

## ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

### QUARTER LEE NOTE

This quarter the market posted just 411,069 SF of absorption, which is a little over half of Q1's absorption figure. This was no surprise to us as we saw several spaces come back to the market in Q2. Despite this, we are tracking several deals for Q3 that will lease-up some of those vacant spaces, as well as some larger deals floating around that will absorb some of the problematic bulk inventory in the market.

Sales this quarter ticked up significantly, primarily due to three large portfolio sales. We view this as a good barometer that sales are still transacting if priced appropriately, and we are routinely meeting with investors with large appetites for Orlando area real estate. Construction is still in-check with no major supply issues brewing. Between a better sales market, reigned in construction supply, and spaces still leasing (albeit taking longer), rental rates remain relatively stable, and for some product, show signs of slight increases.

The year is shaping up how we expected it to given the uncertainty of the economy, presidential election, and overall headwinds facing the market. We remain believers of Florida, and Orlando in particular.

### MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	2Q-24	1Q-24
FLEX	\$15.43	\$13.74
BULK/DISTRIBUTION	\$7.57	\$7.42
MANUFACTURING	\$8.98	\$9.12
OFFICE/WAREHOUSE	\$12.17	\$11.16
<b>TOTAL MARKET</b>	<b>\$8.66</b>	<b>\$8.45</b>

COMPARISON OF MARKET VACANCY:		
	2Q-24	1Q-24
DIRECT	6.52%	5.18%
SUBLET	0.37%	0.22%
<b>TOTAL MARKET</b>	<b>6.89%</b>	<b>5.40%</b>

COMPARISON OF ABSORPTION IN SF:		
	2Q-24	1Q-24
QUARTERLY AMOUNT	411,069	783,625
YEAR-TO-DATE	1,194,694	783,625

CONSTRUCTION PIPELINE: 20,000 SF+		
	2Q-24	1Q-24
U/C (SPECULATIVE & BTS)	3,250,869	5,007,784
DELIVERED (BY QTR)	2,504,915	318,034
DELIVERED YTD	2,822,949	318,034

BUILDING SALES:		
	2Q-24	1Q-24
QUARTERLY TOTAL	\$246M	\$50M
AVERAGE PRICE PSF	\$157.92	\$130.42

### MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



### WHAT YOU NEED TO KNOW

- Direct vacancy increased to 6.89%, a relatively minor change from Q1 2024 considering most of the increase was from new bulk inventory.
- Average sales price per square foot this quarter was \$157.92/SF, an increase from last quarters pricing of about \$130/SF, driven by Class A buildings and well-located portfolios trading this quarter, compared to last quarters transactions primarily being made up of owner-user properties.
- Asking rents increased, which is primarily a function of many small spaces on the market and several flex spaces on the market. Bulk and Office/Warehouse rates were generally stable.

### 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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The previous quarters data indicated the market is stable, and this quarter is a repeat of that sentiment. So long as there are no major economic changes we expect our market to remain steady through a nationally choppy market.

**There is currently 3,250,869 SF of speculative development under construction or imminent. These buildings include:**

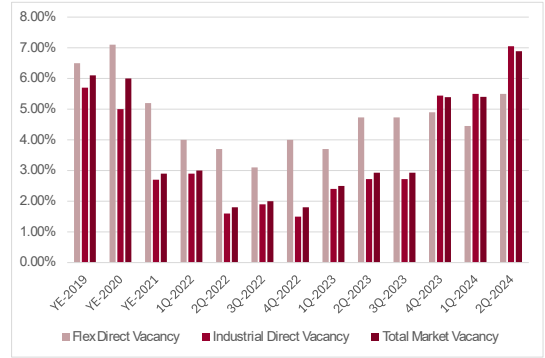
- KKR’s McCoy Commerce Center with 192,157, and 30,856 SF
- Distribution Realty Group 6520 Narcoossee Road building totaling 196,085 SF
- TPA’s Beachline Logistics building at 8648 Transport Drive totaling 438,000 SF
- Clarion Partners 196,391 SF at Northstar
- Bluescope’s 352,268 SF at Mid Florida Logistics 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
- Ambrose’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 2,504,915 square feet delivered, which included:**

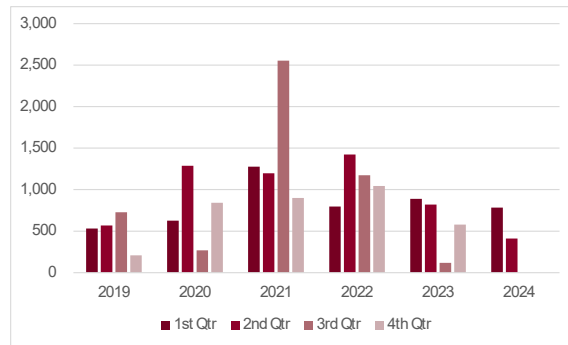
- Stonemont’s 877,635 SF, 125,120 SF, and 569,400 SF in Christopher C. Ford Park in Groveland.
- McCraney’s Commerce 429 Logistics Park totaling 258,854 SF
- TPA’s Beachline Logistics building at 8648 Transport Drive totaling 438,000 SF
- LBA Realty’s final two buildings on Forsyth Road totaling 246,580 SF at University Crossings
- Summit’s 451 Commerce park totaling 260,084 SF
- EastGroup 167,242 SF MCO Logistics in AIPO



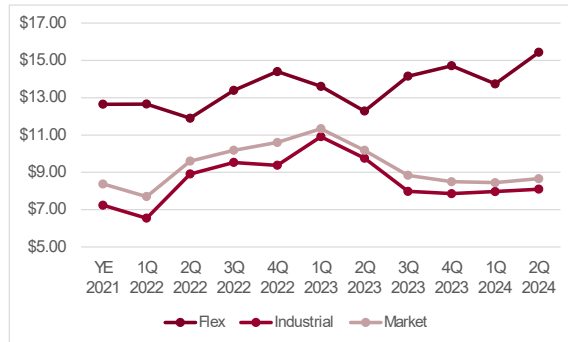
### VACANCY



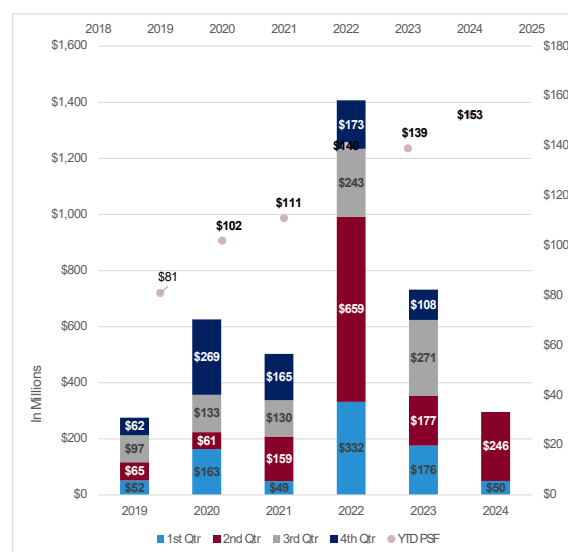
### ABSORPTION






### RENTAL RATES




### SALES & AVERAGE PRICE PSF



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

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
350 Gills Drive	Victory Packaging 	150,600 SF	Airport/Southeast	Renewal
2416 Sand Lake Road	Blue Moon	78,368 SF	Airport/Southeast	New
550 Marshall Lake Road	Architectural Glass	58,600 SF	Airport/Southeast	New
1801 Boice Pond Road	C4 Tactical 	47,632 SF	Airport/Southeast	New
3750 Bengert Street	ATR Flooring 	40,513 SF	Silver Star	New
207 Aero Lane	US Machine	34,856 SF	Longwood/Lake Mary/ Sanford	New

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

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
Lee Vista Business Center Portfolio	Airport/Southeast	653,692	LBA Realty	Link Industrial	\$120,000,300	\$183.57
Cypress Park Portfolio	Airport/Southeast	256,838	Harbert Management Corporation	Investcorp	\$40,500,000	\$157.69
Silver Star Commerce Center Portfolio	Silver Star	254,915	Denholtz	Investcorp	\$36,500,000	\$143.18
Lakefront 1 & 2 Portfolio	Orlando Central Park	195,349	Basis Industrial	Lakefront Acquisition LLC	\$25,000,000	\$127.98
Former Nephron	33rd Street	84,562	Capstone Equities	Nephron Pharmaceuticals Corporation	\$8,300,000	\$98.15
3003 Pennington Dr	Silver Star	44,591	TLC Pennington LLC	JC Pennington, LLC	\$4,720,000	\$105.85
Cummins	Silver Star	34,577	4820 N Orange Blossom Trail	Ambient Capital Partners	\$6,000,000	\$173.53
855 Sunshine	North Central	33,000	Arthur's Catering 	Private Seller	\$4,950,000	\$150.00

 \* Logo reflects transactions that Lee & Associates participated in.

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	43	10,777,317 SF	5,128,382 SF	47.58%	165,880 SF	1.54%	48.98%	87,821 SF	159,321 SF	\$6.53
Flex	23	496,931 SF	18,687 SF	3.76%	0 SF	0.00%	3.76%	-2,668 SF	-7,718 SF	\$18.59
Manufacturing	18	1,113,870 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$0.00
Office/Warehouse	104	6,115,698 SF	251,737 SF	4.12%	0 SF	0.00%	4.12%	127,276 SF	229,053 SF	\$11.57
<b>Submarket Total</b>	<b>188</b>	<b>18,503,816 SF</b>	<b>5,398,806 SF</b>	<b>29.18%</b>	<b>165,880 SF</b>	<b>0.90%</b>	<b>29.99%</b>	<b>212,429 SF</b>	<b>380,656 SF</b>	<b>\$6.80</b>
<b>AIRPORT / SOUTHEAST</b>										
Bulk/Distribution	126	23,037,767 SF	992,958 SF	4.31%	65,800 SF	0.29%	4.60%	-18,238 SF	467,378 SF	\$10.50
Flex	80	3,229,786 SF	160,055 SF	4.96%	3,784 SF	0.12%	5.07%	-1,234 SF	-36,016 SF	\$15.11
Office/Warehouse	273	17,973,901 SF	184,190 SF	1.02%	0 SF	0.00%	1.02%	31,506 SF	35,879 SF	\$11.04
<b>Submarket Total</b>	<b>479</b>	<b>44,241,454 SF</b>	<b>1,337,203 SF</b>	<b>3.02%</b>	<b>69,584 SF</b>	<b>0.16%</b>	<b>3.18%</b>	<b>12,034 SF</b>	<b>467,241 SF</b>	<b>\$11.11</b>
<b>SOUTHWEST</b>										
Bulk/Distribution	17	3,022,783 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	14,400 SF	\$0.00
Flex	17	802,295 SF	44,129 SF	5.50%	12,315 SF	1.53%	7.82%	-10,183 SF	14,204 SF	\$17.85
Office/Warehouse	40	3,593,395 SF	0 SF	0.00%	0 SF	0.00%	0.96%	-3,195 SF	31,307 SF	\$16.21
<b>Submarket Total</b>	<b>74</b>	<b>7,418,473 SF</b>	<b>44,129 SF</b>	<b>0.59%</b>	<b>12,315 SF</b>	<b>0.17%</b>	<b>1.31%</b>	<b>-13,378 SF</b>	<b>59,911 SF</b>	<b>\$17.26</b>
<b>ORLANDO CENTRAL PARK</b>										
Bulk/Distribution	52	8,565,934 SF	359,562 SF	4.20%	39,600 SF	0.46%	4.66%	1,350 SF	-116,871 SF	\$9.43
Flex	37	1,419,330 SF	27,025 SF	1.90%	0 SF	0.00%	1.90%	18,562 SF	23,609 SF	\$15.81
Office/Warehouse	79	4,967,381 SF	23,775 SF	0.48%	5,300 SF	0.11%	0.59%	23,520 SF	12,985 SF	\$15.04
<b>Submarket Total</b>	<b>168</b>	<b>14,952,645 SF</b>	<b>410,362 SF</b>	<b>2.74%</b>	<b>44,900 SF</b>	<b>0.30%</b>	<b>3.04%</b>	<b>43,432 SF</b>	<b>-80,277 SF</b>	<b>\$10.17</b>
<b>NORTH CENTRAL</b>										
Flex	40	1,080,106 SF	62,650 SF	5.80%	6,400 SF	0.59%	6.39%	10,339 SF	30,739 SF	\$15.30
Manufacturing	9	393,189 SF	38,000 SF	9.66%	0 SF	0.00%	9.66%	0 SF	11,000 SF	\$0.00
Office/Warehouse	45	1,585,872 SF	23,290 SF	1.47%	0 SF	0.00%	1.47%	26,853 SF	39,353 SF	\$14.13
<b>Submarket Total</b>	<b>94</b>	<b>3,059,167 SF</b>	<b>123,940 SF</b>	<b>4.05%</b>	<b>6,400 SF</b>	<b>0.21%</b>	<b>4.26%</b>	<b>37,192 SF</b>	<b>81,092 SF</b>	<b>\$10.63</b>
<b>CENTRAL ORLANDO</b>										
Flex	10	330,496 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$0.00
Manufacturing	17	873,428 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$0.00
Office/Warehouse	86	3,361,168 SF	155,341 SF	4.62%	0 SF	0.00%	4.62%	-3,607 SF	-7,982 SF	\$12.28
<b>Submarket Total</b>	<b>113</b>	<b>4,565,092 SF</b>	<b>155,341 SF</b>	<b>3.40%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>3.40%</b>	<b>-3,607 SF</b>	<b>-7,982 SF</b>	<b>\$12.28</b>
<b>33RD STREET</b>										
Bulk/Distribution	6	792,091 SF	0 SF	0.00%	154,713 SF	19.53%	19.53%	0 SF	0 SF	\$7.95
Flex	32	1,032,693 SF	74,292 SF	7.19%	7,752 SF	0.75%	7.94%	-46,820 SF	-63,554 SF	\$14.79
Office/Warehouse	85	3,826,547 SF	65,286 SF	1.71%	0 SF	0.00%	1.71%	-37,959 SF	-21,470 SF	\$11.10
<b>Submarket Total</b>	<b>123</b>	<b>5,651,331 SF</b>	<b>139,578 SF</b>	<b>2.47%</b>	<b>162,465 SF</b>	<b>2.87%</b>	<b>5.34%</b>	<b>-84,779 SF</b>	<b>-85,024 SF</b>	<b>\$10.49</b>
<b>SILVER STAR</b>										
Bulk/Distribution	19	3,803,729 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$12.64
Flex	30	1,120,354 SF	36,757 SF	3.28%	4,040 SF	0.36%	3.64%	-26,647 SF	-31,443 SF	\$15.21
Manufacturing	25	2,232,226 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$12.00
Office/Warehouse	184	9,253,881 SF	40,312 SF	0.44%	0 SF	0.00%	0.44%	180,980 SF	241,504 SF	\$13.09
<b>Submarket Total</b>	<b>258</b>	<b>16,410,190 SF</b>	<b>77,069 SF</b>	<b>0.47%</b>	<b>4,040 SF</b>	<b>0.02%</b>	<b>0.49%</b>	<b>154,333 SF</b>	<b>210,061 SF</b>	<b>\$14.16</b>
<b>LONGWOOD / LAKE MARY / SANFORD</b>										
Bulk/Distribution	23	2,782,753 SF	223,564 SF	8.03%	0 SF	0.00%	8.03%	86,835 SF	152,215 SF	\$9.73
Flex	72	2,701,538 SF	163,537 SF	6.05%	0 SF	0.00%	6.05%	-8,178 SF	965 SF	\$15.53
Manufacturing	49	3,150,693 SF	180,000 SF	5.71%	0 SF	0.00%	5.71%	2,500 SF	2,500 SF	\$8.98
Office/Warehouse	173	7,208,866 SF	108,618 SF	1.51%	6,000 SF	0.08%	1.59%	-20,988 SF	26,618 SF	\$12.91
<b>Submarket Total</b>	<b>317</b>	<b>15,843,850 SF</b>	<b>675,719 SF</b>	<b>4.26%</b>	<b>6,000 SF</b>	<b>0.04%</b>	<b>4.30%</b>	<b>60,169 SF</b>	<b>182,298 SF</b>	<b>\$11.46</b>
<b>EAST SIDE</b>										
Bulk/Distribution	6	904,402 SF	383,453 SF	42.40%	0 SF	0.00%	42.40%	0 SF	0 SF	\$10.50
Flex	41	1,616,939 SF	112,791 SF	6.98%	26,191 SF	1.62%	8.60%	-2,566 SF	-9,698 SF	\$14.62
Manufacturing	13	591,738 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	\$14.50
Office/Warehouse	55	2,218,925 SF	13,190 SF	0.59%	0 SF	0.00%	0.59%	-4,190 SF	-3,584 SF	\$13.96
<b>Submarket Total</b>	<b>115</b>	<b>5,332,004 SF</b>	<b>509,434 SF</b>	<b>9.55%</b>	<b>26,191 SF</b>	<b>0.49%</b>	<b>10.05%</b>	<b>-6,756 SF</b>	<b>-13,282 SF</b>	<b>\$11.65</b>
<b>TOTALS</b>										
<b>TOTAL BULK</b>	<b>292</b>	<b>53,686,776 SF</b>	<b>7,087,919 SF</b>	<b>13.20%</b>	<b>425,993 SF</b>	<b>0.79%</b>	<b>14.00%</b>	<b>157,768 SF</b>	<b>676,443 SF</b>	<b>\$7.57</b>
<b>TOTAL FLEX</b>	<b>382</b>	<b>13,830,468 SF</b>	<b>699,923 SF</b>	<b>5.06%</b>	<b>60,482 SF</b>	<b>0.44%</b>	<b>5.50%</b>	<b>-69,395 SF</b>	<b>-78,912 SF</b>	<b>\$15.43</b>
<b>TOTAL MANUFACTURING</b>	<b>131</b>	<b>8,355,144 SF</b>	<b>218,000 SF</b>	<b>2.61%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>2.61%</b>	<b>2,500 SF</b>	<b>13,500 SF</b>	<b>\$8.98</b>
<b>TOTAL OFFICE/WAREHOUSE</b>	<b>1,124</b>	<b>60,105,634 SF</b>	<b>865,739 SF</b>	<b>1.44%</b>	<b>11,300 SF</b>	<b>0.02%</b>	<b>1.46%</b>	<b>320,196 SF</b>	<b>583,663 SF</b>	<b>\$12.17</b>
<b>TOTAL MARKET</b>	<b>1,929</b>	<b>135,978,022 SF</b>	<b>8,871,581 SF</b>	<b>6.52%</b>	<b>497,775 SF</b>	<b>0.37%</b>	<b>6.89%</b>	<b>411,069 SF</b>	<b>1,194,694 SF</b>	<b>\$8.66</b>
<b>TOTAL INDUSTRIAL SPACE</b>	<b>1,547</b>	<b>122,147,554 SF</b>	<b>8,171,658 SF</b>	<b>6.69%</b>	<b>437,293 SF</b>	<b>0.36%</b>	<b>7.05%</b>	<b>480,464 SF</b>	<b>1,273,606 SF</b>	<b>\$8.10</b>
*Note that total industrial space excludes Flex										