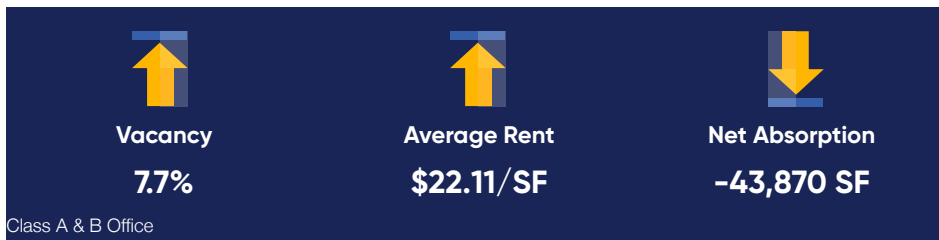


Market Report

Office fundamentals remain tight with demand outpacing supply driving down the vacancy rate. Even though Orlando has seen a cooldown in rent growth, this growth is still above the national average. As e-commerce now accounts for nearly 50% of Orlando's industrial absorption, vacancy continues to remain very low in this sector. While we are seeing abounding industrial construction in Orlando, the office sector is seeing hardly any speculative office developments. In the absence of new supply, we predict rents will grow on average at 3% year-over-year for the foreseeable future.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$28.38	CBD Class A 8.6%	▲ 1.2%
\$24.50	CBD Class B 11.5%	▼ 1.6%
\$25.49	Total CBD 8.6%	▲ 0.2%
\$26.70	Submarket Class A 6.2%	▼ 0.4%
\$20.04	Submarket Class B 8.3%	▲ 0.6%
\$21.21	Total Submarket 6.9%	▲ 0.3%
\$10.45	Industrial Flex 7.8%	▲ 0.1%
\$6.30	Industrial Warehouse 4.2%	▼ 1.1%
\$7.24	Total Industrial 4.8%	▼ 1.1%

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 Entertainment Benefits	75,320 SF	Tourist Corridor	Office	
2 Hartford	70,127 SF	Lake Mary	Office	Insurance
3 Deloitte	49,600 SF	Lake Mary	Office	
4 AdventHealth	49,543 SF	Maitland Center	Office	Healthcare
5 Bright Rug	40,320 SF	33rd Street	Industrial	
6 Sedgwick	28,030 SF	Lake Mary	Office	Insurance
7 Dream-Away Mattress	26,402 SF	SE Orlando	Industrial	
8 Hilton Grand Vacation	20,277 SF	Millenia	Office	Timeshare
9 Dialight	16,320 SF	Airport	Industrial	
10 Florida Autism Center	10,325 SF	Lake Mary	Office	

Occupier's Perspective



Tenant improvements can take 6 months or longer to complete. Permitting, design and construction each have their challenges, so we recommend beginning larger projects at least a year in advance.



Landlords continue to push rates without added TI allowances. Tenants are encouraged to enlist the use of an experienced project manager to control construction costs.



Maitland Center has experienced back to back quarters of negative net absorption providing opportunities in this market to assemble larger blocks of space.

Market Trends



Orlando is a very healthy job market. It remains number one in the nation for job growth. The Orlando MSA has a positive net domestic migration of over 100,000 since 2010 and currently has one of the lowest unemployment rates (3.2%) in the country.

As office vacancies compress and rental rates continue to rise, we do expect to see more speculative development in the coming years.

The East Orlando market (University and Research Park) is one of the tightest markets (5.5% vacancy) in Orlando, with very few options for larger tenants.