3Q25

Orlando Office 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%.
- In August 2025, year-over-year job growth was 1.4%, outpacing the 0.9% national average by 50 basis points. Momentum has slowed, as growth is below the five-year average of 2.7% and reflecting 80 basis points weaker than a year earlier.
- All sectors, except two industrial-using sectors, reported positive employment growth year over year. Mining and construction led job gains at 3.6% over the past 12 months.
- Office-using jobs increased 0.8% year over year to 412,602 employees in August 2025, easing from the historical high by 0.4%.

Major Transactions

- Siemens Energy signed not only the largest deal of the quarter but also the largest deal of the decade. The company leased 242,358 SF at Lake Nona Town Center and will be relocating in 2027 from its home of more than 40 years.
- 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.
- New leases accounted for four of the five largest deals in the third quarter of 2025, underscoring that fresh demand is driving leasing activity rather than renewals and consolidations.

Leasing Market Fundamentals

- Annual full-service asking rental rates reached a new historical high of $26.64/SF, reflecting a 5.8% increase year over year. Both Class A and Class B asking rates increased to all-time highs of $27.58/SF and $25.71/SF, respectively.
- The third quarter of 2025 realized 107,511 SF of negative absorption as demand in the market remains muted. The vacancy rate rose 53 basis points quarter over quarter to a recent high of 13.5% due to softer market conditions.
- The under-construction pipeline remains unchanged at 127,452 SF in progress for the second consecutive quarter, accounting for only 0.2% of the market's overall inventory.
- Total leasing activity closed the quarter at 1.2 MSF, up 42.1% from the previous quarter, with an average lease size of 5,255 SF. Class A leasing accounted for 71.9% of the quarter's activity by square feet, with an average deal size of 10,861 SF.

Outlook

- The Orlando office market is expected to post modest growth through year-end 2025, as slower U.S. economic momentum tempers business confidence and leasing activity.
- Premium offices in Orlando's prime submarkets are likely to post further rent and occupancy gains as flight to quality remains intact, sustaining demand even as the broader market continues to post modest occupancy losses.
- Orlando's office market outlook remains mostly positive, driven by strong office-using employment and a diverse labor force which attracts varied business sectors, ensuring ongoing demand for office space.

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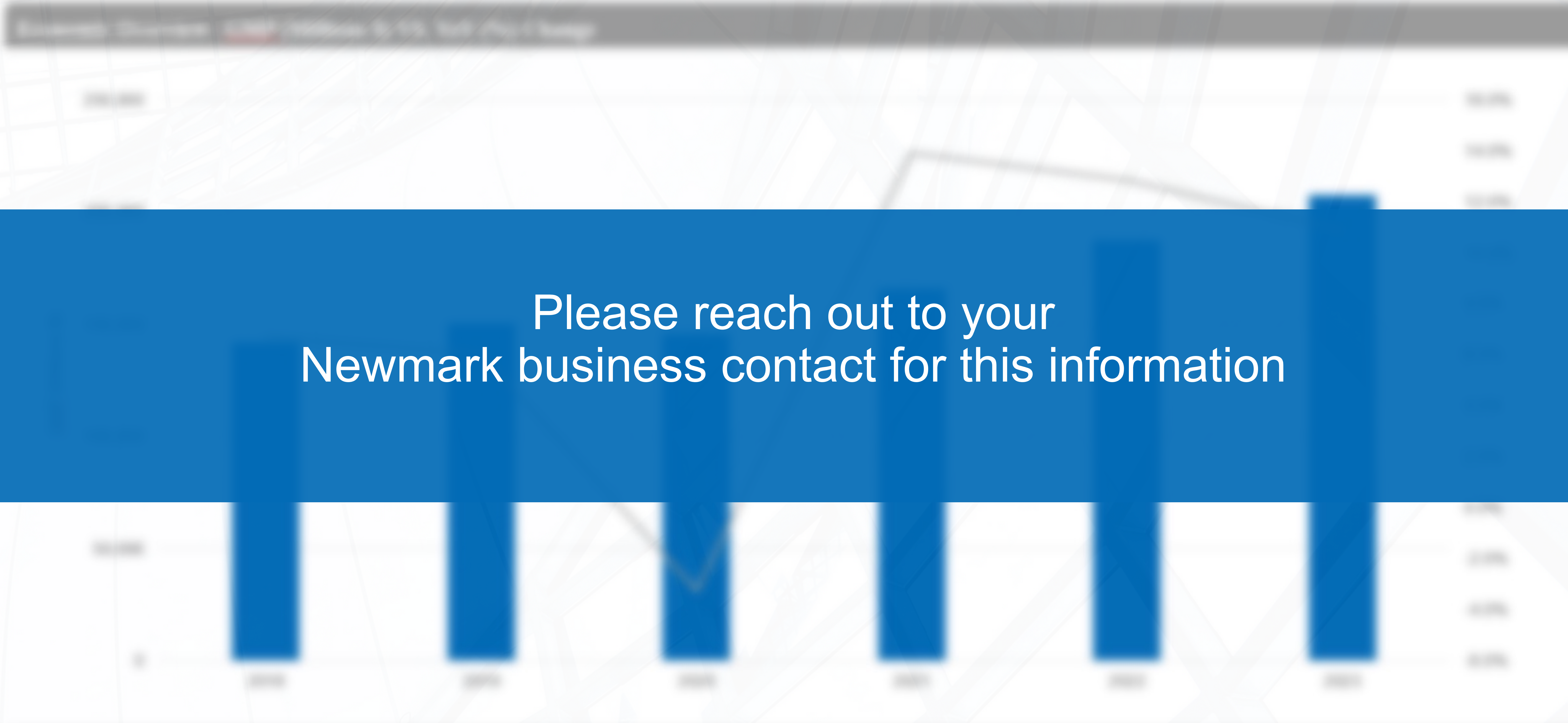
Economy

Orlando Gross Metropolitan Product



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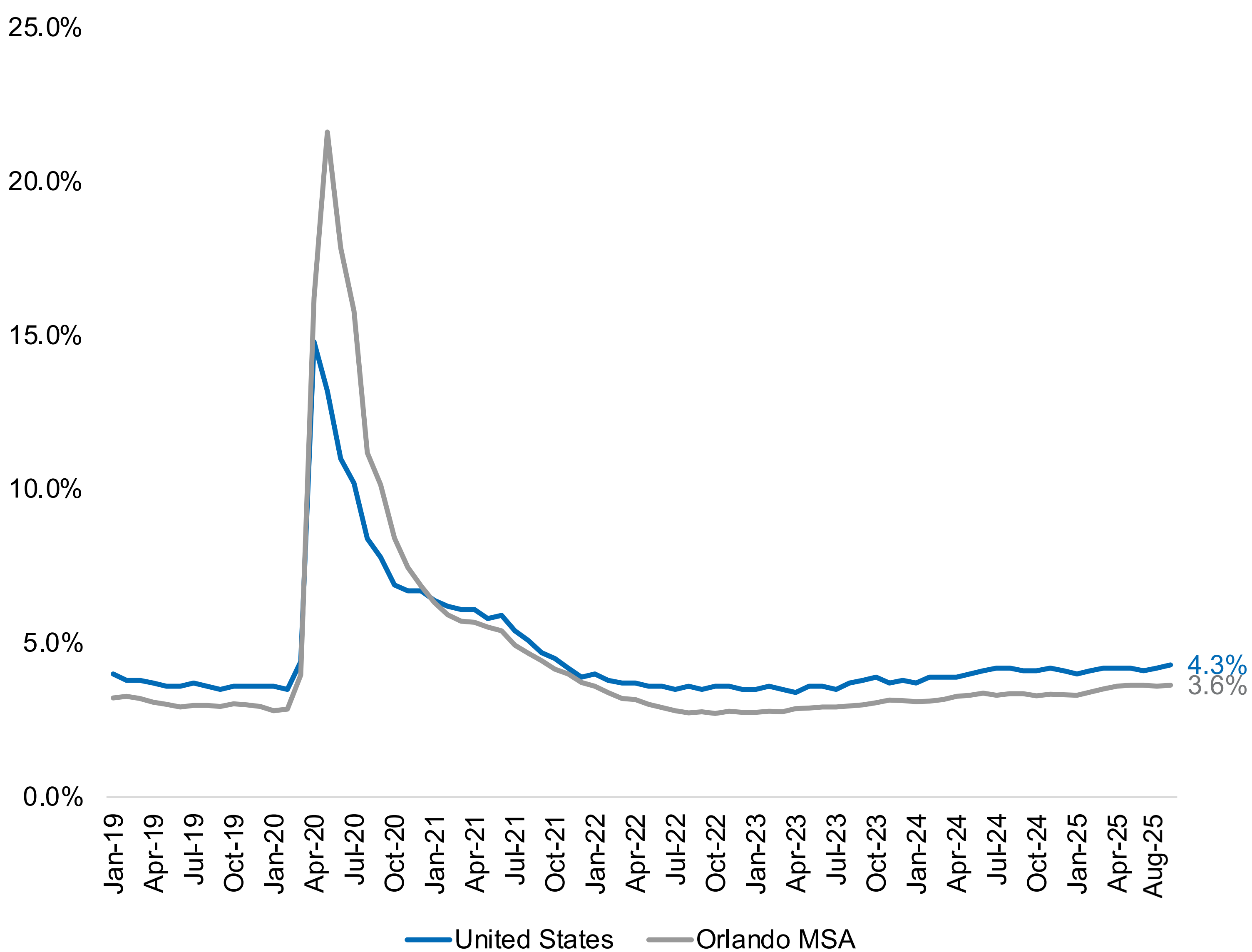
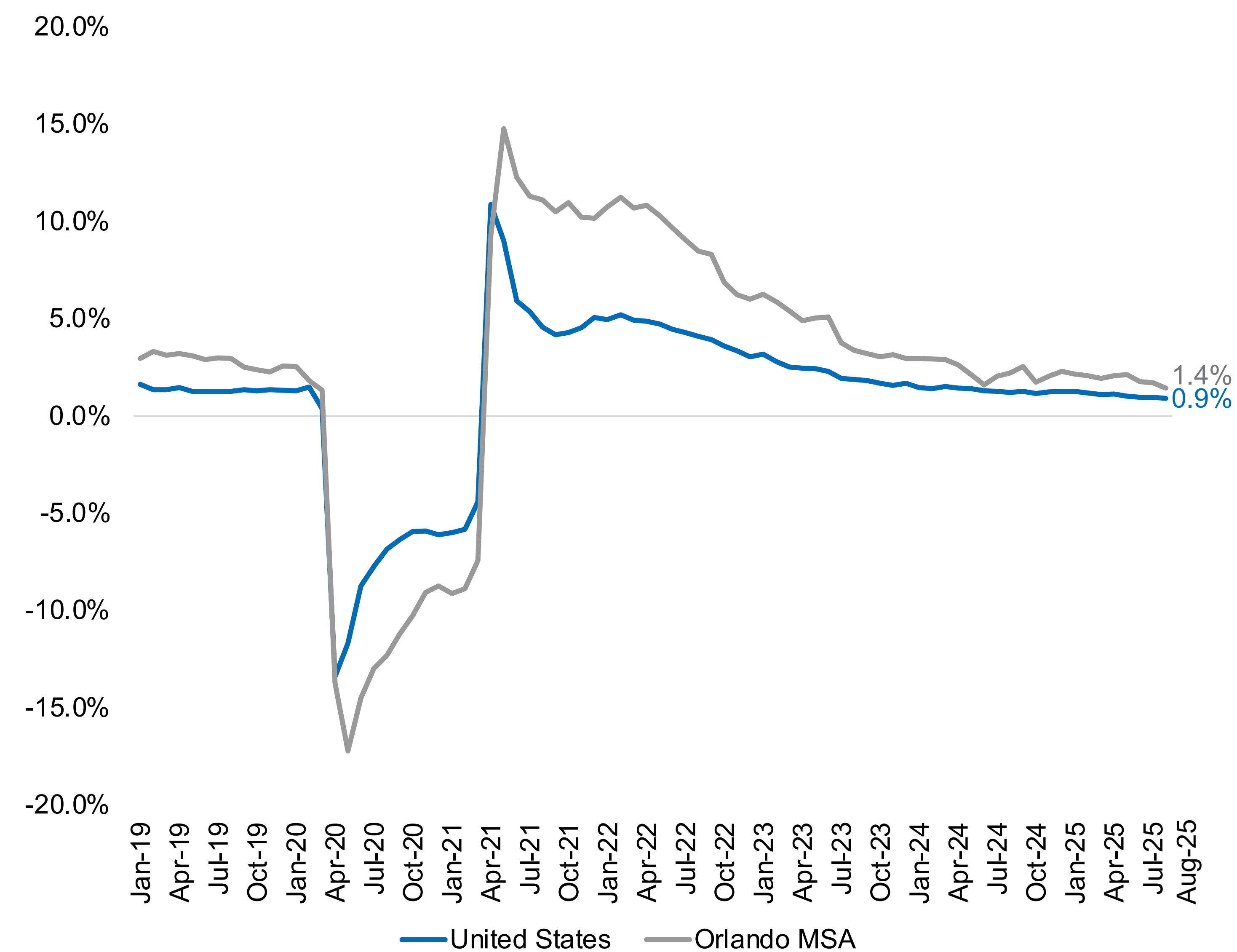
Metro Employment Trends Continue Slow Growth

Since mid-2021, the Orlando market has consistently outperformed the national average in both employment growth and unemployment rates. Despite national headwinds that have softened local labor performance, the metro continues to outpace the nation. 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%. Similarly, in the third quarter of 2025, annual employment growth in Orlando was 1.4%, a decrease of 80 basis points year over year, while still leading the national rate by 50 basis points. Most of the job losses in the market were driven by the industrial-using sector over the past year.

Unemployment Rate, Seasonally Adjusted



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

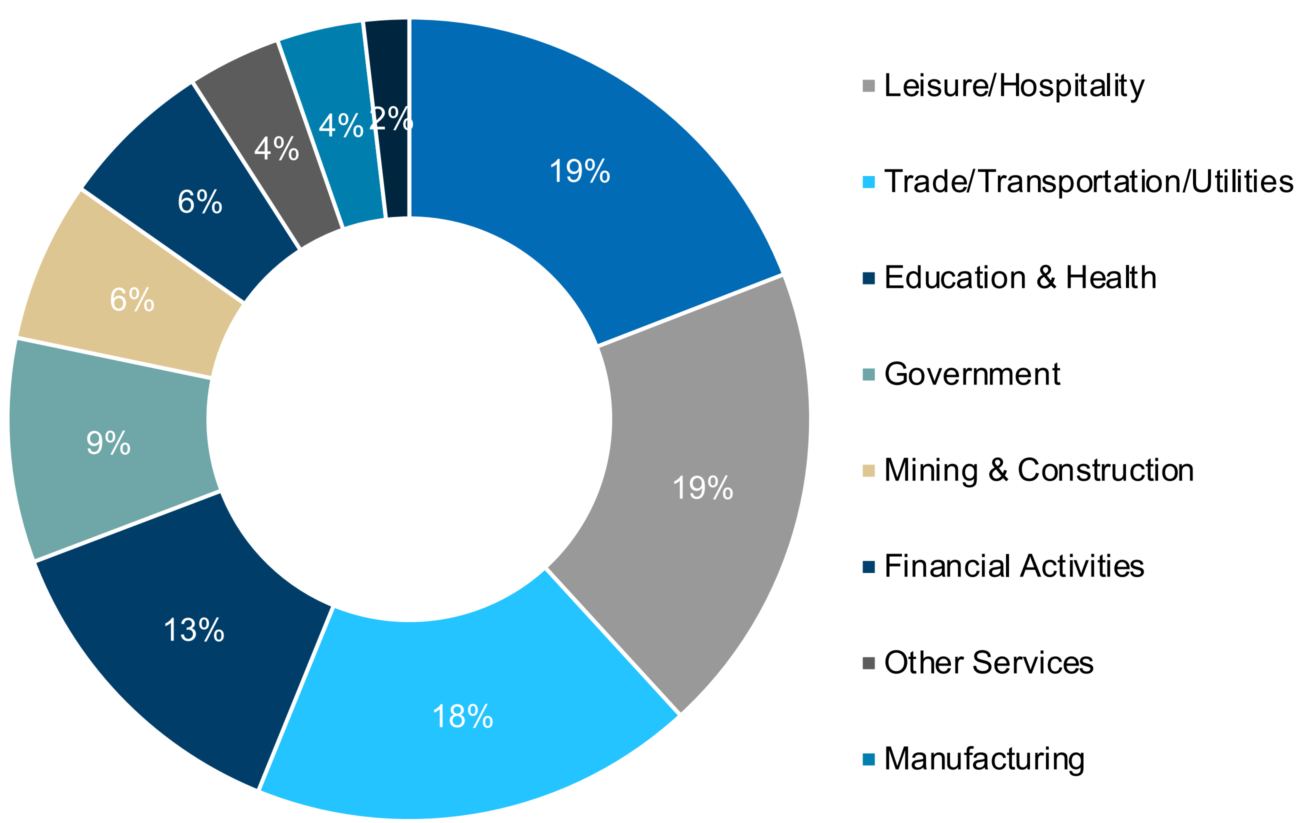


Source: U.S. Bureau of Labor Statistics, Orlando MSA

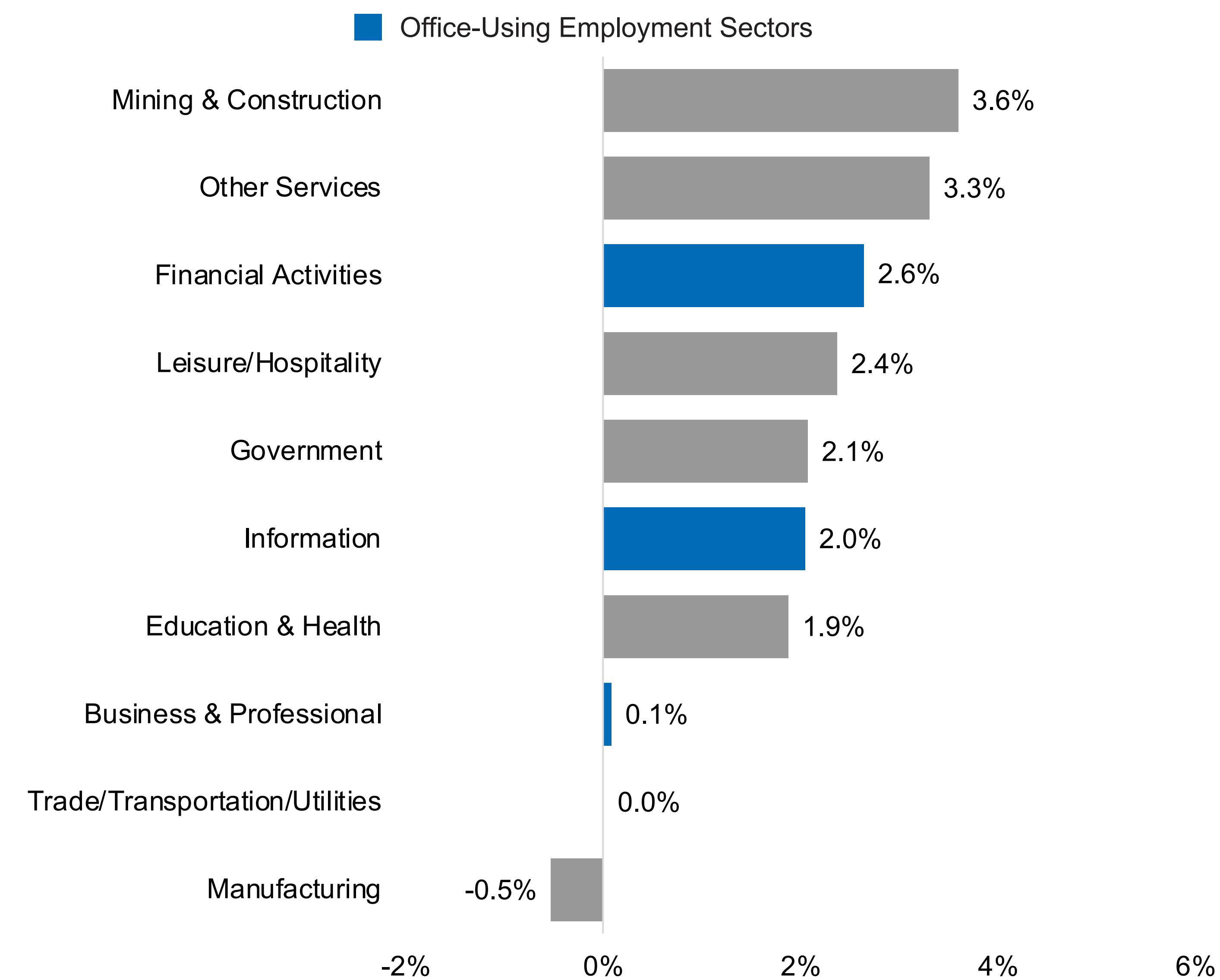
Office-Sector Employment Up Across All Industries

The Orlando market's top two employment industries account for 37.9% of the metro's job base. Professional and business services—now the largest industry, ahead of leisure and hospitality—represents 18.9% of employment. Over the past year, key office-using industries – business and professional services, information, and financial activities sectors – have all posted employment gains ranging from 0.1% to 2.6%. This steady expansion underscores the market's resilience and points to sustained demand for office-using talent, particularly in higher-skill fields such as technology and finance.

Employment by Industry, August 2025



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

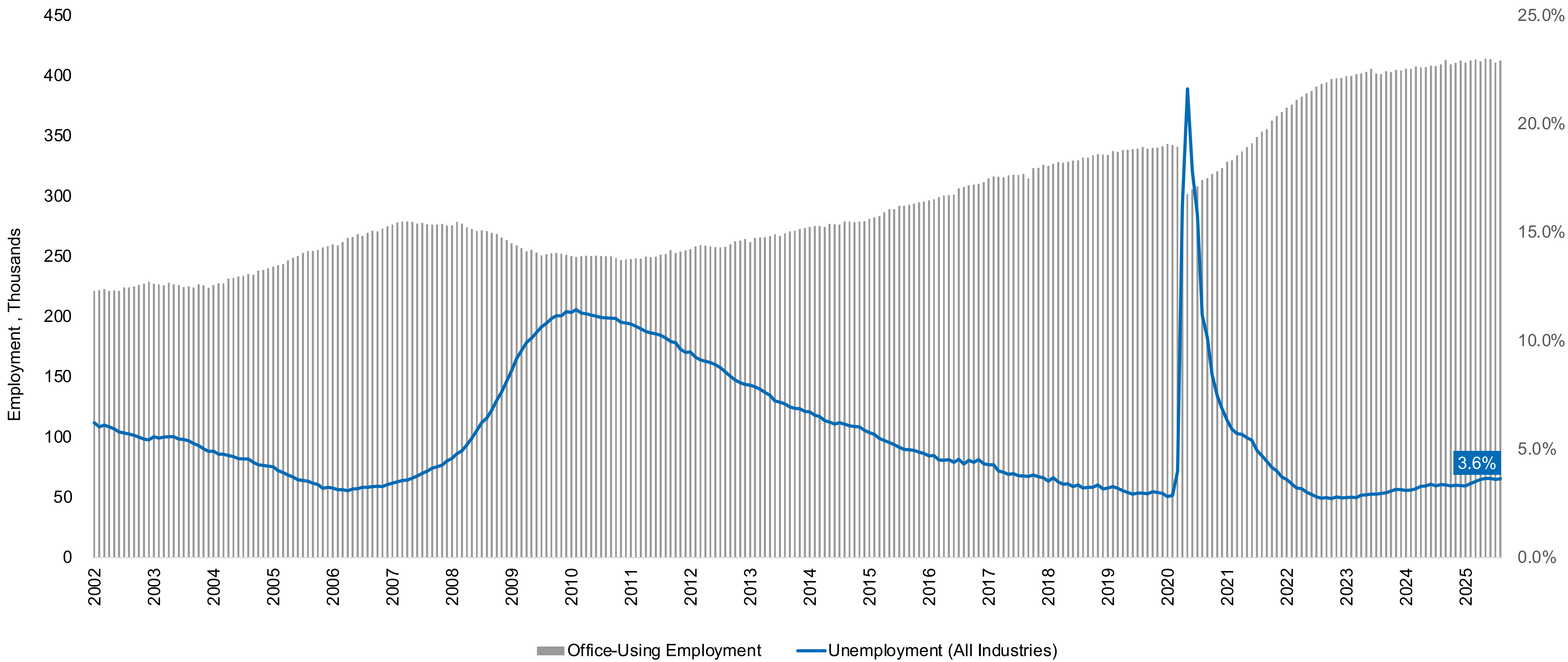


Source: U.S. Bureau of Labor Statistics, Orlando MSA

Overall Office-Using Employment Continues Annual Gains

Office-using employment in the Orlando market continues to remain elevated at 412,602 employees as of the end of August 2025, easing by 0.4% from the historical high reach in May 2025. The seasonally adjusted unemployment rate is 3.6%, well below the five-year average of 4.9%. While unemployment has been flat for four months, office-using employment rose 0.8% year over year, indicating these sectors are more resilient than the broader market.

Office-Using Employment* and Unemployment Across All Industries



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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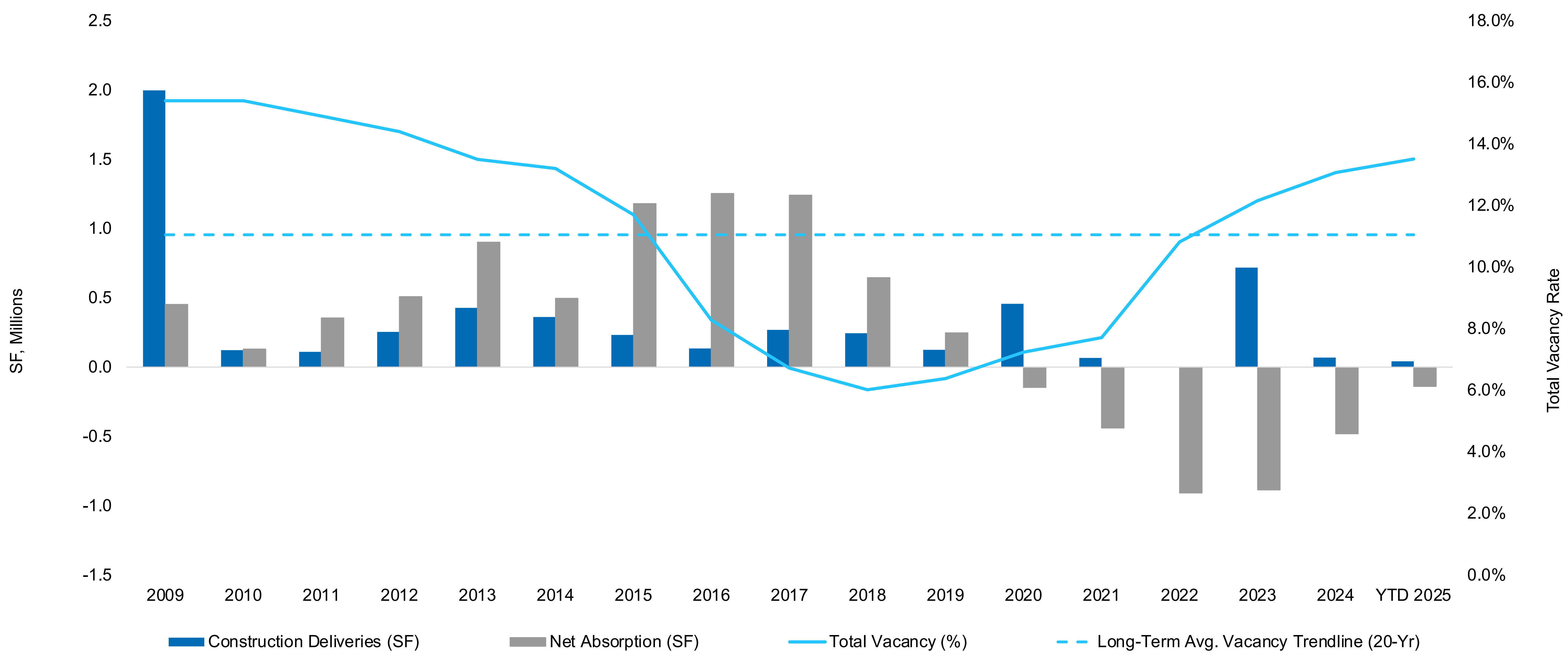
Leasing Market Fundamentals

Demand Lags Despite No New Supply, Pushing Vacancy Higher

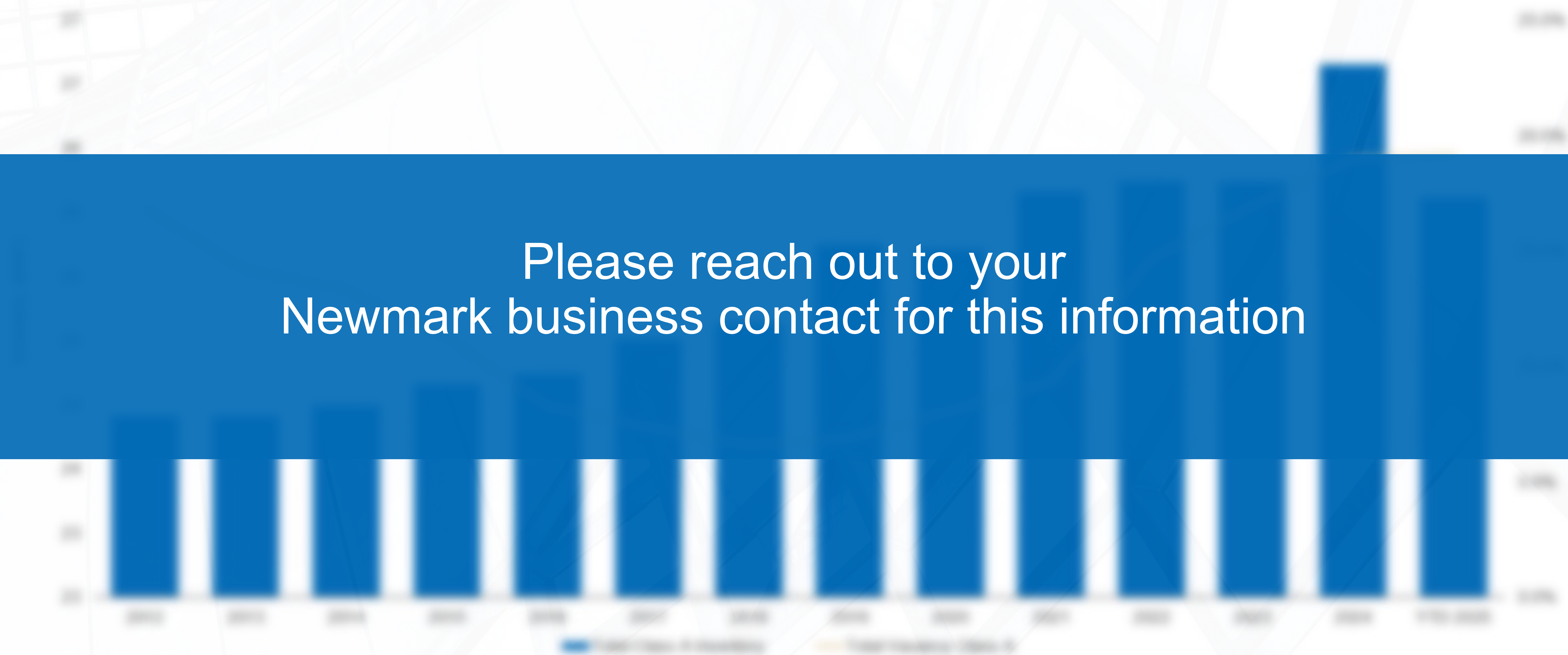
In the third quarter of 2025, the Orlando office market posted negative 107,511 SF of net absorption, extending the pullback in tenant demand after a slightly positive first quarter. With no new supply, construction activity remained subdued. As a result, the vacancy rate rose by 53 basis points quarter over quarter and 37 basis points year over year to a recent high of 13.5%. Although vacancy increased and remains above the long-term average of 11.0%, rates continue to remain well below pre-2014 peaks. With demand soft, vacancy is likely to stay elevated in the near term.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Class A Vacancy Remains Elevated Despite Flight to Quality



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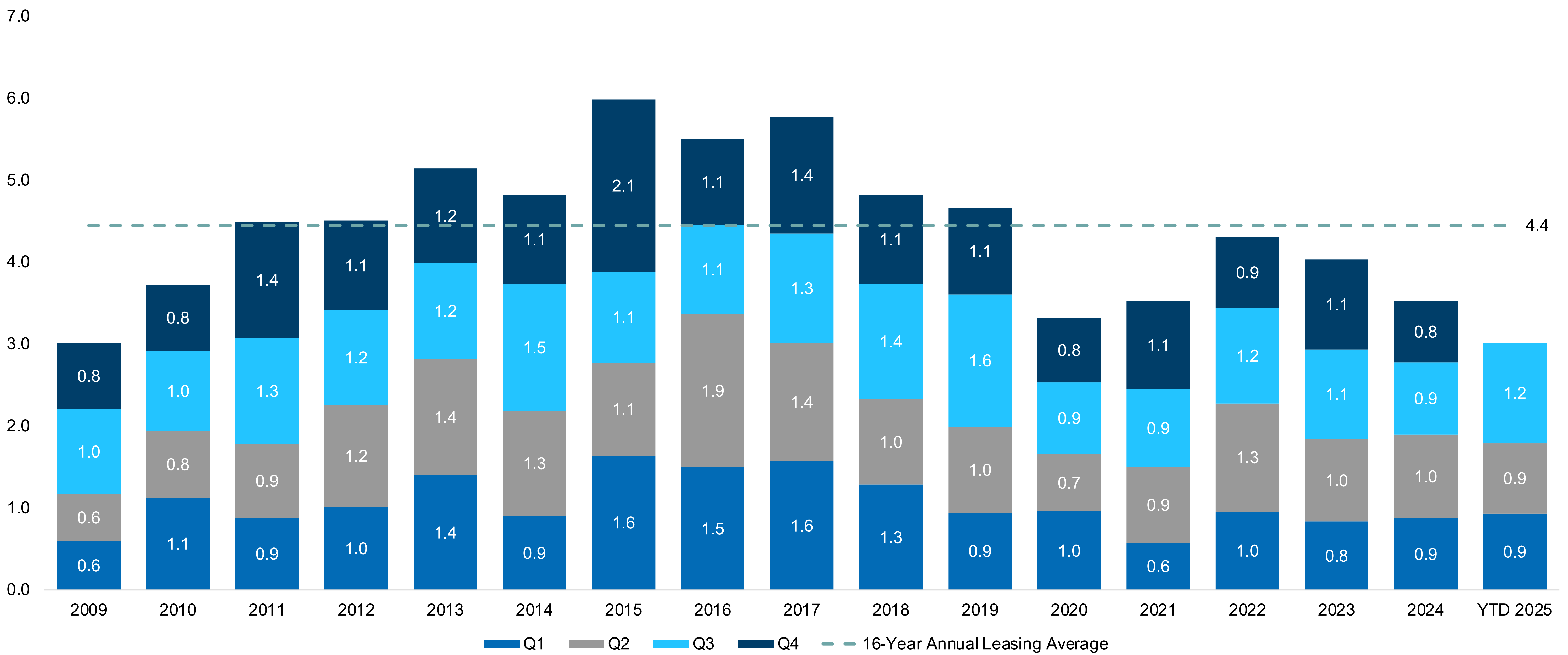
Solid Quarterly Leasing Activity Matches Historical Average

Leasing activity in the third quarter of 2025 totaled 1.2 MSF, reflecting a 42.1% increase from the previous quarter. Since 2009, third-quarter leasing activity averaged 1.2 MSF, with activity in the third quarter of 2025 closely matching the long-term average. Deal size averaged 5,255 SF in the third quarter of 2025, an average of 1,709 SF and 1,392 SF higher than the previous quarter and year, respectively. Meanwhile, the number of deals signed slightly increased by 2.2%, indicating a shift in the market towards larger deals.

Total Leasing Activity (msf)

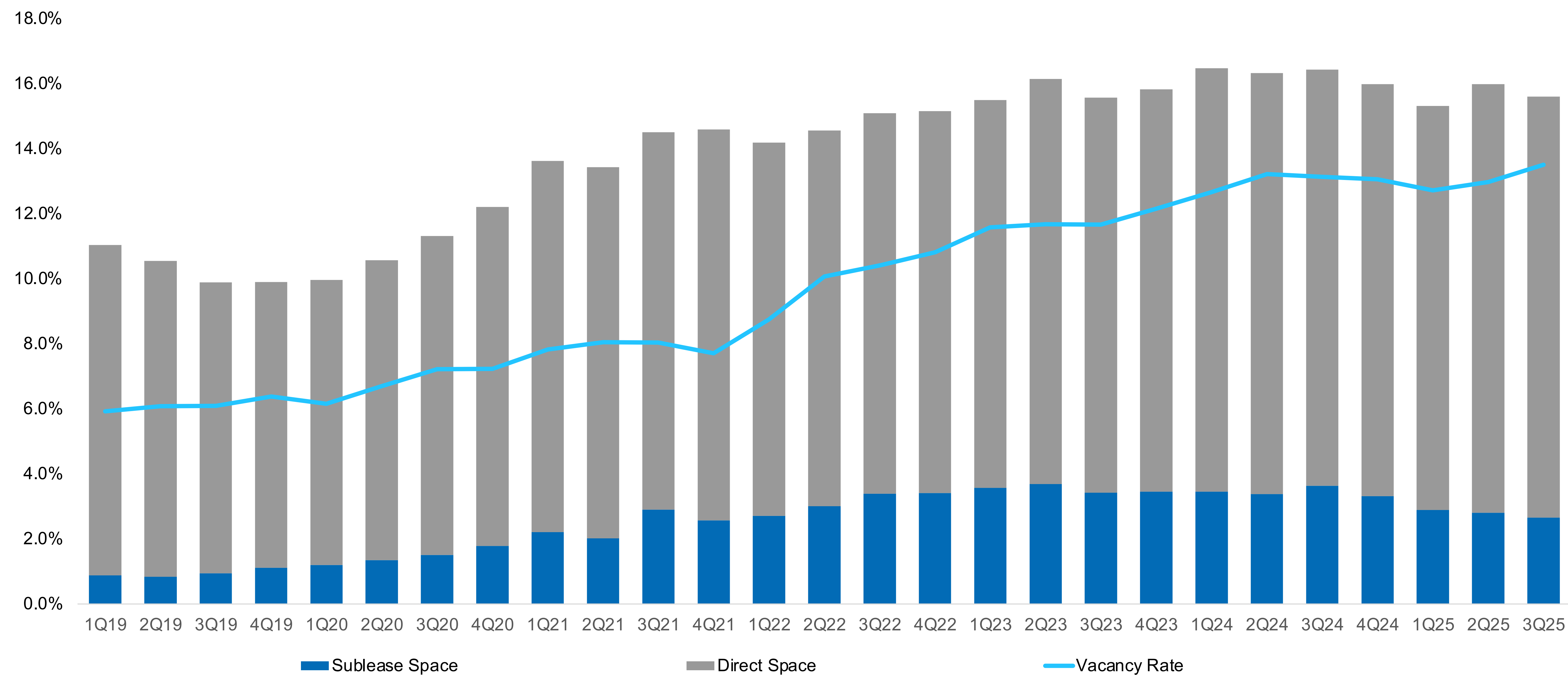


Source: Newmark Research, CoStar

Availabilities Decline While Vacancy Increases

As of the end of the third quarter of 2025, sublease availability fell 14 basis points quarter over quarter to 2.7%, the fourth straight quarterly decline from the 3.7% peak in the second quarter of 2023. Meanwhile, direct availability also declined by 25 basis points quarter over quarter to 12.9%, pushing total availability down by 40 basis points to 15.6%. Despite these declines in marketed space, net move-outs lifted the vacancy rate by 50 bps, reflecting a timing result as listed blocks converted to vacant inventory faster than they were backfilled.

Available Space as Percent of Overall Market

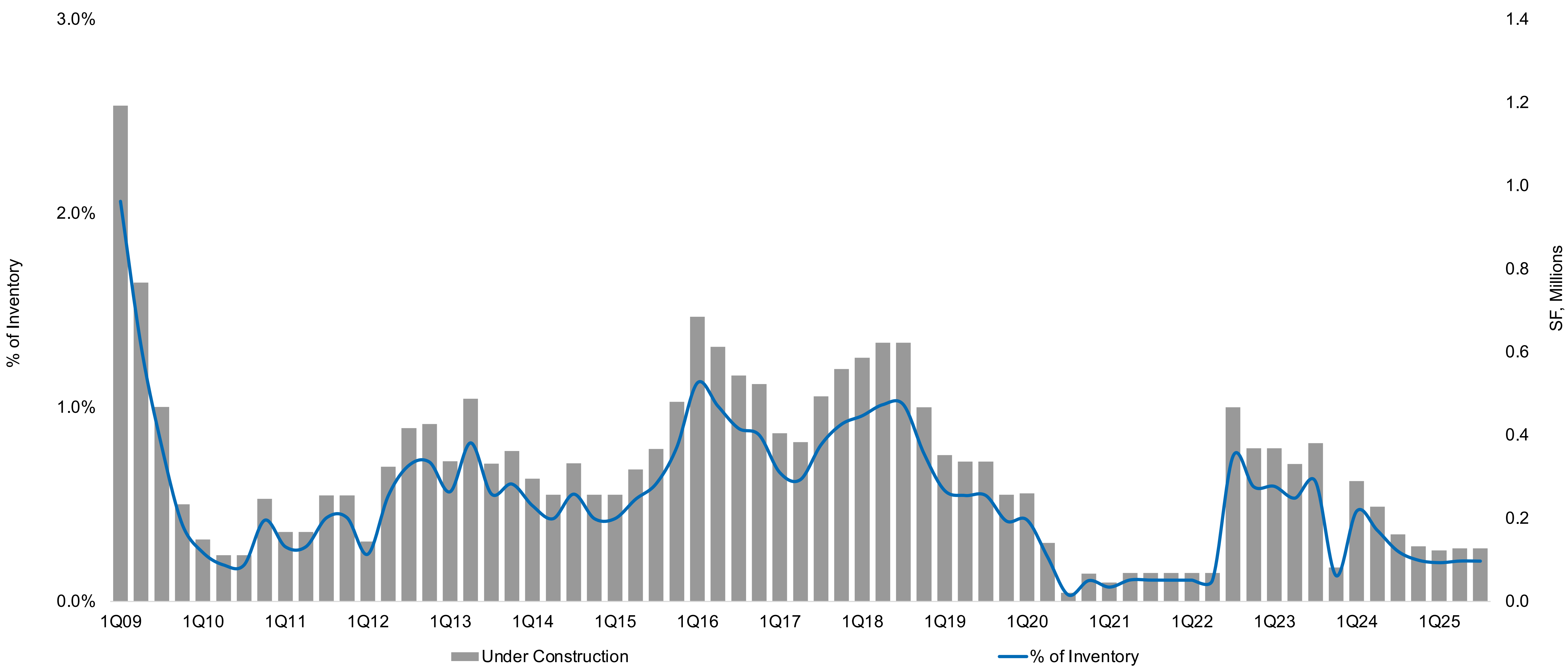


Source: Newmark Research, CoStar

Construction Activity Remains Muted

After relatively flat construction levels since the third quarter of 2020, the construction pipeline rebounded in late 2022 with 466,701 SF of projects. However, constructions starts are tapering again, holding steady at 127,452 SF in the pipeline at the end of the third quarter of 2025. The current pipeline accounts for 0.2% of the market's inventory, indicating there is less risk of overbuilding.

Office Under Construction and % of Inventory

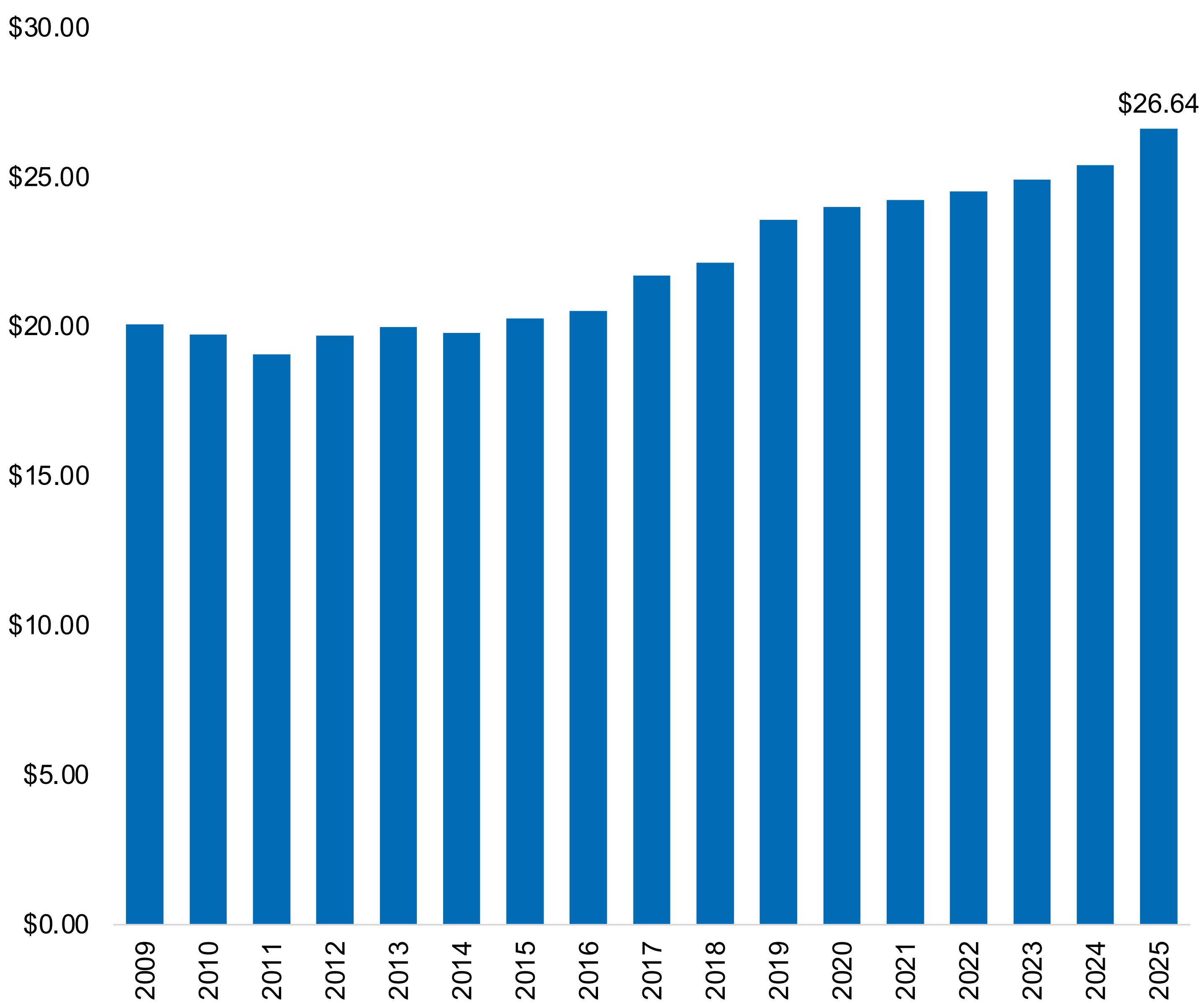


Source: Newmark Research, CoStar

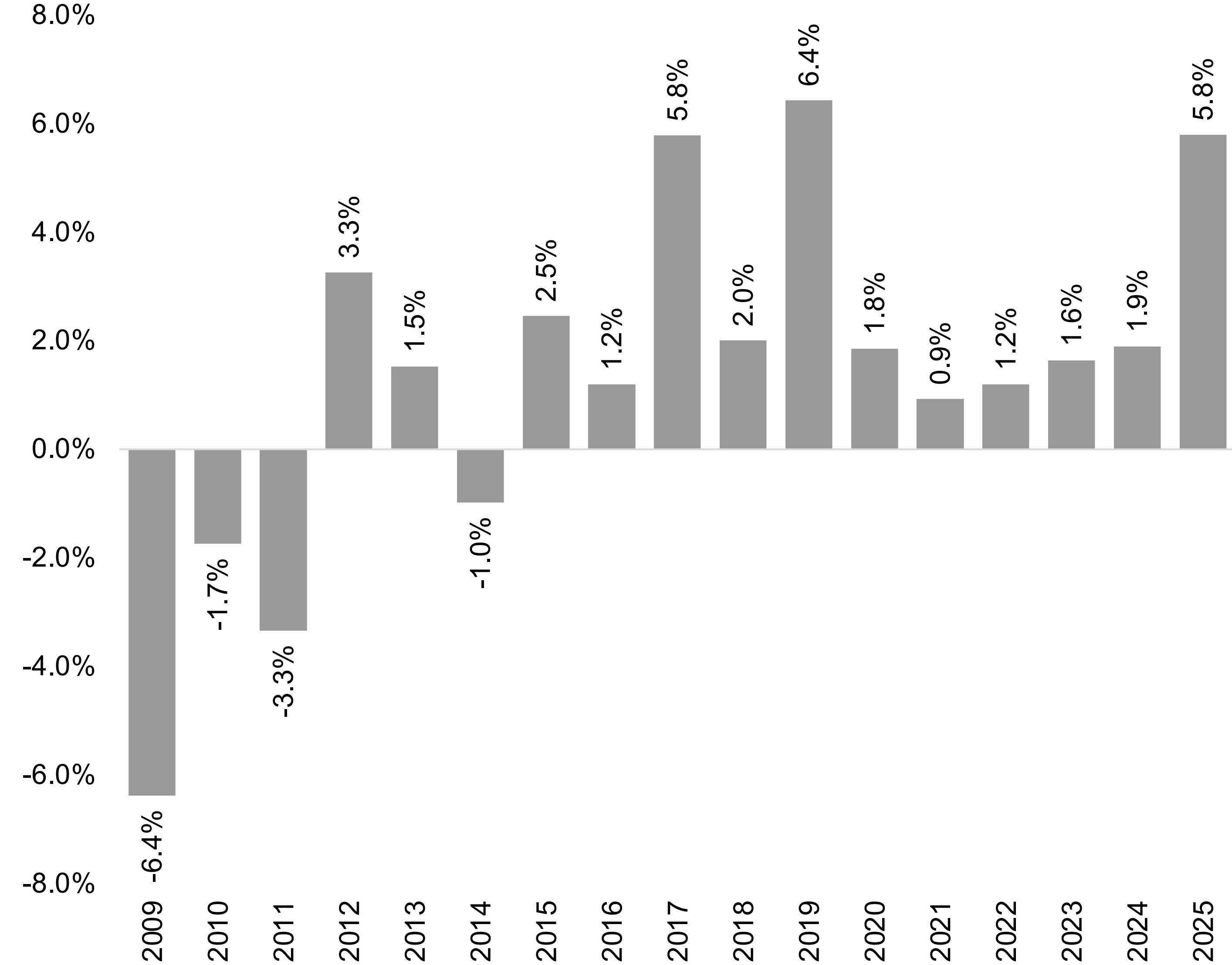
Premium Space Drives Continued Rent Growth to Historic High

Asking rents reached a record high in the third quarter of 2025, rising 5.8% year over year to $26.64/SF. Growth has been supported by a wave of higher-quality deliveries since 2023. Looking ahead, Orlando should maintain elevated asking rents, with positive—though moderating—rent growth in the near term.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

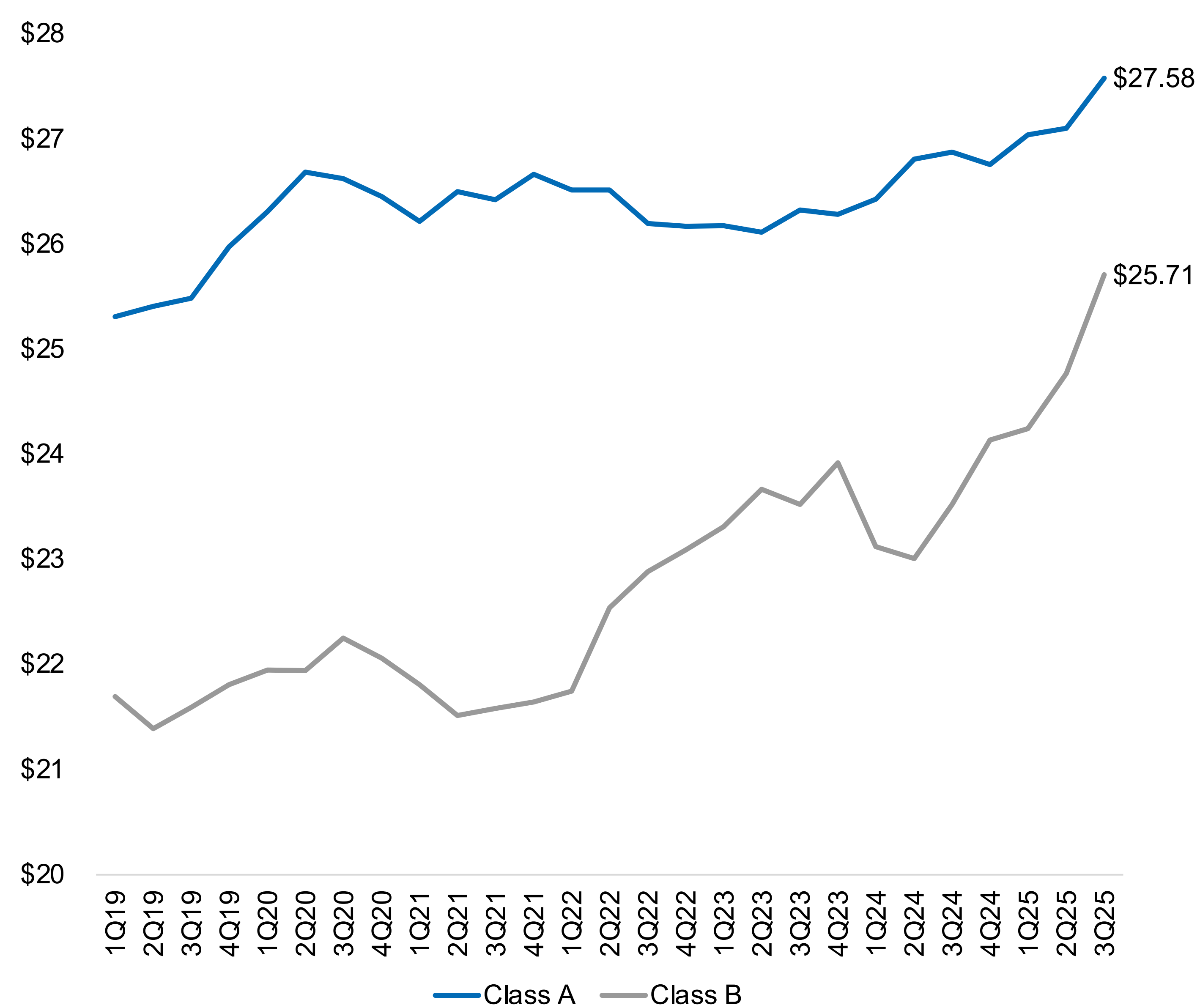


Source: Newmark Research, CoStar

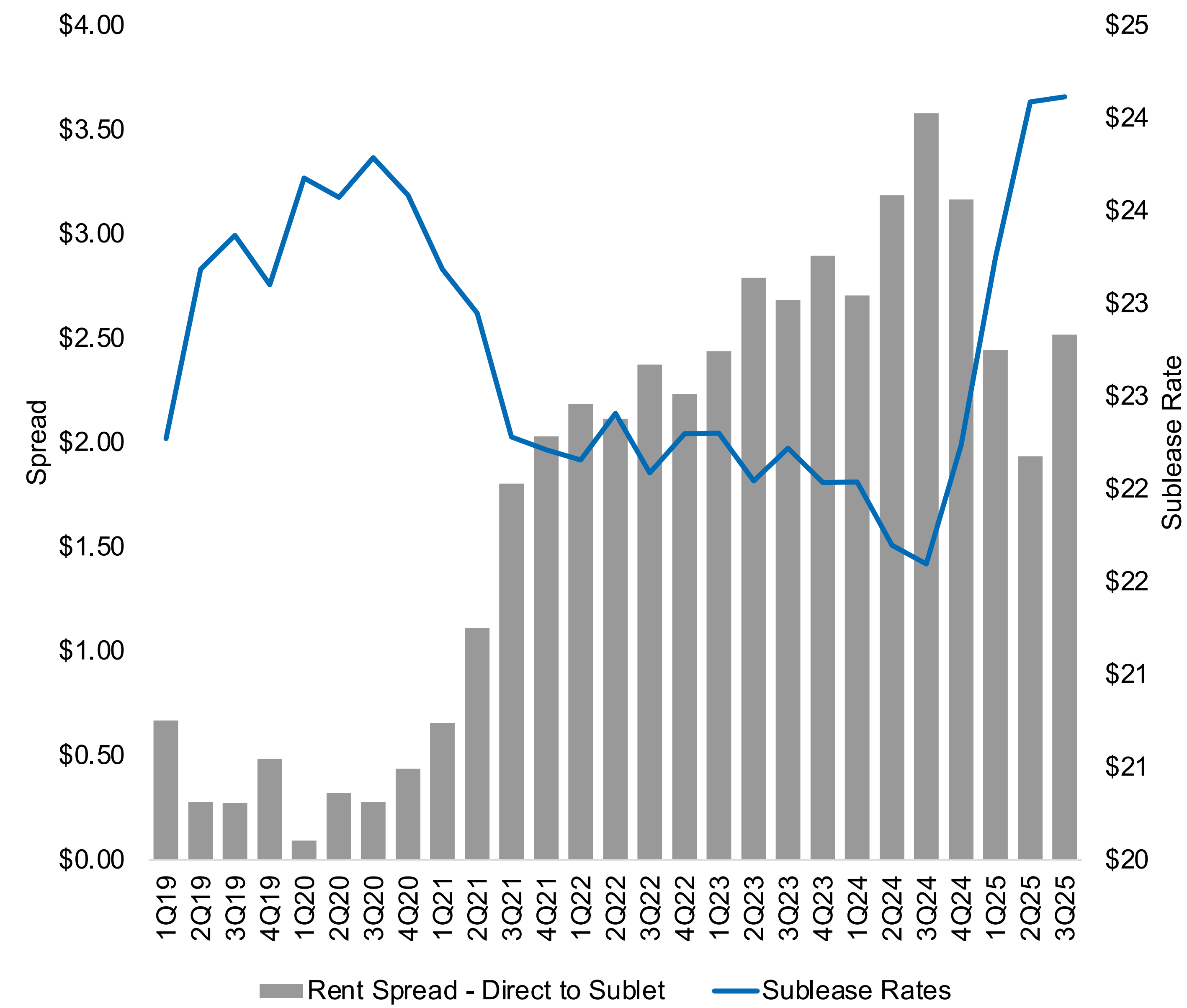
Class B Outpaces Class A in Rent Growth, Reducing Spread

As of the end of third quarter of 2025, Class A rents rose by 2.6% year over year to a new peak of $27.58/SF. Meanwhile, Class B rents rose by 9.3% to $25.71/SF over that same period, also reaching a new high. The rent spread between the two classes was $1.87/SF, down 19.8% quarter over quarter, and has narrowed 55.1% since 2019. The trend may encourage tenants to shed unused space and trade up to higher-quality buildings with smaller footprints. Meanwhile, sublease asking rents averaged $24.12/SF in the third quarter of 2025, up 11.7% year over year, and remain $2.52/SF below direct rates.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Flight-to-Quality Leasing Activity Continues

Flight to quality remains a trend, even as the Class A and Class B rent spread narrows and no new deliveries come online, leaving high-quality space scarcer. At the end of the third quarter of 2025, Class A space represented 71.9% of leasing by square footage and 34.8% of deal count. The average Class A deal was 10,861 SF, well above the market average of 5,225 SF.

Notable 3Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Siemens Energy	Lake Nona Town Center	Orlando Airport/Lake Nona	Direct New	242,358
The German company signed a new lease to move to 6876 Marwick Lane in 2027 from the company's current office at 4400 Alafaya Trail where it has been for over 40 years. This deal ranks among the largest in the city's history, even though the company is taking less space than it previously occupied.				
Mitsubishi Power Systems	SouthPark Center—Building N	Dr. Phillis/Tourist Corridor	Direct New	136,709
The energy company signed a new lease at 9205 Southpark Center Loop following Lockheed Martin's move out in August. The company has signed multiple deals across the region and is slated to occupy this location come the first quarter of 2026.				
Mitsubishi Power Systems	The Edison at Primera—Phase 1	Lake Mary	Direct New	54,935
The same renewable energy solutions tenant that signed a new lease at SouthPark Center—Building N also signed a new lease to expand at 744 Primera Blvd. The company had previously inked an earlier 109,600-SF deal at The Edison at Primera—Phase 2, a shell building that had sat vacant for nearly five years. Over the past year, Mitsubishi Power Systems has signed multiple deals throughout the market.				
Fairwinds Credit Union	Fairwinds Tower	Downtown Orlando	Renewal	36,120
The financial institution renewed its 36,120 SF headquarters lease at 135 W Central Blvd to preserve its branded downtown flagship, maintain convenient member access, and avoid operational disruption—while sustaining high CBD visibility. The company has occupied this location since July 2006.				
U.S. General Services Administration	5520 Gatlin Ave	436 Corridor/Casselberry	Direct New	33,257
U.S. General Services Administration, which is the federal government's landlord and buyer, signed a new lease to fully occupy 5520 Gatlin Ave building, with plans to occupy January 2026. The tenant leased the space to secure a configurable suburban office with abundant parking for public access.				
Wicker, Smith, O'Hara, McCoy & Ford P.A.	390 N Orange Ave	Downtown Orlando	Renewal	24,325
The law firm signed a lease renewal for its current office space at 390 N Orange Ave, which it has called home for the past 33 years.				

Source: Newmark Research, CoStar

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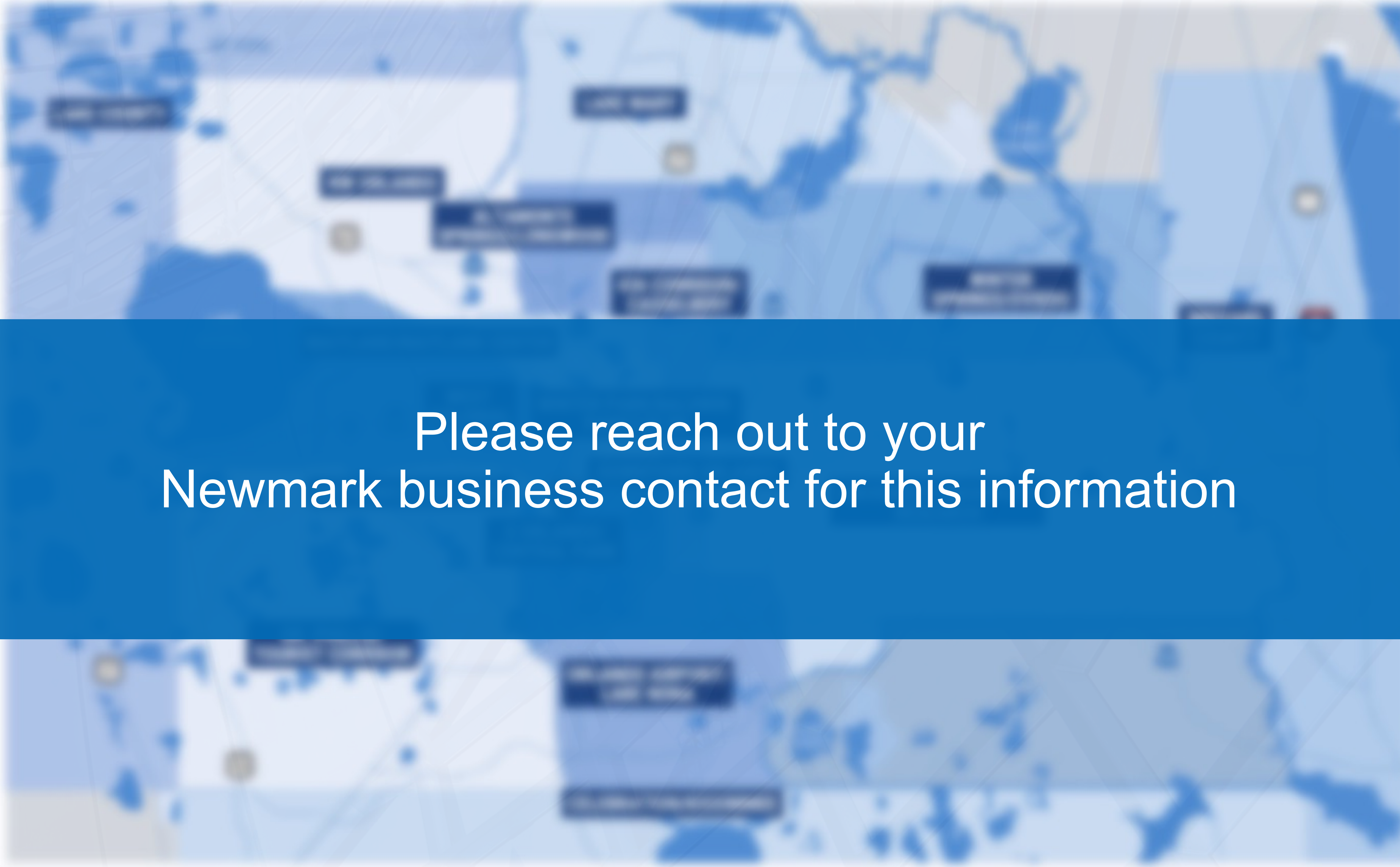
Market Statistics & Map

Orlando Office Submarket Map



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Orlando Office Submarket Overview—All Classes

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Orlando Office Submarket Overview—Class A

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Orlando Office Submarket Overview—Class B

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3Q25 Central Florida Office Market Overview

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Supplemental Analysis

Orlando Office Market

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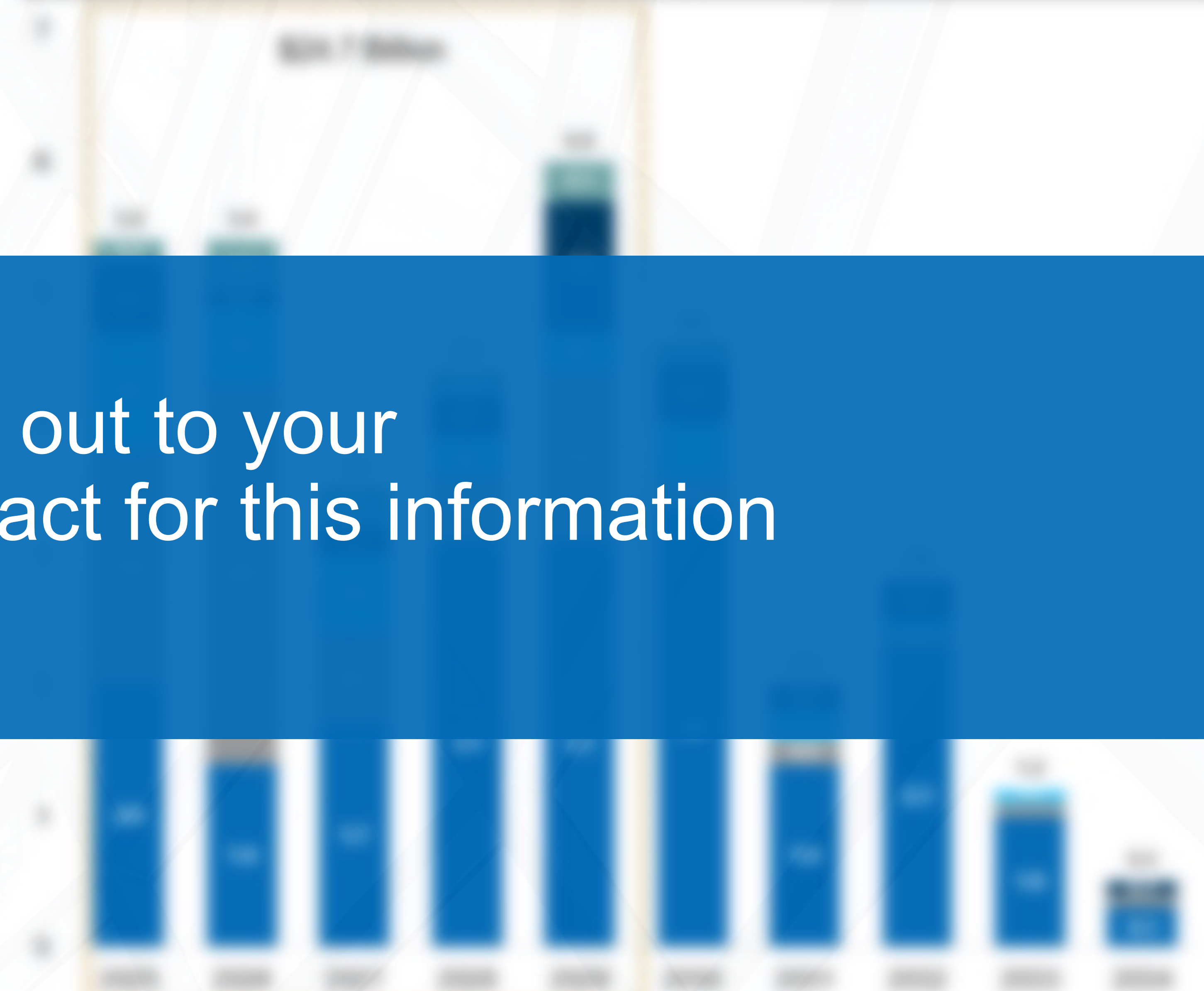
Higher Loan Volume Due in 2025, 2026 and 2029



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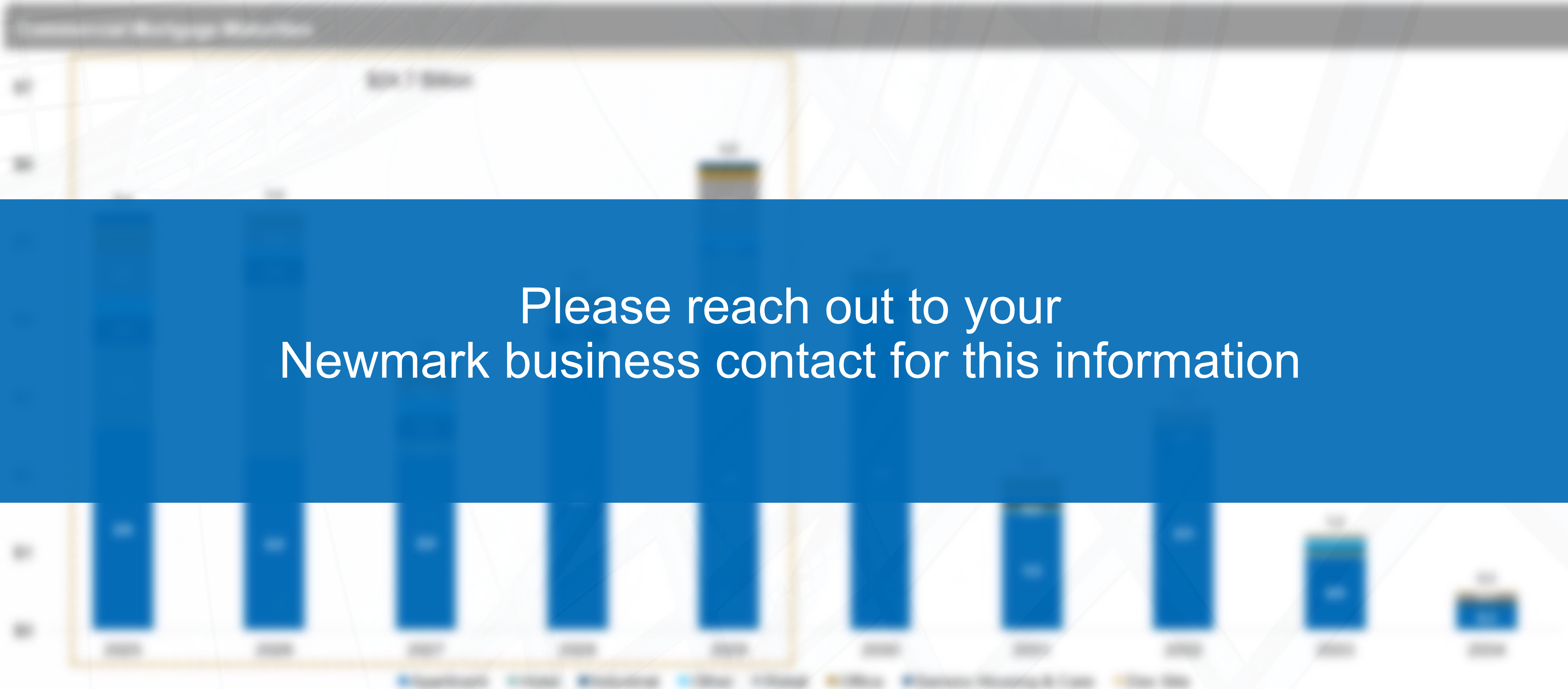
Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much



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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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