COLLIERS TURLEY MARTIN TUCKER | COLUMBUS, OHIO

Market Research

INDUSTRIAL | FIRST QUARTER | 2008

MARKET INDICATORS

TREND SINCE LAST QUARTER

VACANCY............

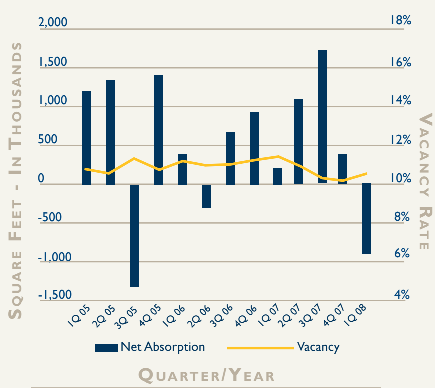
NET ABSORPTION..........

CONSTRUCTION............

RENTAL RATE............

UPDATE

COLUMBUS ABSORPTION, CONSTRUCTION AND VACANCY RATES



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The modest gains made in industrial market during 2007 retreated in the first quarter of 2008 as the direct vacancy rate in the Columbus market rose 52 basis points to 10.73%. However, modern bulk industrial properties continued to improve as the vacancy rate for this product type declined by 1.5% to 15.22%. Speculative construction is expected to have a negative effect on vacancy rates (for both the overall and bulk markets) later this year as three new speculative buildings will enter the market in the 3rd quarter. No new build-to-suit projects have been announced, but construction is ongoing on three large projects in West Jefferson and Rickenbacker.

The new-year brought the much-anticipated opening of the new Norfolk Southern intermodal yard. To date, the intermodal facility has attracted only one build-to-suit project. Hyperlogistics Group recently constructed its new 405,000 square foot headquarters in the Intermodal Campus of the Rickenbacker Global Logistics Park. The Columbus-based logistics company expects to be able to speed delivery and reduce costs for customers by moving closer to the intermodal yard.

Rickenbacker Global Logistic Park developers Duke Realty Corp, Columbus Regional Airport Authority and Capital Square Ltd. expect other logistics companies to follow the lead of Hyperlogistics and setup operations in the 420 acre park. While the intermodal yard is now open, the Heartland Corridor (a high-capacity rail line allowing double stacked containers to be shipped from the Port of Virginia to Columbus) is not scheduled to open until sometime in 2010. Interest in the park should increase as that date approaches.

Inventory

The Columbus Industrial market surveyed this quarter is spread over 6 submarkets, including: Southeast, Southwest, Downtown/CBD, Northwest, Northeast and Out-of-County. The inventory surveyed in the 1st quarter of 2008 consists of over 237 million square feet of rentable space and 2,695 buildings that are all 10,000 square feet or larger.

The largest single market surveyed in terms of size is the Southeast, with 555 properties and more than 68 million square feet of space. The Northwest and Northeast Submarkets contain over 650 buildings with approximately 45 million square feet each, and the Out-of-County Submarket includes 526 buildings with over 55 million square feet. The Southwest Submarket is made up of 227 buildings with a combined area of 20 million square feet.

The bulk subset of the Industrial Market was also surveyed this quarter. This consists of properties that are 100,000 square feet or larger, have at least 28 foot ceiling height, and were built during or after 1998. This subset contains 61 buildings totaling 27 million square feet. The largest submarket of bulk space is the Southeast, with 41 properties and over 18 million square feet.

Investment Sales

Three significant investment sales occurred in the first quarter of 2008. The sale-leaseback

2829 ROHR ROAD

The nearly 1.2 million SF facility sold fore $51 in March 2008. The sales price was $41.67 per square foot.

6500 ADELAIDE

CTMT represented ORIX and DRCS in the transfer of Rickenbacker VI at the end of the quarter.

UPDATE
NEW INDUSTRIAL CONSTRUCTION PROJECTS

Building Name/Address	SF	Ceiling Height	Submarket	Delivery	Type	Owner
2842 Spiegel Drive	936,000	32'	Southeast	2Q 2008	Spec	Duke
5235 West Point Parkway	702,000	32'	Southeast	2Q 2008	Spec	Kirco
Whirlpool Center - Creekside	1,600,000	34'	Southeast	4Q 2008	BTS	Pizzuti
Kellogg's - 805 Enterprise Pkwy	1,142,000	32'	Out-of-County	4Q 2008	BTS	Duke
Creekside 10	253,784	30'	Southeast	4Q 2008	Spec	Pizzuti
Restoration Hardware - 1150 Enterprise Pkwy	805,125	36'	Out-of-County	4Q 2008	BTS	Duke
Total	3,634,964 SF					

of 6000 Greenpointe Drive South was the first sale to occur for the year on January 4th. Cabot purchased the 501,000 square foot building from GM Facilities Trust for approximately $19.1 million. The largest of the three transactions was DRCS' (Duke and Capital Square) sale of 2829-2859 Rohr Road to AFIAA for $51 million. The 1.2 million square foot building is 100% leased to two tenants, Exel Logistics and Whirlpool. AFIAA is a Swiss pension fund advisor, and the purchase represents their first acquisition in Columbus. On the last day of the quarter, Orix sold 6500 Adelaide Court to Pinchal Company for $15.7 million, or $44.27 per square foot. The building is leased to Watson Pharmaceuticals. Colliers Turley Martin Tucker represented both the DRCS and Orix on the sale of their properties.

New Construction

New construction in Columbus is focused on large speculative bulk facilities that are 400,000 square feet or larger and enormous build-to-suit projects. Development continued in the Southeast Submarket as a single distribution facility, the Hyperlogistics building, was completed construction during the quarter. The logistics company purchased 29.1 acres in the Intermodal Campus of the Rickenbacker Global Logistics Park from the Columbus Regional Airport Authority in August of 2007 for $3 million. The new building located on Rickenbacker Parkway will replace their current facility at 3100 Creekside Parkway, a 340,000 square foot building Hyperlogistics sold last June.

Six projects totaling 5.4 million square feet are currently under construction in the Columbus Market. In late 2007, the Pizzuti Companies announced plans to develop a build-to-suit project for the Whirlpool Corporation in the Southeast Submarket. The future Whirlpool distribution center will be one of the largest buildings in the Columbus market at 1.6 million square feet, and has an estimated price tag of $75.5 million. In the Out-of-County Submarket, 1.9 million square feet of build-to-suit distribution space is currently under construction for Kellogg's and Restoration Hardware. In spite of the benefits of locating near the Norfolk Southern intermodal yard, this development is evidence that the less expensive land costs in the Out-of-County areas of Etna Township and West Jefferson are significant enough to attract the larger build-to-suit projects.

Speculative warehouse development continues to be concentrated in the Southeast Submarket. Currently, Duke Realty Corp, Pizzuti Companies and KIRCO all have speculative projects

UPDATE
COLUMBUS INDUSTRIAL SALES DURING FIRST QUARTER

SALES ACTIVITY

PROPERTY ADDRESS	SALES DATE	SALE PRICE	SIZE SQ. FT.	SALES PRICE/SQ. FT.	BUYER
2829-2859 Rohr Road	3/20/2008	$51,000,000	1,199,488	$41.67	AFIAA Rohr Road
6000 Green Point Dr. S.	01/04/2004	$19,098,000	501,853	$38.05	Cabot II
6500 Adelaide Ct.	03/28/2008	$15,700,000	354,676	$44.27	Pinchal

UPDATE
COLUMBUS INDUSTRIAL MARKET STATISTICS

	Existing Properties							Absorption		Construction		Rent
Submarket	Buildings	Total Inventory SF	Direct Vacant Space	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate Current Q	Direct Vacancy Rate Last Quarter	Net Absorption Current Q - SF	Net Absorption YTD - SF	Completions Current Q - SF	Under Const. - SF	Asking Full Service $/SF
Northwest	685	44,013,795	6,501,980	14.77%	0.55%	15.32%	15.56%	203,040	203,040	0	0	$2.92
Northeast	650	46,021,560	3,664,284	7.96%	0.30%	8.26%	7.61%	(166,029)	(166,029)	0	0	$3.30
Southeast	555	68,358,950	9,823,770	14.37%	1.27%	15.64%	12.26%	(901,188)	(901,188)	1,027,000	3,491,784	$2.89
Southwest	227	20,865,567	2,177,566	10.44%	1.05%	11.48%	11.05%	137,387	137,387	0	0	$3.33
Downtown	52	2,622,176	193,500	7.38%	0.00%	7.38%	7.38%	0	0	0	0	$5.53
Out of County	526	55,786,323	3,148,002	5.64%	0.00%	5.64%	5.46%	(74,944)	(74,944)	0	1,947,125	$3.03
Total	2,695	237,668,371	25,509,102	10.73%	0.62%	11.35%	10.21%	(801,734)	(801,734)	1,027,000	5,438,909	$3.08

UPDATE
COLUMBUS BULK INDUSTRIAL MARKET STATISTICS

	Existing Properties							Absorption		Construction		Rent
Submarket	Buildings	Total Inventory SF	Direct Vacant Space	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate Current Q	Direct Vacancy Rate Last Quarter	Net Absorption Current Q - SF	Net Absorption YTD - SF	Completions Current Q - SF	Under Const. - SF	Asking Full Service $/SF
Northwest	1	100,000	0	0.00%	0.00%	0.00%	0.00%	0	0	0	0	$2.95
Southeast	41	18,764,935	2,638,310	14.06%	2.37%	16.43%	16.00%	364,596	364,596	1,027,000	3,491,784	$3.09
Southwest	11	4,048,088	700,082	17.29%	0.00%	17.29%	17.89%	24,000	24,000	0	0	$3.25
Out of County	8	4,473,933	829,681	18.54%	0.00%	18.54%	18.54%	0	0	0	1,947,125	$2.86
Total	61	27,386,956	4,168,073	15.22%	1.62%	16.84%	16.64%	388,596	388,596	1,027,000	5,438,909	$3.08

under construction which together total 1.8 million square feet of space.

Vacancy

The direct vacancy rate for the overall Columbus industrial market increased from 10.21% at the end of 2007 to 10.73% at the end of the 1st quarter 2008. The Southeast, Northeast and Out-of-County Submarkets all experienced an increase in vacancy. The largest increase came in the Southeast Submarket, which increased from 12.26% in 2007 to 14.37% at the end of the first quarter of 2008. The Northeast and Out-of-County experienced slight decreases, of only 35 and 19 basis points respectively.

The Northwest and Southwest submarkets are the only submarkets that experienced decreases in the direct vacancy rate. The direct vacancy rate for the Northwest Submarket decreased by 79 basis points and the Southwest Submarket experienced a decrease of 61 basis points.

In contrast to the overall Columbus industrial market, the direct vacancy rate for the bulk industrial subset actually decreased during the quarter, going from 16.64% at the end of 2007 to 15.22% at the end of the first quarter of 2008. The direct vacancy rate for the bulk subset tends to be higher than the overall market due to a large amount of speculative construction, especially in the Southeast and Out-of-County Submarkets.

Absorption

As a whole, the Columbus industrial market experienced negative net absorption of 801,000 square feet. The Southeast submarket had the largest effect on the market during the quarter with negative absorption of 901,000 square feet. As was the case with vacancy rates, absorption for the bulk industrial subset did not follow the broader market either ending the quarter with positive absorption of 388,596 square feet. Although leasing activity was weak, the bulk subset of the Southeast Submarket had the highest amount of absorption for the quarter totaling 365,000 square feet.

Submarket Reports
Southeast

The Southeast Submarket's vacancy rate increased during the quarter. The submarket had 901,000 square feet of negative absorption, increasing the direct vacancy rate for the area from 12.26% in the beginning of the quarter to 14.37% at the end. In contrast, the bulk industrial market had 365,000 square feet of positive net absorption, and saw the vacancy rate decrease by 194 basis points to 14.06%.

CENTRAL OHIO SUBMARKETS

The Southeast Submarket had a single distribution warehouse project complete construction during the quarter – the 405,000 square foot Hyperlogistics facility. Asking rent increased for the Southeast Submarket during the first quarter, from

$2.87 a square foot to $2.89 a square foot. Asking rental rates for the bulk industrial market also increased from $3.07 a square foot to $3.09 a square foot.

Southwest

Vacancy rates in the Southwest Submarket decreased during the quarter. The submarket had a vacancy rate of 11.05% at the close of 2007 and finished the first quarter of 2008 with a direct vacancy rate of 10.44%. In turn, the area recorded absorption of 137,000 square feet. The bulk subset also experienced a 59 basis point decrease in direct vacancy ending the quarter at 17.29%, and also had positive absorption of 24,000 square feet. Asking rents in the area remained steady at $3.33 a square foot.

Northeast

The direct vacancy rate for the Northeast Submarket increased 35 basis points during the quarter, ending at 7.96%. Along with the increase in vacancy rate came negative net absorption of 166,000 square feet. The only bulk industrial building in the Northeast remained fully leased during the first quarter, and asking rental rates remained unchanged from 2007 at $3.30.

Northwest

During the first quarter, direct vacancy in the Northwest Submarket decreased from 15.56% at the close of 2007 to 14.77% at the end of the first quarter. The area also had 203,000 square feet of net absorption during the same period. No modern bulk facilities exist in the submarket (28' clear ceiling height, 100,000 square feet or larger, built in the last 10 years). However the Northwest Submarket includes 102 buildings that are 100,000 square feet or more. Direct vacancy in these buildings increased 80 basis points to 18.60%. Absorption during the quarter in the older bulk facilities was negative 198,000 square feet.

Downtown/Central Business District

In the small Downtown Submarket, the direct vacancy rate held steady at 7.38%, and had zero net absorption. Since the Downtown Submarket is relatively small, it does not have a significant effect on the market.

Out-of-County

Vacancy rates in the Out-of-County Submarket increased 19 basis points from 5.46% at the end of 2007 to 5.64% at the end of the first quarter of 2008. Net absorption was negative at 74,000 square feet. No movement occurred in the bulk subset during the quarter. Interest and demand for build-to-suit distribution space in Etna and West Jefferson is expected to continue as companies look for ways to minimize costs. Asking rent in the Out-of-County Submarket held steady at $3.03.

Outlook

It looks like the Columbus Industrial Market may be in for a bumpy ride over the next 12 – 18 months. Leasing velocity remains low, much as it did in 2007. Companies that are out of space do not appear to be taking on new, larger spaces. Instead, many seem to be leasing overflow space for shorter terms. As was the case in 2002, certain landlords are beginning to significantly discount their rental rates to drive occupancy. Once again, it is a tenant's market.

In spite of the difficulties faced by the Columbus market, Colliers Turley Martin Tucker is cautiously optimistic about 2008. Many of the tenants in the market are the same tenants that were evaluating space in the latter part of 2008. However, if a few of these tenant's follow through with leases, positive gains could be made. Without them, vacancy rates could spike as new speculative buildings are delivered. Another unknown is what impact the recent opening of the Norfolk intermodal yard will have on leasing and construction activity later this year. This asset could help Columbus fare better than other Midwest markets, and offset some of the effects of the economic slowdown.

CONTACT INFORMATION

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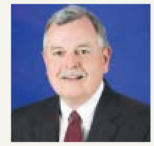

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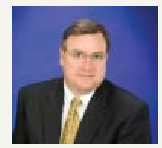

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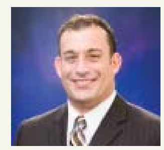

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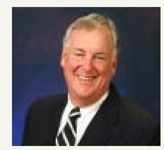

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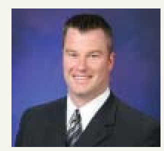

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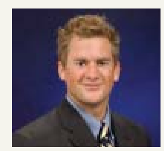

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