MARKETBEAT

ORLANDO

Multifamily Q1 2024

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
93.1% Stabilized Occupancy Rate	▼	▼
18,153 Units Under Construction	▼	▼
$1,756 Effective Rent, Per Unit	▼	▲

*(Overall, All Property Classes)**

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
1.5M Orlando Employment	▲	▲
3.1% Orlando Unemployment Rate	▲	▲
$77,300 Orlando Median Household Income	▲	▲

Source: BLS, Census Bureau

ECONOMY

Orlando's population continued its upward trajectory, with 61,714 new residents added over the past year, marking a 2.1% increase. Nonagricultural employment also recorded growth, with 26,100 new jobs added over the past twelve months, reflecting a 1.8% increase. Notably, the Leisure and Hospitality sector led in job growth, adding 8,000 jobs, followed by Education and Health Services with 6,900 jobs, and Trade, Transportation, and Utilities with 5,700 jobs. Although the unemployment rate rose to 3.1%, up by 40 basis points (bps) from the previous year, it remained lower than the national average of 3.8%. This uptick in unemployment was driven by a renewed acceleration in net migration which expanded the labor force, rather than job losses.

SUPPLY & DEMAND

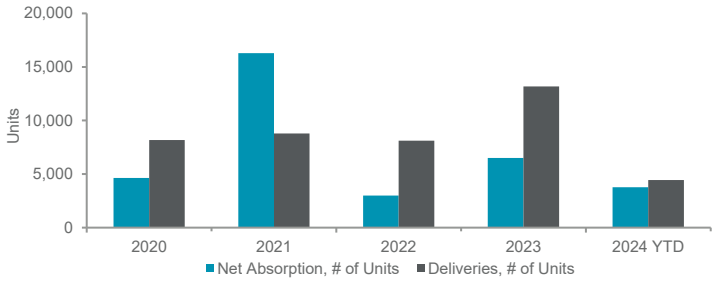
Orlando's multifamily market demonstrated strength in Q1, absorbing 3,200 units, recording a significant 94.5% YOY increase and marking the highest quarterly occupancy gains since Q3 2021. The oversupply conditions have caused the stabilized occupancy rate — which excludes buildings still in their initial lease-up period or within 18 months of delivery– to drop 80 bps from this time last year to 93.1%. However, six submarkets still outperformed the national stabilized occupancy rate of 93.4% with the East Outlying (95.2%), Eastside (94.5%), and South Orlando (94.4%) submarkets performing the strongest.

The construction pipeline in Orlando remained robust with 3,773 units delivered in Q1, the highest number of new units ever delivered in a single quarter. The Southwest and Northwest Orlando submarkets made up the bulk of new product with 1,098 units and 808 units delivered, respectively. With interest rates up significantly over the past two years, developers are having a difficult time getting deals to pencil. The level of construction activity has fallen 24.5% YOY to 18,153, representing a 13.1% decrease quarter-over-quarter (QOQ).

MARKET PRICING

Effective rents recorded a modest 1.0% increase QOQ but had a more significant 3.7% decline YOY, ending the quarter at $1,756 per unit. The Windermere and Lake Nona submarkets emerged as the most expensive, with rents reaching $2,031 and $2,007 per unit, respectively, primarily due to limited existing inventory and minimal new supply under construction. Looking ahead, Class A properties may encounter short-term difficulties stemming from oversupply, whereas Class B and C properties, with their affordability and steady demand, are expected to be significantly more resilient due to lower oversupply effects.

DEMAND / DELIVERIES



STABILIZED OCCUPANCY & EFFECTIVE RENT



*Source: CoStar, Moody's Analytics | *Criteria: End of 1Q24 Data, Excludes Affordable Only Rents, Includes Lake, Orange, Osceola Seminole Counties*



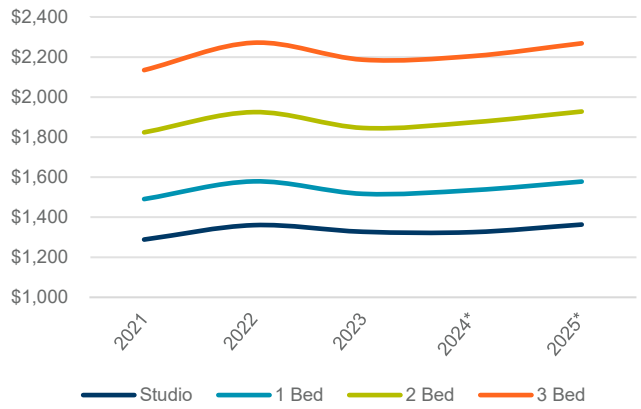
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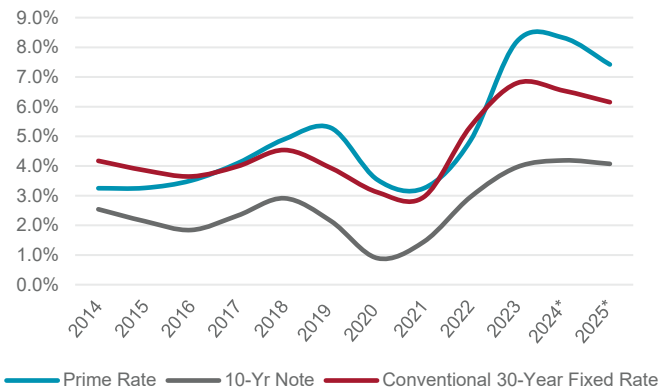
AVERAGE RENT PER UNIT BY BEDROOM



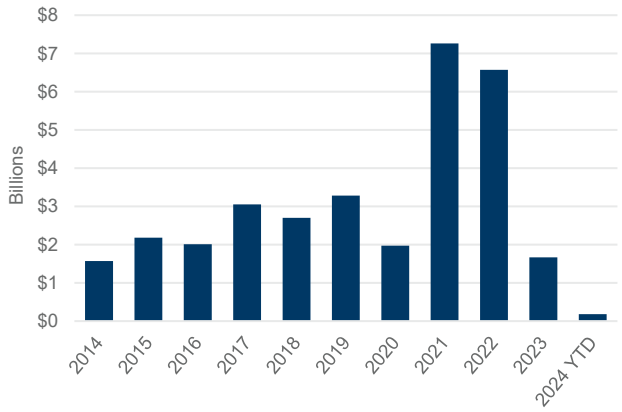
AVERAGE RENT PER UNIT BY CLASS



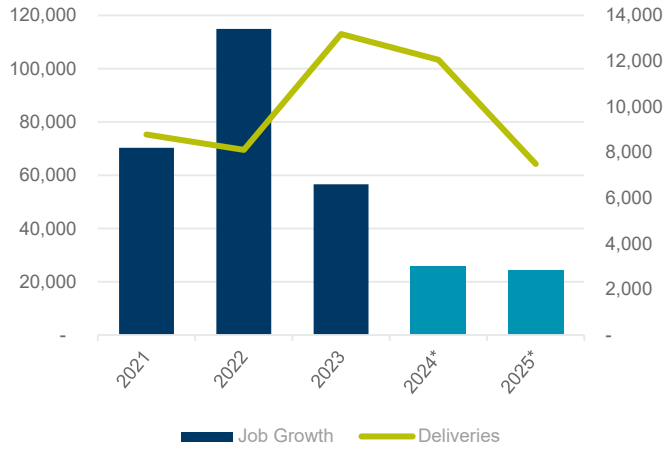
INTEREST RATES



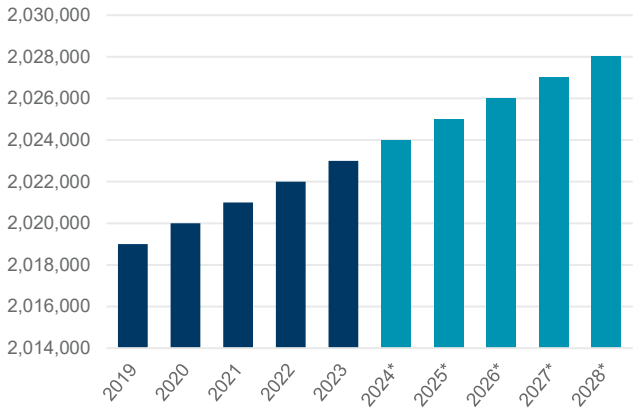
SALES TRANSACTION VOLUME



GROWTH IN JOBS VS UNITS DELIVERED



POPULATION



Source: CoStar, Moody's Analytics ** Forecasted Data*



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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	UNITS DELIVERED YTD	UNITS UNDER CONSTRUCTION	AVG EFFECTIVE RENT/UNIT
Downtown Orlando	11,737	26	93.7%	462	656	$1,913
East Orlando	21,242	8	92.4%	400	-	$1,659
East Outlying	3,384	72	95.2%	300	-	$1,981
Eastside	11,548	79	94.5%	0	230	$1,732
I Drive Orlando	33,115	866	93.0%	284	4,390	$1,872
Lake Nona	8,163	154	93.5%	0	1,865	$2,007
North Orlando	37,686	336	92.5%	320	1,661	$1,685
Northwest Orlando	10,672	568	89.1%	808	1,787	$1,739
South Orlando	28,439	136	94.4%	0	1,657	$1,644
Southwest Orlando	19,585	704	93.3%	1,199	3,902	$1,789
West Orlando	16,615	196	92.2%	0	472	$1,611
Windermere	4,912	56	93.5%	0	733	$2,031
Orlando Total	**207,098**	**3,200**	**93.1%**	**3,773**	**18,153**	**$1,756**

SECONDARY MARKETS*	INVENTORY (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	UNITS DELIVERED YTD	UNITS UNDER CONSTRUCTION	AVG EFFECTIVE RENT/UNIT
Marion County (Ocala)	6,802	530	94.7%	102	1,140	$1,417
Volusia County (Daytona Beach)	21,190	257	91.3%	994	1,625	$1,511
Brevard County (Melbourne)	23,287	269	92.1%	450	3,099	$1,604

** Not included in overall market stats*

Q1 2024 KEY SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER | BUYER	UNITS	PRICE | $ UNIT	YEAR BUILT
Bridgewater Apartments	South Orlando	TerraCap Partners | Trion Properties	344	$44.5M | $129,302	1973
The Eli - Winter Springs	North Orlando	Investcorp | Providence Real Estate, LLC	280	$55.0M | $196,536	2000
Advenir at Clermont	Northwest Orlando	Investcorp | Advenir, Inc.	250	$38.6M | $154,400	2000
Century Vista Palms	South Orlando	Maifly Development | Centennial Holding Company, LLC	240	$43.1M | $179,625	2022

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Source: CoStar, Moody's Analytics

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