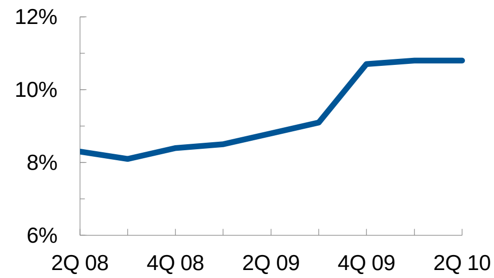
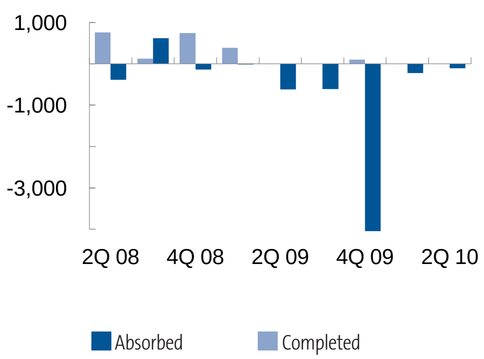
Industrial Trends Report— Second Quarter 2010
St. Louis, MO

GRUBB & ELLIS
Gundaker Commercial

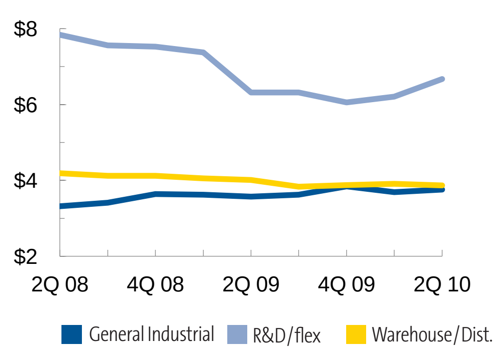
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
($/SF/Yr. Triple Net)



Industrial Sector Leading Recovery

Most indications are that industrial real estate points to healthy near-term growth. With very little new construction expected to hit the market anytime soon, users will be forced to look at in-place inventory which will reduce the vacancy rates and push rental rates higher later this year. This is particularly good news given the markets have been hit hard over the past 24 months with tenants being offered many concessions and rock-bottom rental rates.

During the second quarter of 2010, there has been only 106,000 square feet of negative absorption and no change to the 10.8 percent area vacancy rate. However, leasing activity is improving according to Grubb & Ellis|Gundaker Commercial industrial brokers. Existing product will need to be leased before any new developments can be justified.

One notable second quarter deal involved a one year lease of a 500,000-square-foot distribution center in Sauget, Illinois to Proctor & Gamble.

The good news is that the St. Louis industrial market does shows signs of improving, which is a reversal of the previous two years.

FORECAST

- To the extent consumer confidence improves and consumers start making purchases, demand will increase resulting in improvement to the manufacturing and distribution sectors.
- Rental rates are likely to remain flat for the next six to nine months
- Vacancies will remain flat but leasing and sale activity will improve.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Select Artificials, Inc	Isabelle & Lester Ackerman	4130-4140 Park Avenue	37,360
Norandex Reynolds	Pro Logis	13864 Parks Steed Drive	26,880
Chuck's Boots Superstore	Biltmore East LLC	300 Biltmore Drive	24,600

Leasing Sales *(R)* = Renewal *(S)* = Sublease **Indicates Transaction Represented by Grubb & Ellis*

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By Submarket	Total SF	Vacant SF	Vacancy %	NET ABSORPTION Current Qtr	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT WH/Dist	ASKING RENT R&D/Flex
Earth City	20,198,306	2,261,271	11.2%	34,250	(173,121)	-	3.42	5.56
Fenton	12,846,173	5,556,967	43.3%	29,346	(28,168)	-	4.52	6.77
Hanley Industrial	6,122,962	369,842	6.0%	23,959	17,504	-	5.91	8.25
Illinois	26,072,383	2,450,827	9.4%	7,955	(93,868)	-	3.88	2.93
Innerbelt East	9,155,954	1,232,300	13.5%	(14,700)	23,238	-	3.39	3.56
Innerbelt West	10,182,592	916,245	9.0%	23,205	(15,838)	-	4.74	7.60
Jefferson County	2,735,736	19,367	0.7%	24,600	6,700	-	9.95	-
North County	20,273,633	2,429,808	12.0%	(122,550)	(188,415)	-	4.08	2.95
South County	6,267,142	524,700	8.4%	(8,006)	18,283	-	5.90	6.39
St Charles County	23,574,764	1,086,470	4.6%	(32,925)	47,338	-	3.71	8.09
St Louis City North	42,184,397	3,114,394	7.4%	(109,590)	(138,171)	-	2.72	11.34
St Louis City South	36,528,476	3,669,088	10.0%	153,125	133,362	-	3.25	8.09
West County	8,700,391	530,985	6.1%	(6,028)	(357)	-	9.14	13.29
Westport	14,224,267	1,741,680	12.2%	(109,108)	(6,707)	-	4.54	6.78
Totals	**239,067,176**	**25,903,944**	**10.8%**	**(106,467)**	**(398,220)**	**-**	**3.87**	**6.67**

By Property Type	Total SF	Vacant SF	Vacancy %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT
General Industrial	69,684,985	9,340,664	13.4%	(57,759)	(70,828)	-	3.76
R&D/Flex	18,565,676	1,236,943	6.7%	39,129	96,811	-	6.67
Warehouse/Distribution	150,816,515	15,326,337	10.2%	(87,837)	(424,203)	-	3.87
Totals	**239,067,176**	**25,903,944**	**10.8%**	**(106,467)**	**(398,220)**	**-**	**4.08**

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INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*