

INVESTMENT FORECAST

Retail
Jacksonville

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Underlying Demographic, Economic Tailwinds Bolster Retail Amid Select Segment Weakness

Higher-quality spaces outperform. Jacksonville retail continues to benefit from growth in both population and annual gross metro product that rank among the top 10 major markets. Net absorption in 2025, however, lagged behind prior years. Much of this weakness stemmed from relinquishments across older properties, as tenants increasingly prefer newer spaces. While this trend will likely weigh on overall net absorption in 2026, gradual improvement is expected ahead amid a modest uptick in big-box leasing activity in late 2025, largely driven by discount retailers and supermarkets. Performance also remains geographically uneven across the metro. Areas like St. John's County and the beaches maintain vacancy rates below 3 percent, while demand rebounded sharply in the Southside in late 2025. Conversely, weaker population growth is likely to persist, weighing on demand in Mandarin and Downtown, particularly among multi-tenant properties.

Certain submarkets to see the bulk of trading activity. Transaction velocity in Jacksonville slightly outpaced its trailing five-year annual average last year. Activity in submarkets such as Northeast, Northwest, and Downtown Jacksonville may stay tempered in 2026 as leasing activity remains subdued. In contrast, sustained space demand and an average asking rent that has roughly doubled over the past decade should keep St. Johns County the most transacted submarket in the metro. Restaurants, fast-food concepts, and storefronts on the Southside may also continue a trend of increased trading, given improving leasing activity in recent quarters. Investors seeking smaller capital commitments may increasingly target the Riverside-Westwood corridor, where sub-5,000-square-foot properties are posting strengthening net absorption.

2026 MARKET FORECAST

+0.5%



Employment: Jacksonville's employment base expands by just 4,000 positions in 2026, marking the metro's fifth consecutive year of decelerating job growth.

690,000
sq. ft.



Construction: Deliveries accelerate in 2026, expanding inventory by 0.8 percent — among the five fastest rates across major markets, though still slightly below the metro's long-term average.

+20 bps



Vacancy: Elevated completions and tempered demand are expected to pressure the metro's vacancy, with the rate reaching 5.7 percent by year-end, representing its highest level since 2020.

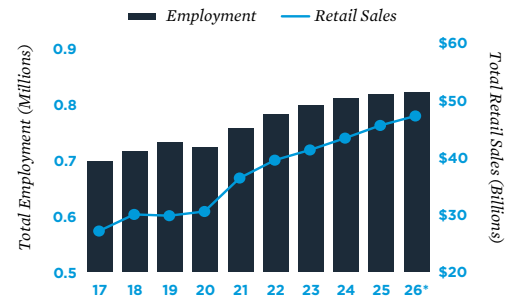
+1.4%



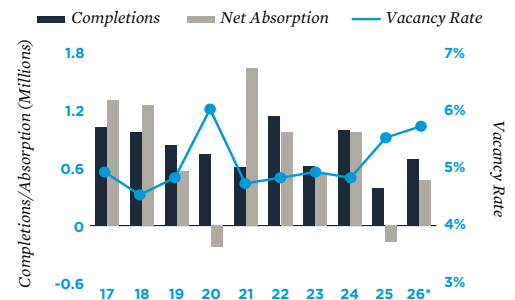
Rent: A second straight year of rising vacancy leads to a fourth consecutive year of decelerating asking-rent growth. The average is forecast to reach \$20.72 per square foot by year-end.

INVESTMENT: While all other shopping center types noted slowing or negative net absorption in 2025, community centers have posted steadily positive quarterly figures since 2024, potentially attracting investment ahead.

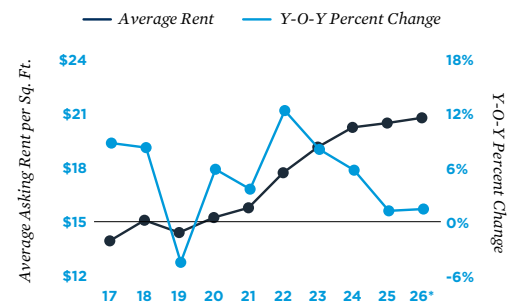
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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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 January 2026. 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 office 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.