

MARKETBEAT ORLANDO

Office Q2 2022



YoY
Chg

12-Mo.
Forecast

13.8%

Vacancy Rate



-69.3K

YTD Net Absorption, SF



\$25.69

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

YoY
Chg

12-Mo.
Forecast

1.4M

Orlando
Employment



2.7%

Orlando
Unemployment Rate



3.6%

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 2.7% in May 2022, 260 basis points (bps) lower than the regions rate from one year ago. Job growth continues through Orlando despite the current economic slowdown, as nonagricultural employment grew by 91,400 jobs, or 7.3% year-over-year (YOY). The region had the highest annual job growth in Professional and Business Services and Leisure and Hospitality out of Florida's major markets, with 17,700 jobs and 44,900 new jobs added, respectively. Office-using employment gained 21,700 new jobs over the past twelve months.

DEMAND

Office leasing demand was strong in the second quarter of 2022, closing out with approximately 549,000 square feet (sf) bringing the year-to-date (YTD) total to 1.1 million square feet (msf). Due to the economic slowdown, demand through the first six months only increased 6% YOY. Suburban submarkets outperformed the Central Business District (CBD) by a ratio of more than four to one in terms of new leasing activity, with over 86% YTD of all activity in Orlando occurring outside of the urban core. The Tourist Corridor submarket had the most leasing activity with 224,000 sf YTD, approximately 20% of all leasing activity through the mid-year point of 2022. Overall net absorption ended the first half of the year at -69,000 sf, which is a stark contrast when compared to the -1.1 msf through the first two quarters of 2021. After four straight quarters with a drop in negative absorption, the impacts of the global pandemic appear to be leveling out.

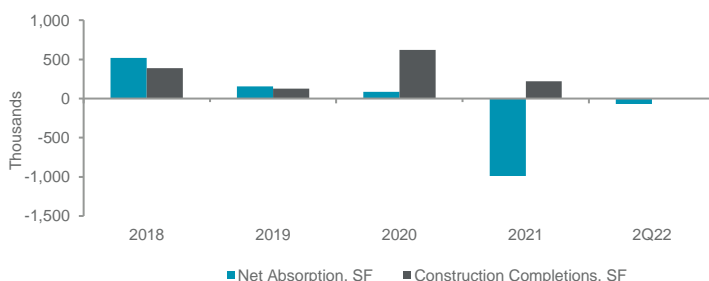
SUPPLY

Overall vacancy decreased 50 bps YOY to 13.8%, 20 bps less than the previous quarter. The Maitland submarket contributed most heavily to the overall suburban vacancy, at 25% of the total vacant sf. The Altamonte Springs and Airport/Lake Nona submarkets contributed the most to this change, with 4.8% and 6.8% decreases, respectively. The tightest office submarkets remain smaller suburban ones, including Winter Park at 4.7%, Millenia/Metrowest at 7.3% and the 433 Corridor at 7.7%.

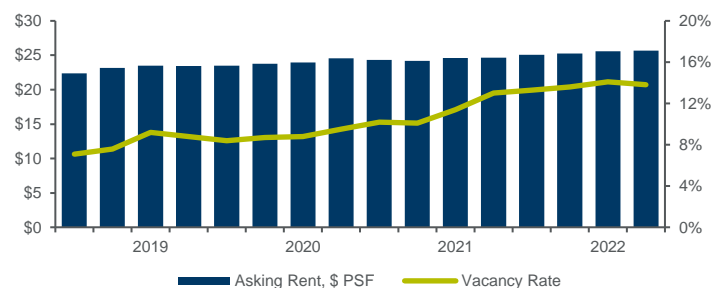
PRICING

Overall average rents for office space continue to rise, reaching new record highs for the fifth quarter in a row. Asking rates rose 2.8% YOY to \$25.69 per square foot (psf) full service. Rents in Class A assets closed out the second quarter at \$28.21 psf overall, up 3.4% YOY. Office submarkets with the highest gains for Class A rents were Tourist Corridor which was up 12.4% YOY to \$29.77 psf and Maitland up 13.0% YOY to \$27.21 psf. Class B rents rose 3.2% to \$21.99 psf in the last 12 months.

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	7,186,853	885,189	136,661	14.2%	78,437	81,096	195,475	114,800	\$28.97	\$29.71
436 Corridor/Casselberry/408	1,752,607	135,533	0	7.7%	-38	-3,409	42,048	0	\$19.64	\$31.00
Airport/Lake Nona	1,229,127	165,257	0	13.5%	-20,581	-17,531	108,566	342,807	\$30.50	\$30.50
Altamonte Springs	907,343	150,171	15,100	18.2%	8,449	23,646	37,752	0	\$19.19	\$22.24
Lake Mary/Heathrow	4,525,271	538,091	139,485	15.0%	-62,389	-115,373	56,615	0	\$26.64	\$26.94
Lee Road Corridor	687,000	84,132	2,686	12.6%	-2,258	9,510	36,167	0	\$20.80	N/A
Longwood	637,469	174,289	4,368	28.0%	7,896	28,237	22,779	0	\$19.43	N/A
Maitland	5,584,209	899,912	98,610	17.9%	-18,684	-53,356	115,276	0	\$24.47	\$27.21
Millenia/Metrowest/Windermere	1,926,979	126,245	14,398	7.3%	30,045	14,302	97,724	0	\$30.52	\$31.43
Tourist Corridor/Celebration	6,172,742	752,387	164,021	14.9%	-42,296	-75,306	224,192	300,000	\$26.18	\$29.77
University/Research Park	4,043,166	370,363	30,479	9.9%	18,579	33,783	154,058	68,703	\$25.36	\$27.12
Winter Park	1,205,088	54,889	1,731	4.7%	-8,240	5,111	31,251	0	\$29.44	\$30.44
NON-CBD TOTALS	28,671,001	3,451,269	470,878	13.7%	-89,517	-150,386	926,428	711,510	\$24.97	\$27.75
Orlando TOTALS	35,857,854	4,336,458	607,539	13.8%	-11,080	-69,290	1,121,903	826,310	\$25.69	\$28.21

*Rental rates reflect full service asking

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,289,893	2,593,412	498,099	14.5%	30,060	-130,329	704,480	711,510	\$28.14	\$28.21
CLASS B	14,567,961	1,743,046	109,440	12.7%	-41,140	61,039	417,423	114,800	\$22.01	\$21.99
ORLANDO TOTALS	35,857,854	4,336,458	607,539	13.8%	-11,080	-69,290	1,121,903	826,310	\$25.56	\$25.69

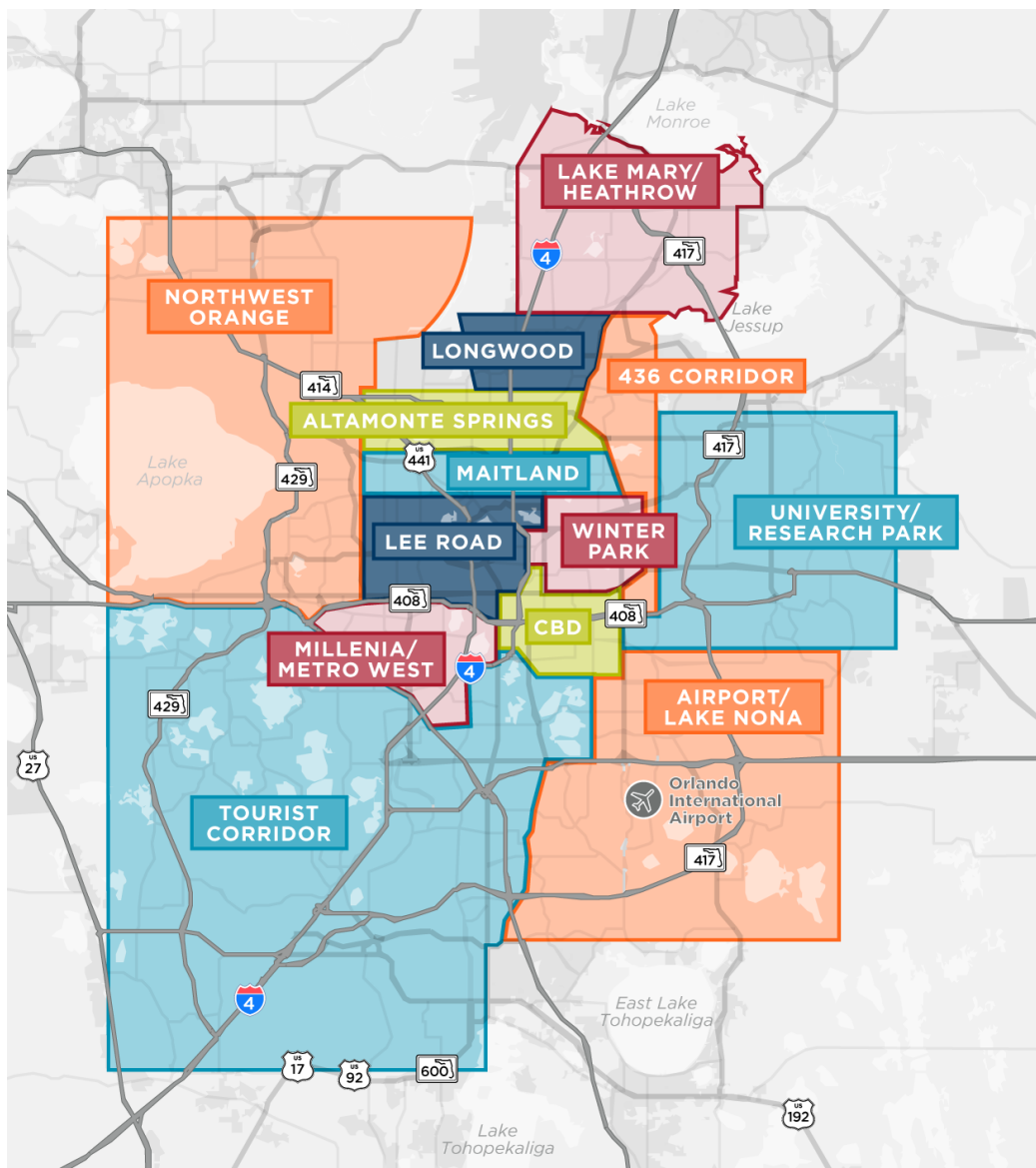
KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6820 Marwick Ln	Airport/Lake Nona	KPMG	57,189	Renewal Expansion
7500-7829 Golf Channel Drive	Tourist Corridor/Celebration	NVR, Inc.	39,541	New
5900 Lake Ellenor Drive	Tourist Corridor/Celebration	Transaction Data Systems	36,032	New

*Renewals are not included in leasing activity



OFFICE SUBMARKETS

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