

MARKETBEAT ORLANDO

RETAIL Q3 2024



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
\$78,800 Median HH Income	▲	▲
3.0% Population Growth	▲	▲
3.3% Unemployment Rate	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.4% GDP Growth	▼	▲
7.0% Consumer Spending Growth	▬	▲
1.7% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

SUPPLY

In recent years, Orlando had consistent retail demand driven by its fast-growing population and strong economy. As population growth is projected to rise, high-quality retail space will become increasingly limited, with demand consistently outpacing new supply. During Q3, just 90,000 square feet (sf) of new product was delivered, with nearly 1.1 million square feet (msf) under construction. Rising construction costs have limited new development as construction starts are less feasible with current material costs and financing options. There was nearly 6.8 msf of existing available retail space at the end of Q3, down from 9.8 msf in the market four years ago at the height of the pandemic's impact. Availabilities were the tightest in freestanding retail below 5,000 sf and in neighborhood centers ranging between 50,000 and 75,000 sf.

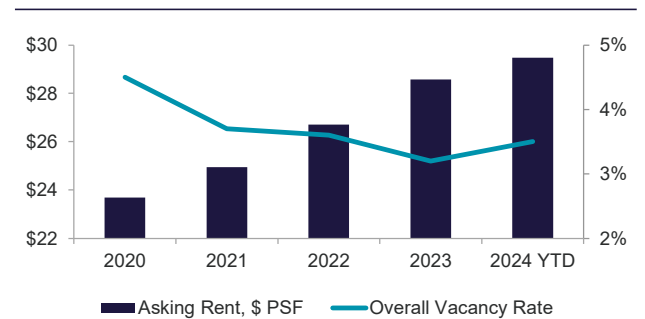
DEMAND

Demand slowed slightly in Q3; however, the vacancy rate remained near its record low at 3.5%. With the stock of empty space options still near historic lows, quarterly leasing activity totaled 579,000 sf, a 30.8% quarter over quarter (QOQ) decrease. Most of the demand for retail space occurred in neighborhood centers where foot traffic is primarily driven by grocery stores. Notable leases signed in Q3 included AutoZone taking 31,000 sf in the Kissimmee submarket and The Picklr leasing 26,000 sf in the West Seminole Outlying submarket. Year-to-date absorption totaled 227,000 sf, with general retail recording the largest occupancy gains at 165,000 sf and neighborhood centers posting the most significant occupancy losses despite strong leasing in this sector.

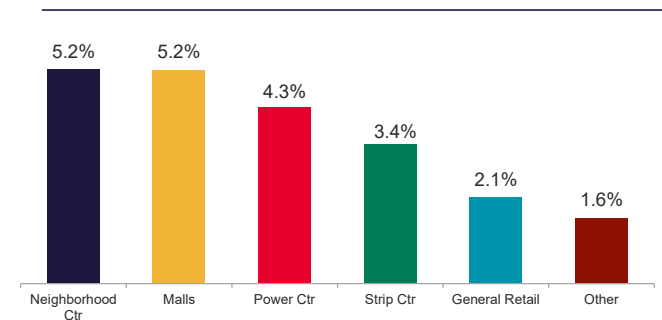
PRICING

The overall retail average asking rate in Orlando reached \$29.48 per square foot (psf) at the end of Q3, reflecting a 4.9% year-over-year (YOY) increase. Strip centers had the steepest rental rate increase, climbing nearly 5.3% YOY to \$27.78 psf. The submarket with the highest rent growth was the West Seminole Outlying submarket where rents reached \$22.36 psf, marking a 5.2% YOY rise.

ASKING RENT & VACANCY RATE



VACANCY BY PRODUCT TYPE



Source: CoStar

INVESTMENT SALES

Even with elevated interest rates and insurance costs, outsized buying power and tourism spending has aided Orlando retail sales. Transaction volume in Q3 totaled nearly \$329M, marking a 59.8% increase YOY and the strongest quarter of sales since 2022. This robust growth in deal volume can likely be attributed to the expectation of easing interest rates and investors' bullish outlook on the Orlando retail sector. Deal activity over the past year was generally bifurcated between smaller deals below \$5 million and those \$10 million and greater. In the trailing 12-month period, roughly 80% of deals fell under \$5 million. Smaller sales generally involved single tenant net lease assets while larger deals over \$10 million were primarily neighborhood and community centers that benefit from big-box and grocery anchored foot traffic. As rate drops continue this year, many sidelined buyers may return to the negotiating table and investment sales should continue to grow. Market pricing has posted growth for every quarter since Q1 2021. Q3 2024 posted an average price of \$276 psf, marking an increase of 5.7% YOY. The top quarterly transaction was Lee Vista Promenade shopping center in the Orlando Airport submarket which traded for \$16.8M. Dundas Real Estate Investment led buyers this quarter, purchasing three of the five largest properties that traded hands.

Cap rates showed minimal variation across property types through the end of Q3, ranging from 6.3% to 6.7%. Orlando is poised to remain a highly desirable market for retail investors. Asset prices have leveled off in Q3 and are expected to remain flat through early 2025, influenced by reduced consumer spending amid broader economic conditions. As rates fall and the election passes, buyer confidence should grow and in turn transaction activity will increase.

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	BUYER	SF	PRICE / \$ PSF
Lee Vista Promenade	Orlando Airport	Dundas RE Inv	96,908	\$16.8M / \$173
Lake Mary Corners	Lake Mary	Unknown	90,293	\$22.0M / \$244
6640-6682 Eagle Watch Dr	Orlando Airport	Dundas RE Inv	83,255	\$14.9M / \$178
14928 E Orange Lake Blvd	SW Orange Outlying	Publix	56,775	\$16.7M / \$293
5901 Hazeltine National Dr	Orlando Airport	Dundas RE Inv	50,443	\$10.7M / \$212

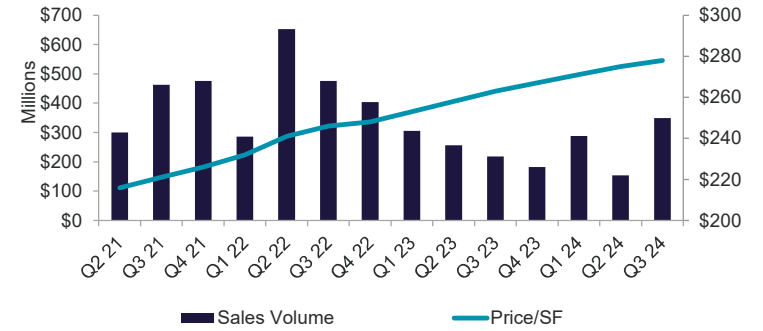
KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Plaza On Main	Kissimmee	Autozone	30,810	Renewal*
Shoppes at Hunt Club	W Seminole Outlying	The Picklr	26,279	New
Orlando Fashion Square	436 Corridor	Ocean Buffet	14,656	New
Oaks Shopping Center	St Cloud	Unknown	11,780	New
Altamonte Mall	Altamonte/Douglas	Activate Game	9,800	New

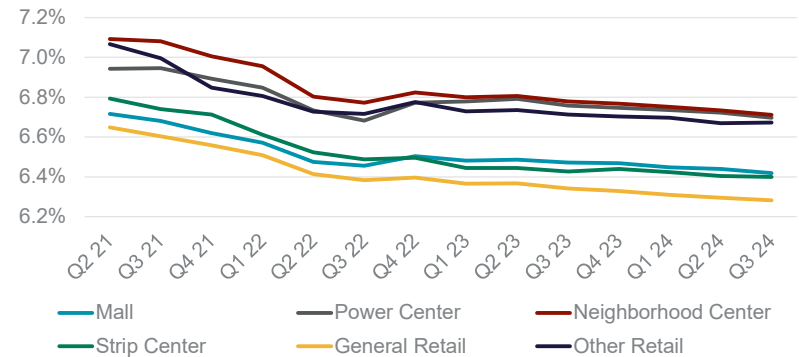
*Renewals not included in leasing statistics

Source: CoStar, Moody's

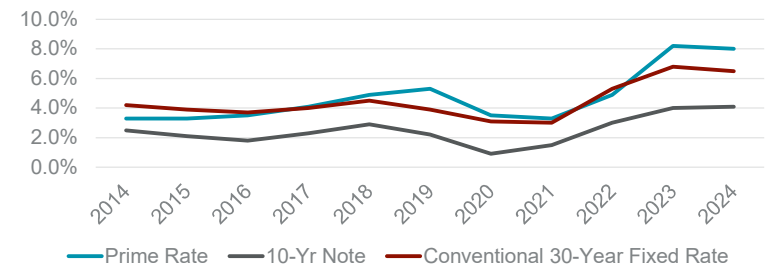
SALES VOLUME AND MARKET PRICE/SF*



CAP RATES BY PROPERTY TYPE



INTEREST RATES



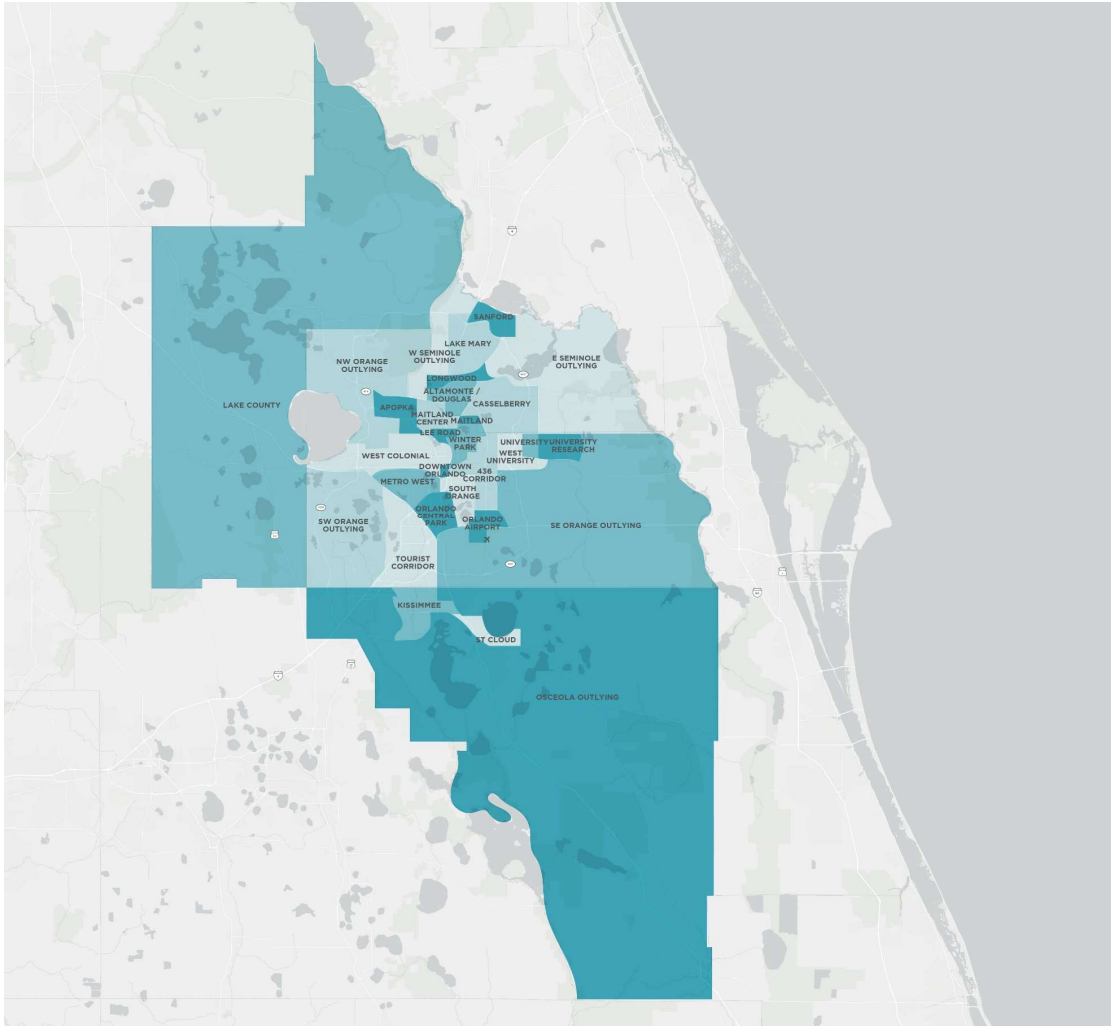
MARKET STATISTICS BY SUBMARKET

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	9,734,822	481,337	4.9%	\$25.95	4.3%	7,674	-31,997
Altamonte/Douglas	5,698,432	344,139	6.0%	\$30.10	4.0%	3,181	31,847
Apopka	3,640,665	95,841	2.6%	\$25.36	5.0%	0	-14,127
Casselberry	7,756,200	240,259	3.1%	\$26.29	4.5%	28,990	113,221
Downtown Orlando	1,899,477	190,360	10.0%	\$31.94	3.4%	0	-9,578
E Seminole Outlying	2,532,637	75,298	3.0%	\$30.33	4.5%	0	64,936
Kissimmee	9,339,097	406,820	4.4%	\$26.38	4.7%	95,729	3,861
Lake County	21,527,411	549,499	2.6%	\$24.53	4.7%	133,396	199,599
Lake Mary	3,482,375	136,182	3.9%	\$34.31	4.6%	5,000	-26,126
Lee Road	1,424,608	87,053	6.1%	\$22.27	4.9%	0	-27,939
Longwood	1,899,477	72,424	3.8%	\$20.98	4.1%	0	-4,995
Maitland	1,028,884	98,636	9.6%	\$30.35	4.8%	0	-17,475
Maitland Center	3,244,941	117,239	3.6%	\$26.11	4.5%	0	-6,352
Metro West	2,849,216	37,320	1.3%	\$30.00	4.8%	0	9,702
NW Orange Outlying	1,424,608	15,670	1.1%	\$27.67	4.9%	110,025	21,461
Orlando Airport	1,662,043	22,276	1.3%	\$33.82	4.7%	0	6,961
Orlando Central Park	9,813,967	498,869	5.1%	\$34.08	4.1%	2,500	63,514
Osceola Outlying	8,705,938	136,900	1.6%	\$31.08	4.6%	173,029	250,730
Sanford	6,015,012	314,605	5.2%	\$29.60	4.8%	0	-76,743
SE Orange Outlying	7,439,620	96,736	1.3%	\$32.85	5.0%	50,806	103,956
South Orange	2,374,347	44,833	1.9%	\$26.08	5.0%	30,000	16,622
St Cloud	2,216,057	53,608	2.4%	\$26.10	4.7%	7,680	-18,024
SW Orange Outlying	4,906,983	55,761	1.1%	\$41.25	4.4%	29,300	23,658
Tourist Corridor	13,929,501	421,818	3.0%	\$37.21	4.0%	104,924	83,946
University	633,159	58,182	9.2%	\$38.11	4.9%	28,017	-6,064
University Research	791,449	34,521	4.4%	\$32.81	4.8%	0	4,201
W Seminole Outlying	1,424,608	41,356	2.9%	\$22.36	5.2%	0	-5,896
West Colonial	12,504,893	652,287	5.2%	\$24.47	4.5%	229,491	-180,336
West University	4,906,983	69,245	1.4%	\$31.69	4.2%	0	15,266
Winter Park	3,482,375	129,337	3.7%	\$39.08	4.5%	16,500	3,559
ORLANDO TOTALS	158,289,786	5,578,411	3.5%	\$29.48	4.5%	1,056,242	591,388

MARKET STATISTICS BY PROPERTY TYPE

PROPERTY TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT	YOY RENT GROWTH %	UNDER CNSTR (SF)	YTD ABSORPTION (SF)
Malls	13,690,553	717,231	5.2%	\$39.29	3.7%	294,689	107,266
Power Centers	10,884,860	470,298	4.3%	\$30.72	4.5%	69,656	17,555
Neighborhood Centers	47,347,618	2,442,456	5.2%	\$28.13	4.8%	133,320	-128,028
Strip Centers	9,572,019	324,250	3.4%	\$27.78	4.8%	134,190	44,286
General Retail	73,359,131	1,568,732	2.1%	\$28.12	4.5%	409,235	164,827
Other	3,435,605	55,444	1.6%	\$38.37	3.5%	15,242	21,000
ORLANDO TOTALS	158,289,786	5,578,411	3.5%	\$29.48	4.5%	1,056,242	226,906

RETAIL SUBMARKETS



EASTON RICKS

Research Analyst

Tel: +1 954 377 0519

Easton.Ricks@cushwake.com

JOSH FAIRCLOTH

Research Manager

Tel: +1 954 377 0519

Josh.Faircloth@cushwake.com

ERIC MESSER

Senior Research Manager

Tel: +1 954 377 0519

Eric.Messer@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.