



MULTIFAMILY REPORT

Jacksonville Takes A Step Back

Summer 2020



Pipeline Loses Steam

Economy Slowly Reopens

Investment Activity Endures

JACKSONVILLE MULTIFAMILY



COVID-19 Woes Temper Rent Growth, Deliveries

Following a strong 2019 for both investment volume and completions—the latter of which saw a new cycle peak—Jacksonville's multifamily market hit the brakes as the health crisis began to hold sway over the metro's economy. Rent growth contracted by 0.3% on a trailing three-month basis through May, with the up-scale Lifestyle segment—a class susceptible to reduced demand in challenging times—recording a 0.5% drop.

Leisure and hospitality was the first sector impacted by the coronavirus-induced nationwide lockdown, but others followed suit. A Northeast Florida Regional Council study found that, even with the most positive outcome, more than 41,000 jobs, or 4.2% of the workforce, will be lost in the Jacksonville area. The same analysis showed that it will take more than two years for the metro's economy to fully recover. In an effort to protect the city's labor pool, authorities partnered with a local credit union and approved a \$28 million relief package for small businesses.

In the first five months of the year, \$354 million in multifamily assets traded in Jacksonville and only one 301-unit property came online. Despite multifamily historically remaining a favored asset class due to its lower volatility, we expect investor appetite to further soften moving forward, only to rebound next year when the aftermath of the coronavirus crisis will likely be more apparent.

Market Analysis | Summer 2020

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Recent Jacksonville Transactions

The Elysian



City: St. Johns, Fla.
Buyer: Electra America
Purchase Price: \$80 MM
Price per Unit: \$228,448

The Reserve at Nocatee



City: Ponte Vedra, Fla.
Buyer: PASSCO Real Estate
Purchase Price: \$56 MM
Price per Unit: \$231,188

Victoria at Orange Park



City: Orange Park, Fla.
Buyer: Broadshore Capital
Partners
Purchase Price: \$37 MM
Price per Unit: \$132,500

Park at Blanding



City: Orange Park, Fla.
Buyer: ORIX Capital Markets
Purchase Price: \$10 MM
Price per Unit: \$88,034