



Q2 2021 MARKET REPORT

# Jacksonville Office

# Q2 2021 JACKSONVILLE Office Market Report

## MARKET INDICATORS

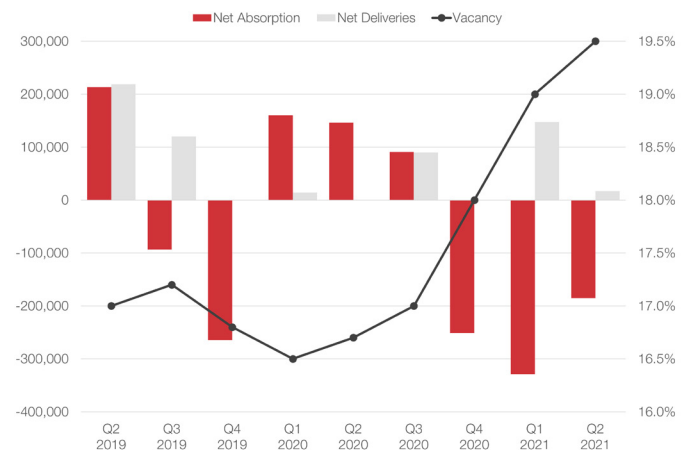
	Current Q2 2021	Prior Q1 2021	Year Ago Q2 2020
Vacancy	19.5%	19.0% ↑	16.7% ↑
Net Absorption (SF)	(185,368)	(328,882) ↑	213,195 ↓
Construction (SF)	0	17,000 ↓	254,364 ↓
Deliveries (SF)	17,000	147,364 ↓	218,700 ↓
Average Asking Rent (PSF)	\$21.25	\$21.17 ↑	\$20.92 ↑
Average Cap Rate	6.8%	8.4% ↓	9.6% ↓

## OFFICE OVERVIEW

Through the first half of 2021 the Jacksonville Office Market continues to follow previous projections with overall vacancy rate trending upward, albeit at a slower pace seen in the last 2 quarters. Since the 2nd quarter of 2020 vacancy rates have increased near 300 bps from 16.7% to 19.5% due in part to several large sublease availabilities coming to the market -the largest of which include:

- › 236,404 SF by State Farm at 8001 Baymeadows Way
- › 84,038 SF by One Call at 841 Prudential Ave
- › 58,089 SF by Fortegra at 10151 Deerwood Park Blvd

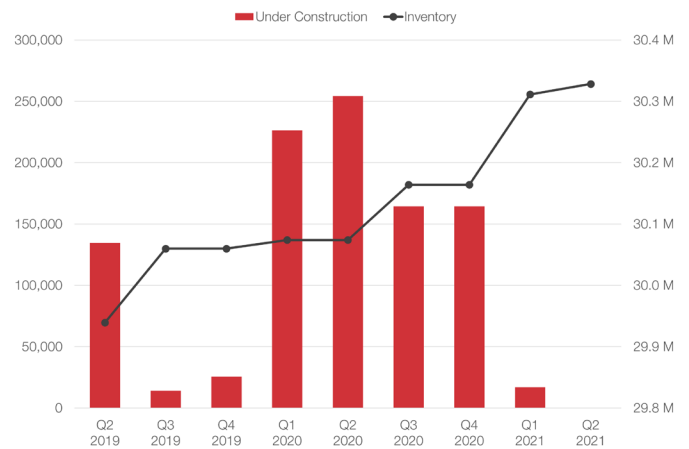
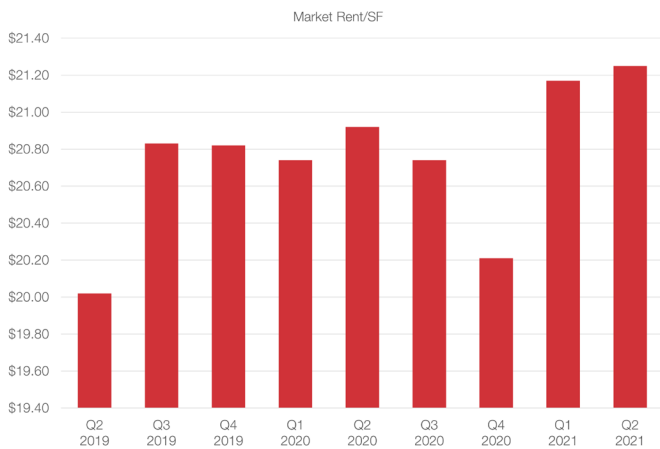
Direct rental rates have remained mostly unchanged since the 1st quarter of 2020 with full-service rates hovering around \$21.25/SF across all building classifications.



However, Tenants can expect to receive increased lease concessions in the form of free rent, Tenant Improvements, and more flexible lease terms.

As work-at-home policies becoming more commonplace, many companies are still working on finalizing long-term space needs and are opting for shorter term renewals. While leasing activity has remained well below pre-pandemic levels, Jacksonville has seen several larger office users announcing a gradual return of office employees by

the end of the year. With more office users begin to optimize office needs vacancy rates to increase at much slower pace as it continues to level off. Tenants should be able to capitalize on more aggressive lease terms offered by Landlords until occupancy rates begin to improve.



*"Despite the uncertainties which remain in the future of the office leasing market, we continue to see strong buyer demand for office investment acquisitions in Jacksonville. Investors are recognizing the many competitive advantages (i.e. cost of living, quality of life, etc.) of our market compared to other metros, which will continue to attract new business and tenants to our area."*



**Daniel Burkhardt, SIOR, CCIM, MSRE**  
Senior Vice President, Investment Sales  
db@naihallmark.com



NAI HALLMARK

## Featured Office Transaction

### NAI Hallmark Represents InBloom Autism Services

12735 Gran Bay Parkway West, Building 200  
Jacksonville, FL 32258

NAI Hallmark represented tenant, InBloom Autism Services, in an 88-month lease of 12,621 square feet of professional office space located at 12735 Gran Bay Parkway West, Building 200 in Jacksonville.

12735 Gran Bay Parkway West is a two-story, Class-A office building located at the intersection of Old St Augustine Road and Gran Bay Parkway. The property features large, efficient workspaces with high ceilings, exterior signage, and an abundance of parking for businesses serving the booming, expanding St. Johns County area, Nocatee, Bartram Park, Race Track Road communities and south Ponte Vedra.

#### BROKERS

**Christian Harden**, SIOB  
Managing Partner  
ch@naihallmark.com  
+1 904 404 4449

**Camden Padgett**  
Associate  
cp@naihallmark.com  
+1 904 404 4460

## Q2 2021 JACKSONVILLE

# Office Market Report

### NOTABLE SALE TRANSACTIONS

Property	Building Size	Sale Price	Price / SF	Cap Rate	Vacancy
<b>Town Center Two</b> 5335 Gate Parkway	218,700	\$67,000,000	\$306	—	2.8%
<b>Concourse III</b> 5200 Belfort Parkway	101,216	\$14,581,457	\$144	*—	2.6%
<b>Concourse II</b> 5210 Belfort Parkway	101,216	\$14,581,457	\$144	*—	33.5%
<b>Fleming Island Medical Plaza</b> 4546 US Highway 17	86,566	\$14,400,000	\$166	—	27.8%
<b>Concourse I</b> 5220 Belfort Parkway	96,049	\$13,837,085	\$144	*—	15.2%
<b>Mandarin Medical Plaza</b> 9765 San Jose Boulevard	26,863	\$3,895,000	\$145	7.3%	0%

\*NAI Hallmark related transactions.  
Please email db@naihallmark.com for more detail.

### NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Building Class	Submarket
<b>TIAA Bank</b> 301 West Bay Street	DiTech Financial	29,126	4 Star Office	Downtown Northbank
<b>Deerwood North</b> 4600 Touchton Road	TD Bank	29,104	4 Star Office	Southside
7064 Davis Creek Court	Ellis & Associates	27,720	3 Star Flex	Butler Corridor
<b>Concourse III</b> 5200 Belfort Road	CNS Healthcare	13,190	4 Star Office	Southside
<b>Flagler Center</b> 12735 Gran Bay Parkway West	InBloom Autism Services	12,621	3 Star Office	Butler / Baymeadows

### NOTABLE CONSTRUCTION PROJECTS

Property	Submarket	Size SF	Developer	Proj Delivery
15482 Max Legget Parkway	Northeast	10,000	OM Ventures Realty, LLC	Sept. 2021

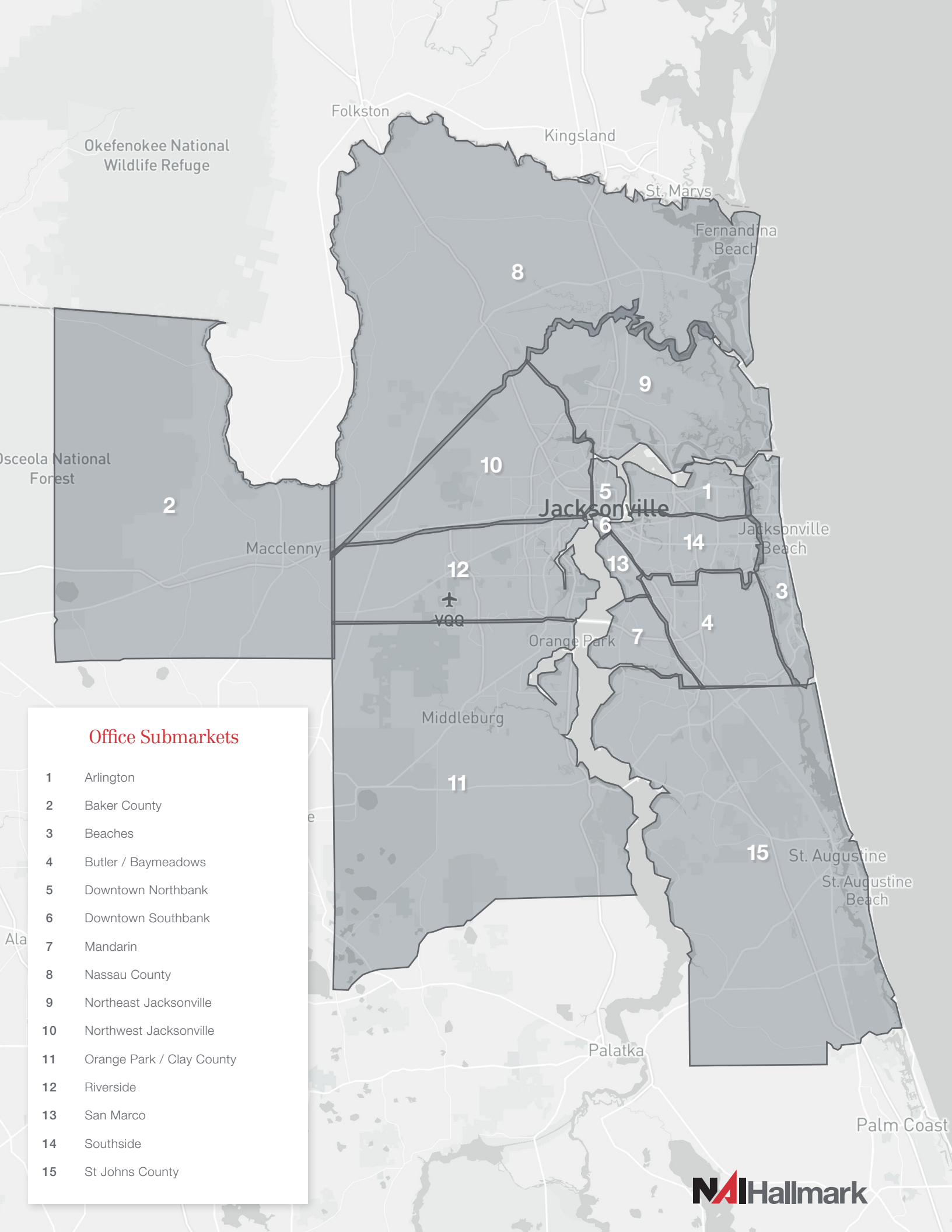
## Q2 2021 JACKSONVILLE

# Office Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	8.2%	\$18.26	\$121	—	1,835,848	8.7%
Baker County	4.0%	\$17.93	\$136	—	137,429	8.1%
Beaches	6.6%	\$27.38	\$204	34,542	3,470,113	7.8%
Butler/Baymeadows	14.1%	\$21.88	\$135	68,000	10,376,896	8.2%
Downtown Northbank	10.0%	\$22.47	\$124	539,613	12,820,214	8.0%
Downtown Southbank	10.9%	\$22.90	\$133	—	2,984,353	8.2%
Mandarin	4.4%	\$20.43	\$137	31,618	2,586,746	8.8%
Nassau County	2.7%	\$22.02	\$146	—	1,354,953	7.9%
Northeast Jacksonville	3.4%	\$20.35	\$145	10,000	618,315	8.3%
Northwest Jacksonville	15.9%	\$19.55	\$133	—	1,289,257	8.5%
Orange Park / Clay County	9.6%	\$20.72	\$145	16,000	3,677,090	8.3%
Riverside	7.7%	\$19.14	\$130	2,417	3,042,738	8.8%
San Marco	4.3%	\$19.08	\$127	—	1,820,205	9.0%
Southside	11.5%	\$21.96	\$146	56,742	17,020,273	8.3%
St Johns County	3.4%	\$22.59	\$179	54,208	3,348,864	7.9%
Jacksonville MSA	9.9%	\$21.90	\$141	813K	66.4M	8.3%
National Index	12.4%	\$34.24	\$317	145M	8.2B	7.1%

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

The information contained herein has been given to us by sources we deem reliable. We have no reason to doubt the accuracy of information supplied, however, we cannot, and do not, make any guarantees. All information should be verified before relying thereon. We are not responsible for errors, misuse, or misinterpretation of information contained herein & make no warranty of any kind, express or implied, with respect to the property or any other matters.



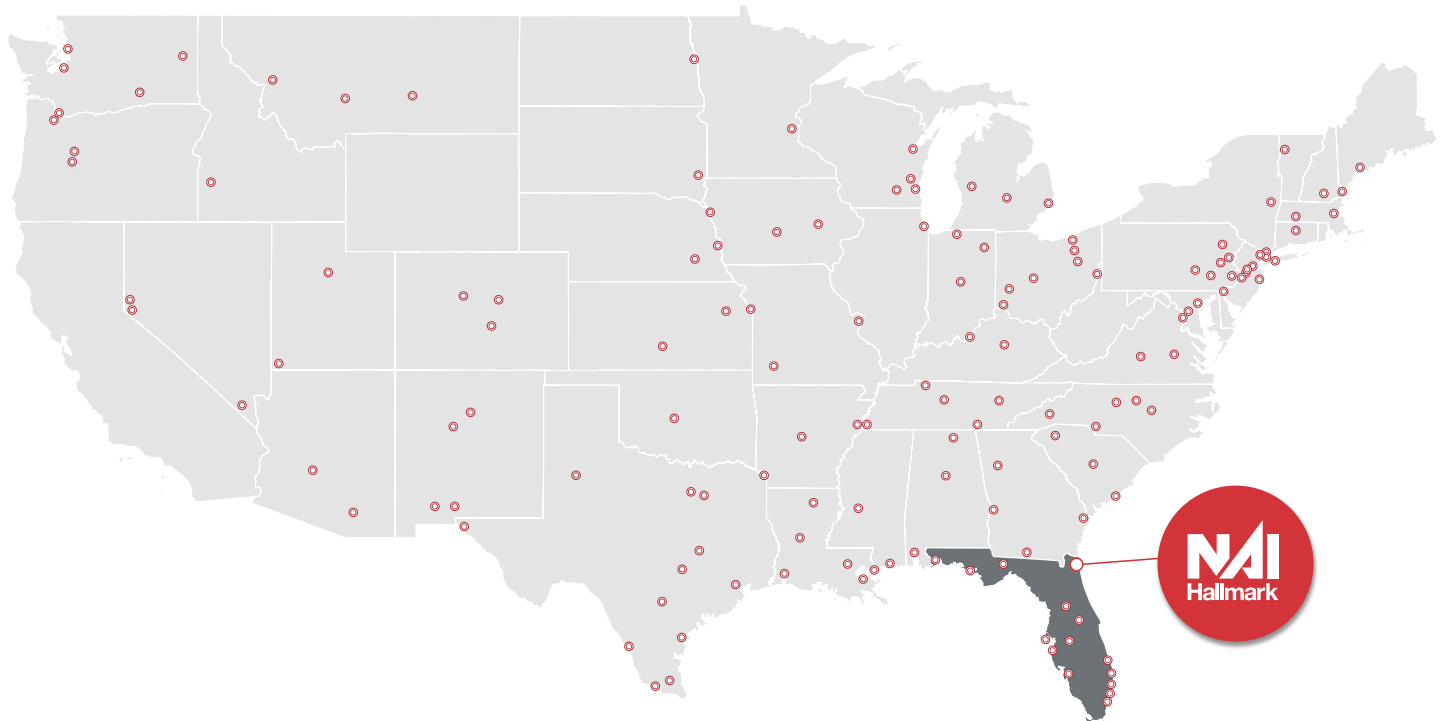
**Office Submarkets**

- 1 Arlington
- 2 Baker County
- 3 Beaches
- 4 Butler / Baymeadows
- 5 Downtown Northbank
- 6 Downtown Southbank
- 7 Mandarin
- 8 Nassau County
- 9 Northeast Jacksonville
- 10 Northwest Jacksonville
- 11 Orange Park / Clay County
- 12 Riverside
- 13 San Marco
- 14 Southside
- 15 St Johns County

Q2 2021 JACKSONVILLE

## Our Market and Beyond

NAI Hallmark is the Northeast Florida representative for NAI Global, the world's largest network real estate professionals. We are among the best in the industry, serving clients in our market and beyond.



Together, we act and think as a team, working in unison to deliver seamless, exceptional results for our clients with local, regional or global needs.

Whether you need to buy, sell, lease or manage property across the United States and beyond, NAI Hallmark is your local point of entry into a world of creative solutions in commercial real estate.



THE PREMIER MANAGED

# Commercial Real Estate Network

NAI Global is the single largest, most powerful global network of owner-operated commercial real estate brokerage firms. NAI Global member firms are leaders in their local markets and span the world with 300+ offices and more than 5,100 professionals supported by the central resources of the NAI Global organization.

NAI Global professionals achieve extraordinary results for clients locally and globally through creativity, collaboration, and the consistent delivery of exceptional knowledge and service that only market-leading firms can provide.

Market your products and services to this global audience either year round via our special packages designed to put your name in lights and keep it there or via an event sponsorship or exhibit.

## Top 4 Brand

**300+**

Offices Worldwide

**43**

Countries

**5,100+**

Professionals

**1.1+**

Billion

SQUARE FEET  
MANAGED

**\$20**

Billion

TRANSACTION  
VOLUME

**\$1.5**

Billion

TOTAL GROSS  
REVENUE

**NAI**Global.

Q2 2021 MARKET REPORT

## Jacksonville Office

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

---

6675 Corporate Center Parkway, Suite 100  
Jacksonville, Florida USA 32216

+1 904 363 9002  
info@naihallmark.com

