

# INVESTMENT FORECAST

Office  
Jacksonville Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2025

## Sales and Construction Activity Shift Southbound From City Proper

**Dispersed deliveries aid recovery.** Last year, net absorption did an about-face from 2023 and is set to improve this year, helping asking rent growth to resume as vacancy falls. Although vacancy in 2024 had the benefit of very low supply pressure, this year's step-up in construction will not be large. The new supply in 2025 comprises many smaller buildings, located south from the CBD. This distribution should allow suburban vacancy to continue tightening after the rate fell nearly 100 basis points last year. As for the CBD, while demand weakened last year in Downtown Northbank, much of that was due to net relinquishments in the first quarter. If net absorption carries forward recent momentum, vacancy here is likely to stay below the metro's average; nevertheless, downtown's recovery is taking longer than other parts of the market.

**Mid-tier market increasingly active.** Excluding bulk and multi-property sales, transaction velocity was up almost 60 percent in the Jacksonville metro last year, with deals almost exclusively concerning Class B and C offices. The most popular submarket for such properties, and in general, was Southside. The area is the metro's largest submarket by inventory, accounting for over a quarter of total office space. Southside's B/C vacancy rate was slightly above average ending 2024 at 13.8 percent, but was second lowest among the three largest submarkets. This dynamic is likely to support sustained investor interest this year. In 2025, mid- and low-tier offices in nearby Butler and Bay Meadows may also draw investors, given proximity to the Philips Highways and a 490-basis-point drop to segment vacancy here last year. Both Southside and the Butler-Bay Meadows area have the highest average sale prices per square foot for value-oriented assets.

## 2025 MARKET FORECAST

+2.0%



**EMPLOYMENT:** Job creation grows with 16,000 roles added in 2025, but employment in traditionally office-using fields is taking its time to recover, noting just 1,000 new jobs.

247,000  
sq. ft.



**CONSTRUCTION:** This year's new supply increases from 2024's record low, enlarging existing office stock by 0.5 percent. That said, half of the past eight years have had more deliveries.

-90 bps



**VACANCY:** The vacancy rate descends further from its 2023 peak, falling to 14.3 percent this year. This is aided by the strongest net absorption total since 2021.

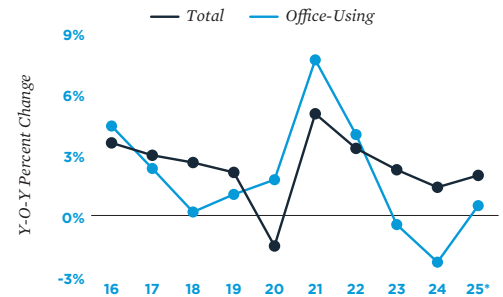
+0.3%



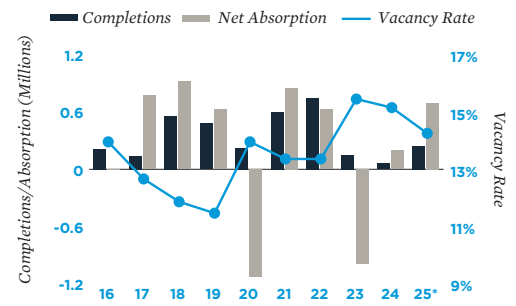
**RENT:** As vacancy tightens and net absorption rises, the average asking rent should partially recover from its retreat last year, inching back up to \$21.78 per square foot.

**INVESTMENT:** Low and declining vacancy for Class A and B/C space, along with the metro's highest asking rents, may draw investors to Jacksonville beaches, where limited inventory is likely to heighten buyer competition.

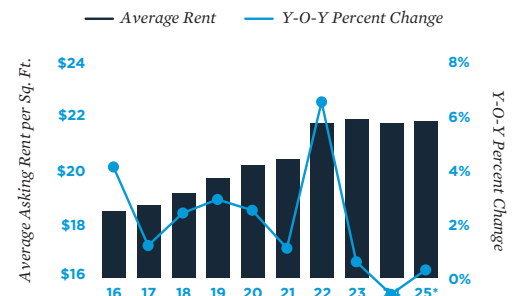
### Employment Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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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 2024. 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 guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.