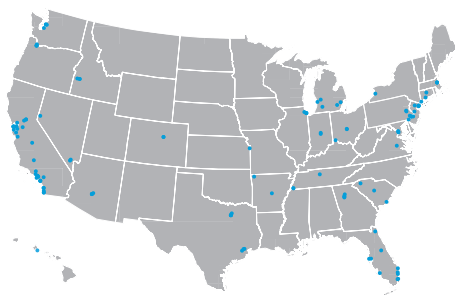


CENTRAL FLORIDA INDUSTRIAL RESEARCH REPORT



Negative Absorption Returns

EXECUTIVE SUMMARY

After four consecutive quarters of positive net absorption, the Central Florida industrial and flex market dipped back into the red during the first quarter of 2011. The total number of leasing transactions declined during the quarter, however, there is a general consensus that tenant activity is on the rise with a focus on reducing occupancy costs. Throughout the first quarter, investment activity remained fairly quiet, while leasing continued to drive any transactions occurring in the market. The majority of landlords with smaller assets are beginning to experience a rise in occupancy levels, something that has been non-existent for several years. Short term deals that require minimal improvement allowances are occurring to protect landlords' cash flows and tenants' cash requirements.

HIGHLIGHTED TRENDS

- Overall vacancy rates and asking lease rates are forecasted to stabilize in the coming quarters.
- Speculative construction is not likely to return in the short term, while build-to-suit activity will be the main driver of construction.
- Tenants are still looking for deals and some landlords are willing to offer generous concessions, although the discount has slowly dissipated over the past quarter.
- US economic activity in the manufacturing sector expanded in April for the 21st 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

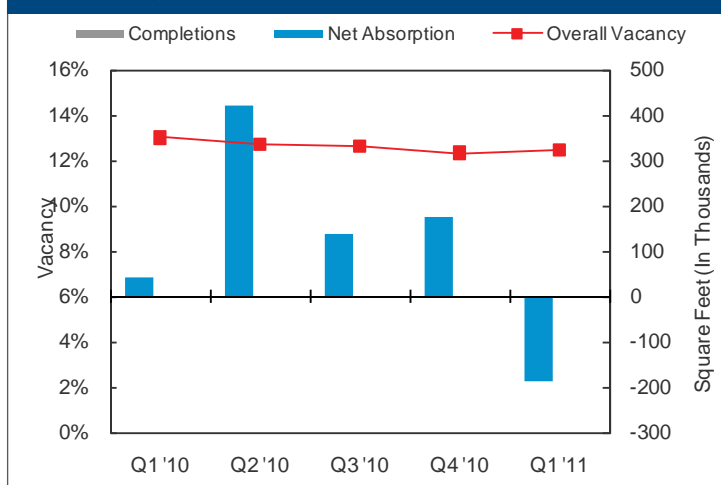
	Q1 2011	Q2 2011*
VACANCY	↑	↔
NET ABSORPTION	↓	↑
CONSTRUCTION	↔	↔
FLEX RENTAL RATE	↑	↓
INDUSTRIAL RENTAL RATE	↓	↓

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

OVERALL INDUSTRIAL/FLEX MARKET SUMMARY STATISTICS, Q1 2011

CURRENT VACANCY RATE:	12.5%
PREV. QTR. VACANCY RATE:	12.3%
YEAR AGO VACANCY RATE:	13.0%
NET ABSORPTION:	-188,751 sf
UNDER CONSTRUCTION:	0 sf
CURRENT AVG. ASKING RATE:	\$5.15 / NNN
PREV. QTR. AVG. ASKING RATE:	\$5.19 / NNN
YEAR AGO AVG. ASKING RATE:	\$5.44 / NNN

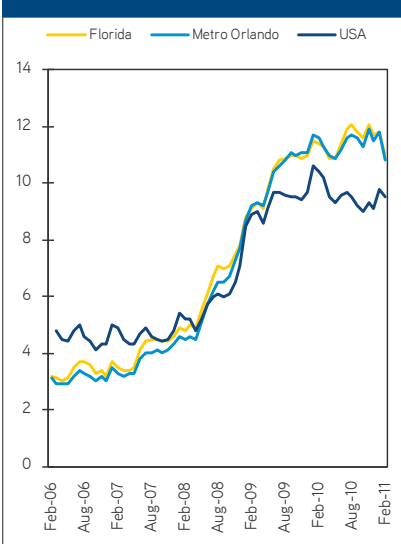
COMPLETIONS, ABSORPTION AND VACANCY RATES



INCREASED VACANCY

For the first time in over a year, vacancy rates experienced a marginal increase during the first quarter. Net absorption registered negative after four consecutive quarters of positive results.

UNEMPLOYMENT TRENDS



The Metro Orlando MSA is currently experiencing a 10.8 percent unemployment rate for the month of February 2011, down from 11.8 percent in January 2011. The state of Florida is currently experiencing an 11.0 percent unemployment rate, down from 11.6 percent in the previous month. These rates can be compared to the national rate of 9.5 percent in the month of February 2011, down slightly from 9.8 percent observed in January 2011.

Source: Florida Research & Economic Database

VACANCY & ABSORPTION

At the close of the first quarter of 2011, overall vacancy stood at 12.5 percent, two-tenths of a percentage point higher than the previous quarter. The current average still remains below the 13.0 percent vacancy level experienced one year ago. An increase in overall tenant activity, coupled with minimal new construction has created the opportunistic outlook that vacancy levels will slowly decrease throughout 2011.

Net absorption throughout the Central Florida industrial market posted negative 188,751 square feet for the first quarter of 2011. Four of the six submarkets posted positive absorption during the quarter with only the Southwest and Southeast Orange submarkets registering negative absorption. These submarkets experienced large tenant move-outs putting pressure on absorption and vacancy rates throughout the market. The Seminole County submarket generated the highest amount of positive absorption at 258,594 square feet.

RENTS

For three consecutive years, a decline in overall asking lease rates has occurred every quarter. The overall Central Florida industrial average asking lease rate is currently \$5.15 per square foot triple net. This is down \$0.04

from the previous quarter. Nearly all submarkets continued to experience declining asking rates with the exception of Southwest and Northeast Orange submarkets. The Southwest Orange submarket posted a \$0.14 increase in asking rates while the Northeast Orange submarket registered a \$0.09 increase.

Flex space in the overall market is currently experiencing an average asking lease rate of \$8.93 per square foot triple net, while industrial (non-flex) space is averaging \$4.49 per square foot. Stabilization in asking lease rates is expected to occur in the coming quarters as landlord confidence rises and tenant activity grows.

INVESTMENT

Investment activity continued to remain sluggish during the first quarter. Investors remained on the sideline, carefully observing overall market activity, waiting for the right moment to move. Available investment quality assets are rare across the market, minimizing the chance for a spike in investment activity. There remains a dichotomy in transactions between class A and class C product throughout the market. The majority of the activity involves smaller warehouse/distribution assets driven by owner/users.

TRANSACTION UPDATE

SALES ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	BUYER NAME	SIZE (SF)	SALES PRICE	SUBMARKET
Cypress Lake V	Warehouse	Faast Leasing Florida, LLC	83,712	\$4,185,600 (\$50.00/SF)	SE Orange
3001 Directors Row	Warehouse	DCT Industrial Trust	50,000	\$3,040,000 (\$60.80/SF)	SW Orange
7549 Brokerage Drive	Warehouse	Niaflex Corporation	66,278	\$4,000,000 (\$60.35/SF)	SW Orange
201 Northstar Ct.	Flex	Scientific Glass International	20,060	\$1,100,000 (\$54.84/SF)	Seminole
3351 W Orange Blossom Trl	Cement Plant	Copart of Connecticut, Inc	278,000	\$5,375,000 (\$19.33/SF)	NW Orange
3977-3995 Saint Johns Pkwy.	Warehouse	Central Florida Bakery	15,510	\$900,000 (\$58.03/SF)	Seminole

LEASING ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Crossroads Dist. - 1125 Gills Dr.	Warehouse	Copiton USA LLC	40,100	New/Direct	SE Orange
33rd St. Ind. Park - 4520 36th St.	Warehouse	Carpe Diem Sales & Marketing, LLC	20,200	New/Direct	SW Orange
1887 Central Florida Pkwy	Warehouse	ES Electronic & Metal Management	28,500	New/Direct	SE Orange
7500-7580 Exchange Dr	Warehouse	NWP Group LLC	20,700	New/Direct	SW Orange
2700 Hazelhurst Ave	Warehouse	N/A	20,000	New/Direct	NW Orange
3320 Vineland Road	Warehouse	Apple Restaurant Supply	4,680	Renewal	SW Orange
1106-1128 Solana Ave	Warehouse	Sabal Services Corp	3,100	New/Direct	NE Orange
7297 S Conway Road	Distribution	Pilot Air Freight Corp	15,620	New/Direct	SE Orange

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	754	36,806,338	8.6%	8.9%	-169,902	-169,902	0	0	\$4.38/nnn
Flex	217	7,566,234	13.6%	13.7%	26,366	26,366	0	0	\$9.45/nnn
Overall	971	44,372,572	9.5%	9.8%	-143,536	-143,536	0	0	\$5.27/nnn

Southeast Orange

Industrial	467	29,205,728	18.7%	20.5%	-580,568	-580,568	0	0	\$4.60/nnn
Flex	96	3,393,929	27.6%	27.6%	-101,881	-101,881	0	0	\$8.21/nnn
Overall	563	32,599,657	19.6%	21.3%	-682,449	-682,449	0	0	\$4.92/nnn

Osceola County

Industrial	146	6,458,262	12.5%	12.5%	157,731	157,731	0	0	\$4.19/nnn
Flex	22	416,922	22.6%	22.6%	12,510	12,510	0	0	\$6.46/nnn
Overall	168	6,875,184	13.1%	13.1%	170,241	170,241	0	0	\$4.39/nnn

Northwest Orange

Industrial	504	23,032,105	9.7%	9.9%	101,266	101,266	0	0	\$3.88/nnn
Flex	95	2,495,543	11.7%	11.7%	62,796	62,796	0	0	\$8.04/nnn
Overall	599	25,527,648	9.9%	10.0%	164,062	164,062	0	0	\$4.14/nnn

Northeast Orange

Industrial	173	6,359,651	3.8%	3.8%	11,604	11,604	0	0	\$6.49/nnn
Flex	90	2,651,984	12.8%	12.9%	31,633	31,633	0	0	\$11.76/nnn
Overall	263	9,011,635	6.4%	6.5%	43,237	43,237	0	0	\$9.21/nnn

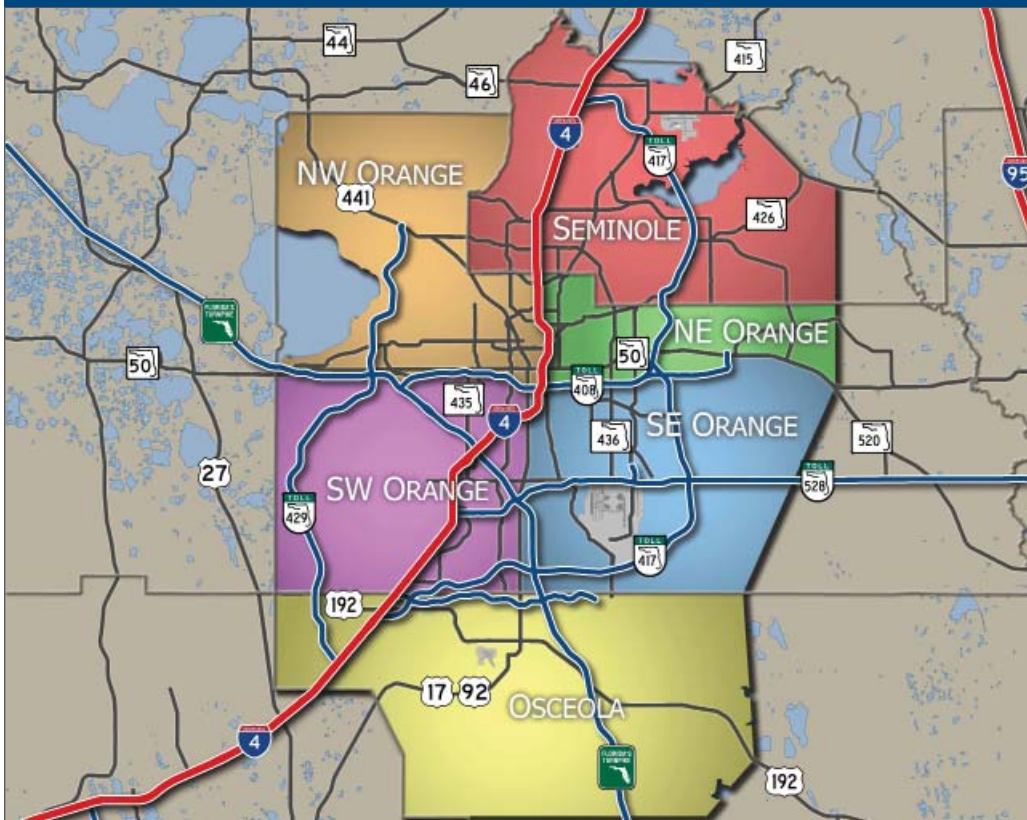
Seminole County

Industrial	647	20,258,210	9.2%	9.2%	207,521	207,521	0	0	\$4.81/nnn
Flex	215	5,515,556	14.7%	15.0%	51,073	51,073	0	0	\$7.67/nnn
Overall	862	25,773,766	10.4%	10.5%	258,594	258,594	0	0	\$5.43/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 1Q	3,430	144,479,688	12.0%	12.5%	-188,751	-188,751	0	0	\$4.49/nnn	\$8.93/nnn
2010 4Q	3,430	144,479,688	11.8%	12.3%	174,118	769,320	0	0	\$4.57/nnn	\$8.63/nnn
2010 3Q	3,430	144,479,688	12.0%	12.6%	135,756	595,202	0	0	\$4.59/nnn	\$8.66/nnn
2010 2Q	3,430	144,479,688	12.1%	12.7%	419,587	459,446	0	0	\$4.70/nnn	\$8.74/nnn
2010 1Q	3,430	144,479,688	12.3%	13.0%	39,859	39,859	0	0	\$4.85/nnn	\$9.07/nnn
2009 4Q	3,430	144,479,688	12.2%	13.0%	-194,889	-3,896,974	348,300	0	\$5.04/nnn	\$9.63/nnn
2009 3Q	3,427	144,131,388	11.9%	12.7%	-641,011	-3,702,085	532,596	348,300	\$5.27/nnn	\$9.19/nnn
2009 2Q	3,425	143,598,792	11.4%	11.9%	-2,172,883	-3,061,074	55,600	880,896	\$5.36/nnn	\$9.54/nnn
2009 1Q	3,422	143,543,192	10.0%	10.4%	-888,191	-888,191	880,291	921,496	\$5.59/nnn	\$9.92/nnn

SUBMARKET MAP



512 offices in
61 countries on
6 continents

United States: 135
Canada: 39
Latin America: 17
Asia Pacific: 194
EMEA: 95

- \$1.5 billion in annual revenue
- 979 million square feet under management
- 12,509 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.



Central Florida

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