

# MARKETBEAT

## Jacksonville

### Industrial Q1 2018



#### JACKSONVILLE INDUSTRIAL

##### Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Jacksonville Employment	680k	699k	▲
Jacksonville Unemployment	4.3%	3.5%	■
U.S. Unemployment	4.7%	4.1%	▼

\*Numbers above are monthly figures, Feb 2018, FL Dept. Economic OPP

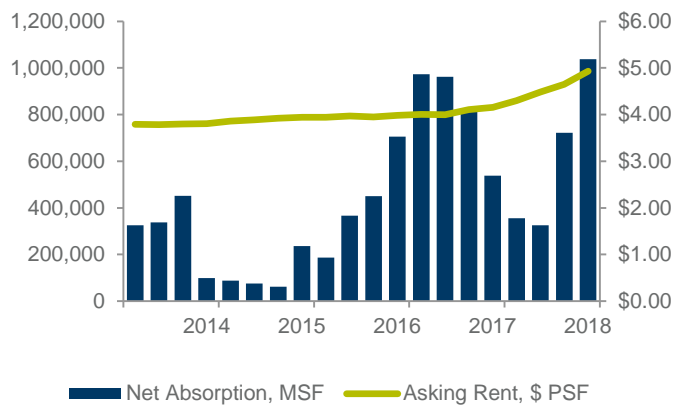
##### Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	5.6%	3.4%	▼
YTD Net Absorption (sf)	295k	368k	▲
Under Construction (sf)	2.9M	1.2M	▲
Average Asking Rent*	\$4.63	\$5.52	▲

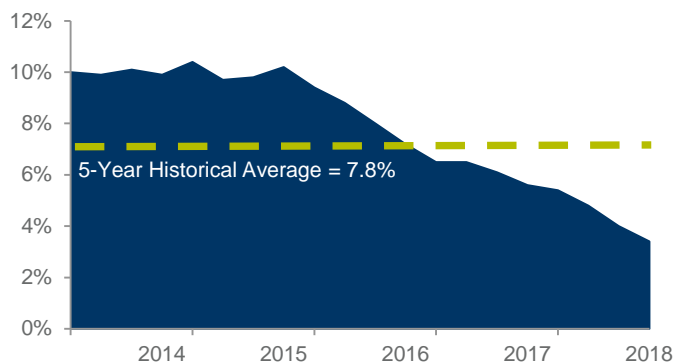
\*Rental rates reflect net asking \$psf/year

##### Overall Net Absorption/Overall Asking Rent

###### 4-QTR TRAILING AVERAGE



##### Overall Vacancy



## Economy

Bolstered by population growth and elevated economic activity, the Jacksonville metro showcased steady growth in the first quarter of 2018, adding +18,600 jobs over the trailing 12-month period. The unemployment rate fell -80 basis points (bps) to 3.5%. Much of the local economy's success can be attributed to the influx of eCommerce users that relocated and/or expanded in the area. Three blue collar sectors, manufacturing, construction and trade and transportation, drove gains and accounted for 41% or 7,700 new jobs. Warehouse jobs should continue to grow as companies look to Jacksonville as a strategic advantage to servicing customers throughout the Southeast. Moody's Analytics recognized growth in the Jacksonville MSA will be strengthened by increases in tourism, military spending, and infrastructure improvements over the next several years.

## Market Overview

Interest for industrial space in the MSA was strong as leasing activity blew past 859,000 square feet (sf) in the first quarter on limited space options. Several large bay tenants signed with requirements over 200,000 sf. A bulk of warehouse/distribution transactions occurred which accounted for over 677,000 sf of deals signed in the first quarter. Overall absorption was positive for the 11<sup>th</sup> consecutive quarter, exceeding 386,000 sf in the past 12 months. Tenant expansion was led in the Northside submarket, which accounted for 90% of all absorption throughout the market.

Overall vacancy reached a new low of 3.4%, dropping -210 bps year-over-year. Warehouse/distribution space fell by -270 bps to 4.0%, marking a historic low for the market. Notably, the Northside submarket experienced the largest year-over-year decline, falling -780 bps to 4.8%. Achieving new highs in rental rates across the board, landlords were bullish on heightened activity, pushing the overall asking rents up +19.2% over the last year to \$5.52 per square foot (psf). Rents in warehouse/distribution drove a bulk of this rise, starting the year at \$4.76 psf, up +11.7% over last year's figures. Boosts in asking rental rates were expected throughout 2018 as new construction completes with potential vacant availabilities entering the market at higher asking rates.

Encouraged by new historic highs and lows, build-to-suit construction pursuits represented 57% of new product under construction at the close of the quarter. Developers and new-to-market tenants were reassured by the improving local economy and climbing rental rates. Given the need for Class A warehouse space, most inventory is expected to be fully leased prior to completion, further supporting the ground breaking of additional speculative developments later in the year.

## Outlook

The industrial market in North Florida began the year with strong market fundamentals and an active pipeline of new construction to meet demand later in the year. Dynamic economic growth, the progression of eCommerce and business expansion will further support developers' confidence in the market for speculative product. Cushman & Wakefield expects the industrial market to trend positively with further gains in rental rates alongside high occupancy levels throughout the market.

**MARKETBEAT**  
**Jacksonville**  
**Industrial Q1 2018**



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTRUCTION COMPLETIONS (SF)	YTD WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
Downtown	166	7,637,233	0	5.0%	1,500	0	0	\$8.25	N/A	\$2.83
Northside	140	22,245,649	178,000	3.7%	351,285	392,620	0	\$12.00	\$6.00	\$5.37
Westside	598	47,842,955	1,142,989	2.9%	12,500	722,480	0	\$6.86	N/A	\$3.53
Southside	514	23,685,747	0	4.0%	9,731	60,000	0	N/A	\$9.18	\$7.71
Orange Park Clay	25	21,763,048	0	0.2%	0	0	0	N/A	\$11.50	N/A
Beaches	21	821,611	0	0.0%	0	0	0	\$0.00	\$0.00	\$0.00
St Johns County	29	1,603,051	0	4.4%	-6,950	0	0	N/A	\$8.75	\$6.63
<b>JACKSONVILLE TOTALS</b>	<b>1,493</b>	<b>106,009,294</b>	<b>1,320,989</b>	<b>3.4%</b>	<b>368,066</b>	<b>1,175,100</b>	<b>0</b>	<b>\$9.49</b>	<b>\$9.16</b>	<b>\$4.76</b>

\*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	CONSTRUCTION COMPLETIONS (SF)	YTD OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	1,010	78,153,864	1,320,989	4.0%	374,399	1,011,485	677,325	0	\$4.76	\$4.75
Manufacturing	331	22,077,837	0	0.1%	-3,500	163,615	163,165	0	\$9.49	\$9.49
Office Service/Flex	152	5,777,593	0	7.4%	-2,833	0	19,167	0	\$9.16	\$9.25

\*\*Does not include renewals

**Key Lease Transactions Q1 2018**

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11530 New Berlin Road	306,611	Gildan	Direct	Northside
12128 New Berlin Road	163,165	TruAire	Direct	Northside
2562 Cabot Commerce Drive	129,500	Margo Garden	Direct	Northside
1550 Ellis Road	96,000	Hans Mill	Direct	Westside

**Key Sales Transactions Q1 2018**

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
4601-4910 Bulls Bay Highway (4 Bldg Portfolio)	1,043,655	Colony Northstar, Inc.	\$77,000,000 / \$74	Westside
International Parkway (3 Bldg. Portfolio)	304,948	Colony Northstar, Inc.	\$25,311,000 / \$83	Northside
6746 Stuart Avenue	73,650	Easton, Sanderson and Company	\$3,000,000 / \$40	Westside
7060 103 <sup>rd</sup> Street	57,430	Bluejay Management	\$3,450,000 / \$63	Westside

Cushman & Wakefield, LLC  
 20 N Orange. Ste. 300  
 Orlando, FL 32801  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
 Chris Owen  
 Director, Florida Research  
 Tel: +1 407 541 4417  
[chris.owen@cushwake.com](mailto:chris.owen@cushwake.com)

Kathleen Krilanovich  
 Senior Research Analyst  
 Tel: +1 407 541 4431  
[kathleen.krilanovich@cushwake.com](mailto:kathleen.krilanovich@cushwake.com)

**About Cushman & Wakefield**

Cushman & Wakefield is a leading global real estate services firm with 45,000 employees in more than 70 countries helping occupiers and investors optimize the value of their real estate. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without warranty or representations as to its accuracy.