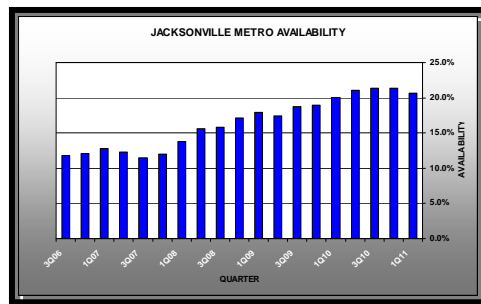
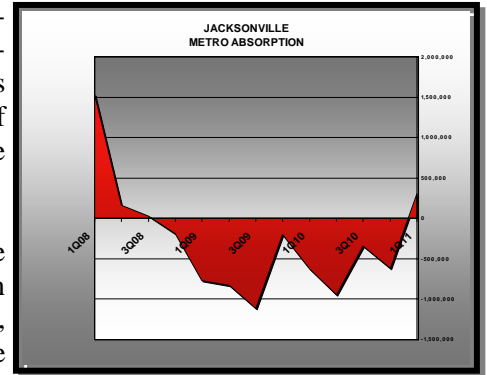


## Jacksonville's Industrial Market 1Q11 Recovery Continues, but slowly...

The first quarter of 2011 showed more positive signs but there is still a concern that activity is not where the industry would like it.

The big news for the quarter was the absorption and availability numbers. This market experienced negative absorption for nine consecutive quarters beginning the 3Q08. This quarter, the industrial market yielded positive absorption of just over 300,000 square feet. This is mainly due to some larger deals that consummated in this quarter.

A concern in the statistics is the activity. Although the square footage of deals increased to almost 1.3 million square feet, the number of deals were off dramatically, down almost 40%. During the first quarter, only 74 available industrial spaces were newly occupied while 79 spaces were given back to the market. When you drill down into the numbers, six deals accounted for nearly 650,000 square feet or about half of the total activity. If you remember, the 4Q10 had highest number of move-ins since 2Q08. That could be the result of pent up demand and a reason for the reduction of deal flow velocity in this quarter.



Availability of industrial space fell for the first time since 3Q07, dropping almost 3% to 20.7% of the inventory actively being marketed. Space coming back on the market totaled only 956,000 square feet, which is 50% less than the previous quarter. Square Foot Activity increased slightly to 1.3 million square feet, but with the decreased number of transactions, the average size deal increased to about 17,000 square feet.

Deals of note included Soler Palau, Keller Logistics, CIL Forwarding, Revere Supply, Chep, Vantem Composite and Global Tissue Group.

Overall, the market continues to recover and with virtually no new speculative development, existing space is slowly being absorbed. Several companies are currently in the market looking for large distribution space, some of which would occupy existing, while a few are considering build-to-suit opportunities. So the recovery continues, all be it slowly.

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### Total Market

	Total Inventory	Net Absorption	Total Availability	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	96,545,418	300,726	19,964,898	20.7%	1,194,929	74	17,019
Service Center	2,555,605	16,389	550,786	25.9%	45,240	7	6,463