

The average vacancy rate has barely moved since the beginning of 2020 (and the pandemic), up less than 10 basis points, and remains roughly 50 basis points above the lowest mark on record. This is especially remarkable given Orlando's more severe job losses and slower economic recovery than much of the nation. The metropolitan area entered the pandemic on solid footing and was one of the strongest retail markets in the nation, which has translated to Orlando's resiliency during the challenging environment.

Direct available space has fallen and sublet space is now at the lowest level on record. There could still be some loosening market conditions on the horizon, as the directly available space remains at 9.0 million SF, the highest level in five years. The unchanging vacancies are more impressive when factoring in the nearly 790,000 SF of new construction that completed over the past 12 months, much of it into an uncertain economy.

Most of Orlando's retail indicators are outperforming the national index and there have been minimal warning signs of upcoming weakness. There has been a shift towards both larger leases with ten signed exceeding 20,000 since the start of the year and an increase in the number of long-term leases. Conn's HomePlus has been one of the more active tenants in 2021, including two large leases signed since May in Altamonte Springs and Kissimmee.

The strong market fundamentals have supported improving retail rent growth in 2021. After hitting an eight-year low in Q1-21, annual rent growth rates have improved more than 50 basis points since April. While Orlando has seen nearly 400 basis points sliced off its annual retail rent growth rates since the start of 2020 due to the pandemic, the market remains one of the strongest in the nation.

Nearly all of Orlando's retail submarkets are enjoying asking rent growth above the national average. Many of the better rent growth areas such as Winter Park, St. Cloud and Kissimmee have high residential density and increased traffic due to many residents sheltering in place or working from home. The retail rent growth laggards notably include Orlando's prime office nodes: Downtown Orlando, Metro West and Maitland. These areas have seen a severe decline in daytime traffic.

Supply is also of minimal concern. While 787,000 SF delivered during the past twelve months, some of the highest relative retail supply in the nation, retail starts have slowed with below-average groundbreaking since mid-2020. Even though there is still 960,000 SF underway, the level is normalizing towards the national average. Orlando's retail construction is generally well-distributed across the region. Less than half of the metro's submarkets have anything underway and only three have over 100,000 square feet.

Sales volume slipped a bit in the first half of 2021 with no trades exceeding \$20 million and the quarterly volume in both of the first two quarters fell below the five-year average. Retail investment activity fell in the first and second quarters. There were only three trades that exceeded \$10 million, including the \$12.6 million sale of a former Sears Auto Trade center at Seminole Towne Center. This continued a shift towards smaller assets as there have only been eight trades exceeding \$10 million in the past three completed quarters. The lack of high-priced trades has downshifted sales volume below the five-year average in the first half of 2021.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
148,370,339 SF



Under Construction
960,003 SF



8 Shopping Centers
1,000,000 SF+

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

Quarterly Trends



NET ABSORPTION



VACANCY RATE

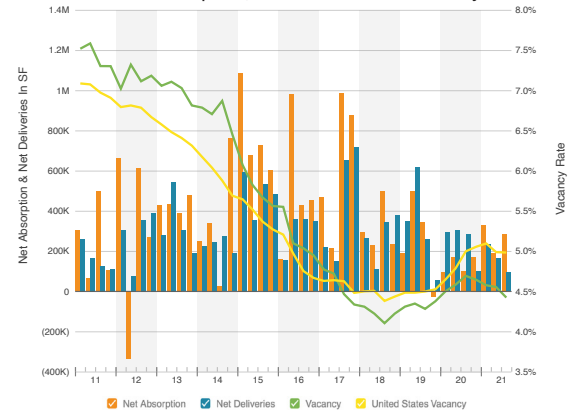


CONSTRUCTION

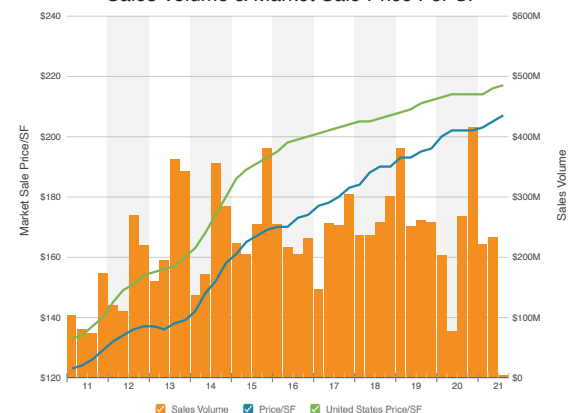


ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Total Retail Market Statistics

Second Quarter 2021

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Avail %				
436 Corridor	683	9,364,289	616,499	6.6%	132,476	(5,161)	0	\$20.69
Altamonte/Douglas	407	5,536,751	471,803	8.5%	(29,424)	(11,696)	27,054	\$24.66
Apopka	232	3,377,965	144,699	4.3%	63,839	(3,847)	0	\$20.18
Casselberry	463	7,169,669	504,005	7.0%	18,937	9,733	0	\$21.92
Downtown Orlando	248	1,850,926	153,635	8.3%	(36,134)	0	0	\$26.42
East Seminole Outlying	212	2,319,613	131,644	5.6%	89,141	47,975	11,600	\$23.86
Kissimmee	517	8,578,088	273,167	3.2%	163,435	52,789	0	\$20.23
Lake County	1,655	20,014,621	1,105,348	5.5%	(159,921)	120,745	113,050	\$19.46
Lake Mary	235	3,392,639	173,955	5.1%	70,623	35,000	0	\$27.75
Lee Road	140	1,480,710	17,248	1.2%	4,832	0	0	\$17.74
Longwood	187	1,912,084	79,988	4.2%	(9,402)	3,000	0	\$17.50
Maitland	59	954,426	84,428	8.8%	17,783	7,313	0	\$24.42
Maitland Center	189	2,565,580	101,917	4.0%	33,593	0	0	\$20.35
Metro West	294	2,660,463	104,147	3.9%	6,267	20,000	0	\$23.81
NW Orange Outlying	118	1,126,046	132,611	11.1%	27,636	17,500	73,787	\$21.18
Orlando Airport	102	1,519,414	19,150	1.3%	26,345	7,000	0	\$27.17
Orlando Central Park	461	9,566,321	566,795	5.9%	123,518	(4,554)	20,781	\$27.11
Osceola Outlying	544	8,065,742	257,251	3.2%	21,280	23,839	37,904	\$24.73
Sanford	452	5,496,660	653,186	11.9%	(57,396)	16,900	2,283	\$23.86
SE Orange Outlying	475	6,667,763	424,827	6.3%	168,027	193,786	57,850	\$26.28
South Orange	309	2,428,257	186,182	7.7%	8,912	0	0	\$20.56
St. Cloud	207	2,116,126	46,734	2.2%	48,209	18,260	25,200	\$20.28
SW Orange Outlying	181	3,728,477	89,845	2.4%	104,375	108,939	68,980	\$32.52
Tourist Corridor	600	13,176,212	903,232	6.8%	(66,416)	104,710	199,141	\$30.41
University	59	673,967	123,519	18.3%	(52,606)	9,100	0	\$29.96
University Research	56	723,576	83,250	11.5%	(20,792)	0	0	\$27.05
W Seminole Outlying	89	1,347,447	118,987	8.8%	28,781	0	0	\$18.48
West Colonial	912	12,334,077	1,022,797	8.1%	(39,310)	(14,737)	322,373	\$19.85
West University	249	4,695,697	159,623	3.4%	77,618	0	0	\$25.64
Winter Park	413	3,526,733	252,017	7.1%	21,228	30,436	0	\$32.26
Totals	10,748	148,370,339	9,002,489	6.0%	785,454	787,030	960,003	\$23.62

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Total Available SF	Avail %				
Brevard County	2,974	35,963,976	2,321,491	6.4%	273,294	112,501	92,756	\$15.70
Polk County	2,843	31,448,978	1,756,016	5.5%	61,711	184,595	226,418	\$15.76
Volusia County	3,936	39,951,874	2,640,558	6.6%	2,759	66,832	53,228	\$16.08

United States								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Total Available SF	Vac %				
Entire US	1,048,527	11,703,594,005	732,496,693	6.2%	12,160,180	37,993,588	46,271,328	\$22.09

Period	Asset Value	Vacancy Rate	Availability Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr %	12 Month Net Absorption SF	Market Price/SF	Sales Volume
2021 2q	\$30.4 B	4.6%	6.0%	\$23.62	2.5%	148.4 M	960,003	0.6%	785,454	\$244	\$233.3 M
2021 1q	\$30.1 B	4.6%	6.4%	\$23.39	2.2%	148.2 M	1,023,037	0.7%	765,682	\$189	\$221.1 M
2020 4q	\$29.9 B	4.6%	6.7%	\$23.30	3.0%	148.0 M	1,008,195	0.7%	534,448	\$226	\$414.8 M
2020 3q	\$29.8 B	4.7%	6.8%	\$23.07	3.1%	147.9 M	957,635	0.6%	335,776	\$215	\$267.7 M

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)									
	Period	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total Avail SF	Avail %				
General Retail	2021 2q	8,191	65,949,502	2,460,959	3.7%	763,245	636,173	475,622	\$22.31
	2021 1q	8,175	65,832,503	2,496,676	3.8%	858,274	767,003	535,018	\$22.17
	2020 4q	8,159	65,664,855	2,580,654	3.9%	1,006,727	849,314	518,126	\$22.10
	2020 3q	8,147	65,568,701	2,699,120	4.1%	813,624	766,195	530,470	\$21.86
Mall Market	2021 2q	164	13,027,999	1,431,834	10.8%	(217,458)	21,867	283,141	\$32.82
	2021 1q	162	13,015,632	1,444,918	10.9%	(187,150)	9,500	257,229	\$32.53
	2020 4q	161	13,012,632	1,407,766	10.6%	(219,831)	6,500	207,567	\$32.50
	2020 3q	160	13,006,132	1,357,492	10.3%	(232,196)	0	209,500	\$32.28
Shopping Centers	202q 2q	1,319	46,203,112	3,670,868	7.9%	179,943	93,786	193,560	\$22.45
	2021 1q	1,316	46,168,362	4,047,025	8.7%	141,484	70,836	223,110	\$22.10
	2020 4q	1,312	46,113,970	4,418,830	9.5%	(147,203)	23,244	270,502	\$22.01
	2020 3q	1,312	46,113,970	4,477,010	9.7%	(138,899)	64,442	205,665	\$21.78
Total Retail	2021 2q	10,748	148,370,339	9,002,489	6.0%	785,454	787,030	960,003	\$23.62
	2021 1q	10,727	148,206,223	9,525,539	6.4%	765,682	926,043	1,023,037	\$23.39
	2020 4q	10,705	147,969,183	9,940,384	6.7%	534,448	982,217	1,008,195	\$23.30
	2020 3q	10,692	147,866,529	10,120,243	6.8%	335,776	933,796	957,635	\$23.07

Brevard, Polk & Volusia Counties (Adjacent) - Second Quarter 2021									
	County	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total Avail SF	Avail %				
General Retail	Brevard	2,458	19,244,934	789,471	4.1%	132,872	58,821	14,140	\$15.09
	Polk	2,409	17,395,940	648,557	3.7%	150,295	184,595	92,781	\$14.79
	Volusia	3,317	22,386,333	822,054	3.7%	108,534	63,560	43,059	\$15.35
Mall Market	Brevard	26	3,321,415	85,837	2.6%	(19,961)	0	0	\$20.17
	Polk	35	2,222,566	348,902	15.6%	19,642	0	9,200	\$22.03
	Volusia	20	1,413,889	397,096	28.1%	(160,434)	0	0	\$20.75
Shopping Centers	Brevard	210	9,340,545	1,233,272	13.1%	76,520	53,680	70,916	\$15.49
	Polk	229	8,752,168	637,683	7.2%	(101,233)	0	75,600	\$14.99
	Volusia	316	11,692,971	1,111,052	9.5%	(72,434)	3,272	10,169	\$16.35
Total Retail	Brevard	2,974	35,963,976	2,321,491	6.4%	273,294	112,501	92,756	\$15.70
	Polk	2,843	31,448,978	1,756,016	5.5%	61,711	184,595	226,418	\$15.76
	Volusia	3,936	39,951,874	2,640,558	6.6%	2,759	66,832	53,228	\$16.08

