

Industrial

REAL ESTATE MARKET UPDATE

According to CoStar Analytics, as of April 15, 2024, Florida continues to lead in rent growth, with Orlando retaining its position as the top market in the nation for the third consecutive quarter among markets with a total industrial inventory of at least 100 million square feet. Notably, four of the top 10 U.S. markets are located in Florida, reflecting the enduring strength of the state's commercial real estate sector.

Furthermore, eight of the top 10 markets are situated in the Sun Belt region, despite a trend of industrial demand shifting to northern and mid-western markets. This underscores the impact of population growth towards warmer climates since the onset of the pandemic.

As leaders in in-migration, Florida and Texas have experienced significant growth, although none of the Texas markets made the list for the first quarter of 2024. Despite a decrease in demand by over 70% in Tampa in the past year, it still ranks as the second leading market in the U.S. for annual rent growth, attributed to its low vacancy rate of under 5%.

Orlando, with a slightly higher vacancy rate of 5.7%, witnessed twice as much demand as Tampa in the past 12 months. Both markets exhibit tight vacancy in buildings under 25,000 square feet, where a substantial portion of tenant demand is concentrated.

Jacksonville, buoyed by its deep-water port and proximity to Atlanta's major industrial hub, rounds out the top five Florida markets. It experienced an increase in demand over the past year, with absorption rising nearly 25%. With a lower vacancy rate, Fort Lauderdale trails Jacksonville's rent growth by a narrow margin.

These top 10 markets collectively represent almost 40% of all U.S. industrial demand in the last year. Notably, only the four Florida markets among the top markets for annual rent growth in the first quarter of 2024 also appear in the top 10 for projected rent growth over the next four years.

Real estate, uncomplicated.