



2Q14 JACKSONVILLE INDUSTRIAL MARKET

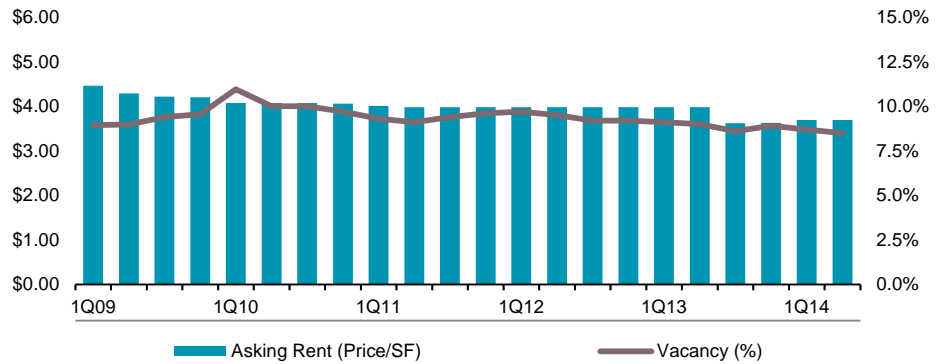
Newmark Grubb
Phoenix Realty Group

POSITIVE ABSORPTION

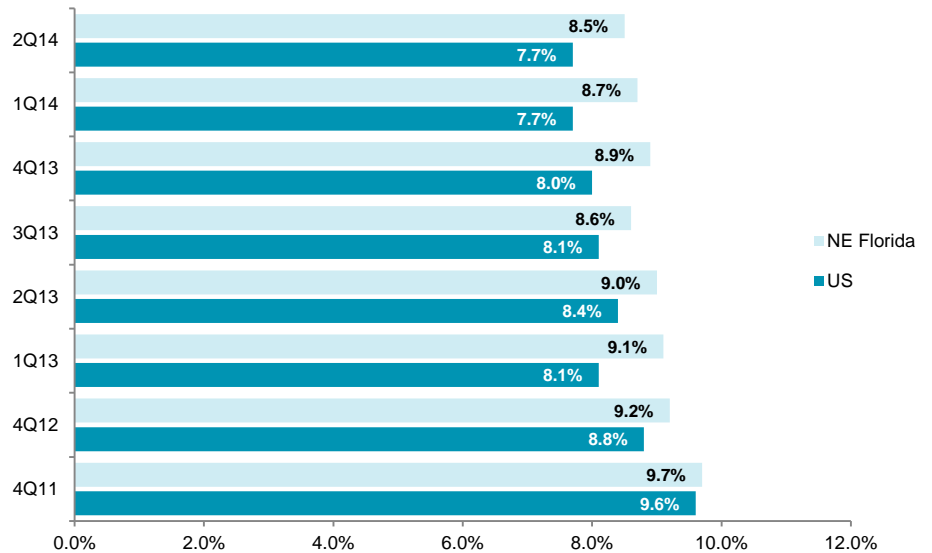
During the second quarter of 2014, the National and NE Florida industrial markets continue to remain positive. As the national vacancy rate held steady at 7.7%, NE Florida's vacancy rate continued its downward trend to 8.5%, compared to 8.7% last quarter. Positive absorption is continuing to play a key role in both the national and local market recovery.

Sales activity in the local industrial market remained steady. Of note Casework of America, Inc. purchased 144,000 sf for \$3.7M, USNR, LLC purchased 160,000 sf for \$2.75M, 401 Ellis, LLC purchased 105,200 sf for \$2.8M, Special Tool Solutions, Inc. purchased 30,625 for \$1.8M and G.T. Tradeport LLC purchased 1351 Tradeport Drive, an industrial building in Jacksonville International Tradeport on the Northside for \$2.92M.

Asking Rent and Vacancy



US and NE FL Vacancy Rates



Key Indicators

Total Inventory (SF)	102,677,955		
Asking Rent (Price/SF)	2Q14 \$3.69	1Q14 \$3.69	2Q13 \$3.98
Vacancy Rate (%)	8.5%	8.7%	9.0%
Under Construction (SF)	933,700	933,700	0

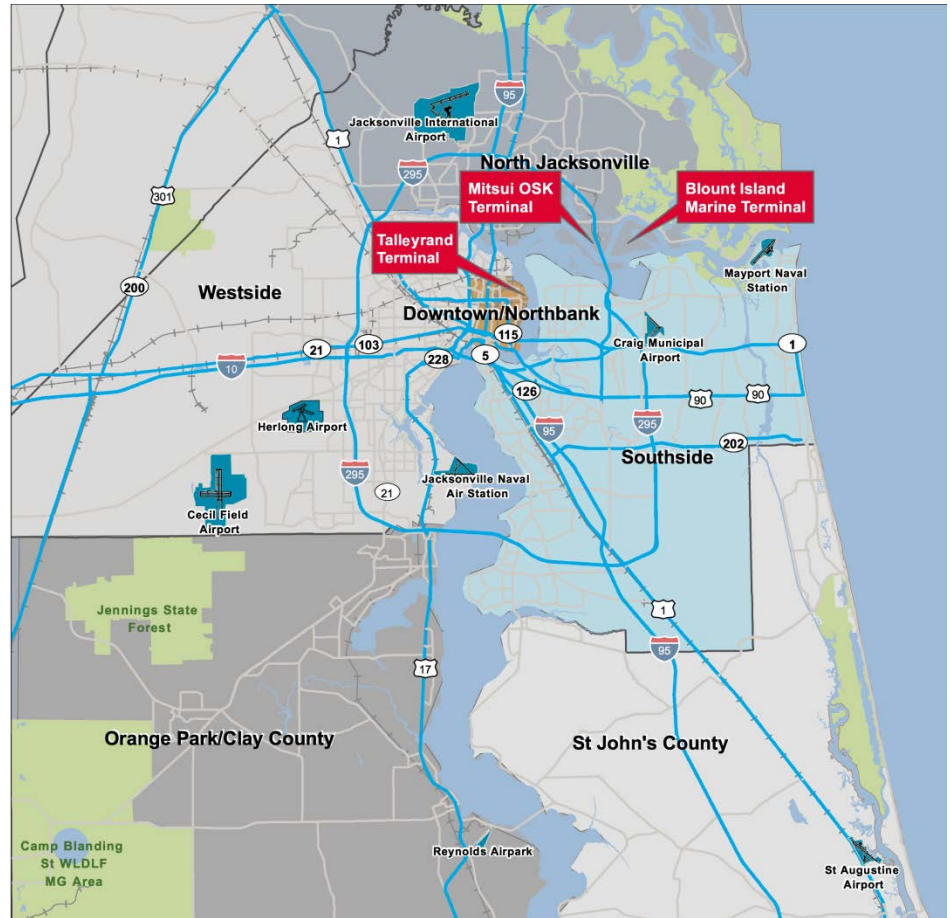
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Leasing activity is down, however positive absorption continues to push our vacancy rate down to 8.5%. Deals of note include 2nd quarter leases Corr Digital at 6100 Philips Hwy. for 67,000 sf in the Southside submarket, Hilex Poly in the Westside submarket, Hilex Poly in the Westside submarket at 500 Ellis Rd. for 52,500 sf and Railex's lease at 12740 Kenan Dr. in the Southside submarket for 42,700 sf while their facility is being completed.

Overall the industrial market locally and nationally will remain positive through 2014. According to Bob Bach, NGKF Research Director, the latest readings for manufacturing output, retail and wholesale inventories and new orders for durable goods all increased, suggesting demand for industrial space will be sustained for the next several quarters.

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	2,769,411	12.5	\$3.95	\$6.49
Westside	43,003,870	904,700	2,388,644	5.6	\$3.47	\$7.96
Southside	23,103,287	0	2,239,956	9.7	\$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	8,757,122	8.5	\$3.69	\$8.41

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Q2 Leases

Company	Address	Submarket	Square Footage
Snyder-Lance	6500 Bowden Road., Bldg. 400	Southside	19,200
Corr Digital	6100 Philips Hwy.	Southside	67,000
Raillex	12740 Kenan Dr.	Southside	42,700
Grimes	8551 Westside Ind. Drive	Westside	30,000
Hilex Poly	500 Ellis Rd.	Westside	52,500
WEFLO	2463 Lloyd Rd.	Westside	14,417

Q2 Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
1030 N Ellis Road, LLC	Casework of America, Inc.	144,000	\$3,700,000	\$25.69
H.C. Jacksonville Limited	USNR, LLC	160,000	\$2,750,000	\$17.19
Laney & Duke	401 Ellis, LLC	105,200	\$2,800,000	\$26.62
JT Equities LLC	Special Tool Solutions, Inc.	30,625	\$1,800,000	\$58.78
1351 Tradeport Center LLC	G.T. Tradeport LLC	25,040	\$2,920,000	\$116.61



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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