

## Orlando Metro 3Q19 Office Report

A booming economy and robust job growth, particularly in office-using employment, have helped fuel a resurgent office market in Orlando. Demand has greatly outstripped supply over recent years, and vacancies are among the healthiest levels ever recorded. In fact, 2019 has established a new low for the market's average vacancy rate.

The dwindling vacancies have allowed strong overall rent growth. While the annual rent gains have cooled somewhat over the cyclic peak, landlords and owners are still pushing rates in 2019 at over twice the long term trend.

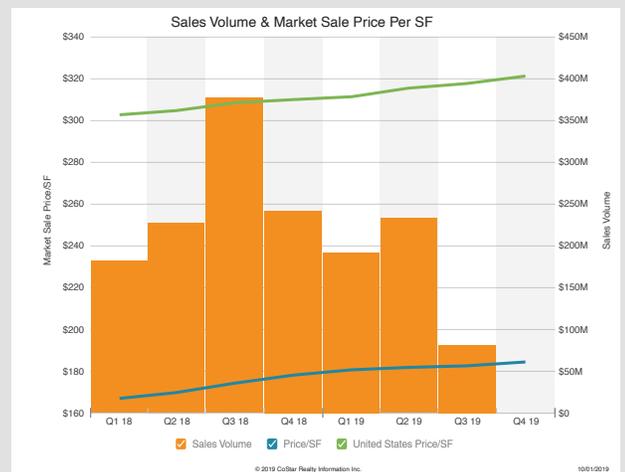
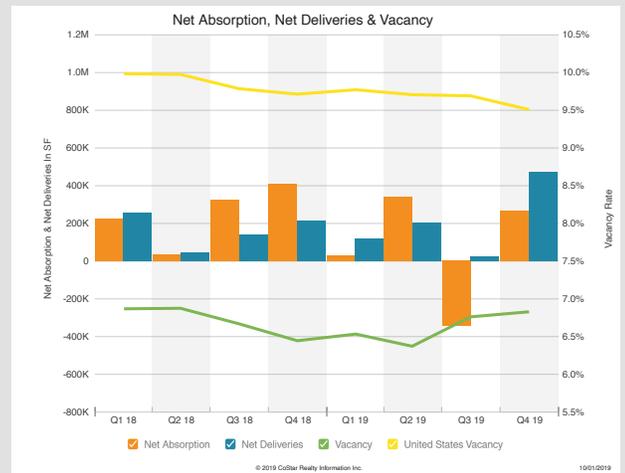
Orlando's office-using employment is particularly susceptible to military/defense spending. Of all U.S. metros, it has the highest proportion of defense-related jobs in its office sector at over 12%. Orlando has also made strides as a burgeoning tech market and is one of the nation's top STEM job growth metros.

The metro's significant population growth, which surpassed 2.5 million residents last year, has led to a flurry of medical office and healthcare construction. In contrast to many areas of the U.S. that are closing hospitals or searching for adaptive reuse, Central Florida's medical growth has continued to fuel medical tenant activity and job growth throughout the entire metro.

The lack of space affects all demand sectors but is especially a factor for potential corporate relocations and expansions. There are only a handful of properties that can offer large blocks of space, most built before 2000. However, the metro is showing some signs of a revival, with projects such as SunTrust Plaza at Church Street Station expecting to deliver in 2019. The 26-story tower will feature 214,000 SF of 5 Star office space and is the first to be built in Downtown Orlando in over a decade. The building will deliver close to fully leased, including 90,000 SF allotted to SunTrust.

Investment activity has slowed in 2019, with sales volume on pace for the lowest total in the past six years. Pricing and cap rates have also flattened over the past four quarters.

Source: CoStar Property®



### Trends for 3Q19

- NET ABSORPTION (Upward arrow)
- VACANCY RATE (Downward arrow)
- CONSTRUCTION (Upward arrow)
- ASKING RATES (Upward arrow)

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# Orlando Metro 3Q19

## Office Report

### Market Overview:

#### Total Office Market Statistics

Third Quarter 2019

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
436 Corridor	592	4,878,233	228,296	229,296	4.7%	75,553	0	0	\$20.04
Altamonte/Douglas	463	4,715,870	485,960	494,408	10.5%	(89,242)	0	27,600	\$18.88
Brevard County	1,745	16,119,305	1,130,418	1,141,665	7.1%	(20,887)	41,650	12,690	\$18.31
Casselberry	258	1,987,843	151,628	151,628	7.6%	9,348	0	0	\$21.29
Downtown	489	11,320,324	1,109,319	1,134,895	10.0%	(231,313)	0	221,000	\$25.82
Kissimmee	317	2,390,607	98,200	98,200	4.1%	44,247	14,000	165,500	\$21.87
Lake County	1,008	5,484,629	322,667	322,667	5.9%	(39,006)	35,951	14,400	\$19.73
Lake Mary	282	7,681,245	486,994	553,798	7.2%	9,061	9,272	146,230	\$24.62
Lee Road	126	1,257,020	93,481	93,481	7.4%	(9,357)	15,720	0	\$20.73
Longwood	194	1,417,975	111,745	111,745	7.9%	9,708	0	0	\$18.43
Maitland	97	1,002,401	48,867	48,867	4.9%	(1,868)	0	0	\$19.59
Maitland Center	174	7,503,317	664,693	713,761	9.5%	(60,605)	0	0	\$21.06
Metro West	133	1,954,797	56,759	59,576	3.0%	31,485	0	0	\$23.61
North Outlier	190	1,447,945	86,062	89,310	6.2%	15,087	0	0	\$18.70
Orlando Airport	43	1,273,379	63,704	69,170	5.4%	(19,435)	0	0	\$20.97
Orlando Central Park	186	4,099,856	441,097	484,104	11.8%	(57,404)	0	0	\$18.37
Sanford	256	1,465,492	63,803	65,037	4.4%	(20,972)	0	0	\$16.46
South Orange	381	2,576,663	58,669	58,669	2.3%	(4,100)	15,000	42,000	\$26.76
South Outlier	332	6,350,100	326,639	349,611	5.5%	113,667	102,994	1,038,007	\$31.03
St Cloud	107	508,375	3,013	3,013	0.6%	(1,128)	0	6,000	\$23.80
Tourist Corridor	219	9,040,169	270,828	283,289	3.1%	245,933	125,000	0	\$24.28
University	48	2,087,567	90,671	97,677	4.7%	36,882	0	0	\$25.16
University Research	47	3,043,527	188,958	188,958	6.2%	1,131	0	95,000	\$25.40
West Colonial	532	3,493,569	312,207	312,207	8.9%	10,703	12,384	55,000	\$19.86
West Outlier	116	768,080	68,010	68,910	9.0%	(23,179)	0	0	\$20.60
West University	61	1,026,286	110,201	112,301	10.9%	(9,674)	0	4,640	\$19.23
Winter Park	584	5,630,657	187,726	187,726	3.3%	(13,137)	0	46,716	\$25.22
<b>Totals</b>	<b>8,980</b>	<b>110,525,231</b>	<b>7,260,615</b>	<b>7,523,969</b>	<b>6.8%</b>	<b>1,498</b>	<b>371,971</b>	<b>1,874,783</b>	<b>\$21.99</b>

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
CBD	489	11,320,324	1,109,319	1,134,895	10.0%	(231,313)	0	221,000	\$25.82
Suburban	8,491	99,204,907	6,151,296	6,389,074	6.4%	232,811	371,971	1,653,783	\$21.57
<b>Totals</b>	<b>8,980</b>	<b>110,525,231</b>	<b>7,260,615</b>	<b>7,523,969</b>	<b>6.8%</b>	<b>1,498</b>	<b>371,971</b>	<b>1,874,783</b>	<b>\$21.99</b>

Period	Asset Value	Vacancy Rate	Availability Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Month Net Absorption SF	Market Price/SF	12 Month Sales Volume
2019 3q	\$17.6 B	6.8%	9.8%	\$23.43	1.8%	94.4 M	1.9 M	2.0%	481 K	\$183	\$770 M
2019 2q	\$17.6 B	6.4%	9.4%	\$23.41	4.0%	94.4 M	1.6 M	1.7%	1.1 M	\$182	\$1 B
2019 1q	\$17.5 B	6.5%	9.4%	\$23.32	3.6%	94.2 M	1.5 M	1.6%	798 K	\$181	\$1 B