

FIGURES | JACKSONVILLE INDUSTRIAL | Q1 2025

Sluggish start to 2025 as leasing activity drops and vacancy rises

▲ 6.9%	▼ (261,925)	▲ 6,048,792	▼ 336,960	▲ \$8.72
Vacancy Rate	SF Net Absorption	SF Under Construction	SF Deliveries	Triple Net / Lease Rate

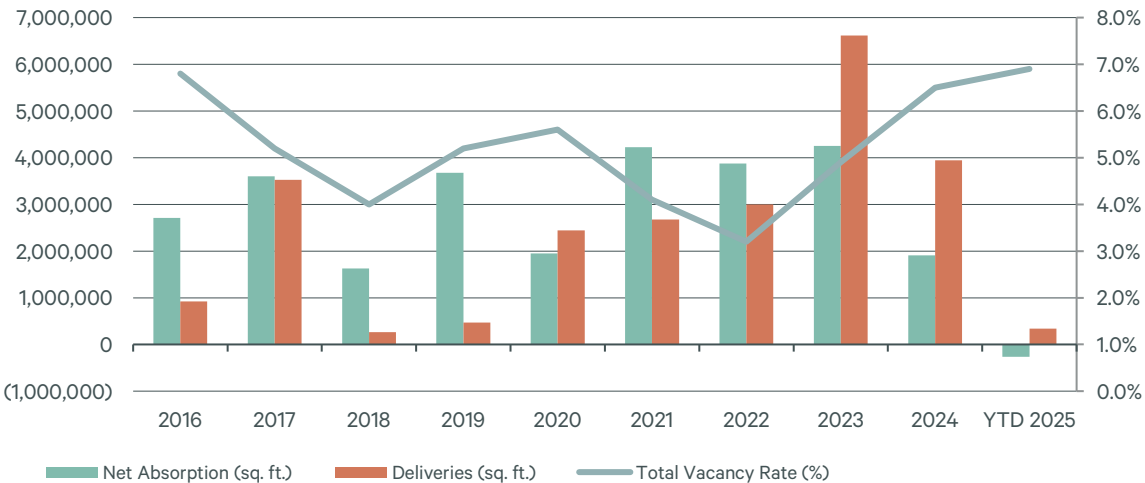
Note: Arrows indicate change from previous year.

OVERVIEW

- Total vacancy sits at 6.9%. Vacancy rose 180 bps compared to Q1 2024 due to construction completions totaling 4.3 million sq. ft since 2024 with 2.7 million sq. ft. vacant.
- According to RCA, the sale of investment-grade properties during first quarter 2025 totaled approximately \$32.9 million across 357,281 sq. ft (\$92.05 per sq. ft.) compared to \$31.9 million across 361,929 sq. ft. (\$88.11 per sq. ft.) during the same period in 2024.
- According to the Bureau of Labor Statistics, the unemployment rate in February was 3.8%, a 60 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 (3.6%) and the U.S. (4.1%).

There are still a number of obstacles facing the industrial market in 2025, effects of the federal government using tariffs as a tool for trade and the effects of higher interest rates over a longer duration than anticipated. These short-term obstacles will have a significant impact on how landlords and tenants respond in 2025. Approximately 4.5 million sq. ft. of speculative projects are under construction, keeping pace with slower tenant demand. The industrial vacancy rose 160 basis points over the past 12 months to 6.9% due to 4.2 million sq. ft. of completions and 2.7 million sq. ft. vacant added to the market since 2024.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Jacksonville recorded the first quarter of negative absorption since 2019, recording 261,925 sq. ft. of negative net absorption during first quarter 2025. Major occupiers of space included Amazon (272,190 sq. ft.), Builders First Source (190,402 sq. ft.) and GWSI (99,000 sq. ft).. Tenants vacating space included Confidential (120,711 sq. ft.), Southeast Toyota (114,645 sq. ft.), DL Cabinetry (108,000 sq. ft.), Victory Packaging (80,000 sq. ft.) and Miami Warehouse Logistics downsizing (80,000 sq. ft).. Leasing activity has significantly decreased in the first quarter of 2025. Compared to 65 leases totaling 1.58 million sq. ft. during first quarter 2024, 42 leases totaling 1.2 million sq. ft. occurred during first quarter 2025, a drop of 26.1%. The average size lease was 27,816 sq. ft during first quarter.

VACANCY

Due to approximately 10.9 million sq. ft. of construction completions in 45 buildings since the beginning of 2023 and 3.1 million sq. ft. of vacant space, the vacancy rate for Q1 2025 rose 180 basis points year-over-year to 6.9%. Accounting for space that has been leased but will not be occupied until future quarters, this figure drops to 6.4%. Due to new construction, 28 existing buildings and 14 buildings under development can accommodate a user greater than 100,000 sq. ft. In addition, 20 built options exist for users looking for 100,000 sq. ft. or greater in buildings with 28’ or greater clear heights. Only six existing buildings can accommodate a user larger than 300,000 sq. ft.

PRICING

The direct weighted average asking lease rate was \$8.72 per sq. ft, an increase of 10.0% compared to one year ago. Regarding property sub-type, R&D/Flex recorded \$11.45 per sq. ft. while Warehouse/Distribution and Manufacturing assets rose to \$8.43 and \$6.67 per sq. ft., respectively.

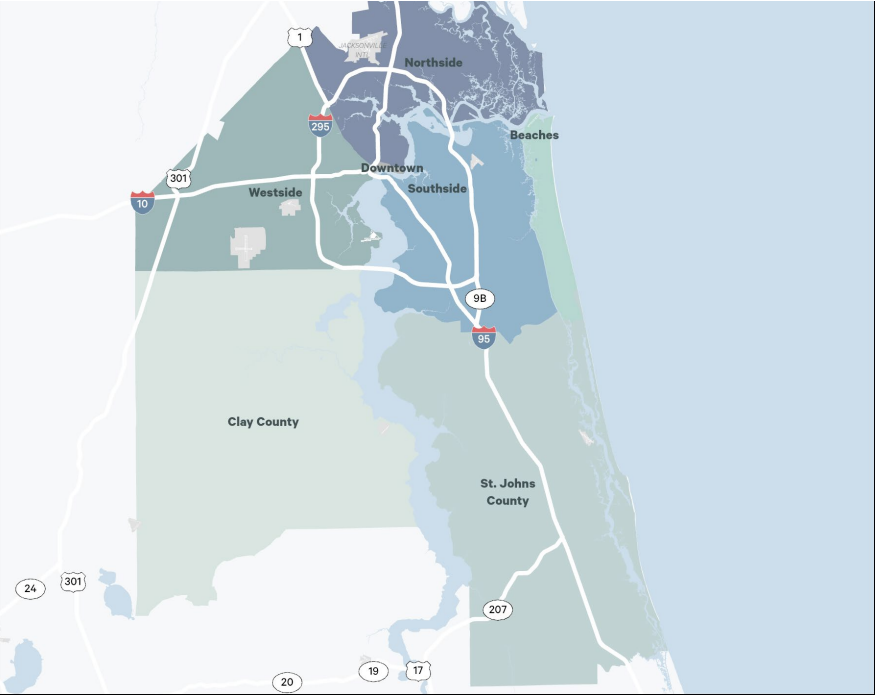
FIGURE 2: Statistical Snapshot Q1 2025

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/NNN)
Downtown	1,029,331	4.5	4.5	0	0	0	N/A
Beaches	188,007	1.4	1.4	(1,350)	(1,350)	0	16.00
Northside	46,880,737	4.2	4.5	(74,849)	(74,849)	2,207,768	8.90
Southside	22,893,847	5.9	6.5	(350,875)	(350,875)	0	9.12
Westside	53,237,882	7.3	7.8	165,149	165,149	2,607,655	7.63
Clay County	2,970,873	5.9	5.9	0	0	300,000	11.87
St. Johns County	2,724,195	19.5	22.1	0	0	1,077,549	11.00
Jacksonville Total	129,924,872	6.4	6.9	(261,925)	(261,925)	6,048,792	8.72
Manufacturing	19,002,251	1.5	1.5	(9,763)	(9,763)	300,000	6.67
Warehouse/Distribution	101,807,871	7.2	7.7	(217,557)	(217,557)	5,748,792	8.43
R&D/Flex	9,114,750	7.6	8.3	(34,605)	(34,605)	0	11.45

FIGURE 3: Notable Leases Q1 2025

Submarket	Property	Tenant	Transaction (SF)
Westside	11001 Pritchard Rd	Suddath Global Logistics	239,880
Westside	5800 Imeson Rd	Lowe’s Home Centers	181,587
Westside	8001 Westside Industrial Dr	JEA	123,000
Northside	1511 Zoo Pkwy	Frederick Unlimited	110,936

Market Area Overview



ECONOMIC OUTLOOK

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Survey Criteria: Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Clay, Duval and St Johns counties.

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