

ORLANDO

Retail Q4 2023



	YoY Chg	12-Mo. Forecast
3.2% Vacancy Rate	▼	▼
2.6M YTD Net Absorption, SF	▲	▼
\$29.22 Asking Rent, PSF	▲	▲
1.3M Under Construction	▼	▲

Source: CoStar, 2024

U.S. ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
6.7% YOY Consumer Spending Growth	▼	▲
3.7% Unemployment Rate	▲	▲
3.8% Retail Sales Growth	▼	▲

Source: BLS, Moody's Analytics

ECONOMY

Orlando had an unemployment rate of 3.0% at the close of 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). The Leisure & Hospitality sector recorded the highest annual growth, up 3.3% or 9,100 new jobs. The Trade, Transportation & Utility sector, was up 2.6% over the last 12 months, with an increase of 7,000 jobs.

DEMAND

Demand in Orlando's retail sector remained steady through 2023, despite a decrease in consumer spending and lingering economic headwinds. The market's strength can be attributed to the robust tourism industry, healthy net migration, and resilient economy. The market experienced 2.6 million square feet (msf) of positive year-to-date (YTD) net absorption through 2023. Leasing activity remained strong throughout the region, with suburban submarkets commanding the majority of new deals. In an increasingly tight market, the connection between absorption and leasing activity to the construction pipeline has become heavily correlated.

SUPPLY

Overall vacancy ended the year at 3.2%, a 50-bps decrease YOY as strong demand resulted in a further tightened market. This was close to its lowest recorded rate in the past ten years, with quality and large box space becoming increasingly difficult to find. There was a modest 1.3 msf of retail inventory under construction at the end of fourth quarter, and another 1.9 msf of new inventory added through 2023. Elevated insurance costs and difficulty securing capital contributed to the lack of recent construction starts. Further ticks down in vacancy are forecasted, as demand continued to outpace supply.

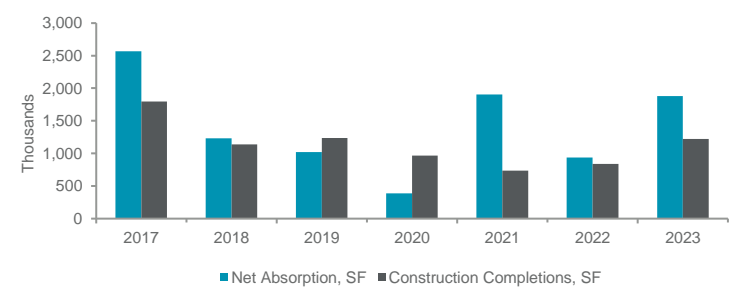
PRICING

The overall retail asking average rate in Orlando reached \$29.22 per square foot (psf) at the end of Q4, an 8.3% increase YOY. Orlando recorded the sixth highest quarterly growth nationally, with further ticks up forecasted to continue into 2024. Rent growth was fueled by strong foot traffic and in person sales from amplified tourism and inward migration. Healthy demand and limited supply were the primary cause of the annual growth, however rising operating expenses, cost of insurance, and elevated cost for buildouts also contributed to hikes in rates.

OVERALL RENT / VACANCY RATE



SPACE DEMAND / DELIVERIES



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	NET ABSORPTION % OF INVENTORY	CONSTRUCTION COMPLETIONS (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Malls	13,888,208	700,265	5.0%	171,020	1.2%	126,069	222,920	\$39.35
Power Center	10,624,023	352,453	3.3%	36,550	0.3%	7,000	239,747	\$29.86
Neighborhood Center	47,160,755	2,223,685	4.7%	849,913	1.8%	333,758	107,501	\$27.83
Strip Center	9,407,330	273,935	2.9%	87,445	0.9%	77,920	80,941	\$27.52
General Retail	72,954,033	1,429,384	2.0%	1,483,380	2.0%	1,362,358	647,508	\$27.90
Other	3,419,793	76,444	2.2%	-17,066	-0.5%	0	0	\$37.56
TOTALS	157,454,142	5,056,166	3.2%	2,611,242	1.7%	1,907,105	1,298,617	\$29.22

Source: CoStar, 2024.

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS 2023 YTD

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
8111-8379 S John Young Pky	Tourist Corridor	The Restaurant Store	66,700	New Lease
7800-7856 W Irlo Bronson Memorial Hwy	Osceola Outlying	Crush Yard Pickleball Club & Restaurant	50,000	New Lease
1978 Stanhome Way	NW Orange County	High Point Climbing and Fitness	49,011	New Lease
8125 E Colonial Dr	West University	Nissan	43,199	New Lease
8701 Maitland Summit Blvd	Maitland Center	Southeastern Preparatory Academy	36,000	New Lease

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KEY SALES TRANSACTIONS 2023 YTD

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8035 W Irlo Bronson Memorial Hwy	Osceola Outlying	Equinox Development Properties, Inc. / Daniel Stone	79,680	\$28.4M / \$357
4270 Aloma Ave	Casselberry	TriOut Advisory Group / JBL Asset Management	112,292	\$24.7M / \$220
11792-11970 E Colonial Dr	University Research	LBX Investments / TCII Capital Group LLC	59,621	\$14.9M / \$250
8125 E Colonial Dr	West University	Sutherlin Automotive / Taft Vineland Properties	43,199	\$14.8M / \$341
2501-2573 Old Vineland Rd	Kissimmee	IMC Equity Group / RS Equity Services LLC	130,355	\$13.3M / \$102

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