MARKETBEAT

ORLANDO

Multifamily Q2 2024

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
93.5% Stabilized Occupancy Rate	▼	▼
16,259 Units Under Construction	▼	▼
$1,777 Effective Rent, Per Unit	▼	▲

*(Overall, All Property Classes)**

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
1.5M Orlando Employment	▲	▲
3.4% Orlando Unemployment Rate	▲	▲
$78,149 Orlando Median Household Income	▲	▲

Source: BLS, Census Bureau

ECONOMY

Orlando's population continued its upward trajectory, with 47,408 new residents added over the past year, marking one of the strongest increases for Florida and a 4.1% increase. Nonfarm employment also recorded growth, with 27,500 new jobs added over the past twelve months, reflecting a 1.9% increase. Median household income had a notable rise of 3.8% year-over-year (YOY), reaching $78,149 by the end of Q2 2024. Although the unemployment rate rose to 3.4%, up by 50 basis points (bps) from the previous year, it remained lower than the national average of 4.1%.

SUPPLY & DEMAND

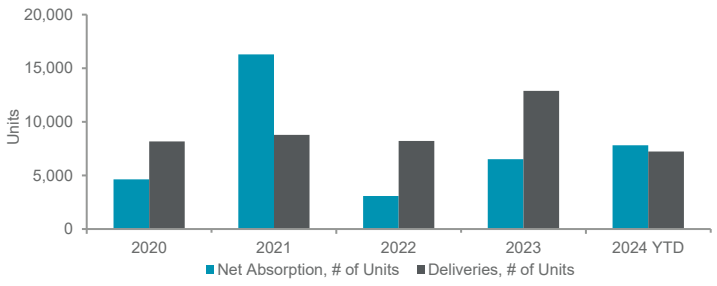
Six buildings totaling 2,016 units delivered across Orlando by the conclusion of Q2, contributing to a year-to-date (YTD) total of 6,262 units across 20 properties and reflecting a 6.1% increase in construction completions compared to this time last year. Notably, the Southwest Orlando submarket represented 32.9% of all new deliveries through Q2. Developers remained active in Orlando, with 51 buildings totaling 16,259 units under construction at the close of the quarter. The pace of construction starts began to decelerate, evidenced by a 32.8% YOY reduction in new construction starts. Developers have slowed down for several reasons, including the substantial new supply of 13,244 units delivered over the past year, along with higher cost of capital and construction cost, stricter credit markets, and pressure on exit cap rates.

Orlando recorded significant absorption gains of 3,690 units in Q2, marking the highest quarterly absorption rate since Q3 2021. YTD total units absorbed recorded a total of 6,990 apartments which demonstrated a healthy increase from the previous quarter and a more significant improvement from the recorded absorption at the midway point one year ago and thus, signaling a rebound in the market. The I Drive Orlando submarket accounted for the majority of occupancy gains, comprising 30.1% of the total units occupied YTD. Despite this positive absorption, the market's stabilized occupancy rate—which excludes buildings still in their initial lease-up period or within 18 months of delivery—declined slightly by 20 bps YOY to 93.5%, influenced by the introduction of new properties into the market in recent years.

MARKET PRICING

Effective rents remained unchanged from the previous quarter, but experienced a slight decrease of 2.1% YOY, ending Q2 at $1,777 per unit. Class A and B rents averaged $1,956 and $1,755 per unit respectively and reflected an 11.8% rent differential between the two classes, representing a 40-bp increase from the spread one year ago. Class C rents ended Q2 at $1,422 per unit further highlighting the wider range across different property classes. Renter demand has shown improvement in 2024 with continued strong leasing performance expected to give landlords the momentum needed to start increasing rents later this year.

DEMAND / DELIVERIES



STABILIZED OCCUPANCY & EFFECTIVE RENT



*Source: CoStar, Moody's Analytics | *Criteria: End of 2Q24 Data, Excludes Affordable Only Rents, Includes Properties with 100+ Units in Lake, Orange, Osceola Seminole Counties*

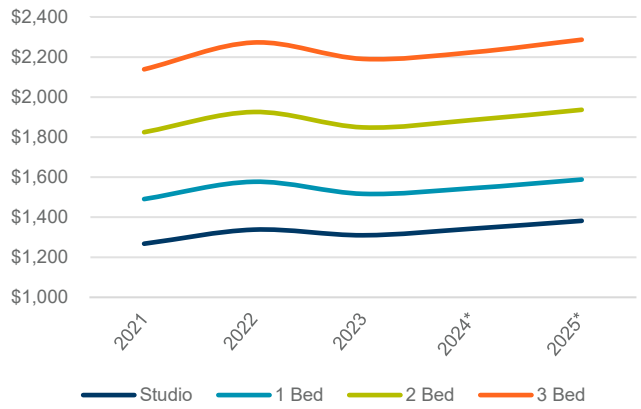
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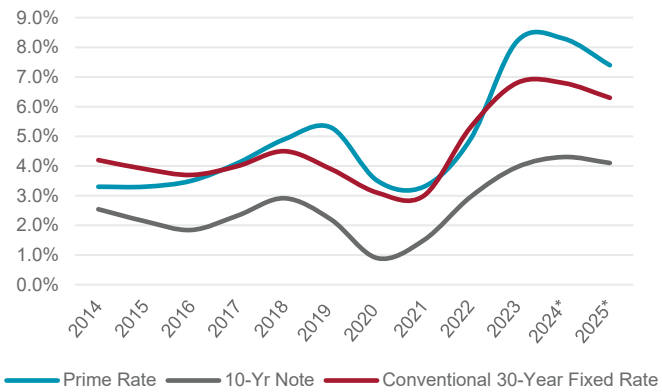
AVERAGE RENT PER UNIT BY BEDROOM



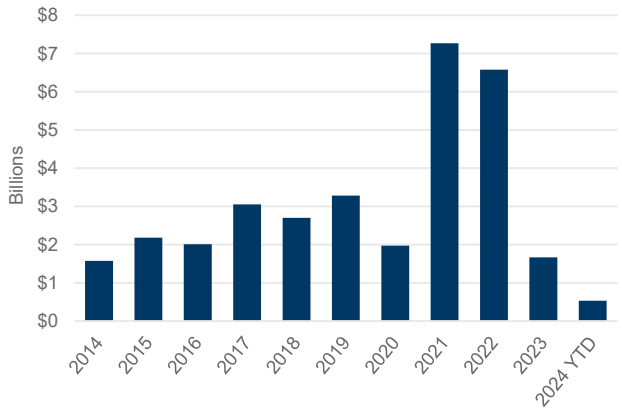
AVERAGE RENT PER UNIT BY CLASS



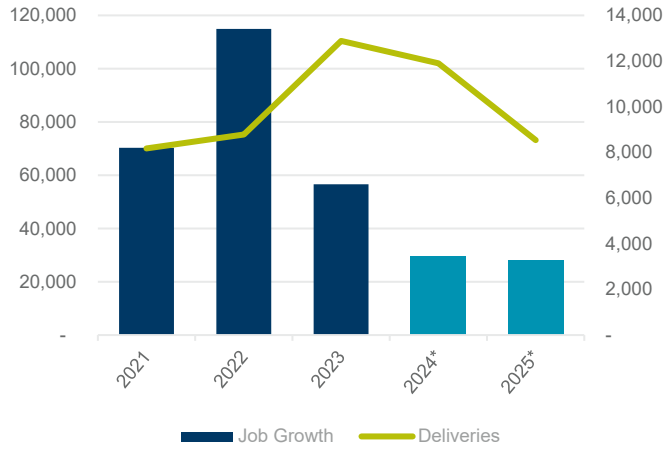
INTEREST RATES



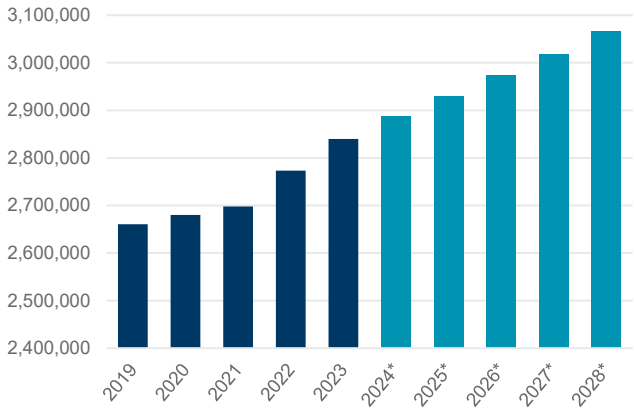
SALES TRANSACTION VOLUME



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	153	94.0%	462	350	$1,981
East Orlando	21,242	71	92.1%	400	750	$1,684
East Outlying	3,384	115	94.7%	300	0	$1,982
Eastside	11,548	175	94.7%	0	230	$1,802
I Drive Orlando	33,817	2,103	93.6%	884	3,809	$1,892
Lake Nona	8,163	298	93.7%	0	2,190	$2,081
North Orlando	38,184	1,031	93.3%	672	1,080	$1,716
Northwest Orlando	10,976	1,077	94.1%	1,112	844	$1,766
South Orlando	28,775	312	94.5%	0	2,255	$1,621
Southwest Orlando	20,294	1,262	93.0%	2,059	3,511	$1,790
West Orlando	16,615	231	92.2%	0	640	$1,599
Windermere	5,285	162	93.6%	373	600	$2,081
Orlando Total	**210,020**	**6,990**	**93.5%**	**6,262**	**16,259**	**$1,777**

SECONDARY MARKETS*	INVENTORY (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	UNITS DELIVERED YTD	UNITS UNDER CONSTRUCTION	AVG EFFECTIVE RENT/UNIT
Marion County (Ocala)	7,042	857	94.8%	342	1,128	$1,499
Volusia County (Daytona Beach)	21,257	821	92.1%	1,163	2,032	$1,536
Brevard County (Melbourne)	24,268	626	92.3%	1,093	1,962	$1,639

** Not included in overall market stats*

Q2 2024 KEY SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER | BUYER	UNITS	PRICE | $ UNIT	YEAR BUILT
Osprey Links at Hunter's Creek	Southwest Orlando	Starwood Capital Group | Brookfield Properties	424	$100.6M | $237,250	1995
The Henry	North Orlando	DeBartolo Holdings | Journey Capital Real Estate Partners	294	$75.0M | $255,000	2023
Sonceto Apartments	Southwest Orlando	ApexOne Investment Partners | Brass Enterprises	296	$74.0M | $250,000	2020
Madison Waterford Lakes	East Orlando	The Morgan Group Inc. | Equus Capital Partners	255	$71.0M | $278,235	2023

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Source: CoStar, Moody's Analytics

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