

JACKSONVILLE | OFFICE

Q1 2018



Accelerating success.

		DOWNTOWN NORTHBANK	DOWNTOWN SOUTHBANK	SOUTHSIDE	BUTLER/BAYMEADOWS	BEACHES
Inventory (SF)	Class A	4,809,808	2,018,736	6,688,891	1,924,202	470,491
	Class B	6,054,373	662,522	6,149,038	7,418,500	1,691,600
	Class C	1,665,656	411,430	3,407,888	894,171	906,507
Average Asking Rent (Gross)	Class A	\$21.30	\$22.16	\$22.26	\$22.43	\$27.42
	Class B	\$18.92	\$20.82	\$17.55	\$18.87	\$26.17
	Class C	\$16.88	\$22.52	\$15.11	\$17.13	\$25.02
Vacancy Rate	Class A	12.71%	7.05%	6.44%	6.24%	11.51%
	Class B	4.49%	6.68%	10.67%	6.87%	2.46%
	Class C	5.91%	11.65%	7.85%	9.53%	2.18%
Net Absorption (SF)	Class A	52,643	4,318	(2,813)	7,299	13,330
	Class B	16,182	(5,840)	(135,606)	(7,182)	(65)
	Class C	25,246	1,430	30,054	2,594	1,199

MARKET TOTALS

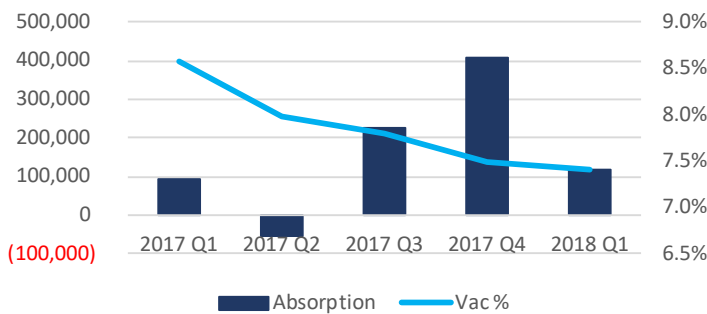
Net Absorption
94,998

Vacancy
7.4%

Asking Rents
\$19.22

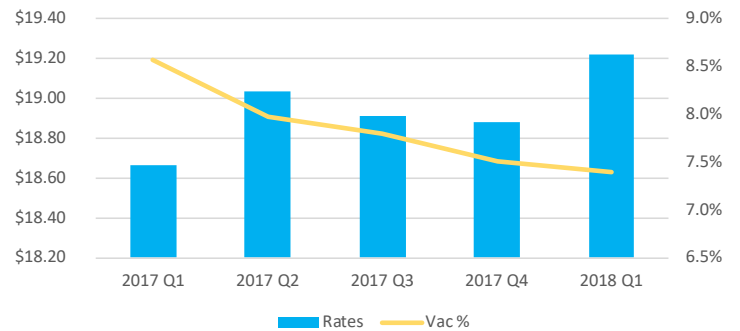
VACANCY & NET ABSORPTION

data includes all submarkets



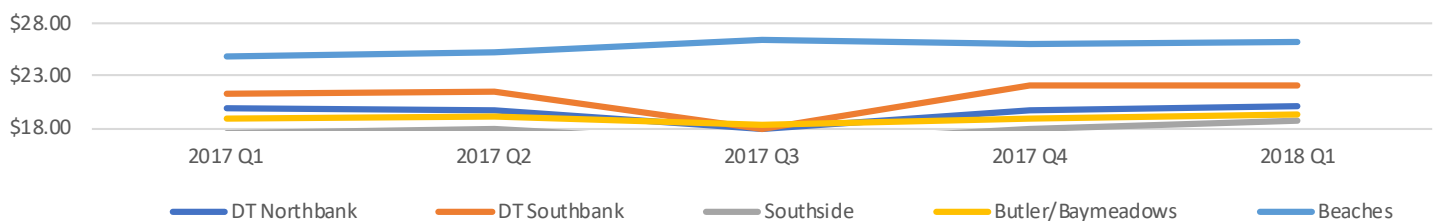
VACANCY vs RENT

data includes all submarkets



AVERAGE RENTS BY SUBMARKET

(Base Rent, PSF)





OFFICE RECAP

The Jacksonville office market experienced a steady first quarter, with vacancy at 7.4%, down slightly from the previous quarter at 7.5%. Average asking rents increased from last quarter, averaging \$19.22 per square foot per year. Net absorption in the first quarter for the Jacksonville office market was positive 94,998 square feet.

The largest sale transaction in Q1 was the sale of Flagler Center for \$136,000,000 to San Francisco-based Farallon Capital Management LLC. The largest lease transaction in Q1 was a 37,286 square feet renewal signed by Ameris Bank at 825 Baymeadows Way in the Butler/Baymeadows submarket.

In the Central Business District, renovations continue on the 250,000± SF Barnett Bank building. University of North Florida has already signed a lease for 16,000 square feet on the fourth and fifth floors, which is scheduled for completion by January 2019. Work is scheduled to begin on the Laura Street Trio and a parking garage this spring.

The Southside continues to be a hot market with the announcement that McKesson will lease 125,000 SF at Hines' mixed-use development at Gate Parkway. McKesson will relocate from its Southpoint location by Summer 2019.

SIGNIFICANT MARKET ACTIVITY

SALES	SUBMARKET	CLASS	SIZE (SF)	SALE PRICE
Flagler Center Portfolio	Butler/Baymeadows	B	1,400,000	\$136,000,000
24 Cathedral Place	St. Johns County	B	49,642	\$10,000,000
3020 Hartley Road	Mandarin	B	58,000	\$4,300,000
500 W 1st Street	Downtown Northbank	B	24,750	\$3,900,000
LEASES	SUBMARKET	CLASS	SF LEASED	TENANT
7825 Baymeadows Way	Butler/Baymeadows	B	37,286	Ameris Bank
501 Riverside Avenue	Downtown Northbank	A	25,442	Riverside Business Center
100 N Laura Street	Downtown Northbank	B	13,949	Live Oak Contracting
1 Independent Drive	Downtown Northbank	A	25,000	Smith Hulsey & Busey
9000 Southside Boulevard*	Butler/Baymeadows	B	13,351	Oracle Corporation

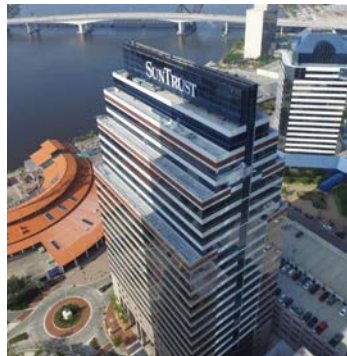
* indicates transaction represented by Colliers International | Northeast Florida



Jacksonville based Ameris Bank renewed its lease and expanded its current space at the Deerwood Center.



McKesson Corp. will move 428 employees to the new four-story Southside Quarter building in the summer of 2019.



SunTrust Tower recently completed upgrades including a Tenant Lounge, Conference Center, and Fitness Center.



Law firm Smith Hulsey & Busey signed a 12-year lease for 25,000 square feet of office space in the Wells Fargo Center.

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
DOWNTOWN NORTHBANK										
A	13	4,809,808	605,744	5,444	611,188	12.71%	52,643	0	0	\$21.30
B	113	6,054,373	267,111	5,000	272,111	4.49%	16,182	0	0	\$18.92
C	236	1,655,658	93,420	4,474	97,894	5.91%	25,246	0	0	\$16.88
Total	362	12,519,839	966,275	14,918	981,193	7.84%	94071	0	0	\$20.17
DOWNTOWN SOUTHBANK										
A	6	2,018,736	136,524	5,704	142,228	7.05%	4,318	0	0	\$22.16
B	22	662,522	44,289	0	44,289	6.68%	-5,840	0	0	\$20.82
C	108	411,430	47,917	0	47,917	11.65%	1,430	0	0	\$22.52
Total	136	3,092,688	228,730	5,704	234,434	7.58%	-92	0	0	\$22.04
RIVERSIDE										
B	0	0	0	0	0	0.00%	0	0	0	\$0.00
C	142	1,009,214	27,737	0	27,737	2.75%	814	0	20,000	\$19.26
Total	476	1,983,646	116,218	0	116,218	5.86%	13,152	0	0	\$17.18
SAN MARCO										
B	65	1,045,175	157,899	0	157,899	15.11%	6,267	0	0	\$17.18
C	193	795,122	42,203	0	42,203	5.31%	-4,913	0	0	\$17.04
Total	258	1,840,297	200,102	0	200,102	10.87%	1,354	0	0	\$17.16
ARLINGTON/REGENCY										
B	35	711,928	114,388	0	114,388	16.07%	13,632	5,000	0	\$16.48
C	174	827,027	37,588	0	37,588	4.54%	6,224	0	0	\$9.77
Total	209	1,538,955	151,976	0	151,976	9.88%	19,856	5,000	0	\$15.26
BUTLER/BAYMEADOWS										
A	15	1,924,202	89,979	30,085	120,064	6.24%	7,299	0	45,000	\$22.43
B	175	7,418,500	466,986	42,593	509,579	6.87%	-7,182	45,000	0	\$18.87
C	76	894,171	85,193	0	85,193	9.53%	2,594	0	0	\$17.13
Total	266	10,236,873	642,158	72,678	714,836	6.98%	2,711	45,000	45,000	\$19.27
SOUTHSIDE										
A	52	6,688,891	399,505	31,293	430,798	6.44%	-2,813	0	160,000	\$22.26
B	278	6,149,038	586,649	69,692	656,341	10.67%	-135,606	0	9,000	\$17.55
C	414	3,407,888	267,617	0	267,617	7.85%	30,054	0	0	\$15.11
Total	744	16,245,817	1,253,771	100,985	1,354,756	8.34%	-108,365	0	169,000	\$18.75
NORTHSIDE (NORTHWEST)										
B	30	626,094	20,981	102,000	122,981	19.64%	-489	0	0	\$14.76
C	158	555,266	23,312	0	23,312	4.20%	2,264	0	0	\$11.94
Total	188	1,181,360	44,293	102,000	146,293	12.38%	1,775	0	0	\$14.38
NORTHSIDE (NORTHEAST)										
A	1	50,671	0	0	0	0.00%	0	0	0	\$0.00
B	31	601,421	25,637	0	25,637	4.26%	-2,500	0	0	\$17.62
C	45	248,063	2,628	0	2,628	1.06%	13,160	0	0	\$12.73
Total	77	900,155	28,265	0	28,265	3.14%	10,660	0	0	\$15.06
ORANGE PARK										
A	2	201,066	0	0	0	0.00%	0	0	0	\$0.00
B	192	1,906,774	227,032	25,947	252,979	13.27%	30,382	0	0	\$20.70
C	207	1,129,293	57,220	0	57,220	5.07%	14,798	0	0	\$17.46
Total	401	3,237,133	284,252	25,947	310,199	9.58%	45,180	0	0	\$20.11
MANDARIN										
B	173	1,945,402	159,401	0	159,401	8.19%	-38,520	0	0	\$19.83
C	129	703,903	24,009	0	24,009	3.41%	5,726	0	0	\$16.18
Total	302	2,649,305	183,410	0	183,410	6.92%	-32,794	0	0	\$19.25
BEACHES										
A	8	470,491	52,323	1,810	54,133	11.51%	13,330	0	0	\$27.42
B	171	1,691,600	41,635	0	41,635	2.46%	-65	0	45,000	\$26.17
C	189	906,507	19,801	0	19,801	2.18%	1,199	0	0	\$25.02
Total	368	3,068,598	113,759	1,810	115,569	3.77%	14,464	0	45,000	\$26.29
ST. JOHNS COUNTY										
A	4	299,476	47,441	0	47,441	15.84%	0	0	0	\$17.47
B	142	1,009,214	27,737	0	27,737	2.75%	814	0	20,000	\$19.26
C	476	1,983,646	116,218	0	116,218	5.86%	13,152	0	0	\$17.18
Total	441	3,084,231	141,071	0	141,071	4.57%	25,460	4,600	20,037	\$19.25
NASSAU COUNTY										
Nassau County	235	1,150,692	23,363	1,805	25,168	2.19%	941	0	12,000	\$18.99
BAKER COUNTY										
Baker County	32	123,795	16,186	0	16,186	13.07%	5,811	0	0	\$13.03
MARKET TOTAL										
A	101	16,463,341	1,331,516	74,336	1,405,852	8.54%	74,777	0	205,000	\$22.01
B	1,854	32,789,117	2,244,141	247,037	2,491,178	7.60%	-101,879	54,600	106,037	\$18.59
C	2,682	14,610,140	845,909	4,474	850,383	5.82%	122,100	0	0	\$16.44
Total	4,637	63,862,598	4,421,566	325,847	4,747,413	7.43%	94,998	54,600	311,037	\$19.22

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