

LAKELAND/POLK

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
3.5% Vacancy Rate	▼	▼
1.9M YTD Absorption, SF	▲	▲
\$6.29 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
272K Polk County Employment	▲	▲
3.2% Polk County Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

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

ECONOMY

Polk County had an unemployment rate of 3.2% through November 2022, down 70 basis points (bps) year-over-year (YOY). The region continued to receive recognition for its workforce, with Lightcast naming Florida the #1 state and Polk the #10 county for Talent Attraction in 2022. Nonagricultural employment ended the year at 272,000, an increase of 8,200 jobs, or 3.1%, YOY.

SUPPLY

Polk County's overall industrial vacancy rate decreased 70 bps from the previous quarter to 3.5% in Q4, the second consecutive quarterly decline, to reach its lowest point in recent history. Within warehouse/distribution (W/D) space - which makes up 85.5% of the market's inventory - vacancy fell by 90 bps to 4.0% since the previous quarter. The Lakeland market recorded the largest decline in available warehouse/distribution space, down 220 bps over the last three months of the year as multiple large users occupied spaces leased in previous quarters. The Lakeland market had two construction completions during the fourth quarter, as W/D buildings University Park at Bridgewater – Building 100 B (292,000 sf) and 2845 Drane Field Road (104,000 sf) each delivered fully occupied. There were six buildings totaling 3.5 million square feet (msf) under construction to end the year. With no pre-leasing activity yet recorded, the pipeline suggests an uptick in vacancy through the first half of 2023 if they deliver vacant.

DEMAND

Leasing activity declined markedly during the fourth quarter, down 77% from the previous quarter to 228,000 sf. This brought the 2022 total to 2.5 msf, drastically lower than the neighboring Tampa and Orlando markets, with 6.6 msf and 6.7 msf, respectively. As those markets continue to face low supply and limited land to develop new inventory, users should look to the Polk market for access along the I-4 Corridor that supplies the growing population in Central Florida. Lakeland dominated leasing activity in 2022, accounting for 86.5% of new deals. Overall absorption totaled 874,000 sf during the fourth quarter, as large users like Ta Chen and Best Buy moved into space.

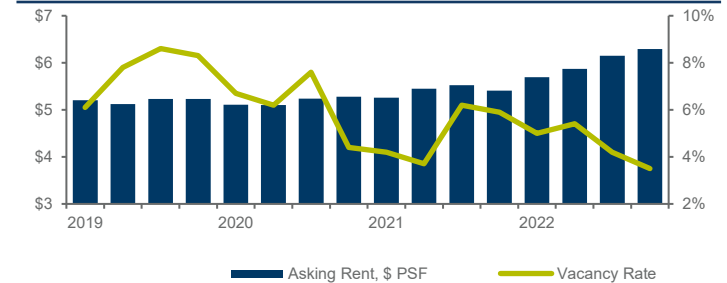
MARKET PRICING

Rents continued to set new all-time highs in Polk County, up 14.0% from the start of the year to \$6.29 per square foot (psf) triple net. Lakeland W/D assets recorded rent increases for the seventh consecutive quarter to \$5.86 psf, but were still priced at a discount compared to the \$7.04 psf and \$8.56 psf asking rates in Tampa and Orlando. The East Polk submarket boasted the highest asking rates for W/D product at \$8.82 psf as supply was low with only 2.1% of inventory available.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 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	17,455,907	310,001	1.8%	-40,911	241,157	1,361,199	0	\$12.00	N/A	\$8.82
South Polk	7,622,193	108,984	1.4%	270,520	0	0	379,504	N/A	N/A	\$7.00
East Polk Totals	31,852,216	418,985	1.3%	321,609	116,157	1,361,199	379,504	\$12.00	N/A	\$8.31
Northeast Lakeland	10,492,690	1,041,277	9.9%	308,443	374,883	0	292,143	N/A	N/A	\$5.30
Northwest Lakeland	8,376,446	42,125	0.5%	84,000	172,895	0	0	N/A	N/A	\$5.95
Southeast Lakeland	2,145,684	37,450	1.8%	17,030	129,880	1,216,800	0	N/A	N/A	N/A
Southwest Lakeland	14,565,430	798,540	5.5%	1,184,144	1,455,876	963,420	363,200	N/A	N/A	\$6.59
Lakeland Totals	35,580,250	1,919,392	5.4%	1,593,617	2,133,534	2,180,220	655,343	N/A	N/A	\$5.86
Lakeland / Polk Totals	67,432,466	2,338,377	3.5%	1,915,226	2,466,691	3,541,419	1,034,847	\$12.00	N/A	\$6.28

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

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

KEY LEASE TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
Park 27 Distribution Center	Davenport	Mohawk Flooring	394,740	Renewal
Key Logistics Center - Bldg 300	Southwest Lakeland	List Logistics	349,929	New
University Park at Bridgewater - Building 100 B	Northeast Lakeland	Ta Chen	292,143	New
Park 27 Distribution Center	Davenport	Ford Motor Company	275,000	Renewal
Key Logistics Center - Bldg 200	Southwest Lakeland	Best Buy	273,920	New

*Renewals are not included in leasing activity

KEY SALES TRANSACTIONS 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
FedEx Distribution	Davenport	Monmouth Real Estate Investment Corporation ILPT REIT	310,922	\$26.2M \$84
Lakeland North Business Center	Southwest Lakeland	Native Development Company High Street Logistics Properties	299,241	\$25.9M \$87

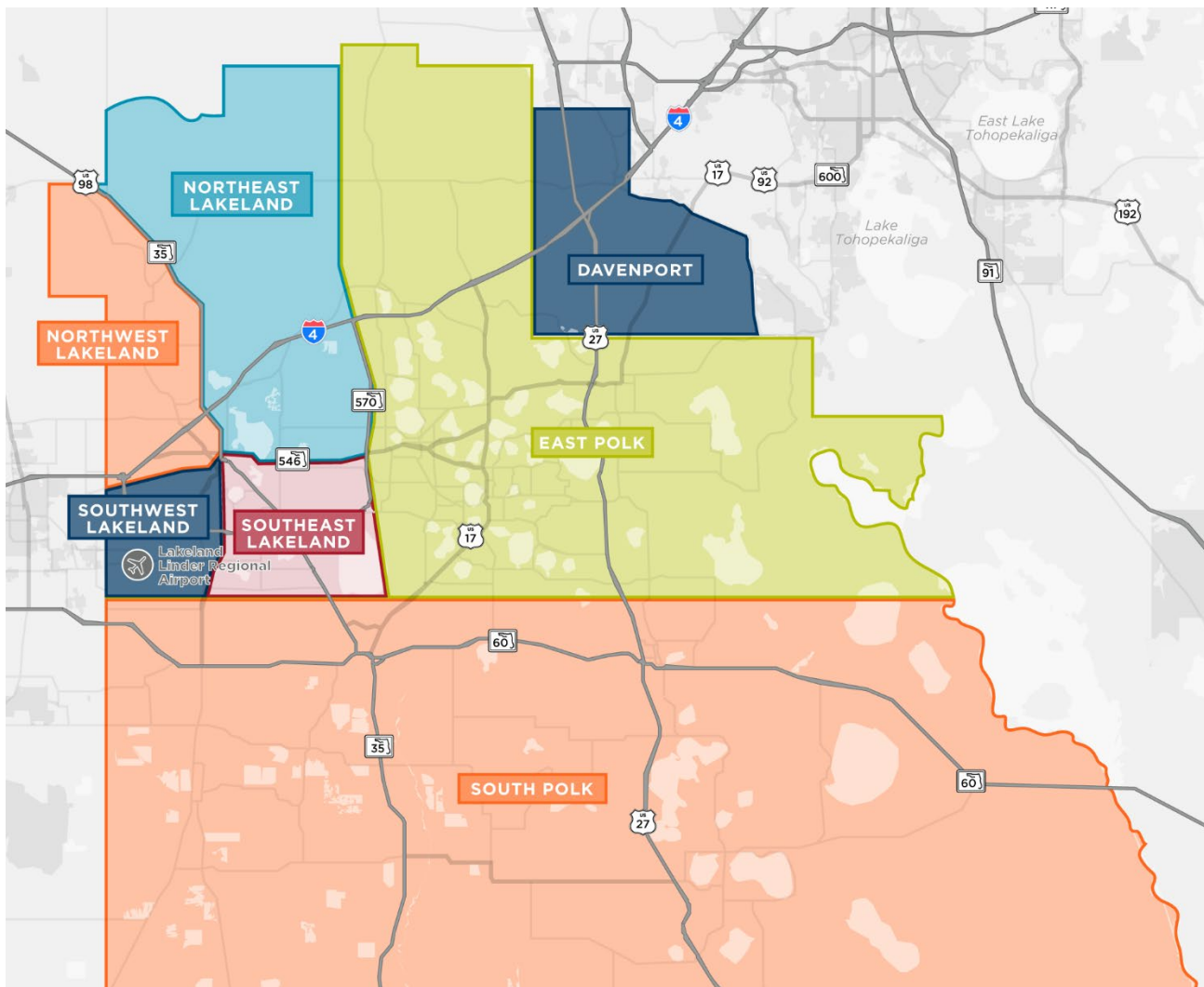
KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
Peace River Citrus Manufacturing	South Polk	Peace River Citrus Products	379,504	Peace River Citrus Products
University Park at Bridgewater - Building 100 B	Northeast Lakeland	Ta Chen	292,143	Crow Holdings
5035 Drane Field Road	Southwest Lakeland	Premier Transportation & Driscoll's	150,000	Michael Medici

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INDUSTRIAL SUBMARKETS



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