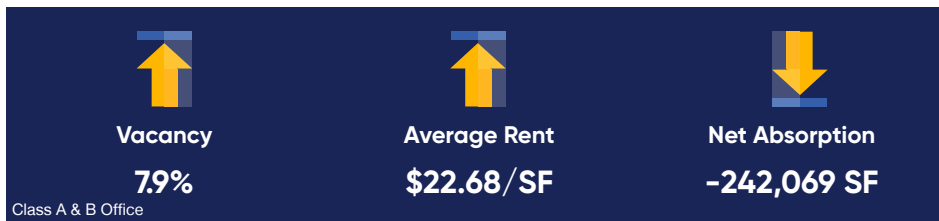


Market Report

Orlando Mayor Buddy Dyer and Ustler Development got a huge shot in the arm with the announcement of Electronic Arts moving their Maitland studio to downtown's Creative Village. Ustler will be building a 5-story, 180,000 SF class A office building due to be completed in 2021. In other downtown developments, Lincoln Property Company's SunTrust Plaza will be completed in late 2019. Lincoln secured approvals to build a second phase just to the north of SunTrust. This mixed use 32-story office and hotel tower won approval from the Municipal Planning Board this October and will feature 210,000 SF of office. 150 N Orange, a 141,000 SF office building anchored by Aecom, will be re-vamped with 70,000 SF coming online. The Orlando Magic are looking at building a mixed-use project called the Sports + Entertainment District which has 400,000 SF of office planned.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$30.12	CBD Class A 9.8%	▲ 0.4%
\$23.46	CBD Class B 14.8%	▲ 1.1%
\$25.92	Total CBD 10.0%	▲ 0.4%
\$27.44	Submarket Class A 5.7%	▼ 0.3%
\$20.29	Submarket Class B 8.3%	▲ 0.4%
\$21.80	Total Submarket 6.6%	— 0.0%
\$10.62	Industrial Flex 6.6%	▲ 0.6%
\$6.30	Industrial Warehouse 5.8%	▲ 0.5%
\$7.05	Total Industrial 5.9%	▲ 0.5%

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 EA Sports	180,000 SF	CBD	Office	Gaming
2 Cardworks	60,000 SF	South Orlando	Office	Financial Services
3 Finastra	54,800 SF	Lake Mary	Office	Fintech
4 Wyndham Destinations	54,000 SF	South Orlando	Office	Time Share
5 Cubic Engineering	40,383 SF	East Orlando	Office	Defense
6 American Hotel Register	220,000 SF	SE Orange Co.	Industrial	Wholesaler
7 One Fat Frog	193,968 SF	SE Orange Co.	Industrial	Restaurant Supply
8 Xylem	75,000 SF	Sanford	Industrial BTS	
9 McKesson	38,721 SF	Orlando Central	Industrial	Pharmaceutical
10 McCollister's	27,842 SF	Airport	Industrial	Shipping

Market Trends



All of this activity is great news for the Orlando CBD which has seen a

lack of new development in the office sector despite the low vacancy rate.



However, the CBD's vacancy rate has risen to 10% over the past year, primarily due to the downsizing of SunTrust as they move

from their legacy building to Lincoln's new tower. Worth keeping an eye on how fast this submarket recovers.



Meanwhile, class A office space in the suburbs is scarce. At a meager 5.7% vacancy rate, rental rates

continue to climb.



Occupier's Perspective

Construction pricing is at an all-time high with tenants having to participate in the cost of their own build out. Managing those costs upfront is critical before inking a lease.

Tenant improvements can take 6 months or longer to complete. Permitting, design and construction each have their challenges, so we recommend beginning larger projects at least a year in advance.

Tenants should be very cognizant of their growth projections, as landlords are requiring longer lease terms; 5 to 7 years is standard now.