

LAKELAND/POLK

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
5.6% Vacancy Rate	▲	▼
281K YTD Absorption, SF	▼	▲
\$5.52 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
265K Polk County Employment	▲	▲
3.1% Polk County Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

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

ECONOMY

Polk County had an unemployment rate of 3.1% in March 2022, down 60 basis points (bps) from the previous month and 280 bps year-over-year (YOY). Nonagricultural employment was 264,800, an increase of 11,800 jobs, or 4.7%, YOY. Overall industrial-using employment grew by 4,300 new jobs over the last 12 months with Trade, Transportation & Utilities up 4,900 jobs and Manufacturing with another 100 new positions. Construction was down 700 jobs in the last year. Polk County had tremendous growth over the past decade and in 2021 was the fastest growing county in the state and the fifth fastest in the country.

SUPPLY

Overall vacancy remained relatively stable from the previous quarter, ending the first three months of the year at 5.6%. Warehouse/distribution vacancy ended the first quarter at 6.4%, with the Davenport, East Polk, and South Polk submarkets all having vacancy below 2.0%. The larger Lakeland submarket had a 420-bps increase in warehouse/distribution vacancy, as 92% of new construction that delivered within the past year remained vacant. There was another 3.3 million square feet (msf) of warehouse/distribution space under construction at the end of the first quarter that could further increase vacancy through the end of 2022. There was 380,000 square feet (sf) that delivered during the first quarter.

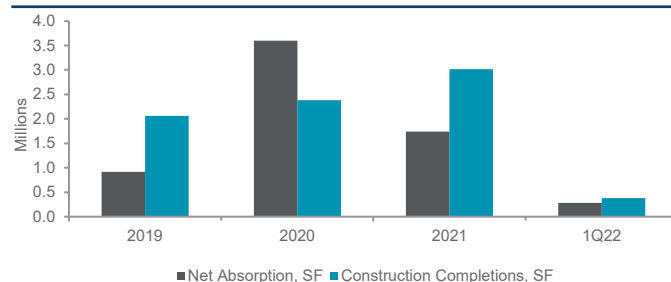
DEMAND

New leasing activity totaled 793,000 sf through the first quarter of the year. Warehouse/distribution accounted for all the leasing activity over the first three months due to limited activity in manufacturing and office services/flex inventory in the county. The larger Lakeland submarket, adjacent to Tampa and able to pull employees from the greater metro area, comprised 88% of activity with 701,000 sf, a 608% YOY increase and 73% of the total leasing activity in 2021. The Southwest and Northeast Lakeland submarkets had the most new deals, totaling 71% of new leases with 567,000 sf. Overall absorption was 281,000 sf through the first three months of 2022 with the bulk of tenant move-ins occurring in the South Polk submarket.

MARKET PRICING

Overall rental rates were \$5.52 per square foot (psf) triple net at the end of the first quarter. Warehouse/distribution rental rates reached \$5.51 psf, with space in the Southeast Lakeland submarket quoting rates of \$8.52 psf on less than 65,000 sf of vacant space. Warehouse/distribution rents in the larger Lakeland submarket continued to record all-time highs, ending the first quarter at \$5.49 psf, a 5% YOY increase, but still a discount when compared to rates in the nearby Tampa and Orlando metro areas. New speculative construction delivering throughout 2022 should help to further increase rental rates in the county.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2022

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)
Davenport ₁	6,774,116	0	0.0%	92,000	92,000	0	0	N/A	N/A	N/A
East Polk ₂	17,308,217	250,850	1.5%	-69,260	-69,260	810,000	0	\$12.00	N/A	\$5.74
South Polk ₂	7,189,817	58,000	0.8%	379,504	379,504	0	379,504	N/A	N/A	N/A
East Polk Totals₂	31,272,150	308,850	1.0%	402,244	402,244	810,000	379,504	\$12.00	N/A	\$5.74
Northeast Lakeland	10,200,547	1,082,377	10.6%	-24,800	-24,800	292,143	0	N/A	N/A	\$5.26
Northwest Lakeland	8,361,766	387,935	4.6%	-71,810	-71,810	0	0	N/A	N/A	\$5.53
Southeast Lakeland	2,145,684	64,680	3.0%	-5,000	-5,000	1,216,800	0	N/A	N/A	\$8.52
Southwest Lakeland	14,191,610	1,829,026	12.9%	-19,700	-19,700	962,100	0	N/A	N/A	\$5.59
Lakeland Totals	34,899,607	3,364,018	9.6%	-121,310	-121,310	2,471,043	0	N/A	N/A	\$5.49
Lakeland/Polk Totals	66,171,757	3,672,868	5.6%	280,934	280,934	3,281,043	379,504	\$12.00	N/A	\$5.51

Rental rates reflect weighted net asking \$psf/year₁ Previously tracked as part of the Orlando industrial market**₂ New submarkets*

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6200 State 33 Rd	Northeast Lakeland	Confidential	292,143	New
900 North Chestnut Road	Southwest Lakeland	Frisna	178,702	New
5020-5044 Great Oak Drive	Northwest Lakeland	Star Distribution Systems, Inc.	139,023	Renewal
45150 US Highway 27 North	Davenport	Performance Food Group	92,000	New
3960 Frontage Road	Northwest Lakeland	Pepperidge Farm, Inc.	87,360	Renewal

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5000 North Ridge Trail	Davenport	Monmouth Real Estate Investment Corporation ILPT REIT	310,922	N/A N/A
900 North Chestnut Road	Southwest Lakeland	Native Development Company High Street Logistics Properties	178,702	\$15.8M \$89
902 North Chestnut Road	Southwest Lakeland	Native Development Company High Street Logistics Properties	120,539	\$10.1M \$84
1770 Interstate Drive	Northwest Lakeland	Prologis Nuveen (US)	100,000	\$16.8M \$168

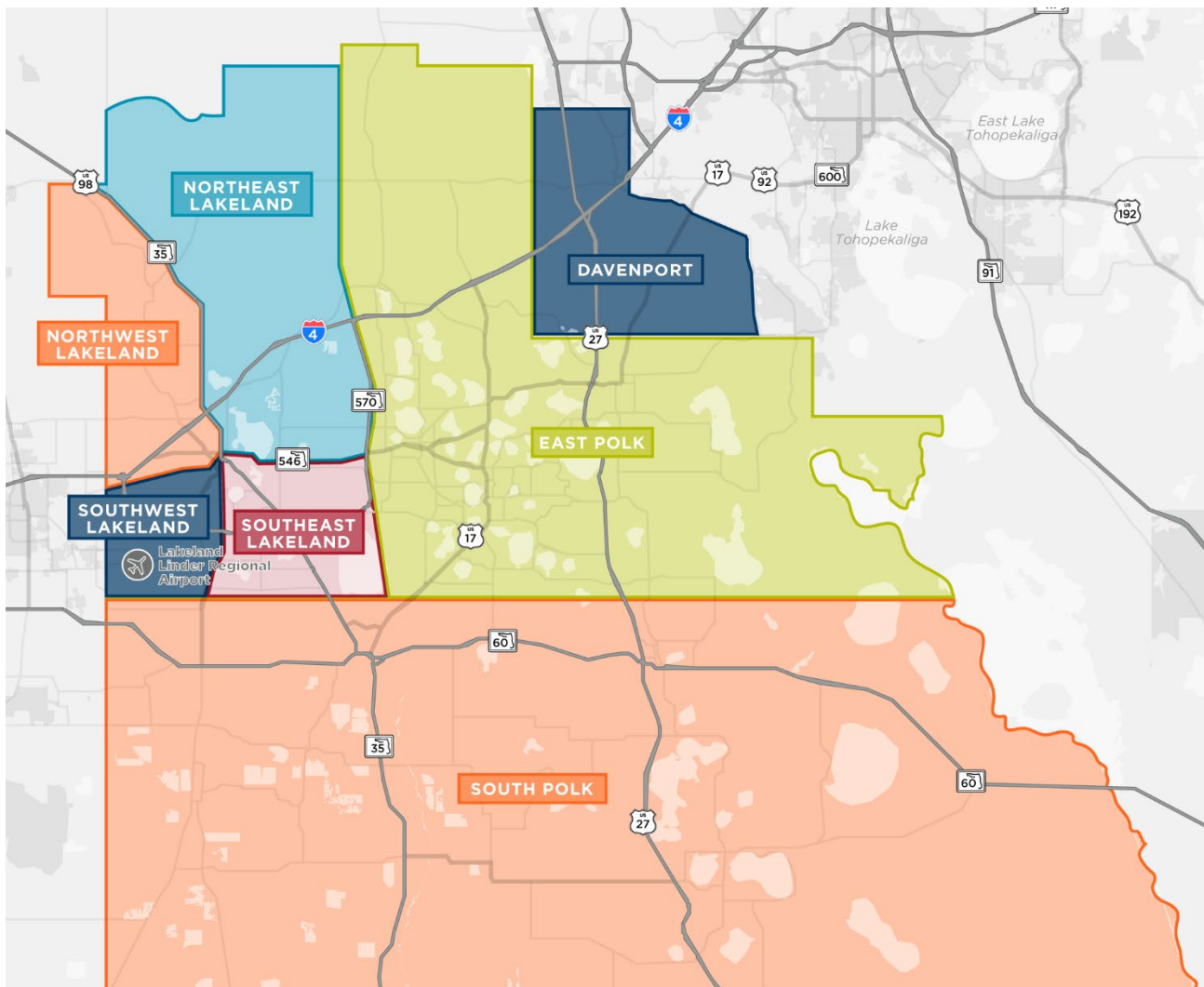
KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
US Highway 17 S	South Polk	Peace River Citrus Products	379,504	Peace River Citrus Products N/A

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INDUSTRIAL SUBMARKETS



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