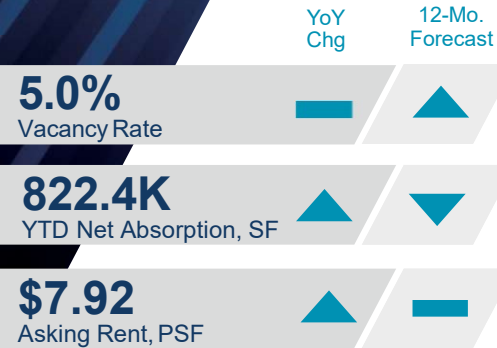
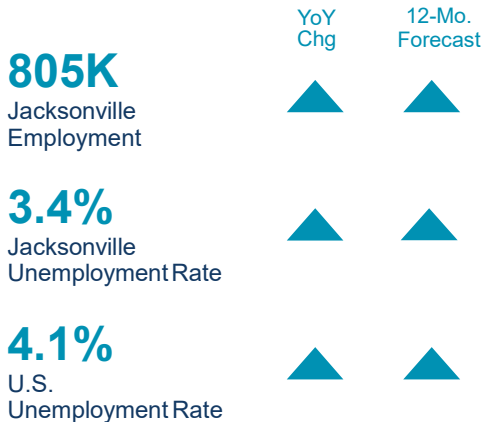


Industrial Q2 2024



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024



Source: BLS

ECONOMY

Jacksonville's unemployment rate rose to 3.4% during Q2, notably lower than the U.S. average of 4.1%. Although this rate was 50 basis points (bps) higher than the region's rate from one year ago, nonagricultural employment grew by 15,800 jobs or 2.0% year-over-year (YOY). Industrial related employment reported that the trade, transportation, and utilities sector added 2,800 jobs, construction increased by 2,200 new positions, and the manufacturing industry gained 500 jobs YOY.

SUPPLY

Though it remained stable since Q1, overall vacancy increased 210 bps YOY to 5.0%. This was fueled by the delivery of nearly 6.6 million square feet (msf) of warehouse/distribution (W/D) inventory into the market since the second half of 2023. The large influx of space led W/D vacancy to rise 300 bps YOY to 6.1%. More than 1.5 msf of W/D completions were recorded in the first half of 2024, down 43.3% from the same period in 2023. Following a record number of deliveries in 2023, construction starts slowed as market demand has normalized. Nearly 3.4 msf of W/D product remained under construction at the end of Q2, the lowest amount since Q3 2021. With limited preleasing thus far, vacancy should continue to rise as these buildings deliver.

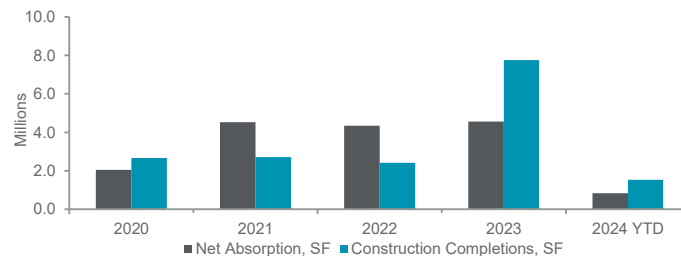
DEMAND

Jacksonville recorded a 34.4% YOY decrease in leasing activity during Q2 with nearly 979,000 square feet (sf) of new deals signed. Demand for larger space has continued to diminish with just three leases signed over 100,000 sf, the largest being 203,000 sf signed by Neal Brothers Charleston, Inc. at 2101 W 33rd St. Together these three deals accounted for nearly 47.0% of leasing activity this quarter. The Westside submarket continued to dominate leasing activity, accounting for nearly 59.7% of activity in Q2. The Northside and Southside submarkets, which collectively account for 44.9% of inventory in Jacksonville, posted leasing activity decreases of 57.5% and 38.3% YOY, respectively. Absorption for Q2 ended at 551,350 sf, bringing the year-to-date (YTD) total to 822,500 sf. The largest move-ins of the quarter were Arcadia Cold occupying 334,000 sf at Imeson Industrial Park, Nova Jax acquiring and occupying 106,000 sf at 3031 Westside Blvd, and Ally Building Solutions and Just Floors moving into a combined 86,100 sf at Legend Point Logistics Crossing – Building 3.

MARKET PRICING

Rents have begun to grow again, posting an increase of 10.5% YOY reaching \$7.92 per square foot (psf). As product that is under construction continues to deliver throughout the rest of 2024, rents will likely continue to rise as new product commands higher rents. The Southside submarket continued to record the highest asking rents at \$9.92 psf. W/D asking rents also continued to increase steadily posting a 16.3% increase YOY to \$7.68 psf.

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	443,768	0	0.0%	0	0	0	0	N/A	N/A	N/A
Downtown	5,641,393	54,200	1.0%	-25,300	0	0	0	\$11.20	N/A	\$7.25
Northside	32,013,918	1,042,286	3.3%	622,320	301,384	1,771,243	837,900	N/A	\$12.00	\$8.57
Orange Park/Clay County	2,321,886	120,000	5.2%	0	0	0	0	N/A	N/A	N/A
Southside	19,082,805	876,743	4.6%	-142,111	435,033	52,920	183,345	\$7.00	\$12.68	\$8.82
St. Johns County	1,588,564	135,505	8.5%	250,274	133,005	554,900	0	N/A	N/A	\$7.59
Westside	52,760,679	3,435,776	6.5%	117,272	1,113,558	1,038,701	502,250	N/A	\$11.50	\$7.23
Jacksonville TOTALS	113,853,013	5,664,510	5.0%	822,455	1,982,980	3,417,764	1,523,495	\$9.48	\$12.59	\$7.68

*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	20,025,817	48,900	0.2%	-10,000	280,660	10,000	0	0	\$13.38
Office Service	4,357,822	199,319	4.6%	-16,938	-12,420	66,182	52,920	0	\$12.54
Warehouse/Distribution	89,469,374	5,416,291	6.1%	578,286	554,215	1,906,798	3,364,844	1,523,495	\$7.84
Jacksonville TOTALS	113,853,013	5,664,510	4.9%	551,348	822,455	1,982,980	3,417,764	1,523,495	\$7.92

KEY LEASE TRANSACTIONS Q2 2024

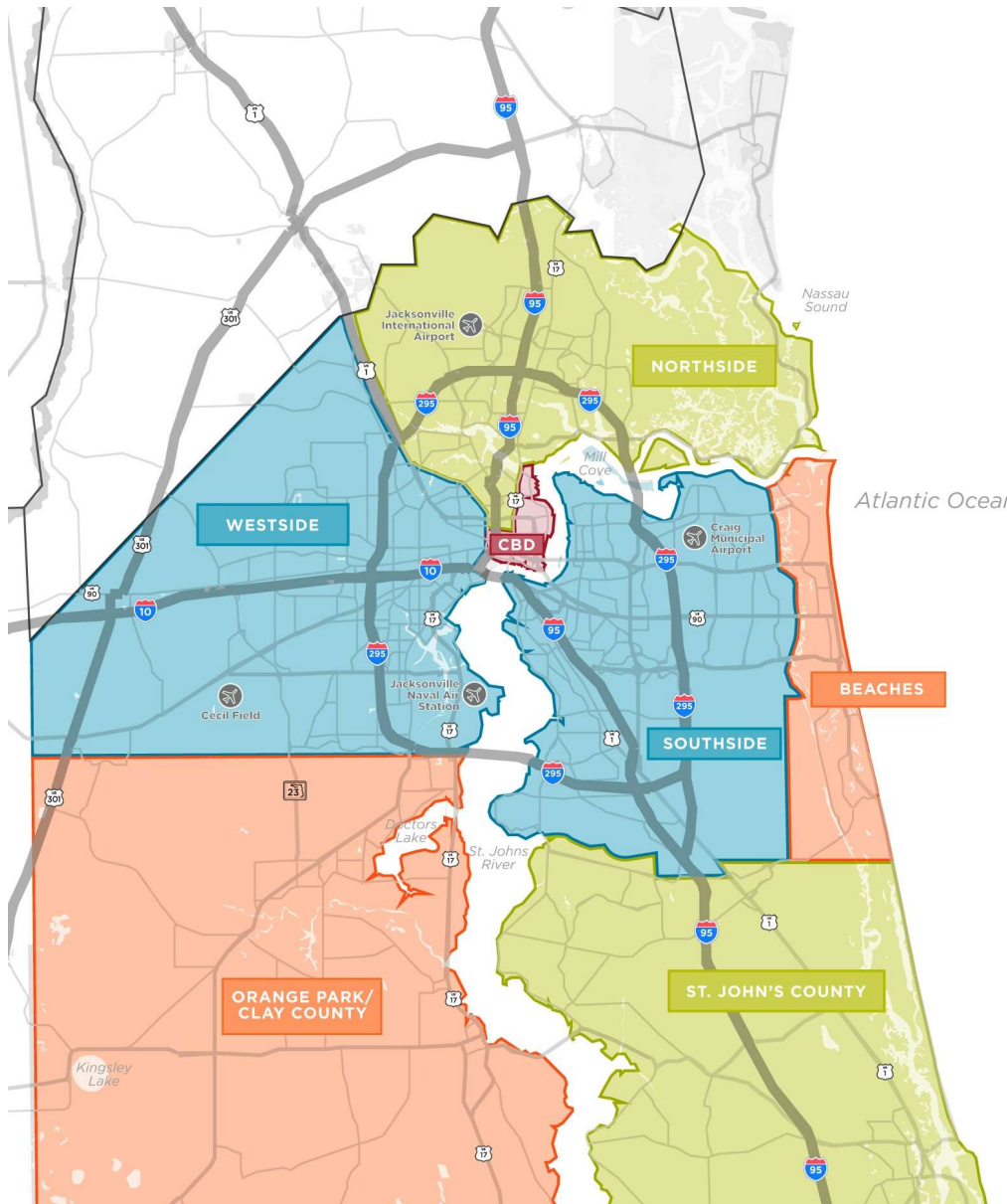
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2101 West 33 rd St	Westside	Neal Brothers Charleston, Inc.	203,000	New
10775 Yeager Rd	Northside	Modern Cabinetry Florida, Inc.	67,558	New
1350 Tradeport Dr	Northside	Mercedes-Benz	53,866	New

*Renewals are not included in Leasing Activity

KEY SALE TRANSACTION Q2 2024

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
9909 Pritchard Rd	Westside	CT Realty Investors Hillwood Development Corp	1,000,350	\$91.7M \$92
7660 Gainesville Ave	Northside	Easton, Sanderson and Co Redfearn Capital	183,000	\$12.0M \$66
3031 Westside Blvd	Westside	USA Paper, Inc. Nova Jax Warehouse	106,443	\$6.7M \$63

INDUSTRIAL SUBMARKETS



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