feet currently being marketed or 13.8% of availability. The quarter's recorded activity of 121 transactions, totaling over 1,528,000 square feet being absorbed. Again, the average size transaction far exceeded that of past quarters coming in at about 20,000 square feet.

After reviewing detailed market statistics, you can see that much of the positive numbers were derived from addition of the Bridgestone Firestone 1 million square foot facility. This single transaction accounted for almost 1/2 of the total activity and 78% of the total absorption. Some of the most active submarkets register negative absorption. Area 15, 25 and 80 all recorded negative absorption for the quarter. This is the second straight quarter of negative absorption for area 15 and 80 and the first quarter since late 2005 for area 25.

Speculative development is still at a fever pitch with Cabot Partners, Johnson Development, Hillwood and ProLogis well under way with each of their projects. With a combined impact of almost 2.5 million square feet, these projects should be ready of occupancy in late 2008 or early 2009. More players are lined up including ING Clarion, Oakmont, Premier Commercial Realty, Inc and Taylor Mathis. These additional players have another 2.5+ million square feet proposed.

In my estimation, the increase in activity at the port can't get here soon enough.

Jeff L. Graham, SIOR  
President



**Total Market**

	Total Inventory	Net Absorption	Total Availability	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	91,936,225	1,183,839	12,662,389	13.8%	2,373,458	121	19,615
Service Center	2,433,468	-12,420	501,898	20.6%	28,305	10	2,831