

2Q25

# Orlando Office Market Overview



NEWMARK



# Market Observations



- The market's unemployment rate rose 34 basis points year over year to 3.6% 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.
- Office-using jobs increased 1.6% year over year to 413,769 employees in May 2025, reaching a new historical high.



- Mitsubishi Power Americas renewed 75,321 SF at 400 TownPark in the Lake Mary submarket for the largest deal of the quarter.
- Abbott Laboratories signed the quarter's second largest deal with a new lease of 66,330 SF at 1101 Greenwood Blvd in the Lake Mary submarket.
- Notable transactions during the quarter come from a mix of tenant industries, indicating there is still appetite for space among various occupiers in the market.
- Three of the five largest transactions in the quarter were signed in the Lake Mary submarket, highlighting the appeal of the submarket's Class A suburban product, campus-style layouts, and access to major thoroughfares.



- Annual full-service asking rental rates reached a new historical high of \$26.09/SF, reflecting a 4.9% increase year over year. Both Class A and Class B asking rates increased to all-time highs of \$27.11/SF and \$24.94/SF, respectively.
- The second quarter of 2025 realized 119,711 SF of negative absorption as demand in the market remains muted. The vacancy rate rose 10 basis points quarter over quarter to 12.9% but was unchanged on a year-over-year basis.
- The under-construction pipeline remains muted with 126,577 SF in progress, accounting for only 0.2% of the market's overall inventory.
- Total leasing activity closed the quarter at 775,183 SF, down 15.1% from the previous quarter, with an average lease size of 3,445 SF. Class A leasing accounted for 29.8% of the quarter's activity by square feet, with an average deal size of 3,847 SF.



- The Orlando office market is expected to see modest growth for the remainder of 2025, as slower national economic growth continues to temper business confidence and leasing activity.
- Premium office spaces in Orlando's key submarkets will continue to see increases in rental prices and occupancy levels. The ongoing flight-to-quality trend underscores the continual demand for top-tier office properties, despite the constrained supply.
- Orlando's office market outlook is positive, driven by strong office-using employment and a diverse labor force which attracts varied business sectors, ensuring ongoing demand for office space.

1. Economy
2. Debt/Capital Markets
3. Leasing Market Fundamentals



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# Economy

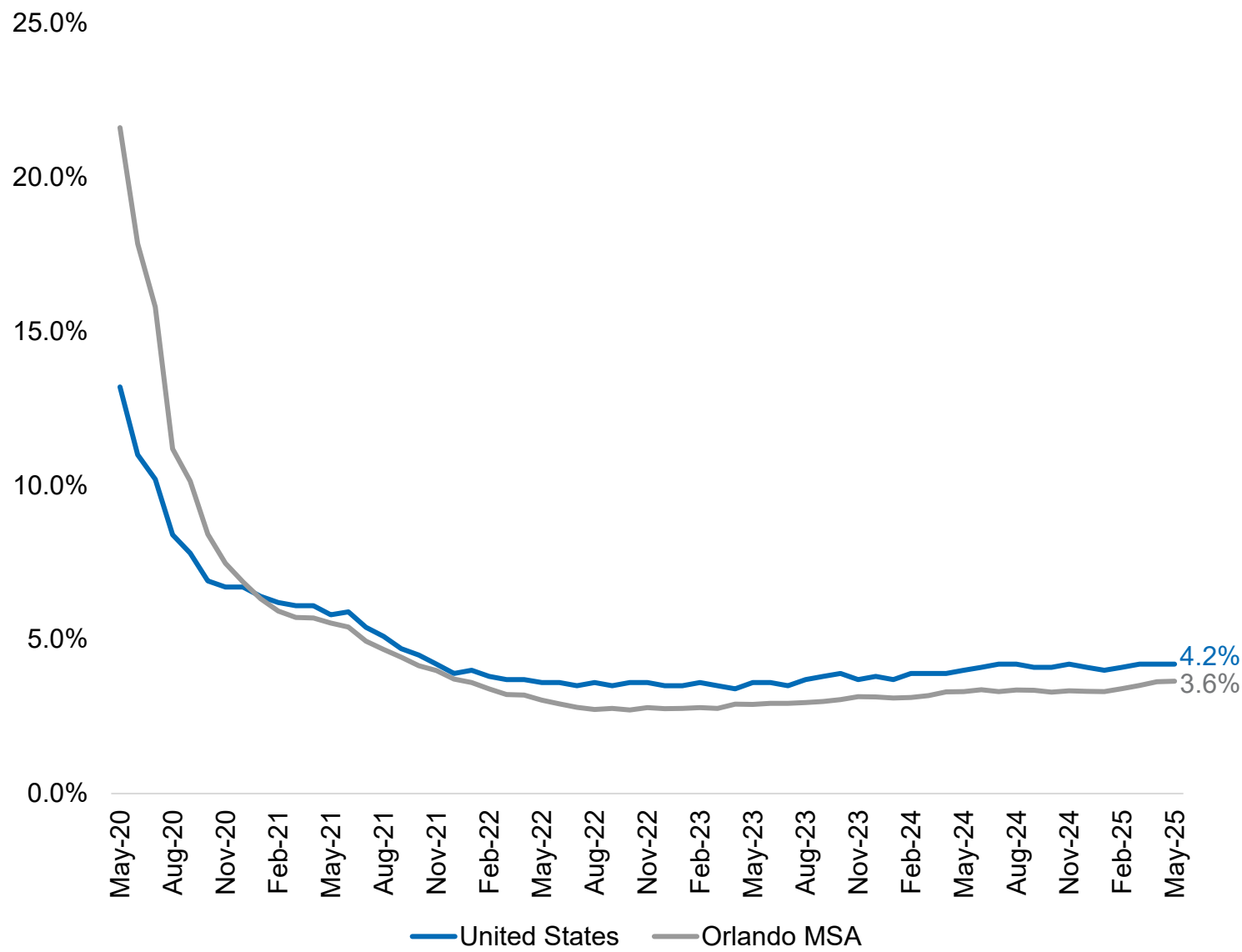




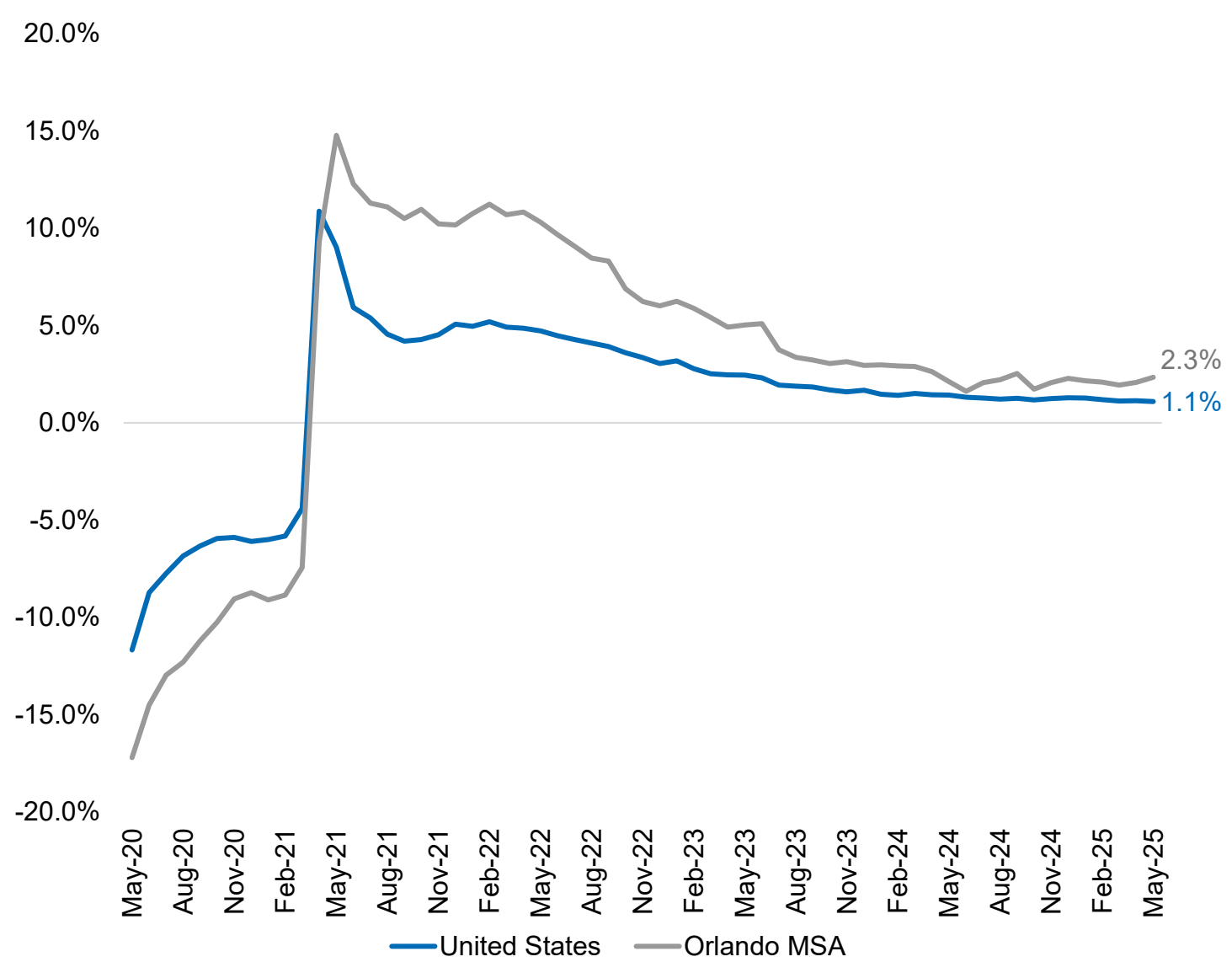
# Metro Employment Trends Continue Slow Growth

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%, an increase of 22 basis points year over year. Meanwhile, national employment growth slowed to 1.1%, down 32 basis points from the previous year. As a result, the 54-basis point widening in the gap reflects the acceleration in Orlando’s employment growth relative to the national trend.

Unemployment Rate, Seasonally Adjusted



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

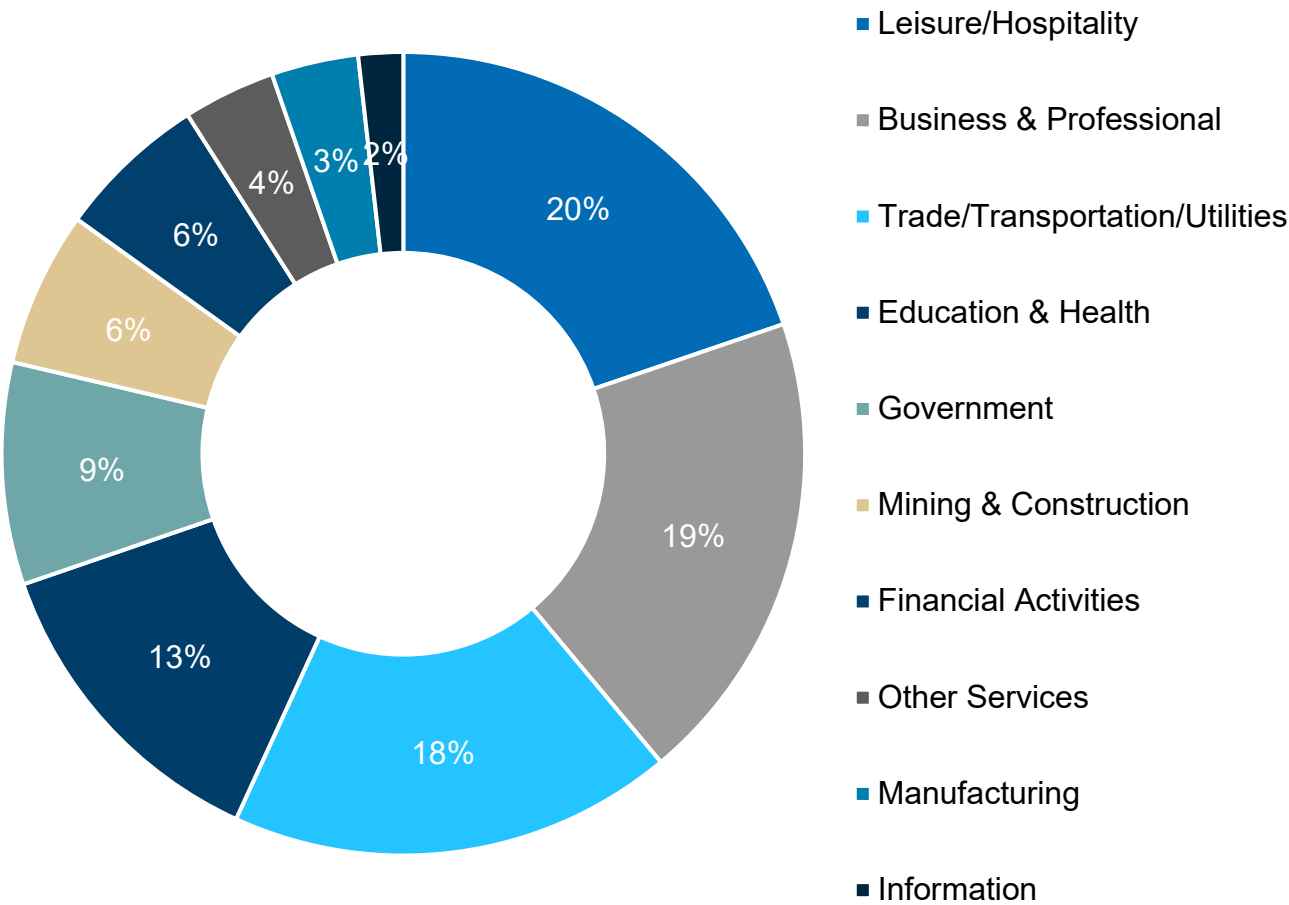


Source: U.S. Bureau of Labor Statistics, Orlando MSA

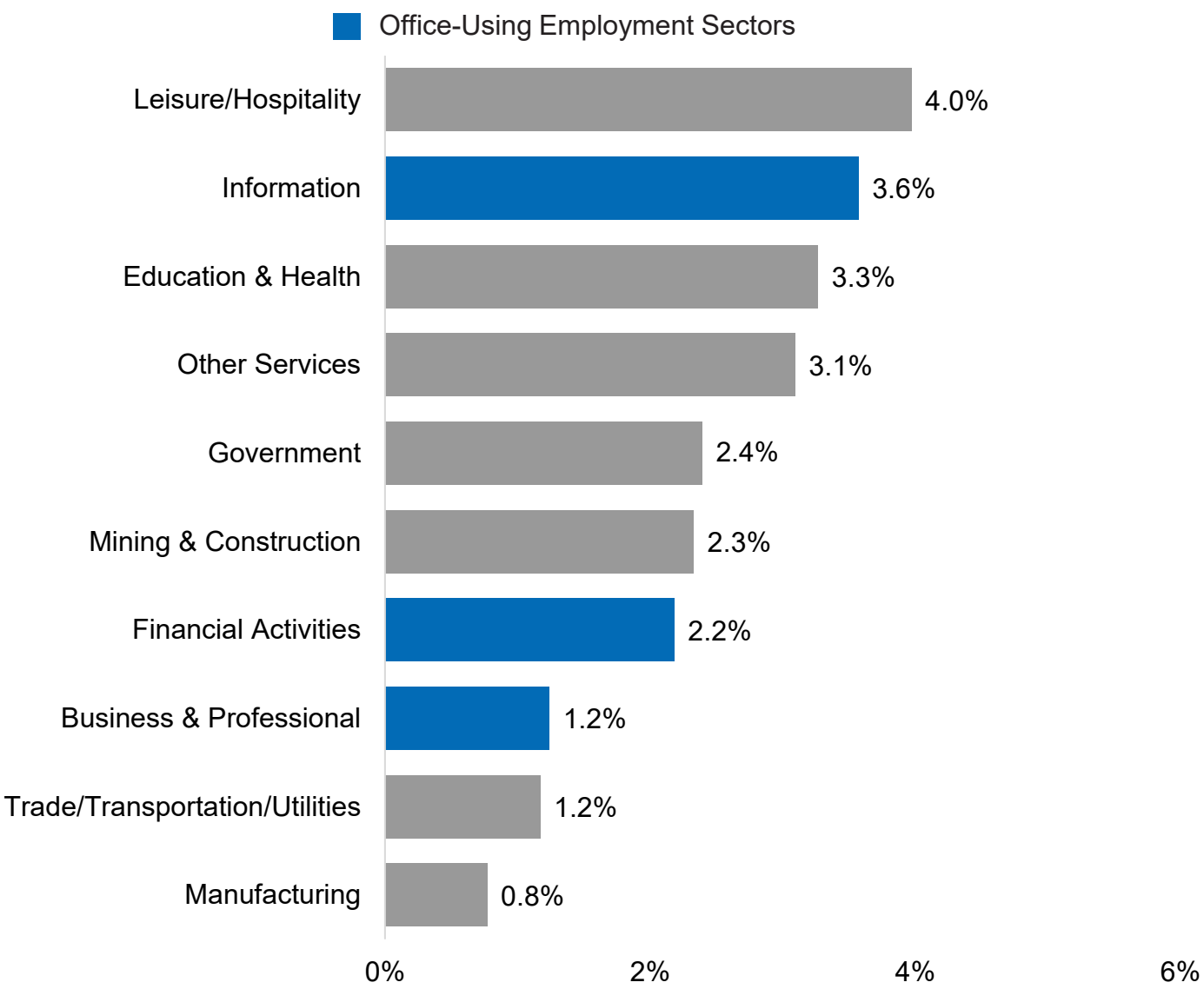
# Office-Sector Employment Up Across All Industries

The Orlando market sees its top two employment industries account for 38.9% of the metro’s job base. The office-using business and professional services sector, the second-largest industry in the metro, accounts for 19.2% of Orlando’s workforce. Over the past year, key office-using industries – including information, financial activities and business and professional services sectors – have all posted employment gains. The steady expansion underscores the market’s underlying resilience and suggests a sustained demand for office-using talent, particularly in high-skill sectors like technology and finance.

Employment by Industry, May 2025



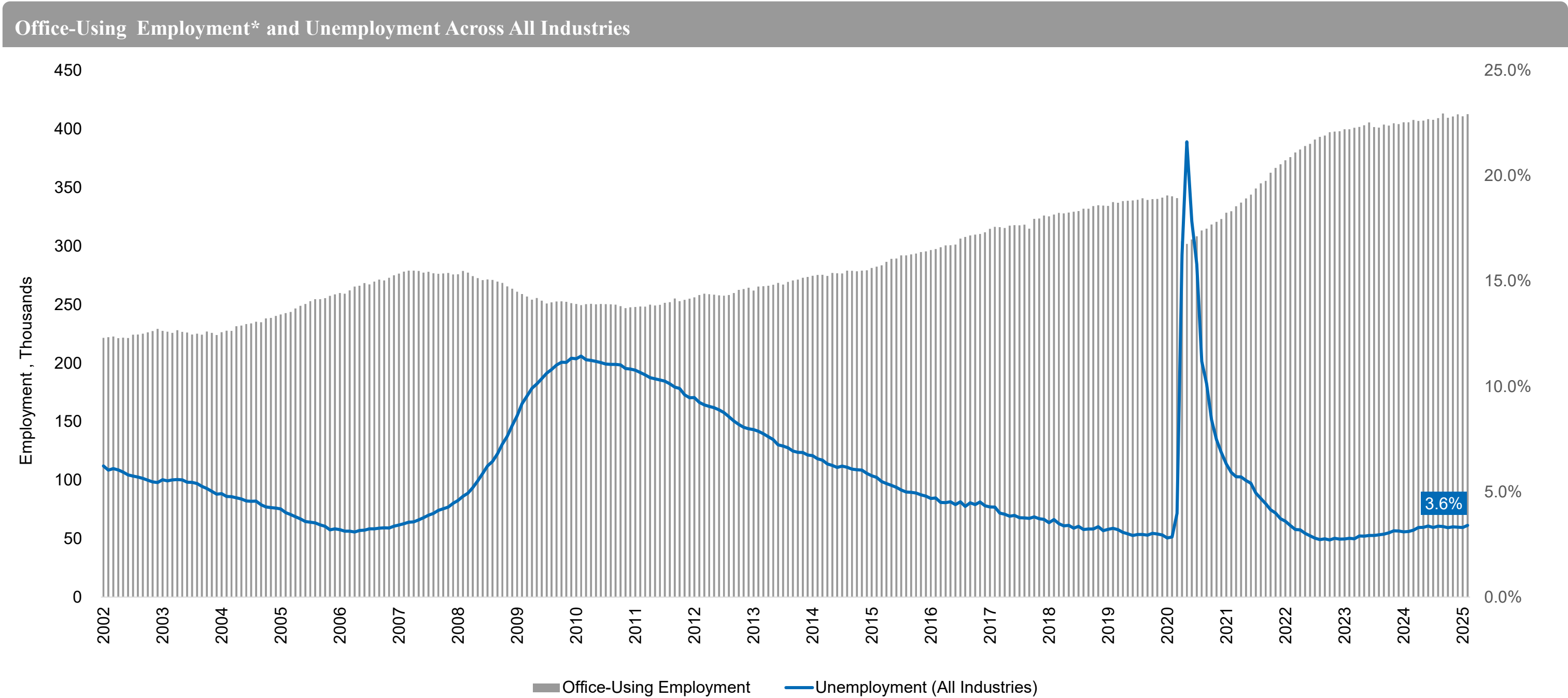
Employment Growth by Industry, 12-Month % Change, May 2025



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

# Overall Office-Using Employment Continues Annual Gains

Office-using employment in the Orlando market continues to remain elevated at 413,769 employees as of the end of May 2025, a new historical high. Currently at 3.6%, the seasonally adjusted unemployment rate is markedly lower than the 4.7% average recorded over the past five years. While the unemployment rate rose slightly, office-using employment grew by 1.6% year over year, indicating that office-using industries are less impacted.



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

\*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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# Debt/Capital Markets





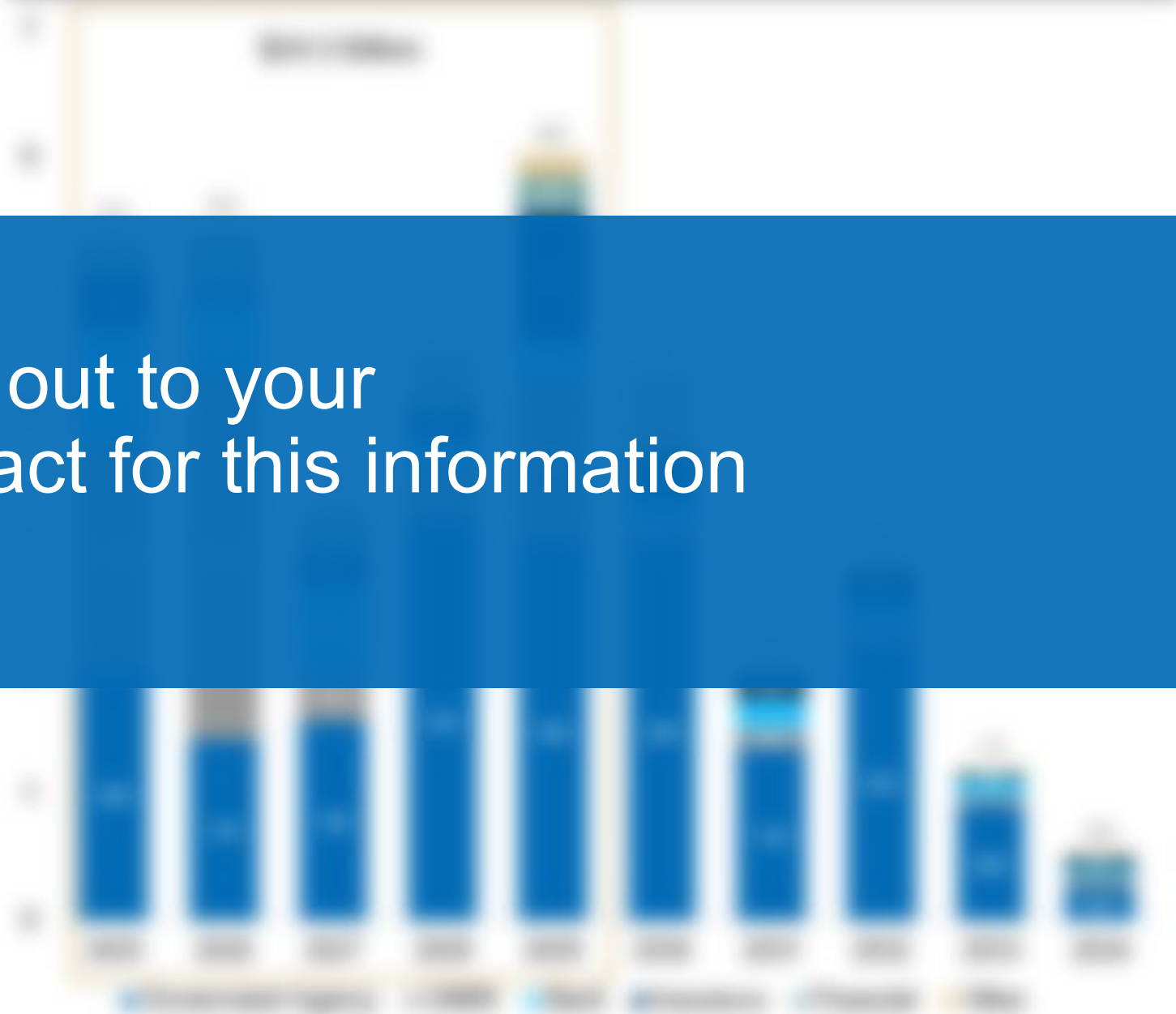
# Higher Loan Volume Due in 2025, 2026 & 2029

THIS CHART DISPLAYS THE DUE DATE DISTRIBUTION OF NEWMARK'S MORTGAGE LOAN PORTFOLIO AS OF 12/31/2024. THE CHART SHOWS THAT A SIGNIFICANT PORTION OF THE PORTFOLIO IS DUE IN 2025, 2026, AND 2029. THE DUE DATE DISTRIBUTION IS AS FOLLOWS:

Due Date Distribution of Newmark's Mortgage Loan Portfolio as of 12/31/2024



Due Date Distribution of Newmark's Mortgage Loan Portfolio as of 12/31/2024



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Source: Newmark's Mortgage Loan Portfolio as of 12/31/2024

Source: Newmark's Mortgage Loan Portfolio as of 12/31/2024

# Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much

THIS CHART ILLUSTRATES THE MATURITY SCHEDULES FOR MULTIFAMILY AND OFFICE REFINANCING. THE Y-AXIS REPRESENTS THE DOLLAR AMOUNT OF MATURING DEBT, AND THE X-AXIS REPRESENTS THE YEAR. THE CHART SHOWS THAT MULTIFAMILY MATURITIES ARE SIGNIFICANTLY HIGHER THAN OFFICE MATURITIES THROUGH 2029, AFTER WHICH OFFICE MATURITIES BECOME MORE PROMINENT.



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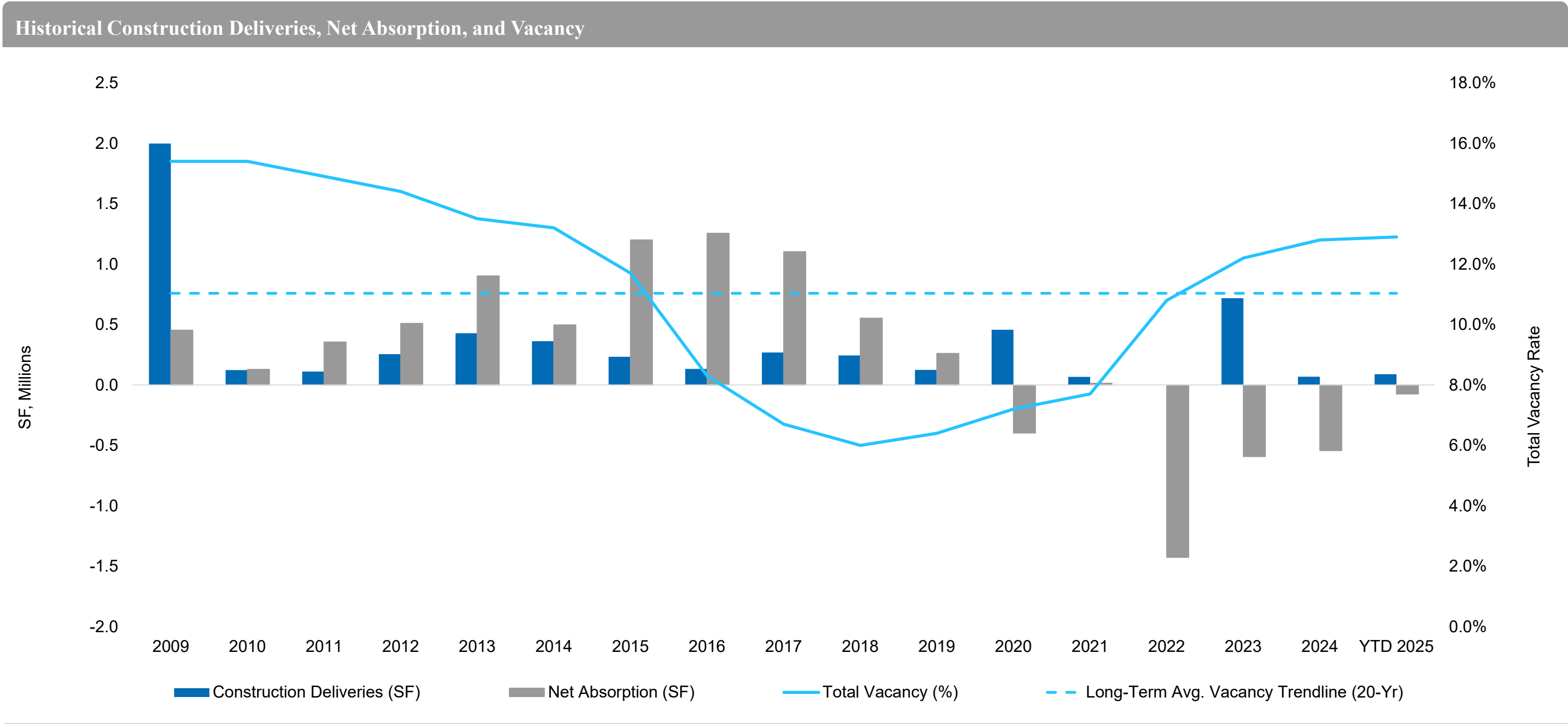
# Leasing Market Fundamentals





# Demand Lags Despite Tapering Supply

In the second quarter of 2025, the Orlando office market recorded 119,711 SF of negative net absorption, marking a retreat in tenant demand after a modestly positive first quarter. New supply remained limited at 31,382 SF, continuing the trend of subdued construction activity. As a result, the vacancy rate rose by 10 basis points quarter over quarter to 12.9% - unchanged from one year ago but still moderately above the long-term average of 11.0%. While the minimal increase may suggest near-term stabilization, persistently soft demand continues to place upward pressure on vacancy.

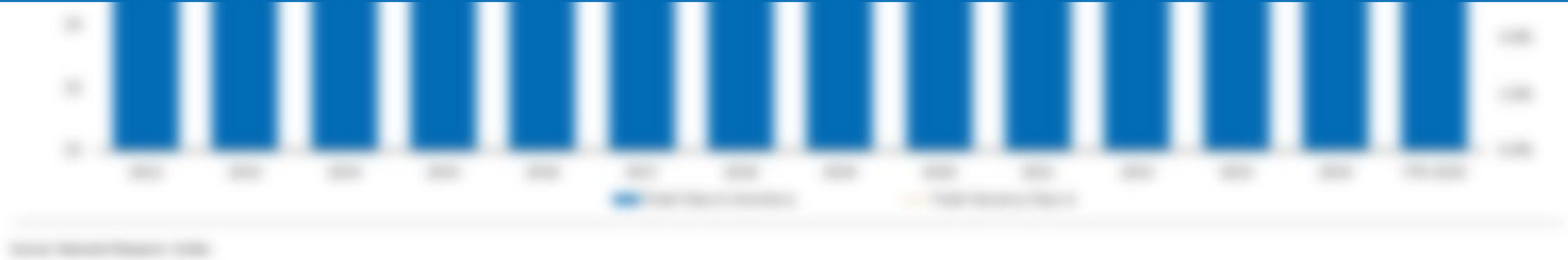


Source: Newmark Research, CoStar

# Class A Vacancy Reaches New High Despite Flight to Quality

Class A vacancy in the New York City market reached a new high of 15.5% in the third quarter, up from 14.5% in the second quarter. This is a significant increase, especially considering the fact that the market is still in a recovery phase from the recession. The increase in vacancy is primarily due to the fact that many Class A buildings are still in the process of being renovated or upgraded. This has led to a significant increase in the number of buildings that are currently vacant. Additionally, the market is still experiencing a flight to quality, with many tenants looking for high-quality buildings. This has also contributed to the increase in vacancy.

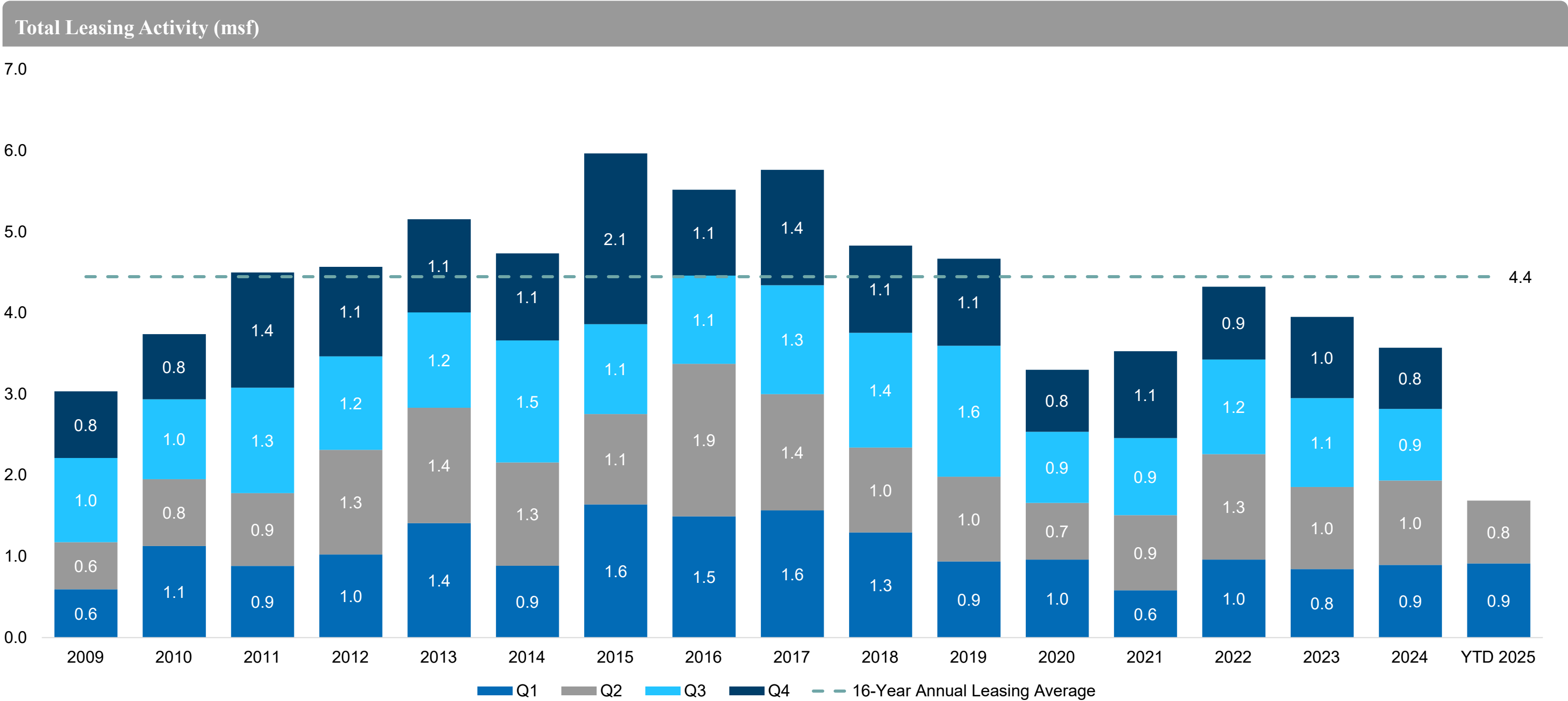
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# Leasing Volume Trails Long-Term Second-Quarter Trends

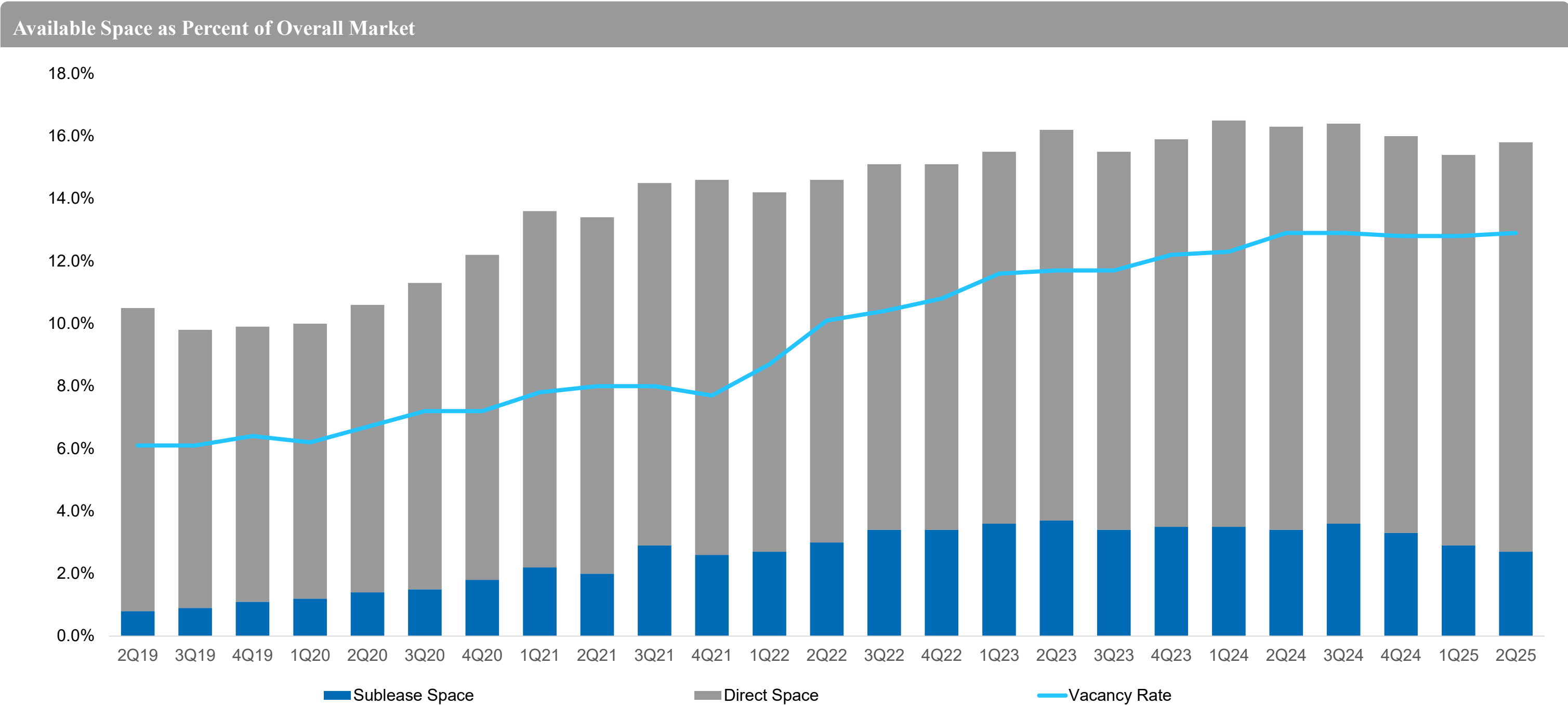
Leasing activity in the second quarter of 2025 totaled 775,183 SF, reflecting a 15.1% decrease from the previous quarter. Since 2009, second-quarter leasing activity averaged 1.1 MSF, with activity in the second quarter of 2025 falling 30.2% below that long-term average. Deal size averaged 3,445 SF in the second quarter of 2025, an average of 39 SF and 464 SF lower than the previous quarter and year, respectively.



Source: Newmark Research, CoStar

# Sublease Availability Continues to Ease, Gradually

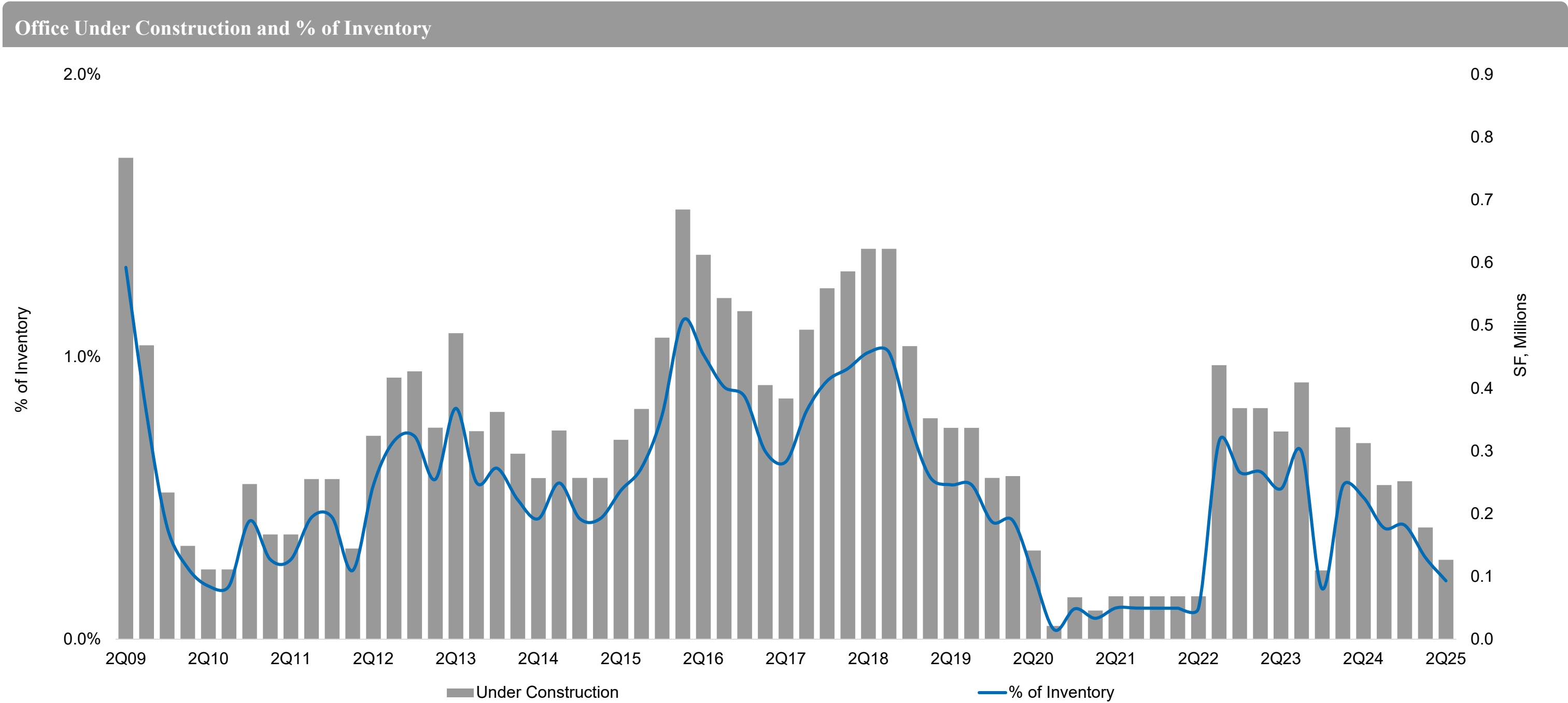
As of the end of the second quarter of 2025, sublease availability declined by 20 basis points quarter over quarter to 2.7%. This marks the third consecutive quarterly decrease, reversing the post-pandemic expansion in sublease space that peaked at 3.7% in the second quarter of 2023. Meanwhile, direct availability ticked up by 60 basis points quarter over quarter to 13.1%, which helped to increase total availability by 40 basis points to 15.8%. The vacancy rate rose by 10 basis points quarter over quarter to 12.9%, as supply outpaced demand.



Source: Newmark Research, CoStar

# Construction Activity Remains Muted

After relatively flat construction levels since the third quarter of 2020, the construction pipeline rebounded in late 2022 with 436,621 SF of projects. However, constructions starts are tapering again, with 126,577 SF in the pipeline at the end of the second quarter of 2025. The current pipeline accounts for 0.2% of the market’s inventory, indicating there is less risk of overbuilding.



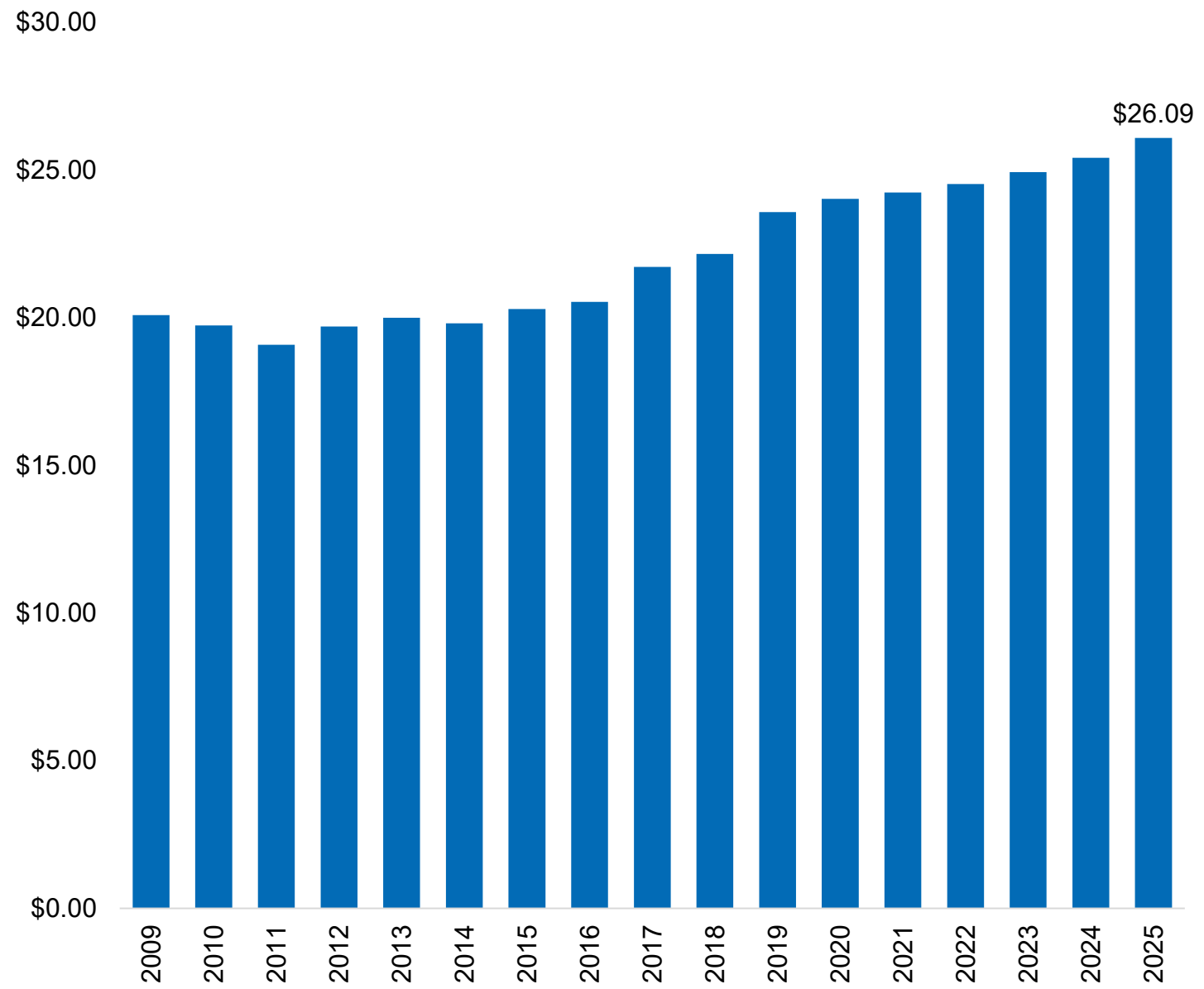
Source: Newmark Research, CoStar



# Premium Space Drives Continued Rent Growth

Asking rents rose significantly in the second quarter of 2025, increasing by 4.9% year over year to \$26.09/SF, a new all-time high. Rent growth in the market has been driven by the increased supply of premium product delivered since 2023. As a result, the Orlando market is expected to maintain elevated asking rents in the near-term.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

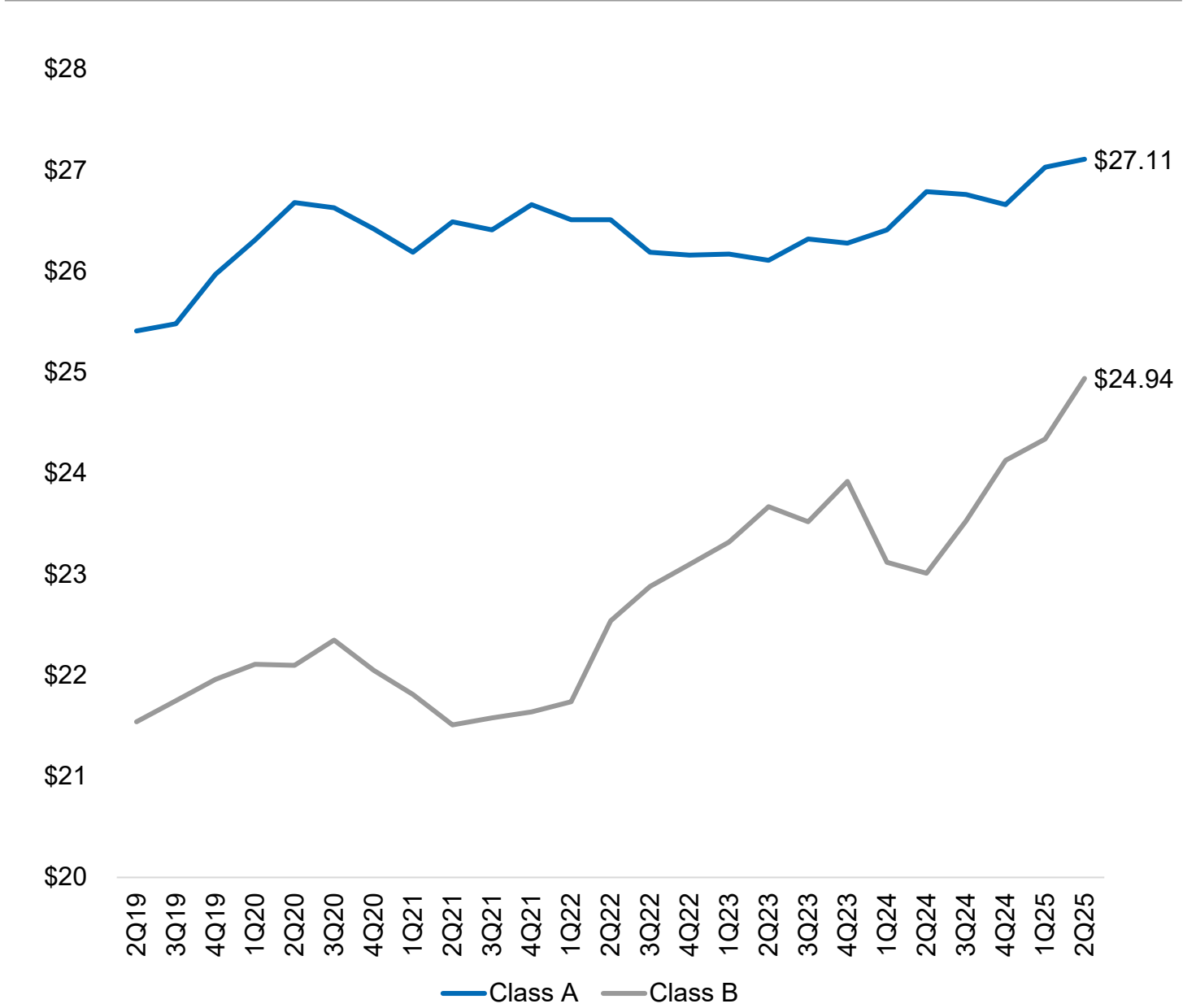


Source: Newmark Research, CoStar

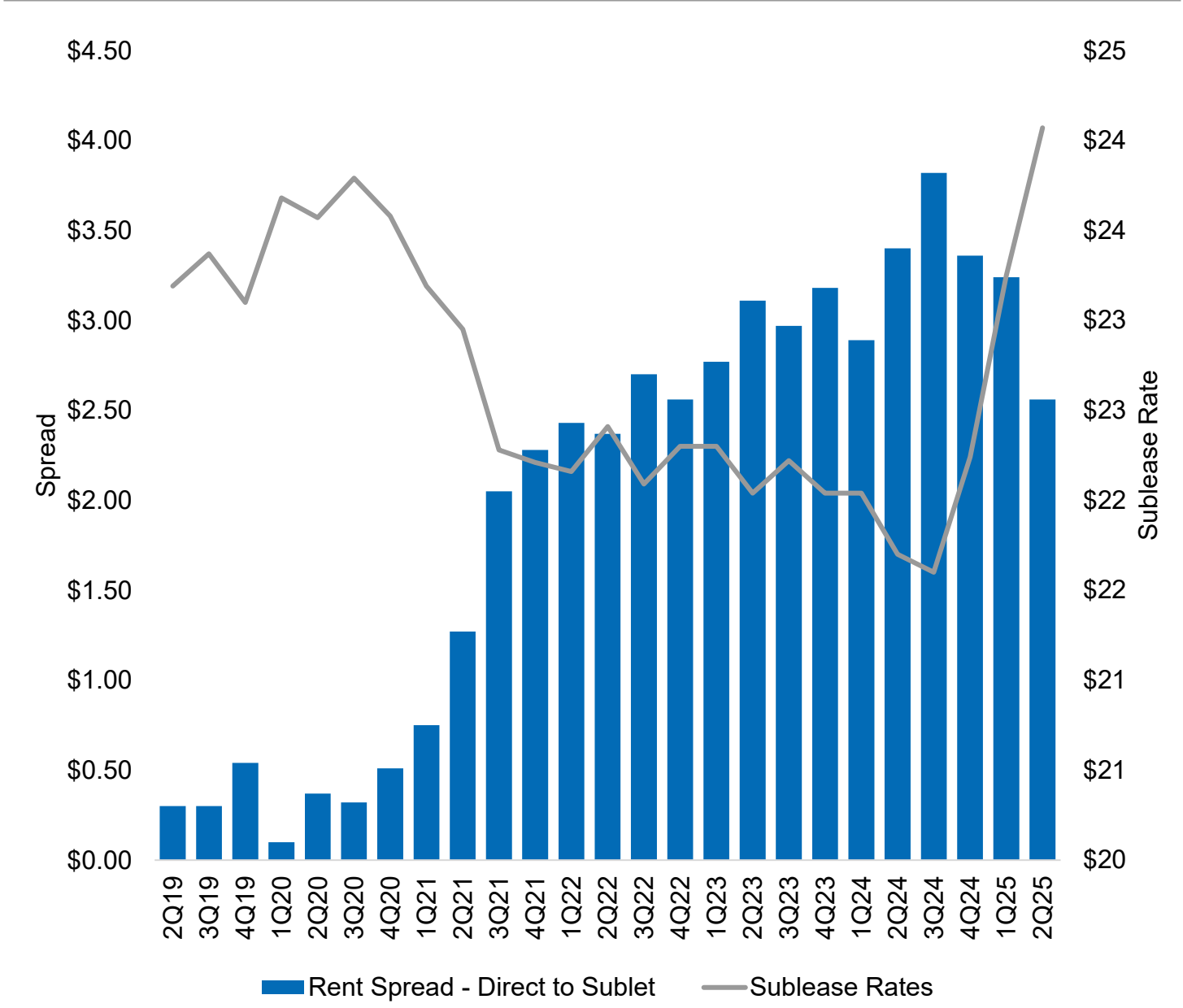
# Class B Outpaces Class A in Rent Growth, Reducing Spread

As of the end of second quarter of 2025, Class A rents rose by 1.2% year over year to a new peak of \$27.11/SF. Meanwhile, Class B rents rose by 8.4% to \$24.94/SF over that same period, also reaching a new high. Rent difference between the two assets is at \$2.17/SF, a decrease of 19.3% from the previous quarter. The rent spread has narrowed by 45.9% since 2019, which could induce tenants to shed unused space and lease smaller footprints in higher-quality buildings. Sublease rates averaged \$24.07/SF in the second quarter, an increase of 10.9% year over year. Currently, sublease rates are averaging \$2.56/SF lower than direct rates.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

# Class A Demand Cools, But Deal Sizes Remain Elevated

Flight to quality continues to be a trend in the market despite a narrowing spread in Class A rental rates, as deliveries remain muted and availability of quality assets dwindle. As of the end of the second quarter of 2025, Class A space accounted for 29.8% of the market’s leasing activity by SF, and 26.7% of the market’s deal volume. Average leases signed in Class A space were 3,847 SF, higher than the average market deal size of 3,445 SF.

## Notable 2Q25 Lease Transactions

| Tenant   | Building(s)               | Submarket                      | Type       | Square Feet |
|--|---------------------------|--------------------------------|------------|-------------|
| Mitsubishi   | 400 TownPark              | Lake Mary                      | Renewal    | 75,321      |
| Renewable energy solutions company, Mitsubishi Power Americas, signed the quarter’s largest lease with a temporary renewal for 75,321 SF at 400 TownPark in the Lake Mary submarket.                                       |                           |                                |            |             |
| Abbott Laboratories  | 1101 Greenwood Blvd       | Lake Mary                      | Direct New | 66,000      |
| Abbott Laboratories, a pharmaceutical manufacturing company, signed a new lease for 66,000 SF at 1101 Greenwood Blvd in the Lake Mary submarket. The company is expected to occupy the space in the third quarter of 2025. |                           |                                |            |             |
| Healthfirst  | 1101 Greenwood Blvd       | Lake Mary                      | Renewal    | 57,000      |
| Health insurance firm Healthfirst renewed its lease for 57,000 SF at 1101 Greenwood Blvd in the Lake Mary submarket, where the company has been a tenant since 2012.   |                           |                                |            |             |
| Hatalom  | Challenger Tech Center II | University/University Research | Expansion  | 42,000      |
| Hatalom, an engineering services firm, expanded its lease at Challenger Tech Center II, taking an additional 42,000 SF.  |                           |                                |            |             |
| Iron Galaxy  | The Exchange on Orange    | Downtown Orlando               | Direct New | 27,830      |
| Independent video game company, Iron Galaxy, leased 27,380 SF at The Exchange on Orange in Downtown Orlando.   |                           |                                |            |             |

Source: Newmark Research, CoStar



# Orlando Office Submarket Overview

| Orlando Office Submarket Overview |           |        |        |        |        |        |        |        |
|-----------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|
|                                   | Submarket | Market | Market | Market | Market | Market | Market | Market |
| Market                            | Market    | Market | Market | Market | Market | Market | Market | Market |
| Market                            | Market    | Market | Market | Market | Market | Market | Market | Market |
| Market                            | Market    | Market | Market | Market | Market | Market | Market | Market |
| Market                            | Market    | Market | Market | Market | Market | Market | Market | Market |

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# Orlando Class A Office Submarket Overview

|                                 | 2019      | 2020      | 2021      | 2022      | 2023    |
|---------------------------------|-----------|-----------|-----------|-----------|---------|
| Class A Office                  | 1,200,000 | 1,100,000 | 1,000,000 | 900,000   | 800,000 |
| Class A Office (Excl. Downtown) | 1,100,000 | 1,000,000 | 900,000   | 800,000   | 700,000 |
| Class A Office (Downtown)       | 100,000   | 100,000   | 100,000   | 100,000   | 100,000 |
| Class A Office (Total)          | 1,300,000 | 1,200,000 | 1,100,000 | 1,000,000 | 900,000 |

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|                                 |           |           |           |           |         |
|---------------------------------|-----------|-----------|-----------|-----------|---------|
| Class A Office (Total)          | 1,300,000 | 1,200,000 | 1,100,000 | 1,000,000 | 900,000 |
| Class A Office (Excl. Downtown) | 1,100,000 | 1,000,000 | 900,000   | 800,000   | 700,000 |
| Class A Office (Downtown)       | 100,000   | 100,000   | 100,000   | 100,000   | 100,000 |
| Class A Office (Total)          | 1,300,000 | 1,200,000 | 1,100,000 | 1,000,000 | 900,000 |
| Class A Office (Excl. Downtown) | 1,100,000 | 1,000,000 | 900,000   | 800,000   | 700,000 |
| Class A Office (Downtown)       | 100,000   | 100,000   | 100,000   | 100,000   | 100,000 |
| Class A Office (Total)          | 1,300,000 | 1,200,000 | 1,100,000 | 1,000,000 | 900,000 |

# Orlando Class B Office Submarket Overview

|                | Class B Office | Class B Office | Class B Office | Class B Office | Class B Office |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Class B Office | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      |
| Class B Office | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      |
| Class B Office | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      |
| Class B Office | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      |
| Class B Office | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      | 1,000,000      |

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|                |           |           |           |           |           |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Class B Office | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |



# Orlando Office Market



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## Orlando Office Submarket Map



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