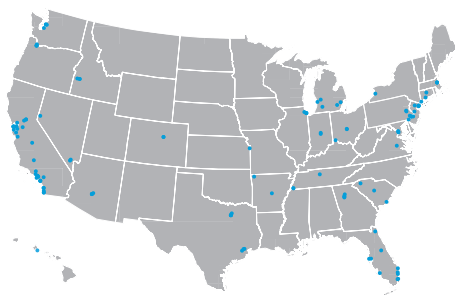


CENTRAL FLORIDA INDUSTRIAL RESEARCH REPORT



Tenant & Investor Activity Increases

EXECUTIVE SUMMARY

The Central Florida industrial market concluded the first half of 2011 on an optimistic note. After a stale first quarter, overall activity experienced a noticeable jolt pushing net absorption and overall occupancy higher. However, activity remained mixed based on location, product type and transaction type. Warehouse space continued to generate the majority of the activity from tenants, while flex space experienced a marginal decline. Sales activity improved slightly while leasing activity remained the primary transaction type throughout the market due to the excess supply of inventory. As a result, more space was absorbed than vacated and vacancy levels were positively affected. The remainder of 2011 will follow a similar downward trend in vacancy as market fundamentals stabilize.

HIGHLIGHTED TRENDS

- Vacancy levels are expected to continue on a downward trend throughout 2011.
- Owner-user and Investor interest increased, however, quality product available for sale is limited in the current market.
- Landlord willingness to offer concessions and discounted rents are slowly diminishing, evidenced by a stabilization in asking rates.
- US economic activity in the manufacturing sector expanded in June for the 23rd consecutive month, according to the latest Manufacturing ISM Report.
- US imports and exports continued to show strong demand during the first quarter, providing signs for future distribution requirements.

MARKET INDICATORS

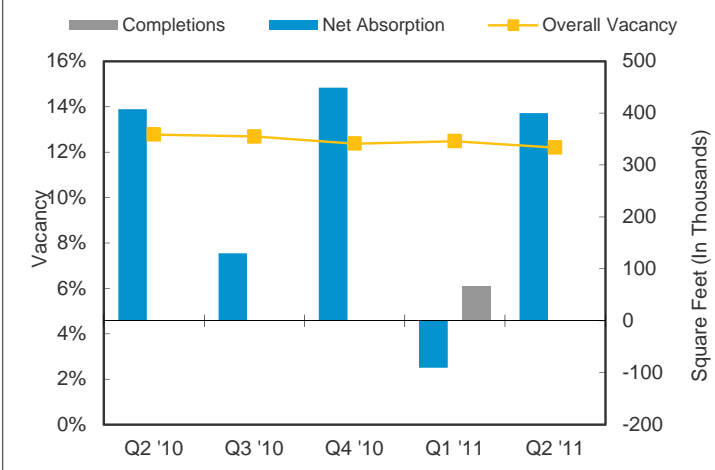
	Q2 2011	Q3 2011*
VACANCY	↓	↔
NET ABSORPTION	↑	↔
CONSTRUCTION	↔	↔
FLEX RENTAL RATE	↓	↓
INDUSTRIAL RENTAL RATE	↓	↓

*Relative to prior period. Note: Arrows compare current quarter to the previous quarter historically adjusted figures.

OVERALL INDUSTRIAL/FLEX MARKET SUMMARY STATISTICS, Q2 2011

CURRENT VACANCY RATE:	12.2%
PREV. QTR. VACANCY RATE:	12.5%
YEAR AGO VACANCY RATE:	12.8%
NET ABSORPTION:	399,763 sf
UNDER CONSTRUCTION:	0 sf
CURRENT AVG. ASKING RATE:	\$5.11 / NNN
PREV. QTR. AVG. ASKING RATE:	\$5.15 / NNN
YEAR AGO AVG. ASKING RATE:	\$5.32 / NNN

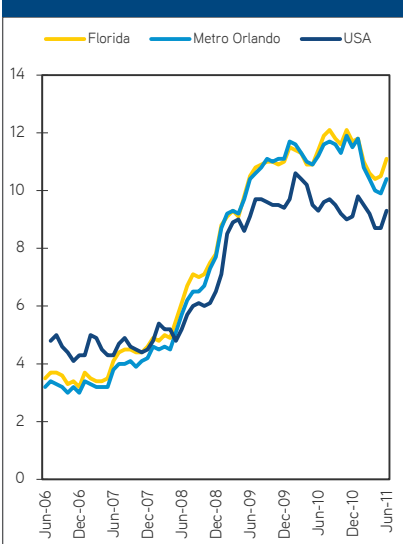
COMPLETIONS, ABSORPTION AND VACANCY RATES



STRONG DEMAND

Overall net absorption increased significantly during the second quarter, resulting in a decline in vacancy.

UNEMPLOYMENT TRENDS



The Metro Orlando MSA is currently experiencing a 10.4 percent unemployment rate for the month of June 2011, up from 9.9 percent in May 2011. The state of Florida is currently experiencing an 11.1 percent unemployment rate, up from 10.5 percent in the previous month. These rates can be compared to the national rate of 9.3 percent in the month of June 2011, up more than a half percent from 8.7 percent observed in May 2011.

Source: Florida Research & Economic Database

VACANCY & ABSORPTION

At the end of the second quarter of 2011, overall vacancy stood at 12.2 percent, three-tenths of a percentage point lower than the previous quarter. The current average remains nearly a full percentage point below the 13.1 percent vacancy level experienced in the first quarter of 2010. As construction continues to remain non-existent and tenant activity slowly expanding, overall vacancy will likely remain on a downward trend through the end of 2011.

After posting negative net absorption during the first quarter, the Central Florida industrial market bounced back positively by adding a respectable 399,763 square feet. The Southeast Orange submarket experienced the strongest showing of tenant absorption, absorbing a positive 371,985 square feet of space. Four of the six submarkets registered positive absorption during the quarter, while two (Northwest Orange & Seminole County) posted marginal declines in absorption.

RENTS

Asking rental rates throughout the market continued a downward trend during the second quarter of 2011. Asking rates averaged \$5.11 per square foot triple net, down from \$5.15 per square in the previous quarter.

Rates have declined nearly 30 percent from the recent high experienced during third quarter 2007 figures of \$7.12 per square foot. Flex space in the overall market is currently experiencing an average asking lease rate of \$8.77 per square foot triple net, while industrial (non-flex) space is averaging \$4.48 per square foot.

As the year progresses and tenant activity continues to increase, expect rental rates to begin to stabilize as owner confidence in the market returns. Very little, if any, increase in asking rates are expected over the next year.

SALES ACTIVITY

Availability for quality product continued to remain minimal throughout the Central Florida industrial market causing investment sales activity to remain slow. The largest transaction was the 250,800 square foot warehouse building located at 7815 American Way in Groveland that traded for \$10,180,000 or \$40.59 per square foot. FedEx Freights sold their 101,675 square foot warehouse building located at 10975 Watkins Drive within the southeast Orlando submarket for \$8,247,900 or \$107.75 per square foot. Typical sale prices averaged between \$35 per square foot and \$75 per square foot, primarily dependant on location, quality and occupancy levels.

TRANSACTION UPDATE

SALES ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	BUYER NAME	SIZE (SF)	SALES PRICE	SUBMARKET
7815 American Way	Warehouse	AP American Way LLC	250,800	\$10,180,000 (\$40.59/SF)	Lake County
10975 Watkins Dr.	Warehouse	Natmi National Fx Properties	101,675	\$8,247,900 (\$107.75/SF)	SE Orange
5220 Vanguard St.	Distribution	AAZAPA LLC	88,490	\$3,400,000 (\$38.65/SF)	SW Orange
9858 Sidney Hayes Rd.	Truck Terminal	Covenant Transport LLC	19,784	\$2,750,000 (\$200.73/SF)	SE Orange
1360 N Goldenrod Rd.	Flex	North Goldenrod LLC	30,040	\$2,060,000 (\$71.03/SF)	NE Orange
1920 Premier Row	Warehouse	1057 Irvington Associates	20,352	\$1,300,000 (\$65.00/SF)	SW Orange

LEASING ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Crossroads Dist. - 1091 Gills Dr.	Warehouse	Auto Boat Storage	235,000	New/Direct	SE Orange
1800 Cypress Lake Dr.	Warehouse	Orange County	108,227	Renewal	SE Orange
1850 Cypress Lake Dr.	Warehouse	CHEP USA	62,377	Renewal	SE Orange
Crossroads Dist. - 1090 Gills Dr.	Warehouse	A&M Supply	56,093	Renewal	SE Orange
Crossroads Dist. - 1125 Gills Dr.	Warehouse	Copiton USA LLC	40,100	New/Direct	SE Orange
West Park - 3450 Vineland Rd.	Warehouse	Super Color Digital LLC	22,992	New/Direct	SW Orange
4520-4564 36th St.	Warehouse	Carpe Diem Sales & Marketing	20,200	New/Direct	SW Orange
North Lake Business Park	Flex	Bamboo Trading	9,247	New/Direct	Seminole

UPDATE SUBMARKET COMPARISONS

SUBMARKET BREAKDOWN

Sbmrkt & Prop. Type	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
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Southwest Orange

Industrial	750	36,818,565	8.3%	8.7%	38,504	-71,975	0	0	\$4.34/nnn
Flex	223	7,686,465	14.2%	14.3%	-18,793	3,475	0	0	\$9.07/nnn
Overall	973	44,505,030	9.3%	9.6%	19,711	-68,500	0	0	\$5.15/nnn

Southeast Orange

Industrial	471	29,559,236	18.4%	20.2%	277,500	-251,033	0	0	\$4.58/nnn
Flex	95	3,183,403	20.1%	20.1%	94,485	-35,161	0	0	\$8.76/nnn
Overall	566	32,742,639	18.5%	20.2%	371,985	-286,194	0	0	\$4.94/nnn

Osceola County

Industrial	148	6,488,828	12.3%	12.3%	6,800	164,531	0	0	\$4.17/nnn
Flex	22	416,922	22.6%	22.6%	30	12,540	0	0	\$6.40/nnn
Overall	170	6,905,750	13.0%	13.0%	6,830	177,071	0	0	\$4.35/nnn

Northwest Orange

Industrial	507	23,084,868	9.8%	9.9%	-17,019	84,547	0	0	\$3.82/nnn
Flex	96	2,539,852	11.7%	11.7%	2,045	65,241	0	0	\$7.76/nnn
Overall	603	25,624,720	9.9%	10.1%	-14,974	149,788	0	0	\$4.09/nnn

Northeast Orange

Industrial	192	6,900,652	3.9%	3.9%	8,803	51,357	0	0	\$6.37/nnn
Flex	81	2,200,854	12.5%	12.5%	47,147	65,380	0	0	\$11.50/nnn
Overall	273	9,101,506	6.0%	6.0%	55,950	116,737	0	0	\$8.84/nnn

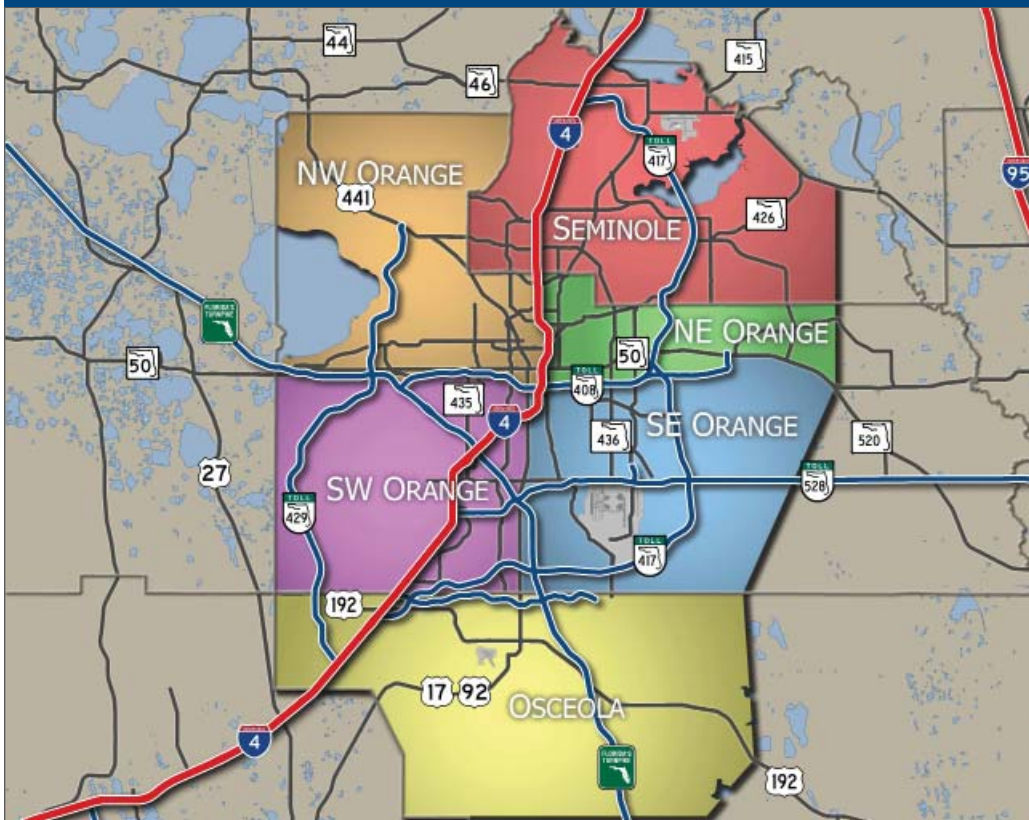
Seminole County

Industrial	650	20,300,395	9.6%	9.6%	-81,575	125,946	0	0	\$4.89/nnn
Flex	214	5,503,550	13.9%	14.2%	44,601	95,674	0	0	\$7.48/nnn
Overall	864	25,803,945	10.5%	10.6%	-36,974	221,620	0	0	\$5.47/nnn

CENTRAL FLORIDA OVERALL MARKET

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
2011 2Q	3,445	144,774,073	11.7%	12.2%	399,763	308,857	0	0	\$4.48/nnn	\$8.77/nnn
2011 1Q	3,445	144,774,073	12.0%	12.5%	-90,906	-90,906	67,135	0	\$4.49/nnn	\$8.97/nnn
2010 4Q	3,444	144,706,938	11.8%	12.4%	449,075	1,011,208	0	67,135	\$4.57/nnn	\$8.72/nnn
2010 3Q	3,444	144,706,938	12.1%	12.7%	129,856	562,133	0	67,135	\$4.59/nnn	\$8.67/nnn
2010 2Q	3,444	144,706,938	12.1%	12.8%	407,268	432,277	0	67,135	\$4.70/nnn	\$8.74/nnn
2010 1Q	3,444	144,706,938	12.3%	13.1%	25,009	25,009	0	0	\$4.85/nnn	\$9.12/nnn
2009 4Q	3,444	144,706,938	12.2%	13.1%	-192,591	-3,826,961	348,300	0	\$5.05/nnn	\$9.68/nnn
2009 3Q	3,441	144,358,638	11.9%	12.7%	-660,436	-3,634,370	532,596	348,300	\$5.27/nnn	\$9.23/nnn
2009 2Q	3,439	143,826,042	11.5%	11.9%	-2,200,146	-2,973,934	55,600	880,896	\$5.36/nnn	\$9.55/nnn

SUBMARKET MAP



512 offices in
61 countries on
6 continents

United States: 125
Canada: 38
Latin America: 18
Asia Pacific: 214
EMEA: 117

- \$1.5 billion in annual revenue
- 979 million square feet under management
- Over 12,500 professionals

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This report includes owner and non-owner occupied space 10,000 square feet and greater. Directional arrows compare current quarter to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5 percent 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 quarters. Sources: Costar Property and Colliers International Central Florida.



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