

**ORANGE & SEMINOLE COUNTY
INDUSTRIAL MARKET REPORT**

QUARTER LEE NOTE

This quarter the market posted 889,024 SF of positive absorption. Almost in mirror image of last quarter, 60% of absorption (about 540,000 SF) was related to one deal which was Sealy. The balance of the absorption (348,625 SF) was quite light compared to what we have been used to in such a robust market over the past few years. We also tracked another 100,000 SF of lease transactions which were vacated and re-leased in the first quarter which do not impact positive absorption but are noteworthy market activity. Vacancies ticked up this quarter, primarily due to new sublease spaces and some new deliveries, mainly in Northwest, and Airport/Southeast submarkets. Despite rising vacancy, rental rates have increased significantly, mainly due to almost zero vacancy in small bay product. As expected, sales volume went down significantly from the prior quarter as a result of tighter lending policies and interest rate hikes. Looking forward, we expect smaller spaces to have low vacancy and maintain high rental rates, while larger spaces will seek quick occupancy and get competitive on rental rates. We expect sales to continue to slow for the balance of the year.

MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



WHAT YOU NEED TO KNOW

- Direct vacancy rates ticked up .72% from 1.78% to 2.50%. New supply coming on-line and sublet vacancy will continue to raise vacancy rates for bulk buildings.
- 1st quarter sales totaled \$175 million with an average price per square foot of \$143.82
- Total quarterly absorption was 889,024 SF.
- Average asking rents are \$11.34/SF market wide, up from Q4's figure of \$10.60/SF.

MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	1Q-23	4Q-22
FLEX	\$13.61	\$14.40
BULK/DISTRIBUTION	\$10.82	\$9.00
MANUFACTURING	\$8.92	\$8.41
OFFICE/WAREHOUSE	\$11.79	\$10.08
TOTAL MARKET	\$11.34	\$10.60

COMPARISON OF MARKET VACANCY:		
	1Q-23	4Q-22
DIRECT	2.50%	1.78%
SUBLET	0.478%	0.279%
TOTAL MARKET	2.98%	2.06%

COMPARISON OF ABSORPTION IN SF:		
	1Q-23	4Q-22
QUARTERLY AMOUNT	889,024	1,042,656
YEAR-TO-DATE	889,024	4,246,966

CONSTRUCTION PIPELINE: 20,000 SF+		
	1Q-23	4Q-22
U/C (SPECULATIVE & BTS)	10,312,239	10,805,575
DELIVERED (BY QTR)	1,665,567	332,576
DELIVERED YTD	1,665,567	3,137,254

BUILDING SALES:		
	1Q-23	3Q-22
QUARTERLY TOTAL	\$175M	\$173M
AVERAGE PRICE PSF	\$143.82	\$141.50

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 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:

William "Bo" Bradford, CCIM, SIOR
President | Principal
321-281-8502

Derek Riggelman, SIOR
Senior Vice President | Principal
321-281-8507

Tim Perry, CCIM, SIOR
Senior Vice President | Principal
321-281-8515

Ryan Griffith
Senior Associate
321-281-8512

While vacancy rates ticked up slightly, they are still very tight across all markets and product types with 9 out of 10 submarkets reporting vacancy rates under 5%, and some submarkets reporting under 1% vacant. Rental rates rose substantially this quarter and are now \$11.34/SF, up from \$10.60/SF last quarter. Positive absorption occurred in only 3 submarkets, but negative absorption was relatively minimal overall. We attribute this to a general lack of supply and don't expect negative absorption to increase substantially. Sales were slower than last quarter, but pricing remains stable this quarter, with an average sale price of \$143.82/SF, compared to \$141.50/SF last quarter.

There is currently 9,593,129 SF of speculative development under construction or imminent. These buildings include:

- Exeter's Apopka Business Park buildings with 282,100, 546,859, 207,210 and 207,210 SF
- Foundry's Princeton Oaks buildings #600 and #800 with 97,000 SF each, and #700 with 86,400 SF
- McNulty's Clarcona Road buildings #1 & #2 with 48,000 each
- 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
- Prologis two buildings in AIPO which include 42,420 SF and 221,737 SF
- McCraney's Bent Oak building totaling 188,400 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
- 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
- Venture One's Beachline Venture Park building totaling 220,871 SF
- Brookfield's Taft Vineland Road building 540,399 SF

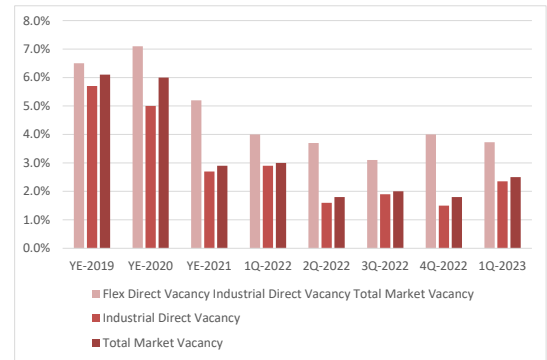
There is currently 1,665,567 square feet of build-to-suit construction underway. This includes:

- 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

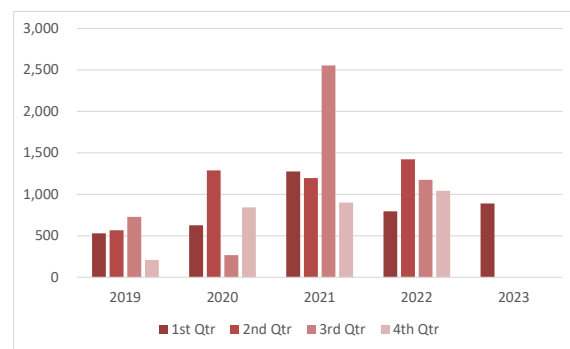
There was a total of 1,745,231 square feet delivered:

- Brookfield's Taft Vineland Road buildings with 154,440 and 142,560 SF
- Realvest's building at 7906 Kingspointe Parkway with 110,160 SF
- Whitley Capital's building on John Young Parkway with 155,340 SF SF
- Summit's two buildings at Crossroads 429 which are 181,974 and 98,758 SF
- Prologis building in AIPO consisting of 121,653 SF
- First Industrial's First Loop Logistics with 71,737 SF, 80,734 SF, 86,480 SF, and 106,943 SF
- KKR's two buildings in Sanford, each with 69,953 SF
- BentallGreenOak's 215,177 SF in Sanford

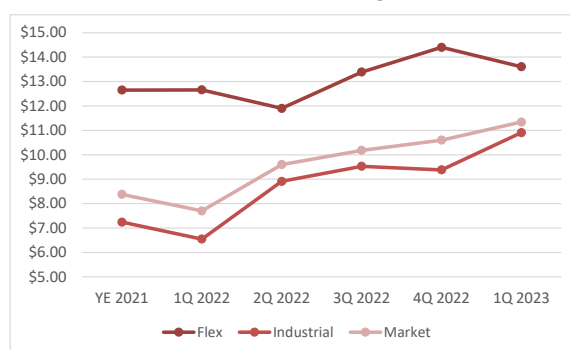
VACANCY



ABSORPTION








RENTAL RATES



SALES & AVERAGE PRICE PSF



TOP FIRST QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
88 W Taft Vineland	Sealy	540,399	Airport/Southeast	New
2550 American Way	Niagara Bottling	144,023	Northwest	New
11700 Landstar Boulevard	 Packaging Exchange	99,176	Airport/Southeast	New
9664 Oak Crossing	Rentex	94,336	Airport/Southeast	Renewal/Expansion
9545 S John Young Parkway	 Ripley's Entertainment	66,068	Airport/Southeast	New
4840 Hoffner Avenue	Adirondack Studios	58,292	Airport/Southeast	New
2901 Titan Row	US Mattress Depot	43,735	OCP	New
3221 Butters Way	 Woodex Cabinetry	36,367	Longwood/Lake Mary/Sanford	New
205 Aero Lane	 Wheel Pros	35,245	Longwood/Lake Mary/Sanford	New
11706 Landstar Boulevard	 Fulfillment 9	24,131	Airport/Southeast	New

TOP FIRST QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
I-4 Beltway	Sanford	547,753	BentallGreenOak	Butters/McCraney	\$65,170,000	\$118.98
UTI Building	SW Orlando	140,641	Universal Technical Institute	Prologis	\$26,000,000	\$184.87
2103-2135 W Church St/2100-2140 W Pine ST	Central	55,224	Mindful Capital Group	Gat Partners	\$4,575,000	\$82.84
Oviedo Center	East	50,600	Sutton Management	Thomas McNamara	\$10,800,000	\$213.44
2620 W Orange Blossom Trl	Northwest	44,685	Wmp Two Fl Llc	2620 OBT, LLC	\$6,500,000	\$145.46
2152 S Orange Blossom Trl	Northwest	34,071	Penske	2152 OBT, LLC	\$7,850,000	\$230.40
3620 Princeton Oaks	Silver Star	18,000	Tiger All Contractors Inc	SGPM Enterprises LLC	\$2,850,000	\$158.33
4265 Church St	Sanford	17,120	Manzer Family Trust	Global Commercial Properties Llc	\$2,500,000	\$146.03

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	41	7,870,385 SF	661,569 SF	8.41%	174,577 SF	2.22%	10.62%	-100,116 SF	-100,116 SF	\$7.23
Flex	24	555,700 SF	10,054 SF	1.81%	0 SF	0.00%	1.81%	1,500 SF	1,500 SF	\$16.14
Manufacturing	19	1,050,911 SF	0 SF	0.00%	0 SF	0.00%	0.00%	5,190 SF	5,190 SF	N/A
Office/Warehouse	124	6,902,774 SF	1,500 SF	0.02%	0 SF	0.00%	0.02%	3,867 SF	3,867 SF	\$12.00
Submarket Total	208	16,379,770 SF	673,123 SF	4.11%	174,577 SF	1.07%	5.18%	-89,559 SF	-89,559 SF	\$7.37
SILVER STAR										
Bulk/Distribution	22	4,185,767 SF	167,024 SF	3.99%	15,000 SF	0.36%	4.35%	-57,495 SF	-57,495 SF	\$9.48
Flex	30	1,329,019 SF	16,046 SF	1.21%	34,740 SF	2.61%	3.82%	15,854 SF	15,854 SF	\$12.09
Manufacturing	27	2,320,163 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	182	9,400,692 SF	125,031 SF	1.33%	68,452 SF	0.73%	2.06%	-29,757 SF	-29,757 SF	\$10.98
Submarket Total	261	17,235,641 SF	308,101 SF	1.79%	118,192 SF	0.69%	2.47%	-71,398 SF	-71,398 SF	\$10.23
33RD STREET										
Bulk/Distribution	6	781,168 SF	0 SF	0.00%	217,336 SF	27.82%	27.82%	28,766 SF	28,766 SF	N/A
Flex	31	1,089,158 SF	10,789 SF	0.99%	0 SF	0.00%	0.99%	6,799 SF	6,799 SF	\$16.63
Office/Warehouse	84	3,754,527 SF	17,427 SF	0.46%	0 SF	0.00%	0.46%	21,724 SF	21,724 SF	\$12.92
Submarket Total	121	5,624,853 SF	28,216 SF	0.50%	217,336 SF	3.86%	4.37%	57,289 SF	57,289 SF	\$14.34
NORTH CENTRAL										
Flex	41	1,105,213 SF	62,221 SF	5.63%	0 SF	0.00%	5.63%	-10,096 SF	-10,096 SF	\$13.92
Manufacturing	10	414,832 SF	97,374 SF	23.47%	0 SF	0.00%	23.47%	-25,000 SF	-25,000 SF	\$9.96
Office/Warehouse	47	1,770,606 SF	69,825 SF	3.94%	0 SF	0.00%	3.94%	6,800 SF	6,800 SF	\$10.45
Submarket Total	98	3,290,651 SF	229,420 SF	6.97%	0 SF	0.00%	6.97%	-28,296 SF	-28,296 SF	\$11.18
LONGWOOD/LAKE MARY/SANFORD										
Bulk/Distribution	23	2,760,507 SF	482,870 SF	17.49%	0 SF	0.00%	17.49%	35,245 SF	35,245 SF	\$9.17
Flex	68	2,465,259 SF	76,645 SF	3.11%	3,376 SF	0.14%	3.25%	29,331 SF	29,331 SF	\$10.21
Manufacturing	52	3,067,605 SF	109,500 SF	3.57%	0 SF	0.00%	3.57%	55,200 SF	55,200 SF	\$8.00
Office/Warehouse	175	7,306,873 SF	86,100 SF	1.18%	0 SF	0.00%	1.18%	16,929 SF	16,929 SF	\$9.90
Submarket Total	318	15,600,244 SF	755,115 SF	4.84%	3,376 SF	0.02%	4.86%	136,705 SF	136,705 SF	\$9.19
CENTRAL ORLANDO										
Flex	10	330,496 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Manufacturing	18	915,690 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	102	3,821,852 SF	30,900 SF	0.81%	0 SF	0.00%	0.81%	-22,333 SF	-22,333 SF	\$6.32
Submarket Total	130	5,068,038 SF	30,900 SF	0.61%	0 SF	0.00%	0.61%	-22,333 SF	-22,333 SF	\$6.32
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	1,896,693 SF	124,487 SF	6.56%	17,726 SF	0.93%	7.50%	-2,840 SF	-2,840 SF	\$15.01
Manufacturing	14	627,131 SF	0 SF	0.00%	0 SF	0.00%	0.00%	6,000 SF	6,000 SF	\$14.00
Office/Warehouse	58	2,219,243 SF	43,686 SF	1.97%	0 SF	0.00%	1.97%	-22,504 SF	-22,504 SF	\$8.96
Submarket Total	121	5,142,885 SF	168,173 SF	3.27%	17,726 SF	0.34%	3.61%	-19,344 SF	-19,344 SF	\$13.44
AIRPORT / SOUTHEAST										
Bulk/Distribution	130	23,488,998 SF	646,815 SF	2.75%	50,000 SF	0.21%	2.97%	753,125 SF	753,125 SF	\$9.64
Flex	85	3,286,484 SF	115,172 SF	3.50%	35,350 SF	1.08%	4.58%	52,037 SF	52,037 SF	\$14.43
Office/Warehouse	289	19,262,480 SF	252,263 SF	1.31%	23,500 SF	0.12%	1.43%	196,848 SF	196,848 SF	\$13.86
Submarket Total	504	46,037,962 SF	1,014,250 SF	2.20%	108,850 SF	0.24%	2.44%	1,002,010 SF	1,002,010 SF	\$11.24
ORLANDO CENTRAL PARK										
Bulk/Distribution	55	8,956,218 SF	57,256 SF	0.64%	16,000 SF	0.18%	0.82%	-48,097 SF	-48,097 SF	\$10.19
Flex	43	1,833,622 SF	113,664 SF	6.20%	4,106 SF	0.22%	6.42%	-32,670 SF	-32,670 SF	\$11.45
Office/Warehouse	80	4,968,519 SF	26,970 SF	0.54%	0 SF	0.00%	0.54%	20,923 SF	20,923 SF	\$12.87
Submarket Total	178	15,758,359 SF	197,890 SF	1.26%	20,106 SF	0.13%	1.38%	-59,844 SF	-59,844 SF	\$11.28
SOUTHWEST										
Bulk/Distribution	17	3,011,956 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Flex	21	956,211 SF	24,507 SF	2.56%	0 SF	0.00%	2.56%	-10,133 SF	-10,133 SF	\$21.06
Office/Warehouse	44	4,011,240 SF	24,060 SF	0.60%	0 SF	0.00%	0.60%	-6,073 SF	-6,073 SF	\$15.19
Submarket Total	82	7,979,407 SF	48,567 SF	0.61%	0 SF	0.00%	0.61%	-16,206 SF	-16,206 SF	\$18.15
TOTAL FLEX										
	400	14,847,855 SF	553,585 SF	3.73%	95,298 SF	0.64%	4.37%	49,782 SF	49,782 SF	\$13.61
TOTAL BULK/DISTRIBUTION										
	296	51,454,817 SF	2,015,534 SF	3.92%	472,913 SF	23.46%	4.84%	611,428 SF	611,428 SF	\$10.82
TOTAL MANUFACTURING										
	140	8,396,332 SF	206,874 SF	2.46%	0 SF	0.00%	2.46%	41,390 SF	41,390 SF	\$8.92
TOTAL OFFICE/WAREHOUSE										
	1,185	63,418,806 SF	677,762 SF	1.07%	91,952 SF	0.14%	1.21%	186,424 SF	186,424 SF	\$11.79
TOTAL INDUSTRIAL SPACE										
	1,621	123,269,955 SF	2,900,170 SF	2.35%	564,865 SF	0.46%	2.81%	839,242 SF	839,242 SF	\$10.91
TOTAL MARKET										
	2,021	138,117,810 SF	3,453,755 SF	2.50%	660,163 SF	0.48%	2.98%	889,024 SF	889,024 SF	\$11.34

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