

	YoY Chg	12-Mo. Forecast
<b>17.0%</b> Vacancy Rate	▲	▲
<b>-432K</b> YTD Net Absorption, SF	▼	▼
<b>\$21.10</b> Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
<b>712k</b> Jacksonville Employment	▼	▲
<b>5.3%</b> Jacksonville Unemployment Rate	▲	▼
<b>6.7%</b> U.S. Unemployment Rate	▲	▼

Numbers above are monthly figures, FL Dept. Economic OPP

## ECONOMY

Jacksonville, part of the Northeast Florida region, had an unemployment rate of 5.3% in November 2020, up 40 basis points (bps) from the previous month's numbers and 250 bps higher than the region's rate from one year ago. Nonagricultural employment was 712,000, a decrease of 28,400 jobs, or 3.8%, over the year. Besides Construction and Wholesale Trade, all other major employment sectors forfeited jobs in the last 12 months. Leisure & Hospitality and Retail Trade lost approximately 20,000 jobs year-over-year (YOY). Office-using employment was down with jobs in Professional & Business Services losing 4,800 jobs compared to this time last year.

## SUPPLY

Overall vacancy ended 2020 at 17.0%, an increase of 340 bps over the last year as office tenants reacted to the pandemic. Class A space rose by 230 bps YOY to 15.4% and Class B vacancy climbed by 340 bps to 18.4%. Suburban submarkets and the Central Business District (CBD) recorded significant vacancy increases, rising 330 bps to 17.3% and 340 bps to 16.2%, respectively. There was a 63,000 square foot (sf) addition to inventory in the Beaches submarket and the year ended with no buildings under construction.

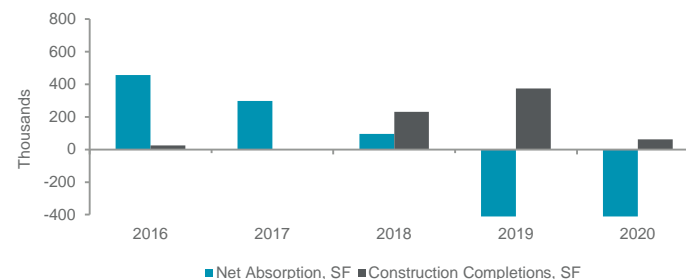
## DEMAND

Leasing activity slowed in the last six months of the year but ended 2020 down only 1.5% from 2019 levels.. Tenants took approximately 960,000 sf in new leases for the year with slightly less than half of all activity occurring in the first quarter. New leasing activity focused mainly on Class B assets with 549,000 sf, or 57% of the total, and suburban Class A buildings drove about 25% of leasing for the year. The CBD accounted for slightly more than 10% of all leases signed in the year. The Butler/Baymeadows major market captured over 61% of all leasing activity due to the higher diversity of space options. Across all building classes and submarkets, renewals and extensions, which are not calculated in quarterly statistics, picked up in the last six months as the market for new deals softened.

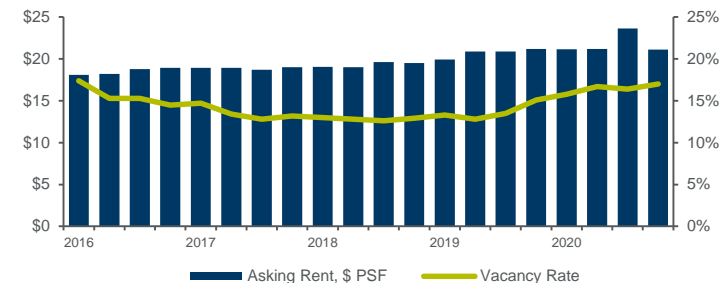
## MARKET PRICING

Overall asking rents for office space remained stable, rising 0.1% YOY to \$21.10 per square foot (psf) full service. Class A assets rose by 0.6% to \$23.77 psf overall with gains in the suburbs driving the increase, up 0.7% to \$24.65 psf. Flight to value benefited Class B properties which allowed owners to hold rates steady and even increase depending on demand, up 1.4% to \$20.13 psf. Overall asking rents trended downward since the beginning of 2020 and after the pandemic hit. The Mandarin submarket enjoyed some of the heathiest rent gains, up 3.5% to \$ 22.44 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





## Office Q4 2020

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
North Bank	4,922,764	116,656	829,616	19.2%	4,290	-137,824	101,242	0	\$22.22	\$23.01
South Bank	1,979,138	14,142	154,504	8.5%	-2,438	3,517	40,836	0	\$23.12	\$23.69
<b>CBD</b>	<b>6,901,902</b>	<b>130,798</b>	<b>984,120</b>	<b>16.2%</b>	<b>1,852</b>	<b>-134,307</b>	<b>142,078</b>	<b>-</b>	<b>\$22.27</b>	<b>\$23.06</b>
Arlington	713,884	7,190	131,194	19.4%	-14,400	-34,910	49,045	0	\$15.49	N/A
Southside	1,785,820	0	362,017	20.3%	-39,162	-99,573	45,866	0	\$17.05	N/A
Beaches	688,045	3,800	112,795	16.9%	-2,925	-2,983	44,122	0	\$27.46	\$27.50
Northside	30,000	0	1,730	5.8%	0	0	0	0	\$18.00	N/A
Mandarin	1,283,918	8,888	169,866	13.9%	-17,371	12,839	61,509	0	\$22.44	\$26.05
St. John's County	284,077	0	60,807	21.4%	-9,566	378	12,082	0	\$18.52	N/A
Clay County	494,605	0	33,507	6.8%	-10,308	-19,375	12,982	0	\$20.38	N/A
Westside	79,216	0	0	0.0%	0	0	0	0	N/A	N/A
<b>Butler/Baymeadows</b>	<b>11,479,527</b>	<b>228,488</b>	<b>1,793,472</b>	<b>17.6%</b>	<b>813</b>	<b>-153,980</b>	<b>592,457</b>	<b>-</b>	<b>\$21.14</b>	<b>\$23.95</b>
Deerwood Park	4,035,931	23,646	481,391	12.5%	42,037	-21,796	185,533	0	\$23.56	\$24.50
Southpoint	3,269,582	24,345	486,042	15.6%	-30,484	51,066	146,709	0	\$21.76	\$24.24
Baymeadows	4,174,014	180,497	826,039	24.1%	-10,740	-183,250	260,215	0	\$19.42	\$21.50
<b>Non CBD</b>	<b>16,839,092</b>	<b>248,366</b>	<b>2,665,388</b>	<b>17.3%</b>	<b>-92,919</b>	<b>-297,604</b>	<b>818,063</b>	<b>-</b>	<b>\$20.66</b>	<b>\$24.65</b>
<b>JACKSONVILLE TOTALS</b>	<b>23,740,994</b>	<b>379,164</b>	<b>3,649,508</b>	<b>17.0%</b>	<b>-91,067</b>	<b>-431,911</b>	<b>960,141</b>	<b>-</b>	<b>\$21.10</b>	<b>\$23.77</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7215 Financial Way	Baymeadows	Fanatics, Inc	59,500	Renewal
5022 Gate Parkway	Deerwood Park	DB Services New Jersey	51,000	Renewal
7720 Baymeadows Road E	Baymeadows	The CSI Companies	47,625	Direct
8787 Baypine Road	Baymeadows	Freedom Mortgage	46,200	Direct

\*Renewal – Not included in Leasing Activity Statistics.

## KEY SALES TRANSACTIONS 2020

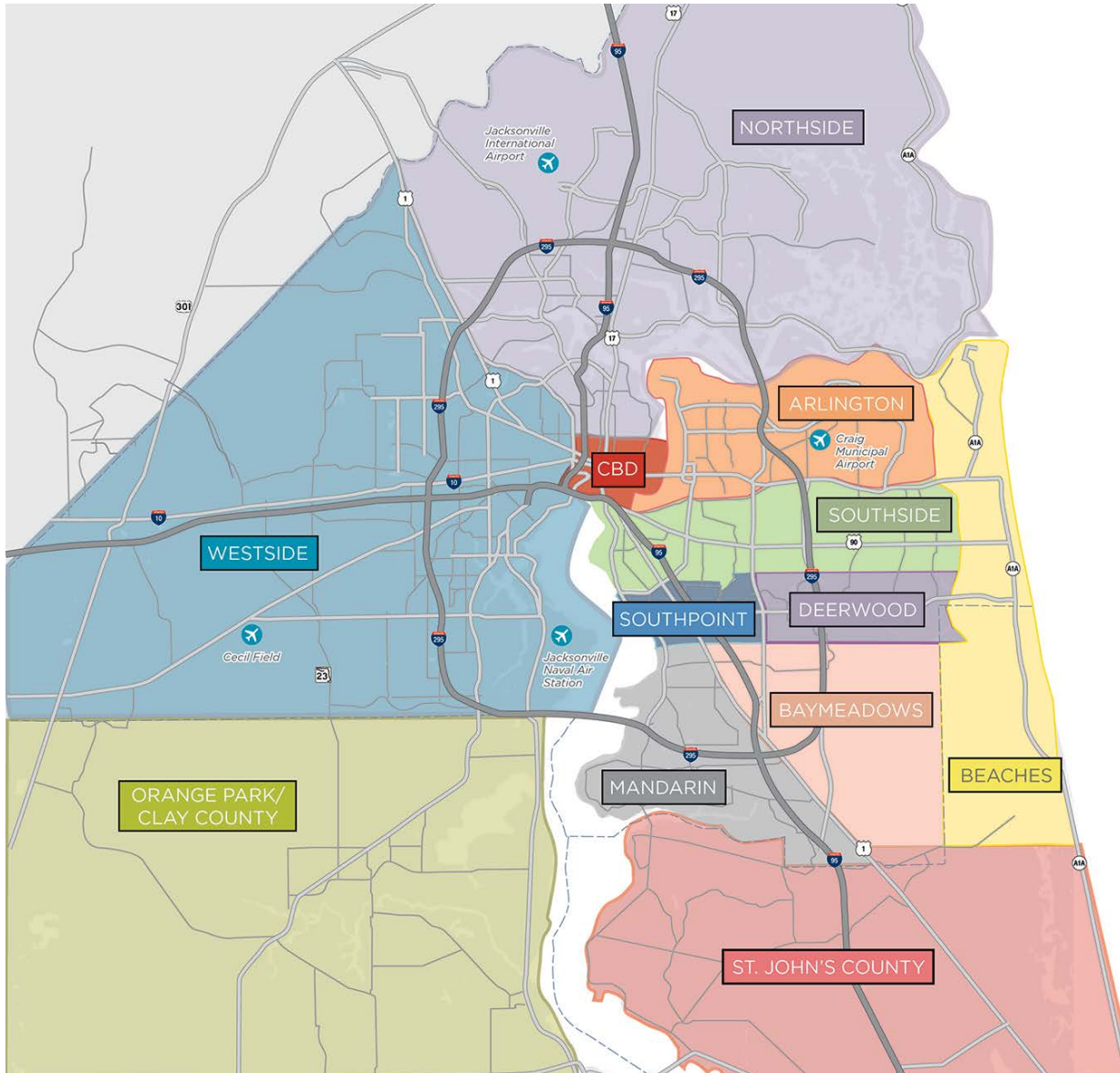
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
50 N Laura Street/Bank of America	Northbank	Hertz Investment Group/Group RMC	660,791	\$75.5 mil/\$114
841 Prudential Drive/Eight Forty One	Southbank	GEM Realty Capital/ShareMD	494,437	\$67.0 mil/\$136



# JACKSONVILLE

Office Q4 2020

## OFFICE SUBMARKETS



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