



JACKSONVILLE
1Q17 INDUSTRIAL MARKET

THE STRONG MARKET CONTINUES

As mega-retailers continue to absorb millions of square feet in the market, their distributors are picking up the pace in space absorption as well. The first quarter of 2017 saw distributors sign two-thirds of all industrial deals across the country (Bob Bach, NGKF Research).

The local industrial market has realized sub 5% vacancy rates, currently hovering at 4.8%, compared to the national average of 5.4%. Quarter to Quarter, asking rental rates have remained stable. We do expect, however, a greater push in escalating new deal rates as available functional space continues to decline.

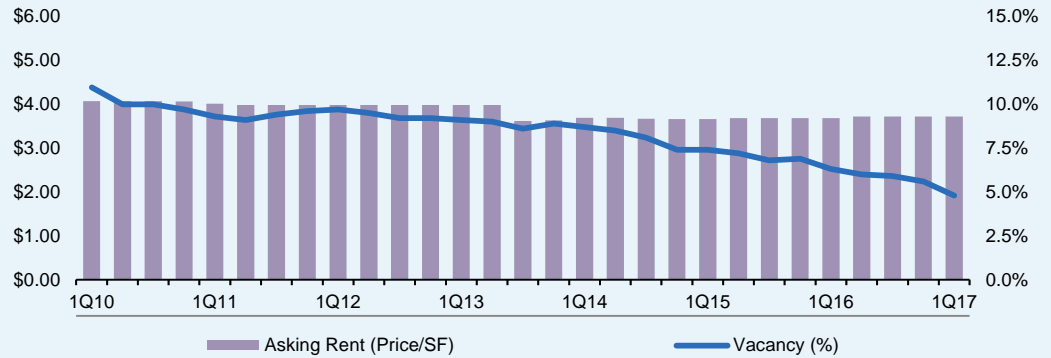
Total square feet under construction has increased by more than 400% year over year. This is largely due to Amazon constructing their new near 1 million square foot facility. There is, however, speculative development underway in our area to help meet the need for available space. Developers are tepid about speculative development locally due to high construction costs and relatively low rents. Rates will need to be pushed higher in order to make spec development more feasible on a larger scale.

Key Indicators

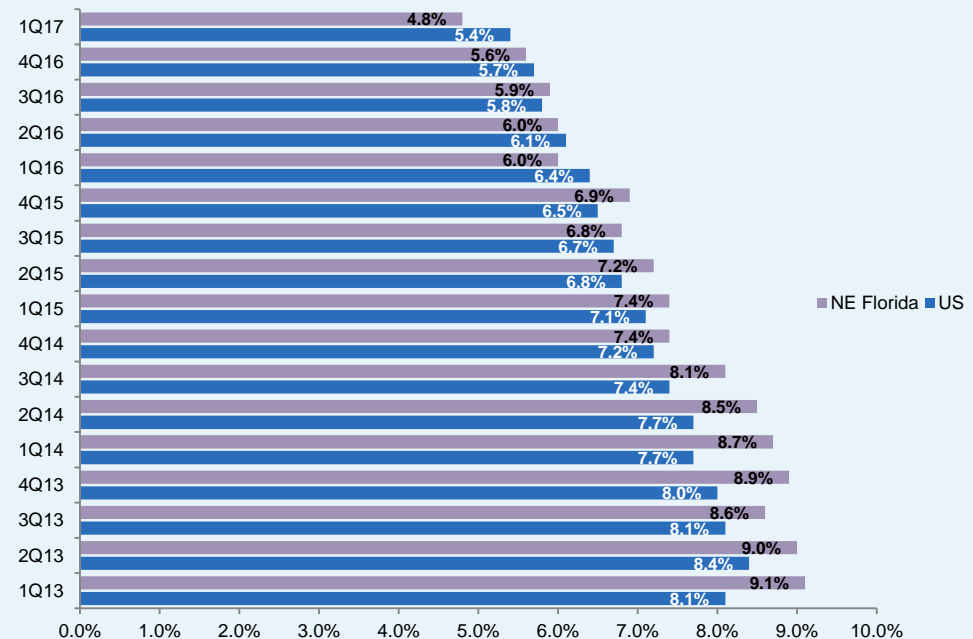
Total Inventory (SF)	104,546,285		
	1Q17	4Q16	1Q16
Asking Rent (Price/SF)	\$3.72	\$3.72	\$3.68
Vacancy Rate (%)	4.8%	5.6%	6.3%
Under Construction (SF)	3,097,226	3,097,226	569,851

Market Analysis

Asking Rent and Vacancy



US and NE FL Vacancy Rates





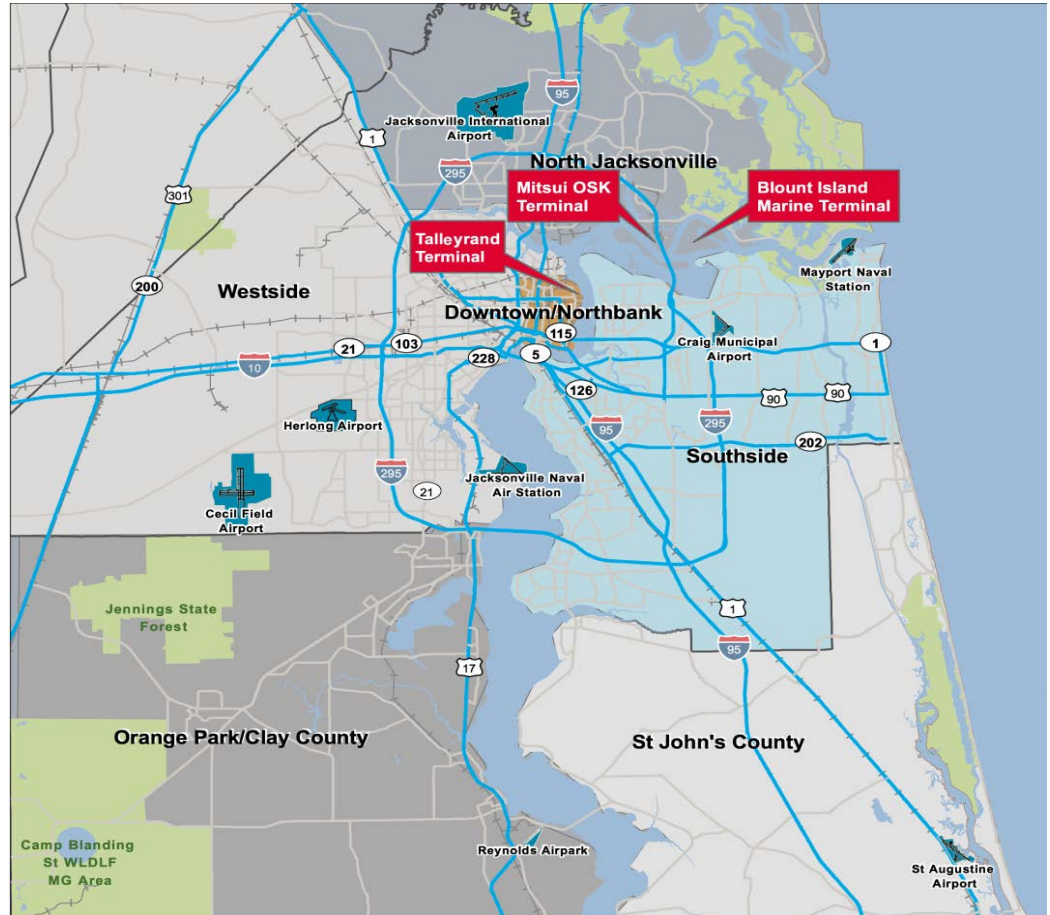
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Jacksonville’s Westside industrial submarket is nearing capacity. Of the ±44 million square feet of inventory, there is only 0.5% of that inventory remaining, some of that being non-functional. The development underway in that submarket is all built-to-suit. It would be wise to expect a rise in rental rates in that area in the coming quarters.

Users that are no longer able to find space on the Westside have turned to the Northside to fulfill their requirement. Vacancy rates will continue to decline in that part of town.

Of note, many smaller users in Jacksonville’s Southside submarket are beginning to absorb space, an indication that confidence in the consumer market is on the upward trend. In previous quarters, those users were home-based businesses.

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	\$2.25	0
Northside	22,261,670	1,007,000	1,684,046	7.6	\$3.93	\$6.49
Westside	44,206,467	2,090,226	218,129	0.5	\$3.58	\$7.96
Southside	23,455,964	0	1,638,518	7.0	\$4.50	\$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	5,035,995	4.8	\$3.72	\$8.39



JACKSONVILLE 1Q17 INDUSTRIAL MARKET

Large 1st quarter leases include Grimes Logistics Services' lease of ±400,928 square feet in the Northport Logistics Center. Newmark Phoenix Realty Group's Dan Stover, John Richardson, and Bryan Bartlett represented the landlord in the transaction. UPS leased ±400,000 SF at 12400 President's Court. Amazon also leased ±237,000 SF at 4948 Bulls Bay Highway; their third large space in the Jacksonville market. Wagner Logistics renewed their ±100,000 SF lease at 109 Stevens Street. Newmark Phoenix Realty Group's Bryan Bartlett represented the landlord in this transaction.

Large 1st quarter sales include the sale of Cabot Properties selling their portfolio of properties consisting of ±19,800,000 SF to DRA Advisors for \$1.07 Billion. Portfolio sales were the leaders this quarter with the sale of Webb Commercial Realty's portfolio of ±3,300,000 SF to MDH Partners, LLC for \$134,000,000. Our final highlighted sale of the quarter includes Big Box Property Owner's sale of their ±101,078 SF facility to Fedeq DB007, LLC for \$4,700,000.

1Q Leases

Company	Address	Submarket	Square Footage
Grimes Logistics Services	11530 New Berlin Road	Northside	400,928
UPS	12400 Presidents Court	Westside	400,000
Amazon	4948 Bulls Bay Highway	Westside	237,000
Wagner Logistics	109 Stevens Street	Westside	100,000
Arrowhead Electric	4601 Bulls Bay Highway	Westside	137,000
Parliament	9621 Florida Mining Blvd.	Southside	39,000

1Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
Cabot Properties (Portfolio)	DRA Advisors	19,800,000	\$1.07 Billion	\$54.04
Webb Commercial Realty (Portfolio)	MDH Partners, LLC	3,300,000	\$134,000,000	\$40.61
Big Box Property Owner, LLC	Fedeq DB007, LLC	101,078	\$4,700,000	\$46.50
Setzers Building Mat. & Const. Corp.	Copart of Connecticut, Inc.	201,000	\$4,223,000	\$21.01
Madronero, LLC	Douglas C Smith	116,000	\$1,840,000	\$15.86

**JACKSONVILLE**
4Q16 INDUSTRIAL MARKET

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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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