

MARKETBEAT Jacksonville

INDUSTRIAL Q3 2024



MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| 6.1% Vacancy Rate | ▲ | ▲ |
| 158K YTD Net Absorption, SF | ▼ | ▼ |
| \$7.78 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i> | ▲ | ▲ |

ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| 807K Jacksonville Employment | ▲ | ▲ |
| 3.3% Jacksonville Unemployment Rate | ▲ | ▲ |
| 4.1% United States Unemployment Rate <i>Source: BLS</i> | ▲ | ▼ |

ECONOMY

Jacksonville's unemployment rate was 3.3% in Q3 2024, marking an increase of 20 basis points (bps) compared to a year ago. Despite the increase, the rate remained well below the national average of 4.1%. The market continued to show modest job growth, with non-farm employment growing by 16,500 jobs or 2.1% year-over-year (YOY).

SUPPLY

Overall vacancy edged higher by 110 bps quarter over quarter (QOQ) to 6.1%. This rise was primarily due to the rapid construction of new warehouse/distribution (W/D) space. Nearly 52.4% of the 2.2 million square feet (msf) completed YTD delivered vacant. Another key driver of vacancy was Fanatics moving out of 553,151 square feet (sf), opting to move distribution to a 3PL provider. For the vacant space in the market, over 59.0% consisted of spaces 200,000 sf and larger. Although construction slowed and demand appeared to regain some momentum, the market still struggled to absorb new space. Nearly 3.6 msf of industrial product remained under construction at the end of Q3, down 14.8% YOY but up 5.1% QOQ.

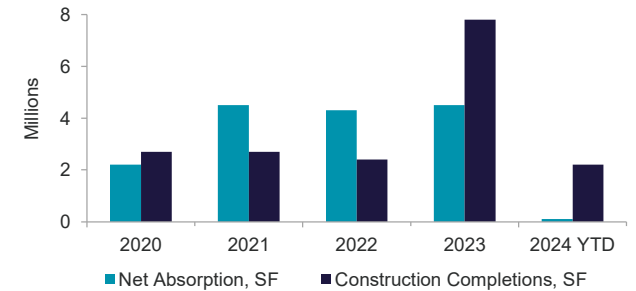
DEMAND

New leasing activity rose by 86.9% QOQ with 1.8 msf of deals completed during Q3. Demand for larger space began to rebound with three leases signed greater than 200,000 sf, two of the largest being 378,000 sf and 255,300 sf, both signed by AirVan. These three largest deals accounted for nearly 51.0% of total activity this quarter. The Westside and Northside submarkets dominated activity during Q3, accounting for nearly 87.4% of the total. Absorption for the quarter was negative 654,000 sf, the lowest quarterly volume since Q3 2018, bringing the year-to-date (YTD) total to 158,000 sf.

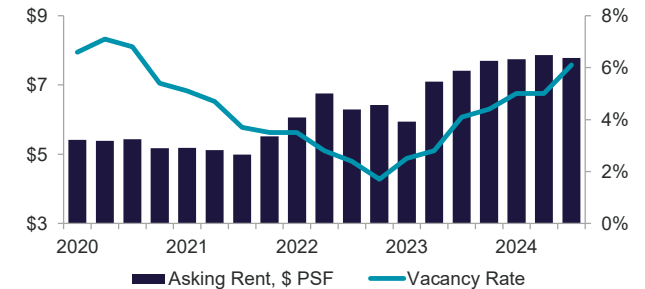
PRICING

Rents fell slightly QOQ but were still up 5.0% YOY reaching \$7.78 per square foot (psf). As the wave of new deliveries continue and demand for larger space regains traction, average rates will likely tick upward, with new product pushing rents higher. W/D asking rents fell slightly to \$7.64 in Q3 but were still up 10.3%YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CNSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|----------------------------|--------------------|---------------------|----------------------|---|---------------------------------|------------------|------------------------|------------------------------------|------------------------------------|-------------------------------------|
| CBD | 5,651,853 | 60,200 | 1.1% | -6,000 | -31,300 | 0 | 0 | \$11.20 | - | \$7.25 |
| Northside | 32,468,101 | 1,550,905 | 4.8% | -64,795 | 557,525 | 1,859,630 | 503,115 | - | \$12.25 | \$8.92 |
| Westside | 53,015,748 | 3,936,382 | 7.4% | -491,061 | -199,694 | 1,123,777 | 185,640 | - | \$11.50 | \$6.66 |
| Southside | 19,303,936 | 897,672 | 4.7% | -73,981 | -117,273 | 52,920 | 0 | \$6.80 | \$13.05 | \$9.20 |
| Orange Park/Clay | 2,384,742 | 466,157 | 19.5% | -62,856 | -346,157 | 0 | 0 | - | - | \$7.25 |
| Beaches | 443,768 | 0 | 0.0% | 0 | 0 | 0 | 0 | - | - | - |
| St. Johns County | 1,588,564 | 91,181 | 5.7% | 44,510 | 294,784 | 554,900 | 0 | - | - | \$7.84 |
| JACKSONVILLE TOTALS | 114,856,712 | 7,002,497 | 6.1% | -654,183 | 157,885 | 3,591,227 | 688,755 | \$9.40 | \$12.86 | \$7.64 |

*Rental rates reflect NNN \$psf/year

| PRODUCT TYPE | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CNSTR COMPLETIONS (SF) | YTD CNSTR COMPLETIONS (SF) | DIRECT WEIGHTED AVG NET RENT* | OVERALL WEIGHTED AVG NET RENT* |
|----------------------------|--------------------|---------------------|----------------------|---|---------------------------------|------------------|------------------------|----------------------------|-------------------------------|--------------------------------|
| Manufacturing | 20,046,997 | 48,900 | 0.2% | 0 | 280,660 | 0 | 0 | 0 | \$9.40 | \$9.40 |
| Office Service | 4,357,822 | 137,527 | 3.2% | -2,691 | -3,566 | 52,920 | 0 | 0 | \$12.86 | \$12.86 |
| Warehouse/Distribution | 90,451,893 | 6,816,070 | 7.5% | -651,492 | -119,209 | 3,538,307 | 688,755 | 2,212,148 | \$7.64 | \$7.64 |
| JACKSONVILLE TOTALS | 114,856,712 | 7,002,497 | 6.1% | -654,183 | 157,885 | 3,591,227 | 688,755 | 2,212,148 | \$7.79 | \$7.78 |

*Rental rates reflect NNN \$psf/year

KEY LEASE TRANSACTIONS Q3 2024

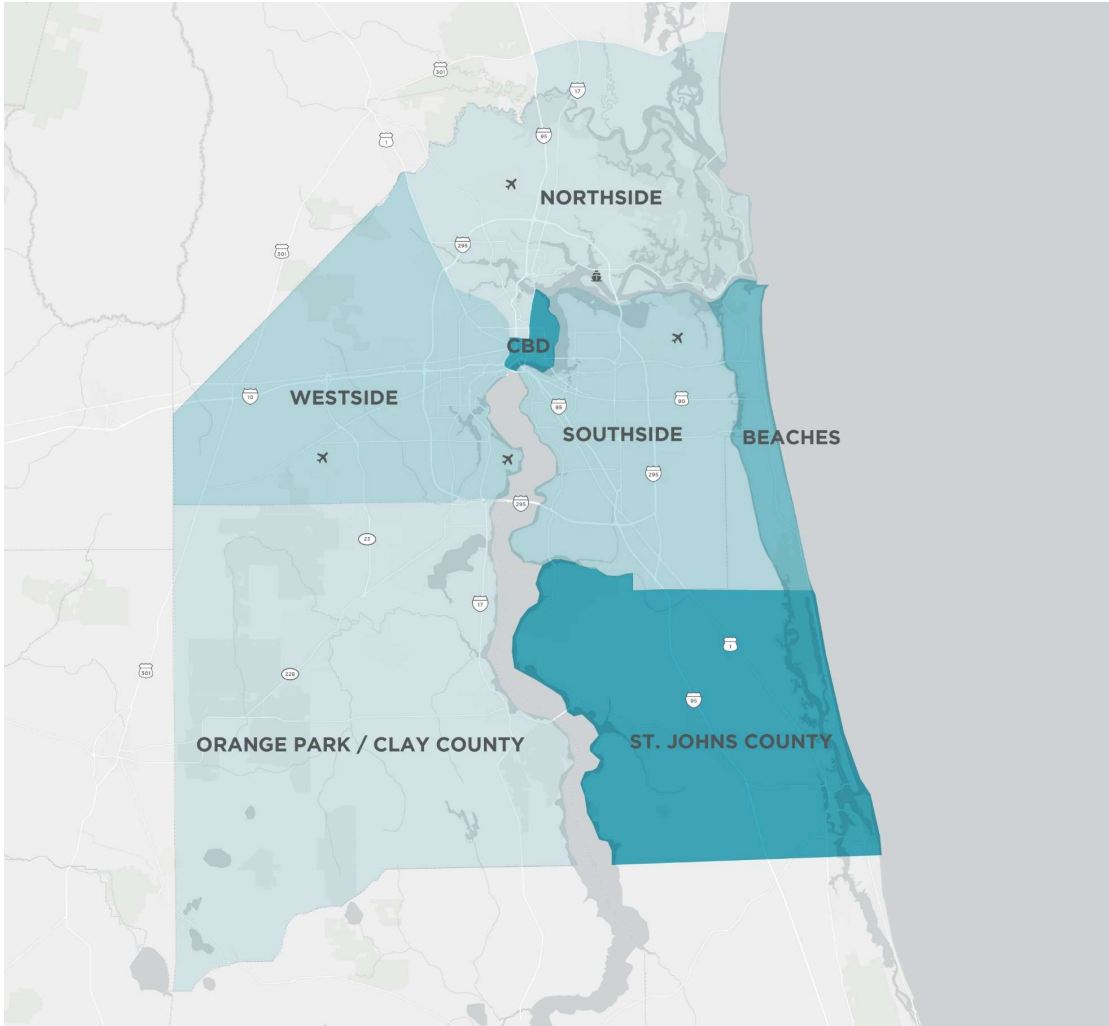
| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---------------------------|-----------|-----------------------|---------|----------|
| 550 Gun Club Road | Northside | AirVan | 378,100 | New |
| 1700 Imeson Road | Westside | Amazon | 272,190 | New |
| 555 Zoo Drive | Northside | AirVan | 255,285 | New |
| 10089 N Main Street | Northside | USPS | 240,680 | Renewal* |
| 8700 Jesse B. Smith Court | Westside | Builders First Source | 190,402 | New |

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / \$ PSF |
|--|-----------|--|---------|-----------------|
| 1511 Zoo Parkway | Northside | VanTrust RE / INDUS Realty Trust | 547,200 | \$62.9M / \$115 |
| 12751 W Gran Bay Parkway | Southside | Brookfield Properties / Redfearn Capital | 363,000 | \$27.2M/ \$75 |
| 2983 Faye Road | Northside | Loctek Inc / EQT Exeter | 350,640 | \$38.0M / \$108 |
| 1511 Zoo Parkway | Northside | VanTrust RE / The STRO Companies | 235,835 | \$29.5M / \$125 |
| 2550 Cabot Commerce Drive – Building 2 | Northside | DRA / Faropoint | 192,248 | \$21.5M / \$112 |

INDUSTRIAL SUBMARKETS



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