

JACKSONVILLE RETAIL REPORT

JACKSONVILLE MARKET OVERVIEW

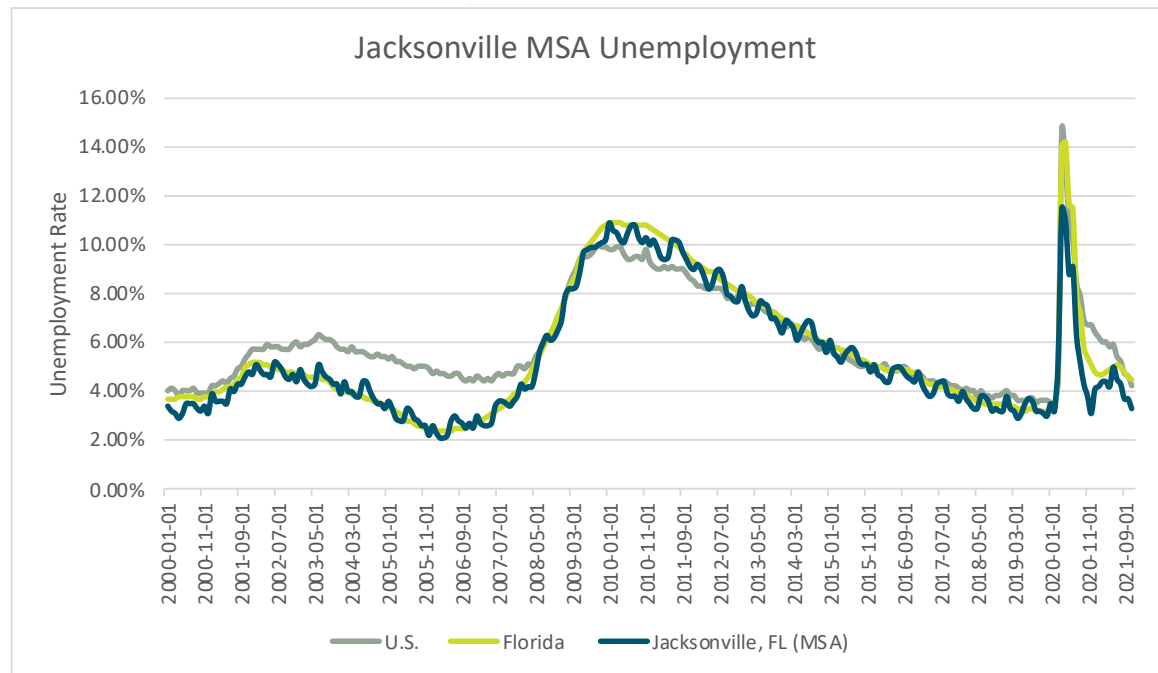
The Jacksonville market is thriving as consumers eagerly returned to in-person retail experiences over the course of 2021. North Florida residents seem to be enjoying a healthy consumer confidence for spending these days, especially in the dining and entertainment sectors. This is no surprise given the healthy fundamentals we are seeing in the region. Not only does Jacksonville have the lowest unemployment rate in the state, but St. Johns County ranks as the wealthiest county in Florida, per average household income.

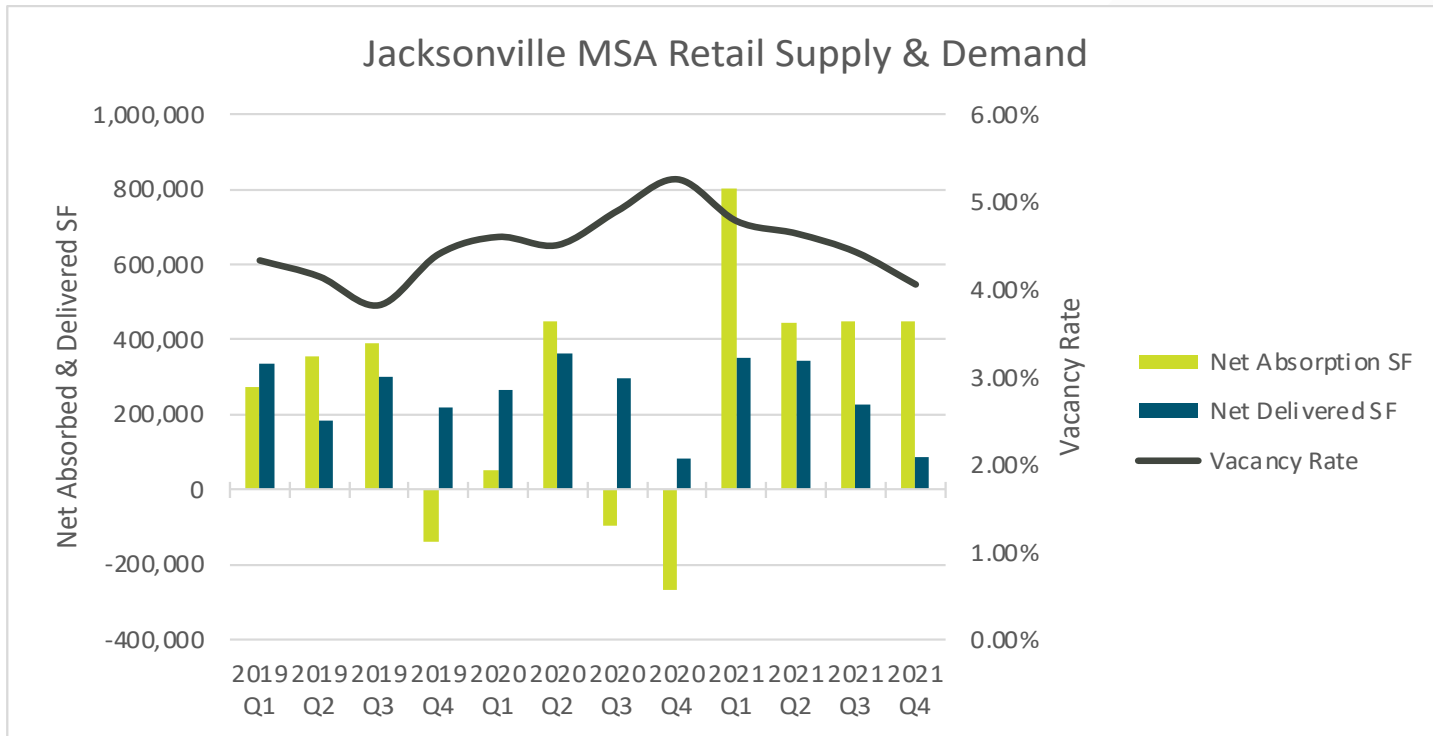
As a result, the market continues to attract numerous new-to-market tenants, while existing retailers are seeking to expand. From service-based retail and quick-service dining to fitness centers, boutique shops and discount retail, there are a wide variety of tenants seeking space in the Jacksonville market. Even some big box stores that have successfully pivoted their real estate strategies to accommodate evolving consumer habits are looking for new locations in the market, although often at smaller square footages.

JACKSONVILLE MSA UNEMPLOYMENT

Unemployment rates across the United States have started to decrease since mid-2020 when unemployment reached its peak due to the pandemic. The average U.S. unemployment rates closed 2021 at 4.20%, while the state of Florida averaged 4.50%. Notably, the Jacksonville MSA exhibited the lowest unemployment rate across the state of Florida and was also well below the United States average, closing 2021 at 3.30%. Jacksonville, the biggest city in the state of Florida, offers incredible employment opportunities and a healthy population relative to comparable cities.

4.20%  
Unemployment Rate  
4.1%  
Vacancy Rate  
\$20.26 PSF  
Avg Rent  
\$200 M  
Sales Volume





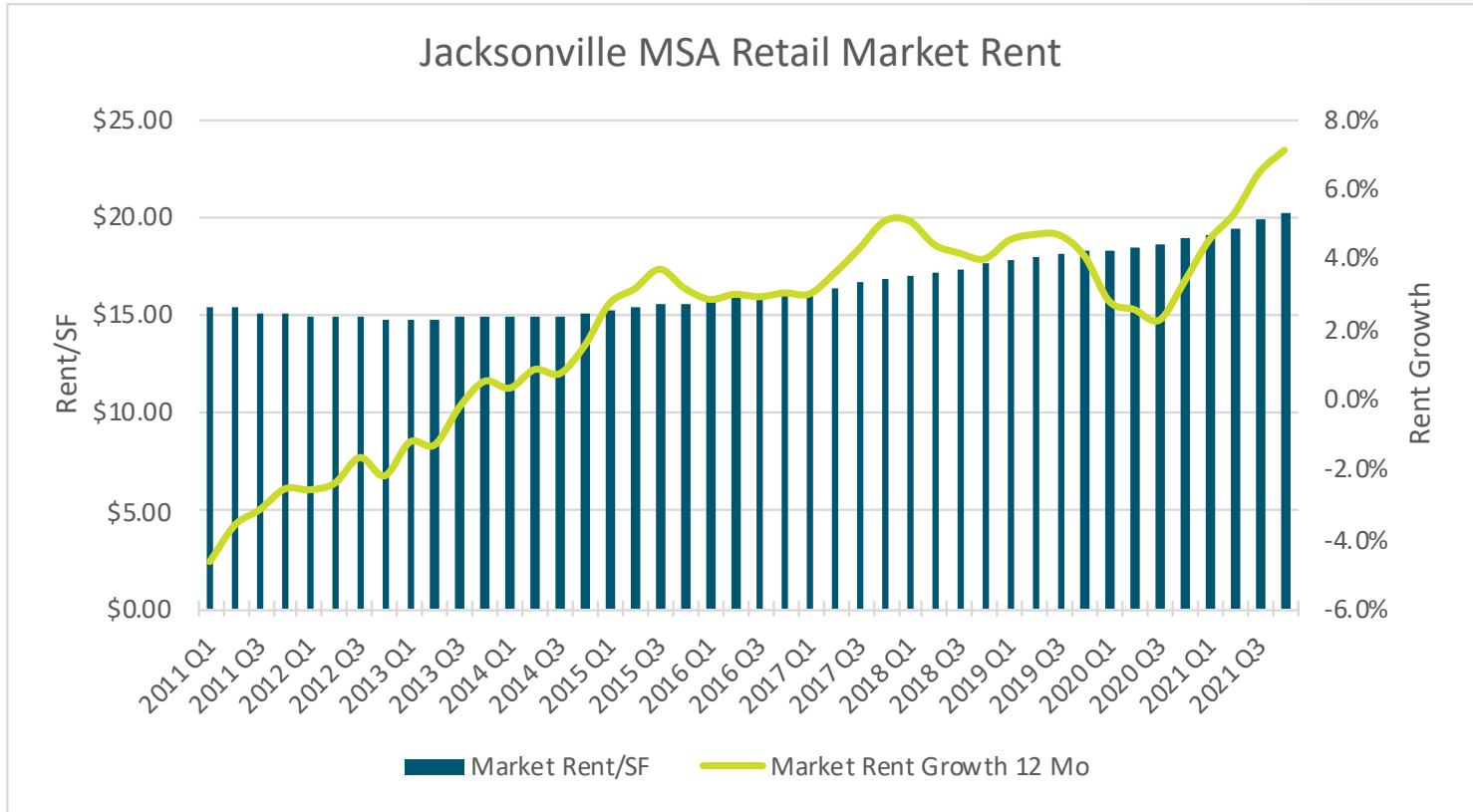
**JACKSONVILLE SUPPLY & DEMAND**

Vacancy rates have descended substantially year over year and closed Q4-21 at 4.1%. The Jacksonville retail market delivered 87,026 square feet while 446,920 square feet of space was absorbed. Across all quarters of 2021, net absorption exceeded net delivered square feet.

“Although, there is a lot of activity occurring in the Jacksonville retail market, there is simply not enough supply to meet the demand from retailers, and with the ongoing logistical issues nationwide, there is no way to speed things up to meet the demand.

But with every challenge comes an opportunity. Currently, the biggest opportunity for retailers/restaurants in Jacksonville is to secure locations in underserved and growing markets that presently lack residential density but are slated for huge growth in coming years. Some examples include North St.Johns County, Yulee/Wild-light and Northside Jacksonville”.

**-Carrie Smith, Senior Vice President of Retail Services**

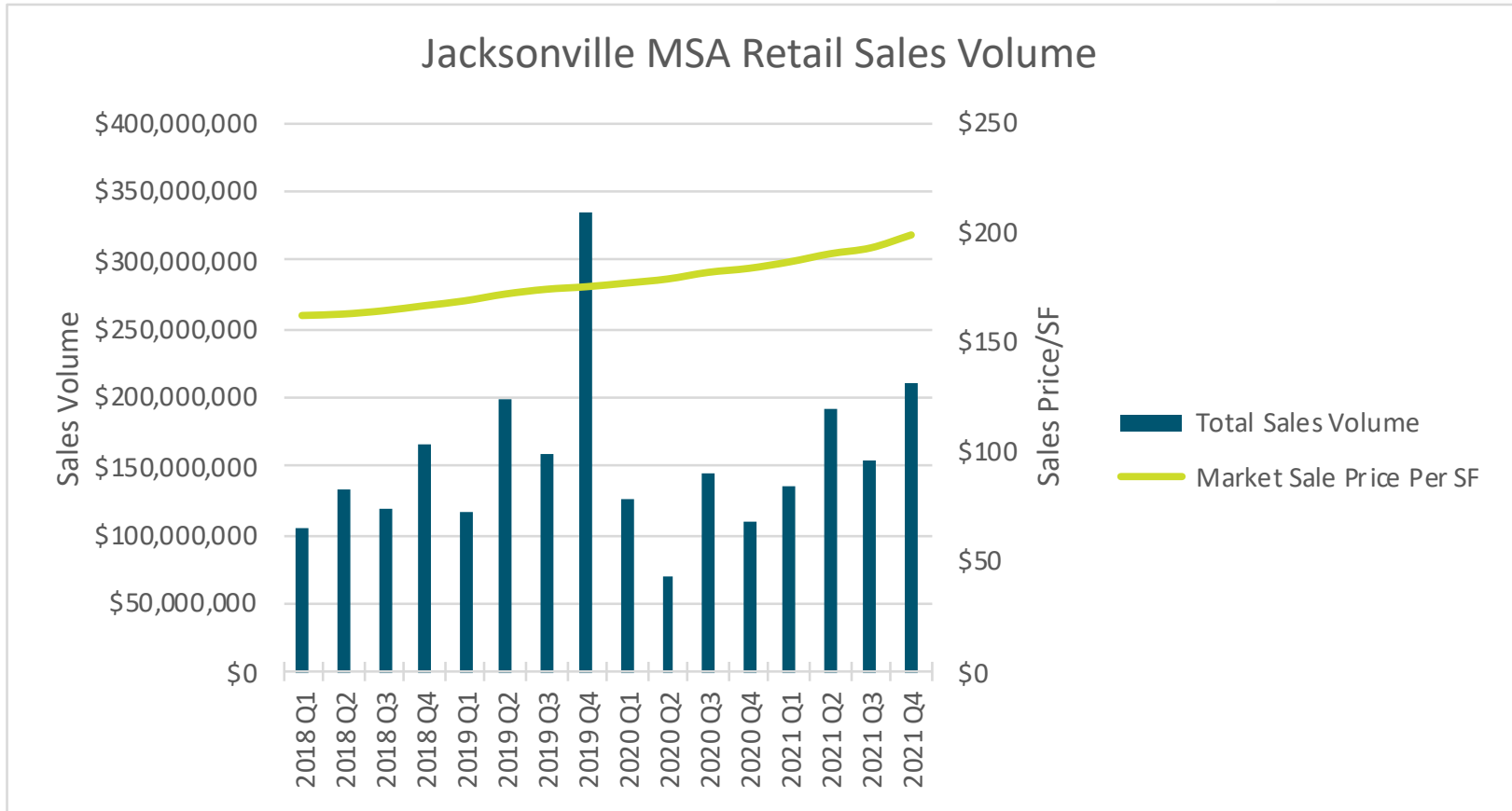


**JACKSONVILLE MSA RETAIL MARKET RENT**

Market rents have increased significantly dating back 12 months. Q4-21 experienced a 7.1% increase and ended the quarter and year at \$20.26.

“We anticipate current rent growth trends to continue in 2022. Vacancy in quality retail projects continues to decrease, so tenants that are motivated to expand in the Jacksonville market are encouraged to act quickly on spaces that become available.”

**-Ricky Ostrofsky, Director of Retail Landlord Services**



#### JACKSONVILLE MSA RETAIL SALES VOLUME

Sales volume for Q4-21 exceeded \$200 million and served as one of the best quarters in history for retail sales volume. Additionally, sales price per square foot once again increased quarter over quarter, finishing the year at just under \$200 per square foot.

Grocery remains a top performer even in a post-pandemic atmosphere, with many grocers hitting their percentage rent thresholds for the first time in their lease terms. This, in turn, has kept grocery- anchored retail centers in high demand by investors.



## DEVELOPMENT PIPELINE

**Laura Street Trio / Forsyth Garage:** Southeast Development Group is planning a 250,00-square-foot \$165 million adaptive reuse project in downtown Jacksonville. The development is slated to feature 166 multifamily units, 20% of which will be workforce housing, as well as a 142-key Auto-graph Collection Hotel by Marriott and 15,000 square feet of retail / restaurant space. An additional 12,000 square feet of retail space will be added to the ground floor of the neighboring Forsyth Garage, an 807-space parking garage being developed by Vystar Credit Union.

**Jacksonville Shipyards:** The Jacksonville Shipyards, including a restored Met Park, will deliver a downtown experience that blends urban design with waterfront entertainment. The project will feature a modernized marina with waterfront restaurant and retail space, a five-star Four Seasons hotel and residences, a six story office building and a world-class orthopedic center.

**Beachwalk:** Located in St. Johns County, Beachwalk is a 1,200-acre master- planned community featuring 1,260 residential units, 187,000 square feet of retail space, a 14-acre Crystal Lagoon and a 110-key hotel. The Beachwalk community is part of the larger Twin Creeks development which plans to deliver 5,000 residential units over the next four years.

**Parkway Place at Durbin:** At Race Track Road and St. Johns Parkway, Corner Lot Development's Parkway Place at Durbin has entered its third phase of construction. The 15,700-square foot Phase 3 has already attracted tenants including The Mini Bar Donuts & Coffee, Tijuana Flats Tex-Mex, Planet Smoothie, Tsaoaca Tea and Anejo Cocina Mexicana.

Jacksonville MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	7.9%	\$15.13	-2.5%	89,507,276	301,616	111,459	\$118.35	8.5%
2012	7.8%	\$14.81	-2.2%	89,990,409	483,133	281,506	\$125.79	8.2%
2013	7.0%	\$14.88	0.5%	90,353,115	349,586	560,451	\$128.24	8.1%
2014	6.5%	\$15.11	1.5%	91,030,901	677,786	472,739	\$141.15	7.8%
2015	5.7%	\$15.60	3.2%	91,624,994	594,093	221,448	\$149.83	7.6%
2016	4.9%	\$16.07	3.0%	92,589,444	964,450	317,564	\$156.50	7.5%
2017	4.5%	\$16.89	5.1%	94,029,546	1,422,030	582,238	\$161.59	7.4%
2018	4.3%	\$17.57	4.0%	95,168,799	1,120,392	389,019	\$167.14	7.4%
2019	4.4%	\$18.29	4.1%	96,204,566	1,035,767	-140,044	\$175.73	7.3%
2020	5.3%	\$18.91	3.4%	97,215,357	1,010,791	-267,976	\$184.03	7.1%
2021	4.1%	\$20.26	7.1%	98,225,019	1,009,662	446,920	\$199.12	7.0%

Jacksonville MSA Retail Statistics Q4-21								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	1.8%	\$19.43	7.9%	45,951,877	87,026	147,674	\$225.07	6.8%
Mall	9.7%	\$24.13	6.4%	6,731,181		185,213	\$176.26	6.8%
Neighborhood Center	5.4%	\$20.52	6.4%	32,691,547		61,273	\$169.04	7.2%
Other	2.3%	\$20.09	5.4%	744,443		6,358	\$173.31	7.3%
Power Center	6.9%	\$24.70	6.7%	4,271,845		35,937	\$192.20	6.8%
Strip Center	5.1%	\$18.31	7.1%	7,730,650		10,860	\$197.56	6.9%

## CONCLUSION

All signs point to a strong 2022 for the retail market in North Florida. Going forward, the biggest concern for tenants entering our market today is lack of inventory. With a backlog of proposed construction projects available today, retail space -- especially in high growth sub markets -- is hard to come by and we anticipate the low vacancy staying consistent for the foreseeable future. This means landlords will have the ability to be more selective when it comes to tenants they sign, so tenants with proven pandemic- and Internet- proof strategies will have an advantage.

“While labor shortages and inflation have affected nearly every sector within the shopping center industry, retailers and restaurants seem to be experiencing a healthy return to normal sales volume. Many of Franklin Street’s clients are adjusting operating hours or changing menus and services but remain optimistic consumers are spending at pre-pandemic levels.”

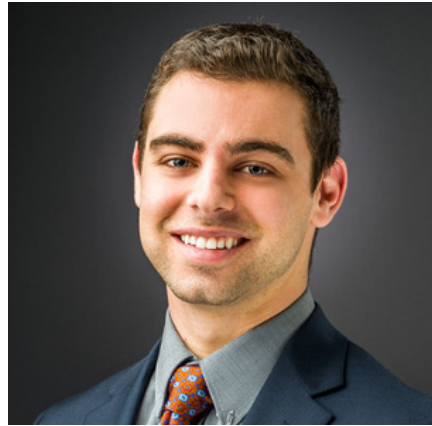
**-Abby Walsh, Senior Associate of  
Retail Tenant Services**

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