

Orlando MSA Market Update



All data represent most recent available as of July 31, 2023

Pictured: USTA National Campus, Lake Nona

July 2023



Growth in consumer spending in Orlando was **broadly flat** in the year ending June 2023, even as overall sales remained resilient and consumer sentiment continued to rebound.

Employment declined in June in line with seasonal trends. However, the region **has added 50,400 jobs in the last year** and is projected to be **Florida's fastest-growing job market between 2023 and 2030**.

Unemployment has inched up in recent months as demand for labor eases. However, **hiring conditions remain challenging** and vacancies tough to fill.

Orlando's office market received a boost in the second quarter from the region's largest transaction in several years. However, leasing volume remains below pre-pandemic levels and vacancy elevated as the market continues to deal with the fallout from the pandemic.

Passenger volume at **Orlando International Airport** in the first half of 2023 exceeded 2022 levels by over 4 million, aided in part by the opening of Terminal C late last year.

Orlando businesses surveyed by the Partnership are **more optimistic about the U.S. economy** than earlier in 2023, as a **recession fails to materialize and they themselves continue to grow**.

Staff recruitment and retention remains an important challenge facing area employers. Companies also continue to report concern around **ongoing client caution** as well as the risk of **delayed price increases from suppliers**.

The near-term outlook for the **U.S. economy** appears to be improving as inflation continues to ease with no significant deterioration in the labor market. Expectations of a recession are cooling, and it may be 2024 before any meaningful downturn materializes.

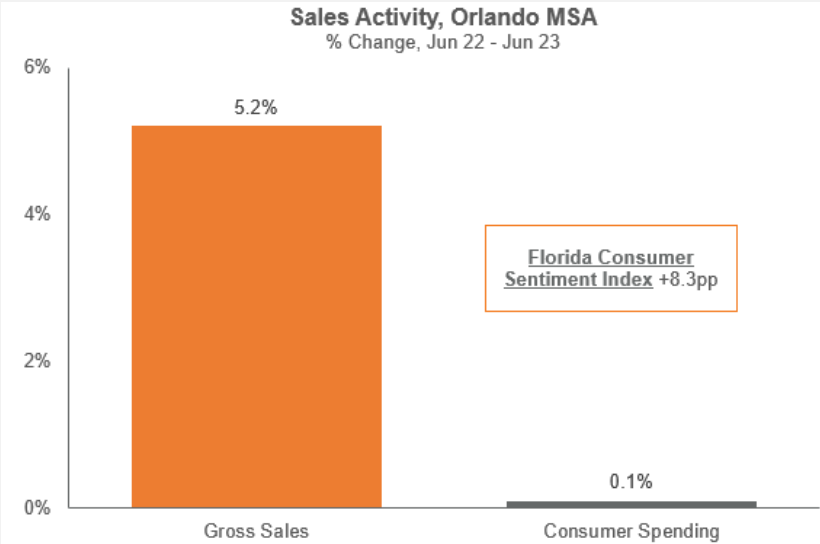
Orlando should face only **minimal impact from what looks increasingly likely to be a mild downturn** and local businesses should continue to seek growth opportunities.



Pictured: 200 South Orange Ave, home of the Orlando Economic Partnership offices

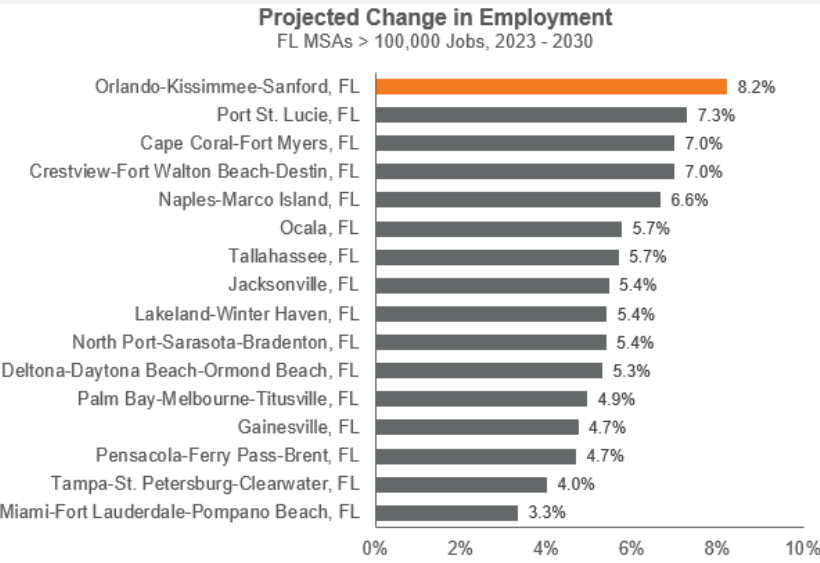
CONSUMER SPENDING

The latest [sales data](#) suggest only nominal growth in consumer spending between June 2022 and June 2023, even as overall business activity remained resilient and consumer sentiment improved. Consumers may be foregoing large discretionary purchases in the face of ongoing economic uncertainty.



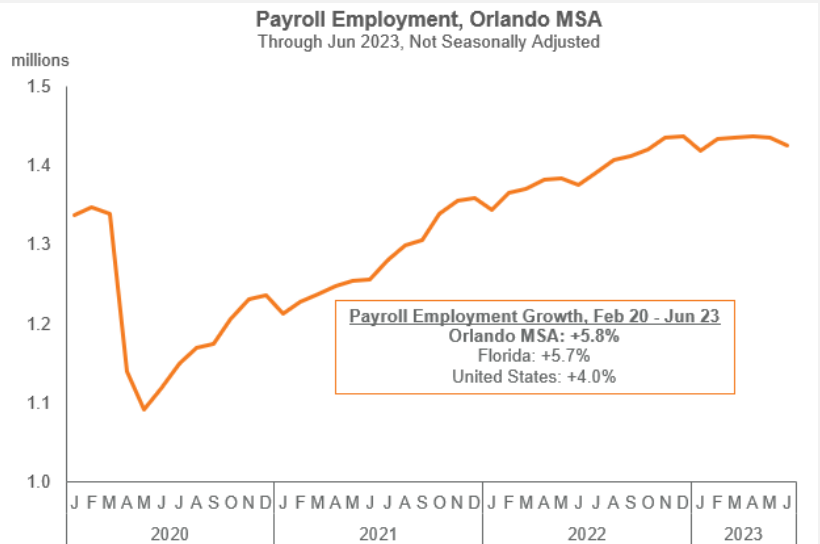
PROJECTED JOB GROWTH

Current [projections](#) suggest Orlando will be Florida's fastest-growing region between 2023 and 2030, expanding its employment base by over 8%.



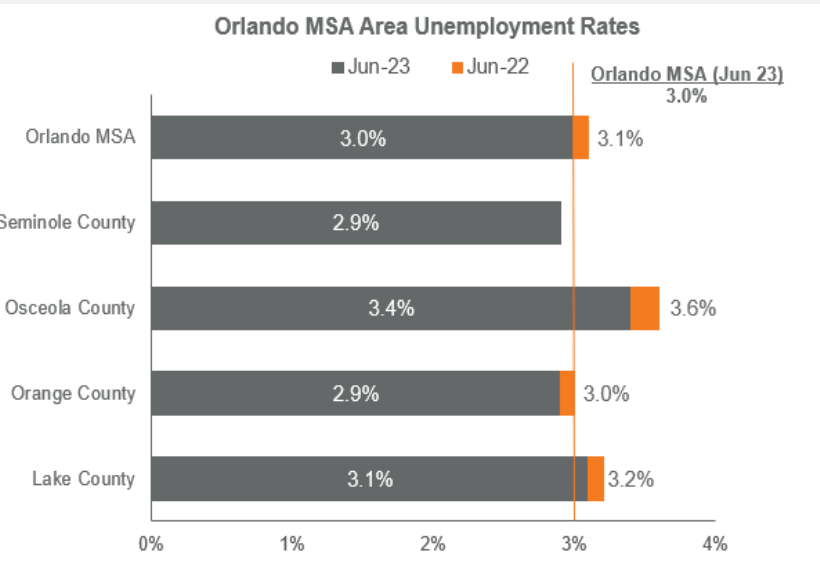
PAYROLL EMPLOYMENT

[Regional payrolls](#) now exceed pre-pandemic levels by 78,400 jobs, despite some seasonal weakness in the last few months (typically associated with school being out). Employment in Orlando has grown by more than the state and nation coming out of the pandemic.



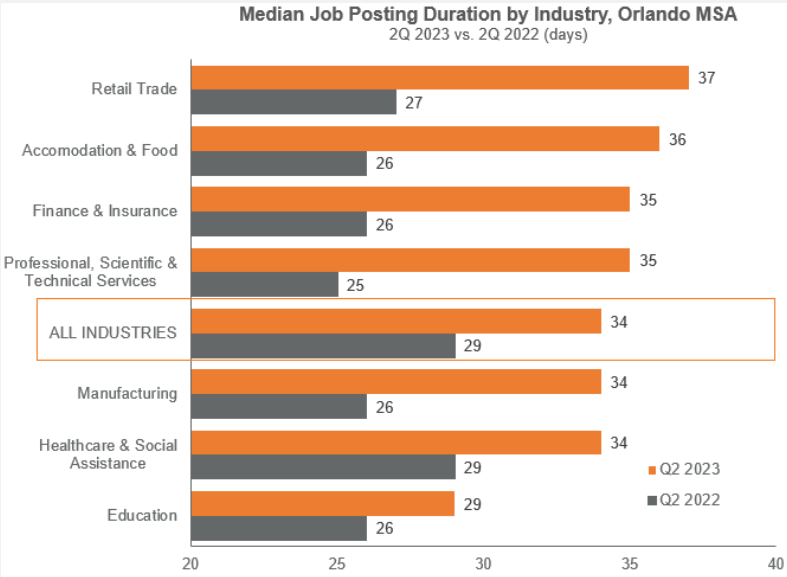
UNEMPLOYMENT RATE

[Unemployment](#) increased in June but closed the second quarter of 2023 down 0.1 percentage points from a year earlier. Osceola County experienced the greatest decline over the period; Seminole County was unchanged.



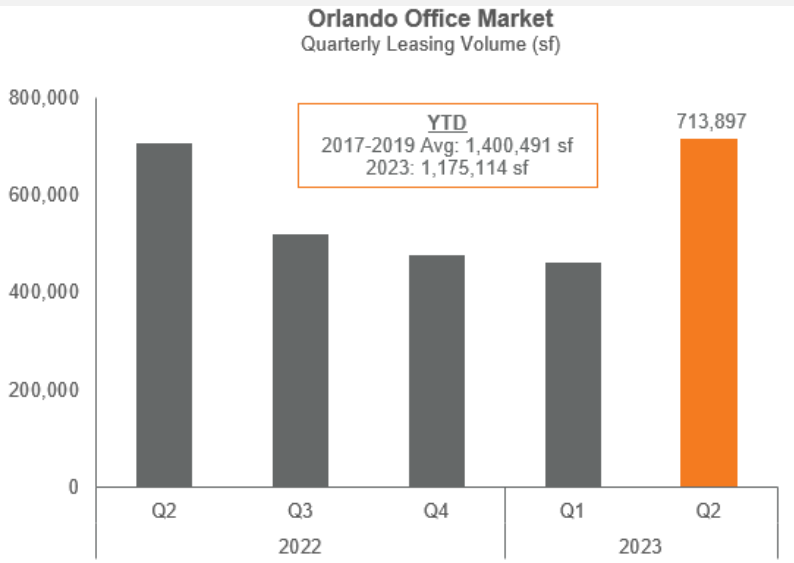
JOB POSTINGS

[Hiring conditions](#) remain challenging, even as demand for labor moderates and unemployment inches up. All industries appear to be taking longer to fill open positions; difficulties appear most acute in consumer-facing sectors.



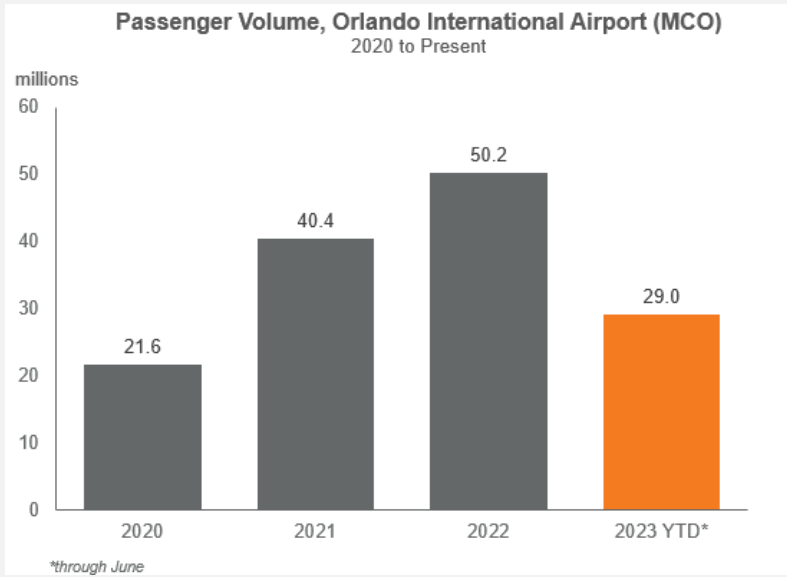
COMMERCIAL REAL ESTATE

Office [leasing activity](#) rebounded in the second quarter of 2023 as BNY Mellon leased almost 200,000 square feet in the Lake Mary/Heathrow area. However, leasing volume in the first half of 2023 remains around 20% below pre-pandemic averages.



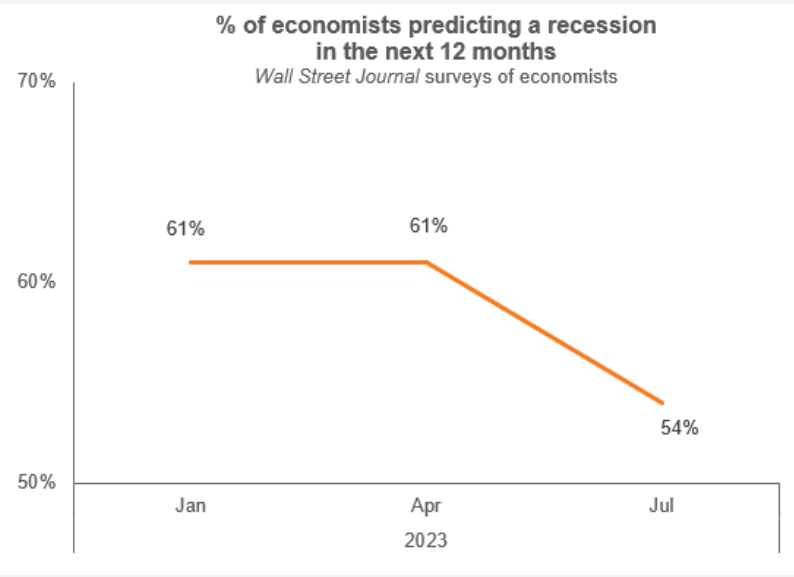
MCO AT MIDYEAR

Four million more passengers passed through [Orlando International Airport](#) in the first six months of 2023 than in the corresponding period of 2022. Domestic traffic has increased 16%; international traffic is up 41%.



OUTLOOK

[Economists](#) increasingly believe a soft landing (reducing inflation without causing a recession) may be possible for the U.S. economy. Many still expect a downturn eventually but believe it will be later and more mild than previously anticipated.



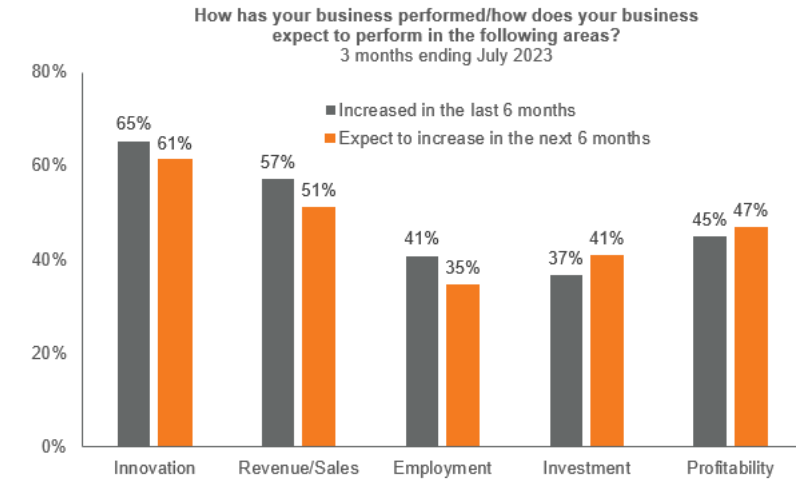


Pictured: Lake Eola Fountain

PERFORMANCE & EXPECTATIONS

Over half (57%) of Partnership investors surveyed in the three months ending July 2023 **increased revenue** in the last six months, up slightly from earlier in the year as many respondents again failed to see any downturn in their own businesses. However, the percentage of businesses **adding staff dropped** to 41% - a reminder that economic uncertainty continues to linger and casts a shadow over local growth ambitions.

Expectations for the next six months remain **positive but cautious**. Just over a third of businesses (35%) are looking to add staff even as a majority (51%) expect to grow revenue.



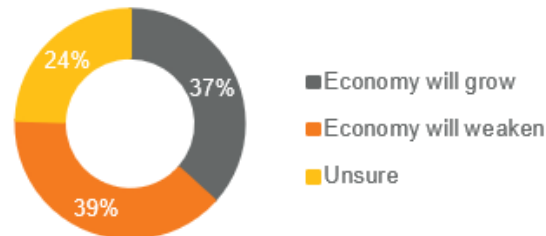
CHALLENGES & OPPORTUNITIES

Staff recruitment and retention remains the **dominant challenge** reported by area businesses, although some respondents noted some recent cooling in competition for talent. Other prominent issues highlighted by businesses are ongoing client caution and the risk of suppliers making delayed pricing adjustments, which would add to existing cost pressures.

Respondents in July continued to cite opportunity to **grow revenue, primarily from securing work from new businesses locating in the region** or from **opportunities tied to increases in government spending**.

OUTLOOK

What are your thoughts about the outlook for the U.S. economy over the next 6 months?
3 months ending July 2023



37% of Partnership investors surveyed between May and July believe the **U.S. economy will grow** in the next six months, the highest percentage since the survey's inception and up from just 12% in the three months ending April. Multiple respondents in July noted that inflation is now easing, and that national economic data is yet to signal any meaningful downturn.

Businesses who believe the economy will weaken point overwhelmingly to the danger posed by **ongoing interest rate increases**. Those who project growth continue to reference **uninterrupted growth in their own business** as well as the positive impact of **ongoing migration to Florida and the region**.

			Current Month	Month Earlier	Year Earlier	Monthly Change		Annual Change	
						Level	Percent	Level	Percent
Business Revenue	Total Sales ¹	June-23	\$17.1 billion	\$18.2 billion	\$16.2 billion	-\$1.1 billion	-6.1%	\$849.1 million	5.2%
	Florida Consumer Sentiment Index	June-23	69.3	69.1	61.0	0.2pp		8.3pp	
Consumer Spending	Consumer Spending ²	June-23	\$8.42 billion	\$9.1 billion	\$8.40 billion	-\$649.4 million	-7.2%	\$11.8 million	0.1%
	Labor Force	June-23	1,486,264	1,467,369	1,429,787	18,895	1.3%	56,477	4.0%
Labor Market	Employed	June-23	1,441,556	1,427,698	1,385,358	13,858	1.0%	56,198	4.1%
	Unemployed	June-23	44,708	39,671	44,429	5,037	12.7%	279	0.6%
	Unemployment Rate	June-23	3.0%	2.7%	3.1%	0.3pp		-0.1pp	
	Average Weekly Wage	June-23	\$1,009.36	\$1,007.68	\$1,005.61	\$1.68	0.2%	\$3.75	0.4%
	Job Postings	June-23	30,205	30,335	38,191	-130	-0.4%	-7,986	-20.9%
	TOTAL	June-23	1,426,000	1,435,900	1,375,600	-9,900	-0.7%	50,400	3.7%
Payroll Employment	Mining & Logging	June-23	200	200	200	0	0.0%	0	0.0%
	Construction	June-23	85,300	86,300	87,400	-1,000	-1.2%	-2,100	-2.4%
	Manufacturing	June-23	52,800	52,200	52,000	600	1.1%	800	1.5%
	Wholesale Trade	June-23	53,500	53,900	50,100	-400	-0.7%	3,400	6.8%
	Retail	June-23	152,100	151,000	147,700	1,100	0.7%	4,400	3.0%
	Transportation, Warehousing & Utilities	June-23	60,800	61,300	60,400	-500	-0.8%	400	0.7%
	Information	June-23	26,800	26,500	26,400	300	1.1%	400	1.5%
	Financial Activities	June-23	91,100	91,900	88,800	-800	-0.9%	2,300	2.6%
	Professional & Business Services	June-23	269,900	271,300	269,000	-1,400	-0.5%	900	0.3%
	Education & Health Services	June-23	180,500	180,200	169,700	300	0.2%	10,800	6.4%
	Leisure & Hospitality	June-23	290,500	290,200	265,600	300	0.1%	24,900	9.4%
	Other Services	June-23	43,800	43,700	42,500	100	0.2%	1,300	3.1%
	Government	June-23	118,700	127,200	115,800	-8,500	-6.7%	2,900	2.5%
	Closed Sales	June-23	3,124	3,150	3,793	-26	-0.8%	-669	-17.6%
Real Estate	Median Price	June-23	\$385,000	\$378,000	\$387,000	\$7,000	1.9%	-\$2,000	-0.5%
	New Housing Units Authorized	June-23	3,032	2,020	2,081	1,012	50.1%	951	45.7%
Visitor Industry	Hotel Occupancy	June-23	69.3%	77.4%	71.1%	-8.1pp		-1.8pp	
	Total Passengers - Orlando International Airport	June-23	4,749,097	4,941,243	4,226,460	-192,146	-3.9%	522,637	12.4%

¹preliminary²custom OEP aggregation; NOT a published statistic