

MARKETBEAT INDUSTRIAL SNAPSHOT



ORLANDO, FLORIDA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

The unemployment rate in the Orlando area decreased to 5.4% in February 2015, down by nine-tenths of a percentage point (pp) from a year earlier and two-tenths lower than the state's rate of 5.6%. The Orlando metro led the state in job creation over the past twelve months, adding 46,200 jobs in all major industries and increasing nonagricultural employment by 4.2%. Gains were mostly in leisure/hospitality, professional/business services, transportation, and the construction sectors.

Leading growth in the market has been smaller business tenancy under 20,000 square feet (sf) as well as many new out-of-market groups seeing Orlando as a key primary distribution point. The overall industrial vacancy rate fell to 8.1%, down 0.4 pp from the previous quarter and has fallen 1.3 pp over the past year to finish the first quarter at its lowest rate since the end of 2007. Besides tenant expansions and new market entrants, the biggest factor for falling vacancy rates was the slow pace of new construction of any type. Only in the last six months have there been an uptick in construction with several projects having some level of preleasing in place.

STRONG POSITIVE ABSORPTION

The first quarter of 2015 represented the 5th quarter in a row of positive direct net absorption. Leasing activity, while still healthy at over 703,001 sf was down from the torrid pace set in the first quarter of 2014. The Orlando Central Park submarket generated the lion's share of positive absorption, with almost 250,000 sf. The Airport/Lake Nona submarket was second with over 94,000 sf in positive absorption.

Overall direct net asking rental rates increased \$0.49, or 8.9% from the first quarter of 2014 to \$5.99 per square foot, the highest rental rate since the end of 2009. Over the past year, warehouse/distribution space rose 9.0% and office services saw a 5.7% increase. Manufacturing space continued to see significant rental increases, rising by 17.4% in one year.

INCREASED INVESTMENT SALES

The level of activity in investment sales for the first quarter was the highest ever recorded. The largest transaction was a 1,081 multi-state property portfolio purchased by the Blackstone Group from Global Logistics Properties, LTD for \$8.1 billion. Twenty-two of those properties were in the Orlando metro and represented over 3.0 million sf. In addition, there were four other portfolio sales in the quarter ranging from 311,000 to 63,000 sf. The largest single property industrial sale was for \$22.9 million in Lake County to the west of Orlando.

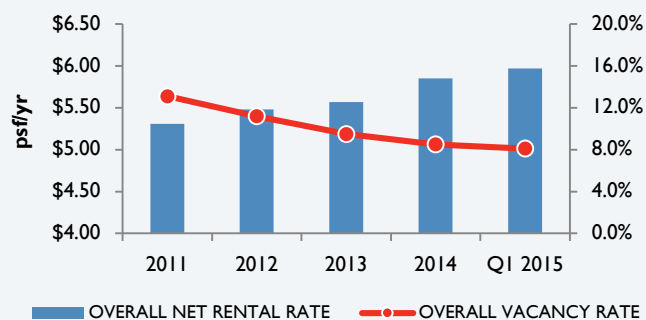
OUTLOOK

Vacancy continued to fall on heightened tenant expansion and rental rates have consistently moved up with some submarkets achieving rents at pre-recession levels. New construction should address some of the tenant demand and allow the market more leverage in attracting new market entrants. Leasing and tenant activity should increase in the short-term before the summer downshift. Cushman & Wakefield forecasts further growth in the industrial markets fundamentals throughout the rest of 2015.

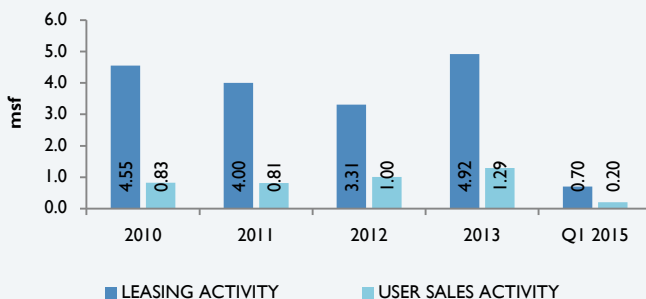
STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.4%	8.1%	-1.3 pp	▼
Direct Asking Rents (psf/yr)	\$5.50	\$5.99	+8.9%	▲
YTD Leasing Activity (sf)	1,443,476	703,001	-51.3%	▲

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	4,099,086	2.8%	4,160	18,658	0	0	(9,813)	(9,813)	N/A	\$0.00	\$11.31	\$5.82
Silver Star/Apopka	16,852,832	6.6%	83,089	133,449	0	0	(10,089)	(75,089)	N/A	\$5.92	\$7.70	\$5.37
Altamonte/ Longwood	5,465,679	9.8%	65,983	0	0	0	30,033	30,033	N/A	\$6.08	\$7.98	\$5.26
Lake Mary/ Sanford	8,533,720	17.5%	75,117	0	0	0	48,100	48,100	N/A	\$5.26	\$7.13	\$4.50
East Orange / University/Forsyth	4,591,697	5.7%	34,379	0	0	0	3,374	3,374	N/A	N/A	\$12.25	\$5.38
Winter Springs/ Oviedo	1,095,747	4.7%	0	0	0	0	(2,000)	(2,000)	N/A	N/A	\$7.12	\$6.00
Michigan/South Orange Avenue	2,760,022	7.4%	18,700	0	0	0	3,761	3,761	N/A	\$5.00	N/A	\$4.14
Airport/Lake Nona	15,484,756	7.4%	100,598	51,000	321,387	0	94,233	94,233	N/A	N/A	\$9.97	\$4.46
33 rd Street/ LB McLeod	5,108,277	10.9%	63,196	0	0	0	(13,797)	(13,797)	N/A	N/A	\$11.87	\$5.19
Regency/Turnpike/ Beachline	16,808,933	8.7%	74,963	0	703,920	0	(118,424)	(118,424)	N/A	\$6.73	\$7.75	\$4.45
Orlando Central Park	19,564,786	7.6%	133,770	0	0	142,638	249,693	239,874	N/A	\$7.53	\$10.87	\$4.55
Osceola/ Kissimmee	5,103,777	6.1%	18,806	0	0	0	18,806	18,806	N/A	\$2.75	\$12.00	\$3.86
West Orange/ Winter Garden	2,444,758	2.5%	30,240	0	0	0	30,240	30,240	N/A	N/A	N/A	\$4.82
TOTAL	107,914,070	8.1%	703,001	203,107	1,025,307	142,638	324,117	249,298	N/A	\$5.80	\$9.05	\$4.69

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

HT = HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
6217 Emperor Drive *	Orlando Central Park	Sysco Guest Supply, LLC	Warehouse/Distribution	92,420
1181 Tradeport Drive	Airport/Lake Nona	The American Bottling Company	Warehouse/Distribution	60,000
1401 Ocoee-Apopka Road	Silver Star/Apopka	Quality Custom Dist. Services, Inc.	Warehouse/Distribution	36,016
6321 Emperor Drive *	Orlando Central Park	Creative Touch Interiors, Inc.	Warehouse/Distribution	33,280
450 Maguire Road Extension	West Orange/Winter Garden	Kelly's Foods Inc.	Warehouse/Distribution	30,240

SIGNIFICANT Q1 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
22 Property Portfolio **	Orlando Metro	IndCor Properties/Blackstone	N/A	3,096,659
19925 Independence Boulevard ***	Groveland/Lake County	Real Capital Solutions	\$22,900,000 / \$32	706,560
5 Property Portfolio	Silver Star/Apopka	Brennan Investment Group	\$9,250,000 / \$30	311,242
3 Property Portfolio	Silver Star/Apopka	Evista Properties University LLC	\$7,680,000 / \$60	128,643

SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
7153 South John Young Parkway	Orlando Central Park	Fed Ex Ground	Q1 2015	142,638 (84.5%)

SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
Bent Oak Industrial Park (2 Bldgs.)	Regency/Turnpike	N/A	Q2 2015	703,920 (0.0%)
5867 Lee Vista Boulevard	Airport/Lake Nona	N/A	Q2 2015	125,085 (0.0%)

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS

** PART OF A 999 PROPERTY NATIONWIDE PORTFOLIO SALE. SQUARE FEET REPRESENTS ONLY THOSE PROPERTIES IN THE ORLANDO METRO AREA.

***OUTSIDE OF MARKET. SQUARE FOOTAGE NOT INCLUDED IN STATISTICS.