

**LAKELAND INDUSTRIAL**

**Economic Indicators**

	Q1 17	Q1 18	12-Month Forecast
Lakeland MSA Employment	220k	226k	▲
Polk County Unemployment	5.0%	4.2%	■
U.S. Unemployment	4.7%	4.1%	▼

\* Numbers above are monthly figures, Feb 2018, FL Dept. Economic OPP.

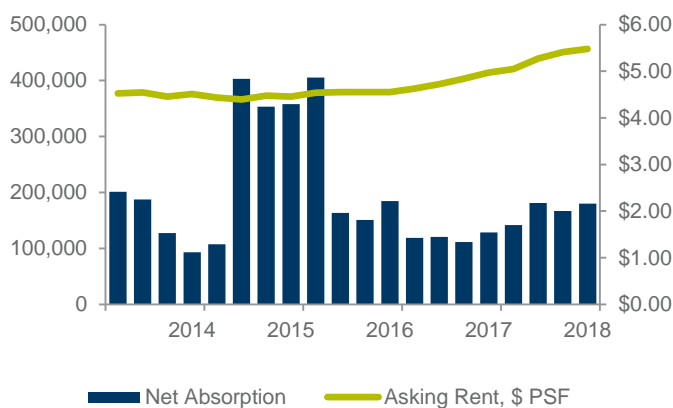
**Market Indicators (Overall, All Property Types)**

	Q1 17	Q1 18	12-Month Forecast
Vacancy	5.1%	4.9%	■
YTD Net Absorption (sf)	300k	354k	▲
Under Construction (sf)	636k	651k	▲
Average Asking Rent*	\$5.17	\$5.45	▲

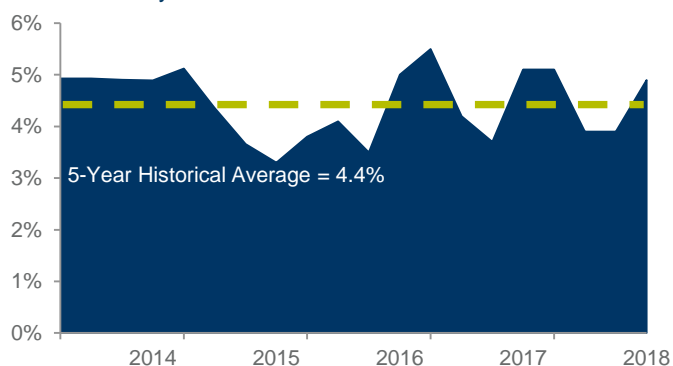
\*Rental rates reflect net asking \$psf/year

**Overall Net Absorption/Overall Asking Rent**

**4-QTR TRAILING AVERAGE**



**Overall Vacancy**



**Economy**

The economy in Polk County, which includes the Lakeland industrial market, started 2018 strong with continued upward momentum, adding +6,200 jobs for a growth rate of 2.8% over the year. The unemployment rate in Polk County fell by -80 basis points (bps) over the last 12 months to 4.2%. The majority of industrial-using employment sectors saw job gains throughout Polk County. The Trade, Transportation, & Utilities sector, which added +1,800 for an annual increase of 3.2%, had the highest annual job growth rate when compared to all other Florida major metro areas.

**Market Overview**

Lakeland's overall industrial vacancy rate in the first quarter decreased slightly year-over-year, down from 5.1% to 4.9%. Strong tenant demand in the Lakeland market kept the overall vacancy rate below 6.0% for 26th consecutive quarter. The Northwest submarket led in occupancy gains with a -200 bps drop in the vacancy rate from 6.6% to 4.6% which pushed the overall net rental rate up from \$5.17 per square foot (psf) to \$5.45 psf, a +5.4% increase year-over-year. The Southeast submarket led in terms of rental rate gains with a +67% increase in asking rents to \$8.60 psf year-over-year, bolstered by a concentration of new higher-priced flex availabilities.

Leasing activity was significantly lower in the first quarter as compared to a year earlier. Nearly 470,000 square feet (sf) was leased in the first three months of 2017, while only 127,780 sf was leased in 2018, due to a lack of mid-size availabilities in the market. First quarter absorption remained positive despite JCPenny vacating their distribution facility and adding 360,000 sf back onto the market.

Lakeland continued to be one of the top industrial markets for new construction in the Tampa Bay region with over 636,000 sf delivered and an additional 650,000 sf under construction in the first quarter. Centerstate Logistics, a 605,920-sf distribution center delivered with Quaker/Gatorade as a full building user. In the Northeast submarket Scannell Properties broke ground on a 650,000-sf build-to-suit for Best Buy that will be delivered later in the year.

The first quarter of 2018 saw a record investment sale for the Lakeland industrial market. CenterState Logistics sold for nearly \$60 million, or \$98 psf, to Griffin Capital. The nearly 700,000 sf traded in the first three months of 2018 was the most since 2007 which stands in stark contrast to 2017 when there were no significant sales, user or investment, in the Lakeland market.

**Outlook**

The Lakeland industrial market posted strong market fundamentals through the first three months of 2018. Tenants continued to seek out Lakeland's lower rental rates, plethora of new product, and superior access to the I-4 corridor. Cushman & Wakefield anticipates the Lakeland industrial market's key dynamics to remain steady through the first half of 2018.

**MARKETBEAT**  
**Lakeland**  
**Industrial Q1 2018**



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTRUCTION COMPLETIONS (SF)	YTD WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Southwest Lakeland	107	12,234,092	0	1.6%	-3,050	0	30,200	N/A	\$4.99	\$6.12
Southeast Lakeland	66	2,408,065	0	7.5%	32,914	0	0	N/A	\$10.16	\$5.81
Northwest Lakeland	93	11,320,700	0	4.6%	76,300	0	0	\$5.95	N/A	\$4.97
Northeast Lakeland	45	5,609,130	605,920	11.6%	248,120	650,808	605,920	N/A	N/A	\$4.73
<b>LAKELAND TOTALS</b>	<b>311</b>	<b>31,571,987</b>	<b>605,920</b>	<b>4.9%</b>	<b>354,284</b>	<b>650,808</b>	<b>636,120</b>	<b>\$5.95</b>	<b>\$9.85</b>	<b>\$5.01</b>

\*Rental rates reflect asking \$psf/year

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

	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)*	YTD CONSTRUCTION COMPLETIONS (SF)	YTD AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	207	21,992,450	605,920	6.2%	331,024	650,808	100,900	636,120	\$5.01	\$5.00
Manufacturing	82	8,889,368	0	0.6%	0	0	0	0	\$5.95	\$5.95
Office Service/Flex	22	690,169	0	17.4%	23,260	0	26,880	0	\$9.85	\$9.85

\*Does not include renewals

**Key Lease Transactions Q1 2018**

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
3150 County Line Road	11,200	Harrington Plastics	Direct	Northwest Lakeland
3150 County Line Road	11,200	Zavazok Group	Direct	Northwest Lakeland
5001 Gateway Boulevard	7,500	Cidrines	Direct	Southwest Lakeland

**Key Sales Transactions Q1 2018**

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
8060 State Road 33	605,920	Scannell Development/Griffin Capital	\$59,600,000 / \$98	Northeast Lakeland

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