

FIGURES | JACKSONVILLE OFFICE | Q2 2025

# Office leasing improves as large transactions occur during first half of 2025

▲ 24.3%  
Vacancy Rate

▲ 65,085  
SF Net Absorption

▼ 102,424  
SF Under Construction

▶ 0  
SF Deliveries

▲ \$23.23  
Full-Service / Lease Rate

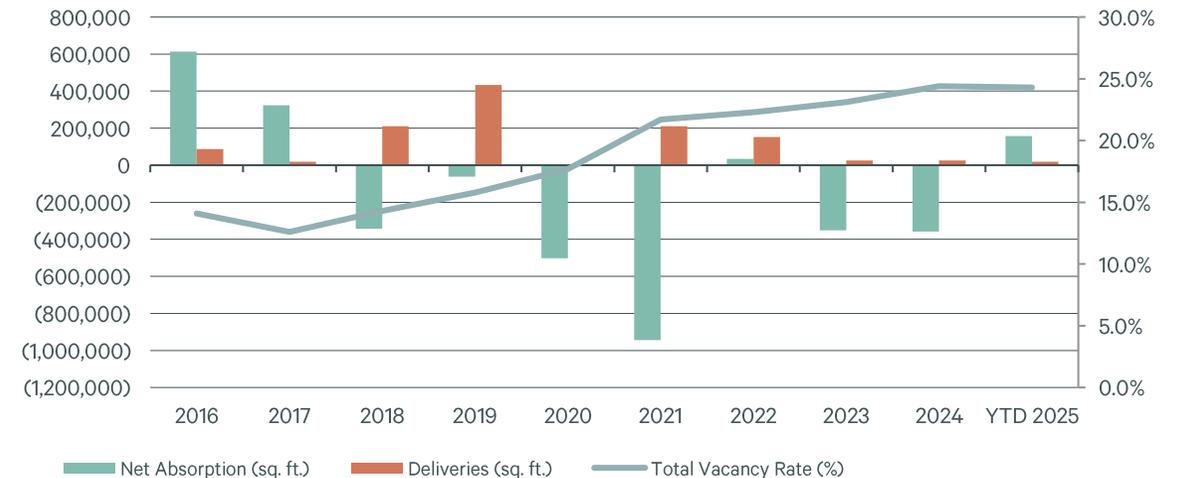
Note: Arrows indicate change from previous year.

## OVERVIEW

- The quarter closed with an overall vacancy rate of 24.3%, rising 40 basis points year over year.
- According to Real Capital Analytics, the sale of investment-grade properties during the first half of 2025 totaled approximately \$144.5 million across 1,594,323 sq. ft. (\$90.65 per sq. ft.) compared to \$96.5 million across 1,293,791 sq. ft. (\$74.62 per sq. ft.) during the same period in 2024.
- According to the Bureau of Labor Statistics, the unemployment rate in May was 3.6%, a 40 basis point increase compared to a year ago for Jacksonville. The rate is down from 10.8% in April 2020. The rate compares to Florida (3.7%) and the U.S. (4.2%).

The office market in 2025 could be hampered by several hurdles, including the lingering effects of tariffs-driven inflation and the prolonged impact of higher interest rates. These challenges will significantly influence how landlords and tenants navigate the market in 2025. Currently, the vacancy rate stands at 24.3%, a persistent trend that has seen the rate hovering above 23% for the past year as companies take longer to reassess their space needs.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

## DEMAND

Significant transactions continued during Q2 2025. AJC Investment Group purchased 5201 Gate Pkwy (150,000 sq. ft.), Confidential renewed 150,000 sq. ft. at 5201 Gate Pkwy and Holland and Knight renewed over 50,000 sq. ft at Bank of America Tower. Large transactions impacted leasing totals. Leasing activity increased during the first six months of 2025 by 35.9% compared to the year ago period totaling 1,458,921 square feet, with renewals accounting for 31.7 percent. The average lease size for new leases and expansions during the first six months of 2025 was 10,720 square feet compared to 6,945 sq. ft during the same period in 2024.

During second quarter, more than 65,000 square feet were absorbed by Vitas Healthcare renewal and expansion (22,432 sq. ft.), State of Florida (16,208 sq. ft.), Morgan & Morgan (13,152 sq. ft.), Cogent Bank (7,003 sq. ft.) and Ameris Bank (5,388 sq. ft.).

## VACANCY

The quarter closed with an overall vacancy rate of 24.3%, rising 40 basis points year over year. Class A vacancy is 21.7% while class B vacancy is 26.3%. However, the vacancy rate for available space is only 22.7%, 1.6 percentage points (over 423,000 sq. ft.) of the vacant space in Jacksonville has been leased but will not be occupied until future quarters. Sublease space experienced a substantial decline of 14.9% over the past 12 months, with 729,691 square feet currently available and 648,538 square feet remaining vacant.

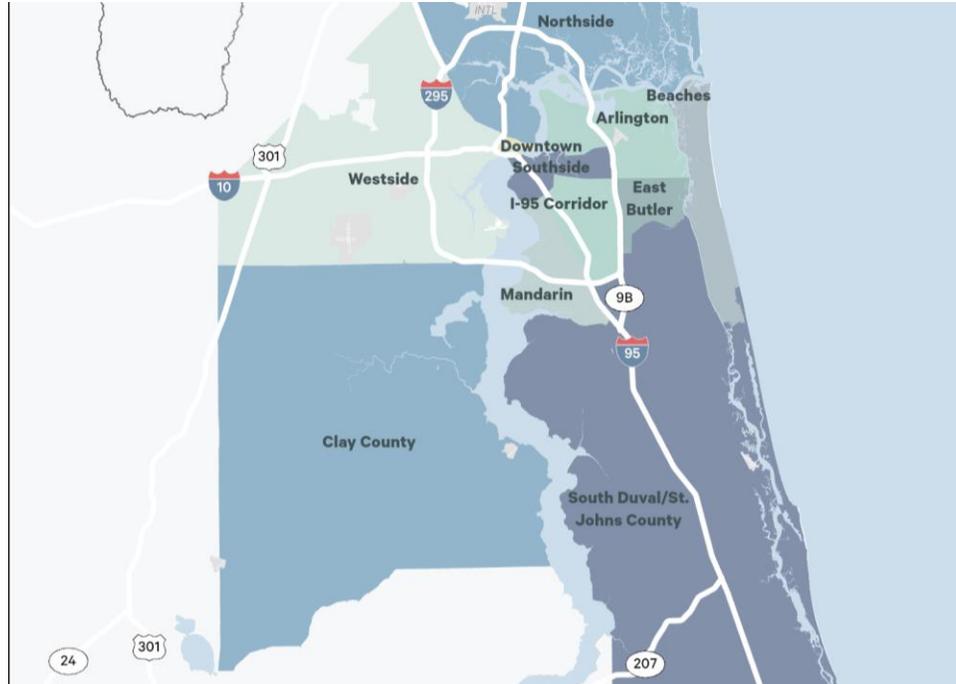
## PRICING

The direct average asking lease rate rose, closing second quarter 2025 at \$23.23 per sq. ft., a year-over-year increase of 1.5%. Rental rates in class A office space rose to \$25.21 per sq. ft., while class B rents recorded \$21.75 per sq. ft.

FIGURE 2: Statistical Snapshot Q2 2025

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q2 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/FSG/G/MG)
CBD	8,070,444	25.5	27.4	36,712	28,629	102,424	24.04
Northbank	5,856,680	26.0	27.5	14,943	9,576	102,424	23.91
Southbank	2,213,764	24.0	27.0	21,769	19,053	0	24.37
Arlington	465,308	27.1	27.1	548	548	0	17.40
Beaches	753,367	6.1	6.1	(7,848)	6,187	0	34.77
Clay County	456,997	6.2	6.2	(1,892)	(1,892)	0	21.00
East Butler	524,344	13.0	14.0	2,299	2,299	0	33.10
I-95 Corridor	13,264,599	20.7	24.2	26,573	106,242	0	22.25
Baymeadows	3,749,971	27.0	32.8	7,098	(4,764)	0	20.92
Deerwood Park	4,781,175	20.9	22.8	773	52,847	0	24.12
South 95 Corridor	1,525,354	4.3	6.6	14,616	20,339	0	24.67
Southpoint	3,208,099	20.8	24.4	4,086	37,820	0	21.56
Mandarin	482,570	8.1	8.1	(5,045)	11,475	0	19.25
Northside	47,000	13.9	13.9	0	0	0	15.76
South Duval/St. Johns	2,059,768	28.2	29.6	(1,220)	(8,791)	0	24.73
Southside	661,476	27.5	27.5	(1,754)	(1,754)	0	19.00
Westside	194,543	14.7	14.7	16,712	14,522	0	16.00
<b>Suburban Total</b>	<b>18,909,972</b>	<b>20.4</b>	<b>23.0</b>	<b>28,373</b>	<b>128,836</b>	<b>0</b>	<b>22.73</b>
<b>Jacksonville Total</b>	<b>26,980,416</b>	<b>21.9</b>	<b>24.3</b>	<b>65,085</b>	<b>157,465</b>	<b>102,424</b>	<b>23.23</b>

## Market Area Overview



## ECONOMIC OUTLOOK

Policy announcements and the news cycle—not economic fundamentals—are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

**Survey Criteria:** Includes all competitive Class A and Class B office buildings 10,000 sq. ft. and greater in size in Clay, Duval and St. Johns Counties. . Excludes: owner occupied, government and medical buildings.

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