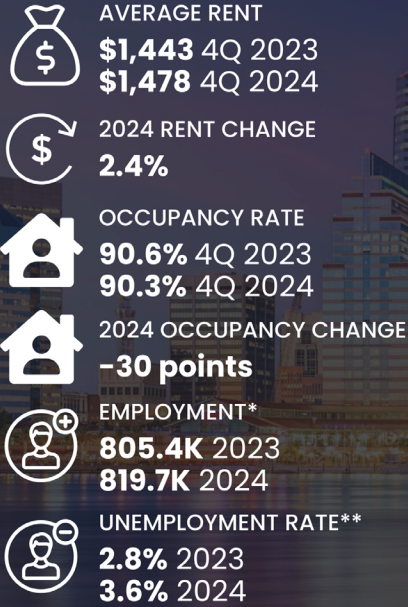


Jacksonville 2024 Market Forecast

MARKET SNAPSHOT



* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

** Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

KEY TAKEAWAYS

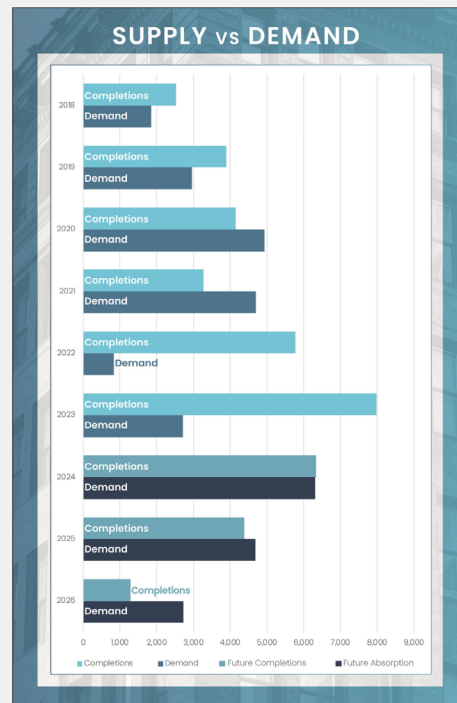
- Jacksonville is set for a resurgence in market fundamentals in 2024 with absorption rates reaching 6,315 units, up from 2,700 in 2023.
- While Jacksonville has seen a surge in multifamily supply, 2024 will see a modest decrease in new units to 6,300, with a continuing downward trend projected in subsequent years.
- After a period of negative rent growth, Jacksonville's rental market is expected to recover by the end of 2024, with an average rent growth rate of 2.4% year-over-year, and higher increases in areas like Beaches and Orange Park.
- Jacksonville maintains its strong long-term growth fundamentals, offering investors opportunities in 2024 to secure attractively priced deals with promising long-term returns.

Supply & Demand

2024 FULL YEAR FORECAST



Annual Demand Vs Completions



Occupancy & Rent Trends

Demand / Occupancy Outlook

As we look towards 2024, Jacksonville is poised for a resurgence in market fundamentals, emerging from a period of sluggish performance in recent years. The forecast for the coming year is particularly promising, with an anticipated surge in absorption reaching 6,315 units by the end of the year. This marks a notable increase from the 2,700 units absorbed in 2023. This expected upturn in absorption, however, is set against a backdrop of a slight dip in overall occupancy. Currently at 90.6%, the occupancy rate is projected to marginally decrease to around 90.3% by the close of 2024. This subtle decline is attributed to the carryover of excess supply from 2023 into the new year.

Despite the general trend of the overall occupancy rate declining marginally, across various submarkets, regions like Saint Augustine and Nassau County are forecasted to buck this trend, maintaining healthy occupancy levels above 94%. This differentiated performance across submarkets illustrates the multifaceted nature of the Jacksonville multifamily market heading into 2024.

New Supply Outlook

The multifamily market in Jacksonville has experienced a significant increase in supply over the past two years, marking a period of robust expansion. While the level of new deliveries remains high by historical standards, a modest shift is anticipated in 2024. The number of units expected to be delivered this year is projected to decrease by around 1,700 units, totaling 6,300 units for the year.

Looking into the medium term, the market is forecasted to see a more pronounced decline in the number of new units coming onto the market. By next year, the number of deliveries is expected to fall further to 4,400 units. This downward trend is set to continue, with the number of new units delivered projected to drop significantly to just 1,300 units by 2026.

RENT VS OWN MONTHLY PAYMENT



\$2,996

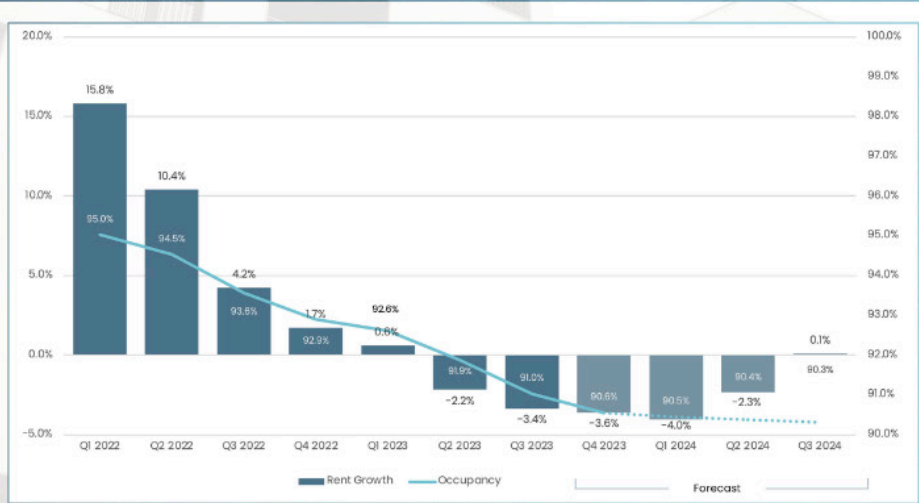
Average Monthly Mortgage Payment



\$1,443

Average Monthly Rent

RENT vs OCCUPANCY



2024 RENT TRENDS OUTLOOK

In 2022, Jacksonville's rental market experienced significant rent increases, but the trend shifted in the second quarter of 2023, initiating a period of negative rent growth that persists to the present. The latest data shows a -3.6% year-over-year rent growth rate, with the average rent currently standing at \$1,443. However, projections for the end of 2024 indicate a turnaround, with an expected market-wide average rent growth rate of 2.4% year-over-year.

Specific areas within the metro, such as Beaches and Orange Park, are poised to see even more substantial rent growth, potentially exceeding 3.0%. While the lower-tier segments of the market might experience some modest increases as the year unfolds, the overarching trend in Jacksonville's rental market is likely to remain negative for a considerable part of 2024.

Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
Arlington	89.1%	88.8%	-0.4%	\$1,312	\$1,347	2.7%
Baker County	96.9%	96.7%	-0.2%	\$1,713	\$1,723	0.6%
Beaches	90.9%	90.6%	-0.3%	\$1,590	\$1,643	3.3%
Central Jacksonville	87.0%	86.5%	-0.5%	\$1,125	\$1,154	2.6%
Downtown Jacksonville	93.8%	93.6%	-0.2%	\$1,679	\$1,711	1.9%
Nassau County	95.8%	95.8%	0.0%	\$1,598	\$1,630	2.1%
North Side	85.7%	85.2%	-0.5%	\$1,412	\$1,435	1.6%
Orange Park	91.5%	91.2%	-0.3%	\$1,422	\$1,464	3.0%
Saint Augustine	94.4%	94.4%	0.0%	\$1,654	\$1,683	1.7%
Southside	91.6%	91.3%	-0.3%	\$1,511	\$1,547	2.4%
West Side	89.3%	88.9%	-0.4%	\$1,296	\$1,328	2.5%
Market	90.6%	90.3%	-0.3%	\$1,443	\$1,478	2.4%

Submarket Construction Pipeline



114,420
4Q 2023 Unit Inventory



10,800
Number of Units Under Construction



6,331
Number of Units UC Delivering In the Next 4 Quarters

Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering In the Next 4 Quarters
Arlington	21,989	505	2%	4.7%	502
Baker County	141	0	0%	0.0%	0
Beaches	4,058	0	0%	0.0%	0
Central Jacksonville	5,664	507	9%	4.7%	506
Downtown Jacksonville	2,550	972	38%	9.0%	631
Nassau County	1,963	550	28%	5.1%	299
North Side	5,868	578	10%	5.4%	577
Orange Park	7,135	0	0%	0.0%	0
Saint Augustine	7,812	3,180	41%	29.4%	2,094
Southside	46,211	3,821	8%	35.4%	1,345
West Side	11,029	687	6%	6.4%	377
Market	114,420	10,800	9.4%	100.0%	6,331

Sales Activity

In 2023, Jacksonville's multifamily market witnessed a substantial 52.9% decrease in single asset conventional multifamily property transactions, amounting to \$648.5 million. This figure marks a significant downturn from the \$1.5 billion annual average observed between 2020 and 2022. Several factors contributed to this decline, including high interest rates, a slowdown in renter demand, and stagnation or reduction in rent growth, all of which dampened investor enthusiasm.

Despite these challenges, Jacksonville's multifamily market still possesses strong underlying fundamentals. The city's robust growth dynamics and favorable warm weather continue to attract a significant number of transplants from the northeast, underscoring its appeal. These elements have been instrumental in establishing Jacksonville as a prime market for multifamily investment in recent years.

Looking ahead to 2024, if the year brings stabilization in interest rates, it could present savvy investors with attractive opportunities. These potential investments could offer considerable upside in the forthcoming years, especially in a market like Jacksonville that has demonstrated solid growth. This prospect suggests a potential resurgence of investor interest and activity in Jacksonville's multifamily market, should the economic conditions become more favorable.

Most Active Buyers (Previous 24 Months)

1. ApexOne Investment Partners
2. Gables Res - Clarion
3. Preston Giuliano Capital
4. Lightstone Group
5. Olympus Property

Most Active Sellers (Previous 24 Months)

1. Clarion Partners
2. Laramar Group
3. Stiles
4. Presidium Group
5. Stanmore Partners

*Most Active Buyers and Sellers are based on the sale volume of apartment units.

TRANSACTION VOLUME
\$648.5M (p)

2023 Transaction Volume

-53%

Y-O-Y Change

21 YTD

Individual Transaction Count

\$190.6K*

Price Per Unit

-2.2 %

Annual PPU Price Change

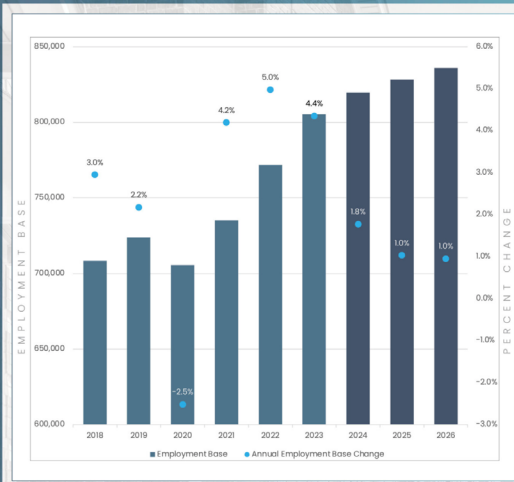
* Trailing 4Q average PPU

* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

Employment Forecast

EMPLOYMENT SECTOR FORECAST



Forecasted 2024 Employment Sector Growth

Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	14,300	1.8%
Manufacturing	700	1.9%
Construction	(300)	-0.4%
Trade, Transport, & Utilities	3,500	2.0%
Financial Activities	1,700	2.2%
Professional & Business Services	1,700	1.3%
Education & Health Services	4,300	3.4%
Government	1,400	1.8%
Lesuire & Hospitality	1,400	1.5%
Other Services	(100)	-0.4%

Economic Outlook

The Jacksonville apartment market is poised for stabilization in the upcoming year, driven by robust employment growth. The Bureau of Labor Statistics projects an addition of 17,300 new jobs in 2024, reflecting the region's economic vitality. A key factor contributing to this growth is the significant migration of people from the Northeast, which is bolstering both the population and employment landscape in Northeast Florida.

The economic strength of Jacksonville is further underpinned by the Naval Air Station Jacksonville, the city's largest employer, adding stability and diversity to the job market. Additionally, the presence of 20 major finance and insurance firms from the Fortune Global 500 List in Jacksonville speaks to the city's economic clout and attractiveness to major businesses.

Jacksonville's appeal is also being enhanced by the arrival of top industry players, invigorating the local economy and the rental market. Significant developments are underway that promise to provide further economic momentum. Notable among these are the Mayo Clinic's \$432 million expansion, Johnson & Johnson's \$57 million expansion, and Danone's \$65 million expansion. These projects not only represent a substantial investment in the city's infrastructure but also indicate confidence in Jacksonville's continued growth and development. This confluence of factors makes Jacksonville an increasingly appealing destination for both residents and businesses, boding well for the stability and growth of its apartment market.

Sources: *Castar; Yardi Matrix; BLS; MSCI; Moody's Analytics*

TO GAIN FURTHER INSIGHTS INTO THE JACKSONVILLE MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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