

FIGURES | JACKSONVILLE INDUSTRIAL | Q4 2024

Vacancy expected to rise as speculative development delivers

▲ 6.5%

Vacancy Rate

▼ 45,044

SF Net Absorption

▲ 6,173,834

SF Under Construction

▼ 1,288,864

SF Deliveries

▲ \$8.54

Triple Net / Lease Rate

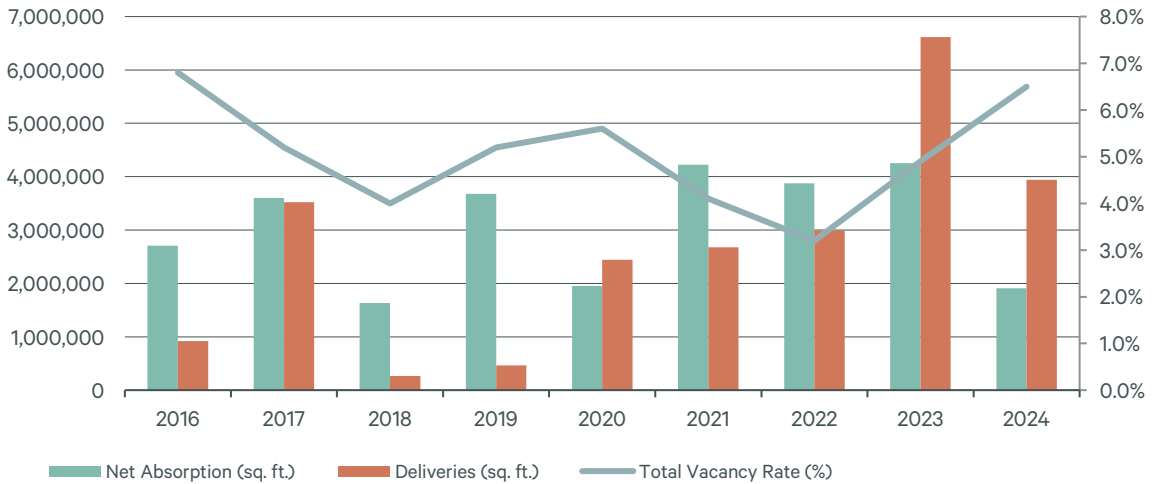
Note: Arrows indicate change from previous year.

OVERVIEW

- Total vacancy sits at 6.5%. Vacancy rose 160 bps compared to Q4 2023 due to construction completions totaling 3.9 million sq. ft during 2024 with 2.7 million sq. ft. vacant.
- According to RCA, the sale of investment-grade properties during 2024 totaled approximately \$1.08 billion across 10.7 million sq. ft (\$100.60 per sq. ft.) compared to \$717.1 million across 7.3 million sq. ft. (\$98.87 per sq. ft.) during the same period in 2023.
- According to the Bureau of Labor Statistics, the unemployment rate in November was 3.6%, a 50 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 (3.4%) and the U.S. (4.2%).

Tenant demand continued to be active during Q4 2024 but at a slower pace compared to 2023. Tenants are taking longer as they evaluate their space needs, the economy and pace of interest rate reductions. Approximately 4.6 million sq. ft. of speculative projects are under construction as developers have slowed construction starts, keeping pace with slower tenant demand. The industrial vacancy rose 160 basis points over the past 12 months to 6.5% due to 3.9 million sq. ft. of completions and 2.7 million sq. ft. vacant during 2024.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Jacksonville recorded 45,044 sq. ft. of positive net absorption during fourth quarter 2024. Major occupiers of space included FreezPak Logistics (272,400 sq. ft.), Amazon (181,000 sq. ft.), Niagara Bottling (115,400 sq. ft.) and Modern Cabinetry (67,588 sq. ft.). Tenants occupying space were able to overcome Fanatics vacating 549,018 sq. ft. at 5245 Commonwealth Ave. Small to mid-sized tenants have been more active during 2024. Twenty leases over 100,000 sq. ft. were signed this year compared to 31 in 2023. Leasing activity during 2024 dropped 52.2% over the same period a year ago, totaling 6.2 million sq. ft. The average lease size was 30,729 sq. ft compared to the average size of 60,625 sq. ft. during 2023.

VACANCY

Due to approximately 10.6 million sq. ft. of construction completions in 44 buildings since the beginning of 2023 and 3.2 million sq. ft. of vacant space, the vacancy rate for 2024 rose 160 basis points year-over-year to 6.5%. Accounting for space that has been leased but will not be occupied until future quarters, this figure drops to 6.0%. The Jacksonville industrial vacancy rate is forecasted to reach 8.0% by Q4 2025 before dropping to 5.9% by Q4 2026. This assumes 750,000 sq. ft. of absorption per quarter (the average quarterly absorption since 2018) over the next two years. With over 7.5 million sq. ft. of tenants in the market as of December 2024, new speculative construction deliveries are necessary to accommodate tenants looking to open new distribution centers in Jacksonville.

PRICING

The direct weighted average asking lease rate was \$8.54 per sq. ft, an increase of 3.3% compared to one year ago. Regarding property sub-type, R&D/Flex recorded \$11.40 per sq. ft. while Warehouse/Distribution and Manufacturing assets rose to \$8.27 and \$6.77 per sq. ft., respectively.

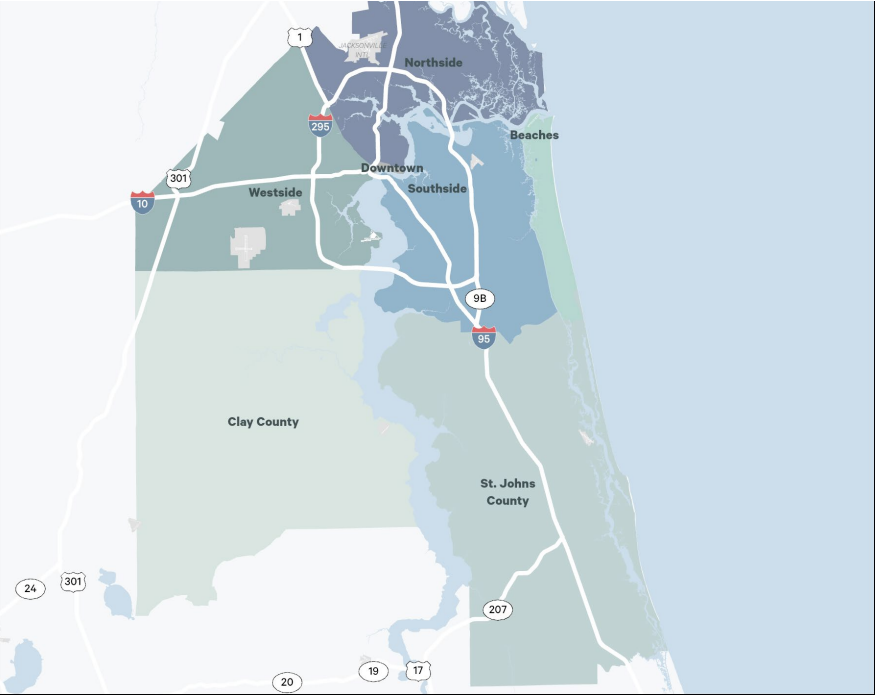
FIGURE 2: Statistical Snapshot Q4 2024

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2024 Net Absorption (Sq. Ft.)	2024 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/NNN)
Downtown	1,029,331	4.5	4.5	(19,900)	(19,900)	0	N/A
Beaches	188,007	0.7	0.7	0	0	0	16.00
Northside	46,387,076	4.0	4.4	349,641	1,040,671	2,188,630	8.89
Southside	22,893,847	5.9	6.5	228,613	42,238	0	9.19
Westside	52,661,042	7.4	7.7	(481,810)	500,702	2,607,655	7.30
Clay County	2,970,873	1.9	5.9	(30,000)	(48,000)	300,000	10.26
St. Johns County	2,724,195	19.5	22.1	(1,500)	390,444	1,077,549	11.03
Jacksonville Total	128,854,371	6.0	6.5	45,044	1,906,155	6,173,834	8.54
Manufacturing	19,002,251	1.4	1.4	(21,600)	178,412	300,000	6.77
Warehouse/Distribution	100,737,370	6.8	7.4	37,832	1,726,287	5,873,834	8.27
R&D/Flex	9,114,750	7.2	7.9	28,812	1,456	0	11.40

FIGURE 3: Notable Leases Q4 2024

Submarket	Property	Tenant	Transaction (SF)
Westside	4600 Bulls Bay Hwy	Kraft Heinz	308,500
Westside	5800 Imeson Rd	Niagara Bottling	115,400
Westside	5400 W 12 th St	Eckart Supply	95,223
Southside	8929 Western Way	AC Design Corp	28,428

Market Area Overview



ECONOMIC OUTLOOK

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

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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