

YoY Chg 12-Mo. Forecast

15.5%
Vacancy Rate



-539K
YTD Net Absorption, SF



\$26.89
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

1.4M
Orlando Employment



3.0%
Orlando Unemployment Rate



3.7%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Orlando had an unemployment rate of 3.0% in Q4 2023, 30 basis points (bps) higher than the rate from one year ago but still well below the national average of 3.7%. Job growth held in Orlando despite the current economic slowdown, as nonagricultural employment increased by 27,000 jobs, or 1.9% year-over-year (YOY). Office-using employment was down 2,900 jobs YOY, a 0.7% decline and the second quarter in a row with a net decrease YOY.

DEMAND

Orlando recorded 409,000 square feet (sf) of leasing activity in the fourth quarter, bringing the year-to-date (YTD) total to 2.1 million square feet (msf). Quarterly activity was down 15.1% YOY, with the total annual volume dipping 9.6%. Prolonged negotiations between landlords and tenants have extended duration of deal closures, which has contributed to the slowdown in leasing volume, especially in larger spaces. Suburban submarkets continued to drive new leasing, with 87.0% of leasing activity in Orlando occurring outside of the urban core. Activity in Class A assets accounted for 60.1% of the YTD total as tenants continued to target premium, move-in-ready office space.

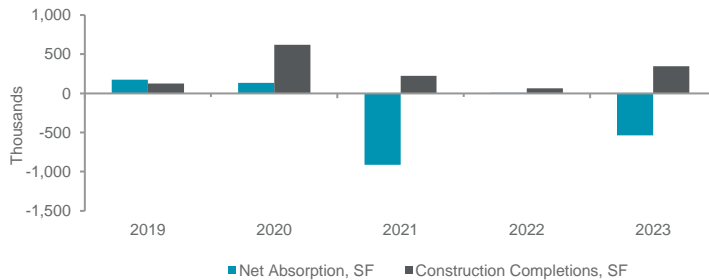
SUPPLY

Overall vacancy increased 230 bps YOY to 15.5%, up 70 bps from the previous quarter. The largest contributor to the increase in vacancy was from the newly constructed 278,900-sf Lake Nona Headquarters – Building B, a speculative project that delivered 96.4% unleased and fully unoccupied. The Orlando market’s largest move-ins for the quarter were by Charter Spectrum Communications into 48,000 sf of expansion space at Maitland Promenade I, and United Community Bank into a 26,000-sf sublease at CNL Center I. The most notable move out was by Sunshine Health, who vacated 84,700 sf between two buildings at The Reserve at Maitland. Absorption is projected to start 2024 strong, with BNY Melon’s 200,000-sf impending move in delayed to February 2024, after signing in Q2 of 2023..

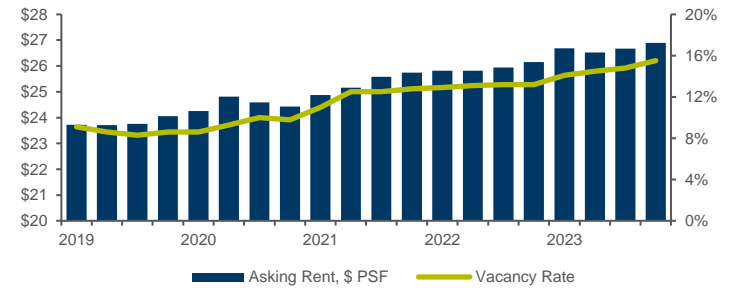
PRICING

Overall asking rate averages rose 2.8% YOY to \$26.89 per square foot (psf). Rents in Class A assets closed out the quarter at \$29.12 psf, up 1.9% YOY. The escalation in Class A rents can be attributed to the influence of newly delivered construction, which propelled asking rates in the Airport/Lake Nona submarket, registering a YOY increase of 6.1% to reach \$33.00 psf —the highest rates in the market.

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	953,032	84,585	14.4%	13,495	-41,361	271,677	0	\$30.64	\$31.13
436 Corridor/Casselberry/408	1,752,607	145,065	0	8.3%	15,517	2,062	116,910	0	\$20.18	N/A
Airport/Lake Nona	1,601,934	412,249	0	25.7%	-3,296	8,591	59,721	0	\$33.00	\$33.00
Altamonte Springs	907,343	108,710	1,245	12.1%	34,763	22,940	71,572	0	\$20.83	\$22.46
Lake Mary/Heathrow	4,525,271	883,694	122,084	22.2%	13,414	-348,615	367,896	0	\$27.13	\$27.43
Lee Road Corridor	687,000	74,974	0	10.9%	7,790	4,389	62,246	0	\$23.32	N/A
Longwood	637,469	121,931	2,435	19.5%	-6,181	9,069	46,697	0	\$19.54	N/A
Maitland	5,552,869	995,548	111,135	19.9%	-80,650	-39,987	492,927	0	\$25.01	\$28.07
Millenia/Metrowest/Windermere	1,926,979	226,637	0	11.8%	-7,268	-82,703	131,113	0	\$28.75	\$29.14
Tourist Corridor/Celebration	6,172,742	694,358	99,958	12.9%	-9,997	1,477	243,587	300,000	\$27.97	\$30.46
University/Research Park	4,111,869	473,998	23,455	12.1%	6,648	-21,127	140,488	0	\$25.95	\$27.87
Winter Park	1,205,088	101,029	0	8.4%	-4,536	-53,332	78,484	0	\$29.85	\$31.00
NON-CBD TOTALS	29,081,171	4,238,193	360,312	15.8%	-33,796	-497,236	1,811,641	300,000	\$26.14	\$28.54
Orlando TOTALS	36,268,024	5,191,225	444,897	15.5%	-20,301	-538,597	2,083,318	300,000	\$26.89	\$29.12

*Rental rates reflect full service asking

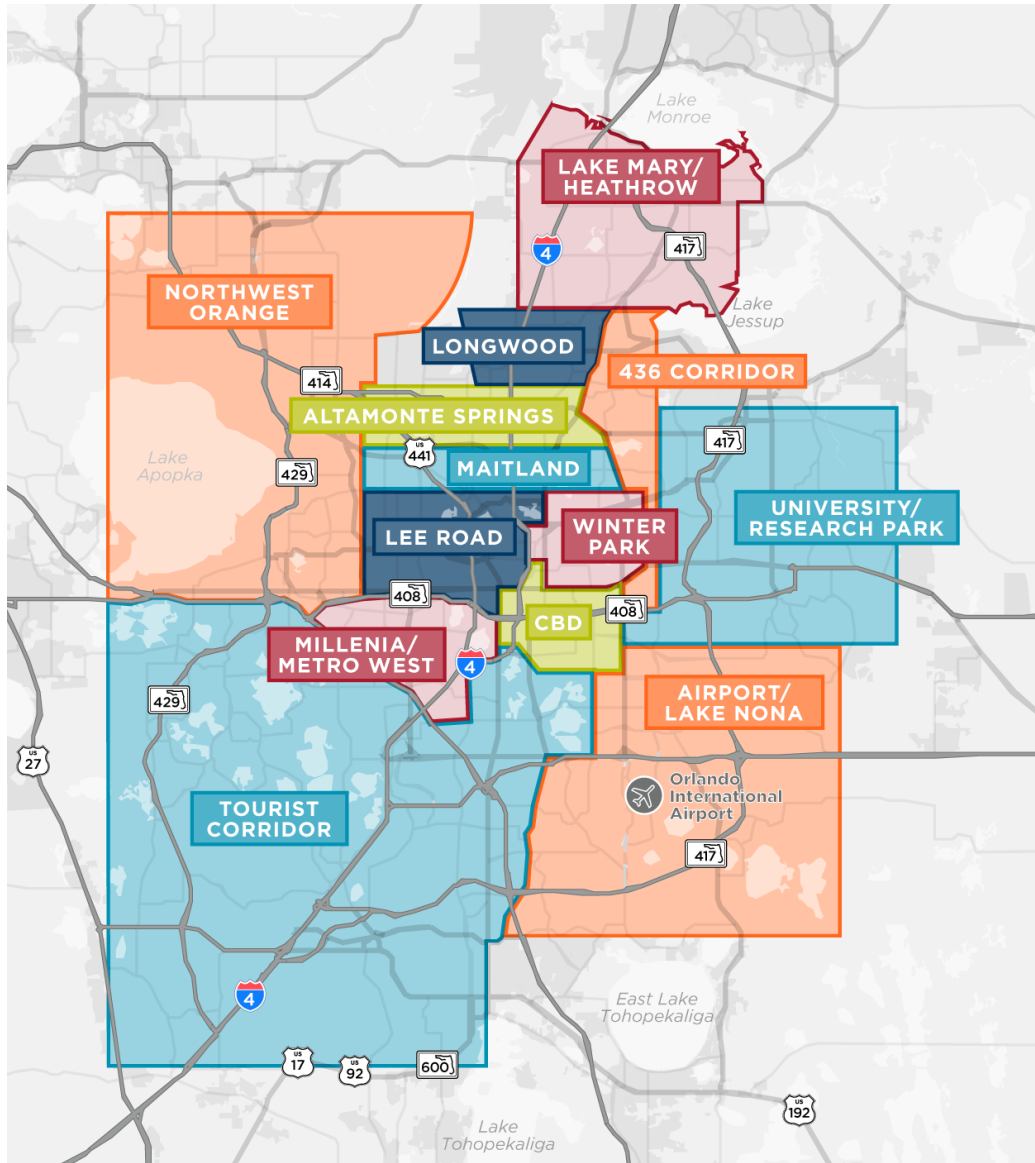
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,701,403	3,237,527	404,297	16.8%	118,264	-246,864	1,240,319	300,000	\$29.00	\$29.12
CLASS B	14,566,621	1,953,698	40,600	13.7%	-138,565	-291,733	842,999	0	\$23.17	\$23.12
Orlando TOTALS	36,268,024	5,191,225	444,897	15.5%	-20,301	-538,597	2,083,318	300,000	\$26.71	\$26.89

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7055 S Kirkman Road	Tourist Corridor/Celebration	Walt Disney Parks & Resorts, Inc.	33,583	Renewal
801 International Parkway	Lake Mary/Heathrow	Veritas	32,656	Renewal
485 N Keller Road	Maitland	Inspired Title and Taylor Morrison	12,978	New
2145 Metrocenter Drive	Millenia/Metrowest/Windermere	ABA Cares of Florida	12,661	New

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



*Northwest Orange submarket currently has no inventory.

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