

Multifamily Metro Outlook:

Jacksonville - Q1 2024

Overview:

- The job market in the Jacksonville metro continues to be strong and resilient. However, according to Moody's Analytics, job growth in the metro has slowed down (from the torrid pace of previous quarters) but is still performing above the national average. For the period ending Q1 2024 was approximately 2.1% compared to 1.7% nationally as much of the growth in the metro can be attributed to the strong performance of the Leisure and Hospitality sector which expanded by 5% compared to 2.4% nationally as per CoStar.
- During Q1 2024 vacancies continued to soften to levels not seen since late 2012, reaching 9.75%. Furthermore, rent growth was flat during the same period, but that is an improvement over previous quarters when rent growth was contracting.

Market Strengths:

- According to Moody's Analytics, Jacksonville has one of the fastest growing populations and is projected to double the national rate over the five-year forecast. Furthermore, much of the accelerated demographic change can be attributed to the high concentration of senior aged citizens relocating to the area.
- The local tech sector has rebounded after a brief period of slowdown. For the period ending Q1 2024 the local Information employment sector expanded by 1.2% compared to -0.4% nationally. Many employers (especially those in the Tech/Information sector) are attracted to the metro's lower costs of business which are approximately 8% lower than the national average. The rebound of this sector is significant as the metro has been establishing a tech hub and luring tech employers to take advantage of the business-friendly climate.
- According to Moody's Analytics, the Education and Health services employment sector is poised to be an economic pillar both in the near and long-term. As a result of the higher concentration of senior aged citizens relocating to the metro, the Education and Health services employment sector has benefitted greatly as demand for health specific services has soared. Furthermore, local employers UF Health North and the Mayo Clinic are expanding their hospitals and are expected to double their patient capacity within the next few years.

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.
- The elevated levels of supply being delivered to the metro continue to soften apartment fundamentals, specifically vacancies. Since 2021 vacancies in the metro have expanded from 5.5% and are now 9.75% as the metro continues to struggle with the nearly 29,000 units that have been completed in the metro since 2017.

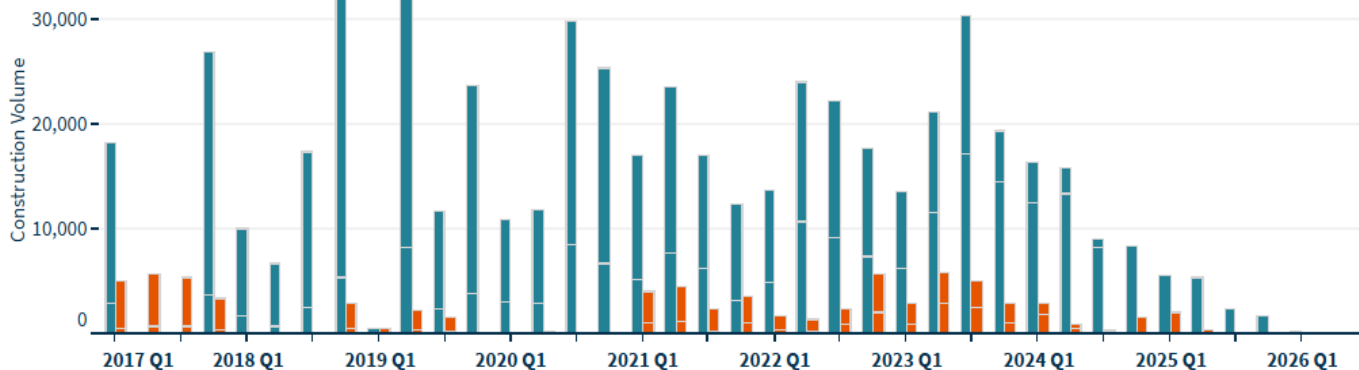
Outlook:

- 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 is flat. 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

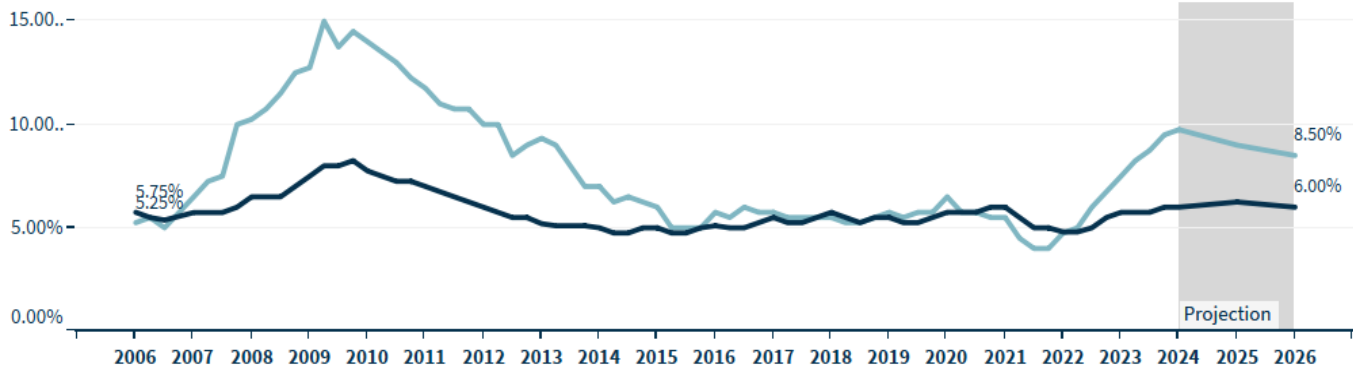
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Jacksonville | National

Q1 2024 Vacancy Rate:

9.75%

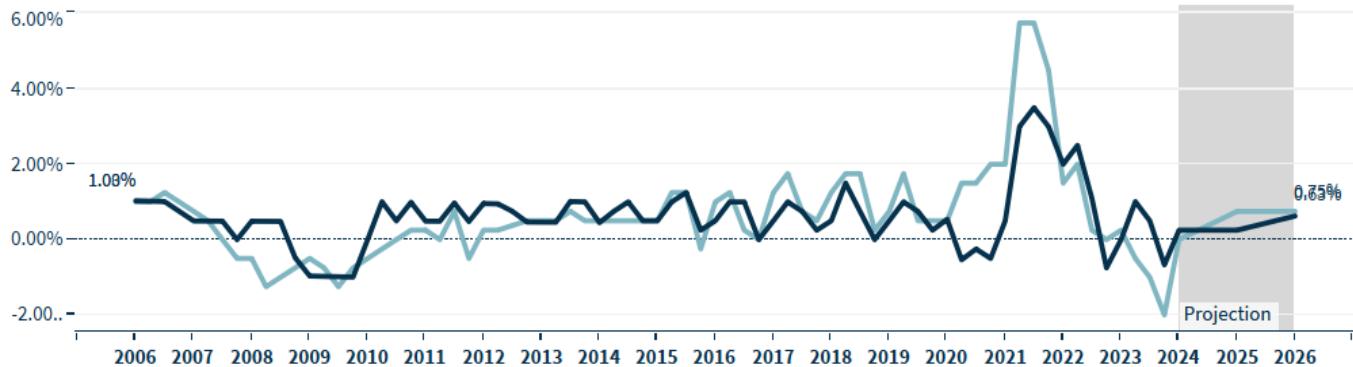


Asking Rent Growth

Jacksonville | National

Q1 2024 Asking Rent:

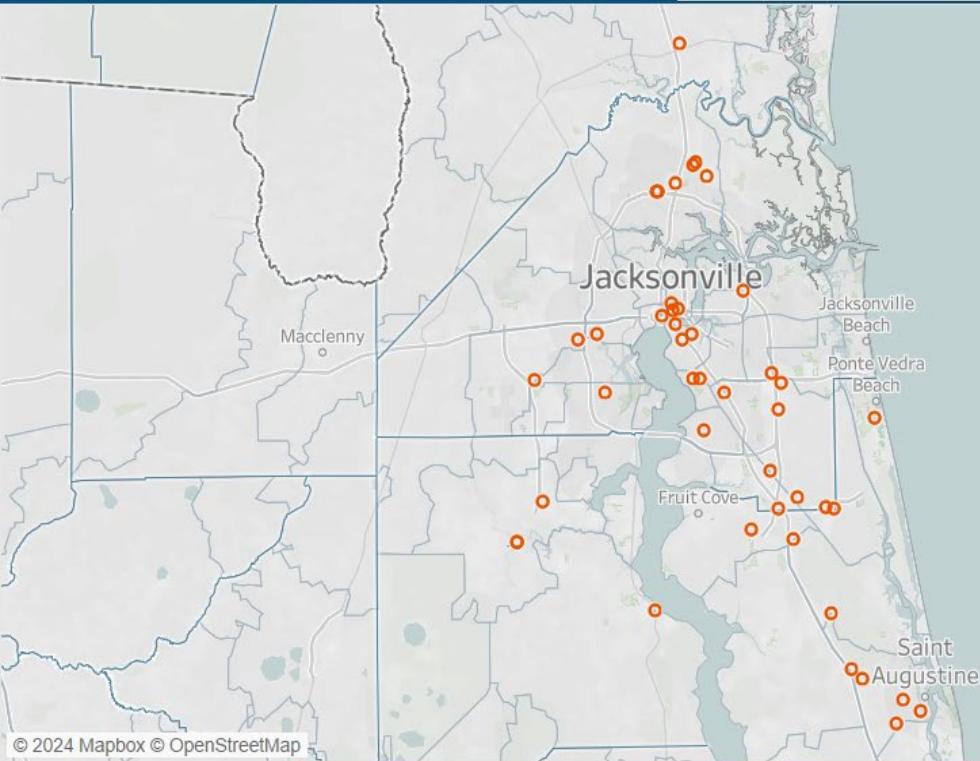
\$1,460



Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Arlington	1	240
Baymeadows	6	1,927
Central Jacksonville	4	767
Jacksonville Beaches	1	11
Mandarin	4	1,004
Northside	7	2,129
Orange Park/Clay County	4	838
Southeast Jacksonville	5	1,012
St. Augustine	6	1,594
Upper Southside	2	578
Westside	4	938
Grand Total	44	11,038

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Jacksonville Q1 2024

Multifamily Economics and Market Research Team

Francisco Nicco-Annan - Economic and Strategic Research – Economist Advisor

Sources Used

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

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