



4Q14 JACKSONVILLE INDUSTRIAL MARKET

Newmark Grubb
Phoenix Realty Group

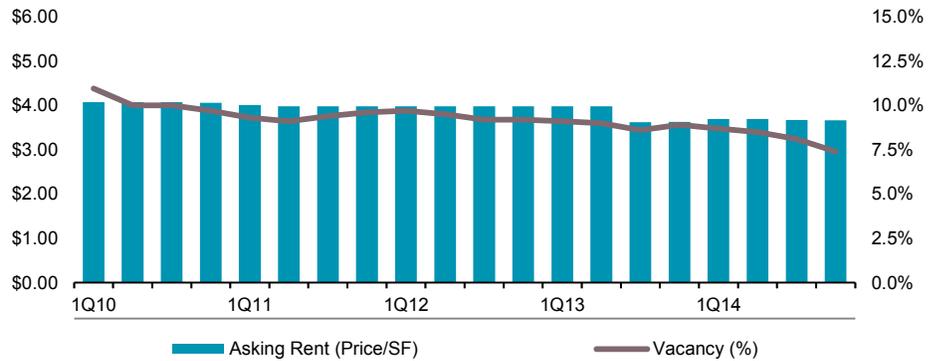
THE YEAR IN REVIEW

The Northeast Florida industrial market gained momentum throughout 2014 and ended the year with a favorably low vacancy rate of 7.4% compared to the national average of 7.2%.

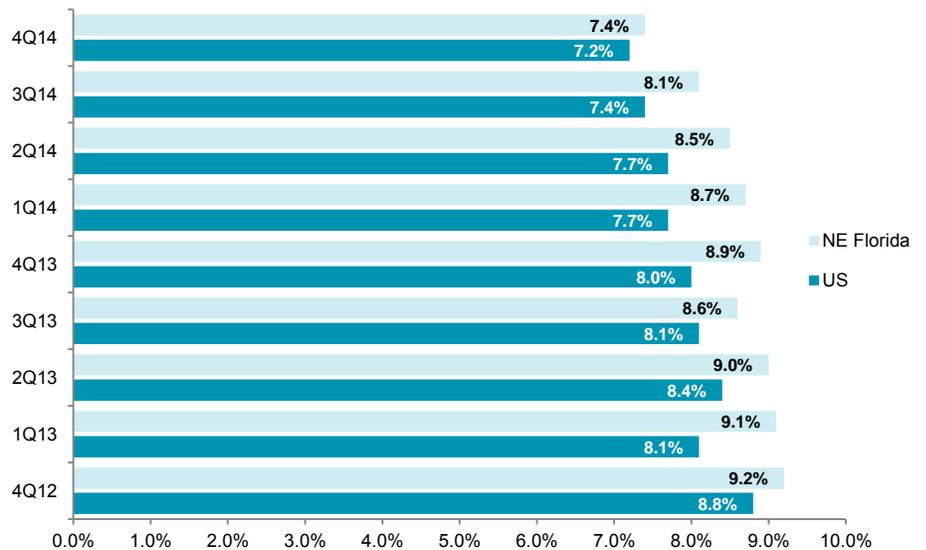
Expansions and relocations contributing to the increased deal volume in 2014 included GE Oil & Gas, Mercedes-Benz, USNR, Fanatics, Building Component Supply and Florida Hardware to name a few. 4th Quarter leases of note include USPS (189,000 SF), Hughes Supply (42,000 SF) and Wheel Pros (20,700 SF). Several 80,000-100,000 SF prospects were touring space in the 4th Quarter and expected to finalize leases in the 1st Quarter of 2015.

Southern Port cities are all experiencing strong industrial activity as companies prepare for increased container shipments to Charleston, Savannah, Jacksonville and Miami. As large retailers continue to push for more “Made in the USA” products, we are seeing foreign manufacturers establishing facilities throughout the Southeast.

Asking Rent and Vacancy



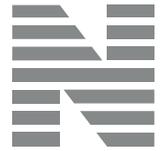
US and NE FL Vacancy Rates



Key Indicators

Total Inventory (SF)	102,677,955		
	4Q14	3Q14	4Q13
Asking Rent (Price/SF)	\$3.66	\$3.67	\$3.63
Vacancy Rate (%)	7.4%	8.1%	8.9%
Under Construction (SF)	465,000	933,700	904,700

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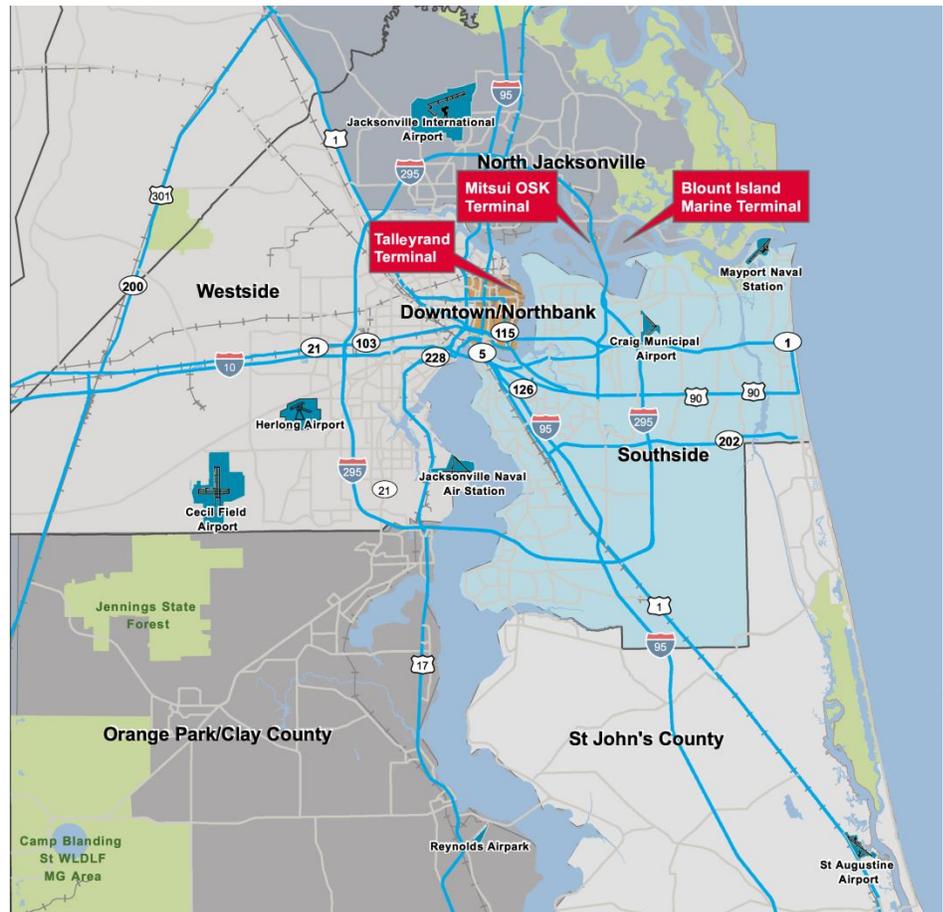
THE FUTURE LOOKS BRIGHT

Capital investments are being made to infrastructure in all of these port locations to prepare for increasing shipments to the area.

Private and institutional investors are actively seeking industrial investments throughout Florida. Continued downward pressure on the capitalization rates is significant in South Florida, and as a result, Northeast Florida is now seeing some of these same investors searching for opportunities in the area. However, with the lack of any new industrial development in the last six years, Northeast Florida doesn't have as much of this product that is available for sale. Expect this to change over the next 24-36 months as developers begin to acquire well located industrial land for new projects.

Lease rates for existing space will continue to increase, while Landlord concessions will decrease, as positive absorption continues throughout 2015.

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	572,610	7.1	\$1.88	0
Northside	22,192,318	70,300	2,279,374	10.3	\$3.92	\$6.49
Westside	43,513,870	394,700	2,023,124	4.6	\$3.45	\$7.96
Southside	23,103,287	0	2,115,806	9.2	\$4.31	\$8.51
Orange Park / Clay	3,738,681	0	334,114	8.9	\$3.80	\$9.60
St. Johns	2,618,080	0	285,613	10.9	\$4.60	\$9.25
Total	103,177,955	465,000	7,610,641	7.4	\$3.66	\$8.39

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4Q Leases

Company	Address	Submarket	Square Footage
USPS	11530 New Berlin Rd	Northside	189,000
Southeast Metals	11801 Industry Dr	Northside	200,000
Hughes Supply	Commonwealth Ave	Westside	42,000
Priton, LLC	21 st Street	Northside	36,000
Fidelitone	6631 Executive Park Ct	Southside	22,000
Wheel Pros, LLC	6600 Pritchard Rd	Westside	20,700

4Q Sales

Seller	Buyer	Square Footage	Sales Price	Price/SF
Unum Group	Graham & Co.	260,075	\$21,000,000	\$80.75
Certain Teed	Wespac Midstream	285,000	\$11,800,000	\$41.40
Arpa USA, Inc.	Quicktie Products	30,300	\$1,172,650	\$38.70
Cenveo Corp.	Covington Group, Inc.	118,000	\$1,000,000	\$8.47
Hubbell Lenoir City, Inc.	GBM Globe Florida, LLC	56,000	\$750,000	\$13.39



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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