

Orlando's retail sector continues to do well, even facing building economic headwinds. The region's 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. The brisk pace of in-migration to Florida and strong consumer spending in the Sunshine State have also fueled an uptick in interest from out-of-state retail and restaurant concepts, many of whom are either seeking expansion opportunities or an entry into the market.

Total retail vacancy in Orlando is near its lowest point in the trailing 10-year period at 3.8% and 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 5.1 million SF available, only 96,000 SF of which is composed of sublease space, and larger-box vacancies in key corridors are becoming harder to find.

Vacancy is projected to reach the mid 4% range by the end of 2023 due to the expected completion of more than 700,000 SF of retail space during the fourth quarter.

Retail development is increasingly pushing out into areas along Orlando's periphery that were previously overlooked and which are now attracting an outsized share of new homeowners. The vast majority of retail leasing in Orlando is taking place in urban-suburban and suburban areas as tourism-related demand has historically been strongest outside of the urban core. Orlando officials are working to address concerns impeding retail leasing in Downtown Orlando as it remains short on retail tenants.

Strong overall economic fundamentals in Orlando, fueled by solid consumer spending, have supported a quick pace of growth in retail rents over the last year. Asking retail rents are up 6.7% over the trailing 12-month period, well above the increase in the National Index of 3.4% over the same time frame. The current average asking rent in Orlando is \$27.76/SF, ahead of the National Index rate of \$24.26/SF. Rent growth in Orlando has been so healthy over the past year that the market ranked third in the nation for year over year rent growth as recently as March 2023.

There is a total of 2.0 million SF under construction in addition to 980,000 SF that delivered within the last year. These recent supply additions have been somewhat offset by the 673,126 SF of net absorption that took place over the past 12-months. New retail projects under construction comprise an expansion of only 1.3% of the total market's inventory, suggesting developer discipline persists. However, Orlando also ranks second in Florida for the amount of new space underway, outranked only by Miami.

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. Retail sales in Orlando totaled \$1.4 billion in total transaction volume over the trailing 12-month period. However, sale numbers have been in steady decline since a high point in 3Q-22. Totals for 2Q-23 are 55% below the total for 3Q-22: \$260.6 million versus \$474.3 million. The lessened volume is likely due to still-rising interest rates, which are taking a toll on investor demand across all sectors.

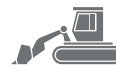
The retail market is heavily dependent on consumer spending, and consumers are under increasing pressure. Rising interest rates are affecting all forms of debt. Housing costs, both rental rates and home prices, continue to increase, although the pace has slowed. The return of student loan payments on October 1 is going to affect consumers as well, although it's hard to predict how much. However, the region has demonstrated its resilience time after time, and that should be reflected for the remainder of 2023.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
154,222,720 SF



Under Construction
2,056,309 SF



8 Shopping Centers
1,000,000 SF+

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

Quarterly Trends



NET ABSORPTION



VACANCY RATE

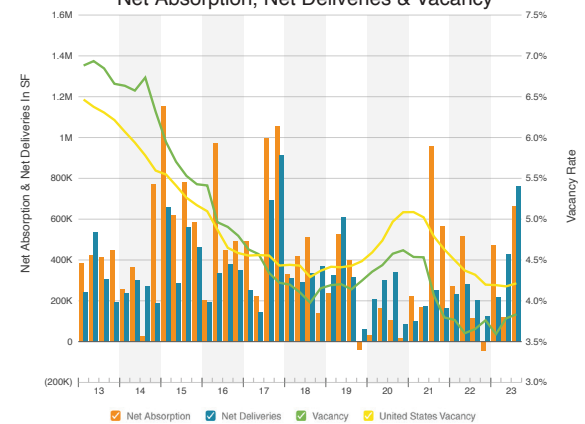


CONSTRUCTION

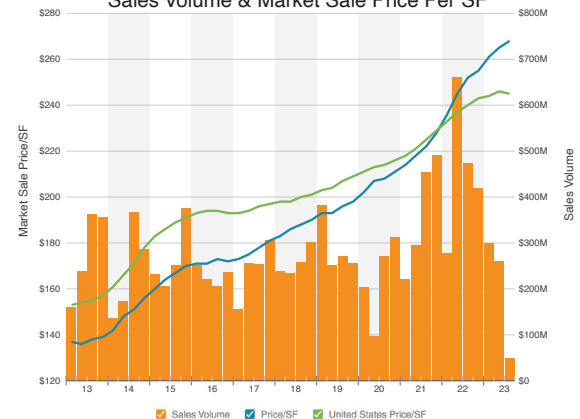


ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Orlando MSA (Lake, Orange, Osceola & Seminole Counties)

Market	Existing Inventory		Vacancy		12 Month Net Absorption SF	12 Month Delivered SF	Under Const SF	Quoted Rates
	# Blds	Total GLA	Available SF	Vac %				
436 Corridor	691	10,230,074	361,163	3.7%	169,424	3,500	0	\$23.92
Altamonte/Douglas	413	5,569,950	270,733	4.9%	47,673	53,000	78,156	\$28.68
Apopka	240	3,344,074	90,435	2.7%	(46,352)	7,000	55,942	\$24.17
Casselberry	477	7,533,946	448,743	7.4%	(73,182)	26,650	35,784	\$25.64
Downtown Orlando	256	1,807,768	189,445	10.6%	(69,430)	0	0	\$29.40
East Seminole Outlying	219	2,339,009	55,080	2.5%	16,036	13,653	83,829	\$28.34
Kissimmee	539	9,022,547	316,262	3.8%	(206,955)	37,135	3,347	\$23.49
Lake County	1,718	20,566,948	472,689	2.4%	260,050	132,356	181,576	\$22.78
Lake Mary	232	3,472,605	144,331	4.3%	(43,569)	0	17,112	\$32.37
Lee Road	144	1,508,296	31,939	5.8%	(24,159)	0	0	\$20.46
Longwood	196	1,938,510	60,087	3.3%	(24,201)	0	0	\$19.89
Maitland	64	993,446	85,298	9.7%	13,168	0	0	\$28.64
Maitland Center	194	3,060,551	97,999	3.2%	(24,786)	0	65,000	\$24.75
Metro West	300	2,856,561	40,504	1.6%	47,894	46,574	9,040	\$27.88
NW Orange Outlying	128	1,396,244	17,242	1.2%	859	(6,254)	13,500	\$25.30
Orlando Airport	102	1,504,786	17,516	1.2%	(3,450)	0	0	\$32.24
Orlando Central Park	468	9,998,054	427,855	5.7%	(103,190)	0	3,848	\$33.21
Osceola Outlying	573	8,258,369	111,284	1.4%	159,615	109,094	548,664	\$29.23
Sanford	457	5,545,495	307,804	7.7%	23,668	0	13,826	\$27.76
SE Orange Outlying	507	7,016,796	51,287	0.8%	87,024	77,103	203,349	\$30.64
South Orange	307	2,413,834	51,383	2.4%	25,769	0	7,002	\$24.18
St. Cloud	214	2,180,987	16,699	1.0%	26,303	32,440	168,271	\$23.70
SW Orange Outlying	216	4,313,894	36,495	1.0%	252,981	271,295	189,350	\$38.67
Tourist Corridor	631	13,856,475	488,058	4.0%	(77,893)	74,379	109,413	\$35.58
University	61	653,456	64,490	9.9%	54,302	0	0	\$35.19
University Research	57	768,788	39,448	5.1%	(10,858)	2,200	0	\$31.01
W Seminole Outlying	89	1,351,936	35,406	2.6%	9,495	0	0	\$21.03
West Colonial	921	12,316,991	547,450	4.8%	167,319	43,309	269,300	\$23.42
West University	260	4,820,322	122,466	3.3%	(840)	17,850	0	\$29.83
Winter Park	416	3,582,008	130,250	3.6%	20,411	36,620	0	\$37.05
Totals	11,090	154,222,720	5,129,841	3.8%	673,126	977,904	2,056,309	\$27.76

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	3,050	35,421,904	1,487,982	4.4%	364,788	263,004	437,812	\$17.85
Polk County	2,950	32,753,841	930,330	3.1%	245,223	374,100	185,119	\$18.17
Volusia County	4,019	40,881,504	1,305,640	4.0%	193,493	138,456	107,071	\$18.40

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	1,071,738	11,944,776,473	412,775,924	4.2%	56,436,860	34,482,587	61,279,084	\$24.26

Period	Asset Value	Vacancy 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 2q	\$41.5 B	3.8%	\$27.76	7.1%	154.2 M	2.1 M	1.3%	0.7 M	\$259	\$260.6 M
2023 1q	\$40.8 B	3.6%	\$27.40	7.3%	153.8 M	2.4 M	1.6%	1.1 M	\$299	\$300.4 M
2022 4q	\$39.8 B	3.8%	\$26.93	7.8%	153.6 M	2.3 M	1.5%	0.9 M	\$211	\$418.6 M
2022 3q	\$39.3 B	3.7%	\$26.46	7.9%	153.4 M	1.9 M	1.2%	1.5 M	\$222	\$474.3 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 2q	8,472	69,953,049	1,278,537	2.1%	624,542	587,646	1,129,227	\$26.23
	2023 1q	8,457	69,767,312	1,250,813	2.0%	778,837	626,302	1,239,572	\$25.89
	2022 4q	8,437	69,557,748	1,387,316	2.2%	557,082	619,753	1,197,863	\$25.47
	2022 3q	8,424	69,468,487	1,315,791	2.2%	742,475	673,148	1,008,287	\$25.03
Mall Market	2023 2q	179	13,815,296	948,146	7.5%	(330,598)	75,926	296,463	\$38.19
	2023 1q	172	13,771,237	665,044	5.4%	(52,131)	75,233	340,522	\$37.73
	2022 4q	170	13,762,770	673,526	5.4%	65,931	81,339	348,989	\$37.06
	2022 3q	170	13,762,770	685,983	5.1%	194,953	81,339	348,989	\$36.62
Shopping Centers	2023 2q	1,360	47,084,147	2,288,161	5.7%	266,508	301,632	316,194	\$26.56
	2023 1q	1,353	46,888,079	2,276,120	5.5%	200,878	109,564	512,262	\$26.21
	2022 4q	1,353	46,888,079	2,506,828	5.9%	(51,821)	115,964	443,490	\$25.73
	2022 3q	1,351	46,852,140	2,453,620	5.6%	145,645	80,025	470,043	\$25.23
Total Retail	2023 2q	11,090	154,222,720	5,129,841	3.8%	673,126	977,904	2,056,309	\$27.76
	2023 1q	11,060	153,791,806	4,851,605	3.6%	1,068,898	826,462	2,397,831	\$27.40
	2022 4q	11,038	153,573,775	5,171,880	3.8%	862,592	842,203	2,275,988	\$26.93
	2022 3q	11,023	153,448,575	5,118,819	3.7%	1,474,145	880,709	1,902,871	\$26.46

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	2,514	19,705,429	489,514	2.6%	280,853	259,004	437,812	\$17.60
	Polk	2,513	18,358,730	217,563	1.2%	315,996	359,938	174,419	\$17.16
	Volusia	3,396	23,410,611	562,411	3.1%	104,877	138,456	91,071	\$17.93
Mall Market	Brevard	36	2,431,660	204,140	9.0%	7,073	0	0	\$21.61
	Polk	39	2,379,444	189,976	10.5%	(13,569)	3,662	10,700	\$24.71
	Volusia	19	1,374,763	24,797	3.2%	3,928	0	0	\$20.57
Shopping Centers	Brevard	215	9,191,978	700,149	7.9%	70,834	4,000	0	\$17.62
	Polk	231	9,105,925	382,512	4.3%	(62,916)	10,500	0	\$17.24
	Volusia	323	11,860,290	486,411	5.2%	101,245	0	0	\$18.85
Total Retail	Brevard	3,050	35,421,904	1,487,982	4.4%	364,788	263,004	437,812	\$17.85
	Polk	2,950	32,753,841	930,330	3.1%	245,223	374,100	185,119	\$18.17
	Volusia	4,019	40,881,504	1,305,640	4.0%	193,493	138,456	107,071	\$18.40

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		879,266	6,442,400,688	147,318,642	2.6%	30,795,946	29,377,540	44,129,816	\$23.41
Mall Market		10,248	912,351,620	41,931,898	9.0%	(5,339,089)	(2,418,913)	3,319,345	\$32.73
Shopping Centers		97,824	2,980,876,718	158,684,762	6.0%	22,240,890	4,227,135	8,356,690	\$23.37
Total Retail		1,071,738	11,944,776,473	412,775,924	4.2%	56,436,860	34,482,587	61,279,084	\$24.26