Large tenant moves have outsized impact on absorption, but occupancy gains ahead

▲ 17.3%	▼ (107,735)	▲ 69,500	▶ 0	▲ $28.41
Vacancy Rate	SF Net Absorption	SF Under Construction	SF Deliveries	Full-Service / Lease Rate

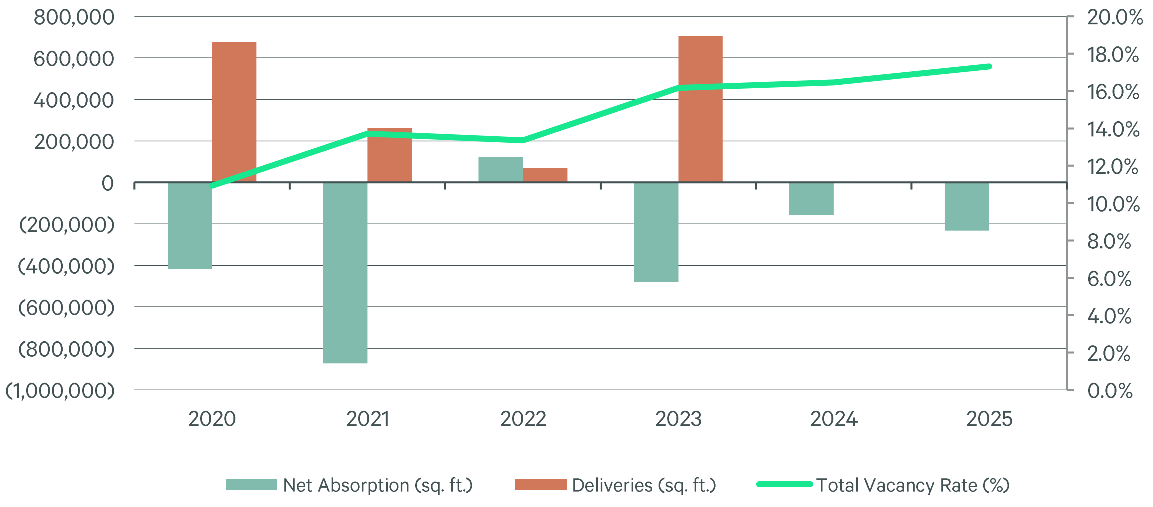
Note: Arrows indicate change from previous year.

OVERVIEW

- Orlando vacancy rose to 17.3%, an 80-bps increase year-over-year. Much of this was due to large tenants downsizing while improving their space. Most notably Wyndham moved into 501 W Church Street for 180,500 sq. ft. this quarter (leaving 271,300 sq. ft. in South Orlando).
- The construction pipeline is limited (69,500 sq. ft.) with Downtown Orlando's Westcourt project most likely to move forward in the next 18 to 24 months as they begin office leasing.
- Average direct asking rents across Orlando sit at $28.41 per sq. ft., up 2.6% year-over-year.

Orlando's leasing market is gaining strong momentum heading into the next 18 months, following a standout year in 2025 with over 3.3 million sq. ft. leased—the highest volume since 2020. The year's most significant transaction, and one of the largest in recent history, was Siemens Energy's 242,363-sq. ft. lease at 6876 Marwick Lane in the Airport/Lake Nona submarket during the third quarter. Although 2025 posted more than 232,000 sq. ft. of negative net absorption due to two major move-outs, some of that space has already been backfilled. A new tenant is scheduled to occupy part of the vacated space in early 2026, alongside other anticipated occupancy gains

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Building on the strong leasing performance in 2025, tenant interest in Orlando's office market remains robust, with more than 1.8 million sq. ft. of active requirements currently in play with an average size of 33,000 sq. ft. The presence of large tenants touring the market is expected to drive future occupancy gains, and this sustained demand continues to fuel investor confidence.

Downtown led all submarkets in 2025, accounting for nearly 860,000 sq. ft. of leasing activity—almost one-quarter of total market volume. While renewals represented a sizable share of activity (37%), new leases drove the majority of demand, comprising over 52% of the total square footage. Notably, the average size of new leases (6,400 sq. ft.) was 53% smaller than the average renewal, underscoring strong interest from tenants seeking high-quality space in Downtown. Most of this activity occurred within Class A properties.

VACANCY

This strong demand has yet to translate into improving market vacancy, however, as many of the large tenants have yet to occupy. The total vacancy rate in Orlando's office market rose 30 basis points quarter-over-quarter, reaching 17.3%. However, the outlook remains optimistic, with over 900,000 sq. ft. of signed leases expected to take occupancy over the next 24 months—likely contributing to a gradual decline in vacancy. Among the most impactful upcoming move-ins are Siemens Energy in Lake Nona and Travel & Leisure in Downtown Orlando.

PRICING

Orlando's office asking rates continue to trend upward, rising 2.6% year-over-year to an average of $28.41 per sq. ft. As landlords adapt with creative space solutions and companies reinforce return-to-office strategies, rental rates are expected to maintain steady growth.

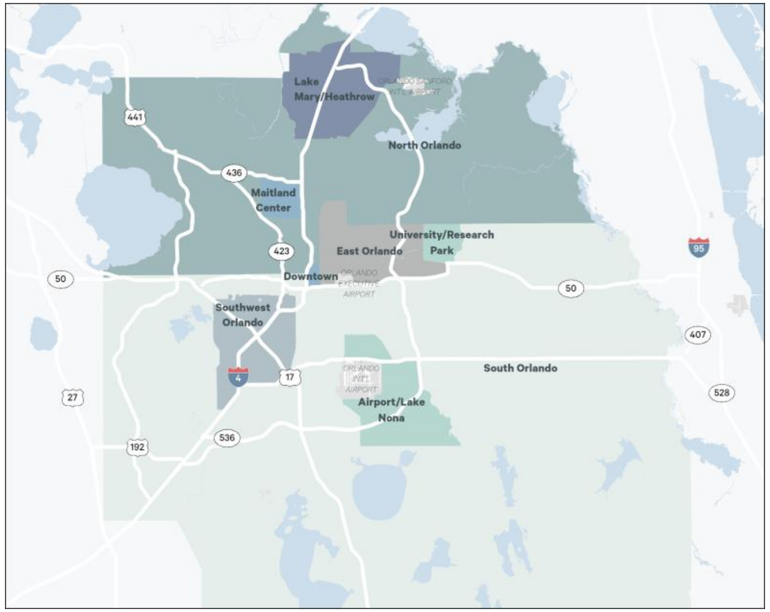
FIGURE 2: Statistical Snapshot Q4 2025

Submarket	Total Inventory (Sq. Ft.)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate ($/SF/FSG/G/MG)
Airport/Lake Nona	1,455,511	32.1	15.5	(33,169)	(27,489)	0	29.50
Downtown/CBD	8,332,784	13.0	14.7	205,694	221,608	0	33.93
East Orlando	2,055,787	8.7	11.9	20,635	(28,183)	29,500	23.84
Lake Mary/Heathrow	5,887,377	18.5	22.8	(27,284)	486	0	26.59
Maitland Center	4,865,934	18.8	21.0	12,923	13,980	0	23.86
North Orlando	2,953,001	19.2	22.6	(2,310)	(37,560)	40,000	24.01
South Orlando	2,814,337	13.8	13.9	(228,733)	(208,738)	0	31.37
Southwest Orlando	6,424,380	18.7	21.0	(4,432)	(125,985)	0	30.08
University/Research Park	4,324,358	20.5	30.2	(51,059)	(40,352)	0	28.63
Suburban Total	30,780,685	18.5	21.3	(313,429)	(453,841)	69,500	26.61
Orlando Total	39,113,469	17.3	19.9	(107,735)	(232,233)	69,500	28.41

FIGURE 3: Notable Leases Q4 2025

Submarket	Property	Tenant	Transaction (SF)
Downtown Orlando	333 S Garland Ave	Abacus Global Management	52,000
Lake Mary/Heathrow	100 Colonial Center Pkwy	Retail Finance International Holdings	42,000
Maitland Center	101 Southall Ln	LJA Engineering	37,000
Lake Mary/Heathrow	1000 AAA Dr	Liberty Mutual Insurance	32,400

Market Area Overview



ECONOMIC OUTLOOK

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Survey Criteria: Includes all competitive Class A and Class B office buildings 10,000 sq. ft. and greater in size in Orlando. Excludes: government and medical buildings..

Contact

Brandon Delanois
Managing Director
+1 407 404 5050
brandon.delanois@cbre.com

Marc L. Miller
Research Director
+1 305 381 6428
marc.miller1@cbre.com

Kyle Koller
Research Manager
+1 813 273 8422
kyle.koller@cbre.com

Kennedy Parrish
Senior Field Research Analyst
+1 407 404 5074
kennedy.parrish@cbre.com