

YoY Chg 12-Mo. Forecast

15.2%

Vacancy Rate



-640K

YTD Net Absorption, SF



\$26.61

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

1.4M

Orlando Employment



2.7%

Orlando Unemployment Rate



3.7%

U.S. Unemployment Rate



Source: BLS

ECONOMY

Orlando had an unemployment rate of 2.7% in Q3 2023, equal to the rate one year ago and well below the national average. Job growth held in Orlando despite the current economic slowdown, as nonagricultural employment increased by 39,400 jobs, or 2.8% year-over-year (YOY). The region had the highest annual job growth in leisure and hospitality out of Florida's major markets, with 20,300 jobs added. Office-using employment was down 4,100 jobs YOY, a 1.0% decrease and the first tick down post-pandemic.

DEMAND

Orlando recorded 427,000 square feet (sf) of leasing activity in the third quarter, bringing the year-to-date (YTD) total to 1.8 million square feet (msf). Quarterly activity was down 17.6% YOY, with YTD volume dipping 10.1%. New sublease activity had a significant impact on the leasing total in Q3, accounting for 20.6% of activity, driven by AssistRX, Inc.'s 37,900-sf sublease at 9400 SouthPark Center Loop. Suburban submarkets continued to drive new leasing, with 88.2% of leasing activity in Orlando occurring outside of the Central Business District (CBD). Activity in Class A assets accounted for 59.0% of the YTD total as tenants continued to target higher quality space to support return to work initiatives.

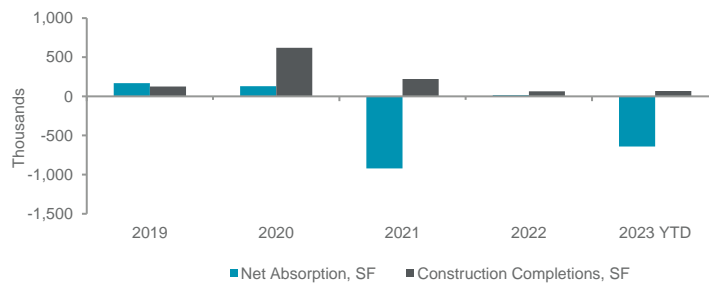
SUPPLY

Overall vacancy increased 190 basis points (bps) YOY to 15.2%, up 60 bps from the previous quarter. The Orlando market's largest occupations for the quarter occurred at 9400 SouthPark Center, where AssistRX, Inc. and QuinStreet, Inc. occupied 59,900 sf and 37,900 sf respectively, each subleased from Houghton Mifflin Harcourt. Notable move outs included Booking.com out of 8529 Southpark Center's 36,200-sf fourth floor, with an additional 23,700 sf also vacated on the third floor, Pearson out of 38,800 sf between two floors at 2145 Metrocenter Drive, and Allegeus Technologies and Kettering Health out of 20,000 sf each at 101 Southhall Lane. Absorption is projected to improve significantly by year-end, with the expected third quarter delivery of the new Marriot HQ pushed to Q4 2023 as well as BNY Melon's 200,000-sf impending fourth quarter move in, signed in Q2.

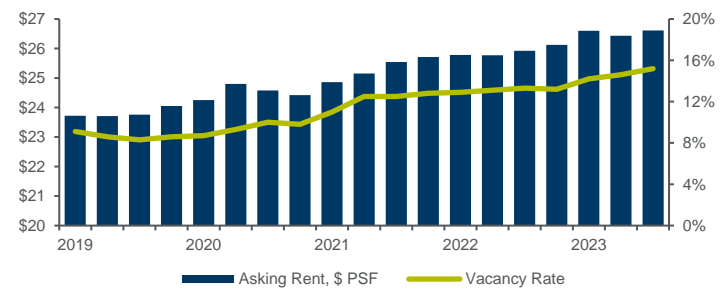
PRICING

Asking rate averages rose 2.7% YOY to \$26.61 per square foot (psf) full service gross. Rents in Class A assets closed out the quarter at \$28.88 psf overall, up 1.6% YOY. Continued leasing of premium Class A space flattened YOY growth, as higher valued asking rents came off the market. In higher quality buildings, landlords appeared to largely hold firm on rates to combat increased operating expenses despite 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)*
CBD	7,186,853	946,299	108,904	14.7%	-11,559	-58,947	194,015	0	\$29.87	\$30.59
436 Corridor/Casselberry/408	1,752,607	164,599	0	9.4%	-19,114	-16,352	84,799	0	\$19.87	N/A
Airport/Lake Nona	1,323,017	130,036	3,677	10.1%	34,466	11,887	37,121	278,917	\$33.27	\$33.27
Altamonte Springs	907,343	126,041	16,345	15.7%	-12,944	-9,491	51,457	0	\$20.04	\$22.55
Lake Mary/Heathrow	4,525,271	769,241	200,650	21.4%	-2,387	-328,674	301,251	0	\$27.23	\$27.34
Lee Road Corridor	687,000	80,354	0	11.7%	10,126	-991	38,448	0	\$23.45	N/A
Longwood	637,469	153,838	2,435	24.5%	-5,766	-9,280	37,576	0	\$19.40	N/A
Maitland	5,552,869	907,966	127,627	18.7%	22,848	38,187	427,243	0	\$24.85	\$27.53
Millenia/Metrowest/Windermere	1,926,979	221,609	0	11.5%	-80,753	-77,675	81,799	0	\$28.78	\$29.14
Tourist Corridor/Celebration	6,172,742	683,008	237,737	14.9%	-110,796	-124,940	208,279	300,000	\$27.96	\$30.48
University/Research Park	4,111,869	474,736	27,975	12.2%	-8,225	-24,340	112,896	0	\$26.07	\$27.85
Winter Park	1,205,088	87,686	0	7.3%	-30,678	-39,989	64,847	0	\$28.66	\$31.53
NON-CBD TOTALS	28,802,254	3,799,114	616,446	15.3%	-203,223	-581,658	1,445,716	578,917	\$25.94	\$28.39
Orlando TOTALS	35,989,107	4,745,413	725,350	15.2%	-214,782	-640,605	1,639,731	578,917	\$26.61	\$28.88

*Rental rates reflect full service asking

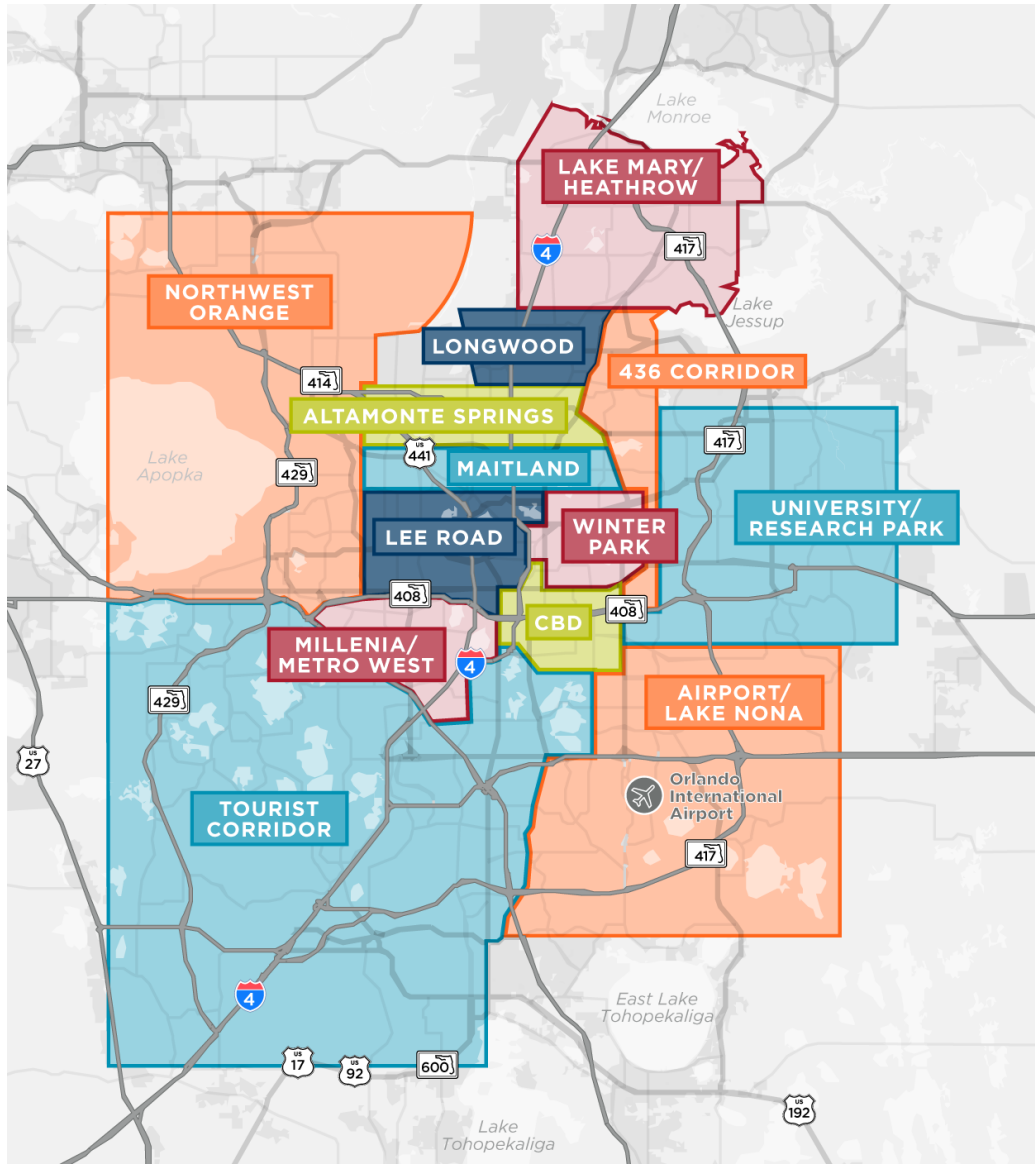
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,422,486	2,948,628	696,219	17.0%	-210,163	-518,031	968,192	578,917	\$28.80	\$28.88
CLASS B	14,566,621	1,796,785	29,131	12.5%	-4,619	-122,574	671,539	0	\$22.65	\$22.53
Orlando TOTALS	35,989,107	4,745,413	725,350	15.2%	-214,782	-640,605	1,639,731	578,917	\$26.47	\$26.61

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
65 Keller Road	Maitland	Spectrum	82,260	Renewal
6989 Lee Vista Blvd	Airport/Lake Nona	CAE	68,132	Renewal
9400 SouthPark Center Loop	Tourist Corridor/Celebration	AssistRX, Inc	37,918	Sublease
495 N Keller Road	Maitland	Burns & McDonnell	32,190	Direct

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



*Northwest Orange submarket currently has no inventory.

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