

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▼	▼
184K YTD Net Absorption, SF	▲	▼
\$5.72 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
762K Jacksonville Employment	▲	▲
2.5% Jacksonville Unemployment Rate	▼	▼
3.6% 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 2.5% in March 2022, down 40 basis points (bps) from the previous month and 210 bps lower than the region's rate from one year ago. Nonagricultural employment was 761,600, an increase of 40,000 jobs, or 5.5%, over the year. Jobs in the Trade, Transportation & Utilities industry sectors gained the second most with approximately 7,300 added in the last year with Professional and Business Services industry sector up by 15,800 new jobs. The pace of growth in industrial-using employment was strong, adding 11,800 jobs year-over-year (YOY) on demand from ecommerce firms and an uptick in construction across the region.

SUPPLY

Overall industrial vacancy ended the fourth quarter at 4.0%, a decrease of 10 bps YOY with rising amounts of available space in several submarkets due to construction deliveries. Vacancy in warehouse/distribution was 4.0%, a drop of 20 bps in the last 12 months. Vacant space in the Northside submarket increased 70 bps to 5.5% on new additions in manufacturing. Warehouse/distribution availabilities in the submarket decreased over the last 12 months, falling by 110 bps to 4.8%. New deliveries in the first quarter totaled 554,000 square feet (sf), all in the Northside and Westside submarkets. At the end of the first quarter, 3.7 million square feet (msf) of space was under construction with close to 75% speculative with no preleasing in place.

DEMAND

New leasing activity totaled 1.4 msf in the first three months of 2022 with 59%, or 824,400 sf, deriving from 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 96% of new deals. Expanding big box tenants such as Crown Products and Henry Schein signed space in the first quarter, accounting for nearly 700,000 sf in leasing activity. First quarter net absorption was 184,300 sf with the figure to grow as tenants move into space through the rest of the year.

MARKET PRICING

Overall asking rents for industrial space increased YOY by 17.5% to \$6.42 per square foot (psf) triple net. Owner's confidence of continued leasing demand was the main driver for growth coupled with new inventory deliveries. Warehouse/distribution, the bulk of the industrial market in Jacksonville, had rental gains of 10.9% YOY to \$5.77 psf. The largest increases in rents were in the Northside submarket where vacant space in warehouse/distribution buildings rose 74% to \$8.03 psf in the last 12 months.

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 (W/D)
Beaches	523,634	0	0	0	0	0	0	N/A	N/A	N/A
Downtown	5,801,393	103,992	1.80%	0	0	0	0	\$4.53	N/A	\$5.00
Northside	26,645,173	1,456,078	5.50%	-118,460	-118,460	1,361,462	394,277	N/A	N/A	\$8.03
Orange Park/Clay County	1,505,711	130,146	8.60%	0	0	0	0	N/A	N/A	N/A
Southside	18,819,406	859,807	4.60%	-84,378	-84,378	85,000	0	N/A	\$11.67	\$6.12
St. Johns County	1,269,577	0	0	0	0	500,000	0	N/A	N/A	N/A
Westside	47,290,221	1,527,551	3.20%	387,168	387,168	1,720,700	160,000	N/A	\$9.90	\$5.03
JACKSONVILLE TOTALS	101,855,115	4,077,574	4.00%	184,330	184,330	3,667,162	554,277	\$4.53	\$11.39	\$5.77

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

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

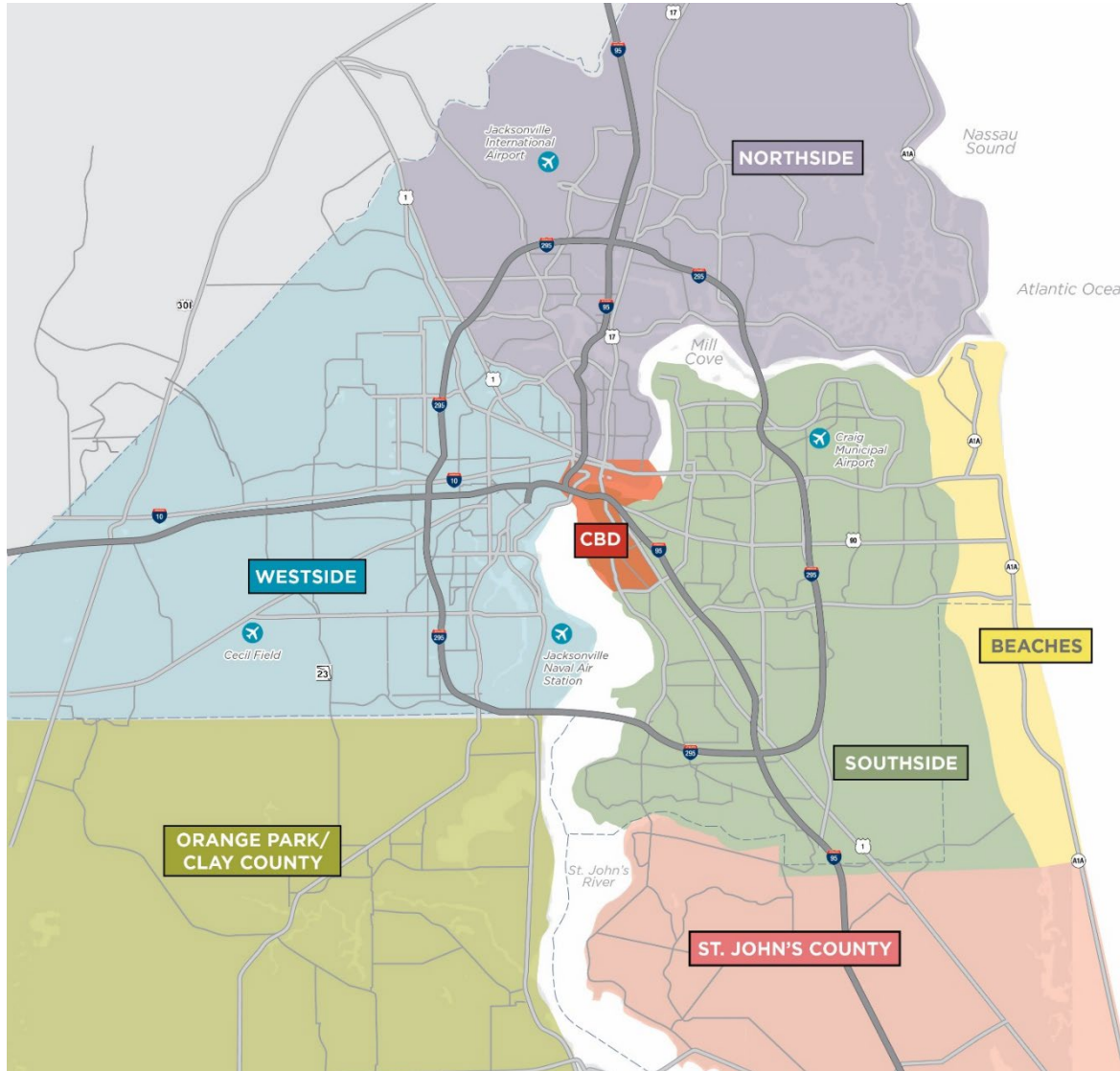
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	19,220,683	680,310	3.50%	-349,320	-349,320	262,298	0	0	\$4.53
Office Services/Flex	4,318,072	233,063	5.40%	-61,289	-61,289	49,201	0	0	\$11.39
Warehouse/Distribution	78,316,360	3,164,201	4.00%	594,939	594,939	1,077,166	3,667,162	554,277	\$5.77
JACKSONVILLE TOTALS	101,855,115	4,077,574	4.00%	184,330	184,330	1,388,665	3,667,162	554,277	\$6.42

KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
600 Whittaker Road	Northside	Crown Products	469,830	New
10501 Cold Storage Rd - Bldg B	Northside	Shoreside Logistics	236,880	New
4925 Bulls Bay Highway	Westside	Henry Schein	198,408	New
2240 Lane Ave N #1	Westside	Centro	100,000	New

*Renewals are not including in Leasing Activity

INDUSTRIAL SUBMARKETS



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