3Q25

Orlando Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market's unemployment rate rose 27 basis points year over year to 3.6% but remained well below the five-year average of 4.9%.
- Job growth increased by 1.4% year over year, outperforming the national average of 0.9% by 50 basis points. Job growth remains below the five-year average of 4.0%, as momentum has continued to decelerate, as indicated by a 51-basis-point narrowing from the prior year.
- Nine of the ten employment sectors reported positive employment growth year over year. Mining and construction led job gains at 3.6% over the past 12 months.
- Industrial employment in the market showed a continued deceleration in yearly growth, with trade/transportation/utilities growth remaining flat and manufacturing job growth contracting by 0.5%.

Leasing Market Fundamentals

- The market recorded 2.0 MSF of positive absorption in the third quarter of 2025. Occupancy gains during the quarter marked the first time since the second quarter of 2023 that net absorption reached or surpassed 2.0 MSF.
- Overall rental rates reached a historical high of $11.39/SF in the third quarter of 2025, reflecting a 6.2% year-over-year growth.
- Vacancy decreased by 60 basis points quarter over quarter to 8.3% in the third quarter of 2025, ending seven consecutive quarters of rising vacancy.
- Construction deliveries totaled 2.2 MSF year-to-date, while the under-construction pipeline contracted to 2.5 MSF as new construction starts slowed. In addition, only 16.4% of the projects under construction are pre-leased.

Major Transactions

- Ferguson Enterprises executed the quarter's largest lease, preleasing 342,720 SF at 10990 Boggy Creek Rd, a Prologis build-to-suit within the Prologis AIPO Park. Ferguson's pre-commitment was prompted by a need to maintain their high-velocity distribution model.
- Four of the quarter's five largest deals were in SE Orange County and Lake County, underscoring occupiers' preference for the 429/414/I-4 corridors for network connectivity and labor reach.
- This quarter's notable deals spanned a wide range of industries, underscoring durable, cross-sector demand. The breadth of activity highlights a resilient market as occupiers target strategic, well-located facilities to support operations.

Outlook

- With just 1.4% of inventory under construction, Orlando's pipeline is now below its pre-pandemic average, setting the stage for a near-term supply-demand rebalancing.
- Vacancy should stabilize as move-ins from recently signed leases outpace a smaller delivery pipeline, with preleased projects and backfilling driving steady absorption and a gradual return to balance.
- 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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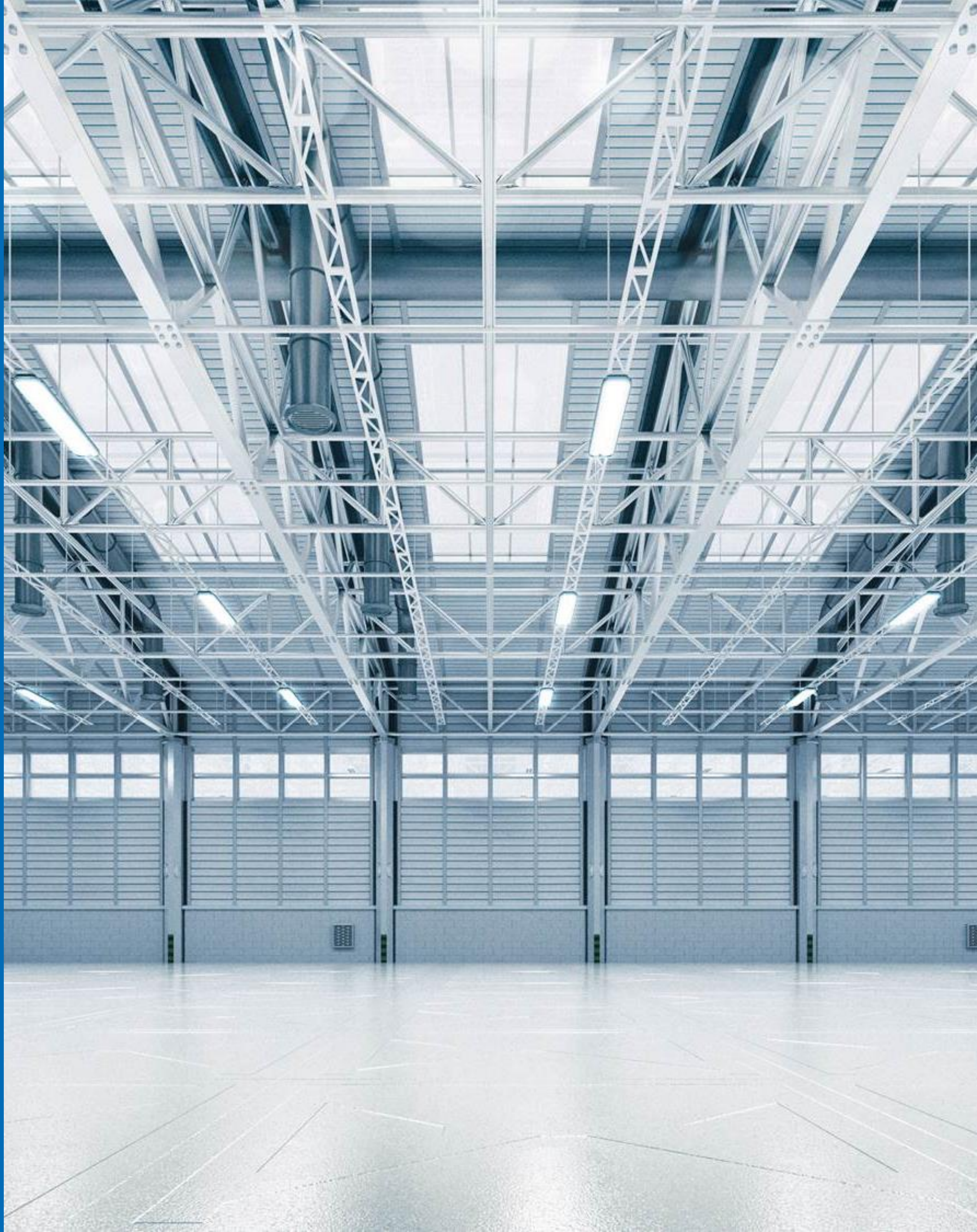
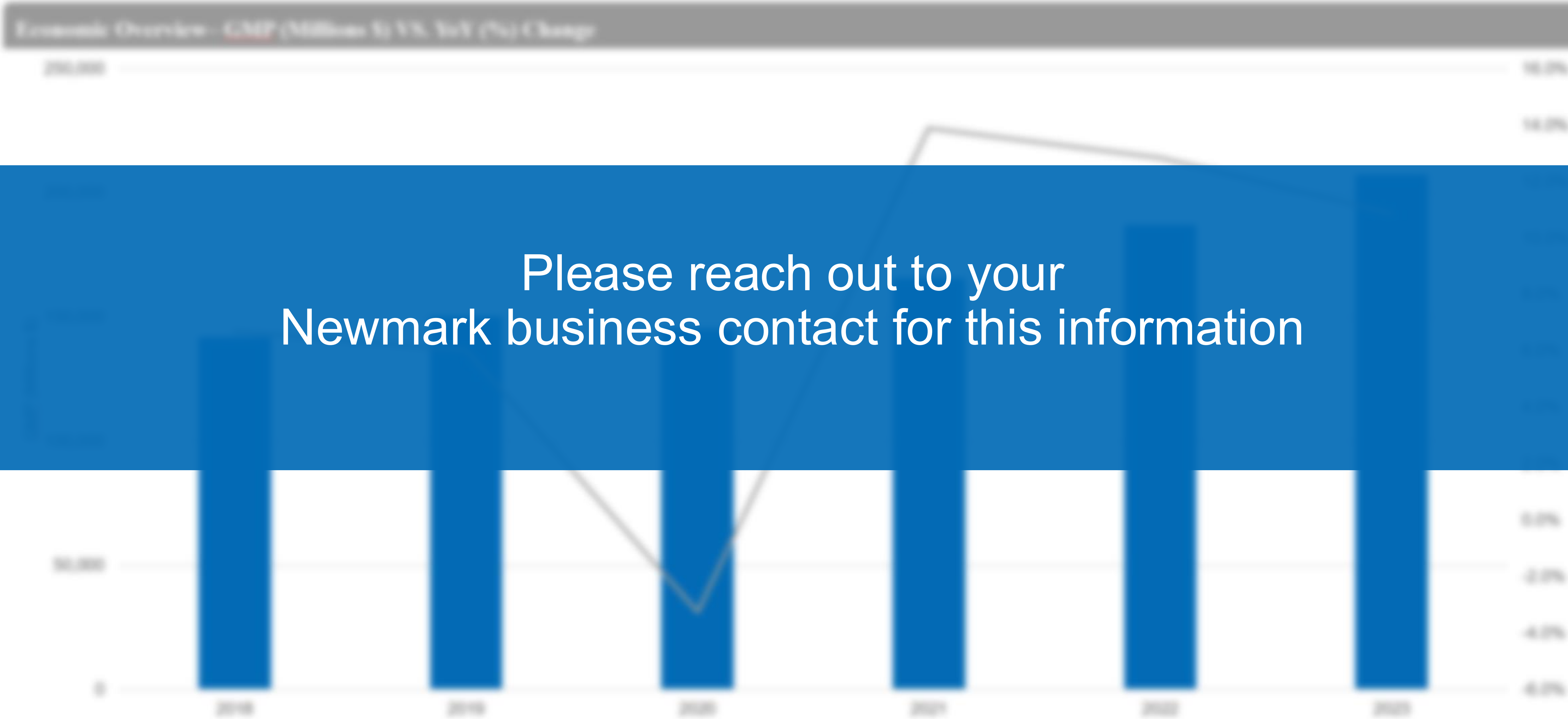
Economy



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.

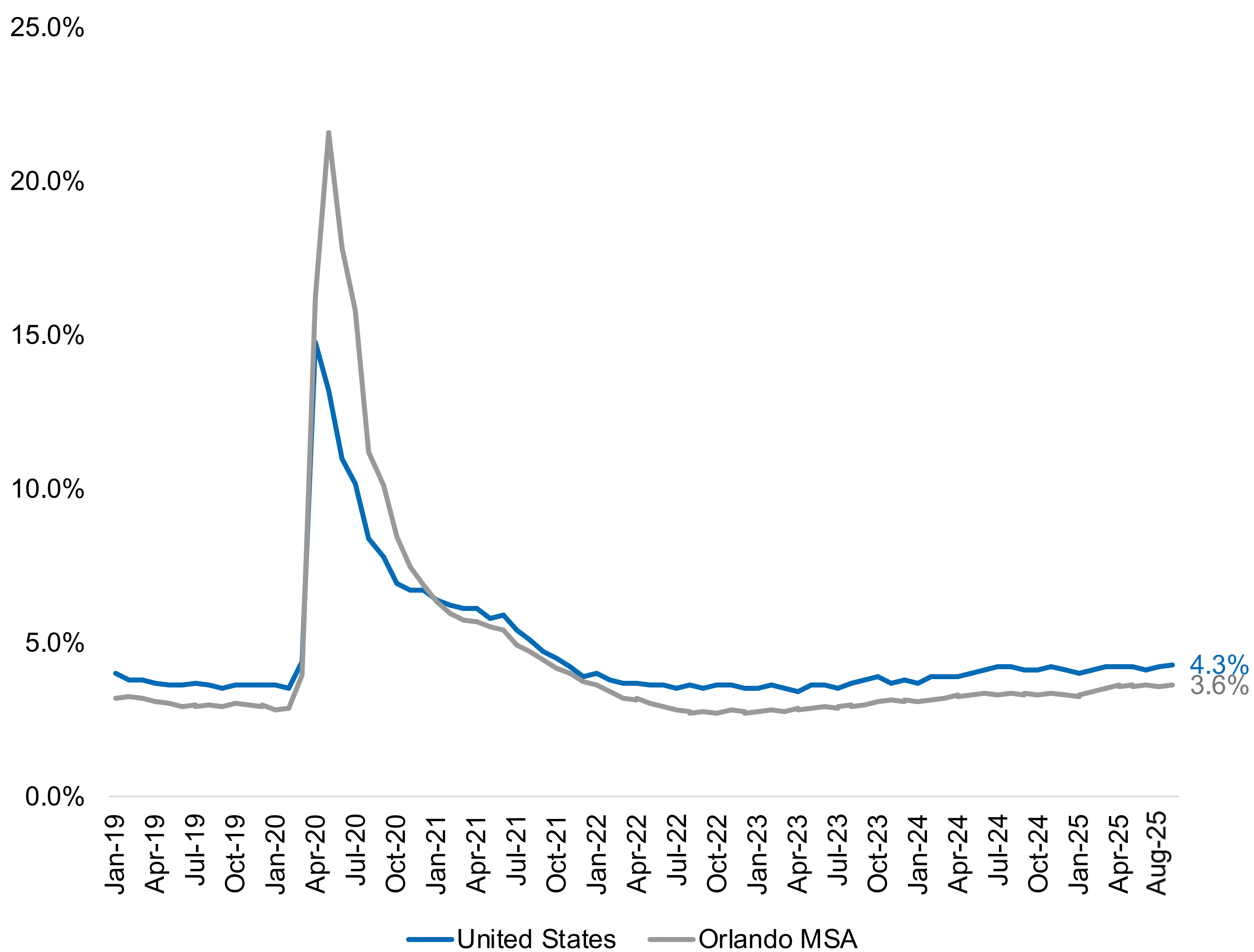


Source: Moody's Analytics

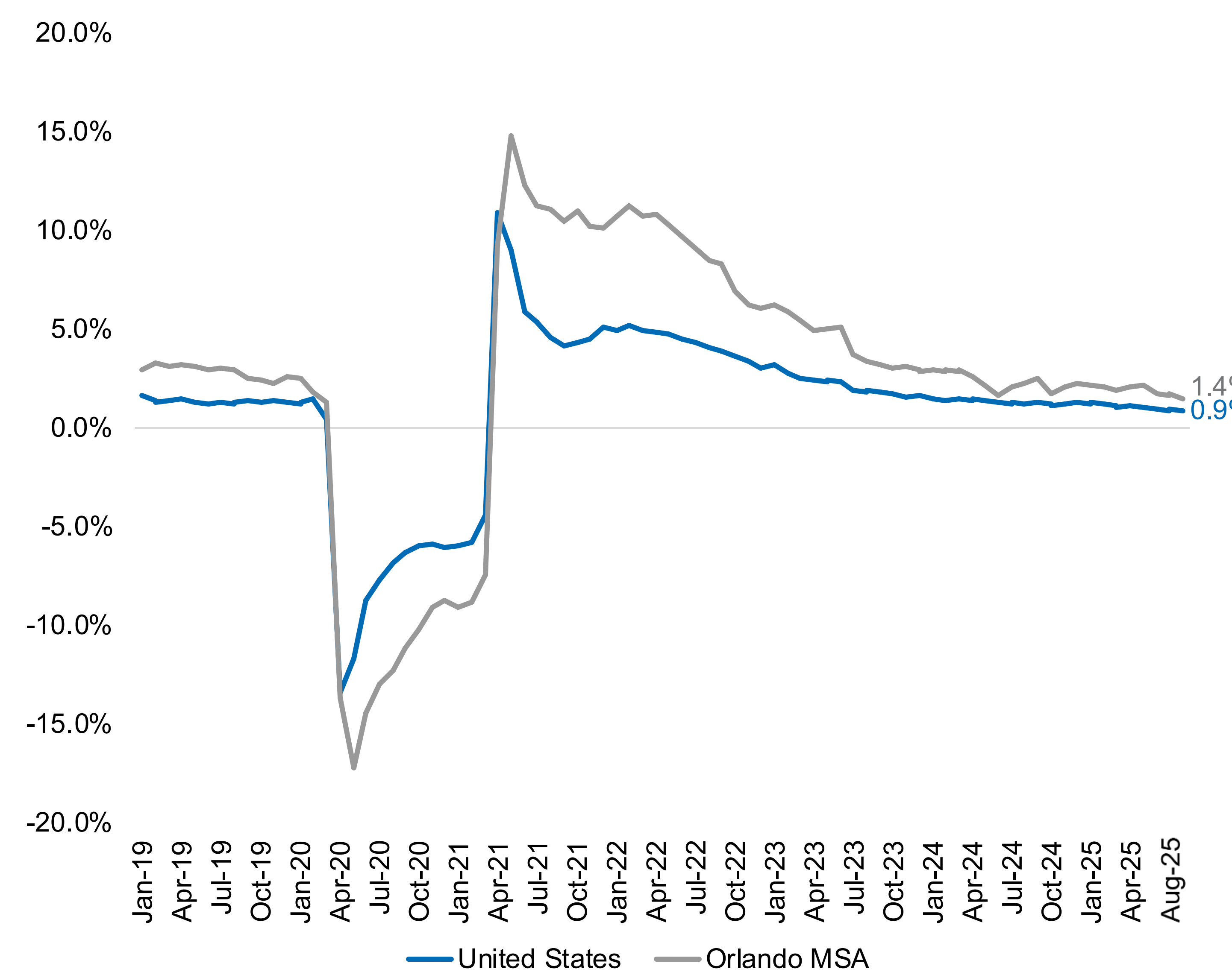
Orlando Still Outperforms, But Growth Gap with U.S. Narrows

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 27 basis points to 3.6% but remains below the national average of 4.3%. In the third quarter of 2025, annual employment growth in Orlando was 1.4%, a decline of 80 basis points year over year. While national employment growth also slowed to 0.9%, down 29 basis points from the previous year, the gap between Orlando and the national average narrowed by 50 basis points, reflecting that employment growth in Orlando is decelerating at a faster pace.

Unemployment Rate, Seasonally Adjusted



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

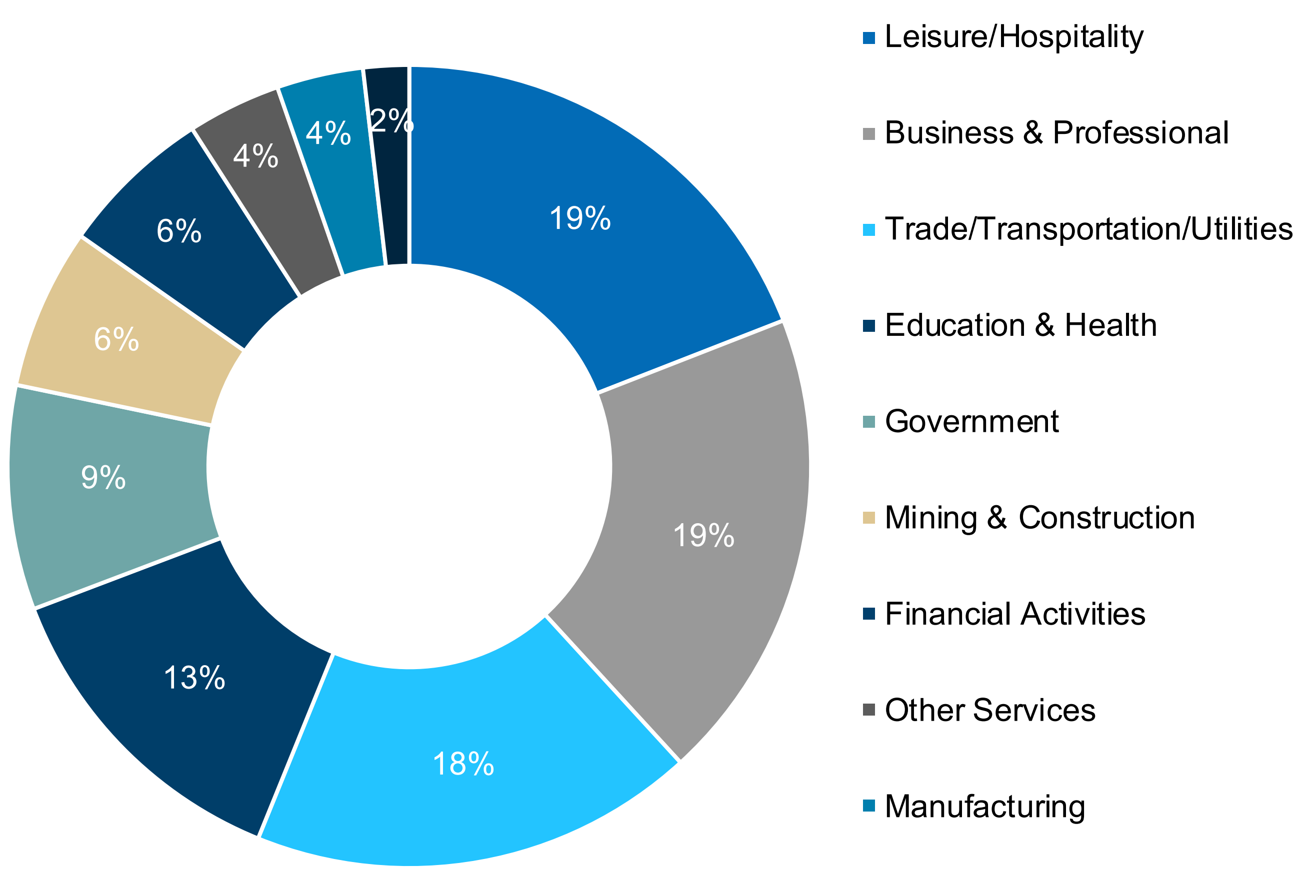


Source: U.S. Bureau of Labor Statistics, Orlando MSA

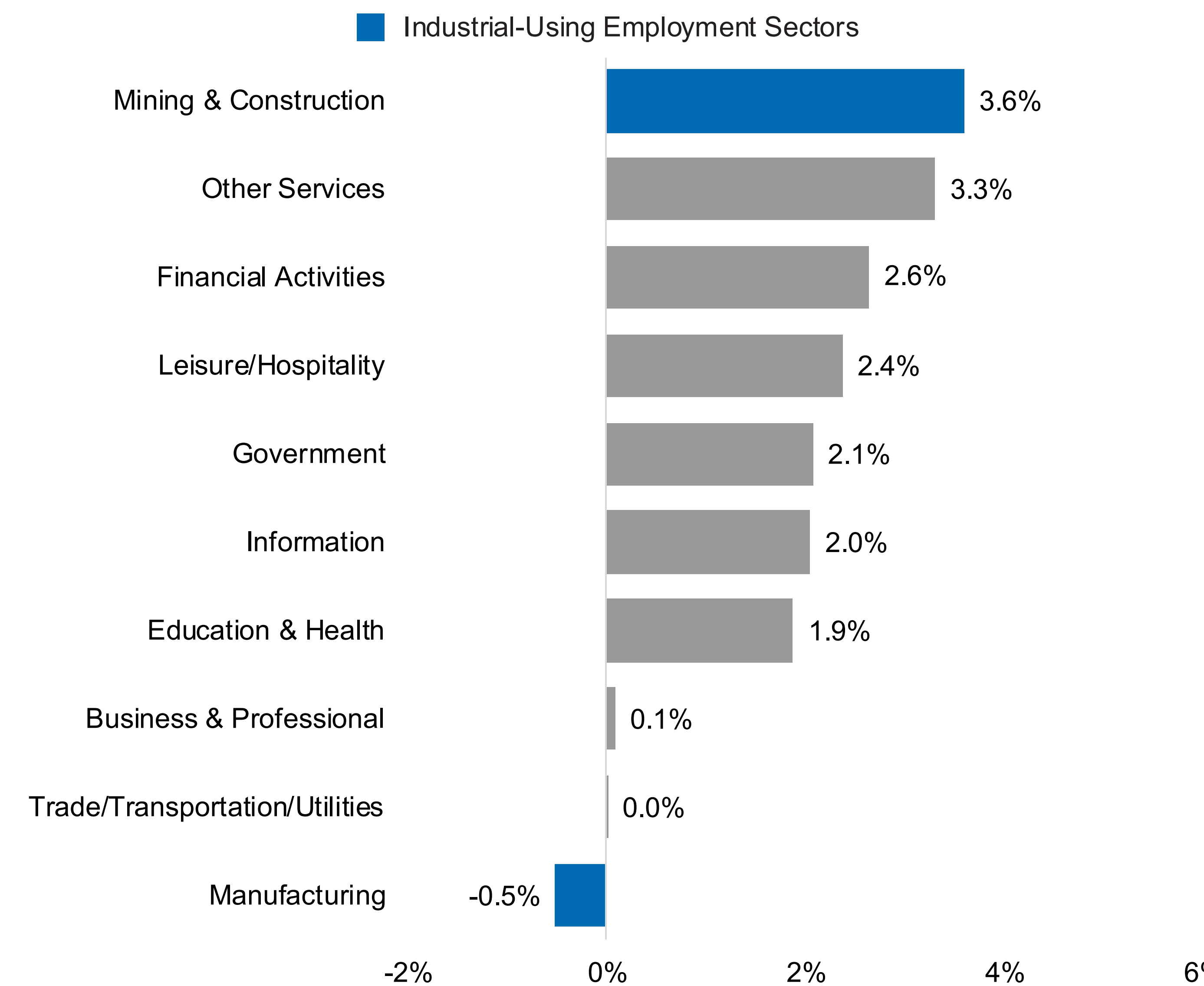
Industrial Mix Shifts: Construction Up, Manufacturing Softens, Freight Steadies

The Orlando market, renowned for its tourism sector, sees its top two employment industries accounting for 37.9% of the total market share. Trade/transportation/utilities, an anchor for industrial-using employment, accounts for 17.8% of the workforce, ranking third. Over the past year, industrial-adjacent sectors posted mixed results: mining and construction added jobs, trade/transportation/utilities was essentially flat, and manufacturing declined. The pattern points to steady project-driven activity, normalization in freight-related roles, and softer factory employment, implications that favor modern, well-located distribution space while tempering near-term demand from production users.

Employment by Industry, August 2025



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

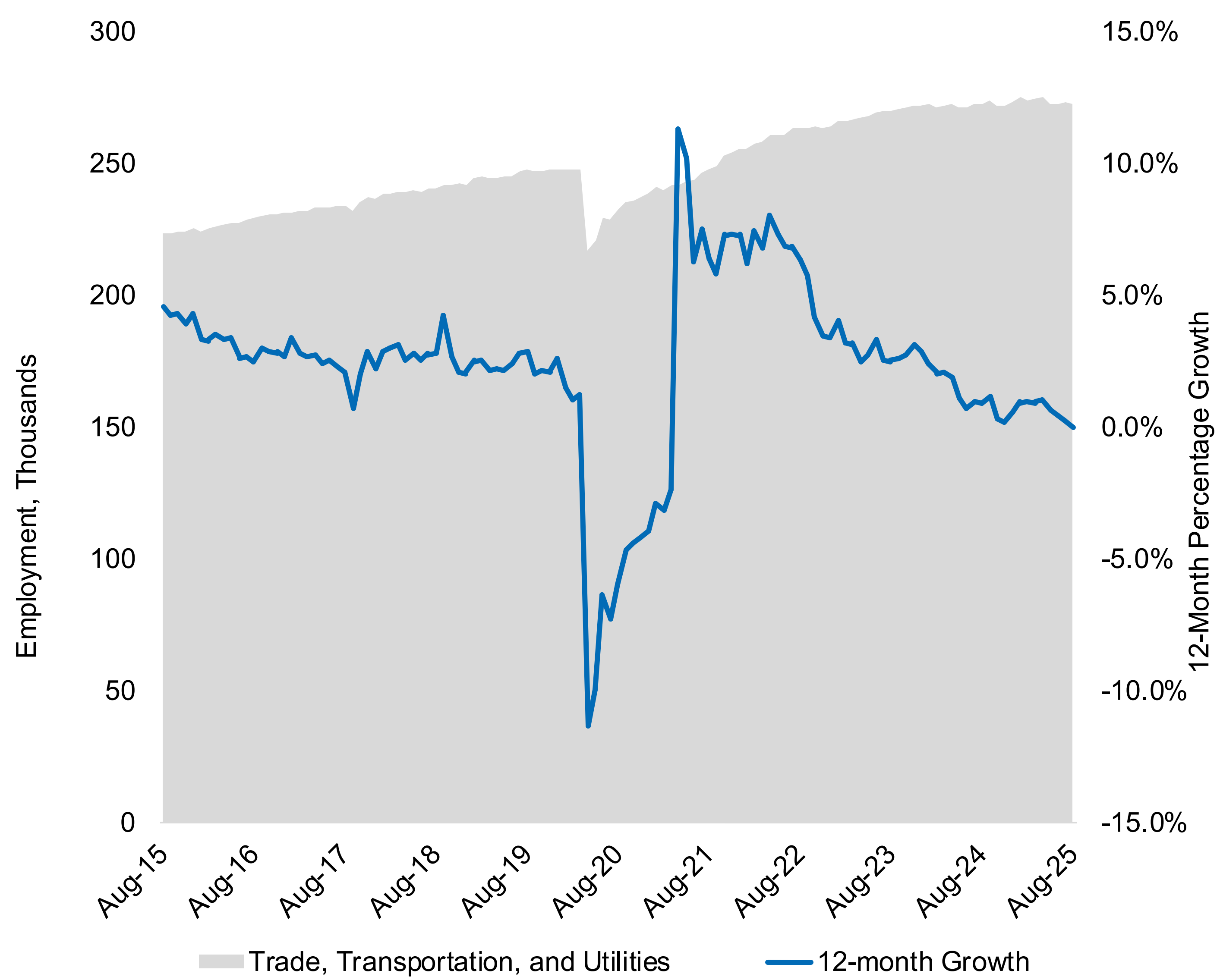


Source: U.S. Bureau of Labor Statistics, Orlando MSA

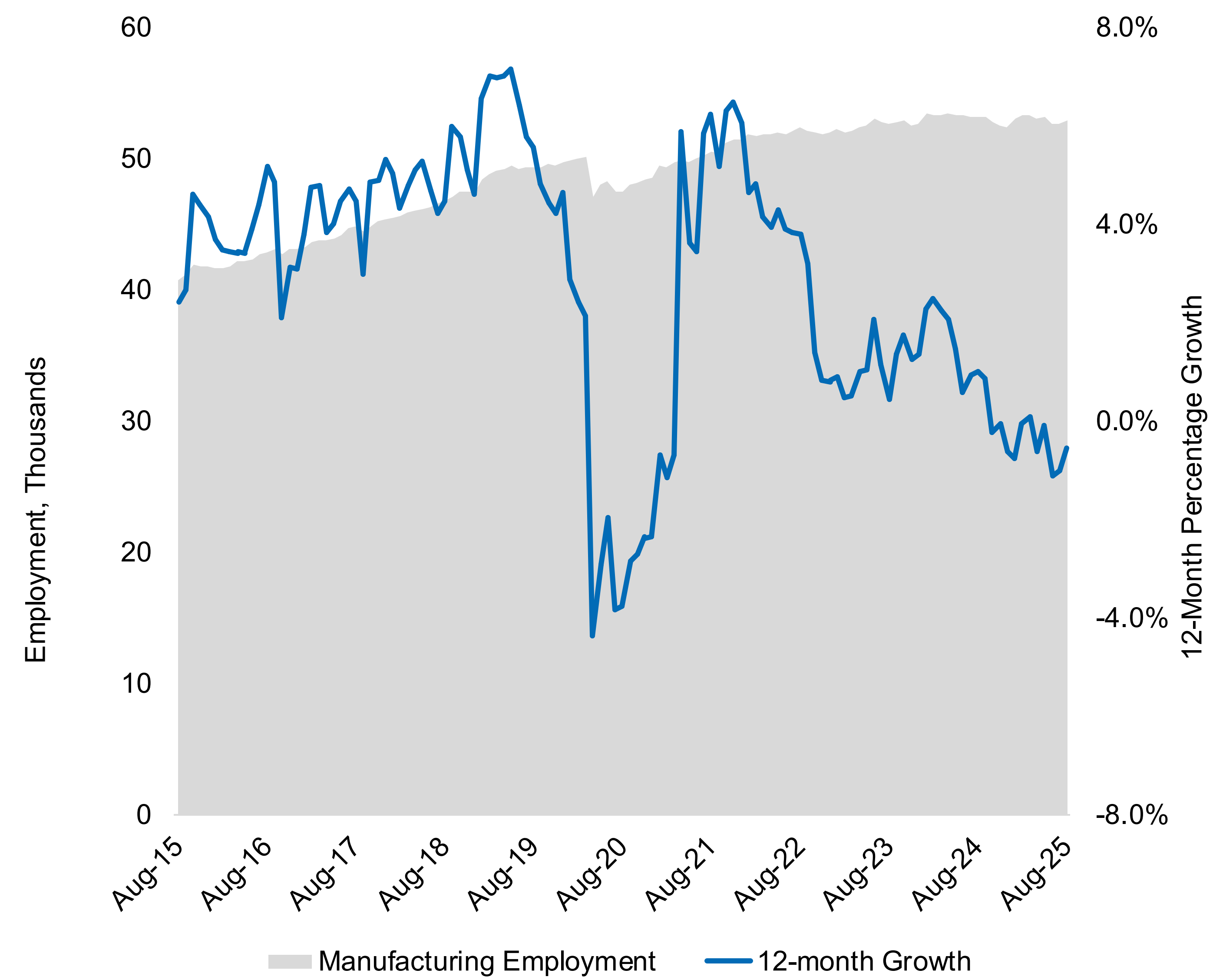
Trade Employment Holds Steady as Manufacturing Continues to Ease

As of August 2025, trade/transportation/utilities employment was 272,829, flat year over year and 1.0% below the April 2025 p eak, while manufacturing posted a fifth straight month of negative year over year growth, ending at 52,953 employees. Together, these trends point to a modest recalibration: freight-related roles are holding steady off recent highs, while factories are trimming headcount from the high of 53,520 employees in January 2024 amid cost discipline.

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

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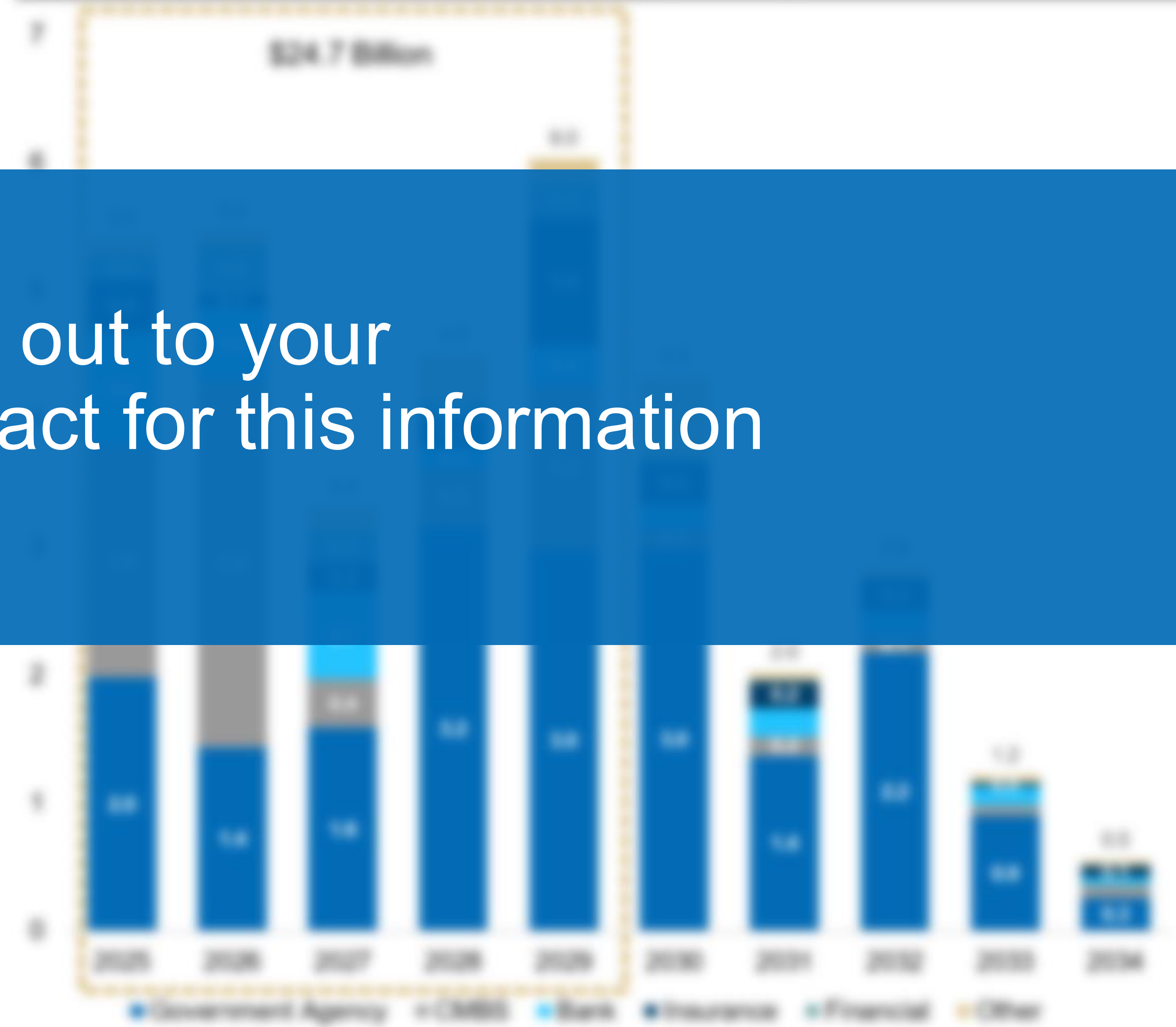
Debt/Capital Markets

Higher Loan Volume Due in 2025, 2026 and 2029



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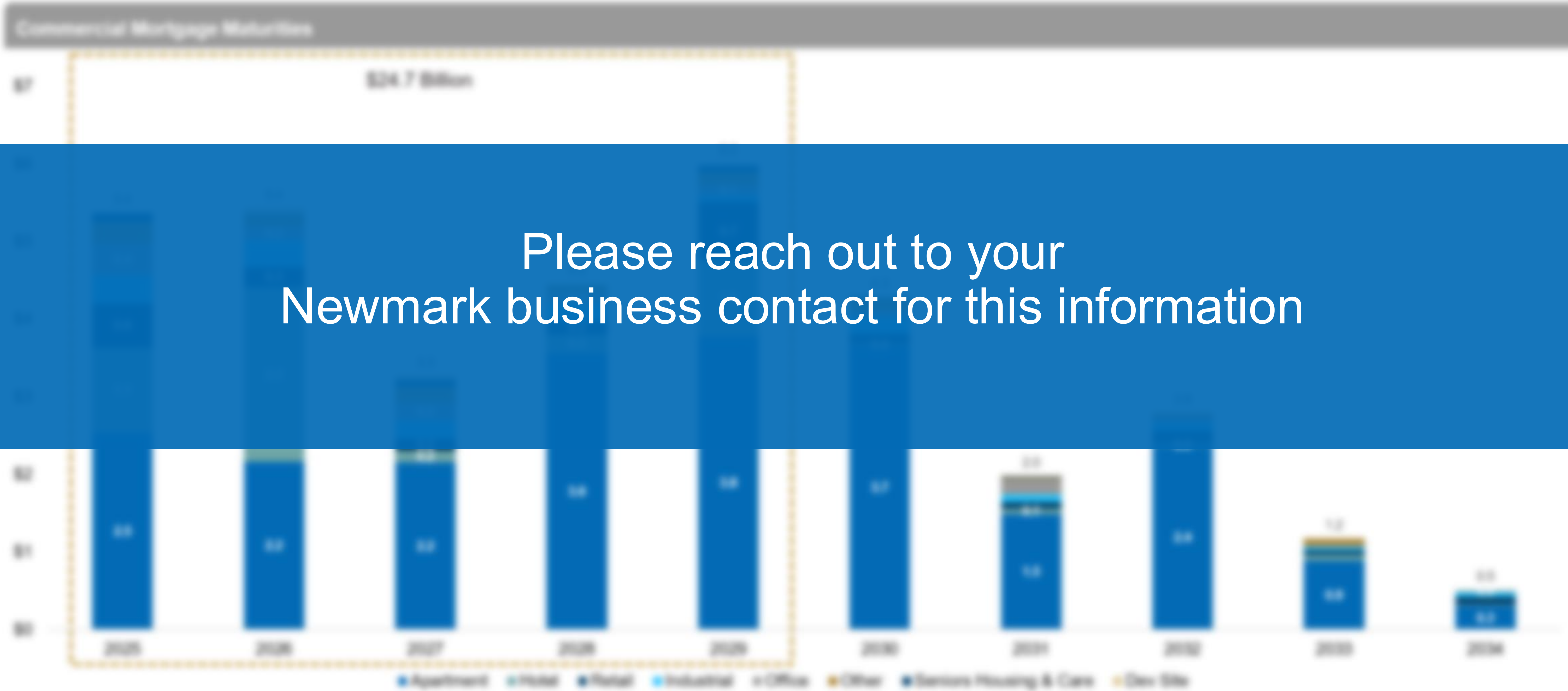
Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much

In the second quarter of 2025 industrial loans represent just 5.0% of the $24.7 billion in maturities scheduled between 2025 and 2029, reflecting a limited but growing exposure for a sector with relatively stable fundamentals. In contrast, multifamily comprises a much larger share at 57.6%, but strong operating performance as well and sustained lender demand have helped keep refinancing risk in check. Overall, these trends underscore a capital market that is increasingly discerning—favoring asset classes with proven resilience and income durability.



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Source: RCA, Newmark Research

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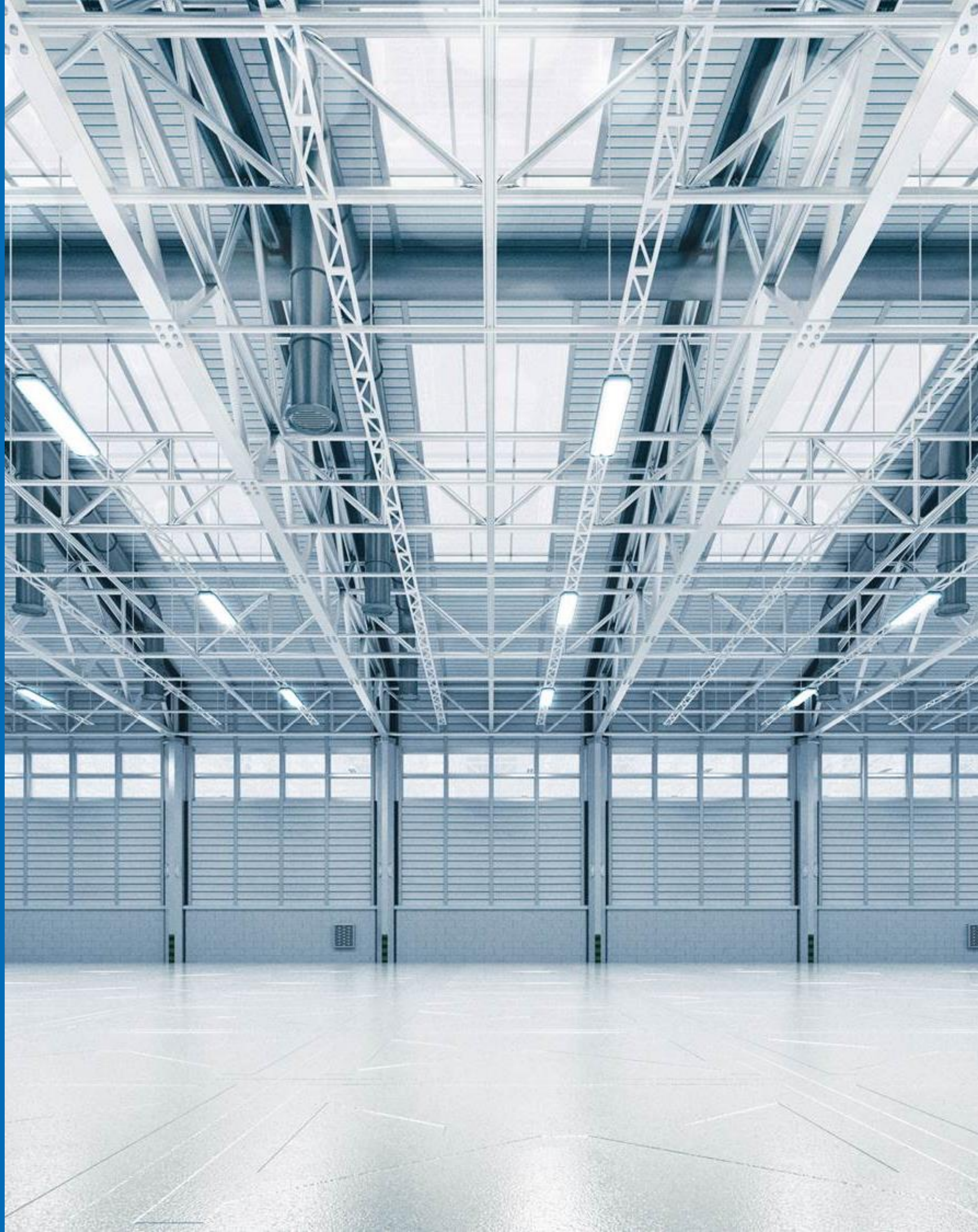
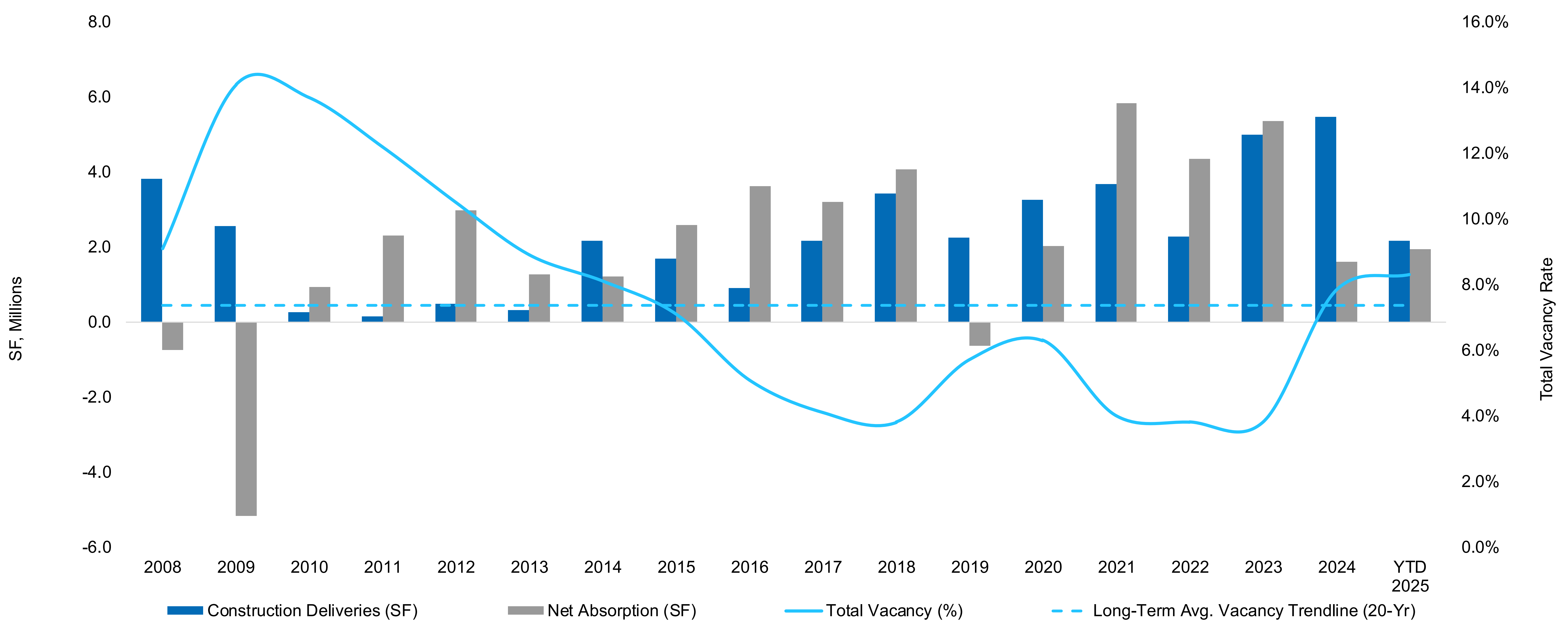
Leasing Market Fundamentals



Vacancy Eases as Absorption Outpaces Deliveries in the Third Quarter

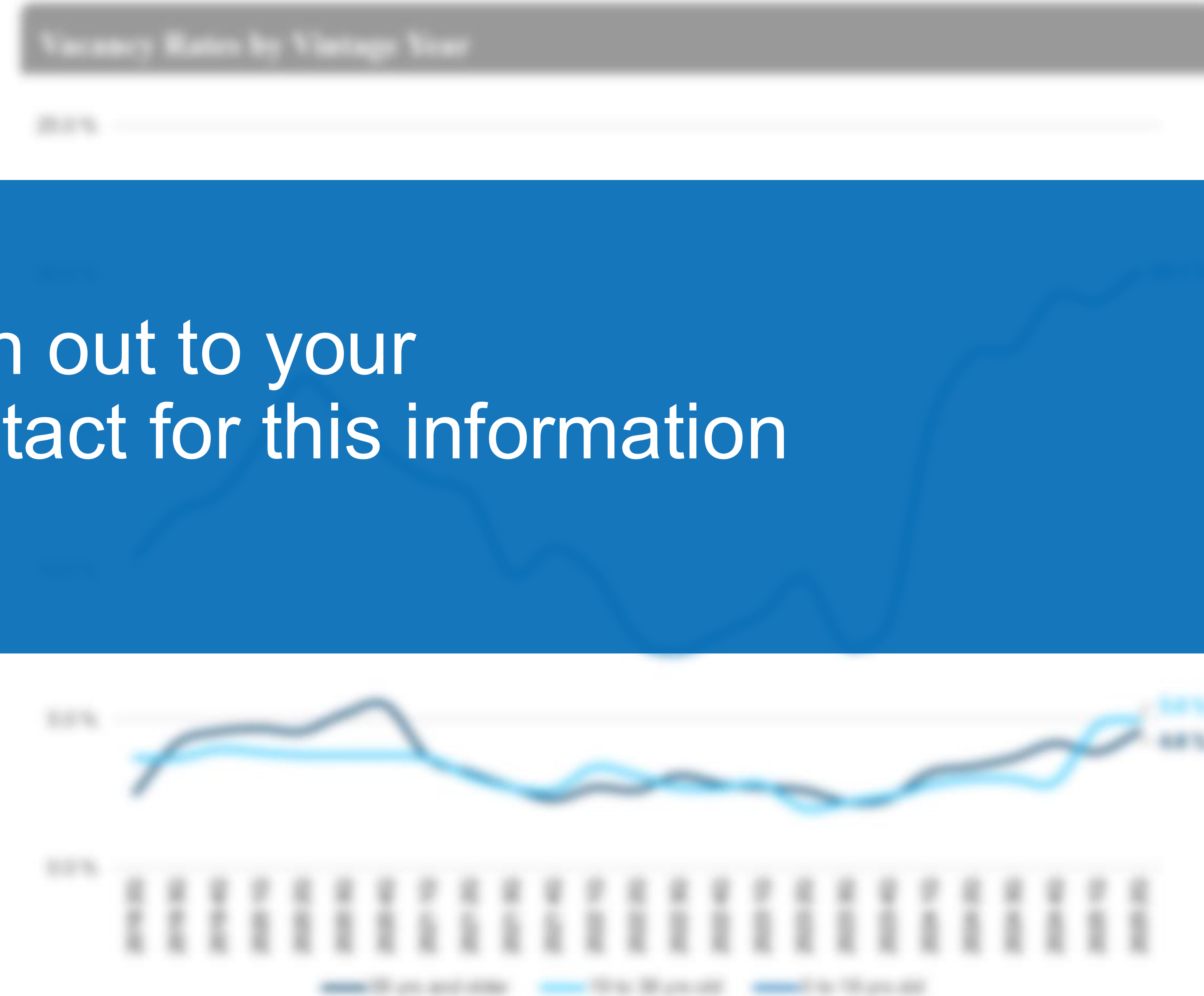
Orlando's industrial vacancy ended the third quarter of 2025 at 8.3%, down 60 basis points from the second quarter but still 120 basis points higher year over year. After seven consecutive quarterly increases, vacancy reversed course as net absorption outpaced new deliveries by 1.3 MSF. Year to date, however, occupancy gains still trail completions by 238,861 SF. Even with vacancy near a 10-year high - reflecting the 4.3 MSF cumulative gap between deliveries and absorption since the third quarter 2023 trough - recent leasing momentum and a slowing completion pace point to a more balanced supply-demand backdrop heading into 2026.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Preference for Modern Industrial Buildings Drives Demand



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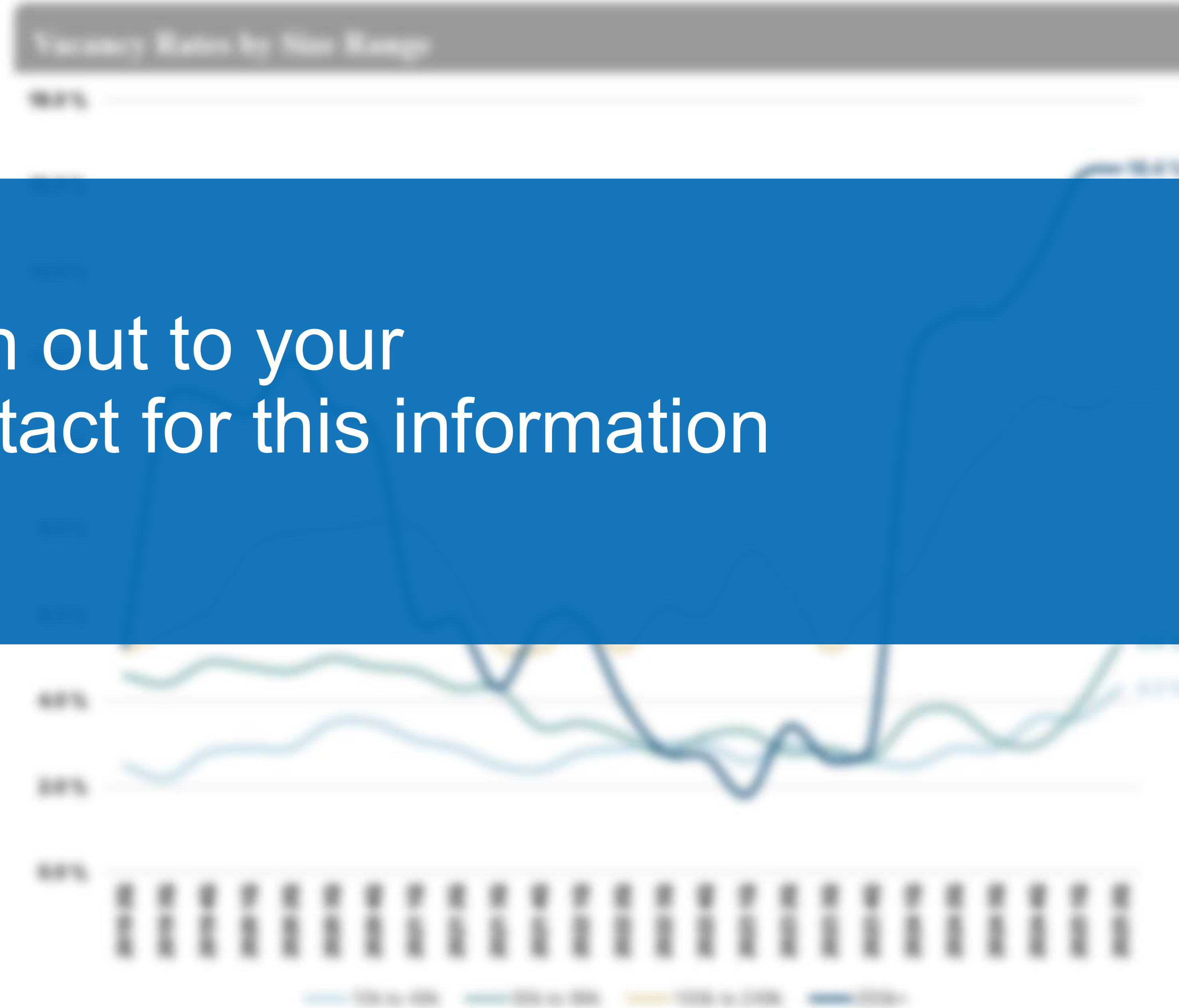
Source: Newmark Research

Demand for Large Buildings Drives Occupancy Gains Despite Elevated Vacancy



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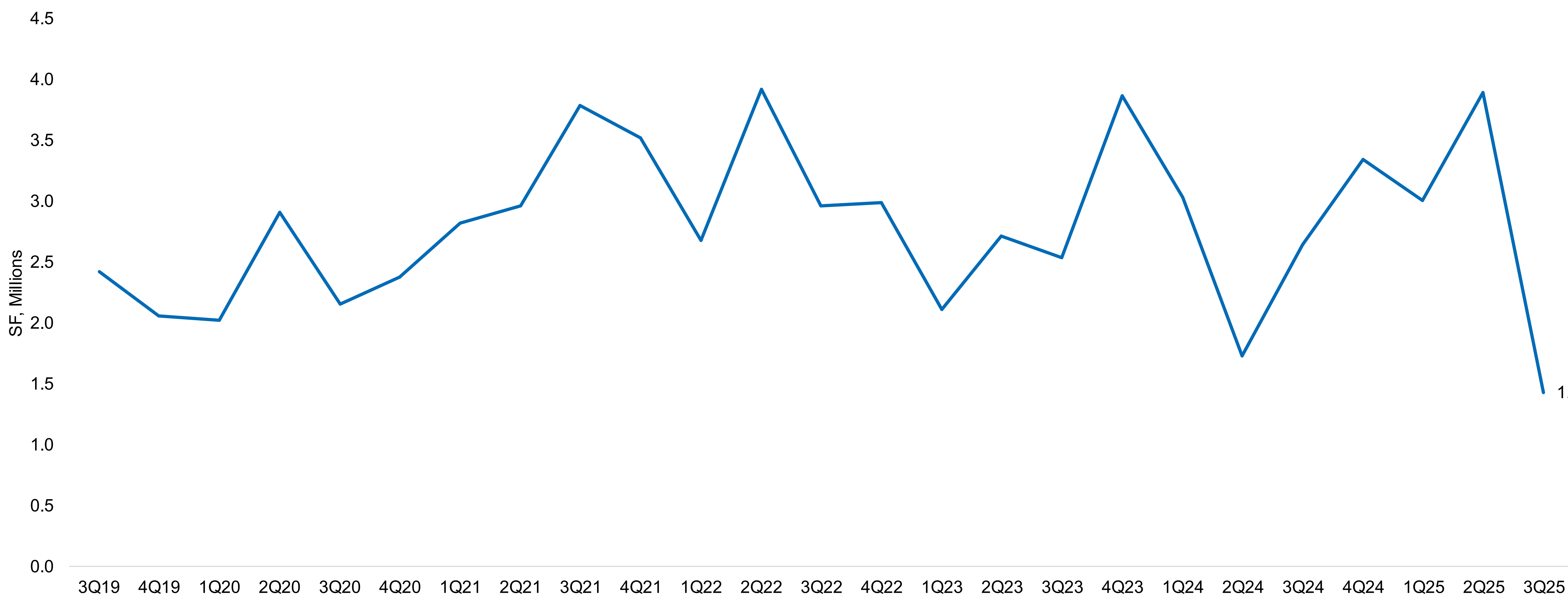
Source: Newmark Research

Industrial Quarterly Leasing Drops, But Year-to-Date Outpaces 2024

Leasing activity fell 63.2% quarter over quarter to 1.4 MSF in the third quarter of 2025, bringing year-to-date volume to 8.3 MSF. Despite the quarterly dip, year-to-date leasing is 12.5% above the same period in 2024, pointing to needs-based demand rather than a structural pullback. The slowdown reflects fewer large, one-off transactions and normal deal-timing effects. Taken together, the results signal a market that remains active, albeit choppier quarter to quarter, with the potential for steadier absorption as signed leases convert to occupancy.

Total Leasing Activity (SF)

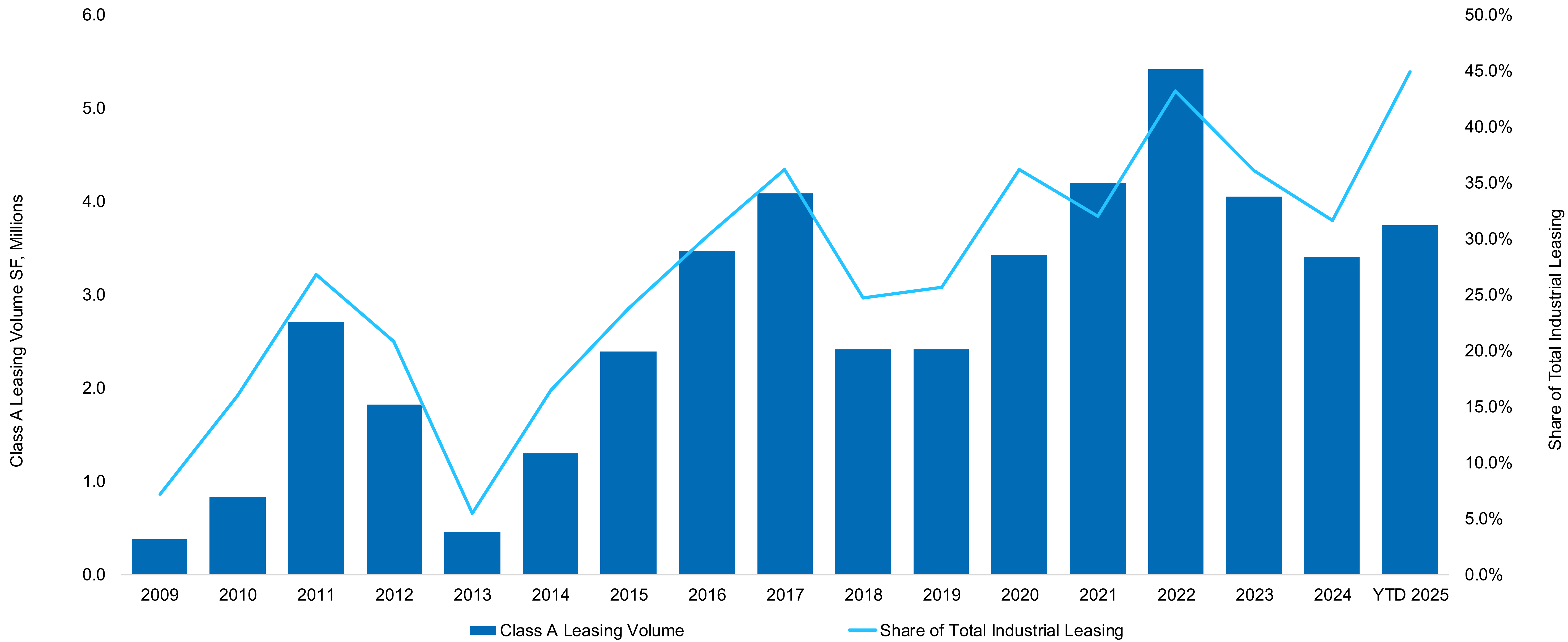


Source: Newmark Research, CoStar

Class A Warehouse Leasing Remains Above Long-Term Average

Class A leasing activity totaled 374,496 SF in the third quarter of 2025, bringing year-to-date volume to 3.7 MSF, up 73.0% from the same period in 2024. Class A now represents 45.0% of all leasing so far this year, versus 29.2% for the same period last year. This rising share underscores a clear flight to quality as tenants are prioritizing modern specs - power, clear heights, dock packages, and location efficiency, to streamline operations, a trend that should support pricing and absorption for newer assets even as overall demand normalizes.

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

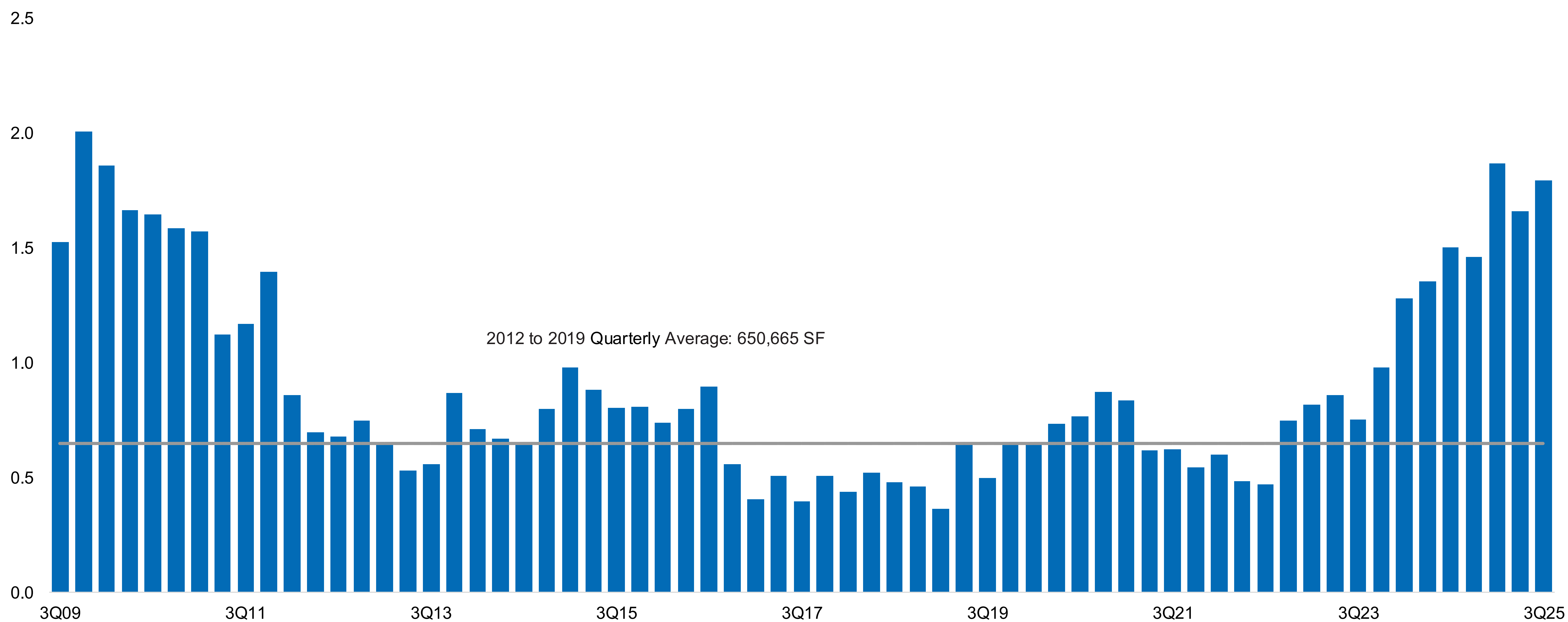


Source: Newmark Research, CoStar

Industrial Sublease Availability Remains Elevated

In the third quarter of 2025, sublease volume rose to 1.8 MSF, representing a 7.9% increase from the previous quarter's 1.6 MSF. The increase reflects Concordance Healthcare Solutions listing 159,000 SF at 10601 Southport Dr for sublease in the SE Orange County submarket. The rise in sublease activity reflects a broader market shift, with current levels almost 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)

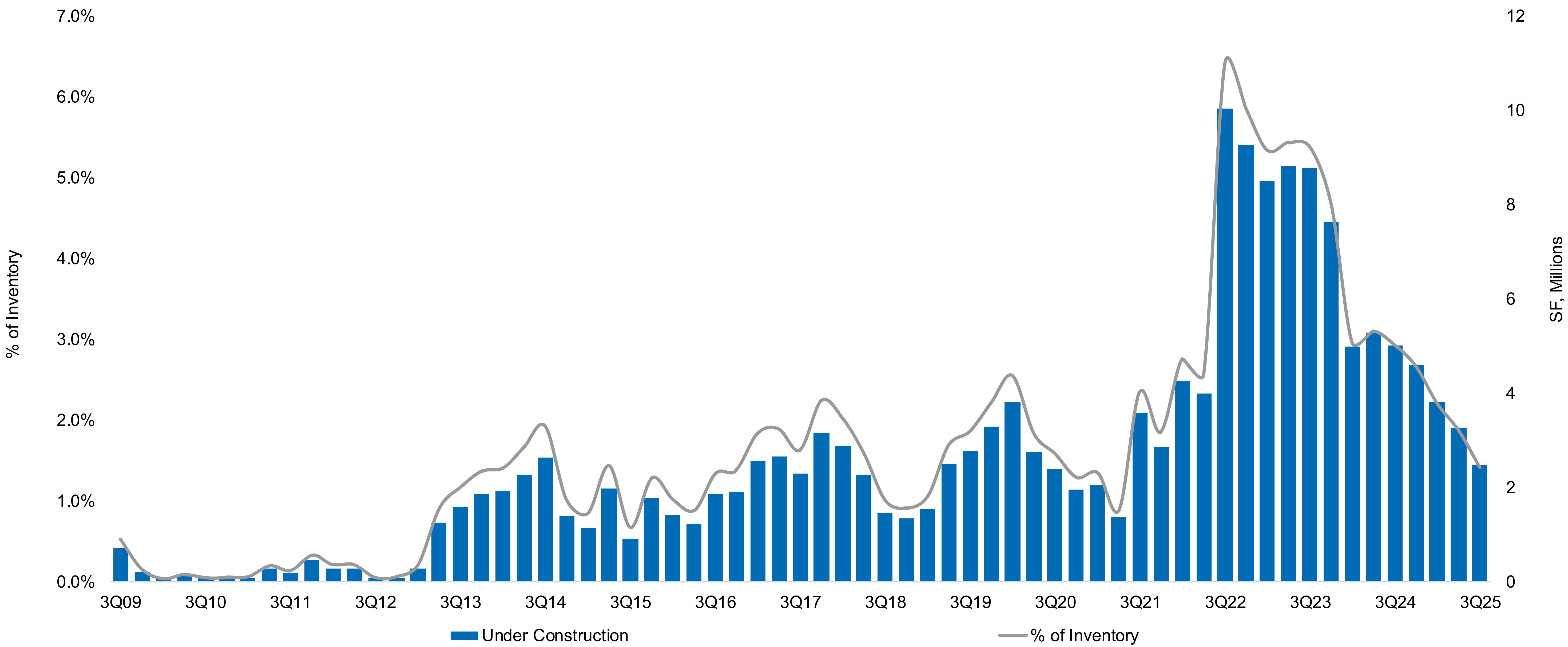


Source: Newmark Research, CoStar

Construction Pipeline Slows, Dipping Below Historical Average

The construction pipeline in the third quarter of 2025 totaled 2.5 MSF, reflecting a 24.0% decline quarter over quarter and a 50.5% drop year over year, marking the lowest level since the second quarter of 2021, when 2.0 MSF was under development. As a result, the declining development pipeline has now dipped below the 15-year historical quarterly average of 2.7 MSF, as many projects that broke ground in 2024 have completed in 2025 so far. As more developments near completion, it is anticipated that the under-construction pipeline will remain below historical levels, as new construction starts dwindle further.

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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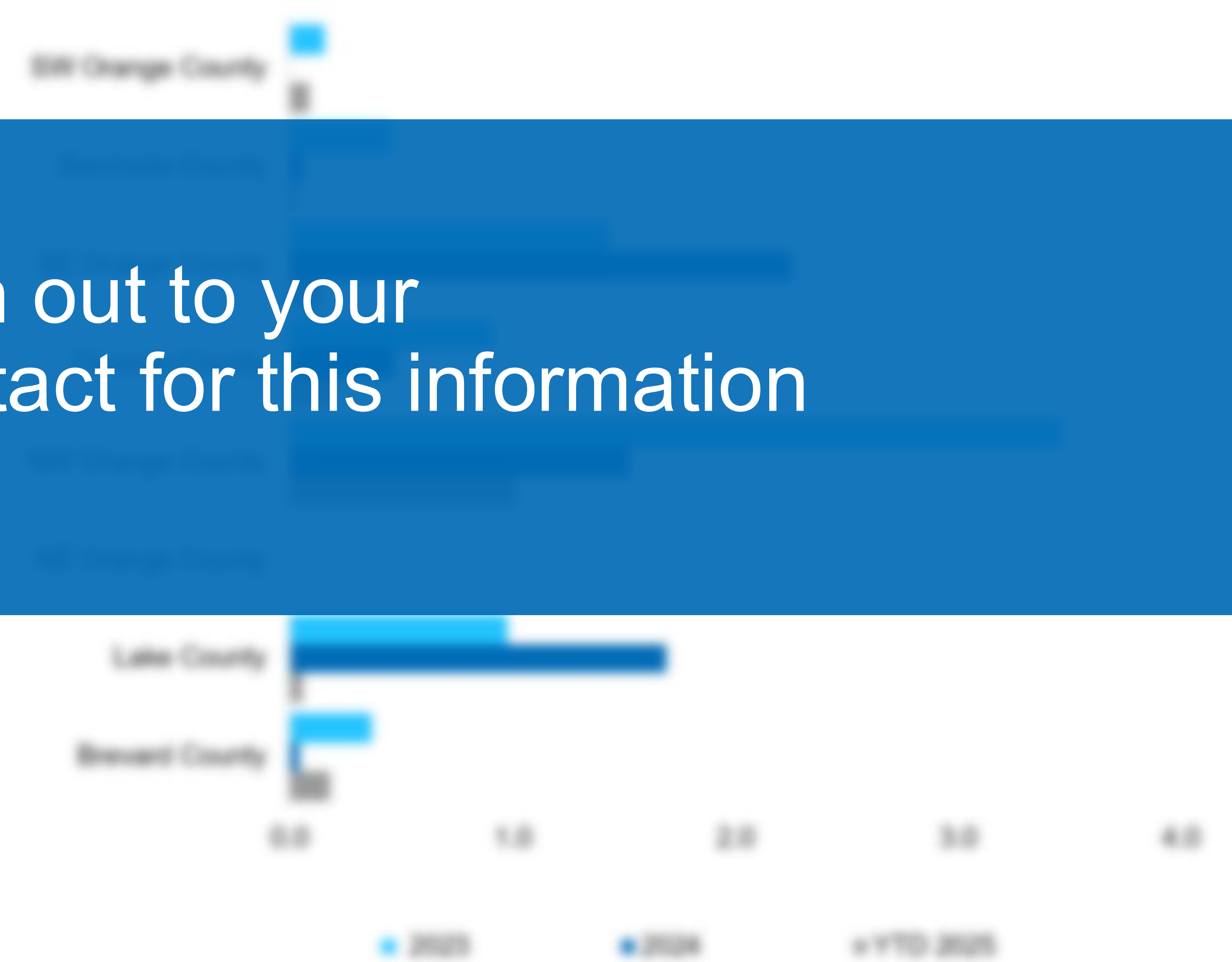
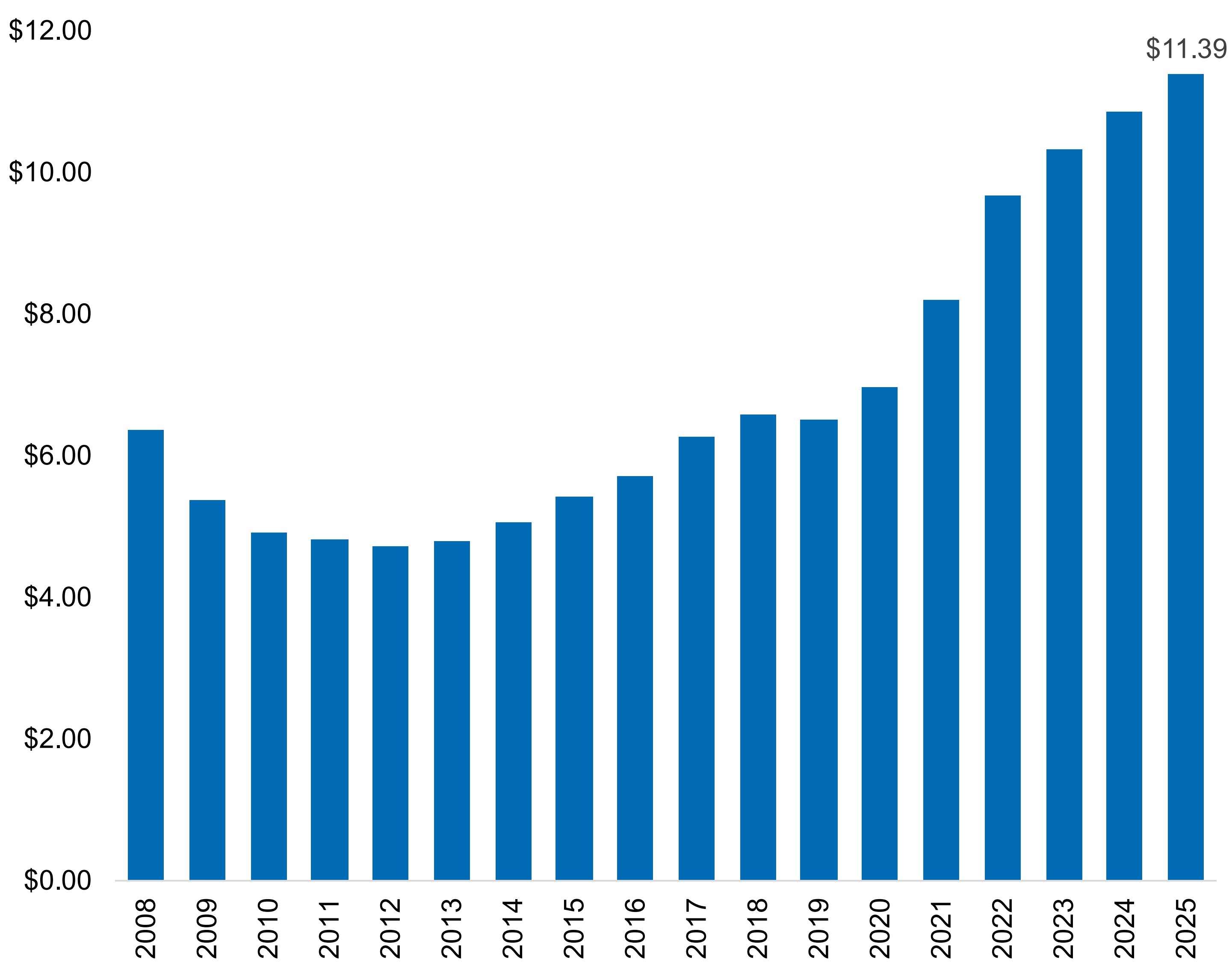


Source: Newmark Research, CoStar

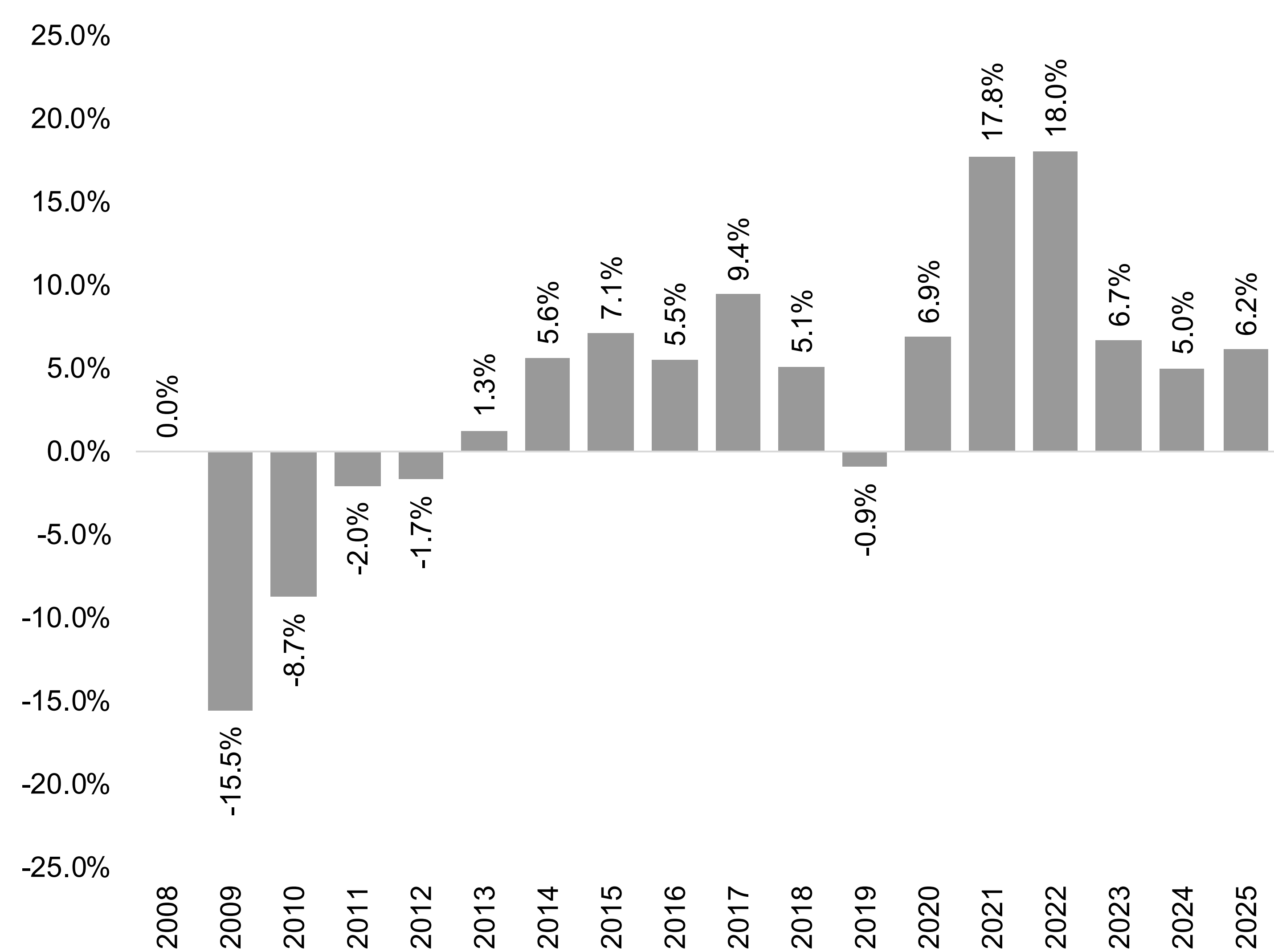
Asking Rents Increase to New Historical High

Industrial average asking rents reached a new historical high of $11.39/SF in the third quarter of 2025, reflecting a 0.1% increase from the previous quarter and a 6.2% 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 delivers, 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

New Deals Driving 3Q25 Activity

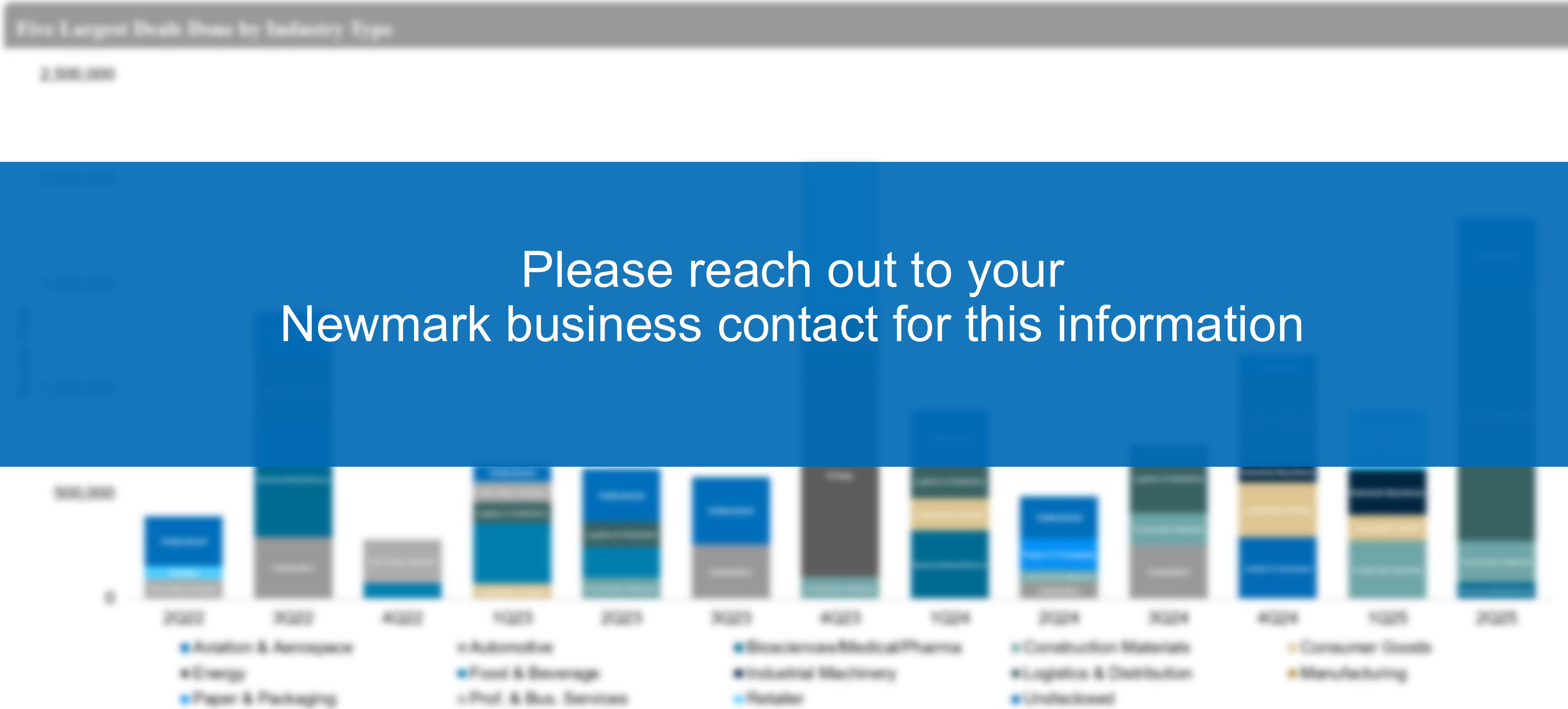
Leasing activity fell 63.1% quarter over quarter to 1.4 MSF in the third quarter of 2025. Demand was strongest in the sub-100,000 SF segment totaling 928,339 SF in the quarter, though still 28.7% below the 2012–2019 pre-pandemic average. Large building leasing was thinner at 505,000 SF during the quarter, 54.2% below its pre-pandemic norm. The mix points to smaller, needs-based requirements leading the market while big-box commitments remain selective. Preleasing mirrors this tilt as projects under construction are 16.4% preleased overall, with just 9.7% for the 100,000 SF and larger product versus 43.0% for sub-100,000 SF product.

Notable 3Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Ferguson Enterprises	Prologis Park at AIPO	SE Orange County	Direct New	342,720
The national distributor of plumbing, HVACs and related building products preleased 10990 Boggy Creek Rd with plans to occupy the building upon completions in August 2026. Ferguson preleased a planned build-to-suit at Prologis AIPO to gain an airport –adjacent regional hub with modern specs that align with its high-velocity distribution model.				
Undisclosed	3610 W Main St	Lake County	Direct New	100,646
The undisclosed tenant signed a new lease at 3610 W Main St to occupy the entire building with plans to move in February 2026. The unknown tenant likely leased the space to secure scarce turnkey cold-storage in Central Florida, gaining speed-to-market.				
407 Sports	510 Corporate Park Dr	NW Orange County	Direct New	71,228
407 Sports, a sports merchandise retailer, signed a lease to occupy the entire building at 510 Corporate Park Dr, with plans to occupy before year-end. The retailer leased the space to house its fulfillment and light production in a single warehouse, improving speed, costs, and scalability for their merchandise-heavy operation.				
Undisclosed	Hanover American Way Facility	Lake County	Direct New	68,240
The undisclosed tenant signed a new lease at 2550 American Way, occupying roughly 16.0% of the building with plans to move in February 2026.				
Pinto Transport Inc	Prologis Park at AIPO	SE Orange County	Direct New	42,128
Pinto Transport, a third-party logistics provider, signed a new lease at 2663 Tradeport Dr to occupy roughly 39.4% of the building with plans to occupy the space by the end of October 2025. The company leased the space to improve its regional service times and provide flexibility for Central Florida customers.				

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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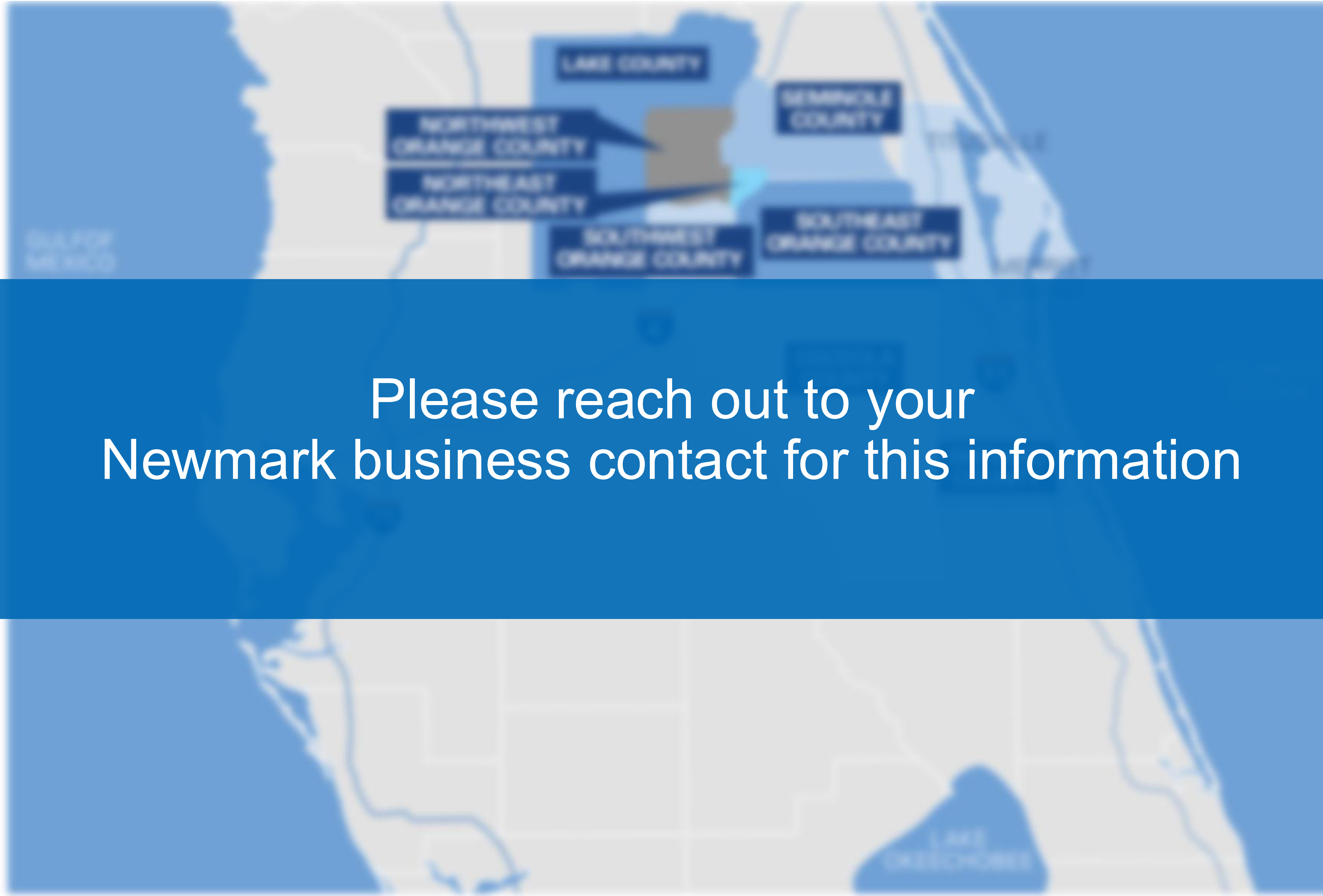
space demand.

- 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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