

YoY Chg 12-Mo. Forecast

15.7%
Vacancy Rate ▲ ▼

114K
YTD Net Absorption, SF ▲ ▲

\$26.89
Asking Rent, PSF ▲ ▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

1.5M
Orlando Employment ▲ ▲

3.1%
Orlando Unemployment Rate ▲ ▲

3.8%
U.S. Unemployment Rate ▲ ▲

Source: BLS

ECONOMY

Orlando's unemployment rate was 3.1% in Q1 2024, marking a slight increase of 50 basis points (bps) compared to the previous year, yet still notably below the national average of 3.8%. The market demonstrated resilience in job growth, with nonagricultural employment expanding by 26,100 jobs, representing a 1.8% year-over-year (YOY) increase. Although office-using employment remained relatively stable YOY, showing a modest uptick of 100 jobs, the overall employment landscape in Orlando remained positive amidst the current economic climate.

DEMAND

Orlando recorded 437,200 square feet (sf) of leasing activity during Q1, indicating a decline of 6.1% YOY. Suburban submarkets continued to drive new leasing, accounting for a significant 84.6% of total leasing activity in Orlando, with the Maitland submarket leading the charge, securing 41.4% of new deals signed. This included the largest deal of the quarter, as Charles Schwab signed a lease for 57,300 sf at The Reserve at Maitland – Building 70 and will occupy in Q2. Notably, Class A assets remained the preferred choice for tenants, constituting 65.4% of signings as tenants favored premium, move-in-ready spaces.

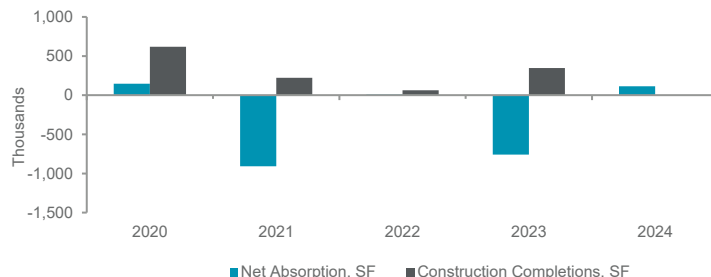
SUPPLY

While the overall vacancy rate had a modest decrease of 30 bps from the year-end of 2023, it experienced a more significant uptick of 160 bps YOY. The Airport/Lake Nona submarket recorded the most substantial increase in vacancy, rising 1,610 bps YOY to 26.8%, primarily due to newly delivered Lake Nona Office Building – B remaining fully vacant. Conversely, the Lake Mary/Heathrow submarket had a noteworthy decline in vacancy, decreasing by 120 bps to 18.5%, driven by the significant move-in by NY Mellon which occupied 200,000 sf at Colonial Center 600. This move, along with others like engineering firm Burns & McDonnell taking 47,000 sf at Maitland Promenade and Helios Technologies occupying 15,000 sf at Maitland Green I, resulted in positive absorption for the Orlando market for the first time since Q4 2022.

PRICING

The overall asking rate average rose 0.8% YOY, reaching \$26.89 per square foot (psf). Within the Class A segment, rents closed the quarter at \$29.34 psf, marking a 1.8% increase compared to the previous year. The primary catalyst behind this escalation was in the Airport/Lake Nona submarket, where new construction propelled Class A rates by 13.3% YOY to \$35.58 psf, setting a new high-water mark in the market. Meanwhile, Class B asking rates also recorded an uptick, ascending 2.8% YOY to \$23.20 psf. This rise was particularly pronounced in key submarkets such as the Orlando Central Business District, which had a notable 5.2% increase to \$28.04 psf, and Winter Park, where rates surged 8.8% to \$29.23 psf.

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	950,734	91,869	14.5%	-51,441	-51,441	67,125	0	\$31.02	\$31.52
436 Corridor/Casselberry/408	1,752,607	149,976	0	8.6%	-5,052	-5,052	4,919	0	\$20.10	N/A
Airport/Lake Nona	1,601,934	405,825	22,699	26.8%	-10,099	-10,099	2,670	0	\$35.58	\$35.58
Altamonte Springs	883,483	156,471	0	17.7%	6,298	6,298	9,914	0	\$21.95	\$22.46
Lake Mary/Heathrow	4,525,271	738,942	96,033	18.5%	241,385	241,385	5,286	0	\$27.34	\$27.67
Lee Road Corridor	687,000	72,263	15,190	12.7%	2,711	2,711	10,373	0	\$23.59	N/A
Longwood	637,469	122,575	2,435	19.6%	-644	-644	565	0	\$19.56	N/A
Maitland	5,552,869	1,047,440	101,368	20.7%	-55,937	-55,937	180,989*	0	\$24.68	\$27.93
Millenia/Metrowest/Windermere	1,926,979	209,085	0	10.9%	17,552	17,552	42,548	0	\$29.18	\$29.68
Tourist Corridor/Celebration	6,472,742	685,576	231,361	14.2%	-4,819	-4,819	24,204	0	\$28.25	\$30.43
University/Research Park	4,111,869	486,349	48,417	13.0%	-37,313	-37,313	73,541	0	\$25.44	\$27.36
Winter Park	1,205,088	88,344	0	7.3%	11,485	11,485	15,034	0	\$29.62	\$31.69
NON-CBD TOTALS	29,357,311	4,162,846	517,503	15.9%	165,567	165,567	370,043	0	\$26.02	\$28.63
Orlando TOTALS	36,544,164	5,113,580	609,372	15.7%	114,126	114,126	437,168	0	\$26.89	\$29.34

*YTD Leasing entry Does not reflect C&W national stats

**Rental rates reflect full service asking

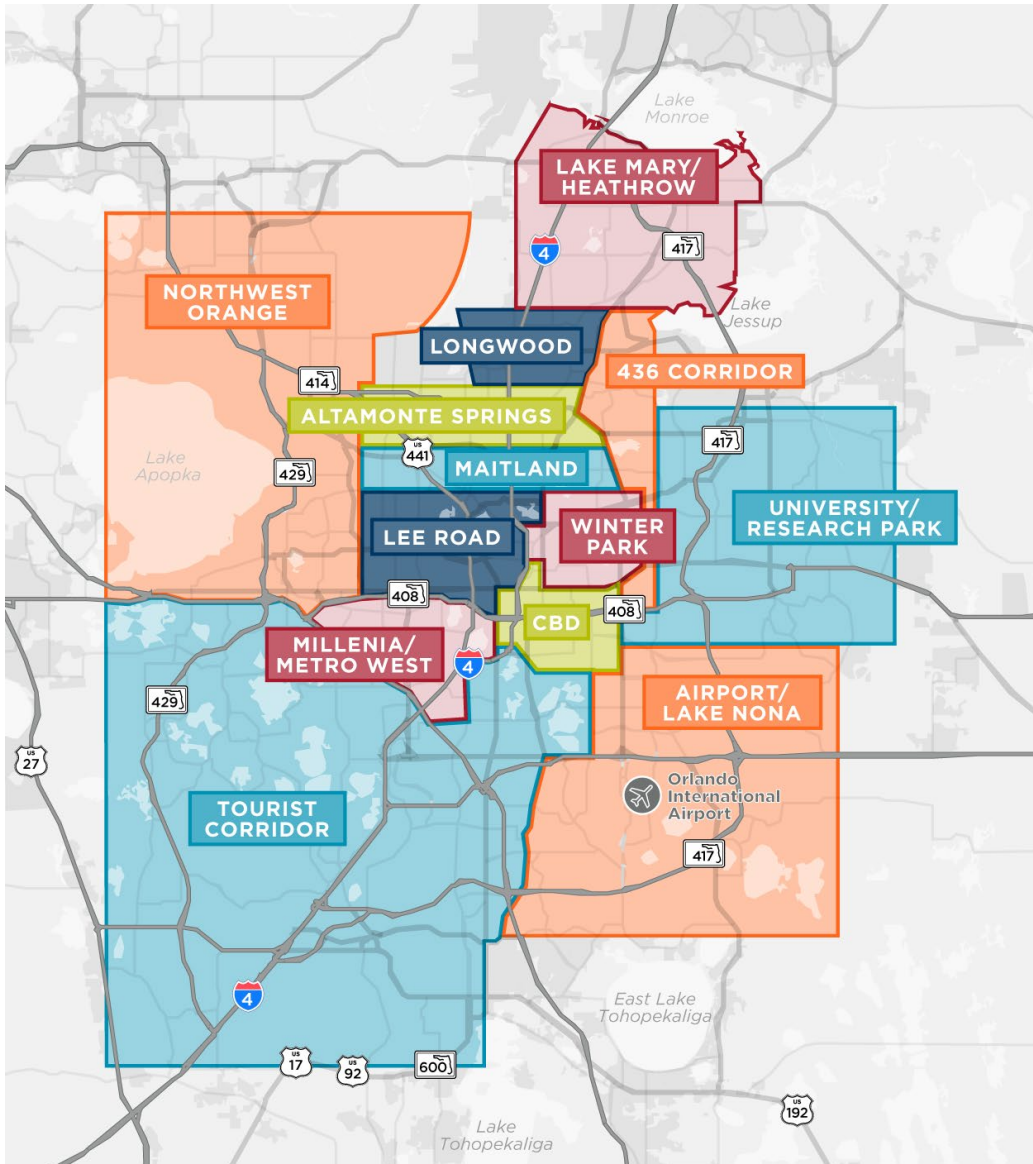
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	22,001,403	3,057,518	544,094	16.4%	250,854	250,854	285,892	0	\$29.23	\$29.34
CLASS B	14,542,761	2,056,062	65,278	14.6%	-136,728	-136,728	151,276	0	\$23.25	\$23.20
Orlando TOTALS	36,544,164	5,113,580	609,372	15.7%	114,126	114,126	437,168	0	\$26.70	\$26.89

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Reserve at Maitland – Building 70	Maitland	Charles Schwab	57,300	New
Sea Harbor Office Center	Tourist Corridor/Celebration	Visit Orlando	44,752	Renewal*
Ingenuity Point	University/Research Park	Galen College of Nursing	42,145	New
Berkshire at MetroCenter	Millenia/Metrowest/Windermere	Red Rocket Studios, LLC	12,365	Renewal*

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



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*Northwest Orange submarket currently has no inventory.