

MARKETBEAT INDUSTRIAL SNAPSHOT



ORLANDO, FLORIDA

A Cushman & Wakefield Research Publication

Q1 2014



ECONOMIC OVERVIEW

The unemployment rate for the Orlando metro area was 6.0% in March 2014. The rate has dropped 1.1 percentage points from this time last year and is four-tenths of a percentage point lower than the current State-wide average of 6.4%. Orlando's employment base has grown 3.1% from a year ago, led by strong gains in the leisure/hospitality, trade and professional/business services sectors. Orlando led the State in year-over-year job gains in March 2014, gaining 33,300 new positions over the past twelve month period.

POSITIVE ABSORPTION NUMBERS

Overall absorption for the quarter was positive, but the quarterly total was down by over 70.0% compared to the total recorded during the initial quarter of 2013. Warehouse/distribution space had the highest level of activity over the past quarter but the amount of absorption barely registered in positive territory. Office service type space accounted for the bulk of quarter's negative absorption, but fortunately, this was concentrated mainly in the 33rd Street/LB McLeod and Lake Mary/Sanford submarkets. Although positive absorption was minimal, leasing activity was up 5.3% from the volume recorded a year ago. Manufacturing and office service space both experienced increases in activity, up 75.1% and 18.5%, respectively. Large users were active in the market along with smaller-sized tenants under 15,000 square feet (sf).

The overall vacancy rate in Orlando has fallen by 1.2 percentage points over the past year to 9.4%. The vacancy rate has tightened over the past four years with almost 5.5 million square feet occupied, newly built or taken off the market over this timeframe.

Warehouse/distribution space accounted for the bulk of this rise in occupied space, but office services and manufacturing also posted gains in occupancy during this period.

STRONG CONSTRUCTION MOMENTUM

Building on the increase in construction activity during 2013, several industrial developers are looking to bank additional land options for future growth. This includes modifying future land development plans to better accommodate the demand from tenants needing more specialized space than what is currently available in the market. Besides EastGroup and McCraney Properties' speculative projects in the Orlando Central Park submarket, Duke Realty recently started construction on a partially leased, almost 200,000 sf warehouse/distribution facility in the Regency/Turnpike submarket.

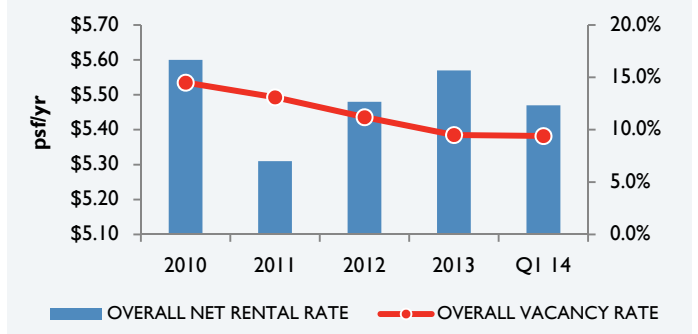
OUTLOOK

The industrial market in Orlando began 2014 with strong forward momentum, though during the first quarter, the market took a breather to digest the strong activity that took place in the second half of 2013. There was minimal movement in vacancy and asking rental rates but leasing activity and new construction both trended positive. Cushman & Wakefield expects to see further growth in the industrial market through the rest of 2014.

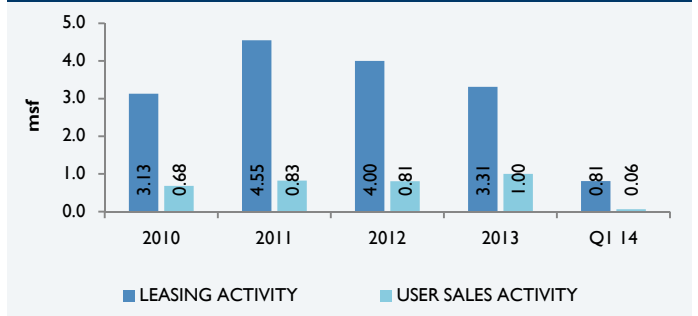
STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	10.6%	9.4%	-1.2pp	▼
Direct Asking Rents (psf/yr)	\$5.54	\$5.50	-0.7%	▲
YTD Leasing Activity (sf)	770,968	811,301	5.2%	▲

OVERALL RENTAL VS. VACANCY RATES



OVERALL OCCUPIER ACTIVITY



ORLANDO, FL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
									HT	MF	OS	W/D
CBD/Winter Park/Maitland	4,143,923	3.1%	0	0	0	0	0	0	N/A	N/A	\$9.90	\$4.75
Silver Star/Apopka	16,621,325	6.7%	99,541	0	0	0	27,958	27,958	N/A	\$3.95	\$7.24	\$4.14
Altamonte/ Longwood	5,401,236	9.0%	58,749	0	0	0	37,791	37,791	N/A	\$3.61	\$7.76	\$5.12
Lake Mary/ Sanford	8,566,363	19.8%	18,254	0	0	0	72,268	72,268	N/A	\$3.90	\$7.27	\$4.70
East Orange / University/Forsyth	4,693,765	6.6%	4,200	0	0	0	(36,333)	(36,333)	N/A	\$6.00	\$12.41	\$4.51
Winter Springs/ Oviedo	1,095,747	8.5%	2295	0	0	0	11,795	11,795	N/A	N/A	\$8.92	\$6.95
Michigan/South Orange Avenue	2,787,688	5.9%	19,634	0	0	0	(39,714)	(39,714)	N/A	N/A	N/A	\$4.04
Airport/Lake Nona	14,264,434	9.0%	126,450	0	1,000,000	0	67,961	(12,101)	N/A	N/A	\$9.70	\$4.50
33 rd Street/ LB McLeod	5,209,134	10.6%	73,429	0	0	0	(90,161)	(90,161)	N/A	N/A	\$8.14	\$4.38
Regency/Turnpike/ Beachline	16,572,137	13.9%	64,151	20,560	0	0	(39,524)	(86,493)	N/A	\$5.71	\$8.87	\$4.00
Orlando Central Park	19,061,516	7.3%	194,641	42,262	352,117	0	130,807	119,325	N/A	\$10.00	\$9.41	\$4.50
Osceola/ Kissimmee	5,089,796	6.8%	7,810	0	0	0	110	110	N/A	\$1.99	\$12.00	\$3.66
West Orange/ Winter Garden	2,417,112	4.1%	142,147	0	0	0	126,147	126,147	N/A	N/A	N/A	\$4.26
TOTAL	105,924,176	9.4%	811,301	62,822	1,352,117	0	269,105	130,592	N/A	\$4.94	\$8.56	\$4.30

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
2351 Investors Row	Orlando Central Park	Communications Test Design	Warehouse/Distribution	72,950
3851 Center Loop	Silver Star/Apopka	Blade Runners Comm. Landscaping	Warehouse/Distribution	63,166
7414 Kingspointe Parkway	Orlando Central Park	APAC Sales Group, Inc.	Warehouse/Distribution	58,700
1915-1995 Stanhome Way	Silver Star/Apopka	Harmon Service Glazing, Inc.	Warehouse/Distribution	37,870
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
1717 Diplomacy Row	Orlando Central Park	Pro Sound, Inc.	\$1,325,000 / \$31	42,262
10890 General Drive	Regency/Turnpike	United Grafix	\$925,000 / \$32	28,650
11236 Satellite Boulevard	Regency/Turnpike	Cwn Holdings-Satellite LLC	\$725,000 / \$35	20,560
1942 New Hampshire	Silver Star/Apopka	Welsh Properties West NH	\$1,050,000 / \$70	15,000
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
7371 South Goldenrod	Airport/Lake Nona	Publix Supermarkets	Q2 2014	1,000,000 (100%)
550 Gills Drive	Regency/Turnpike	Speculative	Q4 2014	195,023
7275 South John Young Parkway 2 & 3	Orlando Central Park	Speculative	Q2 2014	242,638