

YoY Chg

6.8%
Vacancy Rate



303 K
YTD Net Absorption, SF



\$5.33
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

YoY Chg

671k
Jacksonville Employment



11.2%
Jacksonville Unemployment Rate



13.0%
U.S. Unemployment Rate



Source: BLS, numbers above are monthly figures, FL Dept. Economic OPP

ECONOMY

Jacksonville had an unemployment rate of 11.2% in May 2020, unchanged from April 2020 numbers but 820 basis points (bps) higher than the region's rate from one year ago. Every major employment sector forfeited jobs in the last 12 months with over half of the losses in the Leisure & Hospitality sector, at 25,300 jobs gone. The construction sector lost the least amount of jobs, falling by 400.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY

Overall vacancy ended the second quarter at 6.1%, an increase of 150 bps year-to-date (YTD) on available space from new deliveries. Vacant space in warehouse/distribution in the Northside submarket comprised over half of all vacant space in the market. Since the end of 2018, the vacancy rate in the Northside jumped from 2.2% to 14.3% currently, a 1,210-bps increase. During that time, 3.8 million square feet (msf) was delivered in the submarket with 2.2 msf vacant. Overall, six projects delivered in the first six months of 2020 totalling 1.6 msf. Another 1.2 msf was under construction with 82% preleased. Vacant sublease space remained muted in the first half of the year, accounting for under 1% of overall vacant space in the market.

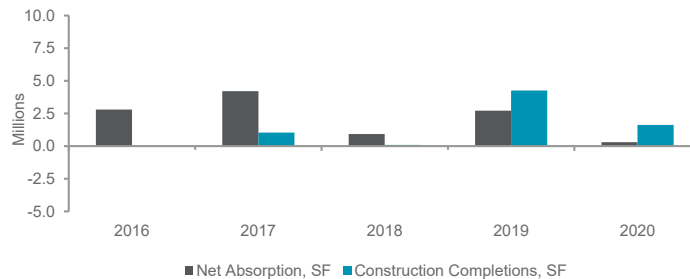
DEMAND

Second quarter new leasing activity totaled 1.1 msf, out of the 1.3 msf in activity YTD. The bulk of new leasing was in warehouse/distribution which accounted for over 91% of all activity. The Northside submarket took the lion's share of interest from tenants, comprising over 57% of space taken. A large portion of that activity took place in several buildings under construction. Tenant move-ins, specifically in warehouse/distribution during the second quarter added to positive absorption levels YTD at over 401,000 sf. Two leases over half a million sf each were signed in Jacksonville in the first half of the year. Fanatics signed a renewal for 553,000 sf in the Northside submarket and Samsonite inked a deal for 548,000 sf on the Westside.

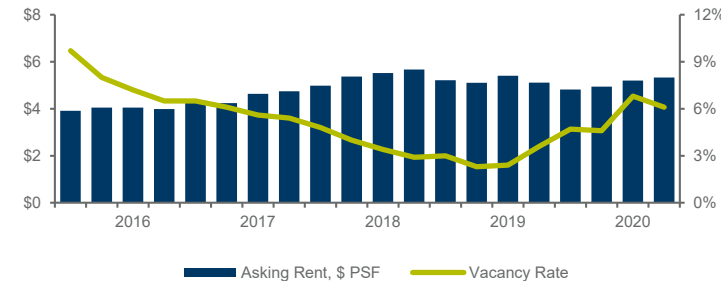
MARKET PRICING

As demand softened in the second quarter, rental rates continued to move up. Overall triple net asking rents for industrial space increased YOY by \$0.22 or 4.3% to \$5.33 per square foot (psf). The rise in rental rates were driven by gains in warehouse/distribution which were up 9.5% to \$5.05 psf in the last 12 months. The Northside had the highest jump in rents, up 17.3% since mid-year 2019 on new space from deliveries priced at the top of the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown	6,052,198	76,820	1.3%	-27,118	-47,820	0	0	\$2.90	N/A	\$0.00
Northside	24,970,435	3,661,811	14.7%	-36,158	17,767	188,125	1,030,696	N/A	\$8.50	\$5.34
Westside	48,658,867	1,898,191	3.9%	357,071	337,731	1,012,567	487,500	N/A	N/A	\$4.03
Southside	20,772,829	708,751	3.4%	9,963	-110,918	31,095	0	\$5.90	\$10.12	\$6.79
Orange Park Clay	2,263,040	51,479	2.3%	97,000	97,000	0	107,000	N/A	\$11.50	\$3.95
Beaches	691,507	46,000	6.7%	0	9,000	0	0	N/A	N/A	\$12.00
St Johns County	1,485,022	0	0.0%	0	0	0	0	N/A	N/A	\$0.00
JACKSONVILLE TOTALS	104,893,898	6,443,052	6.1%	400,758	302,760	1,231,787	1,625,196	\$5.07	\$10.30	\$5.05

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5233-5245 Commonwealth Avenue	Westside	Fanatics	553,151	Renewal*
1 Imeson Boulevard	Northside	Samsonite	547,920	Direct
11001 Pritchard Road	Westside	Suddath Global	240,000	Renewal*

*Renewals are not including in Leasing Activity

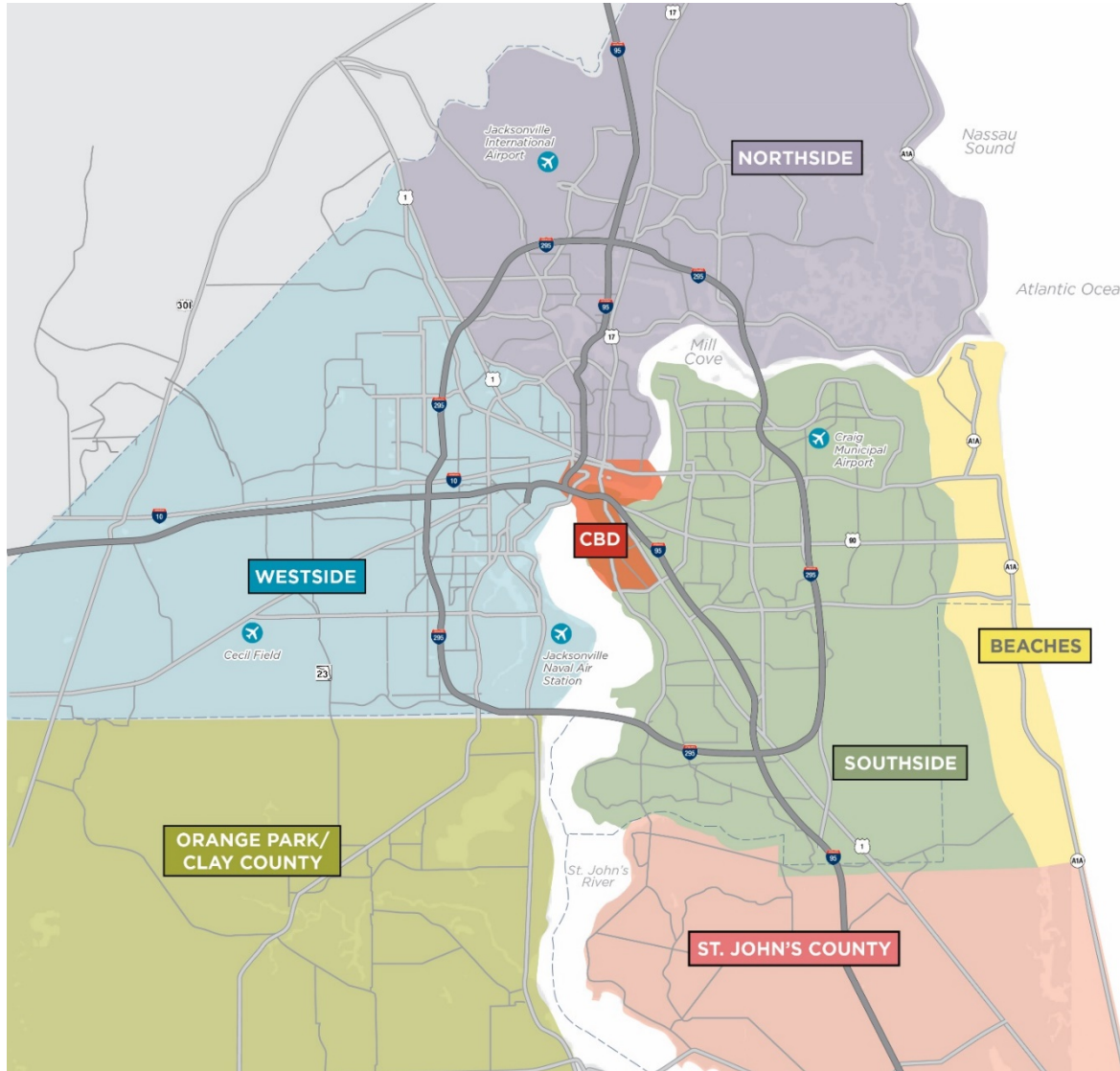
KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6590 Pritchard Road	Westside	Republic Property Company/Blackstone	297,000	\$24,500,000/\$86
109 Stevens Street	Westside	Atlantic Safety Products/FWP Real Estate Holdings	168,800	\$4,250,000/\$25
12128 New Berlin Road	Northside	Pattillo Industrial/TRUaire	163,615	\$13,960,000/\$85

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9950 Pritchard Road	Westside	N/A	487,500	Pattillo Industrial
250 E Busch Boulevard	Northside	N/A	477,946	Webb International
12090 New Berlin Road	Northside	N/A	279,000	Pattillo Industrial

INDUSTRIAL SUBMARKETS



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