



JACKSONVILLE
3Q15 INDUSTRIAL MARKET

LOCAL VACANCY RATES CLOSING IN ON NATIONAL AVERAGE

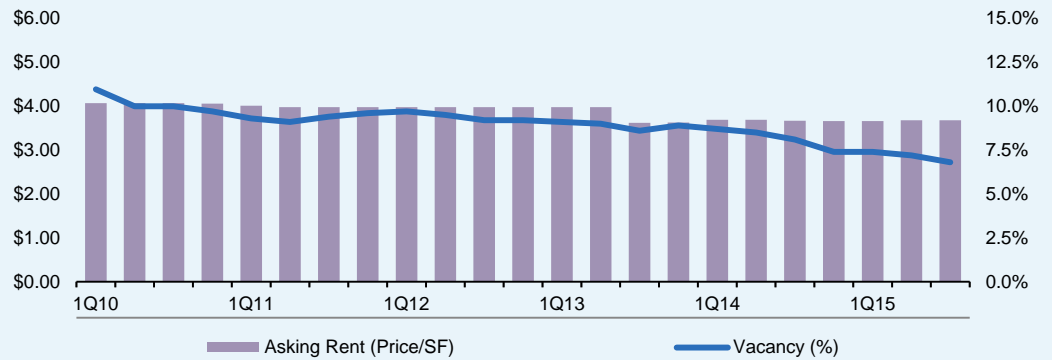
According to Bob Bach, Director of Research with NGKF, the national industrial market crossed what is a symbolic threshold, as completions exceeded absorption by a small amount, 43.6 million versus 42.6 million square feet. The last time this happened was exactly five years ago (3Q10), in the aftermath of the recession. Absorption began to surge in the fourth quarter of 2010, and completions have been increasing steadily since 2012. With completions reaching a new peak in the third quarter of 2015 at the same time that absorption pulled back, the two trend lines crossed. However, year-to-date absorption continued to outpace completions by a wide margin, 151.7 million versus 117.9 million square feet. While not unexpected, the recent moderation in absorption does merit observation: Even as construction and deliveries continue to rise, some recent economic indicators, such as employment growth and retail sales, are consistent with a soft patch, though not a near-term recession.

Key Indicators

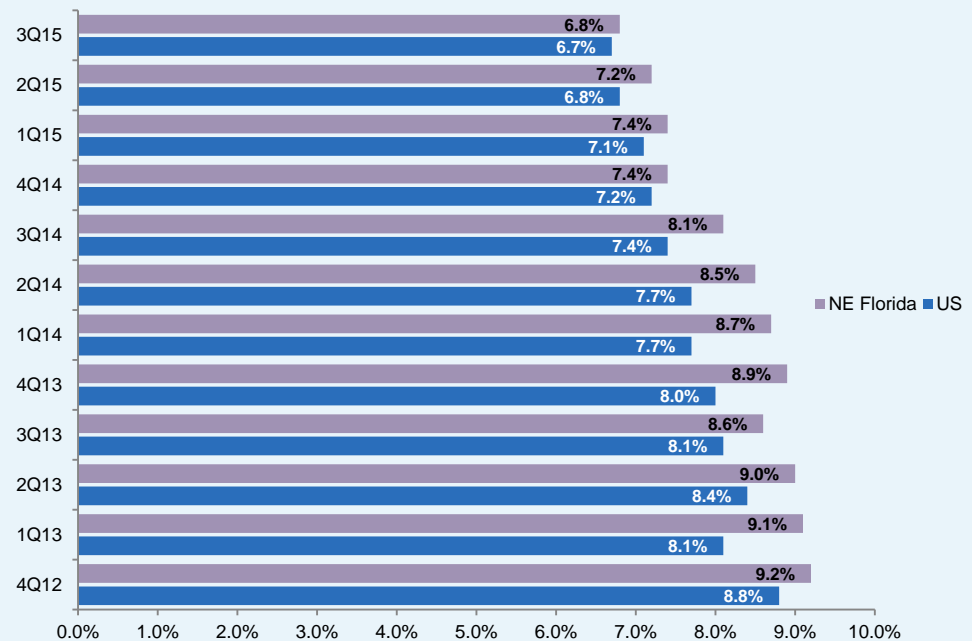
Total Inventory (SF)	103,712,586		
	3Q15	2Q15	3Q14
Asking Rent (Price/SF)	\$3.68	\$3.68	\$3.67
Vacancy Rate (%)	6.8%	7.2%	8.1%
Under Construction (SF)	716,625	716,625	933,700

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates



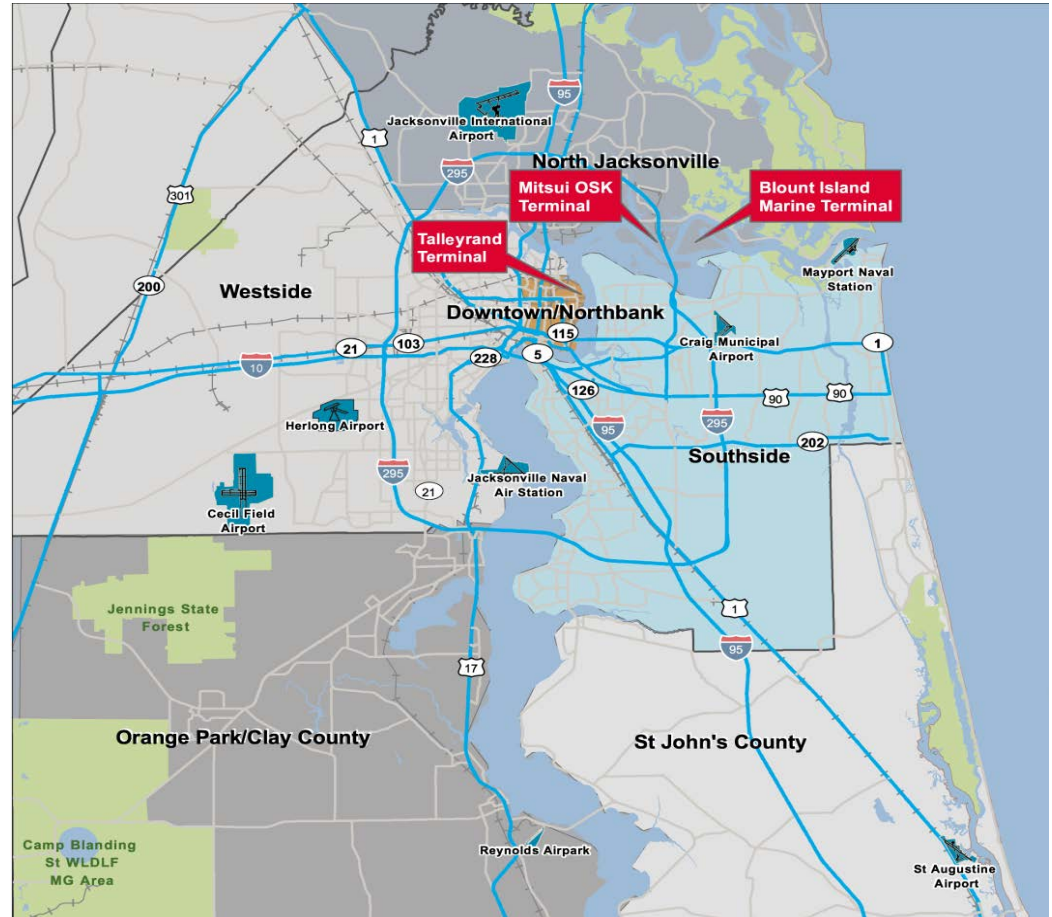


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Look for GDP to continue growing at a moderate pace through 2016, generating steady, though not spectacular demand for industrial space. The vacancy rate may decline a little more before leveling out, possibly as soon as the first quarter of 2016. Landlords will continue pushing rents at a year-over-year pace in the low- to mid-single digits.

In the Northeast Florida market vacancy also continued to decline in the 3rd Quarter to 6.8%, close to the National Industrial average. Several leases that will be completed in the 4th Quarter will continue to push the local vacancy rate down, as there is only one speculative building under construction, which is Pattillo's ±237,000 SF distribution building in Westside Industrial Park.

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	639,918	8.0	\$1.93	0
Northside	22,261,670	126,948	2,223,854	9.9	\$3.92	\$6.49
Westside	43,969,149	237,000	1,804,292	4.1	\$3.48	\$7.96
Southside	23,103,287	352,677	1,937,431	8.4	\$4.33	\$8.51
Orange Park / Clay	3,738,681	0	156,950	4.1	\$3.80	\$9.60
St. Johns	2,618,080	0	243,698	9.3	\$4.60	\$9.25
Total	103,712,586	716,625	7,006,143	6.8	\$3.68	\$8.39



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Landlord concessions are diminishing as the market tightens, and rental rates are increasing slightly. We expect this trend to continue until more speculative development occurs.

Larger 3rd Quarter leases include Calavo Growers for 208,000 SF at 4627 JP Hall Blvd. for their food processing operations, TruAire leased 90,000 SF in Pattillo's NorthPoint Industrial Park for their distribution operations, and Crowley's lease for 50,000 SF in the Jacksonville International Tradeport.

Significant 3rd Quarter sales include Bridgestone Americas purchase of their 1,030,000 SF tire distribution facility located in Alliance Florida, Real Capital Solutions purchase of 872,000 SF at NorthPort Logistics Center and Intercontinental Real Estate's purchase of 851,696 SF in the Jacksonville International Tradeport, which is leased long-term to Coach.

3Q Leases

Company	Address	Submarket	Square Footage
River Valley Paper	850529 US Highway 17	Downtown	120,000
Calavo	4627 J.P. Hall Blvd.	Orange Park/Clay	208,000
TruAire	3509 Port Jacksonville Pkwy.	Northside	90,000
DBI Services	6209 Bowdendale Rd.	Southside	28,500
Crowley	1350 Tradeport Dr.	Northside	49,702
H&E Equipment	240 Hammond Blvd.	Westside	25,900
EZ-GO	8551 Westside Industrial Dr.	Westside	33,256

3Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
SMBC Leasing and Finance, Inc.	Bridgestone Americas Tire Operations, LLC	1,030,000	\$45,800,000	\$44.47
Coach	Intercontinental Real Estate	851,696	\$90,500,000	\$106.21
Oakmont New Berlin Rd.	Real Capital Solutions	872,627	\$33,000,000	\$37.82
FedEx Freight	Mulch Manufacturing	17,450	\$1,270,000	\$72.78
Lexington Realty Trust	Atlantic Safety Products	168,832	\$1,850,000	\$10.96

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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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