

Industrial demand has been exceptionally strong since mid-2020 and vacancies have compressed more than 200 basis points in that time. Additionally, leasing activity has accelerated over the past four quarters and is well above pre-pandemic levels. There have been 17 new lease deals exceeding 100,000 SF in 2021 including FedEx leasing 433,000 SF at Infinity Park, LKQ committing to over 200,000 SF in Distribution 429, and Intersteel taking down nearly 188,000 SF in Lake County Central Park. That momentum persisted in the third quarter, as Imperial Dade took down the entirety of a more than 380,000 SF proposed warehouse at Prologis Airport Park.

Industrial supply could be one area of minor concern as starts increased in the third quarter. After 3.3 million SF in deliveries over the past 12 months, Orlando has another 4.1 million SF underway. The heightened pipeline has also seen an uptick in speculative starts over the past year and nearly 80% of all space underway is available. However, the speculative starts are quickly landing tenants, such as the formerly speculative Infinity Park Building 800 signing FedEx to the entirety of its 433,000-SF warehouse in Q1-21.

While the increasing supply could cause some mild strain to market fundamentals, the average vacancy rate is less than 100 basis points above the all-time low and Orlando's recent demand patterns have proven more than capable of consuming comparable levels of supply. Additionally, the amount of speculative space that has reached the market without landing tenants over recent years has been minimal. The relative building levels in Orlando are now a bit below the National Index. Orlando's inventory has added over 16 million SF in the past four years, roughly a 10% increase, however, directly available industrial space on the market has decreased by nearly 3 million SF since the pandemic began and sublet space has nearly halved.

Industrial asking rents have significantly improved in 2021 and annual growth has soared to record levels. Annual gains have improved by about four percentage points year to date and jumped more than two percentage points in Q3-21 alone. Now near 10% annually, growth in Orlando significantly outperforms the National Index average of 6.8% year-over-year. Orlando is one of the stronger rent growth markets in the nation and given the tight market conditions and slowing supply pipeline, the metropolitan area appears likely to continue to outperform the national index over the foreseeable future. Orlando has the second-highest annual rent growth rate in the state of Florida, trailing only Miami.

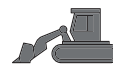
Investment activity picked up in the second and third quarters after a downshift in Q1-21, though volume still trails the five-year average and there has only been one sale exceeding \$20 million, the \$51.6 million sale of OCP Logistics Center in August, which was especially notable as both buildings were under construction at the time of sale with no tenants secured. The first half of 2021 barely bested the volume during Q4-20. Market cap rates compressed to a record low in Q3-21 and market pricing exceeded \$100/SF for the first time in Orlando's history.

Source: CoStar Property

## ORLANDO MSA Industrial Market



Total Industrial Space  
184,336,758 SF



Under Construction  
3,974,736 SF



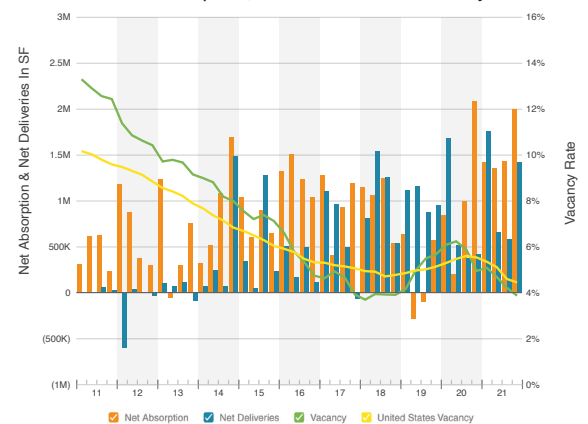
14 Industrial Centers  
500,000 SF +

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

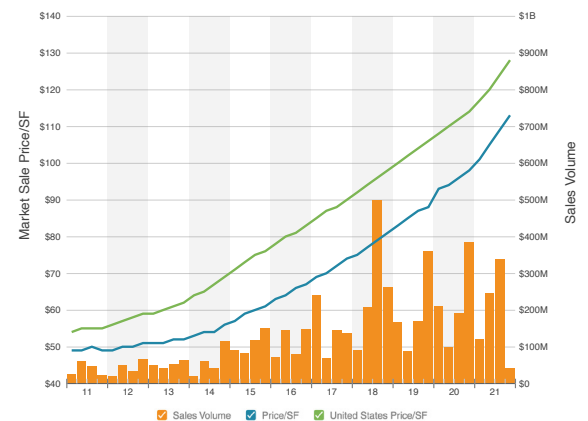
## Quarterly Trends



Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



## Total Industrial Submarket Statistics

Third Quarter 2021

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Lake County	664	11,770,800	433,265	3.6%	624,777	763,690	207,537	\$7.94
NE Orange County	153	1,805,926	72,545	4.0%	(37,326)	(107,577)	0	\$13.43
NW Orange County	1,592	40,577,755	2,980,417	7.0%	1,921,735	990,033	1,754,849	\$9.45
Osceola County	334	7,759,516	498,484	6.2%	253,601	113,710	274,622	\$10.30
SE Orange County	1,566	58,716,100	3,839,671	6.5%	1,976,063	940,549	656,186	\$9.90
Seminole County	1,555	29,389,143	1,467,808	5.0%	762,374	415,220	54,772	\$10.34
SW Orange County	722	34,317,518	2,587,007	7.3%	778,834	615,057	1,026,770	\$9.96
<b>Totals</b>	<b>6,586</b>	<b>184,336,758</b>	<b>11,879,197</b>	<b>6.3%</b>	<b>6,280,058</b>	<b>3,730,682</b>	<b>3,974,736</b>	<b>\$9.81</b>

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Brevard County	1,457	31,039,865	1,253,465	4.0%	315,804	50,100	150,960	\$9.95
Polk County	1,718	75,938,311	4,251,382	5.5%	3,288,283	3,703,547	678,745	\$6.52
Volusia County	1,657	25,826,052	1,115,095	4.3%	2,027,133	1,502,700	0	\$8.45

United States								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Entire US	464,521	17,463,954,097	1,258,906,541	7.0%	449,819,616	290,568,723	453,783,616	\$9.49

Period	Asset Value	Vacancy Rate	Availability Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr %	12 Month Net Absorption SF	Market Price/SF	Sales Volume
2021 3q	\$20.0 B	4.2%	6.3%	\$9.81	9.5%	184.3 M	4.0 M	2.2%	6.3 M	\$139	\$335 M
2021 2q	\$19.2 B	4.7%	6.8%	\$9.48	7.1%	183.8 M	3.0 M	1.6%	6.2 M	\$112	\$246 M
2021 1q	\$18.4 B	5.1%	7.2%	\$9.27	6.1%	183.1 M	3.3 M	1.8%	5.0 M	\$92	\$122 M
2020 4q	\$17.8 B	4.9%	6.6%	\$9.08	5.6%	181.3 M	3.9 M	2.2%	4.5 M	\$102	\$384 M

Source: CoStar Property®

