

Industrial Highlights

Orlando | Q1 2014



Robust development activity continues to strengthen industrial market fundamentals

Development is ripe in the Orlando area as economic fundamentals in the region continue to improve. The area's housing market showed solid improvement in 2013, with more buyers entering the market amid improving job market conditions and historically low mortgage interest rates. According to CoreLogic, home prices were up 14.0 percent year over year in February, while prices increased 0.5 percent from January to February of 2014. Robust activity and rising home prices have supported an increase in residential construction activity. From the start of 2014 through the end of February, new authorized private housing permits were up 28.0 percent from the same period a year ago. One area that has seen a substantial pick up in home sales has been the Lake Nona Laureate Park neighborhood, located near the 600-acre Medical City, an emerging life sciences cluster. The pick-up in activity has led developer Minto Communities to add 69 additional single family and townhome units to Laureate Park neighborhood. Furthermore, Lake Nona recently got the approval from the Orlando City Council to begin the first phase of the Lake Nona Town Center - a mixed-used project that will add new office and retail space, along with 200-room hotel and a 300-unit urban-style apartment complex. And it doesn't end there. We are also seeing a mix of development already in progress or being planned in and around Orlando's new SunRail commuter train system.

As the SunRail commuter train service gets set to begin in the second quarter of 2014, much of the development activity we are seeing has been linked to the new transit system. One transit-oriented project currently under way is Crescent Station, a 6.4-acre, mixed-use development in Downtown Orlando. Another project slated to break ground in 2015 is a mixed-use project in Lake Mary that will link to the Lake Mary SunRail Station. Because the new transit system runs from the Northern suburban areas, through Downtown, and out towards the southwestern suburban areas, we expect these areas to capture a significant percentage of future capital investment and development.



Arrows represent change from prior quarter

While the above examples only provide a tiny snippet of the development activity taking place in the Orlando area, they do help highlight where we see things are heading in its industrial market. As new development continues, warehouse vacancies will continue to decline as industrial tenants expand their footprint and ramp up inventories to support new demand for goods and materials related to the building activity. Furthermore, as Orlando's economy continues to grow, its consumer base is expanding, which is giving consumer goods manufacturers and distributors a rather compelling argument to locate their operations in the region in order to serve the growing market.

Leasing activity

Southwest Orange

- Bodek and Rhodes, a women's and children's clothing wholesaler, preleased 200,000 square feet of space at the Bent Oak Industrial Parke in Orlando.
- Communications Test Design, a telecommunications equipment wholesaler, signed a new lease for 72,950 square feet at 2351 Investors Row in Orlando.

North Orange

- Crown Cork and Steal, a fabricated metal product manufacturer, signed a new lease for 142,147 square feet at 851 East Maple Street in Winter Garden.
- United Pipe and Steal, a distributor of pipe products, signed a new lease for 80,000 square feet at 1350 South Sheeler road in Apopka.

Sales activity

No significant sales activity took place during the first quarter of 2014.

Construction Activity

Southeast Orange

- A 58,564-square-foot industrial warehouse building was delivered at the Atlas Commerce Park during the first quarter. The building is located at 11100 Boggy Creek Road in Orlando.

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