

# Q3 2020 | FLORIDA INDUSTRIAL RENTS

## ECONOMY

### Unemployment Reaches Historic High

The COVID-19 turbo charged many industrial markets as e-commerce as well as firms tied to logistics and delivery expanded to service customers forced to stay home due to lockdowns. Continued confidence in growth is evident in the amount of construction deliveries and projects under construction in most Florida markets.

Florida's unemployment rate was 7.6% in September 2020, down from 13.8% in April but up 470 basis points from one year ago. Over the summer, Florida clawed back over half of the jobs lost in the initial months the pandemic hit.

## ASKING RENTS

### Year-to-Date Analysis and Demand Dynamics

Third quarter rents reflect a minimal impact from COVID-19. Warehouse/distribution direct rents increased to near record highs in several markets based on confidence in demand, pre-COVID. **Average rent growth YOY in Florida was 5.5%**, and average statewide rents were now 9.9% higher than previous cycle highs.

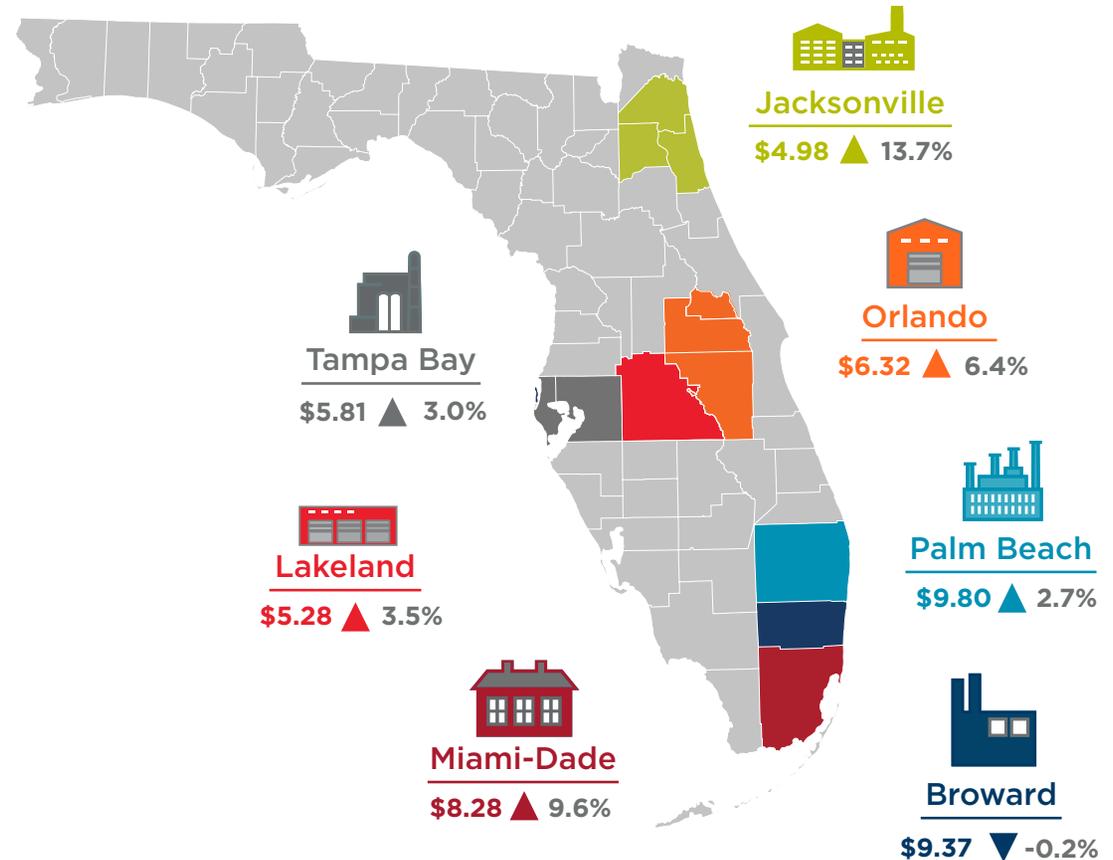


Direct figures for Florida, Asking Rent is quoted full service.

## MAJOR FLORIDA MARKETS

### Direct Triple Net Asking Rents | Year-Over-Year Percentages

This graph highlights industrial market fundamentals and compares the current quarter's rental rates to those at the height of the last real estate cycle (2008-2009). Rental rates are full-service and based solely on Class A properties in each market. Source: Cushman & Wakefield Research, Moody's Analytics, 2020



## TROPHY RENTS: Best of the Best, 30% Premium for Top Tier Space

Trophy Rents are achieved in the best buildings in the best locations.



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Source: Cushman & Wakefield Research, Moody's Analytics, 2020

## CONSTRUCTION

### Spec Space Drives Construction

Tampa Bay leads in square feet under construction year-to-date with approximately 4.2 msf while all other markets had activity. For completions year-to-date, approximately 12.3 msf delivered with more activity in the north Florida markets than in South Florida. Across the state the construction pipeline was heavily weighted in speculative space as it accounted for nearly 60% of the total. Several projects recently announced may get delayed in several markets as they digest the record level of deliveries. Demand for warehouse/distribution space should remain strong into the first half of 2021.

## INFLATION ADJUSTED RENTS

### Most Florida Rents Lag Historic Highs

Using the Bureau of Labor Statistics' Consumer Price Index, overall prices in 2019 were 20.2% higher than average prices in 2009 for an annual inflation rate of 1.8%. Only Jacksonville and Miami surpassed rent levels on both a numerical and inflation adjusted basis to previous market cycle highs. **If market performance in past downturns are any indication, some industrial markets in Florida could potentially post rent increases for the next several quarters.**

**Current warehouse/distribution rents were off 12.8% statewide on an inflation adjusted basis from the previous market highs.**

## INFLATION ADJUSTED TRIPLE NET RENTS



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