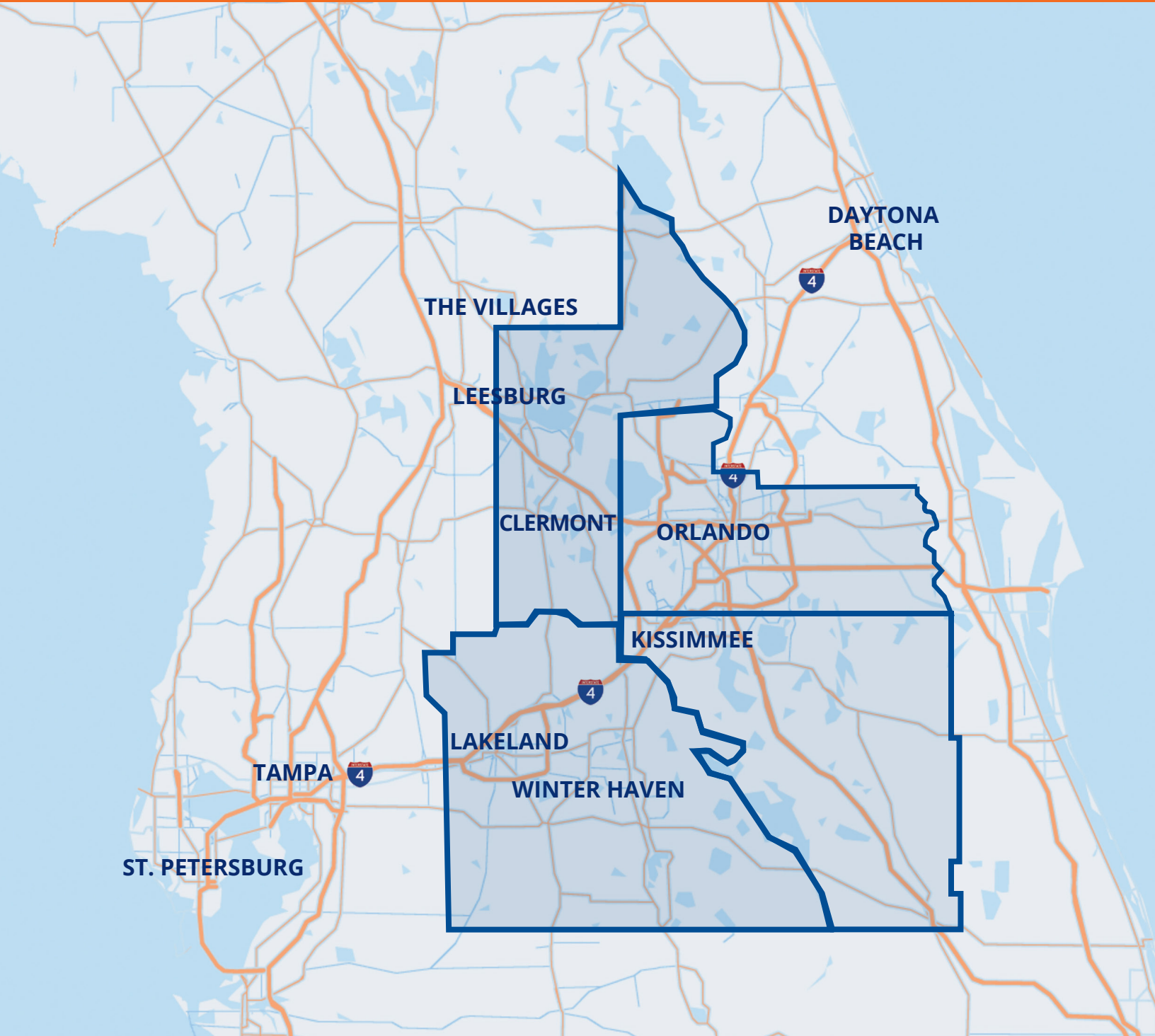


ANNUAL MARKET REPORT

POLK • LAKE • ORANGE • OSCEOLA

2019



MARKET
OVERVIEW, PG 2

NOTABLE LAKE COUNTY
OFFICE SALES, PG 16

ORANGE COUNTY
RETAIL SALES, PG 22

COMMERCIAL MARKET REPORT 2019 ANNUAL SALES

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ABOUT US

SVN | Saunders Ralston Dantzler Real Estate is a full-service land and commercial real estate brokerage with more than \$2.9 billion in transactions representing buyers, sellers, investors, institutions and landowners since 1996. We are recognized nationally as an authority on all types of land including agriculture, ranch, recreation, residential development, and international properties. Our commercial real estate services include marketing, property management, leasing and tenant representation, valuation, advisory and counseling services for office, retail, industrial, and multi-family properties. Our firm also features an auction company, forestry division, international partnerships, hunt lease management and extensive expertise in conservation easements. Located at the center of Florida's I-4 corridor, we provide proven leadership and collaborative expertise backed by the strength of the SVN® global platform. Learn more at SVNsaunders.com.



MARKET OVERVIEW



GARY M. RALSTON
CCIM, SIOR, SRS,
CPM, CRE, CLS,
CDP, CRX,
FRICS, CRRP

Florida is the third most populated State in America, and growth continued in 2019 by almost 900 people per day. Florida's job growth is robust, creating one in every 11 new U.S. jobs since 2015. At \$1.1 trillion, Florida is the world's 17th largest economy. Florida is the 20th most diversified economy in the U.S. The state is focusing on this endeavor, and we expect that work to further diversity will result in Florida being in the top 12 diversified economies in the U.S. by 2030.

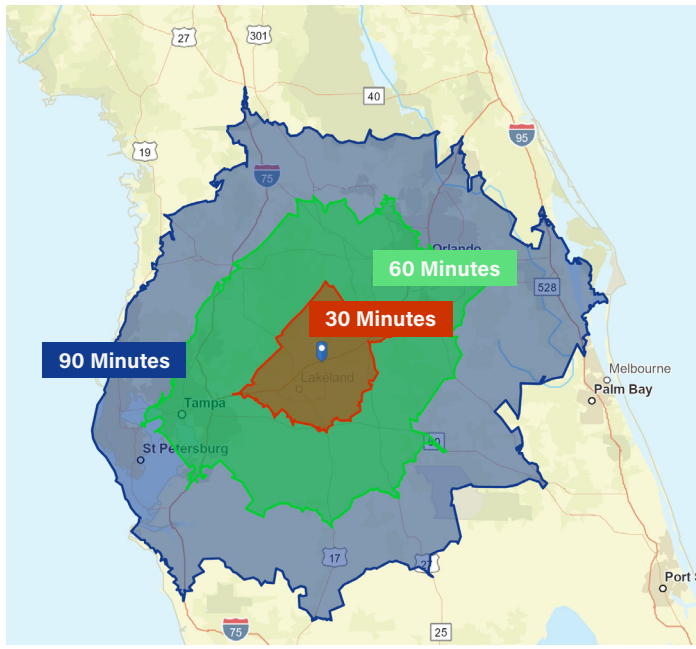
The Florida Chamber reports that the Lakeland-Winter Haven metropolitan statistical area [Polk County] has the best industry diversification in the state. The Orlando MSA is ranked #5 for diversity, and the Tampa MSA is #8.

Demand for commercial real estate correlates highly to job growth, and the center of Florida, often referred to as the I-4 corridor, is exceptionally well-positioned in this regard. The I-4 corridor includes the five-county area of Osceola, Lake, Polk, Orange, and Hillsborough counties. These five counties total about 4.3 million people, and this geography is growing at almost 2.5 times as fast as the nation and nearly 1.5 times as fast as Florida. The population of the five counties is 20% of the population of Florida and represents almost 30% of the state's population growth.

In addition to population metrics, another way to measure location characteristics is drive time. Using Lakeland as the center point for analysis, there are 1.5 million people within 30 minutes; almost 4 million people within 60 minutes; and 7.5 million people within 90 minutes.

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POPULATION METRICS DRIVE TIME MAP

The Lakeland-Winter Haven metropolitan statistical area has the best industry diversification in the state. The Orlando MSA is ranked #5 for diversity, and the Tampa MSA is ranked #8.

- Florida Chamber of Commerce

**FLORIDA IS THE
WORLD'S 17TH LARGEST
ECONOMY
AT \$1.1 TRILLION!**

Florida includes about 21.5 million people, approximately 950,000 businesses, and 9.1 million employees. Focusing on Polk and Lake counties, Polk has over 700,000 people and about 18,700 businesses with almost 241,000 employees. Lake County has almost 370,000 people, 11,240 businesses, and nearly 102,000 employees.

Housing growth continues to be extremely strong across the I-4 corridor. Currently, demand exceeds supply, so we expect residential development of houses, townhouses, and apartments to continue to increase. Housing prices will also continue to grow. There is a need for almost 100 new housing units every day across the five-county area.

In 2019, industrial sales in Polk County were about 4,250,000 SF and a total volume of almost \$270 million. Office sector activity was about 540,000 SF for \$66.7 million. Retail transactions were about 1.265 million SF for almost \$195 million, and multi-family sales were almost \$460 million.

Lake County's 2019 industrial sales were about 584,000 SF and a total volume of almost \$66 million. Office transactions totaled about 422,500 SF for about \$64.2 million. Retail activity was about 1.25 million SF for almost \$100 million, and multi-family sales were almost \$22 million.

It would be appropriate to close with a few comments as to the current market conditions due to the COVID-19 pandemic. It is clear that the stay-at-home order and

the closing of malls, big-box retail, and restaurants has decimating effects on retail real estate. Unquestionably, retail real estate will be more impacted by this crisis than the other property types.

The office sector will be the next most impacted property type, and expanding remote work policies has changed the view of many as to office real estate. Studies have shown that traditional offices foster greater productivity and the ability to attract and retain the highest-quality talent. So, working at home will not replace working in offices in the long term. There will be a bounce-back, but office space will be different.

Rent collection issues have already impacted the multi-family market. It is good to keep in mind that the demand for apartments is highly correlated to households. The economy will result in some household consolidation, which reduces demand in the short term.

The least impacted commercial property type is Industrial. The e-commerce explosion has created meaningful additional demand in this sector. There may be a slowdown for small space users, but this will recover quickly, and users of industrial real estate will take the lead in creating safe working conditions.

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2019 ANNUAL SALES

POLK COUNTY TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	DAVENPORT	55.02	309,829	8/27/2019	\$90,000,000	290.48	HOSPITAL
2	LAKELAND	23.22	470,032	4/24/2019	\$61,500,000	130.84	MULTI-FAMILY
3	LAKELAND	40.16	470,283	1/2/2019	\$54,600,000	116.10	MULTI-FAMILY
4	LAKELAND	37.29	340,995	12/17/2019	\$51,600,000	151.32	MULTI-FAMILY
5	DAVENPORT	19.03	277,616	7/12/2019	\$51,275,000	184.70	MULTI-FAMILY
6	WINTER HAVEN	23.57	252,207	10/21/2019	\$37,960,000	150.51	MULTI-FAMILY
7	LAKELAND	35.27	599,280	6/24/2019	\$36,851,000	61.49	WAREHOUSE, DISTRIBUTION
8	LAKELAND	22.09	492,960	4/24/2019	\$35,422,700	71.86	WAREHOUSE, DISTRIBUTION
9	LAKELAND	34.91	400,000	4/5/2019	\$33,000,000	82.50	WAREHOUSE, DISTRIBUTION
10	WINTER HAVEN	29.79	219,476	5/13/2019	\$28,250,000	128.72	MULTI-FAMILY

LAKE COUNTY TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	CLERMONT	25.2	269,594	5/21/2019	\$39,500,000	146.52	MULTI-FAMILY
2	MOUNT DORA	22.37	185,769	1/14/2019	\$23,750,000	127.85	MULTI-FAMILY
3	CLERMONT	10.25	49,012	6/13/2019	\$20,250,000	413.16	GOVERNMENT (SCHOOL)
4	CLERMONT	23.36	190,358	5/20/2019	\$18,000,000	94.56	RETAIL
5	CLERMONT	247.05	-	6/21/2019	\$12,180,700	-	TRANSITIONING AG LAND
6	EUSTIS	14.8	60,574	9/25/2019	\$11,100,000	183.25	NURSERY
7	TAVARES	19.49	2,500	10/9/2019	\$10,559,000	4,223.60	MOBILE HOME PARK
8	GROVELAND	113.15	-	3/18/2019	\$10,500,000	-	VACANT INDUSTRIAL
9	CLERMONT	18.32	54,002	5/21/2019	\$10,500,000	194.44	RETAIL
10	CLERMONT	8.97	59,648	12/12/2019	\$8,300,000	139.15	RETAIL

ORANGE COUNTY TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	MAITLAND	20.1	365,068	12/10/2019	\$105,000,000	287.62	MULTI-FAMILY
2	ORLANDO	44.62	699,553	8/27/2019	\$104,000,000	148.67	MULTI-FAMILY
3	WINTER PARK	3.25	509,170	10/2/2019	\$86,000,000	168.90	MULTI-FAMILY
4	WINTER PARK	2.41	448,026	7/3/2019	\$84,450,000	188.49	MULTI-FAMILY
5	WINTER GARDEN	21.96	387,812	7/11/2019	\$80,125,000	206.61	MULTI-FAMILY
6	ORLANDO	13	367,849	4/23/2019	\$77,745,000	211.35	MULTI-FAMILY
7	ORLANDO	24.16	394,837	9/17/2019	\$77,000,000	195.02	MULTI-FAMILY
8	ORLANDO	13.57	397,982	6/11/2019	\$74,732,000	187.78	MULTI-FAMILY
9	ORLANDO	15.41	295,613	4/26/2019	\$73,799,056	249.65	MULTI-FAMILY
10	WINTER GARDEN	13.97	344,623	1/9/2019	\$73,000,000	211.83	MULTI-FAMILY

OSCEOLA COUNTY TOP 10 QUALIFIED SALES

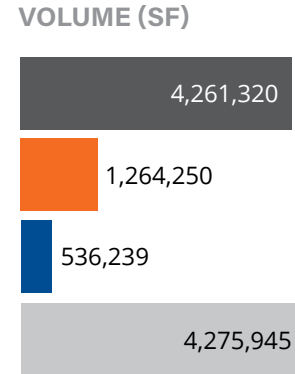
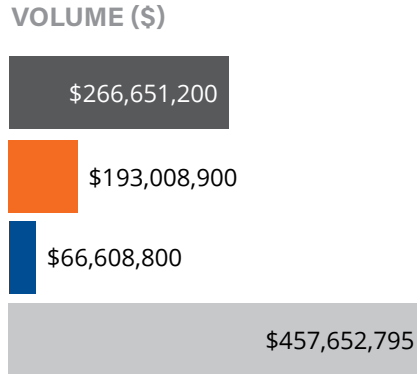
	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	KISSIMMEE	28.69	346,773	10/30/2019	\$70,980,000	204.69	MULTI-FAMILY
2	KISSIMMEE	34.06	360,431	6/19/2019	\$67,000,000	185.89	MULTI-FAMILY
3	CHAMPIONS GATE	10.72	412,886	1/7/2019	\$65,000,000	157.43	MULTI-FAMILY
4	KISSIMMEE	13.88	321,333	8/30/2019	\$61,690,000	191.98	MULTI-FAMILY
5	DAVENPORT	16.97	310,518	8/6/2019	\$59,000,000	190.01	MULTI-FAMILY
6	CELEBRATION	14.41	292,378	2/8/2019	\$43,000,000	147.07	MULTI-FAMILY
7	SAINT CLOUD	1,358.81	-	8/27/2019	\$40,000,200	-	VACANT LAND
8	KISSIMMEE	217.09	-	10/12/2019	\$34,000,000	-	VACANT LAND
9	KISSIMMEE	967	-	1/3/2019	\$34,000,000	-	PASTURE LAND
10	KISSIMMEE	15.64	217,066	10/23/2019	\$25,300,000	116.55	MULTI-FAMILY

POLK VOLUME

- Industrial ■ Office
- Retail ■ Multi-Family

TOTAL VOLUME (\$)
\$983,921,695

TOTAL VOLUME (SF)
10,337,754

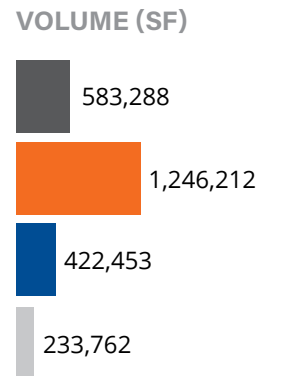
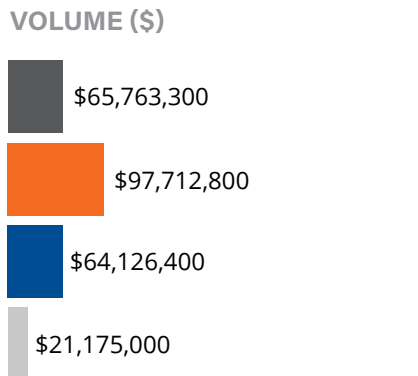


LAKE VOLUME

- Industrial ■ Office
- Retail ■ Multi-Family

TOTAL VOLUME (\$)
\$248,777,500

TOTAL VOLUME (SF)
2,485,715

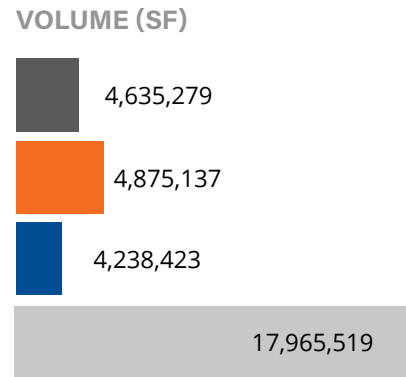
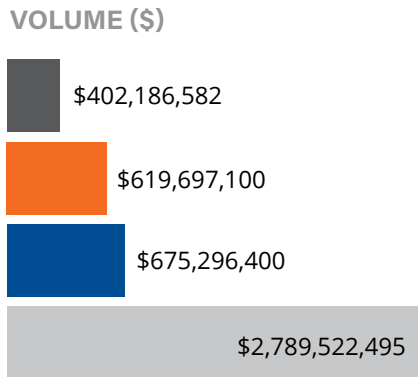


ORANGE VOLUME

- Industrial ■ Office
- Retail ■ Multi-Family

TOTAL VOLUME (\$)
\$4,486,702,577

TOTAL VOLUME (SF)
31,714,358

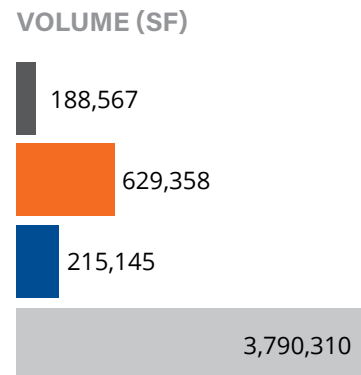
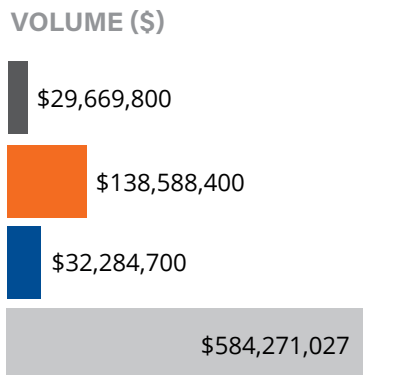


OSCEOLA VOLUME

- Industrial ■ Office
- Retail ■ Multi-Family

TOTAL VOLUME (\$)
\$784,813,927

TOTAL VOLUME (SF)
4,823,380



National retail real estate volume continues to increase, and in some respects, the expansion is beyond general expectations. Retail sales for 2019 [calculated as retail sales and food services less motor vehicles] were strong, with a 3.5% increase over 2018.

Here are a few other interesting overall retail statistics. Restaurant sales [NAICS 722] were over 12% more than grocery store [NAICS 4451] sales. Restaurant sales increased by 4.6% over 2018. Walmart continues to be a dominating force for retail. Walmart sales are slightly more than 8% of total retail sales [NAICS 44, 45, 722 less auto dealers – 4411]. E-commerce sales were 11% of total retail sales for 2019 but increased to a record high of 11.4% in Q4.

Electronics and appliance stores, clothing stores, and sporting goods experienced sales declines from 1.5% to over 3%. Traditional department stores [not including discount department stores] experienced a sales decline of almost 9%.

Retail sales in Polk and Lake Counties continue to be strong, which is positive for retail real estate and an indication of continued demand. However, much of the retail market demand in Florida, as well as Polk and Lake counties, is attributable to tourism. The increase in retail sales translates into growth in SF and increased rent, leading to higher prices. An indication that retail sales in Florida outperform the nation is that there are almost 20% more retail trade jobs in Florida than the national average, a fact is also actual in Polk and Lake counties.

Polk County retail real estate totals about 34 million SF, which amounts to about 49 SF per person, and is consistent with the national average. Total retail SF is not growing, even considering population growth, which is over 3%. Analysts might consider this to be an overall positive since population and income correlate highly to demand for retail and retail real estate.

Polk County retail real estate sales in 2019 approached \$200 million. The average price per SF was about \$153. The sales volume of freestanding net lease properties, with typically one to three creditworthy tenants, continued with healthy sales levels and the lowest cap rates amongst retail properties.

As previously noted, build-to-suit space for new



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FRICS, CRRP

tenants entering our market continues to set high levels in the \$30s per SF range. This rent level is almost twice the rent levels in “mature” shopping centers in the market and is even higher than high-profile grocery-anchored centers.

Tenants and investors are continuing to focus on vital commercial corridors. They seek strong demographics of over 20,000 population within 2 miles, with median household income 25% or more above the county level. Such corridors typically have average annual daily traffic of about 30,000 cars per day. There is also increasing scrutiny of on-site characteristics such as access, visibility, and parking. Parking requirements are growing, and many retail tenants now seek 20% to 25% more parking spaces than in past years.

It would be appropriate to close with a few comments as to the current market conditions in our “COVID-19 world.” The “stay-at-home” order and the closing of malls, big-box retail, and restaurants has decimated retail real estate. Service providers such as gyms, salons, and medical occupy about 35% of retail, commercial space. The department stores and other boxes except for discount department stores are mostly closed for business, and their recovery is questionable. We expect grocery, drug, and discount department stores to remain stable and grow both in sales as well as market share.

Many retail tenants, especially those who are closed, are not paying rent. As a result, we anticipate that as financial institutions take action as to loan collection, some retail real estate will be repositioned, and there may be some compelling acquisition opportunities. Much will depend on the state's and local governments' re-opening orders and processes. How quickly the public will return to pre-pandemic store shopping levels remains unknown.

On a final note, although e-commerce has grown exponentially during this crisis, it is good to keep in mind that the delivery costs of retail goods are typically more than the traditional store distribution channel. The trend may well become “BOPIS” – buy online and pick up in-store.

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**NATIONAL RETAIL REAL ESTATE
VOLUME INCREASED
3.5% OVER 2018**

**RETAIL REAL ESTATE SALES
IN 2019 APPROACHED
\$200 MILLION**

**RETAIL SALES IN
POLK COUNTY
\$193,008,900**

VOLUME (\$)

1,264,250 SF

VOLUME (SF)

\$152.67 PER SF

AVERAGE PRICE PER SF

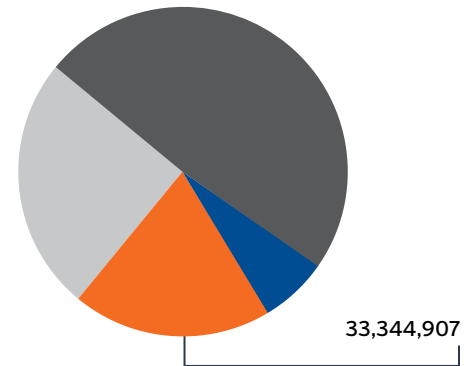
RETAIL TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	HAINES CITY	17.6	133,673	6/5/2019	\$11,000,000
2	LAKELAND	9.84	92,006	12/3/2019	\$7,434,085
3	LAKELAND	7.73	116,750	10/8/2019	\$8,000,000
4	LAKELAND	0.85	11,440	7/10/2019	\$6,425,000
5	LAKELAND	1.37	6,096	4/24/2019	\$5,728,000
6	WINTER HAVEN	2.00	11,200	2/8/2019	\$5,000,000
7	POINCIANA	1.82	3,966	2/27/2019	\$4,771,000
8	DAVENPORT	1.96	3,124	7/1/2019	\$4,695,600
9	LAKELAND	1.60	2,940	12/5/2019	\$4,526,000
10	BARTOW	1.32	6,400	3/5/2019	\$3,850,000

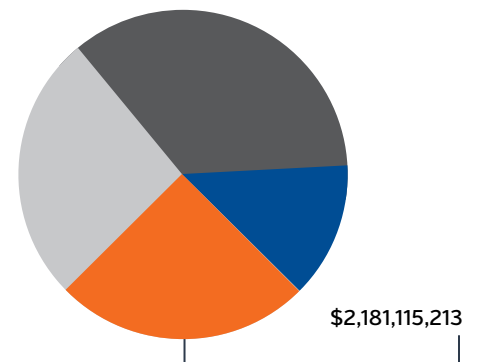
POLK COUNTY INVENTORY

- Industrial
- Office
- Retail
- Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE





NEW CATAPULT BUILDING CONSTRUCTION (BACKGROUND) AND SUMMIT CONSTRUCTION (FOREGROUND)

In previous writeups, I have often been the voice of doom and gloom for the Polk office sector. The truth is the underlying jobs and construction data are nothing to write home about. The office sector in Polk County added 191,000 SF in 2019, representing a 1.4% growth rate, compared to a 6.6% industrial sector growth rate. Jobs were relatively unchanged, although Professional and Business Services retracted from 32,200 countywide to 32,000 between January 1, 2019, and January 1, 2020. Financial Activities jobs spiked in the first half of 2019 but remained flat the remainder of the year. In 2020, it will be interesting to see if the office recovery has plateaued or if it can further rebound.

It is not all bad news, though. Several projects are under construction, including Summit Consulting's 135,000 SF building on Lake Mirror in Downtown Lakeland, and Aspyre Properties' executive office building around the corner on the lake. These new projects, as well as the new Catapult building and The Joinery food hall, are bringing the historic, charming lake back to life. In the suburbs of Lakeland, Publix is expanding its corporate headquarters by a whopping 220,000 SF.



DAVID
HUNGERFORD
CCIM

Noticeably there were no large office building sales in 2019. The top two sales were single-tenant, private practice medical facilities. Also notable, the top three sales were all on the east side of the County. In 2018, the top four sales were in Lakeland, and Lakeland had eight of the top ten sales in Polk County.

LOOKING FORWARD THROUGH THE LENS OF LIFE WITH AND AFTER COVID-19

As I write this article, we still do not know much about the coronavirus strain. Today, most office workers are working remotely including myself as I type this at my home office desk. We are learning how to function in this environment by buying new hardware and software, and employers are learning how to operate as well. It could be that employees and employers like this remote work style. It is easy to conclude how that could affect office real estate, further inhibiting new speculative construction in Polk County. An already vulnerable sector could see more trouble, making a competitive advantage that much more critical.

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IN 2019 POLK COUNTY ADDED

191,000 SF

REPRESENTING

1.4% GROWTH RATE

TOTAL ANNUAL VOLUME SOLD

\$66,608,800 SALES

536,239 SF TOTAL

TOP 10 OFFICE SALES TOTAL

\$29,150,400

139,513 SF

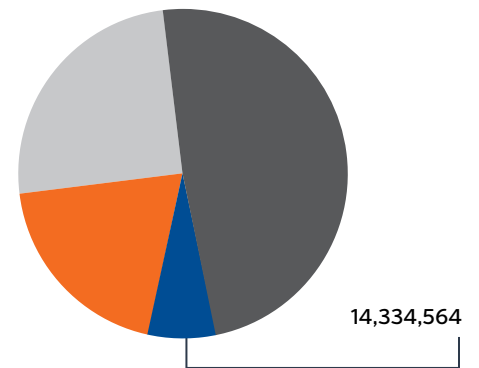
POLK OFFICE TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	WINTER HAVEN	1.49	11,100	6/3/2019	\$6,000,000
2	DAVENPORT	1.41	9,253	9/19/2019	\$4,600,000
3	WINTER HAVEN	0.12	39,758	10/23/2019	\$3,675,400
4	LAKELAND	2.59	20,181	12/26/2019	\$3,000,000
5	LAKELAND	1.05	7,381	6/3/2019	\$2,500,000
6	LAKELAND	1.53	7,220	2/14/2019	\$2,100,000
7	LAKELAND	0.58	16,890	5/21/2019	\$1,900,000
8	HAINES CITY	1.02	10,032	4/24/2019	\$1,875,000
9	WINTER HAVEN	1.09	10,138	9/16/2019	\$1,800,000
10	WINTER HAVEN	2.60	7,560	8/27/2019	\$1,700,000

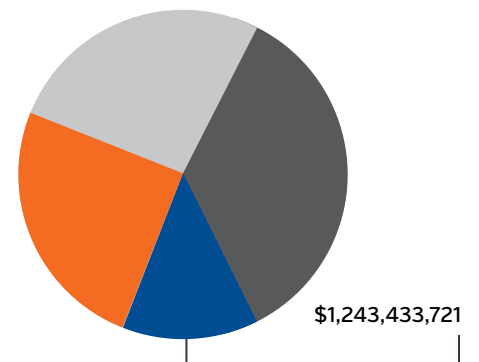
POLK COUNTY INVENTORY

- Industrial
- Office
- Retail
- Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



In the fourth quarter of 2019, Central Florida's apartment sector continued its strong performance in all major categories. Rents continued to increase, and occupancies held firm, as overall employment and net in-migration numbers both continued to grow throughout the year.

New rental units in Tampa grew by 5,600 in 2019. The overall market vacancy rate was 4.2% at the end of 2019, with a 5.7% annual increase in average rents. Rents increased by approximately 35% in the aggregate over the last five years in the Greater Tampa Bay Area, and overall the Tampa/St. Pete metro grew by over 40,800 people in 2019.

Orlando added 6,300 new units to its apartment inventory, while overall average market rents increased by 6.1% in 2019. Job growth in Orlando ended 2019 at 3.7%, and net in-migration was 48,800 for the year.

However, the clear skies and calm waters of 2019 are now well behind us all, and choppy seas lie ahead. Yet, where there are confusion and distress in the marketplace, there are also opportunities. What happens next is uncertain, but as the son of Jennie Jerome, a Brooklyn, NY-born native, Winston Churchill was quoted as saying, "If you are going through hell, keep going."

A recession is likely on the horizon, particularly if we keep closing up and choking off the economic engine that is the United States economy. The job losses are staggering, to say the very least, for we have now wiped out ten years of job growth in a little less than three months. Many economists are thinking that overall unemployment levels may well approach 10% to 15%, depending on whom you choose to believe. Those predictions are, sadly, looking potentially light in the face of over 26 million unemployment claims in just the last five weeks.

The Federal Reserve, U.S. Treasury, both houses of Congress, and Fannie and Freddie Mac continue to work with the White House to develop one stimulus package after another. At the same time, the IRS has relaxed pressure by extending filing deadlines and loosening 1031-exchange timelines. Even with these incredible efforts, we simply can not continue to prop up 330,000,000 people.

The best national financial recovery scenario would be V-shaped, followed by the U-shaped possibility, and the worst would be the L-shaped model. My favorite symbol analogy so far would be a recovery shaped like the Nike swoosh.



ERIC
AMMON
CCIM

From everything that I have read, hospitality will be the hardest-hit sector of the economy, followed by office, then retail, with both multi-family and industrial markets faring much better in comparison.

Overall, national GDP will decrease 10-13% in 2020, according to Christopher Lee of CEL Associates, Inc. Bank researchers at Trepp project overall loan defaults as high as 35% in hospitality and 16% in retail. Trepp bases its modeling on a loan pool of 12,501 active loans with an aggregate outstanding loan balance of \$77.5 billion.

As one would expect, rent growth across all asset classes is very likely going to reverse itself for the near term, and occupancies will also soften. Still, buying opportunities will arise as owners who want to exit the market or who need to sell under the financial strain begin to offload assets.

Will we see the 2008-2012 bank mess again? I certainly hope not. But we do seem to be good at repeating ourselves for some unknown reason. Another quote from Mr. Churchill may apply here: "Americans will always do the right thing, after exhausting all the alternatives."

Like each of the other asset classes, operating expenses related to all things cleaning will continue to rise. Also, training and retention of employees and tenants will each become more challenging. Those developers who are presently under construction with new properties may face sizeable equity calls, as their lease-up projections and the banks' "short-term evaluation models" might well become too strained in this new environment. The other evident strain on apartment owners and operators will be how to interface with tenants, and what the going forward expectations are relative to turning over units to new tenants. None of this is easy, and it is going to test everyone's patience and skills to remain competitive.

Despite these strong economic headwinds, deals are still closing. Please be safe out there, and I am going to spend some of my time reading much more about Mr. Churchill, who was one of many great men who saved the free world when all looked extremely bleak. My favorite quote of his so far, and he has many from which to choose, is: "Success is not final, failure is not fatal: it is the courage to continue that counts."

Eric T. Ammon, CCIM is a Senior Advisor. He can be reached at 863-602-1001 or eric.ammon@svn.com.

TOTAL ANNUAL VOLUME SOLD

\$457,652,795 SALES
4,275,945 SF TOTAL

NEW RENTAL UNITS GREW BY

5,600 UNITS IN TAMPA
6,300 UNITS IN ORLANDO

AVERAGE MARKET RENTS INCREASED BY

6.1%

ORLANDO

4.2%

TAMPA

5.7%

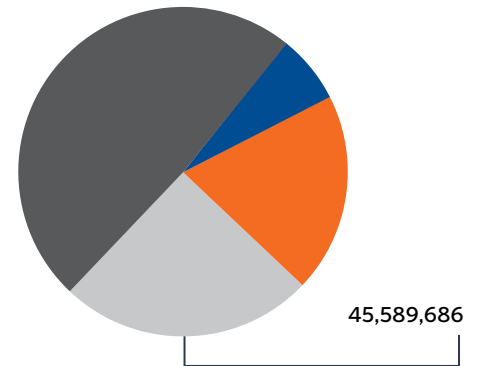
NATIONAL

POLK MULTI-FAMILY TOP 10 QUALIFIED SALES					
	CITY	ACRES	SF	SALE DATE	PRICE
1	LAKELAND	23.22	470,032	4/24/2019	\$61,500,000
2	LAKELAND	40.16	470,283	1/2/2019	\$54,600,000
3	LAKELAND	37.29	340,995	12/17/2019	\$51,600,000
4	DAVENPORT	19.03	277,616	7/12/2019	\$51,275,000
5	WINTER HAVEN	23.57	252,207	10/21/2019	\$37,960,000
6	WINTER HAVEN	29.79	219,476	5/13/2019	\$28,250,000
7	LAKELAND	1.49	135,160	7/12/2019	\$14,166,100
8	WINTER HAVEN	51.97	259,700	6/4/2019	\$14,000,000
9	LAKELAND	5.39	56,920	12/23/2019	\$6,100,000
10	LAKELAND	13.6	-	11/14/2019	\$3,660,000

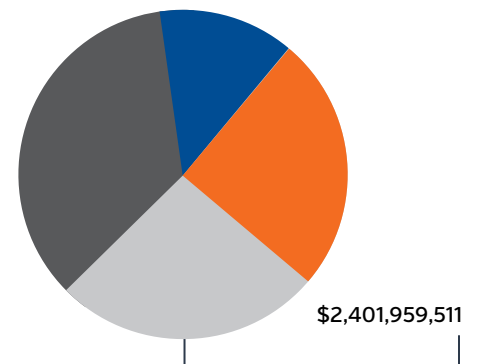
POLK COUNTY INVENTORY

Industrial Office
 Retail Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



Polk County remains a magnet for the industrial sector of our commercial real estate market. Primarily due to our central location, convenient access to the entire Florida consumer market, good roadways and rail, international airports, and sufficient seaports nearby, Polk will continue to be in high demand for industrial and distribution properties.

While I-4 can still become a daily parking lot, there is no way to discount the attraction of our central location for distribution companies looking to relocate here. Haverty's, Best Buy, Walmart, Amazon, O'Reilly Auto Parts, and, of course, Publix, are just some of the companies who have discovered the exceptional benefits of being in the middle of the "buckle" of the I-4 corridor. Remember, there are approximately 21,000,000 people within a five-hour drive of Polk County. The demographic strength of this location is a genuinely compelling number when analyzing sites for warehouse and distribution.

In reviewing the top industrial sales in Polk County during 2019, nine were in the Lakeland market. The one outlier is a sale in the Haines City market.

The top four sales range in size from 349,929 SF to 599,280 SF. Their land size is 22-35 acres, and their sales price is \$61.49 - \$82.50/SF. Total industrial sales in square footage for 2019 was 4,261,320 SF, with a sales total of \$266,651,200 or an average sale price per square foot of \$62.57.

Our total square footage of improved industrial space in 2019 was 86,892,867, with an assessed value of



R. TODD
DANTZLER
CCIM

\$3,134,771,437, up from the 2018 totals of 81,508,145 SF with an assessed value of \$2,868,162,696.

New space is under construction in 2020 and slated for completion this year, so I see a continued upward trend line for industrial space in Polk County.

Typical hotspots for industrial development are on County Line Road (on both the Polk and Hillsborough sides), near the Lakeland Linder Airport, and the I-4 corridor from the Hwy 33 area on to Polk City. Medline, Saddle Creek Logistics, and others have identified areas along the Polk Parkway in the Auburndale area for expansion as well as the northeast part of Polk County at the I-4 and US 27 exchange.

The City of Winter Haven has seen some very recent activity in an industrial area which adjoins the Winter Haven ILC. Speaking of the ILC, this area has had inquiries, but so far, no takers.

A reminder to our market is that prices vary throughout the industrial land market in Polk County. To quote my friend Gary Ralston, "you can outperform the market as to occupancy but not as to rent."

Always get advice from a knowledgeable Realtor® in the market when looking for real estate. It will save you time, money, and frustration in the near and long run.

R. Todd Dantzler, CCIM, is a Managing Director & Senior Advisor. He can be contacted at 863-877-2846 or todd.dantzler@svn.com.



1 WEST LAKELAND INDUSTRIAL

**POLK INDUSTRIAL
TOP 10 SALES TOTAL**

\$185,971,000
2,652,272 SF

**AVERAGE ANNUAL
PRICE PER SF**
62.57 SF

**PRICE PER SF
TOP 3 SALES**

\$61.49/SF

SALE #1

\$71.86/SF

SALE #2

\$82.50/SF

SALE #3

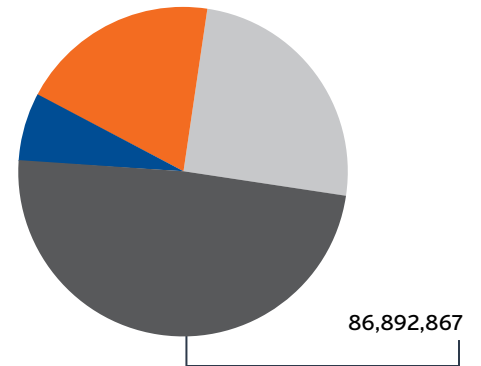
POLK INDUSTRIAL TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	LAKELAND	35.27	599,280	6/24/2019	\$36,851,000
2	LAKELAND	22.09	492,960	4/24/2019	\$35,422,700
3	LAKELAND	34.91	400,000	4/5/2019	\$33,000,000
4	LAKELAND	22.21	349,929	7/29/2019	\$25,197,400
5	HAINES CITY	22.75	200,000	3/27/2019	\$12,500,000
6	LAKELAND	14.52	137,500	7/23/2019	\$12,000,000
7	LAKELAND	9.75	168,400	6/24/2019	\$10,649,900
8	LAKELAND	26.3	89,260	3/8/2019	\$7,000,000
9	LAKELAND	8.7	112,683	4/2/2019	\$6,850,000
10	LAKELAND	6.78	102,260	5/10/2019	\$6,500,000

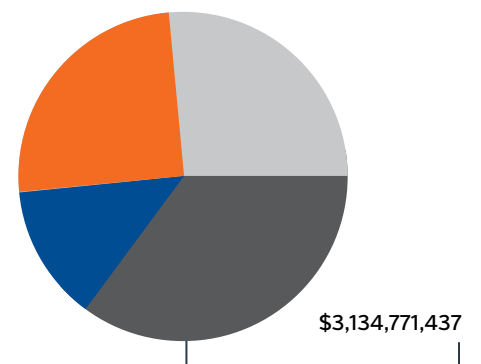
POLK COUNTY INVENTORY

■ Industrial ■ Office
■ Retail ■ Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



In Lake County, Clermont takes the lead in sales of retail centers and development. Of the top ten transactions in the first quarter of 2019, Eustis and Mt. Dora led the pace with just over \$45 million in retail center/building sales, with Clermont at over \$21 million, and the rest of Lake County totaling near \$13 million. In the second half of 2019, Clermont was the dominant force with just under \$50 million in retail center sales, followed by Eustis/Mt Dora at \$11.5 million, and the rest of Lake County at \$10.6 million. Not only did Clermont out-perform the rest of the county in dollar volume, that area saw 50% more retail center transactions than the rest of the county combined.

The two regions that were “hot” were Clermont and the Eustis-Mt Dora area. Why did these areas dominate the county? Clermont has a lot going for it. First, it is located just over half an hour from downtown Orlando and the attractions, so it is an easy commute, as most of Lake County residents work outside the county. Second, there are three Florida Turnpike exits that make Clermont and South Lake County a quick commute with few traffic issues in comparison to the areas that utilize I-4 and experience significant traffic delays daily.

Third, Clermont has the rolling hills and lakes that are a strong draw to homebuyers, and Clermont still has the “small town” feel they crave. Lifestyle and amenities are the number one reason homebuyers choose the area where they buy their home. Retail follows rooftops. Clermont, with a growing population over 40,000, traffic counts nearing 60,000 daily trips, and an average household income of over \$68,000, is a formula that works for many retailers.

The Clermont area's appeal for retailers will only continue to grow. Several residential developments are in process, including the start of the Olympus / Wellness Way developments located 7 miles south of Hwy 50. The upcoming 429 connector to US Hwy 27 will create additional retail demand. Also, Minneola, which adjoins Clermont to the north, has more than 4,000 homesites planned in the new Hills of Minneola development located at the new Turnpike exit. In the past few months, Publix has purchased a site just off the Turnpike, which will be the first retail development in that area of Minneola.

Lease rates for inline space in big box centers are highest in Clermont and The Villages, with prices ranging from \$24/SF \$42/SF. Second-tier centers,



MARVIN
PURYEAR

strip centers, and downtown/CBD spaces range from \$13/SF to 18/SF.

These sales reflect only the sales of existing properties and do not include the new retail construction. In the past year, Clermont has seen the following new retail additions to the area:

1. Chick-fil-A: S Hwy 27 (the 2nd in the area)
2. Starbucks: S Hwy 27
3. Planet Fitness: S Hwy 27
4. First Watch: E Hwy 50
5. Five Guys: E Hwy 50
6. Clermont Brewing Company: Downtown Clermont
7. Racetrack: Minneola

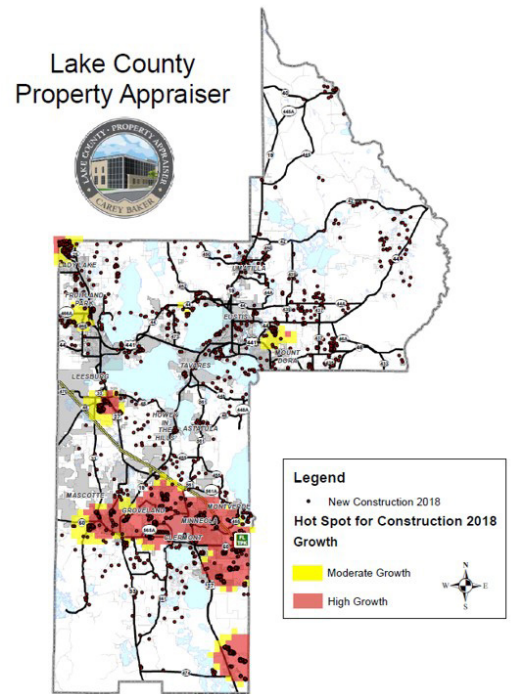
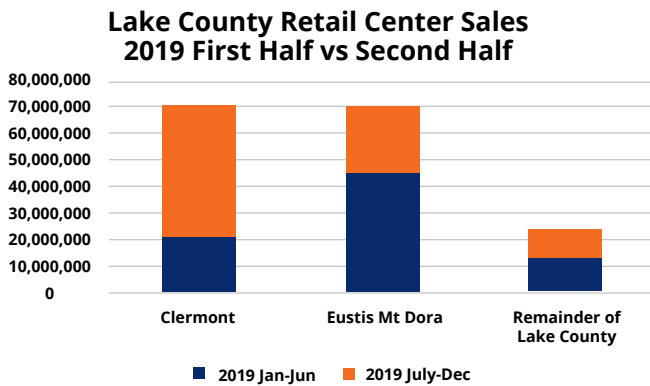
There are several big and medium box retailers, restaurant chains, and flagged hotels considering location in Clermont. In automotive retail, E SR 50 gained two new car dealerships, a CarMax, and a Hyundai dealership. These new dealerships are near the recently-built Toyota of Clermont, Mealy Chevrolet, Headquarter Mazda, and Headquarter Honda.

The Mount Dora area always had abundant charm. Still, it lacked easy access to metro Orlando until this year with the completion of Wekiva Parkway extension of the 429, which exits on the East side of Mt. Dora. New residential developments are now in process in this area, so this will be an area to keep on the watch-list.

What's the dark-horse for Lake County? Groveland. Groveland is the largest city in Lake County geographically, it has a turnpike exit/entrance, and has just landed both a large Kroger and Amazon processing facility. With more than 20,000 current residents, and many residential developments both in-process and also selling new home construction, Groveland will be the next “boom” in Lake County. Keep your eye on Groveland in 2020, particularly at the Hwy 27/Hwy 19 area.

Other areas of note include Leesburg with growth in the Western county line area due to the expansion of the Villages across the Turnpike. Expect the Villages to expand east, which will be a windfall for Leesburg.

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CLERMONT WAS THE DOMINANT FORCE WITH JUST UNDER \$50 MILLION IN RETAIL SALES

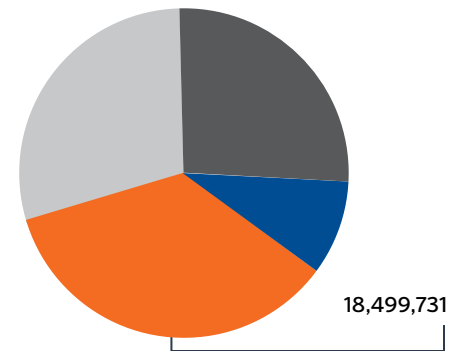
LAKE RETAIL TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	CLERMONT	23.36	190,358	5/20/2019	\$18,000,000
2	CLERMONT	18.32	54,002	5/21/2019	\$10,500,000
3	CLERMONT	8.97	59,648	12/12/2019	\$8,300,000
4	EUSTIS	20.31	190,551	1/24/2019	\$7,384,300
5	LADY LAKE	1.7	6,054	7/26/2019	\$5,937,500
6	CLERMONT	5.05	14,400	10/25/2019	\$5,440,000
7	LEESBURG	1.73	-	10/4/2019	\$4,690,000
8	EUSTIS	2.14	15,111	10/17/2019	\$4,122,000
9	CLERMONT	2.53	14,279	12/2/2019	\$3,786,100
10	CLERMONT	2.96	34,840	10/4/2019	\$3,650,000

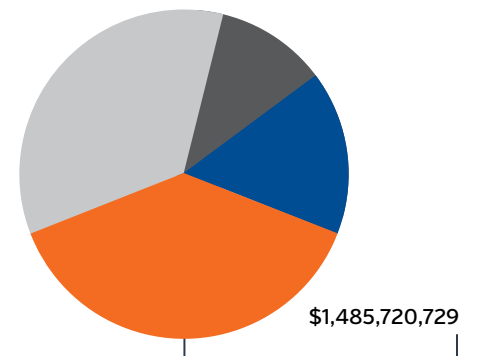
LAKE COUNTY INVENTORY

- Industrial
- Office
- Retail
- Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE





OFFICE SPACE PADS IN SUNRISE LAKES, CLERMONT, FLORIDA

Urban development in Lake County has increased steadily over the past five years. A majority of the growth continues to occur near hospitals and within three major development areas of the county:

- Clermont
- The Villages/Lady Lake
- Golden Triangle Area: Mt. Dora, Eustis & Tavares

Currently, the inventory for office and medical space is limited, and a small number of speculative buildings are in development. The current stock of available office space listed for sale is under 100 buildings, many of which are 10 to 20 years old. The leasing inventory is a bit more robust but still very limited in-class A-B space [200 total available lease spaces]. Class C spaces are leasing in the \$15.00-\$19.00/SF modified gross range. Class A-B spaces are leasing in the \$25.00-\$30.00/SF range with little to no tenant allowances.

This market pricing has led several owners to build properties to suit for continued ownership. A majority of the new construction happening in the marketplace falls in this category. The few exceptions are in the Villages, Hwy 441 Waterman Hospital, Eustis, and in the South Lake County area, including Clermont and Four Corners. The current cost of building materials, along with a shortage of experienced construction labor, has driven the cost of new construction into the \$200.00/SF range. The result is reduced cap rates and a reduction in the amount of inventory available. Below is an example of marketing and pricing for a current speculative listing:



**CHRISTINA
"CHRISTY"
KURTZ-
CLARK**
CCIM, ALC

"Pre-Construction opportunity. The project is now under construction to be completed by April 2020. This 10,000 SF building being divided into five 2,000 SF units [may be combined] for retail, medical, or professional office. Shell space being offered For Sale at \$185/SF or For Lease at \$22/SF, NNN [est. at \$3/SF], with a \$40/SF Tenant Improvement Allowance. This is an opportunity to custom build-out your interior space and be within 1 mile of The Villages."

The office situation may change due to the current coronavirus outbreak. If the retail industry loses a substantial percentage of small businesses, the office sector will be able to absorb some of the vacated space. This scenario would lower the lease rates in many areas that currently have a shortage of office space and high lease rates. The effects of the pandemic may also change the way many offices use their space. Owners may rework the interior design of tight cubicles to allow for more distancing in work areas. The redesigned spaces might use the same amount of space but in different ways to utilize more work from home options and shorten office time to a few days each week or half-day options with shared work desks and telecommuting.

One thing is sure. Lake County has become an urban mecca, and more businesses are opening along with satellite offices to accommodate the growing population.

Christina "Christy" Kurtz-Clark, CCIM, ALC is a Senior Advisor. She can be reached at 407-986-4853 or christina.kurtzclark@svn.com.

TOP ANNUAL 10 OFFICE SALES TOTAL

\$33,193,600
174,918 SF

CLASS C SPACES LEASING

\$15.00 - \$19.00/SF MODIFIED GROSS

CLASS A-B SPACES

\$25.00-\$30.00/SF

ANNUAL TOTALS & AVERAGE SALES

\$64,126,400
VOLUME \$

583,288
VOLUME SF

\$151.80/SF
AVERAGE PRICE PER SF

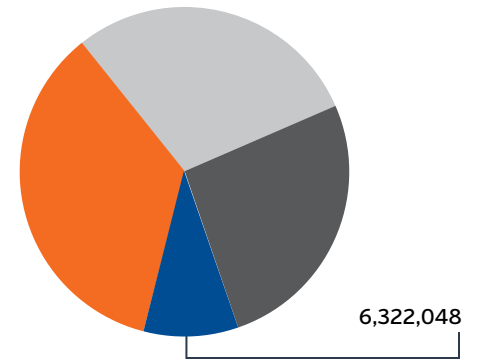
LAKE OFFICE TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	GROVELAND	1.14	7,008	3/8/2019	\$4,470,000
2	CLERMONT	0.41	25,266	5/2/2019	\$4,300,000
3	CLERMONT	0.31	25,266	9/12/2019	\$4,238,600
4	CLERMONT	0.43	25,266	10/24/2019	\$4,150,000
5	CLERMONT	2.06	21,971	10/14/2019	\$4,095,000
6	TAVARES	1.19	6,515	3/21/2019	\$3,600,000
7	LADY LAKE	0.09	6,996	7/11/2019	\$3,190,000
8	TAVARES	5.81	47,748	7/25/2019	\$2,950,000
9	CLERMONT	0.99	2,842	7/22/2019	\$1,100,000
10	CLERMONT	0.53	6,040	1/30/2019	\$1,100,000

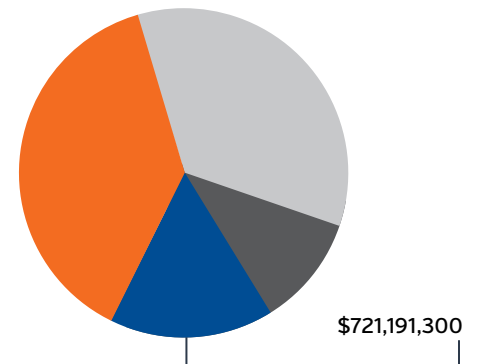
LAKE COUNTY INVENTORY

Industrial Office
Retail Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



LAKE MULTI-FAMILY

Lake County has over 350,000 residents, and the southern portion of the county leads its continued growth. South Lake County includes the cities of Clermont, Minneola, Groveland, Mascotte, and Montverde. Tripling in size in the past fifteen years, South Lake County has nearly 10,000 new residences in the pipeline and many more coming online soon.

Multi-family developers focus on securing development sites in Clermont more than any other city in Lake County. Clermont offers natural amenities like rolling hills and lakes, and the “small-town feel” homebuyers and renters crave. The city also provides proximity to Orlando attractions and housing affordability as compared to Orange County. With a population of 40,000, Clermont has become a mecca for homebuyers and renters over the last 20 years, and the demand is just getting hotter.

Clermont has numerous residential, multi-family, and senior living developments in process, including the Wellness Way area [7 miles south of Clermont]. This is an area of significant economic growth focused on sports and wellness. This area will be both a residential/multi-family area of developments plus an employment sector with 713,000 SF designated for office space, 231,000 SF for retail, 129,000 SF for restaurants, 248,000 SF for sports facilities, and 1,312 guest/hotel rooms.

Recently approved, Olympus both development is the first multi-family project for the Wellness Way area. Lennar will build 1,850 residential units single-family rental (SFR) and townhome units. Hanover Homes is also developing a 578-lot residential development



MARVIN
PURYEAR

adjoining the Lennar development.

Clermont has added four multi-family projects in recent years. But in October of 2019, the city put multi-family projects on hold with a six-month moratorium to step back and review the standards for future growth. During this time, Clermont has had two town hall meetings regarding future multi-family development and has been working on new rules along with designated areas for multi-family projects.

With the recent impact of the coronavirus Covid-19 pandemic, the city has not been able to complete the assessment of multi-family standards. Therefore, we expect a short 3-month extension of the moratorium, which will give the city time to complete and approve the new guidelines. Several top officials with the city have stated that they expect it won't be a matter of if multi-family projects are allowed back on the table, but when. All expect it should be within the next three months.

Clermont is also actively looking at designating areas that can have up to 20 dwelling units per acre instead of the current limit of 12 for townhomes and multi-family. The caveats will be an application to apartments only, and 30% of the multi-family units must have “workforce-priced” units to qualify for the increased density.

Concerning the other cities in South Lake County, the city of Minneola has several multi-family projects approved in the Hills of Minneola district, but are not eager to accept any new residential or multi-family projects. Groveland and Mascotte are both welcoming multi-family developers. Both cities are viewed positively by many developers as “green.” But, Groveland has a distinct edge over Mascotte due to the Turnpike entrance at Hwy 27 & 19, the recent emergence of the massive Kroger and Amazon industrial fulfillment centers near the turnpike entrance, and the significant new growth of residential developments in that area.

Other areas in Lake County are also experiencing an emergence of residential and multi-family development interests. Mt. Dora has the recent extension of the Wekiva Parkway, making the commute to the Orlando metro area easy and quick, and The Villages now expands south across the Turnpike into Western Lake County/Leesburg.

In regard to the resale of existing multi-family developments, Clermont led the first half of 2019 with



OLYMPUS DEVELOPMENT, LAKE COUNTY, FL

over \$85 million in sold properties, more than double the rest of the sales in the county combined. In the second half of 2019, Clermont also took top billing with over \$39 million in existing multi-family sales at an average of \$146/SF. See the chart below for the sales summary for Lake County.

In summary, expect Clermont to continue to be the big winner in the multi-family arena for the foreseeable future, with Mt. Dora, Groveland, and the Villages as other areas to keep an eye on.

Marvin Puryear, is a Senior Advisor. He can be reached at 352-835-0106 or mpuryear@svn.com.

CLERMONT OVER \$39 MILLION IN EXISTING MULTI-FAMILY SALES WITH AN AVERAGE OF \$146 PER SF

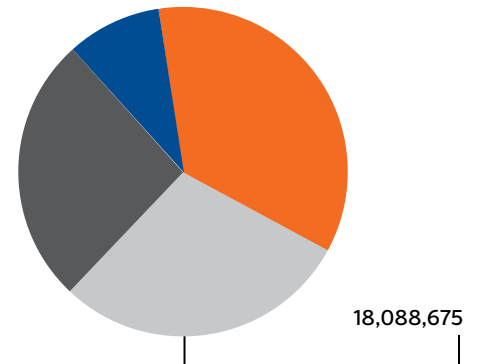
OVER 350,000 RESIDENTS LIVE IN SOUTH LAKE COUNTY

LAKE MULTI-FAMILY TOP 10 QUALIFIED SALES					
	CITY	ACRES	SF	SALE DATE	PRICE
1	CLERMONT	25.2	269,594	5/21/2019	\$39,500,000
2	MOUNT DORA	22.37	185,769	1/14/2019	\$23,750,000
3	LEESBURG	6.64	69,130	1/30/2019	\$5,000,000
4	MOUNT DORA	4.55	54,248	3/8/2019	\$2,860,000
5	TAVARES	2.92	24,664	4/1/2019	\$2,530,000
6	LEESBURG	2.70	23,712	11/15/2019	\$2,119,000
7	FRUITLAND PARK	2.77	26,581	11/15/2019	\$1,911,000
8	LEESBURG	2.55	20,020	12/16/2019	\$1,600,000
9	LEESBURG	2.41	19,968	11/15/2019	\$1,560,000
10	EUSTIS	0.49	9,216	11/27/2019	\$965,000

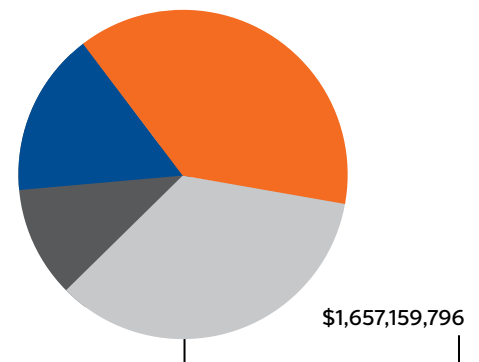
LAKE COUNTY INVENTORY

Industrial Office
Retail Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



LAKE INDUSTRIAL

Lake County is the 18th largest county in Florida and centrally positioned with access to US Hwy 27, I-75, Florida Turnpike, and the new Florida 429 Beltway. This makes Lake County an ideal location for industrial distribution, warehousing, and manufacturing. Currently, Lake County has a limited amount of industrially-zoned properties in strategic locations.

The largest industrial center is Christopher C. Ford Industrial Park, located at the intersection of US Hwy 27, State Rd 19, and the Florida Turnpike. The City of Groveland services the park's utilities. Mayor Evelyn Wilson has worked diligently over the past decade to enhance the area. Groveland has worked with Lake County to bring the Kroger distribution center and is working with Seefried Industrial Properties, a preferred developer for Amazon distribution center to C. C. Ford Industrial Park. Mayor Wilson said, "I have another dream of seeing a large convenience store/truck stop in the 19/27/Turnpike Corridor. Where trucks and commuters would be able to stop, rest, and get a good meal."



CHRISTINA
"CHRISTY"
KURTZ-
CLARK
CCIM, ALC

Lake County has four additional industrial parks in strategic areas of the county:

- Eustis Commerce Park
- Rodgers Industrial Park- CR 48 Okahumpka
- South Ridge Industrial Park-CR 561 & CR 448 Tavares
- Oldham Industrial Park-CR 44 Leesburg

The parks offer specific designs for industrial manufacturing, and Eustis Commerce Park also supports processing, researching, and packaging food products based on the agricultural business.

South Lake County has two fully-occupied two industrial and commerce parks, Hunt Industrial Park in Groveland and Clermont Commons Industrial Park. Both locations serve light manufacturing and commercial businesses.

Christina "Christy" Kurtz-Clark, CCIM, ALC is a Senior Advisor. She can be reached at 407-986-4853 or christina.kurtzclark@svn.com.



HWY 27 & SULLIVAN RD WEST 8

**AVERAGE ANNUAL
PRICE PER SF**

112.75 SF

**LAKE INDUSTRIAL
SALES VOLUME**

\$31,948,200
307,519 SF

**PRICE PER SF OR
AC TOP 3 SALES**

\$92,797/AC

SALE #1

\$66.98/SF

SALE #2

\$41.89/SF

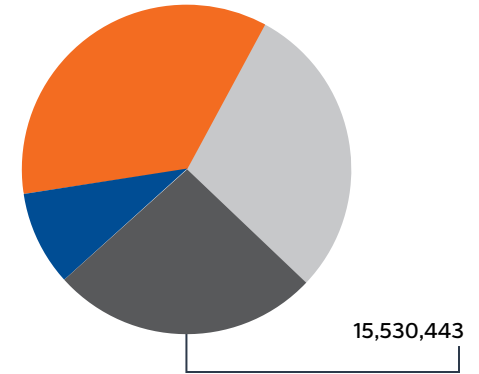
SALE #3

LAKE INDUSTRIAL TOP 10 QUALIFIED SALES					
	CITY	ACRES	SF	SALE DATE	PRICE
1	GROVELAND	113.15	-	3/18/2019	\$10,500,000
2	LEESBURG	4.66	52,925	3/27/2019	\$3,545,000
3	GROVELAND	5.02	76,375	11/19/2019	\$3,200,000
4	MOUNT DORA	43.99	35,960	4/29/2019	\$3,100,000
5	TAVARES	9.4	42,515	8/5/2019	\$2,725,000
6	LADY LAKE	7.35	1,864	1/18/2019	\$2,500,000
7	LEESBURG	5.18	19,000	1/14/2019	\$2,100,000
8	LEESBURG	3.74	57,820	12/18/2019	\$1,675,000
9	FRUITLAND PARK	3.17	-	3/20/2019	\$1,328,200
10	TAVARES	2.52	21,060	9/5/2019	\$1,275,000

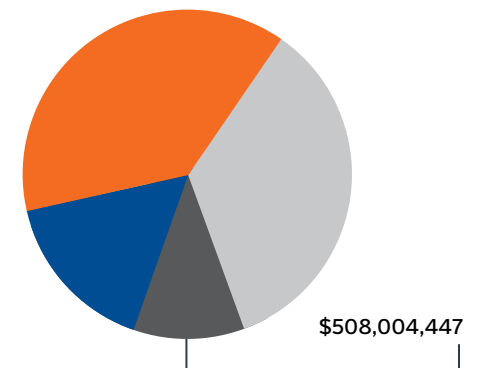
LAKE COUNTY INVENTORY

- Industrial
- Office
- Retail
- Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE





In 2019, Orange County, Orlando, and its surrounding metropolitan area continued to outperform most U.S. retail markets. Vacancy rates remained near historic lows throughout the year, and net absorption increased nearly 40% over 2018 numbers, followed by an increased level of new retail and commercial supply. Retail demand increased and remained healthy, bolstered by high personal consumption rates, which are a result of consistent growth in population and salaries in Orlando.

Nearly 1,500 new residents move into Central Florida every week. Due to this continued population increase and positive net migration from both domestic and international locations, Orange County's new retail development expansion has been robust, reaching levels not seen since 2008.

Boasting the world's largest concentration of theme parks, including Disneyworld, EPCOT, Universal, and SeaWorld, tourists continue to flock to the area and provide an additional reliable revenue stream for the retail industry throughout the Central Florida market.

Also, the University of Central Florida (UCF) has grown to more than 69,000 students. UCF is the largest university by enrollment in Florida and one of the largest



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universities in the nation.

Orange County is also home to Lake Nona Medical City, which is a 650-acre health and life sciences park. It is home to UCF's Health Sciences Campus, which includes the university's College of Medicine and Burnett School of Biomedical Sciences. In the future, the campus will also house UCF's College of Nursing, College of Dental Medicine, and a teaching hospital.

The medical sciences park also includes the Sanford-Burnham Medical Research Institute, Nemours Children's Hospital, a University of Florida Academic and Research Center, and Valencia College at Lake Nona. The Orlando Veterans Administration Medical Center is located in Lake Nona Medical City as well. Education facilities surround the park along with five million SF of commercial and retail space, and a mix of residential options. Slated to add 850,000 SF of shopping and entertainment space, the second phase of the Lake Nona Town Center development will draw retailers and investors. All of these factors are generating higher demand for goods and services throughout the region.

In 2019, over 1.4 million SF of new retail construction was delivered to position Orlando in the top five markets for growth, but the trend is cooling. Construction starts

CONTINUED ON PAGE 24

OVER 1.4 MILLION SF OF NEW RETAIL CONSTRUCTION POSITIONED ORLANDO IN THE TOP FIVE MARKETS

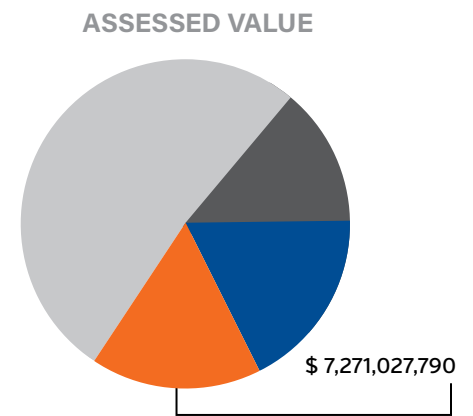
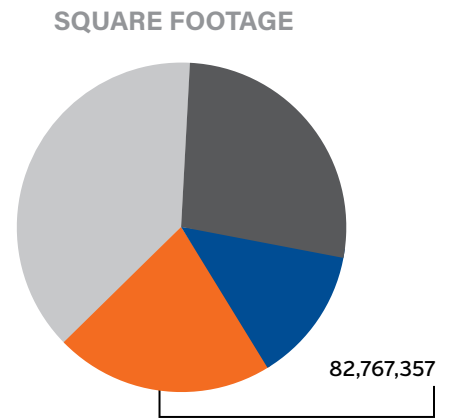
NEARLY 1,500 NEW RESIDENTS MOVE INTO CENTRAL FLORIDA EVERY WEEK!

RETAIL TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	ORLANDO	35.95	397,460	1/22/2019	\$56,400,000
2	WINTER PARK	7.41	159,435	3/14/2019	\$31,750,000
3	ORLANDO	25.3	227,684	9/3/2019	\$25,200,000
4	ORLANDO	45.79	1,438,976	9/27/2019	\$22,900,000
5	ORLANDO	5.13	49,144	10/23/2019	\$20,500,000
6	ORLANDO	1.48	16,288	2/13/2019	\$20,000,000
7	ORLANDO	17.67	122,999	5/25/2019	\$17,625,000
8	ORLANDO	23.8	196,110	3/26/2019	\$17,500,000
9	ORLANDO	7.99	108,432	8/5/2019	\$13,150,000
10	ORLANDO	11.68	118,100	4/9/2019	\$12,250,000

ORANGE COUNTY INVENTORY

- Industrial
- Office
- Retail
- Multi-Family



ORANGE OVERVIEW

in late 2019 were the lowest in the market since 2011. Retail rent growth continued to slow across the country in 2019, but gains picked up in Orlando.

Investment also hit new highs in the year, and annual property sales volume reached a record of \$1.2 billion in the second quarter. Turnover was below 5% in Orlando for the first time in seven years, but larger deals buoyed sales volume, which topped \$1 billion for the second consecutive year.

Orange County/Orlando ranks among the top five metros in the U.S. in terms of the percentage of the population and income gains. A surge in higher-paying professional services positions continues to provide more discretionary income. The median household income advanced at nearly twice the U.S. rate during the past four quarters, supporting a 7.5% jump in retail sales.

Tourism is also soaring. Passenger volume at Orlando International airport was up 6.1 percent in 2019, with 50.6 million passengers. New theme park features opened in 2019, such as Stars Wars and Harry Potter, and should further help to keep the tourism industry healthy.

Average weekly wages are higher in Orange County [\$958] than neighboring Lake [\$741], Seminole [\$929], or Osceola [\$720] counties. Orange County and surrounding counties are slightly lower than the U.S. average wage of \$1,093 weekly. Our average annual living expenditures are generally less than the majority of the U.S., which provides a source of disposable income for consumers to spend at retailers.

Unemployment in Orange County fell from 3.1% in Feb. 2019 to 2.8% in Feb. 2020 versus the U.S. average of 4.1% in Feb. 2019 and 3.8% in Feb. 2020, respectively.

Retail vacancies remained near historic lows in 2019, allowing for increased rent gains, based on supply and demand. Retail occupancy averaged just over 95%. As such, many developers from the South Florida market have seized the opportunity to build retail in the Central Florida market. Retail landlords have taken advantage of these low vacancy rates to aggressively increase asking rents in the metro area with above-average

annual rent gains.

Beginning in 2019, the retail occupancy rate in downtown Orlando was 95.2%, which is just short of the rates for both the city [96.4%] and Orange County [95.8%]. The average rental rate was \$29.22/SF, which exceeds the average rate of \$28.98/SF for the fourth quarter of 2017. Over the same period, Orange County and the City of Orlando saw rate increases of 9.1% and 5.4%, respectively. Compared to other major Florida cities, downtown Orlando had the second-highest retail occupancy rate [95.2%] above Tampa [94.6%], Jacksonville [94.1%], and Miami [78.8%]; only Ft. Lauderdale was higher at 95.9%. Downtown Orlando had the third-lowest rental rate [\$29.22] per square foot compared to Jacksonville [\$16.59], Tampa [\$16.99], Ft. Lauderdale [\$37.45], and Miami [\$54.21].

The shopping mall, as we once knew them, except for Millenia Mall and Outlet Malls in the Tourist corridor, have fallen on hard times and have been reinventing themselves to maintain profitability. Many indoor malls are struggling to attract shoppers in the era of e-commerce. Most of these malls have big box store space that has been shuttered and found the need to subdivide these spaces. Others are repurposing to include large fitness centers, grocers, corporate call centers, educational users, as well as sports and entertainment venues, apartments, offices, and even hotels.

Conversely, retail rental rates, in some Orange County prime areas and with new developments, have soared to levels in the \$60+/SF range, maximizing the supply and demand for those areas. These rental rates will need to stabilize for tenants to be able to maintain profitability.

Retail in Orange County and the surrounding Orlando Metropolitan area looks to have neared peak in terms of increased rental rates and new retail developments. While landlords seek to maximize their profits, so do retail businesses. It's always been a balance to ensure mutual profitability.

Jeff Henwood, is a Senior Advisor. He can be reached at 407-204-0009 or jeff.henwood@svn.com.

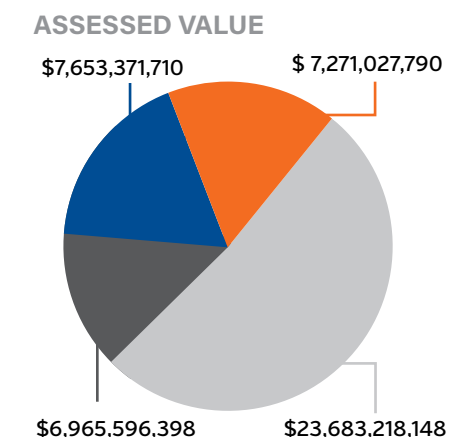
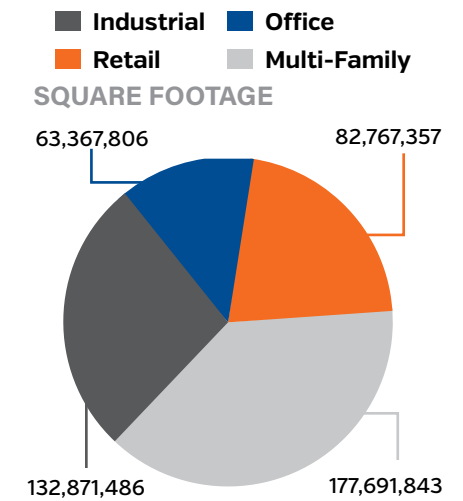


TOURISM VOLUME AT ORLANDO INTERNATIONAL AIRPORT WAS UP 6.1% IN 2019, WITH 50.6 MILLION PASSENGERS

RETAIL OCCUPANCY RATE IN DOWNTOWN ORLANDO WAS 95.2%

ORANGE TOP 10 QUALIFIED SALES					
	CITY	ACRES	SF	SALE DATE	PRICE
1	MAITLAND	20.1	365,068	12/10/2019	\$105,000,000
2	ORLANDO	44.62	699,553	8/27/2019	\$104,000,000
3	WINTER PARK	3.25	509,170	10/2/2019	\$86,000,000
4	WINTER PARK	2.41	448,026	7/3/2019	\$84,450,000
5	WINTER GARDEN	21.96	387,812	7/11/2019	\$80,125,000
6	ORLANDO	13	367,849	4/23/2019	\$77,745,000
7	ORLANDO	24.16	394,837	9/17/2019	\$77,000,000
8	ORLANDO	13.57	397,982	6/11/2019	\$74,732,000
9	ORLANDO	15.41	295,613	4/26/2019	\$73,799,056
10	WINTER GARDEN	13.97	344,623	1/9/2019	\$73,000,000

ORANGE COUNTY INVENTORY





The commercial real estate market in Osceola County started with a bang in 2019 with properties that had been available for years going under contract and closing. This increased activity was a welcome reminder of past strong markets for the county.

Most properties with development zoning in place began to be traded and developed in a rapid historical fashion. Trying to capitalize on the hot market, new builders found scant developed lots for sale. Early in the year, the few pods of the last available holdover lots from the previous housing boom sold out at prices of \$50,000 and up.

Many properties placed under contract in 2018 began to close in a timely fashion, and up to a point, a seller's market emerged. Unfortunately, some Osceola County sellers got carried away with their pricing, and they are still trying to sell overpriced properties with no reward in sight.

As we got underway in 2019, good things began to happen that we hadn't seen in years. A portion of the Edgewater DRI sold to BTI Partners. Edgewater is one of several large DRI's that have been in the marketplace since the recession. The 1,400-acre property sold for \$40 million.



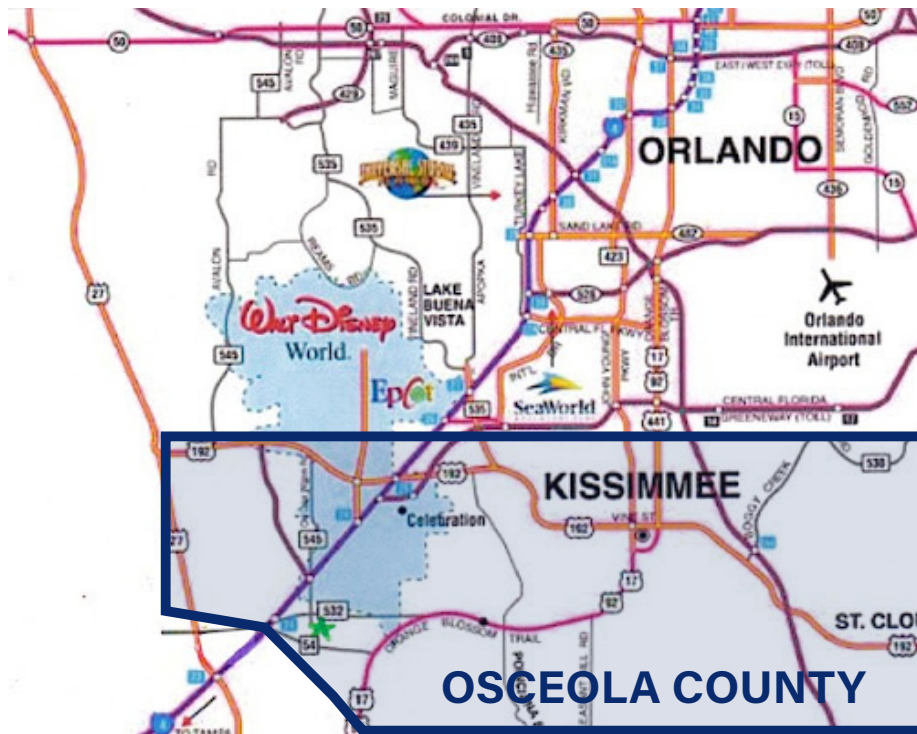
DUSTY CALDERON

The prime Kelly parcels near the booming Loop Shopping Center on Osceola Parkway also sold in 2019. These parcels also had been on the market for several years due to weakened market conditions looming from the recession and the impacts of e-commerce on the local retail sector. Some of the parcels closed early on in the year, but it took until December to close out all the adjacent parcels near the shopping center.

These prime properties on one of the main tourist corridors to Disney sold to several different buyers at varying price points. Along with some submerged lands, approximately 150 acres of multiple-use parcels, including uses from multi-family and hotel to commercial, fetched a total sales price just under \$30 million.

Disney also got in the 2019 acquisition race in Osceola county as they tried to purchase property for conservation quietly. The Disney Corp., 215 Celebration Place, LLC., purchased approximately 1,500 acres in Osceola County of mostly wetlands for \$11 million from the Frank E. Brown estate. The 1,500-acre parcel west of Poinciana Boulevard is adjacent to the 965-acre BK Ranch property that Disney Corp. purchased a few days prior for \$23 million.

Disney reportedly earmarked the purchases to be



used for wetland mitigation and water management as needed to assist in the constant ongoing, magical construction on the existing Disney World theme park property. Disney spent about \$34 million altogether in about two weeks to purchase both properties. The company's assertive \$23 million offer on the BK Ranch crowded out all other current competitors, and the rest is now history.

MULTI-FAMILY

As the Osceola County housing market took off again in 2019, median home prices began to increase, and builders worked feverishly to keep up with consumer demand. Osceola County had thousands of people arriving weekly, all needing homes. The price of starter homes in Osceola County went from a struggling low \$200's in early 2018 to the high \$200's fairly quickly.

CITRUS GROVES

As for citrus groves in Osceola county, it's been tough with very few grove sales being sought out by citrus producers in Osceola County. Greening disease took its toll on citrus producers, and the highest and best use for the sandy grove soils became subdivisions and shopping centers. As citrus production in Osceola county fell well below 1 million boxes over the last several years, there is no relief in sight for the would-be citrus growers in Osceola County. To try and outrun the Greening disease, the growers' expense for grove care and labor rapidly chews up all the foreseeable profits.

It makes one wonder when that sweet little glass full of golden Florida OJ will ever be worth the gold producers have to put in it. Maybe when there is only one jug left.

CATTLE & RANCH

Cattle Ranching with its ups and downs, being in the Osceola County the cattle market has been like riding a canoe in the ocean on high seas. You know for sure if it goes up, it's going to come down many times without mercy or warning. There is no rhyme or reason to the disparity that exists between what ranchers get for dealing with cattle on the hoof versus what retailers get for beef. At times all a rancher can do is scratch his head and spit when the trailer loads pull out with prime cattle he sold at the same prices seen for over 30 years.

As a result of the sluggish prices for cattle, the ranching industry in the northern section of Osceola County has whittled down considerably with ranch lands converting to development as the highest and best use.

A few ranches traded around Osceola County for under \$5,000 an acre, but not many, and the majority of the ranches currently for sale are not for the faint of heart. The listed prices on most of the properties do not offer a rancher raising cows the ability to succeed financially due to the current volatility of the cattle market. Large family ranches hang on by selling smaller pieces

OSCEOLA OVERVIEW

closer to town and by diversifying their ranch business income with sod hunting, ecotourism, and barrow pits, or by selling Conservation Easements.

Still, there is something to be said about the future value of ranch land in Osceola County because it is one of the fastest-growing counties in the state. We all know that, as a general rule, growth leads to increased values in the long term. For those investors that were strong enough to get in the vacant land and ranch market in Osceola County, 2019 revealed the silver lining in most of their clouds.

SOD FARMS

In step with the housing market, the sod market began to take off in 2019. Family sod farms enjoyed significant interest from national farm investment groups looking to purchase or lease ongoing sod operations. When it is prospering, sod is a great market even though the costly expense to upkeep laser graded fields when the housing market slips can be trying. Much like a golf course, you have to have actively paying players to take care of it.

INDUSTRIAL

The industrial market in Osceola County is still a historical shortfall. Although some industries have found their way here, there is not nearly enough industry in Osceola County. This industry lack exists across the Central Florida area. It's a market that needs to be improved upon by local governments.

With all the new challenges the world faces today, it seems like a good idea for Florida to source as much as possible through healthy industrial development. If we can make it, raise it, and grow it locally, I believe

that Osceola County, as well as our great nation, would benefit from all the production we can muster.

COMMERCIAL REAL ESTATE

The general commercial real estate market in Osceola County produced modest, steady activity driven by a growing population. Savvy investors enjoyed some excellent returns on commercial properties in Osceola County in 2019.

As we look ahead to 2020, we can see we have a good start going forward, although we have some impacts to contend with due to the coronavirus pandemic. It's a good bet to hedge that many people from highly overpopulated big cities with health problems will probably be looking to move to areas with fewer skyscrapers that can still provide excellent health care. We can expect to see an increase in the already existing in-migration to the county.

As we Americans are fortunate to live in the greatest free country in the world, I would say we are still in control of our best destiny, which includes owning, buying, and selling land. We also know Americans will respond to the current world conditions with boldness and courage.

The seller's market of 2019 is being checked right now, and we will have to see how the market responds. We know from historical data that Osceola county will continue to be one of the best places in Florida for buyers to place investment capital and an attractive place to hedge financial bets.

Dusty Calderon, is a Senior Advisor. He can be reached at 407-329-4079 or dustyc@svn.com.



DISNEY PURCHASED APPROXIMATELY 1,500 ACRES OF MOSTLY WETLANDS FOR \$11 MILLION

AND A 1,500-ACRE PARCEL WEST OF POINCIANA BOULEVARD FEW DAYS PRIOR FOR \$23 MILLION

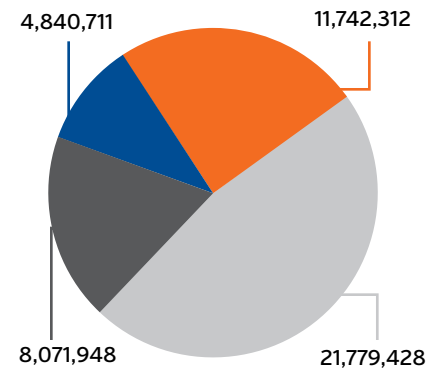
OSCEOLA TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE
1	KISSIMMEE	29	346,773	10/30/2019	\$70,980,000
2	KISSIMMEE	34.06	360,431	6/19/2019	\$67,000,000
3	CHAMPIONS GATE	10.72	412,886	1/7/2019	\$65,000,000
4	KISSIMMEE	13.88	321,333	8/30/2019	\$61,690,000
5	DAVENPORT	16.97	310,518	8/6/2019	\$59,000,000
6	CELEBRATION	14.41	292,378	2/8/2019	\$43,000,000
7	SAINT CLOUD	1,358.81	1,104	8/27/2019	\$40,000,200
8	KISSIMMEE	217.09	-	10/12/2019	\$34,000,000
9	KISSIMMEE	967	-	1/3/2019	\$34,000,000
10	KISSIMMEE	15.64	217,066	10/23/2019	\$25,300,000

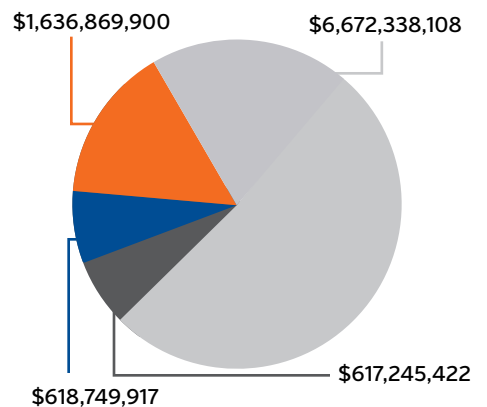
OSCEOLA ANNUAL TOTALS

Industrial Office Retail Multi-Family

SQUARE FOOTAGE



ASSESSED VALUE



2019 OTHER QUALIFIED SALES

POLK COUNTY TOP 10 OTHER QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	DAVENPORT	55.02	309,829	8/27/2019	\$90,000,000	290.48	HOSPITAL
2	DAVENPORT	10.39	100,274	11/4/2019	\$18,500,000	184.49	MIXED USE PORTFOLIO
3	HAINES CITY	7.01	39,750	7/29/2019	\$12,250,000	308.18	RETIREMENT HOMES
4	WINTER HAVEN	32.98	3,872	7/17/2019	\$12,150,000	3,137.91	MOBILE HOME AND RV
5	DAVENPORT	14.09	60,240	11/15/2019	\$11,493,800	190.80	SCHOOLS AND COLLEGES
6	DAVENPORT	90.45	-	8/15/2019	\$10,250,000	-	VACANT COMMERCIAL
7	LAKE WALES	10.28	175,459	8/27/2019	\$10,146,000	57.83	HOSPITAL
8	DAVENPORT	21.48	9,128	7/31/2019	\$9,400,000	1,029.80	MOBILE HOME AND RV
9	LAKE WALES	3.62	33,540	5/29/2019	\$8,000,000	238.52	SKILLED NURSING HOMES
10	LAKE ALFRED	1.69	32,091	7/1/2019	\$5,300,000	165.16	RETIREMENT HOMES

LAKE COUNTY TOP 10 OTHER QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	CLERMONT	10.25	49,012	6/13/2019	\$20,250,000	413.16	GOVERNMENT (SCHOOL)
2	CLERMONT	247	-	6/21/2019	\$12,180,700	-	TRANSITIONING AG LAND
3	EUSTIS	14.8	60,574	9/25/2019	\$11,100,000	183.25	NURSERY
4	TAVARES	19.49	2,500	10/9/2019	\$10,559,000	4,223.60	MOBILE HOME PARK
5	GROVELAND	413.5	-	5/1/2019	\$8,000,000	-	VACANT LAND
6	CLERMONT	259.7	-	9/30/2019	\$7,800,000	-	VACANT LAND
7	CLERMONT	47.23	-	10/9/2019	\$7,250,000	-	VACANT LAND
8	CLERMONT	16.9	-	2/12/2019	\$7,103,500	-	RESIDENTIAL LOTS
9	TAVARES	1.65	54,035	12/27/2019	\$5,556,400	103	HOTEL/MOTEL
10	MOUNT DORA	11.05	21,864	11/22/2019	\$4,700,000	215	SINGLE FAMILY RESIDENCE

ORANGE COUNTY TOP 10 QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	ORLANDO	13.68	225,119	8/22/2019	\$33,500,000	148.81	HOTEL OR MOTEL
2	ORLANDO	9.48	221,193	11/19/2019	\$ 21,000,000	94.94	HOTEL OR MOTEL
3	ORLANDO	3.57	-	4/30/2019	\$17,000,000	-	VACANT COMMERCIAL
4	ORLANDO	33.91	-	8/12/2019	\$17,000,000	-	VACANT COMMERCIAL
5	WINTER PARK	0.67	-	9/26/2019	\$15,600,000	-	VACANT COMMERCIAL
6	WINTER GARDEN	21.01	-	6/24/2019	\$12,000,000	-	VACANT COMMERCIAL
7	ORLANDO	2.14	90,190	6/24/2019	\$11,600,000	128.62	HOTEL OR MOTEL
8	ORLANDO	1.08	31,087	11/13/2019	\$11,000,000	353.85	HOTEL OR MOTEL
9	ORLANDO	37.67	-	8/28/2019	\$10,500,000	-	VACANT COMMERCIAL
10	KISSIMMEE	19.51	-	7/31/2019	\$10,000,000	-	VACANT COMMERCIAL

OSCEOLA COUNTY TOP 10 OTHER QUALIFIED SALES

	CITY	ACRES	SF	SALE DATE	PRICE	\$/SF	TYPE
1	SAINT CLOUD	1,358.81	-	8/27/2019	\$40,000,200	-	VACANT LAND
2	KISSIMMEE	217.09	-	10/12/2019	\$34,000,000	-	VACANT LAND
3	KISSIMMEE	967	-	1/3/2019	\$34,000,000	-	PASTURE LAND
4	KISSIMMEE	45.43	-	1/30/2019	\$25,000,000	-	VACANT LAND
5	KISSIMMEE	15.8	235,512	12/6/2019	\$17,700,000	75.16	HOTELS & MOTELS-IMP
6	KISSIMMEE	190.5	-	6/13/2019	\$16,700,000	-	VACANT LAND
7	CELEBRATION	134.76	-	9/30/2019	\$16,000,000	-	VACANT
8	DAVENPORT	23.44	-	4/30/2019	\$14,437,400	-	VACANT LAND
9	CELEBRATION	16.46	-	10/2/2019	\$13,629,000	-	VACANT LAND
10	KISSIMMEE	65.45	-	12/18/2019	\$13,273,400	-	VACANT LAND

SERVICES OFFERED

Founded in 2012, Saunders Ralston Dantzler Realty was affiliated with Saunders Real Estate and the Coldwell Banker Commercial network. In 2019, the firm joined with the SVN Shared Value Network®, a globally-recognized commercial real estate brand united by a shared vision of creating value with clients, colleagues and communities. The brokerage also more fully integrated with its sister company, Saunders Real Estate, a comprehensive land real estate brokerage, to become SVN | Saunders Ralston Dantzler.

BROKERAGE

Real estate is space for people...to live in, work in, store things in, and shop in. We take the people part of the equation seriously and never forget that we are here to support the needs of people. SVN | Saunders Ralston Dantzler was founded by three highly-recognized CCIM-designated Florida brokers. We bring together experts in all aspects of commercial real estate.

Gary M. Ralston, CCIM, SIOR, CPM, CRE, CLS, CDP, CRX, FRICS is a recognized subject matter expert on retail and commercial properties. R. Todd Dantzler, CCIM, is a recognized subject matter expert on commercial properties and land use in the Lakeland-Winter Haven metro and surrounding areas. Dean Saunders, ALC, CCIM, is a recognized subject matter expert on Florida land, conservation easements, and agribusiness. Together, they offer clients proven success.

PROPERTY MANAGEMENT

Property management of your commercial real estate assets is a service we offer. Whether one building or a campus, we are equipped to manage the complex requirements in line with your real estate goals. Especially critical for absentee owners, property management is a valuable cost-saving service for owners of multiple properties or owners who do not have the time to keep up with the requirements.

LEASING & TENANT REPRESENTATION

As a full-service firm, we offer our clients both landlord and tenant representation services for initial leasing and renewal leasing.

BUSINESS BROKERAGE

Our approach to selling a business is hands on and personal. We want to understand as many aspects and components of your business as possible. In order to properly value the business, we have to look at more than just the financial statements. We promise to get our hands dirty and dive into your business processes with you.

Our company focuses on two main areas: commercial real estate and agricultural land. Our company is one of the leading land brokerages in the Southeast and is one of the top commercial real estate companies in the Lakeland area. While our office specializes in real estate, our business sales team brings a wealth of business and financial knowledge to the table which further adds to the services and value provided to you during the sale or purchase of a business.

VALUATION, ADVISORY & COUNSELING

Valuation, advisory, and counseling services are real estate specialties that require unique knowledge and experience as a value-added service for clients. Services can include economic and fiscal impact studies, feasibility studies, financing, valuation and appraisal, acquisitions and dispositions, brokerage, development, ownership, asset management, site location, relocation, lease/purchase evaluation, corporate real estate strategy, investment analysis and strategy, market research and demand/supply analysis, highest and best use studies, and more.

LAND AND AGRICULTURAL SERVICES

Land real estate agents are specialized and credentialed as ALC (Accredited Land Consultants), CNLM (Certified Natural Lands Management), CCIM, and other designations that will provide clients with expert knowledge of Florida land. Many come from agricultural backgrounds from family citrus or farming or agri-business. Large-acreage tracts are a unique property segment that requires complex management.





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INDUSTRY AFFILIATIONS

We are the only commercial real estate agency in with memberships in all of the professional organizations below. We continue to stay updated on guidelines and standards of practice in the industry. These organizations include CCRP, CPM, CRE, SIOR, IREM, RICS, ULI and CCIM.

Many of our agents have completed extensive training and carry certifications including the highest accreditation of CCIM, a Certified Commercial Investment Member. This is reflected not only the caliber of our agents but also provides extensive networking opportunities not available to brokers without the designation.



Visit SVNsaunders.com to learn more