

MARKETBEAT ORLANDO

Industrial Q3 2020



CUSHMAN &
WAKEFIELD

YoY
Chg

8.8%

Vacancy Rate



2.6 M

Net Absorption, SF, YTD



\$6.94

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

YoY
Chg

1.2M

Orlando
Employment



10.9%

Orlando
Unemployment Rate



8.8%

U.S.
Unemployment Rate



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

ECONOMY

Orlando, part of the Central Florida region, had the highest unemployment rate for a major market in Florida in August 2020, at 10.9%, 440 basis points (bps) lower than the previous month but 770 bps higher than the region's rate from one year ago. Nonagricultural employment fell by 120,200 jobs, or 9.0%, year-over-year (YOY) to 1.2 million. The only major employment sector to gain jobs YOY was in Transportation, Warehousing & Utilities, adding 1,400 new positions. Every other sector forfeited jobs in the last 12 months with almost 75% of all losses continuing to come from the Leisure & Hospitality sector, with 88,600 jobs gone, followed by Professional & Business Services which had payroll declines of 10,200 positions.

SUPPLY

Overall vacancy ended the second quarter at 8.8%, an increase of 180 bps YOY on vacant space from new deliveries. Warehouse/distribution in the Silver Star/Apopka submarket had the largest rise in vacant space, up 860 bps to 19.1%. There was no slowdown in construction as 25 projects delivered through the third quarter of 2020 totaling 3.9 million square feet (msf), the most construction deliveries recorded in the first nine months of the year ever since Cushman & Wakefield began tracking the market in 1997. In addition, another 2.1 msf was under construction with currently no pre-leasing in place.

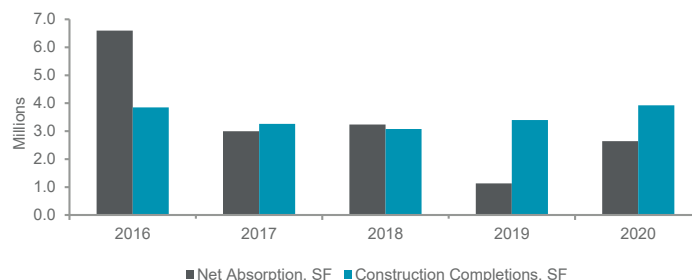
DEMAND

New leasing activity cooled slightly when compared to a near record second quarter. Year-to-date (YTD), over 5.0 msf was leased in Orlando's industrial market, making the market on track to beat the three year annual average of 5.0 msf leased. Warehouse/distribution accounted for 93.3% of all activity in the region. The two largest leases signed YTD were for different sized requirements for Amazon. In the Silver Star/Apopka submarket, the company took possession of a recently vacated 1.0 msf, 45-year-old distribution facility. The other Amazon lease was for new construction in the Airport/Lake Nona submarket at 561,000 sf. Tenant move-ins in through the third quarter pushed overall absorption to 4.2 msf, nearly four times the amount recorded in 2019.

MARKET PRICING

Overall triple net asking rental rates climbed by 4.2% YOY to \$6.94 per square foot (psf) triple net (NNN). Heightened demand for industrial space in Central Florida and new construction deliveries pushed warehouse/distribution rates up 5.6% to \$6.29 psf NNN for space. Many major industrial submarkets in Orlando experienced rental gains through the third quarter of 2020. However, three submarkets, Winter Garden, Davenport, and CBD/Winter Park, recorded YOY rent decreases on limited vacancies and no new construction to push rates. The Lake Mary/Sandford submarket led the region, with rental rates increasing 16.9% to \$7.76 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)
33rd Street/LB McLeod	4,924,205	325,936	6.6%	67,990	-2,319	0	100,000	\$9.73	\$12.53	\$7.01
Airport/Lake Nona	19,774,747	2,152,556	10.9%	1,012,450	1,355,874	659,176	721,413	N/A	\$13.87	\$5.93
Altamonte/Longwood	4,272,364	315,243	7.4%	-18,818	17,241	0	0	\$8.80	\$10.22	\$6.31
CBD/Winter Park/Maitland	3,307,109	133,301	4.0%	-22,392	-41,723	0	0	\$5.00	\$7.50	\$11.95
Davenport	7,010,749	327,021	4.7%	0	473,733	0	0	N/A	N/A	\$5.25
E. Orange/University/Forsyth	4,254,102	110,351	2.6%	894	28,714	0	0	\$10.00	\$15.06	\$8.94
Lake Mary/Sanford	8,385,872	479,081	5.7%	95,895	421,247	0	378,100	\$7.50	\$10.33	\$7.03
Michigan/South Orange Ave	2,637,501	89,874	3.4%	5,900	-41,160	0	0	N/A	N/A	\$7.23
Orlando Central Park	20,885,003	1,781,311	8.5%	-207,197	49,554	1,040,514	561,071	N/A	\$12.55	\$6.43
Osceola/Kissimmee	4,665,971	73,576	1.6%	0	-11,719	0	0	\$8.83	N/A	\$8.74
Regency/Turnpike/Beeline	16,957,514	1,223,118	7.2%	41,529	-237,808	457,160	430,080	\$8.41	\$7.65	\$5.94
Silver Star/Apopka	16,377,101	2,775,448	17.0%	621,059	462,112	0	1,333,576	\$5.75	\$8.55	\$6.96
West Orange/Winter Garden	3,494,736	568,554	16.3%	-67,388	171,269	0	402,582	N/A	N/A	\$5.76
Winter Springs/Oviedo	824,700	36,225	4.4%	0	-3,053	0	0	N/A	\$9.93	\$7.50
ORLANDO TOTAL	117,771,674	10,391,595	8.8%	1,529,922	2,641,962	2,156,850	3,926,822	\$8.15	\$11.31	\$6.29

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

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

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10601 Southport Drive	Airport/Lake Nona	United Facilities	292,000	Direct
2622 Consulate Drive	Orlando Central Park	Newgistics	116,252	Direct

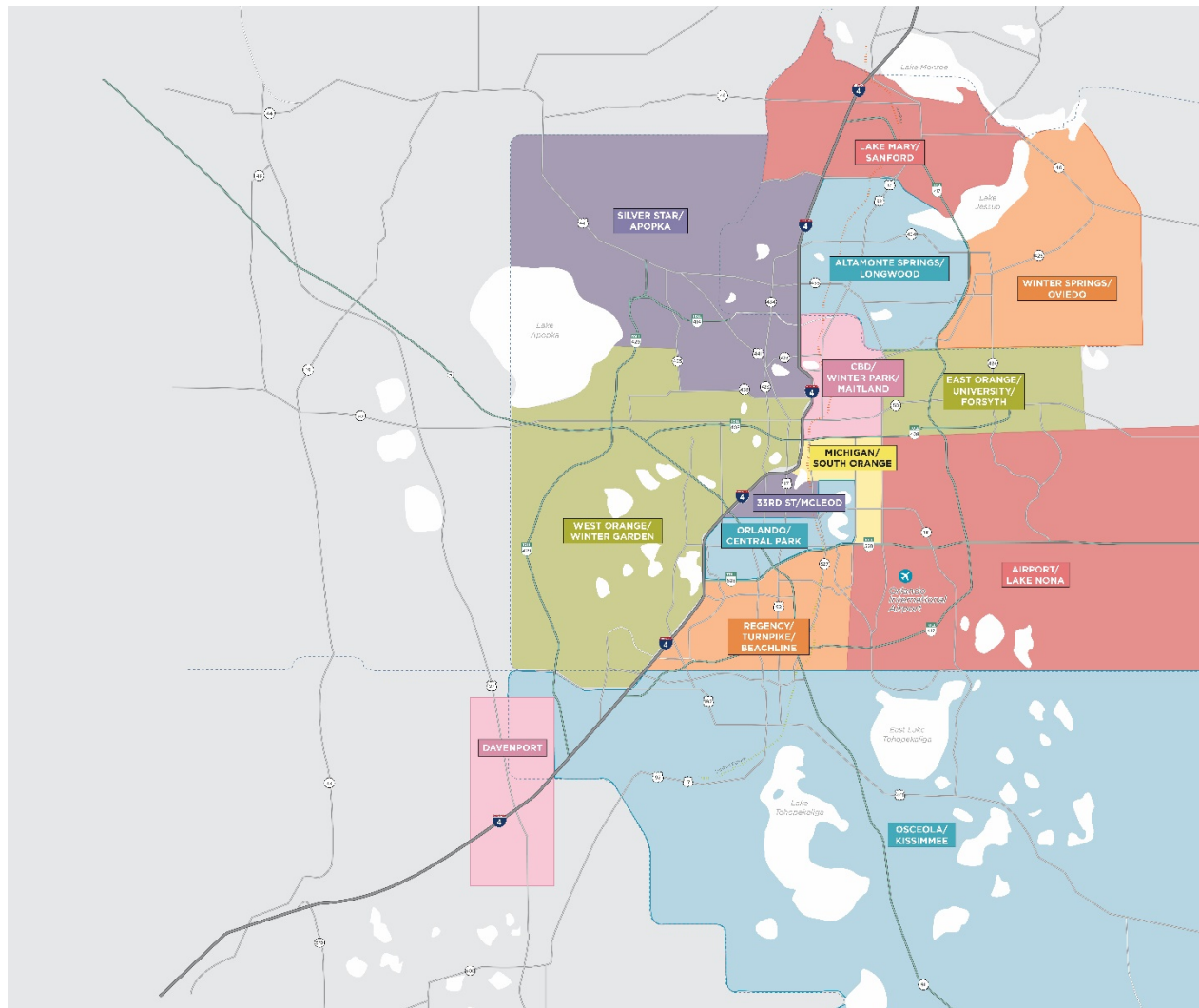
KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Airport Commerce Center	Airport/Lake Nona	TA Realty/Richland Investments	328,987	\$43,000,000/\$131
Northlake Business Center	Altamonte/Longwood	Real Capital Solutions/Taurus Investment	270,555	\$28,500,000/\$105

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
3001 Shelby Industrial	Silver Star/Apopka	Goya Foods	656,500	Blue Scope
635 Ocoee Business Parkway	West Orange/Winter Park	N/A	402,852	Dawn Real Estate

INDUSTRIAL SUBMARKETS



MICHELLE MCMURRAY

Associate Director

Tel: +1 813 204 5373

michelle.mcmurray@cushwake.com

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