LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

WE TRACK THE STUFF THAT MATTERS!

Q1 2021

Orange & Seminole County
Industrial Market Report

QUARTER LEE NOTE

2021 has started off with tremendous fervor and excitement as 2020 was pushed into the rearview mirror. Despite the continued political unrest, one thing has emerged with clear certainty: *people are tired of being couped up and they want to get on with life.* With the vaccine rollout well underway this quarter, it was if our market received a shot of adrenaline simultaneously. Absorption of lease inventory was up 34 percent over the fourth quarter and our vacancy rate has plummeted to an all time low. Rental rates are rising and sales were quite strong, even with limited inventory. Even with escalating construction costs, material shortages and scarcity of land to develop, the market remains strong and market enthusiasm is high. We anticipate 2021 to be another robust year.

MARKET TRENDS: CHANGE FROM PREVIOUS QUARTER

↑	↓	↑	↑
ASKING RENTAL RATES $7.77 PSF	TOTAL MARKET VACANCY 5.5%	TOTAL NET ABSORPTION 1,276,606 SF	CONSTRUCTION PIPELINE 4,367,694 SF

WHAT YOU NEED TO KNOW

- The Central Florida industrial market had a strong first quarter posting 1,276,606 square feet of positive absorption. FedEx's lease for 433,404 square feet made up a large portion of the absorption.
- Total market vacancy fell by half of a percent from 6.0 to 5.5 percent.
- There were 24 building sales in Orange and Seminole counties this quarter totaling $49.2 million.
- Just over 1.5 million square feet of new buildings were added to the construction pipeline this quarter, bringing the spec and build-to-suit total up to 4.36 million square feet.

UNDERSTANDING THE REPORT

WE TRACK THE STUFF THAT MATTERS!

We do not track ancillary smaller buildings. Lee & Associates **tracks all industrial buildings 20,000 square feet and greater within Orange and Seminole counties**. Condominium and self-storage properties are not included in this report. Among the buildings tracked, there are four categories: flex, bulk/distribution, manufacturing and office/warehouse. Flex space is defined as a building that provides a configuration allowing tenants a flexible amount of office/showroom area in combination with manufacturing, warehouse and distribution space. Flex buildings will have a higher parking ratio than office/warehouse or bulk buildings, are typically grade level and have an office finish greater than 30 percent. Bulk/distribution is defined as a building which has a clear height of 22' or greater, has a minimum depth of 160' and typically has less than 10 percent office finish. Manufacturing denotes a property used for conversion or assembly of raw or partially raw materials into goods/products. Office/warehouse is defined as buildings that have a clear height of up to 21', have a maximum depth of up to 160' and typically have a higher office finish of 10-25 percent more than bulk buildings. The term "industrial" combines all categories with the exception of flex space, which is tracked and reported separately.

All rental rates reported do not include operating expenses or CAM charges and are reported on a triple net basis. **In addition, sublet space is not included in the overall absorption or weighted average rental rates.** Buildings that are partially pre-leased are included in positive absorption at the time construction begins. Lee & Associates tracks over 1,980 buildings in Orange and Seminole County which total approximately 131 million square feet. The flex inventory makes up 12 percent of the total space within the market, while the industrial product makes up 88 percent. We end our statistical gathering of data approximately one week prior to the end of each quarter.

MARKET SNAPSHOT

Comparison Rental Rates PSF:

	4Q-20	1Q-21
Flex	$11.45	$11.91
Bulk/Distribution	$6.83	$6.93
Manufacturing	$5.34	$6.35
Office/Warehouse	$7.31	$7.42
Total Market	$7.52	$7.77

Comparison of Market Vacancy:

	4Q-20	1Q-21
Direct	5.3%	4.9%
Sublet	0.7%	0.6%
Total Market	6.0%	5.5%

Comparison of Absorption in SF:

	4Q-20	1Q-21
Quarterly Amount	842,801	1,276,606
Year-To-Date	842,801	1,276,606

Construction Pipeline: 20,000SF+

	4Q-20	1Q-21
U/C (speculative & BTS)	2,866,925	4,367,694
Delivered (by qtr)	0	324,000
Delivered YTD	3,029,625	324,000

Building Sales:

	4Q-20	1Q-21
Quarterly Total	$269M	$49.2M
Average Price PSF	$117.42	$92.95

Lee & Associates – Central Florida, LLC

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QUARTER IN REVIEW

The Central Florida industrial market had a healthy start to 2021 with strong leasing activity and a growing construction pipeline. Positive market absorption of 1,276,606 square feet brought the total market vacancy down by .5 percent to 5.5 percent, the lowest vacancy this market has seen since the mid 2000's.

All ten submarkets we track posted less than 10 percent total vacancy with the Southwest submarket at 1.8 percent and both the Central and North Central submarkets at 3 percent. Manufacturing product continues to do the best with 1.3 percent vacancy. We do expect to see a minimal increase in the total vacancy as new product is delivered this year, most of it spec without preleasing.

Positive market absorption of just over 1.2 million square feet was a great way to start the new year and we anticipate three more strong quarters of leasing activity. The Airport/Southeast submarket led with 677,298 square feet of positive absorption and bulk/distribution product had the highest absorption with 883,626 square feet.

Asking market rental rates went up slightly across all product types which is consistent with the total market vacancy rate dropping and demand remaining strong.

First quarter sales totaled just over $49 million, the lowest quarterly total the Central Florida market has had in the last three years. This is primarily due to scarcity of inventory. A total of 529,547 square feet sold for an average sales price of $92.95. There were 16 sales in Orange County and 8 in Seminole County.

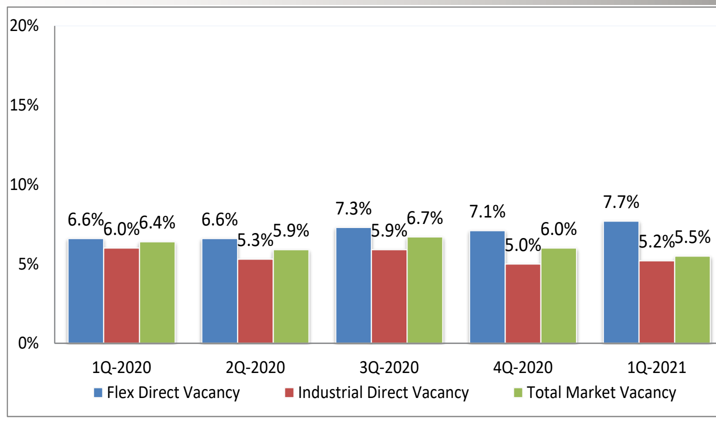
There is currently 3,502,219 square feet of speculative development under construction or imminent. These buildings include:
- *Blue Scope's* Mid Florida Logistics Park #5 with 246,460 square feet
- *Blue Steel's* Hermit Smith Road building with 290,000 square feet and Axcess Park building A with 207,625 square feet, building B with 117,000 square feet, and building C with 125,400 square feet
- *Cadence Partners & Clarion* Western Beltway project #1 with 99,517 square feet and #2 with 90,767 square feet
- *Dalfen's* Hoffner Avenue building with 105,000 square feet
- *Johnson Development's* South Orange Logistics #100 with 149,940 square feet and #200 with 131,220 square feet
- *Lincoln's* OCP Logistics #100 with 294,787 square feet and #200 with 108,917 square feet
- *McCraney's Infinity Park* #300 with 98,894 square feet, #400 with 112,459 square feet, #800 with 433,404 square feet and #900 with 128,341 square feet
- *Prologis'* Airport Park #200 totaling 379,176 square feet
- *Prologis'* ADC North Building F with 103,312 square feet
- *Seefried's* Narcoossee Logistics Center building #1 with 160,000 square feet and building #2 with 120,000 square feet

There is currently 465,475 square feet of build-to-suit construction underway. This include:
- *Amazon's* 201,475 square foot building in Apopka
- *Tailgate Sports* 144,000 square foot building at International Corporate Park
- *Ace Relocation's* 120,000 square foot building at International Corporate Park

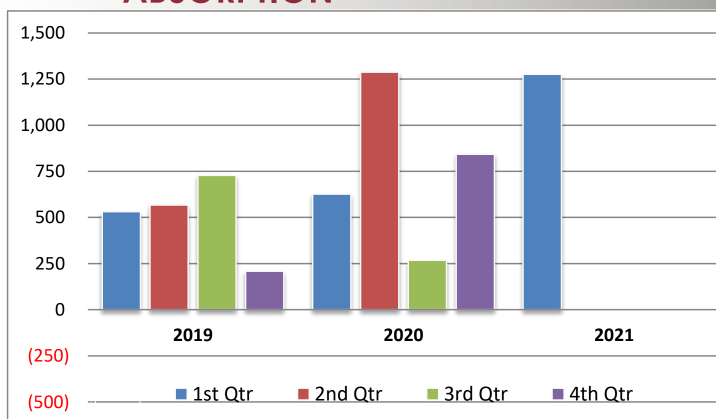
Worth noting, but not included in our Orange & Seminole County development pipeline above, are two build-to-suits in Lake County:
- *Amazon's* 202,044 square feet in Christopher C. Ford Park
- *Kroger's* 375,000 square feet in Christopher C. Ford Park

There was a total of 324,000 square feet delivered:
- *GOYA's* 324,000 square foot building in Apopka

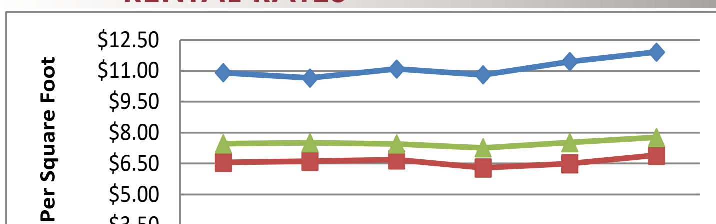
VACANCY



ABSORPTION

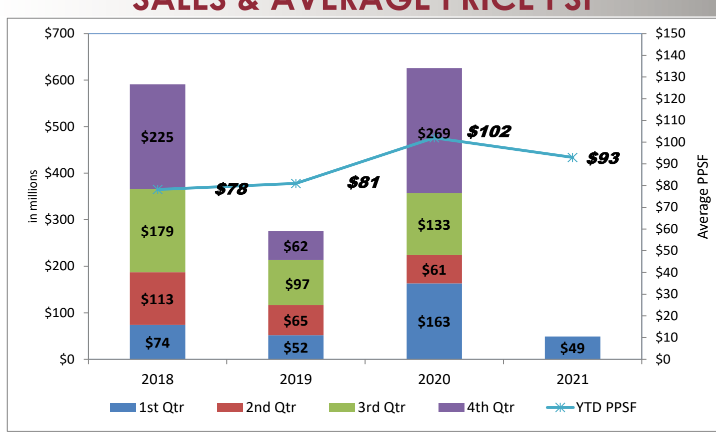


RENTAL RATES



	YE 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Flex	$10.91	$10.65	$11.09	$10.81	$11.45	$11.91
Ind	$6.56	$6.61	$6.68	$6.29	$6.49	$6.90
Market	$7.46	$7.51	$7.45	$7.26	$7.52	$7.77

SALES & AVERAGE PRICE PSF



QUARTER IN REVIEW

TOP FIRST QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

Building Name	Tenant	Total SF	Submarket	Type
2500 Consulate Drive	FedEx	433,404	Southwest	New
1401 Tradeport Drive	Geodis	202,726	Airport/Southeast	Expansion/ Renewal
2502 Lake Orange Drive	Ross	154,200	Airport/Southeast	New
7445 Southland Boulevard	Rexell	151,800	OCP	Renewal
6851 S. Conway Road Bldg F	Ocean Blue Logistics	103,312	Airport/Southeast	New
4500 Seaboard Road	Signature Nails	80,600	Silver Star	Renewal
1125 Gills Drive	Iberia Foods	76,663	Airport/Southeast	Expansion/ Renewal
3467 WD Judge Road	Red Bull	44,452	Silver Star	New
1401 Ocoee Apopka Road	Adventist Health Systems	36,016	Northwest	Renewal

TOP FIRST QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

Building Name/Address	Submarket	Total SF	Buyer	Seller	Sale Price	PPSF
4805 W Sand Lake Road	Southwest	192,007	Sand Lake 4805 LLC	Global Experience Specialists Inc.	$14,502,000	$75.53
1915 N Orange Blossom Trail	Northwest	41,769	Stone Lake Capital	AD Mackinnon Family Ltd Ptnrshp Lllp	$3,600,000	$86.19
2499 Old Lake Mary Road	Sanford	31,970	Ronadiad Inc	Manzer Trust	$2,940,000	$91.96
6900 TPC Drive	Airport/Southeast	27,950	6900 TPC LLC	Marmon/Keystone Corp	$3,773,300	$135.00
1035 W Lancaster Road	Airport/Southeast	25,200	Bharat Patel	Koenke Family Trust	$1,995,000	$79.17
1155 Elboc Way	Northwest	20,750	Franmar Properties of South Florida LLC	MCI Sales and Service Inc	$2,390,000	$115.18
1073/1075/1077 Orienta Avenue	North Central	17,244	CTG Alliance Inc	John M Cather Jr Revocable Trust	$1,100,000	$63.79
130 Tech Drive	Sanford	15,899	Robes LLC	130 Tech Drive LLC	$1,830,000	$115.10
600 S French Avenue	Sanford	15,000	Dolphin Ice & Water V LLC	John Stephen Counts Estate	$430,000	$28.67
2800-2830 Taft Avenue	Northwest	15,000	Taft College Park LLC	Principal One LLC	$1,225,000	$81.67
501 Central Park Drive	Sanford	14,960	Gregory S & Jane E Bond	PTG Properties LLC	$1,850,000	$123.66
639 W Robinson Street	Central	14,000	639 E Robinson LLC	Cotswold Group Limited Inc.	$1,400,000	$100.00
650 E Landstreet Road	Airport/Southeast	14,000	650 Landstreet LLC	Wilson Trucking Corp	$3,200,000	$228.57

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Logo placed within transactions listed above translates to deals where Lee & Associates participated.

Submarket	# of Bldgs	Total RSF	Direct SF Available	Direct Vacancy	Sublet SF Available	Sublet Vacancy	Total Vacancy	Quarterly Absorption	Year to Date Absorption	Dir Wtd Avg Asking Rate
NORTHWEST										
Bulk/Distribution	23	2,937,532	554,696	18.9%	0	0.0%	18.9%	(143,677)	(143,677)	$ 5.68
Flex	18	618,183	26,454	4.3%	7,500	1.2%	5.5%	3,450	3,450	$ 8.98
Manufacturing	17	1,060,028	7,700	0.7%	0	0.0%	0.7%	0	0	$ 5.99
Office/Warehouse	99	5,824,255	373,756	6.4%	0	0.0%	6.4%	100,221	100,221	$ 4.61
Submarket Total	*157*	*10,439,998*	*962,606*	*9.2%*	*7,500*	*0.1%*	*9.3%*	*(40,006)*	*(40,006)*	*$ 5.36*
SILVER STAR										
Bulk/Distribution	19	3,784,228	141,266	3.7%	42,800	1.1%	4.9%	(58,800)	(58,800)	$ 6.18
Flex	31	1,359,333	74,058	5.4%	6,000	0.4%	5.9%	33,502	33,502	$ 9.18
Manufacturing	22	1,929,491	22,072	1.1%	0	0.0%	1.1%	0	0	$ 8.00
Office/Warehouse	213	11,476,727	583,541	5.1%	22,700	0.2%	5.3%	(12,366)	(12,366)	$ 7.57
Submarket Total	*285*	*18,549,779*	*820,937*	*4.4%*	*71,500*	*0.4%*	*4.8%*	*(37,664)*	*(37,664)*	*$ 7.48*
33RD STREET										
Bulk/Distribution	3	256,158	0	0.0%	0	0.0%	0.0%	0	0	$ 4.91
Flex	33	935,758	62,818	6.7%	0	0.0%	6.7%	(4,200)	(4,200)	$ 11.69
Office/Warehouse	84	3,884,920	198,706	5.1%	41,173	1.1%	6.2%	(33,437)	(33,437)	$ 6.61
Submarket Total	*120*	*5,076,836*	*261,524*	*5.2%*	*41,173*	*0.8%*	*6.0%*	*(37,637)*	*(37,637)*	*$ 10.71*
NORTH CENTRAL										
Flex	46	1,305,256	67,392	5.2%	0	0.0%	5.2%	4,437	4,437	$ 11.15
Manufacturing	12	535,289	32,246	6.0%	0	0.0%	6.0%	0	0	$ 4.99
Office/Warehouse	52	1,924,152	18,650	1.0%	0	0.0%	1.0%	(5,800)	(5,800)	$ 13.12
Submarket Total	*110*	*3,764,697*	*118,288*	*3.1%*	*0*	*0.0%*	*3.1%*	*(1,363)*	*(1,363)*	*$ 9.78*
LONGWOOD/LAKE MARY/SANFORD										
Bulk/Distribution	16	2,016,088	189,787	9.4%	0	0.0%	9.4%	0	0	$ 7.23
Flex	64	2,497,819	149,597	6.0%	7,955	0.3%	6.3%	29,352	29,352	$ 10.15
Manufacturing	54	3,051,660	25,956	0.9%	0	0.0%	0.9%	142,844	142,844	$ 7.10
Office/Warehouse	192	8,099,302	338,316	4.2%	0	0.0%	4.2%	(22,144)	(22,144)	$ 7.25
Submarket Total	*326*	*15,664,869*	*703,656*	*4.5%*	*7,955*	*0.1%*	*4.5%*	*150,052*	*150,052*	*$ 7.86*
CENTRAL ORLANDO										
Flex	10	330,496	1,200	0.4%	0	0.0%	0.4%	0	0	$ 7.50
Manufacturing	19	1,210,447	18,000	1.5%	0	0.0%	1.5%	0	0	$ 5.95
Office/Warehouse	101	4,385,554	159,810	3.6%	0	0.0%	3.6%	(8,818)	(8,818)	$ 8.24
Submarket Total	*130*	*5,926,497*	*179,010*	*3.0%*	*0*	*0.0%*	*3.0%*	*(8,818)*	*(8,818)*	*$ 8.01*
EAST SIDE / UNIVERSITY										
Bulk/Distribution	2	399,818	0	0.0%	0	0.0%	0.0%	0	0	$ 5.25
Flex	40	1,893,934	183,619	9.7%	89,696	4.7%	14.4%	(3,560)	(3,560)	$ 14.39
Manufacturing	14	627,131	6,000	1.0%	0	0.0%	1.0%	0	0	$ 6.00
Office/Warehouse	64	2,514,430	49,777	2.0%	12,960	0.5%	2.5%	2,420	2,420	$ 9.18
Submarket Total	*120*	*5,435,313*	*239,396*	*4.4%*	*102,656*	*1.9%*	*6.3%*	*(1,140)*	*(1,140)*	*$ 16.52*
AIRPORT / SOUTHEAST										
Bulk/Distribution	112	20,743,760	1,686,673	8.1%	96,470	0.5%	8.6%	537,395	537,395	$ 6.11
Flex	76	3,310,282	317,073	9.6%	57,975	1.8%	11.3%	(21,026)	(21,026)	$ 12.48
Office/Warehouse	283	19,016,564	703,478	3.7%	51,086	0.3%	4.0%	160,929	160,929	$ 8.59
Submarket Total	*471*	*43,070,606*	*2,707,224*	*6.3%*	*205,531*	*0.5%*	*6.8%*	*677,298*	*677,298*	*$ 7.50*
ORLANDO CENTRAL PARK										
Bulk/Distribution	55	8,598,829	266,851	3.1%	255,043	3.0%	6.1%	115,304	115,304	$ 6.22
Flex	42	2,003,149	108,741	5.4%	0	0.0%	5.4%	18,048	18,048	$ 11.44
Office/Warehouse	86	5,372,716	11,490	0.2%	0	0.0%	0.2%	9,128	9,128	$ 5.56
Submarket Total	*183*	*15,974,694*	*387,082*	*2.4%*	*255,043*	*1.6%*	*4.0%*	*142,480*	*142,480*	*$ 7.67*
SOUTHWEST										
Bulk/Distribution	20	3,293,313	17,800	0.5%	36,921	1.1%	1.7%	433,404	433,404	$ 7.41
Flex	16	985,965	10,155	1.0%	0	0.0%	1.0%	0	0	$ 14.77
Office/Warehouse	43	3,507,119	77,868	2.2%	0	0.0%	2.2%	0	0	$ 8.21
Submarket Total	*79*	*7,786,397*	*105,823*	*1.4%*	*36,921*	*0.5%*	*1.8%*	*433,404*	*433,404*	*$ 8.71*
TOTAL FLEX	376	15,240,175	1,001,107	6.6%	169,126	1.1%	7.7%	60,003	60,003	$ 11.91
TOTAL BULK/DISTRIBUTION	250	42,029,726	2,857,073	6.8%	431,234	1.0%	7.8%	883,626	883,626	$ 6.93
TOTAL MANUFACTURING	138	8,414,046	111,974	1.3%	0	0.0%	1.3%	142,844	142,844	$ 6.35
TOTAL OFFICE/WAREHOUSE	1217	66,005,739	2,515,392	3.8%	127,919	0.2%	4.0%	190,133	190,133	$ 7.42
TOTAL INDUSTRIAL SPACE	1605	116,449,511	5,484,439	4.7%	559,153	0.48%	5.2%	1,216,603	1,216,603	$ 6.90
TOTAL MARKET	**1,981**	**131,689,686**	**6,485,546**	**4.9%**	**728,279**	**0.6%**	**5.5%**	**1,276,606**	**1,276,606**	**$7.77**

**Note that total market consists of both Flex and Industrial properties combined*

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