



JACKSONVILLE
1Q16 INDUSTRIAL MARKET

RETAIL BLAZES THE TRAIL

National retailers signed four of the five largest deals in the first quarter of 2016 (Bob Bach, NGKF research), with Amazon accounting for two of the four. Web based sales from national retailers are driving the need for distribution space. As more consumers continue to make purchases online and forego the drive to the store, we can only expect the need for more, larger, and more densely spaced distribution centers to rise as well.

Following suit with national trends, Jacksonville realized positive absorption in the first quarter, dropping vacancy rates from 6.9% to 6.3%. The city was actually recognized as one of the top three fastest growing industrial markets in the country according to NGKF research metrics measuring percentage change in occupied space over time. Nationally, occupied space increased 0.4%, while Jacksonville exceeded 1% as a whole. Echoing the success of the local market is the fact that while national new construction starts slid, Jacksonville added more new construction in the first quarter to increase market product supply.

Key Indicators

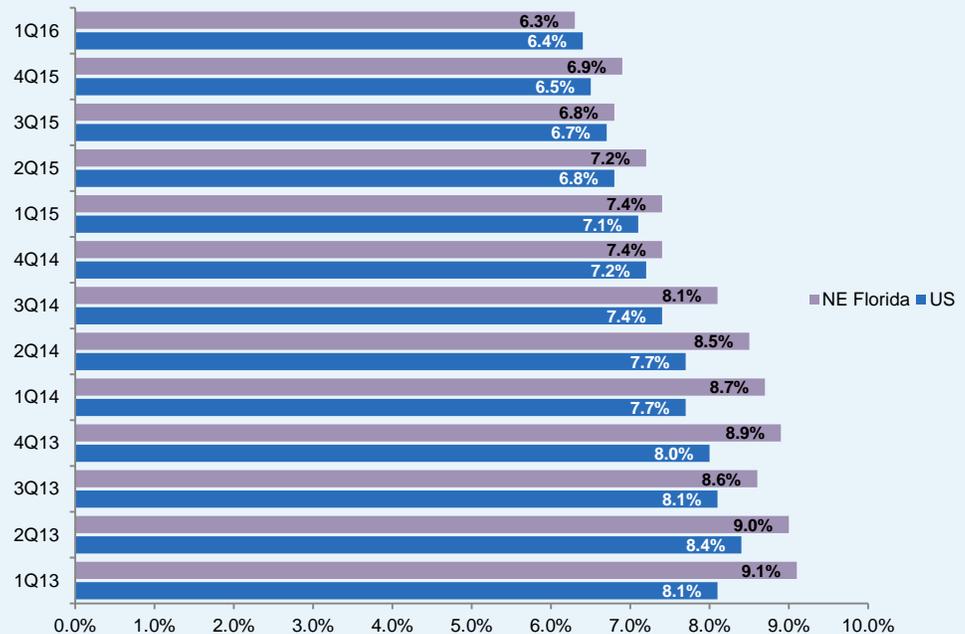
Total Inventory (SF)	104,193,608		
	1Q16	4Q15	1Q15
Asking Rent (Price/SF)	\$3.68	\$3.68	\$3.66
Vacancy Rate (%)	6.3%	6.9%	7.4%
Under Construction (SF)	569,851	479,307	943,677

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates



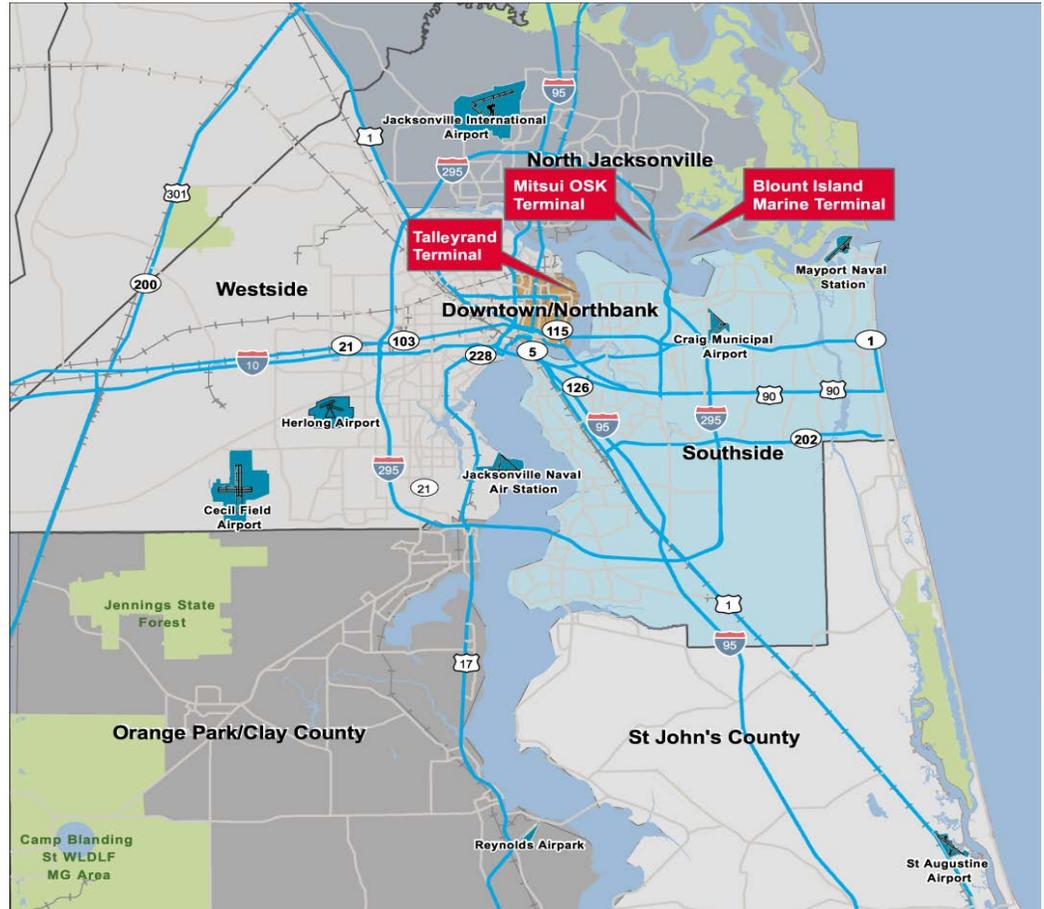


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Even though profits sunk through the quarter and manufacturers and businesses have pulled back, job growth has continued pace. This indicates that businesses are looking beyond this short-term slump in order to maintain their workforce as the labor market tightens. Large, industrial, retail space continues to be of great importance in the market, indicated by the seemingly inverse relationship between weak business spending and strong consumers.

Unlike the rest of the country, where most markets saw a decrease in the number of square feet of space under construction, Jacksonville saw another project begin for ±90,000 square feet. Local vacancy rates also continued their long-term declining trend; reaching 6.3% average across all markets and down 1.1% from 1st quarter, 2015.

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	680,457	8.5	\$1.93	0
Northside	22,261,670	126,948	2,150,654	9.7	\$3.93	\$6.49
Westside	44,206,467	90,226	1,368,601	3.1	\$3.50	\$7.96
Southside	23,103,287	352,677	1,721,358	7.5	\$4.36	\$8.51
Orange Park / Clay	3,982,385	0	389,682	9.8	\$3.80	\$9.60
St. Johns	2,618,080	0	243,698	9.3	\$4.60	\$9.25
Total	104,193,608	569,851	6,554,450	6.3	\$3.68	\$8.39



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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 supply enters the market.

Larger 4th Quarter leases include Saddle Creek's renewal and expansion for ±363,000 SF at 12751 Gran Bay Parkway. Johnstone supply leased 168,500 square feet in Pattillo's property located at 4601 Bulls Bay Highway, and Interstate Distributor leased ±70,020 square feet at 3700 Port Jacksonville Parkway.

Significant 4th Quarter sales include Iconic's purchase of the E. Doro Fixture Co. building located at 102 A Philip Randolph Blvd. Farley Grainger of Iconic envisions the site to be a future combined mixed-use location with food, office, and potentially residential development close to Everbank Field. FSB Holdings purchased the ±37,500 square foot facility at 4930 Spring Park Road for \$1.5MM, and Browne Mgmt., LLC sold their ±43,404, 2.12 acre facility at 8051 Bayberry Road for \$1.4MM.

1Q Leases

Company	Address	Submarket	Square Footage
Saddle Creek	12751 Gran Bay Pkwy.	Southside	363,000
Johnstone Supply	4601 Bulls Bay Hwy. #200	Westside	168,500
Interstate	3700 Port Jacksonville Pkwy.	Northside	70,020
Fidelitone	7022 A.C. Skinner Pkwy.	Southside	48,280
Sy-Klone International	4390 Imeson Rd.	Westside	42,587

1Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
102 A. Philip Randolph Blvd.	Iconic Real Estate Investments	62,647	\$2,500,000	\$39.91
Barry Segal	FSB Holdings	37,500	\$1,785,000	\$47.60
Browne Mgmt. LLC	Charleston Enterprise	43,404	\$1,400,000	\$32.26
Easton, Sanderson & Co.	Homeguard Holdings	35,000	\$1,038,000	\$29.66
ProLogis	Pattillo	96 ACRES	\$7,175,000	\$74,739/ACRE

**JACKSONVILLE**
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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

Richard Antczak

Director
904.421.4381
ranticzak@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

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