

# MARKETBEAT LAKELAND



## Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
<b>5.7%</b> Vacancy Rate	▲	▼
<b>1.0M</b> YTD Absorption, SF	▲	▲
<b>\$5.29</b> Asking Rent, PSF	▼	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
<b>245K</b> Polk County Employment	▲	▲
<b>5.8%</b> Polk County Unemployment Rate	▼	▼
<b>5.9%</b> U.S. Unemployment Rate	▼	▼

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

### ECONOMY

Lakeland, part of Polk County, had an unemployment rate of 5.8% in May 2021, down 1,260 basis points (bps) from the region's rate from one year ago. Nonagricultural employment was 245,300, an increase of 16,000 jobs, or 7.0%, year-over-year (YOY). The industries gaining the most jobs over the past year were Leisure and Hospitality (4,400), Trade and Transportation (3,700), Education and Health Services (3,500), Construction (1,000), and Manufacturing (400). Industrial-using sectors created over 5,100 new jobs in the last 12 months.

### SUPPLY

Overall vacancy ended the second quarter at 5.7%, 130 bps lower than the second quarter of 2020. The Northeast Lakeland submarket had the lowest overall vacancy rate at 0.8% and saw the largest drop in vacancy YOY, down 730 bps. Southwest Lakeland had the highest overall vacancy rate at 9.6% and accounted for 66% of vacant space in the market. Warehouse/distribution space had an overall vacancy rate of 6.8%, down 230 bps YOY, while office services/flex space decreased 430 bps YOY, ending the second quarter with an overall vacancy rate of less than 1.0%. All manufacturing space in Lakeland was occupied, marking the sixth straight quarter with a 0.0% vacancy rate. The lone construction delivery in the second quarter was an Amazon distribution center in Northeast Lakeland totaling nearly 1.1 million square feet (msf). An additional 1.8 msf was under construction at the end of the second quarter.

### DEMAND

New leasing activity in the second quarter approached 180,000 square feet (sf), up 81.3% from the first quarter. Leasing activity year-to-date (YTD) was nearly 278,400 sf, down 79.8% from the same period in 2020. Warehouse/distribution space made up 94.7% of leasing activity this year, with the majority occurring in Northeast Lakeland. Overall net absorption for the market was close to 1.1 msf in the second quarter, in large part to Amazon moving into their new distribution center in the Northeast Lakeland submarket and tenant move-ins of around 55,000 sf in Northwest Lakeland.

### MARKET PRICING

Overall market rental rates for all of Lakeland ended the second quarter at \$5.29 per square foot (psf) triple net (NNN), up 4.2% YOY. Northwest Lakeland closed at \$5.18 psf and Northeast Lakeland ended at the mid-year at \$5.50 psf, the largest increases in overall rental rates over the past year, up 8.0% and 8.8%, respectively. Warehouse/distribution rents were \$5.28 psf, up 4.4% YOY in part to 2.1 msf of new construction delivering during that time.

### 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	10,366,226	87,360	0.8%	1,105,640	1,283,597	1,112,707	1,078,000	N/A	N/A	\$5.50
Northwest Lakeland	8,358,779	461,040	5.5%	55,242	-187,758	0	0	N/A	N/A	\$5.18
Southeast Lakeland	1,999,026	125,816	6.3%	14,000	14,000	0	97,916	N/A	\$8.75	\$7.42
Southwest Lakeland	13,360,323	1,280,685	9.6%	-50,249	-88,601	730,581	0	N/A	N/A	\$5.26
<b>LAKELAND TOTALS</b>	<b>34,084,354</b>	<b>1,954,901</b>	<b>5.7%</b>	<b>1,124,633</b>	<b>1,021,238</b>	<b>1,843,288</b>	<b>1,175,916</b>	<b>N/A</b>	<b>\$8.75</b>	<b>\$5.28</b>

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

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

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4000 North Combee Road	Northeast Lakeland	Undisclosed	80,080	New
3919 Air Park Drive	Northeast Lakeland	Undisclosed	17,500	New
3030 Reynolds Road	Southeast Lakeland	Undisclosed	24,000	New

\*Renewals are not included in Leasing Activity

## KEY SALES TRANSACTIONS Q2 2021

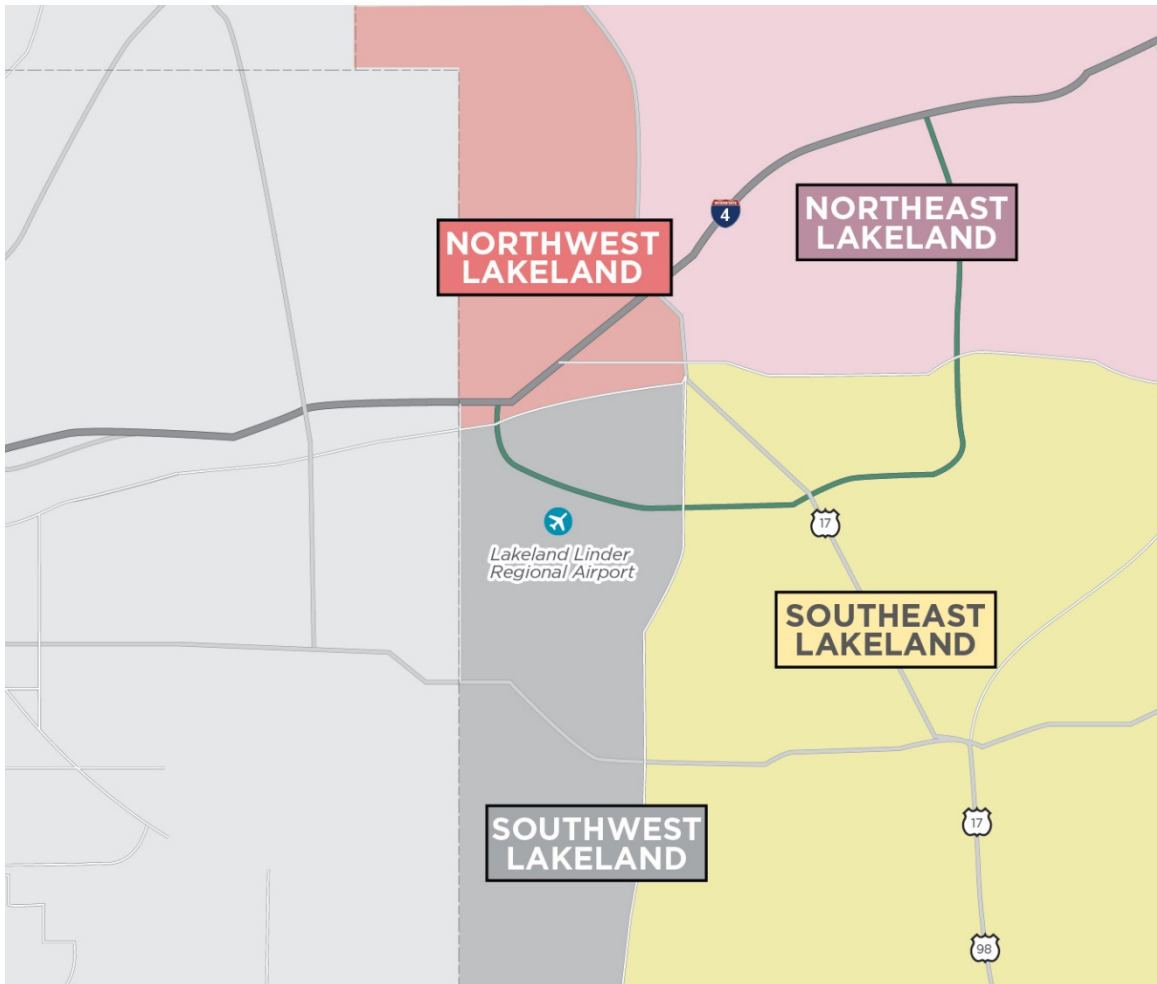
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
676 C Fred Jones Blvd	Northeast Lakeland	Prologis, Inc.   Easton Vance Real Estate	1,078,000	\$170.0M   \$158
8100 State Road 33 North	Northeast Lakeland	Ackerman & Co.   Intercontinental RE Corp	711,000	\$108.7M   \$153

## KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
676 C Fred Jones Blvd	Northeast Lakeland	Amazon	1,078,000	Easton Vance / Prologis, Inc.



## INDUSTRIAL SUBMARKETS

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