

ORLANDO, FL MULTIFAMILY REPORT

2024 | MID-YEAR

BERKADIA®





Jobs Added / Lost

LAST 12 MONTHS

28,800

↑ 2.0%

Unemployment

JUNE 2024

3.6%

↑ 70 BPS YOY

**Seasonally Adjusted*

ORLANDO, FL EMPLOYMENT

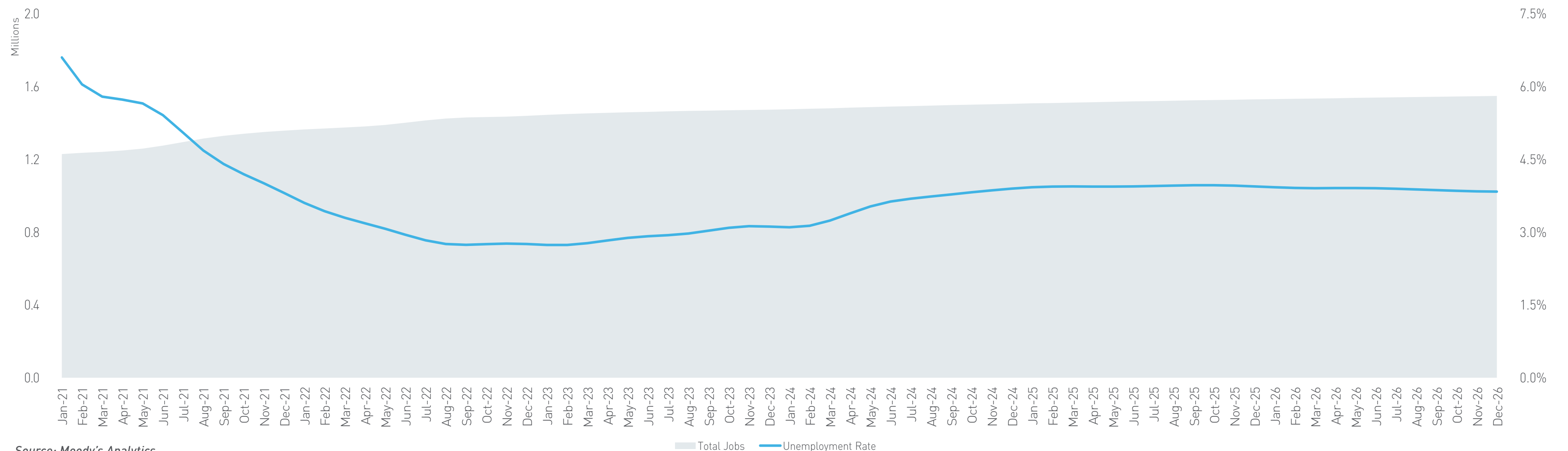
Orlando is consistently one of the most-visited cities in the United States, thanks to its world-renowned theme parks. Each year, 74 million people visit the area, and the local tourism industry infuses over \$75 billion into the central Florida economy. This activity boosted Orlando's leisure and hospitality sector, which led employment expansion in the last 12 months. Since mid-2023, employers in the sector added a net 9,500 workers to payrolls, a 3.4% increase. These employers included Disney, Universal Orlando, and SeaWorld, which together supported a total of 109,600 local jobs. Additionally, the three largest hotels in the area—Westgate Resorts, Marriott, and Hilton—employed a total of 13,800 workers in the area during

this period. Continued job growth in the leisure and hospitality sector is expected: in 2025, Universal Studios will open Epic Universe, a 1,485-acre theme park that will employ 14,000 workers. This project, along with many others, supported the net addition of 1,600 construction jobs in the last year. In terms of the rate of job growth, the private education and healthcare sector outpaced the other employment sectors. Institutions in the private education and healthcare sector filled 6,500 newly created positions, a 3.5% year-over-year gain. The healthcare industry was supported by the addition of hundreds of new workers at the expanded Orlando Health South Lake Hospital in January 2024.

In the News

- 🔗 [Universal Epic Universe to open in 2025 and will employ 14,000 workers](#)
- 🔗 [Phase 1 of Kissimmee's \\$1 billion Everest Place luxury development to open in 2026](#)
- 🔗 [Westcourt to break ground in late 2024 and create 3,400 jobs at build-out](#)

Employment Trends



Source: Moody's Analytics



2024 YEAR TO DATE

DELIVERIES

7,805 UNITS

ABSORPTION

7,131 UNITS

2024 TOTAL*

DELIVERIES

14,037 UNITS

ABSORPTION

12,495 UNITS

*Projected

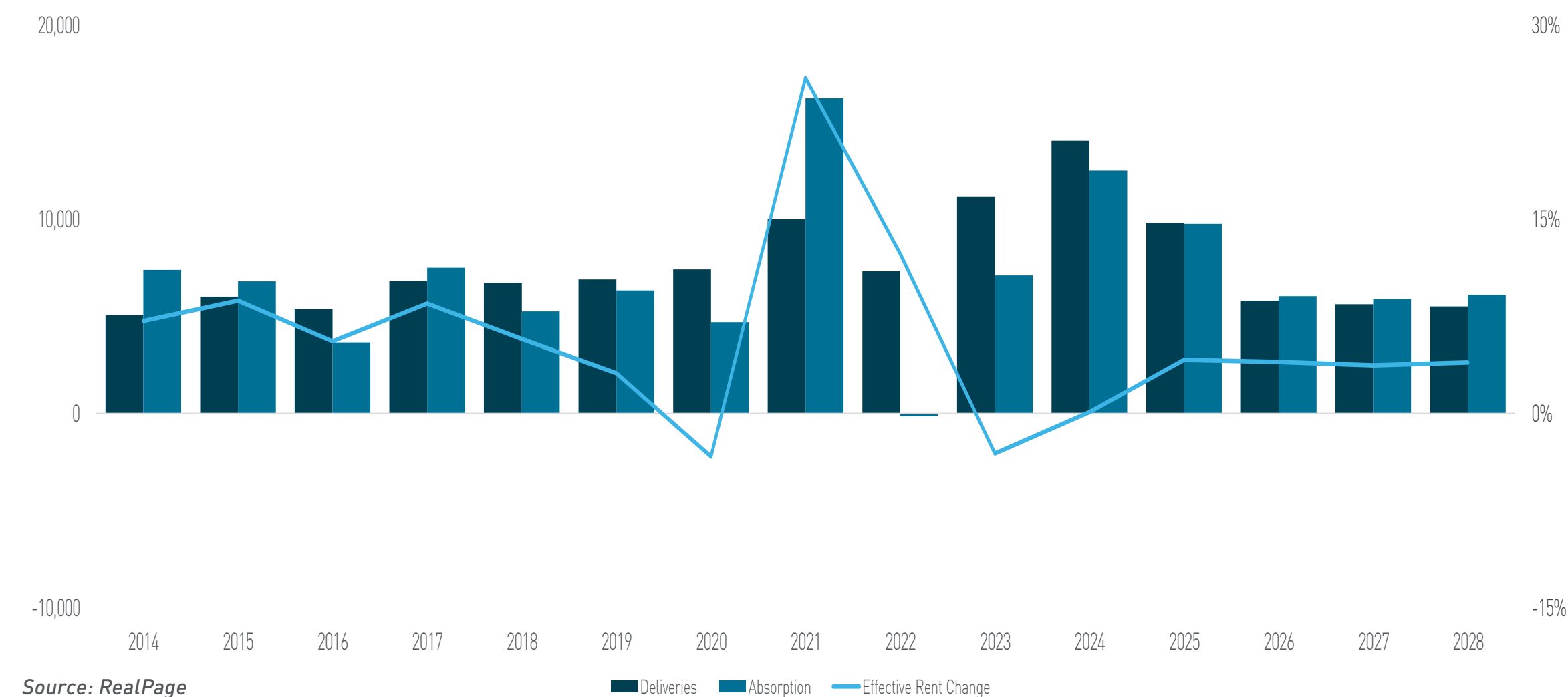
ORLANDO, FL

DELIVERIES & ABSORPTION

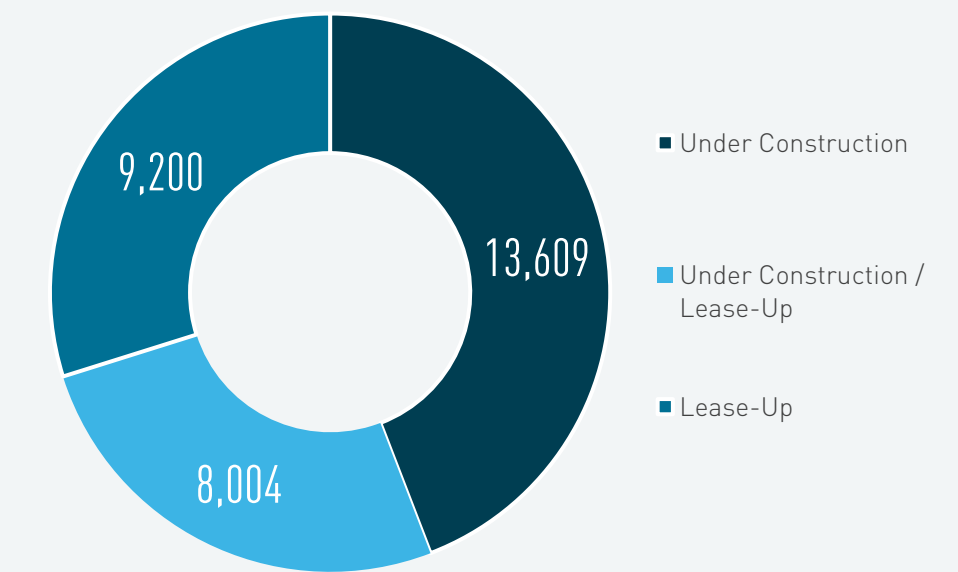
In the most recent five-year period, net in-migration to the Orlando metro area totaled more than 182,700 new residents. Multifamily developers have ramped up construction to keep pace, which has heightened deliveries. As of the second quarter of 2024, 21,613 apartment units were in the construction or lease-up phase. Because of abundant developable land, most of the multifamily projects are sprawling garden style communities. Additionally, higher interest rates and costlier labor and construction materials mean that about 80% of developments in the pipeline are Class A properties. This reality exists so investors have an easier path to desired returns on investment. The bustling

pipeline has fueled heightened apartment deliveries. In the first half of 2024, builders completed 7,805 units, part of 14,421 units delivered since mid-2023. During the remainder of 2024, 6,232 units are scheduled for completion metrowide. Among the 30 apartment communities coming to completion in the last half of this year are the 384-unit Infield I garden apartments in Kissimmee, the 320-unit Story Sanford apartment community in Sanford, and the 260-unit Futura at Nona Cove mid-rise apartment building in Orlando. The emergence of new, amenity-rich apartments is expected to drive demand. From mid-2024 through the end of 2025, net apartment absorption in the metro area is projected to exceed 15,000 units.

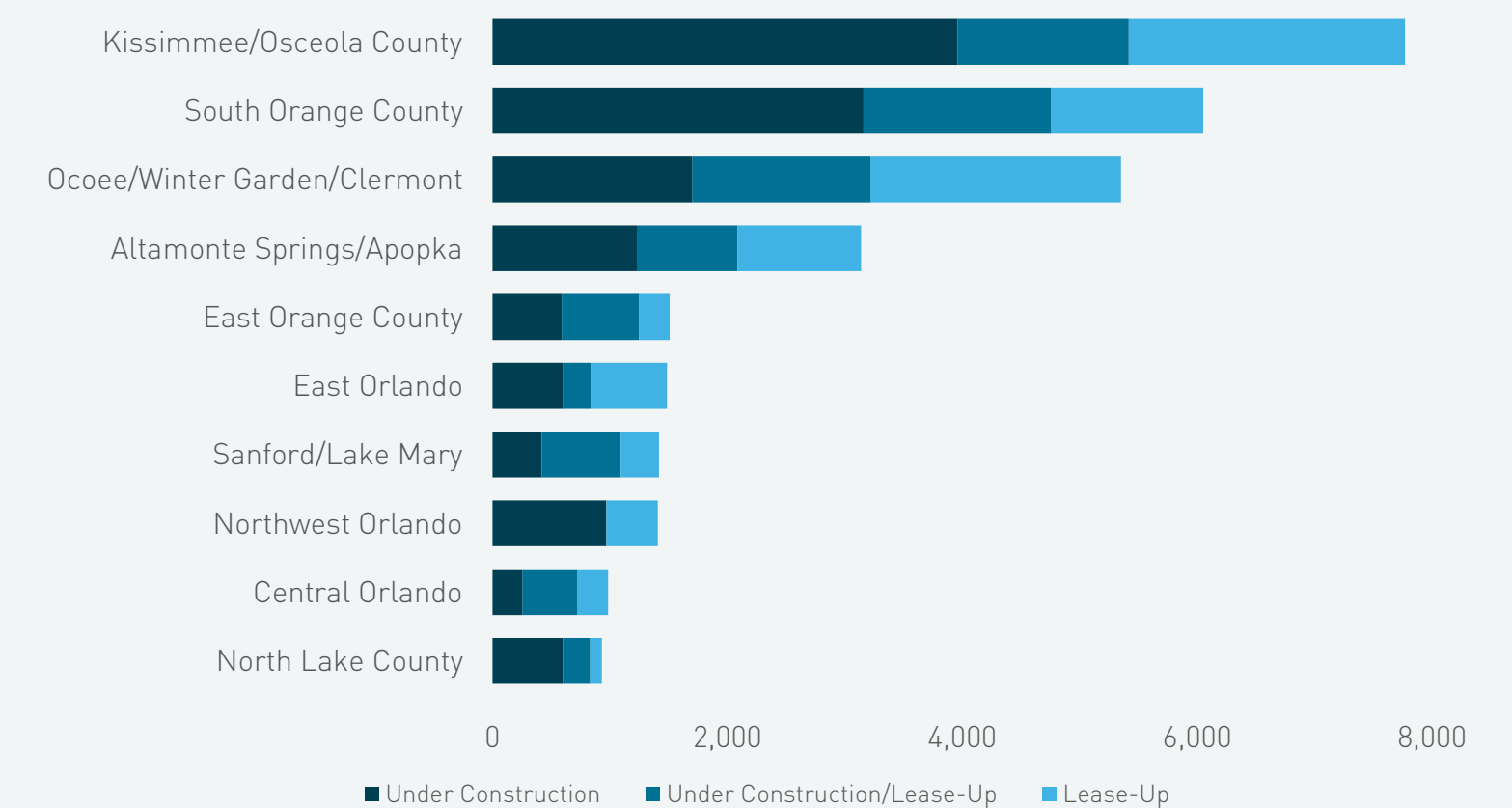
Deliveries, Absorption, & Effective Rent Change



Market Pipeline



Top Submarket Pipelines

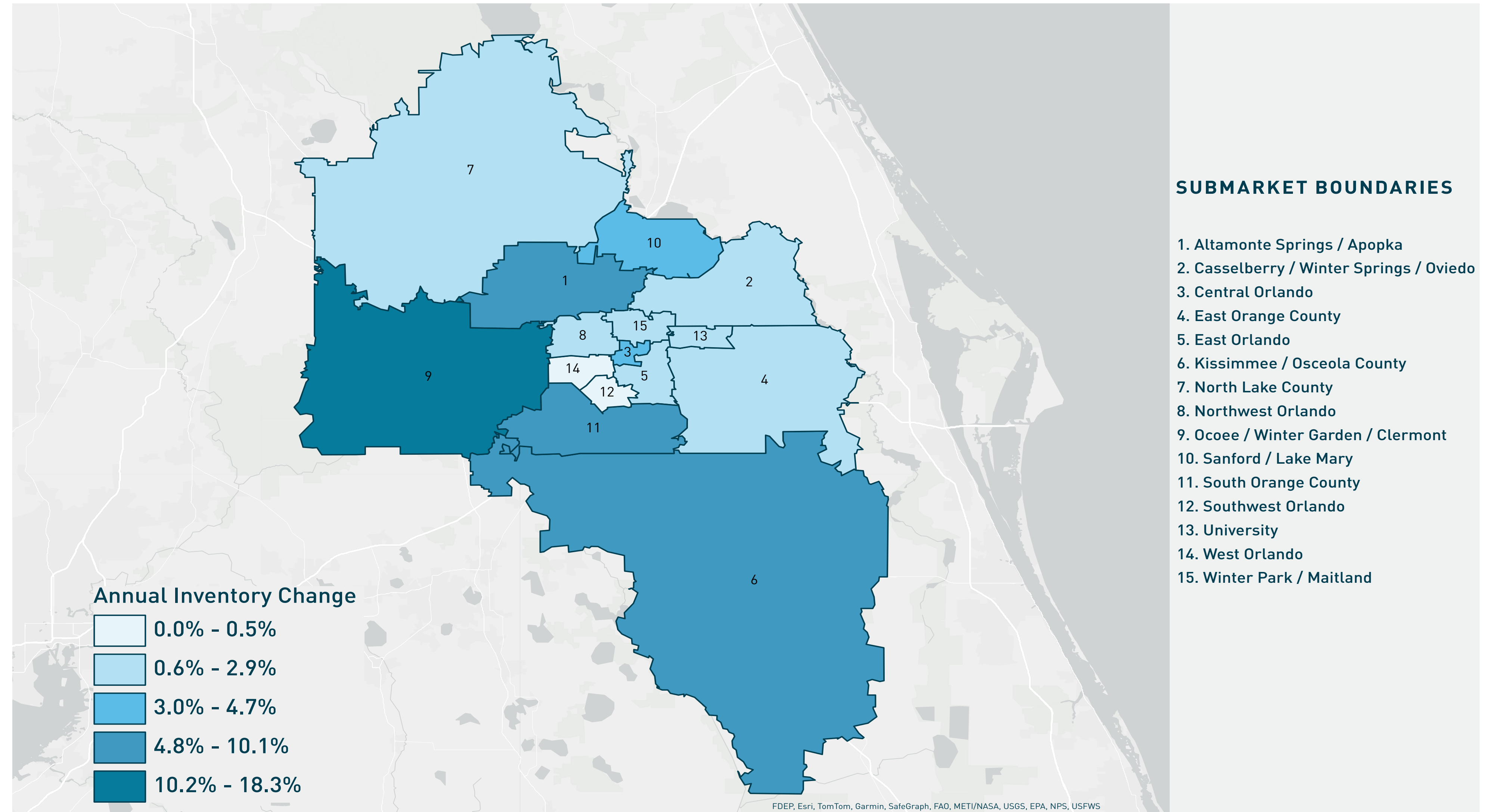




In the last 12 months, multifamily developers concentrated over 60% of the new apartment inventory in three submarkets: Kissimmee/ Osceola County, South Orange County, and Ocoee/Winter Garden. Nearly 3,500 units came online in the Kissimmee/ Osceola submarket, mostly in the downtown area and near the Florida Turnpike for ready access to employment hubs to the north. These apartment communities will be conveniently near the \$750 million first phase of the massive and luxurious Everest Place mixed-use development in Kissimmee, which will open in 2026. Builders also completed 3,036 units in the Ocoee/Winter Garden submarket and 2,325 units in the South Orange County submarket, with special attention to locating near the Disney and Universal Studios parks. This same strategy will be carried out through 2025, as over 6,600 apartment units are anticipated to emerge in these two submarkets.

ORLANDO, FL

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE





Effective Rent

Q2 2024
\$1,776
↓ 3.0% YOY

Occupancy

Q2 2024
93.7%
↓ 90 BPS YOY

ORLANDO, FL RENT & OCCUPANCY

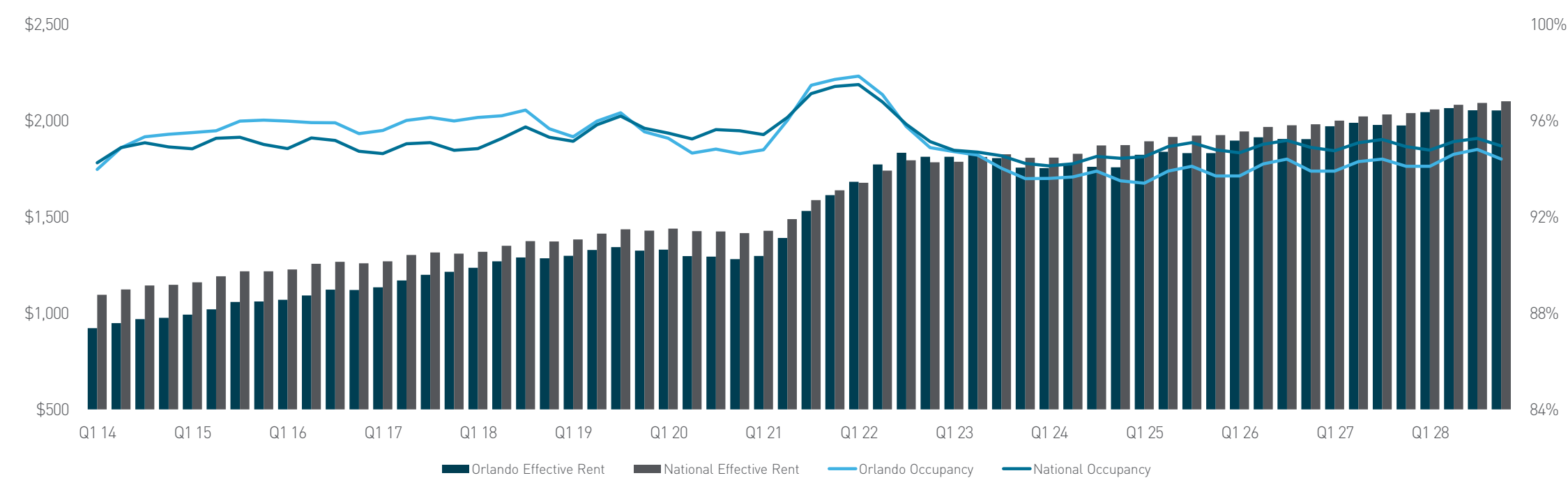
Apartment operators in the Orlando metro area recorded 93.7% occupancy in the second quarter of 2024, down from 94.6% one year earlier. The decrease came as healthy apartment demand trailed heightened deliveries. During the same period, average monthly effective rent decreased 3.0% to \$1,776. The Orlando apartment market is bifurcated. Thousands of people move to the area each year, many from more expensive metro areas like New York City or Miami. These new residents often have the budget to choose high-end apartments. At the other end of the spectrum are the tens of thousands of residents who work at the local theme parks in low-paying occupations that can only support Class C multifamily

accommodations. Class C apartments account for fewer than one-third of the multifamily units in the metro area. Given the shortage of lower-tier apartments and the perennial demand for them, it is understandable that average Class C occupancy over the last 10 years has been about 170 basis points higher than average Class A occupancy. More recently, while Class A effective rent dipped 2.6% year over year through the second quarter of 2024, Class C effective rent was unchanged at \$1,484 per month. The Live Local Act, allowing multifamily housing development in commercial zones if 40% of the units are designated as affordable, will create more housing choices for lower-wage workers in the coming years.

Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Altamonte Springs/Apopka	93.2%	-110	\$1,677	-4.4%
Casselberry/Winter Springs/Oviedo	93.9%	-40	\$1,756	-1.5%
Central Orlando	93.2%	-40	\$2,098	-2.6%
East Orange County	93.6%	-100	\$1,894	-3.7%
East Orlando	94.1%	-130	\$1,669	-1.9%
Kissimmee/Osceola County	93.4%	-140	\$1,744	-4.5%
North Lake County	95.7%	-160	\$1,437	1.1%
Northwest Orlando	93.5%	-100	\$1,634	-2.9%
Ocoee/Winter Garden/Clermont	93.1%	-180	\$1,843	-3.4%
Sanford/Lake Mary	93.8%	-60	\$1,743	-2.1%
South Orange County	94.0%	-60	\$1,949	-3.0%
Southwest Orlando	92.9%	-60	\$1,588	-4.7%
University	95.2%	-60	\$1,701	-0.9%
West Orlando	94.1%	-20	\$1,734	-4.5%
Winter Park/Maitland	93.9%	-90	\$1,700	-3.2%

Orlando vs. National Effective Rent & Occupancy



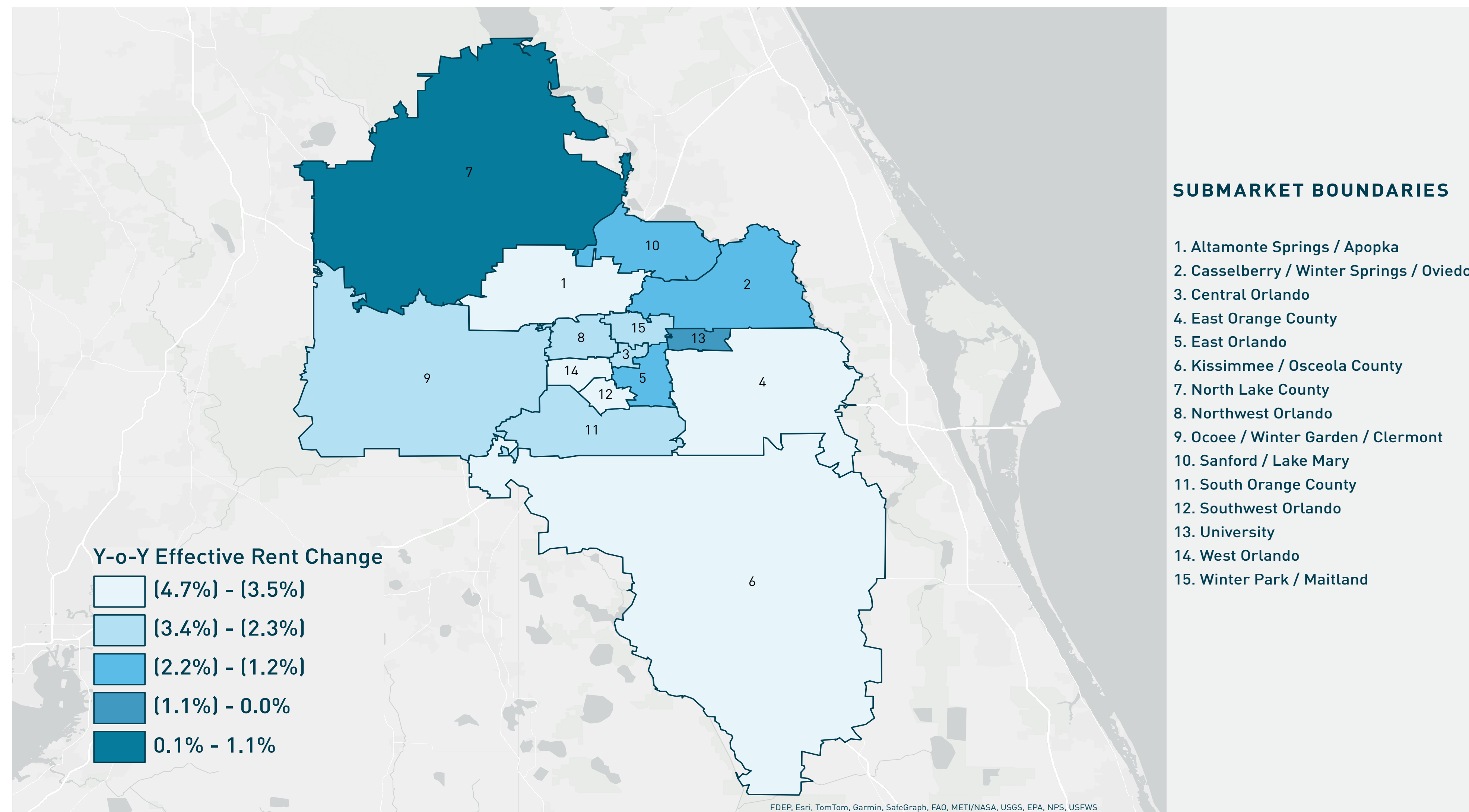
Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.



Like many parts of the country, the Orlando metro area had an apartment supply imbalance along with reduced demand, which curbed rent growth. Of the 15 submarkets in the metro area, the submarket with the lowest rent, the North Lake County submarket, had the distinction of being the only area in the metro where effective rent increased in the last year. Average effective rent in the North Lake County submarket rose 1.1% annually to \$1,437 per month by mid-2024. Of the remaining submarkets, the University submarket had the smallest year-over-year decrease in effective rent, a reduction of 0.9%. The University of Central Florida is located in the University submarket. Of the 56,570 students at the university, more than 75% of the students need off-campus housing, creating a stabilizing effect on rents in the immediate area.

ORLANDO, FL

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE





ORLANDO, FL

SALES

2024 Year to Date*



VOLUME
\$368.6M



PRICE PER UNIT (AVG)
\$240,036



TRANSACTIONS
6

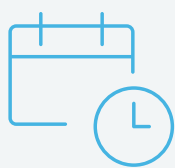


CAP RATE (AVG)
5.3%

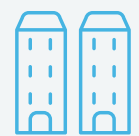
What's Trading?*



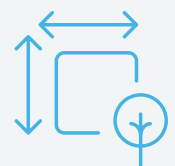
UNITS (AVG)
301



YEAR BUILT (AVG)
2010s



BUILDINGS (AVG)
10



ACRES (AVG)
15.54

Top Buyers*

BUYER	LOCATION
Brookfield AM	Toronto, ONT
Journey Capital Real Estate Partners	New York
Brass Enterprises	Toronto, ONT
Providence Management	Glenview, IL
Centennial Holding Co	Atlanta

Top Sellers*

SELLER	LOCATION
Starwood Capital	Miami Beach, FL
DeBartolo Development	Tampa
ApexOne Investment Partners	Houston
Investcorp	Manama, BH
Maifly Development	Pittsburgh

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



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

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