



Industrial Q2 2022

3.2%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

1M

YTD Net Absorption, SF



\$6.55

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

856K

Jacksonville
Employment

2.4%

Jacksonville
Unemployment Rate

3.6%

U.S.
Unemployment RateSource: BLS, numbers above are monthly figures, FL Dept.
Economic OPP

ECONOMY

Jacksonville, part of the Northeast Florida region, had an unemployment rate of 2.4% in May 2022, up 10 basis points (bps) from the previous month and 170 bps lower than the region's rate from one year ago. Nonagricultural employment was 765,600, an increase of 35,900 jobs, or 4.9%, over the year. Overall industrial-using employment grew by 10,100 new jobs over the last twelve months with Trade, Transportation & Utilities up 5,500 jobs, Construction adding 3,900 jobs and Manufacturing with another 700 new positions.

SUPPLY

Overall industrial vacancy ended the second quarter at 3.2%, a decrease of 180 bps year-over-year (YOY). Vacancy in warehouse/distribution was 3.2%, a drop of 290 bps in the last twelve months. Vacant space in the Westside submarket decreased 160 bps YOY to 2.2% with large tenants such as Athena Brands and Veritiv Operating Company moving into nearly 219,000 square feet (sf) and 160,000 sf respectively. At the end of the second quarter, 7.0 million square feet (msf) of space was under construction, with close to 83% speculative with no preleasing in place.

DEMAND

New leasing activity totaled 1.4 msf in the second quarter of 2022. The Northside and Westside submarkets dominated leasing activity, accounting for 86%, or 1.2 msf, of new deals as user demand for warehouse/distribution space remained strong. There were four large users, Alta Marketing, Veritiv Operating Company, Lake Parime, and Advantus Corp, that signed new deals during the second quarter. These deals made up 59% of leasing activity, totaling nearly 835,000 sf. Second quarter net absorption was 510,000 sf and is expected to grow as tenants move into space through the rest of the year.

MARKET PRICING

Overall asking rents for industrial space increased 23.8% YOY to \$6.55 per square foot (psf) triple net. Upcoming deliveries along with owners continued confidence from high leasing demand were the main drivers for growing rates. Warehouse/distribution, the bulk of the industrial market in Jacksonville, had rental gains of 17.4% YOY to \$5.91 psf. The Northside submarket had the largest rental rate increase for warehouse/distribution space, up 103% YOY to \$9.48. The main driver for this increase was the 1.3 msf of new speculative construction that delivered over the past twelve months, adding premium rents to the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY(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	55,300	1.0%	48,692	0	0	0	\$4.82	N/A	\$5.00
Northside	26,645,173	1,368,109	5.1%	66,649	1,884,110	3,765,073	394,277	N/A	N/A	\$9.48
Orange Park/Clay County	1,505,711	120,000	8.0%	-120,000	0	0	0	N/A	N/A	\$4.50
Southside	18,819,406	711,502	3.8%	136,943	490,980	85,000	0	N/A	\$12.13	\$5.72
St. Johns County	1,269,977	2,400	0.2%	0	35,400	844,808	0	N/A	N/A	\$10.95
Westside	47,291,821	1,023,148	2.2%	891,571	1,022,638	2,305,324	160,000	N/A	\$9.00	\$5.34
JACKSONVILLE TOTALS	101,857,115	3,280,459	3.2%	1,023,855	3,433,128	7,000,205	554,277	\$4.82	\$12.05	\$5.91

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

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

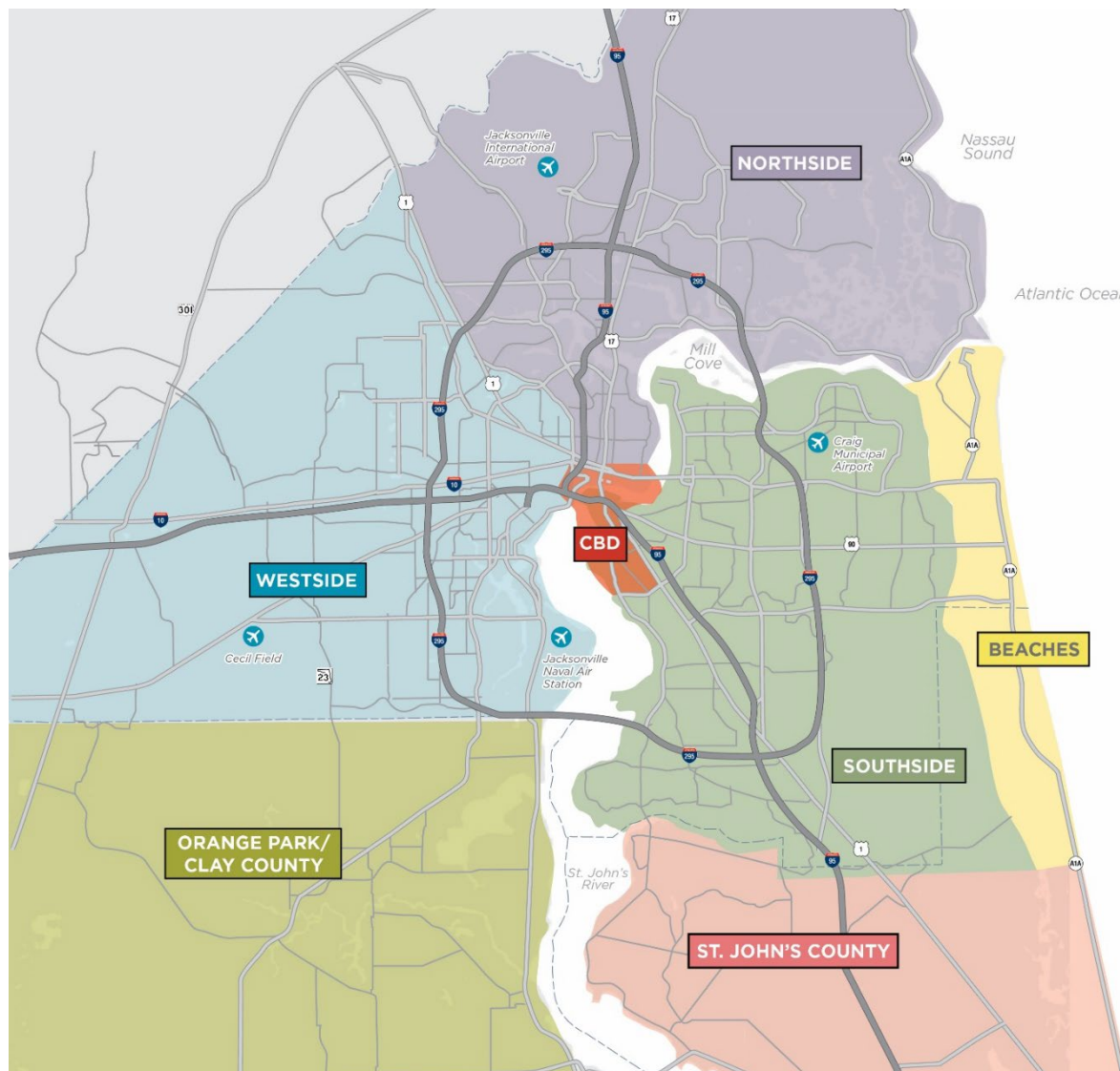
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	19,222,283	667,278	3.5%	-241,968	-198,078	400,508	0	0	\$4.82
Office Service	4,318,072	137,939	3.2%	70,420	28,730	89,454	0	0	\$12.05
Warehouse/Distribution	78,316,760	2,475,242	3.2%	682,093	1,193,203	2,943,166	7,000,205	554,277	\$5.91
JACKSONVILLE TOTALS	101,857,115	3,280,459	3.2%	510,545	1,023,855	3,433,128	7,000,205	554,277	\$6.55

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2845 Ignition Drive	Northside	Alta Marketing	435,943	New
330 Stevens Street	Westside	Veritiv Operating Company	160,000	New
201 Busch Drive East	Northside	Lake Parime	138,210	New
401 Gun Club Road	Northside	Advantus Corp.	100,800	New

*Renewals are not including in Leasing Activity

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