

**ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT**

**QUARTER LEE NOTE**

The 2nd quarter of 2022 was extremely strong, despite mixed emotions on the economy, continued rising inflation, and increasing costs of capital. This quarter recorded 1,280,449 SF of positive absorption, an astounding number given what felt like a lackluster quarter. Peeling back the layers of this reveals that 711,185 SF of this came from just three deals: Coca Cola (294,787 SF), Kramer America (246,460 SF), and DHL (169,938 SF). An additional 463,427 SF came from just eight (8) other leases. Looking forward into the 3rd quarter we expect good absorption numbers once again with several deals having been completed just after the end of the 2nd quarter. Sales were phenomenal this quarter as well with over \$659 million in transaction volume with an average price of \$138.79/SF, a new volume record since we have begun tracking the market. Finally, we are still tracking the development pipeline with an extremely robust 10,570,983 SF underway or imminent, many of which will be delivered around the same time. We expect this to bring about natural competition, and it will be interesting to see what arises of it. We expect the balance of the year to remain strong, though the continued impact of inflation, rising interest rates, and continued economic uncertainty temper our overall bullishness on the market.

**MARKET SNAPSHOT**

COMPARISON RENTAL RATES PSF:		
	2Q-22	1Q-22
FLEX	\$11.90	\$12.66
BULK/DISTRIBUTION	\$8.26	\$6.06
MANUFACTURING	\$8.58	\$6.40
OFFICE/WAREHOUSE	\$9.72	\$7.17
<b>TOTAL MARKET</b>	<b>\$9.60</b>	<b>\$7.70</b>

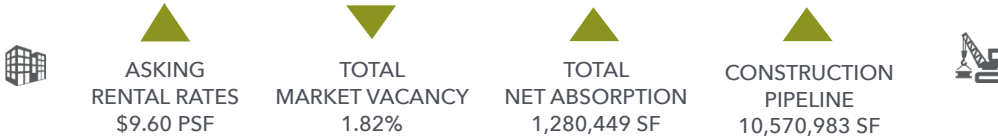
COMPARISON OF MARKET VACANCY:		
	2Q-22	1Q-22
DIRECT	1.8%	3.0%
SUBLET	0.12%	0.3%
<b>TOTAL MARKET</b>	<b>1.9%</b>	<b>3.3%</b>

COMPARISON OF ABSORPTION IN SF:		
	2Q-22	1Q-22
QUARTERLY AMOUNT	1,280,449	749,264
YEAR-TO-DATE	2,029,713	749,264

CONSTRUCTION PIPELINE: 20,000 SF+		
	2Q-22	1Q-22
U/C (SPECULATIVE & BTS)	10,570,983	7,174,930
DELIVERED (BY QTR)	573,710	1,211,529
DELIVERED YTD	1,785,239	1,211,529

BUILDING SALES:		
	2Q-22	1Q-22
QUARTERLY TOTAL	\$659M	\$332M
AVERAGE PRICE PSF	\$138.73	\$141.79

**MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER**



**WHAT YOU NEED TO KNOW**

- Direct vacancy decreased from 3.0% to 1.94%, making this one of the tightest industrial markets we have ever seen.
- 2nd quarter sales totaled \$659 million with an average price per square foot of \$138.73
- Total quarterly absorption was a healthy 1,280,449 SF, of which just 11 deals accounted for 1,174,612 SF.
- Average asking rents of \$9.60/SF are the highest we have ever reported and reflect Landlord's continuing to push rental rates in this extremely tight market.

**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 1,994 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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Q1 2022 began with positive absorption of 749,264 SF, and this quarter added 1,280,449 SF of positive absorption for a total of 2,029,713 SF in the first half of the year. Vacancy is at a record low of just under 2.0% market wide and 7 out of the 10 submarkets we track posted positive absorption. Rental rates are at record high's as well, largely driven by increasing construction costs for new developments, as well as a sheer lack of space. Average asking rents market wide are currently \$9.60/SF. Building sales had a very strong quarter, which was in fact another record, with total transaction volume of \$659 million. This is more sales volume than we have ever recorded in a single-year since the inception of our market report.

**There is currently 10,570,983 square feet of speculative development under construction or imminent. These buildings include:**

- Brookfield's Taft Vineland Road buildings with 154,292, 142,424 and 563,920 SF
- Indus Realty Trust's Landstar Logistic Center building 1 with 96,000 SF and building 2 with 99,000 SF
- Exeter's Apopka Business Park buildings with 282,100, 546,600, 207,210 and 207,210 SF
- Foundry's Princeton Oaks buildings #600 & #800 with 97,000 SF each, and #700 with 86,400 SF
- McCraney Property Company & Butters Construction's four St. Johns Parkway buildings with 216,000, 138,600, 170,000 and 25,152 SF
- McNulty's Clarcona Road buildings #1 & #2 with 48,000 each
- Prologis' ADC North building G with 169,938 SF
- Realvest's building at 7906 Kingspointe Parkway with 110,160 SF
- Realvest's 6275 S. Goldenrod Road building 1 with 92,015 square feet and building 2 with 67,346 SF
- Whitley Capital's 8690 Transport Drive building with 118,000 SF
- WPT Management Trust's Apopka 429 building #200 with 725,040 square feet, #300 with 1,200,000 square feet and #400 with 546,000 SF
- Whitley Capital's two buildings on John Young Parkway with 155,340 SF and 100,000 SF
- Prologis's three buildings in AIPO which include 42,420 SF, 121,628 SF, and 221,737 SF
- McCraney's Bent Oak building totaling 188,400 SF
- Summit's two buildings at Crossroads 429 which are 181,974 and 98,906 SF
- Cadence Partners Northstar Industrial park with three buildings being 86,924 SF, 79,724 SF, and 399,234 SF
- KKR's McCoy Commerce Center with 262,462 SF, 192,157 SF, and 30,856 SF
- Scannell's 977,466 SF in Christopher C. Ford Park in Groveland
- Longpoint's 80,000 SF two building project on Judge Road in Lee Vista
- First Industrial's First Loop Logistics with 71,737 SF, 79,878 SF, 85,653 SF, and 106,943 SF.

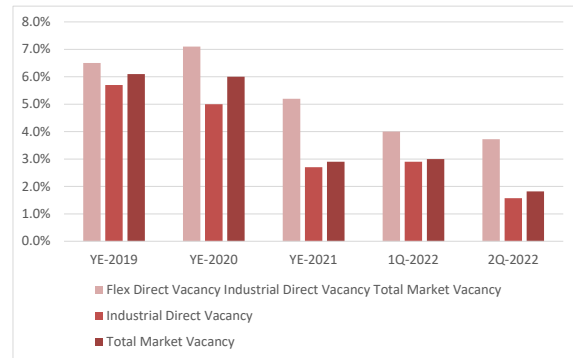
**There is currently 622,633 square feet of build-to-suit construction underway. This includes:**

- McKesson: 472,583 SF at AIPO
- Environmental Products' 50,000 SF building on Hermit Smith
- KEMCO's 100,050 SF on Lake Mary Boulevard

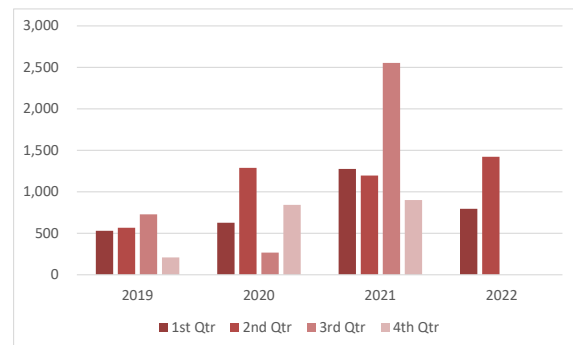
**There was a total of 573,710 square feet delivered:**

- Perimeter Park's three buildings totaling 171,478 SF
- Dalfen's Hoffner Avenue building total 108,292 SF
- John Development's South Orange Logistics Building 100 totaling 149,940 SF
- Whitley Capital's 144,000 SF building in International Corporate Park.

### VACANCY



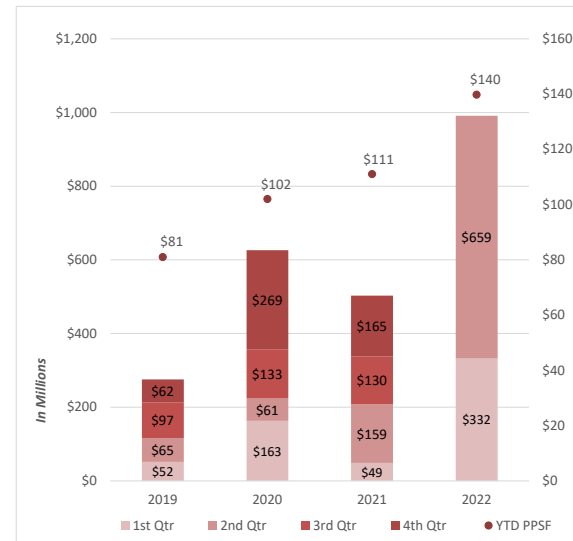
### ABSORPTION










### RENTAL RATES





### SALES & AVERAGE PRICE PSF



### TOP SECOND QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
2001 W. Oak Ridge Road	Coca Cola	294,787	Airport/Southeast	New
3040 Shelby Industrial Drive	Kramer America 	246,460	Northwest	New
4752 Judge Road	DHL 	169,938	Airport/Southeast	New
1091 Gills Drive	Lesso America 	94,080	Airport/Southeast	Renewal
13645 S Orange Ave	Fullest	74,948	Airport/Southeast	New
3057 Tradeport	Pinto Transport	73,247	Airport/Southeast	New
7705 Winegard Road	Costco 	71,478	Airport/Southeast	New
601 Gills Drive	Affordable Granite 	60,087	Airport/Southeast	New
13645 S Orange Ave	Progress Wine	56,272	Airport/Southeast	New
2590 Ocoee Apopka	Lawless Group 	39,994	Northwest	New
2550 Ocoee Apopka	Ballistic Advantage 	32,401	Northwest	New

### TOP SECOND QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
4401 Seaboard Rd	Silver Star	1,086,384	Related Management Fund	Starwood Capital Group	\$115,500,000	\$106.32
American Industrial Center	Longwood	828,649	Starwood Capital Group	Logistics Investment Management	\$139,500,000	\$168.35
10900 Central Port Dr	AIPO	202,000	BJ Wholesale	Burris Logistics	\$43,628,000	\$215.98
7600 Narcoossee Rd/7606 Narcoossee Rd	SE Orlando	279,845	GIC Real Estate Pte Ltd	MDH Partners LLC	\$40,160,555	\$143.51
2550 American Way	Groveland	425,039	UBS	Hanover Capital Partners	\$31,090,000	\$73.15
Ganesh Business Park	East	198,000	TerraCap Management	1302 Mirmelli Trust S&J, LLC	\$34,845,000	\$175.98
Goldenrod Rd/Hanging Moss Rd	East	170,896	Fort Capital	Hanging Moss RE LLC	\$27,000,000	\$157.99
1500 Tradeport	AIPO	125,990	Ares Management Corp	Blackstone Inc	\$18,400,000	\$146.04
1355 Bennett Dr	Longwood	80,779 	Palm Leaf Holdings	Woods Family Properties DWW, LLC	\$10,350,000	\$128.13
556 Florida Central Pky	Longwood	42,761 	Qays Holdings LLC	St. Laurent Properties	\$5,150,000	\$120.44
1030-1048 Miller Dr/1010-1028 Miller	Altamonte	30,000 	The Geneva Group	St. Laurent Properties	\$3,000,000	\$100.00

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

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
<b>NORTHWEST</b>										
Bulk/Distribution	36	6,371,590 SF	0 SF	0.00%	0 SF	0.00%	0.00%	310,095 SF	377,220 SF	N/A
Flex	24	555,700 SF	12,611 SF	2.27%	0 SF	0.00%	2.27%	-5,111 SF	-5,111 SF	\$12.00
Manufacturing	19	1,050,911 SF	0 SF	0.00%	0 SF	0.00%	0.00%	7,700 SF	7,700 SF	N/A
Office/Warehouse	124	6,879,092 SF	9,439 SF	0.14%	0 SF	0.00%	0.14%	68,001 SF	75,301 SF	\$10.42
<b>Submarket Total</b>	<b>203</b>	<b>14,857,293 SF</b>	<b>22,050 SF</b>	<b>0.15%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>0.15%</b>	<b>380,685 SF</b>	<b>455,110 SF</b>	<b>\$11.33</b>
<b>SILVER STAR</b>										
Bulk/Distribution	19	3,735,147 SF	0 SF	0.00%	0 SF	0.00%	0.00%	18,893 SF	18,893 SF	N/A
Flex	30	1,329,587 SF	36,379 SF	2.74%	34,370 SF	2.59%	5.32%	2,844 SF	31,671 SF	\$9.32
Manufacturing	27	2,280,710 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	22,072 SF	N/A
Office/Warehouse	183	9,408,477 SF	134,168 SF	1.43%	5,006 SF	0.05%	1.48%	-25,507 SF	209,535 SF	\$8.91
<b>Submarket Total</b>	<b>259</b>	<b>16,753,921 SF</b>	<b>170,547 SF</b>	<b>1.02%</b>	<b>39,376 SF</b>	<b>0.24%</b>	<b>1.25%</b>	<b>-3,770 SF</b>	<b>282,171 SF</b>	<b>\$9.00</b>
<b>33RD STREET</b>										
Bulk/Distribution	6	781,168 SF	372,697 SF	47.71%	0 SF	0.00%	47.71%	77,313 SF	77,313 SF	\$8.95
Flex	31	1,089,158 SF	23,629 SF	2.17%	0 SF	0.00%	2.17%	9,526 SF	13,067 SF	\$12.03
Office/Warehouse	84	3,760,381 SF	22,576 SF	0.60%	0 SF	0.00%	0.60%	27,905 SF	-2,785 SF	\$11.71
<b>Submarket Total</b>	<b>121</b>	<b>5,630,707 SF</b>	<b>418,902 SF</b>	<b>7.44%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>7.44%</b>	<b>114,744 SF</b>	<b>87,595 SF</b>	<b>\$9.27</b>
<b>NORTH CENTRAL</b>										
Flex	41	1,198,861 SF	74,285 SF	6.20%	0 SF	0.00%	6.20%	-41,052 SF	-18,438 SF	\$12.79
Manufacturing	10	416,186 SF	78,374 SF	18.83%	0 SF	0.00%	18.83%	-12,000 SF	-12,000 SF	\$9.81
Office/Warehouse	47	1,726,047 SF	44,900 SF	2.60%	5,000 SF	0.29%	2.89%	-32,550 SF	-10,750 SF	\$12.38
<b>Submarket Total</b>	<b>98</b>	<b>3,341,094 SF</b>	<b>197,559 SF</b>	<b>5.91%</b>	<b>5,000 SF</b>	<b>0.15%</b>	<b>6.06%</b>	<b>-85,602 SF</b>	<b>-41,188 SF</b>	<b>\$11.51</b>
<b>LONGWOOD/LAKE MARY/SANFORD</b>										
Bulk/Distribution	17	2,072,848 SF	36,236 SF	1.75%	0 SF	0.00%	1.75%	0 SF	0 SF	\$8.50
Flex	68	2,467,114 SF	141,077 SF	5.72%	3,376 SF	0.14%	5.86%	-13,225 SF	-35,127 SF	\$9.95
Manufacturing	52	3,058,406 SF	164,700 SF	5.39%	0 SF	0.00%	5.39%	-40,717 SF	-36,494 SF	\$8.00
Office/Warehouse	175	7,284,022 SF	86,409 SF	1.19%	0 SF	0.00%	1.19%	-2,926 SF	51,724 SF	\$8.72
<b>Submarket Total</b>	<b>312</b>	<b>14,882,390 SF</b>	<b>428,422 SF</b>	<b>2.88%</b>	<b>3,376 SF</b>	<b>0.02%</b>	<b>2.90%</b>	<b>-56,868 SF</b>	<b>-19,897 SF</b>	<b>\$8.83</b>
<b>CENTRAL ORLANDO</b>										
Flex	10	330,496 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Manufacturing	18	916,344 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	102	3,823,973 SF	55,034 SF	1.44%	0 SF	0.00%	1.44%	0 SF	71,159 SF	\$9.00
<b>Submarket Total</b>	<b>130</b>	<b>5,070,813 SF</b>	<b>55,034 SF</b>	<b>1.09%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>1.09%</b>	<b>0 SF</b>	<b>71,159 SF</b>	<b>\$9.00</b>
<b>EAST SIDE / UNIVERSITY</b>										
Bulk/Distribution	2	399,818 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Flex	47	1,880,673 SF	49,559 SF	2.64%	19,024 SF	1.01%	3.65%	-10,867 SF	98,203 SF	\$15.46
Manufacturing	14	627,131 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	58	2,275,161 SF	9,400 SF	0.41%	0 SF	0.00%	0.41%	17,753 SF	23,357 SF	\$12.70
<b>Submarket Total</b>	<b>121</b>	<b>5,182,783 SF</b>	<b>58,959 SF</b>	<b>1.14%</b>	<b>19,024 SF</b>	<b>0.37%</b>	<b>1.50%</b>	<b>6,886 SF</b>	<b>121,560 SF</b>	<b>\$15.02</b>
<b>AIRPORT / SOUTHEAST</b>										
Bulk/Distribution	119	21,788,504 SF	359,148 SF	1.65%	0 SF	0.00%	1.65%	292,672 SF	513,092 SF	\$7.39
Flex	85	3,281,732 SF	147,444 SF	4.49%	30,550 SF	0.93%	5.42%	32,886 SF	91,796 SF	\$12.65
Office/Warehouse	285	18,995,949 SF	340,125 SF	1.79%	24,000 SF	0.13%	1.92%	56,351 SF	-26,813 SF	\$9.33
<b>Submarket Total</b>	<b>489</b>	<b>44,066,185 SF</b>	<b>846,717 SF</b>	<b>1.92%</b>	<b>54,550 SF</b>	<b>0.12%</b>	<b>2.05%</b>	<b>381,909 SF</b>	<b>578,075 SF</b>	<b>\$9.08</b>
<b>ORLANDO CENTRAL PARK</b>										
Bulk/Distribution	55	8,979,214 SF	30,710 SF	0.34%	0 SF	0.00%	0.34%	347,839 SF	308,749 SF	\$8.56
Flex	44	2,176,155 SF	82,908 SF	3.81%	0 SF	0.00%	3.81%	30,877 SF	3,798 SF	\$12.02
Office/Warehouse	80	4,933,330 SF	67,388 SF	1.37%	0 SF	0.00%	1.37%	158,202 SF	183,406 SF	\$9.09
<b>Submarket Total</b>	<b>179</b>	<b>16,088,699 SF</b>	<b>181,006 SF</b>	<b>1.13%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>1.13%</b>	<b>536,918 SF</b>	<b>495,953 SF</b>	<b>\$10.34</b>
<b>SOUTHWEST</b>										
Bulk/Distribution	17	3,005,235 SF	56,734 SF	1.89%	0 SF	0.00%	1.89%	0 SF	78,980 SF	\$9.00
Flex	21	950,819 SF	0 SF	0.00%	0 SF	0.00%	0.00%	5,547 SF	10,292 SF	N/A
Office/Warehouse	44	3,988,368 SF	0 SF	0.00%	42,159 SF	1.06%	1.06%	0 SF	47,105 SF	N/A
<b>Submarket Total</b>	<b>82</b>	<b>7,944,422 SF</b>	<b>56,734 SF</b>	<b>0.71%</b>	<b>42,159 SF</b>	<b>0.53%</b>	<b>1.24%</b>	<b>5,547 SF</b>	<b>136,377 SF</b>	<b>\$9.00</b>
<b>TOTAL FLEX</b>	<b>401</b>	<b>15,260,295 SF</b>	<b>567,892 SF</b>	<b>3.72%</b>	<b>87,320 SF</b>	<b>0.57%</b>	<b>4.29%</b>	<b>11,425 SF</b>	<b>138,074 SF</b>	<b>\$11.90</b>
<b>TOTAL BULK/DISTRIBUTION</b>	<b>271</b>	<b>47,133,524 SF</b>	<b>855,525 SF</b>	<b>1.82%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>1.82%</b>	<b>1,046,812 SF</b>	<b>1,336,227 SF</b>	<b>\$8.26</b>
<b>TOTAL MANUFACTURING</b>	<b>140</b>	<b>8,349,688 SF</b>	<b>243,074 SF</b>	<b>2.91%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>2.91%</b>	<b>-45,017 SF</b>	<b>-18,722 SF</b>	<b>\$8.58</b>
<b>TOTAL OFFICE/WAREHOUSE</b>	<b>1182</b>	<b>63,074,800 SF</b>	<b>769,439 SF</b>	<b>1.22%</b>	<b>76,165 SF</b>	<b>0.12%</b>	<b>1.34%</b>	<b>267,229 SF</b>	<b>574,134 SF</b>	<b>\$9.72</b>
<b>TOTAL INDUSTRIAL SPACE</b>	<b>1593</b>	<b>118,558,012 SF</b>	<b>1,868,038 SF</b>	<b>1.58%</b>	<b>76,165 SF</b>	<b>0.06%</b>	<b>1.64%</b>	<b>1,269,024 SF</b>	<b>1,891,639 SF</b>	<b>\$8.91</b>
<b>TOTAL MARKET</b>	<b>1994</b>	<b>133,818,307 SF</b>	<b>2,435,930 SF</b>	<b>1.82%</b>	<b>163,485 SF</b>	<b>0.12%</b>	<b>1.94%</b>	<b>1,280,449 SF</b>	<b>2,029,713 SF</b>	<b>\$9.60</b>

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