



Market Research

INDUSTRIAL/FLEX | SECOND QUARTER | 2009



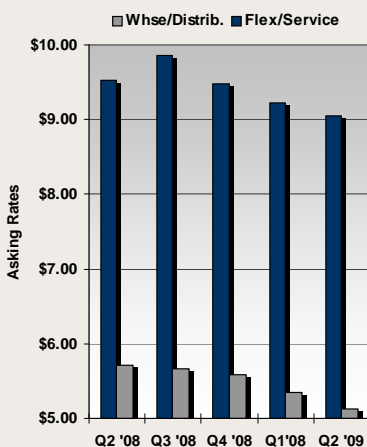
MARKET INDICATORS

INDUSTRIAL & FLEX INVENTORY:
205,809,191 s.f.

	Q2	Q3*
OVERALL VACANCY	9.3% ↑	↑
DIRECT VACANCY	8.8% ↑	↑
ABSORPTION	-1,625,637 s.f. ↓	↓
CONSTRUCTION	690,885 s.f. ↓	↓
NEW SUPPLY	259,200 s.f. ↑	↓
FLEX DIRECT AVG. ASKING RATE	\$9.05 ↓	↓
WHSE DIRECT AVG ASKING RATE	\$5.13 ↓	↓

*Projected, relative to prior period

ASKING LEASE RATES BY BUILDING TYPE



The big question is WHEN?

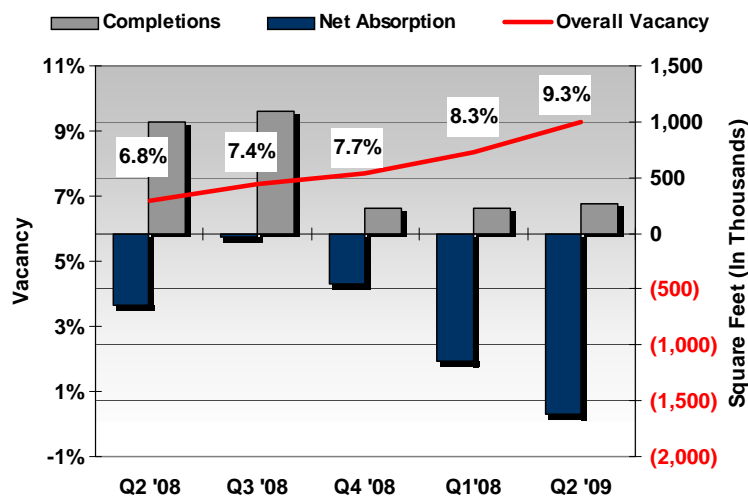
This is by far the biggest question right now and for the remainder of 2009. When will the economy start to improve again? Already, there are different schools of thought in the economic and commercial real estate community. Forecasting is a tricky endeavor but the brave at Colliers Arnold are cautiously stating we are hopeful but remaining patient. Market indicators are predicted to continue to show increased vacancy and lower absorption for the next quarter. Lease rates are also forecasted to decrease for the coming quarter.

Broker comments about the market and the outlook for the future include the following:

- The fundamentals of rent and occupancies will continue to deteriorate but at a slower pace than that recently experienced. A stabilization or “bottoming” may occur in the next six months.
- Job creation must happen before significant improvement. Expansion isn’t expected for at least 12 months. In the meantime, time frames for closings are very long. The market will remain price sensitive for possibly 4 more quarters and owners and banks will have to continue to offer lower rates. Rising foreclosures could be seen as some lenders and investors lose patience.
- Some signs of stabilization may be returning as many brokers are busier than ever. Deals that are closing are tenants new to the area, or those needing to move for space or tenant improvements. Landlords too are being looked at closely for their strength to uphold tenant commitments.
- Tenants and brokers are thankful that many owners are finally willing to do what it takes to close transactions. Negotiated rent has been seen to drop from 20 – 45% depending on the area and product type and in some circumstances up to 12 months of free rent given, in addition to decreased rent for existing tenants. Some landlords will even cut a check for a new tenant to buy out their existing lease in another building. The time is now for the best opportunities.

Benefits continue for those being advised by seasoned professionals at companies such as Colliers Arnold that are committed to stand strong and adapt quickly for their clients no matter what the economy brings. This is a time when owners and tenants can gain or save the most by paying attention to real estate professionals who have their fingers on the pulse of the market.

TAMPA BAY INDUSTRIAL/FLEX MARKET NEW SUPPLY, ABSORPTION AND VACANCY RATES



www.colliersarnold.com

(Continued from pg 1)

Q2 2009 saw the industrial-flex market vacancy rate in the Tampa Bay area rise again to a total of 9.3%. This rate is the highest since 1999 when vacancy records for the area began. Flex space alone showed a 14.6% vacancy rate. Industrial alone showed 8.9%. Occupied space also recorded the largest ever negative absorption total in a quarter. That number was a negative -1,625,637 square feet.

At the beginning of the second quarter 2009, Colliers International reported a national vacancy rate of 9.6%. National absorption was negative again with the total space given back to the market being the highest since early 2002. Nearly every region of the country is reporting weak economics with heavy job losses expected for the next few months and little hope of employment gains until early 2010. Few industries are considering expansion or new hiring. With such an uncertain business environment, the industrial market will remain weak at least through the end of 2009. Lease rates also continued their downward trend and are expected to continue to decline nationwide.

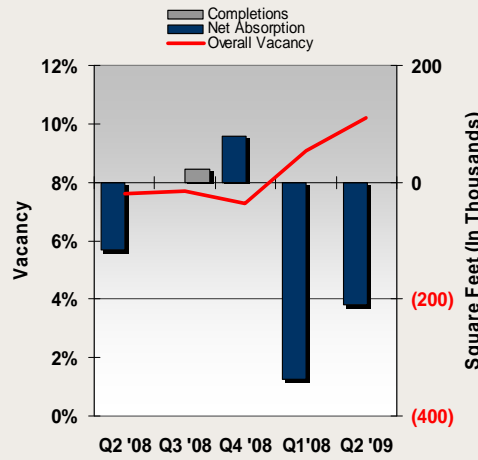
The overall direct asking lease rate average in the Tampa Bay area measured \$5.13 p.s.f. for Q2 2009. This reflects a dramatic decrease from the Q1 rate of \$5.35. The Flex market average asking rate was \$9.05 p.s.f., also showing a sharp decline from the Q1 rate of \$9.22 p.s.f. It is important to note that averages have been dramatically affected by the many landlords who have removed their asking rates to insert "negotiable" instead. Also important to remember is that these rates do NOT reflect concessions, TI and free rent.

Two industrial buildings were completed during the second quarter. The first was the 34,200 s.f. building in Madison Business Park at 4530-4542 Eagle Falls Pl. in the East Tampa submarket. This building was 70% leased at time of completion. The second completed building was a 225,000 s.f. build to suit for PrecisionAire, Inc. at 100 Crown Ave. in Polk County. This is a replacement building for the company whose prior building was completely demolished by fire.

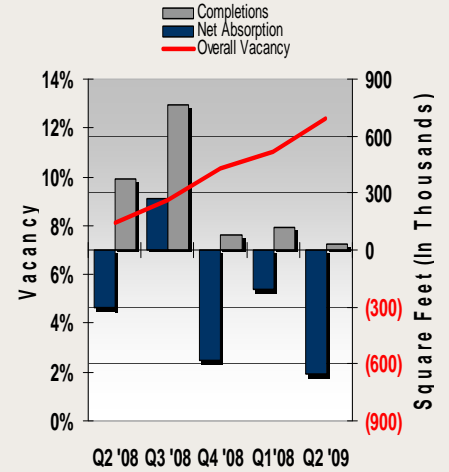
Two buildings are under construction during the second quarter which total 690,885 s.f. The largest is the 580,000 s.f. Premiere Beverage Company building located in the East Side submarket at 6031 Madison Ave. The company plans to occupy the full building. The second is a 93,885 s.f. "spec" building located at Auburndale Commerce Ctr. in Polk County. It is 100% available for lease at this time.

SUBMARKET TRENDS

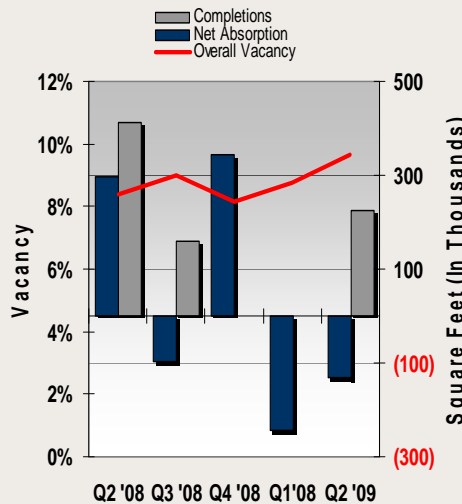
AIRPORT



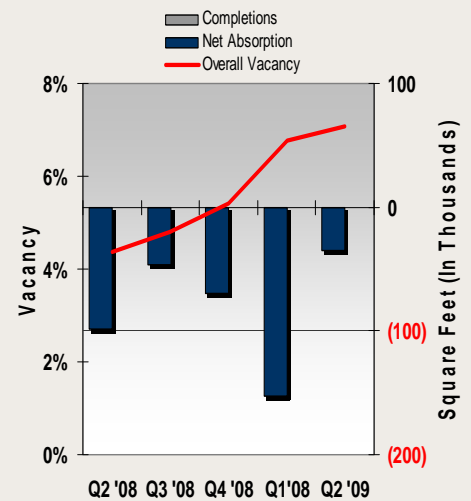
EAST TAMPA



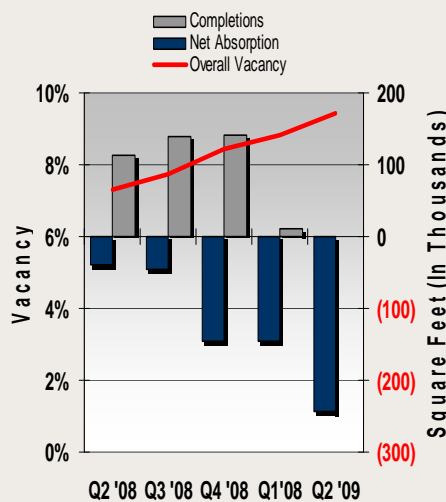
POLK CO.



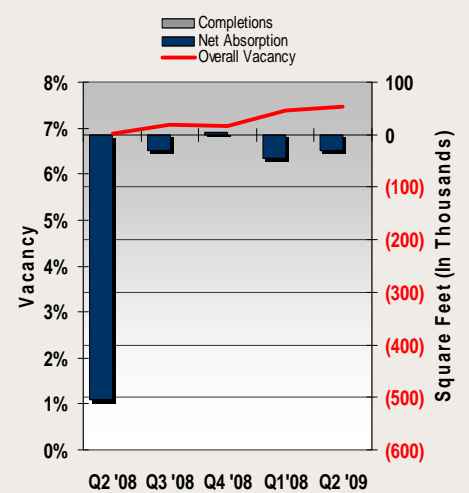
NORTH PINELLAS



GATEWAY



SOUTH PINELLAS



TAMPA BAY MARKET STATISTICS

Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate NNN
-------------	--------	----------------------	---------------	--------------	-------------------------------	----------------------	----------------------	----------------------	-----------------------------

HIGHLIGHTED SUBMARKETS

Airport

Industrial	408	13,724,472	8.9%	9.1%	-125,300	-355,466	0	0	\$5.59/nnn
Flex	158	5,074,568	13.0%	13.3%	-84,602	-191,423	0	0	\$8.59/nnn

East Side Tampa

Industrial	814	43,530,079	11.0%	11.8%	-553,393	-854,753	34,200	580,000	\$5.04/nnn
Flex	150	5,426,401	15.6%	17.6%	-101,979	-8,872	0	0	\$9.51/nnn

Polk County

Industrial	602	40,302,277	10.1%	10.7%	-127,436	-355,888	225,000	93,885	\$4.79/nnn
Flex	44	1,152,827	21.8%	21.8%	-5,000	-19,000	0	0	\$6.42/nnn

North Pinellas

Industrial	358	9,186,911	6.5%	6.9%	-451	-133,696	0	0	\$5.42/nnn
Flex	61	2,012,696	7.4%	7.4%	-34,988	-53,235	0	0	\$8.09/nnn

Gateway

Industrial	983	32,602,453	7.9%	8.2%	-205,045	-293,210	0	0	\$5.95/nnn
Flex	180	6,603,076	13.8%	15.4%	-38,926	-95,486	0	0	\$9.88/nnn

South Pinellas

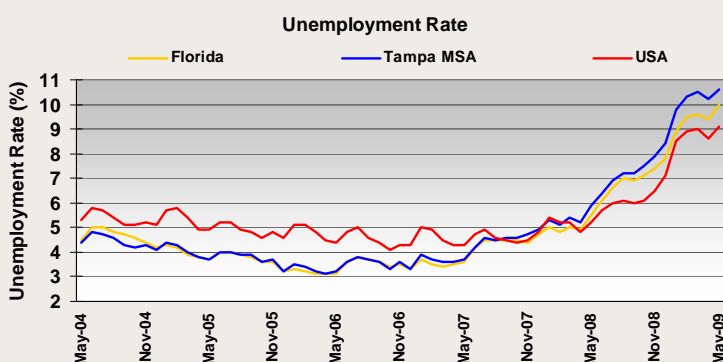
Industrial	412	12,734,071	6.3%	6.4%	-29,423	-107,589	0	17,000	\$4.45/nnn
Flex	35	1,074,826	20.6%	20.6%	0	33,366	0	0	\$6.78/nnn

Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Whse. Avg. Direct Asking Rate NNN	Flex Avg. Direct Asking Rate NNN
-------------	--------	----------------------	---------------	--------------	-------------------------------	----------------------	----------------------	----------------------	-----------------------------------	----------------------------------

TAMPA BAY OVERALL MARKET

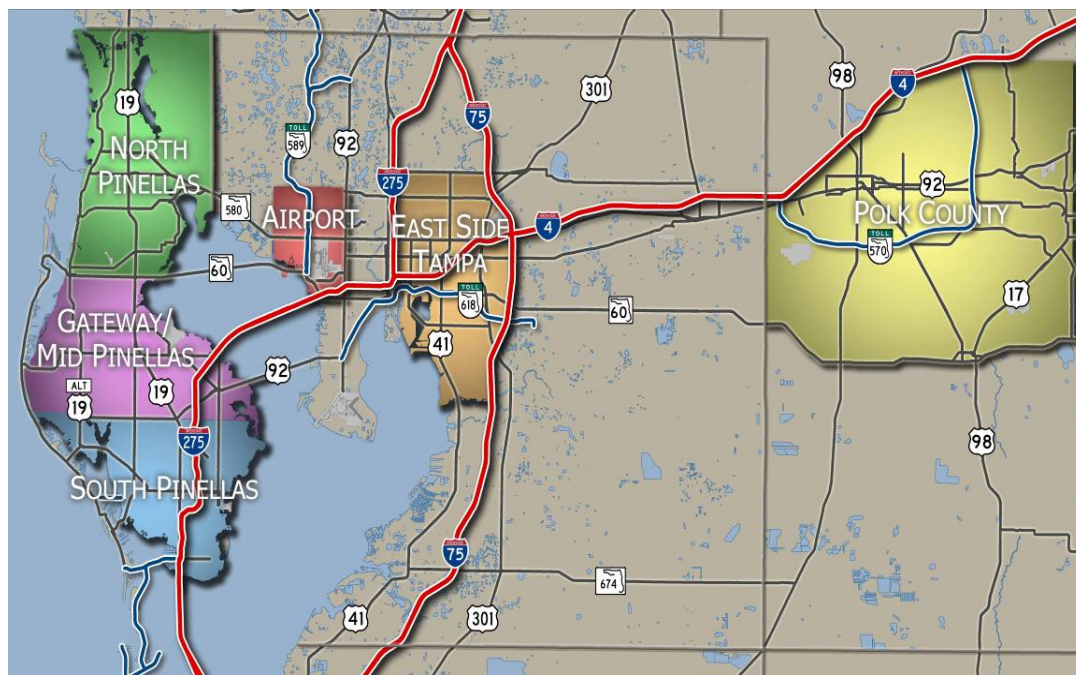
2009 2Q	4,930	205,809,191	8.8%	9.3%	-1,625,637	-2,775,806	259,200	690,885	\$5.13	\$9.05
2009 1Q	4,921	205,494,269	7.8%	8.3%	-1,150,169	-1,150,169	229,795	1,005,807	\$5.35	\$9.22
2008 4Q	4,913	205,264,474	7.1%	7.7%	-456,535	-533,671	221,024	1,201,402	\$5.58	\$9.47
2008 3Q	4,907	205,043,450	6.8%	7.4%	-35,574	-77,136	1,090,468	842,426	\$5.66	\$9.85
2008 2Q	4,896	203,942,982	6.3%	6.8%	-642,328	-41,562	999,595	1,490,055	\$5.71	\$9.52

UNEMPLOYMENT SNAPSHOT



The unemployment rate for the Tampa Bay MSA was 10.6% for May 2009. This compares to the year ago rate of 5.9% for May 2008. The State of Florida rate was 10.0% for May 2009 which compares to 5.5% for May 2008. Both the local and state rates are higher than the national rate which now stands at 9.1%. The national rate in May 2008 was 5.2%. All reported rates are non-seasonally adjusted. The detailed snapshot for the Tampa Bay area shows a net loss of 53,900 jobs from May 2008 to May 2009. While job declines originated in the housing market, the losses have now spread to most all major industries throughout the state.

TAMPA BAY INDUSTRIAL HIGHLIGHTED SUBMARKETS



SECOND QUARTER 2009 TRANSACTION HIGHLIGHTS

SALES ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	TYPE	BUYER NAME	SIZE (SF)	SALES PRICE	SALES PRICE /SF	SUBMARKET
3595 118 th Ave N.	Industrial	Blackjack Auto Salvage LLC	15,905	\$1,300,000	\$82	Gateway
12826 Commodity Place	Industrial	Stanwyck Realty LLC	11,900	\$837,500	\$70	NW Hillsborough
5313 W. Crenshaw St.	Industrial	Pasquotto Enterprises LLC	10,900	\$850,000	\$78	Airport
2701 Havendale Blvd.	Industrial	ALH Real Estate LLC	14,000	\$915,000	\$65	Polk County
733 Kraft Rd.	Industrial	Kraft Real Estate LLC	18,300	\$860,000	\$47	Polk County

LEASING ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Tampa Distribution Ctr. 4502-4740 Transport Dr.	Industrial	America's Second Harvest of Tampa Bay, Inc.	50,000	Direct	East Side
Sabal Park Distribution Ctr. 9110 King Palm Dr.	Industrial	Olympic Case	32,000	Direct	East Side
5411 Tyson Ave.	Industrial	Tinney Rebar & Wire Products	16,000	Direct	SW Hillsborough
12350 Automobile Dr.	Industrial	Tampa Bay Grand Prix	40,000	Direct	Gateway
Silo Bend Industrial Ctr. 207 Kelsey Ln.	Industrial	THD At-Home Services, Inc.	15,895	Direct	East Side

FOR OTHER LOCAL REPORTS VISIT <http://www.colliers.com/Markets/TampaBay/MarketReports/>

FOR NATIONAL REPORTS VISIT – <http://www.colliers.com/Corporate/MarketReports/>

This Colliers Arnold market report includes owner and non-owner occupied industrial space 10,000 s.f. and greater in Hillsborough, Pinellas, and Polk Counties. Directional arrows compare current quarter numbers to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports. Sources: CoStar Property and Colliers Arnold. Colliers Arnold is a member firm of Colliers International - a worldwide affiliation of independently owned and operated companies with over 294 offices throughout more than 61 countries. Questions should be directed to Colliers Arnold Research, 813/221-2290 or by e-mail at: research@colliersarnold.com. Report written by Karen Temmen, 727/442-7184 or by e-mail at: ktemmen@colliersarnold.com. Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof. Data as of 6/22/09.

COLLIERS ARNOLD

www.colliersarnold.com

4 OFFICES THROUGHOUT FLORIDA

TAMPA (813) 221-2290
 ORLANDO (407) 843-1723
 CLEARWATER (727) 442-7184
 FT MYERS (239) 418-0300

OUR SERVICES:

BROKERAGE – SALES & LEASING
 TENANT REPRESENTATION
 PROPERTY MANAGEMENT
 VALUATION & ADVISORY
 CONSTRUCTION MANAGEMENT
 RECEIVERSHIPS
 RESEARCH & GIS

CONTACT INFORMATION

INDUSTRIAL BROKERAGE

Scott Altierisalteri@colliersarnold.com**Mary Clare Codd**mcodd@colliersarnold.com**John Dunphy, CCIM, SIOR**jcdunphy@colliersarnold.com**John Gerlach, CCIM**jgerlach@colliersarnold.com**Christopher Leonard, CCIM**cleonard@colliersarnold.com**Pat Marzulli, CCIM, SIOR**pmarzulli@colliersarnold.com**Mark McKell**mmckell@colliersarnold.com**Ed Miller, CCIM, SIOR**emiller@colliersarnold.com**Dee Seymour, MCR.h, CCIM, SIOR**dseymour@colliersarnold.com**James Ullrich, CPA**jullrich@colliersarnold.com**Carol Warren, CCIM**cwarren@colliersarnold.com**PROPERTY MANAGEMENT**

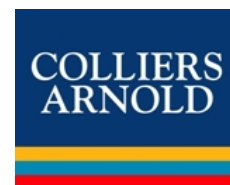
Kimberly E. Lamb, CPM

klamb@colliersarnold.com**MARKETING & SALES SUPPORT**

Elizabeth Cross

ecross@colliersarnold.com**VALUATION SERVICES**

Ron Sparks, MAI, MBA

rsparks@colliersarnold.comwww.colliersarnold.com