

ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

QUARTER LEE NOTE

This quarter the market posted 986,197 SF of positive absorption, bringing the year-to-date total to 3,004,485 SF. Vacancy remains around the 2% mark and once again 7 out of the 10 submarkets we track posted positive absorption. Rental rates continue to set new records, continuing to be driven by the tight market and construction costs, and now, rising debt prices. Building sales had somewhat of a lackluster quarter compared to Q2, but were still very strong historically speaking. While the data still appears to be good, we are carefully monitoring the market as we have noted real impacts due to continued interest rate hikes, overall burdens of inflation, and growing sentiments of economic uncertainty that appear to be taking root market wide.

MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	3Q-22	2Q-22
FLEX	\$13.39	\$11.90
BULK/DISTRIBUTION	\$9.31	\$8.26
MANUFACTURING	\$10.34	\$8.58
OFFICE/WAREHOUSE	\$9.55	\$9.72
TOTAL MARKET	\$10.18	\$9.60

COMPARISON OF MARKET VACANCY:		
	3Q-22	2Q-22
DIRECT	2.0%	1.8%
SUBLET	0.277%	12.0%
TOTAL MARKET	2.3%	1.9%

COMPARISON OF ABSORPTION IN SF:		
	3Q-22	2Q-22
QUARTERLY AMOUNT	986,197	1,280,449
YEAR-TO-DATE	3,004,485	2,029,713

CONSTRUCTION PIPELINE: 20,000 SF+		
	3Q-22	2Q-22
U/C (SPECULATIVE & BTS)	11,503,340	10,570,983
DELIVERED (BY QTR)	573,710	1,280,449
DELIVERED YTD	2,804,678	3,015,910

BUILDING SALES:		
	3Q-22	2Q-22
QUARTERLY TOTAL	\$243M	\$659M
AVERAGE PRICE PSF	\$141.08	\$138.73

MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



WHAT YOU NEED TO KNOW

- Direct vacancy ticked up slightly from 1.82% to 2.04%, a negligible difference, meaning we are still in one of the tightest industrial markets we have ever seen.
- 2nd quarter sales totaled \$243 million with an average price per square foot of \$141.08.
- Total quarterly absorption was a healthy 986,197 SF .
- Average asking rents of \$10.18/SF market wide are the highest we have ever reported and reflect Landlord's efforts to push rental rates in light of inflation and a tight market.
- The construction pipeline grew to 11,503,340 SF, adding about 1M square feet of inventory on the way.

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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Last quarter posted positive absorption of 1,280,449 SF, and this quarter posted a healthy 986,197 SF. Vacancy remains virtually unchanged from last quarter at just 2.04% market wide and 7 out of the 10 submarkets we track posted positive absorption once again. Rental rates have set another record as well, largely driven by increasing construction costs for new development, as well as a shear lack of space.

Average asking rents market wide are currently \$10.18/SF. Building sales had a very strong quarter historically speaking, but compared to last quarter were down substantially from \$659M to \$243 million.

There is currently 10,784,230 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
- Exeter's Apopka Business Park buildings with 282,100, 546,600, 207,210 and 207,210 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
- 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.
- Stonemont's 876,750 SF in Christopher C. Ford Park in Groveland
- Link's Mahogany Point Buildings 100 & 200 totaling 150,480 SF and 156,960 SF
- KKR's I-4 North project with two buildings totaling 139,906 SF

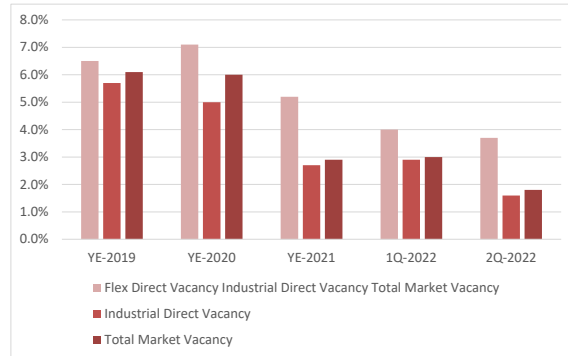
There is currently 719,110 square feet of build-to-suit construction underway. This includes:

- McKesson: 472,583 SF at AIPO
- Environmental Products' 50,000 SF building on Hermit Smith
- KEMCO's 100,050 SF on Lake Mary Boulevard
- List Industries 96,477 SF in Apopka

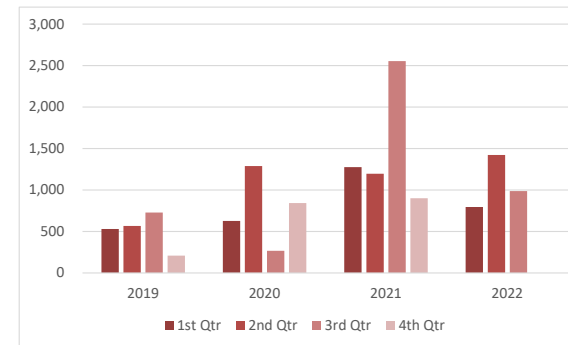
There was a total of 1,019,439 square feet delivered:

- UBS' 2550 American Way building in Groveland totaling 425,039 SF
- Foundry's three buildings at Princeton Oaks totaling 280,400 SF
- Indus' two buildings at Landstar Logistics Center totaling 195,000 SF
- Whitley Capital's 119,000 SF building in International Corporate Park.

VACANCY



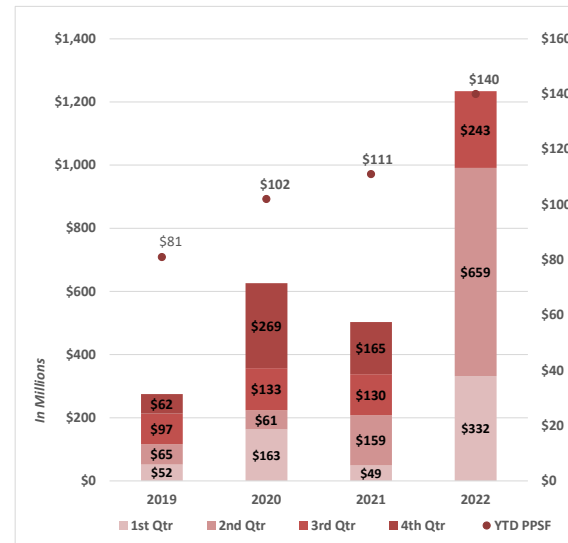
ABSORPTION



RENTAL RATES



SALES & AVERAGE PRICE PSF



TOP THIRD QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
3200 President Barack Obama	Luminar	207,487	33rd Street	Lease
1703 Boice Pond Road	Empire Auto	188,400	Airport/Southeast	New
3212 President Barack Obama	Mechanical 1	62,608	33rd Street	Lease
200 Outlook Point, Suite 800	Perimeter Global Logistics	61,560	Airport/Southeast	New
1181 Tradeport Drive	The American Bottling Co.	60,000	Airport/Southeast	Renewal
2589 Consulate Drive	Compass Group	56,734	Southwest	New
7315 S Conway Road	Reserve Applied Management	40,465	Airport/Southeast	New
3224 President Barack Obama	Skyline Marble & Granite	36,849	33rd Street	New
1125 Gills Drive	Complete Health Management	35,477	Airport/Southeast	New
1000 Gills Drive, Suite 100	Catapult Print and Packaging	24,000	Airport/Southeast	New

TOP THIRD QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
ICP at Beachline	Airport/Southeast	257,800	Oak Tree Capital Management	Whitley Capital	\$30,100,000	\$116.76
Perimeter Park West Phase One	Northwest	171,765	Angelo, Gordon & Co	Perimeter Park West, LLC	\$19,792,500	\$115.23
Lake Point Business Park	Airport/Southeast	134,369	Albany Road Real Estate Partners	TerraCap Management	\$24,000,000	\$178.61
Heritage Business Center	Longwood/Lake Mary/ Sanford	129,121	Infinity Properties USA	Real Capital Solutions	\$15,250,000	\$118.11
Winter Park Business Ctr	North Central	106,270	Asana Partners	Tower Realty Partners	\$24,564,320	\$231.15
Regional Airport Center	Airport/Southeast	81,750	Stonelake Capital Partners	MAC Investment Management Group	\$13,350,000	\$163.30
Challenger South	East Side/ University	75,000	Albany Road Real Estate Partners	Taurus Investment Holdings	\$12,406,933	\$165.43
Brewer Portfolio	Longwood/Lake Mary/ Sanford	74,158	J&K Sanford, LLC	Dave Brewer	\$10,500,000	\$141.59

* 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
NORTHWEST										
Bulk/Distribution	38	7,043,089 SF	425,039 SF	6.03%	0 SF	0.00%	6.03%	0 SF	377,220 SF	\$5.50
Flex	24	555,700 SF	7,611 SF	1.37%	0 SF	0.00%	1.37%	5,000 SF	-111 SF	\$15.31
Manufacturing	19	1,050,911 SF	5,190 SF	0.49%	0 SF	0.00%	0.49%	2,510 SF	10,210 SF	\$7.00
Office/Warehouse	124	6,879,092 SF	18,430 SF	0.27%	0 SF	0.00%	0.27%	4,072 SF	79,373 SF	\$12.38
Submarket Total	205	15,528,792 SF	456,270 SF	2.94%	0 SF	0.00%	2.94%	11,582 SF	466,692 SF	\$5.96
SILVER STAR										
Bulk/Distribution	21	3,929,147 SF	194,000 SF	4.94%	0 SF	0.00%	4.94%	0 SF	18,893 SF	\$8.50
Flex	30	1,329,587 SF	29,099 SF	2.19%	34,370 SF	2.59%	4.77%	7,280 SF	38,951 SF	\$9.06
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	9,482,640 SF	180,802 SF	1.91%	0 SF	0.00%	1.91%	39,766 SF	249,301 SF	\$9.46
Submarket Total	261	17,022,084 SF	403,901 SF	2.37%	34,370 SF	0.20%	2.57%	47,046 SF	329,217 SF	\$8.97
33RD STREET										
Bulk/Distribution	6	781,168 SF	28,766 SF	3.68%	154,713 SF	19.81%	23.49%	343,931 SF	421,244 SF	\$10.00
Flex	31	1,089,158 SF	9,739 SF	0.89%	0 SF	0.00%	0.89%	13,890 SF	26,957 SF	\$12.72
Office/Warehouse	84	3,753,476 SF	28,710 SF	0.76%	0 SF	0.00%	0.76%	-6,134 SF	-8,919 SF	\$9.76
Submarket Total	121	5,623,802 SF	67,215 SF	1.20%	154,713 SF	2.75%	3.95%	351,687 SF	439,282 SF	\$10.29
NORTH CENTRAL										
Flex	41	1,105,213 SF	67,861 SF	6.14%	5,200 SF	0.47%	6.61%	6,424 SF	-12,014 SF	\$12.56
Manufacturing	10	416,186 SF	78,374 SF	18.83%	0 SF	0.00%	18.83%	0 SF	-12,000 SF	\$9.88
Office/Warehouse	47	1,770,942 SF	56,500 SF	3.19%	0 SF	0.00%	3.19%	-12,400 SF	-23,150 SF	\$11.36
Submarket Total	98	3,292,341 SF	202,735 SF	6.16%	5,200 SF	0.16%	6.32%	-5,976 SF	-47,164 SF	\$11.19
LONGWOOD/LAKE MARY/SANFORD										
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	2,463,173 SF	78,819 SF	3.20%	3,376 SF	0.14%	3.34%	62,258 SF	54 SF	\$12.20
Manufacturing	52	3,067,605 SF	164,700 SF	5.37%	0 SF	0.00%	5.37%	0 SF	-36,494 SF	\$10.66
Office/Warehouse	175	7,284,022 SF	88,565 SF	1.22%	0 SF	0.00%	1.22%	-2,156 SF	49,568 SF	\$8.82
Submarket Total	312	14,887,648 SF	368,320 SF	2.47%	3,376 SF	0.02%	2.50%	60,102 SF	13,128 SF	\$10.33
CENTRAL ORLANDO										
Flex	10	330,496 SF	1,200 SF	0.36%	0 SF	0.00%	0.36%	-1,200 SF	-1,200 SF	\$12.00
Manufacturing	18	916,344 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	102	3,824,596 SF	45,367 SF	1.19%	0 SF	0.00%	1.19%	9,667 SF	80,826 SF	\$9.47
Submarket Total	130	5,071,436 SF	46,567 SF	0.92%	0 SF	0.00%	0.92%	8,467 SF	79,626 SF	\$9.54
EAST SIDE / UNIVERSITY										
Bulk/Distribution	2	399,818 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Flex	47	1,897,972 SF	56,022 SF	2.95%	6,397 SF	0.34%	3.29%	-6,463 SF	91,740 SF	\$17.35
Manufacturing	14	627,131 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	58	2,207,243 SF	15,782 SF	0.72%	0 SF	0.00%	0.72%	-6,382 SF	16,975 SF	\$15.57
Submarket Total	121	5,132,164 SF	71,804 SF	1.40%	6,397 SF	0.12%	1.52%	-12,845 SF	108,715 SF	\$16.96
AIRPORT / SOUTHEAST										
Bulk/Distribution	119	21,783,181 SF	131,976 SF	0.61%	0 SF	0.00%	0.61%	377,112 SF	890,204 SF	\$9.62
Flex	85	3,280,408 SF	124,801 SF	3.80%	30,550 SF	0.93%	4.74%	22,643 SF	114,439 SF	\$14.23
Office/Warehouse	288	19,374,602 SF	533,687 SF	2.75%	23,500 SF	0.12%	2.88%	228,720 SF	201,907 SF	\$9.05
Submarket Total	492	44,438,191 SF	790,464 SF	1.78%	54,050 SF	0.12%	1.90%	628,475 SF	1,206,550 SF	\$9.97
ORLANDO CENTRAL PARK										
Bulk/Distribution	55	8,981,846 SF	181,497 SF	2.02%	116,000 SF	1.29%	3.31%	-150,787 SF	157,962 SF	\$8.36
Flex	44	1,986,002 SF	77,070 SF	3.88%	0 SF	0.00%	3.88%	5,838 SF	9,636 SF	\$12.10
Office/Warehouse	80	4,941,552 SF	47,893 SF	0.97%	0 SF	0.00%	0.97%	19,495 SF	202,901 SF	\$9.00
Submarket Total	179	15,909,400 SF	306,460 SF	1.93%	116,000 SF	0.73%	2.66%	-125,454 SF	370,499 SF	\$9.40
SOUTHWEST										
Bulk/Distribution	17	3,005,235 SF	0 SF	0.00%	0 SF	0.00%	0.00%	56,734 SF	135,714 SF	N/A
Flex	21	956,211 SF	9,514 SF	0.99%	0 SF	0.00%	0.99%	-9,514 SF	778 SF	\$18.00
Office/Warehouse	44	4,011,240 SF	24,107 SF	0.60%	0 SF	0.00%	0.60%	-24,107 SF	22,998 SF	\$14.35
Submarket Total	82	7,972,686 SF	33,621 SF	0.42%	0 SF	0.00%	0.42%	23,113 SF	159,490 SF	\$5.09
TOTAL FLEX	401	14,993,920 SF	461,736 SF	3.08%	79,893 SF	0.53%	3.61%	106,156 SF	232,805 SF	\$13.39
TOTAL BULK/DISTRIBUTION	275	47,996,332 SF	997,514 SF	2.08%	270,713 SF	27.14%	2.64%	626,990 SF	916,405 SF	\$9.31
TOTAL MANUFACTURING	140	8,358,887 SF	248,264 SF	2.97%	0 SF	0.00%	2.97%	2,510 SF	28,805 SF	\$10.34
TOTAL OFFICE/WAREHOUSE	1,185	63,529,405 SF	1,039,843 SF	1.64%	23,500 SF	0.04%	1.67%	250,541 SF	557,446 SF	\$9.55
TOTAL INDUSTRIAL SPACE	1,600	119,884,624 SF	2,285,621 SF	1.91%	294,213 SF	0.25%	2.15%	880,041 SF	2,771,680 SF	\$9.53
TOTAL MARKET	2,001	134,878,544 SF	2,747,357 SF	2.04%	374,106 SF	0.28%	2.31%	986,197 SF	3,004,485 SF	\$10.18

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