



Q1 2021 MARKET REPORT

Jacksonville Industrial

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Industrial Market Report

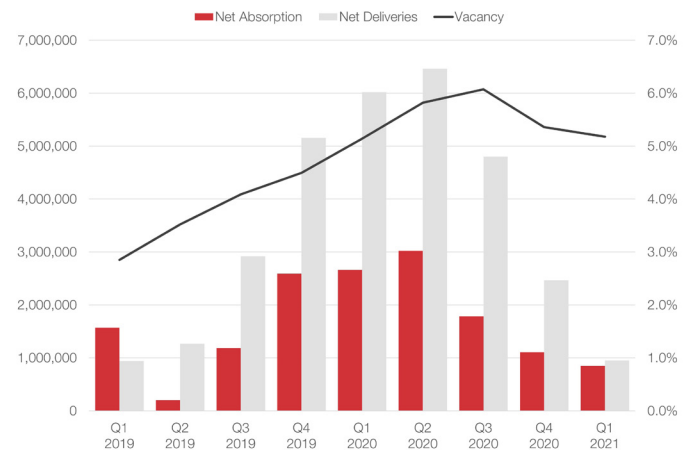
MARKET INDICATORS

	Current Q1 2021	Prior Q4 2020		Year Ago Q1 2020	
Vacancy	5.1%	5.3%	↓	5.2%	↓
Net Absorption (SF)	956,101	1,001,368	↓	3,015,977	↓
Construction (SF)	2,545,657	2,454,931	↑	955,810	↑
Deliveries (SF)	1,016,943	2,359,758	↓	6,683,654	↓
Average Asking Rent (PSF)	\$7.14	\$6.91	↑	\$6.81	↑
Average Cap Rate	7.0%	7.1%	↓	7.1%	↓

INDUSTRIAL OVERVIEW

While Jacksonville initially saw industrial vacancies climb due to supply-side pressure, levels have been falling in recent quarters. Several large move-ins in the latter half of 2020 helped boost net absorption figures and bring down the vacancy rate for Q1'21 to 5.1%. Moreover, tenants remain active in leasing space in the market helping keep vacancy levels below the historical average. With the limited speculative pipeline, vacancies should also hold near or below the national average in the near term.

According to industrial associate Camden Padgett, “In the transition from the confusion and uncertainty of 2020 into 2021, we have seen a booming demand in the Jacksonville industrial market. Vacancies continue to decrease as we see demand grow. Demand for small-bay, dock-high industrial space throughout Jacksonville has grown beyond the supply of the market.”

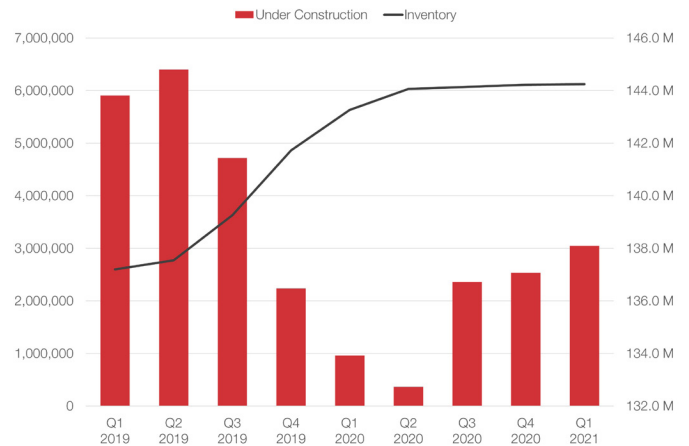
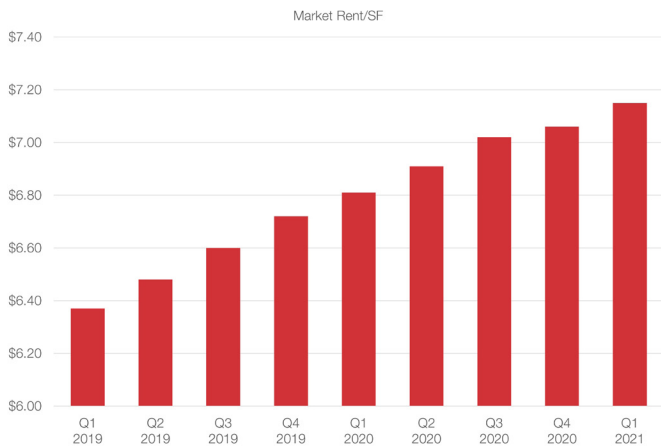


According to CoStar and internal data, there is less than 200,000 sf available for small-bay tenants in the entire market. Padgett continues “We hope to see an increase in dock-high development to accommodate new tenants coming to market. However, there is a struggle for land between industrial developers and the exploding residential market of Jacksonville.”

At \$7.14/SF, the average industrial rent in Jacksonville is roughly 30% less than the national average. Although asking rents are significantly lower than the national average, they continue to increase in the Jacksonville market as supply is tight and demand is strong, according to Industrial Brokerage Vice President Jason Purdy. With smaller facilities that incorporate more flex space, the Beaches Submarket leads the metro in rents, at roughly \$13/SF on average. Among larger industrial properties over 250,000 SF, rent growth has softened in recent quarters primarily due to landlords competing with recent new supply.

Around 2.5 million SF of industrial space is underway, with 65% of space under construction pre-leased. Compared to the only 45% and 30% pre-leased rates in Atlanta and Orlando respectively, supply-side pressure in Jacksonville will be less of a concern in the coming quarters.

Jacksonville's market pricing offers a relative value compared to peer markets. At \$67/SF, market pricing is well below nearby Orlando, Tampa, and Savannah. Additionally, cap rates are in the lower-7% range after compressing in recent years.



“2021 and beyond will be a bright future for Jacksonville. Due to changes in the political climate, we have seen a strong migration to the business-friendly state of Florida. As development in Jacksonville grows, this has potential to bring many jobs to the city. New tenants and owner-users are enjoying the amenities of Jacksonville including major interstates and JAXPORT.”



Camden Padgett
ASSOCIATE, INDUSTRIAL



NAI HALLMARK

Featured Industrial Transaction

Deerwood Distribution Center

8500 Baycenter Road
Jacksonville, FL 32256

Deerwood Distribution Center is a master planned, multi-tenant development located in the Butler Corridor submarket of Jacksonville. The property features 126,000 of rentable space, multiple dock high and roll up doors to suit a variety of tenant needs.

In January 2021, Patrick Thornton and Jason J. Purdy negotiated a 75,664 SF lease on behalf of the landlord, EastGroup Properties to the tenant Acosta.

BROKERS

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NAI Hallmark is proud to be the leasing agent for EastGroup Properties representing their industrial portfolio for the Southside of Jacksonville, Florida.

Learn more about EastGroup Properties and view available space on our website naihallmark.com/eastgroup/

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NOTABLE SALE TRANSACTIONS

Property	Building Size	Sale Price	Price / SF	Cap Rate	Vacancy
10501 Cold Storage Road	552,722 SF	\$43,900,000	\$79	—	0%
Northeast Florida Industrial 4627 JP Hall Boulevard	793,583 SF	\$40,620,000	\$51	—	0%
PenserSC 11001 Pritchard Road	240,000 SF	\$17,470,000	\$73	—	0%

NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Building Class	Submarket
Imeson Park 10501 Cold Storage Road	Amazon	1,063,225	2 Star Industrial Land	Oceanway
12090 New Berlin Road	Undisclosed	229,000	4 Star Distribution	Northeast
2562 Cabot Commerce Drive	Undisclosed	129,665	4 Star Distribution	Oceanway
Deerwood Distribution Center 8500 Baycenter Road	Acosta	75,664	3 Star Distribution	Butler Corridor
Park 295 2619 Ignition Drive	APR Energy	44,038	4 Star Industrial Park	North Side

NOTABLE CONSTRUCTION PROJECTS

Property	Submarket	Size SF	Developer	Proj Delivery
Building E 10501 Cold Storage Road	Oceanway	1,281,280	VanTrust Real Estate, LLC	2021
Building B 10501 Cold Storage Road	Oceanway	552,720	VanTrust Real Estate, LLC	2021
Building 2 3525 Imeson Road	West Side	190,000	Warehouse Rentals, LLC	2021
Building 1 3525 Imeson Road	West Side	188,125	Warehouse Rentals, LLC	2021
East Building Deer Park Boulevard	St Johns	140,800	Flagler Real Estate Services, LLC	2021

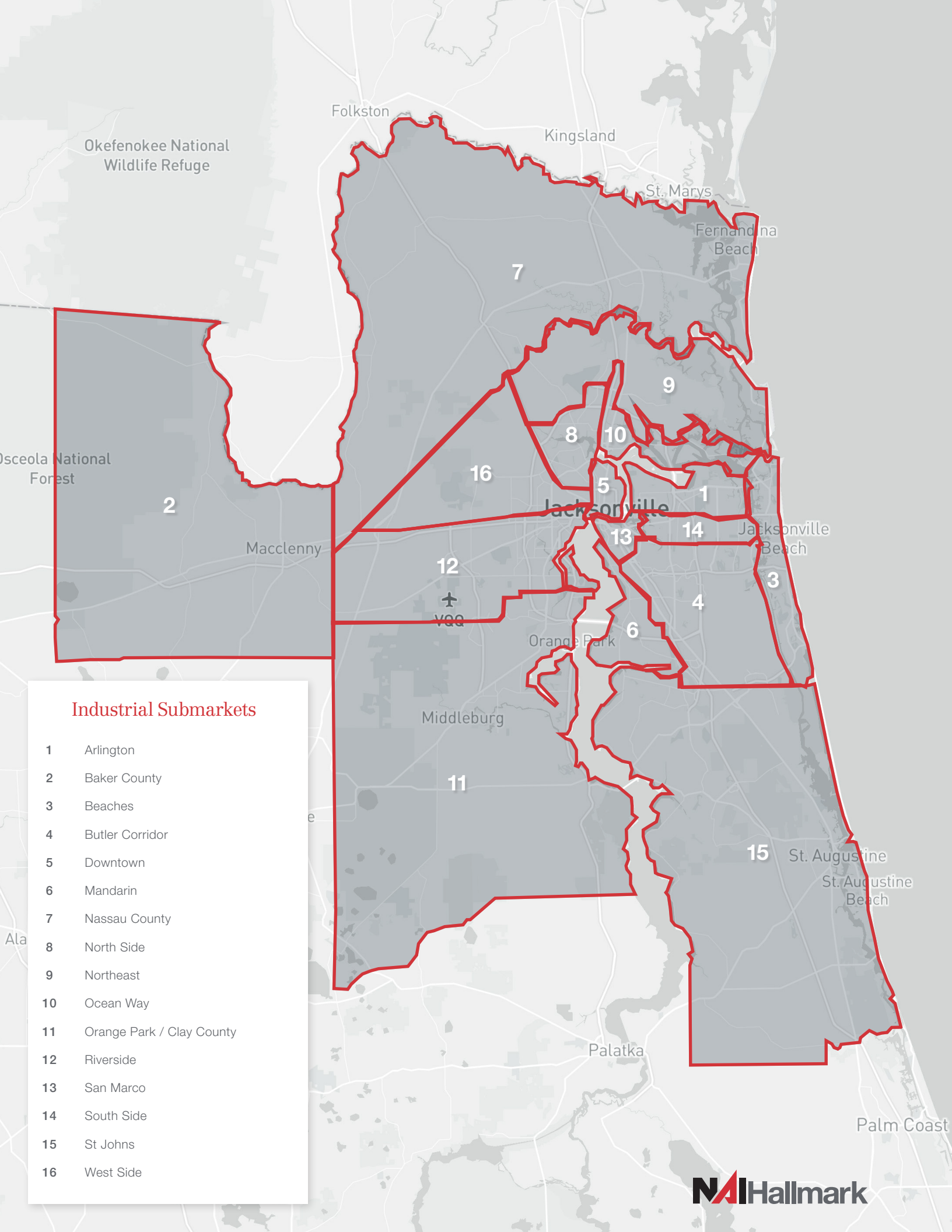
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	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	2.0%	\$9.25	\$85	—	1,020,014	7.5%
Baker County	3.4%	\$5.81	\$79	—	1,350,145	6.4%
Beaches	7.1%	\$13.59	\$136	—	1,194,480	6.7%
Butler Corridor	4.9%	\$8.83	\$84	65,000	20,564,087	7.1%
Downtown	1.7%	\$5.59	\$49	19,000	11,627,644	7.5%
Mandarin	0.8%	\$9.66	\$88	—	1,694,412	7.3%
Nassau County	0.0%	\$7.05	\$79	—	3,311,454	6.6%
North Side	8.3%	\$5.72	\$55	—	8,802,680	6.9%
Northeast	14.7%	\$6.13	\$66	—	4,713,427	6.6%
Ocean Way	7.9%	\$8.41	\$58	1,844,000	14,944,197	6.8%
Orange Park/Clay County	2.0%	\$7.55	\$68	19,490	5,683,133	7.5%
Riverside	1.7%	\$6.45	\$67	—	21,918,829	7.1%
San Marco	6.6%	\$7.77	\$69	—	4,837,086	7.3%
South Side	3.0%	\$10.31	\$99	—	1,639,218	7.3%
St Johns	2.0%	\$9.07	\$98	176,616	5,949,148	6.8%
West Side	6.9%	\$6.01	\$59	421,551	34,992,854	6.9%
Jacksonville MSA	5.1%	\$7.14	\$67	2,545,657	144,243,505	7.0%
National Index	5.5%	\$9.05	\$114	360,993,275	17,235,040,354	6.6%

Source: NAI Hallmark, CoStar Property®, & ESRI®, Real Capital Markets®, RealPages®

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Industrial Submarkets

- 1 Arlington
- 2 Baker County
- 3 Beaches
- 4 Butler Corridor
- 5 Downtown
- 6 Mandarin
- 7 Nassau County
- 8 North Side
- 9 Northeast
- 10 Ocean Way
- 11 Orange Park / Clay County
- 12 Riverside
- 13 San Marco
- 14 South Side
- 15 St Johns
- 16 West Side

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NAI Hallmark has a 28-year history of successfully managing commercial real estate to its highest performance. Our team is committed to providing best-in-class service to our clients and takes an owner's perspective approach to unlock the full potential of every deal.

It would be our privilege to work with you.



get in touch

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