

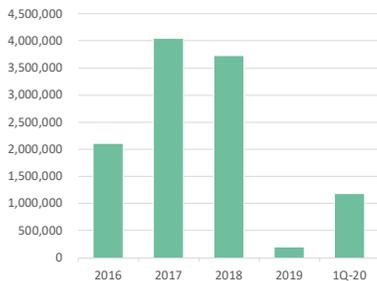
Orlando

First quarter statistics serve as an indicator of the Orlando industrial market's position prior to the COVID-19 crisis, which began to unfold locally with widespread social distancing measures in March. The leasing and sales environment has changed dramatically since that time, and those impacts will begin to materialize in the data in the second quarter.

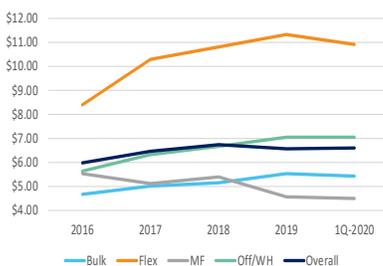
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/NNN)



First Quarter Industrial Fundamentals Fueled by Solid Net Absorption and Continued Speculative Development

- Year-over-year vacancy for the period ending with 1Q-2020 is up only 11 basis points, which is partly attributable to strong leasing in the Northwest and Orlando Central Park submarkets.
- Rental rate growth continued to accelerate over the last year, with bulk distribution rents rising 3.6% for the 12-month period ending 1Q-2020 and warehouse rents rising 4.2%.
- Amazon continues to command the industrial headlines in Orlando, with key projects underway in the metro area's primary three-county area as well as surrounding communities in Volusia and Lake counties. Seefried Industrial Properties is planning to develop a 201,475-sf last mile warehouse for the e-commerce giant in Mid-Florida Logistics Park, and the company was also

close to signing for the entire 561,750-sf bulk distribution facility at Air Commerce Park that was completed in 2019. Also noteworthy was Amazon's recent acquisition of a 115,280-sf last-mile logistics warehouse near downtown Orlando for \$32.6 million, or \$283 per sf - an exorbitantly large price tag for this market.

- In addition to a number of industrial projects that Avison Young has reported on that are planning to move forward in 2020, Dallas-based Dalfen Industrial LLC recently announced plans to develop a 105,000-sf warehouse on Hoffner Ave in the Airport area; and EastGroup Properties is preparing to break ground on two, 100,000-sf buildings in its 1.5 million-sf Horizon West Commerce Park project near Walt Disney World.

Trends to Watch



Supply and Demand

Systemic weakness in the retail sector and surging e-commerce demand could strain the industrial supply chain, creating the need for additional distribution and warehouse facilities.



Changing Footprints

New distribution centers along the I-4 Corridor are getting bigger in order to accommodate the growing needs of e-commerce tenants.



Amazon Continues to Dominate

Record e-commerce demand is fueling Amazon's expansion throughout Central Florida, with new development plans underway across the entire Orlando area.

117.2 MSF

Total inventory in the Orlando industrial market

1,189,318 SF

Direct Y-T-D net absorption as of 1Q-2020

7.93%

Overall Vacancy

\$6.19/SF/NNN

Average rental rate for industrial space (excluding flex)

ORLANDO MSA TOTAL

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	40,937,437	\$5.42	4,138,407	168,000	89.89%	10.11%	0.41%	10.52%	1,630,936	894,007
Flex	14,116,739	\$10.93	808,399	17,158	94.27%	5.73%	0.12%	5.85%	0	49,396
Manufacturing	6,321,623	\$4.50	108,000	0	98.29%	1.71%	0.00%	1.71%	0	12,522
Warehouse / Distribution	55,869,853	\$7.06	3,924,604	129,312	92.98%	7.02%	0.23%	7.26%	2,078,488	233,393
Market Total	117,245,652	\$6.62	8,979,410	314,470	92.34%	7.66%	0.27%	7.93%	3,709,424	1,189,318

Northwest

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,855,531	\$5.50	438,598	0	76.36%	23.64%	0.00%	23.64%	986,500	380,000
Flex	500,738	\$11.60	10,441	0	97.91%	2.09%	0.00%	2.09%	0	(1,166)
Manufacturing	1,126,395	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	4,219,545	\$6.33	280,930	3,750	93.34%	6.66%	0.09%	6.75%	0	53,691
Northwest Total	7,702,209	\$5.91	729,969	3,750	90.52%	9.48%	0.05%	9.53%	986,500	432,525

Silver Star

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	3,132,217	\$5.75	1,079,766	0	65.53%	34.47%	0.00%	34.47%	0	0
Flex	1,286,291	\$8.71	85,349	7,003	93.36%	6.64%	0.54%	7.18%	0	2,159
Manufacturing	1,167,132	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	11,322
Warehouse / Distribution	8,481,188	\$7.63	536,164	10,000	93.68%	6.32%	0.12%	6.44%	221,216	2,879
Silver Star Total	14,066,828	\$6.49	1,701,279	17,003	87.91%	12.09%	0.12%	12.22%	221,216	16,360

Longwood/Lake Mary/Sanford

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,250,450	\$4.95	83,207	0	93.35%	6.65%	0.00%	6.65%	0	0
Flex	1,959,306	\$9.83	161,477	0	91.76%	8.24%	0.00%	8.24%	0	(24,468)
Manufacturing	1,673,031	\$4.50	108,000	0	93.54%	6.46%	0.00%	6.46%	0	1,200
Warehouse / Distribution	5,710,035	\$6.82	405,795	0	92.89%	7.11%	0.00%	6.80%	378,100	(34,217)
Longwood/Lake Mary/Sanford Total	10,592,822	\$6.92	758,479	0	92.84%	7.16%	0.00%	7.00%	378,100	(57,485)

North Central

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Flex	1,238,596	\$9.74	88,424	0	92.86%	7.14%	0.00%	7.14%	0	2,002
Manufacturing	266,586	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	1,040,988	\$8.52	20,950	0	97.99%	2.01%	0.00%	2.01%	0	(1,900)
North Central Total	2,546,170	\$9.51	109,374	0	95.70%	4.30%	0.00%	4.30%	0	102

Central Orlando

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	316,943	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	528,969	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	375,472	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,213,946	\$7.47	191,053	0	94.06%	5.94%	0.00%	5.94%	130,000	(9,963)
Central Orlando Total	4,435,330	\$7.47	191,053	0	95.69%	4.31%	0.00%	4.31%	130,000	(9,963)

Osceola County

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,353,699	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	485,875	\$14.00	4,860	0	99.00%	1.00%	0.00%	1.00%	0	5,850
Manufacturing	1,349,220	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	1,617,018	\$9.44	77,392	0	95.21%	4.79%	0.00%	4.79%	0	(35,919)
Osceola County Total	4,805,812	\$9.71	82,252	0	98.29%	1.71%	0.00%	1.71%	0	(30,669)

33rd Street

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	213,000	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	613,674	\$10.18	30,837	0	94.98%	5.02%	0.00%	5.02%	0	(19,500)
Warehouse / Distribution	3,570,003	\$6.93	175,916	18,096	95.07%	4.93%	0.51%	5.43%	0	21,909
33rd Street Total	4,396,677	\$7.41	206,753	18,096	95.30%	4.70%	0.41%	5.11%	0	2,409

University/East Side

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	350,154	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	1,427,257	\$9.48	104,924	0	92.65%	7.35%	0.00%	7.35%	0	30,032
Manufacturing	363,787	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	1,806,916	\$6.35	68,832	0	96.19%	3.81%	0.00%	3.81%	0	(11,707)
University/East Side Total	3,948,114	\$8.24	173,756	0	95.60%	4.40%	0.00%	4.40%	0	18,325

Orlando Central Park

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	8,834,960	\$5.46	405,937	16,000	95.41%	4.59%	0.18%	4.78%	0	(27,744)
Flex	2,627,752	\$10.94	45,067	0	98.28%	1.72%	0.00%	1.72%	0	32,497
Warehouse / Distribution	4,466,818	\$7.02	363,898	25,550	91.85%	8.15%	0.57%	8.72%	0	121,498
Orlando Central Park Total	15,929,530	\$6.46	814,902	41,550	94.88%	5.12%	0.26%	5.38%	0	126,251

Airport/Southeast

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	15,627,230	\$5.26	1,780,695	60,000	88.61%	11.39%	0.38%	11.78%	644,436	77,351
Flex	2,346,146	\$13.19	238,325	3,022	89.84%	10.16%	0.13%	10.29%	0	9,658
Warehouse / Distribution	17,802,157	\$6.90	1,703,305	21,537	90.43%	9.57%	0.12%	9.69%	1,349,172	121,339
Airport/Southeast Total	35,775,533	\$6.52	3,722,325	84,559	89.60%	10.40%	0.24%	10.64%	1,993,608	208,348

Southwest

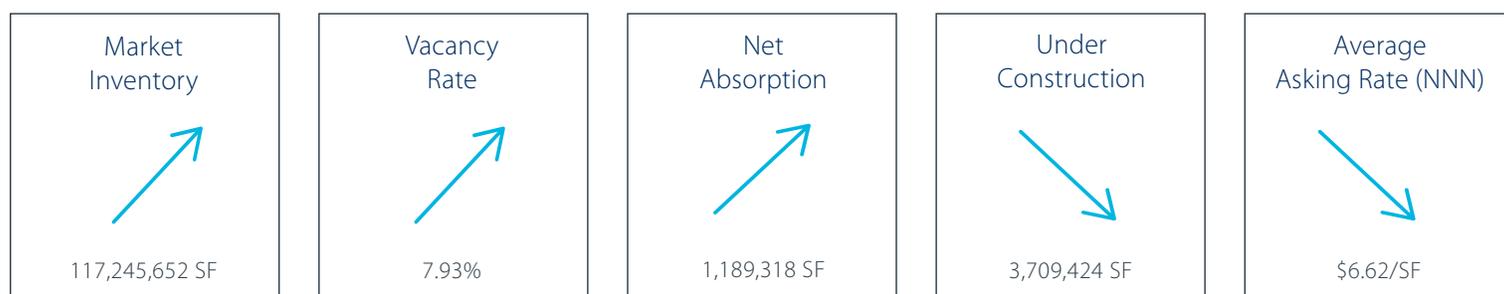
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,763,652	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	14,400
Flex	1,102,135	\$13.24	38,695	7,133	96.49%	3.51%	0.65%	4.16%	0	12,332
Warehouse / Distribution	3,536,157	\$7.65	100,369	50,379	97.16%	2.84%	1.42%	4.26%	0	5,783
Southwest Total	6,401,944	\$9.21	139,064	57,512	97.83%	2.17%	0.90%	3.07%	0	32,515

Davenport

Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	6,239,601	\$5.20	350,204	92,000	94.39%	5.61%	1.47%	7.09%	0	450,000
Warehouse / Distribution	405,082	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Davenport Total	6,644,683	\$5.20	350,204	92,000	94.73%	5.27%	1.38%	6.66%	0	450,000

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in the Orlando MSA that are not government owned. All rents are reported on a triple-net basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but not guaranteed.

Leading Indicators (Y-O-Y 1Q-2019 to 1Q-2020)

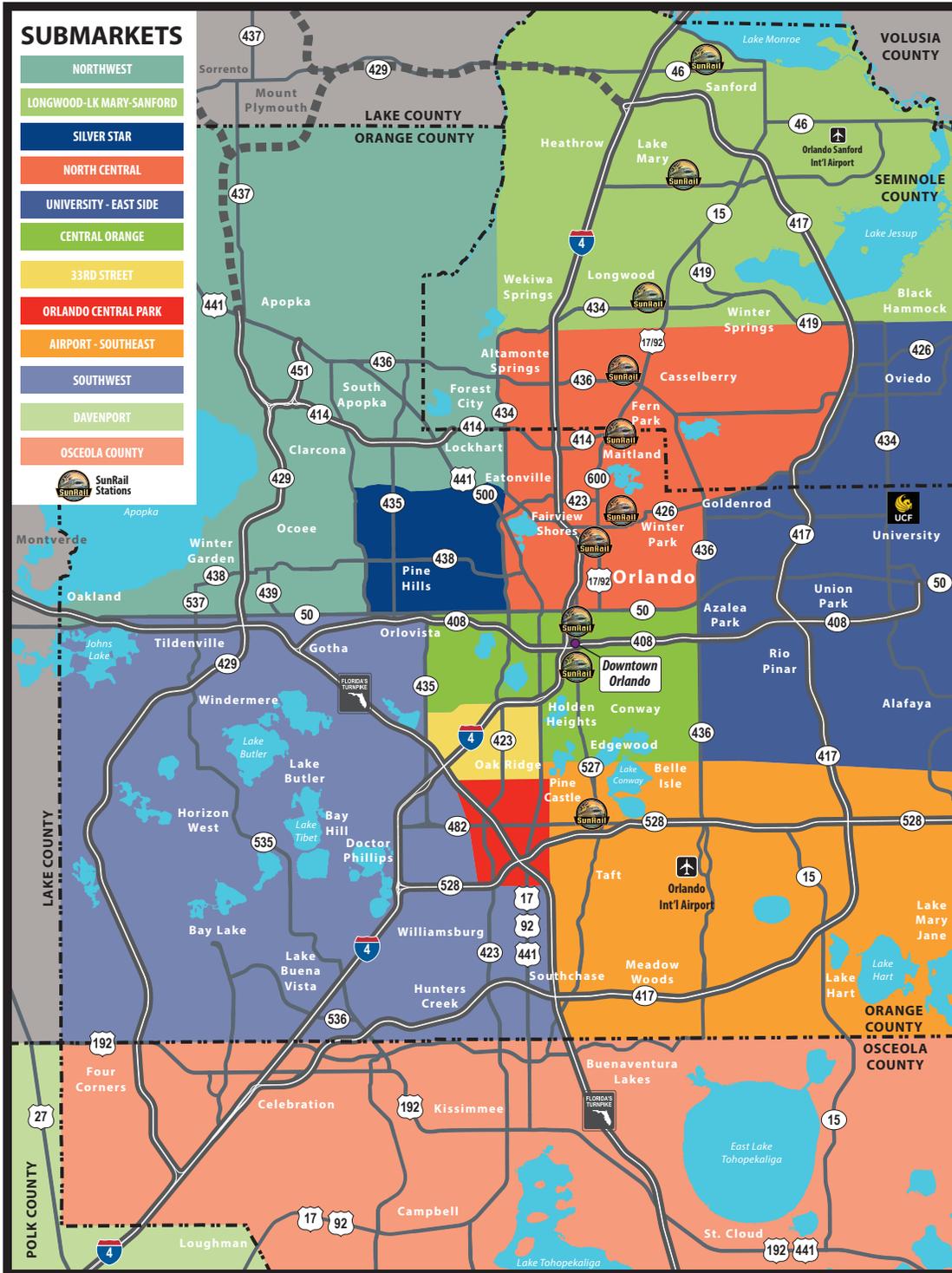


Significant First Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Paradise Grills	Distribution 429 - Bldg 200	New	119,684	Northwest
Walmart	Parksouth Distribution 'D'	New	118,250	Orlando Central Park
Confidential	Air Commerce Park Ph II - Bldg 1	New	77,101	Airport/Southeast
Confidential	Infinity Park - Bldg 200	New	69,238	Orlando Central Park
CED Greentech	Exchange Distribution Center I	New	52,260	Orlando Central Park
Ally Building Solutions	Crownpoint V	New	46,002	Southwest
Briggs Equipment	Presidents Drive VI	New	42,678	Orlando Central Park
Sundance Architectural Products	4249 LB McLeod Rd	Renewal	38,231	33rd Street
Boss Laser	644 Trestle Pt	New	27,000	Longwood/Lake Mary/Sanford
Paychex	Semorán CommerCenter	Renewal	20,276	Airport/Southeast

Significant First Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
CVS Distribution Center	713,585	\$41,150,000	\$58	Tratt Properties, LLC	Orlando Central Park
1224 S Orange Blossom Trl	115,280	\$32,600,000	\$283	CBRE Global Investors	Central Orlando
2560 W Orange Blossom Trl	493,393	\$25,000,000	\$51	Mandich Group	Northwest
6917 Presidents Dr	74,531	\$8,198,410	\$110	LIT Industrial LP	Orlando Central Park
3320 Maggie Blvd	108,000	\$7,900,000	\$73	Griffin Industrial Realty	33rd Street
170 Sunport Lane	68,320	\$5,650,000	\$83	Griffin Industrial Realty	Airport/Southeast



Contact Information

Greg Morrison
Principal and Managing Director
407.440.6640
greg.morrison@avisonyoung.com

Lisa McNatt
Director of Research
813.444.0606
lisa.mcnatt@avisonyoung.com

Orlando Industrial Leader

Lisa Bailey, SIOR
Principal
407.440.6645
lisa.bailey@avisonyoung.com



avisonyoung.com

