

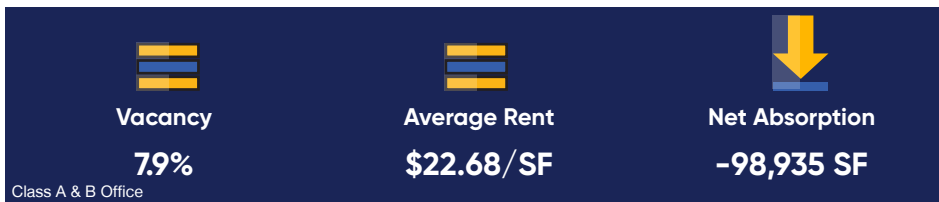


Market Report

Orlando continues to boom with unemployment rates well under the national average. In fact, Orlando is one of the best job growth markets in the country and is currently the top market nationally for population growth. In 2019, professional and business services sector had the highest growth rate which directly corresponds to high office demand. Still, speculative development is limited as evidenced by only 190,932 sf of office deliveries in 2019. With vacancies at a near all-time low of 7.9%, rent growth has been at a steady pace on average at 3.7% annually over the last 3 years. However, at the start of this year, 1,053,172 sf of speculative office space is currently under construction, with another 4.7M sf planned which could slow rent growth.

With the uncertainty of WeWork, some curiosity abounds about the future of this co-working giant. Even though there are multiple co-working spaces in Orlando, co-working space still only represents about .6% of the metro occupancy—a very small portion of office inventory, and well below the national average of 2%. We still see opportunity for growth in this segment.

Orlando has also become the first city in Florida to receive the LEED for Cities Gold Certification by the United States Green Building Council. Orlando's focus on sustainability, access to public transit and efficiency continues to help The City Beautiful compete for new business.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$28.73	CBD Class A 9.8%	0.0%
\$22.84	CBD Class B 20.1%	5.3%
\$25.84	Total CBD 11.3%	1.3%
\$27.68	Submarket Class A 5.8%	0.1%
\$20.92	Submarket Class B 8.1%	0.1%
\$22.18	Total Submarket 6.5%	0.1%
\$11.11	Industrial Flex 6.3%	0.3%
\$6.29	Industrial Warehouse 6.6%	0.9%
\$7.01	Total Industrial 6.6%	0.7%

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 BlueGreen Resorts	44,171	Tourist Corridor	Office	Timeshare
2 JHT	15,622	Research Park	Office	Defense
3 Carollo Engineers	12,920	CBD	Office	Engineers
4 Bridge Investments	10,835	CBD	Office	Real estate
5 GSA	6,886	Maitland Center	Office	Government
6 Cort Furniture	50,527	Airport	Industrial	
7 Gold Meat	42,515	NW Orlando (Tavares)	Industrial	Food Manufacturing
8 Unilumin	33,596	SE Orlando	Industrial	
9 Suncoast Roofers Supply	33,000	SE Orlando	Industrial	Supplier
10 Soval	25,480	St. Cloud	Industrial	Supplier

Market Trends



The widening of Interstate 4 (I-4 Ultimate), has been wreaking havoc on commuters and supply side businesses. Cost overruns and delays has pushed completion of the region's major artery, out into 2022.

The face of Downtown Orlando continues to change as planning progresses for the Sports + Entertainment District across from the Amway Center. The plans now propose 420,000 SF of commercial office space, up from their previous design of 200,000 SF.

A tightening job market is posing challenges on employers. Orlando is ranked as one of the lowest paying metros in the country, yet at a 3.2% unemployment rate, workers are shopping around for better compensation.

Occupier's Perspective

Construction pricing is at an all-time high with tenants having to participate in the cost of their own build out. Managing those costs upfront is critical before inking a lease.

Parking is becoming a bigger issue as companies are fitting more people into their office spaces. Companies in the CBD can expect to pay more than \$100/month per employee car.

Landlords are being very bullish on renewal terms. If you plan to renew, at least survey the market (and make your landlord aware that you are) to gain some negotiating leverage. It costs a landlord a lot of money to back-fill your space. If they know you're in the market, they will be more negotiable.