



JACKSONVILLE
2Q15 INDUSTRIAL MARKET

**THE MARKET
TIGHTENS AS
LARGE BLOCKS OF
SPACE BECOME
SCARCE**

Vacancy in the NE Florida industrial market dipped slightly in the 2nd quarter to 7.2%, compared to the 1st quarter 2015 and the 4th quarter 2014 which was 7.4%. Out of the six sub-markets tracked, the Westside sub-market remains the strongest with a 4.4% vacancy rate. The National average vacancy remained at 7.1%

Florida businesses have created 896,900 private-sector jobs since December 2010, and the state's unemployment rate fell to 5.5 percent - the lowest rate since March 2008. In June 2015, 12,200 private-sector jobs were created across Florida. Florida's annual private-sector job growth rate, up to 3.9 percent, has exceeded that of the nation since April 2012.

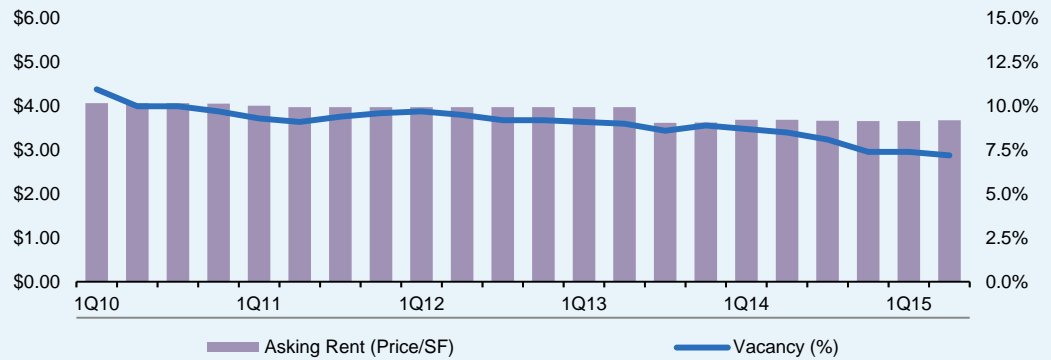
Leasing activity is steady and larger buildings that can accommodate 150,000 sf and up are becoming harder to locate in this industrial market.

Key Indicators

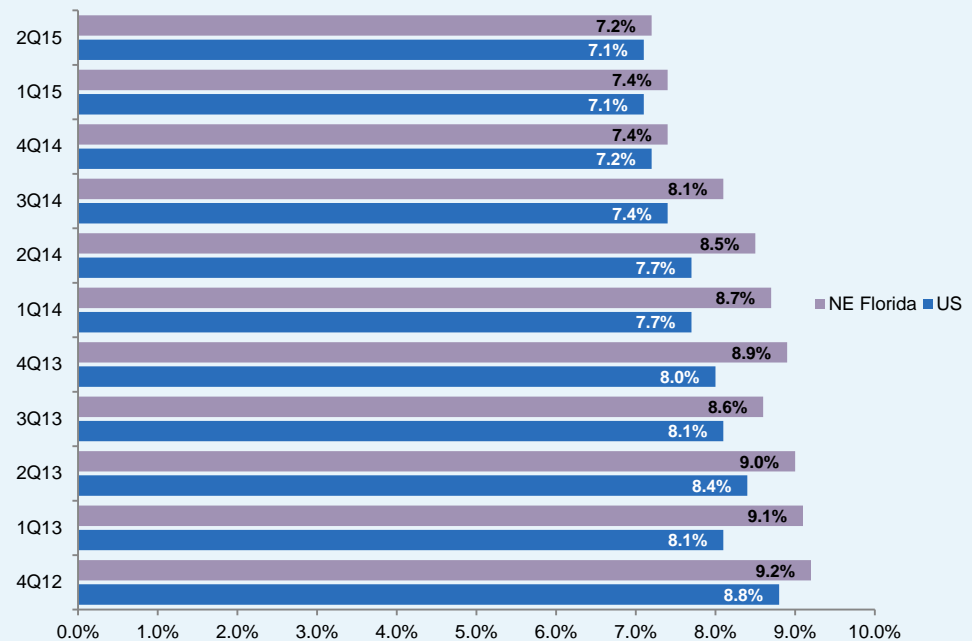
Total Inventory (SF)	103,712,586		
	2Q15	1Q15	2Q14
Asking Rent (Price/SF)	\$3.68	\$3.66	\$3.69
Vacancy Rate (%)	7.2%	7.4%	8.5%
Under Construction (SF)	716,625	943,677	933,700

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates



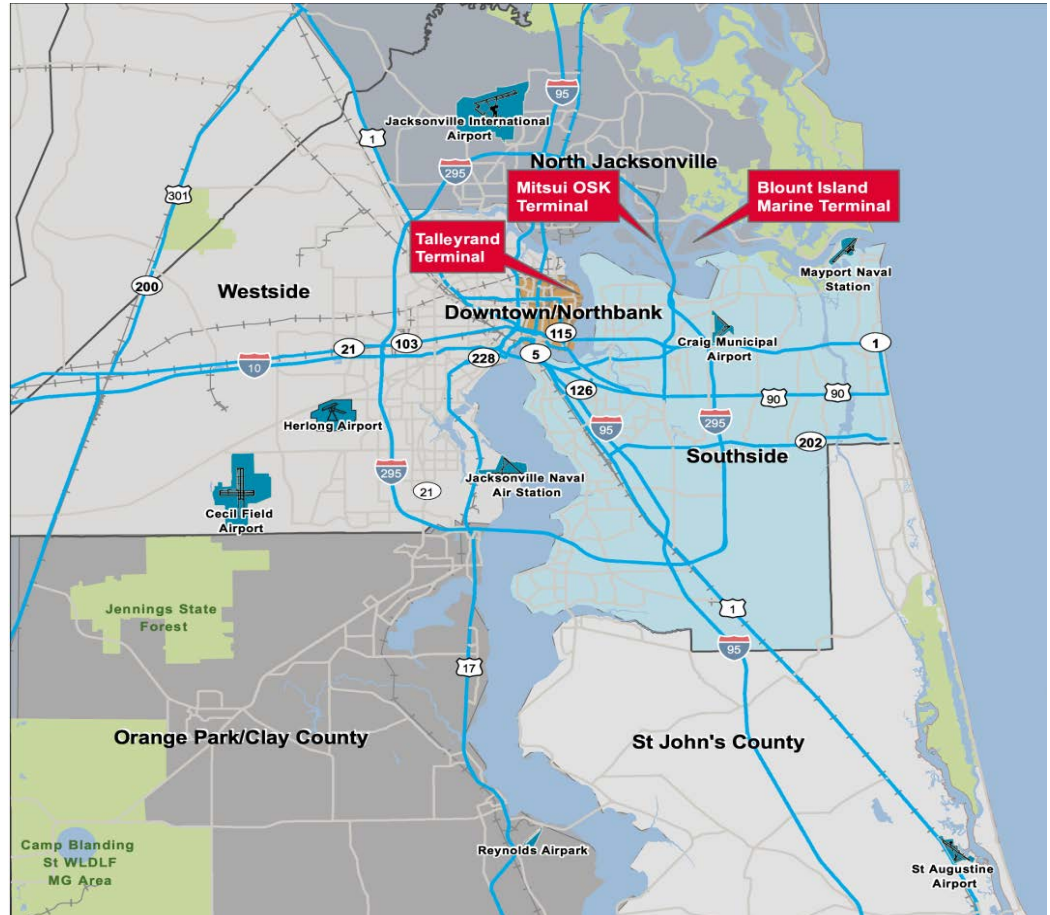


JACKSONVILLE
2Q15 INDUSTRIAL MARKET

Second quarter leases of note include; Classic Lighting 50,000 sf and Lansing Building Products 32,700 sf in the Southside sub-market; Skypaxxx leased 53,620 sf on the Westside; and Sub-Zero and Lockheed Martin leased 120,000 sf and 23,500 sf respectively in the Northside sub-market. Lease rates remained unchanged for the most part, but some Landlords are reducing the amount of concessions they are willing to provide, which is primarily a reduction in the amount of free rent offered.

Investor interest remains strong for quality industrial properties and several sales that closed in the 2nd quarter include; Jacksonville International Tradeport (903,000 sf, multi-building portfolio) to Lightning Prop. Co. V LLC for \$41.14 psf;

Jacksonville Industrial
Submarket Map



(continues next page)

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	579,918	7.2	\$1.93	0
Northside	22,261,670	126,948	2,374,854	10.7	\$3.92	\$6.49
Westside	43,969,149	237,000	1,933,028	4.4	\$3.48	\$7.96
Southside	23,103,287	352,677	1,919,431	8.3	\$4.33	\$8.51
Orange Park / Clay	3,738,681	0	364,950	9.7	\$3.80	\$9.60
St. Johns	2,618,080	0	243,698	9.3	\$4.60	\$9.25
Total	103,712,586	716,625	7,415,879	7.2	\$3.68	\$8.39



JACKSONVILLE 2Q15 INDUSTRIAL MARKET

8443 Baymeadows Rd. (61,000 sf) sold to True North Advisors LLC for \$45.90 psf; and 9400 Busch Dr. (68,660 sf) sold to an investment group for \$33.68 psf - this property will be occupied by Aqua Gulf.

As cap rates continue to push down throughout Florida's more popular industrial markets, we expect to see more investor demand in the NE Florida market.

Developer demand for industrial land is still low, but as the vacancy continues to decline, we may see other speculative buildings being announced in the next 12 -18 months.

2Q Leases

Company	Address	Submarket	Square Footage
Classic Lighting	5032 Philips Hwy.	Southside	50,000
Sub-Zero	2855 Faye Rd.	Northside	120,000
Sky Pxxx	2155 Ellis Rd.	Westside	53,620
Lansing Building Products	12735 Kenan Dr.	Southside	32,700
Lockheed Martin	2629 Port Industrial Pkwy.	Northside	23,520

2Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
FDG Jacksonville Int'l. Tradeport, LLC	Lighting Prop Co V LLC	903,000	\$37,150,000	\$41.14
Easton, Sanderson & Co.	Eisenberg Group	53,300	\$2,925,000	\$54.88
Spirit Realty Capital	Old Dominion Freight Lines, Inc.	66,266	\$2,225,000	\$33.58
TWM Partners, Ltd.	True North Advisors, LLC	61,000	\$2,800,000	\$45.90
LSOP 3 FL 3 LLC	Edge Connex Jacksonville	42,000	\$3,000,000	\$71.43
Jacksonville Ten LLC	9400 Busch Drive Associates	68,660	\$2,312,500	\$33.68

**JACKSONVILLE**
2Q15 INDUSTRIAL MARKET

www.ngkf.com

Jacksonville

10739 Deerwood Park Blvd
Suite 310
Jacksonville, FL 32256
904.399.5222

John Richardson- SIOR

President / Principal
904.224.5429
jrichardson@phoenixrealty.net

Bryan Bartlett- SIOR

Senior VP / Principal
904.421.4383
bbartlett@phoenixrealty.net

Ladson Montgomery

Senior VP / Principal
904.224.5425
bbartlett@phoenixrealty.net

Dan Stover

First Vice President
904.224.5433
dstover@phoenixrealty.net

Kyle Harding

Industrial Specialist
904.421.4384
kharding@phoenixrealty.net

Doug Wendell

Industrial & Investment
Properties
904.504.0992
dwendell@phoenixrealty.net

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

Independently owned and operated

National and Global Research Reports are also available at

www.ngkf.com/research

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Phoenix Realty Group (NGPRG) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGPRG. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NGPRG, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.

