

Office Markets in Focus: What Orlando and Chicago Reveal About Office Recovery



Navigating today's office leasing sector requires close attention to local market conditions, asset quality, and evolving tenant behavior. Recent data on the Orlando and Chicago office markets highlights how differently two major regions are responding to the same structural forces reshaping demand.

Together, these markets underscore a central theme for 2026: office leasing success will increasingly hinge on quality, flexibility, and the ability to adapt.

Orlando: Resilient, But Resetting

Orlando's office market entered 2026 facing its steepest demand challenges in decades. Annual net absorption stood at negative 21,000 square feet as of the first quarter of 2026, due in part to delayed move-ins tied to previously signed leases. Those delays have extended stabilization timelines and created added uncertainty for landlords.

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Vacancy rose to 10.0%, approximately 50 basis points higher than one year earlier. Although still outperforming the national average of 14.1%, the rate now exceeds Orlando's 10-year benchmark of 7.9%. This shift signals that a rapid return to historically tight conditions is unlikely in the near term.

Tenant behavior remains a defining factor. Even as more employers reinstate in-office requirements, occupiers continue to prioritize space optimization and right-sizing strategies. Flexibility remains central to leasing decisions, with many tenants favoring shorter-term commitments. As a result, negotiating leverage continues to lean toward tenants in many transactions.

There are, however, encouraging signs. Leasing volume increased roughly 15% over the past year, reversing a slowdown in mid-2025. Much of that activity was concentrated in Lake Mary and Lake Nona, driven by major expansions and a consolidation-driven relocation. These larger commitments demonstrate that demand remains active, particularly for well-positioned space.

Orlando Submarket Divergence and the Quality Divide

Performance across Orlando is far from uniform. Industry demand from healthcare, energy, pharmaceutical, and computer manufacturing users drove several of the region's largest transactions. However, outcomes varied significantly by location and asset class.

Maitland Center, previously a strong performer, experienced elevated four- and five-star vacancies in 2025, pushing it toward the bottom of absorption rankings. Older three-star properties also struggled, constrained by limited capital investment and restrictive association rules that complicate modernization efforts.

Lake Mary, in contrast, emerged as a standout. A major lease signed early in 2025 delivered nearly 110,000 square feet of positive absorption once occupancy began in the third quarter. That transaction contributed to a nearly 400-basis point decline in vacancy, positioning the submarket as one of the few entering the year with measurable momentum.

Looking ahead, vacancy is expected to hover near 10%, and rent growth is projected at roughly 1.3% year over year, below the national average. The outlook suggests incremental improvement rather than a sharp rebound. Top-tier, highly amenitized buildings are likely to capture a disproportionate share of demand, while commodity Class B and Class C assets face increasing pressure amid rising vacancy and limited ability to fund upgrades.

The Orlando narrative is clear: stability remains achievable, but only for assets aligned with modern tenant expectations.

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Chicago's Suburban Market: Structural Headwinds

Chicago's suburban office sector presents a more challenging scenario. By the end of 2025, suburban vacancy reached a new record, with available space climbing around 33 percent, meaning one-third of inventory is sitting vacant. Suburban properties that once served corporate headquarters and administrative users are proving increasingly difficult to lease. Significant blocks of empty space have left entire corridors of under performing buildings struggling to generate enough rent to remain viable. These conditions stand in stark contrast to comparatively healthier pockets downtown, highlighting widening performance gaps within the region.

The core issue is structural. Hybrid work has reshaped demand nationwide, but suburban office stock, particularly older buildings with large floor plates and limited amenities, has borne the brunt of downsizing. Tenants are trading square footage for flexibility, transit access, and proximity to talent clusters. Even in markets where downtown areas show signs of stabilization, suburban vacancy continues to climb. Chicago's suburban office landscape reflects a deeper reset in how space is valued and utilized.

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Strategic Implications for Owners and Investors

The divergence between these two markets offers important insight for owners to evaluate portfolio strategy.

In Chicago's suburbs, record vacancy has prompted landlords to explore alternative uses. Partial conversions to industrial or logistics applications, experiential repositioning, demolition, and even redevelopment into housing are being considered. These moves reflect a broader recognition that traditional suburban office configurations may not regain their pre-pandemic role without significant adaptation.

In Orlando, while the pressures are less severe, the same principle applies. Assets unable to deliver flexibility, amenities, and modernized space risk falling behind. The nearly 15% rise in leasing activity demonstrates that demand exists, but it is increasingly selective. Buildings that meet tenant expectations are capturing transactions; those that do not are facing extended lease-up timelines.

Across both markets, asset quality has become the defining differentiator. Vacancy statistics tell only part of the story. The more meaningful distinction lies in which properties are winning tenants and why.

The Common Thread: Adaptability Defines Performance

Despite their differences, Orlando and Chicago share a central theme: office demand has not disappeared, but it has realigned. Flexibility, amenitization, and strategic positioning are now baseline requirements rather than competitive advantages.

For landlords, this means evaluating whether properties can compete in a tenant-driven environment. For investors, it requires a sharper focus on submarket fundamentals and building quality. For tenants, it presents opportunities to secure favorable terms in markets where leverage has shifted.

As 2026 unfolds, broad market averages will matter less than individual asset performance. Owners who invest in quality and adaptability will be positioned to navigate the transition successfully, while those relying on legacy demand patterns may face prolonged challenges.

At NAI Realvest, we closely track these shifts to help clients make informed, strategic decisions. If you would like to discuss how these trends may impact your portfolio or investment strategy, our team is ready to assist.

Contact NAI Realvest to learn more about our advisory and brokerage services.