



**AVISON
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Florida industrial market report

Q3 2021

AVANT
by AVISON YOUNG



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U.S. industrial drivers

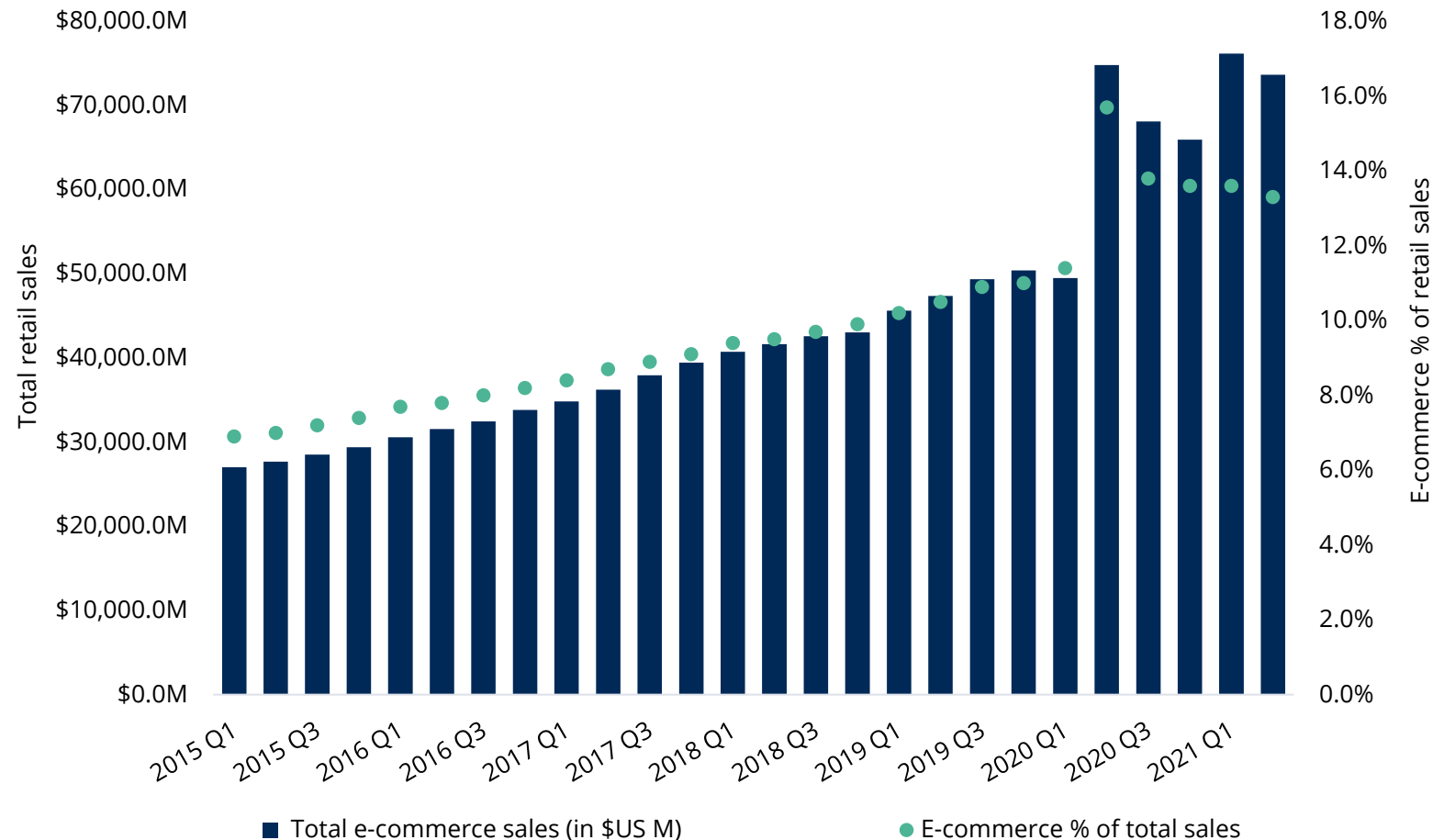
FLORIDA INDUSTRIAL MARKET REPORT
Q3 2021

U.S. total retail and e-commerce sales

13.3%

E-commerce share of overall retail sales in Q2 2021

Demand for e-commerce surged during the initial shock of lockdowns, driving industrial demand to record levels. As the economy begins to reopen, the rate of e-commerce growth is nearly double pre-COVID levels, suggesting accelerated e-commerce demand is sustainable.



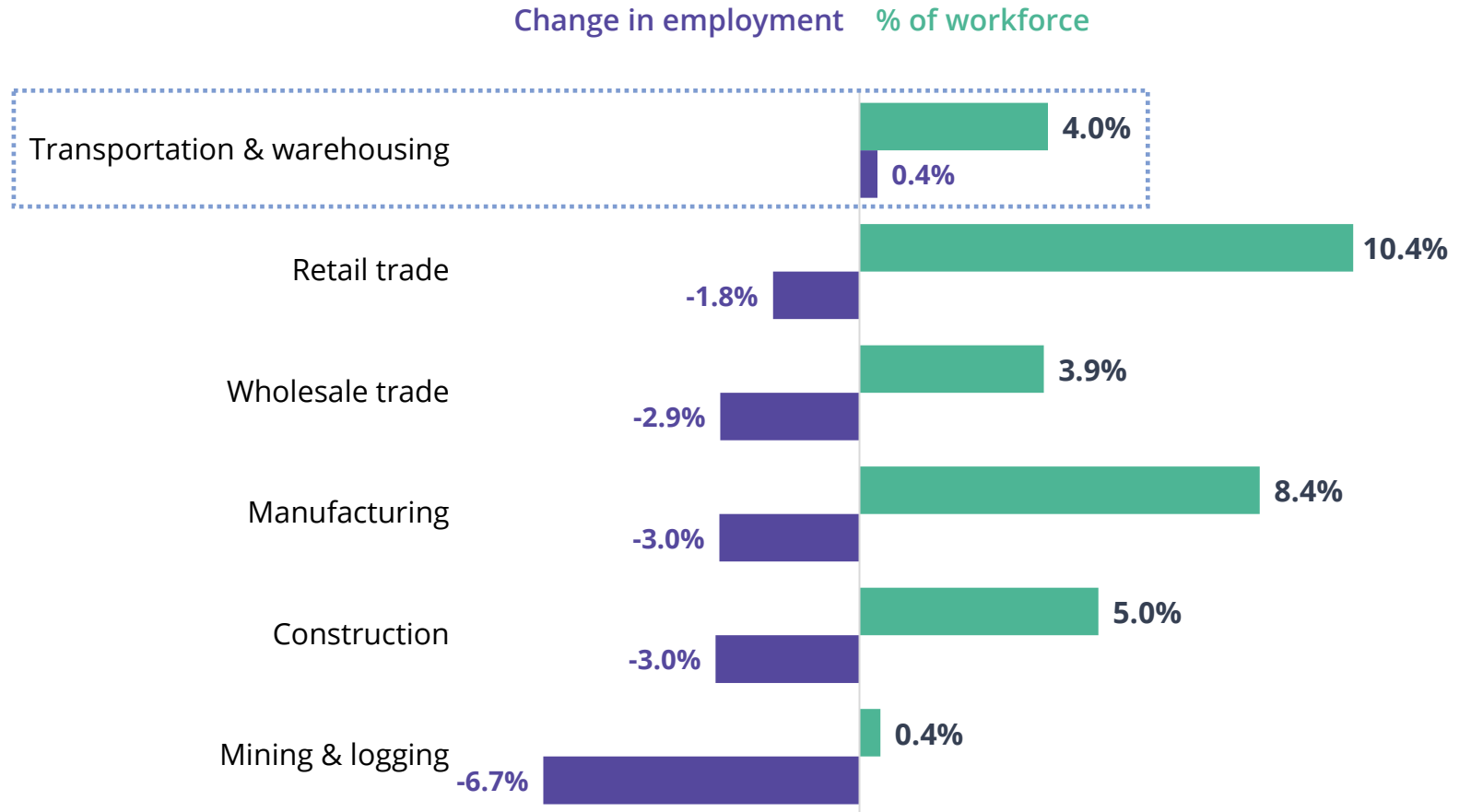
Source: Federal Reserve Bank of St. Louis
*Most recent update August 17, 2021

Industrial sector job gains and losses

+0.4%

Change in transportation and warehousing employment, February 2020 to July 2021

The transportation and warehousing employment sector has been resilient throughout the pandemic. Manufacturing, construction and wholesale trade comprise similar proportions of total U.S. employment but have contracted since February 2020.



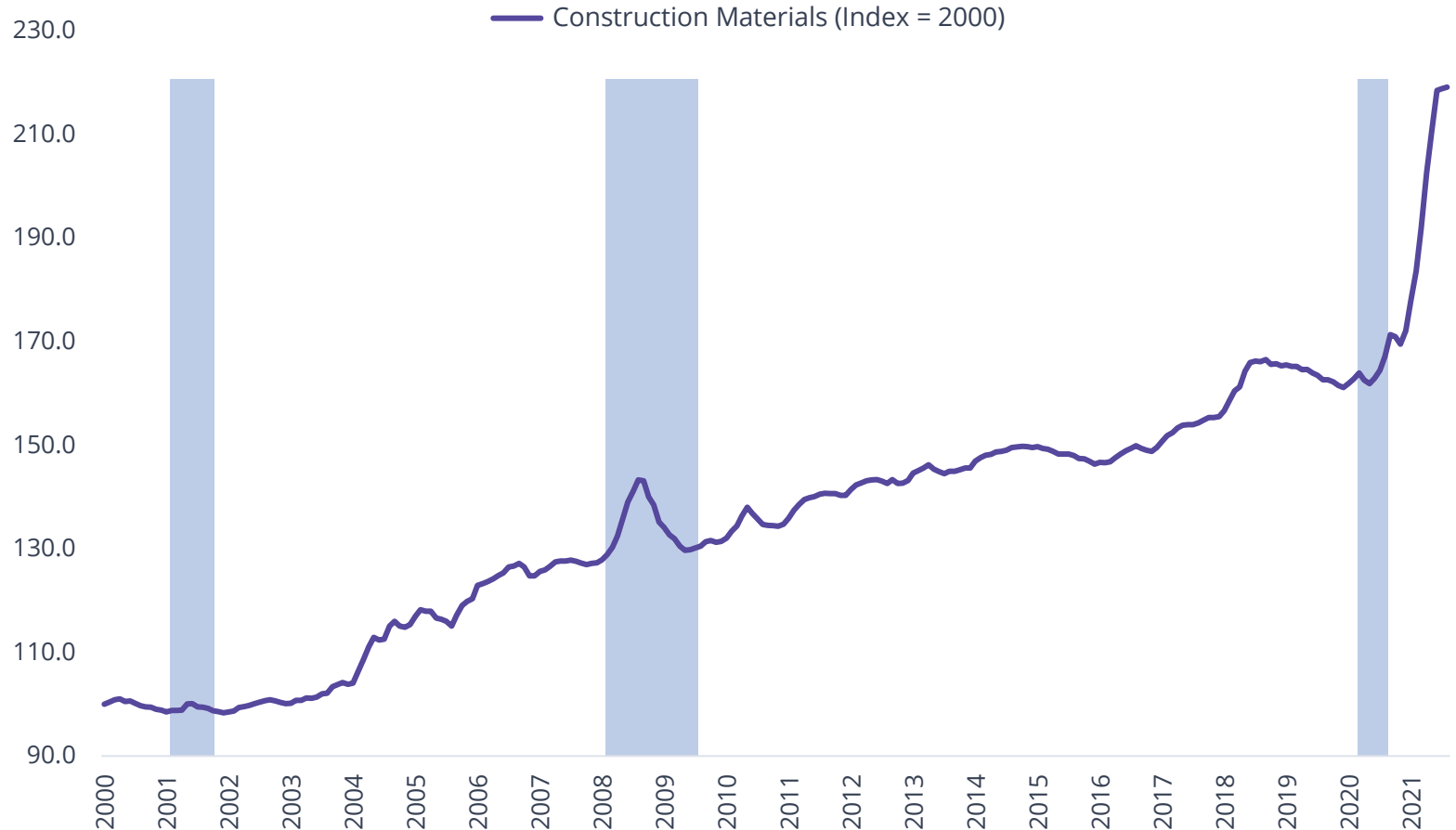
Note: Seasonally adjusted data.
Source: Bureau of Labor Statistics

Cost of construction materials

+35.3%

**Construction Material
Index cost from year-end
2020 to August 2021**

Construction material costs have surged to start 2021, applying upward pressure on industrial pro forma rents. However, recent activity in August and September suggest that pricing is poised to moderate to 2020 levels in the coming months.



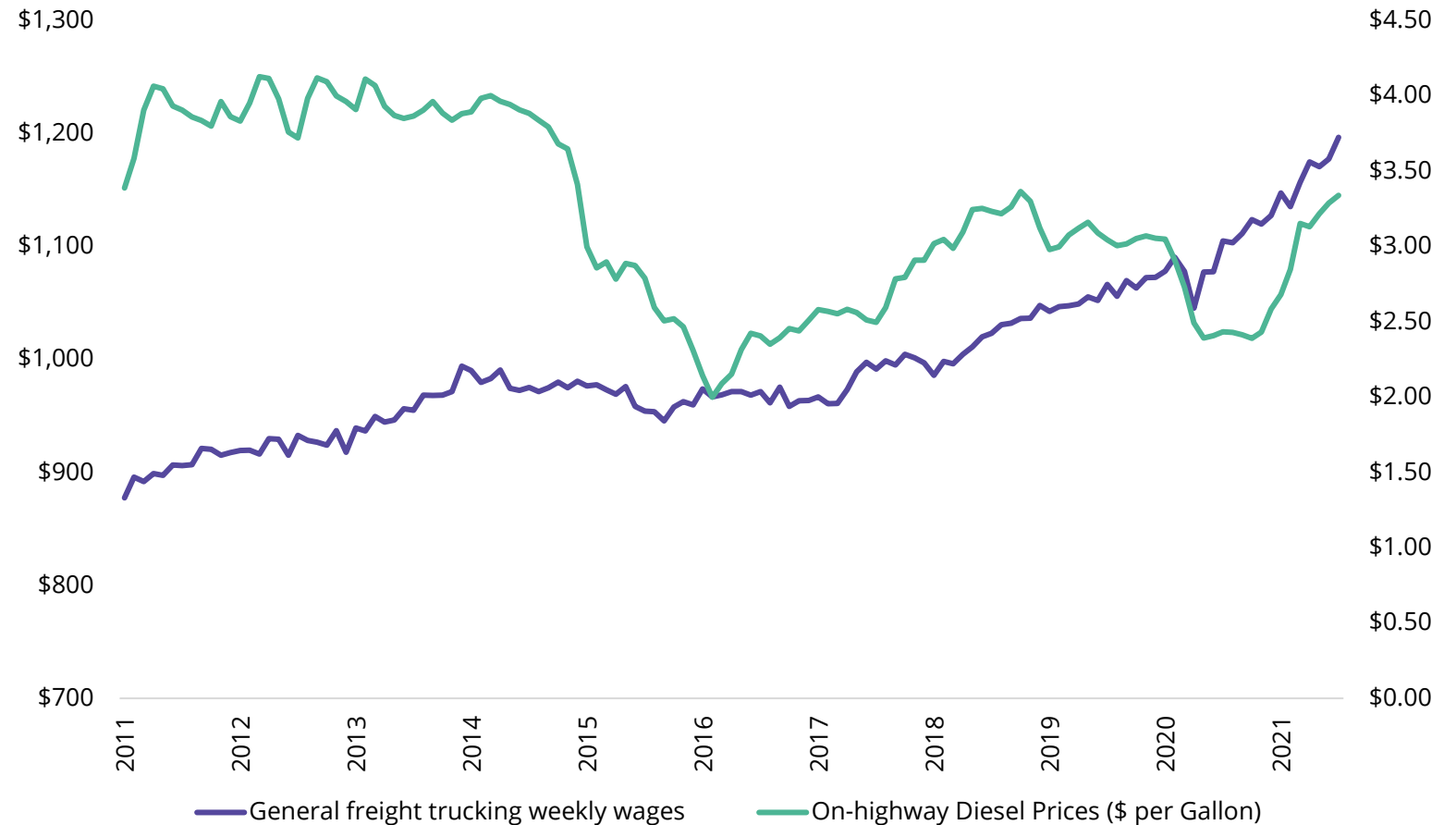
Source: Bureau of Labor Statistics

Fuel costs and freight trucking driver wages

+39.8%

**Diesel prices since
May 2020**

Rising diesel fuel prices and wage rates, for short- and long-haul trucking, are exacerbating pressures on shipping costs for companies that may have also faced international supply chain disruptions.



Source: Bureau of Labor Statistics, U.S. Energy Information Administration, AVANT by Avison Young

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Florida market overview

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Florida's construction pipeline remains full even as construction material and labor shortages persist

Strong appetite for modern distribution and warehouse space continues to fuel industrial construction activity in Florida's major markets as developers work to keep pace with e-commerce and related logistics demand. Healthy economic fundamentals and brisk cargo traffic at the state's major deep-water ports have also worked to bring Florida's unemployment rate down to **5.0%** as of August 2021—20 basis points below the U.S. level. Industrial job losses have declined by **1.9%** since the start of the pandemic, as opposed to the hospitality and retail sectors (down -17.2% and -3.4% respectively), and inflationary concerns persist.

Construction activity is concentrated in areas of higher population growth as e-commerce and logistics occupiers rush to keep up with consumer demand. In metro areas outside of South Florida where land constraints are less of a factor, particularly in the Orlando and Jacksonville metro areas, a somewhat lowered barrier to development has those

areas well positioned for future growth. Ongoing labor shortages remain a concern as they have grown more acute over the last year, but the post-holiday season may bring a reprieve.

There are currently 100 industrial properties (not including flex) under construction totaling **21.7 million sf**, equivalent to **3.9%** of Florida's total industrial inventory. Roughly two-thirds of all new construction underway is within the 100,000 - 250,000 sf range while only three are one million sf or larger. The top submarkets for active new developments include Airport West, Medley and NW Dade in the Miami metro area; the East Side and Plant City/East Hillsborough in the Tampa area; the pivotal Airport/Southeast submarket in Orlando; and the Westside submarket in Jacksonville. Construction delays remain likely in many cases due to labor shortages and the escalating costs of construction materials (i.e. lumber, steel and copper). The proposed construction pipeline

is full as well, comprised of 216 buildings totaling 65.3 million sf for an **11.9%** share of current statewide inventory.

Investment activity has been strong throughout 2021, with 143 sales to date totaling **\$2.0 billion** in transaction volume. Roughly 20% of all sales activity so far this year has taken place in Lakeland/Polk County, which is part of the Tampa MSA, and class A developments have accounted for nearly half of all investment activity for the year-to-date.

Despite continued headwinds from material pricing increases, labor shortages, and the still-present threat of supply-chain disruption, the outlook for industrial remains strong heading toward 2022.

Discover our past office and industrial market-specific insight reports [here](#).



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Miami market fundamentals

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Key industrial takeaways



Economic conditions

- South Florida's economy continued to rebound during the third quarter with the unemployment rate declining to **5.6%** as of August 2021, an 810-basis point drop from the high of 13.7% in May 2020.
- Industrial jobs in South Florida have increased by **4.1%** year-over-year as of August 2021. The strongest growth has been within the transportation, warehousing and utilities sector, which increased by **8.1%**.
- Inflation rates have increased sharply in South Florida by **4.2%** since August 2020. The most significant increase was in energy prices, which have risen by 24.1%.



Recovery rate

- According to recently released 2Q21 data from the Bureau of Economic Analysis, Florida's GDP grew by **6.7%** over the quarter, which is on par with the average for the U.S. The real estate and leasing sector grew by 0.95% over the quarter and the construction and wholesale industries also made some positive gains, growing by 0.41% and 0.22% respectively.



Industrial demand

- Year-to-date leasing activity has already surpassed total leasing activity recorded in 2020 and is up **1.1%** with one quarter in the year left to go. Leasing demand has been strongest amongst wholesale, logistics, and retail tenants.
- Net absorption blew past previous historical highs and has reached a new record high of **5.4 million sf**.
- Industrial occupiers have been seeking larger blocks of space and as a result the average lease size for new leases signed increased to **94,942 sf** as of September 2021.

Key industrial takeaways



Industrial supply

- Development activity has returned in full force after construction starts took a brief pause during 2020. Currently there are **26 properties** totaling **5.8 million sf** under construction and several new projects are expected to break ground by the end of 2021.
- While **50.8%** of the current large block supply falls within 20,000 to 50,000 sf, demand has picked up in this size range as well with the number of large blocks decreasing from 72 blocks to 66 blocks, quarter-over-quarter. Large blocks of 100,000 sf or greater have become increasingly scarce. Tenants have been particularly interested in industrial availabilities that include a non-shared truck court and clear heights of 36 feet or greater.



Pricing trends

- Asking rents have increased dramatically by **14.2%** since year-end 2019. Historically low vacancies have allowed landlords to push asking rates to new heights and some landlords, particularly in the Airport West submarket, are now asking above \$10.00 NNN.



Capital markets

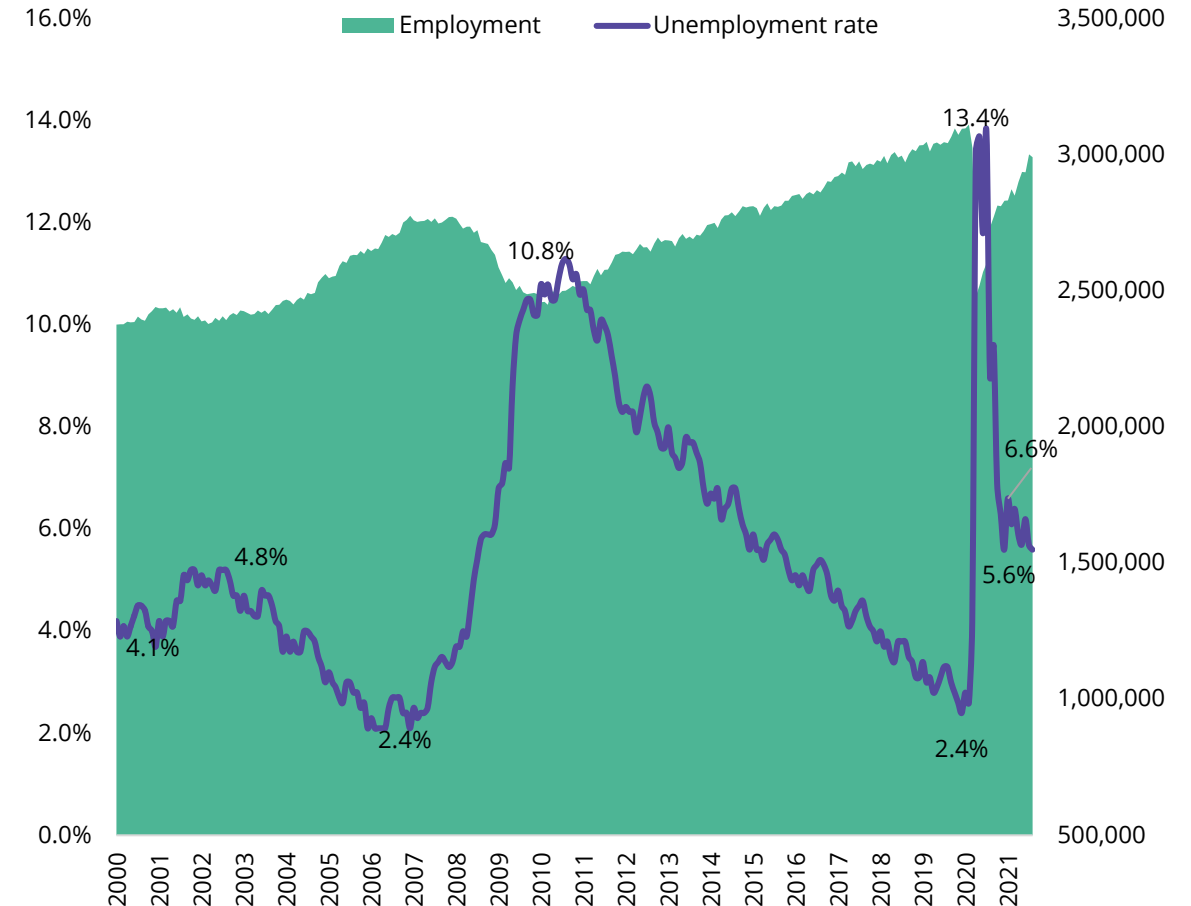
- Investment in industrial assets in Miami has been robust throughout 2021 and total volume for the year-to-date is **\$1.1B**, up **31.6%** from total investment volume in 2020. Investors remain bullish on well-located industrial assets.
- Industrial asset pricing has seen an increase of **22.1%** since March 2020 with the average price per sf rising to **\$149 per sf**. Tightening supply, a significant rise in rental rates, and growing construction costs have been driving up the price of industrial assets.

Employment and unemployment rate

5.6%

South Florida unemployment rate as of August 2021, a sharp decline from the height of the pandemic

Before the pandemic, unemployment was at historical lows. The economy has added back over 509,602 jobs since 2020, up 20.5%, and unemployment has declined by 780 basis points to near pre-pandemic levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

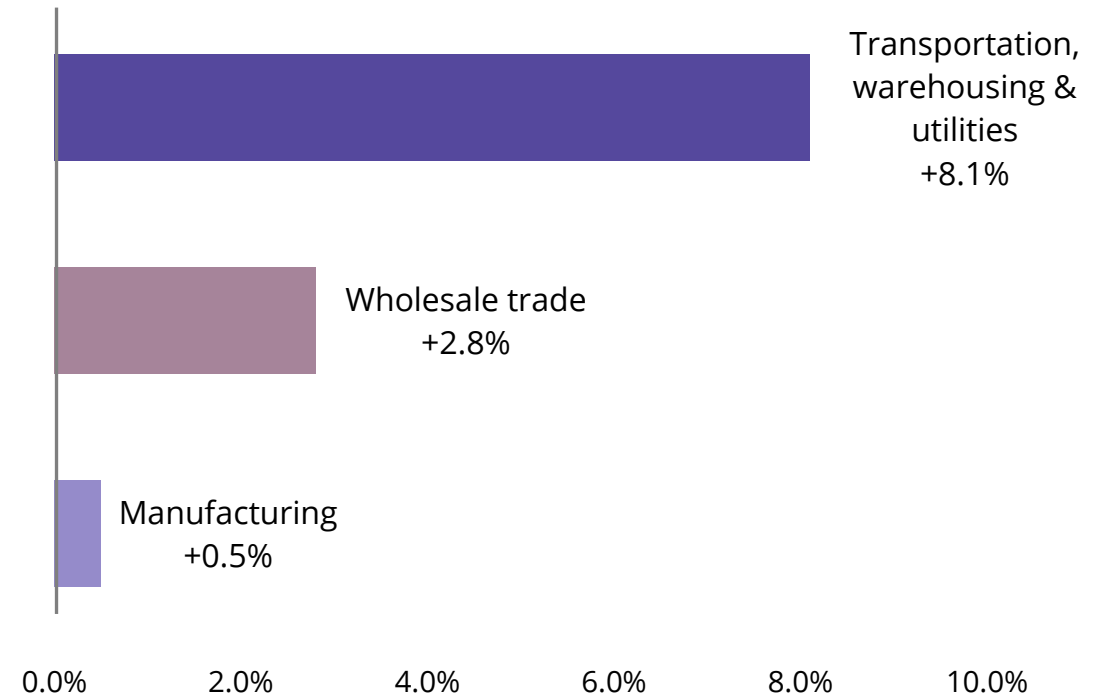
+4.1%

Change in industrial employment from August 2020 to August 2021

The South Florida metro area has experienced job additions totaling 4.1% over the trailing 12 months ending in August, particularly in the critical areas of transportation and logistics. These job gains have remained strong throughout the year, with the transportation, warehousing and utilities sector growing by 8.1%.

Total change in South Florida MSA* job gains/(losses)

August 2020 to August 2021



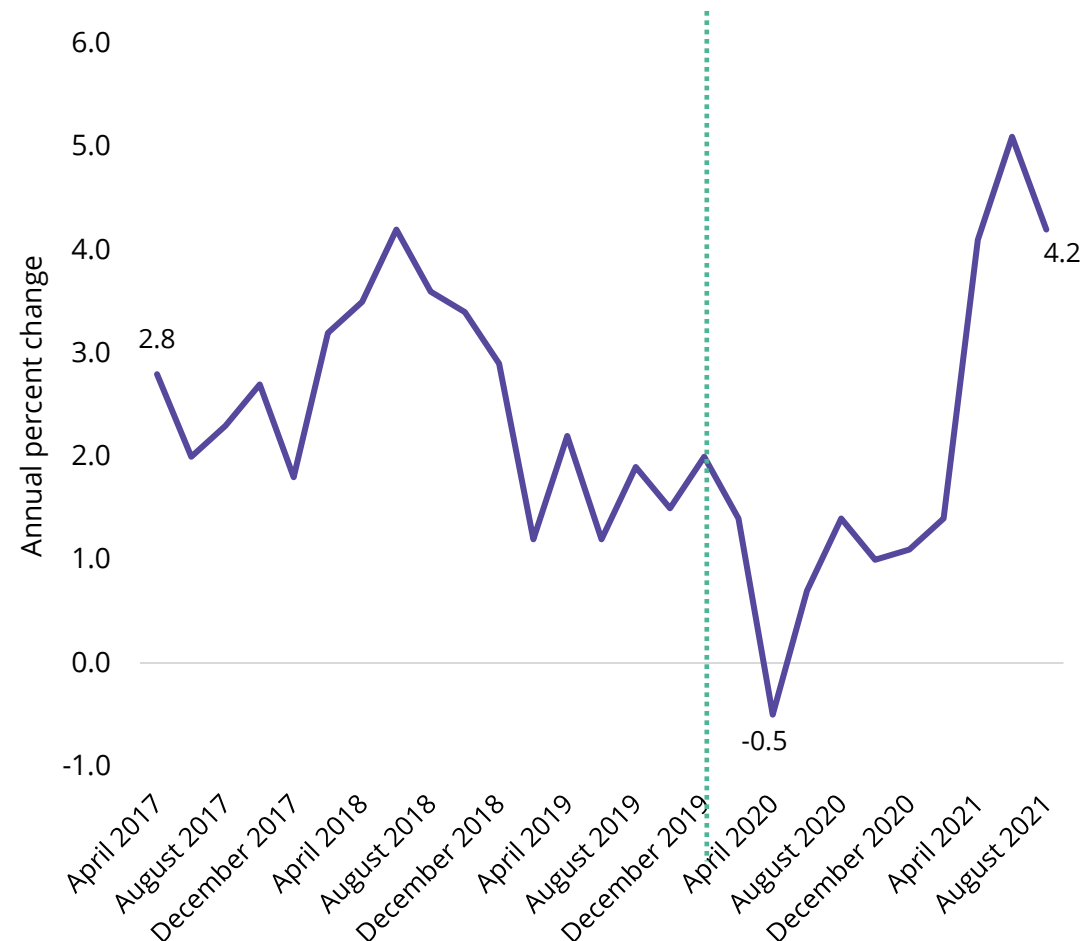
Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Inflation rates

+4.2%

Year-over-year change in Consumer Price Index for South Florida, all items

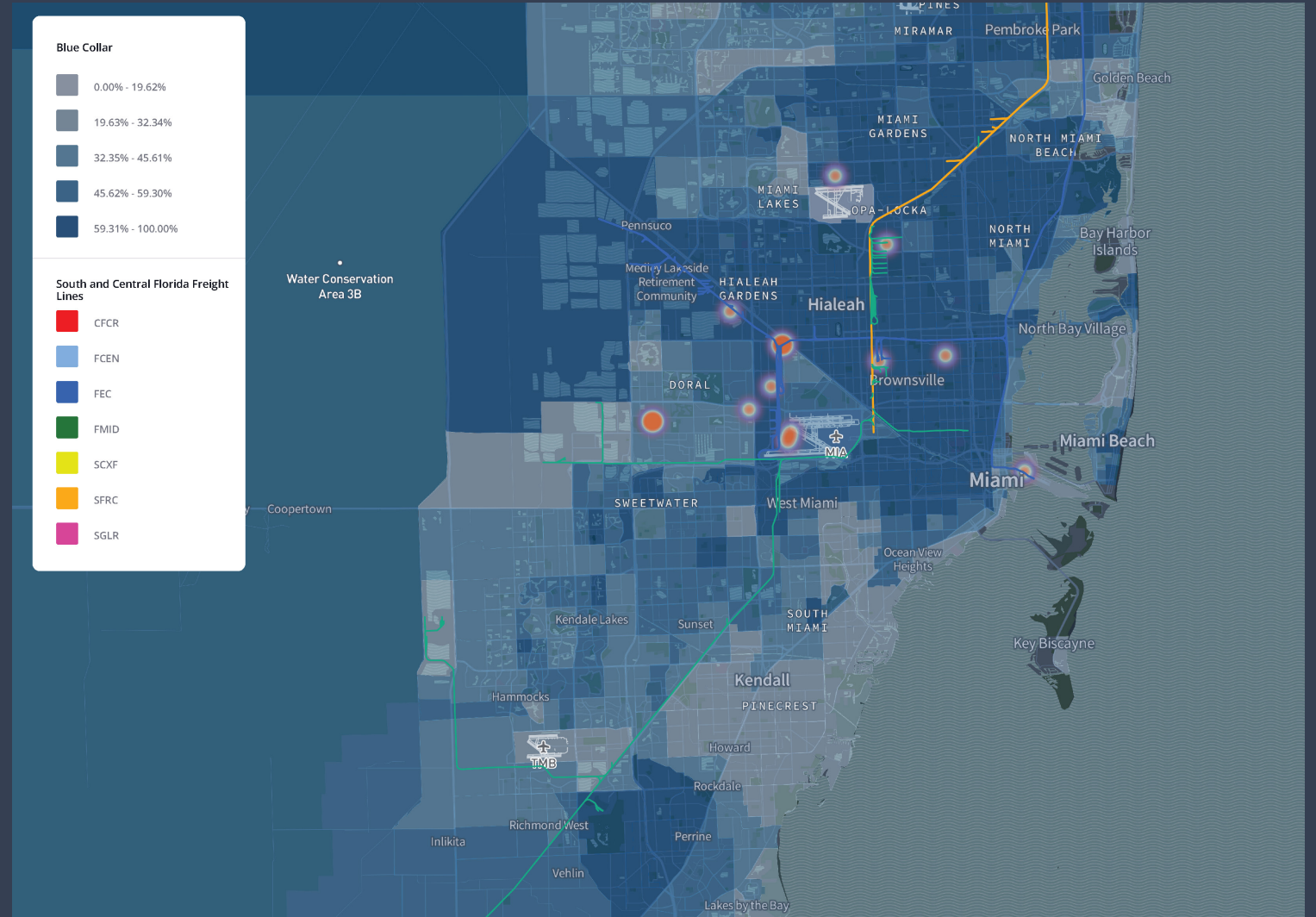
South Florida consumer prices have increased sharply since the onset of the pandemic. Despite stabilizing near the end of 2020, lingering supply chain disruptions have contributed a sustained rise in inflation levels. As of August 2021, South Florida housing prices increased by 3.5% year-over-year, but the most notable impact on inflation has been energy prices which have soared by 24.1%.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

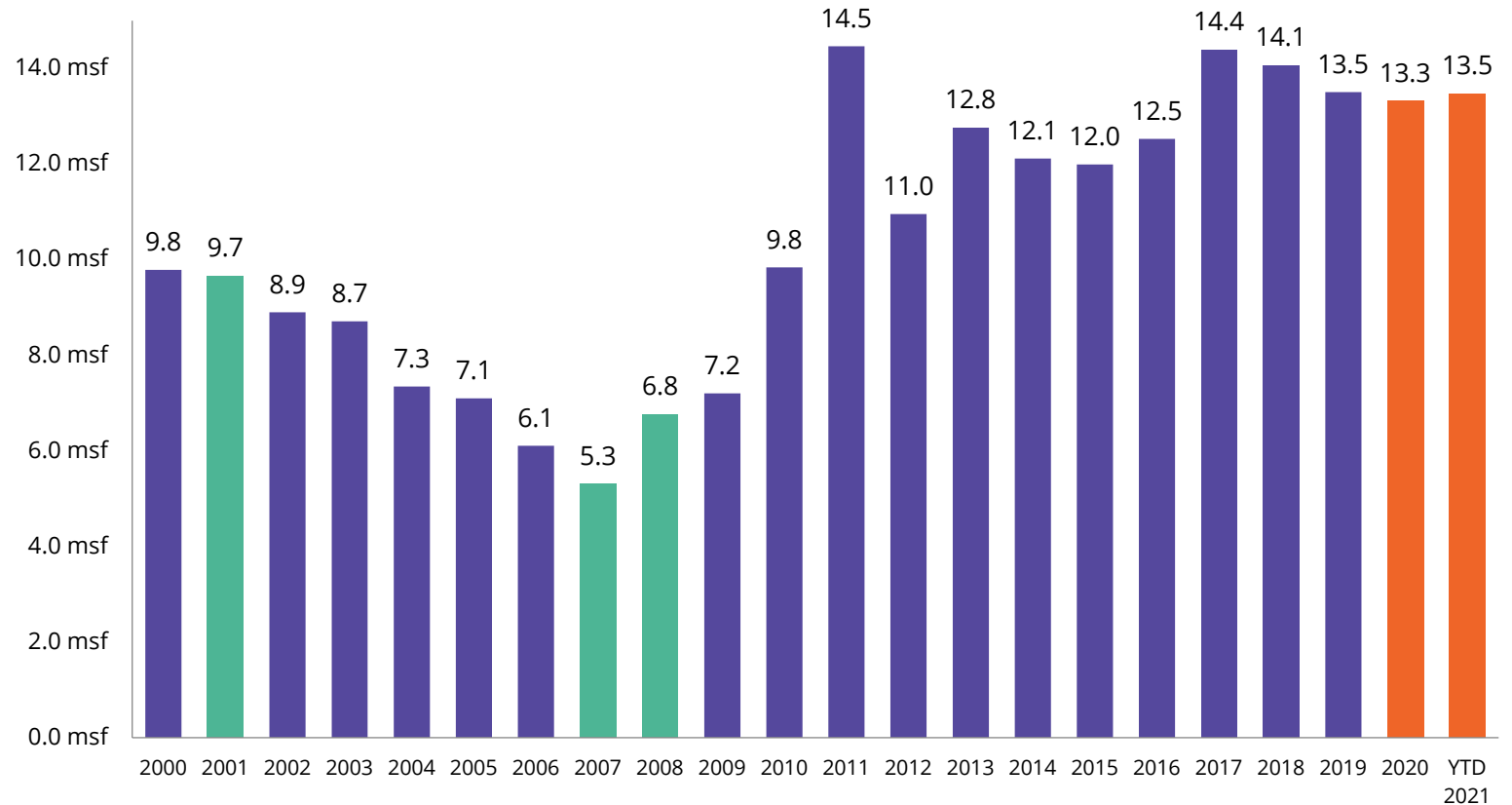


Industrial leasing activity

+1.1%

Year-to-date 2021 leasing activity is up compared to total 2020 activity

Demand for quality logistics space remains strong in Miami with leasing activity for the year-to-date already slightly surpassing total 2020 activity with one quarter in the year still left to go.



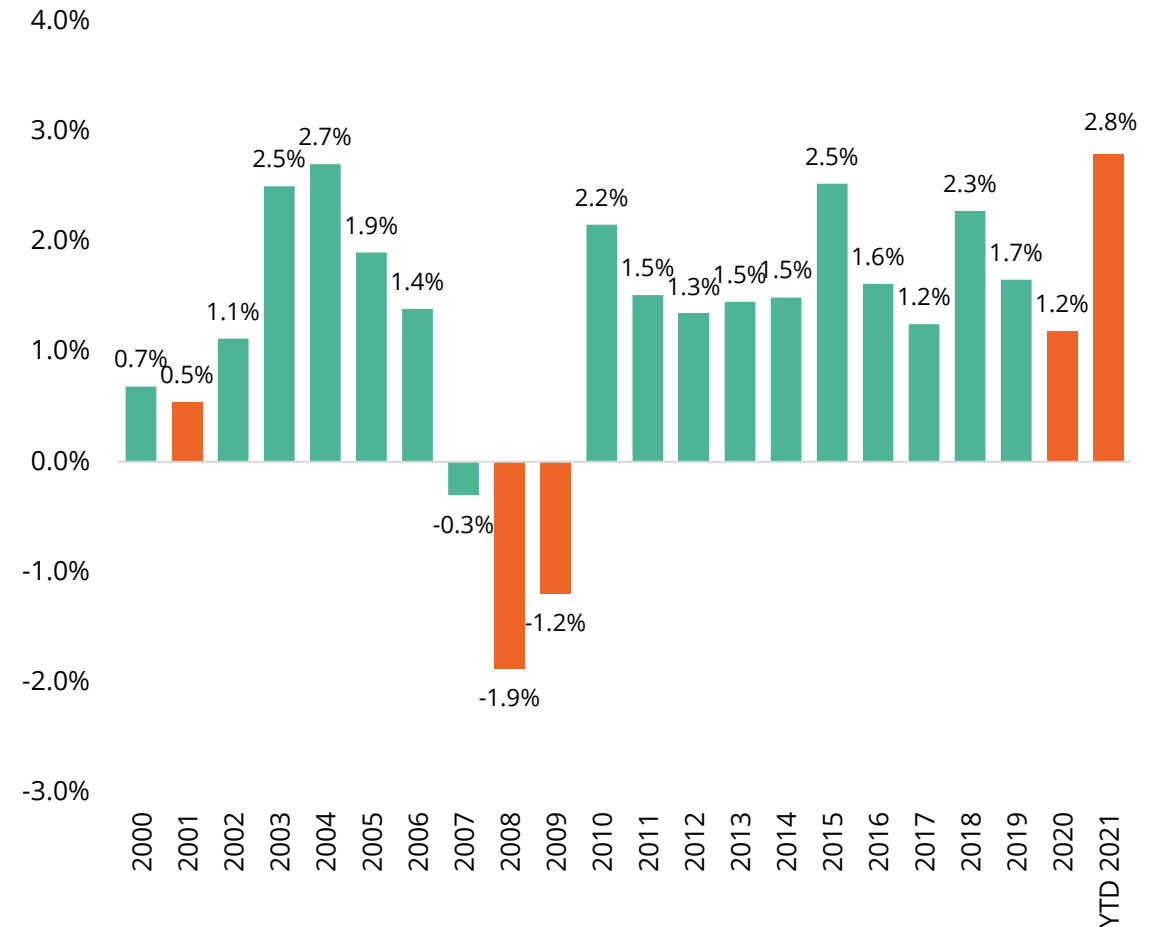
Source: CoStar

Industrial net absorption

2.8%

Net absorption as a percentage of inventory, through Q3 2021

Miami's industrial market blew through previous historical net absorption records during the third quarter with net absorption reaching 5.4 million sf for the year-to-date, a 20-year record high for the market. Demand from e-commerce and logistics companies has been robust and large blocks of existing supply above 100,000 sf are becoming increasingly scarce.



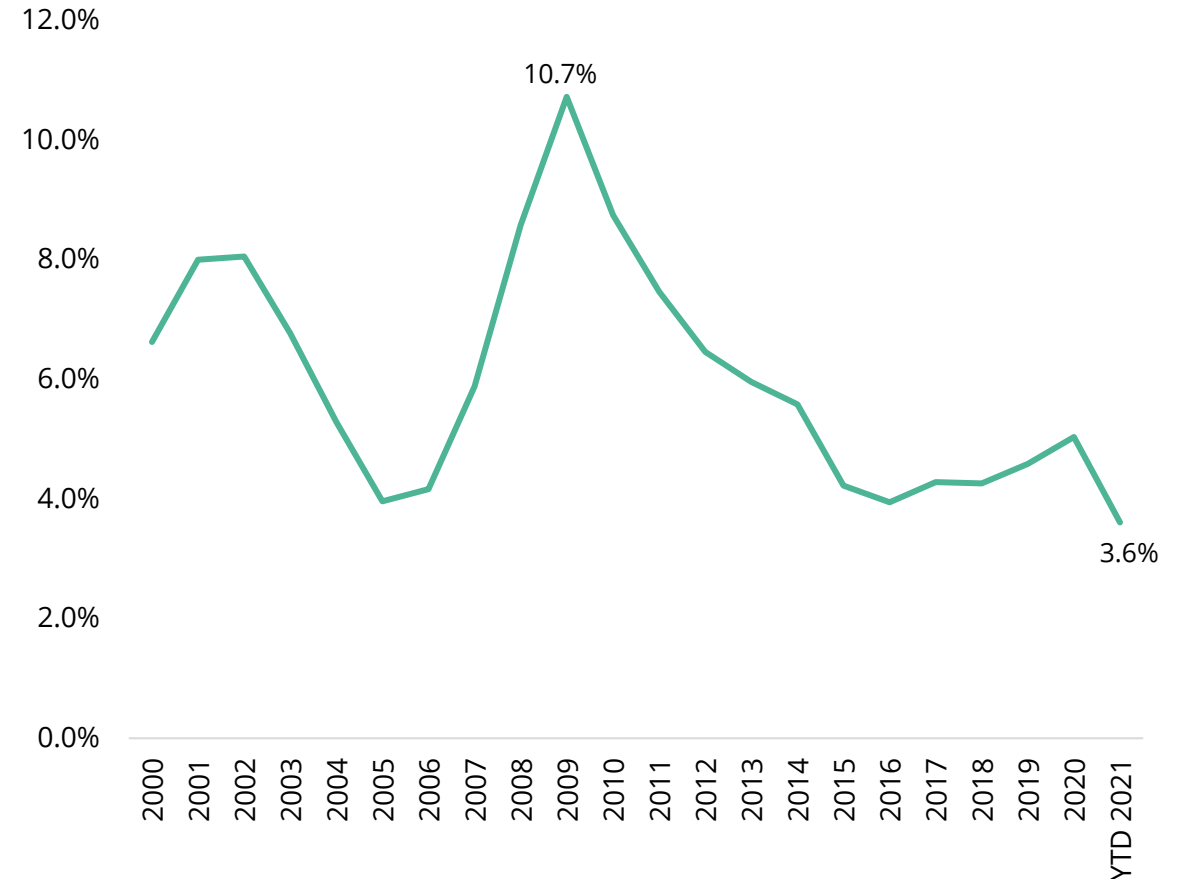
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

3.6%

Vacancy drops to a historical low during Q3 2021

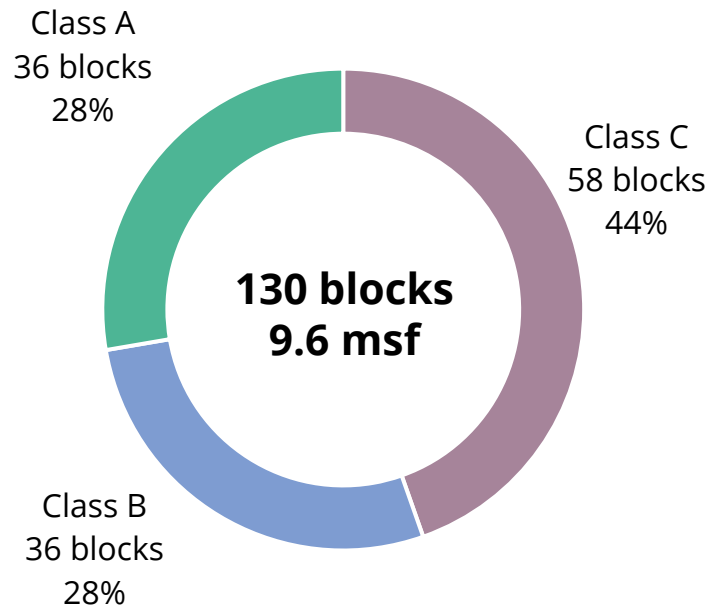
Miami's overall vacancy fell below 4.0% for the first time since 2016 and reached a historical low of 3.6% as demand continues to outpace supply. Even with 5.8 million sf currently under construction, the market shows no signs of over-building and pre-leasing activity remains strong.



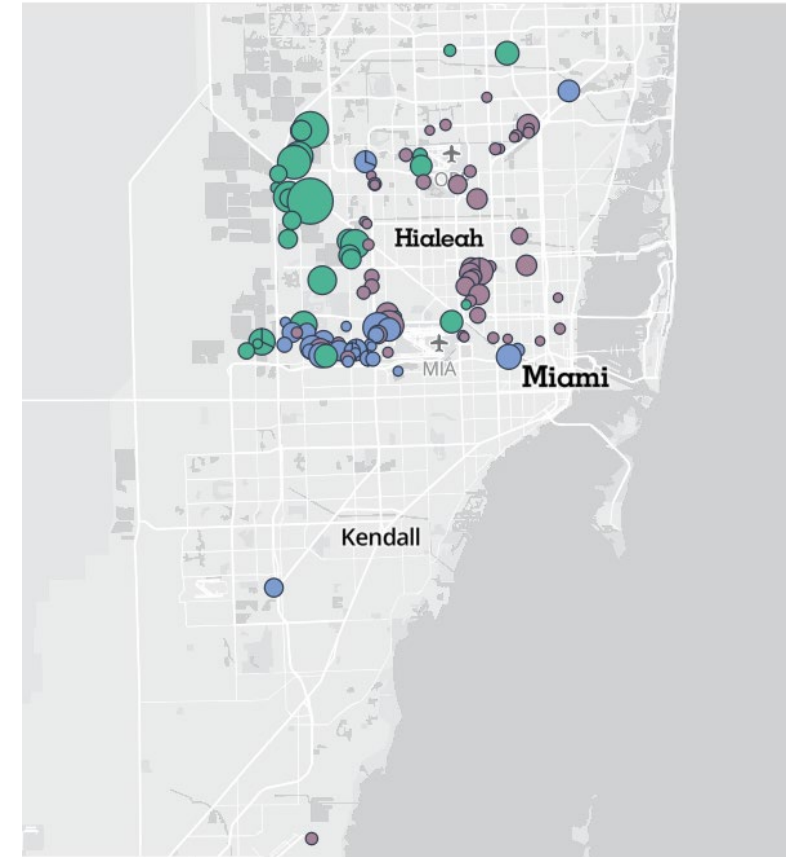
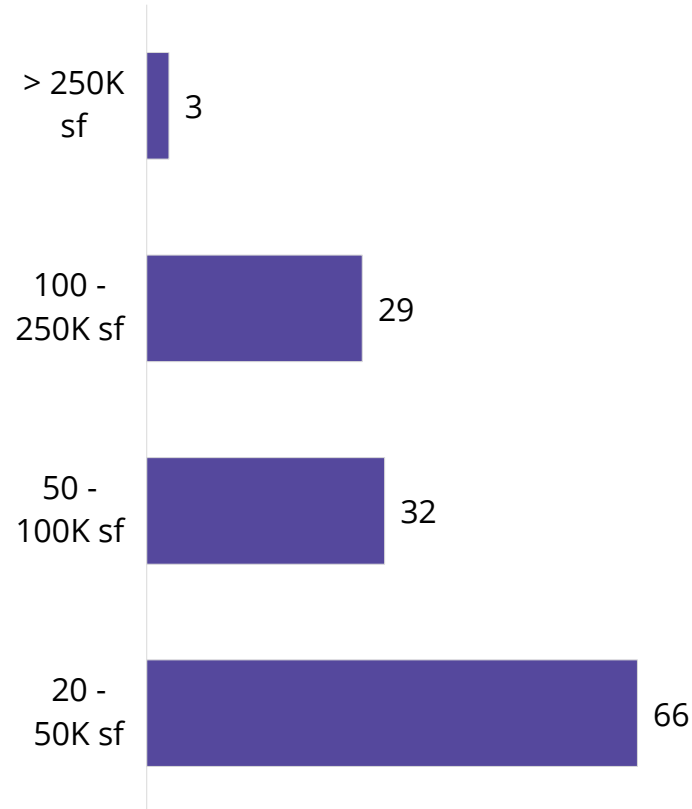
Source: CoStar

Industrial large-block availabilities

Building class



Space size ranges



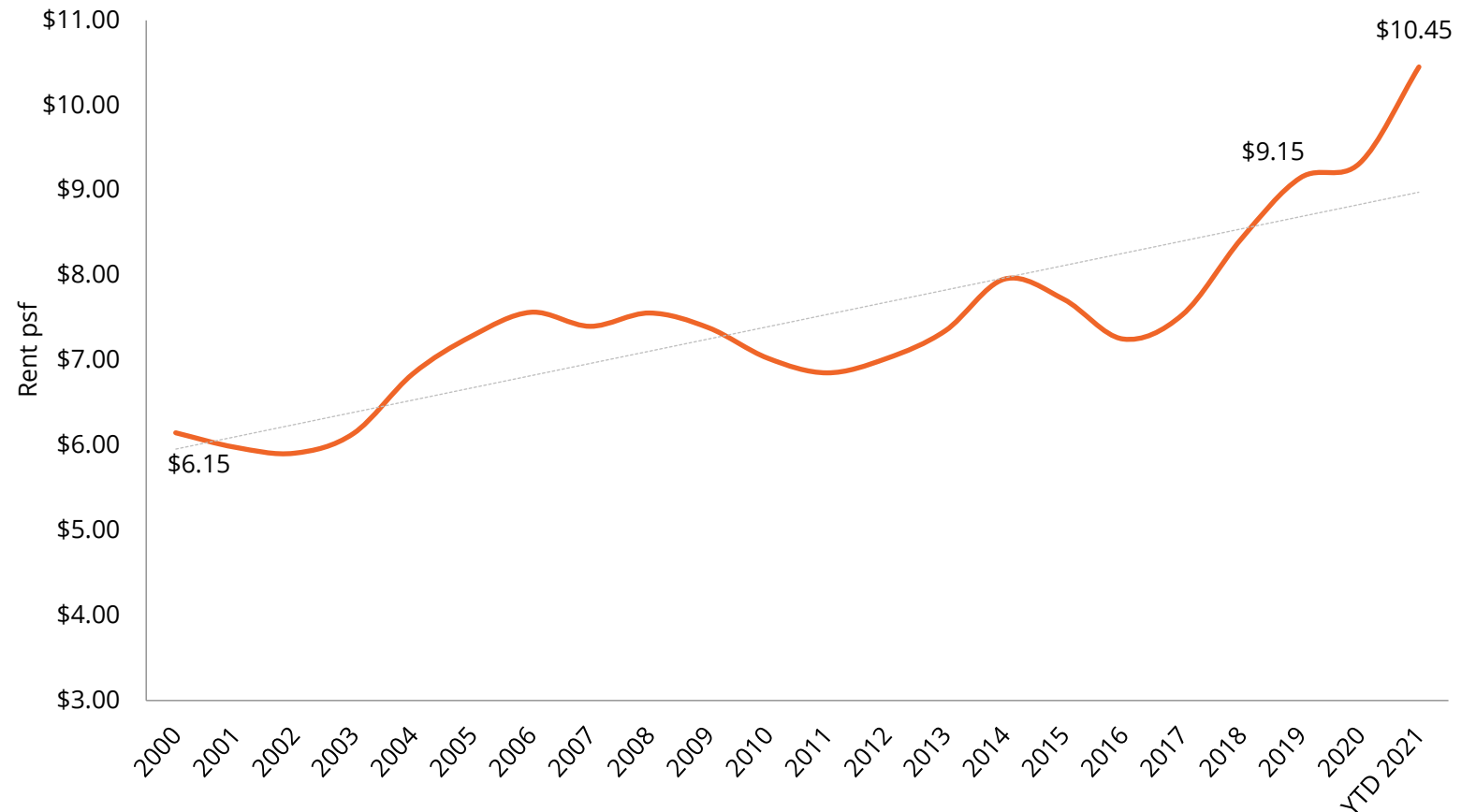
Source: AVANT by Avison Young

Asking rents

+14.2%

Asking rents since the onset of the pandemic

Asking rents have risen dramatically over the last few years, increasing by 14.2% since year-end 2019. Scarce supply of class A logistics space has allowed landlords to push rates to new heights, some even asking above \$10.00 NNN in the Airport West submarket.



Source: AVANT by Avison Young

Industrial development pipeline

98 properties

proposed or under construction

27.0 msf

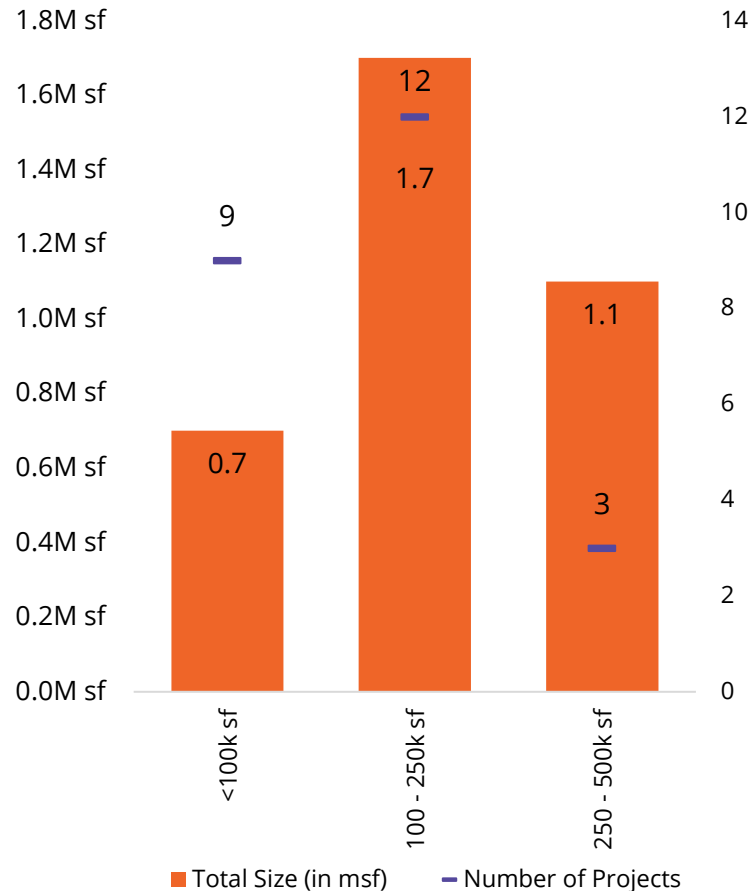
proposed or under construction

15.3%

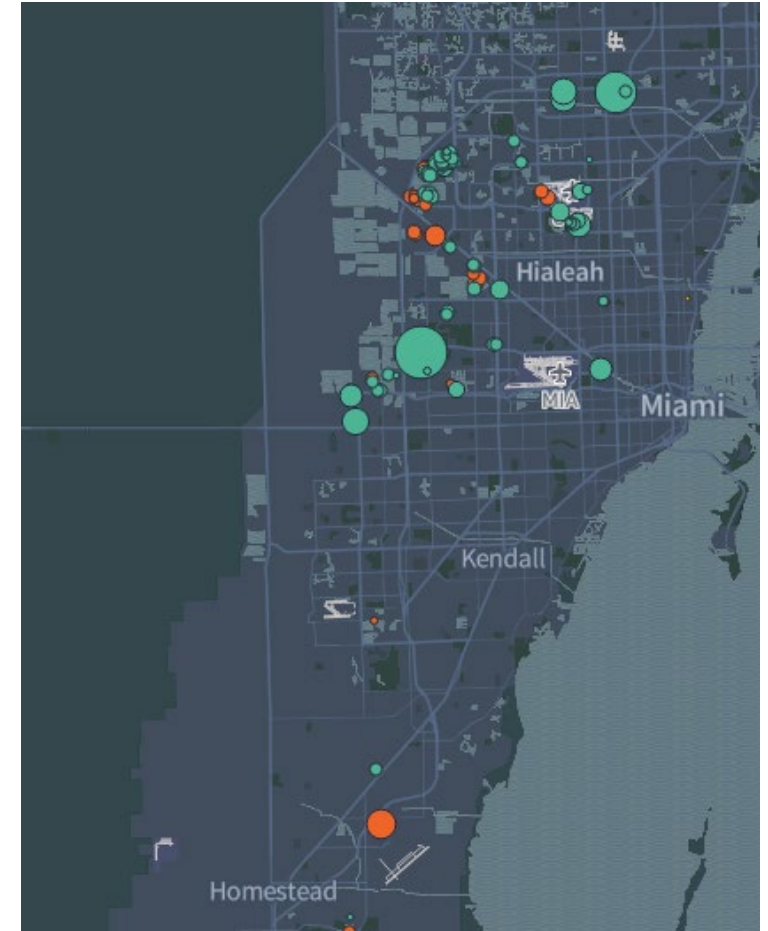
share of industrial inventory

Medley

submarket with the most development under construction at 2.2 msf



Source: AVANT by Avison Young

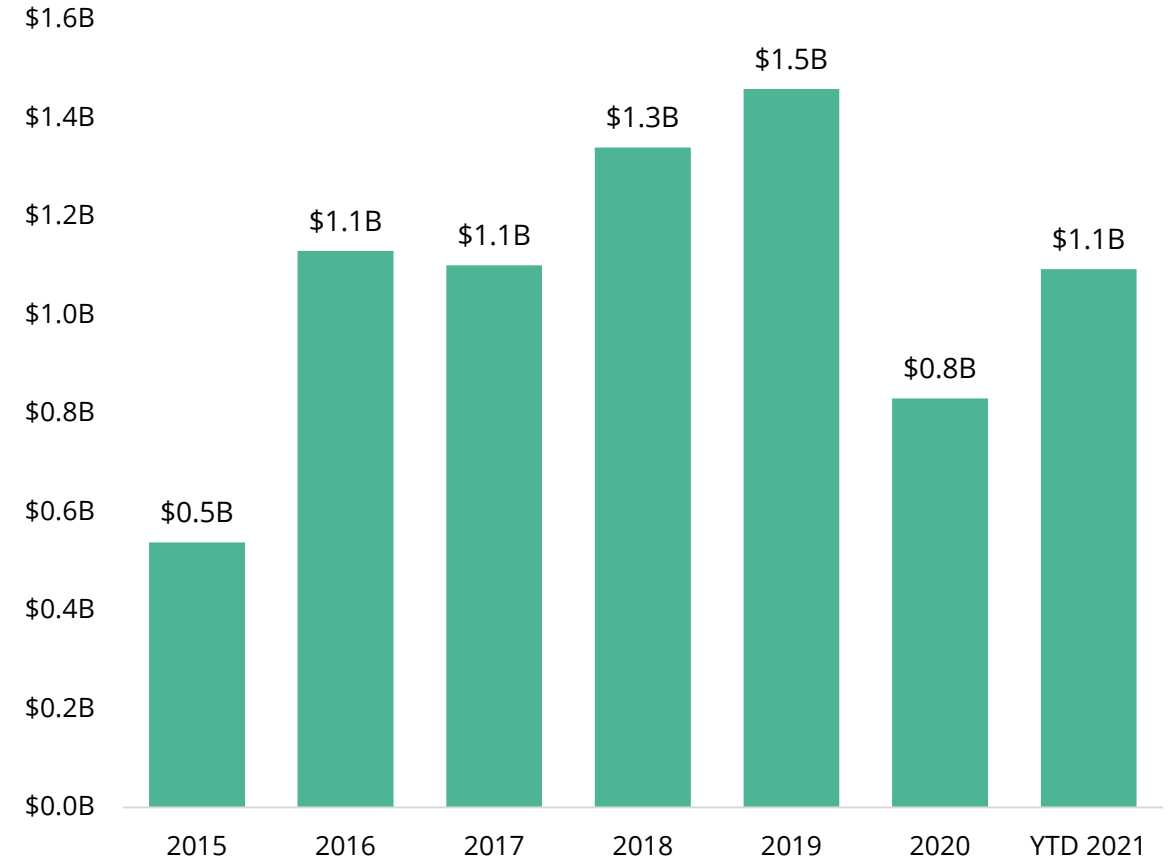


Investment dollar volume

\$1.1B

Industrial dollar volume,
year-to-date 2021

Industrial investment activity has been strong throughout 2021 with total volume at \$1.1 billion year to date, up 31.6% when compared with total 2020 investment volume. Investors remain bullish on strategically located assets.



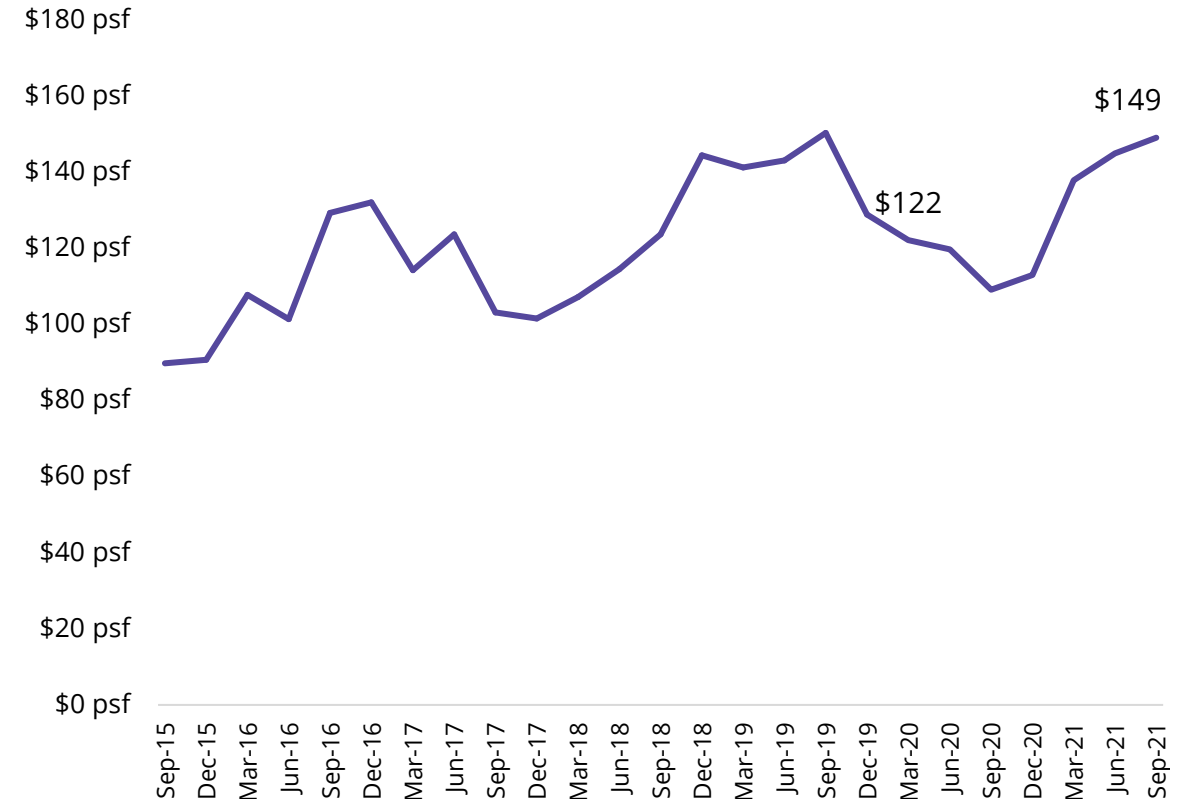
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+22.1%

**Miami industrial pricing,
March 2020 to September 2021**

Pricing for Miami industrial assets has increased by a notable 22.1% since the onset of the pandemic. Increased investor appetite amid limited supply and rising rental rates have been driving up the pricing for industrial assets.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- The Miami industrial market has been on fire since the onset of the pandemic and shows no sign of slowing down any time soon. **Asking rates will continue to escalate** as robust demand further tightens vacancies and new developments begin to hit the market quoting premium rates.
- With **construction activity back in full force** during the third quarter, several projects are expected to break ground by the end of the year. Paused construction starts in 2020 allowed for vacancies to tighten in 2021 as slightly fewer deliveries hit the market, however **pent-up demand** will translate into record construction deliveries in 2022 and 2023.
- Some landlords are beginning to offer **shorter lease terms** in an effort to play the long-term market and avoid locking in a lower rate with a fixed rate renewal option.
- Institutional investment will continue to flock to Miami's industrial market amid strong fundamentals and a growing population. **Year-to-date institutional investment is up 3.2%** from year-end 2020. As supply of land continues to dwindle, developers will seek out well-located tired or obsolete sites for infill development.





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Fort Lauderdale market fundamentals

FLORIDA INDUSTRIAL MARKET REPORT
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Key industrial takeaways



Economic conditions

- South Florida's economy continued to rebound during the third quarter with the unemployment rate declining to **5.6%** as of August 2021, an 810-basis point drop from the high of 13.7% in May 2020.
- Industrial jobs in South Florida have increased by **4.1%** year-over-year as of August 2021. The strongest growth has been within the transportation, warehousing and utilities sector, which increased by **8.1%**.
- Inflation rates have increased sharply in South Florida by **4.2%** since August 2020. The most significant increase was in energy prices, which have risen by 24.1%.



Recovery rate

- According to recently released 2Q21 data from the Bureau of Economic Analysis, Florida's GDP grew by **6.7%** over the quarter, which is on par with the average for the U.S. The real estate and leasing sector grew by 0.95% over the quarter, and the construction and wholesale industries also made some positive gains, growing by 0.41% and 0.22%, respectively.



Industrial demand

- Leasing activity for the year-to-date is up significantly by **7.5%** from total leasing activity during 2020. Much of demand has been driven by e-commerce, wholesale, and biotech/life sciences tenants.
- A handful of large move-ins by Amazon occurred this quarter following a wave of new lease signings within the last year. As a result, net absorption has reached a five-year high of **2.9 million sf**. Amazon took occupancy of Buildings B and D at Rock Lake Business Center in Pompano Beach and Building 2 of Tamarac Business Park in West Broward during the third quarter.

Key industrial takeaways



Industrial supply

- Development is beginning to pick back up after construction starts slowed during 2020 amid supply chain disruptions and uncertainty regarding the pandemic. As of the third quarter, there were **eight properties** under construction in Broward County totaling **1.3 million sf** and a healthy development pipeline planned for 2022.
- Overall vacancy has declined to **6.3%**, a 140-basis point decrease from year-end 2020. Record construction deliveries from 2018 through 2020 inflated vacancies for the last couple of years, but demand is now beginning to outpace supply and vacancies are contracting.



Pricing trends

- Asking rents have increased by **8.5%** since year-end 2019 to **\$10.19 per sf**, an all-time high for the market. Asking rates have been rising steadily in Fort Lauderdale since 2012. The submarkets with the strongest year-over-year rent growth included Northwest Broward, Pompano Beach and Northeast Broward.



Capital markets

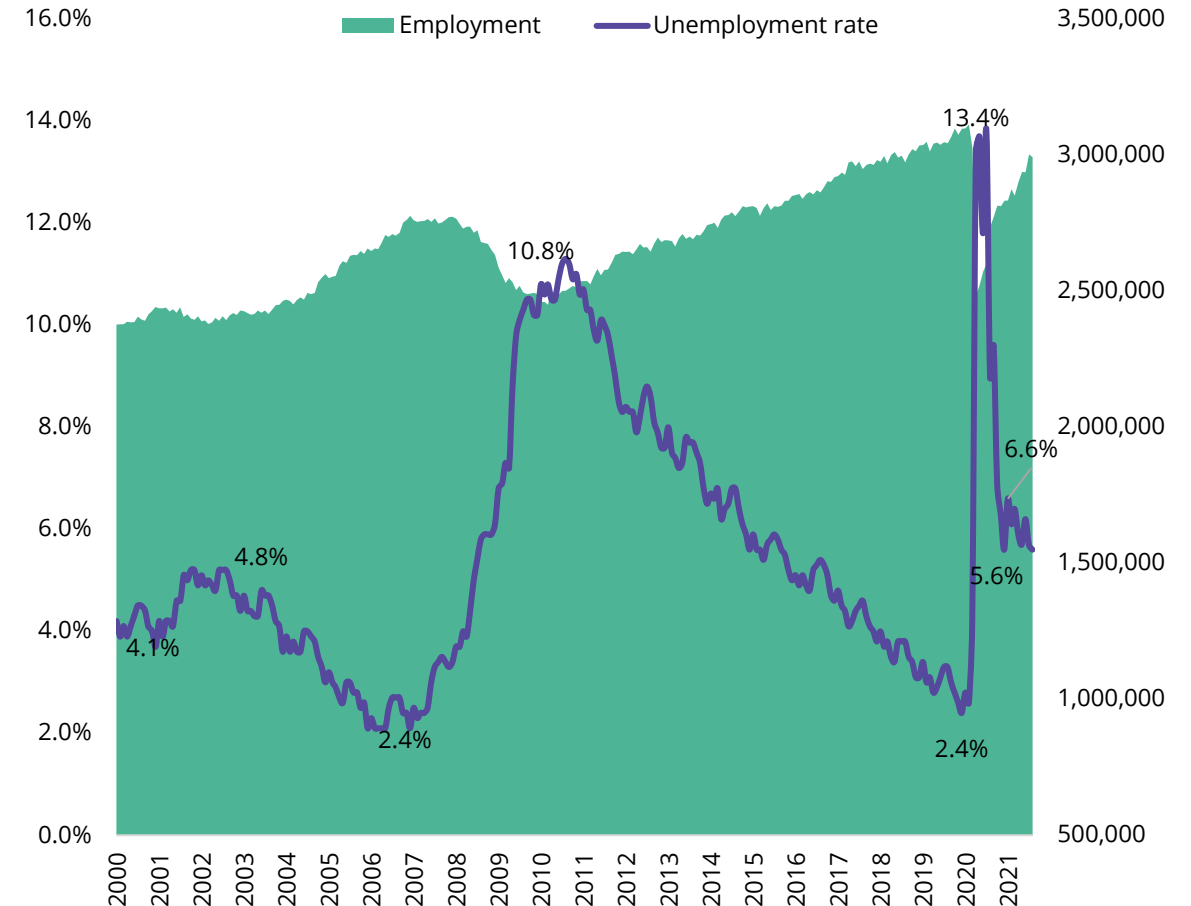
- Fort Lauderdale year-to-date industrial investment activity totaled **\$0.4B**, up **26.8%** from total volume during 2020. Institutional investors remain attracted to Fort Lauderdale for its healthy market fundamentals and growing population base.
- The largest sale of the quarter was Cabot Properties' acquisition of Bridge Point Miramar in Southwest Broward for **\$71.6 million**, or \$236 per sf, nearly doubling the buildings' value from its last sale in 2019 for \$38 million.

Employment and unemployment rate

5.6%

South Florida unemployment rate as of August 2021, a sharp decline from the height of the pandemic

Before the pandemic, unemployment was at historical lows. The economy has added back over 509,602 jobs since 2020, up 20.5%, and unemployment has declined by 780 basis points to near pre-pandemic levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

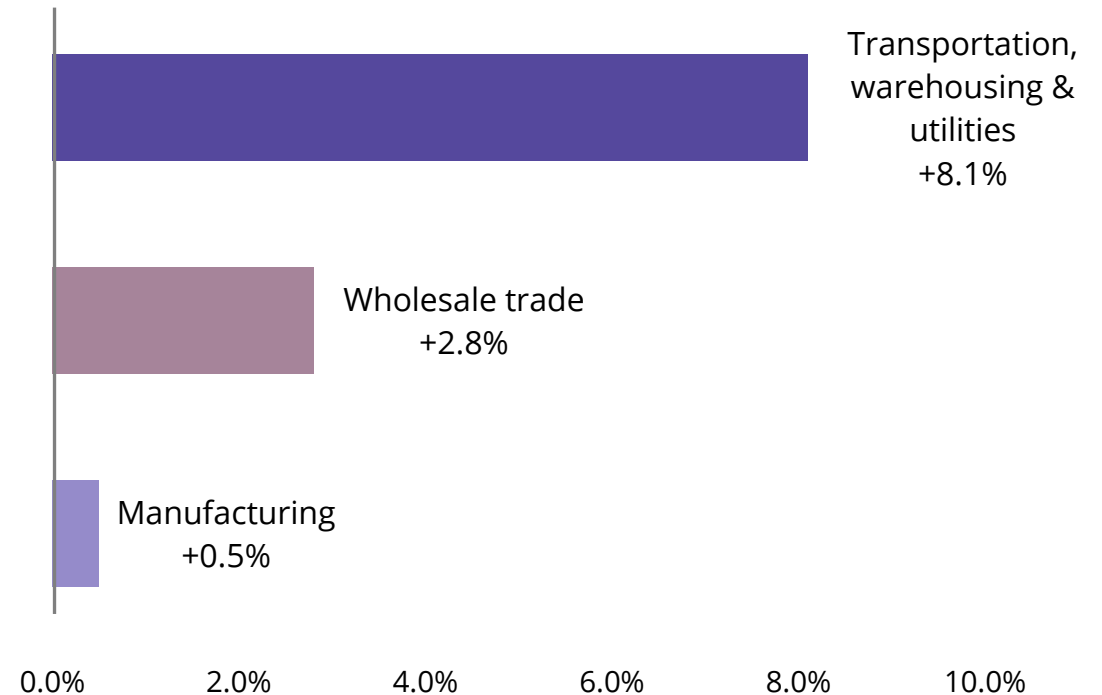
+4.1%

Change in industrial employment from August 2020 to August 2021

The South Florida metro area has experienced job additions totaling 4.1% over the trailing 12 months ending in August, particularly in the critical areas of transportation and logistics. These job gains have remained strong throughout the year, with the transportation, warehousing and utilities sector growing by 8.1%.

Total change in South Florida MSA* job gains/(losses)

August 2020 to August 2021



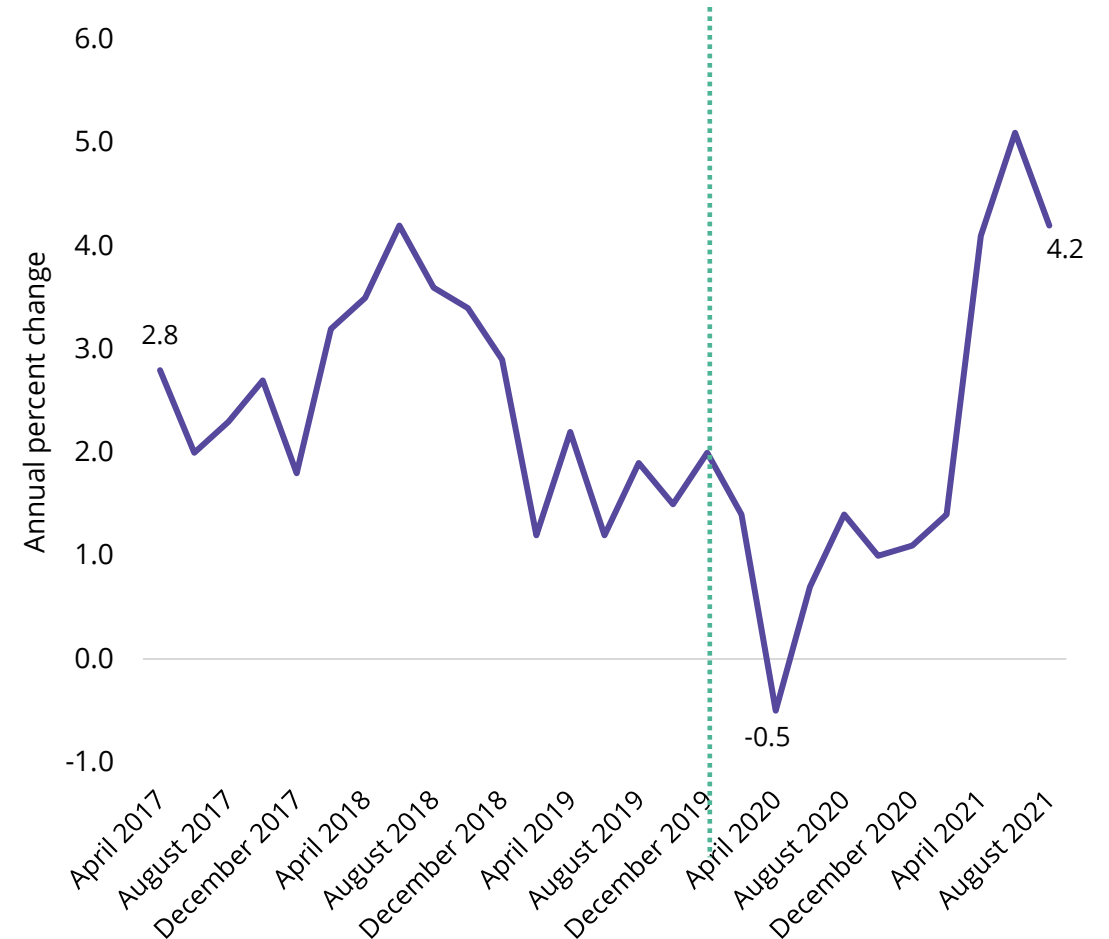
Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Inflation rates

+4.2%

Year-over-year change in Consumer Price Index for South Florida, all items

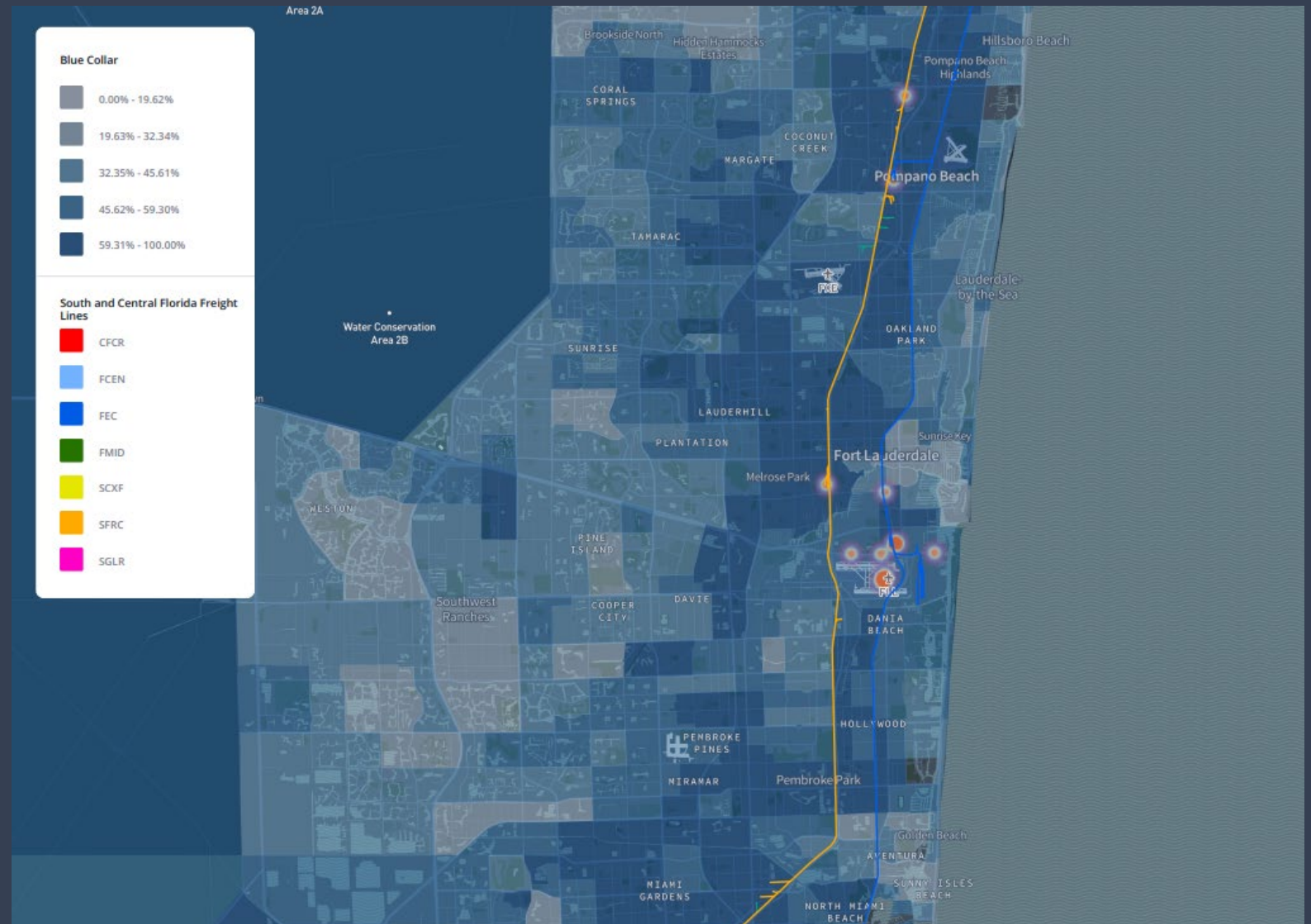
South Florida consumer prices have increased sharply since the onset of the pandemic. Despite stabilizing near the end of 2020, lingering supply chain disruptions have contributed a sustained rise in inflation levels. As of August 2021, South Florida housing prices increased by 3.5% year-over-year, but the most notable impact on inflation has been energy prices which have soared by 24.1%.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

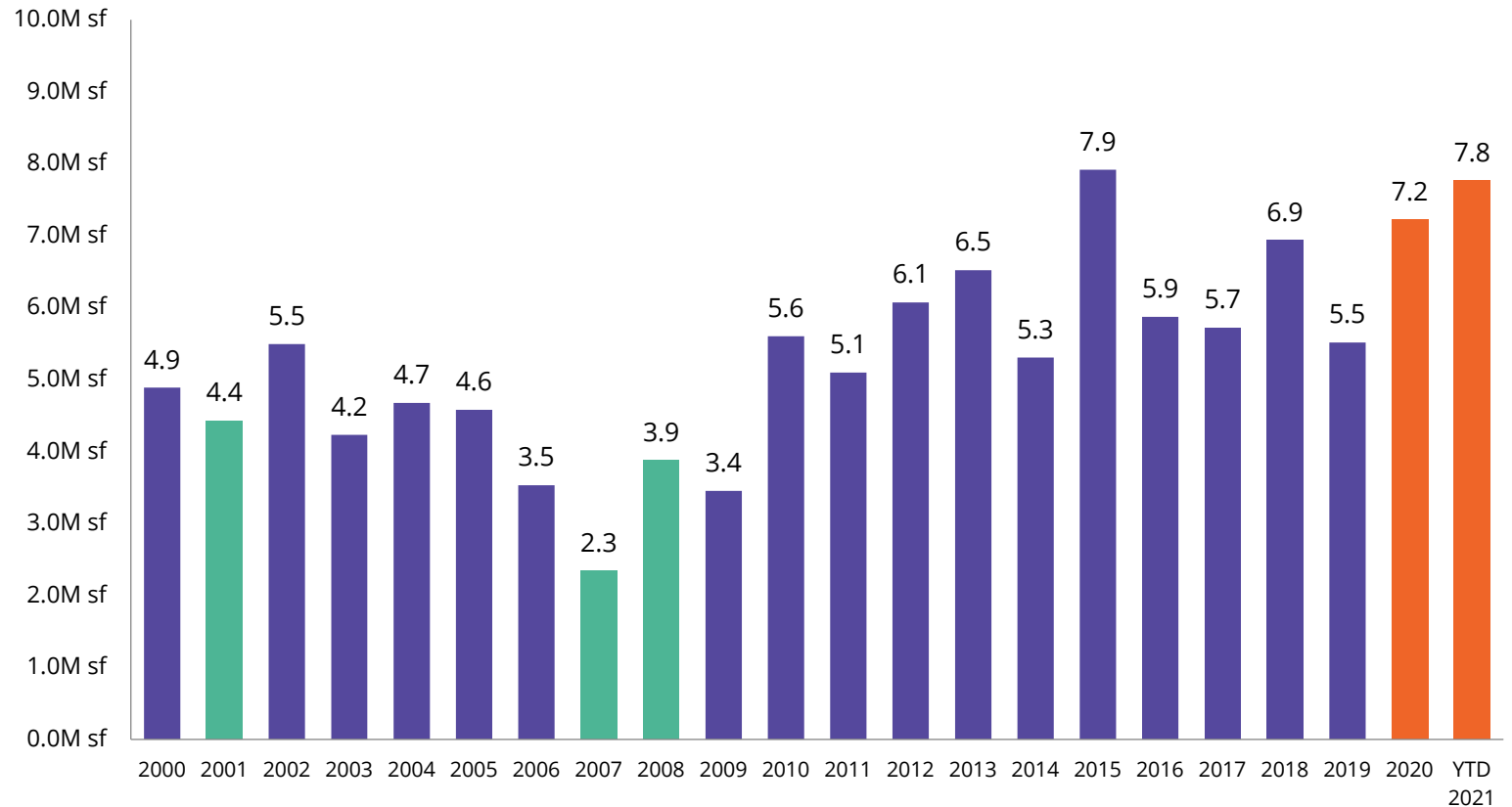


Industrial leasing activity

+7.5%

Year-to-date 2021 leasing activity is up compared to total 2020 activity

Year-to-date leasing activity is up significantly by 5.6% from total activity in 2020 and is on track to surpass the previous high of 7.9 million sf, recorded in 2015.



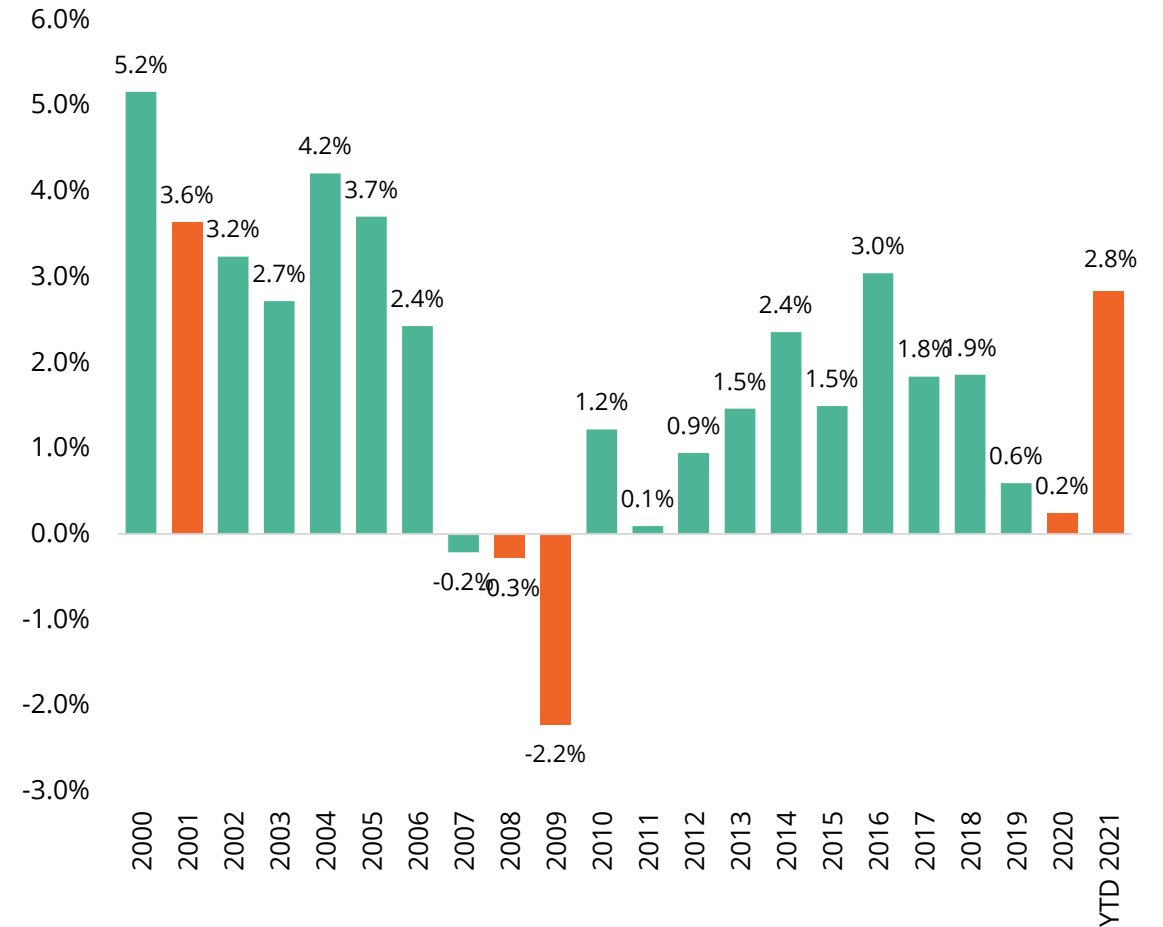
Source: CoStar

Industrial net absorption

2.8%

Net absorption as a percentage of inventory, through Q3 2021

Fort Lauderdale's net absorption rebounded dramatically in 2021 when compared to 2020. Net absorption has reached a five-year high at 2.9 million sf year-to-date, surpassing the 2.8 million sf recorded for all of 2016 and on pace to be one of the strongest years on record for Fort Lauderdale.



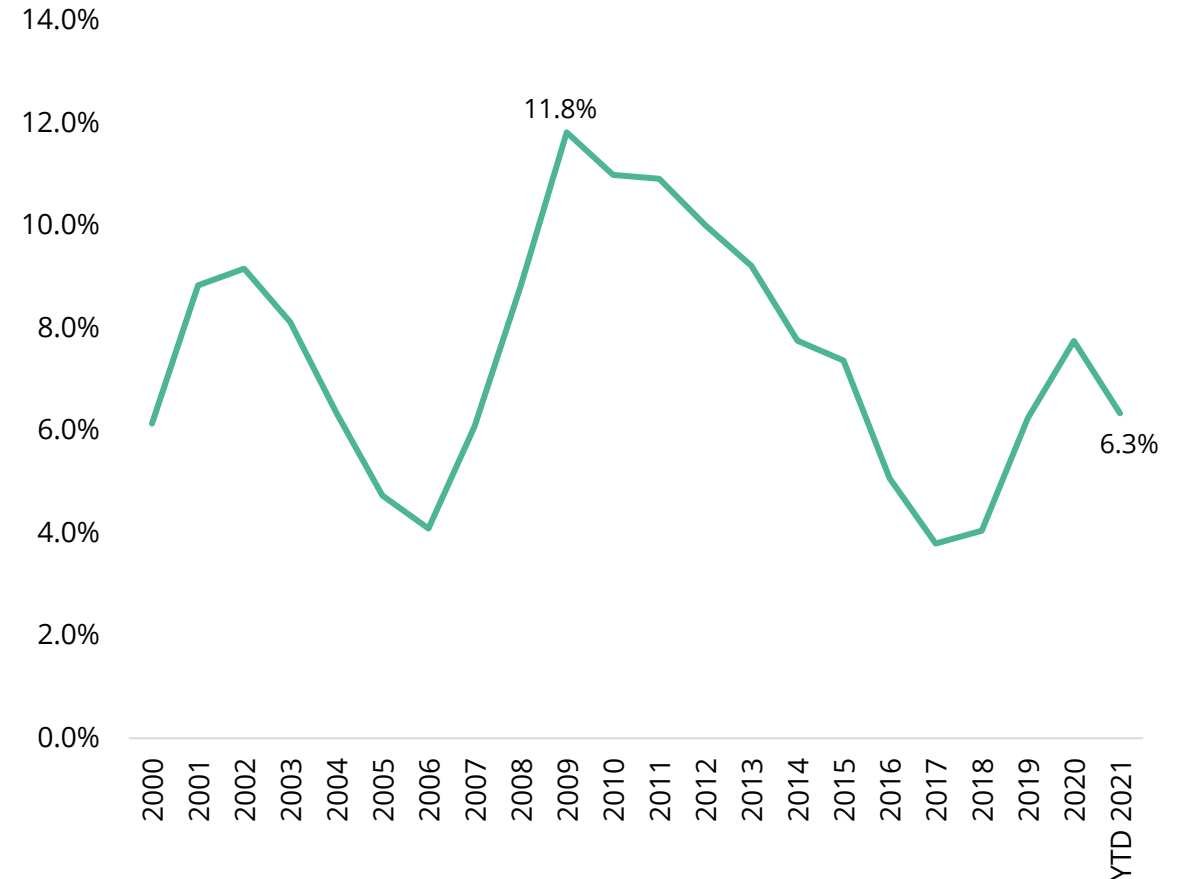
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

6.3%

Vacancy begins to tighten in 3Q21 following a development boom

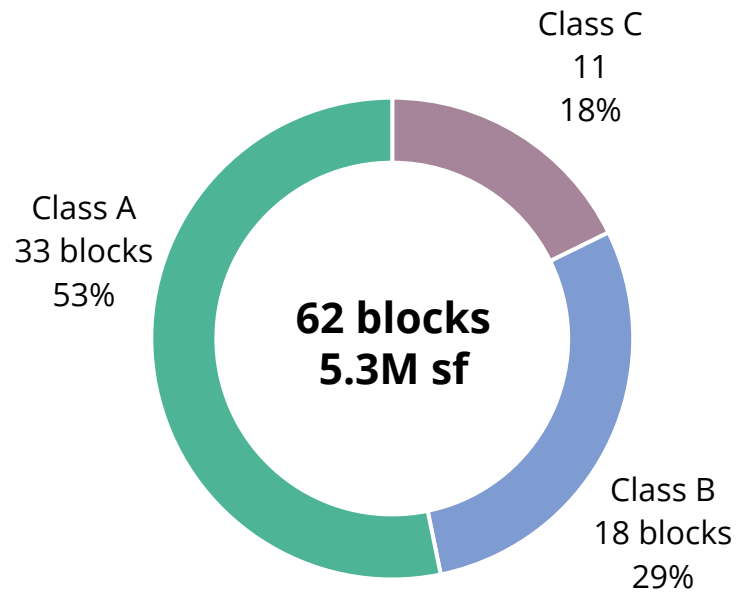
Fort Lauderdale's overall vacancy declined to 6.3% during the third quarter, a 140-basis point decrease from year-end 2020. Vacancies had experienced a steady increase over the last three years due to a record number of construction deliveries, however demand is now beginning to outpace supply and vacancies are trended downward.



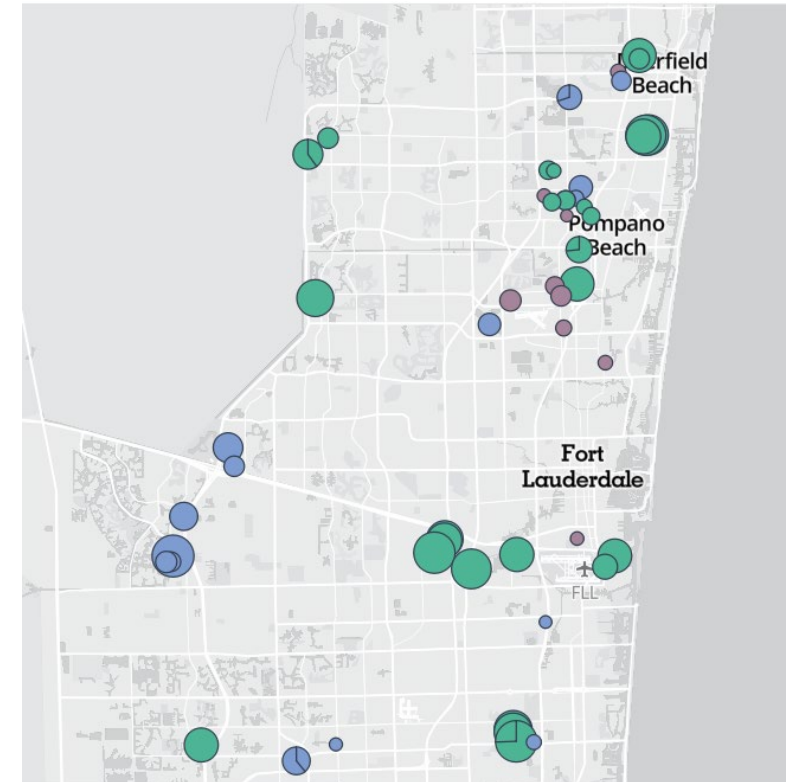
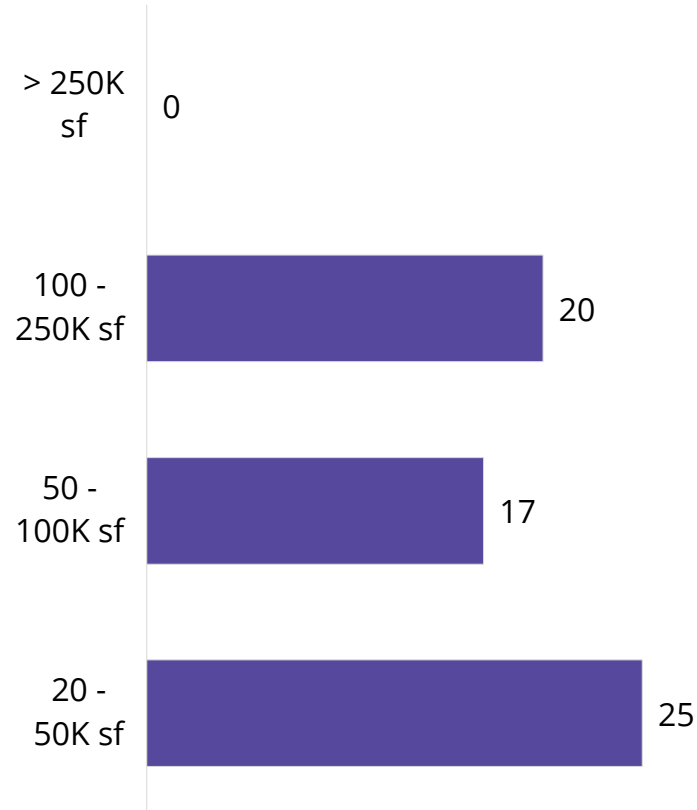
Source: CoStar

Industrial large-block availabilities

Building class



Space size ranges



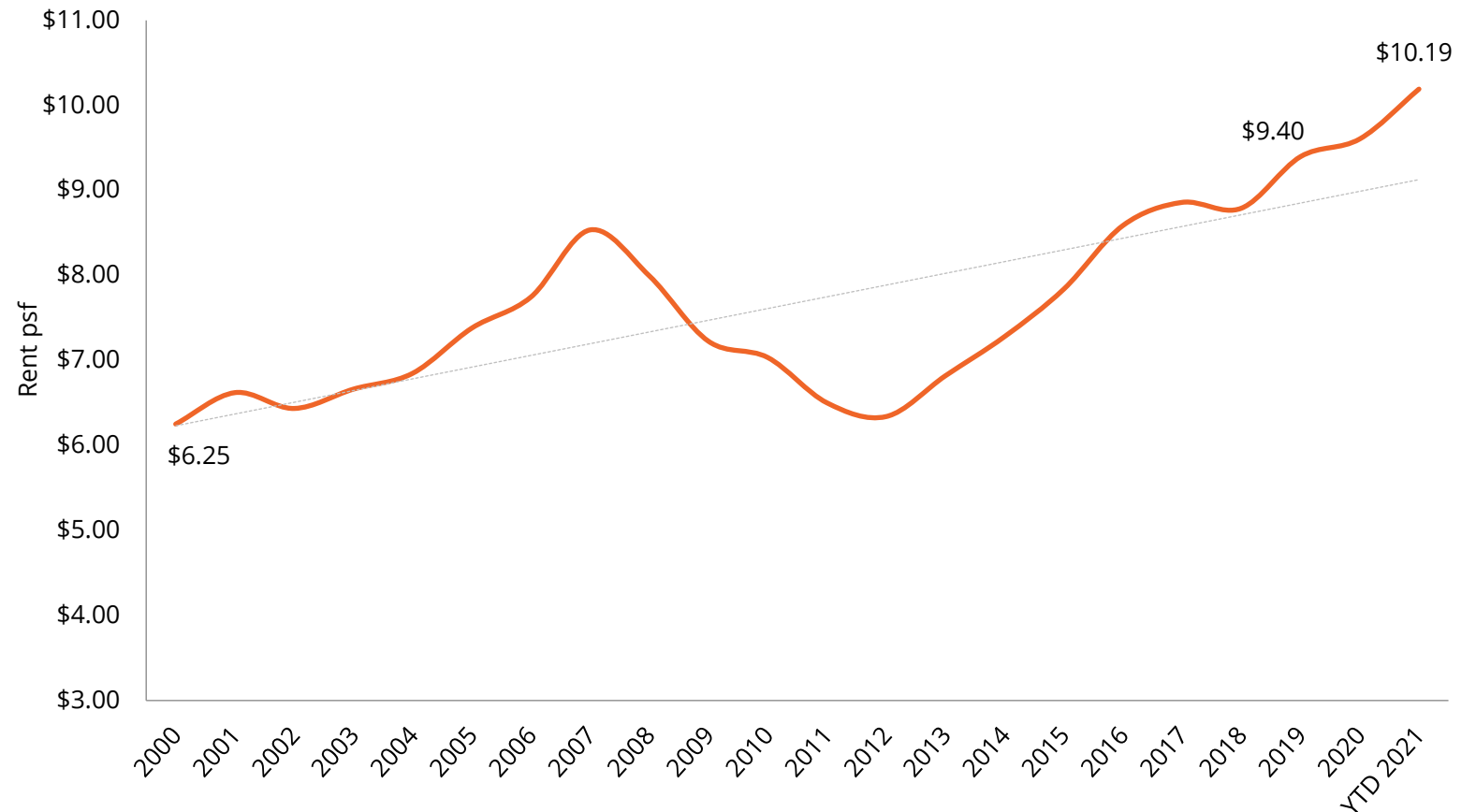
Source: AVANT by Avison Young

Asking rents

+8.5%

Asking rents since the onset of the pandemic

Asking rents have risen by 8.5% since year-end 2019. New deliveries as well as rising construction costs and increased demand have fueled rent growth in Fort Lauderdale.



Source: AVANT by Avison Young

Industrial development pipeline

25 properties

proposed or under
construction

4.1 msf

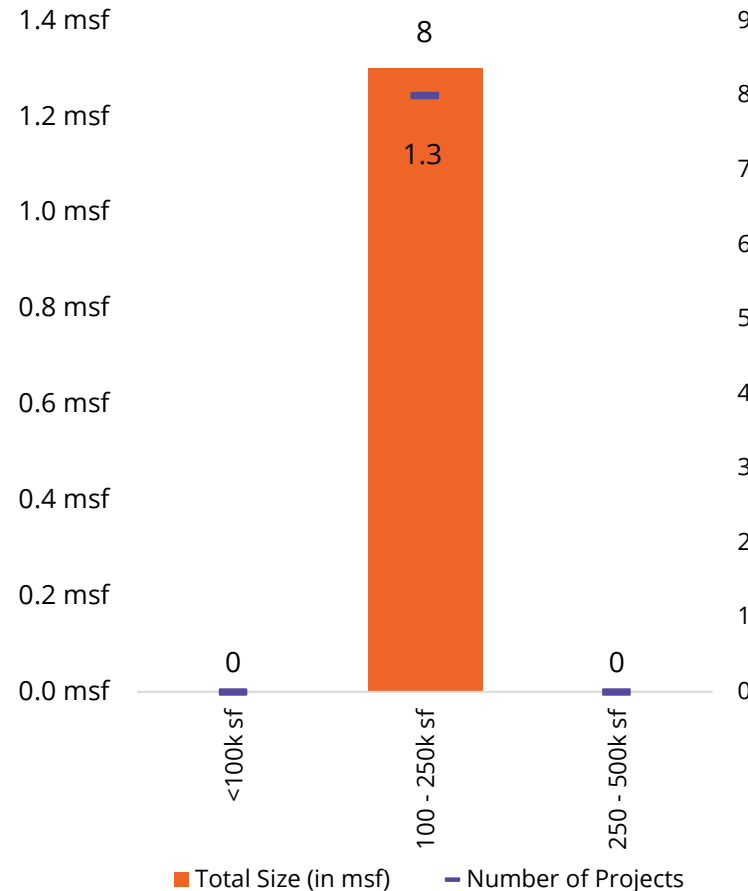
proposed or under
construction

6.0%

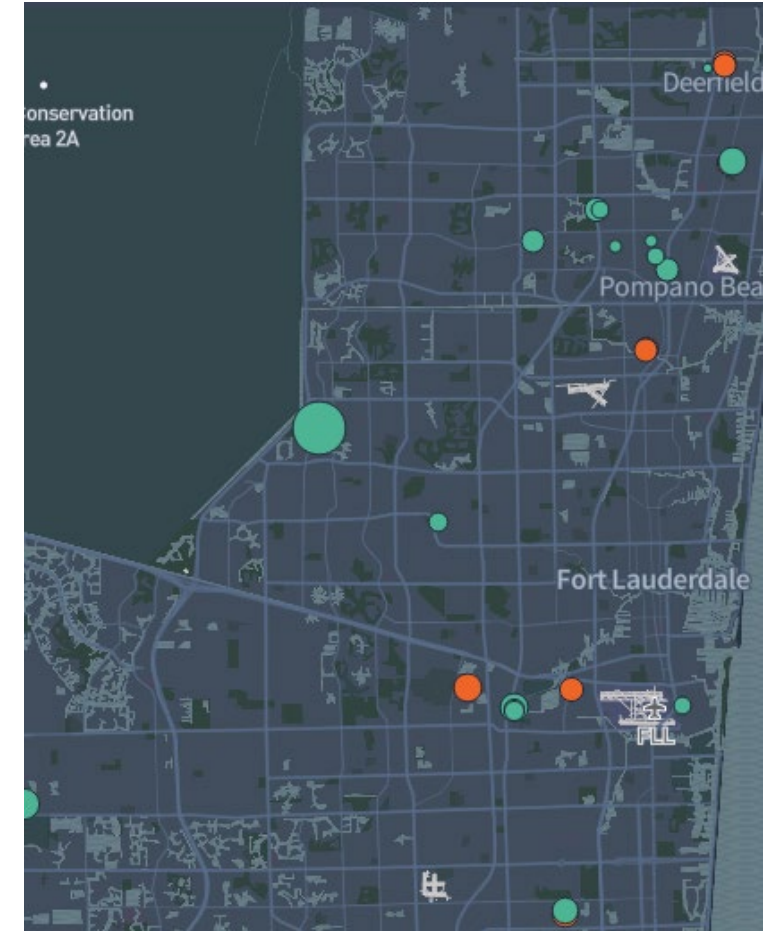
share of industrial
inventory

Northeast Broward

submarket with the most
development under
construction at 0.5 msf



Source: AVANT by Avison Young

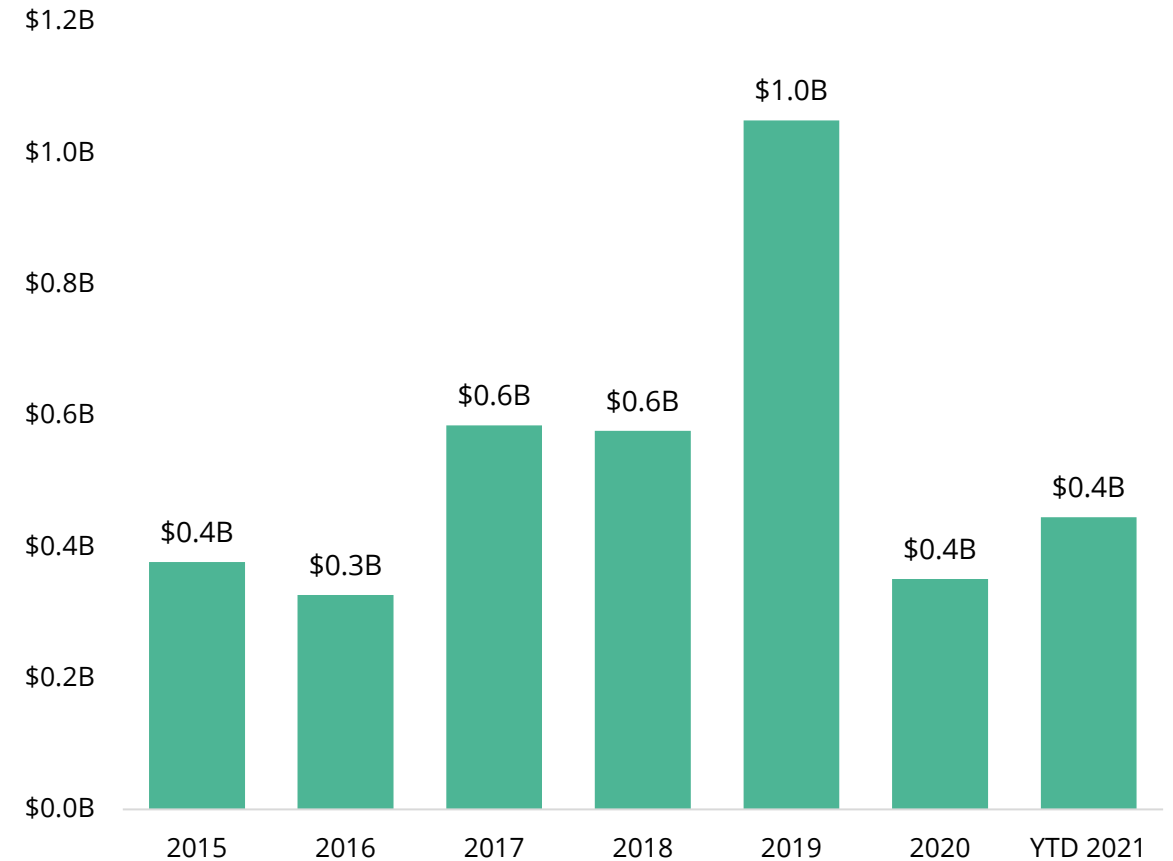


Investment dollar volume

\$0.4B

**Industrial dollar volume,
year-to-date 2021**

Industrial investment activity has been steady with year-to-date volume totaling \$444.9 million, up 26.8% from total investment volume during 2020. However, sales volume remains down 23.7% from the previous five-year average.



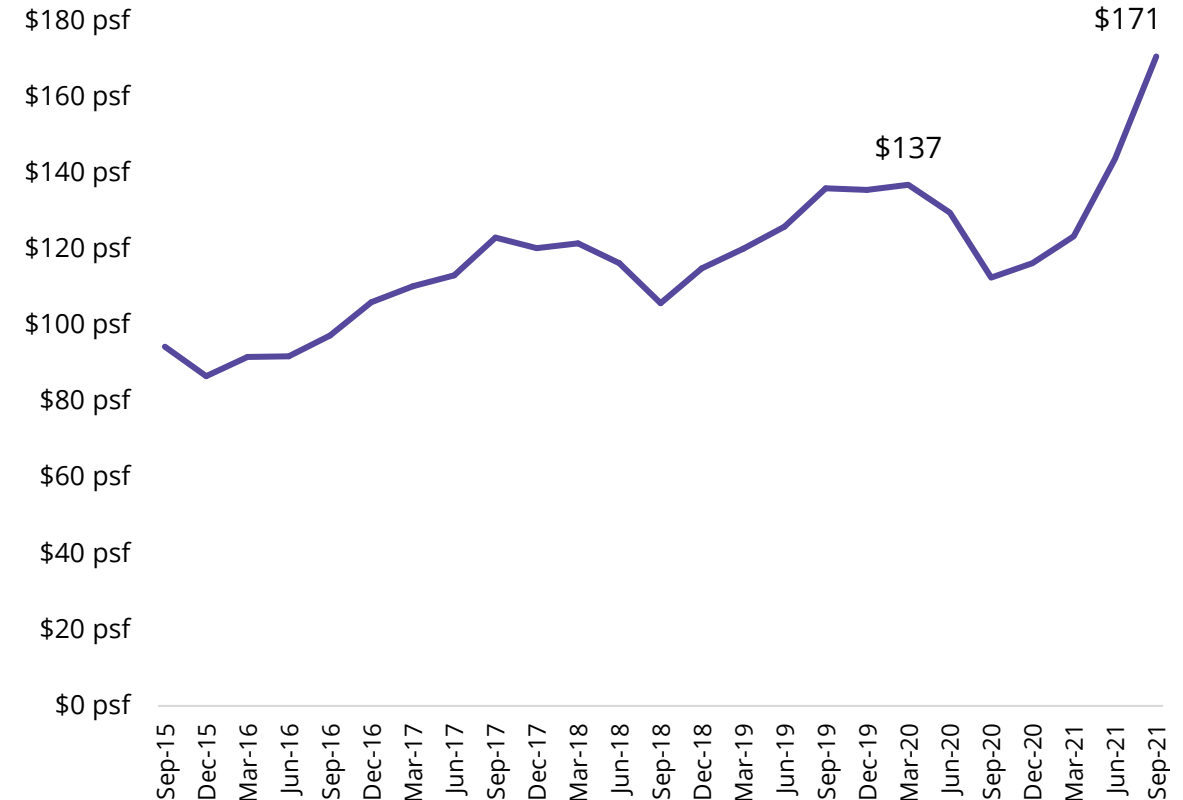
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+24.6%

**Fort Lauderdale industrial pricing,
March 2020 to September 2021**

Pricing for Fort Lauderdale industrial assets has risen steeply since year-end 2019, increasing by 24.6%. Institutional investment in Fort Lauderdale's industrial market has represented 43.9% of all year-to-date acquisitions, up from 28.1% in 2020.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- Market fundamentals remain strong in Fort Lauderdale and **demand is beginning to outpace supply** as the abundance of new industrial product delivered over the last few years is being absorbed into the market. Leasing activity is expected to remain strong throughout the remainder of the year, particularly from logistics, e-commerce, and wholesale tenants.
- As the landscape for large blocks of available space becomes more competitive in Miami and the market continues to tighten, some **tenants may begin to look north to Fort Lauderdale** to accommodate their space needs.
- **Developers remain bullish** on Fort Lauderdale's industrial market and have been especially interested in the Pompano Beach, Northeast Broward, and Southeast Broward submarkets. Although construction starts took a brief pause during 2020, many new projects are gearing up to break ground by the end of the year.
- While **supply chain disruption** has been a challenge since the onset of the pandemic, backlogs of cargo ships at the Ports of LA and Long Beach in California could prove to be beneficial for South Florida as tenants may seek to relocate to avoid bottlenecks in the future.



West Palm Beach market fundamentals

FLORIDA INDUSTRIAL MARKET REPORT
Q3 2021

Key industrial takeaways



Economic conditions

- South Florida's economy continued to rebound during the third quarter with the unemployment rate declining to **5.6%** as of August 2021, an 810-basis point drop from the high of 13.7% in May 2020.
- Industrial jobs in South Florida have increased by **4.1%** year-over-year as of August 2021. The strongest growth has been within the transportation, warehousing and utilities sector, which increased by **8.1%**.
- Inflation rates have increased sharply in South Florida by **4.2%** since August 2020. The most significant increase was in energy prices, which have risen by 24.1%.



Recovery rate

- According to recently released 2Q21 data from the Bureau of Economic Analysis, Florida's GDP grew by **6.7%** over the quarter, which is on par with the average for the U.S. The real estate and leasing sector grew by 0.95% over the quarter and the construction and wholesale industries also made some positive gains, growing by 0.41% and 0.22%, respectively.



Industrial demand

- Leasing activity has been steady throughout 2021 and year-to-date volume is up **1.7%** compared to total leasing volume in 2020. Demand for high-quality, class A distribution space remains robust as evidenced by the complete lease-up of phase one of Airport Logistics Park, which delivered at the end of 2020.
- Net absorption is at an all-time high of **1.8 million sf** at the end of the third quarter. While demand has been steady, the gain in absorption was almost entirely due to Amazon taking occupancy of 1 million sf at its newly completed distribution facility in the Palm Beach Park of Commerce in North Palm Beach.

Key industrial takeaways



Industrial supply

- As of the third quarter, there were **three properties** under construction in Palm Beach County totaling **0.5 million sf**. McCraney Property Company recently broke ground on phase two of Airport Logistics Park in West Palm Beach.
- Supply of large blocks of available space remains tight in West Palm Beach and **42.9%** of the current large blocks fall within 20,000 to 50,000 sf.
- The overall vacancy rate for the West Palm Beach industrial market resumed a downward trend during the third quarter and declined to **4.3%**, a 180-basis point decrease from its peak of 6.1% at year-end 2020.



Pricing trends

- Asking rents have increased by **14.8%** since year-end 2019 to \$10.75 per sf. Tightening leasing fundamentals as well as new speculative deliveries and rising construction costs have all contributed to a steady rise in asking rates.



Capital markets

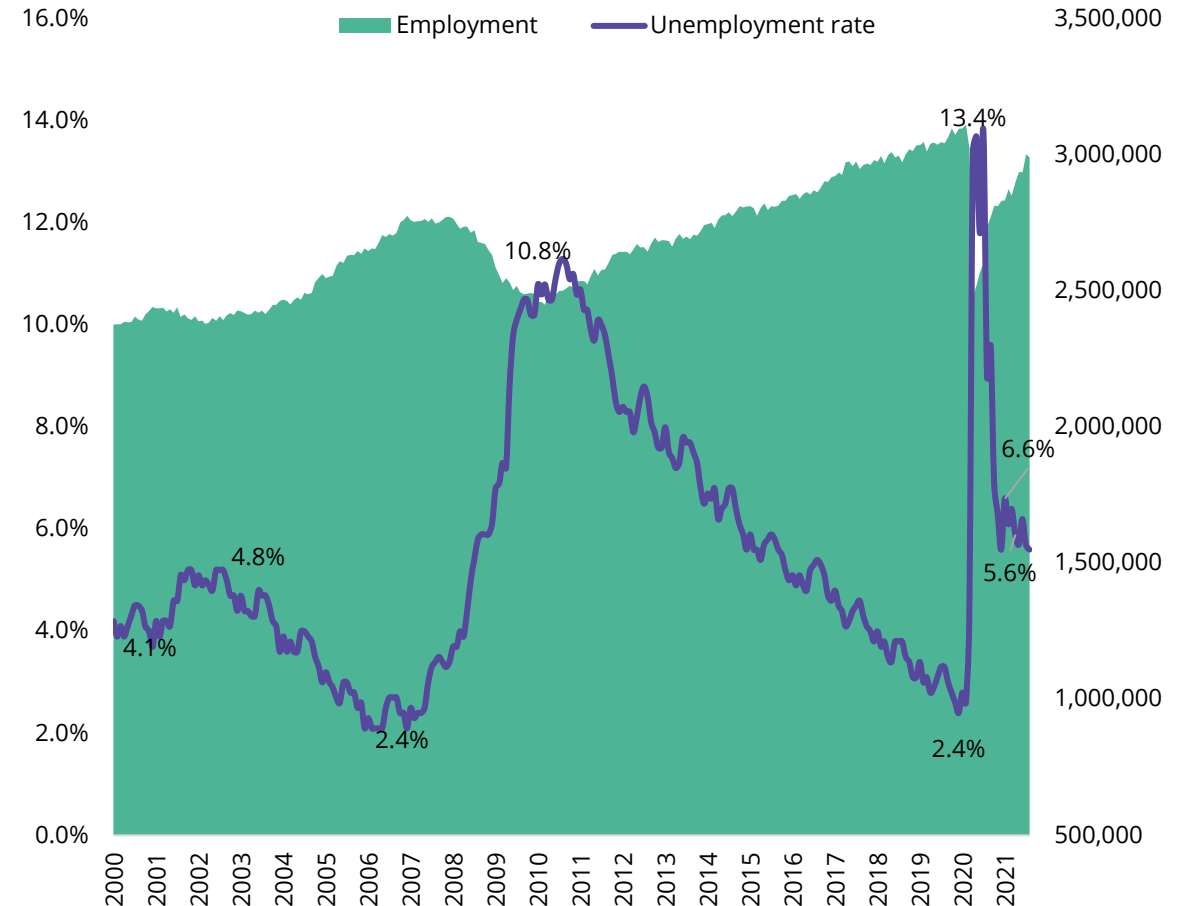
- West Palm Beach year-to-date industrial investment activity totaled **\$0.3B**, down **22.1%** from total volume recorded during 2020. Although sales volume remains down from 2020's volume, it is still outpacing the previous five-year average volume by 30.3%.
- Industrial asset pricing has begun to recover after softening mid-way through 2020. As of September, pricing is up by **2.9%** from pre-COVID levels.

Employment and unemployment rate

5.6%

South Florida unemployment rate as of August 2021, a sharp decline from the height of the pandemic

Before the pandemic, unemployment was at historical lows. The economy has added back over 509,602 jobs since 2020, up 20.5%, and unemployment has declined by 780 basis points to near pre-pandemic levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

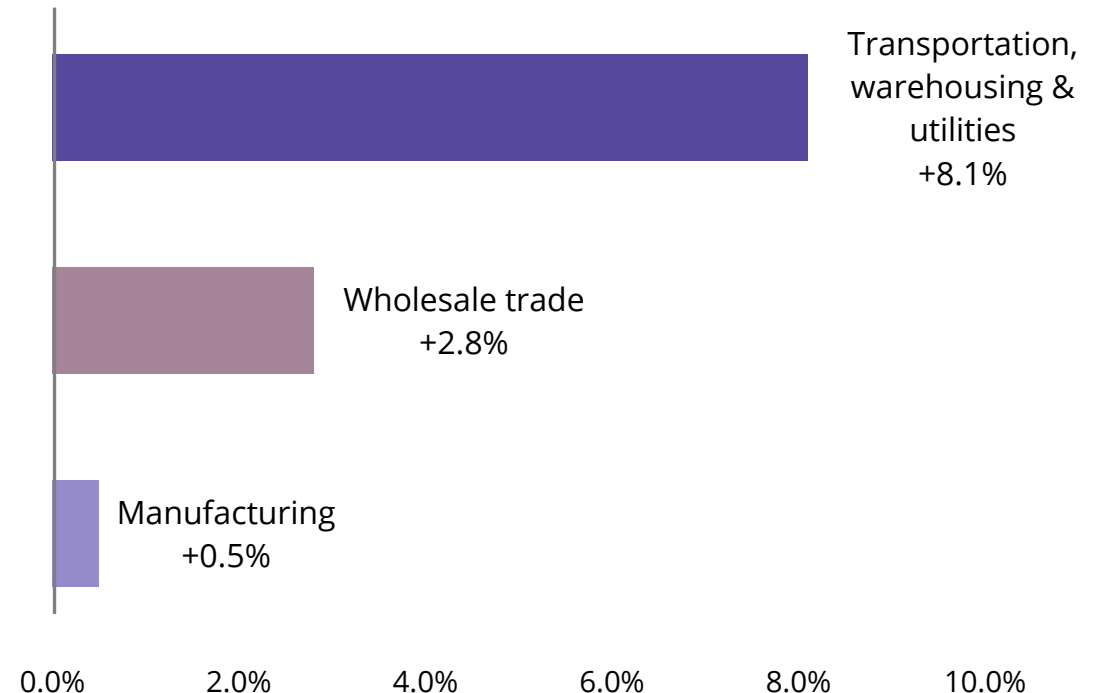
+4.1%

Change in industrial employment from August 2020 to August 2021

The South Florida metro area has experienced job additions totaling 4.1% over the trailing 12 months ending in August, particularly in the critical areas of transportation and logistics. These job gains have remained strong throughout the year, with the transportation, warehousing and utilities sector growing by 8.1%.

Total change in South Florida MSA* job gains/(losses)

August 2020 to August 2021



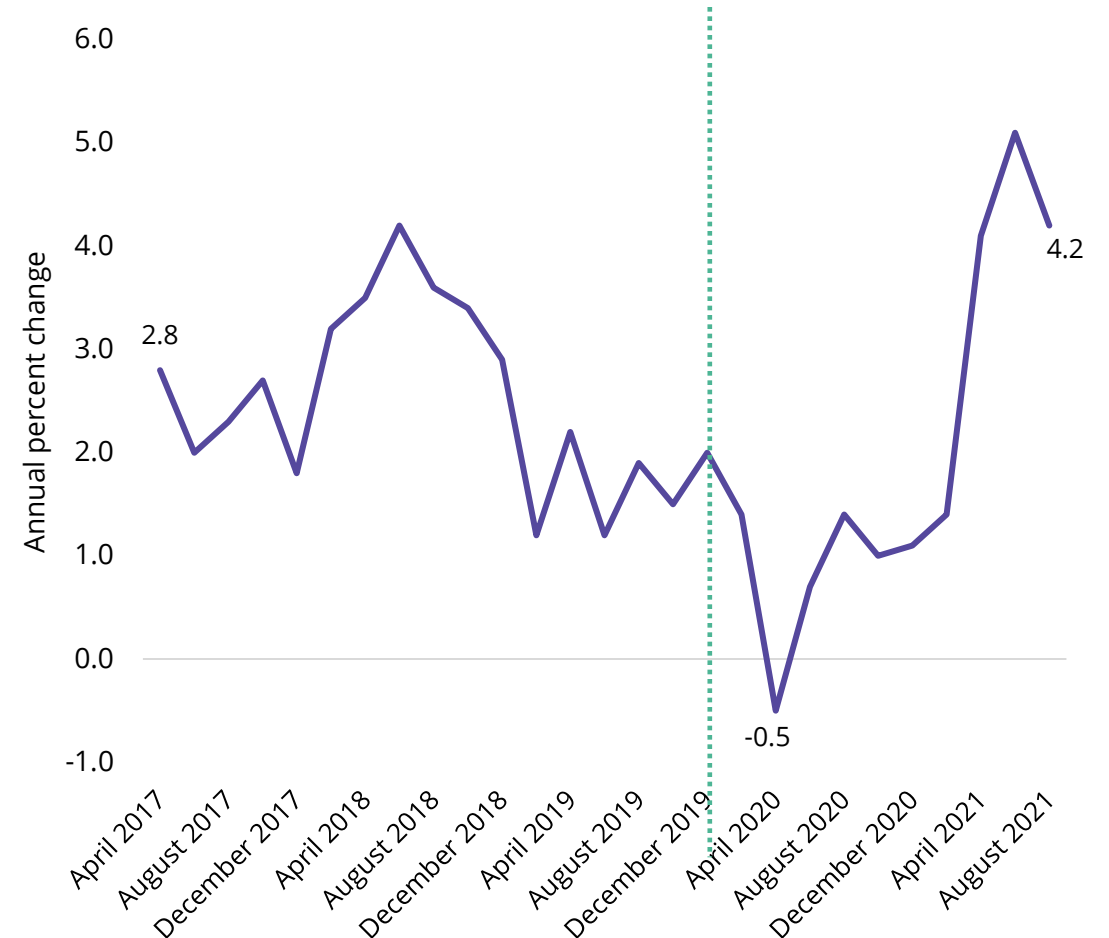
Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Inflation rates

+4.2%

Year-over-year change in Consumer Price Index for South Florida, all items

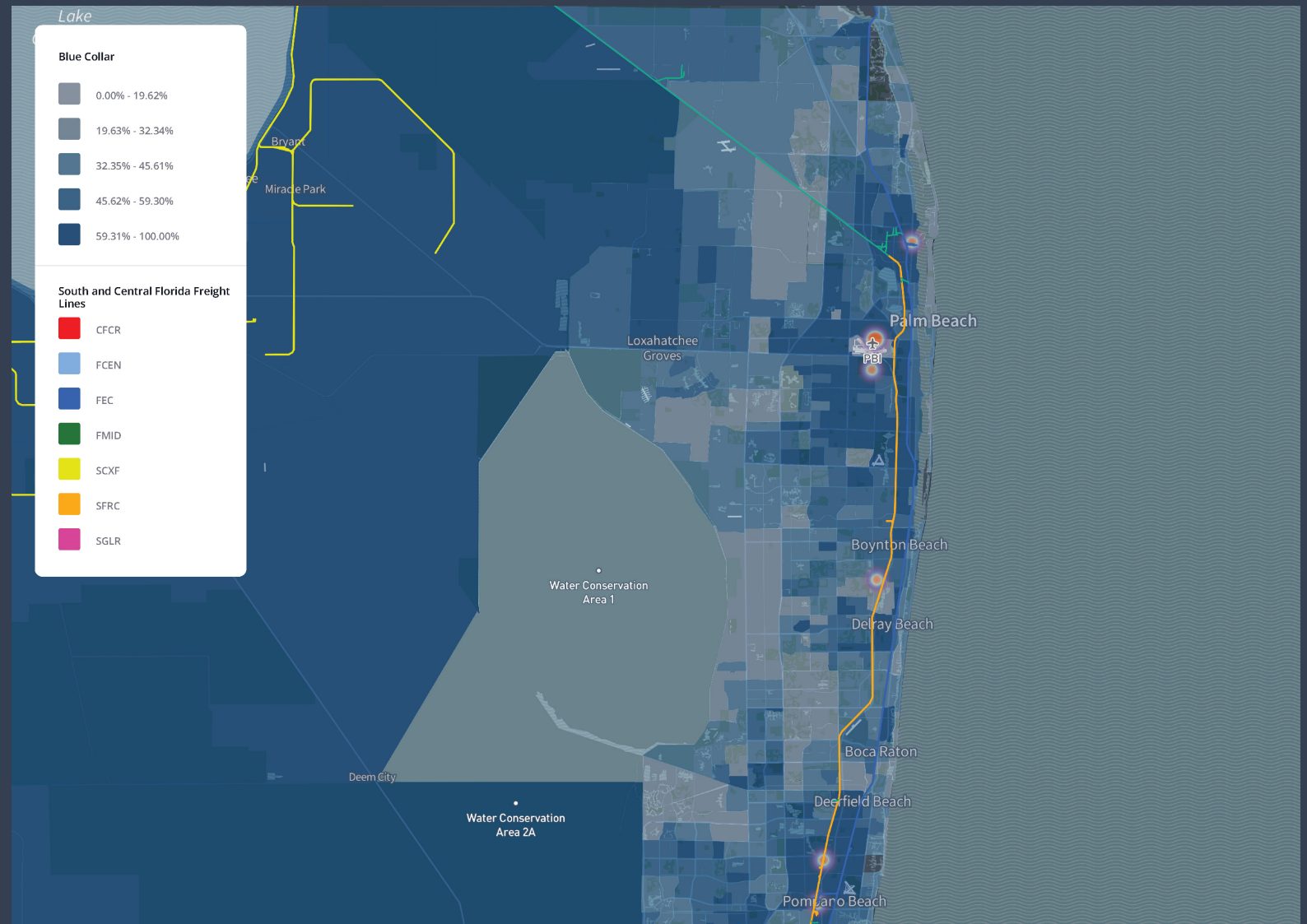
South Florida consumer prices have increased sharply since the onset of the pandemic. Despite stabilizing near the end of 2020, lingering supply chain disruptions have contributed a sustained rise in inflation levels. As of August 2021, South Florida housing prices increased by 3.5% year-over-year, but the most notable impact on inflation has been energy prices which have soared by 24.1%.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

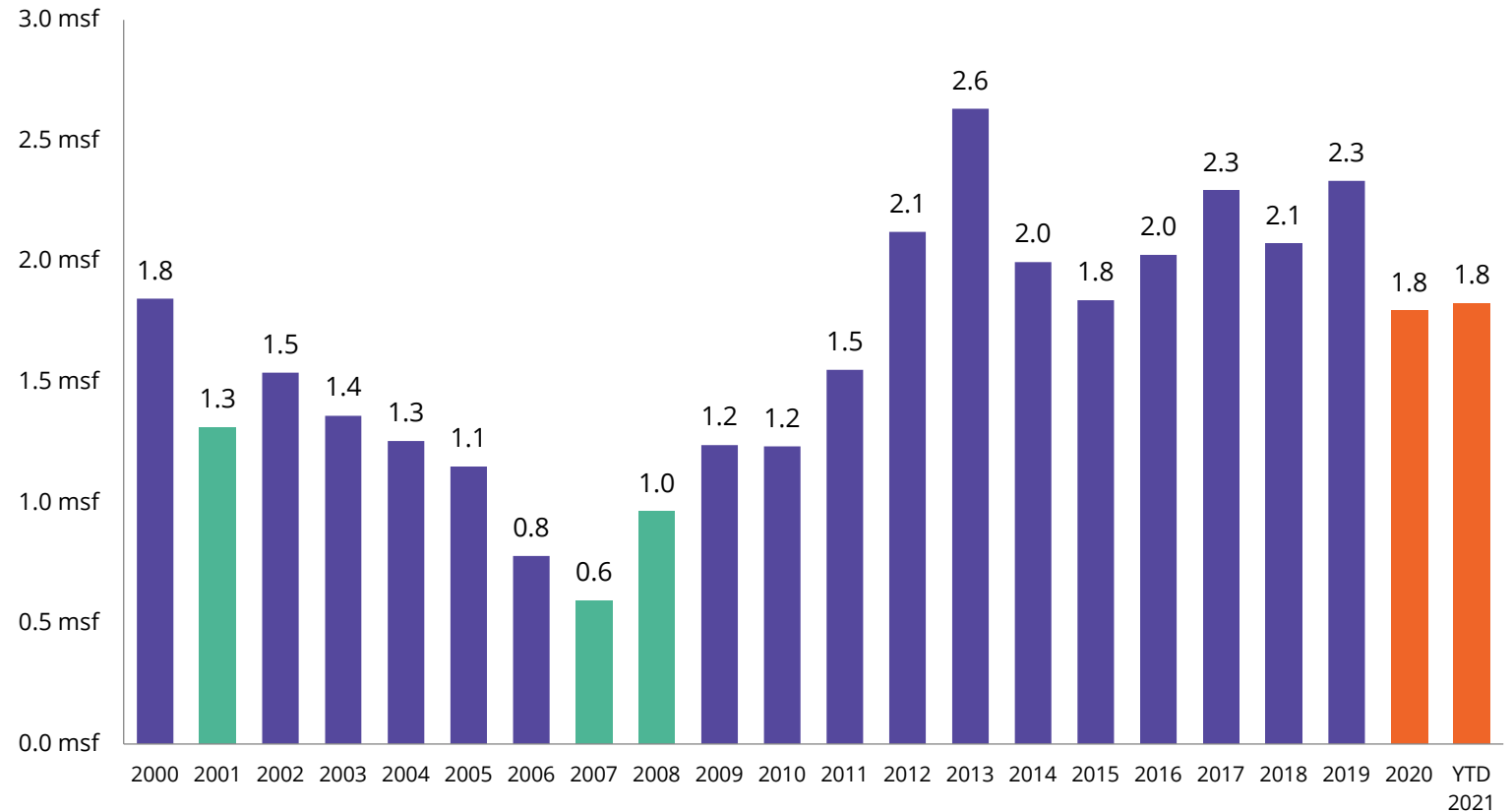


Industrial leasing activity

+1.7%

Year-to-date 2021 leasing activity is up compared to total 2020 activity

Leasing activity has held steady during 2021 and year-to-date volume is up slightly by 1.7% when compared with total volume during 2020.



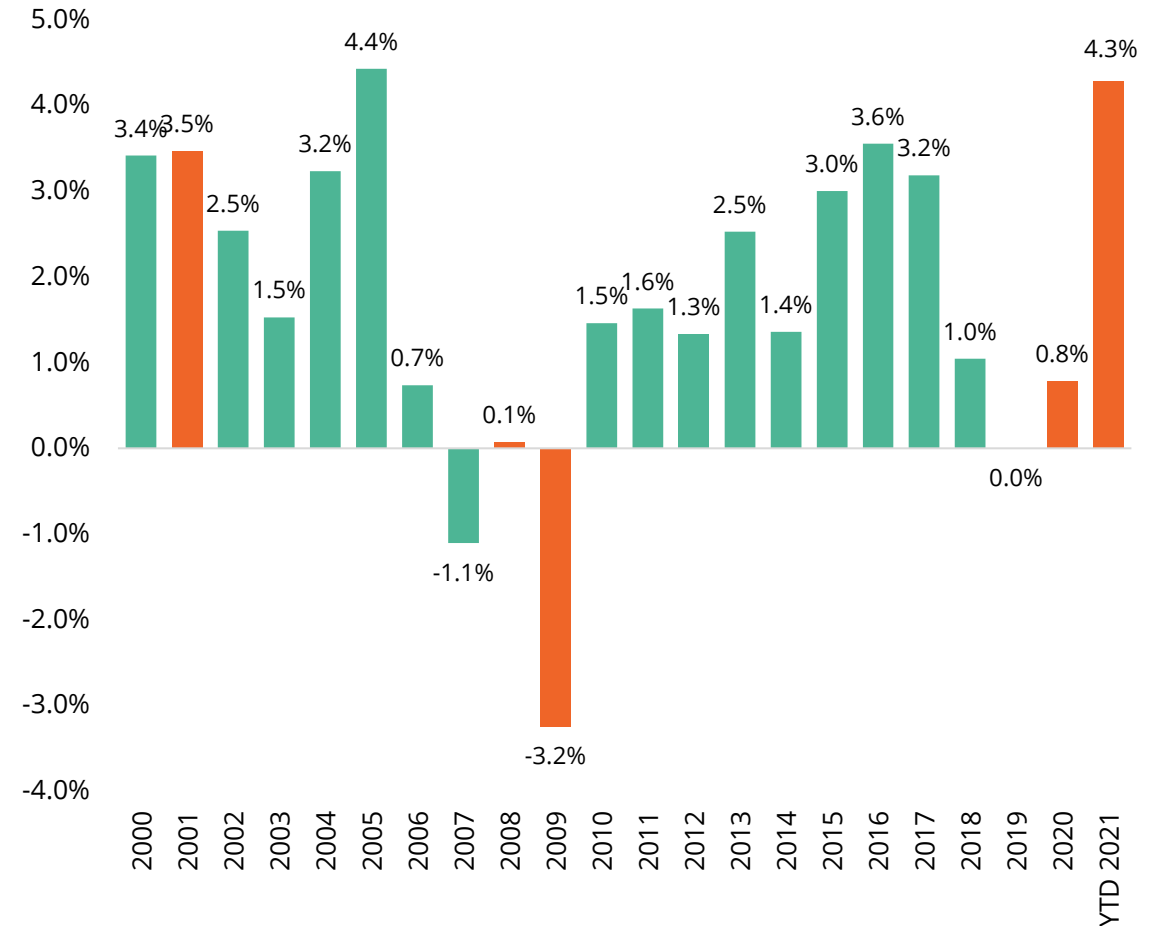
Source: CoStar

Industrial net absorption

5.1%

Net absorption as a percentage of inventory, 2020 through Q3 2021

West Palm Beach's net absorption outpaced previous historical records during the third quarter. At 1.8 million sf for the year-to-date, net absorption is at an all-time high. However, the huge gain in absorption is due almost entirely to Amazon taking occupancy of 1 million sf at its newly delivered distribution facility in North Palm Beach.



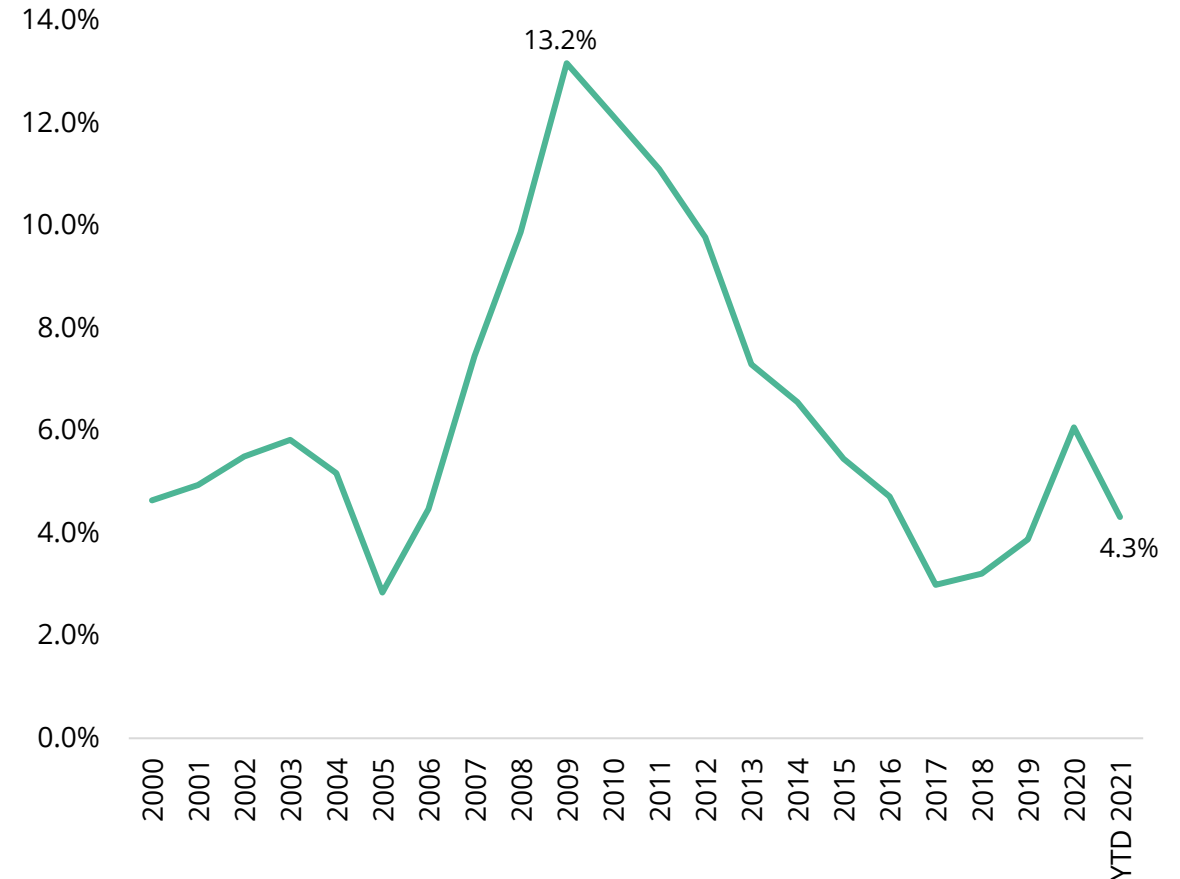
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

4.3%

Vacancy resumes a downward trend during Q3 2021

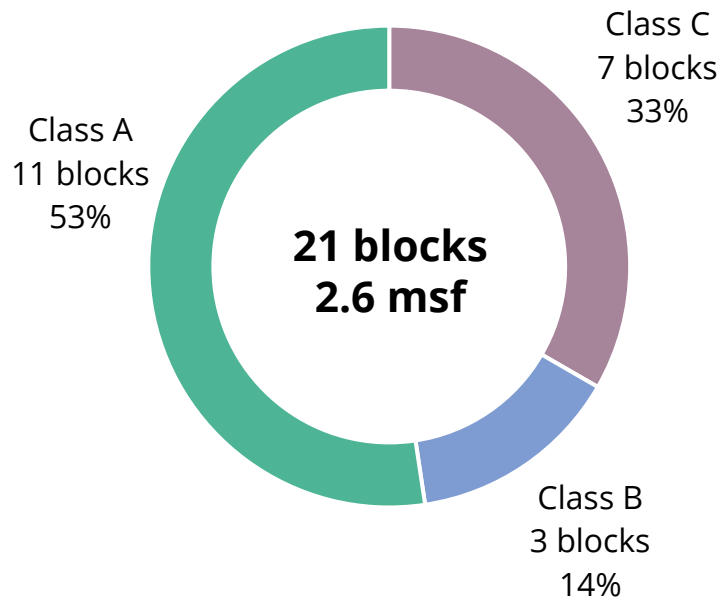
Overall vacancy declined again during the third quarter, continuing its downward trend from its peak of 6.1% at year-end 2020. Vacancy rose at the end of 2020 due to a handful of speculative deliveries, however much of the new space has now been scooped up and vacancies have tightened.



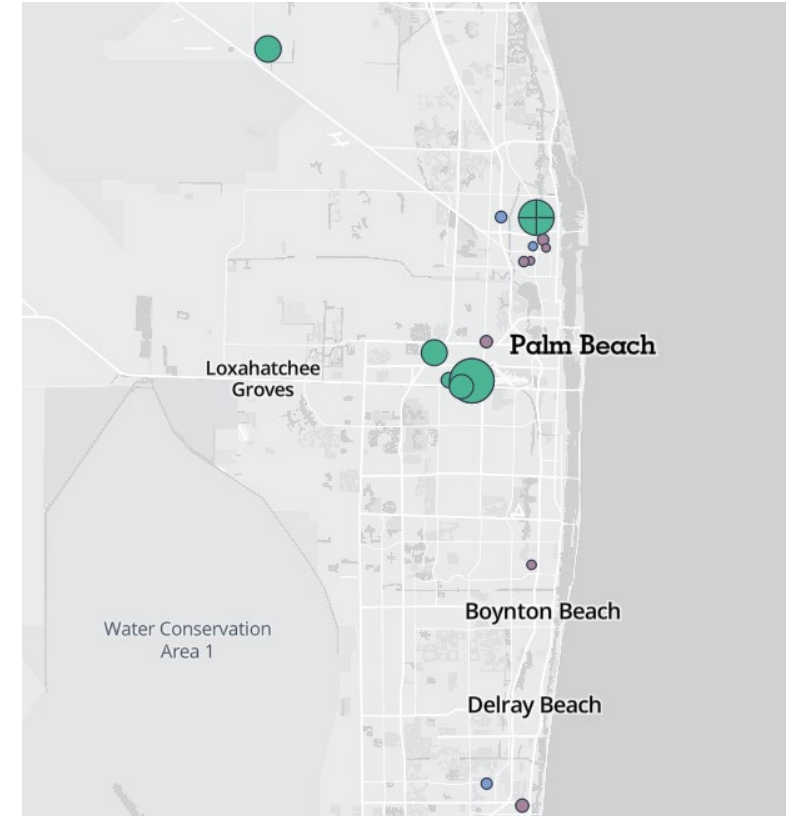
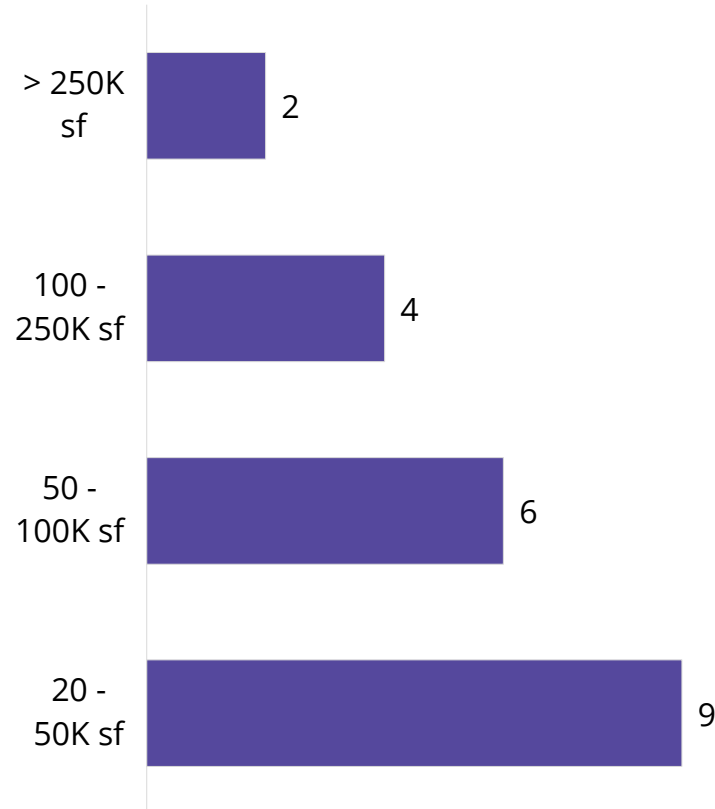
Source: CoStar

Industrial large-block availabilities

Building class



Space size ranges



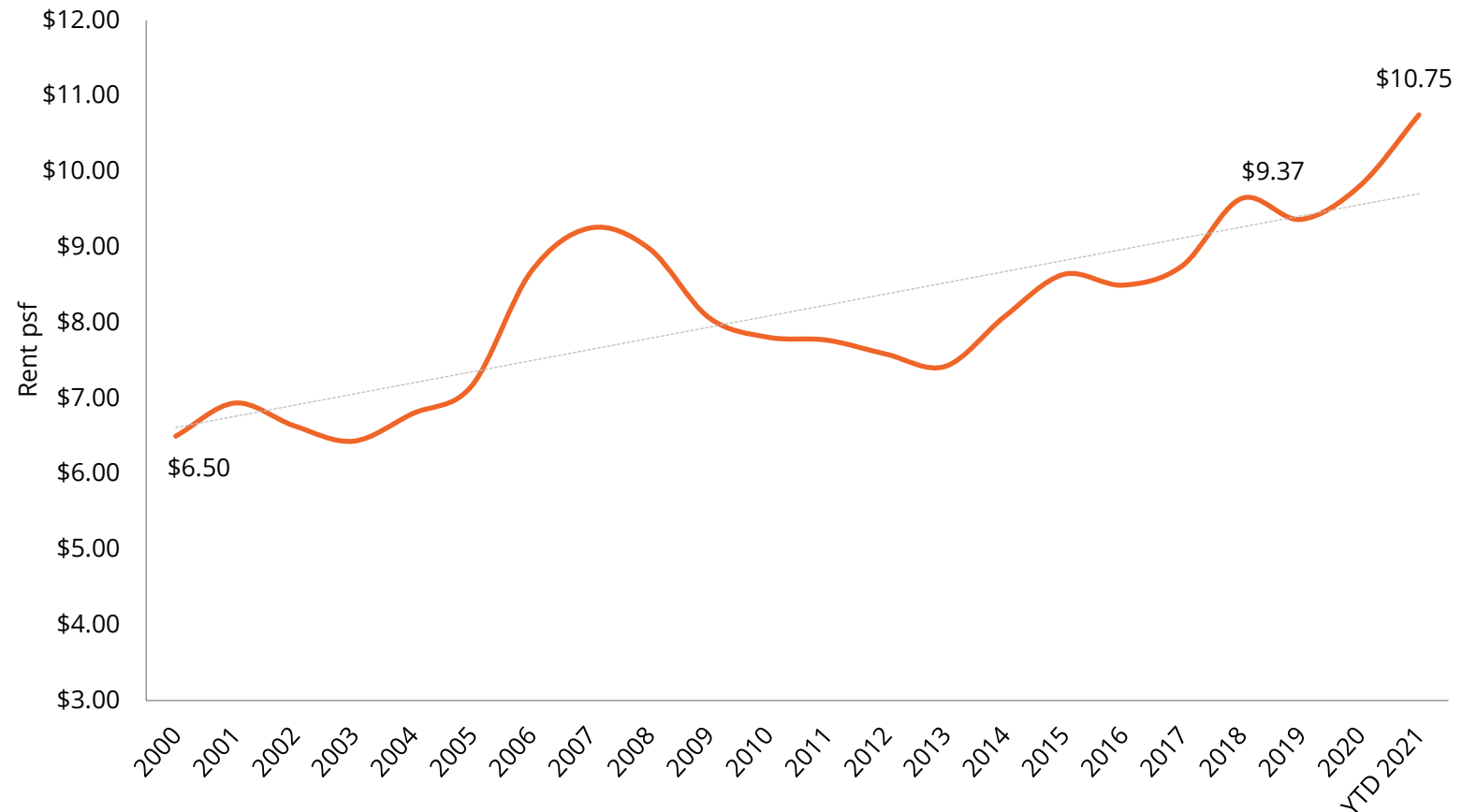
Source: AVANT by Avison Young

Asking rents

+14.8%

Asking rents since the onset of the pandemic

Asking rents have risen steadily and are up 14.8% since year-end 2019. Overall, rent growth has been on a generally upward trend since 2013.



Source: AVANT by Avison Young

Industrial development pipeline

17 properties

proposed or under construction

2.3 msf

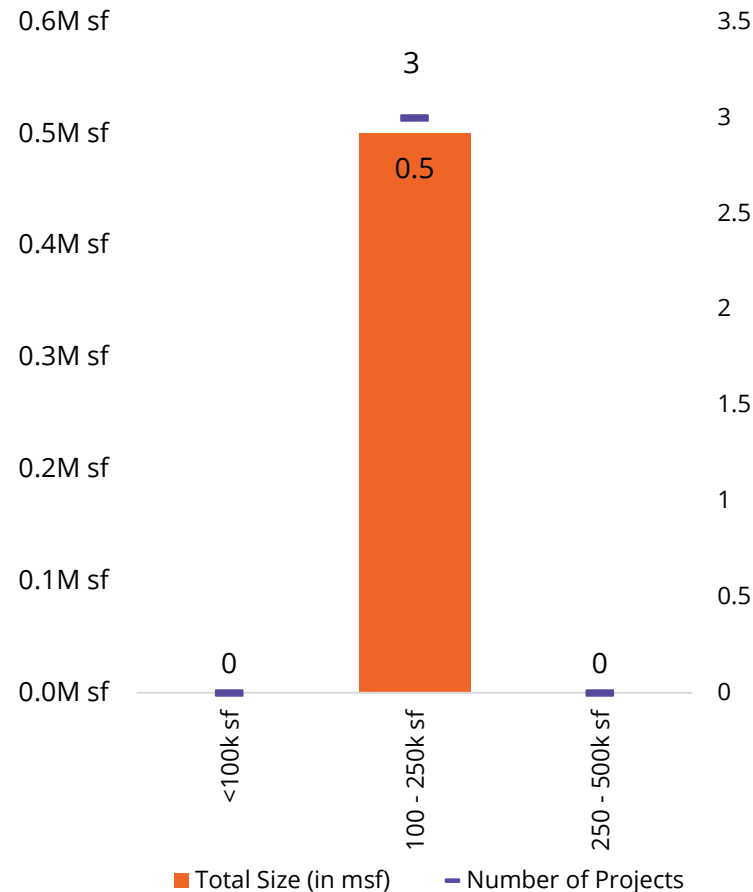
proposed or under construction

7.4%

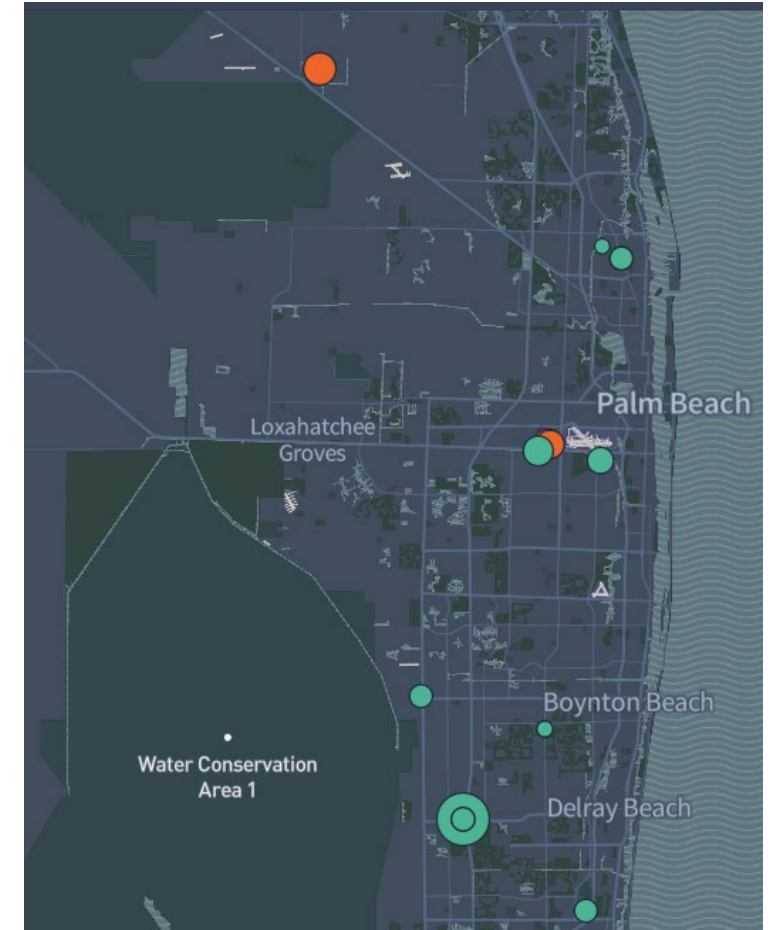
share of industrial inventory

West Palm Beach

submarket with the most development under construction at 0.3 msf



Source: AVANT by Avison Young

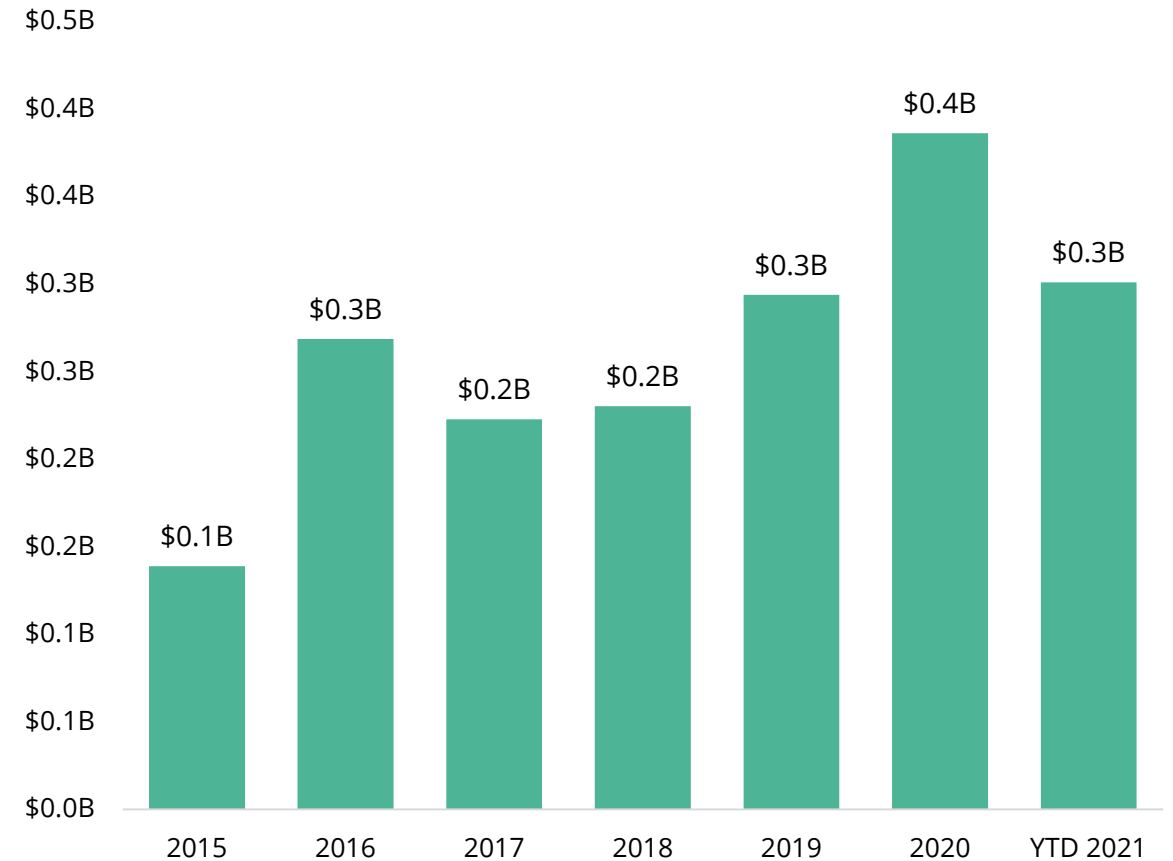


Investment dollar volume

\$0.3B

Industrial dollar volume,
year-to-date 2021

Industrial investment has been active in Palm Beach County throughout the year with year-to-date volume totaling \$300.9 million. Although sales volume remains down 22.1% from total investment volume during 2020, it is still out-performing the previous five-year average by 30.3%.



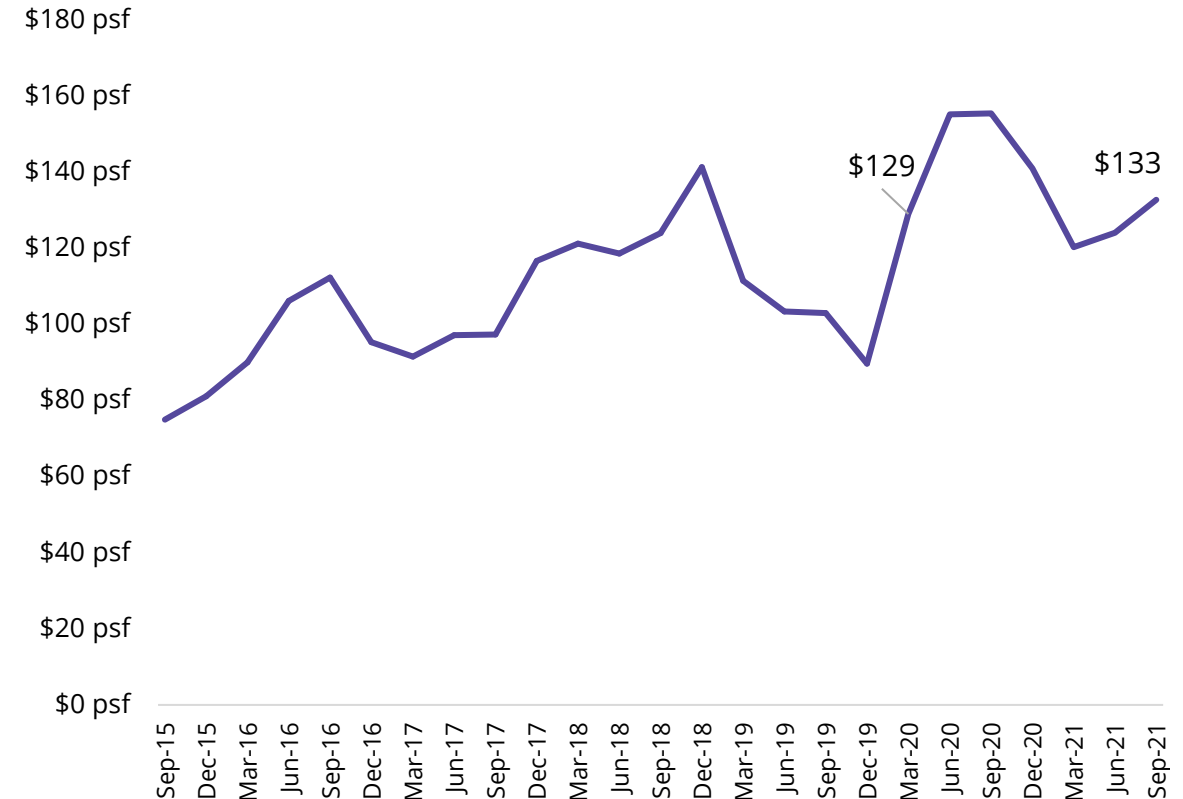
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+2.9%

**West Palm Beach industrial pricing,
March 2020 to September 2021**

While industrial asset pricing began to soften mid-way through 2020 as some investors put their acquisition plans on hold, pricing has resumed its upward trajectory and is up 2.9% from pre-COVID levels.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- Tenants and investors remain attracted to Palm Beach County due to its **strong economic fundamentals and growing population base**. Palm Beach has experienced a strong uptick in migrations and corporate relocations amid the pandemic, further fueling **demand for increased logistics space** in the region.
- **Limited new supply in the short-term** following a brief pause in construction starts during 2020 will lead to **tightening vacancies** over the coming quarters and, as a result, asking rents will continue to rise.
- Leasing activity has been steady throughout the year and much of the newly delivered class A space has been scooped up. Although leasing activity was predominantly driven by e-commerce for the last several quarters, **wholesale and retail tenants have also been active** in the third quarter.
- While **supply chain disruption** has been a challenge since the onset of the pandemic, backlogs of cargo ships at the Ports of LA and Long Beach in California could prove to be beneficial for South Florida as tenants may seek to relocate to avoid bottlenecks in the future.



Tampa market fundamentals

FLORIDA INDUSTRIAL MARKET REPORT
Q3 2021

Key industrial takeaways



Economic conditions

- Tampa’s unemployment rate is holding steady at **4.5%** due to steadily rising vaccination rates, healthy consumer confidence, and a strong local business base. Tampa’s supply chain is solid, industrial leasing fundamentals are strong, and the development of new larger-scale bulk distribution and warehouse projects continues along the I-4 corridor.
- The steady rise in e-commerce activity combined with labor shortages and pandemic-induced disruptions to the global supply chain are creating backlogs at several key U.S. ports. As a result, Florida’s governor and the state’s port leaders are making an active pitch to companies to send their cargo to Florida.



Recovery rate

- As of August 2021, the state of Florida had recovered 974,000 jobs, equivalent to **77%** of all job losses incurred due to the pandemic.
- The Biden administration’s intention to begin allowing foreign nationals to travel from Europe, China, Brazil, and India as of this November will help propel the Tampa economy as the influx of travelers will serve to boost the still-recovering tourism and hospitality sector.



Industrial demand

- Leasing activity is at **65.9%** of all volume recorded in 2020 and is expected to grow through the end of the year.
- The largest lease transaction during the third quarter was Gopher Resource’s deal for 206,382 sf at 1820 Massaro Blvd in the East Side where it will consolidate into two buildings vacated by Refresco Beverages.
- Net absorption has already surpassed annual totals for 2019 and 2020 and may be on track to outpace the previous high in 2018.

Key industrial takeaways



Industrial supply

- Total vacancy remains at a three-year low, totaling **5.5%**, and is only 20 basis points below the 14-year low recorded in 2018.
- As of the end of Q3 2021, there were 27 industrial buildings under construction across Tampa accounting for **7.8 million sf**.
- City Furniture's new **\$100 million** mixed-use development in Plant City is underway on a 111-acre site with I-4 frontage. When complete in 2022 the development will include 800,000 sf of distribution space, along with retail and showroom space and over 45,000 sf of corporate office space.



Pricing trends

- Asking rents have increased by **2.7%** since the start of the pandemic and have for the most part continued on a steady upward trajectory over the last decade.
- Strong leasing and development activity in key areas, primarily within the Lakeland and Plant City/East Hillsborough submarkets, is keeping upward pressure on rents and ensuring landlords remain firmly in the driver's seat while industrial market fundamentals remain solid.



Capital markets

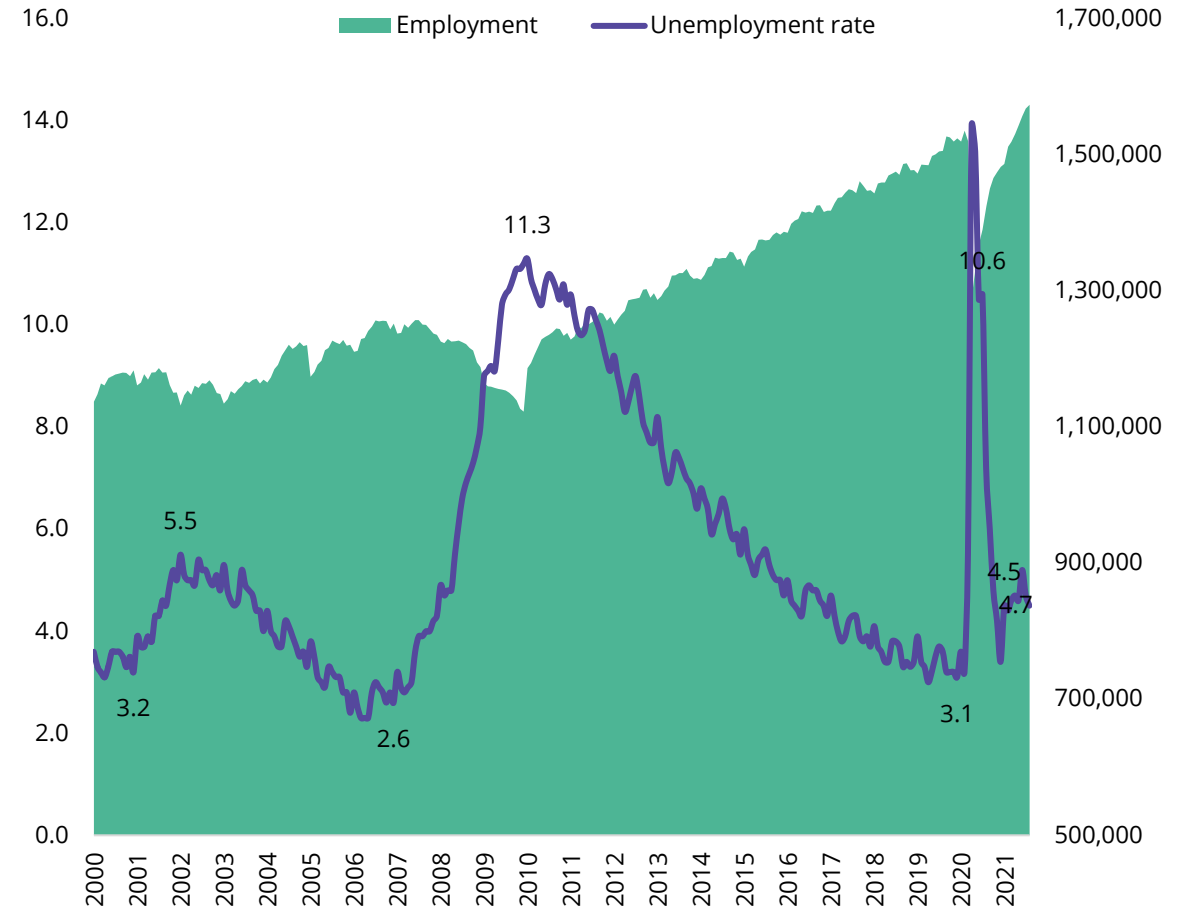
- Industrial investment activity has been robust in Tampa, with total transaction volume of **\$1.4 billion** for the year-to-date through September 2021.
- The sale of University Park at Bridgewater in Lakeland to AEW Capital Management was the largest investment transaction during Q3. The 713,343-sf bulk distribution center, which is fully occupied by HCA Healthcare, was acquired from Crow Holdings for **\$100.8 million**, or \$141 per sf.

Employment and unemployment rate

4.5%

Tampa unemployment rate as of August 2021, a sharp decline from the height of the pandemic

Pre-pandemic unemployment was at historical lows. The economy has added back over 284,633 jobs since last year, up 22.1%, and unemployment has declined by 9.4% to near pre-pandemic levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

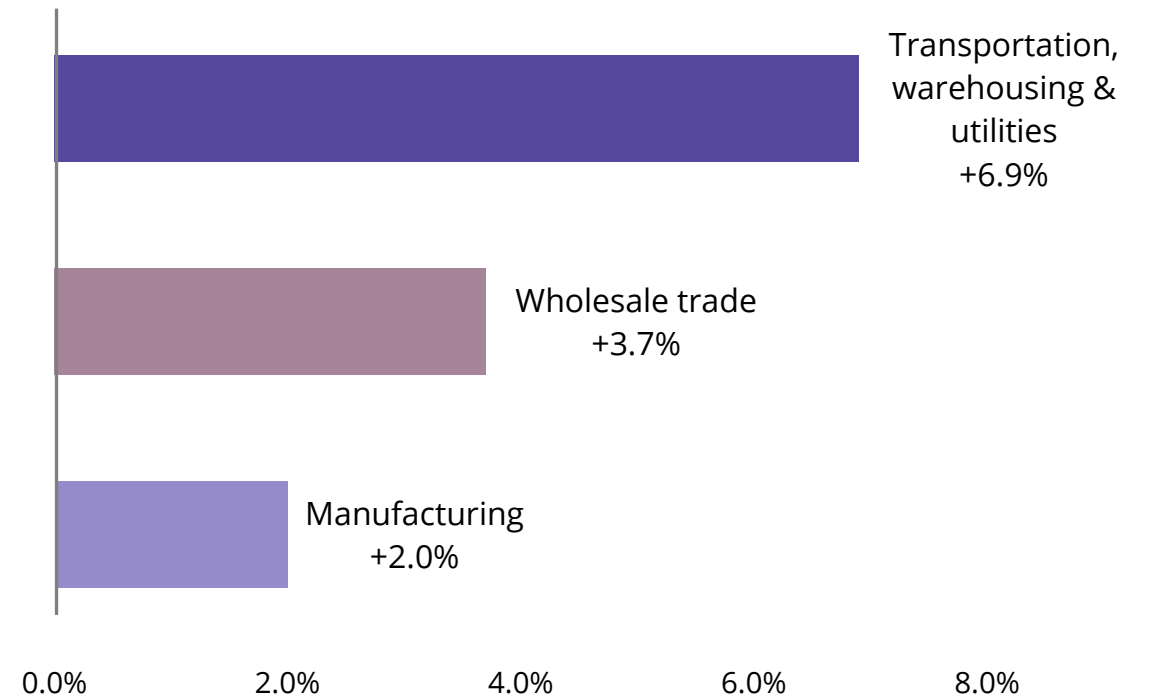
+3.8%

Change in industrial employment from July 2020 to July 2021

The Tampa metro area has experienced job additions totaling 3.8% in the last year, especially in the critical areas of transportation and logistics. These job gains have remained steady this year, with the transportation, warehousing & utilities sector up 6.9% year-to-date.

Total change in Tampa MSA* job gains/(losses)

July 2020 to July 2021



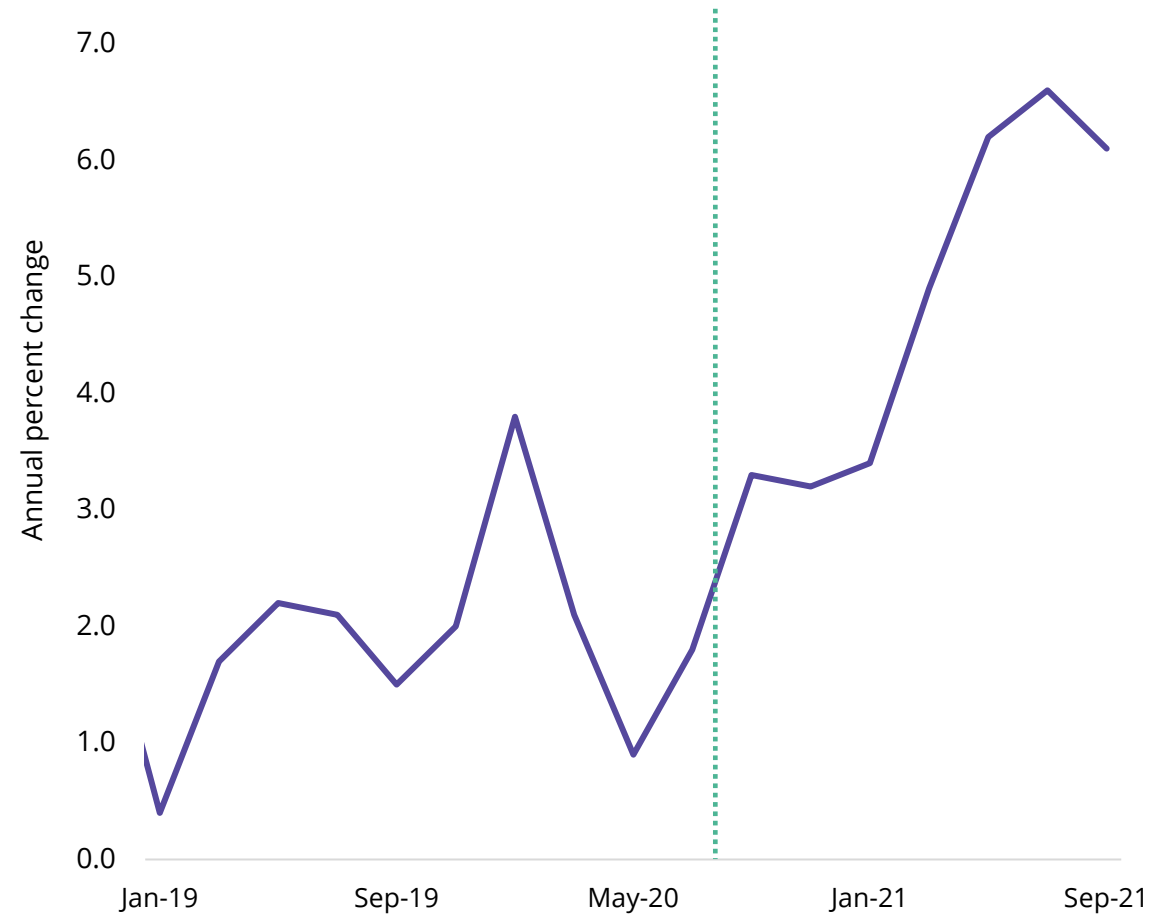
Note: Not seasonally adjusted data. *Metropolitan statistical area.
Source: Bureau of Labor Statistics

Inflation rates

+6.1%

Year-over-year change in Consumer Price Index for Tampa, all items

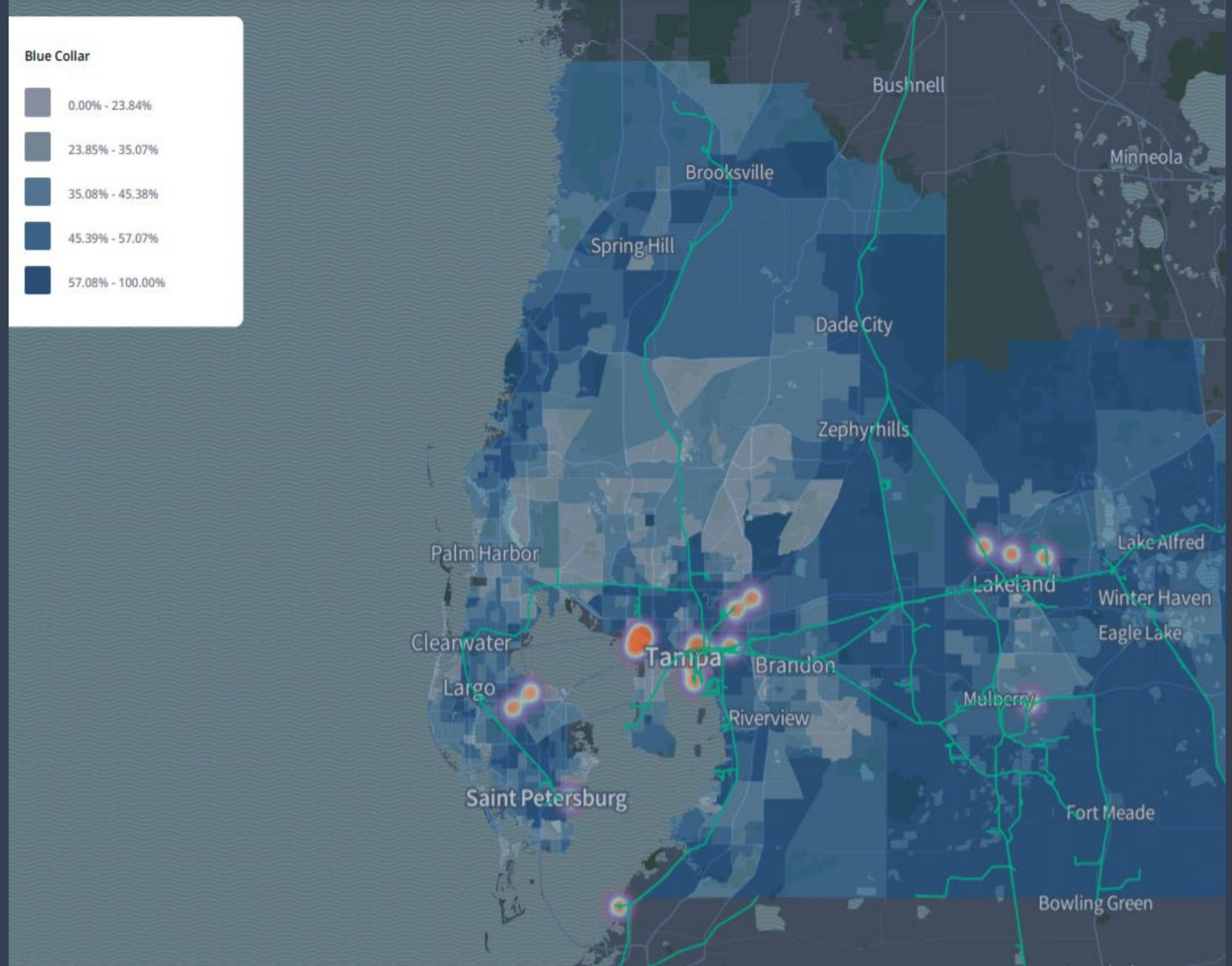
Tampa-area consumer prices have been rapidly increasing as the local economy has reopened. The energy index rose 23.6% over the past year, largely due to sharp increases in gas prices. Despite stabilizing this summer, lingering supply chain disruptions, a shortage of truck drivers, and severe weather have impacted many sectors and could keep inflation at higher-than-normal levels heading into 2022.



Note: Not seasonally adjusted data. *Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

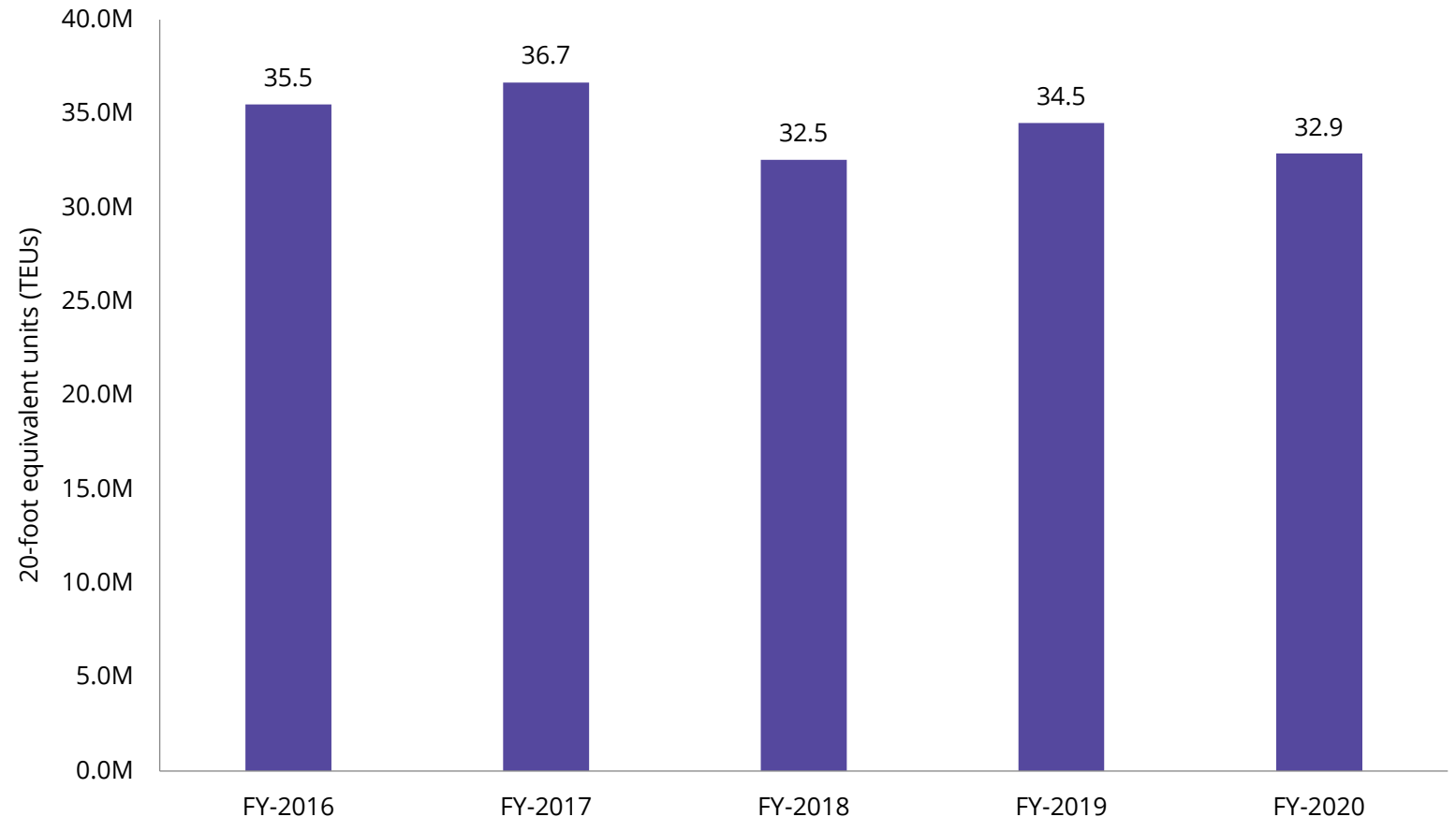


Port Tampa Bay total cargo volume

34.4 M

5-yr avg cargo volume

Although the number of cruise ship sailings was down 54% during FY-2020, the port has remained healthy through the pandemic. Port Tampa experienced an increase in dry bulk cargo in 2020, and the primary cargo loss was a decline in petroleum.



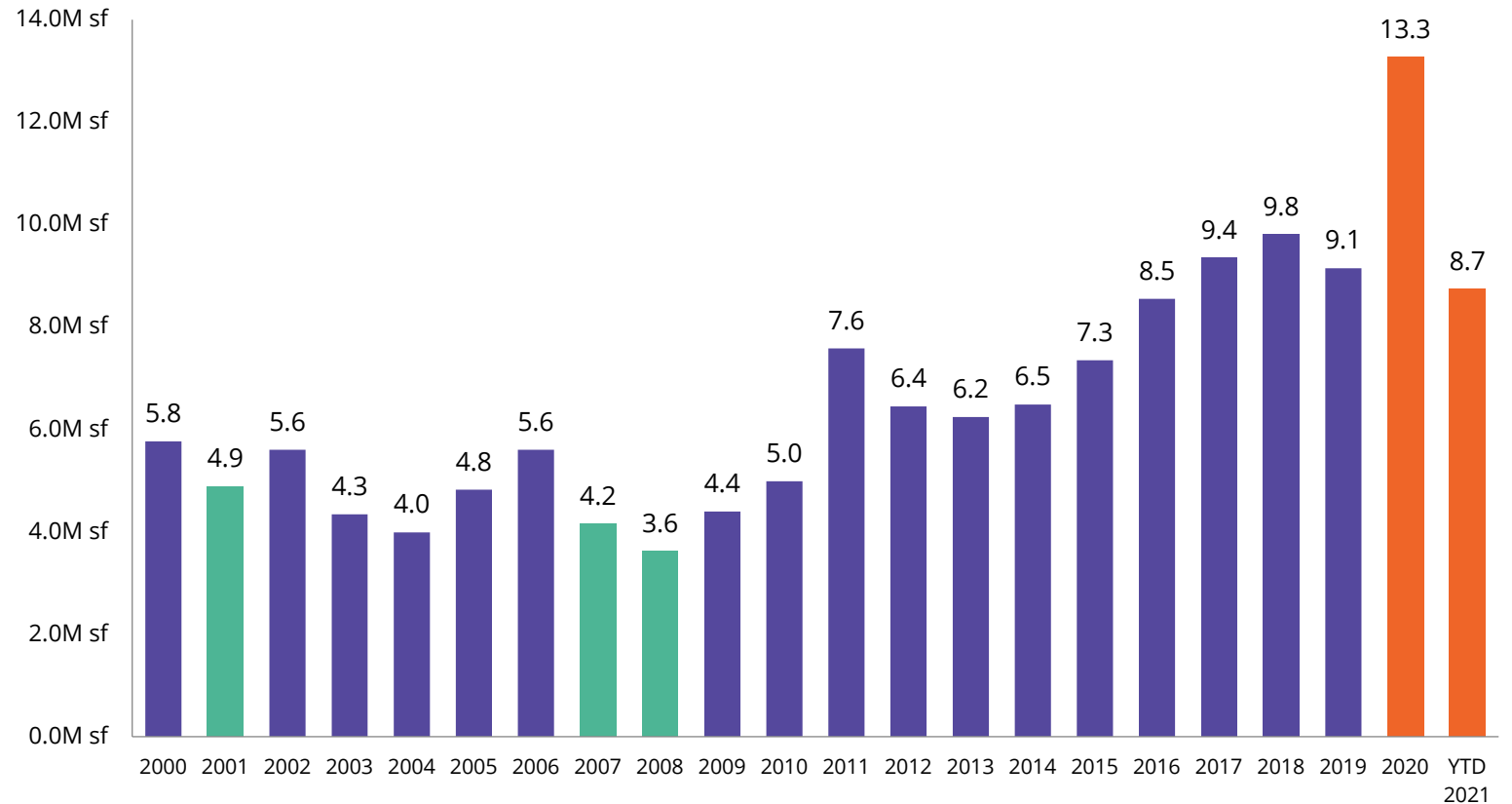
Source: Port Tampa Bay

Industrial leasing activity

65.9%

Year-to-date 2021 leasing activity compared to year-end 2020

Leasing activity has remained brisk during 2021 with activity through Q3 nearly eclipsing all pre-pandemic leasing volume recorded during 2019 and exceeding all leasing activity recorded in 16 of the last 20 years.



Note: Green represents recession years.
Source: CoStar

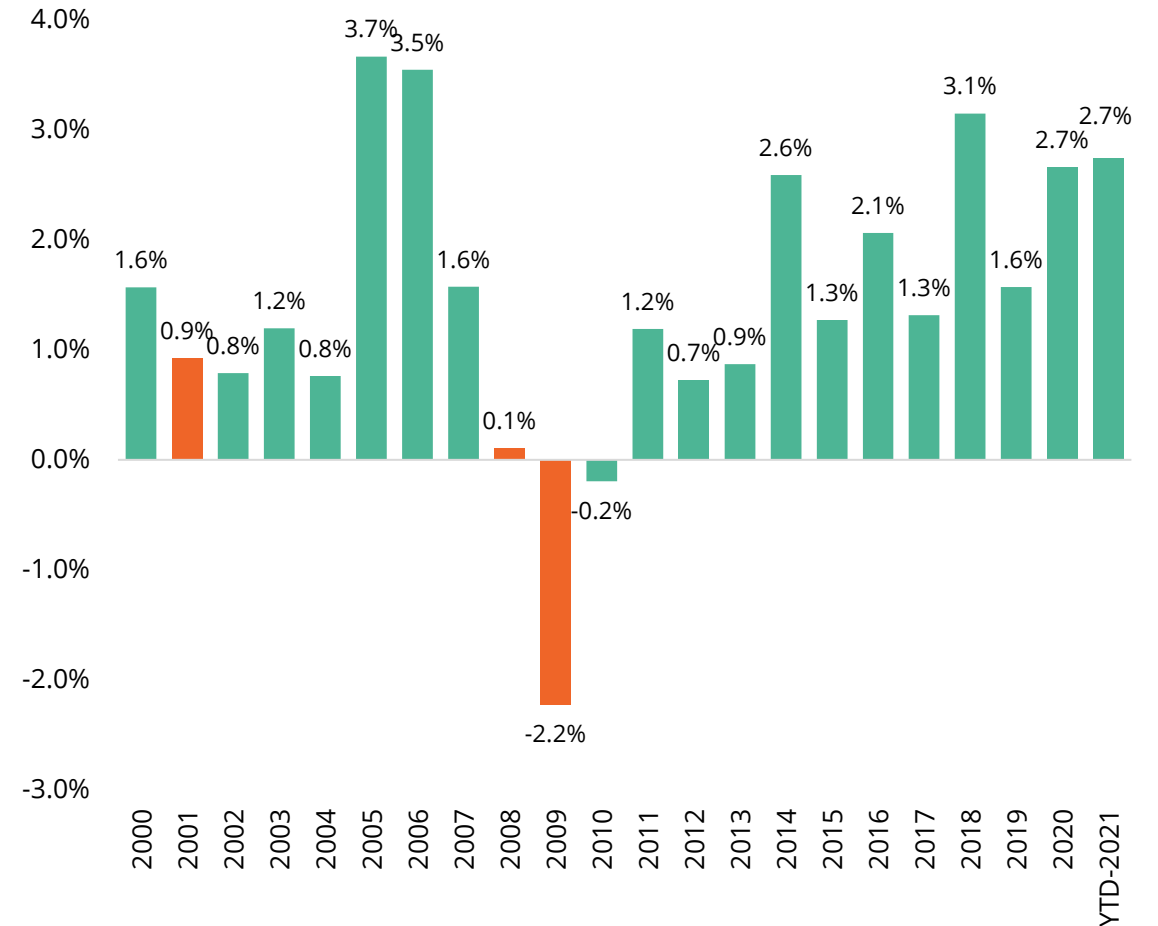
Source: CoStar

Industrial net absorption

2.7%

Net absorption as a percentage of inventory, through Q3 2021

Accounting for 4.9 million sf for the year-to-date, net absorption has already surpassed annual totals for 2019 and 2020 and may be on track to outpace the previous high in 2018. Development remains active, particularly in the I-4 corridor stretching from Tampa through Lakeland, creating opportunities for distribution users to take down large blocks of space resulting in robust net absorption.



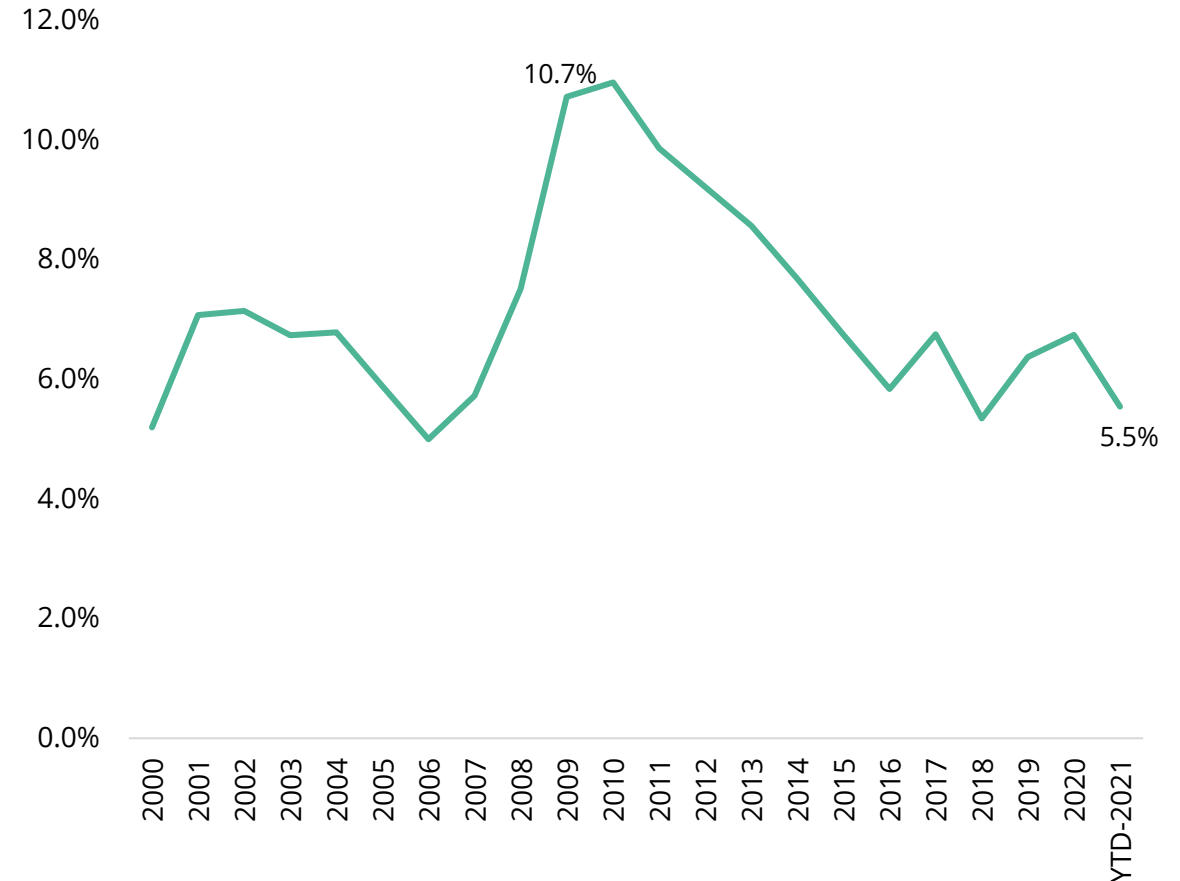
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

5.5%

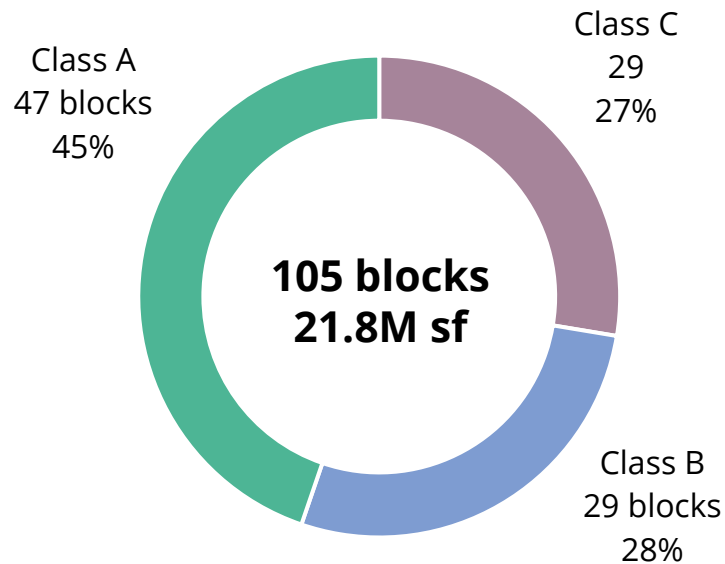
Vacancy as of Q3 2021 remains at its lowest point in 3 years

The Q3 2021 total vacancy rate is only 20 basis points below the 14-year low recorded in 2018 and may fall further by the end of the year as an active fourth quarter of leasing is expected. Average asking rents have increased significantly over the last decade, underscoring how industrial demand has outstripped supply in Tampa.

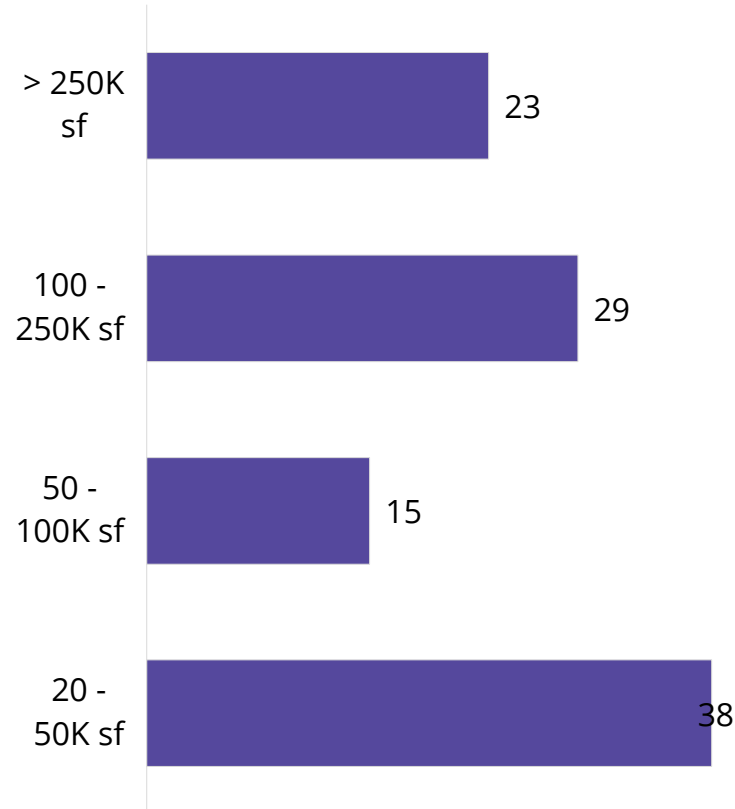


Industrial large-block availabilities

Building class



Space size ranges



Source: AVANT by Avison Young

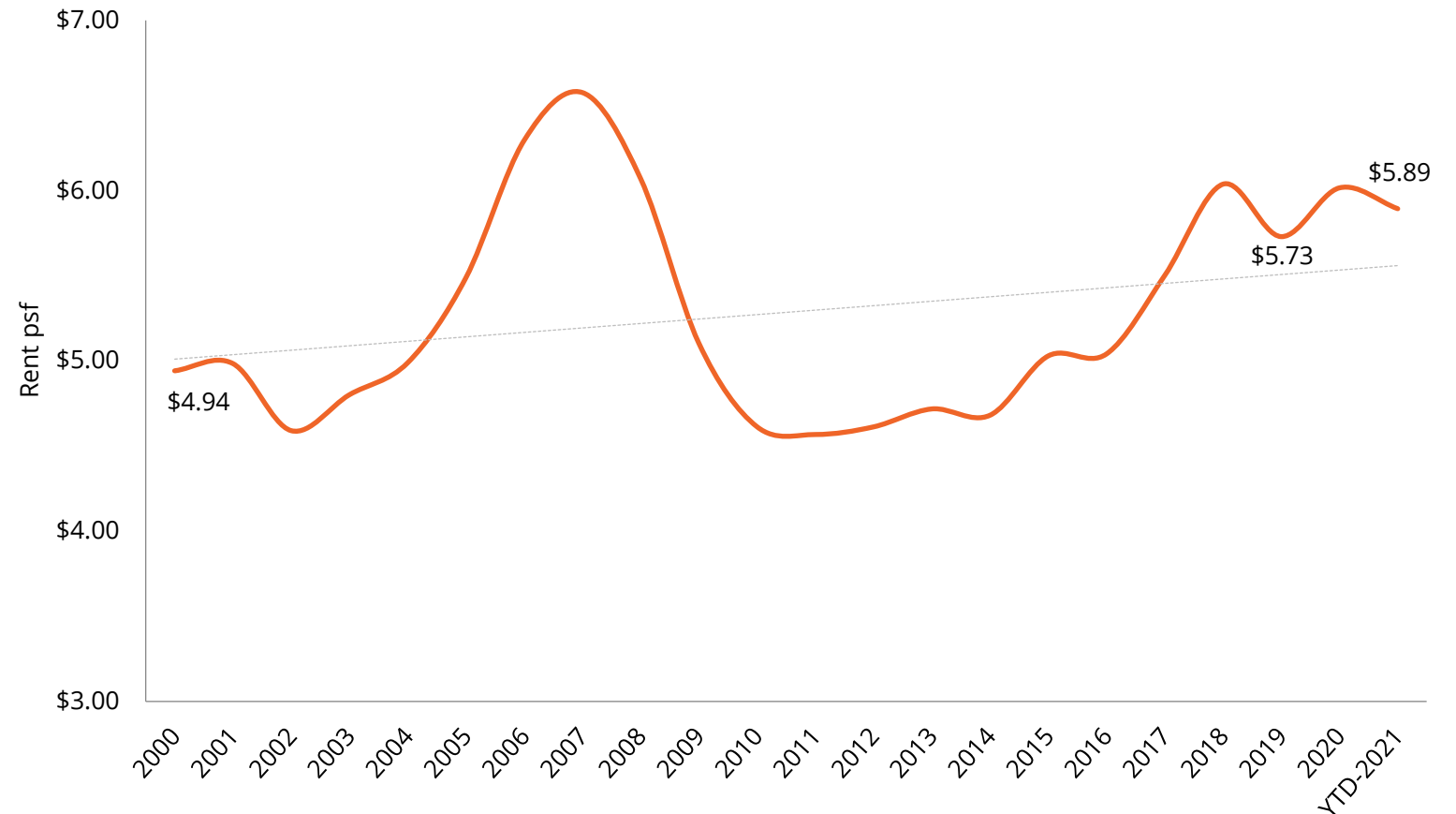
Asking rents

+2.7%

Asking rents since the onset of the pandemic

While asking rents fell slightly during the third quarter they remain 2.7% higher than at the close of 2019.

Rents have trended upward for the most part since 2011, increasing by 22.4% over the last 10 years.



Source: AVANT by Avison Young

Industrial development pipeline

74 properties

Proposed or under construction

22.5 msf

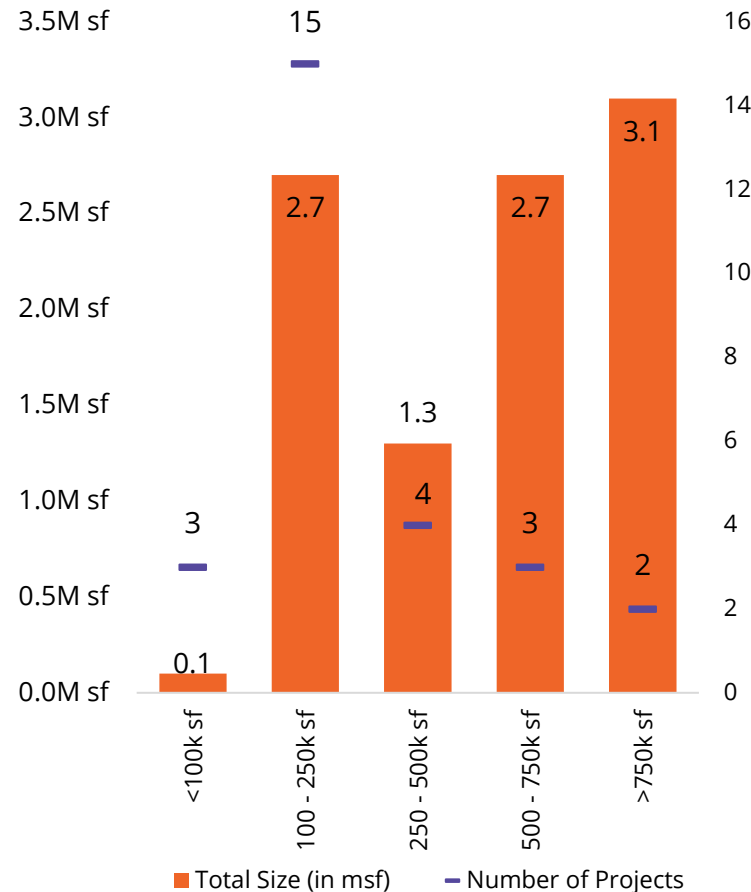
proposed or under construction

16.6%

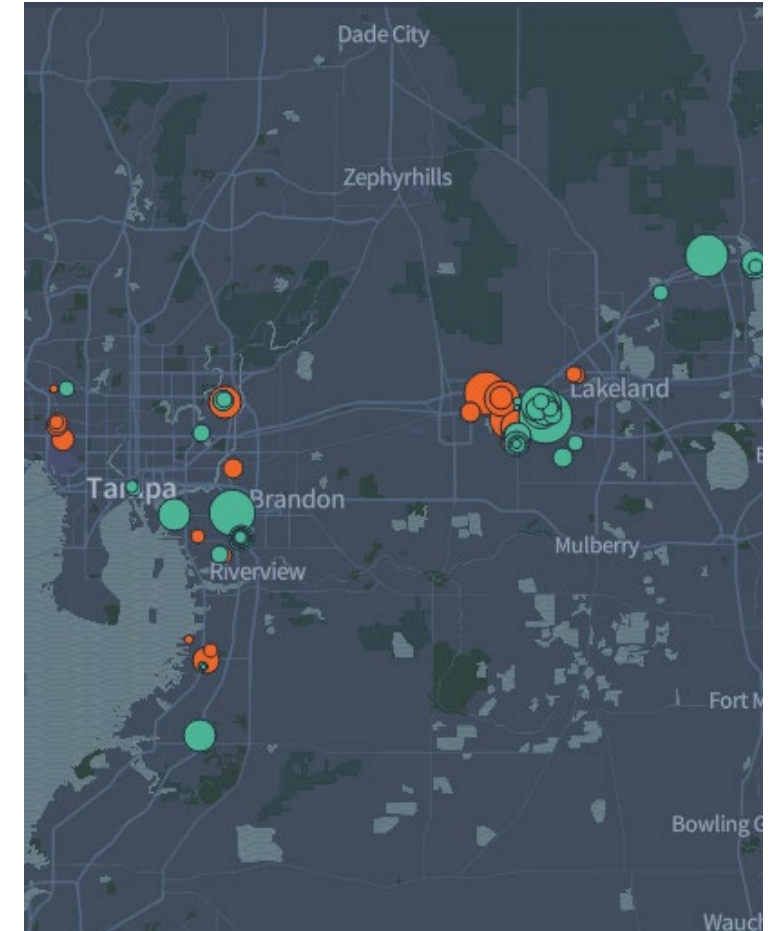
share of industrial inventory

Plant City

Submarket with most development under construction at 4.5 MSF



Source: AVANT by Avison Young

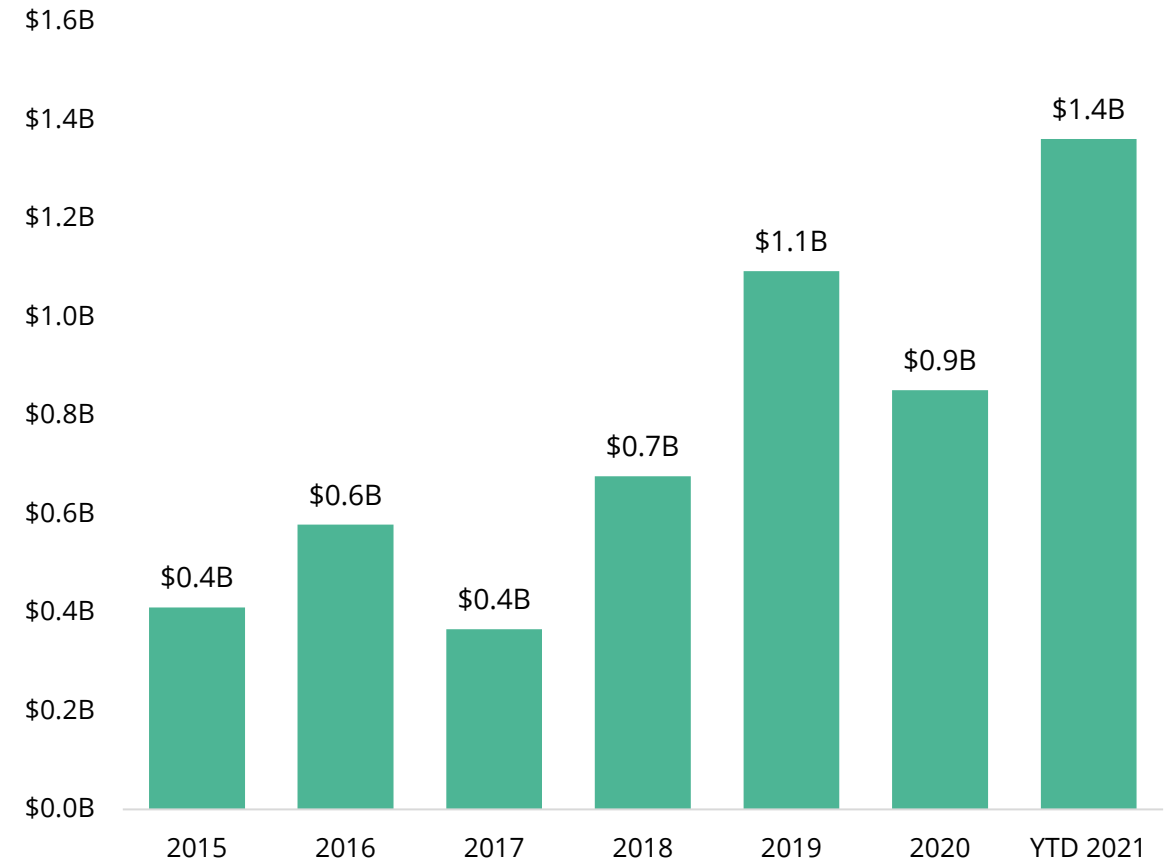


Investment dollar volume

\$1.4B

Industrial dollar volume,
year-to-date 2021

Total industrial sales volume through Q3 2021 is on pace to nearly double all volume recorded during 2020 and has already exceeded the previous five-year high of \$1.1 billion recorded in 2019 by 19.8%. Investors continue to chase deals in the market with particular interest in bulk distribution projects along the I-4 corridor and within the East Side.



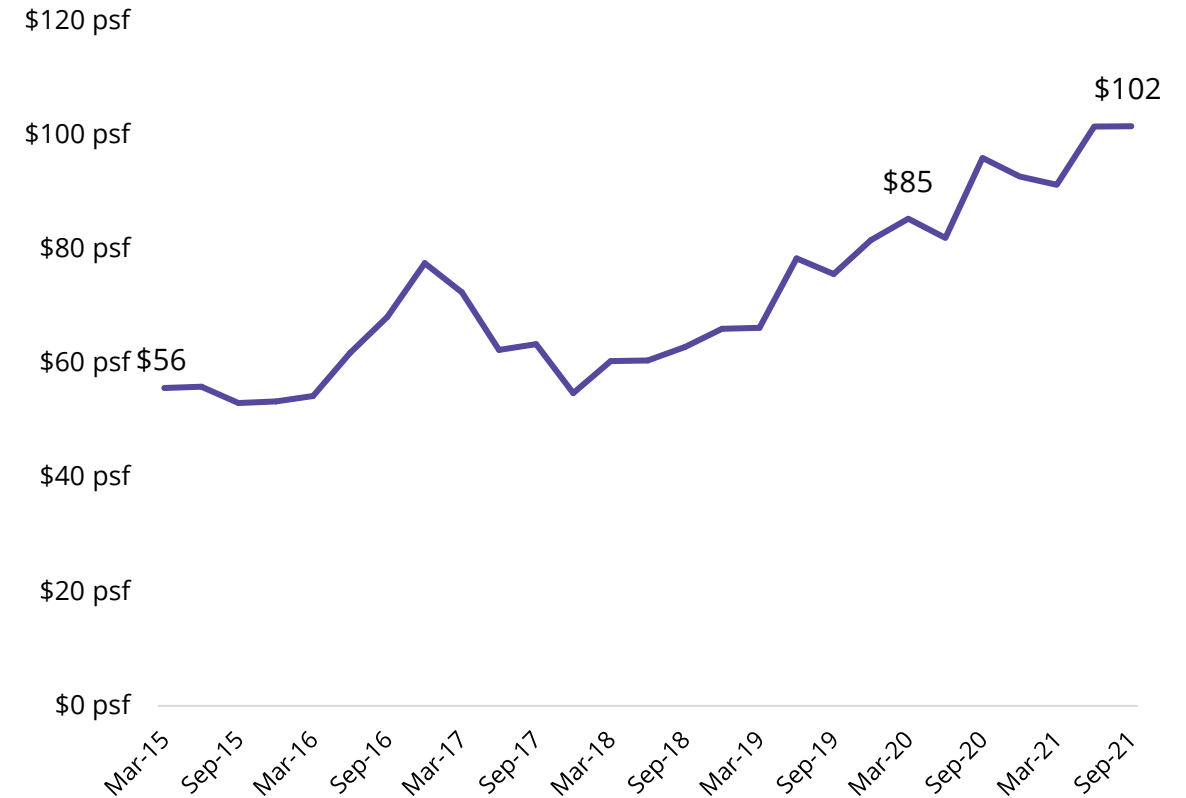
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+19.0%

**Tampa industrial pricing,
March 2020 to September 2021**

Pricing for Tampa industrial assets has continued to elevate since 2016, particularly since the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- Automation in distribution is increasingly viewed as one of many paths forward within the industrial sector. In the Tampa market, E-commerce mammoth Amazon is preparing to open a new 2.6 million-sf **state-of-the art robotic fulfillment center** in Temple Terrace that will employ 1,000 tasked with processing roughly one million packages a day from the facility. The new facility is Amazon's 8th robotic fulfillment center in Florida.
- Incremental upticks in asking base rents will continue over the next year as higher quality class A space will remain sought after, creating further **pricing appreciation**.
- Third party logistics ("3PL") companies are expanding their e-commerce distribution capabilities at a faster rate than any other major industrial occupier and will continue to comprise an increasing share of **industrial demand** as companies rethink their existing supply chains.
- The U.S. industrial sector is bracing for a record surge in holiday shopping at a time when **supply chain volatility** and labor shortages threaten to temper an otherwise robust outlook.





AVISON
YOUNG

Orlando market fundamentals

FLORIDA INDUSTRIAL MARKET REPORT
Q3 2021

Key industrial takeaways



Economic conditions

- The unemployment rate in Orlando as of August 2021 was **5.0%**, down an impressive 1760 basis points from the height of pandemic unemployment in May 2020. The biggest gain in industrial jobs has been within the transportation, trade and utilities sector, which is up 5.0% year-to-date.
- The steady rise in e-commerce activity combined with labor shortages and pandemic-induced disruptions to the global supply chain are creating backlogs at several key U.S. ports. As a result, Florida's governor and the state's port leaders are making an active pitch to companies to send their cargo to Florida.



Recovery rate

- As of August 2021, the state of Florida had recovered 974,000 jobs, equivalent to **77%** of all job losses incurred due to the pandemic.
- The Biden administration's intention to begin allowing foreign nationals to travel from Europe, China, Brazil, and India as of this November will help propel the Orlando economy as the influx of travelers will serve to boost the still-recovering tourism and hospitality sector.



Industrial demand

- Leasing activity is at **81.6%** of all volume recorded in 2020 and is expected to grow through the end of the year.
- Three separate leases for distribution space in Orlando resulted in nearly 800,000 sf of leasing activity during Q3, with FedEx, LKQ Corp. and Imperial Dade signing large deals in the Northwest Orlando and Orlando Central Park submarkets. Earlier in 2021, FedEx signed a massive 433,434-sf lease in Building 800 in Orlando Central Park's Infinity Park, which is due for delivery during Q4. That deal remains the largest transaction year-to-date.

Key industrial takeaways



Industrial supply

- As of the end of Q3 2021, there were 24 industrial buildings under construction across Orlando, accounting for **3.5 million sf**.
- Exeter Property Group is working to obtain city planning commission approval for its proposed four-building **1.2 million-sf** industrial development situated on a 91-acre site in Northwest Orlando. The project, named Orlando-Apopka Commerce Center, is one of the largest industrial projects planned in Central Florida. The first phase will consist of two distribution buildings totaling 829,400 sf.



Pricing trends

- Base rents have increased by **11.0%** since the start of the pandemic and have continued a steady upward trajectory since 2012.
- Strong leasing and development activity in key areas, primarily within the Airport/Southeast, Orlando Central Park and Northwest Orlando submarkets, is keeping upward pressure on rents and ensuring landlords remain firmly in the driver's seat while industrial market fundamentals remain solid.



Capital markets

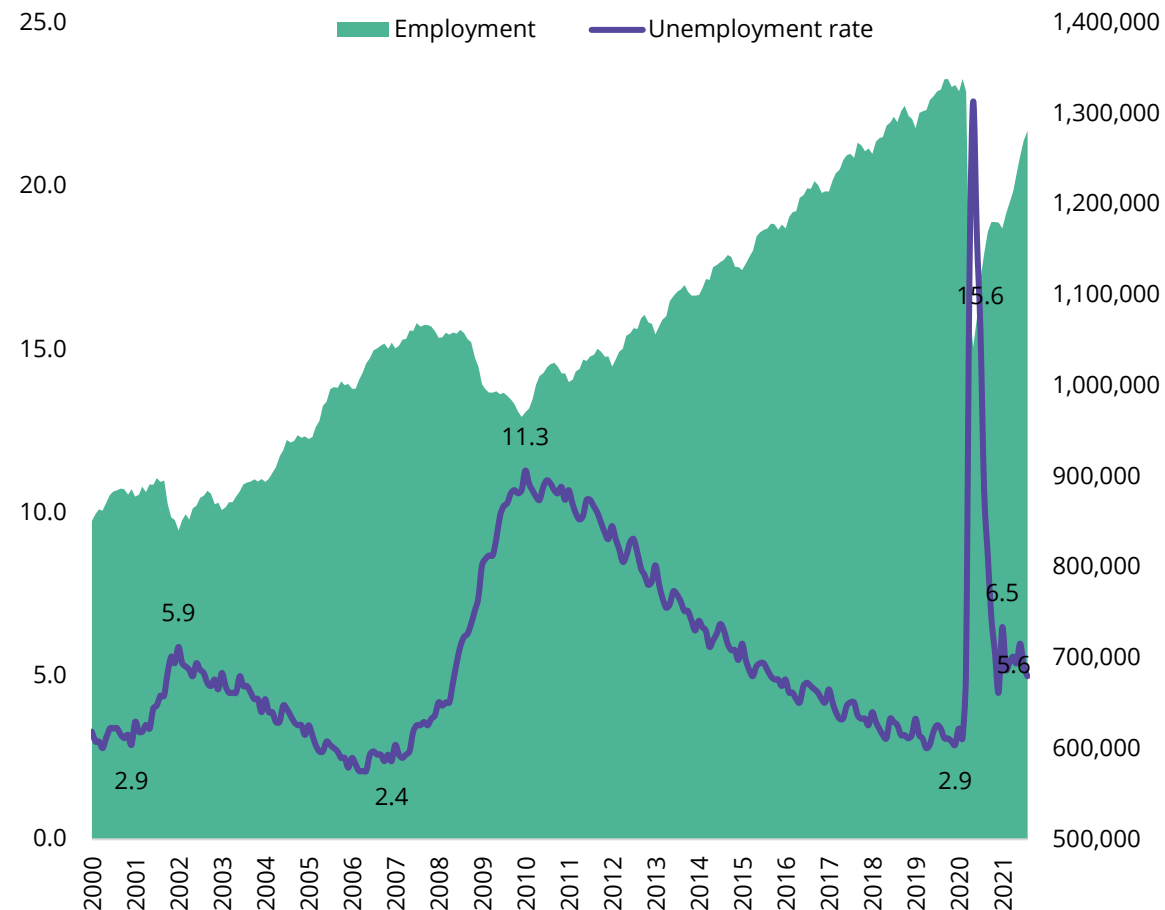
- Industrial investment activity has been heated in Orlando, with a total transaction volume of **\$0.6B** for the year-to-date.
- During Q3 2021, New York-based KKR & Co Inc. purchased two newly delivered and 100% vacant distribution buildings in Orlando Central Park's OCP Logistics Center for **\$51.6 million**, or approximately \$127 per sf. The deal is indicative of just how heated the Orlando industrial investment market has become.

Employment and unemployment rate

5.0%

Orlando unemployment rate as of August 2021

Historically tightened labor market conditions were halted by the pandemic with over 295,000 job losses between February and May 2020. However, reopening efforts have enabled the economy to add over 238,000 jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Industrial job gains and losses

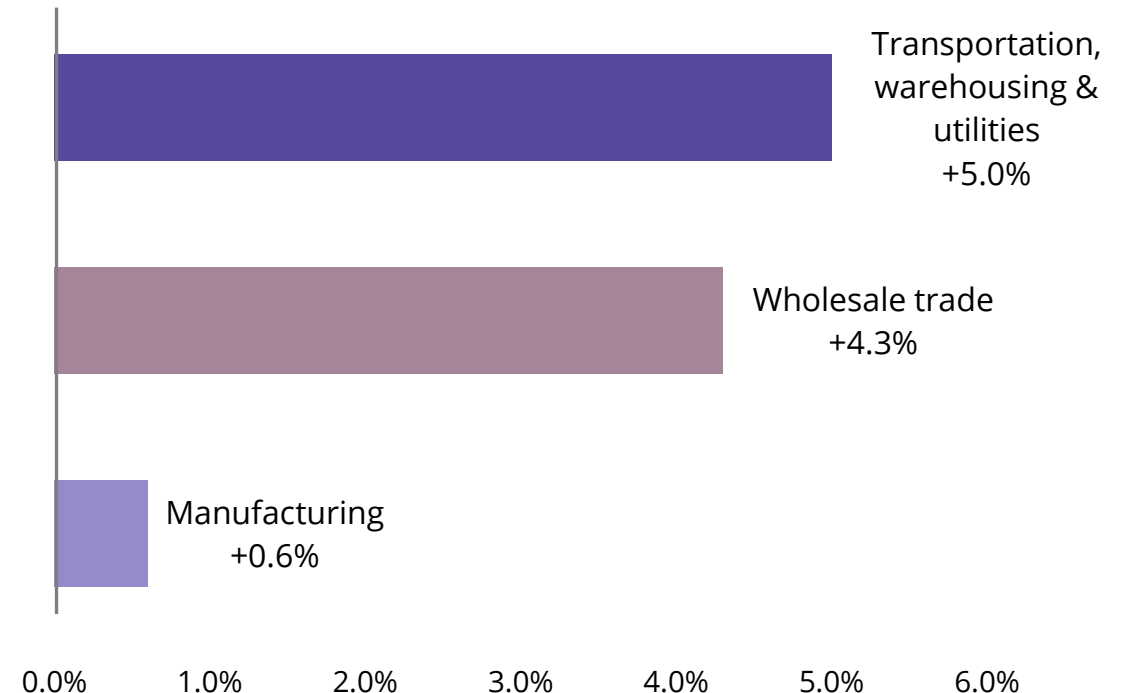
+3.2%

Change in industrial employment from July 2020 to July 2021

The Orlando metro area has experienced job additions totaling 3.2% in the last year, especially in the critical areas of transportation and logistics. These job gains have remained steady this year, with the transportation, warehousing and utilities sector up 5.0% year-to-date.

Total change in Orlando MSA* job gains/(losses)

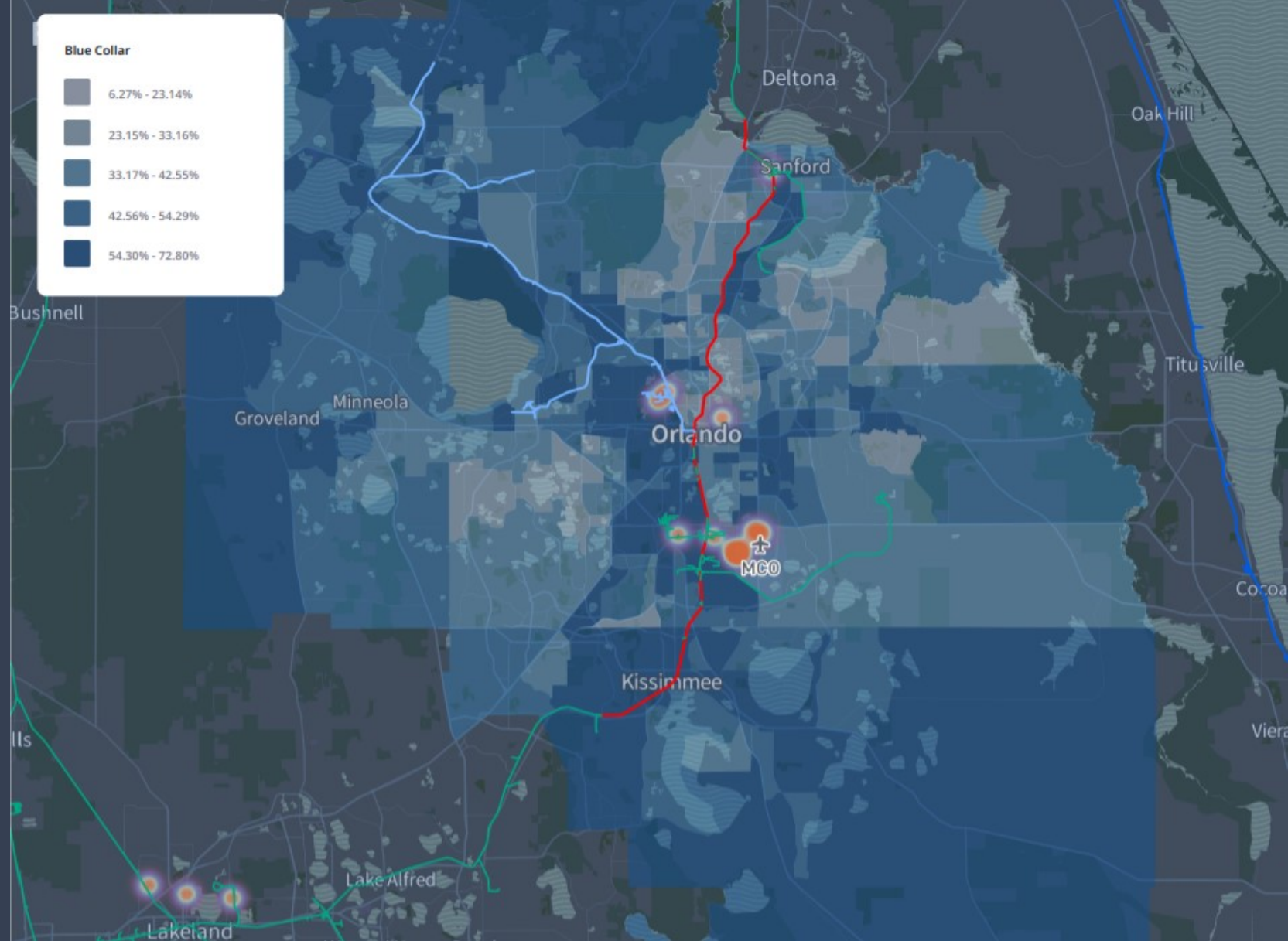
July 2020 to July 2021



Note: Not seasonally adjusted data. *Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

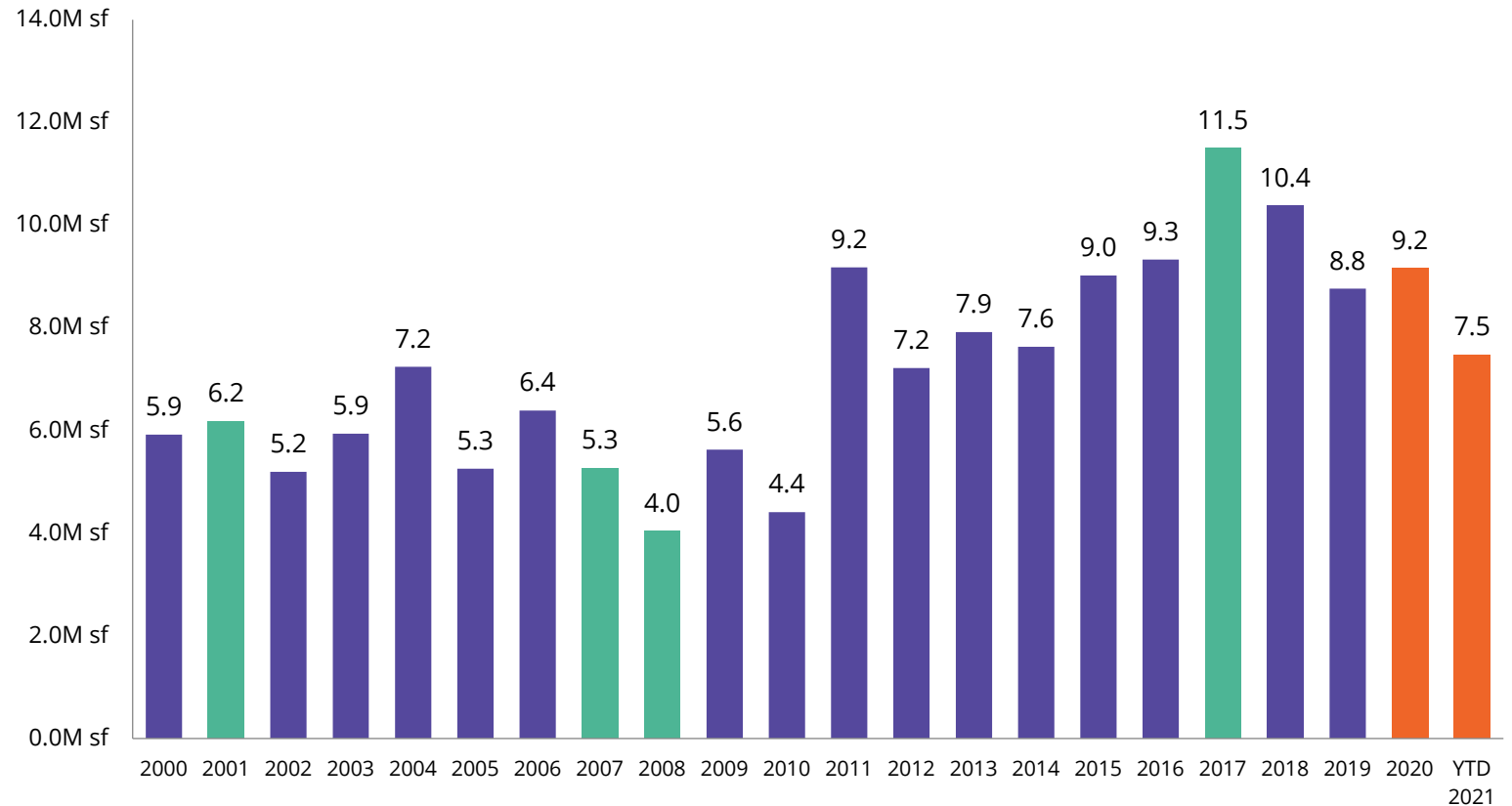


Industrial leasing activity

81.6%

Year-to-date 2021 leasing activity compared to YE-2020

Leasing activity has been strong through Q3 2021, following on the heels of 10 straight years of strong leasing that collectively averaged over 9 million sf per year.



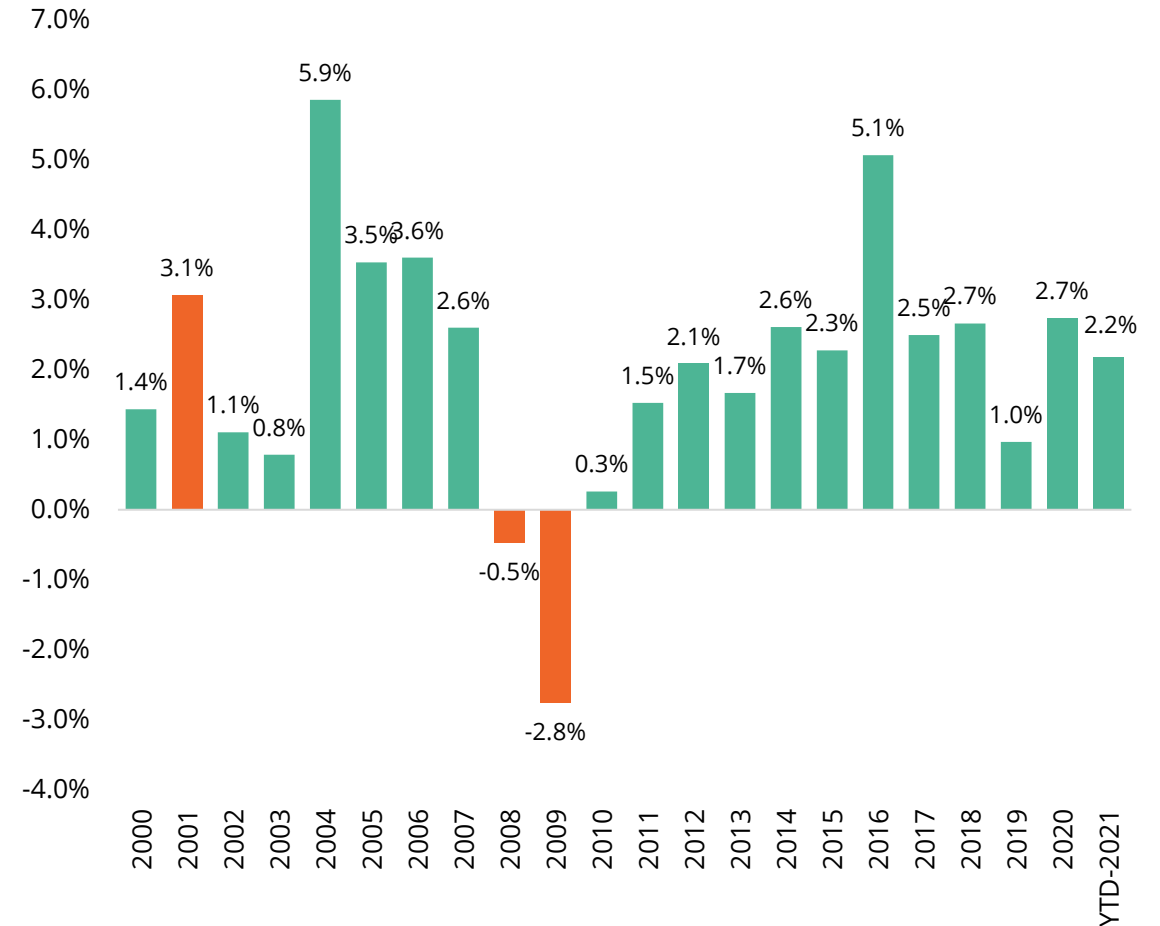
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

2.2%

Net absorption as a percentage of inventory, through Q3 2021

Absorption through the third quarter remains healthy and has already eclipsed the total net absorption recorded in 2019. Totaling 3.1 million sf for the year-to-date net absorption has been strong and remains on track to likely surpass 2020's year-end net absorption.



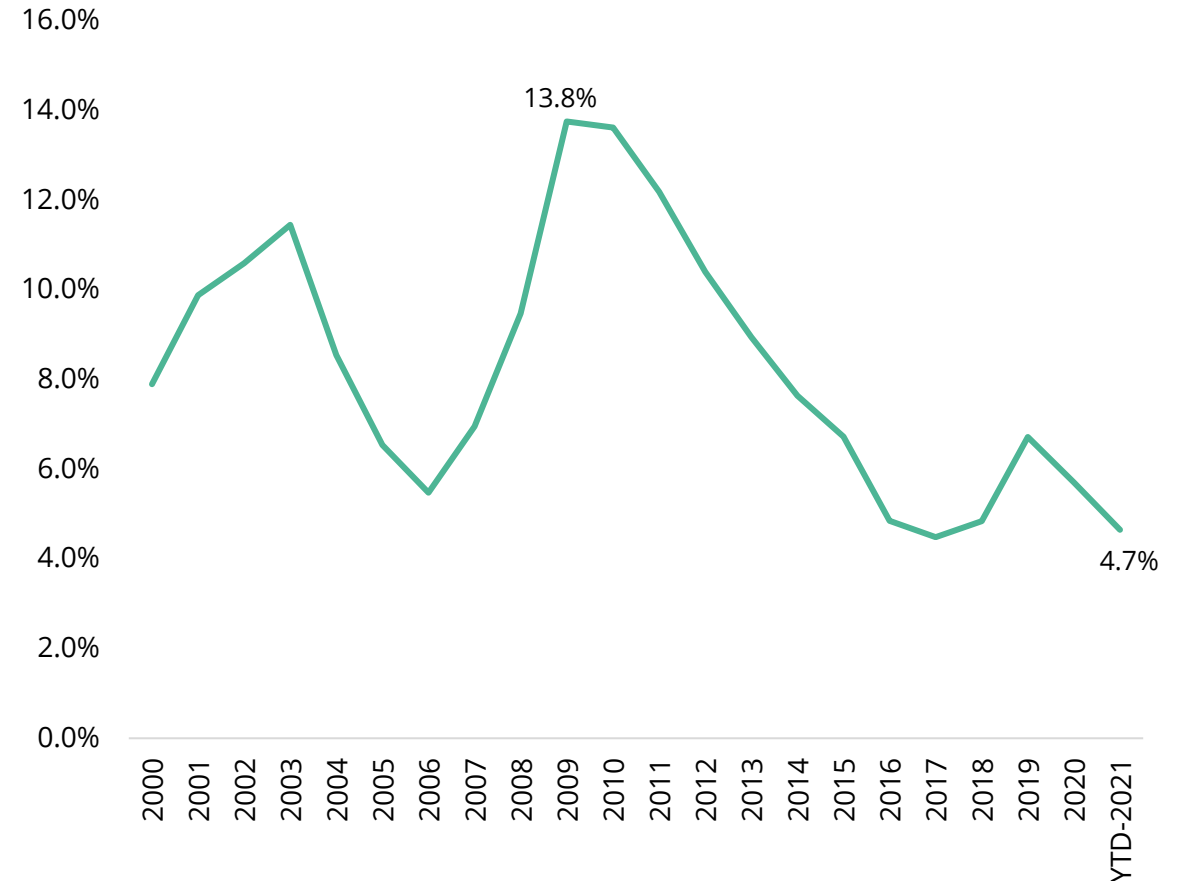
Note: Absorption is measured as the year-over-year change in occupied square feet. Orange represents recession years.
Source: CoStar

Industrial vacancy rate

4.7%

Vacancy experiences further decline in Q3 2021

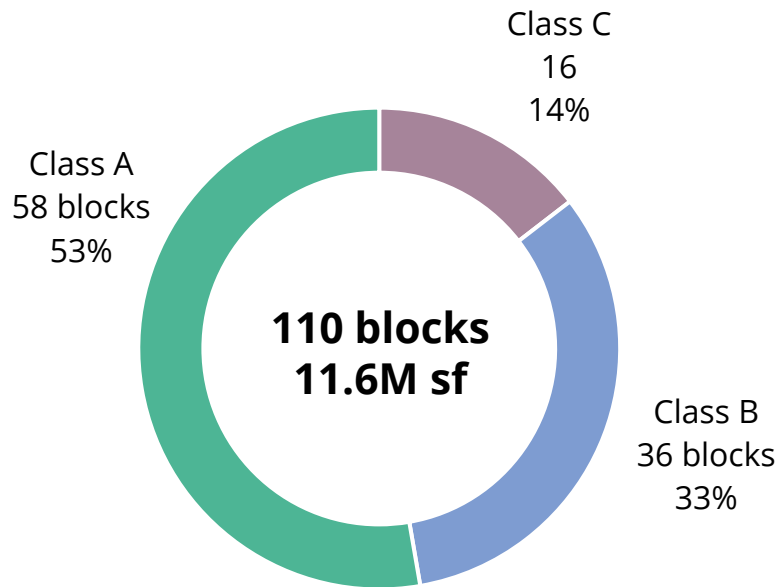
The Q3 2021 total vacancy rate of 4.7% reflects the lowest rate recorded since 2017, and the second lowest in the previous 20-year period. Average asking rents have increased 12.4% over that same time period, underscoring how feverish industrial demand in Orlando has been throughout the pandemic.



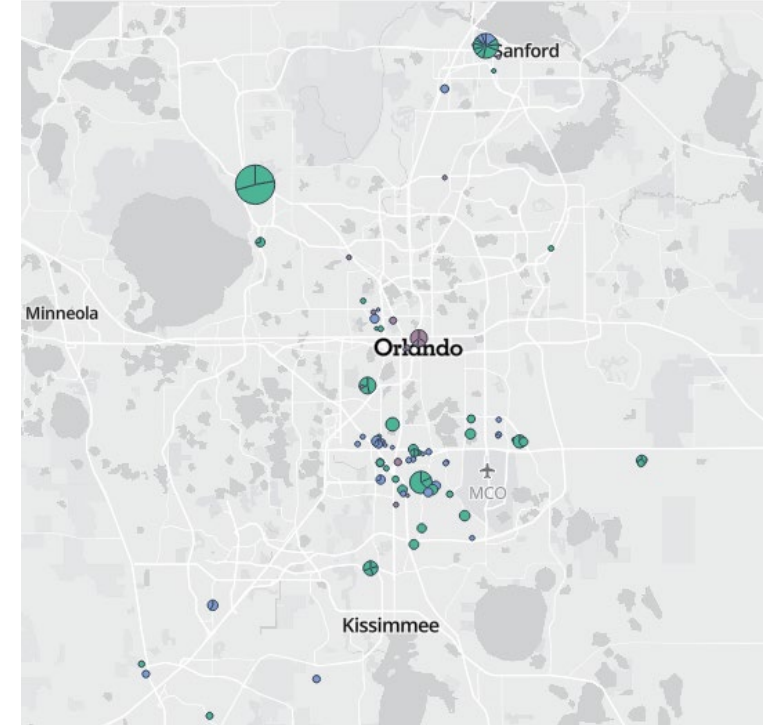
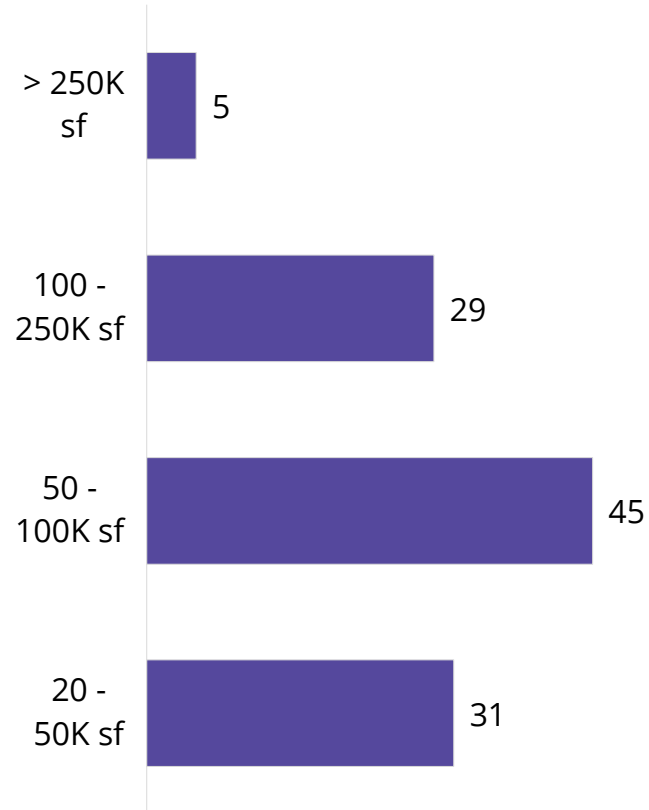
Source: CoStar

Industrial large-block availabilities

Building class



Space size ranges



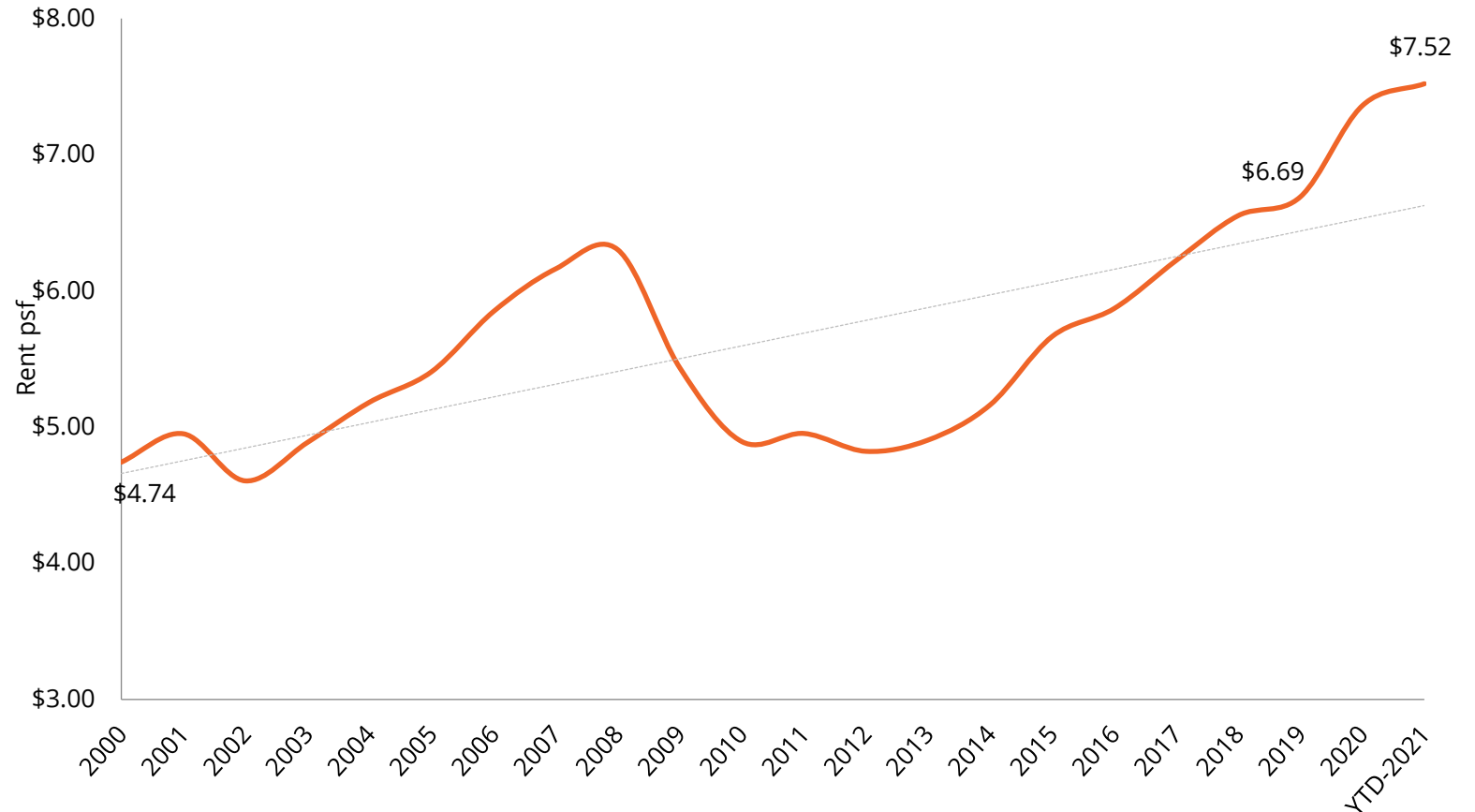
Source: AVANT by Avison Young

Asking rents

+12.4%

Asking rents since the onset of the pandemic

Base rents grew incrementally during the third quarter and have generally trended upward over the last decade, rising steadily since 2012 and increasing by 35.9% over that period.



Source: AVANT by Avison Young

Industrial development pipeline

55 properties

proposed or under construction

10.2 msf

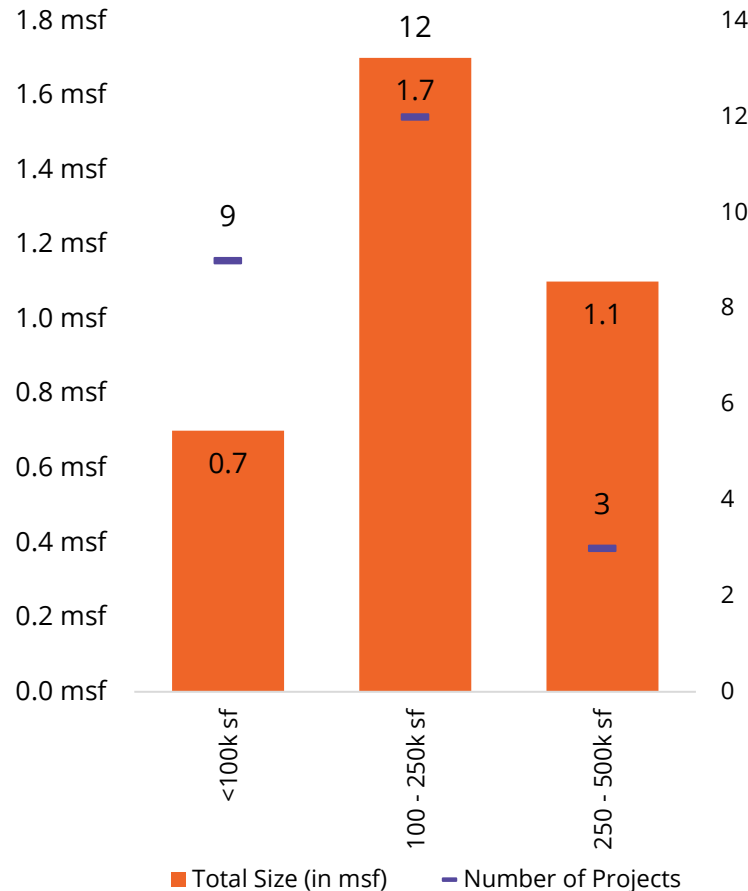
proposed or under construction

8.2%

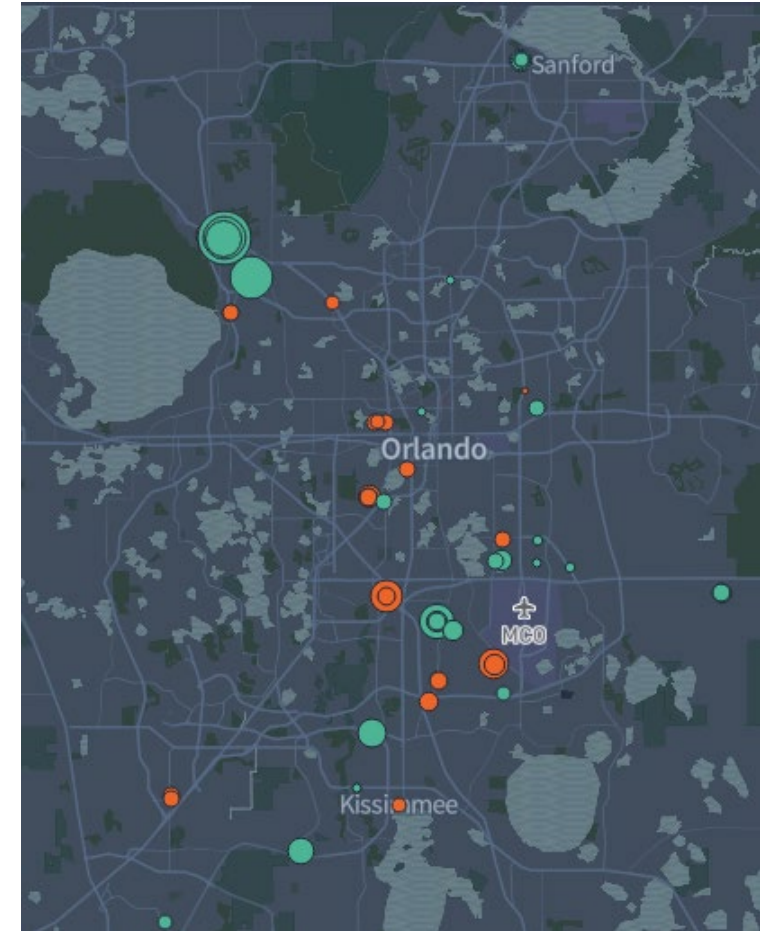
share of industrial inventory

Airport/Southeast

submarket with the most development under construction at 0.9 msf



Source: AVANT by Avison Young

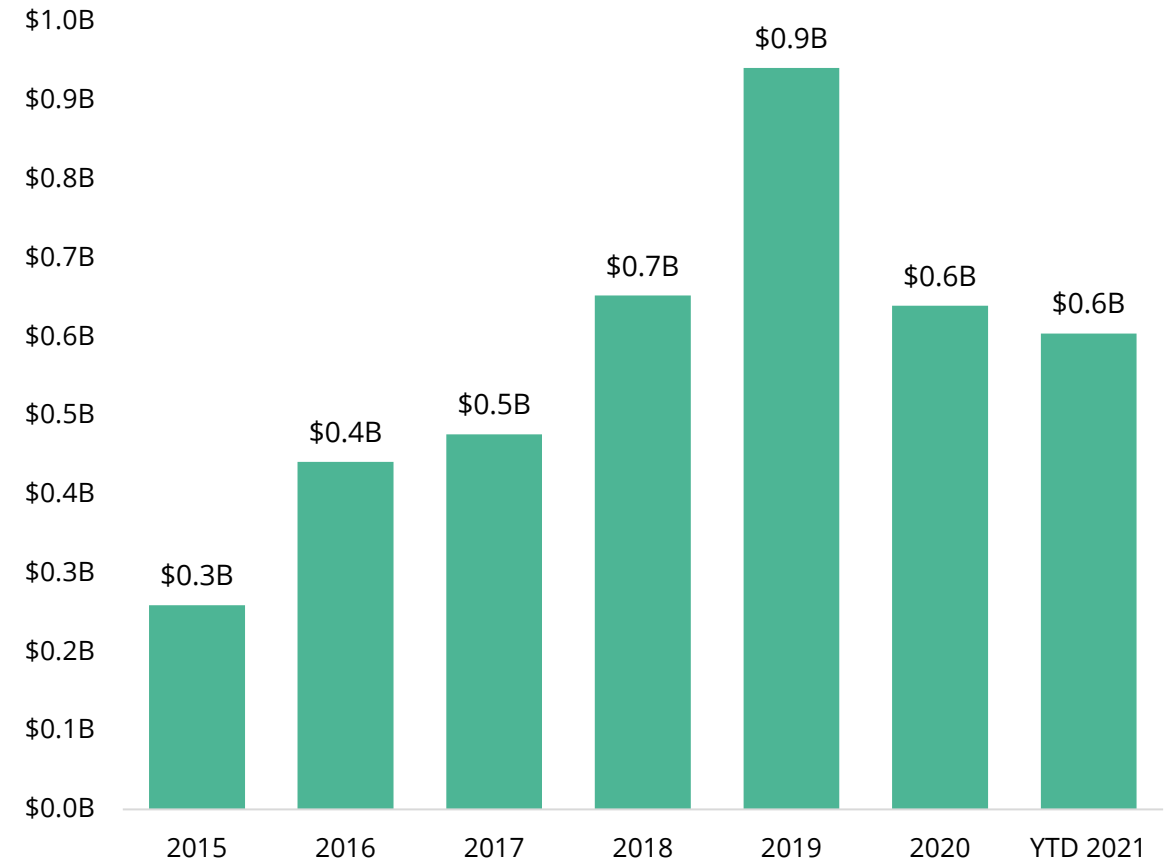


Investment dollar volume

\$0.6B

Industrial dollar volume,
year-to-date 2021

Total industrial sales volume through Q3 2021 has nearly matched all activity recorded during 2020 with what is expected to be an active fourth quarter still ahead. Investors continue to chase deals in the market with particular interest in distribution projects in the Airport/Southeast, Orlando Central Park and Northwest submarkets.



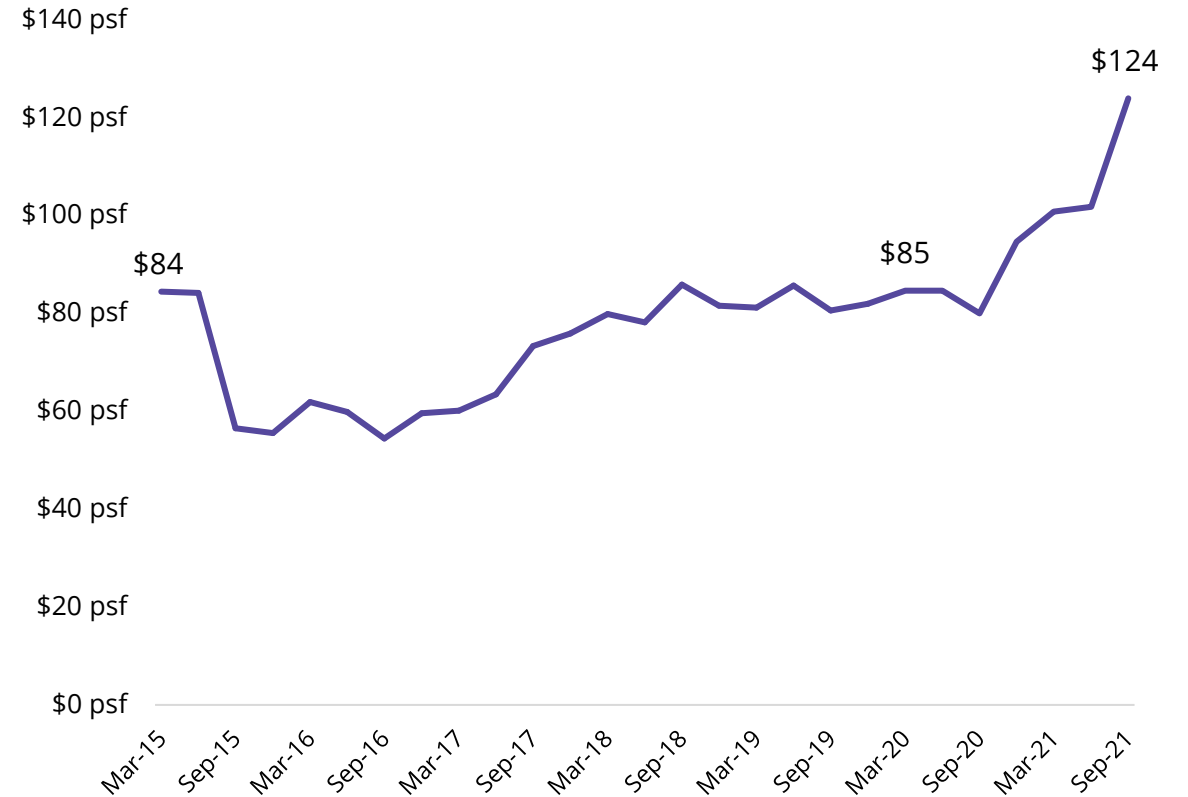
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+46.4%

Orlando industrial pricing,
March 2020 to September 2021

Pricing for Orlando industrial assets has continued to elevate since 2015, particularly since the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- Supply chain disruptions caused by both labor and supply shortages are projected to continue through 2023, although current bottlenecks could begin to ease in 2022. To minimize future disruption many suppliers will need to evolve their practices with **future-forward solutions**, including the adaptation of new technologies and near-shoring.
- Continued growth in the **logistics, transportation and construction** sectors will drive much of the industrial leasing activity in Orlando well into 2022.
- Third party logistics (“3PL”) companies are expanding their e-commerce distribution capabilities at a faster rate than any other major industrial occupier and will continue to comprise an increasing share of **industrial demand** as companies rethink their existing supply chains.
- The U.S. industrial sector is bracing for a record surge in holiday shopping at a time when **supply chain volatility** and labor shortages threaten to temper an otherwise robust outlook.



Jacksonville market fundamentals

FLORIDA INDUSTRIAL MARKET REPORT
Q3 2021

Key industrial takeaways



Economic conditions

- Jacksonville’s pivotal location as a logistics hub, coupled with the proximity of a major regional deep-water port, has contributed to a steadily falling unemployment rate, currently **4.3%**, which is down 720 basis points from the height of the pandemic.
- The steady rise in e-commerce activity combined with labor shortages and pandemic-induced disruptions to the global supply chain are creating backlogs at several key U.S. ports. As a result, Florida’s governor and the state’s port leaders are making an active pitch to companies to send their cargo to Florida.



Recovery rate

- As of August 2021, the state of Florida had recovered 974,000 jobs, equivalent to **77%** of all job losses incurred due to the pandemic.
- The Biden administration’s intention to begin allowing foreign nationals to travel from Europe, China, Brazil, and India as of this November will help propel the Jacksonville economy as the influx of travelers will serve to boost the still-recovering tourism and hospitality sector.



Industrial demand

- Leasing activity has been sustained throughout the pandemic, and currently totals **+67.6%** of all volume recorded in 2020. Year-end activity should easily eclipse the total for 2019.
- Significant leasing transactions for distribution space during Q3 include supply chain management company CJ Logistics America’s (formerly DSC Logistics) renewal for **546,000 sf** at 9767 Pritchard Road on the Westside and the U.S. Postal Service’s new lease for 240,000 sf at 10089 N Main St in the Ocean Way submarket for 240,000 sf.

Key industrial takeaways



Industrial supply

- As logistics requirements and e-commerce needs forge ahead in Jacksonville, developers continue their search for prime sites to stay ahead of demand. There are currently 14 industrial properties under construction totaling **3.6 million sf**, six of which are situated in the Westside submarket.
- Developers are attracted to Jacksonville in large part due to the area's logistics infrastructure, including the growth of the port, and its pivotal location in the Southeast.
- Total vacancy is currently **3.9%**, which remains the second lowest in Florida behind Miami.



Pricing trends

- Base rents have increased by **14.5%** since the start of the pandemic and have generally remained on an upward trajectory for the last decade.
- Healthy demand and tightening leasing fundamentals have led to rental rate growth, with four of the past six years recording healthy increases in asking base rents following a year where **1+ million sf** delivered.



Capital markets

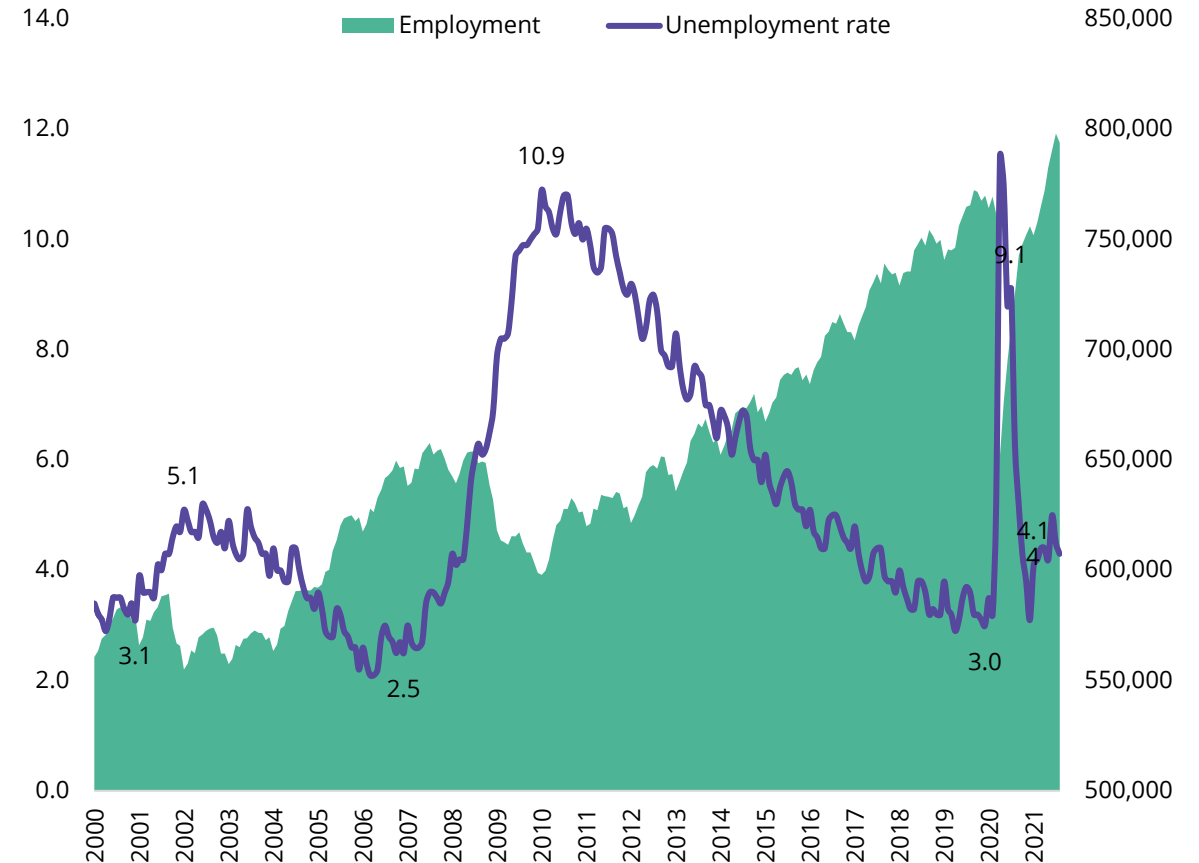
- Jacksonville's industrial investment activity has been healthy, totaling **\$0.5B** year-to-date through the third quarter as investors are attracted to the sector's strong post-pandemic fundamentals.
- Pricing for Jacksonville industrial assets has risen incrementally since 2016, although it dipped to **-17.6%** during the third quarter in large part due to a shortage of high-quality industrial properties on the market. Investors continue to seek properties that can accommodate the rise of e-commerce distribution.

Employment and unemployment rate

4.3%

Jacksonville unemployment rate as of August 2021, a sharp decline from the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with nearly 118,000 job losses between February and April 2020. However, reopening efforts have enabled the economy to add over 142,000 jobs since then.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Industrial job gains and losses

+4.2%

Change in industrial employment from July 2020 to July 2021

The Jacksonville metro area has experienced job additions totaling 4.2% in 2020, especially in the critical areas of transportation and logistics. These job gains have remained steady throughout 2021, with the transportation, warehousing & utilities sector up 6.5% over the previous 12-month period.

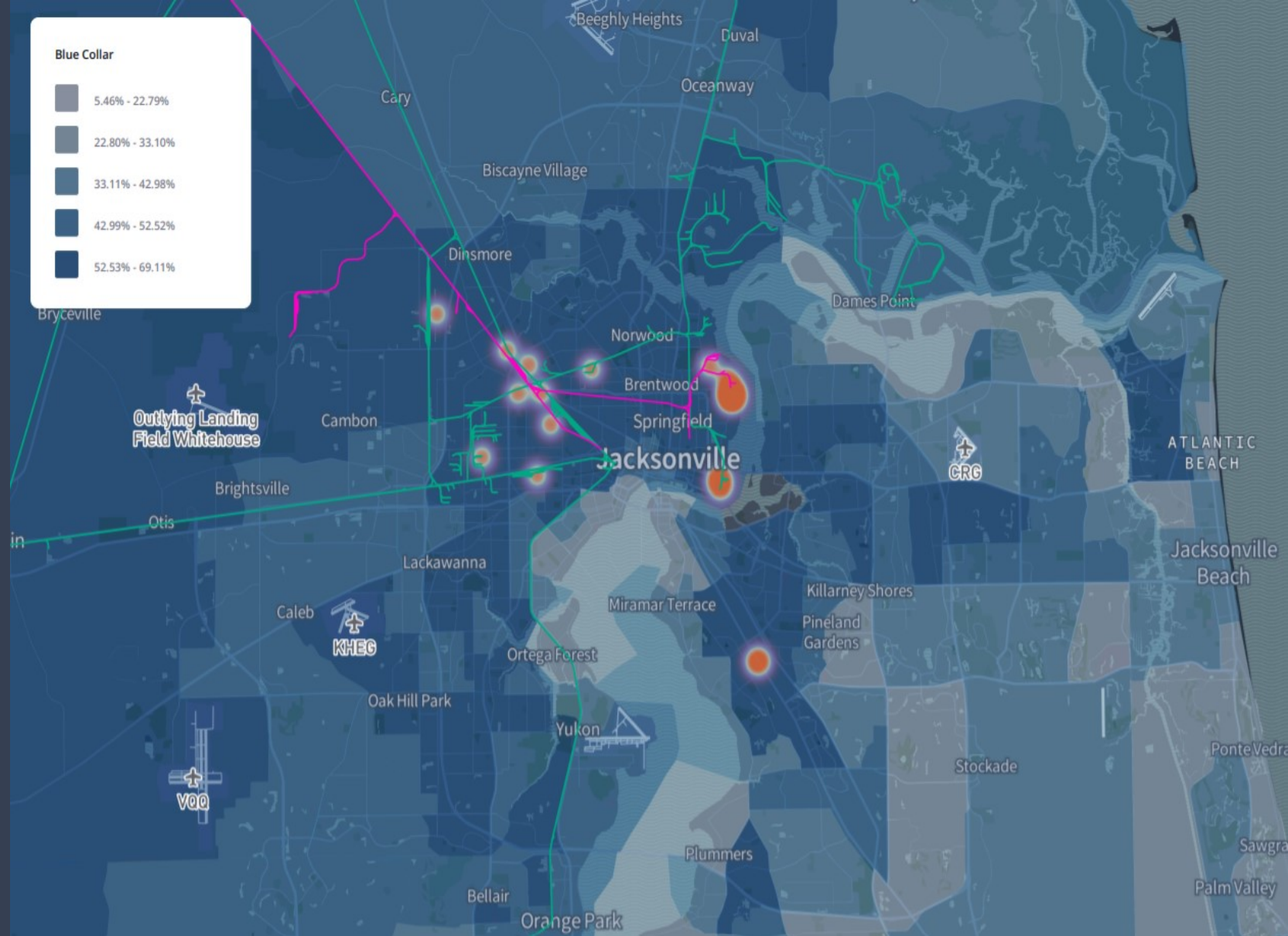
Total change in Jacksonville MSA* job gains/(losses) July 2020 to July 2021



Note: Not seasonally adjusted data. *Metropolitan statistical area.
Source: Bureau of Labor Statistics

Freight rail & intermodal facilities

Source: AVANT by Avison Young, ESRI
Intermodal facilities are clustered around seaport submarkets and major throughout corridors, with Class I rail lines providing connectivity throughout the country

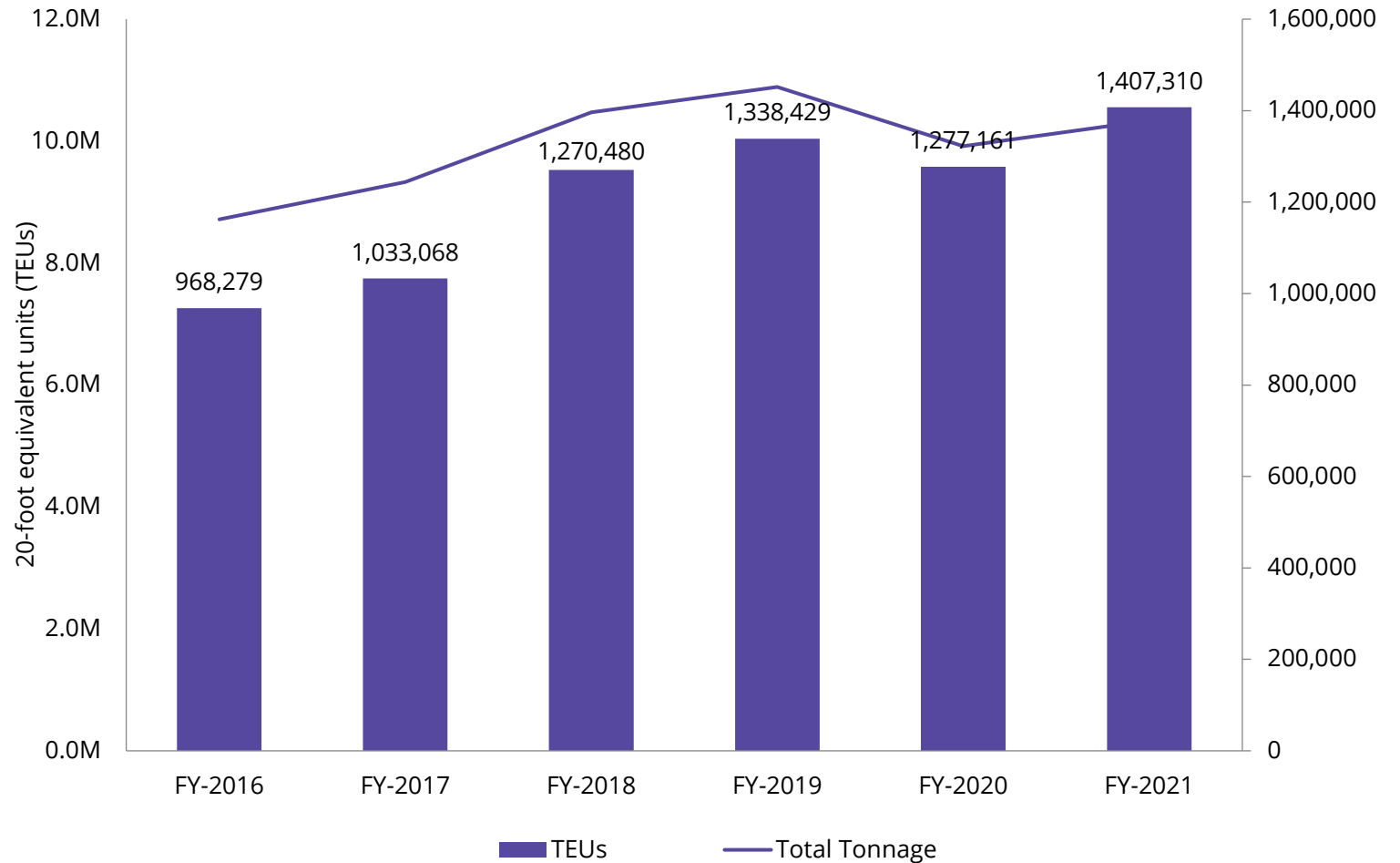


Port of Jacksonville total cargo volume

1.4 M

TEUs for FY-2021

Although cruise ship sailings have largely halted since the spring of 2020, the Port of Jacksonville (JAXPORT) recorded brisk business during fiscal year 2021. JAXPORT set a port record for container volumes in May, with total container movements increasing 37% over the same month in 2020.



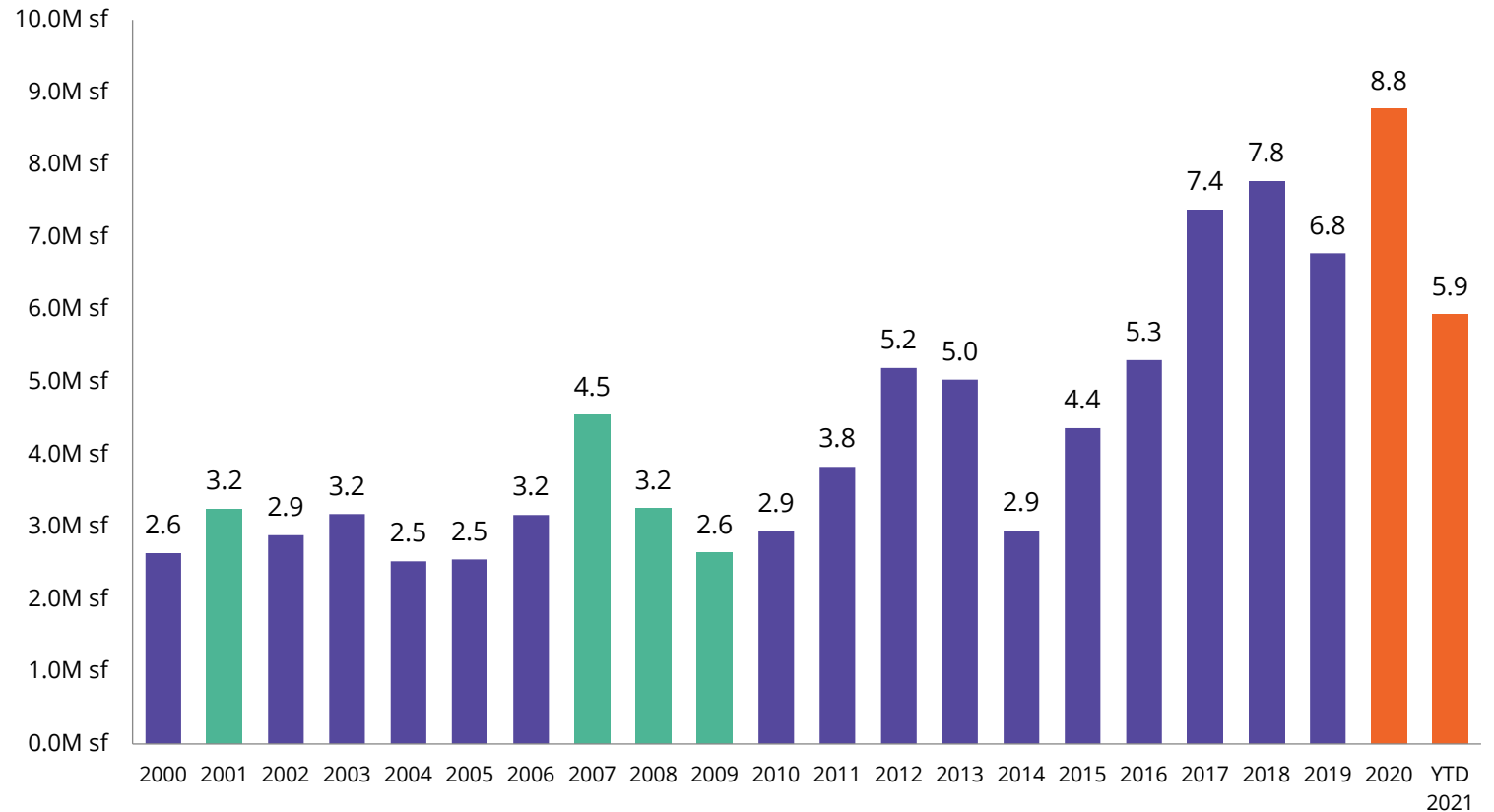
Source: Port of Jacksonville

Industrial leasing activity

67.6%

Year-to-date 2021 leasing activity compared to year-end 2020

Leasing activity has been strong through Q3 2021, following on the heels of six straight years of strong leasing that collectively averaged 6.3 sf per year, and remains on pace to eclipse all activity recorded during 2019.



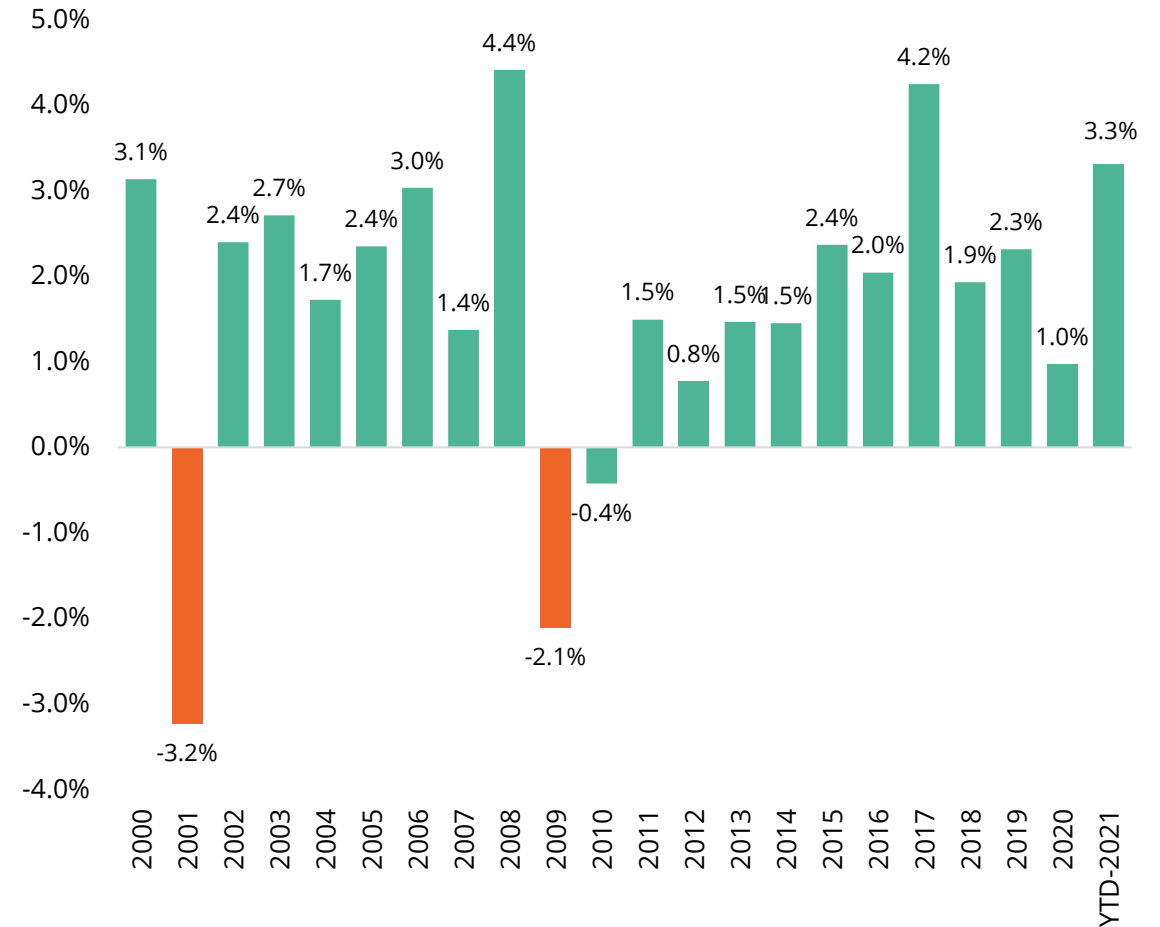
Note: Green represents recession years.
Source: CoStar.

Industrial net absorption

3.3%

Net absorption as a percentage of inventory, through Q3 2021

Absorption through mid-year remains quite healthy and on pace with levels throughout the prior decade. While there are several projects planned, particularly in the Northside, the market is not overbuilding, and large tenants remain attracted to newer developments on the way. At 3.8 million sf for the year-to-date, net absorption is at its highest point since 2017.



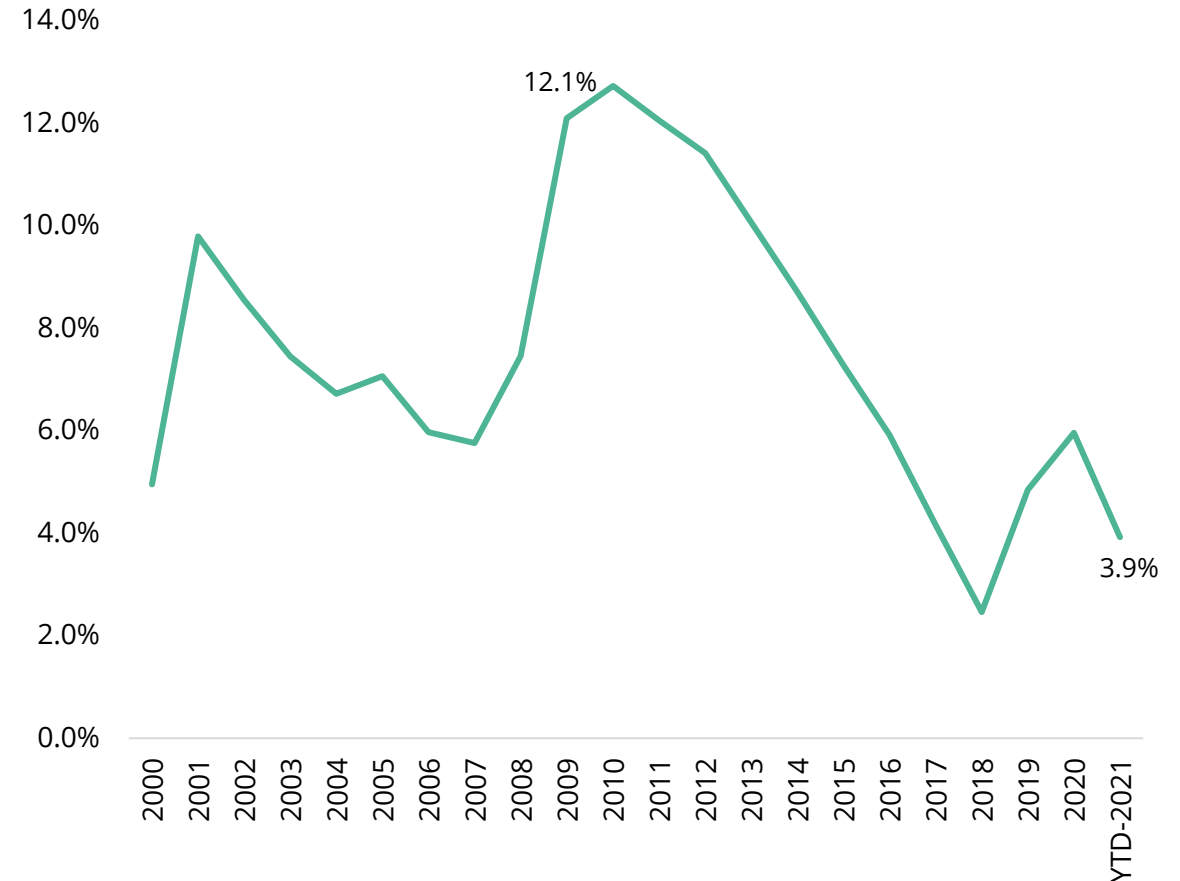
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

3.9%

Vacancy experiences further decline in Q3 2021

The Q3 2021 total vacancy rate of 3.9% reflects the lowest rate recorded since 2018, and the second lowest in the previous 20-year period. At this point, the development of high-quality new distribution space is necessary in order to lure large new-to-market tenants to Jacksonville.



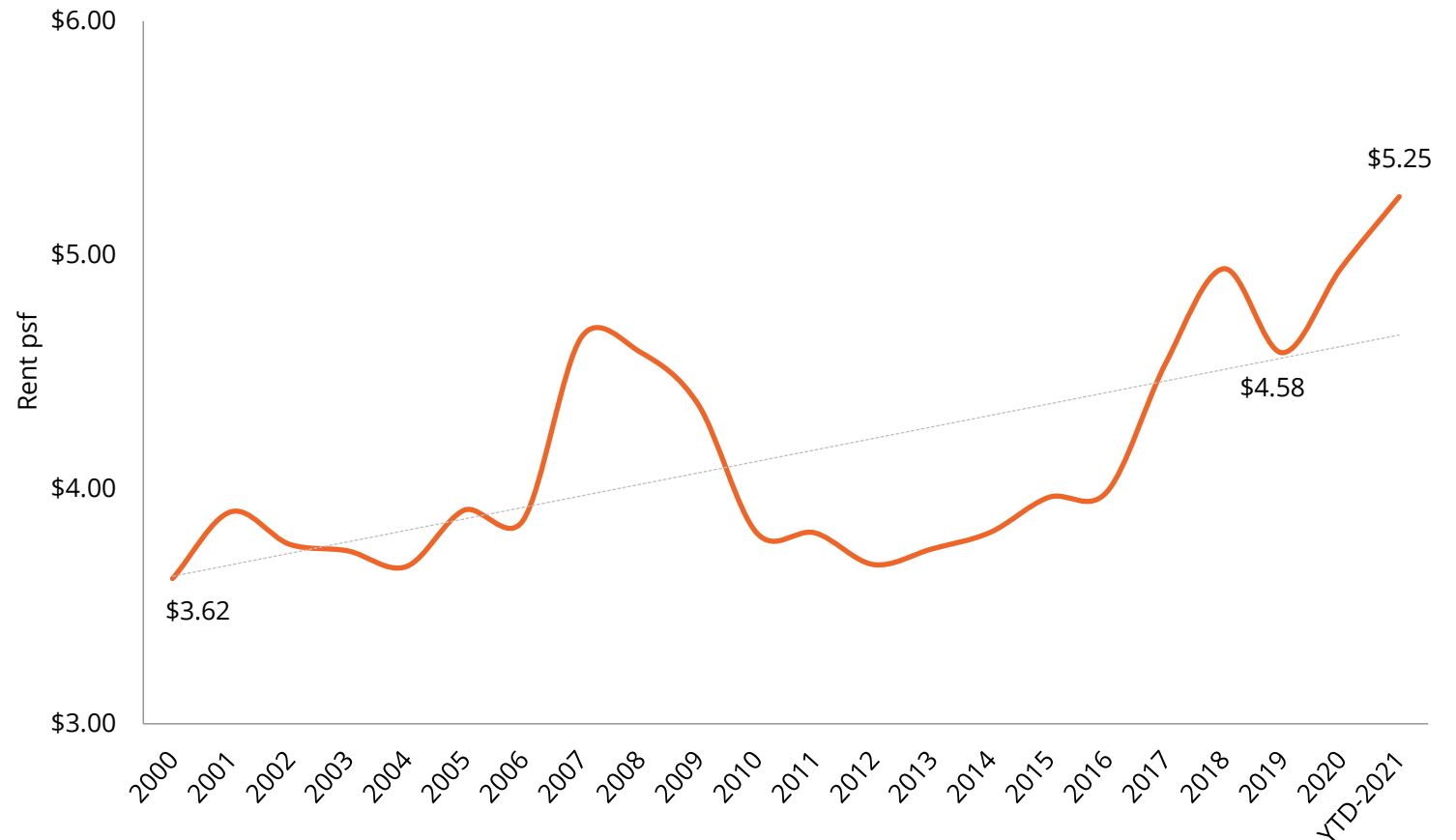
Source: CoStar

Asking rents

+14.5%

Asking rents since the onset of the pandemic

Base asking rents, which have grown by 14.5% since the beginning of the pandemic, have risen by 31.0% over the last two decades, underscoring how industrial demand has increased in Jacksonville.



Source: AVANT by Avison Young

Industrial development pipeline

55 properties

proposed or under construction

23.8 msf

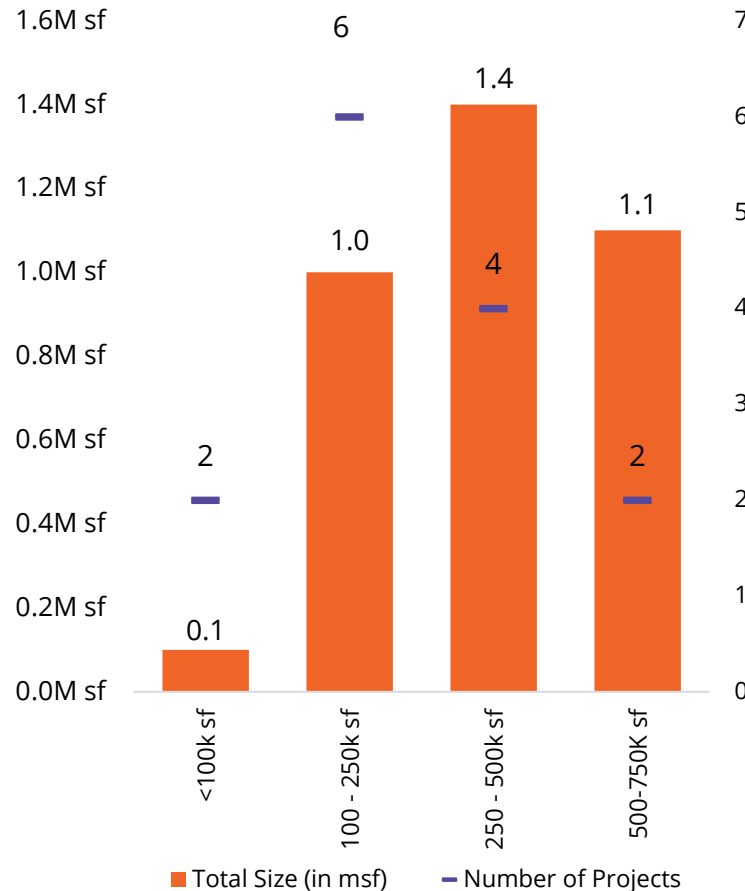
proposed or under construction

20.6%

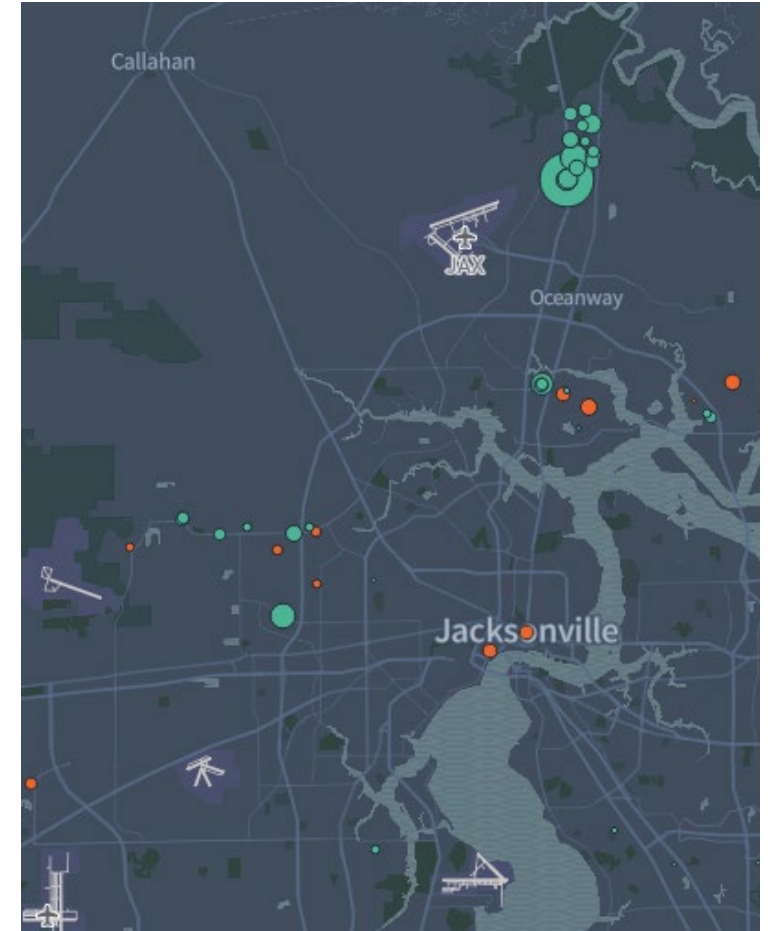
share of industrial inventory

Northside

submarket with the most development under construction at 1.5 msf



Source: AVANT by Avison Young

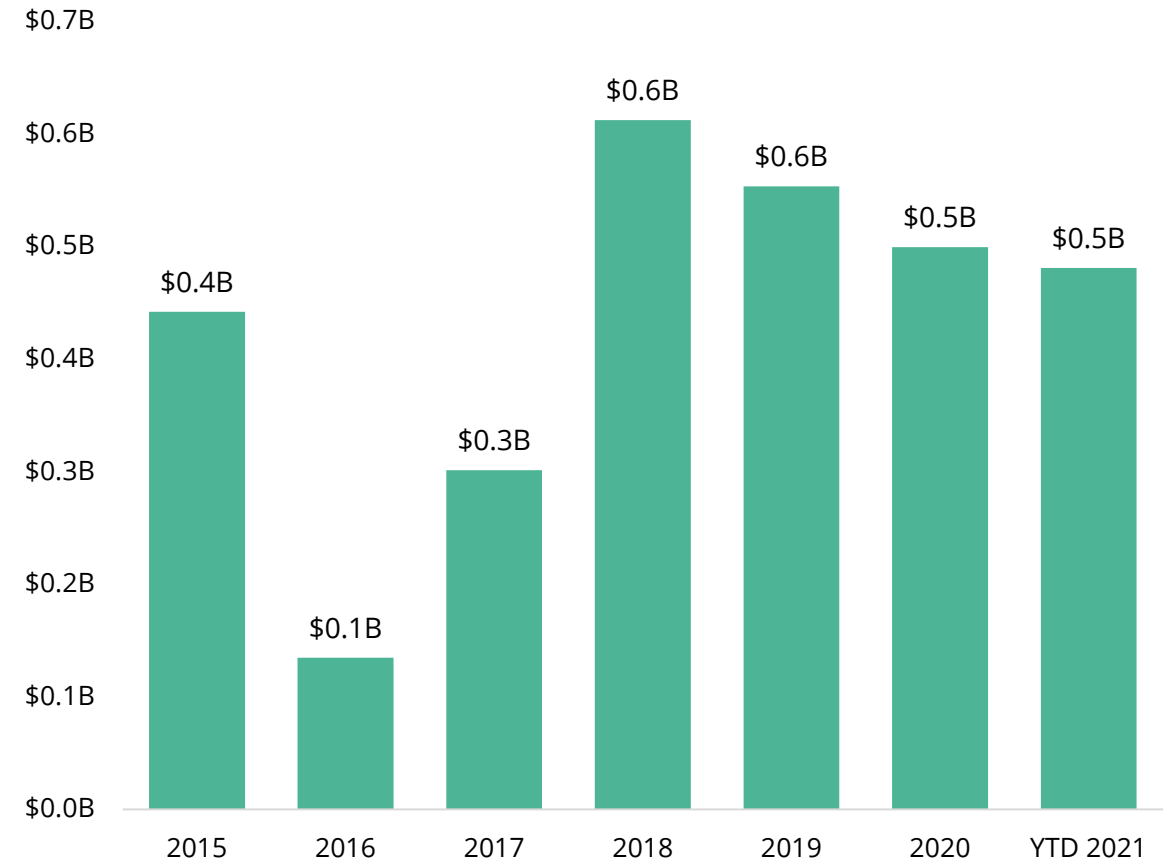


Investment dollar volume

\$0.5B

Industrial dollar volume,
year-to-date 2021

Industrial investment sales activity in Jacksonville through the third quarter of 2021 is on pace to exceed annual activity recorded during the previous two years. There is considerable investor appetite for high-quality distribution properties in Jacksonville but there are very few current opportunities.



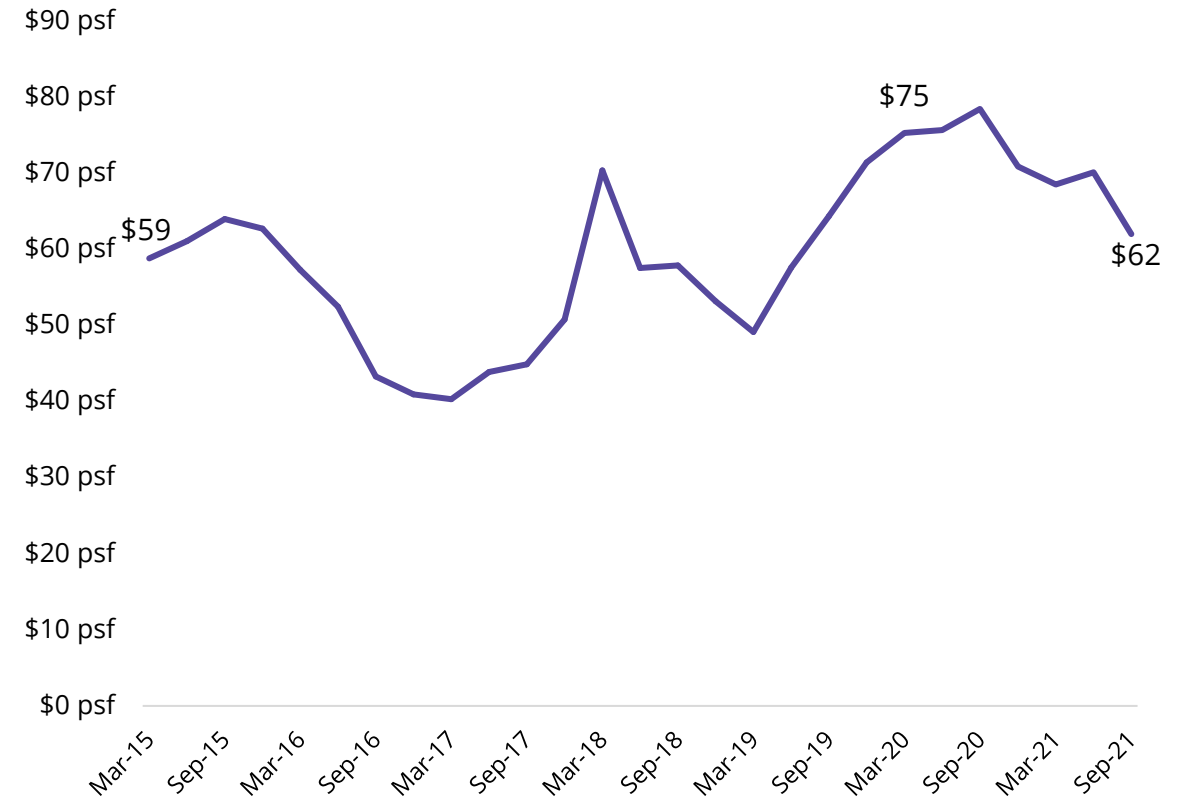
Source: AVANT by Avison Young
RCA

Industrial asset pricing

-17.6%

**Jacksonville industrial pricing,
March 2020 to September 2021**

Pricing for Jacksonville industrial assets fluctuated over the last five years. Even though current pricing is down 17.6% since the pre-pandemic period, it remains up 30.2% since Q3 2016 and the current dip is largely the result of a shortage of high-quality investment grade assets on the market.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- While **supply chain disruption** was an issue at the beginning of the pandemic, semiconductor shortages coupled with the Suez Canal blockage further highlighted frailties within global supply chains. Moving forward, creating logistics, distribution and shipping efficiencies in and out of JAXPORT, in addition to general reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.
- Continued growth in the **logistics, transportation and construction** sectors will drive much of the industrial leasing activity in Jacksonville well into 2022.
- **New development of distribution and cold storage space** under construction and planned on the Northside will provide needed availability of large blocks of space that will allow Jacksonville to compete with other Southeast markets.
- Third party logistics ("3PL") companies are expanding their e-commerce distribution capabilities at a faster rate than any other major industrial occupier and will continue to comprise an increasing share of **industrial demand** as companies rethink their existing supply chains.



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Let's talk

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