

	YoY Chg	12-Mo. Forecast
2.5% Vacancy Rate	▼	▼
992K Net Absorption, SF, YTD	▲	▲
\$9.63 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
1.4M Orlando Employment	▲	▲
2.8% Orlando Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS, Florida DEO

ECONOMY

Orlando had an unemployment rate of 2.6% in February 2023, down 80 basis points (bps) from one year ago. Job growth continued as nonagricultural employment grew by 68,000 jobs, or 5.0% year-over-year (YOY). Industrial-using employment increased by 10,000 new positions over the last twelve months. The trade, transportation and utilities sector was up 9,300 jobs, while manufacturing and construction added another 600 and 100 new roles respectively.

SUPPLY

Overall industrial vacancy ended the first quarter at another historic low of 2.5%, down 20 bps from the previous quarter and 180 bps YOY. Nearly 800,300 sf of new product delivered to begin the year, most notably the 462,600-square-foot (sf) build-to-suit (BTS) at 3056 Tradeport Drive for McKesson Medical Group. Despite a large quantity of new supply completed, strong preleasing of 91.3% and several move-ins into existing product resulted in the decrease in vacancy. Two of these occupancies occurred at South Orange Logistics Center where MDHC, Inc. moved into 65,600 sf and Conway Logistics Center where Adirondack Scenic, Inc. occupied 58,200 sf. Orlando's pipeline remained strong, with 6.5 million square feet (msf) of new industrial facilities under construction with 23.4% preleased to end Q1.

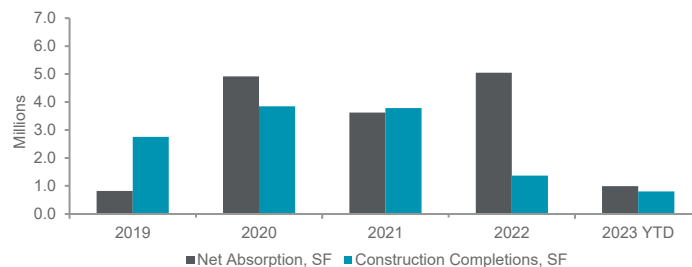
DEMAND

New leasing activity totaled 1.9 msf through the first three months of 2023, a 7.0% increase from 2022's first quarter, marking Orlando as one of a handful of markets in the nation to record an annual uptick in industrial leasing. Warehouse/distribution (W/D) continued to command Orlando's activity, making up 91.3% of new deal volume, as tenants continued to target Orlando's central logistics location to service the entire state. Q1 absorption totaled 992,000 sf, with a strong majority of this value coming from occupancies of new buildings. In an increasingly tight market, absorption and leasing activity have become more heavily correlated with new supply delivering from the construction pipeline.

MARKET PRICING

Overall asking rental rate averages for industrial space climbed 15.5% YOY to end the first quarter at \$9.63 per square foot (psf) triple net (NNN). While the YOY increase remained strong, the industrial market appeared to show signs of normalizing rent growth, up 2.1% since the end of 2022. Healthy preleasing in new supply flattened potential rent growth of new premium space hitting market averages. Building by building, landlords appeared to slow in asking rate hikes and in some cases began to decrease them as forecasts pointed towards a normalized, but still strong and healthy industrial market.

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 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	250,648	5.0%	92,237	47,171	0	0	\$16.50	\$15.15	\$9.02
Airport/Lake Nona	22,036,769	486,901	2.2%	571,495	257,758	528,311	462,583	N/A	\$15.29	\$8.09
Altamonte/Longwood/Casselberry	3,989,706	115,039	2.9%	4,790	53,624	0	0	\$11.52	\$13.38	\$7.80
CBD/Winter Park/Maitland	2,900,612	46,723	1.6%	711	8,150	0	0	N/A	\$7.50	N/A
East Orange/University/Forsyth	4,098,874	52,958	1.3%	-8,860	15,264	0	0	N/A	\$18.54	\$17.00
Lake Mary/Sanford	8,250,558	254,948	3.1%	62,045	87,150	0	0	N/A	\$14.06	\$8.49
Michigan/South Orange Ave	2,275,638	16,000	0.7%	-100	15,000	0	0	N/A	N/A	\$8.00
Orlando Central Park/SouthPark	22,003,759	747,299	3.4%	104,182	102,107	0	0	\$10.75	\$14.07	\$6.55
Osceola/Kissimmee	5,232,549	275,960	5.3%	95,503	620,587	561,199	239,406	N/A	N/A	\$9.18
Regency/Turnpike/Beeline	16,900,906	138,870	0.8%	112,222	586,399	837,251	0	N/A	\$15.00	\$8.55
Silver Star/Apopka	16,742,132	412,098	2.5%	-35,700	91,075	4,554,158	98,304	\$12.00	\$11.31	\$8.57
West Orange/Winter Garden	3,381,023	0	0.0%	0	30,659	0	0	N/A	N/A	N/A
Winter Springs/Oviedo	651,062	27,160	4.2%	-6,570	0	0	0	N/A	\$9.27	N/A
Orlando TOTALS	113,495,863	2,824,604	2.5%	991,955	1,914,944	6,480,919	800,293	\$13.51	\$13.38	\$8.13

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

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

MARKET STATISTICS BY PRODUCT TYPE

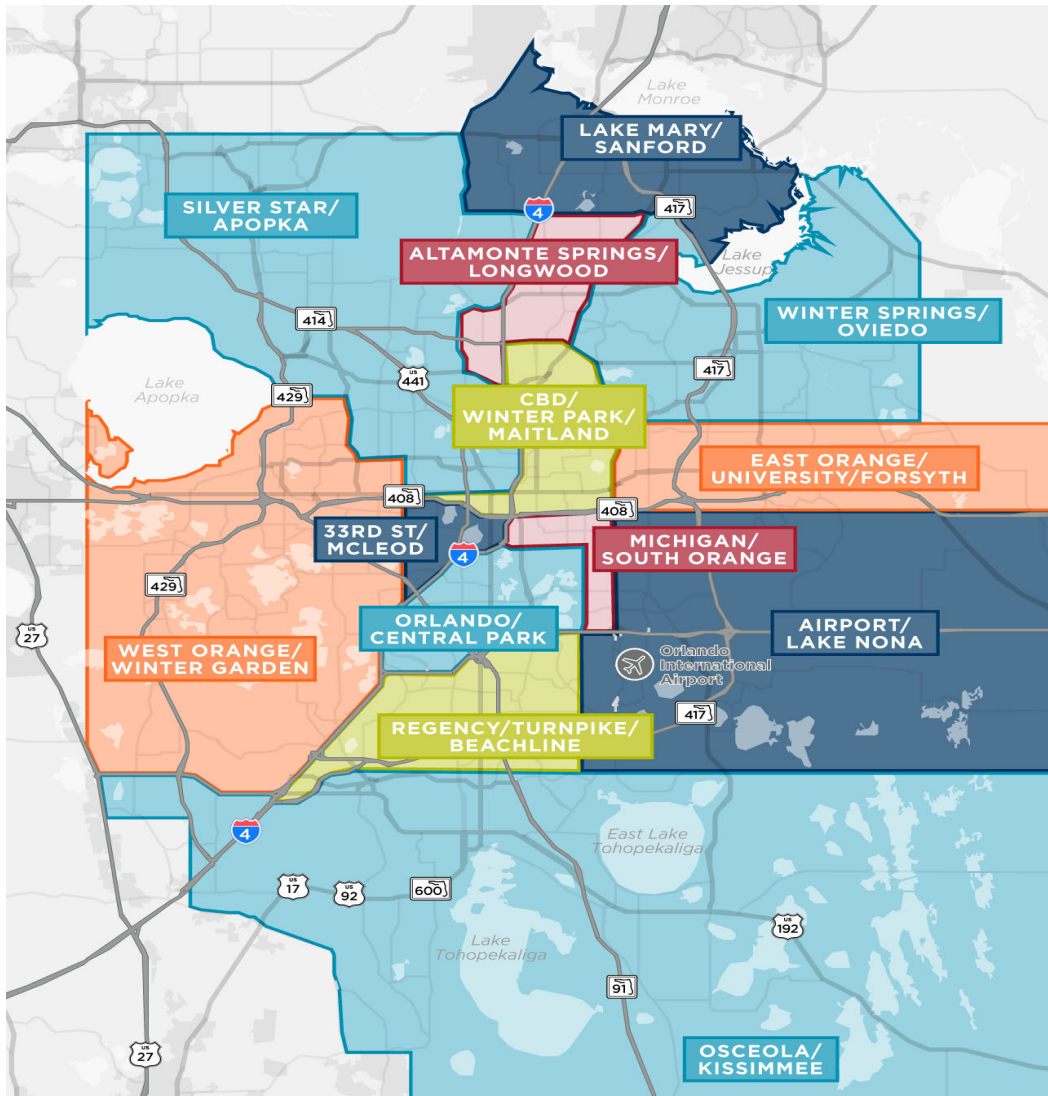
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	13,181,906	131,925	1.0%	-6,125	-6,125	10,875	0	0	\$13.51
Office Service	12,236,975	700,048	5.7%	-4,281	-4,281	156,225	0	0	\$13.38
Warehouse/Distribution	88,076,982	1,992,631	2.3%	1,002,361	1,002,361	1,747,844	6,480,919	800,293	\$8.13
Orlando TOTALS	113,495,863	2,824,604	2.5%	991,955	991,955	1,914,944	6,480,919	800,293	\$9.63

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
88 West Taft Vineland Road	Regency/Turnpike/Beeline	Sealy Mattress Manufacturing Co.	540,399	New
995 N Old Lake Wilson Road	Osceola/Kissimmee	Performance Food Group, Inc.	291,875	New
11700 Landstar Blvd	Airport/Lake Nona	Packaging Exchange Inc.	99,176	New

*Renewals are not included in Leasing Activity

INDUSTRIAL SUBMARKETS



Cam Sousa

Research Analyst

Tel: +1 407 241 3088

Cameron.sousa@cushwake.com

Eric Messer

Senior Research Manager

Tel: +1 954 377 0519

eric.messer@cushwake.com

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