

JACKSONVILLE

Industrial Q3 2021

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▼	▲
2.6M YTD Net Absorption, SF	▲	▼
\$5.46 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
729K Jacksonville Employment	▼	▲
4.4% Jacksonville Unemployment Rate	▼	▼
5.2% 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 4.4% in August 2021, down 20 basis points (bps) from the previous month's numbers and 190 bps lower than the region's rate from one year ago. Nonagricultural employment was 729,200, an increase of 29,300 jobs, or 4.2%, over the year. Jobs in the Leisure & Hospitality sector gained the most with approximately 7,300 added in the last year followed by job gains in Trade, transportation & Utilities industry sectors with a combined 9,000 new jobs. The pace of growth in industrial-using employment was strong, adding 9,300 jobs year-over-year (YOY) on Overall demand from ecommerce firms and an uptick in construction across the region.

SUPPLY

Industrial vacancy ended the third quarter at 3.9%, a decrease of 290 bps YOY and the lowest vacancy rate in two and a half years. Vacancy in warehouse/distribution was slightly higher at 4.2%, a drop of 430 bps in the last 12 months. The major factor for the lower vacancy rate was the lack of speculative construction that delivered year-to-date (YTD). The region's only delivery so far in 2021 was a fully leased build-to-suit for an ecommerce company for 1.1 million square feet (msf). The amount of vacant space fell the most in the Northside submarket, dropping by 1,050 bps to 4.8%, a level not seen since the first quarter of 2019. At the end of the third quarter, 3.3 msf of space was under construction, 90% speculative.

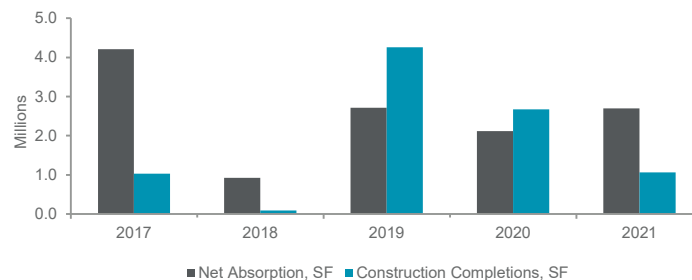
DEMAND

New leasing activity totaled 4.9 msf YTD through the third quarter with 2.6 msf in the Northside submarket. The bulk of new construction deliveries as well as under construction projects were in the Northside due to more tracts of developable land as well as strong linkages to JAXPORT facilities and larger transportation corridors. Over the last few years Jacksonville saw increasing interest from large big box users who view the region as an ideal location to distribute goods throughout the Southeast. Approximately 1.1 msf of the 2.6 msf of positive absorption in the Northside came from a construction delivery in the third quarter.

MARKET PRICING

Overall asking rents increased YOY by 5.0% to \$5.46 per square foot (psf) triple net (NNN), predominantly due to owner's confidence of continued leasing demand and the lack of new speculative construction deliveries. Warehouse/distribution had the most rental gains for the quarter, up 5.7% to \$5.21 psf in the last 12 months, the highest average in the last three years. The largest increases in rents were in the denser Southside submarket where rents jumped 57.0% YOY. The submarket traditionally had the highest rents and most difficulty in building new inventory. Ninety percent (90%) of space currently under construction was speculative and priced above market. As it delivers over the next nine months, asking rates could potentially be pushed higher.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q3 2021

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)
Beaches	523,634	0	0.0%	0	46,000	0	0	N/A	N/A	N/A
Downtown	5,800,093	77,692	1.3%	0	0	0	0	\$4.53	N/A	N/A
Northside	25,282,988	1,208,066	4.8%	2,170,103	2,657,142	2,086,025	1,063,225	N/A	N/A	\$4.62
Orange Park/Clay County	1,505,711	130,146	8.6%	0	0	0	0	N/A	N/A	N/A
Southside	18,816,089	848,101	4.5%	-53,420	116,129	85,000	0	\$5.90	\$11.06	\$10.17
St. Johns County	1,269,577	1,890	0.2%	1,890	0	0	0	N/A	N/A	\$10.95
Westside	46,457,533	1,576,733	3.4%	-166,275	-226,478	1,111,266	0	\$4.00	\$10.47	\$4.39
TOTALS	99,655,625	3,842,628	3.9%	1,952,298	2,592,793	3,282,291	1,063,225	\$4.57	\$10.98	\$5.21

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

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

KEY LEASE TRANSACTIONS Q3 2021

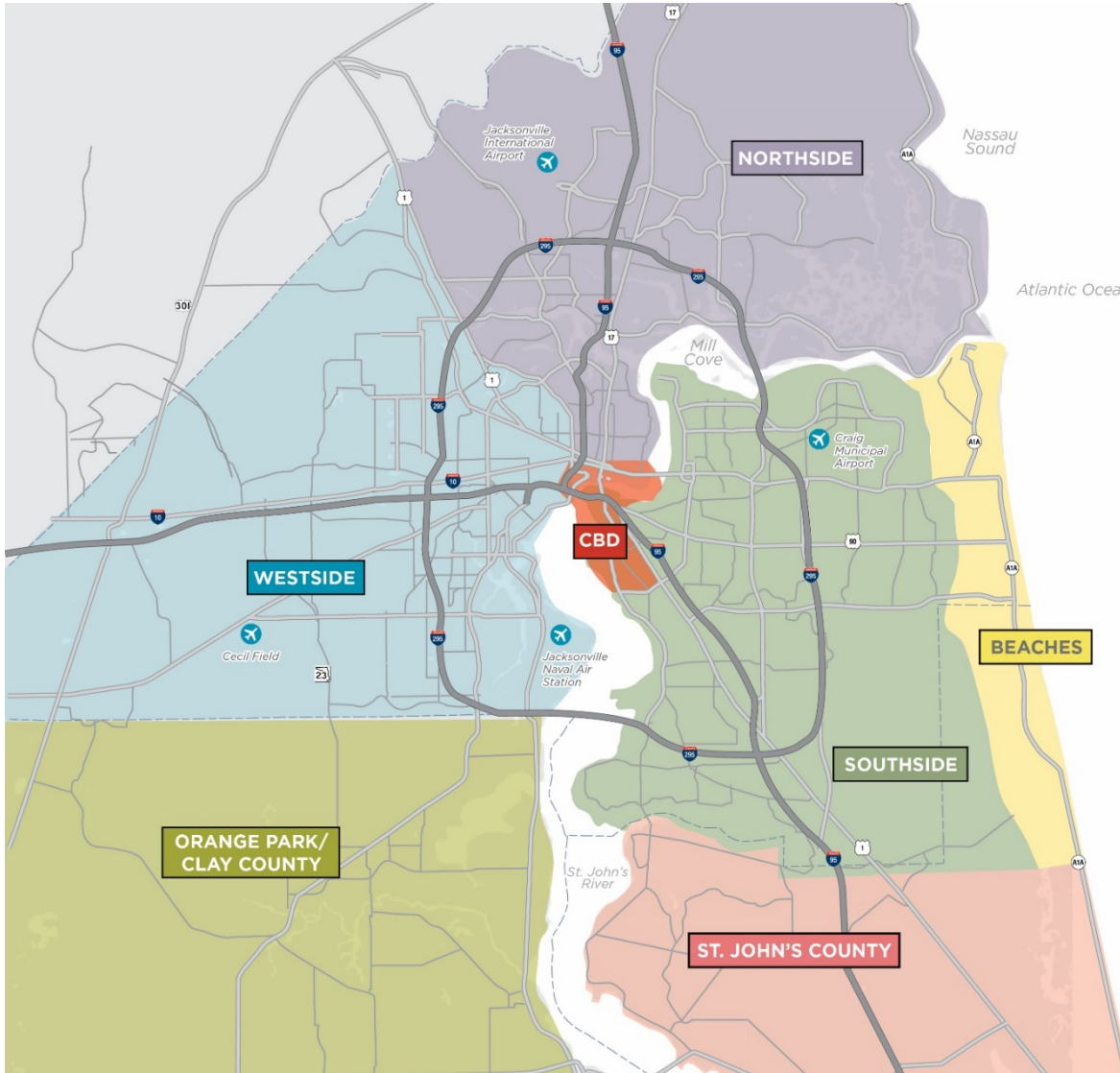
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
13398 International Parkway	Northside	Coach	193,324	Renewal
3600 Port Jacksonville Parkway	Northside	The New IEM Power Systems, LLC	186,652	New
3509 Port Jacksonville Parkway	Northside	Chep USA	180,316	Renewal
1501 Haines Street	Northbank	Manezz Holdings	146,585	New

*Renewals are not including in Leasing Activity

KEY SALE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Portfolio Deal - 4 Properties	Westside	Blackstone Hartz Mountain Industries	12,862,366	N/A N/A
10501 Cold Storage Rd - Bldg B	Northside	VanTrust Real Estate Hawksbay LLC	552,720	\$50.8M \$92
Portfolio Deal - 2 Properties	Westside	Easton, Sanderson and Company Graham Capital	346,000	N/A N/A
3811 University Boulevard W	Southside	Three Jacks Associates IWH Capital LLC	171,126	\$8.6M \$50

INDUSTRIAL SUBMARKETS



CHRIS OWEN

Director

Tel: +1 407 541 4417

Chris.owen@cushwake.com

**A CUSHMAN & WAKEFIELD
RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.