

# Multifamily Metro Outlook:

## Jacksonville - Q1 2021

### Overview:

- The Jacksonville metro is faring very well and as of Q1 2021, job growth has returned. As of Q1 2021, the metro's local job market expanded by approximately 5.2 percent which is on par with the national rate. Much of the growth in the area can be attributed to the Trade Industry and the return of Leisure/Hospitality and Retail jobs.
- The apartment market in Jacksonville was minimally impacted by the virus and as of Q1 2021 has been performing exceptionally. During Q1 2021 vacancies continue to fall and were at 5.5 percent and rent growth also continues to increase as it was 2.0 percent vs -0.5 percent nationally during the same period. Supply remains under control as approximately 6,300 units are in the pipeline.

### Market Strengths:

- The metro has an ideal local economic composition. According to Moody's Analytics Jacksonville has an industrial diversity ratio of 0.77. Unlike the other Floridian metros that rely on industries that were heavily impacted by the onset of the virus (such as Retail and Leisure/Hospitality) Jacksonville does not rely heavily on one industry to spur economic growth. The metro is well concentrated in the Education/Healthcare services, Professional Business services, and Financial services sectors.
- The demographic profile in Jacksonville is also less susceptible to the impacts of the virus compared to other Floridian metros. According to Moody's Analytics, Jacksonville is one of four Floridian metros that has its share of residents aged 65+ below the national average. Furthermore, overall population growth in the metro is expected to nearly double the national rate over the next five years (1.1 percent vs 0.6 percent).
- The Port of Jacksonville had a record year in 2020. According to CoStar, the JAXPORT recorded 1.3 million 20-foot equivalent units passing through the port. Coupled with launching a new five-year \$700 million dredging project expected to complete in 2022 that according to Moody's Analytics will create nearly 8,000 jobs for the port and lower the depth of the Jacksonville channel to 47 feet to accommodate supersized cargo vessels by way of the Panama Canal.
- According to Moody's Analytics, Amazon is coming to the Jacksonville metro and establishing itself as a local economic pillar. Over the next two years, Amazon will open two fulfillment centers in the metro which will create close to 3,000 jobs. If everything moves as scheduled, Amazon will be well positioned to be one of the metro's largest employers.

### Market Weaknesses:

- As a result of COVID-19, the Retail and Leisure sectors of employment were significantly impacted. According to Moody's Analytics, the dramatic rebound of the Retail sector will be a short-term phenomenon. The long-term prospects of the Retail sector are in question as technological advancements have reduced the need for shopping centers and malls. Over the last decade, Retail sector employment has grown by approximately 1.6 percent annually, but is expected to contract by half after the rebound period is over.
- Due to a high concentration of (wealthy) retirees migrating to the metro, Jacksonville has become an expensive place to live. According to Moody's Analytics, the cost of living is approximately 5 percent higher than the national average.

### Development:

- The condo market in Jacksonville is extremely overbuilt. Since the beginning of 2006, nearly 10,000 condo units have been completed. The scale of the shadow supply, which also now includes single family homes, is a concern for the For-Rent market. Approximately 12,000 apartment units have been completed since the beginning of 2016 and fortunately, approximately 6,300 units are underway through Q2 2022.

### Outlook:

- Apartment market fundamentals continue to trend in the right direction. Supply has delivered moderately and as a result vacancies have remained constant and rent growth remains positive. A manageable and appropriate amount of supply is underway that should be easily absorbed.
- Long-term, the job market has rebounded and is expected to at least stay on pace with the nation. Strong job and population growth in addition to high-paying white-collar jobs will help lure (younger) residents. However, the dramatic rebound of the Retail and Leisure/Hospitality sectors will be short-lived due to a shift in consumer behavior and technological advancements. Furthermore, the above-average cost of living coupled with the high amount of low-wage paying jobs will hold the metro back from reaching greater prospects.

## Five Year Metro Area Growth Forecast

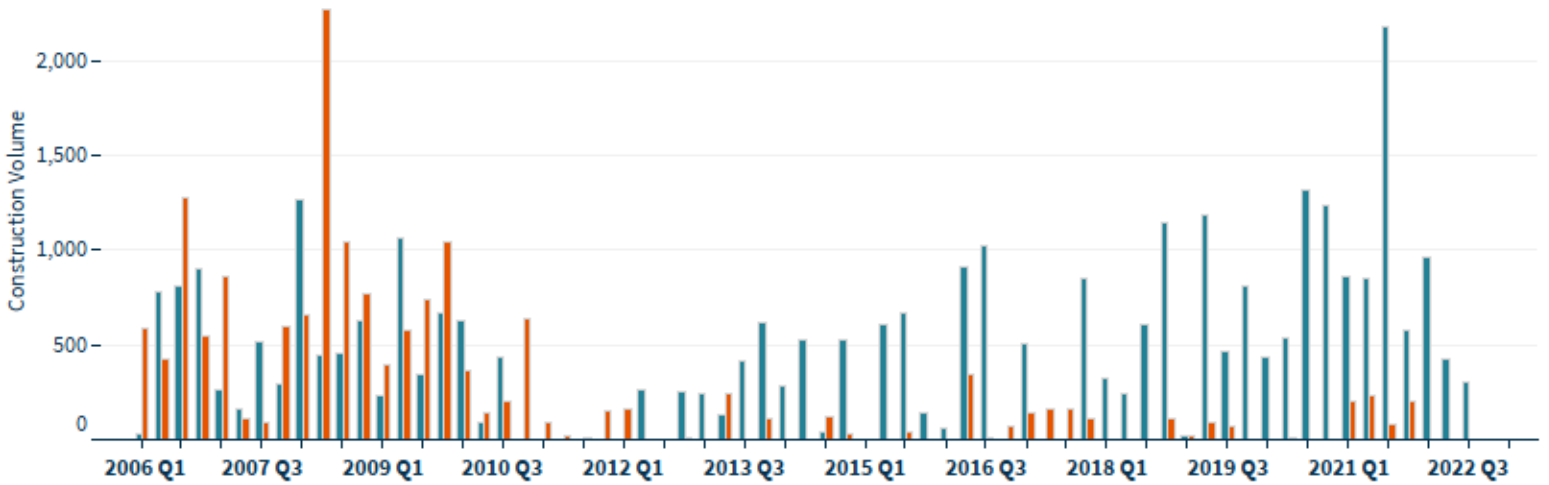
	Q4 2020	Q4 2025	Jacksonville (5-Year Annual Average Change)	National (5-Year Annual Average Change)
<b>Population (000s)</b>	1,580	1,662	1.01%	0.52%
<b>Households (000s)</b>	607	679	2.25%	1.41%
<b>Renting Cohort (Ages 20-34) (000s)</b>	321	326	0.35%	-0.26%
<b>Total Employment (000s)</b>	708	806	2.62%	1.71%
<b>Median Household Income</b>	\$66,216	\$77,340	3.15%	2.83%
<b>Median SF Home Price</b>	\$295,993	\$300,271	0.29%	4.30%
<b>Net Migration</b>	8,213	14,640		

Source: Moody's

## SupplyTrack Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



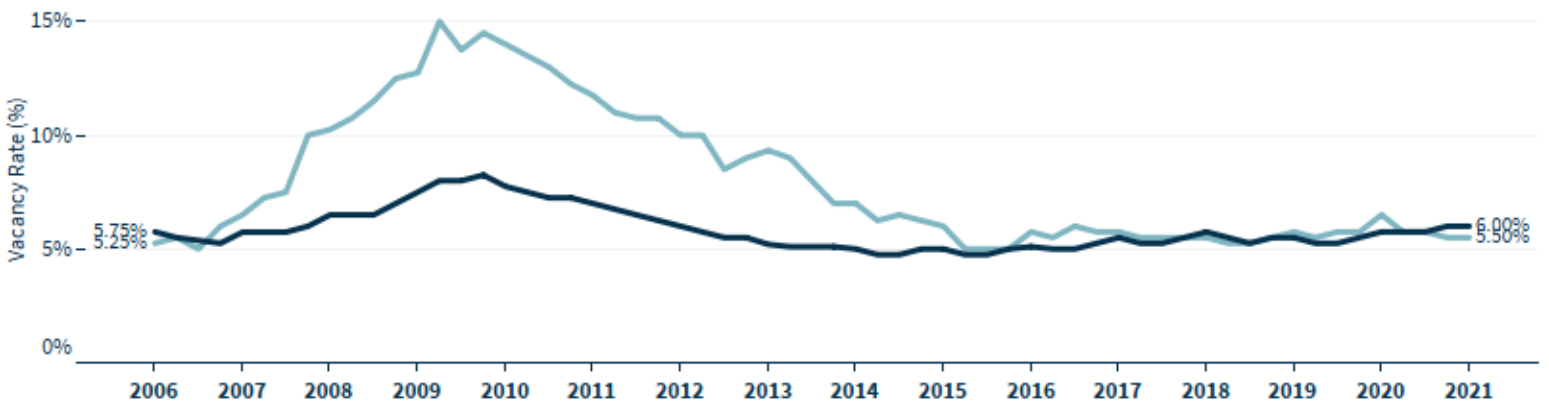
## Vacancy & Rent Composite Estimates

### Vacancy Rates

Jacksonville | National

Q1 2021 Vacancy Rate:

5.50%

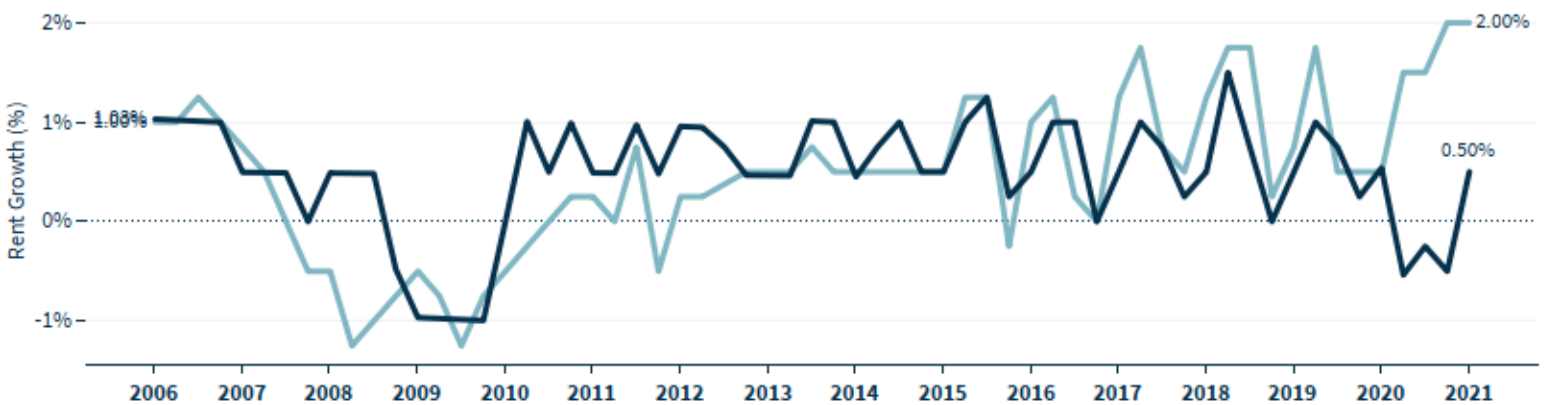


### Asking Rent Growth

Jacksonville | National

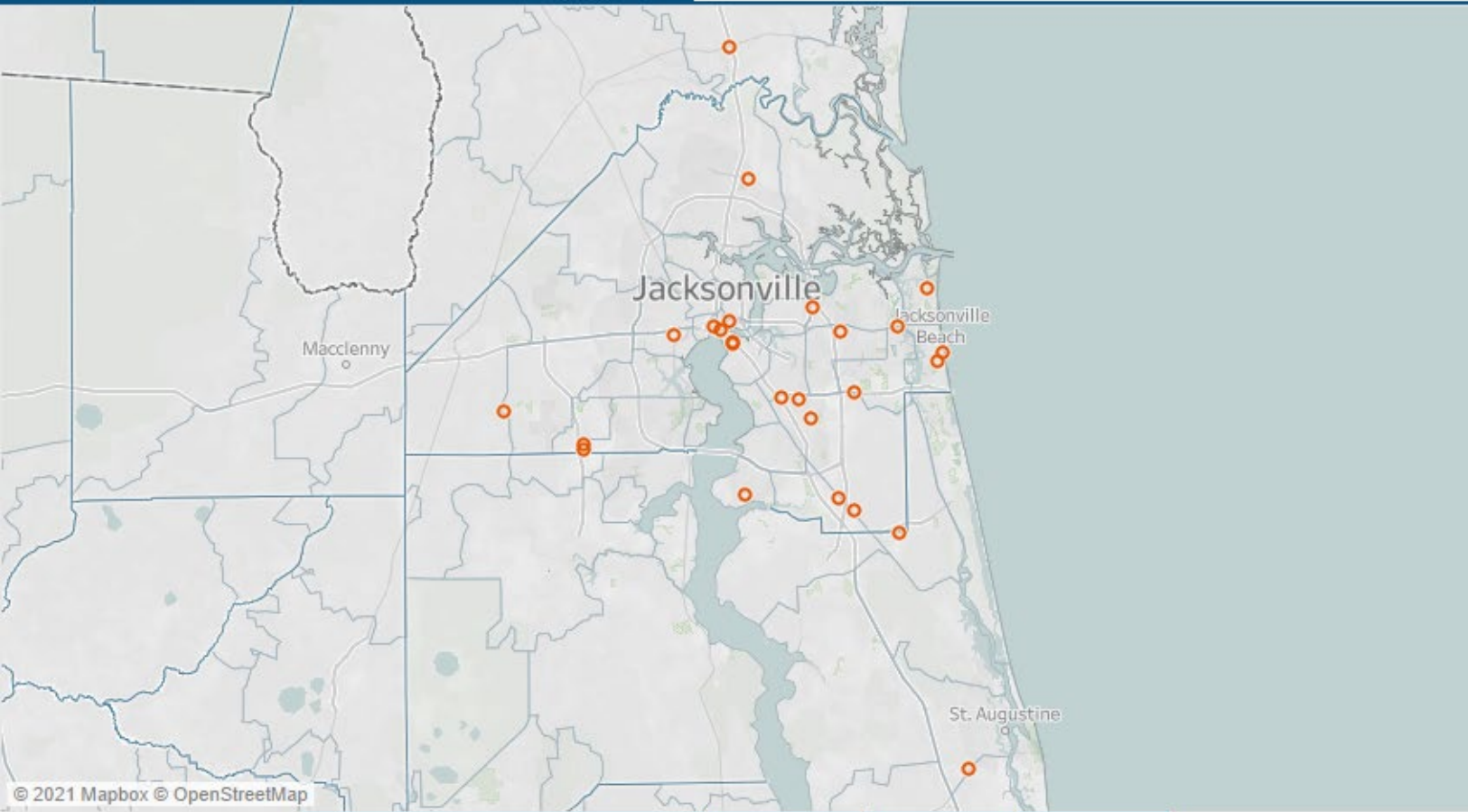
Q1 2021 Asking Rent:

\$1,150



Source: Multifamily Economics and Research

## Construction: Bidding & Underway



<i>Sub-Market</i>	<i>Projects</i>	<i>Units</i>	<i>Sq. Ft. (M)</i>
Arlington	2	553	0.59M
Baymeadows	4	1,309	1.62M
Central Jacksonville	2	325	0.33M
Jacksonville Beaches	4	985	1.05M
Mandarin	2	510	0.54M
Northside	2	422	0.37M
Southeast Jacksonville	3	941	0.97M
St. Augustine	1	132	0.16M
Upper Southside	2	289	0.38M
Westside	4	795	0.90M
<b>Grand Total</b>	<b>26</b>	<b>6,261</b>	<b>6.91M</b>

## Multifamily: ESR Team

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## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics SupplyTrack Pipeline
- Axiometrics
- CBRE-Econometric Advisors
- Yardi

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