

Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
5.0% Vacancy Rate	▼	▼
581K YTD Net Absorption, SF	▲	▼
\$5.29 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
724K Jacksonville Employment	▼	▲
4.2% Jacksonville Unemployment Rate	▼	▼
5.9% U.S. Unemployment Rate	▼	▼

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

ECONOMY

Jacksonville, part of the Northeast Florida region, had an unemployment rate of 4.2% in May 2021, down 20 basis points (bps) from the previous month's numbers and 680 bps lower than the region's rate from one year ago. Nonagricultural employment was 724,000, an increase of 49,900 jobs, or 7.4%, over the year. Leisure & Hospitality was the employment sector with the most gains in jobs as approximately 13,600 jobs were added in the last year as tourism picked up from COVID lockdowns. Transportation, Warehousing & Utilities followed closely behind with about 11,500 jobs added, or a 7.9% increase year-over-year (YOY).

SUPPLY

Overall industrial vacancy ended the second quarter at 5.0%, a decrease of 180 bps YOY. Vacant space in warehouse/distribution in the Northside submarket comprised almost half of all vacant space in the market, totaling about 2.1 million square feet (msf). However, vacancy in the Northside steadily decreased over the last year, falling by 560 bps YOY to 8.8% overall. Several large projects were proposed during the last quarter with anticipated construction start dates sometime before the end of 2021.

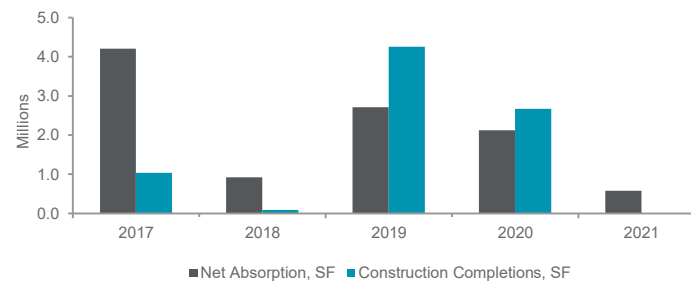
DEMAND

New leasing activity totaled 2.7 msf year-to-date in the second quarter with almost half deriving from the Northside submarket. As the traditional distribution hubs for the region, the Northside, along with the Westside, was dominated by leasing activity in warehouse/distribution product. Furthermore, large big box tenants such as Cra-Z-Art expanded and took additional into space during the quarter, taken an additional 316,000 square feet (sf) in the Northside. Mid-year absorption levels reached 581,000 sf with several large tenants slated to move in by yearend. Ecommerce and retail suppliers continued to sign for the most space in the first half of the year, with several recent deals as well as build-to-suit projects locating closer to where consumers live.

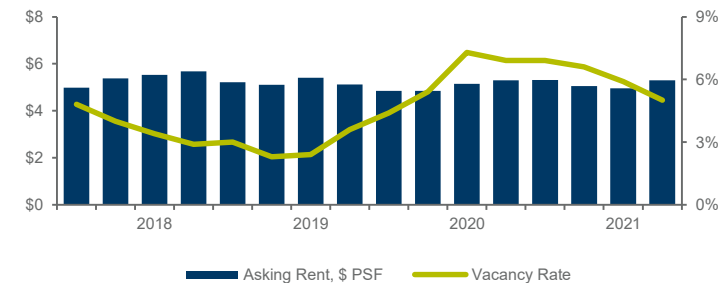
MARKET PRICING

Overall asking rents increased YOY by 1.6% to \$5.29 per square foot (psf) triple net. Warehouse/distribution had the most rental gains for the quarter, up 2.2% to \$5.04 psf in the last 12 months. Asking rents for the warehouse/distribution sector saw increases in the Westside submarket by 5.5% YOY to \$4.25 psf. In contrast warehouse/distribution spaces in the Northside submarket saw a decrease in rental rates to \$4.68 psf, a 12.5% change YOY.

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 (WD)
Downtown	4,713,319	49,702	1.1%	0	0	0	0	\$4.38	N/A	N/A
Northside	23,772,793	2,088,744	8.8%	126,069	530,239	2,440,073	0	N/A	\$6.00	\$4.68
Westside	47,356,009	1,817,687	3.8%	-11,600	-134,922	1,111,266	0	\$3.50	N/A	\$4.25
Southside	18,796,089	836,466	4.5%	151,072	136,895	85,000	0	\$5.90	\$10.52	\$8.03
Orange Park Clay	2,122,672	153,984	7.3%	22,677	4,719	0	0	N/A	\$10.00	\$8.50
Beaches	523,634	46,000	0%	0	0	0	0	N/A	N/A	N/A
St Johns County	1,269,577	3,780	0.3%	1,180	-1,890	0	0	N/A	N/A	\$10.95
JACKSONVILLE TOTALS	98,554,093	4,950,363	5.0%	335,398	581,041	3,636,339	0	\$4.64	\$10.35	\$5.04

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

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

KEY LEASE TRANSACTIONS Q2 2021

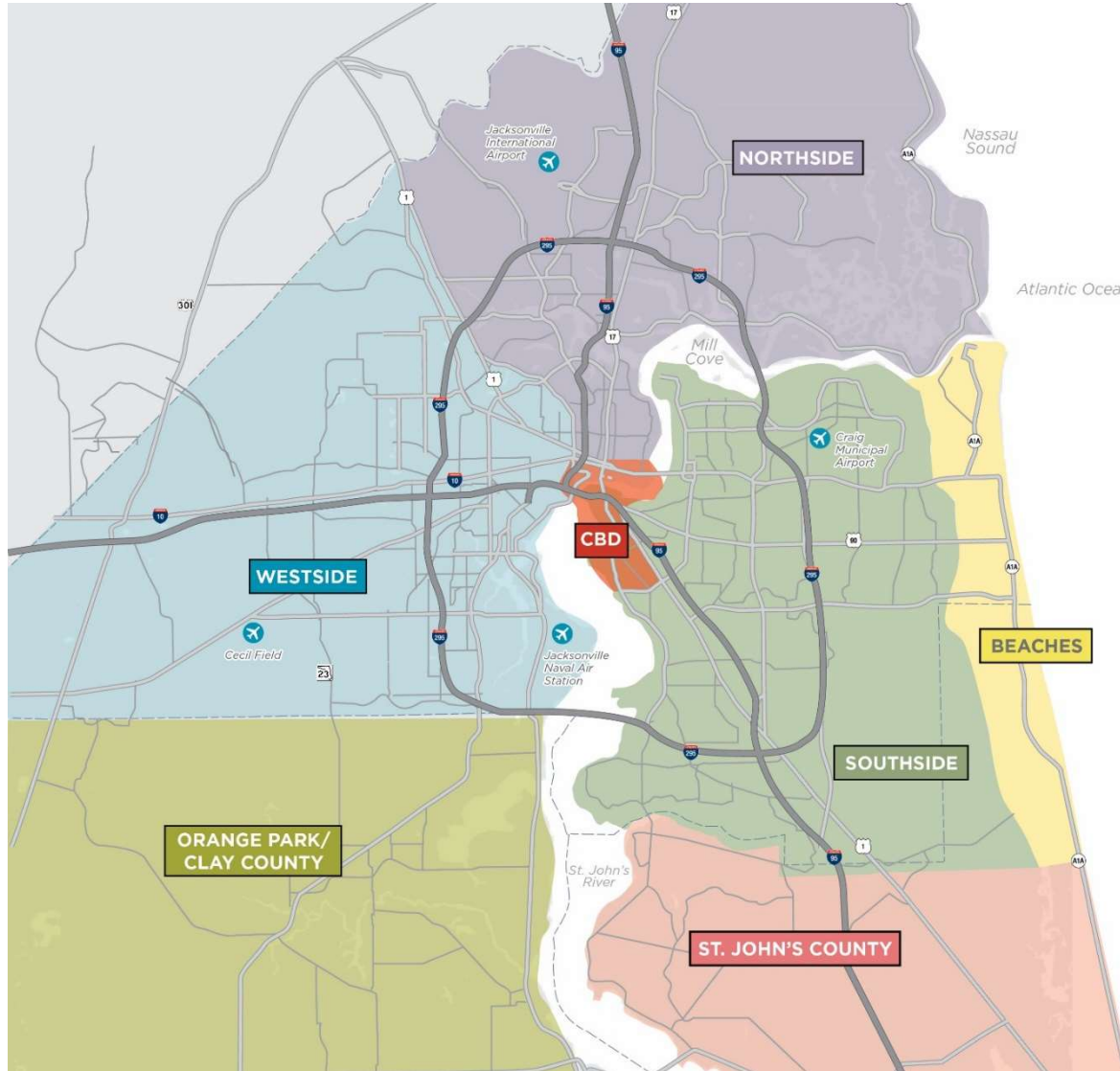
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10501 Cold Storage Rd - Bldg B	Northside	Cra-Z-Art	315,840	New
6610 Pritchard Road	Westside	Carparts.com	179,970	New
3525 Imeson Road #2	Northside	Packaging Company Of America	130,000	New
3750 Cisco Drive West	Westside	BoxOut	119,212	New

*Renewals are not including in Leasing Activity

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
600 Whittaker Road	Northside	Invesco Real Estate LRC Properties	469,830	\$29.6M \$63
401 North Ellis Road	Westside	True North Investments EQT - Exeter Property Group	105,200	\$5.9M \$56
5051 Cleveland Road	Westside	Metals USA Plates and Shapes W4 Investments	74,303	\$2.1M \$28

INDUSTRIAL SUBMARKETS



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