

Q3 2021 MARKET REPORT

Jacksonville Office



Q3 2021 JACKSONVILLE Office Market Report

MARKET INDICATORS

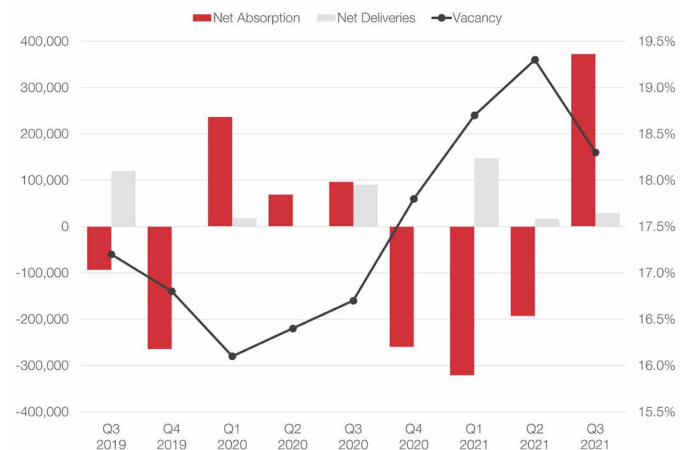
| | Current Q3 2021 | Prior Q2 2021 | Year Ago Q1 2020 |
|---------------------------|--------------------|------------------|---------------------|
| Vacancy | 15.4% | 10.0% ↓ | 8.3% ↑ |
| Net Absorption (SF) | 372,315 | (231,537) ↑ | 182,555 ↑ |
| Construction (SF) | — | 823,864 ↓ | 1,264,201 ↓ |
| Deliveries (SF) | 29,000 | 188,843 ↓ | 136,048 ↓ |
| Average Asking Rent (PSF) | \$22.88 | \$21.98 ↑ | \$21.84 ↑ |
| Average Cap Rate | 7.8% | 6.8% ↑ | 8.2% ↓ |

Market indicators based on existing Class A & B office properties above 10,000 SF.
Please email pc@naihallmark.com for more detail.

OFFICE OVERVIEW

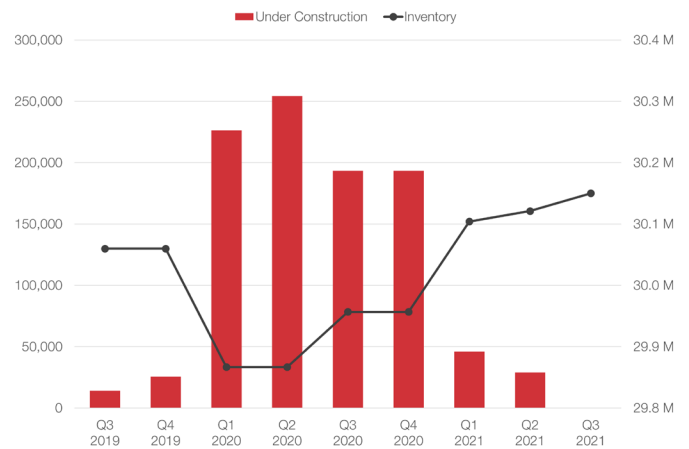
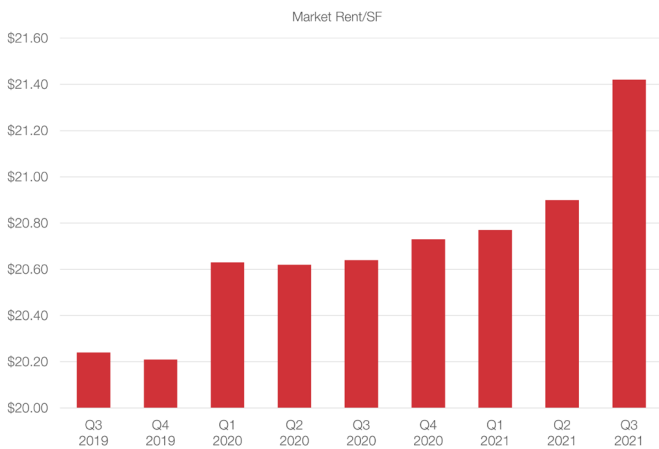
Office asking rent growth is still increasing annually, a marked contrast to most national markets. Sublet space is at an all-time high and the average vacancy rate is the highest it has been in seven years. On the other hand, leasing activity picked up in the first half of 2021, and will continue with the return of workers to offices.

Office investment activity significantly increased in the second quarter of 2021, the largest sales volume of the pandemic era. Owner-users have been responsible for nearly one-third of all transactions over the past 12 months.



Construction activity has had only a minimal effect on market fundamentals as most projects have been build-to-suit. Downtown Northbank is seeing the majority of the region's current construction. In the second half of 2020, both FIS and JEA broke ground on new build-to-suit headquarters in the

submarket. These two projects account for over 50% of the entire Jacksonville market's office space underway and both expect to complete in 2022. In all, Downtown Northbank is contributing nearly 70% of the entire market's current pipeline. No other submarket has more than 70k SF underway.



"The Jacksonville office market has continued to surprise as it outperforms many major markets across the country for yet another quarter. While still lagging behind pre-pandemic levels, Jacksonville office vacancies have compressed and rent has seen positive growth along with increased leasing activity during Q3. With concern of the Delta variant waning, we expect the market to build off of the recent momentum into Q4 and Q1 of 2022."...



Patrick Carney

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NAI HALLMARK

Featured Office Transaction

Signet Center

800 West Monroe Street
Jacksonville, Florida 32202

Signet Center is a two-story 21,960 square foot office building located at the intersection of West Monroe Street and North Davis Street in the heart of Jacksonville's central business district. The Property is adjacent to one of the newest apartment communities in Downtown Jacksonville, Lofts at LaVilla, and is in close proximity to numerous major development projects, Duval County Courthouse and the new Jacksonville Regional Transportation Center (JRTC). The Property also borders the Brooklyn neighborhood of downtown which features many new nearby restaurants, retail, and other amenities.

NAI Hallmark Managing Partner Keith Goldfaden and Senior Vice President Daniel Burkhardt, SIOR, CCIM, MSRE brokered the transaction for \$2,500,000.

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NOTABLE SALE TRANSACTIONS

| Property | Building Size | Sale Price | Price / SF | Cap Rate | Vacancy |
|--|---------------|--------------|------------|----------|---------|
| McKesson 6651 Gate Parkway | 120,407 | \$43,800,000 | \$364 | — | 0% |
| 1200 Riverplace Boulevard | 200,627 | \$20,600,000 | \$103 | — | 63.2% |
| 4190 Belfort Road | 120,000 | \$15,820,347 | \$132 | — | 14.5% |
| Belfort Crossing 4345 Southpoint Boulevard | 104,360 | \$14,179,653 | \$136 | — | 100% |
| First Coast Surgery Center 4035 Southpoint Boulevard | 12,000 | \$11,000,000 | \$917 | — | 0% |
| Belfort I* 7751 Belfort Parkway | 68,609 | \$6,100,000 | \$89 | 8.8% | 10.5% |
| Belfort II* 7800 Belfort Parkway | 62,305 | \$4,910,000 | \$79 | — | 28.4% |
| 800 West Monroe Street* | 21,960 | \$2,500,000 | \$114 | — | 0% |

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

NOTABLE LEASE TRANSACTIONS

| Property | Tenant | Leased SF | Building Class | Submarket |
|--|-----------------------------|-----------|-------------------------|-----------------------|
| 7660 Centurion Parkway | Soliant Health | 40,000 | 2 Star Office | Southside |
| Baymeadows Business Park* 8400 Baymeadows Way | Turner Pest Control | 21,531 | 3 Star Flex Showroom | Southside |
| Blue Cross & Blue Shield of Florida 532 Riverside Avenue | American Challenger Bank | 17,449 | 3 Star Office | Downtown Northbank |
| Flagler Center 12724 Gran Bay Parkway West | Pulte Homes | 14,638 | 4 Star Office | Butler/Baymeadows |
| 4266 Pablo Professional Court | — | 14,000 | 4 Star Office | Southside |

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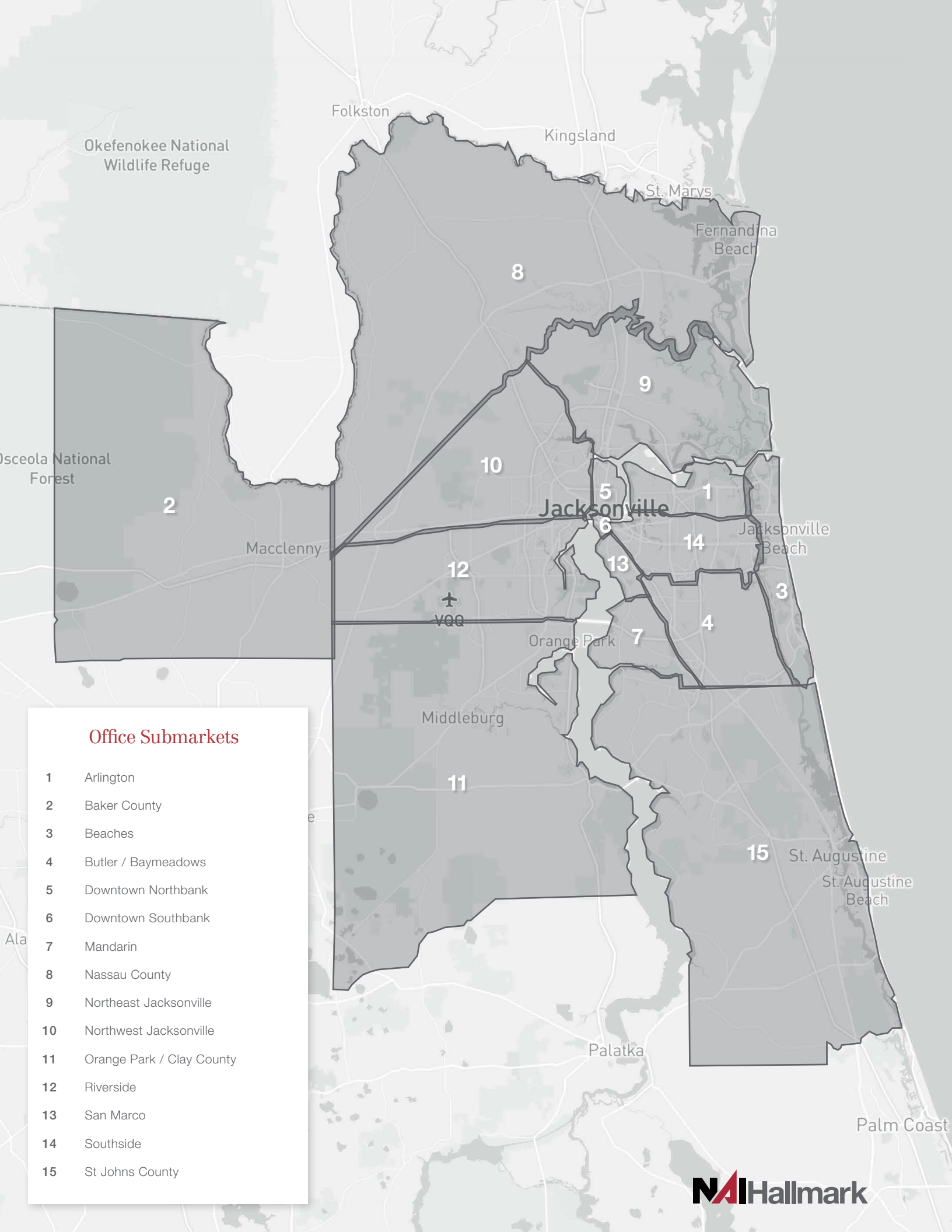
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| | VACANCY RATE | MARKET RENT / SF | MARKET SALE PRICE / SF | UNDER CONSTRUCTION | INVENTORY SF | MARKET CAP RATE |
|---------------------------|--------------|------------------|------------------------|--------------------|--------------|-----------------|
| Arlington | 10.8% | \$18.20 | \$130 | — | 1,829,727 | 8.4% |
| Baker County | 7.8% | \$18.56 | \$138 | — | 137,429 | 8.0% |
| Beaches | 7.4% | \$28.05 | \$214 | 35,306 | 3,506,884 | 7.6% |
| Butler/Baymeadows | 14.7% | \$22.28 | \$159 | 45,500 | 10,617,990 | 7.6% |
| Downtown Northbank | 10.9% | \$22.49 | \$133 | 539,613 | 13,025,475 | 7.8% |
| Downtown Southbank | 11.2% | \$23.11 | \$143 | — | 2,985,150 | 7.7% |
| Mandarin | 4.0% | \$21.01 | \$144 | 31,618 | 2,557,326 | 8.6% |
| Nassau County | 3.0% | \$22.76 | \$149 | — | 1,355,047 | 7.8% |
| Northeast Jacksonville | 4.3% | \$20.90 | \$151 | 10,000 | 627,367 | 8.1% |
| Northwest Jacksonville | 8.4% | \$20.87 | \$144 | — | 1,294,596 | 8.2% |
| Orange Park / Clay County | 9.6% | \$21.30 | \$152 | 9,764 | 3,681,999 | 8.1% |
| Riverside | 7.9% | \$20.10 | \$137 | — | 3,038,886 | 8.6% |
| San Marco | 3.8% | \$19.61 | \$134 | — | 1,825,183 | 8.7% |
| Southside | 10.3% | \$22.19 | \$165 | 56,742 | 17,013,756 | 7.9% |
| St Johns County | 1.8% | \$23.32 | \$181 | 36,460 | 3,368,678 | 7.8% |
| Jacksonville MSA | 9.7% | \$22.27 | \$155 | 769,803 | 66,871,910 | 7.9% |
| National Index | 12.3% | \$34.32 | \$155 | 139,051,454 | 8.2B | 7.0% |

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

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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

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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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