Orlando Retail Market Overview

Orlando continues to stand out as a leading retail investment market, propelled by robust rent growth and strong demand from expanding retail concepts. This momentum is underpinned by the region's expanding buying power and resilient tourism-driven spending, which has kept investor interest high. Over the past three years, Orlando has recorded nearly $4 billion in cumulative retail sales, placing it among the top 15 retail investment markets nationally during that period.

Throughout the trailing 12-month period ending with Q1 2025, approximately 400 retail properties traded hands, with roughly 80% of transactions below $5 million. On the opposite end, about 10 deals exceeded $10 million, largely comprising neighborhood and community centers anchored by major box stores and grocery tenants. These high-profile properties continue to attract capital due to consistent foot traffic and stability.

A notable transaction in the region took place in March 2024, when CTO Realty Growth, Inc. acquired the Marketplace at Seminole Towne Center—a seven-building, 320,000-SF retail property in Sanford - for $68.7 million ($215/SF) via a 1031 exchange. The deal excluded the Target-occupied building but included tenants like Burlington, Marshalls, Ross Dress for Less, Old Navy, and World Market.

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Orlando’s market reflects broader national trends. Across the US, retail investment sales volume grew by 5% in 2024, reaching $57 billion, with activity peaking in Q4. However, early indicators from Q1 2025 suggest a softening start, with volume likely to fall short of Q1 2024 performance. This national deceleration is mirrored locally, as Orlando also faces headwinds, particularly from slowing absorption and a lack of quality retail box spaces.

Despite this, single-tenant net leased (NNN) properties have remained an active segment. In Orlando, cap rates for NNN deals ranged between 4.5% and 6.5%, with a bid-ask spread of only 4%, compared to nearly 5.5% for broader retail assets. These tighter spreads signal continued investor confidence in the NNN segment.

Nationally, cap rate expansion seen in 2022–2023 has paused, with signs of flattening or slight compression into early 2025. For example, Dutch Bros STNL deals saw cap rates rise from 3.75–4% in 2022 to mid-5% in 2024, stabilizing since Q3 2024. Similarly, ground lease deals saw cap rates increase from low-3% to mid-4% but have since held steady.

The Orlando market is not immune to broader constraints. A lack of speculative retail development is restricting expansion opportunities for new-to-market concepts, which may restrain future rent growth. Moreover, rising operating costs could challenge investment returns as growth normalizes toward national averages. However, prospective interest rate cuts and limited new construction may keep values buoyed and support future deal flow as 2025 progresses.

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