

INVESTMENT FORECAST

Industrial
Jacksonville Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2024

Infrastructure Enhancements Bolster Both Fundamentals and Investment in Jacksonville

Development holds steady as port upgrades continue. A slate of speculative deliveries will put upward pressure on vacancy, with less than a quarter of square footage scheduled for delivery in 2024 accounted for by late February. Given that this market notes the lowest vacancy rate among major U.S. metros for modern logistics space, Jacksonville is well-positioned to take on these arrivals. Further large-scale supply additions may also be warranted as enhancements to the area's maritime hub come online. Investment in the Port of Jacksonville is proving to be a major driver of long-term demand growth as the Eastern Seaboard takes on a larger proportion of the nation's maritime imports. In addition to three new cranes coming online this year, a \$72 million expansion to the port's Blount Island Terminal will enhance its throughput capacity by roughly 150 percent annually upon completion in 2025. This could drive logistics operators to seek out arrangements in Northeast Jacksonville this year to prepare for the opening of this facility.

Robust deal flow emphasizes Jacksonville's supply chain importance. Contrasting national trends, and highlighting Jacksonville's growing prominence as a logistics hub, transaction velocity in 2023 proceeded at a rate comparable to the previous year, exceeding the most active pre-pandemic span by more than 20 percent. Infrastructure upgrades to the Port of Jacksonville may be supporting deal flow; buyers targeting port-adjacent assets are active in North New Berlin, where multiple warehouses have changed hands for less than \$5 million. The Interstate 95 Corridor south of Jacksonville proper should also remain a transaction epicenter, with a number of pre-2000 warehouses trading for less than \$3 million. Furthermore, the metro marks the western terminus of Interstate 10, which should draw investors to the confluence of these two throughways.

2024 MARKET FORECAST

+1.1%



EMPLOYMENT: Jacksonville's employment base will expand by a modest 9,000 positions in 2024, the smallest upward movement noted in the market since 2012.

2.3 million
sq. ft.



CONSTRUCTION: Development this year holds roughly in line with the post-2014 annual average. Over 780,000 square feet of this year's delivery schedule stem from a single project on Zoo Parkway.

+40 bps



VACANCY: A swath of speculative deliveries results in a near-term bump in the overall vacancy rate to 3.4 percent. Still, this is the second-lowest metric among major metros nationwide.

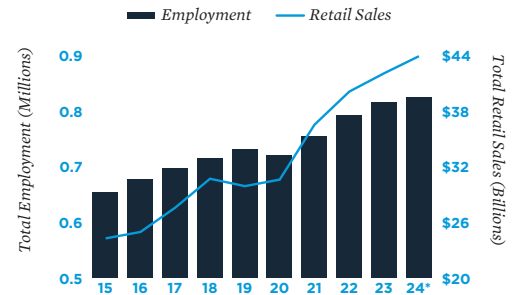
+4.3%



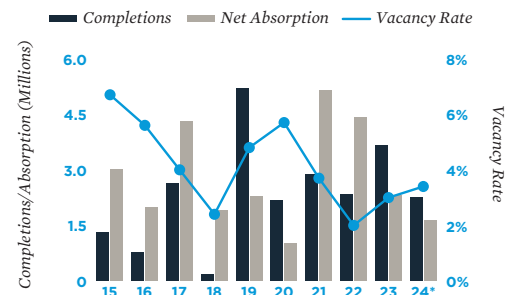
RENT: Low vacancy compared to historical norms allows rents to maintain an upward trajectory. The mean marketed rent will close out 2024 at \$9.74 per square foot.

INVESTMENT: Investors seeking out new builds may look to the Ocean Way or West Side submarkets, which boast a combined 1.7 million square feet under development as of February 2024.

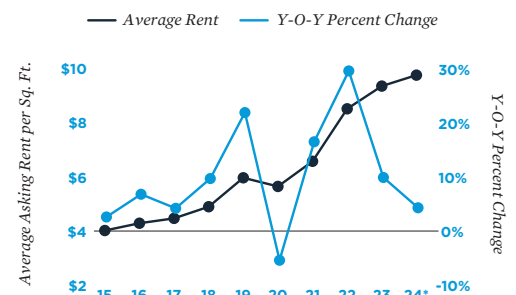
Economic Trends



Supply and Demand



Rent Trends



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.