

## ORANGE & SEMINOLE COUNTY INDUSTRIAL MARKET REPORT

### QUARTER LEE NOTE

As we conclude 2024, the sentiment among our peer group is that the industrial business is still good despite the market statistics we are reporting. In our first quarter report, we had predicted the vacancy rate to increase and rents to remain stable despite delivering another 3.49M SF. Both proved to be true. Rental rates grew, and our vacancy rate was up 265 basis points. We also opined that the economy was facing strong headwinds, and the pending presidential election could pause progress. Both proved to be true and despite a virtually stalled leasing presence during the second half of 2024, we still finished the year with positive growth albeit anemic compared to prior years.

We finished the year with 7 out of 10 submarkets showing negative absorption. On paper that looks bad but in reality, the negative absorption was minimal with no one market having lost more than 85,000 SF. In the 4th Quarter, we posted 154,000 SF of negative absorption making it the second straight quarter in the red. The last time Orlando saw two quarters of negative absorption was 4Q of 2010 and 1Q of 2011 with the vacancy rate back then being 17.8%. The 4Q negative absorption can be attributed to a few larger Tenants whose businesses failed and vacated over 300,000 SF.

Excluding those deals, we would have seen positive absorption this quarter. The total absorption for 2024 was approximately 60% off from the 3-year trailing average, and 70% off from the 5 year trailing average. Is this a bad sign? We don't necessarily think so. We think it is just a sign of the times, general market uncertainty, and reiterates the fact that the larger bulk inventory has been very slow to lease. Proving this, the average office/warehouse vacancy rate across all submarkets is just 2.27%, and the total office warehouse vacancy rate in the market is 1.97%. Comparing that to the total bulk vacancy rate of 16.09%, the two different product types couldn't be further apart.

### MARKET SNAPSHOT

COMPARISON RENTAL RATES PSF:		
	4Q-24	3Q-24
FLEX	\$14.92	\$16.40
BULK/DISTRIBUTION	\$8.82	\$7.69
MANUFACTURING	\$8.43	\$8.72
OFFICE/WAREHOUSE	\$12.05	\$11.95
<b>TOTAL MARKET</b>	<b>\$9.54</b>	<b>\$8.81</b>

COMPARISON OF MARKET VACANCY:		
	4Q-24	3Q-24
DIRECT	7.51%	7.08%
SUBLET	0.53%	0.44%
<b>TOTAL MARKET</b>	<b>8.04%</b>	<b>7.52%</b>

COMPARISON OF ABSORPTION IN SF:		
	4Q-24	3Q-24
QUARTERLY AMOUNT	-154,378	-13,776
YEAR-TO-DATE	1,026,540	1,180,918

CONSTRUCTION PIPELINE: 20,000 SF+		
	4Q-24	3Q-24
U/C (SPECULATIVE & BTS)	3,394,959	3,634,939
DELIVERED (BY QTR)	469,803	196,301
DELIVERED YTD	3,489,053	3,019,250

BUILDING SALES:		
	4Q-24	3Q-24
QUARTERLY TOTAL	\$152M	\$227M
AVERAGE PRICE PSF	\$161.14	\$126.19

### MARKET TRENDS: CHANGES FROM PREVIOUS QUARTER



### WHAT YOU NEED TO KNOW

- Direct vacancy increased to 8.04%, a relatively minor change considering most of this was from larger vacancies over 100,000 SF.
- Average sales price per square foot this quarter was \$161.14/SF, an increase from last quarter, reflective of more owner/user sales this quarter. YTD sales pricing averages \$144.14/SF, which is on par with Q3's reported YTD average pricing of \$144.18/SF.
- Asking rents have remained fairly steady across all product types.

### UNDERSTANDING THE REPORT

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 it seems the market is in a dip, we sense we are at the bottom as a whole, and overall we feel we are pretty steady and that Orlando is a great place to invest depending on the product.

**There is currently 3,394,959 SF of speculative development under construction or imminent. These buildings include:**

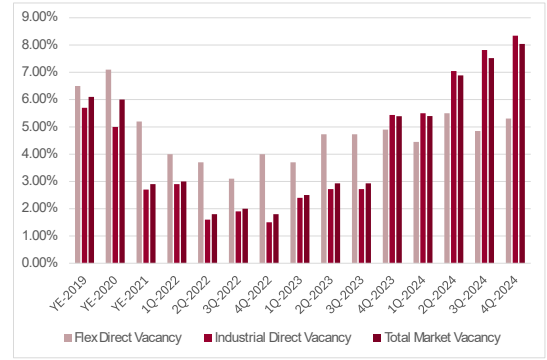
- Prologis AIPO buildings of 110,772 SF and 137,197 SF
- KKR's McCoy Commerce Center with 192,157, and 30,856 SF
- Bluescope's 352,268 SF at Mid Florida Logistics Park South
- Link's 334,000 SF at Mahogany Point in LeeVista
- Stonemont's six buildings in Ocoee totaling 227,250 SF
- Foundry's Princeton Oaks Buildings 900 totaling 87,504 SF
- Trammell Crow's Apopka Business Center Building 100 and 200 at 120,192 SF and 146,974 SF, respectively
- Ambrose's three buildings in LeeVista of 103,000, 219,000 and 351,000 SF
- McCraney's Logistic 429 at Apopka Ridge featuring 116,323 and 146,904 SF
- Whitley Capital's 89,305 SF on John Young Parkway
- Constellations 456,002, 232,497, and 283,580 SF along Boggy Creek new AIPO

**There was a total of 469,803 SF delivered, which included:**

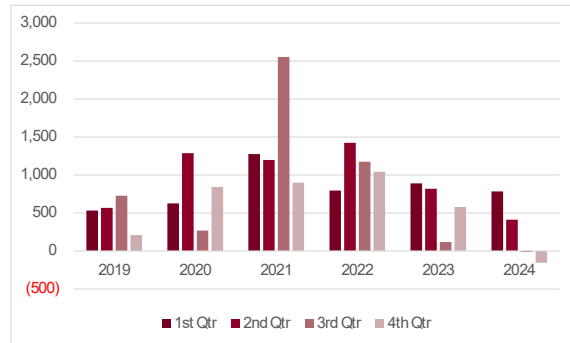
- Distribution Realty Group 6520 Narcoossee Road building totaling 196,085 SF
- Princeton Oaks Building 1000 totaling 152,300 SF
- Stonemont's Building 2 at 429 Business Center totaling 32,418 SF
- An expansion by Prologis for McKesson totaling 89,000 SF



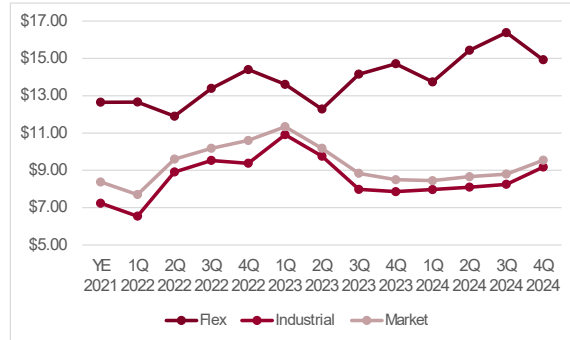
### VACANCY



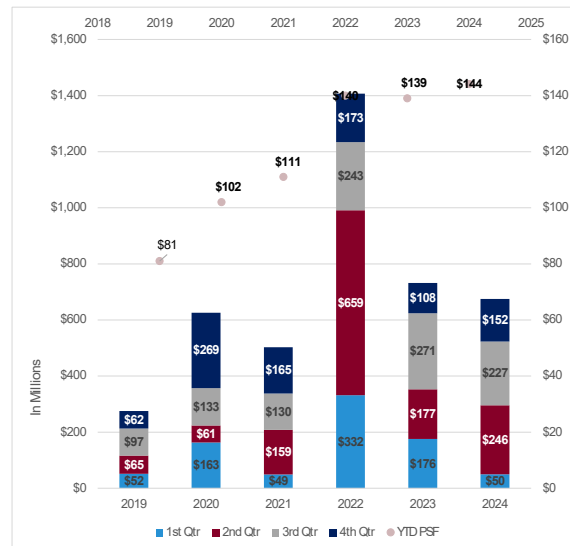
### ABSORPTION








### RENTAL RATES



### SALES & AVERAGE PRICE PSF



### TOP FOURTH QUARTER LEASE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	TENANT	TOTAL SF	SUBMARKET	TYPE
2405 Commerce Park Dr	Essendant	404,286	Southwest	Renewal
3409 Wd Judge Dr	Lehman Pipe	105,884	Silverstar	New
1264 La Quinta Dr	Victory Packaging	91,394	Airport / Southeast	Renewal
1255 La Quinta Dr	ReadySpaces	88,000	Airport / Southeast	New
3001 Mercy Drive	The Parts House 	51,930	Silverstar	Renewal
4101 Seaboard	Johnson Controls 	46,582	Silverstar	Renewal
4500 Seaboard Drive	Signature Nails 	45,400	Silverstar	Renewal
8075 Beacon Lake Drive	Velux 	41,741	Airport / Southeast	New
6965 Marketplace Dr	Good Greek	28,553	Airport / Southeast	New Direct
411 Ocoee Apopka Rd	Flora and More	21,018	Northwest	New Direct
4208 Daubert St	Elite Padel 	20,143	East Side University	New

### TOP FOURTH QUARTER SALE TRANSACTIONS (RANKED BY SQUARE FEET)

BUILDING NAME	SUBMARKET	TOTAL SF	BUYER	SELLER	SALE PRICE	PSF
Princeton Oaks Phase 1	Silver Star	513,560	LaSalle	Foundry/PGIM	\$103,000,000	\$200.56
Northpark Commerce Center	Silver Star	148,882	Z Asset Management	Harvest Holdings	\$15,200,000	\$102.09
6655 E Colonial Dr	East Side/ University	99,096	SNS Warehouse	Kaman Precision	\$7,350,000	\$74.17
Ace Granite	Longwood/Lake Mary/Sanford	48,300	S&J Miller Construction Inc	Lavoro, LLC	\$4,475,000	\$92.65
399 Enterprise Street	Northwest	28,200	Margin, LLC	Apex Realty	\$3,850,000	\$136.52
1105 Sand Pond Rd	Longwood/Lake Mary/Sanford	31,000	Private Buyer	A.G. Mauro Company	\$5,255,000	\$171.00
I-4 Commerce Center	33rd Street	26,400	Eckstein Properties	Jaco Orlando Realty LLC	\$4,200,000	\$159.09
505 Johns Rd	Northwest	25,000	Buckeye Legal Funding	McNulty Group	\$5,700,000	\$228.00
Old Winter Garden Road Warehouse	Central Orlando	23,000	Mirror Lake Properties	Private seller	\$3,000,000	\$130.43

 \* Logo reflects transactions that Lee & Associates participated in.

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
<b>NORTHWEST</b>										
Bulk/Distribution	43	10,773,475 SF	5,299,042 SF	49.19%	171,880 SF	1.60%	50.78%	3,000 SF	367,884 SF	\$7.97
Flex	23	513,891 SF	51,800 SF	10.08%	0 SF	0.00%	10.08%	-34,634 SF	-42,333 SF	\$14.08
Manufacturing	18	1,112,912 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	-
Office/Warehouse	103	6,041,408 SF	267,630 SF	4.43%	0 SF	0.00%	4.43%	19,509 SF	246,290 SF	\$10.65
<b>Submarket Total</b>	<b>187</b>	<b>18,441,686 SF</b>	<b>5,618,472 SF</b>	<b>30.47%</b>	<b>171,880 SF</b>	<b>0.93%</b>	<b>31.40%</b>	<b>-12,125 SF</b>	<b>571,841 SF</b>	<b>\$8.14</b>
<b>AIRPORT / SOUTHEAST</b>										
Bulk/Distribution	126	24,389,081 SF	1,750,028 SF	7.18%	336,968 SF	1.38%	8.56%	-221,565 SF	111,095 SF	\$9.86
Flex	80	3,214,571 SF	64,460 SF	2.01%	3,784 SF	0.12%	2.12%	34,377 SF	54,579 SF	\$14.21
Office/Warehouse	270	17,981,928 SF	104,029 SF	0.58%	90,154 SF	0.50%	1.08%	44,291 SF	25,886 SF	\$12.48
<b>Submarket Total</b>	<b>476</b>	<b>45,585,580 SF</b>	<b>1,918,517 SF</b>	<b>4.21%</b>	<b>430,906 SF</b>	<b>0.95%</b>	<b>5.15%</b>	<b>-142,897 SF</b>	<b>191,560 SF</b>	<b>\$10.20</b>
<b>SOUTHWEST</b>										
Bulk/Distribution	17	3,019,987 SF	116,252 SF	3.85%	0 SF	0.00%	3.85%	-116,252 SF	-101,852 SF	\$10.85
Flex	17	764,292 SF	23,922 SF	3.13%	12,315 SF	1.61%	4.74%	10,776 SF	34,411 SF	\$19.83
Office/Warehouse	36	3,588,805 SF	25,112 SF	0.70%	0 SF	0.00%	0.70%	0 SF	6,195 SF	\$16.76
<b>Submarket Total</b>	<b>70</b>	<b>7,373,084 SF</b>	<b>165,286 SF</b>	<b>2.24%</b>	<b>12,315 SF</b>	<b>0.17%</b>	<b>2.41%</b>	<b>-105,476 SF</b>	<b>-61,246 SF</b>	<b>\$13.52</b>
<b>ORLANDO CENTRAL PARK</b>										
Bulk/Distribution	52	8,720,748 SF	404,460 SF	4.64%	39,600 SF	0.45%	5.09%	-15,000 SF	40,579 SF	\$9.99
Flex	37	1,420,146 SF	70,678 SF	4.98%	1,876 SF	0.13%	5.11%	-22,651 SF	-21,920 SF	\$14.68
Office/Warehouse	79	4,940,948 SF	40,176 SF	0.81%	0 SF	0.00%	0.81%	-7,180 SF	-7,716 SF	\$15.05
<b>Submarket Total</b>	<b>168</b>	<b>15,081,842 SF</b>	<b>515,314 SF</b>	<b>3.42%</b>	<b>41,476 SF</b>	<b>0.28%</b>	<b>3.69%</b>	<b>-44,831 SF</b>	<b>10,943 SF</b>	<b>\$10.95</b>
<b>NORTH CENTRAL</b>										
Flex	34	961,218 SF	57,745 SF	6.01%	0 SF	0.00%	6.01%	2,311 SF	35,619 SF	\$14.68
Manufacturing	9	393,189 SF	16,900 SF	4.30%	0 SF	0.00%	4.30%	0 SF	34,000 SF	\$8.50
Office/Warehouse	45	1,591,925 SF	67,641 SF	4.25%	0 SF	0.00%	4.25%	-11,694 SF	19,102 SF	\$13.53
<b>Submarket Total</b>	<b>88</b>	<b>2,946,332 SF</b>	<b>142,286 SF</b>	<b>4.83%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>4.83%</b>	<b>-9,383 SF</b>	<b>88,721 SF</b>	<b>\$13.39</b>
<b>CENTRAL ORLANDO</b>										
Flex	10	330,496 SF	0 SF	0.00%	0 SF	0.00%	0.00%	800 SF	0 SF	-
Manufacturing	17	875,533 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	-
Office/Warehouse	86	3,379,593 SF	140,472 SF	4.16%	0 SF	0.00%	4.16%	21,004 SF	-9,113 SF	\$11.34
<b>Submarket Total</b>	<b>113</b>	<b>4,585,622 SF</b>	<b>140,472 SF</b>	<b>3.06%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>3.06%</b>	<b>21,804 SF</b>	<b>-9,113 SF</b>	<b>\$11.34</b>
<b>33RD STREET</b>										
Bulk/Distribution	6	792,091 SF	0 SF	0.00%	0 SF	0.00%	0.00%	0 SF	0 SF	-
Flex	32	1,033,444 SF	97,392 SF	9.42%	7,752 SF	0.75%	10.17%	5,136 SF	-26,677 SF	\$13.75
Office/Warehouse	82	3,745,106 SF	96,270 SF	2.57%	2,500 SF	0.07%	2.64%	-16,328 SF	-54,954 SF	\$11.73
<b>Submarket Total</b>	<b>120</b>	<b>5,570,641 SF</b>	<b>193,662 SF</b>	<b>3.48%</b>	<b>10,252 SF</b>	<b>0.18%</b>	<b>3.66%</b>	<b>-11,192 SF</b>	<b>-81,631 SF</b>	<b>\$13.02</b>
<b>SILVER STAR</b>										
Bulk/Distribution	19	3,872,754 SF	113,000 SF	2.92%	0 SF	0.00%	2.92%	-70,200 SF	-70,200 SF	\$10.42
Flex	29	1,064,318 SF	64,483 SF	6.06%	0 SF	0.00%	6.06%	-18,431 SF	-55,129 SF	\$14.78
Manufacturing	24	1,914,275 SF	0 SF	0.00%	0 SF	0.00%	0.00%	11,400 SF	0 SF	-
Office/Warehouse	183	9,416,998 SF	143,533 SF	1.52%	10,800 SF	0.11%	1.64%	221,754 SF	275,753 SF	\$11.67
<b>Submarket Total</b>	<b>255</b>	<b>16,268,345 SF</b>	<b>321,016 SF</b>	<b>1.97%</b>	<b>10,800 SF</b>	<b>0.07%</b>	<b>2.04%</b>	<b>144,523 SF</b>	<b>150,424 SF</b>	<b>\$11.80</b>
<b>LONGWOOD / LAKE MARY / SANFORD</b>										
Bulk/Distribution	23	2,785,528 SF	321,032 SF	11.52%	0 SF	0.00%	11.52%	18,789 SF	171,004 SF	\$10.02
Flex	72	2,710,051 SF	172,914 SF	6.38%	12,150 SF	0.45%	6.83%	-31,121 SF	-20,562 SF	\$14.89
Manufacturing	49	3,180,176 SF	180,000 SF	5.66%	0 SF	0.00%	5.66%	2,500 SF	2,500 SF	\$7.50
Office/Warehouse	173	7,185,483 SF	179,183 SF	2.49%	10,000 SF	0.14%	2.63%	-36,068 SF	-47,947 SF	\$12.55
<b>Submarket Total</b>	<b>317</b>	<b>15,861,238 SF</b>	<b>853,129 SF</b>	<b>5.38%</b>	<b>22,150 SF</b>	<b>0.14%</b>	<b>5.52%</b>	<b>-45,900 SF</b>	<b>104,995 SF</b>	<b>\$11.47</b>
<b>EAST SIDE</b>										
Bulk/Distribution	6	904,402 SF	337,632 SF	37.33%	0 SF	0.00%	37.33%	0 SF	45,821 SF	\$12.00
Flex	40	1,610,574 SF	55,073 SF	3.42%	26,191 SF	1.63%	5.05%	49,459 SF	48,020 SF	\$16.26
Manufacturing	13	602,309 SF	35,091 SF	5.83%	0 SF	0.00%	5.83%	0 SF	-35,091 SF	\$10.00
Office/Warehouse	55	2,296,381 SF	8,310 SF	0.36%	0 SF	0.00%	0.36%	1,640 SF	1,296 SF	\$17.25
<b>Submarket Total</b>	<b>114</b>	<b>5,413,666 SF</b>	<b>436,106 SF</b>	<b>8.06%</b>	<b>26,191 SF</b>	<b>0.48%</b>	<b>8.54%</b>	<b>51,099 SF</b>	<b>60,046 SF</b>	<b>\$12.51</b>
<b>TOTALS</b>										
<b>TOTAL BULK</b>	<b>292</b>	<b>55,258,066 SF</b>	<b>8,341,446 SF</b>	<b>15.10%</b>	<b>548,448 SF</b>	<b>0.99%</b>	<b>16.09%</b>	<b>-401,228 SF</b>	<b>564,331 SF</b>	<b>\$8.82</b>
<b>TOTAL FLEX</b>	<b>374</b>	<b>13,623,001 SF</b>	<b>658,467 SF</b>	<b>4.83%</b>	<b>64,068 SF</b>	<b>0.47%</b>	<b>5.30%</b>	<b>-3,978 SF</b>	<b>6,008 SF</b>	<b>\$14.92</b>
<b>TOTAL MANUFACTURING</b>	<b>130</b>	<b>8,078,394 SF</b>	<b>231,991 SF</b>	<b>2.87%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>2.87%</b>	<b>13,900 SF</b>	<b>1,409 SF</b>	<b>\$8.43</b>
<b>TOTAL OFFICE/WAREHOUSE</b>	<b>1,112</b>	<b>60,168,575 SF</b>	<b>1,072,356 SF</b>	<b>1.78%</b>	<b>113,454 SF</b>	<b>0.19%</b>	<b>1.97%</b>	<b>236,928 SF</b>	<b>454,792 SF</b>	<b>\$12.05</b>
<b>TOTAL MARKET</b>	<b>1,908</b>	<b>137,128,036 SF</b>	<b>10,304,260 SF</b>	<b>7.51%</b>	<b>725,970 SF</b>	<b>0.53%</b>	<b>8.04%</b>	<b>-154,378 SF</b>	<b>1,026,540 SF</b>	<b>\$9.54</b>
<b>TOTAL INDUSTRIAL SPACE</b>	<b>1,534</b>	<b>123,505,035 SF</b>	<b>9,645,793 SF</b>	<b>7.81%</b>	<b>661,902 SF</b>	<b>0.54%</b>	<b>8.35%</b>	<b>-150,400 SF</b>	<b>1,020,532 SF</b>	<b>\$9.17</b>

\*Note that total industrial space excludes Flex