



**Orlando Industrial Market Report  
1<sup>st</sup> Quarter 2007**



# Industrial Market Report 1<sup>st</sup> Qtr. - 2007

## Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Orlando industrial sales figures fell during the fourth quarter 2006 in terms of dollar volume compared to the third quarter of 2006. In the fourth quarter, 20 industrial transactions closed with a total volume of \$92,788,983. The 20 buildings totaled 1,211,026 square feet and the average price per square foot equated to \$76.62 per square foot. That compares to 29 transactions totaling \$204,330,150 in the third quarter. The total square footage was 2,226,943 for an average price per square foot of \$91.75. Total year-to-date industrial building sales activity in 2006 is up compared to the previous year. In the twelve months of 2006, the market saw 128 industrial sales transactions with a total volume of \$571,593,528. The price per square foot has averaged \$70.36 this year.

In the twelve months of 2005, the market posted 126 transactions with a total volume of \$525,751,411. The price per square foot averaged \$59.15. Cap rates have been lower in 2006, averaging 8.11%, compared to the twelve months of last year when they averaged 8.42%. One of the largest transactions that has occurred within the last 4 quarters in the Orlando market is the sale of Bldg IX in Orlando. This 403,236 square foot industrial building sold for \$44,134,000, or \$109.45 per square foot. The property sold on 6/9/2006, at a 0.00% cap rate.

## Absorption

Net absorption for the overall Orlando Industrial market was positive 194,296 square feet in the first quarter 2007. That compares to positive 690,489 square feet in the fourth quarter 2006, positive 1,258,538 square feet in the third quarter 2006, and positive 618,295 square feet in the second quarter 2006. Tenants moving out of large blocks of space in 2007 include: Qualex, Inc. moving out of (90,000) square feet at 2421 N Orange Blossom Trl, Frazee, Inc. moving out of (86,800) square feet at Presidents Distribution Center, and RT Electrical Distributors, Inc. moving out of (48,000) square feet at Center of Commerce - Bldg 901.

Tenants moving into large blocks of space in 2007 include: Sealy Mattress Manufacturing Company, Inc. moving into 225,000 square feet at Sealy Mattress, Millwork Sales moving into 163,000 square feet at Princeton & John Young Pkwy, and Moulding & Millwork moving into 75,900 square feet at Orlando Corporate Center - Building 600. The Flex building market recorded net absorption of negative (69,712) square feet in the first quarter 2007, compared to positive 248,670 square feet in the

fourth quarter 2006, positive 384,546 in the third quarter 2006, and positive 250,463 in the second quarter 2006. The Warehouse building market recorded net absorption of positive 264,008 square feet in the first quarter 2007 compared to positive 441,819 square feet in the fourth quarter 2006, positive 873,992 in the third quarter 2006, and positive 367,832 in the second quarter 2006.

### **Vacancy**

The Industrial vacancy rate in the Orlando market area increased to 6.2% at the end of the first quarter 2007. The vacancy rate was 6.0% at the end of the fourth quarter 2006, 5.9% at the end of the third quarter 2006, and 6.1% at the end of the second quarter 2006. Flex projects reported a vacancy rate of 6.8% at the end of the first quarter 2007, 6.5% at the end of the fourth quarter 2006, 6.9% at the end of the third quarter 2006, and 7.7% at the end of the second quarter 2006. Warehouse projects reported a vacancy rate of 6.1% at the end of the first quarter 2007, 5.8% at the end of fourth quarter 2006, 5.7% at the end of the third quarter 2006, and 5.7% at the end of the second quarter 2006.

### **Largest Lease Signings**

The largest lease signings occurring in 2007 included: the 340,000-square-foot lease signed by Broder Brothers at Tradeport Dr in the SE Orange County market; the 188,468-square-foot deal signed by Wal-Mart at 2000 E Landstreet Rd in the SE.

### **Sublease Vacancy**

The amount of vacant sublease space in the Orlando market increased to 606,740 square feet by the end of the first quarter 2007, from 499,869 square feet at the end of the fourth quarter 2006. There was 591,517 square feet vacant at the end of the third quarter 2006 and 693,867 square feet at the end of the second quarter 2006. Orlando's Flex projects reported vacant sublease space of 111,885 square feet at the end of first quarter 2007, down from the 156,577 square feet reported at the end of the fourth quarter 2006. There were 245,734 square feet of sublease space vacant at the end of the third quarter 2006, and 302,710 square feet at the end of the second quarter 2006. Warehouse projects reported increased vacant sublease space from the fourth quarter 2006 to the first quarter 2007. Sublease vacancy went from 343,292 square

feet to 494,855 square feet during that time. There was 345,783 square feet at the end of the third quarter 2006, and 391,157 square feet at the end of the second quarter 2006.

### **Rental Rates**

The average quoted asking rental rate for available Industrial space was \$7.09 per square foot per year at the end of the first quarter 2007 in the Orlando market area. This represented a 6.5% increase in quoted rental rates from the end of the fourth quarter 2006, when rents were reported at \$6.66 per square foot. The average quoted rate within the Flex sector was \$11.81 per square foot at the end of the first quarter 2007, while Warehouse rates stood at \$5.89. At the end of the fourth quarter 2006, Flex rates were \$11.90 per square foot, and Warehouse rates were \$5.63.

### **Deliveries and Construction**

During the first quarter 2007, 11 buildings totaling 638,372 square feet were completed in the Orlando market area. This compares to 24 buildings totaling 758,583 square feet that were completed in the fourth quarter 2006, 22 buildings totaling 1,076,006 square feet completed in the third quarter 2006, and 543,030 square feet in 17 buildings completed in the second quarter 2006. There were 2,594,825 square feet of Industrial space under construction at the end of the first quarter 2007. Some of the notable 2007 deliveries include: Sealy Mattress, a 225,000-square-foot facility that delivered in first quarter 2007 and is now 100% occupied, and Princeton & John Young Pkwy, a 163,000-square-foot building that delivered in first quarter 2007 and is now 100% occupied. The largest projects underway at the end of first quarter 2007 were Beachline Corporate Center - Bldg 100, a 360,000- square-foot building with 0% of its space pre-leased, and Liberty Park at AIPO - Building 2, a 189,400-square-foot facility that is 0% pre-leased.

## **Inventory**

Total Industrial inventory in the Orlando market area amounted to 158,630,042 square feet in 5,304 buildings as of the end of the first quarter 2007. The Flex sector consisted of 29,432,540 square feet in 1,285 projects. The Warehouse sector consisted of 29,197,502 square feet in 4,019 buildings. Within the Industrial market there were 835 owner-occupied buildings accounting for 37,517,566 square feet of Industrial space.