

	YoY Chg	12-Mo. Forecast
20.0% Vacancy Rate	▲	▲
42K YTD Net Absorption, SF	▼	▼
\$21.82 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
841k Jacksonville Employment	▲	▲
2.9% Jacksonville Unemployment Rate	▼	▼
3.6% 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 2.9% in February 2022, down 40 basis points (bps) from the previous month's numbers and 200 bps lower than the region's rate from one year ago. Nonagricultural employment was 758,200, an increase of 38,900 jobs, or 5.4%, over the year. Jobs in Professional & Business Services exploded with 12,400 new jobs in 12 months, the most out of all employment sectors. The pace of growth in office-using employment accelerated, up 14,900 jobs year-over-year (YOY) to 203,900 jobs.

Supply

Overall vacancy closed out the quarter at 20.0%, an increase of 180 bps over the last year but down 50 bps from year end 2021. The full return to office for employees remained sporadic and the long-term impacts on work-from-home policies on office demand in Jacksonville were undetermined. Available space in Class A assets rose significantly, with most of the new space added in higher quality Class A buildings. Class A assets ended the year at 21.9%, a 450 bps rise YOY. Vacant Class B decreased in available space dropping by 40 bps over the past twelve months to 19.8%. There was 4.9 million square feet (msf) vacant throughout the region with the Northbank section of the CBD accounting for 25% of all vacant space, with 1.2 msf being marketed.

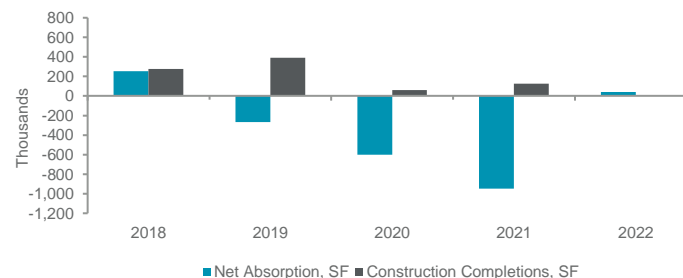
Demand

Leasing activity in the first quarter was double the amount recorded in the fourth quarter of 2021 with 534,000 square feet (sf), an 168% increase from the first three months of 2021 and the highest amount of quarterly leasing since the first quarter of 2018. The bulk of leasing activity was in suburban submarkets which accounted for nearly 83% of all leases signed year-to-date. The Butler/Baymeadows major market captured over 51% of all leasing activity due to the higher diversity of space options. The Deerwood submarket accounted for 43% of new leases signed within the Butler/Baymeadows major market, with the rest split evenly between Southpoint and Baymeadows submarkets. There was a shift and flight to quality in the first quarter, with new leasing activity focused on Class A which took approximately 72% of all deals signed, or 386,000 sf.

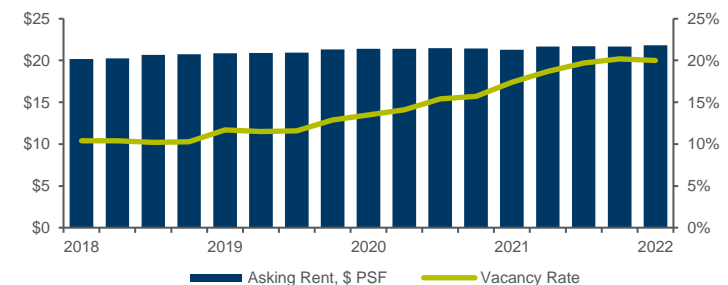
Market Pricing

Overall asking rents for office space rose 3.1% YOY to \$21.82 per square foot (psf) full service. Class A rental rates expanded by 3.8% YOY to \$23.94 psf overall. The CBD had an increase of 2.1% to \$22.94 psf, while the Southbank submarket experienced a 25.1% jump in the last 12 months due to sublease space being taken off the market. Class B properties experienced a slight increase of 0.7% YOY to \$20.76 psf as more available space was added over the last three quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Office Q1 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Northbank	5,486,805	1,221,671	78,876	23.7%	4,036	4,036	63,498	0	\$22.94	\$23.65
Southbank	1,979,138	347,547	96,448	22.4%	-19,328	-19,328	26,643	0	\$22.92	\$23.10
CBD	7,465,943	1,569,218	175,324	23.4%	-15,292	-15,292	90,141	0	\$22.94	\$23.51
Arlington	713,884	116,613	0	16.3%	6,530	6,530	7,630	0	\$16.89	N/A
Beaches	1,708,908	260,944	0	15.3%	798	798	5,641	0	\$17.04	N/A
Mandarin	685,032	144,796	1,339	21.3%	-15,424	-15,424	10,516	0	\$28.09	\$28.12
Northside	30,000	0	0	0.0%	1,750	1,750	1,750	0	N/A	N/A
Orange Park/Clay County	1,283,918	157,223	49,908	16.1%	36,473	36,473	21,467	0	\$23.24	\$26.53
Southside	409,077	137,241	0	33.5%	-2,684	-2,684	125,500	0	\$21.92	N/A
St. John's County	458,272	136,804	0	29.9%	-3,400	-3,400	0	0	\$23.14	\$23.25
Westside	115,549	6,369	0	5.5%	-3,741	-3,741	0	0	\$14.30	N/A
Butler/Baymeadows	11,541,125	1,810,414	316,469	18.4%	37,004	37,004	271,437	0	\$21.12	\$23.77
Deerwood Park	4,279,623	640,148	21,133	15.5%	67,516	67,516	115,724	0	\$23.21	\$24.40
Southpoint	3,225,401	489,231	42,696	16.5%	-57,517	-57,517	84,532	0	\$21.34	\$24.29
Baymeadows	4,036,101	681,035	252,640	23.1%	27,005	27,005	71,181	0	\$19.89	\$21.50
NON-CBD TOTALS	16,945,765	2,770,404	367,716	18.5%	57,306	57,306	443,941	0	\$21.18	\$24.66
TOTALS	24,411,708	4,339,622	543,040	20.0%	42,014	42,014	534,082	0	\$21.82	\$23.94

*Rental rates reflect full service asking

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	10,787,924	2,178,182	182,851	21.9%	31,155	31,155	386,122	0	\$23.94	\$23.94
CLASS B	10,977,861	1,816,059	358,850	19.8%	20,078	20,078	132,003	0	\$20.78	\$20.76
CLASS C	2,645,923	345,381	1,339	13.1%	-9,219	-9,219	15,957	0	\$16.56	\$16.59
JACKSONVILLE TOTALS	24,411,708	4,339,622	543,040	20.0%	42,014	42,014	534,082	0	\$21.89	\$21.82

KEY LEASE TRANSACTIONS Q1 2022

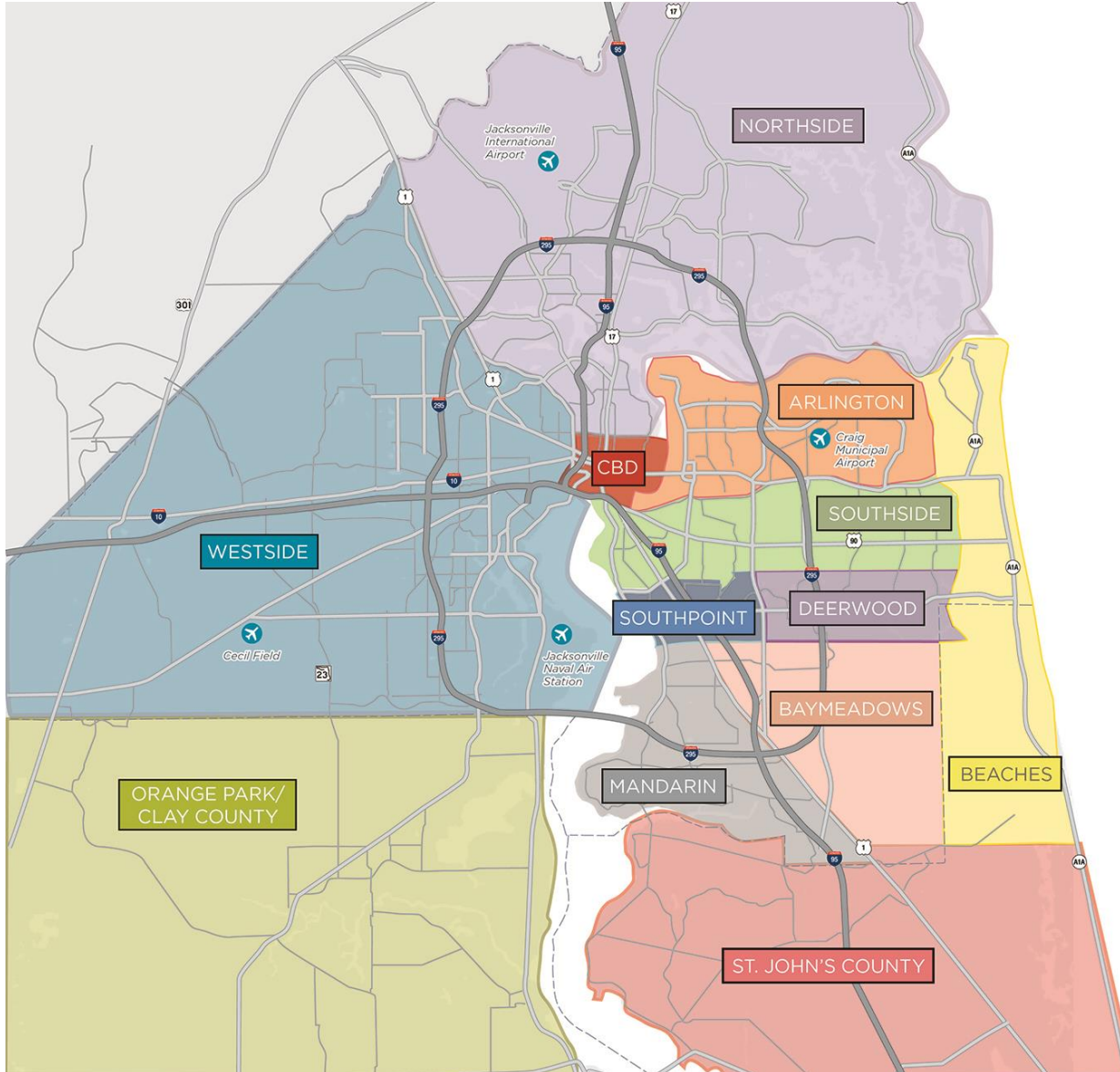
PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 Palmetto Park Place	St. John's County	TREACE	125,000	New Deal
501 Riverside Avenue	Northbank	Morgan & Morgan	50,884	New Deal

*Renewals are not included in leasing activity

JACKSONVILLE

Office Q1 2022

OFFICE SUBMARKETS



CHRIS OWEN

Research Director

Tel: +1 407 541 4417

Chris.owen@cushwake.com

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