

ORLANDO

Retail Q2 2024

\$78,100

Median HH Income

YoY Chg



12-Mo. Forecast



2.9M

Population



3.4%

Unemployment Rate



Source: BLS

U.S. ECONOMIC INDICATORS Q2 2024

158.4M

Total Nonfarm Employment

YoY Chg



12-Mo. Forecast



15.7M

Retail Employment



4.1%

Unemployment Rate



3.1%

Retail Sales Growth**



Source: BLS, Dept. of Commerce, Cushman & Wakefield baseline, **June 2024

Source: CoStar

SUPPLY: Low Deliveries Tighten the Market

Orlando experienced steady retail demand over the recent years, fueled by its rapidly expanding population and economy. With the population projected to continue expanding, high-quality retail space will only become scarcer as demand consistently exceeds new supply. During Q2, only 8,784 square feet (sf) of new product was delivered, with an additional 913,594 sf under construction. Elevated construction costs have limited new developments as construction starts are not feasible with current financing conditions. There is nearly 6.1 million square feet (msf) of existing available retail space, down from the 9.3 msf in the market three years ago at the height of the pandemic's impact. Large-box and anchor opportunities in key transportation corridors are becoming limited, with only 20 vacant spaces exceeding 30,000 sf in the market.

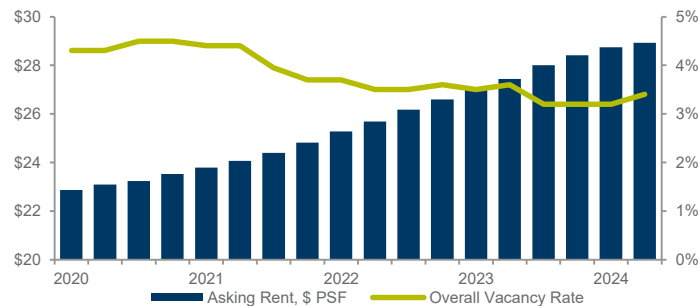
DEMAND: Steady Leasing Activity Continued

Despite continued economic headwinds, demand in Orlando's retail sector was strong, remaining near its record low with a vacancy rate of 3.4% in Q2. The need for space has outpaced new supply for four consecutive years. Even with the stock of empty space near historic lows, leasing activity totaled 840,585 sf in Q2 marking an 83.3% QOQ increase. Most of the desire for retail space has occurred in the suburban submarkets where the population has increased rapidly and where space remains more affordable. Notable leases signed in Q2 included Target taking 150,000 sf in the SE Orange Outlying submarket and Crazy Hot Buys occupying over 45,000 sf in the Orlando Central Park submarket. Year-to-date absorption totaled 221,151 sf, with general retail experiencing the largest occupancy gains and strip centers experiencing the greatest losses in occupancy this quarter.

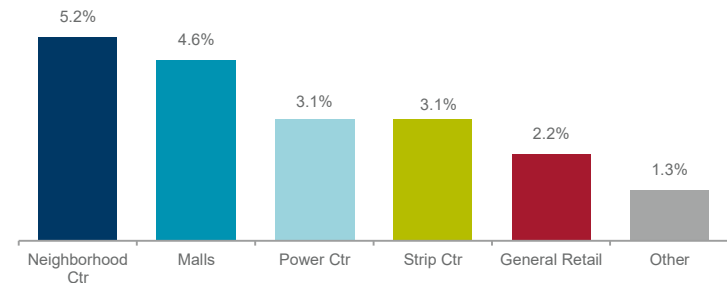
PRICING: Rates Stabilized After Prolonged Increase

The overall retail average asking rate in Orlando reached \$28.92 per square foot (psf) at the end of Q2, reflecting a 4.8% year over year (YOY) increase. Fueled by tight market conditions, the annual Orlando retail market rental rate growth doubled the national average. Strip and neighborhood centers experienced the fastest growth, recording a nearly 7.0% YOY increase in rents to \$27.27 psf and \$27.62 psf, respectively. Rent growth was accelerated by limited supply and increased tourism as evidenced by the SW Orange Outlying submarket, which borders the tourist corridor and posted rents of \$40.40 psf in Q2 for a 4.6% YOY increase.

ASKING RENT & VACANCY RATE



VACANCY BY PRODUCT TYPE



Investment Sales

Interest rates rose in the wake of the pandemic, sales volume began to abate, and then became very limited. Beginning in Q3 2022, there was a steep decline in sales volume due to the cost of capital increasing which made it difficult to finance acquisitions. This was followed by five consecutive quarters of decreased sales volume. As price discrepancies between buyers and sellers began to loosen in 2024, the market recorded an uptick in sales volume with a 57.1% increase from Q4 2023 to Q1 2024. Q2 2024 once again marked a pullback in sales volume posting a 38.3% YOY decrease in sales volume. This contraction in sales volume can likely be attributed to eager buyers seeing interest rates begin to turn and taking the chance to purchase in the first half of 2024. As rate decreases are projected in the near future, many sidelined buyers may return to the negotiating table and investment sales could begin to rebound during the second half of this year. Market pricing has posted growth for every quarter since Q1 2021. Q2 2024 posted a price per square foot of \$248, marking an increase of 2.5% YOY. Top quarterly transactions included Marketplace at Seminole Towne Center and Casselberry Commons, both of which are outdoor shopping malls larger than 200,000 sf which sold for \$37.5M and \$35.9M, respectively.

Cap rates showed significant variation through the end of Q2, ranging from 3.0% to 11.6%. Orlando is poised to remain a highly desirable market for retail investors. Asset prices could hold level or possibly decrease slightly entering the second half of 2024 and early 2025, influenced by reduced consumer spending amid broader economic conditions. Notably, prices are expected to stay above pre-pandemic levels and are projected to start climbing again toward the end of 2025.

KEY SALES TRANSACTIONS 2024 YTD

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE	\$ PSF
MarketPlace at Seminole Towne Center	Sanford	CBRE Inv. Mgmt./ CTO Realty Growth Inc.	221,573	\$37.9M	\$171
Casselberry Commons	Maitland	SITE Centers/ JBL Asset Mgmt, LLC	232,145	\$35.9M	\$154
701-735 N 14 th St	Lake County	Crosspoint Associates, Inc./ Forge Capital Partners	133,911	\$17.8M	\$133
Shoppes at Lake Mary	Lake Mary	Nuveen/ Philips Edison & Company	62,078	\$16.4M	\$264

KEY LEASE TRANSACTIONS 2024 YTD

PROPERTY	SUBMARKET	TENANT	RSF	TYPE	QUARTER SIGNED
Lake Nona West	SE Orange Outlying	Target	150,000	New	Q2
Lancaster Square	Orlando Central Park	Crazy Hot Buys	45,300	New	Q2
Market Square	Casselberry	Dogtown USA	28,063	New	Q2
Colonial Landing	436 Corridor	Burlington	27,761	New	Q1

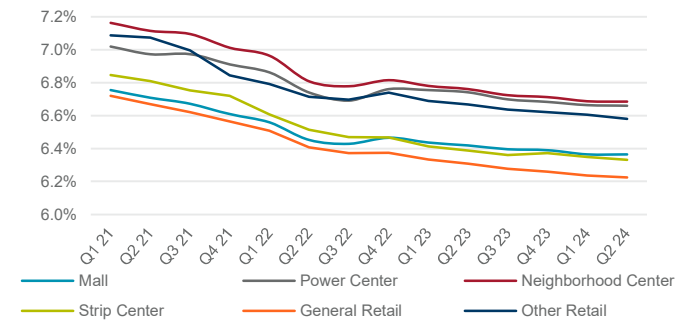
* Market Price/SF = Market Asking Price

Source: CoStar

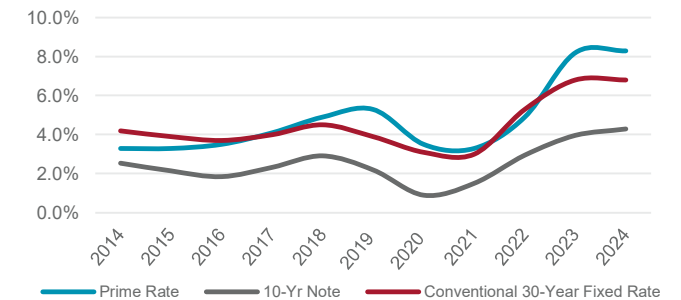
Sales Volume and *Market Price/SF



Cap Rates by Property Type



Interest Rates



MARKET STATISTICS BY SUBMARKET

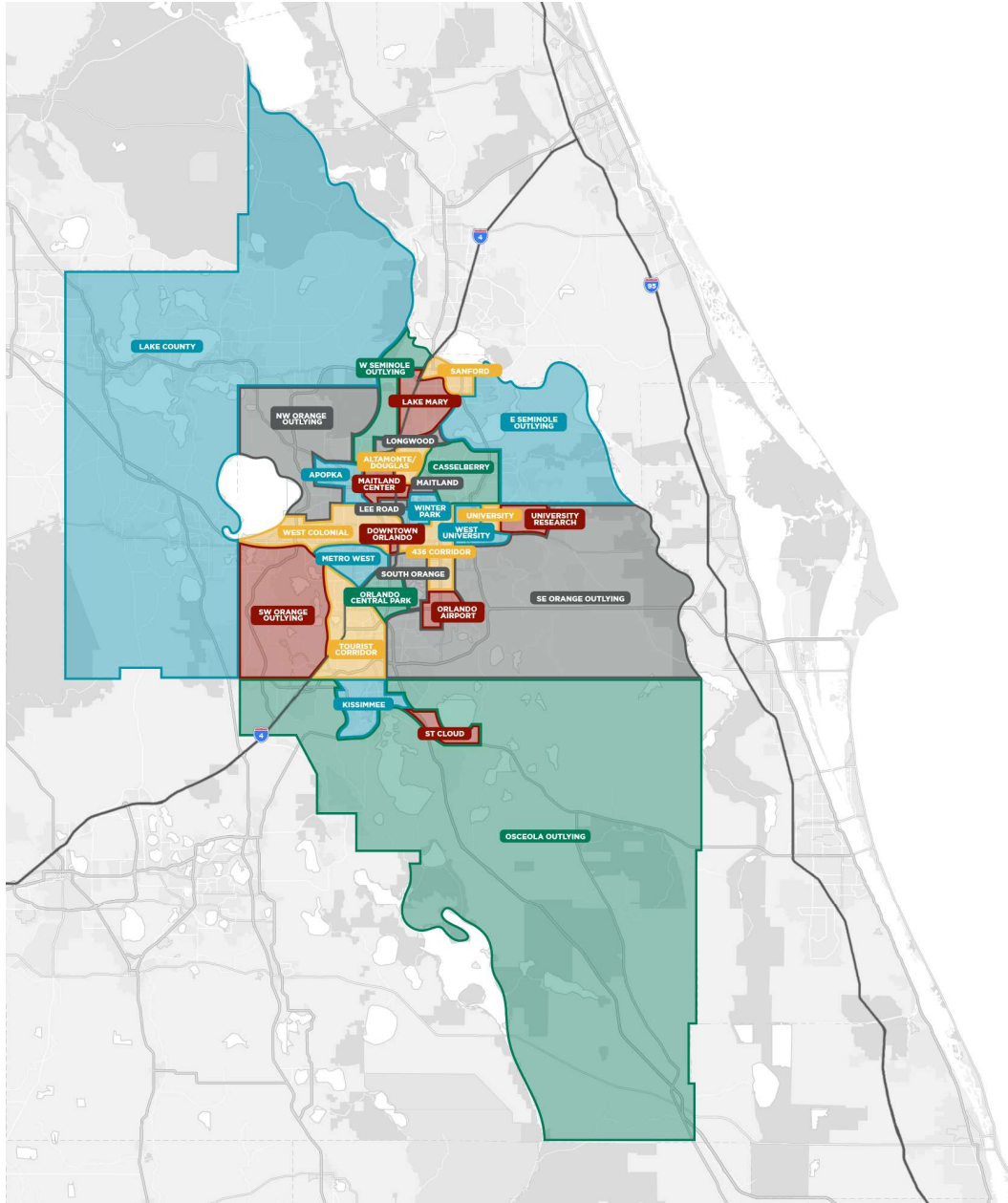
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT	YOY RENT GROWTH %	UNDER CNSTR (SF)	12-MONTH ROLLING ABSORPTION (SF)
436 Corridor	10,275,014	516,626	5.0%	\$24.75	4.6%	0	-133,459
Altamonte/Douglas	5,690,777	332,054	5.9%	\$29.59	4.4%	0	25,663
Apopka	3,477,697	81,657	2.3%	\$25.38	5.5%	0	45,699
Casselberry	7,587,703	301,142	3.9%	\$25.63	4.9%	17,000	160,370
Downtown Orlando	1,896,926	201,082	10.5%	\$31.25	3.9%	0	-6,864
E Seminole Outlying	2,529,234	75,312	3.0%	\$29.78	5.0%	8,829	55,220
Kissimmee	9,326,552	335,330	3.6%	\$26.08	5.2%	67,700	55,154
Lake County	21,814,646	599,232	2.8%	\$24.16	5.0%	132,290	330,854
Lake Mary	3,477,697	142,976	4.1%	\$33.34	4.8%	5,000	30,575
Lee Road	1,422,694	105,111	7.1%	\$21.92	6.0%	0	-22,107
Longwood	1,896,926	62,414	3.2%	\$20.74	5.0%	0	1,812
Maitland	948,463	90,357	8.9%	\$29.64	5.0%	0	3,645
Maitland Center	2,845,389	69,552	2.4%	\$24.09	5.3%	0	60,754
Metro West	2,845,389	45,947	1.6%	\$29.41	5.5%	0	767
NW Orange Outlying	1,422,694	15,670	1.1%	\$27.15	5.1%	110,025	35,295
Orlando Airport	1,580,771	31,138	1.9%	\$33.44	5.0%	0	-12,491
Orlando Central Park	9,800,783	513,022	5.3%	\$33.43	4.3%	19,350	57,995
Osceola Outlying	8,852,320	152,277	1.7%	\$30.75	4.9%	198,233	282,572
Sanford	5,848,854	300,299	5.2%	\$29.12	4.8%	0	44,790
SE Orange Outlying	7,271,549	96,752	1.3%	\$32.18	5.2%	40,164	139,490
South Orange	2,371,157	55,804	2.3%	\$25.44	5.1%	20,000	10,923
St Cloud	2,213,080	13,769	0.6%	\$25.22	5.3%	0	27,441
SW Orange Outlying	4,900,392	62,646	1.3%	\$40.40	4.6%	4,500	129,548
Tourist Corridor	13,910,789	400,111	2.9%	\$36.63	4.3%	38,572	160,150
University	632,309	31,909	4.8%	\$37.25	6.1%	0	30,849
University Research	790,386	38,201	4.9%	\$32.33	5.4%	0	5,358
W Seminole Outlying	1,422,694	11,812	0.8%	\$22.03	5.8%	0	23,431
West Colonial	12,646,172	549,166	4.3%	\$24.23	4.8%	235,431	66,471
West University	4,900,392	73,932	1.5%	\$31.15	4.5%	0	76,602
Winter Park	3,477,697	117,189	3.3%	\$38.27	5.1%	16,500	15,183
ORLANDO TOTALS	158,077,146	5,422,534	3.4%	\$28.89	4.8%	913,594	1,701,690

MARKET STATISTICS BY PROPERTY TYPE

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT	YOY RENT GROWTH %	UNDER CNSTR (SF)	YTD ABSORPTION (SF)
Malls	14,104,536	647,205	4.6%	\$37.68	4.6%	208,337	168,910
Power Centers	10,817,680	334,576	3.1%	\$30.11	3.1%	81,656	145,177
Neighborhood Centers	47,415,029	2,488,528	5.2%	\$27.62	5.2%	95,017	-155,486
Strip Centers	9,438,371	290,362	3.1%	\$27.27	3.1%	113,019	21,475
General Retail	72,865,925	1,618,321	2.2%	\$27.61	2.2%	408,415	8,173
Other	3,435,605	43,542	1.3%	\$37.81	1.3%	7,150	32,902
ORLANDO TOTALS	158,077,146	5,422,534	3.4%	\$28.89	4.8%	913,594	221,151

Source: CoStar *Rental Rates Reflect NNN Asking

RETAIL SUBMARKETS



Eric Messer
Senior Research Manager
Florida
Eric.Messer@cushwake.com

Josh Faircloth
Research Manager
North & Central Florida
Josh.Faircloth@cushwake.com

Easton Ricks
Research Analyst
Orlando & Jacksonville
Easton.Ricks@cushwake.com

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.