

# The center of Jacksonville's office market could be shifting south

By Derek Gilliam  
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As residential development continues in northern St. Johns County and retail development starts to catch up, some real estate experts argue there's a shift underway in which the center of the area's office market space is shifting south from J. Turner Butler Boulevard.

However, others are skeptical of this southern shift: millennials' renewed interest in urban living and the amount of office development that would need to happen will keep the center further north for the foreseeable future.

The numbers show that St. Johns County is experiencing a population boom. St. Johns County's 328 single-family building permits was nearly 140 more than Duval County's 193 permits issued for July, according to the Northeast Association of Builders. A year ago that also was the case when in July 2015, St. Johns County officials issued 216 single-family permits and Duval County issued 153.

Over the coming years, that will lead to more office development south of the Flagler Center, said Ross Carrier, a senior vice president with Avison Young, and the property representative at the center, which is in southern Duval County about eight miles from the John Turner Butler Boulevard.

"This is causing a shift in the center of the office market from the JTB area to the southern end of Duval County. The number of contracting trucks everywhere in northern St. Johns has been amazing," he said. "It's boom town there. Employers are going to follow where their workers live."

Recently, Carrier and Mark Montgomery, another senior vice president with Avison Young, signed Cypress Insurance & Casualty Insurance Co. as a tenant at the Flagler Center where the insurance company will take about 17,500 square feet of space.

Carrier said one of the reasons Cypress Insurance & Casualty Insurance choose the Flagler Center was because of the recent population boom in St. Johns County. He said he's hearing from potential tenants desire for more office space in southern Duval and northern St. Johns.

He points to infrastructure improvements and future plans for highway expansion that will only make commute times more manageable.

Also, the availability of land will play a role, he said.

"There's limited sites along the JTB corridor," he said.

However, not all agree.

Traci Jenks, a senior director of office leasing at Cushman & Wakefield, was more skeptical of a southern shift.

She said that millennials will have a large impact on office development and they like living near urban centers and have helped with the growth of Riverside, Avondale and San Marco.

There's also traffic improvements happening along JTB and near Downtown, she said, that will help relieve congestion and grow those areas.

“I just don't see as much office development happening in northern St. Johns County as has already happened at JTB or Downtown,” she said. “For a true shift of the center, just as much development will have to happen in Northern St. Johns County as what's currently in the market. I just don't see that happening in 10 or 15 years.”