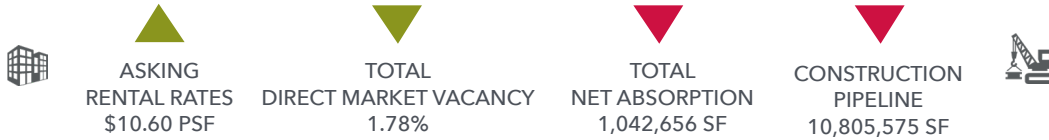


ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

QUARTER LEE NOTE

This quarter the market posted 1,042,656 SF of positive absorption. 52% of absorption this quarter (about 550,000 SF) was related to one deal. Even if you consider that deal as an outlier, the market remains healthy, and we are tracking numerous deals which have recently been completed as of the time of this report and will be positive absorption for Q1 2023. Vacancies continue to decrease and are now sub-2% within 7 out of 10 submarkets. Notable low vacancy submarkets are: Airport/Southeast (1.62%), Silver Star (1.37%), Orlando Central Park (0.87%), and Southwest (0.41%), to name a few. Building sales were down in volume, but the price per square foot metrics remained steady. Looking forward, we expect vacancies to rise with new buildings coming on-line in the spring and summer, which will add bulk inventory to the market but buildings that can accommodate smaller tenants will remain tight on vacancy. Rental rates will remain stable, and we expect sales volume to go down, primarily for investment properties as they are more negatively affected by interest rates.

MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



WHAT YOU NEED TO KNOW

- Direct vacancy rates ticked down from 2.04% to 1.78%. New supply coming on-line will raise vacancy rates for bulk buildings.
- 4th quarter sales totaled \$173 million with an average price per square foot of \$141.50.
- Total quarterly absorption was 1,042,656 SF.
- Average asking rents are \$10.60/SF market wide, up from Q3's figure of \$10.18/SF.

MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	4Q-22	3Q-22
FLEX	\$14.40	\$13.39
BULK/DISTRIBUTION	\$9.00	\$9.31
MANUFACTURING	\$8.41	\$10.34
OFFICE/WAREHOUSE	\$10.08	\$9.55
TOTAL MARKET	\$10.60	\$10.18

COMPARISON OF MARKET VACANCY:		
	4Q-22	3Q-22
DIRECT	1.78%	2.04%
SUBLET	0.279%	0.277%
TOTAL MARKET	2.06%	2.30%

COMPARISON OF ABSORPTION IN SF:		
	4Q-22	3Q-22
QUARTERLY AMOUNT	1,042,656	1,174,597
YEAR-TO-DATE	4,246,966	3,204,310

CONSTRUCTION PIPELINE: 20,000 SF+		
	4Q-22	3Q-22
U/C (SPECULATIVE & BTS)	10,805,575	11,138,151
DELIVERED (BY QTR)	332,576	1,019,439
DELIVERED YTD	3,137,254	2,804,678

BUILDING SALES:		
	4Q-22	3Q-22
QUARTERLY TOTAL	\$173M	\$243M
AVERAGE PRICE PSF	\$141.50	\$141.08

UNDERSTANDING THE REPORT

WE TRACK THE STUFF THAT MATTERS!

We do not track ancillary smaller buildings. Lee & Associates tracks all industrial buildings 20,000 square feet and greater within Orange and Seminole counties. Condominium and self-storage properties are not included in this report. Among the buildings tracked, there are four categories: flex, bulk/distribution, manufacturing and office/warehouse. Flex space is defined as a building that provides a configuration allowing tenants a flexible amount of office/showroom area in combination with manufacturing, warehouse and distribution space. Flex buildings will have a higher parking ratio than office/warehouse or bulk buildings, are typically grade level and have an office finish greater than 30 percent. Bulk/distribution is defined as a building which has a clear height of 22' or greater, has a minimum depth of 160' and typically has less than 10 percent office finish. Manufacturing denotes a property used for conversion or assembly of raw or partially raw materials into goods/products. Office/warehouse is defined as buildings that have a clear height of up to 21', have a maximum depth of up to 160' and typically have a higher office finish of 10-25 percent more than bulk buildings. The term "industrial" combines all categories with the exception of flex space, which is tracked and reported separately.

All rental rates reported do not include operating expenses or CAM charges and are reported on a triple net basis. In addition, sublet space is not included in the overall absorption or weighted average rental rates. Buildings that are partially pre-leased are included in positive absorption at the time construction begins. Lee & Associates tracks over 2,000 buildings in Orange and Seminole County which total approximately 134 million square feet. The flex inventory makes up 11 percent of the total space within the market, while the industrial product makes up 89 percent. We end our statistical gathering of data approximately one week prior to the end of each quarter.

If you have any questions regarding this report, please contact:

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While this quarters absorption was 1,042,656 SF with 52% of absorption coming from just one deal, we also observed about 200,000 SF of leasing in spaces not counted in the absorption numbers that consisted of spaces that were vacant and re-leased within the same quarter. This is another sign of continued robustness in the market. Additionally, 7 of the 10 submarkets we track posted vacancy under 2.0%. Positive absorption also occurred in 6 out of 10 submarkets. Rental rates have set another record moving up 4% from the prior quarter.

Average asking rents market wide are currently \$10.60/SF. Building sales volume decreased from the prior quarter, but pricing is very stable at \$141.49/SF.

There is currently 10,086,465 SF of speculative development under construction or imminent. These buildings include:

- Brookfield's Taft Vineland Road buildings with 154,292, 142,424 and 563,920 SF
- Exeter's Apopka Business Park buildings with 282,100, 546,859, 207,210 and 207,210 SF
- Foundry's Princeton Oaks buildings #600 and #800 with 97,000 SF each, and #700 with 86,400 SF
- McNulty's Clarcona Road buildings #1 & #2 with 48,000 each
- Realvest's building at 7906 Kingspointe Parkway with 110,160 SF
- Realvest's 6275 S. Goldenrod Road building 1 with 92,015 square feet and building 2 with 67,346 SF
- WPT Management Trust's Apopka 429 building #200 with 725,040 square feet, #300 with 1,200,000 square feet and #400 with 546,000 SF
- Whitley Capital's two buildings on John Young Parkway with 155,340 SF and 100,000 SF
- Prologis three buildings in AIPO which include 42,420 SF, 121,628 SF, and 221,737 SF
- Summit's two buildings at Crossroads 429 which are 181,974 and 98,906 SF
- McCraney's Bent Oak building totaling 188,400 SF
- Cadence Partners Northstar Industrial park with three buildings being 86,924 SF, 79,724 SF, and 399,234 SF
- KKR's McCoy Commerce Center with 262,462 SF, 192,157 SF, and 30,856 SF
- Scannell's 977,466 SF in Christopher C. Ford Park in Groveland
- Longpoint's 80,000 SF two building project on Judge Road in Lee Vista
- First Industrial's First Loop Logistics with 71,737 SF, 79,878 SF, 85,653 SF, and 106,943 SF.
- Stonemont's 876,750 SF in Christopher C. Ford Park in Groveland
- Link's Mahogany Point Buildings 100 & 200 totaling 150,480 SF and 156,960 SF
- Venture One's Beachline Venture Park building totaling 220,871 SF

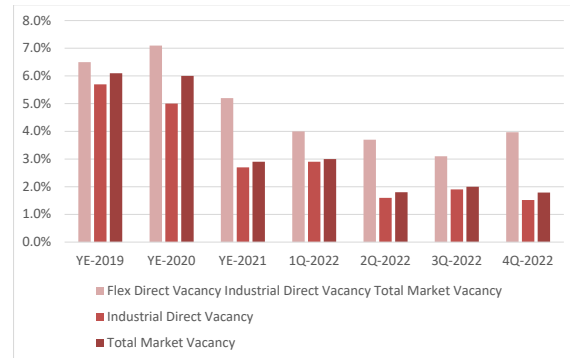
There is currently 719,110 square feet of build-to-suit construction underway. This includes:

- McKesson: 472,583 SF at AIPO
- Environmental Products' 50,000 SF building on Hermit Smith
- KEMCO's 100,050 SF on Lake Mary Boulevard
- List Industries 96,477 SF in Apopka

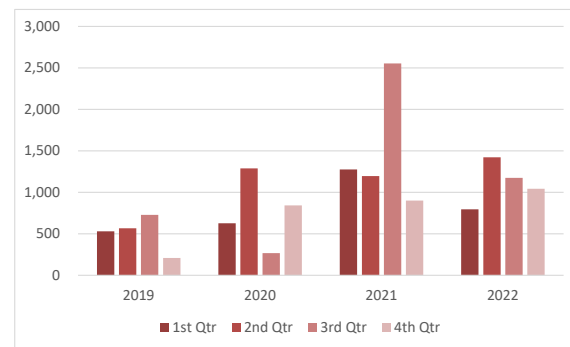
There was a total of 332,576 square feet delivered:

- McCraney and Butters' I-4 Beltway Logistics Buildings 2, 3, and 4 which are 138,011 SF, 169,413, and 25,152 SF, respectively. In handling this project, we have already leased 205,780 SF as of this report

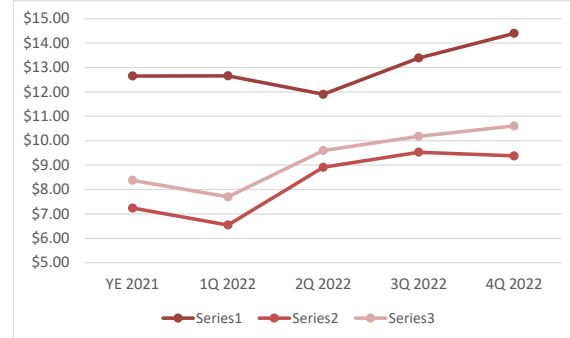
VACANCY



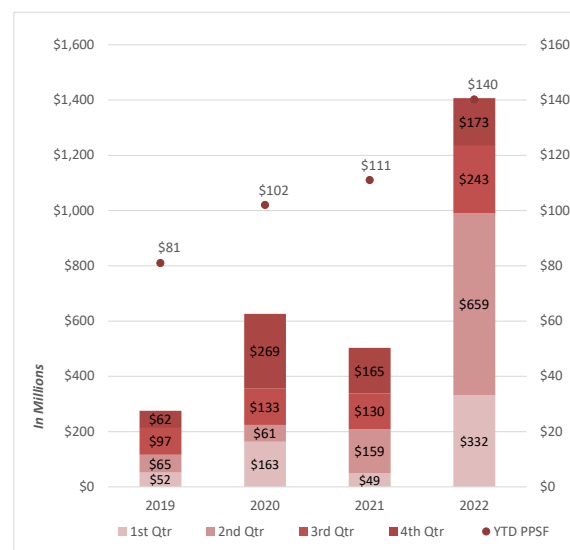
ABSORPTION










RENTAL RATES



SALES & AVERAGE PRICE PSF



TOP FOURTH QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
5050 Wesley Road	Medline	546,859	Northwest	New
2900 Titan Row	Fastmile 	189,903	Orlando Central Park	Renewal
3224 McCraney Loop	Industrial Lighting Products 	169,413	Longwood/Lake Mary/Sanford	New
10620 Boggy Creek Road	Avenger Flight Group	121,653	Airport/Southeast	New
13643 S. Orange Avenue	Soligent Distribution	84,038	Airport/Southeast	New
2900 Titan Row	Titan Commercial Warehouse 	72,520	Orlando Central Park	New
3851 W.D. Judge Drive	Break the Floor	71,902	Silver Star	New
3830 Enterprise Way	Daikin Comfort Technologies 	47,900	Longwood/Lake Mary/Sanford	Renewal
3221 Butters Way	Woodex Cabinetry 	36,367	Longwood/Lake Mary/Sanford	New
2544 E Landstreet	Clean the World 	29,278	Airport/Southeast	Renewal
11706 Landstar Boulevard	Fulfillment 9 	24,131	Airport/Southeast	New

TOP FOURTH QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PPSF
Commerce Point	OCP	259,835	Basis Industrial	B Group Management	\$32,000,000	\$123.16
Orlando International Business Center	Airport/SE	196,000	Basis Industrial	TerraCap	\$36,500,000	\$186.22
Belle Ave Commerce Center	Longwood/Lake Mary/Sanford	182,088	Basis Industrial	Robert Baxley	\$24,000,000	\$131.80
Quirch Foods	OCP	142,737	Banner Property Group	Quirch Foods	\$26,125,000	\$183.03
Walgreens	Southwest	133,231	KeyStone National Properties	Walgreens	\$32,500,000	\$243.94
South Orlando Commerce Park	Airport/SE	70,800	USA Investment Management	FH Plus Holdings	\$9,500,000	\$134.18
4501 SW 34th Street	33rd	40,785	High Street	GJB Fund I, LLC	\$6,950,000	\$170.41
Lowe & Behold	33rd	31,500	Stonelake Capital	Lowe & Behold	\$4,850,000	\$153.97
130 N West Crown Point Road	Northwest	29,810	Gregory Bond	Fake Productions	\$3,200,000	\$107.35

Submarket	# of Bldgs	Total RSF	Direct Vacant SF	Direct Vacancy	Sublet Vacant SF	Sublet Vacancy	Total Vacancy	Quarterly Absorption	Year-To-Date Absorption	Dir Wtd Avg. Asking Rate
NORTHWEST										
Bulk/Distribution	39	7,589,948 SF	281,016 SF	3.70%	0 SF	0.00%	3.70%	690,882 SF	1,068,102 SF	\$8.32
Flex	24	555,700 SF	11,554 SF	2.08%	0 SF	0.00%	2.08%	-3,943 SF	-4,054 SF	\$15.61
Manufacturing	19	1,050,911 SF	5,190 SF	0.49%	0 SF	0.00%	0.49%	0 SF	10,210 SF	\$12.50
Office/Warehouse	124	6,902,774 SF	5,367 SF	0.08%	0 SF	0.00%	0.08%	13,063 SF	92,436 SF	\$13.00
Submarket Total	206	16,099,333 SF	303,127 SF	1.88%	0 SF	0.00%	1.88%	700,002 SF	1,166,694 SF	\$8.75
SILVER STAR										
Bulk/Distribution	22	4,181,599 SF	109,529 SF	2.62%	0 SF	0.00%	2.62%	103,529 SF	193,476 SF	\$9.50
Flex	30	1,329,587 SF	31,900 SF	2.40%	34,370 SF	2.59%	4.98%	-2,801 SF	36,150 SF	\$9.50
Manufacturing	27	2,320,163 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	22,072 SF	N/A
Office/Warehouse	182	9,400,692 SF	95,274 SF	1.01%	0 SF	0.00%	1.01%	-872 SF	248,429 SF	\$11.37
Submarket Total	261	17,232,041 SF	236,703 SF	1.37%	34,370 SF	0.20%	1.57%	99,856 SF	500,127 SF	\$10.25
33RD STREET										
Bulk/Distribution	6	781,168 SF	28,766 SF	3.68%	217,336 SF	27.82%	31.50%	0 SF	421,244 SF	\$10.00
Flex	31	1,089,158 SF	17,588 SF	1.61%	0 SF	0.00%	1.61%	-7,849 SF	19,108 SF	\$17.00
Office/Warehouse	84	3,753,476 SF	38,100 SF	1.02%	0 SF	0.00%	1.02%	-9,390 SF	-18,309 SF	\$11.93
Submarket Total	121	5,623,802 SF	84,454 SF	1.50%	217,336 SF	3.86%	5.37%	-17,239 SF	422,043 SF	\$12.33
NORTH CENTRAL										
Flex	41	1,105,213 SF	58,550 SF	5.30%	5,200 SF	0.47%	5.77%	9,311 SF	-2,703 SF	\$13.43
Manufacturing	10	415,050 SF	72,374 SF	17.44%	0 SF	0.00%	17.44%	6,000 SF	-6,000 SF	\$9.25
Office/Warehouse	47	1,770,942 SF	56,500 SF	3.19%	0 SF	0.00%	3.19%	0 SF	-23,150 SF	\$11.36
Submarket Total	98	3,291,205 SF	187,424 SF	5.69%	5,200 SF	0.16%	5.85%	15,311 SF	-31,853 SF	\$11.19
LONGWOOD/LAKE MARY/SANFORD										
Bulk/Distribution	22	2,405,424 SF	163,032 SF	6.78%	0 SF	0.00%	6.78%	205,780 SF	205,780 SF	\$8.95
Flex	68	2,465,259 SF	87,919 SF	3.57%	16,183 SF	0.66%	4.22%	-9,100 SF	-9,046 SF	\$12.45
Manufacturing	52	3,067,605 SF	164,700 SF	5.37%	0 SF	0.00%	5.37%	0 SF	-36,494 SF	\$8.00
Office/Warehouse	175	7,284,022 SF	103,029 SF	1.41%	0 SF	0.00%	1.41%	-14,464 SF	35,104 SF	\$8.76
Submarket Total	317	15,222,310 SF	518,680 SF	3.41%	16,183 SF	0.11%	3.51%	182,216 SF	195,344 SF	\$9.20
CENTRAL ORLANDO										
Flex	10	330,496 SF	0 SF	0.00%	0 SF	0.00%	0.00%	1,200 SF	0 SF	N/A
Manufacturing	18	916,344 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Office/Warehouse	102	3,820,371 SF	48,567 SF	1.27%	0 SF	0.00%	1.27%	-3,200 SF	77,626 SF	\$9.54
Submarket Total	130	5,067,211 SF	48,567 SF	0.96%	0 SF	0.00%	0.96%	-2,000 SF	77,626 SF	\$9.54
EAST SIDE / UNIVERSITY										
Bulk/Distribution	2	399,818 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	N/A
Flex	47	1,896,693 SF	121,647 SF	6.41%	17,553 SF	0.93%	7.34%	-65,625 SF	26,115 SF	\$14.99
Manufacturing	14	627,131 SF	6,000 SF	0.96%	0 SF	0.00%	0.96%	-6,000 SF	-6,000 SF	\$14.00
Office/Warehouse	58	2,219,243 SF	21,182 SF	0.95%	0 SF	0.00%	0.95%	-5,400 SF	11,575 SF	\$14.79
Submarket Total	121	5,142,885 SF	148,829 SF	2.89%	17,553 SF	0.34%	3.24%	-77,025 SF	31,690 SF	\$14.92
AIRPORT / SOUTHEAST										
Bulk/Distribution	121	22,024,071 SF	215,068 SF	0.98%	19,040 SF	0.09%	1.06%	66,848 SF	957,052 SF	\$7.79
Flex	85	3,285,869 SF	167,209 SF	5.09%	30,550 SF	0.93%	6.02%	-42,408 SF	72,031 SF	\$15.92
Office/Warehouse	287	19,184,598 SF	339,447 SF	1.77%	23,500 SF	0.12%	1.89%	26,964 SF	228,871 SF	\$9.40
Submarket Total	493	44,494,538 SF	721,724 SF	1.62%	73,090 SF	0.16%	1.79%	51,404 SF	1,257,954 SF	\$10.43
ORLANDO CENTRAL PARK										
Bulk/Distribution	55	8,956,218 SF	9,159 SF	0.10%	16,000 SF	0.18%	0.28%	105,135 SF	263,097 SF	\$9.00
Flex	44	1,900,322 SF	80,994 SF	4.26%	0 SF	0.00%	4.26%	-3,924 SF	5,712 SF	\$13.12
Office/Warehouse	80	4,968,519 SF	47,893 SF	0.96%	0 SF	0.00%	0.96%	0 SF	202,901 SF	\$9.00
Submarket Total	179	15,825,059 SF	138,046 SF	0.87%	16,000 SF	0.10%	0.97%	101,211 SF	471,710 SF	\$11.42
SOUTHWEST										
Bulk/Distribution	17	3,011,956 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	135,714 SF	N/A
Flex	21	956,211 SF	14,374 SF	1.50%	0 SF	0.00%	1.50%	-4,860 SF	-4,082 SF	\$21.51
Office/Warehouse	44	4,011,240 SF	17,987 SF	0.45%	0 SF	0.00%	0.45%	-6,220 SF	16,778 SF	\$13.52
Submarket Total	82	7,979,407 SF	32,361 SF	0.41%	0 SF	0.00%	0.41%	-11,080 SF	148,410 SF	\$17.07
TOTAL FLEX	401	14,914,508 SF	591,735 SF	3.97%	103,856 SF	0.70%	4.66%	-129,999 SF	114,231 SF	\$14.40
TOTAL BULK/DISTRIBUTION	284	49,350,202 SF	806,570 SF	1.63%	252,376 SF	31.29%	2.15%	1,172,174 SF	3,323,791 SF	\$9.00
TOTAL MANUFACTURING	140	8,397,204 SF	248,264 SF	2.96%	0 SF	0.00%	2.96%	0 SF	-16,212 SF	\$8.41
TOTAL OFFICE/WAREHOUSE	1,183	63,315,877 SF	773,346 SF	1.22%	23,500 SF	0.04%	1.26%	481 SF	825,156 SF	\$10.08
TOTAL INDUSTRIAL SPACE	1,607	121,063,283 SF	1,828,180 SF	1.51%	275,876 SF	0.23%	1.74%	1,172,655 SF	4,132,735 SF	\$9.38
TOTAL MARKET	2,008	135,977,791 SF	2,419,915 SF	1.78%	379,732 SF	0.28%	2.06%	1,042,656 SF	4,246,966 SF	\$10.60

*Note that total market consists of both Flex and Industrial properties combined