

YoY Chg      12-Mo. Forecast

**14.2%**

Vacancy Rate



**-315K**

YTD Net Absorption, SF



**\$26.58**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2023

YoY Chg      12-Mo. Forecast

**1.4M**

Orlando Employment



**2.8%**

Orlando Unemployment Rate



**3.5%**

U.S. Unemployment Rate



Source: BLS, FL Dept. Economic OPP

## ECONOMY

Orlando, the U.S.'s largest tourism and travel city for 2022, had an unemployment rate of 2.6% in February 2023, 80 basis points (bps) lower than the rate one year ago and well below the national rate. Job growth continued in Orlando despite the current economic slowdown, as nonagricultural employment grew by 68,300 jobs, or 5.0% year-over-year (YOY). The region had the highest annual job growth in leisure and hospitality out of Florida's major markets, with 31,600 jobs added. Office-using employment gained 12,100 new jobs YOY, a 3.2% rise.

## DEMAND

Orlando began 2023 with 391,000 square feet (sf) of leasing activity in the first quarter, down 34.9% YOY as economic uncertainty contributed to the drop in activity. Suburban submarkets significantly outperformed downtown with 94.2% of leasing activity in Orlando occurring outside of the urban core for Q1. Against previous trends, value outweighed flight to quality, with 69.8% of leasing activity taking place in Class B assets. Continued targeting of premium, amenity rich space to motivate return-to-office initiatives post-pandemic have left the Class A market saturated with lower tier, obsolete buildouts that have fallen out of favor.

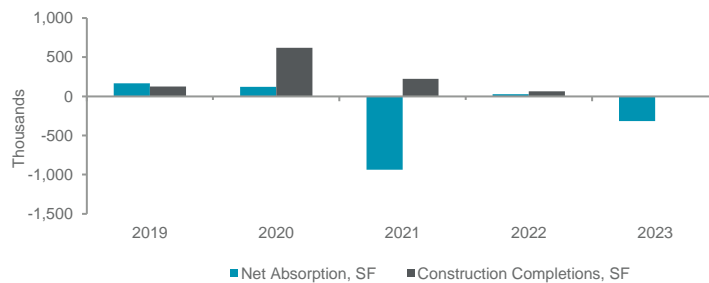
## SUPPLY

Overall vacancy increased 120 bps YOY to 14.2%, up 90 bps from the previous quarter after remaining stable for much of 2022. A handful of vacancies contributed to the jump in vacancy to begin the year. Lake Mary/Heathrow saw the largest change with Fiserv Solutions vacating 129,000 sf at 600 Colonial Center Parkway. Zurich Farmers also moved out of 85,400 sf at 640 Century Point, whose previous sublease listing expired and became fully vacant direct during Q1. Ravango Manufacturing's 120,600-sf expansion/renewal at 1900 Summit Tower Boulevard contributed nearly 40,000 sf of positive absorption, as the company expanded into the fourteenth and fifteenth floors in Q1.

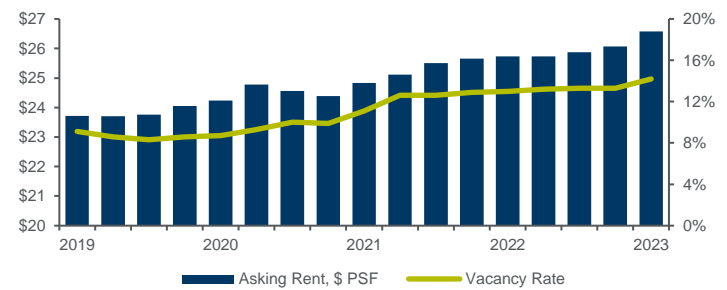
## PRICING

Asking rates rose 2.0% YOY to \$26.58 per square foot (psf) full service gross (FSG). Rents in Class A assets closed out the year at \$28.78 psf FSG overall, up 2.2% YOY. Value-favored leasing as well as new class A vacancies allowed for higher grade asking rates to contribute more heavily to rent growth than recent quarters. Landlords appeared to hold firm or even pushed asking rents to combat inflated operating costs amongst potential downward pressures from economic headwinds.

## 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)*
<b>CBD</b>	7,186,853	922,128	144,311	14.8%	-70,373	-70,373	22,695	0	\$29.31	\$30.05
436 Corridor/Casselberry/408	1,752,607	158,634	0	9.1%	-12,610	-12,610	26,847	0	\$20.94	\$31.00
Airport/Lake Nona	1,323,017	141,482	3,677	11.0%	441	441	37,121	278,917	\$31.68	\$31.68
Altamonte Springs	907,343	129,815	16,345	16.1%	6,198	6,198	16,047	0	\$19.58	\$22.56
Lake Mary/Heathrow	4,525,271	733,965	144,544	19.4%	-227,882	-227,882	23,996	0	\$27.90	\$28.05
Lee Road Corridor	687,000	90,199	1,875	13.4%	-10,283	-10,283	8,534	0	\$22.54	N/A
Longwood	637,469	128,745	0	20.2%	18,248	18,248	29,195	0	\$19.62	N/A
Maitland	5,552,869	949,319	110,038	19.1%	5,755	5,755	119,386	0	\$24.66	\$27.47
Millenia/Metrowest/Windermere	1,926,979	157,974	0	8.2%	-7,258	-7,258	14,386	0	\$29.49	\$30.00
Tourist Corridor/Celebration	6,172,742	577,762	213,638	12.8%	-283	-283	34,146	300,000	\$27.87	\$30.40
University/Research Park	4,043,166	389,115	21,410	10.2%	-857	-857	33,999	68,703	\$25.59	\$27.58
Winter Park	1,205,088	61,273	0	5.1%	-15,686	-15,686	24,581	0	\$28.77	\$30.31
<b>NON-CBD TOTALS</b>	<b>28,733,551</b>	<b>3,518,283</b>	<b>511,527</b>	<b>14.0%</b>	<b>-244,217</b>	<b>-244,217</b>	<b>368,238</b>	<b>647,620</b>	<b>\$26.00</b>	<b>\$28.45</b>
<b>Orlando TOTALS</b>	<b>35,920,404</b>	<b>4,440,411</b>	<b>655,838</b>	<b>14.2%</b>	<b>-314,590</b>	<b>-314,590</b>	<b>390,933</b>	<b>647,620</b>	<b>\$26.58</b>	<b>\$28.78</b>

\*Rental rates reflect full service asking

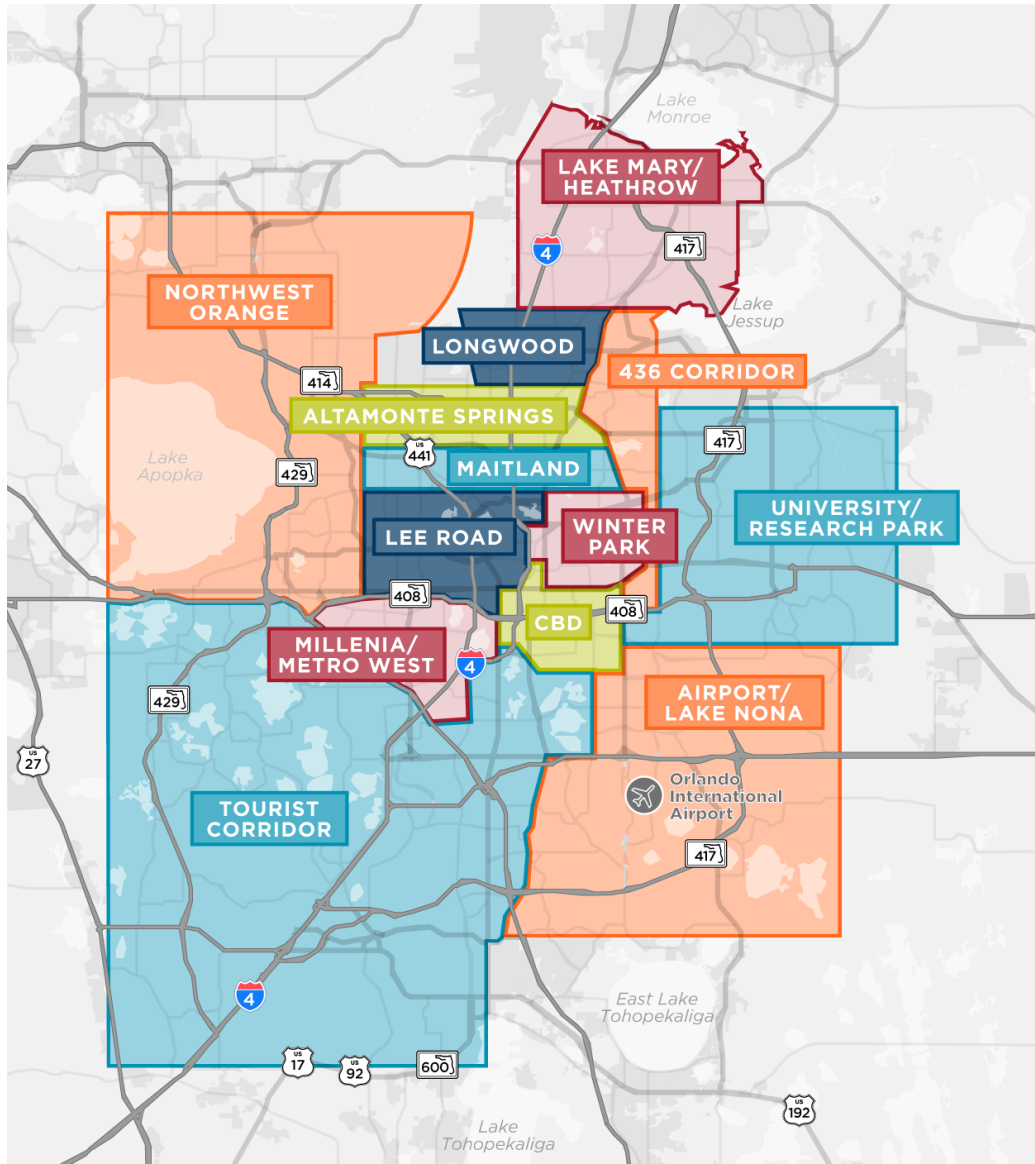
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,353,783	2,738,140	602,131	15.6%	-285,835	-285,835	118,183	647,620	\$28.72	\$28.78
CLASS B	14,566,621	1,702,271	53,707	12.1%	-28,755	-28,755	272,750	0	\$22.47	\$22.44
<b>Orlando TOTALS</b>	<b>35,920,404</b>	<b>4,440,411</b>	<b>655,838</b>	<b>14.2%</b>	<b>-314,590</b>	<b>-314,590</b>	<b>390,933</b>	<b>647,620</b>	<b>\$26.40</b>	<b>\$26.58</b>

## KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5323 Millenia Lakes Boulevard	Millenia/Metrowest/Windermere	Hilton Grand Vacations	107,052	Renewal
6923 Lee Vista Boulevard	Airport/Lake Nona	Power Home Remodeling Group	30,000	New
1080 Woodcock Road	436 Corridor/Casselberry/408	Vaxcare Corp	24,004	Renewal
850 Trafalgar Court	Maitland	Consumer Product Services	21,000	New

\*Renewals are not included in leasing activity

OFFICE SUBMARKETS



\*Northwest Orange submarket currently has no inventory.

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