

LAKELAND/POLK

Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▼	▼
973K YTD Absorption, SF	▲	▲
\$6.17 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
265K Polk County Employment	▲	▲
3.2% Polk County Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

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

ECONOMY

Polk County had an unemployment rate of 3.5% in August 2022, down 190 basis points (bps) year-over-year (YOY). Nonagricultural employment saw an increase of 9,700 jobs, or 3.8%, YOY. Overall industrial-using employment grew by 3,500 new jobs over the last 12 months with trade, transportation & utilities up 3,900 jobs and manufacturing adding another 200 new positions. Construction was down 600 jobs in the last year.

SUPPLY

Polk County saw overall industrial vacancy drop 90 bps from the previous quarter to 4.3%, driven by a 110 bps decline in available warehouse/distribution space. The Southeast Lakeland and Southwest Lakeland submarkets recorded the largest declines in available warehouse/distribution space, down 690 and 350 bps, respectively. Office services/flex product had available space for the first time in three quarters, as 13,550 square feet (sf) of sublease space was vacated in the Southeast Lakeland submarket. The Southwest Lakeland submarket had the only construction completion during the third quarter, as 4720 Gateland Drive delivered 109,000 sf of vacant warehouse/distribution space. Only 10.1% of the 3.9 million square feet (msf) currently under construction was pre-leased, which could increase vacancy over the coming months if leasing activity for these buildings does not pick up.

DEMAND

Leasing activity exploded during the third quarter, up 120.6% from the previous quarter to 951,000 sf. Lakeland accounted for 97.9% of third quarter leasing activity and 88.5% year-to-date. The bulk of third quarter activity came from two deals signed at the Key Logistics Center in the Southwest Lakeland submarket, as List Logistics and Best Buy signed deals for 350,000 sf and 274,000 sf, respectively. Overall absorption during the third quarter was more than the previous three quarters combined, totaling 718,000 sf of net occupancy gains driven by move-ins by large tenants like List Logistics and Frisna Group.

MARKET PRICING

Polk County continued to see rents rise, with overall industrial rates up 5.1% from the previous quarter. Warehouse/distribution asking rents increased 4.9% during the same timeframe, with the most substantial growth occurring in the Southeast Lakeland and East Polk submarkets, up an outstanding 17.8% and 14.6% respectively. The office services/flex asking rate was up 113.3% YOY, due to extreme scarcity in available product. Lakeland rents increased for the fourth straight quarter and should continue to climb as new inventory delivers.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q3 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Davenport	6,774,116	0	0	92,000	92,000	0	0	N/A	N/A	N/A
East Polk County	17,456,111	327,326	1.9%	-58,236	158,347	1,361,199	0	\$12.00	N/A	\$9.04
South Polk	7,112,815	0	0	379,504	0	0	379,504	N/A	N/A	N/A
East Polk Totals	31,343,042	327,326	1.0%	413,268	250,347	1,361,199	379,504	\$12.00	N/A	\$9.04
Northeast Lakeland	10,200,547	1,060,837	10.4%	-3,260	369,423	292,143	0	N/A	N/A	\$5.26
Northwest Lakeland	8,361,766	62,150	0.7%	63,975	128,810	0	0	N/A	N/A	\$6.49
Southeast Lakeland	2,145,684	64,550	3.0%	-10,070	120,880	1,216,800	0	N/A	\$11.20	\$6.50
Southwest Lakeland	14,451,190	1,369,473	9.5%	509,211	1,310,076	1,067,420	259,200	N/A	N/A	\$6.32
Lakeland Totals	35,159,187	2,557,010	7.3%	559,856	1,929,189	2,576,363	259,200	N/A	\$11.20	\$5.76
Lakeland / Polk Totals	66,502,229	2,884,336	4.3%	973,124	2,179,536	3,937,562	638,704	\$12.00	\$11.20	\$6.16

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

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
220 Deen Still Road	Davenport	Mohawk Flooring	394,740	Renewal
5300 Allen K Breed Hwy	Southwest Lakeland	List Logistics	349,929	New
5300 Allen K Breed Hwy	Southwest Lakeland	Best Buy	273,920	New
4500 Home Run Blvd	Davenport	Sherwin Williams	105,296	Renewal

*Renewals are not included in leasing activity

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Key Logistics Center – Buildings 200 & 300	Southwest Lakeland	Oxford Properties Group Sealy & Company	841,849	\$98.0M \$116

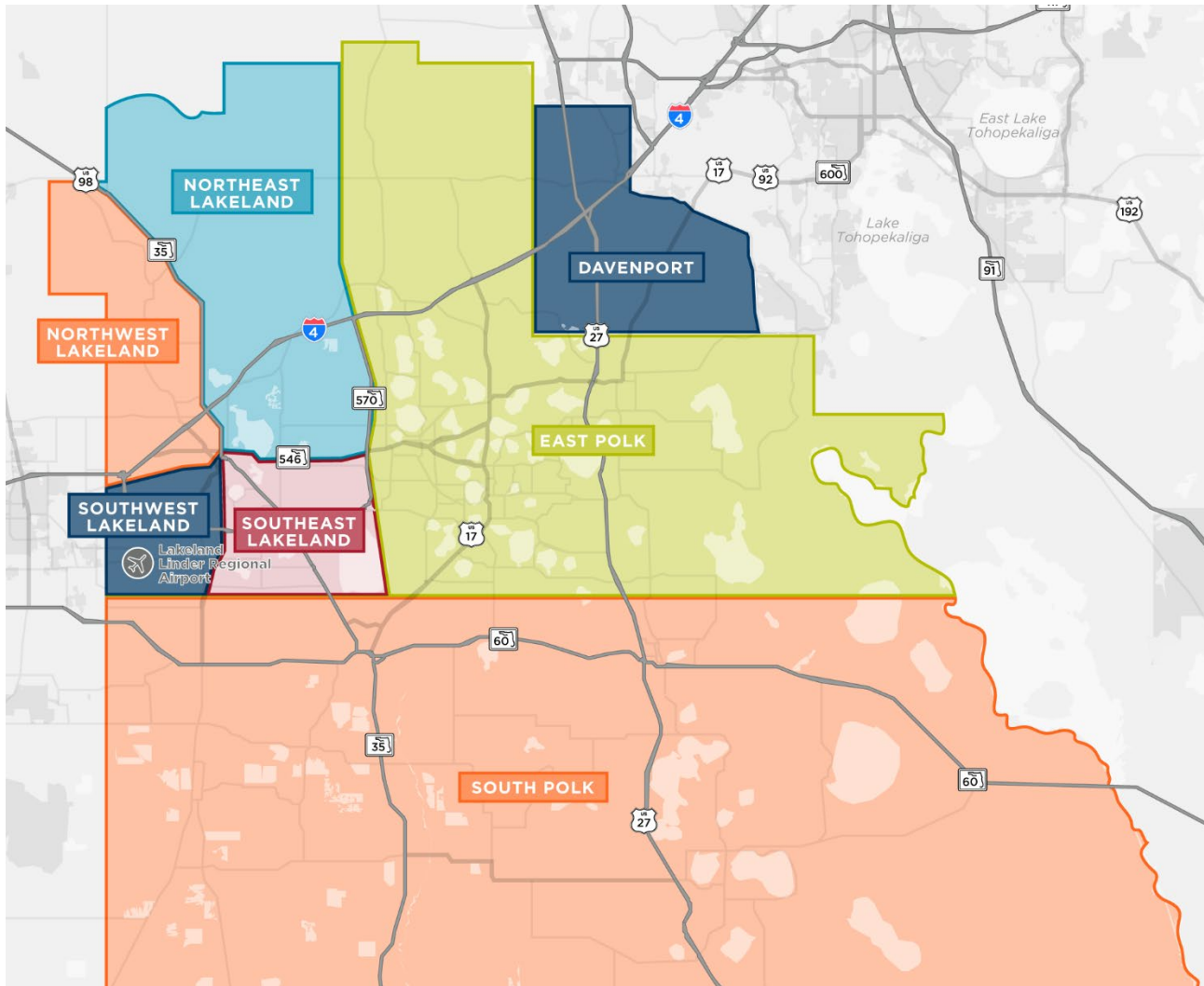
KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
US Highway 17 S	South Polk	Peace River Citrus Products	379,504	Peace River Citrus Products
5035 Drane Field Road	Southwest Lakeland	Premier Transportation	150,000	Michael Medici
4720 Gateland Drive	Southwest Lakeland	None	109,200	The Ruthvens

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INDUSTRIAL SUBMARKETS



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