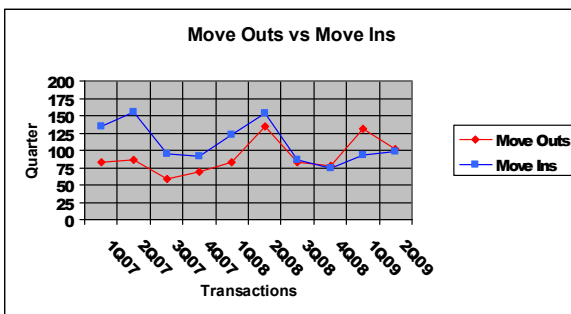


Looking for that Silver Lining...

When writing these quarterly Point of Views, I try very hard to find redeeming qualities in the market place. In reviewing all the stats, the one bright spot is that deals less than 20,000 square feet are still happening. Those deals accounted for 85% of the total number of transactions. Unfortunately, the rest of the quarterly statistics had very little good news. At least Jacksonville is not suffering like Atlanta, Orlando or Miami, but for me, that holds little comfort...

For the third straight quarter, the Jacksonville industrial market suffered from record setting negative net absorption, reduced activity and high availabilities. Out of the 95 million square feet of distribution space being tracked, 16.6 million square feet (17.4%) is actively being marketed as available. Activity for the second quarter of 2009 was just over 1 million square feet, 33% less than the same period in 2008. I think it is important to note that 400,000 square feet of that activity was the Mercedes Benz distribution and training center to be located at Majestic International Tradeport, Bldg 2. Net absorption totaled a negative 830,000 square feet, the largest yet recorded in Jacksonville and the 3rd straight quarter of *negative* net absorption. And to top it all off, new construction starts for the quarter was virtually zero.



Another interesting statistic is tracking the number of “move-outs” compared to the number of “move-ins”. Going back several quarters, you can see exactly where activity started to fall and where the convergence took place. The second quarter of 2008 was the beginning of the downturn in Jacksonville and “move-outs” started to outnumber the number of “move-ins”. Most of the

“move-ins” were less than 10,000 square feet, which historically has been Jacksonville’s average size transaction. This quarter, we had only five transactions over 20,000 square feet. The most notable were: AJC Logistics (52k sf), Dupre Storage (95k sf), and Mercedes Benz (400k sf).

In speaking with many of my colleagues around the country, the real estate markets are still trying to stabilize and everyone is trying to read the tealeaves - looking for signs of a turn around. Values have declined, financial markets are still in a mess and buyers and investors are still waiting on the sidelines, not wanting to buy too high. With that said, I still think we have a ways to go before we see a turn or at least signs of a turn.

Now, let’s talk about the “Silver Lining”. For companies that are in the market to renew their lease or enter into a new lease, there has been no better time to negotiate a good deal. Landlords in Jacksonville are competing very hard to win the few deals in the market place today.

Jeff L. Graham, SIOR

Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	95,146,762	-829,864	16,564,965	17.4%	1,011,021	99	10,212
Service Center	2,501,258	18,102	579,321	23.2%	53,867	13	4,144

