

FIGURES | JACKSONVILLE INDUSTRIAL | Q4 2025

Economic improvement in 2026 should improve tenant demand and leasing activity

▲ 11.0%
Vacancy Rate

▲ 306,298
SF Net Absorption

▼ 781,983
SF Under Construction

▲ 3,619,913
SF Deliveries

▼ \$8.71
Triple Net / Lease Rate

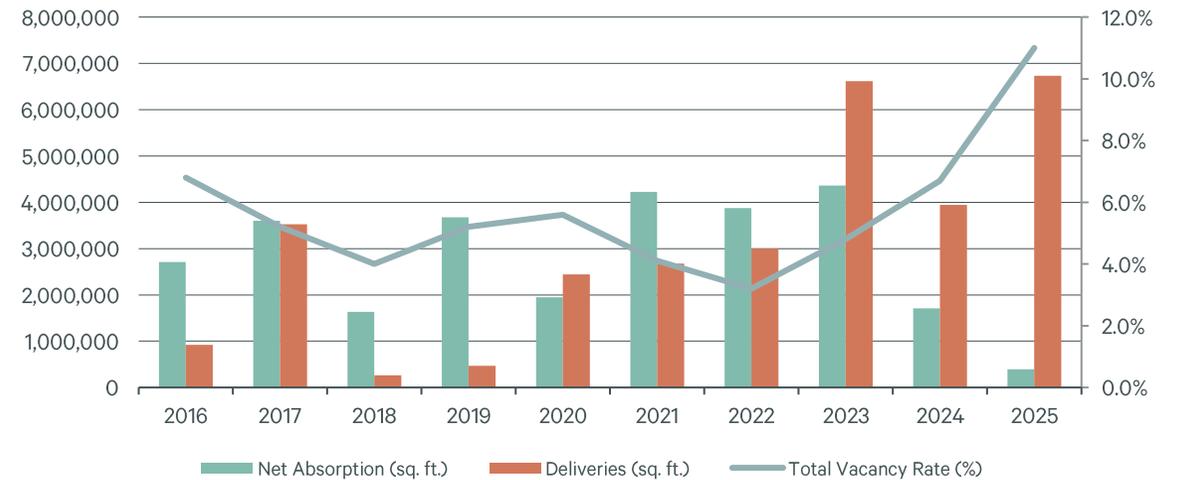
Note: Arrows indicate change from previous year.

OVERVIEW

- Total vacancy sits at 11.0%. Vacancy rose 440 bps compared to Q4 2024 due to speculative construction completions and several large vacancies placed on the market.
- According to RCA, the sale of investment-grade properties through 2025 totaled approximately \$1.06 billion across 8.5 million sq. ft. (\$125.46 per sq. ft.) compared to \$1.05 billion across 10.8 million sq. ft. (\$96.49 per sq. ft.) during the same period in 2024.
- According to the Bureau of Labor Statistics, the unemployment rate in September was 4.3%, an 80 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 (3.9%) and the U.S. (4.4%).

The industrial market is poised for a favorable shift following the Federal Reserve’s recent decisions to reduce the federal funds rate by 25 basis points on October 29 and December 10, bringing the rate to a range of 3.5%–3.75%. For industrial tenants and landlords, a full rebound in consumer spending and job growth is essential to drive warehouse expansion. As economic growth strengthens, industrial vacancy rates are expected to tighten, and asking rents should resume a trajectory of robust growth hopefully starting in 2026.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Jacksonville's industrial market recorded 306,298 square feet of positive net absorption over the fourth quarter. Notable tenants that fueled this growth included Stellar Energy (120,842 sq. ft.), Eastern Metal Products (53,520 sq. ft.), Florida Cooling Supply (22,407 sq. ft.), Twin City Hardware (20,000 sq. ft.), and D-Kay Wholesale Florist (19,953 sq. ft.). In contrast, leasing activity slowed during 2025, with a 17.2% drop compared to the same period in 2024. During 2025, 213 leases totaling 6.3 million square feet were executed, compared to 236 leases totaling 7.6 million square feet in 2024. Renewals accounted for 52.1% of the 2025 leasing activity. The average lease size for all leases during 2025 was 29,755 square feet, a relatively modest size. New leases and expansions averaged 18,169 sq. ft., with the lack of large users (over 100,000 sq. ft.) in the market impacting both absorption and vacancy.

VACANCY

Due to approximately 17.3 million sq. ft. of construction completions in 70 buildings since the beginning of 2023 and 7.0 million sq. ft. of vacant space, the vacancy rate for Q4 2025 rose 440 basis points year-over-year to 11.0%. Due to new construction and slower tenant demand, 56 existing buildings and 2 buildings under development can accommodate a user greater than 100,000 sq. ft. In addition, 43 built options exist for users looking for 100,000 sq. ft. or greater in buildings with 28' or greater clear heights. Eleven existing buildings can accommodate a user larger than 300,000 sq. ft.

PRICING

The direct weighted average asking lease rate dropped to \$8.71 per square foot, marking a 1.9% decrease from the previous year. Notably, the R&D/Flex property subtype achieved a rate of \$11.97 per square foot, while Warehouse/Distribution and Manufacturing properties recorded \$8.45 and \$8.24 per square foot, respectively.

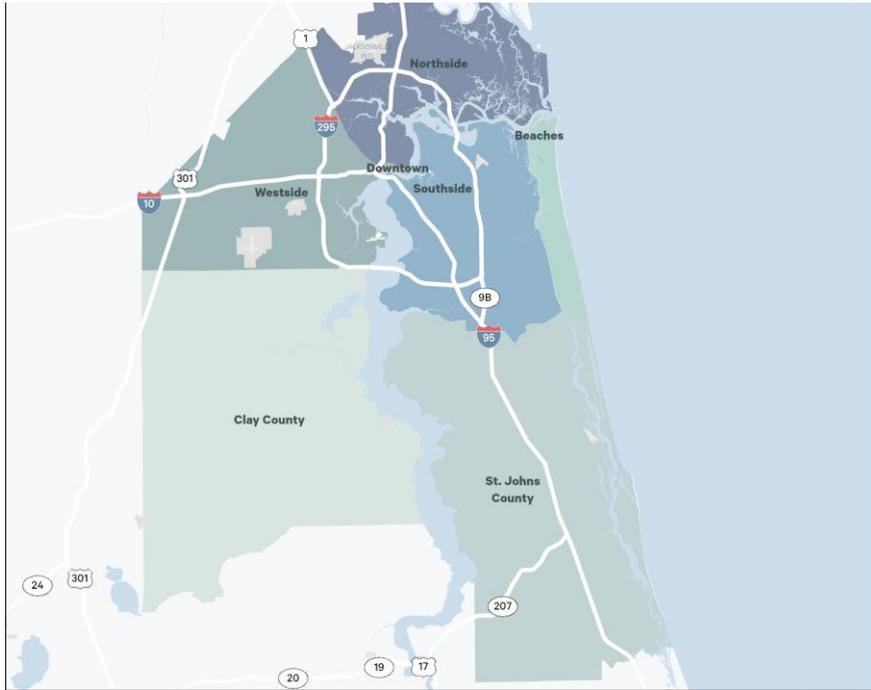
FIGURE 2: Statistical Snapshot Q4 2025

| Submarket | Total Inventory (Sq. Ft.) | Direct Vacancy (%) | Total Vacancy (%) | Q4 2025 Net Absorption (Sq. Ft.) | 2025 Net Absorption (Sq. Ft.) | Under Construction (Sq. Ft.) | Avg. Asking Lease Rate (\$/SF/NNN) |
|---------------------------|---------------------------|--------------------|-------------------|----------------------------------|-------------------------------|------------------------------|------------------------------------|
| Downtown | 901,529 | 5.2 | 5.2 | 0 | 0 | 0 | N/A |
| Beaches | 188,007 | 1.4 | 1.4 | 0 | (1,350) | 0 | 16.00 |
| Northside | 48,559,087 | 9.0 | 9.7 | 153,840 | 232,266 | 580,025 | 8.77 |
| Southside | 22,742,909 | 7.3 | 7.5 | 140,790 | (107,821) | 41,958 | 9.75 |
| Westside | 54,201,283 | 11.2 | 11.8 | 34,278 | (109,130) | 160,000 | 7.76 |
| Clay County | 3,240,873 | 6.1 | 6.1 | (30,360) | 279,000 | 0 | 10.76 |
| St. Johns County | 3,804,950 | 36.1 | 44.5 | 7,750 | 98,616 | 0 | 9.47 |
| Jacksonville Total | 133,638,638 | 10.3 | 11.0 | 306,298 | 391,581 | 781,983 | 8.71 |
| Manufacturing | 18,057,942 | 5.2 | 5.2 | (10,000) | (424,311) | 231,000 | 8.24 |
| Warehouse/Distribution | 106,663,019 | 11.5 | 12.4 | 236,579 | 764,752 | 509,025 | 8.45 |
| R&D/Flex | 8,917,677 | 6.6 | 7.2 | 79,719 | 51,140 | 41,958 | 11.99 |

FIGURE 3: Notable Leases Q4 2025

| Submarket | Property | Tenant | Transaction (SF) |
|-----------|------------------------|----------------|------------------|
| Northside | 2737 Ignition Drive | Stellar Energy | 120,842 |
| Northside | 1371 Tradeport Drive | Keefe Group | 117,000 |
| Westside | 4102 Bulls Bay Highway | Dade Paper | 72,000 |
| Westside | 6225 Lake Gray Drive | The Boeing Co. | 23,479 |

Market Area Overview



ECONOMIC OUTLOOK

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

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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