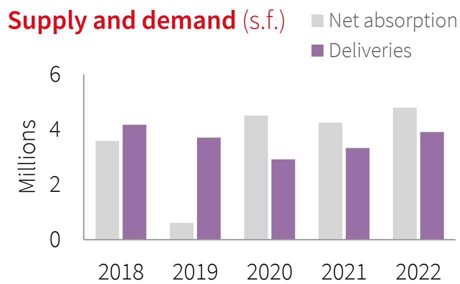
Orlando

Strong market fundamentals and record development position market well

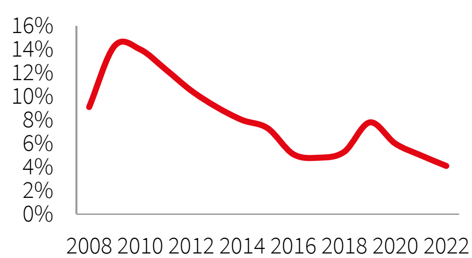
- Nearly 7.5 million s.f. of space remains under construction
- Following over 1.7 million s.f. of absorption Q4 2022, year-to-date absorption was pushed to a near historic total of almost 4.8 million s.f.
- For the first time in Orlando's history, total vacancy remained below 4.5% every quarter this year

Fundamentals		Forecast
YTD net absorption	4,788,628 s.f.	▲
Under construction	7,464,932 s.f.	▼
Total vacancy	4.1 %	▶
Sublease vacancy	319,645 s.f.	▶
Direct asking rent	$7.55 p.s.f.	▲
Sublease asking rent	$8.18 p.s.f.	▲
Concessions	Stable	▶

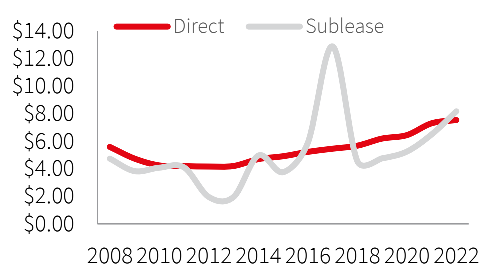
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent ($ p.s.f.)



2022 was another strong year for the Orlando industrial market. Despite recent economic headwinds, elevated prices for construction materials and two hurricanes that impacted projects under construction, demand for space has more than off set these challenges. This year, Orlando recorded near historic absorption, saw a record amount of space break ground, and maintained a consistent sub 4.5% total vacancy rate every quarter.

At the close of the year, a staggering 7.5 million s.f. of space remains under construction, even after nearly 4 million s.f. delivered. Most deliveries this year were in SE Orange, however, as land becomes increasingly scarce and expensive in this submarket, 84% of the space currently under construction is outside of the industrial core. As decision makers navigate the economic environment, pre-leasing activity has been somewhat slower than last year, resulting in 8.8% total availability, up 220 bps year-over-year.

That said, demand for space remains strong. Over 1.7 million s.f. of move-ins this quarter pushed year-to-date absorption to a near record high of almost 4.8 million s.f. Numerous full-building tenants occupied their spaces this quarter, with many others following suit through the first half of next year. This sustained demand paired with new construction highlights continued interest in the market.

Following a dip in asking rents last quarter due to numerous ground-breakings on large buildings, asking rents increased this quarter to $7.58 p.s.f. NNN. While this rent is slighted muted due to large construction projects, it still marks a 3.8% increase year-over-year. Further, as options become increasingly limited in the industrial core, SE Orange and SW Orange recorded staggering 28.4% and 25.2% asking rent increases year-over-year, respectively.

Outlook

Orlando 's steady population growth, central location, relative affordability, and abundance of land outside the industrial core positions the market well heading into 2023.

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JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent ($ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Orlando total										
Warehouse & Distribution	99,849,048	1,710,771	4,664,501	4.7%	4.5%	10.0%	$7.54	1,494,997	3,906,029	7,464,932
Manufacturing	21,245,411	14,612	124,127	0.6%	2.1%	2.8%	$8.83	0	0	0
Overall Total	**121,094,459**	**1,725,383**	**4,788,628**	**4.0%**	**4.1%**	**8.8%**	**$7.58**	**1,494,997**	**3,906,029**	**7,464,932**
Osceola County										
Warehouse & Distribution	3,539,866	50,255	89,144	2.5%	3.7%	12.4%	$9.11	0	0	738,620
Manufacturing	787,741	7,157	7,157	0.9%	1.3%	0.0%	$0.00	0	0	0
Overall Total	**4,327,607**	**57,412**	**96,301**	**2.2%**	**3.3%**	**10.5%**	**$9.11**	**0**	**0**	**738,620**
Seminole County										
Warehouse & Distribution	6,884,383	-55,200	45,001	0.7%	8.9%	11.5%	$8.49	332,576	360,006	399,979
Manufacturing	3,755,452	0	45,040	1.2%	2.9%	4.0%	$8.03	0	0	0
Overall Total	**10,639,835**	**-55,200**	**90,041**	**0.8%**	**6.8%**	**9.0%**	**$8.44**	**332,576**	**360,006**	**399,979**
Brevard County										
Warehouse & Distribution	5,390,756	15,550	-46,248	-0.9%	4.0%	2.7%	$7.74	0	0	0
Manufacturing	5,540,002	-25,745	21,547	0.4%	4.2%	4.3%	$11.36	0	0	0
Overall Total	**10,930,758**	**-10,195**	**-24,701**	**-0.2%**	**4.1%**	**3.5%**	**$8.69**	**0**	**0**	**0**
Lake County										
Warehouse & Distribution	4,831,918	11,433	157,796	3.3%	15.4%	39.3%	$6.29	0	597,086	1,386,109
Manufacturing	1,183,153	-5,000	-5,000	-0.4%	0.4%	0.4%	$0.00	0	0	0
Overall Total	**6,015,071**	**6,433**	**152,796**	**2.5%**	**12.4%**	**33.0%**	**$6.29**	**0**	**597,086**	**1,386,109**
North Orange										
Warehouse & Distribution	20,353,400	365,959	1,089,929	5.4%	2.9%	16.8%	$6.79	284,112	764,405	3,745,944
Manufacturing	3,149,310	0	22,445	0.7%	0.5%	0.5%	$0.00	0	0	0
Overall Total	**23,502,710**	**365,959**	**1,112,374**	**4.7%**	**2.6%**	**14.9%**	**$6.79**	**284,112**	**764,405**	**3,745,944**
Southeast Orange										
Warehouse & Distribution	36,238,767	963,372	2,535,109	7.0%	2.8%	4.0%	$9.18	722,969	1,579,167	1,194,280
Manufacturing	5,239,492	13,100	58,238	1.1%	0.0%	0.3%	$12.00	0	0	0
Overall Total	**41,478,259**	**976,472**	**2,593,347**	**6.3%**	**2.5%**	**3.5%**	**$9.22**	**722,969**	**1,579,167**	**1,194,280**
Southwest Orange										
Warehouse & Distribution	22,609,958	359,402	793,770	3.5%	5.2%	5.3%	$9.27	155,340	605,365	0
Manufacturing	1,590,261	25,100	-25,300	-1.6%	4.0%	11.2%	$8.44	0	0	0
Overall Total	**24,200,219**	**384,502**	**768,470**	**3.2%**	**5.2%**	**5.7%**	**$9.15**	**155,340**	**605,365**	**0**