

Vacancy eases as new supply slows

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **10,923**

UNITS DELIVERED (YTD) **2,138**

MARKET FUNDAMENTALS



VACANCY RATE **8.7%**

YEAR-OVER-YEAR CHANGE **+70bps**

ASKING RENTS **\$1,684**

YEAR-OVER-YEAR CHANGE **+0.3%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$192,300**

HIGHLIGHTS

- Orlando's multifamily fundamentals are showing early signs of recovery. Vacancy edged down in the first quarter as absorption outpaced new deliveries, and with quarterly completions 38% below last year's levels, the supply-demand balance is shifting.
- Vacancy declined 10 basis points in the first quarter to 8.7%, though the rate remains up 70 basis points year over year. Class A product continued to reflect the majority of pressure, with a vacancy rate that remains above 10%.
- Rents posted their first quarterly decline after seven quarters of growth, dipping 0.9% to \$1,684 per month. Still, rents are 0.3% higher on an annual basis and the full-year forecast calls for rents to reach a new high by year-end 2026.
- Investment activity moderated from the 2025 pace, with only a handful of transactions closing in the first quarter. The median sale price declined 12% from 2025 to \$192,300 per unit, though the average construction year of properties sold shifted from 2009 to 2016.

ORLANDO MULTIFAMILY MARKET OVERVIEW

The Orlando multifamily market is showing its first signs of an operating recovery after an extended period of supply-driven pressure. Vacancy edged down in the first quarter as absorption outpaced new deliveries, a reversal of the pattern that has weighed on occupancy since 2023. The vacancy rate remains up 70 basis points annually, reflecting the cumulative impact of supply growth. The divide between asset classes remains pronounced, with Class A vacancy at 10.4% while the combined rate for Class B and Class C properties is 6.2%, underscoring how supply pressure has been concentrated in the upper tier. Against this backdrop, rents declined at the start of 2026 after nearly two years of quarterly growth. Rent declines reflect the continued vacancy pressures and the concessions being offered during lease-up of new communities. Despite these challenges, current rents are up slightly compared to one year ago.

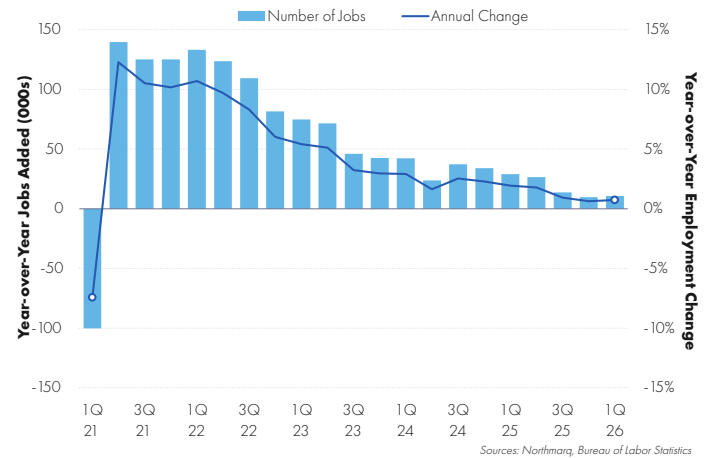
After transaction volume rose 56% in 2025 and reached its highest level since 2022, the first quarter of 2026 posted only a handful of closings, reflecting a more measured pace consistent with seasonal patterns. A notable shift in the first-quarter transactions was asset vintage. The average construction year of properties sold in the first quarter moved to 2016, highlighting the prevalence of newer assets on the investment market. The median price in transactions that sold in the first quarter was \$192,300 per unit, while cap rates have increased compared to recent years and currently average 5.25-5.75% year-to-date, with variation by asset class and submarket.

EMPLOYMENT

- The pace of new hires in Orlando has moderated in recent periods following elevated gains from 2021 to 2024. Still, Orlando remains a top market for job growth in Florida and is outpacing the national average. Year over year, employers added 10,700 jobs, an increase of 0.7%.
- The leisure and hospitality sector was the largest contributor to employment gains in Orlando. During the past year, this sector expanded by 10,800 workers, a 3.7% increase.
- In January, Travel + Leisure Co. relocated over 900 employees to its new global headquarters in downtown Orlando. The move included capital investment of over \$36 million.
- **FORECAST:** Healthcare, education, and tourism-related sectors are expected to continue leading growth. Employers are expected to add approximately 15,000 new jobs in 2026, an annual increase of 1.0%.

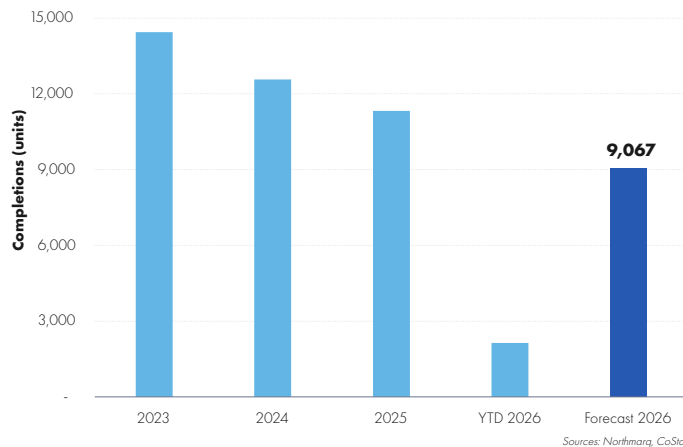
Orlando remains a top market for job growth in Florida.

EMPLOYMENT OVERVIEW



Approximately 2,100 units were delivered in the first quarter.

DEVELOPMENT TRENDS

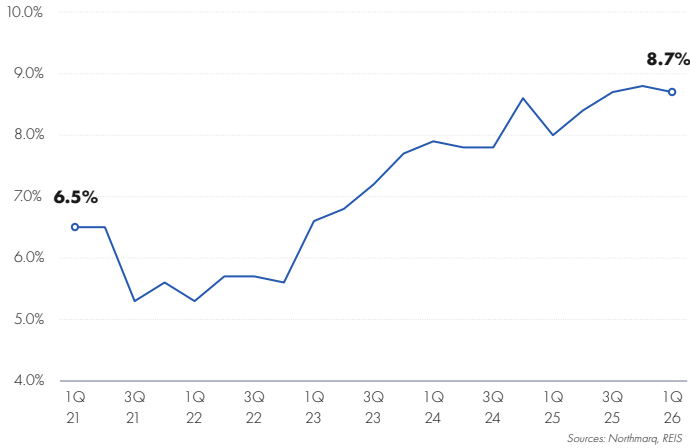


DEVELOPMENT & PERMITTING

- Multifamily development activity continued trending lower in 2026. Approximately 2,100 units were delivered in the first quarter, down from 3,400 units completed during the same period in 2025.
- Apartments under construction total approximately 10,900 units, representing a 20% decline from levels recorded one year ago. About 40% of new construction remains concentrated in the International Drive and Northwest Orlando submarkets.
- Building permits were issued for 1,100 multifamily units during the first quarter. This follows a period where first quarter permitting volumes averaged 2,900 units during the trailing five years.
- **FORECAST:** Completions are projected to total 9,100 units in 2026, while permitting is expected to reach 6,500 units, marking significant declines in both.

Vacancy decreased 10 basis points during the first quarter.

VACANCY TRENDS



VACANCY

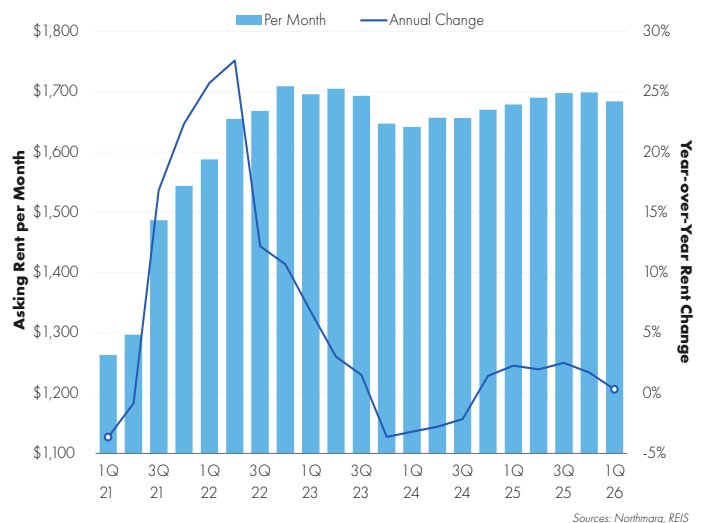
- Vacancy decreased 10 basis points during the first quarter to 8.7%. Despite the quarterly improvement, the overall vacancy remained 70 basis points higher than a year ago.
- Over the past 12 months, Class A vacancy rose 30 basis points to 10.4%. At the same time, the combined rate for Class B and Class C vacancy increased 40 basis points to 6.2%.
- Vacancy in the Southwest and East Altamonte/Casselberry submarkets recorded the largest annual improvements, declining 140 basis points to 8.4% and 100 basis points to 6.0%, respectively.
- **FORECAST:** The vacancy rate is expected to trend lower through 2026 as absorption outpaces new supply. Vacancy is forecast to reach 8.4% by year-end, a decline of 40 basis points year over year.

RENTS

- Average asking rents were up 0.3% year over year at \$1,684 per month, though the first quarter posted a 0.9% decline, marking the first quarterly drop following a seven-quarter streak of growth.
- The Northwest Orlando submarket led rent growth, increasing 2.6% year over year to \$1,416 per month. The Southwest submarket, while improving in vacancy, recorded the largest rent decline. Asking rents in the area dipped 1.5% annually to \$1,813 per month.
- Class A rents averaged \$1,919 per month, declining 0.5% from last quarter, while combined rents for Class B and Class C properties reached \$1,327 per month, up 0.2% quarter over quarter.
- **FORECAST:** Average rents are expected to rise to \$1,720 per month by year-end 2026, surpassing the previous 2022 peak and representing a 1.2% increase from 2025.

Northwest Orlando rents increased 2.6% year over year.

RENTS TRENDS

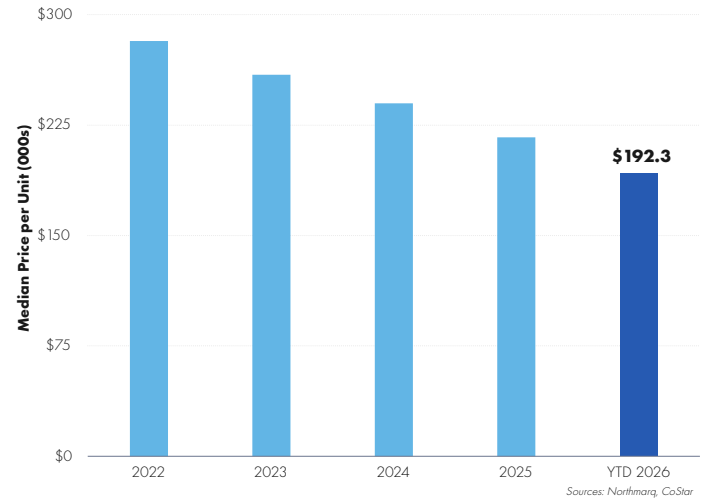


MULTIFAMILY SALES

- After multifamily investment activity in 2025 reached its highest level since 2022, the first quarter marked a return to a more moderate pace of transactions in Orlando. Only a handful of properties changed hands during the first quarter.
- The year-to-date median sale price is \$192,300 per unit, representing a 12% decline from 2025 and 33% below the peak reached in 2022.
- Cap rates have increased compared to recent years, reflecting a pricing decline in recent periods despite the relatively newer age of properties sold. Depending on asset class and submarket, properties are trading at a cap rate of 5.25-5.75%.

The year-to-date median sale price is \$192,300 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
BLVD 2600	2600 Lake Betty Blvd., Apopka	2022	336	\$64,615,000	\$192,307
Prose Stevens Pointe	3010 Camber Drive, Saint Cloud	2022	264	\$54,120,000	\$205,000
Aria at Millenia	5000 Millenia Palms Drive, Orlando	2017	270	\$48,600,000	\$180,000
Royal Isles Apartments	803 Don Quixote Ave., Orlando	1974	264	\$36,500,000	\$138,258

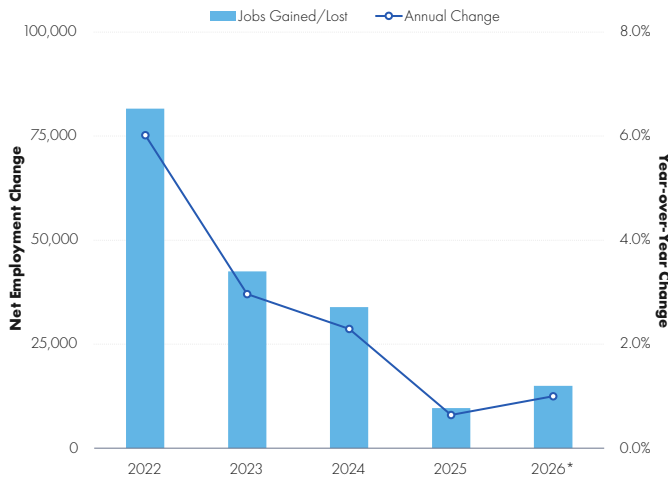
Note: Some sales have employed a Purchase Price Allocation strategy in disclosed pricing.

LOOKING AHEAD

Orlando’s operating outlook has brightened heading into the remainder of 2026, supported by a significant supply deceleration. Approximately 9,100 units are scheduled for delivery for the full year, well below 2025 levels, and with 40% of the construction pipeline concentrated in the International Drive and Northwest submarkets, the impact of new supply will be uneven across the market. Permitting activity has also contracted sharply, tracking at less than half the five-year first quarter average, indicating a further thinning of the pipeline into 2027 and beyond. As deliveries slow and absorption persists, vacancy is forecast to inch lower through the rest of the year. Employment growth provides a steady demand foundation, with roughly 15,000 new jobs projected for 2026.

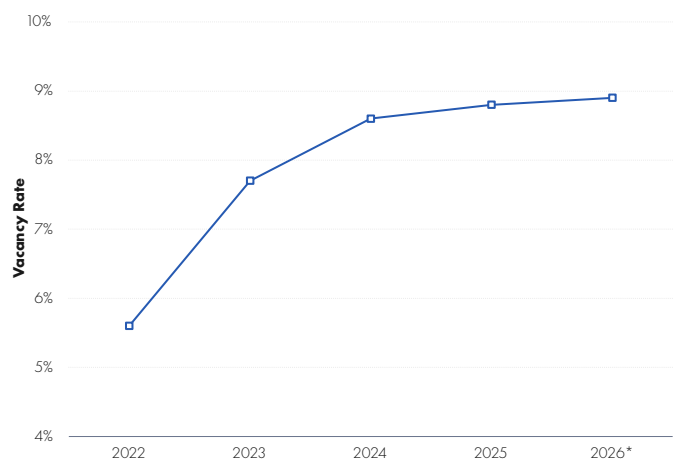
The investment outlook for Orlando is expected to improve as the year progresses and operating fundamentals firm. The moderation in first-quarter transaction volume following 2025’s elevated pace is consistent with typical post-peak investment cycles, reflecting timing and available inventory more than a shift in investor appetite. The vintage shift toward newer properties may continue as buyers look to acquire assets with more predictable lease-up timelines and less exposure to deferred capital expenditures. As newly delivered Class A properties lease-up and concessions begin to burn off, that segment may draw broader institutional interest. Average cap rates are expected to remain in a range of 5.25% to 6.0% in the near term, with potential for modest compression later in the year if vacancy improvement accelerates and rent growth firms.

EMPLOYMENT FORECAST



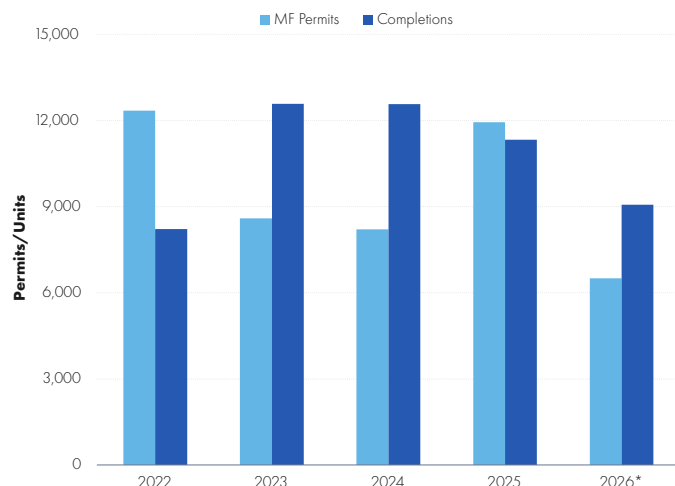
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



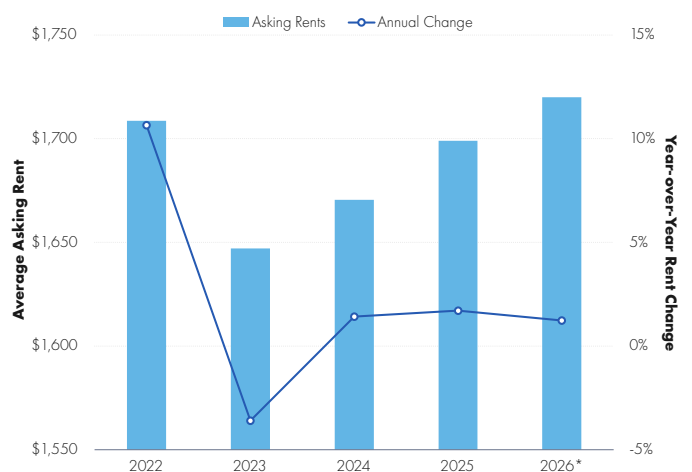
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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