There was a scene in the old television sitcom "All in the Family" in which the daughter Gloria and her husband Michael walked into the kitchen, having come from the grocery store, and placed their bags on the counter. Michael pulls an item from one of the bags, holds it up and reads from the label: "new and improved." He then quickly adds; "What were we using before, old and crummy?"

Hopefully, what my colleagues and I have been providing for the last seven years in our annual survey of rental rates for office/warehouse space near airports has not been old and crummy, but in this year's survey our methodology is definitely new and improved.

In most cities with an airport that has heavy cargo traffic there are office/warehouse tenants who are willing to pay premium rental rates to locate near cargo terminals. If your company is an air freight forwarder, and you are trying to get your customer's cargo to the airport in time for the last flight from Atlanta to Chicago O'Hare, time is literally more important than money. For these companies locating five minutes versus 15 minutes from the airport makes sense, even at a higher rental rate. Ditto for the airline parts supplier, whose customer is experiencing an AOG (aircraft on ground) incident.

The kinds of properties these kinds of airport-oriented tenants tend to occupy are the subject of our annual survey.

Our methodology remains pretty straightforward. Where possible, we identify three properties near each airport that meet the criteria described in the nearby box and average the published net asking rental rates for each property.

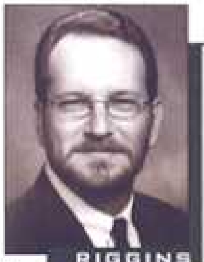
With the exception of the occasional landlord agent who won't respond, we confirm the published rental rate and expense data with a phone call. That average becomes the rental rate for that respective airport, and we then rank the airport rental rates high to low.

We have used criteria 1-4 for many years, and in an attempt to make the survey even more useful, and this year we added criteria No. 5 regarding total building size.

Many airport-oriented tenants need a high concentration of dock doors in order to accommodate the consolidation, de-consolidation, and cross-docking operations that occur in the warehouse portion of their space. As a practical matter, this means they need to locate in relatively shallow-bay buildings — buildings that measure around 200 feet or less from front to back.

Unfortunately, not even the sophisticated subscription-based database service that we use provides a specific search field for bay depth. As a work-around, we eliminated buildings with a maximum overall size in excess of approximately 150,000-square feet from the survey, thus the new criteria. This

should confine the survey data to mostly shallow-bay buildings by eliminating the "big-box" type buildings (which tend to have fewer dock doors) from the survey.


RIGGINS

It is worth noting that these shallow-bay buildings tend to cost more to construct, and therefore must charge premium rents in order to achieve acceptable investment returns.

It may not seem obvious, but a 160,000-square-foot building that is 800 feet long and 200 feet deep has more linear feet of walls — 2,000 feet — than a 400-by-400-foot square building, which has 1,600 linear feet. Further, the shallow-bay building may be designed with more glass along the front to provide for a higher percentage of office build-out, which therefore requires more land for automobile parking.

As the nearby chart points out, the national average net rental rate for this year's survey was $7.19 and expenses added, on average, another $1.86.

The four most expensive airports were the perennial "usual suspects" comprised of JFK, BOS, SFO, and LAX, and these airports have consistently made up the top 20 percent of the most expensive airports since we started the survey in 2001. Louisville and Memphis, as always, were the two least expensive airports.

On average, expenses such as taxes, insurance, and maintenance comprised around 20 percent of total rent-related expenses. Because of the change to the criteria, direct comparisons to prior-year surveys probably should be made with caution, but it is worth noting that last year's national average was $6.65 vs. this year's $7.19. That adds up to an 8.1 percent increase.

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Looking beyond the survey numbers, I offer a couple of predictions about the changes we see coming in the airport facilities market.

Prediction one: Effective rental rates will decline in the coming months in most markets, having peaked in 2007.

As of the first quarter of 2008, there was debate in many national publications as to whether the US is officially in a recession. Who are we kidding? Whatever the technicalities, the economy began to slow in late 2007, and 2008 is likely to be a challenge for companies in many sectors of the economy.

Common sense suggests the slowdown could have a negative impact on the time-definite sector of the transportation industry. In a hot economy, time is more important than money. In a slow economy, money is more important than time. Shippers who are looking for cheaper modes of transport may not swallow the five-fold to 10-fold premiums associated with air freight (vs. ocean, rail, or consolidated truck), and therefore there may be less demand for air freight space near airports.

Prediction two: except for projects already funded and underway, there will be very little new speculative development in the next 12 to 24 months.

The availability of capital for new development cycles from too much, to not enough and back to too much about every seven to 10 years. Having lived through about two to three of these, I am always looking for milestones that mark the peak or the trough of the current cycle. In early 2007 I witnessed an event in my own ATL airport submarket that marked the peak of the current capital availability cycle.

It is fairly typical for a "merchant builder" to buy land, design and build a speculative facility, lease it up, and then sell it to an investor at sales price that is based on the net profit from the new tenants. Early last year, something different happened in Atlanta. An out-of-town investor bought a developer's new building when it was dead empty. Nice new building. Good location. But no tenants.

Flash forward to just a year or so later, and we are clearly in a much different capital availability environment, with most banks more reluctant to lend and some equity investors demanding higher returns or lower risks. No one knows how long we will be in a "scared capital" environment, but I think it's safe to say new speculative building will be much more of a no-no in the next couple years. Further, weak-credit tenants and tenants with non-generic build-out needs will have a harder time finding landlords willing or able to address their needs.

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2008 CRESA Partners Airport-Area Office-Warehouse Rental Rate Survey

2008 Rank	2007 Rank	City (Airport)	Sample Properties	2008 Avg Net Rent	2008 Typical Expenses	Total Costs	Survey Comments
1	3	**New York** (JFK)	Rason Rd - 21k @ $13.50 + Bayview Ave - 20k @ $12.50 + Brookville Rd - 19k @ $13.00 +	$13.00	$6.00	$19.00	Premium rates closer to airport.
2	2	**Boston** (BOS)	Gerrish Ave - 28k @ $6.50 + $2.50 McClellan Hwy - 35k @ $15.00 + $4.50 McClellan Hwy - 21k @ $22.00 + $5.00	$14.50	$4.00	$18.50	Mostly older buildings reflecting maturity of market.
3	5	**San Francisco** (SFO)	Swift Ave - 17k @ $12.00 + $3.00 Valley Drive - 22k @ $12.00 + $1.44 W El Segundo Blvd - 24k @ $12.36 + $3.00	$12.00	$2.22	$14.22	Industrial space losing ground to higher value uses.
4	1	**Los Angeles** (LAX)	W. Century Blvd - 21k @ $9.84 + $2.24 S La Cienega Blvd - 23k @ $10.68 + $2.50	$10.96	$2.58	$13.54	Rates quoted per sq. ft./mo. and converted to per sq. ft./yr.
5	6	**Seattle** (SEA)	8th Ave S - 17k @ $9.84 + S161st St - 21k @ $13.00 192nd St - 17k @ $10.08 +	$10.97	$1.80	$12.77	Rates quoted per sq. ft./mo. and converted to per sq. ft./yr.
6	9	**Newark** (EWR)	Albert St - 17k @ $9.00 + $0.54 Wilson Ave - 20k @ $11.00 + $2.70 Newark Ave - 20k @ $6.00 + $1.25	$8.67	$1.50	$10.17	All older properties.
7	7	**Miami** (MIA)	NW 70th Ave - 22k @ $8.95 + NW 87th Ave - 16k @ $10.75 + NW 82nd Ave - 20k @ $6.30 + $2.50	$8.67	$0.83	$9.50	Some new property delivered in 2007
8	4	**Chicago** (ORD)	Beinoris Drive - 25k @ $5.00 + $1.65 Touhy Ave. - 22k @ $7.50 + $3.75 Beinoris Dr. - 25k @ $5.00 + $1.65	$5.83	$2.35	$8.18	Slow activity reported.
9	8	**Philadelphia** (PHL)	Chester Pike - 16k @ $4.85 + $1.35 Ellis Ave - 14k @ $7.28 + Henderson Dr - 20k @ $8.50 + $2.04	$6.88	$1.14	$8.02	Some buildings divisible to very small unit sizes.
10	13	**Houston** (IAH)	Air Center Blvd - 15k @ $6.60 + $1.80 Bradfield Road - 16k @ $5.88 + $1.08 Greens Road - 19k @ $6.50 + $1.00	$6.33	$1.29	$7.62	Several new buildings under construction.
11	17	**Minneapolis/ St. Paul** (MSP)	Eagan Industrial Rd - 46k @ $5.05 + $1.91 Lone Oak Circle - 20k @ $5.10 + $2.19 W 106th St - 39k @ $5.36 + $2.69	$5.17	$2.26	$7.43	Industrial development farther from airport because of other uses nearby.
12	11	**Dallas/Ft. Worth** (DFW)	S Belt Line Rd - 19k @ $5.00 + $1.35 Minters Chapel Rd - 21k @ $5.95 + $1.80 Westport Pkwy - 15k @ $5.50 + $2.01	$5.48	$1.72	$7.20	Several new buildings under construction.
13	10	**Oakland** (OAK)	85th Ave - 17k @ $5.88 + $0.16	$5.88	$1.00	$6.88	Limited selection of properties.
14	14	**Detroit** (DTW)	Goddard Rd - 21k @ $5.00 + $1.75 Metroplex Dr - 19k @ $4.95 + $1.60 Metro Airport Dr - 18k @ $5.50 + $1.40	$5.15	$1.58	$6.73	Wide selection of properties available.
15	12	**Denver** (DIA)	E 32nd Ave - 15k @ $4.75 + $1.67 E 32nd Place - 18k @ $3.25 + $1.65 Airport Blvd - 24k @ $5.25 + $1.93	$4.42	$1.75	$6.17	Mixture of front and rear-load properties.
16	16	**Atlanta** (ATL)	Royal South Pkwy - $4.75 + $1.00 Southwoods up to 62K - $4.85 + $1.26 Airport South - 27K - $4.75 + $1.36	$4.78	$1.21	$5.99	Several new buildings delivered in recent years.
17	18	**Indianapolis** (IND)	Hanna Cir - 16k @ 4.50 Bradbury Ave - 18k @ 4.50 Fortune Cir - 15k @ $6.40 + $2.05	$5.13	$0.69	$5.82	Some older properties being renovated.
18	15	**Cincinnati** (CVG)	Airport Exchange Blvd - 20k @ $3.50 + $1.29 Conner Road - 17k @ $4.00 + $0.97 Turfway Road - 24k @ $3.75 + $1.29	$3.75	$1.18	$4.93	Several newer, high-quality properties available.
19	19	**Louisville** (SDF)	E. Woodlawn - 20k @ $3.60 + $0.45 National Turnpike - 50k @ $3.25 + Grade Lane - 25k @ $4.10 +	$3.65	$0.50	$4.15	Trailer storage at some properties.
20	20	**Memphis** (MEM)	Democrat Rd - 22k @ $2.15 + Freeport Ave - 23k @ $3.00 + $1.54 Shelby Air Dr - 23k @ $2.75 +	$2.63	$1.50	$4.13	Mostly 10+ year old properties in survey
		National Average		**$7.19**	**$1.86**	**$9.05**	