



**JACKSONVILLE  
2Q16 INDUSTRIAL MARKET**

**ABSORPTION  
CONTINUES AT  
RECORD PACE**

Despite lack of glamour typically associated with an economic expansion, the national demand for industrial space continues to surge. In the last 7 quarters, net absorption has broken the 50 million square feet mark 6 times. The net absorption for the first half of 2016 reached 119.2 million square feet, the highest half-year total ever recorded. (Bob Bach, NGKF research). Online mega retailers like Amazon and Wayfair are fueling the demand surge to meet customer demand for their products. Of all deals completed in the first half of 2016, retail users claimed 45% of all ±500,000 square foot and up leases (Bach).

Locally, vacancy rates continue to decline, reaching a new three-year low of 6.0% across all markets and down 1.2% from one year prior. Despite the consistent decline in vacancy, Jacksonville has yet to realize a strong push for greatly increased rental rates. Many leases currently in negotiation are being proposed to tenants at incrementally higher rates from one year ago. We expect signed leases in 3Q16 onward to be at increased rates than those in previous quarters.

**Key Indicators**

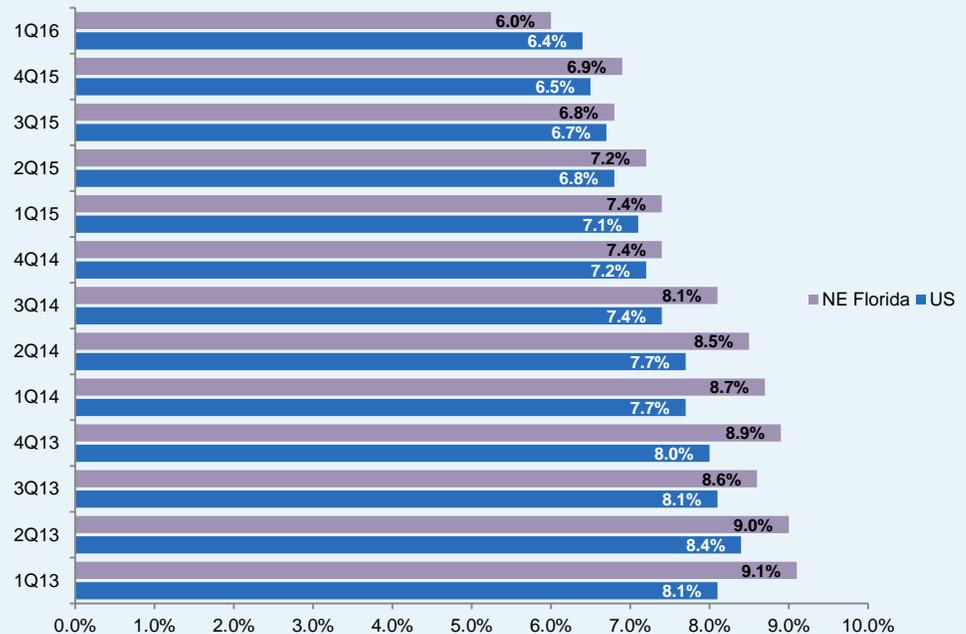
Total Inventory (SF)	104,193,608		
	2Q16	1Q16	2Q15
Asking Rent (Price/SF)	\$3.72	\$3.68	\$3.68
Vacancy Rate (%)	6.0%	6.3%	7.2%
Under Construction (SF)	569,851	569,851	716,625

**Market Analysis**

**Asking Rent and Vacancy**



**US and NE FL Vacancy Rates**

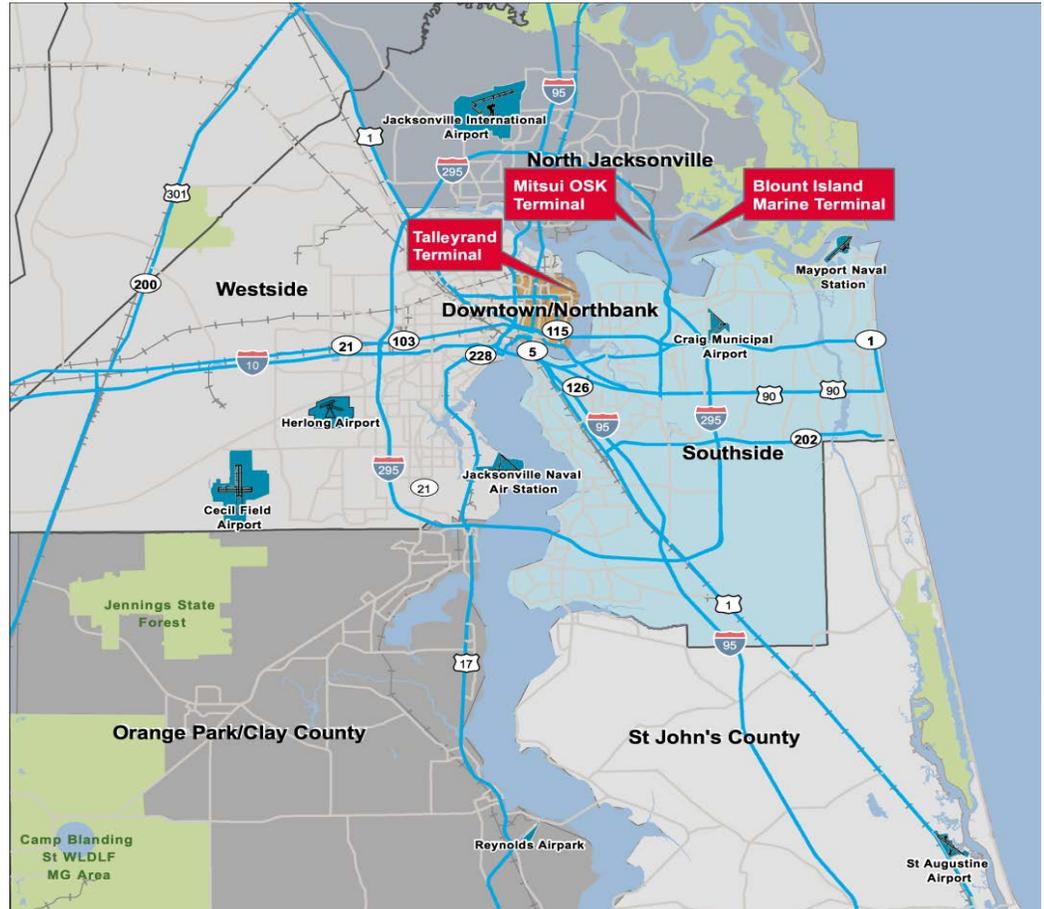




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Jacksonville continues to absorb space at a rate greater than 1.1% of occupied square feet; the second highest rate in the nation for the second quarter in a row. This measure indicates how fast a market is growing despite its size in the national market. If Jacksonville continues to absorb space at the rate that it is, look for more new construction to commence. There is an interesting caveat to new construction that is coupled with higher lending standards being imposed by CRE lending banks. It will be likely that any new construction projects that get underway will be funded privately by wealthy investors or by high credit investment groups with high pre-construction lease commitments. As a whole, the Jacksonville market continues to fill vacant space at a fast pace and will continue to do so.

**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	801,262	8.5	\$1.97	0
Northside	22,261,670	126,948	2,328,947	9.7	\$3.93	\$6.49
Westside	44,206,467	90,226	954,603	3.1	\$3.58	\$7.96
Southside	23,103,287	352,677	1,620,958	7.5	\$4.44	\$8.51
Orange Park / Clay	3,982,385	0	368,682	9.8	\$3.80	\$9.60
St. Johns	2,618,080	0	228,198	9.3	\$4.60	\$9.25
<b>Total</b>	<b>104,193,608</b>	<b>569,851</b>	<b>6,302,650</b>	<b>6.0</b>	<b>\$3.72</b>	<b>\$8.39</b>



## JACKSONVILLE 2Q16 INDUSTRIAL MARKET

Large 2<sup>nd</sup> quarter leases include Venus Swimwear's lease of 103,000 square feet at the One Imeson Center. Ladson Montgomery with Newmark Grubb Phoenix Realty Group represented One Imeson in the lease. NAPA Genuine Auto Parts leased ±82,000 SF at 302 N. Lane Avenue. Finally, City Electric Supply leased ±65,000 square feet of space from Pattillo located at 4601 Bulls Bay Highway.

Large 2<sup>nd</sup> quarter sales include the sale of an 8 building, \$22.7 million dollar portfolio of buildings by HGL Properties to 2016 Cypress Point FL, LLP. The next largest sale was a single asset transaction whereby John Richardson and Bryan Bartlett of Newmark Grubb Phoenix Realty Group represent the seller in the sale of a \$10.5 million dollar transaction of the ±588,000 square foot facility located at 5245 Commonwealth Avenue and purchased by Tower Investments, LLC. Tower also purchased a ±72,373 square foot cold storage facility located at 1505 Dennis Street. Dan Stover from Newmark Grubb Phoenix Realty Group represented the seller in this transaction as well.

### 2Q Leases

Company	Address	Submarket	Square Footage
BMC	243 Lane Avenue	Westside	50,000
City Electric Supply	4601 Bulls Bay Hwy. #200	Westside	65,000
Global Synturf	13291 Vantage Way	Northside	26,709
NAPA	302 N. Lane Avenue	Westside	82,000
Venus	One Imeson Park Blvd.	Northside	103,000
TF Final Mile	9444 Florida Mining	Southside	25,000

### 2Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
HGL Properties	2016 Cypress Point FL LLLP	344,000 (8 bldgs.)	\$22,730,000	\$66.85
FT-WD Property LLC	Tower Investments, LLC	588,267	\$10,500,000	\$17.85
Pine Hyatt Road Holdings, LLC	Dynarex Corp.	278,982	\$3,275,000	\$11.74
Mail Well Corp.	Hans-Mill Corp.	120,482	\$3,000,000	\$24.90
SBC REO LLC	Trophykits.com	48,700	\$1,565,000	\$32.14
Caribbean Cold Storage	Tower Investments Group	72,373	\$1,000,000	\$13.82

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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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