

YoY Chg 12-Mo. Forecast

**19.7%**  
Vacancy Rate ▲ ▲

**-25K**  
YTD Net Absorption, SF ▼ ▼

**\$22.65**  
Asking Rent, PSF ▲ ▲

(Overall, All Property Classes)

### 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. 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. The professional and business services industry showed healthy growth, up 5,500 new jobs over the past 12 months, the most out of all employment sectors. Office-using employment increased by 9,000 jobs in total, with finance, information, and technology contributing an additional 2,500 jobs.

### SUPPLY

Overall vacancy finished the third quarter of 2023 at 19.7%, down 20 bps year-over-year (YOY). However, negative absorption in Class B assets led to an increase in vacancy for the quarter, up 50 bps from Q2. The largest new availability added during the quarter was a 31,700-square-foot (sf) space for sublease at 12735 Gran Bay Parkway West, vacated by sublessor Beeline. The Southpoint submarket contributed the most negative absorption in Q3, with vacancy up 180 bps from the previous quarter. Notable move outs included 24,900 sf of new space at 5220 Belfort Road as Healogics downsized and vacated the second floor, and 22,800 sf at 7751 Belfort Parkway as PaySpan vacated.

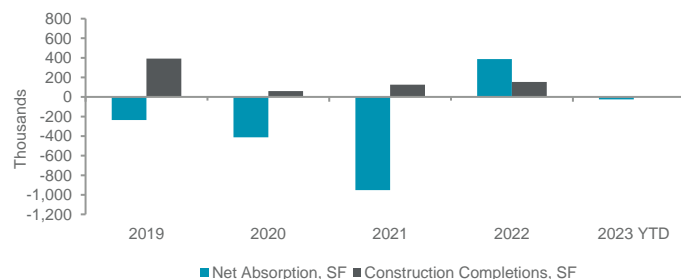
### DEMAND

Jacksonville recorded 292,400 sf of leasing activity in the third quarter, bringing the year-to-date (YTD) total to 784,300 sf. Leasing volume for the quarter was down 10.3% YOY as economic uncertainty fueled the drop in activity. The suburban markets continued to outperform the Central Business District (CBD), accounting for 79.9% of new deal volume YTD while the CBD recorded just under 76,000 sf of transactions through the first nine months of the year. Neither flight-to-quality nor flight-to-value held a strong majority, as leasing totals between asset grades remained balanced, with Class A and B having 47.2% and 52.8% of total activity, respectively. Leasing continued to trend towards smaller space, with a majority of new deals signed for space below 5,000 sf.

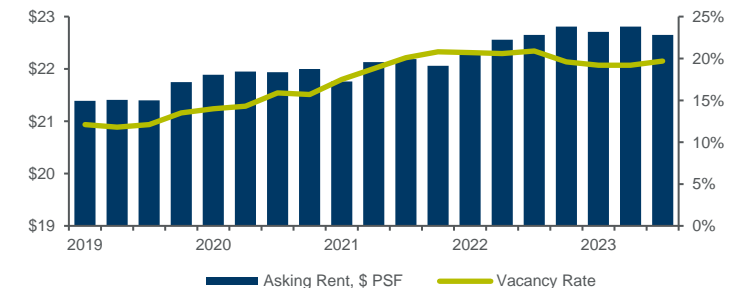
### MARKET PRICING

Overall asking rents for office space were \$22.65 per square foot (psf) full service gross, equal to rates from one year ago. Rents in Class A assets closed out the quarter at \$24.70 psf overall, up 1.2% YOY. Overall growth was flattened as new vacant class B space hit the market, contributing lower asking rates to the average. In higher quality buildings, landlords appeared to largely hold firm on rates to combat increased operating expenses despite potential downward pressures from economic headwinds.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Office Q3 2023

## 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	5,111,331	1,237,509	33,590	24.9%	-31,745	-28,576	90,130	0	\$23.50	\$24.52
Southbank	1,979,138	375,629	84,011	23.2%	-15,938	-15,178	67,811	0	\$23.57	\$23.72
<b>CBD TOTALS</b>	<b>7,090,469</b>	<b>1,613,138</b>	<b>117,601</b>	<b>24.4%</b>	<b>-47,683</b>	<b>-43,754</b>	<b>157,941</b>	<b>0</b>	<b>\$23.52</b>	<b>\$24.27</b>
Arlington	358,320	112,571	0	31.4%	6,367	5,165	15,927	0	\$18.19	N/A
Baymeadows	3,743,186	621,982	210,816	22.3%	-28,931	5,908	102,181	0	\$20.78	\$21.70
Beaches	665,032	103,400	0	15.6%	29,614	51,203	59,747	0	\$30.10	\$30.10
Deerwood Park	4,279,623	629,357	65,006	16.2%	24,057	63,922	204,082	0	\$24.94	\$25.26
Mandarin	1,251,245	210,288	31,788	19.4%	-34,822	-57,494	57,074	0	\$21.97	\$26.26
Northside	30,000	2,480	0	8.3%	0	-2,480	0	0	\$27.58	N/A
Orange Park/Clay County	329,776	9,514	6,488	4.9%	-6,432	-9,311	9,705	0	\$20.53	N/A
Southpoint	3,116,508	489,485	38,265	16.9%	-57,192	-16,484	154,239	0	\$20.79	\$24.32
Southside	637,177	30,320	1,867	5.1%	2,577	-18,435	7,956	0	\$17.64	N/A
St. John's County	409,077	15,763	0	3.9%	7,231	-1,686	15,435	0	\$26.95	N/A
Westside	36,333	6,369	0	17.5%	-1,863	-1,863	0	0	\$15.73	N/A
<b>NON-CBD TOTALS</b>	<b>14,856,277</b>	<b>2,231,529</b>	<b>354,230</b>	<b>17.4%</b>	<b>-59,394</b>	<b>18,445</b>	<b>626,346</b>	<b>0</b>	<b>\$22.10</b>	<b>\$25.28</b>
<b>TOTALS</b>	<b>21,946,746</b>	<b>3,844,667</b>	<b>471,831</b>	<b>19.7%</b>	<b>-107,077</b>	<b>-25,309</b>	<b>784,287</b>	<b>0</b>	<b>\$22.65</b>	<b>\$24.70</b>

\*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	10,940,668	2,027,759	185,607	20.2%	-13,833	55,192	369,846	0	\$24.73	\$24.70
CLASS B	11,006,078	1,816,908	286,224	19.1%	-93,244	-80,501	414,441	0	\$20.80	\$20.60
<b>JACKSONVILLE TOTALS</b>	<b>21,946,746</b>	<b>3,844,667</b>	<b>471,831</b>	<b>19.7%</b>	<b>-107,077</b>	<b>-25,309</b>	<b>784,287</b>	<b>0</b>	<b>\$22.88</b>	<b>\$22.65</b>

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5555 Gate Parkway	Deerwood Park	Merastar Insurance Company	31,136	New
532 Riverside Avenue	Northbank	Undisclosed	31,078	New
8880 Freedom Crossing Trail	Baymeadows	Tech Mahindra	16,364	New

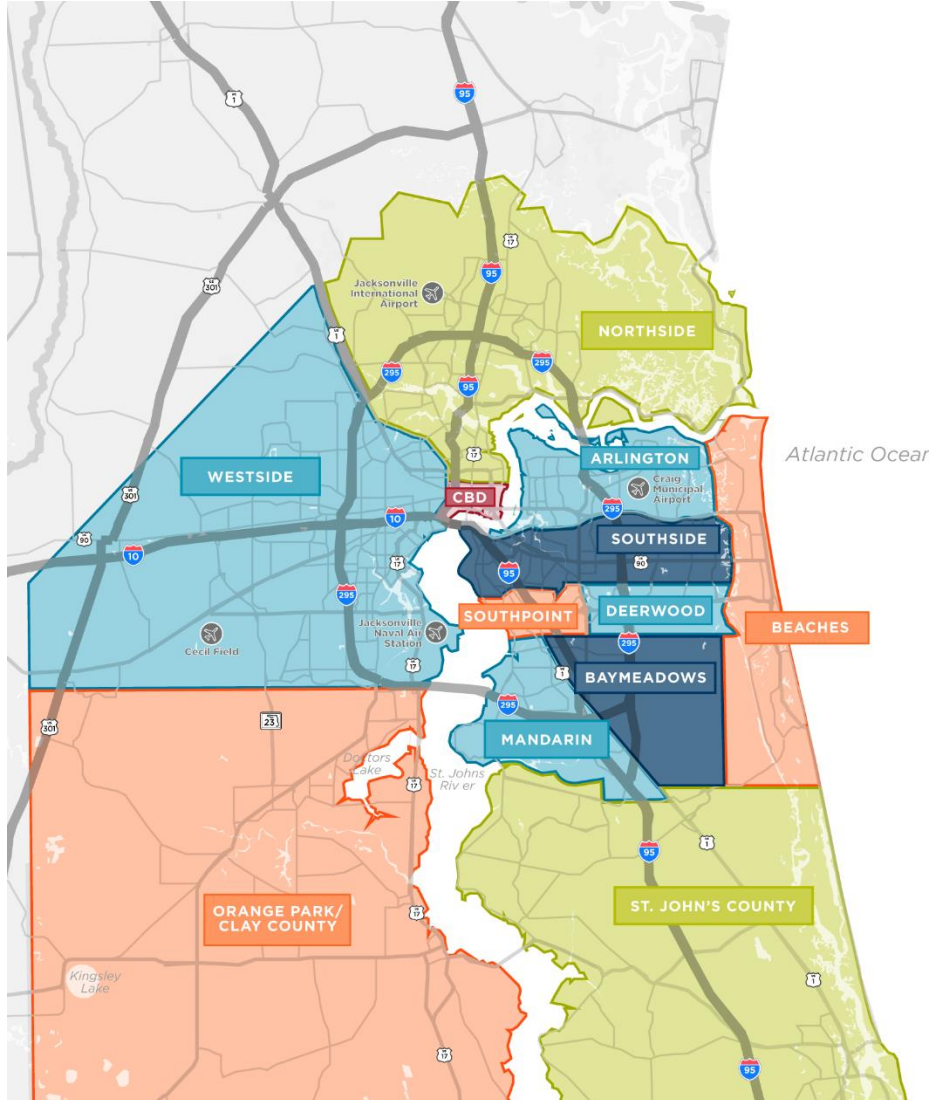
\*Renewals are not included in leasing activity



# JACKSONVILLE

Office Q3 2023

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