

ORLANDO, FL MULTIFAMILY REPORT

2023 | MIDYEAR

BERKADIA[®]
INSTITUTIONAL SOLUTIONS



Jobs Added / Lost

LAST 12 MONTHS

52,400

↑ 3.8%

NEXT 12 MONTHS*

25,900

↑ 1.8%

Unemployment

MIDYEAR 2023

2.7%

⊙ 0 BPS YOY

MIDYEAR 2024*

3.7%

↑ 100 BPS YOY

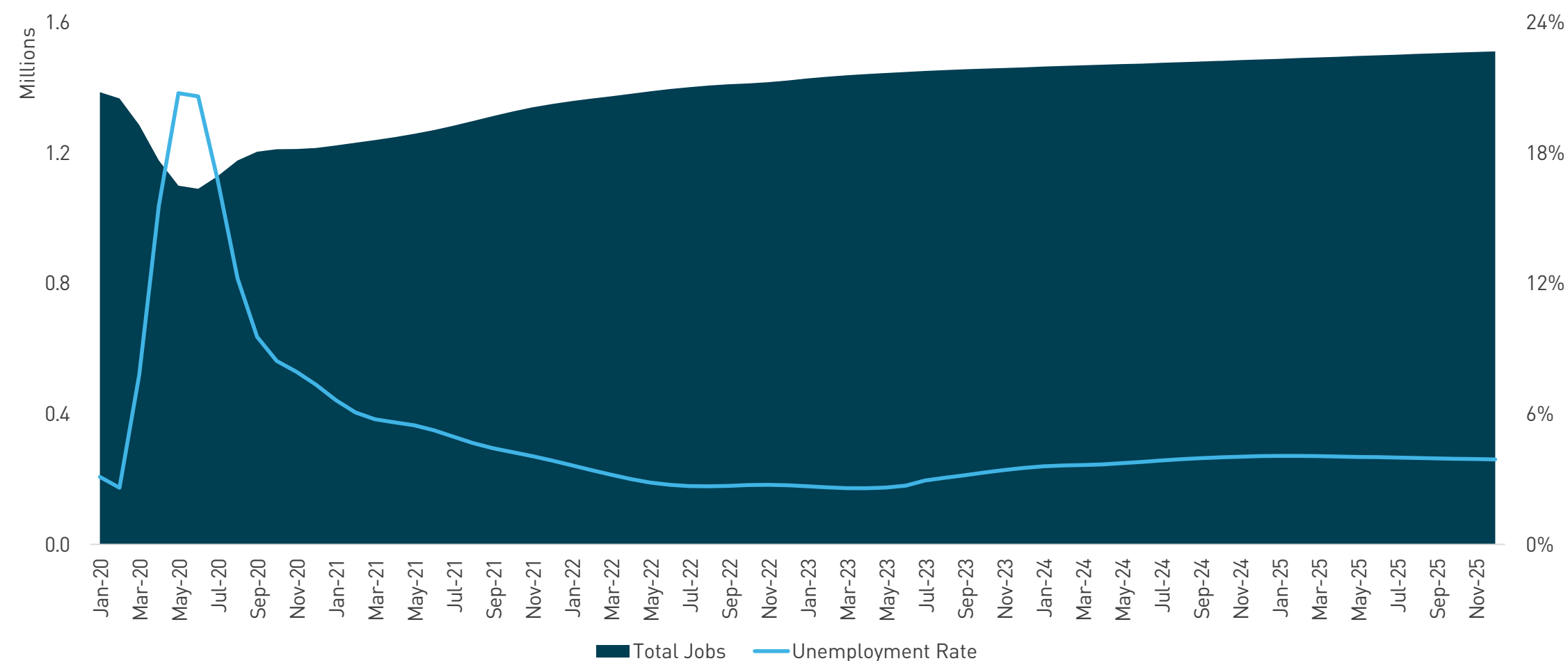
*Projected

ORLANDO, FL EMPLOYMENT

With one out of every five jobs across Greater Orlando in the leisure and hospitality sector, the rebound in tourism activity significantly benefited the local economy recently. According to Visit Orlando, 74 million visitors came to Orlando in 2022, up 25% over 2021 and at 98% of pre-pandemic levels. The visitors, along with Orange County Convention Center attendance reaching nearly 1.4 million, drove hiring in the leisure and hospitality sector last year and through the start of 2023. The 24,800 workers added to payrolls since mid-2022 led all other employment sectors at the same time. With the latest additions, leisure and hospitality employment reached nearly 96% of the previous high in January 2020.

The sector's recovery slightly trailed the metrowide employment trend. At more than 1.4 million positions in June 2023, total nonfarm payrolls exceeded the last peak at the start of 2020. Sustained hiring is forecast to continue through the next 12 months, albeit at a slower pace as employers compete for labor in an environment where unemployment is projected to remain lower than 4%. This tightness was reflected in the hotel industry, where more than 2,000 hotel jobs were open within a 25-mile radius of Orlando as of June 2023 according to Indeed.com.

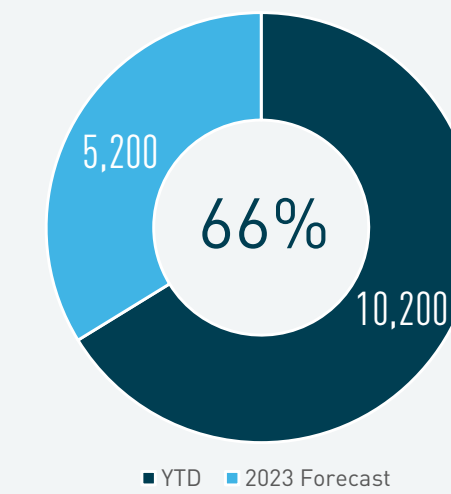
Employment Trends



Source: Moody's Analytics

Who's Hiring?

LEISURE & HOSPITALITY INDUSTRY



20%
OF ALL JOBS IN THE METRO

\$32,200
AVERAGE ANNUAL SALARY

Top Leisure & Hospitality Employers

	70,000 JOBS
	24,000 JOBS
	5,100 JOBS

In The News

- [Universal Orlando hiring for more than 2,500 jobs](#)
- [Orlando ranks No. 9 for fastest-growing tech hubs](#)
- [TSA is hiring agents to work at Orlando International Airport](#)



ORLANDO, FL DELIVERIES & ABSORPTION

2023 Units*

DELIVERIES

12,897

ABSORPTION

9,064

2024 Units*

DELIVERIES

16,003

ABSORPTION

12,199

*Projected

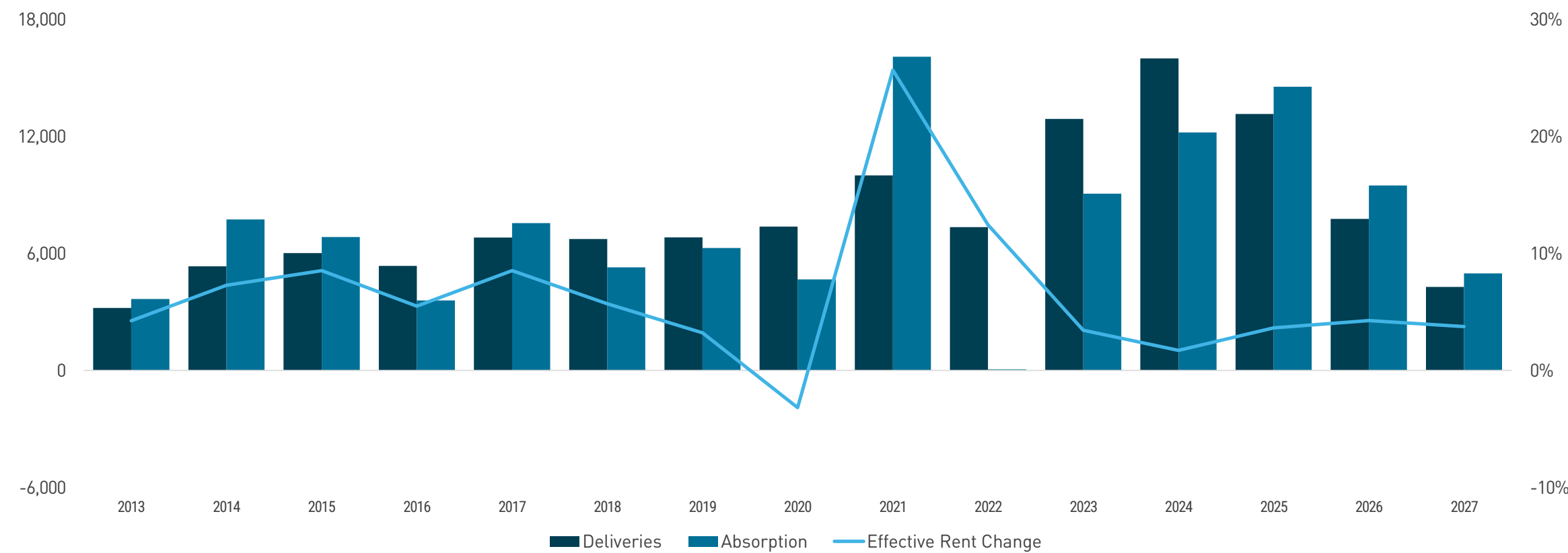
Orlando's place as a popular relocation destination was heightened by migration trends during the pandemic, further escalating housing demand in the metropolitan area. This underpinned apartment developers' confidence in the market as the construction pipeline expanded recently. As a result, builders are on pace to add approximately 12,900 market-rate units in 2023.

New inventory is scheduled to come online in nearly every submarket, with a metro-leading 3,300 deliveries in the Kissimmee/Osceola County submarket. The rise in construction activity mirrored leasing activity as new and existing residents seek rentals at a discount in the submarket compared to neighboring Orange County.

That housing demand combined with more options should support metro-leading net units absorbed in the Kissimmee/Osceola County submarket this year. Even so, leasing activity in the submarket is forecast to trail the influx of new deliveries.

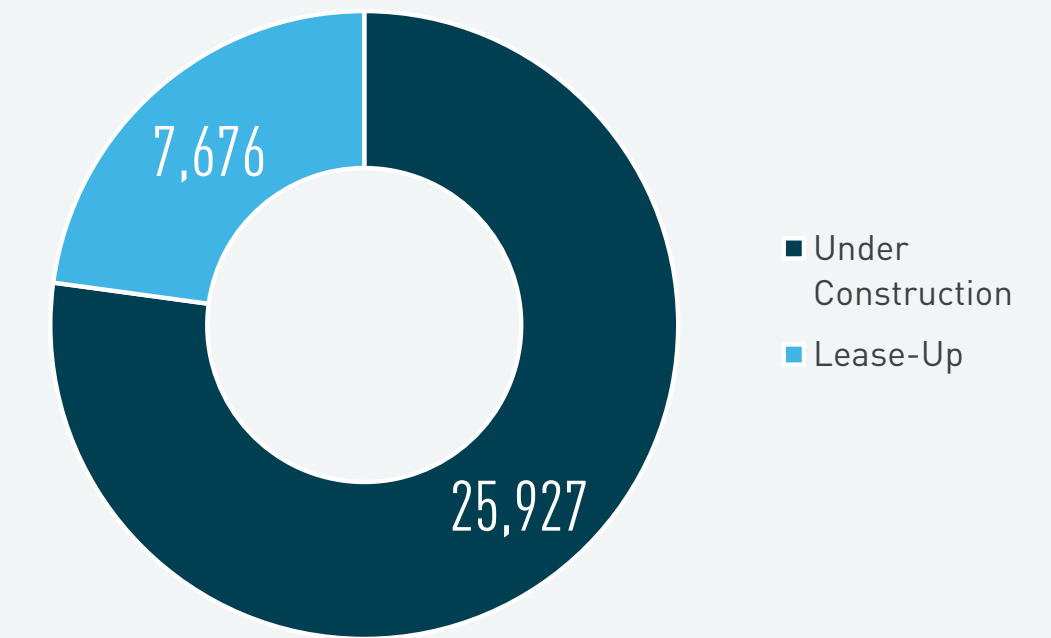
This trend is projected to be mirrored metrowide this year and through the supply wave crest in 2024. The more than 16,000 units scheduled to come online next year would be historic high as builders work through the over 25,900 units under construction at mid-2023. The new inventory will be needed as more than 35,900 people are forecast to move to the metro than move out as payrolls are projected to grow 1.6% next year.

Deliveries, Absorption, & Effective Rent Change

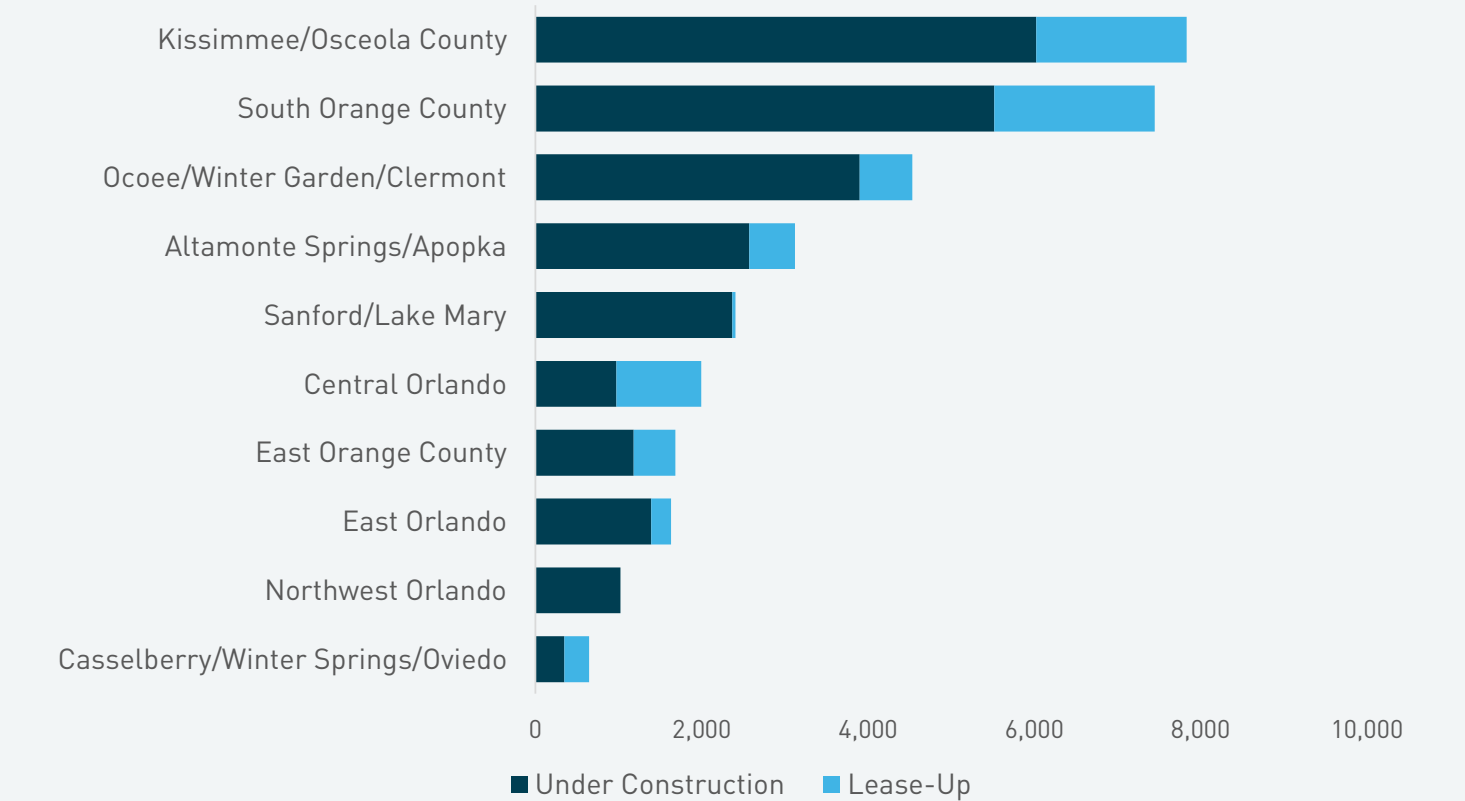


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

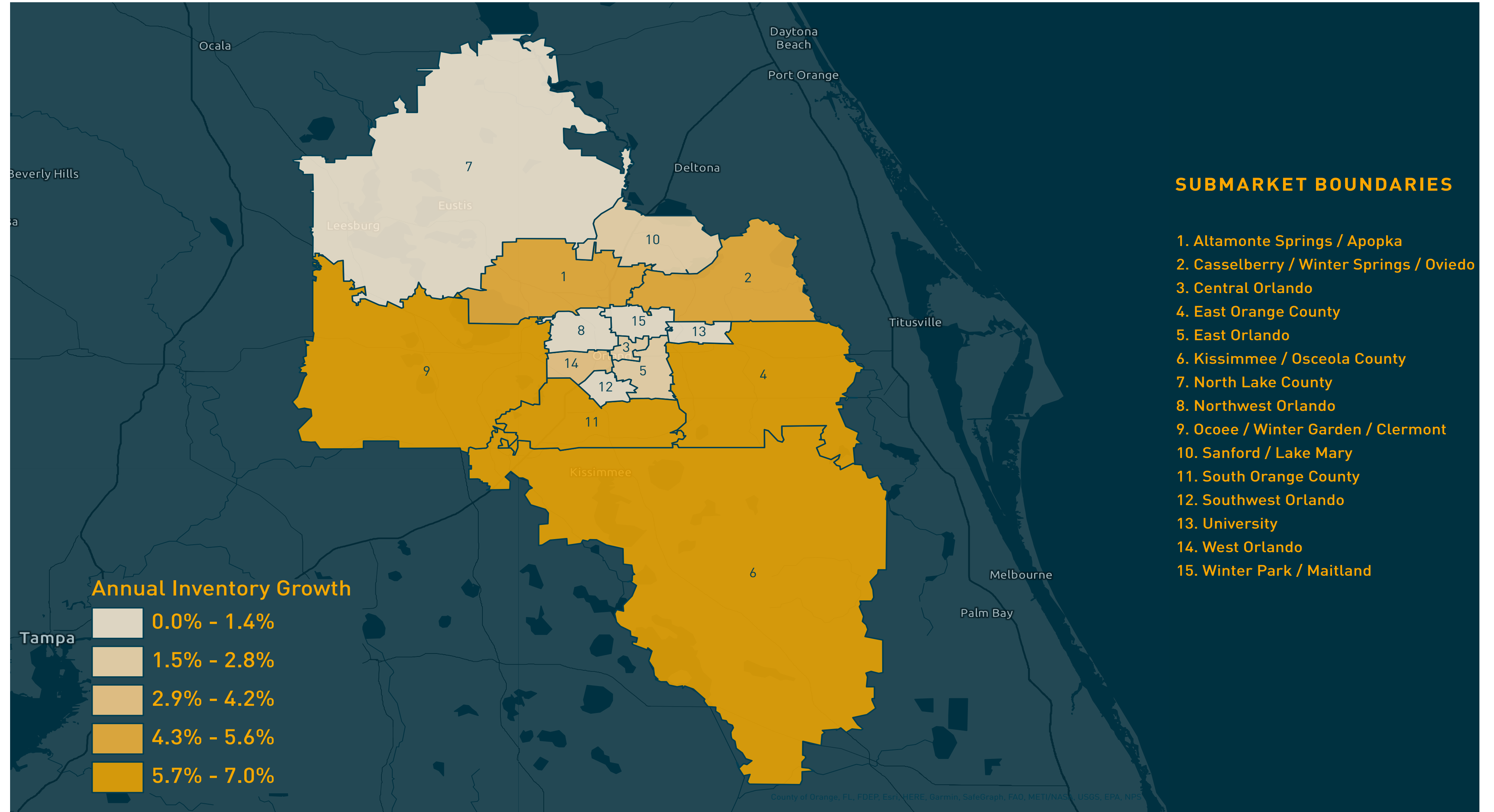




ORLANDO, FL

SUBMARKET ANNUAL INVENTORY CHANGE

Apartment development was focused on the southern portion of Metro Orlando. A significant share of the new inventory came online near Disneyworld and major roadways as builders target the 70,000 Walt Disney World Co. employees and renters who desire a direct commute to other large employers in the metro. Construction completed on 2,171 units in the Kissimmee/Osceola County submarket and 2,015 units in the South Orange County submarket for 7.0% and 6.9% annual inventory growth to lead all other areas in the metro. These garden-style communities range average of 290 units. Apartment operators will experience more competition in the near term as the Kissimmee/Osceola County and the South Orange County submarkets have the largest pipelines for Greater Orlando as of mid-2023. The 465-unit Northwood Ravin is the largest community scheduled for completion in these areas.





ORLANDO, FL RENT & OCCUPANCY

Effective Rent

Q2 2023

\$1,824

↑ 3.3% YOY

Occupancy

Q2 2023

94.6%

↓ 250 BPS YOY

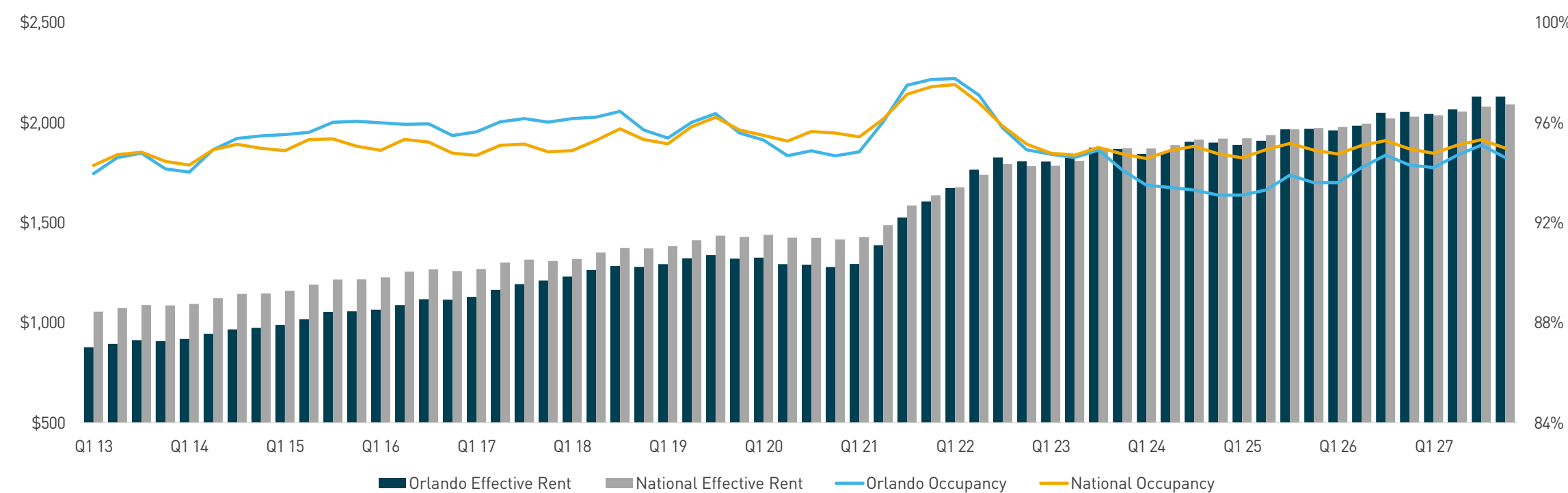
Historic apartment leasing activity coming out of the pandemic led to Orlando occupancy reaching a high of 97.8% in 2022. It was a level that has not been reached in more than a decade. Since then, the occupancy rate shifted closer to the pre-pandemic norm. Greater Orlando occupancy averaged 94.6% in the second quarter of 2023, only 40 basis points lower than the pre-pandemic growth cycle from 2010 to 2019.

Underpinning the recent drop in occupancy was an influx of new inventory as more than 9,000 market-rate units came online since mid-2022. With increased competition for renters, more apartment operators have offered concessions lately. In the second quarter of 2023, 9.9% of

units offered concessions, up 3.7% from one year prior. The expansion contributed to a slowdown in annual rent growth. At an average of \$1,824 in the second quarter of 2023, monthly effective rent advanced 3.3% since mid-2022 and was down from the 27.3% increase during the preceding year.

Apartment operators are expected to continue to moderate annual effective rent growth to 1.6% as the metro occupancy rate is forecast to settle at 93.4% by the second quarter of next year as increased net absorption will trail deliveries.

Orlando vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

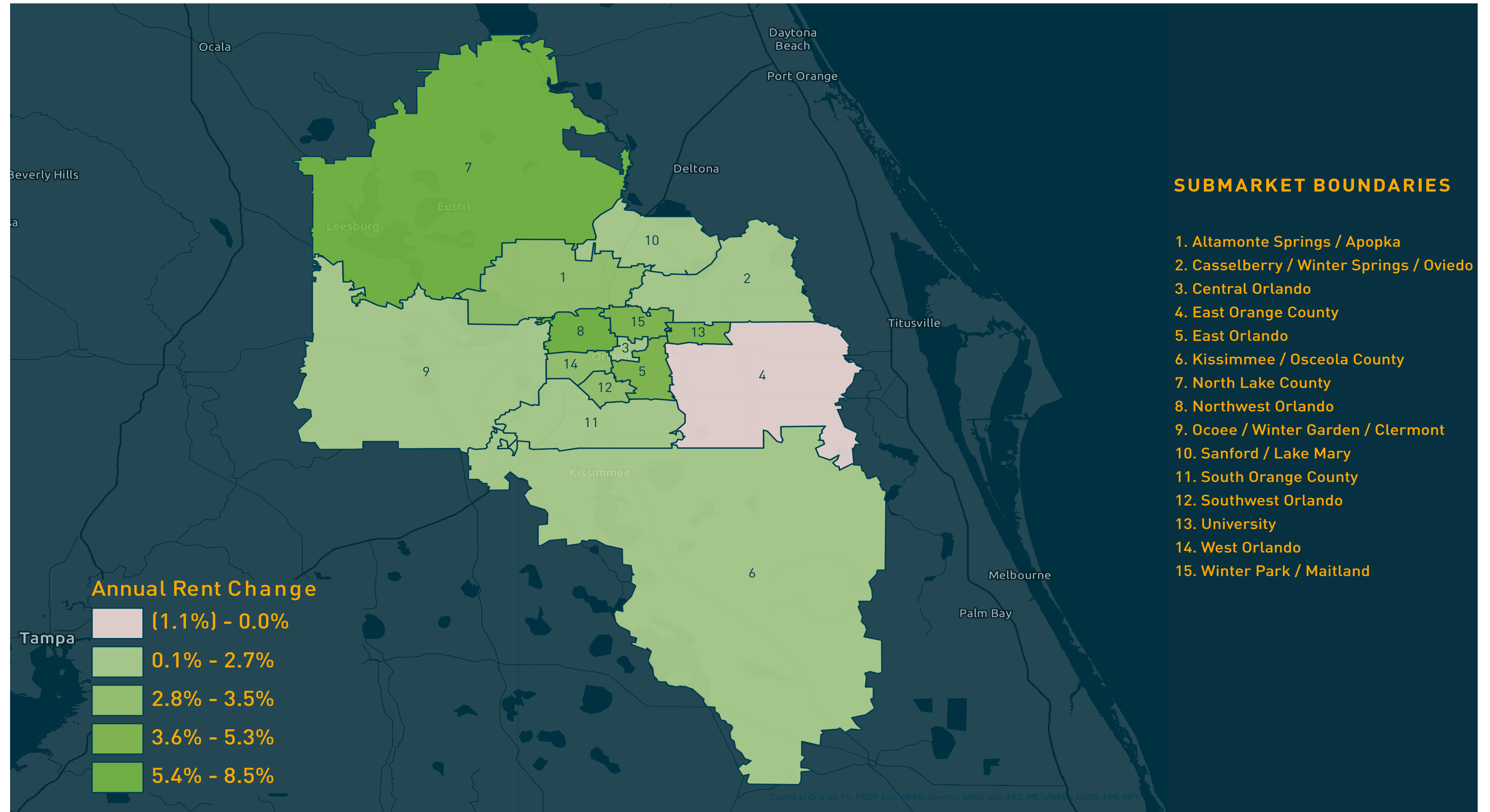
SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Altamonte Springs/Apopka	94.1%	-280	\$1,751	3.5%
Casselberry/Winter Springs/Oviedo	94.2%	-260	\$1,782	1.7%
Central Orlando	93.6%	-240	\$2,169	2.7%
East Orange County	94.8%	-220	\$1,951	-1.1%
East Orlando	95.5%	-180	\$1,698	5.3%
Kissimmee/Osceola County	94.9%	-250	\$1,811	2.6%
North Lake County	97.3%	-180	\$1,423	7.7%
Northwest Orlando	94.5%	-240	\$1,684	8.4%
Ocoee/Winter Garden/Clermont	94.9%	-310	\$1,907	1.7%
Sanford/Lake Mary	94.5%	-170	\$1,757	0.6%
South Orange County	94.7%	-230	\$1,995	2.6%
Southwest Orlando	93.7%	-340	\$1,637	3.1%
University	95.8%	-210	\$1,716	4.3%
West Orlando	94.1%	-330	\$1,816	3.3%
Winter Park/Maitland	94.8%	-230	\$1,758	5.2%



ORLANDO, FL

SUBMARKET ANNUAL RENT CHANGE

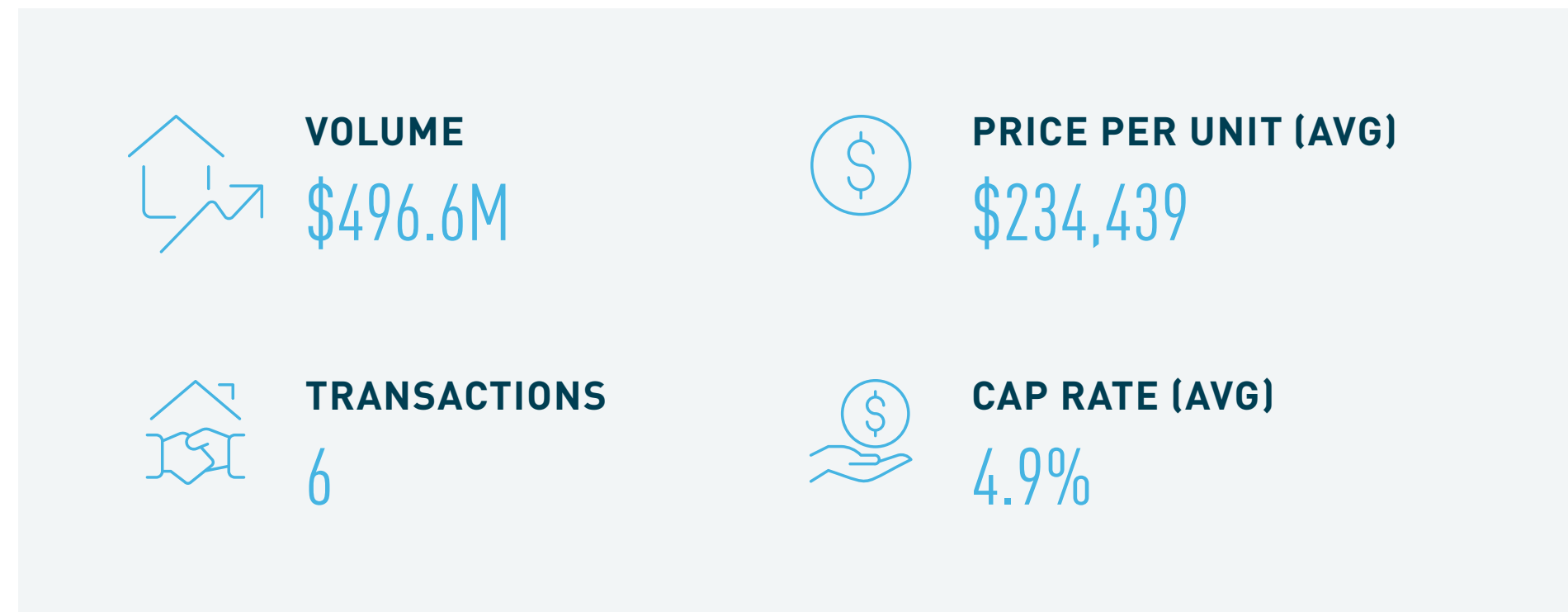
With one of the lowest costs of renting in Greater Orlando, apartment operators in the Northwest Orlando submarket were able to keep vigorously increasing lease rates. At an average of \$1,684 in the second quarter of 2023, monthly effective rent advanced a metro-leading 8.4% in the Northwest Orlando submarket over the last year. Even with the increase, the submarket rent was 92% of the metro average. Further highlighting the appeal of the submarket to budget conscious renters was average occupancy among Class C properties 80 basis points and 260 basis points higher than Class B and Class A apartment stock, respectively, in the second quarter of 2023. Overall, Northwest Orlando submarket occupancy averaged 94.5% in the last three months, only 10 basis points lower than the market average.



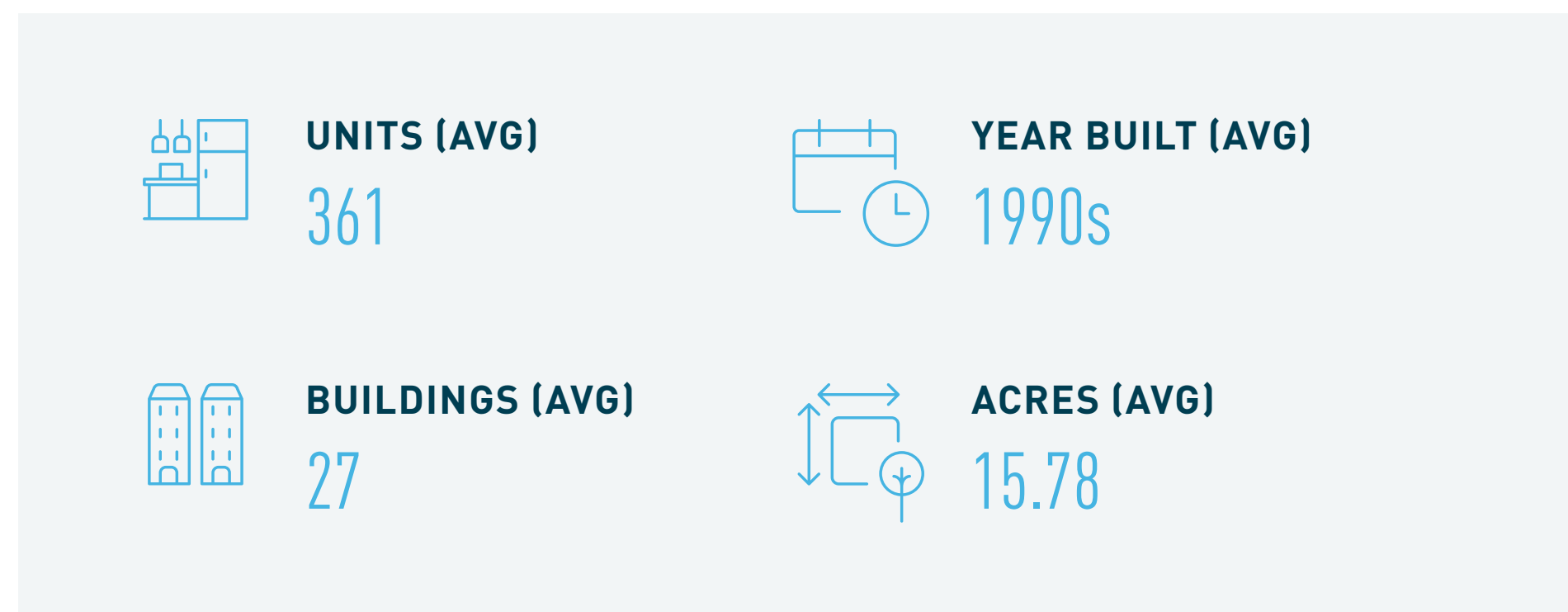


ORLANDO, FL SALES

2023 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Blackstone	New York
Carroll	Atlanta
PGIM	Newark, NJ
Cortland	Atlanta
Oaktree Capital Management	Los Angeles

Top Sellers**

SELLER	LOCATION
Praedium Group	New York
Bainbridge Companies	Wellington, FL
Starwood Capital	Miami Beach, FL
Wood Partners	Atlanta
Preferred Apartment Communities	Atlanta

**Past 24 Months



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

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