

# MARKETBEAT ORLANDO

Office Q1 2021



CUSHMAN &  
WAKEFIELD

**13.0%**

Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**-600K**

YTD Net Absorption, SF



**\$25.06**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2021

**1.2M**

Orlando  
Employment

YoY  
Chg



12-Mo.  
Forecast



**6.4%**

Orlando  
Unemployment Rate



**6.0%**

U.S.  
Unemployment Rate



Source: BLS. Numbers above are monthly figures, FL  
Dept. Economic OPP.

## ECONOMY

Orlando, part of the Central Florida region and one of the state's major tourism markets, had an unemployment rate of 6.4% in February 2021, 10 basis points (bps) lower than the previous month but 330 bps higher than the region's rate from one year ago. Nonagricultural employment fell by 168,500 jobs, or 12.5%, year-over-year (YOY) to 1.2 million. Every employment sector lost jobs in the last 12 months. Over 60% of all losses came from the Leisure & Hospitality sector, with 102,100 jobs gone or down 36.4%, followed by Professional & Business Services with a decline of 9.9% or 23,400 positions. Since the first quarter of 2020, office-using employment was down nearly 28,600 jobs.

## SUPPLY

Overall vacancy jumped 180 bps YOY to 13.0% in the first quarter on an influx of new sublease space hitting the market. Even with the increase, sublease space only remained 1.9% of overall inventory, still down from levels reached after the Great Financial Crisis in 2008 when it accounted for 3.0% of overall inventory. Almost all new availabilities in the first quarter were in Class A inventory which saw the rate jump by 300 bps. The submarkets with new additions in vacant space were in Airport/Lake Nona and Millenia/MetroWest, up 1,120 bps and 990 bps, respectively. Class B vacancy remained stable overall YOY at 12.6% with gains in some submarkets canceling out decreases in others. The Central Business District (CBD) was 400 bps higher than suburban submarkets with a vacancy of 16.2%, rising 280 bps in 12 months on several large blocks of new sublease availabilities. The two largest office buildings under construction were build-to-suits for larger tenants in the CBD totaling 290,800 square feet (sf).

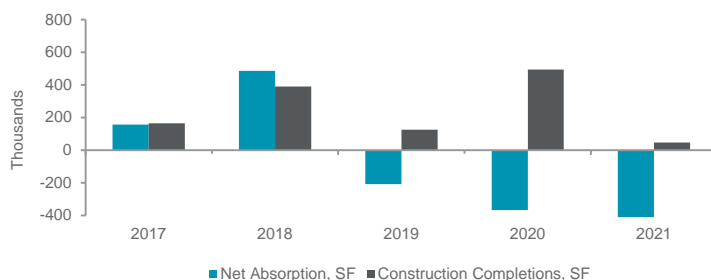
## DEMAND

New office leasing demand in the first quarter of 2021 was 356,000 sf, down 50% from the first quarter of 2020 and 225,000 sf lower than the five year quarterly average. Class A inventory captured the most in new lease deals with 62% of all activity compared to 132,000 sf in Class B assets. Suburban submarkets outperformed the CBD in terms of new leasing activity with 82% of all activity in Orlando occurring outside of the urban core. Nearly 37% of all leasing activity, 130,000 sf, was split evenly between the Winter Park and the Lake Mary/Heathrow submarkets.

## PRICING

Overall asking rents rose 3.4% YOY to \$25.06 per square foot (psf) full service. Rents in Class A assets closed 280 bps up to \$27.80 psf overall with the 3.6% increase in suburban submarkets driving most gains. Office submarkets with the highest gains for Class A rents were those that saw an increase in vacant space and included Lake Mary/Heathrow, jumping 11.5% to \$27.14 psf and Airport/Lake Nona, up 5.3% to \$30.72 psf. Class A product in the CBD only rose by 0.4% to \$29.60 psf, down from the cycle high reached in the second quarter of 2020.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,113,842	1,002,157	149,412	16.2%	-181,698	-181,698	63,413	290,800	\$28.76	\$29.60
436 Corridor/Casselberry/408	1,915,068	134,719	7,901	7.5%	-14,454	-14,454	16,718	0	\$18.69	N/A
Airport/Lake Nona	1,352,683	158,521	107,948	19.7%	-111,261	-111,261	0	0	\$30.72	\$30.72
Altamonte Springs	1,167,099	273,606	0	23.4%	-19,601	-19,601	5,267	0	\$18.13	\$21.72
Lake Mary/Heathrow	4,430,779	446,038	153,343	13.5%	-81,479	-81,479	66,421	0	\$27.14	\$27.47
Lee Road Corridor	779,855	74,518	0	9.6%	-7,950	-7,950	2,078	0	\$21.58	N/A
Longwood	677,469	158,258	0	23.4%	4,091	4,091	3,669	0	\$19.53	N/A
Maitland	5,627,507	663,921	81,384	13.2%	-107,505	-107,505	34,874	0	\$22.82	\$24.25
Millenia/Metrowest/Windermere	1,927,160	184,714	5,943	9.9%	25,704	25,704	11,149	0	\$27.48	\$29.51
Tourist Corridor/Celebration	5,922,287	525,324	141,458	11.3%	-183,945	-183,945	39,981	30,000	\$22.56	\$26.22
University/Research Park	4,042,435	306,261	20,509	8.1%	93,947	93,947	48,611	0	\$24.10	\$26.61
Winter Park	1,309,762	98,345	17,952	8.9%	-16,211	-16,211	63,648	0	\$30.39	\$34.19
NON-CBD TOTALS	29,152,104	3,024,225	536,438	12.2%	-418,664	-418,664	292,416	30,000	\$23.90	\$26.97
Orlando TOTALS	36,265,946	4,026,382	685,850	13.0%	-600,362	-600,362	355,829	320,800	\$25.06	\$27.80

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2420 Lakemont Avenue	Winter Park	The Travelers Indemnity Company	57,821	Direct
255 Primera Boulevard	Lake Mary/Heathrow	Benefytt Technologies	24,244	Sublease
4700 Millenia Lakes Blvd	Millenia/Metrowest/Windermere	Humana, Inc.	18,854	Renewal*
315 E Robinson Street	CBD/Downtown/Uptown	Sonesta International Hotels Corp.	18,001	Direct

\*Renewals are not included in leasing activity

## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
498 Palm Springs Drive	Altamonte Springs	Laurel Builders Office Suites   Foley Properties LLC	36,168	\$2.9M   \$80

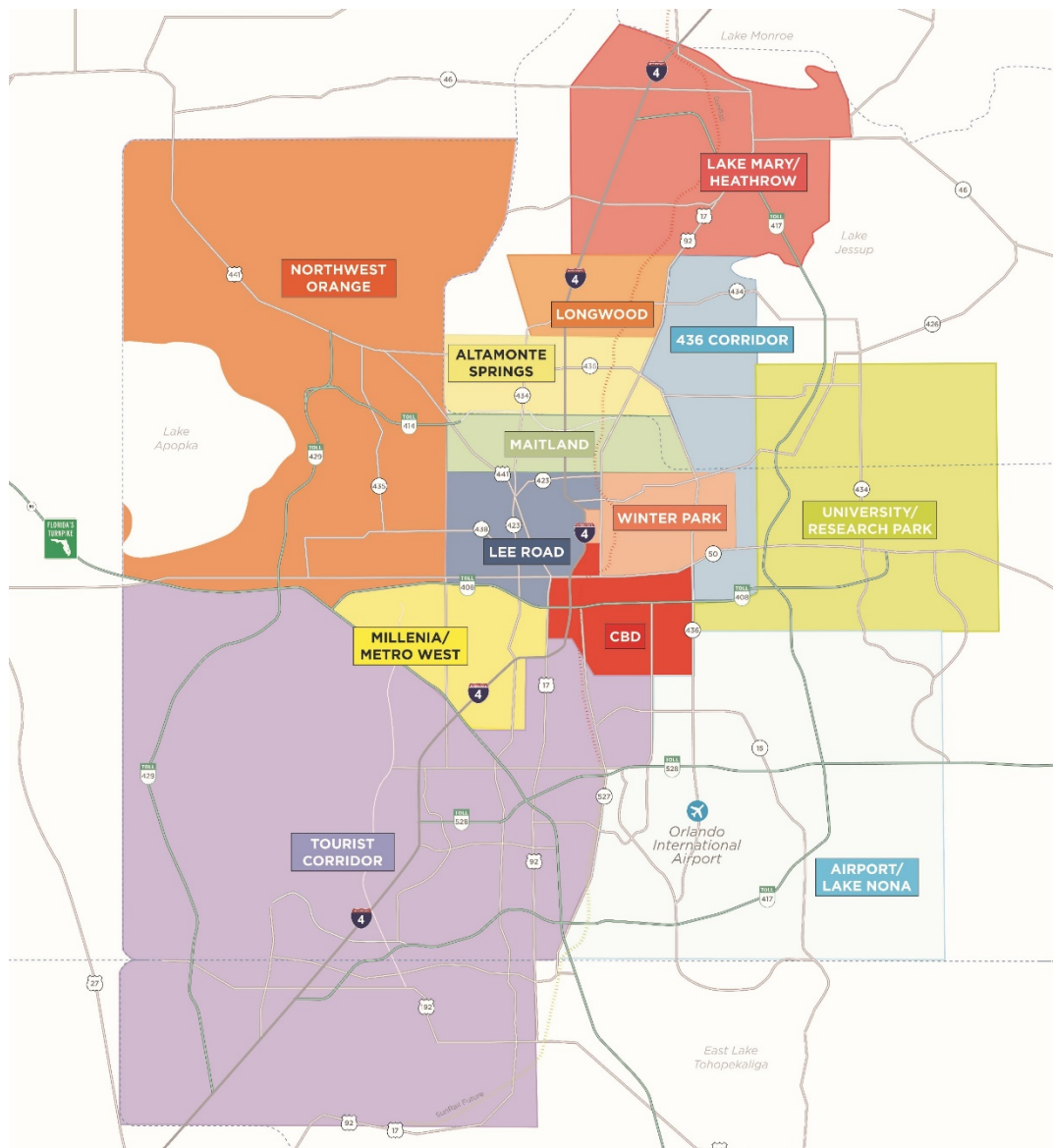
## KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
W Amelia Street	CBD/Downtown/Uptown	Electronic Arts	176,000	Ustler Development
500 N Orange Avenue	CBD/Downtown/Uptown	GSA	114,800	WSSA Orlando LLC
Shoreside Way	Tourist Corridor/Celebration	N/A	30,000	Lincoln Property Company





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