

ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

QUARTER LEE NOTE

Wrapping up 2023, the market posted just under 580,000 SF of positive absorption, totaling approximately 2.45 million square feet absorbed for the year. Based on this absorption amount, 2023 was approximately 30% lower than the 5-year running average for annual absorption.

Sublease square footage remains about the same as last quarter, which is an overall good sign. Vacancy rates increased substantially, and as noted last quarter, are the result of new deliveries. This has resulted in an overall vacancy rate of 5.39% for the total market, including sublease space.

Overall, 2023 was a good year for our local industrial market. It feels as if we have potentially avoided a recession, investment sales are starting to 'normalize', and there is continued demand for the market's, "bread and butter" sized industrial deals. Moving forward into an election year we do not see any significant changes coming down the pipeline, but are still cautiously monitoring big-box spaces and paying attention to the national and global economy.

MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



WHAT YOU NEED TO KNOW

- Direct vacancy increased 1.42% to 4.97%. This is mainly due to new deliveries and longer downtimes.
- Average sale price per square foot on the year is now \$139 per square foot, which is about the same as last 2022.
- Total quarterly absorption was 579,099 SF.
- Average asking rents decreased slightly, primarily due to the delivery of several new large bulk buildings, weakened demand, and longer lease-up periods.

MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	4Q-23	3Q-23
FLEX	\$14.71	\$14.15
BULK/DISTRIBUTION	\$7.51	\$7.00
MANUFACTURING	\$9.13	\$9.48
OFFICE/WAREHOUSE	\$9.59	\$12.07
TOTAL MARKET	\$8.50	\$8.84

COMPARISON OF MARKET VACANCY:		
	4Q-23	3Q-23
DIRECT	4.97%	3.55%
SUBLET	0.42%	0.40%
TOTAL MARKET	5.39%	3.95%

COMPARISON OF ABSORPTION IN SF:		
	4Q-23	3Q-23
QUARTERLY AMOUNT	579,099	117,664
YEAR-TO-DATE	2,448,612	1,826,433

CONSTRUCTION PIPELINE: 20,000 SF+		
	4Q-23	3Q-23
U/C (SPECULATIVE & BTS)	3,921,536	7,349,179
DELIVERED (BY QTR)	4,276,609	1,902,166
DELIVERED YTD	9,005,234	4,728,625

BUILDING SALES:		
	4Q-23	3Q-23
QUARTERLY TOTAL	\$108M	\$271M
AVERAGE PRICE PSF	\$158.49	\$124.11

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:

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The previous quarter's data indicated a turning market; however, this quarter the market seems to have stabilized for the time being. Bulk product continues to represent the highest vacancies, while the office/warehouse vacancies remain the lowest. There was very light sales activity this quarter, as buyers and sellers are still in a "matchmaking" process while they navigate the current interest rate environment.

There is currently 3,921,536 SF of speculative development under construction or imminent. These buildings include:

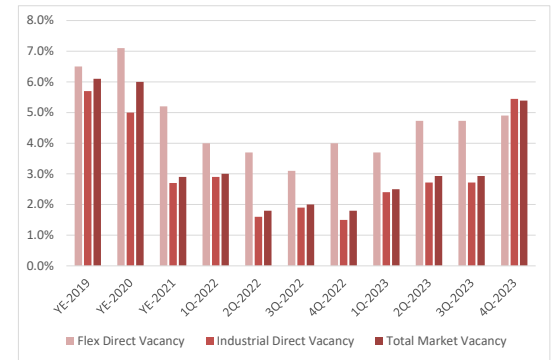
- KKR's McCoy Commerce Center with 262,462 SF, 192,157 SF, and 30,856 SF
- Stonemont's 877,635 SF, 125,120 SF, and 569,400 SF in Christopher C. Ford Park in Groveland.
- McCraney's Commerce 429 Logistics Park totaling 314,426 SF across 6 buildings
- Summitt's 451 Commerce Park totaling 260,084 SF
- East Group's 901 Mid Florida Drive totaling 167,242 SF
- Distribution Realty Group 6520 Narcoossee Road building
- TPA's Beachline Logistics building at 8648 Transport Drive totaling 438,000 SF
- LBA Realty's 246,560 SF at University Crossings
- Clarion Partners 196,391 SF at Northstar
- Bevar's 92,024 SF along South Goldenrod Road

There was a total of 4,276,609 square feet delivered, which included:

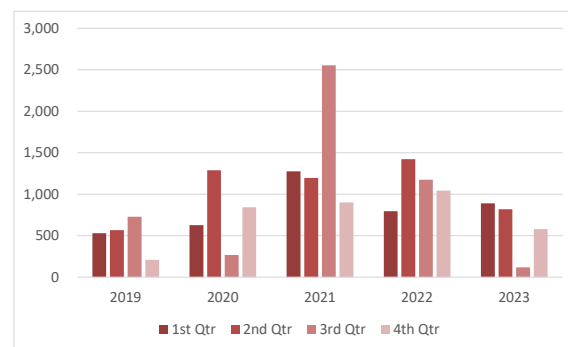
- Cadence Partners Northstar Industrial park with three buildings being 86,924 SF, 79,724 SF, and 399,234 SF
- Exeter's Apopka Business Park buildings with 207,210 and 207,210 SF
- WPT Management Trust's Apopka 429 #300 with 1,200,000 square feet and #400 with 546,000 SF
- Link's Mahogany Point Buildings 100 & 200 totaling 150,480 SF and 156,960 SF
- LBA Realty's University Crossing project totaling 369,961 SF across 3 buildings
- Brookfield's Taft Vineland Road building 540,399 SF
- Venture One's Beachline Venture Park building totaling 220,871 SF
- KEMCO's 100,050 SF on Lake Mary Boulevard

There are currently no build-to-suits construction underway:

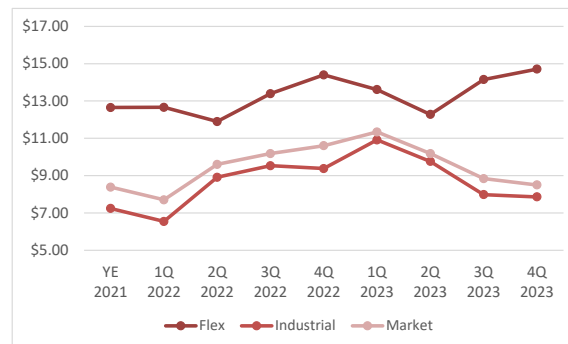
VACANCY



ABSORPTION




RENTAL RATES



SALES & AVERAGE PRICE PSF



TOP FOURTH QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
O'Brien Road, Groveland	Duke Energy	977,441 SF	Northwest	New
1151 Gills Drive	Office Depot	252,000 SF	Airport/Southeast	Renewal
2600 Shader	 Smart Warehousing	228,326 SF	Silver Star	Renewal
10963 Florida Crown Drive	Milestone Cabinetry	103,182 SF	Airport/Southeast	New
3600 E Commerce Place	Christy Distribution 	88,246 SF	Silver Star	New
10801 Central Port Drive	Sungry	42,491 SF	Airport/Southeast	New
1401 Ocoee Apopka Road	H&H Products 	36,169 SF	Northwest	New
205 Aero Lane	Ethan Allen	34,708 SF	Longwood/Lake Mary/Sanford	New
3717 Mercy Star Court	GMS 	31,200 SF	Silver Star	New
503 Ocoee Business Parkway	Best Supply 	30,000 SF	Northwest	New

TOP FOURTH QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
North Lake Business Park	Longwood/Lake Mary/Sanford	271,998	Basis Industrial	Taurus Investment Holdings	\$42,750,000	\$157.17
Altamonte Commerce Ctr	Longwood/Lake Mary/Sanford	263,603	Infinity Properties USA	Longpoint Realty Partners	\$43,000,000	\$163.12
Superior Commerce Park	Northwest	70,325	Buligo Capital Partners	Entertainment Retail Enterprise	\$7,850,000	\$111.62
Lee Vista Venter	Airport/Southeast	52,619	Midtown Realty Group	Jefferson River Capital	\$10,619,600	\$201.82
John Young Commerce Ctr	Silver Star	23,030	A.D Solutions	Elite Business Properties	\$3,800,000	\$165.00

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	48	12,607,936 SF	3,668,018 SF	29.09%	181,679 SF	1.44%	30.53%	743,193 SF	751,726 SF	\$6.22
Flex	24	555,700 SF	10,969 SF	1.97%	0 SF	0.00%	1.97%	-1,036 SF	585 SF	\$16.48
Manufacturing	19	1,050,911 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	5,190 SF	N/A
Office/Warehouse	127	7,108,373 SF	152,858 SF	2.15%	0 SF	0.00%	2.15%	0 SF	-19,315 SF	\$1.78
Submarket Total	218	21,322,920 SF	3,831,845 SF	17.97%	181,679 SF	0.85%	18.82%	742,157 SF	738,186 SF	\$6.07
SILVER STAR										
Bulk/Distribution	25	4,473,100 SF	70,750 SF	1.58%	44,000 SF	0.98%	2.57%	-54,625 SF	38,779 SF	\$8.75
Flex	33	1,407,292 SF	43,724 SF	3.11%	0 SF	0.00%	3.11%	8,633 SF	-11,824 SF	\$12.70
Manufacturing	29	2,452,359 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	182	9,578,189 SF	103,738 SF	1.08%	0 SF	0.00%	1.08%	6,191 SF	47,811 SF	\$8.59
Submarket Total	269	17,910,940 SF	218,212 SF	1.22%	44,000 SF	0.25%	1.46%	-39,801 SF	74,766 SF	\$9.47
33RD STREET										
Bulk/Distribution	6	781,168 SF	0 SF	0.00%	154,713 SF	19.81%	19.81%	0 SF	0 SF	N/A
Flex	31	1,089,158 SF	10,738 SF	0.99%	7,752 SF	0.71%	1.70%	7,124 SF	6,850 SF	\$15.86
Office/Warehouse	84	3,750,278 SF	43,816 SF	1.17%	0 SF	0.00%	1.17%	-6,459 SF	-4,665 SF	\$13.95
Submarket Total	121	5,620,604 SF	54,554 SF	0.97%	162,465 SF	2.89%	3.86%	665 SF	2,185 SF	\$14.33
NORTH CENTRAL										
Flex	40	1,091,557 SF	49,989 SF	4.58%	0 SF	0.00%	4.58%	340 SF	2,136 SF	\$16.18
Manufacturing	10	414,832 SF	50,026 SF	12.06%	0 SF	0.00%	12.06%	1,974 SF	22,348 SF	\$9.79
Office/Warehouse	47	1,770,606 SF	96,256 SF	5.44%	2,176 SF	0.12%	5.56%	6,600 SF	-15,179 SF	\$10.99
Submarket Total	97	3,276,995 SF	196,271 SF	5.99%	2,176 SF	0.07%	6.06%	8,914 SF	9,305 SF	\$12.01
LONGWOOD/LAKE MARY/SANFORD										
Bulk/Distribution	24	2,720,651 SF	340,840 SF	12.53%	0 SF	0.00%	12.53%	69,953 SF	105,198 SF	\$9.05
Flex	58	2,404,086 SF	178,583 SF	7.43%	0 SF	0.00%	7.43%	-10,938 SF	18,393 SF	\$14.41
Manufacturing	47	2,158,343 SF	162,500 SF	7.53%	0 SF	0.00%	7.53%	-53,000 SF	2,200 SF	\$8.92
Office/Warehouse	164	7,106,102 SF	113,060 SF	1.59%	0 SF	0.00%	1.59%	-26,960 SF	-5,579 SF	\$10.57
Submarket Total	293	14,389,182 SF	794,983 SF	5.52%	0 SF	0.00%	5.52%	-20,945 SF	120,212 SF	\$10.44
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%	11,000 SF	0 SF	N/A
Office/Warehouse	102	3,823,458 SF	115,917 SF	3.03%	0 SF	0.00%	3.03%	-40,745 SF	-107,350 SF	\$9.60
Submarket Total	130	5,069,644 SF	115,917 SF	2.29%	0 SF	0.00%	2.29%	-29,745 SF	-107,350 SF	\$9.60
EAST SIDE / UNIVERSITY										
Bulk/Distribution	4	660,072 SF	260,254 SF	39.43%	0 SF	0.00%	39.43%	0 SF	0 SF	\$9.25
Flex	42	1,750,171 SF	107,944 SF	6.17%	21,340 SF	1.22%	7.39%	65,703 SF	3,015 SF	\$10.20
Manufacturing	14	627,131 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	6,000 SF	N/A
Office/Warehouse	58	2,289,774 SF	9,606 SF	0.42%	0 SF	0.00%	0.42%	91,500 SF	79,072 SF	\$15.11
Submarket Total	118	5,327,148 SF	377,804 SF	7.09%	21,340 SF	0.40%	7.49%	157,203 SF	88,087 SF	\$9.67
AIRPORT / SOUTHEAST										
Bulk/Distribution	135	24,225,686 SF	762,220 SF	3.15%	65,800 SF	0.27%	3.42%	-37,504 SF	1,390,133 SF	\$9.67
Flex	85	3,299,829 SF	127,823 SF	3.87%	0 SF	0.00%	3.87%	-478 SF	39,386 SF	\$14.35
Office/Warehouse	290	19,371,064 SF	194,248 SF	1.00%	25,821 SF	0.13%	1.14%	31,416 SF	346,887 SF	\$12.04
Submarket Total	510	46,896,579 SF	1,084,291 SF	2.31%	91,621 SF	0.20%	2.51%	-6,566 SF	1,776,406 SF	\$10.64
ORLANDO CENTRAL PARK										
Bulk/Distribution	55	8,958,528 SF	187,091 SF	2.09%	55,600 SF	0.62%	2.71%	-162,382 SF	-177,932 SF	\$8.56
Flex	42	1,679,492 SF	74,808 SF	4.45%	0 SF	0.00%	4.45%	13,855 SF	31,414 SF	\$15.19
Office/Warehouse	80	4,974,683 SF	47,753 SF	0.96%	25,887 SF	0.52%	1.48%	-37,091 SF	140 SF	\$9.86
Submarket Total	177	15,612,703 SF	309,652 SF	1.98%	81,487 SF	0.52%	2.51%	-185,618 SF	-146,378 SF	\$10.36
SOUTHWEST										
Bulk/Distribution	17	3,019,787 SF	14,400 SF	0.48%	0 SF	0.00%	0.48%	-14,400 SF	-14,400 SF	\$13.75
Flex	19	885,785 SF	60,984 SF	6.88%	15,995 SF	1.81%	8.69%	10,097 SF	-46,616 SF	\$23.43
Office/Warehouse	44	4,011,478 SF	65,914 SF	1.64%	0 SF	0.00%	1.64%	-43,202 SF	-47,927 SF	\$14.37
Submarket Total	80	7,917,050 SF	141,298 SF	1.78%	15,995 SF	0.20%	1.99%	-47,505 SF	-108,943 SF	\$16.82
TOTAL FLEX										
	384	14,493,566 SF	665,562 SF	4.59%	45,087 SF	0.31%	4.90%	93,300 SF	43,339 SF	\$14.71
TOTAL BULK/DISTRIBUTION										
	314	57,446,928 SF	5,303,573 SF	9.23%	501,792 SF	9.46%	10.11%	544,575 SF	2,095,640 SF	\$7.51
TOTAL MANUFACTURING										
	137	7,619,266 SF	212,526 SF	2.79%	0 SF	0.00%	2.79%	-40,026 SF	35,738 SF	\$9.13
TOTAL OFFICE/WAREHOUSE										
	1,178	63,784,005 SF	943,166 SF	1.48%	53,884 SF	0.08%	1.56%	-18,750 SF	273,895 SF	\$9.59
TOTAL INDUSTRIAL SPACE										
	1,629	128,850,199 SF	6,459,265 SF	5.01%	555,676 SF	0.43%	5.44%	485,799 SF	2,405,273 SF	\$7.86
TOTAL MARKET										
	2,013	143,343,765 SF	7,124,827 SF	4.97%	600,763 SF	0.42%	5.39%	579,099 SF	2,448,612 SF	\$8.50

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