

Retail demand has bounced back over the past three quarters. The average vacancy rate has barely moved since Q1-20, up less than 10 basis points, and remains roughly 50 basis points above the lowest mark on record. This is especially remarkable given Orlando's more severe job losses and slower economic recovery than much of the nation. The metropolitan area entered the pandemic on solid footing and was one of the strongest retail markets in the nation, which appears to have translated to a certain level of resiliency during the challenging environment.

Most of Orlando's retail indicators are outperforming the National Index and there have been minimal warning signs of upcoming weakness. The total amount of available retail space in the market has declined by over 1 million SF during the past year and sublet space is among the lowest levels on record. The pace of store closures has also slowed significantly compared to 2020.

Leasing activity in 2021 carried over the prior year's late surge. More than 800,000 SF has been leased in each of the past five quarters, including a slight shift toward larger lease sizes. There have been 11 new lease deals exceeding 20,000 SF in 2021. The tenant mix has also become more diverse compared to 2020 when grocery and discount concepts dominated. Big box retail has increasingly driven trends in 2021, including two large leases by Conn's Home Plus, Best Buy taking down nearly 45,000 SF in Ocoee and Marshalls committing to nearly 28,000 SF in Skyview Plaza.

The strong market fundamentals have supported improving retail rent growth in 2021. After hitting an eight-year low in Q1-21, annual rent growth rates have improved by more than a percentage point since April. While rent growth in Orlando is lower than it was prior to the pandemic, the market remains one of the strongest in the nation.

Nearly all of Orlando's retail submarkets are enjoying asking rent growth above the national average. Many of the better rent growth areas - such as Winter Park, St. Cloud and Kissimmee have high residential density and increased traffic due to many residents working from home. The retail rent growth laggards notably include Orlando's prime office nodes: Downtown Orlando, Metro West, and Maitland. These areas have seen a severe decline in daytime traffic.

Supply is also of minimal concern. While 780,000 SF delivered during the past twelve months, retail starts have slowed with below-average groundbreaking since mid-2020. Even though there is 1.1 million SF still underway, the relative level is normalizing towards the national average and is in line with Orlando's 10-year average.

Orlando's retail construction is generally well distributed across the region. About half of the metro's submarkets have projects underway and only four have over 100,000 SF of retail space under construction.

Retail investment activity accelerated during the third quarter, led by the sale of Shoppes at Nona Place for \$35 million. The first half of 2021 saw no trades exceeding \$20 million and the quarterly volume in both of the first two quarters fell below the five-year average. Prior to 2020, retail sales volume had increased over each of the past four years.

Source: CoStar Property

## ORLANDO MSA Retail Market



Total Retail Space  
149,066,173 SF



Under Construction  
1,136,975 SF



8 Shopping Centers  
1,000,000 SF+

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

## Quarterly Trends



NET ABSORPTION



VACANCY RATE

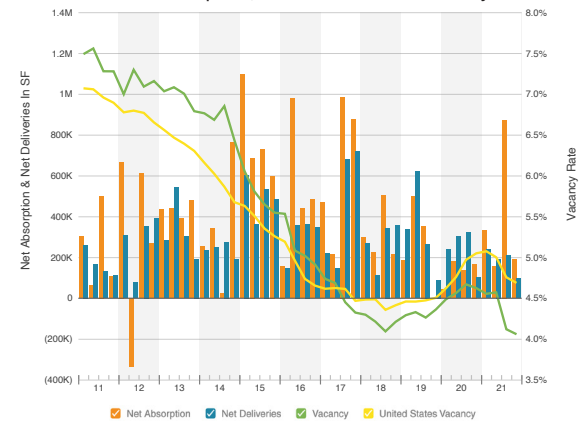


CONSTRUCTION

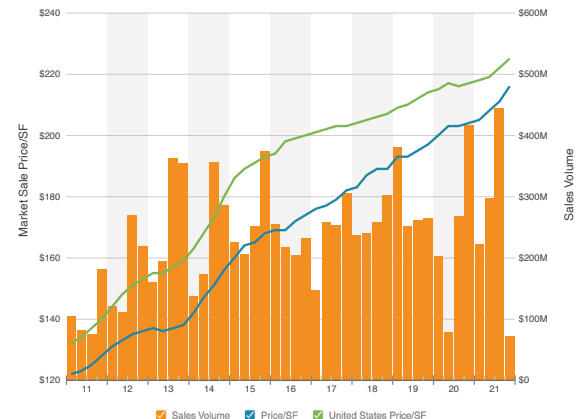


ASKING RATES

### Net Absorption, Net Deliveries & Vacancy



### Sales Volume & Market Sale Price Per SF



### Total Retail Market Statistics

Second Quarter 2021

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	683	9,386,135	588,155	6.3%	(88,577)	(15,112)	0	\$20.87
Altamonte/Douglas	407	5,535,431	436,999	7.7%	98,258	(11,696)	114,000	\$24.95
Apopka	234	3,242,163	110,359	3.4%	117,184	(3,847)	0	\$20.35
Casselberry	463	7,111,661	387,877	5.4%	183,385	9,733	21,000	\$22.20
Downtown Orlando	253	1,865,210	154,687	8.3%	(26,505)	0	0	\$26.26
East Seminole Outlying	212	2,290,196	123,119	5.3%	112,446	50,138	11,600	\$24.14
Kissimmee	520	8,705,634	300,732	3.5%	182,076	44,437	0	\$20.56
Lake County	1,666	20,111,200	1,030,767	5.1%	128,710	203,500	108,281	\$19.68
Lake Mary	234	3,361,032	161,489	4.8%	35,304	0	0	\$28.04
Lee Road	140	1,481,738	26,568	1.8%	33,450	2,500	0	\$18.05
Longwood	187	1,911,414	86,450	4.5%	(2,313)	3,000	0	\$17.76
Maitland	62	994,353	115,957	11.7%	(13,612)	0	0	\$24.69
Maitland Center	189	2,565,580	90,548	3.5%	46,737	0	0	\$20.67
Metro West	295	2,675,717	89,632	3.3%	7,609	0	26,400	\$24.38
NW Orange Outlying	119	1,181,422	127,733	10.3%	12,918	54,987	64,000	\$21.42
Orlando Airport	101	1,513,693	16,000	1.1%	26,662	7,000	0	\$27.63
Orlando Central Park	462	9,917,825	600,813	6.0%	(43,981)	(4,554)	20,781	\$28.78
Osceola Outlying	549	8,126,439	234,766	2.9%	43,514	25,927	34,833	\$24.92
Sanford	455	5,510,995	635,487	11.5%	(30,149)	16,900	2,283	\$24.05
SE Orange Outlying	478	6,806,724	400,503	5.8%	274,739	236,939	78,850	\$26.74
South Orange	304	2,414,189	193,719	8.0%	45,460	(6,533)	0	\$20.89
St. Cloud	206	2,112,226	41,937	2.0%	78,498	10,000	25,200	\$20.38
SW Orange Outlying	181	3,707,720	100,079	2.6%	69,383	50,243	81,433	\$33.00
Tourist Corridor	600	13,197,822	844,795	6.3%	24,993	30,210	224,141	\$30.85
University	61	661,163	120,241	18.2%	(54,384)	9,100	0	\$30.91
University Research	56	725,426	39,244	5.4%	(23,342)	0	0	\$27.44
W Seminole Outlying	89	1,347,447	104,188	7.7%	33,688	0	0	\$18.76
West Colonial	912	12,347,563	903,941	7.1%	194,487	(3,040)	324,173	\$20.20
West University	250	4,732,961	148,267	3.1%	1,207	0	0	\$25.92
Winter Park	412	3,525,094	185,095	5.3%	52,648	23,992	0	\$32.40
<b>Totals</b>	<b>10,780</b>	<b>149,066,173</b>	<b>8,400,147</b>	<b>5.6%</b>	<b>1,520,493</b>	<b>733,824</b>	<b>1,136,975</b>	<b>\$24.02</b>

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	2,982	35,920,184	2,195,073	6.1%	307,609	58,091	60,950	\$16.03
Polk County	2,863	31,673,248	1,697,450	5.3%	316,642	268,146	167,058	\$16.14
Volusia County	3,943	39,844,548	2,548,251	6.4%	598,926	36,389	57,744	\$16.49

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	1,051,739	11,734,675,521	697,333,282	5.9%	56,248,800	32,296,272	50,089,964	\$22.29

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 3q	\$31.7 B	4.1%	5.6%	\$24.02	4.1%	149.1 M	1,136,975	0.8%	1,520,493	\$281	\$441.9
2021 2q	\$31.2 B	4.6%	6.0%	\$23.65	2.7%	148.9 M	1,293,912	0.9%	784,774	\$254	\$302.7
2021 1q	\$30.7 B	4.6%	6.3%	\$23.43	2.4%	148.7 M	1,288,735	0.9%	813,376	\$189	\$221.1
2020 3q	\$30.4 B	4.6%	6.6%	\$23.29	2.9%	148.4 M	1,246,570	0.8%	524,554	\$227	\$416.3

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 3q	8,212	65,915,766	2,257,396	3.4%	899,561	600,924	688,328	\$22.63
	2021 2q	8,205	65,718,200	2,415,253	3.6%	823,560	695,646	809,531	\$22.29
	2021 1q	8,188	65,579,494	2,456,267	3.7%	909,587	803,444	800,716	\$22.14
	2020 4q	8,170	65,410,996	2,550,233	3.9%	996,668	830,467	756,501	\$22.02
Mall Market	2021 3q	165	13,464,028	1,367,129	9.9%	(80,956)	21,867	283,141	\$34.00
	2021 2q	165	13,464,028	1,431,834	10.4%	(217,458)	21,867	283,141	\$33.49
	2021 1q	163	13,451,661	1,444,918	10.5%	(187,150)	9,500	257,229	\$33.20
	2020 4q	162	13,448,661	1,407,766	10.3%	(219,831)	6,500	207,567	\$33.08
Shopping Centers	2021 3q	1,337	46,504,184	3,351,668	7.2%	557,037	91,353	133,973	\$22.71
	2021 2q	1,336	46,501,973	3,705,332	7.9%	126,726	93,786	193,560	\$22.37
	2021 1q	1,333	46,467,223	4,082,989	8.7%	145,643	70,836	223,110	\$22.04
	2020 4q	1,329	46,412,831	4,449,510	9.5%	(139,260)	23,244	270,502	\$21.89
Total Retail	2021 3q	10,780	149,066,173	8,400,147	5.6%	1,520,493	733,824	1,136,975	\$24.02
	2021 2q	10,771	148,858,716	8,991,247	6.0%	784,774	846,503	1,293,912	\$23.65
	2021 1q	10,749	148,672,893	9,519,994	6.3%	813,376	962,484	1,288,735	\$23.43
	2020 4q	10,725	148,435,003	9,934,972	6.6%	524,554	963,370	1,246,570	\$23.29

Brevard, Polk & Volusia Counties (Adjacent) - Third Quarter 2021									
	County	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total Avail SF	Avail %				
General Retail	Brevard	2,463	19,254,264	776,072	4.0%	122,172	27,491	18,450	\$15.44
	Polk	2,428	17,530,549	596,397	3.4%	239,933	192,546	49,721	\$15.21
	Volusia	3,326	22,441,322	1,066,134	4.7%	298,680	27,548	47,575	\$15.79
Mall Market	Brevard	26	3,321,415	127,662	3.8%	14,476	0		\$20.54
	Polk	35	2,240,112	347,683	15.1%	(2,224)	0	64,200	\$21.97
	Volusia	19	1,394,473	236,662	17.0%	0	0		\$20.27
Shopping Centers	Brevard	212	9,277,022	1,100,890	11.8%	74,803	30,600	34,800	\$15.77
	Polk	230	8,824,883	644,239	7.3%	73,344	75,600	0	\$15.33
	Volusia	317	11,755,927	865,373	7.4%	265,667	8,841	10,169	\$16.84
Total Retail	Brevard	2,982	35,920,184	2,195,073	6.1%	307,609	58,091	60,950	\$16.03
	Polk	2,863	31,673,248	1,697,450	5.3%	316,642	268,146	167,058	\$16.14
	Volusia	3,943	39,844,548	2,548,251	6.4%	598,926	36,389	57,744	\$16.49

Entire US - Third Quarter 2021									
	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates	
	# Blds	Total GLA	Total Avail SF	Avail %					
General Retail	2,428	17,530,549	596,397	3.4%	239,933	192,546	49,721	\$15.21	
Mall Market	35	2,240,112	347,683	15.1%	(2,224)	0	64,200	\$21.97	
Shopping Centers	230	8,824,883	644,239	7.3%	73,344	75,600	0	\$15.33	
Total Retail	2,863	31,673,248	1,697,450	5.3%	316,642	268,146	167,058	\$16.14	