Market Report

MULTIFAMILY 2Q/26

Orlando Metro Area

2026 FORECAST

EMPLOYMENT
26,000 — Jobs will be created
1.7% — Increase Y-O-Y

CONSTRUCTION
5,600 — Units will be added
1.9% — Inventory increase Y-O-Y

VACANCY
5.4% — Vacancy rate
50 — BPS decrease Y-O-Y

RENT
$1,750 — Average effective rent by year-end
2.5% — Increase Y-O-Y

Labor, Population Trends Align to Support Outlook as Select Areas Sustain Strong Footing

Several tailwinds support near-term performance. Employment growth accelerated notably through the first few months of the year, while the population gain for the year ended March was the strongest among major Florida markets. The metro also recorded the sixth-fastest pace of household income growth nationally over that span. These factors, coupled with inventory expansion that will remain well below the 3.4 percent trailing decade average, are expected to allow demand to outpace supply in 2026 by the widest margin in five years.

Submarket dynamics vary. While leasing has struggled to keep pace with metro-leading inventory growth in North Lake County over the year ended in March, several other areas have shown more resilience. Submarkets including Altamonte Springs-Apopka and Kissimmee-Osceola County have recorded some of the metro's strongest inventory gains over the past few years. Yet local vacancy rates remained near historical norms at 6.0 percent and 6.6 percent, respectively, in the first quarter. In both cases, sharply slowing deliveries could further tighten conditions. Elsewhere, steady leasing, particularly among Class C properties, and limited supply pressure should keep local vacancy rates in the urban core and West Orlando among the tightest across the metro.

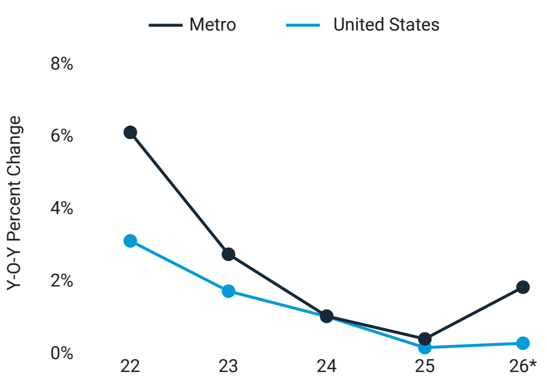
EMPLOYMENT

The metro's total employment increased by more than 16,000 jobs through the first four months of the year, compared with 18,500 positions added over the preceding two years combined. Most of this growth was attributable to the leisure and hospitality sectors, while professional and business services segments also noted substantial gains. Still, the metro's unemployment rate rose to 4.8 percent, up 110 basis points from the same period last year, suggesting hiring is still trailing labor force growth.

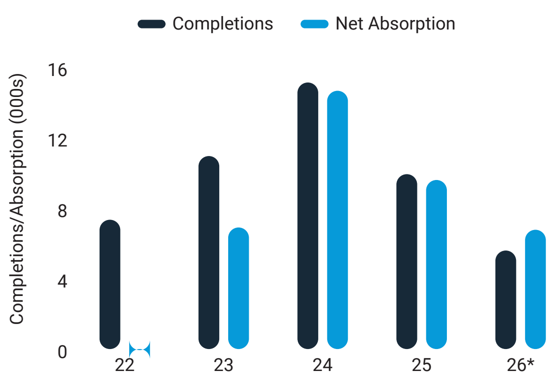
CONSTRUCTION

The development pipeline is expected to slow for a second consecutive year in 2026 as inventory growth remains nearly in line with the average across major Florida markets. Kissimmee-Osceola County will continue to lead the metro with over 1,600 units anticipated. However, this marks a deceleration from the average of more than 3,500 units delivered over the past two years. South Orange County and Ocoee-Clermont will be the only other submarkets receiving more than 1,000 units.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



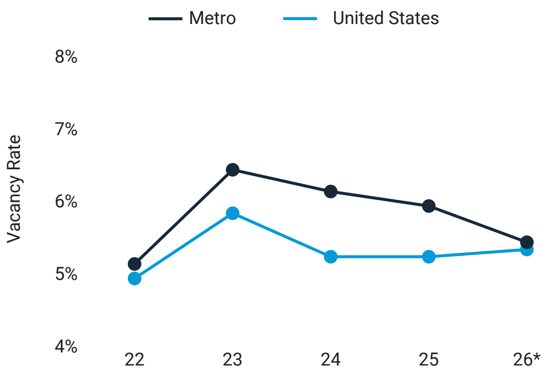
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

Orlando's vacancy fell below 5 percent mid-last year for the first time since 2022, before returning to the high-5 percent range amid softer demand in the second half. Leasing conditions appear to be firming in early 2026, however, supported by sharply improved hiring. In turn, vacancy among Class A and B properties fell 30 and 40 basis points during the first quarter. Meanwhile, Class C vacancy inched higher, suggesting further tightening by year-end may be concentrated in the mid- and higher-tier segments.

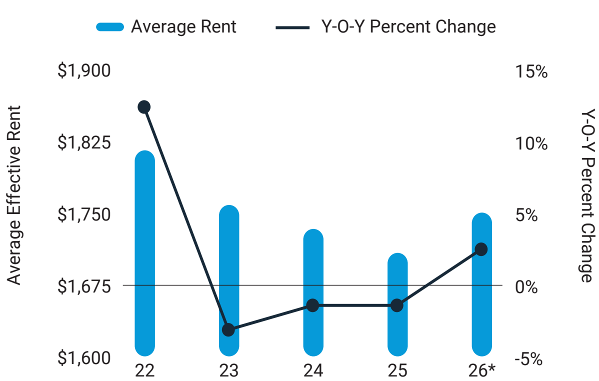
VACANCY TRENDS



RENT

The average effective rent fell for a third straight year in 2025 before edging higher in early 2026. As vacancy trends lower, modest rent growth is expected to return by year-end. Still, concession usage remaining near post-pandemic highs in the first quarter, with roughly 30 percent of units offering incentives, bears consideration. In early 2026, pressure has been most pronounced in Class C, where the share of units offering discounts exceeded 40 percent, compared with 32 percent in Class B and 18 percent in Class A.

RENT TRENDS



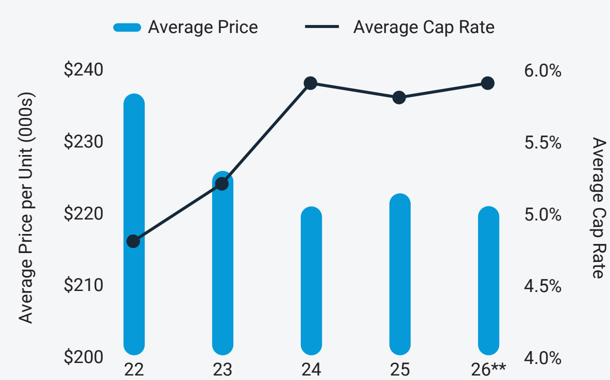
INVESTMENT HIGHLIGHTS

- Institutional capital continues to dominate the investment sales environment in Orlando's apartment market. During the year ended in March, roughly three-quarters of trades eclipsed the $20 million threshold. This translated to out-of-state investors expanding their share of total transaction activity by about 30 percent year-over-year. This was in part due to a pullback in trades from $1 million to $10 million, which more frequently involve in-state investors.

- Private investors continued to focus on Central Orlando during the year ended in March, with the majority of the metro's trades under $5 million occurring here. Constrained development capacity and proximity to employment, education and medical anchors help support renter demand for local existing stock. Coupled with the area's concentration of pre-1970 built, sub-30 unit properties, private capital interest in lower-basis assets is likely to be sustained.

- Kissimmee-Osceola County may see increasing investor appeal as the area's economy diversifies. At NeoCity, the local semiconductor and advanced manufacturing ecosystem is gaining traction, highlighted by ELSPES Inc.'s planned $470 million investment, which will bring 600 high-wage jobs over time. AdventHealth also plans to develop a phased healthcare campus at NeoCity South that will include an 80-bed hospital, with room to expand to 200 beds. Together, these projects could broaden the area's employment base, bring higher-income renters, and potentially drive increased interest in mid- to high-end properties across the corridor.

SALES TRENDS



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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