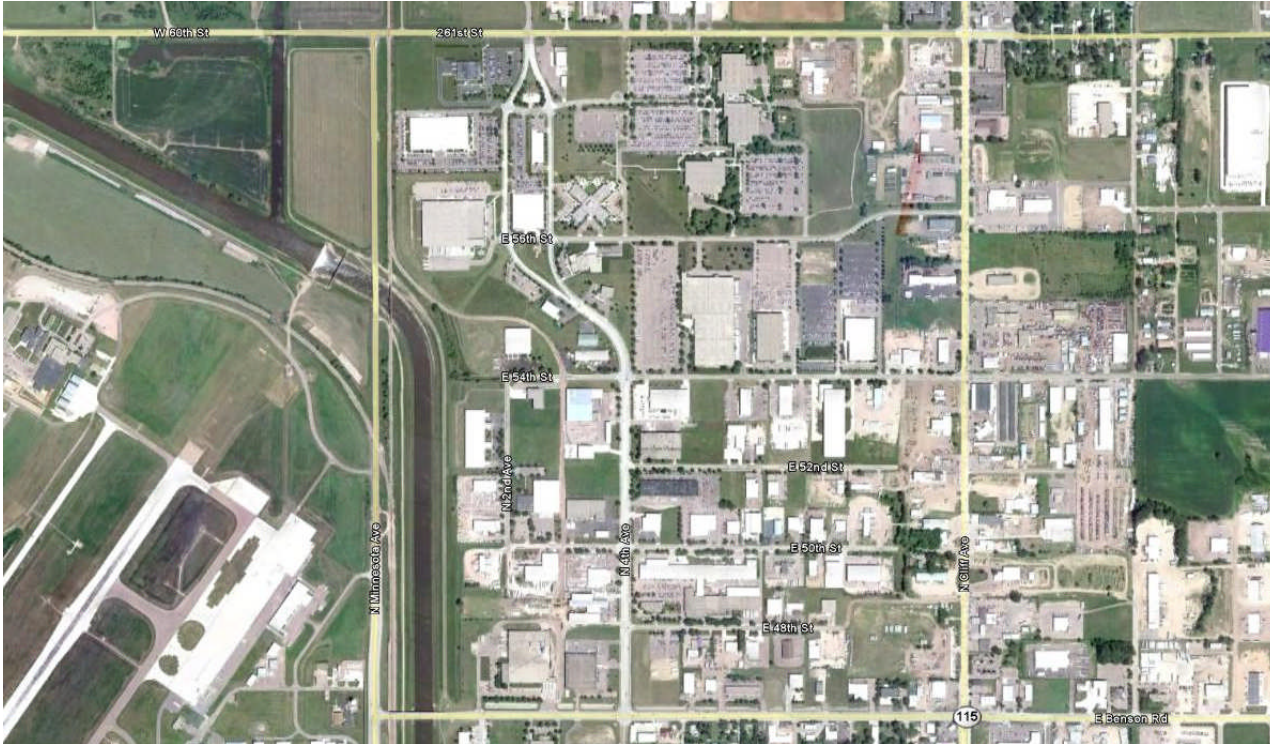
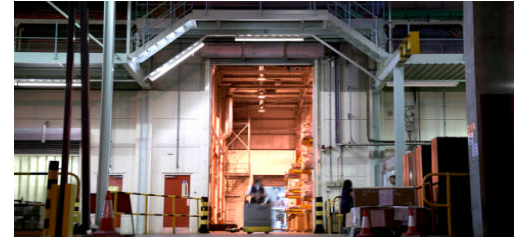


NAI Sioux Falls

Industrial Report | 2010 Overview



NAI Sioux Falls

Commercial Real Estate Services, Worldwide.
Local Knowledge - Global Reach

101 N. Main Avenue
Suite 213
Sioux Falls, SD
P: 605.357.7100
F: 605.357.7102
www.naisiouxfalls.com

****In 2010 NAI Sioux Falls was voted Top Commercial Real Estate Company, Sioux Falls Business Journal****

Industrial



TRENDS

VACANCY RATE



NET ABSORPTION



ASKING RENTS



OVERVIEW

The Sioux Falls industrial market posted positive absorption of vacant space in 2010. The result was a continuing strong industrial market with the vacancy rate hovering around 5% percent .

American Tire Distributors, Inland Truck Parts, Transportation Refrigeration, FedEx Ground, and Variety Foods all expanded or upgraded to new facilities in 2010. The construction of these new buildings resulted in an increased amount of vacant second generation space.

Leasing activity was average throughout 2010, although a slight uptick occurred during the fourth quarter. Rental rates have held firm in most cases. However, a few tenants did negotiate new deals at slightly lower rates. A few of the lease transactions involved existing regional companies establishing a new presence in the Sioux Falls market.

Large developments in the formative stages signal an upbeat mood for industrial leasing in the first quarter 2011.

While leasing activity was moderately dynamic, industrial sales were down in 2010 with only a handful of contracts actually closing.

As the national economic recovery builds steam and demand picks up in 2011, the Sioux Falls industrial market should experience more sales as savvy buyers capitalize on attractive pricing and, hopefully, continuing low interest rates.

NAI Sioux Falls' annual market update is a comprehensive report designed to provide you with an accurate, objective representation of the local commercial real estate climate.

We have drawn on our resources, expertise and supporting data to compile this detailed snapshot of the local market. The industrial market statistics have been extracted from our internal database, with up-to-date information supplied by our brokerage and management staff.

Our absorption statistics are calculated comparing occupancy to occupancy and account for occupied square footage associated with new construction.

Contact one of NAI Sioux Falls' experts for further details about our market.



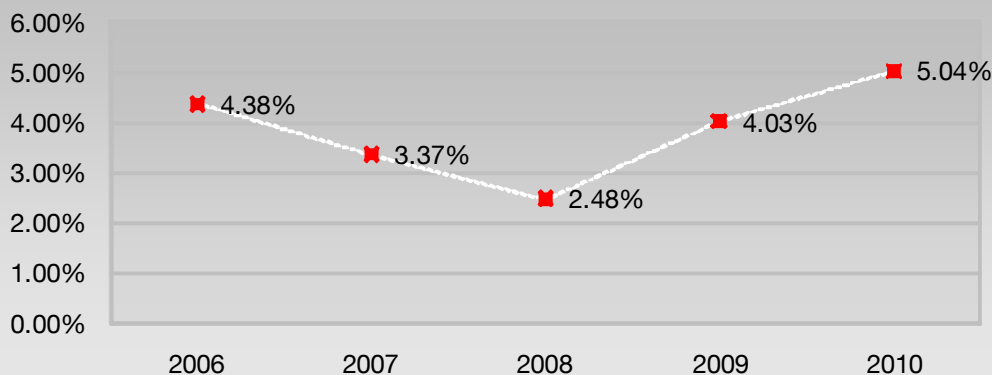
Troy Fawcett
Broker Associate
Industrial Specialist
605.321.2199



Bill Connelly
Broker Associate
Industrial Specialist
605.254.2360

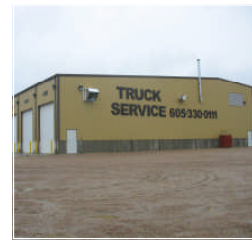
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Overall Industrial Market Vacancy



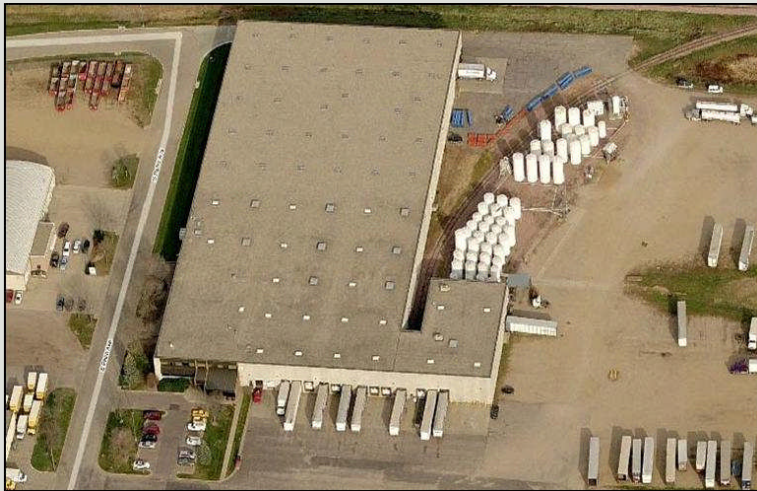
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NOTABLE LEASE TRANSACTIONS

TENANT	BUILDING	SIZE	SUBMARKET
US Oil	Pam Oil	60,000 SF	Northwest
Walmart	Sycamore Commerce Center	45,000 SF	Northeast
Renew Energy Maintenance	BHL Industrial Building	32,500 SF	Northeast
On Trac	Marietta Properties Warehouse	22,000 SF	Northwest
Wheelco	Pam Oil	15,000 SF	Northwest
Lodgnet	Pam Oil	15,000 SF	Northwest
Oharco	Marietta Properties Warehouse	14,000 SF	Northwest
Steller Limo	Sletten Building	8,000 SF	Northwest
General Equipment & Supplies	R & D Service Shop	5,250 SF	Northeast
Omni Builders	Kenzy Warehouse	5,160 SF	Hagedorn Industrial Park



SIGNIFICANT LEASE RENEWALS PAM Oil

201 S. Petro Avenue
Sioux Falls, SD 57107

Size: 90,000 SF

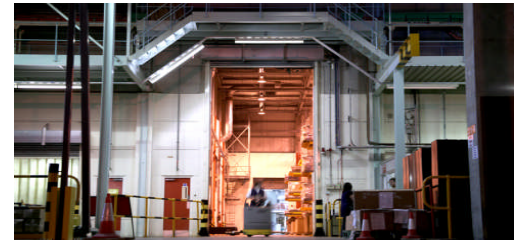
Lessor: Pederson Limited Partnership
Tenants: Wheelco, US Oil, Lodgenet

NOTABLE SALE TRANSACTIONS

SELLER	BUYER	ADDRESS	SIZE	PRICE	PRICE PSF
Vagabond, LLC	RMB Properties, LLC	2001 E. 39th Street	108,000 SF	\$4,500,000	\$41.67
2009 Sioux Falls, LLC	ARC FESXFSD001, LLC	4401 E. Producer Lane	43,929 SF	\$3,575,941	\$81.40
CBM Food Service	2G2B, LLC	500 E. 52nd Street	37,870 SF	\$1,850,000	\$48.85
Bowden Real Estate	Nichols Property, LLC	4600 N. 4th Avenue	12,411 SF	\$810,000	\$65.26
Janklow/Teunissenn	Raven Industries	1111 W. Algonquin St.	51,981 SF	\$640,000	\$12.31
C & C Properties VF	Creative Surfaces	1609 N. Industrial Avenue	10,000 SF	\$490,000	\$49.00
Dacotah Bank	Parks Limited	1000 E. Benson Road	16,200 SF	\$464,000	\$28.64

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Industrial Report | 2010 Overview



Building Class	Quadrant Total SF	Vacant SF	% Vacant	Quoted Gross Rental Rates per sf
Overall Market				
A	2,234,768	69,512	3.11%	\$4.00 - \$5.00
B	12,254,110	661,309	5.40%	\$3.00 - \$4.00
Totals:	14,488,878	730,821	5.04%	
Southwest				
A	0	0	0.00%	\$4.00 - \$5.50
B	569,588	58,006	10.18%	\$3.00 - \$4.00
Totals:	569,588	58,006	10.18%	
Southeast				
A	0	0	0.00%	\$4.00 - \$5.50
B	547,356	41,759	7.63%	\$3.00 - \$4.00
Totals:	547,356	41,759	7.63%	
Northwest				
A	761,316	0	0.00%	\$4.00 - \$5.50
B	4,615,663	286,190	6.20%	\$3.00 - \$4.00
Totals:	5,376,979	286,190	5.32%	
Northeast				
A	1,473,452	69,512	4.72%	\$4.00 - \$5.50
B	6,521,503	275,354	4.22%	\$3.00 - \$4.00
Totals:	7,994,955	344,866	4.31%	



Legend and Sub-Market Boundary

Our Industrial Universe consists of:

* Class A and B buildings

Property classification definitions

Class A = Building condition is above average

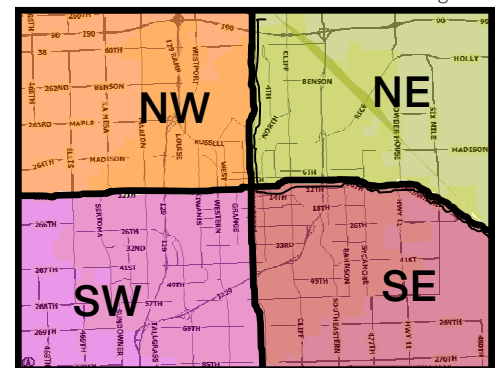
Class B = Building condition is average

* The City of Sioux Falls is divided into quadrants as follows:

- Northeast
- Northwest
- Southeast
- Southwest

Sioux Falls Metropolitan Area

10th/12th Street is the North/South dividing line
Minnesota Avenue is the East/West dividing line



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