

Jacksonville's Vacancy Increases to 5.3%

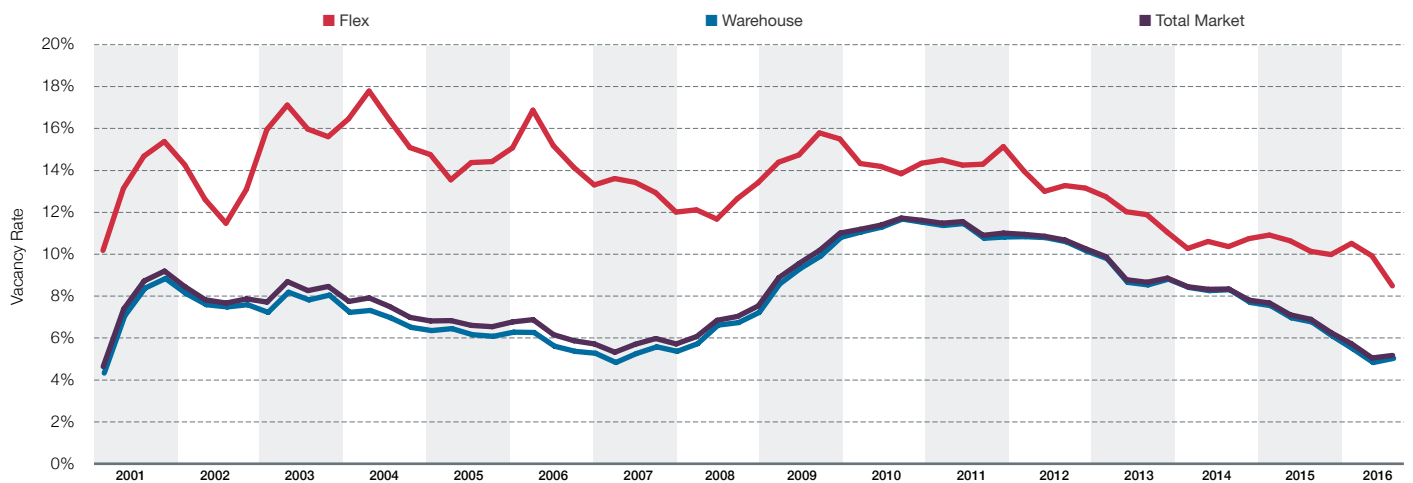
Net Absorption Negative (92,882) SF in the Quarter



Industrial Market Overview

The Jacksonville Industrial market ended the third quarter 2016 with a vacancy rate of 5.3%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (92,882) SF in the third quarter. Vacant sublease space remained unchanged in the quarter, ending at 46,164 SF. Rental rates ended the third quarter at \$4.27, a decrease over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 52,850 SF, with 23,201 SF still under construction at the end of the quarter.

Vacancy Rates by Building Type

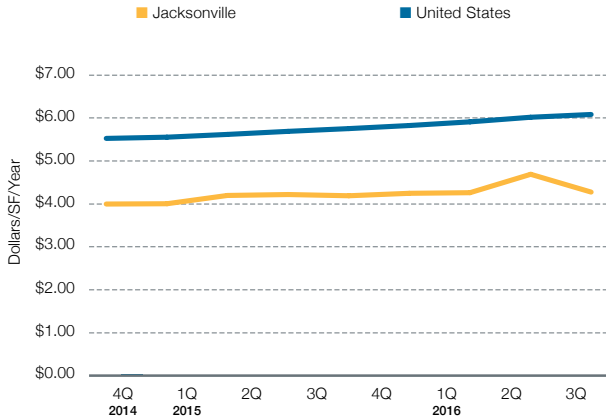


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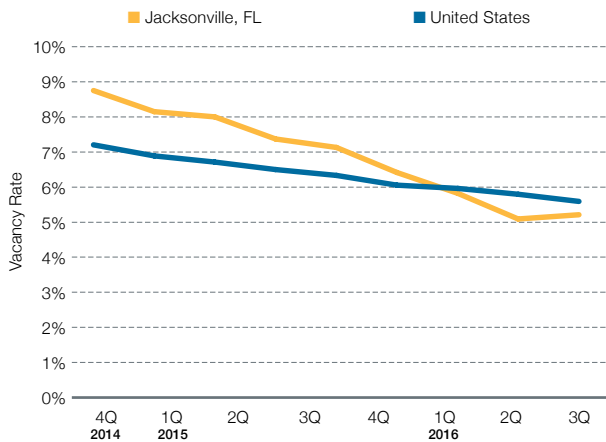
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Data compiled from CoStar Property®

U.S. Rental Rate Comparison



U.S. Vacancy Comparison



Vacancy

The vacancy rate increased to 5.3% at the end of the third quarter 2016. The vacancy rate was 5.2% at the end of the second quarter 2016, 5.9% at the end of the first quarter 2016, and 6.4% at the end of the fourth quarter 2015.

Net Absorption

Net absorption was negative 92,882 SF in the third quarter 2016. That compares to positive 851,233 SF in the second quarter 2016, positive 1,377,740 SF in the first quarter 2016, and positive 1,339,991 SF in the fourth quarter 2015.

Rental Rates

The average quoted asking rental rate was \$4.27 PSF per year at the end of the third quarter 2016. This represented an 8.4% decrease in quoted rental rates from the end of the second quarter 2016, when rents were reported at \$4.66 PSF.

Construction Activity

During the third quarter 2016, two buildings totaling 52,850 SF were completed in the market. This compares to two buildings totaling 25,676 SF in the second quarter 2016, two buildings totaling 747,752 SF in the first quarter 2016, and 579,775 SF in five buildings in the fourth quarter 2015.

Construction Activity - Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Building Size	
	# Buildings	Total RBA	Released SF	Released %	All Existing	Under Const SF
West Side Ind	1	23,201	23,201	100.0%	56,830	23,201
St Johns Ind	0	0	0	0.0%	16,616	0
Orange Park/Clay Cnty Ind	0	0	0	0.0%	25,992	0
Arlington Ind	0	0	0	0.0%	12,669	0
Beaches Ind	0	0	0	0.0%	6,886	0
Butler Corridor Ind	0	0	0	0.0%	33,235	0
Downtown Ind	0	0	0	0.0%	25,032	0
Mandarin Ind	0	0	0	0.0%	13,824	0
North Side Ind	0	0	0	0.0%	62,349	0
Ocean Way Ind	0	0	0	0.0%	100,140	0
All Other	0	0	0	0.0%	23,781	0
Totals	1	23,201	23,201	100.0%	31,724	23,201

Total Industrial Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Arlington Ind	85	1,076,874	71,964	71,964	6.7%	25,800	0	0	\$5.95
Baker County Ind	17	1,298,086	113,546	113,546	8.7%	0	0	0	\$3.39
Beaches Ind	159	1,094,836	21,592	21,592	2.0%	17,645	8,651	0	\$9.34
Butler Corridor Ind	626	20,805,342	1,112,989	1,112,989	5.3%	655,381	0	0	\$6.25
Downtown Ind	459	11,489,706	476,840	476,840	4.2%	(137,756)	0	0	\$2.76
Mandarin Ind	104	1,437,717	82,639	82,639	5.7%	(25,139)	0	0	\$5.82
Nassau County Ind	110	3,299,567	91,867	91,867	2.8%	123,856	0	0	\$3.30
North Side Ind	116	7,232,462	853,491	853,491	11.8%	(104,844)	0	0	\$3.27
Ocean Way Ind	124	12,417,306	1,011,333	1,011,333	8.1%	658,128	0	0	\$3.48
Orange Park/Clay Cnty Ind	213	5,536,347	160,592	160,592	2.9%	470,632	0	0	\$5.81
Riverside Ind	732	18,847,390	220,089	220,089	1.2%	566,724	577,458	0	\$4.93
San Marco Ind	250	4,369,531	163,882	163,882	3.8%	(7,306)	0	0	\$6.02
South Side Ind	120	1,412,859	47,398	47,398	3.4%	15,574	0	0	\$5.96
St Johns Ind	333	5,533,217	187,413	187,413	3.4%	62,534	0	0	\$6.18
West Side Ind	539	30,631,120	2,061,014	2,107,178	6.9%	(185,138)	240,169	23,201	\$3.20
Totals	3,987	126,482,360	6,676,649	6,722,813	5.3%	2,136,091	826,278	23,201	\$4.27

Flex Industrial Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Arlington Ind	10	112,455	25,600	25,600	22.8%	1,400	0	0	\$14.08
Baker County Ind	0	0	0	0	0.0%	0	0	0	\$0.00
Beaches Ind	14	110,186	5,400	5,400	4.9%	2,700	0	0	\$12.25
Butler Corridor Ind	108	4,423,058	469,367	469,367	10.6%	70,718	0	0	\$9.68
Downtown Ind	8	80,083	0	0	0.0%	0	0	0	\$0.00
Mandarin Ind	9	78,532	0	0	0.0%	0	0	0	\$12.00
Nassau County Ind	5	35,453	0	0	0.0%	0	0	0	\$0.00
North Side Ind	4	127,824	0	0	0.0%	(12,000)	0	0	\$0.00
Ocean Way Ind	3	110,830	16,000	16,000	14.4%	0	0	0	\$4.75
Orange Park/Clay Cnty Ind	16	373,471	46,259	46,259	12.4%	(1,310)	0	0	\$13.75
Riverside Ind	42	585,452	2,100	2,100	0.4%	8,224	0	0	\$6.50
San Marco Ind	26	499,621	32,180	32,180	6.4%	3,314	0	0	\$10.16
South Side Ind	21	285,593	31,900	31,900	11.2%	18,124	0	0	\$7.24
St Johns Ind	32	493,980	10,376	10,376	2.1%	6,000	0	0	\$10.49
West Side Ind	13	307,134	5,117	5,117	1.7%	5,470	0	0	\$7.13
Totals	311	7,623,672	644,299	644,299	8.5%	102,640	0	0	\$9.81

Warehouse Industrial Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Arlington Ind	75	964,419	46,364	46,364	4.8%	24,400	0	0	\$5.20
Baker County Ind	17	1,298,086	113,546	113,546	8.7%	0	0	0	\$3.39
Beaches Ind	145	984,650	16,192	16,192	1.6%	14,945	8,651	0	\$8.63
Butler Corridor Ind	518	16,382,284	643,622	643,622	3.9%	584,663	0	0	\$5.17
Downtown Ind	451	11,409,623	476,840	476,840	4.2%	(137,756)	0	0	\$2.76
Mandarin Ind	95	1,359,185	82,639	82,639	6.1%	(25,139)	0	0	\$5.64
Nassau County Ind	105	3,264,114	91,867	91,867	2.8%	123,856	0	0	\$3.30
North Side Ind	112	7,104,638	853,491	853,491	12.0%	(92,844)	0	0	\$3.27
Ocean Way Ind	121	12,306,476	995,333	995,333	8.1%	658,128	0	0	\$3.47
Orange Park/Clay Cnty Ind	197	5,162,876	114,333	114,333	2.2%	471,942	0	0	\$5.34
Riverside Ind	690	18,261,938	217,989	217,989	1.2%	558,500	577,458	0	\$4.90
San Marco Ind	224	3,869,910	131,702	131,702	3.4%	(10,620)	0	0	\$5.26
South Side Ind	99	1,127,266	15,498	15,498	1.4%	(2,550)	0	0	\$3.97
St Johns Ind	301	5,039,237	177,037	177,037	3.5%	56,534	0	0	\$5.91
West Side Ind	526	30,323,986	2,055,897	2,102,061	6.9%	(190,608)	240,169	23,201	\$3.20
Totals	3,676	118,858,688	6,032,350	6,078,514	5.1%	2,033,451	826,278	23,201	\$3.94

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