

Q3 2021 MARKET REPORT

Jacksonville Industrial



Q3 2021 JACKSONVILLE

Industrial Market Report

MARKET INDICATORS

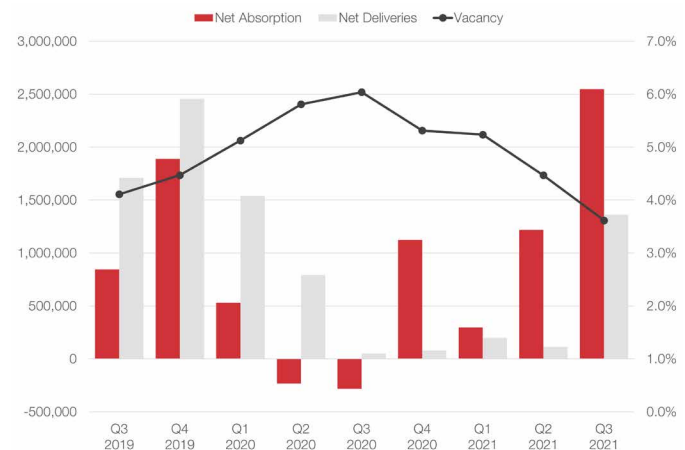
	Current Q3 2021	Prior Q2 2021		Year Ago Q3 2020	
Vacancy	3.6%	4.5%	↓	6.0%	↓
Net Absorption (SF)	2,546,906	1,218,704	↑	(283,215)	↑
Construction (SF)	3,815,399	4,739,342	↓	2,333,583	↑
Deliveries (SF)	1,362,383	114,617	↑	51,095	↑
Average Asking Rent (PSF)	\$7.38	\$7.25	↑	\$6.94	↑
Average Cap Rate	6.9%	7.0%	↓	6.9%	-

INDUSTRIAL OVERVIEW

Jacksonville's industrial market has tightened significantly over the past year, thanks to minimal supply additions and improved demand. Nearly 150 basis points have been slashed off the average vacancy rate during this time period as vacancies returned to early 2019 levels.

Leasing volume has slowed slightly over the past three quarters though still remains well above the five-year average and near historical levels. There is little reason to expect any significant weakening of market conditions over the near term. Total available space has declined by 3 million SF over the past year and while supply is elevated with 3.8 million SF underway, roughly three-fourth has already been released.

Sales volume bounced back in the third quarter of 2021 after downshifting over each of the prior three quarters, including falling below the five-year

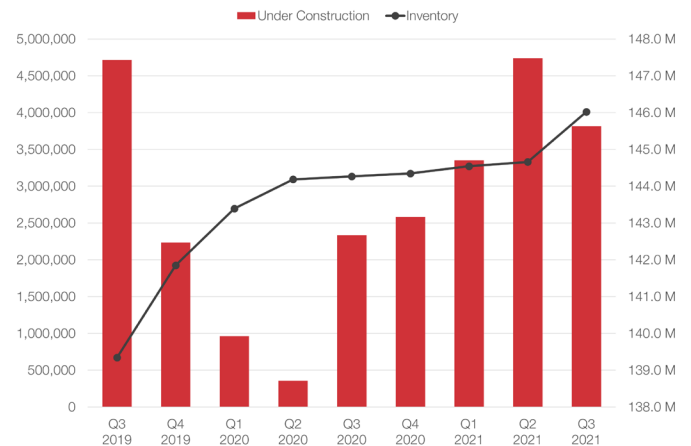
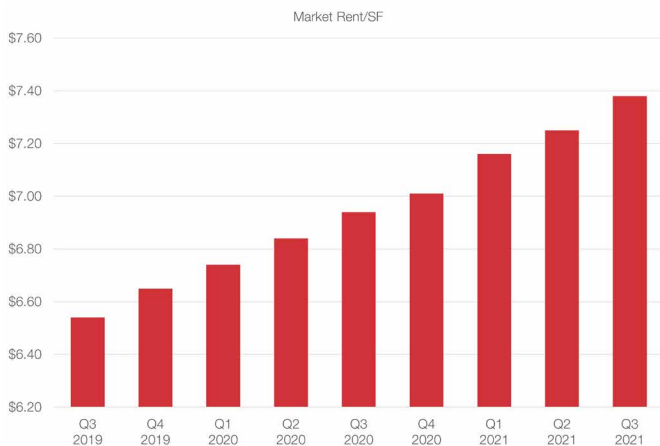


average in 21'Q2. The third quarter rebound was led by the five-building portfolio trade (including four buildings in Westside Industrial Park) for \$148 million, the sale of the still under construction Building B in Imeson Industrial Park for more than \$50.8 million, and the two-building sale of Freebird Commerce Center for \$35 million.

The tight market conditions are fostering strong rent growth. Annual growth rates have held relatively flat over the past year at 6.1% year-over-year, a rate well above the market's historical average and in line with the national index. Logistics space has been a rent growth standout since late 2020 and appears poised for additional gains with steadily tightening vacancies over the past year.

Access to Jacksonville's improving infrastructure and its relative affordability has drawn expansion-minded companies should continue to attract and fuel future large leases in logistics and especially

regional distribution centers. Jacksonville also boasts a growing blue-collar workforce, a necessary component for third-party logistics and e-commerce firms seeking new markets and expansions. According to Industrial Vice President Jason Purdy, "Jacksonville's geographic location in northeastern Florida is a net positive as well for businesses as a large portion of the east coast can be reached within one day. Combined with the large volume of vehicle and containers through JAXPORT, this is a great area for business."



"An amalgamation of factors has continued to spur growth in Jacksonville's industrial sector. The City's business friendly environment and growing consumer base drive demand for distribution facilities in the Jacksonville MSA. We expect this demand to push rent growth into the future until new supply catches up."



Camden Padgett

Associate

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NAI HALLMARK

Featured Industrial Transaction



NAI Hallmark Represents EastGroup Properties



LakePointe Business Park, Building 4
8933 Western Way, Jacksonville, FL 32256

NAI Hallmark is proud to be the leasing agent for EastGroup Properties representing their industrial portfolio for the Southside of Jacksonville, Florida. Lakepointe Business Park is a master-planned, multi-tenant development located on 38-acres in the prestigious Baymeadows area. This project offers enormous flexibility with ability to accommodate users from 1,100 to 78,000 SF within nine buildings. These flex buildings offer excellent office space with grade-level roll-up doors. Both dock-high and grade-level loading are available to suit specific needs.

NAI Hallmark's Industrial Team, acting as Landlord Representative, leased 5,867 square feet to Chiller Medic, an air conditioning and heating company, leaving only one remaining vacancy at this 375,000 square foot industrial park.

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NOTABLE SALE TRANSACTIONS

Property	Building Size	Sale Price	Price / SF	Vacancy
Building B 10501 Cold Storage Road	552,720	\$50,832,000	\$92	13.5%
Building 200 4601 Bulls Bay Highway	415,814	\$44,106,329	\$106	0%
Building 100 4601 Bulls Bay Highway	439,417	\$41,839,560	\$95	0%
Building 300 12-C 4601 Bulls Bay Highway	310,076	\$35,217,049	\$114	0%
Building 1 13225 Vantage Way	156,000	\$19,585,629	\$126	0%
Building 2 13225 Vantage Way	117,750	\$15,414,371	\$131	100%
11902 Central Parkway	85,259	\$13,586,058	\$159	100%
4910 Bulls Bay Highway	123,308	\$13,251,004	\$107	100%

NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Building Class	Submarket
NorthPoint Industrial Park 3600 Port Jacksonville Parkway	IEM Power Systems	186,452	5 Star Industrial Warehouse	Northeast
1501 Haines Street	Cargo Cove	146,585	2 Star Industrial Warehouse	Downtown
Freebird Commerce Center 13225 Vantage Way, Building 2	Natural Life	117,750	4 Star Industrial Distribution	North Side
1030 North Ellis Road*	Alexander Del Rossa	73,015	3 Star Industrial Warehouse	West Side
Westside Distribution Center 5 1720 Lewis Industrial Drive	Red Hawk	72,000	4 Star Industrial Warehouse	West Side
LakePointe Business Park 9* 8952 Western Way	Reliable Healthcare Solutions	50,420	3 Star Industrial Warehouse	Southside

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

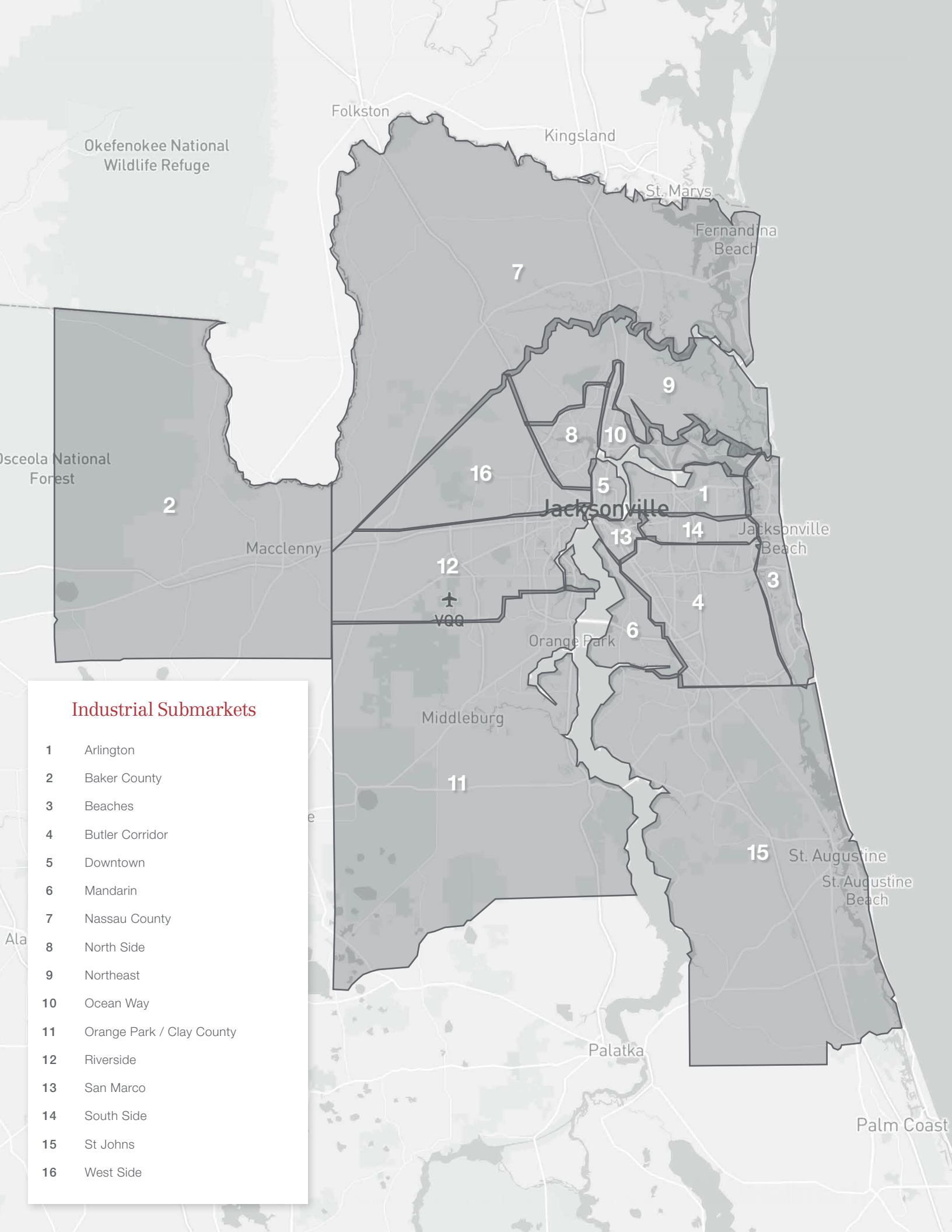
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	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	1.4%	\$9.67	\$89	—	1,020,014	7.4%
Baker County	3.4%	\$6.08	\$86	—	1,350,145	6.3%
Beaches	1.0%	\$13.96	\$142	6,500	1,213,863	6.6%
Butler Corridor	4.8%	\$9.20	\$87	55,618	20,524,506	7.1%
Downtown	2.1%	\$5.67	\$51	19,000	11,598,721	7.4%
Mandarin	0.6%	\$10.10	\$93	—	1,694,412	7.2%
Nassau County	0.6%	\$7.21	\$86	—	3,313,056	6.4%
North Side	3.8%	\$6.16	\$56	394,277	8,978,460	6.9%
Northeast	6.7%	\$6.93	\$74	851,520	4,713,427	6.5%
Ocean Way	4.6%	\$8.13	\$61	992,560	16,162,099	6.7%
Orange Park/Clay County	2.7%	\$7.84	\$72	—	5,830,222	7.1%
Riverside	0.4%	\$6.68	\$71	278,237	21,901,769	7.0%
San Marco	3.4%	\$8.09	\$74	—	4,864,672	7.1%
South Side	0.7%	\$10.65	\$103	—	1,673,940	7.2%
St Johns	1.4%	\$9.52	\$102	187,652	5,937,917	6.7%
West Side	5.6%	\$6.27	\$62	1,030,035	35,244,179	6.8%
Jacksonville MSA	3.6%	\$7.38	\$68	3,815,399	146,021,402	6.9%
National Index	4.6%	\$9.47	\$124	451,811,222	17.5B	6.5%

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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