

Orlando Metro 4Q19 Retail Report

Orlando's retail market is tight with vacancies currently only slightly above the lowest point on record. Additionally, the market is the strongest rent growth metro in the nation even while growth slows after hitting new highs in 2019.

With record-breaking visitor volume and a thriving local economy fueled by one of the nation's highest population growth, Orlando's retail demand is continuously strong as the booming population growth fuels increasingly high personal consumption. In addition, the metro is also one of the tightest labor markets in the country with an unemployment rate that is one of the best in Florida. This has helped drive income growth rates above the national average further strengthening purchasing power.

The healthy vacancy rate has also been assisted by the relatively diminished supply pipeline this cycle, even as construction activity has ramped up lately. Though the current construction of just over 1 million SF is low historically, it is near the highest point in over a decade. Furthermore, even at the lower build levels this cycle, Orlando has added new inventory at a greater rate than most national metros.

Grocery concept expansions have been a big storyline. Some of the recent entries into the metro include national chains such as Sprouts Farmers Market. However, the recently announced store closings by Lucky's and EarthFare will have a big impact on the retail market in the 1st quarter of 2020.

As typical for most metros, there have been some large blocks of vacant space added back to the market by recent store closures. However, Orlando has largely been able to fill many of these spaces through backfilling and creative reuse. West Oaks Mall was able to fill spots by re-purposing into call centers. This included Bed, Bath & Beyond taking 35,000 SF from the vacant Belk's space and Xerox using 70,000 SF from the former Sears location. Orlando Fashion Square demolished their former Sears store space and auto center and constructed a 100,000 SF outparcel building with 60,000 SF leased to Floor & Decor.

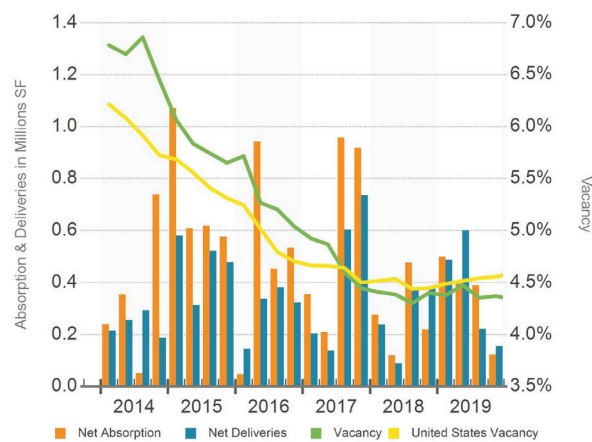
Investment activity has picked up in 2019, which is on pace to challenge the all-time record. This is especially impressive given the prior six years have all posted sales volumes well above the long-term average. Prices have also continued to climb with average cap rates compressing steadily to a low not seen in a decade.

Source: CoStar Property®

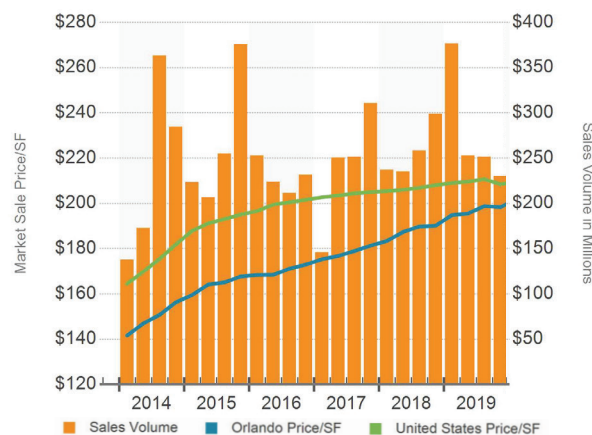


RETAIL

NET ABSORPTION, NET DELIVERIES & VACANCY



SALES VOLUME & MARKET SALE PRICE PER SF



Trends for 4Q19



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Orlando Metro 4Q19 - Retail Market Overview

Total Retail Market Statistics

Year End 2019

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Total SF	Vac %				
436 Corridor	658	9,034,916	645,578	6.8%	(44,747)	0	9,000	\$19.81
Altamonte/Douglas	404	5,396,412	545,728	4.9%	58,679	0	34,000	\$22.98
Apopka	227	3,271,326	182,097	4.9%	(64,859)	0	3,685	\$20.00
Casselberry	455	7,126,983	621,430	5.5%	(2,840)	(9,752)	21,771	\$20.06
Downtown	207	1,707,934	120,318	5.2%	191,767	0	42,820	\$26.97
East Seminole Outlying	206	2,379,057	154,530	4.2%	126,227	0	0	\$22.18
Kissimmee	504	8,680,254	421,322	3.7%	28,288	0	96,006	\$19.39
Lake County	1,609	19,290,576	882,932	3.3%	67,889	36,729	61,131	\$18.45
Lake Mary	234	3,363,721	207,944	5.4%	125,318	0	56,075	\$25.82
Lee Road	133	1,462,013	47,874	2.7%	101,599	0	0	\$16.71
Longwood	185	1,854,204	120,317	4.8%	19,128	0	0	\$15.39
Maitland	59	942,327	97,342	6.0%	12,123	0	0	\$23.27
Maitland Center	188	2,596,684	115,810	3.4%	1,320	0	0	\$19.12
Metro West	222	2,470,703	90,960	3.1%	101,763	6,820	3,300	\$24.04
North Outlier	390	4,442,072	393,007	7.2%	116,375	15,002	0	\$21.43
NW Orange Outlying	100	1,008,236	109,029	9.3%	5,210	0	0	\$20.33
Orlando Airport	102	1,411,596	43,597	2.8%	(465)	0	0	\$26.07
Orlando Central Park	445	9,509,167	861,048	6.4%	(208,078)	5,000	31,200	\$25.47
Osceola Outlying	518	7,698,826	321,579	2.5%	103,478	15,910	35,700	\$23.68
Sanford	445	5,407,333	366,998	4.2%	57,879	0	0	\$20.01
SE Orange Outlying	435	6,418,453	289,438	1.9%	207,734	137,779	71,062	\$25.58
South Orange	284	2,401,256	211,837	7.1%	84,913	0	0	\$20.11
South Outlier	1,111	17,699,510	702,850	1.9%	426,396	382,923	187,083	\$26.82
St Cloud	203	2,115,964	63,597	2.8%	(5,790)	0	0	\$17.29
SW Orange Outlying	158	3,582,231	91,833	0.8%	115,184	7,000	80,321	\$35.63
Tourist Corridor	565	12,693,512	603,325	3.0%	265,012	(7,500)	39,950	\$31.13
University	58	662,230	109,045	6.4%	17,316	0	0	\$30.09
University Research	55	705,286	21,736	1.9%	95,792	2,500	0	\$24.02
W Seminole Outlying	85	1,068,759	129,448	11.6%	(15,062)	0	0	\$20.47
West Colonial	824	11,911,248	1,218,615	5.9%	(12,541)	(36,059)	537,200	\$19.23
West University	246	4,649,621	275,692	4.9%	12,738	0	0	\$26.72
Winter Park	398	3,410,794	251,927	4.5%	(41,356)	(4,407)	24,892	\$30.27
Totals	13,096	178,646,982	11,842,322	4.4%	1,242,541	128,355	1,228,840	\$22.74

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Total SF	Vac %				
Brevard County	2,884	34,411,690	1,934,792	5.8%	(161,078)	(25,665)	80,727	\$14.70
Polk County	2,740	31,139,650	1,019,829	3.3%	324,282	304,383	212,658	\$15.17
Volusia County	3,890	39,901,317	1,893,309	4.8%	291,596	390,384	91,600	\$15.27

Orlando Metro 4Q19 - Retail Market Overview

Total Retail Market Statistics

Year End 2019

Orlando MSA (Lake, Orange, Osceola & Seminole Counties)									
	Period	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total SF	Vac %				
General Retail	2019 4q	7,706	61,998,340	2,891,091	3.1%	117,377	83,822	581,322	\$20.79
	2019 3q	7,698	61,908,559	2,844,435	3.3%	261,755	162,277	589,178	\$20.72
	2019 2q	7,685	61,746,332	3,007,744	3.1%	131,790	323,080	688,449	\$20.29
	2019 1q	7,669	61,413,371	2,916,040	3.1%	78,324	282,739	872,816	\$19.98
Mall Market	2019 4q	158	13,261,907	1,187,029	4.0%	71,820	0	503,000	\$29.90
	2019 3q	158	13,261,907	1,169,811	3.7%	149,811	15,650	500,000	\$29.75
	2019 2q	157	13,246,257	1,264,406	3.8%	209,737	15,400	515,650	\$29.14
	2019 1q	155	13,230,857	859,355	3.6%	171,154	46,371	531,050	\$28.70
Shopping Centers	2019 4q	1,314	46,538,067	3,975,201	6.4%	201,206	122,148	34,691	\$22.09
	2019 3q	1,308	46,467,869	4,021,019	6.3%	51,421	147,956	70,198	\$21.94
	2019 2q	1,305	46,432,719	4,196,191	6.0%	(64,582)	159,711	105,348	\$21.49
	2019 1q	1,303	46,420,719	4,064,508	6.1%	(3,192)	200,111	41,450	\$21.18
Total Retail	2019 4q	10,213	144,240,704	9,222,926	4.4%	121,198	154,020	1,148,113	\$22.72
	2019 3q	10,199	144,080,725	9,296,822	4.5%	387,484	220,631	1,188,566	\$22.59
	2019 2q	10,180	143,860,094	9,827,332	4.4%	395,112	600,470	1,317,051	\$22.10
	2019 1q	10,158	143,249,743	9,202,268	4.4%	499,825	485,245	1,695,710	\$21.76

Brevard, Polk & Volusia Counties (Adjacent) - 4th Quarter 2019									
	Period	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total SF	Vac %				
General Retail	Brevard	2,382	18,921,727	887,665	3.4%	(106,332)	1,600	13,986	\$14.32
	Polk	2,309	16,688,143	492,267	1.7%	44,241	28,568	171,383	\$14.02
	Volusia	3,290	22,325,626	1,030,363	3.5%	101,640	158,797	91,600	\$14.78
Mall Market	Brevard	23	2,158,361	33,695	1.1%	(6,695)	0	0	\$19.86
	Polk	32	2,327,644	250,179	3.6%	228,155	3,000	13,700	\$23.40
	Volusia	13	1,704,994	41,149	2.1%	(12,038)	0	0	\$21.80
Shopping Centers	Brevard	202	9,362,135	1,244,470	10.2%	(124,897)	0	63,241	\$14.68
	Polk	228	9,041,099	983,173	6.4%	(21,494)	0	0	\$14.14
	Volusia	314	11,795,226	1,294,619	7.7%	140,533	0	0	\$15.27
Total Retail	Brevard	2,884	34,411,690	2,619,396	5.8%	(161,078)	1,600	80,727	\$14.70
	Polk	2,740	31,139,650	1,907,577	3.3%	324,282	31,568	212,658	\$15.17
	Volusia	3,890	39,901,317	2,838,612	4.8%	291,596	158,797	91,600	\$15.27

Total Orlando MSA Retail Market Statistics by Quarter

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	Sales Volume
2019 4q	\$28.7 B	4.4%	6.3%	\$22.71	6.8%	144.2 M	1.1 M	0.80%	1.4 M	\$200	\$243 M
2019 3q	\$28.3 B	4.4%	6.4%	\$22.60	7.3%	144.0 M	1.2 M	0.83%	1.5 M	\$168	\$254 M
2019 2q	\$28.1 B	4.5%	6.8%	\$22.11	6.9%	143.8 M	1.3 M	0.92%	1.6 M	\$177	\$251 M
2019 1q	\$27.7 B	4.4%	6.3%	\$21.78	7.3%	143.3 M	1.7 M	1.19%	1.3 M	\$193	\$380 M