




Orlando 3Q23 Multifamily Market Report


\$1,802
AVERAGE RENT


94.1%
AVERAGE OCCUPANCY RATE


\$998.1M
YTD SALES VOLUME


-2.6%
YOY RENT CHANGE


-1.7 POINTS
YOY OCCUPANCY CHANGE


17 YTD
INDIVIDUAL TRANSACTIONS

Supply & Demand

3Q23

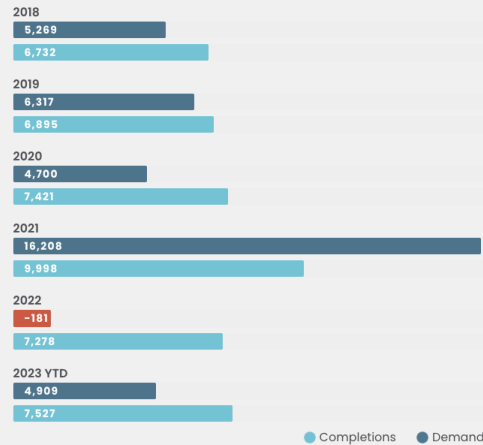


1,671 Units
QUARTERLY DEMAND
YTD: 4,909



3,237 Units
QUARTERLY COMPLETIONS
YTD: 7,527

Annual Demand Vs Completions



Demand Trends

- By the close of the third quarter, a total of 4,909 units were absorbed, making it the third consecutive quarter of positive net absorption in the Orlando Apartment market. This followed the latter half of 2022, which saw two consecutive quarters of net move-outs.
- Eight out of Orlando's 13 apartment submarkets posted positive net absorption in Q3, led by South Orange County, where renters filled a net of 743 units. This highlights the strong demand dynamics within the submarket.



Completion Trends

- In Q3 2023, Orlando's apartment inventory grew by 3,237 units, with the South Orange County submarket contributing 1,025 new units.
- Over the past year, there has been a marked uptick in construction completions, especially in the Kissimmee/Osceola County and South Orange County submarkets. Together, these two areas made up a substantial 48% of the total new units added to the market over the last year.



Demand Outlook

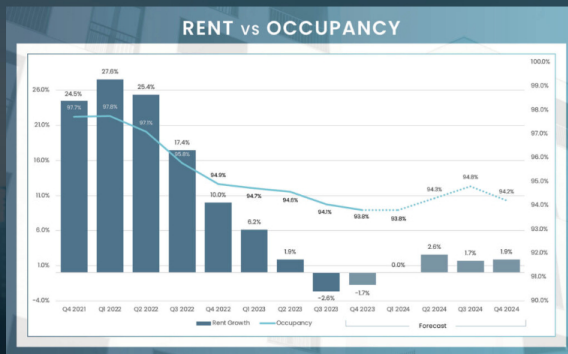
- In the upcoming year, net absorption is projected to revert to pre-pandemic averages, with an estimated 16,800 units expected to be absorbed by Q3 2024.
- The South Orange County, Kissimmee/Osceola County, and Ocoee/Winter Garden/Clermont submarkets are expected to be major recipients of this demand, collectively making up 55% of the total annual net absorption.



New Supply Outlook

- The Orlando apartment market is set for significant inventory expansion over the next four quarters, with an anticipated addition of 15,778 units.
- The supply expansion in the Kissimmee/Osceola County submarket is expected to play a pivotal role, with the project annual unit delivery amounting to 3,451.

Occupancy & Rent Trends



RENT VS OWN MONTHLY PAYMENT



\$3,308

Average Monthly Mortgage Payment



\$1,802

Average Monthly Rent

* The Average mortgage payment is based on a median home sales price of \$435,000 as reported by the National Association of Realtors as of Aug 2023.

OCCUPANCY TRENDS

The Orlando apartment market has shown consistent steadiness in occupancy rates, averaging 95.7% over the past five years. Nevertheless, a minor decline was observed over the last year, resulting in an average occupancy rate of 94.1% for Q3 2023. Within this landscape, the North Lake County and University submarkets stood out with robust occupancy rates of 96.6% and 95.1%, respectively. Conversely, the Northwest Orlando and Altamonte Springs/Apopka submarkets lagged slightly, posting occupancy rates ranging from 93.2% to 93.4%.

Looking forward, the Orlando market is set for a rebound. Projections indicate that occupancy rates could see improvements in the coming year, particularly as the anticipated new supply is expected to be fully absorbed. This outlook further cements Orlando's reputation as a robust and resilient housing market.

RENTAL TRENDS

As of Q3 2023, new lease rents have seen a 2.6% decline year-over-year, falling below the market's five-year average growth rate of 6.9%. Despite this, Orlando remains on par with other Sunbelt markets, sustaining an average monthly rental rate of \$1,802. This positions the city as a more affordable living option compared to South Florida, thereby attracting individuals relocating to the state.

In terms of asset classes, Class B units saw the most significant annual rent decrease of 3.2%. Class A units were close behind with a 2.4% reduction, while Class C units experienced a milder drop of 1.9%. Within the submarkets, North Lake County was notable for its robust year-over-year rent gains of 6.2%, even as other submarkets recorded negative rental price trends.

Submarket Rent & Occupancy

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Submarket	Average Occupancy	Annual Occupancy Change	Average Monthly Rent	Annual Rent Change
Altamonte Springs/Apopka	93.4%	-2.4%	\$1,716	-3.4%
Casselberry/Winter Springs/Oviedo	94.1%	-1.6%	\$1,792	-3.0%
Central Orlando	93.2%	-0.3%	\$2,127	-1.7%
East Orange County	94.4%	-1.4%	\$1,926	-4.7%
East Orlando	94.4%	-1.9%	\$1,676	-1.1%
Kissimmee/Osceola County	93.6%	-2.5%	\$1,774	-3.6%
North Lake County	96.6%	-2.0%	\$1,460	6.2%
Northwest Orlando	93.2%	-1.8%	\$1,663	-1.3%
Ocoee/Winter Garden/Clermont	94.7%	-1.9%	\$1,888	-3.5%
Sanford/Lake Mary	94.6%	-0.1%	\$1,746	-2.2%
South Orange County	93.9%	-1.7%	\$1,975	-3.5%
Southwest Orlando	93.8%	-1.9%	\$1,620	-2.1%
University	95.1%	-1.3%	\$1,696	-0.4%
West Orlando	94.4%	-2.1%	\$1,768	-3.8%
Winter Park/Maitland	94.3%	-1.8%	\$1,742	-0.3%
Orlando-Kissimmee-Sanford, FL	94.1%	-1.7%	\$1,802	-2.6%

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Units by Submarket Delivering in 2023



22,321

Number of Units Under Construction



15,778

Number of Units UC Delivering in the Next 4 Quarters

Show entries

Search:

Submarket	Units Under Construction	% of Total UC	Units UC Delivering in the Next 4 Quarters
Altamonte Springs/Apopka	1,845	8%	1,690
Casselberry/Winter Springs/Oviedo	350	2%	350

Central Orlando	975	4%	735
East Orange County	962	4%	757
East Orlando	1,141	5%	817
Kissimmee/Osceola County	4,950	22%	2,902
North Lake County	382	2%	112
Northwest Orlando	1,345	6%	507
Ocoee/Winter Garden/Clermont	3,428	15%	2,798
Sanford/Lake Mary	1,892	8%	1,144
South Orange County	4,536	20%	3,451
Southwest Orlando	0	0%	0
University	177	1%	177
West Orlando	91	0%	91
Winter Park/Maitland	247	1%	247

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Sales Activity

Despite grappling with challenges such as rising interest rates and the complexities of maintaining occupancy, the multifamily property market in Central Florida continues to capture the attention of investors. While the annual transaction volume has experienced a noticeable slowdown in comparison to 2022, the first three quarters of the year have still been marked by healthy activity. According to Real Capital Analytics, approximately \$998.1 million changed hands in 17 sales, positioning Orlando among the top markets in terms of total sales volume. Notably, the average price per unit in these transactions recorded a 8.0% year-over-year increase, reaching \$281,200, further highlighting the market's durability and its attractiveness to investors.

*Most Active Buyers and Sellers are based on the sale volume of apartment units.

Most Active Buyers (Previous 24 Months)

1. Cortland
2. Hasta Capital
3. UDR
4. Investors Management
5. GW Williams

Most Active Sellers (Previous 24 Months)

1. Wood Partners
2. BREIT
3. Robbins Property
4. Bluerock RE LLC
5. Silverpeak

TRANSACTION VOLUME

\$998.1M

YTD Transaction Volume

-76.2%

Y-O-Y Change

19 YTD

Individual Transaction Count

\$281.2K*

Price Per Unit

8.0%

Annual Price Change

* Trailing 4Q average PPU

* Preliminary Data from RCA - individual conventional MF transaction \$2.5M +

Economy

In the third quarter of 2023, the Orlando-Kissimmee-Sanford metropolitan area experienced a robust economic upturn, witnessing a 4.9% increase in its GDP and the addition of 38,400 jobs, reflecting a 2.7% boost in overall employment. This positive trend resulted in a notable drop in the August unemployment rate, declining by 0.1 percentage point from the previous year to reach an impressive 3.1%, outperforming the national average of 3.4%. Key sectors such as Leisure/Hospitality Services and Education/Health Services drove this economic resurgence, with the former contributing 20,300 new jobs, indicating a substantial 7.5% annual growth, while the latter also experienced a parallel 7.5% expansion, adding 13,000 jobs to the region. Notably, despite the initial setbacks caused by the pandemic, the Orlando-Kissimmee-Sanford area's current employment base has rebounded remarkably, surpassing pre-pandemic levels by approximately 8.6%, equivalent to a gain of around 125,200 jobs since February 2020.



38.4K
AUGUST ANNUAL JOBS CREATED



Top 5 Employment Sector Annual Change



LEISURE & HOSPITALITY



EDUCATION & HEALTH SERVICES



TRADE, TRANSPORTATION & UTILITIES



GOVERNMENT



FINANCIAL ACTIVITIES

Hover over icons to view data

Search:



3.1%
AUGUST 2023 EMPLOYMENT GROWTH



2.7%
AUGUST 2023 UNEMPLOYMENT RATE
3.9% US AUGUST RATE

Hover over icons to view data

Search:

Sector	Change from Aug 2022 to Aug 2023	Percent Change
Leisure and hospitality	20,300	7.5%
Education and health services	13,000	7.5%
Trade, transportation, and utilities	7,500	2.9%
Government	2,300	1.8%
Financial activities	2,100	2.3%
Manufacturing	1,300	2.5%
Other services	800	1.8%
Information	400	1.5%
Mining and logging	0	0.0%
Construction	(2,700)	-3.1%
Professional and business services	(6,600)	-2.4%

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Cost of Living Comparison

Orlando stands out as a more affordable option when compared to South Florida, making it an appealing choice for newcomers to the state. In comparison to Miami, FL, Orlando offers reduced expenses across various categories, including groceries (9.9%), utilities (12.8%), transportation (7.8%), and healthcare (3.0%). Moreover, housing costs in Orlando are significantly lower than in Miami, with a 27.6% difference. The median home price in Orlando currently stands at \$435,000 (up 1.2% YoY). Furthermore, the average monthly mortgage payment of \$3,308 is double the average rent of \$1,802, making Orlando an attractive destination for renters as well.

100.9

Cost of Living Index

\$3,308

Average Mortgage
(vs Average Rent: \$1,802)

107.2

Housing Index Score

89.1

Utilities Index Score

96.3

Gas Index Score

\$327,500

Median Home Sale Price
(YoY Change: 1.2%)

Miami, FL vs. Orlando, FL
Cost of Living Comparison
Groceries: 9.9% Less
Housing: 27.6% Less
Utilities: 12.8% Less
Transportation: 7.8% Less
Health: 3.0% Less

Market Outlook

Investor interest in the Orlando market remains robust, primarily due to the area's impressive population growth and economic expansion. As of the third quarter of 2023, construction was in progress for over 22,300 housing units, with approximately 15,778 units slated for completion in the coming four quarters. Despite this substantial influx of new construction, there is no need for concern. Given Orlando's strong economic foundation and its ability to stimulate household formation, these new units are anticipated to be fully occupied by next autumn, as the projected demand is set to surpass the available supply. Despite facing temporary supply challenges, Orlando continues to demonstrate resilient performance when compared to national standards.

Sources: RealPage; BLS; MSCI; The Council for Community And Economic Research (CZER)

TO GAIN FURTHER INSIGHTS INTO THE ORLANDO MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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