Market Research

OFFICE | FIRST QUARTER | 2009

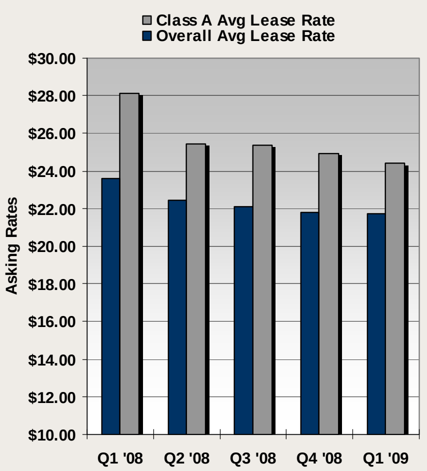
MARKET INDICATORS

CENTRAL FLORIDA INVENTORY
60,796,695 Sq. Ft.

	Q1	Q2*
OVERALL VACANCY 14.7%	↑	↑
CLASS 'A' VACANCY 16.8%	↑	↑
ABSORPTION (384,568) s.f.	↑	↑
CONSTRUCTION 939,618 s.f.	↓	↓
NEW SUPPLY 315,893 s.f.	↓	↓
OVERALL DIRECT AVG. RATE $21.71	↓	↓
CLASS A DIRECT AVG LEASE RATE $24.41	↓	↓

*Projected, relative to prior period

AVG. FULL SERVICE ASKING LEASE RATES

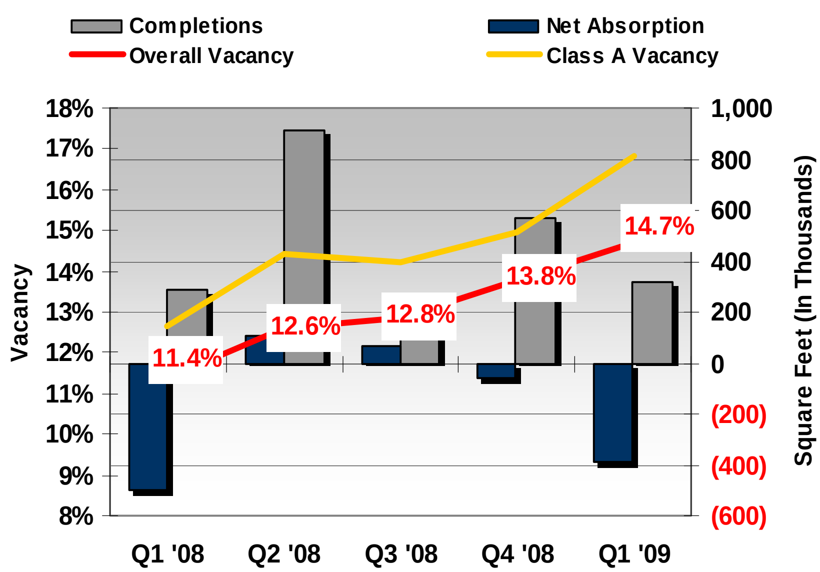


Vacancy continues to increase; expect more of the same…

The first quarter of 2009 for the Commercial Real Estate market delivered new challenges and obstacles and the forecast for next quarter shows no significant improvement. The stock market continues to experience new deficits and consumers are feeling the pressure, as evident by the lagging retail sales, foreclosure increases, and near double digit unemployment rates. The overall consensus amongst the brokerage community stands that the bottom has yet to be reached. Many believe the market is still cleansing itself from the rapid growth experienced over the past years, and some forecast the current downturn to last through 2009 before seeing conditions stabilize in early 2010. As the year progresses, businesses will continue to dispose of space as cost cutting has become a high priority to the bottom line. In turn, subleases will become more common putting added pressure on competing landlords offering new and second generation space.

Looking ahead, Colliers Arnold is forecasting vacancy for the Office Market to continue its increasing trend into the second quarter but stabilizing in the third and fourth quarter of 2009. Average asking rental rates will fall in the upcoming quarters, but not as drastically as one might suspect due to the many landlord concessions being offered as an alternative to reduced rent. Construction activity will dwindle or be put on hold as financing for construction costs is difficult to obtain and the glut of available space makes new development very risky in today's market. Also, land sales are nearly non-existent creating pricing issues on the value of land. Although the economic storm is still battering the market, Colliers Arnold is cautiously optimistic looking ahead. Many brokers are reporting increased activity amongst savvy tenants looking to take advantage of distressed landlords. As each space gets absorbed, the local market will be one step closer to a stabilized market.

CENTRAL FLORIDA OFFICE MARKET NEW SUPPLY, ABSORPTION AND VACANCY RATES



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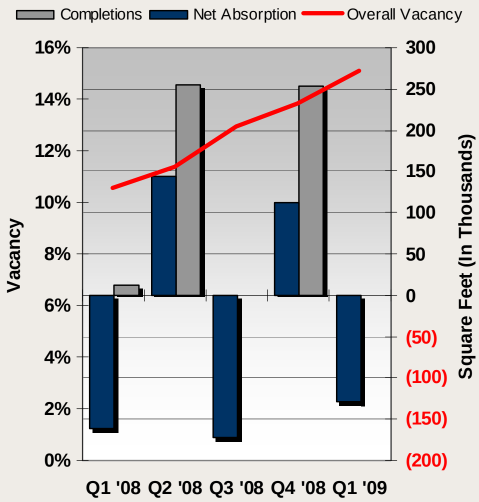
Today's market has shifted quickly from a landlord's market of increasing rents, low vacancy and insignificant concessions to a tenant's market filled with below market rental rates, numerous space options/availability, and generous landlord concessions. In today's market, experienced landlords are offering many incentives to would-be tenants just to draw attention. These same landlords are 'buying' new leases at whatever cost just to fill space and begin to receive much needed cash flow. Some tenants are taking advantage of the situation, signing long term leases at unforeseen low rental rates. In the near future, commercial foreclosures will present another challenge to investors and owners of commercial property. Each business that closes its doors puts added pressure on landlords to cope with diminishing cash flows. With further diminishing demand to fill the space, many properties will have to face foreclosure. A recent report produced by Real Capital Analytics shows REO properties nationwide have drastically increased over the past two months from $2.5B to $6.8B; while pending foreclosures nationwide have doubled from $21.2B to $42.3B.

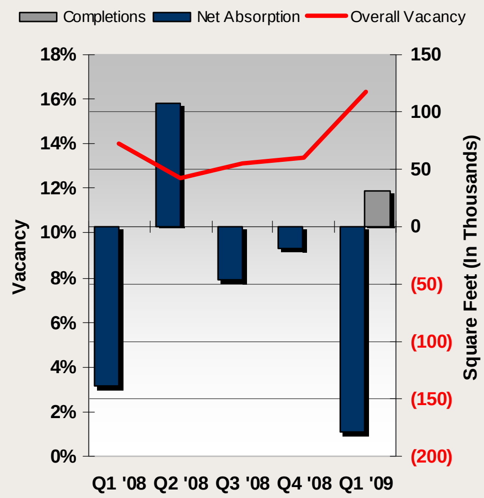
Double digit vacancy rates can be observed in all submarkets again this quarter. Downtown Orlando's vacancy increased to 15.1 percent from 13.9 percent in the fourth quarter of 2008. Four of the six submarkets experienced negative absorption, with only the East Orange and South Orlando submarkets experiencing positive absorption of 62,819 s.f. and 85,190 s.f., respectively. The majority of the construction activity can be found in the South Orlando submarket, primarily due to the development of the Darden Restaurants new 450,000 square foot headquarters located along John Young Parkway. Completion is expected late this year. The Southwest Orlando submarket experienced the highest amount of completions this quarter, finalizing construction on three buildings with a total square footage of 131,600. Rental rates are averaging $21.71 full service per square foot in the entire market, down $0.11 from the previous quarter. Class A space overall is experiencing a 16.8 percent vacancy rate, up from 14.9 percent in the previous quarter. Class A average asking lease rates are also trending south with the current average at $24.41 full service per square foot down from $24.93 per square foot last quarter.

SUBMARKET TRENDS

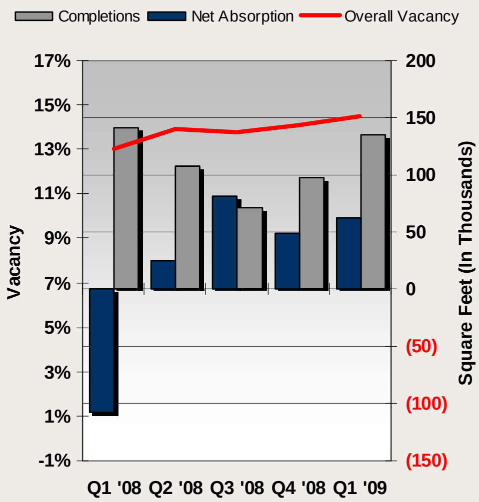
CBD / DOWNTOWN



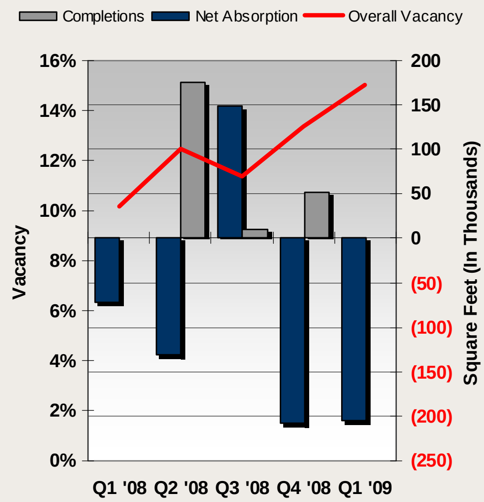
MAITLAND



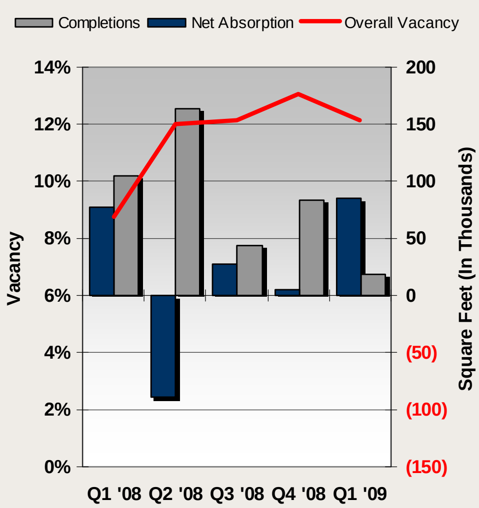
EAST ORLANDO



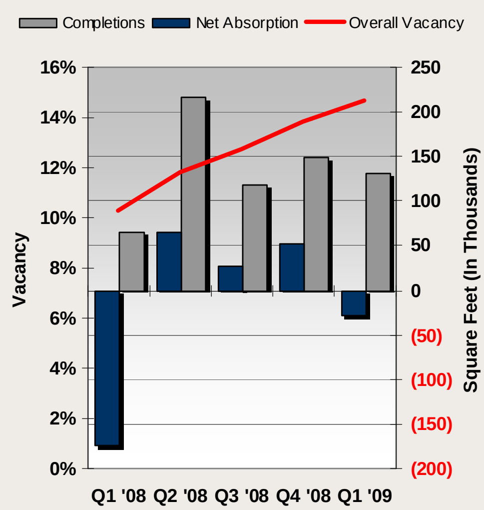
SEMINOLE COUNTY



AIRPORT / SOUTH



SOUTHWEST ORLANDO

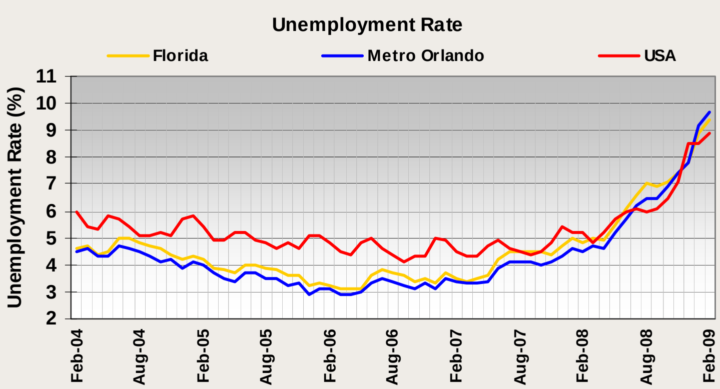


CENTRAL FLORIDA MARKET STATISTICS

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.	Avg. Direct Asking Rate Full Service
HIGHLIGHTED ORLANDO SUBMARKETS									
Downtown									
A	24	5,680,994	14.8%	18.1%	-55,164	-55,164	0	0	$27.88/fs
B , C	175	5,929,727	11.1%	12.2%	60,767	60,767	0	10,366	$22.59/fs
Maitland									
A	25	3,284,688	11.9%	15.0%	-106,778	-106,778	0	211,236	$22.41/fs
B , C	96	3,795,669	15.9%	17.4%	-71,976	-71,976	31,000	0	$19.04/fs
East Orange									
A	31	3,089,072	12.5%	15.1%	-20,483	-20,483	0	0	$25.22/fs
B , C	329	10,833,108	13.4%	14.3%	83,302	83,302	134,964	10,300	$20.87/fs
Seminole									
A	23	3,243,090	14.5%	16.0%	-86,267	-86,267	0	0	$21.85/fs
B , C	295	9,360,462	13.5%	14.7%	-119,069	-119,069	0	0	$19.18/fs
South Orlando									
A	21	2,276,942	11.7%	12.7%	36,893	36,893	0	599,350	$23.34/fs
B , C	155	5,499,420	11.2%	11.9%	48,297	48,297	18,329	10,366	$17.49/fs
SW Orlando									
A	36	3,179,697	19.8%	21.2%	-93,795	-93,795	120,000	158,000	$25.82/fs
B , C	164	5,642,901	10.3%	11.1%	71,412	71,412	11,600	23,600	$20.80/fs

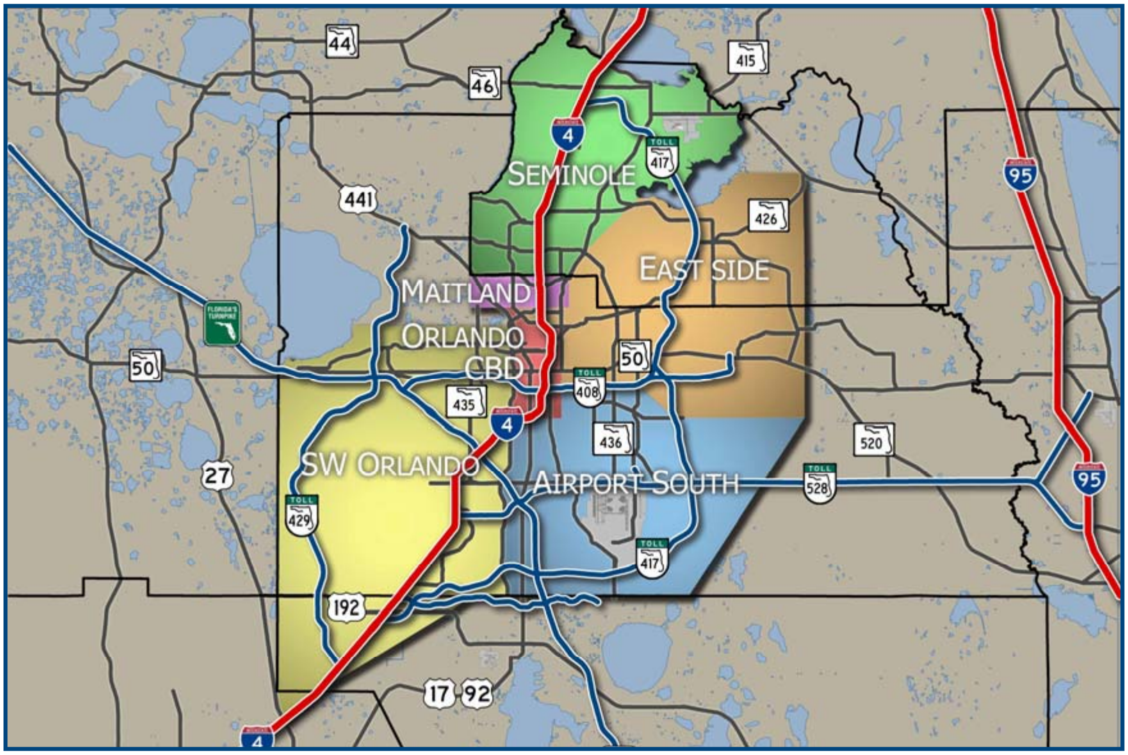
Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Overall Avg. Direct Asking Rate F.S.	Class A Avg. Direct Asking Rate F.S.
ORLANDO OVERALL MARKET										
2009 1Q	1,379	60,796,695	13.3%	14.7%	-384,568	-384,568	315,893	939,618	$21.71	$24.41
2008 4Q	1,374	60,596,251	12.2%	13.8%	-60,913	-383,806	570,244	1,214,779	$21.82	$24.93
2008 3Q	1,363	59,994,803	11.3%	12.8%	70,304	-322,893	243,324	1,816,227	$22.10	$25.38
2008 2Q	1,356	59,751,479	11.2%	12.6%	105,183	-393,197	913,932	1,848,315	$22.41	$25.45
2008 1Q	1,342	58,794,917	9.8%	11.4%	-498,380	-498,380	285,806	2,205,860	$23.58	$28.15

UNEMPLOYMENT SNAPSHOT



For the first time in recent memory, the Central Florida unemployment rate surpassed the overall averages of Florida and the United States. Metro Orlando reached its low of 2.9 percent in April 2006 and has increased 234 percent to today's rate of 9.7 percent. Locally, the construction industry continues to cut positions daily, having lost approximately six percent of its workforce over the past month. The Leisure and Hospitality industry surprisingly experienced an increase in the workforce over the past month by nearly two percent, but is still down four percent over the past year.

CENTRAL FLORIDA OFFICE HIGHLIGHTED SUBMARKETS



FIRST QUARTER 2009 TRANSACTION HIGHLIGHTS

SALES ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	PROPERTY CLASS	BUYER NAME	SIZE (SF)	SALES PRICE	SALES PRICE/SF	SUBMARKET
Sand Lake Bldg – Units 1-5 & 1-6 6900 Turkey Lake Road	A	FSM Properties, Inc.	5,118	$1,437,500	$280.87	SW ORANGE
Orlando Executive Center 2550 Technology Drive	B	The United Mexican States	24,700	$5,550,000	$224.70	SW ORANGE
St. Cloud Professional Center 3000-3018 17th St.	C	FMJD LLC	3,494	$596,000	$170.58	OSCEOLA
Phoenicia Center – Ste 300 7932 W Sand Lake Rd	B	Major Property Investment, LLC	3,500	$1,410,000	$402.86	SW ORANGE
611 N Magnolia Avenue	C	Nazak Holdings, LLC	2,101	$910,000	$433.13	DOWNTOWN

LEASING ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	PROPERTY CLASS	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Central Florida Research Park 12650 Ingenuity Drive	A	Kaplan	123,900	SUBLEASE	EAST ORANGE
SODO Shopping Center S Orange Ave & Grant St.	B	Orlando Orthopedic Center	45,000	DIRECT	DOWNTOWN
Century Plaza 135 W Central Blvd	B	Fairwinds Credit Union	38,366	RENEWAL	DOWNTOWN
Crescent at Primera 255 Primera Blvd	A	Access Mediquip	12,821	DIRECT	SEMINOLE
Heathrow Int'l Business Center 400 International Pkwy	B	Maxim Healthcare Services, Inc..	12,370	DIRECT	SEMINOLE

FOR OTHER LOCAL REPORTS VISIT – http://www.colliers.com/Markets/Orlando/MarketReports/
FOR NATIONAL REPORTS VISIT – http://www.colliers.com/Corporate/MarketReports/

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