



MULTIFAMILY REPORT

# Orlando: At a Turning Point

Summer 2020

**Transaction Activity Moderates**

**Per-Unit Price Marks New High**

**Development Maintains Solid Pace**

# ORLANDO MULTIFAMILY



## Rent Growth Rebounds, Unemployment Still High

Orlando's multifamily sector is at a crossroads. Following four years of strong supply, totaling almost 29,000 units—the bulk of these at the higher end of the quality spectrum—the coronavirus-induced crisis has put an end to the metro's ongoing expansion. The pandemic triggered massive job losses, pushing some renters to seek more affordable housing. With the average rate at \$1,346, rent growth was flat on a trailing three-month basis through August, after more than six months of steady contractions.

With tourism at a standstill for several months, the metro's unemployment rate skyrocketed. In May, the rate hit 21.1% before slowly improving to 15.3% as of July, according to preliminary data. Without a doubt, the leisure and hospitality sector was the most severely impacted, losing 43.5% of its workforce in the 12 months ending in June. And with Orlando's economy heavily relying on tourism, the effects of the coronavirus crisis will most likely linger. Construction was the only segment to add jobs over 12 months (3,400 positions), which offset a fraction of overall losses.

On the heels of last year's 7,888-unit cycle high, developers added another 3,749 units in 2020 through August. Deal velocity slowed down, with only \$1.3 billion in assets trading, down from \$1.9 billion in the same period in 2019. Considering fundamentals and the economic climate, we expect Orlando rents to drop 4.7% this year.

## Market Analysis | Summer 2020

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### Recent Orlando Transactions

#### The Braxton



City: Palm Bay, Fla.  
Buyer: Electra America  
Purchase Price: \$49 MM  
Price per Unit: \$151,563

#### The Residences at Veranda Park



City: Orlando, Fla.  
Buyer: Westside Capital Group  
Purchase Price: \$45 MM  
Price per Unit: \$300,000

#### Stratford Point



City: Sanford, Fla.  
Buyer: Lincoln Avenue Capital  
Purchase Price: \$38 MM  
Price per Unit: \$98,979

#### Hatteras Sound



City: Sanford, Fla.  
Buyer: Starwood Capital Group  
Purchase Price: \$33 MM  
Price per Unit: \$180,902