

JACKSONVILLE METRO

Q3 2022 Market Report



Q3 2022 JACKSONVILLE

Office Market Report

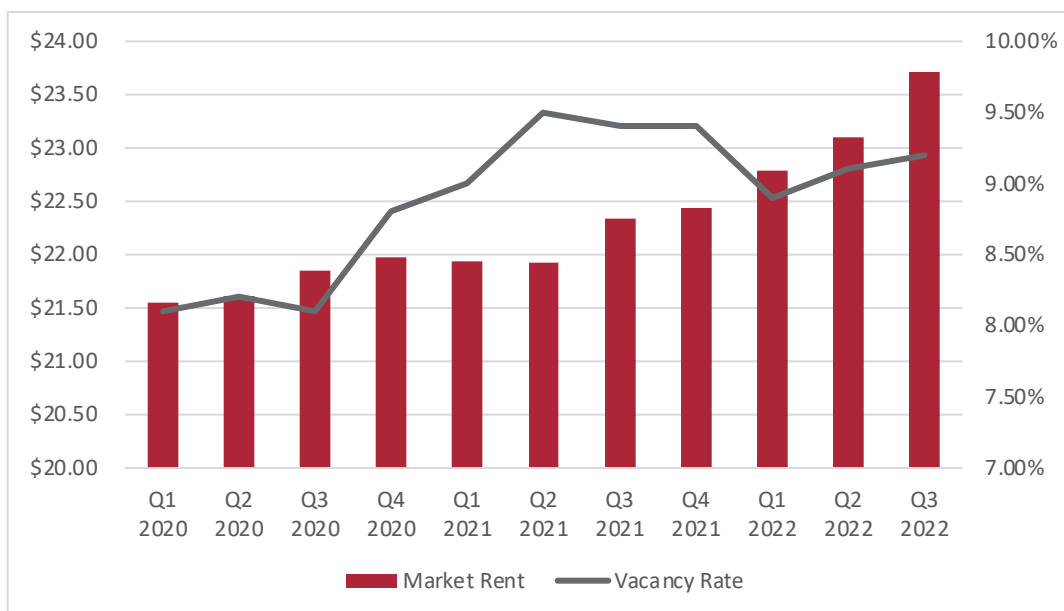
MARKET INDICATORS

	Current Q3 2022	Prior Q2 2022	Year Ago Q3 2021	National Index
Vacancy	↑ 9.20%	9.10%	9.40%	12.40%
Effective Rent (\$/SF)	↑ \$23.17	\$23.10	\$22.33	\$35.10
Rent Growth	↑ 3.80%	5.40%	2.20%	1.20%
Market Cap Rate	↑ 7.83%	7.82%	7.91%	6.91%
Market Sales Price/SF	- \$161.00	\$161.00	\$153.00	\$339.00

RENTAL RATES

As Covid-19 caused widespread volatility in office markets across the world, the Jacksonville market saw less of a negative impact than the majority of markets with vacancy rates 320 basis points lower

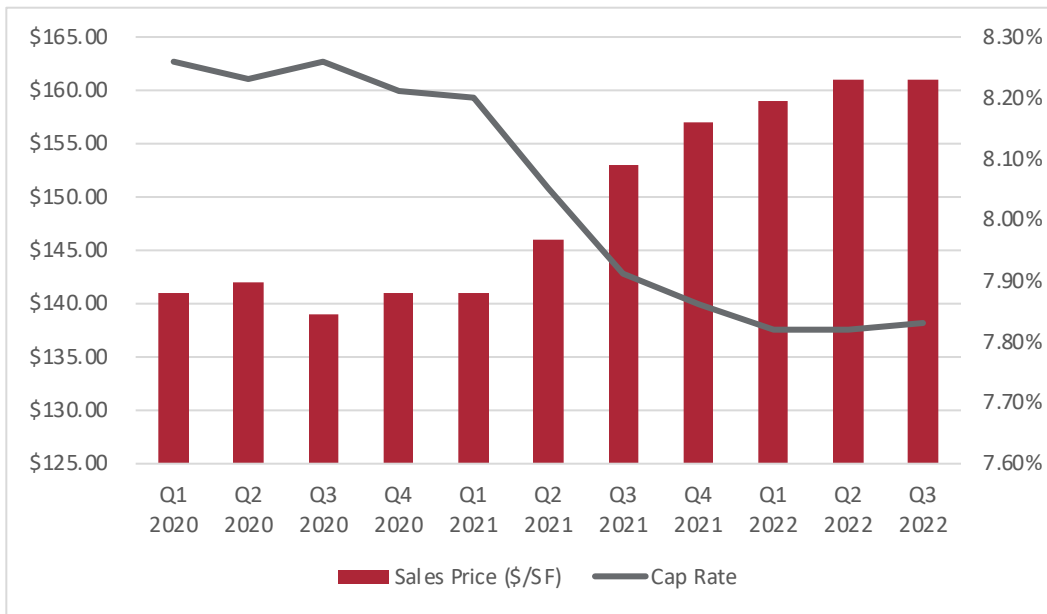
than the national index. Rent growth has slowed slightly in the past quarter but remains much higher than the national index with 3.8% and 1.2% respectively.



SALES ACTIVITY

Cap rates in the Jacksonville market have remained relatively stable over the past three quarters with a slight increase in Q3 from 7.82% to 7.83%. Sales price per square foot similarly

has remained stable with a no change from Q2 to Q3. These trends are in line with leasing activity which has seen minimal changes over the past few quarters.



"Leasing activity has continued at a moderate pace consistent with previous quarters, however, Jacksonville has consistently outperformed the national average and comparable markets in rent growth, occupancy rates, and absorption. A number of new occupancies this quarter, including Morgan & Morgan, and Traece Medical Concepts, leave us with a positive outlook as Jacksonville and Florida stay poised for new opportunities."



Patrick Carney

Vice President, Office Specialist
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NAI HALLMARK

Featured Office Transaction

FinMC Headquarters

495 Town Plaza Ave
Ponte Vedra Beach, FL 32081

495 Town Plaza Avenue is a 4,532 square feet office building on 0.23 acres of land. Built in 2019, the Property is located in the highly desirable Nocatee community of St. Johns County in the Jacksonville MSA. The Property is 100% leased to Financial Media Corporation.

NAI Hallmark Senior Vice President Daniel Burkhardt, SIOR, CCIM, MSRE represented the seller, TPUB Properties in the sale for \$2,285,000.

Sales Price	Price/SF	Cap Rate
\$2,285,000	\$504	7.01%

BROKER

Daniel Burkhardt
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Office Market Report

NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
701 San Marco	701 San Marco Blvd, Jacksonville, FL 32207	Aug-22	700,000	\$70,000,000	\$100.00
245 Riverside	245 Riverside Ave, Jacksonville, FL 32202	Sep-22	136,853	\$25,150,000	\$183.77
7051 Southpoint Pkwy S	7051 Southpoint Pkwy S, Jacksonville, FL 32216	Aug-22	38,308	\$18,397,500	\$480.25
8787 Baypine Road	8787 Baypine Rd, Jacksonville, FL 32256	Aug-22	231,021	\$13,500,000	\$58.44
Fomer Vystar Credit Union HQ	4949 Blanding Blvd, Jacksonville, FL 32210	Jul-22	101,781	\$12,650,000	\$124.29
1628 San Marco Blvd	1628 San Marco Blvd, Jacksonville FL, 32207	Jul-22	12,978	\$2,500,000	\$192.63

NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
San Marco East Plaza	RF Smart	11,985	Sep-22	San Marco
7960 Baymeadows Way	US Marine Corps	11,500	Sep-22	Butler/Baymeadows
50 N Laura St	Orr Cook	17,379	Jul-22	Downtown Northbank
7016 AC Skinner Pkwy	Revco	11,860	Jul-22	Butler/Baymeadows

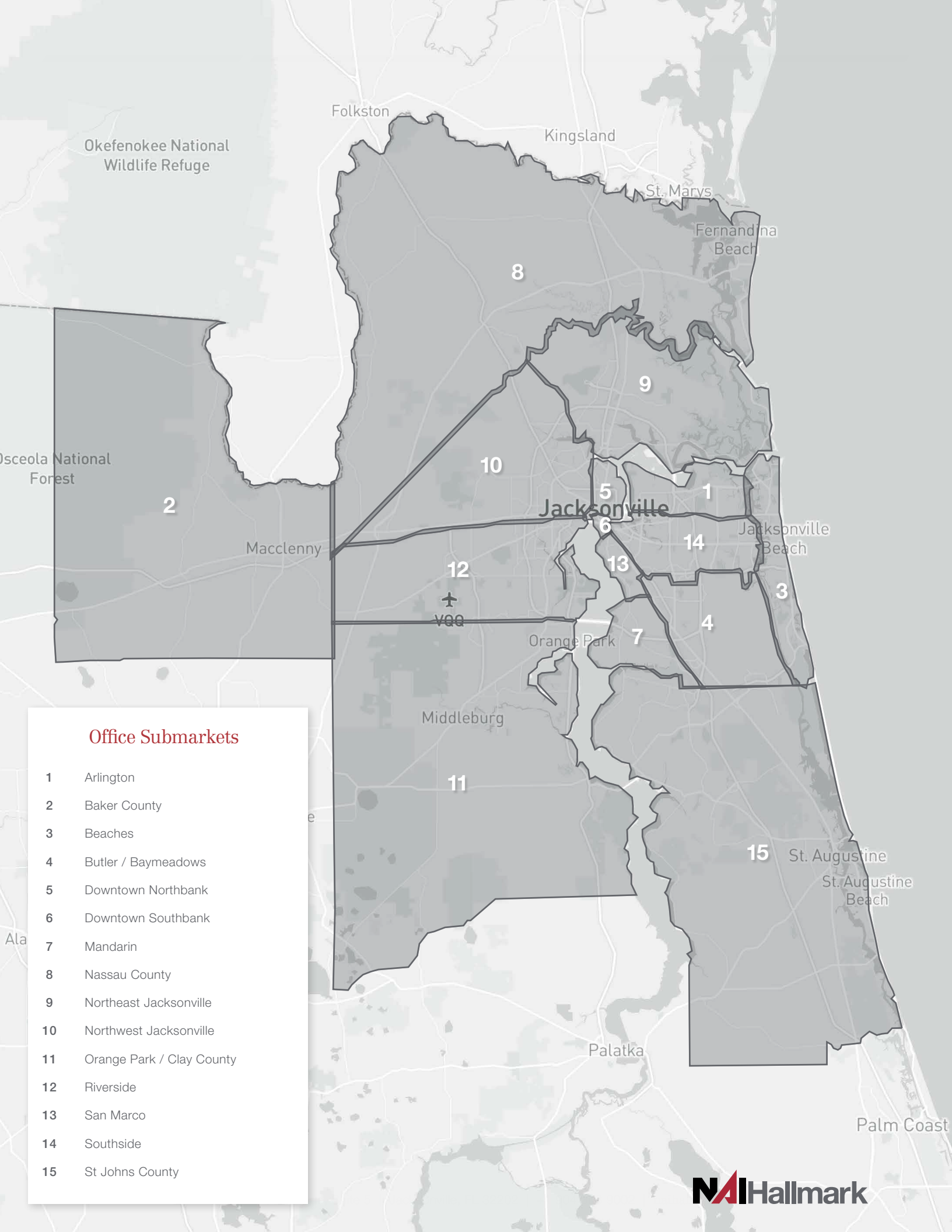
Q3 2022 JACKSONVILLE

Office Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	11.4%	\$19.88	\$137	0	1,851,813	8.4%
Baker County	3.8%	\$19.86	\$150	0	139,321	7.8%
Beaches	6.8%	\$30.44	\$235	49,764	3,938,009	7.4%
Butler/Baymeadows	13.3%	\$22.99	\$163	31,260	10,649,592	7.6%
Downtown Northbank	10.4%	\$22.94	\$131	318,000	13,608,026	7.8%
Downtown Southbank	14.7%	\$23.41	\$138	0	3,070,021	7.8%
Mandarin	4.4%	\$22.67	\$155	0	2,547,211	8.5%
Nassau County	2.4%	\$23.76	\$166	0	1,394,209	7.6%
Northeast Jacksonville	3.5%	\$23.47	\$169	35,000	838,210	7.8%
Northwest Jacksonville	5.0%	\$22.56	\$149	0	1,293,373	8.2%
Orange Park / Clay County	5.7%	\$22.44	\$164	9,764	3,699,341	8.0%
Riverside	4.0%	\$21.93	\$150	0	3,008,284	8.5%
San Marco	6.3%	\$19.89	\$137	0	1,833,969	8.6%
Southside	9.6%	\$23.00	\$172	32,551	17,104,591	7.8%
St Johns County	2.8%	\$26.74	\$215	1,282,492	3,719,435	7.4%
Jacksonville MSA	9.0%	\$23.45	\$163	1,758,831	68,695,406	7.8%
National Index	12.5%	\$35.14	\$338	143,905,204	8,319,826,351	6.9%

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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Retail Market Report

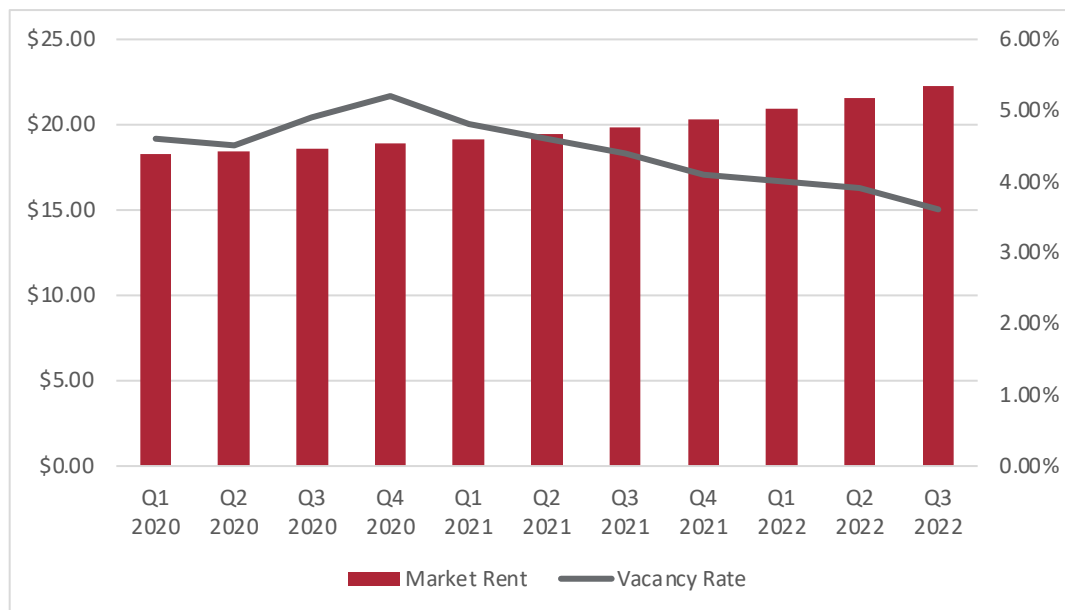
MARKET INDICATORS

	Current Q3 2022	Prior Q2 2022	Year Ago Q3 2021	National Index
Vacancy	↑ 3.60%	3.90%	4.40%	4.34%
Effective Rent (\$/SF)	↑ \$22.24	\$21.53	\$19.83	\$23.52
Rent Growth	↑ 12.20%	10.90%	6.70%	4.50%
Market Cap Rate	↑ 6.54%	6.61%	6.90%	6.69%
Market Sales Price/SF	↑ \$226.00	\$219.00	\$195.00	\$241.00

RENTAL RATES

Market rent has continued to climb as vacancy has been declining. Rental rates and vacancy rates both remain significantly lower than the national average, signifying that there is still room for rent growth in the future while keeping vacancy rates

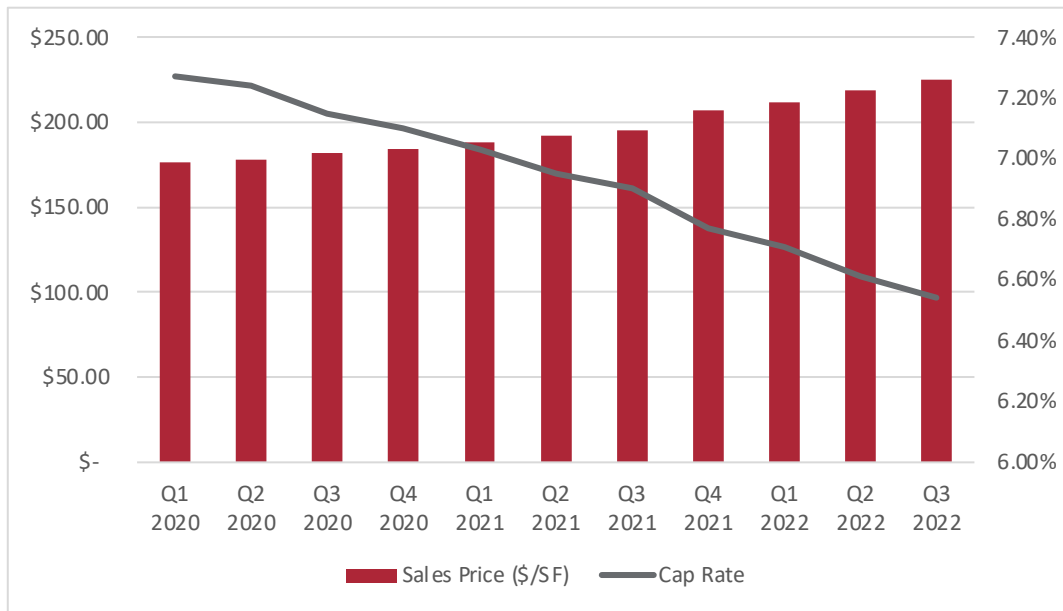
low. Thanks to the market's favorable economic conditions and rapid population growth, rent growth in the Jacksonville retail market was 12.2% in Q3, compared to 4.5% for the nation as a whole.



SALES ACTIVITY

Q3 cap rates continued on a downward trend to 6.54% from 6.61% the previous quarter. Sales price per square foot also moved in a favorable direction, increasing to \$226 from \$219 in

Q2. Even with increasing interest rates, the Jacksonville retail market has proven its favorability amongst investors nationwide.



“The retail market continues to recover well post pandemic interference, especially with existing space. Retailers are flocking to grocery anchored centers for visibility and exposure purposes through foot traffic. Spaces are being utilized more efficiently and effectively with a much stronger focus on sales per square foot. The growth in Northeast Florida continues to soar which is a direct reflection of the retail market. I would expect this trend to continue into 2023.”



Senior Associate, Retail
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NAI HALLMARK

Featured Retail Transaction

Millennium Business Center

11744 Beach Boulevard
Jacksonville, FL 32246

Sales Price	Price/SF	Cap Rate
\$7,150,000	\$203	6.50%

Millennium Business Center is a 35,200 square foot shopping center located less than 0.5 mile from Interstate 295 on Beach Boulevard, one of Jacksonville's major east/west corridors and one of the most trafficked roads in Jacksonville. The Property has a strong and diversified tenant rent roll occupied by PPG Architectural Finishes, More Space Place, D-1 Sports, European Leather Gallery and MCCI Medical Group in addition to a billboard lease.

NAI Hallmark Managing Partner Keith Goldfaden and Senior Vice President Daniel Burkhardt, SIOR, CCIM, MSRE, represented the seller, Millennium Business Center LLC. The buyer, a private investor, purchased the Property for \$7,150,000.

BROKERS

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Retail Market Report

NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
Chuy's Tex Mex	4914 Town Center Pkwy Jacksonville, FL 32246	Sep-22	7,163	\$5,825,000	\$813.21
Firebirds Wood Grill	4826 Town Center Pkwy Jacksonville, FL 32246	Sep-22	6,615	\$5,513,333	\$833.46
Sawgrass Village Shopping Center	A1A & PGA Tour Blvd Ponte Vedra Beach, FL 32082	Sep-22	143,833	\$82,000,000	\$570.11
Regency Court	9244 Arlington Expy Jacksonville, FL 32225	Jul-22	218,649	\$23,100,000	\$105.65
Walgreens	14405 Beach Blvd Jacksonville, FL 32224	Aug-22	14,065	\$6,061,286	\$430.95
Sandy Bottoms Restaurant	2910 Atlantic Ave Fernandina Beach, FL 32034	Aug-22	10,147	\$5,242,000	\$516.61

NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
11111 San Jose Blvd	HomeSense	36,000	Sep-22	Mandarin
700 Blanding Blvd	Planet Fitness	16,700	Sep-22	Orange Park/Clay
5751 N Main	Family Dollar	39,686	Aug-22	Downtown Northbank
8210 Cypress Plaza Dr	Pickup-USA Fitness	19,294	Aug-22	Butler/Baymeadows

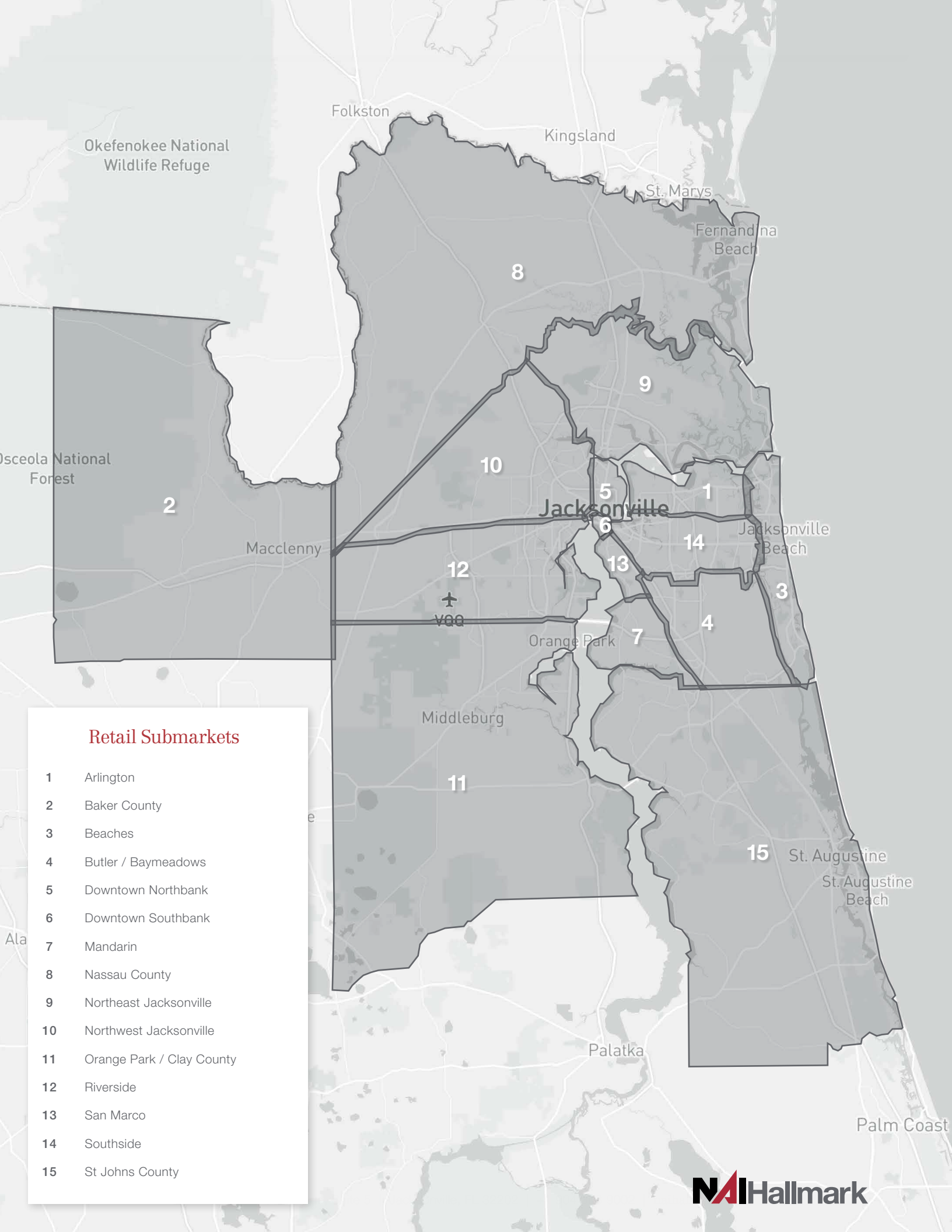
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Retail Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	6.70%	\$17.01	\$197	5,200	7,687,745	6.6%
Baker County	1.60%	\$16.40	\$196	0	1,440,836	6.9%
Beaches	2.90%	\$28.31	\$305	124,119	5,238,343	6.1%
Butler/Baymeadows	7.30%	\$31.07	\$237	10,000	5,593,261	6.4%
Downtown Northbank	5.70%	\$15.44	\$162	0	4,501,768	7.1%
Downtown Southbank	6.70%	\$24.80	\$286	26,192	719,880	6.3%
Mandarin	3.90%	\$25.60	\$237	0	4,715,938	6.4%
Nassau County	2.60%	\$20.82	\$191	29,703	6,242,753	6.9%
Northeast Jacksonville	3.70%	\$22.31	\$224	162,800	3,851,981	6.7%
Northwest Jacksonville	5.70%	\$14.65	\$163	5,000	4,632,969	7.2%
Orange Park/Clay County	5.60%	\$21.82	\$216	25,025	10,978,646	6.5%
Riverside	2.90%	\$20.86	\$194	17,480	13,901,227	6.8%
San Marco	2.40%	\$19.18	\$206	0	3,031,813	6.7%
Southside	2.70%	\$23.33	\$246	96,392	14,974,299	6.4%
St Johns County	1.90%	\$24.66	\$284	632,601	12,317,196	6.3%
Jacksonville MSA	3.9%	\$22.15	\$225	1,134,512	99,844,391	6.6%
National Index	4.3%	\$23.53	\$241	62,960,877	11,831,109,282	6.7%

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

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Okefenokee National Wildlife Refuge

Folkston

Kingsland

St. Marys

Fernandina Beach

8

9

Osceola National Forest

2

10

Jacksonville

1

Macclenny

Jacksonville Beach

12



VQC

13

14

3

Orange Park

7

4

Middleburg

11

15

St. Augustine

St. Augustine Beach

Retail Submarkets

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Palatka

Palm Coast

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Industrial Market Report

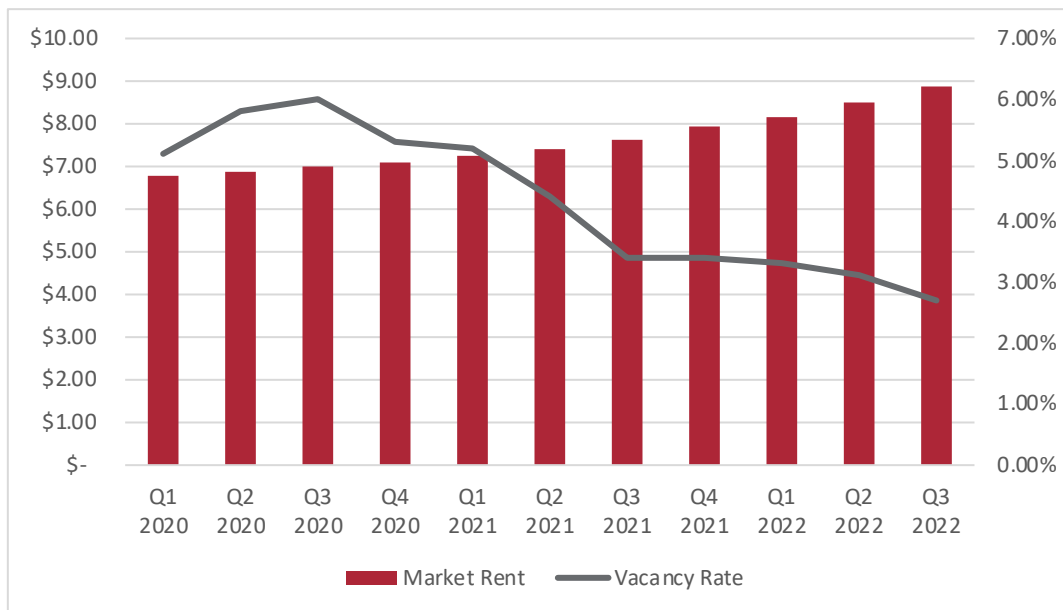
MARKET INDICATORS

	Current Q3 2022	Prior Q2 2022	Year Ago Q3 2021	National Index
Vacancy	↓ 2.70%	3.10%	3.40%	4.00%
Effective Rent (\$/SF)	↑ \$8.87	\$8.49	\$7.61	\$10.85
Rent Growth	↓ 16.50%	14.40%	9.10%	11.90%
Market Cap Rate	↑ 6.10%	6.08%	6.44%	6.00%
Market Sales Price/SF	- \$96.00	\$94.00	\$77.00	\$154.00

RENTAL RATES

As vacancy rates have pushed lower to 2.7%, rent also increased substantially during Q3 in Jacksonville's industrial market. As industrial remains a hot asset in many markets across the country, Jacksonville has shown significantly

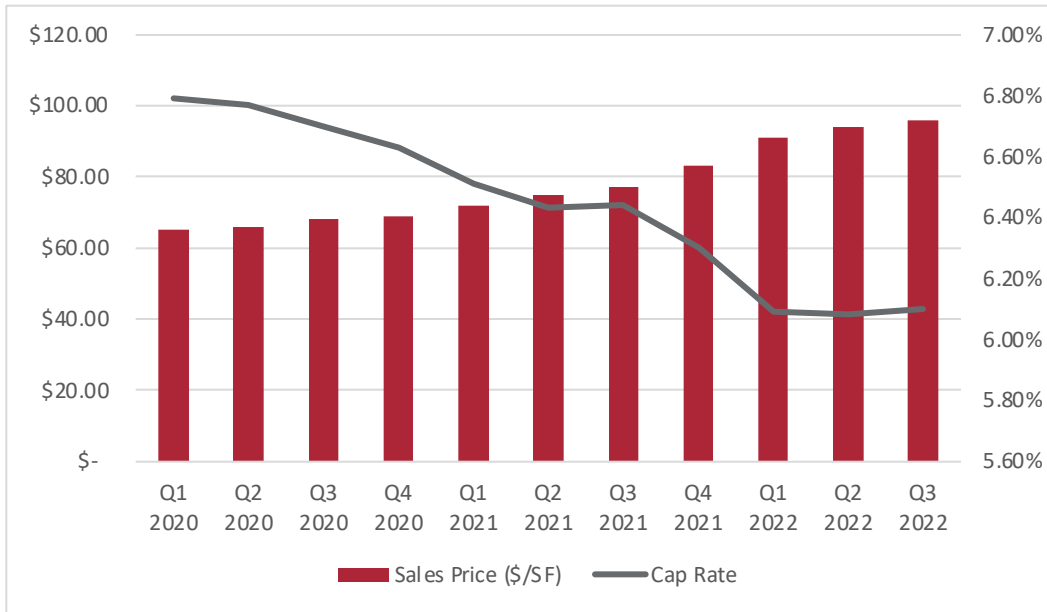
higher rent growth at 16.5% in Q3, up 210 basis points from the previous quarter. Rental rates, however, remain nearly \$2/sf lower than the national index, meaning there is significant room left for rents to continue on their current trend.



SALES ACTIVITY

In Q3 cap rates began to inch upward with an increase to 6.1% from 6.08% the previous quarter, but they still remain well below the 6.44% of the year prior. Even though cap rates have

decompressed slightly, sales price per square foot has continued on an upward trend thanks to lower vacancy rates and continued rent growth in the market.



"With a strong local economy, Jacksonville's industrial market has continued to grow even in times of macro uncertainty. Users from around the nation are flocking to the business-friendly haven of Jacksonville and the rest of Florida. I believe that this influx of businesses will hold our historically low vacancy rates steady through the beginning of 2023."



Camden Padgett

Associate
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NAI HALLMARK

Featured Industrial Transaction



QPAC

4010 Deerpark Blvd
Elkton, FL 32033

4010 Deerpark Blvd, totaling 32,400 square feet, consists of 3,600 square feet of office space and 28,800 square feet of warehouse space, all fully air conditioned. The Property was built in 2018 on 5.49 acres and is 100% occupied as the corporate headquarters for Q-PAC, a manufacturer of commercial air handling unit fan systems.

NAI Hallmark Managing Partner, Keith Goldfaden and Senior Vice President of Investment Sales, Daniel Burkhardt brokered the transaction on behalf of the seller, RCS Development Group, LLC. NAI Hallmark Partner, Jon Heldenbrand, represented the buyer, a private investor and provided capital markets services.

Sales Price	Price/SF	Cap Rate
\$5,150,000	\$157	6.11%

BROKERS

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Q3 2022 JACKSONVILLE

Industrial Market Report

NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
One Imeson Distribution Center	1 Imeson Park Blvd, Jacksonville, FL 32218	Jul-22	1,702,505	\$68,250,000	\$40.09
GE Distribution Center	600 Whittaker Rd, Jacksonville, FL 32218	Jul-22	474,691	\$45,000,000	\$94.80
Kehe Foods	4055 Deerpark Blvd, Hastings, FL 32033	Aug-22	246,818	\$21,850,000	\$88.53
4700 Walgreen Rd	4700 Walgreen Rd, Jacksonville, FL 32209	Sep-22	70,802	\$9,325,000	\$131.71

NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
11902 Central Pkwy	LaserShip	53,285	Sep-22	Butler Corridor
10760 Yeager Rd	Dollar General	408,240	Sep-22	Ocean Way
1 Imeson Park Blvd	RoadOne Intermodal Logistics	89,226	Sep-22	Ocean Way
4200 W Perimeter Pkwy	Williams Sonoma	168,000	Aug-22	West Side
4300 Bulls Bay Hwy	Total Distribution	262,770	Aug-22	West Side

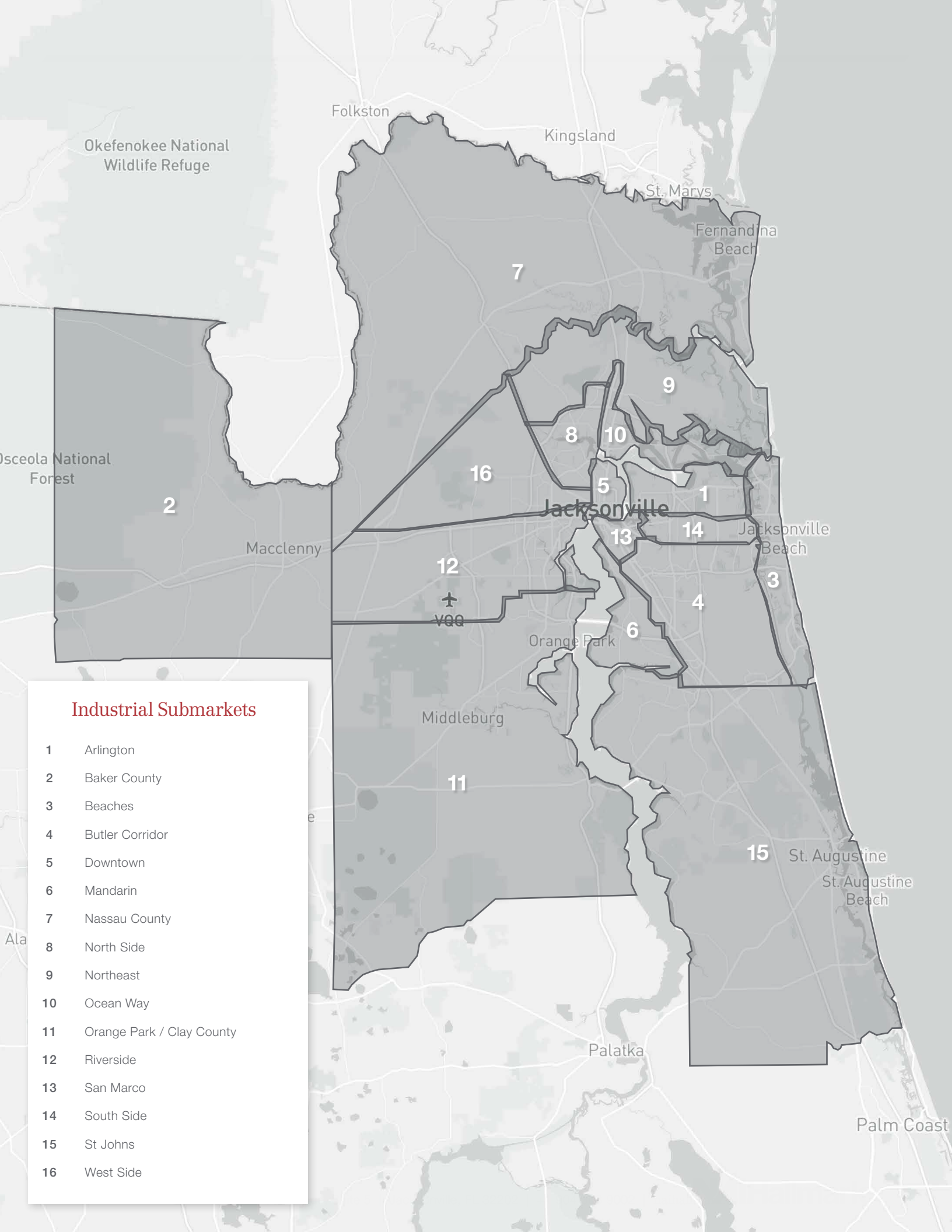
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Industrial Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	4.2%	\$12.09	\$119	0	1,052,696	6.7%
Baker County	3.1%	\$7.39	\$112	0	1,350,145	5.8%
Beaches	2.6%	\$16.50	\$180	0	1,224,463	6.1%
Butler Corridor	2.5%	\$11.14	\$118	39,750	21,048,212	6.3%
Downtown	1.1%	\$6.80	\$68	0	11,550,387	6.7%
Mandarin	0.7%	\$12.66	\$123	0	1,632,570	6.6%
Nassau County	0.9%	\$8.81	\$113	0	3,510,431	5.9%
North Side	2.8%	\$7.86	\$83	653,211	9,479,584	6.1%
Northeast	6.4%	\$8.52	\$99	548,900	5,405,874	5.8%
Ocean Way	2.1%	\$9.70	\$87	2,553,575	17,333,854	6.0%
Orange Park/Clay County	0.4%	\$9.60	\$86	11,617	6,488,172	6.8%
Riverside	1.1%	\$7.97	\$94	0	22,527,418	6.4%
San Marco	3.7%	\$9.87	\$97	11,700	4,949,147	6.6%
South Side	2.5%	\$12.58	\$136	0	1,728,347	6.6%
St Johns	1.2%	\$11.96	\$114	394,358	6,744,954	6.4%
West Side	3.1%	\$7.52	\$92	4,482,584	36,202,305	6.0%
Jacksonville MSA	2.3%	\$8.92	\$96	8,695,695	152,228,559	6.2%
National Index	3.9%	\$10.87	\$153	732,467,617	17,980,756,581	6.2%

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

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Industrial Submarkets

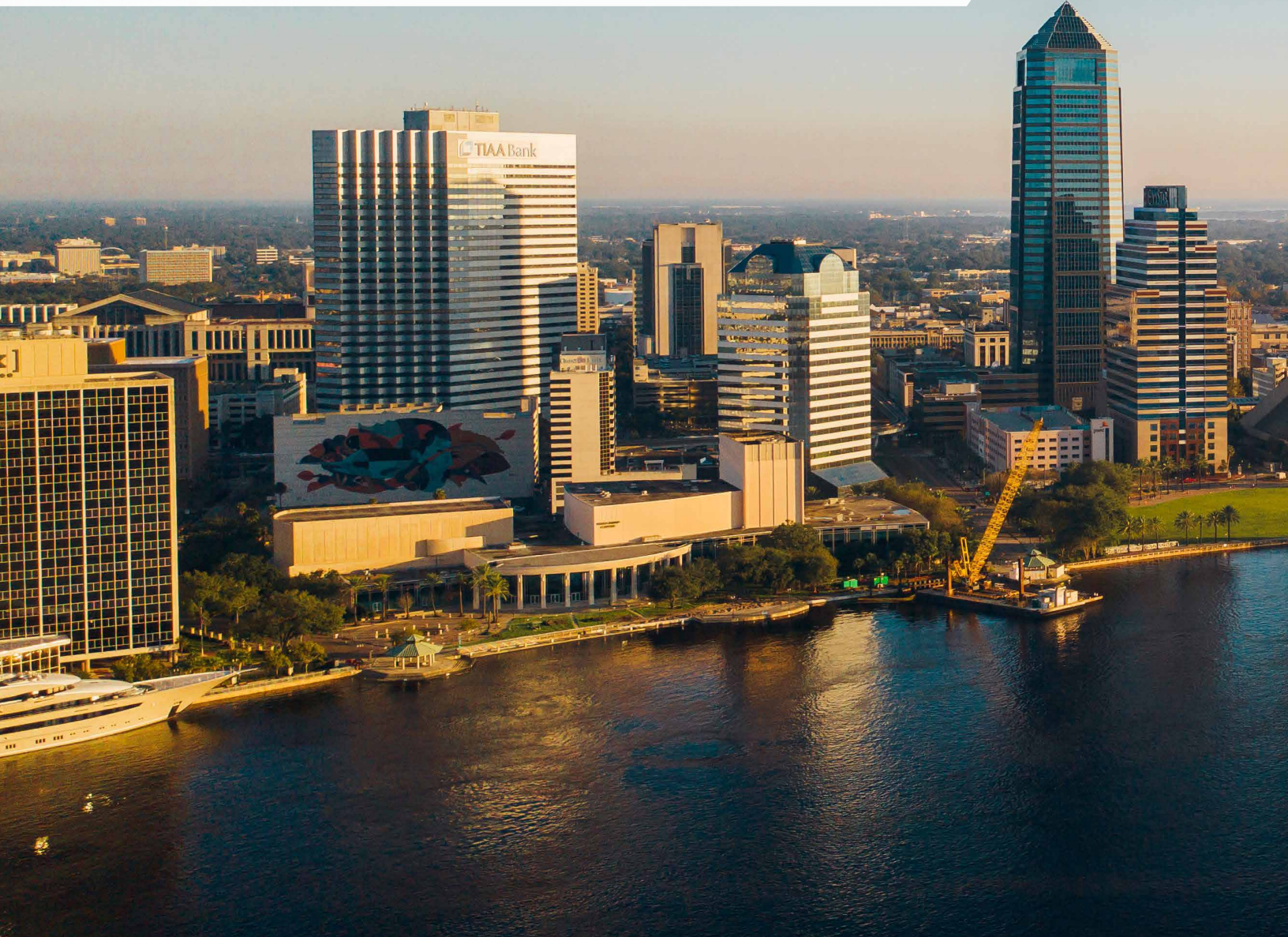
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- 14 South Side
- 15 St Johns
- 16 West Side

Q3 2022 JACKSONVILLE

Quarterly Market Report

NAI Hallmark has a 29-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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