

Q2 2017

**Industrial Insight**

# Development completions change the dynamics of supply, while investors begin to stir.

- Industrial leasing activity at peak as Crews Commerce Center seeks tenants.
- Seefried Development building new 2.3 Million sf warehouse for Amazon.
- Princeton Oaks park breaks ground in second quarter, part of new development in NW Orange submarket.

The Orlando industrial market may be at the peak of activity, as the first wave of development begins to deliver. Leasing activity is still high but shows signs of cooling. The Crews Commerce Center is nearing completion, but has not yet signed any tenants. Spaces are being filled all over the market, and will continue to lease with strong tenant demand.

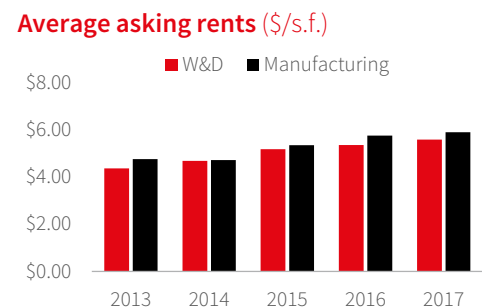
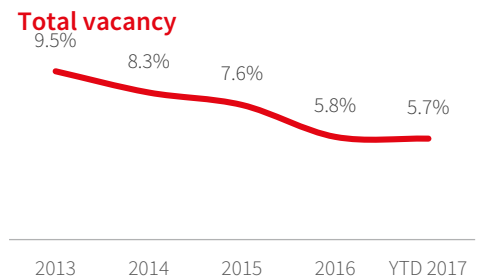
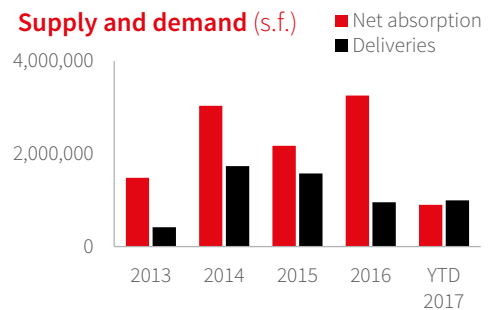
Investors are becoming more active in the market, financing numerous build-to-suit deals and new speculative development, the Princeton Oaks project. Princeton Oaks broke ground this quarter in N Orange County, the third largest submarket in Orlando.

**Outlook**

The Amazon warehouse under development will certainly be a game changing event for Orlando real estate. A warehouse with this new technology will bring a push to innovate in the region. The land site is one of the last available parcels in the metro Orlando area, and will force future developers to look elsewhere for quality building sites.

With the market at a peak and buildings leasing up, the market will soon become prime for investment. Developers and owners involved with adding value to a property may seek to sell to investors more interested in holding property long term. The current development cycle has numerous built-to-suit deals that have been completed and sold, and some speculative development business parks that could be sold in portfolios.

Fundamentals	Forecast
YTD net absorption	824,697 s.f. ▲
QTD net absorption	204,333 s.f. ▲
Under construction	747,558 s.f. ▼
Total vacancy	5.7% ▼
Average asking rent (NNN)	\$5.69 p.s.f. ▲
Tenant improvements	Rising ▲



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Orlando

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## Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly completions (s.f.)	YTD completions (s.f.)	Under construction (s.f.)
<b>Orlando Totals</b>										
Warehouse & Distribution	83,865,846	204,333	843,574	1.0%	5.3%	9.4%	\$5.61	535,823	994,893	747,558
Manufacturing	24,622,480	61,887	-18,877	-0.1%	7.1%	9.6%	\$5.92	0	0	100,000
<b>Totals</b>	<b>108,488,326</b>	<b>266,220</b>	<b>824,697</b>	<b>0.8%</b>	<b>5.7%</b>	<b>9.4%</b>	<b>\$5.69</b>	<b>535,823</b>	<b>994,893</b>	<b>847,558</b>
<b>Submarkets</b>										
<b>Brevard County</b>										
Warehouse & Distribution	5,424,582	53,082	20,291	0.4%	6.7%	15.8%	\$7.18	0	0	0
Manufacturing	6,425,149	3,375	-173,375	-2.7%	6.1%	10.7%	\$7.38	0	0	0
<b>Totals</b>	<b>11,849,731</b>	<b>56,457</b>	<b>-153,084</b>	<b>-1.3%</b>	<b>6.4%</b>	<b>13.0%</b>	<b>\$7.27</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Lake County</b>										
Warehouse & Distribution	3,917,760	-6,000	449,547	11.5%	7.0%	18.3%	\$4.52	0	0	0
Manufacturing	1,472,215	0	0	0.0%	6.9%	7.9%	\$3.58	0	0	0
<b>Totals</b>	<b>5,389,975</b>	<b>-6,000</b>	<b>449,547</b>	<b>8.3%</b>	<b>7.0%</b>	<b>15.5%</b>	<b>\$4.40</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>North Orange</b>										
Warehouse & Distribution	16,752,326	-286,965	-204,332	-1.2%	4.1%	7.3%	\$5.44	0	0	409,638
Manufacturing	3,639,398	-18,594	-973	0.0%	9.0%	9.0%	\$5.58	0	0	0
<b>Totals</b>	<b>20,391,724</b>	<b>-305,559</b>	<b>-205,305</b>	<b>-1.0%</b>	<b>5.0%</b>	<b>7.6%</b>	<b>\$5.47</b>	<b>0</b>	<b>0</b>	<b>409,638</b>
<b>Osceola</b>										
Warehouse & Distribution	2,981,362	-3,850	1,150	0.0%	2.5%	2.8%	\$4.83	0	0	0
Manufacturing	1,043,341	0	6,719	0.6%	4.1%	4.1%	\$4.44	0	0	100,000
<b>Totals</b>	<b>4,024,703</b>	<b>-3,850</b>	<b>7,869</b>	<b>0.2%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>\$4.70</b>	<b>0</b>	<b>0</b>	<b>100,000</b>
<b>SE Orange</b>										
Warehouse & Distribution	28,792,641	837,851	872,457	3.0%	5.9%	10.2%	\$5.41	535,823	994,893	337,920
Manufacturing	5,107,065	-18,319	70,647	1.4%	0.5%	4.0%	\$7.13	0	0	0
<b>Totals</b>	<b>33,899,706</b>	<b>819,532</b>	<b>943,104</b>	<b>2.8%</b>	<b>5.1%</b>	<b>9.3%</b>	<b>\$5.53</b>	<b>535,823</b>	<b>994,893</b>	<b>337,920</b>
<b>Seminole</b>										
Warehouse & Distribution	6,702,981	103,227	58,523	0.9%	3.9%	4.0%	\$5.97	0	0	0
Manufacturing	4,553,520	77,649	50,249	1.1%	18.6%	19.5%	\$5.00	0	0	0
<b>Totals</b>	<b>11,256,501</b>	<b>180,876</b>	<b>108,772</b>	<b>1.0%</b>	<b>9.9%</b>	<b>10.3%</b>	<b>\$5.23</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SW Orange</b>										
Warehouse & Distribution	19,294,194	-493,012	-354,062	-1.8%	5.7%	9.2%	\$5.73	0	0	0
Manufacturing	2,381,792	17,776	27,856	1.2%	0.7%	4.5%	\$5.82	0	0	0
<b>Totals</b>	<b>21,675,986</b>	<b>-475,236</b>	<b>-326,206</b>	<b>-1.5%</b>	<b>5.1%</b>	<b>8.6%</b>	<b>\$5.74</b>	<b>0</b>	<b>0</b>	<b>0</b>

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