Market Overview

Orlando Office

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 3.2% and currently consists of 202,718 jobs.
- Office-using jobs increased 0.2% year over year to 414,052 employees in September 2025, just shy of the historical high recorded in May 2025.

Leasing Market Fundamentals

- During the fourth quarter of 2025, the Orlando office market reported 54,154 SF of negative absorption as demand remains soft. As a result, the vacancy rate also reached a recent high of 13.7%, climbing 12 basis points quarter over quarter and 27 basis points year over year.
- The construction pipeline declined 16.1% quarter over quarter, with 106,984 SF underway as of the end of the fourth quarter of 2025, accounting for 0.2% of total inventory.
- During the fourth quarter of 2025, asking rental rates in the market reached a record high for the second consecutive quarter, climbing 5.1% year over year to $26.70/SF. Class A asking rates also increased to an all-time high of $27.74/SF, while Class B asking rates declined slightly to $25.60/SF.
- Following an extremely active third quarter, total leasing activity declined by 46.7% in the fourth quarter of 2025, totaling 0.7 MSF. The average lease size was 3,623 SF, down by 1,566 SF quarter over quarter and 529 SF year over year.

Major Transactions

- Abacus Life, a financial services firm that primarily focuses on life insurance policies, signed the largest deal of the quarter, agreeing to sublease 52,010 SF at Truist Plaza in the Downtown Orlando submarket, signifying a significant expansion of their footprint in the market.
- Two out of the five top transactions during the fourth quarter were signed by companies that specialize in financial services, indicating that the financial sector in Orlando continues to grow.
- Subleases comprised three out of the five most notable leases during the quarter, indicating that tenants are taking advantage of lower rates – albeit temporarily – while they take the time to decide on their next move.
- The Downtown Orlando submarket was the beneficiary of two of the top five deals signed during the quarter.

Outlook

- The Orlando office market is expected to post modest growth during 2026, as continued economic uncertainty hinders investment opportunity and new development.
- Top-tier office space in Orlando's premier submarkets are likely to continue to attract tenants as the ongoing flight to quality trend continues, leading to increased asking rents and occupancy rates. Even as the broader office market shows modest demand, high-quality, amenity-rich buildings should continue to see increased demand.
- The outlook for the Orlando office remains cautiously optimistic. Although demand has seemingly softened over the past several quarters, office-using employment continues to grow, and a diverse labor force which attracts varied business sectors should ensure continued demand for office space, even if it is muted compared to historical levels.

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Economy

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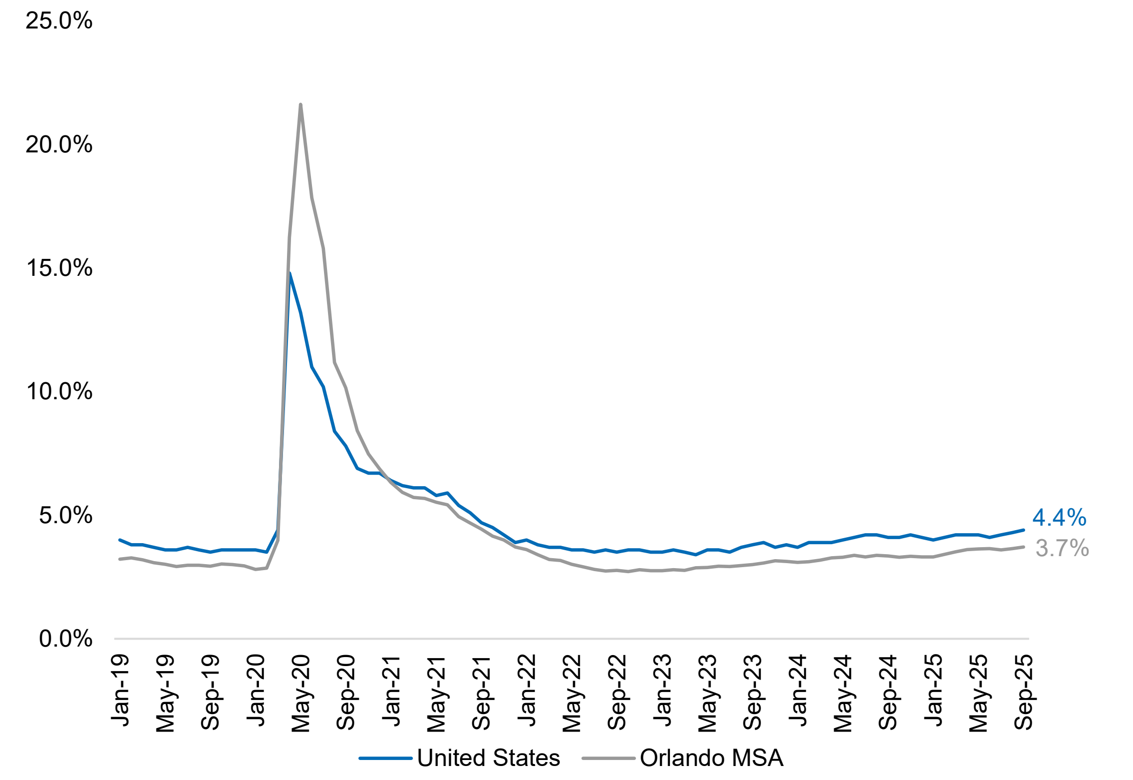
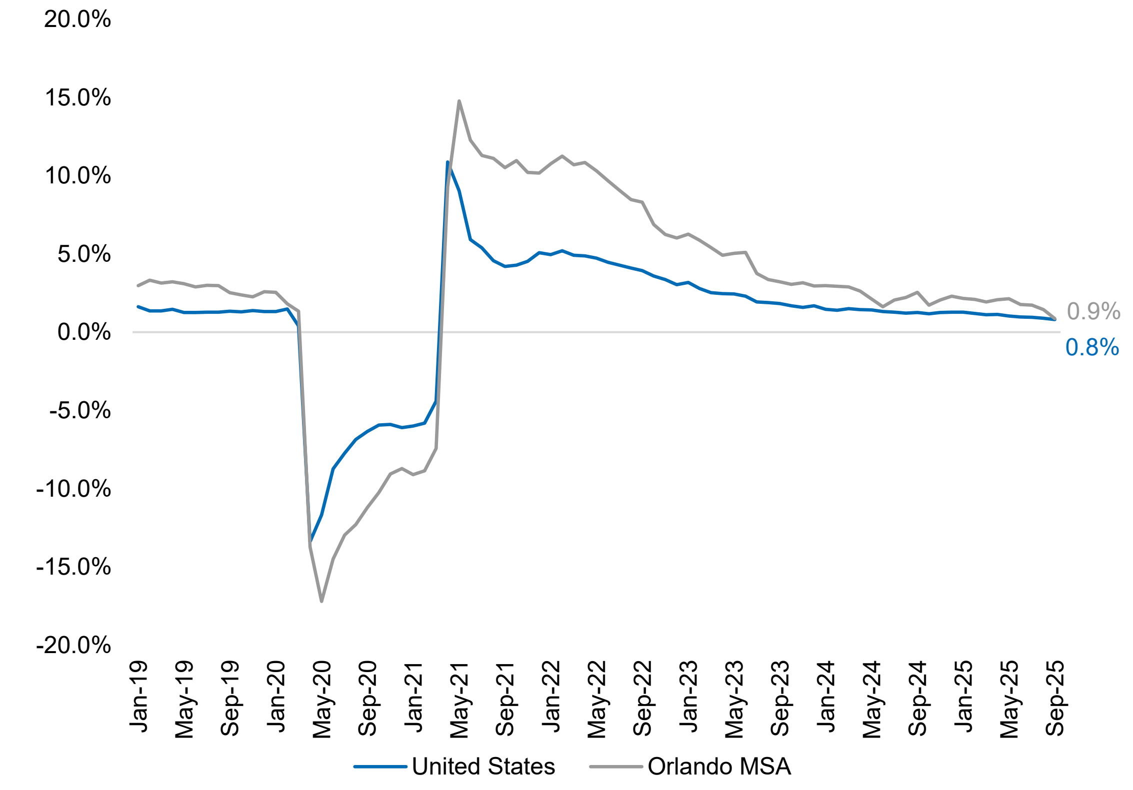
Employment Trends Continue to Outperform the National Average

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

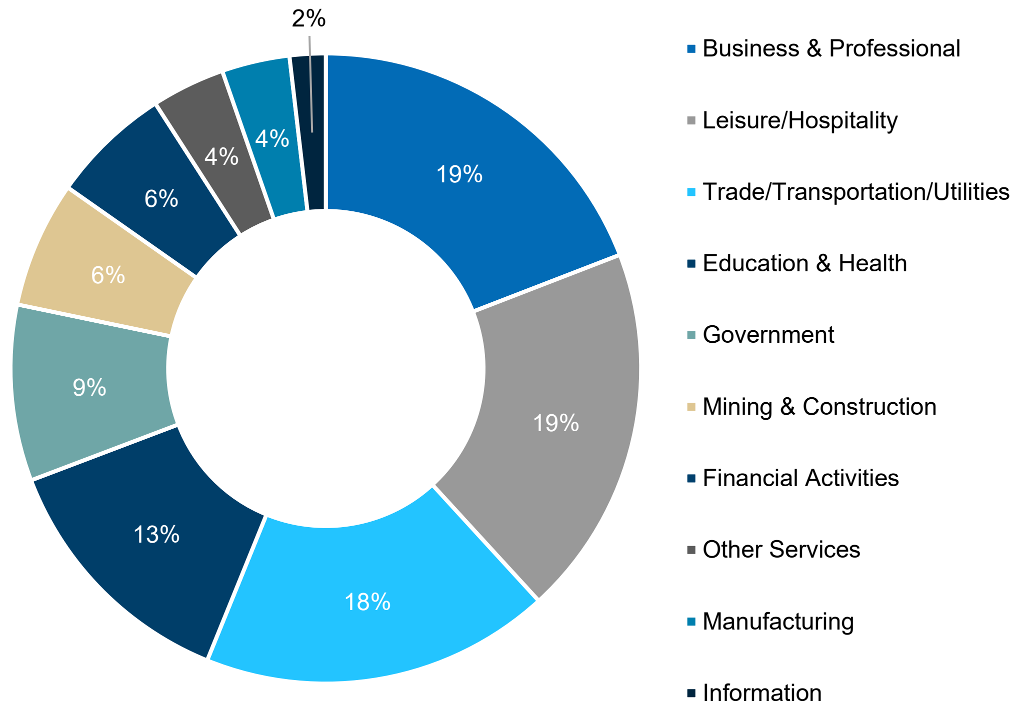


Source: U.S. Bureau of Labor Statistics, Orlando MSA

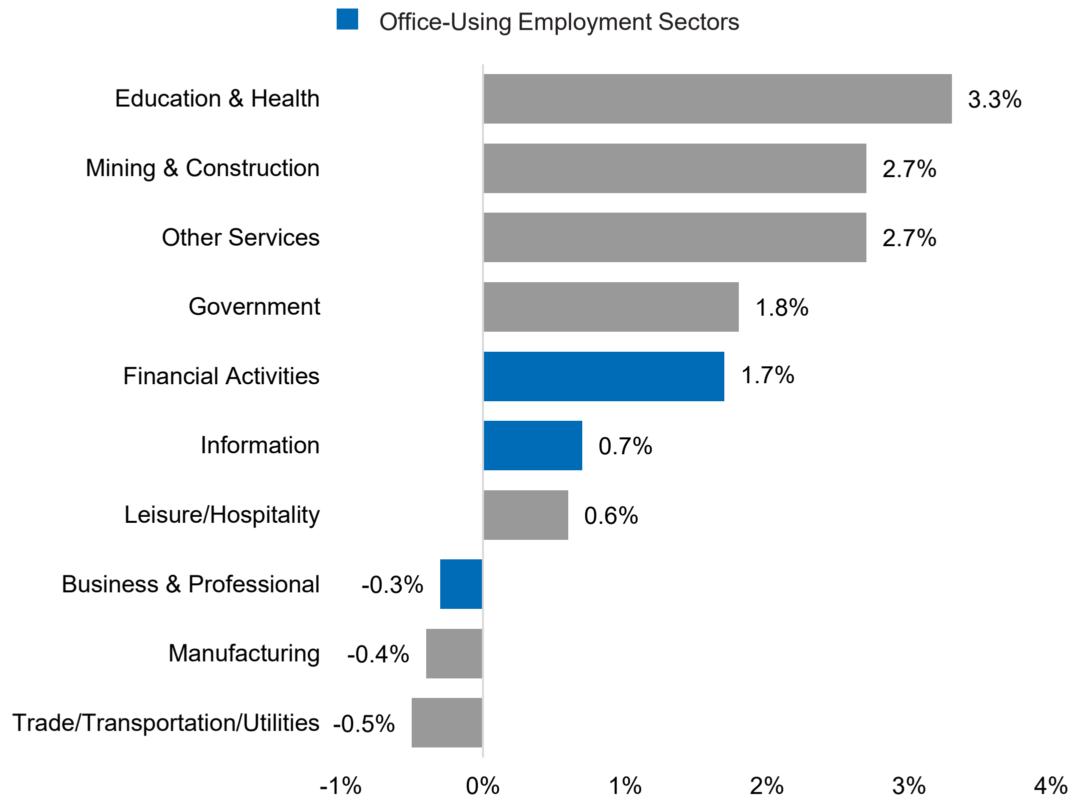
Most Industries Report Growth

Orlando's employment base is dominated by two major sectors, which together account for 38.9% of all jobs in the metro area. Business and professional services led with 19.0% of total employment, followed closely by leisure and hospitality at 18.9%. Over the past year, gains in the information and financial activities helped offset a modest decline in business and professional services – the only office-using sector to contract during the period. Overall, the continued expansion of office-using employment highlights Orlando's economic resilience and points to sustained demand for white-collar talent, particularly within the fields of technology and finance.

Employment by Industry, September 2025



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

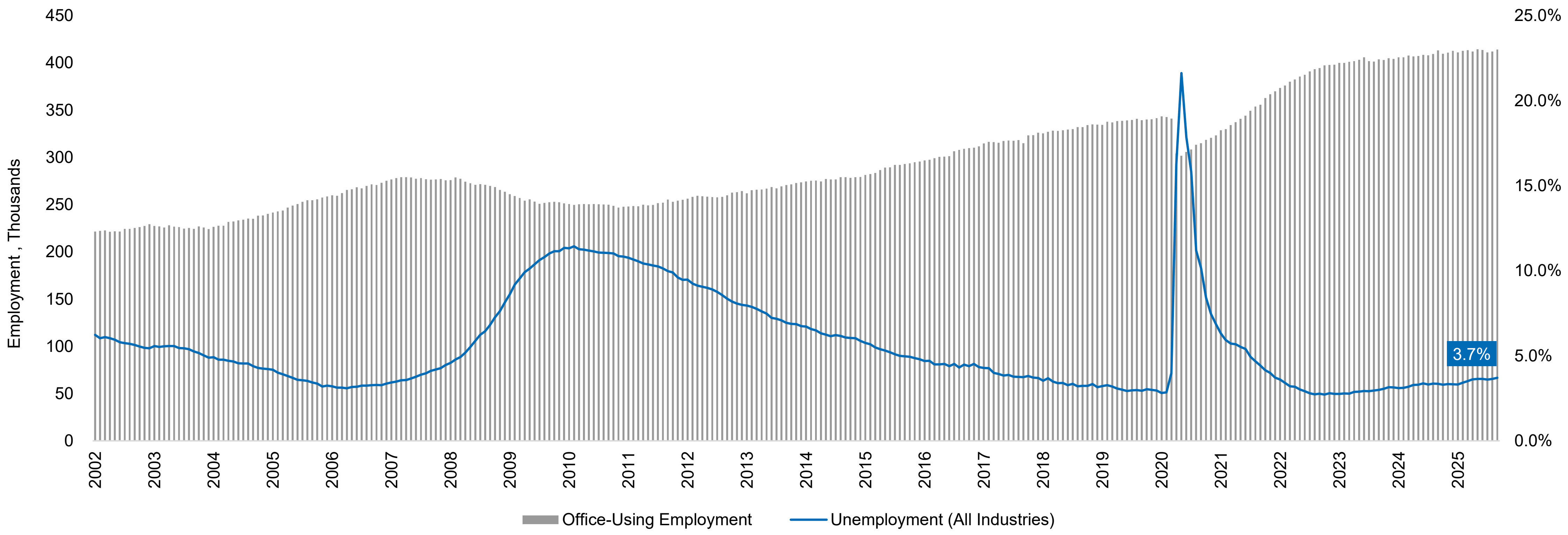


Source: U.S. Bureau of Labor Statistics, Orlando MSA

Office-Using Employment Near All-Time High

As of the end of September 2025, office-using employment in the Orlando market remains elevated and consists of 414,052 jobs, just shy of the record-high set in May of the same year. The seasonally adjusted unemployment rate is 3.7%, which is 20 basis points below the five-year average of 3.9%. Prior to a slight uptick in September 2025, the unemployment rate had remained unchanged for five consecutive months. Although unemployment increased slightly, office-using employment also rose by 0.2% year over year, indicating that office-using sectors are more resilient than the market as a whole.

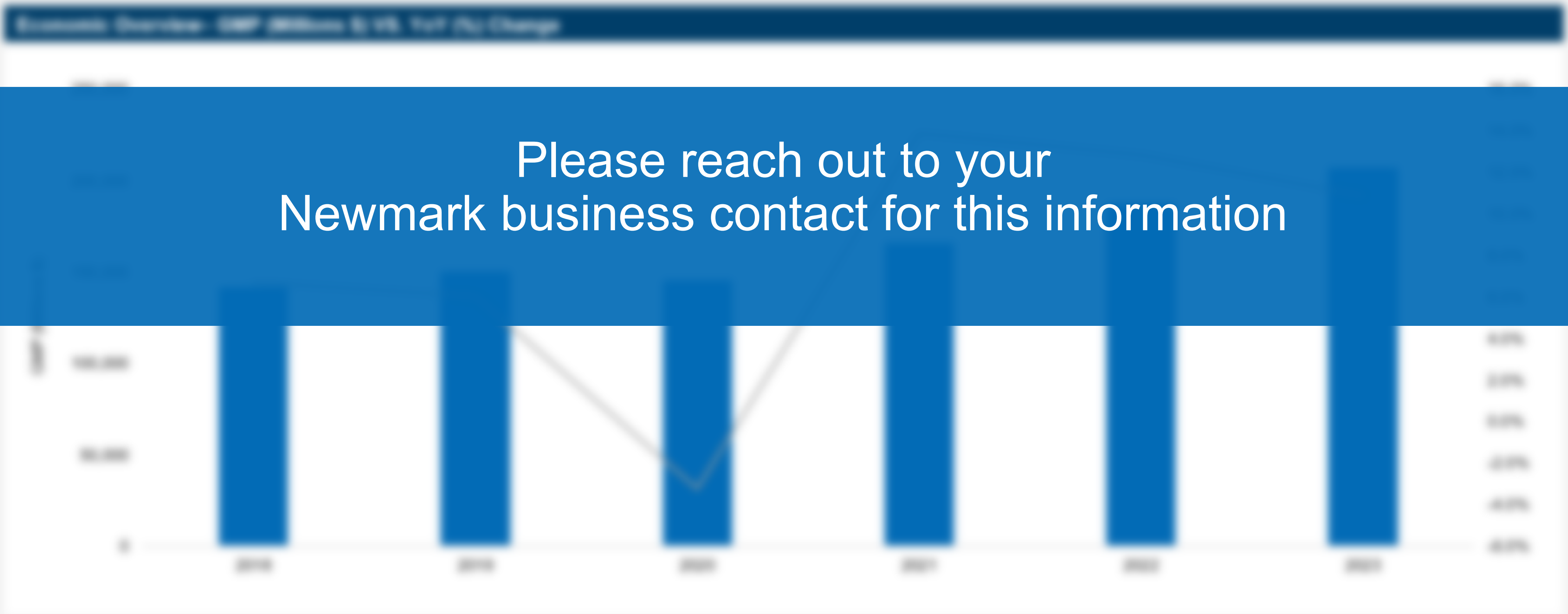
Office-Using Employment* and Unemployment Across All Industries



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.

Orlando Gross Metropolitan Product



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Source: Moody's Analytics

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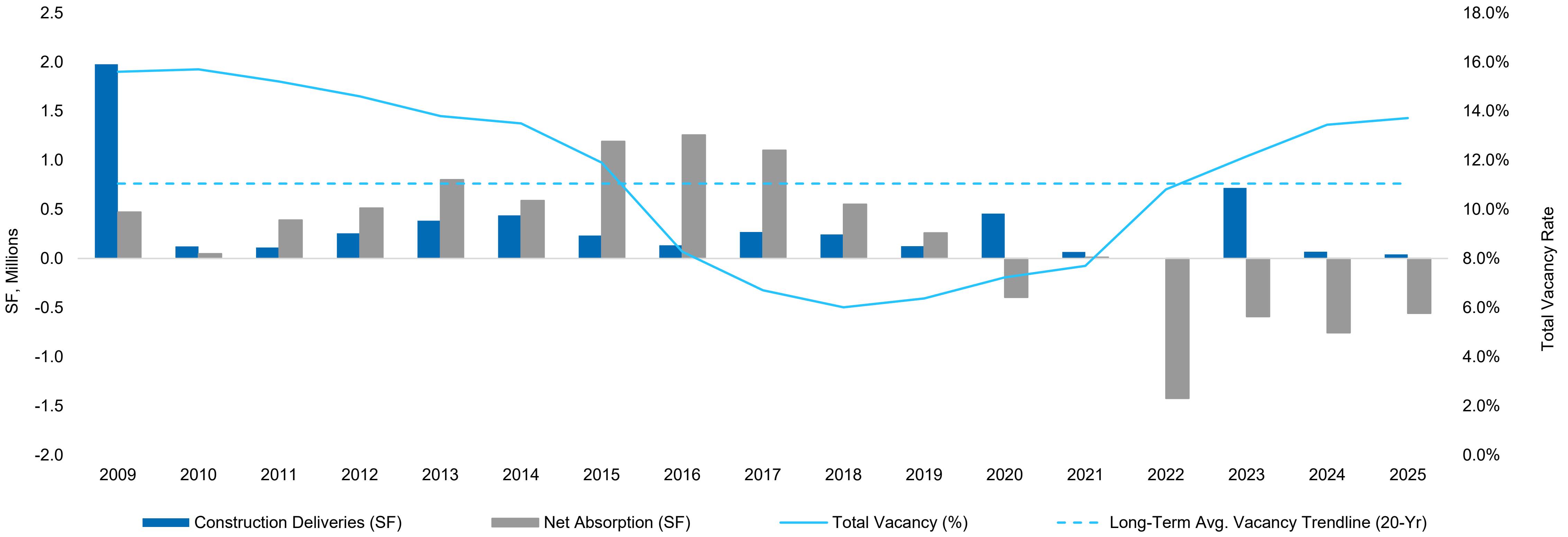
Leasing Market Fundamentals

4Q25

Despite No New Supply, Soft Demand Leads to Increased Vacancy

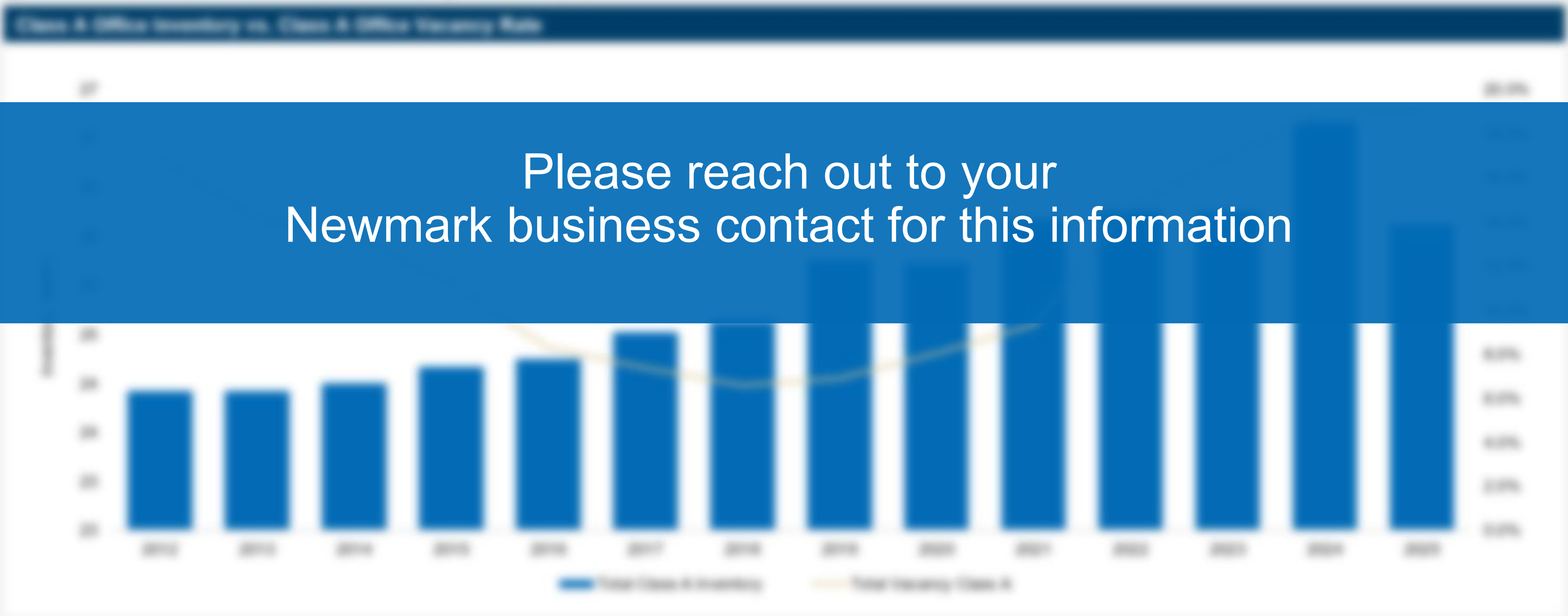
In the fourth quarter of 2025, the Orlando office market recorded negative 54,154 SF of net absorption, a trend that has persisted since the fourth quarter of 2024. At the same time, there have been no deliveries since the second quarter of 2025. Despite the lack of new supply, the negative demand led to an increase in the vacancy rate of 12 basis points quarter over quarter and 27 basis points year over year to a recent high of 13.7%, above the long-term average of 11.0%. Although the vacancy rate is elevated, it remains below peak levels reported from 2009 through 2013. The softer demand for office in the Orlando market is likely to keep vacancy 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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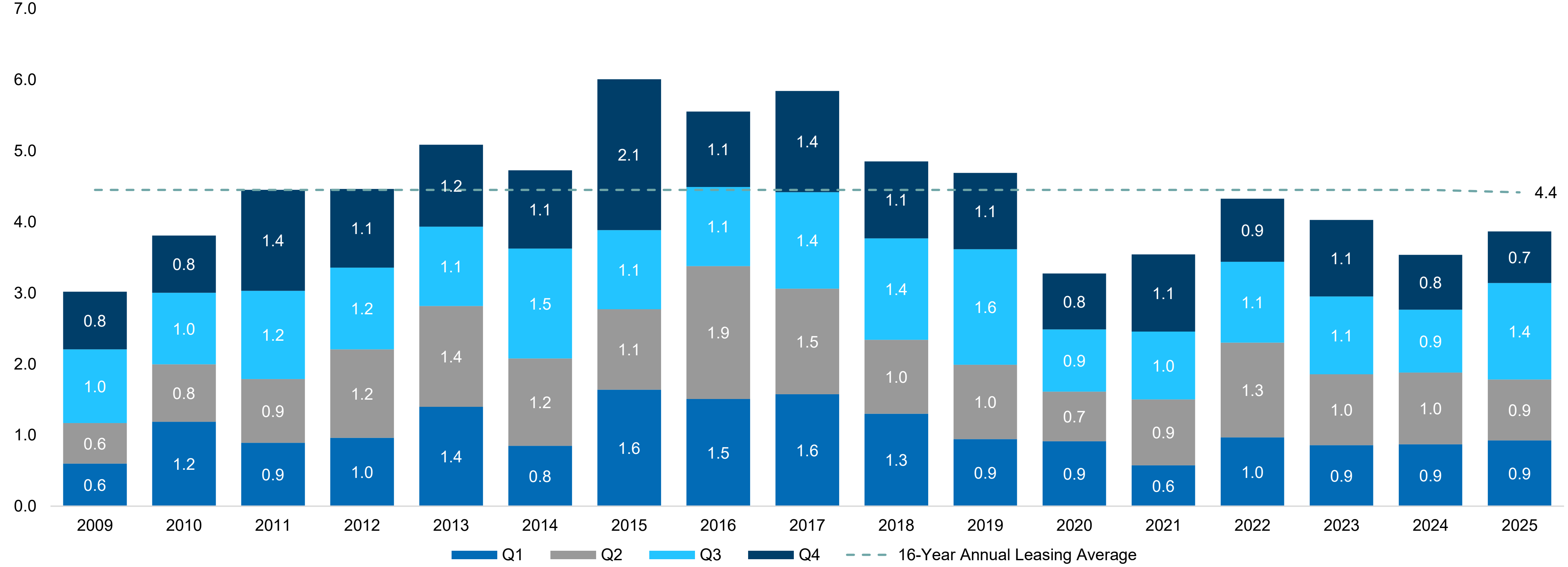
Source: Newmark Research, CoStar

Leasing Activity Cools Following a Strong Third Quarter

During the fourth quarter of 2025, leasing activity in the Orlando office market totaled 724,697 MSF, marking a 46.7% decrease from the previous quarter. Historically, fourth-quarter leasing has averaged 1.1 MSF since 2009, placing the most recent quarter significantly below that long-term trend. The average deal size declined to 3,623 SF, down 1,566 SF quarter over quarter and 529 SF year over year. Additionally, the number of transactions fell 23.7% from the prior quarter, underscoring a notable slowdown in leasing momentum following the strong activity levels recorded in the third quarter of 2025.

Total Leasing Activity (msf)

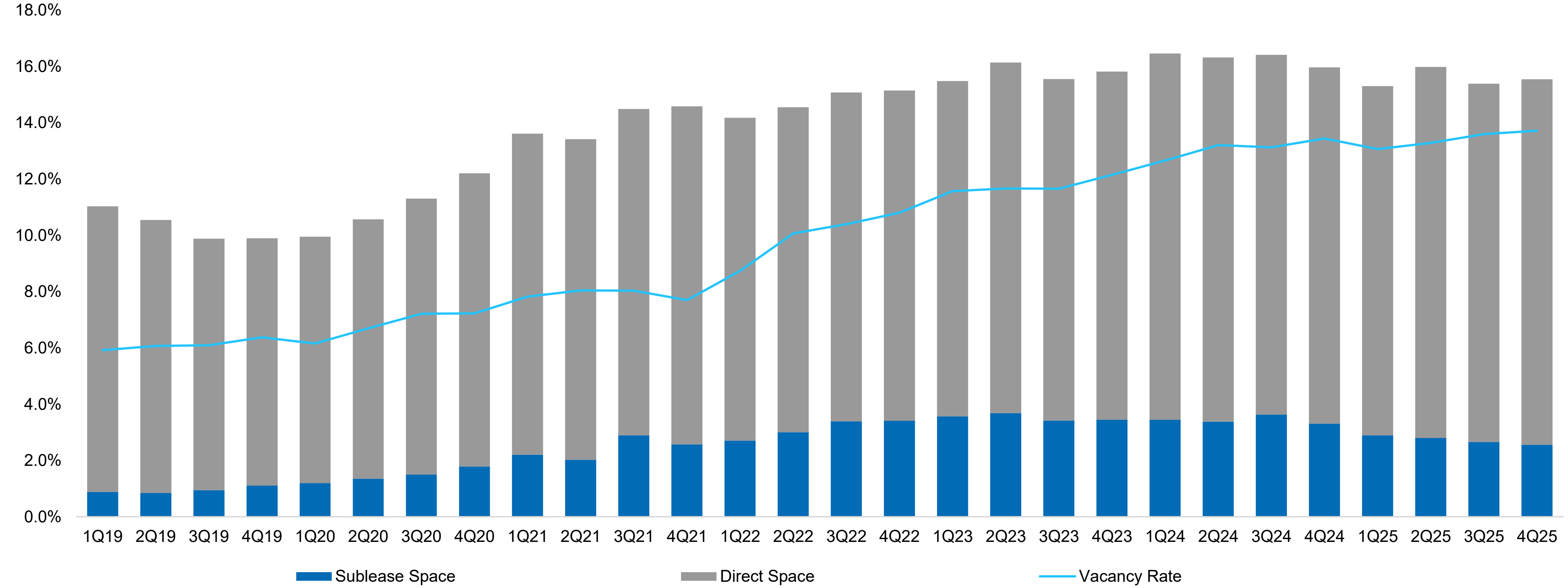


Source: Newmark Research, CoStar

Increased Availabilities Inflate Vacancy Rate

As of the end of the fourth quarter of 2025, sublease availability in the Orlando office market fell by 10 basis points quarter over quarter to 2.6%, marking the fifth straight quarter of decline from the recent peak of 3.6% recorded during the third quarter of 2024. However, direct availability increased by 26 basis points quarter over quarter to 13.0%, leading to a 16-basis-point increase in total availability to 15.5%. This increase in space being marketed for lease likely contributed to the slight uptick in the market's vacancy rate, which increased by 12 basis points to 13.7% as of the end of the fourth quarter of 2025.

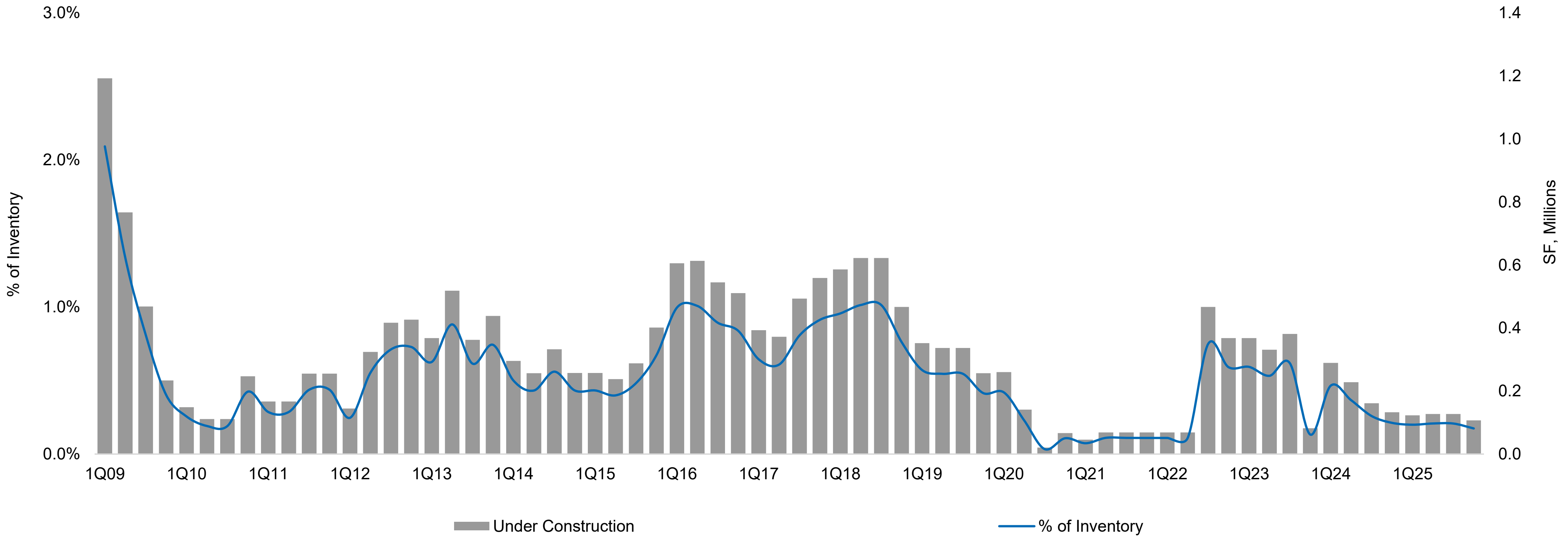
Available Space as Percent of Overall Market



Construction Pipeline Remains Stagnant

After relatively low construction volume since the third quarter of 2020, the construction pipeline rebounded in late 2022 with 466,701 SF of projects. However, the pipeline has been relatively flat again recently, with 106,984 SF under construction, reflecting just 0.2% of inventory. This marks a 63.0% decline since the recent high recorded during the first quarter of 2024. Given the relatively soft demand for office space in recent quarters, construction activity in the near-term will likely remain muted.

Office Under Construction and % of Inventory

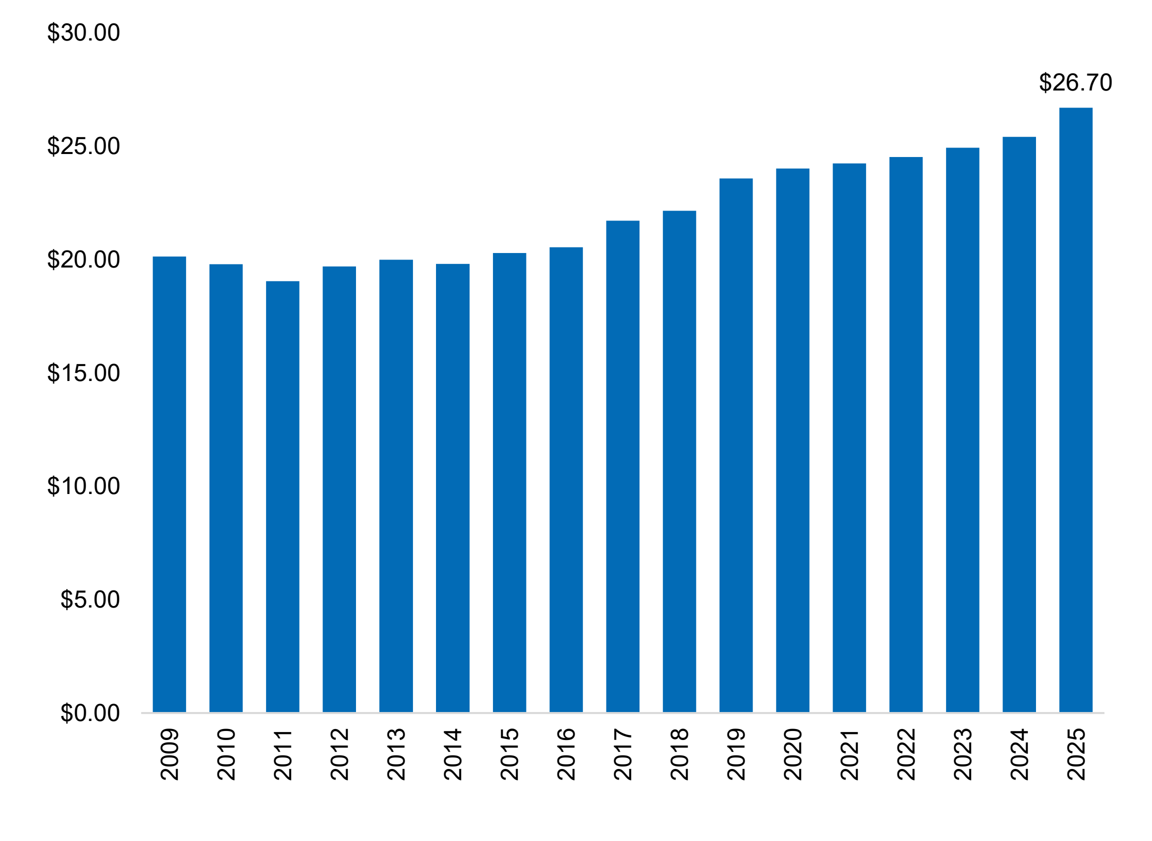


Source: Newmark Research, CoStar

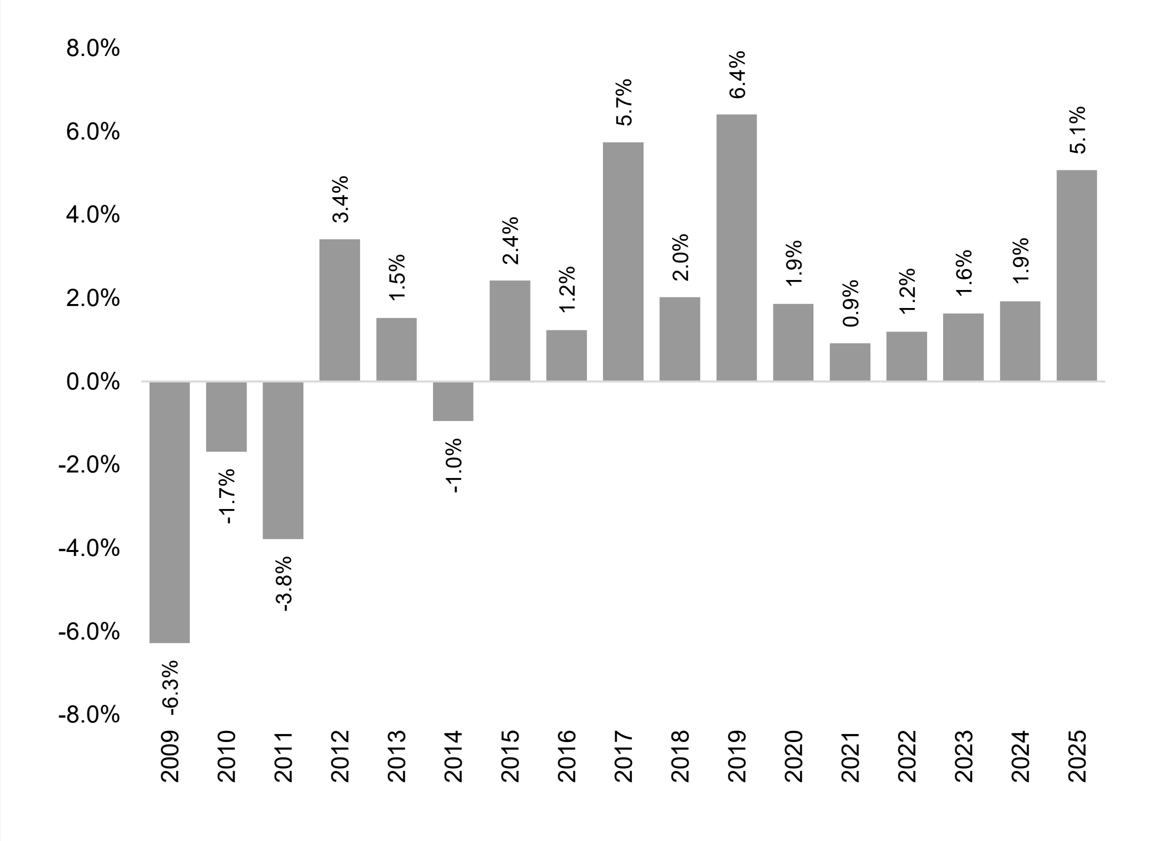
Asking Rents Reach Record High

In the fourth quarter of 2025, asking rents in the Orlando office market reported 5.1% growth year over year to an all-time high of $26.70/SF. This continued rent growth has been the result of 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

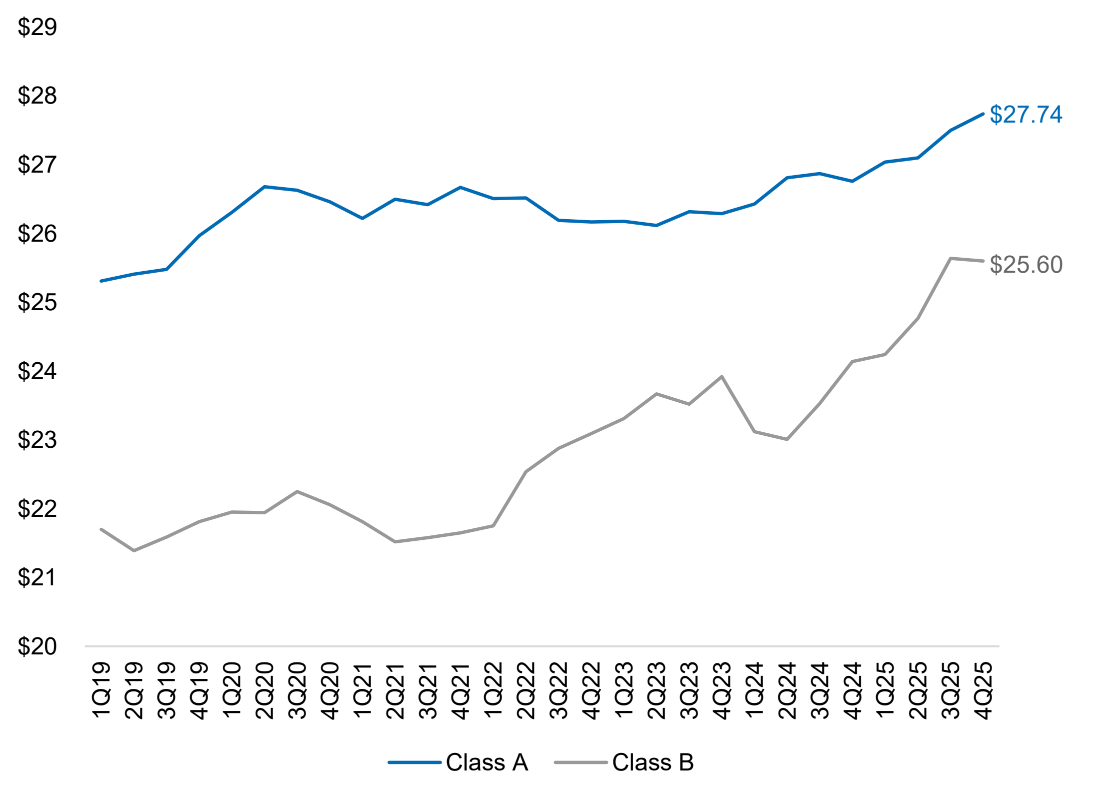


Source: Newmark Research, CoStar

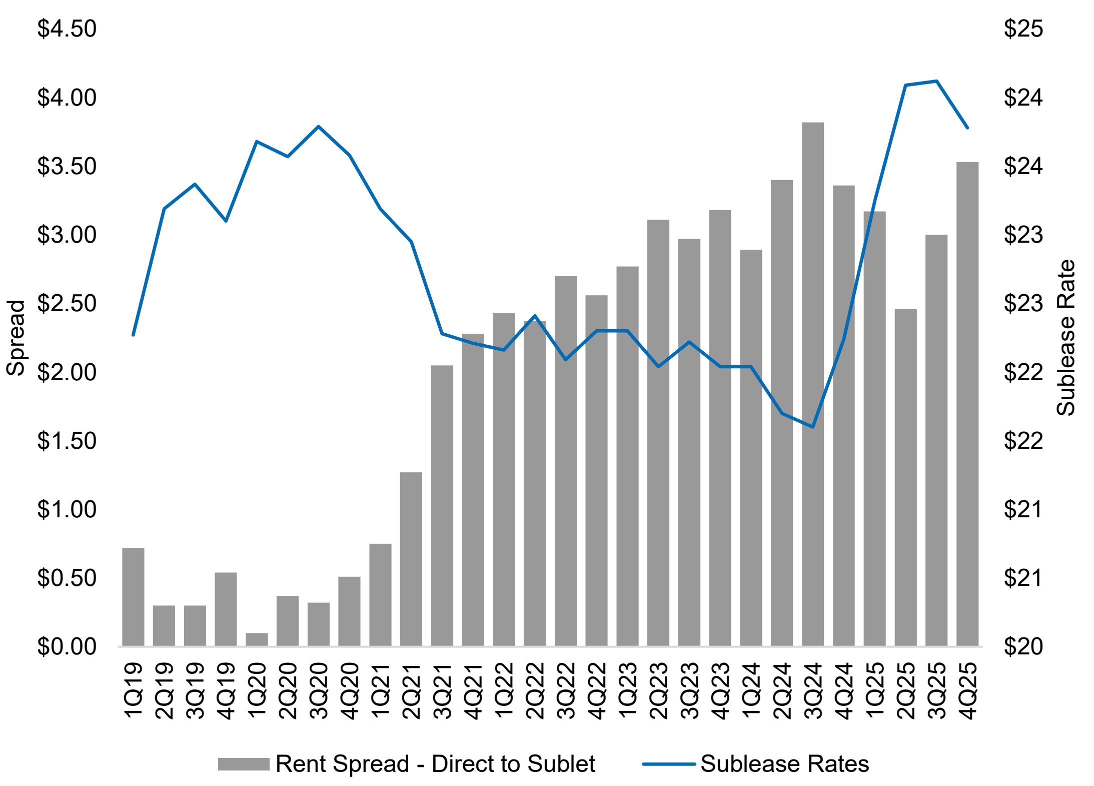
Gap Between Class A and Class B Rents Widens

At the close of fourth quarter of 2025, Class A rents have risen by 3.7% year over year to a new peak of $27.74/SF. Meanwhile, Class B rents rose by 6.0 over the same period, climbing to $25.60/SF. The rent spread between the two classes was $2.14/SF, reflecting a 15.1% increase quarter over quarter. Although the spread between Class A and Class B office space increased during the fourth quarter of 2025, it has narrowed by 38.8% since the end 2019. This generally narrowing gap between Class A and Class B rents may lead some tenants to shed their current space in favor of higher-quality buildings. Meanwhile, sublease asking rents averaged $23.78/SF in the fourth quarter of 2025, up 6.9% year over year, and remain $3.53/SF below direct rates.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Downtown Orlando Sees the Bulk of Large Deals in Fourth Quarter

Leasing activity in the Orlando office market slowed considerably quarter over quarter, and total annual leasing activity was below the long-term average for the sixth consecutive year. However, several sizable deals were signed during the fourth quarter of 2025. Two out of the top five deals by square footage were signed in the Downtown Orlando submarket, indicating employees' desire to work in centrally located, amenity-rich areas. Additionally, three of the top five leases executed during the quarter were subleases, underscoring tenants' preference for shorter lease terms and discounted rents in the face of an uncertain economic landscape.

Notable 4Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Abacus Life	Truist Plaza	Downtown Orlando	Sublease	52,010
Abacus Life, a financial services company primarily focused on life insurance, recently signed a deal to sublease 52,010 SF at Truist Plaza in the Downtown Orlando submarket. The move signifies the relocation of their corporate headquarters as well as a significant expansion of the company's footprint in the market – they had previously occupied 12,863 SF at 2101 Park Center Dr in the MetroWest submarket.				
Hubbard Construction	Skyline Center	Winter Park	Expansion	33,030
General contractor Hubbard Construction, which specializes in infrastructure maintenance, has agreed to renew and expand its lease at Skyline Center in the Winter Park submarket. The company has occupied its corporate headquarters there since 1986 and will remain there through at least 2032.				
Mitsubishi Power Americas, Inc.	1000 Business Center	Lake Mary	Sublease	30,342
Mitsubishi Power Americas, Inc. – the North American arm of the Japan-based global energy solutions company – recently subleased 30,342 SF at 1000 Business Center in Lake Mary, FL. The company will relocate in February 2026 from its current 37,54F-SF headquarters at 400 TownPark, also in the Lake Mary submarket, reflecting a slight downsizing of operations. Also of note, Mitsubishi has signed several other deals in the market, including a 136,709-SF lease at SouthPark Center and a 54,935-SF lease at The Edison at Primera.				
VHB Engineering	Landmark Center	Downtown Orlando	Sublease	28,728
VHB, a firm that specializes in civil engineering, planning, and design consulting, signed a deal in November 2025 to sublease 28,728 SF of office space in the Landmark Center, located in Downtown Orlando. The space, which the company will occupy during the second quarter of 2025, is located strategically along Interstate 4, and is also less than a 10-minute drive from Orlando Executive Airport.				
Robinhood Financial	500 TownPark	Lake Mary	Renewal	27,999
Financial technology and services company Robinhood recently renewed its 27,999-SF lease at 500 TownPark in the Lake Mary submarket. The firm has occupied this location since early 2017 and has plans to remain for the foreseeable future.				

Source: Newmark Research, CoStar

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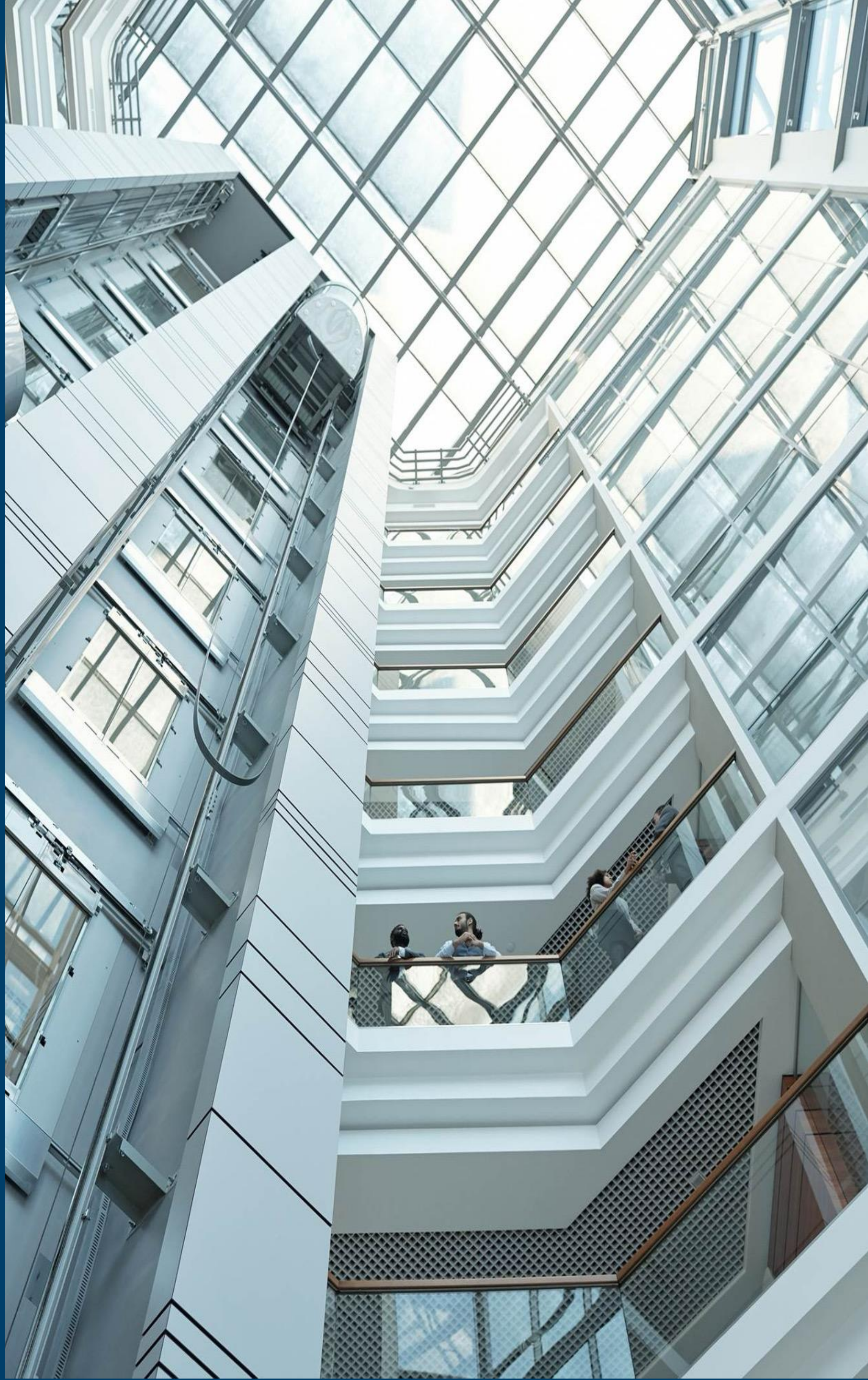
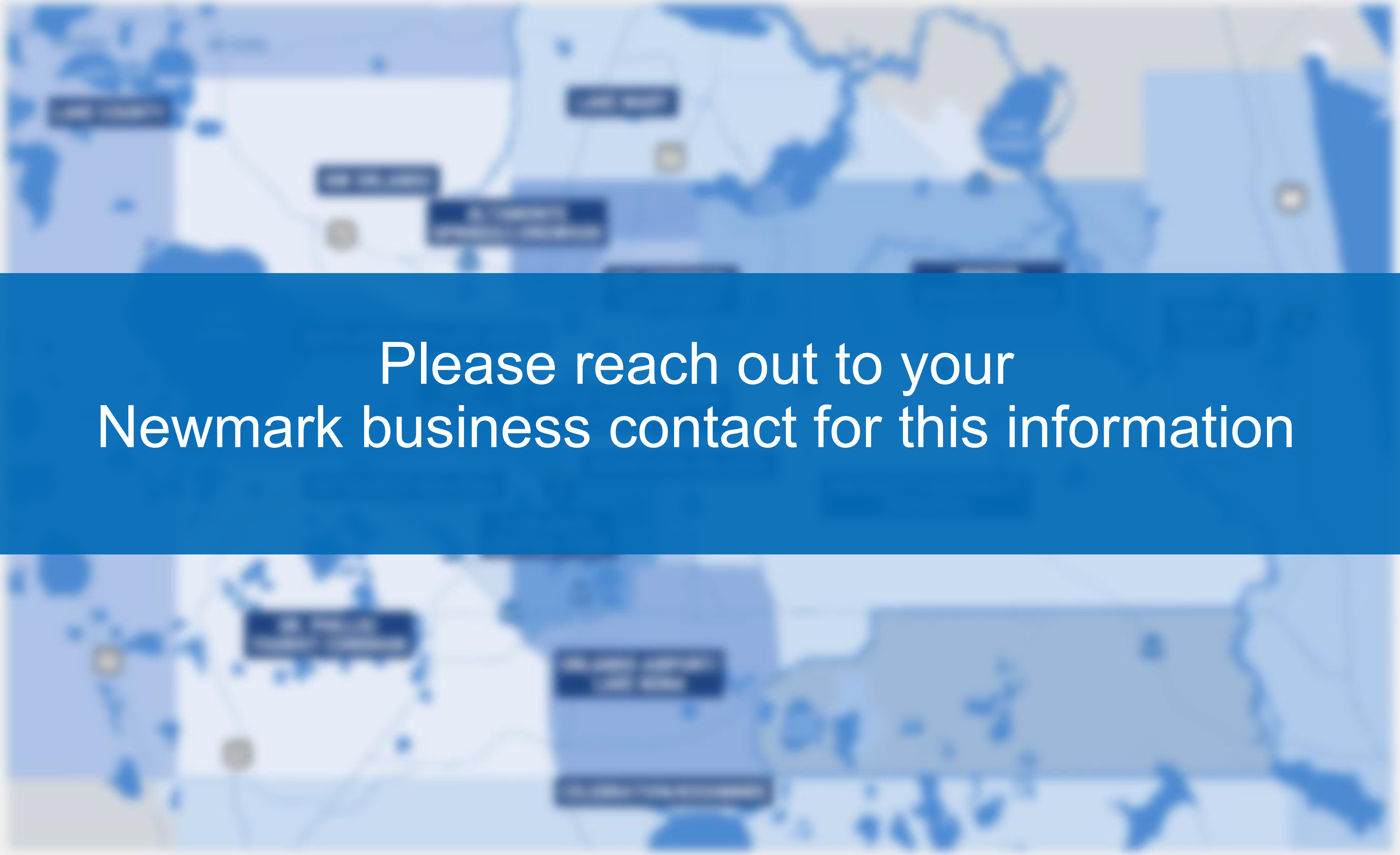
Market Statistics & Map

4Q25



Orlando Office Submarket Map



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Source: Newmark Research

Orlando Office Submarket Overview—All Classes

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Source: Newmark Research

Orlando Office Submarket Overview—Class A

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Source: Newmark Research

Orlando Office Submarket Overview—Class B

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Source: Newmark Research

4Q25 Central Florida Office Market Overview

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Source: Newmark Research; CoStar

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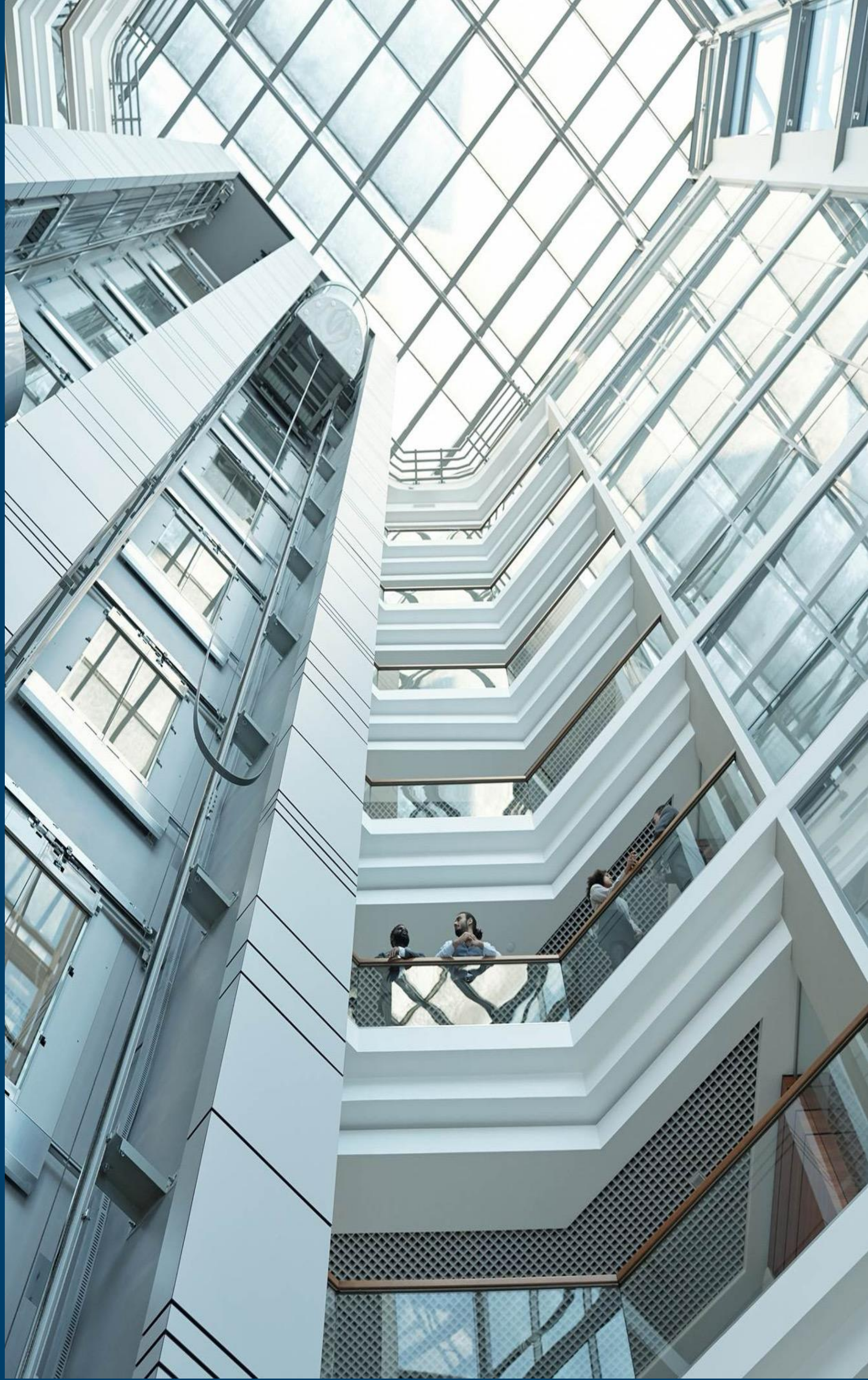
Supplemental Analysis

4Q25



Orlando Office Market

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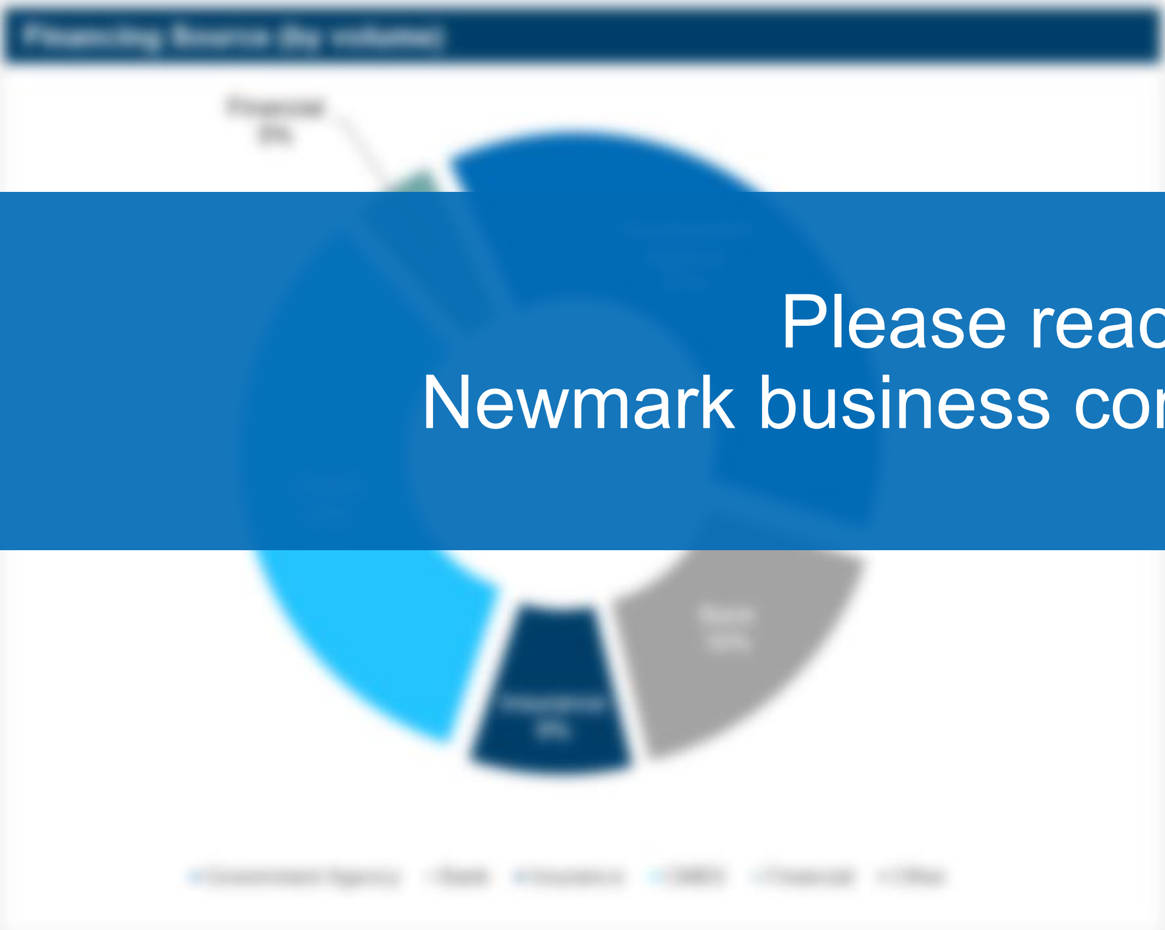
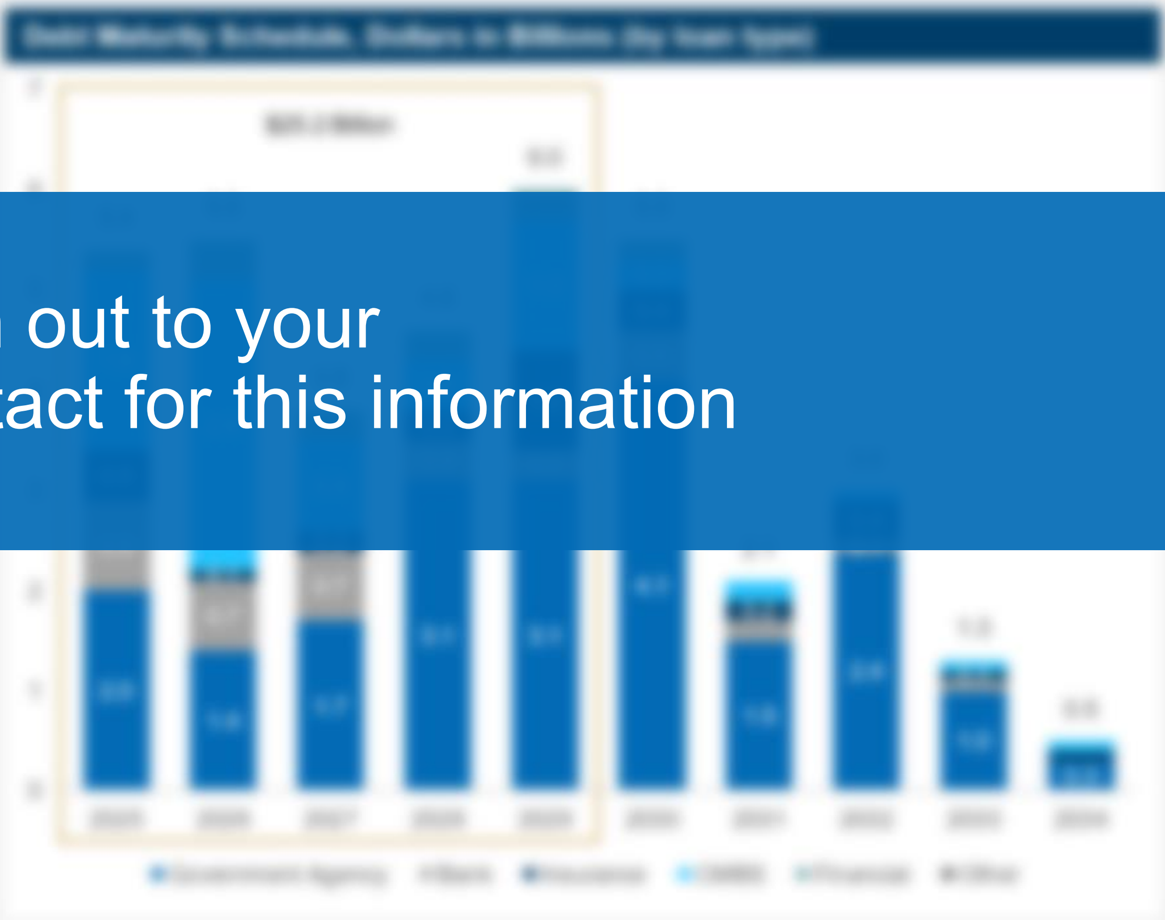
Higher Loan Volume Due in 2029





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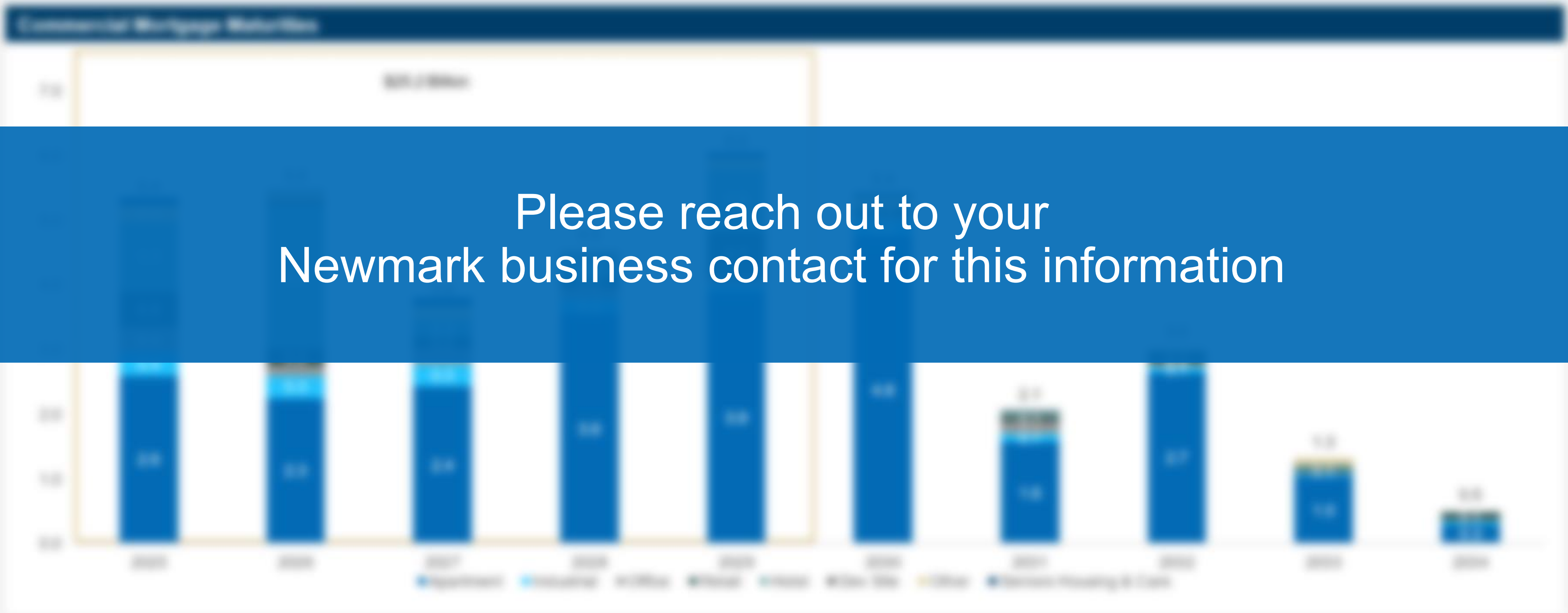
Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much



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Source: RCA, Newmark Research

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