

## Searching for Stabilization...

The Jacksonville industrial market for the first quarter of 2009 continued to show signs of deterioration. Compared with the first quarter of 2008, deal count was down 24%, square foot activity was down 56% and absorption was the worst since we began keeping records in 2005. Availability of distribution space rose to an all time high in both new and second generation space.

With the unstable financial markets, several very large industrial projects that were announced during 2007-08 have been put on hold or canceled all together. With that said, the Jacksonville distribution market was adjusted to just under 95 million square feet. For all practical purposes, all speculative development has slowed to a crawl or stopped. Currently, almost 17 million square feet is being marketed in Jacksonville. That equated to an 18% availability rate, another new high and an unbelievable increase of 34% since the first quarter of 2008. New and second-generation space accounted for 4.0 million and 12.9 million square feet respectively. More importantly, second generation space availability has increased almost 4.4 million square feet in the last 4 quarters.

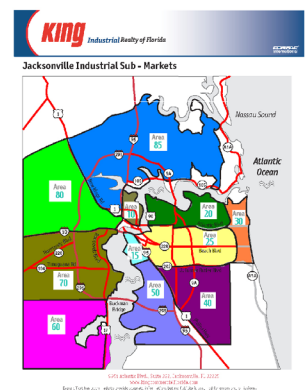
Notable Transactions		
Quarter	Company	Sq. Ft.
1Q09	Michaels Stores	270,894 SF
1Q09	Invacare Corporation	79,642 SF

In reference to activity and absorption, the quarter recorded 93 transactions and net absorption was a negative 766,243 square feet - the largest negative absorption recorded in any one quarter. The average size transaction appears to be falling to a more typical range at 12,747 square feet. There were much fewer

large transactions in this quarter as compared to the previous four quarters.

The good news appears to be that the brokerage community seems to be seeing an increase in assignments. Most of those assignments are coming in the form of listings and not buyer or tenant representation assignments. Landlords are still being very aggressive, which translates into good news to tenants. From a sales perspective, there appears to be money to lend if the project is under \$10 million but CASH is still KING... *It is believed that the next 18 months will be the best real estate buying opportunity that we will see in our lifetime.* However, there is still work to be done in reducing the gap in perceived values between buyers and sellers.

Jeff L. Graham, SIOR  
 President



### Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	94,503,694	-766,243	16,977,853	18.0%	1,185,432	93	21,747
Service Center	2,498,418	3,188	583,787	23.4%	40,107	6	6,685