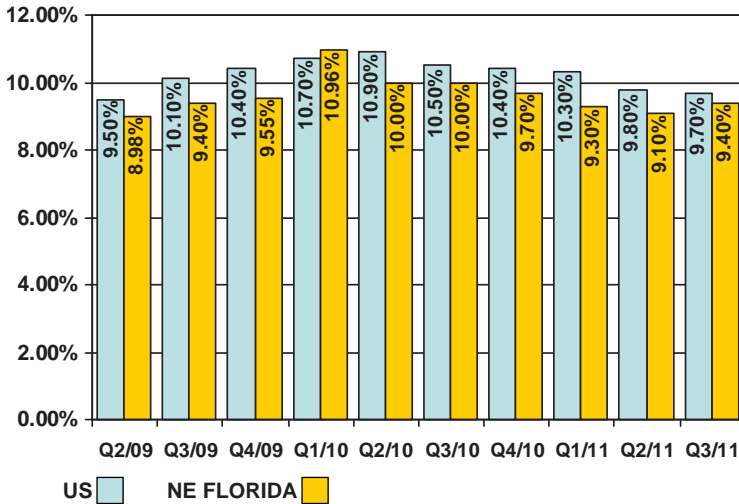


# Industrial Market Trends

# Jacksonville, FL

Grubb & Ellis Research | 3rd Quarter, 2011

## US vs. NE FLORIDA INDUSTRIAL VACANCY RATES



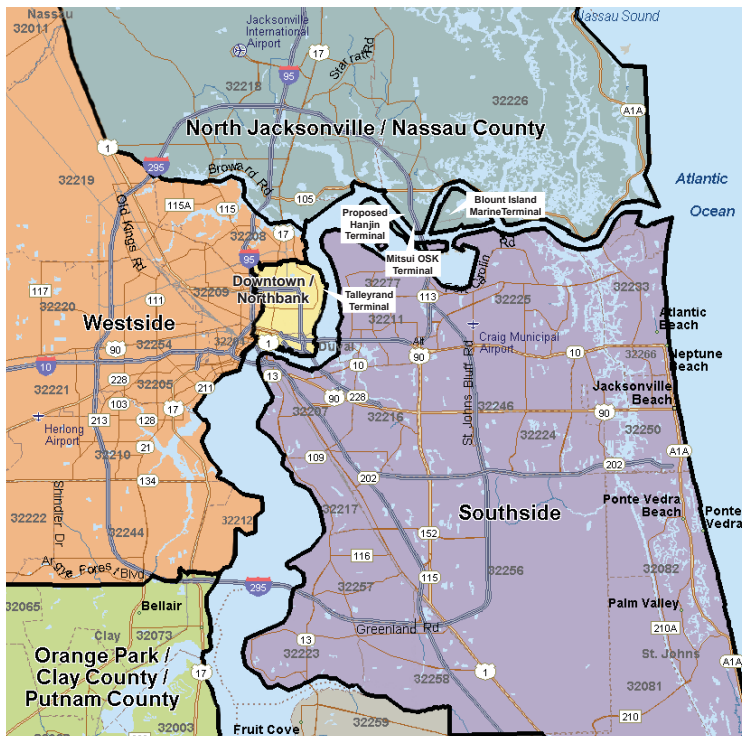
## INDUSTRIAL MARKET CONFIDENCE

Hopefully the summer doldrums are now behind the Northeast Florida industrial market and tenants and buyers will resume their quest for industrial space. 2011 started strong but fell sharply around the end of the 2nd quarter. Local vacancies rose slightly to 9.4% by the end of the 3rd quarter. There is still no new construction which should keep the vacancy rate stable and hopefully decline again by the end of 2011.

The National Director of Industrial Research for Grubb & Ellis, Rene Circ, highlights the following 3rd quarter national statistics:

- 24 million SF of positive net absorption
- 5 million SF of new construction
- 9.7% national vacancy rate
- 1% GDP growth

## JACKSONVILLE SUBMARKET MAP



Local 3rd quarter leases include IEM, LLC in 85,259 SF on Central Parkway, Raymond Handling in 9,217 SF on Vantage Way, Hexis in 22,000 SF on Alvarez Road, Simple Signman in 15,000 SF on Western Way and Bargain Warehouse in 24,600 SF on Arlington Expressway. Demand for larger blocks of space (100K SF & up) slowed during the 3rd quarter while we experienced an increase in demand for 10,000 SF up to 40,000 SF spaces. Lease rates seemed to remain stable with Class A lease rates near \$4.00 nnn psf and Class B and C lease rates ranging from \$2.25 to \$3.50 nnn psf, depending on location and building condition.

There have been no significant industrial land sales and we continue to see these prices come down. Speculative development in Northeast Florida is non-existent and will remain that way as long as we have a lack of financing and low rental rates. The good news is the South and Central Florida markets have been experiencing an increase in their market activity and that could push into Northeast Florida in the next 12-18 months. As base rates push to \$9 and \$10 psf in the South Florida market, some of these users will consider other lower cost areas of our state. We expect to see an increase in the market activity in the 4th quarter due to companies' 2012 plans and our own optimism!

Grubb & Ellis | Phoenix Realty Group, Inc.  
 904.399.5222  
 10739 Deerwood Park Boulevard, Suite 310  
 Jacksonville, FL 32256  
 phoenixrealty.net



## Industrial Market Snapshot | NE Florida - 3rd Quarter, 2011

Submarket	Total SF	Vacant SF	Vacancy Rate	SF Under Construction	Average Asking Rate
Downtown	8,021,719	509,988	6.4%	0	Whse: \$1.80
Northside	22,192,318	3,133,787	14.1%	0	Whse: \$4.03 Flex: \$6.45
Westside	42,943,046	2,880,124	6.7%	0	Whse: \$3.52 Flex: \$7.96
Southside	23,081,982	2,523,995	10.9%	0	Whse: \$4.17 Flex: \$8.48
Orange Park/Clay	3,729,081	359,401	9.6%	0	Whse: \$3.50 Flex: \$9.25
St. Johns	2,618,080	288,467	11.0%	0	Whse: \$5.25 Flex: \$9.50
<b>Total</b>	<b>102,586,226</b>	<b>9,695,762</b>	<b>9.4%</b>	<b>0</b>	<b>Whse: \$3.98 Flex: \$8.34</b>

## Industrial Market Highlights | NE Florida - 3rd Quarter, 2011

1. Hexis leased 22,000 SF at Creekside, Building 1.
2. IEM, LLC. leased 85,259 SF at 11902 Central Parkway.
3. Bargain Warehouse leased 24,600 SF at 6141 Arlington Expressway.
4. Simple Signman leased 15,000 SF at 8948 Western Way.
5. Raymond Handling leased 9,217 SF at 13291 Vantage Way.

## Industrial Market Specialists | Contact Us: 904.399.5222 For More Information



John Richardson  
SIOR, President / Principal  
jrichardson@phoenixrealty.net



Bryan Bartlett  
Vice President  
bbartlett@phoenixrealty.net



Dan Stover  
Vice President  
dstover@phoenixrealty.net



Bobby Gatling  
Vice President  
bgatling@phoenixrealty.net



Aaron Zarle  
Industrial Specialist  
azarle@phoenixrealty.net



Doug Wendell  
dwendell@phoenixrealty.net



Ladson Montgomery  
Global Logistics  
lmontgomery@phoenixrealty.net

Grubb & Ellis | Phoenix Realty Group, Inc.  
904.399.5222  
10739 Deerwood Park Boulevard, Suite 310  
Jacksonville, FL 32256  
phoenixrealty.net

