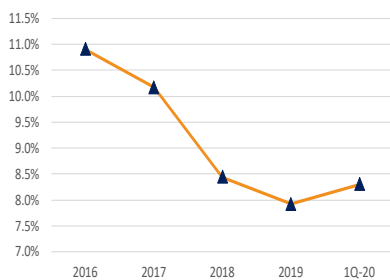


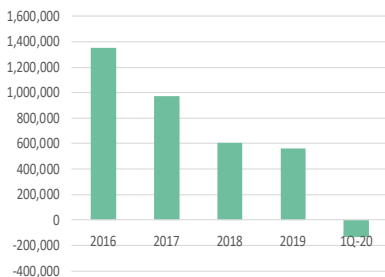
## Orlando

First quarter statistics serve as an indicator of the Orlando office market's position prior to the COVID-19 crisis, which began to unfold locally with widespread social distancing measures in March. The leasing and sales environment has changed dramatically since that time, and those impacts will begin to materialize in the data in the second quarter.

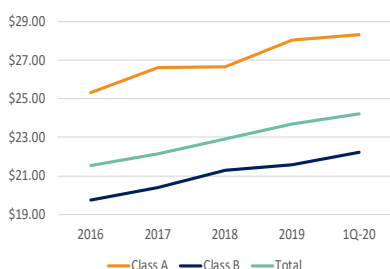
### Vacancy Rate



### YTD Net Absorption (SF)



### Average Asking Rent Rate (\$/SF/FS)



## Office Fundamentals in Orlando Solid with Healthy Rent Growth at the End of the First Quarter

- The negative net absorption recorded during the first quarter is indicative of normal turnover and not that of a weakening market. In fact, leasing activity was fairly brisk during 1Q-2020 led by Marriott Vacations Worldwide's lease of 300,000 sf in the planned \$1 billion O-Town West project. The company will occupy a 9-story building upon its completion, although delivery is now delayed due to the impact of COVID-19.
- Year-over-year vacancy for the period ending with 1Q-2020 is down a slight 11 basis points and the average asking rent is up 4.9% over the same period.
- The largest investment sale during the first quarter was the acquisition of One and Three Resource Square in Central Florida Research Park for \$50.4 million, or \$206 per sf. Crocker Partners purchased the assets in partnership with PCCP, LLC.
- Tenants continue to scour the Orlando market for large block opportunities, many of which will be found in several planned mixed-use developments.
- The Orlando Magic's future downtown sports/ entertainment mixed-use district is still planned for 420,000 sf of office space, 300 hotel rooms, a 310-unit residential tower, 80,000 sf of event space, over 100,000 sf of retail space and an open-air plaza. The expected capital investment is now north of \$500 million and the development will not deliver before 2022.

## Trends to Watch



### Phase II Planned

Lincoln Property Co. plans to break ground this year on a second mixed-use downtown tower with anticipated rents of \$40.00 per sf.



### Changing Footprints

There may soon be a shift in the amount of square feet needed per employee, which could free up some elusive larger blocks of space.



### \$2.3 Billion

Total value of the 12,200 new apartments planned for Central Florida. There are currently 8,000 underway, many of which are located in the urban core.

**37.6 MSF**

Total office inventory in the Orlando office market

**(131,231) SF**

Direct Y-T-D net absorption as of 1Q-2020

**8.33%**

Overall Vacancy

**\$28.33/SF/FS**

Average rental rate for class A space

## ORLANDO MSA TOTAL

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Avg Rent Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	17,365,887	910,099	209,927	\$28.33	94.76%	5.24%	1.21%	6.45%	361,316	(112,859)
Class B	20,196,133	1,907,501	99,584	\$22.24	90.56%	9.44%	0.49%	9.94%	43,500	(18,372)
<b>Total</b>	<b>37,562,020</b>	<b>2,817,600</b>	<b>309,511</b>	<b>\$24.21</b>	<b>92.50%</b>	<b>7.50%</b>	<b>0.82%</b>	<b>8.33%</b>	<b>404,816</b>	<b>(131,231)</b>

## CBD

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	4,301,044	281,848	91,062	\$30.28	93.45%	6.55%	2.12%	8.67%	0	(36,480)
Class B	3,164,708	430,261	28,223	\$28.09	86.40%	13.60%	0.89%	14.49%	0	(156)
<b>Total</b>	<b>7,465,752</b>	<b>712,109</b>	<b>119,285</b>	<b>\$28.95</b>	<b>90.46%</b>	<b>9.54%</b>	<b>1.60%</b>	<b>11.14%</b>	<b>0</b>	<b>(36,636)</b>

## Non-CBD / Suburban

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	13,064,843	628,251	118,865	\$27.46	95.19%	4.81%	0.91%	5.72%	361,316	(76,379)
Class B	17,031,425	1,477,240	71,361	\$20.54	91.33%	8.67%	0.42%	9.09%	43,500	(18,216)
<b>Total</b>	<b>30,096,268</b>	<b>2,105,491</b>	<b>190,226</b>	<b>\$22.60</b>	<b>93.00%</b>	<b>7.00%</b>	<b>0.63%</b>	<b>7.63%</b>	<b>404,816</b>	<b>(94,595)</b>

## 436 Corridor

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	339,475	17,520	0	\$28.27	94.84%	5.16%	0.00%	5.16%	0	617
Class B	1,000,992	62,313	6,682	\$20.73	93.77%	6.23%	0.67%	6.89%	0	(21,899)
<b>Total</b>	<b>1,340,467</b>	<b>79,833</b>	<b>6,682</b>	<b>\$22.38</b>	<b>94.04%</b>	<b>5.96%</b>	<b>0.50%</b>	<b>6.45%</b>	<b>0</b>	<b>(21,282)</b>

## Altamonte / Longwood

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	2,458,157	433,032	4,171	\$18.71	82.38%	17.62%	0.17%	17.79%	0	(18,588)
<b>Total</b>	<b>2,458,157</b>	<b>433,032</b>	<b>4,171</b>	<b>\$18.71</b>	<b>82.38%</b>	<b>17.62%</b>	<b>0.17%</b>	<b>17.79%</b>	<b>0</b>	<b>(18,588)</b>

## Downtown Orlando

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	4,301,044	281,848	91,062	\$30.28	93.45%	6.55%	2.12%	8.67%	0	(36,480)
Class B	3,164,708	430,261	28,223	\$28.09	86.40%	13.60%	0.89%	14.49%	0	(156)
<b>Total</b>	<b>7,465,752</b>	<b>712,109</b>	<b>119,285</b>	<b>\$28.95</b>	<b>90.46%</b>	<b>9.54%</b>	<b>1.60%</b>	<b>11.14%</b>	<b>0</b>	<b>(36,636)</b>

## Lake Mary / Heathrow

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	3,889,831	176,286	72,067	\$26.27	95.47%	4.53%	1.85%	6.38%	109,600	(5,231)
Class B	1,730,864	129,378	12,000	\$18.70	92.53%	7.47%	0.69%	8.17%	0	(1,797)
<b>Total</b>	<b>5,620,695</b>	<b>305,664</b>	<b>84,067</b>	<b>\$23.07</b>	<b>94.56%</b>	<b>5.44%</b>	<b>1.50%</b>	<b>6.93%</b>	<b>109,600</b>	<b>(7,028)</b>

## Maitland

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	2,036,647	119,905	3,595	\$25.53	94.11%	5.89%	0.18%	6.06%	0	(21,050)
Class B	3,907,004	336,576	34,675	\$21.11	91.39%	8.61%	0.89%	9.50%	0	3,193
<b>Total</b>	<b>5,943,651</b>	<b>456,481</b>	<b>38,270</b>	<b>\$22.27</b>	<b>92.32%</b>	<b>7.68%</b>	<b>0.64%</b>	<b>8.32%</b>	<b>0</b>	<b>(17,857)</b>

## Southeast Orlando

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	998,205	101,962	0	\$29.65	89.79%	10.21%	0.00%	10.21%	0	4,213
Class B	455,640	2,800	0	\$21.25	99.39%	0.61%	0.00%	0.61%	0	1,304
<b>Total</b>	<b>1,453,845</b>	<b>104,762</b>	<b>0</b>	<b>\$29.42</b>	<b>92.79%</b>	<b>7.21%</b>	<b>0.00%</b>	<b>7.21%</b>	<b>0</b>	<b>5,517</b>

## Southwest Orlando

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	4,172,484	83,431	38,079	\$26.14	0.00%	0.00%	0.00%	0.00%	225,000	1,928
Class B	2,995,514	201,002	0	\$21.34	0.00%	0.00%	0.00%	0.00%	0	(20,903)
<b>Total</b>	<b>7,167,998</b>	<b>284,433</b>	<b>38,079</b>	<b>\$22.75</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>225,000</b>	<b>(18,975)</b>

## University / Research

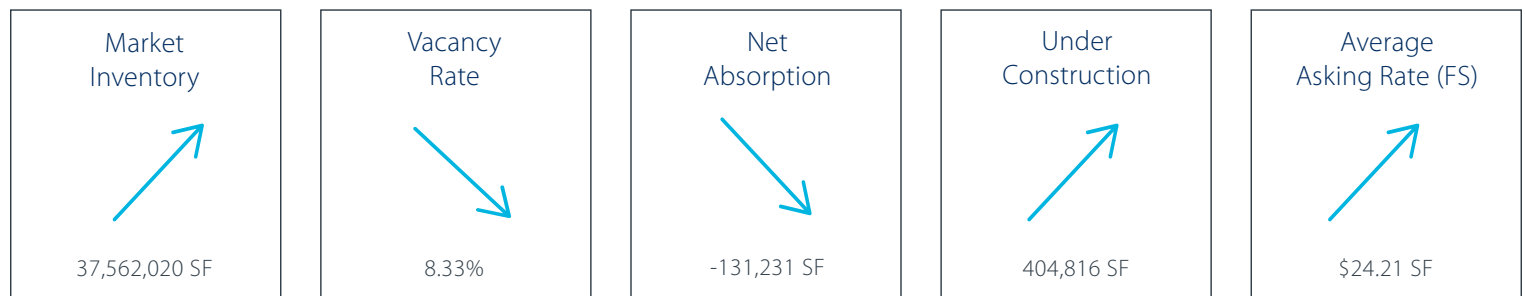
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	1,329,406	113,146	5,124	\$27.03	91.49%	8.51%	0.39%	8.90%	0	(54,374)
Class B	3,245,451	227,905	13,833	\$21.66	92.98%	7.02%	0.43%	7.45%	43,500	23,223
<b>Total</b>	<b>4,574,857</b>	<b>341,051</b>	<b>18,957</b>	<b>\$23.44</b>	<b>92.55%</b>	<b>7.45%</b>	<b>0.41%</b>	<b>7.87%</b>	<b>43,500</b>	<b>(31,151)</b>

## Winter Park / Lee Road

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	Net Absorption
Class A	298,795	16,001	0	\$50.12	94.64%	5.36%	0.00%	5.36%	26,716	(2,482)
Class B	1,237,803	84,234	0	\$25.40	93.19%	6.81%	0.00%	6.81%	0	17,251
<b>Total</b>	<b>1,536,598</b>	<b>100,235</b>	<b>0</b>	<b>\$29.35</b>	<b>93.48%</b>	<b>6.52%</b>	<b>0.00%</b>	<b>6.52%</b>	<b>26,716</b>	<b>14,769</b>

Reporting Methodology: This report includes all class 'A' and 'B' office buildings and parks 20,000 SF and greater in the Orlando MSA that are not owner occupied, office medical, or government owned. All rents are reported on a full-service gross basis. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

### Leading Indicators (Y-O-Y 1Q-2019 to 1Q-2020)



### Significant First Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Marriott Vacations Worldwide	O-Town West	300,000	New	Southwest
Ocean Optics	Quadrangle Corporate Park One	52,125	New	University/Research
Confidential	320 E South St	16,452	New	Downtown Orlando
Commercial Design Services	Maitland Preserve	11,703	Sublease	Maitland
Allstate	250 S Orange Ave	10,408	New	Downtown Orlando
Millenia Surgery Center	Millenia Park	9,850	Renewal	Southwest
The Nemours Foundation, LLC	3300 W Lake Mary Blvd	8,815	Renewal	Lake Mary/Heathrow
MasTec Network Solutions	Northpoint Center I	8,478	Renewal	Lake Mary/Heathrow
Little JLK, LLC	6925 Lake Ellenor Dr	7,167	Renewal	Southwest
TMC Design	Research Commons	6,688	New	University/Research

### Significant First Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
One & Three Resource Square	244,549	\$50,400,000	\$206	Crocker Partners JV PCCP LLC	University/Research
Maitland Lakes	174,048	\$28,195,800	\$162	Brightman & Gil	Maitland
1707 Orlando Central Pky	65,000	\$6,500,000	\$100	Kfir Lambez & Or Shaham	Southwest
Sienna Gardens	33,758	\$5,600,000	\$166	Sienna Garden LLC	Southwest
Palm Gardens at Metrowest	27,000	\$3,500,000	\$130	Ron Cohen	Southwest



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