

16.8%

Vacancy Rate

YoY Chg



12-Mo. Forecast



-202K

YTD Net Absorption, SF



\$27.39

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024

1.49M

Orlando Employment

YoY Chg



12-Mo. Forecast



3.4%

Orlando Unemployment Rate



4.1%

U.S. Unemployment Rate



Source: BLS

ECONOMY

Orlando's unemployment rate was 3.4% in Q2 2024, marking a slight increase of 50 basis points (bps) compared to a year ago, but still below the national average of 4.1%. The market continued to show resilient job growth, with non-farm employment expanding by 27,500 jobs, representing a 1.9% year-over-year (YOY) increase.

DEMAND

After tempered first quarter demand, Orlando recorded 684,386 square feet (sf) of leasing activity during Q2, posting a decline of 7.3% YOY but a massive increase of 51.5% quarter-over-quarter (QOQ). Leasing activity in suburban submarkets totaled 774,550 sf year-to-date (YTD), trailing that of the midpoint of 2023 by 26.7%. The Central Business District (CBD) accounted for 40.5% of leasing activity recorded during Q2 after only making up 18.6% during Q1. The uptick in CBD activity included the largest deal of the quarter, as Travel + Leisure Co. signed a lease for 182,461 sf at 501 W Church St, relocating its global headquarters from the Tourist Corridor/Celebration submarket. Class A products remained the preferred choice for tenants, making up 66.0% of new deals as the flight to quality continued.

SUPPLY

While the overall vacancy rate posted a moderate increase of 38 bps from Q1 2024, it had a more significant uptick of 199 bps YOY ending Q2 at 16.8%. The Airport/Lake Nona submarket continued to record the highest vacancy rate at 26.2%. Even with a decrease of 80 bps QOQ, it remained 1,380 bps higher than one year prior due to limited leasing activity at Lake Nona Office Tower which was delivered at the end of 2023. Maitland notably recorded the largest decline in vacancies, down 150-bps QOQ to 18.8%. This was driven by 83,503 sf of net occupancy gains, the strongest quarterly submarket performance in Orlando, propelled by Charles Schwab occupying 57,300 sf, Avant Healthcare taking 38,691 sf and JLM moving into 27,357 sf. These move ins were not enough to outweigh the large move outs by Staples, FedEx, and Benefit Solutions, leading to Orlando recording -122,900 sf of absorption during Q2, bringing the YTD total to -202,474 sf.

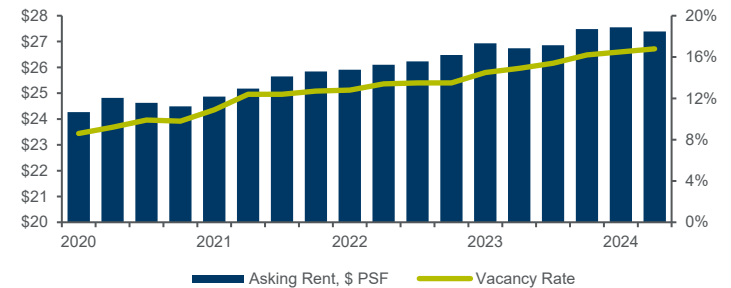
PRICING

Direct rents fell 0.7% QOQ but rose 2.4% YOY, reaching \$27.23 per square foot (psf). Class A assets asking rents were down 1.4% QOQ falling to \$29.66 psf while Class B direct average rents increased 1.1% QOQ closing the quarter at \$23.56 psf. The delta between Class A and B space fell to 25.9%, the narrowest pricing gap recorded over the past year. Winter Park Class A rents continued to surge posting a 15.1% increase YOY, bringing rents to \$35.00 psf due to its desirable location and limited inventory.

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/Downtown/Uptown	7,210,115	1,147,564	76,852	17.0%	7,931	-217,099	361,646	0	\$32.41	\$33.00
436 Corridor/Casselberry/408	1,649,139	166,452	0	10.1%	-21,912	-26,315	44,187	0	\$20.21	N/A
Airport/Lake Nona	1,601,934	388,230	31,412	26.2%	13,493	-5,319	50,047	0	\$35.18	\$35.18
Altamonte Springs	896,642	154,840	42,087	22.0%	-8,085	-34,417	25,139	0	\$21.92	\$22.58
Lake Mary/Heathrow	4,463,225	865,476	61,976	20.8%	-125,899	115,486	58,012	0	\$27.31	\$27.52
Lee Road Corridor	676,147	77,414	940	11.6%	-5,770	-5,692	15,160	0	\$23.40	N/A
Longwood	682,528	146,220	2,435	21.8%	-7,275	-4,234	34,356	0	\$19.83	N/A
Maitland	5,575,890	947,470	99,431	18.8%	83,503	36,052	291,263	0	\$24.59	\$26.71
Millenia/Metrowest/Windermere	1,933,049	211,787	0	11.0%	-16,307	1,245	83,281	0	\$29.39	\$29.81
Tourist Corridor/Celebration	6,467,045	676,967	266,531	14.6%	-17,622	-15,457	51,730	0	\$27.92	\$30.67
University/Research Park	4,105,204	497,804	190,896	16.8%	-19,759	-53,007	93,964	0	\$25.48	\$27.32
Winter Park	1,164,853	80,707	0	6.9%	-5,202	6,283	30,415	0	\$30.05	\$35.00
NON-CBD TOTALS	29,215,656	4,213,367	695,708	16.8%	-130,835	14,625	777,554	0	\$26.52	\$28.90
Orlando TOTALS	36,425,771	5,360,931	772,560	16.8%	-122,904	-202,474	1,139,200	0	\$27.39	\$29.66

*Rental rates reflect full service asking

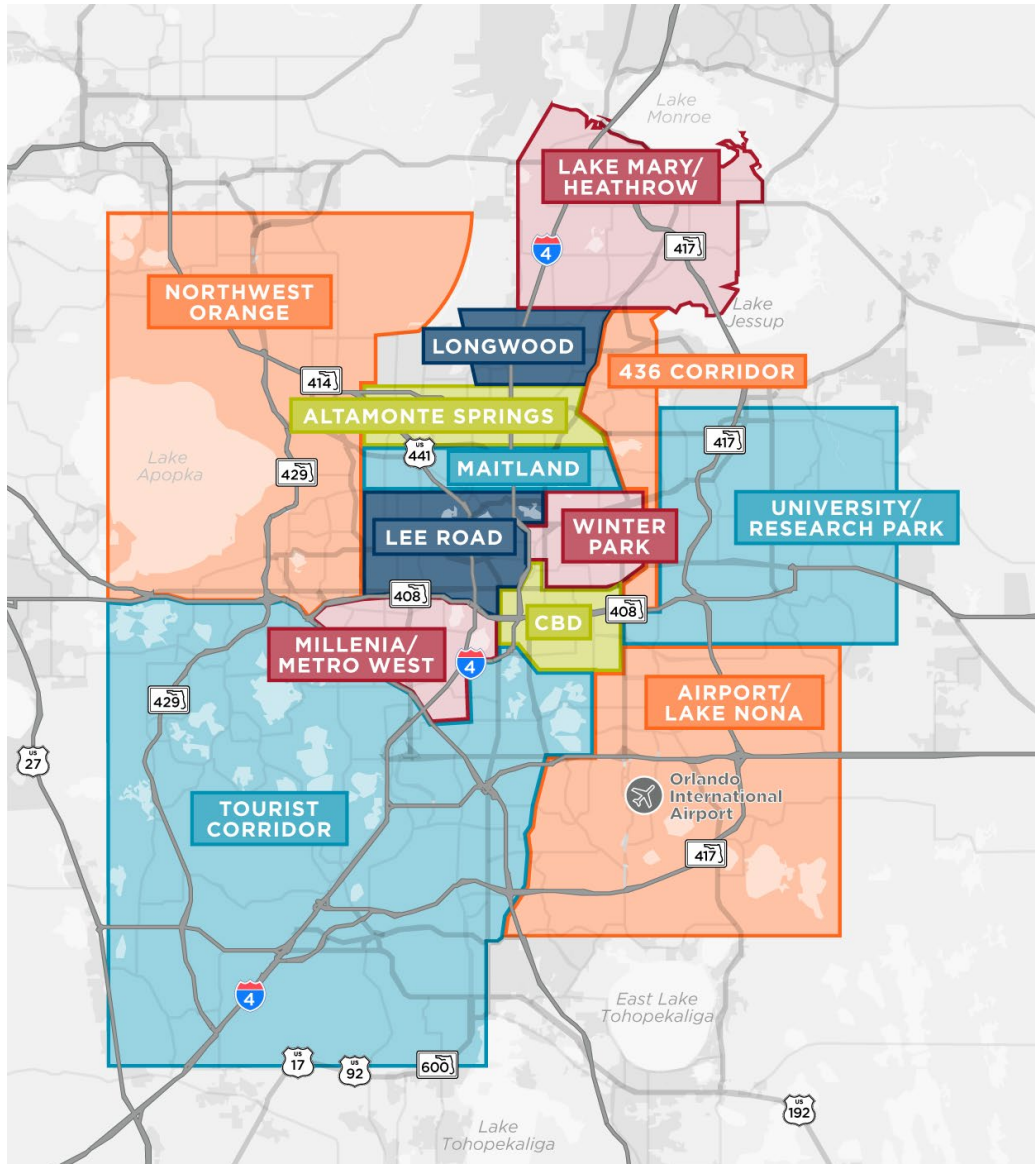
CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	21,863,407	3,273,549	675,971	18.10%	-115,999	-37,341	749,657	0	\$29.66	\$29.66
CLASS B	14,525,464	2,081,675	96,589	15.00%	-6,905	-165,133	386,539	0	\$23.56	\$23.52
Orlando TOTALS	36,425,771	5,360,931	772,560	16.80%	-122,904	-202,474	1,139,200	0	\$27.23	\$27.39

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
501 W Church St	CBD/Downtown/Uptown	Travel + Leisure	182,461	New
2180 W State Rd 434 – Solando Center 2	Longwood	Morgan & Morgan, PA	54,496	Renewal*
6876 Marwick Lane – Lake Nona Office Bldg B	Airport/Lake Nona	NuView Space	36,554	New
2600 Lake Lucien Dr – Maitland Forum	Maitland	Kronos Incorporated	30,719	Renewal*

*Renewals are not included in leasing activity

OFFICE SUBMARKETS



*Northwest Orange submarket currently has no inventory.

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