



Orlando, Florida

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

The office market continues to rebound for landlords as vacant space is being steadily absorbed. Vacancy rates are declining and rental rates are stabilizing. While there were few relocations to the area, existing businesses appear more optimistic about hiring yet cautious on long-term leases. The area's unemployment rate (9.5%) remains well above the national average of 8.3%, boding well for employers. State economic incentives are becoming more commonplace especially under Governor Rick Scott who is pushing for more development and greater job growth in the state. One such project is Medical City, a 650 acre development in Lake Nona, which will be attracting thousands of high-paying jobs. University of Florida's Academic & Research Center is slated to open this summer and, along with UCF's Health Sciences Campus, will support the Sanford-Burnham Medical Research Institute which opened in 2009. Medical City is expected to spawn numerous developments including office, retail, and housing.

Market Trends

- Construction continued to be minimal with only three buildings delivered totaling 159,000 SF. Only 280,000 SF is under construction.
- Vacant sublease space continues to be absorbed, down from 396,000 to 352,000 SF.
- The overall office vacancy rate is 13.1%.
- The class A office market recorded net positive absorption of 273,000 SF during the quarter.
- The class B office market recorded net positive absorption of 110,000 SF during the quarter.

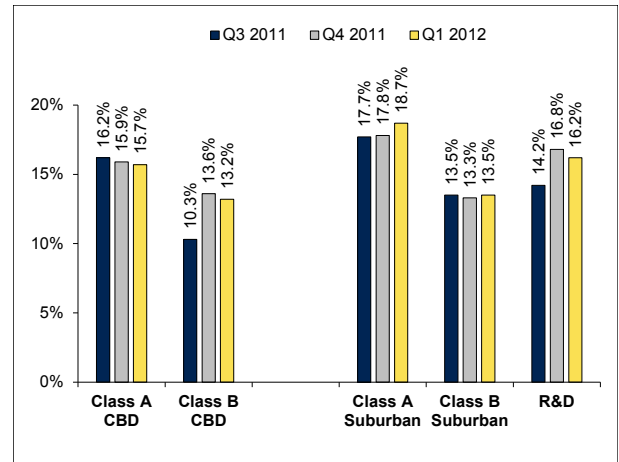
Tenant's Perspective

While the market is recovering, landlords remain aggressive offering a combination of low rental rates, free rent, and high tenant improvement packages. Companies should strongly consider locking in these rates during this improving period as rates will continue to rise. As always, an experienced tenant representative with no conflicts can make the process considerably less painful.

Major Transactions

| Tenant/Buyer | Size | Type | Lease/Sale |
|--------------------------|--------|--------|------------|
| Signature Flight Support | 60,000 | Office | Lease |
| BB&T | 35,000 | Office | Lease |
| Pinnacle Management | 28,000 | Office | Lease |
| Sodexo | 18,000 | Office | Lease |
| URS | 16,000 | Office | Lease |
| Consulate Management | 15,000 | Office | Lease |
| McDonald Toole Wiggins | 15,000 | Office | Lease |
| Florida Hospital | 15,000 | Office | Lease |

Vacancy Rate



Average Rental Rates

| CBD | Q3 2011 | Q4 2011 | Q1 2012 |
|----------------|---------|---------|---------|
| Class A Office | \$24.01 | \$24.06 | \$23.73 |
| Class B Office | \$19.98 | \$20.51 | \$20.67 |
| Suburban | Q3 2011 | Q4 2011 | Q1 2012 |
| Class A Office | \$23.53 | \$22.00 | \$21.99 |
| Class B Office | \$18.00 | \$17.67 | \$17.87 |
| R&D | \$8.64 | \$9.31 | \$9.16 |

