

MARKETBEAT JACKSONVILLE

OFFICE Q3 2024



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
21.7% Vacancy Rate	▲	▲
-138K YTD Net Absorption, SF	▲	▼
\$22.72 Asking Rent, PSF <i>(Overall, All Property Classes)</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% at the end of Q3, indicating a 20-basis-point (bp) increase compared to a year ago. Even with this increase, unemployment remained well below the national rate of 4.1%. Total nonfarm employment grew by 16,500 jobs or 2.1% year-over-year (YOY).

SUPPLY

After five consecutive quarterly increases, overall vacancy fell 20 bps quarter-over-quarter (QOQ) ending Q3 at 21.7%. This decrease was attributed to the removal of three lower-quality vacant office buildings, which were taken off the market for multifamily conversions. Jacksonville registered its sixth consecutive quarter of net occupancy losses, with Q3 ending at -45,200 square feet (sf) bringing the year-to-date (YTD) total to -138,300 sf. Two new vacancies in the Northbank submarket comprised the bulk of negative absorption but were partially offset by healthy performances in the Beaches and Baymeadows areas. Class A vacancy rose by 90 bps YOY, settling at 22.9% while Class B fared better remaining relatively flat YOY at 20.4%.

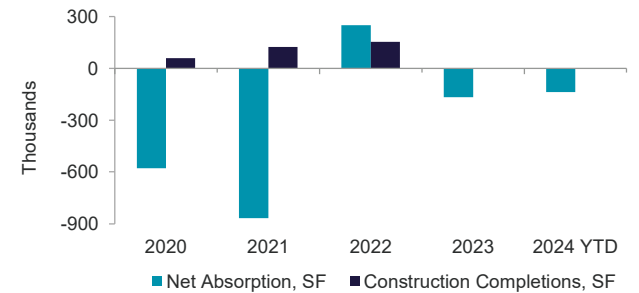
DEMAND

Leasing activity during Q3 totaled 164,000 sf, which marked a 53.6% decrease QOQ. This brought YTD activity to 802,000 sf, holding steady from the same period one year ago. Class A space posted a 54.4% decrease YOY compared to a similar 48.9% decrease for Class B space, illustrating that the overall market is generally stagnant. Suburban submarkets far outpaced CBD leasing activity, accounting for 94.1% of new deals signed in Q3. Leading Q3 leasing activity with 74,200 square feet, the Southpoint submarket's most notable transaction was Stillwater Insurance Co.'s lease of 33,000 sf at 6800 Southpoint Parkway.

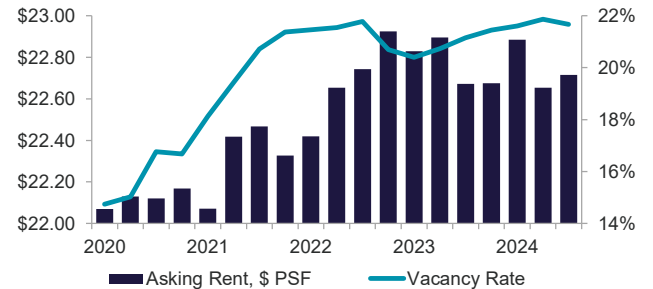
PRICING

Direct average asking rents remained stable, decreasing just 0.1% YOY and settling at \$22.87 per square foot (psf) in Q3. The Beaches submarket saw the greatest increase in direct rates, finishing the quarter at \$32.84 psf, marking a 9.2% increase YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Northbank	5,100,009	18,215	1,177,560	23.4%	-70,610	96,267	83,511	143,000	\$23.79	\$24.64
Southbank	2,013,592	4,634	482,131	24.2%	222	-72,691	46,607	0	\$23.87	\$23.90
CBD Subtotals	7,113,601	22,849	1,659,691	23.7%	-70,388	23,576	130,118	143,000	\$23.81	\$24.38
Arlington	365,924	0	154,306	42.2%	0	-20,859	3,384	0	\$18.21	-
Southside	903,024	0	94,778	10.5%	-4,649	49,490	5,661	0	\$19.53	\$25.50
Beaches	658,740	0	69,625	10.6%	29,441	22,900	52,349	0	\$32.84	\$32.84
Northside	30,000	0	0	0.0%	0	0	0	0	-	-
Mandarin	1,318,507	45,119	357,869	30.6%	-13,615	-69,364	56,014	0	\$22.71	\$25.59
St. Johns County	409,077	0	13,118	3.2%	926	4	4,038	0	\$26.63	-
Clay County	329,776	0	10,281	3.1%	-2,000	-6,420	0	0	\$21.00	-
Westside	36,333	0	0	0.0%	0	4,506	1,878	0	-	-
Deerwood	4,319,597	92,140	737,107	19.2%	-411	-41,335	230,540	0	\$23.75	\$24.32
Southpoint	3,167,031	62,248	599,114	20.9%	-12,161	-89,263	248,567	0	\$20.67	\$25.18
Baymeadows	3,183,257	222,054	591,405	25.6%	27,608	-11,513	69,637	0	\$21.17	\$22.94
NON-CBD Subtotals	14,721,266	421,561	2,627,603	20.7%	25,139	-161,854	672,068	0	\$22.07	\$24.84
JACKSONVILLE TOTALS	21,834,867	444,410	4,287,294	21.7%	-45,249	-138,278	802,186	143,000	\$22.72	\$24.58

*Rental rates reflect full service asking

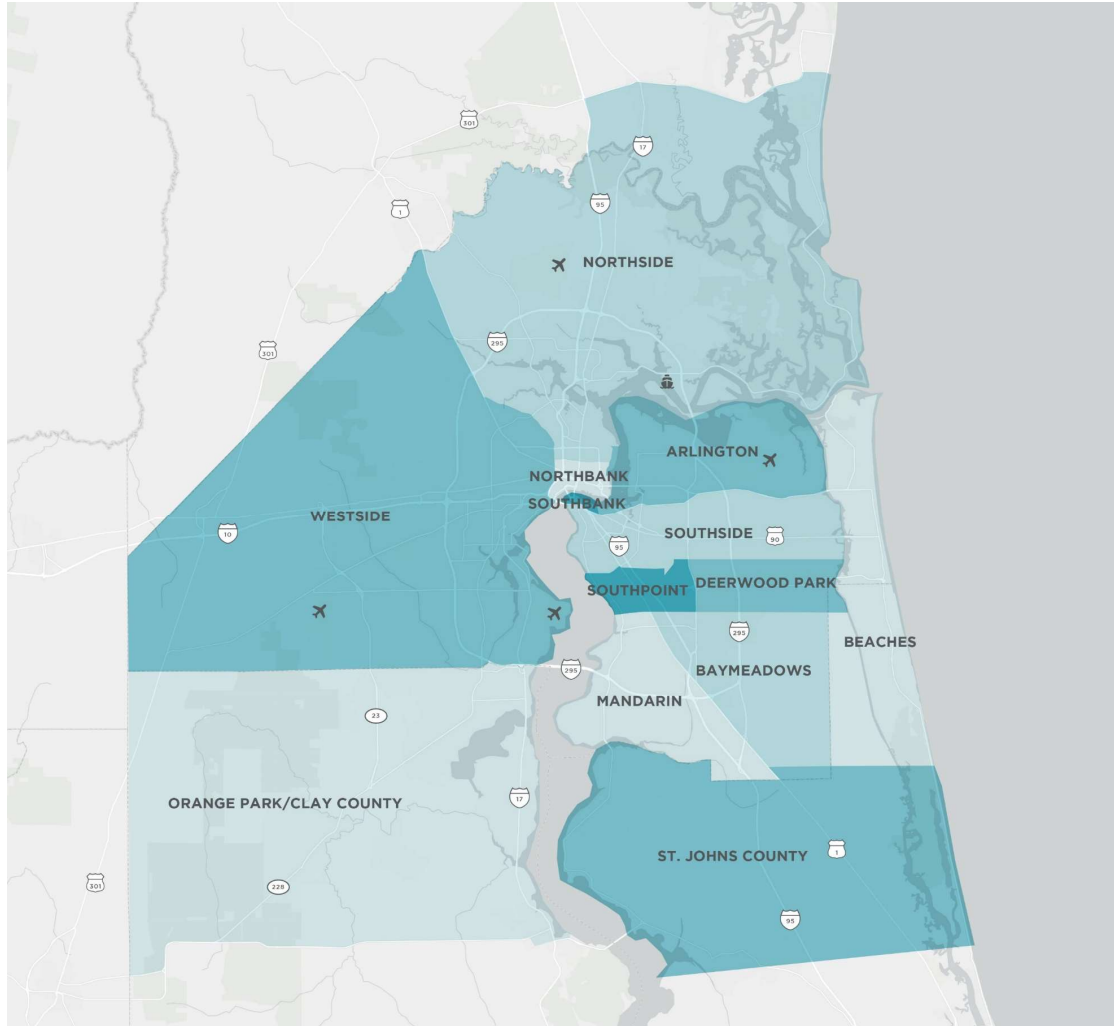
CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT	DIRECT AVG ASKING RENT
CLASS A	11,254,240	128,930	2,443,637	22.9%	-36,758	-52,290	387,019	143,000	\$24.58	\$24.61
CLASS B	10,580,627	315,480	1,843,657	20.4%	-8,491	-85,988	415,167	0	\$20.56	\$20.65
JACKSONVILLE TOTALS	21,834,867	444,410	4,287,294	21.7%	-45,249	-138,278	802,186	143,000	\$22.72	\$24.58

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9000 Southside Boulevard #100	Southside	Bank of America	52,470	Renewal*
6800 Southpoint Parkway	Southpoint	Stillwater Insurance Company	33,043	New
5220 Belfort Road	Southpoint	Undisclosed	24,669	New
10550 Deerwood Park Boulevard	Deerwood Park	Undisclosed	13,720	New
13901 Sutton Park Drive S	Deerwood Park	Undisclosed	10,308	New

*Renewals not included in leasing statistics

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