

MARKETBEAT LAKELAND



Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
5.3% Vacancy Rate	▲	▲
2.9 M YTD Absorption, SF	▲	▼
\$5.33 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
233k Polk County Employment	▼	▲
7.4% Polk County Unemployment Rate	▲	▼
6.7% 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 7.4% in November 2020, down 300 basis points (bps) from the previous month and 490 bps higher than the region's rate from one year ago. Nonagricultural employment was 232,800, a decrease of 7,500 jobs, or 3.1%, over the year. The only employment sector to gain jobs year-over-year (YOY) was in Construction, adding 1,100 new positions. Leisure & Hospitality led every other sector in Polk County with jobs lost in the last 12 months, at 3,500 jobs gone, followed by Professional & Business Services with payroll declines of 900 positions.

SUPPLY

Overall vacancy ended the year at 5.3%, significantly down from the 9.1% rate posted in the third quarter. The current vacancy rate is 230 bps below the level at the end of 2019. The Southwest and Northwest submarkets had the highest concentration of available space, accounting for over 83% 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 7.1 million square feet (msf) was delivered, over three-quarters of which was speculative and another 1.4 msf build-to-suit. Year-to-Date (YTD), 2.4 msf was delivered in the Lakeland industrial market. The most annual construction deliveries since Cushman & Wakefield began tracking the market in the mid-2000's. At the close of the third quarter, an additional 1.7 msf was under construction, split 60% to the Northeast submarket and 40% to the Southwest submarket.

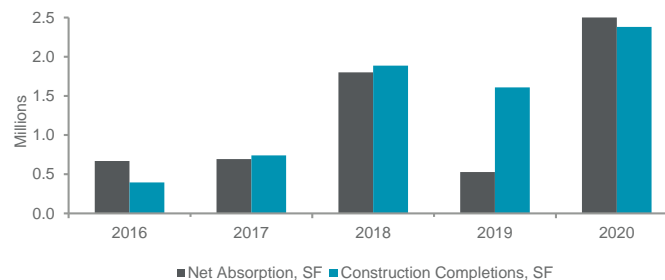
DEMAND

New leasing activity YTD totaled over 2.6 msf, the largest annual level of activity recorded since the market was tracked. The Northeast submarket in Lakeland, with frontage along the I-4 Corridor, pulled in the most interest from tenants, comprising slightly less than three-quarters of all space leased. Tenant move-ins throughout the year added 1.5 msf in positive absorption. One of the largest move-ins for 2020 was when HCA occupied over 700,000 sf in the second quarter. Amazon leased another 711,000 sf at Dragstrip Logistics Center and moved in during the fourth quarter of 2020. Three factors continued to make the Lakeland industrial market attractive to national and regional tenants; availability and low cost of labor, abundant amount of buildable land and great transportation linkages to markets throughout Florida.

MARKET PRICING

Overall market rental rates rose \$0.15, or 2.9% YOY to \$5.33 per square foot (psf) triple net. Higher priced vacancies in construction deliveries pushed the warehouse/distribution to \$5.29 psf, a 4.0% YOY increase. The Northwest and Northeast submarkets both had rental gains in the last 12 months over 5.0% to \$5.24 psf and \$5.27 psf, respectively.

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	267,477	2.9%	1,139,737	2,508,240	1,011,697	1,961,697	N/A	N/A	\$5.27
Northwest Lakeland	11,100,917	374,590	3.4%	12,282	98,442	0	98,280	N/A	N/A	\$5.24
Southeast Lakeland	1,901,110	65,000	3.4%	-5,000	-31,500	0	0	N/A	\$8.50	N/A
Southwest Lakeland	13,736,134	1,187,984	8.7%	325,604	333,668	702,441	321,875	N/A	\$5.25	\$5.30
LAKELAND TOTALS	36,020,053	1,895,051	5.3%	1,472,623	2,908,850	1,714,138	2,381,852	N/A	\$8.30	\$5.29

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

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

KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6200 State 33 Rd.	Northeast Lakeland	HCA Healthcare, Inc.	713,343	Direct
8100 State Road 33 North	Northeast Lakeland	Amazon	711,000	Direct
7100 State Road 33	Northeast Lakeland	Haverty's	335,000	Direct
5101 Great Oak Drive	Northwest Lakeland	Star Distribution Systems, Inc.	200,000	Renewal*

*Renewals are not included in Leasing Activity

KEY SALES TRANSACTIONS 2020

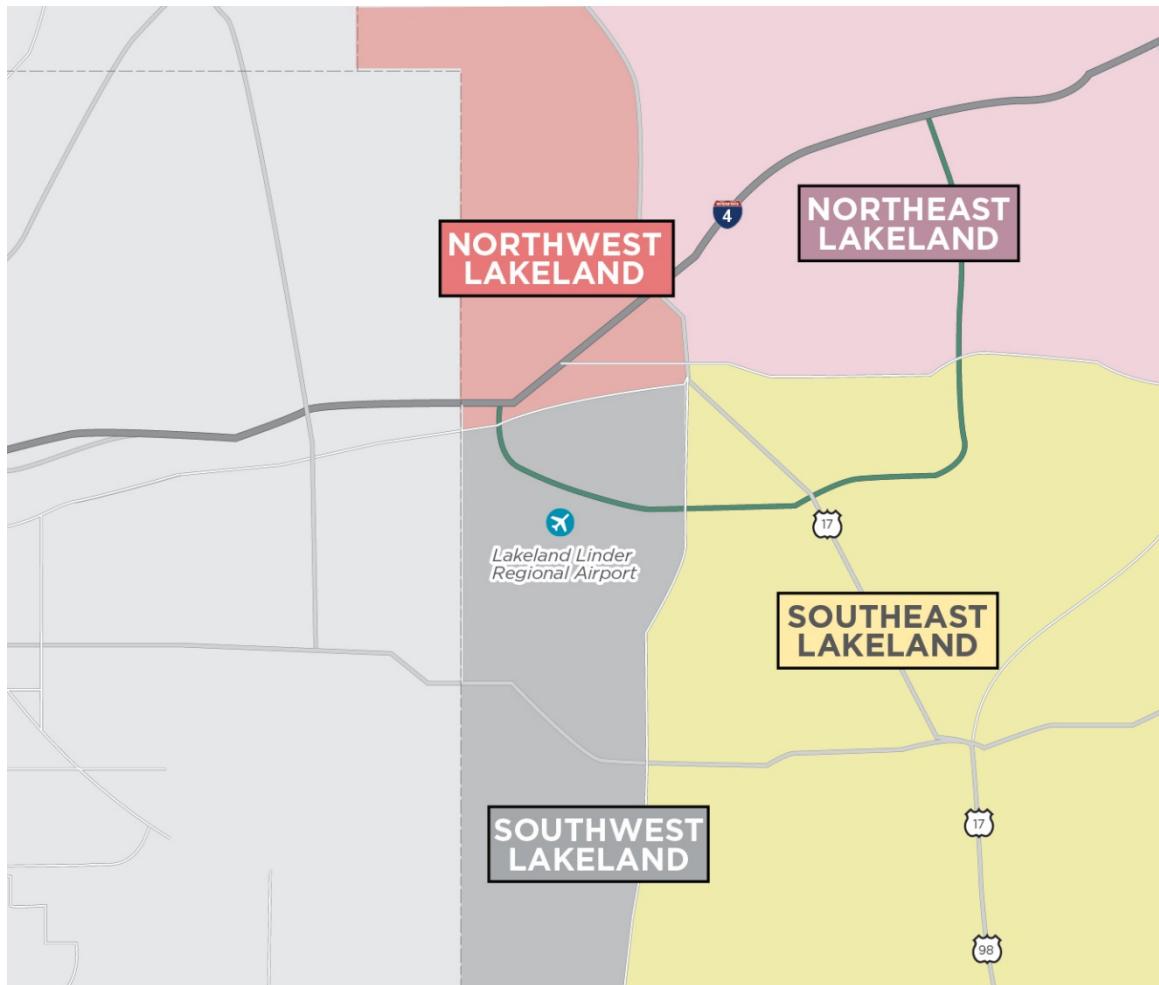
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8060 State Road 33	Northeast	Brennan investment/Nuveen	440,000	\$41,200,000/\$94
5275 Drane Field Road	Southwest	Boback RE Co, Hicap-DF1 LLC	221,875	\$15,102,600/\$68

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
6200 State 33 Rd.	Northeast Lakeland	HCA Healthcare	713,343	Crow Holdings
8100 State Road 33 North	Northeast Lakeland	Amazon	711,000	Ackerman & Co.
8401 State Road 33	Northeast Lakeland	Conn's/Hawthorne Hydroponics	537,354	Xebec



INDUSTRIAL SUBMARKETS

**CHRIS OWEN***Director*

Tel: +1 407 541 4417

Chris.owen@cushwake.com**A CUSHMAN & WAKEFIELD
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