

Jacksonville's Vacancy Decreases to 5.0%

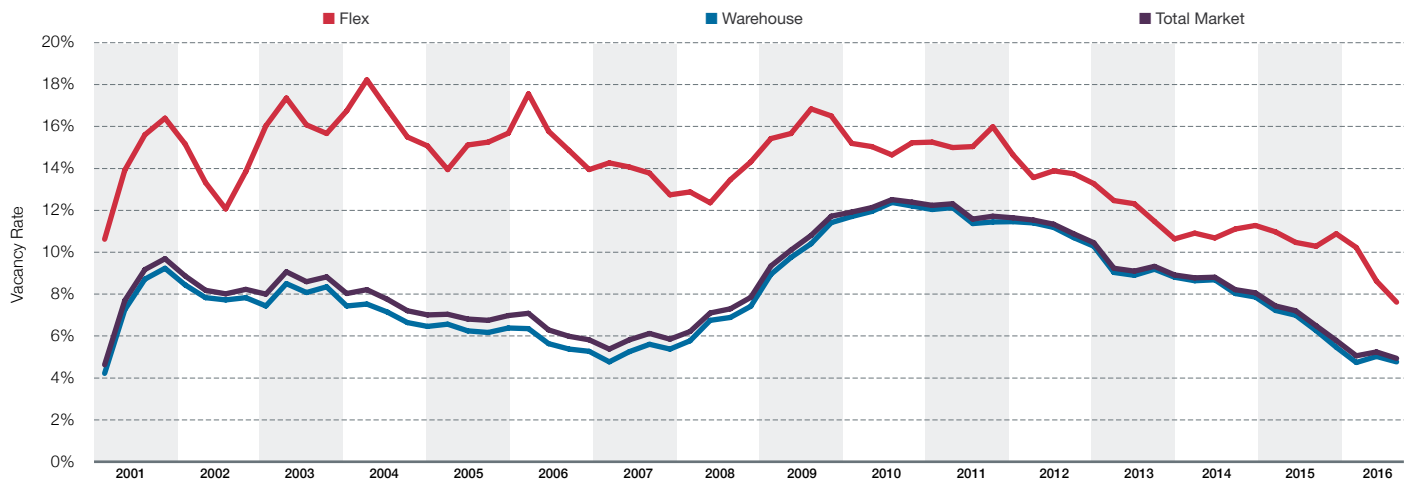
Net Absorption Positive 346,879 SF in the Quarter



Industrial Market Overview

The Jacksonville Industrial market ended the fourth quarter 2016 with a vacancy rate of 5.0%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 346,879 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 105,786 square feet. Rental rates ended the fourth quarter at \$4.26, an increase over the previous quarter. A total of one building delivered to the market in the quarter totaling 1,800 square feet, with 219,451 square feet still under construction at the end of the quarter.

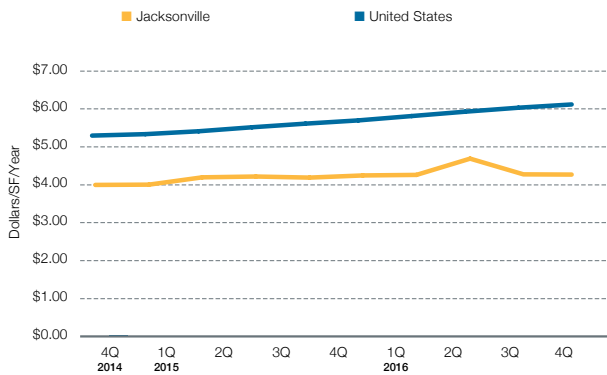
Vacancy Rates by Building Type



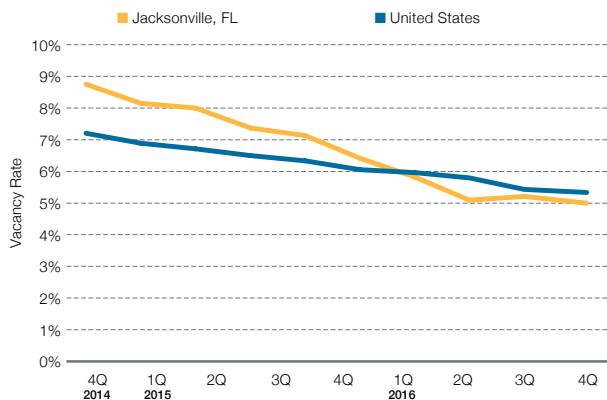
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U.S. Rental Rate Comparison



U.S. Vacancy Comparison



Vacancy

The Industrial vacancy rate decreased to 5.0% at the end of 4Q 2016. The vacancy rate was 5.3% at the end of 3Q 2016, 5.2% at the end of 2Q 2016, and 5.8% at the end of 1Q 2016.

Net Absorption

Net absorption was positive 346,879 SF in 4Q 2016. That compares to negative (165,673) SF in 3Q 2016, positive 852,133 SF in 2Q 2016, and positive 1,499,022 SF in 1Q 2016.

Rental Rates

The average quoted asking rental rate was \$4.26 per SF at the end of 4Q 2016. This represented a 0.2% increase in quoted rental rates from the end of the 3Q 2016, when rents were reported at \$4.25 per SF.

Construction Activity

During 4Q 2016, one building totaling 1,800 SF was completed. This compares to one building totaling 50,000 SF that was completed in 3Q 2016, two buildings totaling 25,676 SF completed in 2Q 2016, and 747,752 SF in two buildings completed in 1Q 2016.

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
Butler Corridor Ind	1	109,250	109,250	100.0%	33,259	109,250
Orange Park/Clay Cnty Ind	2	75,000	75,000	100.0%	25,831	37,500
West Side Ind	1	23,201	23,201	100.0%	57,095	23,201
Ocean Way Ind	1	12,000	0	0.0%	100,145	12,000
St Johns Ind	0	0	0	0.0%	16,530	0
Baker County Ind	0	0	0	0.0%	72,533	0
Downtown Ind	0	0	0	0.0%	24,981	0
Mandarin Ind	0	0	0	0.0%	13,824	0
North Side Ind	0	0	0	0.0%	62,349	0
Beaches Ind	0	0	0	0.0%	6,890	0
All Other	0	0	0	0.0%	22,360	0
Totals	5	219,451	207,451	94.5%	31,729	43,890

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	84	1,006,986	71,964	71,964	7.10%	25,300	0	0	\$6.67
Baker County Ind	18	1,305,586	113,546	113,546	8.70%	3,700	0	0	\$3.39
Beaches Ind	159	1,095,479	18,792	18,792	1.70%	20,445	8,651	0	\$9.24
Butler Corridor Ind	626	20,820,401	1,123,922	1,123,922	5.40%	647,578	0	109,250	\$6.48
Downtown Ind	460	11,491,307	453,172	453,172	3.90%	-114,088	0	0	\$2.83
Mandarin Ind	104	1,437,717	81,639	81,639	5.70%	-24,139	0	0	\$5.82
Nassau County Ind	110	3,299,567	82,067	82,067	2.50%	133,656	0	0	\$3.30
North Side Ind	116	7,232,462	700,190	700,190	9.70%	48,457	0	0	\$3.32
Ocean Way Ind	124	12,417,952	1,307,778	1,307,778	10.50%	361,683	0	12,000	\$3.47
Orange Park/Clay Cnty Ind	212	5,476,082	137,760	137,760	2.50%	478,768	0	75,000	\$4.75
Riverside Ind	734	18,909,070	382,252	382,252	2.00%	423,342	577,458	0	\$4.93
San Marco Ind	248	4,349,817	120,978	120,978	2.80%	25,289	0	0	\$6.28
South Side Ind	120	1,412,859	50,848	50,848	3.60%	12,124	0	0	\$7.03
St Johns Ind	335	5,537,559	151,910	151,910	2.70%	99,837	1,800	0	\$6.27
West Side Ind	539	30,774,106	1,484,395	1,590,181	5.20%	390,409	237,319	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	9	111,495	25,600	25,600	23.00%	900	0	0	\$14.08
Baker County Ind	0	0	0	0	0.00%	0	0	0	\$0.00
Beaches Ind	14	110,186	5,400	5,400	4.90%	2,700	0	0	\$12.56
Butler Corridor Ind	107	4,409,211	412,473	412,473	9.40%	127,142	0	0	\$9.64
Downtown Ind	8	80,083	0	0	0.00%	0	0	0	\$0.00
Mandarin Ind	9	78,532	0	0	0.00%	0	0	0	\$12.00
Nassau County Ind	5	35,453	0	0	0.00%	0	0	0	\$0.00
North Side Ind	4	127,824	0	0	0.00%	-12,000	0	0	\$0.00
Ocean Way Ind	3	110,830	16,000	16,000	14.40%	0	0	0	\$4.75
Orange Park/Clay Cnty Ind	14	295,695	22,136	22,136	7.50%	8,117	0	0	\$11.40
Riverside Ind	41	582,606	5,362	5,362	0.90%	4,962	0	0	\$7.38
San Marco Ind	25	489,271	29,980	29,980	6.10%	5,514	0	0	\$11.44
South Side Ind	21	285,593	31,900	31,900	11.20%	18,124	0	0	\$7.97
St Johns Ind	32	493,980	10,376	10,376	2.10%	6,000	0	0	\$9.50
West Side Ind	13	307,134	1,837	1,837	0.60%	8,750	0	0	\$7.13
Totals	305	7,517,893	561,064	561,064	7.50%	170,209	0	0	\$9.68

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	895,491	46,364	46,364	5.20%	24,400	0	0	\$5.80
Baker County Ind	18	1,305,586	113,546	113,546	8.70%	3,700	0	0	\$3.39
Beaches Ind	145	985,293	13,392	13,392	1.40%	17,745	8,651	0	\$8.58
Butler Corridor Ind	519	16,411,190	711,449	711,449	4.30%	520,436	0	109,250	\$5.41
Downtown Ind	452	11,411,224	453,172	453,172	4.00%	-114,088	0	0	\$2.83
Mandarin Ind	95	1,359,185	81,639	81,639	6.00%	-24,139	0	0	\$5.64
Nassau County Ind	105	3,264,114	82,067	82,067	2.50%	133,656	0	0	\$3.30
North Side Ind	112	7,104,638	700,190	700,190	9.90%	60,457	0	0	\$3.32
Ocean Way Ind	121	12,307,122	1,291,778	1,291,778		361,683	0	12,000	\$3.47
Orange Park/Clay Cnty In	d 198	5,180,387	115,624	115,624	2.20%	470,651	0	75,000	\$4.49
Riverside Ind	693	18,326,464	376,890	376,890	2.10%	418,380	577,458	0	\$4.86
San Marco Ind	223	3,860,546	90,998	90,998	2.40%	19,775	0	0	\$5.32
South Side Ind	99	1,127,266	18,948	18,948	1.70%	-6,000	0	0	\$5.67
St Johns Ind	303	5,043,579	141,534	141,534	2.80%	93,837	1,800	0	\$5.94
West Side Ind	526	30,466,972	1,482,558	1,588,344	5.20%	381,659	237,319	23,201	\$3.19
Totals	3,684	119,049,057	5,720,149	5,825,935	4.90%	2,362,152	825,228	219,451	\$3.92

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