

Orlando's economy benefits from a growing roster of tech tenants, an established defense sector and 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 metro's fast-expanding population and the region's resilient economy continue to drive strong consumer spending, which has resulted in an improvement in retail demand. Key economic indicators show strength even as the market contends with rising housing costs coupled with a median income well below the national average.

Overall employment is accelerating and the unemployment rate for March 2022 was 2.9%, which is remarkably close to the November 2019 unemployment rate of 2.8%. 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, and as a result, new development is pushing into areas along the periphery, such as the Four Corners area, Apopka, Kissimmee, and Winter Garden, where land is plentiful and less aggressively priced.

Strong overall economic fundamentals in Orlando have supported growth in retail rents over the last year. The region remains a strong draw with the number of visitors per day at Orlando International Airport approaching pre-pandemic levels. The current average asking rent in Orlando is \$25.24/SF, well ahead of the National Index rate of \$22.89/SF. There is a total of 7.6 million SF available, only 140,000 SF of which is sublease space, and big-box vacancies are slowly being absorbed.

All retail categories have seen a general increase in market rents, including malls, many of which have seen their occupancies hard hit as consumer preferences shift away from enclosed centers and as aging stock loses its appeal. Those properties are increasingly being evaluated for adaptive reuse projects given their location and large parking fields as a result of the ascension of e-commerce as a steadily growing share of overall retail sales.

Orlando's retail sector accounts for just over 1% of the National Index's total retail inventory and roughly 3% of all retail space currently under construction across the country. Retail development is pushing out into areas along Orlando's periphery that were previously overlooked.

Developers have largely practiced restraint since the onset of the pandemic. There is a total of 2.1 million SF under construction in addition to 855,000 SF that delivered within the last year. Recent supply additions were largely offset by the 1.9 million SF of net absorption that took place over the past 12-months. New retail projects under construction comprise only 1.4% of total inventory, suggesting continued developer discipline.

Retail investment volume over the last year has been steady, driven by strong overall economic fundamentals and continued investor confidence in the Central Florida market. Approximately 80% of all retail sales over the past year were sold and acquired by private buyers.

On a cautionary note, the recent spike in home prices and rental rates along with a lack of substantial new construction, will begin weighing on the Central Florida economy. The continuing inflation rate is also going to have noticeable effects. Recent tech immigrants aside, the median income in the area is well below the national average. As a growing percentage of income is allocated to fundamentals like groceries, rent and gas, there will be less available for other categories such as dining out, entertainment and anything other than necessities. This will eventually be an economic drag for most locations other than the tourist corridor, which may be insulated by visitors' spending.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
150,581,706 SF



Under Construction
2,125,216 SF



8 Shopping Centers
1,000,000 SF+

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

Quarterly Trends

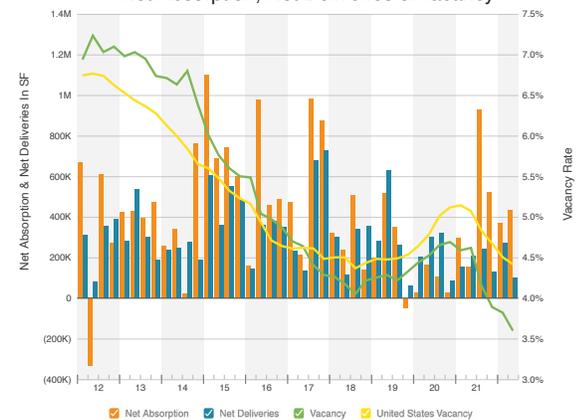
NET ABSORPTION

VACANCY RATE

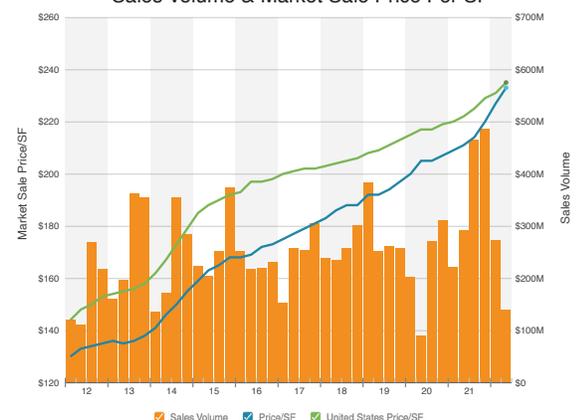
CONSTRUCTION

ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



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	684	9,426,274	532,069	5.6%	(3,673)	(7,757)	0	\$21.90
Altamonte/Douglas	406	5,564,840	361,940	6.4%	232,926	102,304	113,045	\$26.11
Apopka	236	3,259,115	66,692	2.0%	69,091	8,900	7,000	\$21.04
Casselberry	467	7,224,199	259,226	3.6%	132,394	73,502	28,937	\$23.16
Downtown Orlando	250	2,557,169	137,243	5.4%	(9,767)	0	0	\$32.18
East Seminole Outlying	216	2,307,423	104,464	4.5%	77,827	34,014	8,829	\$25.32
Kissimmee	525	8,703,965	245,023	2.8%	106,120	24,552	7,500	\$21.47
Lake County	1,681	20,183,400	795,118	3.9%	398,380	186,320	77,503	\$20.51
Lake Mary	235	3,509,616	148,837	4.2%	61,191	0	0	\$28.25
Lee Road	142	1,489,260	159,533	10.7%	(111,887)	2,500	0	\$18.77
Longwood	189	1,914,669	66,289	3.5%	30,723	0	0	\$18.54
Maitland	63	993,253	124,934	12.6%	(28,497)	4,272	0	\$26.17
Maitland Center	191	2,679,915	99,465	3.5%	9,529	0	173,662	\$21.40
Metro West	298	2,736,958	65,424	2.4%	8,748	0	26,400	\$25.52
NW Orange Outlying	124	1,182,281	71,301	6.0%	120,766	90,387	0	\$22.80
Orlando Airport	102	1,519,093	15,830	0.8%	22,924	12,400	468,270	\$29.15
Orlando Central Park	464	9,975,508	466,166	4.7%	19,764	0	24,781	\$30.15
Osceola Outlying	554	8,136,297	248,251	3.0%	82,623	55,419	116,812	\$26.29
Sanford	454	5,392,945	612,687	11.4%	(19,511)	2,283	0	\$25.72
SE Orange Outlying	485	6,829,106	354,099	5.1%	228,015	167,349	115,788	\$27.92
South Orange	303	2,406,330	118,624	4.9%	99,157	(6,533)	0	\$21.96
St. Cloud	206	2,114,877	35,177	1.6%	25,030	7,733	20,000	\$21.32
SW Orange Outlying	185	3,766,597	131,271	3.3%	38,672	9,942	270,435	\$34.49
Tourist Corridor	605	13,442,924	719,129	5.3%	191,589	90,340	251,339	\$32.16
University	61	661,786	124,850	18.9%	(4,631)	0	0	\$31.52
University Research	54	633,995	39,244	6.2%	(6,429)	(9,261)	3,000	\$28.89
W Seminole Outlying	89	1,348,833	45,695	3.4%	79,940	0	0	\$19.42
West Colonial	914	12,352,650	1,135,751	8.9%	30,408	7,921	392,915	\$21.28
West University	250	4,737,145	136,185	2.9%	4,680	0	19,000	\$27.11
Winter Park	414	3,531,283	180,947	5.1%	87,459	(1,600)	0	\$33.91
Totals	10,847	150,581,706	7,601,464	5.0%	1,973,561	854,987	2,125,216	\$25.24

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	2,994	34,910,666	2,188,075	6.2%	216,316	(85,365)	456,975	\$16.47
Polk County	2,876	31,873,748	1,468,602	4.6%	555,054	339,416	157,600	\$16.85
Volusia County	3,961	40,133,241	2,414,836	6.0%	485,031	129,780	133,577	\$17.23

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	1,056,662	11,783,487,163	638,343,370	5.4%	93,942,832	19,562,709	53,420,456	\$22.89

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	\$34.6 B	3.8%	5.0%	\$25.24	7.2%	150.6 M	2.1 M	1.4%	2.0 M	\$268	\$274.0 M
2021 4q	\$33.6 B	3.9%	5.4%	\$24.57	5.0%	150.3 M	1.8 M	1.2%	1.9 M	\$255	\$486.9 M
2021 3q	\$32.7 B	4.2%	5.6%	\$24.07	4.0%	150.2 M	1.7 M	1.2%	1.4 M	\$290	\$466.2 M
2021 2q	\$32.2 B	4.6%	6.0%	\$23.75	2.8%	149.9 M	1.8 M	1.2%	0.6 M	\$248	\$289.6 M

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)									
	Period	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Bids	Total GLA	Total Avail SF	Avail %				
General Retail	2022 1q	8,267	67,313,969	1,915,580	2.8%	1,100,003	679,143	855,376	\$23.78
	2021 4q	8,262	67,084,688	2,139,105	3.2%	940,035	532,515	757,995	\$23.17
	2021 3q	8,253	66,975,233	2,117,919	3.1%	858,259	504,225	750,520	\$22.77
	2021 2q	8,242	66,803,420	2,316,932	3.4%	729,248	612,980	772,643	\$22.47
Mall Market	2022 1q	168	13,505,892	1,345,846	9.7%	112,266	26,940	372,839	\$35.58
	2021 4q	165	13,491,319	1,473,854	10.7%	1,060	15,367	283,229	\$34.62
	2021 3q	165	13,491,319	1,486,049	10.8%	(152,308)	21,867	283,229	\$33.90
	2021 2q	165	13,491,319	1,550,754	11.3%	(320,522)	21,867	283,229	\$33.46
Shopping Centers	2022 1q	1,336	46,479,743	3,216,854	6.8%	406,768	97,048	861,139	\$24.00
	2021 4q	1,335	46,473,343	3,305,271	7.0%	695,980	145,040	689,238	\$23.34
	2021 3q	1,335	46,473,343	3,393,478	7.2%	554,948	145,040	624,443	\$22.79
	2021 2q	1,331	46,409,545	3,757,192	8.0%	110,060	85,886	732,117	\$22.47
Total Retail	2022 1q	10,847	150,581,706	7,601,464	5.0%	1,973,561	854,987	2,125,216	\$25.24
	2021 4q	10,837	150,308,326	8,161,948	5.4%	1,902,552	733,652	1,780,621	\$24.57
	2021 3q	10,825	150,177,821	8,431,016	5.6%	1,408,749	690,812	1,729,401	\$24.07
	2021 2q	10,809	149,934,530	9,071,822	6.0%	572,081	755,937	1,841,745	\$23.75

Brevard, Polk & Volusia Counties (Adjacent)									
	County	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Bids	Total GLA	Total Avail SF	Avail %				
General Retail	Brevard	2,464	19,258,209	724,911	3.7%	66,338	(11,717)	422,975	\$16.16
	Polk	2,444	17,640,422	407,550	2.3%	334,191	126,116	149,538	\$16.04
	Volusia	3,341	22,750,763	851,952	3.7%	247,384	83,463	92,658	\$16.73
Mall Market	Brevard	36	2,413,148	301,416	12.5%	(190,517)	0	0	\$20.03
	Polk	37	2,299,788	342,883	14.9%	25,137	64,200	3,662	\$22.58
	Volusia	19	1,394,473	222,804	16.0%	(30)	0	0	\$20.70
Shopping Centers	Brevard	212	9,161,788	1,045,445	11.4%	196,909	(73,648)	34,000	\$16.25
	Polk	227	8,869,846	563,355	6.3%	169,360	149,100	4,400	\$15.91
	Volusia	320	11,808,848	988,420	8.3%	138,954	37,317	40,919	\$17.50
Total Retail	Brevard	2,994	34,910,666	2,188,075	6.2%	216,316	(85,365)	456,975	\$16.47
	Polk	2,876	31,873,748	1,468,602	4.6%	555,054	339,416	157,600	\$16.85
	Volusia	3,961	40,133,241	2,414,836	6.0%	485,031	129,780	133,577	\$17.23

Entire US									
	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates	
	# Bids	Total GLA	Total Avail SF	Avail %					
General Retail	865,135	6,297,305,309	224,296,035	3.5%	42,276,776	11,827,864	37,120,800	\$22.15	
Mall Market	10,212	910,491,898	65,066,178	7.1%	375,398	670,411	3,640,975	\$31.02	
Shopping Centers	97,421	2,970,397,706	247,202,919	8.3%	33,773,492	3,066,878	7,390,462	\$21.89	
Total Retail	1,056,662	11,783,487,163	638,343,370	5.4%	93,942,832	19,562,709	53,420,456	\$22.89	