

Industrial Q2 2023

	YoY Chg	12-Mo. Forecast
3.0% Vacancy Rate	▼	▲
1.5M Net Absorption, SF, YTD	▲	▲
\$10.73 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
1.4M Orlando Employment	▲	▲
2.6% Orlando Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▲

Source: BLS, Florida DEO

ECONOMY

Orlando's unemployment rate of 2.6% in May 2023 was 10 basis points (bps) lower than the rate one year ago and well below the national rate of 3.6%. Job growth held in Orlando despite the current economic slowdown, as nonagricultural employment grew by 50,300 jobs, or 3.6%, year-over-year (YOY). Industrial-using employment increased by 5,300 new positions over the last twelve months. The trade, transportation and utilities sector increased by 6,200 jobs, while manufacturing was up 700 YOY. Construction was the sole sector down for Orlando annually, with 1,600 jobs lost.

SUPPLY

Overall industrial vacancy ended Q2 at 2.9%, a decrease of 70 bps YOY, but up 20 bps from the previous quarter. This uptick was attributed to newly built space available on the market, as 976,300 square feet (sf) of product delivered in Q2, with 51.5% of this space vacant at quarter close. Two buildings delivered with significant sublease space available after Medline Industries put up 213,400 sf of the 546,500 sf it originally signed for at Orlando-Apopka Commerce Center and BroadRange Logistics sublet Building 200 (182,000 sf) at Crossroads 429 after deciding to only occupy Building 100 (98,900 sf). Orlando's pipeline remained strong, with 6.5 million square feet (msf) of new industrial facilities under construction with 19.1% pre-leased to end Q2. Vacancy may increase if pre-leasing activity does not pick up as new supply delivers.

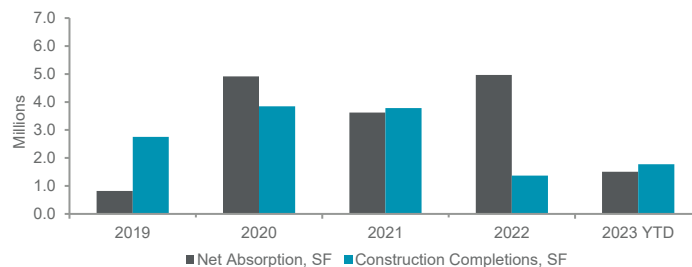
DEMAND

New leasing activity totaled 1.0 msf for Q2, bringing the year-to-date (YTD) total to 3.0 msf. Warehouse/distribution (W/D) product retained command of leasing activity, making up 90.6% of new deal volume, as tenants targeted Orlando's central logistics location to service the entire state. Q2 absorption totaled 630,600 sf, increasing the YTD value to 1.5 msf. The delivery of Orlando-Apopka Commerce Center One contributed the most significant move-in, with Medline occupying 333,100 sf. Absorption and leasing activity have become more heavily correlated with new supply delivering from the construction pipeline and appeared to be normalizing after the robust activity seen over the past couple of years.

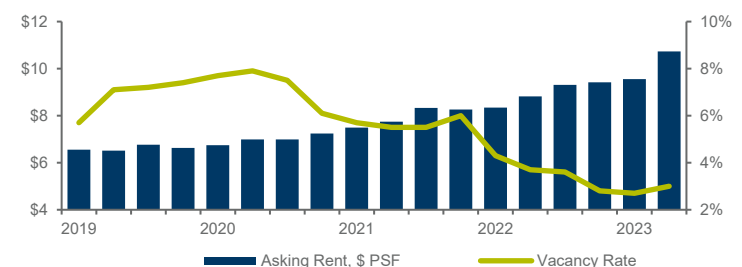
MARKET PRICING

Overall asking rental rate averages for industrial space climbed 21.8% YOY, ending Q2 at \$10.73 per square foot (psf) triple net (NNN). Growth from the prior quarter was also significant, up 12.4%, as newly delivered premium W/D asking rents hit the market. Average rents have seen significant rises in a tight market, with new deliveries and pre-leasing impacting averages on a quarterly basis.

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	269,386	5.4%	73,499	96,442	0	0	\$16.50	\$16.81	\$9.48
Airport/Lake Nona	22,036,769	414,266	1.9%	644,130	363,046	982,930	462,583	N/A	\$15.07	\$8.63
Altamonte/Longwood/Casselberry	3,989,706	142,794	3.6%	-17,821	127,489	0	0	\$11.25	\$13.52	\$11.76
CBD/Winter Park/Maitland	2,900,612	56,723	2.0%	-9,289	21,373	0	0	N/A	\$7.50	N/A
East Orange/University/Forsyth	4,098,874	42,336	1.0%	1,762	76,502	0	0	N/A	\$19.58	\$16.25
Lake Mary/Sanford	8,250,558	251,970	3.1%	65,023	109,924	0	0	\$5.00	\$14.06	\$9.02
Michigan/South Orange Ave	2,275,638	16,000	0.7%	-100	15,000	0	0	N/A	N/A	\$12.00
Orlando Central Park/SouthPark	22,003,759	701,387	3.2%	150,094	378,625	0	0	\$25.00	\$14.41	\$9.20
Osceola/Kissimmee	5,339,492	179,513	3.4%	298,893	623,206	735,056	346,349	N/A	N/A	\$9.02
Regency/Turnpike/Beeline	16,900,906	279,880	1.7%	21,212	676,889	837,251	0	N/A	N/A	\$8.88
Silver Star/Apopka	17,611,464	950,546	5.4%	323,409	452,619	3,892,320	967,636	\$12.50	\$11.81	\$9.33
West Orange/Winter Garden	3,381,023	21,111	0.6%	-21,111	53,659	83,358	0	N/A	N/A	\$10.00
Winter Springs/Oviedo	651,062	46,545	7.2%	-25,955	0	0	0	N/A	\$9.27	N/A
Orlando TOTALS	114,472,138	3,372,457	3.0%	1,503,746	2,994,774	6,530,915	1,776,568	\$12.17	\$13.78	\$9.22

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

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

MARKET STATISTICS BY PRODUCT TYPE

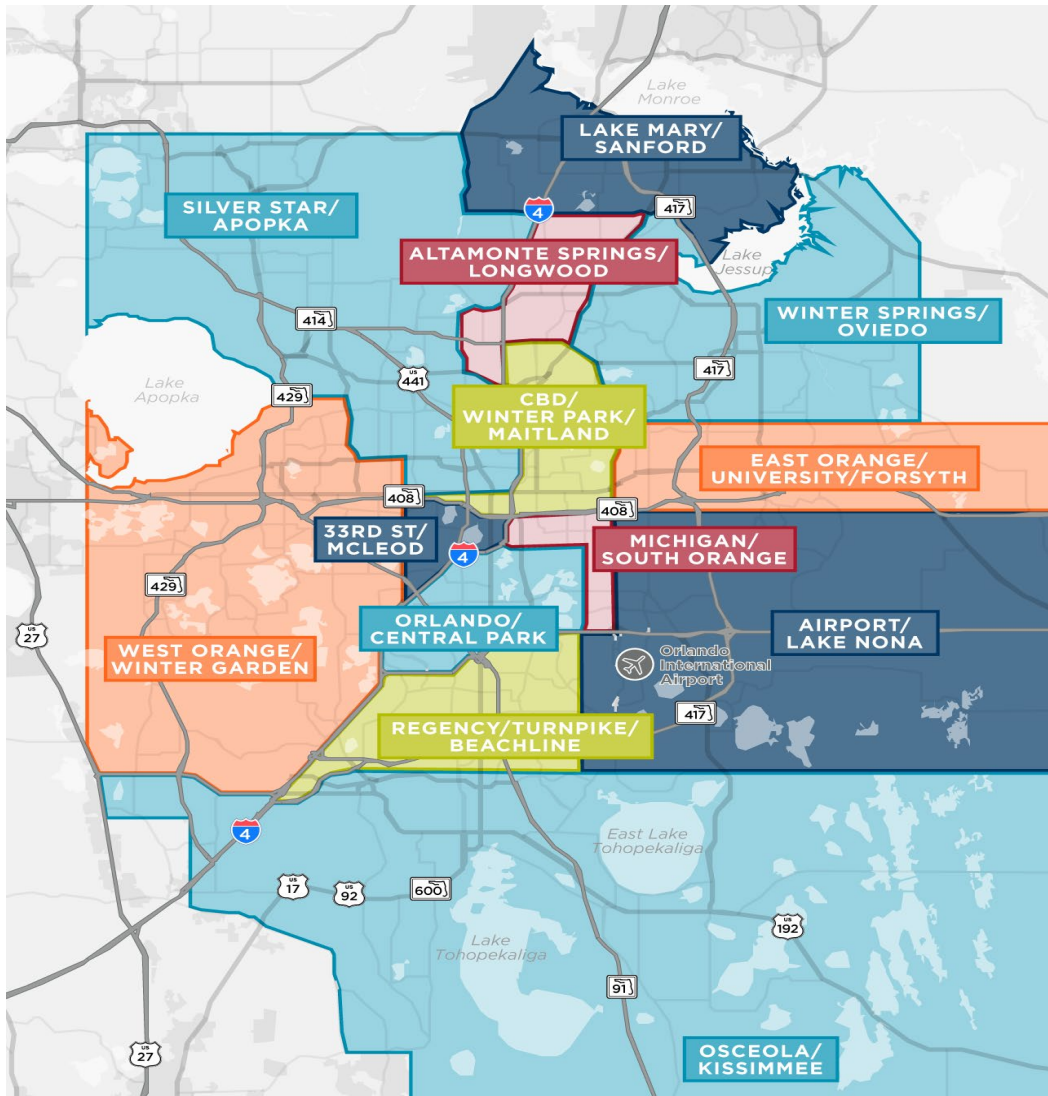
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	13,181,906	147,291	1.1%	-16,741	-21,491	29,241	0	0	\$12.17
Office Service	12,236,975	701,188	5.7%	-9,541	-5,421	251,238	0	0	\$13.78
Warehouse/Distribution	89,053,257	2,523,978	2.8%	656,835	1,530,658	2,714,295	6,530,915	1,776,568	\$9.22
Orlando TOTALS	114,472,138	3,372,457	3.0%	630,553	1,503,746	2,994,774	6,530,915	1,776,568	\$10.73

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2292 Sand Lake Road	Orlando Central Park/SouthPark	Quirch Food Inc.	148,197	Renewal
7575 Chancellor Drive	Orlando Central Park/SouthPark	JCQ Services	100,800	New
1220 Ocoee Apopka Road - Building 1	Silver Star/Apopka	Viking Group Inc.	63,581	New

*Renewals are not included in Leasing Activity

INDUSTRIAL SUBMARKETS



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