INVESTMENT FORECAST

IPA INSTITUTIONAL PROPERTY ADVISORS

Industrial

Jacksonville

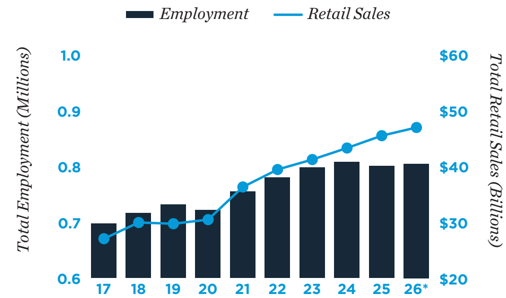
2026

Sharply Slowing Construction Coincides With Improving Port Activity to Temper Rising Vacancy

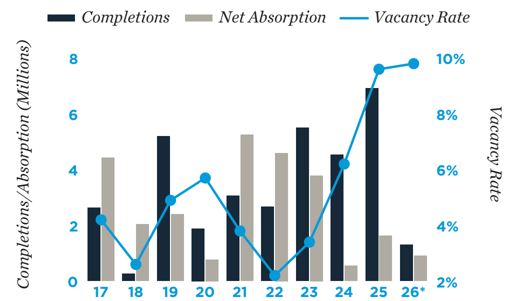
Market relieved by steep contraction in development. Completions in Jacksonville are expected to slow to the lowest level since 2018 in 2026. This comes at an opportune time, as an average of more than 5 million square feet has opened in the metro each of the previous three years, driving a 750-basis-point increase in vacancy during the period. At the same time, the average time to lease reached five months in early 2026, the highest level since mid-2021, reflecting slower absorption in select segments. Small-bay, pre-2000-built properties are experiencing the most pressure, though even newer sub-50,000-square-foot buildings reported net relinquishment in the first quarter. Meanwhile, port activity increased modestly in 2025, despite ongoing tariff headwinds, reflecting robust trade flows that have supported leasing activity for logistics-related demand. This has manifested in resilient net positive absorption of larger, primarily distribution, facilities.

Institutional trading picks up as key submarkets stand out. Investors remained active in Jacksonville's industrial market heading into the second quarter of 2026, with momentum extending across all price tiers. Activity above $20 million accelerated most notably, as institutional capital reengaged following two years of limited transaction volume. Both private and institutional investors are expected to remain focused on assets near key transportation corridors. In Jacksonville's Southside, strong population growth and access to major southbound routes have helped keep vacancy below 6 percent in early 2026, sustaining investor demand for warehouse and distribution space. Private capital is also likely to target assets near the Interstate 10 and 295 interchange, where properties commonly trade for less than $100 per square foot.

Economic Trends



Supply and Demand



2026 MARKET FORECAST

+0.5% — **Employment:** After a net loss, Jacksonville's job count grows in 2026, with the metro adding just 4,000 positions. Gains will likely be concentrated in health services.

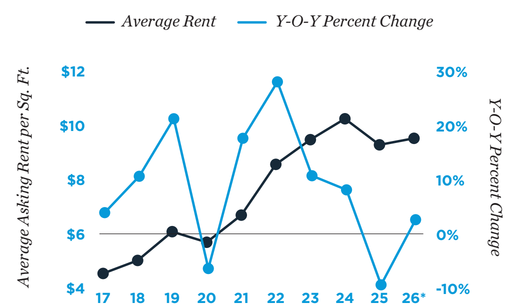
1.3 million *sq. ft.* — **Construction:** Development in the metro slows to less than a quarter of last year's total as inventory expands by just 0.9 percent, nearly in line with the national pace.

+20 bps — **Vacancy:** Slowing deliveries help temper rising vacancy, with the metro's rate ticking up to 9.7 percent, 750 basis points above the record-low level recorded at year-end in 2022.

+2.6% — **Rent:** After the average asking rate declined nearly 10 percent in 2025, Jacksonville will see rent growth resume, with the rate projected to reach $9.50 per square foot by year-end.

INVESTMENT: *The Port of Jacksonville's continued resilience, paired with below-metro-average vacancy, positions the Imeson Park-Oceanway submarket to attract increased investor interest moving forward.*

Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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