

## INDUSTRIAL OVERVIEW LAKELAND, FLORIDA

Third Quarter 2004

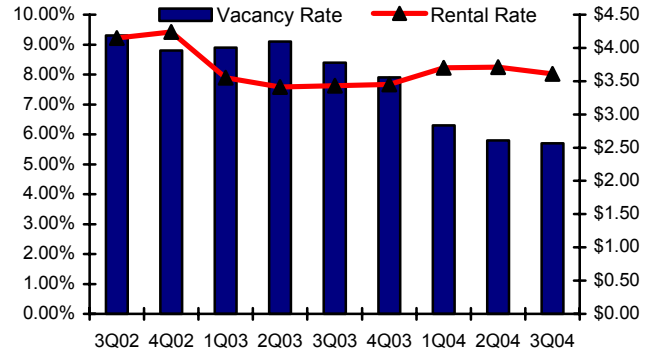
**The Lakeland industrial market** in 2004 has been characterized by consistent demand, steadily decreasing vacancies and renewed construction activity. Although the area took three nearly direct hits from hurricanes over the past three months, market fundamentals continued to show improvement, though slower than previously experienced. For the third quarter in a row leasing activity increased, escalating nearly 15% from the second quarter. This continued demand allowed the market to record 72,141 square feet (sf) of positive overall absorption, the fifth quarter in a row with positive absorption. The increase in leasing activity, coupled with the quarter's positive absorption caused overall vacancy to drop slightly to 5.7%.

With major hurricanes within weeks of each other, many prospective tenants "hunkered down" after boarding up their windows at both home and businesses and put their space plans on hold. Despite this lull in activity, leasing continued its slowly building momentum during the third quarter, with 214,343 sf of space leased. The most significant occurring in quarter included Plasti Pak's 84,089 sf expansion in Lakeland Industrial Park, Southwestern Steel, Inc.'s 53,354 sf lease at 4950 Frontage Road, and US Carriers' temporary 27,500 sf lease in the West Lakeland Industrial Park, which they will occupy until their new 40,933 sf building is complete.

While most markets have encountered a dramatic decrease in new construction activity over the past two years, construction activity in the Lakeland market has continued unwavering. There is 911,096 sf of industrial product currently under construction, with build-to-suit projects accounting for 66.5% or 606,184 sf of this activity. Two notable build-to-suit construction projects include the Havertys 226,168 sf distribution facility in FirstPark at Bridgewater and Rooms-To-Go's 220,000 sf expansion project on Airport Road. Additionally, despite escalating steel and concrete prices, The Ruthvens, a local owner and developer of industrial properties, has four speculative buildings under construction. These projects include a 104,000-sf dock-high distribution facility for lease in West Lakeland Industrial Park and three industrial condominium buildings totaling 127,000 sf in Ruthven Airpark. Although, industrial condominiums have been very successful ventures in south Florida, this is the one of the first attempts at developing small-bay industrial condos in the Lakeland area.

As with most of Florida's major industrial markets, the total impact from the hurricanes on Lakeland's economy is still uncertain, but the resulting impact on the industrial market over the next few quarters should be positive. Industrial demand should be boosted over the next several quarters by reconstruction activity and expanded emergency services work within the government and the private sector. Aside from the temporary increase in activity from the inclement weather, the Lakeland industrial market will continue to thrive in the coming year, with diligent future development decisions directing the path of future economic growth. ■

### Overall Vacancy Rates vs. Rental Rates



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**CUSHMAN & WAKEFIELD MARKET HIGHLIGHTS****Significant 3Q04 New Lease Transactions**

BUILDING	SUBMARKET	TENANT	SQUARE FEET	PROPERTY TYPE
7105 New Tampa Highway	Northwest Lakeland	Plasti Pak	84,089	Warehouse
4950 Frontage Road	Northwest Lakeland	Southwestern Steel, Inc.	53,354	Warehouse
5001 Gateway Boulevard	Southwest Lakeland	US Carriers	27,500	Warehouse
2520 Knights Station Road	Northwest Lakeland	SunState Formulators	11,400	Warehouse

**Significant 3Q04 Sale Transactions**

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
5200-5300 Region Center Court	Northwest Lakeland	Fort III, LLC	405,241	\$15,550,000

**Significant 3Q04 Construction Completions**

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
5030 Gateway Boulevard	Southwest Lakeland	N/A	45,600	July 2004
Curry Controls Building	Southwest Lakeland	Curry Controls	29,000	August 2004
Bobby Moore Properties Bld.	Southwest Lakeland	Bobby Moore Properties	29,000	July 2004

**Significant Projects Under Construction**

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
6830 State Road 33	Northeast Lakeland	Havertys	226,168	December 2004
1475 Airport Road	Southwest Lakeland	Rooms-To-Go	220,000	March 2005
5201 Gateway Boulevard	Southwest Lakeland	N/A	104,000	January 2005
3810 Drane Field Road	Southwest Lakeland	N/A	78,000	January 2005
US Carriers Building	Southwest Lakeland	US Carriers	40,933	October 2004
4025 Kidron Road	Southwest Lakeland	Protel	35,970	February 2005
2345 AZ Park Road	Southeast Lakeland	N/A	32,500	November 2004
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 Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Overall Absorption	HT**	Direct Weighted Average Net Rental Rate*		
									MFG	W/D	OS
Southwest Lakeland	7,968,435	75	4.4%	122,433	546,815	178,600	66,960	N/A	\$2.75	\$3.45	N/A
Southeast Lakeland	2,026,938	56	11.8%	37,250	55,000	0	0	N/A	N/A	\$3.36	\$8.25
Northwest Lakeland	9,201,931	75	6.6%	368,413	83,113	0	480,920	N/A	N/A	\$3.30	\$5.75
Northeast Lakeland	2,610,741	33	1.7%	13,500	226,168	0	9,100	N/A	N/A	\$2.21	N/A
<b>TOTAL</b>	<b>21,808,045</b>	<b>239</b>	<b>5.7%</b>	<b>541,596</b>	<b>911,096</b>	<b>178,600</b>	<b>556,980</b>	<b>N/A</b>	<b>\$2.75</b>	<b>\$3.29</b>	<b>\$7.56</b>

\*Rental rate reflects \$psf/year

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