NEWMARK

Market Overview

Orlando Industrial

4Q25

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Market Observations

Economy

- During the fourth quarter of 2025, the unemployment rate in the Orlando market rose by 36 basis points year over year to 3.7% but remains well below the five-year average of 4.9% and below the current national average of 4.4%.
- In September 2025, year-over-year job growth was 0.9%, barely outperforming the 0.8% national average. Job growth declined by 166 basis points year over year and is currently below the five-year average of 2.7%.
- Most employment industries reported growth year over year, except for business and professional services, manufacturing, and trade/transportation/utilities. Most notably, the education and healthcare sector led growth with 3.3% and currently consists of 202,718 jobs.
- Industrial employment in the market continued to decelerate year over year, with manufacturing down 0.4% and trade/transportation/utilities down 0.5%.

Leasing Market Fundamentals

- The market recorded 577,098 SF of net absorption in the fourth quarter of 2025. The strong quarterly occupancy gain helped push yearly net absorption to near balance with supply, with supply exceeding demand by only 56,262 SF at year-end.
- Overall rental rates reached a historical high of $11.45/SF in the fourth quarter of 2025, reflecting a 5.5% year-over-year increase.
- Vacancy increased by 24 basis points quarter over quarter to 7.8% in the fourth quarter of 2025, continuing to keep vacancy elevated in the market following the surge of deliveries in 2024.
- Construction deliveries totaled 2.9 MSF for the year, while the under-construction pipeline contracted to 2.3 MSF as new construction starts slowed. In addition, only 11.7% of the projects under construction are pre-leased.

Major Transactions

- Latium USA Trading executed the quarter's largest lease, renewing 250,205 SF at 7815 American Way in the Lake County submarket.
- Deals signed were mixed, with two of the largest deals being renewals followed by three new leases to round out the five largest deals of the quarter. Activity was dispersed throughout the market, indicating occupiers' preference for space that meets their specific operational needs.
- This quarter's notable deals spanned a wide range of industries, with a concentration in manufacturing. The breadth of activity highlights a resilient market as occupiers target strategic, well-located facilities to support operations, especially in the manufacturing sector.

Outlook

- With just 1.3% of inventory under construction, Orlando's pipeline is now the lowest quarterly volume since the beginning of 2021, setting the stage for a near-term supply and demand rebalancing.
- Vacancy should continue declining 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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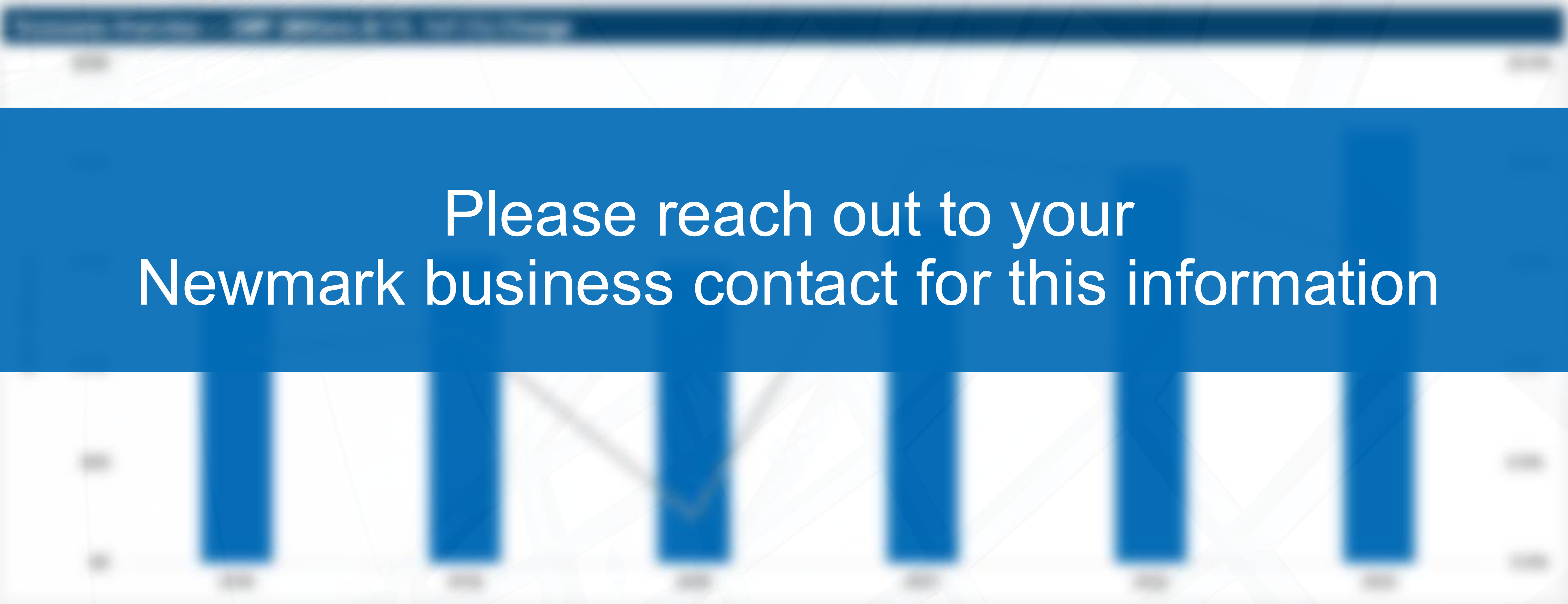
Economy

Orlando Gross Metropolitan Product



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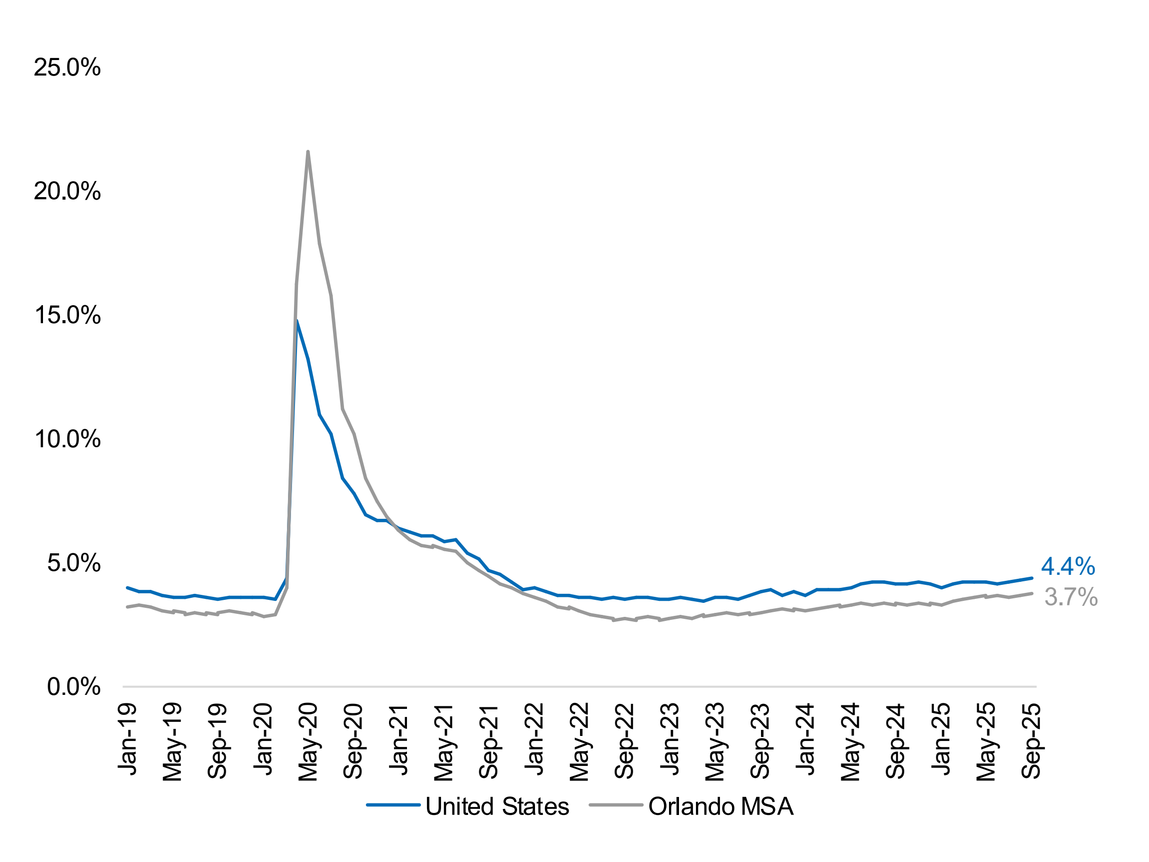
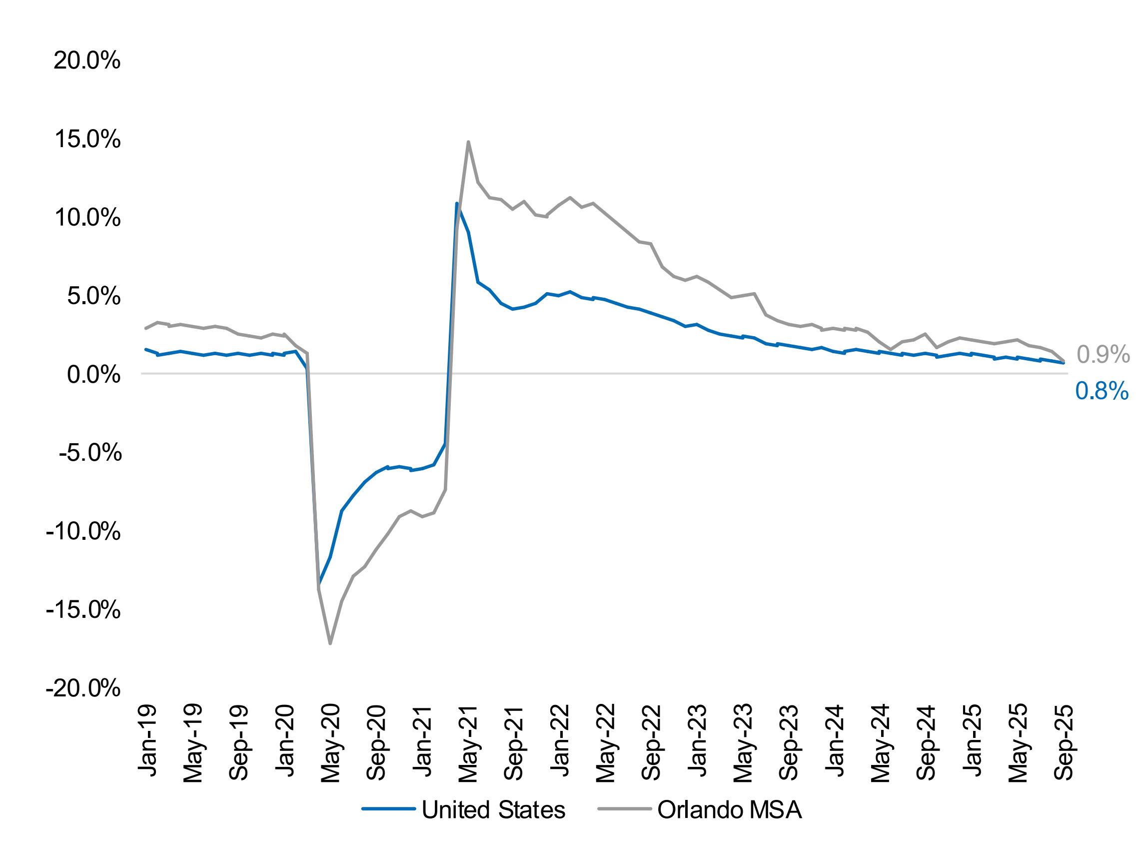
Employment Trends Continue to Outperform the National Average

The Orlando market has generally outperformed the national average in both employment growth and unemployment rates since mid-2021. In the face of national economic headwinds that have negatively impacted the job market, the Orlando metro continues to demonstrate resilience and post below-average unemployment rates and above-average job growth. Over the past year, the unemployment rate in the Orlando metro increased by 36 basis points to 3.7% but remains below the current national average of 4.4%. Additionally, as of the end of the 2025, annual employment growth in Orlando was 0.9%, representing a 166-basis-point decline year over year, but still ahead of the national rate by seven basis points, which rests at 0.8%.

Unemployment Rate, Seasonally Adjusted



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

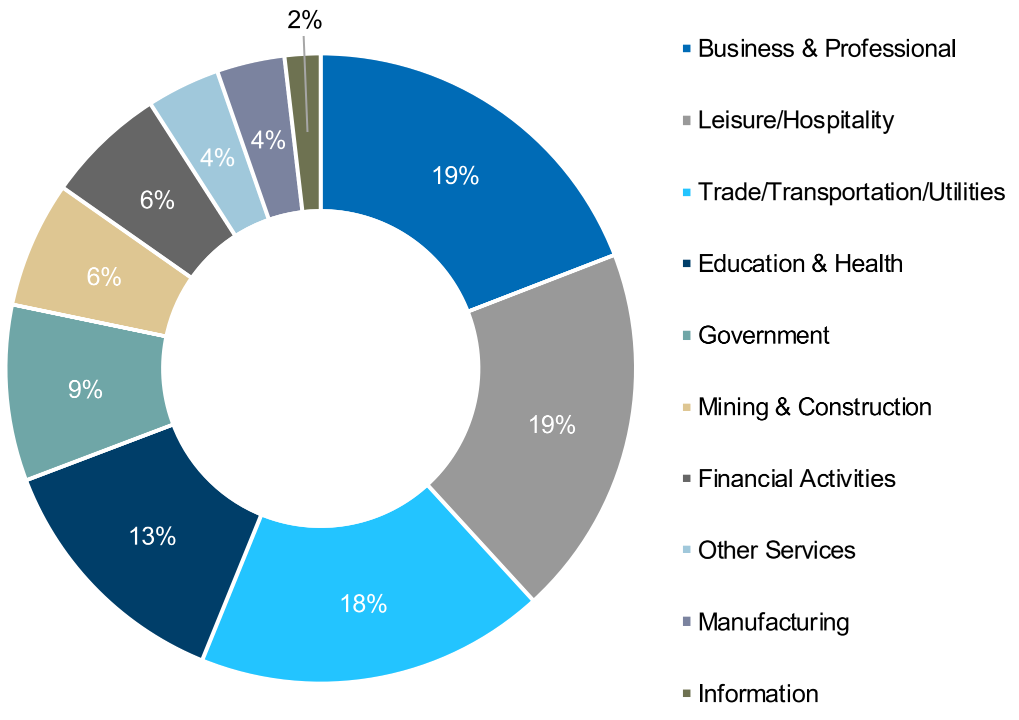


Source: U.S. Bureau of Labor Statistics, Orlando MSA

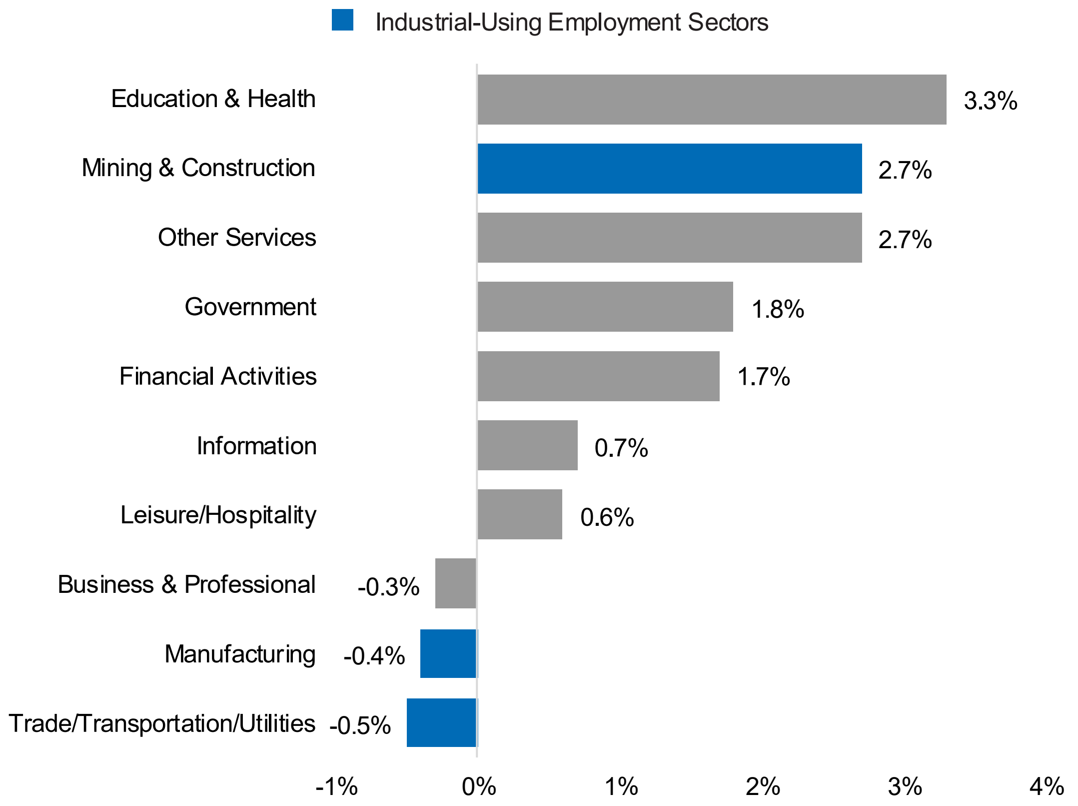
Industrial Employment Report Mixed Growth

Known for its tourism sector, the Orlando market's top two employment industries account for 37.9% of the total market share. The trade/transportation/utilities sector, 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 while trade/transportation/utilities 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, September 2025



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

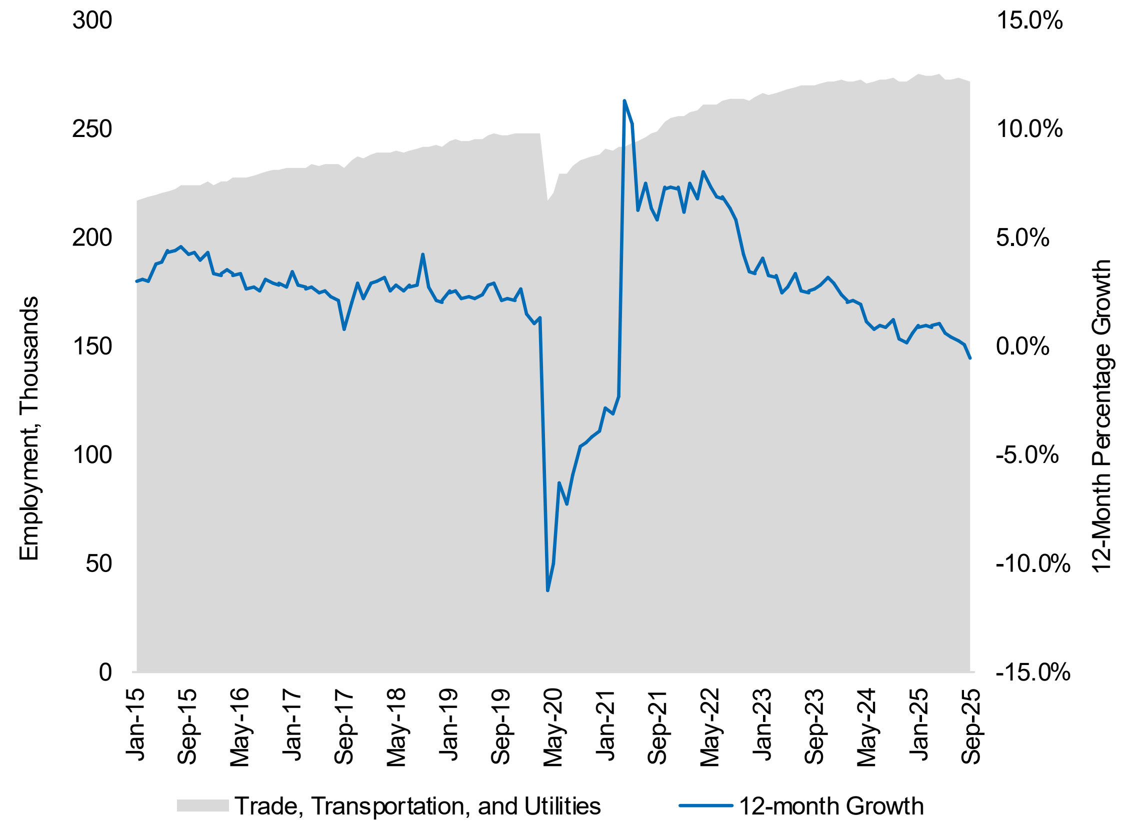


Source: U.S. Bureau of Labor Statistics, Orlando MSA

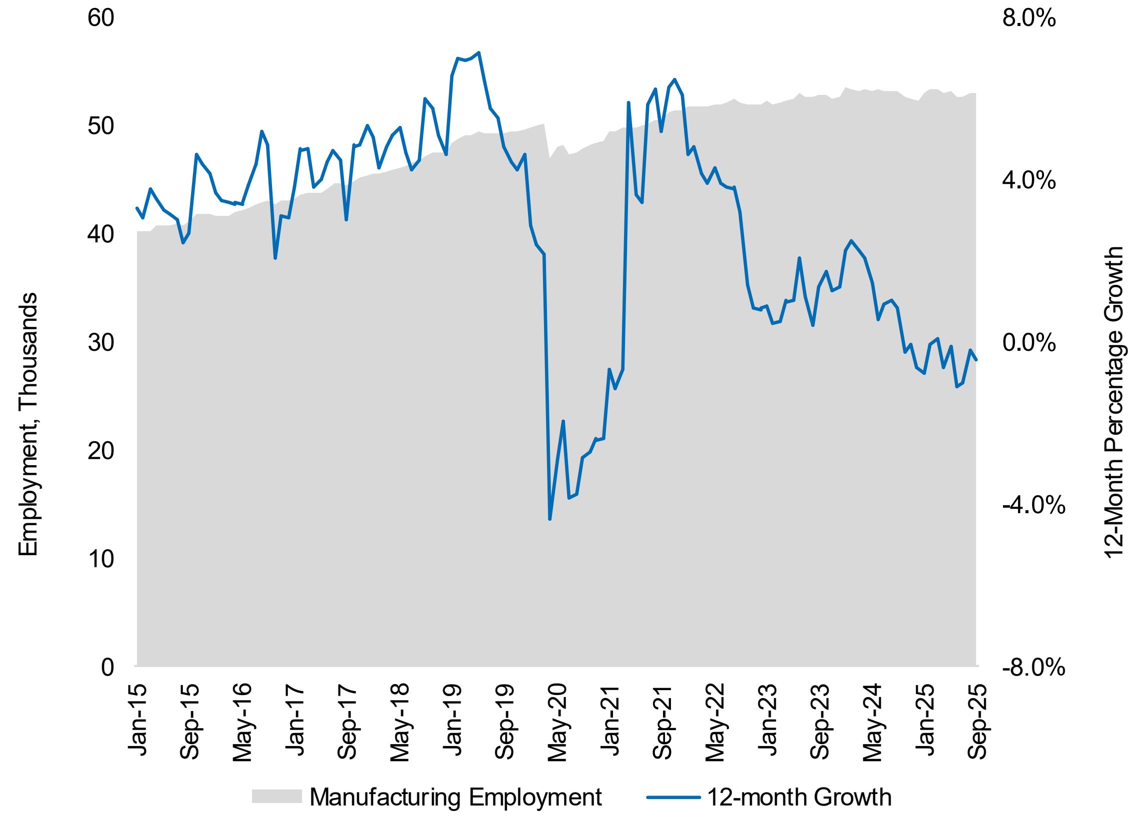
Trade Jobs Decline for First Time Since 2021, Manufacturing Jobs Continue to Contract

As of September 2025, trade/transportation/utilities employment was 272,326, down by 0.5% year over year and reflecting the first contraction since March 2021. Despite the pullback, the sector's employment remained elevated, just 1.1% below the April 2025 peak. Meanwhile, manufacturing posted the sixth consecutive month of negative year-over-year growth, down 0.4% to 53,053 employees. Together, these trends point to a modest recalibration: freight-related employment remains elevated but is beginning to decline, while factories trim headcount from the January 2024 high of 53,522 employees amid cost discipline.

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



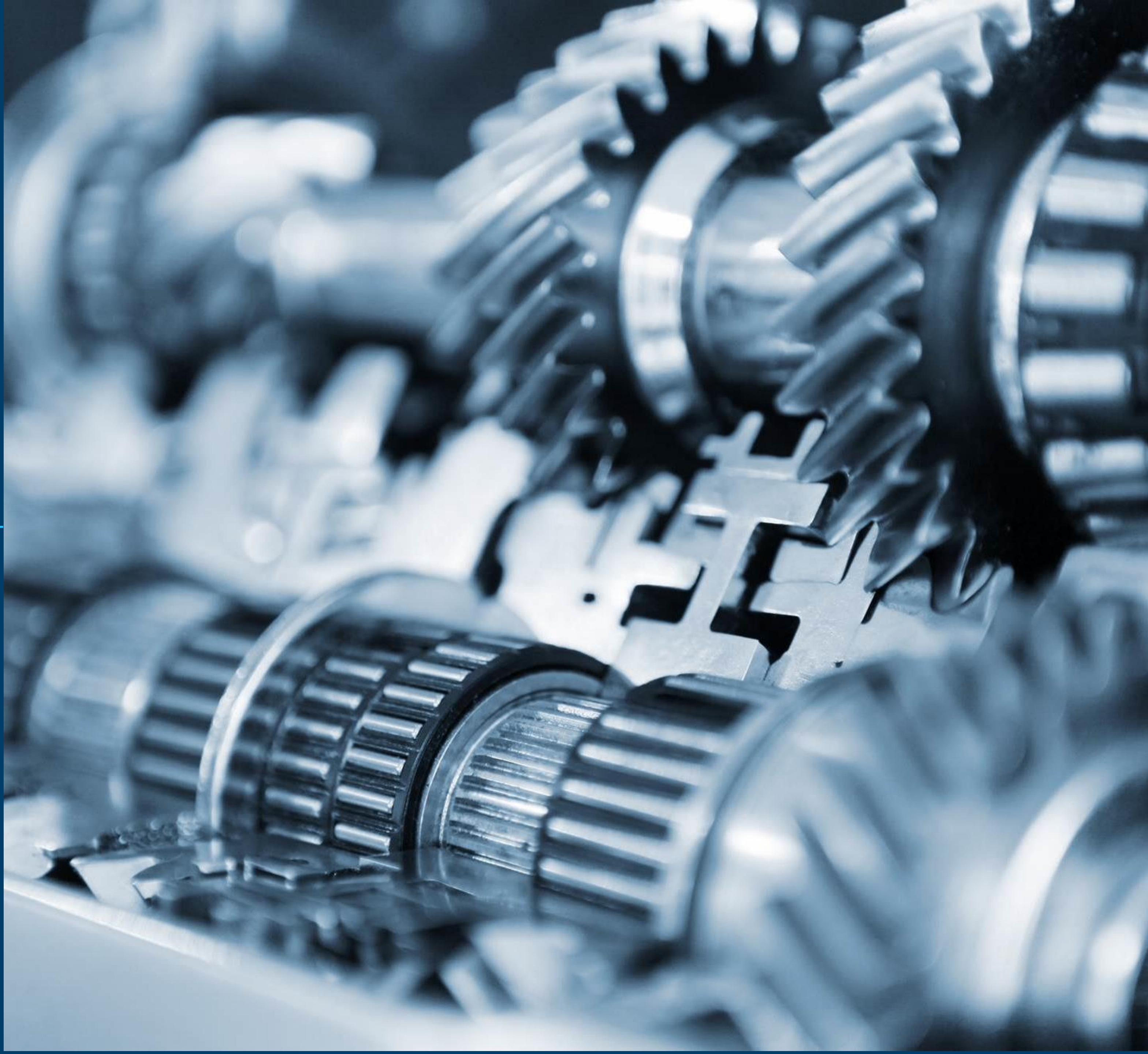
Total Employment and 12-Month Growth Rate, Manufacturing



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

02

Debt/Capital Markets



Higher Loan Volume Due in 2029

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Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much

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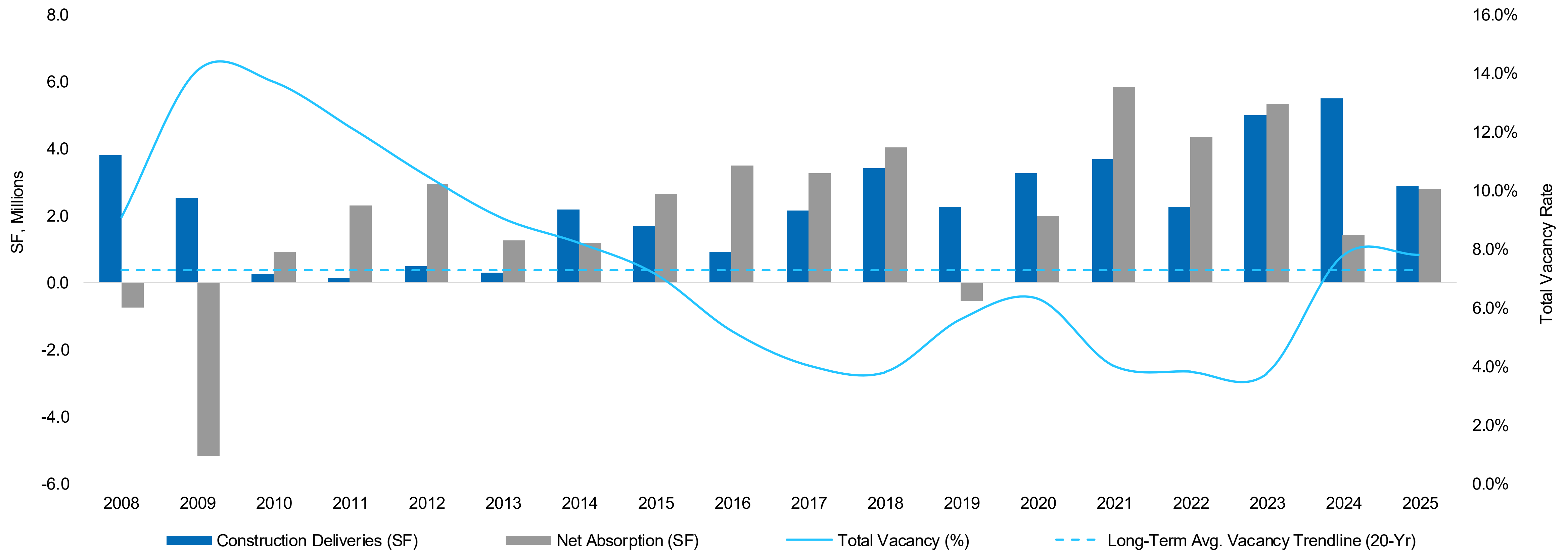
03

Leasing Market Fundamentals

Vacancy Continues Declining as Supply and Demand Nearly Balanced for the Year

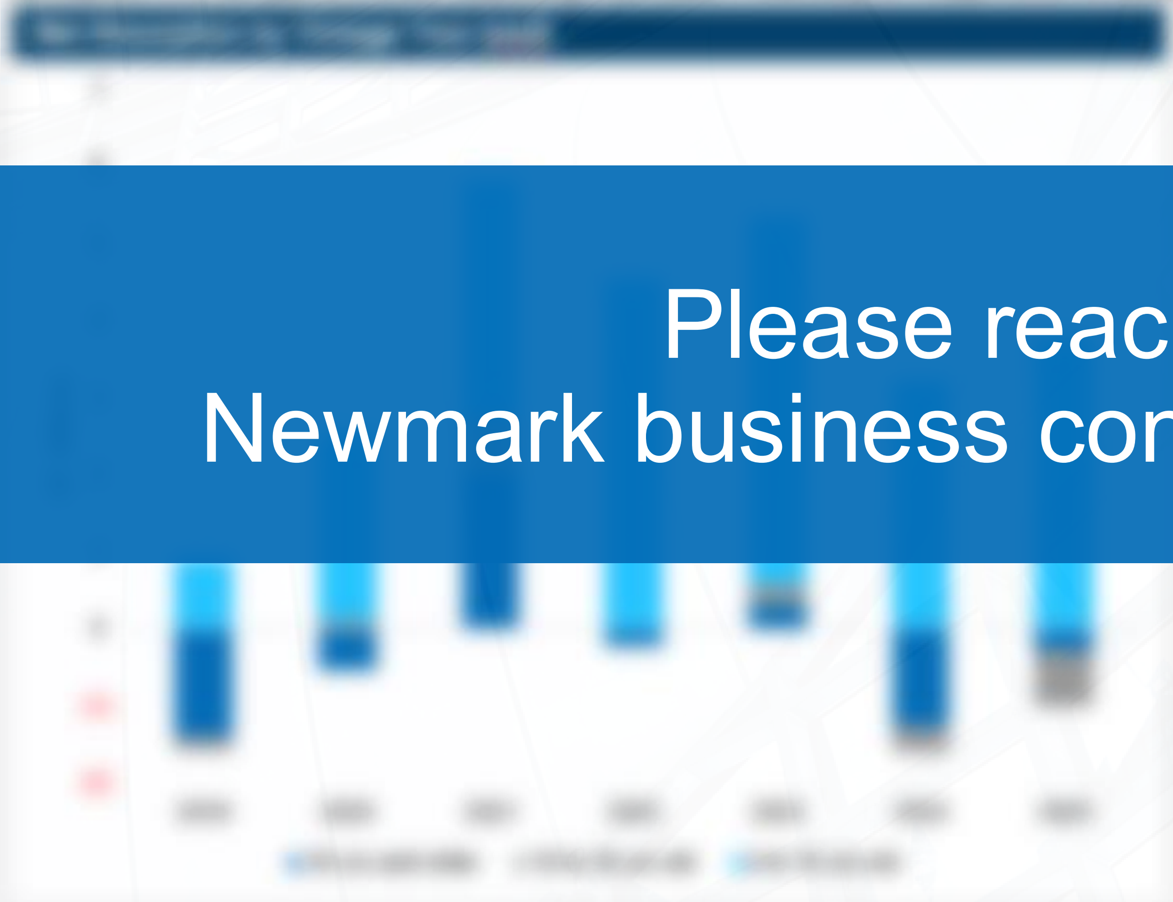
Orlando's industrial vacancy ended the fourth quarter of 2025 at 7.8%, down 24 basis points quarter over quarter but up four basis points year over year. Elevated vacancy throughout 2025 resulted from a surge of supply delivered in 2024, which outpaced yearly demand by 4.0 MSF. The market posted strong quarterly occupancy gains in the fourth quarter of 2025 at 577,098 SF, bringing the year to near balance, with supply outpacing demand by only 56,262 SF by year-end. Recent leasing momentum is expected to translate into continued absorption in 2026, and as completions slow, supply pressure should moderate, allowing vacancy—though still elevated—to trend lower.

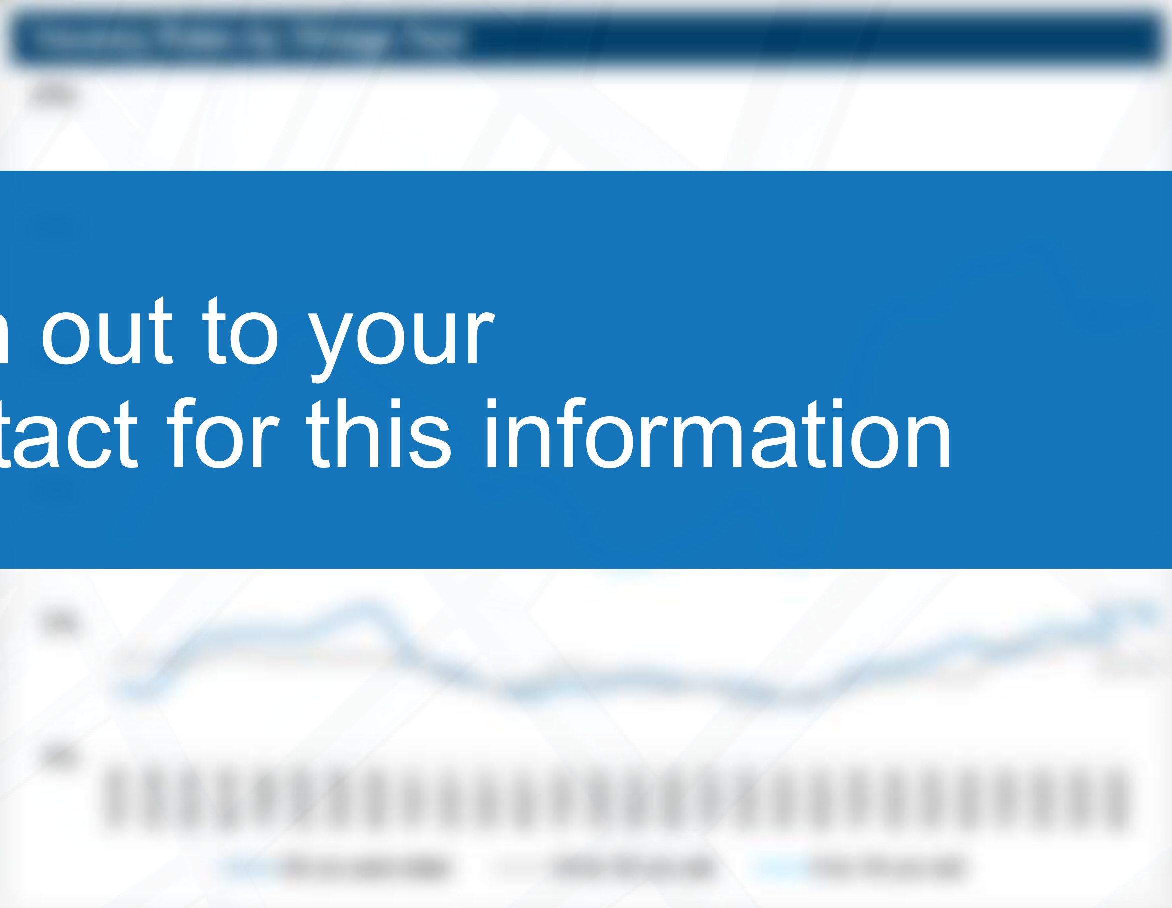
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Preference for Modern Industrial Buildings Drives Demand





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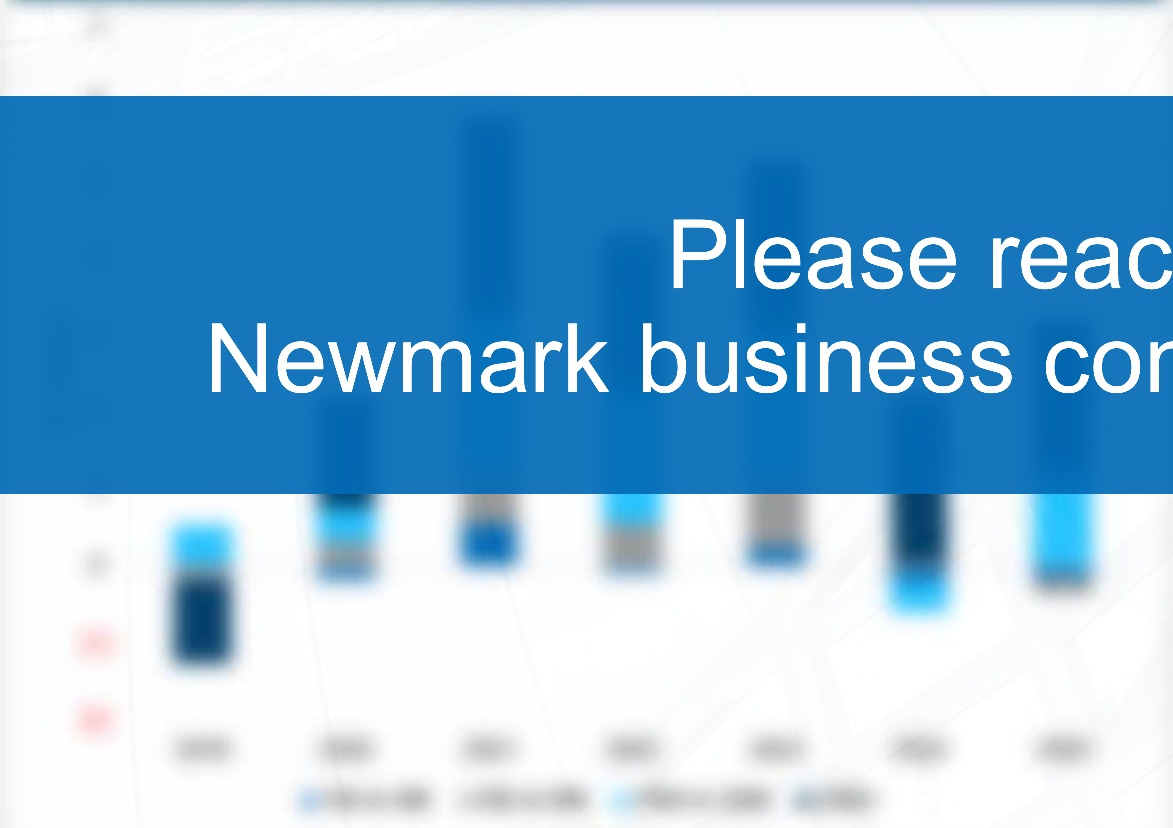
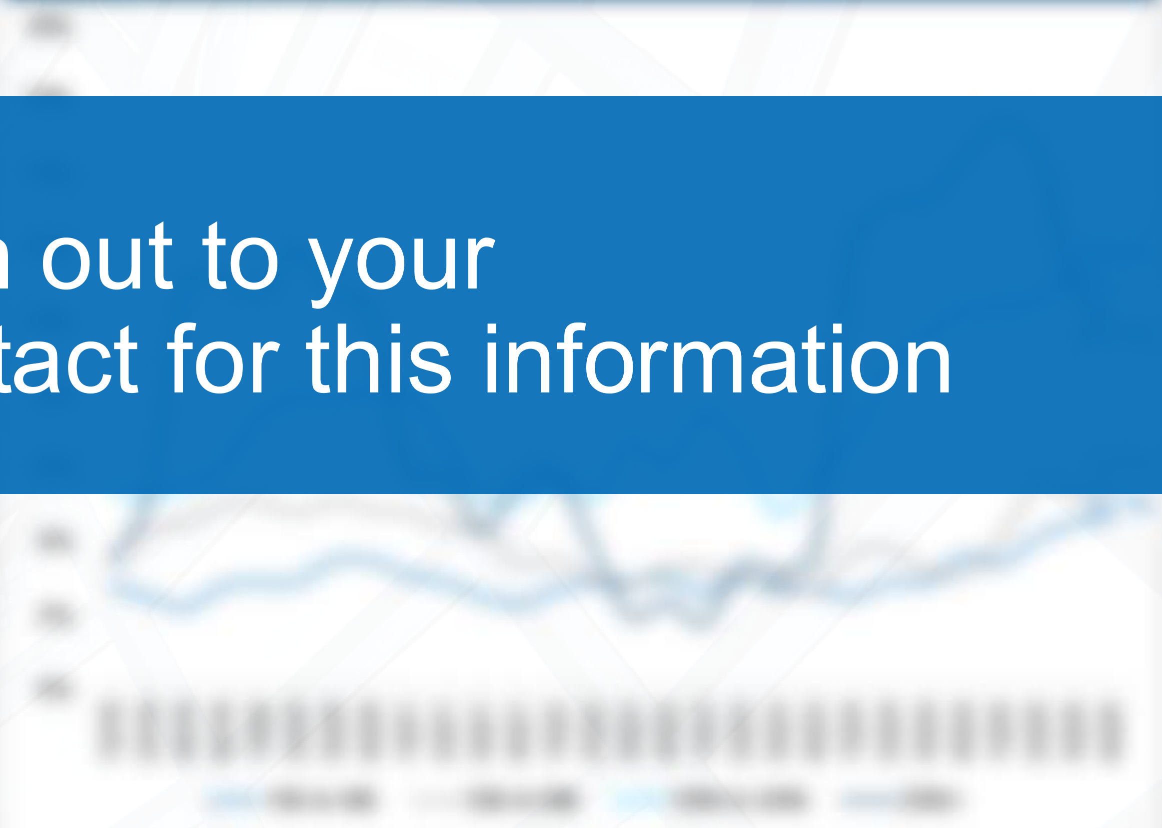
Demand for Large Buildings Drives Occupancy Gains Despite Elevated Vacancy





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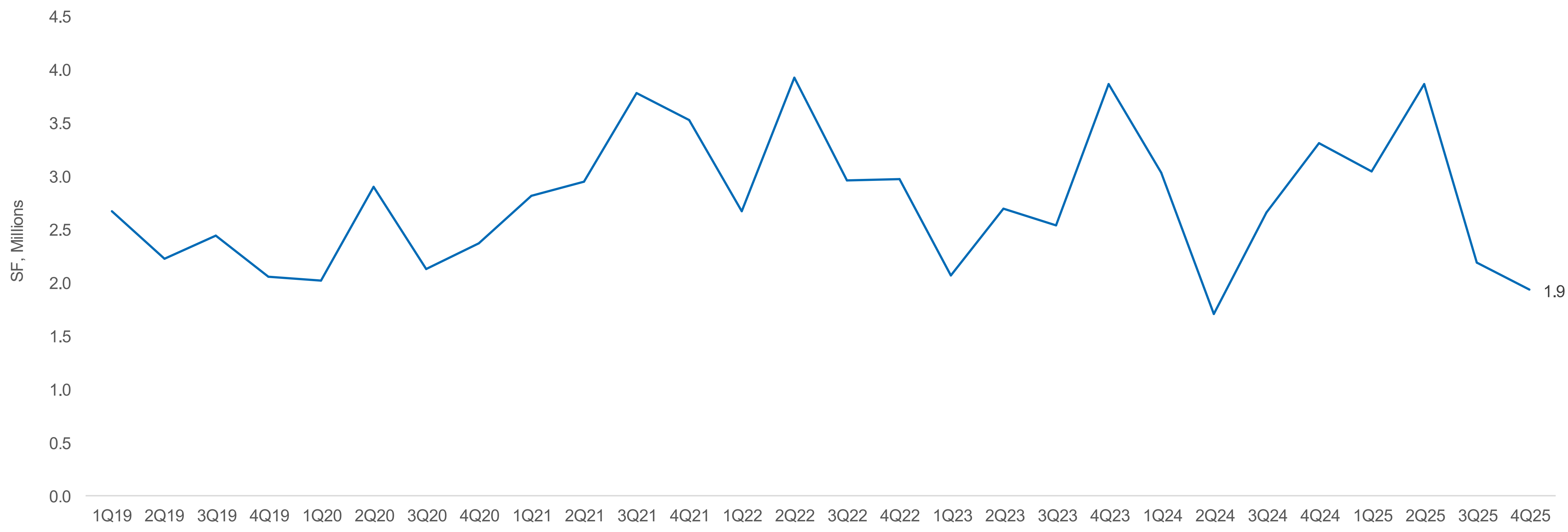
Industrial Quarterly Leasing Drops, but Annual Volume Exceeds 2024

Leasing activity fell 11.6% quarter over quarter to 1.9 MSF in the fourth quarter of 2025, bringing yearly volume to 11.1 MSF. Despite the quarterly dip, yearly leasing is 3.0% 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)

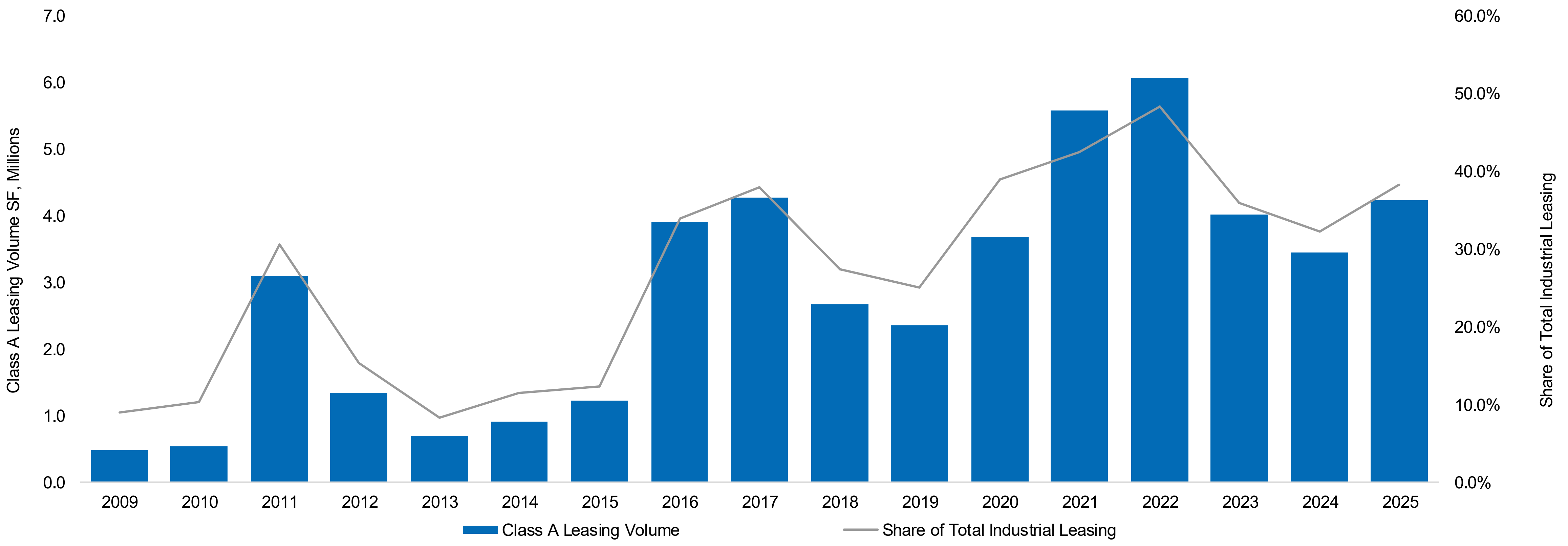


Source: Newmark Research, CoStar

Class A Warehouse Leasing Remains Above Long-Term Average

Class A leasing activity totaled 535,957 SF in the fourth quarter of 2025, bringing yearly volume to 4.2 MSF, up 22.3% year over year. Class A now represents 38.3% of all leasing this year, versus 32.3% for the same period last year and the 16-year annual long-term average of 26.3%. 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

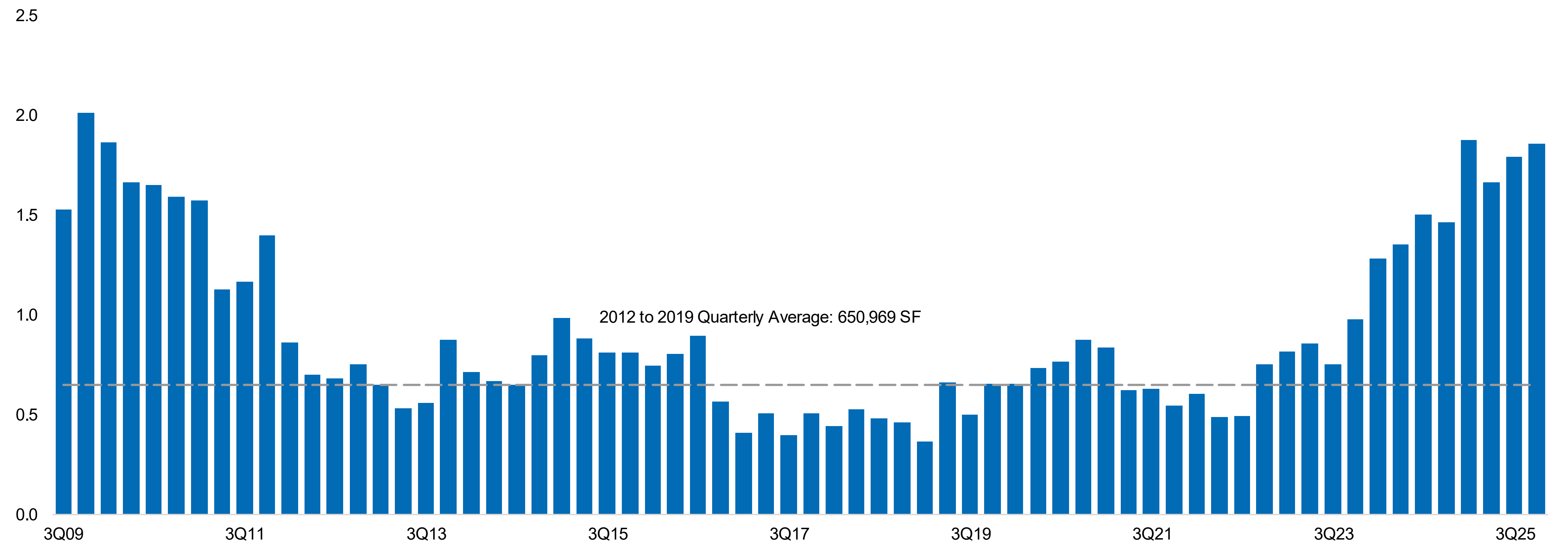


Source: Newmark Research, CoStar

Industrial Sublease Availability Remains Elevated

In the fourth quarter of 2025, sublease volume rose to 1.9 MSF, representing a 3.6% increase quarter over quarter and 27.0% year over year. Large subleases added on the market include Broadrange Logsitics' 181,679-SF full-building sublease at Crossroads 429—Building 200 and Concordance Health Solutions' 159,000-SF sublease at 10601 Southport Dr. The rise in sublease activity reflects a broader market shift, with current levels almost three times the pre-pandemic average of 650, 969 SF from 2012 to 2019. 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)

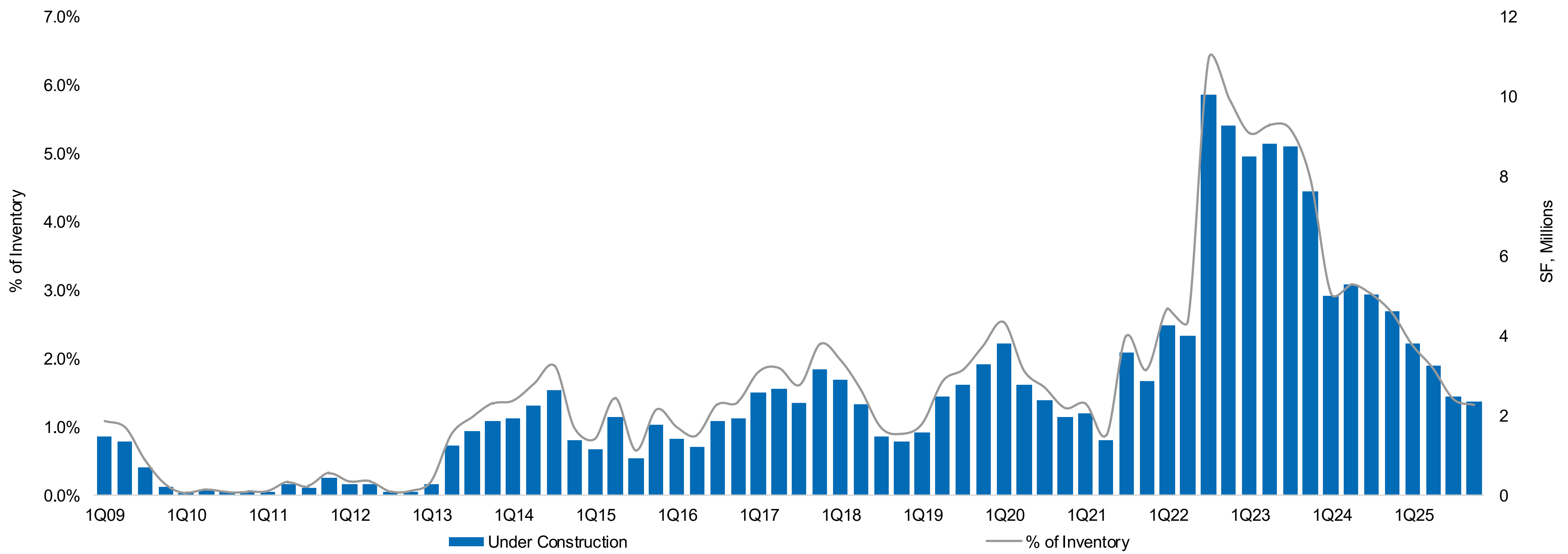


Source: Newmark Research, CoStar

Construction Pipeline Slows, Remains Below Historical Average

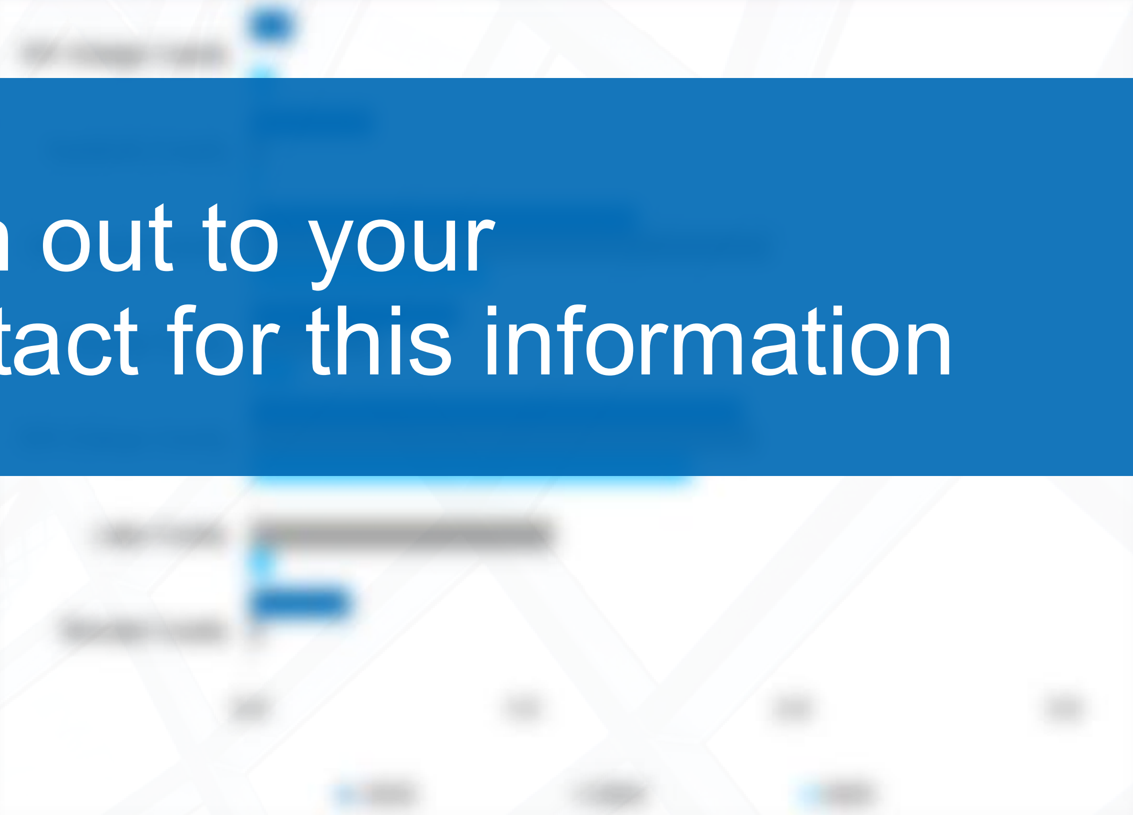
The construction pipeline in the fourth quarter of 2025 totaled 2.3 MSF, reflecting a 5.7% decline quarter over quarter and a 49.0% drop year over year, marking the lowest level since the second quarter of 2021. As a result, the declining development pipeline remains below the 15-year historical quarterly average of 2.6 MSF for the second consecutive quarter, as many projects that broke ground in 2024 have completed in 2025. 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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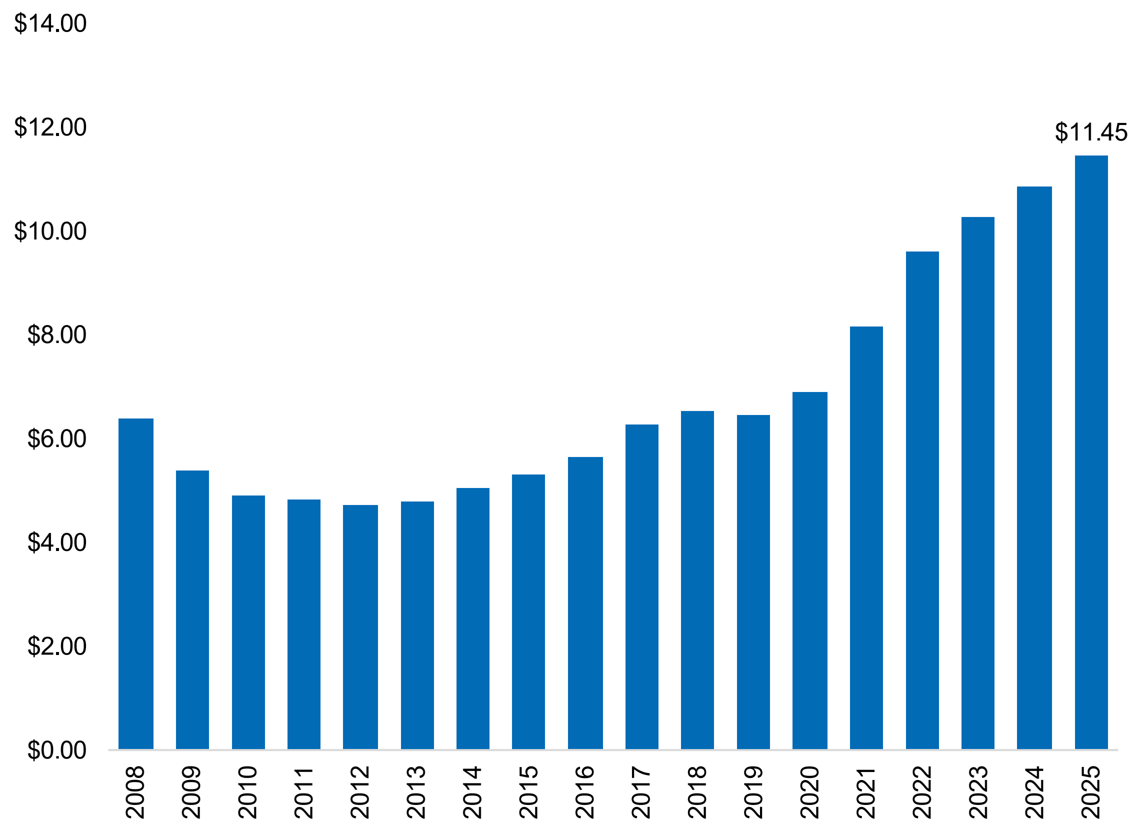
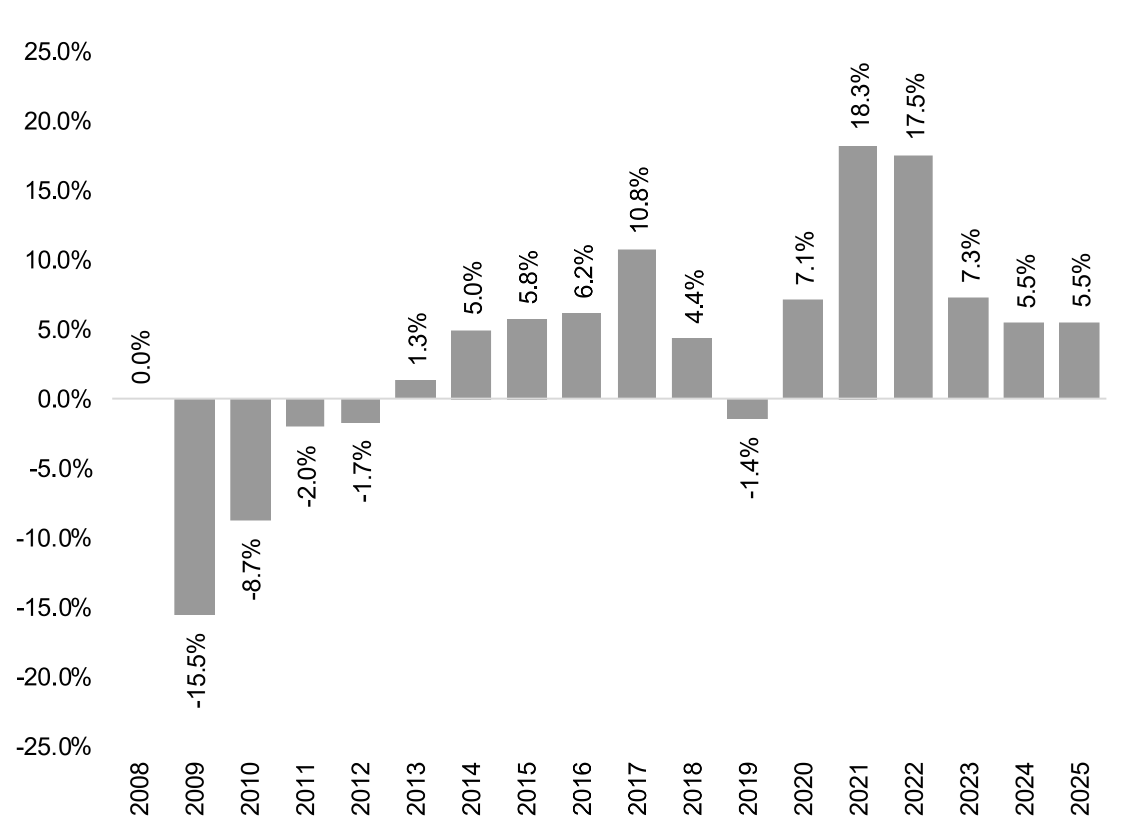
Asking Rents Increase to New Historical High

Industrial average asking rents reached a new historical high of $11.45/SF in the fourth quarter of 2025, reflecting a 1.2% increase from the previous quarter and a 5.5% 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 and Renewals Drive Largest 4Q25 Leases

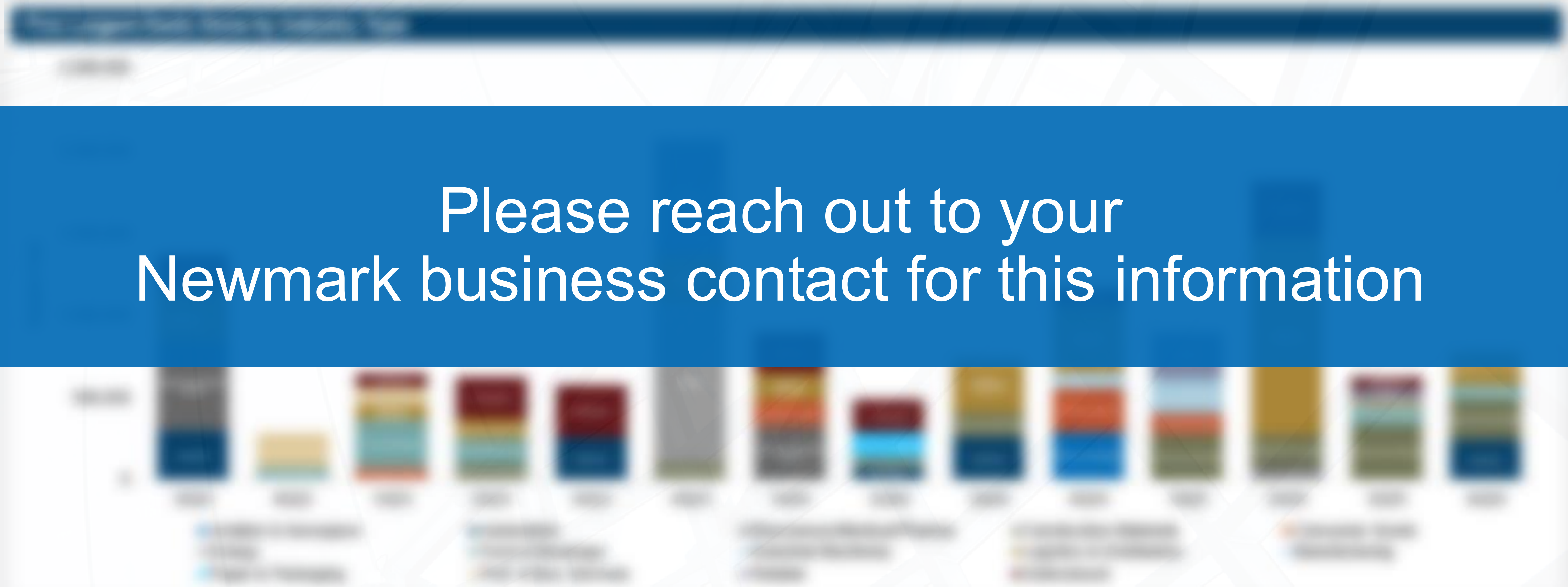
Leasing activity fell 11.6% quarter over quarter to 1.9 MSF in the fourth quarter of 2025. Demand was strongest in the sub-100,000 SF segment with leasing totaling 1.1 MSF in the quarter, though still 13.7% below the quarterly pre-pandemic average from 2012 to 2019. Meanwhile, large building leasing was at 814,092 SF during the quarter, remaining 26.4% below its pre-pandemic quarterly average. The mix points to smaller, needs-based requirements leading the market while big-box commitments remain speculative. Preleasing mirrors this tilt as projects under construction are 11.7% preleased overall, with just 4.3% for the 100,000 SF and larger product versus 41.0% for sub-100,000 SF product.

Notable 4Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Latium USA Trading	7815 American Way	Lake County	Renewal	250,205
The manufacturing company of portable and other prefabricated metal buildings and parts signed a full-building lease renewal at the Lake County Central Park building.				
Chep USA	CrownPointe 2302	SW Orange County	Renewal	203,125
The pallet, container, supply chain and logistics services company renewed it lease to keep its innovation center at 7315 Kingspointe Pky. The company's North American operations center is also located in Orlando, FL.				
Waymo LLC	10425 S Orange Ave	SE Orange County	Direct New	130,400
Waymo, the autonomous rideshare vehicle company signed a new lease within the Airport Industrial Park (AIPO) near the Orlando International Airport. The lease puts Waymo's business infrastructure in place for employee-only testing prior to opening to the public in early 2026.				
Crown Equipment	Horizon West Logistics Park—Building 9	Osceola County	Direct New	112,706
The global manufacturer of material-handling equipment, lift trucks, and technology signed a new 112,706-square-foot lease at the proposed development at 945 N Old Lake Wilson Road.				
MacroCap Labs	Innovation Center at Lake Mary	Seminole County	Direct New	85,312
The food and beverage manufacturer signed a new lease to partially occupy 15.1% of the building at 2452 Lake Emma Rd.				

Source: Newmark Research, CoStar

Top Five Largest Deals Done by Industry Type



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Orlando Industrial Submarket Overview

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Orlando Industrial Market

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Orlando Industrial Submarket Map

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