

The Orlando office market has felt the impact of the coronavirus pandemic, but has held up relatively well compared to most metros across the country. Orlando's office market continues to show improvement with market rents up 3.1% over the trailing 12-month period to \$26.18/SF on a full-service basis. The metro has been significantly outpacing overall US rent growth, which is at 0.9%.

Vacancy has remained flat over the last year, declining slightly by -0.4% during 22Q1 to 11.3%, which is well below the historical high of 14.4% following the Great Recession. Net absorption of office space in Orlando has been solid, with 1,000,000 SF of space absorbed over the trailing 12-month period, the second highest rate in Florida behind Miami. Market conditions are still tight by Orlando's historical standards and vacancies are well below the national average vacancy rate of 15.6%.

Many companies who postponed their long-term office strategies due to pandemic-related concerns have begun to re-enter the market, which should positively impact rents through 2022. While office tenants had been hesitant to sign deals longer than one-year renewals, new leases in the three- to five-year range are becoming more common.

While a quick glance at Orlando's sublet vacancy rate may indicate distress, the number is somewhat deceiving as nearly 40% of total sublease space is composed of large office blocks of 50,000 SF and above. These larger blocks of space offer potential for incoming companies.

Orlando benefits from a steady stream of corporate relocations and expansions. The Walt Disney Company revealed plans to relocate 2,000 jobs to the Lake Nona area. Additionally, tech company Checkr, Inc. announced plans for a third HQ in Orlando and Deloitte struck a deal with the Seminole County Commission that will enable it to expand locally.

Office development activity has taken place throughout the pandemic. Equity Partners is seeking to break ground on a new 68,000-SF spec office building at 12700 Ingenuity Drive. In the Tourist Corridor submarket, Unicorp National Developments is underway on a 299,520-SF Class A office building at OTown West that has been largely pre-leased by Marriott Vacations Worldwide, which is expected to deliver in summer 2023. Lincoln Property Company has confirmed plans to begin work in summer 2022 on The Edge, a new Downtown office tower that will have 200,000-SF of office space, in addition to 240 multifamily units and a private club level, situated adjacent to the recently delivered Truist Tower.

Investors are feeling more confident in Orlando's office market fundamentals and are deploying capital again. High volume deals are driving investment activity. This strengthening investment activity bodes well for office investment in 2022, particularly in suburban areas where greater physical flexibility is available.

Orlando's economy benefits from its growing roster of tech tenants and an established defense sector as well as the presence of world-renowned theme parks. The talent pool is deep, fed not only by the proximity of the University of Central Florida and Rollins College but also from strong net migration of highly educated workers relocating to Central Florida.

The recent pandemic changed the economic landscape somewhat in Orlando, but only temporarily. Key economic indicators show strength as office-using employment has grown with the professional and business services sector up 9.3% year over year. However, the market is contending with rising housing costs coupled with a median income well below the national average. Residential housing demand continues to climb across the Orlando area, driven largely by strong net in-migration. Home prices and multifamily rents have appreciated at a record pace since the start of the pandemic.

Source: CoStar Property

## ORLANDO MSA Office Market



Total Office Space  
102,201,135 SF



Under Construction  
1,443,218 SF



International Companies  
150+

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

## Quarterly Trends



NET ABSORPTION



VACANCY RATE

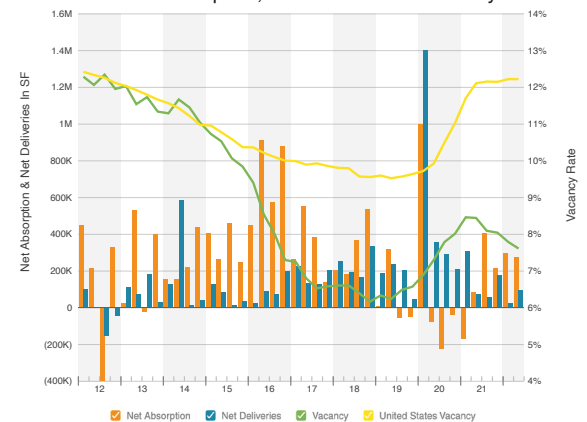


CONSTRUCTION

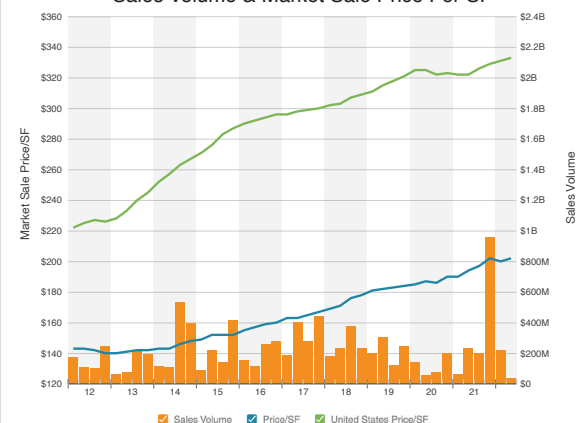


ASKING RATES

### Net Absorption, Net Deliveries & Vacancy



### Sales Volume & Market Sale Price Per SF



## 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	Vac %				
436 Corridor	629	4,978,168	353,044	7.1%	58,896	25,000	0	\$24.74
Altamonte/Douglas	467	4,839,547	533,481	11.0%	118,529	0	0	\$21.01
Apopka	121	796,161	48,315	6.1%	47,729	0	0	\$25.03
Casselberry	273	2,083,433	204,853	9.7%	11,202	28,500	20,389	\$21.61
Downtown Orlando	493	13,121,592	1,881,000	14.3%	316,988	168,247	0	\$28.35
East Seminole Outlying	91	550,692	8,525	1.5%	47,080	0	8,800	\$25.36
Kissimmee	358	2,719,514	98,561	3.6%	99,883	22,540	29,500	\$24.90
Lake County	1,064	5,762,661	235,374	4.1%	68,128	(47,580)	5,000	\$25.12
Lake Mary	295	8,461,144	1,419,192	16.7%	123,467	22,834	51,276	\$25.24
Lee Road	137	1,286,390	148,685	11.6%	(8,208)	0	0	\$21.87
Longwood	196	1,444,285	180,241	12.5%	49,938	0	0	\$19.74
Maitland	98	1,008,754	46,484	4.6%	2,198	0	0	\$26.60
Maitland Center	177	7,923,424	1,601,531	20.2%	(124,012)	0	0	\$24.08
Metro West	158	2,164,747	186,965	8.6%	48,796	0	0	\$24.77
NW Orange Outlying	49	550,208	57,716	10.0%	14,218	0	26,000	\$27.81
Orlando Airport	44	1,233,954	63,023	5.1%	94,919	0	0	\$25.85
Orlando Central Park	190	4,135,521	725,982	17.6%	(79,057)	0	0	\$21.91
Osceola Outlying	144	2,859,000	144,536	5.0%	85,223	4,500	26,660	\$30.79
Sanford	255	1,485,172	89,745	6.0%	38,041	6,500	0	\$18.80
SE Orange Outlying	175	4,240,842	664,348	14.0%	21,247	0	489,875	\$34.05
South Orange	393	2,637,529	65,467	2.5%	27,813	0	0	\$28.10
St. Cloud	118	573,403	18,336	3.2%	2,227	0	0	\$26.75
SW Orange Outlying	85	1,383,289	74,134	5.2%	6,696	24,935	49,745	\$34.49
Tourist Corridor	236	9,843,625	1,265,298	12.5%	(142,048)	0	299,520	\$27.11
University	49	2,130,668	618,913	29.0%	(134,484)	0	0	\$27.06
University Research	49	3,085,182	279,869	8.9%	(2,013)	25,209	68,703	\$25.74
W Seminole Outlying	55	370,945	12,764	3.4%	(455)	0	0	\$21.35
West Colonial	592	3,801,359	361,554	9.4%	100,548	40,925	50,750	\$24.80
West University	63	1,033,578	101,752	9.8%	24,189	0	0	\$27.23
Winter Park	582	5,696,348	260,561	4.3%	83,640	6,500	317,000	\$30.05
<b>Totals</b>	<b>7,636</b>	<b>102,201,135</b>	<b>11,750,249</b>	<b>11.3%</b>	<b>1,001,318</b>	<b>328,110</b>	<b>1,443,218</b>	<b>\$26.18</b>

CBD	493	13,121,592	1,881,000	14.3%	316,988	168,247	0	\$28.35
Suburban	5,607	66,265,479	6,457,828	9.5%	932,976	134,863	1,443,218	\$26.27
Urban	1,536	22,814,064	3,411,421	15.0%	(248,646)	25,000	0	\$24.69

## 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	Vac %				
Brevard County	1,792	16,494,991	1,267,930	7.7%	78,511	22,000	30,000	\$20.12
Polk County	1,681	14,287,435	1,474,778	10.2%	(11,799)	60,557	212,000	\$20.71
Volusia County	1,984	14,203,833	783,878	5.5%	71,040	66,505	25,700	\$20.33

## 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	344,285	8,264,314,008	1,311,161,734	15.6%	6,030,993	54,718,575	143,971,392	\$34.65

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
2022 1q	\$20.6 B	7.8%	11.3%	\$26.18	3.7%	102.2 M	1,443,218	1.4%	1,001,318	\$161	\$221.2 M
2021 4q	\$20.7 B	8.0%	11.7%	\$26.10	3.5%	102.2 M	1,039,696	1.0%	533,768	\$211	\$957.1 M
2021 3q	\$20.1 B	8.1%	11.6%	\$25.88	3.0%	102.0 M	1,167,285	1.1%	275,055	\$183	\$197.9 M
2021 2q	\$19.8 B	8.4%	11.2%	\$25.67	0.9%	101.9 M	477,717	0.5%	(357,654)	\$160	\$232.5 M