

Orlando Market Insights

A thriving employment market has developers scrambling to keep up with an increasing demand for housing in Orlando, but builders have been unable to satiate this demand, resulting in a highly competitive housing market.

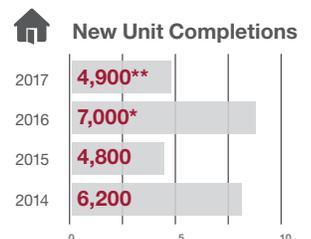
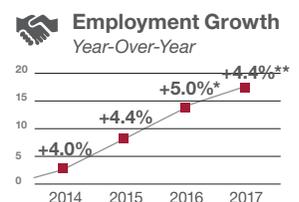
Orlando is currently enjoying its lowest employment rate since July 2007, recording 4.1 percent unemployment at the end of July, and the city was named in *Marcus & Millichap's 2017 U.S. Multifamily Investment Forecast* as the market with the highest expected employment growth in the United States this year.

The majority of available jobs in Orlando are in the leisure and hospitality industries that service Orlando's major tourist destinations, such as Disney World, Universal Studios and SeaWorld. These positions are typically low wage and filled by younger workers, who are beginning their professional careers and looking to form new households.

Hoping to capitalize on this growing need for housing, developers are rushing to build new multifamily housing options. Despite seeing close to 7,000 new units completed in 2016, a 5-year high for Orlando, vacancy actually decreased in 2016, to 3.4 percent, after averaging 3.7 percent in 2015.

With only 4,900 new apartments expected in 2017, vacancy is forecasted to fall for the fifth-consecutive year, averaging 3.2 percent vacancy.

ORLANDO BY THE NUMBERS



*estimate | **forecast



Consistent demand will lead to an **eighth-consecutive year of rent growth**, with a record-high average effective monthly rent for the greater Orlando area.

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This demand will lead to an eighth-consecutive year of rent growth, with a record-high average effective monthly rent of \$1,180, representing an increase of 6 percent from the previous year.

*“A lot of it revolves around the amusement parks and entertainment industry,” said **Scott Cagle, Vice President and General Manager of Nika Corporate Housing.** “I wouldn’t go as far as to say that the housing prices are prohibiting home ownership. That’s a much deeper conversation about the economy and where the rebounds are, but the entire Florida market is pretty hot right now.”*

TIMESHARES IMPACT CORPORATE HOUSING

Over the past several decades Orlando’s designation as a tourist hub has led to developers flooding the market with timeshare resorts and rental units. Central Florida has become the largest regional area for timeshare properties in the United States. According to the American Resort Development Association, there are 87 identified timeshare resorts and more than 29,000 rental units in the Orlando-Kissimmee-Sanford metro area.

The heavy volume of timeshares has created a very competitive market, and many timeshare owners are looking at attracting short-stay corporate housing guests to fill vacancy gaps left by unused units. These owners are finding it easier to reach an audience seeking short-term furnished accommodations through online booking platforms, such as Airbnb, and the Orlando temporary housing market has become saturated with vacant timeshares as a result.

While staying at a luxury vacation resort may sound appealing to some business travelers, these property types can be problematic for individuals looking to balance work/life responsibilities. Rather than having a peaceful home-like environment, these resorts are filled with vacationers looking to have a good time during their brief residence, creating a difficult setting for a corporate stay.

*“A lot of people looking for corporate housing for the two or three months they’re in Orlando prefer to live like a local rather than a tourist,” **Nika Cagle, Nika Corporate Housing President and CEO,** said. “I used to live in Orlando and seeing tourist after tourist everywhere you go is difficult. If you are a long-time customer of corporate housing, or have experience in a corporate housing setting, you would be somewhere between uncomfortable and miserable living in one of those resort places, where they are constantly turning over residents and your neighbors are always in ‘party mode.’”*

Additionally, many owners see their timeshare properties as an investment, and manage the property from outside the region or state. The long-distance owners provide no on-site support staff to assist with guest arrivals, maintenance issues or service requests, and rarely have the experience in resolving these challenges in a timely manner. All of these factors have led to disappointing guest experiences becoming more common among customers that chose a timeshare offering over a fully-supported corporate housing program.



BUILDING STYLES ARE 'UNIQUE'

Tourism's impact on the local economy also affects the types and location of new developments under construction. Like other "entertainment rich" cities such as Los Angeles or Las Vegas, there is a need for new buildings to have their own unique look and offerings to differentiate from a crowded field of competitors.



"Generally speaking, if you aren't making a statement with your building and its amenities, then you aren't going to stand out as the newest, coolest thing out there," Scott Cagle said. "It's going to be more difficult to fill up your leases as fast as you want, unless you're offering something new and different."

Developers and managers have started looking at offering new and enhanced on-site amenities to differentiate their

apartment communities and attract tenants. **The Rialto**, a luxury apartment located outside Orlando in the Doctor Phillips area, is an example of a recently completed community offering innovative ideas such as a pet washing station and a state-of-the-art fitness center with internet-connected cardio equipment.

Some of these new amenities seem great on paper, but don't provide a practical benefit to residents. One new community bragged about its resident wine room, but the idea of having to take an elevator down to the basement to access a bottle of wine seemed unnecessary. Nika makes it a point to do no-notice inspection stays in her own inventory to experience the property and community, just as a guest would.

"We make it a priority to test out these newer amenities, because we want to see if they actually benefit the guest," Nika said. "It looks great during a showing of the property, but is it better to go downstairs and use the property's pretty wine room or just use your refrigerator and pour a glass in your own place? When we're explaining the offered amenities, we want to make sure it's something that appeals to the guest, both in idea and in practice."

THE RIGHT LOCATION

Proximity to the major theme parks is also driving the location of Orlando's corporate housing demand. Disney World, Universal Studios and SeaWorld are all located in the southwest corner of Orlando, which is a 20-minute drive from downtown with uncongested roads. Unfortunately, traffic conditions and a lack of quality public transportation has increased the distance between Orlando proper and the major tourist destinations during the last several years.

"There's only one major corridor that runs through the entire Orlando market," Scott said. "If Interstate 4 goes down, it's a parking lot for hours. There's really no good way around it."

A lack of mobility has created an increased demand for housing in the communities neighboring the major tourist destinations. Doctor Phillips and Celebration are two popular areas for business travelers, due to their proximity and quality school system, but obtaining short-term inventory in these neighborhoods can be difficult as the theme parks work to prevent vacationers from using local housing.

"These parks don't want transient people staying in nearby homes," Scott said. "They want their resort money and they don't want to make it easy to find short-term housing. So you have to make a year-long commitment to get housing in a lot of these areas."



RELATIONSHIPS MATTER

Finding a short-term housing solution in a market specifically and purposefully regulated to encourage hotel stays can also be a challenge.

Nika Corporate Housing's approach is to establish strong relationships with local property managers to identify mutually beneficial opportunities and become the Property's sole provider through exclusive agreements whenever possible.

Melbourne, Florida, a city about 70 miles southeast of Orlando, is becoming more popular for corporate housing due to its proximity to Cape Canaveral, a growing number of aerospace companies and projects such as *SpaceX*. As such, Nika Corporate Housing has spent the last year touring apartment communities and building relationships with property managers in Melbourne to help meet this growing demand.

This philosophy is also extended to Nika Corporate Housing's supply chain partners. From outbound market providers to the furniture companies furnishing its apartments, Nika Corporate Housing succeeds because of its firm commitment and belief in well-established partnerships in all aspects of its business.

Nika Corporate Housing and Synergy have a long-term partnership built on trust and collaboration. This relationship has flourished because of how culturally-aligned both organizations are. Each prioritizes the guest experience, ensuring every customer that either Synergy or Nika touches is attended to at a personal level.

"We have the view that you're only as good as your weakest link," Nika said. "We want to offer people what they want. So we're always looking at what's trendy, from accommodations to amenities to locations. We look for partners that take the same approach."



ABOUT SYNERGY GLOBAL HOUSING AND NIKA CORPORATE HOUSING



Nika Cagle is the owner and CEO of Nika Corporate Housing, having founded the organization in 2003. She is a member of the CEO group "12 Mavens" in Tampa, and a board member of the local chapter of The Alternative Board. She was also honored by the National Association of Professional Women as an inductee into its VIP Woman of the Year Circle this year.



Scott Cagle is Vice President, General Manager and owner of Nika Corporate Housing. A retired US Air Force Combat B-2A "Stealth Bomber" pilot, He believes in "leadership over management" and leads his team of Corporate Housing professionals to provide the best, efficient and most positive experience possible for each and every guest. He is a member of the Corporate Housing Providers Association.



Based in the Tampa Bay metro area, **Nika Corporate Housing** takes great pride in providing best-in-class corporate housing services in the Tampa, Orlando, St Petersburg, Clearwater, Sarasota and Bradenton areas.



More than just a furnished apartment, **Synergy Global Housing** provides the ultimate corporate housing experience by combining the comforts of "home" with exceptional customer support. Through listening to the needs of the individual guest, Synergy builds custom-tailored housing programs and supports each reservation with an experienced, dedicated team of customer service professionals. With Global Solution Centre offices in the United States, Ireland, India and Singapore, Synergy has the global scalability to service any housing need, anywhere in the world.

To learn more about corporate housing in the **Orlando** area, contact a **Synergy Global Housing** representative at (925) 807-1155.

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