

MARKET REPORT

RETAIL 3Q/26

Jacksonville Metro Area

Marcus & Millichap

Single-Tenant Leasing Stabilizes Ahead of Speculative Supply Wave

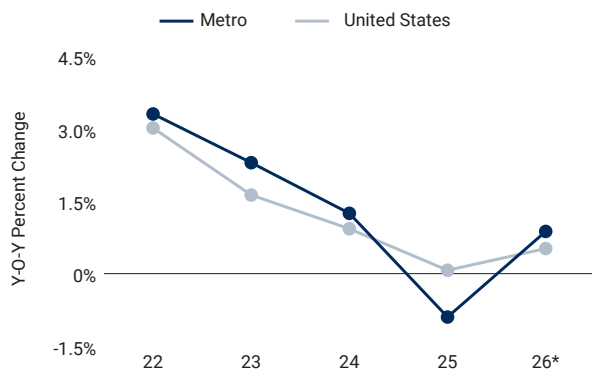
Tenancy-type demand trends shift. In 2025, vacancy in the multi-tenant segment held flat at 7.5 percent while single-tenant properties recorded a 90-basis-point increase to 4.7 percent. These trends began to reverse in the first half of 2026, however. Multi-tenant vacancy rose 110 basis points, largely due to move-outs from properties built before 2000. Meanwhile, the single-tenant rate remained largely stable amid improved leasing activity. Still, near-term pressure may arise in small-format single-tenant properties in concentrated-development areas. As of June, roughly 40 percent of the space scheduled to deliver in 2026 in buildings under 50,000 square feet remains uncommitted.

Stronger submarkets hold firm as weaker nodes still struggle. Riverside, St. Johns County, and the Southside maintain some of the metro's lowest vacancy rates, positioning them well to absorb incoming supply. In contrast, vacancy rates increased by over 150 basis points over the past 12 months in Downtown North Bank and the adjacent Northwest submarket. While stalled development could eventually help backfill in these locales, leasing activity has remained subdued through the first two quarters, likely keeping vacancy elevated in the near term.

Employment

Jacksonville's employment base contracted by more than 7,000 positions in 2025, marking the metro's first annual job loss — excluding 2020 — in over a decade. Hiring began to stabilize through the first six months of 2026, however, with employers adding roughly 5,200 roles, largely led by the healthcare and professional and business services sectors. Still, the unemployment rate of 4.9 percent in June remains among the 10 highest across major markets, suggesting the metro has yet to fully regain hiring momentum.

EMPLOYMENT TRENDS



* Forecast

Sources: BLS; CoStar Group, Inc.

2026 FORECAST



EMPLOYMENT

7,000

0.9%

Jobs will be created Increase Y-O-Y



CONSTRUCTION

760,000

0.9%

Sq. ft. will be added Inventory increase Y-O-Y



VACANCY

6.0%

50

Vacancy rate BPS increase Y-O-Y



RENT

\$20.95

1.9%

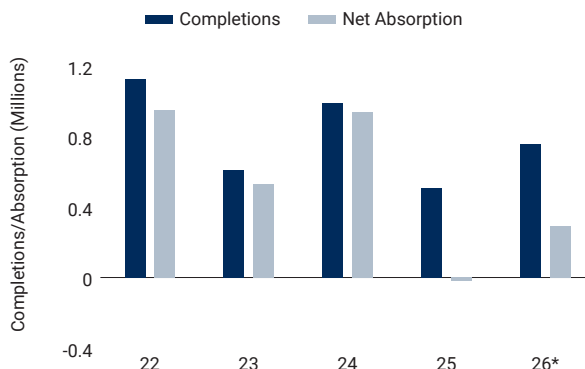
Average asking rent by year-end Increase Y-O-Y



Construction

Completions will increase modestly in 2026 after last year's inventory growth of 0.6 percent, but will fall shy of the trailing decade annual average of 830,000 square feet. Nearly 500,000 square feet will come from a Walmart and three supermarkets. The remainder is largely concentrated in smaller-footprint single-tenant spaces, with clusters evident in St. Johns County and near Deerwood, Yulee, and Duval County. Downtown Northbank and Southbank-Pine Forest, meanwhile, will see scant additions.

CONSTRUCTION TRENDS

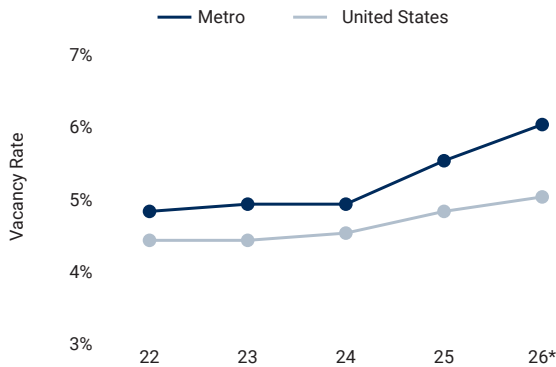




Vacancy

After reaching a cyclical low of 4.7 percent in mid-2024, Jacksonville's vacancy rate has trended steadily higher, reaching 5.9 percent in the second quarter of 2026. Softer leasing in the multi-tenant segment, coupled with an uptick in speculative single-tenant deliveries, is expected to push vacancy up by another 10 basis points by year-end. While this would leave vacancy at the 6 percent threshold for the first time since 2015, the rate will remain slightly below the metro's long-term average dating back to 2007.

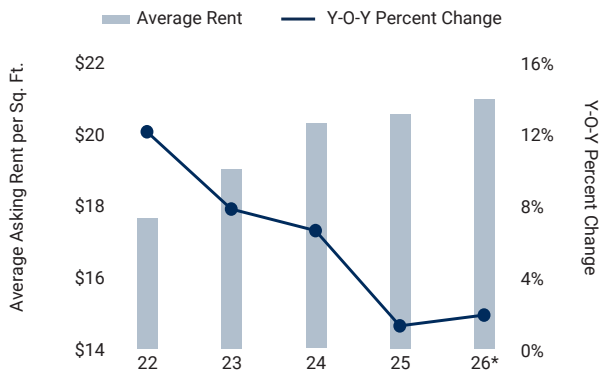
VACANCY TRENDS



Rent

At roughly \$20.80 per square foot in June, the metro's average asking rent remains the most affordable among major Southeast markets. Even so, the metric has climbed nearly 40 percent over the five years ended in June, more than doubling the national gain. Notably, multi-tenant rents have risen by more than 40 percent during that span, outpacing the slightly over 30 percent increase in the single-tenant segment. Looking ahead, growth is expected to moderate as rising vacancy creates more options for tenants.

RENT TRENDS



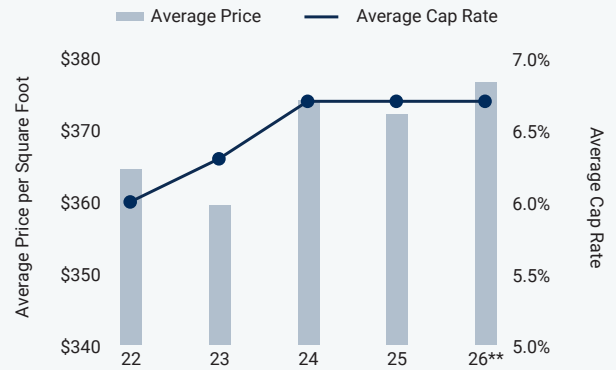
* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

INVESTMENT HIGHLIGHTS

- Despite more than 50,000 square feet of negative net absorption over the past four quarters, investors remained engaged in Jacksonville's retail market. Transaction velocity increased nearly 25 percent year-over-year during the same period, suggesting buyers continue to look beyond temporary leasing softness. Activity at this level may continue as favorable demographics buoy the market's long-term outlook. Household income growth ranked in the top quartile of major markets for the year ended in June, while household formation of 0.9 percent more than doubled the national pace, expanding both the metro's purchasing power and retail customer base.
- Investors may increasingly target the Southside-St. Johns Town Center corridor, where strong leasing activity is supported by a rapidly growing residential base and connectivity. In the longer term, Sporting JAX's planned stadium district could further elevate the area as a regional destination, adding hospitality, residential, and entertainment uses that generate additional traffic for nearby retail properties.
- Nassau County became one of the metro's most active submarkets for the year ended in June, with most trades concentrated in Fernandina Beach, and nearly all properties changing hands for under \$5 million. Coastal assets here continue to offer private investors exposure to Amelia Island tourism and a growing mainland customer base. Nassau County's apartment inventory has expanded by roughly 30 percent since early 2020, with virtually all new supply concentrated around Yulee.

SALES TRENDS



Jacksonville Office:

PAUL TESDAL

Managing Director, Market Leader

Tel: (904) 672-1400

paul.tesdal@marcusmillichap.com

For info on national retail trends, contact:

JOHN CHANG

Senior Vice President, Chief Intelligence & Analytics Officer

Tel: (602) 707-9700

john.chang@marcusmillichap.com

Report prepared by:

NOAH BROWN

Report edited by:

CODY YOUNG

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; U.S. Census Bureau