INVESTMENT OUTLOOK

Industrial

Jacksonville Metro Area

IPA | INSTITUTIONAL PROPERTY ADVISORS

MIDYEAR 2025

Port Improvements Support Postive Outlook Amid Strengthening Investor Activity

Construction surge continues as leasing activity picks up. During the 12 months ended in March, elevated new supply coincided with softening demand, pushing Jacksonville's vacancy rate up by 150 basis points. Pressure on the metro's fundamentals will likely be short-lived, however, as the total square footage leased in the first five months of 2025 marked a roughly 50 percent increase compared with the prior five-month period. Meanwhile, the Jacksonville Port continues to expand its capabilities, having completed the first phase of a $60 million berth project in February. Another berth is under construction and set to deliver in 2027. While a notable gain in import volume has yet to materialize, these upgrades are designed to support increased efficiency for auto manufacturers and provide additional capacity to accommodate growth in the years ahead. The anticipated added freight volume from these investments warrants ongoing industrial space additions, despite the short-term pressure on vacancy. Even so, Jacksonville's vacancy rate is expected to remain among the lowest 20 percent of major metros by year-end.

Deal flow gains momentum. Investment appeal in Jacksonville became stronger in 2025. During the year ended in March, the metro's transaction velocity outpaced the previous 12-month period by 40 percent, while total dollar volume grew by 60 percent. Properties in the $20 million-and-up range accounted for over half of this volume. Activity was heavily concentrated in infill locations with strong connectivity. After recording sharp increases in trading last year, relatively low vacancy rates in Riverside — especially along the Interstate 10 corridor — and Ocean Way will help these submarkets remain well positioned. Additionally, the Southeast corridor along U.S. Route 1 saw a notable number of sub-$5 million transactions — a dynamic likely to hold for the near future.

2025 MARKET FORECAST

+1.4% — **EMPLOYMENT:** Jacksonville's employment base is set to expand by 11,000 positions in 2025 — a slight deceleration from last year's growth, largely driven by weakness in the financial sector.

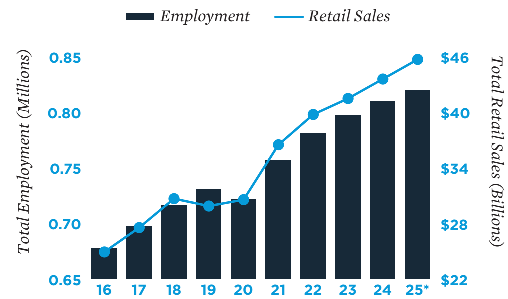
3.5 million *sq. ft.* — **CONSTRUCTION:** Deliveries in 2025 will decline for the second consecutive year, though openings will still represent the fourth-largest inventory percentage gain among major metros.

+20 bps — **VACANCY:** A modest uptick in vacancy will lift the metro's rate to 5.8 percent. While still the lowest measure among major Florida markets, it is Jacksonville's highest level since 2020.

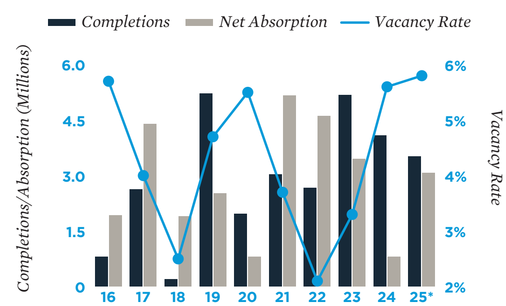
+4.4% — **RENT:** The average asking rent here will reach $10.77 per square foot by year-end, reflecting one of the nation's fastest growth rates, although this still trails neighboring Orlando's 7.1 percent gain.

INVESTMENT: *Investment appeal in Jacksonville's North Side may pick up; the submarket was second among local submarkets in net absorption last year and has seen no development since early 2023.*

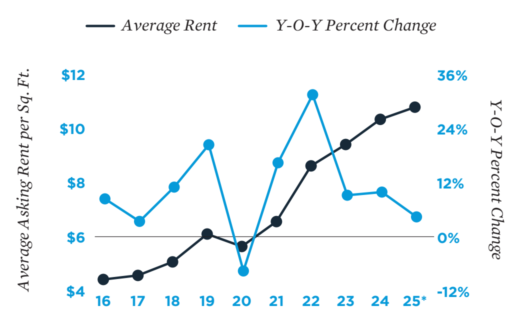
Economic Trends



Supply and Demand



Rent Trends



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

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