

Orlando's retail sector continues to do well, even facing stubbornly high inflation, building recessionary headwinds and lags in the supply chain. The region's resilient economy is fueled by a steady influx of new residents coming from outside the market, a rise in average incomes and a tourism industry that has completely rebounded. Consumer spending continues to be strong and the sector has posted an overall decline in vacancy, rising asking rents and healthy levels of net absorption. The rise in population is encouraging new development and retail demand is projected to remain strong over the next 5 years according to CoStar's base case forecast.

Total retail vacancy in Orlando is very near its lowest point in the trailing 10-year period at 3.7% and is projected to level out in the 3.5% to 4% range through the end of 2023. The market's current vacancy rate is slightly lower than the National Index of 4.2%, which is notable given that the market has greater exposure to pressures within the leisure and hospitality sector than many leading metros. There is a total of 4.9 million SF available, only 120,000 SF of which is composed of sublease space, and larger-box vacancies in key corridors are becoming harder to find.

Orlando's robust retail sector accounts for only 1% of the National Index's total retail inventory but is home to nearly 4% of all retail space currently under construction in the country. Retail development is increasingly pushing out into areas along Orlando's periphery that were previously overlooked by developers and which are now attracting an outsized share of new homeowners. The urban core remains short on retail tenants relative to the recent surge in apartment development, but city officials are working to address concerns impeding retail leasing in Downtown Orlando.

While retail construction activity has remained relatively restrained in Orlando over the last year, it was still strong enough to rank the market 12th in the US for total space delivered in the trailing 12-month period ending with Q1-23. Even more impressive is that when looking at new deliveries as a share of total inventory, Orlando ranked in 7th place.

The market's retail inventory has grown by about 8% over the last decade. There is a total of 2.3 million SF under construction in addition to 763,000 SF that delivered within the last year, and recent supply additions have been more than offset by the 958,000 SF of net absorption that took place over the past 12-months. New retail projects under construction comprise an expansion of only 1.5% of the total market's inventory, suggesting developer discipline persists. The market also ranks second in Florida for the amount of new space underway, outranked only by Miami.

Strong overall economic fundamentals in Orlando have supported a quick pace of growth in retail rents over the last year. Asking retail rents are up 7.5% over the trailing 12-month period, well above the increase in the National Index of 3.5% over the same time frame. The current average asking rent in Orlando is \$27.55/SF, well ahead of the National Index rate of \$24.08/SF. Rent growth in Orlando has been so healthy over the past year that it ranked the market third in the nation for year over year rent growth as of March 2023. Only the Jacksonville and Fort Lauderdale markets ranked higher, and the nearby Tampa market was ranked just behind Orlando in fifth place.

Investors remain committed to chasing retail opportunities in Orlando given its strong long-term prospects for both retail demand and property appreciation, especially within areas with strong foot traffic resulting from tourism. Retail sales volume during 2022 set a record at just over \$1.8 billion, far outpacing the previous record set the year prior, yet 2023 has started off more quietly with just over \$290 million in retail assets changing hands. The lessened volume is likely due to still-rising interest rates, which are taking a toll on investor demand across all sectors.

Source: CoStar Property

## ORLANDO MSA Retail Market



**Total Retail Space**  
152,957,135 SF



**Under Construction**  
2,278,588 SF



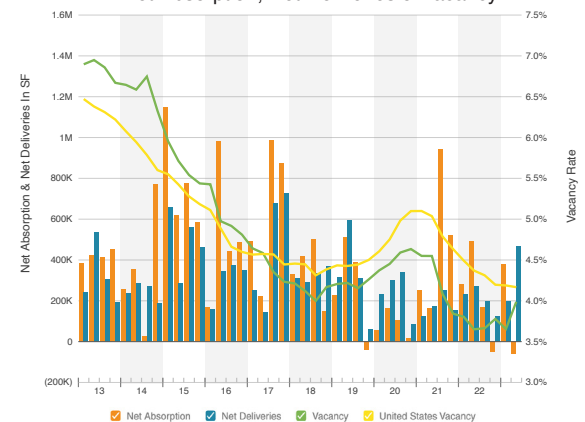
**8 Shopping Centers**  
1,000,000 SF+

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

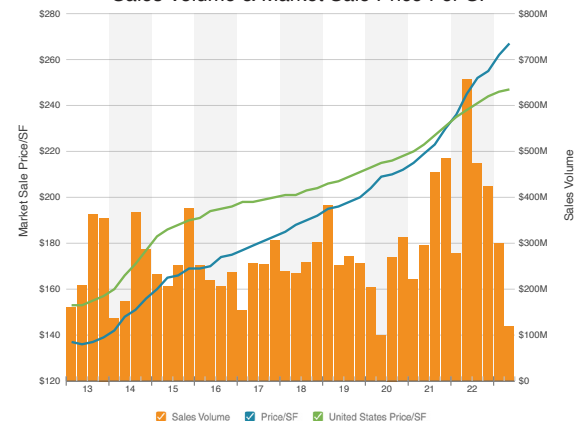
## Quarterly Trends



### Net Absorption, Net Deliveries & Vacancy



### Sales Volume & Market Sale Price Per SF



| Orlando MSA (Lake, Orange, Osceola & Seminole Counties) |                    |                    |                  |             |                            |                       |                  |                |
|---|--------------------|--------------------|------------------|-------------|----------------------------|-----------------------|------------------|----------------|
| Market  | Existing Inventory |                    | Vacancy          |             | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF   | Quoted Rates   |
|   | # Blds             | Total GLA          | Available SF     | Vac %       |                            |                       |                  |                |
| 436 Corridor  | 686                | 10,187,385         | 418,907          | 4.2%        | 149,215                    | (12,049)              |                  | \$23.77        |
| Altamonte/Douglas                                       | 411                | 5,507,045          | 268,027          | 5.2%        | 21,230                     | 53,000                | 78,156           | \$28.59        |
| Apopka  | 240                | 3,344,074          | 79,515           | 2.4%        | 11,471                     | 7,000                 | 55,942           | \$24.07        |
| Casselberry   | 474                | 7,377,772          | 291,890          | 5.6%        | (98,105)                   | 26,650                | 35,784           | \$25.34        |
| Downtown Orlando  | 255                | 1,809,018          | 191,877          | 10.8%       | (81,603)                   | 0                     | 0                | \$28.21        |
| East Seminole Outlying                                  | 219                | 2,339,009          | 58,411           | 2.6%        | 36,727                     | 13,653                | 83,829           | \$28.14        |
| Kissimmee   | 536                | 8,828,193          | 286,870          | 3.4%        | (134,162)                  | 28,800                | 11,682           | \$23.01        |
| Lake County   | 1,700              | 20,281,115         | 547,077          | 2.8%        | 208,885                    | 104,562               | 161,275          | \$22.45        |
| Lake Mary   | 231                | 3,428,733          | 149,291          | 4.5%        | (45,728)                   | (6,612)               | 17,112           | \$32.25        |
| Lee Road  | 144                | 1,507,554          | 27,775           | 3.7%        | 135,250                    | 0                     | 0                | \$20.23        |
| Longwood  | 194                | 1,923,030          | 53,617           | 3.0%        | (13,921)                   | 0                     | 0                | \$19.74        |
| Maitland  | 64                 | 990,783            | 100,008          | 10.7%       | 21,616                     | 0                     | 0                | \$28.58        |
| Maitland Center   | 194                | 3,061,277          | 84,298           | 2.8%        | (24,228)                   | 0                     | 65,000           | \$24.56        |
| Metro West  | 300                | 2,843,379          | 53,658           | 2.0%        | 38,092                     | 26,400                | 9,040            | \$27.60        |
| NW Orange Outlying                                      | 128                | 1,396,112          | 18,942           | 1.5%        | 45,132                     | (6,254)               | 13,500           | \$25.15        |
| Orlando Airport   | 102                | 1,504,786          | 22,816           | 1.5%        | (8,750)                    | 0                     | 0                | \$32.00        |
| Orlando Central Park                                    | 469                | 10,000,400         | 475,149          | 6.6%        | (233,927)                  | 4,000                 | 24,629           | \$32.97        |
| Osceola Outlying  | 565                | 8,152,045          | 130,758          | 1.6%        | 92,786                     | 33,941                | 625,061          | \$29.03        |
| Sanford   | 458                | 5,546,211          | 159,488          | 4.7%        | 184,944                    | 0                     | 0                | \$27.70        |
| SE Orange Outlying                                      | 498                | 6,963,173          | 52,241           | 1.1%        | 61,197                     | 41,081                | 240,135          | \$30.56        |
| South Orange  | 305                | 2,405,191          | 48,855           | 2.7%        | 11,242                     | (4,752)               | 4,752            | \$24.10        |
| St. Cloud   | 211                | 2,166,611          | 13,840           | 0.7%        | 32,407                     | 29,080                | 115,999          | \$23.48        |
| SW Orange Outlying                                      | 211                | 4,200,013          | 47,277           | 1.2%        | 253,829                    | 289,800               | 258,930          | \$38.25        |
| Tourist Corridor  | 620                | 13,775,423         | 488,634          | 3.9%        | (7,086)                    | 88,880                | 161,672          | \$35.50        |
| University  | 61                 | 652,287            | 64,490           | 9.9%        | 52,027                     | 0                     | 0                | \$34.70        |
| University Research                                     | 57                 | 768,788            | 33,395           | 4.3%        | 3,795                      | 5,200                 | 0                | \$30.85        |
| W Seminole Outlying                                     | 89                 | 1,351,936          | 13,209           | 1.0%        | 32,577                     | 0                     | 0                | \$21.13        |
| West Colonial   | 916                | 12,250,929         | 535,960          | 4.5%        | 158,396                    | (30,468)              | 316,090          | \$23.29        |
| West University   | 260                | 4,819,926          | 129,146          | 3.5%        | 10,688                     | 36,850                | 0                | \$29.57        |
| Winter Park   | 415                | 3,574,937          | 82,086           | 2.3%        | 44,512                     | 33,852                | 0                | \$36.70        |
| <b>Totals</b>   | <b>11,013</b>      | <b>152,957,135</b> | <b>4,927,507</b> | <b>3.7%</b> | <b>958,508</b>             | <b>762,614</b>        | <b>2,278,588</b> | <b>\$27.55</b> |

| Brevard, Polk & Volusia Counties (Adjacent) |                    |            |              |       |                            |                       |                |              |
|---|--------------------|------------|--------------|-------|----------------------------|-----------------------|----------------|--------------|
| Market                                      | Existing Inventory |            | Vacancy      |       | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF | Quoted Rates |
|   | # Blds             | Total GLA  | Available SF | Vac % |                            |                       |                |              |
| Brevard County                              | 3,036              | 35,303,012 | 1,499,307    | 4.5%  | 273,160                    | 265,783               | 306,369        | \$17.50      |
| Polk County                                 | 2,933              | 32,626,928 | 769,365      | 2.6%  | 481,320                    | 320,226               | 528,636        | \$17.92      |
| Volusia County                              | 4,008              | 40,765,440 | 1,318,641    | 4.1%  | 201,232                    | 135,128               | 104,271        | \$18.18      |

| United States |                    |                |              |       |                            |                       |                |              |
|---------------|--------------------|----------------|--------------|-------|----------------------------|-----------------------|----------------|--------------|
| Market        | Existing Inventory |                | Vacancy      |       | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF | Quoted Rates |
|               | # Blds             | Total GA       | Available SF | Vac % |                            |                       |                |              |
| Entire US     | 1,068,367          | 11,911,805,013 | 414,762,223  | 4.2%  | 64,086,184                 | 28,791,230            | 67,268,032     | \$23.99      |

| 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 |
|---------|-------------|--------------|-------------------|----------------|--------------------|--------------|-----------------|----------------|----------------------------|-----------------|--------------|
| 2023 1q | \$40.7 B    | 3.7%         | 4.5%              | \$27.55        | 8.1%               | 153.0 M      | 2.3 M           | 1.5%           | 1.0 M                      | \$296           | \$299.6 M    |
| 2022 4q | \$39.8 B    | 3.8%         | 4.7%              | \$27.00        | 8.6%               | 152.8 M      | 2.2 M           | 1.4%           | 0.9 M                      | \$212           | \$424.0 M    |
| 2022 3q | \$39.2 B    | 3.7%         | 4.7%              | \$26.47        | 8.5%               | 152.7 M      | 1.8 M           | 1.2%           | 1.5 M                      | \$218           | \$465.9 M    |
| 2022 2q | \$38.1 B    | 3.7%         | 4.6%              | \$25.88        | 7.7%               | 152.5 M      | 1.6 M           | 1.1%           | 2.2 M                      | \$292           | \$657.2 M    |

| Orlando MSA (Lake, Orange, Osceola & Seminole Counties) |         |                    |             |           |       |                            |                       |                |              |
|---|---------|--------------------|-------------|-----------|-------|----------------------------|-----------------------|----------------|--------------|
|   | Period  | Existing Inventory |             | Vacancy   |       | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF | Quoted Rates |
|   |         | # Blds             | Total GLA   | Avail SF  | Vac % |                            |                       |                |              |
| General Retail  | 2023 1q | 8,409              | 69,148,487  | 1,277,113 | 2.1%  | 736,695                    | 562,454               | 1,196,061      | \$25.91      |
|   | 2022 4q | 8,394              | 68,981,957  | 1,433,256 | 2.3%  | 541,662                    | 589,004               | 1,099,623      | \$25.44      |
|   | 2022 3q | 8,381              | 68,893,396  | 1,360,297 | 2.3%  | 723,342                    | 635,449               | 948,084        | \$24.96      |
|   | 2022 2q | 8,367              | 68,802,626  | 1,285,432 | 2.2%  | 1,000,961                  | 724,645               | 903,822        | \$24.38      |
| Mall Market   | 2023 1q | 172                | 13,650,150  | 665,044   | 5.4%  | (52,131)                   | 75,233                | 340,522        | \$38.07      |
|   | 2022 4q | 170                | 13,641,683  | 673,526   | 5.5%  | 65,931                     | 81,339                | 348,989        | \$37.27      |
|   | 2022 3q | 170                | 13,641,683  | 685,983   | 5.2%  | 194,953                    | 81,339                | 348,989        | \$36.73      |
|   | 2022 2q | 168                | 13,618,283  | 526,827   | 4.6%  | 264,514                    | 57,939                | 349,440        | \$35.92      |
| Shopping Centers  | 2023 1q | 1,353              | 46,791,855  | 2,307,522 | 5.6%  | 150,830                    | 109,564               | 436,530        | \$26.48      |
|   | 2022 4q | 1,353              | 46,791,855  | 2,448,885 | 5.8%  | (12,524)                   | 115,964               | 420,030        | \$25.90      |
|   | 2022 3q | 1,351              | 46,755,916  | 2,395,677 | 5.5%  | 149,362                    | 80,025                | 446,583        | \$25.32      |
|   | 2022 2q | 1,344              | 46,686,291  | 2,376,736 | 5.6%  | 577,652                    | 73,811                | 315,280        | \$24.78      |
| Total Retail  | 2023 1q | 11,013             | 152,957,135 | 4,927,507 | 3.7%  | 958,508                    | 762,614               | 2,278,588      | \$27.55      |
|   | 2022 4q | 10,996             | 152,782,138 | 5,168,977 | 3.8%  | 877,369                    | 811,454               | 2,154,288      | \$27.00      |
|   | 2022 3q | 10,981             | 152,657,638 | 5,105,382 | 3.7%  | 1,458,729                  | 843,010               | 1,819,208      | \$26.47      |
|   | 2022 1q | 10,956             | 152,466,193 | 4,886,199 | 3.7%  | 2,236,494                  | 902,622               | 1,640,694      | \$25.88      |

| Brevard, Polk & Volusia Counties (Adjacent) |         |                    |            |           |       |                            |                       |                |              |
|---|---------|--------------------|------------|-----------|-------|----------------------------|-----------------------|----------------|--------------|
|   | County  | Existing Inventory |            | Vacancy   |       | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF | Quoted Rates |
|   |         | # Blds             | Total GLA  | Avail SF  | Vac % |                            |                       |                |              |
| General Retail                              | Brevard | 2,502              | 19,514,738 | 515,435   | 2.7%  | 245,169                    | 261,783               | 306,369        | \$17.17      |
|   | Polk    | 2,497              | 18,311,159 | 201,932   | 1.2%  | 333,899                    | 305,364               | 509,336        | \$16.94      |
|   | Volusia | 3,384              | 23,335,981 | 614,448   | 3.4%  | 75,220                     | 135,128               | 88,271         | \$17.66      |
| Mall Market                                 | Brevard | 36                 | 2,413,148  | 204,140   | 9.0%  | 52,716                     | 0                     | 0              | \$21.15      |
|   | Polk    | 38                 | 2,303,450  | 155,445   | 9.1%  | 29,919                     | 3,662                 | 13,700         | \$24.78      |
|   | Volusia | 19                 | 1,374,763  | 24,797    | 3.2%  | (4,048)                    | 0                     | 0              | \$20.62      |
| Shopping Centers                            | Brevard | 216                | 9,293,007  | 669,785   | 7.5%  | (11,392)                   | 4,000                 | 0              | \$17.44      |
|   | Polk    | 231                | 9,101,977  | 276,226   | 3.1%  | 105,037                    | 11,200                | 5,600          | \$16.98      |
|   | Volusia | 324                | 11,870,319 | 457,656   | 4.8%  | 152,915                    | 0                     | 0              | \$18.59      |
| Total Retail                                | Brevard | 3,036              | 35,303,012 | 1,499,307 | 4.5%  | 273,160                    | 265,783               | 306,369        | \$17.50      |
|   | Polk    | 2,933              | 32,626,928 | 769,365   | 2.6%  | 481,320                    | 320,226               | 528,636        | \$17.92      |
|   | Volusia | 4,008              | 40,765,440 | 1,318,641 | 4.1%  | 201,232                    | 135,128               | 104,271        | \$18.18      |

| Entire US        |                    |                |             |       |                            |                       |                |              |  |
|------------------|--------------------|----------------|-------------|-------|----------------------------|-----------------------|----------------|--------------|--|
|                  | Existing Inventory |                | Vacancy     |       | 12 Month Net Absorption SF | 12 Month Delivered SF | Under Const SF | Quoted Rates |  |
|                  | # Blds             | Total GLA      | Avail SF    | Vac % |                            |                       |                |              |  |
| General Retail   | 876,129            | 6,413,405,288  | 145,305,690 | 2.5%  | 35,481,088                 | 26,600,023            | 48,216,532     | \$23.17      |  |
| Mall Market      | 10,183             | 909,069,517    | 40,495,797  | 8.7%  | (4,499,541)                | (4,004,874)           | 4,657,118      | \$32.34      |  |
| Shopping Centers | 97,780             | 2,981,729,953  | 162,993,821 | 6.2%  | 21,775,240                 | 2,954,082             | 8,720,356      | \$23.07      |  |
| Total Retail     | 1,068,367          | 11,911,805,013 | 414,762,223 | 4.2%  | 64,086,184                 | 28,791,230            | 67,268,032     | \$23.99      |  |