

**21.3%**

Vacancy Rate

YoY
Chg12-Mo.
Forecast**-107K**

YTD Net Absorption, SF

**\$22.64**

Asking Rent, PSF



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q2 2022****856K**Jacksonville
EmploymentYoY
Chg12-Mo.
Forecast**2.4%**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 2.4% in May 2022, up 10 basis points (bps) from the previous month's numbers 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. Jobs in Professional & Business Services exploded with 13,700 new jobs in 12 months, the most out of all employment sectors. Office-using employment increased by 15,600 jobs in the last 12 months.

Supply

Overall vacancy closed out the quarter at 21.3%, an increase of 210 bps over the last year and up 50 pbs 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 buildings. Class A assets ended the quarter at 23.4% overall vacancy. Vacant Class B available space decreased by 240 bps over the past twelve months to 19.2%. Vacant space was accumulated in a few areas as Butler Bay Meadows accounted for 73% of the total Suburban vacancy, while the Northbank submarket accounted for 76% of the CBD vacancy.

Demand

Leasing activity in the second quarter was half the amount recorded in the first quarter of 2022 with 290,000 square feet (sf) leased. Year-to-Date (YTD) leasing activity totaled 827,000 sf, an 83% increase year-over-year (YOY). The bulk of leasing activity was in suburban submarkets which accounted for nearly 86% of all leases signed YTD. The Butler/Baymeadows major market captured over 62% of all leasing activity due to the higher diversity of space options. There was a shift in quality during the second quarter, with new leasing activity focused on Class B which took approximately 74% of all deals signed, or 214,000 sf. The Suburban markets accounted for nearly 80% of the negative absorption during the second quarter, totaling -132,000 sf. While the Southbank submarket had positive absorption of 30,000 sf this quarter, the Northbank submarket accounted for -64,000 sf, netting the CBD -34,000 sf of absorption.

Market Pricing

Overall asking rents for office space rose 2.3% YOY to \$22.64 per square foot (psf) full service, setting the record for the highest rents to date. Class A rental rates increased 4.4% YOY to \$24.27 psf overall, with the 17.2% increase in the Beaches submarket fueling the rise. The demand for the Butler/Baymeadows major market assisted in a 4.8% increase in suburban rents from the previous quarter to \$21.18 psf.

SPACE DEMAND / DELIVERIES**OVERALL VACANCY & ASKING RENT**



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Northbank	4,915,865	1,252,028	78,876	27.1%	-64,202	-56,421	92,470	0	\$23.45	\$24.19
Southbank	1,979,138	332,014	80,165	20.8%	30,056	12,666	26,643	0	\$22.94	\$23.10
CBD TOTALS	6,895,003	1,584,042	159,041	25.3%	-34,146	-43,755	119,113	0	\$23.34	\$23.90
Arlington	358,320	107,234	0	29.9%	1,968	9,598	5,900	0	\$18.22	N/A
Beaches	665,032	140,314	6,525	22.1%	2,565	-19,707	22,726	0	\$27.78	\$27.80
Mandarin	1,283,918	170,116	49,908	17.1%	-15,357	21,116	29,737	0	\$23.22	\$26.21
Northside	30,000	0	0	0.0%	0	1,750	1,750	0	N/A	N/A
Orange Park/Clay County	381,191	133,404	0	35.0%	0	0	0	0	\$23.19	\$23.25
Southside	632,202	21,243	0	3.40%	1,320	3,841	5,521	0	\$17.31	N/A
St. John's County	409,077	134,057	0	32.8%	0	500	125,500	0	\$22.24	N/A
Westside	36,333	6,369	0	17.5%	0	-3,741	0	0	\$14.30	N/A
Butler/Baymeadows	11,074,709	1,801,875	321,008	19.0%	-123,185	-76,714	516,625	0	\$21.98	\$23.53
Deerwood Park	4,279,623	738,298	53,130	18.5%	-134,601	-62,631	204,263	0	\$24.02	\$24.82
Southpoint	3,051,644	471,098	46,696	17.0%	-3,290	-51,646	102,990	0	\$21.38	\$24.20
Baymeadows	3,743,442	592,479	221,182	21.7%	14,706	37,563	209,372	0	\$20.13	\$21.50
NON-CBD TOTALS	14,870,782	2,514,612	377,441	19.5%	-132,689	-63,357	707,759	0	\$22.20	\$24.76
TOTALS	21,765,785	4,098,654	536,482	21.3%	-166,835	-107,122	826,872	0	\$22.64	\$24.27

*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	2,319,284	205,090	23.4%	-164,320	-131,715	465,241	0	\$24.30	\$24.27
CLASS B	10,977,861	1,779,370	331,392	19.2%	-2,515	24,603	361,631	0	\$20.88	\$20.81
JACKSONVILLE TOTALS	21,765,785	4,098,654	536,482	21.3%	-166,835	-107,112	826,872	0	\$22.80	\$22.64

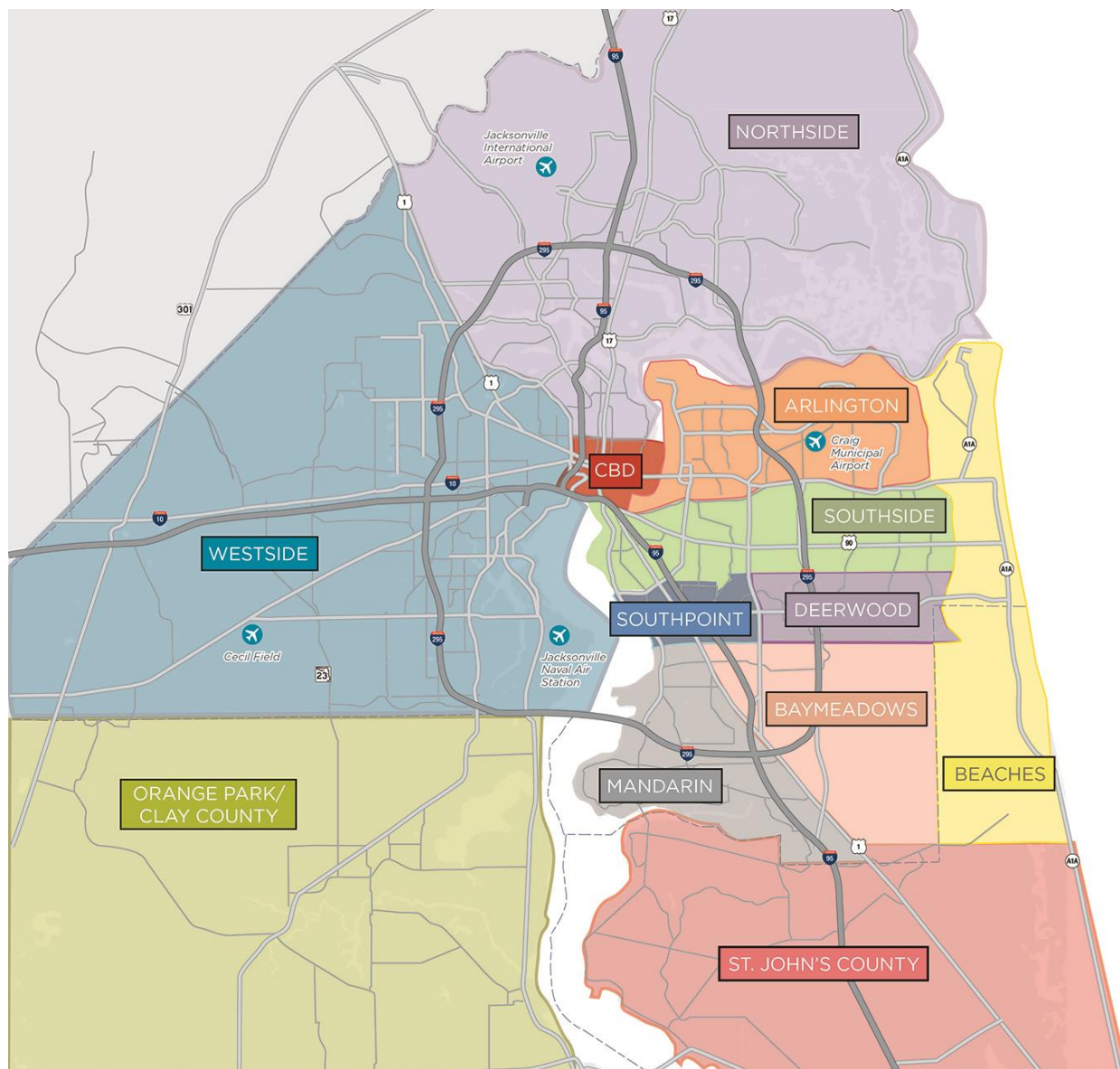
KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8900 Prominence Parkway	Baymeadows	Solera	42,481	New
10401 Deerwood Park Boulevard	Deerwood Park	Allegis Group, Inc.	42,286	New

*Renewals are not included in leasing activity



OFFICE SUBMARKETS

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