

Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▼	▼
2.3M YTD Net Absorption, SF	▲	▼
\$7.88 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
807K Jacksonville Employment	▲	▲
2.8% Jacksonville Unemployment Rate	▲	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Jacksonville had an unemployment rate of 2.8% in Q3 2023, substantially lower than the U.S. average of 3.7%. This was 10 basis points (bps) higher than the region's rate one year ago; however, nonagricultural employment grew by 31,750 jobs or 4.1% over the year. Overall industrial-using employment grew over the same period with the trade, transportation, and utilities sector up 5,100 jobs, the manufacturing industry adding 2,500 jobs, and construction employment rose by 800 new positions.

SUPPLY

Overall industrial vacancy ended the third quarter at 4.0%, up 250 bps YOY and up 100 bps from the prior quarter. This uptick was mainly attributed to newly built vacant space; the largest being 1.0 million square feet (msf) fully leased and delivered, but not yet occupied, Florida Gateway Logistics Center #8. The new building will contribute to vacancy until occupied by Total Distribution, projected for later this year or early 2024. The two largest, unleased spaces to deliver were Pickettville Distribution #2, a 185,000-square-foot (sf) warehouse/distribution (W/D) building in the Westside submarket, and 10775 Yeager Road, a 173,600-sf W/D building in the Northside Submarket. The Jacksonville market gained 1.9 msf of new product delivered in Q3, with 22.4% of that space still on the market for lease.

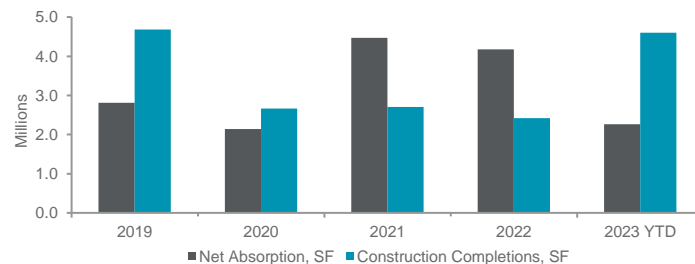
DEMAND

New leasing activity totaled 3.7 msf for Q3, a historic high for the Jacksonville industrial market. The year-to-date (YTD) leasing total reached 7.2 msf, a 27.8% increase YOY. Activity was boosted substantially by two new 1.0-msf leases signed for the quarter by Sam's Club and Total Distribution at 1400 Zoo Parkway and 9980 Prichard Road respectively. The Westside and Northside submarkets continued to command new deals, accounting for 51.3% and 40.9% of total activity through the first nine months of 2023. YTD absorption was 2.3 msf at quarter close, down 36.2% YOY. The largest move-ins for the quarter were Genplant Energy Systems's 400,000-sf occupancy at 12400 Presidents Drive and FridaBaby's move-in of its newly delivered 270,700-sf build-to-suit at 13171 Prichard Road, both in the Westside submarket.

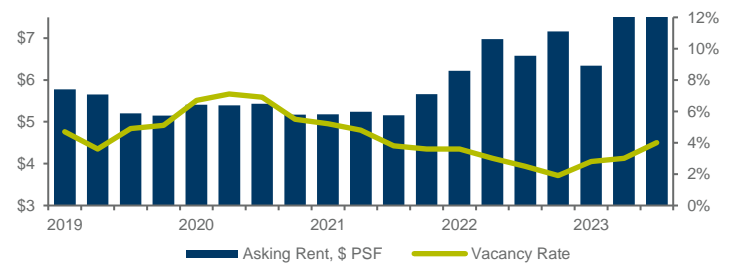
MARKET PRICING

The overall average asking rate for industrial space rose by 16.2% YOY to end Q3 at \$8.11 per square foot (psf) triple net (NNN). Asking rents were up 3.7% from Q2, as the leasing of large box availabilities brought lower asking rates off the market. Rents have fluctuated in a tight market, with new deliveries and preleasing impacting averages heavily on a quarterly basis. Rents are forecasted to maintain a consistent growth trajectory.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS BY SUBMARKET

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY(SF)	UNDER CNSTR (SF)	YTD 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%	2,650	2,650	0	0	N/A	N/A	N/A
Downtown	5,801,393	28,900	0.5%	26,400	70,100	0	0	\$11.20	N/A	N/A
Northside	29,067,446	897,995	3.1%	933,971	2,958,996	2,641,300	1,198,611	\$12.75	\$12.50	\$13.77
Orange Park/Clay County	2,059,806	0	0.0%	0	11,700	0	0	N/A	N/A	N/A
Southside	18,904,406	658,243	3.5%	-88,250	445,795	0	0	N/A	12.62	\$6.86
St. Johns County	1,269,977	74,408	5.9%	-74,408	36,661	344,808	0	N/A	N/A	\$6.23
Westside	51,221,506	2,678,894	5.2%	1,461,810	3,707,850	1,288,632	3,403,085	N/A	\$12.00	\$6.16
Jacksonville TOTALS	108,848,168	4,338,440	4.0%	2,262,173	7,233,752	4,274,740	4,601,696	\$12.21	\$12.57	\$6.60

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

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

MARKET STATISTICS BY PRODUCT TYPE

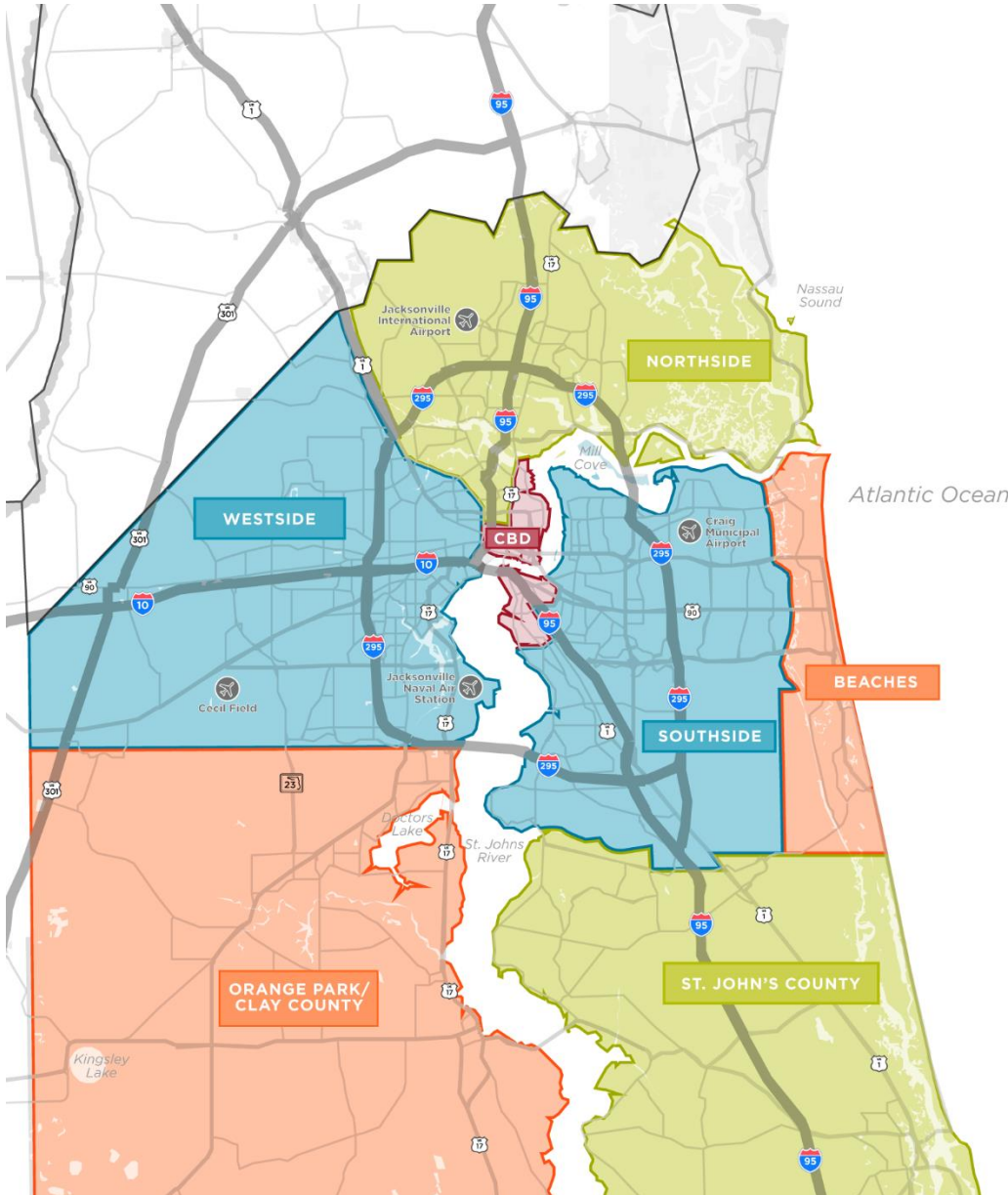
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	19,776,378	384,015	1.9%	1,100	24,100	69,760	0	0	\$12.21
Office Service	4,318,072	171,950	4.0%	14,021	-14,089	202,712	0	0	\$12.57
Warehouse/Distribution	84,753,718	3,782,475	4.5%	980,801	2,252,162	6,961,280	4,274,740	4,601,696	\$6.60
Jacksonville TOTALS	108,848,168	4,338,440	4.0%	995,922	2,262,173	7,233,752	4,274,740	4,601,696	\$7.88

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1400 Zoo Parkway	Northside	Sam's Club	1,003,200	New
9980 Pritchard Road	Westside	Total Distribution	1,000,350	New
11006 Development Way - Building 2	Westside	HD Supply Facilities Maintenance	419,284	New
12400 Presidents Court	Westside	Genplant Energy Systems	400,000	New

*Renewals are not included in Leasing Activity

INDUSTRIAL SUBMARKETS



Cam Sousa

Research Analyst

Tel: +1 407 241 3088

Cameron.sousa@cushwake.com

Josh Faircloth

Research Manager

Tel: +1 813 424 3220

Joshua.Faircloth@cushwake.com

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