

MARKETBEAT RETAIL SNAPSHOT



ORLANDO, FLORIDA

A Cushman & Wakefield Research Publication

Q4 2014



ECONOMIC OVERVIEW

Even though U.S. gross domestic product (GDP) increased at only a 2.6% annual rate in the fourth quarter of 2014, well below the consensus forecast of 3.1%, the outlook for the U.S. economy remains strong going into 2015.

Strong, consumer-driven growth this year will boost demand for all forms of commercial real estate, creating the best environment since 2007. In the Orlando metro area, over 47,500 jobs were created in the last twelve months, led by growth in the leisure/hospitality and trade/transportation sectors.

Per capita income is forecasted to grow by 4.2% in 2015, on top of the 3.6% growth in 2014 and four times the growth recorded in 2013. Median household income also increased this past year to \$47,399 and is expected to rise by another 3.2% in 2015. Retail sales are expected to have another banner year, increasing 6.6% this year on elevated purchasing power by consumers taking advantage of the improving economy. The Orlando metro area will further benefit from gains in the housing sector powered by the area's attraction for new residents and as a job-generator for the state.

RETAIL MARKET OVERVIEW

The overall vacancy rate for the retail sector in the Orlando metro area finished 2014 at 6.5%, down 0.6 percentage point from the end of 2013 and down 1.6 percentage points from the high mark for vacancy reached in the third quarter of 2009. East Orlando saw substantial increases in occupancy which in turn saw the vacancy rate fall to 5.1%, the tightest in the region. Gross absorption for the year was 3.5 million square feet (sf), down significantly from the 4.2 million square feet clocked in 2013.

Asking lease rates increased moderately over the past year, rising by \$0.07 to \$15.48 per square foot/year (psf/yr). East Orlando continues to be a hot spot of activity, with limited availabilities that have allowed landlords to raise asking rates by 9.5% over the past year to the highest levels in the Orlando metro area. Lifestyle centers continue to command the highest rents in the area at \$26.40 psf/y. Power centers and strip malls are leading the pack of other retail space types with rents in the \$15.83 to \$15.85 psf/y range.

There was less than 500,000 sf of new retail product delivered in 2014. Most new projects were under 20,000 sf mainly in the East and West Orlando submarkets. One large construction completion in 2014 in East Orlando was the Plaza on University mixed-use development. While the retail portion for the project was relatively small, the mid-rise, dense urban structure near the University of Central Florida was the largest example of this concept in that

market. Winter Park also continued to be a mecca for national retail chains. Trader Joe's opened its first store in Central Orlando in 2014 along the main retail corridor of Orlando Avenue.

OUTLOOK

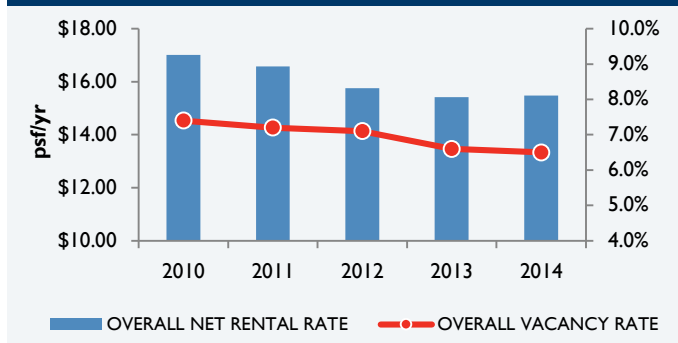
The Orlando retail market is buoyed by strong demographic fundamental. The region continues to attract new residents and job growth rates are one of the best in the state. The tourism industry, and the income it generates, directly benefit the retail sector even outside of the traditional tourist area. Construction is picking up but remains in check with tenant demand on changing consumer tastes. Cushman & Wakefield forecasts solid and steady growth in the Orlando retail sector through 2015.

ECONOMIC INDICATORS

NATIONAL	2013	2014	2015F
GDP Growth	2.2%	2.4%	3.7%
CPI Growth	1.5%	1.7%	1.1%
Consumer Spending Growth	2.4%	2.5%	3.8%
Retail Sales Growth	4.2%	4.1%	4.8%
REGIONAL	2013	2014	2015F
Household Income	\$46,962	\$47,399	\$48,905
Population Growth	2.0%	2.1%	2.3%
Unemployment	6.9%	5.8%	5.4%

Source: Moody's Analytics

OVERALL RENTAL VS. VACANCY RATES



Source: CoStar Group

ORLANDO / FLORIDA TOP 4 SUBMARKET STATISTICS

SUBMARKET	INVENTORY	SEMI ANNUAL CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	YTD GROSS ABSORPTION
Central Orlando	31,446,727	45,748	6.5%	29,358,646	\$14.58	(3.7%)	842,754
East Orlando	11,556,000	299,945	5.1%	10,965,320	\$17.12	(9.5%)	563,811
West Orlando	43,767,253	100,256	6.3%	40,954,934	\$15.50	(0.1%)	1,073,999
Seminole	28,472,972	11,636	6.6%	26,531,142	\$15.17	(0.6%)	975,109
TOTAL MARKET	115,242,952	457,585	6.3%	107,810,042	\$15.29	(0.8%)	3,455,673

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

ORLANDO / FLORIDA

	VACANCY		RENTAL RATES		GROSS ABSORPTION	
	Q2 2014	Q4 2014	Q2 2014	Q4 2014	FY 2013	YTD 2014
Community Center	8.9%	8.0%	\$13.89	\$14.49	1,033,659	591,159
Neighborhood Center	10.6%	9.8	\$14.87	\$14.57	986,502	1,053,449
Strip Center	11.8%	11.2%	\$15.96	\$15.83	455,920	716,349
Power Center	6.3%	4.8%	\$15.47	\$15.85	234,588	272,597
Lifestyle Center	4.8%	4.5%	\$25.13	\$26.40	57,607	30,153
Malls	3.5%	5.4%	\$11.27	\$11.34	66,473	80,047
TOTAL MARKET	6.8%	6.5%	\$15.41	\$15.48	2,834,749	2,743,754

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT YTD 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
8001 S Orange Blossom Trail, Orlando	West Orlando	Crayola Experience	Mall	87,000
11841-11967 Colonial Drive, Orlando	East Orlando	Academy Sports & Outdoors	Power Center	54,230
State Road 436, Orlando	East Orlando	Epic Theaters	Power Center	51,116
3652-3837 Lake Emma Road, Lake Mary	Seminole	The Fresh Market	Neighborhood	20,400
SIGNIFICANT YTD 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
3200 N John Young Parkway, Kissimmee	Osceola	MetLife	\$122,300,000 / \$281	434,909
Colonial Landing, 3200 E Colonial Drive, Orlando	Central Orlando	American Realty Cap	\$37,300,000 / \$144	259,024
Hollieanna Shopping Center, Winter Park	Central Orlando	Publix	\$24,775,000 / \$207	119,469
MetroWest Village, Orlando	West Orlando	PE/ARC Grocery Center REIT II	\$18,675,000 / \$171	109,299
SIGNIFICANT YTD 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
The Grove At Isleworth, Windermere	West Orlando	Dexter's/GNC	Q2 2014	82,900
Lakeside at Winter Park, Winter Park	Central Orlando	Trader Joe's	Q2 2014	35,170
Rialto Phase II, Orlando	West Orlando	Orange Theory	Q4 2014	17,361
Mills Park (Inline Shops), Orlando	Central Orlando	Firebirds	Q3 2014	20,900
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
The Crosslands, Kissimmee	Osceola	Ross Dress for Less, Haverly's	Q1 2015	427,000
Lee Vista Promenade, Orlando	East Orlando	Epic Theaters	Q4 2015	259,000
Orlando Eye, Orlando	West Orlando	Orlando Eye, Madame Tussauds	Q1 2015	232,850