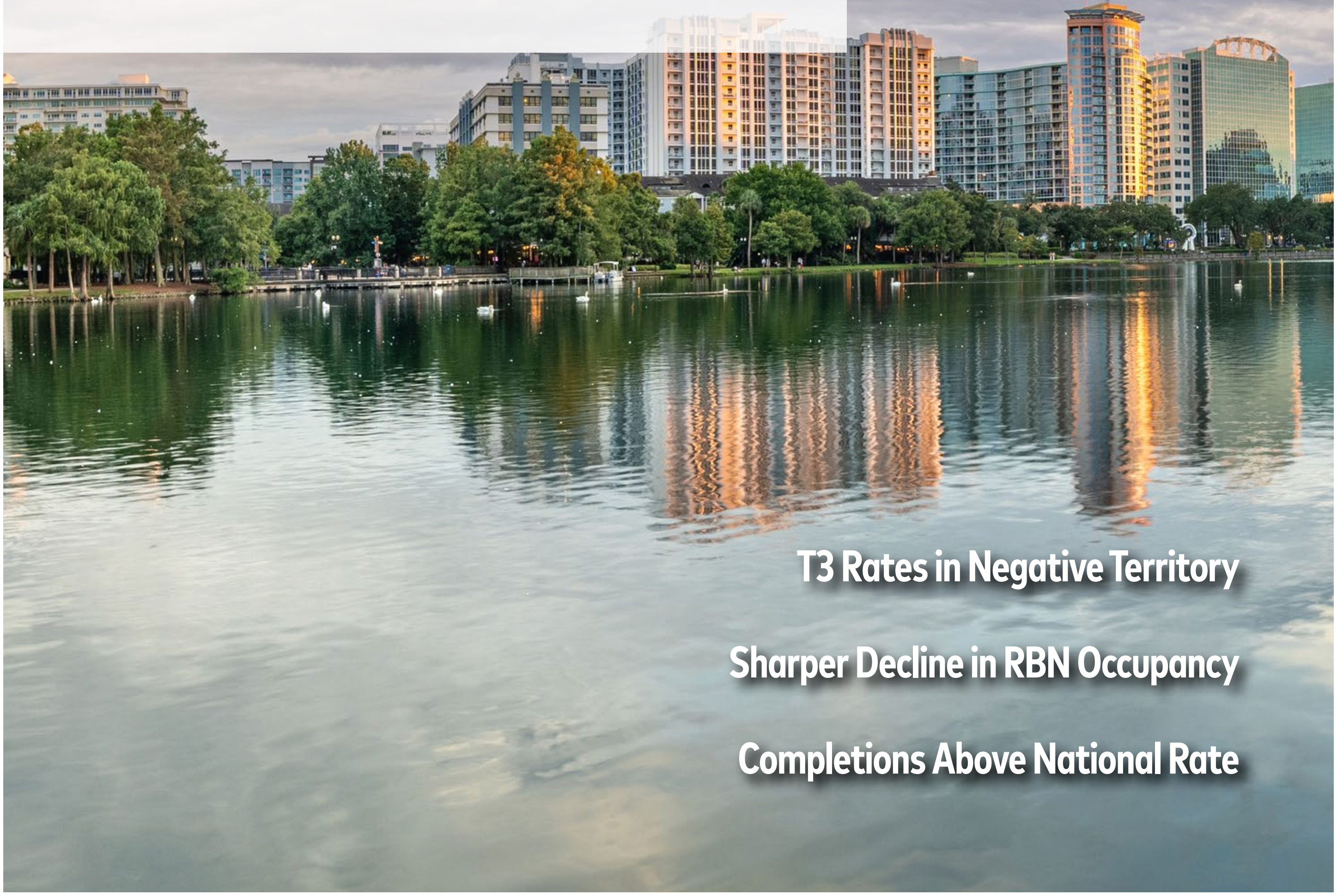
Yardi Matrix

MULTIFAMILY REPORT

Orlando Rents Dwindle

December 2024



T3 Rates in Negative Territory

Sharper Decline in RBN Occupancy

Completions Above National Rate

ORLANDO MULTIFAMILY

Yardi Matrix

Rent Movement Turns Negative

After a steady performance earlier this year, Orlando's rent growth turned negative again, impacted by high delivery volumes and current economic conditions. Average advertised asking rents were down 0.5% on a trailing three-month basis, to $1,767, while U.S. rates dipped 10 basis points. The occupancy rate in stabilized properties decreased 10 basis points year-over-year, to 94.3%, while Renter-by-Necessity occupancy recorded a steeper decline of 40 basis points.

Orlando's employment market expanded 1.6% as of August, 20 basis points above the national average. Education and health services led gains with 7,500 jobs, but leisure and hospitality, one of metro's major economic drivers, added only 3,500 positions. The metro's unemployment figure stood at 3.4% as of September, 70 basis points below the U.S. rate, according to data from the Bureau of Labor Statistics. Orlando International Airport is set to benefit from an upcoming renovation and expansion plan. Approximately $1 billion in funding has already been approved for the project.

A total of 10,611 units, or 3.9% of existing stock, came online this year through October, 70 basis points above the national rate of completions. Meanwhile, investment volume reached $1.3 billion, similar to the last year's low sales total.

Market Analysis | December 2024

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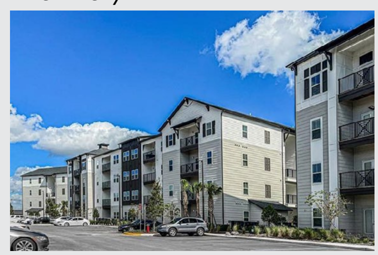
Recent Orlando Transactions

Maitland Pointe

City: Altamonte Springs, Fla.
Buyer: Journey Capital
Purchase Price: $100 MM
Price per Unit: $257,069

The Avery



City: Orlando, Fla.
Buyer: Avanti Residential
Purchase Price: $51 MM
Price per Unit: $252,500

The Ivy

City: Orlando, Fla.
Buyer: LivCor
Purchase Price: $50 MM
Price per Unit: $199,919

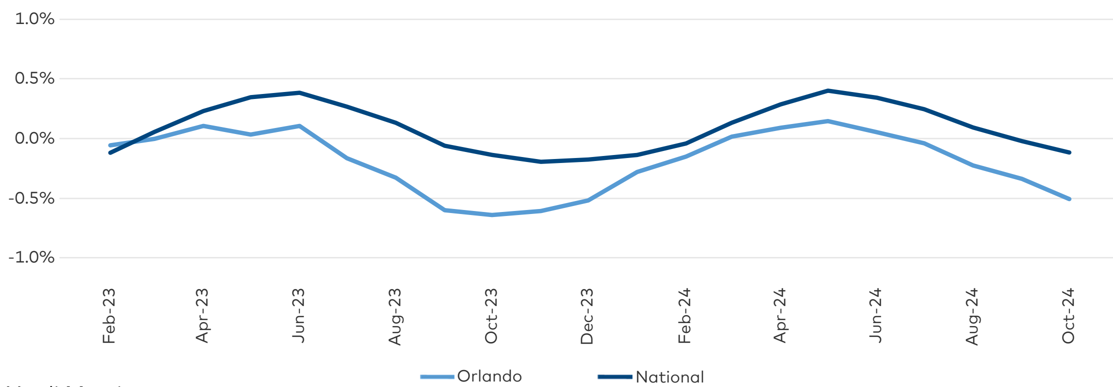
Avisa Lakes

City: Orlando, Fla.
Buyer: Beachwood Residential
Purchase Price: $50 MM
Price per Unit: $171,233

RENT TRENDS

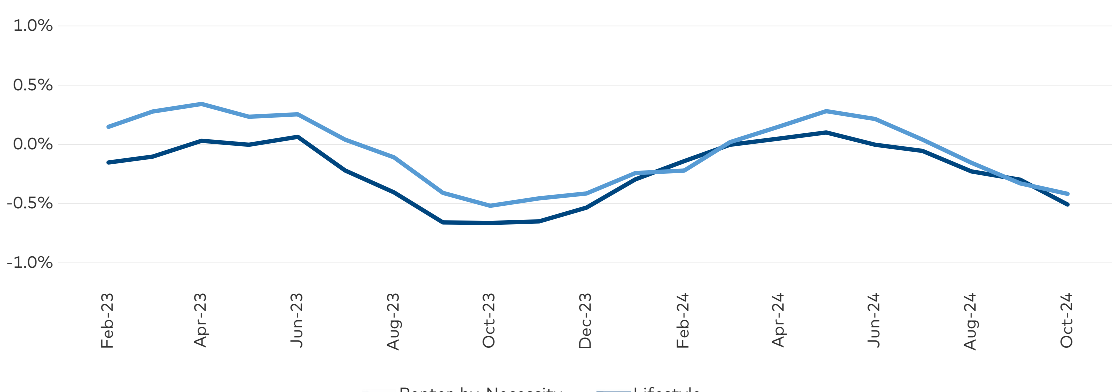
- Orlando's average advertised asking rents were down 0.5% on a trailing three-month (T3) basis as of October, to $1,767, while U.S. rates dipped 0.1%.
- Year-over-year, advertised asking rents were down 2.2%, placing the metro in the bottom half among the 30 largest metros tracked by Yardi Matrix. The latest forecast projects a -2.1% contraction for Orlando in 2024. The high volume of deliveries this year also continues to impact the metro's rent performance.
- Working-class, Renter-by-Necessity advertised asking rates were down 0.4%, on a T3 basis, to $1,513. Lifestyle figures saw a slightly larger decrease, contracting 0.5%, to $1,893.
- The metro's average overall occupancy rate in stabilized properties stood at 94.3% as of September, a 10-basis point decrease year-over-year.
- Lifestyle rates saw a 10-basis-point appreciation to 94.4%, but occupancy in RBN assets registered the largest decline, down 50 basis points, to 94.1%.
- Of the 61 submarkets tracked by Yardi Matrix, 41 reported year-over-year declines as of October. Orlando–North Orange rates saw a 0.9% increase, to $2,281, while core Orlando submarkets, despite a deceleration, maintained the highest rents.

Orlando vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Orlando Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Overall employment in Orlando improved 1.6% year-over-year, 20 basis points higher than the national rate of job growth. In the 12 months ending in August, the metro added 26,200 net jobs. Education and health services (7,500 jobs) and mining, logging and construction (7,000 jobs) accounted for half of the jobs added. Leisure and hospitality, one of Orlando's main economic drivers, along with several other sectors, just crossed the 3,000 mark. The metro also lost a combined 2,000 jobs, with the most significant contraction in financial activities, which was down 1,300 positions.

- Orlando's unemployment rate stood at 3.4% as of September, 70 basis points below the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. The rate placed the metro below the state (3.3%), but on par with Jacksonville. Orlando outperformed Tampa (3.6%) and was significantly higher than Miami's 2.1%.

- The Greater Orlando Aviation Authority received approval for nearly $1 billion in funding for several projects related to the Orlando International Airport. Projects will include expanding Terminal C, upgrading parts of the airport, as well as funding a planning study for a consolidated car rental facility. A few projects are slated for completion in the next three years.

Orlando Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	230.8	13.2%
15	Mining, Logging and Construction	116.5	6.7%
40	Trade, Transportation and Utilities	310.5	17.8%
70	Leisure and Hospitality	315.2	18.1%
80	Other Services	66.9	3.8%
90	Government	167.4	9.6%
30	Manufacturing	87	5.0%
50	Information	29.9	1.7%
60	Professional and Business Services	322.6	18.5%
55	Financial Activities	98.4	5.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Orlando's population registered a 1.7% uptick, gaining 46,577 new residents in 2022. This was four times the 0.4% U.S. rate of expansion.

- The metro's population grew by almost a half-million residents in the decade ending in 2022.

Orlando vs. National Population

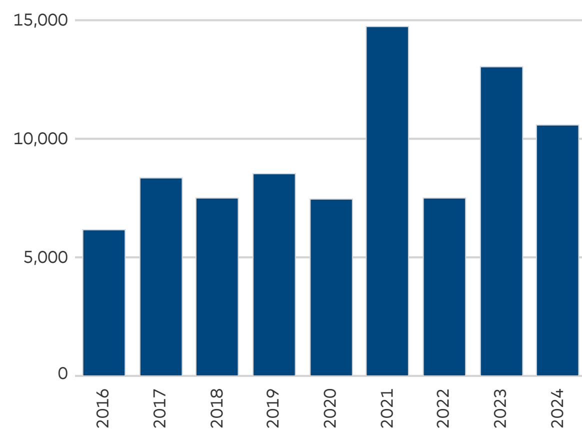
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Orlando Metro	2,508,970	2,560,260	2,632,721	2,679,289

Source: U.S. Census

SUPPLY

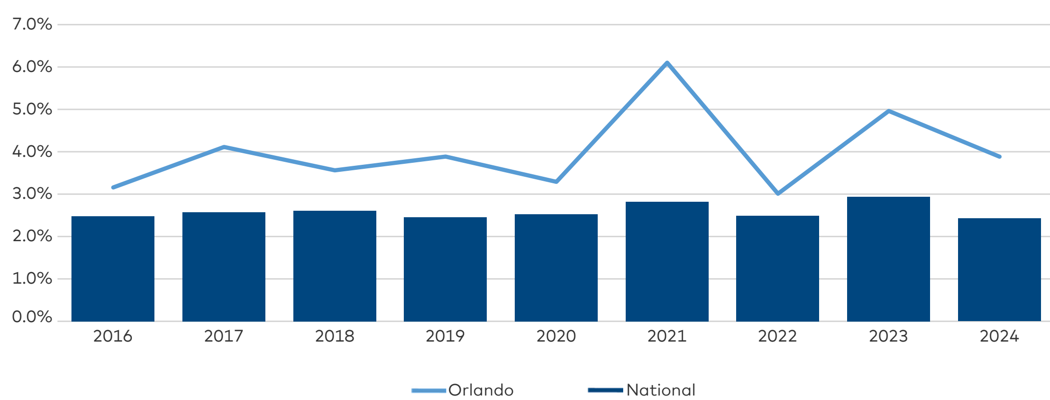
- Orlando added 10,611 units in the first 10 months of 2024. That accounted for 3.9% of existing stock and was above the 2.4% national rate. Most completions through October targeted the Lifestyle segment. The metro's supply remains consistently in line with last year's deliveries, which amounted to 13,026 units, or 5.0% of existing stock.
- Orlando's development pipeline is still solid, with 26,416 units under construction as of October. Another 132,000 units were in the planning and permitting stages. The scale remains tilted toward upscale properties, with 88.0% of units in Lifestyle projects. RBN and fully affordable units accounted for the remaining 12.0%.
- Construction starts saw a minimal difference, with 8,233 units breaking ground in the first 10 months of 2024. By comparison, last year developers began work on 9,284 apartments during the same period. New development might have slowed down, consistent with nationwide trends, but Orlando's construction starts are still higher than the number of projects that developers started work on in 2021 and 2022, which amounted just 6,000 units.
- Of the 61 submarkets tracked by Yardi Matrix, three had more than 2,000 units under construction. As of October, West Kissimmee led with 2,479 units, followed by East Kissimmee (2,414 units) and Celebration (2,104 units).
- Altis Grand Lake Willis remains the largest community underway as of October. Developed by Altman Cos., the 559-unit project is slated for completion by year-end, with 75.0% of units already preleased.

Orlando Completions (as of October 2024)



Source: Yardi Matrix

Orlando vs. National Completions as a Percentage of Total Stock (as of October 2024)

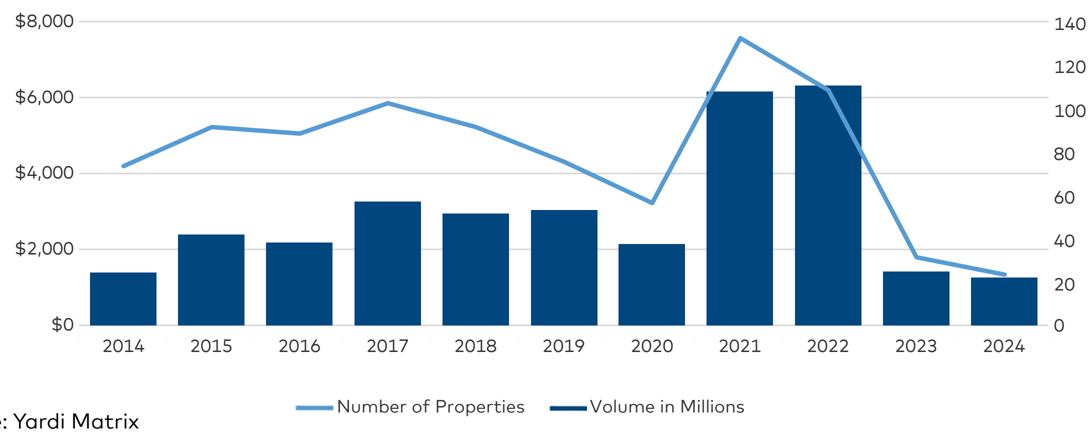


Source: Yardi Matrix

TRANSACTIONS

- Orlando's multifamily investment volume hit $1.3 billion in the first 10 months of 2024, marking one of the lowest levels in the past decade and continuing last year's downward trend. This was significantly below the record-high performance of 2021 and 2022, with each year surpassing the $6 billion threshold.
- Compared to the first half of 2024 when investors were focused on value-add plays, as of October, 15 of the 25 assets that changed hands were Lifestyle properties. In line with this shift, the per-unit price clocked in at $214,769, almost a $19,000 difference compared to last year and above the $190,509 U.S. rate.
- Five submarkets crossed the $100 million mark. Hunter's Creek led sales activity in the 12 months ending in October, with $185 million in assets changing hands. Palm Bay ($151 million) and Melbourne ($132 million) rounded out the top three, while Union Park and Weathersfield had a combined $200 million in sales.

Orlando Sales Volume and Number of Properties Sold (as of October 2024)



Source: Yardi Matrix

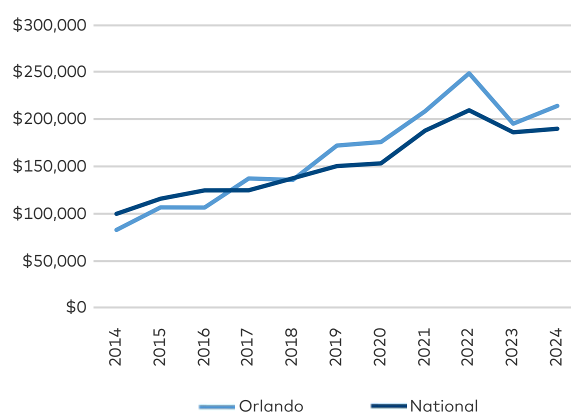
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Hunter's Creek	185
Palm Bay	151
Melbourne	132
Union Park	101
Weathersfield	100
Orange Lake	85
Orlando–Florida Center	79

Source: Yardi Matrix

[1] From November 2023 to October 2024

Orlando vs. National Sales Price per Unit



Source: Yardi Matrix

LISTICLE

Top 10 Markets for Multifamily Deliveries

By Tudor Scolca

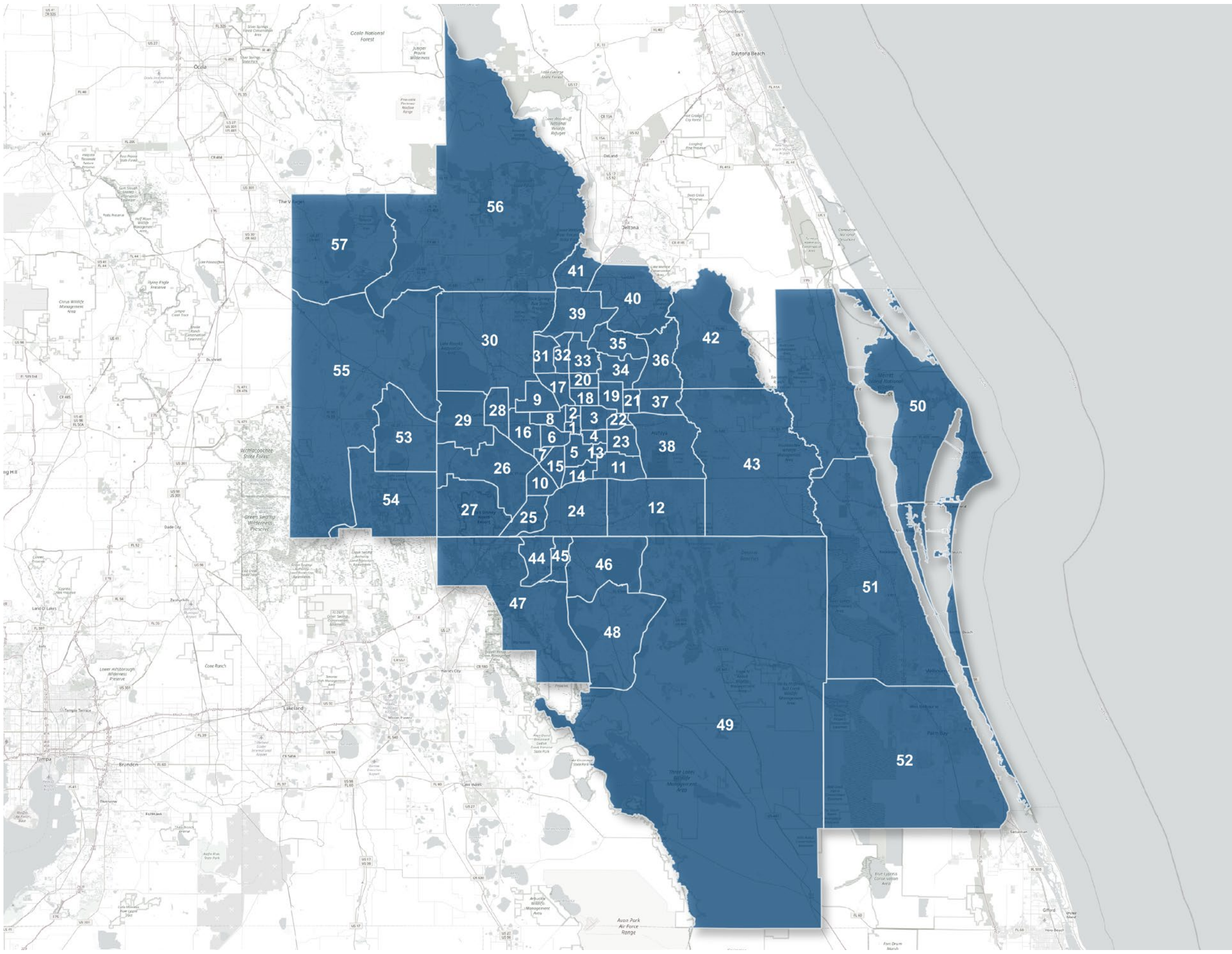
With 2 million units expected to be completed across the U.S. from 2024 to 2028, multifamily development is peaking, the latest Yardi Matrix data shows. The supply surge is already in full swing, as these high-performing 10 cities had a combined 85,055 units come online in the first half of this year, about 20,000 more than during the first half of 2023.

Rank	Metro	Properties Completed H1 2024	Units Completed H1 2024	Units Completed H1 2023
1	Dallas	48	12,830	7,787
2	Phoenix	44	10,048	8,413
3	Houston	35	9,258	4,641
4	Atlanta	41	8,857	7,611
5	Orlando	33	8,555	5,642
6	Austin	32	8,521	6,904
7	Miami Metro	31	6,897	7,913
8	Charlotte	31	6,890	5,803
9	Denver	34	6,623	5,522
10	Seattle	38	6,576	3,812

Orlando, Fla.

Orlando took the fifth spot among the top metros for multifamily deliveries in 2024's first half, adding 8,555 units across 33 properties to its inventory. This was a 51.6 percent increase year-over-year. The growing Florida metro entered 2024 with balanced fundamentals, according to Yardi Matrix's latest Orlando multifamily report. Employment growth remained strong, and the leisure and hospitality sector is bound to remain a top performer, especially considering Disney's commitment to further invest $17 billion over the next two decades.

ORLANDO SUBMARKETS



Area No.	Submarket
1	Orlando–Downtown
2	Orlando–North Orange
3	Orlando–Colonial Town
4	Orlando–Azalea Park
5	Orlando–Edgewood
6	Orlando–Holden Heights
7	Orlando–Florida Center North
8	Orlando–Pine Hills
9	Orlando–Rosemont
10	Orlando–Florida Center
11	Orlando–Vista Park
12	Orlando–Southeast
13	Conway
14	Belle Isle
15	Oak Ridge
16	Metro West
17	Lockhart
18	Winter Park–West
19	Winter Park–East

Area No.	Submarket
20	Maitland
21	Goldenrod
22	Union Park
23	Edgewood Park
24	Hunter's Creek
25	Lake Bryan
26	Lake Buena Vista
27	Orange Lake
28	Ocoee
29	Winter Garden
30	Apopka
31	Forest City
32	Weathersfield
33	Altamonte Springs
34	Red Bug Lake
35	Longwood
36	Oviedo
37	University Park
38	Stoneybrook

Area No.	Submarket
39	Lake Mary
40	Sanford
41	Woodruff Springs
42	Outlying Seminole County
43	Eastern Orange County
44	West Kissimme
45	East Kissimme
46	Fish Lake
47	Celebration
48	St Cloud
49	Outlying Osceola County
50	Titusville
51	Melbourne
52	Palm Bay
53	Clermont
54	Hancock Lake
55	Outlying Lake County
56	Mt Dora
57	Leesburg

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

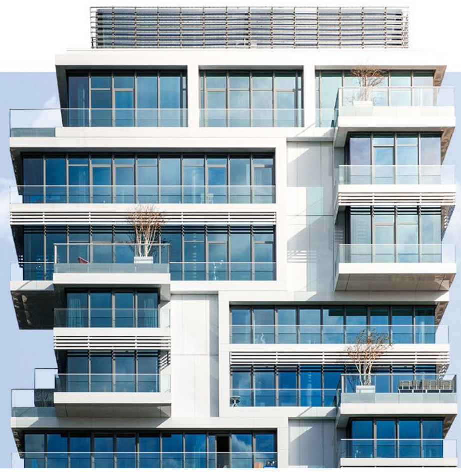
Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

Yardi Matrix



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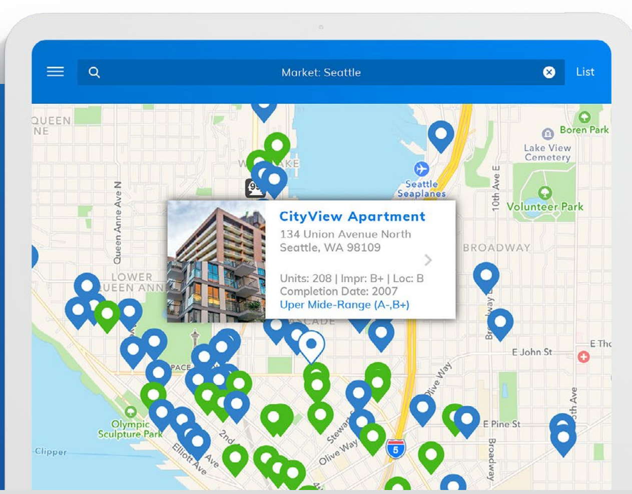
MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on **22.3+ million units**, covering over **92% of the U.S. population.**

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