



**AVISON
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Florida industrial insight report

Q2 2021

AVANT
by AVISON YOUNG



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U.S. industrial drivers

MIDWEST INDUSTRIAL INSIGHT REPORT
Q2 2021

U.S. total retail and e-commerce sales

15.7%

E-commerce share of overall retail sales in Q1 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

Property type job gains and losses

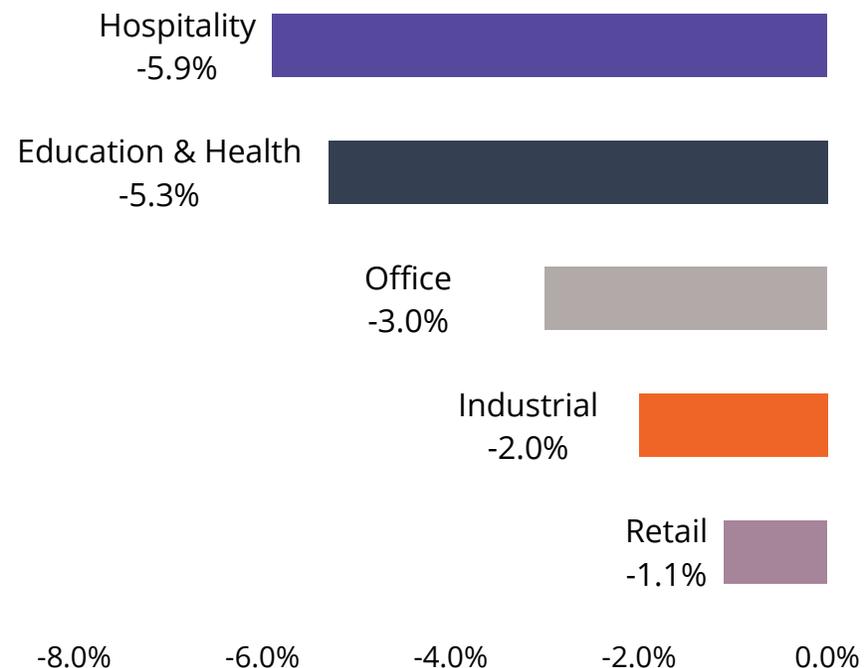
-2.9%

Change in total industrial employment during the pandemic

Post-COVID industrial job losses have been mild compared with other segments of the labor market, underscoring the industry's comparative strength as cities and economies reopen.

[VIEW DASHBOARD](#)

Total change in U.S. job gains/(losses)
February 2020 to May 2021



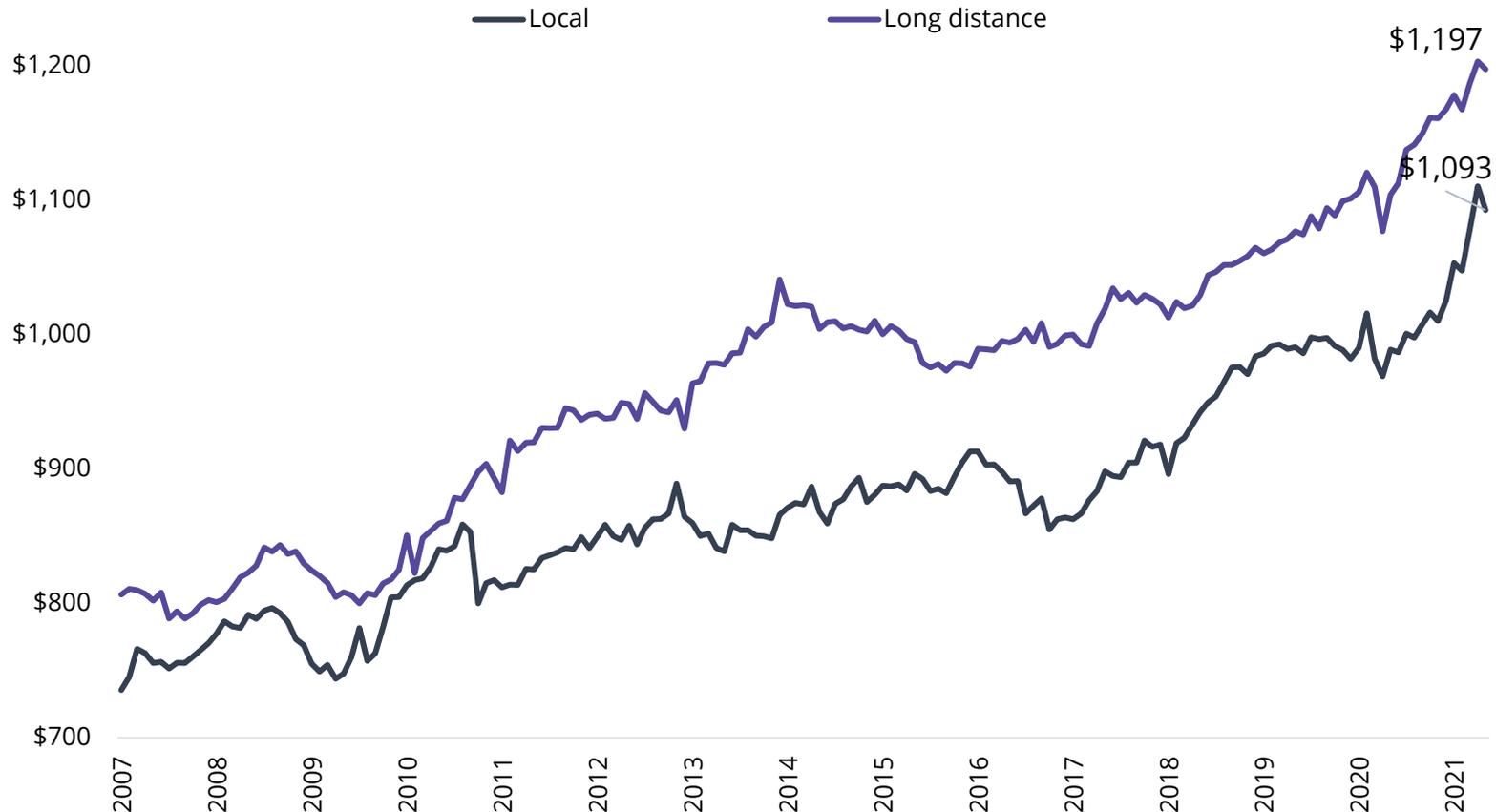
Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Weekly earnings for U.S. trucking employees

+ 10.5%

Annual change in local trucking weekly earnings, 2007 to 2021

As employers compete to fill vacant positions, wage pressure for trucking has accelerated sharply over the past 15 months. Initially focused on long-distance truckers in the early stages of the pandemic, the trend has increasingly spread to local trucking.



Source: Bureau of Labor Statistics

A woman wearing a blue hard hat and a dark vest is looking upwards and to the right, holding a clipboard and a pen. She is in a warehouse setting with high shelves of cardboard boxes. In the background, another person wearing a yellow hard hat is visible, carrying a box.

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Florida market overview

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Florida's industrial market in rapid expansion mode, driven by strong fundamentals

Healthy economic fundamentals, brisk cargo traffic at the state's major deep-water ports, a robust in-place distribution network and a sharp but entrenched rise in e-commerce spending have helped bring Florida's unemployment rate down to **4.9%**—90 basis points below the U.S. level. Industrial job losses have declined by **3.0%** since the start of the pandemic, as opposed to the hospitality and retail sectors (down -20.9% and -5.3% respectively), and Amazon continues to develop at a breakneck pace.

Pricing pressures on both the leasing and investment sales sides coupled with inflationary concerns are leading some investors to look at secondary and tertiary markets, which could provide opportunities in several Florida markets.

Across the state, thriving port and robust industrial fundamentals continue to spur space demand. Logistics, e-commerce and 3PL firms are among the fastest expanding industries fueling space requirements in Florida, along with an uptick in

wholesalers/retailers. The need for close-in, last mile logistics and distribution facilities near population centers continues to grow, and with double digit growth in e-commerce spending in the U.S. and the need to minimize supply chain disruptions via the use of third-party logistics and parcel delivery companies, space is at a premium.

As logistics requirements and e-commerce needs forge ahead, developers continue to search for sites to stay ahead of demand, even as prime development sites entitled for industrial use are becoming harder to find in several key markets (i.e. Miami and Orlando). There are currently 78 industrial properties (not including flex) under construction totaling **18.4 million sf**, equivalent to **3.6%** of Florida's total industrial inventory. Construction delays are possible, and even likely in many cases, due to labor shortages and the escalating costs of construction materials (i.e. lumber, steel and copper).

There is considerable demand for class A distribution space, and there is strong

occupier interest in larger blocks of industrial space, with considerable pent-up demand for spaces between **20,000 - 50,000 sf**. Tenant interest is likely to accelerate through the end of this year across the state. Florida industrial investment activity has also been robust, totaling **\$5.5B since 2020** as investors are attracted to the sector's undeniably strong post-pandemic fundamentals.

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 addition to accelerating reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.

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



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Miami market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring South Florida’s unemployment rate down to **5.7%**.
- Oxford Economics projects that South Florida is expected to see job growth of **3.2%** in 2021, 4.6% in 2022, and should recover all of its lost jobs in Q2 2022.
- Gross domestic product (GDP) in South Florida remains **0.8%** below the peak level reached in 2019 but is expected to grow 8.1% in 2021 and 4.9% in 2022. From 2023 to 2025, GDP is expected to grow at an annual rate of 1.8% led by real estate, which is expected to contribute 20% of the growth.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Miami’s influence as a business center and global gateway, coupled with a thriving port and robust industrial fundamentals continue to spur space demand on the part of occupiers and investors alike.



Industrial demand

- Leasing activity is at **50.4%** of the total recorded in 2020 and is expected to remain strong over the next two quarters.
- There is strong occupier interest in larger blocks of space **100,000 sf** and greater, with pent-up demand for spaces between 20,000 - 50,000 sf. Tenant interest is likely to accelerate through the end of this year.
- Logistics, e-commerce and 3PL firms are among the fastest expanding industries fueling space requirements in Miami, along with an uptick in wholesalers/retailers.

Key industrial takeaways



Industrial supply

- As logistics requirements and e-commerce needs forge ahead in Miami, developers continue to search for sites to stay ahead of demand. There are currently 19 industrial properties under construction totaling **4.8 million sf**, 10 of which are situated in the Medley submarket.
- There are **166** blocks of industrial space on the market between 20,000 and 50,000 sf totaling 5.1 million sf that can satisfy some immediate mid-size block tenant demand.
- Miami's overall vacancy rate shows continued resilience with vacancy at **4.4%**, a 60-basis point decrease from the previous quarter.



Pricing trends

- Base rents have increased by **9.5%** since the start of the pandemic and have continued a steady upward trajectory since 2016.
- The average asking rent for new deals signed since the beginning of the pandemic for distribution space in Miami is currently **\$9.51 per sf**, compared to \$9.44 per sf for general warehouse and \$9.20 per sf for manufacturing space. The Airport West submarket has the highest asking industrial rents (not including flex) at \$10.65 per sf, while Kendall has the lowest at \$7.75 per sf.



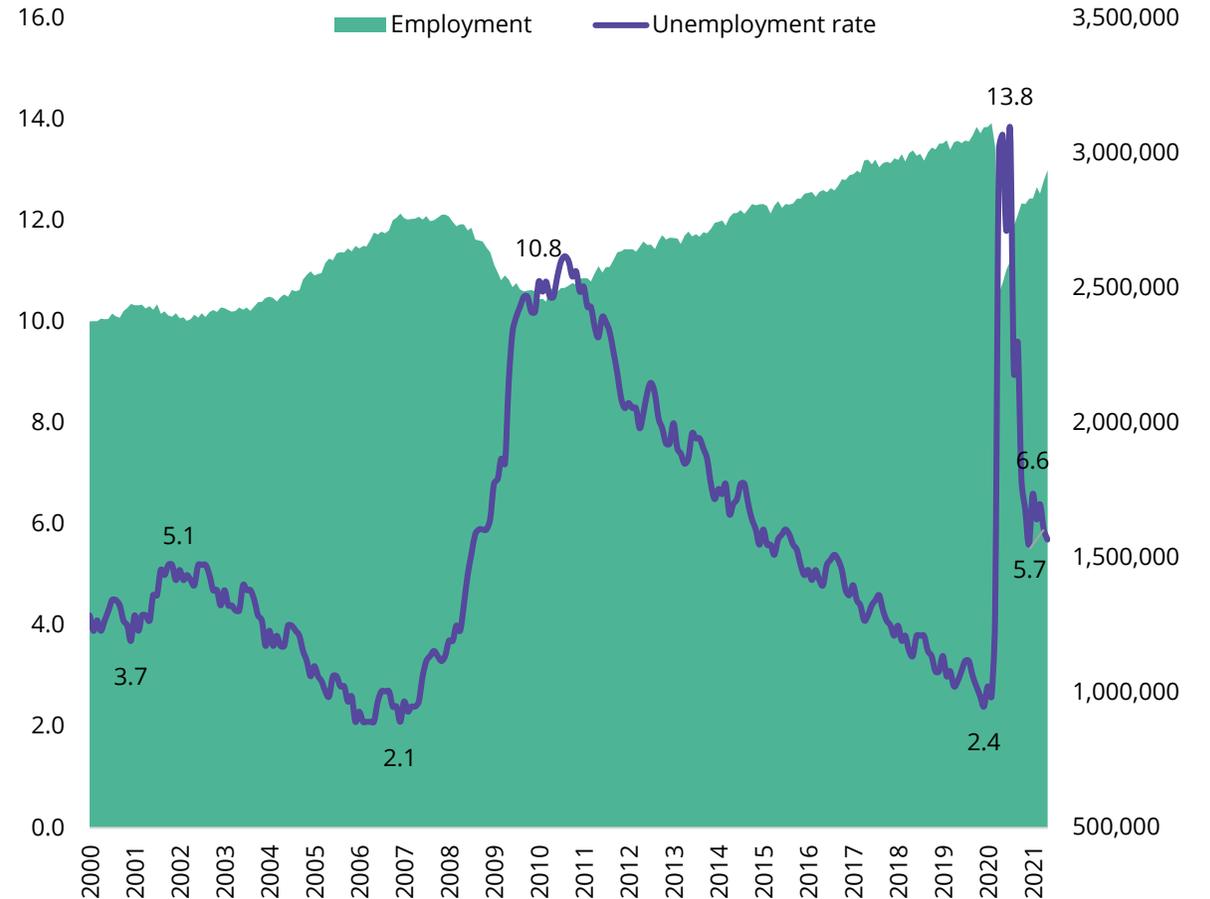
Capital markets

- Miami industrial investment activity has been robust, totaling **\$1.5B since 2020** as investors are attracted to the sector's undeniably strong post-pandemic fundamentals.
- Industrial volumes have surged **+32.8%** against the prior 5-year average due in large part to those stronger fundamentals.
- The largest investment sales transaction during Q2 2021 was Brookfield Asset Management's acquisition of Bristol Logistics Center in the Airport West submarket for **\$26.3 million**, or \$181 per sf.

5.7%

South Florida's unemployment rate as of May 2021, 810 bps below the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with 629,600 job losses between February and April 2020. However, reopening efforts in the months since have enabled the economy to add over 455,000 jobs since April 2020.



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

Property type job gains and losses

-6.8%

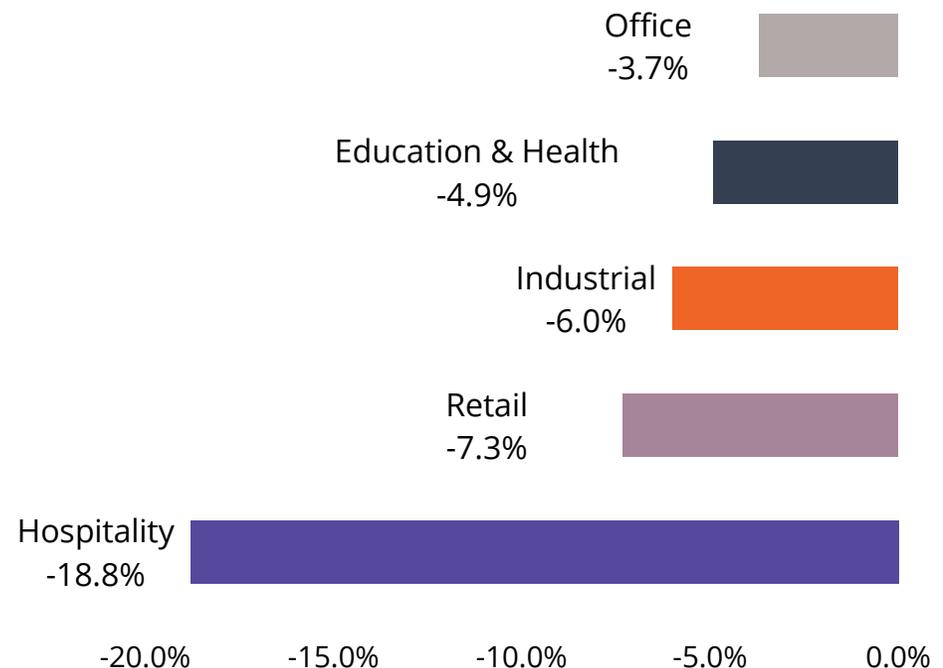
Change in total employment during the pandemic

The South Florida metro area lost 6.8% of its total labor force since the pandemic began with industrial losses faring slightly better at 6.0%. The strength of the industrial sector in Miami pre-pandemic helped to offset the losses that have occurred.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



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

Industrial job gains and losses

-6.0%

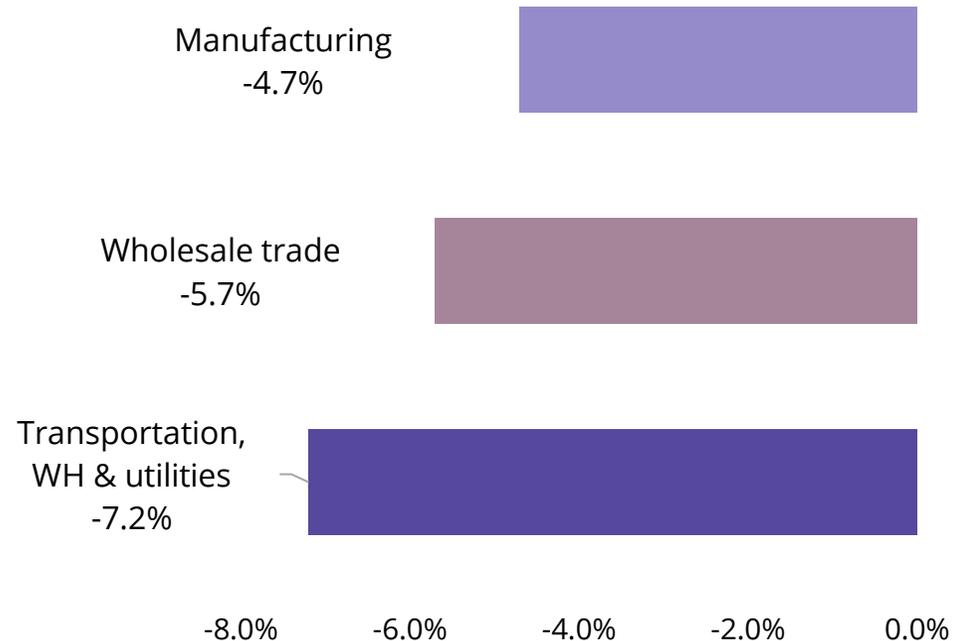
Change in industrial employment during the pandemic

South Florida industrial job losses have declined by 6.0% since the start of the pandemic, however this recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 12.6%.

[VIEW DASHBOARD](#)

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

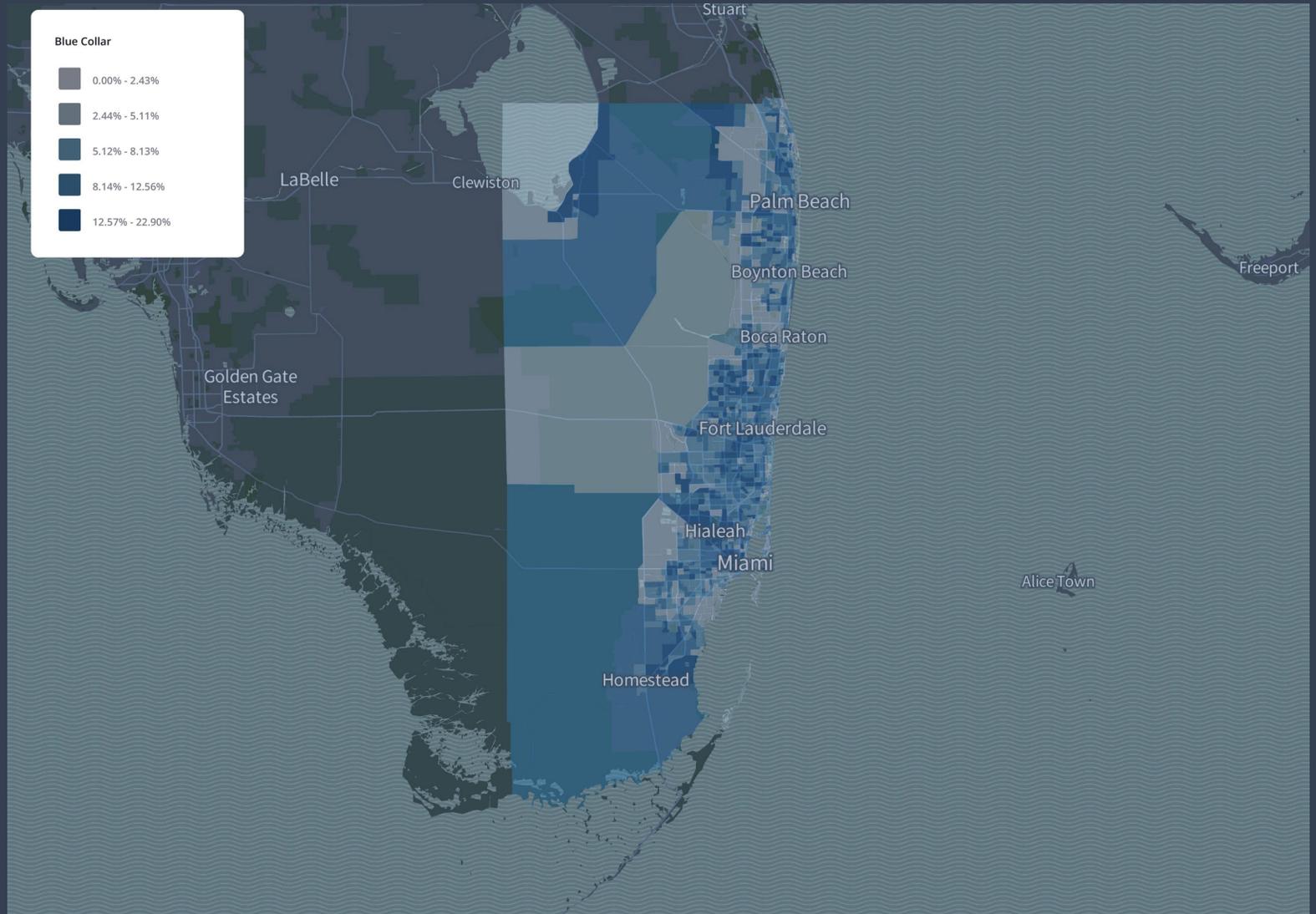
February 2020 to May 2021



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

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout South Florida's largest industrial submarkets.

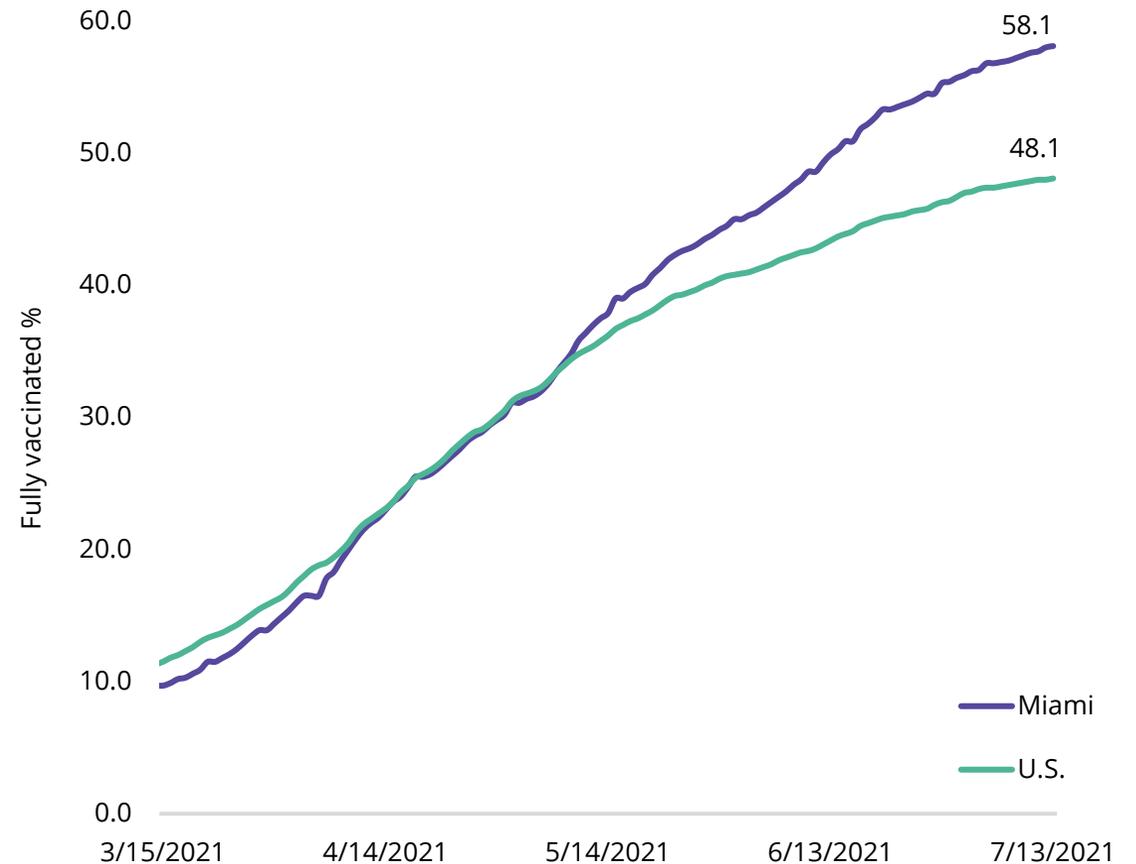


Vaccination rates

58.1%

Share of total Miami-Dade County population that is fully vaccinated

Miami's rate of vaccination is the highest in South Florida and has far exceeded the U.S. average, providing additional fuel for the recent escalation in large lease activity.



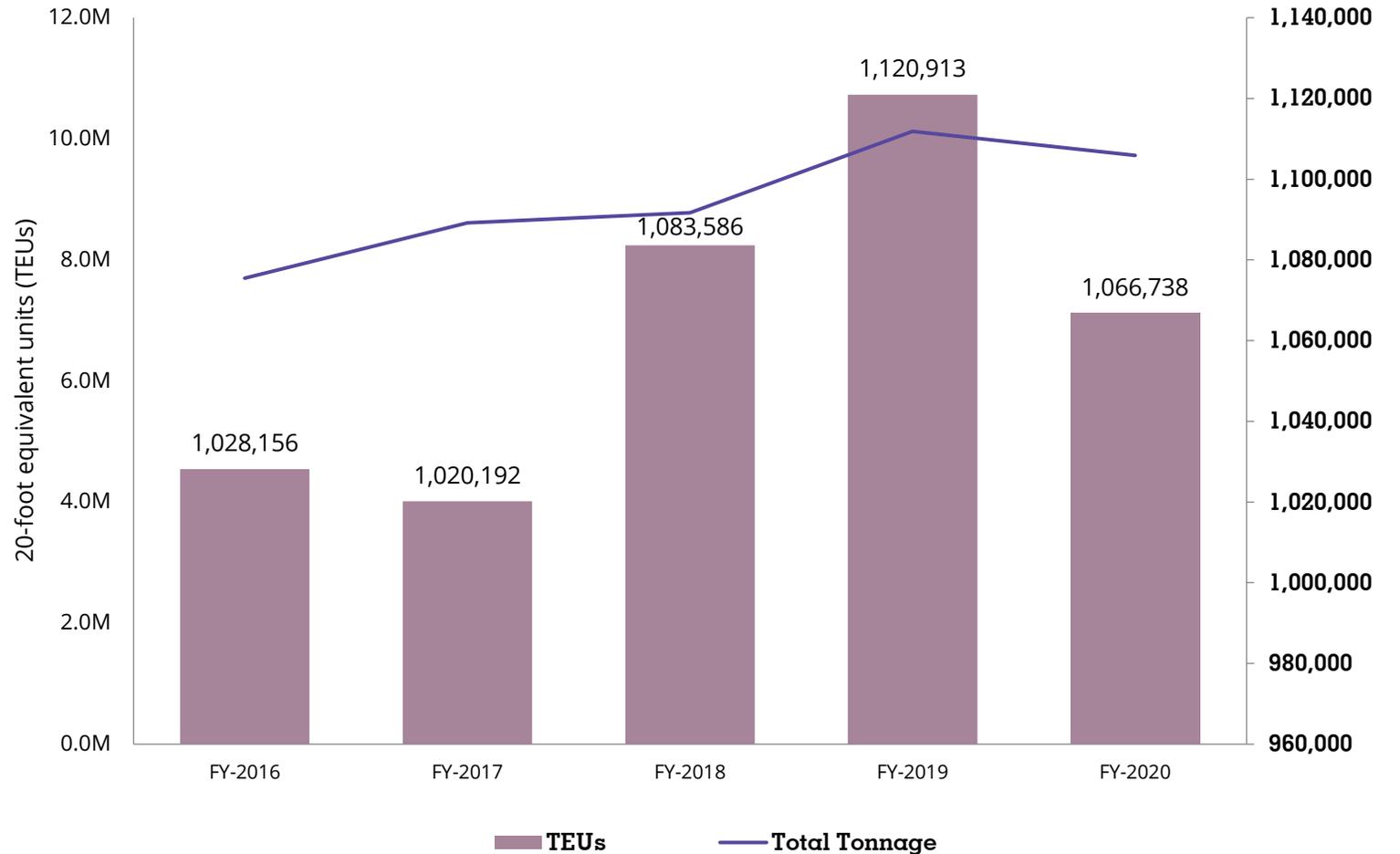
Source: CDC

PortMiami total cargo volume

1.1 M

TEUs during FY-2020

Although the number of cruise ship sailings was down precipitously during FY-2020, PortMiami recorded brisk business during the year. The total cargo value of goods moved in and out of the port during 2020 totaled \$45.4 billion, and the Latin America/Caribbean region accounted for 46% of total market share for the year.



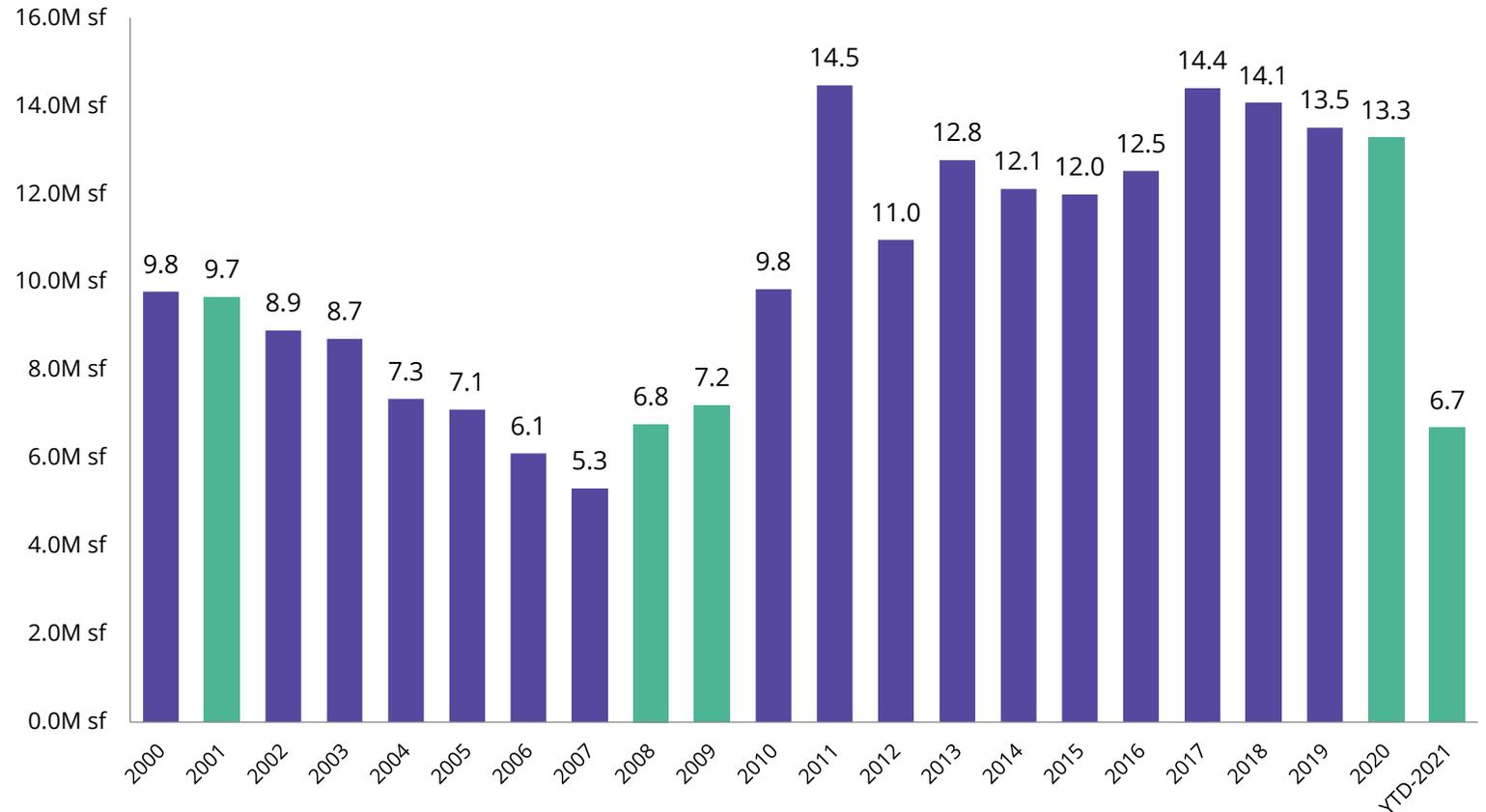
Source: PortMiami

Industrial leasing activity

50.4%

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

Leasing activity has been strong through Q2 2021, following on the heels of 10 straight years where leasing eclipsed 10 million sf annually.



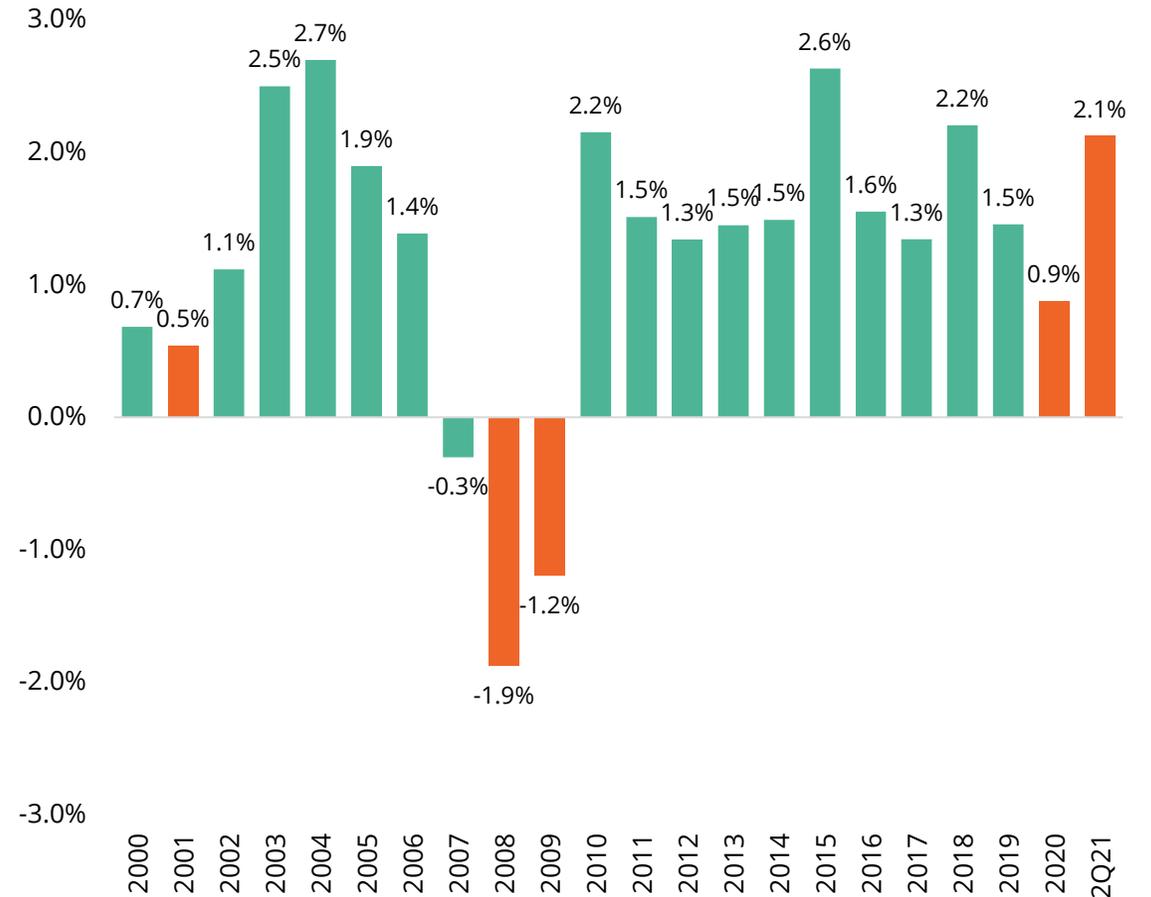
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

3.0%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and is currently more than double the amount recorded in 2020, and nearly equal to direct net absorption over the last two years combined. Barring anything unforeseen, net absorption for 2021, which currently totals 4.2 million sf, is on pace to significantly outpace the performance of the last several years.



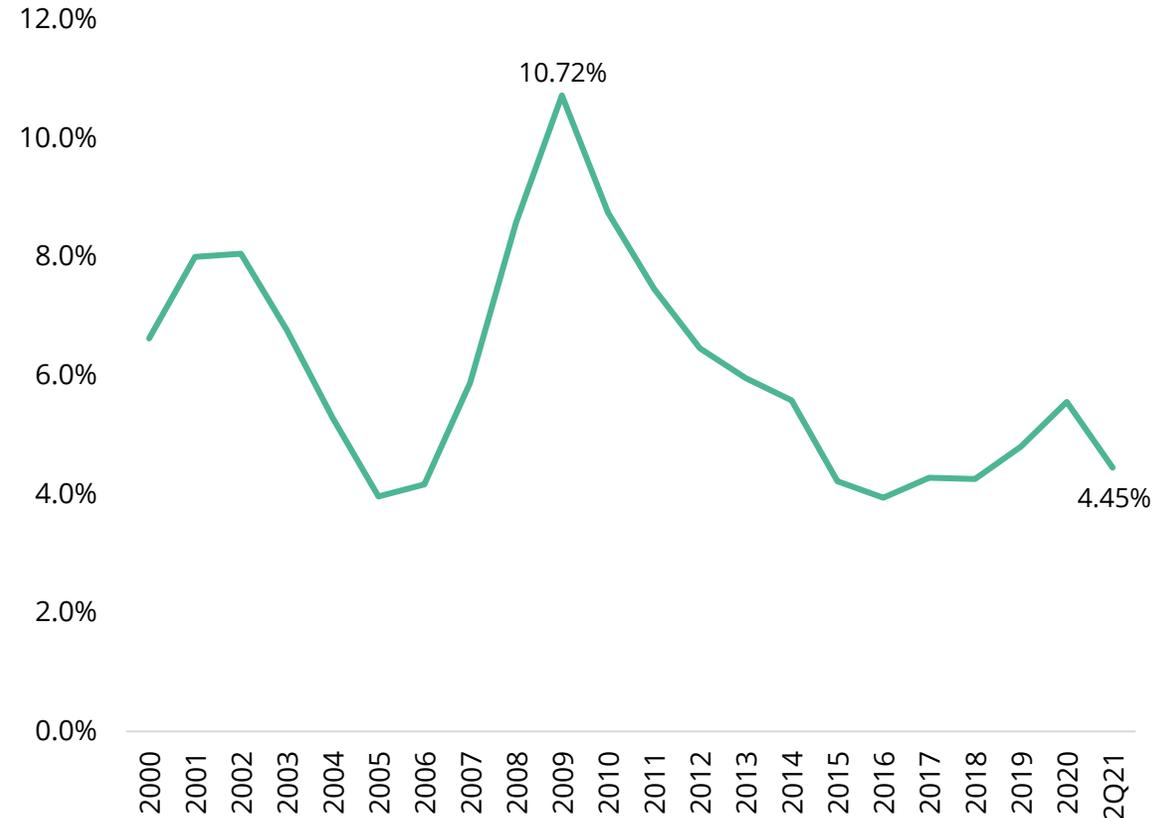
Note: Absorption is measured as the year-over-year change in occupied square feet. Orange represents recession years.
Source: CoStar

Industrial vacancy rate

4.4%

Total vacancy in Miami is at its lowest point since 2018

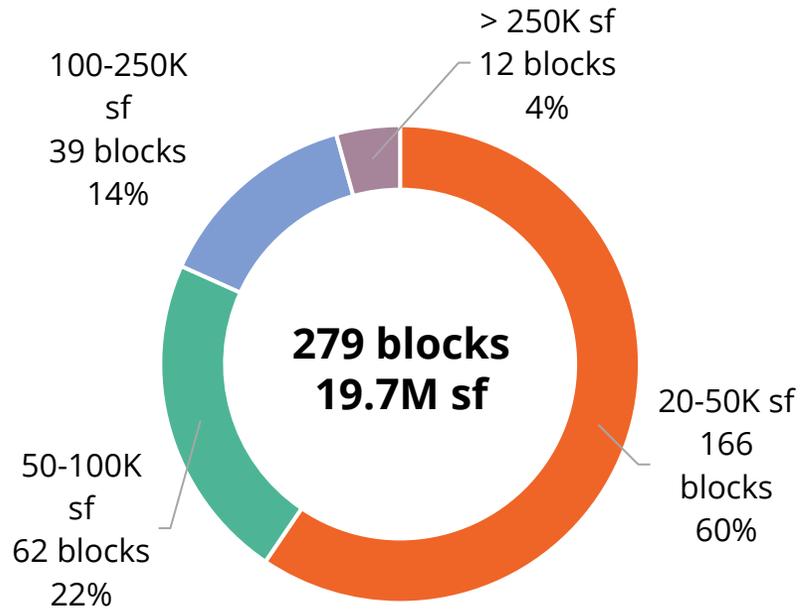
The Q2 2021 total vacancy rate of 4.4% reflects the lowest rate since 2018 and a 120-basis point drop from the vacancy rate recorded at the close of 2020. This is notable given that 2.3 million sf of new industrial space has delivered over the trailing 18-month period ending June 2021.



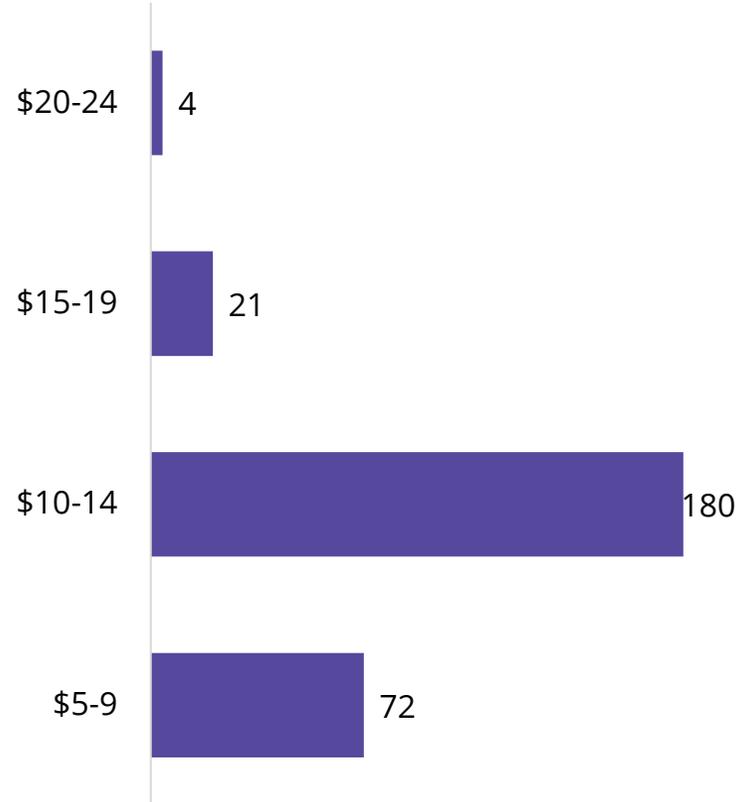
Source: CoStar

Industrial large-block availabilities

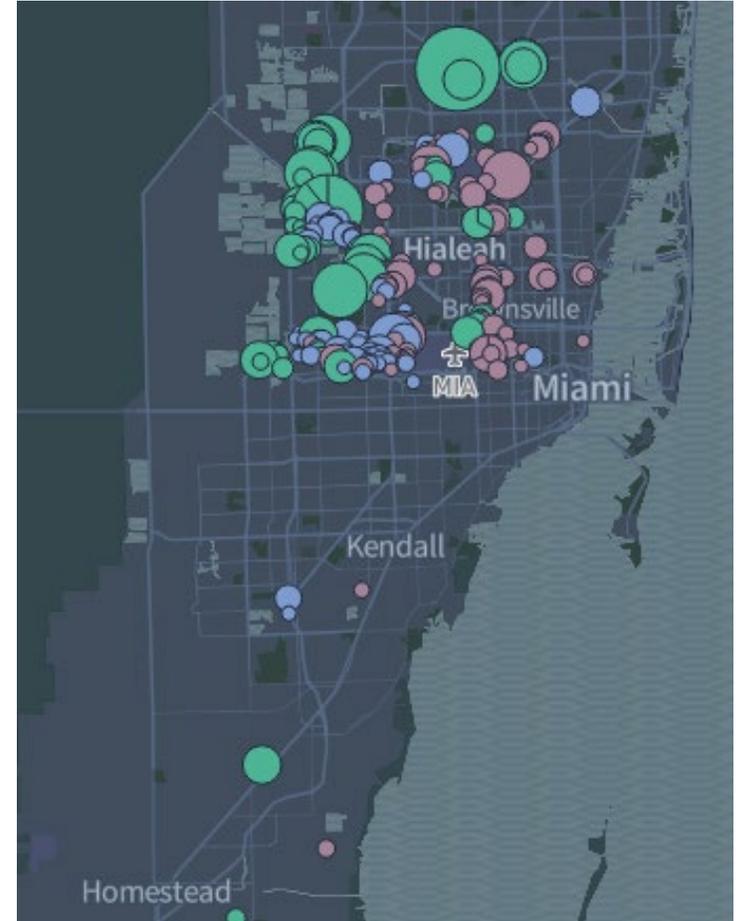
Space size ranges



Asking rent per square foot



Source: AVANT by Avison Young

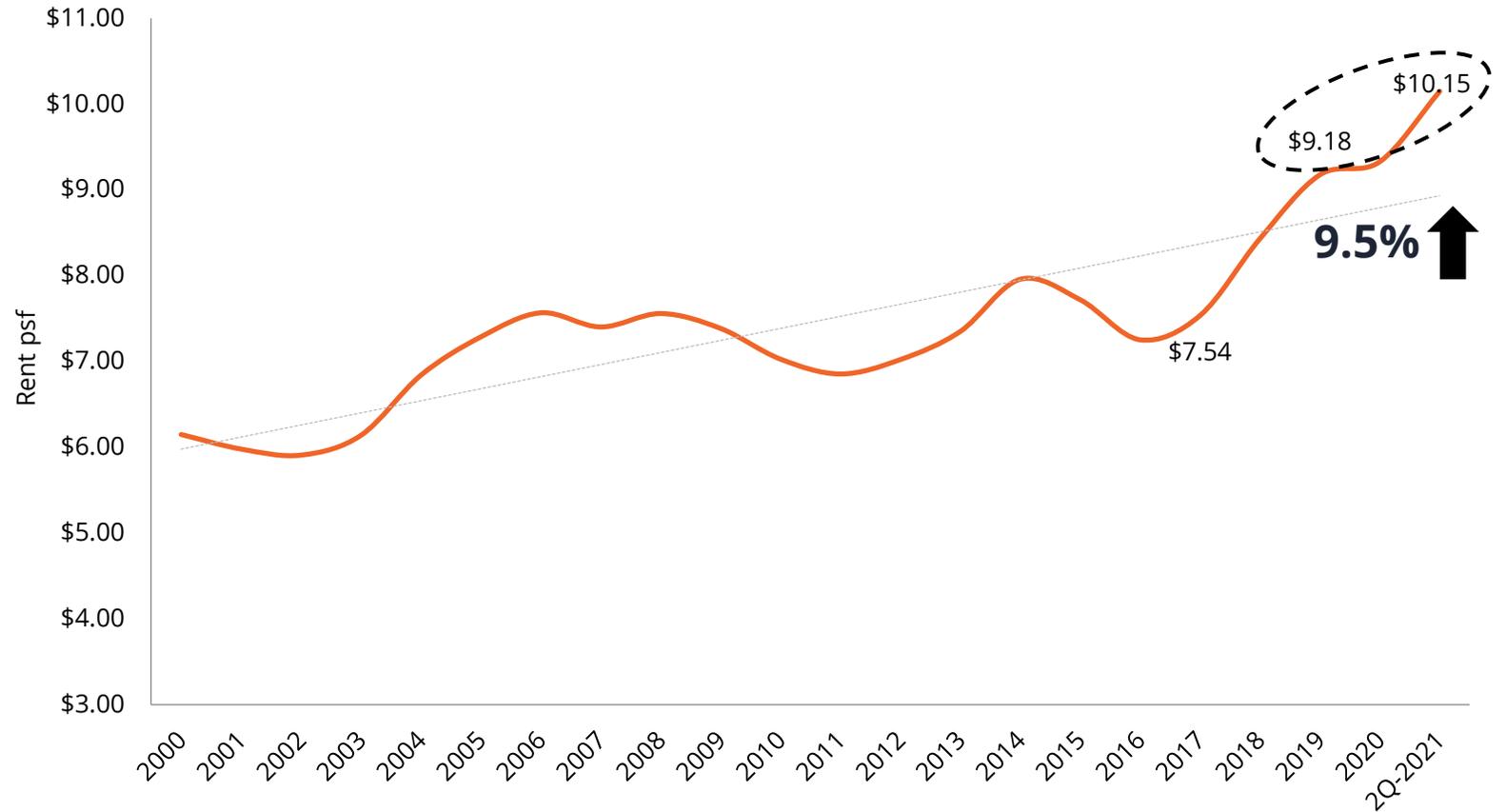


Base rents

+9.5%

Base rents since the onset of the pandemic

Base rents grew for industrial space during the second quarter and have generally trended upward over the last decade, rising steadily since 2016 and growing 28.6% over that period.



Source: AVANT by Avison Young

Big-box demand drives construction

63 properties

Proposed, under construction or under renovation

15.3 msf

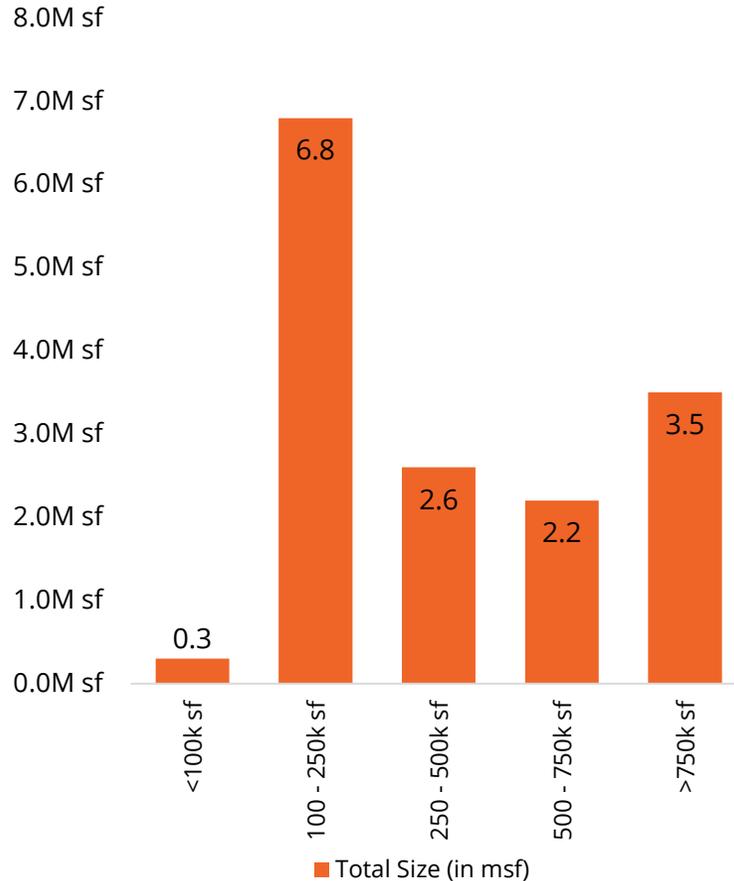
Proposed or under construction

8.7%

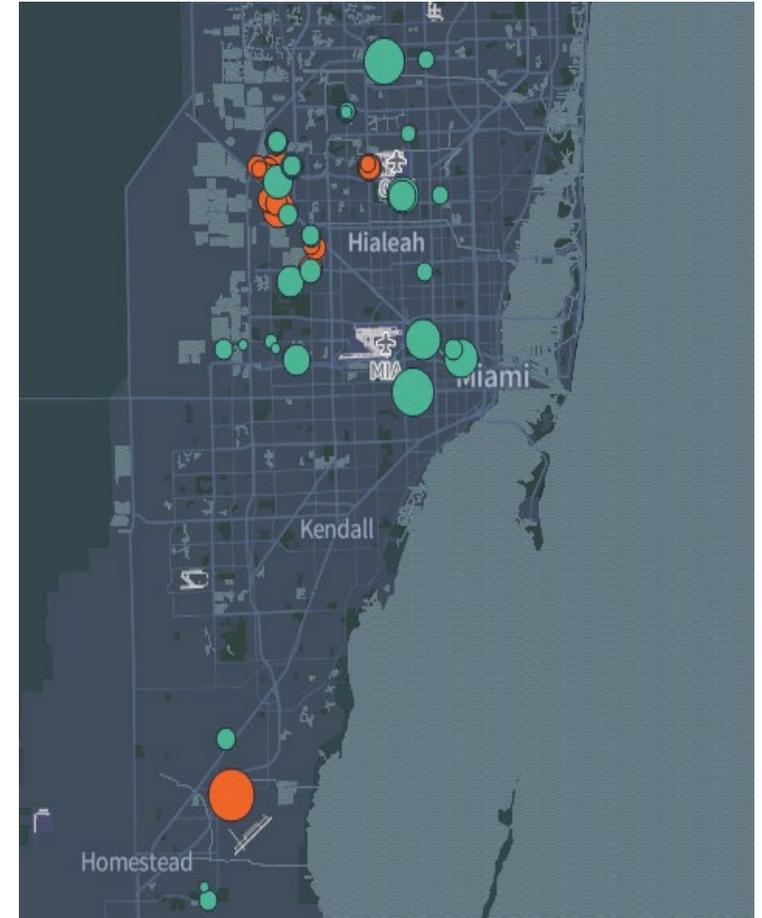
Share of industrial inventory

Medley

Submarket with the most projects under construction at 10



Source: AVANT by Avison Young



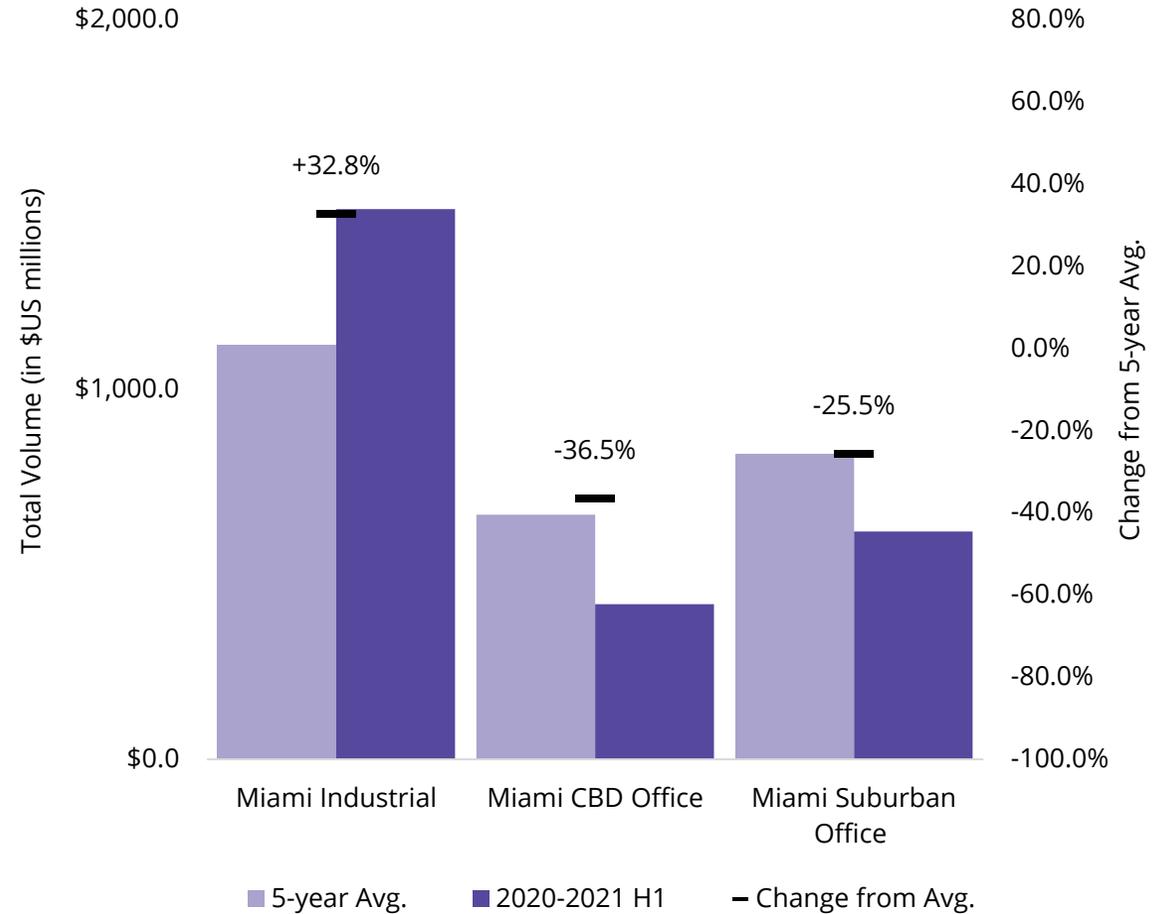
● Under construction ● Proposed

Investment dollar volume

\$1.5B

Industrial dollar volume, 2020 to Q2 2021

Office sales activity temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 36.5% and 25.5% in CBD and Suburban markets, respectively, compared with the prior 5-year average dollar volume. Industrial volumes surged +32.8% against the prior 5-year average due to stronger fundamentals.



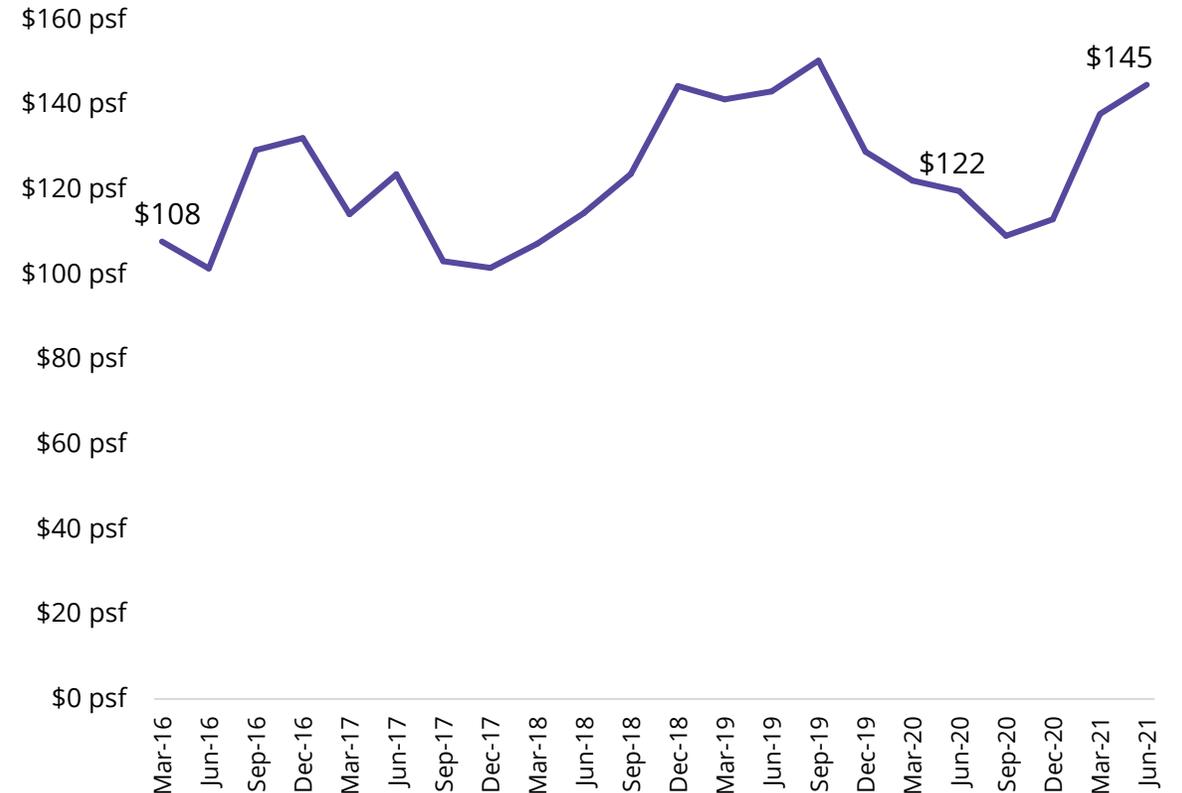
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+ 18.5%

Miami industrial pricing, March 2020 to June 2021

Pricing for Miami industrial assets has surged by 18.5% since the onset of the pandemic. Investors remain bullish on well-located, premium logistics assets within Miami's industrial market.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- With the cost of land, labor and construction materials going up considerably over the course of the last year, asking base rents in Miami are poised for their **largest rate of acceleration in two decades**. New developments delivering in 2022 are quoting \$9.00 NNN across the board and developers will likely exceed that number when underwriting the next wave of development as core Miami land reaches \$2M per acre.
- Miami's **fast expanding population** will worsen transportation hurdles in the future if infrastructure is not improved, which could hamper the industrial sector in general and distribution, 3PL and logistics in particular.
- Developers will continue to scour Miami for **prime development sites**, which are becoming hard to find. Look for Bridge Development Partners, Prologis, Link Logistics, Brookfield, Clarion Partners, Modlo and Butters Group to remain in active pursuit.
- Solid leasing fundamentals have driven investment interest to industrial, and **e-commerce penetration** has only reinforced the need for last-mile facilities near Miami consumers. Looking forward, expect some continued lag time between the delivery of new development product and demand.





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Fort Lauderdale market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring South Florida's unemployment rate down to **5.7%**.
- Oxford Economics projects that South Florida is expected to see job growth of **3.2%** in 2021, 4.6% in 2022, and should recover all of its lost jobs in Q2 2022.
- Gross domestic product (GDP) in South Florida remains **0.8%** below the peak level reached in 2019 but is expected to grow 8.1% in 2021 and 4.9% in 2022. From 2023 to 2025, GDP is expected to grow at an annual rate of 1.8% led by real estate - which is expected to contribute 20% of the growth.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Logistics, e-commerce and the distribution of consumer products continue to drive leasing activity in Fort Lauderdale, a trend that is expected to continue well into 2022.



Industrial demand

- Leasing activity is at **48.7%** of the total recorded in 2020 and is expected to accelerate through the end of 2021.
- E-commerce continues to have a significant impact on the Fort Lauderdale market, with two notable deals signed during the second quarter, which is creating marked demand for higher quality class A distribution space.
- The largest lease concluded during Q2 occurred in the Northwest Broward submarket when an e-commerce company leased a **215,486-sf** class A distribution building.

Key industrial takeaways



Industrial supply

- As logistics requirements and e-commerce needs forge ahead in Fort Lauderdale, developers continue to scout for sites to stay ahead of demand.
- There are 11 industrial properties under construction in Broward County totaling **2.2 million sf** and comprising 1.8% of existing inventory. Half of these buildings underway are in the pivotal 100,000 – 250,000 sf range in heavy demand, along with another 22 buildings that remain proposed.
- Fort Lauderdale’s overall vacancy rate continues to incrementally decline with vacancy at **4.4%**, the lowest rate since 2018.



Pricing trends

- Base rents have increased by **5.4%** since the start of the pandemic and have generally trended upward over the last decade, rising steadily since 2012.
- Some landlords in South Florida are beginning to push for **4%** escalations in their initial proposals but there is little traction so far. The Amazon effect has driven some of the acceleration in asking rents over the last year, and that may begin to taper off during the second half of the year.



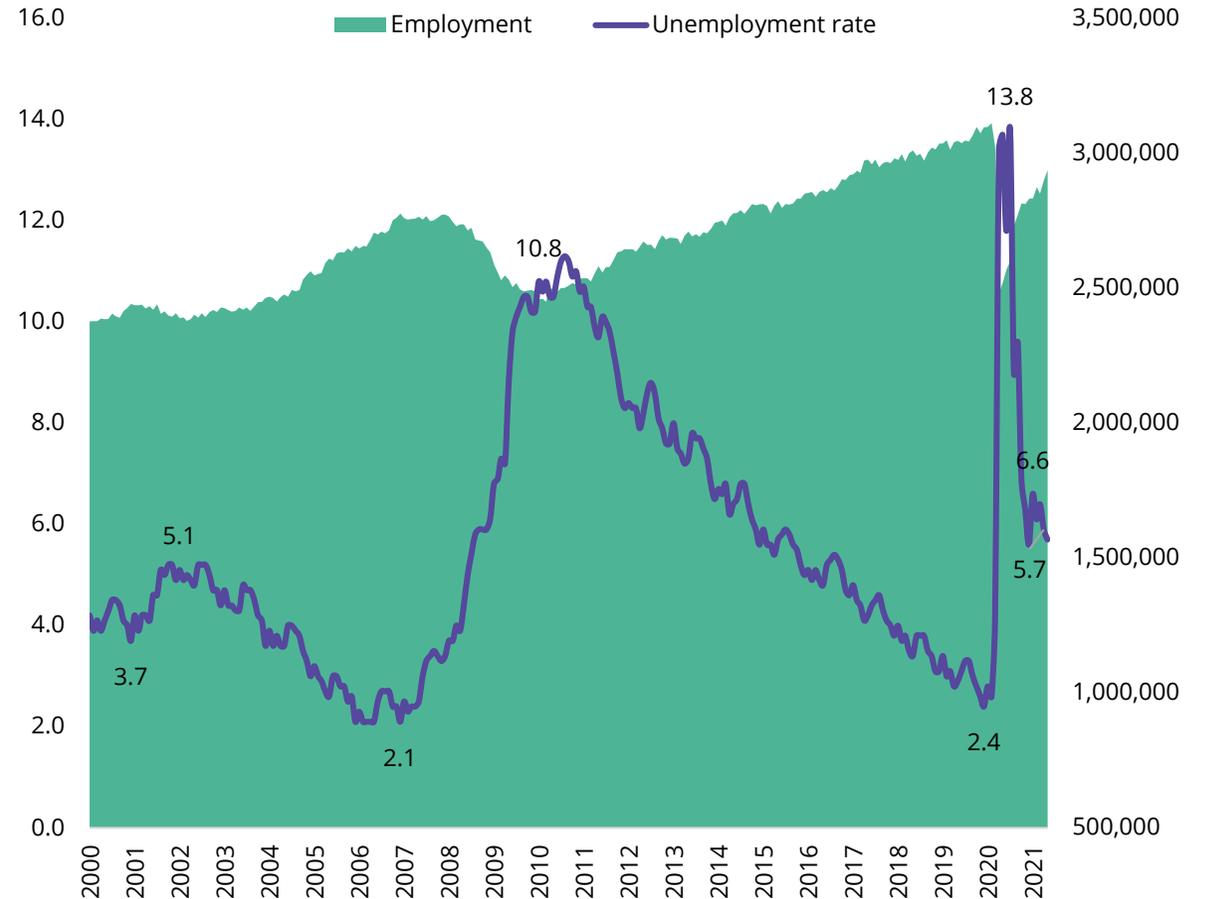
Capital markets

- Fort Lauderdale’s industrial investment activity has been healthy, totaling **\$546.4M** since 2020 as investors are attracted to the sector’s strong post-pandemic fundamentals.
- Industrial volumes are down **8.3%** against the prior five-year average due in part to fewer properties being placed on the market for sale.
- The most significant investment sales transaction during Q2 2021 was Seagis Property Group’s acquisition of a warehouse building in Port 95 Industrial Park in the SE Broward submarket for **\$24.6 million**, or \$173 per sf, a 341% increase over its last sale in 2011.

5.7%

South Florida's unemployment rate as of May 2021, 810 bps below the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with 629,600 job losses between February and April 2020. However, reopening efforts in the months since have enabled the economy to add over 455,000 jobs since April 2020.



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

Property type job gains and losses

-6.8%

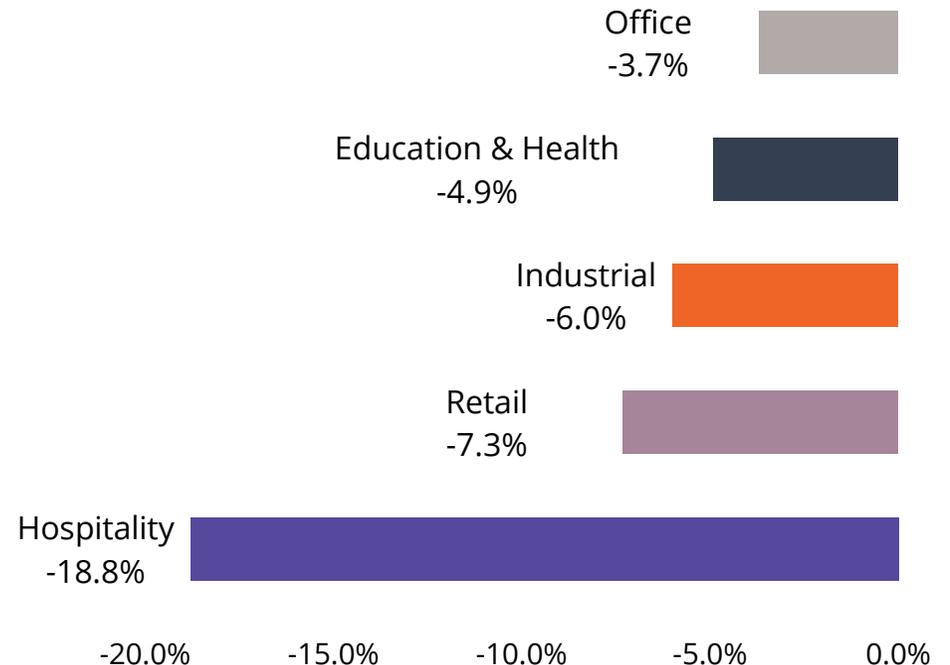
Change in total employment during the pandemic

The South Florida metro area lost 6.8% of its total labor force since the pandemic began with industrial losses faring slightly better at 6.0%. The strength of the industrial sector in Fort Lauderdale pre-pandemic helped to offset the losses that have occurred.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



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

Industrial job gains and losses

-6.0%

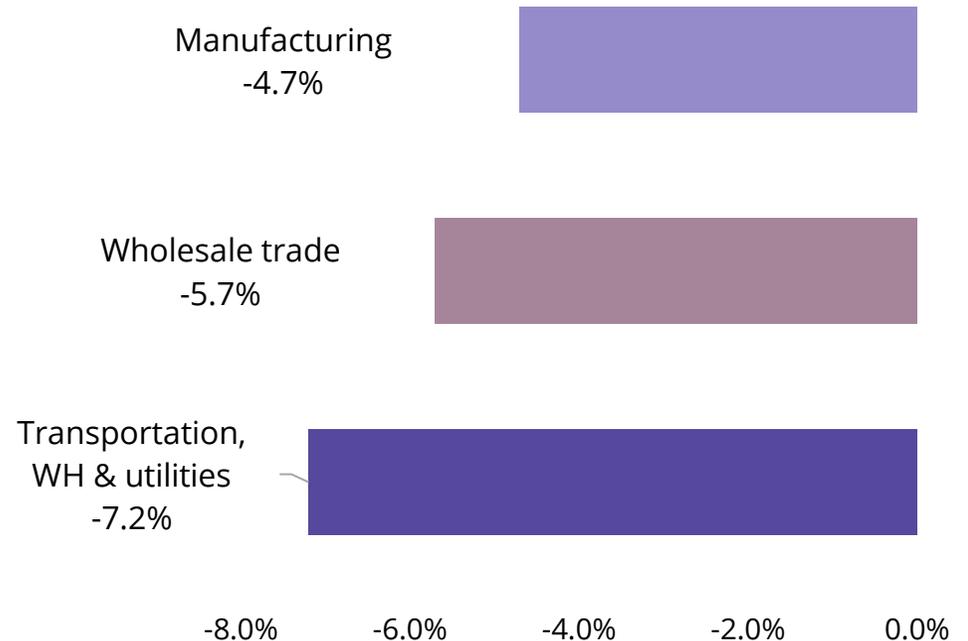
Change in industrial employment during the pandemic

South Florida industrial job losses have declined by 6.0% since the start of the pandemic, however this recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 12.6%.

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

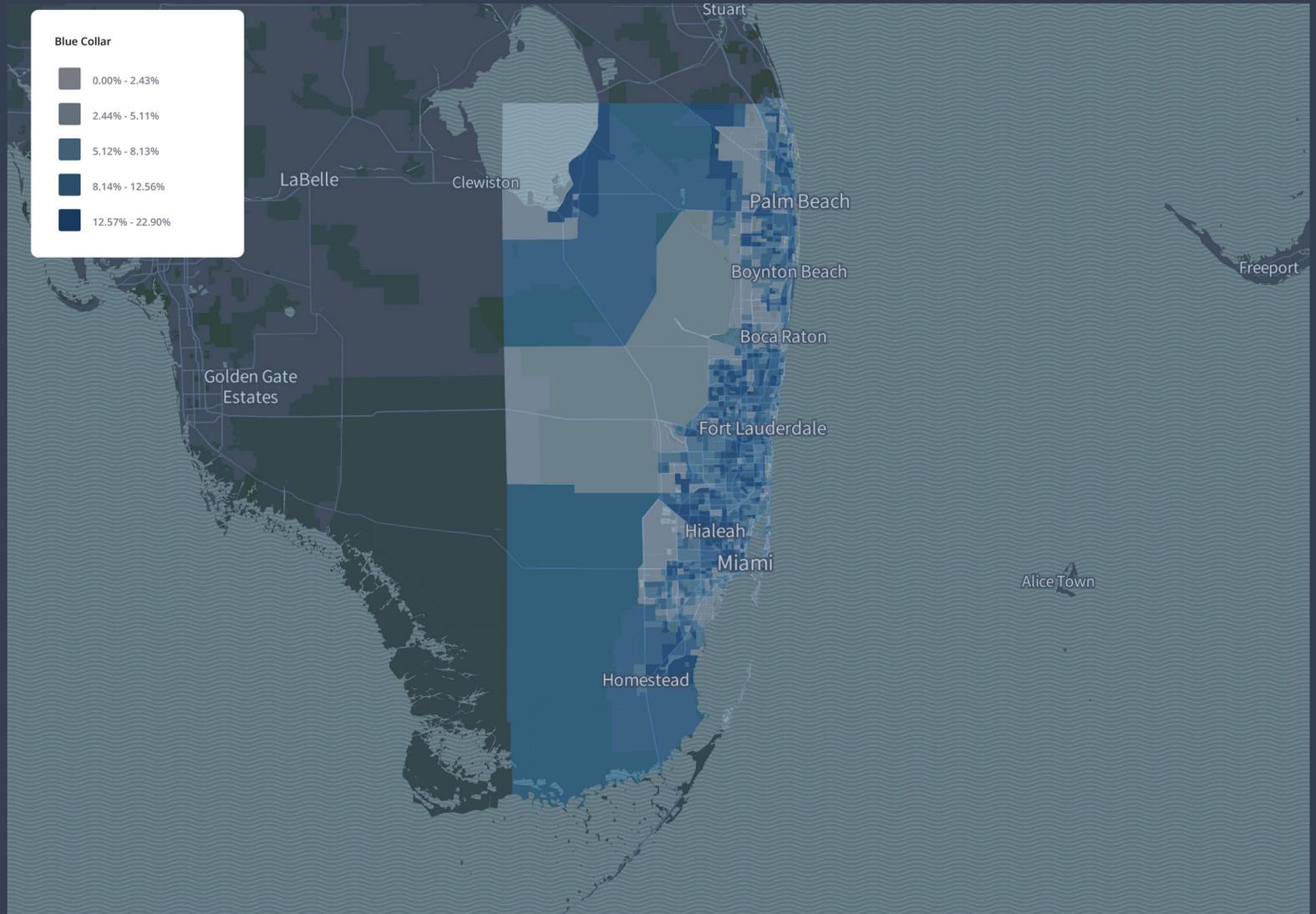
February 2020 to May 2021



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

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout South Florida's largest industrial submarkets.

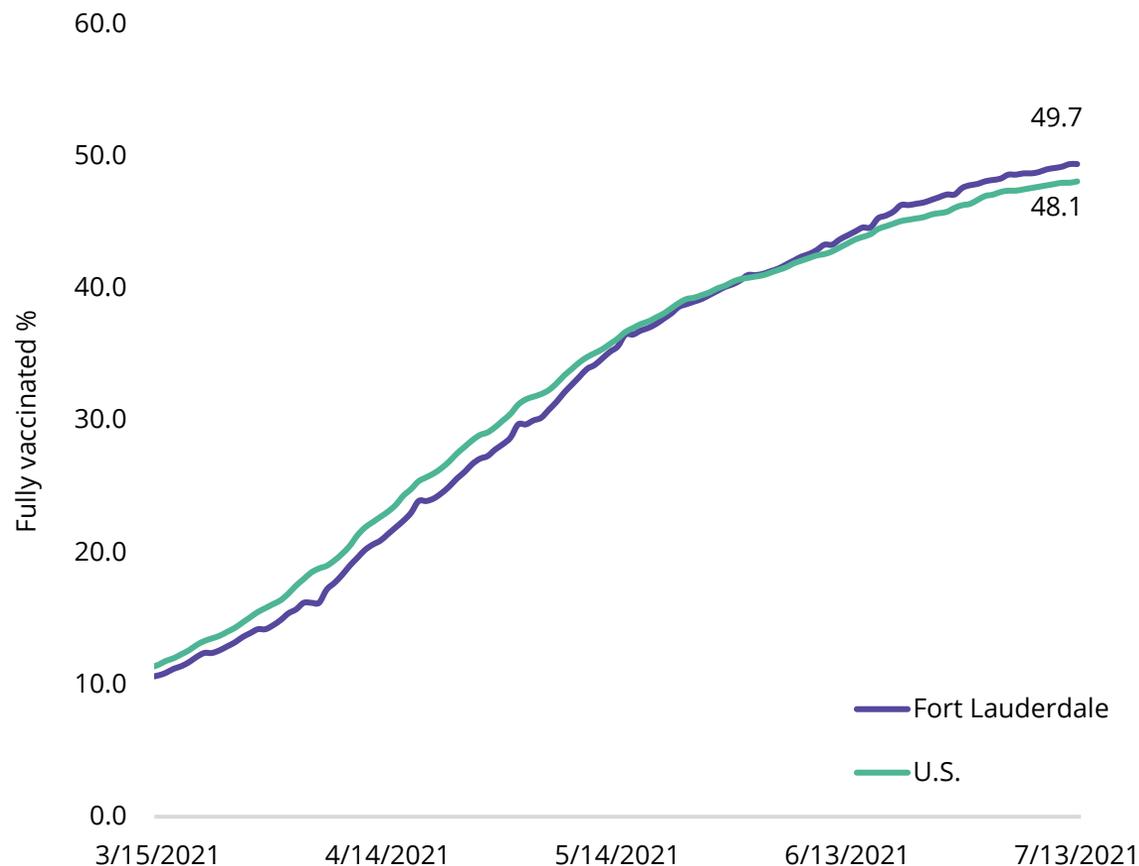


Vaccination rates

49.7%

Share of total Broward County population that is fully vaccinated

Total vaccinations in Broward County slightly exceed the national average, however the county still lags behind vaccination rates in several major U.S. metros.



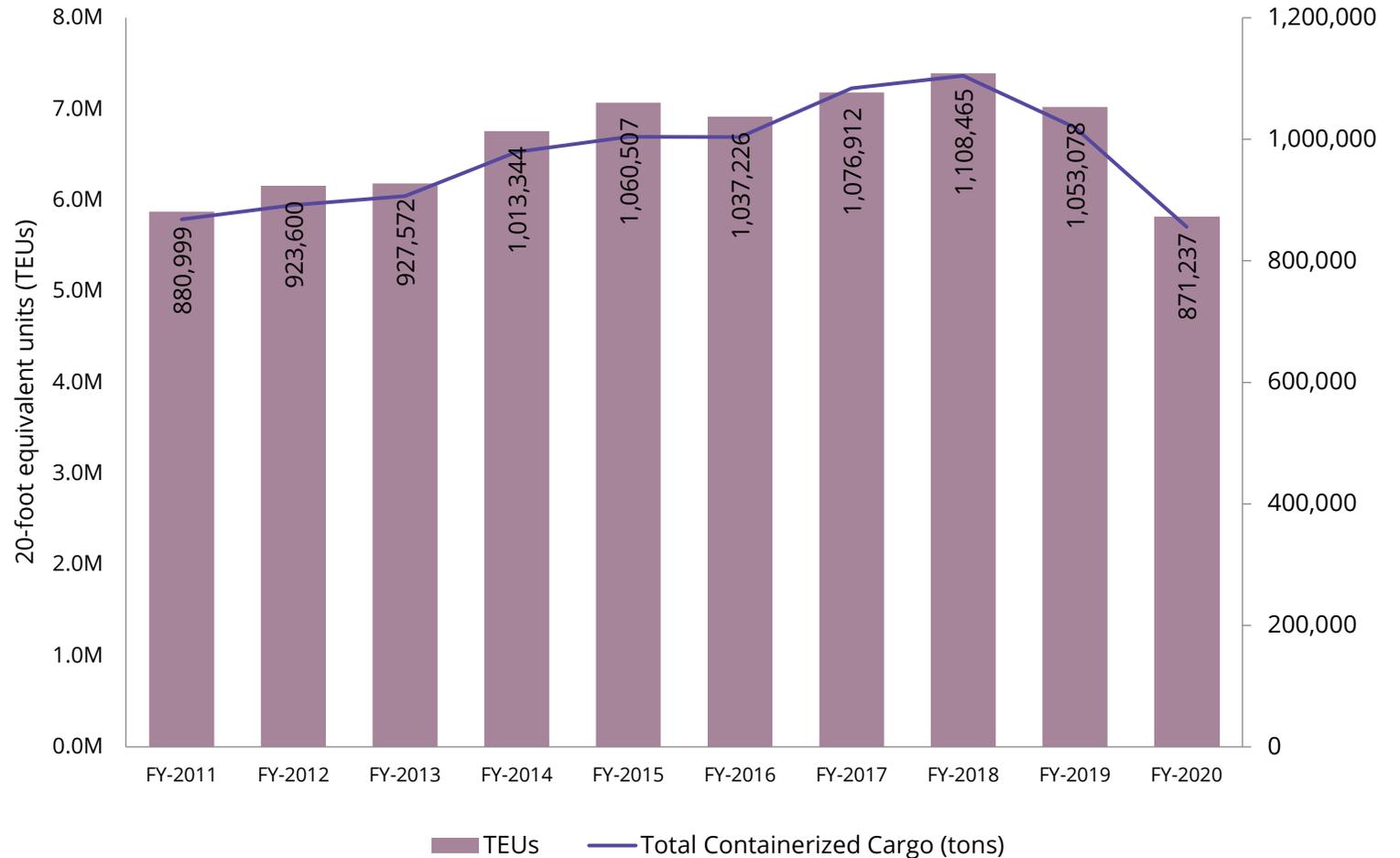
Source: CDC

Port Everglades cargo volume

871.1K

TEUs during FY-2020

Port Everglades was impacted by the cruise industry stoppage during 2020, however FY-2020 cargo and cruise activity still generated \$29.1 billion in economic value for the state of Florida during the year. Figures for FY-2021 will not be available until October.



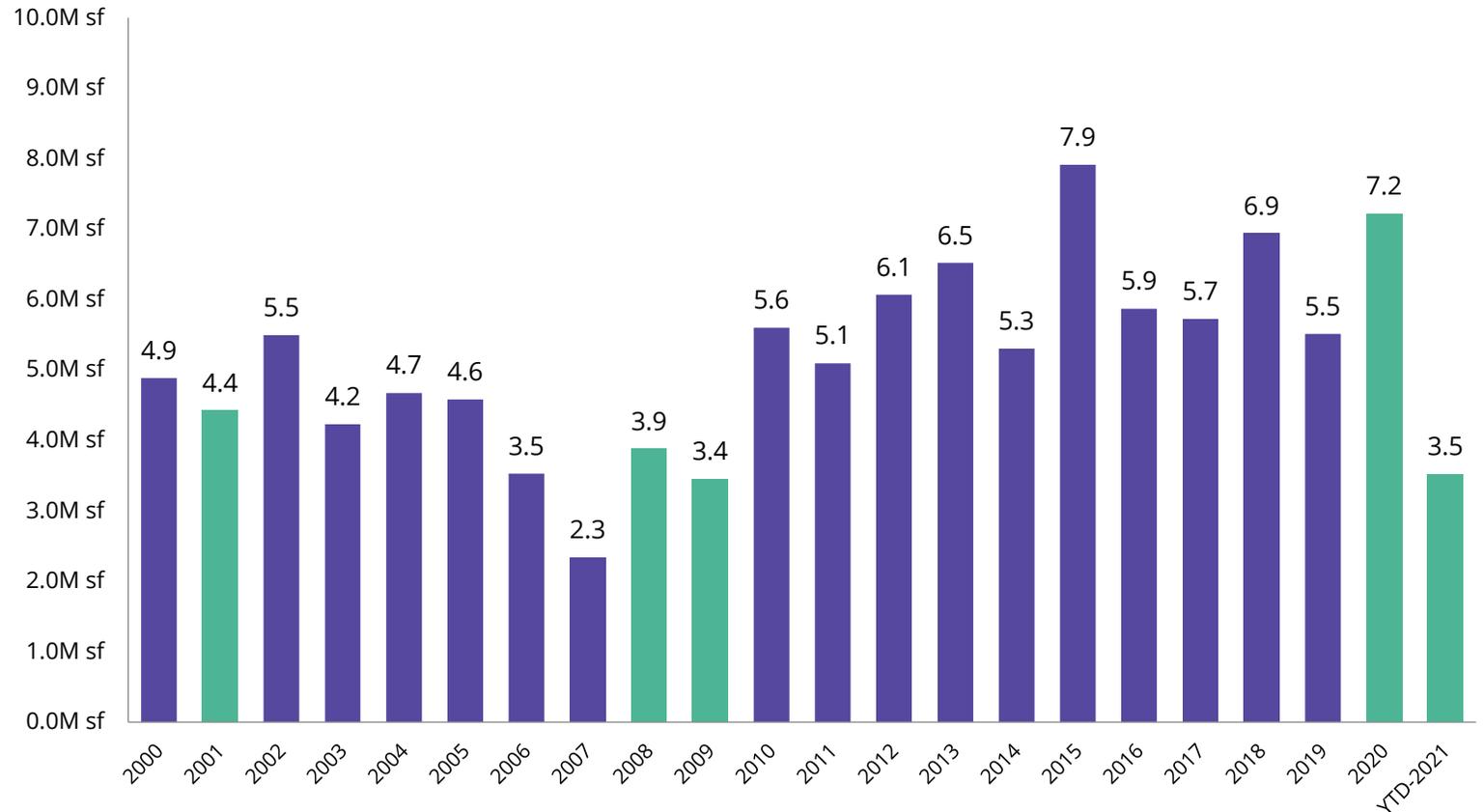
Source: PortMiami

Industrial leasing activity

48.7%

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

Leasing activity has been strong through Q2 2021, following on the heels of 11 straight years where leasing eclipsed 5 million sf annually.



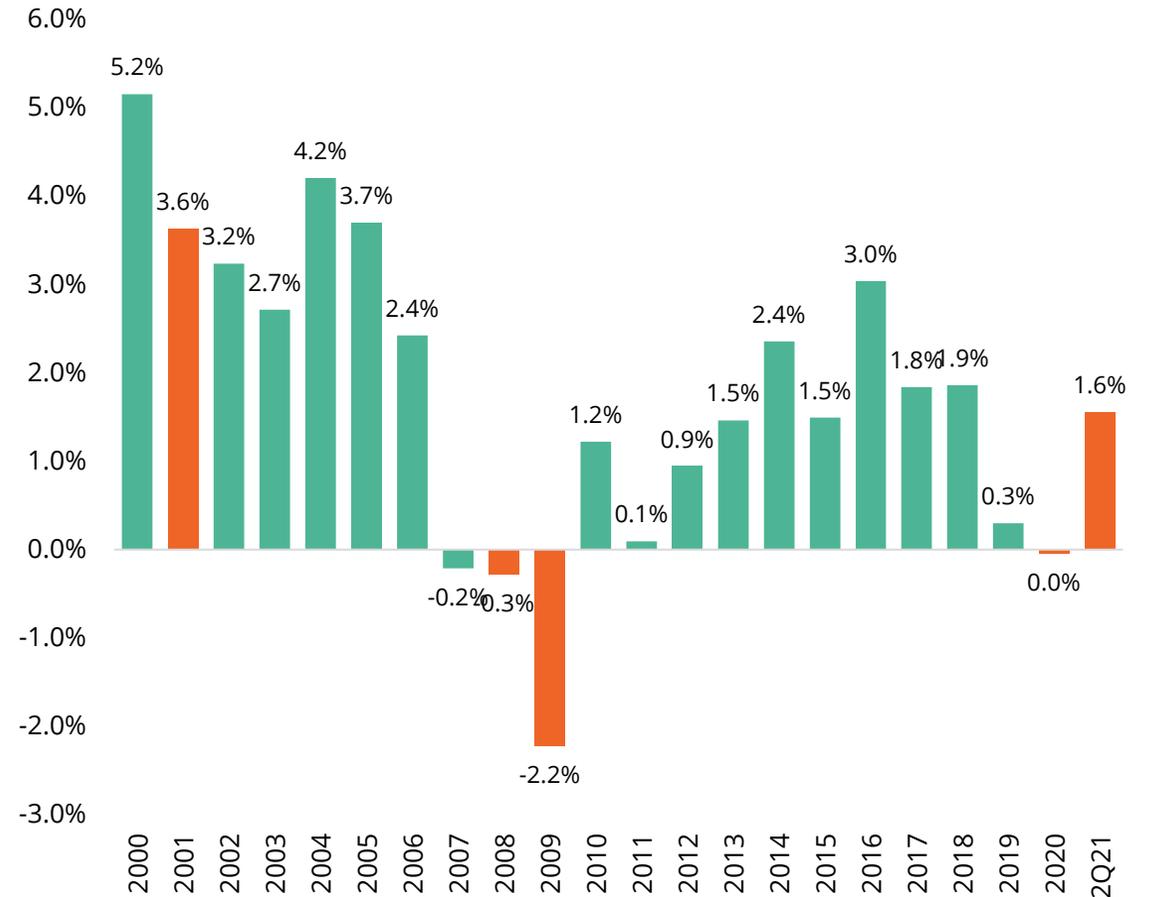
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

1.6%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year has been solid and is indicative of an active and healthy industrial market. Barring anything unforeseen, net absorption for 2021, which currently totals 1.6 million sf, is on pace to significantly outpace the performance of the last several years.



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

Industrial vacancy rate

8.1%

Total vacancy in Fort Lauderdale has nearly doubled since 2018

The Q2 2021 total vacancy rate of 8.1% reflects the lowest rate since 2018, however it is also notable that net absorption for the year-to-date is already 89% of what was recorded that year, underscoring how quickly the market is leasing up newly available space.



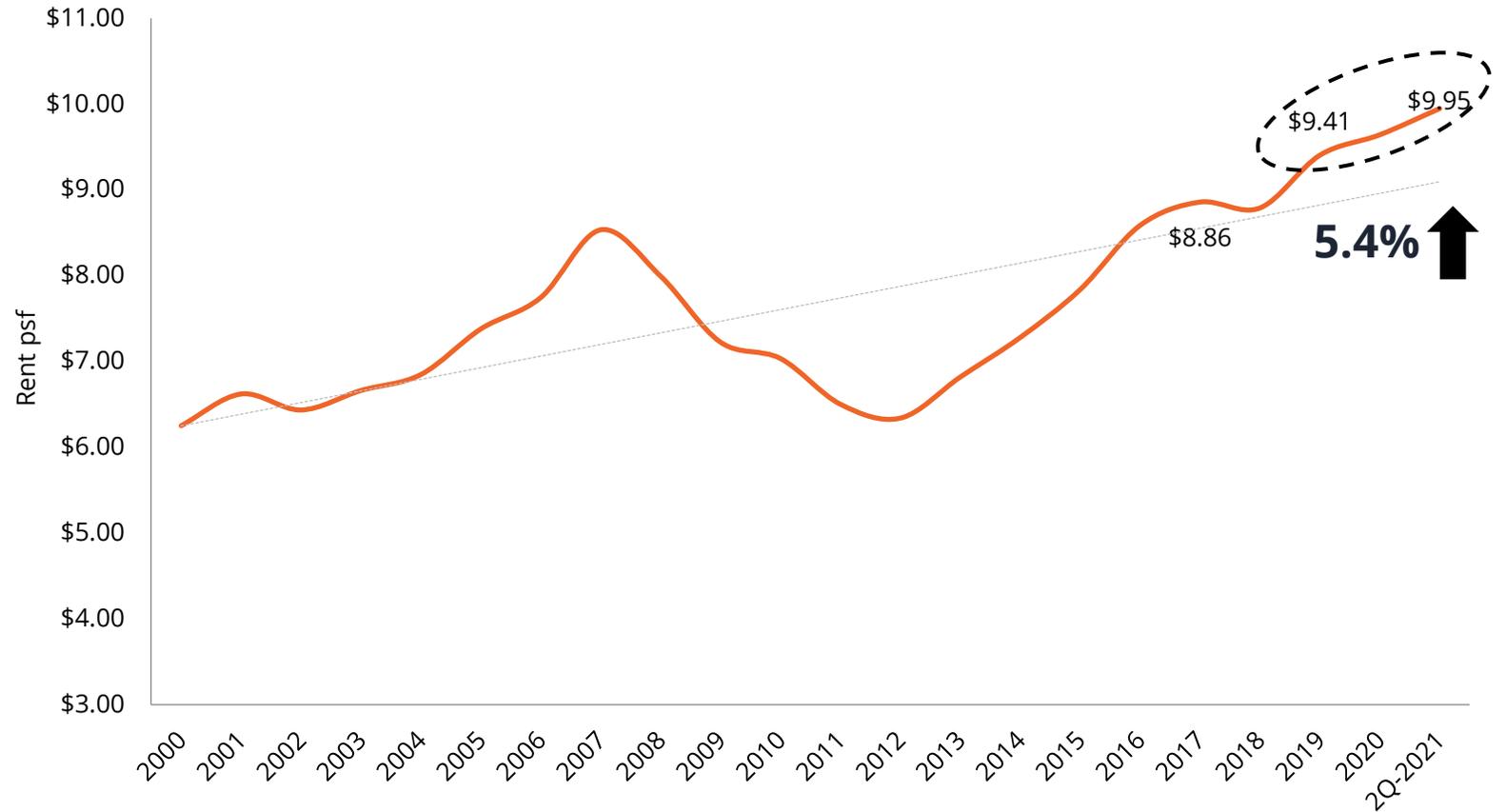
Source: CoStar

Base rents

+5.4%

Base rents since the onset of the pandemic

Base rents for industrial space grew during the second quarter and have generally trended upward over the last decade, rising steadily since 2012 and growing 36.2% over that period.



Source: AVANT by Avison Young

Big-box demand drives construction

20 properties

Proposed or under construction

3.0 msf

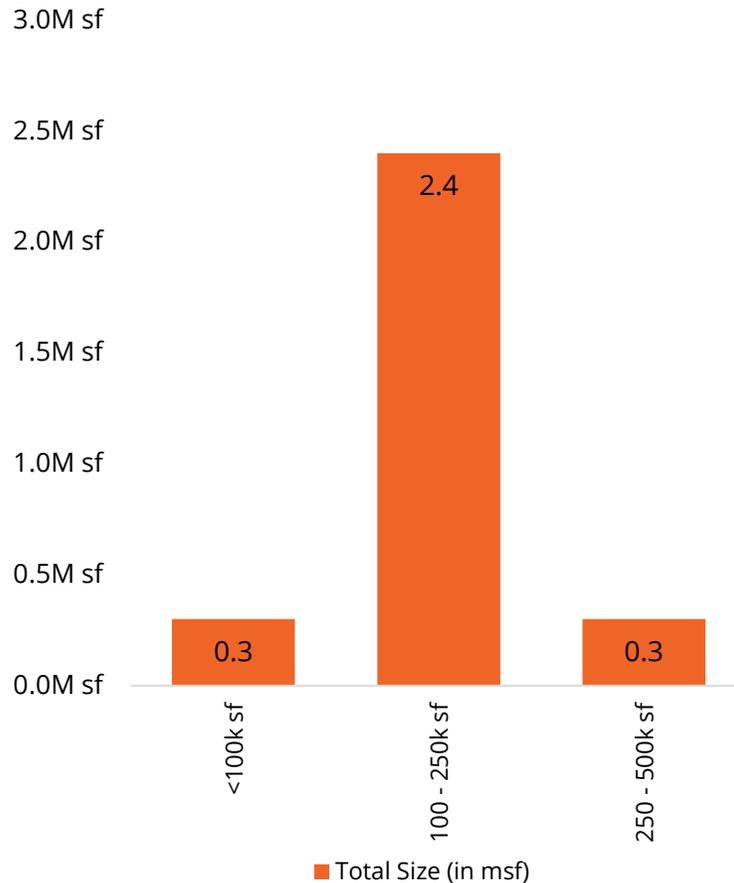
Proposed or under construction

4.6%

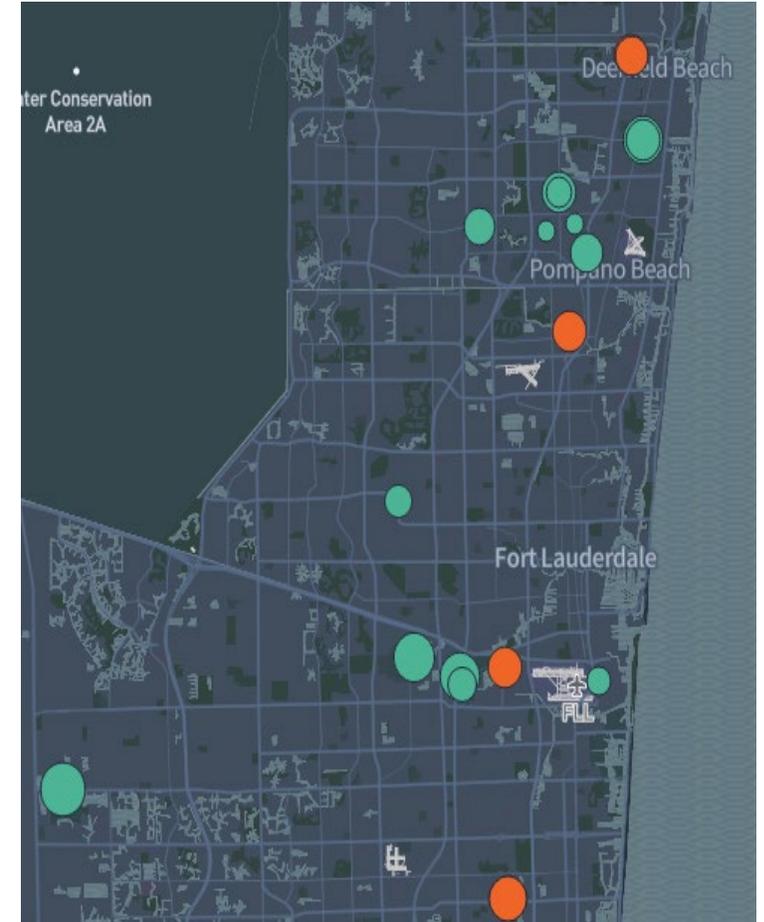
Share of industrial inventory

Southeast Broward

Submarket with the most projects under construction at 3



Source: AVANT by Avison Young



Orange circle: Under construction Green circle: Proposed

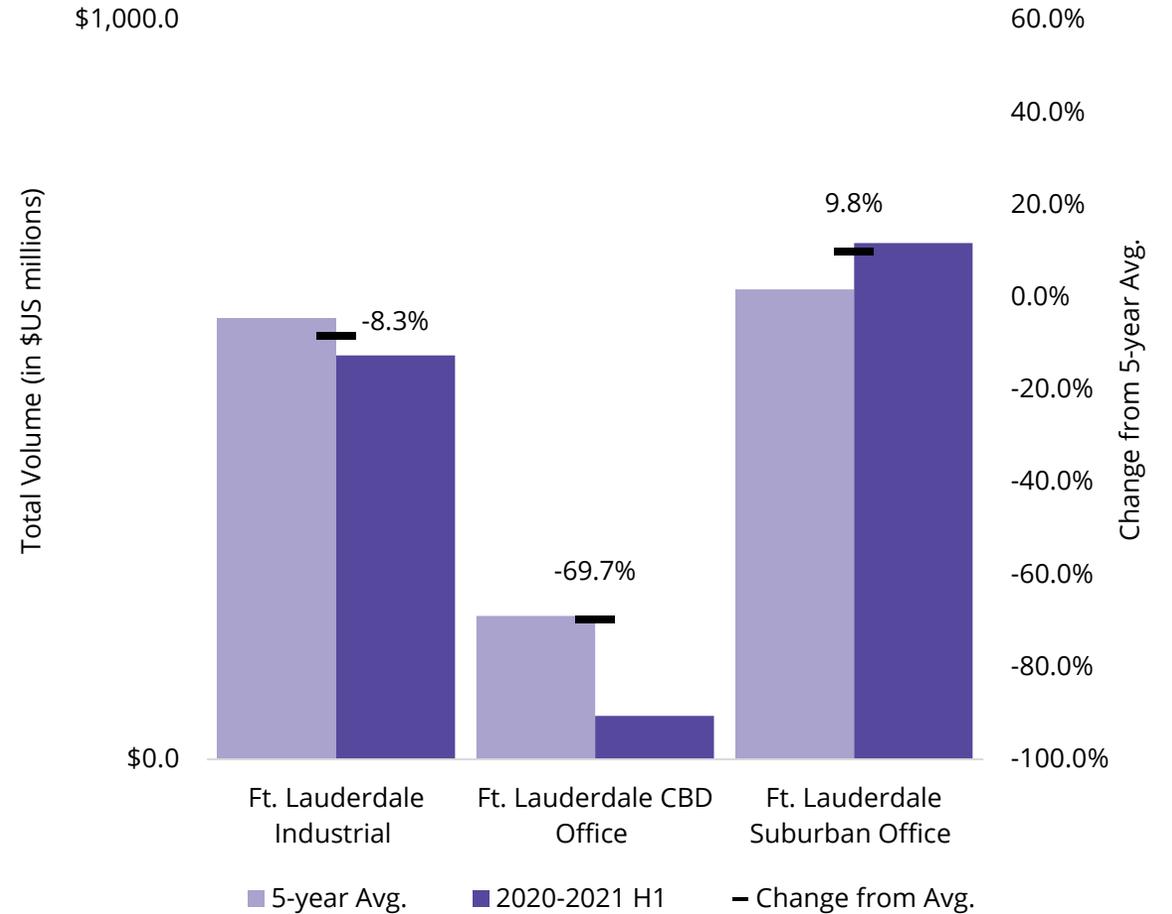
Investment dollar volume

\$546.4M

Industrial dollar volume, 2020 to Q2 2021

Industrial sales volume from 2020 through 2Q21 remains down 8.3% from the 5-year average sales volume.

Investment activity in Fort Lauderdale’s suburban office market was the strongest with total volume between 2020 and 2Q21 rising 9.8% above the 5-year average.



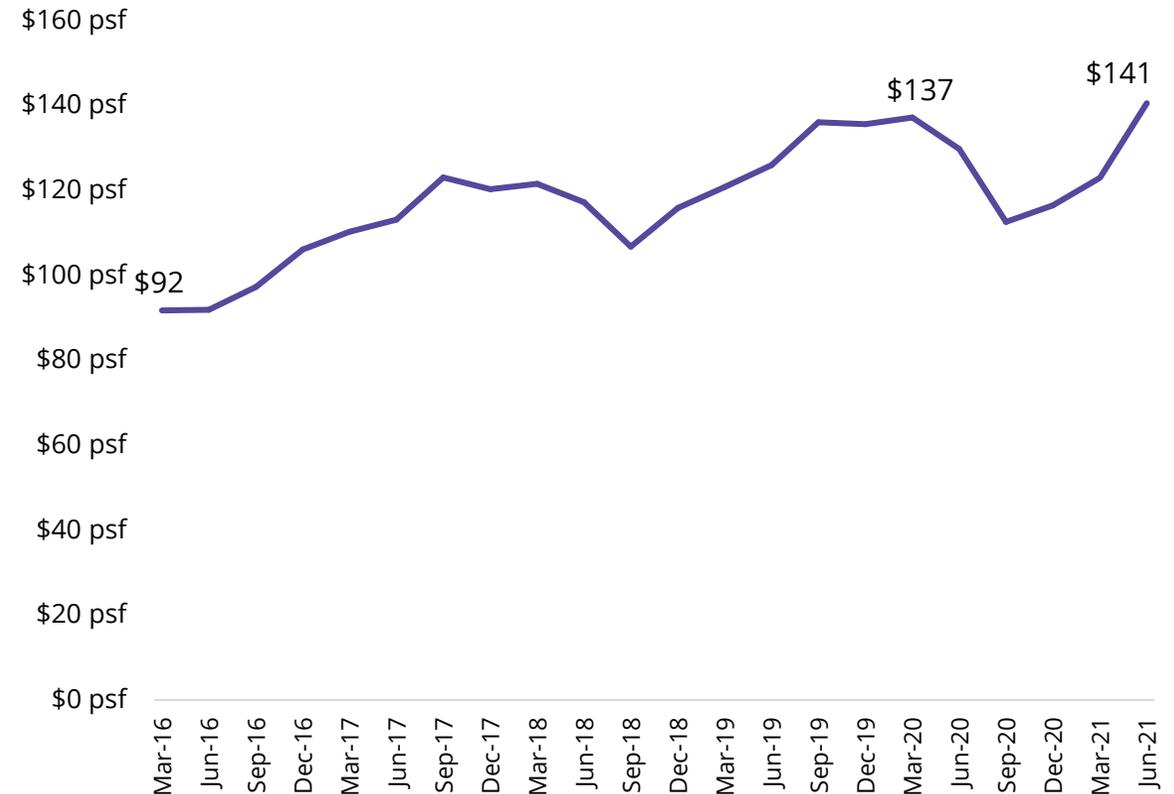
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+ 2.5%

Fort Lauderdale industrial pricing, March 2020 to June 2021

Pricing for Fort Lauderdale industrial assets has experienced a healthy recovery, increasing by 2.5% since the onset of the pandemic.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- While industrial fundamentals remain strong in Fort Lauderdale, pricing pressures on both the leasing and investment sales sides coupled with **inflationary concerns** are leading some investors to look at secondary and tertiary markets.
- Developers remain active in Fort Lauderdale. As they pencil in higher rates for new projects it will help to set the bar moving forward for existing properties negotiating the **pricing delta** between remaining competitive and offering an attractive alternative to new development with a comparatively discounted rate.
- Incremental upticks in asking base rents will continue over the next year as higher quality class A space will remain sought after, creating **pricing appreciation**.
- 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 addition to reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.



AVISON
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West Palm Beach market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring South Florida’s unemployment rate down to **5.7%**.
- Oxford Economics projects that South Florida is expected to see job growth of **3.2%** in 2021, 4.6% in 2022, and should recover all of its lost jobs in Q2 2022.
- Gross domestic product (GDP) in South Florida remains **0.8%** below the peak level reached in 2019 but is expected to grow 8.1% in 2021 and 4.9% in 2022. From 2023 to 2025, GDP is expected to grow at an annual rate of 1.8% led by real estate, which is expected to contribute 20% of the growth.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Primarily an export port and an economic engine for Palm Beach County, the Port of Palm Beach is the fourth busiest container port of Florida’s 15 deep water ports and is the 18th busiest container port in the United States.



Industrial demand

- Leasing interest has been strong since the beginning of the year in West Palm Beach, and leasing activity is already at **58.0%** of the total recorded in 2020 and expected to accelerate through the end of 2021.
- E-commerce continues to have an impact on the West Palm Beach market with a major distribution center currently underway for Amazon. The dwindling availability of quality class A distribution space is creating heightened occupier demand, which will be partly mitigated when currently proposed speculative projects break ground—or in the event e-commerce activity begins to taper.

Key industrial takeaways



Industrial supply

- As logistics requirements and e-commerce needs forge ahead in South Florida, developers continue to search for prime sites to stay ahead of demand.
- There are 2 industrial properties in West Palm Beach's Palm Beach Park of Commerce under construction totaling 1.2 million sf, including a **1 million-sf** distribution warehouse for Amazon and a 200,000-sf speculative warehouse for TPA Group, with another 15 buildings that remain proposed countywide.
- West Palm Beach's overall vacancy rate continues to incrementally decline with vacancy at **5.4%**, the lowest rate since 2019.



Pricing trends

- Base rents have increased by **12.8%** since the start of the pandemic and have generally trended upward over the last decade, rising steadily since 2012.
- Some landlords in South Florida are beginning to push for **4%** escalations in their initial proposals but there is little traction so far. The Amazon effect has driven some of the acceleration in asking rents over the last year, and that may begin to taper off during the second half of the year.



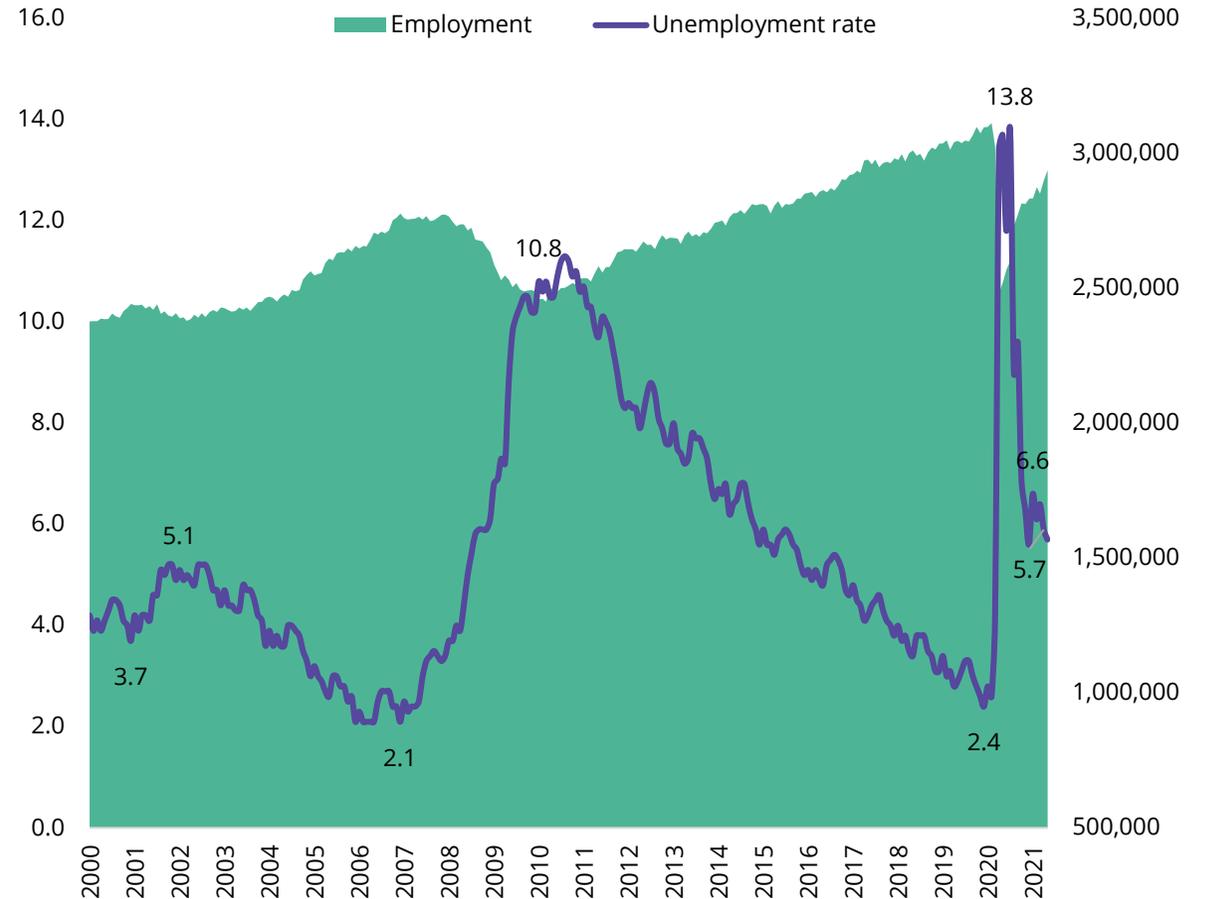
Capital markets

- West Palm Beach's industrial investment activity has been healthy, totaling **\$506.7M** since 2020 as investors are attracted to the sector's strong post-pandemic fundamentals.
- West Palm Beach industrial asset pricing has experienced some softening since the beginning of the pandemic, declining by **5.2%**.
- The largest industrial investment sales transaction during Q2 2021 was the sale of a 79,845-sf warehouse building at 3125 Fortune Way in Wellington to Chandaris Investment LLC for **\$15.1 million**, or \$190 per sf.

5.7%

South Florida's unemployment rate as of May 2021, 810 bps below the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with 629,600 job losses between February and April 2020. However, reopening efforts in the months since have enabled the economy to add over 455,000 jobs since April 2020.



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

Property type job gains and losses

-6.8%

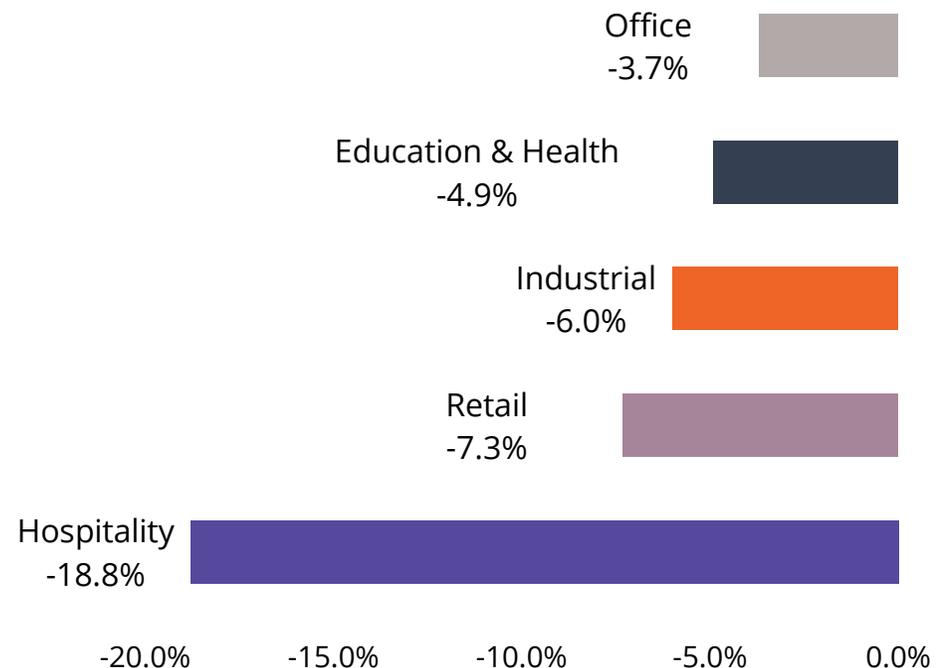
Change in total employment during the pandemic

The South Florida metro area lost 6.8% of its total labor force since the pandemic began with industrial losses faring slightly better at 6.0%. The strength of the industrial sector in West Palm Beach pre-pandemic helped to offset the losses that have occurred.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



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

Industrial job gains and losses

-6.0%

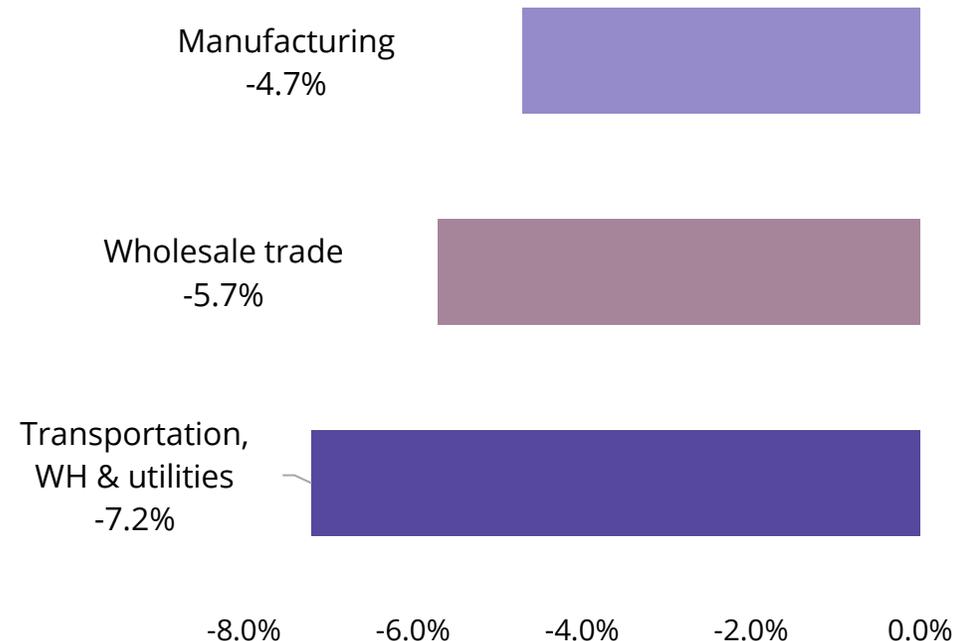
Change in industrial employment during the pandemic

South Florida industrial job losses have declined by 6.0% since the start of the pandemic, however this recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 12.6%.

[VIEW DASHBOARD](#)

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

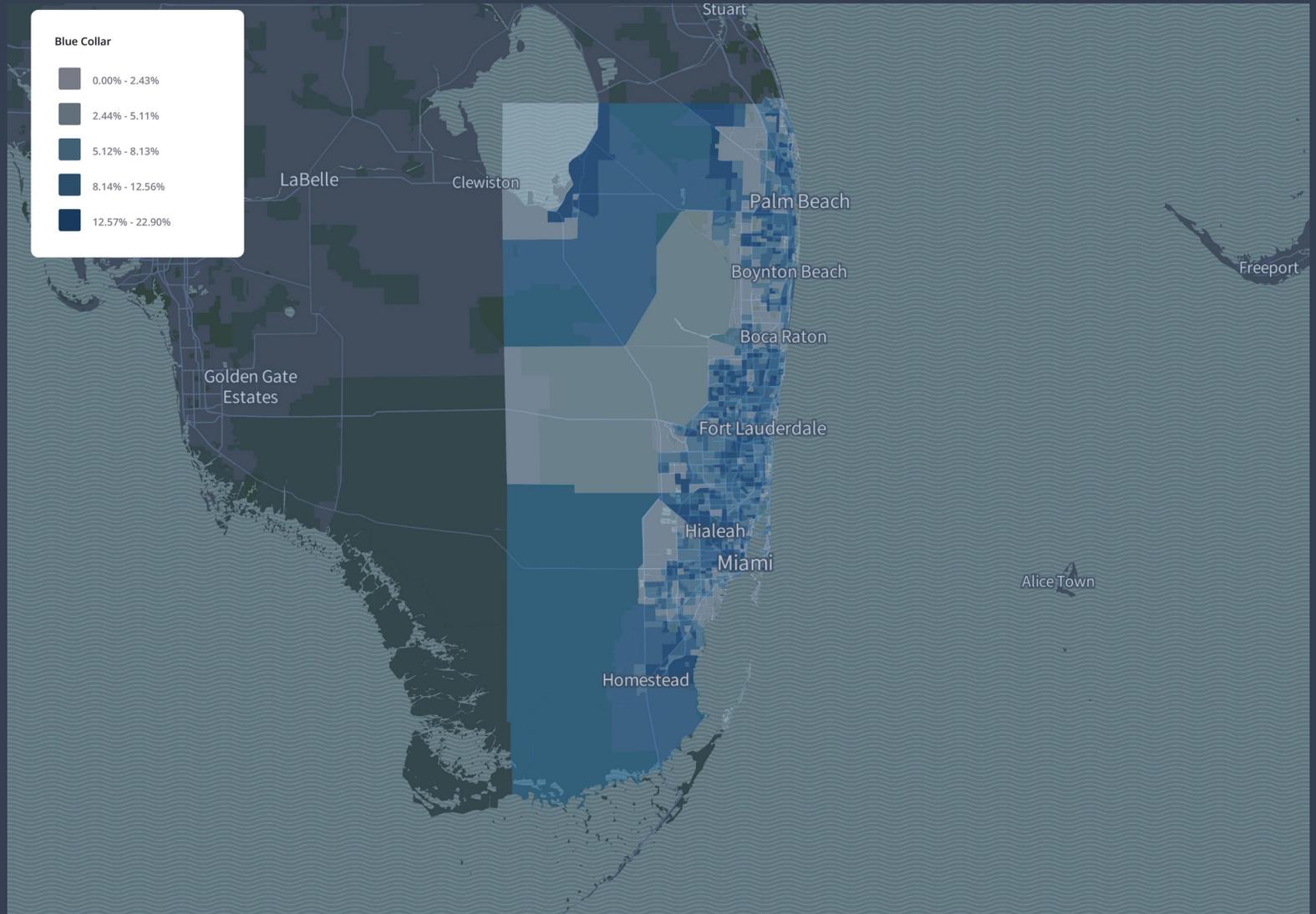
February 2020 to May 2021



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

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout South Florida's largest industrial submarkets.

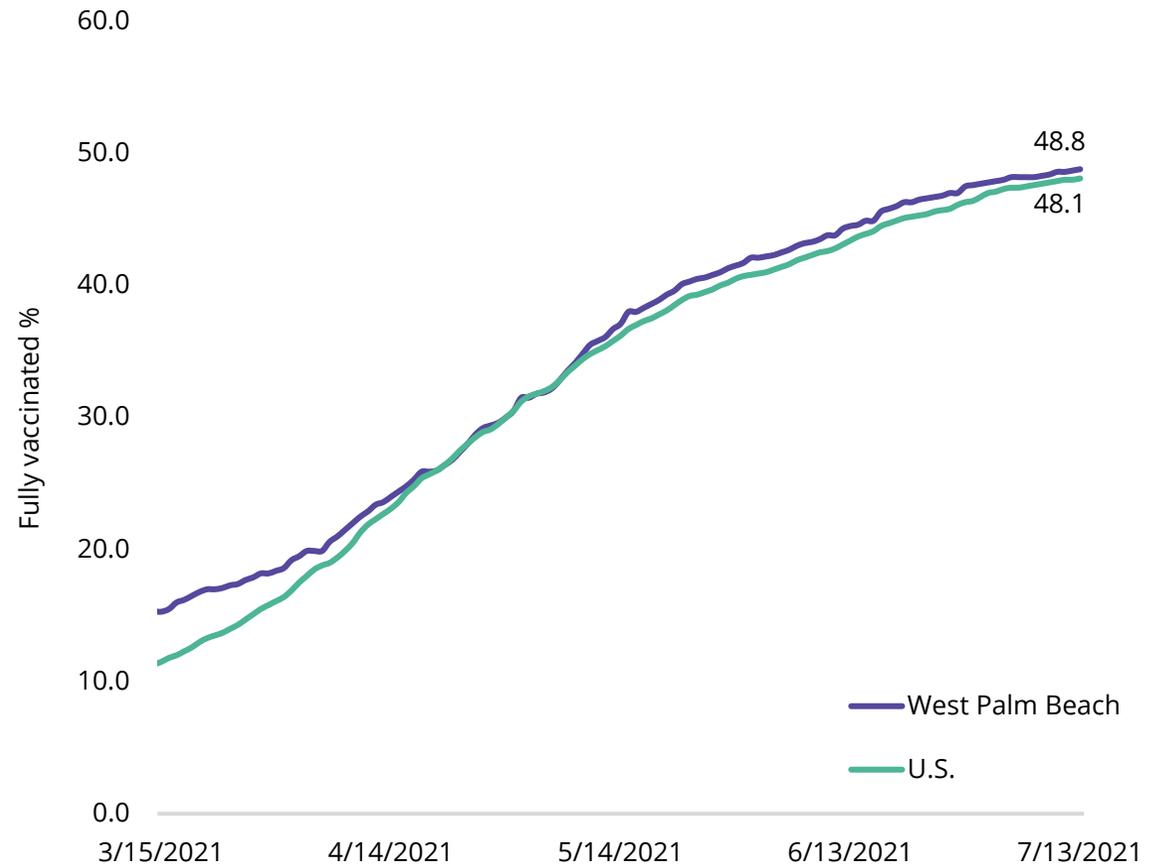


Vaccination rates

48.8%

Share of total Palm Beach County population that is fully vaccinated

Total vaccinations in Palm Beach County slightly exceed the national average, however the county still lags behind vaccination rates in several major U.S. metros.



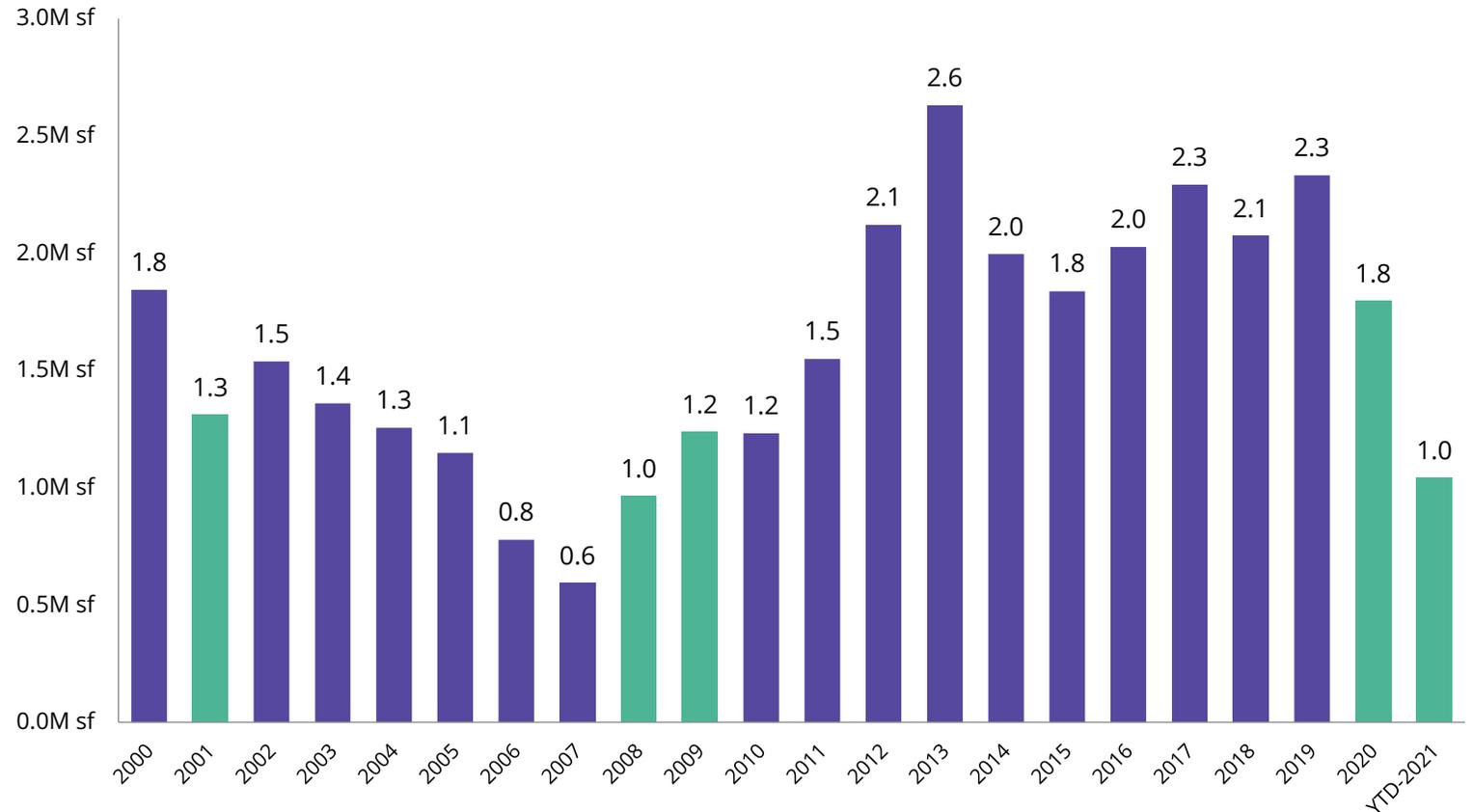
Source: CDC

Industrial leasing activity

58.0%

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

Leasing activity has been strong through Q2 2021 and is on pace to eclipse 2 million sf by year-end 2021.



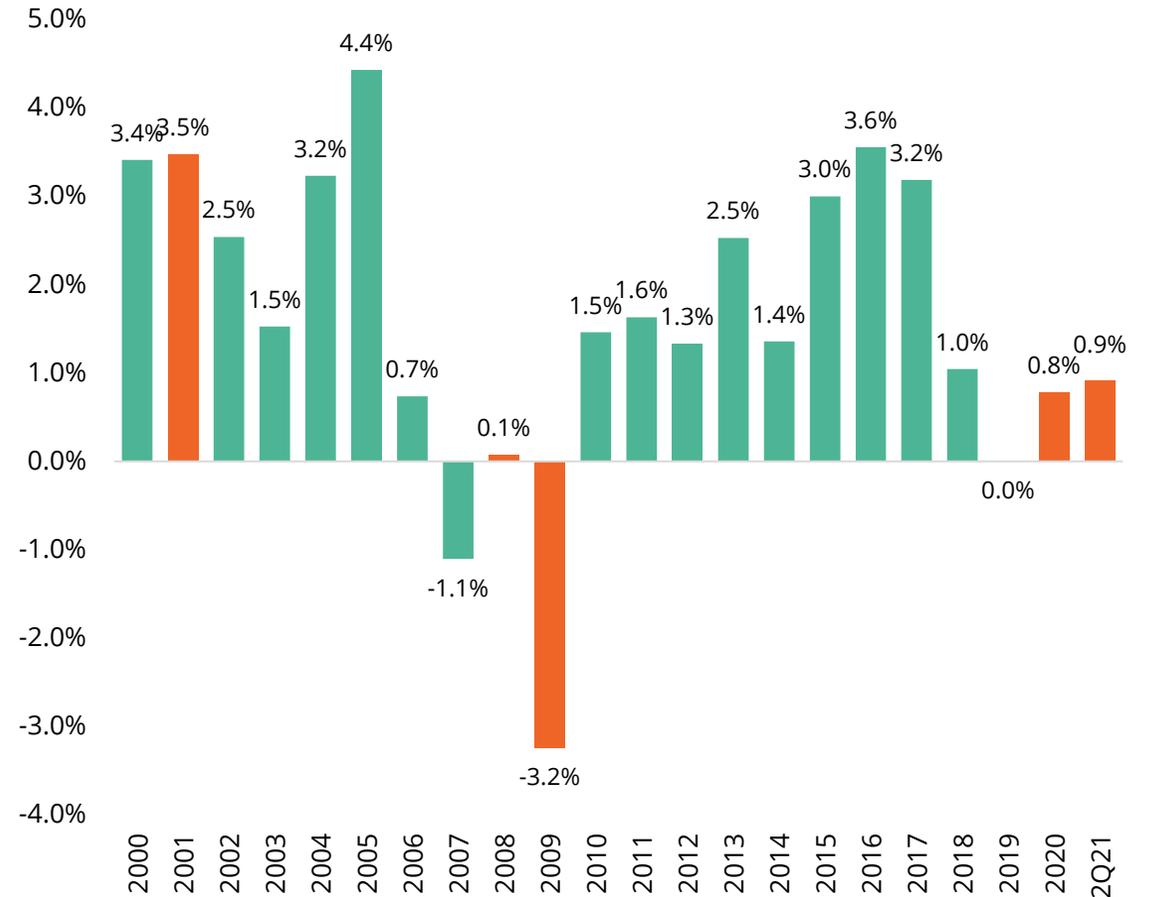
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

1.7%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year has been solid and is indicative of healthy overall fundamentals. Barring any major economic shocks, net absorption for 2021—which currently totals 369,688 sf—is on pace to eclipse the performance of the previous 2 years and will significantly outpace performance during the previous recession between 2008-2009.



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

Industrial vacancy rate

5.4%

Total vacancy has declined by 70 basis points since YE-2020

The Q2 2021 total vacancy rate of 5.4% reflects the lowest rate since 2019, however it is also notable that net absorption for the year-to-date has far significantly outpaced the negative absorption recorded that year, underscoring how quickly the market is leasing up newly available space.



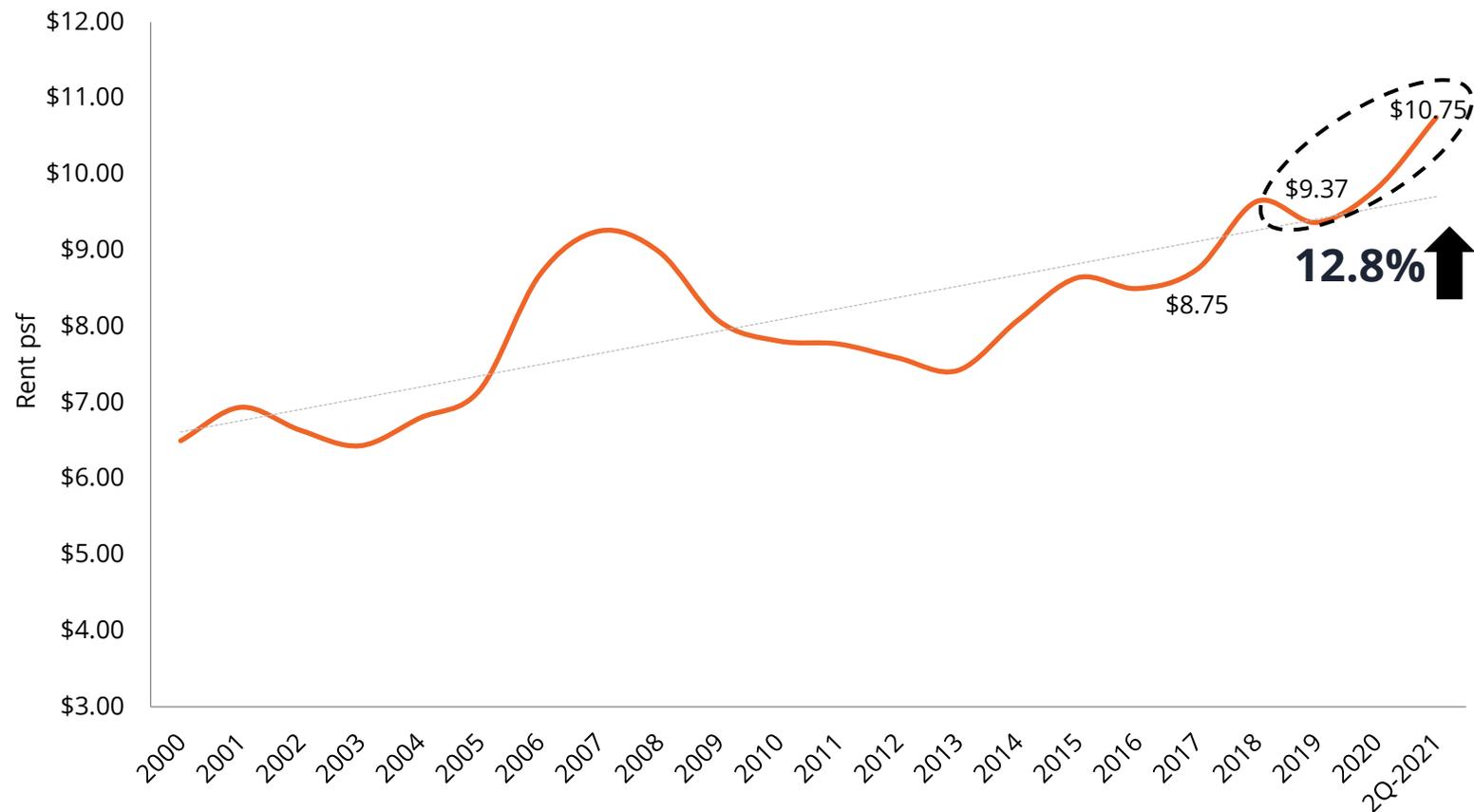
Source: CoStar

Base rents

+ 12.8%

Base rents since the onset of the pandemic

Base rents for industrial space (including flex) grew during the second quarter and have generally trended upward over the last decade, rising by 27.7% over that period.



Source: AVANT by Avison Young

Big-box demand drives construction

15 properties

Proposed or under construction

3.0 msf

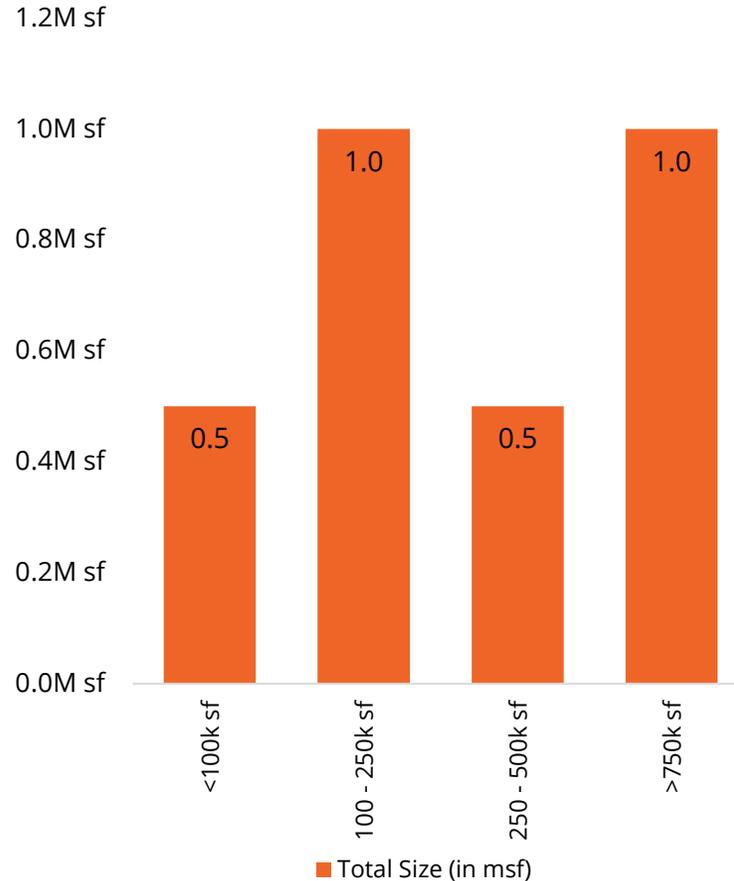
Proposed or under construction

7.4%

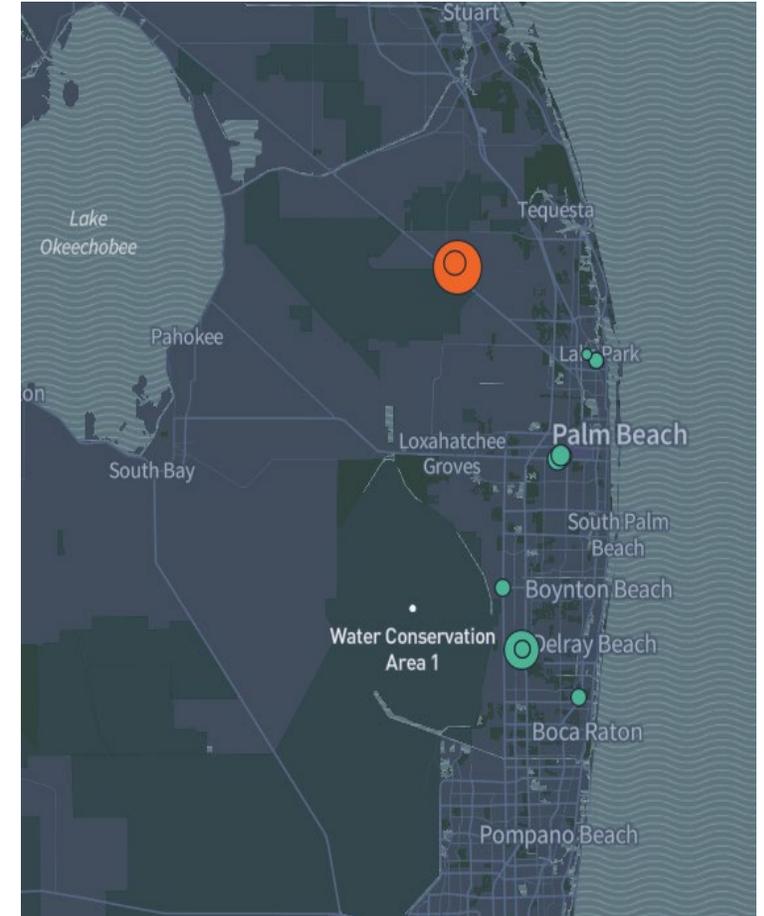
Share of industrial inventory

North Palm Beach

Submarket with the most under construction projects at 2



Source: AVANT by Avison Young



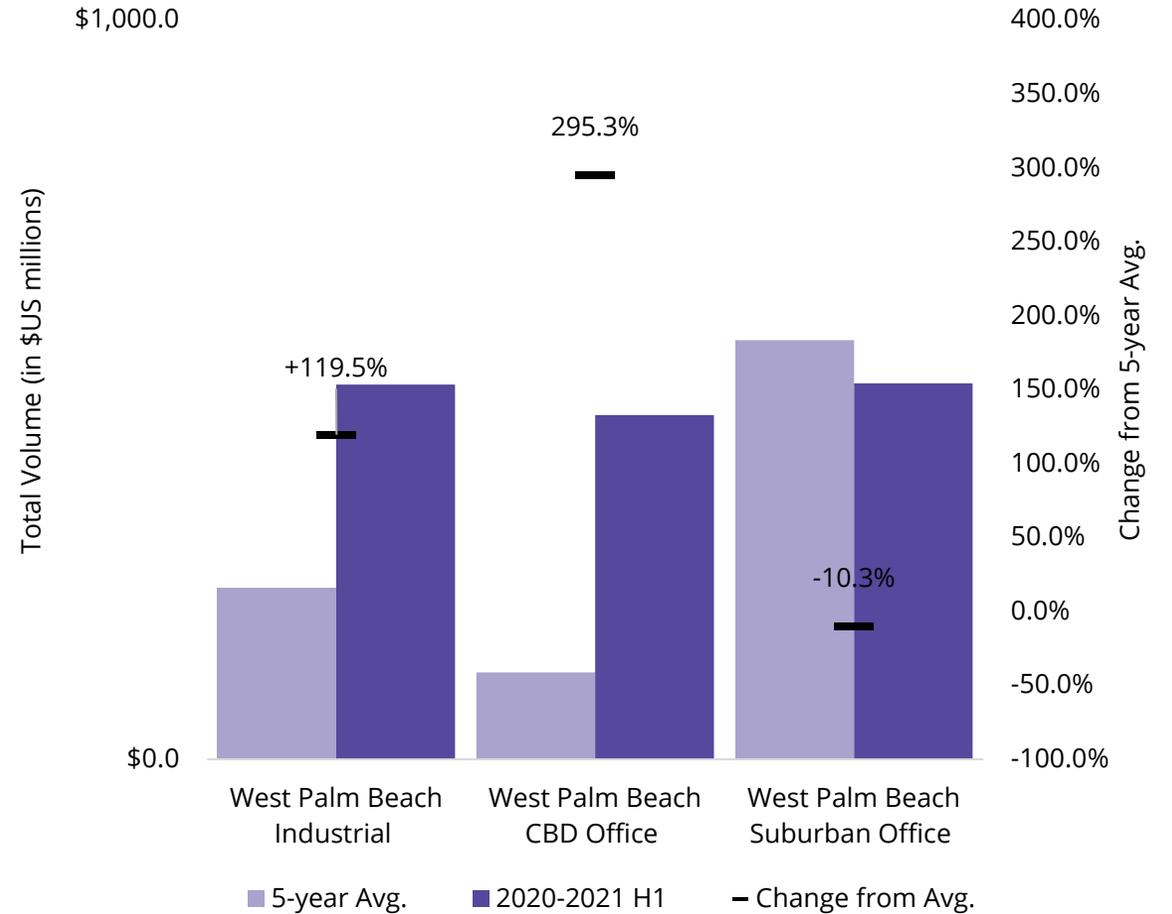
Orange circle: Under construction Green circle: Proposed

Investment dollar volume

\$506.7M

Industrial dollar volume, 2020 to Q2 2021

Investment activity has picked up for both industrial and office assets in West Palm Beach. Industrial sales volume for 2020 through 2Q21 was up 119.5% over the 5-year average and office sales were up significantly in the CBD by 295.3% due to a handful of key trophy office tower trades.



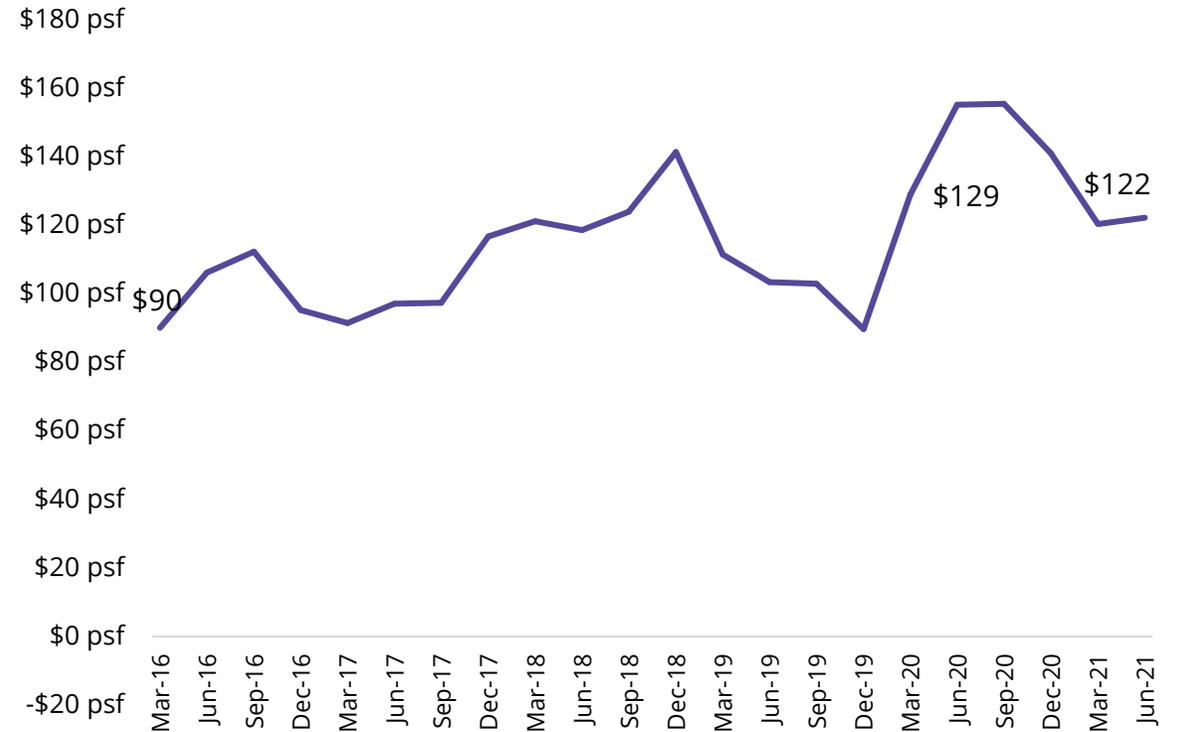
Source: AVANT by Avison Young
RCA

Industrial asset pricing

-5.2%

West Palm Beach industrial pricing, March 2020 to June 2021

West Palm Beach industrial asset pricing has experienced some softening since the beginning of the pandemic, declining by 5.2%.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- Pricing pressures on both the leasing and investment sales sides coupled with **inflationary concerns** are leading some investors to look at secondary and tertiary markets however industrial fundamentals remain healthy in West Palm Beach.
- Developers will remain active in West Palm Beach but at a slower pace than neighboring markets, and the Amazon effect will likely begin to have a **lessened impact** heading into 2022.
- Moving forward, existing properties will increasingly need to negotiate the **pricing delta** between remaining competitive and offering an attractive alternative to new development with a comparatively discounted rate.
- Incremental upticks in asking base rents will continue over the next year as higher quality class A space will remain sought after, creating **pricing appreciation**.
- 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 addition to reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.





Tampa market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- Tampa has recently been ranked as a top market by multiple surveys for the performance of its housing market and thriving office and industrial sectors. The unemployment rate currently sits at an impressively low **4.6%**. Tampa's supply chain is solid and leasing fundamentals are strong, especially for Class A space.
- Oxford Economics projects that Tampa is expected to see job growth of **3.6%** in 2021, 2.8% in 2022, and should recover all of its lost jobs in Q3 2021.
- Gross domestic product (GDP) in Tampa surpassed the peak 2019 level in Q1 2021 and has grown by 1.1%, ranking Tampa 11th of the top 51 metros.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Tampa saw net in-migration of **34,900** in the trailing 12-month period ending in Q1 2021, which represented 1.1% of the population—one of the highest rates in the US.



Industrial demand

- Leasing activity is at **42.1%** of all volume recorded in 2020 and is expected to grow through the end of the year.
- Demand for large bulk distribution projects remains strong, particularly along the I-4 Corridor into Lakeland where several similar projects have delivered in recent years and were quickly leased.
- Net absorption is keeping pace with new deliveries, with the **3.3 million sf** recorded so far this year already totaling **56%** of all net absorption recorded during 2020.

Key industrial takeaways



Industrial supply

- Total vacancy is at a three-year low, totaling **5.7%**, which is notable given that **16.5 million sf** has delivered during that period.
- Amazon is expanding its rapidly growing footprint in the Tampa Bay area with two new delivery stations in the I-75 Corridor, one on Harney Road and the other in Duke Realty's Tampa Regional Industrial Park.
- Industrial urban infill development projects are underway and planned in the airport area and near Port Tampa Bay.



Pricing trends

- Base rents have increased by **6.3%** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- The average asking rent for new deals signed since the beginning of the pandemic for distribution space in Tampa is currently \$6.90 per sf, compared to \$7.56 per sf for general warehouse and \$10.54 per sf for manufacturing space.



Capital markets

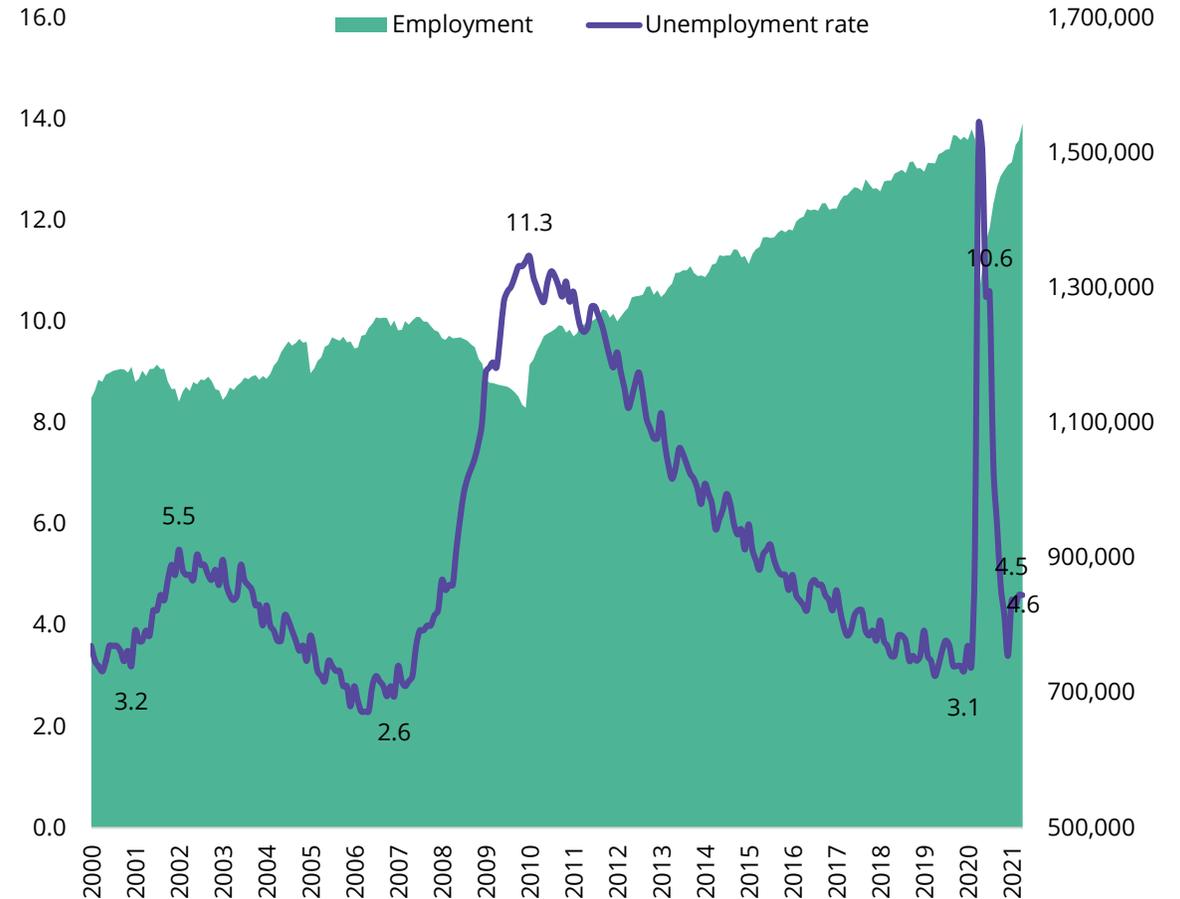
- Industrial investment activity has been robust in Tampa, with total transaction volume of **\$1.5 billion** for the period from Jan 2020 through Jun 2021. The largest sale YTD was Eaton Vance Real Estate Investment Group's acquisition of Amazon's 1.1 million sf warehouse in Auburndale for **\$170 million**.
- Similar to the office market, there has been an increase in both the number of deals being brought to market and the corresponding investment interest, however a considerable delta remains between the two as too many investors are chasing too few deals.

Employment and unemployment rate

4.6%

Tampa's unemployment rate as of May 2021, 930 bps below the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with nearly 247,000 job losses between February and May 2020, although steady vaccinations and business reopening efforts have added back over 255,000 jobs in the months since.



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

Property type job gains and losses

-2.2%

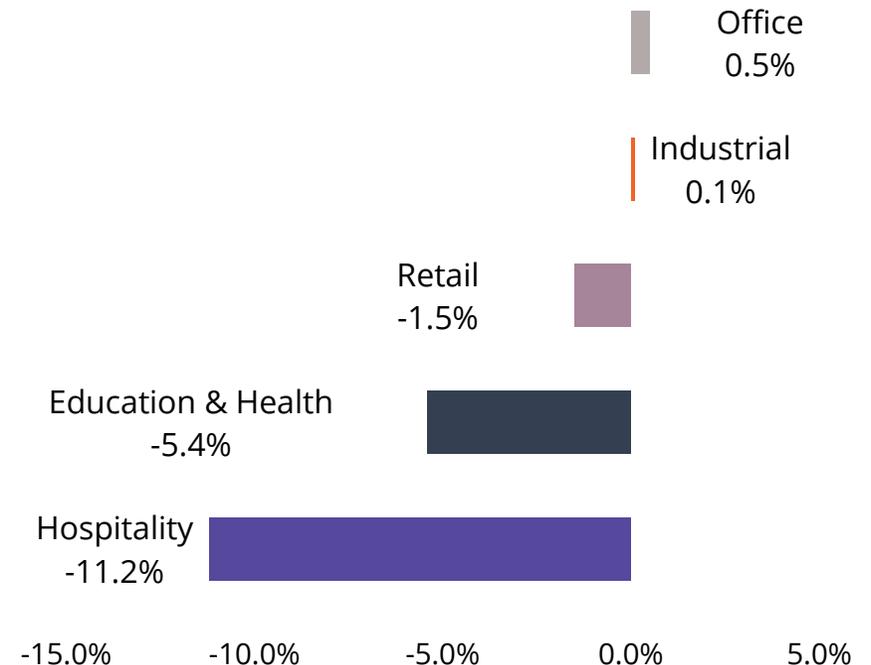
Change in total employment during the pandemic

The Tampa metro area lost 2.2% of its total labor force since the pandemic began, though industrial losses were comparatively very subdued. The strength of the industrial sector in Tampa pre-pandemic helped to offset the minor losses that have occurred.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



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

Industrial job gains and losses

-0.1%

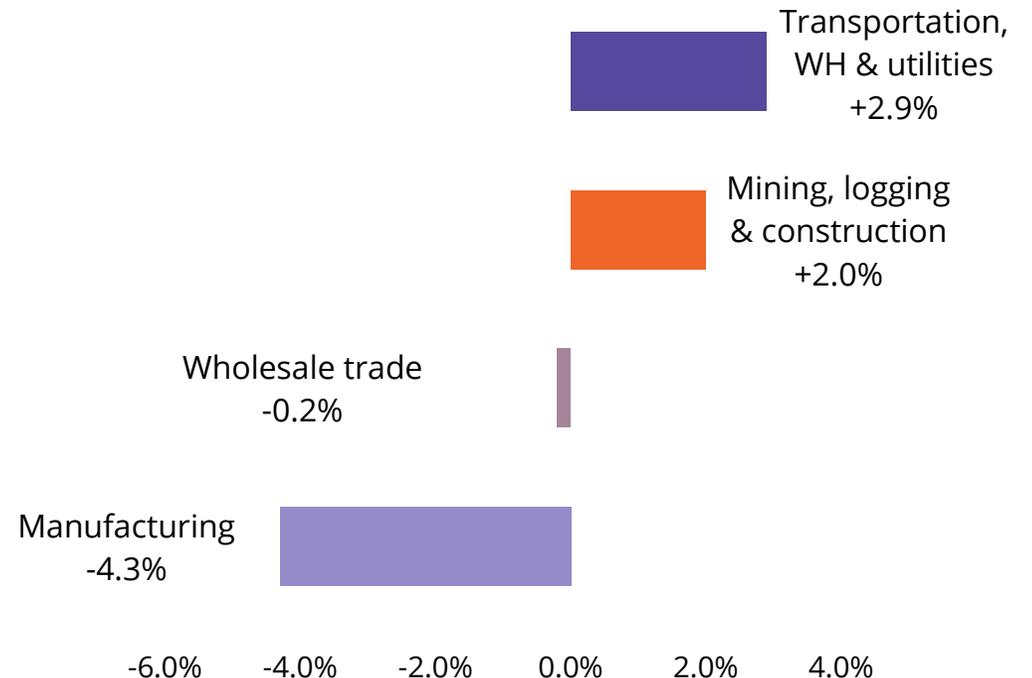
Change in industrial employment during the pandemic

Tampa MSA job losses have declined by 2.2% since the start of the pandemic, though industrial jobs are down by just 0.1%. This recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 18.6%.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



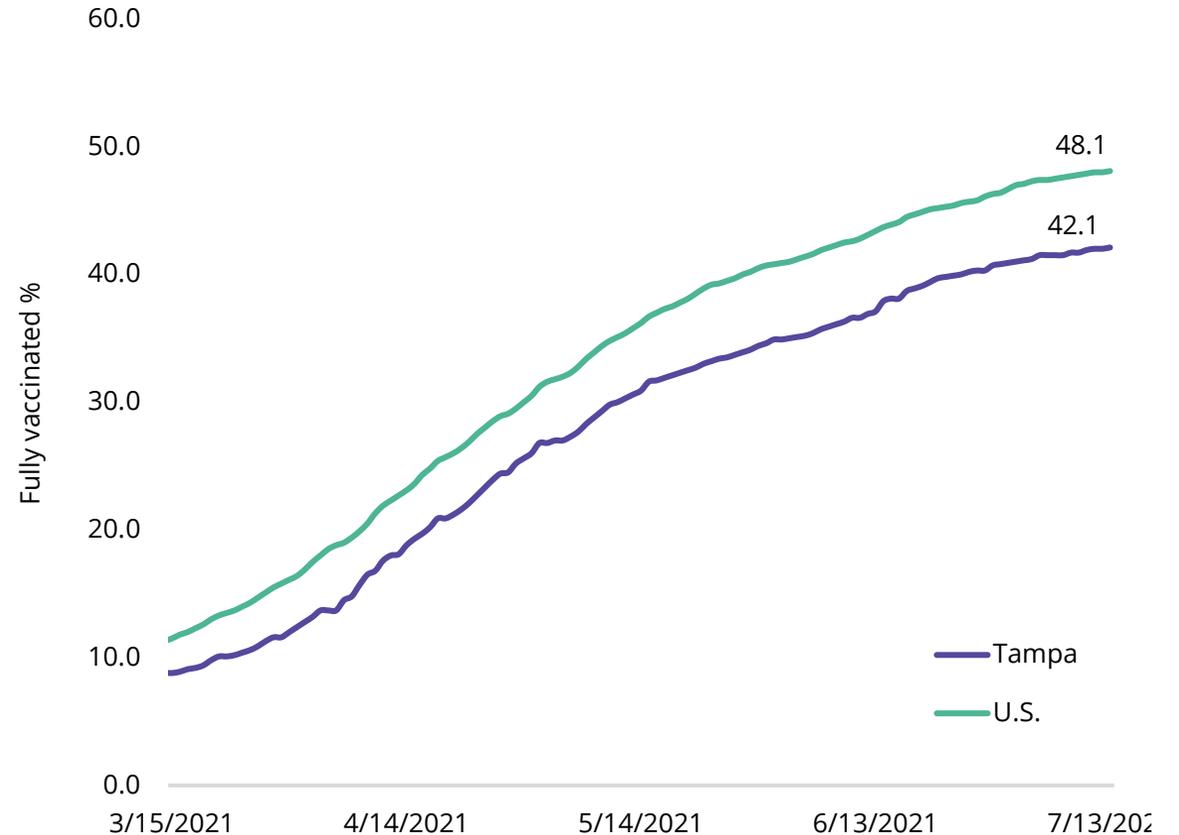
Note: Not seasonally adjusted data. *Metropolitan statistical area.
Source: Bureau of Labor Statistics

Vaccination rates

42.1%

Share of total Tampa population that is fully vaccinated

While the data seems to indicate that the proportionate vaccination rate for Tampa lags the U.S. average, it only covers which residents got vaccinated in the county in which they reside. As many traveled to adjacent counties, exact numbers are difficult to determine.



Source: CDC

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.



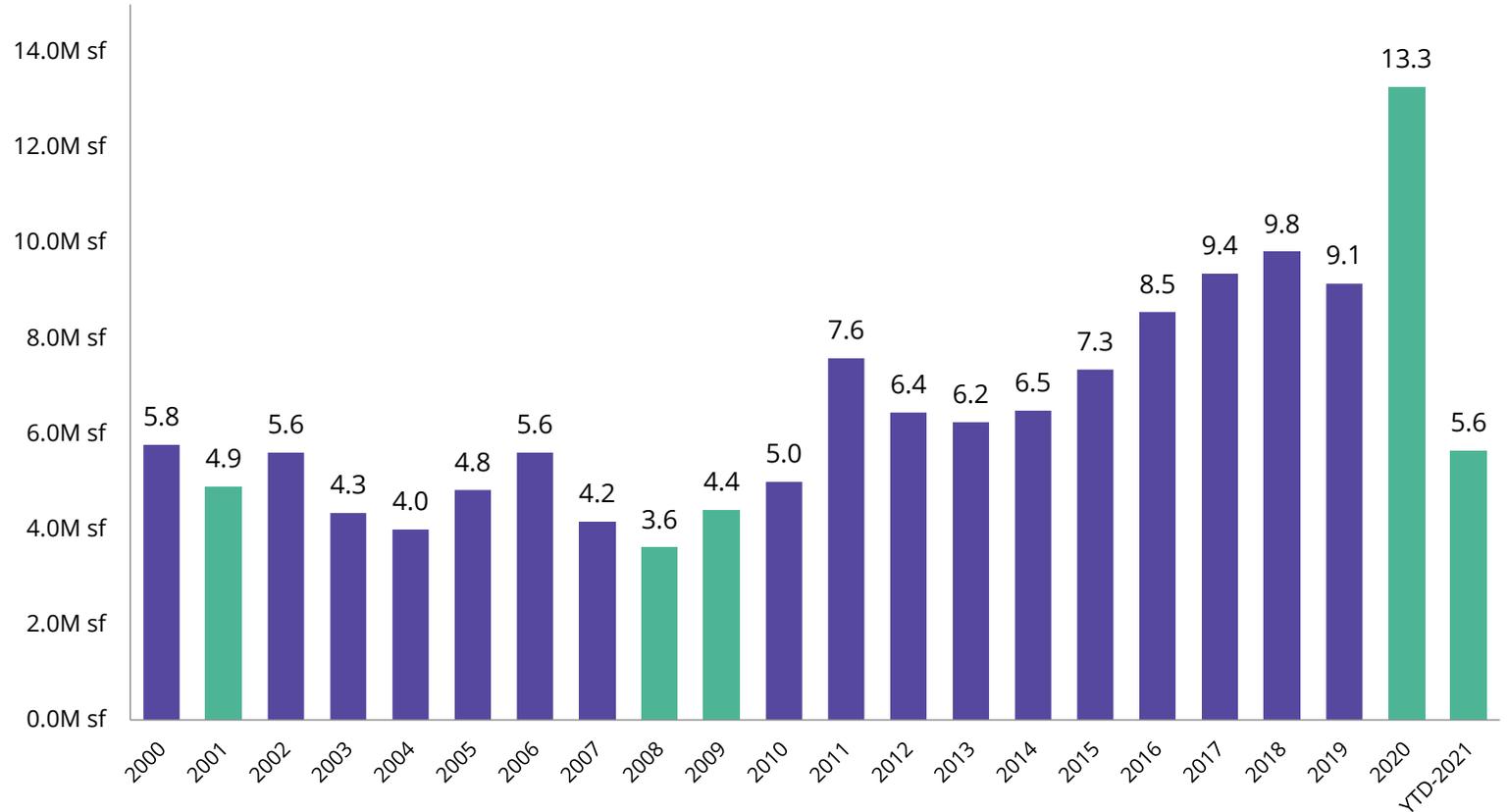
Source: Port Tampa Bay

Industrial leasing activity

42.1%

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

Leasing activity has been strong through Q2 2021, following on the heels of a record year in 2020 when over 13 million sf was leased.



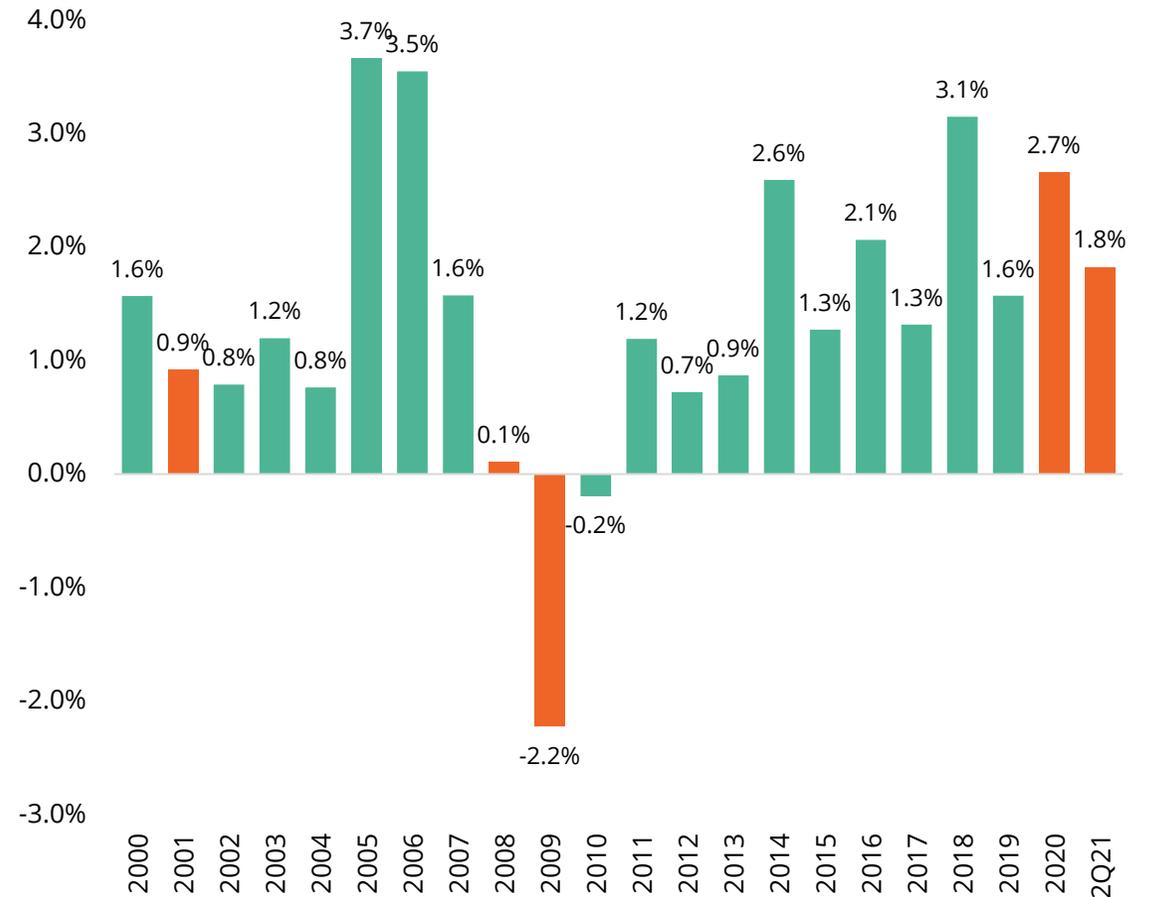
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

1.8%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and on pace to outperform recent historical performance due to the steady lease-up of recently delivered distribution product and deals over the 50,000-sf threshold.



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

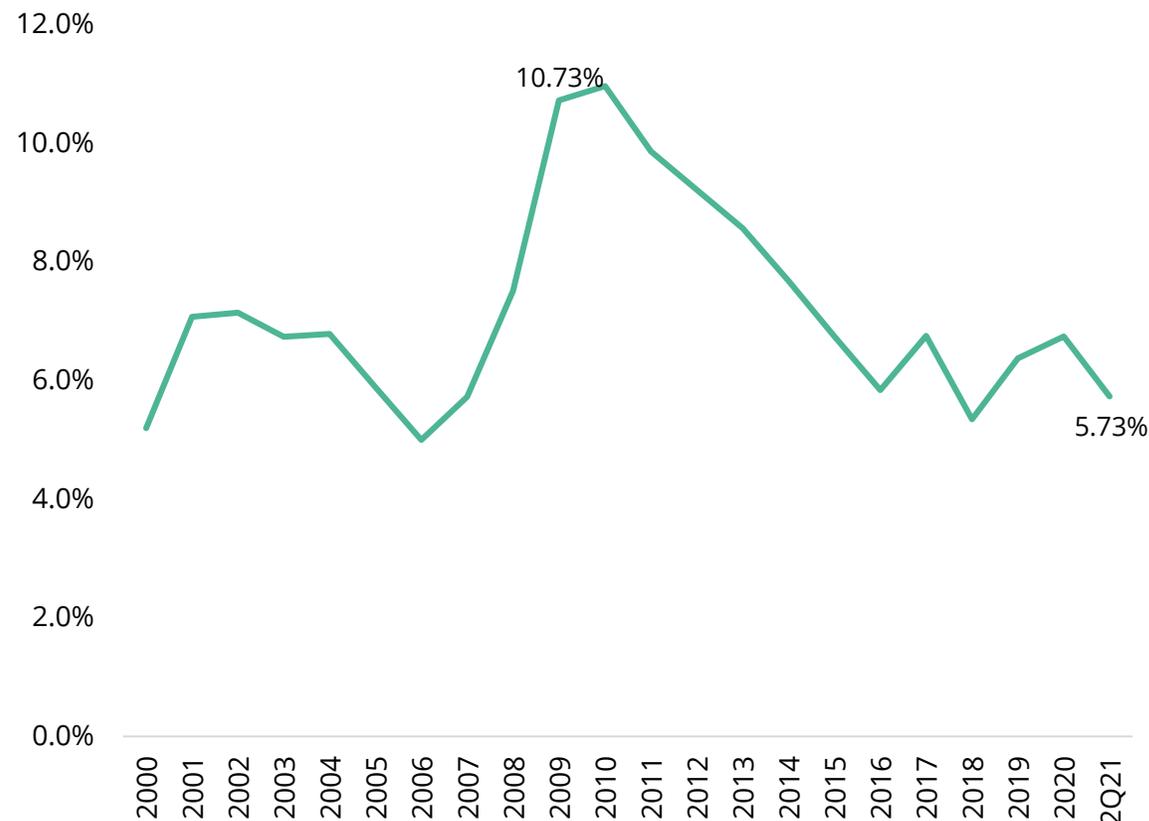
Industrial vacancy rate

5.7%

Total vacancy in Tampa is at its lowest point since 2018

The Q2 2021 total vacancy rate of 5.7% reflects the lowest rate recorded—with the exception of 2018 when vacancy was 5.3%—since the previous recession began in 2007.

Average asking rents have increased 19.9% over that same time period, underscoring how industrial demand has outstripped supply in Tampa.



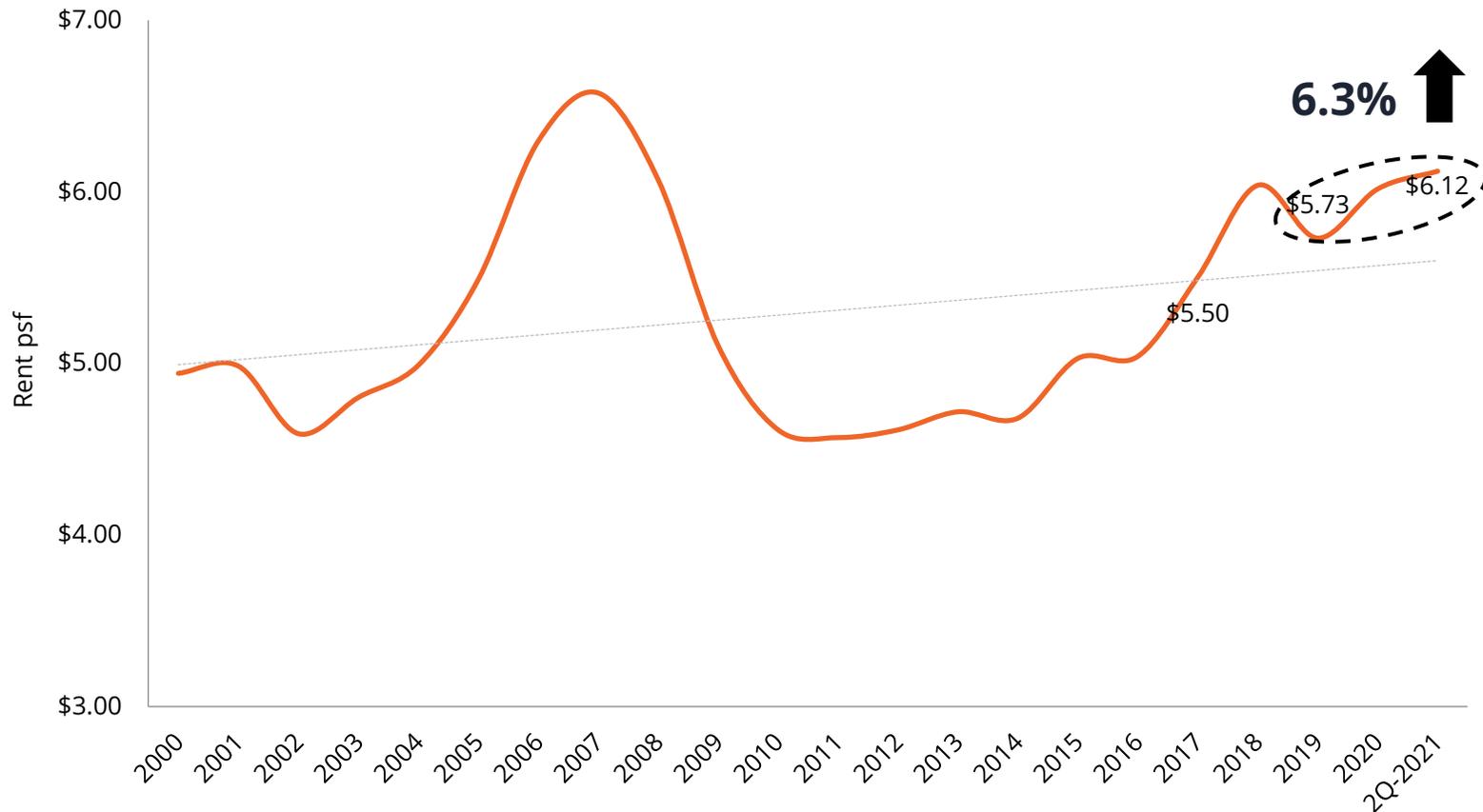
Source: CoStar

Base rents

+6.3%

Base rents since the onset of the pandemic

Base rents grew incrementally during the second quarter and have generally trended upward over the last decade, rising steadily since 2015 and increasing by 17.8% over that period.



Source: AVANT by Avison Young

Big-box demand drives construction

68 properties

Proposed or under construction

20.6 msf

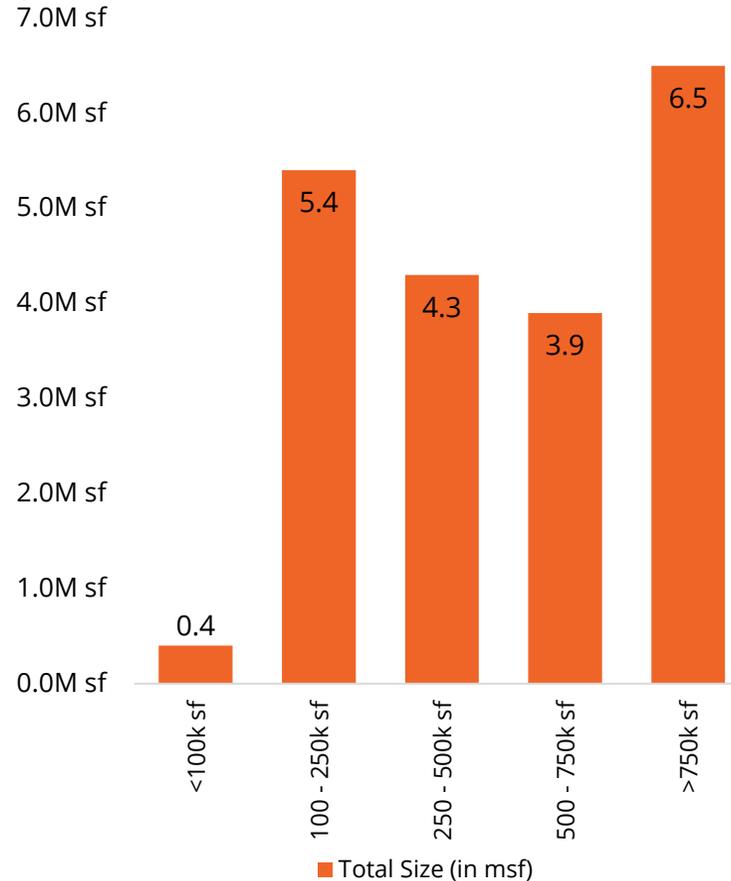
Proposed or under construction

15.3%

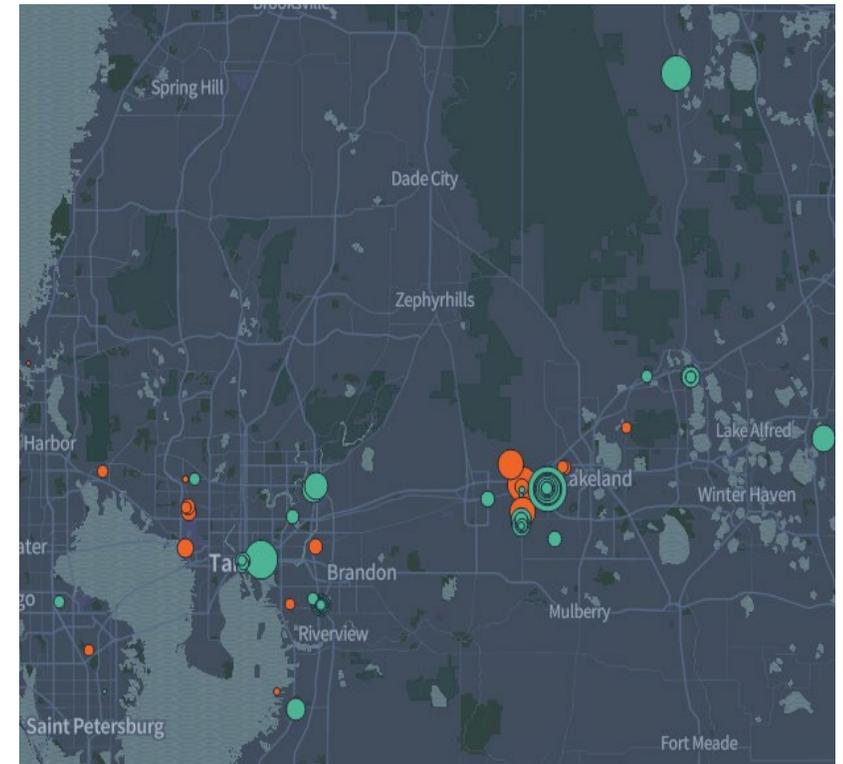
Share of industrial inventory

East Side

Submarket with the most projects under construction or proposed at 18



Source: AVANT by Avison Young



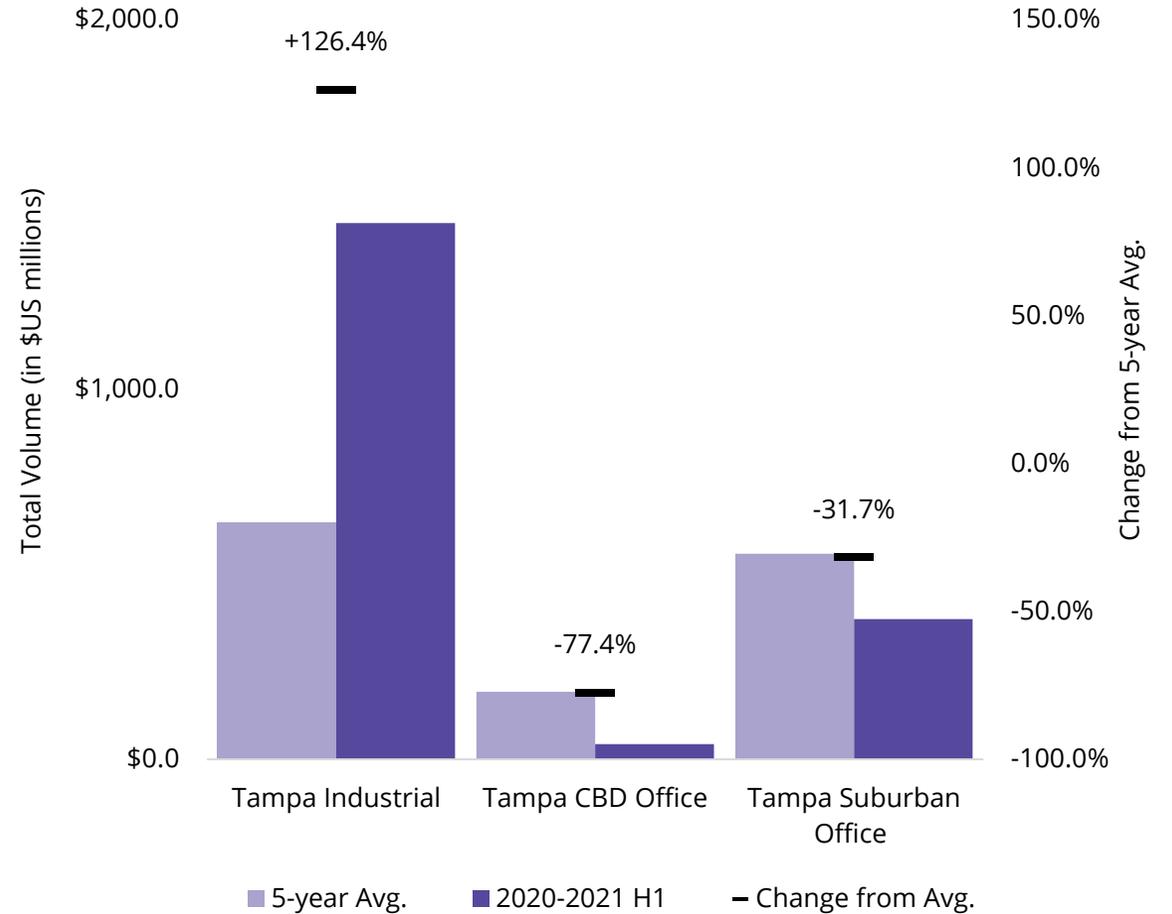
Orange circle: Under construction Green circle: Proposed

Investment dollar volume

\$1.5B

Industrial dollar volume, 2020 to Q2 2021

Office sales activity temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 77.4% and 31.7% in CBD and Suburban markets, respectively, compared with the prior five-year average dollar volume. Industrial volumes have surged +126.4% against the prior five-year average due to stronger fundamentals.



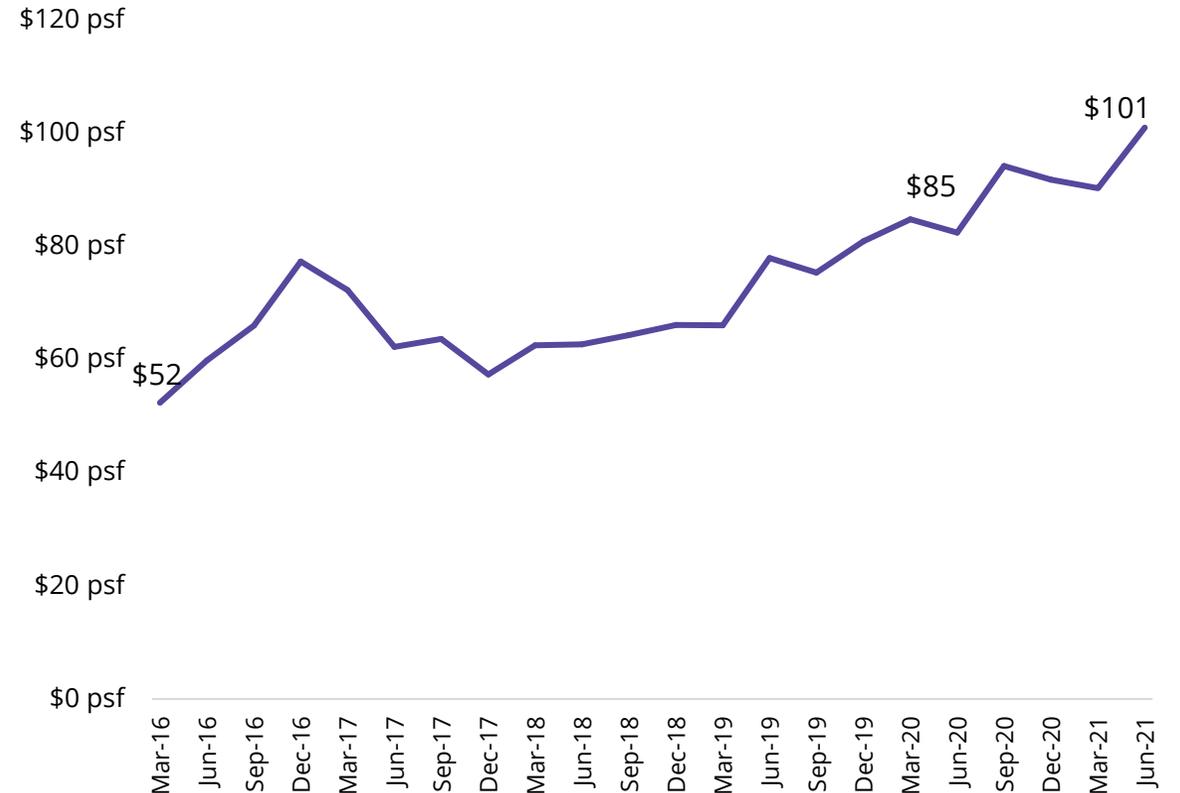
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+ 19.1%

**Tampa industrial pricing,
March 2020 to June 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

- The bulk of new industrial development will continue to occur along the I-4 Corridor, primarily in the greater Lakeland area, with one major development already making waves. Parkway Properties has broken ground on the massive 730-acre, Lakeland Central Park project. Construction will begin on the first building, a 708,000-sf spec warehouse, following infrastructure work. The entire project is planned **for 5 million sf of new industrial space.**
- Incremental upticks in asking base rents will continue over the next year as higher quality class A space will remain sought after, creating **pricing appreciation.**
- 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. Central Florida is the state's fastest growing region, and the U.S. Census Bureau expects it to outpace the growth of South Florida by a factor of 2 to 1 for the next several years. Moving forward, creating logistics, distribution and shipping efficiencies, in addition to reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.



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Orlando market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- The unemployment rate in Orlando as of May 2021 was **5.4%**, down an incredible 1900 basis points from the height of pandemic unemployment in May 2020. The leisure and hospitality sector has contributed to more than half of all job losses to date.
- Oxford Economics projects that Orlando is expected to see job growth of 2.1% in 2021, **9.1%** in 2022, and should recover all of its lost jobs in Q3 2022.
- Gross domestic product (GDP) in Orlando remains 1.1% below the peak level reached in Q4 2019 but is expected to grow by 9.4% by the end of the year.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Orlando's population grew by **1.2%** over the trailing 12-month period ending with the first quarter of 2021, which is a slower pace than the previous 5-year average but still notable given that not all employment losses have been replaced.



Industrial demand

- Leasing activity is at **43.3%** of all volume recorded in 2020 and is expected to grow through the end of the year.
- Demand for large bulk distribution projects remains strong, particularly along the 429 Corridor and in the Airport/Southeast submarket.
- While tenant demand for larger blocks of class A industrial distribution space remains strong, there is also significant demand for smaller warehouse spaces between **3,000 – 5,000 sf**, which is resulting in higher asking rents for availabilities in that range.

Key industrial takeaways



Industrial supply

- As of the end of Q2 2021, there were 19 industrial buildings under construction across Orlando accounting for **2.8 million sf**. With an average floor plate size of 147,901 sf, many of these new developments will be well suited for e-commerce and distribution. Additionally, there are another 17 buildings currently proposed with plans to deliver by the end of 2022.
- Orlando's overall industrial vacancy rate continues to show resilience with vacancy at **5.3%** as of Q2, a 60-basis point decline from the previous quarter.



Pricing trends

- Base rents have increased by **9.8%** since the start of the pandemic and have continued a steady upward trajectory since 2012.
- Healthy demand and tightening leasing fundamentals are placing upward pressure on asking rents. Some institutional owners are now proposing **4%** escalations, while others now prefer 5-year terms for mid-sized deals as opposed to the 10-year that were common pre-pandemic.



Capital markets

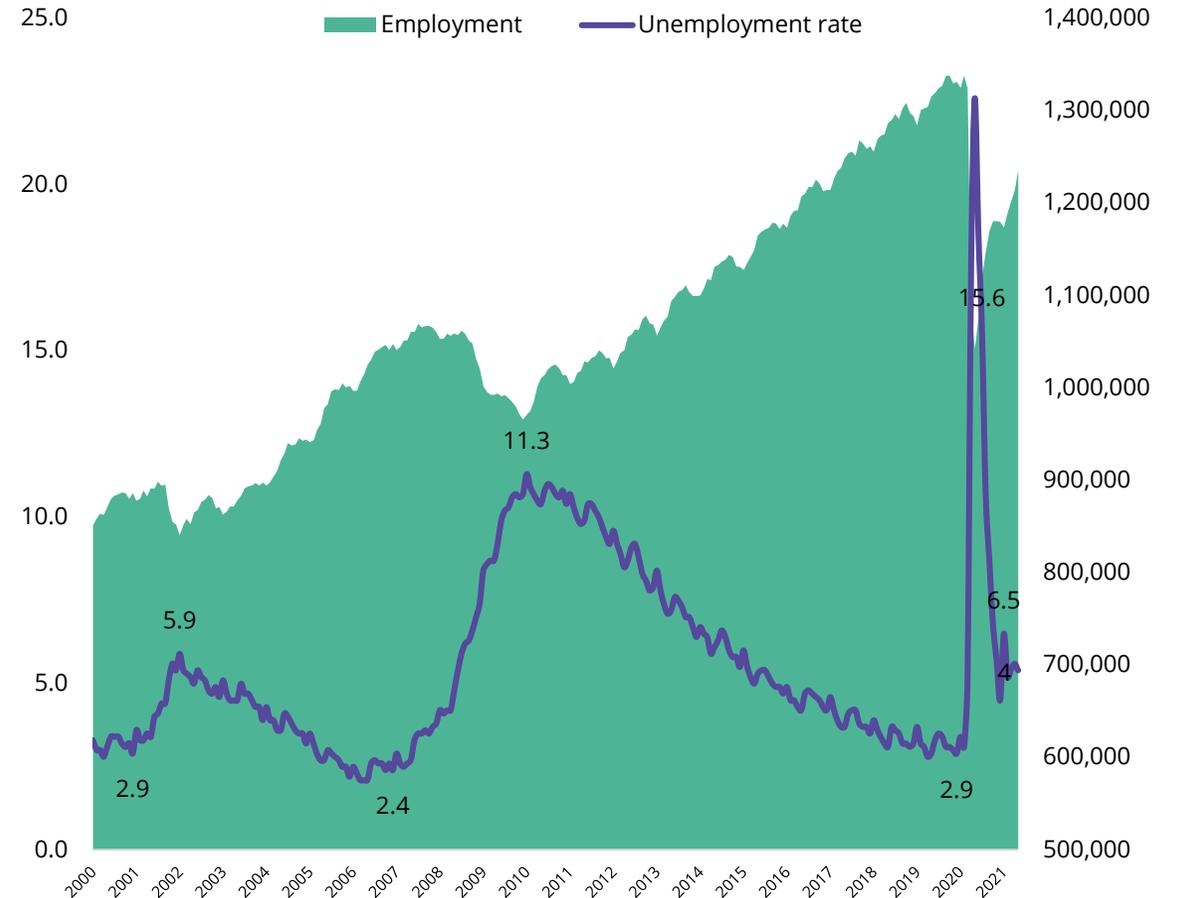
- Industrial investment activity has been heated in Orlando, with total transaction volume of **\$822.3M** for the period from Jan 2020 through Jun 2021. The largest sale YTD was EQT Exeter's acquisition of 10550 Southport Drive in the Airport/Southeast submarket for **\$17.4M**, or \$143 per sf.
- There is still a deficit between the number of prime investment opportunities and the number of investors chasing deals.

Employment and unemployment rate

5.4%

Orlando unemployment rate as of May 2021, down 1900 bps since the record high reached in May 2020

Historically tightened labor market conditions were halted by the pandemic with nearly 300,000 job losses between February and May 2020. However, reopening efforts have enabled the economy to add nearly 193,000 jobs since May 2020.



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

Property type job gains and losses

-10.7%

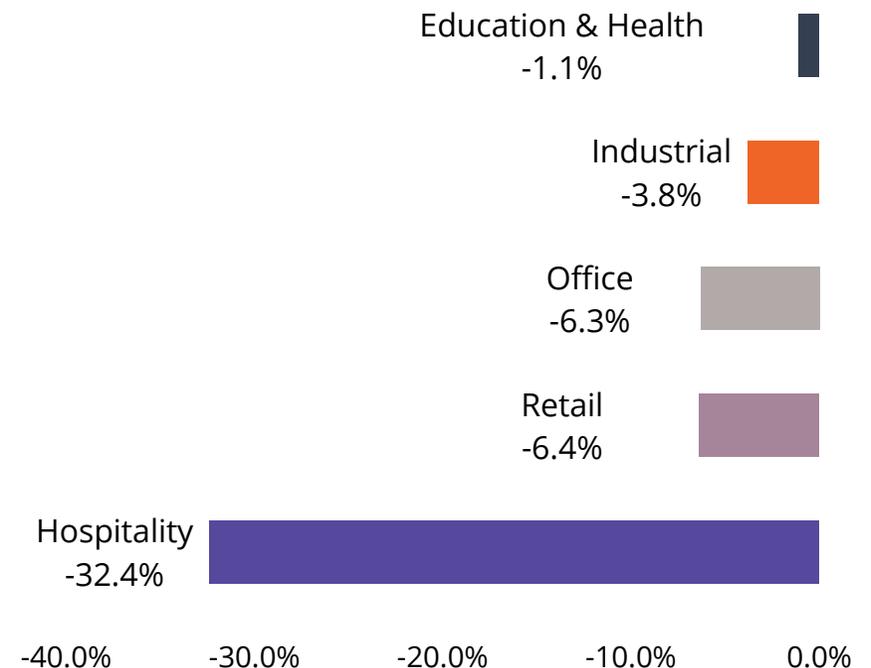
Change in total employment during the pandemic

The Orlando metro area has lost 10.7% of its total labor force since the pandemic began, the vast majority of which has occurred in the hospitality sector, though industrial losses are less severe at 3.8%. The strength of the industrial sector in Orlando pre-pandemic helped to offset the minor losses that have occurred.

[VIEW DASHBOARD](#)

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

February 2020 to May 2021



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

Industrial job gains and losses

-3.8%

Change in industrial employment during the pandemic

Orlando MSA job losses have declined significantly since the start of the pandemic, though industrial jobs are down by just 3.8%. This recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 21.5%.

[VIEW DASHBOARD](#)

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

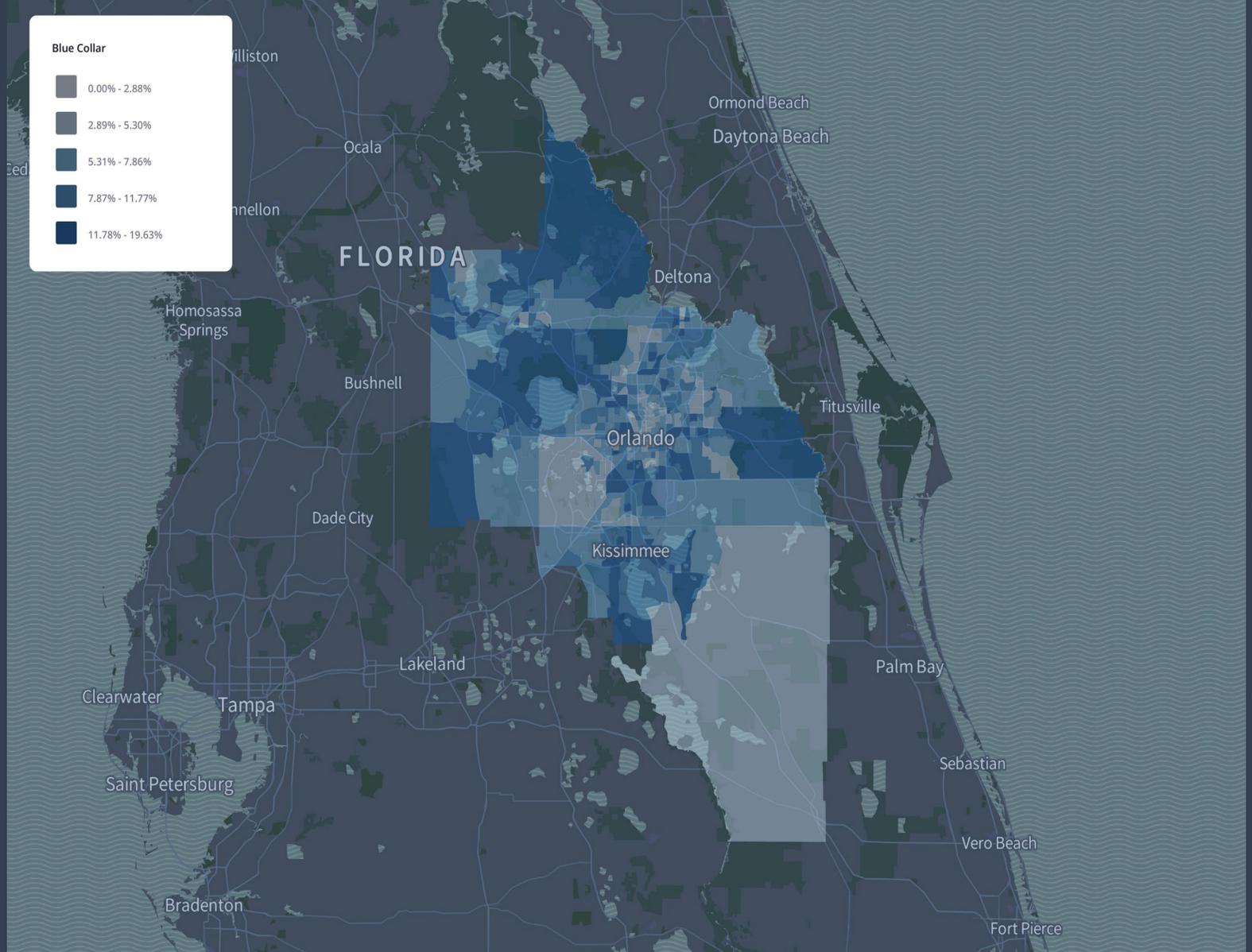
February 2020 to May 2021



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

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found throughout Orlando's largest Industrial submarkets.

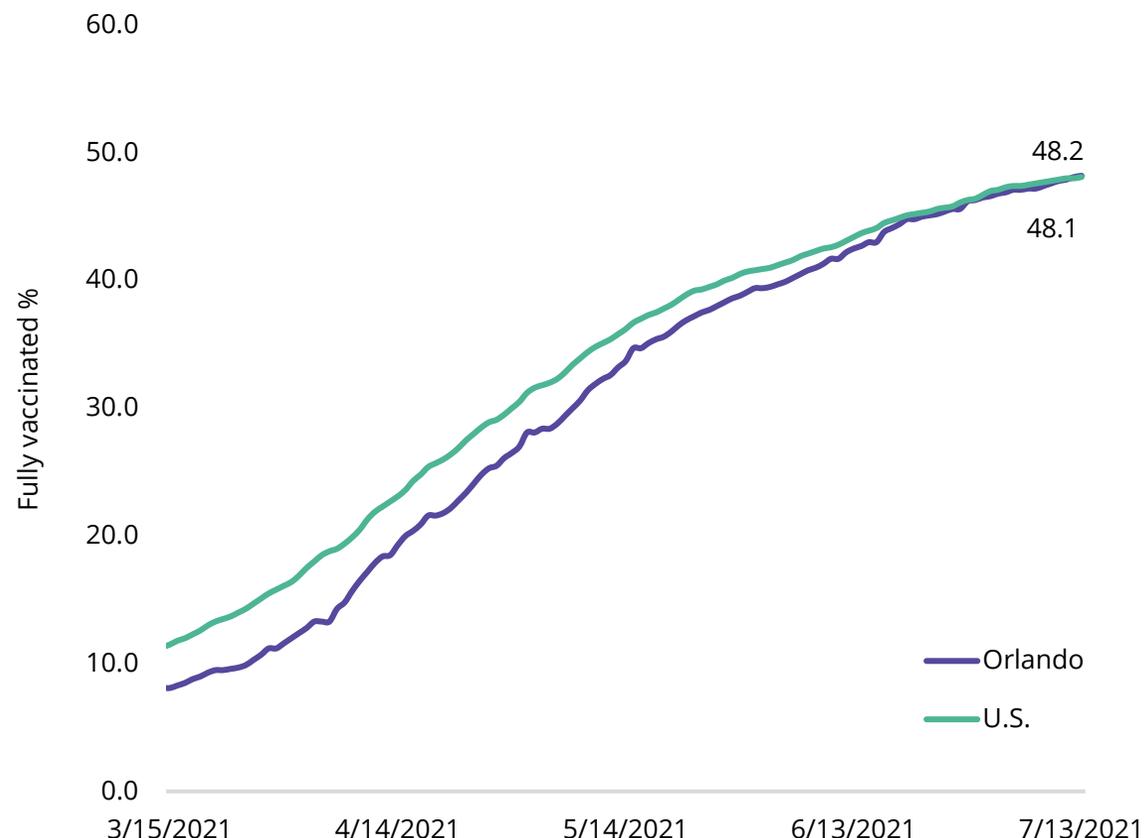


Vaccination rates

48.2%

Share of total Orlando population that is fully vaccinated

While the data seems to indicate that the Orlando area vaccination rate is slightly ahead of the U.S. average, it only covers which residents got vaccinated in the county in which they reside. As many traveled to adjacent counties, exact numbers are difficult to determine.



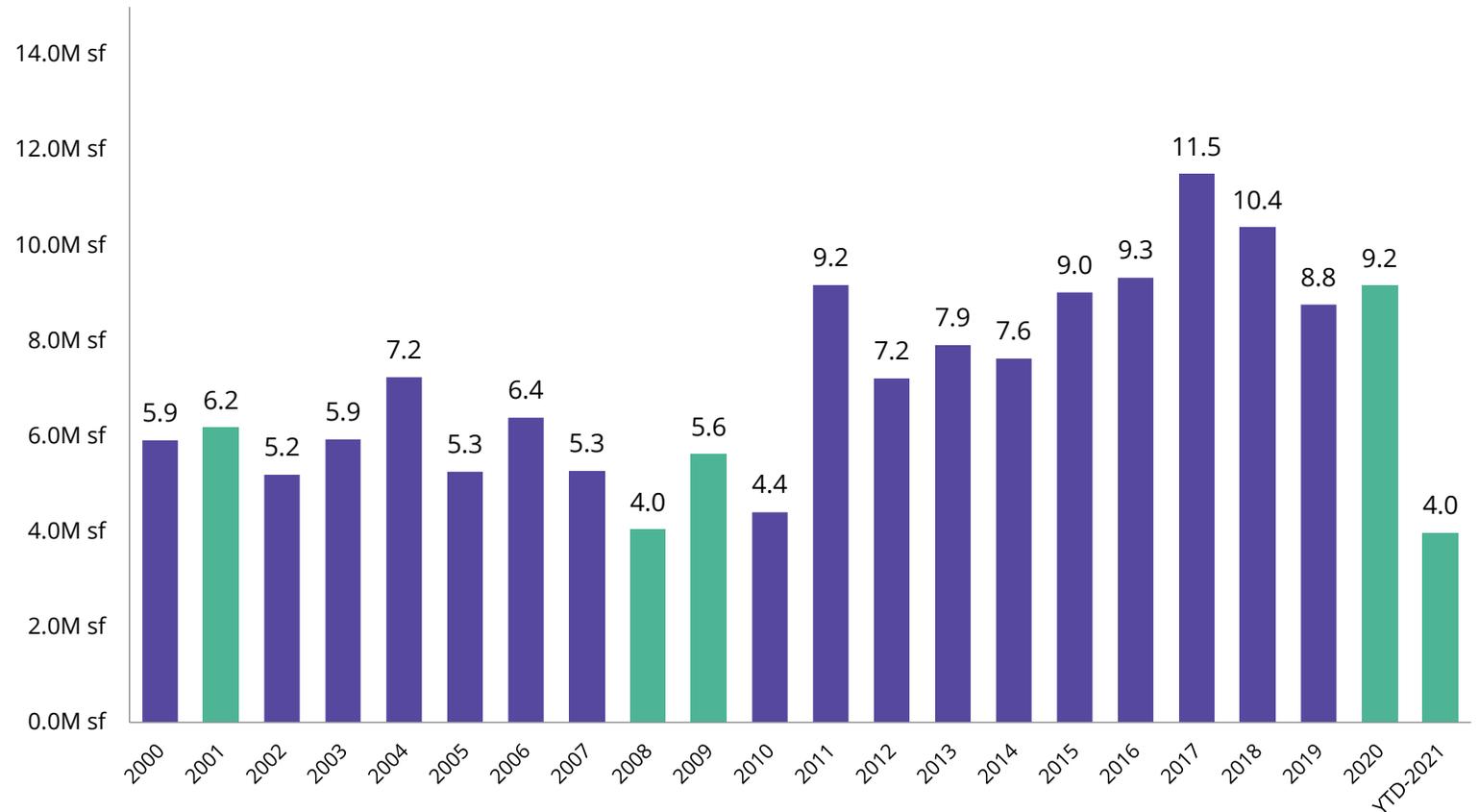
Source: CDC

Industrial leasing activity

43.3%

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

Leasing activity has been strong through Q2 2021, following on the heels of 10 straight years of strong leasing that collectively averaged over 9 million sf per year.



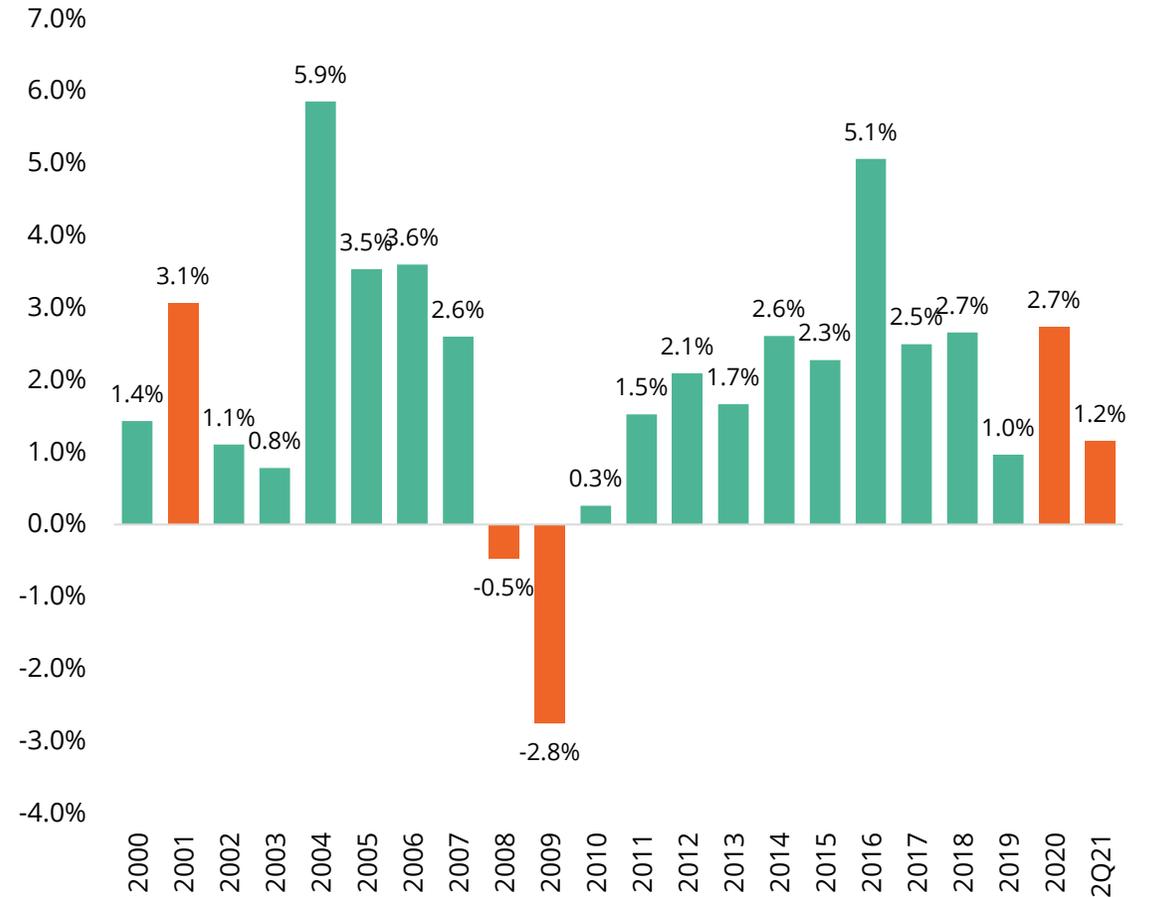
Note: Green represents recession years.
Source: CoStar

Industrial net absorption

3.9%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and has already eclipsed the total net absorption recorded in 2019. Totaling 1.7 million sf as of Q2 2021, absorption for this year is on pace to match last year's performance, which was aided by the steady lease up of recently delivered distribution space.



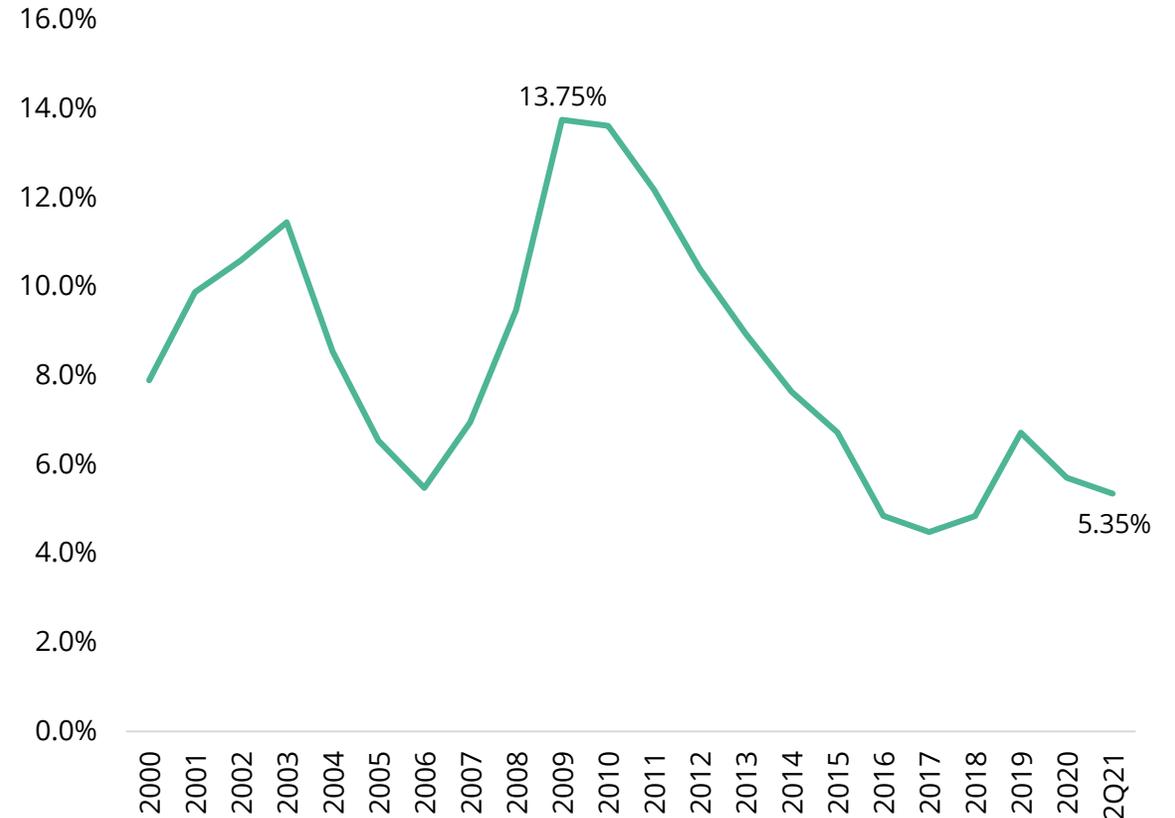
Note: Absorption is measured as the year-over-year change in occupied square feet. Orange represents recession years.
Source: CoStar

Industrial vacancy rate

5.3%

Total vacancy in Orlando is at its lowest point since 2018

The Q2 2021 total vacancy rate of 5.3% reflects the lowest rate recorded since 2018, and the fourth lowest in the previous 20-yr period. Average asking rents have increased 11.7% over that same time period, underscoring how industrial demand has largely outstripped supply in Orlando.



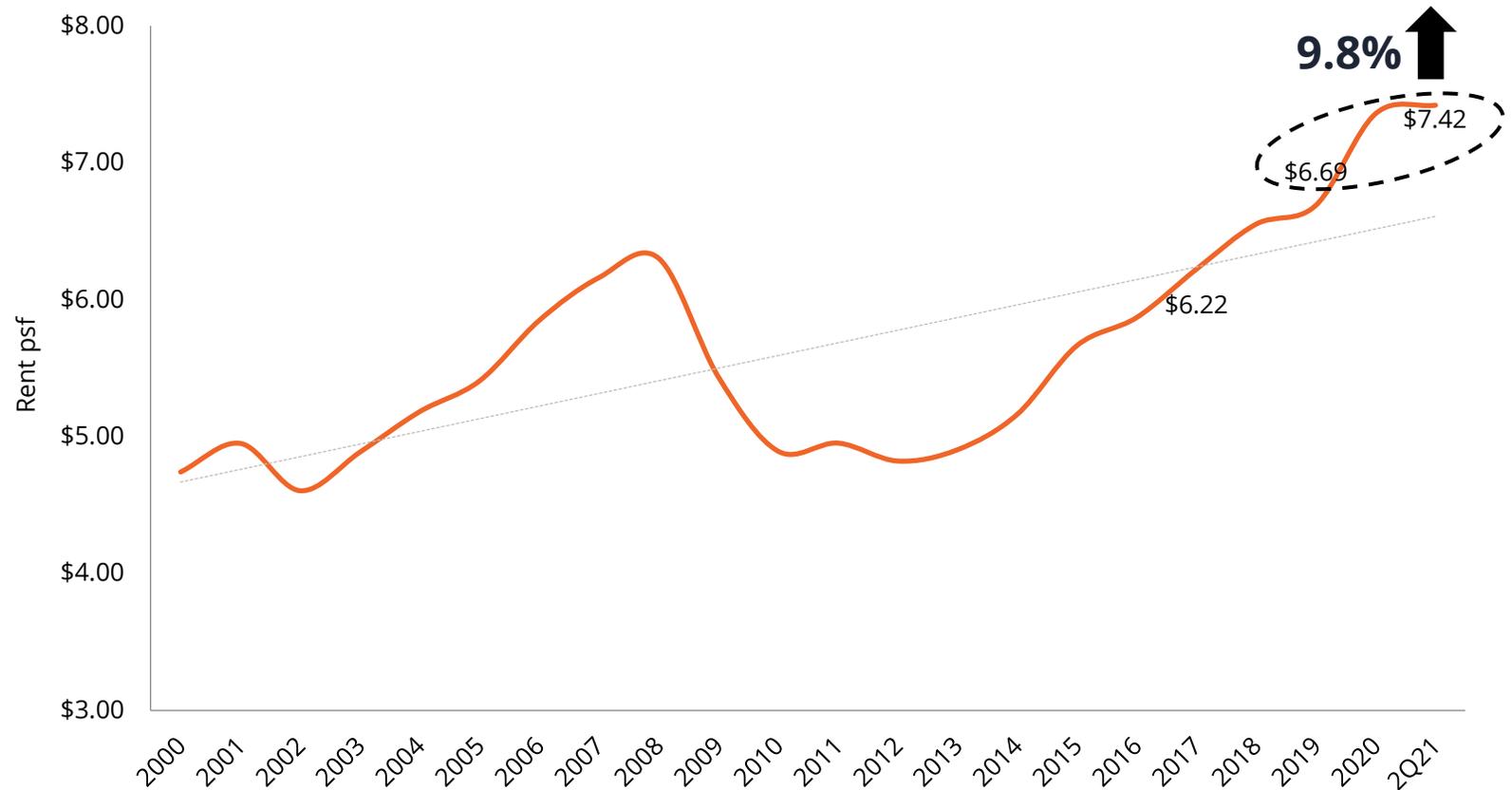
Source: CoStar

Base rents

+9.8%

Base rents since the onset of the pandemic

Base rents grew incrementally during the second quarter and have generally trended upward over the last decade, rising steadily since 2012 and increasing by 35.0% over that period.



Source: AVANT by Avison Young

Big-box demand drives construction

52 properties

Proposed or under construction

9.7 msf

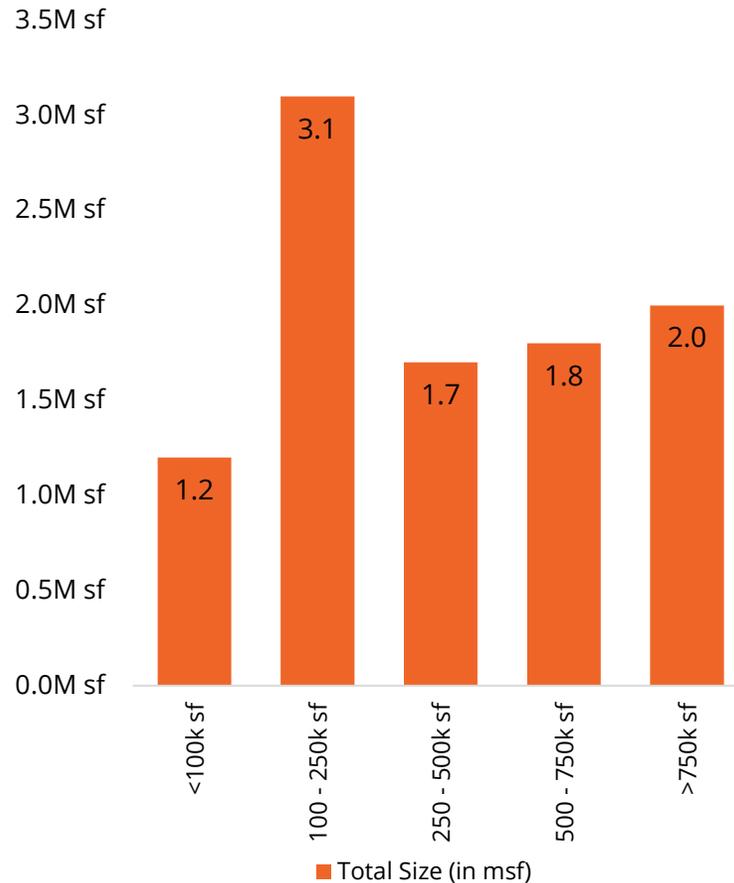
Proposed or under construction

7.8%

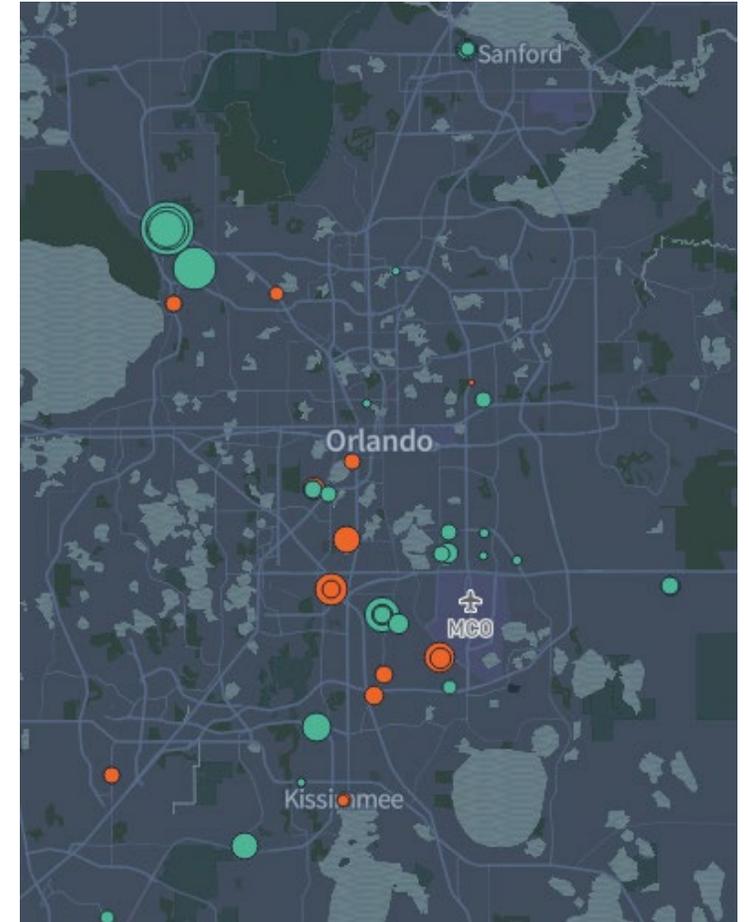
Share of industrial inventory

Airport/Southeast

Submarket with the most projects under construction at 4



Source: AVANT by Avison Young



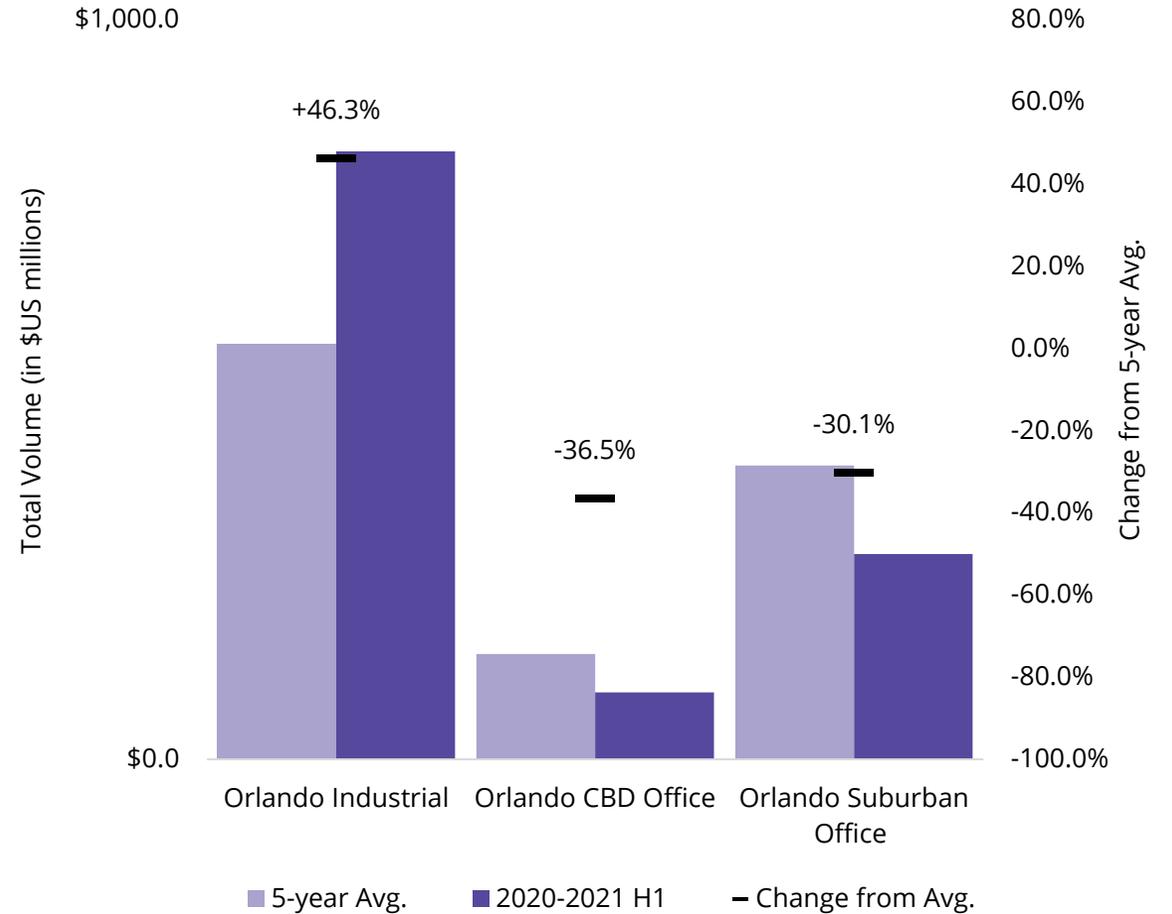
Orange circle: Under construction Green circle: Proposed

Investment dollar volume

\$822.3M

Industrial dollar volume, 2020 to Q2 2021

Office sales activity temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 36.5% and 30.1% in CBD and Suburban markets, respectively, compared with the prior five-year average dollar volume. Industrial volumes have surged +46.3% against the prior 5-year average due to stronger fundamentals.



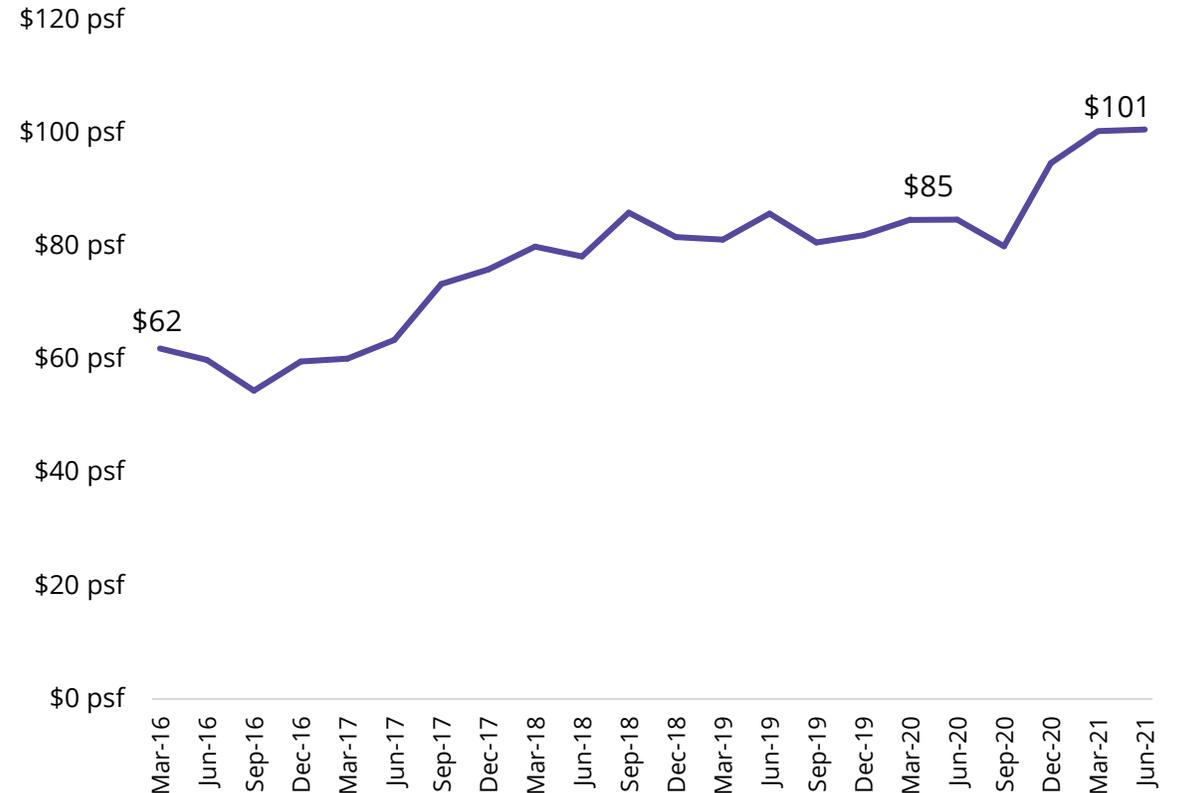
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+ 18.8%

Orlando industrial pricing, March 2020 to June 2021

Pricing for Orlando 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

- In order to remain profitable, the **increasing cost of land, labor and construction materials** will result in an acceleration in rents for newly delivered industrial projects, making it more difficult for older, existing product to achieve the same rate of rent growth they have attained over the last several years.
- Continued growth in the **logistics, transportation and construction** sectors will drive much of the industrial leasing activity in Orlando in the latter half of 2021, which is expected to accelerate from its current pace.
- The construction sector will contribute significantly to **GDP growth** in Orlando moving forward through 2025.
- 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. Central Florida is the state's fastest growing region, and the U.S. Census Bureau expects it to outpace the growth of South Florida by a factor of 2 to 1 for the next several years. Moving forward, creating logistics, distribution and shipping efficiencies, in addition to reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.



AVISON
YOUNG

Jacksonville market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT
Q2 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, have contributed to a steadily falling unemployment rate, currently **4.2%**, which is down 730 basis points from the height of the pandemic.
- Oxford Economics projects that Jacksonville is expected to see job growth of **3.2%** in 2021, 2.7% in 2022, and should recover all of its lost jobs in Q3 2021.
- Jacksonville’s GDP has grown at a faster rate than that of the U.S. and it is expected to outpace its Florida peers.



Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- A major project to deepen the harbor at the Port of Jacksonville in order to accommodate larger container ships traveling through the Panama Canal is expected to be complete before the end of 2022, 3 years ahead of schedule.



Industrial demand

- Leasing activity has been sustained throughout the pandemic, and currently totals **+59.8%** of all volume recorded in 2020.
- Significant leasing transactions during Q2 include Cra-Z-Art’s lease for **315,840 sf** at Imeson Industrial Park in the Northside submarket and Carparts.com taking 179,970 sf at Crossroads Distribution Center. Both properties are currently under construction and scheduled to deliver before the end of the year and will therefore have a positive impact on net absorption for 2021.

Key industrial takeaways



Industrial supply

- As logistics requirements and e-commerce needs forge ahead in Jacksonville, developers continue search for prime sites to stay ahead of demand. There are currently 11 industrial properties under construction totaling **3.5 million sf**, 6 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 currently totaling **5.0%**, which is the second lowest in Florida behind Miami.



Pricing trends

- Base rents have increased by **11.6%** 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 4 of the past 6 years recording healthy increases in asking base rents following a year where **1+ million sf** delivered.



Capital markets

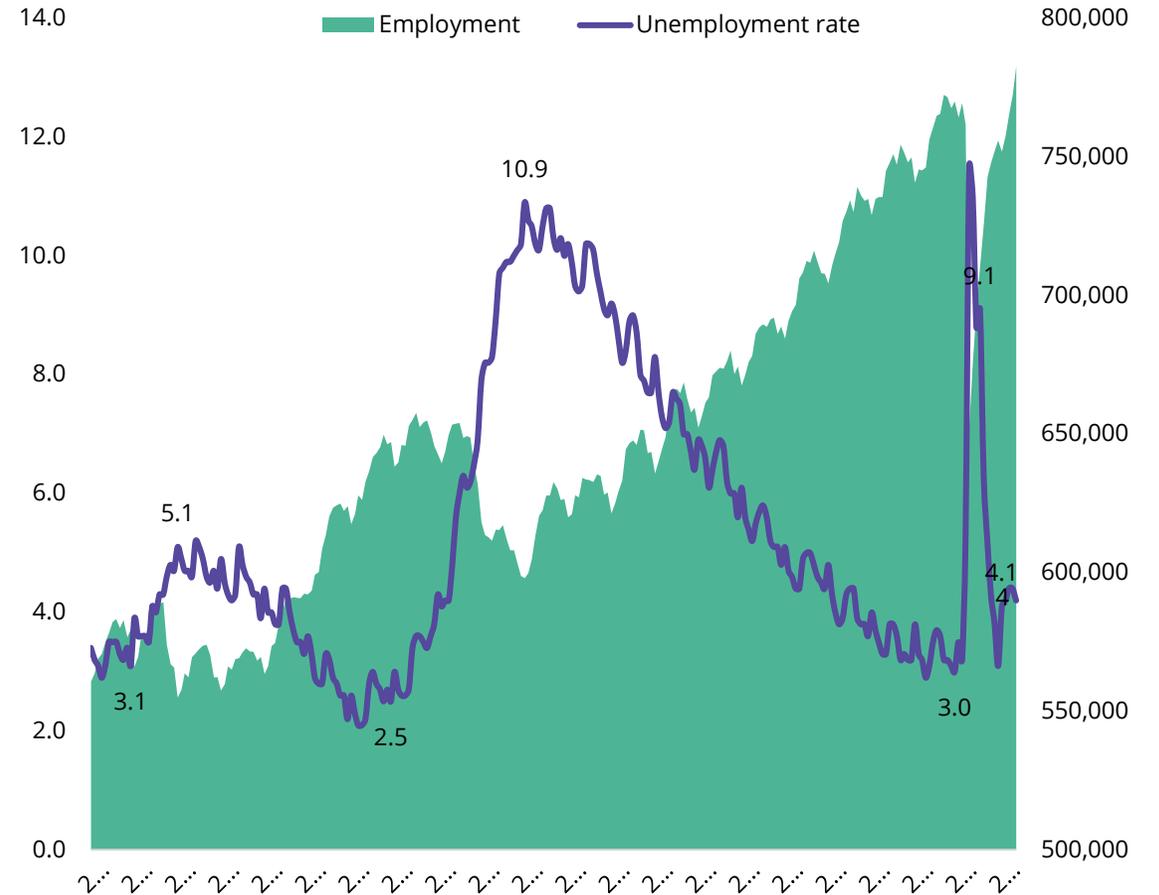
- Jacksonville's industrial investment activity has been healthy, totaling **\$680.8M** since 2020 as investors are attracted to the sector's strong post-pandemic fundamentals.
- Pricing for Jacksonville industrial assets has risen incrementally since 2016, with a marked uptick during Q1 2020 - Q3 2020, as an influx of investors continue to seek properties that can accommodate the rise of e-commerce distribution.

Employment and unemployment rate

4.2%

Jacksonville unemployment rate as of May 2021, down 730 bps since the record high reached in April 2020

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 nearly 131,000 jobs since then.



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

Property type job gains and losses

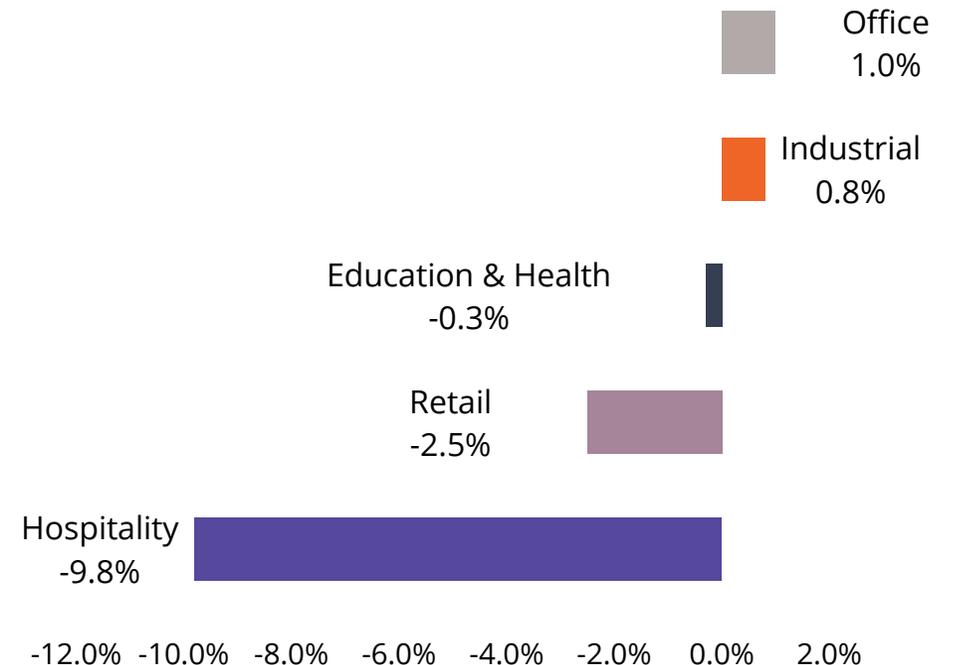
-1.0%

Change in total employment during the pandemic

The Jacksonville metro area has lost 1.0% of its total labor force since the pandemic began, the vast majority of which has occurred in the hospitality sector, although the industrial and office sectors have reported job gains over the same period.

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

February 2020 to May 2021



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

Industrial job gains and losses

+0.8%

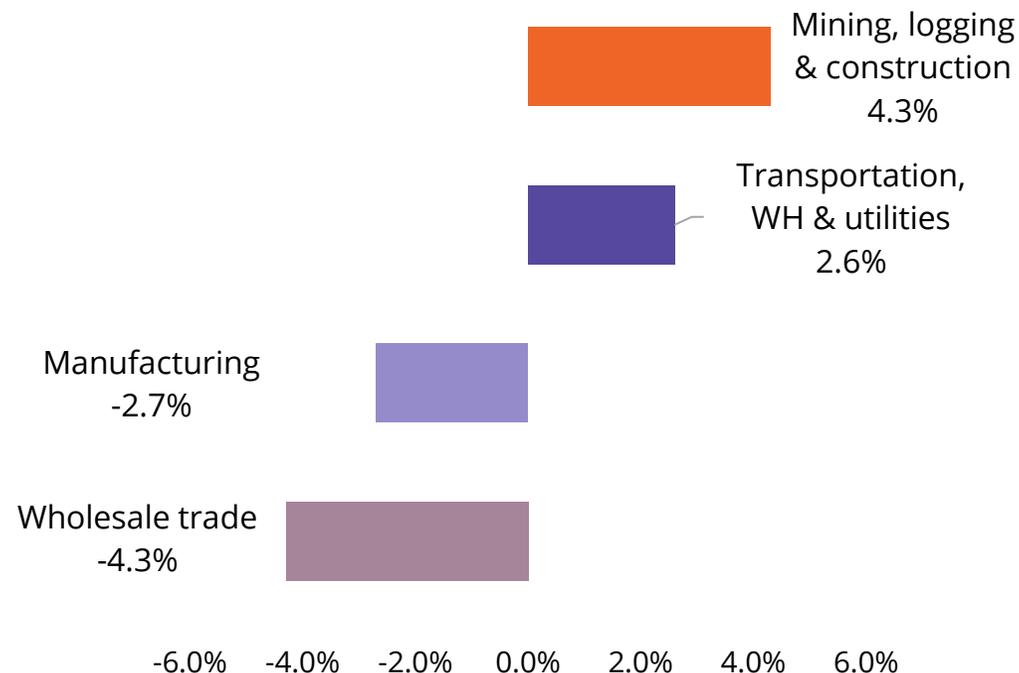
Change in industrial employment during the pandemic

Jacksonville MSA job losses have declined slightly since the start of the pandemic, though industrial jobs have reported gains of 0.8%. This recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses hit 17.4%.

[VIEW DASHBOARD](#)

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

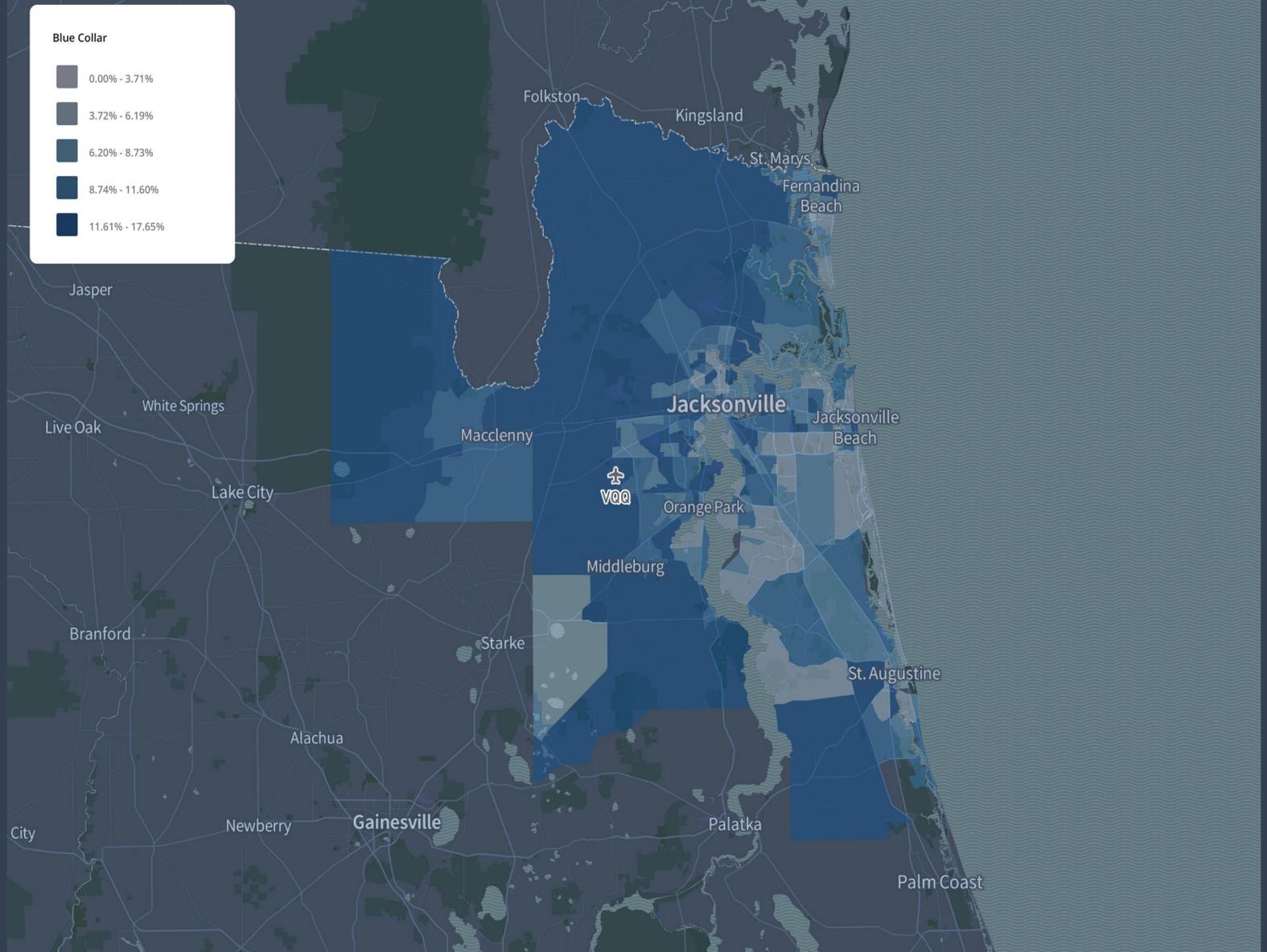
February 2020 to May 2021



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

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout Jacksonville's largest industrial submarkets.

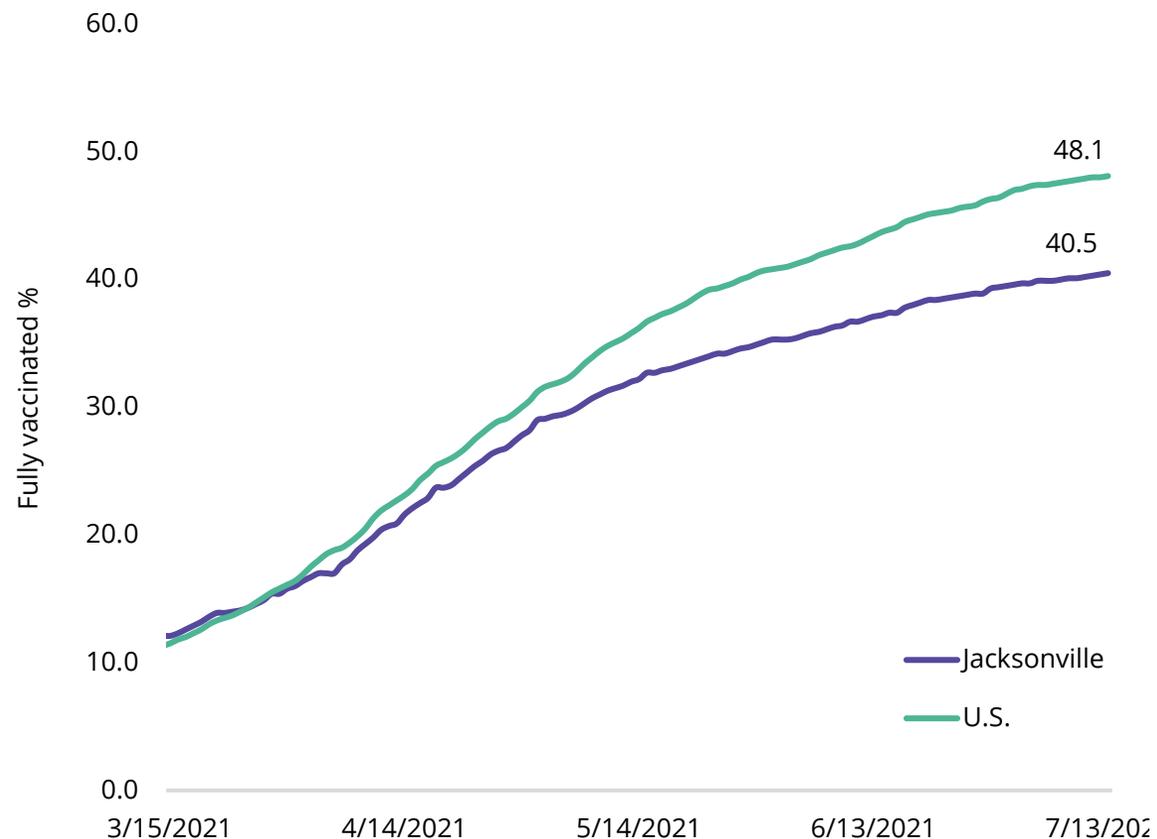


Vaccination rates

40.5%

Share of total Jacksonville population that is fully vaccinated

While the data seems to indicate that the proportionate vaccination rate for Jacksonville lags the U.S. average, it only covers which residents got vaccinated in the county in which they reside. As many traveled to adjacent counties, exact numbers are difficult to determine.



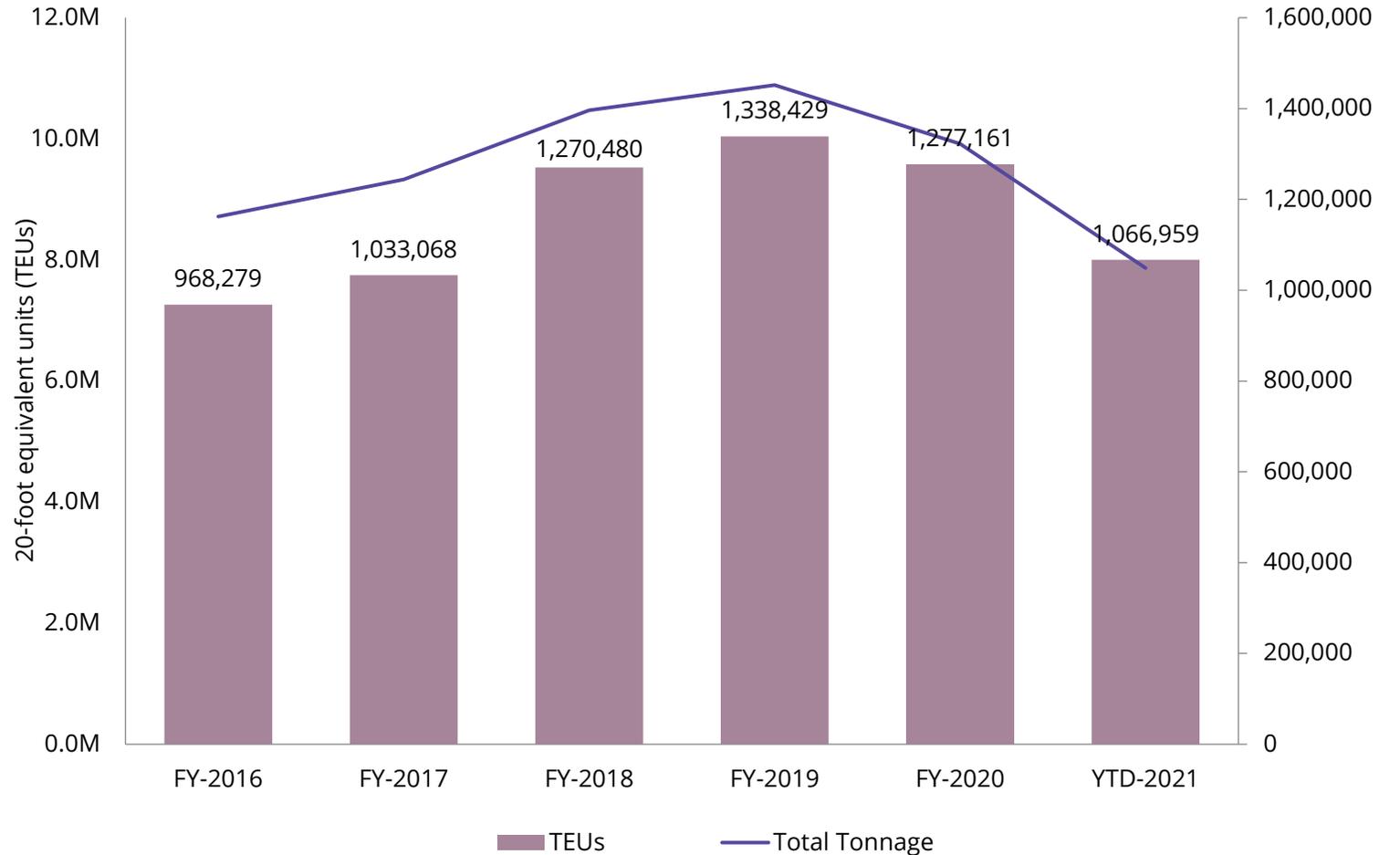
Source: CDC

Port of Jacksonville total cargo volume

1.1 M

TEUs for YTD-2021

Although cruise ship sailings have largely halted since the spring of 2020, the Port of Jacksonville (JAXPORT) has recorded brisk business during 2021 with 3 months left to go in its fiscal year. JAXPORT set a port record for container volumes in May, with total container movements increasing 37% over the same month in 2020.



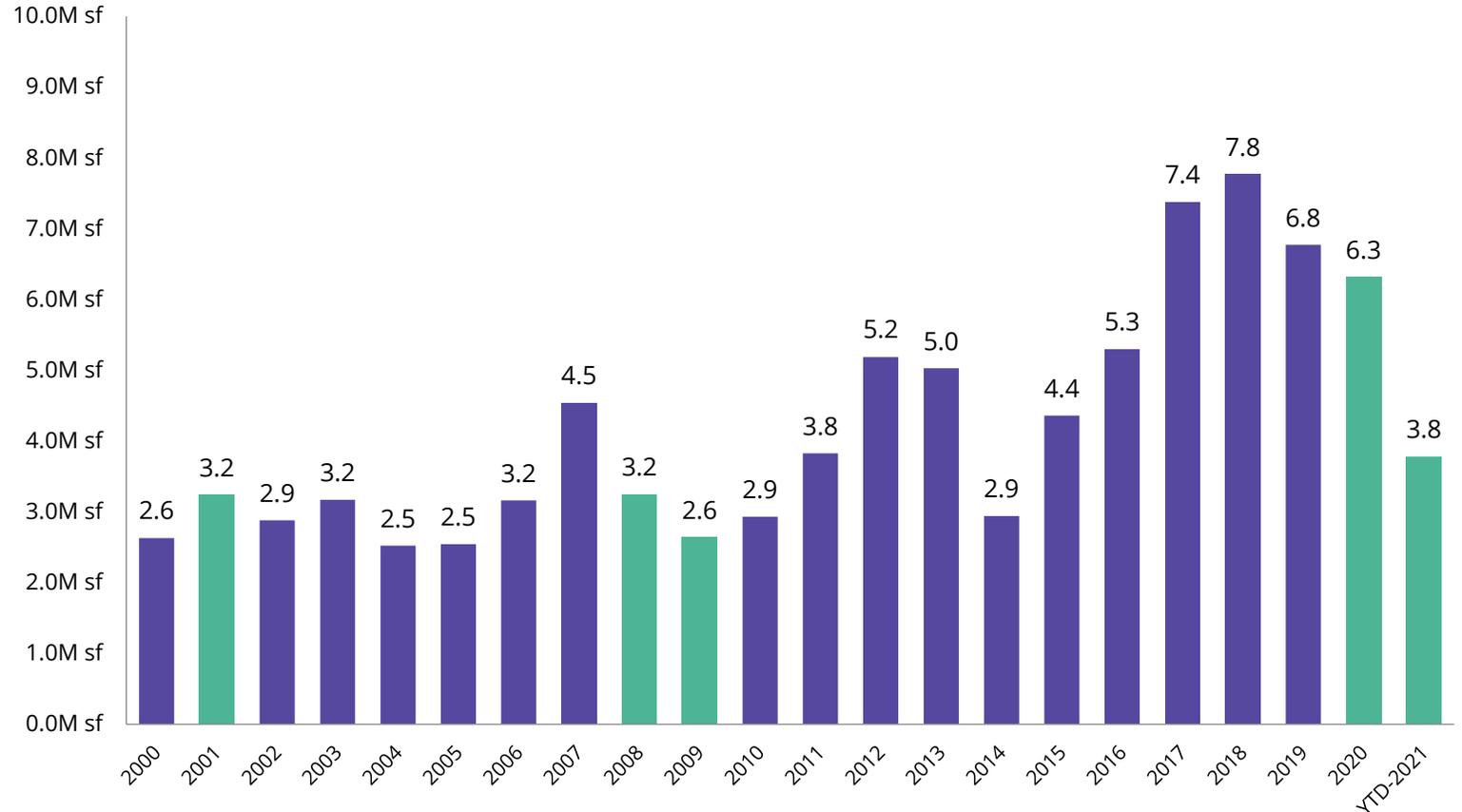
Source: Port of Jacksonville

Industrial leasing activity

59.8%

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

Leasing activity has been strong through 2Q 2021, following on the heels of 6 straight years of strong leasing that collectively averaged 6.3 sf per year.



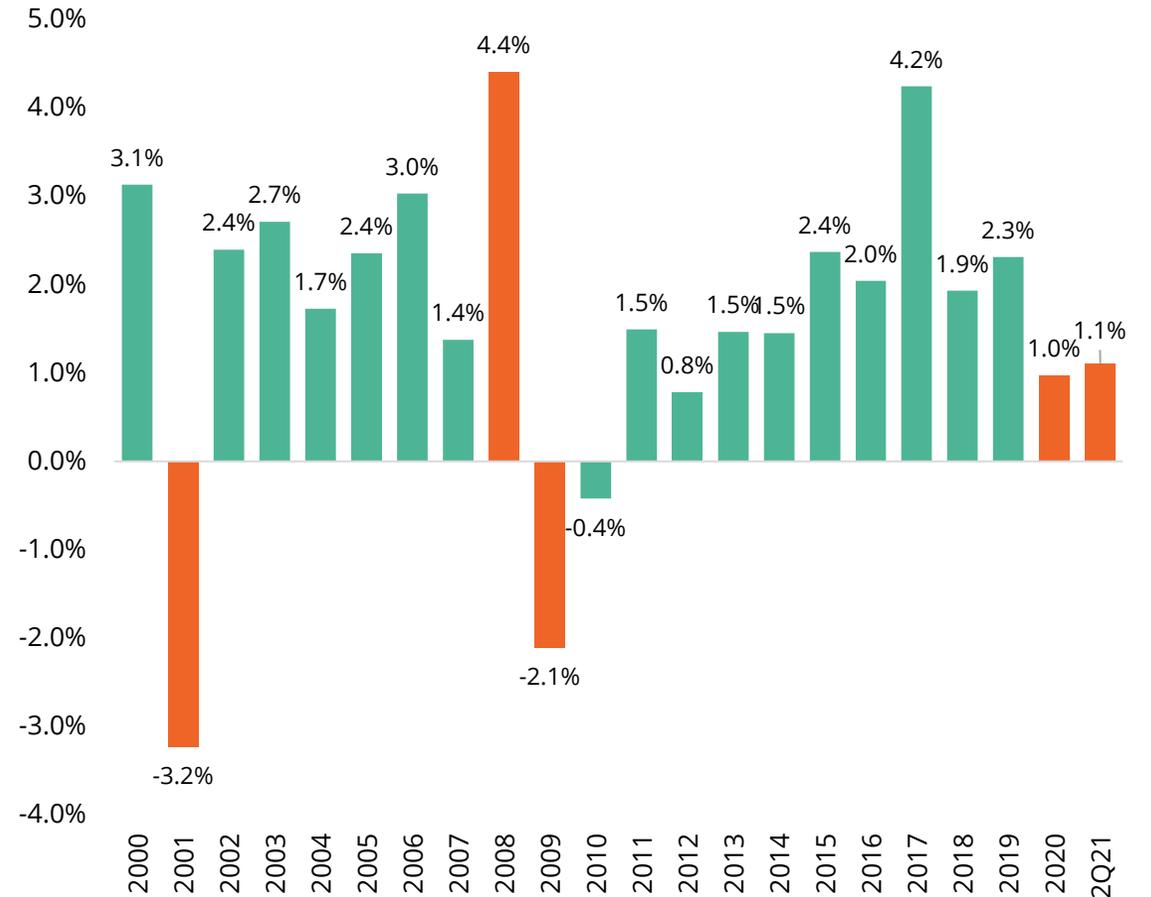
Note: Green represents recession years.
Source: CoStar.

Industrial net absorption

2.1%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and has already eclipsed the total net absorption recorded in 2020. Totaling 1.3 million sf as of Q2 2021, absorption for this year is on pace to match 2019 performance, which was aided by the steady lease up of recently delivered distribution space.



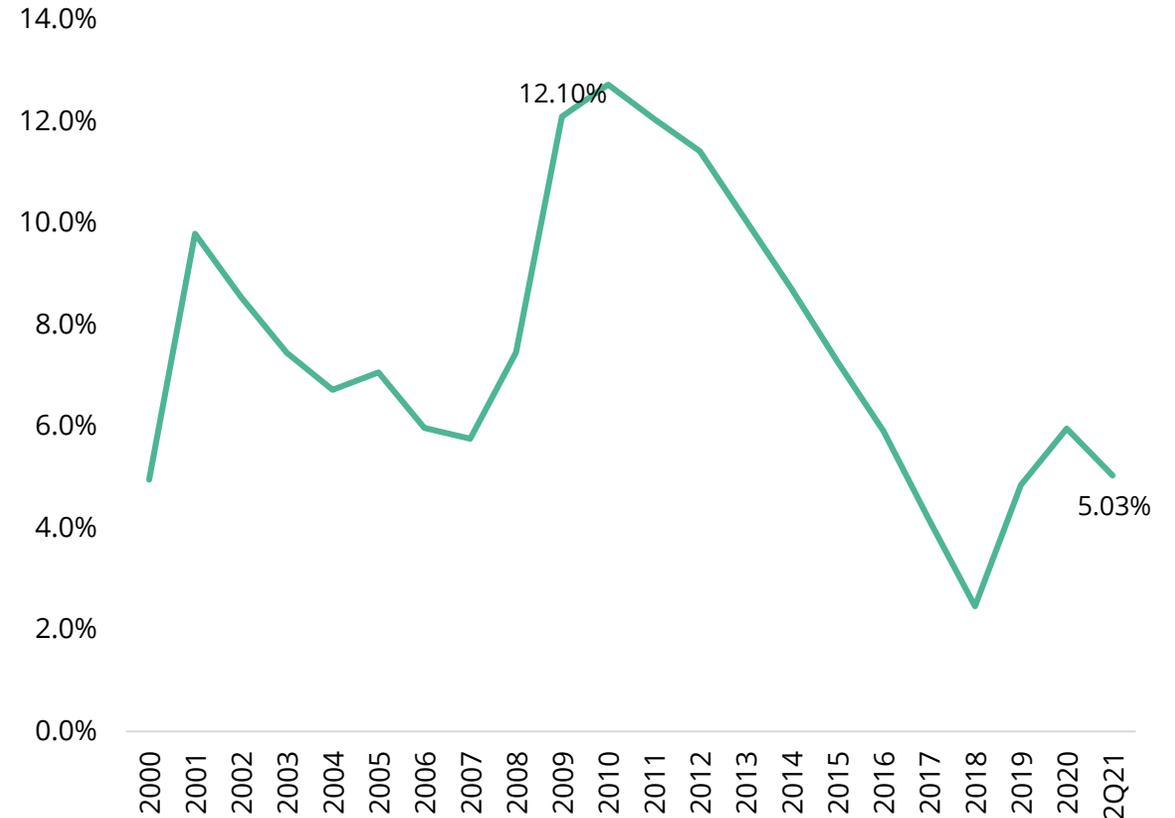
Note: Absorption is measured as the year-over-year change in occupied square feet. Orange represents recession years.
Source: CoStar

Industrial vacancy rate

5.3%

Total vacancy in Jacksonville is only 20 basis points short of YE-2019

The Q2 2021 total vacancy rate of 5.0% reflects the lowest rate recorded since 2019, and the fourth lowest in the previous 20-year period. Only the period from 2017 to 2019—when inventory grew dramatically by 5.6 million sf—reported lower total vacancy rates.



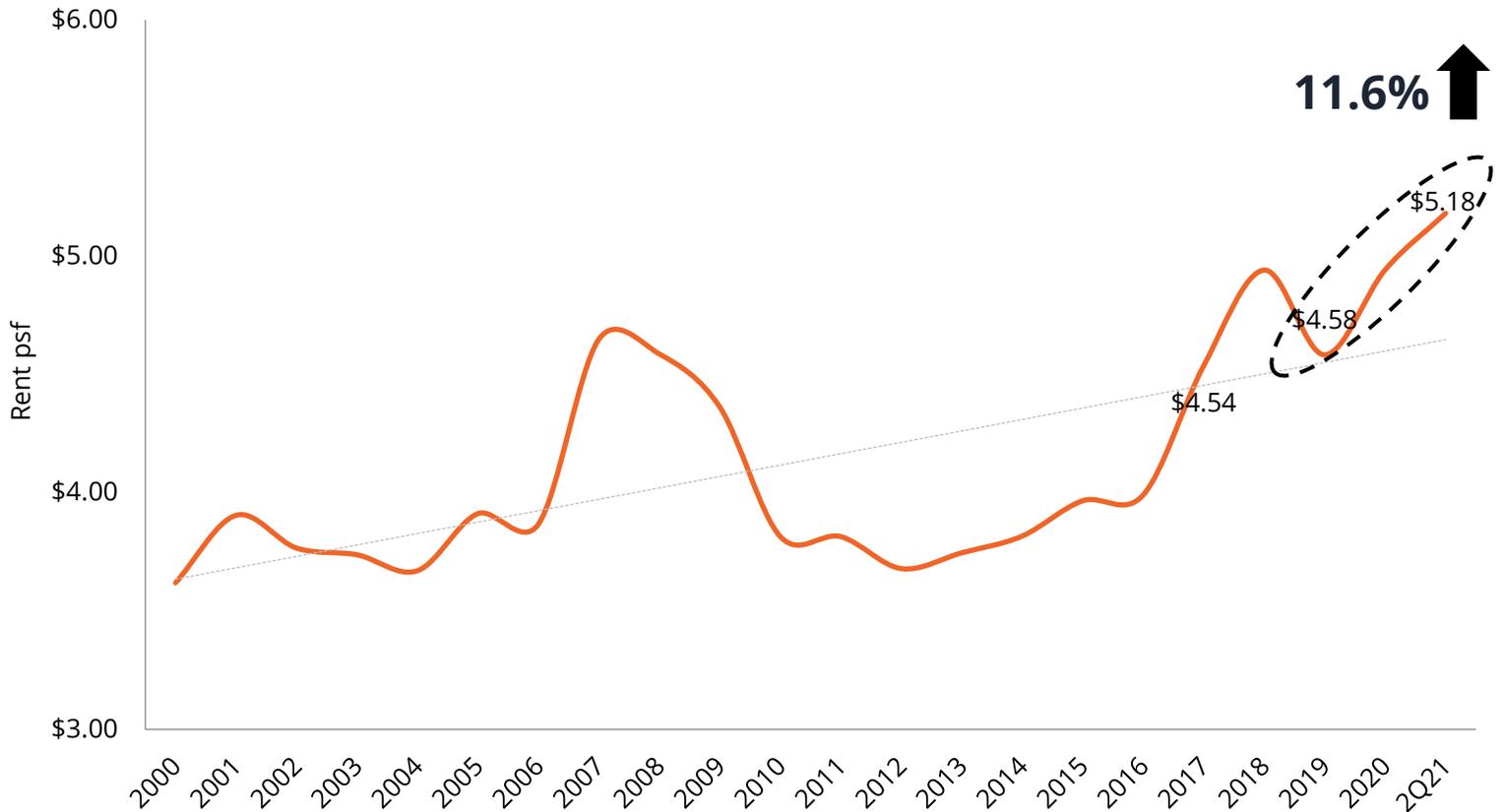
Source: CoStar

Base rents

+ 11.6%

Base asking rents since the onset of the pandemic

Base asking rents, which have grown by 11.6% since the beginning of the pandemic and by 6.6% over the last quarter alone, have risen by 24.5% over the last two decades, underscoring how much industrial demand has increased in Jacksonville.



Source: AVANT by Avison Young

Big-box demand drives construction

48 properties

Proposed or under construction

22.7 msf

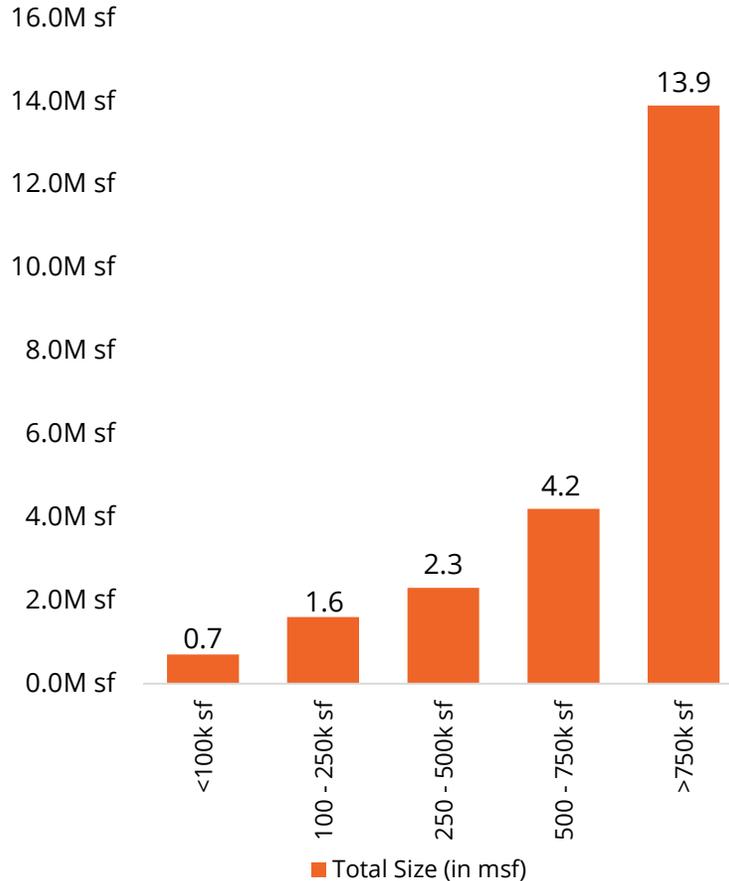
Proposed or under construction

7.8%

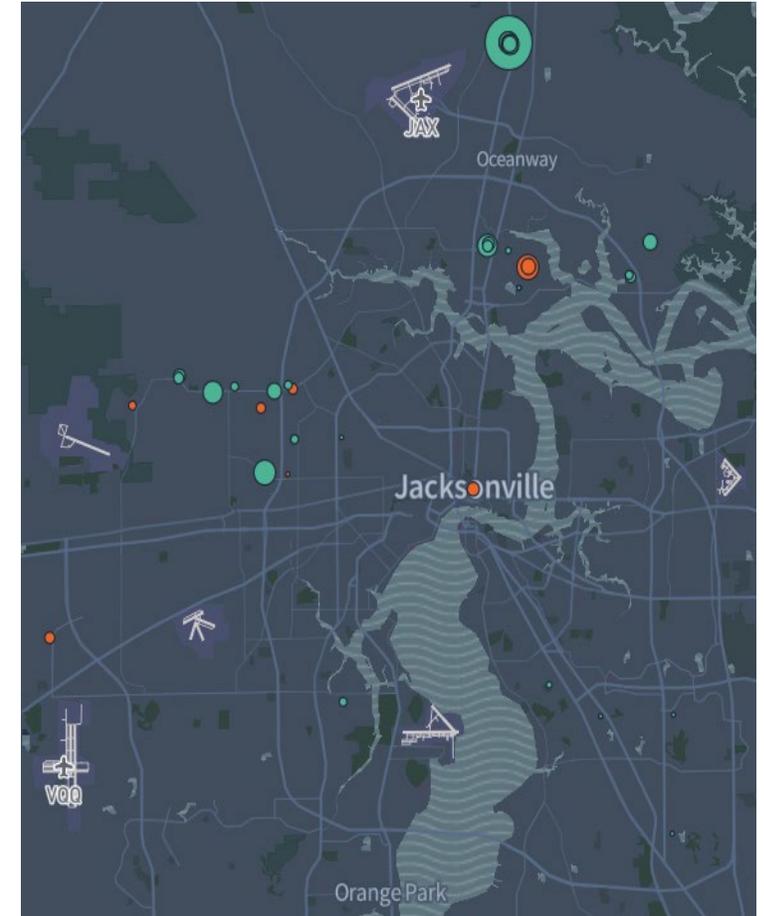
Share of industrial inventory

Westside

Submarket with the most projects under construction at 6



Source: AVANT by Avison Young



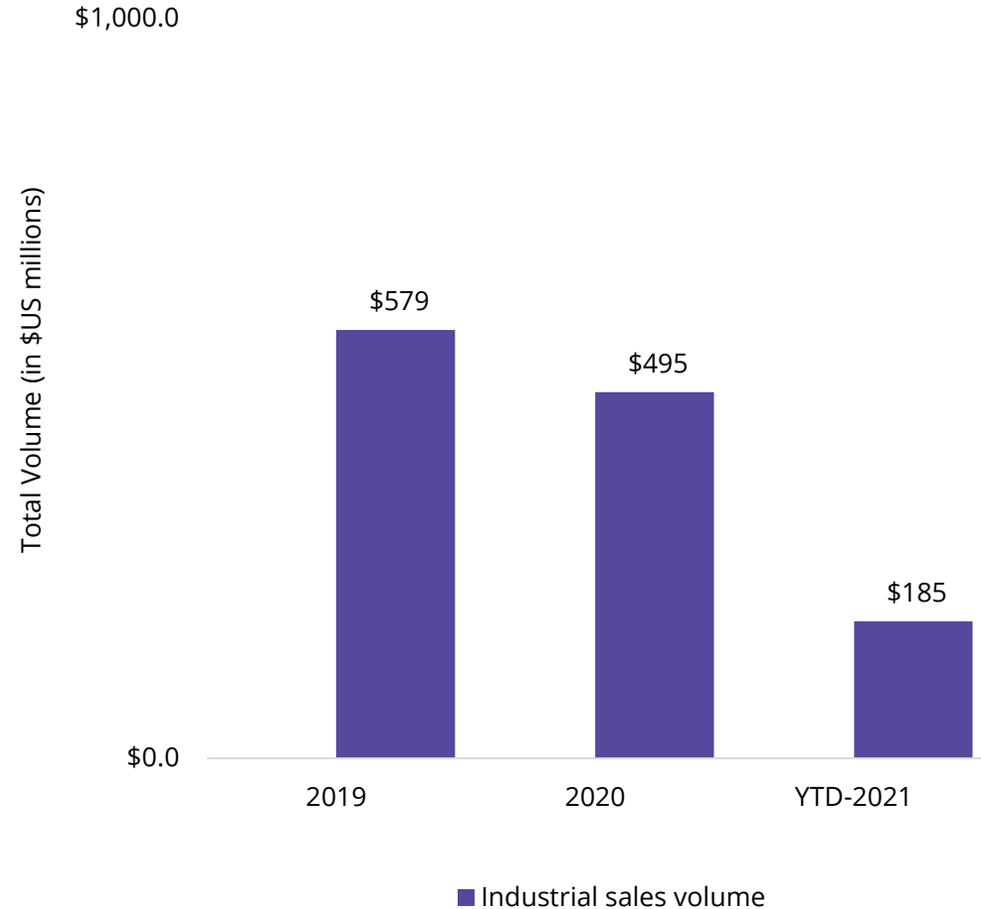
● Under construction ● Proposed

Investment dollar volume

\$680.8M

Industrial dollar volume, 2020 to Q2 2021

While total industrial investment sales activity in Jacksonville has been somewhat muted, sales volume for the trailing 18-month period ending June 2021 well exceeds pre-pandemic activity from 2019.



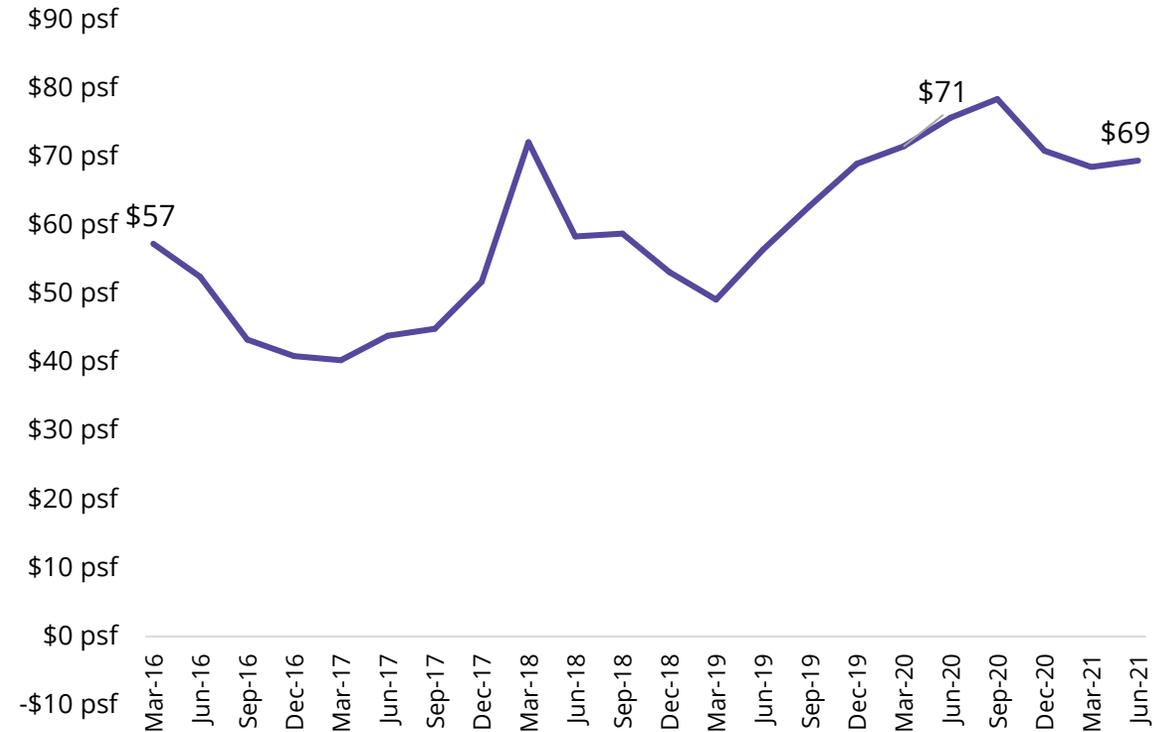
Source: AVANT by Avison Young
RCA

Industrial asset pricing

-2.9%

Jacksonville industrial pricing, March 2020 to June 2021

Pricing for Jacksonville industrial assets has risen incrementally since 2016, with a marked uptick during Q1 2020 - Q3 2020, as an influx of investors continue to seek properties that can accommodate the rise of e-commerce distribution. Pricing for the current quarter is in line with performance at the end of 2019.



Source: AVANT by Avison Young
RCA



Here's what we can expect

- CT Realty, in a joint venture with Diamond Realty Investments, is planning a massive 250-acre, 3.2 million-sf distribution complex on the Westside called Florida Gateway Logistics Center. The company's initial development plans call for 3 buildings together comprising 1.7 million sf although the site is planned for a total 6. One of the first buildings will be able to accommodate a **1 million-sf user**, and the project is one of the biggest speculative distribution projects in the state of Florida.
- **Logistics, transportation and construction** will continue to drive leasing activity as the impact of e-commerce deepens.
- **Industrial leasing demand has been strong** and will likely remain so for the balance of 2021, and while an increase in speculative construction will provide options for industrial occupiers it is unlikely to shift leverage towards tenants given the market's strong fundamentals.
- Solid leasing fundamentals have driven investment interest to industrial, and **e-commerce penetration** will continue to reinforce the need for last-mile facilities near the core of Jacksonville's population.



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Let's talk

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