

## INDUSTRIAL OVERVIEW LAKELAND, FLORIDA

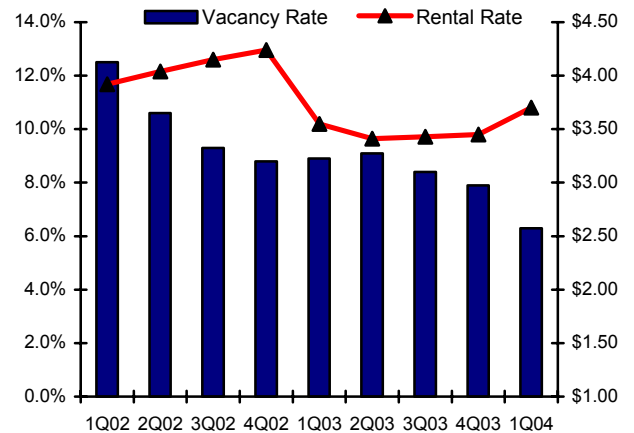
First Quarter 2004

**Lakeland's industrial market** continues to impress. Vacancy rates have remained in the single digits for three straight years and the I-4 corridor between Tampa and Orlando remains a favored business destination. The local economy continues to outperform even the most optimistic projections and companies remain attracted by all that Lakeland has to offer. Attesting to this are recent market additions such as the furniture company Havertys, which purchased land in First Park at Bridgewater and is constructing a 226,168 square foot (sf) distribution center. Additionally, Fibertech, Inc., an insulation manufacturer, established a major foothold in the area when it purchased the long vacant, 261,075sf Owens-Brockway plant on Bella Vista Road.

While there is some evidence that the Lakeland industrial market has slowed somewhat from the frantic pace of 2003, key indicators still point to a healthy 2004. Market strength was demonstrated by a 1.6 percentage point decrease in the overall vacancy rate from year-end 2003 to 6.3% for the current quarter. Although a slight slowdown in activity was evidenced by a drop-off in the first quarter's leasing activity, down 33.8% from last quarter, net absorption was positive for the third quarter in a row, ending the quarter at positive 397,391 sf.

The consistent demand for industrial space in the Lakeland area over the past year has caused the net weighted average asking rate to steadily increase. From a low average rate of \$3.41 per square foot (psf) in the second quarter of 2003, the average asking rate has gradually increased and is currently at \$3.70 psf. As the quantity of available space declines, landlords of both existing and newly constructed facilities should continue to test the market with higher asking rates well into next year.

### Overall Vacancy Rates vs. Rental Rates



**... The largest sale in the first quarter was Fibertech Inc.'s purchase of the 261,075-sf Owens-Brockway facility, which traded for \$4.0 million or \$15.32 per square foot.**

Looking to capitalize on the consistent demand and dwindling vacancy rates, several new speculative construction projects have materialized in the Lakeland market. The Ruthvens, a local industrial developer and owner, has started construction on a 45,600 sf distribution building in West Lakeland Industrial Park and has begun doing site work in Ruthven Air Park for an additional four speculative buildings. These projects include one 78,000-sf facility and three buildings in the 20,000 sf to 30,000 sf range. Furthermore, the Ruthvens have plans for a 100,000 sf distribution facility on Gateway Boulevard, which is to begin construction within the next two to three months.

Heading into the second quarter of 2004, cautious optimism best characterizes the state of Lakeland's business community. Looking ahead, a couple of key observations can be made. The local economy will continue to perform, aided by slower but steady job growth, real estate development and continued business expansions. Early

indicators point toward a relatively modest second quarter, although there are several deals on the horizon. Cushman & Wakefield expects Lakeland's industrial vacancy to steadily decline, rental rates to continue to climb and projects net absorption to remain positive over the course of 2004. ■

**CUSHMAN & WAKEFIELD MARKET HIGHLIGHTS****Significant 1Q04 New Lease Transactions**

BUILDING	SUBMARKET	TENANT	SQUARE FEET	PROPERTY TYPE
7105 New Tampa Highway	Northwest Lakeland	Plasti Pak	43,110	Warehouse/Distribution
4925 Elixir Drive	Northwest Lakeland	Raymond Material Handling Corporation	25,560	Warehouse/Distribution
3725 North Frontage Road	Northwest Lakeland	National Composites	25,000	Warehouse/Distribution
2520 Knights Station Road	Northwest Lakeland	Party Panache	11,400	Warehouse/Distribution

**Significant 1Q04 Sale Transactions**

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
2220 W. Bella Vista Road	Northwest Lakeland	Fibertech, Inc.	261,075	\$4,000,000
4300 Steward Lane	Northwest Lakeland	T&J Properties	24,200	\$735,000

**Significant 1Q04 Construction Completions**

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Composites One Building	Southwest Lakeland	Composites One	75,000	January 2004

**Significant Projects Under Construction**

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
First Park @ Bridgewater – Haverty's	Northeast Lakeland	Havertys Furniture	226,168	December 2004
5030 Gateway Boulevard	Southwest Lakeland	N/A	45,600	June 2004

**CUSHMAN & WAKEFIELD MARKET/SUBMARKET STATISTICS**

Market/Submarket	Inventory	No. of Bldgs.	Overall Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	Direct Weighted Average Net Rental Rate*			
								HT**	MFG	W/D OS	
Southwest Lakeland	7,857,875	72	3.9%	13,600	45,600	75,000	86,100	N/A	\$1.25	\$3.70	N/A
Southeast Lakeland	2,026,938	55	12.5%	0	0	0	(13,000)	N/A	N/A	\$3.87	\$8.75
Northwest Lakeland	9,156,931	75	8.4%	115,570	0	0	315,191	N/A	\$3.26	\$3.40	\$5.75
Northeast Lakeland	2,610,741	33	1.7%	9,100	226,168	0	9,100	N/A	N/A	\$4.00	N/A
<b>TOTAL</b>	<b>21,652,485</b>	<b>235</b>	<b>6.3%</b>	<b>138,270</b>	<b>271,768</b>	<b>75,000</b>	<b>397,391</b>	<b>N/A</b>	<b>\$1.78</b>	<b>\$3.56</b>	<b>\$7.92</b>

\* Rental rate reflects \$psf/year

\*\* HT inventory does not exist in this market