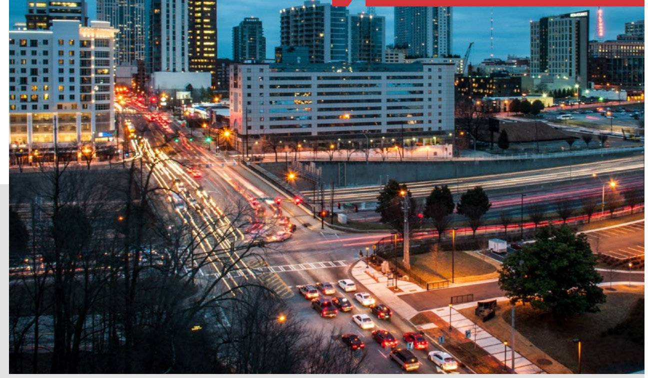
NAI Realvest®

Orlando Metro 3Q19
Industrial Report

INDUSTRIAL



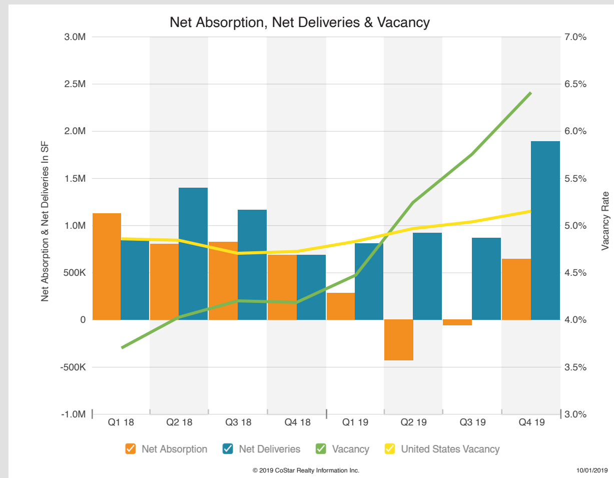
Orlando's industrial market has been firing on all cylinders in recent quarters. Thanks to consistent demand driven by the booming population and job growth, average vacancies have been among the healthiest ever recorded. There has been some slipping since establishing an all-time low last year for average vacancy rate, though much of this is attributed to the over 1 million SF vacated in 19Q2 by Winn-Dixie.

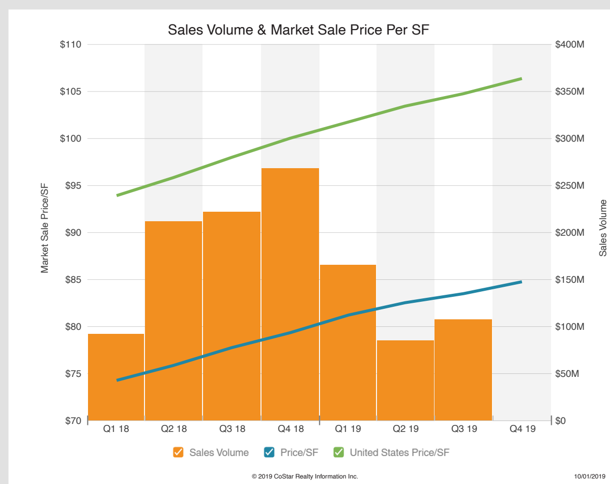
The generally declining vacancies have been assisted by a sluggish construction pipeline throughout the majority of this cycle. However, the healthy vacancy rate and record high annual rent growth has finally spurred developer activity. Since 2017, nearly 6 million SF of space has been delivered to the Orlando metro, more than the combined completions of all years since the recession.

Annual rent growth has rarely been stronger, largely driven by the tightening vacancies. After maintaining levels roughly three times the long-term trend over the past three years, early 2019 established an all-time high in annual rent growth. Rent growth has also felt some downward pressure from the hefty supply wave, though the compression has been relatively mild.

The pipeline remains quite active, with over 3 million SF underway. Fundamentals have already begun to feel the impact, with some upward movement on vacancies. Investment activity has slowed considerably in 2019, after back-to-back record volumes over the past two years. Pricing continues to rise, with average cap rates compressed to their lowest mark in a decade.

Source: CoStar Analytics





Trends for 3Q19

NET ABSORPTION

VACANCY RATE

CONSTRUCTION

ASKING RATES

1800 Pembrook Drive Suite 350
Orlando Florida USA 32810-6928
+1 407 875 9989
www.nairealvest.com

INDUSTRIAL

Orlando Metro 3Q19
Industrial Report

Market Overview:

Flex Submarket Statistics
Third Quarter 2019

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brevard County Ind	235	6,570,635	329,692	345,192	5.3%	124,722	32,337	545,111	$10.27
Lake County Ind	93	1,109,717	9,535	9,535	0.9%	15,450	0	0	$11.18
NE Orange County Ind	41	601,501	11,248	11,248	1.9%	81,225	0	0	$17.94
NW Orange County Ind	221	3,439,999	155,679	155,679	4.5%	30,732	0	0	$10.24
Osceola County Ind	35	610,404	5,030	5,030	0.8%	(5,030)	0	12,000	$14.12
SE Orange County Ind	269	5,926,213	449,955	453,739	7.7%	98,167	71,675	0	$12.09
Seminole County Ind	345	6,100,197	558,149	558,149	9.1%	(18,050)	7,200	0	$9.05
SW Orange County Ind	177	5,825,665	204,004	218,123	3.7%	243,014	255,000	0	$12.59
Totals	**1,416**	**30,184,331**	**1,723,292**	**1,756,695**	**5.8%**	**570,230**	**359,012**	**545,111**	**$10.92**

Warehouse Submarket Statistics
Third Quarter 2019

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brevard County Ind	1,173	22,490,069	827,720	837,720	3.7%	(5,983)	0	52,500	$8.03
Lake County Ind	524	9,287,589	290,235	290,235	3.1%	(37,227)	30,260	129,166	$10.95
NE Orange County Ind	123	1,275,882	36,843	36,843	2.9%	(26,708)	0	0	$11.44
NW Orange County Ind	1,291	33,895,443	2,560,390	2,570,390	7.6%	(877,993)	616,278	1,790,310	$7.13
Osceola County Ind	273	6,837,282	107,409	107,409	1.6%	95,858	14,000	0	$8.54
SE Orange County Ind	1,164	48,623,426	3,405,929	3,408,627	7.0%	274,653	1,544,764	1,720,340	$6.39
Seminole County Ind	1,175	22,435,602	1,048,326	1,051,897	4.7%	47,948	63,980	282,796	$7.37
SW Orange County Ind	490	25,626,372	927,899	994,276	3.9%	(125,655)	14,866	444,447	$5.93
Totals	**6,213**	**170,471,665**	**9,204,751**	**9,297,397**	**5.5%**	**(655,107)**	**2,284,148**	**4,419,559**	**$6.99**

Total Industrial Submarket Statistics
Third Quarter 2019

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brevard County Ind	1,408	29,060,704	1,157,412	1,182,912	4.1%	118,739	32,337	597,611	$9.01
Lake County Ind	617	10,397,306	299,770	299,770	2.9%	(21,777)	30,260	129,166	$10.96
NE Orange County Ind	164	1,877,383	48,091	48,091	2.6%	54,517	0	0	$15.54
NW Orange County Ind	1,512	37,335,442	2,716,069	2,726,069	7.3%	(847,261)	616,278	1,790,310	$7.36
Osceola County Ind	308	7,447,686	112,439	112,439	1.5%	90,828	14,000	12,000	$9.47
SE Orange County Ind	1,433	54,549,639	3,855,884	3,862,366	7.1%	372,820	1,616,439	1,720,340	$6.94
Seminole County Ind	1,520	28,535,799	1,606,475	1,610,046	5.6%	29,898	71,180	282,796	$7.93
SW Orange County Ind	667	31,452,037	1,131,903	1,212,399	3.9%	117,359	269,866	444,447	$6.72
Totals	**7,629**	**200,655,996**	**10,928,043**	**11,054,092**	**5.5%**	**(84,877)**	**2,650,360**	**4,976,670**	**$7.61**

Total Industrial Market Statistics
Third Quarter 2019

	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
Period	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2019 3q	7,629	200,655,996	10,928,043	11,054,092	5.5%	(81,752)	9	871,444	51	4,976,670	$7.61
2019 2q	7,610	199,463,922	10,182,242	10,442,717	5.2%	(542,039)	7	374,924	42	3,809,997	$7.35
2019 1q	7,599	198,510,448	8,760,848	8,964,004	4.5%	230,648	13	842,242	41	3,770,377	$7.15

Source: CoStar Property®