

LAKELAND/POLK

Industrial Q1 2023

	YoY Chg	12-Mo. Forecast
4.2% Vacancy Rate	▼	▼
21K YTD Absorption, SF	▼	▲
\$6.87 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
271K Polk County Employment	▲	▲
3.4% Polk County Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY

Polk County had an unemployment rate of 3.4% through March 2023, down 70 basis points (bps) year-over-year (YOY). Polk County continued to record incredible population growth and was the fifth fastest growing county in the country in 2022, adding 32,225 new residents. Nonagricultural employment totaled 270,500, an increase of 8,500 jobs, or 3.2%, YOY. Overall industrial-using employment grew by 1,600 new jobs over the last year with trade, transportation & utilities up 900 jobs, construction adding 400 jobs, and manufacturing adding another 300 new positions.

SUPPLY

Polk County had a 70-bps decline in vacancy over the past year despite a quarterly uptick, ending the first quarter at 4.2%. The largest decline was in the Lakeland market, down 260 bps YOY to 5.8%. Vacancies in warehouse/distribution (W/D) assets fell by 80 bps over the same period, even as 464,000 square feet (sf) of new construction delivered vacant in the East Polk submarket during the first quarter. Lakeland had the largest annual decrease for W/D product, down 710 bps to 6.8%, as new construction continued to lease up. Across the market, there were 3.4 million square feet (msf) in total under construction to end the first quarter. Over 2.8 msf of this product is expected to deliver over the next three months, of which no pre-leasing has yet to occur, which will lead to an uptick in vacancy unless users begin to lease some of this space.

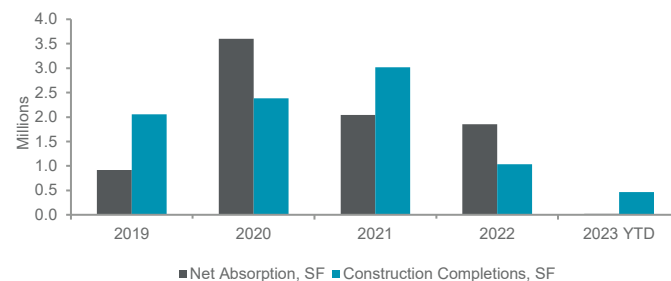
DEMAND

Although leasing activity was up 8.4% from the previous quarter, there was a sharp decline over the past twelve months, down 167.1%. Deal volume and size were limited through the first three months of 2023, with only five new leases signed over 25,000 sf. The East Polk submarket recorded the most activity with approximately 351,000 sf. Most of this activity came from one deal, as Hyundai Motor Company took 291,000 sf at the newly delivered Pace Logistics Center. As new construction continues to deliver throughout the year, leasing activity should pick up as multiple active tenant requirements looking for space in Central Florida take these premium spaces in the growing Polk market. Overall absorption totaled 21,000 sf, as there were no significant move-ins or -outs through the first three months.

MARKET PRICING

Rents for W/D assets continued to push higher to new record figures, up 20.9% YOY to \$6.86 per square foot (psf) triple net. The Southwest Lakeland submarket posted the largest increase over the last year, up 32.4% to \$7.47 psf, due to an increase in spaces below 10,000 sf asking \$10.00 to \$12.00 psf. Rents should continue to climb throughout 2023 as 3.4 msf of new construction delivers, adding top-line rents to the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Davenport	6,774,243	0	0	0	0	0	0	N/A	N/A	N/A
East Polk	17,920,307	676,499	3.8%	31,992	350,800	896,799	464,400	\$12.00	N/A	\$8.50
South Polk	7,622,193	108,984	1.4%	0	0	0	0	N/A	N/A	\$7.00
East Polk Totals	32,316,743	785,483	2.4%	31,992	350,800	896,799	464,400	\$12.00	N/A	\$8.15
Northeast Lakeland	10,492,690	1,050,017	10.0%	-8,740	13,200	0	0	N/A	N/A	\$6.00
Northwest Lakeland	8,376,446	199,625	2.4%	0	70,000	0	0	N/A	N/A	\$6.98
Southeast Lakeland	2,145,684	23,550	1.1%	-12,500	12,500	1,216,800	0	N/A	N/A	N/A
Southwest Lakeland	14,567,430	788,440	5.4%	10,100	136,120	1,262,120	0	N/A	N/A	\$7.47
Lakeland Totals	35,582,250	2,061,632	5.8%	-11,140	231,820	2,478,920	0	N/A	N/A	\$6.51
Lakeland / Polk Totals	67,898,993	2,847,115	4.2%	20,852	582,620	3,375,719	464,400	\$12.00	N/A	\$6.86

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
45150 US Highway 27 North	Davenport	Huttig Building Products, Inc.	448,627	Renewal
Pace Logistics Center - Building 100	East Polk	Hyundai Motor Company	291,000	New
Lakeland Industrial Center - Building 1	Northwest Lakeland	Star Distribution Systems, Inc.	200,000	Renewal
Lakeland Logistics Center - Building 100	Northwest Lakeland	Taylor Corporation	70,000	New
Central Florida Industrial Center - Building 73	East Polk	Pinch A Penny	40,000	Sublease

*Renewals are not included in leasing activity

KEY UNDER CONSTRUCTION PROJECTS Q1 2023

PROPERTY	SUBMARKET	SF	OWNER
Central Florida Integrated Logistics Park - Building 1	Southeast Lakeland	1,216,800	Tratt Properties
Lakeland Central Park - Building 2	Southwest Lakeland	705,420	Parkway Properties
Midpoint Florida Logistics Center - Building 200	East Polk	474,600	Dalfen Industrial / Crow Holdings
Midpoint Florida Logistics Center - Building 100	East Polk	422,199	Dalfen Industrial / Crow Holdings

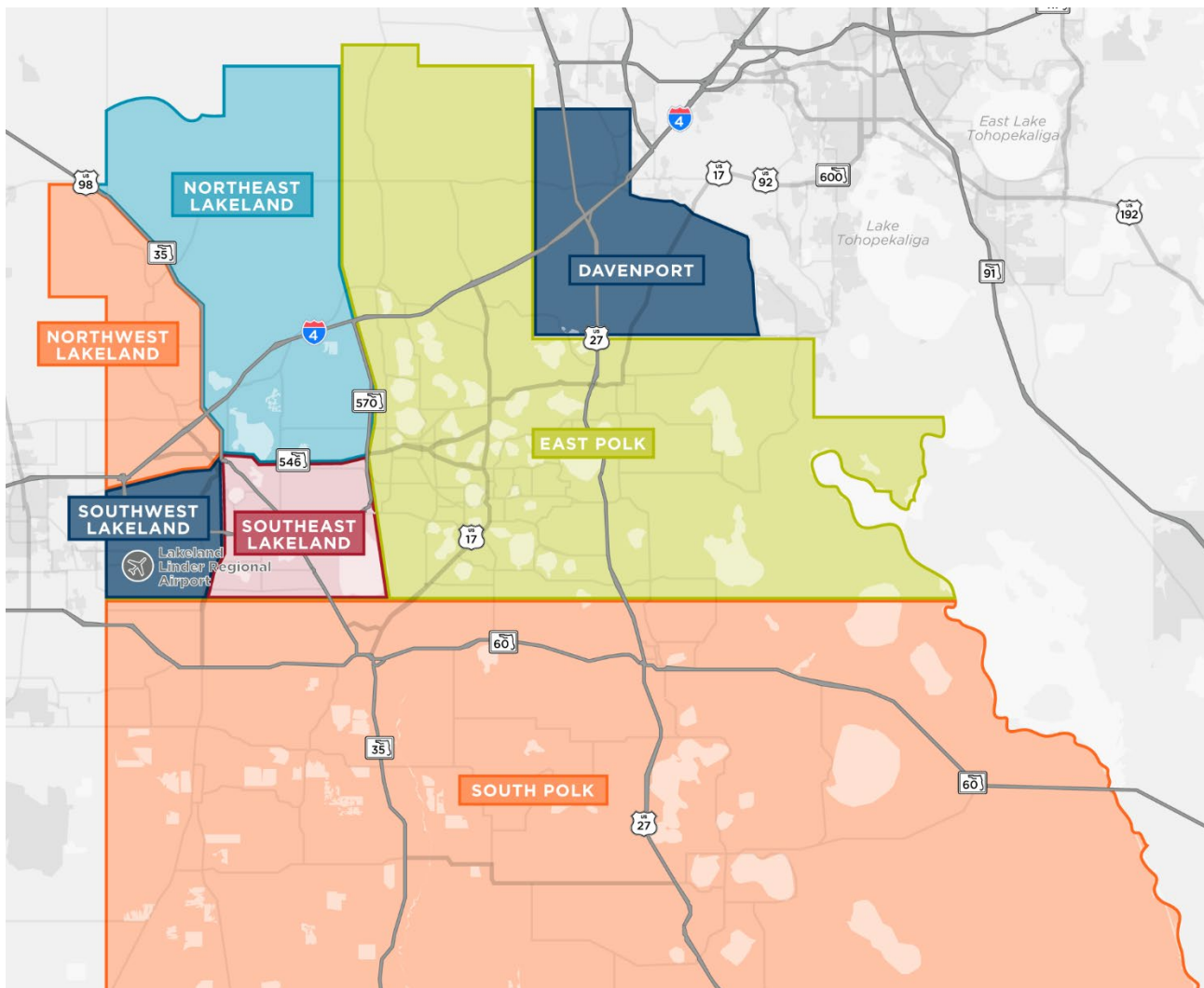
KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
Pace Logistics Center - Building 100	East Polk	Hyundai Motor Company	464,400	Intersect Development Group

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INDUSTRIAL SUBMARKETS



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