



Market Beat Snapshot

LAKELAND AREA FIRST QUARTER 2003

Ideally situated between Tampa and Orlando on Interstate 4, the Lakeland industrial market has performed surprisingly well in a troubled economy. The area benefits from low property taxes and impact fees, a healthy labor supply and an abundance of affordable land. These attributes have not gone unnoticed by corporate America, as evidenced by the area's strong performance in the first quarter of 2003. Attesting to the market's vigor, the past three months experienced strong industrial leasing activity and an impressive 404,518 square feet (sf) of positive net absorption.

The overall vacancy rate is currently 8.9 percent, a decrease of 3.6 percentage points since this time last year. What is remarkable is vacancy has continued to fall, despite the 596,000 sf of construction completions that occurred over the same period. The current trend in warehousing favoring high cube, regional distribution facilities has benefited the Lakeland area tremendously, with a surge in logistics and large bulk distribution company relocations fueling the areas strong leasing activity and build-to-suit projects. Several significant leases took place in the first quarter, including, among others, Structall Building Systems, which leased 111,775 sf at Lakeland Industrial Center; Acuity Specialty Products who leased 40,000 sf at Lakeland Interstate Business Park; and McNeilus Truck and Manufacturing, who signed for 19,500 sf at Ruthven Industrial Center.

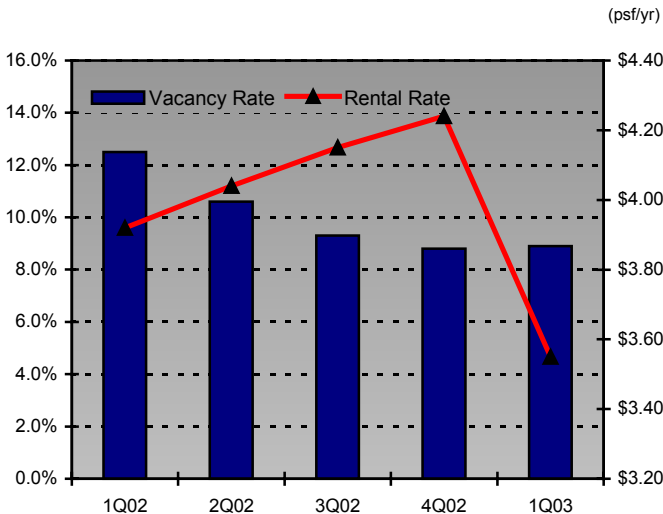
INDUSTRIAL OVERVIEW

Although activity has remained constant in Lakeland, the overall decrease in tenant demand throughout the area has had a detrimental effect on average net asking rates, which fell considerably. The weighted average direct net asking rental rate averaged \$3.55 per square foot (psf), decreasing \$.69 psf from year-end and \$.37 psf since this time last year. Warehouse/distribution space, where the majority of the

The Lakeland industrial market has fared well in the midst of the national economic and geo-political problems. As activity around the country has slowed, overall vacancy rates have only risen slightly and net absorption remains positive.

activity occurred during the quarter, average net rental rates dropped \$.34 psf, to a current \$3.48 psf. While the Tampa and Orlando markets continue to experience aggressive landlord concessions such as rent abatement and increased tenant improvement dollars, the Lakeland industrial market's limited availability and comparatively lower rental rates has stemmed the need to offer such enticements.

Overall Vacancy Rates vs. Rental Rates



New construction has dominated the Lakeland industrial landscape for the last three years. The comparatively low cost of land and taxes in Lakeland has made it a viable alternative to the higher costs of building in Tampa and Orlando. Although developers have reaped the rewards of the areas continued demand, most are becoming cautious in the development of speculative space until the economy recovers. Many proposed projects have been put on hold until the economy strengthens, or lead tenants are secured.

Heading into the second quarter of 2003, key observations and projections can be made. Lakeland's real estate market has continued to experience the negative effects from the current national economic problems, though not as severe as the rest of the state. As the real estate industry continues to weather the slowdown in activity and tenant demand, the Lakeland industrial market is poised to offer local and national companies quality industrial space at extremely competitive rental prices. ■

Cushman & Wakefield Market Highlights

Significant 1Q03 New Lease Transactions

| Building | Submarket | Tenant | Square Feet | Property Type |
|-----------------------|--------------------|----------------------------------|-------------|---------------|
| 5120 Great Oak Drive | Northwest Lakeland | Structall Building Systems | 111,775 | Manufacturing |
| 2125 Interstate Drive | Northwest Lakeland | Acuity Specialty Products | 40,000 | Warehouse |
| 3000 Maine Avenue | Southeast Lakeland | McNeilus Truck And Manufacturing | 19,500 | Warehouse |

Significant 1Q03 Sale Transactions

| Building | Submarket | Buyer | Square Feet | Purchase Price |
|-------------------------------|--------------------|--------------------|-------------|----------------|
| McKesson Corporation Building | Northwest Lakeland | HDG Mansuar | 180,000 | \$10,600,000 |
| 4100 Frontage Road | Northwest Lakeland | WBRK Property, LLC | 174,240 | \$1,900,000 |

Significant 1Q03 Construction Completions

| Building | Submarket | Major Tenant | Square Feet | Completion Date |
|-------------------------------|--------------------|--------------------------|-------------|-----------------|
| McKesson Corporation Building | Northwest Lakeland | The McKesson Corporation | 180,000 | 1/03 |

Significant Projects Under Construction

| Building | Submarket | Major Tenant | Square Feet | Completion Date |
|----------|-----------|--------------|-------------|-----------------|
| N/A | | | | |

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 | Direct Absorption | HT** | Net Rental Rate* MFG | W/D | OS |
| Southwest Lakeland | 7,697,895 | 66 | 2.7% | 29,760 | 0 | 0 | 28,760 | N/A | N/A | \$3.73 | N/A |
| Southeast Lakeland | 1,830,746 | 49 | 16.0% | 75,375 | 0 | 0 | 59,975 | N/A | N/A | \$3.38 | \$9.00 |
| Northwest Lakeland | 8,965,009 | 70 | 13.8% | 176,775 | 0 | 180,000 | 309,283 | N/A | \$2.37 | \$3.38 | \$7.50 |
| Northeast Lakeland | 2,572,462 | 31 | 5.6% | 13,500 | 0 | 0 | 6,500 | N/A | \$2.69 | \$3.97 | N/A |
| TOTAL | 21,066,112 | 216 | 8.9% | 295,410 | 0 | 180,000 | 404,518 | N/A | \$2.41 | \$3.48 | \$8.58 |

* Rental rate reflects \$psf/year

** HT inventory does not exist in this market

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