

MARKETBEAT ORLANDO



Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▼	▼
2.4M Net Absorption, SF, YTD	▲	▲
\$8.81 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
1.4M Orlando Employment	▲	▲
2.7% Orlando Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

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

ECONOMY

Orlando, part of the Central Florida region and one of the nation's largest tourism markets, had an unemployment rate of 2.7% in May 2022, 260 basis points (bps) lower than the regions rate from one year ago. Job growth continues through Orlando despite the current economic slowdown, as nonagricultural employment grew by 91,400 jobs, or 7.3% year-over-year (YOY). Overall industrial-using employment grew by 17,100 new jobs over the last twelve months with Trade, Transportation & Utilities up 19,300 jobs and Manufacturing adding another 3,400 new positions. Construction was down 5,600 jobs in the last year.

SUPPLY

Overall industrial vacancy ended the second quarter at 4.3%, a decrease of 180 bps YOY as tenant demand continued to outpace supply. The decrease was driven predominantly by a reduction in vacant warehouse/distribution space, which fell 220 bps to 4.1%. West Orange/Winter Garden was the largest driving force in this decline, as all its warehouse/distribution inventory was leased reducing its overall vacancy 1480 bps YOY to 0%. The largest increase in overall vacancy came from the 33rd Street/LB McLeod submarket, which was up 580 bps YOY to 10.4% due to Axxess Park delivering 450,000 square feet (sf) of vacant warehouse/distribution space. Over 4.5 million square feet (msf) was under construction in the Orlando industrial market.

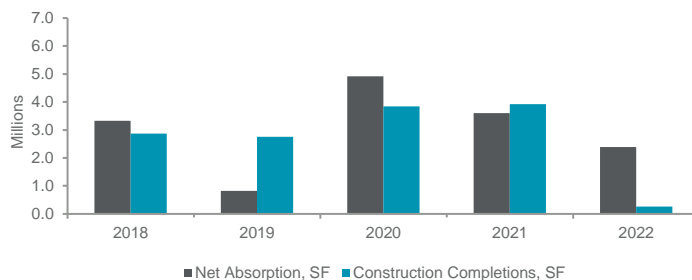
DEMAND

New leasing activity totaled 4.2 msf for the first half of 2022 and was consistent with the continued trend of growing ecommerce and retail focused businesses expanding into the Orlando market. Demand remained strong as new deals signed during the second quarter totaled 2.4 msf, a 31% surge from the previous quarter. Warehouse/distribution space accounted for 89% of this leasing activity, as users continued to target Orlando's central logistics location to service the entire state. Overall absorption for the first two quarters was nearly 2.4 msf and should continue to increase as tenants move into space through the year.

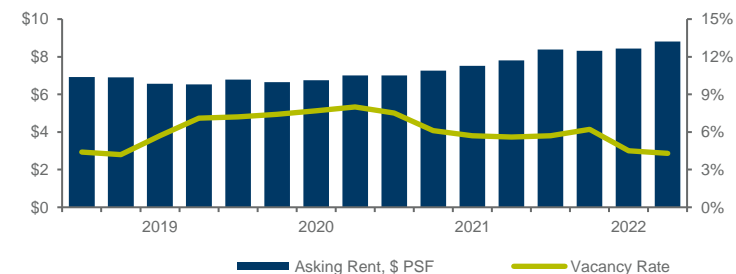
MARKET PRICING

Overall triple net (NNN) asking rental rates for industrial space climbed 18% YOY to \$8.81 per square foot (psf). Decreased supply and heightened demand for warehouse/distribution space allowed landlords to raise asking rates to \$7.89 psf NNN, a 16% YOY increase. Submarkets with the bulk of inventory saw the largest increases in rental rates, including Regency/Turnpike, up 18% to \$7.55 psf, and Airport/Lake Nona at \$8.04 psf, a rise of 20% YOY. Rents should continue to increase through the year as new construction delivers, adding premium rents to the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (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	5,032,275	524,628	10.4%	4,104	132,315	0	0	\$13.50	\$11.27	\$8.71
Airport/Lake Nona	20,945,698	531,223	2.5%	1,262,845	710,052	1,323,847	233,292	N/A	\$14.08	\$7.23
Altamonte/Longwood/Casselberry	3,989,706	109,114	2.7%	45,087	106,610	0	0	\$8.75	\$11.58	\$7.03
CBD/Winter Park/Maitland	2,900,612	103,177	3.6%	17,600	61,900	0	0	N/A	\$7.50	\$11.25
East Orange/University/Forsyth	4,098,874	91,635	2.2%	13,461	55,687	0	22,333	N/A	\$16.79	\$15.00
Lake Mary/Sanford	8,250,558	411,893	5.0%	-75,895	29,017	220,300	0	N/A	\$10.27	\$7.34
Michigan/South Orange Ave	2,275,638	28,434	1.3%	25,360	53,647	0	0	N/A	N/A	\$12.00
Orlando Central Park/SouthPark	22,003,759	1,350,506	6.1%	88,777	13,320	0	0	\$8.95	\$12.93	\$7.62
Osceola/Kissimmee	4,697,683	176,696	3.8%	84,409	1,382,576	440,622	0	\$8.50	N/A	\$8.50
Regency/Turnpike/Beeline	16,900,906	595,776	3.5%	175,488	142,870	809,052	0	N/A	\$11.00	\$7.42
Silver Star/Apopka	16,458,020	612,069	3.7%	533,063	793,623	1,710,523	0	N/A	\$10.93	\$7.51
West Orange/Winter Garden	3,381,023	217,748	6.4%	204,991	673,663	0	0	N/A	N/A	N/A
Winter Springs/Oviedo	651,062	13,565	2.1%	6,570	0	0	0	N/A	\$8.75	N/A
ORLANDO TOTALS	111,585,814	4,766,464	4.3%	2,385,860	4,155,280	4,504,344	255,625	\$9.84	\$11.67	\$7.89

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

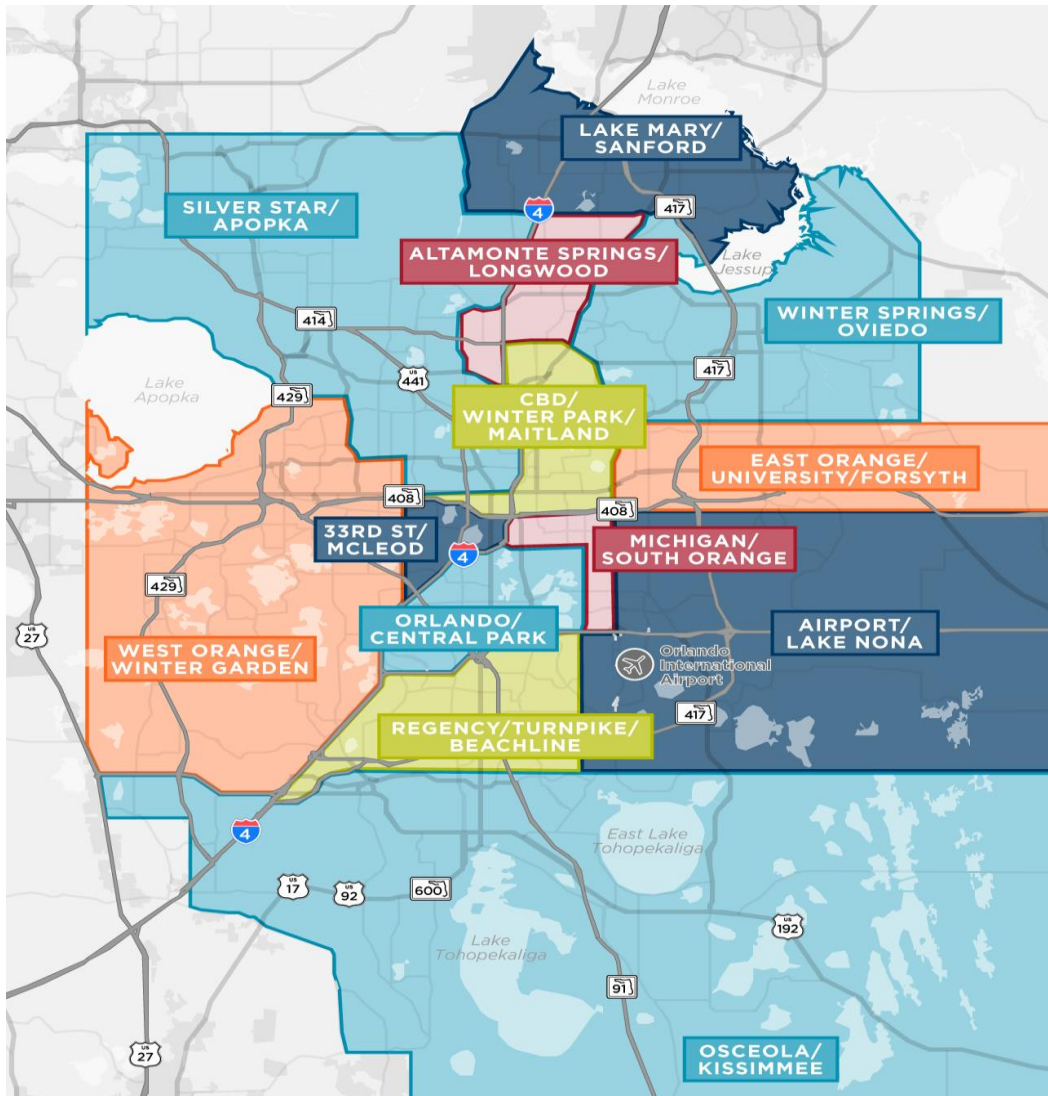
MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	13,181,906	429,964	3.3%	-37,129	-32,072	49,046	0	0	\$9.84
Office Service	12,236,975	799,373	6.5%	1,300	-107,098	423,287	0	0	\$11.67
Warehouse/Distribution	86,166,933	3,537,127	4.1%	319,200	2,525,030	3,682,947	4,504,344	255,625	\$7.89
ORLANDO TOTALS	111,585,814	4,766,464	4.3%	283,371	2,385,860	4,155,280	4,504,344	255,625	\$8.81

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2001 W Oak Ridge Rd - Bldg 100	Orlando Central Park/SouthPark	Coca-Cola	294,787	New
General Electric Dr	Silver Star/Apopka	Kramer America	246,460	New
4752 Judge Road	Airport/Lake Nona	DHL	169,384	New

INDUSTRIAL SUBMARKETS



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