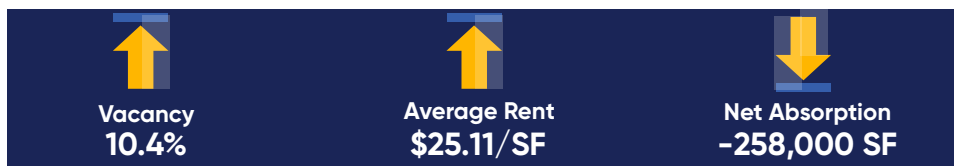


# Market Report

The Omicron variant casts doubt on when most companies will return to the office. Many companies that had at one time planned to repopulate their workspaces, put those plans on hold. Many others have implemented a permanent work from home solution with no plans to return. Yet others, are fully intending on coming back to the workplace. While there is no tried and true rationale behind who will be working remote, often these decisions are made from home offices which are outside of Florida and harder hit by the pandemic. At this point, we can't make a prediction on when the office market will stabilize but likely the remainder of 2022 will be soft.

Interesting to note, the capital markets are very active considering the uncertainty in the office market. Over \$900M in sales in the Q4 alone. \$217 PSF on average up from \$163 PSF just 2 quarters earlier. Institutional money is betting on the Orlando market's future health.

Industrial leasing has cooled modestly with a mere 266,000 SF of positive net absorption which compares to an average of 626,000 SF over the last 4 quarters. Large users are forced to look at the build to suit market when considering a



Class A &amp; B Office

## Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$31.20	CBD   Class A 14.5%	▲ .3%
\$24.64	CBD   Class B 9.0%	▼ 12.8%
\$29.47	Total CBD 11.7%	▼ 2.5%
\$28.26	Submarket   Class A 10.8%	▲ 3.4%
\$22.69	Submarket   Class B 9.4%	▲ 0.1%
\$24.28	Total Submarket 8.4%	▲ 0.5%
\$12.07	Industrial   Flex 5.4%	▼ 2.1%
\$8.01	Industrial   Warehouse 3.2%	▼ 1.8%
\$8.77	Total Industrial 3.6%	▼ 1.9%

## Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 Luminar Technologies	55,078	East Orlando	Office	Technology
2 Avant Health	25,430	Maitland	Office	Healthcare
3 Florida Virtual School	24,471	Tourist Corridor	Office	Educational
4 Synovus Financial Corp	19,821	CBD	Office	Financial
5 Checker	16,312	South Orlando	Office	Technology
6 Seacoast Bank	10,536	CBD	Office	Financial
7 Evo Electric Vehicles	90,867	SE Orange County	Industrial	Manufacturer
8 Avian Inventory Mgmt	70,536	SE Orange County	Industrial	Transportation
9 Main Freight	68,734	SE Orange County	Industrial	Transportation
10 Hardware Systems	67,676	SE Orange County	Industrial	Construction
11 Threadbird	66,700	SW Orange County	Industrial	Apparel
12 Get Fabric	53,452	NW Orange County	Industrial	Manufacturer

## Market Trends



The office market continues to be flat. While we show a 258,000 SF of negative net absorption, this was predominantly due to Siemens giving up 226,400 SF of space in The Quadrangle.



Central Florida's 10.4% vacancy rate is considered to be at equilibrium, meaning it is neither a landlord nor tenant market.



Industrial leasing remains strong with rents breaching the \$8.00 PSF mark, a 28% increase over where they were just 2 years earlier

## Occupier's Perspective



Supply chain issues continue. Materials are slow to come by straining construction timetables. With high construction activity, local building departments are slow to issue permits. Best to plan 9+ months in the future.



Employment is nearing the pre-pandemic highs. With a 3.9% unemployment rate, finding qualified talent is competitive.



With uncertainty in the office market, tenants in select submarkets can drive higher tenant improvement packages and rent concessions. Sublease space is still abundant at 1% of the total inventory and a good option to consider.