

## Emerging Industrial Markets: Ocala, Florida

July 27, 2023

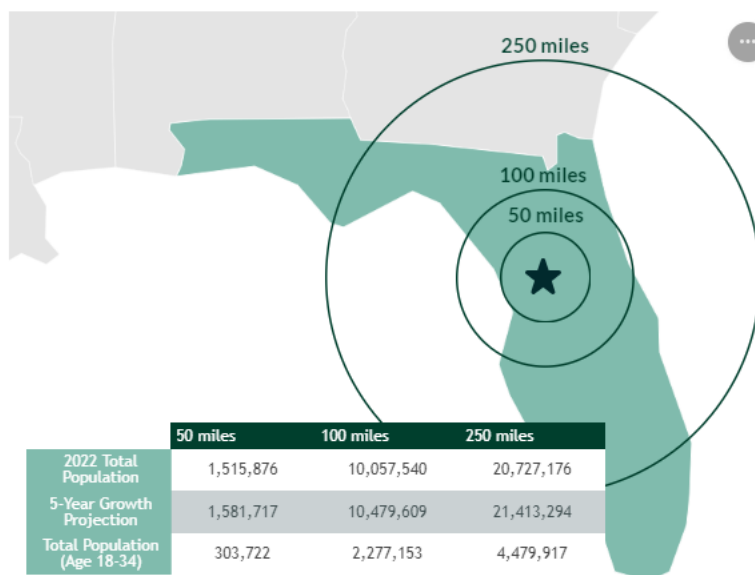
“Logistics, location and labor are the heartbeat of Ocala’s industrial market as Florida continues to experience significant growth. Ocala is benefiting from a massive influx of interest from developers and investors who are looking to expand their footprint and add sorely needed warehouse and distribution product to serve the region. Out-of-market developers, like Kansas City-based developer Hunt Midwest, are choosing Ocala for their first industrial project in Florida because they recognize the strength of the business environment. Furthermore, the market provides access to four of the state’s six major trucking arteries accounting for 70% of all truck traffic in Florida passing through the region.”

Rian Smith  
SIOR, CBRE Senior Vice President

### Demographics

An estimated 1.5 million people live within 50 miles of Ocala with approximately 20% between 18 and 34 years old. Occupiers can reach 20.7 million consumers within 250 miles of the Ocala region. As of 2022, Florida has become the fastest-growing state in the U.S.

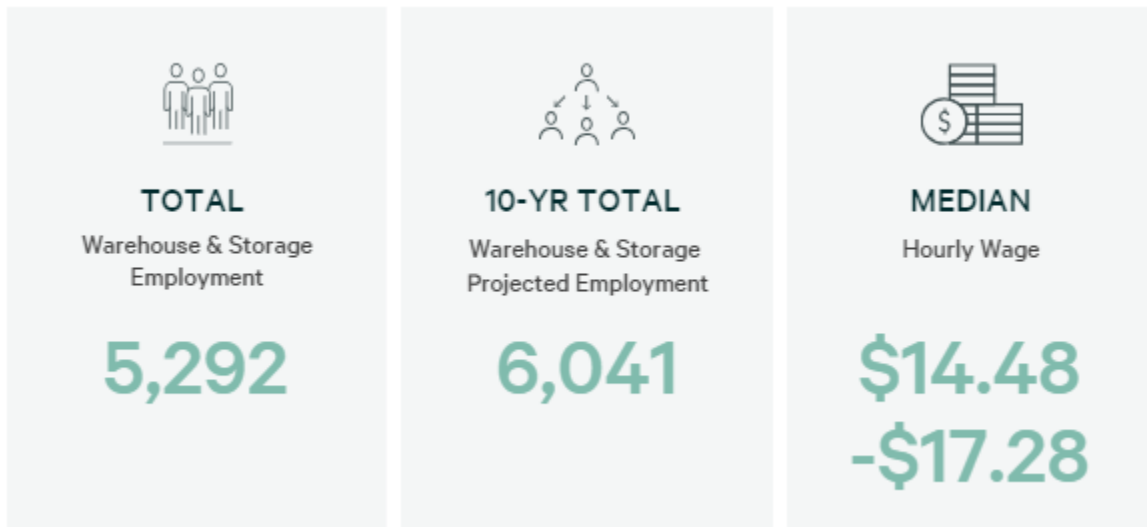
**Figure 1: Ocala, FL, Population Analysis**



Source: CBRE Location Intelligence.

Ocala’s local warehouse labor force of 5,292 is expected to grow by 14.2% by 2033, according to [CBRE Labor Analytics](#). The average salary for a non-supervisory warehouse worker is \$14.48 to \$17.28 per hour, depending on job type. The national average currently stands at \$17.16. According to the U.S. Bureau of Labor & Statistics as of May 2023, the unemployment rate for Ocala stood at 3.3%—on par with the year-over-year figure—and the overall labor force stood at 152,015, its highest figure ever recorded.

**Figure 2: Ocala, FL, Warehouse & Storage Labor Fundamentals**



Source: CBRE Labor Analytics.

## Location Incentives

Over the past five years, the Ocala metropolitan area has completed 11 economic incentive deals with employers totaling over \$12 million at an average of \$7,100 per new job, as reported by fDi Intelligence.

[CBRE’s Location Incentives Group](#) reports that the top incentive program offered in metro Ocala is the Quick Response Training program, which provides funding for new and expanding businesses in Florida to train new full-time employees. Businesses awarded grant funding are typically in high-skill industries, produce exportable goods and services and have wages that are 125% above the state or local average.

Florida also offers the Capital Investment Tax Credit (CITC) and High Impact Performance Incentive (HIPI). CITC is a corporate income tax credit for businesses that make a minimum investment of \$25 million and create at least 100 new high-paying jobs, while HIPI is a cash grant for businesses that make a minimum investment of \$50 million and create at least 50 new high-paying jobs.

**Figure 3: Top Incentive Programs**

### **Capital Investment Tax Credit (CITC)**

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Income tax credit between 50%-100% of capital investment; credits are paid equally over 20 years and require a minimum of \$25M of capital investment and 100 new jobs

### **High Impact Performance Incentive (HIPI)**

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Discretionary and performance-based cash grant for companies in high impact sectors making a minimum \$50M investment and creating at least 50 new high-paying jobs

### **Quick Response Training (QRT) Program**

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State-funded grant program that provides funding to qualifying businesses to train their net new, full-time employees

### **Property Tax Abatement**

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Discretionary abatement of incremental property taxes generated by real estate investment for up to 10 years

Source: CBRE Location Incentives Group.

Note: The extent of state and local incentive offerings depends on location and scope of the operation.

## **Logistics Drivers**

Ocala is a growing logistics hub in Central Florida due to its centralized location along I-75, with national industrial & logistics occupiers adding distribution centers in Ocala in recent years. The Florida Turnpike starts at the southern edge of Ocala, connecting the region to Miami. CBRE also reported on [Central Florida's Industrial Big Box](#) activity earlier this year. Ocala's accessible location makes drive time to major cities such as Miami, Charlotte, Columbia, Atlanta and Montgomery less than eight hours.

Ocala has two main airports in the region. The [Ocala International Airport](#), serving overall aviation, corporate aeronautics and the air cargo industry. The [Orlando International Airport](#), located approximately 89 miles southeast of Ocala, handles robust amounts of cargo. As of 2022, it processed over 1.2 billion pounds of air cargo, ranking 30 out of 140 airports for cargo handled, according to the FAA. By rail, the region is served by CSX Transportation and the Florida Northern Railroad. The closest seaport is the [Port of Tampa](#), approximately 1.5 hours south of Ocala.

## **Supply & Demand**

Ocala has 23.7 million sq. ft. of existing industrial warehouse space. The largest block of existing buildings (7.3 million sq. ft.) is in facilities greater than 500,000 sq. ft. in size, followed by 5.6 million sq. ft. of buildings in the 10,000-50,000 sq. ft. size range. According to CBRE's analysis of industrial buildings over 500,000 sq. ft., Marion County

added more than 3.7 million sq. ft. of bulk product to its total industrial inventory since 2021, accounting for 10% of Florida’s tertiary bulk market stock. This includes a good portion of industrial buildings in Ocala. Other tertiary markets include the counties of Leon, Volusia, St. Lucie and Collier. Several logistics companies have recently entered the Ocala market, according to the [Ocala Metro CEP](#). Average asking rents are on the rise, as rates have increased 5.1% from the end of 2022 through Q2 2023 to \$8.22/sq. ft./nnn.

Four new projects totaling 1.8 million sq. ft. completed construction thus far in 2023. The largest speculative projects are the one million sq. ft. facility at the Florida Crossroads Logistics West Center and the 457,217 sq. ft. building at Topline Logistics Center. Another sizeable project is Dollar Tree’s 1.7 million sq. ft. facility at the Crossroads Commerce Park (an over 1,000-acre Class A industrial business park). The project’s unique racking advances to approximately 145 feet clear, allowing for robotics and multi-level mezzanine space.

Ocala benefits from nearby population centers like Orlando and Tampa and continues to attract industrial occupiers and investors due to its increasing population and workforce growth. This is why companies are choosing to expand their footprint in the area to provide much-needed warehouse and distribution product to serve the vast regional growth.

**Figure 4: Ocala, FL, Historical Data**

	YTD 2023	2022	2021	2020	2019
Inventory	23,684,363	21,916,686	20,341,985	20,148,235	19,031,180
Overall Vacancy Rate	12.9%	6.0%	4.0%	4.3%	0.9%
YTD Net Absorption	22,513	1,077,086	245,687	411,716	237,697
Average Asking Rental Rates (Direct/SF/Year)	\$8.22	\$7.82	\$4.57	\$4.46	\$4.16
Construction Completions	1,767,677	1,574,701	193,750	1,117,055	-

Source: CBRE Research, 2023.

**Figure 5: Ocala, FL, Size Range Comparison**

Size Range (SF)	Q2 2023 Existing Inventory	Q2 2023 Overall Vacancy Rate	Q2 2022 Existing Inventory	Q2 2022 Overall Vacancy Rate
10k-49,999	5,580,147	2.6%	5,556,345	2.0%
50k-99,999	2,827,623	2.3%	2,827,623	0.4%
100k-249,999	3,620,192	6.3%	3,395,012	0.0%
250k-499,999	4,328,222	18.7%	3,520,106	0.0%
500,000+	7,328,179	24.8%	6,242,899	11.7%

Source: CBRE Research, 2023.