

DOWNTOWN ORLANDO CRA 2Q23 MARKET REPORT

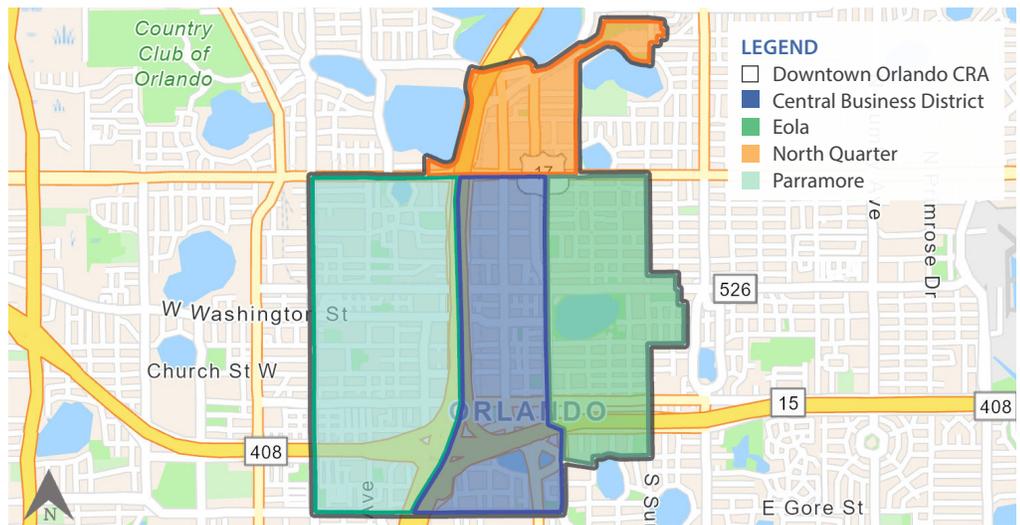
EXECUTIVE SUMMARY | AUGUST 2023

This executive summary highlights the key findings from the 2nd Quarter 2023 ("2Q23") Orlando Market Report produced by GAI Consultants, Inc. in August 2023. If you have questions regarding the information contained herein, or to request a copy of the full Market Report, please contact Michael Whiteman at 407.246.2102 or Michael.Whiteman@downtownorlando.com.

ABOUT THIS MARKET

The mission of the Orlando Downtown Development Board/ Community Redevelopment Agency ("DDB/CRA") is to aggressively pursue redevelopment and revitalization activities within the 1,664-acre Downtown Redevelopment Area ("CRA"). The emphasis is on providing more housing and cultural arts opportunities, improving long-term transportation needs, and encouraging retail development.

The CRA is made up of several neighborhoods and unique districts; which have been assembled into four distinct planning areas. The planning areas are illustrated in the following map.



BUSINESS MARKET TRENDS

The Downtown Orlando CRA has a population of approximately **21,350** people, with nearly **93,830** employees and **4,990** businesses as of 2nd quarter 2023.

Business Licensure Activity

Business licensure data is a way of tracking concentration and composition of business activity and employment in the City of Orlando and the CRA.

In 2nd quarter 2023 ("2Q23"), the CRA issued 67 business licenses, comprising 14% of the licenses issued in the City at 482 business licenses. Business licenses issued within the CRA experienced a 20% increase from the prior quarter, 1st quarter 2023 to 2nd quarter 2023, and a 12% increase year-over-year, 2nd quarter 2022 to 2nd quarter 2023.

The increase in business licenses within the CRA from the prior quarter and year-over-year may be attributed to an increase in demand to operate within the downtown area. In addition, about 47% and 30% of the licenses issued in the City and CRA, respectively, were for professional establishments.

Annual Sales Tax Activity

For year-end 2022, sales tax collections within the CRA were approximately \$119.1 million ("M"), an increase of approximately 34% from the prior year, 2021. Sales tax collections within the CRA were primarily stimulated by a sales tax levy against lodging (\$24.6M), commercial rents (\$17.7M), and admissions/recreation services (\$14.5M). In addition, the CRA captured 4% of the sales tax collections within the City.

Consumer Spending Behaviors

As of year-to-date 2023 estimates, total expenditures within the CRA were nearly \$1,038.5M, with consumers spending about \$357.3M on housing, \$308.8M on retail goods, \$123.6M on food, and \$75.9M on health care. Total expenditures within the CRA made up approximately 9% of the consumer spending within the City.

Employment & Business Activity

Employment by sector data for year-end 2022 is provided by the Florida Department of Economic Opportunity. As of year-end 2022, there were approximately 93,828 total employees within the CRA, comprising 25.8% of the total employment within the City. The major employment sectors within the CRA were Educational Services, Public Administration, and Professional and Scientific Services, comprising 31%, 23%, and 17%, respectively, of the total jobs. In addition, total employment within the CRA increased nearly 4%, from 90,210 in 2021.



HOSPITALITY AND TOURISM TRENDS

The Downtown Orlando CRA has approximately **2,201** hotel rooms, with estimated visitation in the 2nd quarter 2023 of approximately **129,201** guests.

Total Inventory

In 2nd quarter 2023 ("2Q23"), the CRA had a total of 2,201 hotel rooms, representing 1.7% and 2.1% of the room supply within the Metro Orlando and County's functioning hotel market, respectively. From the prior quarter, total hotel room inventory within the CRA decreased by 36 rooms within the Parramore sub-market due to renovations.

The CBD composes the majority of hotel rooms within the CRA at 51%, followed by the North Quarter, Parramore, and Eola sub-markets with 25%, 23%, and less than 1%, respectively, of the total share.

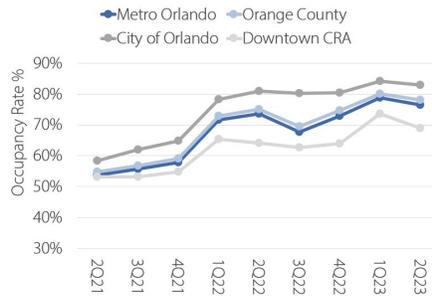
Visitation

About 129,201 guests were lodged in downtown hotels during 2Q23; this represents about 1.5% of Metro Orlando's hotel visitation, at approximately 8.8 million guests. This data excludes day visitors or people staying in locations outside of downtown. Year-over-year, visitation experienced a 1% increase in the CRA.

Occupancy Rate

Occupancy rate for hotels within the CRA was 69.0% as of 2Q23; this represents a 6% decrease from the prior quarter, 1Q23, and a 8% increase year-over-year, 2Q22 to 2Q23.

In addition, the CRA's occupancy rate was smaller than that observed within Metro Orlando at 76.4%, the County at 78.1%, and the City at 82.9%, as of 2Q23.

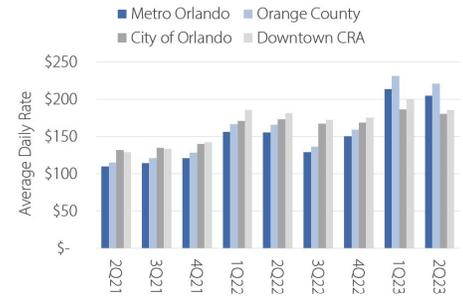


Average Daily Rate

The average daily rate ("ADR") for CRA hotels was \$185.63 as of 2Q23; this represents a

decrease of 7% from the prior quarter and a 3% increase from the prior year. As of 2Q23, the ADR for CRA hotels is slightly higher than that observed within the City at \$180.72, but lower than that of Metro Orlando at \$205.09 and the County at \$221.10, largely driven by the significantly higher ADR within the convention/resort-style hotels located in the Lake Buena Vista sub-market.

In 2Q23, the Metro Orlando area, as well as the County, City, and CRA are attaining occupancy and ADR levels higher than those previously achieved prior to the COVID-19 pandemic.



RETAIL MARKET TRENDS

The Downtown Orlando CRA has approximately **1.34 million** square feet of retail space, with an estimated occupancy rate of **89.8%** and an average rental rate per square foot of **\$29.11** as of the 2nd quarter 2023.

Total Inventory

In 2Q23, the CRA had a total of 1,339,122 square feet of retail space, comprising 1.5% and 4.8% of the total retail space within the County and City, respectively. Total inventory of retail space increased 1.8% year-over-year and remained unchanged from the prior quarter.

Inventory of CRA's retail space is comprised of rentable square footage within the CBD (56%), Parramore (28%), Eola (11%), and North Quarter (6%) sub-markets.

Gross Absorption

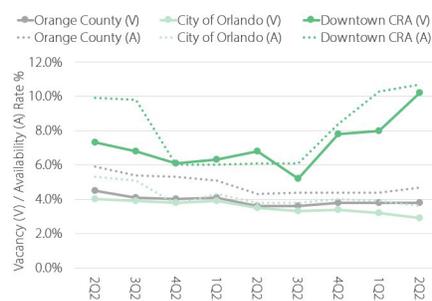
The CRA experienced just over 12,400 square feet of retail gross absorption in 2Q23, which comprises 1.8% and 11% of the total absorption in the County and City, respectively. Gross absorption within the CRA's retail market significantly increased 109% year-over-year; indicating that more space is being leased or occupied than vacated, and may be attributed to more business openings compared to prior years.

Vacancy & Availability Rate

The CRA retail market had a vacancy rate of 10.2% and an availability rate of 10.7% for 2Q23, indicating there is a higher amount of space which may be physically vacant but still has an active lease, or currently occupied but will be vacant in the future.

In addition, vacancy within the CRA retail market experienced increases of 28% from the prior quarter and 49% year-over-year.

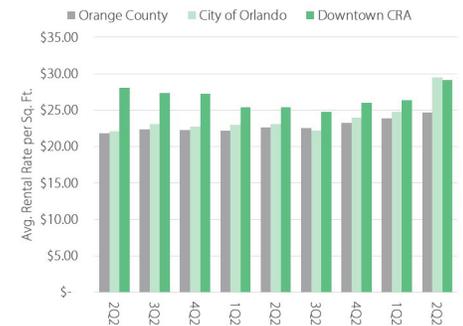
During 2Q23, the CRA's vacancy rate was significantly higher than that observed within the County at 3.8%, and City at 2.9%.



Average Rental Rate

The average rental rate observed in the CRA's retail market for 2Q23 was \$29.11; this represents a 10% increase from the prior quarter and a 15% increase year-over-year. Increases in average rental rates may be a result of more demand than supply, driving rental rates up.

During 2Q23, average rental rates within the CRA's retail market were higher than those observed in the County at \$24.69 and slightly lower than that of the City at \$29.44.



OFFICE MARKET TRENDS

The Downtown Orlando CRA has approximately **11.5 million** square feet of office space, with an estimated occupancy rate of **90.7%** and an average rental rate per square foot of **\$28.42** as of the 2nd quarter 2023.

Total Inventory

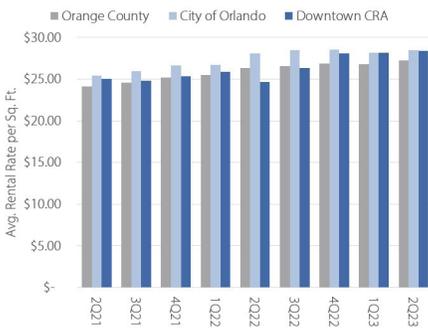
In 2Q23, the CRA had a total of 11,465,217 square feet of office space, comprising 16% and 38% of the total office space within the County and City, respectively. Total inventory of office space experienced an decrease of 6% from the prior quarter and year-over-year.

Inventory of CRA's office space is comprised of rentable square footage within the CBD (58%), Eola (22%), North Quarter (12%), and Parramore (7%) sub-markets.

Average Rental Rate

The average rental rate observed in the CRA's office market for 2Q23 was \$28.42; this represents a 1.0% increase from the prior quarter and a 15% increase year-over-year. Increases in average rental rates may be a result of supply catching up with demand, subsequently driving the rental rates down.

During 2Q23, average rental rates within the CRA's office market were higher than those observed in the County at \$27.25, but slightly lower than those observed in the City at \$28.50.

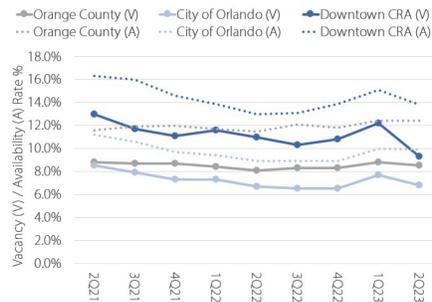


Vacancy & Availability Rate

The CRA office market had a vacancy rate of 9.3% and an availability rate of 13.8% for 2Q23, indicating there is a higher amount of space which may be physically vacant but still has an active lease, or currently occupied but will be vacant in the future.

Vacancy within the CRA office market experienced a significant decrease of 24% from the prior quarter and a 15% decrease year-over-year; which may be driven by an increase in demand for desirable rentable office spaces within the downtown CRA.

During 2Q23, the CRA's vacancy rate was higher than that observed within the County at 12.4% and the City at 9.9%.



Gross Absorption

The CRA experienced nearly 168,850 square feet of office gross absorption in 2Q23; representing 21% and 47% of the gross absorption in the County and City, respectively. Gross absorption within the CRA's office market slightly increased 2.3% year-over-year, which may be attributed to more office space being leased than what was vacated/supplied in the market during the same time frame.

Class of Space

During 2Q23, Class A space comprised 60% of the total office space within the CRA, followed by Class B space with 23% and Class C space with 17% of this total share. Occupancy levels for Class A space (88.4%) were lower than the occupancy observed in both Class B space (92.9%) and Class C space (95.9%), as of 2Q23. In addition, average rental rates for Class A space (\$28.71) were greater compared to Class B space (\$28.58) and Class C space (\$23.73) within the CRA office market for 2Q23.

Downtown Major Office Buildings

In 2Q23, there were 36 office buildings that met the size criteria within the CRA (properties with 100,000 square feet or greater). These major office properties account for 8.96 million square feet of office space, which represents nearly 78% of the entire supply of office space within the CRA.

These major office properties represent an occupancy of 86.8%, which is 3.9% lower than that observed in the overall CRA. Additionally, the properties for which rental rates were available, have rents approximately \$0.93 per square foot higher than those in the overall CRA, as would be expected in major projects of this type.

The rental rates within these major downtown office buildings increased 6% year-over-year. Continued observations of increasing vacancy rates combined with increasing rental rates year-over-year may be indicative of a hardening of the office market within the downtown CRA.

DOWNTOWN BENCHMARKS

For the 2Q23 Market Report, comparison of retail and office space characteristics in the Downtown Orlando CRA versus downtown business districts in four major Florida metro areas (Jacksonville, Tampa, Ft. Lauderdale, and Miami) were also analyzed.

Retail Market Benchmarks

During 2Q23, the Orlando CRA's retail market had the fourth-highest occupancy at 89.8%, ahead of Miami with 84.4%. Tampa, Ft. Lauderdale, and Jacksonville's retail business districts had greater occupancies at 97.4%, 95.1%, and 95.0%, respectively.

In addition, the Orlando CRA had the third-highest retail average rental rate at \$29.11 as of 2Q23. Ft. Lauderdale and Miami's retail business districts had higher average rental rates at \$45.48 and \$36.53, respectively, whereas Tampa and Jacksonville's retail business districts had smaller average rental rates at \$21.88 and \$18.10, respectively, as of 2Q23.

Office Market Benchmarks

During 2Q23, the Orlando CRA's office market had the second-highest occupancy at 90.7%, behind Tampa with an occupancy

slightly greater than 90.7%. Jacksonville, Ft. Lauderdale, and Miami's office business districts had smaller occupancies at 89.3%, 87.7%, and 85.7%, respectively, as of 2Q23.

In addition, the Orlando CRA had the fourth-highest office average rental rate at \$28.14 as of 2Q23. Miami, Ft. Lauderdale, and Tampa's office business districts had significantly higher average rental rates at \$55.90, \$50.15, and \$36.69, respectively; whereas, Jacksonville's office business district had a smaller average rental rate of \$22.87 observed in 2Q23.

RESIDENTIAL MARKET TRENDS | FOR-SALE HOUSING

The Downtown Orlando CRA had approximately **71** total residential unit sales in 2nd quarter 2023, representing an average sales price of **\$305** per square foot.

Total Annual Inventory

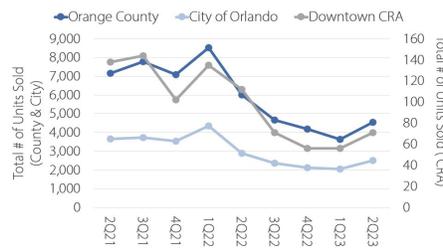
As of year-end 2022, the CRA had a total of nearly 4,100 residential units (843 single-family units and 3,256 condo units); representing 1.1% and 5.2% of the total residential units within the County and City, respectively. Total inventory of residential units increased 5.3% from the prior year, 2021.

Inventory of total CRA residential units is comprised of residential units within the Eola (50%), CBD (28%), North Quarter (15%), and Parramore (8%) sub-markets.

Total Unit Sales

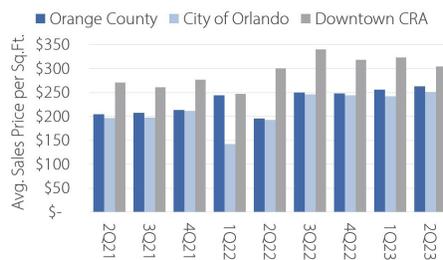
During 2Q23, the CRA had 71 total residential sales; 87% condo unit sales and 13% single-family unit sales. Total residential sales experienced a significant decrease of 37% year-over-year and an increase of 27% from the prior quarter, as illustrated in the following figure.

The total CRA residential unit sales comprised 1.6% and 2.8% of the total residential sales within the County (4,553) and City (2,499), respectively, as of 2Q23.



Average Sales Price Trends

During 2Q23, total residential unit sales within the CRA had an average sales price per square foot of \$305, significantly greater than that achieved in the County at \$263 and City at \$251 per square foot. Year-over-year, average residential sales per square foot increased by 1.1% within the CRA.



Total Sales Price

The CRA's residential unit sales for 2Q23 had a total sales volume of \$27.2M, comprising 1.2% and 2.4% of the sales volume within the County and City, respectively. Total sales volume within the CRA experienced an increase of 36% from the prior quarter and a decrease of 43% year-over-year.

Downtown Major Condominiums

In 2Q23, there were 56 total sales within the CRA's major condominium buildings (market rate properties with 50 units or more). Total sales experienced a significant decrease of 33% year-over-year. The Eola sub-market comprised the majority of the total sales within the CRA at 59%, followed by the CBD (25%) and North Quarter (16%) sub-markets. Parramore continues to have zero major condo properties.

The sales that occurred in these major buildings had an average sales price per square foot of \$317, \$2.24 higher than that observed for residential unit sales for all condos within the CRA as of 2Q23.

RESIDENTIAL MARKET TRENDS | RENTAL APARTMENT HOUSING

During 2nd quarter 2023, approximately **81%** of the apartment properties in the Downtown Orlando CRA had occupancy rates **above 90%**, with **46%** of the properties having occupancy rates **greater than 95%**.

Total Inventory

In 2Q23, the CRA had a total of 7,413 apartment units in 26 buildings that met the minimum criteria (market rate, mixed-income, and senior housing properties having at least 50 units or more). The number of rental apartment units within the CRA has increased 2% year-over-year, with the addition of Modera Creative Village with 292 units in the Parramore sub-market.

Inventory of CRA rental apartment housing is comprised of rentable units within the CBD (42%), Eola (21%), North Quarter (16%), and Parramore (21%) sub-markets.

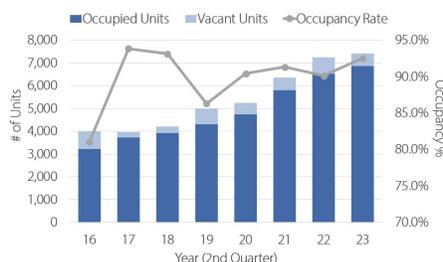
Absorption

Absorption of rental apartment properties within the CRA observed a gain of 26 units in 2Q23, a slight increase from the loss of 11 units absorbed in the prior quarter, 1Q23, and a significant decrease from the 180 units absorbed in the prior year, 2Q22 to 2Q23.

Occupancy Rate

In 2Q23, the CRA rental apartment market had an occupancy rate of 92.5%; representing an increase of 13% year-over-year and remaining unchanged from the prior quarter.

Amelia Court at Creative Village, Parramore Oaks, Lexington Court, City View, and Orlando Lutheran Towers are apartment properties offering income-restricted or senior housing units in 2Q23; if these properties were excluded, occupancy would be at 91.8%, slightly lower than the rate observed within the overall CRA rental apartment market.



Average Rental Rate

The overall average monthly rent for all rental apartment properties within the CRA, at \$1,816, experienced decreases of 2.1% from the prior quarter and 14% year-over-year. In addition, the average rental rate per square foot for all rental apartment properties in the CRA, at \$2.02, also saw a decrease of 2.5% from the prior quarter and a 9.5% decrease year-over-year.



Rental Concessions

In 2Q23, 65% of the CRA's rental apartment properties offered concessions to incentivize new lease contracts and lease renewals within the downtown area.

DOWNTOWN DEVELOPMENT ACTIVITY

As of 2Q23, there are 27 planned and proposed projects within the CRA. These include a mixture of residential, hotel, retail, office, and mixed-use projects or properties located within the various sub-districts within the CRA.

In total, where data is available, there are approximately 5,531 residential units, 1,393 hotel rooms, 919,138 square feet of retail space, 1,274,145 square feet of office space, and 2,152,338 square feet of additional amenity and ancillary space

within these planned and proposed projects, as detailed in the following table. In addition, there are 9 projects currently under construction representing approximately \$1,281 million in total current investment, as of 2Q23.

Planned and Proposed Downtown Orlando CRA Projects

Project Name	Residential Units	Hotel Rooms	Retail (SF)	Office (SF)	Other (SF)*	Status	Investment (Millions)**
10 Degrees	252	–	2,864	–	–	Proposed	\$–
110 W. Jefferson Street	555	–	22,000	40,895	–	Proposed	\$–
389 North	300	–	10,000	130,000	–	Proposed	\$140.0
The 500	–	–	–	116,000	–	Under Construction	\$39.0
550 Mariposa Street	223	–	20,000	–	–	Proposed	\$–
802 W. Church Street	–	–	2,500	10,000	–	Proposed	\$3.0
811 E. Washington Street	6,765 (SF)	–	–	–	–	Proposed	\$–
924 N. Magnolia Avenue	386	–	15,548	–	8,522	Proposed	\$96.5
Adel Apartments	330	–	–	19,400	–	Proposed	\$62.7
Cambria Suites Hotel	–	155	–	–	4,500	Proposed	\$20.0
Capital Plaza III & Modera South Eola	400	–	15,000	100,000	8,116	Proposed	\$–
The Edge at Church Street Station	234	209	4,000	199,800	60,000	Under Construction	\$275.0
Bumby Arcade at Church Street Station	–	–	18 Food Stalls (300-1,000 SF)	–	–	Under Construction	\$–
Beacon at Creative Village	194	–	–	–	–	Proposed	\$65.0
Parcel X, Parcel X-1 and Parcel Y	326	180	465,000	185,000	5,000	Under Construction	\$300.0
Lutheran Towers	167	–	–	–	–	Proposed	\$–
Magnolia Mixed-Use Tower	232	–	6,000	16,000	–	Under Construction	\$64.5
Mariposa Groves	139	–	18,500	–	–	Proposed	\$22.0
Monarch Mixed-Use	400	160	15,000	–	–	Proposed	\$42.8
Parramore City Towers	180	161	5,000	23,300	–	Under Construction	\$–
Parramore Oaks	91	–	–	–	–	Under Construction	\$17.3
Pine and Lake Mixed-Use Tower	129	228	–	–	527,200	Proposed	\$115.9
Society Orlando	704	–	–	–	1,459,000	Under Construction	\$85.0
Sports and Entertainment District (SED)	300	300	276,000	420,000	80,000	Under Construction	\$500.0
Under I-4	–	–	–	–	–	Proposed	\$–
Vive on Eola	126	–	3,800	13,750	–	Proposed	\$–
Westmoreland Square	115	–	6,790	–	–	Proposed	\$–
Totals	5,531	1,393	919,138	1,274,145	2,152,338		\$1,966.7

Sources: Orlando Downtown Development Board (DDB); Orlando Crane Watch; Orlando Business Journals; The Daily City; Orlando Bungalow; GAI Consultants, Inc. Notes: SF represents square feet. All above values may be subject to change based on changes to the development programs and master plans. *Represents additional amenity and ancillary space within the above planned/proposed projects. **Investment values have been recorded from the Orlando DDB and prior Orlando Market Report Downtown Development Activity sections.

Contact:



If you have questions regarding the information contained herein, or to request a copy of the full Market Report, please contact:

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