

FIGURES | JACKSONVILLE INDUSTRIAL | Q2 2025

Headwinds remain in 2025 as leasing activity drops and vacancy rises

▲ 7.7%

Vacancy Rate

▲ 541,144

SF Net Absorption

▲ 5,407,972

SF Under Construction

▲ 1,243,244

SF Deliveries

▲ \$8.69

Triple Net / Lease Rate

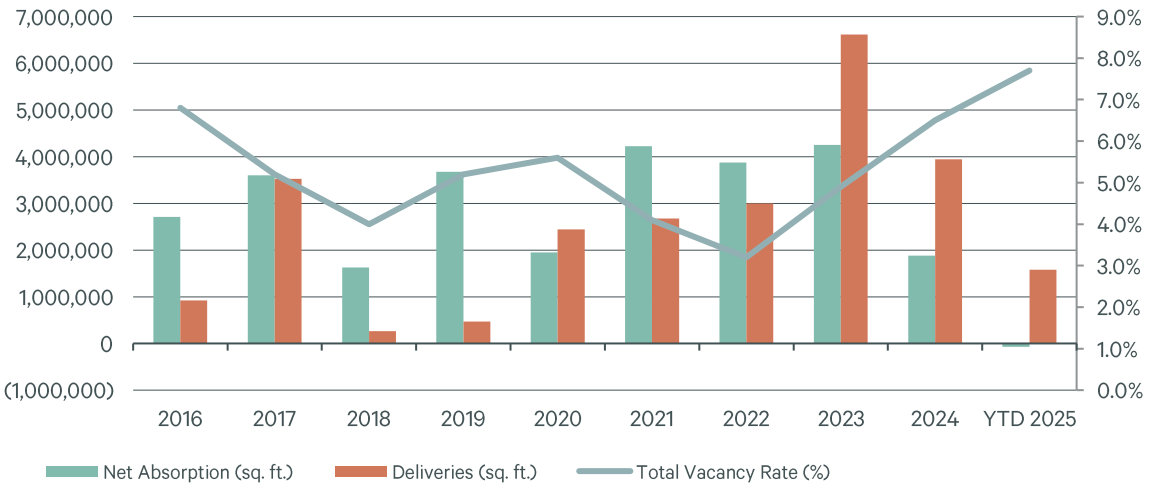
Note: Arrows indicate change from previous year.

OVERVIEW

- Total vacancy sits at 7.7%. Vacancy rose 250 bps compared to Q2 2024 due to construction completions totaling 5.5 million sq. ft since 2024 with 3.3 million sq. ft. vacant.
- According to RCA, the sale of investment-grade properties during the first half of 2025 totaled approximately \$296.5 million across 2.4 million sq. ft (\$125.58 per sq. ft.) compared to \$356.8 million across 3.3 million sq. ft. (\$109.35 per sq. ft.) during the same period in 2024.
- According to the Bureau of Labor Statistics, the unemployment rate in May was 3.6%, a 40 basis point increase compared to a year ago for Jacksonville. The rate is down from 10.8% in April 2020. The rate compares to Florida (3.7%) and the U.S. (4.2%).

The industrial market in 2025 faces several significant hurdles, including the lingering impact of the federal government's tariff policies and the effect of increased interest rates for a longer duration than anticipated. These short-term challenges will have a profound influence on the landlord-tenant dynamic in 2025. Meanwhile, the speculative pipeline remains robust, with approximately 3.7 million square feet of projects currently under construction, keeping pace with slower tenant demand.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Jacksonville's industrial space market experienced a significant resurgence in the second quarter of 2025, with 541,144 square feet of positive absorption. Notable tenants that fueled this growth included IKO Roofing (300,000 sq. ft.), Fridababy (270,716 sq. ft.), Beacon Building Products (112,298 sq. ft.), and Cameron Ashley Building Products (49,376 sq. ft.). In contrast, leasing activity slowed in the first half of 2025, with a 6.6% decline compared to the same period in 2024. During the first half of 2025, 101 leases totaling 2.97 million square feet were executed, compared to 124 leases totaling 3.18 million square feet in the first half of 2024. The average lease size during the first half of 2025 was 28,278 square feet, a relatively modest size.

VACANCY

Due to approximately 12.1 million sq. ft. of construction completions in 52 buildings since the beginning of 2023 and 3.6 million sq. ft. of vacant space, the vacancy rate for Q2 2025 rose 250 basis points year-over-year to 7.7%. Accounting for space that has been leased but will not be occupied until future quarters, this figure drops to 7.4%. Due to new construction and slower tenant demand, 34 existing buildings and 15 buildings under development can accommodate a user greater than 100,000 sq. ft. In addition, 24 built options exist for users looking for 100,000 sq. ft. or greater in buildings with 28' or greater clear heights. Only six existing buildings can accommodate a user larger than 300,000 sq. ft.

PRICING

The direct weighted average asking lease rate rose to \$8.69 per square foot, marking a 10.0% increase from the previous year. Notably, the R&D/Flex property type achieved a rate of \$11.70 per square foot, while Warehouse/Distribution and Manufacturing properties experienced significant gains, reaching \$8.38 and \$6.57 per square foot, respectively.

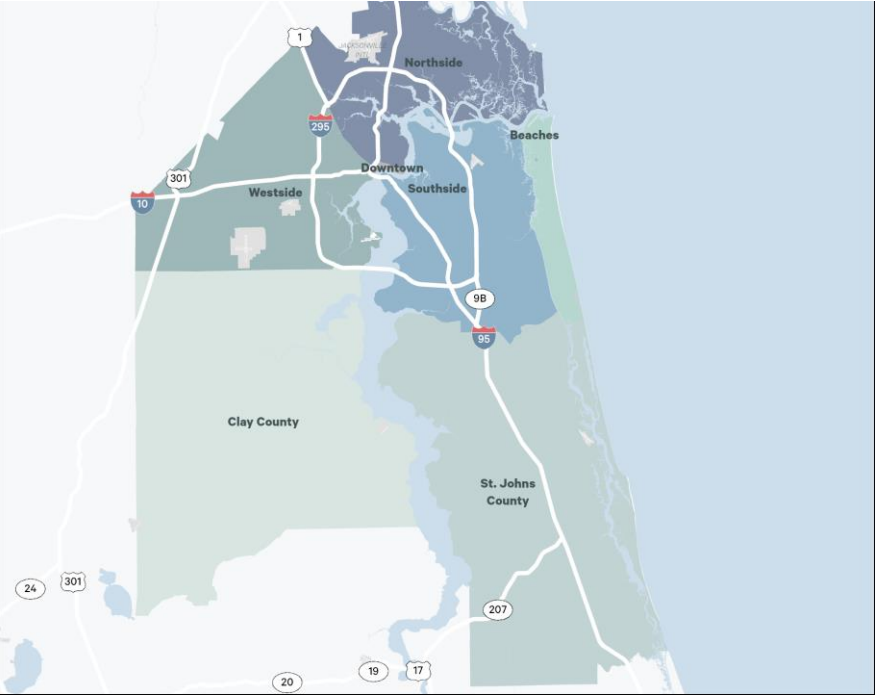
FIGURE 2: Statistical Snapshot Q2 2025

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q2 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/NNN)
Downtown	1,029,331	4.5	4.5	0	0	0	N/A
Beaches	188,007	1.4	1.4	0	(1,350)	0	16.00
Northside	47,440,967	5.8	6.3	(248,163)	(375,953)	2,437,184	8.93
Southside	22,893,847	7.6	7.8	54,447	(247,390)	0	9.17
Westside	53,508,598	7.5	7.8	294,842	436,738	1,893,239	7.68
Clay County	3,270,873	5.1	5.1	309,360	309,360	0	11.30
St. Johns County	2,836,493	20.6	31.9	130,658	(190,842)	1,077,549	11.02
Jacksonville Total	131,168,116	7.1	7.7	541,144	(69,437)	5,407,972	8.69
Manufacturing	19,302,251	1.3	1.3	341,600	331,837	231,000	6.57
Warehouse/Distribution	102,751,115	8.1	8.8	224,585	(324,566)	5,176,972	8.38
R&D/Flex	9,114,750	8.1	8.8	(25,041)	(76,708)	0	11.70

FIGURE 3: Notable Leases Q2 2025

Submarket	Property	Tenant	Transaction (SF)
Westside	11015 Development Way	Fridababy	270,716
Northside	13398 International Pkwy	Coach Services	193,324
Northside	13903 Alvarez Rd	Traincroft	146,820
Westside	4660 New World Dr	JinkoSolar	121,783

Market Area Overview



ECONOMIC OUTLOOK

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

Survey Criteria: Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Clay, Duval and St Johns counties.

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