

Jacksonville

Office market snapshot | Q4 2023

The unemployment rate in Jacksonville witnessed a marginal decrease from the third quarter to 3% at the end of November, yet still outperformed the U.S. national unemployment rate of 3.7%. Nonfarm employment experienced a 3.8% improvement year over year, driven by 4.8% employment growth in the financial activities sector and a 4.4% increase in the professional and business services sector.

92.4%

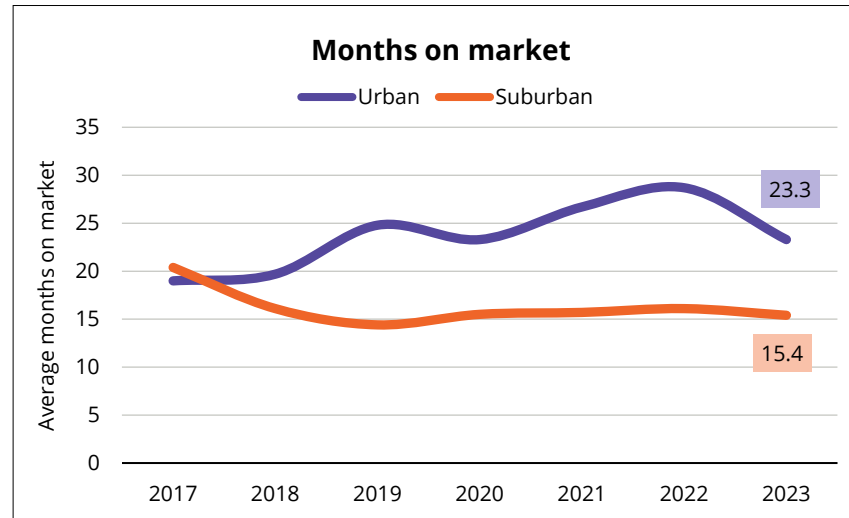
Urban submarkets witnessed a 92.4% year-over-year surge in leasing, while suburban counterparts experienced an 11.3% decrease, indicating a growing demand for urban spaces.

\$160 psf

Office sales pricing in Jacksonville witnessed a year-over-year decline of 14%, reaching an average of \$160 per square foot (psf) in 2023. This figure represents the lowest observed in the market since 2020.

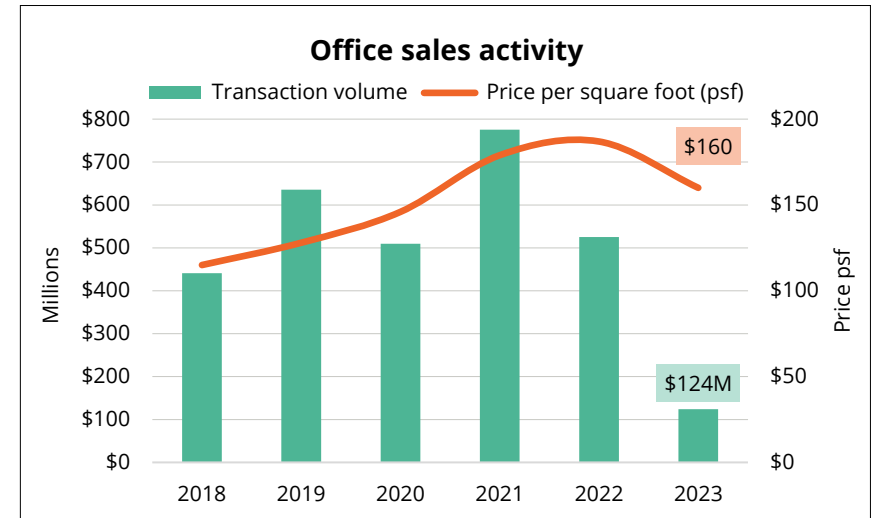
-255k sf

The fourth quarter resulted in just over -255,000 square feet of net absorption. Despite this, the overall absorption for the year remained positive at 13,727 square feet.



In the Jacksonville market, a notable disparity in demand has emerged between urban and suburban submarkets. In the fourth quarter, urban properties took an average of 23.3 months to be leased, 51% longer than the 15.4-month average in suburban markets. Properties in urban submarkets have seen a 19% year-over-year decrease in the average months on market, signaling a potential shift in future leasing dynamics.

Sources: AVANT by Avison Young, CoStar, RCA, US Bureau of Labor Statistics



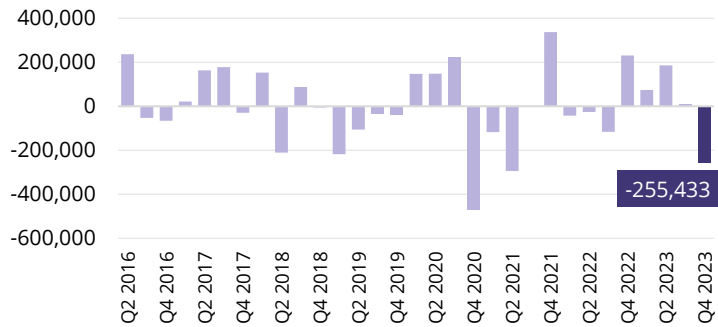
Facing the complexities of increased interest rates and limited financing options, buyers and sellers in Jacksonville witnessed a slowdown in sales activity throughout 2023. Total sales volume reached \$124 million, representing a 76% decrease year over year. Optimism is on the rise in 2024, driven by the Federal Reserve's three anticipated rate drops.

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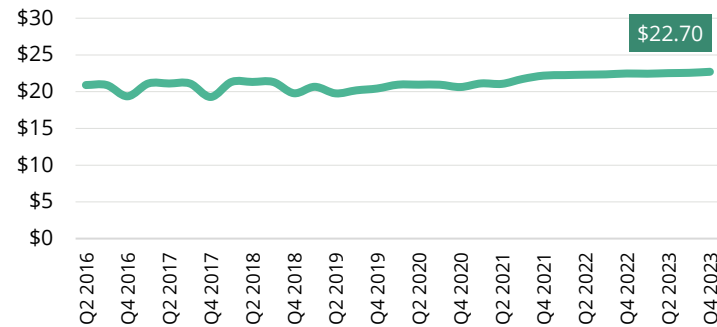
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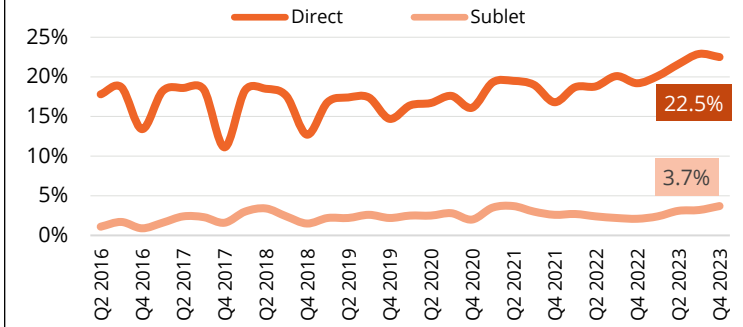
Net absorption (SF)



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Johnson & Johnson	10301 Deerwood Park Blvd.	92,456	Renewal	Direct
HD Supply	9000 Southside Blvd.	61,711	New	Direct
Jacksonville University	121 W. Forsyth St.	53,214	New	Direct
Genpact	6737 Southpoint Dr.	39,086	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Eco Windows	644 Cesery Blvd.	\$2,700,000	\$72.48	Absolute Injury & Pain Physicians

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
I-95/9A Corridor	13,642,406	-	-	18%	3.3%	21.3%	1.9%	(307,150)	(246,960)	\$22.60
Northbank	4,894,241	-	-	18.6%	1.1%	19.8%	(0.6%)	(1,441)	28,995	\$23.72
Southbank	2,172,825	-	-	14.1%	3.9%	18%	(0.7%)	16,002	15,305	\$23.19
Southside	1,662,499	-	-	5.9%	0%	5.9%	(2.6%)	(4,189)	42,778	\$17.61
Westside	915,324	-	-	11.5%	0.7%	12.2%	(4.5%)	2,701	41,501	\$25.05
Arlington	883,337	-	-	25.3%	0%	25.3%	1.9%	2,757	(16,668)	\$17.32
Beaches	696,691	-	22,932	3.4%	0%	3.4%	(2.5%)	3,033	17,532	\$39.47
Clay County	600,465	-	-	1.8%	0.8%	2.7%	(2.1%)	3,793	13,076	\$21.67
Mandarin	521,252	-	-	6.6%	0%	6.6%	(3.8%)	3,090	19,713	\$21.00
St. John's County	385,046	-	-	3.5%	0%	3.5%	(5.2%)	4,662	19,959	\$27.25
Nocatee	351,152	-	-	14.7%	0%	14.7%	(25.7%)	28,099	90,366	\$30.00
Northside	114,608	-	-	19.1%	0%	19.1%	10.4%	(6,790)	(11,870)	\$26.79
Market total	26,839,846	-	22,932	15.9%	2.2%	18.1%	0.0%	(255,433)	13,727	\$22.70

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Class A	13,378,128	-	22,932	19.1%	2.2%	21.3%	0.9%	(252,156)	(120,754)	\$24.46
Class B	13,461,718	-	-	12.6%	2.3%	14.9%	(1.0%)	(3,277)	134,481	\$20.24
Market total	26,839,846	-	22,932	15.9%	2.2%	18.1%	0.0%	(255,433)	13,727	\$22.70