

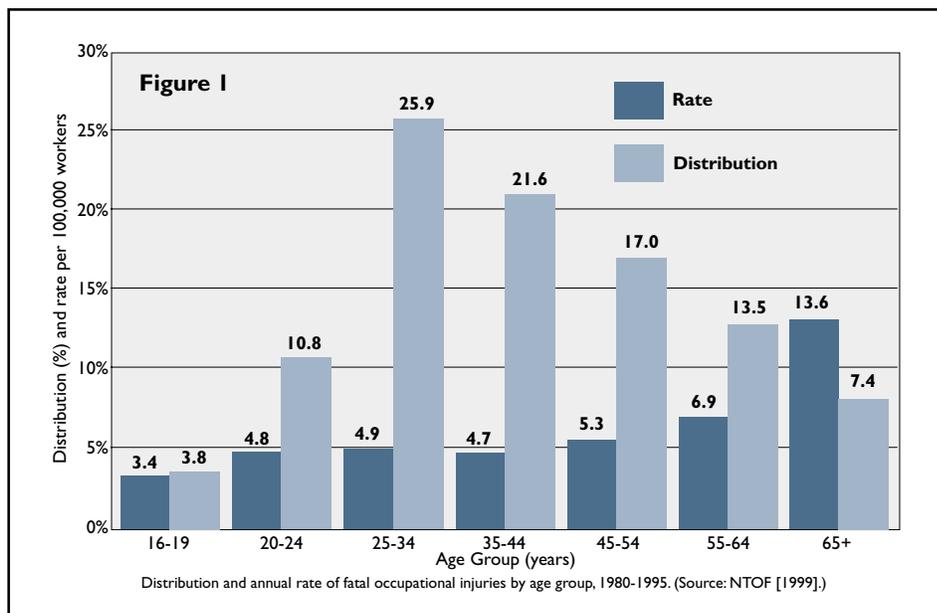
The Demographics of Death

After motor vehicle accidents, what is the most common cause of occupational fatalities in the U.S.? Electrocutation? Exposure to harmful chemicals? Fire? Explosion?

Not even close. It's homicide, accounting for more than 14% of all work place deaths based on data from the National Institute of Occupational Health and Safety (NIOSH) for 1997. Homicide accounts for more deaths than the aforementioned causes combined.

The distribution of deaths across working age population shows the majority occurs among workers 25 to 44 years of age. However, the death rate is highest among workers 65 years or older. At 13.6 fatalities per 100,000 workers, the incidence of fatalities in this age group is nearly twice that of the next highest – 6.9 deaths per 100,000 among 55 to 64 year olds. (Figure 1)

Continued on page 6



U.S. Worker Earnings Up

Keep your seats everyone; according to the Bureau of Labor Statistics (BLS), average worker earnings in the United States are up. In a BLS report filed September 11, 2001, average yearly worker pay climbed 5.9 percent to \$35,296, for calendar year 2000. This growth represents the largest annual increase in nearly 20 years.

The highest average pay was in Washington D.C. at \$53,018, however, this locale did not lead the nation in percentage growth. The state that holds this honor is Massachusetts at 9.8%, followed by California (9.6%), Colorado (8.7%), New Hampshire (8.1%), and Arizona (6.8%). What is even more

phenomenal than this growth is that no state reported a decline in average annual pay.

The BLS attributes these increases to above-average growth in nearly all major-industries. Finance, insurance, and real estate reported the largest gains at 9.1%, followed by manufacturing and mining at 6.8% and 6.4%, respectively. Transportation, communications, and public utilities showed the smallest gains at 4.4%.

Before you start popping the champagne corks, the statistics for the period from 3rd quarter 2000 to 3rd quarter 2001 are not as strong as the calendar year 2000 statistics reported

Continued on page 7

In This Issue

<i>For Unions, Oklahoma is Not O.K.</i>	2
<i>The Southeastern Industrial Real Estate Market</i>	3
<i>The New Face of Industrial Building Design</i>	4
<i>Not Enough Eggs in Your Basket?</i>	7
<i>Terror Causes Higher Rates</i>	8

For Unions, Oklahoma is Not O.K.

Big Labor is not just sitting on their thumbs, as Oklahoma becomes the nation's 22nd Right to Work state. Right to Work regulations assert that an employer cannot force payment of union dues as a condition of employment. More specifically, Oklahoma's law prohibits union-security clauses in bargaining contracts, bans union hiring halls, and requires individual employee approval before deducting dues from a paycheck.

A quick look at the table shows why this is such a big deal. Oklahoma is only the fourth state to adopt Right to Work since 1958, and it's the first to do so in the past 15 years.

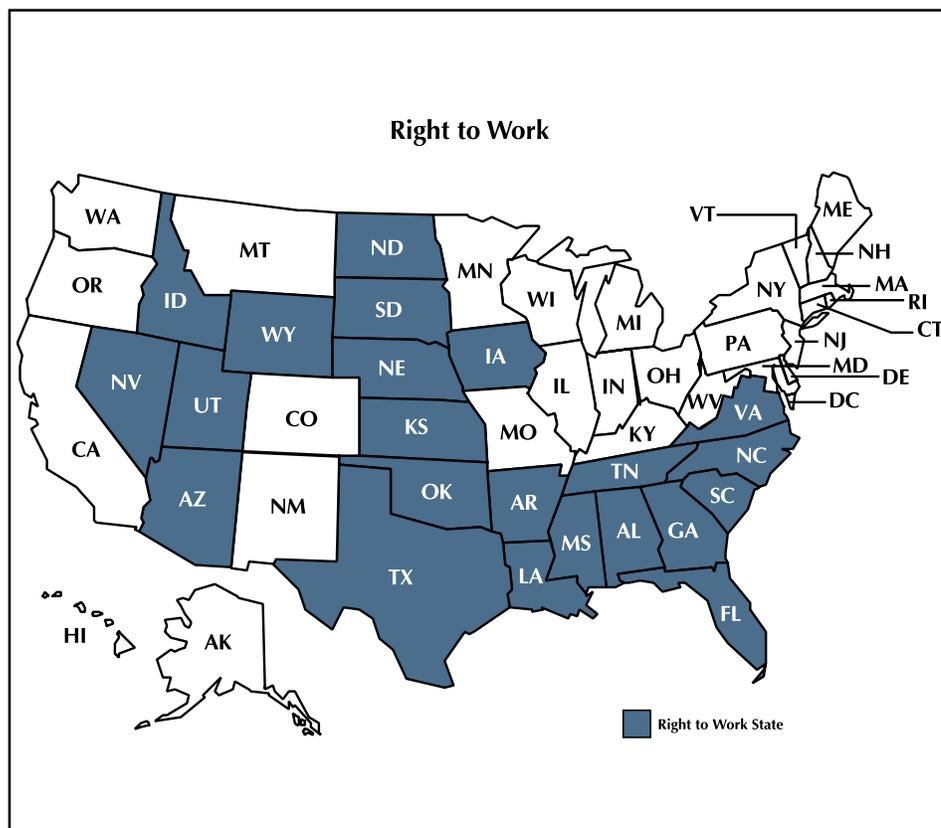
To say this legislation is a huge blow for unions is an understatement, and seven unions are leading the charge to overturn the law. In a suit

filed November 13, 2001, they argue that State Question 695, Oklahoma's Right to Work law, opposes the Supremacy Clause of the U.S. Constitution and is preempted by the National Labor Relations Act, the Railway Labor Act, the Postal Reorganization Act, and the Civil Reform Act. The suit also contends that SQ 695 breaches the Oklahoma Constitution's amendment procedures and constitutes a prohibited "special law" not applying to any other types of membership organization.

The Vice-President of the National Right to Work Foundation, Stefan Gleason, sings a different tune altogether. Mr. Gleason states, "Stung by the loss of their ability to rip forced union dues from the paychecks of hard working Oklahomans, union

bosses are resorting to cynical legal maneuvers in an attempt to get revenge."

The foundation has pledged "all necessary resources" to weather this legal storm from unions against Oklahoma. The law is in the state's favor as unions are attempting to challenge long-standing legal precedents. In 1947, Congress passed the Taft-Hartley Act upholding the states' ability to pass Right to Work legislation. In addition, the same arguments union lawyers are using now were defeated twice in the Supreme Court in 1949. □



Right to Work States & Year Legislation Adopted

State	Year
FL	1944
AR	1944
AZ	1946
NE	1946
SD	1946
VA	1947
TN	1947
NC	1947
GA	1947
TX	1947
IA	1947
ND	1948
NV	1952
AL	1953
MS	1954
SC	1954
UT	1955
KS	1958
WY	1963
LA*	1976
ID	1985
OK	2001

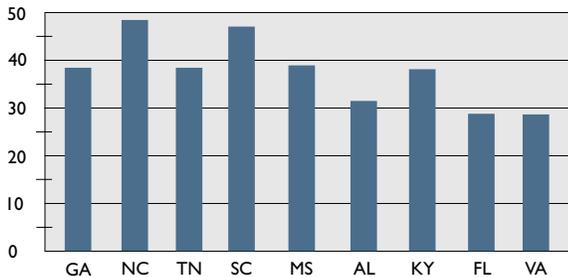
* Statute applying to agriculture laborers adopted in 1956, but general statute not adopted until 1976

The Southeastern Industrial Real Estate Market

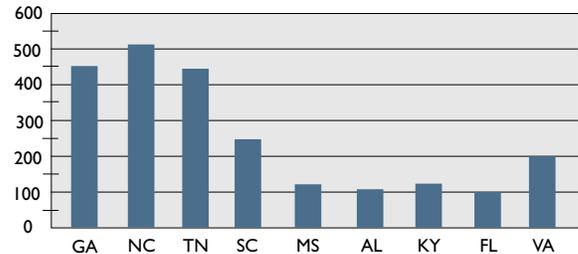
The Southeastern Industrial Market is defined as functional and available manufacturing and distribution facilities, 50,000 sq. ft. and larger, typically located in non-metropolitan/secondary markets. There are currently 2,286 available buildings totaling 363,273,714 square feet. The average building is 158,912 square feet and has been on the market for 36 months. Rail Service is in place or available for 22% of the buildings and 7% have at least one overhead crane. The following graphs are state-by-state summaries highlighting various building attributes. □

State	# of Buildings	Available SF	Avg Building SF	% of Market
GA	446	78,626,466	176,296	21.64%
NC	516	69,065,429	133,848	19.01%
TN	390	64,613,770	165,676	17.79%
SC	260	32,607,953	125,415	8.98%
MS	132	21,145,552	160,194	5.82%
AL	112	17,229,540	153,835	4.74%
KY	135	27,676,325	205,010	7.62%
FL	95	21,131,509	222,437	5.82%
VA	200	31,177,170	155,886	8.58%
TOTAL	2,286	363,273,714	158,912	100%

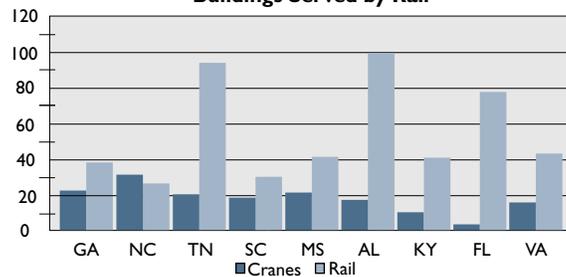
Average Months Buildings Have Been on Market



Number of Available Industrial Buildings



Number of Available Buildings With Cranes & Buildings Served by Rail



The New Face of Industrial Building Design

A review of the past 25 years shows many significant changes in the design of industrial facilities. Of the countless variables that influenced these changes, the most notable are advances in technology and the shipping industry. This article explores design changes in office/warehouse (OW) and bulk distribution (BD) facilities as we walk through this new millennium.

A simple comparison of the tables reveals a couple of things. The first is that OW buildings have changed slightly in design over the years. In contrast, BD facilities have undergone significant design changes during the same period. Demand is the main driver for the growth experienced in both facilities. Tenants need more space so developers are complying.

Bulk distribution facilities are defined as front or rear loaded, with dock high doors, 150,000 square feet or larger, and 5-15% office build-out. Most notably, BD facilities have increased their building depths to 400-500 feet, almost twice as deep as buildings built in the 80's. Ceiling heights have also leaped to 28-32 feet clear, requiring floors to be thickened to 6-7 inches of steel reinforced concrete. The heightened walls create the need for tighter floor tolerances for flatness and levelness.

Column spacing designs are unchanged, with developers using a minimum 40-foot grid. Some projects, nevertheless, have increased column depth to 60-feet near dock staging areas for easier loading.

Truck court depth is another variable on an upward trend, nearing 130 feet. Trailer storage is also increasing in importance. New large specula-

tive developments are providing areas for up to 30 trailers outside dock staging areas. Parking ratios of 0.5-0.75 spaces per thousand square feet are still the norm.

The sprinkler system of choice is Early Suppression Fast Response (ESFR), but even it has limitations based on ceiling and building heights. Power to BD space has changed to 277/480-volt service for more efficient usage of lighting, HVAC and electrical equipment.

Office/warehouse buildings are defined as industrial facilities with 15-30 percent office build-out, rear loaded, and ceiling heights between 16-24 feet. Facilities today are constructed using "tilt-walls" or brick/block with skylights. Column spacing is often recommended to be at least 32-feet, to accommodate two loading doors for single bay tenants. It is important to note: both ceiling height and column spacing are not as critical in OW as they are in bulk distribution, but they must be functional.

Perhaps the biggest impact on the functionality of OW buildings has been the lengthening of tractor-trailers. Longer tractor-trailers require longer truck courts. As a result, many older buildings are becoming obsolete.

Parking ratios have been on the rise as well. Ratios in modern facilities can be as high as four spaces per thousand square feet (4:1000) for speculative space. This higher ratio can attract more tenants with a higher office use than the 1:1000 ratio 15 years ago. Class IV sprinklers are installed in most facilities and 120/208 volt service for power; however, specific needs by tenants will dictate if these generalizations are held constant. □

WISERsm Site Selection Model Upgraded

The Walker Companies are pleased to announce a significant upgrade to our proprietary site selection optimization model, WISERsm. The improvements include expanded data sets and enhanced analytical capabilities.

Among the data improvements are expansion of our county-level property tax rates. New data includes inventory tax rates and freeport exemption levels for every county in the United States. These enhancements are especially important in site selection of distribution centers. We can now query our system to identify locations that levy inventory taxes so our clients can avoid them, or quantify the cost of these taxes. We can also quantify the value of tax exemptions that are available through freeport. This capability is especially helpful in site searches that include states like Texas and Georgia, that have widely variable county-level inventory tax rates and exemption structures.

We've also added point-level data to WISERsm that will allow much more precise assessment of transportation infrastructure. Our GIS-based model now includes the location of every intermodal facility by type (trailer on flat car and container on flat car) and carrier in the US, as well as every terminal for the five largest LTL trucking firms in the country. These enhancements allow us to factor into the site selection analysis the client's proximity requirements for these important services.

Married with the rich datasets that have been part of the WISERsm model since its development, these improvements add a new level of sophistication and power to the process of siting distribution centers and manufacturing plants. We can now accommodate even more complex queries, providing instantaneous answers to questions like...where can I find locations with no labor unions, no inventory taxes, low property taxes and electricity costs, inexpensive but well-educated workers, within 45 miles of an intermodal facility and no farther than 30 miles of a major MSA?

Typical Speculative Bulk Distribution Building Specifications

	1970's	1980's	1990's	Today
Size	100,000-150,000	100,000-200,000	150,000-350,000	150,000-500,000+
Building Depth	180' - 200'	200' - 220'	200' - 280' 400' - 480'	200' - 280' 400' - 480'
Ceiling Height	18' - 20'	20' - 24'	24' - 32'	28' - 32'
Column Spacing	30' x 40'	40' x 40'	40' x 40' 50' x 50'	40' x 40' 50' x 50'
Dock Door Size	8' x 10'	8' x 10'	9' x 10'	9' x 10'
Truck Court Depth	80' - 100'	90' - 100'	110' - 125'	120' - 130'
Lighting	Fluorescent at 20 footcandles	Fluorescent at 20 footcandles with sky-lights	Sodium vapor or metal halide at 30+ foot-candles with sky-lights	Sodium vapor or metal halide at 30+ footcandles
Heat (Gas)	Ceiling hung units	Air Rotation units	Cambridge units or Air Rotation units	Cambridge units or Air Rotation units
Sprinkler	Class III	Class IV	Class IV or ESFR	ESFR
Trailer Storage Area	None	Minimal	Required	Required
Coverage Ratios	35 - 40%	35 - 40%	33 - 37%	33 - 37%
Parking Ratios	.33 - .5/1000	.5 - .75/1000	.5 - .75/1000	.5 - .85/1000

Typical Speculative Office / Warehouse Building Specifications

	1970's	1980's	1990's	Today
Size	50,000-75,000 (front or rear loaded)	50,000-100,000 (front or rear loaded)	50,000-125,000 (rear loaded)	50,000-125,000 (rear loaded)
Building Depth	80' - 100'	90' - 120'	100' - 140'	100' - 160'
Ceiling Height	16' - 18'	16' - 20'	16' - 22'	18' - 24'
Column Spacing	30' x 30'	30' x 40'	30' x 40' 40' x 40'	30' x 40' 40' x 40'
Dock Door Size	8' x 10'	8' x 10'	8' x 10' 9' x 10'	8' x 10' 9' x 10'
Truck Court Depth	80' - 90'	90' - 100'	100' - 110'	100' - 120'
Lighting	Fluorescent at 20 footcandles	Fluorescent at 20 footcandles	Fluorescent or metal halide at 30+ footcandles with sky-lights	Fluorescent or metal halide at 30+ footcandles with sky-lights
Heat (Gas)	Roof-top units and ceiling hung units	Roof-top units and ceiling hung units	Roof-top units and ceiling hung units	Roof-top units and ceiling hung units
Sprinkler	Class III	Class IV	Class IV	Class IV
Coverage Ratios	30 - 50%	25 - 30%	22 - 27%	22 - 27%
Parking Ratios	1/1000	1.25 - 1.5/1000	1.5 - 4/1000	2 - 4.5/1000

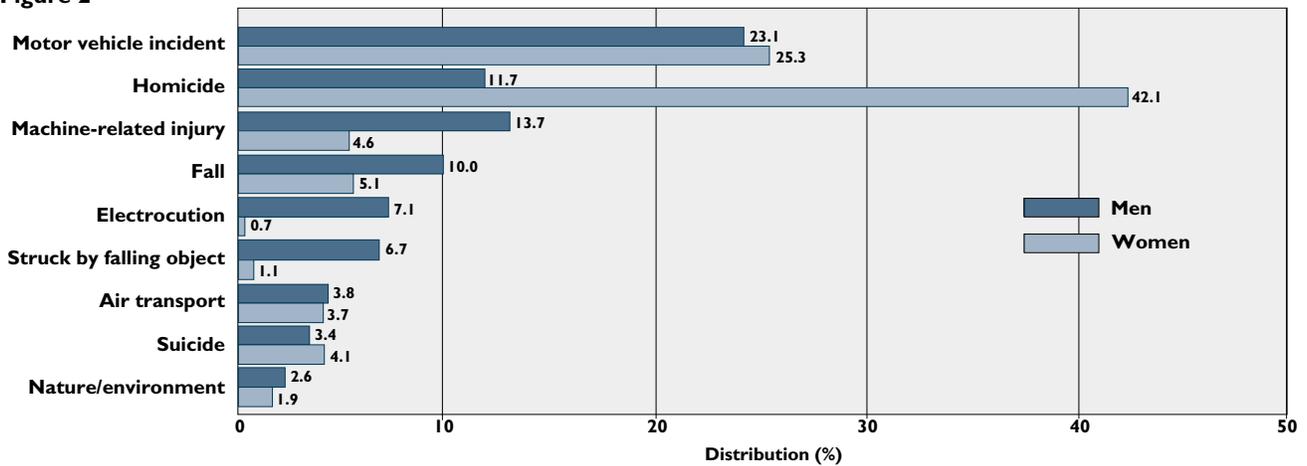
Demographics – continued from page 1

Most surprising of all is the difference in distribution of cause of death by sex. Over 42% of fatalities among females are due to homicide, versus only 11.7% of male deaths. (Figure 2)

What is the most dangerous occupation? Without question, it's mining, where the death rate is 30.3 per 100,000 workers. Surprisingly, agriculture/ forestry/ fishing is second at 20.1, higher than construction (15.3) and transportation/utilities (13.4). If there is a ray of

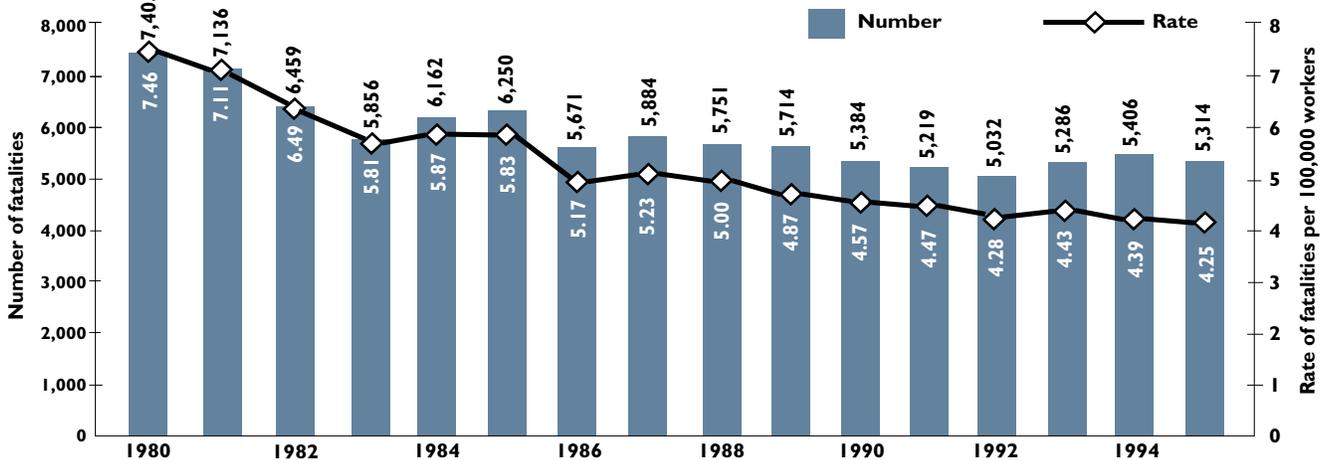
sunshine in these morbid statistics, it is that the rate of fatal injuries has been on a steady decline for 15 years. In 1980, fatalities occurred at a rate of 7.5 per 100,000 workers. By 1995, the figure had fallen by 43% to 4.25. This trend is especially encouraging in view of the significant expansion in the U.S. economy, which began in the 90's, and the attendant increase in employment and the opportunities for death or injury. (Figure 3) □

Figure 2



Distribution of fatal occupational injuries for male and female workers by selected causes of death, 1980-1995. Total deaths were 8,783 for male workers and 6,088 for female workers. (Source: NTOF [1999].)

Figure 3



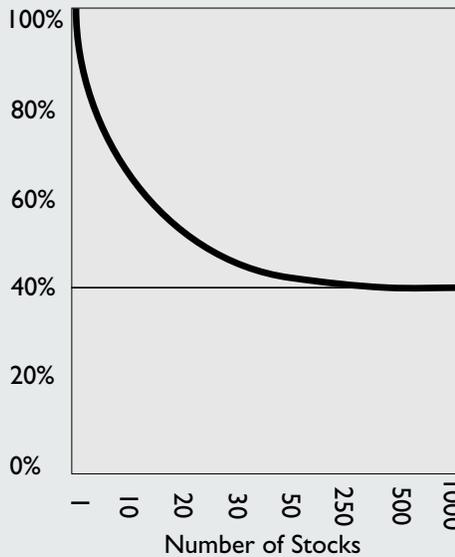
Number and annual rate of fatal occupational injuries, 1980-1995. (Source: NTOF [1999].)

Not Enough Eggs in Your Basket?

Diversification in the stock market is necessary if investors want to stay afloat in today's volatile economic conditions. Many shareholders over the past year have learned this harsh truth. Even ventures in "blue chips" are unwise when the fate of your portfolio relies on the performance of one stock alone. Companies such as K-Mart and Polaroid are excellent examples of companies that were traditional industry leaders, but have fallen into the abyss of bankruptcy.

Changing business conditions such as deregulation, competition, or perceptions of mismanagement can

Diversification Reduces Risk



Source: Investments, Analysis, and Management

lead to poor performance for any stock. There are no "safe" stocks, immune from the risks of the marketplace.

The chart shows how diversifying your investments can reduce your risks. The 100% level marks the volatility of the average stock. You can see how quickly volatility drops as stocks are added to the portfolio.

The reason for the decrease in volatility is that varied stocks carry diverse return patterns. Over time, these return patterns manage to balance each other out, reducing the unwanted volatility. □

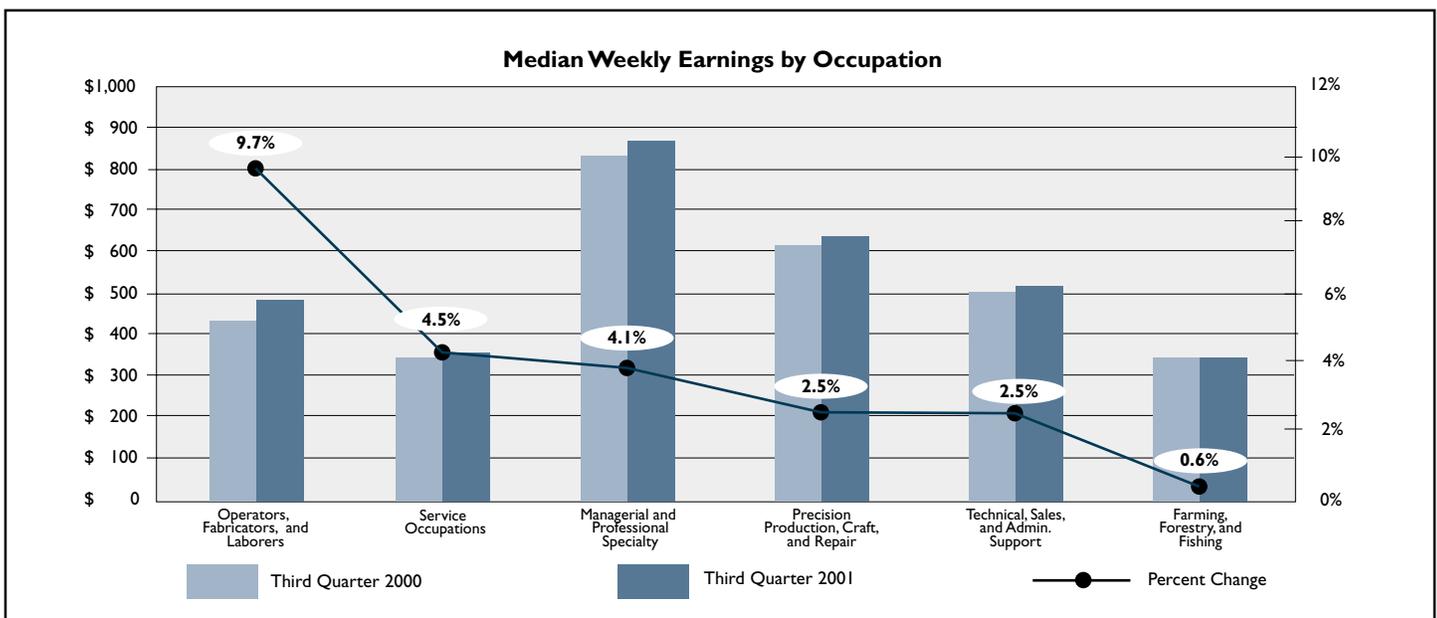
U. S. Worker – continued from page 1

above. The median weekly earnings of full-time employees, after adjusting for 2.7 percent inflation, rose only 0.8 percent, according to the BLS report issued October 24, 2001.

Although this report is not as rosy as the September 11 publication for

year 2000, the chart shows that growth is still taking place in 2001. Individuals employed as operators, fabricators, and laborers experienced the largest wage growth, 9.7% to \$475 a week. The highest paid occupations, managerial and professional, rose 4.1%.

The lowest percentage and actual dollar growth was in farming, forestry, and fishing. All six areas listed in the chart enjoyed growth over the period, and three out of the six outpaced inflation. □



Terror Causes Higher Rates

The National Council on Compensation Insurance (NCCI) has filed for a four percent loss-cost/rate increase to cover future and potential losses from terrorists' acts. The World Trade Center (WTC) attacks and overwhelming destruction represent the largest single insured loss in history. The actual totals are far from final, but the estimated insured loss is as high as \$50 billion.

As a direct result of the WTC loss, 26 - 31% of the global reinsurance capital has been eradicated, according to Alice Shroeder, Senior Insurance Analyst for Morgan Stanley. The weakened U.S. economy coupled with several other large losses, including Enron Corporation's freefall, has only compounded the insurance markets' problems. (The giant energy company's failure is predicted to cost the insurance industry \$4 billion.)

Unlike other insurance plans that can exclude coverage for terrorists' acts, workers' comp insurers are mandated to cover these acts under law. As a result, reinsurers are increasing premiums to workers'

Figure 1
Estimated Impact of Four Percent
Catastrophe Provision

State	\$Millions
Alabama	11
Alaska	6
Arizona	17
Arkansas	8
Colorado	29
Connecticut	18
District of Columbia	3
Florida	106
Georgia	30
Hawaii	7
Idaho	8
Illinois	66
Iowa	13
Kansas	11
Kentucky	14
Louisiana	19
Maine	7
Maryland	22
Mississippi	9
Missouri	21
Montana	6
Nebraska	8
Nevada	9
New Hampshire	8
New Mexico	5
Oklahoma	13
Oregon	20
Rhode Island	6
South Carolina	13
South Dakota	3
Tennessee	23
Utah	8
Vermont	4
Virginia	24
Total	575

Source: NCCI

comp insurers by as much as 500% over 2001 levels.

When and if the new rates come to fruition, the total estimated impact to the 34 states affected by this rate jump is \$575 million in additional premiums. (See Figure 1)

Morgan Stanley forecasts that workers' comp loss from the WTC will represent nearly \$5 billion. As a percentage of annual workers' comp losses, that is equivalent to a disastrous one-year loss of 20 percent. □

THE WALKER COMPANIES

provide location consulting, brokerage, and facility development services for industrial corporations throughout the United States. For additional information on our services, or to comment on *The Industrial Outlook*, please contact:

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