

# Multifamily Metro Outlook:

## Overview:

### Jacksonville - Q3 2023

- The job market in the Jacksonville metro continues to be strong and resilient. According to CoStar, unlike many other major metro areas throughout the country, much of the resiliency in the local job market can be attributed to strong in-migration trends, a rebounding Hospitality sector, and strong office demand. As a result of these economic indicators, job growth in the metro for the period ending Q3 2023 was approximately 2.7% compared to 1.4% nationally.
- During Q3 2023 vacancies continued to expand to levels not seen since late 2012, reaching 8.75%. Furthermore, rent growth is also moving in the wrong direction as it contracted by -1.0% during the same period.

## Market Strengths:

- 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 (0.9% vs 0.4%).
- Even though the local Tech/Information sector was the only employment sector to contract during the period ending Q3 2023 (-2.7% vs 2.6% nationally), established tech employers are containing to look to the metro to establish a southern coastal tech hub. According to CoStar, employers such as Dun & Bradstreet, FIS and Nymbus have relocated to the metro in order to take advantage of the lower costs of business (8% below the national average), increased their footprint and are creating more than 1,000 new positions.
- Even before the arrival of the virus, the Jacksonville metro had become an attractive destination for not only large Financial and Tech companies, but also residents looking to leave high-cost areas such as the Northeast and California. According to both LinkedIn and ULI (via CoStar), Jacksonville has been amongst the national leaders regarding net migration and has also been poised as a metro area that has a desirable combination of lifestyle, employment and tech-sector growth.

## Market Weaknesses:

- 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% higher than the national average.
- Even though the metro is emerging as both a Financial and Tech sector hub, the metro will continue to rely on net migration due to the below national average of college degree holders that currently reside in Jacksonville.
- According to Moody's Analytics, both the Transportation and the Warehousing industries are expected to experience a slow down over the next few months as rising interest rates and elevated levels of inflation slow spending growth on durable goods.

## Development:

- Approximately 24,000 apartment units have been completed since the beginning of 2017 and there are approximately 11,000 units underway through 2024 with an additional 18,000 in the planning stages.

## Outlook:

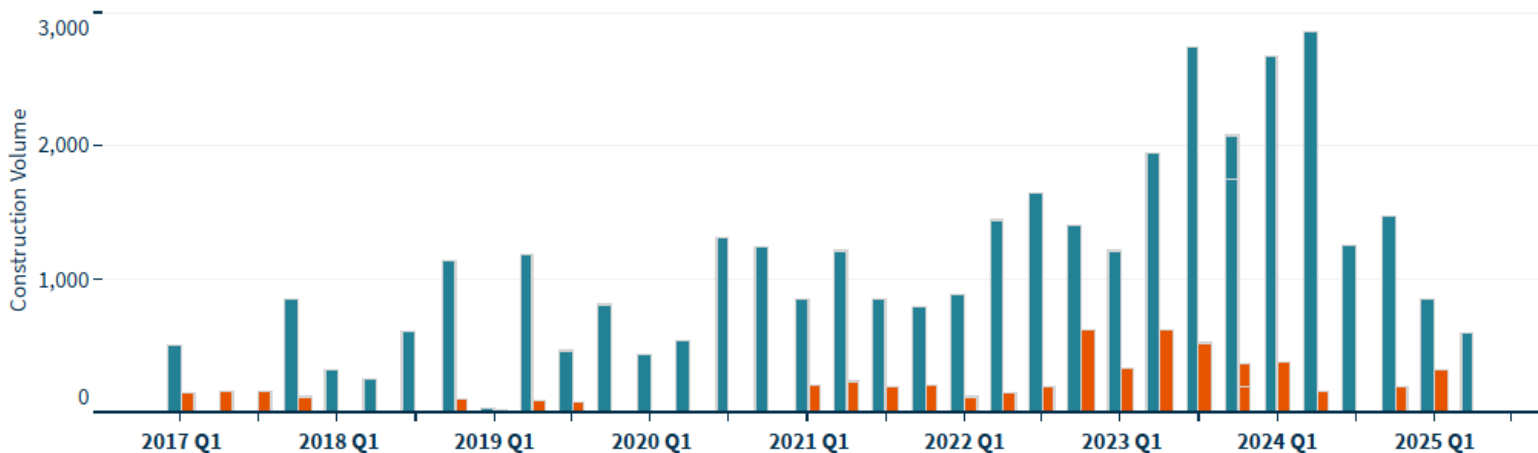
- Apartment market fundamentals have been moving in the wrong direction for a few quarters and the current economic environment is negatively impacting fundamentals as vacancies approach 2012 levels and rent growth contracts. However, a manageable and appropriate amount of supply is underway that should be easily absorbed due to a strong demographic profile that persists in the metro.
- Long-term, the job market has rebounded quickly and continues to outperform the national rate. Strong job and population growth in addition to high-paying white-collar jobs will help lure (younger) residents. However, the expected slowdowns of both the transportation and warehousing industries due to the current economic environment will slow down the rate of economic growth. Furthermore, the above-average costs of living coupled with the high amount of low-wage paying jobs will hold the metro back from reaching greater prospects.



## Multifamily Apartment Pipeline

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

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

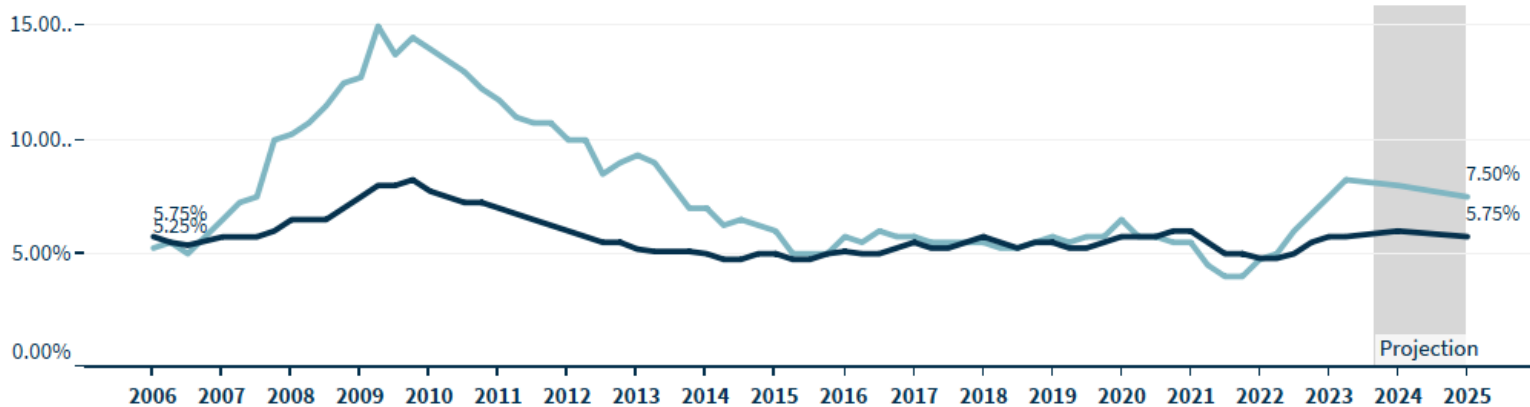
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Jacksonville | National

Q3 2023 Vacancy Rate:

8.75%



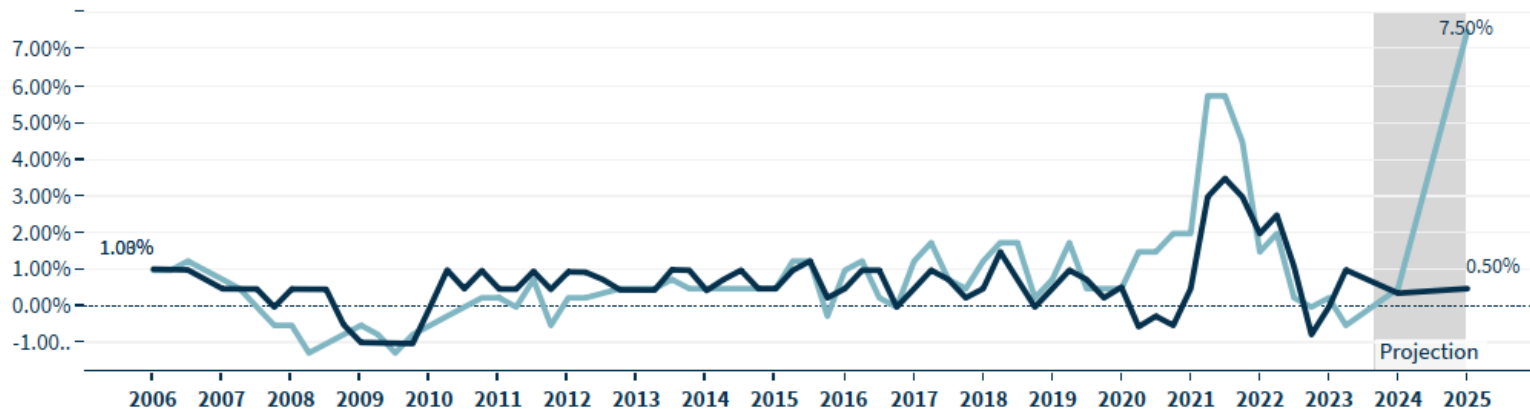
Projection

### Asking Rent Growth

Jacksonville | National

Q3 2023 Asking Rent:

\$1,480

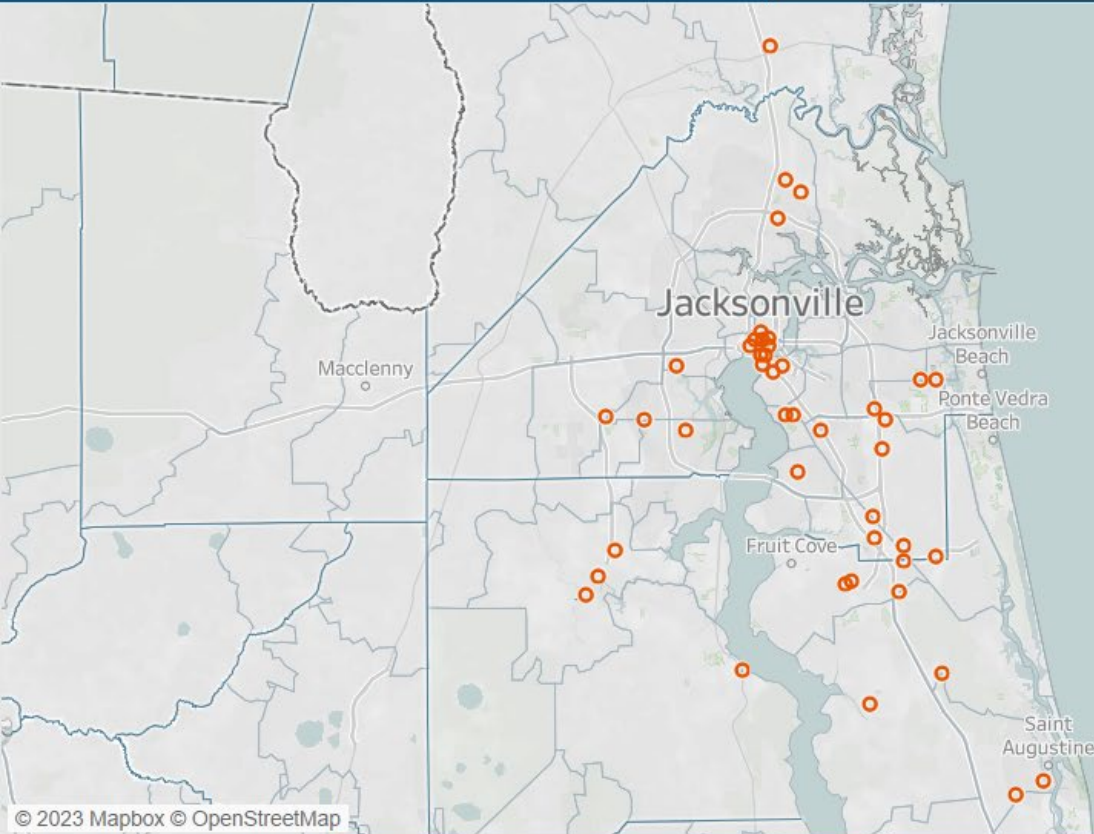


Projection

Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



<i>MultiHousingSubmarketName</i>	<i>Apartments</i>	<i>Units</i>
Baymeadows	5	1,747
Central Jacksonville	6	1,154
Mandarin	6	1,552
Northside	4	1,372
Orange Park/Clay County	4	649
Southeast Jacksonville	7	1,733
St. Augustine	4	1,214
Upper Southside	4	1,152
Westside	4	894
<b>Grand Total</b>	<b>44</b>	<b>11,467</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Jacksonville Q3 2023

## Multifamily Economics and Market Research Team

Francisco Nicco-Annan, Economic and Strategic Research - Economics – Advisor

### Sources Used

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

*Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic and Strategic Research (ESR) Group included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR Group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR Group represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.*