

# Multifamily Metro Outlook:

## Jacksonville - Q3 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 it is still performing above the national average. For the period ending Q3 2024, job growth was approximately 1.5%, compared to 1.4% nationally as much of the growth in the metro can be attributed to a strong demographic profile, the recovery of the leisure and hospitality employment sector, and the continued above-average performance of the education and health services industry, according to CoStar.
- During Q3 2024, vacancies remained elevated at 9.5%, which is the highest level in more than a decade. Furthermore, rent growth is also moving in the wrong direction as it contracted 1.25% during this same period.

### 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 citizens relocating to the area. As of Q3 2024, the general population in the metro increased by 1.4% year-over-year, which is nearly double the national rate of 0.6% during the same period.
- The local tech sector has rebounded nicely after a brief period of slowdown. For the period ending Q3 2024, the local information employment sector expanded by 2.5%, compared to a 0.1% dip nationally. Many employers (especially those in the tech/information sector) are attracted to the metro's low 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 seniors relocating to the metro, the education and health services employment sector has benefited greatly as demand for health 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 9% 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-average number of residents with a college degree.
- 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 9.5% as the metro continues to struggle with the nearly 33,000 units that have been completed since 2017.

### New Development:

- Approximately 33,000 apartment units have been completed since the beginning of 2017, and there are approximately 6,000 units underway with an additional 18,000 units in the planning stages.

### Outlook:

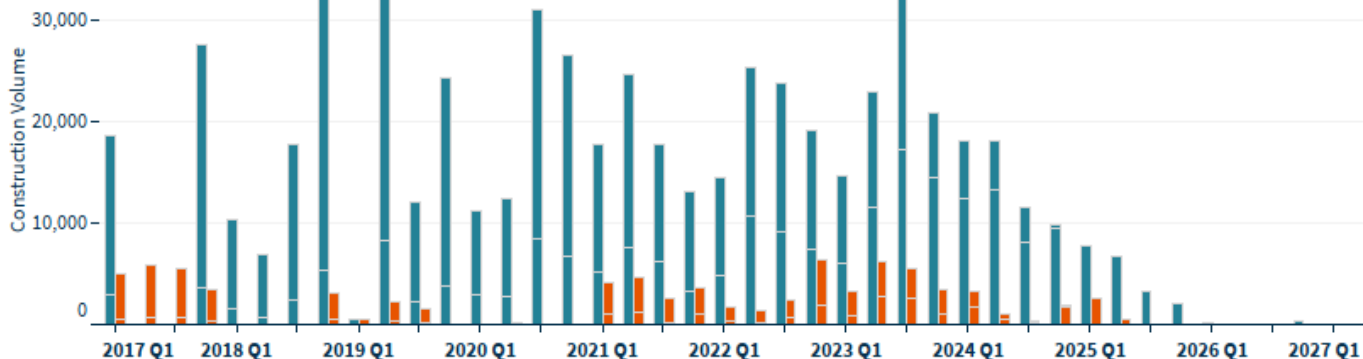
- Apartment market fundamentals have been moving in the wrong direction for a few quarters, and the current economic environment is negatively impacting fundamentals as vacancies approach 2012 levels and rent growth contracts. However, a manageable and appropriate amount of supply is underway that should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

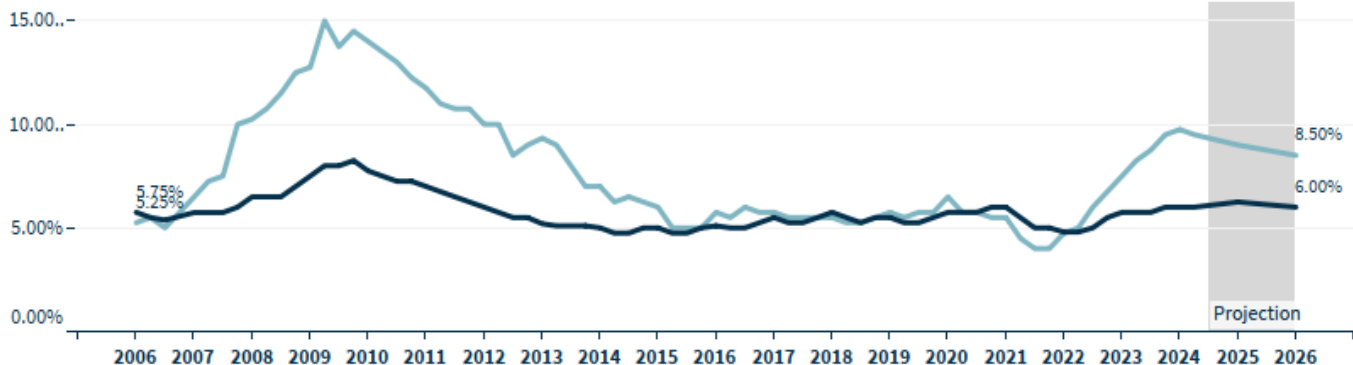
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Jacksonville | National

Q3 2024 Vacancy Rate:

9.50%

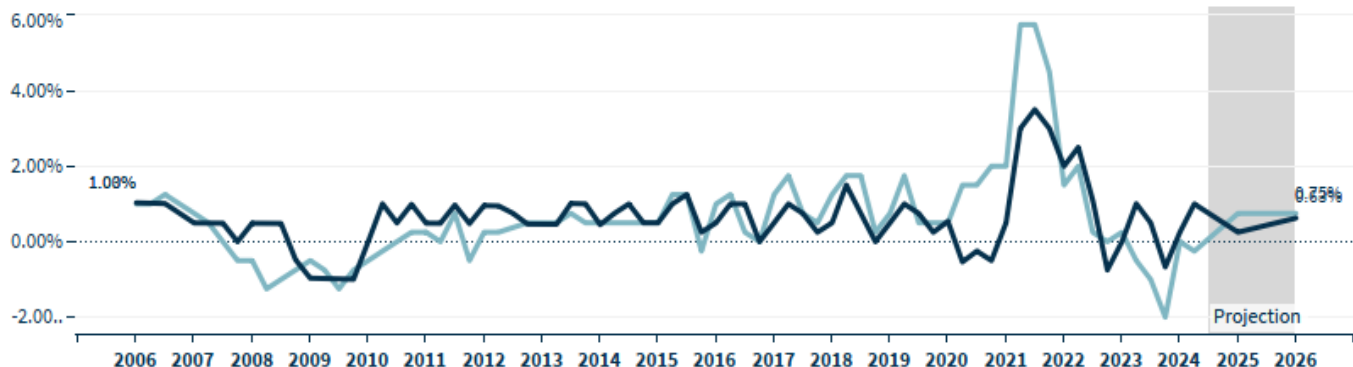


### Asking Rent Growth

Jacksonville | National

Q3 2024 Asking Rent:

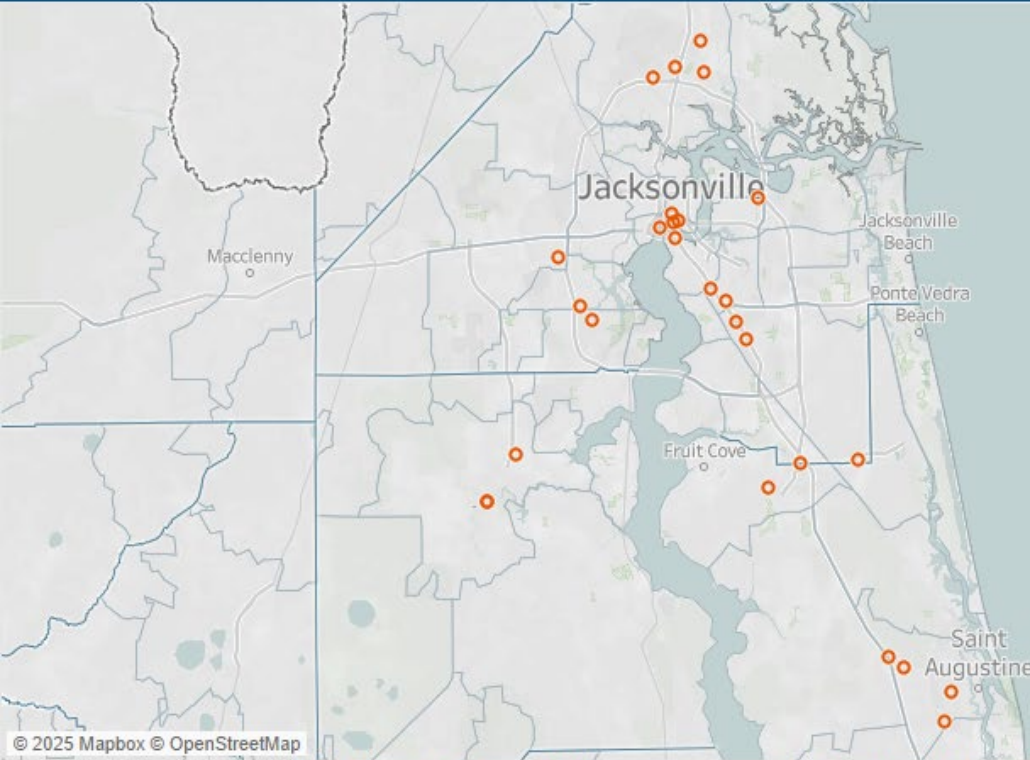
\$1,470



Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Arlington	1	240
Baymeadows	3	940
Central Jacksonville	4	767
Mandarin	2	664
Northside	4	797
Orange Park/Clay County	3	832
Southeast Jacksonville	3	569
St. Augustine	4	906
Westside	3	638
<b>Grand Total</b>	<b>27</b>	<b>6,353</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



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## Multifamily Economics and Market Research Team

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### Sources Used

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

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