

ORLANDO OFFICE MARKET

Yardi® Matrix

Market Analysis

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Riding the Employment Wave



Bolstered by its outstanding population and employment growth, its business-friendly tax climate and lower rates compared to neighboring metros, Orlando's office market continues to expand rapidly. Professional and business services added 16,900 positions as of July, a 6.4% increase year-over-year. The sector accounted for 17.9% of total employment, second only to the leisure and hospitality sector, which had a lower growth rate, at 3.6%. In total, office-using jobs were equal to 25.2% of the metro's employment pool, 340 basis points above the national average.

The metro was among the best-performing secondary office markets in terms of construction activity, with more than 1.5 million square feet underway in August. That was equal to 3.4% of existing inventory. And things are only looking up for Orlando, as roughly 1 million square feet is expected to come online next year, the highest level in a decade. The bulk of space under construction is already preleased. The largest office project underway, KPMG's training facility, was nearing completion in the metro's SE Orange County submarket as of August.

In line with national trends, however, transaction volume continued its downward motion, as investors focused increasingly on value-add opportunities. Some 2.6 million square feet traded for \$357.9 million year-to-date through August, a 31.2% decrease compared to the same period in 2018.