

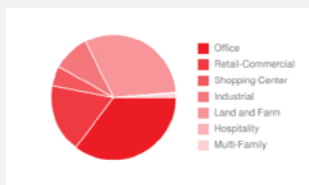
NAI Halford

Market 2Q17

Northwest FL. Report



Ranked in the Forbes 100 as one of the **Top 100 cities for cost of doing business**, Pensacola and its immediate surrounding areas have been undergoing a tremendous revitalization. The spark for today's building boom is due to increased confidence, record setting tourism numbers and the 2013 building of a class A-waterfront baseball stadium and park. This led to an unprecedented growth, in the downtown market. There are three first class hotels being built in the downtown corridor. Ten large mixed use office/retail buildings ranging in size from 57,000 – 200,000 SF were built in 2016 in the downtown core alone. On the northwest sector of the county, Navy Federal's Beulah campus continues its expansion. The 602,000 SF office building was bustling at the seams until Phase 1 was completed late 2016. Phase 1, a 342,000 SF office building, was built at a cost of \$245M. Phase 2 (two six story office buildings totaling 1 million SF) will be completed in 2018, at a cost of \$594M, bringing their total investment in the campus to \$1B.



Office-

The Pensacola office market ended the second quarter 2017 with a vacancy rate of 9%. The vacancy rate was down 1% over the previous quarter with net absorption totaling a positive 130,000 SF. Rental rates ended the second quarter at \$16.00 PSF, a ½% increase over the first quarter.

Retail-

The Pensacola retail market ended the second quarter 2017 with a vacancy rate of 7%. The vacancy rate was down 2% over the previous quarter with net absorption totaling a positive 110,000 SF. Rental rates ended the second quarter at \$18.50 PSF, a 2% increase over the first quarter.

Industrial-

The Pensacola Industrial market ended the second quarter 2017 with a vacancy rate of 8%. The vacancy rate was down 1½ % over the previous quarter with a net absorption totaling a positive 160,000 SF, rental rates ended the second quarter at \$5.10 PSF, a 1% increase over the first quarter.

Trends for 2Q17

▲
NET ABSORPTION
▲
CONSTRUCTION

▼
VACANCY RATE
▲
ASKING RATES

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