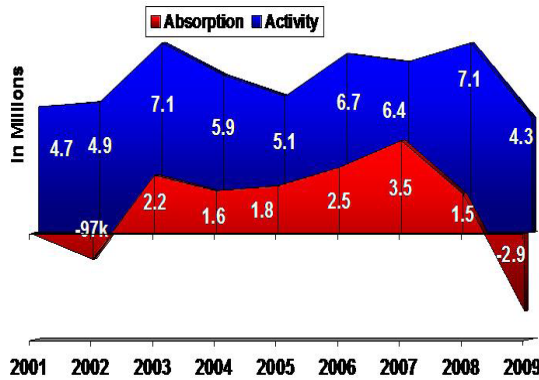


2009...A Remarkable Year... and not in a good way...

The headlines from various 2009 market update publications were less than positive, if not filled with “doom and gloom”. Each quarter the news became more troublesome... We saw availability rates rise to heights not seen before; property values and lease rates were in a free fall; the commercial investment market came to a standstill and the mortgage markets became uncertain. We saw companies put expansion plans on hold, downsize and even close. After so many years of positive news, it was painful to report the results each quarter during this extremely difficult and remarkable year. This quarter was no exception...

Overall, while the 4Q09 distribution numbers did not look good, they did show signs of improvement in certain areas over the previous three quarters. Activity was down and deal size continued to shrink, but absorption stabilized and availability remained virtually the same.

Deals were fewer and smaller... The quarter recorded 92 transactions totaling about 891,000 square feet. The transaction count was well within the average of the last several quarters; however, the average size industrial deal during the fourth quarter of 2009 shrunk to 9,700 square feet. That was down almost 31% as compared to the 14,000 square foot average of the previous four quarters. Activity for the year dropped to 4.3 million square feet - over 39% less than 2008 and the lowest level since King began keeping records. Additionally, sales of industrial properties were down substantially, almost 58% lower than 2008. PinPoint(sm) recorded 22 industrial sales for 2009, compared to 52 sales in 2008.



Absorption figures, although not great, showed a marked improvement in the fourth quarter of 2009. The quarter registered only 197,000 square feet of negative absorption as compared to a negative 1.1 million square feet during the third quarter and an average 905,000 square feet for the first three quarters of 2009. For the year, this market posted a whopping 2.9 million square feet of negative absorption, wiping out all the positive gains since the third quarter of 2007...Remarkable...

The other statistic we have been tracking has been the number of “move-ins” vs. “move-outs”. “Move-outs” for the year totaled 471 spaces compared to 395 “move-ins”. In the last report, the trend of “move-ins” had shown a steady and positive rise in the first three quarters of 2009. Unfortunately, that trend stopped in the fourth quarter and fell to a level comparable to the first quarter of 2009, which had been the lowest number of the year. Part of the fall could be attributable to the time of year; historically, the fourth quarter is typically less active due to the Thanksgiving and Christmas holidays. On a brighter note, the “move-outs” fell to one of the lowest levels of the year, validating the improved absorption figures of the fourth quarter.

In summary, 2009 was truly a remarkable year and one that we won't forget anytime soon. We can only hope that 2010 will bring positive numbers and be remarkable in a good way, or at least be less arduous...

Jeff L. Graham, SIOR
President

Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	95,313,972	-196,766	18,053,125	18.9%	891,243	92	9,687
Service Center	2,575,963	-10,838	706,755	27.4%	74,150	17	4,362

