

	YoY Chg	12-Mo. Forecast
19.2% Vacancy Rate	▲	▲
-735K YTD Net Absorption, SF	▼	▼
\$21.37 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
724k Jacksonville Employment	▲	▲
4.2% Jacksonville Unemployment Rate	▼	▼
5.9% 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 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). Office-using employment increased by 11,700 jobs YOY, or 14.8 of new jobs in the second quarter.

SUPPLY

Overall vacancy closed out the first half of 2021 at 19.2%, an increase of 250 bps over the last year as office tenants continued to respond to the pandemic. Available space in Class B assets rose the most, reaching 21.6% vacancy, a 250 bps rise YOY. Vacant in Class A assets rose as well with an increase of 310 bps in 12 months to 18.1%. The bulk of new vacant space stemmed from additions in suburban submarkets for both asset classes. With over 4.5 million square feet (MSF) of vacant space, the Baymeadows submarket alone contributed to approximately 23% of all vacant space in the market with about 1.1 MSF being marketed.

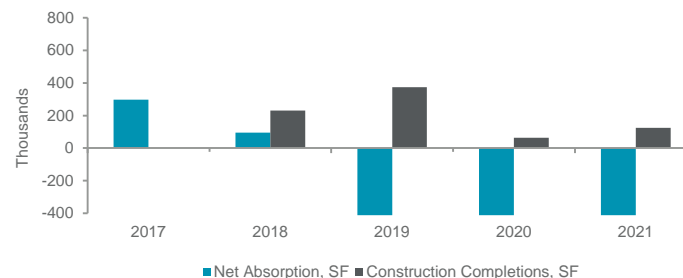
DEMAND

Leasing activity reached 449,100 square feet (sf) year-to-date (YTD). Most leasing activity was in Butler/Baymeadows, the top suburban market in Northeast Florida with approximately 51,300 sf in deals done in the first six months of the year. The Central Business District (CBD) with a combined total of 61,000 sf leased between the Northbank and Southbank submarkets, indicated resiliency and desire by tenants to be in the core. In the second quarter, most tenants focused new leasing activity in Class B office inventory, with 60% of all deals signed or 154,000 sf. Class A office space captured 88,000 sf in new leasing activity and about 34% of all leasing.

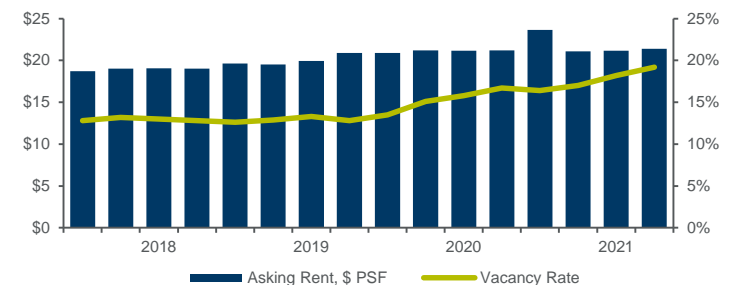
MARKET PRICING

Overall asking rents for office space remained stable, rising minimally by less than 1.0% YOY to \$21.37 per square foot (psf) full service. Class A rental rates dropped by 2.1% YOY to \$23.25 psf overall with a 3.3% dip in the CBD propelling the decrease to \$22.43 psf. The Southbank submarket, alone, experienced an overall 7.0% YOY decrease in rental rates to \$21.88 psf as higher priced availabilities were taken out of the market. Alternatively, Class B properties experienced a slight increase in overall rents of 3.1% in the last year to \$20.70 psf as demand for value priced space rose.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Office Q2 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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)*
Northbank	4,922,764	951,886	80,030	21.0%	-23,398	-38,814	52,371	0	\$22.78	\$23.20
Southbank	1,979,138	75,493	84,038	8.1%	4,118	-94,045	25,951	0	\$18.24	\$18.17
CBD	6,901,902	1,027,379	164,068	17.3%	-19,280	-132,859	78,322	0	\$22.10	\$22.43
Arlington	713,884	123,220	7,190	18.3%	7,203	7,974	14,504	0	\$15.32	N/A
Baymeadows	4,174,014	775,665	275,605	25.2%	-132,124	-122,136	83,099	0	\$19.69	\$21.58
Beaches	688,045	106,041	3,800	16.0%	-59,236	-55,679	60,789	0	\$27.72	\$27.74
Deerwood Park	4,035,931	560,207	53,011	15.2%	-18,894	-116,832	36,044	0	\$23.55	\$24.43
Mandarin	1,283,918	205,472	53,495	20.2%	-24,807	-90,523	59,587	0	\$22.47	\$25.73
Northside	30,000	1,730	0	5.8%	-1,730	-1,730	1,730	0	N/A	N/A
Orange Park/Clay County	494,605	110,050	0	22.3%	-76,667	-76,543	0	0	\$22.10	\$23.25
Southpoint	3,269,582	508,530	175,467	20.9%	11,065	-184,084	82,684	0	\$21.88	\$24.23
Southside	1,785,820	236,291	0	13.2%	7,613	49,459	28,615	0	\$16.70	\$28.70
St. John's County	409,077	186,150	0	45.5%	-6,289	-12,054	3,774	0	\$18.71	N/A
Westside	79,216	0	0	0.0%	0	0	0	0	N/A	N/A
NON-CBD TOTALS	16,964,092	2,813,356	568,568	19.9%	-293,866	-602,148	370,826	0	\$21.08	\$24.50
JACKSONVILLE TOTALS	23,865,994	3,840,735	732,636	19.2%	-313,146	-735,007	449,148	0	\$21.37	\$23.25

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
301 W Bay Street	Northbank	Valor Intelligent Processing	29,126	Sublease
8649 Baypine Road	Baymeadows	Episcopal Children's Services, Inc	16,250	Direct
5011 Gate Parkway	Deerwood Park	Office Evolution	10,562	Renewal/Expansion

*Renewals are not included in leasing activity

KEY SALES TRANSACTIONS Q2 2021

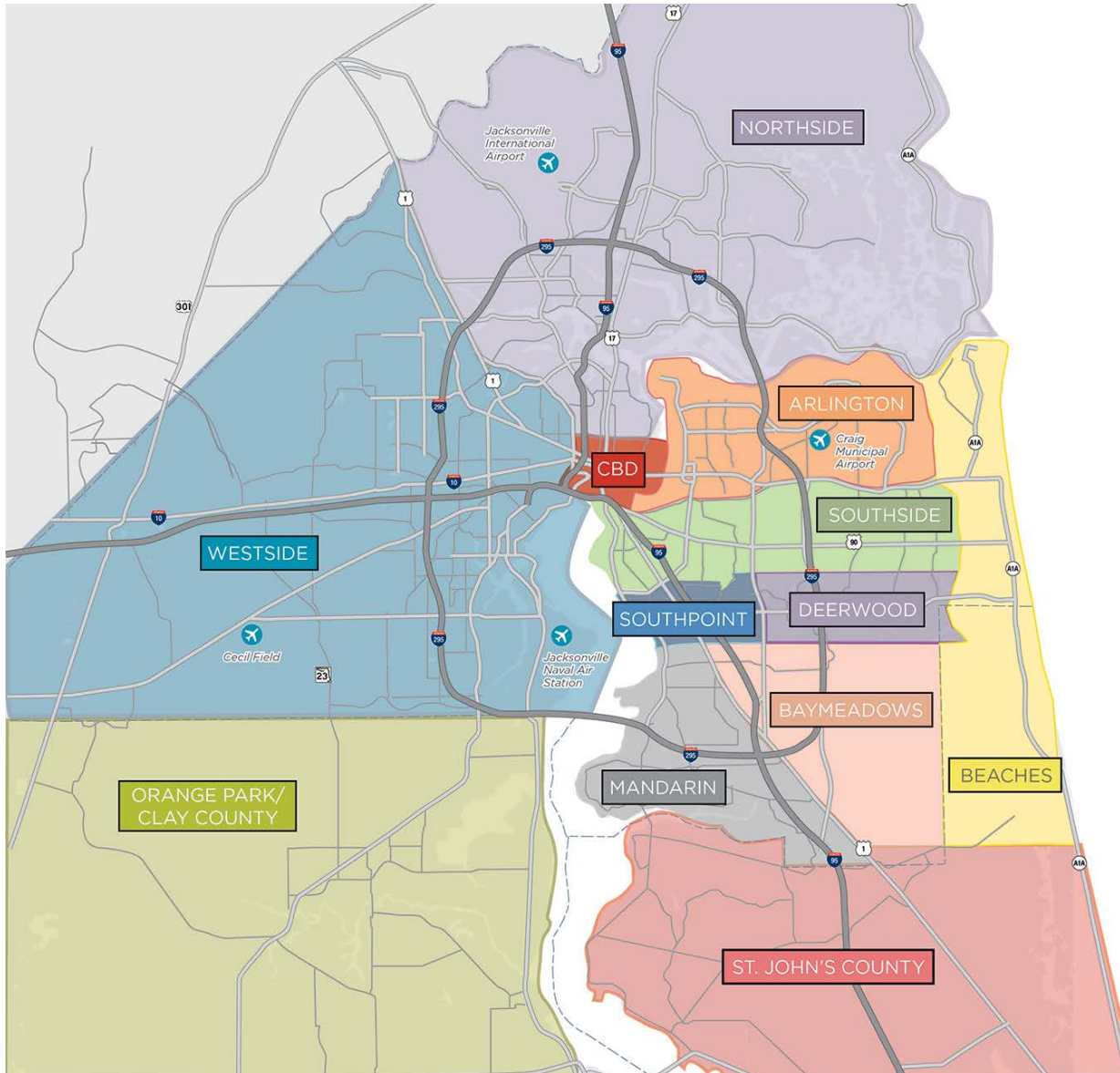
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5210/5200/5220 Belfort Road	Southpoint	Westport Capital Partners Westport Capital Partners, LLC	298,500	\$43M \$144
6867 N Southpoint Drive	Southpoint	South State Bank First Coast Energy, L.L.P.	37,850	\$3.0M \$80

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
100 Palmetto Park Place	St. John's County	N/A	125,000	Van Trust Real Estate Van Trust Real Estate



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