

Retail demand in Orlando continues to improve, and solid rent growth is being driven by strong foot traffic and steady in-store sales. Consumer spending has remained strong even with inflationary headwinds and Central Florida's rebounding tourism industry is essentially back to pre-pandemic levels. Strong household formation and population growth due to net in-migration to Central Florida is encouraging new development, and consumers with pandemic-era savings spent at higher levels year over year near the close of 2021.

Tourism levels have rebounded in hospitality areas resulting in an overall decline in vacancy, rising asking rents and healthy levels of net absorption. The nation's retail sector continues to contend with the disruptive impacts of the Omicron variant, the risk of inflation, and supply chain bottlenecks, but overall, the Orlando metropolitan area is faring relatively well.

Grocery-anchored shopping centers have generally performed well given the essential nature of their anchors over the course of the pandemic, which ensured foot traffic and kept smaller inline stores in the black. Furniture stores and fitness centers have seen a resurgence of activity over the last year. Overall, more than a dozen new deals for retail space greater than 20,000 SF have closed over the trailing 12-month period.

Asking retail rents are up 5.2% over the trailing 12-month period, well above the National Index increase of 3.0%. The current average asking rent in Orlando is \$24.57/SF, slightly ahead of the National Index at \$22.57/SF. Orlando's robust retail sector accounts for 1.3% of the National Index's total retail inventory and 2.2% of all retail space currently under construction across the country.

Developers remain bullish on Orlando but have practiced restraint since the onset of the pandemic. There is a total of 1 million SF under construction in addition to 794,000 SF that delivered within 2021. Recent supply additions were more than offset by net absorption, indicative of a retail sector in recovery. New retail projects under construction comprise only 0.7% of the total market's inventory, suggesting continued developer discipline.

However, there are several significant new developments planned or in the early stages such as the 35-acre WaterStar Orlando mixed-use project, the \$1 billion Everest Place resort, a \$60 million redevelopment of the Formosa Gardens Shopping Center, the \$100 million Celebration Pointe mixed-use project and the \$1 billion O-Town West development. Costco and Floor & Décor have signed on to anchor the new 140-acre Plaza Collina Center. Anchor boxes vacated by SteinMart and The Fresh Market are being replaced with new stores for Publix and Marshalls.

Retail investment volume over the last year has been steady, driven by strong overall economic fundamentals and continued investor confidence in the market. Approximately 80% of all retail sales over the past year were sold and acquired by private buyers. Top sellers over the last year have included Intram Investments and Walgreens Boots Alliance while top buyers include Orion Real Estate Group and Continental Realty Corporation.

One of the most significant recent sales occurred in late December 2021 when CORE Investment Management acquired the 110,000-SF, Publix-anchored Williamsburg Downs Shopping Center in the Tourist Corridor for \$28.8 million, or approximately \$263/SF. The center is less than 2 miles from SeaWorld Orlando, Aquatica Water Park and Discovery Cove.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
150,471,650 SF



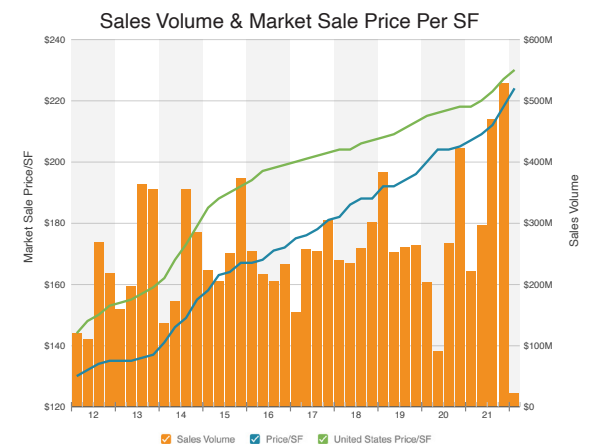
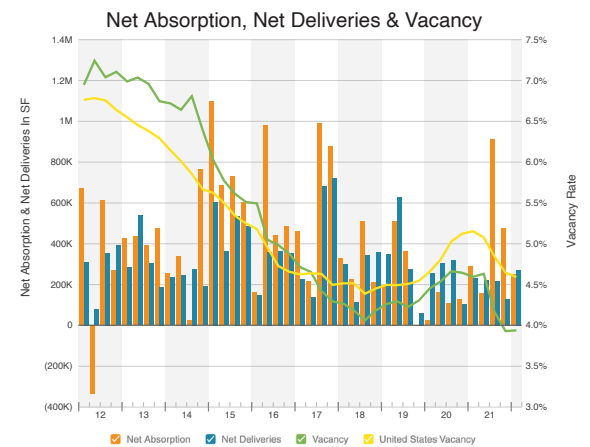
Under Construction
1,017,512 SF



8 Shopping Centers
1,000,000 SF+

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

Quarterly Trends



Total Retail Market Statistics

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	682	9,380,143	611,210	6.5%	(65,683)	(21,448)	0	\$21.34
Altamonte/Douglas	407	5,539,740	401,981	7.1%	121,737	(11,696)	114,000	\$25.29
Apopka	234	3,238,118	82,812	2.6%	59,425	8,900	0	\$21.35
Casselberry	465	7,135,204	405,789	5.7%	98,358	(988)	21,000	\$22.59
Downtown Orlando	253	2,690,652	166,834	6.2%	(30,411)	0	0	\$31.87
East Seminole Outlying	212	2,299,378	123,793	5.3%	86,313	54,794	20,600	\$24.61
Kissimmee	527	8,819,182	350,779	4.0%	112,051	38,437	3,285	\$20.94
Lake County	1,681	20,153,316	923,000	4.6%	132,019	179,377	113,633	\$19.92
Lake Mary	234	3,361,009	181,496	5.4%	86,453	0	0	\$28.54
Lee Road	142	1,489,667	170,402	11.4%	44,525	2,500	0	\$18.45
Longwood	188	1,911,119	91,836	4.8%	6,176	0	0	\$18.05
Maitland	62	987,919	118,157	12.0%	(13,082)	0	0	\$25.57
Maitland Center	190	2,674,094	83,402	3.1%	36,405	0	0	\$20.73
Metro West	297	2,690,815	79,496	2.9%	4,926	0	26,400	\$24.70
NW Orange Outlying	121	1,191,302	124,281	10.0%	48,031	64,987	52,600	\$21.76
Orlando Airport	101	1,513,693	15,500	1.0%	22,394	7,000	0	\$28.20
Orlando Central Park	462	9,939,918	443,281	4.4%	35,439	(4,554)	24,781	\$29.44
Osceola Outlying	554	8,129,342	236,924	2.9%	120,065	59,756	36,333	\$25.46
Sanford	457	5,539,102	644,326	11.6%	(23,107)	16,900	2,283	\$24.50
SE Orange Outlying	483	6,808,633	408,211	5.9%	212,540	227,800	78,850	\$27.10
South Orange	305	2,422,359	194,017	8.0%	54,521	(6,533)	0	\$21.32
St. Cloud	207	2,117,714	46,737	2.2%	80,322	17,733	20,000	\$20.79
SW Orange Outlying	181	3,716,731	121,933	3.2%	56,013	34,762	81,433	\$33.58
Tourist Corridor	603	13,377,017	772,205	5.7%	158,370	102,210	83,141	\$31.42
University	61	662,792	108,682	16.4%	12,548	9,100	0	\$31.08
University Research	56	727,658	39,244	5.4%	(9,787)	0	0	\$27.93
W Seminole Outlying	89	1,348,833	101,863	7.6%	41,954	0	0	\$18.95
West Colonial	915	12,350,185	900,112	7.1%	268,085	(3,040)	339,173	\$20.61
West University	250	4,735,619	140,480	3.0%	(9,635)	0	0	\$26.45
Winter Park	411	3,520,396	194,285	5.5%	84,412	17,792	0	\$33.22
Totals	10,830	150,471,650	8,283,068	5.5%	1,831,377	793,789	1,017,512	\$24.57

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	2,987	34,924,579	2,236,535	6.4%	394,352	50,231	82,550	\$16.10
Polk County	2,871	31,793,223	1,603,119	5.0%	403,293	299,054	100,363	\$16.47
Volusia County	3,955	39,921,054	2,114,183	5.3%	809,342	68,165	50,597	\$16.76

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	1,053,936	11,760,028,285	670,113,195	5.7%	76,646,976	21,459,981	50,577,352	\$22.57

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 4q	\$33.1 B	3.9%	5.5%	\$24.57	5.0%	150.5 M	1.0 M	0.7%	1,831,377	\$268	\$530.2 M
2021 3q	\$32.2 B	4.2%	5.6%	\$24.02	3.7%	150.3 M	1.1 M	0.8%	1,485,872	\$290	\$469.7 M
2021 2q	\$31.7 B	4.6%	6.0%	\$23.72	2.5%	150.1 M	1.3 M	0.9%	678,567	\$254	\$297.1 M
2021 1q	\$31.3 B	4.6%	6.4%	\$23.54	2.5%	149.9 M	1.3 M	0.9%	684,120	\$189	\$221.1 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 4q	8,257	67,184,976	2,252,496	3.3%	954,551	657,389	571,265	\$23.25
	2021 3q	8,247	67,066,831	2,239,773	3.3%	936,292	635,398	672,461	\$22.79
	2021 2q	8,238	66,860,146	2,432,885	3.6%	820,417	717,541	802,783	\$22.50
	2021 1q	8,218	66,687,072	2,473,799	3.7%	899,251	790,971	806,471	\$22.41
Mall Market	2021 4q	165	13,475,208	1,473,854	10.7%	1,060	15,367	283,141	\$34.67
	2021 3q	165	13,475,208	1,486,049	10.8%	(152,308)	21,867	283,141	\$33.88
	2021 2q	165	13,475,208	1,550,754	11.3%	(320,522)	21,867	283,141	\$33.46
	2021 1q	163	13,462,841	1,563,838	11.4%	(306,070)	9,500	257,229	\$33.22
Shopping Centers	2021 4q	1,336	46,654,440	3,324,453	7.1%	615,351	91,353	142,973	\$23.22
	2021 3q	1,336	46,654,440	3,351,668	7.2%	557,037	91,353	142,973	\$22.63
	2021 2q	1,335	46,652,229	3,705,332	7.9%	126,726	93,786	193,560	\$22.34
	2021 1q	1,332	46,617,479	4,082,989	8.7%	145,643	70,836	223,110	\$22.06
Total Retail	2021 4q	10,830	150,471,650	8,283,068	5.5%	1,831,377	793,789	1,017,512	\$24.57
	2021 3q	10,818	150,343,505	8,506,944	5.6%	1,485,872	768,298	1,128,708	\$24.02
	2021 2q	10,807	150,126,929	9,131,799	6.0%	678,567	868,398	1,292,164	\$23.72
	2021 1q	10,782	149,906,738	9,661,446	6.4%	684,120	950,011	1,299,490	\$23.54

Brevard, Polk & Volusia Counties (Adjacent)									
	County	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total Avail SF	Avail %				
General Retail	Brevard	2,456	19,154,030	767,583	4.0%	74,906	34,631	52,550	\$15.70
	Polk	2,440	17,644,320	494,086	2.8%	254,782	174,617	31,863	\$15.62
	Volusia	3,335	22,488,568	796,432	3.5%	348,850	29,948	42,497	\$16.13
Mall Market	Brevard	36	2,413,148	269,159	11.2%	(115,955)	0	0	\$19.70
	Polk	35	2,235,588	347,683	15.1%	68	0	64,200	\$22.19
	Volusia	19	1,394,473	235,262	16.9%	1,400	0	0	\$20.42
Shopping Centers	Brevard	213	9,281,822	1,067,969	11.5%	299,283	7,900	30,000	\$16.01
	Polk	228	8,853,186	598,219	6.8%	133,296	124,437	4,300	\$15.61
	Volusia	319	11,770,710	767,648	6.5%	366,010	29,217	8,100	\$17.01
Total Retail	Brevard	2,987	34,924,579	2,236,535	6.4%	394,352	50,231	82,550	\$16.10
	Polk	2,871	31,793,223	1,603,119	5.0%	403,293	299,054	100,363	\$16.47
	Volusia	3,955	39,921,054	2,114,183	5.3%	809,342	68,165	50,597	\$16.76

Entire US									
	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates	
	# Blds	Total GLA	Total Avail SF	Avail %					
General Retail	862,447	6,272,250,992	233,445,317	3.7%	43,065,856	13,768,439	35,555,768	\$21.88	
Mall Market	10,208	910,623,693	69,582,082	7.6%	(4,534,720)	180,981	3,857,468	\$30.61	
Shopping Centers	97,457	2,973,656,891	260,431,728	8.7%	25,274,440	3,670,790	5,813,842	\$21.54	
Total Retail	1,053,936	11,760,028,285	670,113,195	5.7%	76,646,976	21,459,981	50,577,352	\$22.57	