

2022 MID-YEAR

# ORLANDO FL

## Multifamily Report



**BERKADIA**<sup>®</sup>  
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





## Jobs Added / Lost

### LAST 12 MONTHS

96,400

↑ 7.6%

### NEXT 12 MONTHS\*

49,800

↑ 3.6%

## Unemployment

### MID-YEAR 2022

2.8%

↓ 250 BPS YOY

### MID-YEAR 2023\*

2.9%

↑ 10 BPS YOY

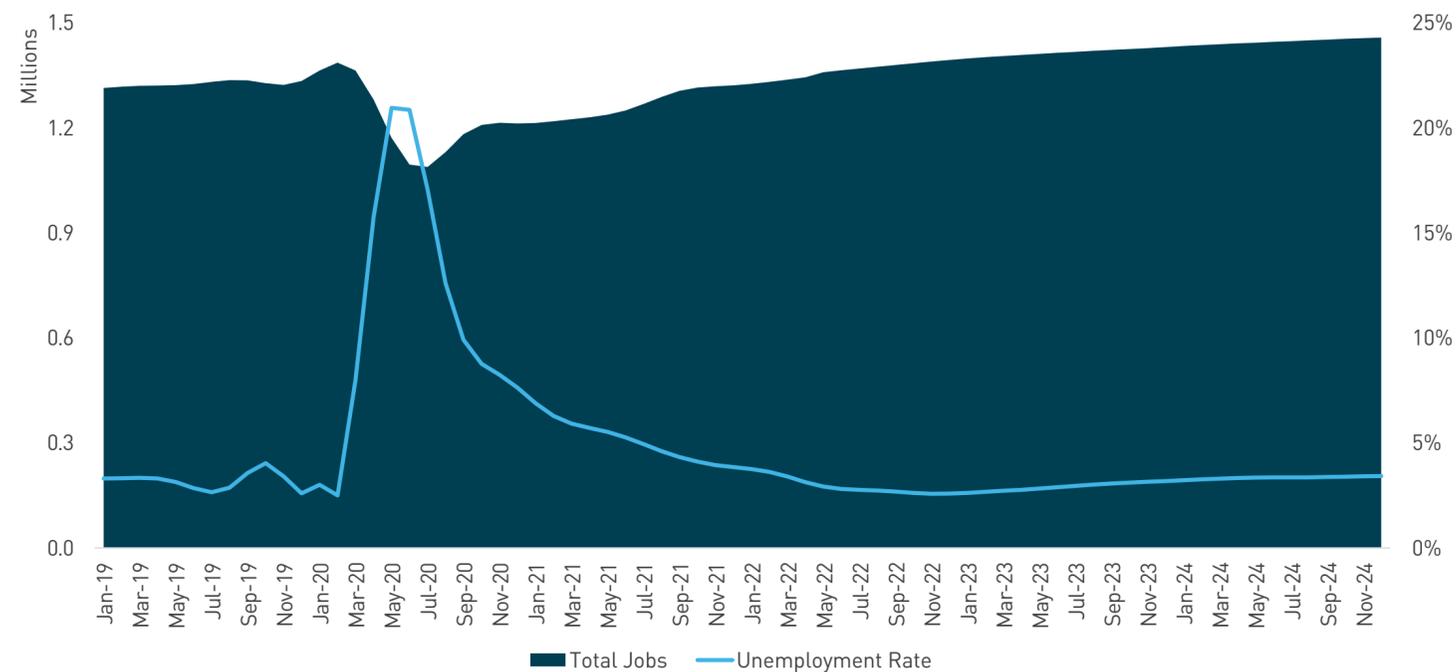
\*Projected

# ORLANDO, FL EMPLOYMENT

Greater Orlando's diversifying workforce boosted the market's economic recovery. In the last year, Orlando employers added 96,400 jobs to bring total nonfarm employment to 1.4 million in June 2022. Though unemployment dropped 250 basis points to 2.8% year over year, Orlando was still nearly 22,000 jobs short of pre-pandemic employment level from January 2020. The largest gains year over year came from the leisure and hospitality sector, which added 35,600 jobs. These additions were essential as the industry is one of the pillars of the local economy with large employers that include Walt Disney World Resort and Universal Orlando Resort. The sector was one of the biggest affected by the

pandemic and payrolls were 85% of January 2020 levels. The trade, transportation, and utilities sector led the market in year to date growth, with the addition of 11,000 jobs. Relaxed travel restrictions spurred the expansion of Orlando International Airport, which will create 2,200 jobs as the first phase of the project nears completion. The education and health care sector expanded by 6,900 jobs year to date, as Greater Orlando's recent population growth created the need for more health care workers. Multiple medical facilities in the area are undergoing expansion, with one of the largest at the Orlando Health Jewett Orthopedic Institute, with a 195,000 square foot medical pavilion scheduled to open phase one in 2023.

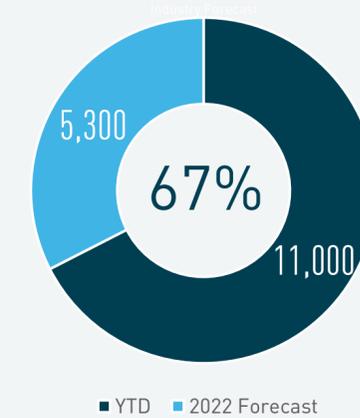
## Employment Trends



SOURCE: Moody's Analytics

## Who's Hiring?

### TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



19%  
OF ALL JOBS IN THE METRO

\$39,100  
AVERAGE ANNUAL SALARY

## Top Trade, Transportation, & Utilities Employers



## In The News

- [Disney delays relocation to Lake Nona office](#)
- [Avelo Airlines opens new base, brings 150 jobs](#)
- [Orlando sees significant job creation from tech companies](#)



# ORLANDO, FL DELIVERIES & ABSORPTION

2022 Units\*

**DELIVERED**  
8,306

**ABSORBED**  
5,472

2023 Units\*

**DELIVERED**  
15,488

**ABSORBED**  
10,544

\*Projected

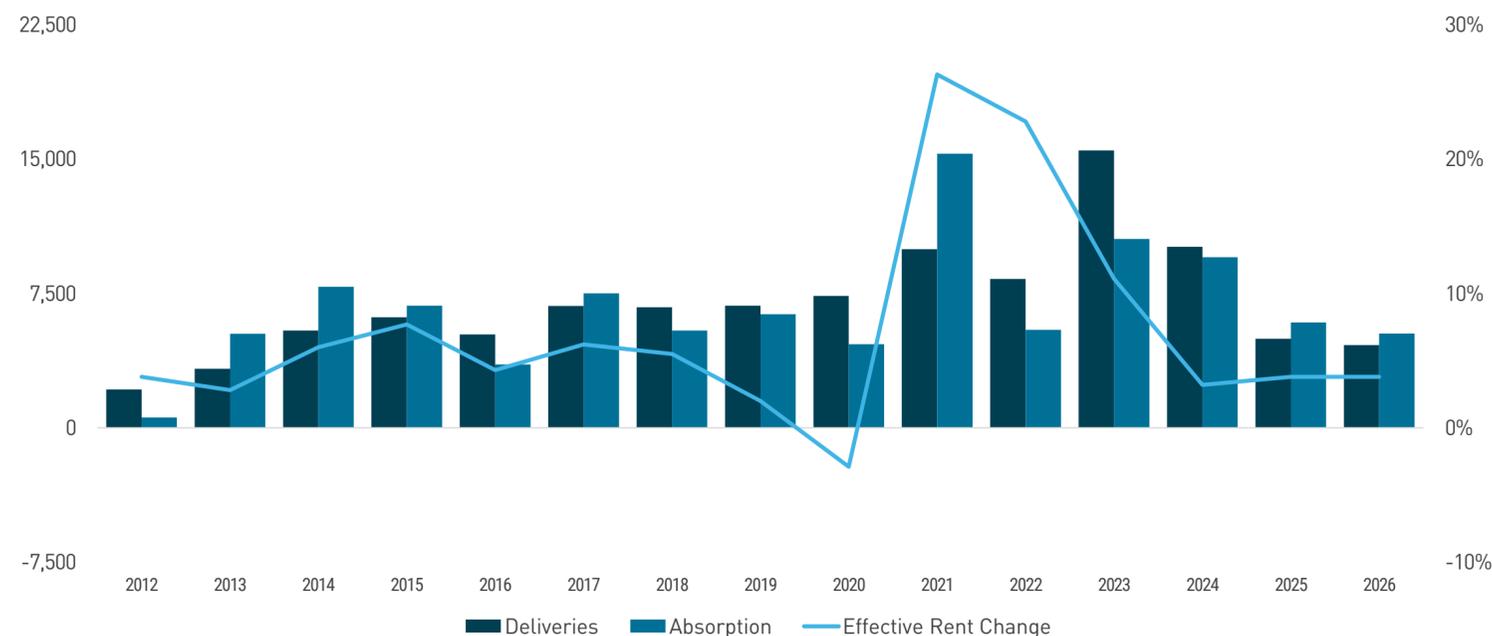
After deliveries reached a peak in 2021, apartment development moderate to start 2022. Greater Orlando builders brought 3,254 units online in the first half of 2022. Deliveries accounted for roughly 38% of the 8,555 units delivered over the past 12 months.

Additions should remain vigorous in the near term as builders broke ground on 23 projects containing over 6,500 units in the first half 2022, with much of the activity concentrated in suburban submarkets. More than half of the new multifamily starts are in the Kissimmee/Osceola County submarket, with dirt moving on seven projects totaling 1,837 new units. The largest project to break ground this quarter is The Alibi at Lake Lilly in Ocoee,

the multimillion, 16.7-acre project spread across five buildings, that is set to deliver in 2024.

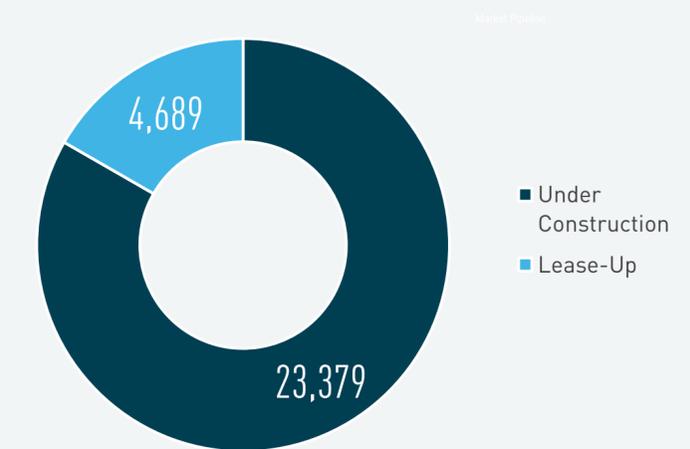
Projections for the next year show supply outpacing demand with the addition of more than 13,300 units. Greater Orlando currently has 23,379 units under construction. This influx will further push the level of supply past demand. This imbalance should not be a problem given the lack of single-family housing and the resurgence of the hospitality labor force that may struggle to afford those single-family homes even if Greater Orlando has them readily available.

## Deliveries, Absorption, & Effective Rent Change

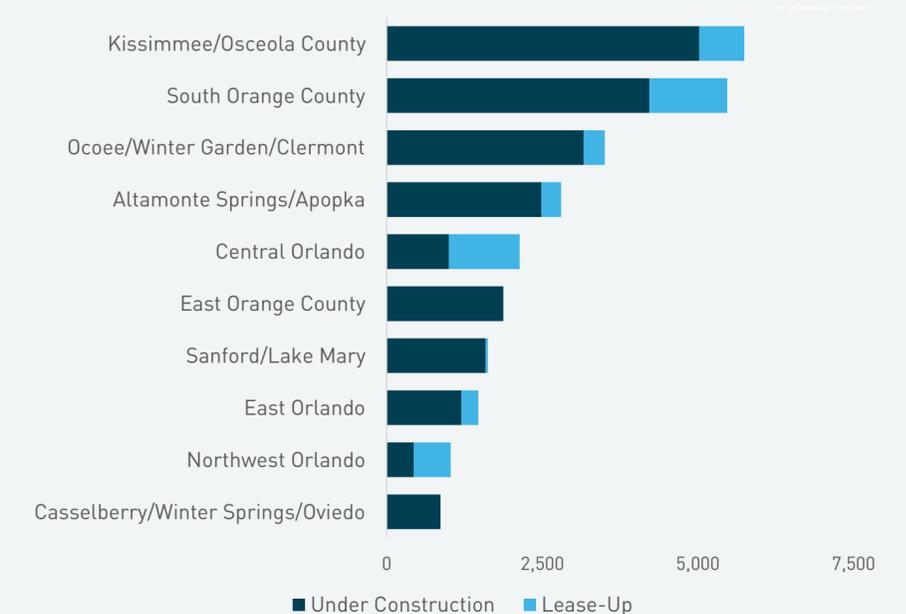


Source: RealPage

## Market Pipeline



## Top 10 Submarket Pipelines

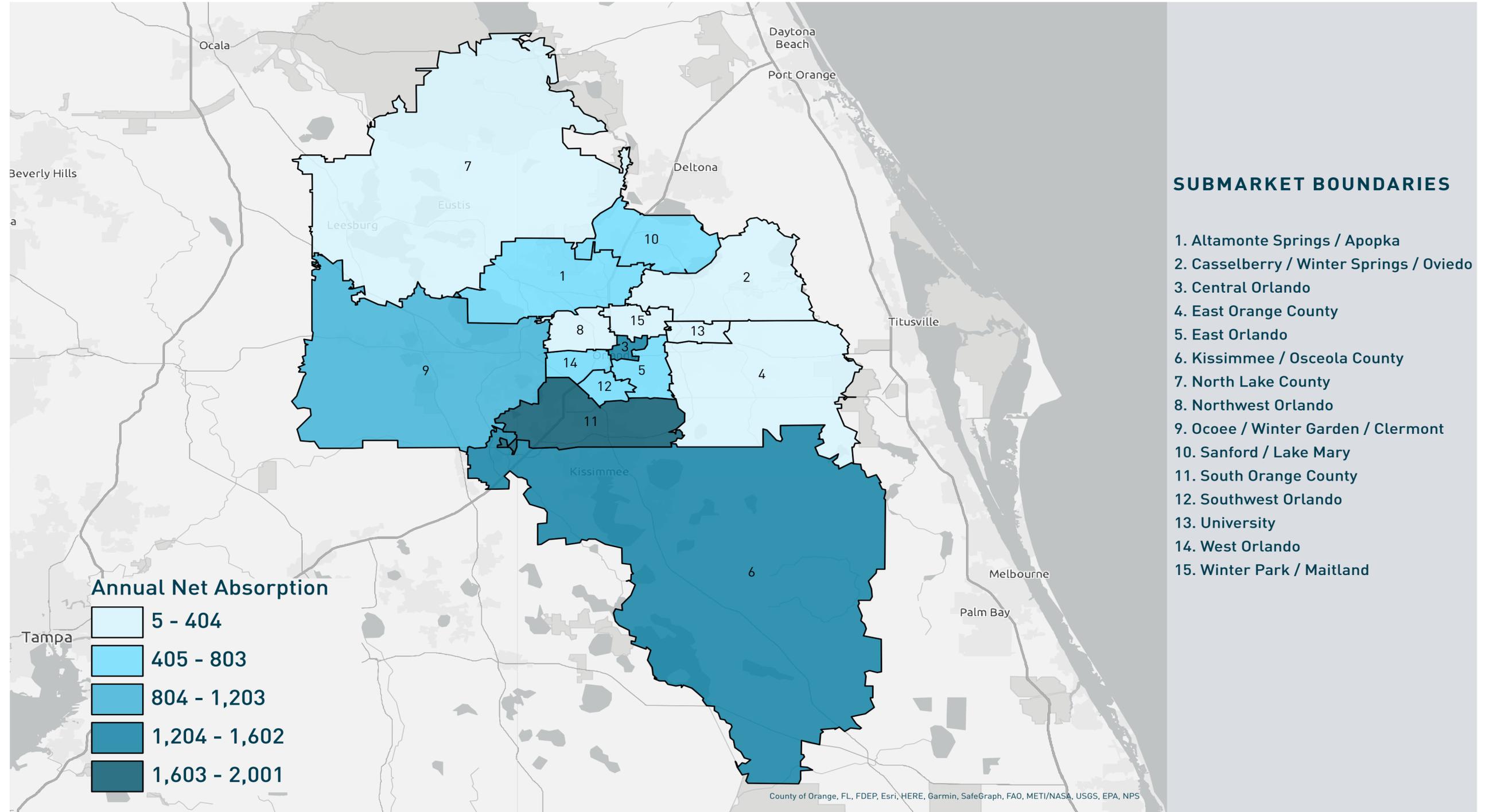




## ORLANDO, FL

# SUBMARKET ANNUAL ABSORPTION

Just over 41% of new inventory came from the South Orange County submarket, which also led the market in absorption with 729 units in the first half of 2022. South Orange County is home to the master-planned Lake Nona community, which grows rapidly as it attracts corporate headquarters, such as the planned Disney campus announced last year. Additionally, Marriott Worldwide's headquarter expansion in O-Town West opens in 2023, housing 1,500 employees. Despite incoming business, the submarket's vacancy rates may increase in the near term, as in part from of the surge of deliveries in second half of 2022 and 2023, but also because of the two-year delay of Disney's relocation, which the company recently pushed to 2026. This should allow this hot submarket some time to cool off and rental rates to settle closer to the five-year average.





# ORLANDO, FL RENT & OCCUPANCY

## Effective Rent

2Q 2022

\$1,740

↑ 26.6% YOY

## Occupancy

2Q 2022

97.1%

↑ 100 BPS YOY

Orlando had one of the highest effective rent increases in the nation in 2022, as many were priced out of single-family home options from low supply and increased interest rates. Effective rent increased 26.6% year over year as of the second quarter of 2022 to \$1,740.

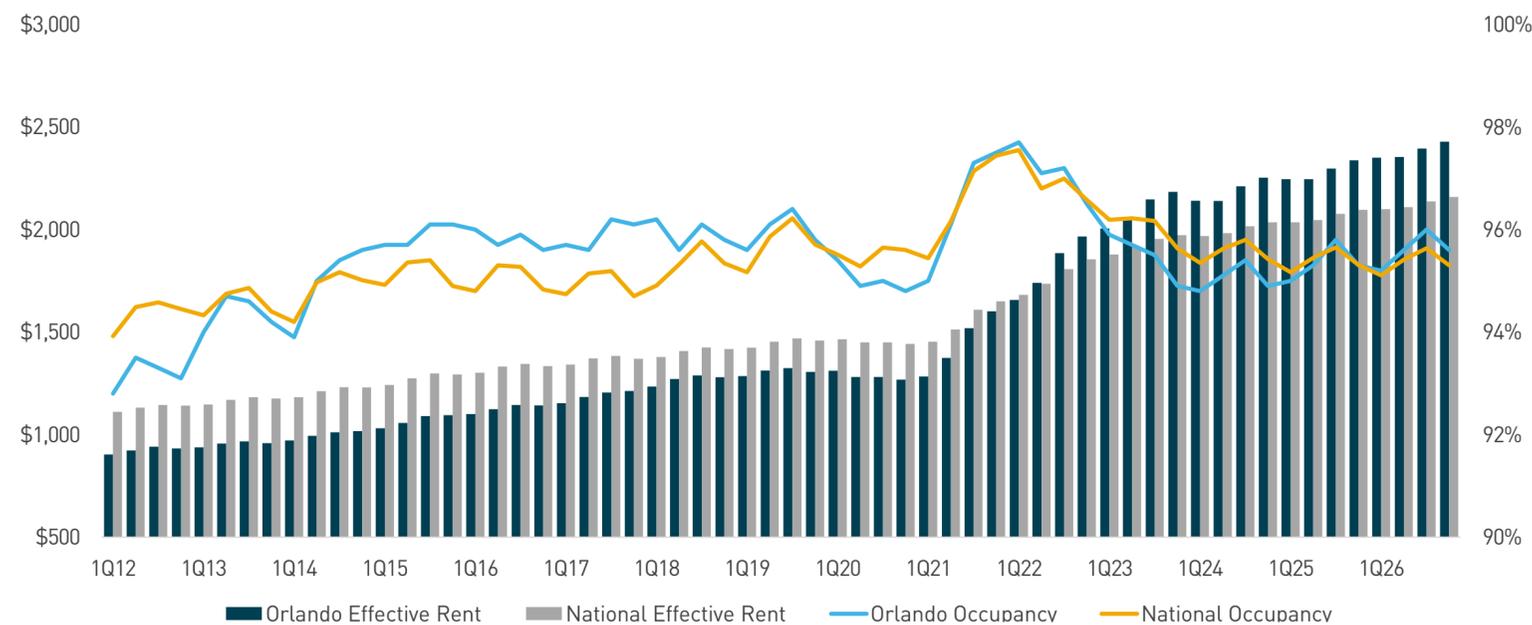
Occupancy increased 100 basis points to 97.1% percent year over year as continued hiring underpinned robust net in-migration to the metro. Even if all 13,300 units deliver over the next year, there is no sign that rental rates will drop, but annual growth will decelerate slightly from hypergrowth to a more sustainable pace. Orlando's effective rent is estimated to increase 18.4% over the next four quarters.

Like many markets, Orlando is experiencing an affordable housing issue. The effective rent is 32.8% of Orlando's monthly median household income. This may make it harder to fill positions in the leisure and hospitality industry, with most food preparation and serving jobs averaging a \$28,300 annual salary, which makes the average effective rent around 74% of their monthly wage. The lack of affordable housing will likely continue to bolster occupancy and demand for Class B and Class C properties, which saw 150 and 260 basis point boosts at the beginning of 2022.

## Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Altamonte Springs/Apopka	97.1%	80	\$1,671	27.7%
Casselberry/Winter Springs/Oviedo	96.9%	60	\$1,750	23.3%
Central Orlando	96.0%	50	\$2,112	21.5%
East Orange County	97.0%	130	\$1,972	31.6%
East Orlando	97.4%	130	\$1,600	24.9%
Kissimmee/Osceola County	97.4%	80	\$1,721	29.4%
North Lake County	99.1%	-20	\$1,299	18.1%
Northwest Orlando	95.6%	-10	\$1,514	22.3%
Ocoee/Winter Garden/Clermont	98.0%	140	\$1,858	29.5%
Sanford/Lake Mary	96.1%	20	\$1,746	26.7%
South Orange County	97.0%	90	\$1,935	28.4%
Southwest Orlando	97.2%	190	\$1,573	27.1%
University	97.9%	230	\$1,645	23.8%
West Orlando	97.5%	160	\$1,732	25.4%
Winter Park/Maitland	97.1%	200	\$1,672	25.7%

## Orlando vs. National Effective Rent & Occupancy



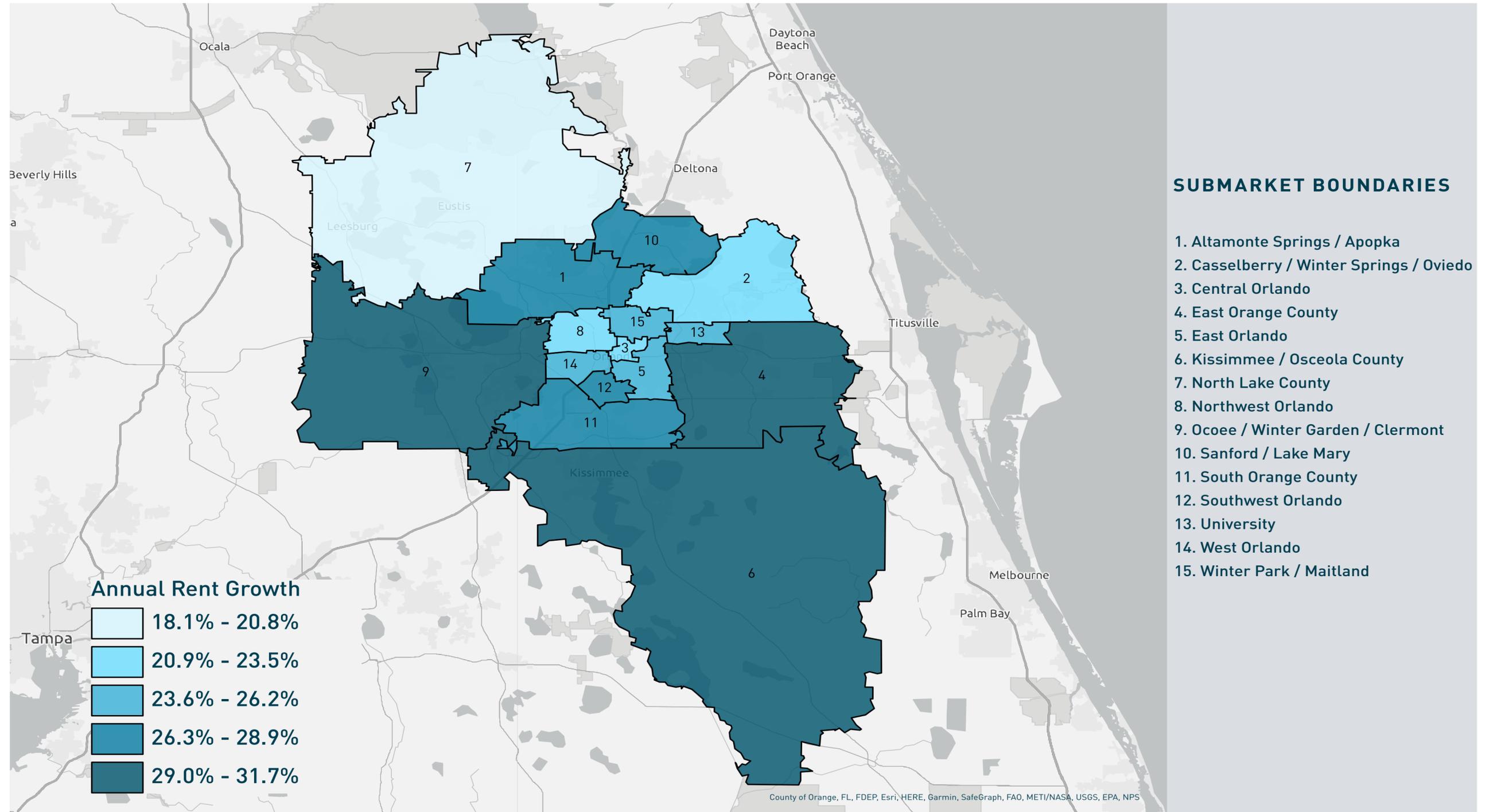
Source: RealPage



## ORLANDO, FL

# SUBMARKET ANNUAL RENT CHANGE

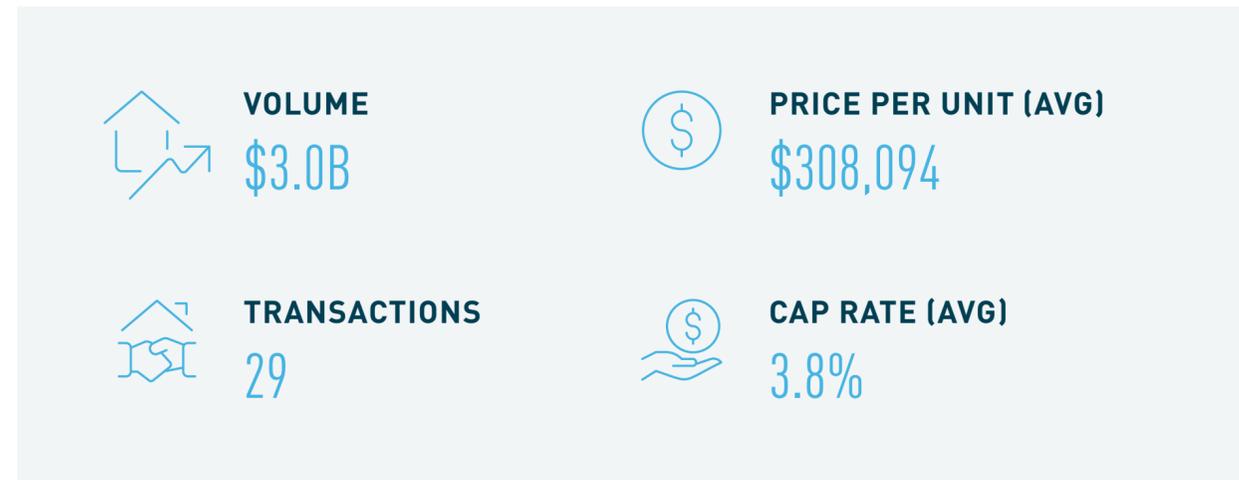
Several submarkets posted higher than average year over year effective rent increases. At mid-year 2022, East Orange County's effective rent rose 31.6%, Ocoee/Winter Garden/Clermont rose 29.5% and Kissimmee/Osceola County rose 29.4%. These three submarkets have less inventory than Orlando's central submarkets and have a substantial amount of area covered in wetlands or parks/wildlife reserves, which concentrates available housing to densely populated, competitive clusters. Kissimmee/Osceola County has over 5,000 units under construction, Ocoee/Winter Garden/Clermont has 3,165 units and East Orange County has 1,874 units. All three submarkets will respectively deliver over 1,000 of those units in 2023, which should curb rent spikes, especially in East Orange County and Ocoee/Winter Garden/Clermont, which had minimal deliveries compared to the rest of Orlando in 2021 and 2022.





# ORLANDO, FL SALES

2022 Year to Date\*



What's Trading?\*



Source: Real Capital Analytics  
\*\$50m+

Top Buyers\*\*

BUYER	LOCATION
Blackstone	New York, NY
Carroll Organization	Atlanta, GA
PGIM Real Estate	Newark, NJ
BREIT	New York, NY
Cortland	Atlanta, GA

Top Sellers\*\*

SELLER	LOCATION
Bainbridge Companies	Wellington, FL
Praedium Group	New York, NY
Starwood Capital	Miami Beach, FL
Wood Partners	Atlanta, GA
Atlas Residential	Chicago, IL

\*\*Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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