

## Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
<b>3.6%</b> Vacancy Rate	▼	▼
<b>4.5M</b> YTD Net Absorption, SF	▲	▼
<b>\$5.72</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMY

Jacksonville, part of the Northeast Florida region, had an unemployment rate of 3.4% in November 2021, down 30 basis points (bps) from the previous month and 50 bps lower than the region's rate from one year ago. Nonagricultural employment was 753,000, an increase of 32,800 jobs, or 4.6%, over the year. Jobs in the Trade, Transportation & Utilities industry sectors gained the most with approximately 7,900 added in the last year followed by Professional and Business Services industry sectors with 6,800 new jobs. The pace of growth in industrial-using employment was strong, adding 11,400 jobs year-over-year (YOY) on demand from e-commerce firms and an uptick in construction across the region.

### SUPPLY

Overall industrial vacancy ended the fourth quarter at 3.6%, 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 4.1%, a drop of 380 bps in the last 12 months. The amount of vacant space fell the most in the Northside submarket, dropping 870 bps to 3.6%, a level not attained since the fourth quarter of 2018. The region had several deliveries in the fourth quarter of 2021 all in the Northside and Westside submarkets. The new construction added over 2.7 million square feet (msf) of inventory and delivered nearly 90% leased. At the end of the fourth quarter, 4.4 msf of space was under construction, 77% of which was speculative.

### DEMAND

New leasing activity totaled 5.5 msf to end the year with over half, approximately 2.8 msf, occurring in the Northside submarket. As the traditional distribution hubs for the region, the Northside and Westside submarkets dominated leasing activity in warehouse/distribution product, accounting for 87% of new deals. Large big box tenants such as Cra-Z-Art and Samsonite moved into space over the last twelve months, accounting for nearly 900,000 sf of positive absorption, bringing year-end absorption to an historic level of nearly 4.5 msf.

### MARKET PRICING

Overall asking rents for industrial space increased YOY by 13% to \$5.72 per square foot (psf) triple net, predominantly due to owner's confidence of continued leasing demand. Warehouse/distribution, the bulk of the industrial market, drove rental gains for the year, up 13% over the last twelve months to \$5.33 psf. The largest increases in rents were in the Westside submarket where manufacturing product rose 27% to \$4.75 psf and warehouse/distribution climbed 23% to \$4.99 psf YOY

### ECONOMIC INDICATORS Q4 2021

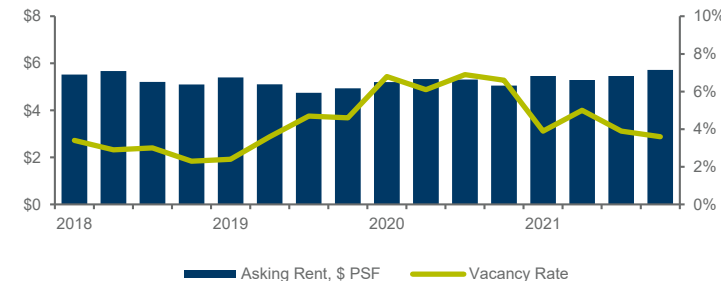
	YoY Chg	12-Mo. Forecast
<b>753K</b> Jacksonville Employment	▲	▲
<b>3.4%</b> Jacksonville Unemployment Rate	▼	▼
<b>4.2%</b> U.S. Unemployment Rate	▼	▼

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

### 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)
Beaches	523,634	0	0.0%	0	46,000	0	0	N/A	N/A	N/A
Downtown	5,800,393	102,992	1.8%	-25,300	-25,300	0	0	\$4.53	N/A	\$5.00
Northside	26,250,896	943,341	3.6%	1,227,437	3,884,579	1,884,139	2,031,833	N/A	N/A	\$5.12
Orange Park/Clay County	1,505,711	130,146	8.6%	0	0	0	0	N/A	N/A	N/A
Southside	18,819,406	793,113	4.2%	64,225	204,034	85,000	0	\$5.90	\$11.56	\$6.11
St. Johns County	1,269,577	0	0.0%	1,890	1,890	500,000	0	N/A	N/A	N/A
Westside	47,130,221	1,722,741	3.7%	589,887	365,999	1,883,370	674,839	\$4.75	\$10.47	\$4.99
<b>JACKSONVILLE TOTALS</b>	<b>101,299,838</b>	<b>3,692,333</b>	<b>3.6%</b>	<b>1,858,139</b>	<b>4,477,202</b>	<b>4,352,509</b>	<b>2,706,672</b>	<b>\$4.89</b>	<b>\$11.45</b>	<b>\$5.33</b>

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

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

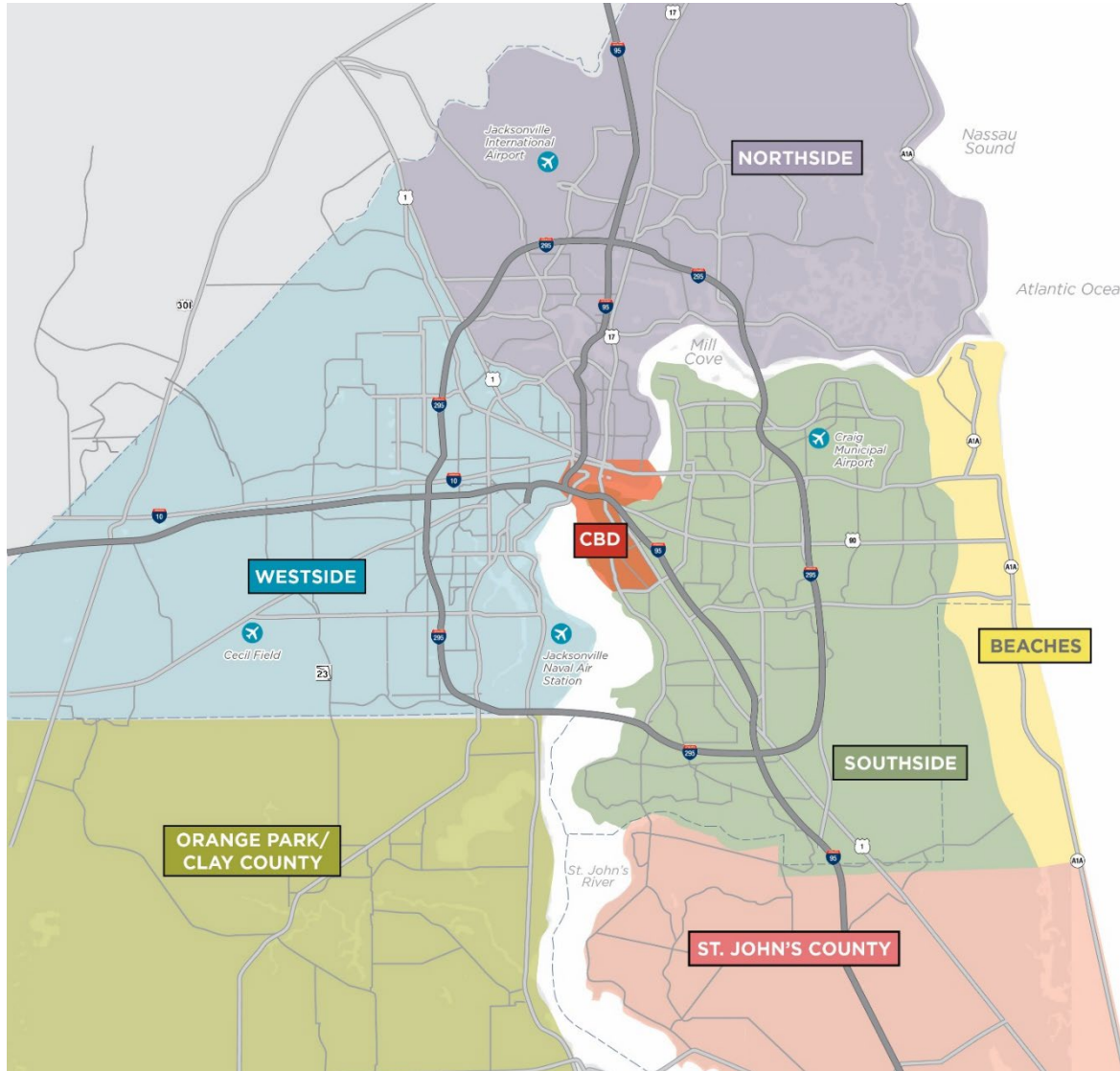
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	19,219,683	329,990	1.7%	120,100	-138,868	0	0	0	\$4.89
Office Services/Flex	4,318,072	185,574	4.3%	-21,287	85,173	272,275	0	0	\$11.45
Warehouse/Distribution	77,762,083	3,176,769	4.1%	1,759,326	4,530,897	5,267,179	4,352,509	2,706,672	\$5.33
<b>JACKSONVILLE TOTALS</b>	<b>101,299,838</b>	<b>3,692,333</b>	<b>3.6%</b>	<b>1,858,139</b>	<b>4,477,202</b>	<b>5,539,454</b>	<b>4,352,509</b>	<b>2,706,672</b>	<b>\$5.72</b>

**KEY LEASE TRANSACTIONS 2021**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
9950 Pritchard Rod/Westake Distribution Center #3	Westside	Iron Mountain	486,146	Direct
4660 New World Avenue/Cecil Commerce Center	Westside	Boeing	370,000	Direct
3559 Port Jacksonville Parkway	Northside	Bacardi	351,840	Direct
10501 Cold Storage Rd - Bldg B	Northside	Cra-Z-Art	315,840	Direct

\*Renewals are not including in Leasing Activity

INDUSTRIAL SUBMARKETS



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