

YoY Chg 12-Mo. Forecast

14.4%

Vacancy Rate



-330K

YTD Net Absorption, SF



\$26.46

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

1.4M

Orlando Employment



2.6%

Orlando Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS, FL Dept. Economic OPP

ECONOMY

Orlando had an unemployment rate of 2.6% in Q2 2023, 10 basis points (bps) lower than the rate one year ago and well below the national rate. Job growth held in Orlando despite the current economic slowdown, as nonagricultural employment grew by 50,300 jobs, or 3.6% year-over-year (YOY). The region had the highest annual job growth in leisure and hospitality out of Florida's major markets, with 28,800 jobs added. Office-using employment gained 5,200 new jobs YOY, a 1.3% rise.

DEMAND

Orlando recorded 714,000 square feet (sf) of leasing activity in the second quarter, bringing the year-to-date (YTD) total to 1.2 million square feet (msf). Quarterly activity was up slightly YOY by 1.3% and up 54.8% from the previous quarter. Suburban submarkets significantly outperformed downtown with 86.3% of leasing activity in Orlando occurring outside of the urban core for Q2. This was bolstered by the Lake Mary/Heathrow submarket, which recorded Orlando's first transaction above 150,000 sf in 13 quarters. Leasing activity in Class A assets accounted for 59.6% of the YTD total as tenants continued to target premium and amenity rich space to motivate return-to-office initiatives.

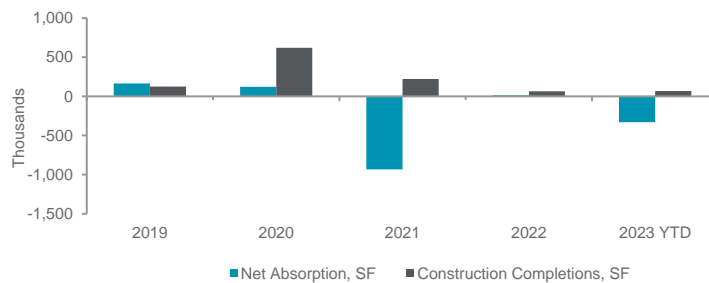
SUPPLY

Overall vacancy increased 120 bps YOY to 14.4%, up 20 bps from the previous quarter after remaining stable for much of 2022. The Orlando market recorded a single delivery in Q2 for the University/ Research Park submarket. The 68,700-sf building at 12700 Ingenuity Drive was occupied by Astronics Test Systems, resulting in 17,900 sf of positive absorption as the tenant relocated from a smaller space in the same submarket. The next largest occupancy of the quarter was Federal Emergency Management Agency's (FEMA) move into a 60,000-sf Lake Mary building at 701 International Parkway. Meanwhile, Lake Mary also housed the largest new vacancy of Q2 as BNY Mellon vacated its space at 100 Colonial Center Parkway. The company is relocating in the same market, with a deal signed in June for nearly 200,000 sf at 600 Colonial Center Parkway, estimated to be fully moved in by fourth quarter.

PRICING

Asking rate averages rose 2.9% YOY to \$26.46 per square foot (psf) full service gross (FSG). Rents in Class A assets closed out the quarter at \$28.60 psf FSG overall, up 1.6% YOY. Continued leasing of premium Class A space flattened YOY growth, as higher valued asking rents came off the market. Landlords appeared to hold firm or even push asking rates upward to combat increasing operating costs.

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	932,893	148,055	15.0%	-17,115	-85,762	135,729	0	\$29.38	\$30.09
436 Corridor/Casselberry/408	1,752,607	145,485	0	8.3%	15,104	2,762	61,697	0	\$20.32	N/A
Airport/Lake Nona	1,323,017	164,502	3,677	12.7%	-23,020	-22,579	37,121	278,917	\$33.27	\$33.27
Altamonte Springs	907,343	120,005	21,233	15.6%	4,922	11,120	34,208	0	\$19.60	\$22.70
Lake Mary/Heathrow	4,525,271	759,285	140,609	19.9%	-23,158	-253,202	269,801	0	\$26.96	\$27.06
Lee Road Corridor	687,000	89,180	1,875	13.3%	201	-10,082	23,969	0	\$23.27	N/A
Longwood	637,469	123,542	2,435	19.8%	3,985	21,016	37,576	0	\$19.50	N/A
Maitland	5,552,869	950,771	93,999	18.8%	13,306	31,831	271,770	0	\$24.71	\$27.80
Millenia/Metrowest/Windermere	1,926,979	147,638	0	7.7%	10,336	3,078	57,649	0	\$28.73	\$29.14
Tourist Corridor/Celebration	6,172,742	585,523	201,355	12.8%	1,731	2,784	136,388	300,000	\$28.05	\$30.19
University/Research Park	4,111,869	476,137	21,410	12.1%	-18,319	-19,176	76,365	0	\$25.97	\$27.68
Winter Park	1,205,088	59,927	0	5.0%	3,456	-12,230	32,841	0	\$29.10	\$30.85
NON-CBD TOTALS	28,802,254	3,621,995	486,593	14.3%	-11,456	-244,678	1,039,385	578,917	\$25.80	\$28.16
Orlando TOTALS	35,989,107	4,554,888	634,648	14.4%	-28,571	-330,440	1,175,114	578,917	\$26.46	\$28.60

*Rental rates reflect full service asking

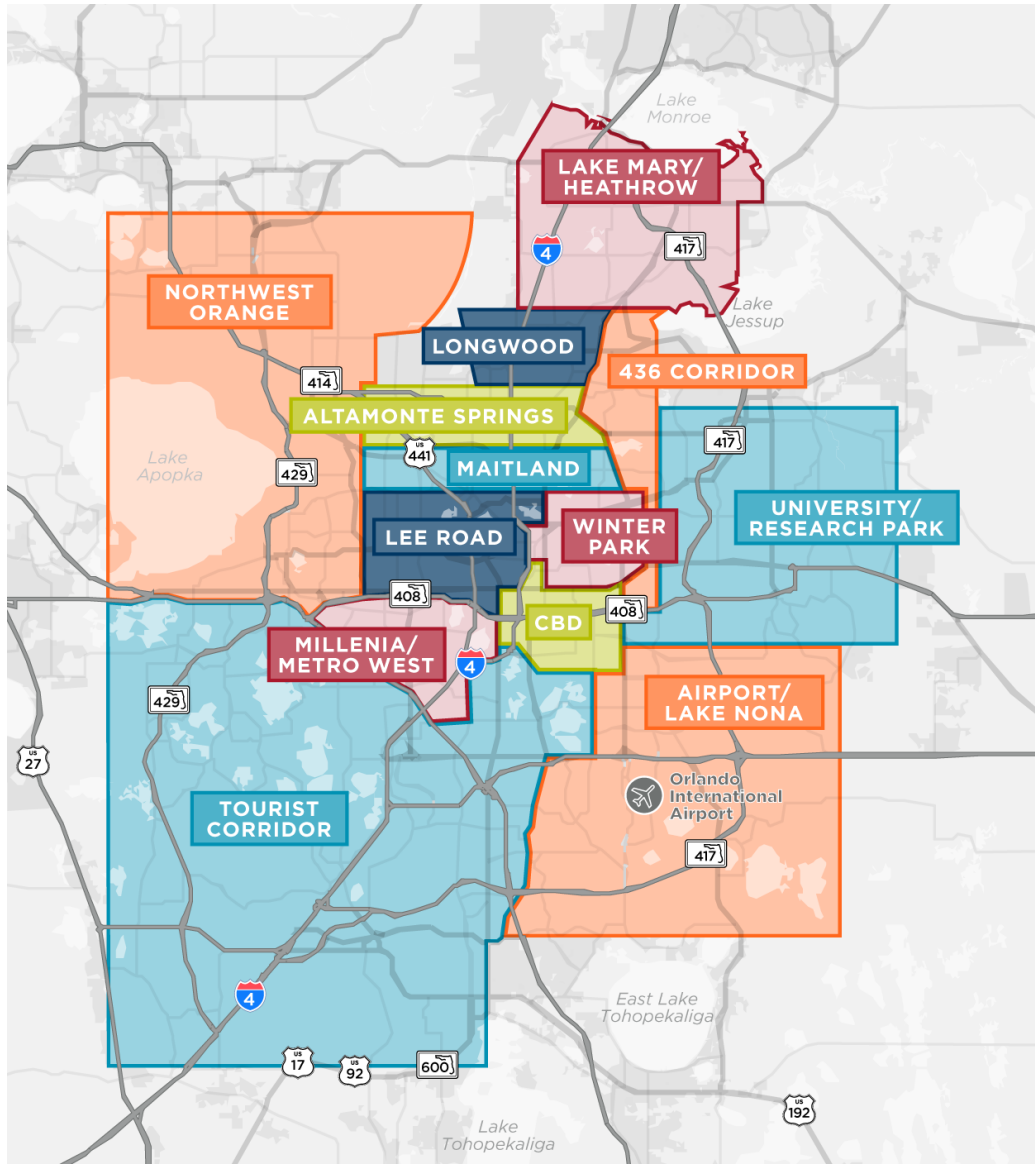
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,422,486	2,782,142	595,517	15.8%	31,169	-244,595	700,342	578,917	\$28.44	\$28.60
CLASS B	14,566,621	1,772,746	39,131	12.4%	-59,740	-85,845	474,772	0	\$22.99	\$22.85
Orlando TOTALS	35,989,107	4,554,888	634,648	14.4%	-28,571	-330,440	1,175,114	578,917	\$26.29	\$26.46

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
600 Colonial Center Parkway	Lake Mary/Heathrow	Bank of New York	199,585	New
485 N Keller Road	Maitland	Charter Spectrum Communications	48,066	New
9400 SouthPark Center Loop	Tourist Corridor/Celebration	Quinstreet Inc	37,918	Sublease
450 S Orange Avenue	CBD/Downtown/Uptown	United Community Bank	26,000	New

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



*Northwest Orange submarket currently has no inventory.

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