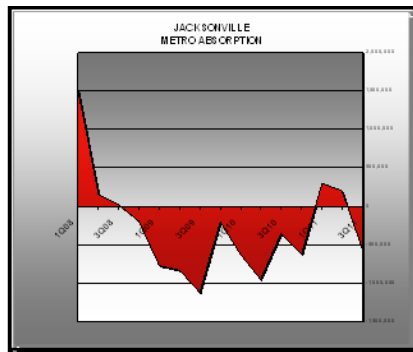
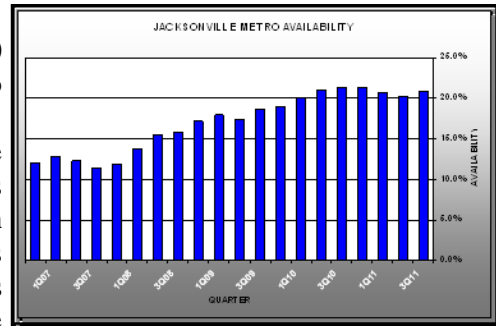


Jacksonville's Industrial Market... Two Steps Forward, One Giant Step Backward...

After a relative good start in the first half of 2011, the Jacksonville industrial real estate market has taken a major step backward. All indicators, including activity, availability and net absorption, showed negative signs.

Activity for the third quarter was off 39% from the previous quarter with only 781,000 square feet taken off the market compared to the previous quarter's 1.3 million square feet. Transactions totaled 71, down 13% from the previous quarter. Average size deal was down 30% at about 11,000 square feet, which is well off the five year average. Larger deals were almost non-existent with only two deals above 50,000 square feet in the period. The most disturbing news was the number of large spaces given back to the market. In the third quarter, 75 spaces totaling over 1.3 million square feet were returned to the market. Of those 75 spaces, 8 spaces where over 50,000 square feet.



The absorption numbers were dismal as well. The quarter yielded a negative 556,225 square feet, wiping out all the gains for the year and placing the industrial market in negative territory through the first three quarters this year. Availability of industrial space rose this quarter to 20.9%. Keep in mind that "availability" is defined as the inventory actively being marketed.

Harbinger and IEM were the only deals over 40,000 square feet. Harbinger bought a 50,000 square foot building on Southside's Shad Road and IEM leased 86,000 square feet on Central Parkway in EastPark.

Before the end of quarter, I had concerns that the industrial market had stalled. This was based on conversations with landlords and brokerage colleagues and what appeared to be the sheer lack of prospects in the marketplace. Was it the summer doldrums or was it the economy or both. One thing is for certain...this is not what I had hoped for.

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Total Market							
	Total Inventory	Net Absorption	Total Availability	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	96,684,709	-556,225	20,238,219	20.9%	781,871	71	11,012
Service Center	2,549,522	16,650	637,042	25.0%	64,431	18	4,313