

In this current market environment, some retailers took the opportunity to expand in their current space, renovate and adapt to new market standards or relocated to 'A' locations that were not available pre-pandemic.

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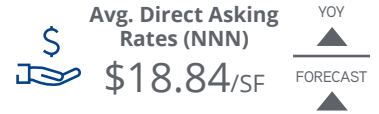
Central Florida

Retail

21Q2

Key Takeaways

- Labor shortage continued to plague the restaurant industry causing delayed openings.
- Corporate leasing activity increased, but local 'mom-and-pop' retail establishments struggled to stay afloat.
- Even with a slight uptick in vacancy during the quarter, the overall occupancy rate remained over 93.0%.



Executive Summary

With over 94% of the U.S. reopened in some capacity, the national GDP began to show positive growth, rising to 6.6% year-over-year, the strongest in recent memory. The U.S. 10-Year treasury saw an increase over the last quarter but is still not as high as the start of the year. Florida, one of the first states to reopen, continued to see a growth in population, an increase in business activity, and declining unemployment. At the height of the COVID shutdown, the Orlando MSA unemployment level rose substantially, up to 22.6%, but has since fallen to 5.4%, marking the most significant gains in the state. In addition, the Orlando-Kissimmee-Sanford MSA had the highest annual job growth compared to all the metro areas in the state in leisure and hospitality, adding over 48,600 jobs within the last year, giving a boost to retail demand.

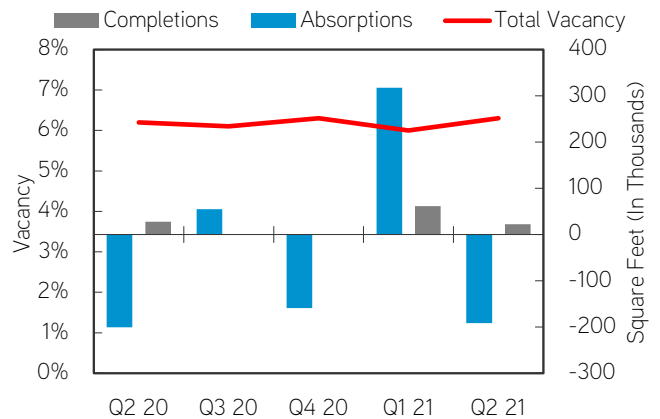
Market Indicators



Historic Comparison

	20Q2	21Q1	21Q2
Total Inventory	71,569,483	71,630,875	71,653,375
New Supply	27,500	61,392	22,500
Net Absorption (YTD)	(378,533)	317,142	125,394
Overall Vacancy	6.2%	6.0%	6.3%
Under Construction	273,892	464,097	451,597
Overall Asking Lease Rates (NNN)	\$18.86	\$18.63	\$18.84

Market Trends



Negative absorption in many submarkets increased total vacancy.

In the second quarter of 2021, Central Florida saw negative absorption of 191,748 square feet with total vacancy of 6.3%.

Source: Colliers International, CoStar

Recent Transactions



Lease
101-105 W Vine Street
Osceola | 38K SF



Lease
100 S Oregon Avenue
Seminole | 36K SF



Lease
7825-7975 S Orange
Blossom Trl.
Tourist | 28K SF



Sale
3191 W Colonial Drive
NW Orange | \$92/SF



Sale
2422-2432 S Kirkman Rd.
W Orange | \$164/SF



Sale
13697 W Colonial Drive
NW Orange | \$288/SF

Leasing Activity

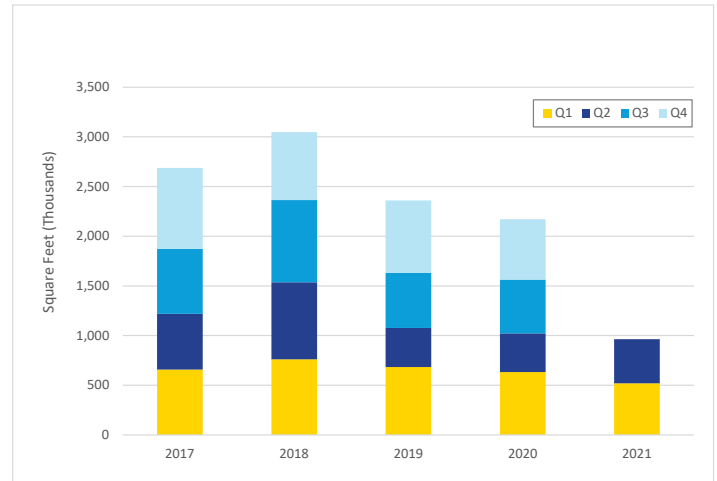
Central Florida’s retail market saw continued improvement in the second quarter as Florida, one of the few states to loosen restrictions as more people received COVID-19 vaccinations, opened the economy and saturated the Orlando retail market with unbelievable activity. For example, many restaurant sales increased over 100% from last year when foot traffic, in many cases, ceased. In addition, national brands such as Best Buy, Marshalls and JoAnn Fabric either renewed or moved into new space, and new-to-market brands aggressively negotiated deals to ensure a footprint in the Orlando area. As a result, the 190,000 sq. ft. of negative absorption added to the market during the quarter did not accurately reflect the amount of deal activity, as space added to the market was quickly backfilled.

Kissimmee/St. Cloud and the Sand Lake/Tourist Corridor submarkets continually saw significant upticks in top-end rental rates, reflecting the extraordinary growth of tourism within Orlando. This led to robust leasing activity with over 350,000 sq. ft. completed year-to-date. The majority of leases signed ranged between 2,000 - 4,000 sq. ft. Restaurants were among the top-performing retailers coming out of the pandemic, although many had to stall opening their facility due to labor shortage. The Downtown submarket remained flat as many tenants have not yet returned to work, decreasing physical occupancy in the CBD. Overall absorption was negative 75,000 sq. ft. which rose vacancy in the submarket to 8.1%, a 130-basis point increase over last year. The Lake Nona/Southeast Orange submarket asking rental rates for retail space rose to \$19.30, a rise of 3.0% over the previous year as space brought back to the market leased promptly, increasing demand and pushing the vacancy rates down to a pre-covid low of 3.8%.

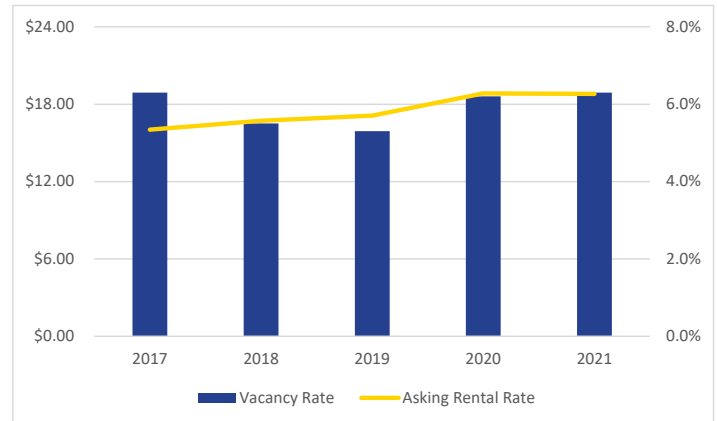
Investment Activity

Investors and developers were back in the market touring after taking a wait-and-see approach, driven by the unpredictability of the current market. As a result, there remained a surplus of lenders available for retail financing assets, although they were cautious at the beginning of the pandemic. In addition, tourism and housing developments continued to grow, and tenants reported strong sales, prompting local expansions. As a result, demand increased for well-located NNN retail, including single-tenant and small strip centers. Given the volume of transactions in the current market and projected growth of investment sales, many experts predict that 2021 will continue significant activity levels in the retail investment market.

Leasing Activity



Vacancy Rate / Asking Rental Rate



Submarket Breakdown

Submarket	# of Buildings	Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Net Absorption YTD SF	New Completions SF	Under Construction SF	Average Direct Asking Rate NNN
Downtown	68	3,887,158	8.1%	8.1%	-74,775	-41,606	0	0	\$18.02
Kissimmee / St. Cloud	178	9,112,695	4.9%	4.9%	-43,149	125,432	0	48,837	\$17.18
Altamonte / Longwood	87	5,192,379	5.1%	5.1%	32,177	70,097	0	0	\$16.43
Lake Nona / Southeast Orange	108	5,536,587	3.8%	3.8%	13,806	1,843	0	0	\$19.30
East Orange	141	6,589,951	4.7%	4.7%	4,738	-9,555	0	0	\$22.74
Northwest Orange	132	8,396,687	10.2%	10.4%	-32,295	-16,008	0	200,000	\$14.17
Sanford / Lake Mary	89	5,112,334	8.6%	8.6%	15,957	-37,696	0	0	\$18.82
Oviedo / Winter Springs	117	6,479,140	8.5%	8.6%	-35,008	20,052	22,500	0	\$15.39
Sand Lake / Tourist Corridor	227	13,699,737	5.5%	5.5%	-45,092	-29,981	0	25,000	\$21.34
West Orange	55	2,622,667	2.6%	2.6%	1,846	18,012	0	122,373	\$16.91
Clermont / Lake County	48	2,234,964	3.0%	3.0%	-11,345	2,211	0	55,387	\$17.58
Winter Park / Maitland	36	1,583,071	5.8%	5.8%	5,171	50,122	0	0	\$48.58



Central Florida Overall Market

Quarter & Year	Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Net Absorption YTD SF	New Completions SF	Under Construction SF	Overall Average Direct Asking Rate NNN
2021 Q2	1,303	71,653,375	6.2%	6.3%	-191,748	125,394	22,500	451,597	\$18.84
2021 Q1	1,302	71,630,875	5.9%	6.0%	317,142	317,142	61,392	464,097	\$18.63
2020 Q4	1,298	71,569,483	6.3%	6.3%	-159,209	-482,934	0	510,489	\$19.31
2020 Q3	1,298	71,569,483	6.1%	6.1%	54,808	-323,725	0	406,265	\$18.42
2020 Q2	1,298	71,569,483	6.1%	6.2%	-200,738	-378,533	27,500	273,892	\$18.86
2020 Q1	1,297	71,541,983	5.8%	5.9%	-177,795	-177,795	29,190	289,392	\$18.32
2019 Q4	1,295	71,512,793	5.5%	5.6%	-93,188	446,731	22,000	68,582	\$17.62
2019 Q3	1,294	71,490,793	5.3%	5.4%	158,327	539,919	279,787	90,582	\$17.54
2019 Q2	1,290	71,211,006	5.2%	5.3%	181,180	381,592	160,790	341,179	\$17.10

Significant Sales Activity

Address	Space Type	Size	Buyer	Sales Price	Submarket
3191 W. Colonial Drive Orlando, FL	Neighborhood Center	143,132	Banyan Street/ DRA	\$13,230,000 \$92.43/SF	Northwest Orange
2422-2432 S. Kirkman Road Orlando, FL	Neighborhood Center	46,297	Victor Oladipo	\$7,587,500 \$164.00/SF	West Orange
13697 W. Colonial Drive Winter Garden, FL	Single Tenant	13,813	CVS	\$7,200,000 287.94/SF	Northwest Orange

Significant Lease Activity

Address	Space Type	Size	Tenant	Lease Type	Submarket
101-105 W. Vine Street Kissimmee, FL	Community Center	38,325	Conn's Home Plus	Direct	Osceola
100 S. Oregon Avenue Sanford, FL	Community Center	36,449	JoAnn Fabric and Craft Store	Renewal	Seminole
7825-7975 S. Orange Blossom Trl. Orlando, FL	Community Center	27,630	Marshalls	Direct	Sand Lake/ Tourist Corridor

Bold Denotes Colliers Represented Transaction

351 offices in 67 countries on 6 continents

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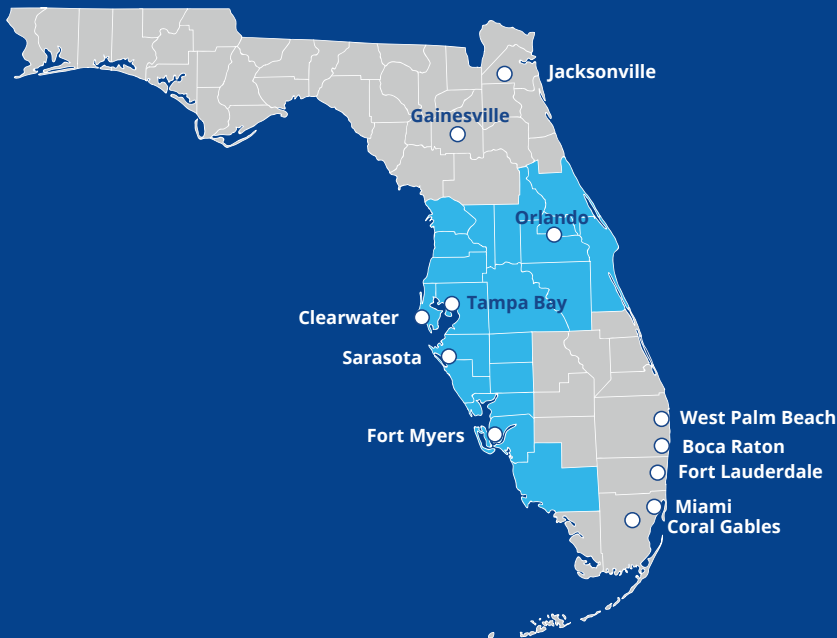
\$3.3B
in revenue



2B
square feet
under management



18,000 +
professionals and staff



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