

Prior to the coronavirus, Orlando's retail market was one of the strongest in the United States. Due to recent strength, the market could prove to be one of the most resilient, but the effects of the virus, which put a complete stop to traveling for pleasure, will be felt strongly here. As the metro with the second-highest proportion of jobs in the retail trade and leisure and hospitality sectors among large US markets, Orlando is among the most vulnerable during this economic downturn and the retail sector is expected to be the hardest hit.

The market is already seeing limited new retail construction which could keep vacancies low. The rate has so far only slightly risen from historical lows. Many new retail groundbreakings are unlikely to move forward in the coming months which should at least slightly cushion the coronavirus's blow to the market's retail vacancy rate. However, store closures are likely to ramp up due to the pandemic. JC Penney has already announced the permanent closure of the Orlando Fashion Square location.

The market has long been one of the nation's strongest retail asking rent growth markets. While the impacts of the pandemic are being felt with annual rent growth falling nearly 250 basis points since the start of 2020, Orlando is still near the top of the national rankings. In the third quarter, even the lower asking rent growth remained more than six times the national average and nearly four times the Orlando historical average. Annual rent growth will likely continue to slow in the coming quarters as the lack of tourists and the long-term shop closures take their toll on retailers.

In addition to the demand from tourists, population and job growth had both been very strong in Orlando in recent years, fueling personal consumption. In addition, the metro had been one of the tightest labor markets in the country with an unemployment rate that was one of the best in the nation. This helped drive income growth rates above the national average, further strengthening purchasing power. However, the areas that drove all of that retail demand are at risk as the retail, leisure and tourism-related job growth has been hit hard since the pandemic began.

Investment activity has started to pick up in the third quarter after the second quarter fell to the lowest quarterly sales volume in a decade. Retail sales activity was already slowing in the months leading into the pandemic, particularly marked after 2019 finished with the highest sales total on record for Orlando. Prior to 2020, retail sales volume had increased over each of the past four years.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
146,237,401 SF



Under Construction
863,321 SF



8 Shopping Centers
1,000,000 SF+

Orlando MSA (Orange, Seminole, Lake & Polk Counties) | Source: CoStar Property

Quarterly Trends

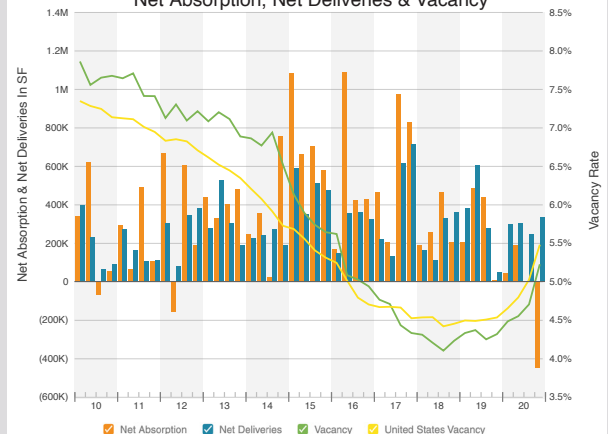
NET ABSORPTION

VACANCY RATE

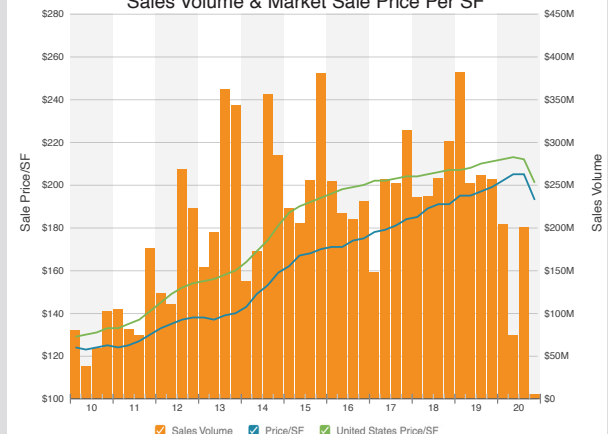
CONSTRUCTION

ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Total Retail Market Statistics

Third Quarter 2020

| Orlando MSA (Lake, Orange, Osceola & Seminole Counties) | | | | | | | | |
|---|--------------------|--------------------|------------------|-------------|--------------------|----------------|----------------|----------------|
| Market | Existing Inventory | | Vacancy | | YTD Net Absorption | YTD Deliveries | Under Const SF | Quoted Rates |
| | # Blds | Total RBA | Total SF | Vac % | | | | |
| 436 Corridor | 684 | 9,288,139 | 446,294 | 5.0% | 118,333 | 11,642 | 0 | \$20.59 |
| Altamonte/Douglas | 408 | 5,584,167 | 351,048 | 6.6% | (50,716) | 34,000 | 0 | \$24.78 |
| Apopka | 228 | 3,277,997 | 225,664 | 6.9% | (78,861) | 6,800 | 3,685 | \$19.95 |
| Casselberry | 461 | 7,144,057 | 406,784 | 5.8% | (6,955) | (752) | 21,771 | \$21.62 |
| Downtown Orlando | 247 | 1,879,910 | 105,204 | 5.6% | 22,196 | 45,420 | 0 | \$28.06 |
| East Seminole Outlying | 206 | 2,263,216 | 128,658 | 6.7% | (31,817) | 10,900 | 112,940 | \$23.54 |
| Kissimmee | 514 | 8,554,790 | 365,042 | 4.4% | 2,552 | 41,888 | 24,322 | \$19.69 |
| Lake County | 1,620 | 19,478,687 | 742,686 | 4.0% | 1,845 | 74,640 | 96,237 | \$18.82 |
| Lake Mary | 236 | 3,401,084 | 180,605 | 5.3% | 32,587 | 55,000 | 3,600 | \$27.29 |
| Lee Road | 139 | 1,469,032 | 70,493 | 4.9% | (32,519) | 1,325 | 0 | \$17.23 |
| Longwood | 186 | 1,860,872 | 54,669 | 3.1% | 27,310 | 0 | 48,400 | \$17.16 |
| Maitland | 59 | 947,065 | 105,985 | 11.2% | (37,958) | 0 | 0 | \$24.64 |
| Maitland Center | 187 | 2,568,033 | 111,152 | 4.5% | (40,882) | 0 | 0 | \$19.72 |
| Metro West | 294 | 2,652,004 | 85,991 | 3.2% | 68,927 | 80,320 | 0 | \$23.79 |
| NW Orange Outlying | 117 | 1,126,371 | 84,771 | 7.8% | 81,130 | 76,400 | 0 | \$19.90 |
| Orlando Airport | 101 | 1,432,551 | 84,588 | 5.9% | (37,714) | 0 | 0 | \$27.00 |
| Orlando Central Park | 462 | 9,500,171 | 415,790 | 4.6% | 145,488 | 36,200 | 0 | \$27.35 |
| Osceola Outlying | 530 | 7,818,385 | 237,934 | 3.2% | 71,641 | 72,125 | 14,954 | \$23.98 |
| Sanford | 448 | 5,453,409 | 335,447 | 6.2% | (52,420) | 18,800 | 2,940 | \$23.42 |
| SE Orange Outlying | 458 | 6,504,242 | 159,524 | 2.5% | 103,967 | 181,890 | 82,979 | \$25.84 |
| South Orange | 308 | 2,419,664 | 207,907 | 9.0% | (8,644) | 43,798 | 0 | \$19.91 |
| St. Cloud | 203 | 2,095,748 | 90,899 | 4.4% | (30,695) | 6,543 | 10,000 | \$19.65 |
| SW Orange Outlying | 170 | 3,569,580 | 65,457 | 2.0% | 20,094 | 60,861 | 121,408 | \$32.23 |
| Tourist Corridor | 588 | 12,916,377 | 511,917 | 4.2% | (98,553) | 104,494 | 84,893 | \$30.63 |
| University | 58 | 662,558 | 50,579 | 7.6% | (16,356) | 0 | 9,100 | \$29.44 |
| University Research | 56 | 713,639 | 13,031 | 1.8% | 3,321 | 2,500 | 0 | \$25.17 |
| W Seminole Outlying | 87 | 1,335,743 | 132,212 | 10.0% | (16,431) | 0 | 0 | \$17.82 |
| West Colonial | 908 | 12,207,105 | 561,131 | 4.7% | 15,169 | (58,492) | 204,500 | \$19.71 |
| West University | 246 | 4,659,155 | 120,824 | 3.2% | 93,090 | 0 | 0 | \$26.13 |
| Winter Park | 405 | 3,453,650 | 171,665 | 5.1% | (20,820) | (9,756) | 21,592 | \$31.11 |
| Totals | 10,614 | 146,237,401 | 6,623,951 | 4.7% | 246,309 | 896,546 | 863,321 | \$23.34 |

| Brevard, Polk & Volusia Counties (Adjacent) | | | | | | | | |
|---|--------------------|------------|-----------|-------|--------------------|----------------|----------------|--------------|
| Market | Existing Inventory | | Vacancy | | YTD Net Absorption | YTD Deliveries | Under Const SF | Quoted Rates |
| | # Blds | Total GLA | Total SF | Vac % | | | | |
| Brevard County | 2,934 | 36,051,489 | 1,996,980 | 5.7% | (65,771) | 81,392 | 132,881 | \$15.14 |
| Polk County | 2,801 | 31,325,393 | 1,254,156 | 4.1% | (273,876) | 76,159 | 99,748 | \$15.36 |
| Volusia County | 3,911 | 39,958,112 | 2,102,597 | 5.4% | (104,034) | 238,499 | 62,519 | \$15.70 |

| Period | Asset Value | Vacancy Rate | Availability Rate | Market Rent/SF | Annual Rent Growth | Inventory SF | Under Constr SF | Under Constr % | 12 Month Net Absorption SF | Market Price/SF | Sales Volume |
|---------|-------------|--------------|-------------------|----------------|--------------------|--------------|-----------------|----------------|----------------------------|-----------------|--------------|
| 2020 3q | \$29.9 B | 4.7% | 6.8% | \$23.34 | 3.0% | 146.2 M | 0.9 M | 0.6% | 0.2 M | \$228 | \$250 M |
| 2020 2q | \$29.8 B | 4.5% | 6.4% | \$23.44 | 4.9% | 145.8 M | 1.1 M | 0.7% | 0.7 M | \$273 | \$74 M |
| 2020 1q | \$29.4 B | 4.5% | 6.1% | \$23.27 | 5.7% | 145.5 M | 1.2 M | 0.8% | 1.0 M | \$187 | \$204 M |
| 2019 4q | \$28.9 B | 4.3% | 5.9% | \$22.96 | 6.0% | 145.2 M | 1.0 M | 0.7% | 1.1 M | \$197 | \$256 M |

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 | 2020 3q | 8,068 | 63,856,815 | 1,816,791 | 3.0% | 756,573 | 711,026 | 481,912 | \$21.78 |
| | 2020 2q | 8,055 | 63,452,944 | 1,758,559 | 2.9% | 970,311 | 676,294 | 697,408 | \$21.82 |
| | 2020 1q | 8,041 | 63,231,841 | 1,795,515 | 3.1% | 860,380 | 882,408 | 771,855 | \$21.72 |
| | 2019 4q | 8,025 | 62,970,972 | 1,839,891 | 3.0% | 599,990 | 785,941 | 807,913 | \$21.48 |
| Mall Market | 2020 3q | 158 | 13,503,363 | 709,527 | 5.4% | (233,096) | 0 | 203,000 | \$33.33 |
| | 2020 2q | 158 | 13,503,363 | 578,722 | 4.5% | (83,903) | 15,650 | 203,000 | \$33.48 |
| | 2020 1q | 158 | 13,503,363 | 575,729 | 4.3% | (81,608) | 23,150 | 203,000 | \$32.97 |
| | 2019 4q | 158 | 13,503,363 | 528,677 | 4.0% | 48,287 | 69,521 | 3,000 | \$32.17 |
| Shopping Centers | 2020 3q | 1,325 | 45,885,327 | 2,914,334 | 6.5% | (120,505) | 95,448 | 160,587 | \$22.16 |
| | 2020 2q | 1,324 | 45,880,683 | 2,851,585 | 6.6% | (230,001) | 156,474 | 155,231 | \$22.29 |
| | 2020 1q | 1,317 | 45,837,877 | 2,550,023 | 6.4% | (47,705) | 125,668 | 198,037 | \$22.11 |
| | 2019 4q | 1,316 | 45,831,077 | 2,579,626 | 6.2% | 69,263 | 142,928 | 100,577 | \$21.84 |
| Total Retail | 2020 3q | 10,614 | 146,237,401 | 6,623,951 | 4.7% | 246,309 | 896,546 | 863,321 | \$23.34 |
| | 2020 2q | 10,597 | 145,811,504 | 6,239,292 | 4.5% | 681,402 | 928,712 | 1,090,843 | \$23.44 |
| | 2020 1q | 10,571 | 145,504,095 | 5,847,257 | 4.5% | 977,619 | 1,228,810 | 1,234,096 | \$23.27 |
| | 2019 4q | 10,552 | 145,207,236 | 5,896,026 | 4.3% | 1,139,624 | 1,314,819 | 952,384 | \$22.96 |

Brevard, Polk & Volusia Counties (Adjacent) - 3rd Quarter 2020

| | County | Existing Inventory | | Vacancy | | Net Absorption | Deliveries Total GLA | Under Const GLA | Quoted Rates |
|------------------|---------|--------------------|------------|-----------|-------|----------------|----------------------|-----------------|--------------|
| | | # Blds | Total GLA | Total SF | Vac % | | | | |
| General Retail | Brevard | 2,422 | 19,139,269 | 639,131 | 3.4% | 69,051 | 65,542 | 31,950 | \$14.42 |
| | Polk | 2,363 | 17,084,790 | 396,019 | 2.3% | (57,033) | 47,384 | 99,748 | \$14.52 |
| | Volusia | 3,297 | 22,349,339 | 851,472 | 3.9% | 80,889 | 238,499 | 56,400 | \$15.14 |
| Mall Market | Brevard | 24 | 3,612,483 | 130,001 | 4.0% | (114,506) | 0 | 0 | \$20.25 |
| | Polk | 37 | 2,270,681 | 228,190 | 10.0% | (213,790) | 11,200 | 0 | \$21.19 |
| | Volusia | 20 | 1,409,702 | 40,105 | 2.8% | (10,644) | 0 | 0 | \$21.23 |
| Shopping Centers | Brevard | 202 | 9,189,817 | 952,835 | 10.6% | (23,734) | 15,850 | 47,391 | \$14.78 |
| | Polk | 229 | 8,887,035 | 516,104 | 6.1% | (27,435) | 0 | 0 | \$14.41 |
| | Volusia | 314 | 11,808,291 | 928,053 | 8.1% | (61,417) | 0 | 6,119 | \$15.77 |
| Total Retail | Brevard | 2,934 | 36,051,489 | 1,996,980 | 5.7% | (65,771) | 81,392 | 132,881 | \$15.14 |
| | Polk | 2,801 | 31,325,393 | 1,254,156 | 4.1% | (273,876) | 76,159 | 99,748 | \$15.36 |
| | Volusia | 3,911 | 39,958,112 | 2,102,597 | 5.4% | (104,034) | 238,499 | 62,519 | \$15.70 |

