

# DOWNTOWN ORLANDO CRA 4Q22 MARKET REPORT

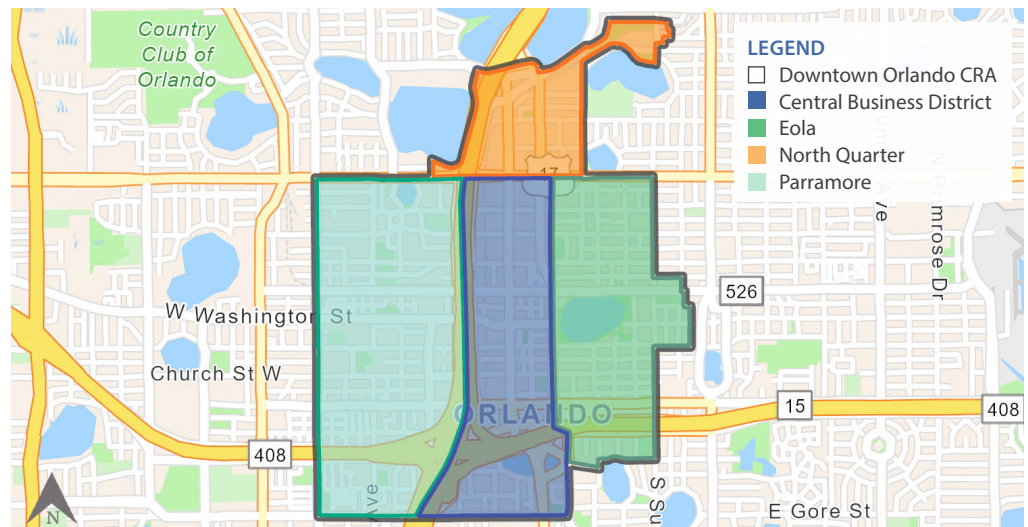
## EXECUTIVE SUMMARY | FEBRUARY 2023

This executive summary highlights the key findings from the 4th Quarter 2022 ("4Q22") Orlando Market Report produced by GAI Consultants, Inc. in February 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 **21,300** people, with nearly **99,110** employees and over **4,990** businesses as of 4th quarter 2022.

#### 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 4th quarter 2022 ("4Q22"), the CRA issued 49 business licenses, comprising 14% of the licenses issued in the City at 590 business licenses. Business licenses issued within the CRA experienced a 21% decrease from the prior quarter, 3rd quarter 2022 to 4th quarter 2022, and a 23% increase year-over-year, 4th quarter 2021 to 4th quarter 2022.

The significant increase in business licenses within the CRA from the prior year may be attributed to an increase in demand to operate within the downtown area. In addition, about 39% of the licenses issued in the CRA were for professional establishments.

#### Annual Sales Tax Activity

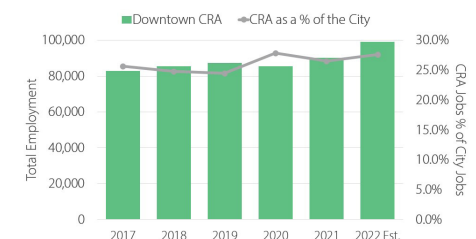
For year-end 2021, sales tax collections within the CRA were approximately \$88.7 million ("M"), an increase of approximately 35% from the prior year, 2020. Sales tax collections within the CRA were primarily stimulated by a sales tax levy against lodging (\$15.7M), commercial rents (\$15.1M), communication services (\$10.4M), and restaurants (\$7.6M). In addition, the CRA captured 3.6% of the sales tax collections within the City.

#### Consumer Spending Behaviors

In 2022, total expenditures within the CRA were nearly \$954.6M, with consumers spending about \$317.2M on housing, \$271.4M on retail goods, \$116.2M on food, and \$69.2M on health care. In addition, total expenditures within the CRA made up approximately 9% of the consumer spending within the City.

#### Employment & Business Activity

Employment by sector data for 2022 estimates is provided by ESRI Business Analyst for the CRA. As of year-end 2022 estimates, there were 99,110 total employees within the CRA, comprising 27.6% 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 26%, 22%, and 16%, respectively, of the total jobs. In addition, total employment within the CRA increased nearly 14%, from 90,184 in 2021.



## HOSPITALITY AND TOURISM TRENDS

The Downtown Orlando CRA has approximately **2,237** hotel rooms, with estimated visitation in the 4th quarter 2022 of approximately **138,741** guests.

### Total Inventory

In 4th quarter 2022 ("4Q22"), the CRA had a total of 2,237 hotel rooms, representing 1.7% and 2.2% of the room supply within the Metro Orlando and County's functioning hotel market, respectively. Total inventory of the CRA's hotel room supply remained unchanged from the prior year.

The CBD comprises the majority of hotel rooms within the CRA at 50%, followed by the Parramore and North Quarter sub-markets with 24% each of the total share. The Eola sub-area comprises the smallest share at 0.9%.

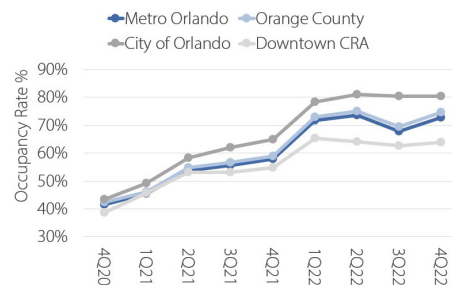
### Visitation

About 138,741 guests were lodged in downtown hotels during 4Q22; this represents about 1.6% of Metro Orlando's hotel visitation, at approximately 8.6 million guests. This data excludes day visitors or people staying in locations outside of downtown. Year-over-year, visitation experienced a 13% increase in the CRA.

### Occupancy Rate

Occupancy rate for hotels within the CRA was 63.9% as of 4Q22; this represents a 1.9% increase from the prior quarter, 3Q22, and an 17% increase year-over-year, 4Q21 to 4Q22. These increases in occupancy rates can be attributed to the rise in tourism/travel following the decline in these activities as a result of the COVID-19 pandemic.

In addition, the CRA's occupancy rate was smaller than that observed within Metro Orlando at 72.8%, the County at 74.6%, and the City at 80.4%, as of 4Q22.

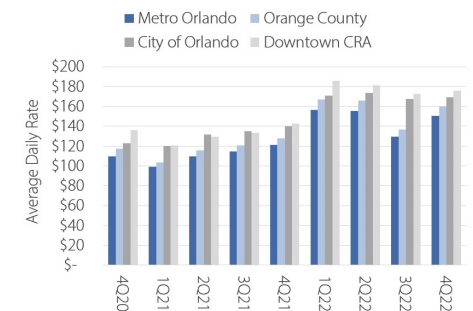


### Average Daily Rate

The average daily rate ("ADR") for CRA hotels was \$175.56; this represents an increase of 1.6% from the prior quarter and over a 23% increase from the prior year.

The ADR for CRA hotels is significantly higher than that observed within Metro Orlando at \$150.17, the County at \$159.59, and the City at \$169.30, as of 4Q22.

In 4Q22, Metro Orlando area, County, City, and CRA are attaining occupancy and ADR levels previously achieved prior to the COVID-19 pandemic.



## RETAIL MARKET TRENDS

The Downtown Orlando CRA has approximately **1.4 million** square feet of retail space, with an estimated occupancy rate of **92.2%** and an average rental rate per square foot of **\$25.99** as of the 4th quarter 2022.

### Total Inventory

In 4th quarter 2022 ("4Q22"), the CRA had a total of 1,393,586 square feet of retail space, comprising 1.7% and 4.4% of the total retail space within the County and City, respectively. Total inventory of retail space increased 5.8% from the prior quarter and decreased 0.1% year-over-year.

Inventory of CRA's retail space is comprised of rentable square footage within the CBD (55%), Parramore (29%), Eola (10%), and North Quarter (6%) sub-markets.

### Gross Absorption

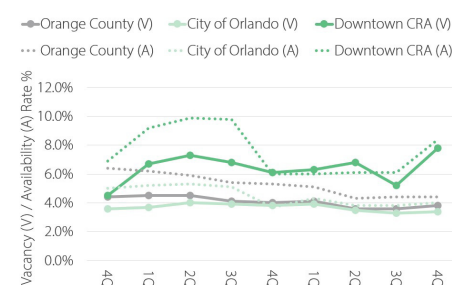
The CRA experienced just over 4,300 square feet of retail gross absorption in 4Q22, which comprises 1% and 3% of the total absorption in the County and City, respectively. Gross absorption within the CRA's retail market significantly decreased 55% year-over-year; indicating that less space is being leased or occupied than vacated, and may be attributed to fewer business openings compared to prior years.

### Vacancy & Availability Rate

The CRA retail market had a vacancy rate of 7.8% and an availability rate of 8.4% for 4Q22, 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 50% from the prior quarter and 29% year-over-year.

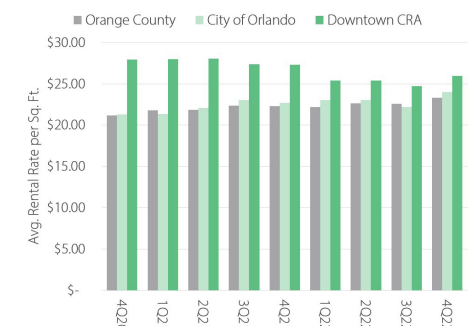
During 4Q22, the CRA's vacancy rate was higher than that observed within the County at 3.8%, and the City at 3.4%.



### Average Rental Rate

The average rental rate observed in the CRA's retail market for 4Q22 was \$25.99; this represents a 5.1% increase from the prior quarter and a 4.8% decrease year-over-year. Decreases in average rental rates may be a result of supply catching up with demand, subsequently driving the rental rates down.

During 4Q22, average rental rates within the CRA's retail market was slightly higher than those observed in the County at \$23.30 and the City at \$23.97.



## OFFICE MARKET TRENDS

The Downtown Orlando CRA has approximately **11.9 million** square feet of office space, with an estimated occupancy rate of **89.2%** and an average rental rate per square foot of **\$28.09** as of the 4th quarter 2022.

### Total Inventory

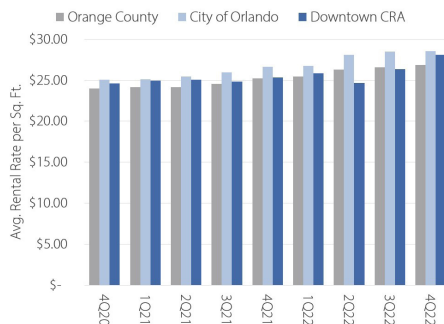
In 4Q22, the CRA had a total of 11,948,921 square feet of office space, comprising 17% and 38% of the total office space within the County and City, respectively. Total inventory of office space experienced a decrease of 2.2% from the prior quarter and a 5.8% decrease year-over-year.

Inventory of CRA's office space is comprised of rentable square footage within the CBD (61%), Eola (21%), North Quarter (12%), and Parramore (7%) sub-markets.

### Average Rental Rate

The average rental rate observed in the CRA's office market for 4Q22 was \$28.09; this represents a 6.5% increase from the prior quarter and a nearly 11% 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 4Q22, average rental rates within the CRA's office market were higher than those observed in the County at \$26.84, but lower than those observed in the City at \$28.56.

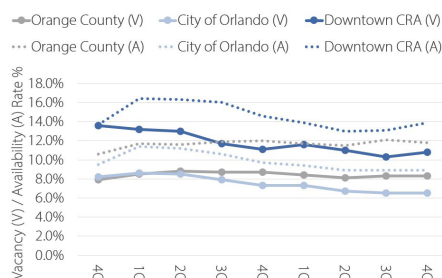


### Vacancy & Availability Rate

The CRA office market had a vacancy rate of 10.8% and an availability rate of 13.9% for 4Q22, 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 an increase of 5% from the prior quarter and a decrease of 3% year-over-year; which may be driven by an increase in desirable rentable spaces and a rise in office demand within the downtown CRA.

During 4Q22, the CRA's vacancy rate was higher than that observed within the County at 8.3%, and the City at 6.5%.



### Gross Absorption

The CRA experienced nearly 120,640 square feet of office gross absorption in 4Q22; representing 15% and 34% of the gross absorption in the County and City, respectively. Gross absorption within the CRA's office market significantly decreased 70% year-over-year, which may attributed to less office space being leased than what was vacated/supplied in the market during the same time frame.

### Class of Space

During 4Q22, Class A space comprised 61% of the total office space within the CRA, followed by Class B space with 23% and Class C space with 16% of this total share. Occupancy levels for Class A space (87.1%) were lower than the occupancy observed in both Class B space (89.7%) and Class C space (96.3%), as of 4Q22. In addition, average rental rates for Class A space (\$28.37) were greater compared to Class B space (\$27.04) and Class C space (\$26.94) within the CRA office market for 4Q22.

### Downtown Major Office Buildings

In 4Q22, 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 8.9 million square feet of office space, which represents nearly 75% of the entire supply of office space within the CRA.

These major office buildings represent an occupancy of nearly 89%, which is 0.3% lower than that observed in the overall CRA. Additionally, the properties for which rental rates were available, have rents approximately \$0.33 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 decreased 0.6% year-over-year. Continued observations of declining vacancy rates combined with decreasing rental rates year-over-year may be indicative of a softening of the office market within the downtown CRA.

## DOWNTOWN BENCHMARKS

For the 4Q22 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 4Q22, the Orlando CRA's retail market had the fourth-highest occupancy at 92.2%, ahead of Miami with 86.6%. Tampa, Ft. Lauderdale, and Jacksonville's retail business districts had greater occupancies at 97.2%, 94.3%, and 93.7%, respectively.

In addition, the Orlando CRA had the third-highest retail average rental rate at \$25.99 as of 4Q22. Ft. Lauderdale and Miami's retail business districts had higher average rental rates at \$40.51 and \$37.04, respectively, whereas Tampa and Jacksonville's retail business districts had smaller average rental rates at \$18.94 and \$18.04, respectively.

### Office Market Benchmarks

During 4Q22, the Orlando CRA's office market had the second-highest occupancy at 89.2%, behind Tampa with an occupancy of 92.0%. Jacksonville, Ft. Lauderdale, and

Miami's office business districts had smaller occupancies at 88.9%, 87.1%, and 84.6%, respectively.

In addition, the Orlando CRA had the fourth-highest office average rental rate at \$28.09 as of 4Q22. Miami, Ft. Lauderdale, and Tampa's office business districts had significantly higher average rental rates at \$53.71, \$49.61, and \$35.40, respectively, whereas Jacksonville's office business district had a smaller average rental rate at \$22.90.



## RESIDENTIAL MARKET TRENDS | FOR-SALE HOUSING

The Downtown Orlando CRA had approximately **56** total residential unit sales in 4th quarter 2022, representing an average sales price of **\$318** per square foot.

### Total Inventory

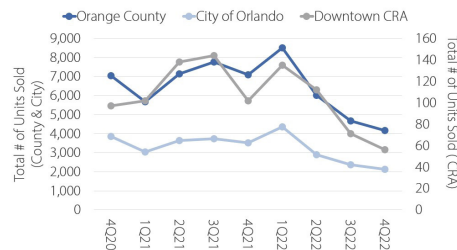
As of year-end 2021, the CRA had a total of 3,891 residential units (842 single-family units and 3,049 condo units); representing 1% and 5% of the total residential units within the County and City, respectively. Total inventory of residential units has increased 2% from the prior year, 2020.

Inventory of total CRA residential units is comprised of residential units within the Eola (46%), CBD (29%), North Quarter (15%), and Parramore (9%) sub-markets.

### Total Unit Sales

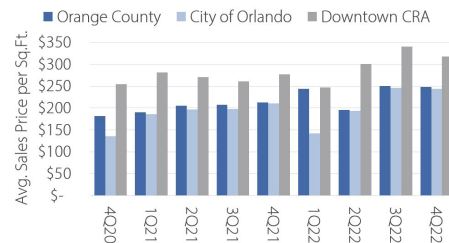
During 4Q22, the CRA had 56 total residential sales; 89% condo unit sales and 11% single-family unit sales. Total residential sales experienced decreases of 21% from the prior quarter and an 45% year-over-year, as illustrated in the following figure.

In addition, the total CRA residential unit sales comprised 1.3% and 2.6% of the total residential unit sales within the County and City, respectively, as of 4Q22.



### Average Sales Price Trends

During 4Q22, total residential unit sales within the CRA had an average sales price per square foot of \$318, significantly greater than that achieved in the County at \$248 and City at \$244 per square foot. Year-over-year, average residential sales per square foot increased by 15% within the CRA.



### Total Sales Price

The CRA's residential unit sales for 4Q22 had a total sales volume of \$22.5M, comprising 1.1% and 2.4% of the sales volume within the County and City, respectively. Total sales volume within the CRA experienced a decrease of nearly 30% from the prior quarter and 35% year-over-year.

### Downtown Major Condominiums

In 4Q22, there were 48 total sales within the CRA's major condominium buildings (market rate properties with 50 units or more). Total sales experienced a decrease of 42% year-over-year. The Eola sub-market comprised the majority of the total sales within the CRA at 52%, followed by the CBD (40%) and North Quarter (8%) 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 \$323, \$5.16 higher than that observed for residential unit sales within the overall CRA.

## RESIDENTIAL MARKET TRENDS | RENTAL APARTMENT HOUSING

During 4th quarter 2022, approximately **89%** of the apartment properties in the Downtown Orlando CRA had occupancy rates **above 90%**, with **31%** of the properties having occupancy rates **greater than 95%**.

### Total Inventory

In 4Q22, the CRA had a total of 7,384 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 remained unchanged from the prior quarter and increased 9% 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 (43%), Eola (22%), North Quarter (16%), and Parramore (20%) sub-markets.

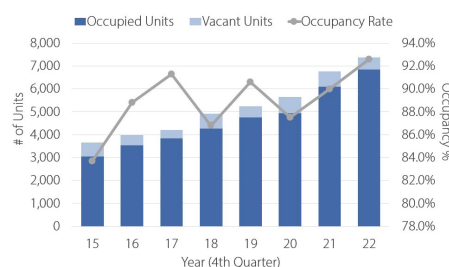
### Absorption

Absorption of rental apartment properties within the CRA at nearly 44 units observed in 4Q22, significantly decreased 69% from the 141 units absorbed in the prior quarter, 3Q22, and decreased 74% from the 165 units absorbed in the prior year, 4Q21 to 4Q22.

### Occupancy Rate

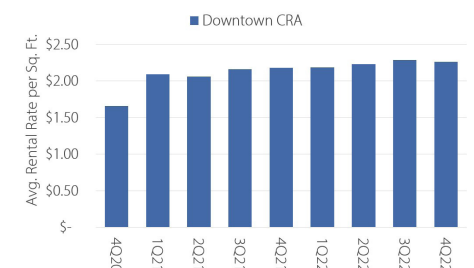
In 4Q22, the CRA rental apartment market had an occupancy rate of 90%; representing a decrease of 3.6% from the prior quarter and a 2.9% increase year-over-year.

During 4Q22, Modera Creative Village was still in lease-up; as well as Amelia Court, Parramore Oaks, Lexington Court, City View, and Orlando Lutheran Towers as apartment properties offering income-restricted or senior housing units; if these properties were excluded, occupancy would be at 94%, slightly higher 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 \$2,028, experienced a decrease of 1.6% from the prior quarter and a 3% increase year-over-year. In addition, the average rental rate per square foot for all rental apartment properties in the CRA, at \$2.26, also saw a decrease of 1.5% from the prior quarter and a 3.6% increase year-over-year.



### Rental Concessions

In 4Q22, 85% 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 4Q22, there are 26 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 5,568 residential units, 1,439 hotel rooms, 931,688 square feet of retail space, 1,267,395 square feet of office space, and 1,694,343 square feet of additional amenity and ancillary space

within these planned and proposed projects, as detailed in the following table. In addition, there are six projects currently under construction representing approximately \$480.8 million in total investment, as of 4Q22.

### Planned and Proposed Downtown Orlando CRA Projects

| Project Name                            | Residential Units | Hotel Rooms  | Retail (SF)                   | Office (SF)      | Other (SF)*      | Status             | Investment (Millions)** |
|---|-------------------|--------------|-------------------------------|------------------|------------------|--------------------|-------------------------|
| 110 W. Jefferson Street                 | 560               | –            | 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       | 240               | 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            | Proposed           | \$275.0                 |
| 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               | 171          | 5,000                         | 23,300           | –                | Proposed           | –                       |
| Parramore Oaks                          | 120               | –            | –                             | –                | –                | Under Construction | \$17.3                  |
| Pine and Lake Mixed-Use Tower           | 129               | 228          | –                             | –                | 63,605           | Proposed           | \$63.0                  |
| The Signature                           | 182               | –            | 7,000                         | 7,000            | 5,600            | Proposed           | \$90.0                  |
| Society Orlando                         | 704               | –            | –                             | –                | 1,459,000        | Under Construction | \$85.0                  |
| Sports and Entertainment District (SED) | 300               | 300          | 420,000                       | 420,000          | 80,000           | Proposed           | \$500.0                 |
| Under I-4                               | –                 | –            | –                             | –                | –                | Proposed           | –                       |
| Vive on Eola                            | 144               | –            | –                             | –                | –                | Proposed           | –                       |
| Westmoreland Square                     | 79                | 36           | –                             | –                | –                | Proposed           | –                       |
| <b>Totals</b>                           | <b>5,568</b>      | <b>1,439</b> | <b>931,688</b>                | <b>1,267,395</b> | <b>1,694,343</b> |                    | <b>\$1,860.8</b>        |

Sources: Orlando Downtown Development Board (DBB); 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 DBB and prior Orlando Market Report Downtown Development Activity sections.

Contact:



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