

DOWNTOWN ORLANDO CRA 1Q24 MARKET REPORT

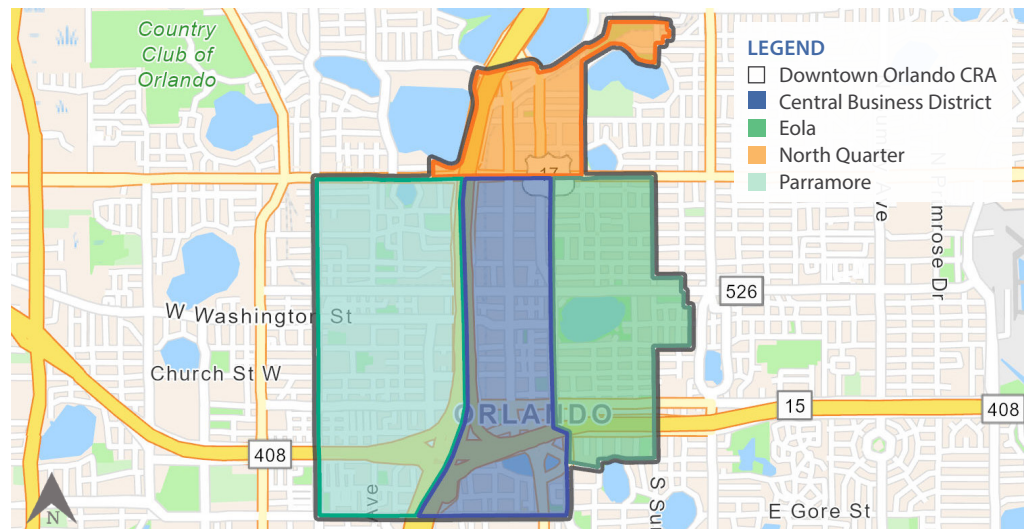
EXECUTIVE SUMMARY | MAY 2024

This executive summary highlights the key findings from the 1st Quarter 2024 ("1Q24") Orlando Market Report produced by GAI Consultants, Inc. in May 2024. If you have questions regarding the information contained herein, or to request a copy of the full 1st Quarter 2024 Orlando Market Report, please contact Michael Whiteman at 407.246.2102 or Michael.Whiteman@orlando.gov.

ABOUT THIS MARKET

The mission of the Orlando Downtown Development Board/ Community Redevelopment Agency ("DDB/CRA") is to aggressively pursue redevelopment and revitalization activities within the 1,664-acre Downtown Redevelopment Area ("CRA"). The emphasis is on providing more housing and cultural arts opportunities, improving long-term transportation needs, and encouraging retail development.

The CRA is made up of several neighborhoods and unique districts, which have been assembled into four distinct planning areas. The planning areas are illustrated in the following map.



BUSINESS MARKET TRENDS

The Downtown Orlando CRA has a population of approximately **21,350** people, with nearly **95,180** employees and **4,990** businesses as of 1st quarter 2024.

Business Licensure Activity

Business licensure data is a way of tracking concentration and composition of business activity and employment in the City of Orlando and the CRA.

In 1st quarter 2024 ("1Q24"), the CRA issued 48 business licenses, composing 11% of the business licenses issued in the City at 447. Business licenses issued within the CRA experienced significant decreases of 33% from the prior quarter, 4th quarter 2023, and 14% year-over-year, 1st quarter 2023 to 1st quarter 2024.

The decrease in business licenses within the CRA from the prior quarter and year-over-year may be attributed to a decrease in demand to operate within the downtown area. In addition, about 28% and 40% of the licenses issued in the City and CRA, respectively, were for professional establishments as of 1Q24.

Annual Sales Tax Activity

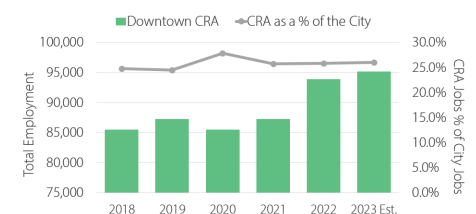
For year-end 2023, sales tax collections within the CRA were approximately \$121.7 million ("M"), an increase of approximately 2.2% from the prior year, 2022. Sales tax collections within the CRA were primarily stimulated by a sales tax levy against lodging (\$22.0M), commercial rents (\$19.5M), and admissions/recreation services (\$14.0M). The CRA captured 4% of the sales tax collections within the City at \$3,041.1M as of year-end 2023.

Consumer Spending Behaviors

As of year-end 2023 estimates, total expenditures within the CRA were nearly \$1,038.5M, with consumers spending about \$357.3M on housing, \$308.8M on retail goods, \$123.6M on food, and \$75.9M on health care. Total expenditures within the CRA made up approximately 9% of the consumer spending within the City.

Employment & Business Activity

Employment by sector data for year-to-date ("YTD") 2023 estimates is provided by the Florida Department of Economic Opportunity ("DEO"). *To note, year-end 2023 data is anticipated to be released by DEO in June 2024.* As of YTD 2023, there were about 95,180 total employees within the CRA, composing 26% of total City employment. The major employment sectors within the CRA were education, public administration, and professional services, composing 30%, 23%, and 16%, respectively, of total CRA jobs. Total employment within the CRA increased nearly 1.4%, from 93,885 in 2022.



HOSPITALITY AND TOURISM TRENDS

The Downtown Orlando CRA has approximately **2,179** hotel rooms, with estimated visitation in the 1st quarter 2024 of approximately **147,734** guests.

Total Inventory

In 1st quarter 2024 ("1Q24"), the CRA had a total of 2,179 hotel rooms, representing 1.7% and 2.1% of the room supply within the Metro Orlando and County's functioning hotel market, respectively. Year-over-year, total hotel room inventory within the CRA decreased by 35 rooms within the Parramore sub-market due to renovations⁽¹⁾.

The CBD composes the majority of hotel rooms within the CRA at 51%, followed by the North Quarter, Parramore, and Eola sub-markets with 25%, 24%, and less than 1%, respectively, of the total share.

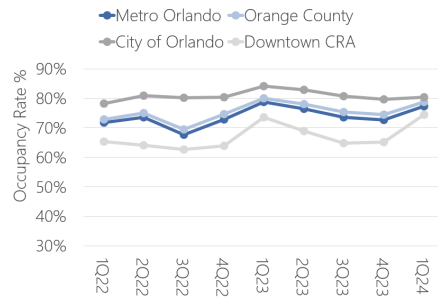
Visitation

About 147,734 guests were lodged in downtown CRA hotels during 1Q24; this represents about 1.6% of Metro Orlando's hotel visitation, at 9.0 million guests. This data excludes day visitors or people staying in locations outside of downtown. Year-over-year, visitation experienced a 0.4% decrease in the CRA.

Occupancy Rate

Occupancy rate for hotels within the CRA was 74.5% as of 1Q24; this represents a 14% increase from the prior quarter, 4Q23, and a 1.2% increase year-over-year, 1Q23 to 1Q24.

In addition, the CRA's occupancy rate was smaller than that observed within Metro Orlando at 77.4%, the County at 78.7%, and the City at 80.4%, as of 1Q24.

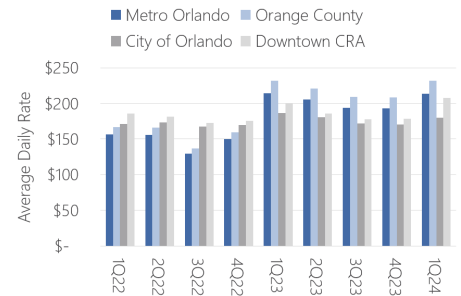


Average Daily Rate

The average daily rate ("ADR") for CRA hotels was \$207.59 as of 1Q24; this represents an

increase of 16% from the prior quarter and a 3.6% increase year-over-year. As of 1Q24, the ADR for CRA hotels is higher than that observed within the City at \$179.72, but lower than that of Metro Orlando at \$213.44 and the County at \$231.55, largely driven by the significantly higher ADR within the convention/resort-style hotels located in the Lake Buena Vista sub-market.

In 1Q24, Metro Orlando, as well as the County, City, and CRA are attaining occupancy and ADR levels higher than those previously achieved prior to the COVID-19 pandemic.



⁽¹⁾ Over the next year, the Crowne Plaza will continue removing rooms from the market as each floor undergoes renovations and adding them back as renovations are completed; in addition, the number of hotel rooms within the CBD sub-market was corrected as of the 4Q23 report; the Wellborn (previously the Courtyard at Lake Lucerne) has been corrected to reflect 30 hotel rooms total.

RETAIL MARKET TRENDS

The Downtown Orlando CRA has approximately **1.29 million** square feet of retail space, with an estimated occupancy rate of **88.5%** and an average rental rate per square foot of **\$35.94** as of the 1st quarter 2024.

Total Inventory

In 1Q24, the CRA had a total of 1,291,435 square feet of retail space, composing 1.6% and 4.6% of the total retail space within the County at 82.2M square feet and City at 28.0M square feet, respectively. Total inventory of retail space experienced a decrease of 3.7% year-over-year and remained unchanged from the prior quarter.

Inventory of CRA's retail space is comprised of rentable square footage within the CBD (55%), Parramore (29%), Eola (11%), and North Quarter (6%) sub-markets.

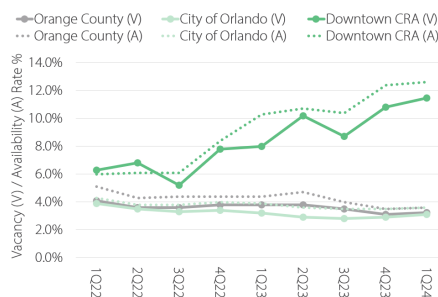
Gross Absorption

In 1Q24, the CRA did not experience any gross absorption of retail space, representing a 100% year-over-year decrease. A decrease in gross absorption within the overall retail market over the prior year indicates less space is being leased or occupied than vacated and may be attributed to fewer business openings.

Vacancy & Availability Rate

The CRA retail market had a vacancy rate of 11.5% and an availability rate of 12.6% for 1Q24, indicating there is a higher amount of space which may be physically vacant but still has an active lease, or currently occupied but will be vacant in the future. Vacancy within the CRA retail market experienced a significant increase of 43% year-over-year and a 6.8% increase from the prior quarter.

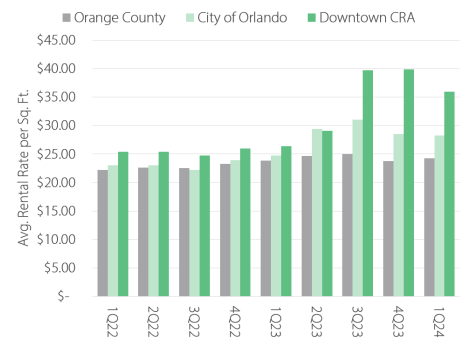
During 1Q24, the CRA's vacancy rate was significantly higher than that observed within the County at 3.2% and City at 3.1%.



Average Rental Rate

The average rental rate observed in the CRA's retail market for 1Q24 was \$35.94; representing a 36% increase year-over-year and a 9.8% decrease from the prior quarter. Increases in average rental rates may be a result of more demand than supply, driving rental rates up.

During 1Q24, average rental rates within the CRA's retail market were significantly greater than those observed in the County at \$24.26 and City at \$28.24.



OFFICE MARKET TRENDS

The Downtown Orlando CRA has approximately **12.1 million** square feet of office space, with an estimated occupancy rate of **88.4%** and an average rental rate per square foot of **\$27.87** as of the 1st quarter 2024.

Total Inventory

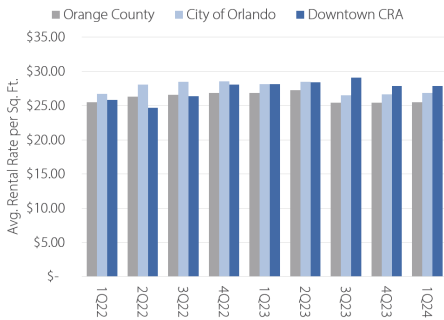
In 1Q24, the CRA had a total of 12,107,122 square feet of office space, composing 17% and 38% of the total office space within the County at 71.7M square feet and City at nearly 32.1M square feet, respectively. Total inventory of office space experienced a decrease of 1.6% from the prior quarter and a 1.0% decrease year-over-year.

Inventory of CRA's office space is comprised of rentable square footage within the CBD (61%), Eola (21%), North Quarter (10%), and Parramore (9%) sub-markets.

Average Rental Rate

The average rental rate observed in the CRA's office market for 1Q24 was \$27.87; representing zero change from the prior quarter and a 1.0% decrease year-over-year. Decreases in average rental rates may be a result of more supply than demand for downtown office space, subsequently driving the rental rates down.

During 1Q24, average rental rates within the CRA's office market were higher than those observed in both the County and City at \$25.50 and \$26.85, respectively.

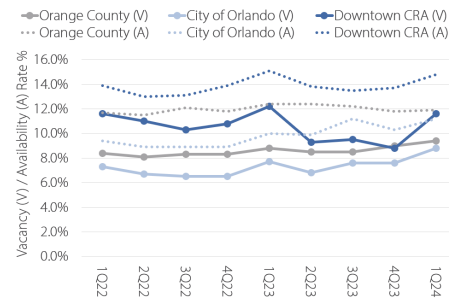


Vacancy & Availability Rate

The CRA office market had a vacancy rate of 11.6% and an availability rate of 14.8% for 1Q24, indicating there is a higher amount of space which may be physically vacant but still has an active lease, or currently occupied but will be vacant in the future.

Vacancy within the CRA office market experienced a significant increase of nearly 32% from the prior quarter and a decrease of 5.3% year-over-year, which may be driven by an annual decrease in rentable office space demand within the downtown CRA.

In 1Q24, the CRA's vacancy rate was higher than that observed within both the County and the City at 9.4% and 8.8%, respectively.



Gross Absorption

The CRA experienced 138,647 square feet of office gross absorption in 1Q24; representing 14% and 43% of the gross absorption in the County and City, respectively. Gross absorption within the CRA's office market significantly decreased 44% from the prior quarter and 3.1% year-over-year, which may be attributed to a decrease in the amount of office space being leased than what was vacated/supplied in the market during 1Q24.

Class of Space

During 1Q24, Class A space composed 61% of the total office space within the CRA, followed by Class B space with 23% and Class C space with 16% of this total share. Occupancy levels for Class A space (85.5%) were lower than the occupancy observed in both Class B space (91.7%) and Class C space (95.0%), as of 1Q24. In addition, average rental rates for Class A space (\$29.36) were greater compared to Class B space (\$25.77) and Class C space (\$23.51) within the CRA office market for 1Q24.

Downtown Major Office Buildings

In 1Q24, there were 36 office buildings that met the size criteria within the CRA (properties with 100,000 square feet or greater). These major office properties account for 8.83 million square feet of office space, which represents nearly 73% of the entire supply of office space within the CRA.

These major office properties represent an occupancy of 86.5%, which is 2.0% lower than that observed in the overall CRA. Additionally, the properties for which rental rates were available, have rents approximately \$2.24 per square foot higher than those in the overall CRA, as would be expected in major projects of this type.

The rental rates within these major downtown office buildings increased 4.8% year-over-year. Continued observations of increasing vacancy rates combined with increasing rental rates year-over-year may be indicative of a hardening of the office market within the downtown CRA.

DOWNTOWN BENCHMARKS

For the 1Q24 Market Report, comparison of retail and office space characteristics in the Downtown Orlando CRA versus downtown business districts in four major Florida metro areas (Jacksonville, Tampa, Ft. Lauderdale, and Miami) were also analyzed.

Retail Market Benchmarks

During 1Q24, the Orlando CRA's retail market had the fourth-highest occupancy at 88.5%, ahead of Miami with 87.1%. Tampa, Jacksonville, and Ft. Lauderdale's retail business districts had greater occupancies at 96.7%, 95.2%, and 95.0%, respectively.

In addition, the Orlando CRA had the third-highest retail average rental rate at \$35.94 as of 1Q24. Ft. Lauderdale and Miami's retail business districts had higher average rental rates at \$46.57 and \$36.21, respectively; whereas Tampa and Jacksonville's retail business districts had smaller average rental rates at \$29.38 and \$21.56, respectively, as of 1Q24.

Office Market Benchmarks

During 1Q24, the Orlando CRA's office market had the second-highest occupancy at 88.4%, tied with Ft. Lauderdale and just

behind Tampa with 91.6% occupancy. Miami and Jacksonville's office business districts had smaller occupancies at 88.1% and 87.4%, respectively, as of 1Q24.

In addition, the Orlando CRA had the fourth-highest office average rental rate at \$27.87 as of 1Q24. Miami, Ft. Lauderdale, and Tampa's office business districts had significantly higher average rental rates at \$60.60, \$50.05, and \$39.00, respectively; whereas Jacksonville's office business district had a smaller average rental rate of \$22.96 observed in 1Q24.

RESIDENTIAL MARKET TRENDS | FOR-SALE HOUSING

The Downtown Orlando CRA had approximately **63** total residential unit sales in 1st quarter 2024, representing an average sales price of **\$340** per square foot.

Total Annual Inventory

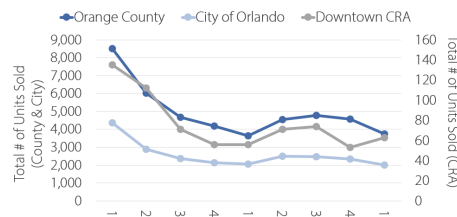
As of year-end 2023, the CRA had a total of 3,687 residential units (906 single-family units and 2,781 condo units); representing 0.9% and 4.6% of the total residential units within the County and City, respectively. Total inventory of residential units decreased 4.2% from the prior year, 2022.

Inventory of total CRA residential units is comprised of residential units within the Eola (50%), CBD (24%), North Quarter (16%), and Parramore (9%) sub-markets.

Total Unit Sales

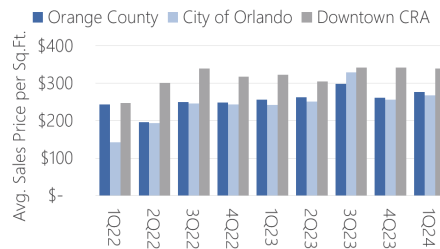
During 1Q24, the CRA had 63 total residential sales; 89% condo unit sales and 11% single-family unit sales. Total residential unit sales experienced increases of 13% year-over-year and 19% from the prior quarter, as illustrated in the following figure.

The total residential unit sales within the CRA composed 1.7% and 3.1% of the total residential sales within the County at 3,729 units sold and City at 2,001 units sold, respectively, as of 1Q24.



Average Sales Price Trends

During 1Q24, total residential unit sales within the CRA had an average sales price per square foot of \$340, significantly greater than that achieved in the County at \$277 and City at \$268 per square foot. Year-over-year, average residential sales per square foot increased by 5.2% within the CRA.



Total Sales Price

The CRA's residential unit sales for 1Q24 had a total sales volume of \$27.1M, composing 1.4% and 2.8% of the sales volume within the County at \$1.94 billion and City at \$956.9 million, respectively. The CRA's total sales volume increased 35% year-over-year.

Downtown Major Condominiums

In 1Q24, there were 49 total sales within the CRA's major condominium buildings (market rate properties with 50 units or more). Total sales within these properties experienced increases of 8.9% year-over-year and 26% from the prior quarter. In 1Q24, the CRA's major condo sales were made up of sales within Eola (55%), North Quarter (27%), and CBD (18%) sub-markets. Parramore continues to have zero major condo properties.

The sales that occurred within these major condo properties had an average sales price per square foot of \$331, \$8.52 lower than that observed for total condo sales within the CRA at \$340 per square foot, as of 1Q24.

RESIDENTIAL MARKET TRENDS | RENTAL APARTMENT HOUSING

During 1st quarter 2024, approximately **92%** of the apartment properties in the Downtown Orlando CRA had occupancy rates **above 90%**, with **46%** of the properties having occupancy rates **greater than 95%**.

Total Inventory

In 1Q24, the CRA had a total of 7,632 apartment units in 26 buildings that met the minimum criteria (market rate, mixed-income, and senior housing properties having at least 50 units or more). Total units increased 3.4% year-over-year and 6.4% from the prior quarter as a result of Society Orlando, a newly constructed market-rate apartment property located within the CBD sub-market, completed in March 2024 with 462 units.

The CRA's rental apartment housing is comprised of rentable units within the CBD (47%), Eola (21%), North Quarter (12%), and Parramore (20%) sub-markets.

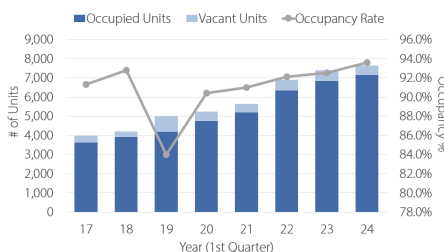
Gross Absorption

Gross absorption of rental apartment properties within the CRA was positive 444 units observed in 1Q24; experiencing an increase of approximately 456 units from the prior year and 573 units from the previous quarter.

Occupancy Rate

In 1Q24, the CRA rental apartment market had an occupancy rate of 93.6%; representing slight increases of 1.2% from the previous year and 0.2% from the prior quarter.

Amelia Court at Creative Village, Parramore Oaks, Lexington Court, City View, and Orlando Lutheran Towers are apartment properties offering income-restricted or senior housing units in 1Q24; if these properties were excluded, occupancy would be at 93.1%, slightly lower than the rate observed within the overall CRA rental apartment market at 93.6%.



Average Rental Rate

The overall average monthly rent for all rental apartment properties within the CRA at \$2,015 represents an 8.6% increase year-over-year and 0.4% increase from the prior quarter. In addition, the average rental rate per square foot for all rental apartment properties in the CRA at \$2.27 also increased 9.9% year-over-year and 1.6% from the previous quarter.



Rental Concessions

In 1Q24, 77% of the CRA's rental apartment properties offered concessions to incentivize new lease contracts and lease renewals within the downtown area.

DOWNTOWN DEVELOPMENT ACTIVITY

As of 1Q24, there are 25 planned and proposed projects within the CRA. These include a mixture of residential, hotel, retail, office, and mixed-use projects or properties located within the various sub-districts within the CRA.

In total, where data is available, there are approximately 6,011 residential units, 1,049 hotel rooms, 1,095,227 square feet of retail space, 1,136,895 square feet of office space, and 375,543 square feet of additional amenity and ancillary space

within these planned and proposed projects, as detailed in the following table. In addition, there are 7 projects currently under construction representing approximately \$1,090 million in total current investment as of 1Q24.

Planned and Proposed Downtown Orlando CRA Projects

Project Name	Residential Units	Hotel Rooms	Retail (SF)	Office (SF)	Other (SF) ⁽¹⁾	Status	Investment (Millions) ⁽²⁾
10 Degrees	252	–	7,864	–	–	Proposed	\$–
110 W. Jefferson Street	555	–	22,000	40,895	–	Proposed	\$170.0
389 North	300	–	10,000	130,000	–	Proposed	\$140.0
68 S. Ivanhoe Boulevard	312	–	6,239	–	–	Proposed	\$8.0
550 Shoma	223	–	19,512	–	–	Proposed	\$–
802 W. Church Street	–	–	2,500	10,000	–	Proposed	\$3.0
811 E. Washington Street	6,765 (SF) ⁽³⁾	–	–	–	–	Proposed	\$–
924 N. Magnolia Avenue	386	–	15,548	–	8,522	Proposed	\$96.5
909 W. Amelia Street	238	–	–	–	6,000	Proposed	\$–
The Canopy (Under I-4)	–	–	–	–	9.75 AC ⁽⁴⁾	Proposed	\$30.0
The Commons (Capital Plaza III & Modera South Eola)	400	–	8,238	250,000	8,116	Proposed	\$118.0
The Edge at Church Street Station	234	209	2,500	200,000	60,000	Under Construction	\$275.0
Bumby Arcade at Church Street Station	–	–	18 Food Stalls (300-1,000 SF)	–	16,000	Under Construction	\$–
Beacon at Creative Village	106	–	–	–	–	Proposed	\$65.0
Parcel X, Parcel X-1 and Parcel Y	326	180	460,000	185,000	5,000	Under Construction	\$250.0
IRMA Apartments	28	–	–	–	–	Proposed	\$7.0
Lutheran Towers	167	–	–	–	–	Proposed	\$118.0
Magnolia Mixed-Use Tower	232	–	6,000	16,000	–	Under Construction	\$64.5
Mariposa Groves	139	–	18,500	–	–	Proposed	\$22.0
Parramore City Towers	140	171	40,000	–	28,300	Under Construction	\$–
Pine and Lake Mixed-Use Tower	129	228	–	–	63,605	Proposed	\$115.9
Society Orlando (Phase I & II)	704	–	41,000	–	100,000	Under Construction	\$–
Sports and Entertainment District (SED)	781	261	416,000	305,000	80,000	Under Construction	\$500.0
Vive on Eola	244	–	12,536	–	–	Proposed	\$36.0
Westmoreland Square	115	–	6,790	–	–	Proposed	\$30.0
Totals	6,011 Units	1,049 Rooms	1,095,227 SF	1,136,895 SF	375,543 SF	–	\$2,040.9 M

Sources: Orlando Downtown Development Board (DDB); Orlando Crane Watch; Orlando Business Journals; The Daily City; Orlando Bungalow; GAI Consultants, Inc. Notes: SF represents square feet. All above values may be subject to change based on changes to the development programs and master plans. (1) Represents additional amenity and ancillary space within the above planned/proposed projects. (2) Investment values have been recorded from the Orlando DDB and prior Orlando Market Report Downtown Development Activity sections. (3) 811 E. Washington residential units represented as total SF; therefore, these units are not included in the total units represented for the entire Downtown Orlando CRA projects. (4) The Canopy represents 9.75 acres featuring sports courts, vendor areas, performance spaces, play areas and more; therefore, this space is not included in the total square footage represented for the entire Downtown Orlando CRA projects.

Contact:



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