2Q25

Orlando Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market's unemployment rate rose 34 basis points year over year to 3.7% but remained well below the five-year average of 4.4%.
- Job growth increased by 2.3% year over year, outperforming the national average of 1.1% by 120 basis points. Although growth remains below the five-year average of 3.3%, momentum has recently increased, as indicated by a 22-basis-point gain from the prior year.
- All sectors reported positive employment growth year over year. Leisure and hospitality led job gains at 4.0% over the past 12 months.
- Industrial employment in the market showed an acceleration in yearly growth, with manufacturing and trade/transportation/utilities jobs growing by 0.8% and 1.2%, respectively.

Leasing Market Fundamentals

- The market recorded 171,260 SF of negative absorption in the second quarter of 2025. Despite the setback occupancy gains are expected to turn positive in the second half of the year as large tenant deals take physical occupancy.
- Overall rental rates reached a historical high of $11.39/SF in the second quarter of 2025, reflecting an 8.2% year-over-year growth.
- Vacancy increased by 220 basis points year over year to 9.2% in the second quarter of 2025, driven by deliveries outpacing occupancy gains.
- Construction deliveries totaled 1.4 MSF year-to-date, while the under-construction pipeline contracted to 3.6 MSF as new construction starts slowed. In addition, only 13.8% of the projects under construction are pre-leased.

Major Transactions

- Ryder Logistics signed the largest lease of the quarter for 1.2 MSF at 4661 Apopka Logistics Pkwy to bolster its Central Florida distribution footprint to meet demand from retailers and manufacturers seeking end-to-end solutions.
- The quarter's five-largest deals occurred in the NW and SE Orange County submarkets, highlighting the appeal of the 429, 414 and I-4 corridors for occupiers in both regions.
- Notable transactions this quarter span a diverse range of tenant industries, highlighting sustained demand across multiple sectors. This broad interest reflects the resilience of the market, as occupiers from various industries continue to seek strategic locations to support their operations.

Outlook

- With 2.1% of inventory under construction, Orlando will see near-term supply growth, but this uptick should be brief as fewer new projects break ground and as existing developments wrap up.
- Vacancy is set to rise as new deliveries temporarily outpace leasing but should stabilize once the remaining pipeline is absorbed and demand realigns with fresh supply.
- Asking rents are expected to continue rising, though at a more moderate pace, driven by a pipeline of high-quality new product commanding premium prices that have yet to be delivered.

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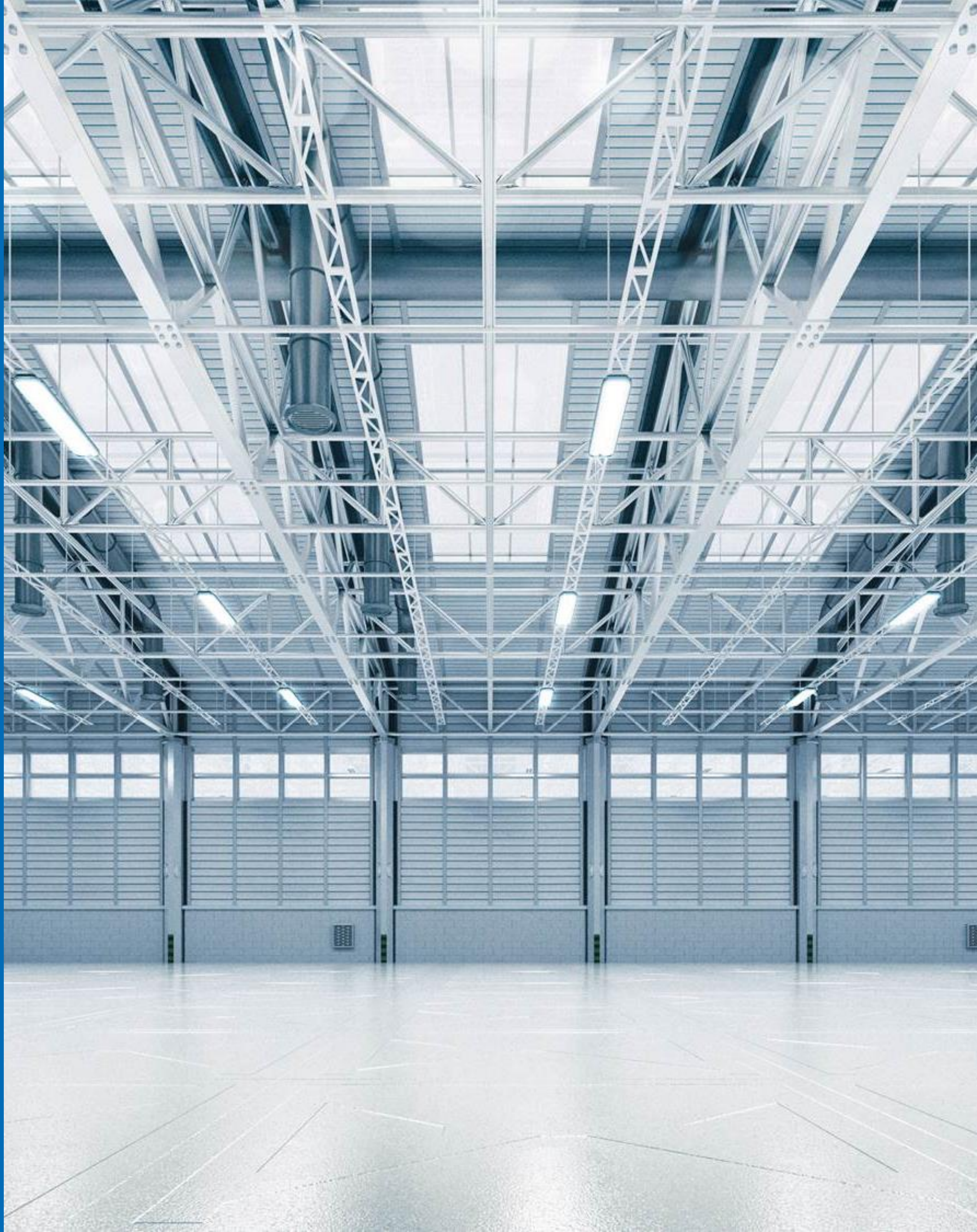
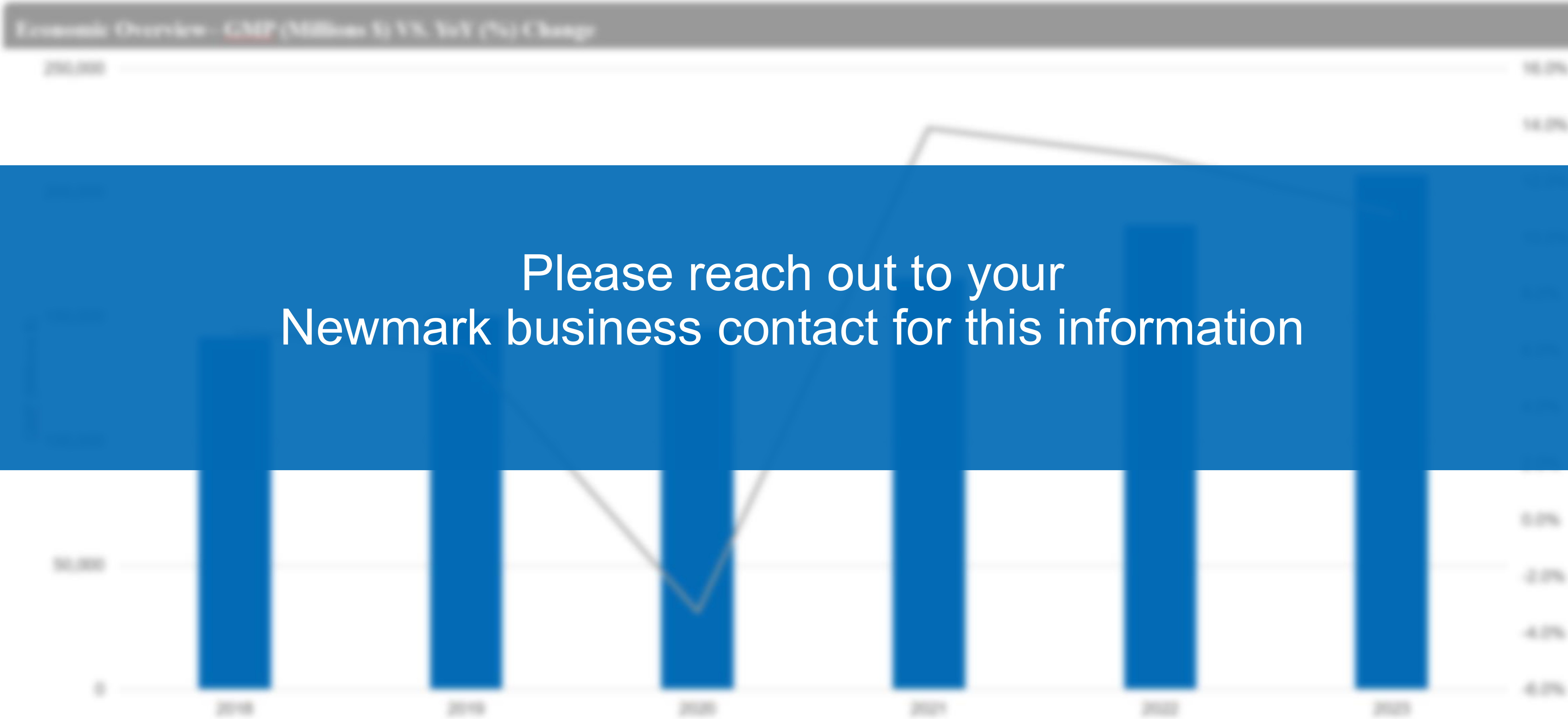
Economy



Orlando Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. In 2023, the gross metropolitan product rose 10.9% year over year reach a new all-time high of roughly $208 billion.



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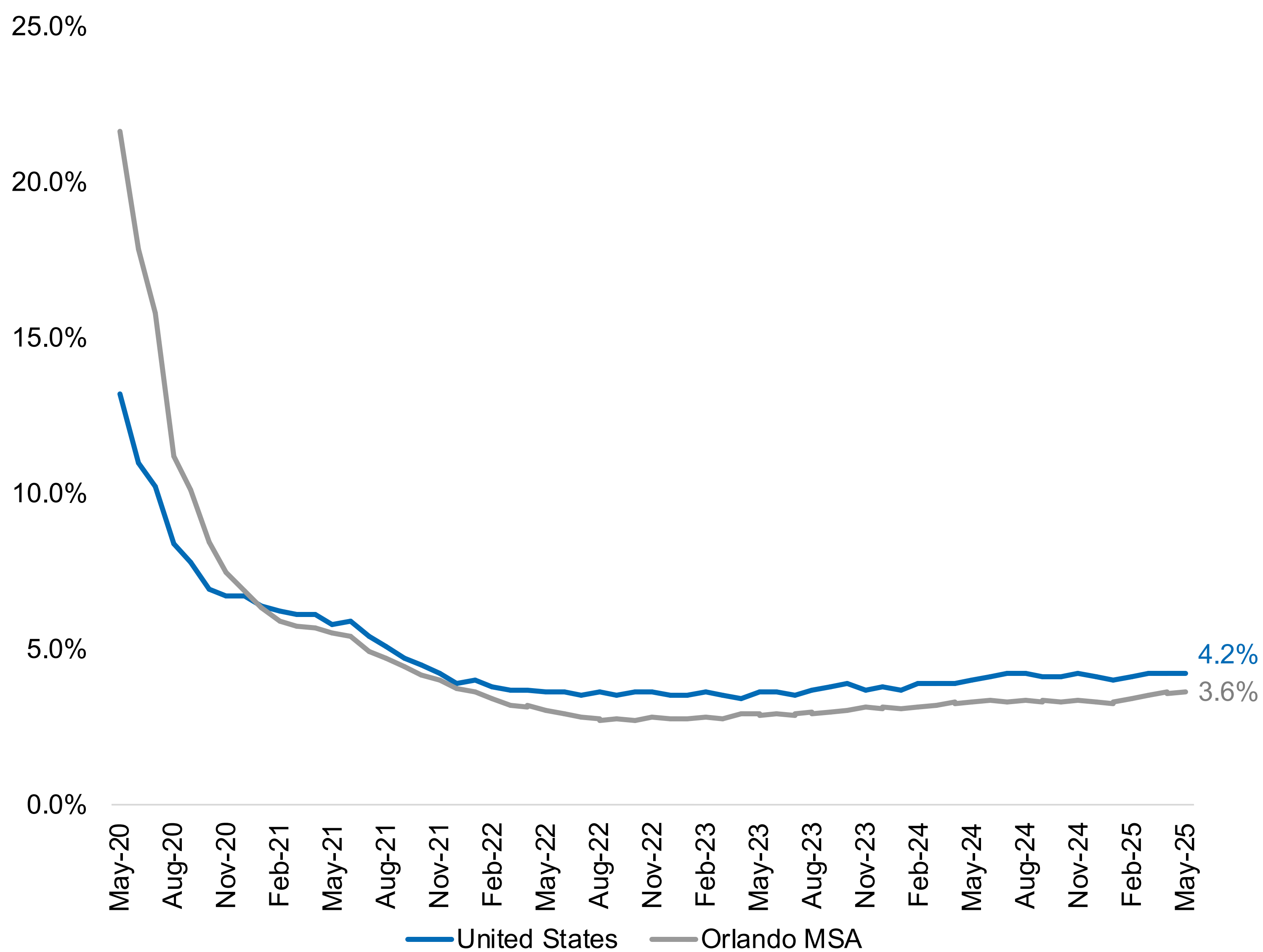
Source: Moody's Analytics

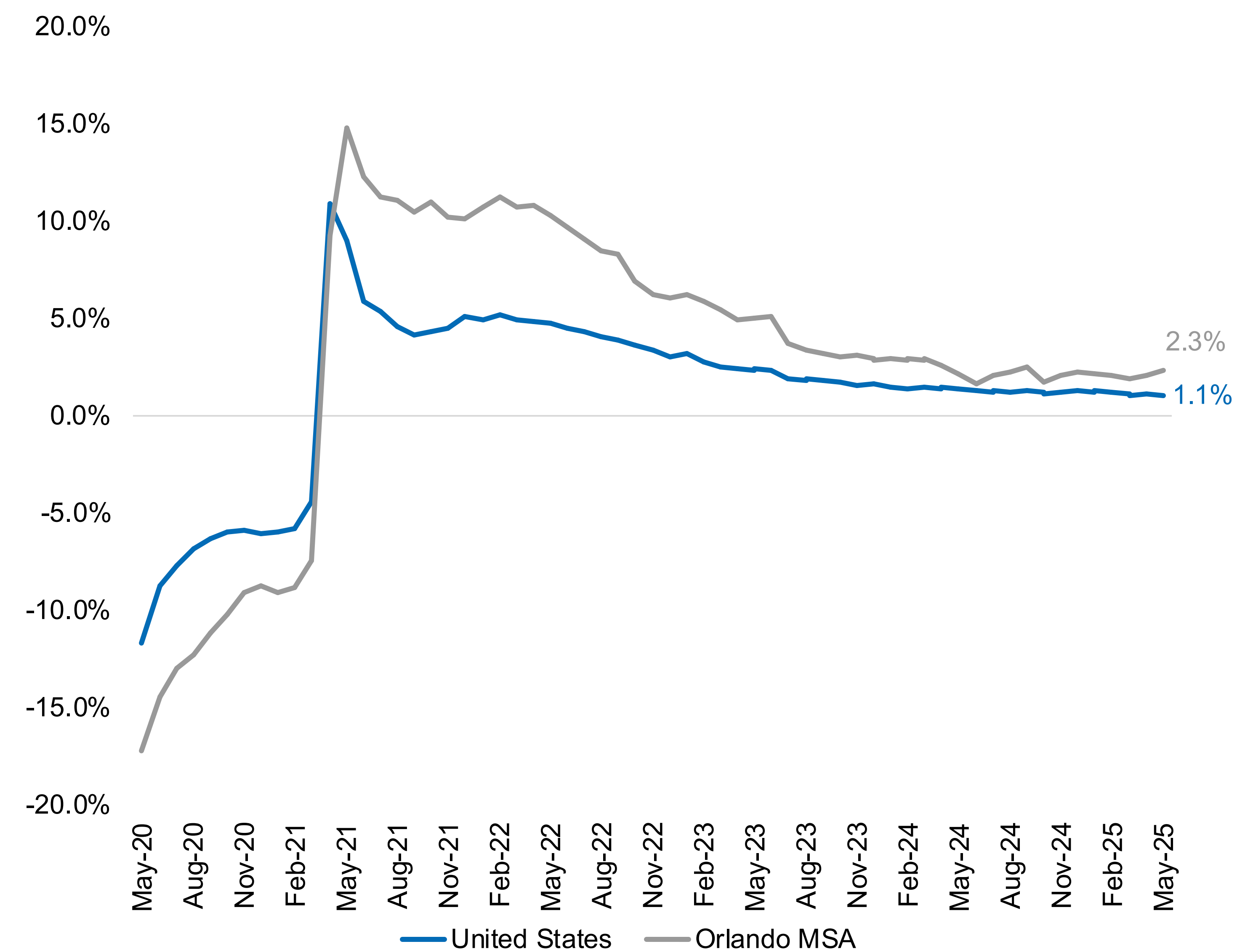
Metro Employment Trends Continue Slow Growth

The Orlando market has consistently outperformed the national average in both employment growth and unemployment rates. Over the last year, Orlando's unemployment rate increased by 34 basis points to 3.6%, but remains below the national average of 4.4%. In the second quarter of 2025, annual employment growth in Orlando was 2.3%, a decline of 22 basis points year over year. While national employment growth also slowed to 1.1%, down 32 basis points from the previous year, the gap between Orlando and the national average widened by 54 basis points, as employment growth in Orlando is accelerating at a faster pace.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

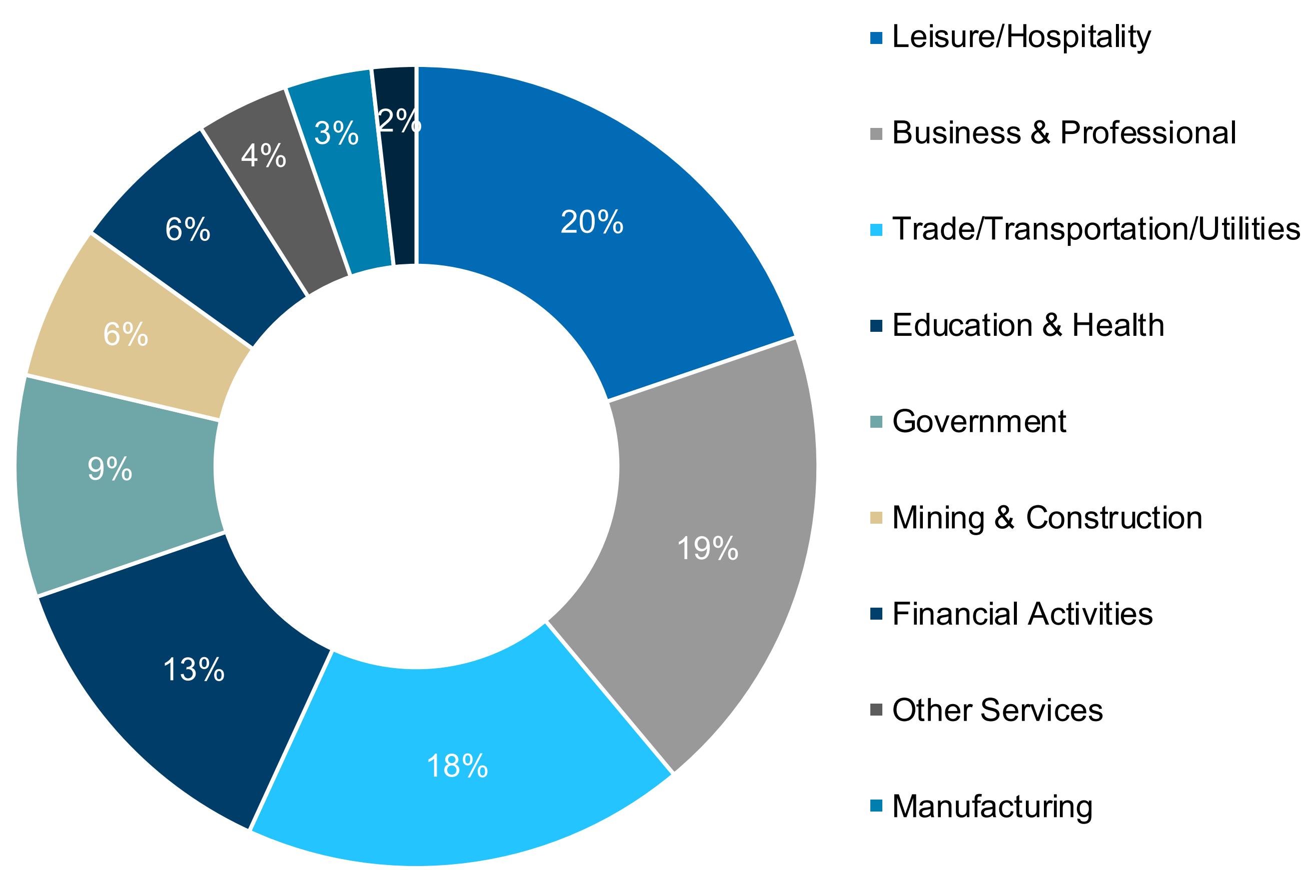


Source: U.S. Bureau of Labor Statistics, Orlando MSA

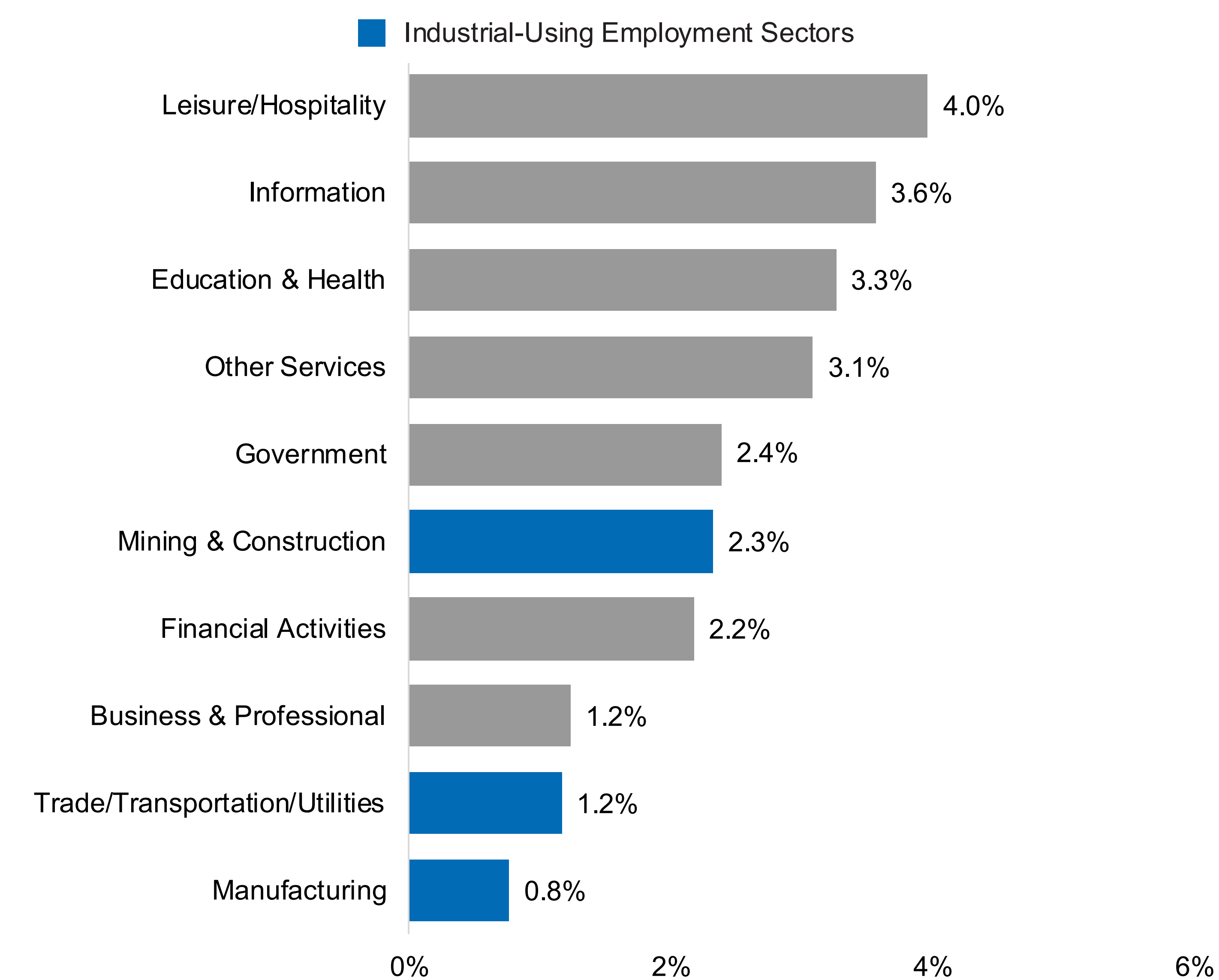
Industrial-Sector Employment Up Across All Industries

The Orlando market, renowned for its tourism sector, sees its top two employment industries accounting for 38.9% of the total market share. The trade/transportation/utilities sector, which supports industrial-using employment, represents 17.9% of the metro's workforce, making it the third-largest industry. Over the past year, key industrial-using industries—including mining and construction, manufacturing, and trade/transportation/utilities sectors—have all posted employment gains. The steady expansion underscores the market's underlying resilience while highlighting a gradual shift toward last-mile logistics, cold-storage operators, and specialized manufacturing occupiers

Employment by Industry, May 2025



Employment Growth by Industry, 12-Month % Change, May 2025

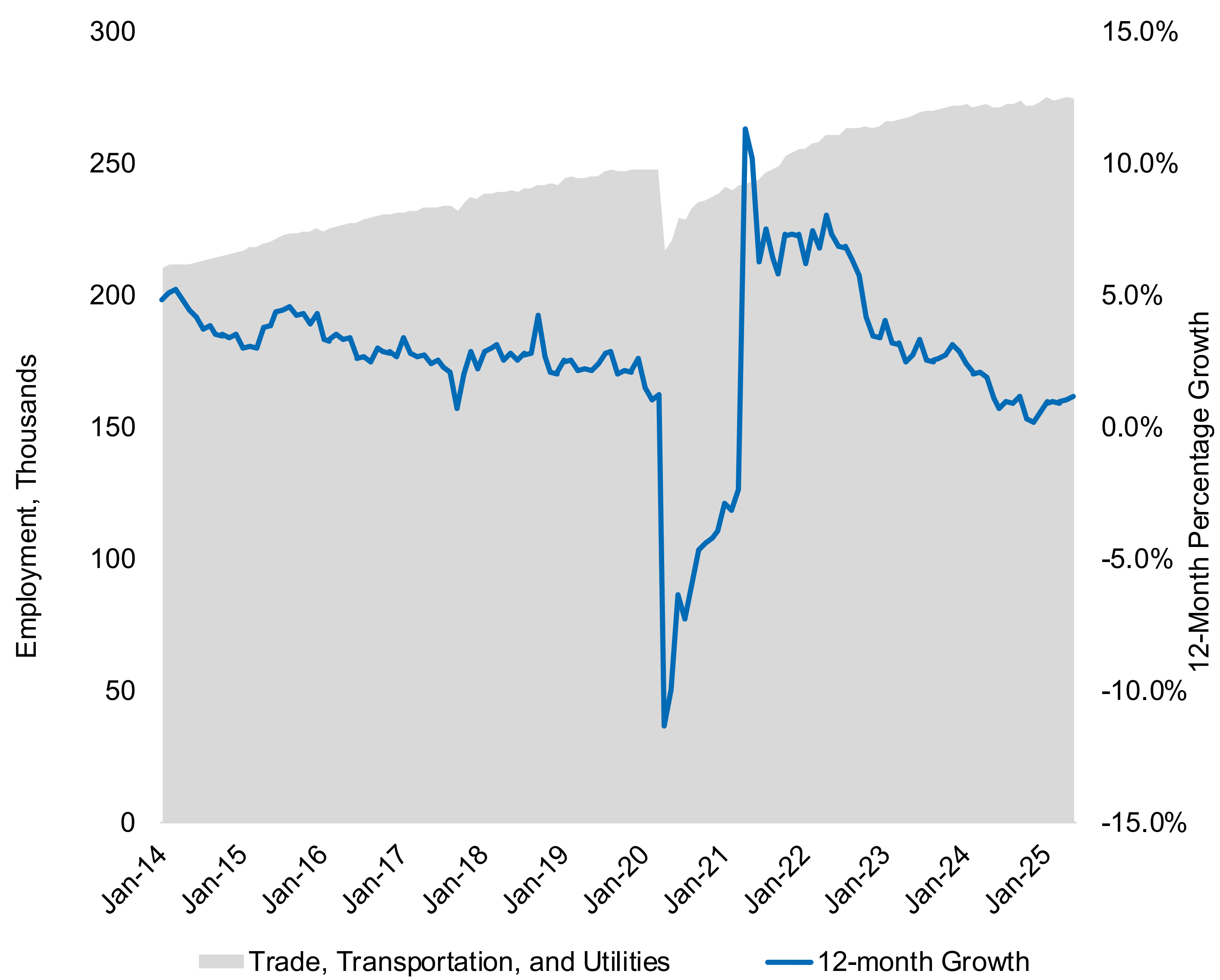


Source: U.S. Bureau of Labor Statistics, Tampa MSA

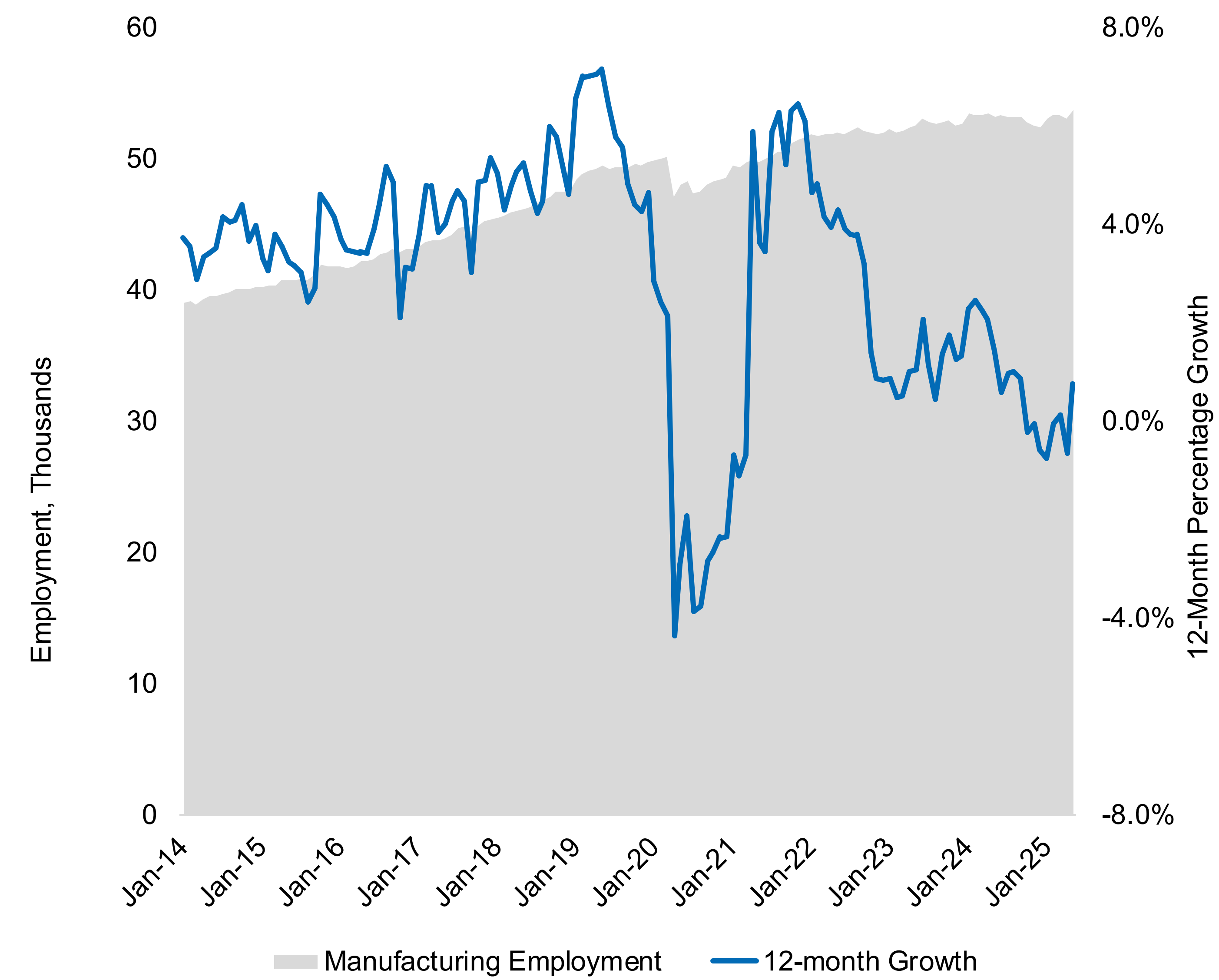
Industrial Employment Growth Continues at Slower Pace

As of May 2025, employment in the trade/transportation/utilities sector stood at 274,392 employees, slightly down 0.4% from the all-time high in April 2025, but up 1.2% year over year. Manufacturing employment after seven months of flat to negative growth showed modest quarter in May, with a 0.8% year over year expansion, pushing employment to 53,690 jobs. These trends suggest that the trade/transportation/utilities sector will likely continue to grow at a slower pace, while manufacturing employment appears to be showing some renewed momentum.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Orlando MSA

2Q25

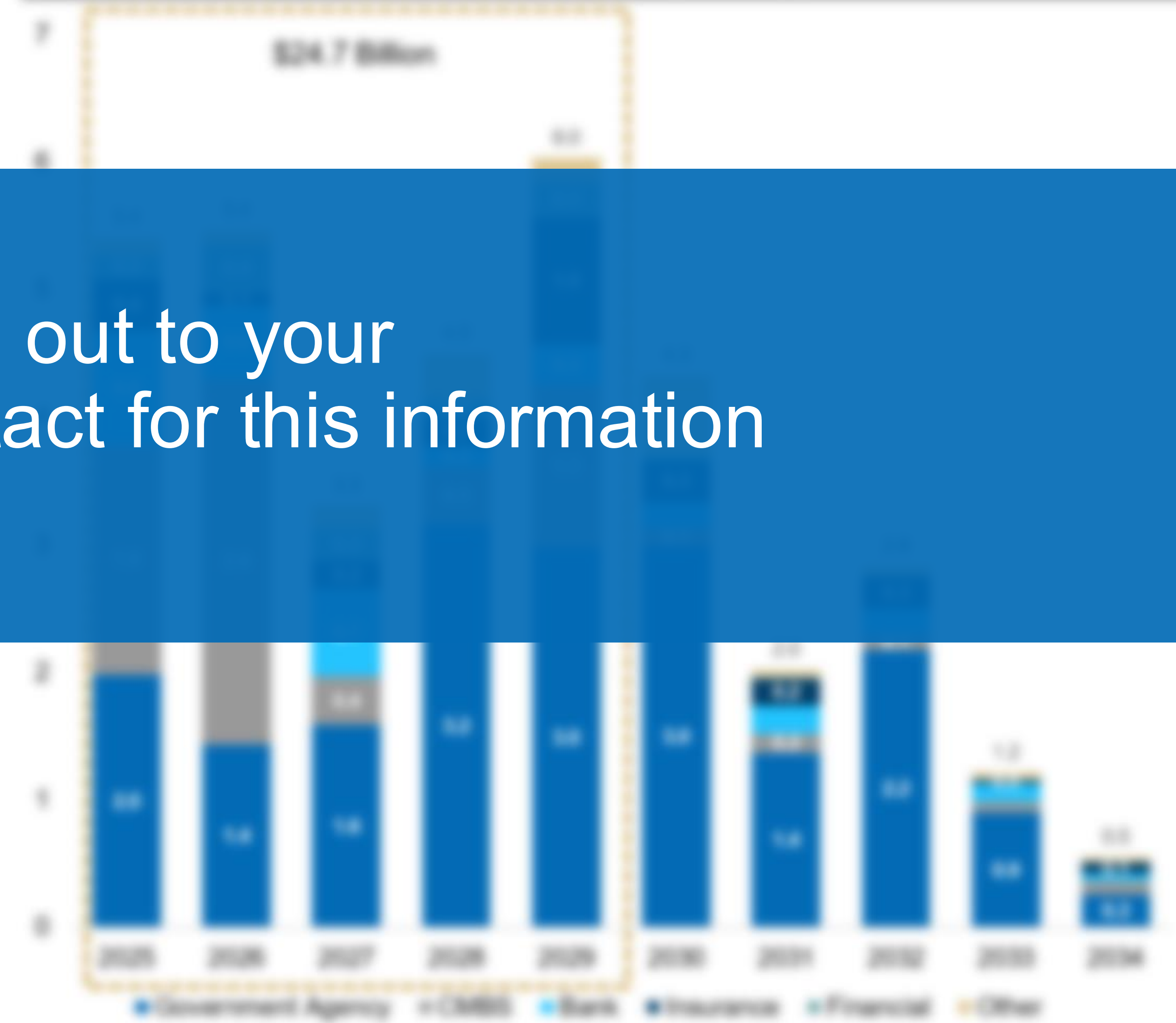
Debt/Capital Markets

Higher Loan Volume Due in 2025, 2026 and 2029

In the second quarter of 2025 government agency remains the dominant source of debt financing, accounting for over half of the total volume. Notably, agency and bank loans represent a significant share of near term maturities, with a front-loaded schedule totaling $24.7 billion over the next five years at the end of the second quarter. The concentration of near term maturities, particularly among agency and bank debt, highlights refinancing risk in a higher-rate environment, underscoring the importance of credit quality and capital planning over the next cycle.

Financing Source (by volume)

Debt Maturity Schedule, Dollars in Billions (by loan type)



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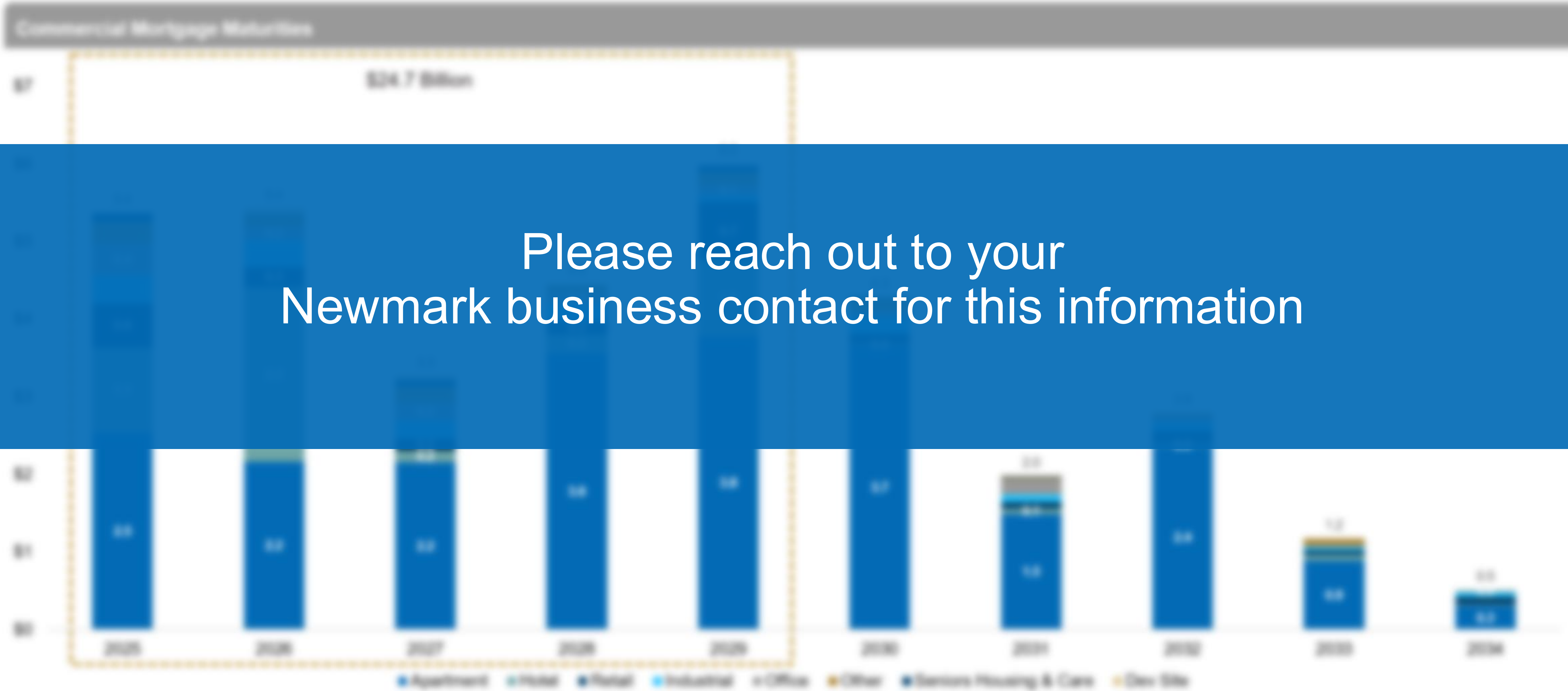
Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much



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Source: RCA, Newmark Research

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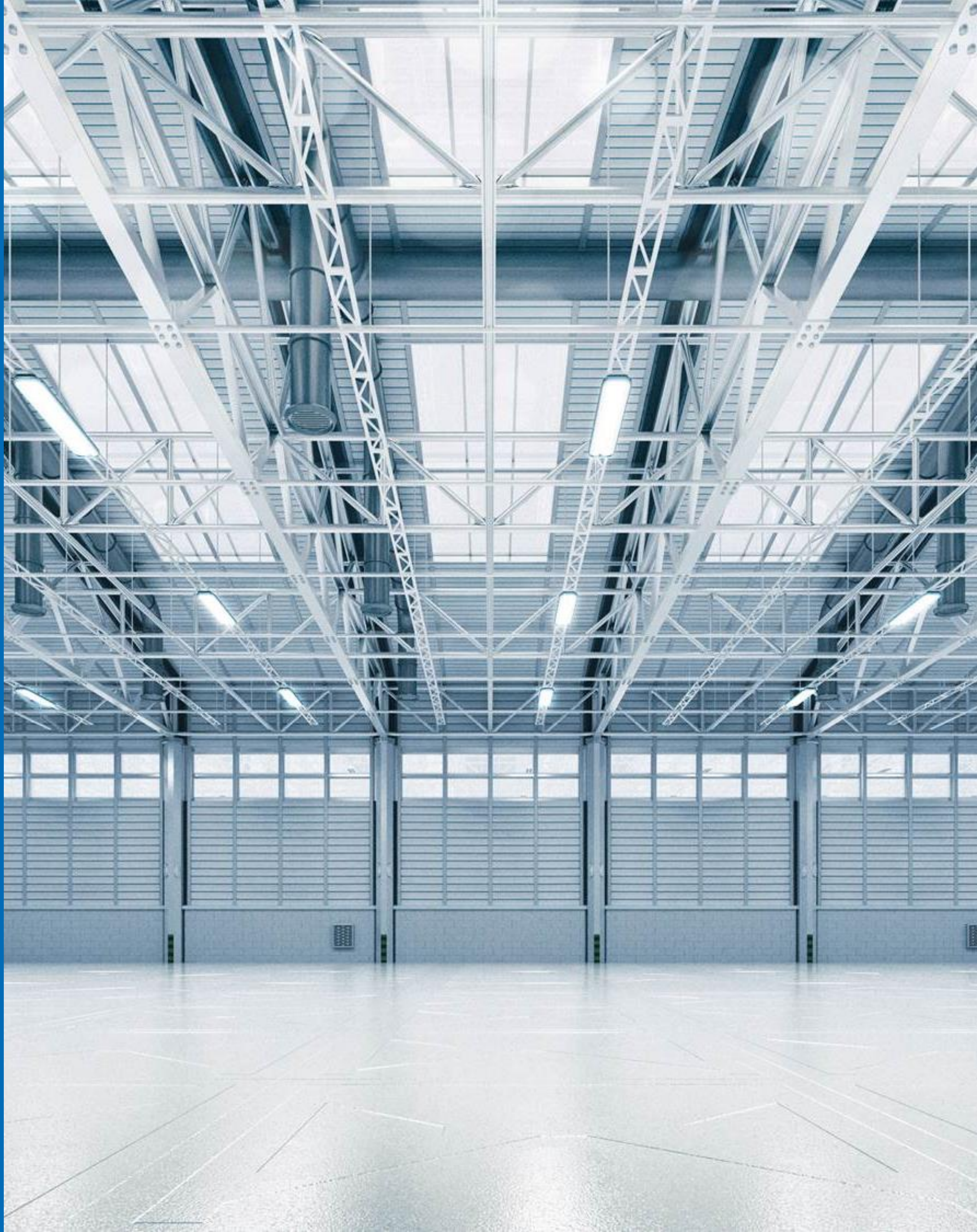
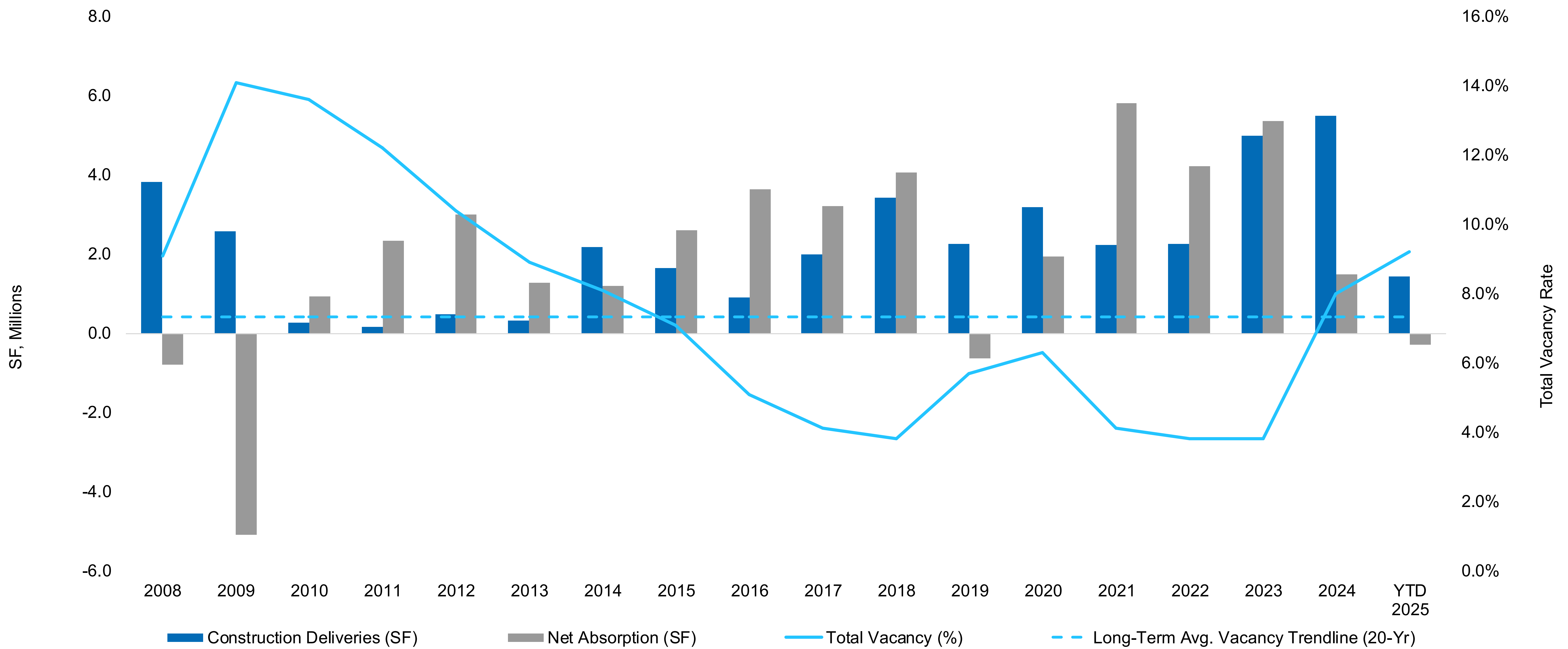
Leasing Market Fundamentals



New Deliveries and Occupancy Losses Push Vacancy to 10-Year High

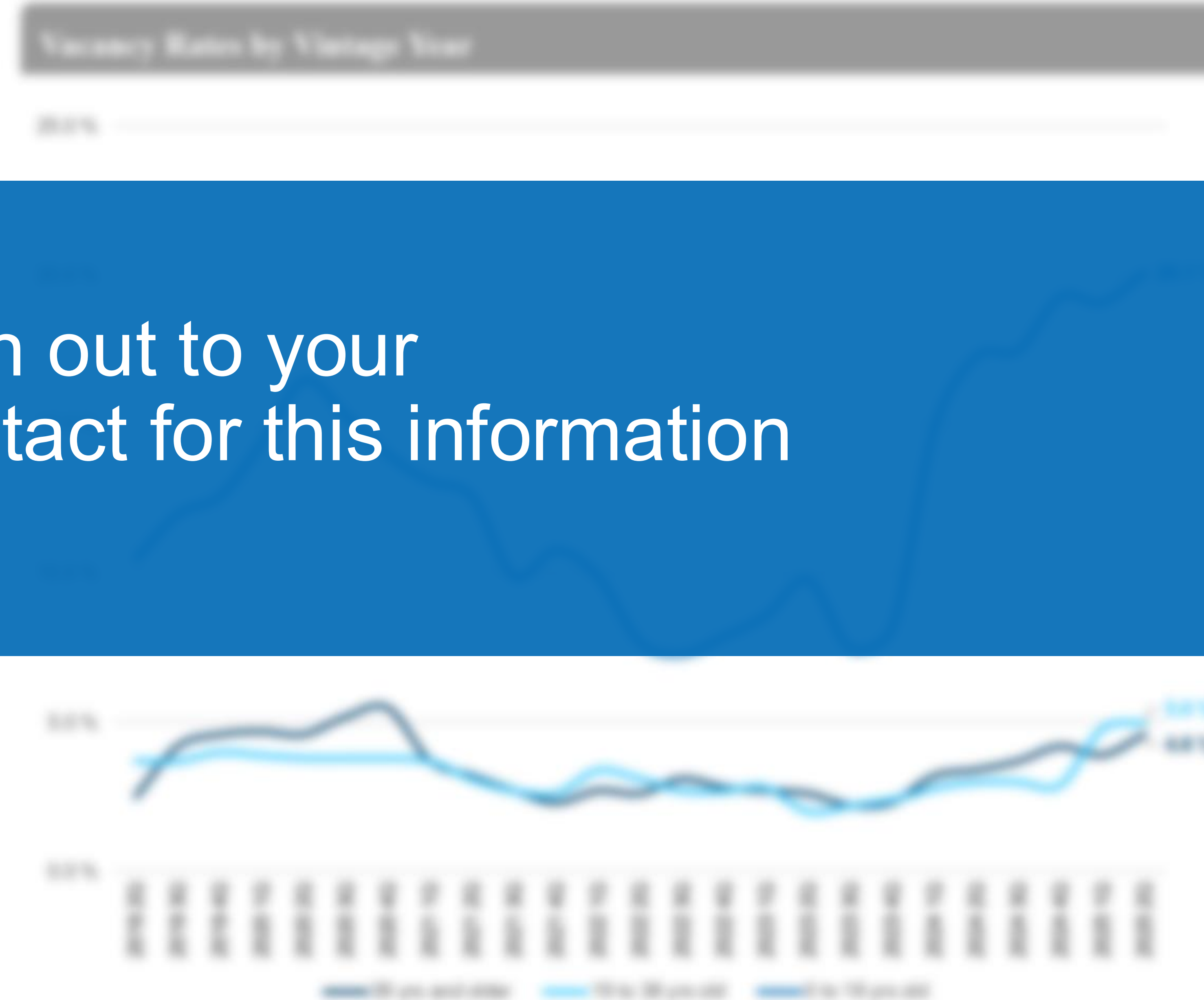
The Orlando industrial vacancy rate increased by 220 basis points year over year to 9.2% in the second quarter of 2025, driven by over 6.9 MSF of new deliveries since the first quarter of 2024, which outpaced absorption by more than 5.7 MSF. Vacancy rates are currently at a 10-year high and are expected to remain elevated throughout most of 2025 as softening demand continues to lag newly delivered supply. Deliveries remain strong, with 778,971 SF of new space added in the second quarter of 2025, bringing year-to-date completions to 1.4 MSF.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Preference for Modern Industrial Buildings Drives Demand



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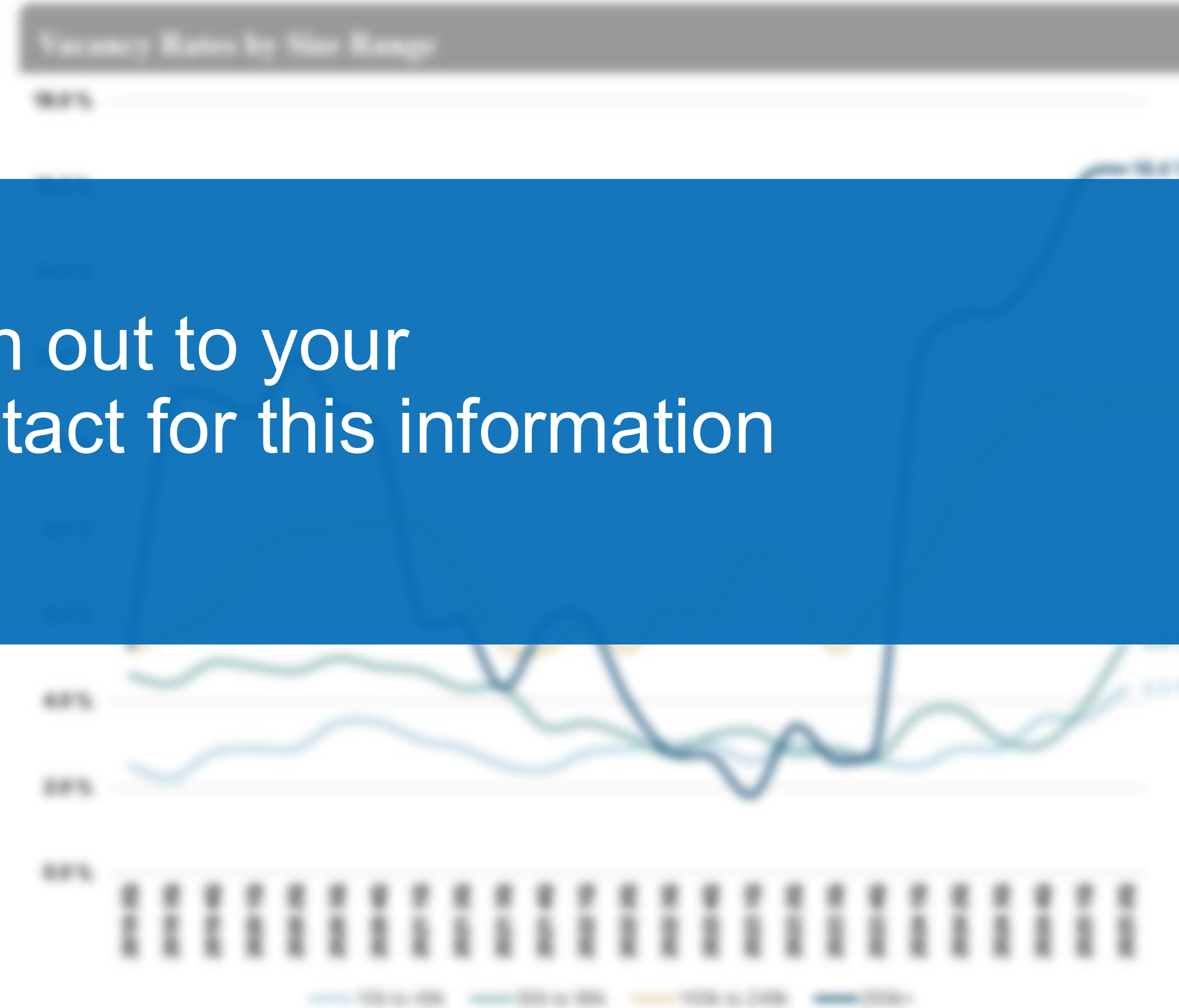
Source: Newmark Research

Fluctuating Demand for Large Buildings Continues as Vacancy Rises



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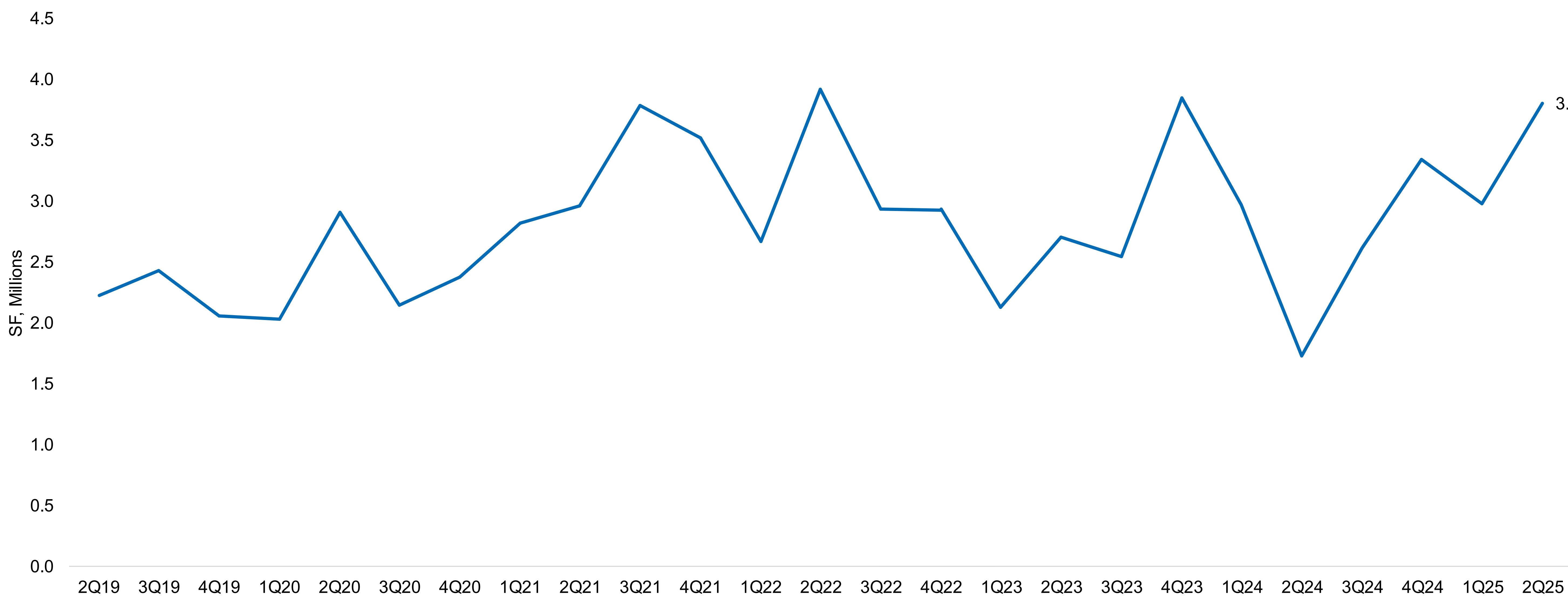
Source: Newmark Research

Industrial Leasing Activity Dips Slightly but Remains Above Pre-Pandemic Levels

Leasing activity in the second quarter of 2025 increased by 27.6% quarter over quarter to 3.8 MSF, bringing the year-to-date total to 6.8 MSF. Despite this fluctuation, second-quarter activity is well above the 10-year quarterly average by 38.7% and is 58.1% above the pre-pandemic average from 2012 to 2019. This demonstrates that—even in the face of occupancy losses during the quarter—leasing activity remains solid compared with historical norms, underscoring the market's enduring stability

Total Leasing Activity (SF)

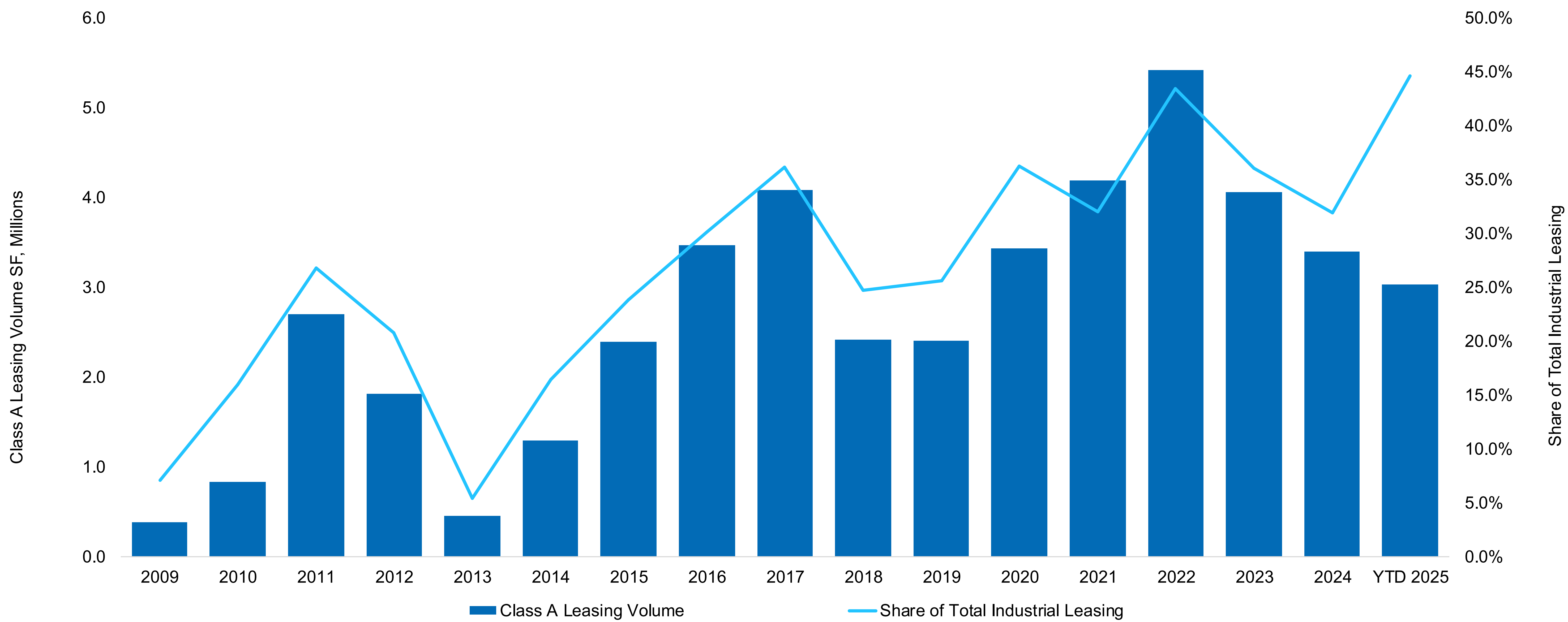


Source: Newmark Research, CoStar

Class A Warehouse Leasing Remains Above Long-Term Average

Leasing activity for Class A warehouse space in the second quarter of 2025 increased to 1.5 MSF, reflecting a 7.2% rise from the previous quarter. This marks the second highest second-quarter leasing volume by square footage for Class A warehouses in the last decade and a half. Class A warehouse leases accounted for 44.7% of total leasing activity in the first half of 2025, up from 29.0% in the same period last year. The substantial share of Class A leases highlights a growing trend in industrial demand, with tenants increasingly seeking space in higher-quality buildings throughout the broader market.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

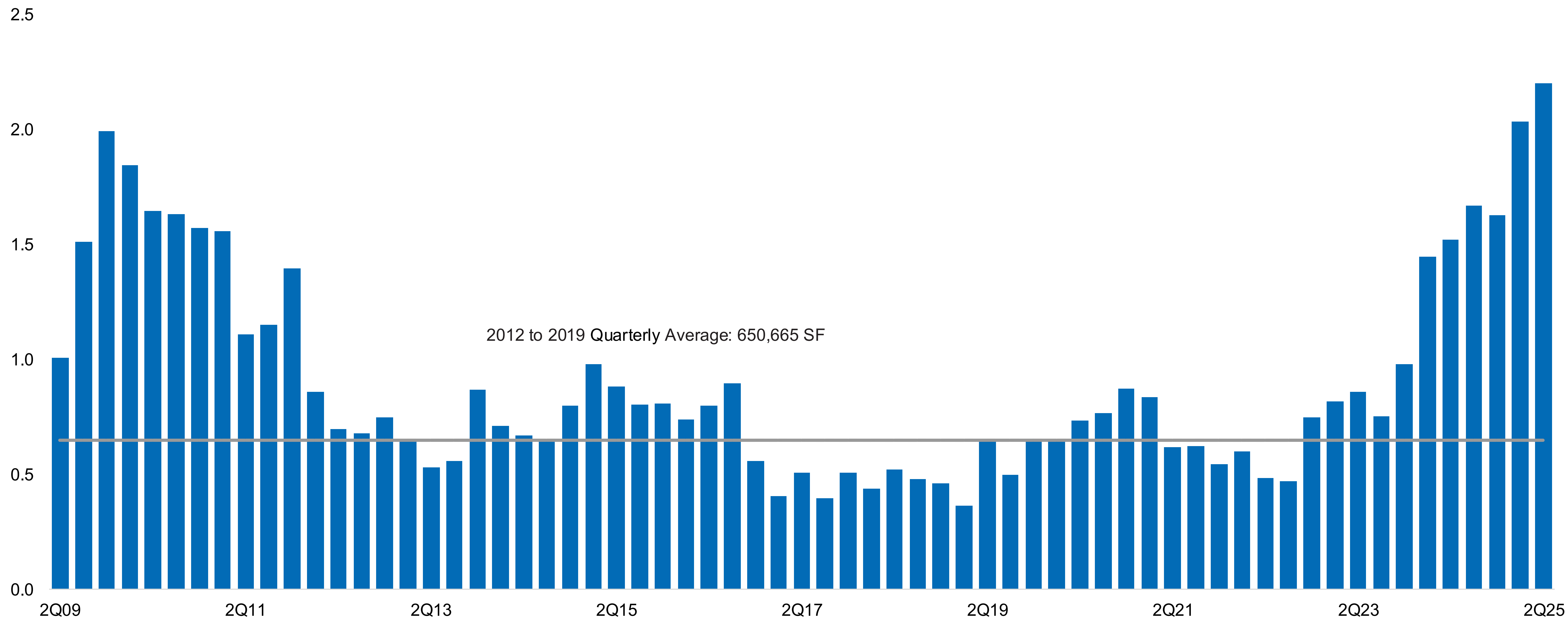


Source: Newmark Research, CoStar

Industrial Sublease Availability Reaches New Peak

In the second quarter of 2025, sublease volume rose to 2.2 MSF, the highest level since 2009, representing an 8.2% increase from the previous quarter's 2.0 MSF. The surge reflected Alliance Packaging listing more than 107,000 SF at 2550 American Way for sublease and O'Rourke adding over 89,000 SF at 1349 Ocoee Apopka Rd to the sublease market. The rise in sublease activity reflects a broader market shift, with current levels more than three times the pre-pandemic average of 650,665 SF. This increase is largely attributed to businesses adjusting to new economic conditions, opting to sublease excess space that was being used during the pandemic-driven surge.

Available Industrial Sublease Volume (msf)

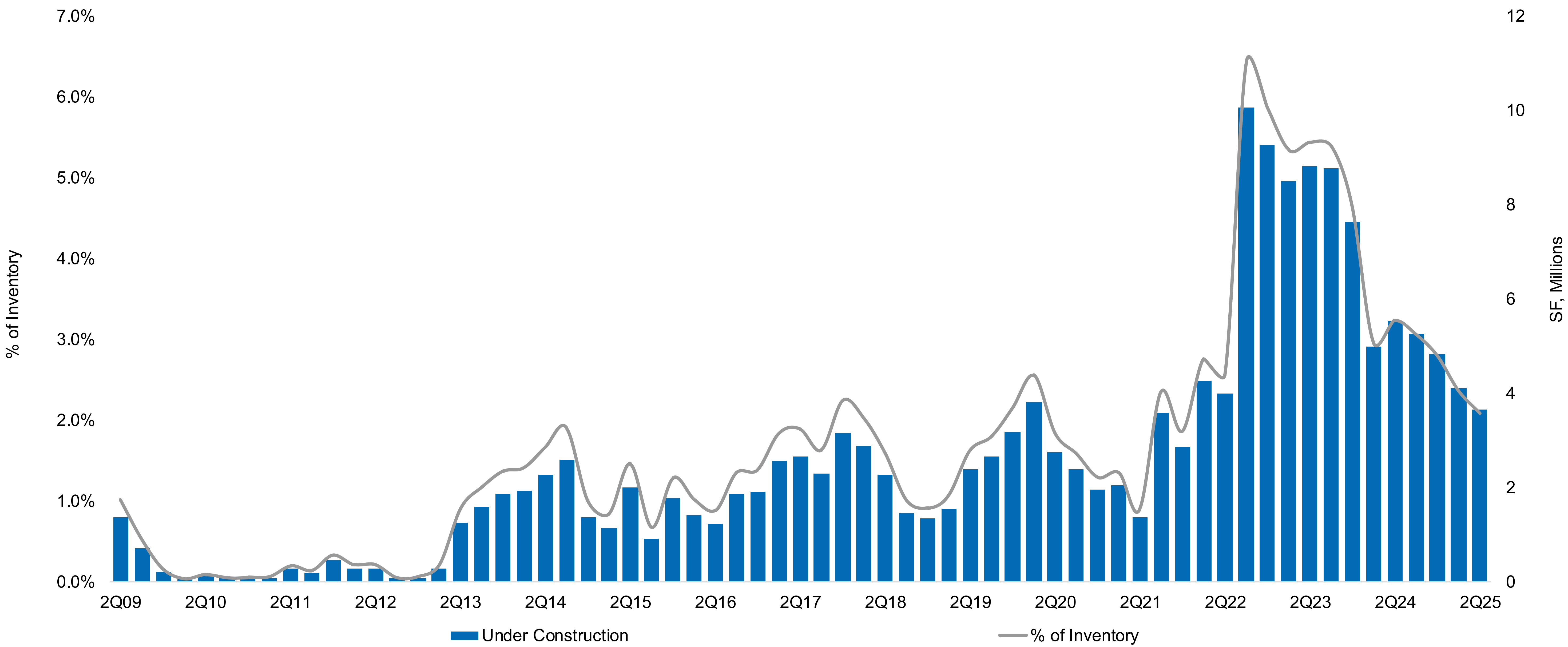


Source: Newmark Research, CoStar

Construction Pipeline Slows, But Remains Above Historical Averages

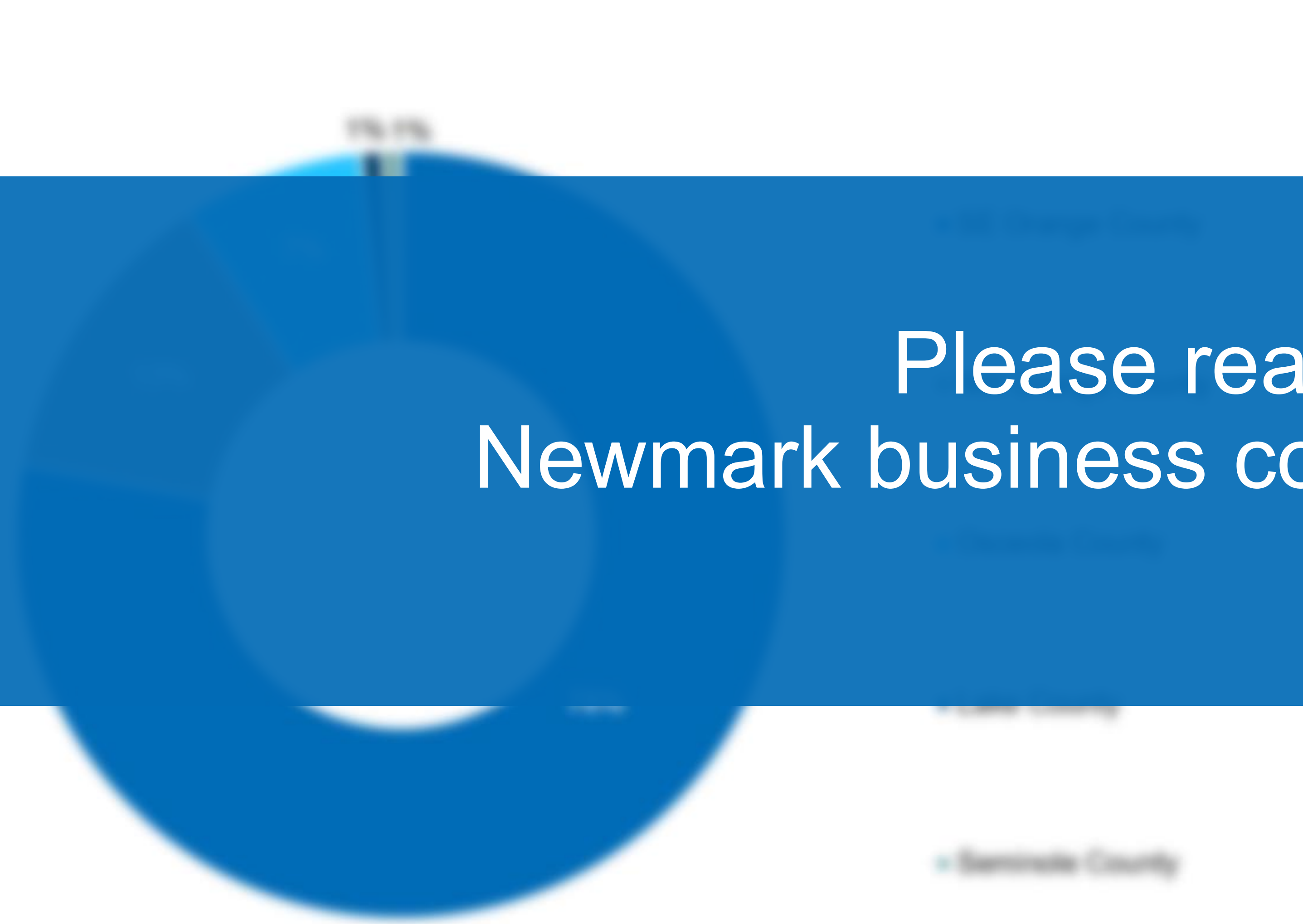
The construction pipeline in the second quarter of 2025 totaled 3.6 MSF, reflecting a 11.2% decline quarter over quarter and a 34.0% drop year over year, marking the lowest level since the second quarter of 2022, when 3.9 MSF was under development. Although current development activity remains elevated compared to the 15-year historical quarterly average of 2.8 MSF, many projects that broke ground in 2024 are expected to wrap up in 2025 and early 2026. As these developments near completion, it is anticipated that the under-construction pipeline will return to more historical levels, as new deliveries continue to outpace new construction starts.

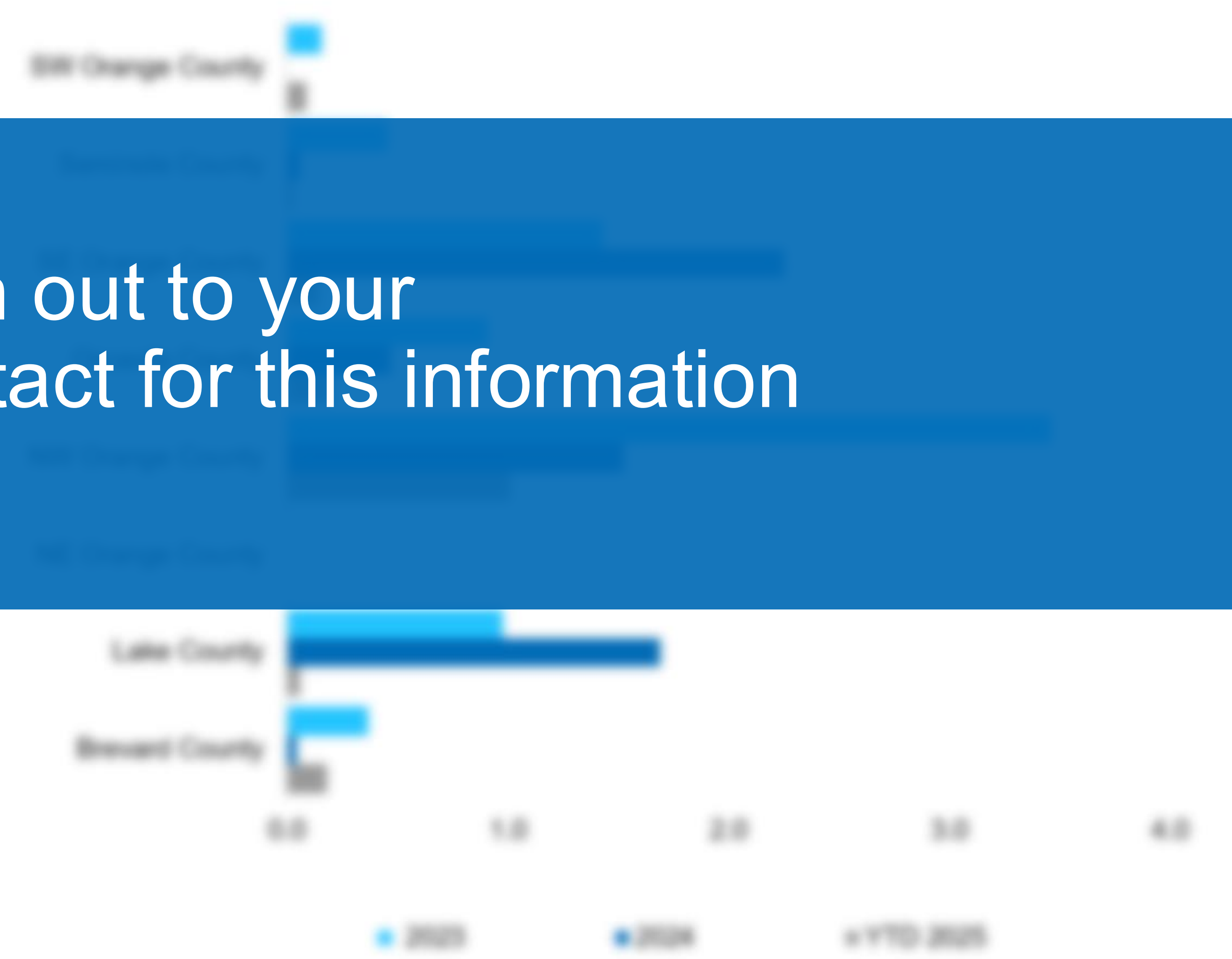
Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

SE Orange County Leads Under Construction; NW Orange County Tops Recent Deliveries





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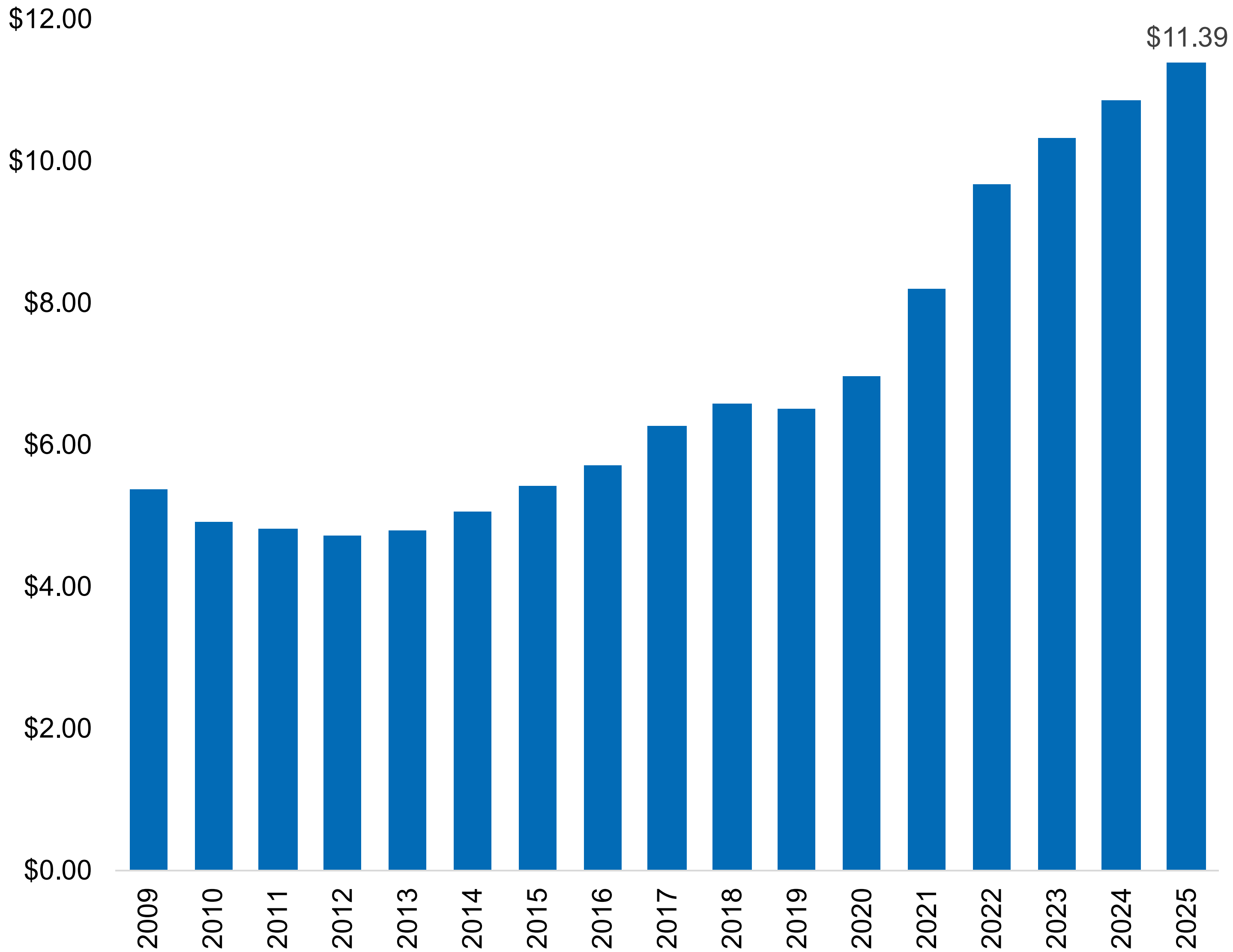
Source: Newmark Research, CoStar

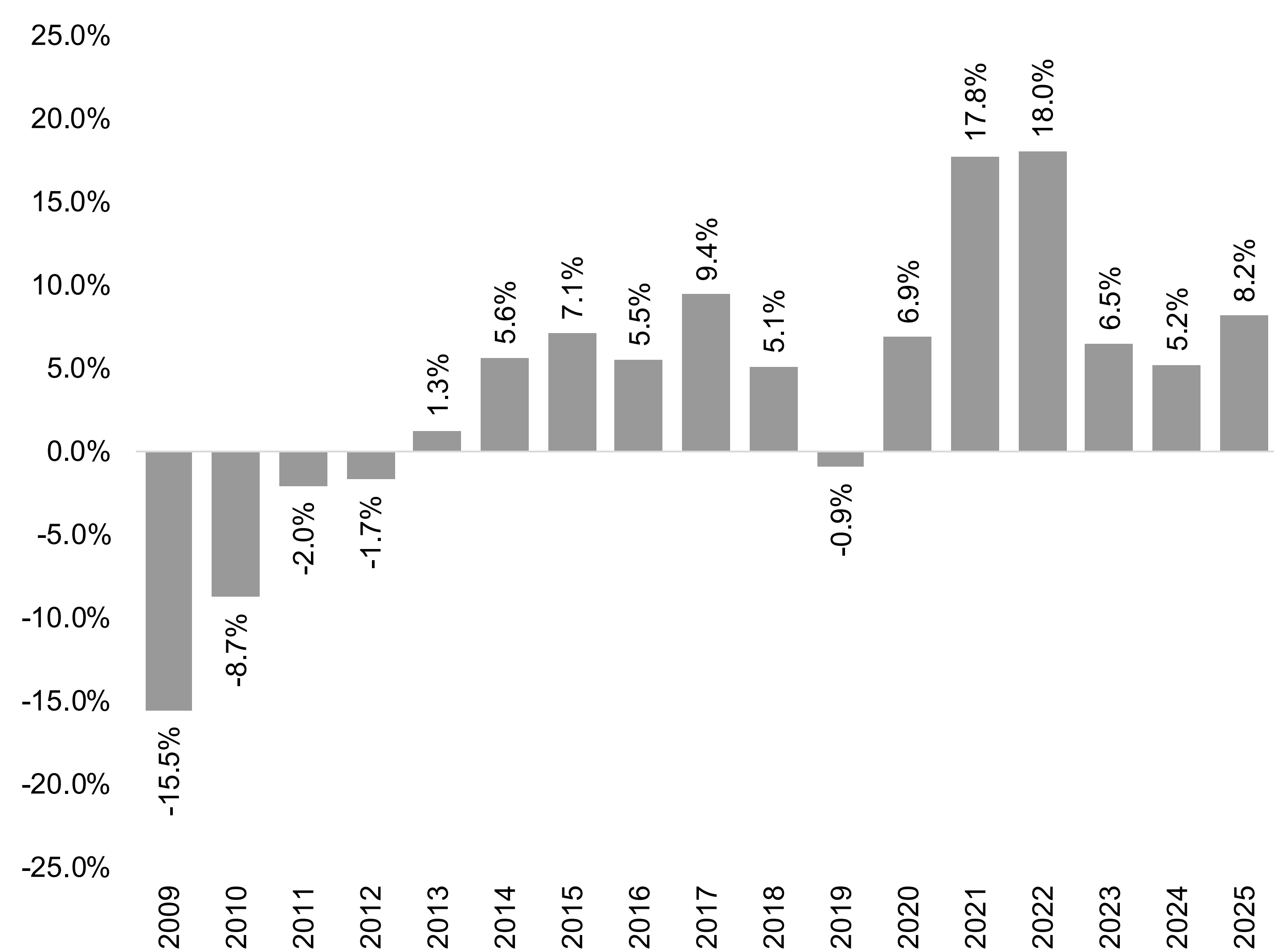
Asking Rents Increase to New Historical High

Industrial average asking rents reached a new historical high of $11.39/SF in the second quarter of 2025, reflecting a 2.0% increase from the previous quarter and an 8.2% gain year over year. The increase in rents can be attributed to the ongoing influx of new, higher-quality supply delivering and the strong preference for state-of-the-art facilities by most tenants. However, as the remaining new supply deliveries, the pace of rent growth is expected to moderate, as future rent increases will likely be driven more by localized demand and limited availability of high-quality space rather than widespread market-wide supply.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

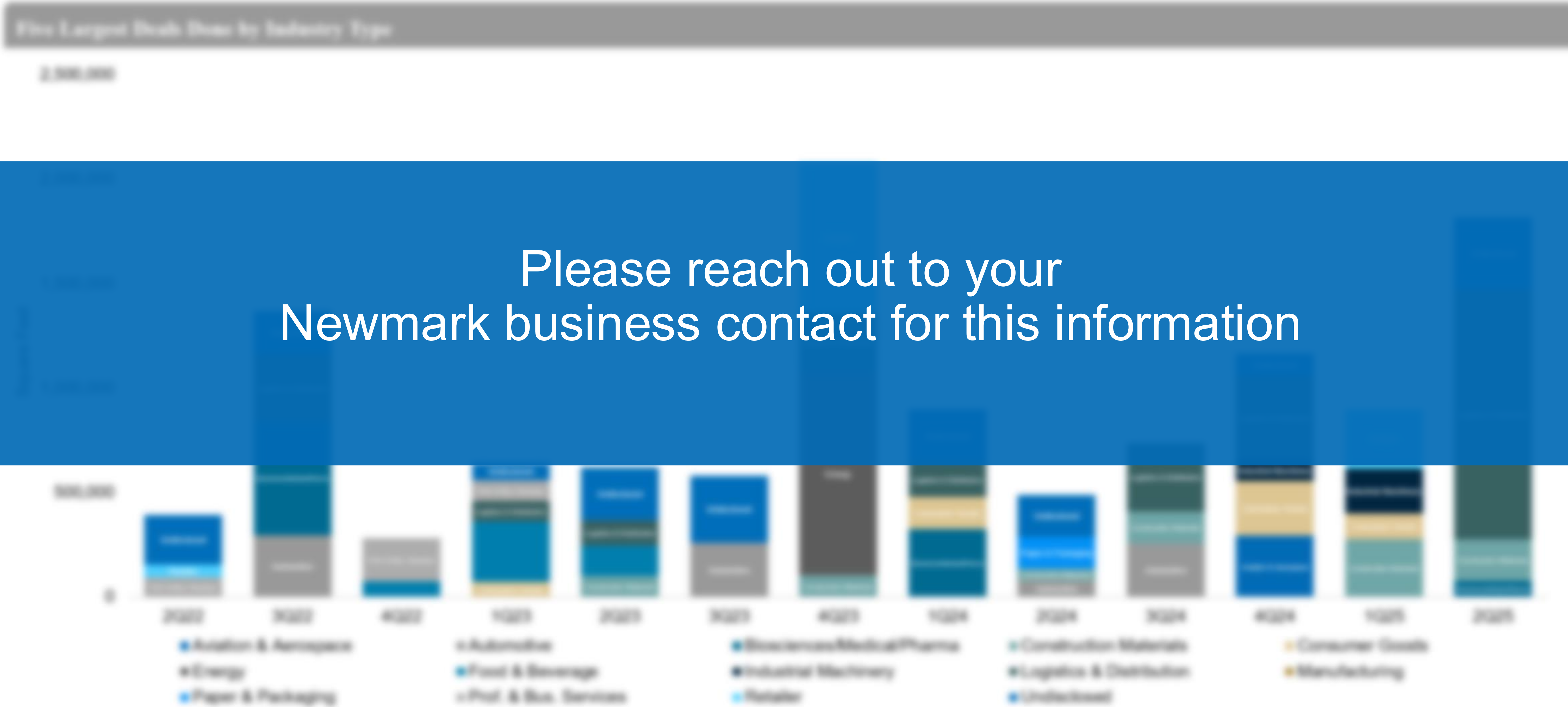
Leasing activity in the second quarter of 2025 increased by 28.0% quarter over quarter, totaling 3.8 MSF. Direct leases comprised 96.8% of the total activity, with subleases accounting for only 123,429 SF. Leasing for buildings over 100,000 SF remained robust, reaching 2.3 MSF, which is 109.0% above the pre-pandemic average from 2012 to 2019. Sustained leasing activity for larger, higher-quality spaces reflects tenants' preference for modern assets. Notably, three of the top five leases were signed in buildings constructed since 2015. Projects currently under construction are 13.8% pre-leased, with buildings over 100,000 SF at 13.6% pre-leased, while smaller buildings under 100,000 SF are 15.5% pre-leased.

Notable 2Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Ryder Logistics	4661 Apopka Logistics Pkwy	NW Orange County	Direct New	1,199,374
The global logistics provider signed a lease to occupy the entire Class A warehouse facility through November 2028 to bolster its Central Florida distribution footprint. They are expected to physically move into the building in the third quarter of 2025.				
Staples Contract & Commercial	10701 Central Port Dr	SE Orange County	Renewal	555,000
The leading American office-supply retailer and business-services provider *company renewed its lease at the building which it has occupied since July 2006. The building servers as a local and regional distribution hub for their e-commerce orders and next-day delivery of core office supplies throughout Central Florida.*				
Undisclosed	1401 Tradeport Dr	SE Orange County	Direct New	343,623
An undisclosed tenant signed a lease to occupy the entire Class A warehouse facility. The tenant is expected to physically move into the building in December 2025.				
Shaw Floors	10670 Central Port Dr	SE Orange County	Renewal	196,302
The commercial and residential flooring company renewed its lease at the building which it has occupied since March 2024. The building serves as a local and regional distribution hub for suppliers supporting residential and commercial construction projects.				
TwinMed	Crossroad Business Park – Building 301	SE Orange County	Direct New	79,879
The medical device company signed a lease to occupy 34.1% of the building at 301 Gills Dr through July 2030. The tenant is expected to physically move into the building by July 2025.				

Source: Newmark Research

Top Five Largest Deals Done by Industry Type



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Source: Newmark Research, CoStar

Orlando Industrial Submarket Overview

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Source: Newmark Research

Orlando Industrial Market

Strengths

- The region boasts strong links to major highways, railroads, airports and ports enhancing appeal for regional distribution and last-mile operations.
- Industrial employment has grown significantly over the past five years, supporting underlying tenant demand across the logistics sector.

Weaknesses

- High vacancy rates, particularly in newer industrial buildings, are being driven by a wave of speculative development.
- Rising rental costs can be a deterrent for some businesses.
- Leasing activity volume is slowing, despite deal count remaining

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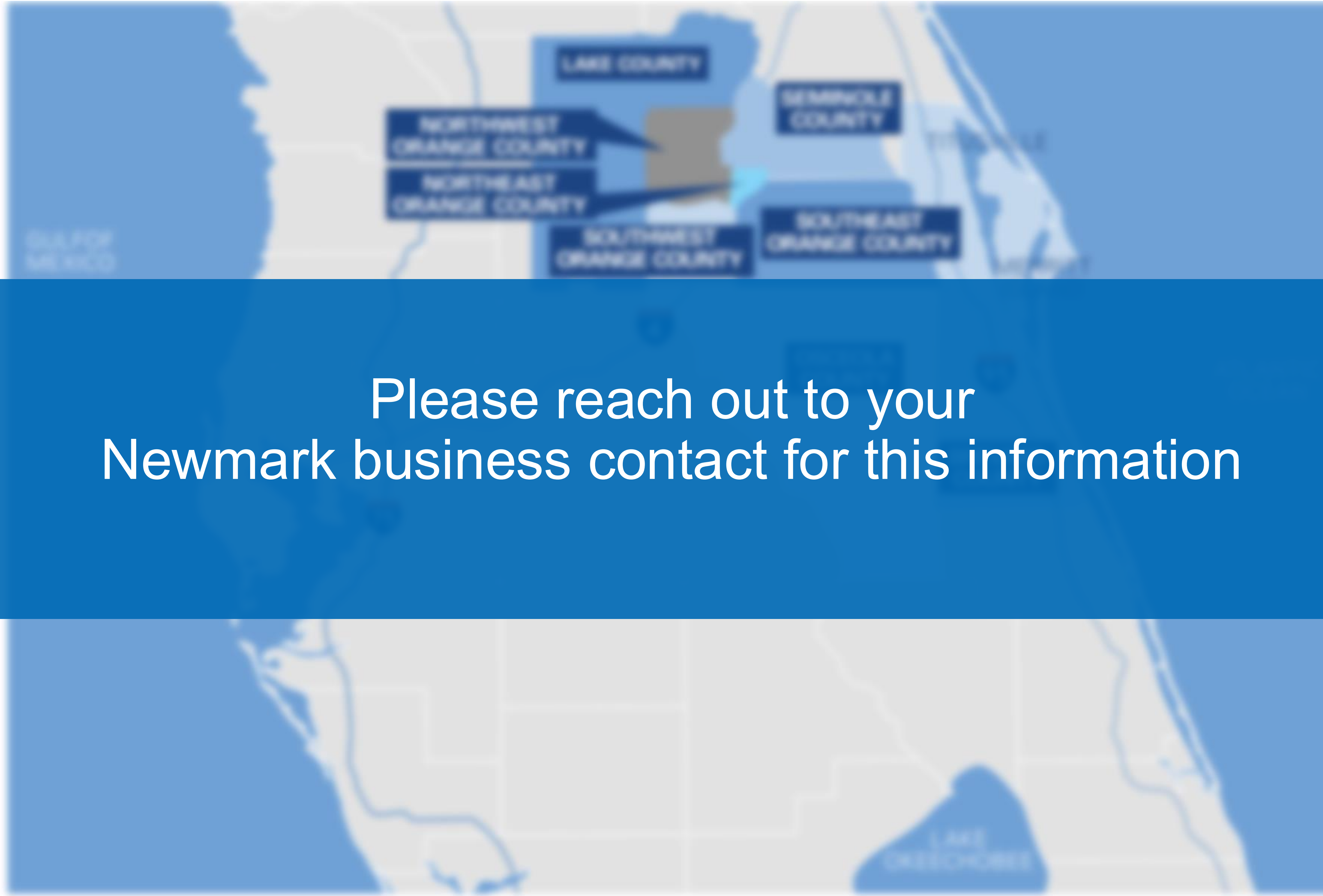
space demand.

- Reinvesting in aging industrial assets can unlock value by repositioning obsolete space to meet demand for modern, well-located infill product.
- Increasing demand for sustainable and energy-efficient facilities presents new business opportunities.
- Construction starts are pulling back, setting the stage for a healthier balance of supply and demand moving forward.

hinder leasing velocity, slowing rent growth.

- Competitive markets like Tampa may attract businesses away from Orlando.
- Vacant large buildings could remain on the market longer, dragging down absorption and impacting headline vacancy.
- Tariff concerns and global trade uncertainties could impact industrial demand.

Orlando Industrial Submarket Map



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Source: Newmark Research

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