



1Q14 JACKSONVILLE INDUSTRIAL MARKET

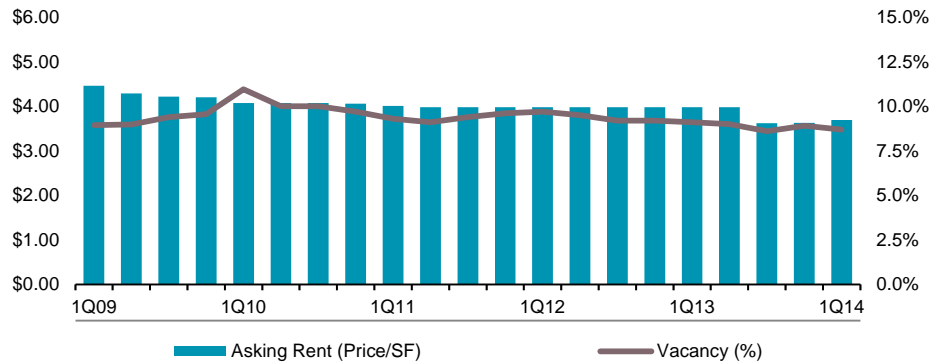
Newmark Grubb
Phoenix Realty Group

POSITIVE RECOVERY

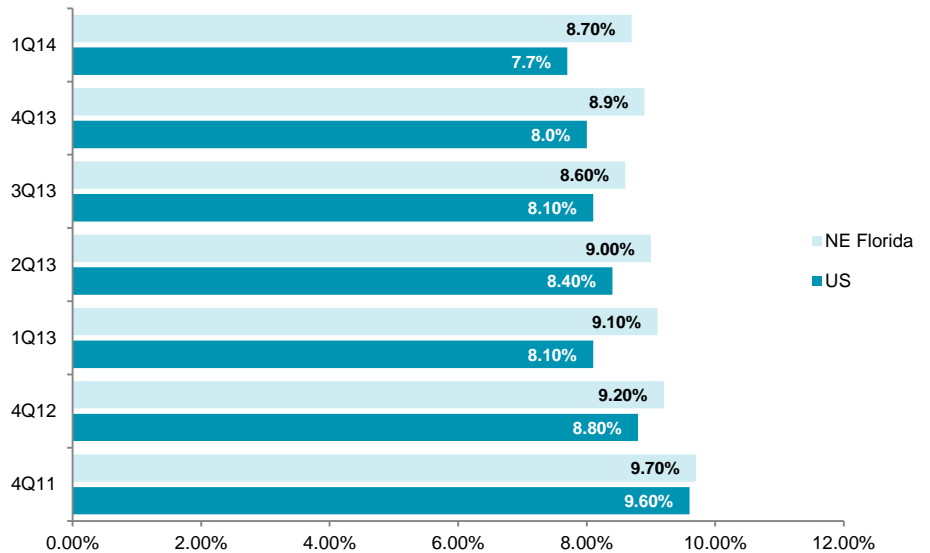
Through the first quarter 2014, the National and NE Florida industrial markets remained positive. As the national vacancy rate continued to decline to 7.7%, NE Florida's vacancy rate dipped to 8.7%. As an indication that the overall industrial market is thriving, markets such as Denver, Charlotte and Las Vegas have seen a 200 basis point or more drop in their vacancy rate over the past four quarters. This shows that recovery has now spread from the larger National Logistics hubs, into more regional markets.

Locally the industrial activity is stable, with investors and owner/users continuing to search for purchase opportunities. Of note, Mackoul Distributors purchased 90,000 sf in the Jacksonville International Tradeport, Ideal Aluminum purchased 146,000 sf in St. Augustine and Dalfen America purchased 91,000 sf of multi-tenant, flex product on the Southside in EastPark. Additional investor and owner/user acquisitions are under contract and scheduled to close early in the second quarter.

Asking Rent and Vacancy



US and NE FL Vacancy Rates



Key Indicators

Total Inventory (SF)	102,677,955		
	1Q14	4Q13	1Q13
Asking Rent (Price/SF)	\$3.69	\$3.63	\$3.98
Vacancy Rate (%)	8.7%	8.9%	9.1%
Under Construction (SF)	933,700	904,700	0

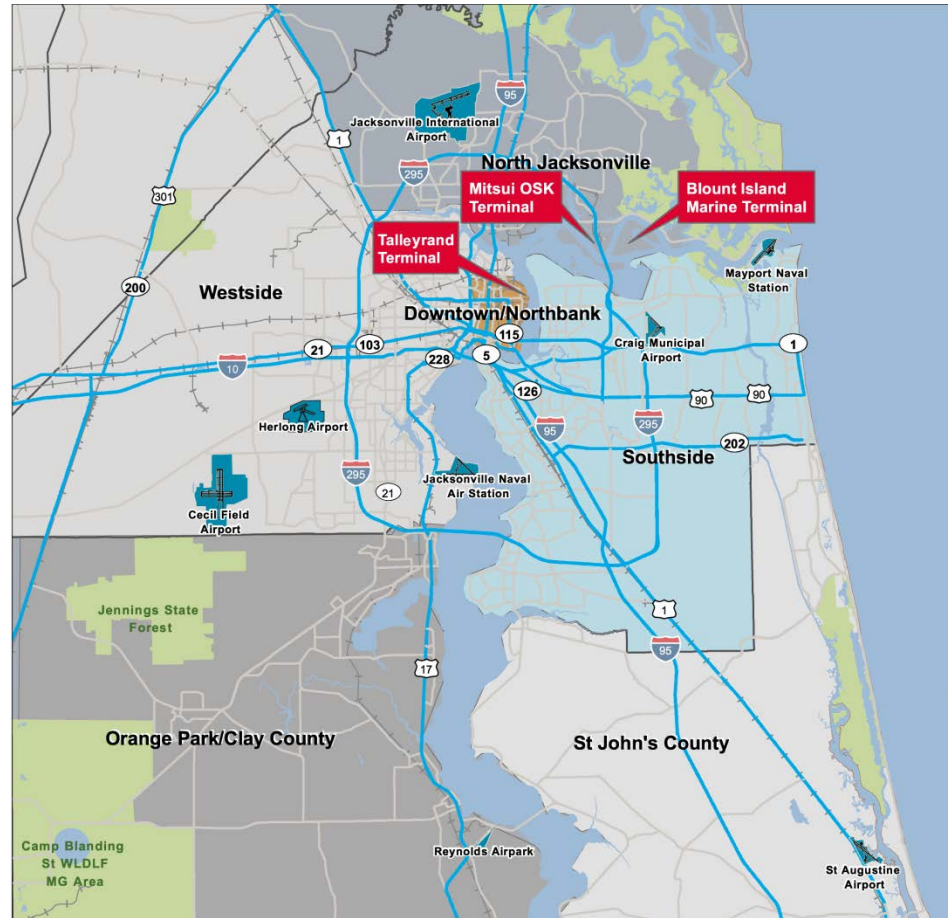
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Leasing activity is not as strong as other major Florida markets, however with the absence of any speculative construction, our vacancy rate declined to 8.7%. Deals of note include Domtar leasing 76,000 sf in Westside Industrial Park, First Coast Pallet leasing 54,000 sf in the Westside market and lease renewals by US Lumber and Wagner for 100,000 sf each, in Green Cove Springs and the Westside market respectively.

Overall the industrial market locally and nationally will remain positive through 2014. According to Bob Bach, NGKF Research Director, the current industrial market strength is driven by corporate supply chain reconfigurations, shifting patterns of global trade and the robust e-commerce sales. As space continues to be absorbed in NE Florida, we could see increased interest in industrial land positions towards the end of the year.

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	522,833	6.5	\$1.88	0
Northside	22,192,318	29,000	2,715,276	12.2	\$3.95	\$6.49
Westside	43,003,870	904,700	2,485,561	5.8	\$3.47	\$7.96
Southside	23,103,287	0	2,378,456	10.3	\$4.31	\$8.51
Orange Park / Clay	3,738,681	0	487,081	13.0	\$3.80	\$9.60
St. Johns	2,618,080	0	349,197	13.3	\$4.60	\$9.50
Total	102,677,955	933,700	8,938,404	8.7	\$3.69	\$8.41

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Select Lease Transactions

Tenant	Building	Submarket	Square Feet
First Coast Pallet	6803 Suemac Place	Westside	54,000
Autobaun	6601 Executive Park Ct. N	Southside	80,000
Domtar	8015 Westside Industrial Dr	Westside	76,400
US Lumber	4627 JP Hall Blvd.	Green Cove Springs	100,000
Wagner	109 Stevens St	Westside	100,000

Select Sales Transactions

Seller	Buyer	Square Feet	Sale Price	Price/SF
Everbank	Sabal Financial Group LP	278,982	\$3,616,475	\$12.96
Flagler Real Estate Services, LLC	Tradeport North, LLC	90,000	\$3,450,000	\$38.33
St. Augustine Real Estate Holdings, LLC	Panther Ideal Holdings, LLC	145,500	\$3,450,000	\$23.71
Suntrust	Dalfen America Corp	91,241	\$3,150,000	\$34.52
David Smith Revocable Trust	Advantus Corp.	120,200	\$1,600,000	\$13.31



Jacksonville

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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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