

Orlando's industrial market has experienced rapid growth over the last several years, driven by in-migration. Estimates from Oxford Economics call for that pace to slow in the next few years, but the projected rate of population growth will remain triple that of the US at large through 2027. Even with some decline in national industrial numbers, Central Florida's industrial market remains resilient. The vacancy rate has remained flat over the past year thanks to a strong pace of leasing, and the current vacancy rate of 3.5% is well below the national average of 4.7%.

A strong appetite for modern distribution and warehouse space continues to fuel new development activity in Orlando as developers work to keep pace with demand, resulting in 10 M SF of space under construction.

Orlando's year-over-year rent growth of 17.2% has pulled well ahead of the pace of the National Index of 8.9% over the same period. Industrial rent growth during Q2-23 was so strong that Orlando placed at the top of all US markets. Rent growth is projected to begin moderating by the end of 2023.

Industrial demand has rebounded after a disappointing Q1-23 and is projected to reach close to 5 million SF by the end of the year. That will be short of the 5.2 SF of net absorption that occurred during 2022, which itself was a decline from the year before but was still one of the strongest performances on record. While industrial demand largely outpaced the rate of new space delivered during the past three years, the opposite has been true so far this year with new industrial deliveries outstripping absorption.

New projects scheduled to deliver during 2023 are projected to force the vacancy rate upward given that there are seven projects due for completion by the end of the year greater than 500,000 SF, only one of which has been pre-leased. New development is increasingly pivoting back to buildings between 100,000 SF and 200,000 SF in size, which historically has been the bulk of leasing interest in Central Florida.

Investment sales volume has been steady, with Q2-23 sales coming in at \$195.3 M in total volume. While still strong, this is below Q1-23's \$203.8 M. The pace of investment activity in 2023 is expected to remain slower than previous years due to the impact of the Federal Reserve's continued moves to raise interest rates to combat rising inflation. With debt becoming increasingly expensive, some buyers will adopt a wait and see attitude, which will slow the investment sales pipeline.

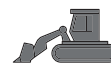
The continuing economic uncertainty could affect consumer spending, which in turn would impact the logistics sector. The resumption of student loan payments on October 1 as well as the continuing cost increases due to inflation could have a chilling effect on the economy. In addition, housing costs for both purchasers and renters continue to climb.

Source: CoStar Property

## ORLANDO MSA Industrial Market



**Total Industrial Space**  
195,311,309 SF



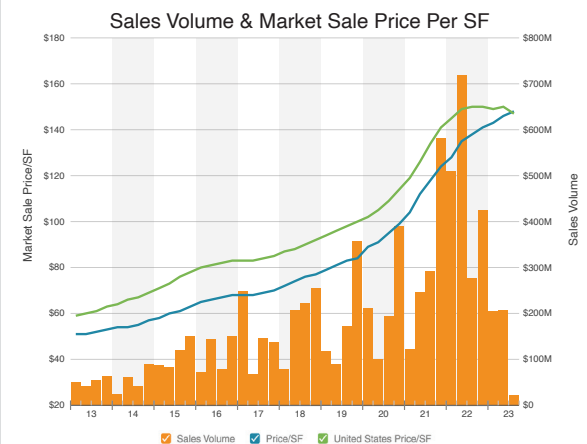
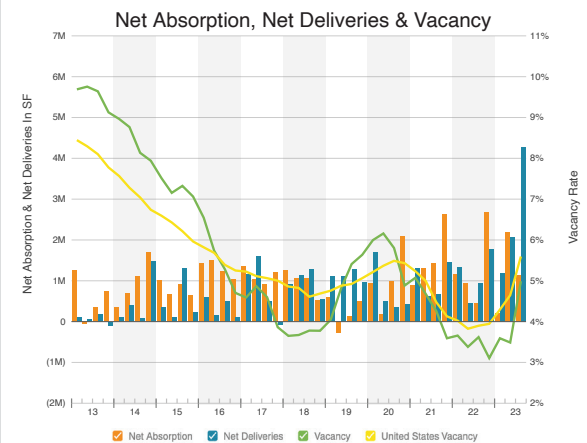
**Under Construction**  
9,997,020 SF



**18 Industrial Centers**  
500,000 SF +

Orlando MSA (Orange, Seminole, Lake & Polk Counties) | Source: CoStar Property

## Quarterly Trends



## Orlando MSA (Lake, Orange, Osceola & Seminole Counties)

Market	Existing Inventory		Vacancy		12 Month Net Absorption SF	12 Month Delivered SF	Under Const SF	Quoted Rates
	# Bids	Total RBA	Available SF	Vac %				
Lake County	688	12,633,900	428,113	3.7%	173,268	575,806	2,759,322	\$10.77
NE Orange County	152	1,771,312	5,237	0.3%	33,544	0	0	\$17.36
NW Orange County	1,650	44,121,193	1,173,674	3.7%	1,934,516	1,891,745	3,372,033	\$12.62
Osceola County	370	9,436,442	263,563	3.6%	695,142	777,533	928,836	\$13.53
SE Orange County	1,594	61,609,682	1,380,030	2.6%	2,113,889	1,686,487	2,819,749	\$13.31
Seminole County	1,581	30,238,099	1,150,829	5.1%	47,643	747,659	117,080	\$13.70
SW Orange County	733	35,500,681	699,813	3.6%	568,532	297,840	0	\$13.25
<b>Totals</b>	<b>6,768</b>	<b>195,311,309</b>	<b>5,101,259</b>	<b>3.5%</b>	<b>5,566,534</b>	<b>5,977,070</b>	<b>9,997,020</b>	<b>\$13.05</b>

## Brevard, Polk & Volusia Counties (Adjacent)

Market	Existing Inventory		Vacancy		12 Month Net Absorption SF	12 Month Delivered SF	Under Const SF	Quoted Rates
	# Bids	Total RBA	Available SF	Vac %				
Brevard County	1,515	31,759,119	653,260	2.2%	245,985	148,961	23,086	\$12.34
Polk County	1,781	82,055,296	4,359,563	6.0%	1,521,877	2,392,338	2,345,659	\$8.29
Volusia County	1,690	27,307,363	421,686	5.3%	256,292	1,069,504	1,315,318	\$10.52

## United States

Market	Existing Inventory		Vacancy		12 Month Net Absorption SF	12 Month Delivered SF	Under Const SF	Quoted Rates
	# Bids	Total RBA	Available SF	Vac %				
Entire US	475,522	18,389,211,762	703,021,238	4.7%	294,493,344	462,759,268	593,458,304	\$11.60

Period	Asset Value	Vacancy Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr %	12 Month Net Absorption SF	Market Price/SF	Sales Volume
2023 2q	\$30.0 B	3.5%	\$13.05	17.2%	195.3 M	10.0 M	5.1%	5.6 M	\$151	\$195.3 M
2023 1q	\$29.3 B	3.6%	\$12.61	17.8%	193.2 M	9.4 M	4.9%	4.3 M	\$141	\$203.8 M
2022 4q	\$28.9 B	3.1%	\$12.09	16.8%	192.1 M	9.4 M	4.9%	5.3 M	\$147	\$423.8 M
2022 3q	\$28.3 B	3.6%	\$11.62	16.1%	190.3 M	9.9 M	5.2%	5.2 M	\$137	\$276.9 M

Source: CoStar Property®

