



**JACKSONVILLE
4Q16 INDUSTRIAL MARKET**

**A RECORD SETTING
YEAR**

In a year where several giant retailers upped their investment in web-based ecommerce, the industrial markets around the country were the direct beneficiary, hitting several milestones in 2016.

Nationally, net absorption totaled 52.1 MM square feet in the 4th quarter (Bob Bach, NGKF research). This was the 9th consecutive quarter above 50 MM square feet, pushing annual absorption above 261.7 MM square feet—the 7th consecutive annual increase and 3rd consecutive record-setting year. Locally, Jacksonville’s industrial market realized a net absorption of 2.2 MM SF in 2016. The Jacksonville Industrial market as a whole continues its steady decline in vacancy, currently at 5.6% as a whole. Rates will continue to rise as inventory tightens and new construction projects are completed that demand higher rental rates.

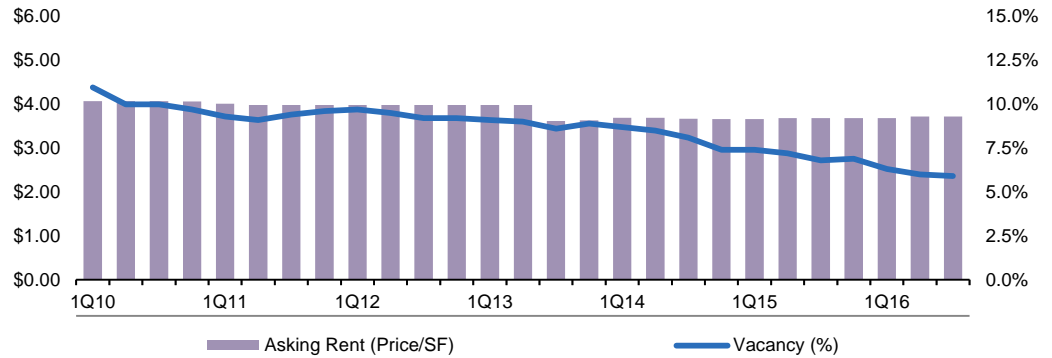
There is no cause for concern in the industrial market, both locally and nationally. With the promise of overseas manufacturing, assembly, and other formerly outsourced jobs potentially returning to American soil, we stand to realize a greater surge in demand for quality industrial space.

Key Indicators

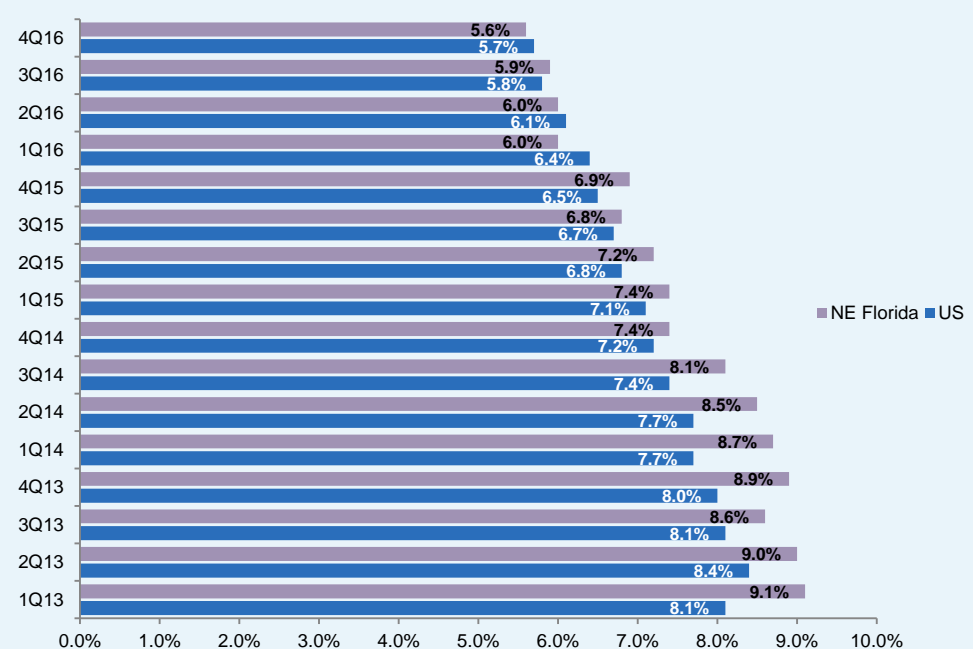
Total Inventory (SF)	104,546,285		
	4Q16	3Q16	4Q15
Asking Rent (Price/SF)	\$3.72	\$3.72	\$3.68
Vacancy Rate (%)	5.6%	5.9%	6.9%
Under Construction (SF)	3,097,226	1,097,226	479,307

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates

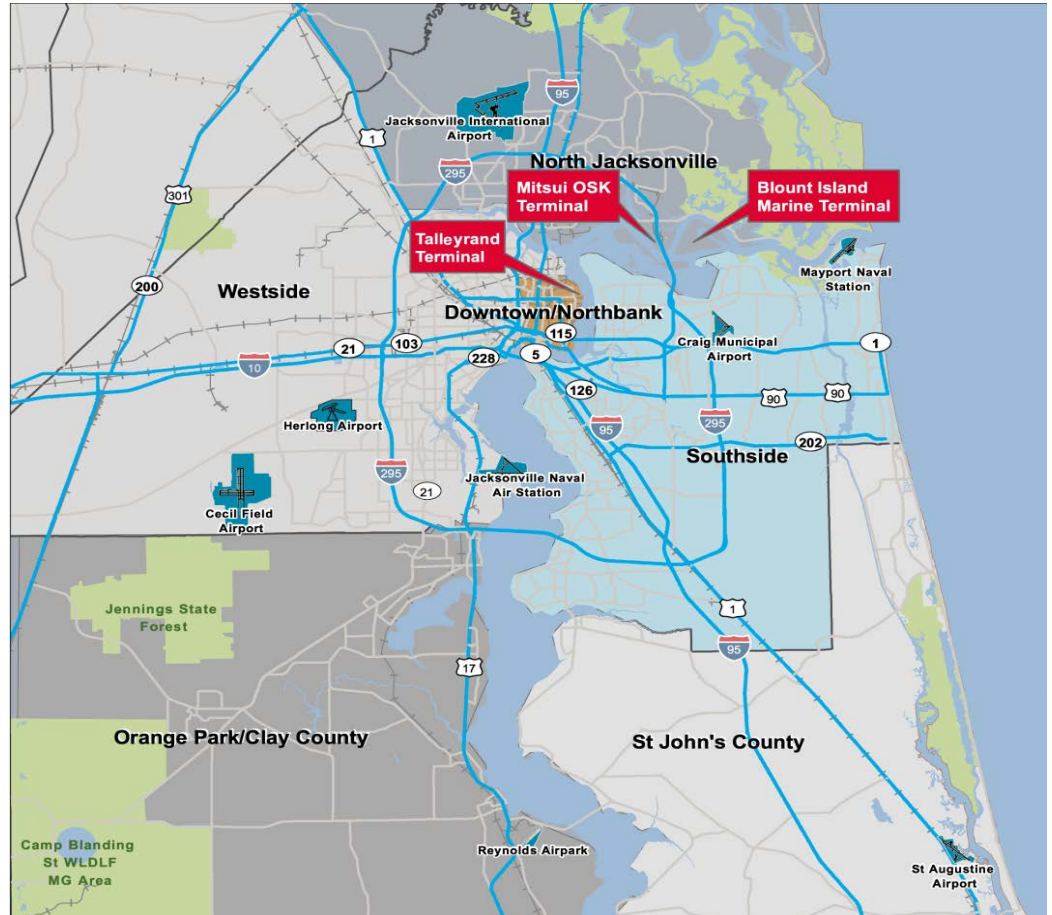




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The Westside Industrial Submarket continues to set the trend in Jacksonville. It has the largest amount of inventory at 44.2 MM SF and the lowest vacancy rate, 1.3%, in the city. Proximity to rail service and attractive rental rates drive industrial tenants to the area. Following closely behind is the Northside Submarket. Slightly higher rental rates and average need for port access continue to move that Submarket along at a relatively moderate pace. Encouraging news for small businesses can be inferred from the Southside Submarket. Traditionally seen as a market for smaller users, the vacancy rate there is beginning to decline more steadily as more users make the leap from home-based business to leasing professional space commercially. Overall, the Jacksonville Industrial market continues its upswing following suit with the rest of the US.

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	2,118,781	9.5	\$3.93	\$6.49
Westside	44,206,467	2,090,226	592,129	1.3	\$3.58	\$7.96
Southside	23,455,964	0	1,677,518	7.2	\$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	3,097,226	5,883,730	5.6	\$3.72	\$8.39



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Large 4th quarter leases include Custom Assembly's lease of ±85,786 square feet in the Westside Industrial Park. Amazon leased ±63,165 SF at 11084 Cabot Commerce Circle; their second large block of space in Jacksonville. Niles, also leased ±55,000 SF in the Westside Industrial Park. Of note, as the Westside market continues to fill its remaining vacancies, industrial leasing activity has picked up in the Northside Submarket as evidenced by 4 the 6 largest deals of the quarter taking place in that area.

Large 4th quarter sales include the sale of USAA Real Estate Co.'s 469,830 SF facility to Gramercy Property Trust for \$24,126,463. The next largest sale of the quarter includes Store Master Funding XIV, LLC purchasing a 115,210 SF facility from Standard Precast for \$7,500,000. Our final highlighted sale of the quarter includes Iguana Investments Florida, LLC purchasing a 144,000 SF facility from Casework of America for \$4,150,000.

4Q Leases

Company	Address	Submarket	Square Footage
Custom Assembly	8215 Westside Industrial Drive	Westside	85,786
Amazon	11084 Cabot Commerce Circle	Northside	63,165
Niles	8451 Western Way	Southside	55,000
Evolution	13845 Alvarez Road	Northside	41,922
Harte Hanks	1333 Tradeport Drive	Northside	35,154
Red hawk	13845 Alvarez Road	Northside	31,603

4Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
USAA Real Estate Co.	Gramercy Property Trust, Inc.	469,830	\$24,126,463	\$51.35
Standard Precast	Store Master Funding XIV, LLC	115,210	\$7,500,000	\$65.10
Casework of America	Iguana Investments Florida, LLC	144,000	\$4,150,000	\$28.82
Big Box Property Owner FL, LLC	Australia Holdings 2, LLC	157,355	\$3,000,000	\$19.07
465 Tresca Road Realty	Fratte Stairs & Rails, Inc.	29,128	\$1,220,000	\$41.88

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kharding@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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