

JACKSONVILLE METRO

# Q1 2023 Market Report



## Q1 2023 JACKSONVILLE

# Office Market Report

### MARKET INDICATORS

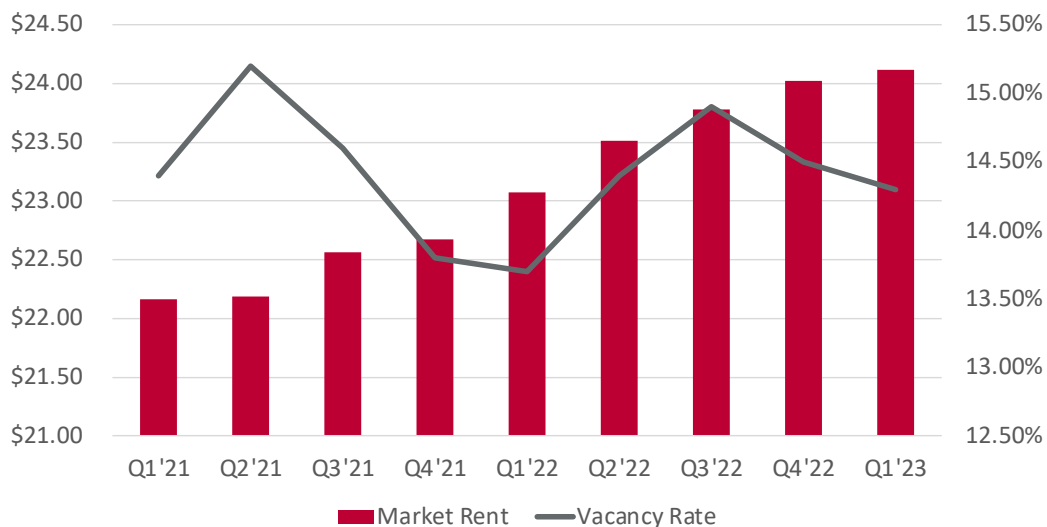
	Current Q1 2023	Prior Q4 2022	Year Ago Q1 2022	National Index
Vacancy	↓ 14.3%	14.5%	13.7%	14.7%
Effective Rent (\$/SF)	↑ \$24.12	\$24.02	\$23.07	\$32.29
Rent Growth	↓ 4.6%	5.9%	4.1%	1.2%
Market Cap Rate	↑ 7.57%	7.60%	7.87%	7.30%
Market Sales Price/SF	- \$181	\$180	\$157	\$295

### RENTAL MARKET

Even with office markets struggling across the country, Jacksonville saw a slight decrease in vacancy, down to 14.3% from 14.5% the previous quarter. On top of that, rental rates have increased again this past quarter to over \$24 per

square foot annually. The national index for rental rates is significantly higher at over \$32 per square foot, signifying that the Jacksonville office rental rates still have significant room for growth.

### MARKET RENT vs VACANCY RATE

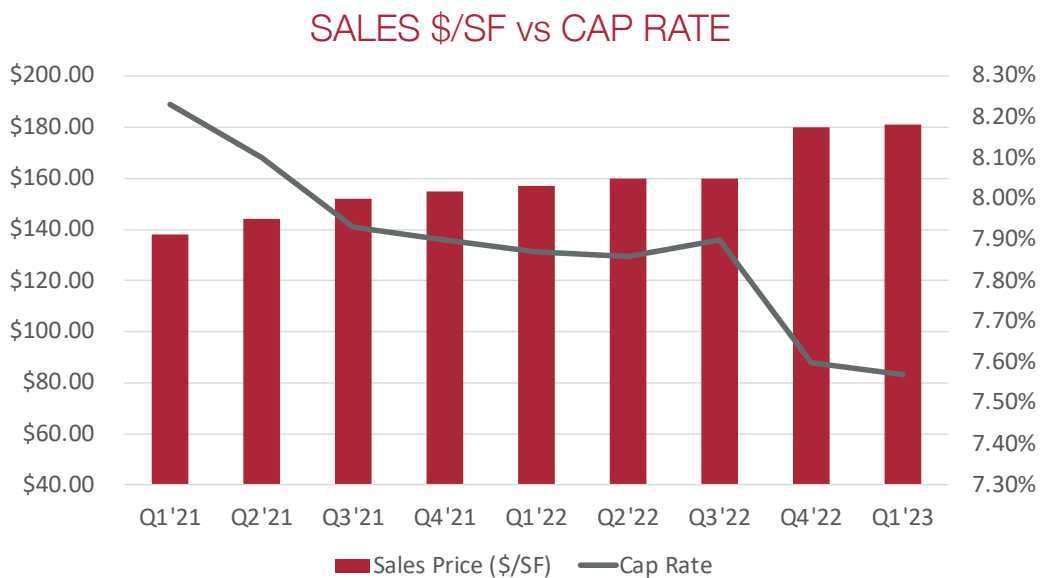




## SALES MARKET

Jacksonville office sales remained relatively constant, even given the uncertainty in office markets across the country. The market cap

rate saw a slight decrease from 7.6% to 7.57%. Similarly, sales price per square foot remained stable, increasing slightly to \$181 per square foot.



*Data based on buildings over 10,000 sf in Duval, St Johns, Clay, and Nassau Counties excluding owner users and government properties.*

“The office market in Jacksonville during the first quarter of 2023 can be characterized by relatively positive activity and stability. Rental rate growth has plateaued and vacancy rates took a slight dip signaling continued demand in office market, albeit still well below pre-pandemic levels. The existing infrastructure in healthcare, fintech, and logistics among other industries keep Jacksonville poised for continued growth.”



**Patrick Carney**

Vice President, Office Specialist  
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NAI HALLMARK

## Featured Office Transaction

### St. Augustine MOB

190-200 Southpark Blvd  
St. Augustine, FL 32086

Sales Price

\$10,500,000

Price/SF

\$313

Date

Mar '23

St. Augustine MOB consists of two multi-tenanted medical office buildings located in St. Augustine, Florida. The 33,500 square foot Property was built in 1998 and provides a stabilized medical office complex across the street from a major hospital in one of the fastest growing markets in the country.

NAI Hallmark Managing Partners Keith Goldfaden and Christian Harden represented the seller, Brooks Rehabilitation.

#### BROKER

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Q4 2022 JACKSONVILLE

# Office Market Report

## NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF
Cathedral Gerontology Center	333 E Ashley St, Jacksonville	Jan-23	62,246	\$11,000,000	\$176.72
Boro Park Executive Suites	6821 Southpoint Dr, Jacksonville	Jan-23	57,831	\$3,100,000	\$53.60
	1030 A1A N, Ponte Vedra Beach	Jan-23	6,044	\$2,550,000	\$421.91

## NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
405 Golfway West Drive	DLP Capital	13,200	Mar-23	St Johns County
7016 AC Skinner Parkway	Levco Group	19,690	Feb-23	Butler/Baymeadows
1301 Riverplace Boulevard	Hancock Askew	17,501	Feb-23	Downtown Southbank
1300 Marsh Landing Parkway		10,460	Jan-23	Beaches



## Q1 2023 JACKSONVILLE

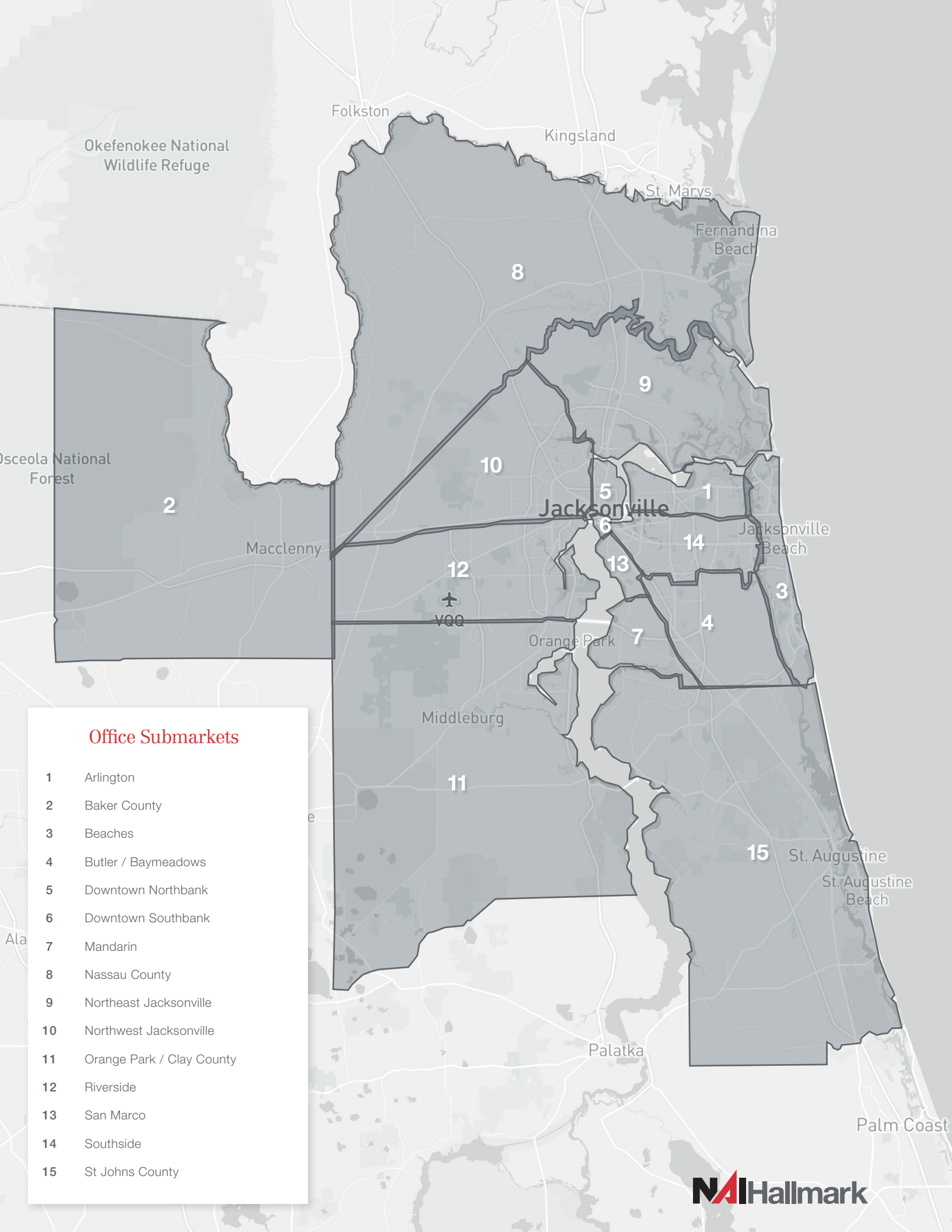
# Office Market Report

	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	9.0%	\$24.14	\$179.93	1,447,443	68,920,364	7.7%
National Index	12.9%	\$35.21	\$331.91	134,649,056	8,363,474,017	7.1%

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



## Q1 2023 JACKSONVILLE

# Retail Market Report

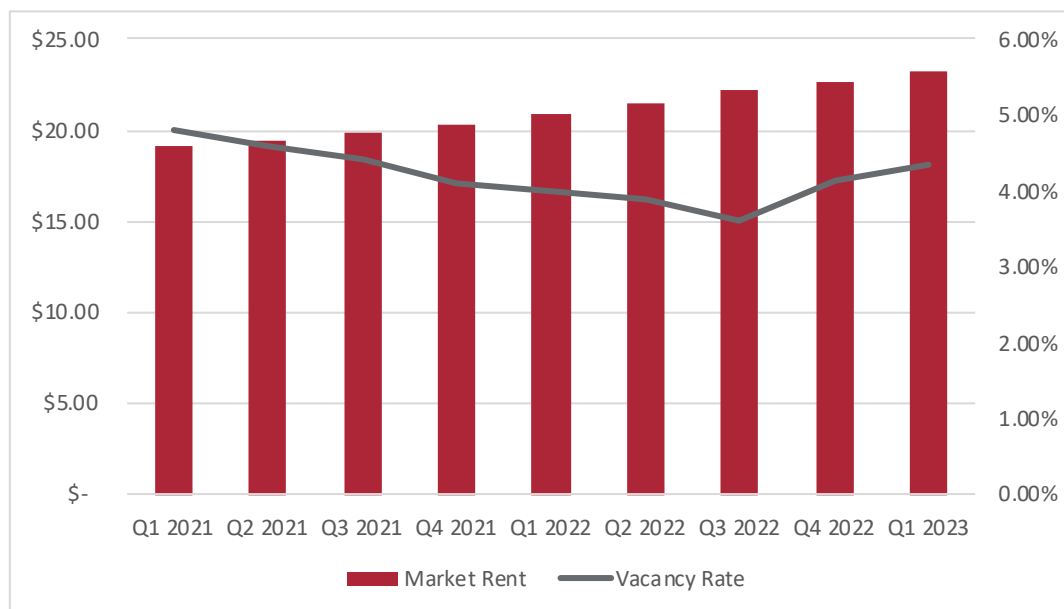
### MARKET INDICATORS

	Current Q1 2023	Prior Q4 2022	Year Ago Q1 2022	National Index
Vacancy	↑ 4.33%	4.04%	4.00%	4.21%
Effective Rent (\$/SF)	↑ \$23.20	\$22.62	\$20.80	\$23.97
Rent Growth	↓ 11.53%	11.10%	8.90%	3.80%
Market Cap Rate	- 6.53%	6.54%	6.67%	6.68%
Market Sales Price/SF	↑ \$232	\$229	\$247	\$245

### RENTAL MARKET

According to market data for the first quarter of 2023, the retail rental market in Jacksonville has seen an increase in rental rates compared to the previous quarter. The rental rate has risen to \$23.20 per square foot from \$22.62 per square foot last quarter. Despite the increase in rental rates, the vacancy rate has also increased from 4.04% last quarter to 4.33% in Q1 2023.

However, when compared to the previous year, there has been a significant increase in rental rates, with a year-over-year rent growth of 11.53%, significantly higher than the national index of 3.8%. These figures suggest that the retail rental market in Jacksonville is experiencing some growth, but the slight increase in vacancy rates indicates that there may be some challenges as economic uncertainty has been affecting markets across the country.

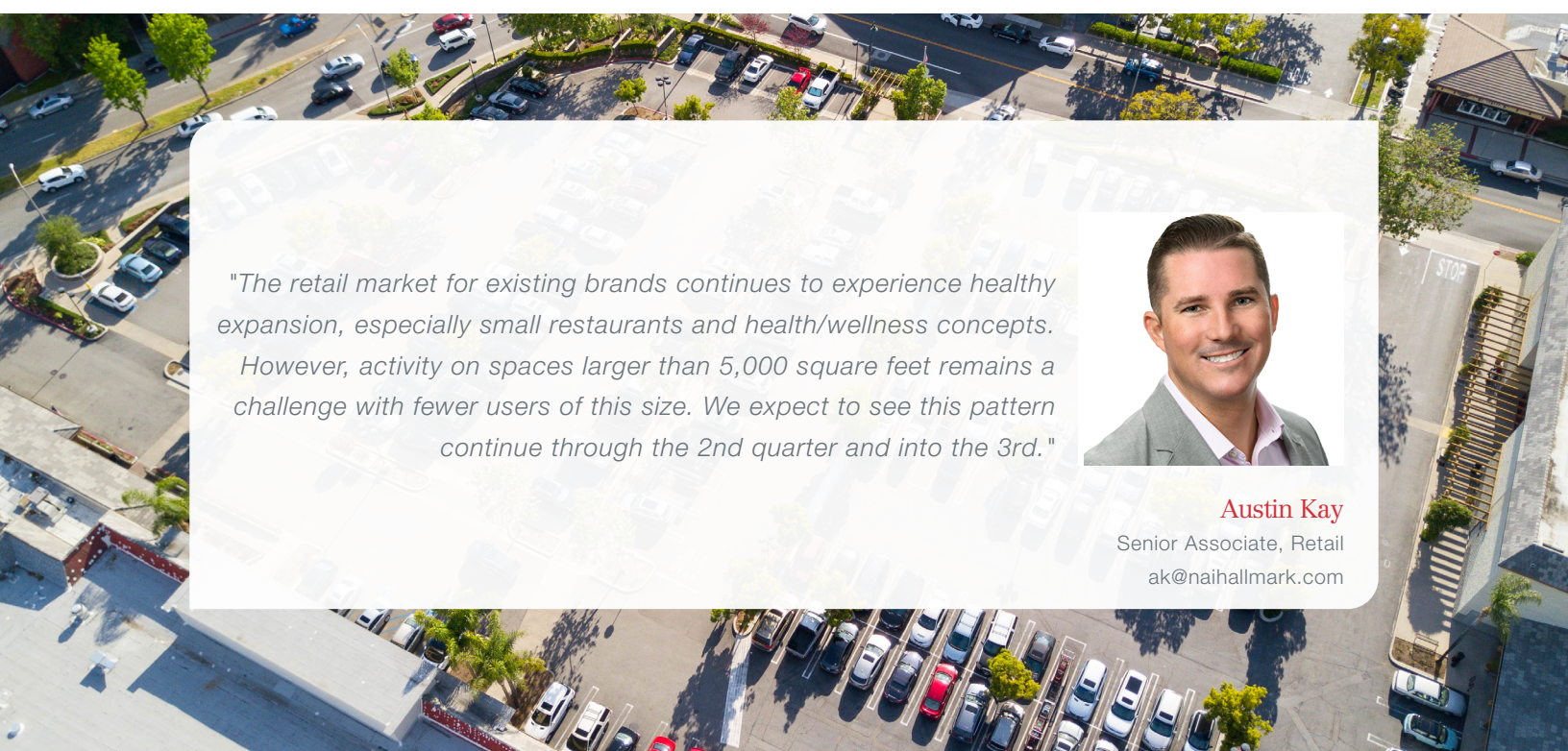
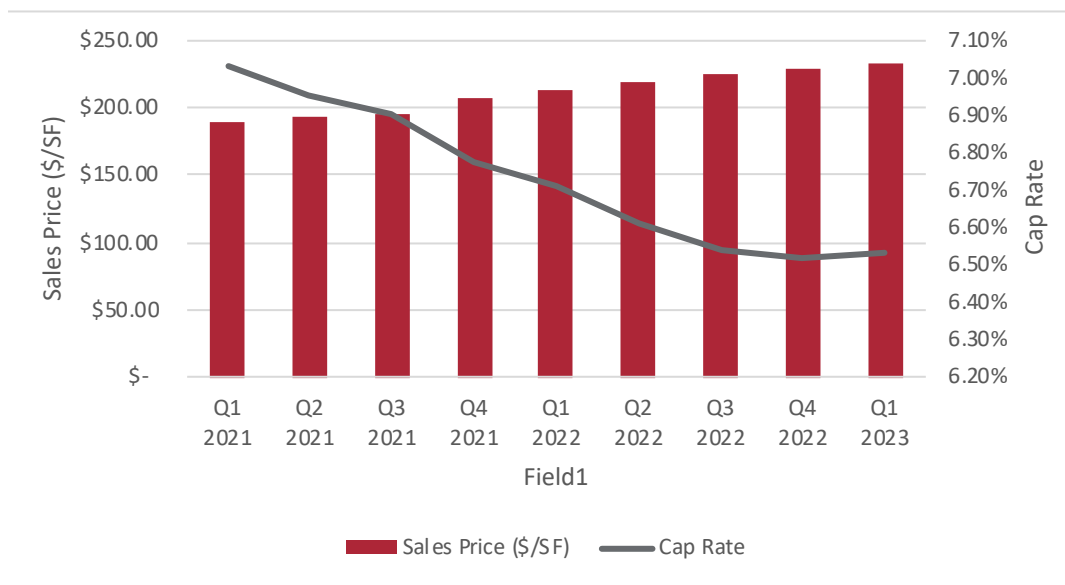




## SALES MARKET

The retail sales market in Jacksonville for Q1 2023 has seen a slight increase in sales price per square foot compared to the previous quarter. The sales price per square foot has risen from \$229 to \$232, indicating a positive trend in the market thanks to a continued increase in rental rates.

Additionally, the cap rates remained relatively unaffected, dropping 1 basis point from Q4 2022 to 6.53%. This remains significantly lower than the nation as a whole, with retail cap rates at 6.68%, maintaining Jacksonville as a favorable market for investors nationwide.



*"The retail market for existing brands continues to experience healthy expansion, especially small restaurants and health/wellness concepts. However, activity on spaces larger than 5,000 square feet remains a challenge with fewer users of this size. We expect to see this pattern continue through the 2nd quarter and into the 3rd."*



**Austin Kay**  
Senior Associate, Retail  
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NAI HALLMARK

## Featured Retail Transaction

### Chipotle

5801 Beach Blvd  
Jacksonville, FL

Sales Price	Price/SF	Cap Rate
\$3,649,000	\$1,505	4.00%

The 2,425 SF Chipotle's prototype with a drive-thru is located along Beach Boulevard (VPD: 32,750), one of Jacksonville's major east/west corridors and one of the most trafficked roads in Jacksonville. Situated on a 0.91 acre outparcel, this Chipotle features a "Chipotlane", an exclusive and modernized drivethru experience that delivers the most efficient experience possible to Chipotle Customers. The Property also has four (4) EVgo electric vehicle charging stations, an amenity which will attract more customers and serve as an additional income source to the Buyer.

NAI Hallmark Senior Vice President Daniel Burkhardt and Managing Partner Keith Goldfaden represented the seller, C & C Jax Investors, LLC. The buyer, a private investor, purchased the Property for \$3,649,000 (or a 4.00% cap rate).

### BROKERS

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## Q1 2023 JACKSONVILLE

# Retail Market Report

### NOTABLE SALE TRANSACTIONS

Property Name	Address	Sale Date	Size (SF)	Sale Price	\$/SF	Cap Rate
Parkway Village	150 Village Commons Rd, Saint Augustine	Jan-23	52,102	\$24,100,000	\$462.55	5.05%
Wendy's	10101 New Berlin Rd, Jacksonville	Feb-23	3,111	\$3,100,000	\$996.46	5.26%
	30 Epic Blvd, Saint Augustine Beach	Feb-23	6,000	\$3,535,000	\$589.17	5.90%
	8046 Philips Hwy, Jacksonville	Feb-23	6,045	\$3,317,500	\$548.80	6.00%
LUV Car Wash	381 Harper Ln, Saint Johns	Jan-23	3,500	\$2,475,000	\$707.14	5.05%

### NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
6014-6132 Merrill Road	Bargain Bins	22,241	Mar-23	Arlington
2039 Hendricks Avenue		13,651	Mar-23	Downtown
1279 Kingsley Avenue		21,000	Mar-23	Orange Park
9365 Philips Highway		11,612	Mar-23	Butler/Baymeadows
9750 Deer Lake Court		10,597	Feb-23	Southside
9802 Baymeadows Road	ACE Hardware	12,790	Jan-23	Butler/Baymeadows
1505 Dennis Street		35,860	Jan-23	Northwest
1401-1435 S Orange	D Bats	23,794	Jan-23	Orange Park

## Q1 2023 JACKSONVILLE

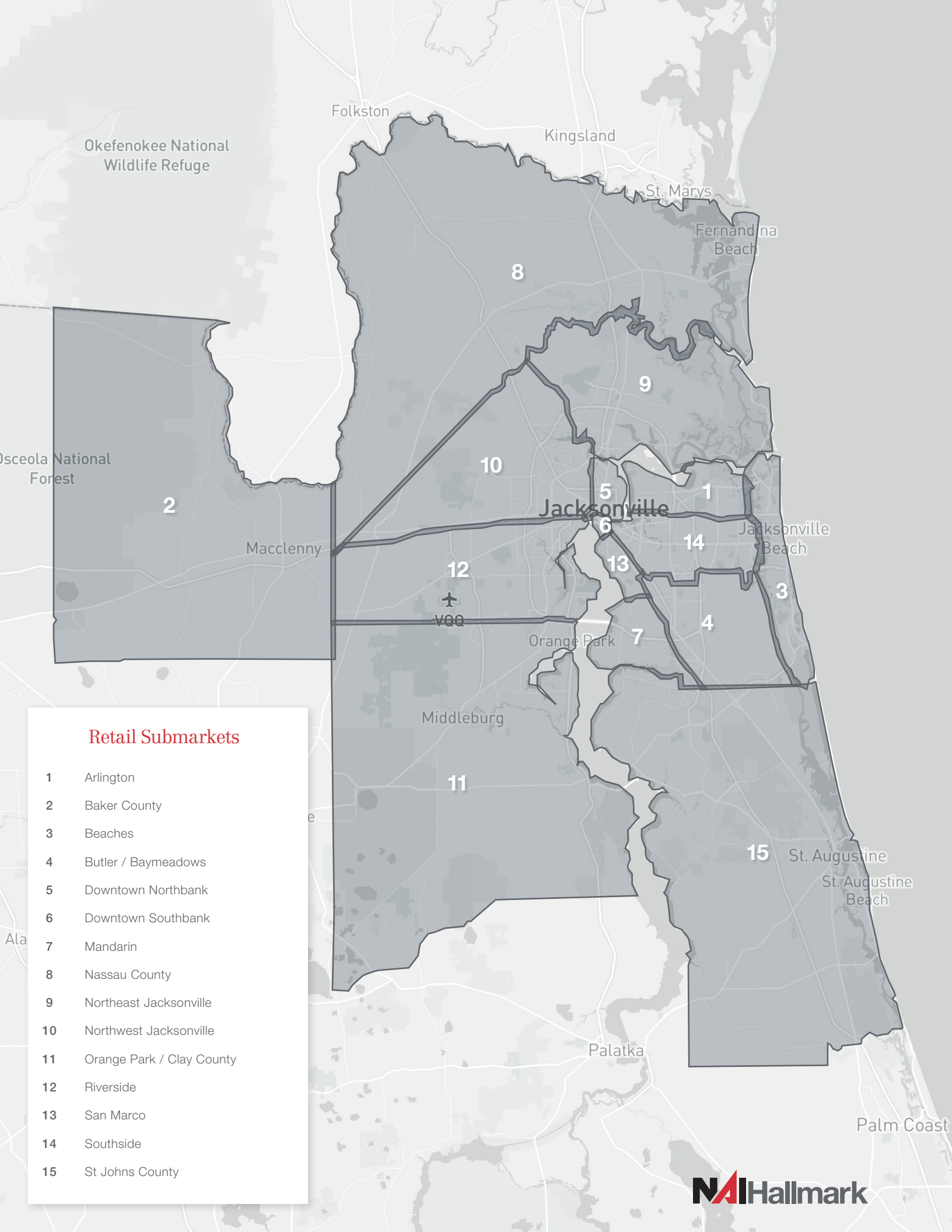
# Retail Market Report

	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
Arlington	8.3%	\$17.59	45,400	7,744,231	6.5%	6.4%
Baker County	0.7%	\$17.09		1,407,508	6.8%	6.8%
Beaches	2.8%	\$29.66	135,619	5,267,158	6.0%	6.0%
Butler/Baymeadows	6.6%	\$32.37	9,819	5,585,169	6.3%	6.3%
Downtown Northbank	5.4%	\$15.55		4,328,167	7.1%	7.0%
Downtown Southbank	5.7%	\$25.47	17,280	713,444	6.2%	6.2%
Mandarin	5.0%	\$26.52		4,756,468	6.4%	6.3%
Nassau County	3.0%	\$22.09	44,170	6,154,735	6.7%	6.7%
Northeast Jacksonville	6.9%	\$23.46	30,250	3,969,906	6.6%	6.6%
Northwest Jacksonville	6.9%	\$15.68		4,649,198	7.1%	7.1%
Orange Park/Clay County	6.1%	\$22.72	22,373	10,948,158	6.5%	6.5%
Riverside	3.3%	\$21.92	14,752	13,930,216	6.8%	6.7%
San Marco	2.6%	\$20.12		3,032,554	6.7%	6.6%
Southside	2.2%	\$24.37	138,173	15,210,784	6.3%	6.3%
St Johns County	2.7%	\$25.88	401,705	12,933,626	6.3%	6.2%
<b>Jacksonville MSA</b>	<b>4.3%</b>	<b>\$23.19</b>	<b>\$232.06</b>	<b>859,541</b>	<b>100,647,058</b>	<b>6.5%</b>
<b>National Index</b>	<b>4.2%</b>	<b>\$23.97</b>	<b>\$244.99</b>	<b>66,542,052</b>	<b>11,905,761,243</b>	<b>6.7%</b>

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



VQQ

6

13

14

3

Orange Park

7

4

Middleburg

11

15

St. Augustine

St. Augustine Beach

### Retail Submarkets

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Palatka

Palm Coast

## Q1 2023 JACKSONVILLE

# Industrial Market Report

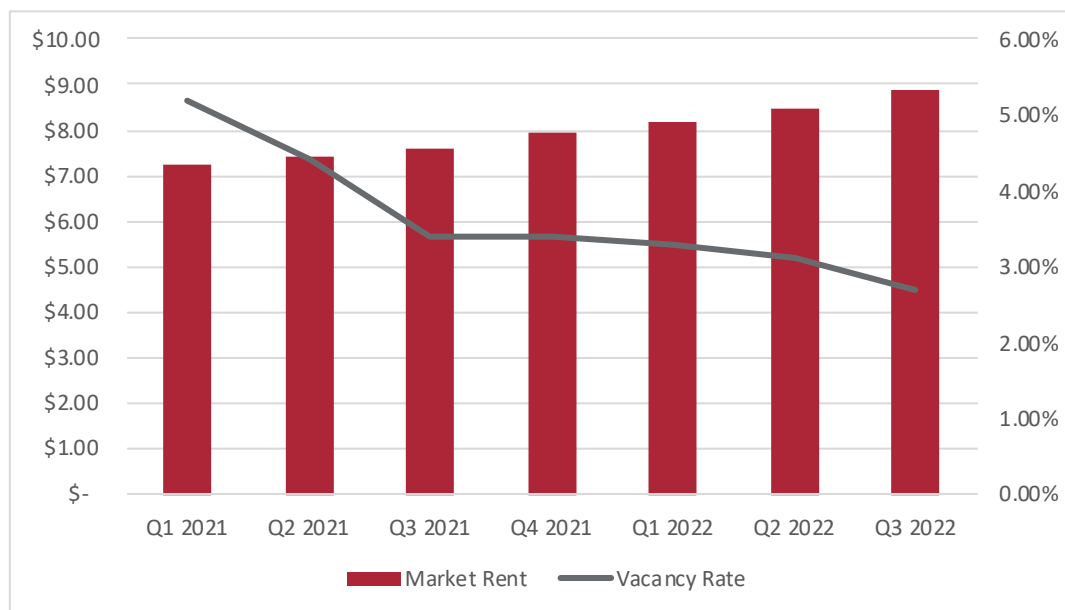
### MARKET INDICATORS

	Current Q1 2023	Prior Q4 2022	Year Ago Q1 2022	National Index
Vacancy	↑ 3.80%	2.30%	3.30%	4.30%
Effective Rent (\$/SF)	↑ \$9.25	\$9.07	\$8.15	\$11.41
Rent Growth	↓ 13.50%	14.50%	11.60%	10.30%
Market Cap Rate	↓ 6.03%	6.10%	6.09%	5.99%
Market Sales Price/SF	↑ \$102	\$99	\$91	\$162

### RENTAL MARKET

The Jacksonville industrial market has seen tremendous growth over the past several years, so it is no surprise that rental rates have continued to increase to \$9.25 per square foot annually in Q1, up from \$9.07 in Q4 2022. This remains well below the national average of \$11.41, leaving the

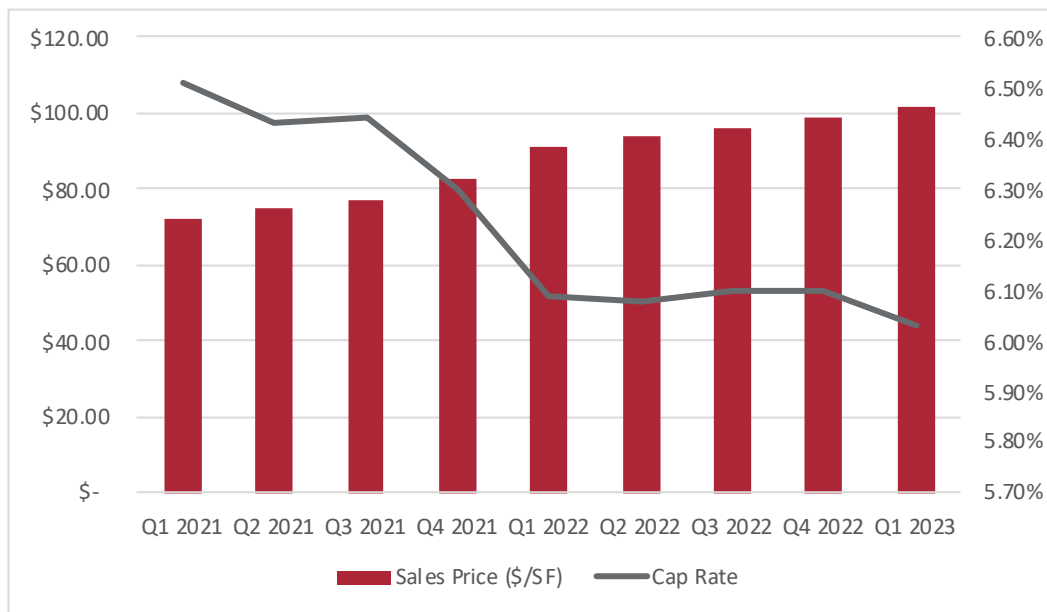
market with plenty of room for further growth in rental rates. The vacancy rate however, did see an uptick to 3.8% following several quarters below 3%, however Jacksonville still remains well below the national number of 4.3%.



## SALES MARKET

Industrial properties in Jacksonville remain a very desirable asset for investors across the country, as evident by the further compression in cap rates this quarter to 6.03%, even considering increasing

interest rates. Sales price per square foot also saw a slight increase to \$102 per square foot, up from \$99 per square foot during Q4 of 2022.



*“With a slight uptick in vacancy, Jacksonville’s industrial market does not appear to be as robust as in months past. This can be attributed to substantial square footage delivered by developers in the Northside and Westside sub-markets. Despite this uptick in vacancy, Jacksonville is poised to perform better than the national average. I anticipate that industrial leasing will maintain consistent to moderately strong performance, particularly among small bay tenants.”*



**Camden Padgett**  
Senior Associate  
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NAI HALLMARK

# Featured Industrial Transaction



## Philips Distribution Center

7662 Philips Highway  
Jacksonville, FL 32256

Square Feet

20,850

Term

5 Year

Date

Mar '23

Philips Distribution Center is a 161,200 SF mixed-use project on 12 acres that includes 3 buildings offering retail, showroom and warehouse suites for lease. A desirable Southside location w/ excellent visibility and accessibility to Philips Hwy, Interstate 95 and Butler Boulevard.

### BROKERS

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Q1 2023 JACKSONVILLE

# Industrial Market Report

## NOTABLE SALE TRANSACTIONS

Address	Sale Date	Size (SF)	Sale Price	\$/SF
3660 Deerpark Blvd S, Elkton, FL	Mar-23	321,500	\$30,000,000	\$93.31
2280 Lane Ave N, Jacksonville, FL	Mar-23	160,000	\$18,170,000	\$113.56
4200 Perimeter Pkwy, Jacksonville	Feb-23	168,000	\$20,700,000	\$123.21
2983 Faye Rd, Jacksonville, FL	Jan-23	234,000	\$15,900,000	\$67.95

## NOTABLE LEASE TRANSACTIONS

Property	Tenant	Leased SF	Date Signed	Submarket
560 Zoo Parkway		130,400	Mar-23	Ocean Way
1400 Zoo Parkway	Primark	547,200	Mar-23	Ocean Way
2855 Faye Road	Samsonite	240,000	Mar-23	Northeast
8001 Westside Industrial Drive		100,000	Mar-23	West Side
2730 Pickettville Road		144,000	Feb-23	West Side
3031 Westside Blvd		106,443	Jan-23	North Side
9765 N Main Street	Arcadia Cold	216,297	Jan-23	Ocean Way

## Q1 2023 JACKSONVILLE

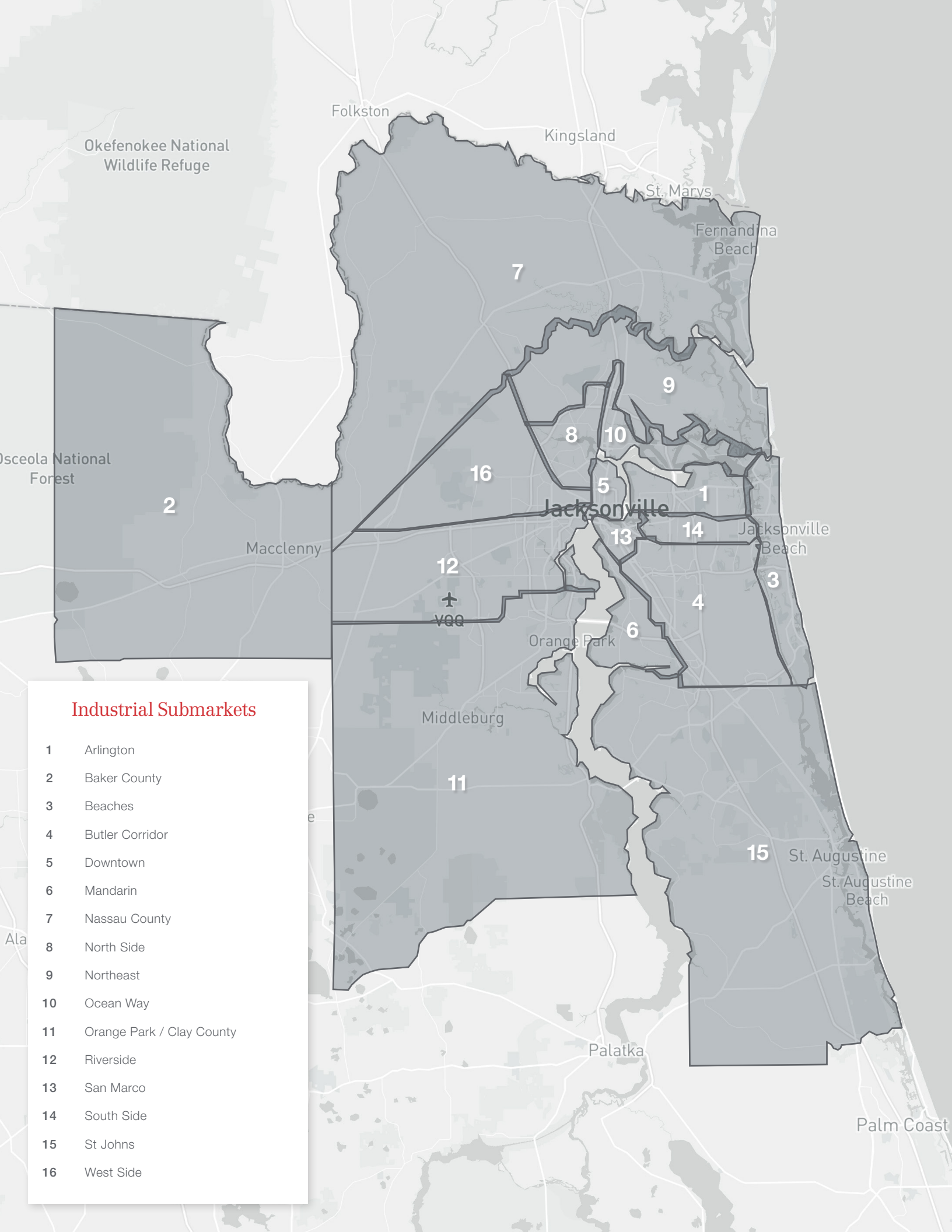
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Arlington	4.0%	\$12.46	18,000	1,048,731	6.5%	6.6%
Baker County	3.1%	\$7.56		1,350,145	5.6%	5.7%
Beaches	2.3%	\$17.21	10,000	1,224,369	6.0%	6.1%
Butler Corridor	3.1%	\$11.60	49,750	21,258,580	6.1%	6.2%
Downtown	2.0%	\$6.86		11,332,509	6.5%	6.6%
Mandarin	1.9%	\$12.99		1,625,652	6.4%	6.4%
Nassau County	1.4%	\$9.06	147,000	3,515,928	5.6%	5.8%
North Side	9.1%	\$8.00		10,138,367	5.8%	6.0%
Northeast	9.3%	\$8.72		5,988,952	5.6%	5.8%
Ocean Way	4.0%	\$10.02	3,417,615	17,599,686	5.6%	5.9%
Orange Park/Clay County	0.9%	\$9.90	11,617	6,478,195	6.5%	6.6%
Riverside	1.2%	\$8.22	20,000	22,460,641	6.2%	6.3%
San Marco	2.2%	\$10.33	11,700	4,955,437	6.3%	6.4%
South Side	0.2%	\$13.18		1,709,381	6.3%	6.5%
St Johns	2.4%	\$12.43	397,708	6,868,085	6.1%	6.2%
West Side	5.4%	\$7.69	3,366,298	37,178,394	5.8%	6.0%
Jacksonville MSA	3.8%	\$9.21	\$102.79	7,449,688	154,733,052	6.0%
National Index	4.3%	\$11.43	\$163.76	633,900,736	18,240,987,661	6.0%

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

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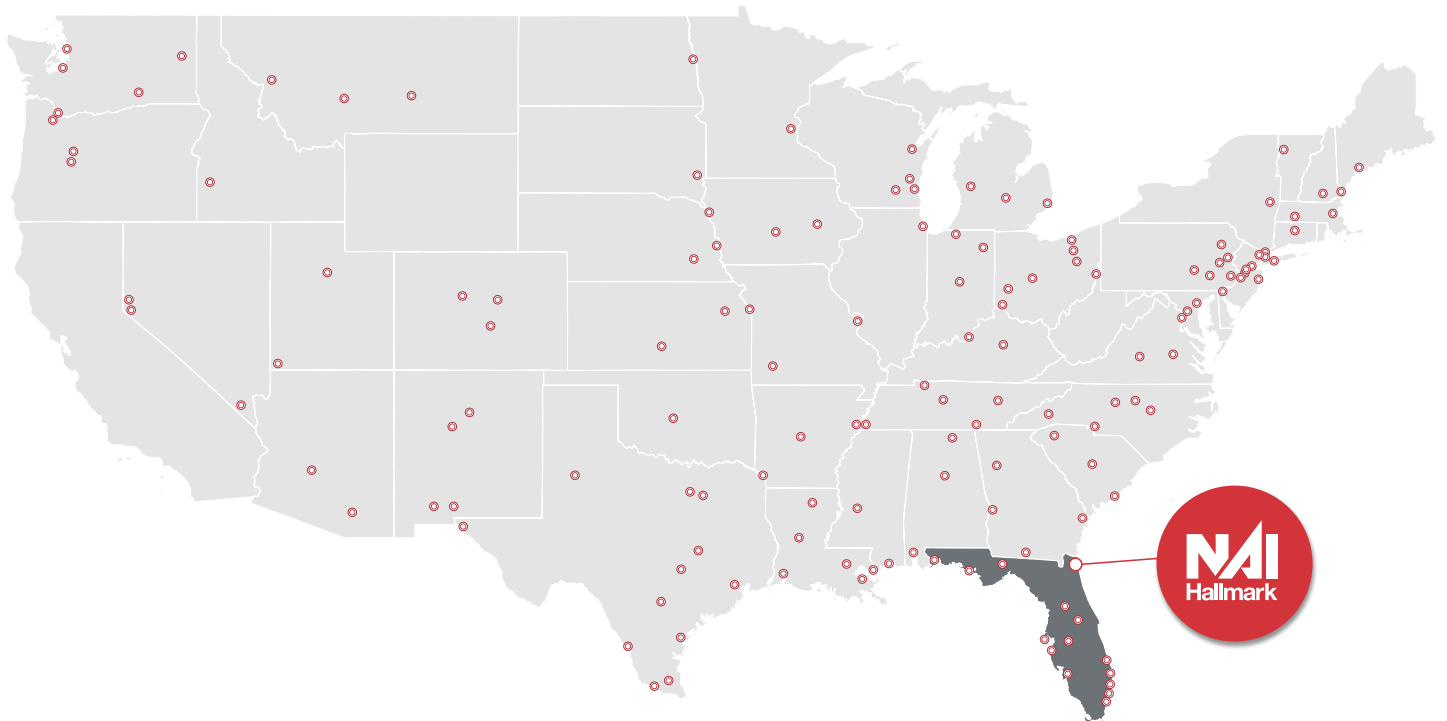
## Industrial Submarkets

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- 10 Ocean Way
- 11 Orange Park / Clay County
- 12 Riverside
- 13 San Marco
- 14 South Side
- 15 St Johns
- 16 West Side

Q1 2023 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.



Q1 2023 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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