

MARKETBEAT ORLANDO

Office Q2 2021



CUSHMAN &
WAKEFIELD

	YoY Chg	12-Mo. Forecast
14.3% Vacancy Rate	▲	▲
-1.3M YTD Net Absorption, SF	▼	▼
\$24.99 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
1.2M Orlando Employment	▲	▲
5.4% Orlando Unemployment Rate	▼	▼
5.9% 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 nation's largest tourism markets, had an unemployment rate of 5.4% in May 2021, 20 basis points (bps) lower than the previous month and 1,720 bps lower than the region's rate from one year ago. Nonagricultural employment grew by 109,700 jobs, or 10.1% year-over-year (YOY), with the Orlando region being the area with the largest gain in jobs in the state. This growth largely due to an increase in demand for Leisure & Hospitality labor as more and more people venture out from lockdowns, increasing demand and consumer spending in the area.

SUPPLY

Overall vacancy jumped 310 bps YOY to 14.3% in the second quarter on an influx of new sublease space hitting the market. Even with the increase, sublease space only remained 2.0% of overall inventory, down from levels reached after the Great Financial Crisis in 2008 when it accounted for overall 3.0% of inventory. Almost all new availabilities in the second quarter were in Class A inventory which saw the rate jump by 200 bps to 15.4%. Class B vacancy remained stable overall YOY at 12.7% with gains in some submarkets canceling out decreases in others. The Central Business District (CBD) was 140 bps higher than suburban submarkets with a vacancy of 16.2%, rising 240 bps in 12 months on several large block of new sublease availabilities.

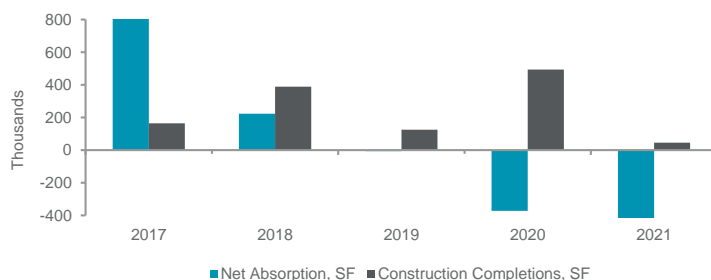
DEMAND

Office leasing demand in the closed out the first half of 2021 at approximately 1.1 million square feet (MSF) year-to-date (YTD), up 13.6% from the second quarter of 2020. Class A inventory captured the most in new lease deals with 57% of all activity compared to 326,000 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 25% of all leasing activity for the second quarter, 192,000 sf, derived from the Tourist Corridor submarket.

PRICING

Overall asking rents rose minimally by less than 1.0% YOY to \$24.99 per square foot (psf) full service. Rents in Class A assets slightly decreased by less than half a percent to \$27.28 psf overall with changes in small suburban submarkets driving this change. The Orlando CBD experienced a slight decrease in rental rates to \$28.57, a 1.6% change. Alternatively, suburban submarket rental rates increased by 1.8% to \$23.98.

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	993,593	104,628	15.4%	-62,767	-213,764	211,117	290,800	\$28.57	\$29.33
436 Corridor/Casselberry/408	1,915,068	116,992	7,901	6.5%	-1,370	-15,824	17,810	0	\$19.33	N/A
Airport/Lake Nona	1,352,683	194,064	54,307	18.4%	-40,233	-93,163	50,040	0	\$28.25	\$28.25
Altamonte Springs	1,167,099	291,573	0	25.0%	-25,007	-42,583	35,210	0	\$18.36	\$21.72
Lake Mary/Heathrow	4,564,447	466,813	154,073	13.6%	-21,879	-101,741	140,812	0	\$27.20	\$27.44
Lee Road Corridor	779,855	92,779	0	11.9%	-18,261	-26,211	19,829	0	\$21.04	N/A
Longwood	677,469	163,687	1,150	24.3%	15,107	-2,488	39,619	0	\$19.45	N/A
Maitland	5,627,921	791,236	120,244	16.2%	-180,587	-265,346	118,656	0	\$23.15	\$24.09
Millenia/Metrowest/Windermere	1,927,160	162,368	8,885	8.9%	9,052	34,756	43,037	0	\$28.06	\$30.04
Tourist Corridor/Celebration	6,269,933	682,966	188,637	13.9%	-230,305	-389,035	234,498	30,000	\$23.15	\$26.48
University/Research Park	4,043,166	481,318	68,397	13.6%	-229,762	-135,815	140,278	0	\$25.75	\$27.61
Winter Park	1,309,762	92,139	14,545	8.2%	-4,772	-19,669	86,552	0	\$28.29	\$33.34
NON-CBD TOTALS	29,634,563	3,535,935	618,139	14.0%	-728,017	-1,057,119	926,341	30,000	\$23.98	\$26.51
Orlando TOTALS	36,748,405	4,529,528	722,767	14.3%	-790,784	-1,270,883	1,137,458	320,800	\$24.99	\$27.28

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1390 Celebration Boulevard	Tourist Corridor/Celebration	Disney Vacation Development	100,923	Direct
450 S Orange Avenue	CBD/Downtown/Uptown	AssuredPartners	43,888	Direct
255 Primera Boulevard	Lake Mary/Heathrow	Kemper Co.	32,583	Direct
6900 Tavistock Lakes Blvd	Airport/Lake Nona	InnovaCare Health	22,699	Direct

*Renewals are not included in leasing activity

KEY SALES TRANSACTIONS Q2 2021

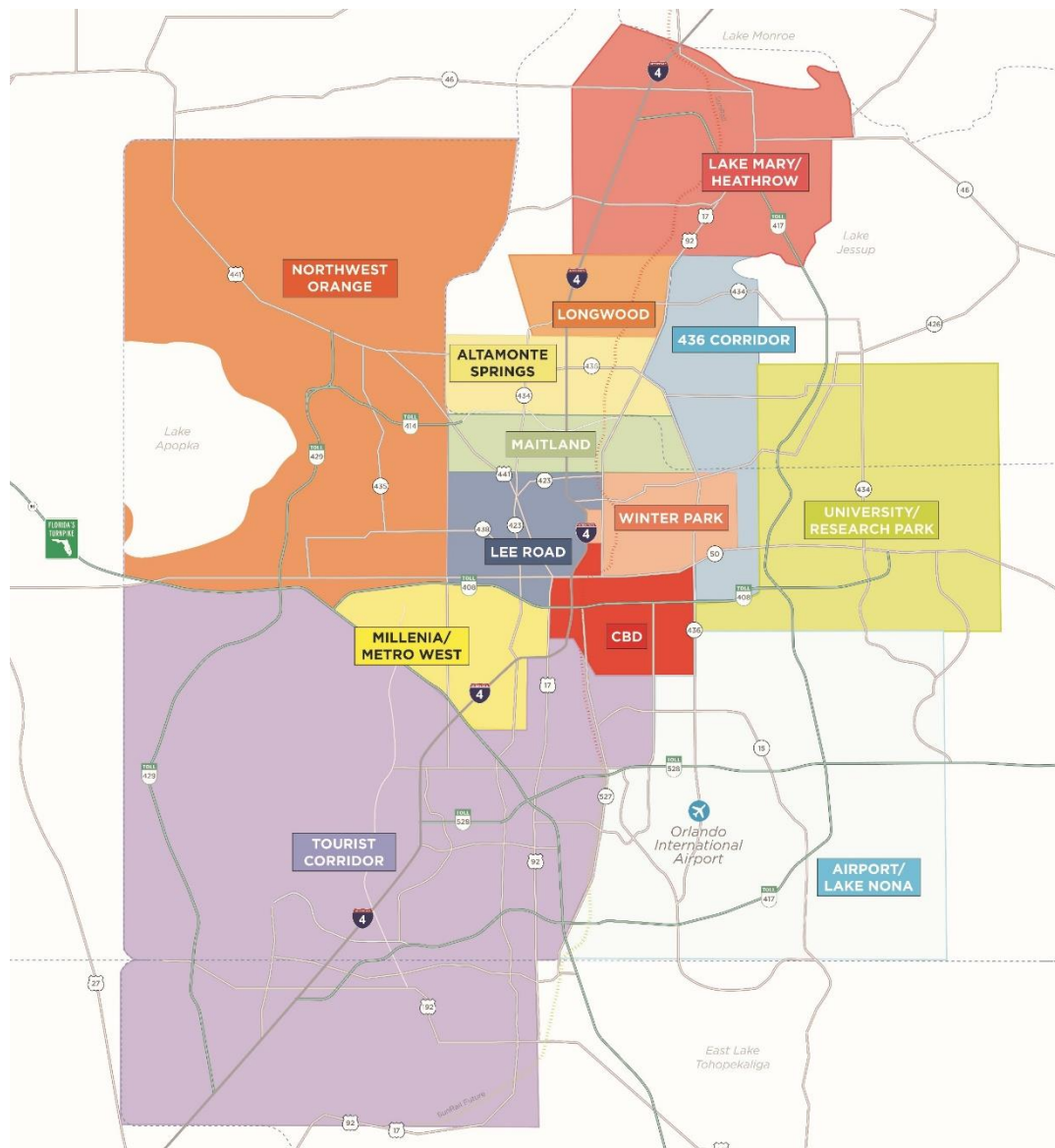
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3175 North Orange Blossom Trail	Tourist Corridor/Celebration	O'Connor Capital Partners Spirit Realty Capital, Inc.	347,737	\$43.0M \$124
20 N Orange Avenue	CBD/Downtown/Uptown	Steelbridge Capital LLC Banyan Street Capital	278,740	\$63.0M \$226
8301 South Park Circle	Tourist Corridor/Celebration	Pacer Partners Costco Wholesale Corporation	68,200	\$16.0M \$235
2200 Winter Woods Boulevard	436 Corridor/Casselberry/408	Howell Park Group LLC Emma I LLC	41,000	\$2.9M N/A

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
270 W Plant Street	Millenia/Metrowest/Windermere	City of Winter Garden	45,687	City of Winter Garden N/A



OFFICE SUBMARKETS

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