



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 3.6 million SF of new office space has been added since 2017. At just under 8%, vacancies are less than 200 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 220,000 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 has signed a lease to backfill 73,000 SF of space that SunTrust vacated at the former SunTrust Center at 200 South Orange Avenue.

Investment activity has slowed and annual sales volume recently dropped below 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
97,513,296 SF



Under Construction
1,232,219 SF



International Companies
150+

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

Quarterly Trends



NET ABSORPTION



VACANCY RATE

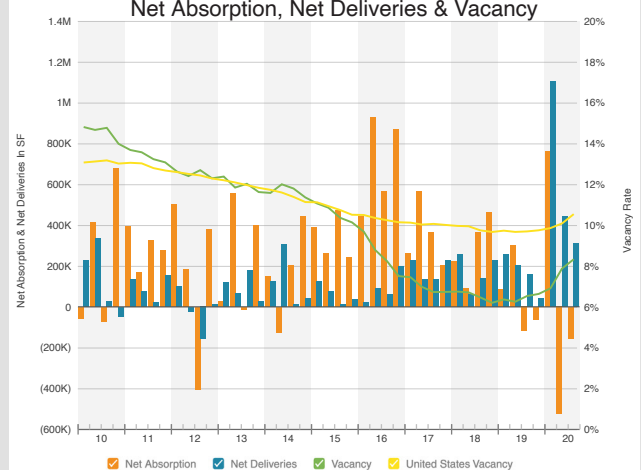


CONSTRUCTION

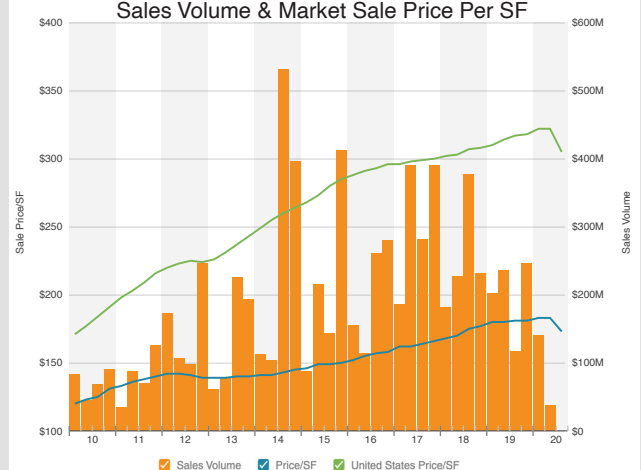


ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Total Office Market Statistics

Second 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	617	5,001,033	215,975	5.4%	18,048	47,000	5,000	\$22.02
Altamonte/Douglas	466	4,765,049	592,947	12.7%	(107,013)	27,600	0	\$19.45
Apopka	118	776,135	63,704	8.2%	(26,156)	0	0	\$23.13
Casselberry	264	2,021,991	150,993	9.3%	(50,933)	10,800	0	\$20.50
Downtown Orlando	498	11,494,036	1,265,640	12.1%	(229,596)	214,046	0	\$27.16
East Seminole Outlying	89	534,872	48,883	9.3%	(9,862)	0	0	\$21.61
Kissimmee	327	2,532,177	173,291	7.0%	49,357	116,000	21,400	\$22.01
Lake County	1,027	5,559,745	327,900	6.0%	(43,962)	28,800	10,000	\$20.35
Lake Mary	287	7,829,235	688,358	9.2%	(31,168)	135,400	118,118	\$24.45
Lee Road	135	1,278,726	106,156	8.3%	(27,299)	0	0	\$19.97
Longwood	195	1,440,909	163,738	11.7%	(43,695)	0	0	\$18.99
Maitland	98	1,006,845	50,194	5.0%	(7,003)	0	0	\$20.46
Maitland Center	174	7,526,294	672,571	9.3%	(14,177)	0	0	\$23.41
Metro West	157	2,097,097	80,328	4.1%	(2,371)	0	0	\$23.77
NW Orange Outlying	45	533,525	43,038	8.1%	(14,398)	0	0	\$21.80
Orlando Airport	43	1,273,379	52,042	4.3%	10,265	0	0	\$25.29
Orlando Central Park	192	4,130,307	401,451	10.3%	40,040	0	0	\$20.71
Osceola Outlying	132	2,693,426	150,103	5.9%	34,077	23,400	53,500	\$29.09
Sanford	257	1,469,895	95,409	6.6%	(12,501)	0	0	\$16.80
SE Orange Outlying	166	3,935,938	220,465	7.2%	848,535	964,972	367,113	\$31.97
South Orange	398	2,613,912	108,056	4.1%	(53,997)	0	64,501	\$26.04
St. Cloud	110	515,862	4,632	0.9%	(1,723)	0	27,000	\$19.23
SW Orange Outlying	74	1,292,653	41,520	3.8%	21,336	27,000	61,100	\$31.42
Tourist Corridor	229	9,300,706	352,765	3.8%	(91,720)	0	267,900	\$26.49
University	48	2,087,232	171,820	8.6%	(81,877)	0	43,500	\$26.22
University Research	47	3,042,963	306,949	10.3%	(149,662)	0	117,499	\$24.79
W Seminole Outlying	55	370,664	18,167	4.9%	8,004	0	0	\$17.90
West Colonial	584	3,696,004	342,756	9.6%	90,142	121,020	70,948	\$21.81
West University	60	1,019,962	89,437	8.8%	831	0	4,640	\$25.42
Winter Park	585	5,672,724	227,078	4.3%	(61,561)	36,120	0	\$27.59
Totals	7,477	97,513,296	7,226,366	7.9%	59,961	1,752,158	1,232,219	\$24.33

CBD	498	11,494,036	1,265,640	12.1%	(229,596)	214,046	0	\$27.16
Suburban	5,452	63,653,637	4,340,659	7.2%	388,523	1,491,112	1,119,218	\$24.28
Urban	1,527	22,365,623	1,620,067	7.7%	(98,966)	47,000	113,001	\$23.05
Totals	7,477	97,513,296	7,226,366	7.9%	59,961	1,752,158	1,232,219	\$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	1,764	16,219,914	1,123,109	7.4%	(63,728)	17,222	92,854	\$18.63
Polk County	1,635	13,747,009	763,601	5.7%	(196,904)	59,218	351,504	\$17.89
Volusia County	1,969	13,804,718	563,644	4.1%	70,859	13,211	225,000	\$19.55

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 2q	\$17.9 B	7.9%	10.7%	\$24.33	2.2%	97.5 M	1.2 M	1.3%	60.0 K	\$182	\$39 M
2020 1q	\$17.8 B	6.9%	10.0%	\$24.29	2.3%	97.1 M	1.7 M	1.8%	885.1 K	\$170	\$142 M
2019 4q	\$17.5 B	6.6%	9.0%	\$24.11	3.4%	96.0 M	2.0 M	2.1%	67.9 K	\$183	\$246 M
2019 3q	\$17.4 B	6.5%	9.0%	\$23.89	2.4%	95.9 M	2.0 M	2.1%	591.3 K	\$179	\$117 M