

The Orlando retail market has held up well since the pandemic began, despite more severe job losses and a slower economic recovery than much of the nation. Retail demand has stood up to the challenges thus far, with positive net absorption in each quarter since Q1-20 and a vacancy rate that has remained flat. The unchanging vacancies are more impressive when factoring in the nearly 850,000 SF that has been completed over the past 12 months, much of it into an uncertain economy.

Most of Orlando's retail indicators are outperforming the national index in the first quarter of 2021 and there have been minimal warning signs of upcoming weakness. While the retail sector still has challenges ahead, Orlando appears positioned relatively well.

The average vacancy rate in Orlando is still historically tight, less than 50 basis points above the lowest mark on record and below the national average of 5.1%. Additionally, total available retail space has steadily declined since peaking in the third quarter of 2020. Leasing activity carried over the late 2020 surge with roughly 750,000 SF of leasing volume in the first quarter, with a robust finish of roughly 300,000 SF in March, the third-strongest month of activity since the pandemic began and fifth-highest over the past two years. Sublet space is now at the lowest level on record. There could still be some loosening market conditions on the horizon, as the directly available space remains 9.4 million SF, the highest level in five years.

Supply has also become a relatively bright spot. While 850,000 SF delivered during the past twelve months, some of the highest relative retail supply in the nation, retail starts have slowed with sparse groundbreakings since mid-2020. Even though there are still 960,000 SF still underway, the relative level is moving towards normalizing to the national average. Lessened supply should help temper potential lagged pandemic impacts.

Retail annual rent growth did take a beating, largely due to the pandemic, dropping 400 basis points since Q1-20. Landlords appear hesitant to push asking rents in this environment. However, Orlando has long been one of the strongest retail rent growth markets in the nation and that has continued despite the compression over the past year. The metropolitan area's annual rent growth is still positive and well above the national average which is now contracting on an annual basis at -0.2%.

The heightened activity has been fueled by grocery retailers, including Presidente Supermarket, Aldi and Earth Fare. Discount retailers have also been active, such as City Thrift signing one of the largest leases of the first quarter after agreeing to take down over 22,000 SF in Edgewater Center. Fitness concepts have also made a somewhat surprising comeback, highlighted by Amped Fitness leasing 39,000 SF in March at the Marketplace at Altamonte.

There was an increase in large-box vacancies over the past year, though it wasn't a new trend for Orlando. However, the market has been able to backfill comparable spaces over the past five years, including significant adaptive reuse.

Retail investment activity fell in the first quarter. There was only one trade that exceeded \$10 million - the \$12.6 million sale of a former Sears Auto Trade center at Seminole Towne Center. There have only been six trades to exceed \$10 million in the past three quarters.

Source: CoStar Property

ORLANDO MSA Retail Market



Total Retail Space
147,404,793 SF



Under Construction
915,127 SF



8 Shopping Centers
1,000,000 SF+

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

Quarterly Trends

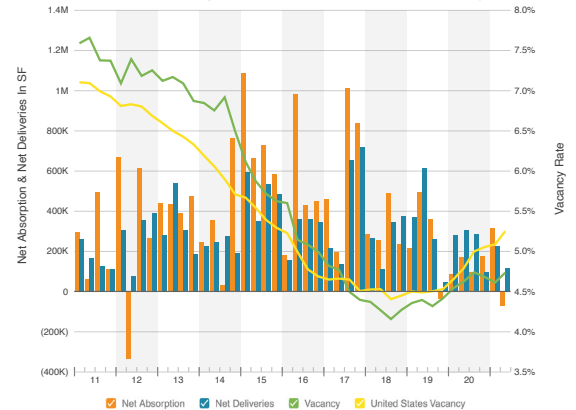
NET ABSORPTION

VACANCY RATE

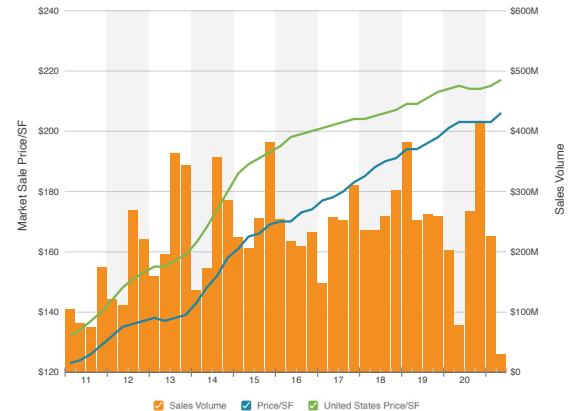
CONSTRUCTION

ASKING RATES

Net Absorption, Net Deliveries & Vacancy



Sales Volume & Market Sale Price Per SF



Total Retail Market Statistics

First Quarter 2021

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 Available SF	Avail %				
436 Corridor	681	9,222,983	626,594	6.8%	187,384	11,172	0	\$20.41
Altamonte/Douglas	407	5,538,010	474,128	8.6%	(99,406)	0	0	\$24.33
Apopka	230	3,281,493	159,392	4.9%	39,509	853	0	\$19.53
Casselberry	463	7,163,776	503,049	7.0%	63,484	9,733	0	\$21.48
Downtown Orlando	248	1,887,605	164,471	8.7%	(41,940)	2,600	0	\$26.95
East Seminole Outlying	207	2,267,091	157,776	6.8%	10,235	10,995	36,380	\$23.26
Kissimmee	513	8,572,054	351,793	4.1%	170,776	42,589	6,200	\$19.73
Lake County	1,642	19,605,671	1,074,974	5.5%	(98,917)	164,431	92,947	\$19.03
Lake Mary	235	3,392,539	188,121	5.5%	47,294	55,000	0	\$27.11
Lee Road	141	1,483,053	55,548	3.7%	(42,663)	1,325	0	\$17.57
Longwood	187	1,912,390	91,469	4.8%	16,167	3,000	0	\$17.07
Maitland	59	954,252	137,438	14.4%	(23,246)	0	0	\$24.20
Maitland Center	189	2,569,174	101,854	4.0%	21,005	0	0	\$19.73
Metro West	293	2,659,863	108,013	4.1%	78,564	73,500	0	\$23.29
NW Orange Outlying	118	1,126,046	159,568	13.2%	33,412	61,000	84,887	\$20.27
Orlando Airport	101	1,436,133	26,340	1.8%	13,826	0	0	\$26.63
Orlando Central Park	461	9,566,149	646,541	6.8%	275,296	(4,554)	0	\$26.83
Osceola Outlying	541	8,018,610	259,372	3.2%	27,657	21,104	16,921	\$24.32
Sanford	451	5,489,019	749,997	13.7%	(64,720)	33,800	0	\$23.25
SE Orange Outlying	469	6,601,404	397,047	6.0%	147,502	186,987	35,649	\$25.77
South Orange	308	2,420,311	187,535	7.7%	2,057	1,236	0	\$19.83
St. Cloud	207	2,117,866	64,034	3.0%	30,139	18,260	0	\$20.02
SW Orange Outlying	177	3,670,747	105,762	2.8%	59,999	71,481	120,438	\$31.89
Tourist Corridor	596	13,141,565	924,176	6.9%	(51,408)	120,241	184,332	\$30.41
University	59	673,208	122,613	18.2%	(61,015)	9,100	0	\$30.20
University Research	56	723,576	84,250	11.6%	(20,592)	0	0	\$26.60
W Seminole Outlying	88	1,340,023	144,280	10.8%	(1,712)	0	0	\$17.56
West Colonial	912	12,371,665	1,049,246	8.3%	(95,929)	(14,737)	337,373	\$19.40
West University	247	4,680,475	157,524	3.4%	108,430	0	0	\$25.51
Winter Park	410	3,518,042	270,135	7.7%	22,317	27,672	0	\$31.90
Totals	10,696	147,404,793	9,543,040	6.4%	753,505	906,788	915,127	\$23.24

Brevard, Polk & Volusia Counties (Adjacent)								
Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Total Available SF	Avail %				
Brevard County	2,965	36,213,313	2,573,330	7.1%	184,085	227,052	82,966	\$15.55
Polk County	2,832	31,396,259	1,932,863	6.1%	115,382	109,370	209,248	\$15.54
Volusia County	3,929	39,859,056	2,820,382	7.1%	(241,495)	37,414	87,934	\$16.01

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
2021 1q	\$30.0 B	4.6%	6.4%	\$23.24	1.5%	147.4 M	0.9 M	0.6%	753,505	\$203	\$225 M
2020 4q	\$29.9 B	4.7%	6.7%	\$23.19	2.2%	147.2 M	1.0 M	0.7%	520,905	\$225	\$414 M
2020 3q	\$29.8 B	4.7%	6.8%	\$23.00	2.4%	147.1 M	0.9 M	0.6%	308,865	\$216	\$267 M
2020 2q	\$29.8 B	4.6%	6.4%	\$23.03	3.7%	146.6 M	1.0 M	0.7%	576,349	\$281	\$77 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 Avail SF	Avail %				
General Retail	2021 1q	8,149	65,275,885	2,510,313	3.8%	851,435	747,748	428,055	\$22.03
	2020 4q	8,134	65,121,267	2,591,907	4.0%	1,015,845	837,625	474,468	\$21.98
	2020 3q	8,123	65,031,338	2,700,783	4.1%	797,778	754,711	477,247	\$21.79
	2020 2q	8,105	64,596,326	2,637,126	4.0%	964,878	693,938	695,424	\$21.75
Mall Market	2021 1q	160	12,971,870	1,440,030	10.9%	(188,950)	9,500	233,382	\$32.46
	2020 4q	159	12,968,870	1,405,166	10.7%	(219,731)	6,500	207,567	\$32.44
	2020 3q	158	12,962,370	1,355,392	10.3%	(232,196)	0	209,500	\$32.29
	2020 2q	158	12,962,370	1,135,043	8.6%	(84,403)	15,650	209,500	\$32.44
Shopping Centers	2021 1q	1,319	46,106,211	4,063,075	8.8%	145,724	70,836	216,110	\$21.95
	2020 4q	1,315	46,051,819	4,434,042	9.6%	(154,921)	23,244	270,502	\$21.88
	2020 3q	1,315	46,051,819	4,492,222	9.7%	(134,921)	64,442	205,665	\$21.70
	2020 2q	1,314	46,047,175	4,344,680	9.4%	(329,552)	102,948	72,936	\$21.75
Total Retail	2021 1q	10,696	147,404,793	9,543,040	6.4%	753,505	906,788	915,127	\$23.24
	2020 4q	10,675	147,180,783	9,958,051	6.7%	520,905	963,263	994,437	\$23.19
	2020 3q	10,663	147,084,354	10,128,820	6.8%	308,865	915,047	934,312	\$23.00
	2020 2q	10,640	146,621,494	9,479,893	6.4%	576,349	892,830	1,042,964	\$23.03

Brevard, Polk & Volusia Counties (Adjacent) - First Quarter 2021

	County	Existing Inventory		Vacancy		Net Absorption	Deliveries Total GLA	Under Const GLA	Quoted Rates
		# Blds	Total GLA	Total Avail SF	Avail %				
General Retail	Brevard	2,448	19,170,966	865,538	4.5%	23,521	91,347	4,350	\$14.91
	Polk	2,397	17,350,964	603,405	3.5%	85,682	100,195	84,811	\$14.59
	Volusia	3,313	22,331,553	974,120	4.3%	(121,336)	45,514	73,419	\$15.31
Mall Market	Brevard	24	3,612,483	72,398	2.0%	(46,255)	0	0	\$20.03
	Polk	36	2,226,372	348,247	15.6%	(12,083)	0	0	\$21.74
	Volusia	20	1,413,272	238,062	16.8%	0	0	0	\$21.72
Shopping Centers	Brevard	210	9,335,895	1,272,749	13.5%	180,826	135,705	70,916	\$15.28
	Polk	229	8,740,619	860,285	9.8%	47,148	0	75,600	\$14.80
	Volusia	313	11,683,206	1,158,726	9.9%	16,581	(8,100)	14,515	\$16.17
Total Retail	Brevard	2,965	36,213,313	2,573,330	7.1%	184,085	227,052	82,966	\$15.55
	Polk	2,832	31,396,259	1,932,863	6.1%	115,382	109,370	209,248	\$15.54
	Volusia	3,929	39,859,056	2,820,382	7.1%	(241,495)	37,414	87,934	\$16.01

