

MARKETBEAT ORLANDO

OFFICE Q3 2024



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
17.1% Vacancy Rate	▲	▲
-290K YTD Net Absorption, SF	▲	▼
\$27.42 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.5M Orlando Employment	▲	▲
3.3% Orlando Unemployment Rate	▲	▲
4.1% United States Unemployment Rate <i>Source: BLS</i>	▲	▼

ECONOMY

Orlando's unemployment rate was 3.3% in Q3 2024, marking a slight increase of 30 basis points (bps) compared to a year ago, but still below the national average of 4.1%. The market continued to show modest job growth, with non-farm employment expanding by 21,100 jobs, representing a 1.4% year-over-year (YOY) increase.

DEMAND

After healthy demand growth in the previous quarter, Orlando recorded 527,000 square feet (sf) of leasing activity during Q3. This marked the second consecutive quarter with more than 500,000 sf of new leasing and a 15.8% increase YOY over Q3 2023 demand. Leasing activity in suburban submarkets totaled 1.3 million square feet (msf) year-to-date (YTD), down 13.1% from one year ago. However, robust Q2 leasing in the Central Business District (CBD) kept Orlando's total YTD leasing slightly ahead of the prior year's pace. Though normalized in Q3, the CBD accounted for 25.7% of 2024 leasing, the highest share in recent history.

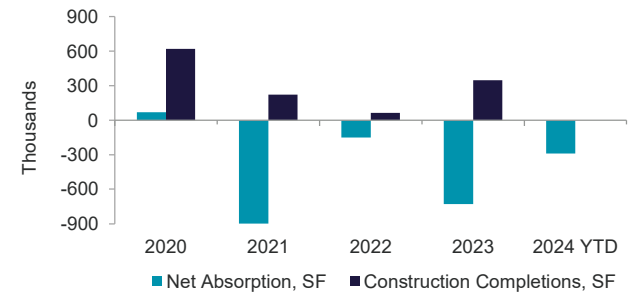
SUPPLY

The overall vacancy rate posted a moderate increase of 20 bps from the previous quarter, with a more significant uptick by 170 bps YOY to 17.1%. The Longwood submarket recorded the highest vacancy rate at 27.9%. Even with a decrease of 50 bps QOQ, it remained 770 bps higher YOY due to 44,000 sf becoming vacant at 260 Wekiva Springs Road during Q2. Winter Park notably recorded the largest decline in vacant space, down 110-bps QOQ to 5.6%. This decline was driven by 12,763 sf of net occupancy gains in one of the most sought-after office submarkets with the 4th smallest inventory in the market. Orlando netted -77,600 sf of absorption during Q3, bringing the YTD total to -289,600 sf. The negative absorption was propelled by Siemens downsizing by 38,500 sf at 3850-3862 Quadrangle Boulevard.

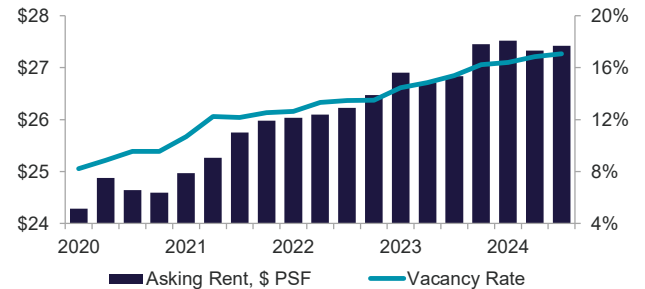
PRICING

Direct rents grew 1.8% YOY, reaching \$27.20 per square foot (psf). Class A direct asking rents rose by 2.0% YOY to \$29.77 psf while Class B direct asking rents increased 3.5% YOY closing the quarter at \$23.69 psf. The delta between Class A and B space fell to 25.7%, the narrowest pricing gap recorded over the past year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Maitland	5,602,508	83,336	982,754	19.0%	-14,573	25,445	412,696	0	\$24.78	\$26.91
Altamonte Springs	923,399	42,087	172,184	23.2%	-17,344	-51,761	40,113	0	\$21.85	\$22.65
Longwood	673,135	2,435	185,621	27.9%	3,574	-45,320	43,448	0	\$19.38	-
Lee Road	676,147	945	84,841	12.7%	-7,427	-13,119	42,562	0	\$23.99	-
University/Research Park	4,105,204	187,444	525,796	17.4%	-26,240	-76,747	173,683	0	\$25.31	\$27.28
436 Corridor	1,667,764	0	199,460	12.0%	-37,402	-60,272	58,235	0	\$23.51	-
Winter Park	1,164,853	0	65,694	5.6%	12,763	21,296	55,328	0	\$29.54	\$35.00
Airport/Lake Nona	1,601,934	25,569	389,508	25.9%	4,565	-754	70,122	0	\$35.34	\$35.34
Tourist Corridor	6,493,452	272,090	671,106	14.5%	-5,464	-20,921	131,981	0	\$28.52	\$31.56
Lake Mary/Heathrow	4,463,225	61,976	861,533	20.7%	2,246	119,429	111,644	0	\$27.27	\$27.56
Millenia/Metrowest	1,933,049	1,723	190,465	9.9%	3,923	20,844	125,249	0	\$28.96	\$29.34
NON-CBD Subtotals	29,304,670	677,605	4,328,962	17.1%	-81,379	-81,880	1,265,061	0	\$26.65	\$29.12
CBD/Downtown/Uptown	7,187,497	109,813	1,112,442	17.0%	3,758	-207,691	437,636	0	\$32.59	\$33.34
ORLANDO TOTALS	36,492,167	787,418	5,441,404	17.1%	-77,621	-289,571	1,702,697	0	\$27.42	\$29.82

*Rental rates reflect full service asking

CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT	DIRECT AVG ASKING RENT
CLASS A	21,872,646	695,732	3,238,350	18.0%	-2,073	-13,838	1,109,410	0	\$29.82	\$29.77
CLASS B	14,619,521	91,686	2,203,054	15.7%	-75,548	-275,733	593,287	0	\$23.65	\$23.69
ORLANDO TOTALS	36,492,167	787,418	5,441,404	17.1%	-77,621	-289,571	1,702,697	0	\$27.42	\$27.20

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6649 Westwood Boulevard	Tourist Corridor/Celebration	South College of Florida	61,080	Renewal*
2300 Discovery Drive	University/Research Park	Ke-Aki Technologies	56,116	New
744 Primera Boulevard	Lake Mary/Heathrow	Undisclosed	26,371	New

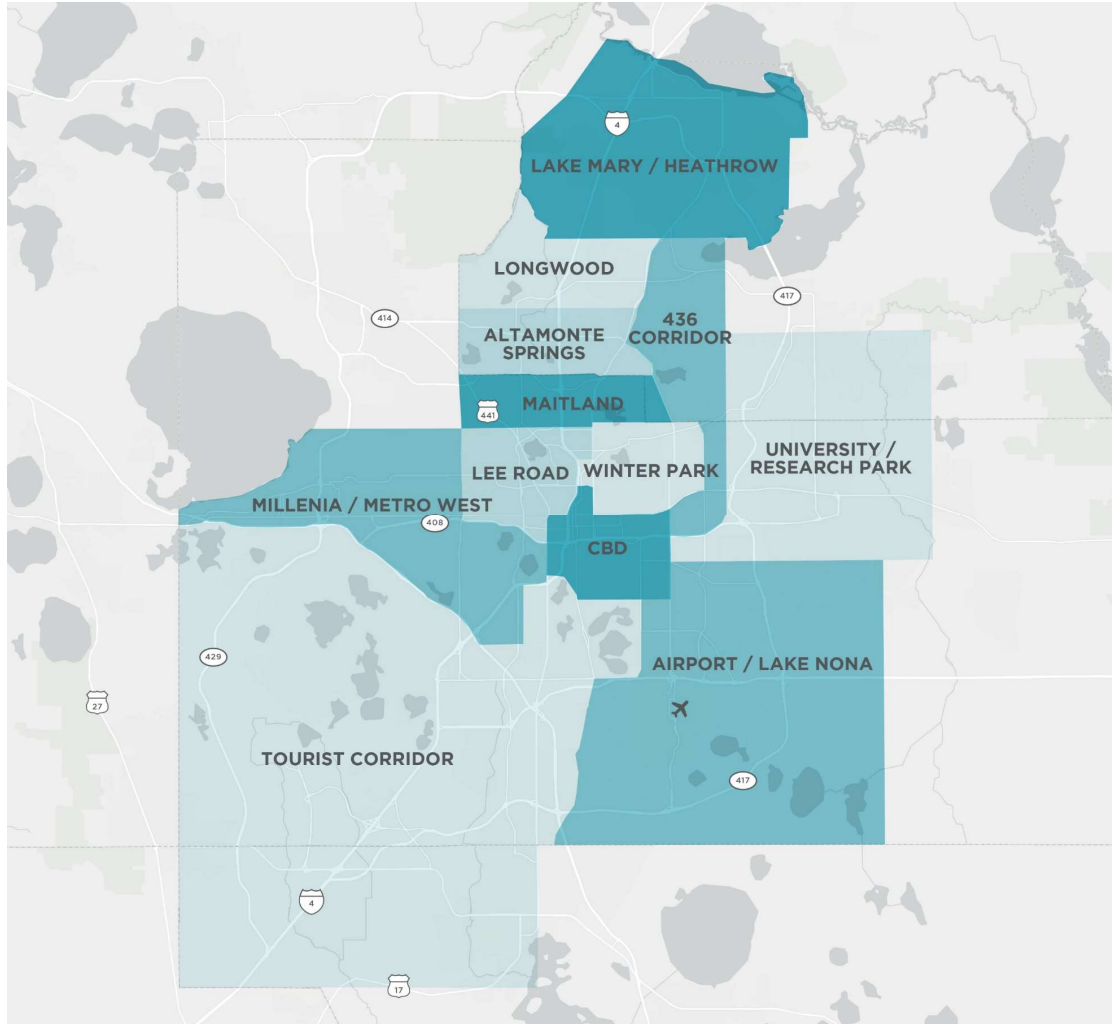
*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
65 Keller Road	Maitland	Jefferson River Capital / Bloom Ventures	83,000	\$15.0M / \$181
14 E Washington Street*	CBD/Downtown/Uptown	Antonio L Romano / Trust Realty USA	42,314	\$4.5M / \$106

*Bankruptcy Sale

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