



JACKSONVILLE
1Q15 INDUSTRIAL MARKET

SPEC DEVELOPMENT IS BACK

The Northeast Florida Industrial Market remained stable through the 1st quarter of 2015, with the same overall vacancy rate of approximately 7.4% that we saw at the end of 2014. The national industrial vacancy rate dipped slightly again to 7.1%, compared to 7.2% at the end of 2014.

With the vacancy rates approaching 7% in Northeast Florida, developers are beginning to construct and plan new speculative buildings. Pattillo Construction at Westside Industrial Park and Spinner Construction at JaxPort Trade Center, are the first developers to actually break ground and start their next speculative building. Pattillo is building a ±237,318 SF, single/multi-tenant building on Bulls Bay Hwy., while Spinner is building a ±70,000 SF multi-tenant building at JaxPort Trade Center, on the Northside. Both buildings will provide high cube distribution. Pattillo is also planning two more speculative buildings in NorthPoint Industrial Park and Webb International is submitting plans for a possible ±700,000 SF speculative building in Imeson Industrial Park that would most likely be built in phases.

Key Indicators

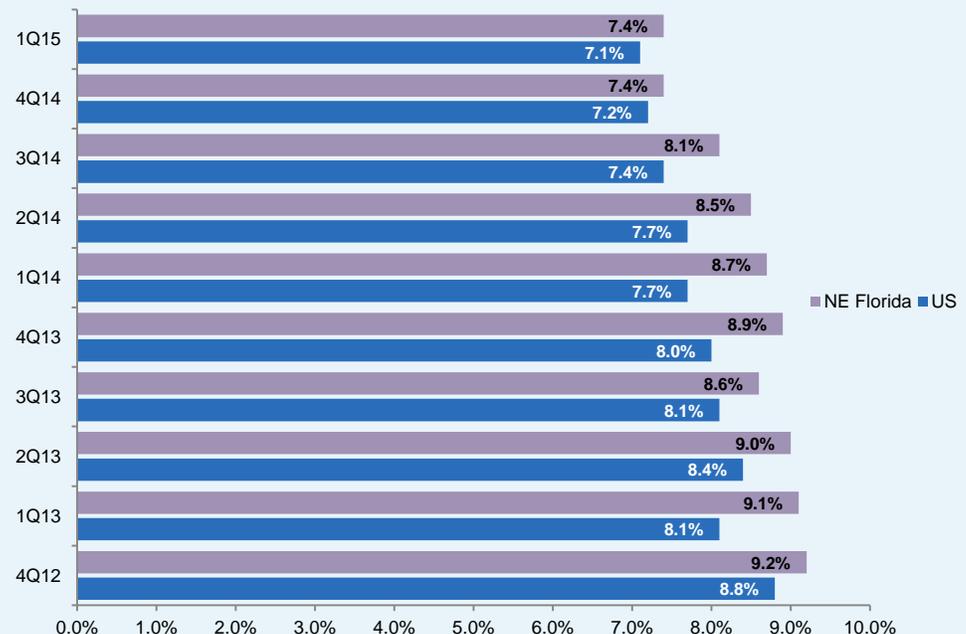
Total Inventory (SF)	102,677,955		
	1Q15	4Q14	1Q14
Asking Rent (Price/SF)	\$3.66	\$3.66	\$3.63
Vacancy Rate (%)	7.4%	7.4%	8.9%
Under Construction (SF)	943,677	465,000	904,700

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates



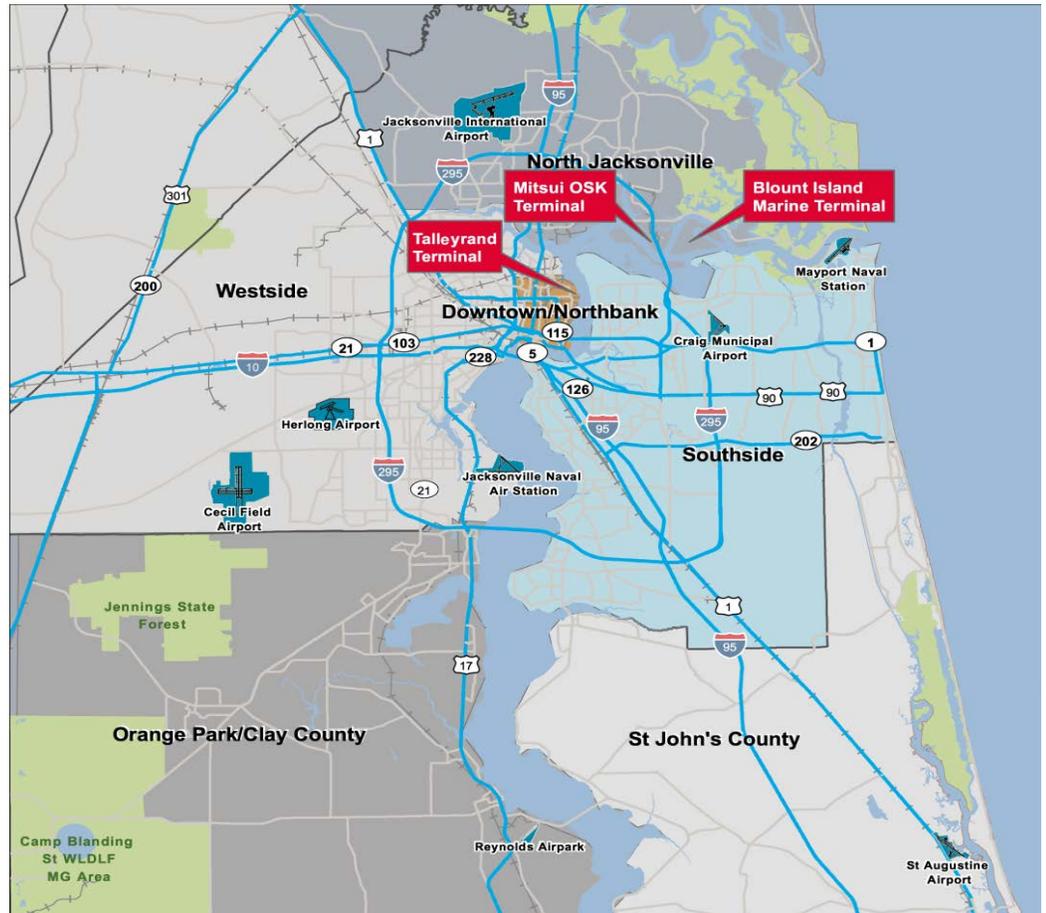


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It has been quite a while since our market has seen new speculative construction, which should be a good sign for all stakeholders that our market is definitely improving. Established parks certainly have the edge when it comes to building new product, but asking prices for industrial land and developer/investor interest, seem to be getting closer to each other.

1st quarter leases of note include Shell Gas & Power leasing 248,000 SF, Mercedes Benz USA expanding into an additional 120,000 SF (now over 500,000 SF total), Hilex Poly renewed and expanded into 150,000 SF, and Venditio Group leased 34,410 SF in St. Johns County. There have been several requirements that have surfaced in the 1st qtr., that are 100,000 up to 350,000 SF and even though some of these are multi-market searches, several have already chosen NE Florida and are now requesting proposals from local Landlords.

Jacksonville Industrial
Submarket Map



Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy (SF)	Vacancy Rate %	Average Whse Rate (Price/SF)	Average Flex Rate (Price/SF)
Downtown	8,021,719	0	560,030	7.0	\$1.88	0
Northside	22,192,318	196,300	2,385,547	10.7	\$3.92	\$6.49
Westside	43,811,449	394,700	2,024,669	4.6	\$3.45	\$7.96
Southside	23,103,287	352,677	2,066,142	8.9	\$4.31	\$8.51
Orange Park / Clay	3,738,681	0	336,614	9.0	\$3.80	\$9.60
St. Johns	2,618,080	0	276,398	10.6	\$4.60	\$9.25
Total	103,485,534	943,677	7,649,400	7.4	\$3.66	\$8.39



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Some sales of note include two that may be record high psf sale prices, which were Realty Income Trust's purchase of ± 510,000 SF that Hillwood constructed and leased to GE Oil & Gas, and Monmouth RE investment Corp.'s purchase of 297,579 SF that SunCap Property Group constructed and leased to FedEx Ground. These psf prices were \$112.84 psf and \$102.98 psf, respectively. These were both investment sales and the high psf pricing is a clear sign of the continued downward pressure on cap rates in our market.

With more and more goods being brought into the SE port facilities, we expect that NE Florida will continue to see increased activity from both users and investors. Let's hope that trend continues throughout 2015 and beyond.

1Q Leases

Company	Address	Submarket	Square Footage
Shell Gas & Power	1111 Imeson Park Blvd.	Northside	248,200
Mercedes-Benz USA	13470 International Pkwy.	Northside	120,000
The Venditio Group	4030 Deerpark Blvd.	St. Johns Ind.	34,410
2320 Liberty St.	2320 Liberty St.	Downtown Ind.	18,810
Drytech	6631 Executive Park Ct	Northside	13,600

1Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
Suncap Property Group	Monmouth RE Investment Corp.	297,579	\$30,645,954	\$102.98
Hillwood	Realty Income Corp.	510,433	\$57,595,000	\$112.84
Bayit Corp.	929 E. Bay St. LLC	36,907	\$2,200,000	\$59.61
Whitney Bank	EPSA of America	202,715	\$4,400,000	\$21.71
Centerstate Bank of Florida	Jax Warehouse Partners	53,098	\$1,190,600	\$22.42

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Glossary of Terms**Absorption**

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

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