

Jacksonville

Strong close to 2022 with historically low vacancy, record development and positive absorption

- Total vacancy dropped 130 bps to a record low of 2.7% this quarter
- Almost 7 million s.f. across 24 buildings remains under construction at the close of the year
- Less than 10% of the new space delivered this year remains available to lease
- Over 4 million s.f. of space was absorbed this year, a near record volume

This quarter closed out a record-breaking year for the Jacksonville industrial market. Almost 7 million s.f. of new space is under construction, including two buildings over one million s.f. 95% of the new development is in the Northside and Westside submarkets, with Imeson Park South and Florida Gateway Logistics accounting for about 50% of the total square footage.

Despite delays, over 1.1 million s.f. delivered this quarter, pushing year-to-date completions to just shy of 3 million s.f. Limited availabilities in existing buildings has resulted in strong leasing activity in new product. Of the new space delivered this year, less than 10% remains available to lease.

Consistent demand is also reflected in the record low vacancy rate, and near historic absorption recorded this year. This quarter's historic 2.7% total vacancy rate marked the second consecutive quarter of sub-3% vacancy. Further, over 1 million s.f. was absorbed this quarter, pushing year-to-date absorption to 4 million s.f. Unsurprisingly, the Northside submarket accounted for a vast majority of the activity, both this quarter, and this year.

Following a dip in asking rents recorded last quarter due to ground-breakings on major construction projects, rents rebounded quickly. This year closed out with average asking rents at a record \$6.42 p.s.f. NNN, marking a staggering 18.2% increase year-over-year.

Though decision makers are now facing economic headwinds, and larger tenants are assessing their space needs, historically low vacancy, infrastructural improvements, especially at JAXPORT, and consistent in-migration of new residents, should help off-set some economic challenges heading into next year.

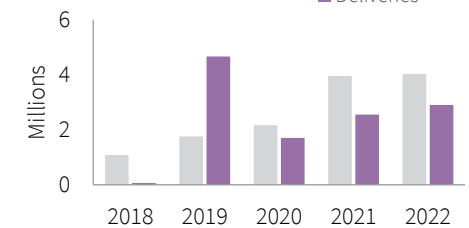
Outlook

Jacksonville's abundance of high-quality space under construction, relative affordability, and continuing infrastructural improvements positions the market well heading into 2023.

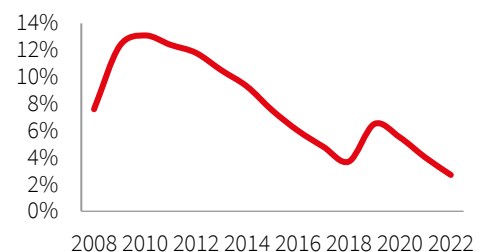
Fundamentals

	Forecast
YTD net absorption	4,025,008 s.f. ▲
Under construction	6,894,231 s.f. ▼
Total vacancy	2.7 % ►
Sublease vacancy	117,328 s.f. ▼
Direct asking rent	\$6.41 p.s.f. ▲
Sublease asking rent	\$8.95 p.s.f. ▲
Concessions	Stable ►

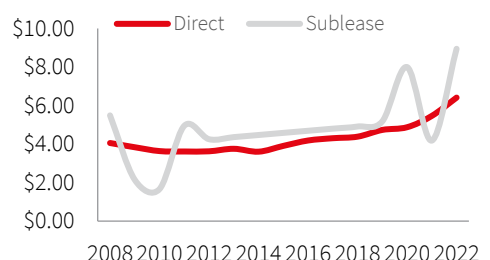
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Jacksonville total										
Warehouse & Distribution	85,556,253	866,672	4,066,657	4.8%	2.9%	9.8%	\$6.42	1,108,659	2,898,594	6,894,231
Manufacturing	19,290,885	300,594	-41,649	-0.2%	1.8%	1.4%	\$5.13	0	0	0
Overall Total	104,847,138	1,167,266	4,025,008	3.8%	2.7%	8.3%	\$6.42	1,108,659	2,898,594	6,894,231
Clay County										
Warehouse & Distribution	2,213,361	0	0	0.0%	0.0%	7.3%	\$5.13	0	0	0
Manufacturing	1,196,125	0	0	0.0%	7.4%	0.0%	\$0.00	0	0	0
Overall Total	3,409,486	0	0	0.0%	2.6%	4.7%	\$5.13	0	0	0
Downtown										
Warehouse & Distribution	3,446,416	0	0	0.0%	1.2%	2.6%	\$0.00	0	0	0
Manufacturing	3,031,838	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	6,478,254	0	0	0.0%	0.6%	1.4%	\$0.00	0	0	0
NorthSide										
Warehouse & Distribution	24,751,872	739,401	3,176,973	12.8%	0.3%	10.9%	\$6.34	669,943	2,011,980	3,196,561
Manufacturing	4,798,268	297,671	-95,539	-2.0%	2.0%	2.0%	\$5.13	0	0	0
Overall Total	29,550,140	1,037,072	3,081,434	10.4%	0.6%	9.6%	\$6.32	669,943	2,011,980	3,196,561
St Johns Ind										
Warehouse & Distribution	1,636,681	0	5,000	0.3%	2.1%	19.1%	\$9.12	0	0	344,808
Manufacturing	901,425	2,923	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	2,538,106	2,923	5,000	0.2%	1.3%	13.1%	\$9.12	0	0	344,808
Westside										
Warehouse & Distribution	41,567,065	-50,221	615,309	1.5%	4.9%	11.3%	\$6.19	438,716	760,118	3,352,862
Manufacturing	7,613,226	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	49,180,291	-50,221	615,309	1.3%	4.2%	9.7%	\$6.19	438,716	760,118	3,352,862
Southside										
Warehouse & Distribution	11,940,858	177,492	269,375	2.3%	2.6%	2.4%	\$8.44	0	126,496	0
Manufacturing	1,750,003	0	53,890	3.1%	9.7%	9.7%	\$0.00	0	0	0
Overall Total	13,690,861	177,492	323,265	2.4%	3.5%	3.3%	\$8.44	0	126,496	0