

Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
7.4% Vacancy Rate	▲	▲
-166.8K Net Absorption, SF, YTD	▲	▲
\$9.49 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
1.5M Orlando Employment	▲	▲
3.4% Orlando Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Orlando recorded an unemployment rate of 3.4% in Q2 2024, 50 basis points (bps) higher than the rate from one year ago but still below the national average of 4.1%. Job growth held steady in Orlando despite rising unemployment with 27,500 nonfarm jobs added, marking a 1.9% increase year-over-year (YOY). Industrial-using employment climbed by 8,400 new jobs over the past 12 months. The trade, transportation and utilities sector added 5,600 jobs, while construction and manufacturing were up 2,600 and 200 jobs, respectively.

SUPPLY and DEMAND

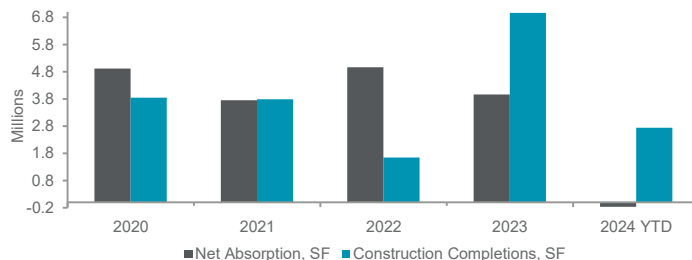
Overall vacancy ended Q2 at 7.4%, marking an increase of 410 bps YOY primarily due to 7.1 million square feet (msf) of new deliveries since Q3 2023. Only 330,000 square feet (sf) of space was delivered in Q2 allowing for some of the previously completed construction to absorb into the market. The largest new vacancy in existing product was 102,430 sf at Orlando Central Park, vacated by Skyline Cabinetry. New construction starts continued to slow as speculative development became less attractive with a surplus of vacant new product in the market. Q2 recorded a decrease of 73.4% YOY in projects under construction, marking the lowest square footage being developed since Q4 2017.

The market closed with 1.2 msf of new deals signed in Q2, a decrease of 13.6% YOY. Warehouse/distribution (W/D) product comprised the majority of leasing activity, making up 75.2% of total deal volume, as Orlando remained a centrally located target to companies looking for a strategic position within the growing state of Florida. Orlando posted 96,500 sf of quarterly net absorption after slipping into the red in the first quarter. The two largest move-ins for the quarter were McLane Company moving into two buildings for a combined 280,800 sf at Osceola Logistics Center and BCS Stone & Cabinetry moving into a combined 141,680 sf at Crossroads Distribution Center. Absorption is expected to continue improving through the second half of 2024, with nearly 550,000 sf of move-ins projected to commence during Q3.

MARKET PRICING

The overall average asking rate ended midyear at \$9.49 per square foot (psf), increasing 2.5% from the previous quarter, but dropping 6.7% YOY from the historical high of \$10.25 psf. This decline was primarily due to the addition of nearly 3.6 msf of big box space over the past 12 months with lower asking rents. This trend was most pronounced in the Silver Star/Apopka submarket, which recorded a 17.1% YOY decrease in asking rents to \$8.50 psf. Rental rates are expected to increase for the remainder of 2024 as new, smaller bay product asking \$10-\$12 psf delivers to the 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 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	5,033,898	306,700	6.1%	-74,470	92,380	0	0	\$17.50	\$15.95	\$10.09
Airport/Lake Nona	22,917,140	962,336	4.2%	-24,048	659,285	1,286,802	263,344	N/A	\$15.12	\$9.83
Altamonte/Longwood/Casselberry	4,022,346	104,523	2.6%	-42,071	109,093	0	0	\$12.00	\$13.53	\$9.76
CBD/Winter Park/Maitland	2,930,066	106,659	3.6%	-62,425	56,994	0	0	\$16.00	N/A	\$11.70
East Orange/University/Forsyth	4,605,708	409,471	8.9%	158,435	95,666	0	506,834	N/A	\$19.23	\$11.48
Lake Mary/Sanford	8,967,915	551,672	6.2%	174,412	339,347	0	76,620	\$5.50	\$10.16	\$9.09
Michigan/South Orange Ave	2,275,638	41,922	1.8%	-5,331	3,225	0	0	N/A	N/A	\$13.07
Orlando Central Park/SouthPark	22,003,611	833,389	3.8%	-446,744	295,356	0	0	\$23.50	\$14.84	\$8.94
Osceola/Kissimmee	6,240,012	490,665	7.9%	120,452	130,101	171,466	395,364	\$13.00	\$18.75	\$9.52
Regency/Turnpike/Beeline	18,166,489	466,259	2.6%	-140,395	280,936	0	0	\$8.95	N/A	\$10.08
Silver Star/Apopka	21,657,418	4,612,363	21.3%	174,599	274,755	276,283	1,416,027	\$10.50	\$13.96	\$8.39
West Orange/Winter Garden	3,431,081	190,066	5.5%	20,993	107,814	0	83,358	N/A	N/A	\$9.93
Winter Springs/Oviedo	787,444	71,748	9.1%	-20,214	7,232	0	0	N/A	\$13.92	\$14.92
Orlando TOTALS	122,988,766	9,147,773	7.4%	-166,837	2,452,184	1,734,551	2,741,547	\$11.45	\$14.30	\$9.03

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

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

KEY LEASE TRANSACTIONS Q2 2024

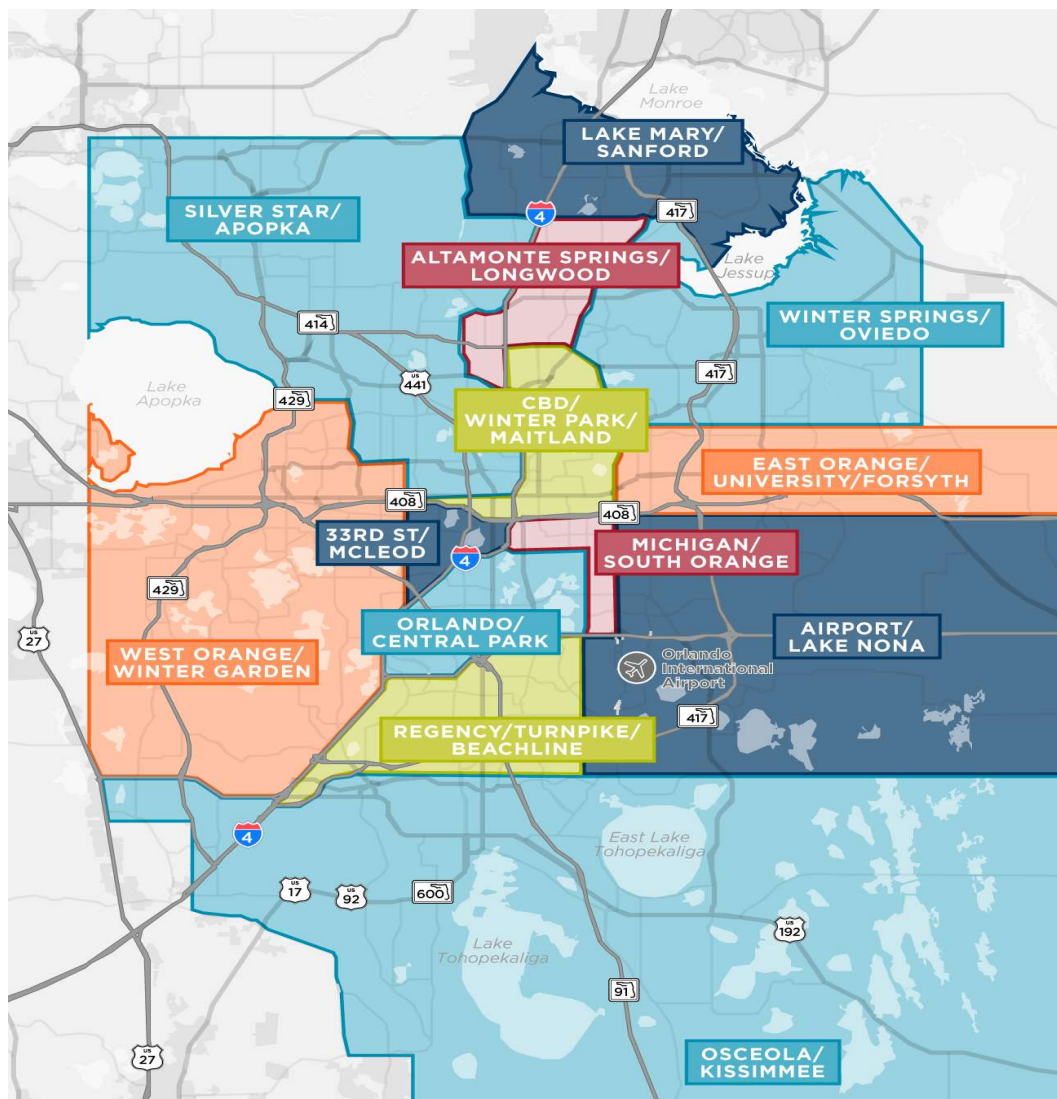
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
350 Gills Drive – Crossroads Parcel VII	Regency/Turnpike/Beeline	Victory Packaging	150,600	New
8500 Parkline Blvd	Airport/Lake Nona	Arena Event Services, Inc.	60,800	Renewal*
12792 Research Parkway	East Orange/University/Forsyth	Phoenix Defense	48,493	New
4505 Judge Rd – Bldg #1	Airport/Lake Nona	U.S. General Service Admin	39,832	New

*Renewals are not included in Leasing Activity

KEY SALE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Cypress Park – 5 Buildings	Regency/Turnpike/Beeline	Investcorp Harbert Management Corp.	258,416	\$40.5M \$157
9495 Delegates Drive	Orlando Central Park/SouthPark	Procacci Dev. Corp. Easterly Gov. Prop.	50,000	\$16.8M \$336

INDUSTRIAL SUBMARKETS



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