



**JACKSONVILLE  
4Q15 INDUSTRIAL MARKET**

**LOCAL VACANCY  
RATES CONTINUE TO  
DECLINE; RENTS  
REMAIN STABLE**

Nationally, cross-border investment is strong, highlighting international perception of a strong U.S. Commercial Real Estate market.

Private and REIT acquisitions, as well as direct foreign investment have returned to pre-recession levels.

Overall, the national industrial market witnessed 215.9 million square feet of absorption, dismantling the 2014 record of 195.1 million square feet.

This positive growth led to a 41.5% YOY increase in industrial transaction volume. The Southern U.S., specifically, exceeded national average marks with a 41.6% YOY jump in transaction volume.

Jacksonville, as a city, is solidly in the recovery phase of the market cycle.

Vacancy rates are still decreasing and near the national average at 6.9% and 6.5%, respectively. Despite the decrease in vacancy rates, rental rates have not increased proportionately yet, remaining steady from Q315 at \$3.68 PSF. As asking rents continue to increase nationally, look for Jacksonville to follow suit in the future with marginal increases from Landlords.

**Key Indicators**

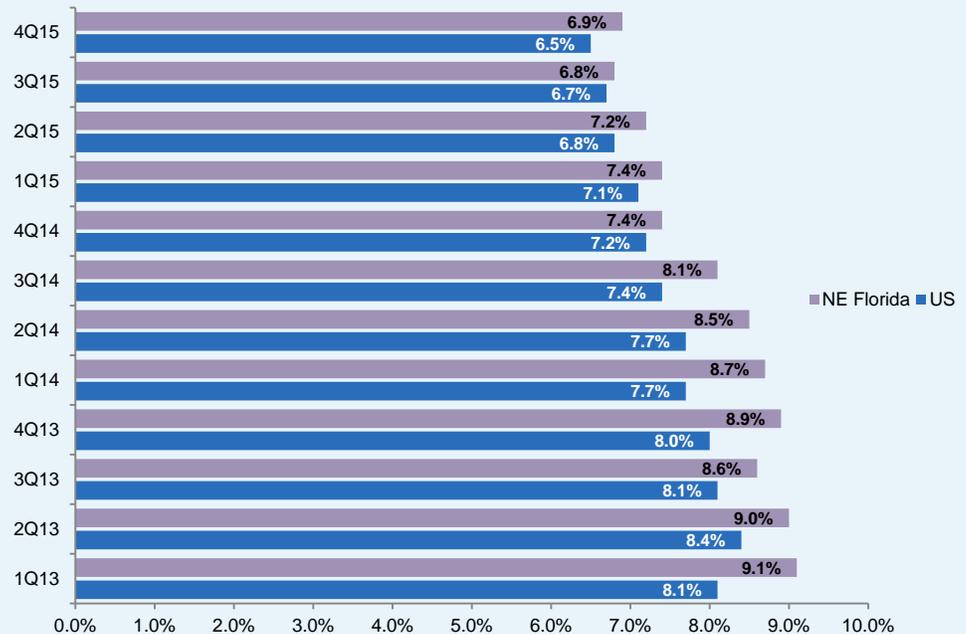
Total Inventory (SF)	103,949,909		
	4Q15	3Q15	4Q14
Asking Rent (Price/SF)	\$3.68	\$3.68	\$3.66
Vacancy Rate (%)	6.9%	6.8%	7.4%
Under Construction (SF)	479,307	716,625	465,000

**Market Analysis**

**Asking Rent and Vacancy**



**US and NE FL Vacancy Rates**



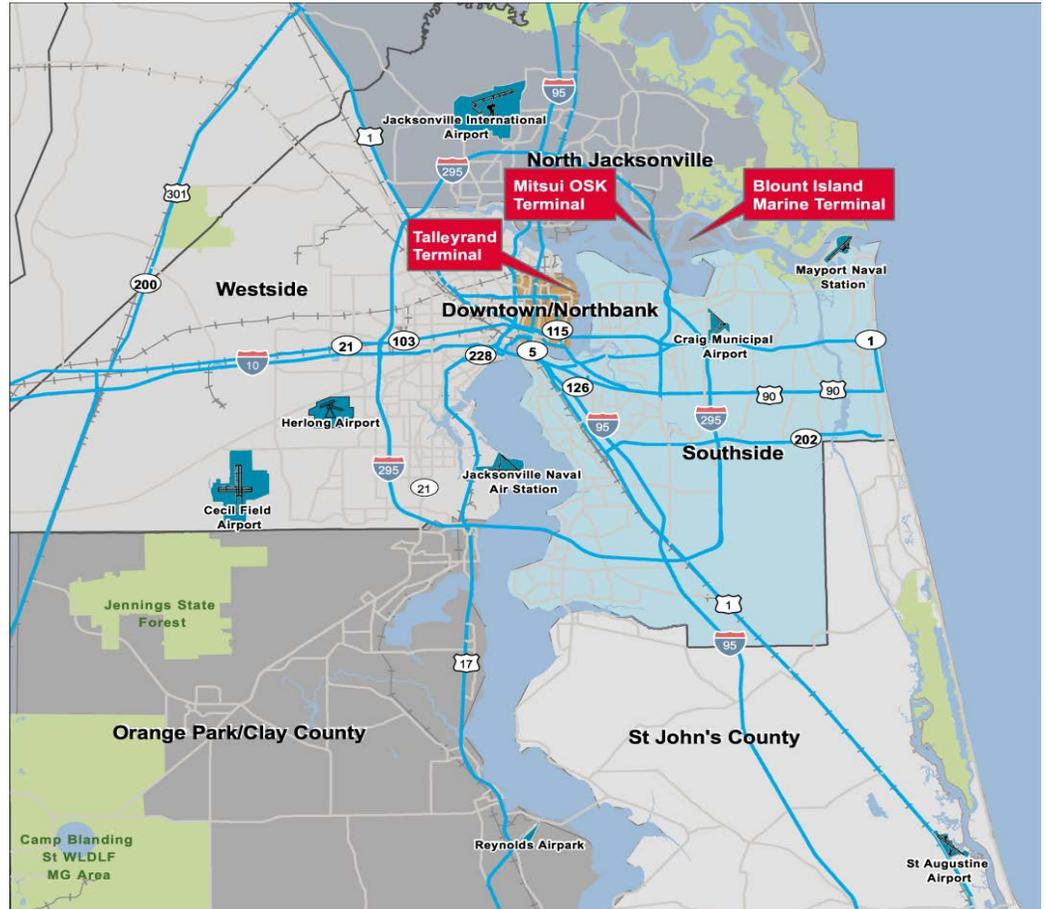


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GDP will continue positive growth, but at a relatively slow pace when compared with the world economy, 2.6% opposed to 3.4%. This will continue generating steady, though not spectacular demand for industrial space. Vacancy rates should continue to decline before plateauing as functional space availability dwindles. Landlords will continue pushing rents at a year-over-year pace in the low- to mid-single digits.

Current construction projects underway are minimal in the market indicating nominal demand for current space. Lease transactions are still being completed, however continuing to drive vacancy rates down. With continued economic growth and lack of available space, it is likely to see new speculative development in the future.

**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	718,940	8.9	\$1.93	0
Northside	22,261,670	126,948	2,155,654	9.7	\$3.93	\$6.49
Westside	44,206,467	0	1,661,888	3.7	\$3.50	\$7.96
Southside	23,103,287	352,677	1,888,948	8.2	\$4.36	\$8.51
Orange Park / Clay	3,982,385	0	400,682	10.06	\$3.80	\$9.60
St. Johns	2,618,080	0	243,698	9.3	\$4.60	\$9.25
<b>Total</b>	<b>104,193,608</b>	<b>479,307</b>	<b>7,269,810</b>	<b>6.9</b>	<b>\$3.68</b>	<b>\$8.39</b>



## JACKSONVILLE 4Q15 INDUSTRIAL MARKET

Local rental rates continue to increase at a slow, but steady pace and increases are expected to continue as the amount of functional, available product leaves the market. Rates will continue to rise until more spec development occurs.

Larger 4<sup>th</sup> Quarter leases include Air Van for 110,000 SF at 11070 Cabot Commerce Circle; moving from JIT to be closer to the ports in order to provide more cross-docking space and transloading of ocean cargo for their larger clients. Eagle View Windows leased 81,000 SF in JIT, investing \$9M in the move in order to prepare for a positive residential building forecast. Finally, Bridgestone leased 80,000 SF off of Bulls Bay Highway piggy-backing off their 3<sup>rd</sup> quarter purchase in Alliance, Florida.

Significant 4<sup>th</sup> Quarter sales include Exeter Property Group's sale of their 57MM SF portfolio nationwide. Global Income Trust sold their 1.1MM SF portfolio consisting of two offices located in Texas and the \$48MM, 820,000 SF warehouse in Jacksonville leased to Samsonite through 2024.

### 4Q Leases

Company	Address	Submarket	Square Footage
Air Van	11070 Cabot Commerce Cir.	Northside	110,000
Eagle View Windows	13340 International Pkwy.	Northside	81,000
Bridgestone	4910 Bulls Bay Hwy.	Westside	60,000
Grimes Logistics	8291 Forshee Dr.	Westside	39,829
GTS	8291 Forshee Dr.	Westside	33,862
Textron	8551 Westside Industrial Dr.	Westside	33,026
Fattle Stairs & Rails	465 Tresca Rd.	Southside	29,128

### 4Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
Exeter Property Group	Abu Dhabi Investment Authority	57,441,102	\$3,150,000,000	\$54.84
Global Income Trust	Griffin Capital Essential Asset REIT	1,101,014	\$96,350,000	\$87.51
US 1 Distribution Center, LLC	E4 Holdings LLC	142,298	\$3,650,000	\$25.65
Laney & Duke Terminals	Lit Ld Jax 26 LLC	203,640	\$2,990,000	\$14.68
Liberty Property Trust	Pattillo Industrial Real Estate	115 ACRES	\$6,733,000	\$58,548/ACRE

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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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