

MARKETBEAT

ORLANDO



Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
3.0% Vacancy Rate	▼	▼
4.7M Net Absorption, SF, YTD	▲	▲
\$9.78 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
1.5M Orlando Employment	▲	▲
2.8% Orlando Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS, FL Dept. Economic OPP

ECONOMY

Orlando, part of the Central Florida region and one of the nation's largest tourism markets, registered an unemployment rate of 2.8% in November 2022, 80 basis points (bps) lower than the rate one year ago. Job growth continued as nonagricultural employment grew by 61,200 jobs, or 4.6% year-over-year (YOY). Industrial-using employment increased by 6,500 new positions over the last twelve months. The trade, transportation & utilities sector was up 9,600 jobs, while manufacturing added another 5,400 new roles. Conversely, construction employment was down 8,500 jobs from the same time last year.

SUPPLY

Overall industrial vacancy ended the year at a historical low of 3.0%, down 100 bps from the previous quarter and 310 bps YOY. There was 196,000 sf of new product delivered in the fourth quarter between Buildings I and II of Landstar Logistics in the Airport/Lake Nona submarket of which approximately 24.7% was preleased. The West Orange/Winter Garden submarket yielded the greatest decrease in available supply for the quarter, with vacancy down 640 bps from 3Q. This was largely attributed to the occupation of PureCycle Technologies into 221,000 sf of manufacturing space at 851 East Maple Steet. Orlando's pipeline remained strong, ending the year with 3.9 million square feet (msf) of new industrial facilities under construction with 25.3% preleased.

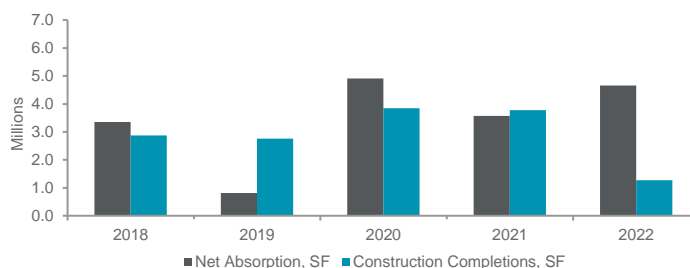
DEMAND

New leasing activity totaled 6.7 msf throughout 2022. Despite another robust year of leasing, activity dropped from the historic highs of 2021, down 39.9% YOY. Warehouse/distribution (W/D) occupiers continued to target Orlando's central logistics location to service the entire state. Annual absorption totaled 4.7 msf, with 1.3 msf of net occupancy gains occurring throughout the fourth quarter. Supply continued to lag behind demand, limiting deal volume as the market tightened further. Demand continued to spill out into surrounding markets including Ocala and Brevard County as a result of this.

MARKET PRICING

Overall asking rental rate averages for industrial space climbed 17.8% YOY to another historic high of \$9.78 per square foot (psf) triple net (NNN). Decreased supply and strong demand for W/D space allowed landlords to drive asking rents higher, increasing to \$8.56 psf NNN, an 11.5% YOY increase. The Regency/Turnpike/Beeline submarket registered the largest jump in asking rents in the fourth quarter, up 11.3% from 3Q to \$8.43 psf NNN. Landlords in this submarket were able to push asking rents to match limited supply with several buildings increasing rates by more than \$1.00 psf. While rates continued to rise substantially through 2022, growth may begin to slow and level off during 2023 depending on the impacts of the economic slowdown.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS BY SUBMARKET

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR 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	349,485	6.9%	238,845	549,375	0	0	\$16.50	\$14.64	\$8.53
Airport/Lake Nona	21,430,186	599,061	2.8%	1,688,145	773,133	840,263	717,780	N/A	\$14.35	\$7.82
Altamonte/Longwood/Casselberry	3,989,706	125,629	3.2%	21,803	176,359	0	0	\$8.75	\$11.70	\$9.02
CBD/Winter Park/Maitland	2,900,612	102,468	3.5%	17,634	75,989	0	0	N/A	\$7.50	\$11.21
East Orange/University/Forsyth	4,098,874	44,098	1.1%	35,998	74,412	0	22,333	N/A	\$15.39	\$17.00
Lake Mary/Sanford	8,250,558	379,393	4.6%	-43,395	157,689	0	0	N/A	\$9.76	\$8.42
Michigan/South Orange Ave	2,275,638	15,900	0.7%	37,894	74,881	0	0	N/A	N/A	N/A
Orlando Central Park/SouthPark	22,003,759	683,719	3.1%	739,148	1,962,268	0	0	\$10.75	\$13.41	\$8.77
Osceola/Kissimmee	5,041,494	475,868	9.4%	129,048	537,930	392,271	343,811	N/A	N/A	\$8.99
Regency/Turnpike/Beeline	16,900,906	251,092	1.5%	370,232	1,236,333	809,052	0	N/A	\$11.00	\$8.19
Silver Star/Apopka	16,643,828	329,358	2.0%	997,844	1,008,985	1,808,827	185,808	\$12.00	\$13.61	\$7.92
West Orange/Winter Garden	3,381,023	0	0	422,739	24,000	0	0	N/A	N/A	N/A
Winter Springs/Oviedo	651,062	20,590	3.2%	-455	13,320	0	0	N/A	\$9.27	N/A
Orlando TOTALS	112,599,921	3,376,661	3.0%	4,655,480	6,664,674	3,850,413	1,269,732	\$14.05	\$12.37	\$8.56

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

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

MARKET STATISTICS BY PRODUCT TYPE

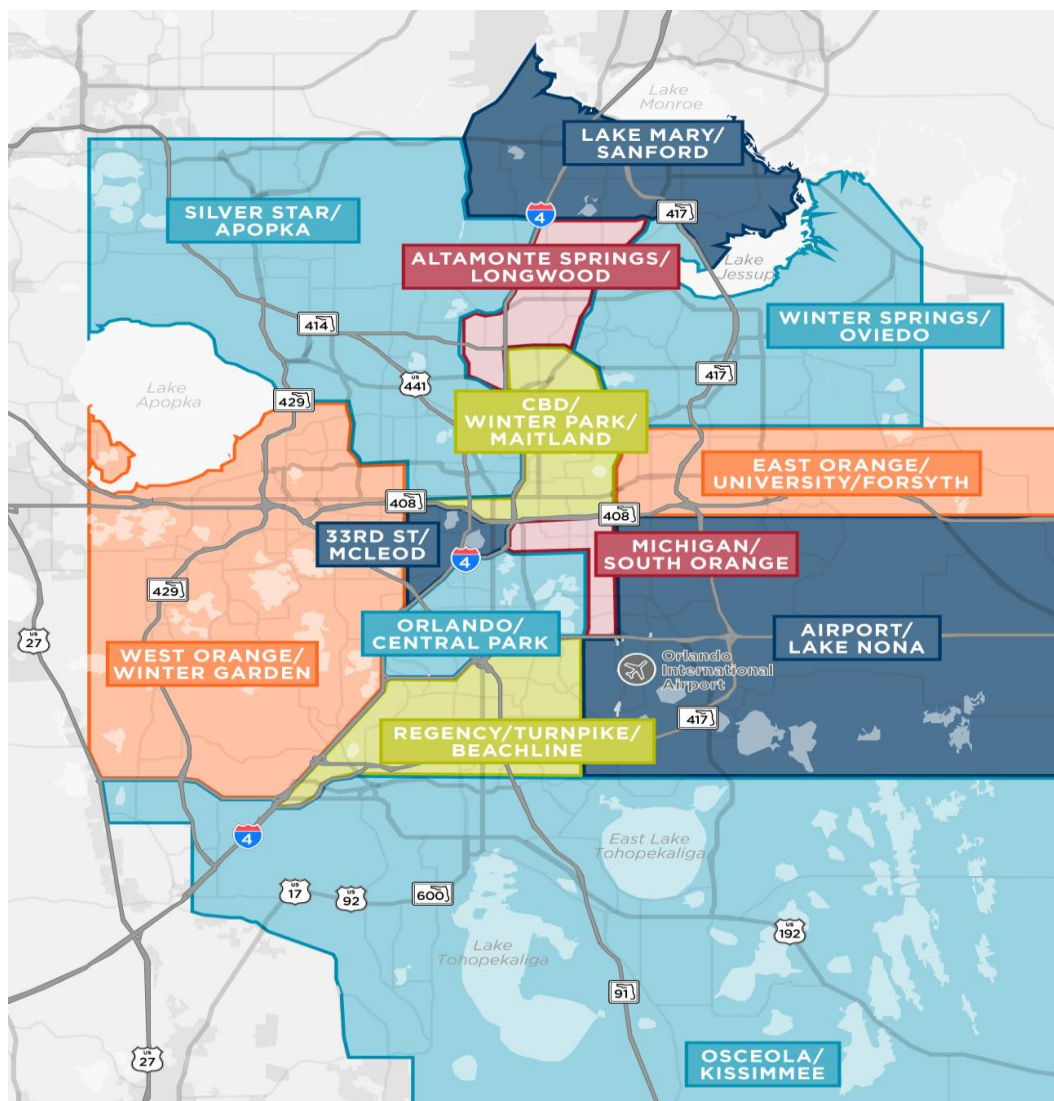
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	13,181,906	125,800	1.0%	246,330	244,067	119,110	0	0	\$14.05
Office Service	12,236,975	836,284	6.8%	-53,869	-170,434	668,050	0	0	\$12.37
Warehouse/Distribution	87,181,040	2,414,577	2.8%	1,120,445	4,581,847	5,877,514	3,850,413	1,269,732	\$8.56
Orlando TOTALS	112,599,921	3,376,661	3.0%	1,312,906	4,655,480	6,664,674	3,850,413	1,269,732	\$9.78

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2501 Investors Row	Regency/Turnpike/Beeline	Dusobox Corp	140,040	Renewal
1701 Boice Pond Road	Regency/Turnpike/Beeline	Shepard Exposition Services, Inc.	99,124	Renewal
13643 South Orange Avenue	Regency/Turnpike/Beeline	Soligent Distribution LLC	84,308	New

*Renewals are not included in Leasing Activity

INDUSTRIAL SUBMARKETS

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