

2nd Quarter 2014

Submarket	Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q2 2014 Net Absorption	2014 Net Absorption	Under Construction	Avg Direct Asking Rate (NNN)
SE Orange County	34,387,643	10.2	12.3	164,738	631,172	2,119,473	\$5.12
SW Orange County	25,900,078	8.6	12.3	212,911	154,761	242,390	\$5.37
NW Orange County	21,360,223	9.8	13.8	60,568	72,777	0	\$4.59
Seminole County	17,215,886	15.0	19.6	7,485	81,673	0	\$5.28
Osceola County	5,560,059	8.4	12.0	34,850	27,599	0	\$3.93
NE Orange County	1,630,722	6.1	8.5	-9,027	-15,217	0	\$7.83
<b>Orlando Market</b>	<b>106,054,611</b>	<b>10.3</b>	<b>13.7</b>	<b>471,525</b>	<b>952,765</b>	<b>2,361,863</b>	<b>\$5.03</b>
Manufacturing	20,203,829	9.4	13.2	54,901	30,015	0	\$4.65
Warehouse/Distribution	75,091,224	9.9	13.0	398,685	927,442	2,361,863	\$4.71
R&D/Flex	7,244,302	18.2	23.5	-3	-18,441	0	\$8.75
Other Industrial	3,515,256	9.6	12.3	20,450	13,749	0	\$7.72

Average Direct Asking Rate (NNN), 30 Most Populous MSAs

	Total Market, All Product Types	Total Availability (%)		
		2nd Quarter 2014	1st Quarter 2014	2nd Quarter 2013
Atlanta, GA	\$3.47	13.6	14.6	16.8
Philadelphia, PA	\$3.82	10.5	10.7	12.2
Cincinnati, OH	\$3.90	5.3	6.0	7.9
Dallas, TX	\$4.07	10.9	10.9	12.3
Kansas City, MO	\$4.13	8.5	9.7	11.4
St. Louis, MO	\$4.22	10.2	11.1	12.6
Chicago, IL	\$4.41	7.9	8.1	8.7
Cleveland, OH	\$4.52	7.2	7.0	7.5
Portland, OR	\$4.56	7.6	8.3	9.2
Detroit, MI	\$4.70	10.9	11.6	11.9
Minneapolis, MN	\$5.03	6.8	6.7	8.0
<b>Orlando, FL</b>	<b>\$5.03</b>	<b>13.7</b>	<b>14.4</b>	<b>16.1</b>
Sacramento, CA	\$5.16	14.3	14.5	15.6
Charlotte, NC	\$5.17	8.2	8.3	9.8
Tampa, FL	\$5.25	13.1	14.2	14.0
Houston, TX	\$5.31	8.2	8.1	8.4
Miami, FL	\$5.82	6.8	7.0	8.2
New York, NY	\$5.88	8.5	9.1	9.8
Baltimore, MD	\$6.08	16.2	15.7	15.0
Denver, CO	\$6.35	6.8	6.6	7.1
San Antonio, TX	\$6.56	10.1	11.5	12.4
Phoenix, AZ	\$6.72	13.5	13.8	14.1
Boston, MA	\$6.83	18.0	18.4	19.7
Seattle, WA	\$6.91	8.0	8.7	9.3
Los Angeles, CA	\$7.36	6.3	6.3	6.7
Riverside, CA	\$8.04	5.5	5.1	6.1
Washington, DC	\$8.56	15.4	14.8	14.6
San Diego, CA	\$11.59	10.5	11.5	13.2
San Francisco, CA	\$19.92	5.9	6.8	8.1
Pittsburgh, PA	N/A	N/A	N/A	N/A

Source: CBRE, 2nd Quarter 2014

# Industrial Market

## Overview

The Orlando industrial market contains 106.1 million square feet of competitive space segmented into six major submarkets located across all four counties within the metropolitan area (Orange, Seminole, Lake and Osceola). The Southeast and Southwest Orange County submarkets contain the largest concentrations of industrial space within the region with 34.3 million square feet and 25.9 million square feet, respectively.

Much of the development in the last decade has taken place in and around Orlando International Airport, where newer Class A bulk warehouse product abounds; more established warehouse product is available in the Orlando Central Park area, while manufacturing and small-bay product is more prevalent in the outlying areas of the region. Warehouse product accounts for just less than 75% of all industrial space market-wide.

## Current Trends

Industrial market fundamentals have strengthened throughout 2014. Two quarters of strong positive absorption have brought year-to-date net absorption to more than 950,000 square feet, forcing vacancy to 10.3%, its lowest level since the third quarter of 2008. As landlords take note of improving economic conditions, the average asking rate across all product types has increased slightly to \$5.03 per square foot, a ten-cent increase from one year earlier.

## Development

The return of speculative development to the industrial market has been the story of 2014 in Orlando's commercial real estate sector.

There have been two completions to date, both in the Southeast Orange County submarket. EastGroup delivered a 110,000-square-foot warehouse in its Horizon Commerce Park - planned for a total of 1.3 million square feet - while Straubcos completed a 58,000-square-foot warehouse in the Atlas Commerce Park.

Seven more projects are under construction in the same submarket, all but one speculative (a 1-million-square-foot Publix Distribution Center). A 125,000-square-foot facility is being built by Prologis in the Beltway Commerce Center; McCraney Property Company and Clarion Partners have two facilities under construction that will make up the 700,000-square-foot Bent Oak Industrial Park; Duke Realty is developing the 100,000-square-foot Crossroads IX property; EastGroup will deliver a second 120,000-square-foot warehouse in Horizon Commerce Par; and DCT Industrial is bringing an additional 100,000 square feet to Airport Distribution Center. In the Southwest Orange County submarket, McCraney Property Company and Clarion Partners are again partnering to bring approximately 250,000 square feet of new speculative industrial space to the market over two buildings in the John Young Business Park.

In all, approximately 2.4 million square feet of industrial development is currently underway in the Orlando market.