

Overall, the Orlando retail market is faring well. Retail demand in Orlando is largely fueled by the metro's fast-expanding population and the region's resilient economy, both of which continue to drive strong consumer spending. Tourism levels have largely normalized during 2022 with the number of visitors per day passing through Orlando International Airport approaching pre-pandemic levels. As a result, the retail sector has rebounded, posting an overall decline in vacancy, rising asking rents and healthy levels of net absorption.

Key economic indicators show strength even as the market contends with rising housing costs coupled with a median income well below the national average that has created a significant affordability gap for many. In addition, the retail sector continues to contend with the disruptive impacts of the omicron variant, the risk of inflation and supply chain bottlenecks.

Total retail vacancy in Orlando is at 3.6%, which is lower than the National Index of 4.4%. There is a total of 4.8 million SF available, only 120,000 SF of which is composed of sublease space, and big-box vacancies are slowly being absorbed. Grocery-anchored shopping centers have generally performed well given the essential nature of their anchors over the course of the pandemic, which ensured foot traffic and kept smaller inline stores in the black. Furniture stores and fitness centers have seen a resurgence of activity over the last year.

Strong overall economic fundamentals in Orlando, fueled by solid consumer spending, have supported growth in retail rents over the last year. The current average asking rent in Orlando is \$25.52/SF, well ahead of the National Index rate of \$23.26/SF.

Developers remain bullish on Orlando but have largely practiced restraint since the onset of the pandemic. There is a total of 2.3 million SF under construction in addition to 938,000 SF that delivered within the last year. Recent supply additions were more than offset by the 2.4 million 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 continued developer discipline.

Residential housing demand continues to climb across the Orlando area, driven largely by strong net in-migration. As a result, new housing development is pushing into areas along the periphery. Following the new residential demand, retail development is pushing out into these same areas including the western end of US 192 in Kissimmee, the Four Corners area and along the US 27 corridor into Clermont. These markets are experiencing an uptick in retail development with several large-scale projects planned.

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. There have been 740 retail sales in Orlando totaling \$1.9 billion in total transaction volume over the trailing 12-month period, and cap rates are slightly below the US average.

The Orlando retail market should continue to thrive. There are potential headwinds ahead, however – rising inflation and the increasing cost of housing are putting pressure on household budgets. Residential rent grew by 18.7% year-over-year in the second quarter, the highest percentage growth in the nation per CoStar. According to the Orlando Sentinel "Since the start of the pandemic two years ago, the average metro Orlando renter has seen an increase of \$380 per month, the seventh highest increase in real dollars in the U.S., CoStar numbers show." The recent drop in gas prices should help if the trend continues. The renewed emphasis on the return to the physical office by many employers could also impact the tech in-migration.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
152,226,863 SF



Under Construction
2,255,399 SF



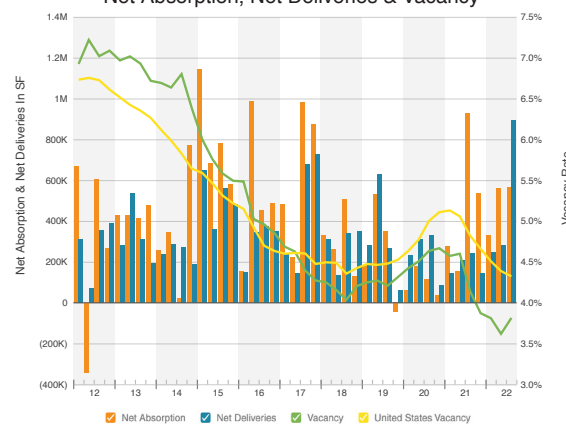
8 Shopping Centers
1,000,000 SF+

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

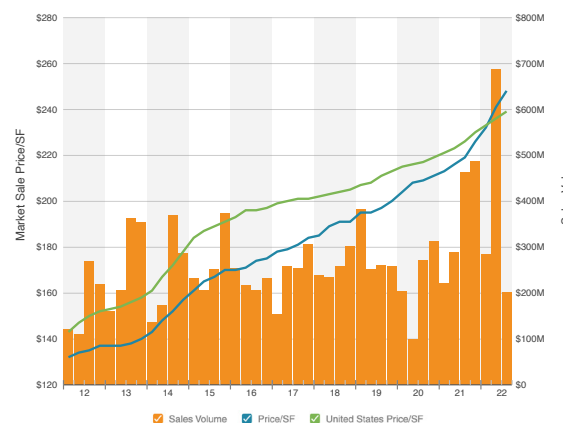
Quarterly Trends



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	684	10,107,410	423,657	4.9%	71,884	(19,806)	0	\$21.59
Altamonte/Douglas	406	5,562,168	264,052	4.8%	176,625	114,000	113,045	\$26.45
Apopka	236	3,262,320	37,033	1.2%	88,522	0	54,647	\$21.19
Casselberry	468	7,311,428	314,366	6.3%	7,985	73,502	65,222	\$23.39
Downtown Orlando	253	2,603,115	112,459	4.8%	(6,219)	0	0	\$32.35
East Seminole Outlying	216	2,309,058	53,851	2.7%	55,038	16,414	15,029	\$25.54
Kissimmee	525	8,756,505	97,200	1.2%	136,331	3,352	32,147	\$21.79
Lake County	1,689	20,278,508	605,884	3.1%	473,496	195,704	98,540	\$20.82
Lake Mary	234	3,499,686	109,940	3.4%	29,632	(6,612)	0	\$28.45
Lee Road	142	1,489,260	34,855	4.2%	(4,407)	2,500	0	\$18.90
Longwood	190	1,933,409	32,246	2.0%	40,883	0	0	\$18.67
Maitland	63	993,253	115,004	11.6%	(40,933)	4,272	0	\$26.14
Maitland Center	191	2,679,586	57,614	2.4%	8,473	0	173,662	\$21.47
Metro West	299	2,749,108	50,624	1.8%	34,578	0	26,400	\$25.57
NW Orange Outlying	125	1,184,569	18,101	1.5%	153,244	90,387	23,000	\$23.26
Orlando Airport	102	1,519,093	14,066	0.9%	5,684	5,400	468,270	\$29.37
Orlando Central Park	467	10,027,053	447,457	4.7%	(17,972)	4,000	20,781	\$30.53
Osceola Outlying	558	8,148,502	152,234	2.0%	152,285	30,133	140,742	\$26.77
Sanford	454	5,393,061	296,632	8.1%	(22,412)	2,283	2,800	\$25.90
SE Orange Outlying	489	6,898,155	59,908	1.0%	239,328	159,047	127,311	\$28.18
South Orange	303	2,404,581	85,000	3.5%	80,263	(6,533)	0	\$22.23
St. Cloud	207	2,116,670	19,717	0.9%	21,514	7,733	20,000	\$21.66
SW Orange Outlying	194	3,929,923	28,896	0.7%	172,192	99,097	233,270	\$35.46
Tourist Corridor	616	13,823,341	402,672	3.2%	299,443	169,733	187,918	\$32.58
University	61	655,788	118,792	18.1%	(7,545)	0	0	\$31.58
University Research	55	643,995	26,391	4.1%	1,171	(6,261)	0	\$29.04
W Seminole Outlying	89	1,348,833	36,935	3.3%	51,332	0	0	\$19.46
West Colonial	915	12,315,630	627,307	5.3%	143,886	10,921	387,263	\$21.59
West University	252	4,752,297	117,307	3.0%	10,337	4,000	15,000	\$27.26
Winter Park	412	3,530,558	109,814	3.3%	26,061	(14,942)	50,352	\$34.05
Totals	10,895	152,226,863	4,870,014	3.6%	2,380,699	938,324	2,255,399	\$25.52

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	3,005	34,933,355	1,446,685	4.7%	78,117	(105,400)	563,989	\$16.86
Polk County	2,892	32,019,735	720,204	2.5%	610,062	271,502	456,821	\$17.27
Volusia County	3,972	40,153,996	1,524,490	4.5%	202,561	59,796	145,090	\$17.51

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	1,059,177	11,812,173,473	440,502,994	4.4%	94,213,416	15,587,518	59,391,368	\$23.26

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 2q	\$37.0 B	3.6%	4.7%	\$25.52	7.4%	152.2 M	2.3 M	1.5%	2.4 M	\$291	\$691.4 M
2022 1q	\$35.7 B	3.8%	4.9%	\$25.21	6.9%	152.0 M	2.2 M	1.5%	2.0 M	\$249	\$284.0 M
2021 4q	\$34.7 B	3.9%	5.3%	\$24.58	5.1%	151.7 M	1.9 M	1.3%	1.9 M	\$255	\$487.1 M
2021 3q	\$33.8 B	4.1%	5.5%	\$24.10	4.1%	151.5 M	1.8 M	1.2%	1.4 M	\$290	\$466.0 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 2q	8,305	68,045,474	1,144,582	1.8%	1,251,129	747,540	941,379	\$24.09
	2022 1q	8,286	67,836,428	1,348,042	2.1%	1,124,632	707,088	930,116	\$23.80
	2021 4q	8,280	67,592,153	1,391,820	2.1%	954,211	537,358	889,772	\$23.25
	2021 3q	8,270	67,469,747	1,497,278	2.3%	844,009	496,117	792,705	\$22.86
Mall Market	2022 2q	173	14,224,038	646,467	5.9%	144,874	57,939	337,273	\$35.11
	2022 1q	168	14,180,672	589,741	5.5%	112,266	26,940	372,839	\$34.58
	2021 4q	165	14,166,099	710,308	5.9%	1,060	15,367	283,229	\$33.71
	2021 3q	165	14,166,099	764,377	6.5%	(152,308)	21,867	283,229	\$33.03
Shopping Centers	2022 2q	1,341	46,641,051	2,378,441	5.6%	581,884	74,198	929,886	\$24.35
	2022 1q	1,340	46,637,051	2,429,848	5.7%	404,576	97,048	882,439	\$24.06
	2021 4q	1,339	46,630,651	2,385,610	5.5%	695,980	145,040	689,238	\$23.42
	2021 3q	1,339	46,630,651	2,366,050	5.7%	559,976	145,040	624,443	\$22.88
Total Retail	2022 2q	10,895	152,226,863	4,870,014	3.6%	2,380,699	938,324	2,255,399	\$25.52
	2022 1q	10,868	151,950,318	5,191,432	3.8%	1,982,656	869,590	2,230,541	\$25.21
	2021 4q	10,859	151,675,286	5,371,868	3.9%	1,903,386	738,495	1,912,398	\$24.58
	2021 3q	10,846	151,531,830	5,638,335	4.1%	1,399,527	682,704	1,771,586	\$24.10

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	2,476	19,344,134	830,639	4.2%	52,972	(31,752)	559,989	\$16.45
	Polk	2,459	17,788,428	686,570	3.8%	320,794	138,656	453,159	\$16.44
	Volusia	3,352	22,776,020	856,164	3.7%	63,285	40,520	104,171	\$16.92
Mall Market	Brevard	36	2,413,148	264,292	11.0%	(131,435)	0	0	\$20.71
	Polk	37	2,299,788	341,775	14.8%	20,200	64,200	3,662	\$23.08
	Volusia	19	1,394,473	223,852	16.1%	(5,692)	0	0	\$21.16
Shopping Centers	Brevard	211	9,098,542	871,910	9.6%	87,468	(73,648)	4,000	\$16.81
	Polk	228	8,861,151	472,501	5.3%	234,324	68,646	0	\$16.30
	Volusia	320	11,804,263	941,520	7.9%	197,532	19,276	40,919	\$17.88
Total Retail	Brevard	3,005	34,933,355	2,097,797	5.9%	78,117	(105,400)	563,989	\$16.86
	Polk	2,892	32,019,735	1,653,108	5.1%	610,062	271,502	456,821	\$17.27
	Volusia	3,972	40,153,996	2,353,646	5.8%	202,561	59,796	145,090	\$17.51

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		867,517	6,320,539,379	149,170,501	2.6%	41,483,192	11,755,419	40,699,800	\$22.48
Mall Market		10,237	920,112,605	42,268,733	8.2%	2,237,977	(448,557)	4,964,941	\$31.42
Shopping Centers		97,430	2,966,408,522	177,327,494	6.7%	32,632,660	1,456,125	8,688,619	\$22.30
Total Retail		1,059,177	11,812,173,473	440,502,994	4.4%	94,213,416	15,587,518	59,391,368	\$23.26