

While the coronavirus pandemic significantly disrupted Orlando's economy, the industrial sector was relatively insulated and saw little impact. In fact, the market's average vacancy rate has compressed by nearly 100 basis points since the pandemic began.

Industrial demand has accelerated since mid-2020. Additionally, leasing activity remained in line with the 5-year average, clearly indicative of minimal demand loss in Orlando due to the pandemic. Orlando saw three deals in Q1-21 exceeding 100,000 SF, including Humana Pharmacy taking down 163,000 SF in Prologis Park, FedEx leasing 433,000 SF at Infinity Park and Sprouts agreeing to 133,000 SF in Air Commerce Park.

Industrial supply could be an area of concern, as the market has seen 3.0 million SF in deliveries over the past 12 months and has another 2.7 million SF underway. The heightened pipeline has also seen an uptick in speculative starts over the past year and there are a number of proposed projects that could break ground in 2021. However, the speculative starts are quickly landing tenants such as the upcoming speculative Infinity Park Building 800 signing FedEx to the entirety of its 433,000 SF warehouse in Q1-21.

Industrial asking rent may be seeing some pandemic impact. Annual rent growth downshifted after Q1-20 and has fallen roughly 150 basis points. Despite the compression, Orlando is still outperforming the national index and is well above its 20-year average.

The average vacancy rate has compressed since the pandemic began, though this is partially a function of decreasing deliveries. Industrial demand has been heightened for the past two years and generally consistent. While the 2.7 million SF currently underway includes a significant speculative component and could strain near-term fundamentals, this amount is certainly manageable based upon recent demand patterns. Additionally, the amount of speculative space that has reached the market without landing tenants over recent years has been minimal.

There could be some warning signs emerging. Sublet space is at its highest level in more than five years and available space is also at a five-year high. However, these indicators are still far from alarming and less than half of the relative levels reached during the worst of the prior recession.

Investment activity fizzled a bit in Q1-21 after a strong rebound during the second half of 2020 with roughly twice the sales volume over the first half. Despite the improvement, activity remains depressed compared to pre-pandemic levels.

In the meantime, Orlando industrial appears as insulated as any sector from the pandemic. Echoing national trends, firms are in need of expanded storage and/or distribution spaces, ultimately driving demand in submarkets close to high population growth neighborhoods.

Source: CoStar Property

## ORLANDO MSA Industrial Market



Total Industrial Space  
182,853,517 SF



Under Construction  
2,694,574 SF



14 Industrial Centers  
500,000 SF +

Orlando MSA (Orange, Seminole, Lake & Polk Counties) | Source: CoStar Property

## Quarterly Trends



NET ABSORPTION



VACANCY RATE

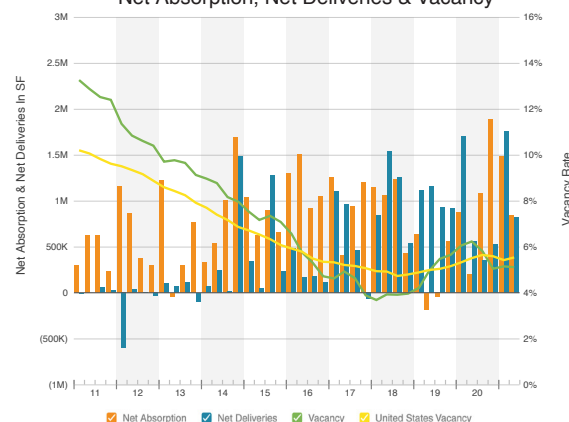


CONSTRUCTION

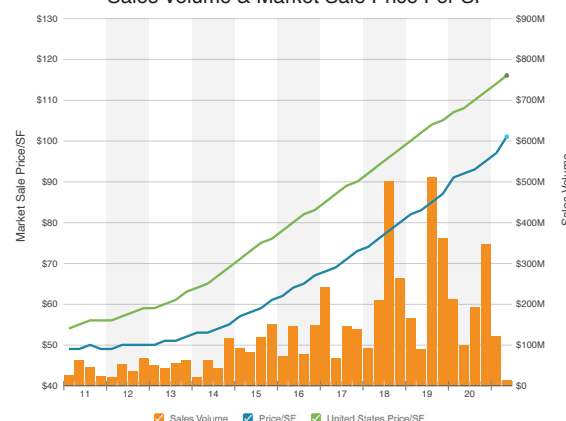


ASKING RATES

### Net Absorption, Net Deliveries & Vacancy



### Sales Volume & Market Sale Price Per SF



## Total Industrial Submarket Statistics

First Quarter 2021

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Lake County	657	11,274,001	694,376	6.0%	320,423	388,690	375,000	\$7.42
NE Orange County	164	1,886,369	105,554	5.6%	(16,298)	0	0	\$12.56
NW Orange County	1,585	40,287,734	2,853,342	7.0%	1,670,571	971,894	286,429	\$8.98
Osceola County	327	7,607,039	589,997	7.4%	130,684	88,300	356,632	\$9.63
SE Orange County	1,563	59,166,634	5,298,763	8.8%	1,389,292	1,265,638	808,215	\$9.40
Seminole County	1,548	29,123,624	1,880,240	6.5%	756,188	439,326	7,900	\$9.81
SW Orange County	716	33,508,116	2,592,766	7.5%	408,584	44,763	860,398	\$9.37
<b>Totals</b>	<b>6,560</b>	<b>182,853,517</b>	<b>14,015,038</b>	<b>7.6%</b>	<b>4,659,444</b>	<b>3,198,611</b>	<b>2,694,574</b>	<b>\$9.28</b>

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Brevard County	1,451	30,742,529	1,447,660	4.7%	341,805	58,508	0	\$9.45
Polk County	1,675	72,721,808	5,376,639	7.1%	2,814,759	2,351,834	3,448,792	\$6.15
Volusia County	1,644	25,749,742	1,746,469	6.8%	1,332,910	1,629,972	65,700	\$8.07

Period	Asset Value	Vacancy Rate	Availability Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr %	12 Month Net Absorption SF	Market Price/SF	Sales Volume
2021 1q	\$17.8 B	5.1%	7.6%	\$9.28	6.1%	182.9 M	2.7 M	1.5%	4,659,444	\$97	\$120 M
2020 4q	\$17.2 B	5.0%	6.9%	\$9.08	5.4%	181.1 M	3.5 M	1.9%	4,048,938	\$97	\$347 M
2020 3q	\$16.8 B	5.8%	7.5%	\$8.95	5.8%	180.6 M	3.7 M	2.0%	2,716,378	\$91	\$191 M
2020 2q	\$16.6 B	6.2%	7.5%	\$8.86	6.3%	180.2 M	3.3 M	1.8%	1,589,477	\$80	\$100 M



Source: CoStar Property®