

Industrial Q3 2023

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 5.1% Vacancy Rate | ▼ | ▲ |
| 2.3M Net Absorption, SF, YTD | ▲ | ▲ |
| \$11.07 Asking Rent, PSF | ▲ | ▲ |

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 1.4M Orlando Employment | ▲ | ▲ |
| 2.7% Orlando Unemployment Rate | ■ | ▲ |
| 3.7% U.S. Unemployment Rate | ▲ | ▲ |

Source: BLS

ECONOMY

Orlando had an unemployment rate of 2.7% in Q3 2023, equal to the rate one year ago and well below the national average of 3.7%. Job growth held steady in Orlando despite the current economic slowdown, as nonagricultural employment increased by 39,400 jobs, or 2.8% year-over-year (YOY). Industrial-using employment increased by 6,100 new positions over the last twelve months. The trade, transportation and utilities sector added 7,500 jobs, while manufacturing was up 1,300 YOY. Construction was down for Orlando annually, with 2,700 jobs lost.

SUPPLY

Overall industrial vacancy ended Q3 at 5.1%, an increase of 140 basis points (bps) YOY and 210 bps since the previous quarter. This uptick was attributed to a surge of newly built space available on the market, as 3.4 million square feet (msf) of new product delivered in Q3, with 53.1% of this space vacant. The largest of these newly delivered availabilities were buildings 200 and 400 at Apopka 429, 576,200-square-foot (sf) and 725,000-sf warehouse/distribution (W/D) buildings in the Silver Star/Apopka submarket. Another large contributor to the vacancy increase was the fully leased and delivered, but not yet occupied, 540,400-sf McCoy Logistics Center - Building 300. The new building will contribute to increased vacancy in the Regency/Turnpike submarket until occupied by Sealy Mattress Manufacturing Co. in Q4. Orlando's pipeline remained strong, with 4.3 msf of new industrial facilities under construction, of which only 3.4% was pre-leased at the close of Q3. Vacancy is likely to edge higher if pre-leasing activity does not pick up as new supply delivers.

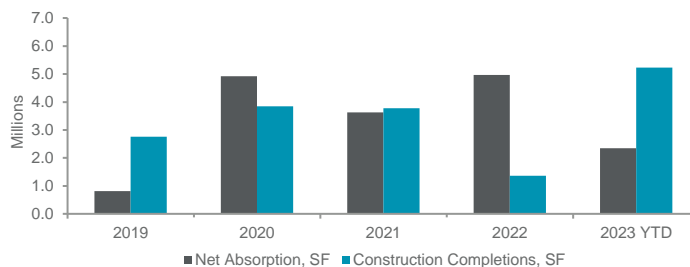
DEMAND

New leasing totaled 1.1 msf for Q3, bringing the year-to-date (YTD) total to 4.4 msf. W/D product retained command of leasing activity, making up 91.1% of new deal volume, as tenants targeted Orlando's central logistics location to service the entire state. Q3 absorption totaled 887,900 sf, bringing the YTD value to 2.4 msf. Two of the largest move-ins of the quarter were by JQC Services, which occupied 100,800 sf at 7575 Chancellor Drive and the entirety of 96,800-sf of newly delivered Horizon West – Building 1. Absorption and lease deals have become more heavily correlated with new supply delivering from the construction pipeline and appeared to be normalizing after robust activity seen over the past couple of years.

MARKET PRICING

Overall asking rental rate averages for industrial space climbed 19.4% YOY, ending Q3 at \$11.07 per square foot (psf) triple net (NNN). The delivery of new, premium space in a tight market contributed to the significant growth. As vacancy is projected to normalize amongst newly introduced supply, rents are expected to continue to increase at a steady, healthy pace.

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 | 297,496 | 5.9% | 40,409 | 133,008 | 0 | 0 | N/A | \$13.51 | \$9.90 |
| Airport/Lake Nona | 22,565,882 | 861,344 | 3.8% | 736,245 | 763,319 | 1,057,433 | 991,696 | N/A | \$15.45 | \$8.83 |
| Altamonte/Longwood/Casselberry | 3,989,706 | 74,749 | 1.9% | 50,224 | 162,419 | 0 | 0 | \$12.25 | \$14.16 | \$11.72 |
| CBD/Winter Park/Maitland | 2,900,612 | 76,234 | 2.6% | -28,800 | 17,096 | 0 | 0 | N/A | \$7.50 | \$8.95 |
| East Orange/University/Forsyth | 4,098,874 | 39,416 | 1.0% | 4,682 | 79,002 | 0 | 0 | N/A | \$17.59 | \$16.25 |
| Lake Mary/Sanford | 8,390,464 | 380,502 | 4.5% | 76,397 | 206,823 | 0 | 139,906 | N/A | \$12.76 | \$9.56 |
| Michigan/South Orange Ave | 2,275,638 | 27,000 | 1.2% | -11,100 | 15,000 | 0 | 0 | N/A | N/A | \$13.22 |
| Orlando Central Park/SouthPark | 22,003,759 | 568,651 | 2.6% | 282,830 | 533,812 | 0 | 0 | \$25.00 | \$15.29 | \$8.81 |
| Osceola/Kissimmee | 5,793,748 | 507,628 | 8.8% | 425,034 | 633,015 | 481,944 | 800,605 | N/A | N/A | \$8.95 |
| Regency/Turnpike/Beeline | 17,926,557 | 746,389 | 4.2% | 580,354 | 1,067,740 | 0 | 1,025,651 | N/A | \$13.25 | \$8.49 |
| Silver Star/Apopka | 18,912,664 | 2,222,543 | 11.8% | 352,612 | 721,310 | 2,702,951 | 2,268,836 | N/A | \$12.85 | \$10.20 |
| West Orange/Winter Garden | 3,381,023 | 137,701 | 4.1% | -137,701 | 65,659 | 49,956 | 0 | N/A | N/A | \$9.58 |
| Winter Springs/Oviedo | 651,062 | 46,545 | 7.2% | -25,955 | 13,565 | 0 | 0 | N/A | \$9.27 | N/A |
| Orlando TOTALS | 117,922,264 | 5,986,198 | 5.1% | 2,345,231 | 4,411,768 | 4,292,284 | 5,226,694 | \$17.09 | \$13.97 | \$9.52 |

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

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

MARKET STATISTICS BY PRODUCT TYPE

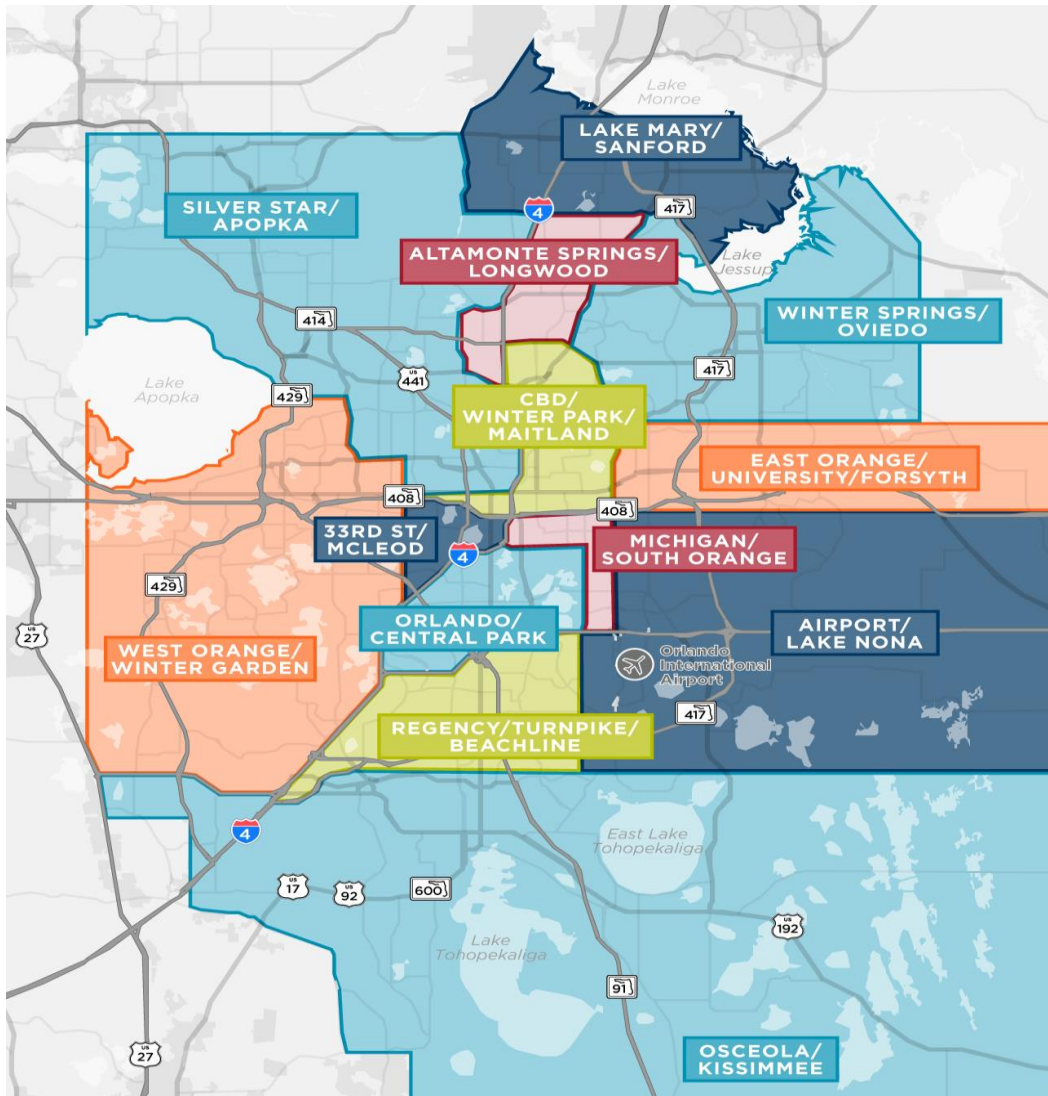
| PRODUCT TYPE | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CONSTRUCTION (SF) | YTD CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT |
|------------------------|--------------------|---------------------|----------------------|---------------------------------|---------------------------------|---------------------------|-------------------------|-----------------------------|-------------------------------|
| Manufacturing | 13,181,906 | 144,950 | 1.1% | 2,341 | -19,150 | 62,066 | 0 | 0 | \$17.09 |
| Office Service | 12,236,975 | 685,705 | 5.6% | -6,641 | 5,082 | 365,355 | 0 | 0 | \$13.97 |
| Warehouse/Distribution | 92,503,383 | 5,155,543 | 5.6% | 887,921 | 2,359,299 | 3,984,347 | 4,292,284 | 5,226,694 | \$9.52 |
| Orlando TOTALS | 117,922,264 | 5,986,198 | 5.1% | 883,621 | 2,345,231 | 4,411,768 | 4,292,284 | 5,226,694 | \$11.07 |

KEY LEASE TRANSACTIONS Q3 2023

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|--------------------------------|--------------------------|--------------------------------|---------|------|
| 88 West Taft Vineland Road | Regency/Turnpike/Beeline | Evolution Electric Vehicles | 142,560 | New |
| 8679 Transport Drive - Bldg II | Airport/Lake Nona | Mitsubishi Power Americas, Inc | 119,200 | New |
| 88 West Taft Vineland Road | Regency/Turnpike/Beeline | NEFCO | 83,082 | New |

*Renewals are not included in Leasing Activity

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