

How will the delay in Disney's relocation to Orlando's Lake Nona affect the region's role as a corporate destination? Experts weigh in.



Lake Nona is emerging as a prime corporate destination for relocations, satellite offices, startups and expansions. Will Disney delaying its relocation to the region dampen that momentum? Jim Carchidi



By Steven Ryzewski – Staff Writer, Orlando Business Journal
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When Walt Disney Co.'s (NYSE: DIS) relocation of 2,000 jobs from California to Orlando's Lake Nona first was announced, it functioned as gasoline poured on an area whose commercial real estate landscape already was on fire.

Now, some wonder if the news that the timeline for the relocation has been elongated by a few years to 2026 will function as cold water on that momentum — particularly in regard to the Lake Nona region's emergence as a major player in the world of corporate relocations.

That's not likely, according to Lisa McNatt, CoStar Group's director of market analytics for the Orlando market.

"There was a lot of buzz that was created and momentum that was created by the announcement that they would be relocating — not only 2,000 jobs, but 2,000 high-wage jobs," McNatt told the *Orlando Business Journal*. "That momentum, once created, it's difficult to stop it."



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

That's a sentiment shared by John Boyd, principal for The Boyd Co. Inc, a Boca Raton-based corporate site selection firm which recently named the Lake Nona region as among the top-15 locations in the U.S. for corporate relocations amid an evolving office landscape.

Even with the uncertainty the delay may sow, Lake Nona's outlook as an attractive destination to do business is bright, said Boyd. "It's more positive than ever. We're entering an economic downturn with serious concerns about inflation — the consequences of being in high-tax, high-cost, anti-business states and the incentive to relocate to a state like Florida is really apparent to companies today."

Boyd told *OBJ* he's confident the relocation, itself, isn't in jeopardy. With that context, he said some local businesses may seize on the prolonged timetable as an opportunity for moderation in a tight submarket.

"This will slow down the pace and potentially bring a more measured pace to inflationary real estate, inflationary wage pressures in the area," Boyd said. "A lot of local employers will look at this as a positive."



John Boyd, principal at The Boyd Company Inc. John Boyd

Boyd maintains that corporate headquarters are more mobile now than ever before, and states like Florida and Texas with low taxes and pro-business climates stand out. The region is well-suited to be a corporate destination in an era where hybrid and remote work are more prevalent, he added. "Few markets in the nation can compete with Central Florida."

In addition, Lake Nona benefits from its proximity and access to the University of Central Florida and the talent base the school provides, a factor cited by several companies that have moved or expanded to the metro recently.

Then, of course, there's Lake Nona's easy access to Orlando International Airport.



Sunset reflects off the parking garage at Lake Nona Town Center. Jim Carchidi/OBJ

Further, CoStar Group office real estate data in many ways reflects the momentum in Lake Nona, even though the region falls within the larger SE Orange Outlying submarket.

"New construction in the submarket is almost exclusively in Lake Nona, including the 33,000 square feet that delivered in the past year," according to a CoStar report. "Nearly all recent supply has centered on Lake Nona, an area that has seen explosive growth over the past decade."

As an office submarket, SE Orange Outlying has an average rent of \$35.58 per square foot — the highest among all submarkets in metro Orlando. It has had positive absorption over the past 12 months of 33,988 square feet and an average vacancy rate of 5.5%, compared to the region's average of 8%.

"The delay is not going to impact longterm fundamentals in Lake Nona," McNatt said. "The momentum clearly has been created and the word is out — it's one of the top submarkets for corporate relocations in the country and is one of the hottest apartment markets in the country."