

JACKSONVILLE METRO

# Q4 2022 Market Report



## Q4 2022 JACKSONVILLE

# Office Market Report

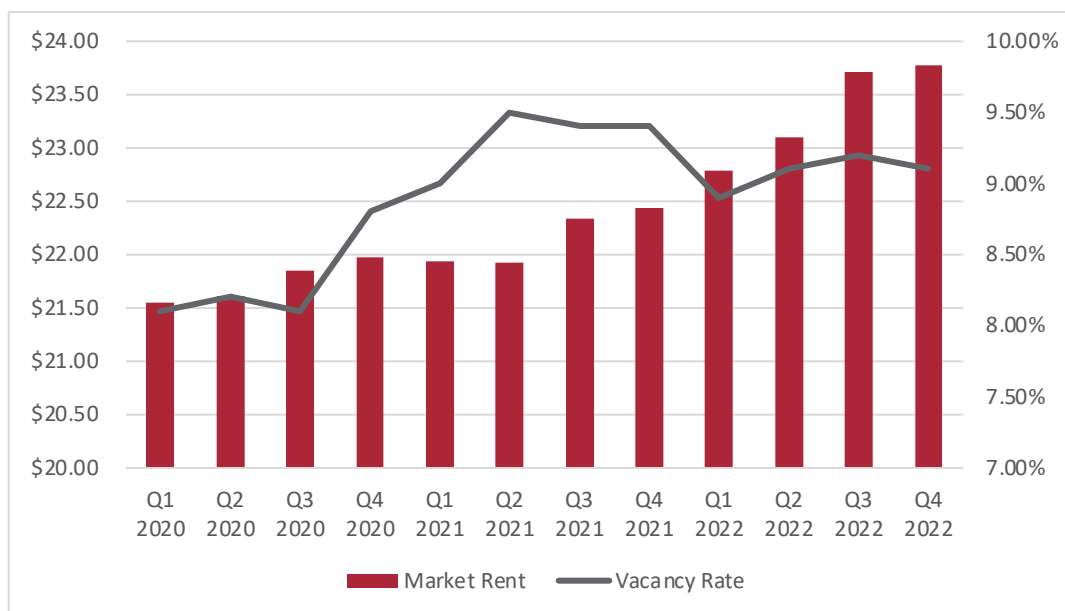
### MARKET INDICATORS

		Current Q4 2022	Prior Q3 2022	Prior Year Q4 2021	National Index
Vacancy	↓	9.10%	9.20%	9.40%	12.50%
Effective Rent (\$/SF)	↑	\$23.77	\$23.17	\$22.65	\$34.79
Rent Growth	↑	4.90%	3.80%	2.30%	1.10%
Market Cap Rate	↓	7.57%	7.83%	7.82%	6.94%
Market Sales Price/SF	↑	\$180	\$161	\$160	\$337

### RENTAL MARKET

Although hiring has slowed across the country with the current economic climate, vacancy rates have continued to fall in the Jacksonville office market as companies continue to bring more workers into

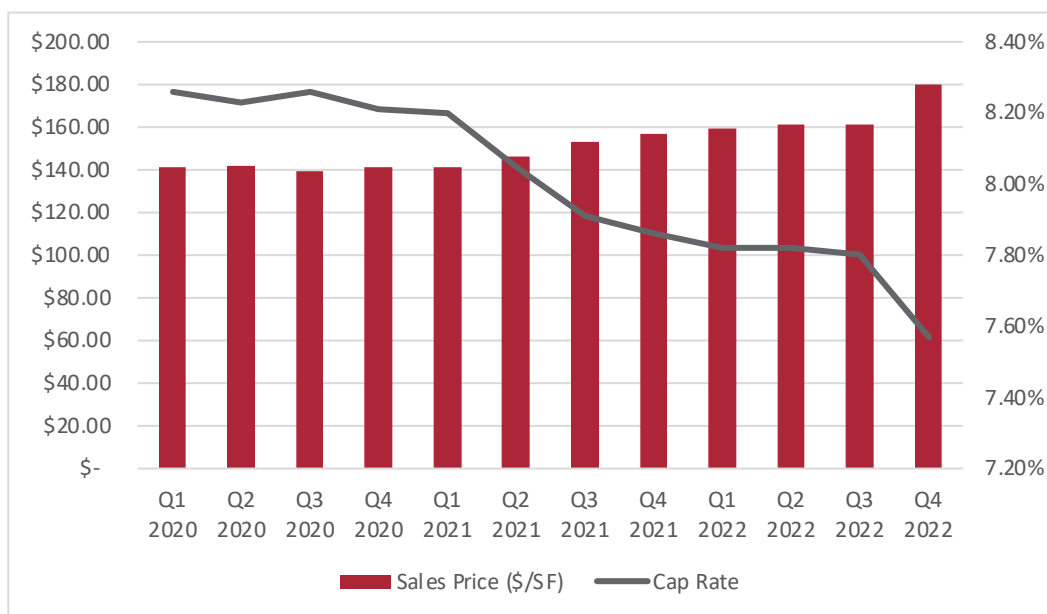
in person and hybrid work schedules. As vacancy rates continue to fall, rental rates have continued on a steady upward trend with 4.9% year over year rent growth, up from Q3's 3.8%.



## SALES MARKET

Jacksonville's office market saw a healthy compression of cap rates in Q4 with a 26 basis point drop from Q3. 4-5 star office buildings saw a cap rate 85 basis points less than those 3 stars and less, and that gap has widened over the past several quarters. This is consistent with

the flight to quality that office markets across the country have been seeing since the onset of the pandemic. Sales price per square foot also made a considerable jump to \$180/sf, up from \$161 the prior quarter.



"Similar to the past several quarters, Jacksonville's office market has continued to see more favorable conditions than the national average. There are still some larger leases getting done, but we have really seen demand for smaller spaces in certain submarkets like San Marco increasing and outpacing supply."



**Patrick Carney**

Vice President, Office Specialist

[pc@naihallmark.com](mailto:pc@naihallmark.com)



NAI HALLMARK

## Featured Office Transaction

### 651 State Road 13 N

St Johns, FL 32259

**Sales Price**  
\$1,125,000

**Price/SF**  
\$446

**Date**  
Oct '22

651 State Road 13 North is a 2,520 square foot office building on 0.64 acres of land. Built in 1983, the Property is located in the highly desirable Fruit Cove community of St. Johns County in the Jacksonville MSA. The Property was vacant at the time of sale.

NAI Hallmark Senior Vice President Daniel Burkhardt, SIOR, CCIM, MSRE and Principal Patrick Thornton represented the seller in the sale for \$1,125,000.

#### **BROKER**

**Daniel Burkhardt**  
Senior Vice President  
db@naihallmark.com  
+1 904 404 4455

**Patrick Thornton**  
Principal  
pt@naihallmark.com  
+1 904 404 4454

Q4 2022 JACKSONVILLE

# Office Market Report

## NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
Evergreen Building	4348 Southpoint Blvd, Jacksonville, FL 32216	Dec-22	46,470	\$5,275,000	\$113.51
7660 Centurion Pkwy	7660 Centurion Pkwy, Jacksonville, FL 32256	Dec-22	72,805	\$6,390,625	\$87.78
Carmarda Building	166 N A1A, Ponte Vedra Beach, FL 32082	Oct-22	6,600	\$2,550,000	\$386.36

## NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
6255 Lake Gray Blvd	Andromeda Systems Incorporated	28,413	Dec-22	Riverside
200 W Forsyth St	Carr Allison	14,308	Nov-22	Downtown Northbank
841 Prudential Drive	Regus	14,087	Oct-22	Downtown Southbank
1939 Hendricks Avenue	Group 4 Architects	12,688	Oct-22	Downtown Southbank

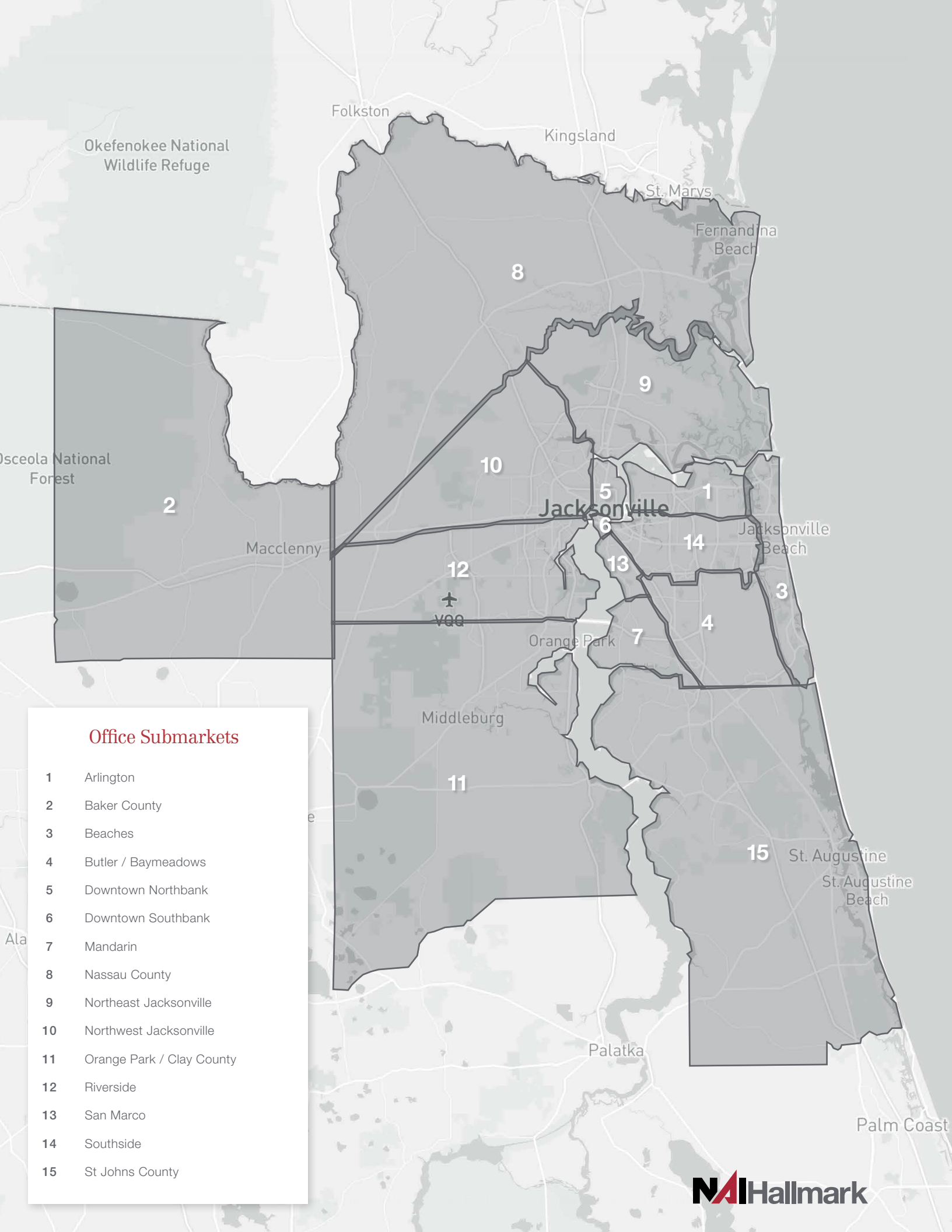
## Q4 2022 JACKSONVILLE

# Office Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	11.8%	\$20.37	\$139.17	0	1,852,363	8.3%
Baker County	3.8%	\$20.13	\$148.34	0	139,321	7.8%
Beaches	6.0%	\$30.86	\$233.63	46,999	3,942,458	7.4%
Butler/Baymeadows	14.1%	\$23.42	\$162.87	31,260	10,715,497	7.7%
Downtown Northbank	10.4%	\$23.56	\$202.93	0	13,778,387	6.8%
Downtown Southbank	13.7%	\$23.81	\$173.90	0	3,074,293	7.2%
Mandarin	4.7%	\$23.06	\$155.37	0	2,547,210	8.5%
Nassau County	3.0%	\$24.21	\$167.56	4,113	1,396,787	7.6%
Northeast Jacksonville	4.5%	\$23.75	\$181.69	35,000	838,210	7.6%
Northwest Jacksonville	4.8%	\$22.82	\$160.24	24,475	1,286,514	8.1%
Orange Park/Clay County	5.5%	\$22.69	\$165.23	6,300	3,732,130	8.0%
Riverside	3.7%	\$22.18	\$153.89	0	3,017,481	8.5%
San Marco	4.9%	\$20.54	\$139.47	0	1,837,538	8.6%
Southside	9.5%	\$23.26	\$171.77	35,551	17,111,774	7.8%
St Johns County	3.6%	\$27.13	\$216.19	1,296,000	3,737,304	7.5%
Jacksonville MSA	9.1%	\$23.85	\$179.64	1,479,698	69,007,267	7.6%
National Index	12.5%	\$35.19	\$334.38	134,965,184	8,335,996,563	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

## Q4 2022 JACKSONVILLE

# Retail Market Report

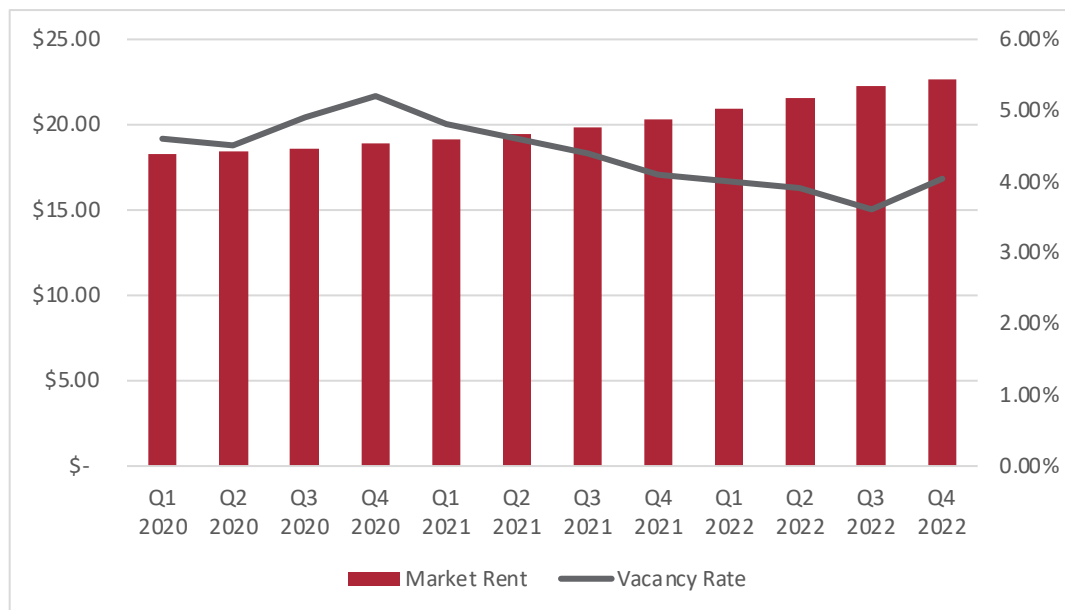
### MARKET INDICATORS

	Current Q4 2022	Prior Q3 2022	Prior Year Q4 2021	National Index
Vacancy	↑ 4.04%	3.60%	4.11%	4.23%
Effective Rent (\$/SF)	↑ \$22.62	\$22.24	\$20.36	\$23.68
Rent Growth	↓ 11.10%	12.20%	7.40%	4.00%
Market Cap Rate	- 6.54%	6.54%	6.73%	6.70%
Market Sales Price/SF	↑ \$229	\$226	\$207	\$242

### RENTAL MARKET

With economic uncertainty in today's market, the retail vacancy rate in Q4 increased for the first time in two years to 4.04%, from 3.6% in Q3. However, Jacksonville's vacancy rate remains well below the 4.23% that the United States as a whole saw in

Q4. Although the vacancy rate saw a slight uptick, rent growth remains strong with the market seeing 11.1% growth in Q4. The Jacksonville market continues to outperform the national average in this category by a significant margin.

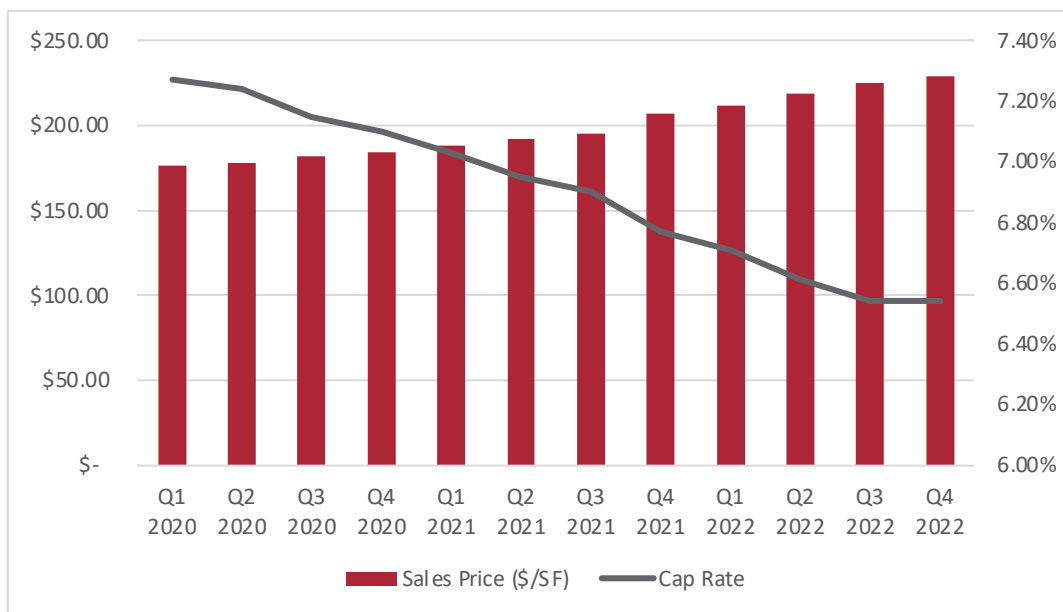




## SALES MARKET

Following several years of cap rates compressing quarter after quarter, Jacksonville's retail market saw no change in retail cap rates in Q4 from Q3. Both quarters ended with an average retail cap rate of 6.54%, which is still 16 bps lower than

the national average. Although cap rates saw no movement in Q4, the average sales price per square foot does continue to inch in a positive direction.



*"The Jacksonville retail market has seen a lot of activity over the past quarter, particularly in St. John's County. With development booming on County Road 210 and Racetrack Road, national retailers of all types have been really eager to find ground leases or new construction. This has been great for developers who have been able to capitalize on the low cap rates investors will pay for these deals."*



Senior Associate, Retail  
ak@naihallmark.com



NAI HALLMARK

## Featured Retail Transaction

### Tire Kingdom

1353 Atlantic Boulevard  
Neptune Beach, FL 32266

1353 Atlantic Boulevard is a single tenant 6,600 square foot retail building situated on 1.36 acres in Neptune Beach, Florida (Jacksonville MSA) subject to a NNN lease with Tire Kingdom. Located at a signalized intersection, the Property is an outparcel of Penman Plaza, a high performing Winn Dixie anchored shopping center.

NAI Hallmark Managing Partner, Keith Goldfaden and Senior Vice President of Investment Sales, Daniel Burkhardt brokered the transaction on behalf of the seller, 1223 Atlantic, LLC for \$3,150,000.

Sales Price	Price/SF	Cap Rate
\$3,150,000	\$477	5.75%

#### BROKERS

**Keith Goldfaden**  
Managing Partner  
kg@naihallmark.com  
+1 904 404 4474

**Daniel Burkhardt**  
Senior Vice President  
db@naihallmark.com  
+1 904 404 4455

Q4 2022 JACKSONVILLE

# Retail Market Report

## NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF	Cap Rate
O2B Kids Preschool	165 Veterans Pkwy St Johns, FL 32259	Nov-22	10,935	\$5,900,000	\$539.55	5.77%
Walgreens	7221 Normandy Blvd Jacksonville, FL 32205	Nov-22	14,330	\$4,772,800	\$333.06	4.50%
7111 Bentley Rd	7111 Bentley Rd Jacksonville, FL 32256	Nov-22	24,200	\$4,417,500	\$182.54	
Pearl Plaza	5200-5322 Pearl St Jacksonville, FL 32208	Dec-22	45,662	\$5,325,000	\$116.62	10.15%
TD Bank	SWC of Racetrack & St Johns Pkwy St Johns, FL, 32259	Dec-22	8,312	\$4,823,500	\$580.31	4.25%

## NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
8102 Blanding Blvd	Kids Empire	11,500	Dec 22	Riverside
Durbin Pavilion Drive	WeGotSoccer	7,210	Oct 22	St Johns County

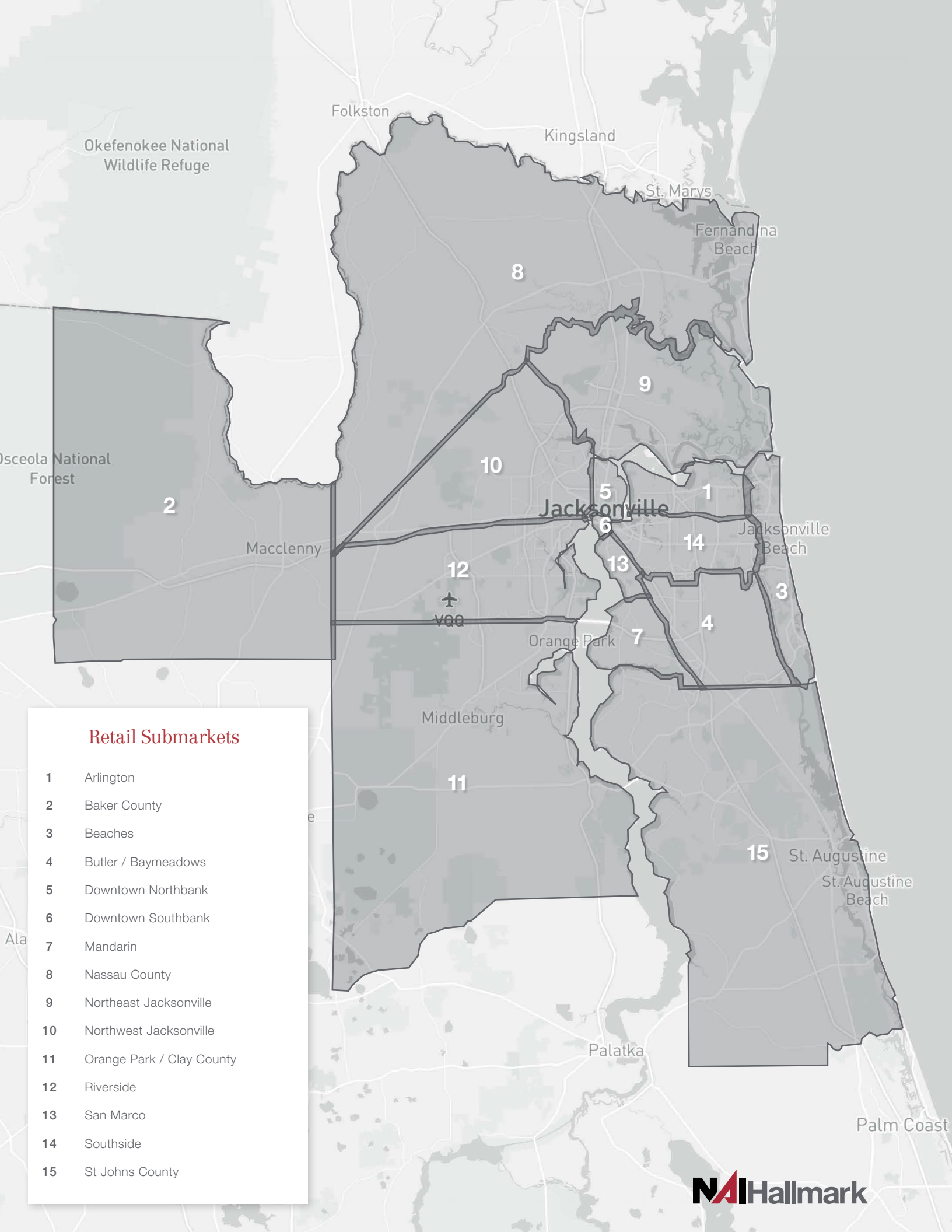
## Q4 2022 JACKSONVILLE

# Retail Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	7.6%	\$17.27	\$200.97	45,400	7,691,013	6.4%
Baker County	1.3%	\$16.47	\$194.84	0	1,440,534	6.8%
Beaches	2.7%	\$29.01	\$313.48	227,469	5,224,338	6.0%
Butler/Baymeadows	7.1%	\$31.61	\$242.50	12,200	5,596,311	6.3%
Downtown Northbank	6.3%	\$15.67	\$165.83	10,566	4,509,094	7.0%
Downtown Southbank	6.1%	\$25.11	\$292.73	12,280	715,172	6.2%
Mandarin	4.9%	\$26.12	\$241.47	0	4,714,742	6.3%
Nassau County	2.8%	\$21.26	\$196.49	29,703	6,240,373	6.7%
Northeast Jacksonville	3.6%	\$22.93	\$232.86	166,800	3,832,306	6.6%
Northwest Jacksonville	6.0%	\$15.12	\$167.68	9,000	4,637,356	7.1%
Orange Park/Clay County	6.0%	\$22.23	\$218.08	20,225	10,957,880	6.5%
Riverside	2.7%	\$21.24	\$197.34	5,500	13,935,621	6.7%
San Marco	2.7%	\$19.51	\$210.35	0	3,031,213	6.6%
Southside	2.5%	\$23.77	\$253.24	93,371	14,987,404	6.3%
St Johns County	2.0%	\$25.28	\$288.77	456,149	12,772,176	6.2%
<b>Jacksonville MSA</b>	<b>4.0%</b>	<b>\$22.61</b>	<b>\$230.52</b>	<b>1,088,663</b>	<b>100,301,269</b>	<b>6.5%</b>
<b>National Index</b>	<b>4.2%</b>	<b>\$23.70</b>	<b>\$243.66</b>	<b>64,437,128</b>	<b>11,845,071,965</b>	<b>6.6%</b>

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

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## Q4 2022 JACKSONVILLE

# Industrial Market Report

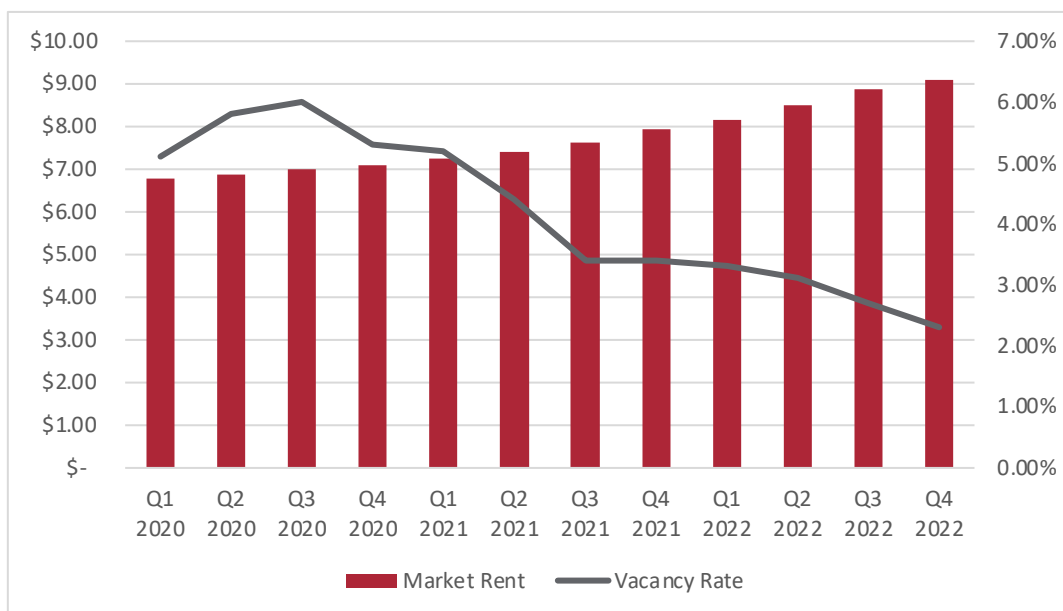
### MARKET INDICATORS

	Current Q4 2022	Prior Q3 2022	Year Ago Q4 2021	National Index
Vacancy	↓ 2.30%	2.70%	3.40%	4.00%
Effective Rent (\$/SF)	↑ \$9.07	\$8.87	\$7.93	\$11.10
Rent Growth	↓ 14.50%	16.50%	12.10%	11.10%
Market Cap Rate	- 6.10%	6.10%	6.32%	6.04%
Market Sales Price/SF	↑ \$99	\$96	\$77	\$157

### RENTAL MARKET

In Q4, the Jacksonville industrial market has continued on its favorable trend with vacancy rates dropping another 40 basis points and year over year rent continuing to increase. Year over year

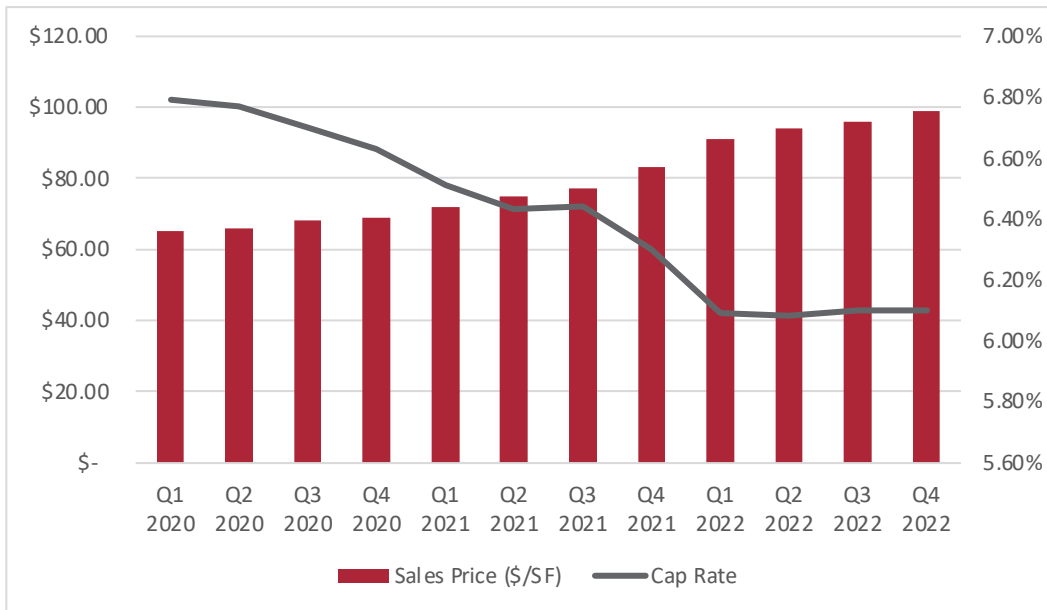
rent growth did see a slight dip to 14.5% from 16.5% in Q3, however it still remains well about the national index of 11.1%.



## SALES MARKET

After a slight increase in cap rates in Q3, Q4 saw no change, remaining at 6.1%. Sales price per square foot, however, did continue on an upward

trend thanks to the continued rent growth and decline in vacancy rates in the market.



*“The fourth quarter ended a strong 2022 for the Jacksonville industrial market with vacancies low and rental rates up. Even with a possible recession or economic softening, Jacksonville has a large number of tenants in the marketplace looking for space and is poised to have a solid 2023.”*



**Camden Padgett**

Associate  
cp@naihallmark.com

NAI HALLMARK

## Featured Industrial Transaction



### Baker Distributing Co.

14610 Breakers Road  
Jacksonville, FL 32258

### Square Feet

151,200

### Term

10 Year

### Date

Nov '22

Representing EastGroup Properties Inc. (NYSE:EGP) industrial portfolio for the Southside of Jacksonville, NAI Hallmark completed a ten (10) year lease renewal for Baker Distributing Co. in Flagler Center.

The 151,200 square foot single-tenant office warehouse facility located at 14610 Breakers Road in the Butler Corridor Submarket of Jacksonville was originally a build-to-suit for Baker Distributing Headquarters in 2005. Baker Distributing is a subsidiary of Watsco Inc. (NYSE:WSO), one of the nation's largest independent distributors of air conditioning, heating and refrigeration equipment and related products.

### BROKERS

#### Patrick Thornton

Principal  
pt@naihallmark.com  
+1 904 404 4454

#### Jason Purdy

Vice President  
jp@naihallmark.com  
+1 904 404 4462

#### Camden Padgett

Associate  
cm@naihallmark.com  
+1 904 404 4460



Q4 2022 JACKSONVILLE

# Industrial Market Report

## NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
1750 Dobbs Rd	1750 Dobbs Rd Saint Augustine, FL 32084	Dec-22	50,000	\$4,484,500.00	\$89.69
6841 S Philips Pkwy Dr	6841 S Philips Pkwy Dr Jacksonville, FL 32256	Nov-22	22,994	\$4,200,000.00	\$182.66
5008 Richard Ln	5008 Richard Ln Jacksonville, FL 3221	Oct-22	47,228	\$6,702,500.00	\$141.92

## NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
2160 W 33rd St	Priority Tire	50,000	Nov-22	North Side
460 Ellis Rd N	Biagi Bros.	134,700	Oct-22	West Side
1 Imeson Park Blvd	Shoreside Logistics	290,304	Oct-22	Ocean Way
11801 Industry Dr	Samsonite	222,916	Oct-22	Ocean Way

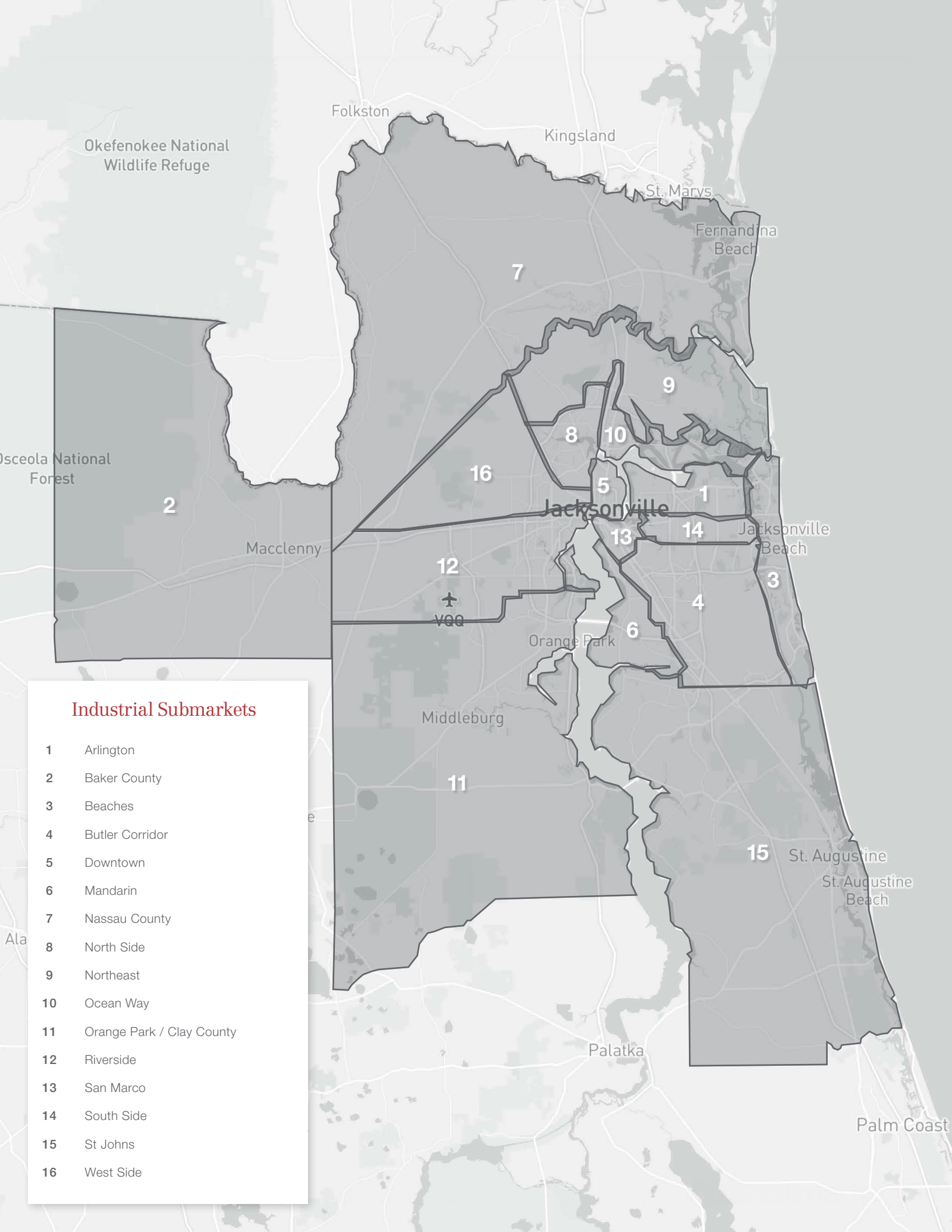
## Q4 2022 JACKSONVILLE

# Industrial Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	4.7%	\$12.21	\$120.00	0	1,053,377	6.6%
Baker County	3.1%	\$7.40	\$115.50	0	1,350,145	5.7%
Beaches	3.2%	\$16.67	\$179.63	0	1,224,445	6.1%
Butler Corridor	2.5%	\$11.27	\$120.21	10,000	21,161,431	6.2%
Downtown	1.9%	\$6.75	\$69.04	0	11,380,669	6.6%
Mandarin	1.8%	\$12.66	\$127.08	0	1,632,570	6.4%
Nassau County	1.1%	\$8.87	\$116.11	0	3,507,025	5.8%
North Side	2.7%	\$7.87	\$82.92	653,211	9,486,851	6.0%
Northeast	6.3%	\$8.54	\$99.36	548,900	5,440,052	5.8%
Ocean Way	2.4%	\$9.63	\$87.81	2,727,175	17,662,807	5.9%
Orange Park/Clay County	0.2%	\$9.67	\$88.34	11,617	6,497,872	6.6%
Riverside	1.1%	\$8.03	\$95.83	20,000	22,480,867	6.3%
San Marco	3.6%	\$10.03	\$99.25	11,700	4,954,947	6.4%
South Side	2.0%	\$12.69	\$138.76	0	1,728,347	6.5%
St Johns	1.5%	\$12.05	\$116.60	370,008	6,819,345	6.2%
West Side	2.9%	\$7.58	\$92.94	4,482,584	36,191,494	6.0%
Jacksonville MSA	2.3%	\$8.97	\$97.63	8,835,195	152,572,244	6.1%
National Index	4.0%	\$11.11	\$157.60	686,232,000	18,095,731,150	6.0%

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

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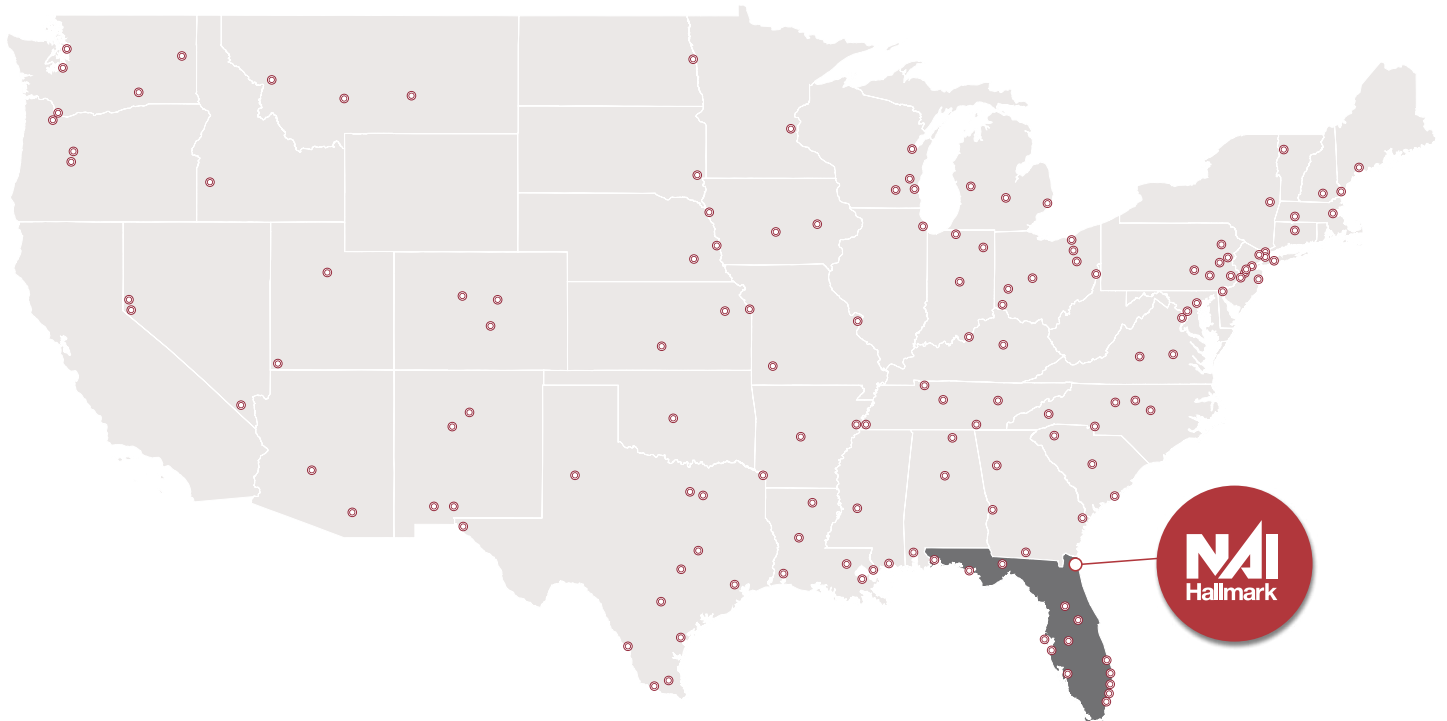
## Industrial Submarkets

- 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

Q4 2022 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

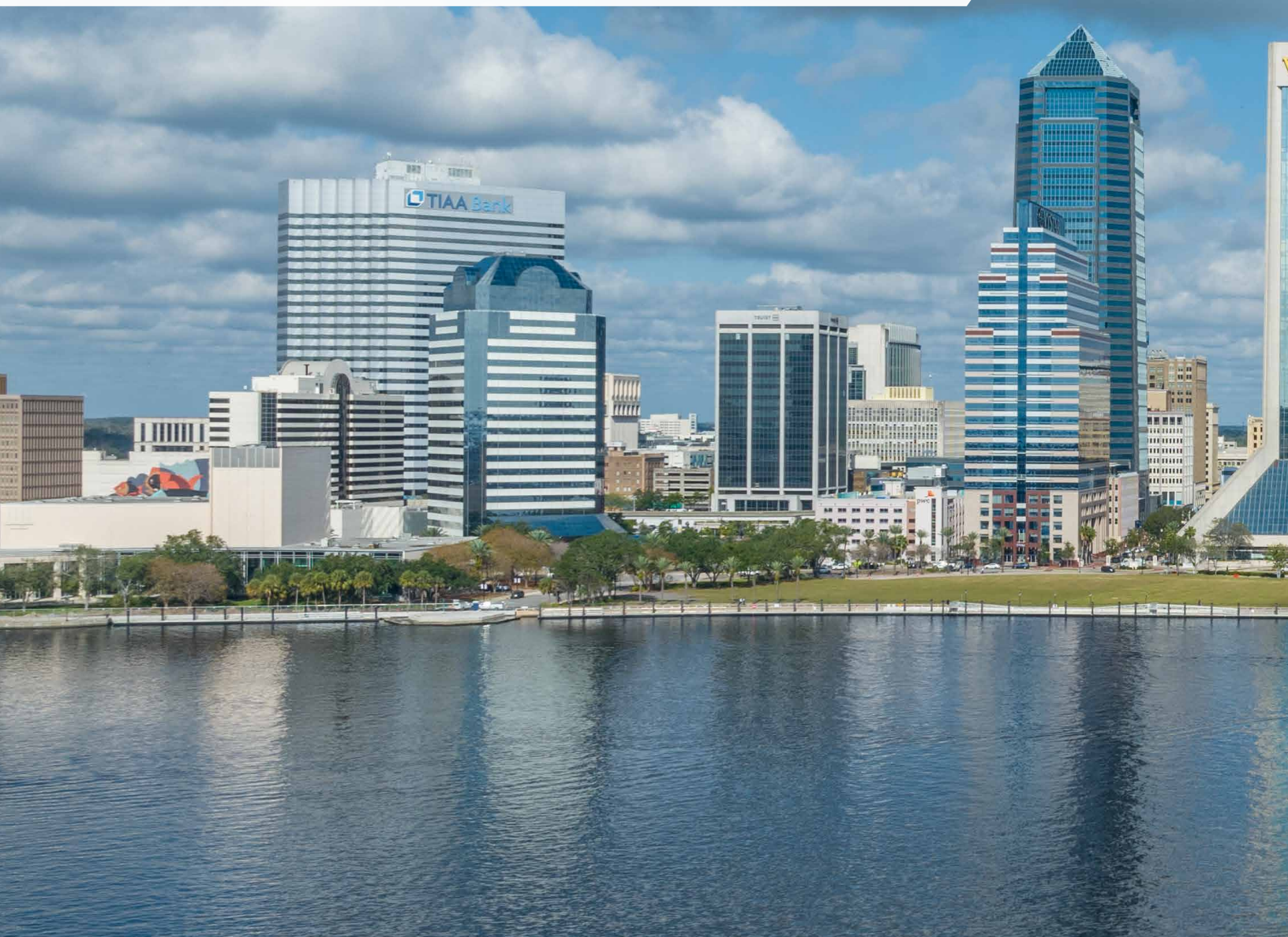
**NAI**Global.

Q4 2022 JACKSONVILLE

# Quarterly Market Report

NAI Hallmark has a 30-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 is our privilege to work with you.



## get in touch

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200 Riverside Avenue, Suite 5  
Jacksonville, Florida USA 32202

+1 904 363 9002  
info@naihallmark.com

