

CHAIN STORE AGE  
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THE BUSINESS OF RETAIL

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REAL ESTATE

## Hot Markets Jacksonville



Retail space is hard to find in this rapidly growing metro.

By Al Urbanski

Jacksonville is growing. North Florida's anchor city (the biggest in the nation by land area) added an average of 26,000 residents and 21,000 jobs between 2013 and 2017. It's a trend that is poised to continue with an expected five-year population growth forecast of 102,000 people.

According to Marcus & Millichap, that expansion has translated into a 26% increase in consumer spending and significantly raised demand for space by retail tenants. The 900,000 sq. ft. of new retail GLA expected to come on the market in 2019 will not reverse a six-year decline in the vacancy rate, which dipped to 4.9% this year. Leases are already signed for much of the new space coming on line this year, and demand continues to be high in downtown Jacksonville, San Marco, and Riverside.

"What used to be retail is being torn down and replaced with multifamily housing, medical offices, daycare centers, or distribution space," said longtime Florida broker Nick Banks, manager of Avison Young's Gainesville office.

Retail in Jacksonville is fully in the throes of the evolutionary forces affecting retail in the 21st Century.

"Big-box retail has been affected by internet sales and is going away in many areas. Meanwhile, high-quality retail is delivering what people want and

experiential-based properties are doing really well," Banks said.

That puts a lot of the retail focus on St. Johns County, where upscale population growth has raised demand for high-end retail. St. Johns has the highest median incomes in the Jacksonville metro, according to Marcus & Millichap, and has been a magnet for new-to-market specialty grocers and niche retailers.

Simon's St. Johns Town Center has served as the retail centerpiece there, but new availability is on the way. The bulk of Jacksonville's retail real estate deliverables for 2019 are in St. Johns County. These include an eight building lifestyle center totaling 200,000 sq. ft. and the 352,000-sq.-ft. Durbin Pavilion power center.

Atlanta developer Jeff Fuqua has announced plans for a 67-acre, \$300 million "village center" in the area that will feature office, residential, and retail that will include a 40,000-sq.-ft. food hall with an indoor-outdoor bar. Fuqua said it will take its inspiration from Jacksonville's historic San Marco neighborhood.

Average asking rents in St. Johns County are \$18.03, second in the market to the beach area, which averages \$18.44. The Riverside, Mandarin, Southside, and Butler/Baymeadows submarkets command rents in the \$15 to \$16 range. Average retail rent for the overall metro is \$14.87.

### Jacksonville By The Numbers

**900,000** sq. ft.  
retail GLA to be completed in 2019

**4.9%**  
vacancy rate

**\$14.87**  
average asking rent per sq. ft.

**0.7%**  
increase in asking rent  
over previous year

**100,400**  
five-year population  
growth forecast

**\$4,141**  
monthly retail purchases  
per household

Source: Marcus & Millichap