

ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

QUARTER LEE NOTE

This quarter the market posted just under 14,000 SF of negative absorption, a sharp decrease from last quarters positive absorption of 411,069 SF. There were several large tenant move-outs this quarter, creating a drag on absorption despite several larger deals being completed. Leasing velocity on smaller spaces remains steady, while larger spaces continue to lag.

An analysis we put together this quarter, excluding manufacturing buildings, found that 94% of the vacant space in the market is over 50,000 SF. Spaces between 100,000 to 250,000 SF make-up 33% of the vacant space in the market. Comparatively, spaces between 20,000 to 50,000 SF make up just under 7% of total market vacancy. This equates to a vacancy factor of 0.47% for those spaces. No wonder it seems as though the smaller spaces keep flying off the shelves. Despite this, it is interesting to note that spaces between 100,000 to 250,000 SF represent a 2.27% market vacancy. We feel this is fairly reasonable despite what it "feels" like.

Some of the other larger deals we are tracking haven't materialized yet in Q3, but they are still active and should get done before year-end.

Sales this quarter were also down, though anecdotally most of the sales which occurred were investment sales, which we believe bodes well for Buyer's and Seller's both becoming more realistic in pricing and overall expectations.

We are excited for the fourth quarter and to end what has been a somewhat choppy year for the market. Despite the headwinds of economic uncertainty, global unrest, and a presidential election, the first three quarters have been strong for our industrial team.

MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	3Q-24	2Q-24
FLEX	\$16.40	\$15.43
BULK/DISTRIBUTION	\$7.69	\$7.57
MANUFACTURING	\$8.72	\$8.98
OFFICE/WAREHOUSE	\$11.95	\$12.17
TOTAL MARKET	\$8.81	\$8.66

COMPARISON OF MARKET VACANCY:		
	3Q-24	2Q-24
DIRECT	7.08%	6.52%
SUBLET	0.44%	0.37%
TOTAL MARKET	7.52%	6.89%

COMPARISON OF ABSORPTION IN SF:		
	3Q-24	2Q-24
QUARTERLY AMOUNT	-13,776	411,069
YEAR-TO-DATE	1,180,918	1,194,694

CONSTRUCTION PIPELINE: 20,000 SF+		
	3Q-24	2Q-24
U/C (SPECULATIVE & BTS)	3,634,939	3,250,869
DELIVERED (BY QTR)	196,301	2,504,915
DELIVERED YTD	3,019,250	2,822,949

BUILDING SALES:		
	3Q-24	2Q-24
QUARTERLY TOTAL	\$227M	\$246M
AVERAGE PRICE PSF	\$126.19	\$157.92

MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



WHAT YOU NEED TO KNOW

- Direct vacancy increased to 7.52%, a relatively minor change considering most of this was from larger vacancies over 100,000 SF.
- Average sales price per square foot this quarter was \$126.19/SF, a slight decrease from last quarter, reflective of more investment sales this quarter. YTD sales pricing averages \$139.85/SF, which is relatively consistent with last YTD average pricing of \$144.18/SF.
- Asking rents have remained fairly steady across all product types.

UNDERSTANDING THE REPORT

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 2,000 buildings in Orange and Seminole County which total approximately 134 million square feet. The flex inventory makes up 11 percent of the total space within the market, while the industrial product makes up 89 percent. We end our statistical gathering of data approximately one week prior to the end of each quarter.

If you have any questions regarding this report, please contact:

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In Q3 2023, we had the lowest quarter of absorption we have had since 2012. Then the market came back roaring in Q4. Barring economic and political events unforeseen, we expect the same in Q4 2024 given that this quarter seems to be mirroring Q3 2023.

There is currently 3,634,939 SF of speculative development under construction or imminent. These buildings include:

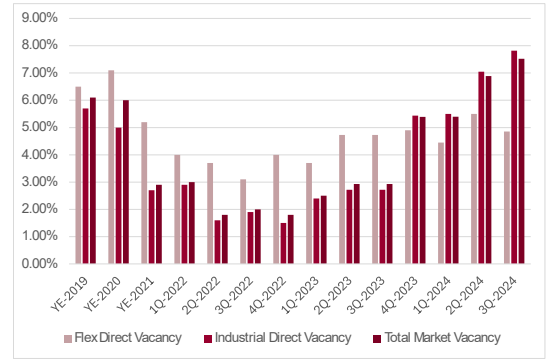
- Prologis AIPO buildings of 110,772 SF and 137,197 SF
- KKR's McCoy Commerce Center with 192,157, and 30,856 SF
- Distribution Realty Group 6520 Narcoossee Road building totaling 196,085 SF
- Bluescope's 352,268 SF at Mid Florida Logistics Park South
- Link's 334,000 SF at Mahogany Point in LeeVista
- Stonemont's seven buildings in Ocoee totaling 259,250 SF
- Foundry's Princeton Oaks Buildings 900 and 1000 totaling 239,804 SF
- Trammell Crow's Apopka Business Center Building 100 and 200 at 120,192 SF and 146,974 SF, respectively
- Ambroose's two buildings in LeeVista of 103,000 and 351,000 SF
- Whitley Capital's 89,305 SF on John Young Parkway
- Constellations 456,002, 232,497, and 283,580 SF along Boggy Creek new AIPO

There was a total of 196,301 SF delivered, which included:

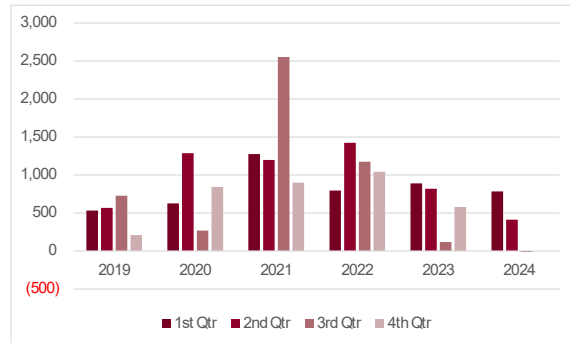
- Clarion Partners two rear-load buildings at Northstar.



VACANCY



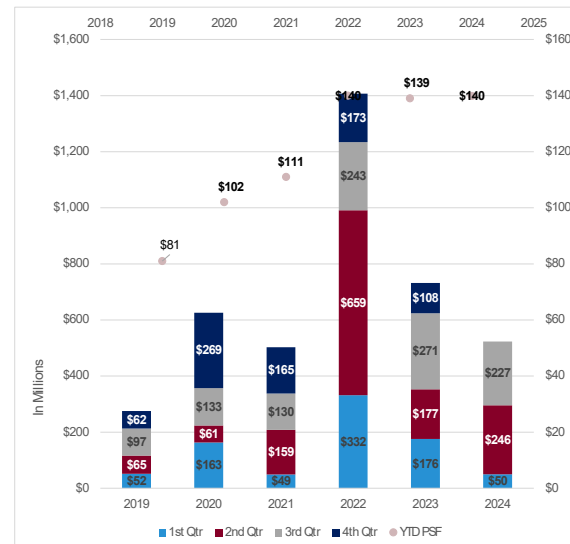
ABSORPTION



RENTAL RATES



SALES & AVERAGE PRICE PSF



TOP THIRD QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
7650 Amsterdam Drive	Blue Origin	220,853 SF	Airport/Southeast	New
2351 Investors Row	Evolution Electric Vehicles	156,000 SF	Airport/Southeast	New
2550 American Way	Inventory Management	107,840 SF	Northwest	New
2001 Directors Row	DCD Vehicle Corp	102,430 SF	Orlando Central Park	New
1451 Ocoee Apopka Blvd	Crown Packaging	100,221 SF	Northwest	New
3805 N Forsyth	Yeager Manufacturing	45,821 SF	East Side	New
9777 Satellite	Alpha Letter	31,886 SF	Airport/Southeast	New

TOP THIRD QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PSF
ICP at Beachline	Airport Southeast	261,800 SF	LaSalle Investment Management	Oaktree Capital Management	\$38,125,000	\$145.63
South Seminole Industrial	Longwood/Lake Mary/Sanford	194,784 SF	Redfearn Capital	733 Arnow Realty	\$30,650,000	\$157.35
2292 W Sand Lake Rd	Orlando Central Park	159,290 SF	IP Capital Partners	Banner Property Group	\$40,800,000	\$256.14
2963 Stonewall Pl	Longwood/Lake Mary/Sanford	109,610 SF	Harvest Property Group	Waterfall Industries Inc.	\$15,848,500	\$144.59
3601 Silver Star Rd	Silver Star	103,672 SF	Spraggins	Bungalow Scenic	\$12,500,000	\$120.57
Bay Colony	33rd	97,431 SF	Oklahoma Surgical Hospital	Trinity Broadcasting	\$16,000,000	\$164.22
8350 Parkline	Airport/Southeast	79,724 SF	Clarion Partners	Stonelake	\$18,000,000	\$225.78
2441 Viscount Row	Orlando Central Park	74,238 SF	PV Holding & Investment LLC	The Awning Factory	\$10,764,600	\$145.00
384 & 395 Commercial Street	Longwood/Lake Mary/Sanford	72,000 SF	Legacy Capital Partners	Margaret Spaulding	\$7,500,000	\$104.17
2349 S Apopka Blvd	Northwest	59,889 SF	El Chilar	Harvest Valley	\$6,000,000	\$100.19

Submarket	# of Bldgs	Total RSF	Direct Vacant SF	Direct Vacancy	Sublet Vacant SF	Sublet Vacancy	Total Vacancy	Quarterly Absorption	Year-To-Date Absorption	Dir Wtd Avg. Asking Rate
NORTHWEST										
Bulk/Distribution	44	10,910,393 SF	5,420,819 SF	49.68%	165,880 SF	1.52%	50.30%	205,563 SF	364,884 SF	\$6.54
Flex	23	498,312 SF	18,668 SF	3.75%	0 SF	0.00%	3.75%	19 SF	-7,699 SF	\$17.30
Manufacturing	18	1,112,912 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$0.00
Office/Warehouse	103	6,047,600 SF	254,721 SF	4.21%	0 SF	0.00%	4.21%	-2,272 SF	226,781 SF	\$11.35
Submarket Total	188	18,569,217 SF	5,694,208 SF	30.66%	165,880 SF	0.89%	31.03%	203,310 SF	583,966 SF	\$6.79
AIRPORT / SOUTHEAST										
Bulk/Distribution	126	23,589,869 SF	1,085,507 SF	4.60%	143,000 SF	0.61%	5.21%	-134,718 SF	332,660 SF	\$10.27
Flex	80	3,232,733 SF	103,837 SF	3.21%	3,784 SF	0.12%	3.33%	56,218 SF	20,202 SF	\$14.60
Office/Warehouse	271	17,983,280 SF	238,474 SF	1.33%	0 SF	0.00%	1.33%	-54,284 SF	-18,405 SF	\$11.10
Submarket Total	477	44,805,882 SF	1,427,818 SF	3.19%	146,784 SF	0.33%	3.51%	-132,784 SF	334,457 SF	\$10.69
SOUTHWEST										
Bulk/Distribution	17	3,022,806 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	14,400 SF	\$0.00
Flex	17	799,270 SF	47,013 SF	5.88%	0 SF	0.00%	5.88%	9,431 SF	23,635 SF	\$23.50
Office/Warehouse	36	3,593,395 SF	25,112 SF	0.70%	0 SF	0.00%	0.70%	-25,112 SF	6,195 SF	\$15.81
Submarket Total	70	7,415,471 SF	72,125 SF	0.97%	0 SF	0.00%	0.97%	-15,681 SF	44,230 SF	\$20.82
ORLANDO CENTRAL PARK										
Bulk/Distribution	52	8,585,356 SF	389,460 SF	4.54%	39,600 SF	0.46%	5.00%	172,450 SF	55,579 SF	\$9.85
Flex	37	1,419,330 SF	49,903 SF	3.52%	0 SF	0.00%	3.52%	-22,878 SF	731 SF	\$14.88
Office/Warehouse	79	4,963,486 SF	27,696 SF	0.56%	14,900 SF	0.30%	0.86%	-13,521 SF	-536 SF	\$14.82
Submarket Total	168	14,968,172 SF	467,059 SF	3.12%	54,500 SF	0.36%	3.48%	136,051 SF	55,774 SF	\$10.73
NORTH CENTRAL										
Flex	34	960,060 SF	53,656 SF	5.59%	6,400 SF	0.67%	6.26%	2,569 SF	33,308 SF	\$14.70
Manufacturing	9	393,189 SF	15,000 SF	3.81%	0 SF	0.00%	3.81%	23,000 SF	34,000 SF	\$8.75
Office/Warehouse	45	1,585,872 SF	44,447 SF	2.80%	0 SF	0.00%	2.80%	-8,557 SF	30,796 SF	\$15.04
Submarket Total	88	2,939,121 SF	113,103 SF	3.85%	6,400 SF	0.22%	4.07%	17,012 SF	98,104 SF	\$14.08
CENTRAL ORLANDO										
Flex	10	330,496 SF	800 SF	0.24%	0 SF	0.00%	0.24%	-800 SF	-800 SF	\$13.50
Manufacturing	17	873,428 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$0.00
Office/Warehouse	86	3,378,540 SF	177,476 SF	5.25%	0 SF	0.00%	5.25%	-22,135 SF	-30,117 SF	\$11.91
Submarket Total	113	4,582,464 SF	178,276 SF	3.89%	0 SF	0.00%	3.89%	-22,935 SF	-30,917 SF	\$11.91
33RD STREET										
Bulk/Distribution	6	792,091 SF	0 SF	0.00%	154,713 SF	19.53%	19.53%	0 SF	0 SF	\$6.75
Flex	32	1,032,693 SF	39,388 SF	3.81%	10,915 SF	1.06%	4.87%	31,741 SF	-31,813 SF	\$15.84
Office/Warehouse	83	3,771,327 SF	66,585 SF	1.77%	15,857 SF	0.42%	2.19%	-17,156 SF	-38,626 SF	\$12.33
Submarket Total	121	5,596,111 SF	105,973 SF	1.89%	181,485 SF	3.24%	5.14%	14,585 SF	-70,439 SF	\$9.94
SILVER STAR										
Bulk/Distribution	19	3,820,367 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$10.25
Flex	30	1,121,941 SF	46,052 SF	4.10%	0 SF	0.00%	4.10%	-5,255 SF	-36,698 SF	\$14.29
Manufacturing	24	1,915,283 SF	11,400 SF	0.60%	0 SF	0.00%	0.60%	-11,400 SF	-11,400 SF	\$12.00
Office/Warehouse	183	9,233,787 SF	217,017 SF	2.35%	10,800 SF	0.12%	2.47%	-187,505 SF	53,999 SF	\$11.75
Submarket Total	256	16,091,378 SF	274,469 SF	1.71%	10,800 SF	0.07%	1.77%	-204,160 SF	5,901 SF	\$12.17
LONGWOOD / LAKE MARY / SANFORD										
Bulk/Distribution	23	2,782,753 SF	339,821 SF	12.21%	0 SF	0.00%	12.21%	0 SF	152,215 SF	\$10.25
Flex	72	2,690,855 SF	153,943 SF	5.72%	0 SF	0.00%	5.72%	9,594 SF	10,559 SF	\$16.33
Manufacturing	49	3,165,885 SF	182,500 SF	5.76%	0 SF	0.00%	5.76%	-2,500 SF	0 SF	\$7.40
Office/Warehouse	173	7,258,200 SF	147,115 SF	2.03%	6,000 SF	0.08%	2.11%	-38,497 SF	-11,879 SF	\$11.96
Submarket Total	317	15,897,693 SF	823,379 SF	5.18%	6,000 SF	0.04%	5.22%	-31,403 SF	150,895 SF	\$11.07
EAST SIDE										
Bulk/Distribution	6	904,402 SF	337,632 SF	37.33%	0 SF	0.00%	37.33%	45,821 SF	45,821 SF	\$12.00
Flex	41	1,621,633 SF	104,532 SF	6.45%	26,191 SF	1.62%	8.06%	8,259 SF	-1,439 SF	\$17.62
Manufacturing	13	593,648 SF	35,091 SF	5.91%	0 SF	0.00%	5.91%	-35,091 SF	-35,091 SF	\$14.50
Office/Warehouse	55	2,218,925 SF	9,950 SF	0.45%	0 SF	0.00%	0.45%	3,240 SF	-344 SF	\$13.98
Submarket Total	115	5,338,608 SF	487,205 SF	9.13%	26,191 SF	0.49%	9.62%	22,229 SF	8,947 SF	\$13.64
TOTALS										
TOTAL BULK	293	54,408,037 SF	7,573,239 SF	13.92%	503,193 SF	0.92%	14.84%	289,116 SF	965,559 SF	\$7.69
TOTAL FLEX	376	13,707,323 SF	617,792 SF	4.51%	47,290 SF	0.34%	4.85%	88,898 SF	9,986 SF	\$16.40
TOTAL MANUFACTURING	130	8,054,345 SF	243,991 SF	3.03%	0 SF	0.00%	3.03%	-25,991 SF	-12,491 SF	\$8.72
TOTAL OFFICE/WAREHOUSE	1,114	60,034,412 SF	1,208,593 SF	2.01%	47,557 SF	0.08%	2.09%	-365,799 SF	217,864 SF	\$11.95
TOTAL MARKET	1,913	136,204,117 SF	9,643,615 SF	7.08%	598,040 SF	0.44%	7.52%	-13,776 SF	1,180,918 SF	\$8.81
TOTAL INDUSTRIAL SPACE	1,537	122,496,794 SF	9,025,823 SF	7.37%	550,750 SF	0.45%	7.82%	-102,674 SF	1,170,932 SF	\$8.29

*Note that total industrial space excludes Flex