

# MarketWatch: Orlando Industrial

SECOND QUARTER 2011



## QUICK STATS

Total Inventory	124.9MSF
Vacancy	12.3%
Average Asking Rent	\$4.92
YTD Net Absorption	540,786 MSF
Under Construction	-0-
YTD Deliveries	67,135

## LEASE SPOTLIGHT

Building	Tenant	Size (SF)
Cypress Park East	Orange County	108,227
1090 Gills Drive	Blue Line Distributing	93,000
19900 Independence Boulevard	Rainey Construction	90,000

## SALE SPOTLIGHT

Building	Size (SF)	PSF	Sales Price
3940 Shader Road	360,000	\$47.00	\$16,800,000
5520 Vanguard Street	88,000	\$39.00	\$3,400,000
6325 McCoy Road	40,362	\$40.00	\$1,600,000

*Methodology:* The information in this report is the result of Transwestern's ongoing analysis of Orlando's key for-lease industrial and flex properties. We compile our quarterly statistics based on a defined inventory of existing buildings of 20,000 square feet or more in size.

## MARKET ANALYSIS

Thanks to a convenient location in Central Florida, a solid transportation infrastructure, and easy access to customers and labor, Orlando is an ideal location for warehouse and distribution businesses. The area is also a recognized advanced manufacturing center, home businesses creating high-performance components for medical equipment, computing, power generation systems, frequency control products, automotive systems and more. In addition, Orlando is known for its high-tech industries including digital media, life sciences, simulation and modeling, and optics and photonics means there is a steady demand for flex space. Clearly, there is more to the Orlando economy than tourism.

Mirroring other markets across the US, the Orlando area's economy and overall industrial real estate market is improving but not at a very robust pace. Many companies, particularly those that downsized during the tough economy several years ago, currently have excess space that they need to begin using again before they will consider expanding or relocating.

Development of new industrial facilities has been scarce, with less than 100,000 square feet of new buildings added over the past 18 months, representing the lowest amount of new construction over the past decade. Vacancy rates are slowly falling from 2009 peak levels, and are projected to soon return to historic average overall vacancy rates of under 10%. With consistent positive absorption and supply and demand coming back into equilibrium, as the local and national economic recovery gains momentum and consumer spending picks up it is expected to boost the Orlando industrial market back to historically strong levels of performance.

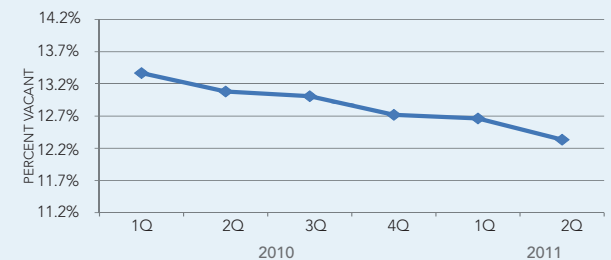
## MARKET TRENDS

### Vacancy Rate

Current  
12.3%

3-Month  
Trend  
↓

Overall vacancy has improved following five consecutive quarters of significant positive absorption

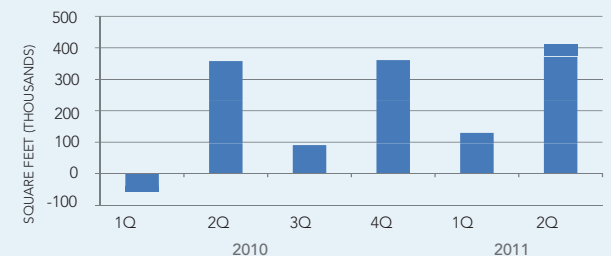


### Absorption

411,286 SF



Orlando has absorbed more than 1.3 million square feet of space during the last 15 months

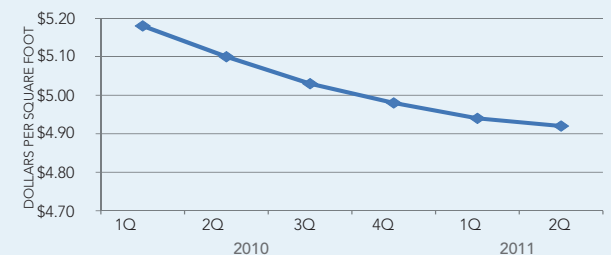


### Rental Rates

\$4.92 PSF



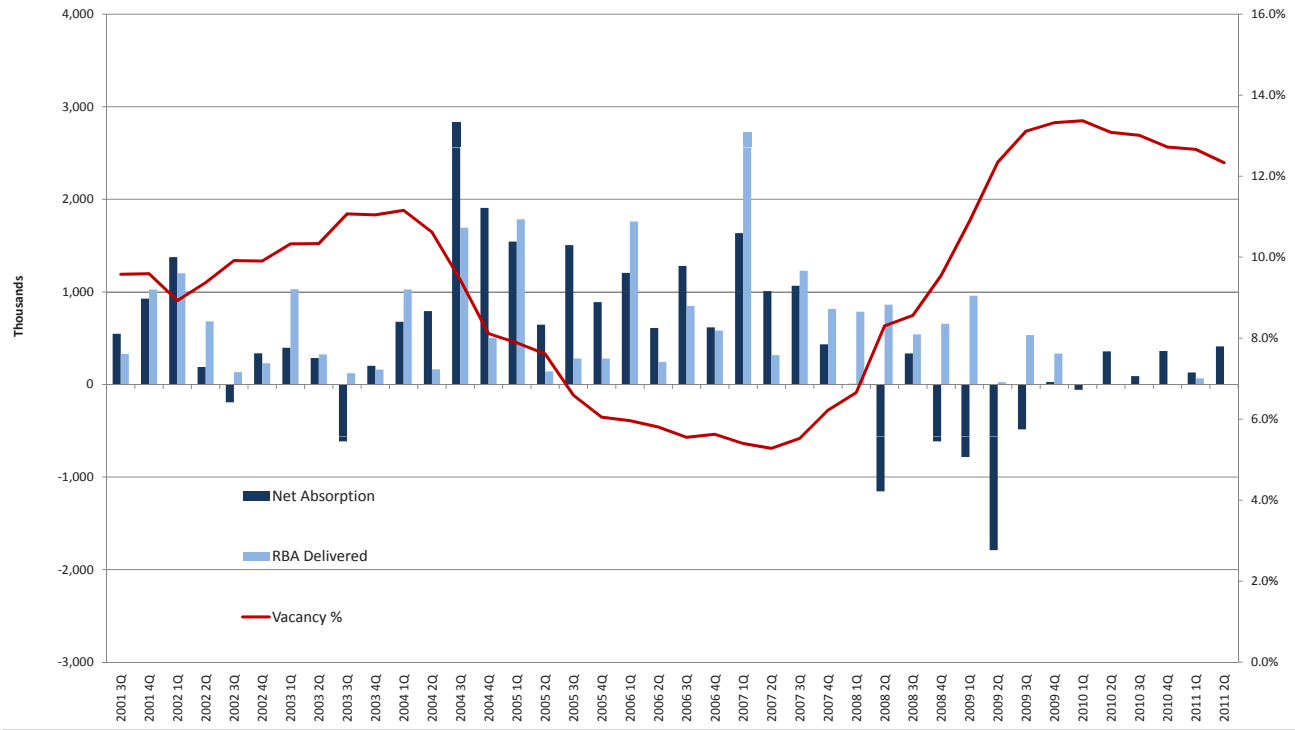
Average asking rates have dropped nearly \$2 per square-foot since peaking in 2007 at \$6.72 per square-foot



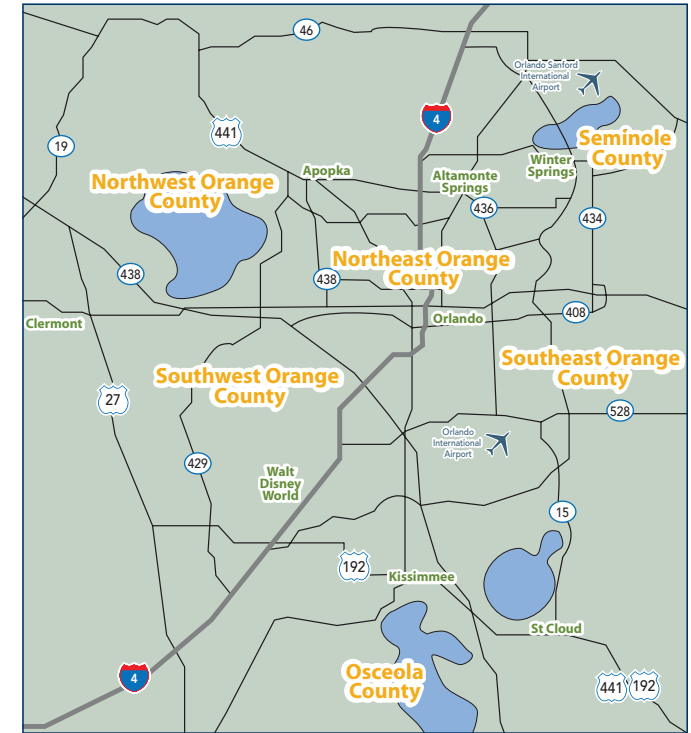
## CURRENT MARKET STATISTICS — SECOND QUARTER 2011

Submarket	Total Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Sublease SF	Total SF Vacant	Overall Vacancy Rate	Current Quarter's Net Absorption	SF Under Construction	Average Quoted Rental Rate PSF (NNN)
NE Orange County	1,279,136	37,409	2.9%	-0-	37,409	2.9%	25,028	-0-	\$7.46
NW Orange County	28,229,247	2,625,727	9.3%	40,200	2,665,927	9.4%	-63,885	-0-	\$4.11
Osceola County	5,764,781	570,484	9.9%	-0-	570,484	9.9%	4,045	-0-	\$3.93
SE Orange County	39,619,293	6,123,435	15.5%	523,490	6,646,925	16.8%	467,672	-0-	\$4.99
Seminole County	19,884,199	2,329,700	11.7%	14,500	2,344,200	11.8%	-68,037	-0-	\$5.48
SW Orange County	30,083,328	3,066,784	10.2%	68,283	3,135,067	10.4%	46,463	-0-	\$5.04
<b>ORLANDO TOTAL</b>	<b>124,859,984</b>	<b>14,753,539</b>	<b>11.8%</b>	<b>646,473</b>	<b>15,400,012</b>	<b>12.3%</b>	<b>411,286</b>	<b>-0-</b>	<b>\$4.92</b>

## HISTORICAL MARKET TRENDS



## ORLANDO INDUSTRIAL SUBMARKETS



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