

YoY Chg

11.2%

Vacancy Rate



-211,000

YTD Net Absorption, SF



\$24.82

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

YoY Chg

1.1M

Orlando Employment



22.4%

Orlando Unemployment Rate



13.0%

U.S. Unemployment Rate



Source: BLS. Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY

Orlando, part of the Central Florida region and a major tourism market, had an unemployment rate of 22.4% in May 2020, 570 basis points higher than the previous month and a significant 1,950 basis points higher than the region's rate from one year ago. Every other sector forfeited jobs in the last 12 months with 75% of all losses coming from the Leisure & Hospitality sector, at 163,300 jobs gone, followed by Professional & Business Services which had payroll declines of 18,500 positions.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY

Overall vacancy ended the second quarter at 11.2%, an increase of 190 bps over last year and rising 150 bps in the first six months of 2020. Class A rose by 300 bps year-over-year (YOY) to 10.3% and Class B vacancy climbed by 160 bps to 12.7%. Suburban submarkets were more stable compared to vacancy increases in the CBD, rising 140 bps and 570 bps, respectively. Building owners across Orlando started to market several large blocks of space for future availability as well as several blocks of sublease space with expiration dates over the next 24 months. New additions to inventory year-to-date (YTD) totaled 351,000 square feet (sf) and were 58% released. Another 87,200 was under construction at the midyear point.

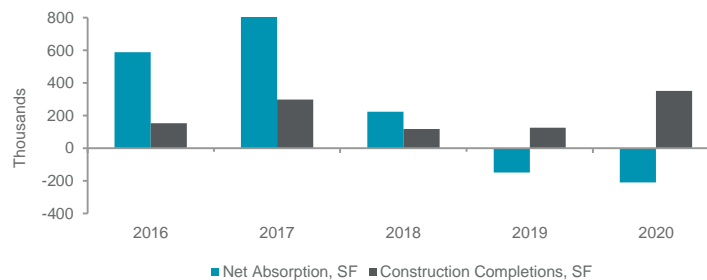
DEMAND

New leasing demand fell to less than half of the volume leased in the first quarter. New lease deals totaled approximately 976,000 sf YTD. Most new lease deals were in Class A buildings, 627,000 sf compared to only 335,000 sf in Class B assets. Suburban submarkets outperformed the CBD in terms of new leasing activity with 88% of all activity in Orlando occurring outside of the CBD. The Tourist Corridor submarket had the largest share of leasing activity in the region at 341,000 sf, up 21% YOY.

PRICING

Overall asking rents increased 6.0% YOY to \$24.82 per square foot (psf) full service. For Class A assets, rental gains achieved cycle highs in the second quarter, rising to \$27.42 psf overall with gains in both the CBD and suburban submarkets driving rental rates to \$26.37 and \$30.62 psf, respectively. Even though new construction was muted compared to previous cycles, building owners were more confident to raise rates as the vacancy levels fell. Most are still taking a wait-and-see approach to pricing in the current environment.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,252,442	49,434	890,326	13.0%	-44,233	93,127	110,301	0	\$29.04	\$30.62
Maitland	5,627,507	57,747	540,383	10.6%	-50,204	-114,987	117,212	0	\$22.03	\$23.07
Altamonte	1,167,099	11,355	260,112	23.3%	-10,652	-42,657	29,542	0	\$18.51	\$21.83
Longwood	677,469	0	174,108	25.7%	-14,888	-17,057	8,665	0	\$19.45 N/A	
Lee Road	777,980	1,950	66,642	8.8%	-9,607	-18,051	9,724	0	\$20.53 N/A	
University	4,023,923	61,597	470,450	13.2%	-98,985	-125,813	112,187	25,209	\$24.43	\$26.62
436 Corridor	1,891,068	11,768	116,105	6.8%	3,820	-20,872	44,549	24,000	\$19.24 N/A	
Winter Park	1,309,762	0	79,485	6.1%	2,259	13,925	52,390	0	\$27.56	\$34.25
Airport/Lake Nona	1,188,582	3,526	104,661	9.1%	859	5,147	35,886	38,000	\$31.26	\$31.26
Tourist Corridor	5,877,810	14,994	423,183	7.5%	-37,798	114,304	341,052	0	\$24.07	\$26.08
Lake Mary	4,394,213	95,688	449,995	12.4%	-51,443	-40,526	75,922	0	\$27.19	\$27.65
Millenia/Metrowest	1,826,473	22,274	121,685	7.9%	-35,996	-57,412	38,501	0	\$25.07	\$27.28
Non CBD	28,761,886	280,899	2,806,809	10.7%	-302,635	-303,999	865,630	87,209	\$23.57	\$26.37
ORLANDO TOTALS	36,014,328	330,333	3,697,135	11.2%	-346,868	-210,872	975,931	87,209	\$24.82	\$27.42

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3500 Quadrangle Boulevard	University	Ocean Optics	52,125	Direct
400 International Parkway	Lake Mary	GCR, Inc	37,000	Direct
1900 Summit Tower Boulevard	Maitland	Cole, Scott, & Kissane	30,706	Renewal*

*Renewals are not included in leasing activity

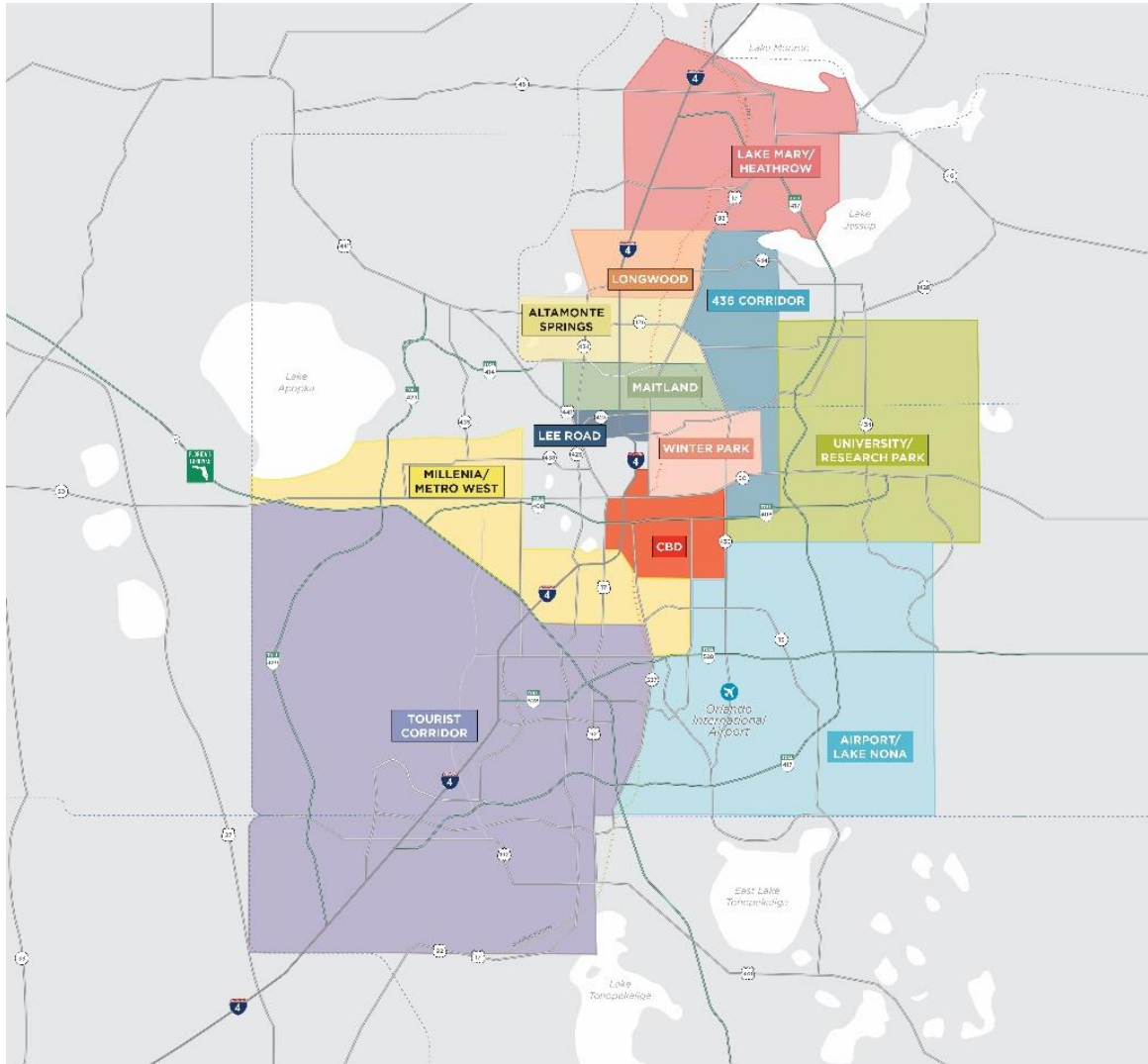
KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
851 Trafalgar Court	Maitland	Crocker Partners/Brightman & Gil	174,048	\$28,130,000/\$161

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Truist Plaza at Church Street	CBD	Truist	214,800	Tremont Realty Capital

OFFICE SUBMARKETS



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