

YoY Chg

9.1%
Vacancy Rate



1.4 M
YTD Absorption, SF



\$5.31
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

YoY Chg

227k
Polk County Employment



9.3%
Polk County Unemployment Rate



8.8%
U.S. Unemployment Rate



Source: BLS, Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY

Polk County, of which Lakeland is a part of, had an unemployment rate of 9.4% in August 2020, down 380 basis points (bps) from the previous month and 540 bps higher than the region's rate from one year ago. Nonagricultural employment was 227,200, a decrease of 8,200 jobs, or 3.5%, over the year. One employment sector that gained jobs year-over-year (YOY) was Construction, adding 1,000 new positions. Leisure & Hospitality led every other sector in jobs lost in the last 12 months, with 4,200 jobs gone, followed by Education & Health Services which had payroll declines of 2,200 positions.

SUPPLY

Overall vacancy ended the third quarter at 9.1%, an increase of 200 bps YOY on vacant space additions from new deliveries. The Southwest and Northeast submarkets had the highest concentration of available space, accounting for 86.3% of all vacant space in the market. Over the past five years, the Lakeland industrial market recorded a surge of new construction. During that time, nearly 7.0 million square feet (msf) was delivered, over three-quarters of which was speculative. Year-to-Date (YTD), 2.3 msf was delivered in the Lakeland industrial market, the most construction deliveries since Cushman & Wakefield began tracking the market in the mid-2000's. At the close of the third quarter, an additional 1.8 msf was under construction, with a large block at Centerstate Logistics Park East accounting for over 1.0 msf of space.

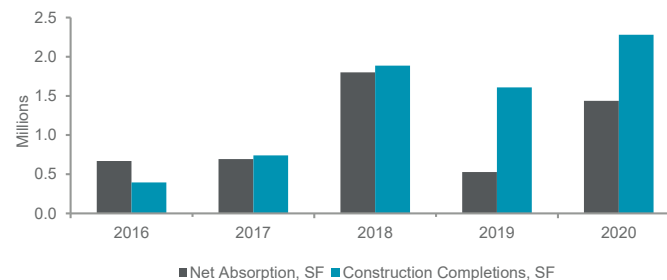
DEMAND

New leasing activity YTD totaled over 2.4 msf, shattering previous annual leasing activity records by over 600,000 sf. Lakeland's Northeast submarket drew the most interest from tenants, comprising 78.6% of all space leased. Tenant move-ins throughout the year added to 1.4 msf in positive absorption. The bulk of new leasing was from HCA leasing and occupying over 700,000 sf in the second quarter. In addition, Amazon leased the 711,000-sf Dragstrip Logistics Center. The Lakeland industrial market consistently attracted regional and national credit tenants due to its availability and low cost labor, new inventory with higher ceiling heights and abundant amounts of buildable land. Lakeland has been the landing spot for large requirements by firms such as Best Buy, Walmart, Amazon, and Quaker.

MARKET PRICING

Overall market rental rates rose \$0.16, or 3.1% YOY to \$5.31 per square foot (psf) triple net (NNN). Higher priced vacancies in construction deliveries pushed the warehouse/distribution to \$5.28 psf NNN, a 3.3% yoy increase. The Southwest submarket led the market in warehouse/distribution rental rate gains, up 4.0% to \$5.30 psf NNN.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Northeast Lakeland	9,281,892	1,407,214	15.2%	12,000	1,368,503	1,011,697	1,961,697	N/A	N/A	\$5.28
Northwest Lakeland	11,100,917	386,872	3.5%	432	86,160	0	98,280	N/A	N/A	\$5.23
Southeast Lakeland	1,901,110	60,000	3.2%	-11,500	-26,500	0	0	N/A	\$8.30	N/A
Southwest Lakeland	13,531,634	1,413,588	10.5%	38,816	8,064	802,441	221,875	N/A	\$5.25	\$5.30
LAKELAND TOTALS	35,815,553	3,267,674	9.1%	39,748	1,436,227	1,814,138	2,281,852	N/A	\$8.05	\$5.28

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
8100 State Road 33	Northeast	Amazon	711,000	Direct
8401 State Road 33	Northeast	Hawthorne Hydroponics	123,917	Direct
5275 Drane Field Road	Southwest	Motion Industries	117,514	Direct

*Renewals are not included in Leasing Activity

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8060 State Road 33	Northeast	Brennan investment/Nuveen	440,000	\$41,200,000/\$94

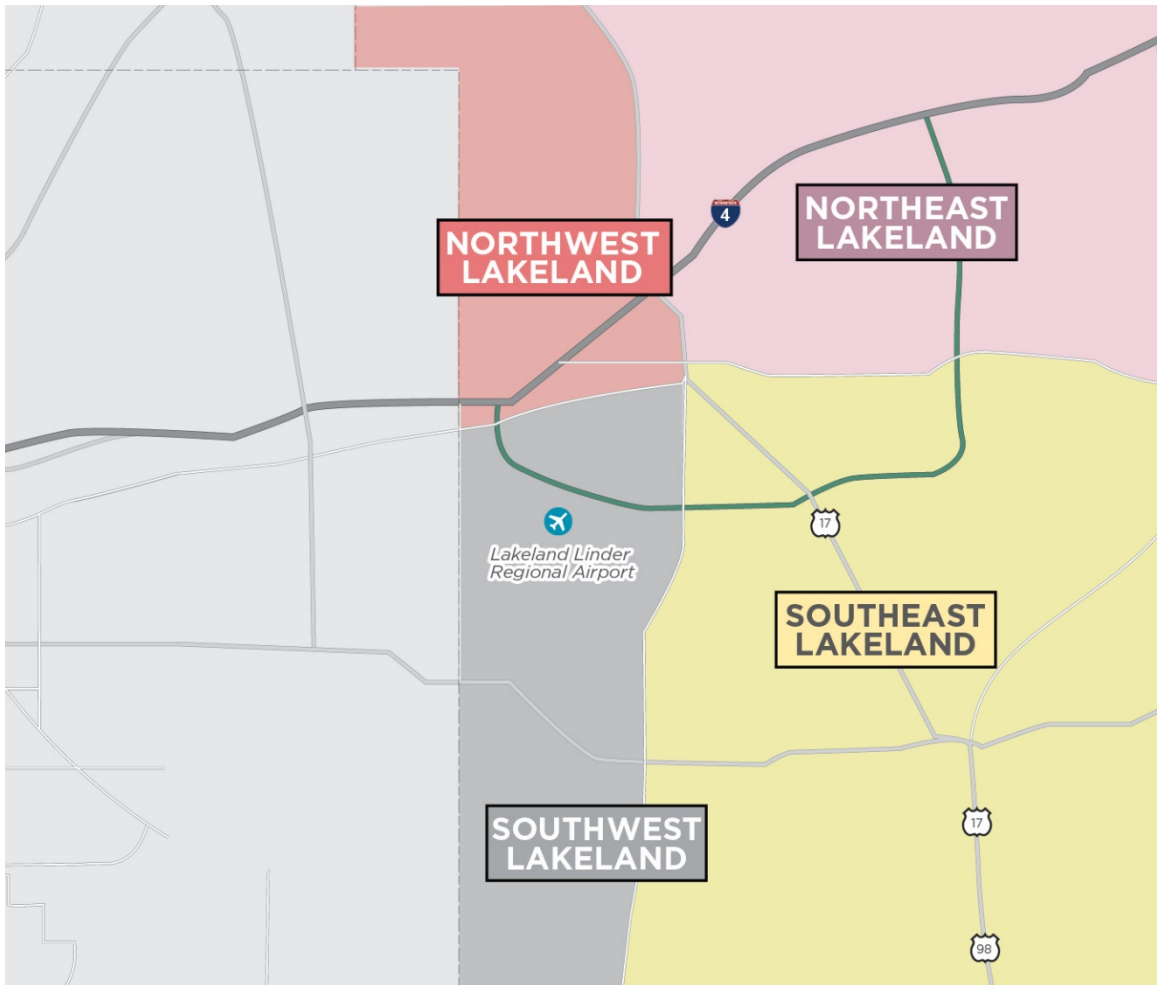
KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
6200 State Road 33/University Park at Bridgewater	Northeast	HCA	713,343	Crow Holdings/Transwestern
8100 State Road 33/Dragstrip Logisitcs	Northeast	Amazon	711,000	Ackerman & Co
8401 State Road 33/I-4 Logistics Hub	Northeast	Conn's	537,354	Xebec

LAKELAND

Industrial Q3 2020

INDUSTRIAL SUBMARKETS



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