

Retail demand in Orlando continues to improve, and solid rent growth is being driven by strong foot traffic and steady in-store sales. Central Florida's tourism industry has completely rebounded. Strong household formation and population growth due to net in-migration to Central Florida is encouraging new development, and consumers continue to spend despite rising inflation.

Retail demand in Orlando is largely fueled by the region's fast-expanding population and the resilient economy. The market's robust tourism sector also provides steady in-store foot traffic in prime hospitality areas. The retail sector has rebounded, posting an overall decline in vacancy, rising asking rents and healthy levels of net absorption. The retail sector continues to contend with multiple headwinds, including rising inflation and lags in the supply chain, but overall the Orlando area is faring well.

Total retail vacancy in Orlando is very near its lowest point in the trailing 10-year period at 3.8% 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%.

Leasing activity has been brisk over the last couple of years in Orlando, with robust levels over the last 12 months. The vast majority of retail leasing in Orlando is taking place in suburban areas outside of the central business district as tourism-related demand has historically been strongest outside of the urban core.

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 9.1% over the trailing 12-month period, well above the increase in the National Index of 3.7% over the same time frame. The current average asking rent in Orlando is \$27.09/SF, well ahead of the National Index rate of \$23.71/SF.

While retail construction activity has remained relatively restrained in Orlando over the last year, it was still strong enough to rank the market seventh out of the top 20 in the US for total space delivered during 22Q3. Even more impressive is that when looking at new deliveries as a share of total inventory, Orlando ranked in third place.

The adage that retail follows rooftops is true, and strong population growth over the last couple of years has created additional retail demand. In fact, the rate of new residents added in Florida between June 2021 and July 2022 ranked the state as first in the nation for population growth. The market's retail inventory has grown by about 8% over the last decade. There is a total of 2.1 million SF under construction in addition to 861,000 SF that delivered within the last year, and recent supply additions have been more than offset by the 958,000 SF of net absorption over the past 12-months. New retail projects under construction comprise an expansion of only 1.4% of the total market's inventory, suggesting developer discipline persists.

Retail investment volume over the last year has been robust, driven by strong overall economic fundamentals and continued investor confidence in the Central Florida market. There have been 580 retail sales in Orlando totaling \$1.8 billion in total transaction volume over the trailing 12-month period, and investment activity during 2022 exceeded the previous year's performance, which set a historical record for sales volume. Approximately 70% of all retail sales over the past year were acquired by private buyers.

The Orlando market continues to contend with elevated housing costs. Rental rate increases declined during 4Q22, ending the year at 8%. Mortgage rates continued to climb through 2022 - the average rate on a 30-year fixed rate mortgage was 3.22% in January 2022 and ended the year at 6.42%. This is a heavy burden in an area with a median income well below the national average.

According to the USDA, food prices increased 9.9% in 2022. Coupled with rising housing costs, many households are re-evaluating their budgets. Cutting discretionary spending and leisure activities is an easy way to help balance household costs.

All in all, the Orlando retail market is faring well. There may be some bumps in the road ahead, but overall, most retailers are positioned well to ride out any uncertainty.

Source: CoStar Property

## ORLANDO MSA Retail Market



Total Retail Space  
152,524,971 SF



Under Construction  
2,139,921 SF



8 Shopping Centers  
1,000,000 SF+

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

## Quarterly Trends



NET ABSORPTION



VACANCY RATE

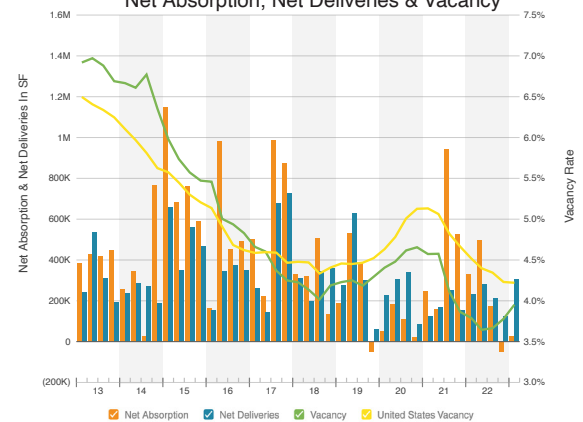


CONSTRUCTION

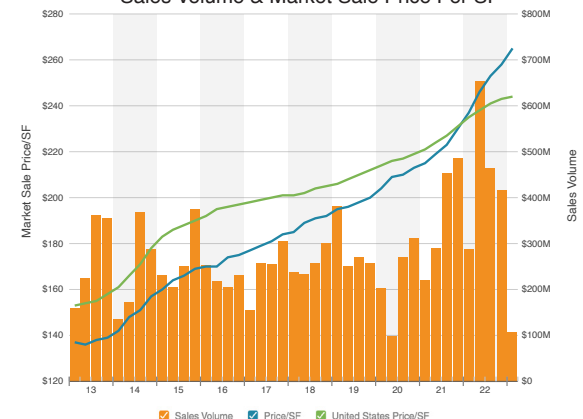


ASKING RATES

### 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	685	10,106,763	358,690	3.9%	131,802	(12,049)		\$23.24
Altamonte/Douglas	410	5,616,176	255,587	4.6%	137,270	160,530	60,045	\$28.04
Apopka	239	3,297,876	41,043	1.3%	77,191	7,000	53,527	\$23.79
Casselberry	472	7,361,735	273,595	5.4%	(58,768)	34,318	35,784	\$24.95
Downtown Orlando	255	1,785,646	147,758	8.5%	(38,250)	0	7,200	\$27.53
East Seminole Outlying	218	2,331,766	53,155	2.5%	50,776	13,853	81,200	\$27.51
Kissimmee	533	8,853,566	333,049	3.8%	(89,042)	28,800	8,397	\$22.64
Lake County	1,698	20,325,560	558,838	2.9%	331,940	144,478	280,837	\$22.16
Lake Mary	231	3,358,994	147,167	4.4%	(42,106)	(6,612)	0	\$31.59
Lee Road	144	1,501,995	40,788	4.6%	3,077	0	0	\$19.94
Longwood	193	1,915,268	36,954	1.9%	28,642	0	0	\$19.50
Maitland	65	999,267	102,912	10.8%	20,214	10,924	0	\$28.11
Maitland Center	194	3,047,123	84,993	2.8%	(22,667)	0	65,000	\$24.04
Metro West	298	2,803,052	47,809	1.8%	21,480	0	26,400	\$27.16
NW Orange Outlying	128	1,333,269	19,299	1.4%	95,686	(6,254)	13,500	\$24.82
Orlando Airport	102	1,484,584	10,416	0.7%	2,034	0	0	\$31.19
Orlando Central Park	468	10,019,052	507,548	6.6%	(292,813)	4,000	24,629	\$32.40
Osceola Outlying	561	8,168,095	133,391	1.8%	51,581	28,268	375,641	\$28.63
Sanford	455	5,524,345	352,671	8.2%	(59,098)	2,283	0	\$27.27
SE Orange Outlying	494	6,951,759	40,496	0.6%	161,670	46,521	226,538	\$30.34
South Orange	305	2,408,163	67,101	3.0%	67,165	0	0	\$23.94
St. Cloud	210	2,128,316	16,040	1.0%	12,793	16,760	135,799	\$23.05
SW Orange Outlying	209	4,161,637	46,390	1.1%	255,829	267,984	209,265	\$37.61
Tourist Corridor	616	13,727,630	439,389	3.4%	138,463	93,401	219,069	\$34.71
University	60	652,786	118,258	18.1%	(5,450)	0	0	\$34.00
University Research	56	646,194	33,395	5.2%	3,795	(4,061)	0	\$30.77
W Seminole Outlying	89	1,351,936	26,164	2.7%	62,713	0	0	\$20.88
West Colonial	914	12,285,897	654,454	5.5%	(192,260)	(40,368)	316,490	\$23.09
West University	257	4,806,882	112,513	3.2%	44,132	50,737	600	\$28.85
Winter Park	414	3,569,639	89,211	2.5%	60,288	20,510	0	\$36.24
<b>Totals</b>	<b>10,973</b>	<b>152,524,971</b>	<b>5,149,074</b>	<b>3.8%</b>	<b>958,087</b>	<b>861,023</b>	<b>2,139,921</b>	<b>\$27.09</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	3,025	35,179,987	1,403,331	4.2%	346,773	216,409	329,095	\$17.32
Polk County	2,917	32,292,738	756,632	2.6%	357,816	155,104	522,956	\$17.65
Volusia County	3,996	40,391,091	1,454,300	4.4%	(134,415)	90,612	102,171	\$18.05

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	1,064,517	11,845,071,965	419,016,818	4.2%	74,824,808	24,953,640	64,437,128	\$23.70

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 3q	\$38.4 B	3.7%	4.8%	\$26.16	8.1%	151.6 M	2.0 M	1.3%	1.6 M	\$223	\$462.4 M
2022 2q	\$37.5 B	3.6%	4.7%	\$25.68	7.8%	151.4 M	1.6 M	1.1%	2.4 M	\$291	\$641.1 M
2022 1q	\$36.1 B	3.8%	5.0%	\$25.35	7.6%	151.1 M	1.6 M	1.1%	2.0 M	\$249	\$284.0 M
2021 4q	\$35.0 B	3.9%	5.3%	\$24.74	5.9%	150.9 M	1.3 M	0.9%	1.9 M	\$256	\$486.6 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	2022 4q	8,372	68,820,271	1,401,828	2.3%	610,136	626,153	1,193,096	\$25.59
	2022 3q	8,360	68,728,992	1,326,378	2.3%	791,129	669,880	1,085,238	\$24.93
	2022 2q	8,343	68,610,375	1,254,254	2.2%	1,060,623	731,229	999,397	\$24.32
	2022 1q	8,322	68,393,782	1,395,480	2.3%	1,058,115	654,660	992,151	\$23.94
Mall Market	2022 4q	170	13,682,065	673,526	5.4%	65,931	81,339	355,919	\$37.33
	2022 3q	170	13,682,065	685,983	5.2%	194,953	81,339	355,919	\$36.60
	2022 2q	168	13,658,665	526,827	4.6%	264,514	57,939	354,470	\$35.72
	2022 1q	163	13,615,299	532,085	4.5%	165,355	22,373	377,406	\$34.99
Shopping Centers	2022 4q	1,352	46,821,295	2,456,590	5.8%	(10,574)	115,964	238,365	\$25.91
	2022 3q	1,350	46,785,356	2,405,393	5.5%	150,501	80,025	274,304	\$25.18
	2022 2q	1,343	46,715,731	2,384,441	5.6%	575,884	74,198	230,581	\$24.63
	2022 1q	1,342	46,711,731	2,435,848	5.7%	398,576	97,048	183,134	\$24.23
Total Retail	2022 4q	10,973	152,524,971	5,149,074	3.8%	958,087	861,023	2,139,921	\$27.09
	2022 3q	10,959	152,397,753	5,089,499	3.7%	1,533,449	889,861	1,857,908	\$26.39
	2022 2q	10,931	152,178,461	4,866,046	3.6%	2,295,182	922,013	1,639,279	\$25.78
	2022 1q	10,902	151,894,369	5,187,214	3.8%	1,958,931	812,595	1,614,155	\$25.35

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	2,495	19,603,881	449,863	2.3%	295,562	205,934	329,095	\$16.89
	Polk	2,482	18,015,529	175,617	1.0%	196,899	85,242	503,656	\$16.65
	Volusia	3,373	23,030,788	615,954	3.4%	(26,065)	59,612	86,171	\$17.49
Mall Market	Brevard	36	2,413,148	196,327	8.7%	53,572	0	0	\$21.10
	Polk	38	2,303,450	155,445	9.1%	45,719	58,662	13,700	\$24.51
	Volusia	19	1,374,763	24,797	3.2%	(5,478)	0	0	\$21.58
Shopping Centers	Brevard	212	9,091,505	645,144	7.6%	(3,995)	10,475	0	\$17.34
	Polk	232	9,082,539	290,965	3.3%	109,439	11,200	5,600	\$16.72
	Volusia	323	11,845,532	596,515	5.9%	(25,967)	31,000	0	\$18.42
Total Retail	Brevard	3,025	35,179,987	1,403,331	4.2%	346,773	216,409	329,095	\$17.32
	Polk	2,917	32,292,738	756,632	2.6%	357,816	155,104	522,956	\$17.65
	Volusia	3,996	40,391,091	1,454,300	4.4%	(134,415)	90,612	102,171	\$18.05

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	872,470	6,365,099,322	145,509,627	2.5%	33,566,940	20,483,344	46,329,632	\$22.87	
Mall Market	10,162	903,952,346	41,052,010	8.8%	(965,537)	(708,648)	4,818,290	\$32.09	
Shopping Centers	97,721	2,969,833,941	165,353,605	6.2%	27,759,164	2,144,669	7,625,821	\$22.78	
Total Retail	1,064,517	11,845,071,965	419,016,818	4.2%	74,824,808	24,953,640	64,437,128	\$23.70	