



Market Research

OFFICE | FOURTH QUARTER | 2008



MARKET INDICATORS

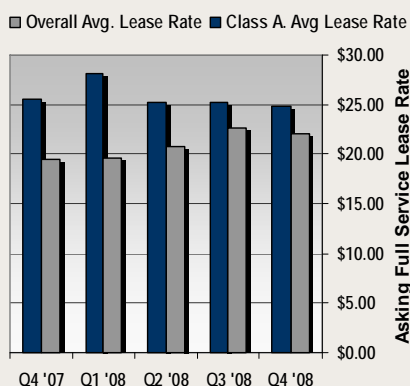
CENTRAL FLORIDA INVENTORY		
60,153,630 Sq. Ft.		
OVERALL VACANCY	13.8%	↑
CLASS A VACANCY	15.1%	↑
ABSORPTION	(88,617)	↓
CONSTRUCTION	1,710,811	↓
COMPLETIONS	526,244	↑
OVERALL DIRECT AVG. LEASE RATE	\$22.02	↓
CLASS A DIRECT AVG. LEASE RATE	\$24.85	↓

Central Florida Office Market Executive Summary

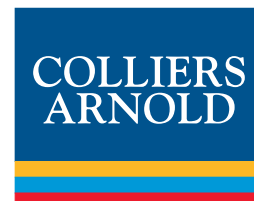
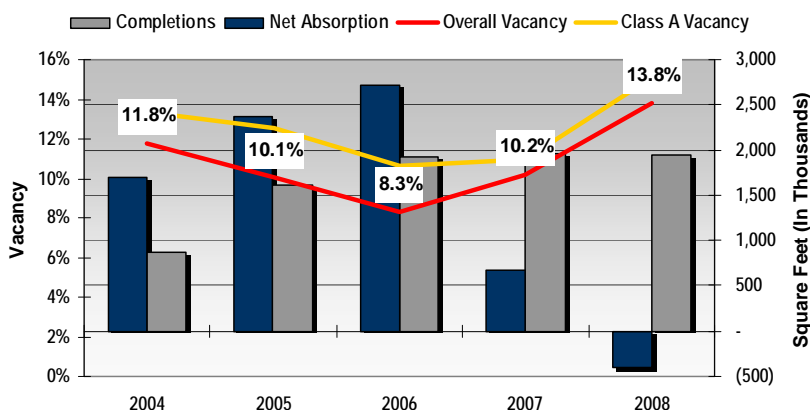
Over the past year, the nation has faced many obstacles and challenges that have not been experienced in decades. The country as a whole has seen a shift in the way we do business, a shift in the government's responsibilities and interactions, and a shift in consumer's attitudes and lifestyles. A prolonged recession, now over 12 months in duration, shows no signs of abating at the time of this publication. Many challenges and opportunities lie ahead regarding the current state of our economy. With unemployment at one of its highest levels in recent history at 6.5 percent, numerous businesses are going bankrupt, homeowners are facing foreclosures, financing is very difficult for both businesses and especially for real estate, and the future of the secondary debt market is in question. Economists predict that Q1 and Q2 of 2009 will be at least as slow as 2008, but as the year progresses, the second half of 2009 is expected to see growth as the new presidential administration takes office and the effects of the proposed stimulus plans begin to lift the economy. As the national economy continues to confront many challenges, the local Central Florida economy has several very positive aspects, including hospitality and tourism, the continued success of the University Research Park, and the ongoing development of the Medical City at Lake Nona. On the positive side, compared to other major metro areas in Florida, Central Florida ranks near the top in terms of performance with only Miami and Jacksonville achieving a lower unemployment rate.

The Central Florida Office Market is once again feeling the pressure of the overall economy. After two straight quarters of positive absorption, the fourth quarter posted a negative 88,617 square feet of absorption. The market experienced a jump in vacancy from 12.8 percent last quarter to an average of 13.8 percent this quarter. Vacancy has increased 3.6 percent over the past year. During the fourth quarter over 526,000 square feet was delivered to the market. Over the past year, approximately 39 buildings consisting of 1.9 million square feet of space was delivered to the market. Fourteen buildings remain under construction at the end of the fourth quarter for a combined square footage of 1.7 million. Leasing rates continue to fall as landlords feel the pressure of vacant space. The current average is \$22.02 per square foot full service. Class 'A' space is also feeling the same pressure, experiencing an increase in vacancy to 15.1 percent. Leasing rates for class 'A' space have also fallen to \$24.85 per square foot full service.

AVG. FULL SERVICE ASKING LEASE RATES

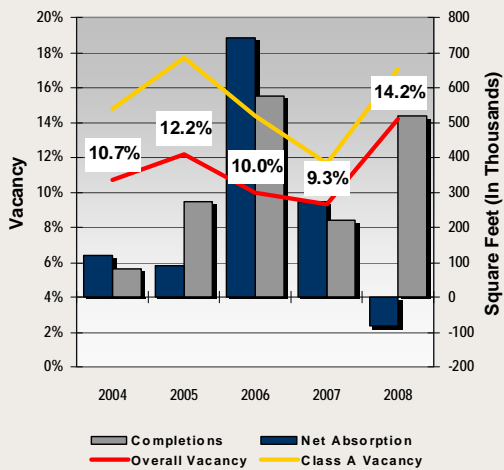


CENTRAL FLORIDA – 5 YEAR REVIEW NEW SUPPLY, ABSORPTION AND VACANCY RATES

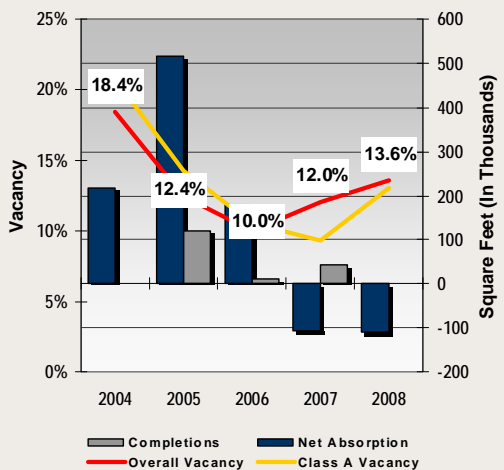


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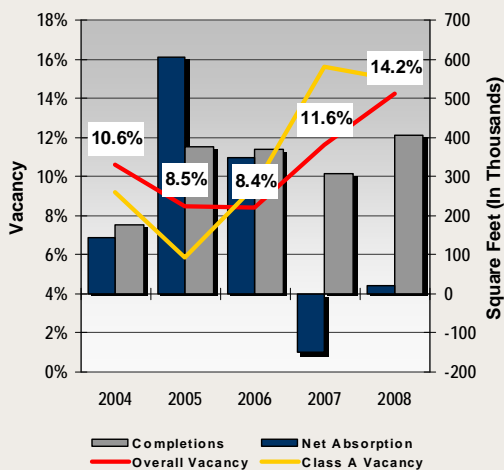
CBD / DOWNTOWN
11,539,129 Sq. Ft.



MAITLAND
7,060,331 Sq. Ft.



EASTSIDE
13,804,098 Sq. Ft.



CBD / Downtown

The Downtown Orlando submarket has reached its highest vacancy level in over five years. Currently, the overall vacancy rate is averaging 14.2 percent with Class 'A' space observing an average of 17.1 percent. Over the past year, the submarket experienced a negative 80,885 square feet of absorption. This can be compared to last year's total absorption of a positive 271,841 square feet. Three buildings completed construction adding 253,000 square feet of new space to the market. The year-to-date delivery total accounted for 519,090 square feet of newly delivered space. All construction projects were completed during the fourth quarter leaving nothing in the construction pipeline. Leasing rates are averaging \$25.09 per square foot full service, down from \$25.63 in the previous quarter.

TRANSACTIONS

- Fairwinds Credit Union renewed their 38,366 sf lease at 135 West Central Blvd within the Century Plaza.
- Securities Capital, LLC leased 5,261 sf of space at 105 East Robinson St within the First National Bank Bldg.
- Littler Mendelson Law Firm leased 14,300 sf at 111 East Washington St within the Dynetech Ctr.
- The Moses Law Firm leased 2,071 sf of Class A space at 315 East Robinson St within the Landmark Center.

Maitland

The Maitland submarket experienced a half percent increase in vacancy over the previous quarter. Currently, vacancy stands at an average of 13.6 percent. Although vacancy has increased from the previous quarter, the current level is below the first quarter average of 14 percent and well below its peak level of 19.9 percent in the first quarter of 2004. Absorption registered a negative 33,289 square feet during the fourth quarter. No buildings were completed and delivered to the market leaving the construction pipeline consisting of two buildings with a combined square footage of 242,236 square feet. The submarket's overall average leasing rate this quarter was \$21.69 per square foot full service. Class 'A' space is currently averaging \$23.12 per square foot full service.

TRANSACTIONS

- Charles Schwab subleased a 22,881 square foot space within the Maitland Promenade II Building.
- Ricoh Americas Corporation leased 10,090 sf of space at 485 North Keller Rd within Maitland Promenade.
- FBI leased 2,202 sf of space at 850 Trafalgar Ct within the Maitland Center.
- 8,567 sf of Class 'A' space was leased at 2290 Lucien Way within the Maitland Green Center.

Eastside

The Eastside submarket, for the third straight quarter, posted a positive absorption. Although minimal, over 20,000 square feet of space was absorbed during the fourth quarter. Although the submarket experienced a positive absorption, vacancy still increased to 14.2 percent from 13.7 percent last quarter. This was due to more square footage being delivered to the market than what was absorbed. During the fourth quarter, 99,000 square feet of space was completed and delivered to the market. Year-to-date, just over 400,000 square feet of space completed construction. The overall average leasing rate is \$21.14 per square foot full service, up from the previous quarter average of \$21.07 per square foot.

TRANSACTIONS

- Monkey Business Orlando, Inc. leased 6,210 sf of space at 1419 East Colonial Drive.
- Computer Science Corporation leased 7,100 sf of space at 12792 Research Pkwy within Research Pointe II.
- SAIC leased 19,193 sf of space at 3050 Technology Pkwy within the Central Florida Research Park.
- Workforce Central Florida leased 24,910 sf of space at 707 Mendham Blvd within the Mendham Operations Ctr.

*Note: Blue Bold Transactions are Deals Represented by Colliers Arnold Associates

Seminole County

After the first positive absorption posting of the year in the third quarter, the Seminole County submarket fell back into the red with a posting of a negative 144,565 square feet of absorption. The yearly absorption total is now at a negative 194,000 square feet. Vacancy increased this quarter to an average of 12.9 percent from an average of 11.3 percent in the prior quarter. One 51,000 square foot building completed construction leaving the construction pipeline with a total of 471,099 square feet currently under construction. The overall average leasing rate increased this quarter to \$20.81 per square foot full service from \$20.44 per square foot. Class 'A' space is currently observing an average leasing rate of \$22.06 per square foot down from \$21.71 per square foot in the third quarter.

TRANSACTIONS

- First Protective Insurance Group, Inc. leased 24,370 sf of space at 7131 Business Park Lane.
- GENEX Services leased 11,000 sf at 300 Colonial Center Pkwy within the Colonial Center at TownPark.
- ABS Systems, Inc. leased 5,214 sf of space at 605 Crescent Executive Ct within the Crescent at Primera.
- Contental Group leased 11,715 sf of space at 385 Douglas Ave within the Plaza North.

Airport / South

The Airport/South submarket experienced a 1.2 percent increase in vacancy during the fourth quarter. Currently, vacancy is averaging 13.0 percent compared to the third quarter's average of 11.8 percent. The current level is up greatly when compared to this time period one year ago of an average of 8.2 percent. Absorption posted a positive 60,832 square feet of space during the fourth quarter bringing the yearly absorption total to a positive 194,163 square feet. The construction pipeline currently consists of three buildings with a combined square footage of 617,679 square feet. The overall average leasing rate fell this quarter to an average of \$20.97 per square foot full service down from \$21.12 per square foot in the previous quarter. Class 'A' space is averaging \$23.79 per square foot full service.

TRANSACTIONS

- Braishfield Associates, Inc. leased 12,340 sf at 2966 Commerce Park Drive within the Southridge Commerce Park.
- Orion Trading leased 1,967 sf of space at 8615 Commodity Circle within the Southridge Commerce Park.
- Robusto's Cigar Company leased 1,517 sf of space at 9145 Narcoossee Rd within the La Vina Village.
- PMG Cardiology leased 2,610 sf of space at 4170 Town Center Blvd within the Hunters Creek Professional Center.

Southwest Orlando

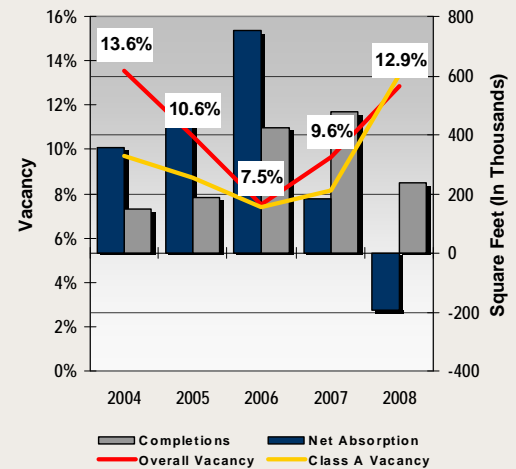
The Southwest Orlando submarket posted a 14.3 percent vacancy during the fourth quarter. The current level is nearly double of what it was at this time period one year ago when it was averaging 7.7 percent and more than triple that of its all time low of 4.0 percent. Absorption posted a positive 44,539 square feet of space. Three buildings completed construction adding 168,000 square feet of new space to the market. The construction pipeline currently consists of six buildings with a combined square footage of 373,500 square feet. Leasing rates for the submarket are averaging \$25.15 per square foot, down from the third quarter average of \$25.52 per square foot. Class 'A' space is currently averaging \$28.39 per square foot.

TRANSACTIONS

- GVN Michigan, Inc. leased 3,800 sf of space at 6200 Metrowest Blvd within the Metrowest Bldg 4.
- Planet Hollywood International, Inc. leased 10,000 sf of space at 6052 Turkey Lake Rd.
- American Transportation Insurance Group leased 790 sf of space at 1515 Park Center Drive.
- Seymour International leased 991 sf of space at 7680 Universal Blvd within the Atrium Tower.

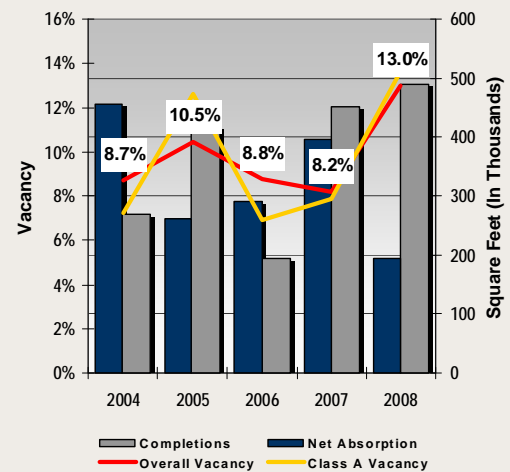
SEMINOLE COUNTY

12,645,358 Sq. Ft.



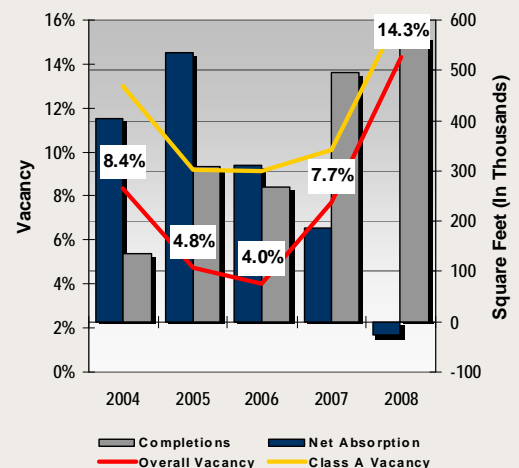
AIRPORT / SOUTH

7,865,534 Sq. Ft.

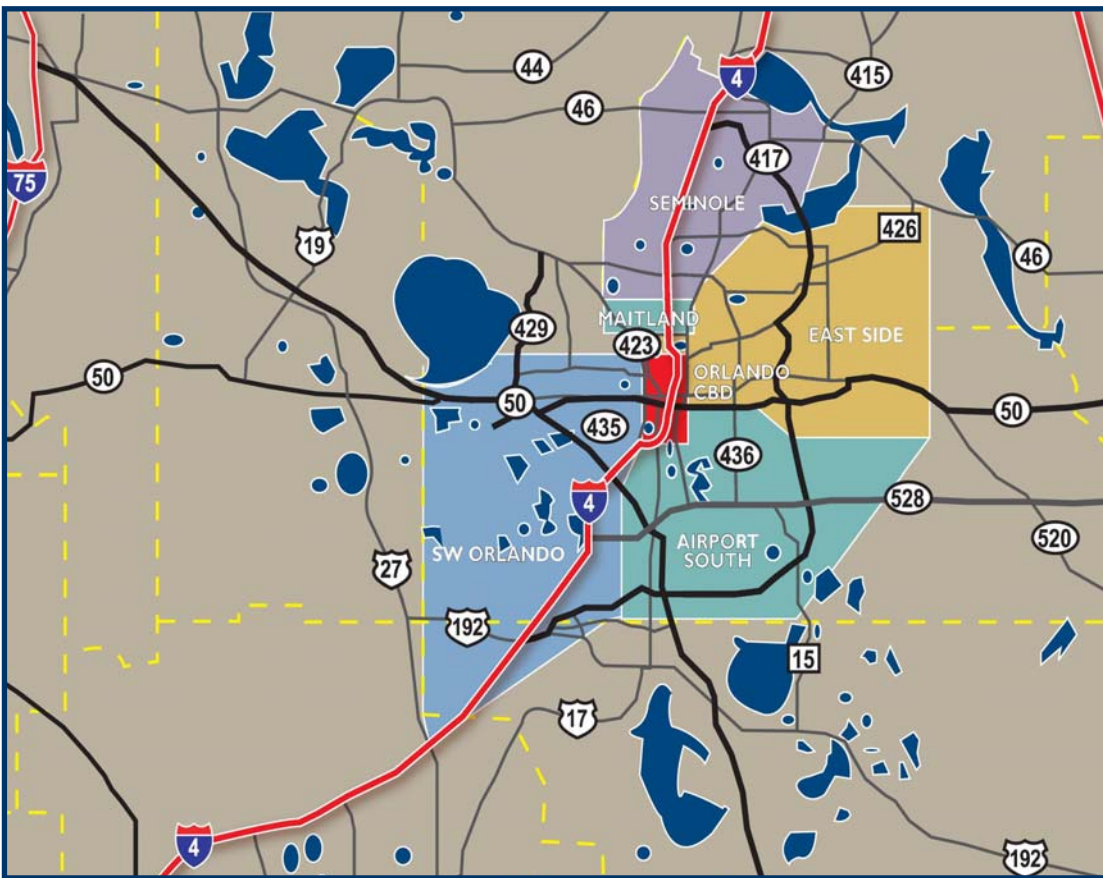


SOUTHWEST ORLANDO

8,355,603 Sq. Ft.



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OFFICE MARKET STATISTICS AND FIVE QUARTER COMPARISON

Class or Qtr.	Bldgs.	Total Inventory Sq.Ft.	Direct Vac. %	Total Vac. % Current Qtr	Total Vac. % Prior Qtr	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate (FS)
ORLANDO CBD / DOWNTOWN										
A	23	5,552,994	15.0%	16.3%	15.5%	(44,744)	(35,101)	0	128,000	\$29.41
ALL	195	11,539,129	12.3%	14.2%	13.2%	109,428	(80,885)	253,000	0	\$25.09
SUBURBAN										
A	126	14,766,714	10.3%	12.8%	13.7%	205,149	281,253	221,950	1,778,718	\$24.31
ALL	1,212	50,276,723	10.8%	12.3%	12.4%	244,550	(82,460)	154,630	2,168,332	\$21.74
ORLANDO OVERALL										
A	148	20,099,708	11.7%	13.9%	14.3%	160,405	246,152	221,950	1,906,718	\$26.14
ALL	1,355	60,153,630	12.2%	13.8%	12.8%	(88,617)	(399,830)	526,244	1,710,811	\$22.02
ORLANDO OVERALL FIVE QUARTER COMPARISON										
Q4 2008	1,355	60,153,630	12.2%	13.8%	12.8%	(88,617)	(399,830)	526,244	1,710,811	\$22.02
Q3 2008	1,343	59,484,794	11.3%	12.8%	12.7%	104,304	(310,213)	243,324	2,237,055	\$22.23
Q2 2008	1,336	59,241,470	11.2%	12.7%	11.4%	94,815	(414,517)	911,464	2,269,143	\$22.54
Q1 2008	1,322	58,287,376	9.9%	11.4%	10.2%	(509,332)	(509,332)	264,602	2,455,590	\$23.69
Q4 2007	1,311	57,981,188	9.1%	10.2%	9.5%	(99,950)	668,794	281,580	2,148,529	\$22.69

This Colliers Arnold market report includes owner and non-owner occupied office space 10,000 s.f. and greater in Orange, Seminole and Osceola Counties. Overall vacancy rates include direct and sublease space. Directional arrows compare Q4 2008 numbers to Q3 2008 numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Lease rates quoted are full service asking rates. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports. Sources: CoStar Property and Colliers Arnold. Colliers Arnold is a member firm of Colliers International - a worldwide affiliation of independently owned and operated companies with over 281 offices throughout more than 57 countries. Research reports for cities throughout the world may be found on the Colliers website at www.colliers.com or locally at www.colliersarnold.com. Questions should be directed to the Colliers Arnold Research Department by e-mail: research@colliersarnold.com. Research Report written by Danny Rice, GIS/Research Coordinator. Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof. Data as of 12/30/08.

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