



Introduction:

Downtown Orlando Market Report Summary for Fourth Quarter 2018

The Downtown Development Board/Community Redevelopment Agency (DDB/CRA) retained GAI Consultants, Inc. to prepare summaries of Downtown Orlando market activity on a quarterly basis. Due to the length of the document, the DDB/CRA prepares a market report summarization to condense the information found in the full report. Areas that are currently covered include:

- Business
- Hospitality and Tourism
- Residential Market
- Retail Market
- Commercial Office Market
- Major Downtown Developments

Please note that *Major Downtown Developments* is the only section that does not originate from the GAI report. This information is compiled by the DDB/CRA staff through the use of information gathered by various City boards, along with communications from project representatives.

If you have questions regarding the information contained herein, or to request a copy of the full GAI report, please contact Kimberley Allonce at 407.246.2102 or at Kimberley.Allonce@DowntownOrlando.com.

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Business

For the 4th quarter 2018, 43 business licenses were issued within downtown Orlando; this is a 12.2% decrease from the third quarter of 2018 and a 30% increase compared to the same quarter last year. Approximately 48.8% of the licenses issued within the CRA were for professional establishments.

Downtown Orlando's employment remained at 80,047 jobs. The three largest employment sectors in downtown Orlando remained *Educational Services* with 24,286 jobs (30.3% of total jobs), *Public Administration* with 17,698 jobs (22.1% of total jobs), and *Professional, Scientific and Technical Services* with 12,384 jobs (15.5% of total jobs).

During the 4th quarter 2018, the total sales tax collection within the CRA was \$17,880,236, which is a 1.6% increase compared to the third quarter 2018. The three largest sales tax collection sectors were *Lease and Rental of Commercial Property* with \$3,289,161, *Restaurants, Lunchrooms, and Catering Services* with \$2,570,347 and *Hotel/Motel Accommodations* with \$2,412,791. Not all sales are subject to sales tax; for instance, sales tax is not collected on purchase of groceries and medication along with certain services.

See Figure:

Figure 1: Top Ten Sales Tax Collections by Type of Business within the CRA

Hospitality and Tourism

With 1,883 available hotel rooms, approximately 122,977 guests were lodged in downtown Orlando's hotels for the 4th quarter 2018. The average hospitality occupancy rate decreased from 72.8% to 72.4% compared to the previous quarter. Moreover, the average hospitality occupancy rate for the fourth quarter 2018 decreased by 1.46% and 4.61% compared to the same quarter in 2016 and 2017, respectively.

Downtown Orlando's average daily rate (ADR) was \$153.26, which is the highest when compared to Metro Orlando with an average daily rate of \$127.32, Orange County with \$134.94, and the City with \$149.19. Additionally, downtown Orlando's average daily rate (ADR) increased by 5.28% and decreased by 0.11% compared to the same quarter in 2016 and 2017, respectively.

See Figures:

Figure 2: Hotel Occupancy Comparison

Figure 3: Hotel Room Average Daily Rate Comparison

Residential Market

During the 4th quarter 2018, the average sales price per square foot for residential units in downtown Orlando was \$249, which is higher than that of Orange County at \$155 and that of the City at \$153. Approximately 88% of the total residential dwelling unit sales in downtown Orlando were condominium units; total residential dwelling unit sales were 52, which is lower than 77 sales reported in the 3rd quarter 2018. Total residential dwelling unit sales decreased by 26.8% compared to the 4th quarter 2017.

Overall, the rental market in downtown Orlando continued to perform well with an average occupancy rate of 94.4% excluding Novel Lucerne and Modera Central apartment buildings who are still in lease-up. This is an increase compared to the 93.2% occupancy of the 3rd quarter 2018. Among rental apartments surveyed during the 4th quarter 2018, the average rent was \$1,781 per month, which is higher than the 3rd quarter 2018 average of \$1,630 per month. For the 4th quarter 2018 the average price per square foot was \$1.91, which is a 2.14% increase compared to the same quarter last year.

See Figures:

Figure 4: Average Residential Sales Price

Figure 5: Total Residential Sales, Downtown CRA Planning Areas by Average Price per Unit

Figure 6: Occupancy of Major Apartment Buildings in downtown Orlando CRA

Figure 7: Average Rental Price per Square Foot, Major Apartment Buildings in downtown Orlando CRA

Retail Market

For the 4th quarter 2018, the retail occupancy rate in downtown Orlando was 95.2%, which is just short of the rates for both the City (96.4%) and Orange County (95.8%). The average rental rate was \$29.22 per square foot, which exceeds the average rate of \$28.98 for 4th quarter 2017. Over the same period, Orange County and the City of Orlando saw rate increases of 9.1% and 5.4%, respectively.

Compared to other major Florida cities, downtown Orlando had the second highest retail occupancy rate (95.2%) above Tampa (94.6%), Jacksonville (94.1%) and Miami (78.8%); only Ft. Lauderdale was higher at 95.9%. Downtown Orlando had the third lowest rental rate (\$29.22) per square foot compared to Jacksonville (\$16.59), Tampa (\$16.99), Ft. Lauderdale (\$37.45), and Miami (\$54.21).

See Figures:

Figure 8: Comparable CBD Retail Buildings, Rental Rate Per Square Feet

Figure 9: Comparable CBD Retail Buildings, Percent Occupancy

Commercial Office Market

In the 4th quarter 2018, the office occupancy rate in downtown Orlando was 92.2%, which is higher than the previous quarter; however, it is lower than that of the City (94.0%) and that of Orange County (93.8%). There has been a downward trend in vacancy rates, which indicates that the commercial office market continued to perform well. The average price per square foot was \$23.24, which is lower than both the average price of \$24.97 per square foot reported for the 3rd quarter of 2018 and the average price of \$24.29 reported for the same quarter last year. Office Space categorized as Class A had the largest percentage (54.8%) contribution in downtown Orlando while office space categorized as Class C had the highest occupancy rate (94.5%).

Compared to other major cities in Florida, downtown Orlando had the third highest occupancy rate (92.2%) for CBD office buildings compared to Miami (82.9%), Fort-Lauderdale (89.5%), Jacksonville (93.4%), and Tampa (94.8%). Downtown Orlando had the second lowest rental rate (\$23.24) per square foot compared to Jacksonville (\$21.02), Tampa (\$29.19), Miami (\$39.53), and Fort-Lauderdale (\$41.58).

See Figures:

Figure 10: Office Vacancy Rate Comparison within downtown Orlando CRA

Figure 11: Average Office Rental Rate per Square Foot within downtown Orlando CRA

Figure 12: Office Space Distribution as Percentage of All Classes

Figure 13: Comparable CBD Office Buildings, Percent Occupancy

Figure 14: Comparable CBD Office Buildings, Rental Rate per Square Foot

Major Downtown Developments

There are currently 15 projects underway in downtown Orlando representing \$4.17 billion (\$1.25 billion in private and \$2.92 billion in public) in investment. These projects include 2,151 residential units, 180 hotel rooms, 56,450 sq. ft. of retail space, and 308,856 sq. ft. of office space. Furthermore, there are 15 proposed projects representing more than \$638 million in investment, 2,164 residential units, 901 hotel rooms, 166,292 sq. ft. of retail space, and 446,650 sq. ft. of office space.

Downtown Projects - In Progress

Project	Investment	Residential Units	Hotel Rooms	Retail (sq ft)	Office (sq ft)	Other (sq ft)
107 Hillcrest	\$ 20,000,000	-	-	10,950	2,356	94,390
333 North Rosalind	\$ 95,000,000	389	-	14,000	-	-
520 East	\$ 88,000,000	363	-	6,800	-	-
Colonial Pedestrian Overpass	\$ 9,100,000	-	-	-	-	-
Creative Village - Amelia Court	\$ 60,000,000	256	-	-	-	-
Creative Village - Dr. Phillips Academic Commons	\$ 65,000,000	-	-	-	-	148,000
Creative Village - Apartments (Parcel M)	\$ 108,000,000	390	-	6,500	-	20,450
Creative Village- UnionWest (Student Housing)	\$ 105,000,000	600 (beds)	-	10,000	100,000	50,000
Dr. Phillips Center for the Performing Arts (Phase 1 & 2)	\$ 550,000,000	-	-	-	-	-
Eola North	\$ 4,600,000	12	-	-	-	-
I-4 Ultimate Improvement Project	\$ 2,300,000,000	-	-	-	-	-
Irving on Park	\$ 4,000,000	21	-	-	-	-
Parramore Oaks (Phase 1)	\$ 28,000,000	120	-	-	-	-
SunRail	\$ 615,000,000	-	-	-	-	-
SunTrust Plaza at Church Street Station	\$ 125,000,000	-	180	8,200	206,500	-
Totals	\$ 4,176,700,000	2,151	180	56,450	308,856	312,840

Downtown Projects – Proposed

Project	Investment	Residential Units	Hotel Rooms	Retail (sq ft)	Office (sq ft)	Other (sq ft)
M15 Ray Multi-family Project	\$ 1,500,000	15	-	-	-	-
409 N Magnolia	\$ 20,000,000	-	240	3,191	-	-
811 E. Washington Street	\$ -	4	-	607	-	2,477
Cambria Suites Hotel	\$ 20,000,000	-	155	-	-	-
Creative Village - Apartments (Parcel U)	\$ 75,000,000	292	-	-	-	-
Elan Residences	\$ 6,000,000	10	-	-	-	-
Fountain Vu 5	\$ 4,000,000	5	-	-	-	-
Golden Sparrow - X Orlando	\$ -	867	-	41,000	-	-
Lion's Den	\$ 1,000,000	-	-	-	-	-
Magnolia Mixed-Use Development	\$ 64,500,000	40	256	-	-	-
Orange & Robinson Apartments	\$ 65,000,000	325	-	11,494	-	-
Sports Entertainment District	\$ 200,000,000	300	250	100,000	200,000	-
The 500	\$ 36,000,000	-	-	-	116,650	-
The Olive Townhouses	\$ 5,500,000	6	-	-	-	-
Zoi House Orlando	\$ 140,000,000	300	-	10,000	130,000	-
Totals	\$ 638,500,000	2,164	901	166,292	446,650	2,477

Figure 1
Top Ten Sales Tax Collections
Type of Business Within the CRA

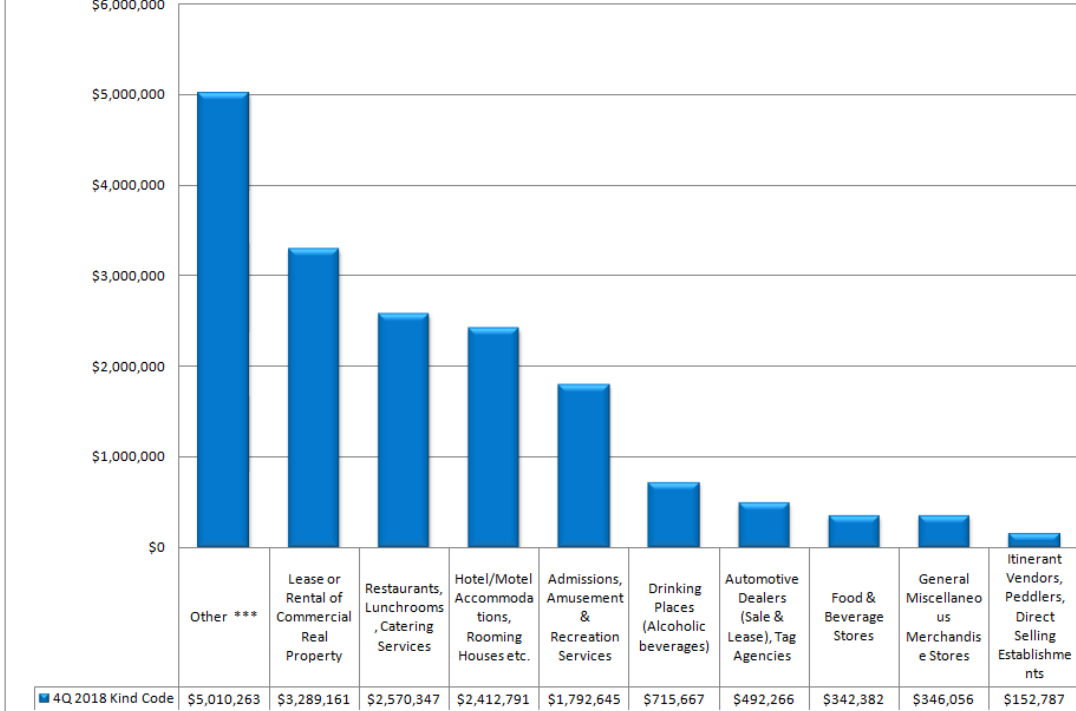


Figure 2
Hotel Occupancy Comparison

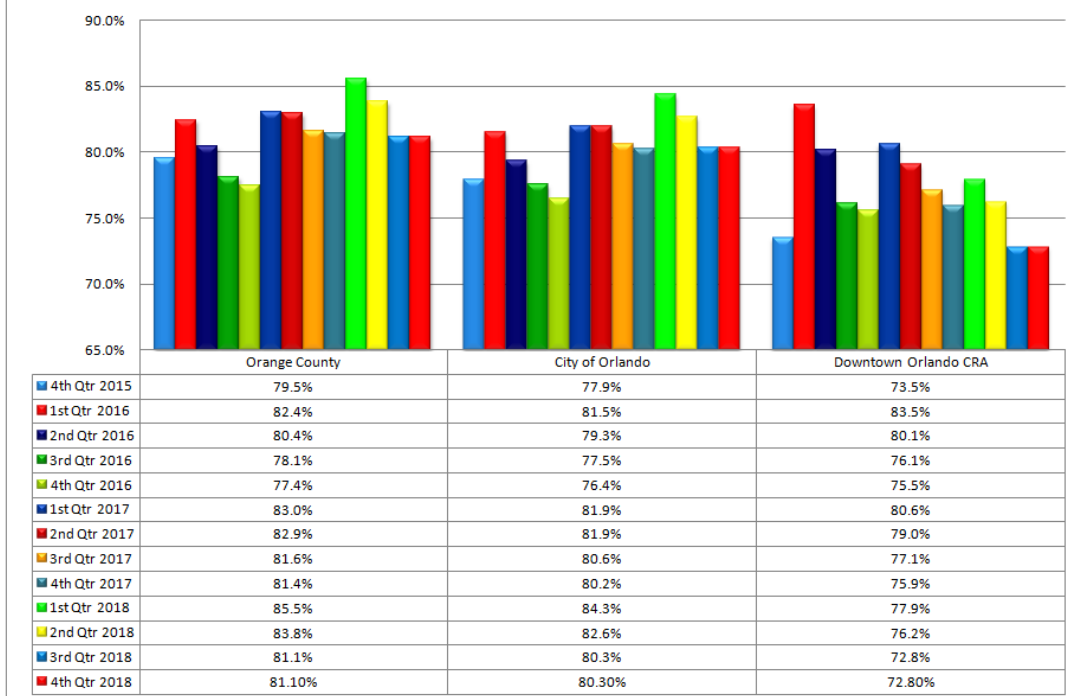
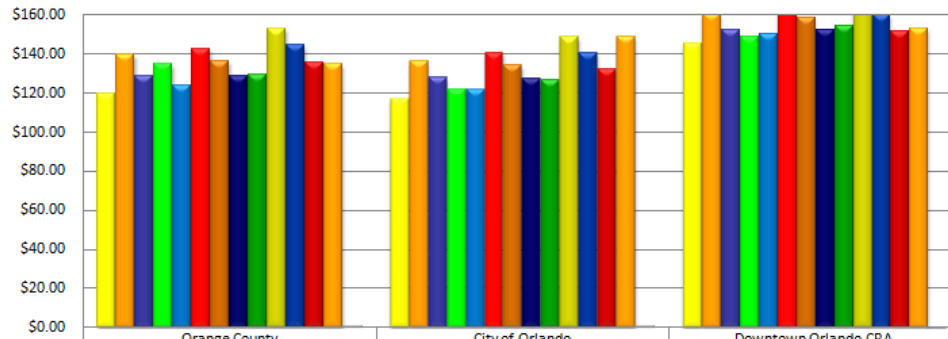
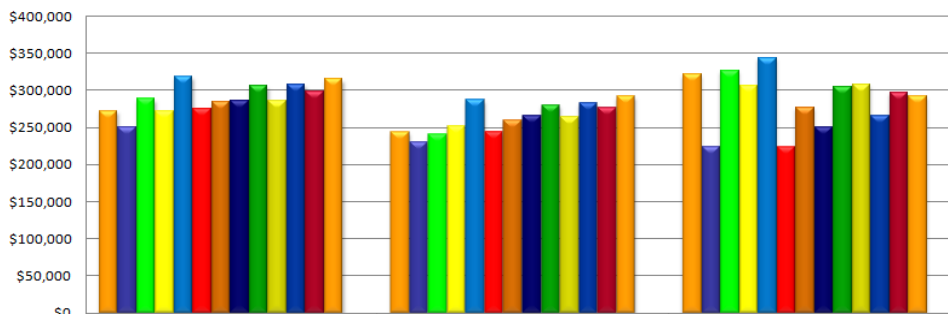


Figure 3
Hotel Room Average Daily Rate (ADR) Comparison



	Orange County	City of Orlando	Downtown Orlando CRA
4th Qtr 2015	\$119.97	\$116.90	\$145.54
1st Qtr 2016	\$139.38	\$136.01	\$160.34
2nd Qtr 2016	\$128.91	\$127.96	\$152.18
3rd Qtr 2016	\$134.90	\$121.87	\$148.88
4th Qtr 2016	\$123.94	\$121.55	\$150.12
1st Qtr 2017	\$142.73	\$140.73	\$170.20
2nd Qtr 2017	\$136.41	\$134.16	\$158.73
3rd Qtr 2017	\$128.55	\$127.11	\$152.25
4th Qtr 2017	\$129.28	\$126.88	\$154.43
1st Qtr 2018	\$152.88	\$148.31	\$171.42
2nd Qtr 2018	\$144.42	\$140.74	\$159.86
3rd Qtr 2018	\$135.48	\$132.37	\$151.61
4th Qtr 2018	\$134.94	\$149.19	\$153.26
% Change 4Q17 to 4Q18	4.4%	17.6%	-0.8%

Figure 4
Average Residential Sales Price



	Orange County	City of Orlando	Downtown Orlando CRA
4th Qtr 2015	\$271,794	\$243,031	\$321,010
1st Qtr 2016	\$248,738	\$229,818	\$223,263
2nd Qtr 2016	\$287,456	\$239,459	\$326,174
3rd Qtr 2016	\$271,021	\$251,328	\$305,081
4th Qtr 2016	\$317,893	\$286,047	\$343,188
1st Qtr 2017	\$273,761	\$242,726	\$222,905
2nd Qtr 2017	\$283,001	\$259,135	\$276,407
3rd Qtr 2017	\$284,372	\$264,374	\$248,838
4th Qtr 2017	\$304,691	\$279,382	\$303,162
1st Qtr 2018	\$285,172	\$262,704	\$307,218
2nd Qtr 2018	\$306,857	\$281,702	\$265,367
3rd Qtr 2018	\$296,992	\$275,387	\$296,549
4th Qtr 2018	\$314,178	\$291,140	\$291,075
% Change 4Q17 to 4Q18	3.1%	4.2%	-4.0%

Figure 5
Total Residential Sales
Downtown Orlando CRA Planning Areas by Units Sold

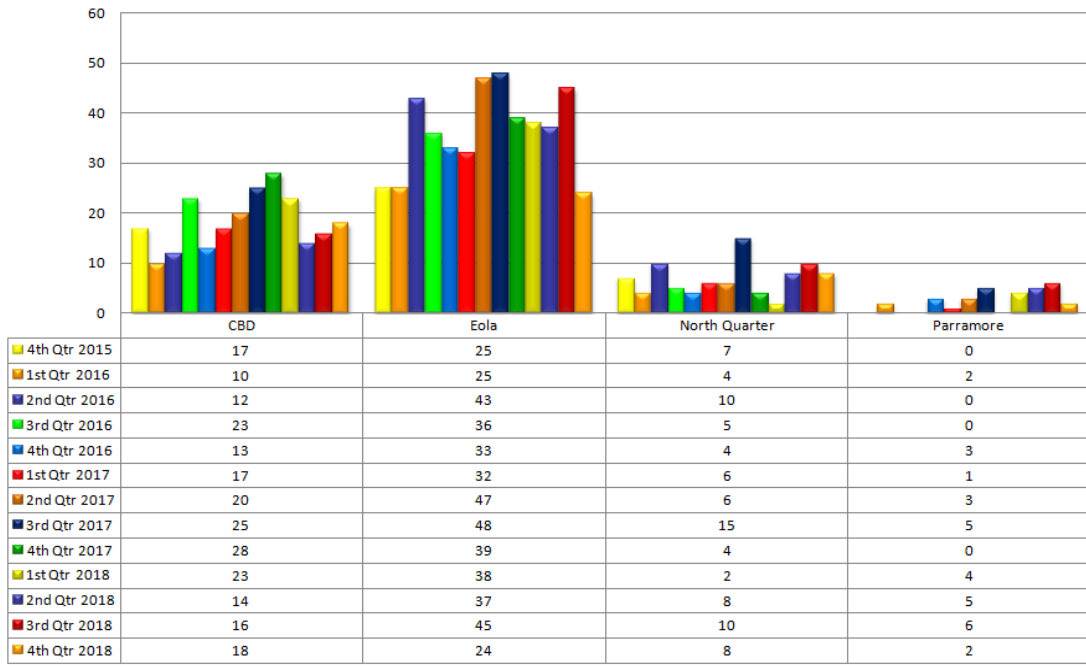


Figure 6
Downtown Orlando CRA
Occupancy of Major Apartment Buildings

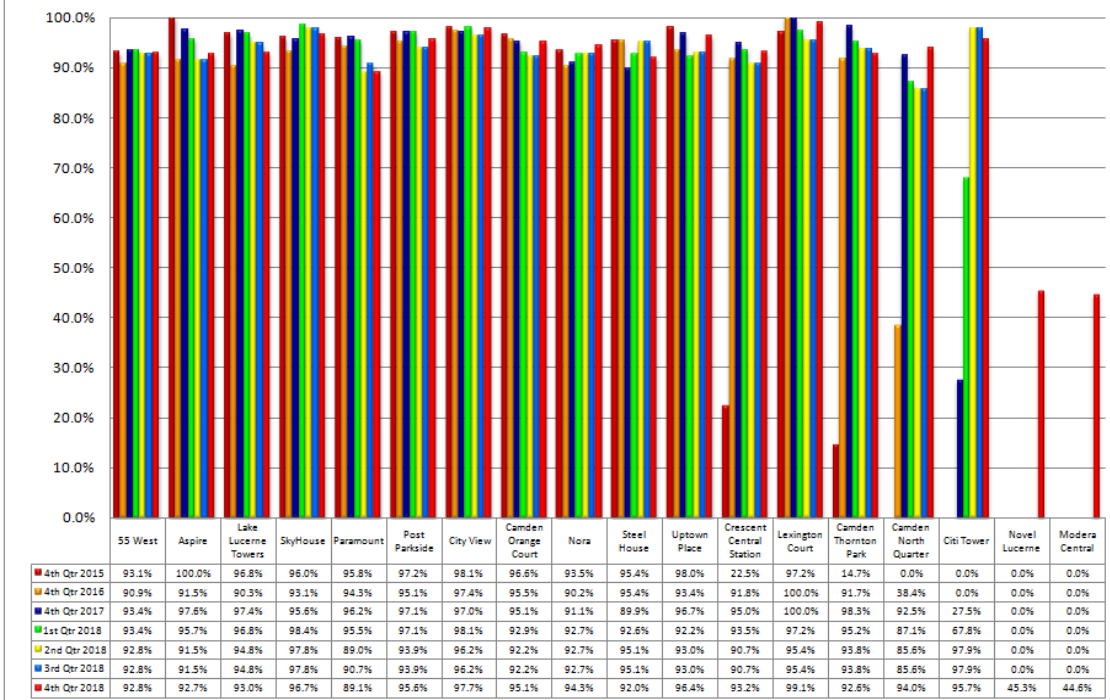


Figure 7
Downtown Orlando CRA
Average Rental Price Per Square Foot of Major Apartment Buildings

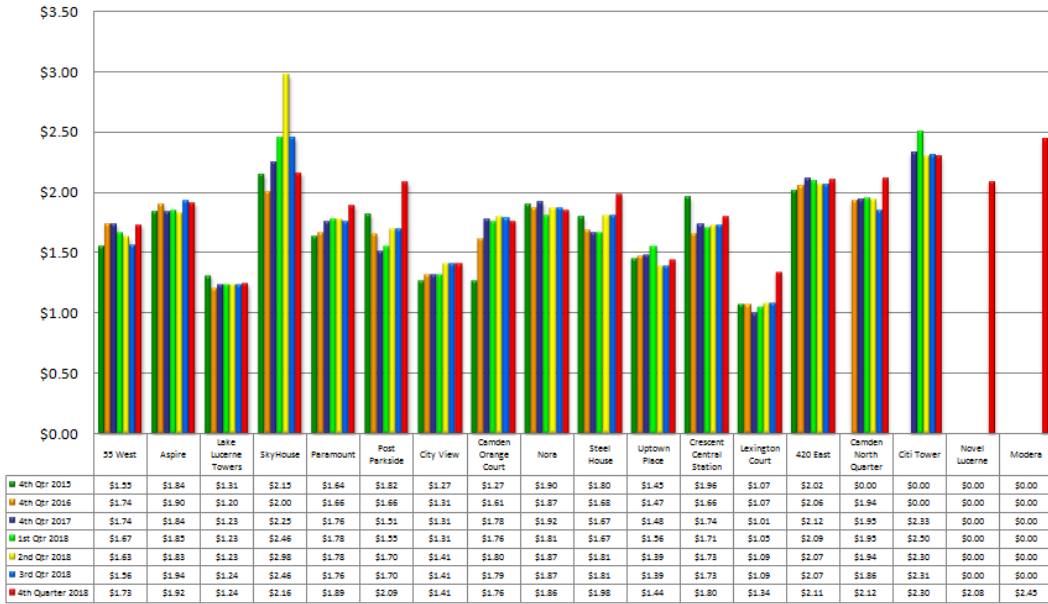
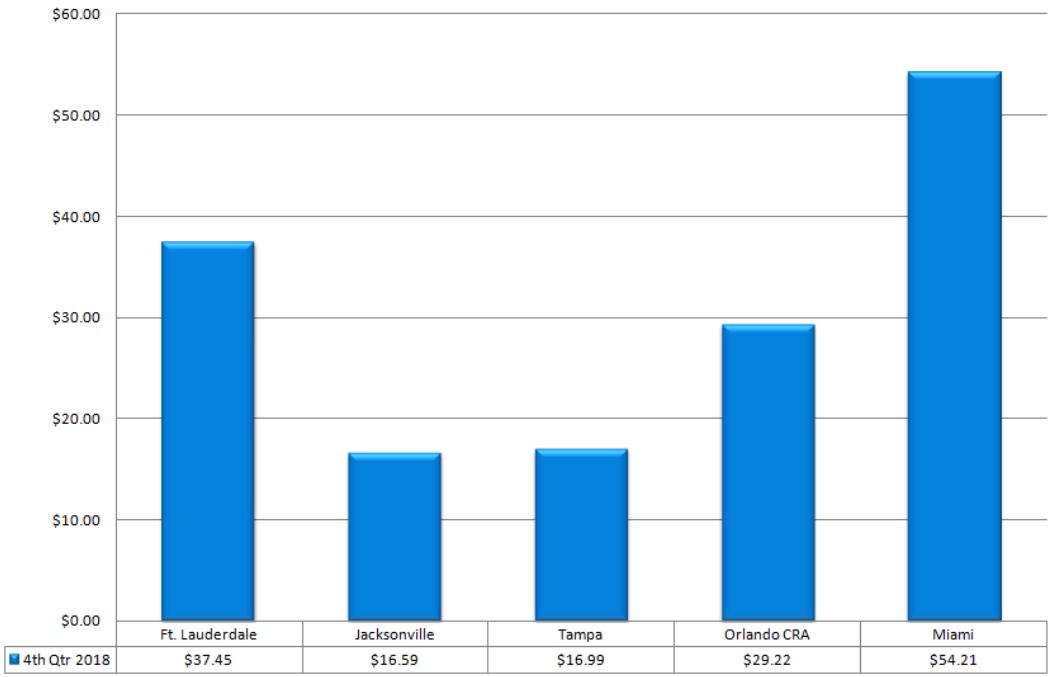


Figure 8
Comparable CBD Retail Buildings
Rental Rate Per Square Feet



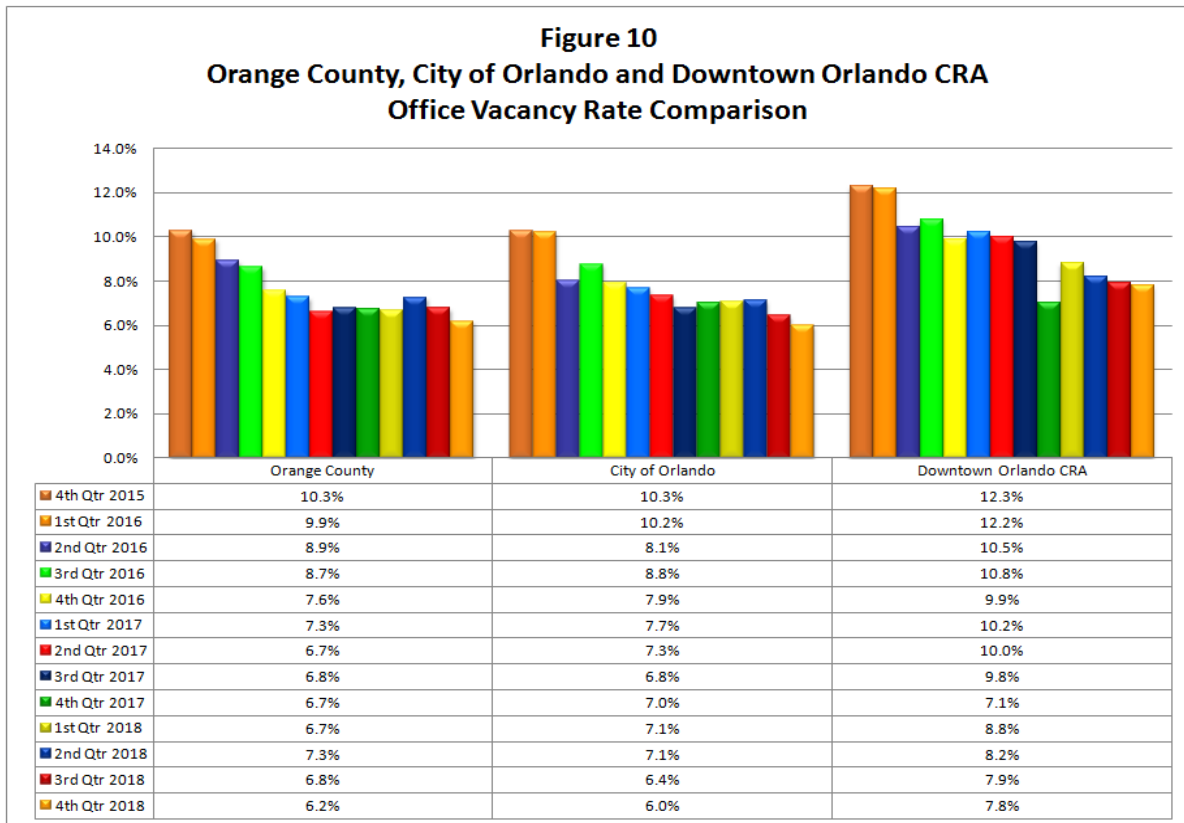
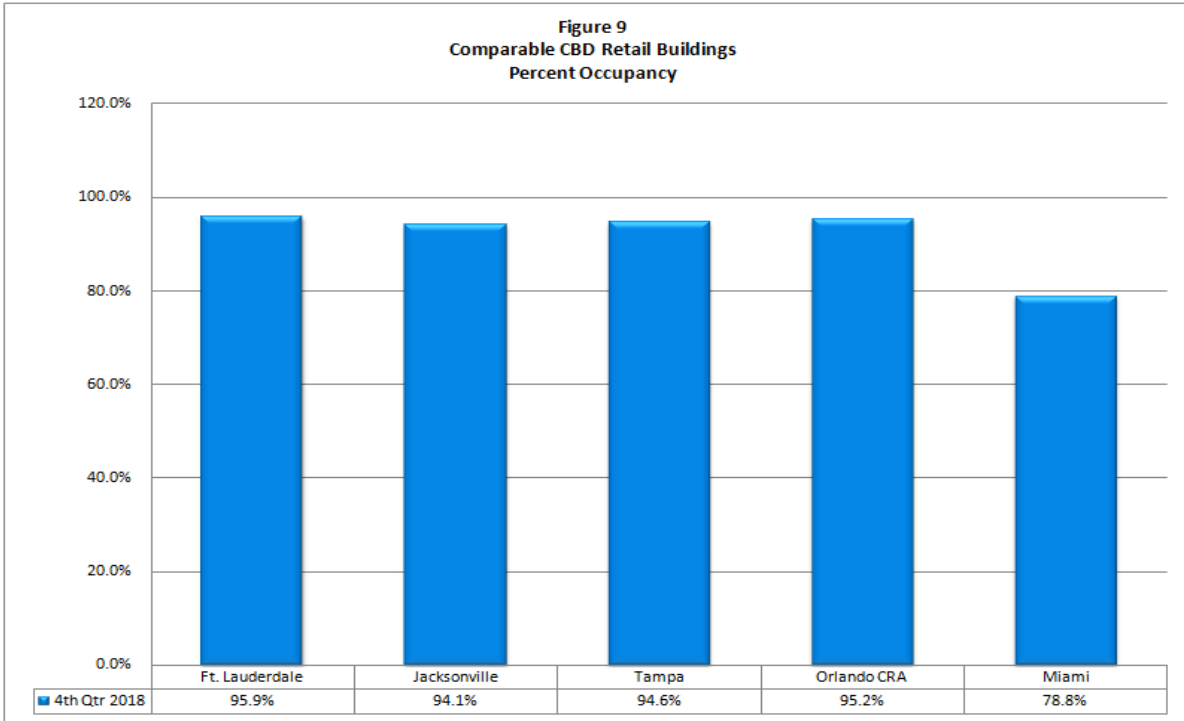
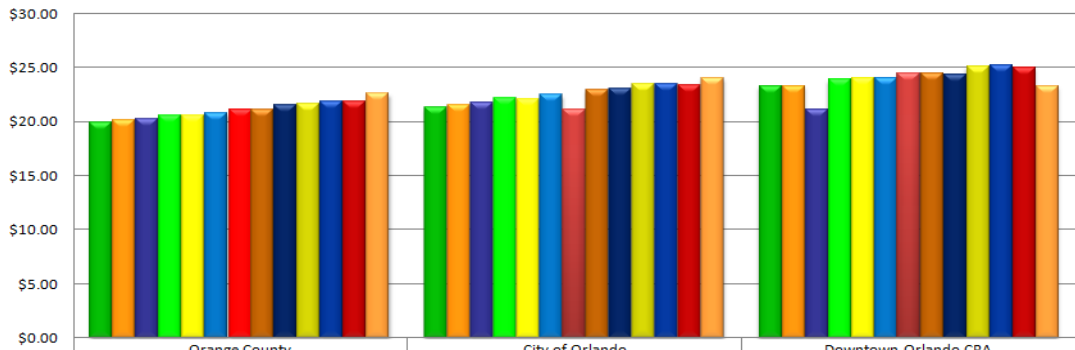
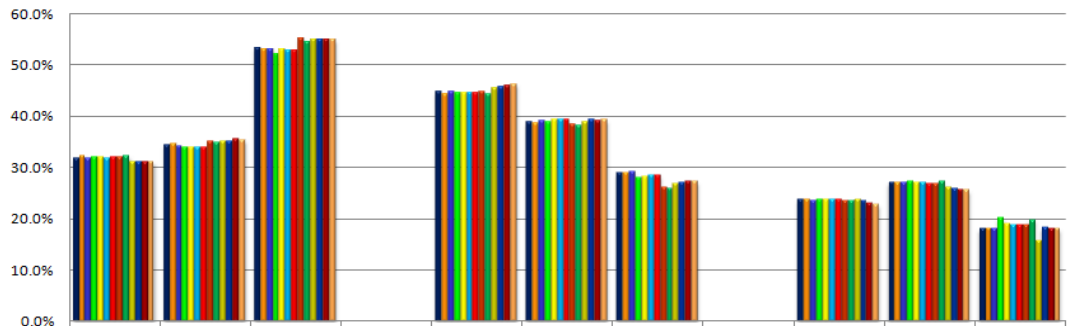


Figure 11
Orange County, City of Orlando and Downtown Orlando CRA
Average Office Rental Rate Per Square Feet

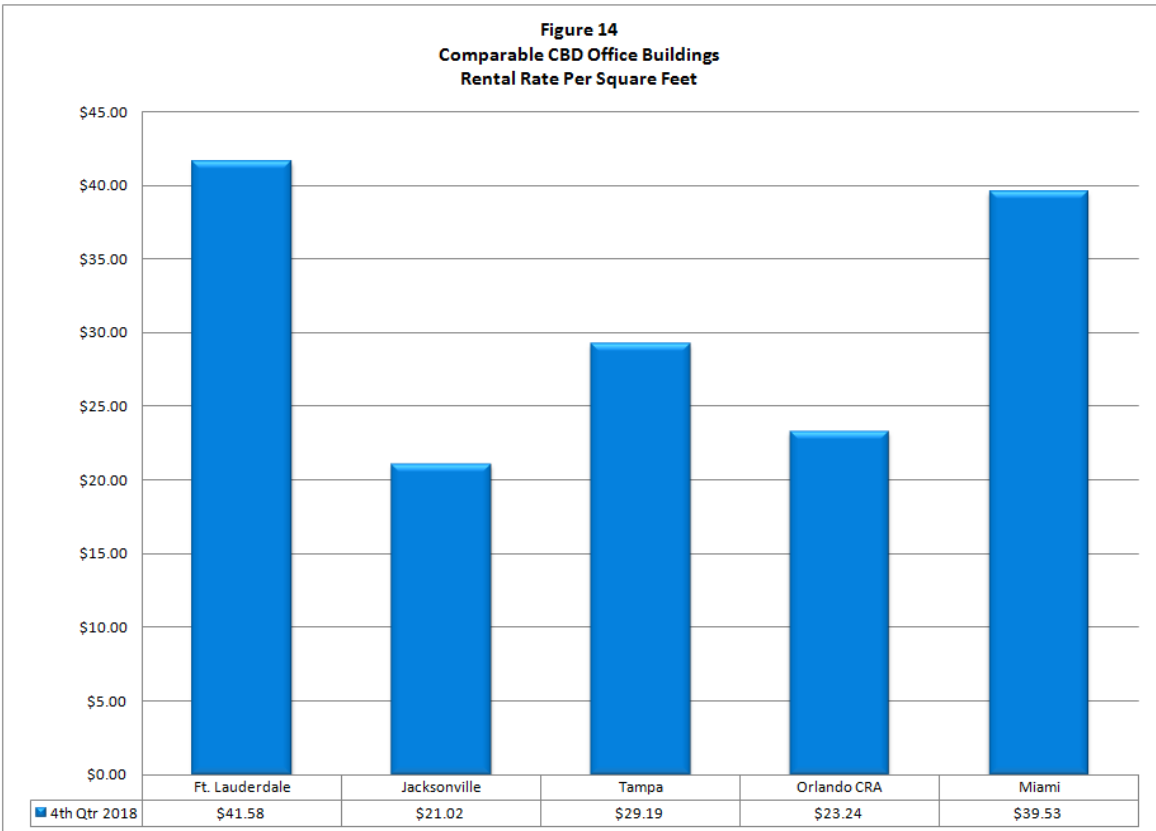
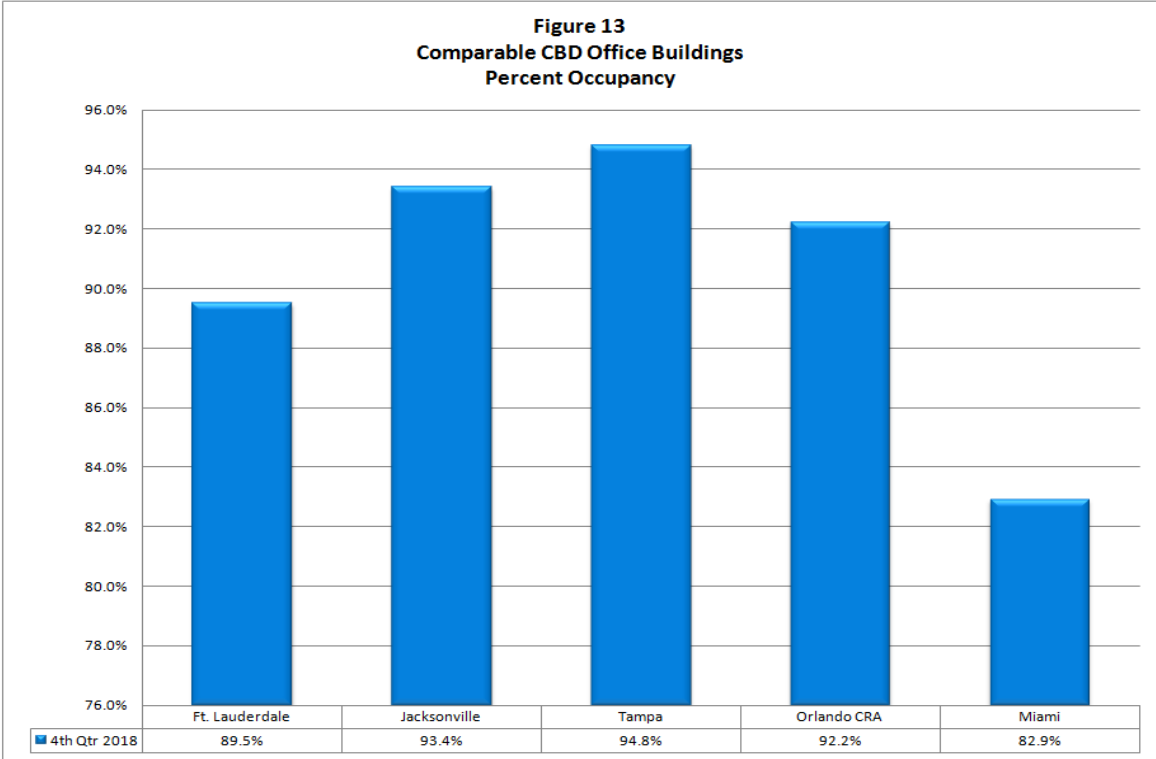


	Orange County	City of Orlando	Downtown Orlando CRA
4th Qtr 2015	\$19.90	\$21.24	\$23.26
1st Qtr 2016	\$20.13	\$21.48	\$23.26
2nd Qtr 2016	\$20.18	\$21.74	\$21.01
3rd Qtr 2016	\$20.55	\$22.08	\$23.82
4th Qtr 2016	\$20.50	\$21.98	\$23.95
1st Qtr 2017	\$20.75	\$22.43	\$23.96
2nd Qtr 2017	\$21.07	\$21.12	\$24.41
3rd Qtr 2017	\$21.07	\$22.94	\$24.37
4th Qtr 2017	\$21.48	\$22.97	\$24.29
1st Qtr 2018	\$21.58	\$23.41	\$25.06
2nd Qtr 2018	\$21.84	\$23.44	\$25.17
3rd Qtr 2018	\$21.84	\$23.32	\$24.97
4th Qtr 2018	\$22.55	\$23.97	\$23.24

Figure 12
Office Space Distribution as Percentage of All Classes



	Orange County	City of Orlando	CRA	Orange County	City of Orlando	CRA	Orange County	City of Orlando	CRA
	Class A			Class B			Class C		
4th Qtr 2015	31.8%	34.3%	53.2%	44.6%	38.7%	28.9%	23.7%	27.0%	18.0%
1st Qtr 2016	32.2%	34.5%	53.0%	44.3%	38.6%	29.0%	23.6%	26.9%	18.0%
2nd Qtr 2016	31.8%	34.1%	53.0%	44.6%	38.9%	29.0%	23.6%	27.0%	18.0%
3rd Qtr 2016	31.9%	33.9%	52.0%	44.4%	38.9%	28.0%	23.7%	27.2%	20.1%
4th Qtr 2016	32.0%	33.9%	52.9%	44.4%	39.2%	28.2%	23.6%	26.9%	18.9%
1st Qtr 2017	31.8%	33.8%	52.7%	44.5%	39.3%	28.4%	23.7%	26.9%	18.9%
2nd Qtr 2017	31.9%	33.9%	52.8%	44.5%	39.2%	28.4%	23.6%	26.9%	18.8%
3rd Qtr 2017	32.0%	34.9%	55.1%	44.6%	38.2%	26.1%	23.4%	26.8%	18.8%
4th Qtr 2017	32.2%	34.9%	54.3%	44.3%	38.0%	25.9%	23.5%	27.1%	19.8%
1st Qtr 2018	31.0%	35.1%	54.7%	45.3%	38.8%	26.8%	23.7%	26.0%	15.8%
2nd Qtr 2018	31.0%	35.1%	54.8%	45.6%	39.2%	27.0%	23.4%	25.7%	18.3%
3rd Qtr 2018	31.1%	35.4%	54.8%	45.8%	39.0%	27.1%	23.1%	25.6%	18.0%
4th Qtr 2018	31.0%	35.3%	54.8%	46.2%	39.2%	27.2%	22.8%	25.5%	18.0%



Source: GAI Consultants, Inc.