

MARKET REPORT

RETAIL 3Q/26 Orlando Metro Area

Marcus & Millichap

Broad-Based Leasing Supports Demand Outlook as Tourism Corridor Excels

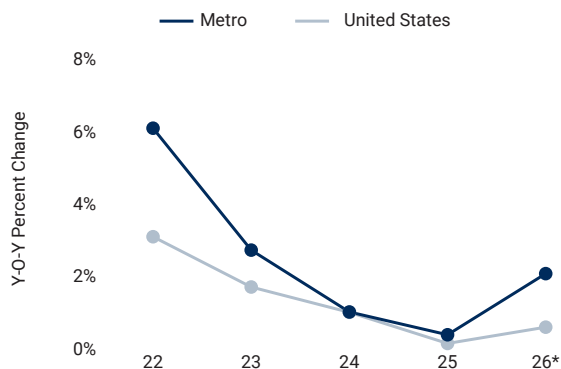
Renewed space commitments backed by diverse tenant mix. Orlando's net absorption rebounded sharply in the year ended in June, surpassing 1 million square feet after nearly 400,000 square feet of net move-outs in the prior four quarters. The single-tenant segment led the improvement, with momentum across property sizes. Leasing activity over the past year also highlights large-format demand from value retailers and grocers, as well as demand for smaller spaces from restaurants, auto-related retailers, and service providers. At the same time, fitness, entertainment, and dining concepts continue to account for a notable share of lease signings in multi-tenant properties.

Southern corridors outperform. Outside of Oak Ridge-Pine Castle-Lake Como, southern suburbs maintain some of the metro's tightest conditions. The Tourist Corridor exemplifies this trend, with vacancy falling sharply to below 3 percent in June, supported by robust leisure and hospitality hiring and tourism activity following the opening of Epic Universe last year. Elsewhere, vacancy along State Roads 50 and 436 near Orlando Executive Airport fell to 2.5 percent, supported by strong backfilling in a centrally located area that benefits from dense surrounding neighborhoods and traffic exposure.

Employment

After adding just 4,600 positions in 2025, Orlando's employment growth accelerated notably, with the metro adding 19,000 jobs in the first five months of 2026. The leisure and hospitality sector accounted for more than 11,000 of those gains, while professional and business services contributed over 8,000, offsetting roughly 2,000 job losses in financial activities. Although the pace is expected to moderate through year-end, the annual growth rate is still projected to be the fastest among major metros.

EMPLOYMENT TRENDS



* Forecast

Sources: BLS; CoStar Group, Inc.

2026 FORECAST



EMPLOYMENT

30,000

2.0%

Jobs will be created Increase Y-O-Y



CONSTRUCTION

940,000

0.7%

Sq. ft. will be added Inventory increase Y-O-Y



VACANCY

4.5%

30

Vacancy rate BPS increase Y-O-Y



RENT

\$26.00

5.3%

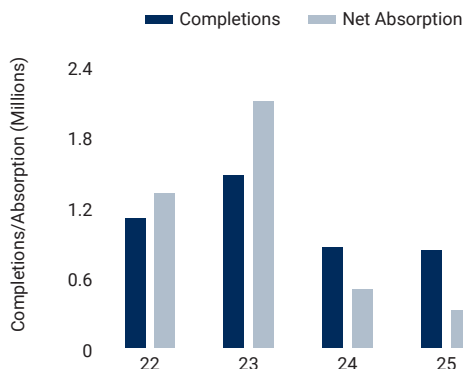
Average asking rent by year-end Increase Y-O-Y



Construction

Inventory growth in 2026 is expected to accelerate modestly from last year's 0.6 percent gain, ranking the metro among the top 10 major markets. Even so, additions will remain below the trailing decade annual average of 1.0 percent. Deliveries this year will be largely concentrated in the outer suburbs, with notable clusters in Altamonte Springs, Lake Nona Medical City, and St. Cloud. Longer term, new supply should moderate as construction starts through the first half of 2026 fell near trailing decade lows.

CONSTRUCTION TRENDS

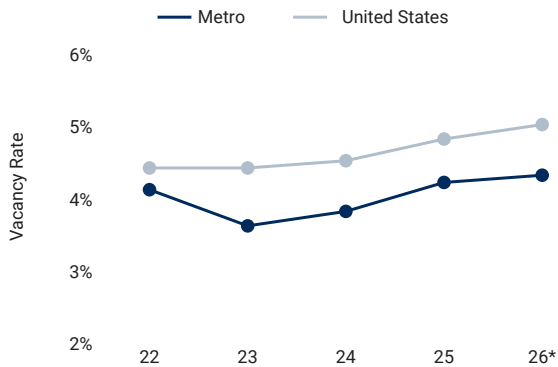




Vacancy

The metro's vacancy has hovered in the mid-4 percent range for the past six quarters. In the CBD and northwest corridor stretching from the University of Central Florida through Altamonte Springs to Sanford, vacancy can exceed 8 percent. This is contributing to a higher metrowide rate. Still, speculative deliveries scheduled through year-end are primarily concentrated in areas better positioned to absorb incoming supply, which should help keep the metric steady at 4.5 percent through year-end.

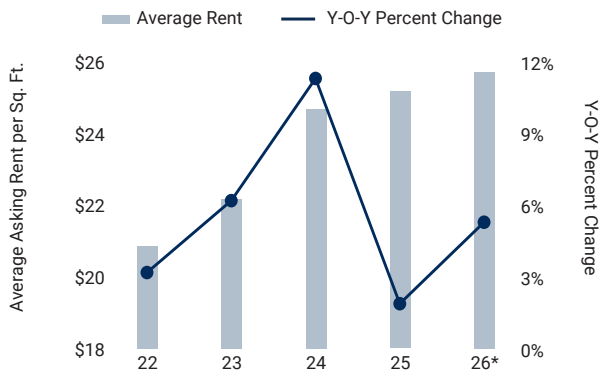
VACANCY TRENDS



Rent

The metro's average asking rent has grown by over 30 percent in the past five years, nearly doubling the national gain. Growth has been even across tenancy types during that span. Single-tenant vacancy of 4.0 percent in June is just 50 basis points above its trailing decade average. Meanwhile, the multi-tenant segment is well positioned to absorb a notable amount of speculative deliveries, with vacancy at 5.5 percent, slightly below its trailing decade average. Together, this should support modest overall rent growth.

RENT TRENDS



* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

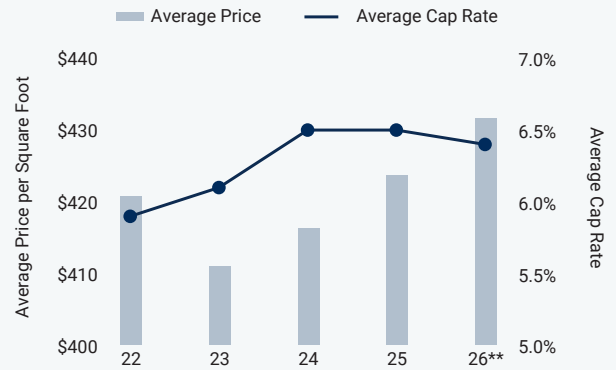
INVESTMENT HIGHLIGHTS

- Transaction velocity ticked up just under 10 percent during the year ended in June. It was driven largely by the single-tenant segment, where sales rose nearly 20 percent year-over-year, while multi-tenant activity was little changed. Investors also favored post-2000 builds, which recorded a 25 percent increase in trading, largely involving restaurants and fast-food concepts. Much of this activity occurred in Orlando's outer growth corridors, where expanding rooftops continue to attract retail tenants and investor capital alike. Meanwhile, pre-1970 vintages continued to see declining transactions.

- Vacancy risk may shift investor focus toward locations with stronger leasing fundamentals. During the year ended in June, assets along key transportation routes between Maitland and South Apopka posted triple-digit basis-point vacancy declines, bringing rates to among the metro's tightest and near 2 percent in some cases. By comparison, assets in an adjacent submarket along West Colonial Drive and Silver Star Road between Central Orlando and Winter Garden saw vacancy rise into the mid-6 percent range, underscoring meaningfully performance differences across corridors.

- Lake County accounted for roughly one-fourth of metro transactions during the year ended in March, up nearly 50 percent year-over-year. Restaurants, fast-food properties, and auto repair shops accounted for much of the activity, as investors continued following residential growth into the metro's western suburbs. With an average sale price of nearly \$2 million, the area should remain attractive to private capital.

SALES TRENDS



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