

Yardi® Matrix

OFFICE MARKET REPORT

Orlando's Job Growth Powers Ahead

Winter 2020

Supply Remains Limited

Job Gains Accelerate

Investment Slows

ORLANDO OFFICE MARKET

Yardi® Matrix

Job Growth Drives Construction

Although the tourism and health-care sectors remained the backbone of Orlando's economy, job growth in the professional and business services sector continued to accelerate in 2019, surpassing entertainment-related employment. The metro gained 19,500 office-using jobs in the 12 months ending in October, putting pressure on supply. On the other hand, new development remained limited, tightening developers' race for space across the metro. Nearly 850,000 square feet was underway as of November, with only 260,000 square feet slated for delivery by the end of 2019, the lowest completions level since 2016.

Orlando's office vacancy rate was 12.6% as of November. Office space was listed at an average of \$20.50 per square foot. In the Southeast Orange County submarket, where KPMG is set to open its \$450 million professional learning and innovation center, office product was listed at \$34.82 per square foot, the highest asking rate in the metro. Downtown Orlando had the largest blocks of office space available (totaling 875,000 square feet), listed at an average of \$24.95 per square foot. The submarket also had almost 300,000 square feet of shared space as of November and is a magnet for coworking providers. In fall 2019, WeWork and Novel Coworking opened new offices, pushing Orlando's total coworking stock to 710,000 square feet (1.3% of the total office inventory).

Total transaction volume amounted to nearly \$510 million year-to-date through November, the lowest level since 2014. However, Orlando will remain a desirable office market for investors due to accelerated employment and demographic growth.

Market Analysis

First Quarter 2020

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