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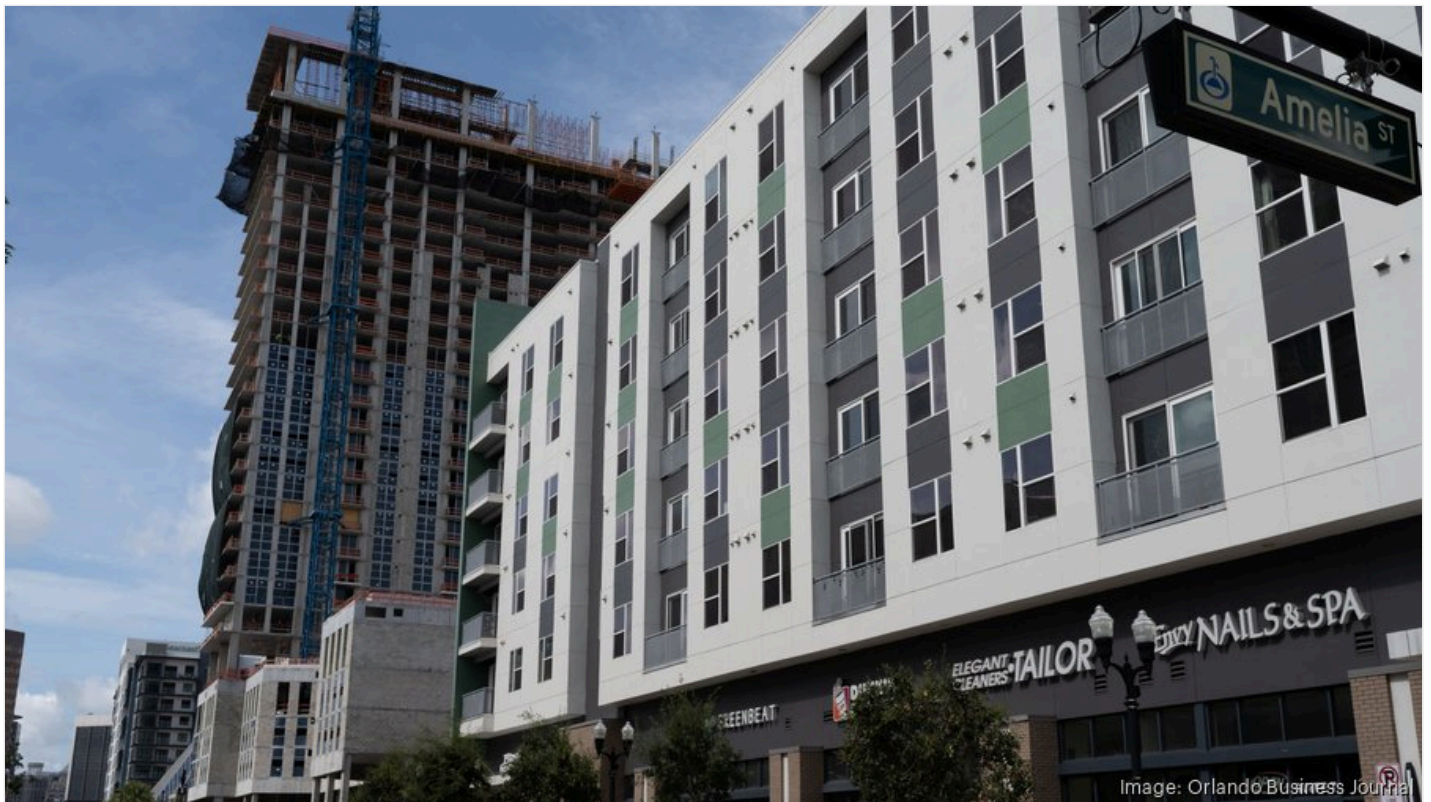
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Commercial Real Estate

Orlando ZIP code is among fastest growing in nation for new apartments




Society Orlando, a new apartment community being built downtown, rises behind the Central Station on Orange mixed-use apartments at 480 N. Orange Ave.

RICH JOHNSON/SPECTACLE PHOTO



By **Steven Ryzewski** – Senior Staff Writer/Digital Producer, Orlando Business Journal
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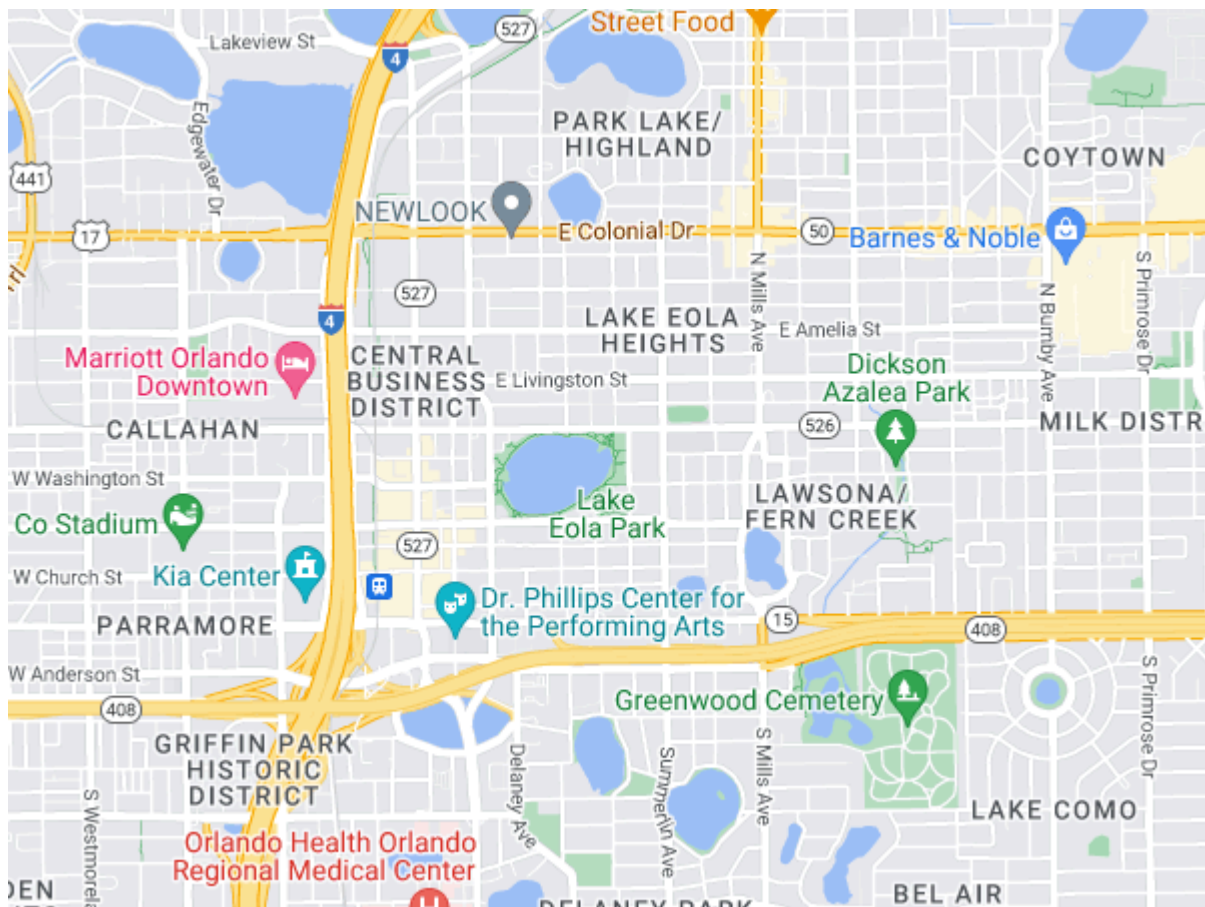


A ZIP code in the heart of Orlando is among the fastest growing in the nation for new apartments delivered in recent years, a new study shows.

A report released last week by RentCafe, a subsidiary of Santa Barbara, California-based Yardi Systems, **ranked downtown Orlando's 32801 ZIP code among the top-50 in the U.S. for number of apartments added between 2017 and 2022.**

With 2,806 apartment units added during the period studied, the downtown ZIP code ranked 49th, ahead of 11201 in Brooklyn, New York's 2,804 apartments added.

Washington, D.C.'s ZIP code 20002 led the nation with 7,378 new apartments in the five-year period.



Why is Orlando ZIP code 32801 being ranked among the top in the nation for new apartments delivered significant?

The inclusion of the downtown Orlando ZIP code among the markets that have added the most apartments between 2017 and 2022 reflects the demand for housing both in the city's urban core and in the market, overall.

This has **far-reaching implications, including for retail growth in the long-challenged central business district**, experts say.

"We have not seen the full effect of the residential influx," said Sandi Bargfrede, a managing partner at Orlando-based Acre Commercial Real Estate who recently oversaw her team's successful leasing of the retail space at the Radius Orlando apartment tower, located downtown at 355 N. Rosalind Ave. "As more apartments come online, we'll start to see it."



Sandi Bargfrede

Meanwhile, the recognition for the downtown apartment market comes at a time when the robust pace of development has slowed considerably.

Prolific downtown developer **Craig Ustler** previously told *Orlando Business Journal* that **development of new mid- and high-rise apartments in the city's core was "impossible,"** given the reticence for lending in the capital markets and construction costs.

That's not to mention additional factors, such as flattening rents and rising property insurance rates, **that have hampered apartment development** across the metro.

Lisa McNatt, director of market analytics in Orlando for CoStar Group, told *OBJ* that 1,564 new units are in development or under construction in downtown Orlando, currently – but further noted CoStar's downtown submarket is larger than the 32801 ZIP code and 462 of those apartments will deliver soon when Society Orlando open.



Lisa McNatt, director of market analytics in Orlando for Washington, D.C.-based CoStar Group.

LISA MCNATT

Because no new units have delivered downtown in 2023, McNatt said, vacancy in the downtown submarket has declined to 7.3% – a decrease of about a percentage point year-over-year.

Shelton Granade, a multifamily expert and executive managing director in the Orlando office of Institutional Property Advisors – a division of Calabasas, California-based Marcus & Millichap Inc. – said apartment trades have stalled downtown in 2023, as well, but that the lack of deal-flow has less to do with the health of the submarket than it does overriding economic factors.

"Operationally, just in terms of occupancy and rents, the downtown properties are doing well from the multifamily perspective," Granade said. "That submarket has been moving in the right direction the last few years."



Shelton Granade Jr., executive managing director, Marcus & Millichap Inc.'s (NYSE: MMI) Institutional Property Advisors

JIM CARCHIDI

Granade, who along with his investment sales team was involved in several downtown apartment trades in 2022 – including those of 55 West and SkyHouse – said observers of the downtown market will be following the lease-up efforts for Society Orlando at 434 N. Orange Ave., which is expected to deliver more than 450 apartments later this year.

How leasing goes for the anticipated new project could be reflective of the overall health of the downtown apartment market.

"People are going to be watching it really closely - it's a lot of units, it's a big building and it's very uniquely amenitized," Granade said, referencing the fact that some units will be leased on a co-living basis, with tenants renting individual rooms and sharing kitchen and living spaces. "It's also the first big community to come online in the last 12 months or so."

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