LAKELAND INDUSTRIAL MARKET
Third Quarter 2018

CUSHMAN & WAKEFIELD

OVERALL MARKET	No. Bldgs.	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	Direct Wtd. Average Rental Rates (psf)	Quarter Overall Net Absorption	YTD Overall Net Absorption	YTD Leasing Activity	YTD Construction Completions	Under Construction
SOUTHWEST LAKELAND	107	12,234,092	1.4%	1.4%	$5.64	51,310	10,660	147,920	30,200	1,091,120
SOUTHEAST LAKELAND	66	2,408,065	4.8%	4.8%	$9.63	29,375	83,375	63,125	0	0
NORTHWEST LAKELAND	93	11,320,700	3.6%	3.6%	$5.84	86,448	193,140	185,840	0	0
NORTHEAST LAKELAND	46	6,259,938	8.3%	8.3%	$4.70	68,510	1,027,438	70,710	1,256,728	440,000
LAKELAND TOTAL	**312**	**32,222,795**	**3.8%**	**3.7%**	**$5.67**	**235,643**	**1,314,613**	**467,595**	**1,286,928**	**1,531,120**
WAREHOUSE/DISTRIBUTION										
SOUTHWEST LAKELAND	71	9,412,034	1.8%	1.8%	$5.64	50,190	(120)	140,080	30,200	1,091,120
SOUTHEAST LAKELAND	40	1,350,940	1.7%	1.7%	$7.10	29,375	83,375	63,125	0	0
NORTHWEST LAKELAND	59	6,231,659	5.2%	5.2%	$5.18	108,578	192,870	163,440	0	0
NORTHEAST LAKELAND	38	5,648,625	9.2%	9.2%	$4.70	68,510	1,027,438	70,710	1,256,728	440,000
TOTAL	**208**	**22,643,258**	**4.6%**	**4.6%**	**$5.05**	**256,653**	**1,303,563**	**437,355**	**1,286,928**	**1,531,120**
OFFICE SERVICES/FLEX										
SOUTHWEST LAKELAND	8	219,633	0.5%	0.5%	$5.25	1,120	10,780	7,840	0	0
SOUTHEAST LAKELAND	7	286,490	32.2%	32.2%	$10.26	0	0	0	0	0
NORTHWEST LAKELAND	6	167,546	0.0%	0.0%	$0.00	0	22,400	22,400	0	0
NORTHEAST LAKELAND	1	16,500	0.0%	0.0%	$0.00	0	0	0	0	0
TOTAL	**22**	**690,169**	**13.5%**	**13.5%**	**$10.20**	**1,120**	**33,180**	**30,240**	**0**	**0**
MANUFACTURING										
SOUTHWEST LAKELAND	28	2,602,425	0.0%	0.0%	$0.00	0	0	0	0	0
SOUTHEAST LAKELAND	19	770,635	0.0%	0.0%	$0.00	0	0	0	0	0
NORTHWEST LAKELAND	28	4,921,495	1.6%	1.6%	$8.21	(22,130)	(22,130)	0	0	0
NORTHEAST LAKELAND	7	594,813	0.0%	0.0%	$0.00	0	0	0	0	0
TOTAL	**82**	**8,889,368**	**0.9%**	**0.9%**	**$8.21**	**(22,130)**	**(22,130)**	**0**	**0**	**0**

* Overall figures include sublease and direct space.

Note: Cushman & Wakefield is continously refining its database. Due to adjustments made to the inventory, vacancy & leasing activity which affects absorption, current figures may not match what was published previously. Historical data has been adjusted to take in account these changes

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MARKETBEAT

Lakeland

Industrial Q3 2018

CUSHMAN & WAKEFIELD

LAKELAND INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Lakeland MSA Employment	220k	225k	▲
Polk County Unemployment	4.9%	4.3%	▬
U.S. Unemployment	4.4%	3.9%	▼

* Numbers above are monthly figures, August 2018, FL Dept. Economic OPP.

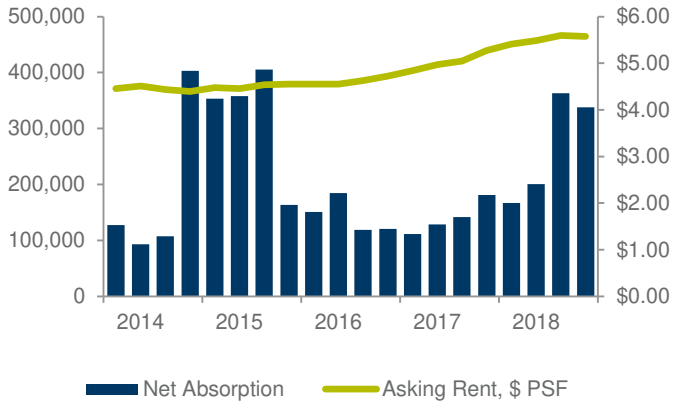
Market Indicators (Overall, All Property Types)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	3.9%	3.8%	▬
YTD Net Absorption (sf)	625k	1.3M	▲
Under Construction (sf)	606k	1.5M	▲
Average Asking Rent*	$5.76	$5.68	▲

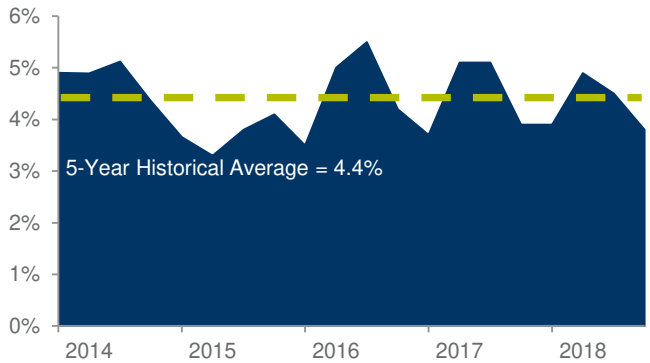
*Rental rates reflect net asking $psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Through August of 2018 the economy in Polk County, which includes the Lakeland industrial market, continued its upward momentum, adding +5,400 jobs for an annual growth rate of 2.5%. The unemployment rate fell by -60 basis points (bps) over the last 12 months to 4.3%. Most industrial-using employment sectors gained jobs throughout Polk County. The Trade, Transportation, & Utilities sector, added +1,100 new positions for an annual increase of 1.9%. The region's robust consumer base benefited the industrial market with many in- and new-to-market users taking space to meet consumer demand.

Market Overview

The overall vacancy rate in the third quarter decreased by -20 bps in the last 12 months and has remained below 6.0% for 28 consecutive quarters. This was in part attributed to the Southeast submarket's lead in occupancy gains, with a -480 bps drop in the vacancy to 4.8%. The overall rental rate decreased -1.4% year-over-year from $5.76 per square foot (psf) to $5.68 psf, triple net. This was primarily due to limited Class A availabilities in the market. In contrast, the Southeast submarket led in rental rate gains with an annual increase of +21.5% in asking rents to $9.63 psf, bolstered by nearly 100,000 square feet (sf) of higher-priced available flex space and less than 25,000 sf of availabilities in lower-priced warehouse/distribution buildings.

Leasing activity in Lakeland cooled significantly when compared to 2017 historic figures, which was owed to tenants leasing over 1.2 million square feet (msf) last year. The softening in leasing throughout 2018 is due to a lack of large 100,000+ sf blocks of space in the market. In contrast, overall absorption continued its positive trend for the 20th consecutive quarter. The 1.3 msf of positive absorption year-to-date was more than double year-end 2017 figures.

Lakeland remained one of the top industrial markets for new construction in the Tampa Bay region with 1.2 msf of distribution space delivered this year. Scannell Properties' completed Best Buy's new 650,808-sf built-to-suit distribution center in the Northwest submarket. Additionally, Center State Logistics, a 605,920-sf distribution center delivered with Quaker/Gatorade as a single tenant building user. At the close of the third quarter over 1.5 msf was under construction. Blue Steel Development broke ground on the first phase of Key Logistics Center, which includes a 520,000-sf built-to-suit distribution center for DHL and a 491,000-sf speculative development. High demand for new big box space, coupled with overall lack of availability, will continue to justify growth in Lakelands industrial product.

Outlook

The Lakeland industrial market posted strong market fundamentals through the first nine months of 2018. Tenants continued to seek out Lakeland's lower rental rates, plethora of new product, and superior access to the I-4 corridor. Cushman & Wakefield anticipates the Lakeland industrial market's key dynamics to remain steady through the remainder for 2018 and into 2019.

MARKETBEAT

Lakeland

Industrial Q3 2018

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Southwest Lakeland	107	12,234,092	0	1.4%	10,660	1,091,120	30,200	N/A	$5.25	$5.69
Southeast Lakeland	66	2,408,065	0	4.8%	83,375	0	0	N/A	$10.26	$7.10
Northwest Lakeland	93	11,320,700	602,567	3.6%	193,140	0	0	$8.21	N/A	$5.18
Northeast Lakeland	46	6,259,938	605,920	8.3%	1,027,438	440,000	1,256,728	N/A	N/A	$4.70
LAKELAND TOTALS	**312**	**32,222,795**	**1,208,487**	**3.8%**	**1,314,613**	**1,531,120**	**1,286,928**	**$8.21**	**$10.20**	**$5.06**

*Rental rates reflect asking $psf/year FLEX = Flex Space MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)*	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	208	22,643,258	1,208,487	4.6%	1,303,563	1,531,120	437,355	1,286,928	$5.06	$5.05
Manufacturing	82	8,889,368	0	0.9%	-22,130	0	0	0	$8.21	$8.21
Office Service/Flex	22	690,169	0	13.5%	33,180	0	30,240	0	$10.20	$10.20

*Does not include renewals

Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2025 US Highway 92 W	87,500	Crown Health Care Laundry	Direct	Northeast Lakeland

Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER/BUYER	PRICE / $PSF	SUBMARKET
State Road 33 – Best Buy Distribution Center	650,808	Scannell Properties/Tratt Properties	$40,633,100/$62	Northeast Lakeland

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