

MARKETBEAT ORLANDO



Industrial Q2 2020

YoY
Chg

8.2%
Vacancy Rate



1.3 M
Net Absorption, SF, YTD



\$7.01
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

YoY
Chg

1.1M
Orlando
Employment



22.4%
Orlando
Unemployment Rate



13.0%
U.S.
Unemployment Rate



Source: BLS. Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY

Orlando, part of the Central Florida region and a major tourism market, had an unemployment rate of 22.4% in May 2020, 570 basis points higher than the previous month and a significant 1,950 basis points higher than the region's rate from one year ago. Nonagricultural employment fell by 16.4%, year-over-year (YOY) to 1.1 million. The only major employment sector to gain jobs YOY was in construction, adding 1,100 new positions. Every other sector forfeited jobs in the last 112 months with 75% of all losses coming from the Leisure & Hospitality sector, at 163,300 jobs gone.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY

Overall vacancy ended the second quarter at 8.2%, an increase of 160 bps year-to-date (YTD) on available space from new deliveries. Warehouse/distribution in the Silver Star/Apopka submarket had the largest rise in available space, up 1,210 bps to 15.2%. Overall, twenty projects delivered in the first six months of 2020 totaling 2.3 million square feet (msf) with 38% preleased. Another 2.7 msf was under construction with 72% still vacant. Vacant sublease space remained muted in the first half of the year, below 1% of overall inventory.

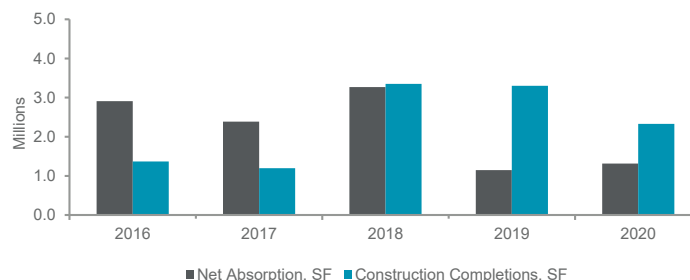
DEMAND

New leasing activity in the second quarter was almost double the level of activity recorded in the first quarter, totaling 3.6 msf year-to-date (YTD). Warehouse/distribution accounted for over 93% of all activity in the region. In the second quarter, the two largest leases signed were for Amazon. In the Silver Star/Apopka submarket, the company took possession of a recently vacated 1.0 msf, 45-year-old distribution facility. The other lease was in new construction in the Airport/Lake Nona submarket for 51,000 sf. Tenant move-ins in the first six months of the year pushed overall absorption to 1.3 msf, over six times the amount recorded at the midyear in 2019.

MARKET PRICING

Overall triple net asking rental rates climbed by 1.3% YOY to \$7.01 per square foot (psf). From the second quarter of 2019 through the first quarter of 2020, rental rates were trending down throughout the region. As the national economy locked down during the second quarter, demand for industrial space in Central Florida intensified, which pushed warehouse/distribution rates up 6.0% to \$6.40 psf for space. Most major industrial submarkets in Orlando experienced rental gains in the first six months of the year apart from Airport/Lake Nona which saw an 8.8% decrease in asking rates as tenant move-ins took some higher priced availabilities off the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
CBD/Winter Park/Maitland	3,392,791	102,335	3.0%	-17,362	-22,272	0	0	N/A	\$7.58	\$12.71
Silver Star/Apopka	16,291,815	2,472,803	15.2%	58,569	-73,584	656,500	713,916	\$5.75	\$9.07	\$7.15
Altamonte/Longwood	4,394,027	312,598	7.1%	-10,698	52,806	0	0	\$8.80	\$9.68	\$6.49
Lake Mary/Sanford	8,428,550	649,689	7.7%	188,086	304,712	0	378,100	\$6.70	\$8.46	\$7.05
E.Orange/University/Forsyth	4,347,938	105,545	2.4%	-7,586	28,520	0	0	\$10.00	\$14.99	\$7.81
NE/Winter Springs/Oviedo	851,011	36,195	4.3%	-7,872	-3,023	0	0	N/A	\$9.00	\$7.50
Michigan/So. Orange Ave.	2,724,731	94,774	3.5%	-15,294	-46,060	0	0	N/A	N/A	\$7.23
Airport/Lake Nona	19,002,585	2,502,655	13.2%	126,686	361,178	1,133,429	247,160	N/A	\$13.87	\$5.89
33rd Street/LB McLeod	4,902,142	308,585	6.3%	-71,405	-85,209	100,000	0	N/A	\$13.00	\$7.15
Regency/Turnpike	18,288,965	1,121,835	6.1%	-184,109	-202,428	457,160	430,080	\$8.31	\$10.77	\$6.20
Orlando Central Park	21,814,210	1,615,036	7.4%	181,190	237,497	0	561,071	N/A	\$12.82	\$5.78
Osceola/Kissimmee	4,826,597	73,576	1.5%	-20,750	-11,719	0	0	\$8.83	N/A	\$9.28
West Orange/Winter Garden	3,163,465	100,984	3.2%	142,764	301,269	402,582	0	N/A	\$14.50	\$5.77
Davenport	7,010,749	327,571	4.7%	23,183	473,183	0	0	N/A	N/A	\$5.50
ORLANDO TOTALS	119,439,576	9,824,181	8.2%	385,402	1,314,870	2,749,671	2,330,327	\$7.83	\$10.82	\$5.97

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

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

KEY LEASE TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4401 Seaboard Road	Silver Star/Apopka	Amazon	1,036,966	Direct
9775 Air Commerce Parkway	Airport/Lake Nona	Amazon	561,750	Direct

KEY SALES TRANSACTIONS YTD 2020

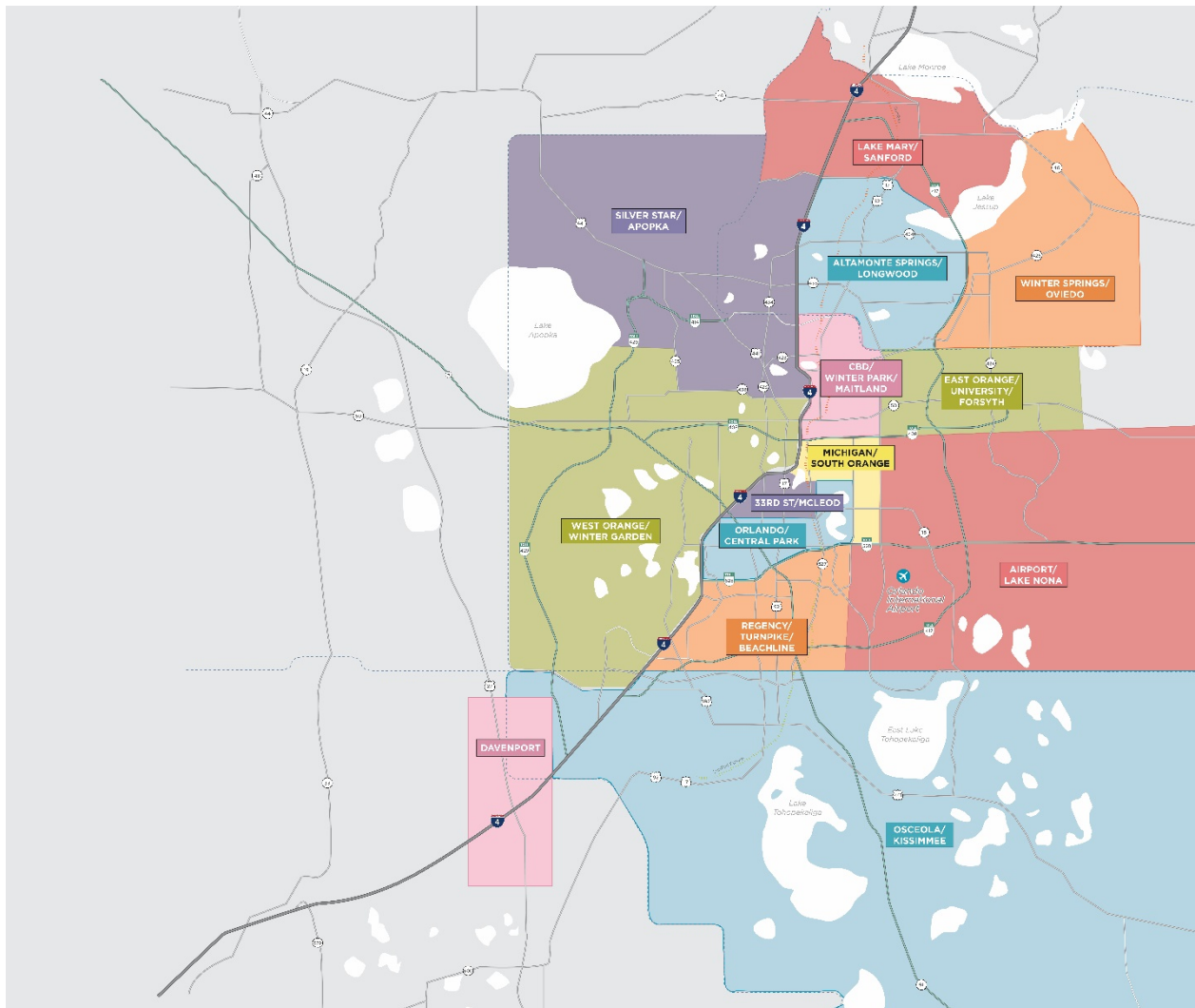
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8201 Chancellor Drive	Orlando Central Park	Kinsey Equities/Albany Road RE Partners	713,585	\$41,150,000/\$58
2560 W Orange Blossom Trail	Silver Star/Apopka	Kroeger & Co/Mandich Group	593,393	\$25,000,000/\$50.67

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1769 Taft Vineland Road	Regency/Turnpike	N/A	173,880	Foundary Commercial
7705 Winegard Road	Orlando Central Park	N/A	150,913	McDonald Development



INDUSTRIAL SUBMARKETS

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