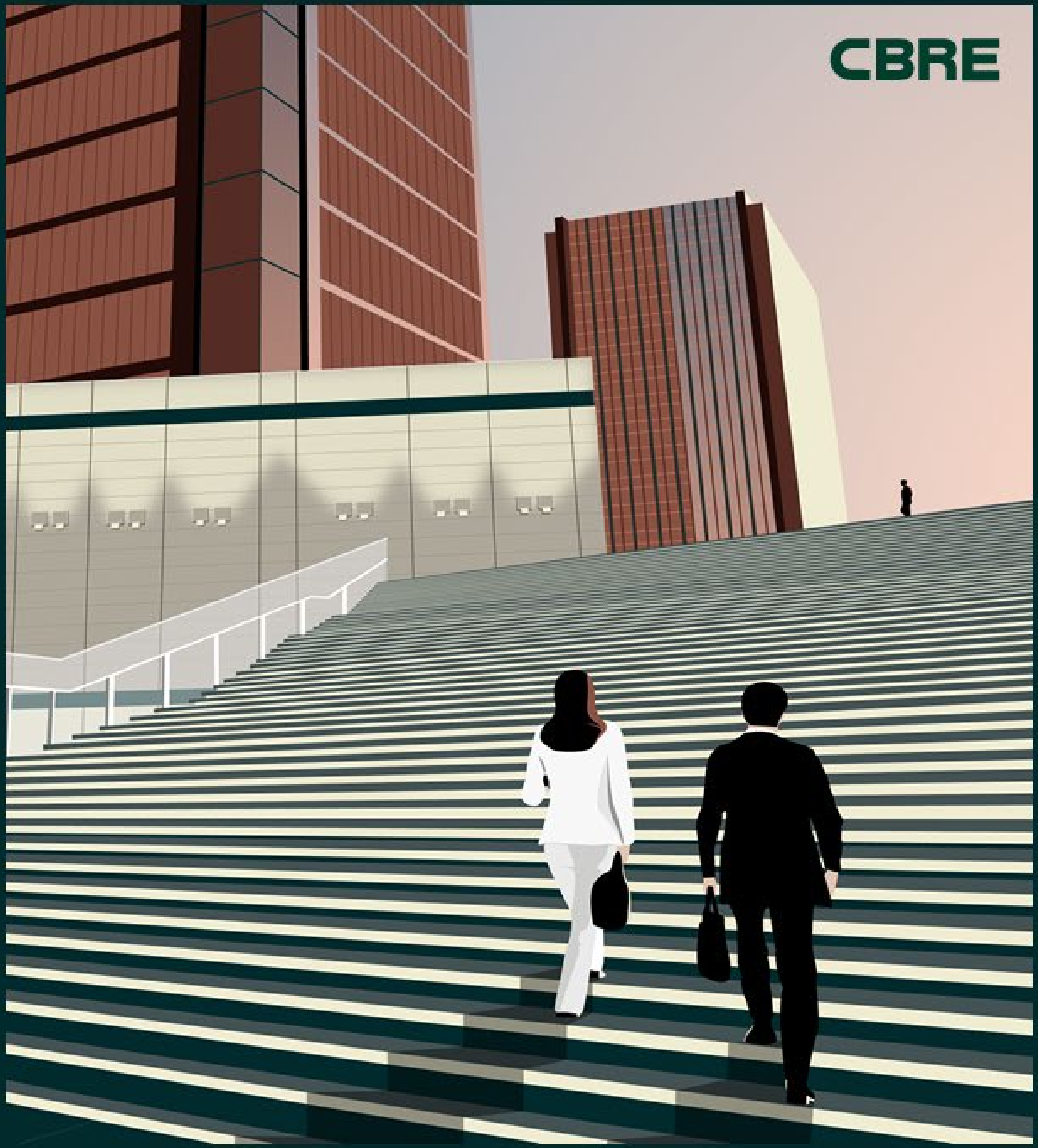
Intelligent Investment

2025 U.S. Real Estate Market Outlook

REPORT

Increased Leasing & Investment Activity Expected

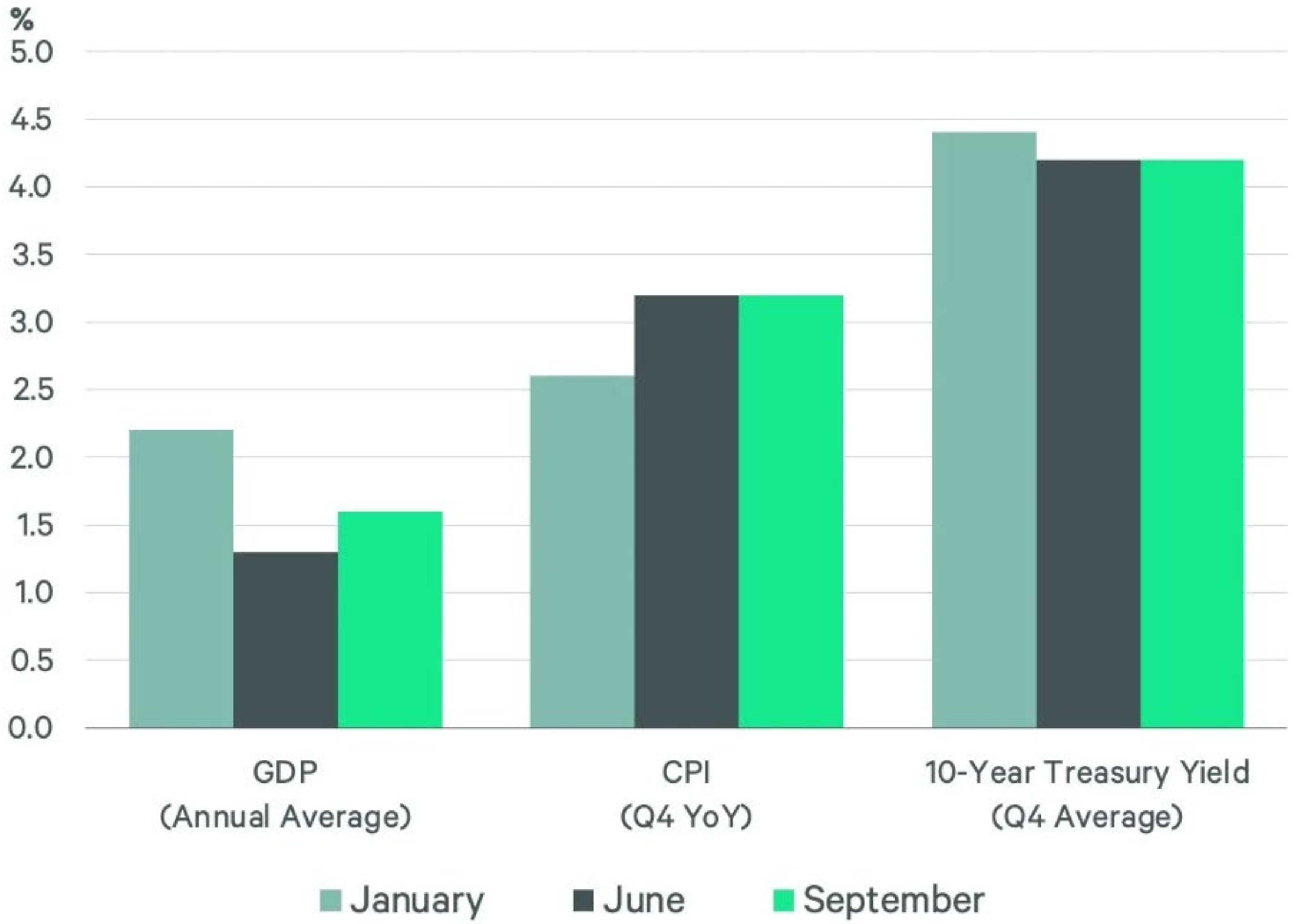
CBRE RESEARCH
DECEMBER 2024



01

Economy

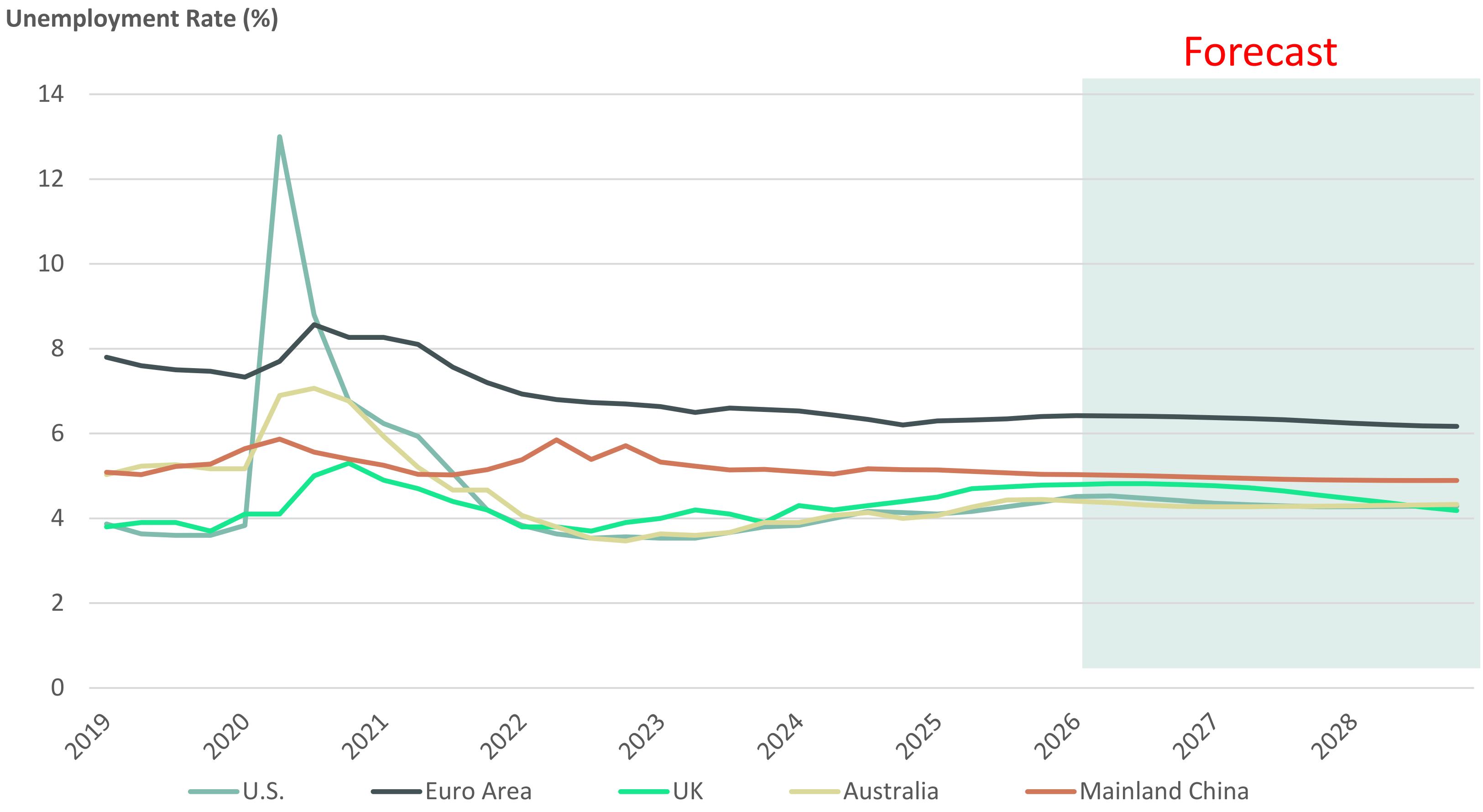
Figure 1: Change in CBRE Expectations



Source: Oxford Economics, CBRE Research.

Unemployment Rate (%)

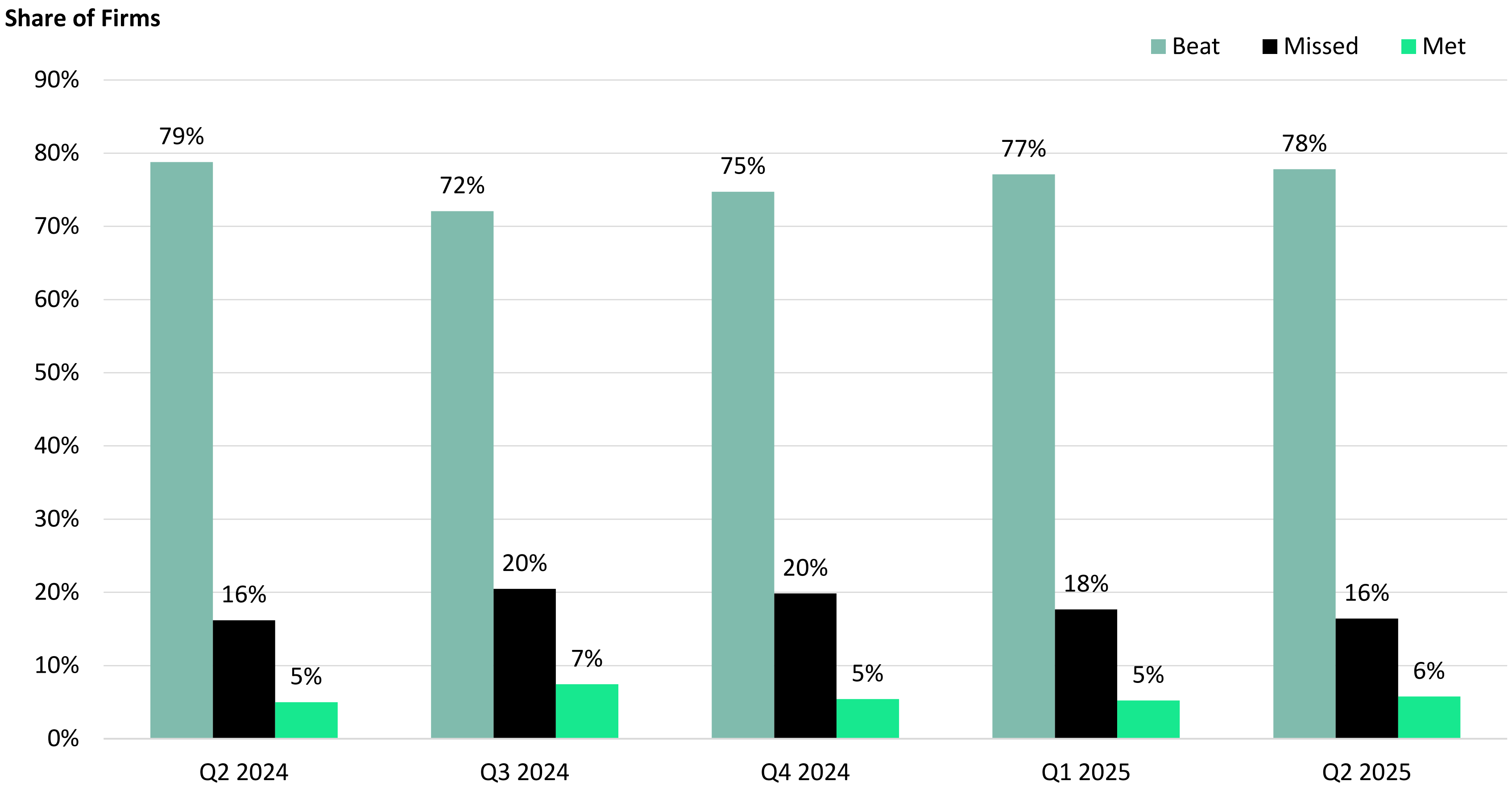
Labor markets remain tight as unemployment holds steady across global regions



Source: BLS, ONS, Australia Bureau of Statistics, NBS, Eurostat, CBRE Research, August 2025.

Firms in S&P 500 EPS Against Wall Street Expectations

Share of S&P 500 firms beating expectations ticks up slightly from last quarter



* Note: Earnings within 5% of expectations is considered “met”
Source: S&P Global Capital IQ, CBRE Research, Q2 2025.

03

Office/Occupier

Orlando signs largest office lease in 10+ years

▲ 17.0%	▼ (105,609)	▲ 29,500	▶ 0	▲ $28.12
Vacancy Rate	SF Net Absorption	SF Under Construction	SF Deliveries	Full-Service / Lease Rate

Note: Arrows indicate change from previous year.

OVERVIEW

– Orlando vacancy has continued to climb to 17.0%, a 60 bps increase year over year.

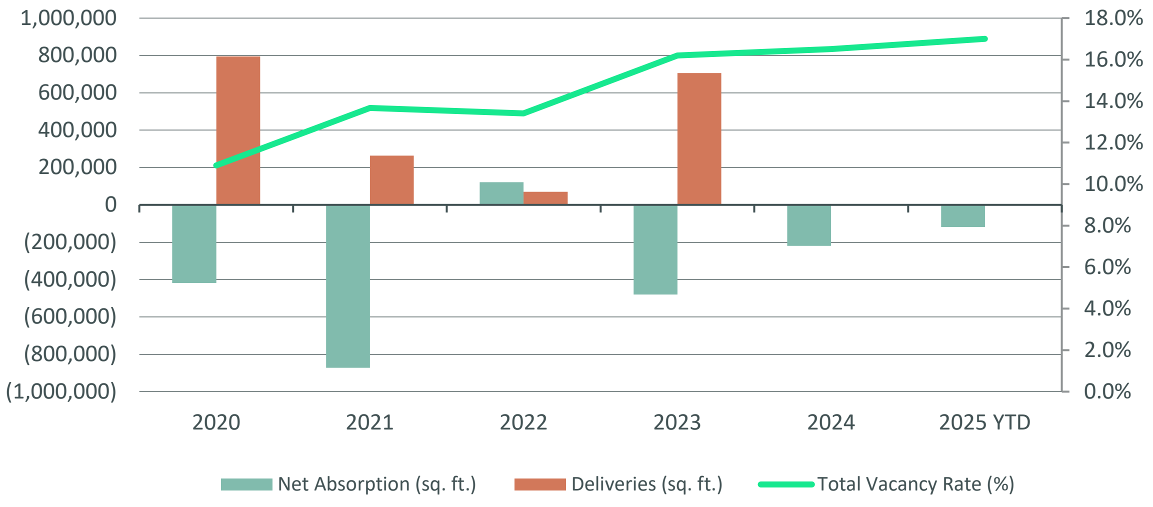
– The current construction pipeline is limited with Downtown Orlando's Westcourt project most likely to move forward over the next two years.

– Average direct asking rents across Orlando sit at $28.12 per sq. ft., up 2.5% year over year.

Orlando's leasing market is building strong momentum heading into the next 18 months. The office sector is poised for a boost, with four tenants—each occupying over 100,000 sq. ft.—expected to take occupancy by Q1 2027. The most notable deal in recent history is Siemens Energy's lease of 242,363 sq. ft. at 6876 Marwick Lane in the Airport/Lake Nona submarket.

While this quarter recorded 105,609 sq. ft. of negative net absorption—primarily due to SouthPark Center Building N going vacant—the space has already been backfilled, with a new tenant scheduled to move in during the first half of 2026. Several large leases have been signed year-to-date, and their full impact is expected to materialize in the quarters ahead.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Tenant interest in the Orlando office market remains strong, with over 2.0 million sq. ft. of active requirements currently in play. An undisclosed energy company has been a major driver of recent leasing activity, signing multiple deals across the region. This includes the previously mentioned 136,709 sq. ft. lease at SouthPark Center Building N in Southwest Orlando, as well as a 54,935 sq. ft. expansion at The Edison at Primera in Lake Mary. These follow their earlier 109,600 sq. ft. lease at The Edison in Q4 2024, bringing the company's total future footprint in Orlando to over 300,000 sq. ft. by 2026.

On the investment side, the most notable office sale of the quarter was Partners Federal Credit Union's 37,485 sq. ft. building at 13705 International Drive. The Amateur Athletic Union of the United States acquired the property for $10.25 million—or $273 per sq. ft.—in a sale-leaseback transaction.

VACANCY

The vacancy rate in Orlando's office market rose 20 basis points quarter-over-quarter, reaching 17.0%. However, the outlook remains optimistic, with over 900,000 sq. ft. of signed leases expected to take occupancy over the next 24 months—likely contributing to a gradual decline in vacancy. Among the most impactful upcoming move-ins are Siemens Energy in Lake Nona, Travel & Leisure in Downtown Orlando, and the energy company's multiple leases across the market.

PRICING

Orlando's office asking rates continue to trend upward, rising 2.5% year-over-year to an average of $28.12 per sq. ft. As landlords adapt with creative space solutions and companies reinforce return-to-office strategies, rental rates are expected to maintain steady growth. South Orlando remains the most expensive submarket, with average asking rates reaching $31.49 per sq. ft.—a modest 0.3% increase quarter-over-quarter.

FIGURE 2: Statistical Snapshot Q3 2025

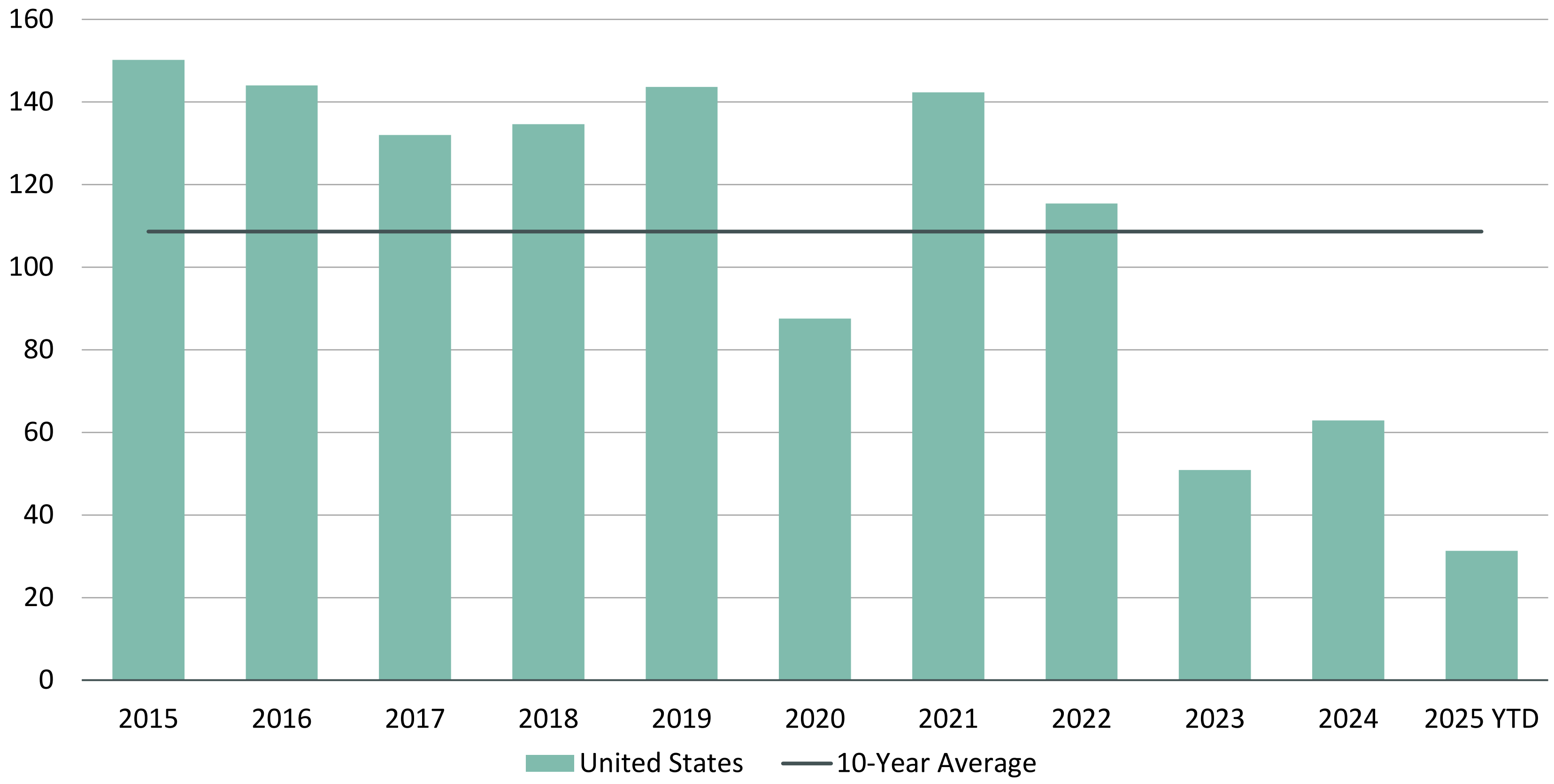
Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q3 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate ($/SF/FSG/G/MG)
Airport/Lake Nona	1,454,974	29.9	29.9	37,886	5,680	0	29.50
Downtown/CBD	8,332,784	14.0	15.5	70,087	15,914	0	32.95
East Orlando	2,055,787	9.1	9.4	(1,291)	(42,178)	29,500	25.22
Lake Mary/Heathrow	5,887,377	15.3	18.0	(11,432)	27,770	0	26.64
Maitland Center	4,865,934	16.1	19.1	(32,185)	1,057	0	23.65
North Orlando	2,953,001	17.7	19.1	1,586	(35,250)	0	23.19
South Orlando	2,814,337	4.9	5.7	14,185	19,995	0	31.49
Southwest Orlando	6,424,380	13.6	18.7	(152,994)	(121,553)	0	30.16
University/Research Park	4,324,358	16.4	19.3	(31,451)	10,707	0	28.42
Suburban Total	30,780,148	14.8	17.5	(175,696)	(133,772)	29,500	26.65
Orlando Total	39,112,932	14.6	17.0	(105,609)	(117,858)	29,500	28.12

FIGURE 3: Notable Leases Q3 2025

Submarket	Property	Tenant	Transaction (SF)
Airport/Lake Nona	6876 Marwick Ln	Siemens Energy	242,363
Southwest Orlando	SouthPark Center – N	Energy Company	136,709
Lake Mary/Heathrow	The Edison at Primera – 2	Energy Company	54,935
Maitland Center	Maitland Colonnades	T-Mobile	51,288

United States: Office investment sale volume remains below historical average

Office Investment Volume ($ US Billion)



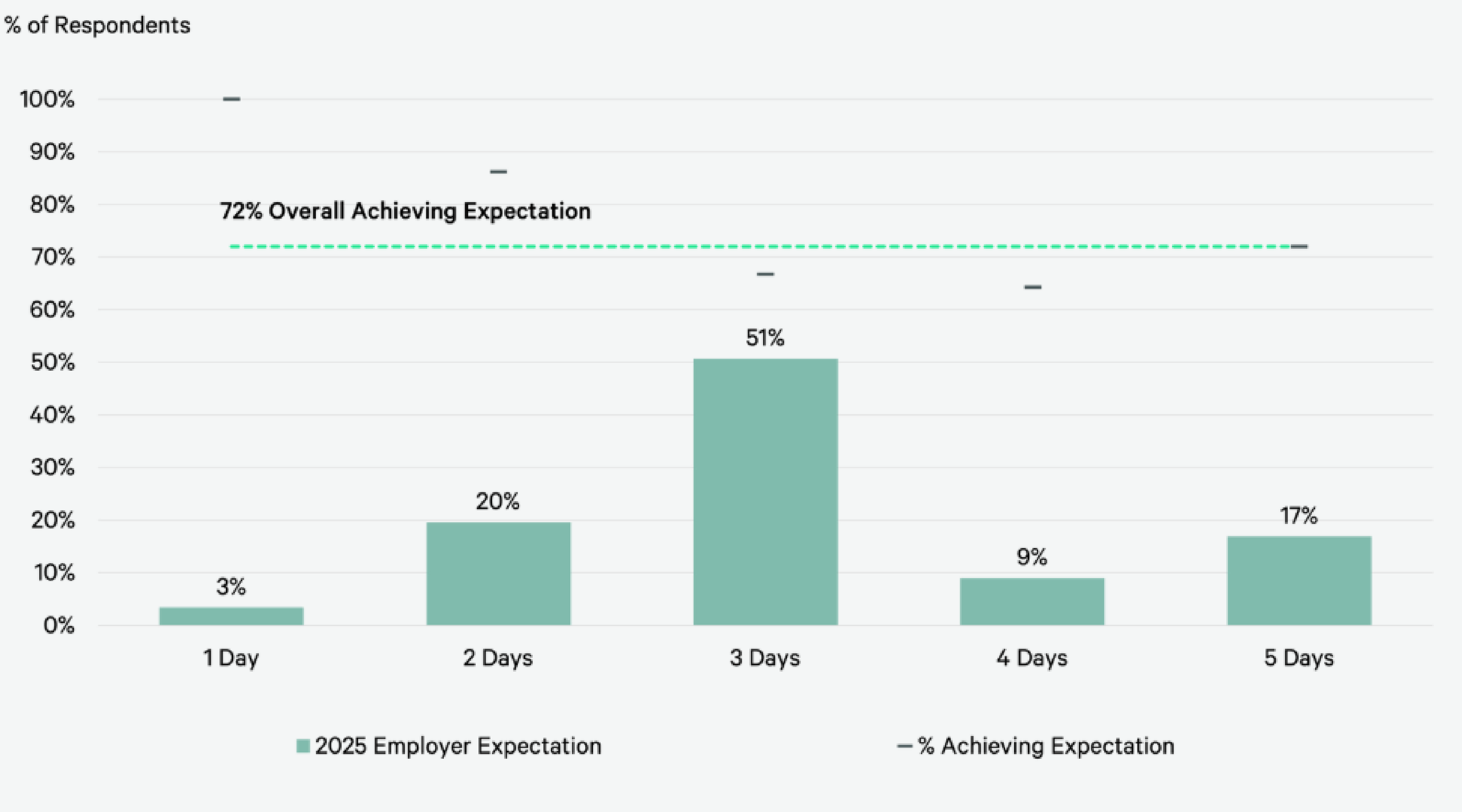
Source: CBRE Research, Q2 2025.

Creating Resilience

2025 Outlook for Office Attendance

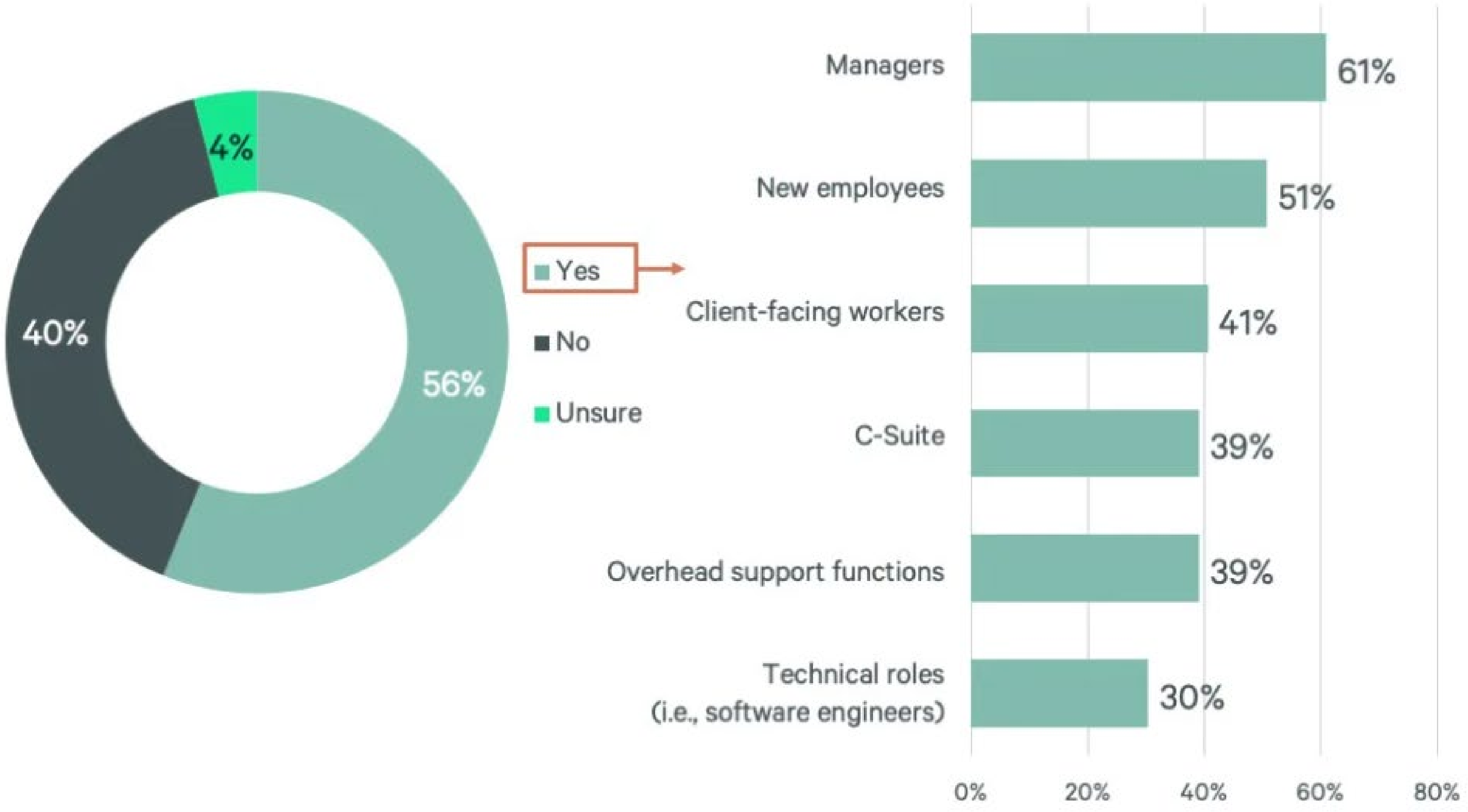
December 18, 2024 5 Minute Read

Figure 1: Employer Expectations and Achievement Rates for Office Attendance



Source: CBRE Research, 2025 Americas Occupier Sentiment Survey, Q2 2025.

Figure 5: Do you have different attendance expectations for employees based on role/tenure? If so, which types of employees are required more frequently in the office?

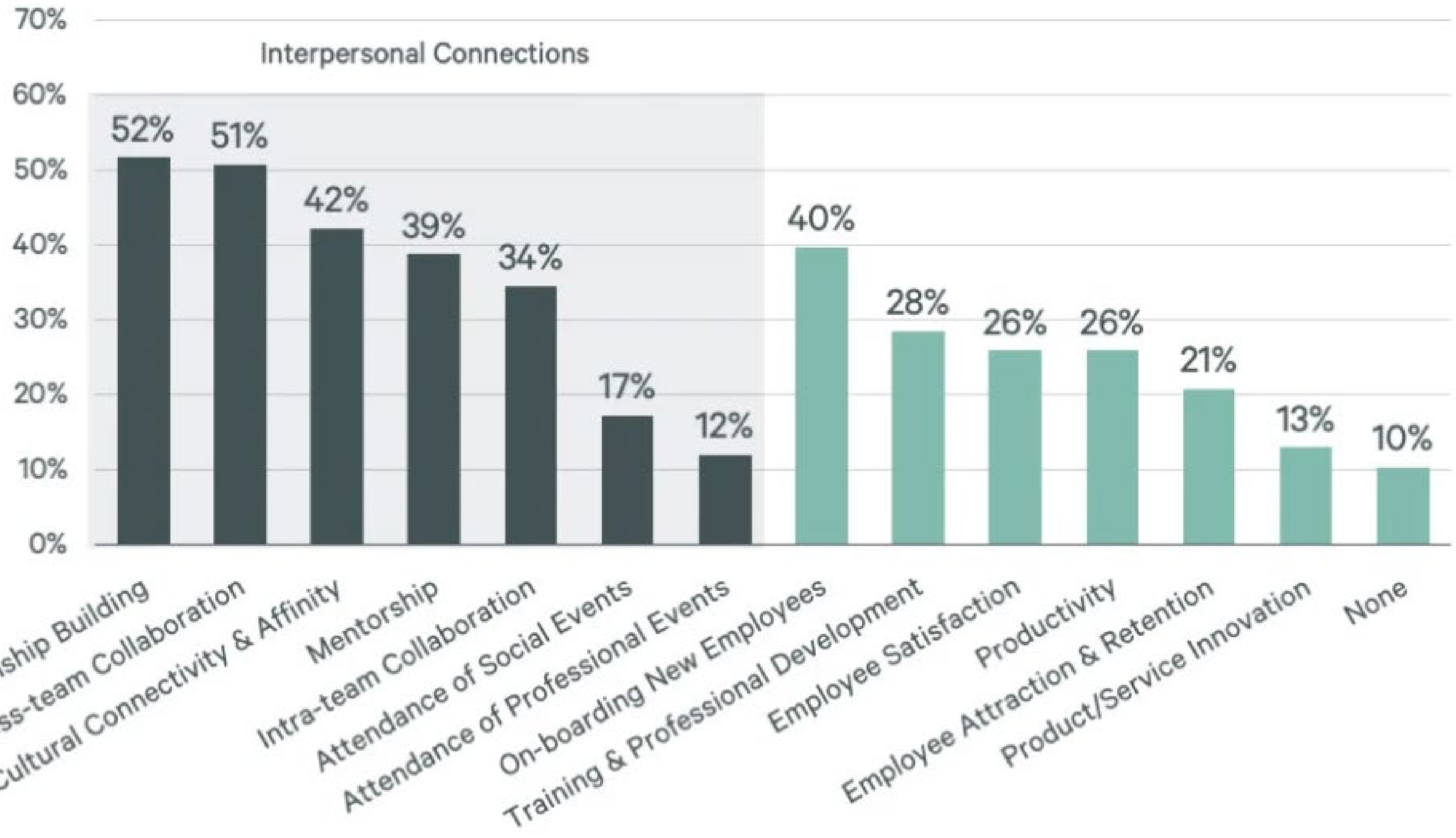


Source: CBRE Research-CoreNet Occupier Survey, Q4 2024.

Figure 3: Barriers to Achieving Greater Office Attendance

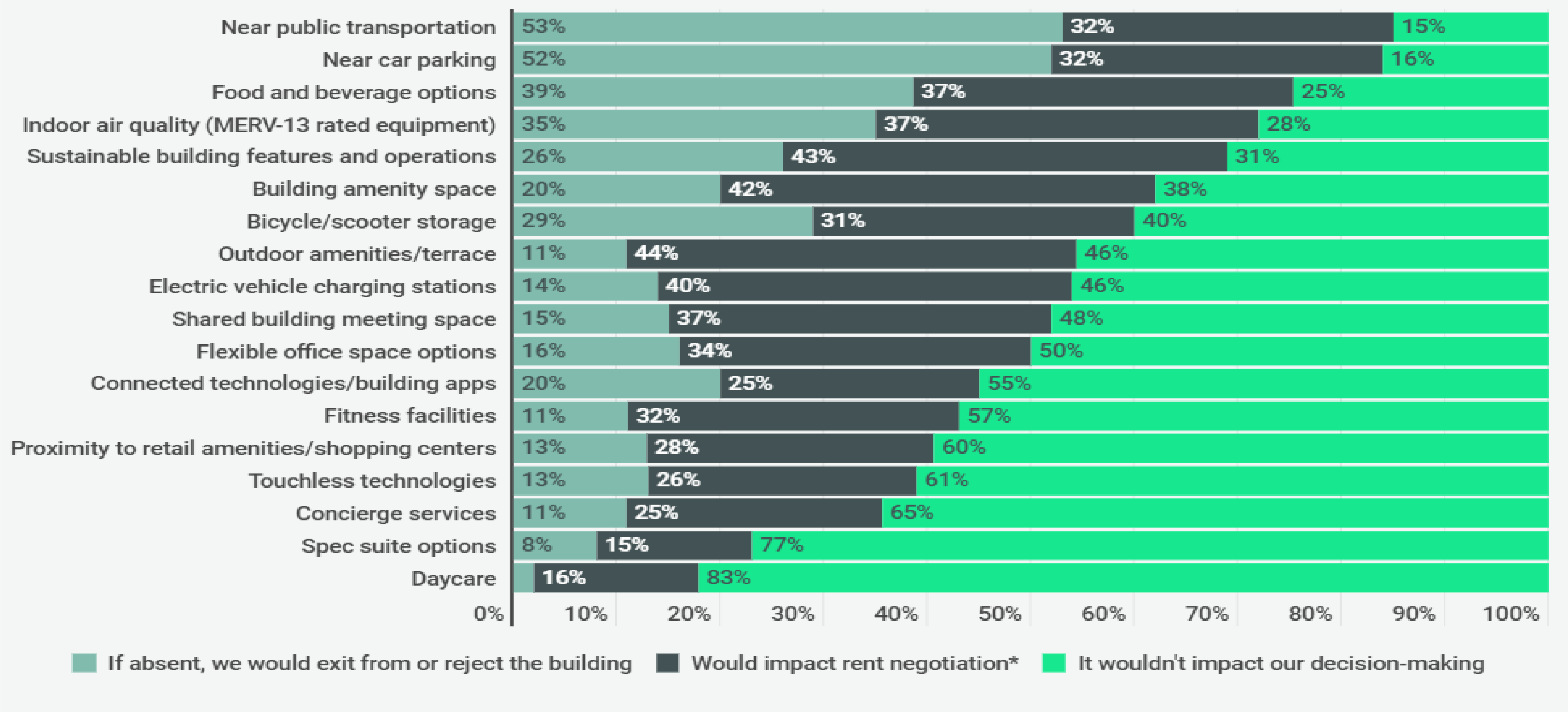
Source: CBRE Research-CoreNet Occupier Survey, Q4 2024.

Figure 2: In your current state of office attendance, which objective(s) for an effective and purposeful office have been most challenging?



Source: CBRE Research-CoreNet Occupier Survey, Q4 2024.

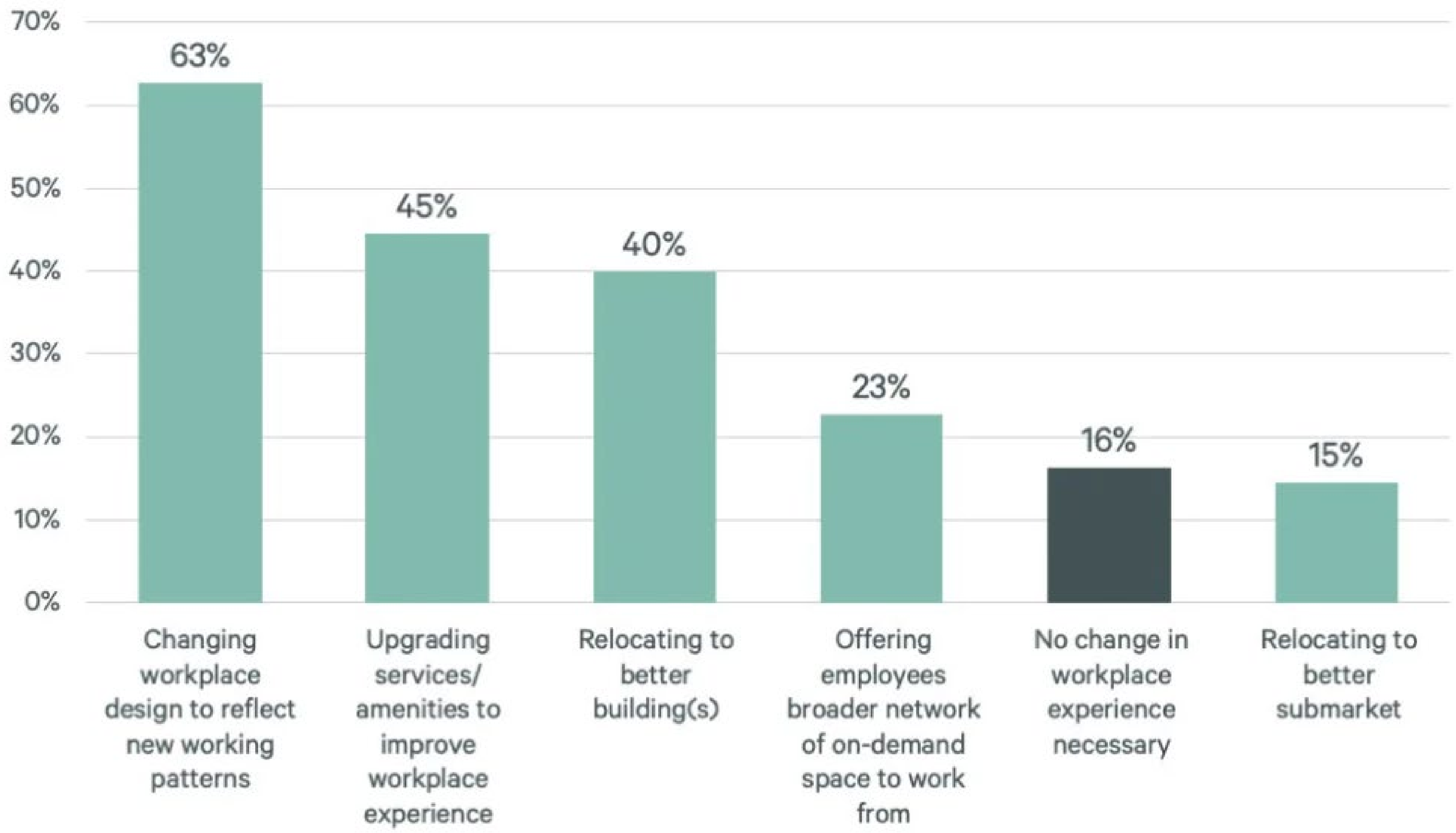
Figure 20: Most Impactful Amenities on Building Selection and Lease Negotiation



*The absence or presence of an amenity would lead us to seek a discount or consider paying a premium, respectively.

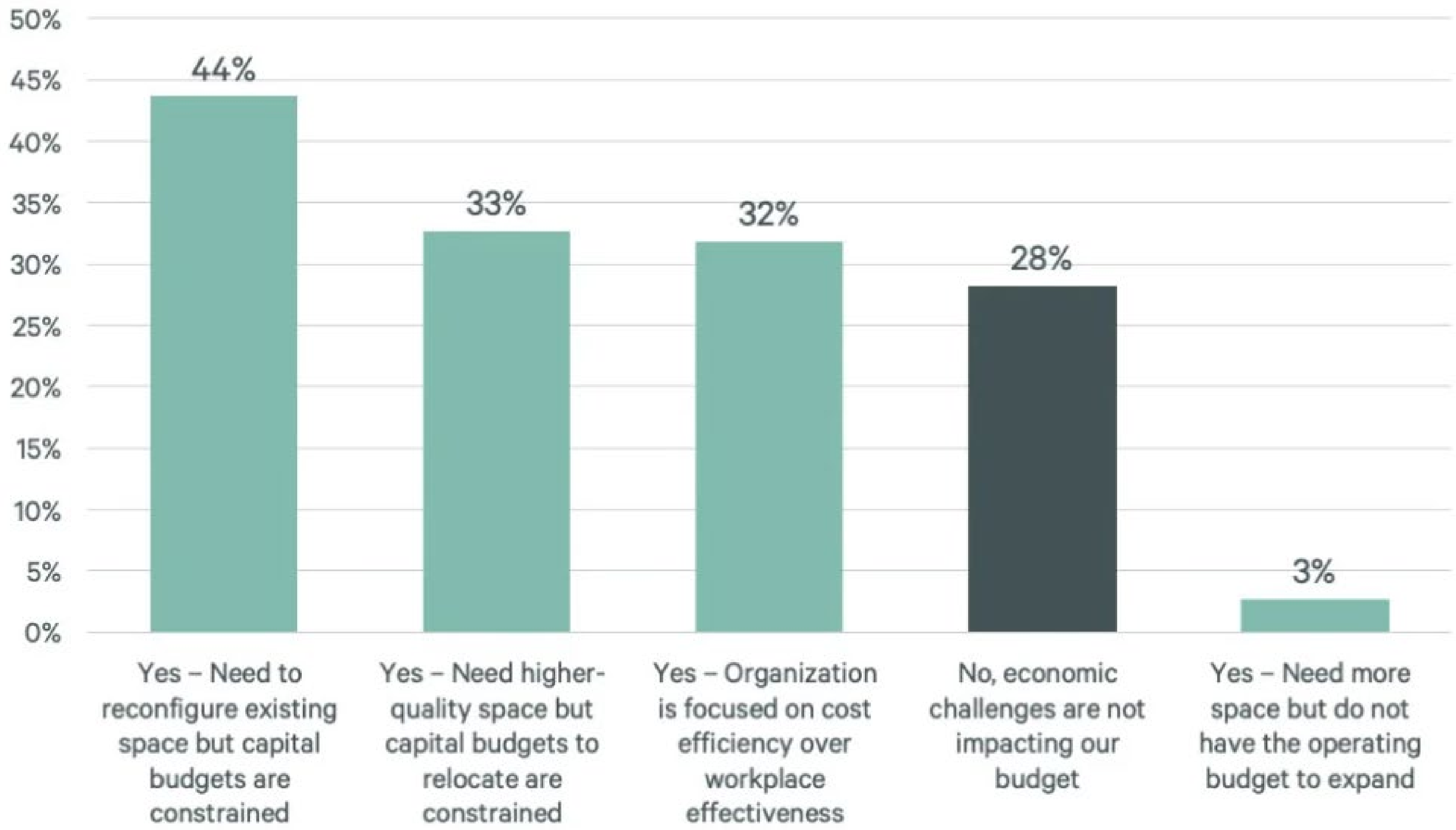
Source: CBRE Research, 2025 Americas Occupier Sentiment Survey, Q2 2025.

Figure 6: Strategies for Amending Workplace Experience



Source: CBRE Research-CoreNet Occupier Survey, Q4 2024.

Figure 7: Are economic circumstances a challenge to create the future of the office?



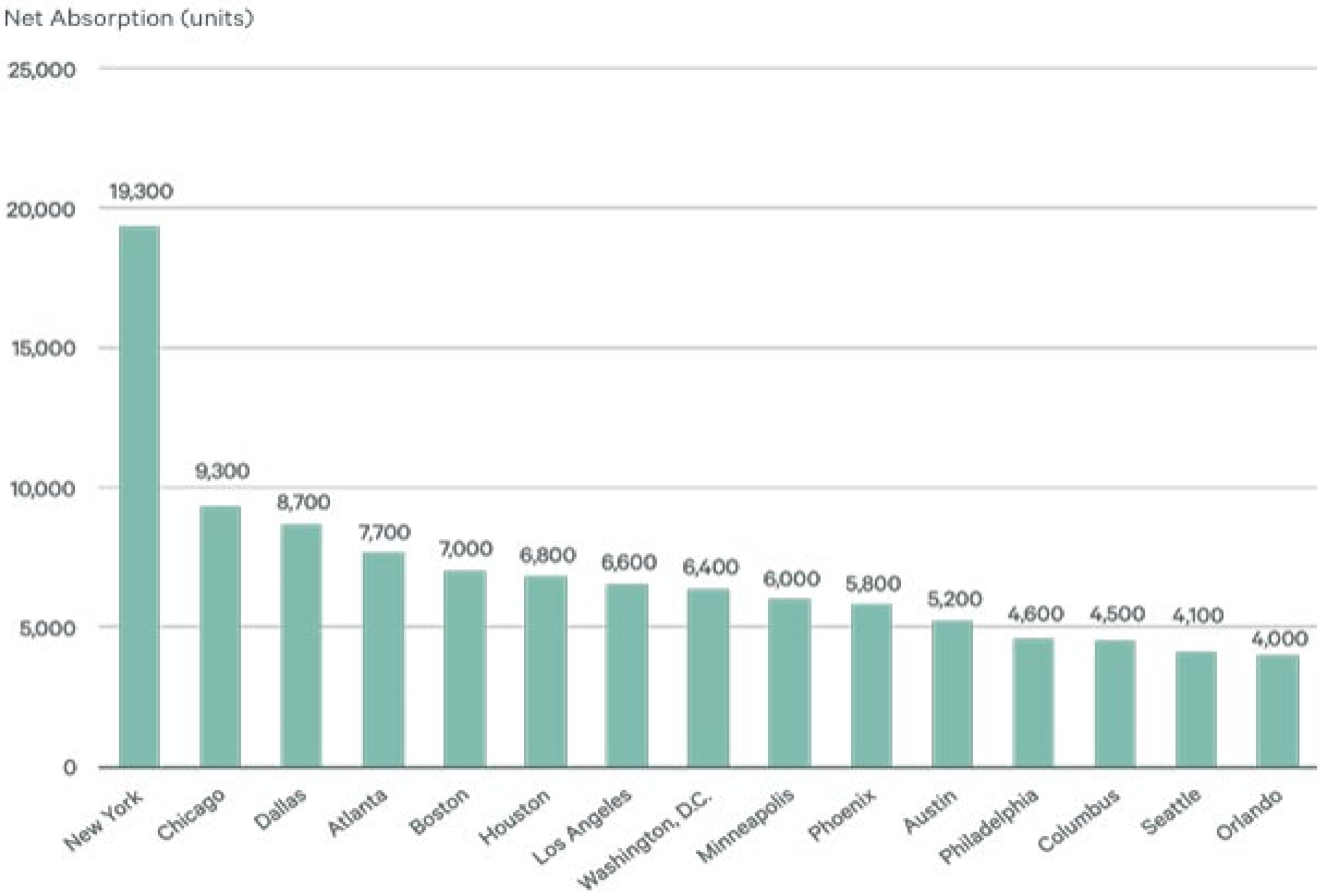
Source: CBRE Research-CoreNet Occupier Survey, Q4 2024.

06

Multifamily

Figure 2
Top 15 markets for Q2 net absorption

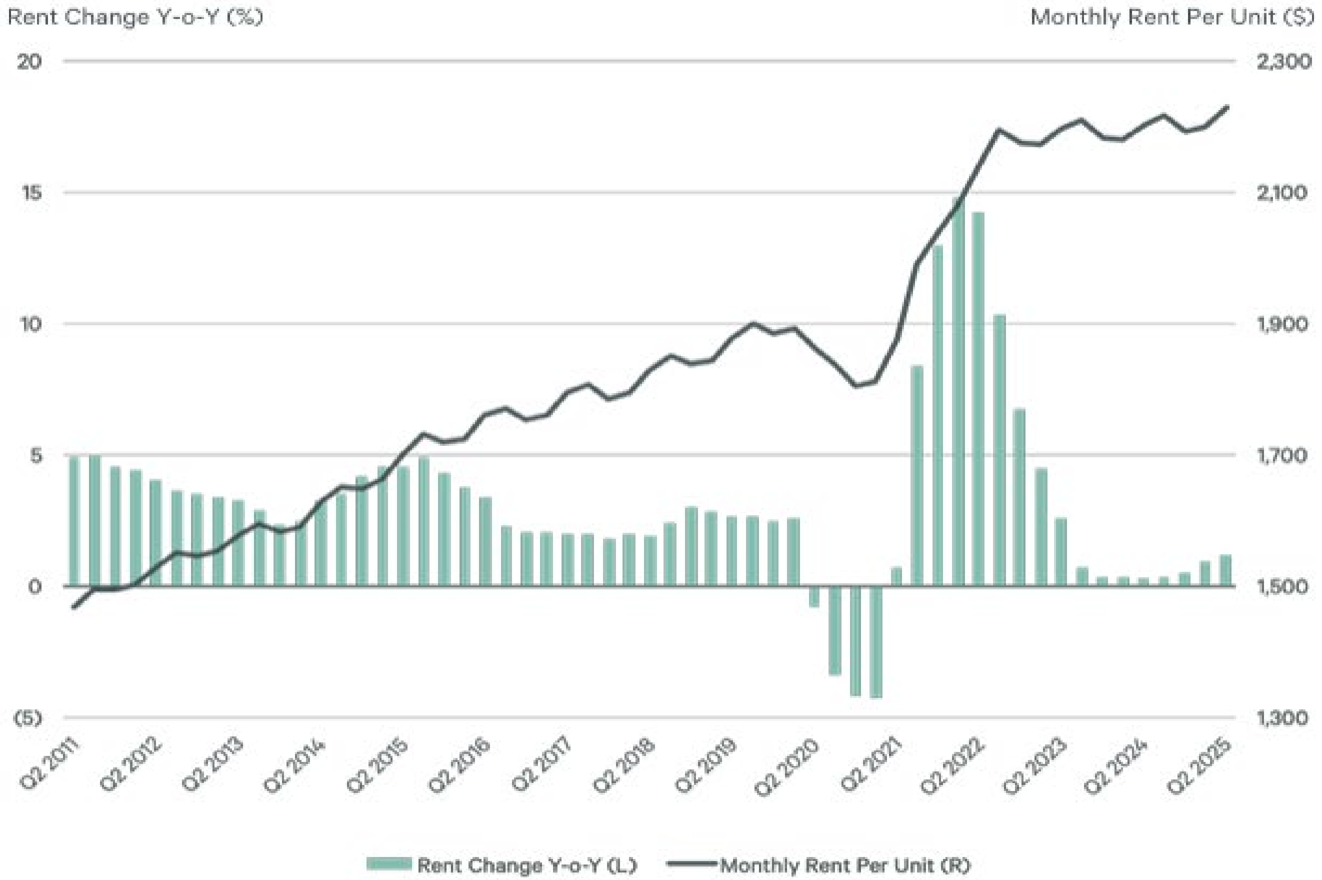
- All 69 markets tracked by CBRE had positive net absorption in Q2, led by New York (19,300 units), Chicago (9,300) and Dallas (8,700).
- All markets recorded positive annual net absorption, led by New York (69,200 units), Dallas (33,300) and Houston (28,400). Sixty-six had year-over-year increases in annual net absorption.
- On a trailing-four-quarter basis, Sun Belt markets continued to outperform with the highest absorption rates as a percentage of total inventory, led by Raleigh (8.1%), Austin (7.4%) and Charlotte (7.2%).



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Figure 6
Average rent grows by 1.2%

- Average monthly rent increased by 1.2% year-over-year and 1.3% quarter-over-quarter to $2,228. This is the first quarter rent has grown by more than 1% since Q2 2023.
- As negative rent growth continues to recede in markets with substantial new supply, overall average annual rent growth and occupancy levels will likely improve.



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

MARKETBEAT

ORLANDO
MULTIFAMILY Q2 2025

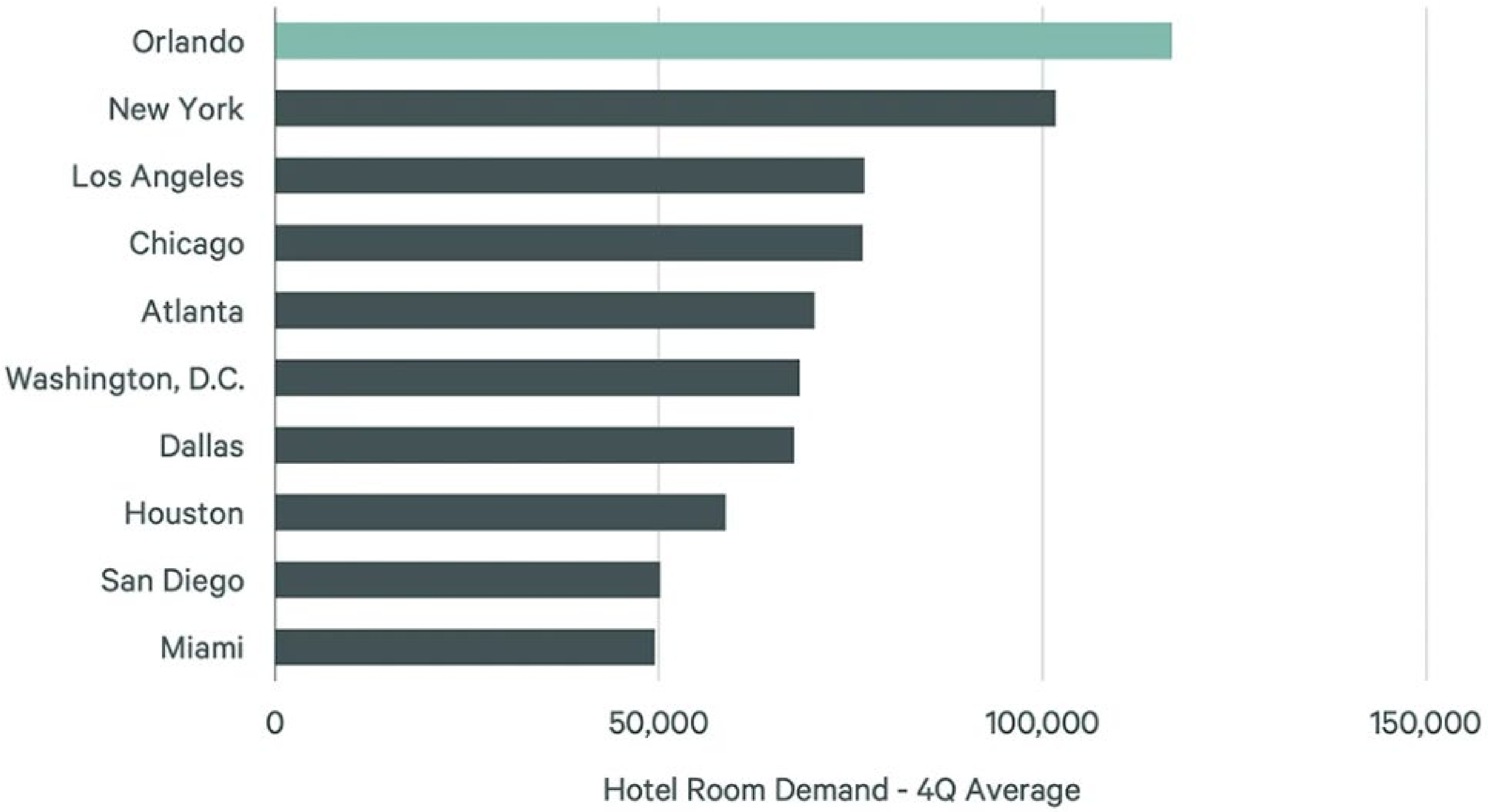
MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YOY % ADDED TO INVENTORY	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	AVG EFFECTIVE RENT / UNIT	YOY % EFFECTIVE RENT GROWTH
Downtown Orlando	12,082	345	2.9%	0	232	94.7%	$2,028	1.7%
East Orlando	22,034	0	0.0%	452	125	93.0%	$1,711	-0.2%
East Outlying	3,384	0	0.0%	252	85	94.6%	$2,043	0.9%
Eastside	11,949	223	1.9%	590	58	94.3%	$1,830	-1.4%
I-Drive Orlando	37,361	637	1.7%	4,125	1,170	91.7%	$1,891	-2.0%
Lake Nona	9,537	1,374	14.4%	761	390	90.2%	$2,047	-3.5%
North Orlando	38,416	662	1.7%	664	453	92.4%	$1,755	-1.2%
Northwest Orlando	12,436	928	7.5%	1,187	865	93.2%	$1,815	1.5%
South Orlando	28,517	252	0.9%	1,306	371	93.4%	$1,641	-0.4%
Southwest Orlando	23,267	1,752	7.5%	2,365	1,356	92.2%	$1,809	-2.5%
West Orlando	17,049	0	0.0%	300	133	92.1%	$1,607	-1.4%
Windermere	5,645	0	0.0%	260	250	93.6%	$2,036	-3.8%
ORLANDO TOTAL	**221,677**	**6,173**	**2.8%**	**12,262**	**5,488**	**92.7%**	**$1,801**	**-1.2%**

02

Hotel Performance

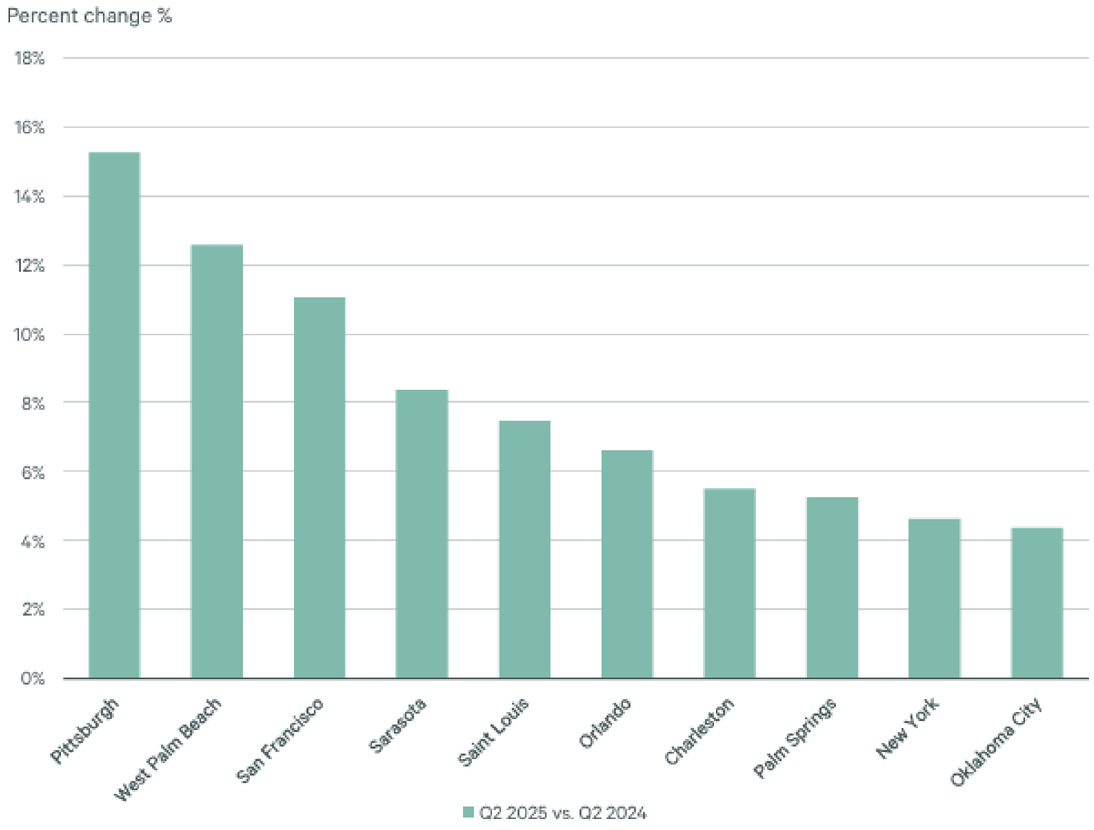
Figure 3: Top U.S. Markets for Hotel Room Demand



Source: CBRE Econometric Advisors, Q4 2023.

Figure 9
Top 10 markets for year-over-year RevPAR growth

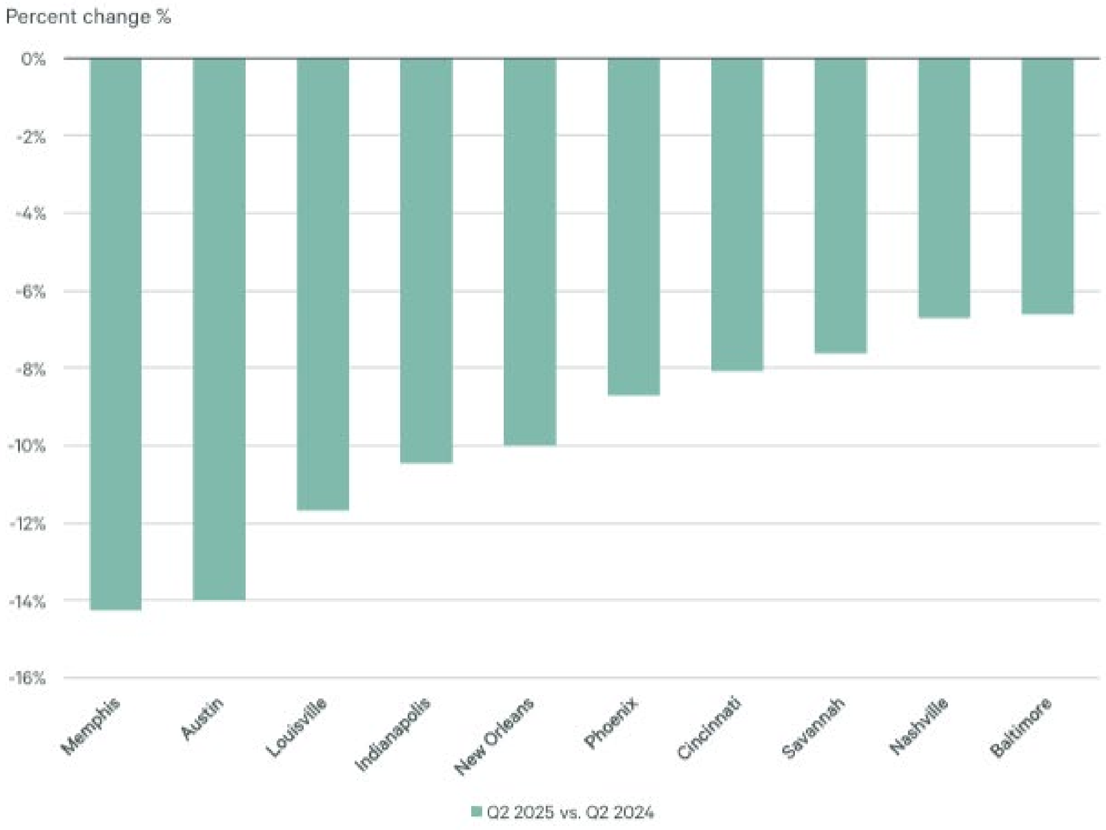
- Increased hotel rates during the U.S. Open in June drove a 15% gain in Q2 RevPAR for Pittsburgh.
- West Palm Beach RevPAR growth of 13% was enhanced by increased hotel stays during President Trump's frequent visits to Mar-a-Lago.
- San Francisco recorded 11% RevPAR gains, due to a busier conference schedule in 2025.
- Five of the top 10 markets were leisure destinations (West Palm Beach, Sarasota, Orlando, Charleston and Palm Springs).



Source: CBRE Hotels Research, CoStar, Q2 2025.

Figure 10
Bottom 10 markets for year-over-year RevPAR growth

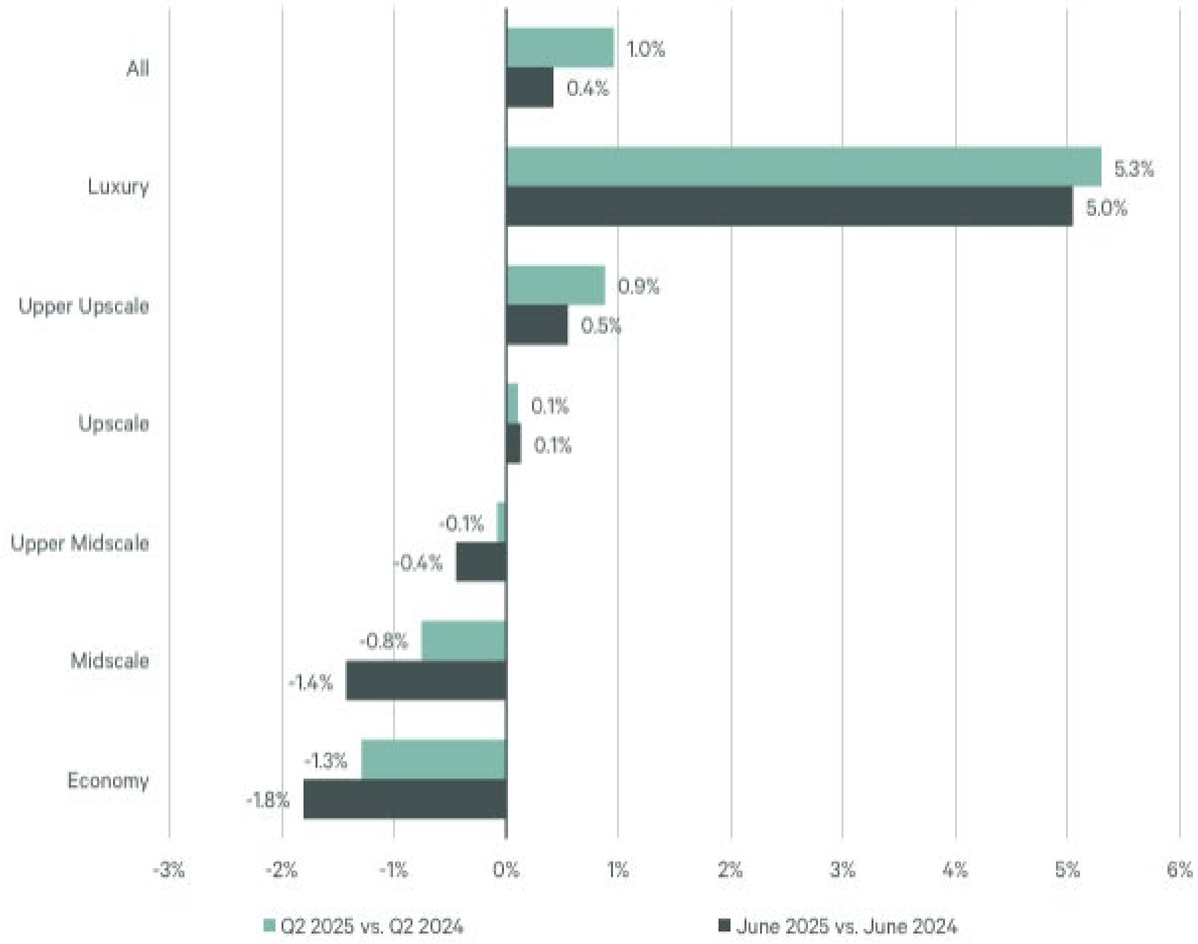
- Weaker Q2 RevPAR in Memphis (-14%), Austin (-14%) and Indianapolis (-10%) reflected occupancy declines compared with Q2 2024, which were enhanced by the solar eclipse.
- Louisville's 12% decline in Q2 was likely the result of increased rates during last year's 150th Kentucky Derby and PGA Championship events.
- The remaining bottom six markets recorded RevPAR declines ranging from -10% in New Orleans to -7% in Baltimore.



Source: CBRE Hotels Research, CoStar, Q2 2025.

Figure 8
ADR change vs. 2024 by chain scale

- ADR increased by 1.0% year-over-year in Q2 but slowed to 0.4% in June from 1.8% in April.
- Luxury chains had the greatest ADR growth in Q2, up by 5.3% year-over-year. ADR declined year-over-year for upper-midscale (-0.1%), midscale (-0.8%) and economy (-1.3%) chains.



Source: CBRE Hotels Research, CoStar, Q2 2025.

Figure 2
Average hourly hotel wage rises by 3.4%

- The average hourly hotel wage grew by 3.4% year-over-year in Q2 but was $11 less than the national average wage.

Source: CBRE Hotels Research, U.S. Bureau of Labor Statistics, Q2 2025.

Member Contribution to Occupancy

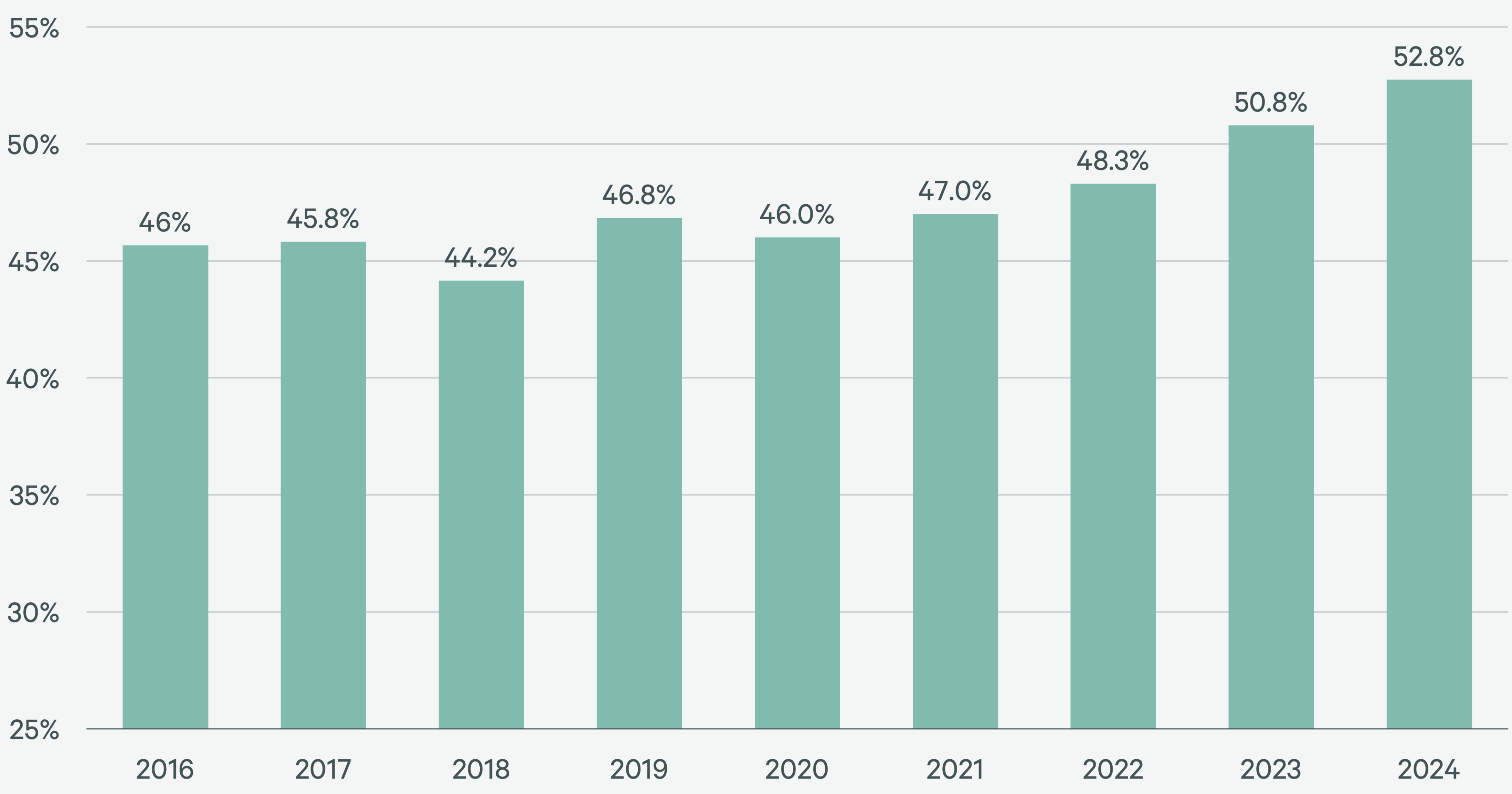
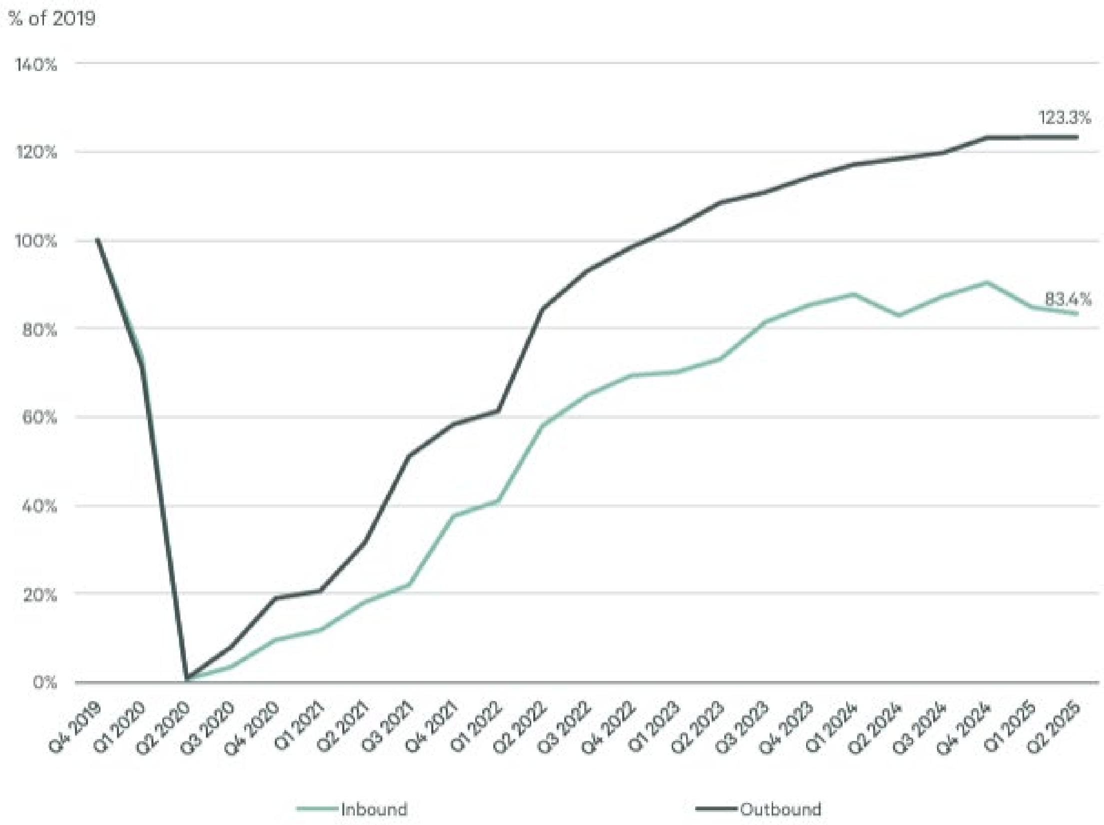


Figure 6
Inbound & outbound international travelers vs. 2019

- Inbound international travel volume rose slightly to 83.4% of 2019 levels in Q2 compared with 83.0% a year ago. Outbound international travel growth continued to outpace inbound travel growth, increasing to 123.3% of 2019 levels in Q2.
- Inbound travel volumes fluctuated in Q2, with Easter driving an 8.0% year-over-year increase in April followed by decreases of 2.8% in May and 3.4% in June.



Source: National Travel & Tourism Office.

Figure 5
Cruise line, short-term rental & hotel demand vs. 2019

- Demand for short-term rentals and cruise lines in Q2 surpassed 2019 levels by 41% and 17%, respectively. Demand for traditional hotels was nearly 2% below the Q2 2019 level due to ongoing competition from alternative lodging sources.

Source: AirDNA, CoStar, Carnival Cruise Line, Norwegian Cruise Lines and Royal Cruise Line public filings.

07

Data Centers

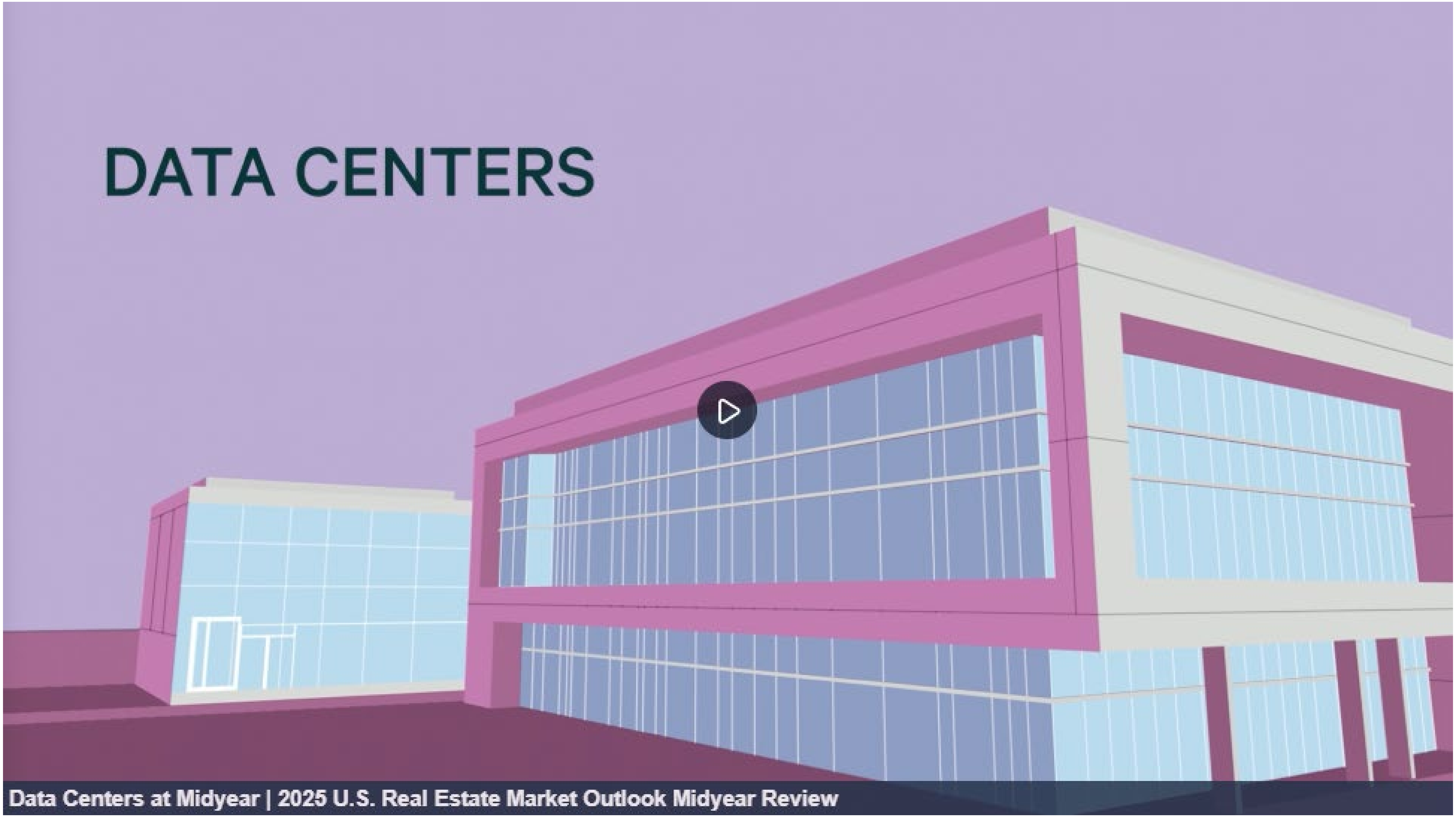
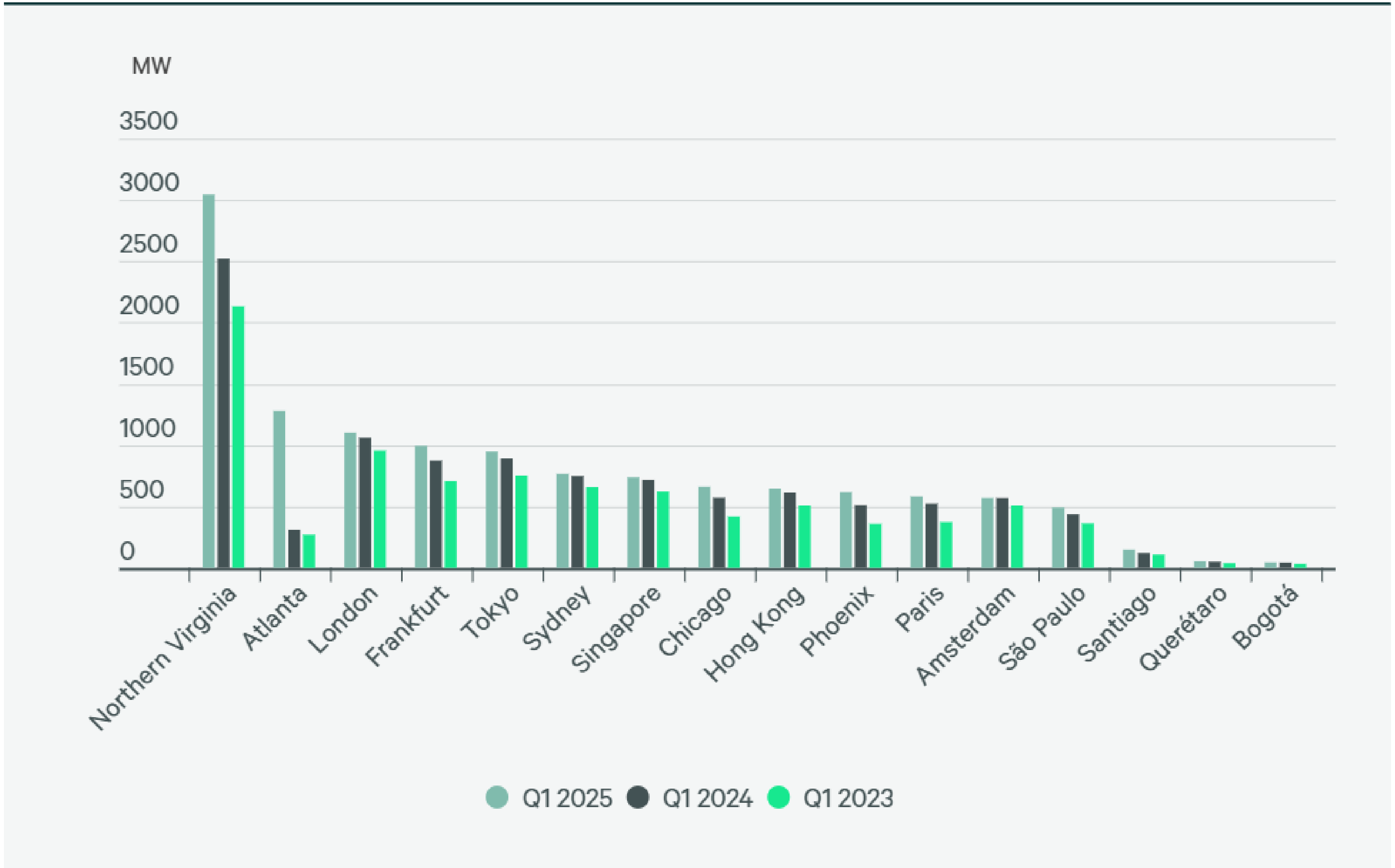
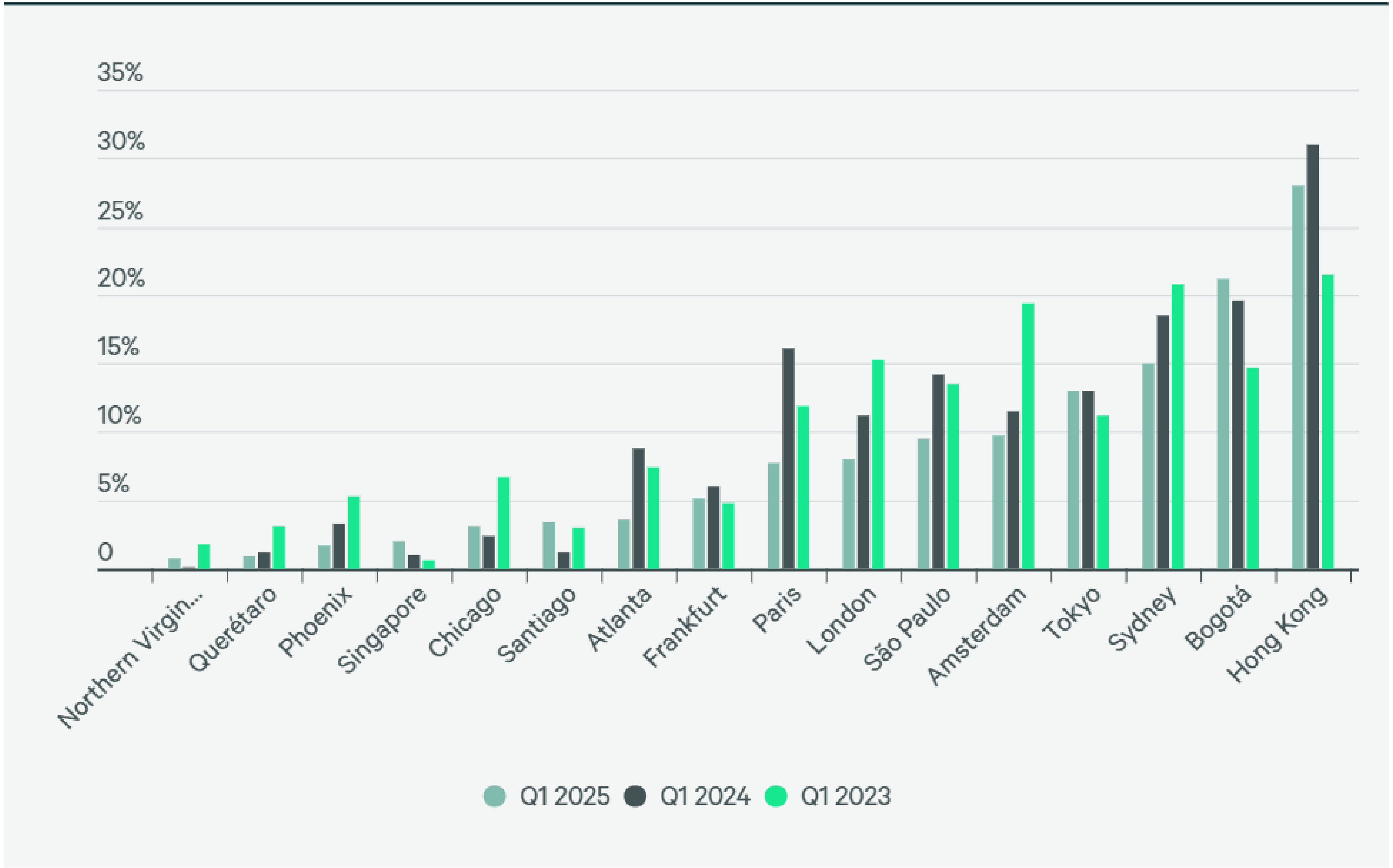

DATA CENTERS
Data Centers at Midyear | 2025 U.S. Real Estate Market Outlook Midyear Review

Figure 1: Data Center Inventory by Market



Source: CBRE Research, Q1 2025.

Figure 2: Data Center Vacancy Rate by Market

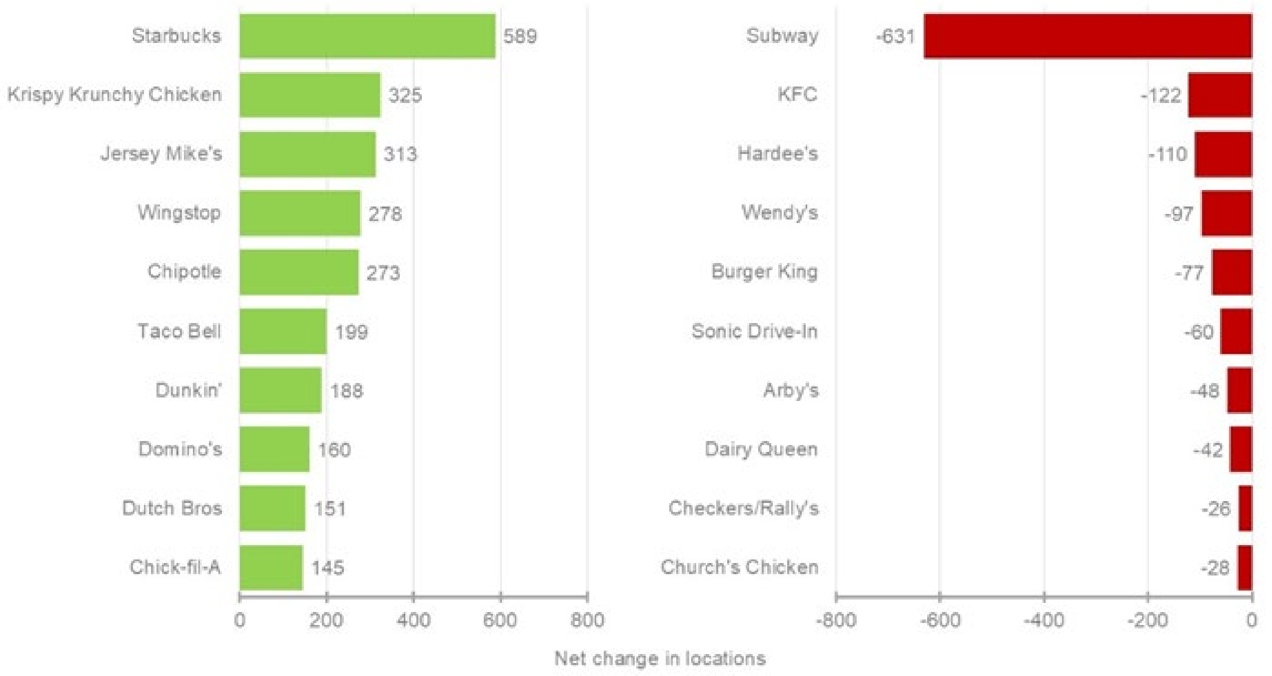


Source: CBRE Research, Q1 2025.

05

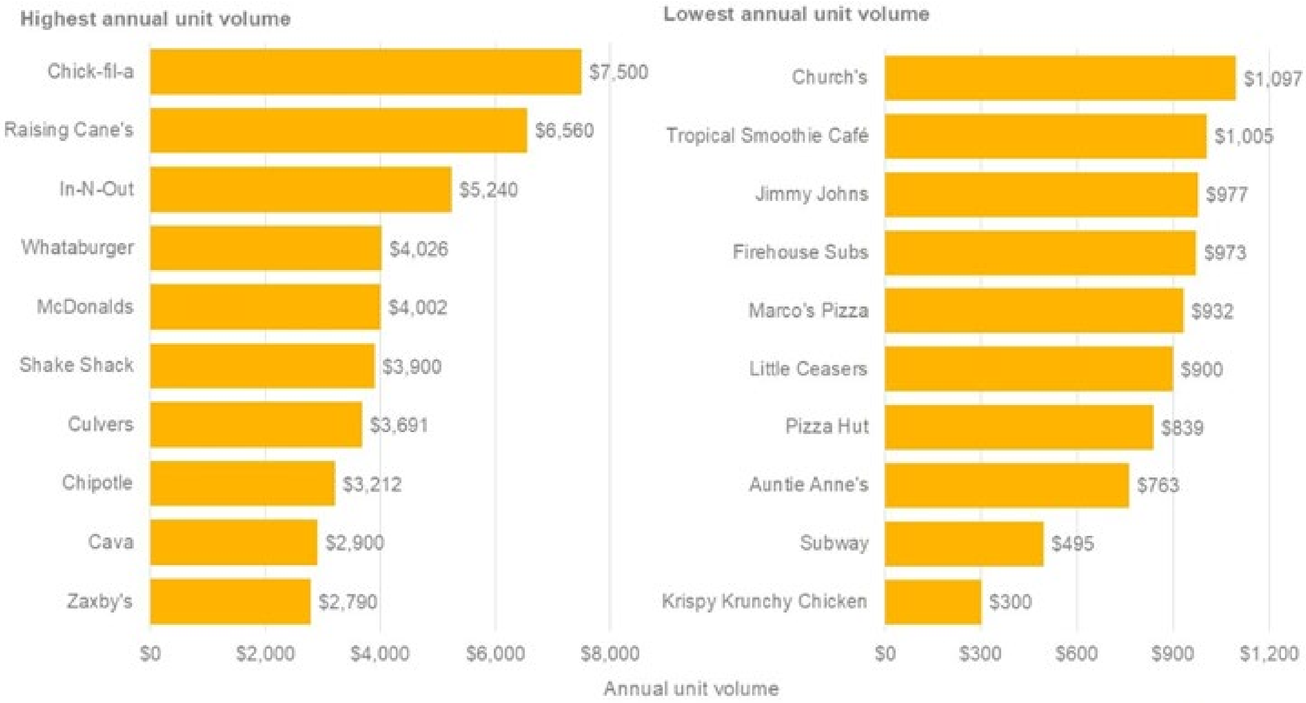
Retail

Coffee and Chicken are driving QSR growth



Source: QSR Magazine, CoStar, September 2025

It’s Chick-fil-A, Raising Cane’s, and then everyone else



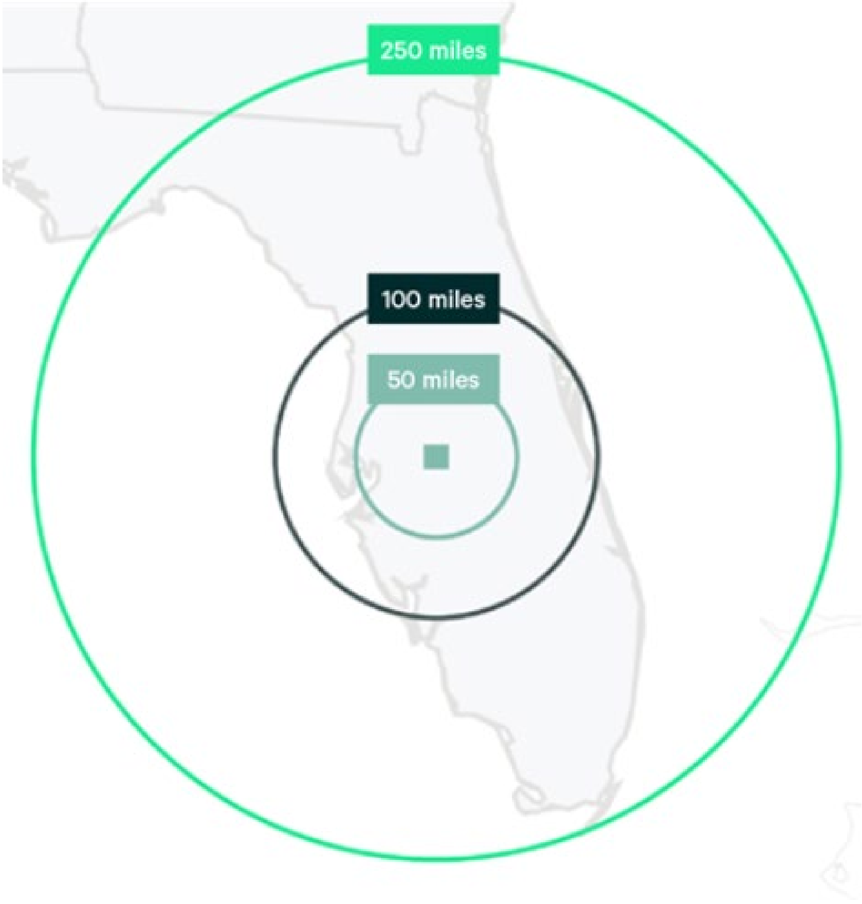
Source: QSR Magazine, CoStar, September 2025
Note: Annual unit volume represents the average sales per location and is reflected in thousands

CoStar

04

Industrial & Logistics

Distance from Central Florida Core	2023 Total Population	5 Year Growth Outlook
50 miles	4,362,689	5.0%
100 miles	9,985,875	4.0%
250 miles	22,384,439	3.1%



Source: CBRE Location Intelligence.

Year-to-date absorption nears 2 million square feet

9.1%
Vacancy Rate

1,703,080
SF Net Absorption

2,109,434
SF Under Construction

760,014
SF Deliveries

$9.27
Triple Net / Lease Rate

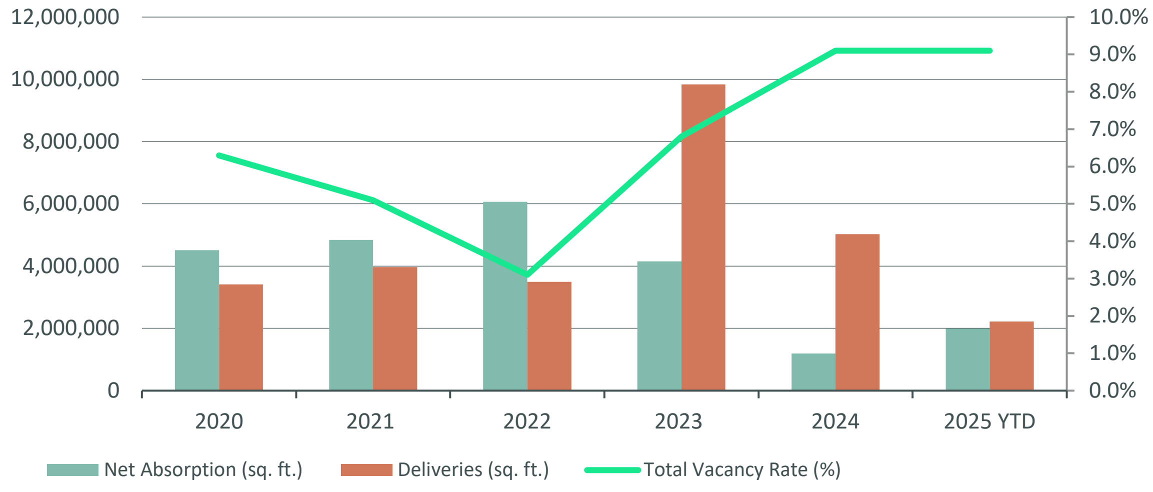
Note: Arrows indicate change from previous year.

OVERVIEW

- Total industrial vacancy dropped to 9.1%, a quarter over quarter fall of 70 basis points.
- Approximately 2.1 million square feet between 13 industrial projects are under construction with 20% of that square footage pre-leased.
- Average asking rates are seeing decent increases as bulk space is leased; up 7.2% year over year to $9.27 per square foot

The third quarter marked the strongest single-quarter absorption since Q4 2022, with Orlando recording over 1.7 million sq. ft. of space absorbed. This surge was largely fueled by activity in the Northwest Orlando submarket, where Ryder Logistics occupied nearly 1.2 million sq. ft. at Apopka 429, and Legendary Holdings moved into 283,170 sq. ft. at Orlando-Apopka Commerce Center. The leasing of these large blocks signals a gradual shift in market momentum, as key players regain confidence in a landscape that is beginning to stabilize following the construction boom of 2023–2024.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Momentum continued to build this quarter as several large transactions closed. The most significant lease signed was a 237,648 sq. ft. deal at NorthStar Logistics Center in Northwest Orange County, with occupancy anticipated in early 2026. Despite having the highest vacancy rate, this submarket also led the region in absorption, recording over 1.8 million sq. ft. this quarter. The second-largest lease was a 100,646 sq. ft. deal at 3610 W Main Street in Lake County, which saw immediate occupancy.

On the investment side, the largest sale of the quarter was TerraCap Management's disposition of a three-building portfolio at Central Florida Resource Center. LRC Properties acquired the 209,999 sq. ft. portfolio for $33.3 million, equating to $158 per sq. ft.

VACANCY

Orlando's vacancy rate declined by 70 basis points quarter-over-quarter, landing at 9.1%. However, compared to the same period last year, vacancy is up 40 basis points from 8.7% in Q3 2024. Looking ahead, the market is expected to tighten further as 1.1 million sq. ft. of pre-leased space prepares for occupancy and an additional 9.1 million sq. ft. of active tenant requirements continue to seek placement. Southwest Orange County remains the most constrained submarket, with an exceptionally low vacancy rate of 5.1% and no new construction currently underway.

PRICING

Asking rates across Orlando have continued their upward trend, reaching an average of $9.27 per square foot—a 7.2% increase year-over-year. Northeast Orange County leads the market with the highest average rate at $16.93 per square foot, driven primarily by a concentration of high-quality flex product that commands premium pricing compared to other submarkets.

FIGURE 2: Statistical Snapshot Q3 2025

Submarket	Total Inventory (Sq. Ft.)	Total Vacancy (%)	Q3 2025 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate ($/SF/NNN)
Lake	12,836,802	15.8	25,086	(37,375)	0	6.77
NE Orange	5,444,890	8.0	(5,940)	(81,889)	0	16.93
NW Orange	32,514,542	16.5	1,825,162	1,631,908	299,754	8.78
Osceola	8,084,961	5.3	96,845	188,959	220,000	11.03
Seminole	17,481,511	5.5	54,263	59,599	35,000	13.02
SE Orange	47,888,510	6.7	109,317	482,568	1,554,680	10.33
SW Orange	28,546,093	5.1	(401,653)	(252,341)	0	10.87
Orlando Total	152,797,309	9.1	1,703,080	1,991,429	2,109,434	9.27

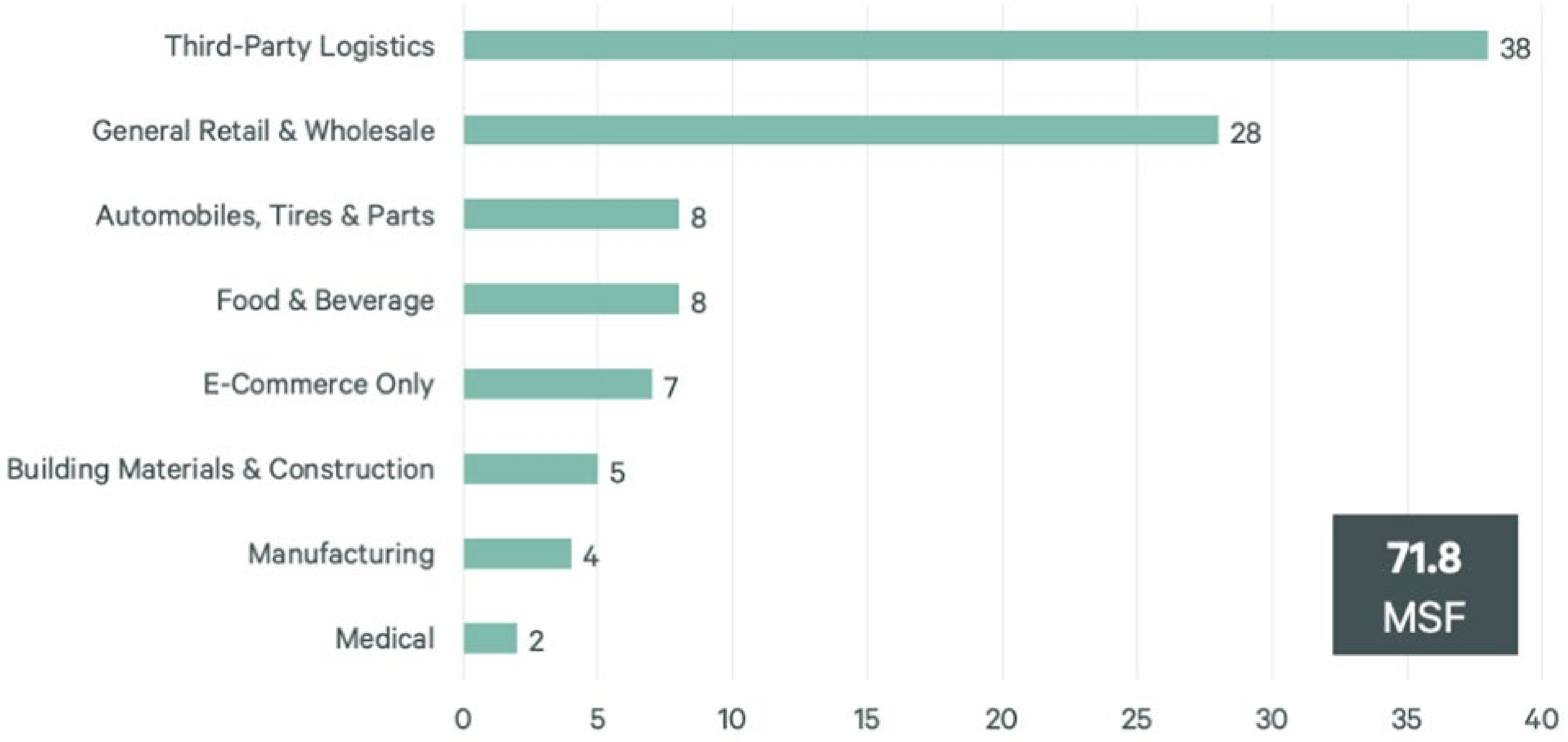
FIGURE 3: Notable Leases Q3 2025

Submarket	Property	Transaction (SF)
NW Orange	Northstar Logistics Center	237,648
Lake	3610 West Main Street	100,646
SE Orange	Boice Pond – Building 100	96,924

FIGURE 4: Notable Sales Q3 2025

Submarket	Property	Sale Price ($)	Transaction (SF)
Seminole	Central Florida Resource (3 Properties)	$33,250,000	209,999
NW Orange	1350 S Sheeler Road	$31,750,000	279,245
SE Orange	1801 Cypress Lake Drive	$23,000,000	168,515

Figure 1: Industry Share of Top 100 Industrial Leases in H1 2025

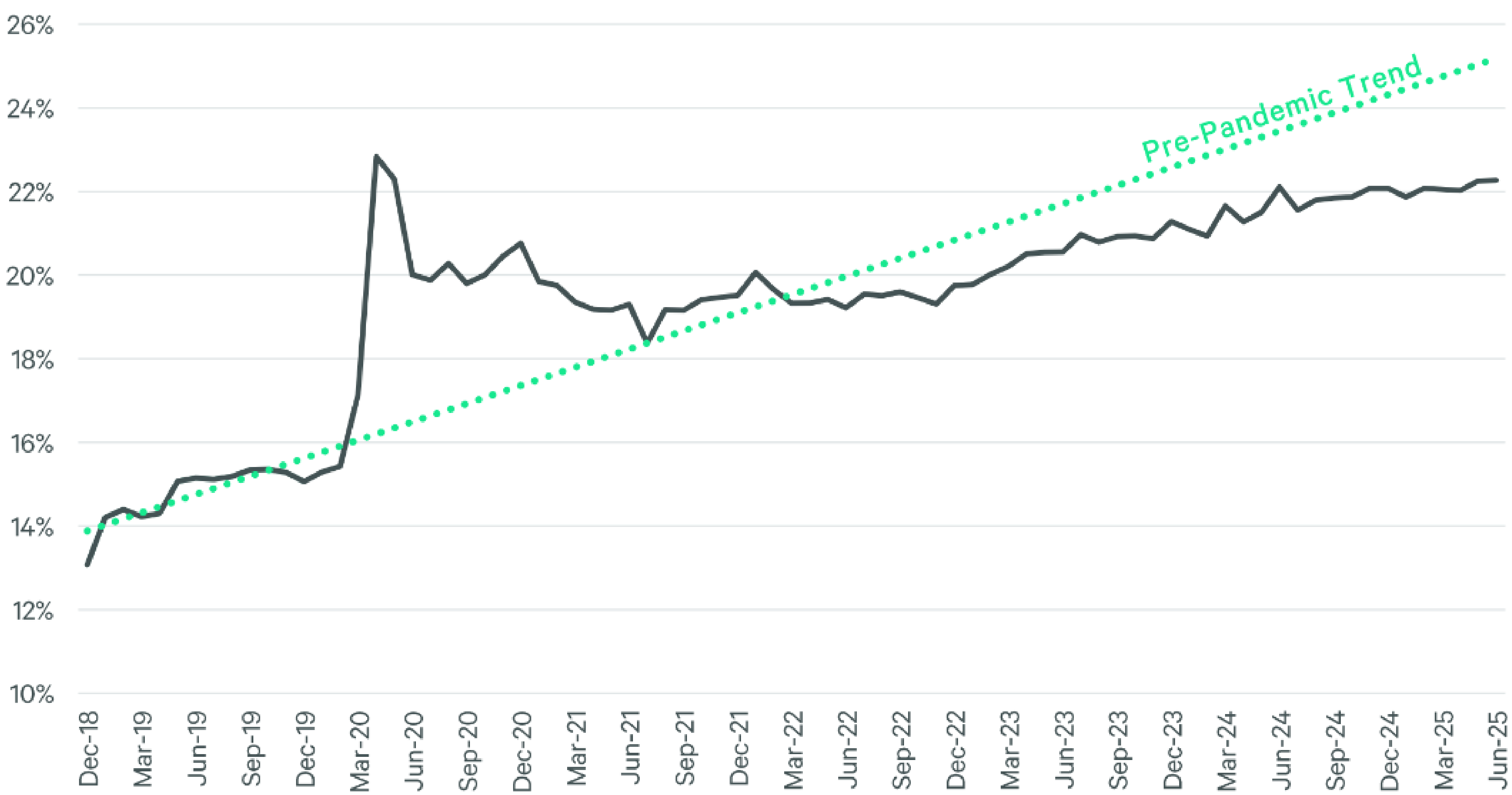


Source CBRE Research, July 2025.

E-commerce share of retail sales have plateaued.

Retail Sales Share* by Pure-Play E-commerce Retailers

% of Retail Sales by Type



*Electronic shopping share of retail sales excluding auto, auto parts and gas.
Source: St. Louis FRED, Q2 2025.

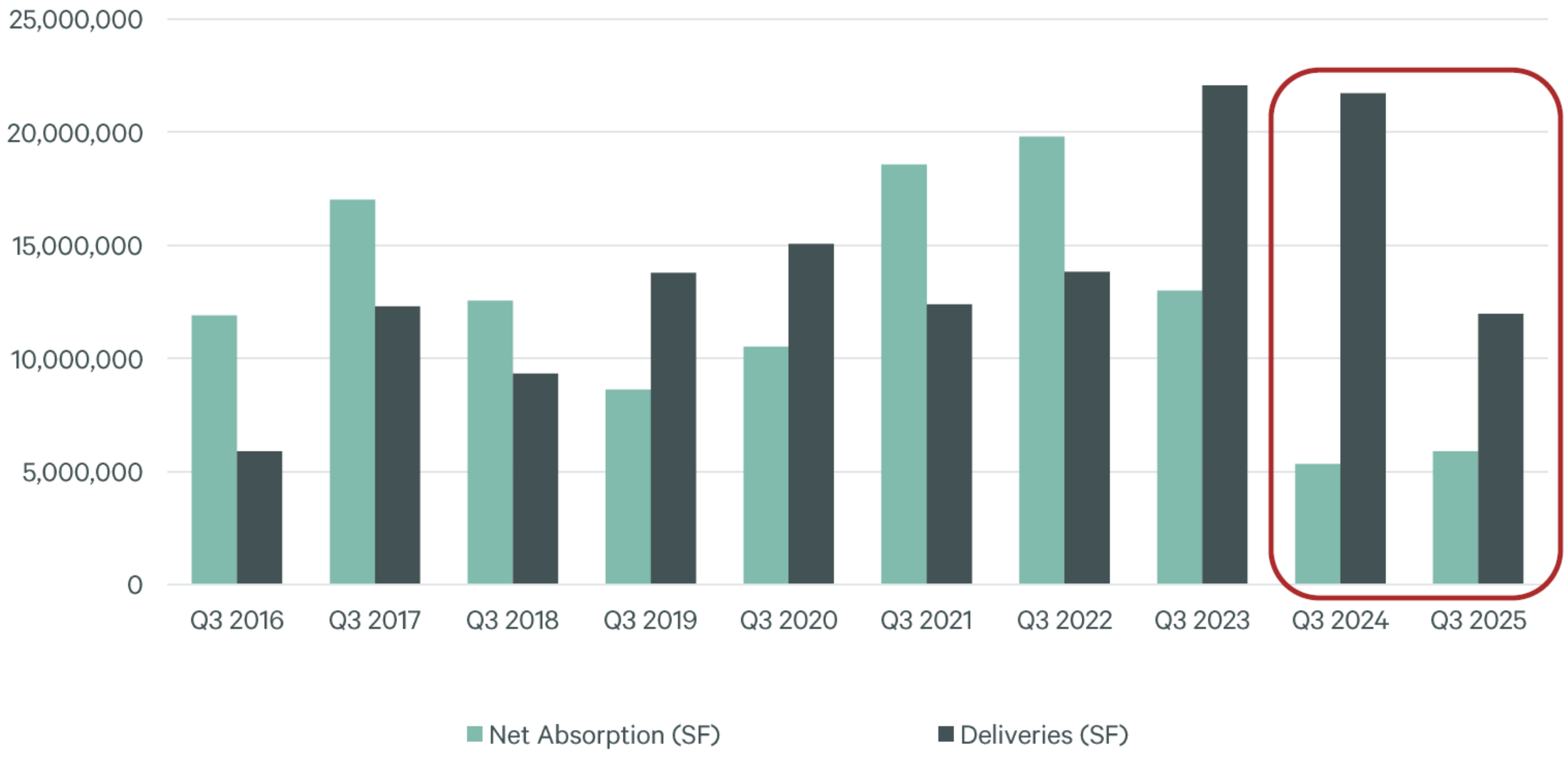
Supply continues to outpace demand

Deliveries have consistently outpaced net absorption over the past three years, reflecting the wave of speculative projects that hit the market post-pandemic.

While absorption kept pace with new supply through much of 2020-2022, momentum began to ease in 2023 and 2024 as tenant move-ins slowed, and vacancy climbed modestly.

The 2025 year-to-date figure shows a continued cooling in demand, with absorption well below the recent peaks, suggesting a period of market normalization following several years of record development.

Deliveries & Net Absorption (through Q3 each year)

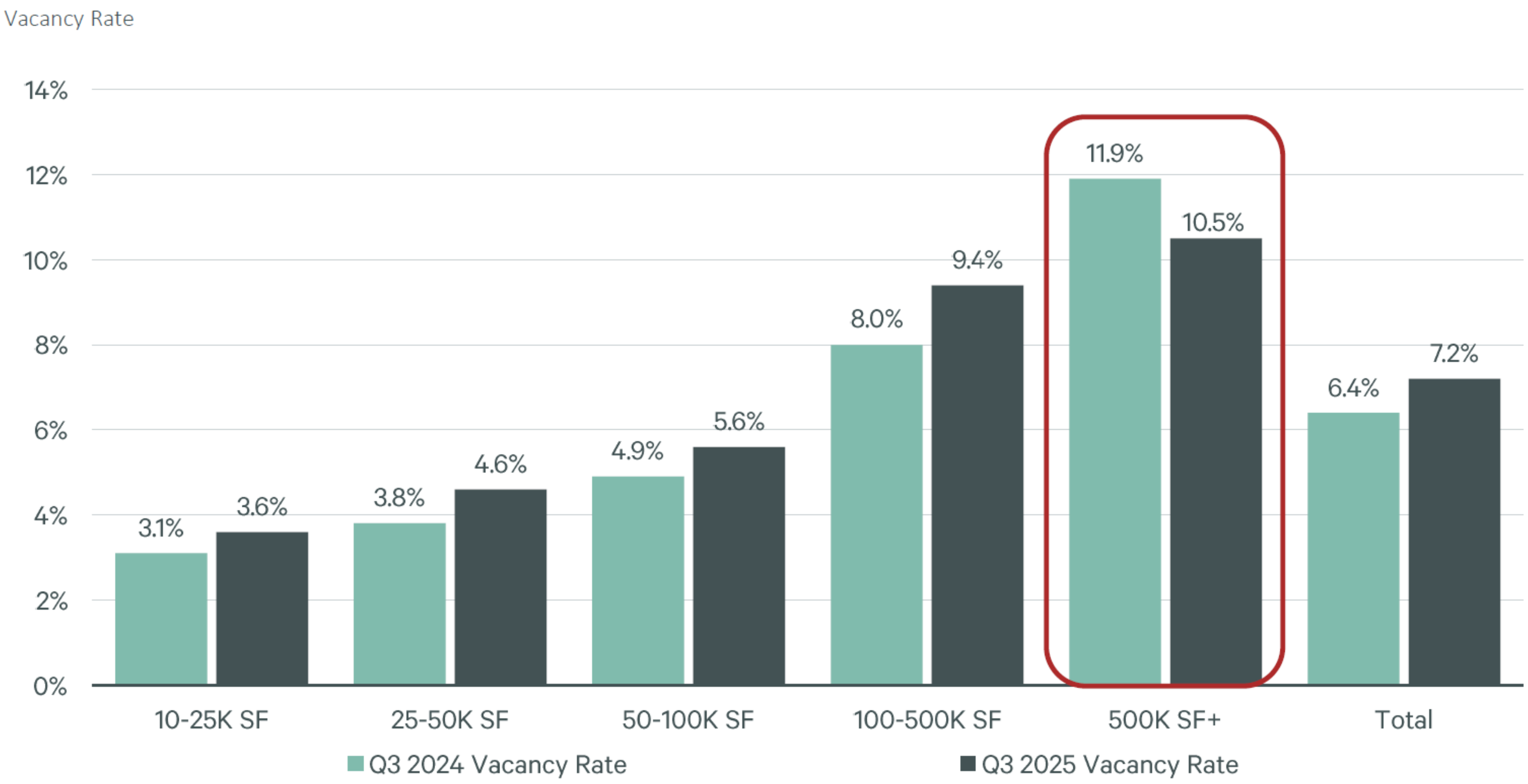


Source: CBRE Research, Q3 2025

Large spaces facing more pressure

Vacancy rates have increased across most size categories over the past year, with the largest rise occurring in the 100,000–500,000 sq. ft. range. This segment continues to feel the effects of elevated new supply and slower lease-up activity, as developers deliver a growing number of mid- and large-bay projects to the market.

In contrast, smaller spaces under 50,000 sq. ft. remain relatively tight, supported by steady demand from local and regional users. Overall, vacancy trends indicate that the current imbalance between supply and demand is most concentrated among larger blocks of space, while small-bay product continues to perform well.



Source: CBRE Research, Q3 2025

Statistical Snapshot Q3 2025

Market	Bldg. Count	Total Inventory (SF)	Total Vacancy Rate (%)	Q3 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Under Construction (SF)	Q3 2025 Deliveries (SF)	2025 YTD Deliveries (SF)	Avg. Asking Lease Rate ($/NNN)
Jacksonville	1,462	130,840,792	8.7	458,156	236,680	4,303,298	1,529,674	3,109,878	8.67
Polk	504	65,209,175	7.3	1,478,836	2,379,849	2,389,635	191,800	942,555	8.19
Orlando	2,645	152,797,309	9.1	1,703,080	1,991,429	2,109,434	760,014	2,222,358	9.27
Tampa	3,454	166,223,693	6.9	243,033	376,097	4,158,443	409,707	2,748,607	10.61
Miami	5,370	247,783,222	6.3	345,056	706,850	4,978,339	107,632	2,078,618	16.39
Broward	2,414	105,975,543	5.2	42,871	40,724	802,831	708,812	750,812	16.16
Palm Beach	1,374	53,118,458	6.9	138,040	161,384	1,422,305	69,963	119,985	14.84
Florida Total	17,223	921,948,192	7.2	4,409,072	5,893,013	20,164,285	3,777,602	11,972,813	11.91

Source: CBRE Research, Q3 2025

Thank you!