

Industrial Q1 2024

6.8%
Vacancy Rate



-105K
Net Absorption, SF, YTD



\$9.10
Asking Rent, PSF



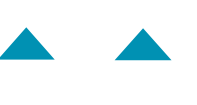
Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

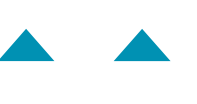
1.5M
Orlando Employment



3.1%
Orlando Unemployment Rate



3.8%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Orlando registered an unemployment rate of 3.1% in Q1 2024, 50 basis points (bps) higher than the rate from one year ago but still below the national average of 3.8%. Job growth held steady in Orlando despite the current economic slowdown as nonfarm employment rose by 26,100 jobs, or 1.8% year-over-year (YOY). Industrial-using employment increased by 7,100 new positions over the last twelve months. The trade, transportation and utilities sector added 5,700 jobs, while construction and manufacturing and were up 1,200 and 200 jobs respectively.

SUPPLY and DEMAND

Overall industrial vacancy ended Q1 at 6.8%, an increase of 200 bps from year-end 2023 and 420 bps YOY. The substantial uptick was largely attributed to a surge of newly built space on the market, as 88.5% of the 2.4 million square feet (msf) that delivered during Q1 was vacant and available. Occupancy remained in line with pre-pandemic historical averages, pointing towards a trend of normalization in the market after a period of historic low vacancy in Orlando's industrial sector. The largest new vacancy in existing product was the 156,000-square-foot (sf) move out at 2351 Investors Row, vacated by XPO Logistics. Orlando's construction starts have slowed slightly as speculative developments began to soften and the market shifted towards more emphasis on build-to-suit projects. There were 1.7 msf of new industrial facilities under construction at quarter close.

The year began with nearly 1.2 msf of new deals signed, a slight uptick of 1.4% from the previous quarter, but still down 42.6% YOY. Increased caution in tenant financing has extended the length of deal negotiations, slowing leasing volume from previous highs and causing a noticeable slowdown in preleasing of pipeline inventory. Warehouse/distribution (W/D) product comprised the majority of leasing activity, making up 86.6% of new deal volume, as tenants targeted Orlando's central logistics location to service the entire state. Orlando recorded a quarterly absorption of -105,000 sf to begin the year, the first quarter of net occupancy losses since Q2 2019 due to limited move-ins to newly delivered space to offset an increase of second-generation vacancies. The two largest move-ins for the quarter were Christy Distribution into 86,700 sf at 3600 Ecommerce Place and Sprayer Depot into 62,900 sf at newly completed 1220 Starpoint Drive. Absorption is forecasted to improve substantially throughout 2024, with McLane's 280,000-sf move in at Osceola Logistics Center scheduled for April being a notable future contributor.

MARKET PRICING

Overall asking rental rate averages rose 2.9% from the previous quarter, ending Q1 at \$9.10 per square foot (psf). The surplus of new product hitting the market with premium rents was the contributor to this gain. This was most evident in the Silver Star/Apopka submarket, which contained 59.4% of the new deliveries, where asking rates surged 15.8% from the previous quarter to \$10.34 psf.

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	234,010	4.7%	244	26,880	0	0	N/A	\$16.27	\$9.30
Airport/Lake Nona	22,829,226	829,349	3.6%	86,203	526,767	1,286,802	263,344	N/A	\$15.78	\$9.53
Altamonte/Longwood/Casselberry	4,022,316	106,021	2.6%	-38,544	50,871	0	0	\$13.75	\$13.90	\$11.45
CBD/Winter Park/Maitland	2,900,612	55,015	1.9%	-10,781	4,604	0	0	N/A	\$7.50	\$14.32
East Orange/University/Forsyth	4,605,708	453,842	9.9%	114,064	38,607	0	506,834	N/A	\$17.22	\$11.54
Lake Mary/Sanford	8,390,464	304,108	3.6%	88,460	67,250	0	0	N/A	\$13.92	\$9.04
Michigan/South Orange Ave	2,275,638	25,591	1.1%	11,000	0	0	0	N/A	N/A	\$12.00
Orlando Central Park/SouthPark	22,003,759	724,564	3.3%	-317,770	59,614	0	0	\$25.00	\$15.55	\$10.51
Osceola/Kissimmee	5,908,312	377,315	6.4%	-46,998	88,523	367,380	114,564	N/A	\$18.75	\$9.87
Regency/Turnpike/Beeline	17,926,557	511,864	2.9%	-235,660	214,256	0	0	\$8.95	N/A	\$8.68
Silver Star/Apopka	1,615,615	4,467,056	20.7%	219,685	72,200	80,000	1,416,027	\$10.50	\$12.91	\$7.37
West Orange/Winter Garden	3,464,381	183,273	5.3%	27,786	46,617	0	83,358	N/A	N/A	\$9.58
Winter Springs/Oviedo	650,844	35,836	5.5%	-2,856	0	0	0	N/A	\$9.27	N/A
Orlando TOTALS	121,625,707	8,307,844	6.8%	-105,167	1,196,189	1,734,182	2,384,127	\$9.73	\$14.63	\$8.46

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

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

MARKET STATISTICS BY PRODUCT TYPE

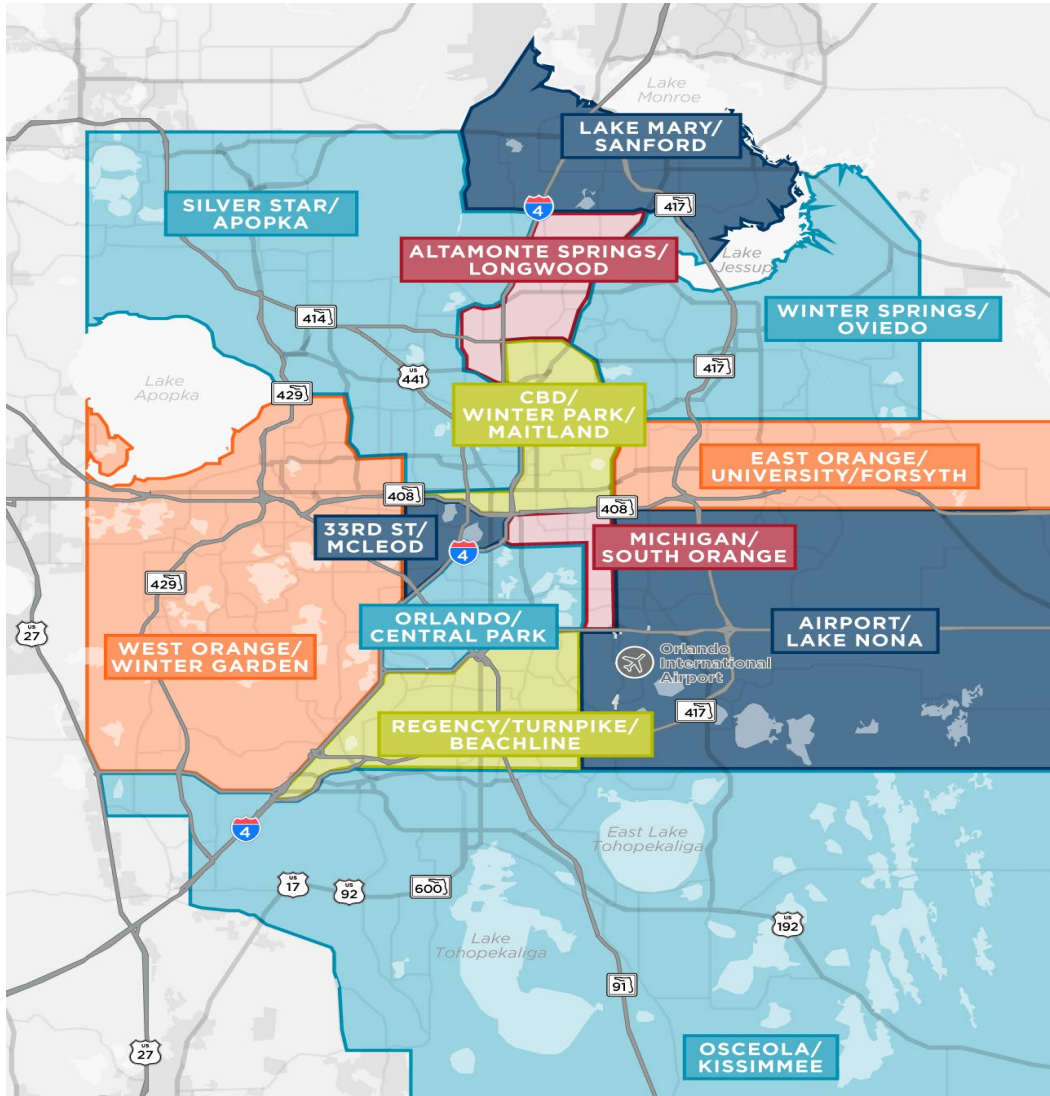
PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	13,181,906	136,954	1.0%	-105,832	-105,832	11,297	0	0	\$9.73
Office Service	12,236,975	837,083	6.8%	-21,375	-21,375	149,460	0	0	\$14.63
Warehouse/Distribution	96,206,826	7,333,807	7.6%	22,040	22,040	1,035,432	1,734,182	2,384,127	\$8.46
Orlando TOTALS	121,625,707	8,307,844	6.8%	-105,167	-105,167	1,196,189	1,734,182	2,384,127	\$9.10

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
MCO Logistics @ AIPO	Airport/Lake Nona	Pinto Transport Inc	167,242	New
McCoy Commerce Center	Airport/Lake Nona	CORT Furniture Rental	151,789	New
Crossroads Distribution - Bldg C	Regency/Turnpike/Beeline	BCS Stone & Cabinets	141,680	New
Orlando Central Park	Orlando Central Park/SouthPark	Sysco Guest Supply, LLC	92,420	Renewal*

*Renewals are not included in Leasing Activity

INDUSTRIAL SUBMARKETS



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