



The coronavirus pandemic is expected to cause significant economic disruption in Orlando. The trajectory of Orlando's economy and its office market will depend on how widely the virus spreads, and how long containment policies like physical distancing need to be maintained. We will be updating our analysis as more information becomes available. Prior to the coronavirus, Orlando had very strong economic momentum, and the current report largely reflects the environment before the pandemic.

A booming economy and robust job growth, particularly in professional and business services, continue to propel Orlando's office market. The vacancy rate is significantly below both the national average and Orlando's long-term average of about 10%, despite loosening in recent years as more than 3.4 million SF of new office space has been added since 2017. At about 7%, vacancies are about 100 basis points above the all-time low established in 2018.

The vacancy compression has allowed strong overall rent growth. While the annual rent gains have cooled steadily over the past two years, landlords are still pushing rents at rates above the long-term trend.

The recent completion of SunTrust Plaza at Church Street Station brings the first large block office availability of new space in Orlando for some time. Other large recent completions, like KPMG's nearly 800,000 SF training and development campus, have been built-to-suit. SunTrust (Truist) did take more than 92,000 SF of the 221,000 SF of office space in the new tower, but high demand for new space has been reflected in the quick leasing of the remaining space.

The large block availabilities have opened the door for the coworking trend to grow in the market. E]spaces leased 29,000 SF at the new tower and WeWork backfilled 71,000 SF of space that SunTrust vacated at 200 South Orange Avenue.

Investment activity has slowed but annual sales volume remains above the long-term average. Volume hit a six-year low in 2019, but at about \$800 million was still more than 25% above the long-term average. Pricing and cap rates have also flattened over the past four quarters.

Source: CoStar Property®

ORLANDO MSA Office Market



Total Office Space
96,843,693 SF



Under Construction
1,437,710 SF



International Companies
150+

Orlando MSA (Orange, Seminole, Lake & Polk Counties) | Source: CoStar Property

Trends for 1Q20



NET ABSORPTION



VACANCY RATE

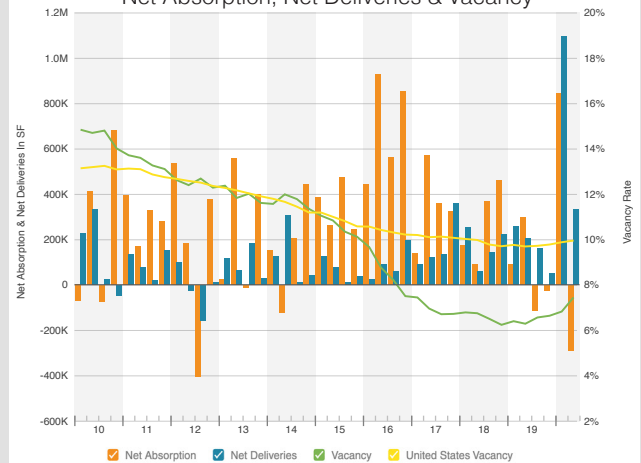


CONSTRUCTION

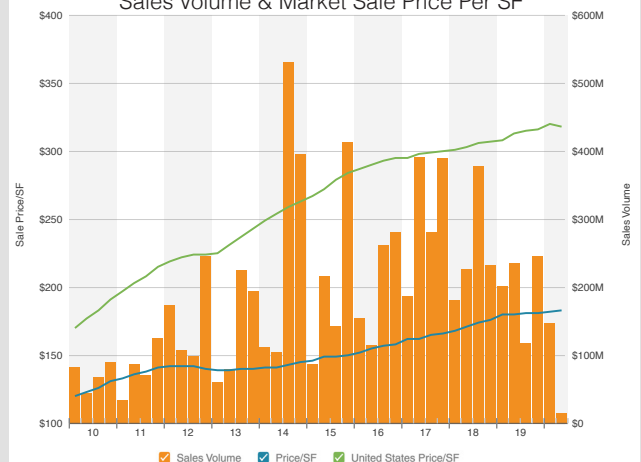


ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Total Office Market Statistics

First Quarter 2020

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)								
Market	Existing Inventory		Vacancy		YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
436 Corridor	611	4,947,344	193,255	5.1%	54,200	35,000	12,000	\$22.17
Altamonte/Douglas	462	4,731,769	551,474	11.7%	(129,116)	0	27,600	\$19.40
Apopka	118	776,135	59,933	8.0%	(12,972)	0	0	\$27.93
Casselberry	263	2,017,688	182,569	9.2%	(26,470)	10,800	0	\$20.65
Downtown Orlando	498	11,506,384	1,206,083	11.4%	(175,989)	221,000	0	\$26.87
East Seminole Outlying	89	534,872	37,133	6.9%	5,553	0	0	\$21.24
Kissimmee	324	2,530,007	165,125	6.8%	68,339	116,000	63,900	\$21.99
Lake County	1,016	5,508,595	295,521	5.4%	(26,050)	39,973	10,000	\$20.38
Lake Mary	286	7,721,535	478,929	6.2%	129,588	35,072	125,718	\$24.78
Lee Road	135	1,278,937	97,007	9.0%	(32,623)	15,720	0	\$19.58
Longwood	195	1,440,909	110,390	8.0%	20,594	0	0	\$18.71
Maitland	98	1,005,625	35,143	3.5%	10,238	0	0	\$20.58
Maitland Center	174	7,501,560	648,820	9.1%	16,011	0	0	\$23.41
Metro West	147	2,070,000	68,314	3.3%	18,829	0	0	\$23.76
NW Orange Outlying	46	542,409	45,421	8.4%	(17,776)	0	0	\$20.79
Orlando Airport	43	1,273,379	55,235	4.5%	(21,203)	0	0	\$24.76
Orlando Central Park	191	4,127,320	394,347	9.8%	33,318	0	0	\$20.92
Osceola Outlying	130	2,678,952	110,796	4.3%	47,986	12,000	60,400	\$28.38
Sanford	258	1,475,918	83,545	5.8%	(32,333)	0	0	\$17.06
SE Orange Outlying	151	3,745,463	136,063	3.8%	821,539	785,340	283,604	\$31.27
South Orange	395	2,612,942	58,571	2.4%	7,659	15,000	34,501	\$26.73
St Cloud	108	509,275	5,832	1.6%	(6,619)	0	7,000	\$19.01
SW Orange Outlying	72	1,273,441	56,525	5.9%	(13,879)	30,000	65,100	\$30.47
Tourist Corridor	229	9,285,575	206,378	2.6%	243,409	125,000	392,900	\$26.25
University	48	2,087,232	153,263	9.8%	(71,462)	0	43,000	\$25.75
University Research	47	3,042,963	134,586	4.8%	51,868	0	117,499	\$24.79
W Seminole Outlying	55	370,664	16,746	4.5%	15,100	0	0	\$17.56
West Colonial	569	3,547,980	317,403	9.0%	29,498	11,020	180,948	\$23.33
West University	60	1,019,962	88,164	9.1%	2,042	0	4,640	\$25.13
Winter Park	586	5,678,858	205,668	3.9%	(19,636)	46,716	8,900	\$27.69
Totals	7,404	96,843,693	6,198,239	6.8%	989,643	1,498,641	1,437,710	\$24.33

CBD	498	11,506,384	1,206,083	11.4%	(175,989)	221,000	0	\$26.87
Suburban	5,389	63,055,286	3,508,757	5.8%	1,115,668	1,227,641	1,348,209	\$24.28
Urban	1,517	22,282,023	1,483,399	7.4%	49,964	50,000	89,501	\$23.16
Totals	7,404	96,843,693	6,198,239	6.8%	989,643	1,498,641	1,437,710	\$24.33

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net	Under	Quoted	
	# Blds	Total GLA	Total SF	Vac %	Absorption	Const SF	Rates	
Brevard County	1,970	13,861,664	591,899	4.3%	57,990	13,359	225,000	\$19.82
Polk County	1,619	13,647,176	655,903	4.9%	(29,943)	17,488	388,464	\$17.93
Volusia County	1,762	16,173,511	1,125,016	7.2%	(92,567)	35,222	0	\$18.53

Period	Asset Value	Vacancy Rate	Availability Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Month Net Absorption SF	Market Price/SF	Sales Volume
2020 1q	\$18.7 B	6.8%	10.1%	\$24.33	2.0%	96.8 M	1.4 M	1.5%	990 K	\$168	\$135 M
2019 4q	\$18.4 B	6.6%	9.2%	\$24.18	3.0%	95.7 M	1.9 M	2.0%	235 K	\$183	\$247 M
2019 3q	\$18.4 B	6.6%	9.3%	\$24.00	2.4%	95.7 M	1.9 M	2.0%	720 K	\$180	\$117 M
2019 2q	\$18.3 B	6.3%	9.3%	\$23.94	4.3%	95.5 M	1.7 M	1.8%	1.2 M	\$152	\$235 M