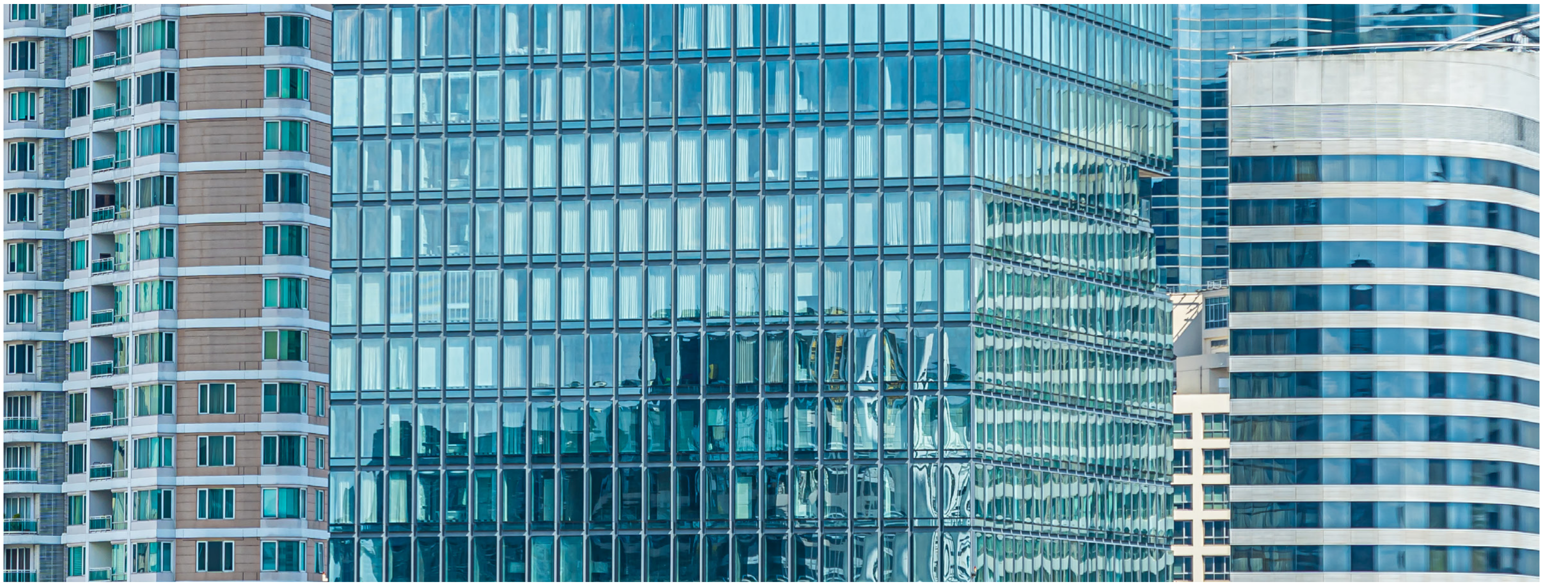
# National Office Market Trends and Orlando's Market Performance in 2024



## National Office Leasing Trends

Leasing activity across the US remained stable in 2024, with tenants signing new leases for approximately 417 million square feet of office space—an average of 1.2% of inventory per quarter. While leasing volume has yet to return to pre-pandemic levels, it has held steady since late 2022, demonstrating a level of consistency in the market.

A key trend in 2024 was a rise in the number of lease transactions, surpassing 30,000 per quarter—the highest since 2018. Although the average lease size declined to just over 3,400 square feet, reflecting evolving workplace strategies, the increase in leasing activity suggests businesses are continuing to engage with office space in new ways.

As a result, while leasing volume remains below historical norms in about two-thirds of the top 50 US office markets, the sector is gradually adapting to shifting demand patterns.

## Orlando's Office Market Performance

While the national office market has shown stability, Orlando experienced a year of transition in 2024. Tenant demand remained in flux, leading to over half a million square feet of negative net absorption.

Among the 37 US office markets with at least 100 million square feet of space, Orlando ranked 22nd in annual absorption. Although the city trailed Tampa and South Florida, leasing activity continued, and several significant lease signings helped mitigate the overall market downturn.

The first quarter of 2024 was particularly soft, with 475,000 square feet of negative absorption—the weakest quarterly performance on record for the city. However, the market showed signs of stabilization in the second quarter, suggesting a potential shift toward steadier conditions.

# National Office Market Trends and Orlando's Market Performance in 2024

Total available office space increased by half a million square feet, driven largely by companies adjusting their footprints in response to workplace trends. Downtown Orlando experienced the most significant shifts, but overall leasing activity remained engaged, with some sectors continuing to expand.

## Submarket Performance

Despite challenges in the downtown core, several suburban submarkets demonstrated resilience. Maitland Center, after a slow start in early 2024, rebounded with 290,000 square feet of net absorption, making it the best-performing submarket. Metro West and South Orange also posted gains, each absorbing over 100,000 square feet. While the market as a whole recorded nearly 500,000 square feet of negative absorption, these submarket performances highlight areas of sustained interest.

## Outlook for 2025

Looking ahead, Orlando's office market is expected to see gradual improvement in 2025. Office absorption is forcasted to exceed 100,000 square feet by year-end, and vacancy rates are projected to outperform the national average by nearly 500 basis points. While companies continue to refine their office space needs, leasing activity is expected to remain steady.

Industries such as defense, simulation, training, and technology remain active in Central Florida, supported by aerospace expansion and private sector investment in space exploration at Cape Canaveral. Additionally, medical office space continues to perform well, with steady leasing activity, though 65% of medical leases in the past year were for spaces of 5,000 square feet or less, reflecting the trend toward efficiency.

As businesses continue to adjust their office strategies, Orlando remains positioned as a key regional office market, with opportunities for growth in select sectors. While the market is still evolving, a more stable outlook suggests that 2025 could bring incremental improvements.

*Data Source: CoStar Property*