

Rebman Properties, Inc.

INDUSTRIAL - COMMERCIAL - LAND

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RE: SECOND QUARTER 2008 SERVICE CENTER/FLEX SPACE SURVEY

The south Orlando service center/flex space market south of the 408 Expressway was very quite with a negative absorption of minus 41,896 square feet. It is interesting that the only negative quarter we had in 2007 was the second quarter with a loss of 21,089 square feet. The negative absorption this quarter drove the vacancy rate up to 14.4%. This includes both leasing and condo sales.

There were no leases over 5,000 square feet consummated in the second quarter. There are no centers or buildings under construction and only one building was added this quarter:

<u>Center</u>	<u>Location</u>	<u>Total SF</u>	<u>Leasing Agent</u>
Southridge VIII	2456 Commerce Park Drive	92,978	Mike Borling – EastGroup

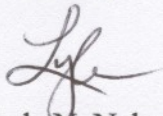
Activity in the industrial condo market picked up a bit with a decrease in the vacancy rate from 17.13% in the first quarter to the current rate of 14.10%. There was a positive absorption of 41,391 square feet spread between five centers. Low interest rates keep the activity moving in the condo market.

Some of the observation I heard during the survey from leasing and sales agents would indicate a very slow market:

- ✓ There are no prospects in the pipeline – it's dry
- ✓ Landlords are working hard to retain tenants – negotiating renewals with as many concessions as landlords can afford
- ✓ Tenants want short term renewals and landlords are trying to accommodate
- ✓ Minimal improvements on renewal – paint and carpet
- ✓ Asking rents on new construction high – making it difficult to compete.

A net gain in absorption in the first and second quarters of this year of only 1,827 square feet poses a question as to just where this market is going this year and maybe next year. The key is going to be how fast this economy rebounds in the months ahead.

Sincerely,



Lyle N. Nelsen
Corporate/Industrial Specialist