

# Orlando



## Market Facts

**101.9 MSF**

Total inventory in the Orlando industrial market

**2,114,477 SF**

Direct net absorption for 2016

**5.99%**

Overall Vacancy

**\$6.00 PSF**

Average rental rate for industrial space in Orlando on a triple-net basis

## Industrial Market Fundamentals During 2016 Surpass Previous Year's Performance

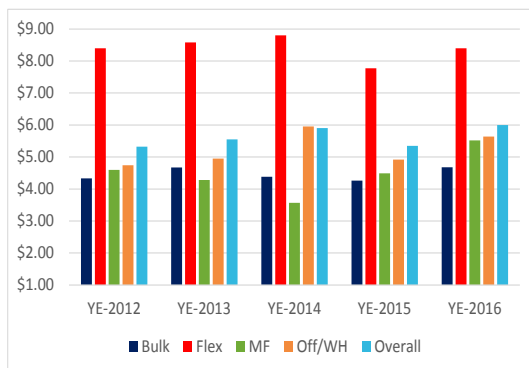
Orlando's economic engine continues to impress as demonstrated by the sustained decline in the unemployment rate, which remained steady at 4.4% as of November 2016 – a slight 20-bps decrease from the previous year. Economic fundamentals remain solid, job growth continues with over 46,800 new jobs added in the trailing 12-month period, healthy leasing activity is occurring, and there is an increasingly active speculative development pipeline, with the vast majority of new development still taking place in the sought after Airport/Southeast submarket.

At the close of 2016, industrial fundamentals remained sound. Overall vacancy has declined 2.4 percentage points over the last year to a current 5.99%, healthy absorption of over 2.1 million sf has been recorded, and rental rates continue to strengthen, with the

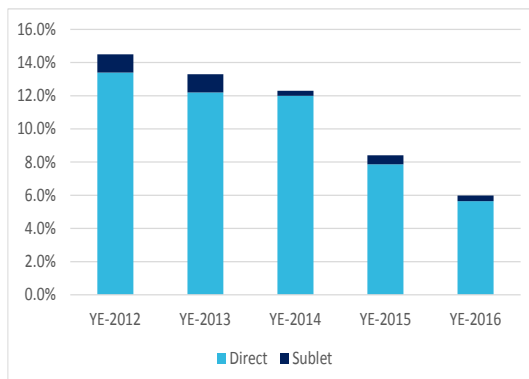
direct weighted average rental rate up \$0.65 since year-end 2015 to a current \$6.00 per sf on a triple-net basis. The direct weighted average rental rate is up in all submarkets over the same point a year ago, and has risen significantly in several areas. Landlords continue to incrementally increase asking rents, particularly in newer and more functionally efficient buildings in major distribution corridors, with the greatest year-to-date increases (relative to total inventory) in the Airport/Southeast submarket (up \$0.76), followed by Orlando Central Park (up \$0.62) and Silver Star (up \$0.51). All sectors except for manufacturing recorded positive absorption, and the Airport/Southeast, Orlando Central Park, and Southwest submarkets of South Orlando accounted for two-thirds of all net absorption recorded during the year.

Since functionality for e-commerce businesses is somewhat secondary to proximity, infill re-development of existing industrial and class C office product in pivotal locations could likely become an increasing trend over the next few years.

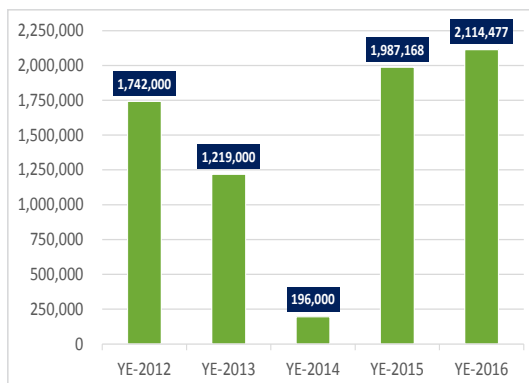
### Average Asking Rent Rate (\$/SF/NNN)



### Vacancy Rate



### Net Absorption (SF)



### E-Commerce Revolution Driving Industrial Trends

A virtual explosion within the e-commerce industry is spurring nationwide demand for industrial real estate, along with driving much of the demand for acquiring developable sites. As a result, finding reasonably priced industrial-zoned land in primary transportation corridors is an increasingly difficult proposition. Since functionality for e-commerce businesses is somewhat secondary to proximity, infill re-development of existing industrial and class C office product in pivotal locations could likely become an increasing trend over the next few years.

An omni-channel retail marketplace is also creating strong demand for industrial development as smaller retail footprints and a diminishing supply of brick and mortar stores is creating additional demand for distribution space.

### A Growing and Diverse Development Pipeline

There is a total of 1.8 million sf in the active speculative development pipeline, nearly all of which is situated proximate to Orlando International Airport, with significant projects under construction by EastGroup, DCT Industrial Trust, Foundry Commercial and McCraney Property Company. There is also a significant manufacturing development underway in Osceola County. The 109,000-sf Florida Advanced Manufacturing Research Center ("FAMRC") is expected to become a major economic driver for Osceola County as the first facility in Florida with the capability of providing a high-tech manufacturing platform.

While a relative lack of large blocks of space in the market is fueling

the new construction activity, with the bulk in the Airport/Southeast submarket, it is expected that the new space under construction will only partly mitigate the pent-up demand as tenant interest remains steady and strong economic fundamentals continue to support business expansion.

### Looking Ahead

Central Florida's industrial market offers considerable logistical advantages. Tenants in the e-commerce, distribution, and construction materials industries seeking buildings with higher clear heights, deep truck courts and trailer parking will find opportunities in new development rising around Orlando International Airport, along with the Davenport area of Southwest Orlando where the development of bulk distribution facilities have been pushing for the last several years.

Heading into 2017, Avison Young anticipates that the speculative construction underway will help to alleviate some of the existing pent-up demand for space, and the new space scheduled for delivery will create a small and temporary uptick in the vacancy rate. Rental rates will continue to show incremental gains, particularly for newly developed space and well located properties, and distribution, e-commerce, and 3PL firms will continue to aggressively canvass for opportunities in the Airport/Southeast submarket and in the burgeoning Davenport area.

Investors will also continue to seek opportunities for properties offering high quality construction with credit tenants that have limited short-term rollover in compelling locations proximate to transportation corridors.

| ORLANDO MSA TOTAL              |                    |                   |                         |                   |                 |                        |                      |                           |                       |
|--------------------------------|--------------------|-------------------|-------------------------|-------------------|-----------------|------------------------|----------------------|---------------------------|-----------------------|
| Class Breakdown                | Total RSF          | Lease Rate        | Direct Vacant SF        | % Occupied        | % Vacant        | % Sublet Vacant        | Total Vacancy        | Under Construction        | YTD Absorption        |
| Total Bulk / Distribution      | 32,041,087         | \$4.68            | 1,929,178               | 93.98%            | 6.02%           | 0.74%                  | 6.76%                | 451,823                   | 568,166               |
| Total Flex Space               | 13,863,114         | \$8.40            | 1,452,549               | 89.52%            | 10.48%          | 0.51%                  | 10.99%               | 0                         | 423,634               |
| Total Manufacturing            | 6,509,769          | \$5.52            | 465,194                 | 92.85%            | 7.15%           | 0.00%                  | 7.15%                | 100,000                   | (12,100)              |
| Total Office / Warehouse       | 49,446,401         | \$5.64            | 1,904,178               | 96.15%            | 3.85%           | 0.11%                  | 3.96%                | 1,250,616                 | 1,134,777             |
| <b>Market Total</b>            | <b>101,860,371</b> | <b>\$6.00</b>     | <b>5,751,099</b>        | <b>94.35%</b>     | <b>5.65%</b>    | <b>0.34%</b>           | <b>5.99%</b>         | <b>1,802,439</b>          | <b>2,114,477</b>      |
| Northwest                      |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 743,355            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Flex                           | 384,704            | \$9.00            | 2,940                   | 99.24%            | 0.76%           | 0.00%                  | 0.76%                | 0                         | 27,620                |
| Manufacturing                  | 1,126,395          | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Office / Warehouse             | 3,706,021          | \$5.91            | 137,082                 | 96.30%            | 3.70%           | 0.00%                  | 3.70%                | 0                         | (1,296)               |
| <b>Submarket Total</b>         | <b>5,960,475</b>   | <b>\$5.97</b>     | <b>140,022</b>          | <b>97.65%</b>     | <b>2.35%</b>    | <b>0.00%</b>           | <b>2.35%</b>         | <b>0</b>                  | <b>26,324</b>         |
| Silver Star                    |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 3,365,354          | \$4.55            | 146,400                 | 95.65%            | 4.35%           | 0.00%                  | 4.35%                | 0                         | 11,278                |
| Flex                           | 1,317,456          | \$5.04            | 118,641                 | 90.99%            | 9.01%           | 1.14%                  | 10.14%               | 0                         | 1,649                 |
| Manufacturing                  | 1,495,710          | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Office / Warehouse             | 7,872,684          | \$7.12            | 186,895                 | 97.63%            | 2.37%           | 0.07%                  | 2.45%                | 23,200                    | 83,905                |
| <b>Submarket Total</b>         | <b>14,051,204</b>  | <b>\$5.74</b>     | <b>451,936</b>          | <b>96.78%</b>     | <b>3.22%</b>    | <b>1.21%</b>           | <b>4.43%</b>         | <b>23,200</b>             | <b>96,832</b>         |
| Longwood / Lake Mary / Sanford |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 1,250,450          | \$4.25            | 463,650                 | 62.92%            | 37.08%          | 0.00%                  | 37.08%               | 0                         | 0                     |
| Flex                           | 2,116,508          | \$8.57            | 305,218                 | 85.58%            | 14.42%          | 0.00%                  | 14.42%               | 0                         | 34,674                |
| Manufacturing                  | 1,522,876          | \$4.75            | 423,194                 | 72.21%            | 27.79%          | 0.00%                  | 27.79%               | 0                         | 12,900                |
| Office / Warehouse             | 5,516,244          | \$6.13            | 192,028                 | 96.52%            | 3.48%           | 0.00%                  | 3.48%                | 40,500                    | 181,761               |
| <b>Submarket Total</b>         | <b>10,406,078</b>  | <b>\$5.62</b>     | <b>1,384,090</b>        | <b>86.70%</b>     | <b>13.30%</b>   | <b>0.00%</b>           | <b>13.30%</b>        | <b>40,500</b>             | <b>229,335</b>        |
| North Central                  |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Flex                           | 1,258,596          | \$8.31            | 134,899                 | 89.28%            | 10.72%          | 0.00%                  | 10.72%               | 0                         | (14,294)              |
| Manufacturing                  | 233,186            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.61%                  | 0.61%                | 0                         | 0                     |
| Office / Warehouse             | 1,070,988          | \$4.66            | 51,255                  | 95.21%            | 4.79%           | 0.00%                  | 4.79%                | 0                         | (34,630)              |
| <b>Submarket Total</b>         | <b>2,562,770</b>   | <b>\$7.30</b>     | <b>186,154</b>          | <b>92.74%</b>     | <b>7.26%</b>    | <b>0.61%</b>           | <b>7.88%</b>         | <b>0</b>                  | <b>(48,924)</b>       |
| Central Orlando                |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 316,943            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Flex                           | 528,969            | \$12.00           | 46,225                  | 91.26%            | 8.74%           | 1.64%                  | 10.38%               | 0                         | 31,292                |
| Manufacturing                  | 510,500            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Office / Warehouse             | 3,406,751          | \$3.60            | 20,350                  | 99.40%            | 0.60%           | 0.44%                  | 1.04%                | 0                         | 69,589                |
| <b>Submarket Total</b>         | <b>4,763,163</b>   | <b>\$9.43</b>     | <b>66,575</b>           | <b>98.60%</b>     | <b>1.40%</b>    | <b>2.08%</b>           | <b>3.48%</b>         | <b>0</b>                  | <b>100,881</b>        |
| Osceola County                 |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 1,353,699          | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Flex                           | 465,435            | \$9.65            | 10,950                  | 97.65%            | 2.35%           | 0.00%                  | 2.35%                | 0                         | 27,895                |
| Manufacturing                  | 1,257,315          | \$6.29            | 42,000                  | 96.66%            | 3.34%           | 0.00%                  | 3.34%                | 100,000                   | (25,000)              |
| Office / Warehouse             | 1,595,702          | \$4.26            | 138,789                 | 91.30%            | 8.70%           | 0.00%                  | 8.70%                | 0                         | 13,745                |
| <b>Submarket Total</b>         | <b>4,672,151</b>   | <b>\$5.01</b>     | <b>191,739</b>          | <b>95.90%</b>     | <b>4.10%</b>    | <b>0.00%</b>           | <b>4.10%</b>         | <b>100,000</b>            | <b>16,640</b>         |
| 33rd Street                    |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 213,000            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Flex                           | 613,674            | \$6.59            | 86,647                  | 85.88%            | 14.12%          | 0.00%                  | 14.12%               | 0                         | (15,598)              |
| Office / Warehouse             | 3,579,490          | \$5.58            | 199,398                 | 94.43%            | 5.57%           | 0.40%                  | 5.97%                | 0                         | 176,433               |
| <b>Submarket Total</b>         | <b>4,406,164</b>   | <b>\$5.88</b>     | <b>286,045</b>          | <b>93.51%</b>     | <b>6.49%</b>    | <b>0.40%</b>           | <b>6.89%</b>         | <b>0</b>                  | <b>160,835</b>        |
| University / East Side         |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 350,154            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Flex                           | 1,451,865          | \$9.32            | 134,267                 | 90.75%            | 9.25%           | 0.00%                  | 9.25%                | 0                         | 59,104                |
| Manufacturing                  | 363,787            | \$0.00            | 0                       | 100.00%           | 0.00%           | 0.00%                  | 0.00%                | 0                         | 0                     |
| Office / Warehouse             | 1,847,129          | \$3.90            | 31,162                  | 98.31%            | 1.69%           | 0.00%                  | 1.69%                | 0                         | 58,557                |
| <b>Submarket Total</b>         | <b>4,012,935</b>   | <b>\$8.30</b>     | <b>165,429</b>          | <b>95.88%</b>     | <b>4.12%</b>    | <b>0.00%</b>           | <b>4.12%</b>         | <b>0</b>                  | <b>117,661</b>        |
| Orlando Central Park           |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 8,833,851          | \$4.93            | 211,624                 | 97.60%            | 2.40%           | 0.00%                  | 2.40%                | 0                         | 298,868               |
| Flex                           | 2,374,706          | \$7.81            | 249,703                 | 89.48%            | 10.52%          | 0.88%                  | 11.40%               | 0                         | 94,416                |
| Office / Warehouse             | 4,216,280          | \$4.69            | 152,548                 | 96.38%            | 3.62%           | 0.00%                  | 3.62%                | 0                         | 50,657                |
| <b>Submarket Total</b>         | <b>15,424,837</b>  | <b>\$6.04</b>     | <b>613,875</b>          | <b>96.02%</b>     | <b>3.98%</b>    | <b>0.88%</b>           | <b>4.86%</b>         | <b>0</b>                  | <b>443,941</b>        |
| Airport / Southeast            |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 13,337,627         | \$4.64            | 1,020,771               | 92.35%            | 7.65%           | 1.77%                  | 9.42%                | 451,823                   | 148,353               |
| Flex                           | 2,187,066          | \$9.31            | 291,498                 | 86.67%            | 13.33%          | 0.00%                  | 13.33%               | 0                         | 86,396                |
| Office / Warehouse             | 13,077,238         | \$6.59            | 772,719                 | 94.09%            | 5.91%           | 0.15%                  | 6.05%                | 1,186,916                 | 552,676               |
| <b>Submarket Total</b>         | <b>28,601,931</b>  | <b>\$6.02</b>     | <b>2,084,988</b>        | <b>92.71%</b>     | <b>7.29%</b>    | <b>1.91%</b>           | <b>9.20%</b>         | <b>1,638,739</b>          | <b>787,425</b>        |
| Southwest                      |                    |                   |                         |                   |                 |                        |                      |                           |                       |
| <b>Class Breakdown</b>         | <b>Total RSF</b>   | <b>Lease Rate</b> | <b>Direct Vacant SF</b> | <b>% Occupied</b> | <b>% Vacant</b> | <b>% Sublet Vacant</b> | <b>Total Vacancy</b> | <b>Under Construction</b> | <b>YTD Absorption</b> |
| Bulk                           | 2,276,654          | \$5.03            | 86,733                  | 96.19%            | 3.81%           | 0.00%                  | 3.81%                | 0                         | 109,667               |
| Flex                           | 1,164,135          | \$6.77            | 71,561                  | 93.85%            | 6.15%           | 0.16%                  | 6.31%                | 0                         | 90,480                |
| Office / Warehouse             | 3,557,874          | \$9.60            | 21,952                  | 99.38%            | 0.62%           | 0.00%                  | 0.62%                | 0                         | (16,620)              |
| <b>Submarket Total</b>         | <b>6,998,663</b>   | <b>\$6.28</b>     | <b>180,246</b>          | <b>97.42%</b>     | <b>2.58%</b>    | <b>0.16%</b>           | <b>2.73%</b>         | <b>0</b>                  | <b>183,527</b>        |

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. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Florida's economy has emerged from the most significant downturn since the Great Depression as one of the nation's fastest growing economies.

## Leading Indicators



## Significant 2016 Lease Transactions - Sorted by SF

| Tenant                       | Property                                 | Type    | SF   | Qtr Leased | Submarket            |
|------------------------------|--|---------|------|------------|----------------------|
| Whirlpool                    | 2100 Directors Row                       | 165,000 | 4Q16 | New Lease  | Orlando Central Park |
| Design Communications        | Liberty Park at AIPO                     | 119,250 | 2Q16 | New Lease  | Airport/Southeast    |
| Specialty Logistics          | Beachline Corporate Center               | 89,000  | 3Q16 | New Lease  | Airport/Southeast    |
| Thyssen Krupp                | LeeVista Business Center Bldg F          | 79,300  | 2Q16 | New Lease  | Airport/Southeast    |
| Irby                         | Prologis Lake Mary Logistics Center      | 60,500  | 2Q16 | New Lease  | Lgwd/Lake Mary/San   |
| Air Traffic Services         | 1001 Tradeport Dr                        | 57,420  | 4Q16 | Renewal    | Airport/Southeast    |
| MASCO Cabinetry              | Presidents II                            | 56,000  | 1Q16 | Renewal    | Orlando Central Park |
| Shaw                         | Liberty Park at AIPO                     | 55,840  | 2Q16 | Expansion  | Airport/Southeast    |
| WESCO                        | Bent Oak Industrial Park Bldg 200        | 54,491  | 4Q16 | New Lease  | Airport/Southeast    |
| Daltile Sales Service Center | Center of Commerce 915                   | 50,878  | 3Q16 | New Lease  | Silver Star          |
| Wurth USA                    | 3001 Directors Row                       | 50,566  | 3Q16 | New Lease  | Orlando Central Park |
| Gemaire                      | Shader Industrial Park                   | 48,500  | 4Q16 | New Lease  | Silver Star          |
| Johnson Controls             | Center of Commerce 902                   | 46,582  | 4Q16 | New Lease  | Silver Star          |
| 4 Power Stone                | 2700-2716 Hazelhurst Ave                 | 45,000  | 1Q16 | New Lease  | Silver Star          |
| Blue Moon Global             | Prologis OCP - Sand Lake I               | 43,993  | 4Q16 | New Lease  | Orlando Central Park |
| Bridgestone                  | 450 Gills Drive                          | 43,120  | 1Q16 | New Lease  | Airport/Southeast    |
| Shell Oil                    | Prologis Crown Pointe Park               | 42,354  | 2Q16 | New Lease  | Southwest            |
| Sorensen Moving & Storage    | Liberty Park at AIPO                     | 42,102  | 4Q16 | Renewal    | Airport/Southeast    |
| Titan Commercial Warehouse   | Orlando Central Park VIII                | 40,885  | 1Q16 | Expansion  | Orlando Central Park |
| Cambria Distribution         | Parksouth Distribution Center E          | 38,684  | 1Q16 | Expansion  | Orlando Central Park |
| Scientific Games             | Liberty Park at AIPO                     | 33,372  | 4Q16 | Expansion  | Airport/Southeast    |
| Absolute Exhibits            | Airport Distribution Center North Bldg A | 32,195  | 3Q16 | Expansion  | Airport/Southeast    |
| Trojan Battery Sales         | 2900 Titan Row                           | 31,500  | 2Q16 | New Lease  | Orlando Central Park |
| US Autoforce                 | Prologis Beltway Commerce Center         | 30,000  | 1Q16 | New Lease  | Airport/Southeast    |
| Interline                    | Horizon Commerce Park III                | 28,102  | 3Q16 | New Lease  | Airport/Southeast    |
| Lars                         | Prologis Orlando Corporate Center        | 27,224  | 3Q16 | New Lease  | Orlando Central Park |
| Zenith Lighting              | LeeVista Business Center Bldg F          | 26,500  | 2Q16 | New Lease  | Airport/Southeast    |
| Design Shop                  | West Park IV                             | 25,000  | 3Q16 | New Lease  | 33rd Street          |

Shading indicates this was a 4th quarter lease transaction

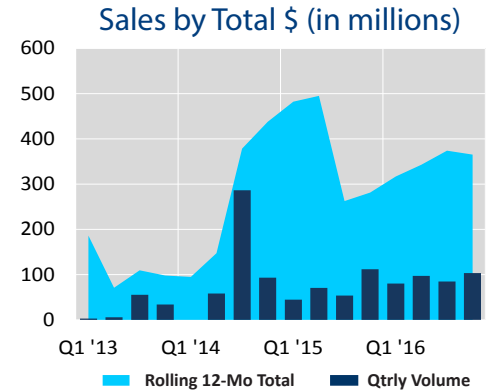




## Industrial Investment Activity Strong During 2016

Significant capital was invested in Orlando's industrial market during 2016, with a notable uptick in REIT investment activity over the course of the year. Sales volume during the trailing 12 month period ending with December 2016 was up 30% over the previous trailing-12 period ending December 2015, and the average price per sf was up 12% during that same period. The largest transaction during the fourth quarter was the sale of three buildings at LeeVista Business Park to Colony Capital REIT ('Colony') for \$47.9 million, although Colony also acquired two additional buildings in the Silver Star area. With over 1.5 million sf acquired over the course of 2016 totaling sales volume of \$127.8 million, Colony was the largest single industrial investor this past year. Earlier in the year, the REIT acquired CrownPointe I-IV, a four-building, 669,010 sf industrial development in the Southwest submarket. The class A industrial project was sold for \$55.6 million, or \$83 per sf, and the sale represented one of the largest industrial sales in Orlando's history.

There have been 42 industrial sales over the trailing 12 months accounting for \$365.1 million and 5.9 million square feet. Forty-nine percent of all sales have been to private buyers, followed by 29% to public REITs, 12% to owner/users, 7% to institutional investors, and 3% to foreign investors based in Canada.



## Significant 2016 Sales Transactions - Sorted by Quarter of Sale

| Property                   | SF      | Sale Price   | Price/<br>SF | Buyer                         | Qtr Sold | Submarket            |
|----------------------------|---------|--------------|--------------|-------------------------------|----------|----------------------|
| LeeVista Business Park D-F | 479,100 | \$47,900,000 | \$100        | Colonial Capital REIT         | 4Q16     | Airport/Southeast    |
| 1925 Park Oaks Ave         | 164,530 | \$13,800,000 | \$84         | Colony Capital REIT           | 4Q16     | Silver Star          |
| 3785 Bryn Mawr             | 218,413 | \$10,500,000 | \$48         | Colony Capital REIT           | 4Q16     | Silver Star          |
| 7101 Presidents Dr         | 106,858 | \$9,000,000  | \$84         | Avistone                      | 4Q16     | Orlando Central Park |
| 8650 Transport Dr          | 360,000 | \$16,250,000 | \$45         | MDH Partners                  | 3Q16     | Airport/Southeast    |
| University Tech Center     | 83,454  | \$10,817,606 | \$130        | City Office REIT              | 3Q16     | University/East Side |
| 3250 Shader Rd             | 609,312 | \$8,600,000  | \$14         | Spinel Investment Company     | 3Q16     | Silver Star          |
| CrownPointe I-IV           | 669,000 | \$55,600,000 | \$83         | Colony Capital REIT           | 2Q16     | Southwest            |
| Technology Park            | 297,693 | \$21,300,000 | \$72         | Real Capital Solutions        | 2Q16     | Lgwd/Lake Mary/San   |
| Shader Industrial Park     | 298,817 | \$10,700,000 | \$36         | Hanover Platinum              | 2Q16     | Silver Star          |
| 7466 Chancellor Dr         | 103,501 | \$6,850,000  | \$66         | TA Realty                     | 2Q16     | Orlando Central Park |
| 3200 Lake Emma Road        | 152,500 | \$18,300,000 | \$120        | Kroger, Inc.                  | 1Q16     | Lgwd/Lake Mary/San   |
| 4473 Shader Rd             | 199,100 | \$14,000,000 | \$70         | First Industrial Realty Trust | 1Q16     | Silver Star          |
| 30 S Keller Rd             | 110,688 | \$9,977,105  | \$90         | Taurus Investment Holdings    | 1Q16     | Silver Star          |
| American Tire Distributors | 125,775 | \$9,300,000  | \$74         | First Industrial              | 1Q16     | Airport/Southeast    |

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