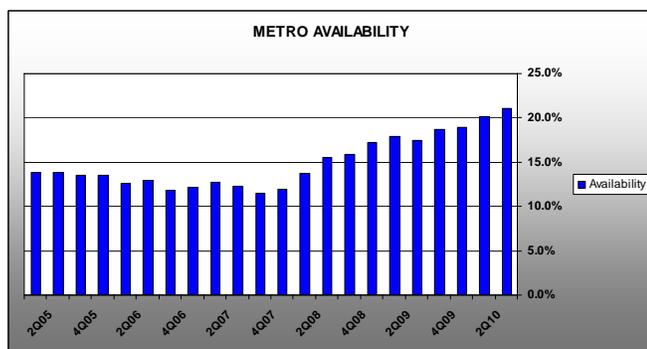


Jacksonville's Industrial Continues its Decline...

Point of View

Headlines in the business section of The Times Union on July 2nd, 2010 read like this... "Is the recovery fizzling?" "Anxiety growing over a double-dip recession" and "First Coast office vacancy rates creep up in 2nd quarter". This just about covers the types of headlines we are reading not only in local but in national publications as well.

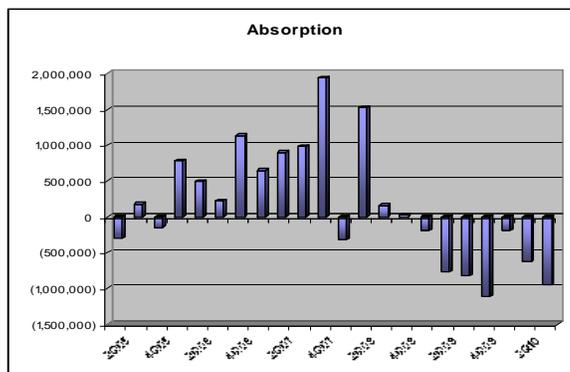
The 2nd quarter of 2010 ended as it did in the 1st quarter with more of the same negative statistics. The Jacksonville industrial market continued to deteriorate with increased availability, more negative absorption, reduced velocity of deal flow and move-outs still outpacing move-ins. Property sales are down 80% from the same quarter last year.



Availability of industrial space rose to a new record high with 20.2 million square feet or 21.1% of the inventory actively being marketed. Space coming back on the market totaled almost 1.8 million square feet. Most of the move-out, 70%, where spaces under 10,000 square feet. Activity levels fell dramatically from the previous quarter registering only 811,000 square feet. This is the lowest level ever recorded

during a 2nd quarter and the second lowest level since King began keeping records. To give some perspective, Jacksonville averaged over 1.5 million square feet of activity per quarter in 2005-2008.

This is the seventh straight quarter with negative absorption logging in at -947,897 square feet. Since the 4th quarter of 2008, the city has racked up almost 4.7 million square feet of negative absorption. That virtually wipes out all the positive absorption realized during 2007 and 2008. Move-ins continued to slide with only 76 spaces taken off the market compared to 117 given back.



In summary, Jacksonville has not made the turn to recovery and it appears that small businesses are suffering the most. It would not be a surprise to see more vacancy, "short sales" and "foreclosures" over the next several quarters as these businesses struggle to stay afloat.

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Total Market

| | Total Inventory | Net Absorption | Total Availability | % Available | Total Activity | # of Deals | Avg SF Per Deal |
|----------------|-----------------|----------------|--------------------|-------------|----------------|------------|-----------------|
| Distribution | 95,934,928 | (947,897) | 20,219,355 | 21.1% | 810,917 | 76 | 15,888 |
| Service Center | 2,587,239 | 6,172 | 636,172 | 24.6% | 47,661 | 14 | 3,404 |