

FIGURES | POLK COUNTY INDUSTRIAL | Q3 2026

Tenant expansion drives absorption as big-block availability dwindles



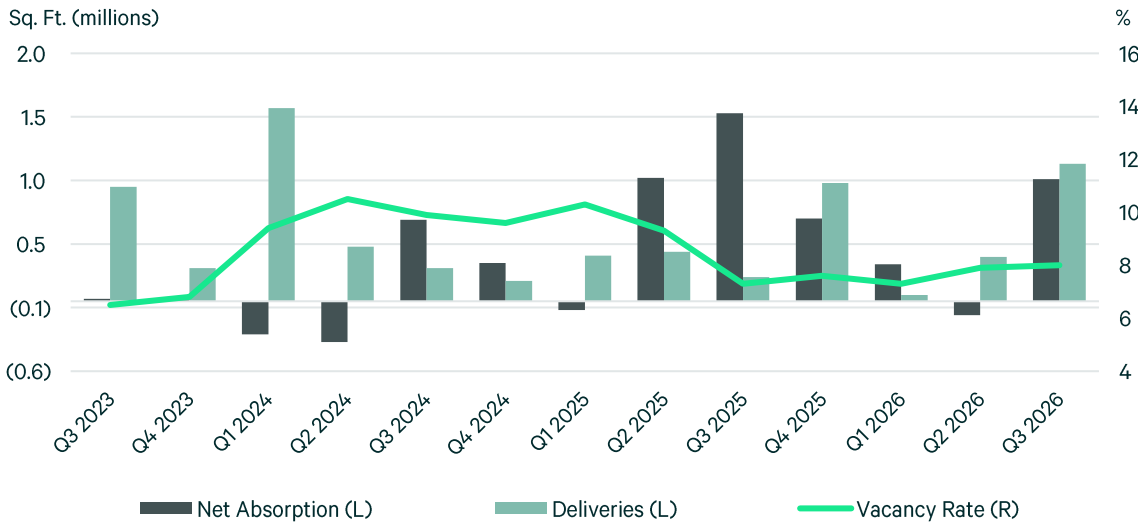
Note: Arrows indicate change from previous quarter.

Market Overview

Leasing and development activity remained healthy across Polk County in Q3, helping the market absorb more than 1 million sq. ft. of new deliveries while keeping vacancy largely stable. Demand continued to come from a mix of traditional leasing, build-to-suit projects, and owner-user expansions, with both Eastern and Western Polk contributing to occupancy gains. Notably, vacancy in the region's largest buildings has fallen dramatically from its 2024 peak, highlighting how much large-block inventory has tightened over the past two years. At the same time, asking rents continued to climb, supported by new smaller-bay development and the market's appeal as a lower-cost alternative to Tampa and Orlando.

Looking ahead, the market appears to be entering a more balanced phase. While a meaningful amount of speculative space remains under construction and could place some upward pressure on vacancy in the near term, the development pipeline has become more measured than it was at its peak. Tenant demand, continued build-to-suit activity, and several significant occupancies have helped offset recent deliveries, suggesting fundamentals remain solid even as the market works through new supply. With additional development underway and bulk space availability continuing to shrink, Polk County remains well-positioned for long-term growth as an essential industrial corridor in Florida.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy Rate

Headline vacancy remained relatively stable in Q3 at 8.0%, increasing by just 10 basis points despite more than 1 million sq. ft. of new deliveries entering the market during the quarter. Strong absorption helped offset much of the impact from this new supply, providing further evidence that the wave of elevated vacancy seen between 2024 and 2025 is beginning to stabilize.

Looking ahead, the construction pipeline appears more balanced than in recent years, with roughly 60% of space currently under development already committed through build-to-suit projects. However, just over 1 million sq. ft. of speculative space remains under construction, suggesting some additional upward pressure on vacancy is still possible as those projects deliver.

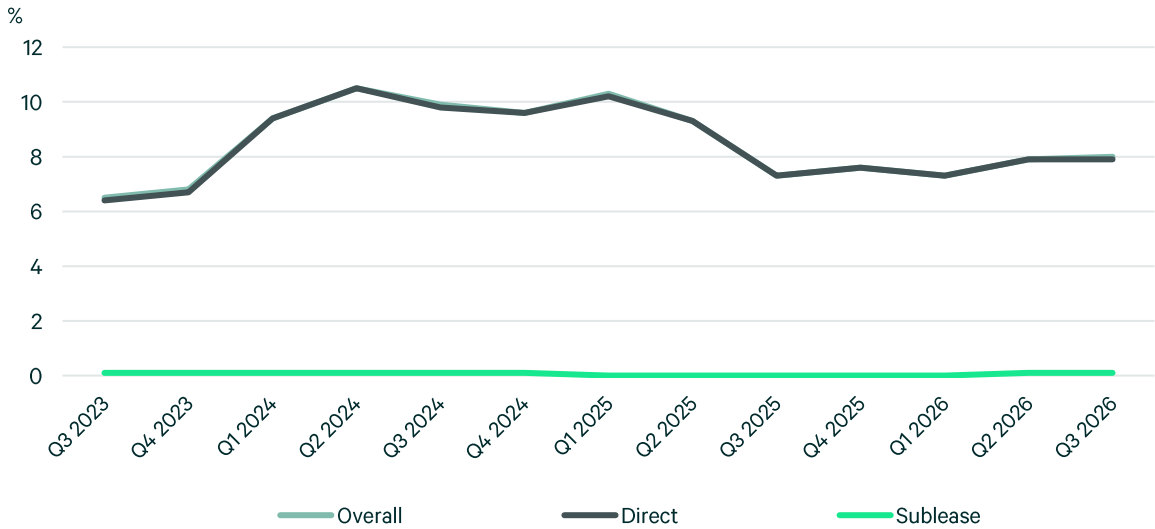
In a notable reversal from conditions seen just two years ago, the largest buildings in the market are now among its strongest performers. Vacancy in properties exceeding 500,000 sq. ft. has fallen to just 3.1%, a dramatic improvement from the 12.4% peak recorded in 2024.

Asking Rent

Market asking rents surpassed \$8.50 per sq. ft. in Q3 2026, rising 1.6% from the prior quarter and 6.0% year-over-year. Rent growth continues to be supported by the delivery of smaller-bay industrial product along the corridor, while periodic bulk leasing activity has also contributed to upward pressure on market averages.

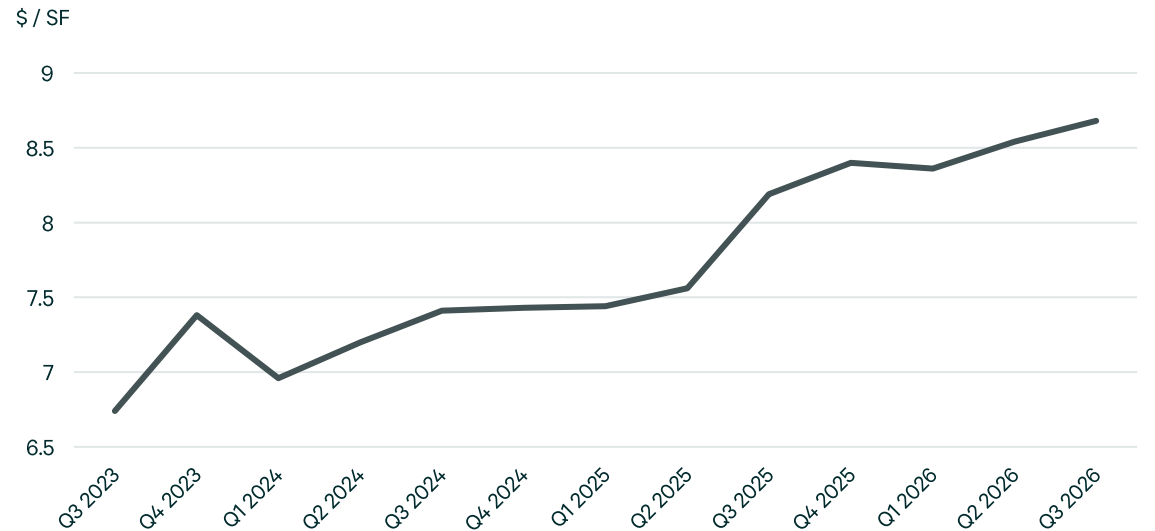
Despite recent gains, the market still offers a meaningful cost advantage relative to both Tampa and Orlando. That pricing gap, combined with continued tenant interest and a growing industrial base, suggests there may be additional room for rent growth in the years ahead.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate



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Net Absorption

Net absorption for the quarter and year-to-date has been driven by contributions from Eastern and Western Polk County alike, though for different reasons. In Eastern Polk, occupancy gains have been fueled primarily by build-to-suit and owner-user expansion projects, particularly in areas such as Haines City. Western Polk, meanwhile, has benefited from more traditional leasing activity, with steady tenant demand supporting absorption across the submarket.

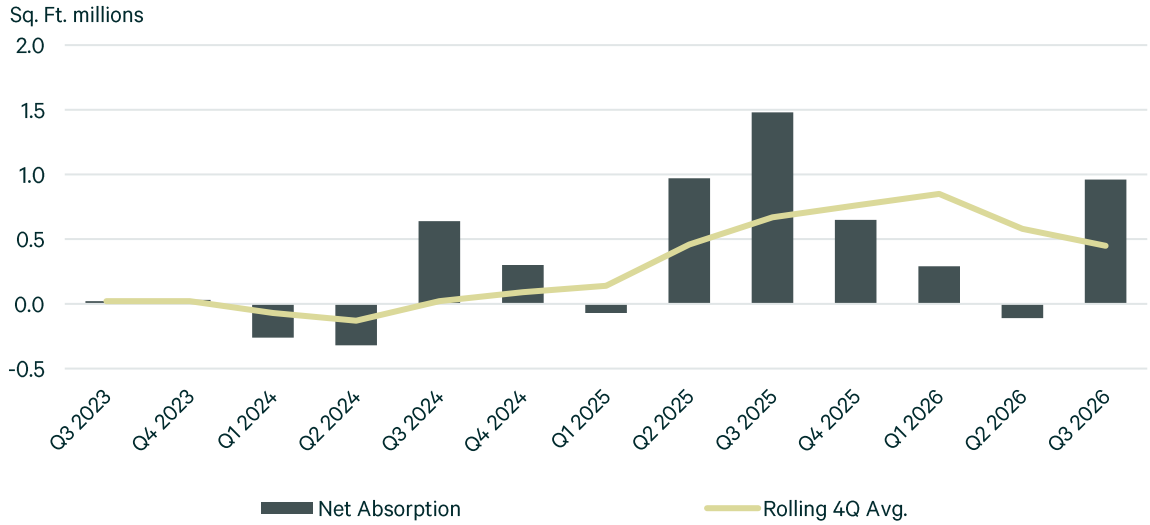
The quarter's largest gain came from Nearly Natural, which took occupancy of 413,437 sq. ft. at Interstate 4 Logistics Hub in Lakeland following its decision earlier this year to relocate its headquarters from Hialeah. Looking ahead, only a handful of additional bulk leases would be needed to significantly reduce the remaining inventory of large-block space. After a period of elevated vacancy in the big-box segment, continued leasing momentum could once again encourage developers to consider new large-scale distribution projects.

Construction Activity

The construction pipeline contracted significantly in Q3 following a wave of project completions. Space under construction declined to 1.35 million sq. ft., down 33.7% from the previous quarter and 42.5% from one year ago. Meanwhile deliveries increased to 1.09 million sq. ft., therefore limiting the impact on vacancy rates from the net absorption recorded this quarter.

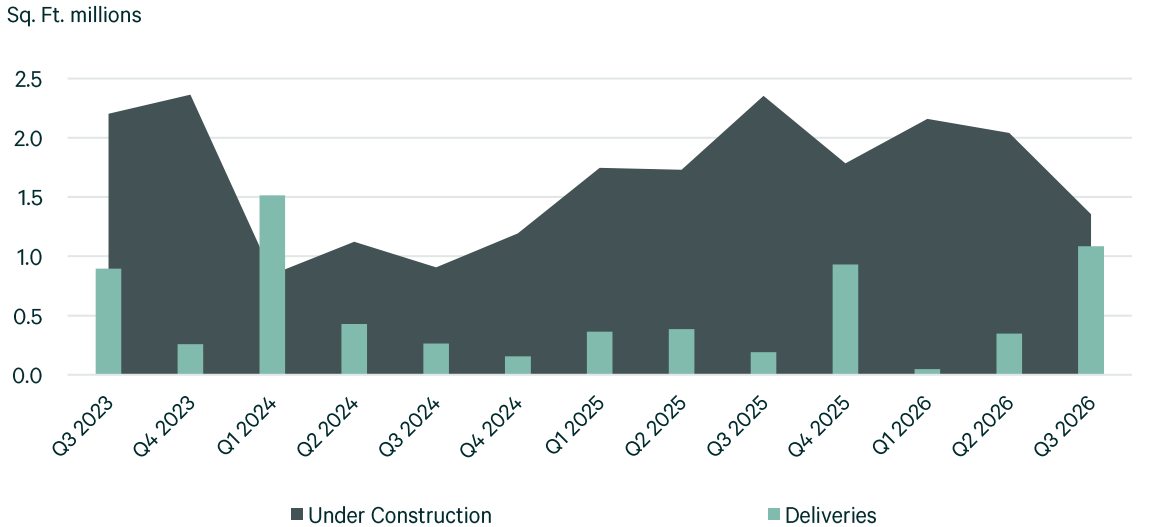
While near-term supply pressure remains, the longer-term development pipeline is becoming more measured than it was at its peak. One notable project to break ground during the quarter was the first phase of McCraney Property Company's Park 4 at Lakeland, located near Florida Polytechnic University. The initial two buildings will total nearly 400,000 sq. ft. and are expected to deliver in early to mid-2027.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



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Market Statistics by Size

Figure 6

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	6.47M	9.0	9.3	9.0	0.3	13.01	11,000	(26,000)	47,000	35,000
50K-99,999 SF	7.45M	6.3	6.2	5.9	0.2	13.59	50,000	(2,000)	149,000	-
100K-249,999 SF	13.61M	10.9	11.1	11.1	-	9.53	(24,000)	137,000	281,000	1.06M
250K-499,999 SF	16.48M	12.9	14.8	14.8	-	7.72	561,000	670,000	607,000	261,000
500K-749,999 SF	8.66M	2.8	4.3	4.3	-	7.00	357,000	357,000	-	-
750,000 SF +	15.03M	3.2	3.2	3.2	-	7.00	-	-	-	-
Total	67.69M	8.0	8.6	8.6	0.1	8.68	955,000	1.14M	1.08M	1.35M

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 7

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	59.37M	8.6	9.4	9.3	0.1	8.42	971,000	1.15M	1.04M	1.35M
Manufacturing - General	7.66M	1.7	1.7	1.7	-	12.39	(36,000)	(19,000)	47,000	-
R&D/Flex	659,000	21.2	22.8	22.8	-	15.75	19,000	5,000	-	-
Total	67.69M	8.0	8.6	8.6	0.1	8.68	955,000	1.14M	1.08M	1.35M

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Polk East	22.17M	3.6	4.9	4.9	-	8.81	563,000	692,000	607,000	479,000
Polk West	45.52M	10.1	10.5	10.4	0.1	8.65	392,000	445,000	477,000	875,000
Total	67.69M	8.0	8.6	8.6	0.1	8.68	955,000	1.14M	1.08M	1.35M

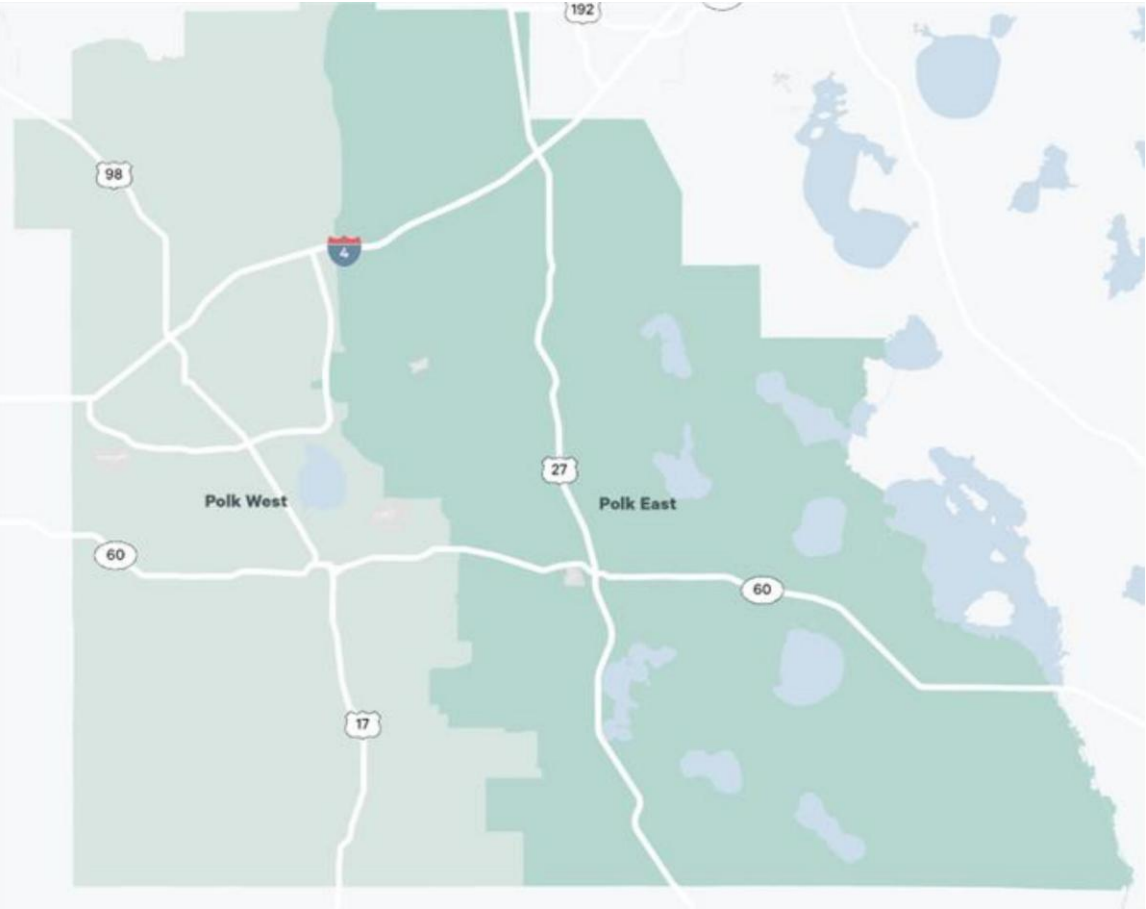
Source: CBRE Research, Q3 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Polk County. East Polk includes Auburndale, Davenport, Dundee, Eagle Lake, Fort Meade, Frostproof, Haines City, Highland Park, Hillcrest Heights, Lake Alfred, Lake Hamilton, Lake Wales and Winter Haven. West Polk includes Bartow, Lakeland, Mulberry and Polk City.

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