



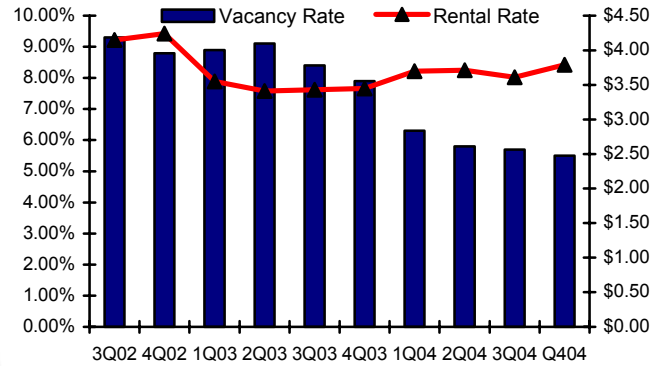
INDUSTRIAL OVERVIEW LAKELAND, FLORIDA

Year-End 2004

The Lakeland industrial market in 2004 has been characterized by consistent demand, steadily decreasing vacancies and renewed construction activity. Although the area took three nearly direct hits from hurricanes over the past year, market fundamentals continued to show improvement, though slower than previously experienced in the second half of the year. Evidence that demand in the Lakeland area remained strong in 2004 is immediately apparent in the year's 705,781 sf of positive overall absorption and the decrease in overall vacancy of 2.4 percentage points from 2003 to a current 5.5%.

Although demand for space has increased over the historical levels experienced in 2003, the limited number of large, high quality vacant blocks of space continues to fall. Total leasing activity remained constant over the course of 2004, ending the year at just less than 677,000 sf, though when compared to this time last year, leasing is down by over 34%. The most significant leases occurring in Lakeland this year included Plasti Pak's 84,089 sf expansion in Lakeland Industrial Park, Carolina Logistics Services' 79,000 sf lease at Lakeland Interstate Business Park and Star Distribution Systems' 61,029 sf lease at Lakeland Industrial Center.

Overall Vacancy Rates vs. Rental Rates



While total industrial sales activity decreased slightly during 2004 to 1,046,083 sf, contradicting the activity of 2003, the majority of 2004's sales (61.3%) were completed by end-users. The continued popularity of this end-user activity stems from smaller companies opting to take advantage of low interest rates and purchase a facility rather than lease. Some of the more noteworthy sales include Fort III, LLC's acquisition of the 405,241 sf Region Center for \$15.55 million, Fibertech, Inc.'s purchase of the long vacant, 261,075 sf Owens-Brockway plant on Bella Vista Road for \$4.0 million and Ben Hill Griffin's (Keymark) procurement of a 136,972 sf facility on Knights Station Road for \$6.7 million.

Supported by the increased demand of residential building/supply companies and logistics companies moving to the Lakeland area, the overall strength of the industrial market consistently increased in 2004.

Capitalizing on the consistent demand and dwindling vacancy rates, several new construction projects have materialized in the Lakeland market. Currently, nearly 1.4 msf is under construction in the Lakeland market, most of which (79 percent) is build-to-suit facilities. Of the most significant projects currently under development, Southern Wines & Spirits, a wine and alcoholic beverage distributor, is the largest, recently breaking ground on a 640,000 sf distribution facility in West Lakeland. Additionally, First Industrial is putting the final touches on a 226,168 sf build-to-own distribution center for the Havertys furniture company at FirstPark at Bridgewater, and Rooms-To-Go is expanding their already 1.5 msf facility on Airport Road by 220,000 sf.

While there continues to be pockets of apprehension and hesitancy in the corporate world, there are no signs of the Lakeland industrial market weakening. Overall net absorption, the true barometer of a market's health, ended the year strong at just over 700,000 sf, ranking Lakeland among the top 20 markets in the nation. Heading into 2005, with sustained demand and vacancy continuing to decline, leasing leverage will continue to shift away from tenants with landlords no longer offering significant concessions. Cushman & Wakefield expects the market will experience increasing levels of leasing and sales activity over the next six to twelve months, as well as increasing interest in speculative construction activity. ■

CUSHMAN & WAKEFIELD MARKET HIGHLIGHTS**Significant 2004 New Lease Transactions**

BUILDING	SUBMARKET	TENANT	SQUARE FEET	PROPERTY TYPE
7105 New Tampa Highway	Northwest Lakeland	Plasti Pak	84,089	Warehouse
2125 Interstate Drive	Northwest Lakeland	Carolina Logistics Services	79,000	Warehouse
5005-5025 Great Oak Drive	Northwest Lakeland	Star Distribution Systems, Inc.	61,029	Warehouse
4950 Frontage Road	Northwest Lakeland	Southwestern Steel, Inc.	53,354	Warehouse
7105 New Tampa Highway	Northwest Lakeland	Plasti Pak	43,110	Warehouse
Ruthven Airpark	Southwest Lakeland	US Carriers	40,933	Warehouse
5020-5044 Great Oak Drive	Northwest Lakeland	Star Distribution Systems, Inc.	34,302	Warehouse
4925 Elixir Drive	Northwest Lakeland	Raymond Material Handling Corporation	25,560	Warehouse
3725 North Frontage Road	Northwest Lakeland	National Composites	24,360	Warehouse

Significant 2004 Sale Transactions

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
5200-5300 Region Center Court	Northwest Lakeland	Fort III, LLC	405,241	\$15,550,000
2540 Knights Station Road	Northwest Lakeland	Ben Hill Griffin, Inc. (Keymark)	136,972	\$6,700,000
2220 West Bella Vista Road	Northwest Lakeland	Fibertech, Inc.	261,075	\$4,000,000
3725 North Frontage Road	Northwest Lakeland	Fister Moving & Storage, Inc.	55,000	\$1,925,000
2910 Maine Avenue	Southeast Lakeland	ABC Supply Company	44,600	\$1,200,000

Significant 2004 Construction Completions

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
4775 Gateway Boulevard	Southwest Lakeland	Composites One	75,000	January 2004
5030 Gateway Boulevard	Southwest Lakeland	N/A	45,600	October 2004
US Carriers Building	Southwest Lakeland	US Carriers	40,933	April 2005
Curry Controls Building	Southwest Lakeland	Curry Controls	30,000	July 2004

Significant Projects Under Construction

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
4440 Old Tampa Highway	Southwest Lakeland	Southern Wines & Spirits	640,000	January 2006
6830 State Road 33	Northeast Lakeland	Havertys	226,168	January 2005
1475 Airport Road	Southwest Lakeland	Rooms-To-Go	220,000	April 2005
5201 Gateway Boulevard	Southwest Lakeland	N/A	104,000	January 2005
3810 Drane Field Road	Southwest Lakeland	N/A	78,000	March 2005
4025 Kidron Road	Southwest Lakeland	Protel	35,970	February 2005
4030 Kidron Road	Southwest Lakeland	N/A	28,000	February 2005
4020 Kidron Road	Southwest Lakeland	N/A	21,000	February 2005

CUSHMAN & WAKEFIELD MARKET/SUBMARKET STATISTICS

Market/Submarket	Inventory	No. of Bldgs.	Overall	YTD		YTD	YTD	Direct Weighted Average			
			Vacancy Rate	Leasing Activity	Under Construction	Construction Completions	Overall Absorption	HT**	Net Rental Rate*		
Southwest Lakeland	8,028,280	77	4.9%	136,233	1,126,970	238,445	81,405	N/A	\$2.75	\$3.46	N/A
Southeast Lakeland	2,081,938	58	13.1%	59,500	0	55,000	22,250	N/A	N/A	\$3.43	\$7.43
Northwest Lakeland	9,201,931	75	5.3%	467,594	83,113	0	597,426	N/A	N/A	\$3.32	\$5.75
Northeast Lakeland	2,610,741	33	1.9%	13,500	226,168	0	4,700	N/A	N/A	\$2.35	N/A
TOTAL	21,922,890	243	5.5%	676,827	1,436,251	293,445	705,781	N/A	\$2.75	\$3.32	\$7.14

*Rental rate reflects \$psf/year

** High-Tech space does not exist in this market