

Orlando MSA Business Conditions Survey Results

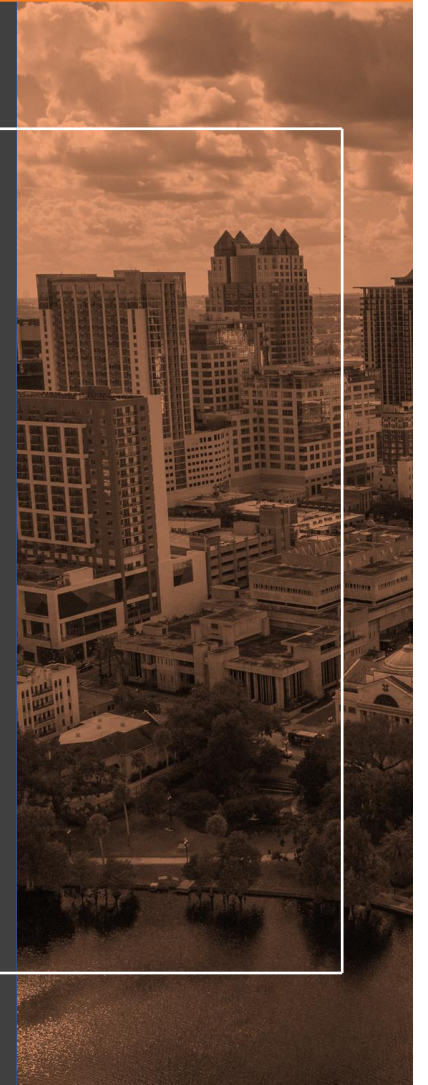
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ORLANDO
ECONOMIC
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CALENDAR YEAR Q1 2026

SUMMARY

Firm-level confidence increases again even as confidence in national economy declines further.

Performance remains mixed across areas, but future expectations continue to rebound.

Political uncertainty remains dominant business challenge, prompting businesses to look inward.

7 in 10 businesses report an impact from reduced housing affordability, underlining a key headwind facing the region.



Neil Hamilton

Vice President, Research & Strategy
Orlando Economic Partnership

“Businesses in the Orlando region appeared confident in their prospects in early 2026 despite ongoing uncertainty. However, approximately 75% of survey responses were collected before the conflict in Iran began, suggesting that much of the positive sentiment reflects conditions prior to recent events. Hiring also remained subdued during the quarter, potentially confirming a new era of slower job growth as businesses chase productivity gains.

Results from our special topic on housing sound an alarm bell for the region. Reduced housing affordability is emerging as a major constraint to the region achieving its potential, with most businesses reporting an impact on operations.

CONTENTS

BUSINESS
CONFIDENCE

RECENT
PERFORMANCE

FUTURE
EXPECTATIONS

CHALLENGES

OPPORTUNITIES

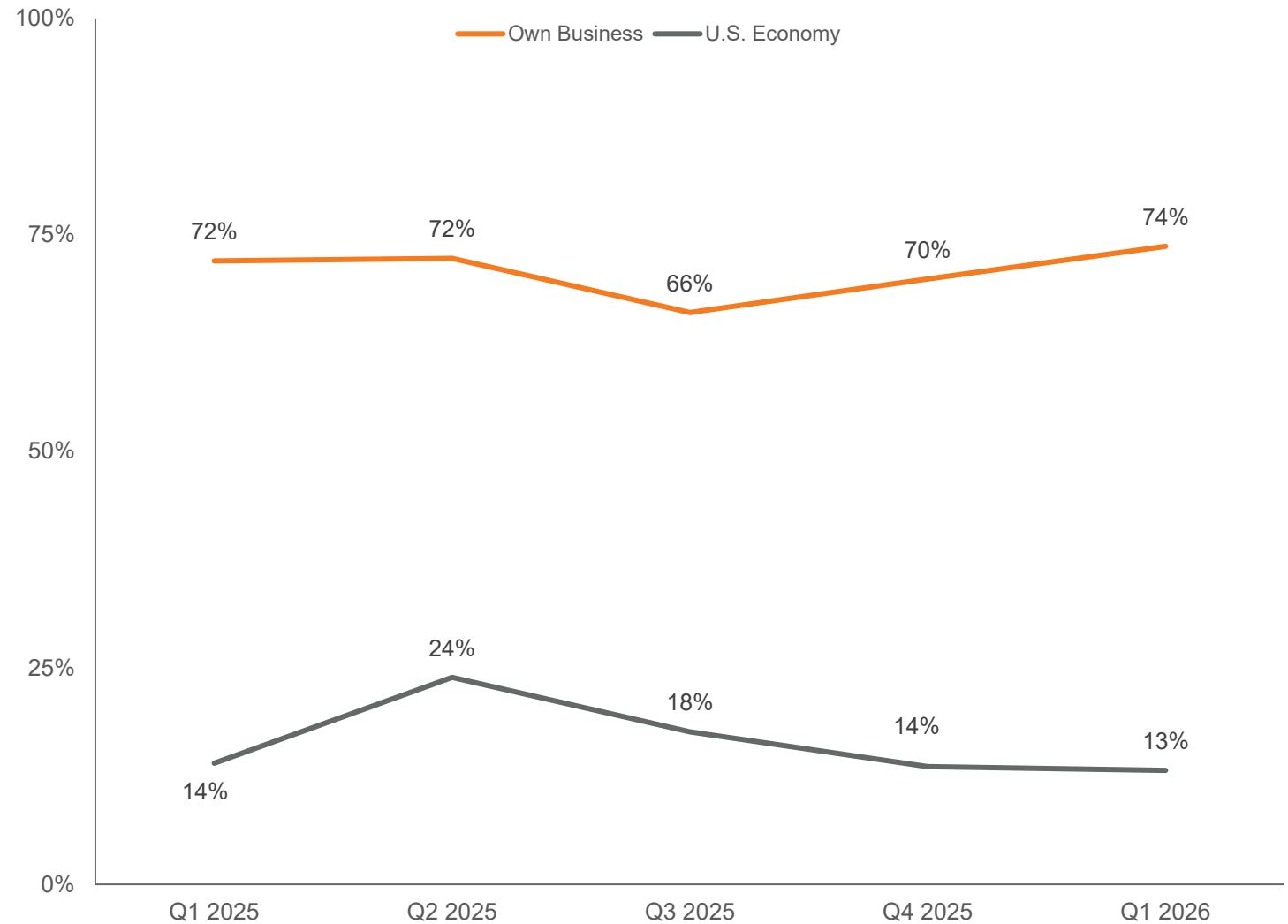
SPECIAL FOCUS
HOUSING

METHODOLOGY

Firm-level confidence continues to rebound.

- 41% of respondents in Q1 2026 indicated they were confident in the outlook for the U.S. economy in the next three months. Almost double (81%) reported confidence in their own business in the same period.
- Measured as a net balance, firm-level confidence rose 4 percentage points from Q4 2025 and 2 percentage points from a year earlier. Businesses again cited recent performance as the primary reason for this confidence.
- By contrast, confidence in the U.S. economy declined for the third consecutive quarter, reaching its lowest level in the past year as ongoing policy volatility appeared to weigh on sentiment. The share of businesses not confident in the outlook for the national economy rose to 28%, the highest level in almost two years.

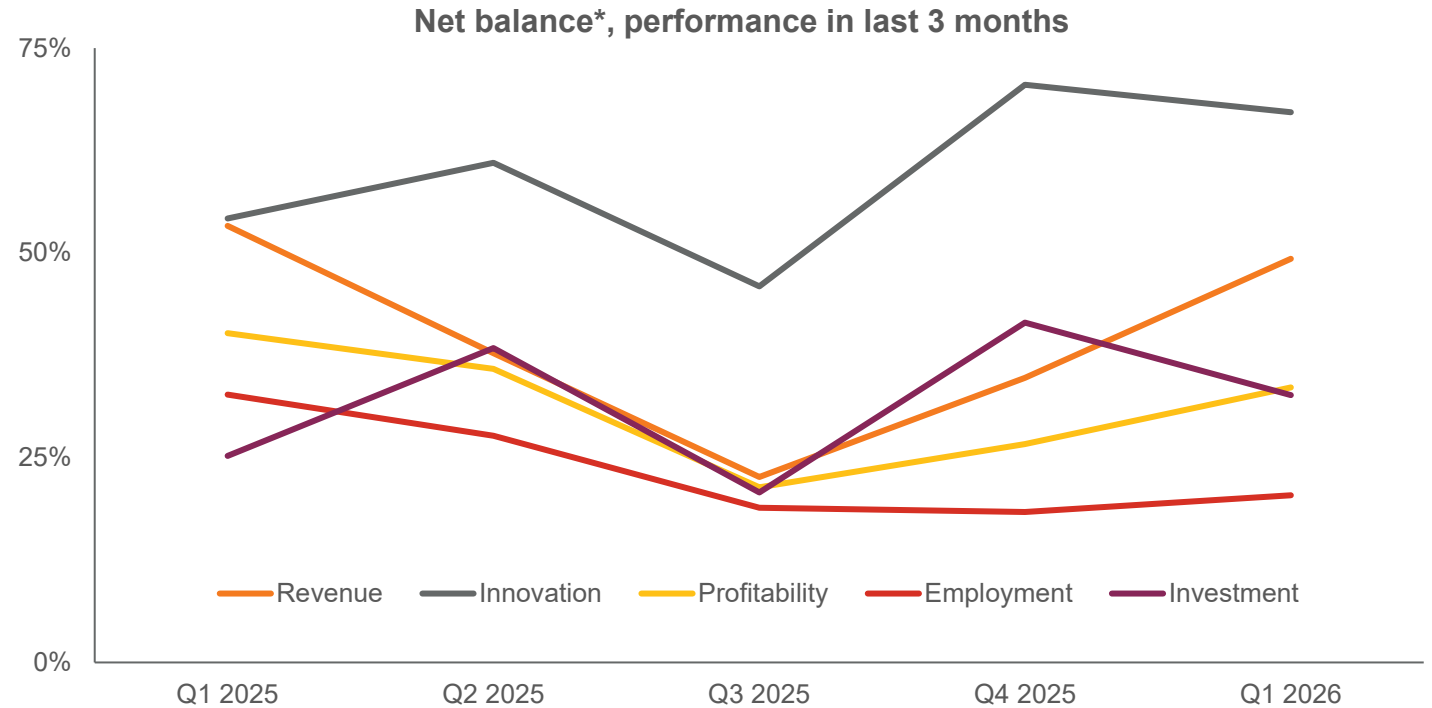
Net balance*, confidence in next 3 months



*percentage of businesses confident in economic outlook less percentage not confident

Performance mixed across areas.

- Most businesses reported improved revenue (64%) and profitability (53%) in Q1 2026. Both metrics rebounded from Q4 2025 but remained below their year-ago levels.
- Innovation and investment performance weakened from Q4 2025, extending the volatility seen over the past year as businesses continue to respond to short-term conditions, including policy uncertainty and changing market expectations. However, both measures exceeded their year-ago levels in Q1 2026.
- Employment increased modestly from last quarter but remained well below Q1 2025 levels. A growing share of respondents (51%) reported no change in employment, consistent with businesses seeking to maintain output and growth without expanding headcount, potentially supported by increased adoption of AI-enabled processes.

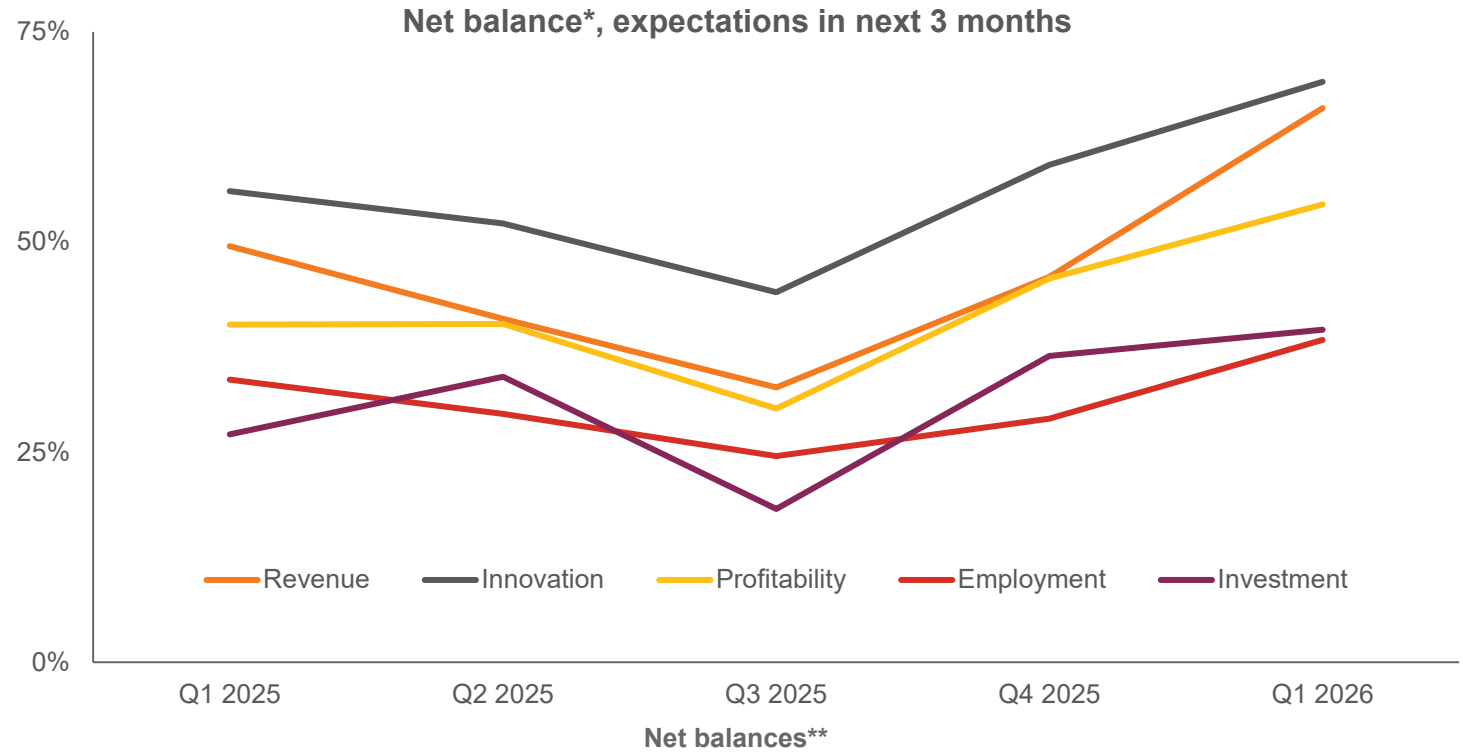


	Net balances**				
	Revenue	Innovation	Profitability	Employment	Investment
Q1 2026	49%	67%	34%	20%	33%
Q4 2025	35%	71%	27%	18%	41%
Q3 2025	23%	46%	21%	19%	21%
Q2 2025	38%	61%	36%	28%	38%
Q1 2025	53%	54%	40%	33%	25%
Yrly Change	-4%	13%	-7%	-12%	7%

*percentage of businesses reporting an increase in last 3 months (compared to the same period a year ago) less percentage reporting a decrease
 **yearly changes may not sum due to rounding

Future expectations strengthen in all areas for first time in two years.

- Measured as net balances, expectations for the next three months improved across all areas in Q1 2026, marking the first year-over-year increase in all areas since 2024.
- The overall improvement in future sentiment continues to suggest businesses are adapting to a “new normal” of ongoing uncertainty paired with a continued easing of fears of a broader economic downturn.
- Innovation continued to lead all categories in Q1 2026, with 72% of respondents indicating they expect to increase innovation in the next three months.
- This quarter’s positive outlook may reflect sentiment prior to increased geopolitical risk, as 75% of survey responses were collected before the beginning of the conflict in Iran and its potential to raise energy prices and disrupt supply chains.



Net balances**

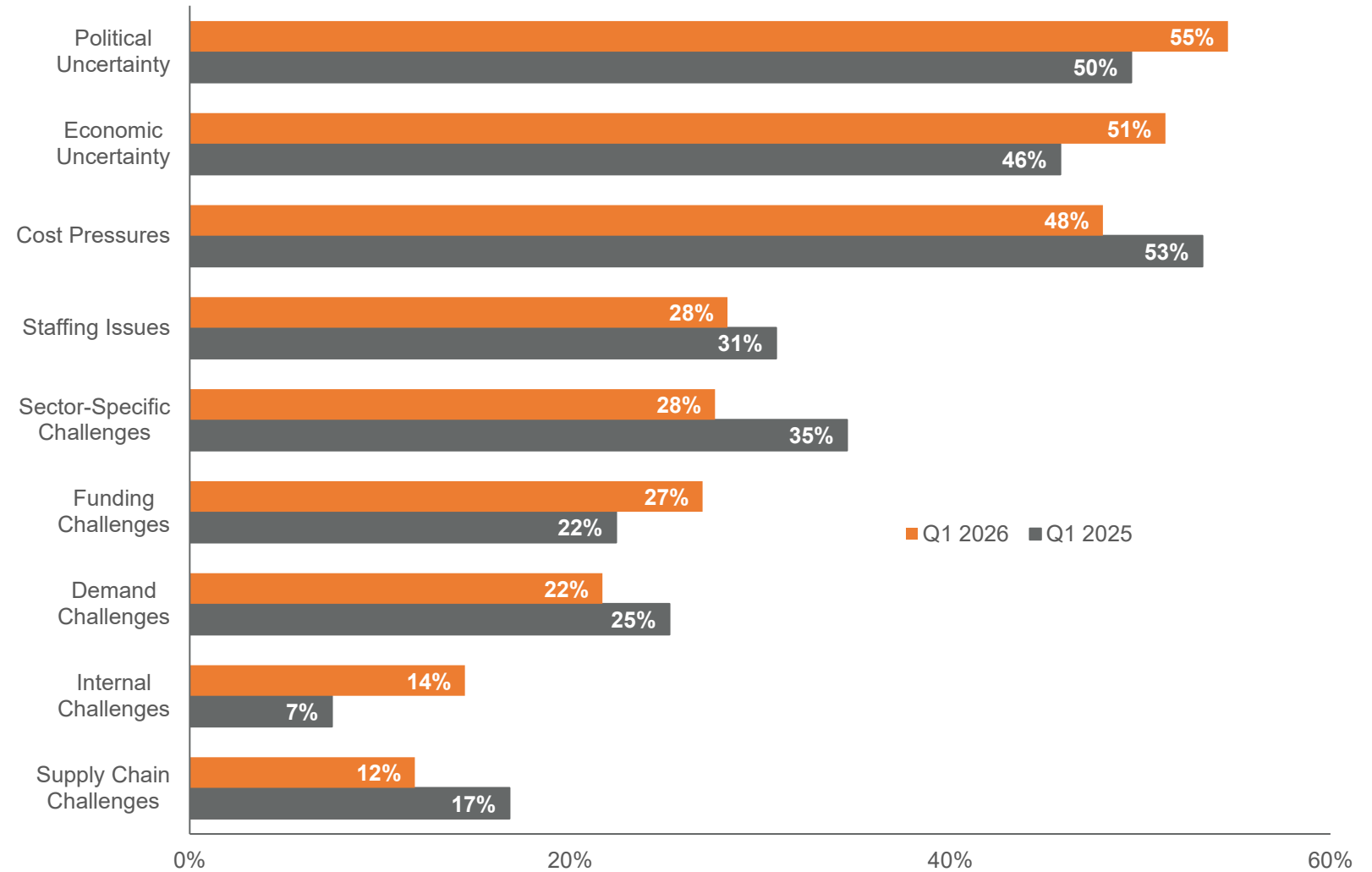
	Revenue	Innovation	Profitability	Employment	Investment
Q1 2026	66%	69%	54%	38%	40%
Q4 2025	46%	59%	46%	29%	36%
Q3 2025	33%	44%	30%	25%	18%
Q2 2025	41%	52%	40%	30%	34%
Q1 2025	50%	56%	40%	34%	27%
Yrly Change	16%	13%	14%	5%	12%

*percentage of businesses expecting an increase in next 3 months (compared to the same period a year ago) less percentage expecting a decrease
 **yearly changes may not sum due to rounding

Political uncertainty continues.

- Political uncertainty remained the most common challenge for the second consecutive quarter, referenced by 55% of businesses in Q1 2026 and increasing from a year earlier. Businesses also reported a related increase in economic uncertainty.
- Cost pressures increased modestly from last quarter and remain prominent but have fallen from the most frequently cited challenge in Q1 2025 to the third most common in Q1 2026. This is broadly consistent with easing inflation over the period.
- Staffing issues declined modestly, consistent with a cooling labor market and higher unemployment levels, while references to internal challenges doubled year-over-year — suggesting businesses are focusing more on operational and organizational constraints as they adapt to a changing environment.
- Funding challenges also increased year-over-year. This may be linked to recent uncertainty around government funding and grant programs.

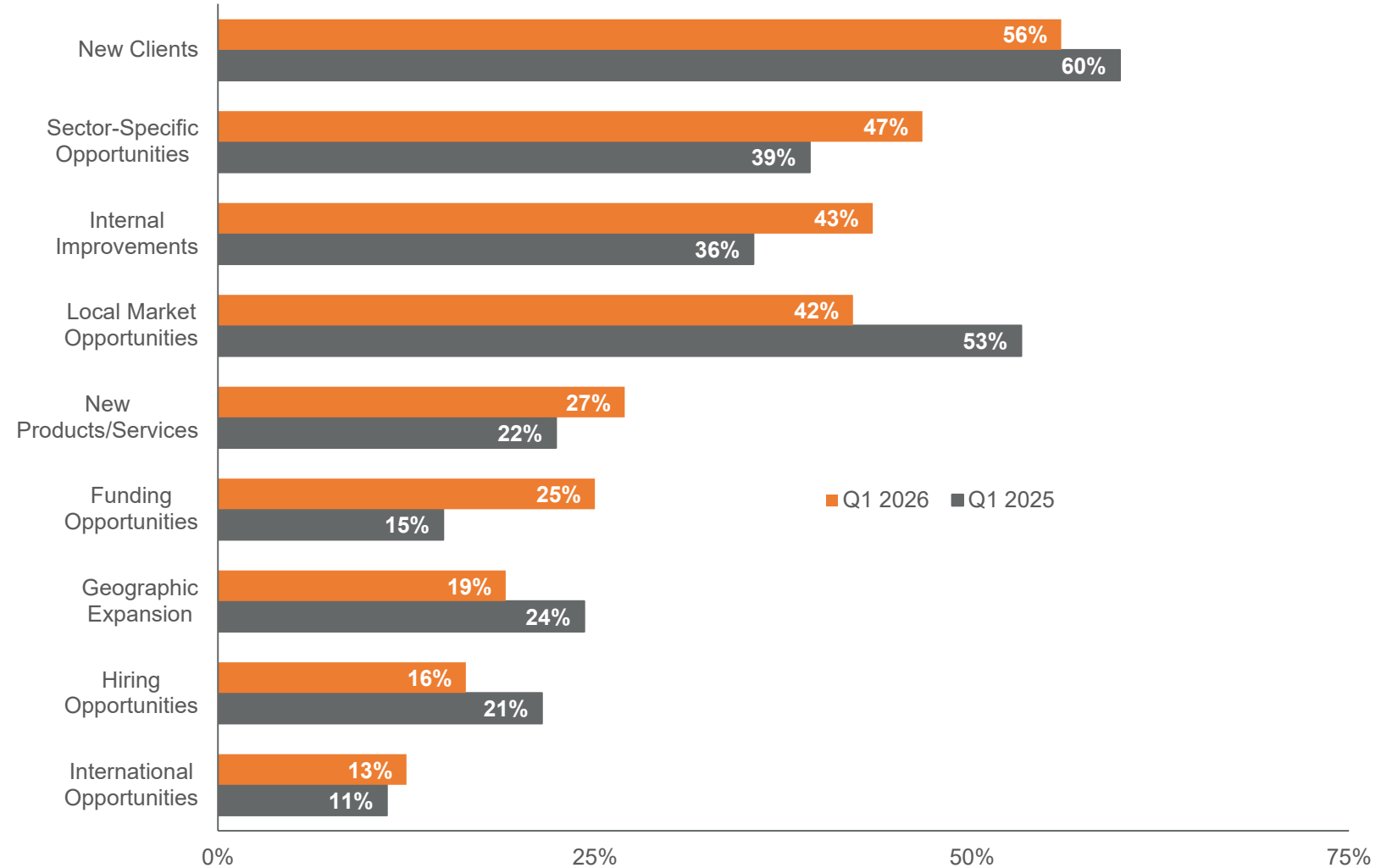
What would you say are your company's biggest challenges in the next 3 months?
% of businesses referencing challenge



Local opportunities decline; businesses look inward.

- Local market opportunities declined notably since last year, when respondents anticipated continued organic regional growth. The decline likely reflects a cooling of post-pandemic expansion and an overall easing in local market conditions.
- Expectations around new clients also fell slightly from year-ago levels, consistent with fewer immediate opportunities as businesses face a slightly more challenging local environment.
- Internal improvements emerged as a more prominent opportunity in Q1 2026, suggesting businesses are increasingly focused on strengthening internal operations as external events unfold.

What would you say are your company's biggest opportunities in the next 3 months?
% of businesses referencing opportunity

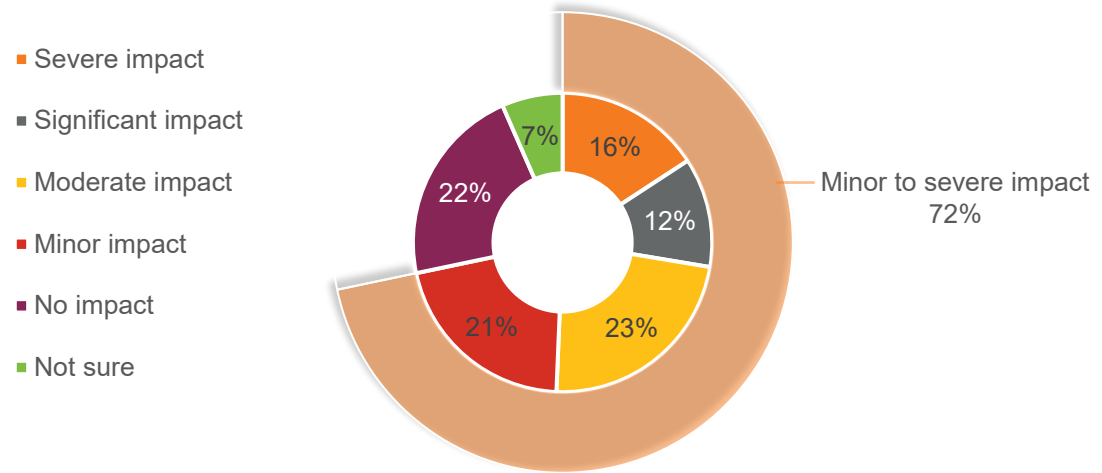


Housing affordability pressures felt widely.

- 72% of businesses reported that reduced housing affordability in the region has impacted their operations in some way over the past two years. More than one in four (28%) reported significant or severe impacts.
- Pressure to raise wages or compensation was by far the most common impact, referenced by 72% of those impacted and confirming wider evidence of many households in the region currently being cost-burdened.
- Several respondents noted that employees are being priced out of nearby housing and face longer commutes, undermining local workforce stability.

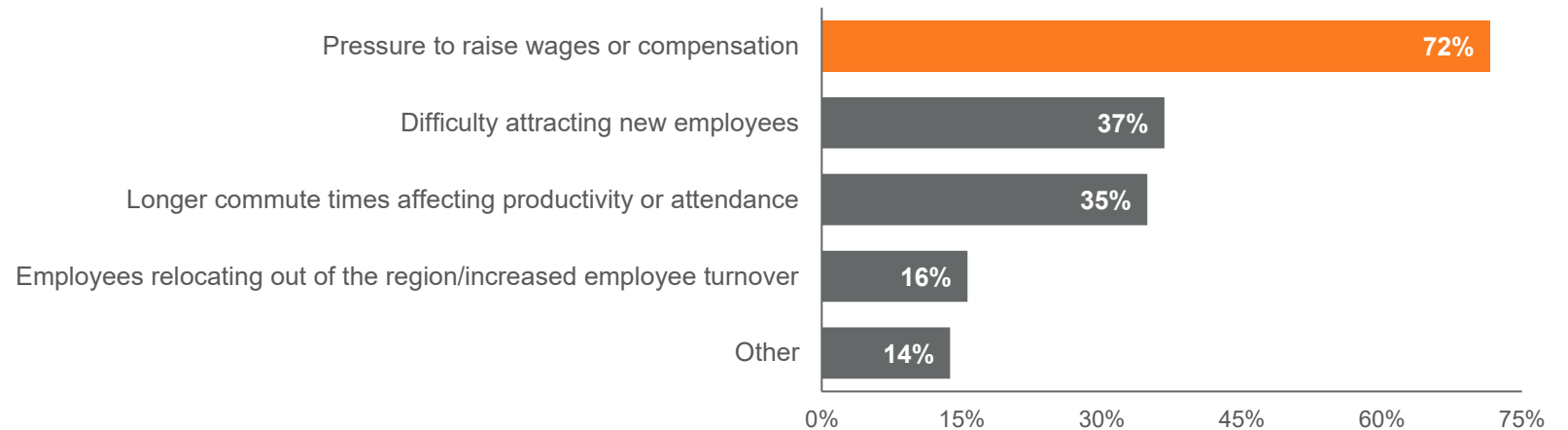
To what extent do you feel reduced housing affordability in the Orlando region has impacted your business over the past 12-24 months?

% of businesses



Which of the following impacts has your business experienced?

% of businesses who feel reduced housing affordability has impacted their business over the past 12-24 months

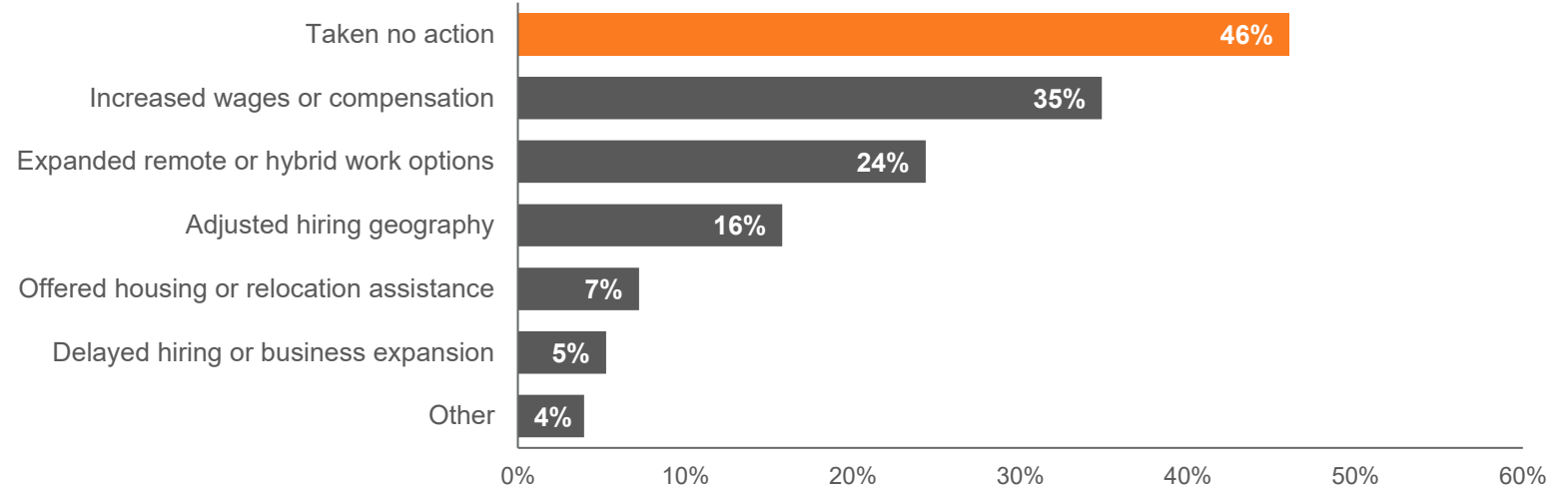


Responses to housing affordability pressures vary.

- 46% of businesses reported taking no action in response to reduced housing affordability, despite the widespread impact.
- Action has been more common among businesses that reported being impacted. 40% of these businesses reported increasing wages or compensation (compared to 35% across all businesses), with just 38% indicating they have taken no action.
- One in four (24%) businesses reported expanding remote or hybrid work options, which can help offset housing and transportation cost pressures for employees.
- Businesses rated labor costs as their most pressing affordability concern over the next two to three years, reinforcing the close link between housing affordability challenges and rising workforce-related costs.

How, if at all, has your business responded to housing affordability challenges affecting your workforce?

% of businesses



Looking ahead 2–3 years, how concerned are you about the affordability of the following costs for your business?

Rank (based on average ranking)	
1	Labor costs and wages
2	Health insurance and benefits
3	Housing affordability
4	Commercial rent or real estate costs
5	Cost of goods and supplies
6	Taxes and regulatory costs
7	Energy and utility costs

ABOUT THE Q1 2026 ORLANDO MSA BUSINESS CONDITIONS SURVEY

- 152 business responses collected between January 1, 2026, and March 31, 2026
- Responding businesses employ more than 180,000 people in the Orlando region
- Orange, Osceola, Seminole and Lake counties all represented
- 16 different industries represented

METHODOLOGY

The Orlando MSA Business Conditions Survey asks businesses in Orange, Osceola, Seminole and Lake counties a series of questions relating to their confidence, recent and expected business performance, challenges, and opportunities. The survey is administered by Stetson University's Center for Public Opinion Research (CPOR), with responses collected throughout the quarter. Each quarter, businesses are also asked a series of questions on a topical issue of regional significance.

Survey results are often presented as a **net balance** — the percentage of businesses who report an increase in any given measure minus the percentage who report a decrease. For example, if 50% of businesses indicate their revenue increased and 18% said their revenue decreased, the net balance for the quarter would be +32% (an overall expansion). If 32% indicate revenue increased and 33% said revenue decreased, the net balance would be -1% (an overall contraction).

ADD YOUR VOICE



Improve your understanding of the Orlando economy while helping to shape the region's economic future.
www.orlando.org/survey



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