



JACKSONVILLE
3Q16 INDUSTRIAL MARKET

CONTINUING RECORD PERFORMANCE

The demand for industrial space continues to defy all previous economic logic. Nationally, we continue to experience one of the slowest economic expansions since World War II, yet the national industrial market continues to set record after record pertaining to absorption, vacancy, and rent growth.

Online mega retailers such as Amazon continue to gobble up real estate in order to meet the ever-growing demand of their customers. Nationally, the company signed two of the five largest distribution center leases in the 3rd quarter with 2, 1 million square foot transactions, bringing their total to 13.8 million square feet year to date (Bob Bach, NGKF research). The retail giant has begun development of an 800,000 SF facility locally, expected to bring 1,500 jobs to the First Coast by 2019 (Timothy Gibbons, JBJ).

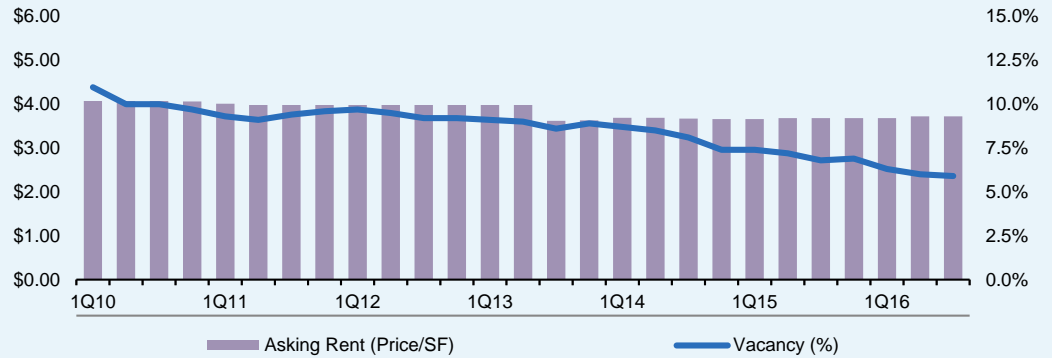
Local industrial markets continue to observe a downward trend in vacancy, although at a slower rate than previous quarters. YOY vacancy rates are down 13.24% locally. Asking rental rates remained stable, quarter to quarter, but are up 1.09% YOY.

Key Indicators

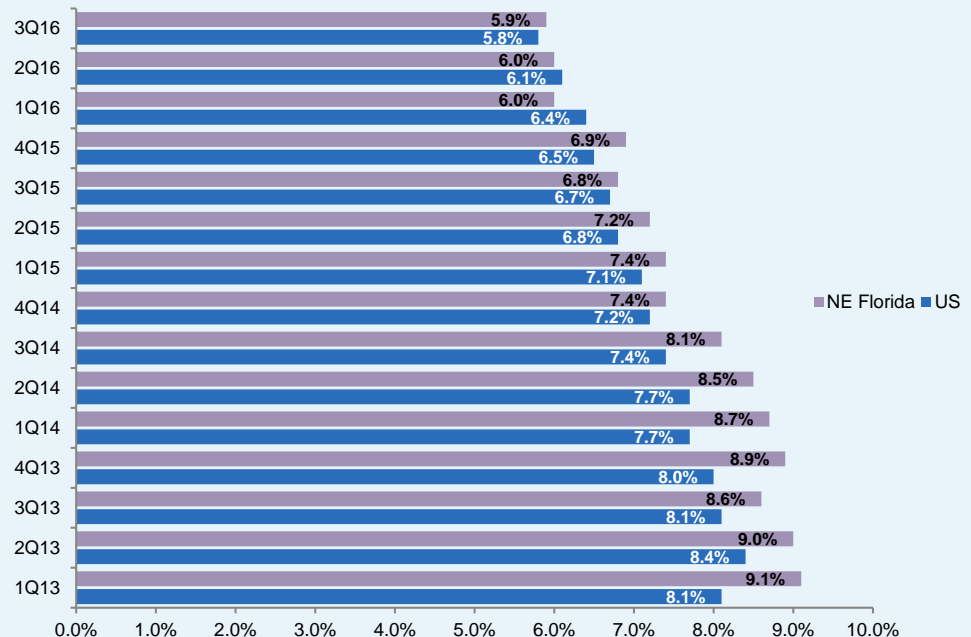
Total Inventory (SF)	104,546,285		
	3Q16	2Q16	3Q15
Asking Rent (Price/SF)	\$3.72	\$3.72	\$3.68
Vacancy Rate (%)	5.9%	6.0%	6.8%
Under Construction (SF)	1,097,226	569,851	716,625

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates





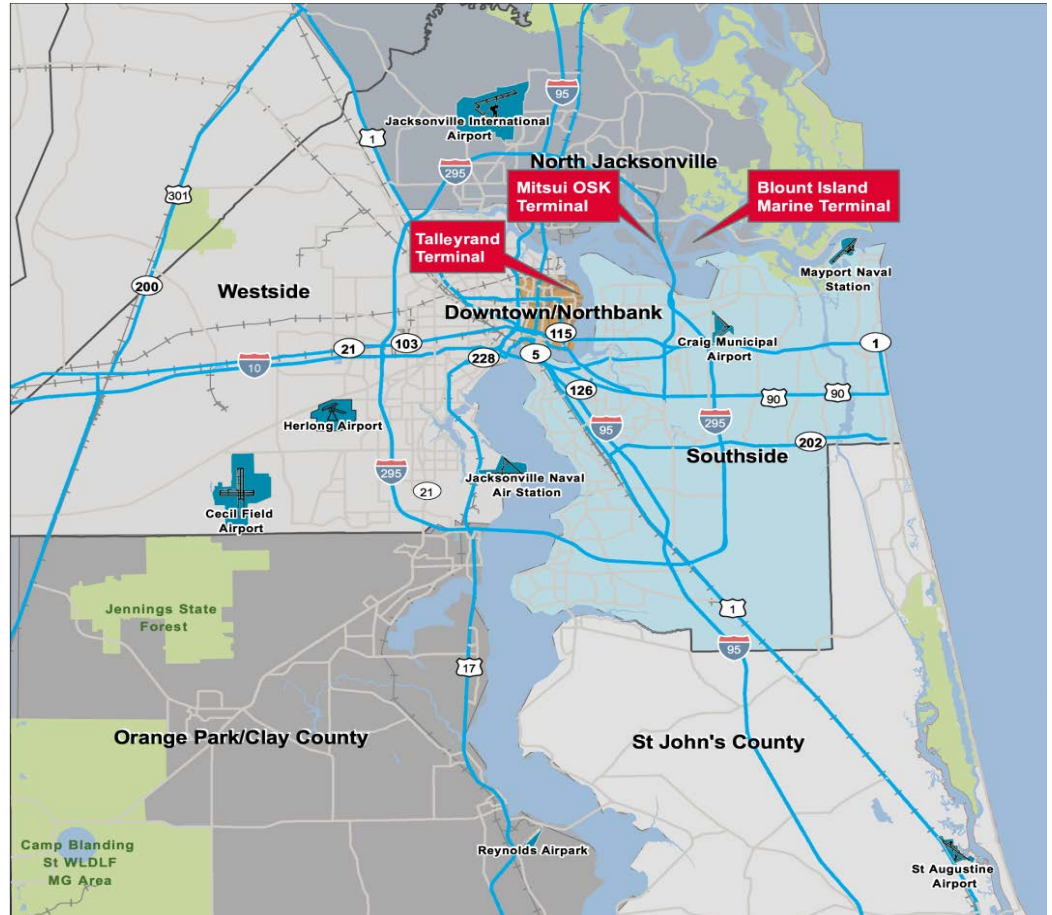
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Industrial demand in the Westside market continues at an unparalleled pace. Vacancy in the submarket is down to 1.5% and average asking rates are beginning to rise nominally.

With the introduction of Amazon to the Jacksonville industrial market, it is our hope that other large companies will recognize that Jacksonville is a developing metropolitan area with a solid, diverse work-force and growing population.

In all, Jacksonville continues to model the trend of national growth, but at a pace that is moderately slower. This creates a positive outlook for the city as we expect rental rates to continue to climb, vacancy to decline, and eventually, speculative construction from local and regional developers to begin to meet user demand.

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	898,422	11.2	\$1.97	0
Northside	22,261,670	1,007,000	2,290,625	9.7	\$3.93	\$6.49
Westside	44,206,467	90,226	677,915	1.5	\$3.58	\$7.96
Southside	23,455,964	0	1,732,518	7.4	\$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
Total	104,546,285	1,097,226	6,196,360	5.9	\$3.72	\$8.39



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Large 3rd quarter leases include Johnstone Supply's lease of ±168,500 square feet in the Westside Industrial Park. The Grimes Companies leased ±119,000 SF at 8291 Forshee Drive. USPS, also leased ±119,000 SF in the Westside Industrial Park. It was a great quarter for Georgia-based real estate developer Pattillo Industrial Real Estate, as they are the landlord successfully retaining 4 of the largest 6 deals of the quarter.

Large 2nd quarter sales include the sale of a 3 building, \$24 million dollar portfolio of buildings by Crocker Partners, LLC to Eastgroup Properties, Inc. Crocker purchased the Flagler Center along Philips Highway and spun off the industrial portion of the portfolio to Eastgroup. The next largest sale of the quarter includes Heart Utilities of Jacksonville purchasing a 101,906 SF 8.3 Acres site from Pro-Build Real Estate Holdings, LLC for \$1,725,000. Our final highlighted sale of the quarter includes NEFL Holdings, LLC purchasing a 28,972 SF facility from Madaket Brothers, LLC for \$1,200,000.

3Q Leases

Company	Address	Submarket	Square Footage
Johnstone Supply	4601 Bulls Bay Hwy	Westside	168,500
The Grimes Companies	8291 Forshee Drive	Westside	119,000
USPS	Westside Industrial Park	Westside	119,000
CIL	1550 Ellis Road	Westside	96,000
Victory Packaging	8000 Forshee Drive	Westside	79,500
Easterday Farms	4030 Deerpark Blvd. #100	St. Johns	71,000

3Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
Crocker Partners, LLC	Eastgroup Properties, Inc.	369,000 (3 Buildings)	\$24,025,000	\$64.97
Pro-Build Real Estate Holdings, LLC	Heart Utilities of Jacksonville, Inc.	101,906	\$1,725,000	\$16.93
Atlantic Land Improvement Co.	1501 Haines Street, LLC	154,000	\$1,279,571	\$8.31
Madaket Brothers, LLC	NEFL Holdings, LLC	28,972	\$1,200,000	\$41.42
Westside & 45 th , LLC	Monison Pallets, Inc.	41,073	\$1,000,000	\$24.35

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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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