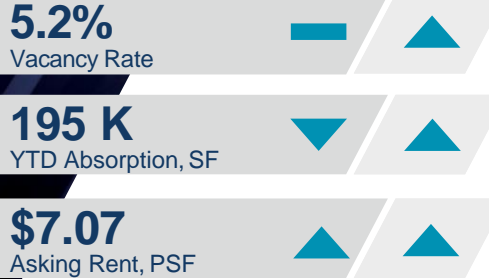


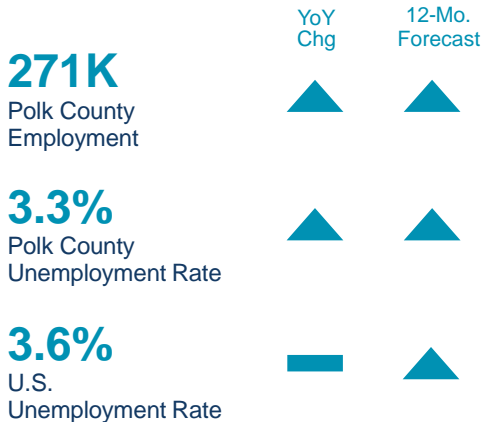
# LAKELAND/POLK

## Industrial Q2 2023



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2023



Source: BLS

### ECONOMY

Polk County had an unemployment rate of 3.3% through May 2023, up 10 basis points (bps) year-over-year (YOY). Nonagricultural employment totaled 271,300, an increase of 7,000 jobs, or 2.6%, YOY. Industrial-using employment grew by 1,200 new jobs YOY with trade, transportation & utilities up 1,100 jobs and manufacturing adding 400 new positions, though construction lost 300 jobs.

### SUPPLY and DEMAND

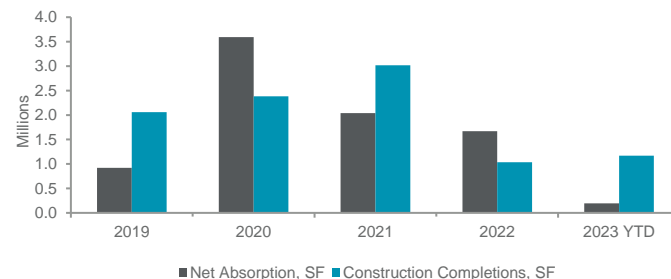
Overall vacancy held steady in Polk County ending Q2 at 5.2%, while warehouse/distribution (W/D) product was down 10 bps YOY to 6.0%. Despite the delivery of 705,000 square feet (sf) of vacant space at Lakeland Central Park during Q2, the Southwest Lakeland submarket experienced a notable YOY decline of 270 bps in W/D vacancy, settling at 11.7%. The Davenport submarket had the most substantial YOY increase in vacancy, surging 330 bps to 3.3%. Noticeably, this increase in vacancy can be directly attributed to the submarket's first recorded vacant space since Q4 2021, as Kuehne+Nagel vacated 224,000 sf from Prologis Davenport Distribution Center. While it is worth noting that the 2.8 million square feet (msf) of W/D product under construction had yet to generate pre-leasing activity, the upcoming supply of available space has the potential to meet the growing demand and cater to businesses seeking suitable locations. Although there is a possibility that vacancy rates may experience a notable increase in the coming months due to the influx of new inventory, this situation also signifies expanded options and opportunities for businesses.

Leasing activity in W/D assets slowed in Polk County during Q2, with only 209,000 sf of new deals signed bringing the year-to-date (YTD) total to 833,450 sf, a 20.7% decrease from midyear 2022. Lakeland dominated activity, accounting for 90.1% of new deals signed in Q2. Notably, volume was still limited in this submarket, as Beyond Borders Logistics signed for 124,000 sf of sublease space which made up 65.9% of the total sf leased. Despite the recent trend of demand normalizing after a period of strong leasing activity, Polk County holds a strategic advantage due to its prime location within the highly sought-after I-4 Corridor. This positioning allows the county to capitalize on the availability of newer inventory at more cost-effective rates compared to the neighboring markets of Tampa and Orlando, which should generate demand as the region continues to expand and develop. Overall absorption totaled 298,000 sf driven by the 291,000-sf move-in by Hyundai Motor Company at Pace Logistics Center.

### MARKET PRICING

Asking rents for W/D product continued to reach new heights, ending Q2 up 2.1% QOQ and 20.1% YOY to \$7.06 per square foot (psf) triple net. This growth was driven by availabilities below 50,000 sf with asking rates now ranging from \$9 psf to \$12 psf. Lakeland W/D assets had the largest QOQ increase in asking rents, surging 20.5% YOY to \$6.82 psf in part to the delivery of new product with premium asking rates.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q2 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	224,096	3.3%	-224,096	0	80,000	0	N/A	N/A	\$7.33
East Polk	17,920,307	367,434	2.1%	341,057	371,565	896,799	464,400	\$12.00	N/A	\$8.62
South Polk	7,622,193	108,984	1.4%	0	0	0	0	N/A	N/A	\$7.00
<b>East Polk Totals</b>	<b>32,316,743</b>	<b>700,514</b>	<b>2.2%</b>	<b>116,961</b>	<b>371,565</b>	<b>976,799</b>	<b>464,400</b>	<b>\$12.00</b>	<b>N/A</b>	<b>\$7.95</b>
Northeast Lakeland	10,492,690	1,089,607	10.4%	-48,330	154,637	0	0	N/A	N/A	\$6.10
Northwest Lakeland	8,376,446	157,500	1.9%	42,125	115,225	0	0	N/A	N/A	\$7.45
Southeast Lakeland	2,145,684	39,950	1.9%	-28,900	38,900	1,216,800	0	N/A	\$12.50	N/A
Southwest Lakeland	15,272,850	1,569,552	10.3%	113,110	153,120	556,700	705,420	N/A	N/A	\$7.32
<b>Lakeland Totals</b>	<b>36,287,670</b>	<b>2,856,609</b>	<b>7.9%</b>	<b>78,005</b>	<b>461,882</b>	<b>1,773,500</b>	<b>705,420</b>	<b>N/A</b>	<b>\$12.50</b>	<b>\$6.82</b>
<b>Lakeland / Polk Totals</b>	<b>68,604,413</b>	<b>3,557,123</b>	<b>5.2%</b>	<b>194,966</b>	<b>833,447</b>	<b>2,750,299</b>	<b>1,169,820</b>	<b>\$12.00</b>	<b>\$12.50</b>	<b>\$7.06</b>

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

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

## KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
First Park @ Bridgewater - Building 1	Northeast Lakeland	HD Supply	400,000	Renewal
I-4 Logistics Hub	Northeast Lakeland	Beyond Borders Logistics	123,917	New

\*Renewals are not included in leasing activity

## KEY UNDER CONSTRUCTION PROJECTS Q2 2023

PROPERTY	SUBMARKET	SF	OWNER
Central Florida Integrated Logistics Park - Building 1	Southeast Lakeland	1,216,800	Tratt 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
Lakeland Commerce Center @ County Line - Building 100	Southwest Lakeland	258,000	Stonemount Financial
Lakeland Commerce Center @ County Line - Building 300	Southwest Lakeland	150,600	Stonemount Financial
Lakeland Commerce Center @ County Line - Building 200	Southwest Lakeland	148,100	Stonemount Financial

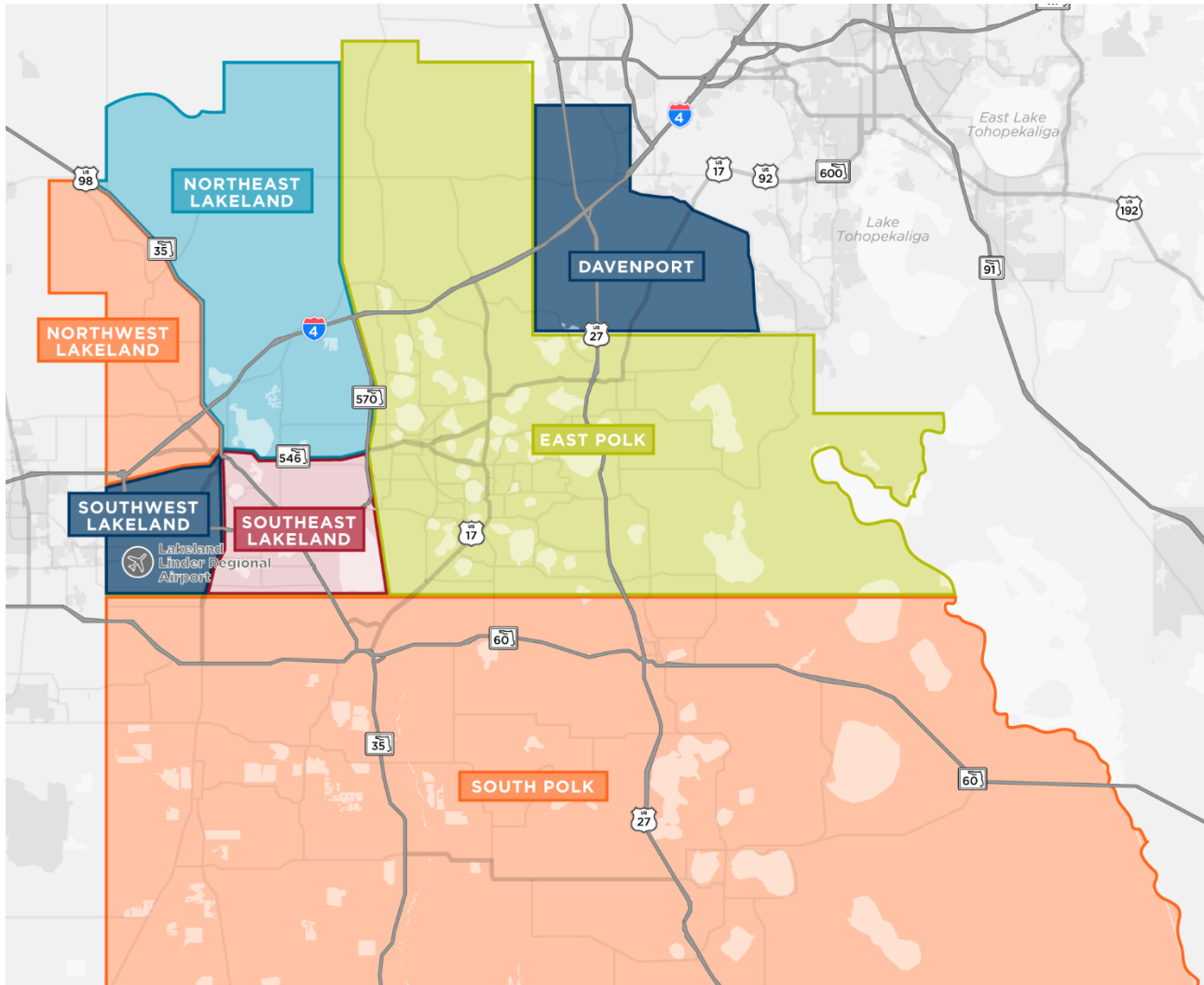
## KEY CONSTRUCTION COMPLETIONS YTD 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
Lakeland Central Park - Building 2	Southwest Lakeland	None	705,420	Parkway
Pace Logistics Center - Building 100	East Polk	Hyundai Motor Company	464,400	Intersect Development Group

# LAKELAND/POLK

Industrial Q2 2023

## INDUSTRIAL SUBMARKETS



### JOSH FAIRCLOTH

Senior Research Analyst

Tel: +1 813 424 3220

[joshua.faircloth@cushwake.com](mailto:joshua.faircloth@cushwake.com)

### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.