



Orlando office market report

Q2 2022

**AVISON
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Office market trends

01

Strong economic performance in the first half of 2022

Orlando's unemployment rate has seen a strong decline since the start of 2022. In May, the unemployment rate was 2.7%, which is 110 basis points (bps) lower than it was at the beginning of the year. Orlando led the way across Florida with the largest year-over-year nonagricultural job growth of 7.3%. Twelve companies have announced a relocation or expansion to the Orlando market during 2022, which will create over 1,300 jobs. Deloitte Consulting, Home Lending Pal and Spartan were among the largest announcements.

02

Hybrid work adoption is taking hold for now

Demand for office space has been largely concentrated on class A properties as companies continue to search for highly amenitized buildings to lure employees back to the office. Industries that have returned to work quicker than others include consulting, biotech/life sciences, law firms, and aerospace & defense tenants. Based on extrapolated cellphone data collected across office-using job sectors, these industries are seeing an average of 44% of their weekly employee occupancy compared to pre-Covid levels. As long as there is a large number of job openings, employees will continue to control the speed at which they return to the office space. When openings begin to decline, there could be a shift in companies applying more pressure on employees to return to the office.

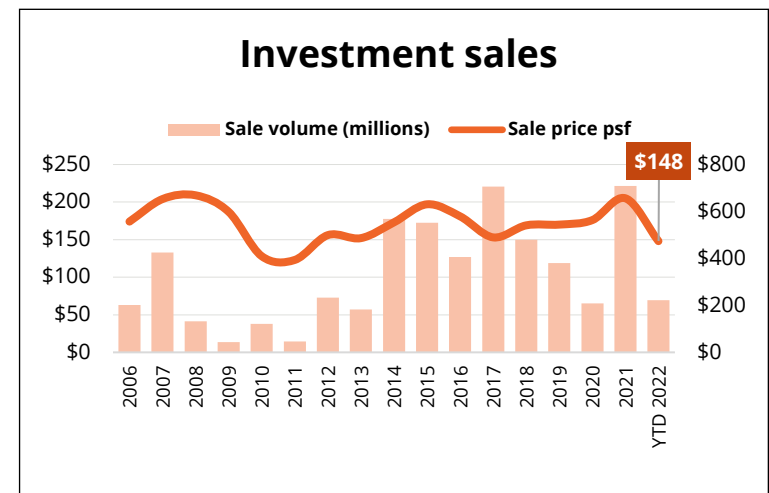
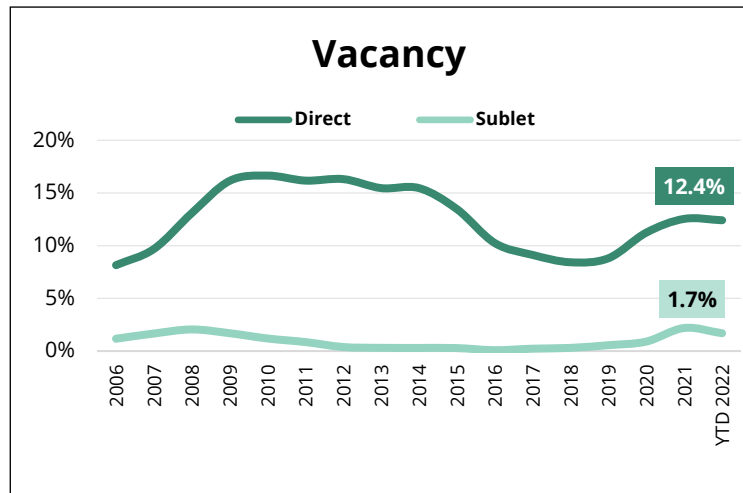
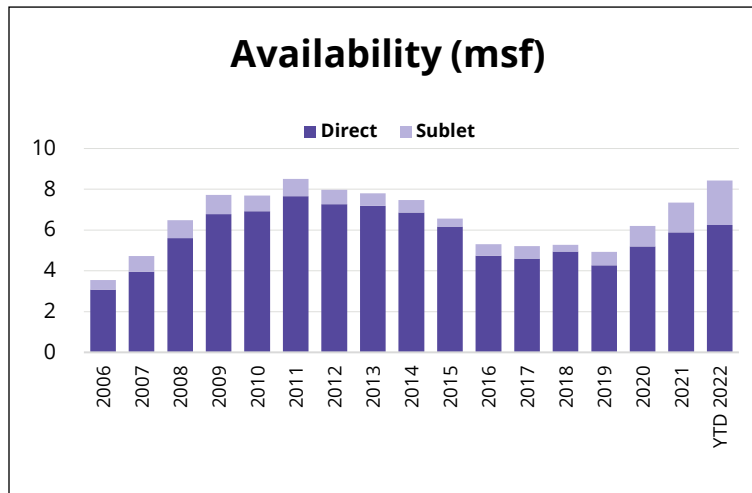
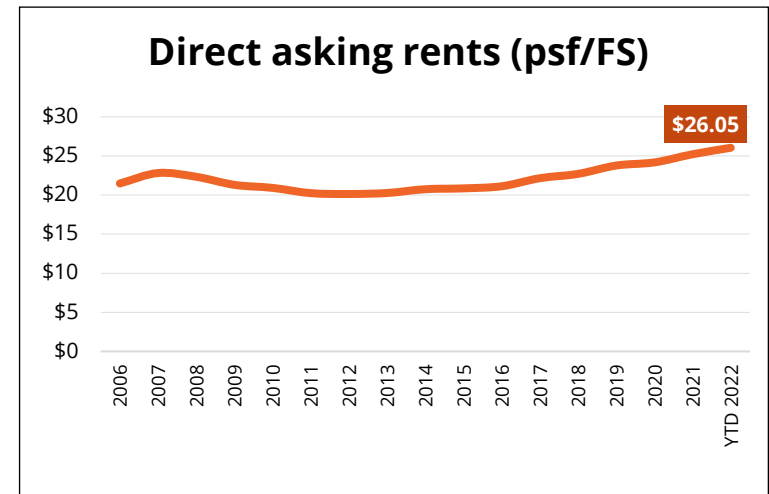
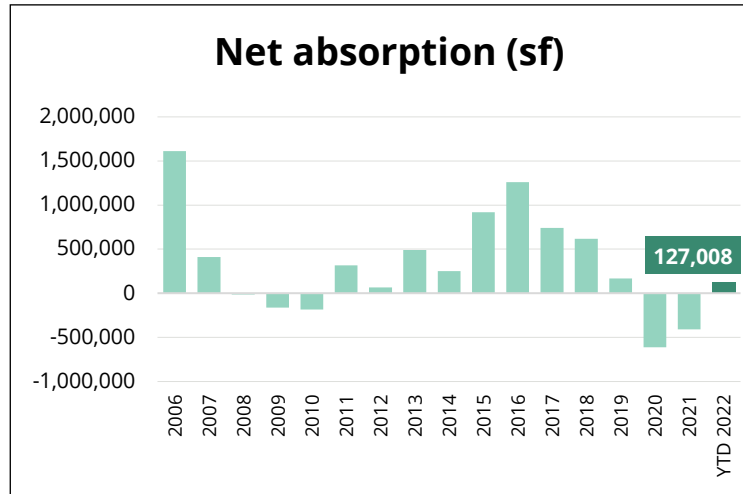
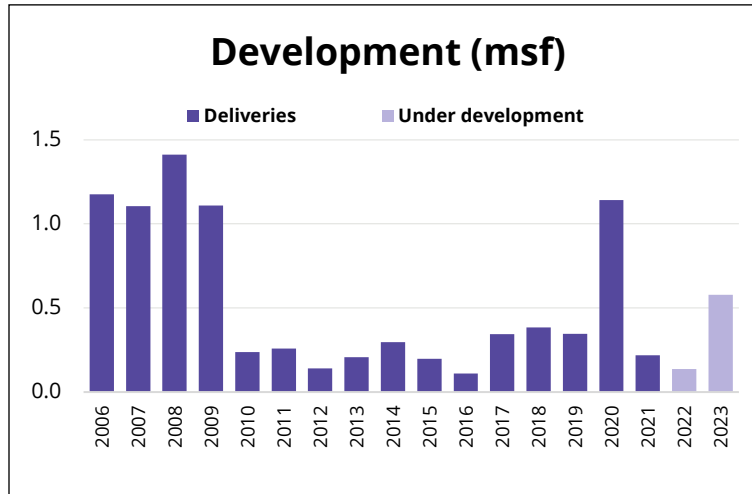
03

Workplace realignments are fueling sublease availability

Sublease availability is still growing as firms realign their real estate strategies. Total sublease availability rose to a historic high of 4.7%—a 60-bps increase from the first quarter of 2022 and a 190-bps increase from one year prior. The largest sublease to hit the market in the second quarter was Vistana's 79,000-square-foot (sf) space in the Southwest Orlando submarket.



Office market indicators



Office market activity

Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type	Submarket
Kimley-Horn	200 South Orange Avenue	May 2022	39,642	New	Direct	Downtown Orlando
Transaction Data Systems	5900 Lake Ellenor Drive	April 2022	36,032	New	Direct	Southwest Orlando
NVR	7500-7829 Golf Channel Drive	May 2022	25,900	New	Sublease	Southwest Orlando
Kimley-Horn	222 South Orange Avenue	May 2022	24,926	New	Direct	Downtown Orlando
Arizona College	5405 Diplomat Circle	June 2022	23,000	Renewal	Direct	Maitland

Recent sales activity

Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Fifteen Group	2600 Lake Lucien Drive & 2500 Maitland Center Parkway	May 2022	398,460	\$42,700,000	\$107	Real Capital Solutions
Somerset Properties	SunTech Commerce Park	April 2022	224,409	\$32,500,000	\$145	Real Capital Solutions
Florentino Rosario	1505 East Colonial Drive	April 2022	40,706	\$7,125,000	\$175	Evans Groves
Juan Rodriguez	1615 Edgewater Drive	April 2022	26,036	\$6,400,000	\$246	Martin-Gracia Andersen Foundation

Significant Construction Activity

Property	Address	Delivery Date	Building Size (sf)	% Preleased	Developer	Submarket
O-Town West	Palm Parkway	July 2023	299,520	100%	Unicorp	Southwest Orlando
Lake Nona – Building B	13410 Veterans Way	Nov. 2022	278,917	0%	Travistock	Airport/Lake Nona/Southeast Orlando
Ingenuity One	12700 Ingenuity Drive	March 2023	68,703	100%	Equity Partners	University/Research

Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
Downtown Orlando	7,266,757	14.6%	19.9%	7.4%	57,254	82,008	-	\$30.72	\$30.69	\$31.05
Urban Subtotal	7,266,757	14.6%	19.9%	7.4%	57,254	82,008	-	\$30.72	\$30.69	\$31.05

By Submarket	Inventory (sf)	Total %	Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
436 Corridor/East Orlando	1,853,556	13.5%	14.1%	12.9%	-16,147	-7,256	-	\$26.29	\$26.96	\$24.59
Airport/Lake Nona/SE Orlando	1,552,803	12.6%	17.0%	0.0%	-19,370	-14,264	347,315	\$29.97	\$29.97	-
Altamonte/Longwood	2,625,779	20.3%	38.2%	17.0%	-62,630	-47,160	-	\$19.22	\$26.64	\$19.18
Lake Mary/Heathrow	4,910,922	13.2%	14.0%	10.8%	-43,566	-118,970	-	\$26.33	\$26.62	\$24.28
Maitland	6,721,122	15.8%	17.5%	15.0%	22,608	32,972	-	\$24.26	\$29.99	\$21.34
Southwest Orlando	8,326,449	13.4%	12.6%	14.6%	-11,144	30,450	300,000	\$25.59	\$28.08	\$22.11
University/Research	4,569,671	13.6%	20.4%	9.9%	22,390	153,042	68,149	\$26.77	\$27.18	\$26.19
Winter Park/Lee Road	1,772,618	5.9%	0.3%	7.5%	4,508	16,186	-	\$21.17	-	\$21.17
Suburban Subtotal	32,332,920	14.0%	15.3%	12.9%	-103,351	45,000	715,464	\$25.20	\$27.89	\$22.16
Market Total	39,599,677	14.1%	16.3%	12.1%	-46,097	127,008	715,464	\$26.05	\$28.56	\$22.48

Office market stats by class

By Class	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	Construction	Available Sublease
Class A	19,265,743	16.3%	-65,318	-84,963	715,464	1,601,903
Class B	20,333,934	12.1%	19,221	211,971	-	574,731
Market Total	39,599,677	14.1%	-46,097	127,008	715,464	2,176,634

For more market insights
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