

## JAXPORT Drives Industrial Market

As the growth of JAXPORT continues to explode, so does industrial real estate. Not only is Jacksonville seeing more industrial projects, these projects are larger than ever. With the imminent arrival of Mitsui O.S.K. lines in late 2008, it was recently announced that the Jacksonville Port Authority has entered into a memorandum of understanding with Hanjin Shipping Co. Ltd., which could open a terminal by 2011. This revelation could push Jacksonville into the top tier of port cities.

The distribution market currently being tracked is about 87 million square feet. This includes about 9.9 million square feet currently being marketed or 11.5% of availability. Activity for the 3rd quarter was a record 2.8 million square feet that translated into another record, 1.9 million square feet of positive absorption. Thanks to the Samsonite and SLS deals, north Jacksonville (area 85) accounted for 90% of the absorption with 1.7 million square feet. The only area of Jacksonville with any substantial negative absorption was area 50, which registered a negative 288,251 square feet. This can be attributed to the announcement that Dura Automotive Systems would be closing their plant on Florida Mining Boulevard. The Dura plant is about 277,000 square feet.

As reported in the Mid-Year Update, many new industrial projects will be coming on line over the next 18-24 months. It is anticipated that several more announcements could happen in the next 12 months. The estimated combined impact of new build-to-suit and speculative development is expected to be over 8 million square feet.

With the entry of these new players, industrial land has become a challenge. There is a real shortage of land to be purchased for industrial projects, especially land that has zoning, concurrency and development rights. Some other issues with land in northeast Florida involve wetlands and tree mitigation. Most of the ideal sites have been gobbled up; therefore, industrial land values are at an all-time high. In some cases, land values have tripled over the last 24 months. Don't be surprised to see new industrial development head west along I-10 toward I-75...

Jeff L. Graham, SIOR  
 President

### Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	87,148,531	1,945,494	9,987,581	11.5%	2,782,485	94	29,601
Service Center	2,406,205	22,774	444,906	18.5%	72,302	14	5,164

