

	YoY Chg	12-Mo. Forecast
<b>19.8%</b> Vacancy Rate	▲	▲
<b>-20K</b> YTD Net Absorption, SF	▼	▼
<b>\$22.62</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
<b>814K</b> Jacksonville Employment	▲	▲
<b>3.0%</b> Jacksonville Unemployment Rate	▲	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

## ECONOMY

Jacksonville had an unemployment rate of 3.0% in Q4 2023, substantially lower than the U.S. average. This was 30 basis points (bps) higher than the region’s rate one year ago; however, nonagricultural employment grew by 30,200 jobs or 3.8% over the year. The professional and business services industry showed healthy growth, up 5,600 new jobs over the past 12 months, with financial services also adding 3,600 jobs in the same period. Office-using employment increased by 8,500 jobs in total despite information contracting by 700 jobs year-over-year (YOY).

## SUPPLY

Overall vacancy held steady and finished the fourth quarter of 2023 at 19.8%, remaining unchanged both from the previous quarter and YOY. Class A assets recorded nearly 73,000 square feet (sf) of positive absorption in Q4, the most substantial quarterly occupancy gains in five quarters. However, it was offset by -78,000 sf of net losses in Class B product, netting nearly no absorption change for the total market in Q4. Jacksonville ultimately reported a 2023 total of -20,200 sf. The largest new availability added during Q4 was an 88,400-sf space on the second and third floors at 8800 Baymeadows Way West, vacated by Computershare. Notable move-ins included Medical Microinstruments, Inc. into 31,000 sf at 5022 Gate Parkway – Building 500 and Merastar Insurance into 31,100 sf on the fifth floor of 5555 Gate Parkway, subleased from Availity.

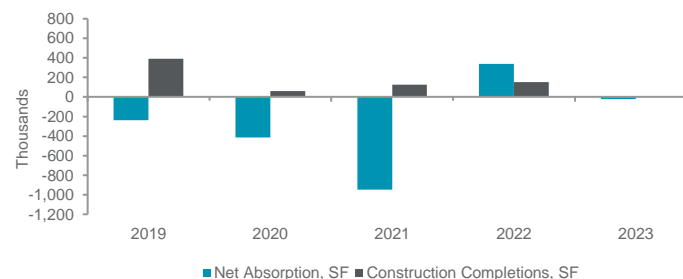
## DEMAND

Jacksonville recorded 376,000 sf of leasing activity in the fourth quarter, bringing the annual total to 1.2 million square feet (msf). Leasing showed signs of recovery, with quarterly deal volume reaching its highest value since Q1 2022. New activity was boosted by several large deals signed before year-end, including two above 50,000 sf, HD Supply Facilities Maintenance and Jacksonville University College of Law. The suburban submarkets continued to outperform the Central Business District (CBD), accounting for 75.3% of new deal volume for the year while the CBD recorded a year-end total of 291,300 sf of transactions.

## MARKET PRICING

Overall asking rents for office space were \$22.62 per square foot (psf), a 1.0% decrease YOY. Overall growth was flattened as new vacant class B space hit the market, contributing lower asking rates to the average. Rents in Class A assets closed out the quarter at \$24.72 psf overall, up 0.2% YOY. In higher quality buildings, landlords largely held firm on rates to combat increased operating expenses despite potential downward pressures from economic headwinds.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## Office Q4 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	1,247,132	37,214	25.1%	-5,269	-41,823	203,765	0	\$23.56	\$24.53
Southbank	1,979,138	360,173	84,011	22.4%	15,456	278	87,556	0	\$23.54	\$23.74
<b>CBD TOTALS</b>	<b>7,090,469</b>	<b>1,607,305</b>	<b>121,225</b>	<b>24.4%</b>	<b>10,187</b>	<b>-41,545</b>	<b>291,321</b>	<b>0</b>	<b>\$23.56</b>	<b>\$24.29</b>
Arlington	358,320	134,353	0	37.5%	-21,782	-16,617	16,777	0	\$18.25	N/A
Baymeadows	3,743,186	698,732	199,888	24.0%	-109,453	-74,220	233,012	0	\$20.60	\$21.70
Beaches	665,032	92,322	0	13.9%	9,586	62,281	70,597	0	\$30.12	\$30.12
Deerwood Park	4,279,623	659,962	33,870	16.2%	76,759	123,453	201,896	0	\$24.95	\$25.25
Mandarin	1,251,245	193,803	31,788	18.0%	16,485	-41,009	77,275	0	\$21.37	\$26.26
Northside	30,000	1,870	0	6.2%	610	-1,870	610	0	\$26.79	N/A
Orange Park/Clay County	329,776	6,681	5,000	3.5%	-575	-4,990	9,705	0	\$20.36	N/A
Southpoint	3,116,508	480,577	36,583	16.6%	10,590	-5,894	245,630	0	\$20.92	\$24.30
Southside	637,177	32,967	2,897	5.6%	-1,030	-22,112	7,956	0	\$17.83	N/A
St. John's County	409,077	11,763	0	2.9%	4,000	2,314	23,070	0	\$28.87	N/A
Westside	36,333	4,506	0	12.4%	0	0	1,200	0	N/A	N/A
<b>NON-CBD TOTALS</b>	<b>14,856,277</b>	<b>2,317,536</b>	<b>310,026</b>	<b>17.7%</b>	<b>-14,810</b>	<b>21,336</b>	<b>887,728</b>	<b>0</b>	<b>\$22.07</b>	<b>\$25.26</b>
<b>TOTALS</b>	<b>21,946,746</b>	<b>3,924,841</b>	<b>431,251</b>	<b>19.9%</b>	<b>-4,623</b>	<b>-20,209</b>	<b>1,179,049</b>	<b>0</b>	<b>\$22.62</b>	<b>\$24.72</b>

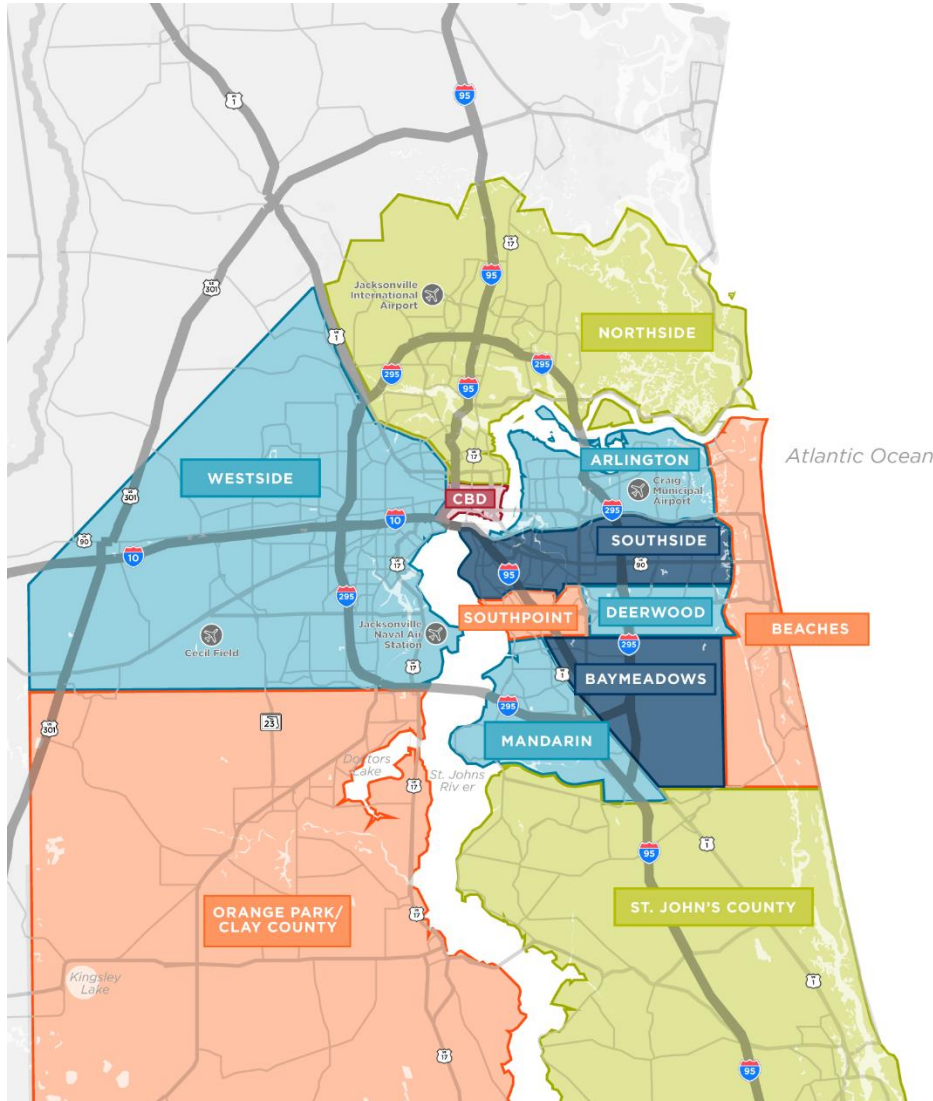
\*Rental rates reflect full service asking

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	2,049,051	158,095	20.2%	72,984	120,412	524,623	0	\$24.76	\$24.72
CLASS B	11,006,078	1,875,790	273,156	19.5%	-77,607	-140,621	654,426	0	\$20.64	\$20.46
<b>JACKSONVILLE TOTALS</b>	<b>21,946,746</b>	<b>3,924,841</b>	<b>431,251</b>	<b>19.9%</b>	<b>-4,623</b>	<b>-20,209</b>	<b>1,179,049</b>	<b>0</b>	<b>\$22.83</b>	<b>\$22.62</b>

## KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9000 Southside Boulevard #100	Baymeadows	HD Supply Facilities Maintenance, LTD.	54,809	New
121 W Forsyth Street	Northbank	Jacksonville University College of Law	53,214	New
6737 Southpoint Drive South	Southpoint	Genpact	39,086	New



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