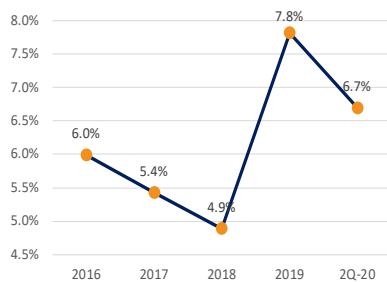


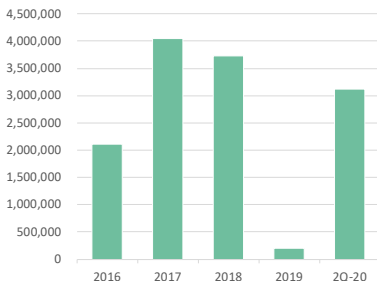
Orlando

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Orlando market's health. Third quarter activity is expected to provide greater clarity.

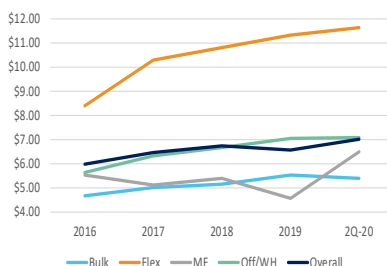
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/NNN)



Industrial Fundamentals Remain Solid at Mid-Year After a Quarter Punctuated by Several Key Transactions

- Year-over-year vacancy for the period ending with 2Q-2020 is up only 27 basis points, largely attributable to strong leasing in the Airport/Southeast submarket and fewer than expected space give backs.
- Rental rate growth continued to accelerate over the last year, with asking rents rising 6.5% for the 12-month period ending 2Q-2020.
- Industrial speculative construction projects continue to move forward. Whitley Capital recently broke ground on Prime Logistics Center, an 827,800-sf class A industrial park in the Airport/Southeast submarket and EastGroup Properties just announced plans for two 100,000-sf buildings in Horizon West Commerce Park. Also in Orlando, Lincoln Property Company and Crow Holdings are moving forward on redeveloping aging industrial buildings in Orlando Central Park into a new class A infill logistics/last mile delivery project to be known as OCP Logistics Center.
- Leasing activity has begun picking up in the industrial market. Amazon just leased a massive 1.1 million-sf distribution center in Orlando's Silver Star submarket. The building was previously occupied by Winn-Dixie and includes over 170,000 sf of cold storage space.
- Private investors were more active toward the end of the second quarter, but pricing remains challenging. The most prominent transaction involved California-based LBA Realty ("LBA") closing on the recently built Sand Lake Commerce Center in Orlando. LBA acquired the property from McDonald Development for \$26.4 million, or \$115 per sf.

Trends to Watch



Structural Shift

The move from brick-and-mortar to e-commerce operations is expected to create greater investment in warehouse space as it requires three times the logistics space of traditional users.



New Development

The Airport/Southeast submarket continues to claim the dominant share of new development with 60% of all industrial projects currently under construction.



Amazon Continues to Dominate

Record e-commerce demand is fueling Amazon's expansion throughout Central Florida, with two new leases totaling over 1.5 million sf taking place during the second quarter.

117.5 MSF

Total inventory in the Orlando industrial market

3,122,710 SF

Direct Y-T-D net absorption as of 2Q-2020

6.69%

Overall Vacancy

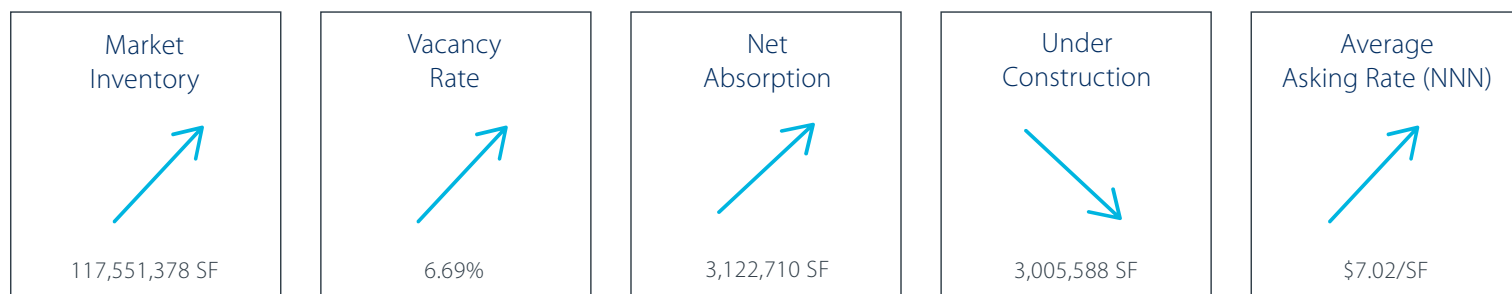
\$6.41/SF/NNN

Average rental rate for industrial space (excluding flex)

ORLANDO MSA TOTAL										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	41,200,178	\$5.38	2,561,284	183,639	93.78%	6.22%	0.45%	6.66%	1,040,116	2,733,871
Flex	14,056,759	\$11.65	862,782	48,650	93.86%	6.14%	0.35%	6.48%	0	(16,024)
Manufacturing	6,321,623	\$6.51	88,900	0	98.59%	1.41%	0.00%	1.41%	0	31,622
Warehouse / Distribution	55,972,818	\$7.08	3,961,053	156,567	92.92%	7.08%	0.28%	7.36%	1,965,472	373,241
Market Total	117,551,378	\$7.02	7,474,019	388,856	93.64%	6.36%	0.33%	6.69%	3,005,588	3,122,710
Northwest										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,855,531	\$5.50	402,582	0	78.30%	21.70%	0.00%	21.70%	656,500	416,016
Flex	500,738	\$10.22	6,100	0	98.78%	1.22%	0.00%	1.22%	0	3,175
Manufacturing	1,126,395	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	4,219,545	\$6.33	283,361	3,745	93.28%	6.72%	0.09%	6.80%	0	51,260
Northwest Total	7,702,209	\$5.88	692,043	3,745	91.02%	8.98%	0.05%	9.03%	656,500	470,451
Silver Star										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	3,132,217	\$5.75	42,800	0	98.63%	1.37%	0.00%	1.37%	0	1,036,966
Flex	1,226,291	\$8.50	87,182	0	92.89%	7.11%	0.00%	7.11%	0	(10,711)
Manufacturing	1,167,132	\$8.00	5,600	0	99.52%	0.48%	0.00%	0.48%	0	5,722
Warehouse / Distribution	8,702,013	\$7.18	770,120	2,000	91.15%	8.85%	0.02%	8.87%	0	(9,861)
Silver Star Total	14,227,653	\$7.24	905,702	2,000	93.63%	6.37%	0.01%	6.38%	0	1,022,116
Longwood/Lake Mary/Sanford										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,250,450	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	83,207
Flex	1,959,306	\$11.00	153,946	6,763	92.14%	7.86%	0.35%	8.20%	0	(16,937)
Manufacturing	1,673,031	\$5.50	55,200	0	96.70%	3.30%	0.00%	3.30%	0	54,000
Warehouse / Distribution	5,710,035	\$7.15	392,006	0	93.13%	6.87%	0.00%	6.58%	378,100	(20,428)
Longwood/Lake Mary/Sanford Total	10,592,822	\$7.99	601,152	6,763	94.32%	5.68%	0.06%	5.59%	378,100	99,842
North Central										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Flex	1,238,596	\$10.16	90,684	0	92.68%	7.32%	0.00%	7.32%	0	(258)
Manufacturing	266,586	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	1,040,988	\$7.52	19,000	0	98.17%	1.83%	0.00%	1.83%	0	50
North Central Total	2,546,170	\$9.70	109,684	0	95.69%	4.31%	0.00%	4.31%	0	(208)
Central Orlando										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	316,943	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	528,969	\$21.02	8,075	0	98.47%	1.53%	0.00%	1.53%	0	(8,075)
Manufacturing	375,472	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,211,715	\$7.44	145,799	0	95.46%	4.54%	0.00%	4.54%	130,000	35,291
Central Orlando Total	4,433,099	\$8.15	153,874	0	96.53%	3.47%	0.00%	3.47%	130,000	27,216
Osceola County										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,353,699	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	485,875	\$12.91	6,210	0	94.79%	5.21%	0.00%	5.21%	0	4,500
Manufacturing	1,349,220	\$8.25	22,100	0	98.36%	1.64%	0.00%	1.64%	0	(22,100)
Warehouse / Distribution	1,617,018	\$8.83	101,622	0	93.72%	6.28%	0.00%	6.28%	0	(60,149)
Osceola County Total	4,805,812	\$8.93	129,932	0	96.90%	3.10%	0.00%	3.10%	0	(77,749)
33rd Street										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	213,000	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	613,694	\$10.33	23,589	0	96.16%	3.84%	0.00%	3.84%	0	(12,252)
Warehouse / Distribution	3,499,293	\$6.99	231,010	8,280	93.40%	6.60%	0.24%	6.84%	0	(33,185)
33rd Street Total	4,325,987	\$7.30	254,599	8,280	94.11%	5.89%	0.19%	6.08%	0	(45,437)
University/East Side										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	350,154	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	1,427,257	\$10.09	94,389	0	93.39%	6.61%	0.00%	6.61%	0	40,567
Manufacturing	363,787	\$8.00	6,000	0	98.35%	1.65%	0.00%	1.65%	0	(6,000)
Warehouse / Distribution	1,806,916	\$8.94	27,710	0	98.47%	1.53%	0.00%	1.53%	0	29,415
University/East Side Total	3,948,114	\$9.74	128,099	0	96.76%	3.24%	0.00%	3.24%	0	63,982
Orlando Central Park										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	8,834,960	\$5.44	334,793	31,639	96.21%	3.79%	0.36%	4.15%	0	43,400
Flex	2,627,752	\$13.10	80,853	3,848	96.92%	3.08%	0.15%	3.22%	0	(3,289)
Warehouse / Distribution	4,466,818	\$7.14	346,927	25,550	92.23%	7.77%	0.57%	8.34%	0	138,469
Orlando Central Park Total	15,929,530	\$7.03	762,573	61,037	95.21%	4.79%	0.38%	5.17%	0	178,580
Airport/Southeast										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	15,889,971	\$5.37	1,472,633	60,000	90.73%	9.27%	0.38%	9.65%	383,616	648,154
Flex	2,346,146	\$13.11	256,727	38,039	89.06%	10.94%	1.62%	12.56%	0	(8,744)
Warehouse / Distribution	17,757,238	\$6.96	1,535,868	80,071	91.35%	8.65%	0.45%	9.10%	1,457,372	243,857
Airport/Southeast Total	35,993,355	\$6.73	3,265,228	178,110	90.93%	9.07%	0.49%	9.57%	1,840,988	883,267
Southwest										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	1,763,652	\$0.00	0	0	100.00%	0.00%	0.00%	0.00%	0	14,400
Flex	1,102,135	\$13.86	55,027	0	95.01%	4.99%	0.00%	4.99%	0	(4,000)
Warehouse / Distribution	3,536,157	\$7.29	89,158	36,921	97.48%	2.52%	1.04%	3.57%	0	16,994
Southwest Total	6,401,944	\$9.80	144,185	36,921	97.75%	2.25%	0.58%	2.83%	0	27,394
Davenport										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Sublet Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	6,239,601	\$5.16	308,476	92,000	95.06%	4.94%	1.47%	6.42%	0	491,728
Warehouse / Distribution	405,082	\$5.95	18,472	0	44.17%	55.83%	0.00%	55.83%	0	(18,472)
Davenport Total	6,644,683	\$5.20	326,948	92,000	91.95%	8.05%	1.38%	9.43%	0	473,256

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in the Orlando MSA that are not government owned. All rents are reported on a triple-net basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but not guaranteed.

Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)

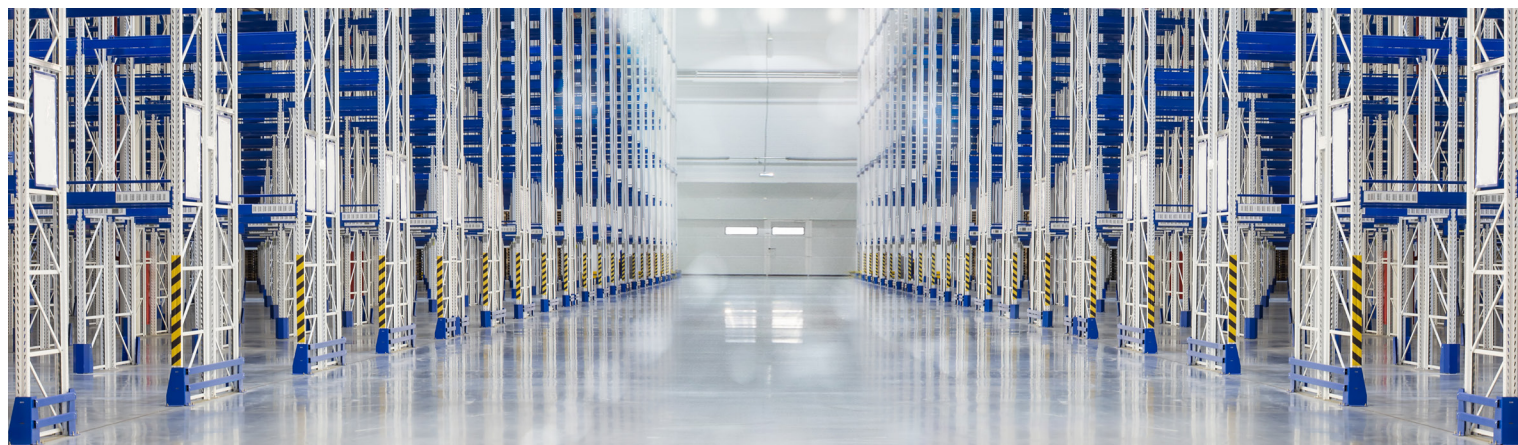


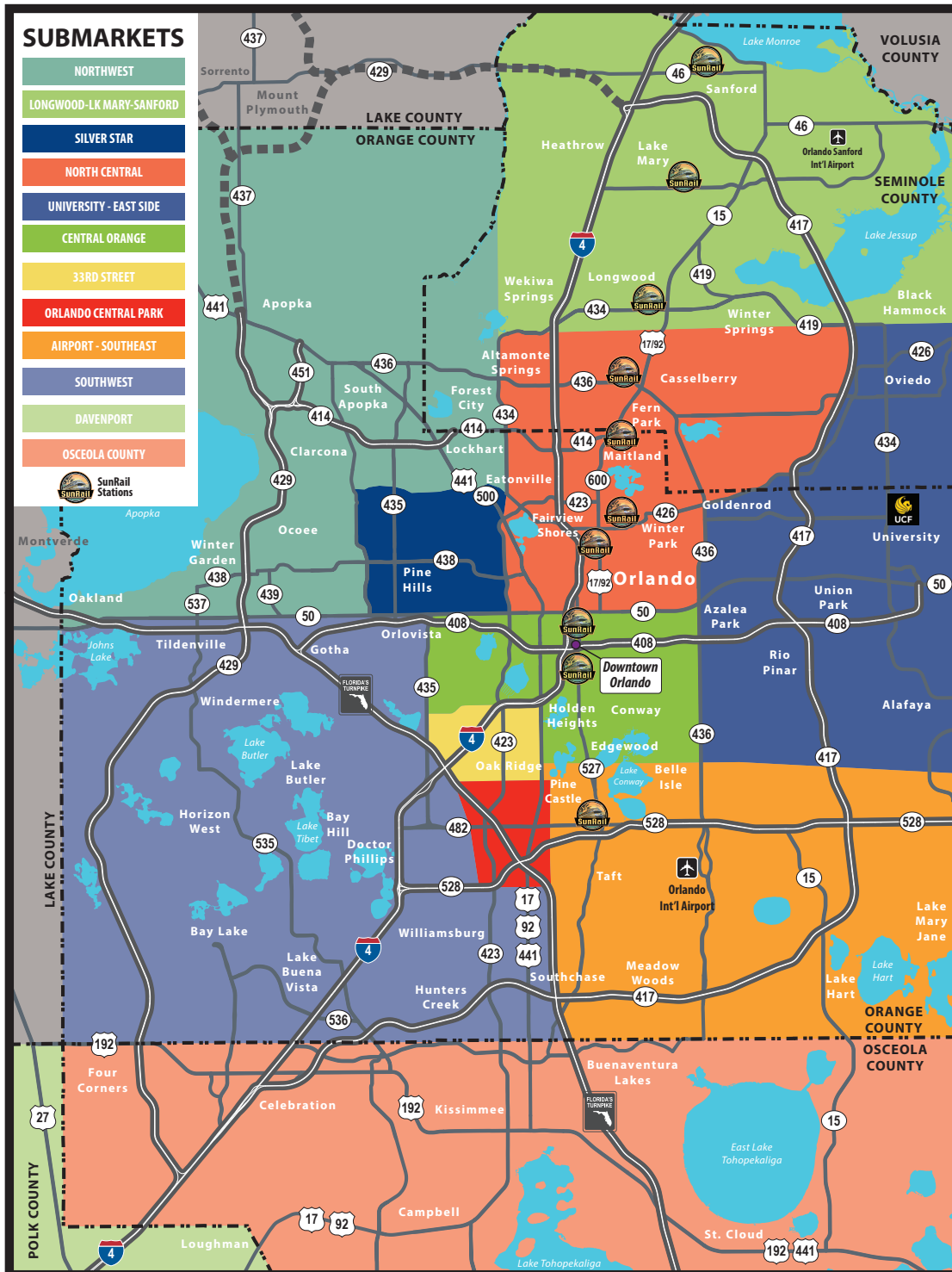
Significant Second Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Amazon	4401 Seaboard Rd	New		Silver Star
Amazon	9775 Air Commerce Pky	New	561,750	Airport/Southeast
S-L Distribution	Horizon Commerce Center VIII	New	68,196	Airport/Southeast
Del-Air	Park 27 - Bldg III	New	41,728	Davenport
Adventist Health	Northwest Distribution Center	New	36,016	Northwest
Unilumin	Horizon Commerce Center VIII	New	33,586	Airport/Southeast
KH&S	4364 35th St	New	27,836	33rd Street

Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Sand Lake Commerce Center	230,117	\$26,400,000	\$115	LBA Realty	Airport/Southeast
7601 Chancellor Dr	46,214	\$4,000,000	\$87	Stevenson Properties Orlando FL, LLC	Orlando Central Park
4500 Metric Dr	53,030	\$3,900,000	\$74	" Liam Zayne Group LLC	University/East Side
501 Cornwall Rd	30,000	\$2,900,000	\$97	Media 1	Longwood/Lake Mary/Sanford
3923 Forrestal Ave	26,513	\$2,550,000	\$96	Orlando Kitchen and Bath Gallery	Longwood/Lake Mary/Sanford





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