

# JACKSONVILLE | OFFICE

Q2 2018



Accelerating success.

		DOWNTOWN NORTHBANK	DOWNTOWN SOUTHBANK	SOUTHSIDE	BUTLER/BAYMEADOWS	BEACHES
<b>Availability (SF)</b>	Class A	479,610	141,571	529,754	116,922	59,234
	Class B	438,690	41,137	825,248	637,031	45,431
	Class C	109,095	27,065	387,738	39,225	14,961
<b>Average Asking Rent (Gross)</b>	Class A	\$21.92	\$22.41	\$22.21	\$22.66	\$28.28
	Class B	\$20.04	\$21.20	\$18.37	\$19.23	\$26.97
	Class C	\$15.36	\$23.52	\$14.12	\$16.93	\$24.33
<b>Vacancy Rate</b>	Class A	12.2%	7.0%	7.7%	5.8%	12.6%
	Class B	6.3%	6.2%	13.5%	8.6%	2.7%
	Class C	6.6%	6.6%	11.1%	4.8%	1.7%

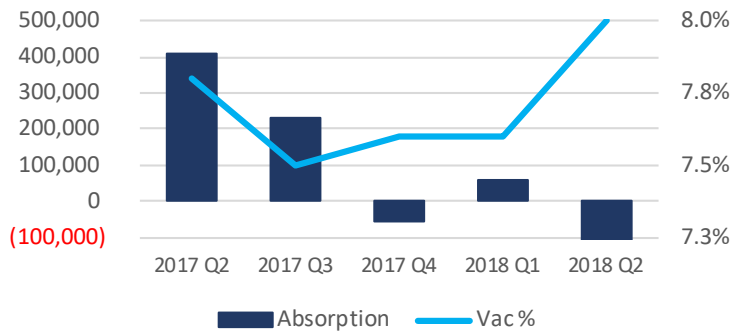
## MARKET TOTALS

**Net Absorption**  
**(110,135)**

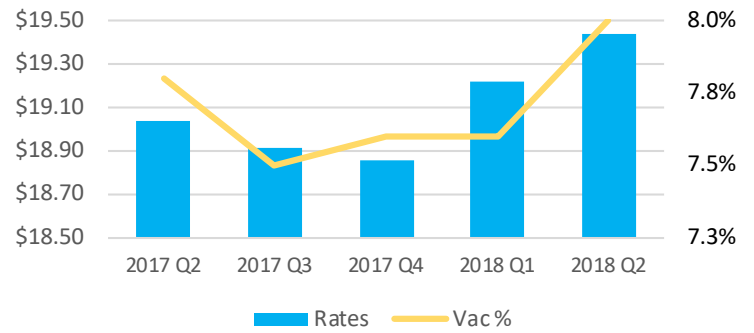
**Vacancy**  
**8.0%**

**Asking Rents**  
**\$19.44**

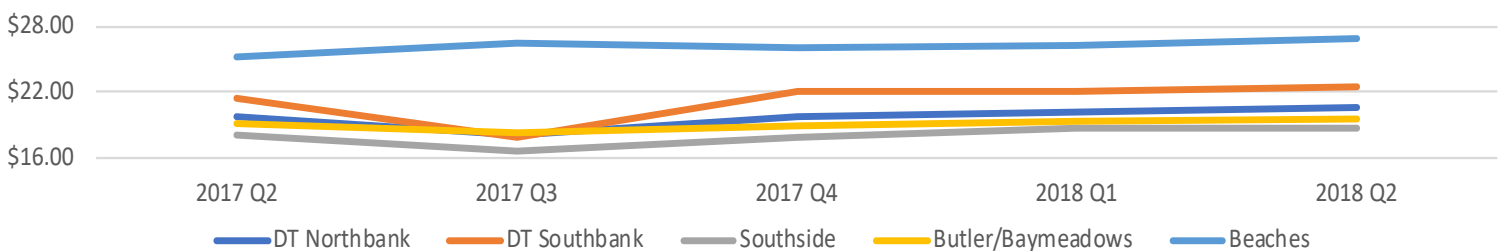
VACANCY & NET ABSORPTION  
*data includes all submarkets*



VACANCY vs RENT  
*data includes all submarkets*



## AVERAGE RENTS BY SUBMARKET (Base Rent, PSF)





The Jacksonville office market has remained steady since the beginning of 2018; although seeing an increase in vacancy and negative net absorption in the 2nd quarter. The vacancy rate currently sits at 8%, and has hovered around 7.6% since mid-year 2017. The increase in vacancy rates are also displayed by the net negative absorption of 110,135 square feet, largely attributed to the vacancy created by the CSX lease expiration at Southpoint, which brought more than 275,000 SF back on the market. Asking rates continue to rise, ending the 2nd quarter at \$19.44 per square foot average asking rate.

Several Class B office buildings traded in Q2, with the largest two transactions occurring in the Butler/Baymeadows submarket. Sales activity is projected to remain active, with two CBD towers under contract to close early Q3. The Butler corridor continues to be the hot market in leasing activity, with tenants choosing new construction options. With multiple cranes in the air, the momentum continues Downtown with the closing of The District (30 acres multi-use with 200K SF of office projected) and a few redevelopment transactions on the horizon, including The Ambassador Hotel and Berkman Plaza II.

**SIGNIFICANT MARKET ACTIVITY**

SALES	SUBMARKET	CLASS	SIZE (SF)	SALE PRICE
Oak Grove Plaza Portfolio	Butler/Baymeadows	B	234,148	\$14,709,538
Spring Lake Business Center	Butler/Baymeadows	B	230,276	\$13,800,000
14701 Philips Highway	Butler/Baymeadows	A	45,000	\$13,750,000
6805 Southpoint Parkway	Southside	B	117,870	\$8,995,000
LEASES	SUBMARKET	CLASS	SF LEASED	TENANT
*One Imeson Park Boulevard	Northeast Jacksonville	C	29,153	Maximus, Inc.
*330 Crossing Boulevard	Orange Park / Clay County	B	24,289	Andromeda Systems
*6737 Southpoint Drive S	Southside	B	19,071	Verizon Business Services
12574 Flagler Center Boulevard	Butler/Baymeadows	A	16,818	Florida Family Insurance
*76 S Laura Street	Downtown Northbank	A	9,123	Morgan & Morgan

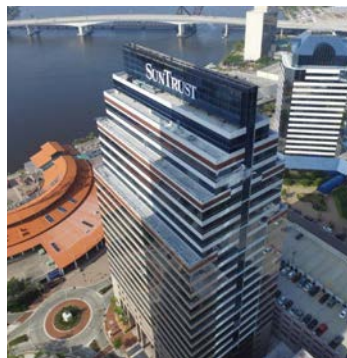
\* indicates transaction represented by Colliers International | Northeast Florida



Dream Finders Homes sold its headquarters at 14701 Philips Highway to Capital Square, a national real estate investment company, and has signed a lease to remain at the location.



Miller Electric will move its headquarters and approximately 200 employees to 6805 Southpoint Parkway in 2019.



The law firm of Morgan & Morgan renewed its lease at the SunTrust Tower.



Florida Family Insurance has signed a lease to relocate its office from Riverplace Tower to 12574 Flagler Center Blvd.

EXISTING PROPERTIES			VACANCY				CONSTRUCTION			RENTS
CLASS	BUILDINGS	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT SF	TOTAL VACANT SF	% VACANT	YTD NET ABSORPTION	YTD DELIVERIES SF	SF UNDER CONSTRUCTION	QUOTED RATES
<b>DOWNTOWN NORTHBANK</b>										
A	10	3,936,017	476,121	3,489	479,610	12.19%	16,521	0	0	\$21.92
B	115	6,935,428	438,690	0	438,690	6.33%	121,416	0	0	\$20.04
C	237	1,651,042	104,582	4,513	109,095	6.61%	14,045	0	0	\$15.36
<b>Total</b>	<b>362</b>	<b>12,522,487</b>	<b>1,019,393</b>	<b>8,002</b>	<b>1,027,395</b>	<b>8.20%</b>	<b>151,982</b>	<b>0</b>	<b>0</b>	<b>\$20.55</b>
<b>DOWNTOWN SOUTHBANK</b>										
A	6	2,018,736	135,867	5,704	141,571	7.01%	4,975	0	0	\$22.41
B	22	662,543	41,137	0	41,137	6.21%	-2,688	0	0	\$21.20
C	108	411,550	27,065	0	27,065	6.58%	22,282	0	0	\$23.52
<b>Total</b>	<b>136</b>	<b>3,092,829</b>	<b>204,069</b>	<b>5,704</b>	<b>209,773</b>	<b>6.78%</b>	<b>24,569</b>	<b>0</b>	<b>0</b>	<b>\$22.40</b>
<b>RIVERSIDE</b>										
B	0	0	0	0	0	0.00%	0	0	0	\$0.00
C	146	1,066,772	50,302	0	50,302	4.72%	6,959	0	20,000	\$18.02
<b>Total</b>	<b>474</b>	<b>1,921,300</b>	<b>58,574</b>	<b>0</b>	<b>58,574</b>	<b>3.05%</b>	<b>42,086</b>	<b>0</b>	<b>0</b>	<b>\$17.76</b>
<b>SAN MARCO</b>										
B	66	1,056,782	166,315	0	166,315	15.74%	-2,149	0	0	\$17.92
C	192	782,905	36,003	0	36,003	4.60%	1,287	0	0	\$17.71
<b>Total</b>	<b>258</b>	<b>1,839,687</b>	<b>202,318</b>	<b>0</b>	<b>202,318</b>	<b>11.00%</b>	<b>-862</b>	<b>0</b>	<b>0</b>	<b>\$17.89</b>
<b>ARLINGTON/REGENCY</b>										
B	35	710,743	117,622	0	117,622	16.55%	10,398	5,000	10,500	\$18.36
C	174	826,847	35,778	0	35,778	4.33%	1,960	0	0	\$8.61
<b>Total</b>	<b>209</b>	<b>1,537,590</b>	<b>153,400</b>	<b>0</b>	<b>153,400</b>	<b>9.98%</b>	<b>12,358</b>	<b>5,000</b>	<b>10,500</b>	<b>\$16.49</b>
<b>BUTLER/BAYMEADOWS</b>										
A	17	2,028,346	88,557	28,365	116,922	5.76%	55,441	45,000	50,010	\$22.66
B	178	7,411,165	471,776	165,255	637,031	8.60%	-140,014	0	4,560	\$19.23
C	72	810,133	39,225	0	39,225	4.84%	8,802	0	0	\$16.93
<b>Total</b>	<b>267</b>	<b>10,249,644</b>	<b>599,558</b>	<b>193,620</b>	<b>793,178</b>	<b>7.74%</b>	<b>-75,771</b>	<b>45,000</b>	<b>54,570</b>	<b>\$19.52</b>
<b>SOUTHSIDE</b>										
A	53	6,848,891	488,662	41,092	529,754	7.73%	58,231	160,000	125,000	\$22.21
B	278	6,092,261	751,150	74,098	825,248	13.55%	-382,798	0	9,000	\$18.37
C	416	3,490,331	387,738	0	387,738	11.11%	-11,782	0	0	\$14.12
<b>Total</b>	<b>747</b>	<b>16,431,483</b>	<b>1,627,550</b>	<b>115,190</b>	<b>1,742,740</b>	<b>10.61%</b>	<b>-336,349</b>	<b>160,000</b>	<b>134,000</b>	<b>\$18.70</b>
<b>NORTHSIDE (NORTHWEST)</b>										
B	31	624,622	12,764	102,000	114,764	18.37%	7,728	0	4,560	\$14.79
C	155	546,207	18,365	0	18,365	3.36%	6,476	0	0	\$11.48
<b>Total</b>	<b>186</b>	<b>1,170,829</b>	<b>31,129</b>	<b>102,000</b>	<b>133,129</b>	<b>11.37%</b>	<b>14,204</b>	<b>0</b>	<b>4,560</b>	<b>\$14.42</b>
<b>NORTHSIDE (NORTHEAST)</b>										
A	1	50,671	0	0	0	0.00%	0	0	0	\$0.00
B	30	567,421	23,087	0	23,087	4.07%	50	0	0	\$18.59
C	45	248,063	29,548	0	29,548	11.91%	-13,760	0	0	\$12.36
<b>Total</b>	<b>76</b>	<b>866,155</b>	<b>52,635</b>	<b>0</b>	<b>52,635</b>	<b>6.08%</b>	<b>-13,710</b>	<b>0</b>	<b>0</b>	<b>\$14.93</b>
<b>ORANGE PARK</b>										
A	2	201,066	0	0	0	0.00%	0	0	0	\$0.00
B	194	2,018,278	206,124	25,947	232,071	11.50%	53,990	0	0	\$20.89
C	209	1,135,845	45,893	0	45,893	4.04%	26,625	0	0	\$15.77
<b>Total</b>	<b>405</b>	<b>3,355,189</b>	<b>252,017</b>	<b>25,947</b>	<b>277,964</b>	<b>8.28%</b>	<b>80,615</b>	<b>0</b>	<b>0</b>	<b>\$20.03</b>
<b>MANDARIN</b>										
B	173	1,945,506	135,430	0	135,430	6.96%	-14,549	0	5,444	\$19.28
C	130	704,799	18,742	0	18,742	2.66%	10,993	0	0	\$17.71
<b>Total</b>	<b>303</b>	<b>2,650,305</b>	<b>154,172</b>	<b>0</b>	<b>154,172</b>	<b>5.82%</b>	<b>-3,556</b>	<b>0</b>	<b>5,444</b>	<b>\$19.04</b>
<b>BEACHES</b>										
A	8	470,491	57,424	1,810	59,234	12.59%	8,229	0	0	\$28.28
B	172	1,701,858	41,047	4,384	45,431	2.67%	-3,861	0	45,000	\$26.97
C	187	891,459	14,961	0	14,961	1.68%	6,039	0	0	\$24.33
<b>Total</b>	<b>367</b>	<b>3,063,808</b>	<b>113,432</b>	<b>6,194</b>	<b>119,626</b>	<b>3.90%</b>	<b>10,407</b>	<b>0</b>	<b>45,000</b>	<b>\$26.95</b>
<b>ST. JOHNS COUNTY</b>										
A	4	299,476	48,641	0	48,641	16.24%	-1,200	0	0	\$17.33
B	146	1,066,772	50,302	0	50,302	4.72%	6,959	0	20,000	\$18.02
C	474	1,921,300	58,574	0	58,574	3.05%	42,086	0	0	\$17.76
<b>Total</b>	<b>441</b>	<b>3,078,662</b>	<b>144,446</b>	<b>0</b>	<b>144,446</b>	<b>4.69%</b>	<b>22,085</b>	<b>4,600</b>	<b>20,037</b>	<b>\$19.80</b>
<b>NASSAU COUNTY</b>										
Nassau County	236	1,180,080	21,935	1,805	23,740	2.01%	-1,331	0	29,600	\$19.18
<b>BAKER COUNTY</b>										
Baker County	32	123,795	8,660	0	8,660	7.00%	13,337	0	0	\$15.00
<b>MARKET TOTAL</b>										
A	101	15,853,694	1,295,272	80,460	1,375,732	8.68%	142,197	205,000	175,010	\$22.29
B	1,868	33,768,573	2,554,657	373,489	2,928,146	8.67%	-322,989	9,600	148,701	\$19.19
C	2,676	14,528,348	843,661	4,513	848,174	5.84%	127,815	0	0	\$15.75
<b>Total</b>	<b>4,645</b>	<b>64,150,615</b>	<b>4,693,590</b>	<b>458,462</b>	<b>5,152,052</b>	<b>8.03%</b>	<b>-62,977</b>	<b>214,600</b>	<b>323,711</b>	<b>\$19.44</b>

Source: CoStar Property

JACKSONVILLE OFFICE TEAM

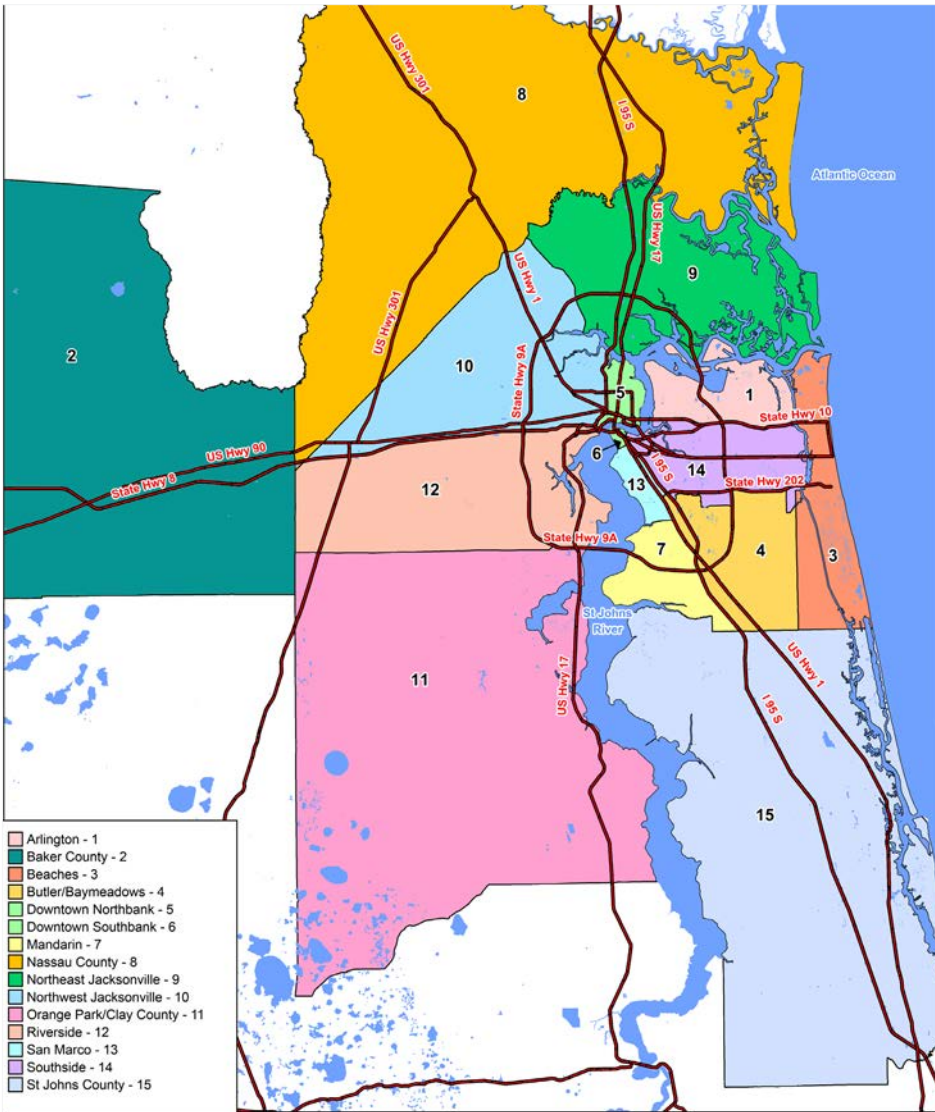
**CHUCK DIEBEL, CCIM**  
 Executive Vice President  
 +1 904 861 1112  
 chuck.diebel@colliers.com

**FRAN PEPIS**  
 Executive Vice President  
 +1 904 861 1110  
 fran.pepis@colliers.com

**LISA MCLATCHEY**  
 Senior Associate  
 +1 904 861 1154  
 lisa.mclatchey@colliers.com

**W. WADE POWERS**  
 Senior Associate  
 +1 904 861 1155  
 wade.powers@colliers.com

**MATT CAVEN**  
 Associate  
 +1 904 861 1114  
 matt.caven@colliers.com



**Comprised of**  
**15,400**  
 professionals

**Revenue**  
**\$2.7B**  
 (US\$)

**Managing**  
**2B**  
 (square feet)

**Established in**  
**69**  
 countries

**Lease/sale transactions**  
**68,000**

**Transaction value**  
**\$116B**  
 (US\$)

*All statistics are for 2017, are in U.S. dollars and include affiliates.*

