



Office Q2 2024

	YoY Chg	12-Mo. Forecast
21.8% Vacancy Rate	▲	▲
-92K YTD Net Absorption, SF	▼	▼
\$22.66 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
805K Jacksonville Employment	▲	▲
3.4% Jacksonville Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Jacksonville's unemployment rate was posted at 3.4% at the end of Q2 which denoted a 50-basis-point (bp) increase from a year ago. Even with this increase, unemployment remained well below the national rate. Total nonfarm employment grew by 15,800 jobs or about 2.0% year-over-year (YOY).

SUPPLY

Although it has been four years since the global pandemic accelerated a shift in office usage, companies continued to right-size in 2024, leading to overall vacancy increasing 120 bps YOY. The quarterly rise was tempered, however, climbing a mere 20 bps since Q1 to 21.8%. Jacksonville registered its fifth consecutive quarter of net occupancy losses, with Q2 ending at -51,000 square feet (sf) bringing the year-to-date (YTD) total to -92,400 sf. One of the main drivers of the negative absorption was Prudential giving back 37,000 sf at 701 San Marco in the Central Business District (CBD). Both asset classes recorded upticks in vacancy, with Class A posting a vacancy of 22.5%, up 80 bps YOY and Class B recording a larger increase of 170 bps YOY ending Q2 at 21.1%. Class B vacancies continued to grow at a faster pace than Class A, and it is likely to surpass Class A later this year as companies focus on premium assets to encourage employees to return to the office. Three of the four largest spaces vacated during Q2 were Class B space with notable tenants such as Johnson & Johnson and Crowley Maritime vacating a combined 65,643 sf.

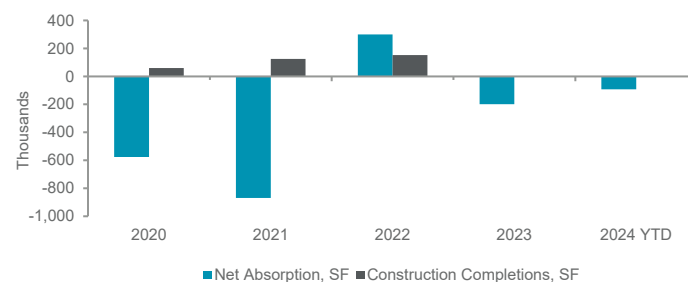
DEMAND

New leasing activity ended Q2 at 361,046 sf, which marked a 29.6% increase quarter-over-quarter (QOQ). This brought the YTD total to 639,609 sf, up 38.1% from the same period in 2023. Class A space posted a 124.3% increase YOY compared to only a 0.7% increase YOY for Class B space, which further highlights office tenants' flight to quality. Suburban submarkets continued to outpace the CBD accounting for 82.2% of leasing activity in 2024. The Deerwood Park submarket posted the most leasing activity during Q2 recording 122,242 sf of new leases signed. Notable deals signed in the Deerwood Park submarket included Dark Matter and Selene Finance, each leasing 30,101 sf at 6651 Gate Parkway, as well as Florida Capital Bank leasing 17,000 sf at 10151 Deerwood Park Blvd.

MARKET PRICING

The direct average asking rate ended Q2 at \$22.81 per square foot (psf) down 0.7% YOY. Class A rates held steady, dipping slightly QOQ but rising 0.6% YOY to \$24.67 psf. Class B assets faced a similar trend, with a slight QOQ decrease but recorded a 1.8% YOY decline. As vacancies increase and the work-from-home considerations persist, rates are expected to remain stagnant or decline, with the effect being more pronounced in Class B assets. CBD rates posted at \$23.91 psf which marks 1.7% growth YOY while suburban rates fell by 1.7% to \$22.23 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



JACKSONVILLE



Office Q2 2024

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	5,112,898	1,154,502	18,215	22.9%	70,715	118,603	77,278	0	\$24.04	\$25.16
Southbank	2,005,268	432,328	2,693	21.7%	-28,142	-75,284	36,307	0	\$23.51	\$23.55
CBD TOTALS	7,118,166	1,586,830	20,908	22.6%	42,573	43,319	113,585	0	\$23.89	\$24.57
Arlington	358,320	155,212	0	43.3%	0	-20,859	635	0	\$18.19	N/A
Baymeadows	3,748,690	812,263	244,555	28.2%	-11,974	16,087	48,222	0	\$21.32	\$23.38
Beaches	658,740	99,066	0	15.0%	-4,864	-6,541	47,879	0	\$32.50	\$32.50
Deerwood Park	4,307,416	758,444	92,140	19.8%	-56,727	-57,924	194,973	0	\$23.74	\$24.38
Mandarin	1,318,417	344,548	0	26.1%	31,788	-10,630	53,639	0	\$22.51	\$25.59
Northside	30,000	0	0	0.0%	0	0	0	0	N/A	N/A
Orange Park/Clay County	329,776	10,678	0	3.2%	0	-4,317	0	0	\$22.76	N/A
Southpoint	3,150,235	580,265	59,048	20.3%	-37,538	-42,292	174,367	0	\$21.05	\$24.28
Southside	643,280	47,671	0	7.4%	-10,375	-12,837	2,419	0	\$18.33	N/A
St. John's County	409,077	14,038	0	3.4%	-3,898	-922	2,012	0	\$25.85	N/A
Westside	36,333	0	0	0.0%	0	4,506	1,878	0	N/A	N/A
NON-CBD TOTALS	14,990,284	2,822,185	395,743	21.5%	-93,588	-135,729	526,024	0	\$22.07	\$24.69
JACKSONVILLE TOTALS	22,108,450	4,409,015	416,651	21.8%	-51,015	-92,410	639,609	0	\$22.66	\$24.63

*Rental rates reflect full service asking

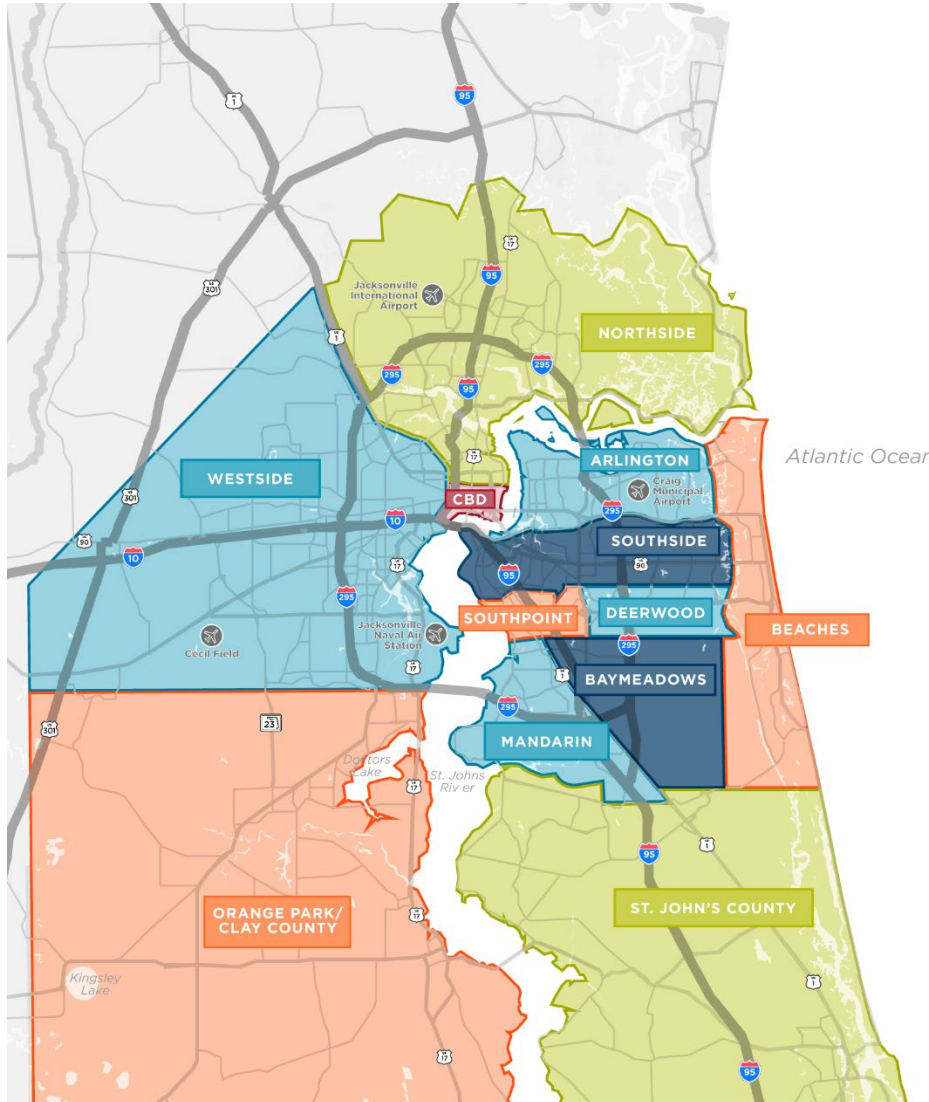
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	11,229,249	2,400,567	126,989	22.50%	26,213	-56,503	327,217	0	\$24.67	\$24.63
CLASS B	10,879,201	2,008,448	289,662	21.10%	-77,228	-35,907	312,392	0	\$20.69	\$20.59
JACKSONVILLE TOTALS	22,108,450	4,409,015	416,651	21.80%	-51,015	-92,410	639,609	0	\$22.82	\$22.66

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6651 Gate Parkway	Deerwood Park	Dark Matter	30,101	New
6651 Gate Parkway	Deerwood Park	Selene Finance	30,101	New
8001 Baymeadows Way	Baymeadows	Terracon	22,501	Expansion
6410 Southpoint Pkwy	Southpoint	IQ Fiber	21,900	New

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



Easton Ricks

Research Analyst

Tel: +1 407 949 0803

Easton.Ricks@cushwake.com

Josh Faircloth

Research Manager

Tel: +1 813 424 3220

Joshua.Faircloth@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.