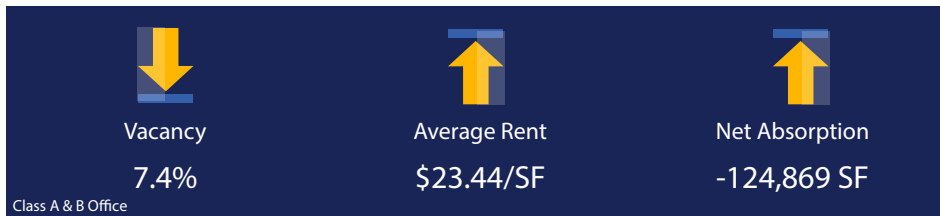


Market Report

While the beginning of the year got off to a great start, Orlando closed this quarter in a downward spiral due to the unforeseen COVID-19 pandemic. Orlando's retail sector has been particularly hard-hit with the almost complete stop of tourism travel. Despite Orlando being known for tourism and hospitality, those industries actually only account for 20% of employment. Still, we have yet to see how an unemployment rate hike from 3.2% to possibly near 20%, however short-term, may impact the community and subsequent commercial real estate markets. Every sector (Office, Industrial and Retail) had very low vacancy rates going into this quagmire, so should be able to withstand a marginal increase in vacancy. The industrial sector may not see much impact at all, or possibly even an increase in demand as the stay-at-home orders have spiked e-commerce which was already a leading occupier of industrial space. As for effects on the office market, time will tell. Companies may reconsider space utilization and reduce their footprint slightly as an outcome moving forward. However, the loss of team collaboration and culture that is felt proves that office space remains an important factor in today's business climate.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$28.41	CBD Class A 11.2%	▲ 1.2%
\$23.09	CBD Class B 21.3%	▲ 1.2%
\$26.77	Total CBD 12.4%	▲ 1.1%
\$26.91	Submarket Class A 5.4%	▼ 0.4%
\$20.98	Submarket Class B 8.2%	▲ 0.1%
\$22.16	Total Submarket 6.6%	▲ 0.1%
\$11.00	Industrial Flex 6.5%	▲ 0.1%
\$6.35	Industrial Warehouse 6.3%	▲ 0.2%
\$7.17	Total Industrial 6.3%	▲ 0.1%

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 Marriot Vacations Worldwide	225,000	Dr. Phillips		Office
2 L3 Technologies	39,206	Dr. Phillips	Aerospace & Defense	Office
3 Kiddie Academy	12,500	Winter Garden	Education	Office
4 Commercial Design Services	10,835	CBD	Office	Real Estate
5 Allstate	10,408	CBD	Insurance	Office
6 Marcus & Millichap	9,040	CBD	Investment Real Estate	Office
7 Ally Building Solutions	46,002	SW Orange	Building Supplies	Industrial
8 ST Stone	9,700	NW Orange	Wholesaler	Industrial

Market Trends



↓ Occupiers are taking a pause on non mission-critical leases to determine their needs when the market settles and business-as-usual resumes.

↑ While it has slowed substantially, construction and real estate are considered critical services and transactions and projects are still being completed.

↑ There is a lot of pent-up demand and cabin-fever; people want to get back to making and spending money - which bodes well for rebounding the demand for commercial real estate.

Occupier's Perspective

It is important that tenants stay current with their rent payments. If rent relief is desired, having your attorney engage in a discourse with the landlord is the best course of action.

⌚ If you are close to your lease end date, it may be possible to extend for one-year, instead of the typical 3- or 5-year terms. This is something that would not be available before the pandemic, but landlords know they need to be flexible to maintain tenancy right now.

📊 If you plan to ask the landlord for any type of rent relief, be prepared to show the landlord your financials to prove hardship. Your landlord will also expect you take full advantage of the benefits offered through the CARES act and will factor that into their decision.