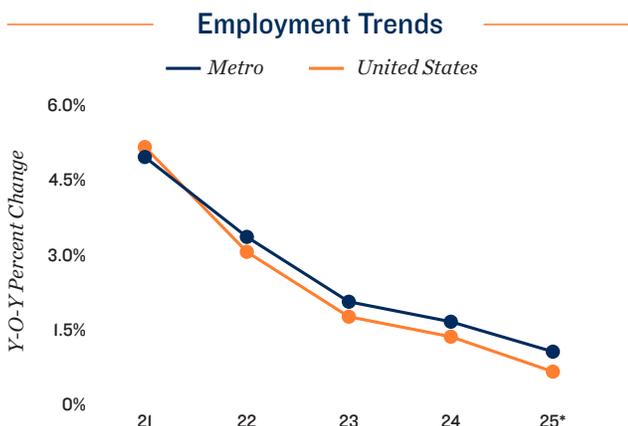


## Key Submarkets Stand Out as Limited Development Pipeline Keeps Availability Tight

**Demographic trends evolving in Jacksonville.** Population growth remains a key tailwind for retail space demand in the metro, though a slowing labor market may begin to restrain in-migration. This may dampen retail sales growth, which ranked seventh among major markets in the year ended in June. Nevertheless, submarkets like Orange Park-Clay County and St. Johns County maintain solid footing, with each posting 40-basis-point year-over-year occupancy improvements driven by robust population growth in the southern periphery. In contrast, areas like Northwest Jacksonville, Arlington and the Southside face rapidly rising vacancy, largely due to relinquishments at properties exceeding 10,000 square feet.

**Strong demand amid fewer move-outs.** Grocery stores and discount retailers accounted for a sizable share of space demand in early 2025, though total leasing volume was about 60 percent of the level recorded a year earlier. Yet there is still strong demand, as evidenced by the average months to lease sitting near a decade low of 5.6. At the same time, Jacksonville appears to be facing less pressure from bankruptcy-related move-outs than some other Florida markets. For instance, in the first two quarters, the metro registered about 120,000 square feet of negative net absorption, whereas West Palm Beach reported negative 240,000 square feet, despite the latter having a smaller total inventory. Coupled with a limited development pipeline, vacancy will likely remain tight in the near term.



\* Forecast  
Sources: BLS; CoStar Group, Inc.

## Retail 2025 Outlook



8,500

JOB

will be created

### EMPLOYMENT:

Education and health services added nearly 6,000 jobs to start 2025. Mostly flat or declining trends elsewhere will limit year-end growth to 1.0 percent — Jacksonville’s smallest annual gain since 2011, excluding 2020.



430,000

SQ. FT.

will be completed

### CONSTRUCTION:

This year’s deliveries will mark the smallest annual total since 2015, representing inventory growth of just 0.5 percent. Much of the pipeline is concentrated around Deerwood and throughout St. Johns County.



40

BASIS POINT

increase in vacancy

### VACANCY:

Jacksonville’s vacancy rate is projected to ease to 4.4 percent by year-end — down 10 basis points from the second quarter. Still, all other major Florida markets are expecting slight increases during the second half of 2025.



1.6%

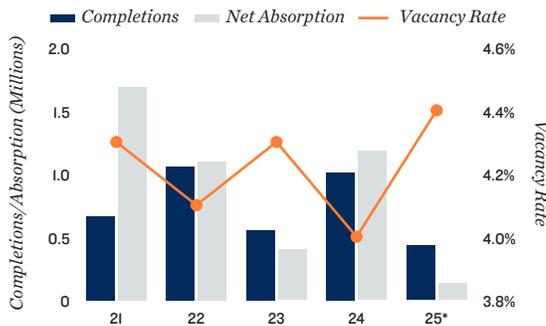
INCREASE

in asking rent

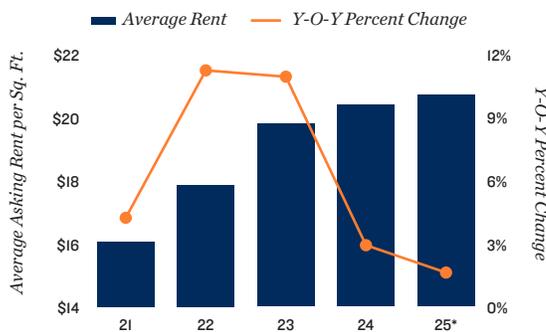
### RENT:

The average asking rent in Jacksonville is poised to reach \$20.70 per square foot in December, marking the metro’s slowest growth since 2019 but still outpacing the national 1.0 percent gain.

### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. 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. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

## 2Q 2025 — 12-Month Period

### CONSTRUCTION

683,000 sq. ft. completed

- Total inventory expanded 0.9 percent during the year ended in June — more than twice the national pace — second only to Miami’s 1.0 percent gain among major Florida Markets.
- Developments in St. Johns County composed over 400,000 square feet of the past year’s total. The next highest was Nassau County at about 100,000.

### VACANCY

10 basis point increase in vacancy Y-O-Y

- The metro’s vacancy rose to 4.5 percent in June — its highest since 2021 and among the highest of tertiary markets. Still, submarkets such as St. Johns County, Beaches and Butler-Baymeadows hold sub-3 percent rates.
- Multi-tenant vacancy rose 40 basis points to 5.2 percent in June, while single-tenant fell 10 basis points to 4.2 percent.

### RENT

1.6% decrease in the average asking rent Y-O-Y

- The metro’s average asking rent fell to \$20.57 per square foot in June. Multi-tenant rates were down 5.6 percent, compared with only a 0.3 percent decline for single-tenant spaces.
- Though Jacksonville ranked among the 15-weakest major markets for rent growth last year, only four other metros have exceeded its five-year gains.

### Investment Highlights

- Investment appeal in Jacksonville’s retail sector stayed strong, with transaction velocity up 40 percent year over year through June. The bulk of this activity came from trades in the \$1 million to \$10 million range, which climbed nearly 50 percent. By contrast, deals above \$10 million were roughly flat from the prior year, as some institutional buyers were still on the sidelines heading into the second half of 2025.
- Despite overall vacancy pressures from large-format move-outs, tight conditions among smaller properties in Jacksonville’s Southside submarket will likely continue drawing investor interest, as sub-5,000 square foot assets hold vacancy near 2.3 percent. Transaction velocity more than doubled over the past year here, driven largely by storefronts and restaurants in the \$1 million to \$5 million range.
- Outsized population growth continues to support St. Johns County, which posted the strongest net absorption of submarkets over the past 12 months. Although the area also recorded the largest volume of new supply, vacancy at 2.5 percent in June and slowing development suggest conditions will remain favorable for investors.