

ORLANDO RETAIL REPORT

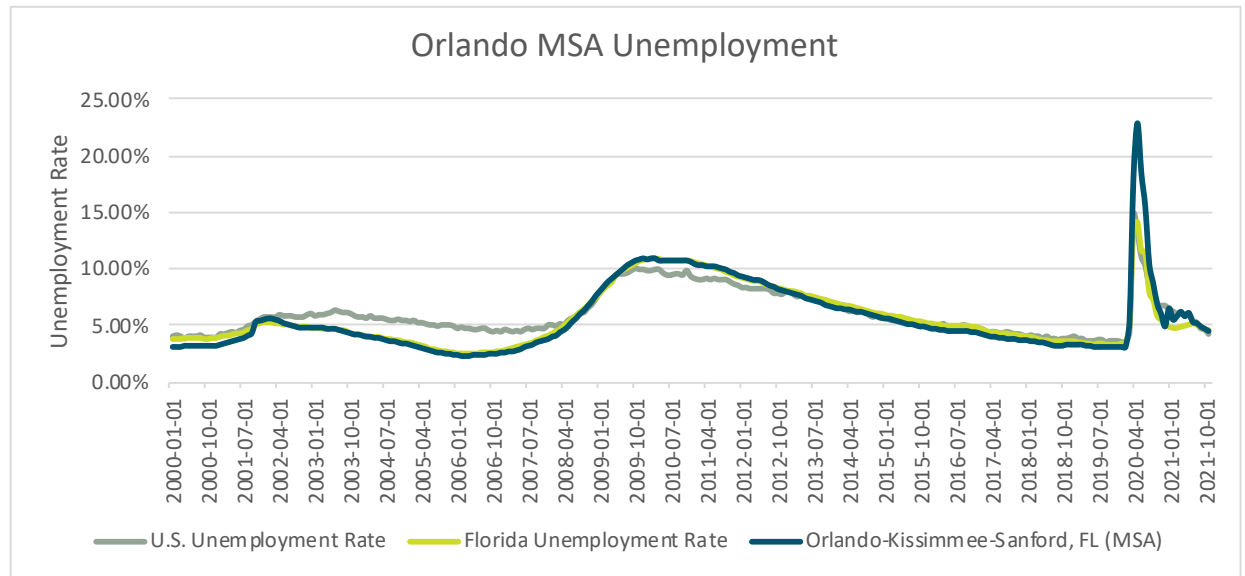
ORLANDO MARKET OVERVIEW

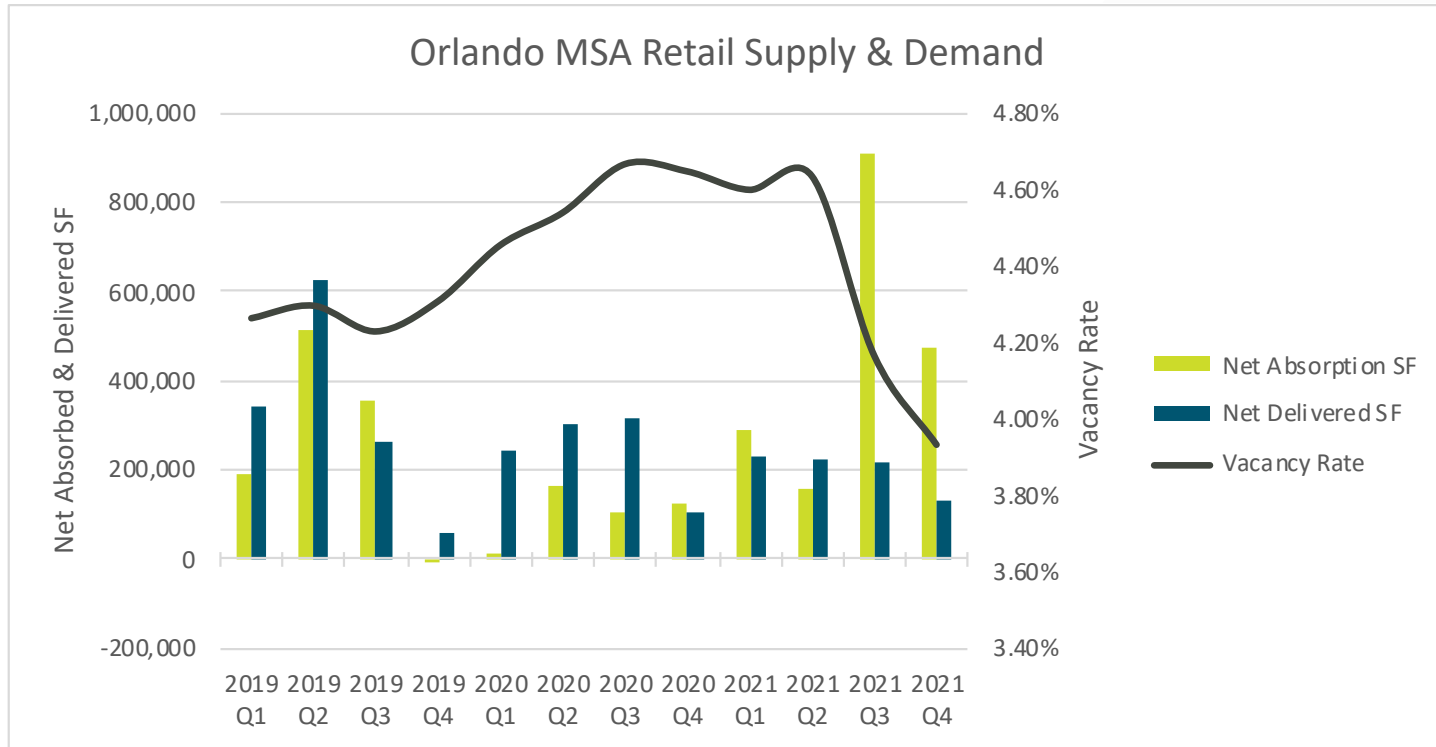
Q4-21 served as a monumental quarter for retail properties in the Orlando MSA. Sales volume and sales price per square foot all reached record highs to close out the year. Also, noteworthy is that retail vacancy rates declined significantly and for the first time finished below 4% in Q4-21. The Orlando MSA has recovered incredibly well since the pandemic where it experienced substantial increases in unemployment as the tourism industry took a heavy hit due to travel restrictions. However, now the Orlando MSA is in full rebound mode, boasting a resilient market that is striving due to the vaccination roll out and an overall less restrictive state administration. The outlook for the Orlando retail market is favorable, as tourism and foot traffic will continue to pick up in this retail hot bed.

ORLANDO MSA UNEMPLOYMENT

Unemployment rates have continued to descend during the surge that was caused by the Covid-19 pandemic. The United States experienced an unemployment peak of 14.70%, while the state of Florida experienced a peak of 14.20% and the Orlando MSA hit an all-time high of 22.80%. However, unemployment rates have descended to pre-pandemic levels. The United States, state of Florida and Orlando MSA each closed the year at 4.20%, 4.50% and 4.50%, respectively. Leading to the decline in unemployment rates in the Orlando MSA was a significant upturn in foot traffic as well as the widespread of Covid-19 vaccinations allowing the popular tourist market to recover to pre-pandemic levels.

4.50%
Unemployment Rate
3.9%
Vacancy Rate
\$24.71 PSF
Avg Rent
\$470 M
Sales Volume



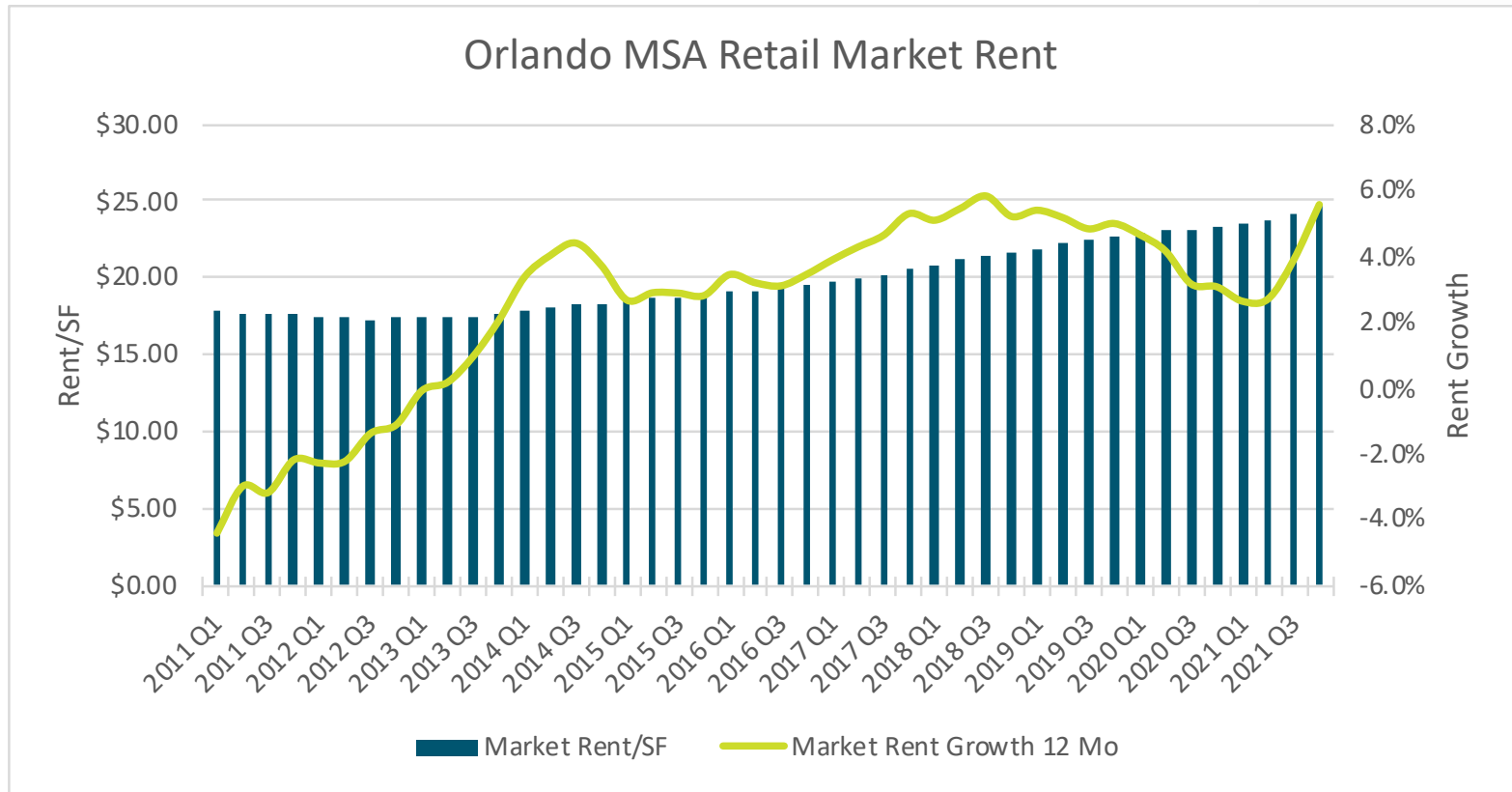


ORLANDO SUPPLY & DEMAND

Q4-21 delivered 128,145 square feet of retail space in the Orlando MSA while 472,720 square feet was absorbed. As net absorption ultimately outpaced net deliveries, vacancy rates tightened to all-time lows. The market’s vacancy dropped below 4% for the first time in Q4-21, closing this year at 3.9%.

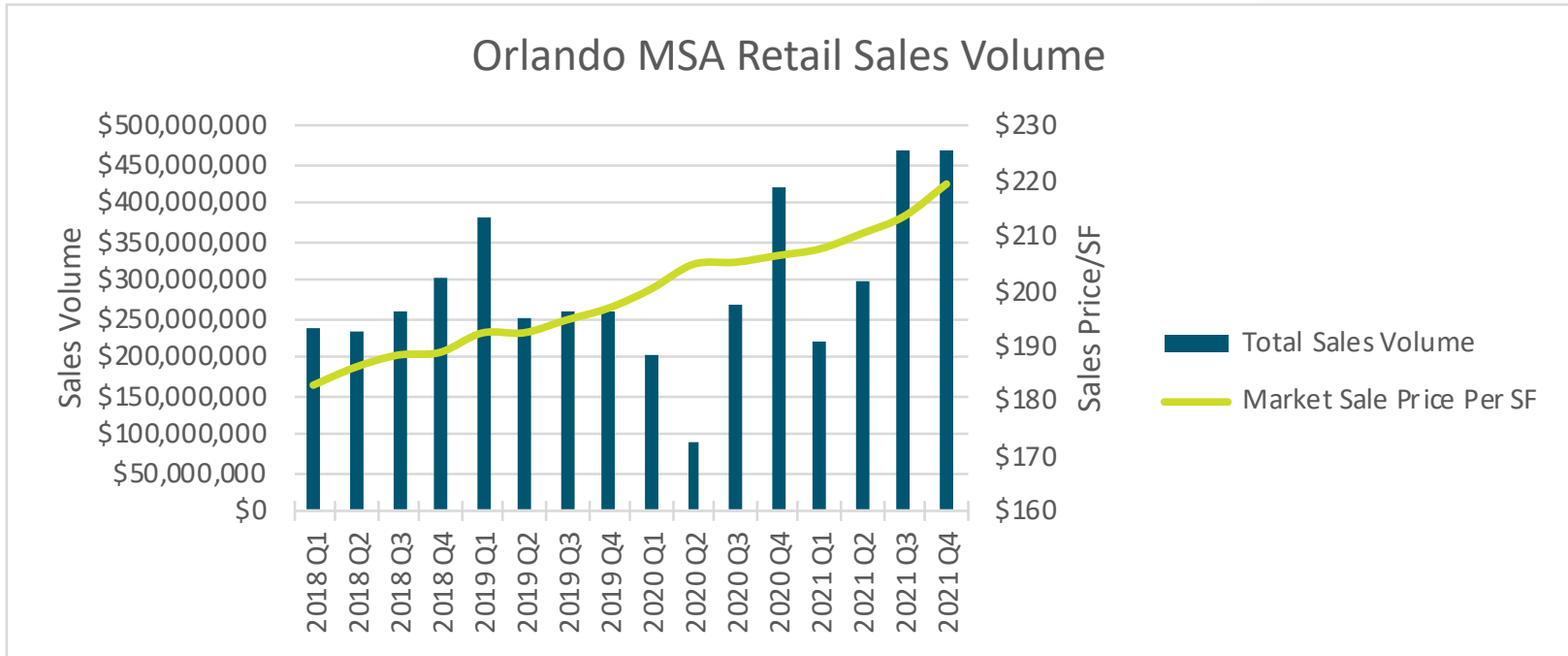
“Between the record vacancies and unrelenting growth we are currently experiencing, tenants motivated to expand in the Orlando market are encouraged to act quickly on spaces that become available”

-Terrence Hart, Senior Director of Retail and Healthcare Services



ORLANDO MSA RETAIL MARKET RENT

Market rent growth has also reached new heights in 2021. Q4-21 experienced a growth of 5.6% from a 12-month growth perspective, showing a significant recovery from the pandemic-driven dip earlier in the year. Market rent per square foot closed Q4-21 at an average of \$24.71. Notably, annual rent growth in Orlando has remained positive since Q3-13.



ORLANDO MSA RETAIL SALES VOLUME

Orlando MSA retail sales volume and price per square foot reached all-time highs in Q4-21. Total sales volume amassed \$469,862,368, while price per square foot reached \$219.40, marking 2.72% increase from Q3-21.

“As the strong demand from consumers and retailers continues to drive rent growth, Orlando retail will remain a stable investment. While the retail landscape is constantly evolving, we can expect neighborhood and power centers with grocery and a strong mix of service-based tenants to continue performing at the top of the market.”

-Mike Battey, Director of Retail Leasing

Orlando MSA 2021 Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	7.2%	\$17.55	-2.2%	137,549,052	669,890	104,350	\$127.21	8.4%
2012	7.1%	\$17.35	-1.1%	138,677,187	1,128,135	269,665	\$135.42	8.1%
2013	6.7%	\$17.70	2.0%	139,985,394	1,308,207	471,986	\$138.12	8.1%
2014	6.4%	\$18.36	3.7%	140,928,672	943,278	762,933	\$155.79	7.7%
2015	5.5%	\$18.87	2.8%	142,909,203	1,980,531	600,331	\$167.78	7.4%
2016	4.9%	\$19.52	3.4%	144,129,402	1,220,199	486,382	\$173.27	7.3%
2017	4.3%	\$20.56	5.3%	145,891,916	1,762,514	874,769	\$181.67	7.2%
2018	4.2%	\$21.63	5.2%	147,063,372	1,107,400	209,879	\$189.01	7.2%
2019	4.3%	\$22.71	5.0%	148,413,474	1,286,143	-4,718	\$197.02	7.1%
2020	4.6%	\$23.41	3.1%	149,557,380	962,074	126,715	\$206.48	7.0%
2021	3.9%	\$24.71	5.6%	150,353,332	795,952	472,720	\$219.40	6.8%

Orlando MSA Retail Statistics Q4-21								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	2.2%	\$23.39	4.9%	67,108,836	118,145	257,565	\$262.99	6.6%
Mall	6.2%	\$34.77	5.1%	13,475,208		89,834	\$188.37	6.7%
Neighborhood Center	5.6%	\$23.38	6.6%	46,649,406		10,502	\$173.84	7.1%
Other	3.4%	\$31.66	5.3%	3,456,163		6,888	\$172.79	7.1%
Power Center	4.7%	\$25.24	6.0%	10,486,120		94,907	\$182.78	7.0%
Strip Center	4.1%	\$23.00	5.9%	9,136,160	10,000	13,024	\$236.03	6.8%

CONCLUSION

All signs point to a strong 2022 for the retail market in Orlando. Going forward, the biggest concern for tenants entering our market today is lack of inventory that will keep vacancies tight. This means landlords will have the ability to be more selective when it comes to tenants they sign, so tenants with proven pandemic and internet-proof strategies will have an advantage.

However, these factors do not seem to be deterring tenants from seeking retail space in Orlando.

“The properties we work with throughout the Central Florida market continue to see strong activity from new-to-market tenants as well as existing tenants looking to expand their footprints. We expect many new leases and openings over the next 12 months.

-Katy Taylor, Retail Services Associate

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