

# Population growth pushing rents higher

## CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **11,496**

UNITS DELIVERED (YTD) **9,919**

## MARKET FUNDAMENTALS



VACANCY RATE **8.7%**

YEAR-OVER-YEAR CHANGE **+90bps**

ASKING RENTS **\$1,698**

YEAR-OVER-YEAR CHANGE **+2.5%**

## TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$218,700**

## HIGHLIGHTS

- Operating conditions in the Orlando multifamily market were mixed during the third quarter, as the vacancy rate inched higher while asking rents increased. New supply is tapering, with units under construction down 25% year over year.
- The vacancy rate increased by 30 basis points during the third quarter to 8.7%. Over the past 12 months, vacancy has trended higher, increasing by 90 basis points.
- Rent growth remained positive for a sixth consecutive quarter, rising 0.5% in the past three months to \$1,698 per month. On a year-over-year basis, asking rents increased 2.5%.
- Investment sales rebounded sharply in third quarter, marking the most active quarter by transaction count since 2022. Year to date, the median sale price is approximately \$218,700 per unit.

## ORLANDO MULTIFAMILY MARKET OVERVIEW

The Orlando multifamily market continued to post mixed property performance during its expansion phase. Area vacancies have increased, but strong demand has supported rent gains for the past several quarters. During the five-year period ending in 2024, the population in the Orlando metro area spiked by 12.7%, one of the fastest rates of expansion for large markets in the country. This ongoing population growth continues to support net absorption, which has totaled approximately 9,000 units during the past 12 months. While demand remains elevated, the pace of new supply has declined from the peak in 2023. The current construction pipeline contains roughly 25% fewer units than it did one year ago. With supply and demand coming more in balance, vacancy should begin to trend lower in the coming periods.

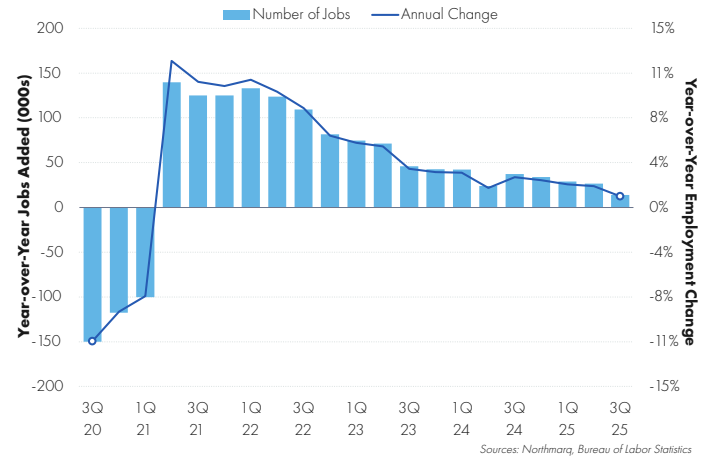
Investment activity accelerated materially in the third quarter of 2025 as quarterly transaction volume reached its highest level since 2022. During the third quarter, transaction activity was dominated by large Class A and Class B properties built since 2000, and nearly all of the assets that traded sold for more than \$50 million. Despite the recent surge in sales of newer vintages, the median per-unit price has declined this year, consistent with a downward pricing trend that has persisted since 2022. This pricing adjustment reflects the current cap rate environment. Since 2022, cap rates have increased by roughly 100 basis points, with multifamily assets currently trading at average cap rates of approximately 5.0% to 5.5%, depending on asset class and submarket.

## EMPLOYMENT

- Between 2021-2024 Orlando’s job market surged, with growth surpassing the national average. In 2025, employment growth has moderated. Year over year, employers added roughly 13,800 jobs, an annual growth rate of 0.9%.
- Relocations from New York to Florida have supported local employment in the financial activities sector. The sector has recorded average annual growth of 3.1% since 2020.
- Siemens Energy announced plans to relocate its U.S. headquarters to Orlando’s walkable and connected district at Lake Nona, investing in a new campus for nearly 3,000 local employees. The campus is expected to break ground in 2027.
- **FORECAST:** Healthcare, education, and tourism-related sectors are expected to lead near-term growth. Employers are on pace to add approximately 10,000 net new jobs in 2025, an annual increase totaling 0.7%.

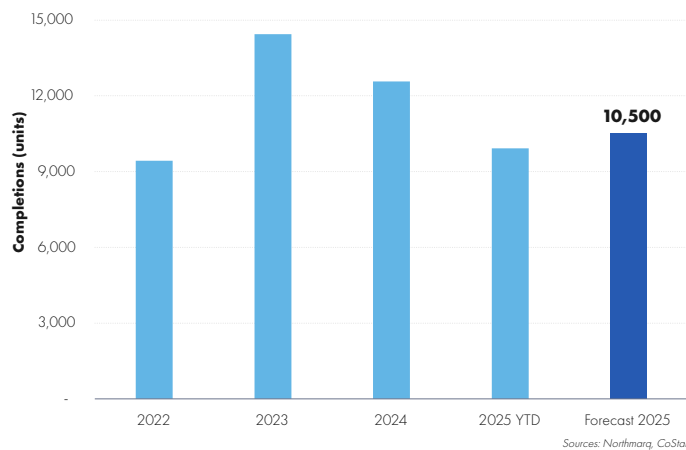
*Year over year, employers added roughly 13,800 jobs.*

### EMPLOYMENT OVERVIEW



*Units under construction are down 25% from one year ago.*

### DEVELOPMENT TRENDS

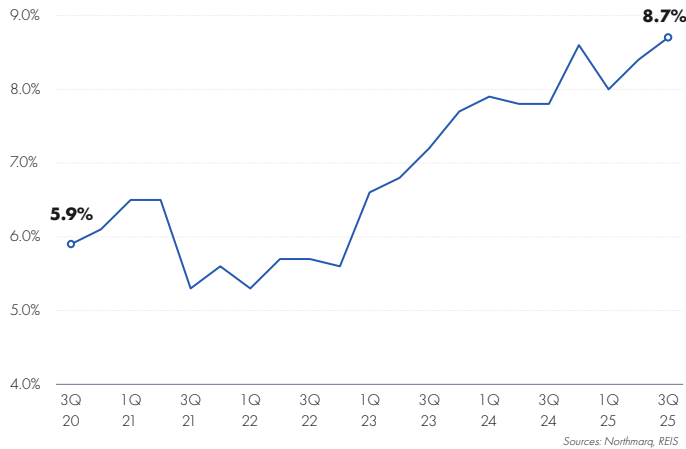


## DEVELOPMENT & PERMITTING

- Multifamily development activity is pacing below 2024 levels. Approximately 9,900 units have been delivered year to date, after 10,700 units were delivered through the same period of 2024.
- Apartments under construction total approximately 11,500 units, a 25% reduction from one year ago. The largest concentration of new inventory under construction remains in International Drive and Northwest Orlando submarkets, accounting for 40% of the market total.
- Building permits have been issued for 9,400 multifamily units so far this year. Early in 2025, developers pursued project approvals to beat the deadline before a mobility fee increase went into effect in Osceola County. The spike in permitting could cause a rise in supply in 2027 and later as these permitted units could begin to come online.
- **FORECAST:** Approximately 10,500 units are expected to be completed by the end of 2025, marking the start of a moderate downward trend that will likely continue into 2026.

## Vacancy increased 30 basis points from last quarter.

### VACANCY TRENDS



## VACANCY

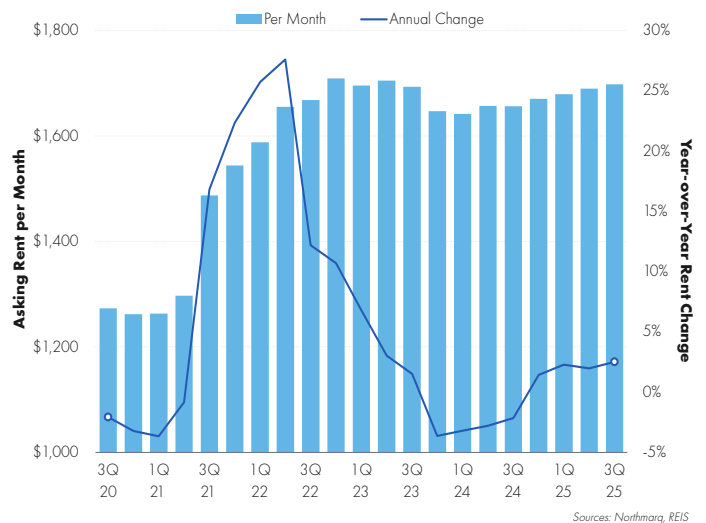
- Vacancy increased 30 basis points from last quarter to 8.7% as new deliveries outpaced demand. Year over year, vacancy is up 90 basis points.
- Over the past 12 months, Class A vacancy rose 170 basis points from 8.5% to 10.2%, while the combined Class B and C vacancy fell 60 basis points to 6.1%.
- Year over year, submarket vacancy in Far North improved by 130 basis points to 5.6%, supported by limited new supply pressure. Vacancy in the Southeast/Airport submarket increased 130 basis points to 6.7%, with nearly 1,000 new units added to inventory.
- **FORECAST:** The vacancy rate is expected to flatten during the fourth quarter, with deliveries and absorption closely tracking each other. Vacancy is forecast to reach 8.7% by year-end, representing an annual increase of 10 basis points.

## RENTS

- The third quarter marked the sixth consecutive quarter of positive rent growth, reaching an average of \$1,698 per month, with quarterly growth of 0.5%. Annually, average asking rents have increased 2.5%.
- Rents in the Northwest Orlando submarket grew 8.7% year over year, reaching \$1,427 per month, while the Lake County submarket recorded rent growth of 6.9%, rising to \$1,517 per month. Nearly all Orlando submarkets recorded annual rent growth.
- To this point in the year, Class A rents reached \$1,935 per month on average, posting annual growth of 1.3%. Class B and Class C rents averaged \$1,336 per month, recording 2.1% annual growth annually.
- **FORECAST:** Asking rents in Orlando are expected to rise modestly to \$1,705 per month by the end of the year, representing a 2.1% annual increase from 2024. Rent growth is likely to remain moderate into 2026 as increased supply affects market fundamentals.

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### RENTS TRENDS

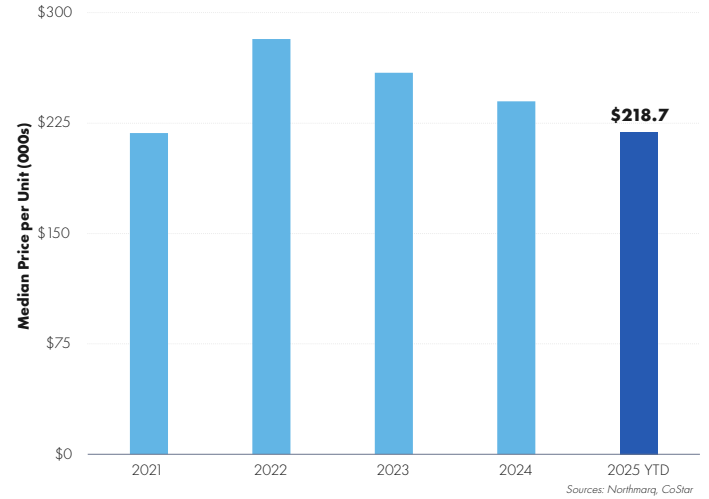


## MULTIFAMILY SALES

- Third quarter investment activity was the most active since 2022, recording nearly a 40% year-over-year increase by count of multifamily property transactions.
- Year to date, the median sale price is approximately \$218,700 per unit. This represents a 13% decline from the year prior and about 24% below the peak reached in 2022. Of the properties traded year to date, the average vintage was 2011.
- Cap rates have remained steady from 2024 levels. Depending on asset class and submarket, assets are trading at cap rates averaging in the 5.0% to 5.5% range. Current cap rates are up about 100 basis points since 2022, comparatively.

*Third quarter investment activity was the most active since 2022.*

### INVESTMENT TRENDS



## RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

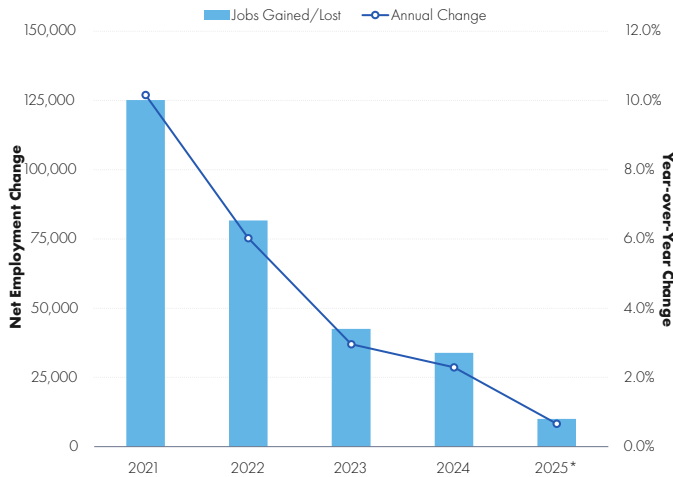
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Villages on Millenia	5150 Millenia Blvd., Orlando	2002	840	\$180,000,000	\$214,286
Corban Freedom Apartments	9505 Axis Way, Orlando	2023	297	\$90,000,000	\$303,030
Oasis at Shingle Creek	4350 Osceola Trail Road, Kissimmee	2018	356	\$87,250,000	\$245,084
M2 at Millenia	4206 Eastgate Drive, Orlando	2019	403	\$86,515,000	\$214,677

## LOOKING AHEAD

As new supply moderates and demand remains elevated, Orlando multifamily fundamentals are positioned to strengthen. The number of units scheduled to come online in 2025 will represent a 17% decline from the 2024 total and signal the beginning of a downward trend in completions that is likely to persist in the coming periods. Sustained demand should support lease-up velocity for recently delivered Class A assets in high growth submarkets such as Kissimmee and Osceola, while preserving strong occupancy across Class B and C properties in submarkets like Northwest Orlando. As new supply tapers, vacancy is expected to remain flat at 8.7% during the fourth quarter, before declining as new residents drive apartment leasing. Rent growth is forecast to outperform the national average, with average asking rents projected to increase 2.1% by year end.

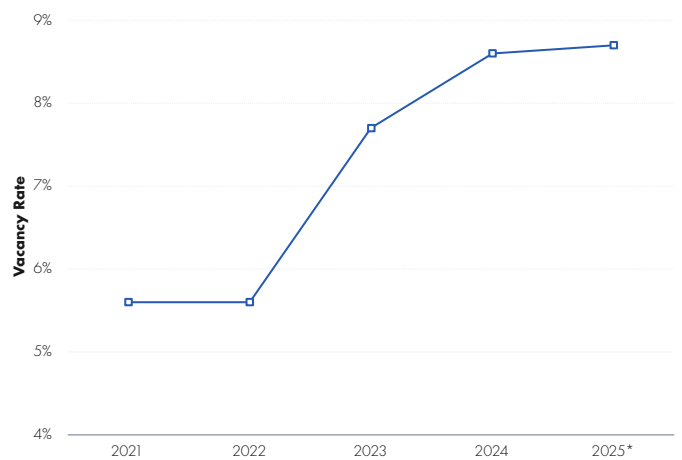
Cap rates are expected to remain relatively stable near current levels of approximately 5.0% to 5.5%, though anticipated declines in interest rates could support modest cap rate compression in 2026. As one of the fastest-growing metropolitan areas in the nation, Orlando continues to offer upside opportunities for multifamily investors. Motivated sellers and discounted pricing are creating selective acquisition opportunities, particularly for well-located assets serving the region’s expanding workforce. Over the medium term, ongoing infrastructure investment and major employment announcements reinforce Orlando’s long-term growth outlook and support sustained demand for multifamily housing.

### EMPLOYMENT FORECAST



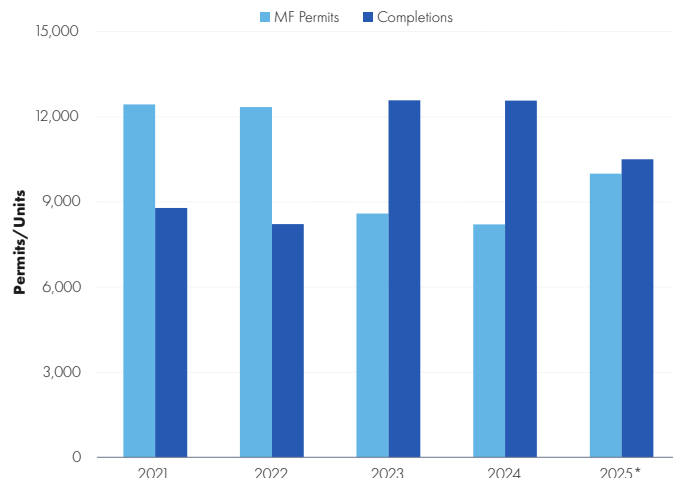
\* Year End Forecast  
Sources: Northmarq, Bureau of Labor Statistics

### VACANCY FORECAST



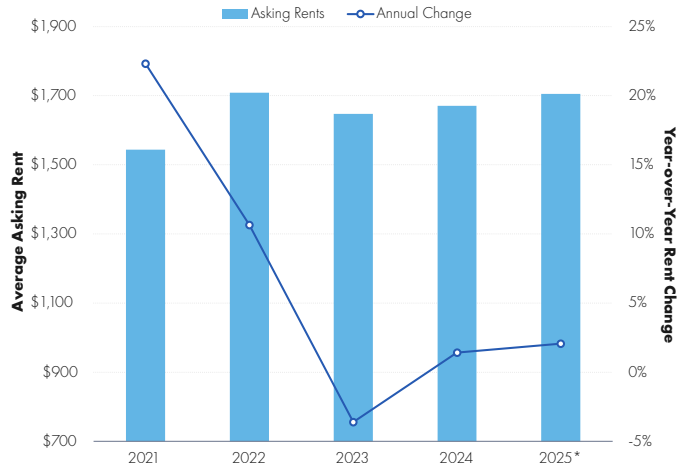
\* Year End Forecast  
Sources: Northmarq, REIS

### CONSTRUCTION & PERMITTING FORECAST



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

### RENTS FORECAST



\* Year End Forecast  
Sources: Northmarq, REIS



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