

Industrial Q1 2024

4.9%
Vacancy Rate



205K
YTD Net Absorption, SF



\$8.26
Asking Rent, PSF



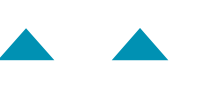
Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

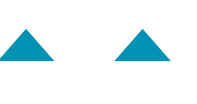
799K
Jacksonville Employment



3.1%
Jacksonville Unemployment Rate



3.8%
U.S. Unemployment Rate



Source: BLS

ECONOMY

In Q1 2024, Jacksonville's unemployment rate held at 3.1%, notably lower than the U.S. average of 3.8%. Although this rate was 60 basis points (bps) higher than the region's rate from one year ago, nonagricultural employment grew by 16,000 jobs or 2.0% over the year. Industrial-using employment also recorded growth during this period, with the trade, transportation, and utilities sector adding 2,400 jobs, construction increasing by 1,000 new positions, and the manufacturing industry gaining 400 jobs.

SUPPLY

Overall vacancy was up 220 bps year-over-year (YOY) to 4.9%. This was fueled by the delivery of over 928,000 square feet (sf) of new warehouse/distribution (W/D) inventory into the market of which 78.4% remained vacant and available. The large influx of space led W/D vacancy to rise 320 bps YOY to 6.0%. The Northside and Westside submarkets accounted for all the new construction, leading to quarter-over-quarter (QOQ) increases in W/D vacancy of 100 and 110 bps, respectively. There was over 3.9 million square feet (msf) of product under construction at the end of Q1, with only 20.8% of that space preleased.

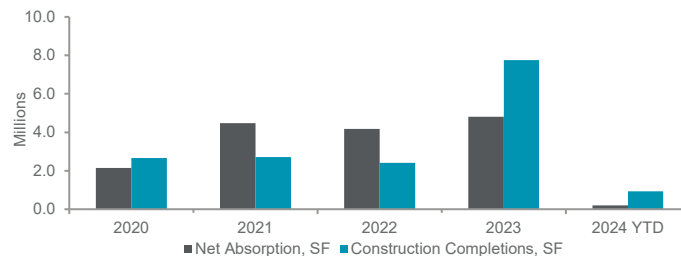
DEMAND

Jacksonville recorded a 53.5% decrease YOY in leasing activity during the first quarter with nearly 872,000 sf of new deals signed. There has been a shift in tenant demand with a decreased need for big box space and a heightened demand for small to mid-sized space. All of the new inventory brought online during Q1 was less than 275,000 sf in size and should fill the need to for small to mid-sized product that is currently in high demand throughout the market. All deals signed during Q1 were less than 200,000 sf in size with the largest deal being GXO Logistics subleasing 168,000 sf from Williams Sonoma at 4259 West Perimeter Parkway. The Westside and Southside submarkets collectively accounted for 91.6% of all new deals signed during Q1. Absorption for Q1 ended positive at 205,490 sf, the lowest volume of move-ins since Q2 2020. The largest move in of the quarter was HD Supply occupying its 419,300 sf at Becknell at Westlake Industrial Park #2.

MARKET PRICING

Rents throughout the market continued to increase 30.4% YOY reaching \$8.26 per square foot (psf). With 3.9 msf of product anticipated to deliver in the upcoming months, rents are forecasted to hold steady until demand strengthens. The Southside submarket ended Q1 with an average asking rent of \$11.29 psf marking not only the highest price in the market but also the largest YOY increase of 48.5%. Warehouse/distribution asking rents also increased significantly, ending Q1 up 43.9% YOY to \$7.84 psf as the newly delivered speculative product elevated the market average.

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 CNSTR 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	0	N/A	N/A	N/A
Downtown	5,800,293	54,200	0.9%	-25,300	0	0	0	\$11.20	N/A	\$7.25
Northside	31,668,146	1,021,499	3.2%	392,607	32,387	2,181,944	425,900	\$14.49	\$12.32	\$9.75
Orange Park/Clay County	2,059,806	120,000	5.8%	0	0	0	0	N/A	N/A	\$5.25
Southside	18,944,156	721,023	3.8%	-199,968	312,953	183,345	0	N/A	\$12.60	\$9.93
St. Johns County	1,614,785	388,667	24.1%	-2,500	40,500	509,900	0	N/A	N/A	\$9.08
Westside	52,194,491	3,248,756	6.2%	40,651	486,030	1,038,701	502,250	N/A	\$12.00	\$7.25
Jacksonville TOTALS	112,805,311	5,554,145	4.9%	205,490	871,870	3,913,890	928,150	\$13.38	\$12.54	\$7.84

*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 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	19,775,278	85,900	0.4%	300,660	300,660	0	0	0	\$13.38
Office Service	4,357,822	150,929	3.5%	4,518	4,518	31,852	0	0	\$12.54
Warehouse/Distribution	88,672,211	5,317,316	6.0%	-99,688	-99,688	840,018	3,913,890	928,150	\$7.84
Jacksonville TOTALS	112,805,311	5,554,145	4.9%	205,490	205,490	871,870	3,913,890	928,150	\$8.26

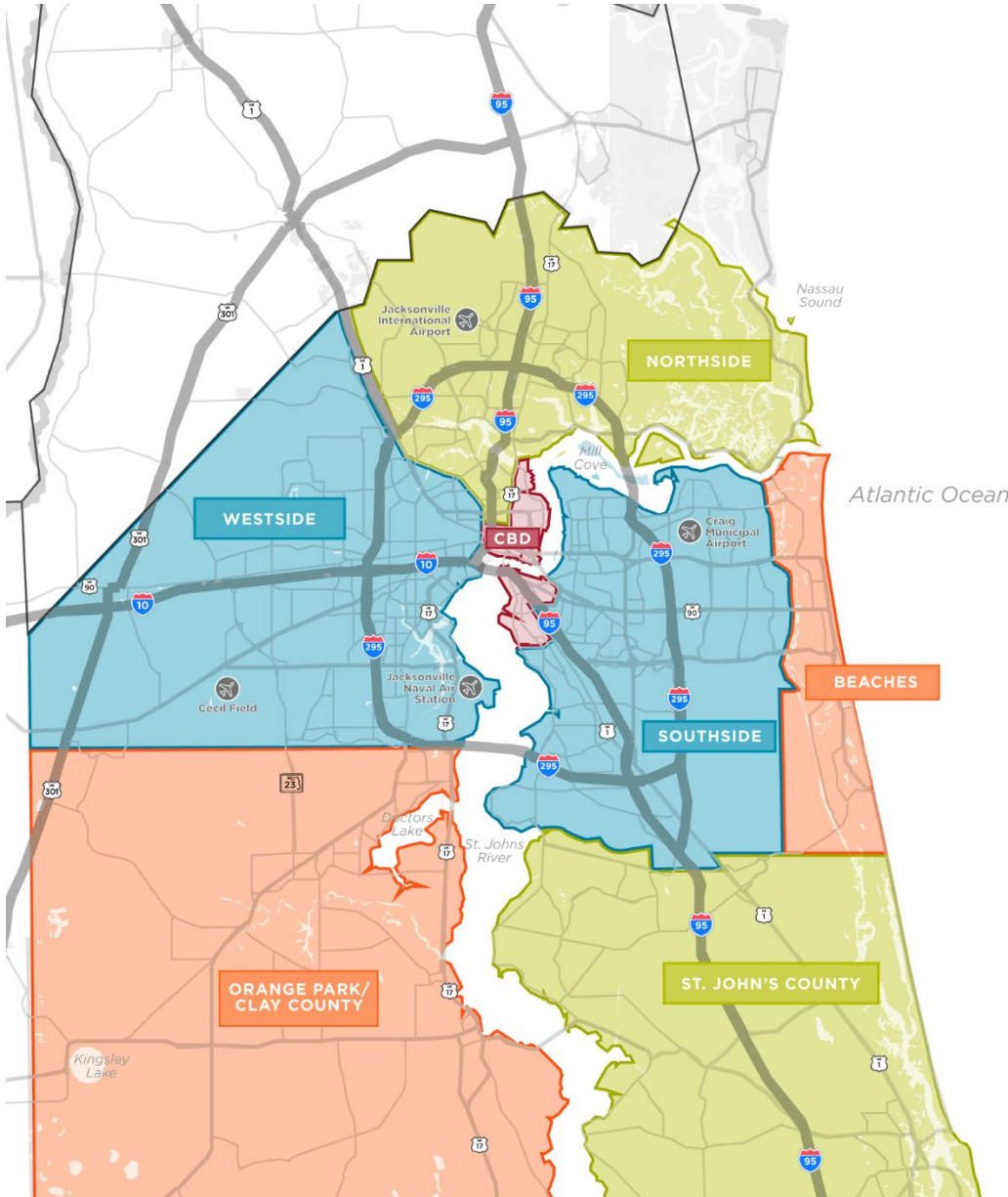
KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4259 West Perimeter Parkway	Westside	GXO Logistics	168,000	New
7489 Commonwealth	Westside	Daikin Comfort Technologies Distribution, Inc.	108,122	New
8332 Cypress Plaza Drive	Butler/Baymeadows	Trane, US Inc	107,214	New

KEY SALE TRANSACTION Q1 2024

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
200 Accolade Ave - Building 1	St. Johns County	Scannell Properties Publix Super Markets Inc.	168,480	\$27.8M \$165

INDUSTRIAL SUBMARKETS



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