MARKET OUTLOOK

Orlando's multifamily market is positioned at a late-cycle inflection point. The convergence of annual absorption and new completions levels signals that the worst of the supply-demand imbalance has passed. With the construction pipeline down to 3.6% of inventory, and starts running at less than half their year-ago pace and a fraction of the cycle's peak, the forward supply outlook is materially lighter than what the market has absorbed over the past two years.

The metro's underlying demand drivers remain supportive, even as some tailwinds have moderated. Orlando remains among the nation's fastest-growing metros for population and employment, with real GDP growth in the top 10 nationally. That said, population growth has slowed over the past year amid declining international in-migration and rising housing costs, meaning the market has less room to simply grow its way through the remaining supply overhang than it did in prior years. Nevertheless, rent recovery is underway. Two consecutive quarters of positive sequential growth suggest the bottom is behind, though annual figures should stay negative near term before turning positive as unfavorable comparisons roll off. The key variable is whether absorption can sustain its current pace as the remaining pipeline delivers.

An additional 4,406 units are projected to deliver over the forecast horizon, testing absorption capacity in concentrated corridors like I Drive Orlando and Northwest Orlando. With starts at less than half their prior-year level, the pipeline beyond mid-2027 should thin considerably. Submarkets with limited remaining supply, including Eastside, Downtown Orlando, and East Orlando, are best positioned for near-term gains, while corridors still absorbing concentrated deliveries will likely lag the broader recovery.

Sources: Costar; U.S. Census Bureau; Federal Reserve Bank of St. Louis; National Association of Realtors

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