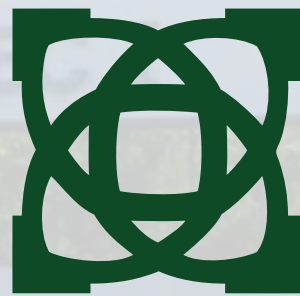


GAUGHAN COMPANIES

Annual Market Report

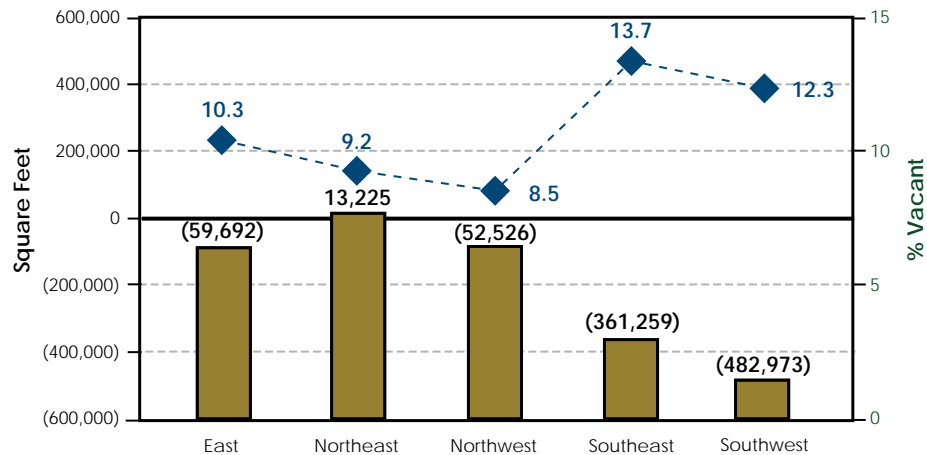


GAUGHAN
C O M P A N I E S

2010 Industrial

Annual Industrial Market Report

VACANCY RATES AND ABSORPTION BY SUBMARKET



AVAILABLE BUILDING INVENTORY - SALE & LEASE

Number of Listings by Submarket

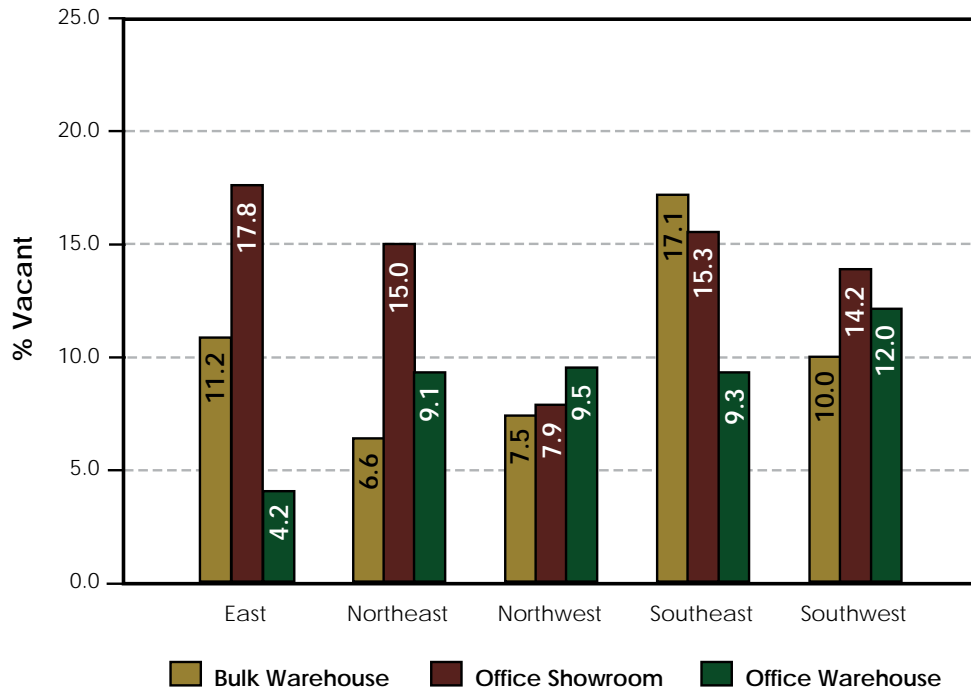
Sale Listings										
BUILDING SIZE	0-25,000 SF		25-50,000 SF		50-100,000 SF		100-200,000 SF		200,000+ SF	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
East	35	30	13	14	17	9	1	1	0	1
Northeast	46	80	16	25	4	17	2	8	1	3
Northwest	54	66	20	37	14	24	2	5	0	1
Southeast	15	18	13	18	5	6	2	7	1	4
Southwest	15	28	13	17	20	13	5	6	1	4
TOTALS	165	222	75	111	60	69	12	27	3	13

Lease Listings										
CONTIGUOUS SF	0-25,000 SF		25-50,000 SF		50-100,000 SF		100-200,000 SF		200,000+ SF	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
East	73	72	11	17	8	13	2	5	0	1
Northeast	N/A	242	62	60	20	24	27	12	7	4
Northwest	198	218	42	57	23	33	10	12	2	3
Southeast	142	170	51	43	20	29	11	13	7	5
Southwest	190	229	52	59	27	31	7	8	3	5
TOTALS	N/A	931	218	236	98	130	57	50	19	18

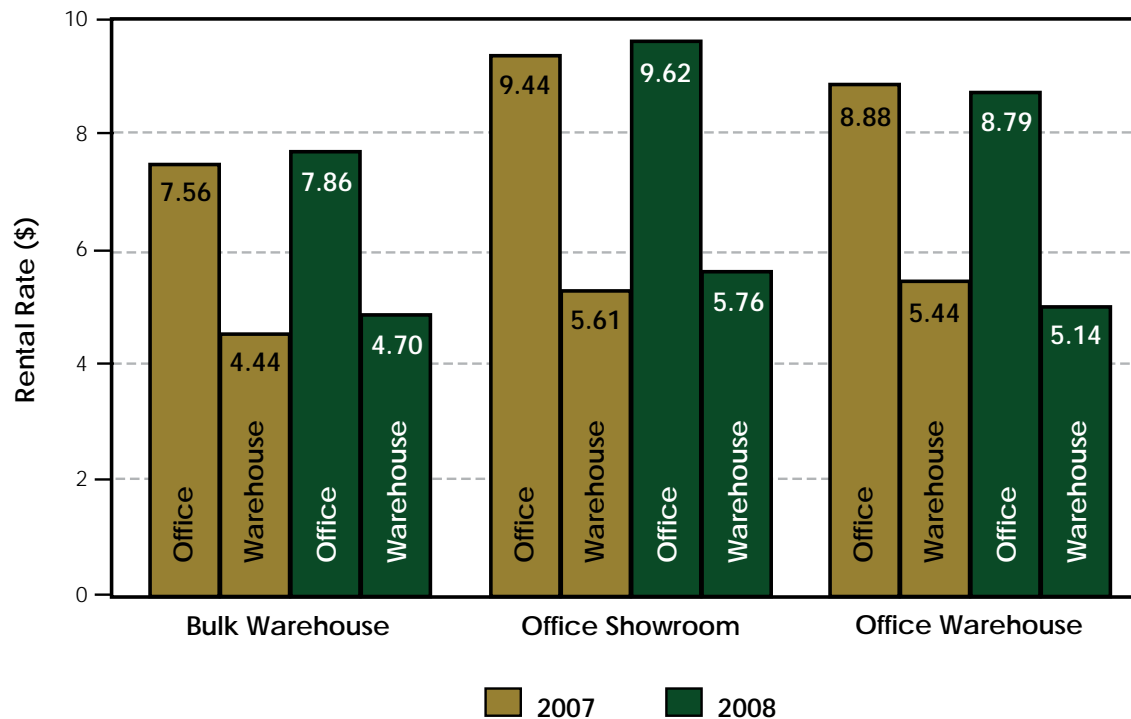
NOTABLE DEVELOPMENTS

NAME	CITY	SQ. FOOTAGE	DEVELOPER	STATUS
Boulder Lakes	Eagan	116,000; another 675,000 planned	Stonehenge USA	Planned
Red Rock Territory	Woodbury	375 acres; up to 1.5 million planned	Interstate Partners	Planned
First Park	Lakeville	284,000; another 400,000 planned	First Industrial	Planned
Gateway Business Center North	Otsego	153,000 SF; additional planned	Duke Realty	Planned

VACANCY RATES BY SUBMARKET AND PRODUCT TYPE



AVERAGE QUOTED NET RENTAL RATES BY PRODUCT TYPE



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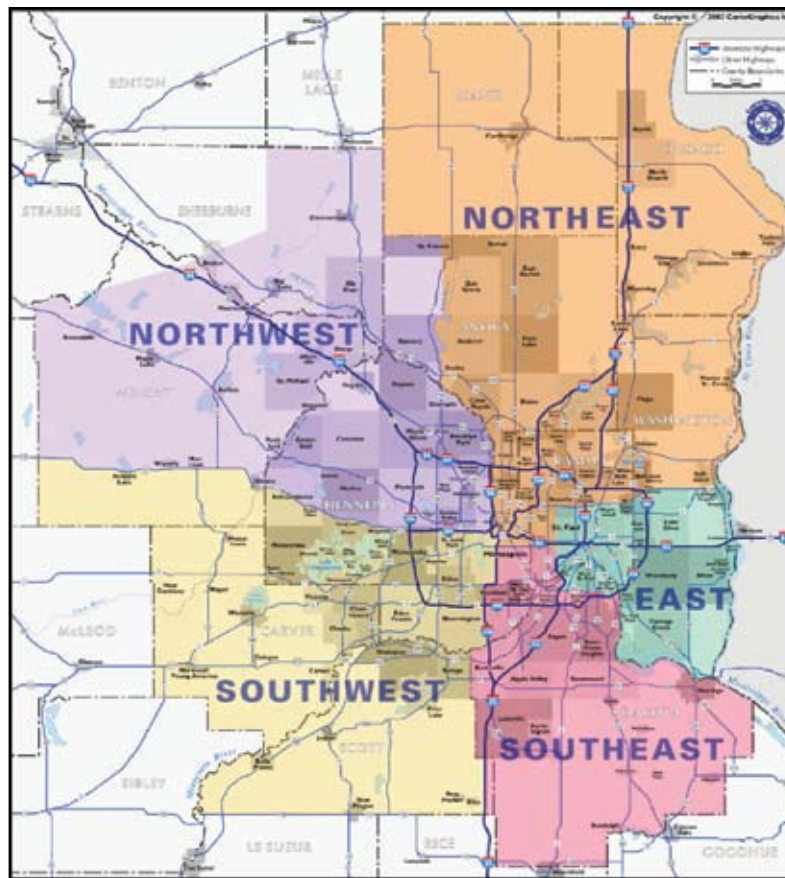
MARKET	YEAR	UNIVERSE SQ. FT.	TOTAL VACANT SQ. FT.	PERCENT VACANT	ANNUAL ABSORPTION SQ. FT.
TOTAL MARKET					
Bulk Warehouse					
	2005	32,103,549	5,141,477	16.0%	
	2006	32,918,599	5,070,021	15.4%	736,787
	2007	32,276,580	3,350,270	10.4%	1,515,754
	2008	33,424,815	2,726,378	8.2%	1,367,866
	2009	34,917,650	5,074,268	14.5%	(1,156,004)
Office Showroom					
	2005	20,470,693	2,471,976	12.1%	
	2006	20,551,825	2,385,399	11.6%	216,216
	2007	21,309,739	2,347,005	11.0%	392,707
	2008	21,353,157	2,640,548	12.4%	(132,815)
	2009	21,688,476	2,720,013	12.5%	117,676
Office Warehouse					
	2005	54,923,465	6,417,872	11.7%	
	2006	57,380,668	6,122,129	10.7%	1,154,221
	2007	56,573,291	4,754,200	8.4%	1,257,677
	2008	56,462,794	5,067,312	9.0%	346,293
	2009	57,146,556	6,439,606	11.3%	(694,469)
TOTALS					
	2005	107,497,707	14,031,325	13.1%	
	2006	110,851,092	13,577,549	12.2%	2,107,224
	2007	110,159,610	10,451,475	9.5%	3,166,138
	2008	111,240,766	10,434,238	9.4%	1,581,344
	2009	113,752,682	14,233,887	12.5%	(1,732,795)

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2008 MARKET OVERVIEW

MARKET	Total Universe SF 2008	Vacant SF		% Vacant		Net Absorption SF		Avg Quoted Rate (\$)				Avg Op Exp/SF		Avg Taxes/SF	
		2007	2008	2007	2008	2007	2008	2007 WH	2007 Off	2008 WH	2008 Off	2007	2008	2007	2008
East															
Bulk Warehouse	3,192,062	172,356	358,514	5.6	11.2	6,715	(91,958)	4.66	6.28	4.67	6.74	1.10	1.09	1.15	1.19
Office Showroom	1,846,672	325,132	328,771	18.6	17.8	51,914	12,020	5.57	8.57	6.56	10.34	2.57	2.48	1.38	1.64
Office Warehouse	2,803,575	138,960	118,714	4.9	4.2	70,711	20,246	6.81	9.58	5.63	8.92	2.20	1.94	1.36	1.44
Totals	7,842,309	636,448	805,999	8.3	10.3	129,340	(59,692)	5.89	8.55	5.88	9.16	2.17	2.03	1.33	1.50
Northeast															
Bulk Warehouse	8,979,612	504,258	591,342	5.9	6.6	257,139	122,916	4.51	8.38	5.12	8.00	1.29	1.50	1.20	1.42
Office Showroom	4,127,723	367,220	620,848	8.9	15.0	314,011	(253,628)	6.05	9.34	5.45	9.36	1.63	1.83	1.86	2.09
Office Warehouse	20,657,010	2,030,504	1,882,567	9.6	9.1	377,649	143,937	4.93	8.50	5.19	8.19	1.18	1.31	1.27	1.39
Totals	33,764,345	2,901,982	3,094,757	8.6	9.2	948,799	13,225	5.15	8.69	5.25	8.48	1.31	1.48	1.42	1.58
Northwest															
Bulk Warehouse	10,563,998	962,354	795,264	9.4	7.5	145,029	167,090	4.65	7.97	4.95	8.80	1.09	1.29	1.25	1.52
Office Showroom	5,011,288	288,357	396,834	5.7	7.9	226,506	(108,477)	5.43	10.15	6.15	9.85	2.00	1.97	2.03	2.27
Office Warehouse	13,386,908	1,154,331	1,265,470	8.6	9.5	244,492	(111,139)	5.20	9.05	4.84	9.02	1.63	1.72	1.66	1.63
Totals	28,962,194	2,405,042	2,457,568	8.4	8.5	616,027	(52,526)	5.14	9.11	5.20	9.19	1.59	1.70	1.67	1.80
Southeast															
Bulk Warehouse	6,852,060	895,724	1,174,269	13.3	17.1	236,678	(278,545)	4.13	7.13	4.18	7.32	0.91	1.00	1.15	1.19
Office Showroom	4,020,191	643,418	616,815	16.0	15.3	130,479	26,603	5.57	9.32	5.70	9.37	2.02	2.14	1.77	1.83
Office Warehouse	6,836,102	378,240	635,900	5.7	9.3	79,090	(109,317)	5.30	8.38	4.92	8.73	1.96	1.54	1.49	1.62
Totals	17,708,353	1,917,382	2,426,984	11.0	13.7	185,289	(361,259)	5.22	8.63	5.20	8.85	1.82	1.78	1.57	1.65
Southwest															
Bulk Warehouse	3,837,083	414,796	384,681	10.8	10.0	110,478	30,115	4.16	6.66	4.15	6.59	0.92	1.15	1.05	1.20
Office Showroom	6,347,454	708,409	899,934	11.2	14.2	(2,425)	(265,785)	5.35	9.48	5.43	9.62	2.16	2.24	2.29	2.10
Office Warehouse	12,779,199	1,367,069	1,534,372	10.5	12.0	76,191	(247,303)	6.17	9.35	5.40	9.23	1.78	1.96	1.55	1.69
Totals	22,963,736	2,490,274	2,818,987	10.8	12.3	184,244	(482,973)	5.80	9.22	5.32	9.17	1.84	2.00	1.75	1.80
TOTAL MARKET															
Bulk Warehouse	33,424,815	2,949,488	3,304,070	9.1	9.9	756,039	(50,382)	4.44	7.56	4.70	7.86	1.07	1.23	1.19	1.36
Office Showroom	21,353,328	2,332,536	2,863,202	10.9	13.4	459,527	(589,267)	5.61	9.44	5.76	9.62	2.01	2.09	1.92	2.03
Office Warehouse	56,462,794	5,069,104	5,437,023	8.9	9.6	848,133	(303,576)	5.44	8.88	5.14	8.79	1.59	1.64	1.48	1.56
TOTALS	111,240,937	10,351,128	11,604,295	9.3	10.4	2,063,699	(943,225)	5.36	8.88	5.29	8.95	1.65	1.74	1.58	1.70



GROUND RULES

- Multi-tenant office warehouse, office showroom, and bulk warehouse buildings in excess of 25,000 square feet. Single-tenant leased properties that were developed on a build-to-suit basis, and that would not function well as multi-tenant properties, are not included in this report. Owner-occupied properties are also not included.
- Rental rates are based on quoted net rates exclusive of transaction costs. Actual effective rates will vary.

DEFINITIONS

- Existing Projects: Building construction completed prior to December 31, 2008.
- Vacant space: Space that is unoccupied and not under lease.
- Absorption: The positive or negative difference in the amount of space occupied between December 31, 2007 and December 31, 2008.
- Space that is physically occupied by a tenant prior to December 31, 2008, but marketed for lease is considered occupied space.
- Sublease space, either physically occupied or vacant, is considered occupied space in the universe until the lease expires.
- Space occupied by a tenant on a month-to-month lease that is also marketed for lease to a new, long-term tenant is considered occupied space.
- The report does not track "shadow" space, or buildings that are leased by tenants who are not using the space but not trying to sublease it.
- Contiguous space: Having a common boundary; space that is directly adjacent to another space or spaces.
- Average quoted rates were based on single, double, or triple net rates.

PROFILE OF PROJECT TYPES

Project Type	Typical Tenant Size	Clear Height	Bay Depth	Office/Showroom
Office Warehouse	7,000 Sq. Ft. +	16-24 Ft.	120-160 Ft.	10%-40%
Office Showroom	3,000 Sq. Ft. +	12-16 Ft.	80-120 Ft.	25%-75%
Bulk Warehouse	20,000 Sq. Ft. +	20+ Ft.	160-200 Ft.	0%-10%



Patrick Gaughan
President

(651) 255-5555
PatrickGaughan@GaughanCompanies.com



John Chirhart
Commercial Sales & Leasing

(651) 255-5559
JohnChirhart@GaughanCompanies.com



Penny Yohnk
VP Operations

(651) 255-5565
PennyYohnk@GaughanCompanies.com



George Novak
Commercial Sales & Leasing

(651) 255-5556
GeorgeNovak@GaughanCompanies.com



Dan Hebert
VP Commercial Accounts

(651) 255-5558
DanHebert@GaughanCompanies.com



Mandy Novak
Commercial Sales & Leasing

(651) 255-5557
MandyNovak@GaughanCompanies.com



Julie Nash Smith
Commercial Sales & Leasing

(651) 255-5552
JulieNashSmith@GaughanCompanies.com



Joseph Minwegen
Commercial Sales & Leasing

(651) 255-5549
JosephMinwegen@GaughanCompanies.com



Lou Suski
Commercial Sales & Leasing

(651) 255-5570
LouSuski@GaughanCompanies.com



Kristen Ives
Property Manager

(651) 255-5568
KristenIves@GaughanCompanies.com



David Glass
Commercial Sales & Leasing

(651) 255-5548
DavidGlass@GaughanCompanies.com



Liz Neudecker
Project Coordinator

(651) 255-5554
LizNeudecker@GaughanCompanies.com



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www.GaughanCompanies.com