

▶ MARKET HIGHLIGHT: ORLANDO

ORLANDO'S RETAIL MARKET IS THRIVING BOTH IN THE CORE AND SUBURBAN SUBMARKETS



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Orlando's retail market happens to be a really good representation of the national market. By every metric, Orlando is doing well as both rental rates and occupancy rates have been increasing. Orlando is one of the fastest growing cities in America, adding roughly 1,000 new residents each week. Tourism numbers continue to climb with 75 million visitors in 2018, according to Visit Florida. Downtown is experiencing an economic resurgence with a new collegiate campus (more on this later). As a result of the city's overall growth, Orlando is also experiencing suburban growth with noteworthy developments such as Lake Nona.

However, it can be overwhelming in the sense that the industry and consumer demands continue to evolve. There are all kinds of new and differ-



Lake Nona Town Center is the epicenter of Orlando's suburban retail growth. Tavistock Development Co. has added many retailers to the project, including Cinepolis USA (coming 2020), Drive Shack, Park Pizza & Brewing and Bosphorous Turkish Cuisine.

ent concepts so to be a player in today's dynamic market, retailers have to be innovative. While there is news of retailers shrinking in size or filing bankruptcy, it is important to keep up with the evolving market and create retail concepts that are relevant to today's consumer's demands.

One consumer demand is retail tourism, which is a hotspot for re-

tail development, especially with Disney Springs, the I-Drive corridor and theme parks in the surrounding area. What drives retail development is growth. It's always about retailers wanting to either enter growth markets or increase their presence in an existing market. If there are more tourists coming in, there are more dollars coming in, which provides more opportunities wherever we see growth (i.e. downtown, west side and south side of the Orlando MSA).

Other examples of retail tourism include Vineland Pointe and O-Town West — both currently under development. "We're in the process of transactions that will result in over 1 million square feet of retail space being built. It is the biggest pipeline we have had and it is largely driven by population growth, job production, increase in tourism and the demand for retail and entertainment experiences," says Daryl Carter, president of Maury L. Carter & Associates.

Downtown

Another factor contributing to a strong retail market is the growth occurring in the downtown area. Downtown Orlando is about to experience one of the most significant events in its modern development as The University of Central Florida and Valencia College are opening a joint campus just west of Interstate 4, near the Florida A&M University College of Law, as part of Creative Village. This month, over 8,000 undergraduate and graduate students will start attending classes in a state-of-the-art campus.

These new students, faculty and professors will drive residential and retail growth. Look for this to be a major milestone in the resurgence of retail in downtown Orlando and the nearby Parramore neighborhood.

Lake Nona

Lastly, it is hard not to speak about

Lake Nona when looking at Orlando's retail market. There were talks of retail in Lake Nona 10 years ago, and many thought it was too early for this discussion.

But now is the time to really be talking about retail in this area as Lake Nona continues to be on the cutting edge with a mix of concepts including residential, schools, health and wellness, dining and entertainment. The submarket is experiencing an explosive growth and it is where we are seeing some of the highest retail rental rates in Orlando: as much as \$49 per square foot, according to Co-Star. Major retailers such as Publix, Walmart, Sam's Club, Lowe's Home Improvement and Starbucks have opened to cater to the area's suburban growth.

Investment

Orlando remains a hot market for retail investment sales. Any center in Central Florida that would be A-rated, anchored by Publix with a long-term lease and reasonable amount of shop space, it is going to sell as strong as any market in the country. For buyers, we are still seeing a significant of institutional capital looking for a home.

There are still some REITs that are repositioning and selling some non-core assets. We also continue to see significant activity on the single-tenant side as investors chase yield with strong corporate backing. It's still a better time to sell than to buy, but that doesn't mean there are not some great opportunities out there.

Outlook

Overall, retail in Orlando is strong, albeit in an increasingly dynamic market. With outsized tourism, a resurging downtown and Lake Nona, it is safe to say that the Orlando retail market is in great hands and will only continue to grow as the market evolves.



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