

INVESTMENT FORECAST

Office
Orlando Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Performance Divide Between High-Quality and Older Properties Becoming Increasingly Evident

Leasing activity leaning toward Class A spaces. Demand across Orlando's office market increased in 2025, though it remained subdued compared to 2015-2019. Still, a recent uptick in lease executions with 2026 start dates suggests demand dynamics may improve modestly in specific market segments. This is particularly evident in Class A properties, which saw a substantial vacancy reduction in 2025. Siemens Energy's lease of more than 200,000 square feet of Class A space in Lake Nona, one of the metro's largest in the past decade, underscores the broader shift toward newer, high-quality space ongoing in suburban pockets. In contrast, space availability across mid- and lower-tier properties has remained flat. Moving forward, the Class B/C sector may continue to register net relinquishment, with properties built before 1990 potentially facing the most challenges.

Medical office deals capture the spotlight. Despite the metro's bid-to-ask spread remaining sizable for buyers, transaction velocity picked up in 2025. A notable increase in medical office trading was partially to credit, with trading most frequent in the Hunters Creek area. Recently accelerating net absorption across the subsector is likely to heighten investor interest going forward, potentially narrowing the sales-to-asking-price disparity. Meanwhile, traditional office buildings built or renovated after 1990 in suburban pockets to the north and east of Eaton Ville, as well as along the Tourist Corridor, continue to change hands. Metrowide, investors will likely remain focused on newer Class A and B properties. Still, overall activity will hinge on strengthening space demand and rent growth, as well as more favorable lending conditions — factors that have sidelined many buyers in recent years.

2026 MARKET FORECAST

+0.6%



Employment: The metro is projected to add just 8,500 jobs in 2026, marking the fifth straight year of slowing growth. Traditional office-using industries contribute 1,000 positions.

540,000
sq. ft.



Construction: This year's delivery slate matches that of 2025, translating to inventory growth of 0.6 percent. This increase trails the average pace of 0.8 percent during 2015-2019.

+20 bps



Vacancy: Softening demand growth is expected to push Orlando's vacancy rate up to 12.9 percent by year-end, though this metric is 20 basis points below the metro's long-term average.

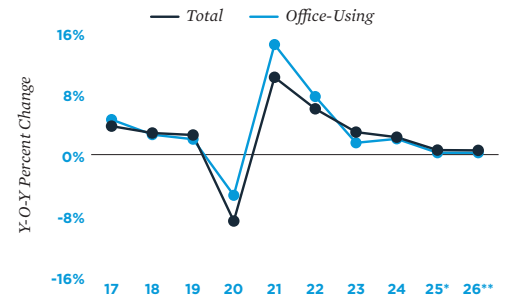
+1.8%



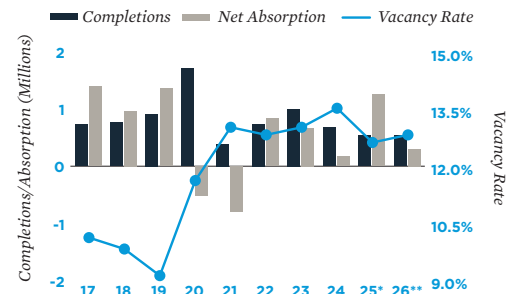
Rent: Orlando registers its 13th straight year of asking rent growth, with the pace ranking in the top quartile of major markets. By year-end, the mean marketed rate reaches \$24.90 per square foot.

INVESTMENT: *The nation's lowest vacancy rate among submarkets with more than 50 million square feet of inventory may raise the profile of Orange County properties to out-of-state investors.*

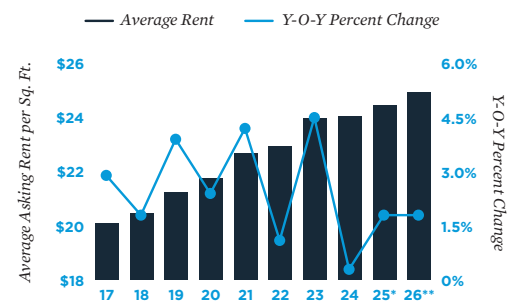
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metrowide employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.