

Orlando

State of the Market Update

OFFICE
INDUSTRIAL

October 2025

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U.S. economic headlines

Top employment growth downward revisions

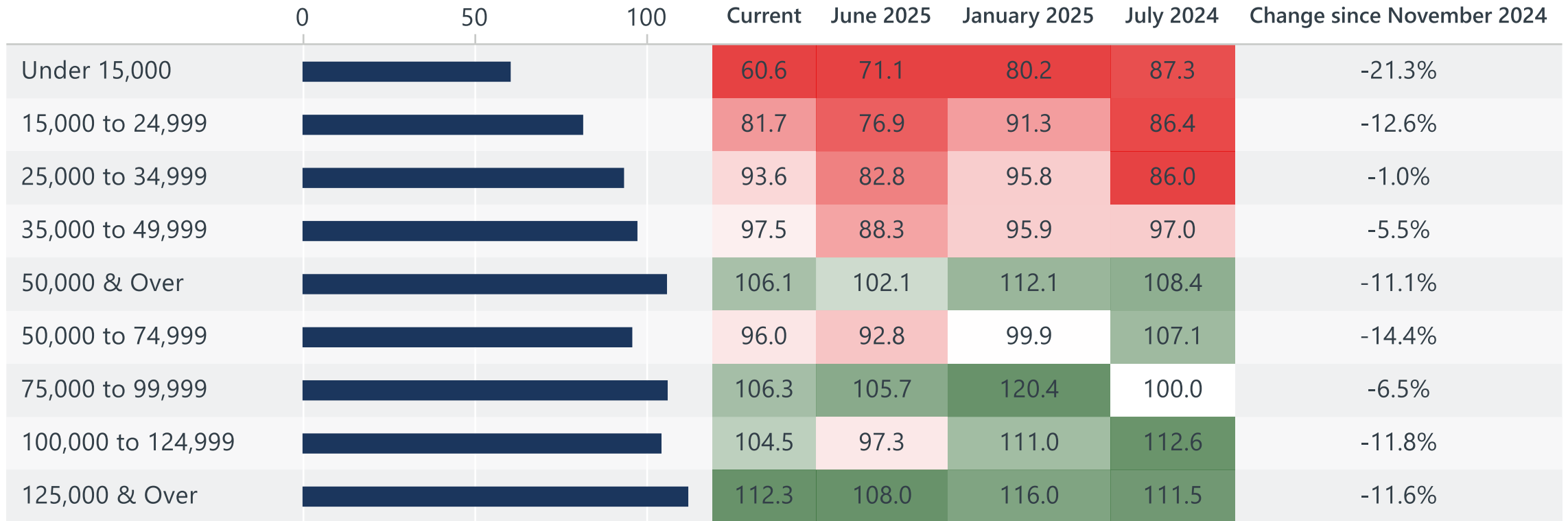
MSA	Level*	%
Orlando-Kissimmee-Sanford	-35.2	-2.4%
Urban Honolulu	-8.5	-1.8%
Oklahoma City	-12.5	-1.8%
Fresno	-7.7	-1.8%
Detroit-Warren-Dearborn	-31.3	-1.6%
Tulsa	-6.2	-1.3%
Seattle-Tacoma-Bellevue	-26.9	-1.3%
Jacksonville	-10.7	-1.3%
Charlotte-Concord-Gastonia	-14.9	-1.1%
San Diego-Chula Vista-Carlsbad	-13.2	-0.9%
Portland-Vancouver-Hillsboro	-11.6	-0.9%
Cleveland	-10.2	-0.9%

MSA	Level*	%
Virginia Beach-Chesapeake-Norfolk	-6.5	-0.8%
Salt Lake City	-5.5	-0.7%
Nashville-Davidson-Murfreesboro	-7.9	-0.7%
New Orleans-Metairie	-3.0	-0.6%
Milwaukee-Waukesha	-4.9	-0.6%
Louisville/Jefferson County	-3.9	-0.6%
Las Vegas-Henderson-North Vegas	-6.6	-0.6%
Raleigh-Cary	-4.0	-0.5%
Tampa-St Petersburg-Clearwater	-5.9	-0.4%
San Francisco-Oakland-Fremont	-9.3	-0.4%
San Antonio-New Braunfels	-4.7	-0.4%
Pittsburgh	-5.3	-0.4%

Source: Bureau of Labor Statistics, September 2025

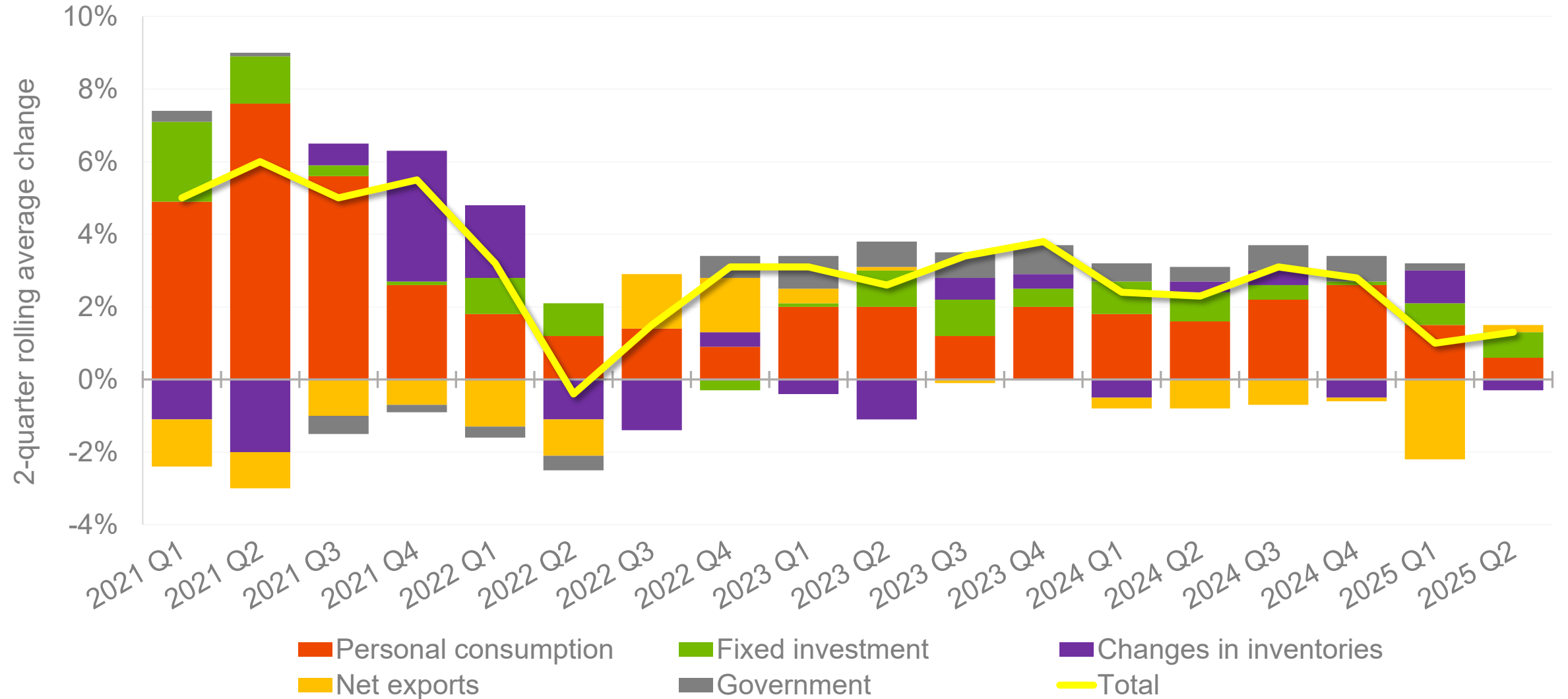
*In thousands

Confidence varies greatly by household income



Source: Conference Board

First-half GDP growth was its slowest since 2022



Source: Bureau of Economic Analysis, 2025Q2

Key national office trends

Key national office trends

Flight to quality and bifurcation in office demand

- Tenants are prioritizing high-quality, amenity-rich, well-located buildings, while commodity or lower-tier assets continue to struggle.

Leasing momentum and positive absorption in select markets

- Many REITs have reported robust leasing activity, with several seeing their strongest quarters since before the pandemic.
- Positive net absorption returning in some Sunbelt and gateway markets.

Shrinking supply and limited new construction

- New construction is at historic lows, and the demolition/conversion of obsolete office space is accelerating. This is expected to tighten supply and support rent growth in quality buildings.

Key national office trends

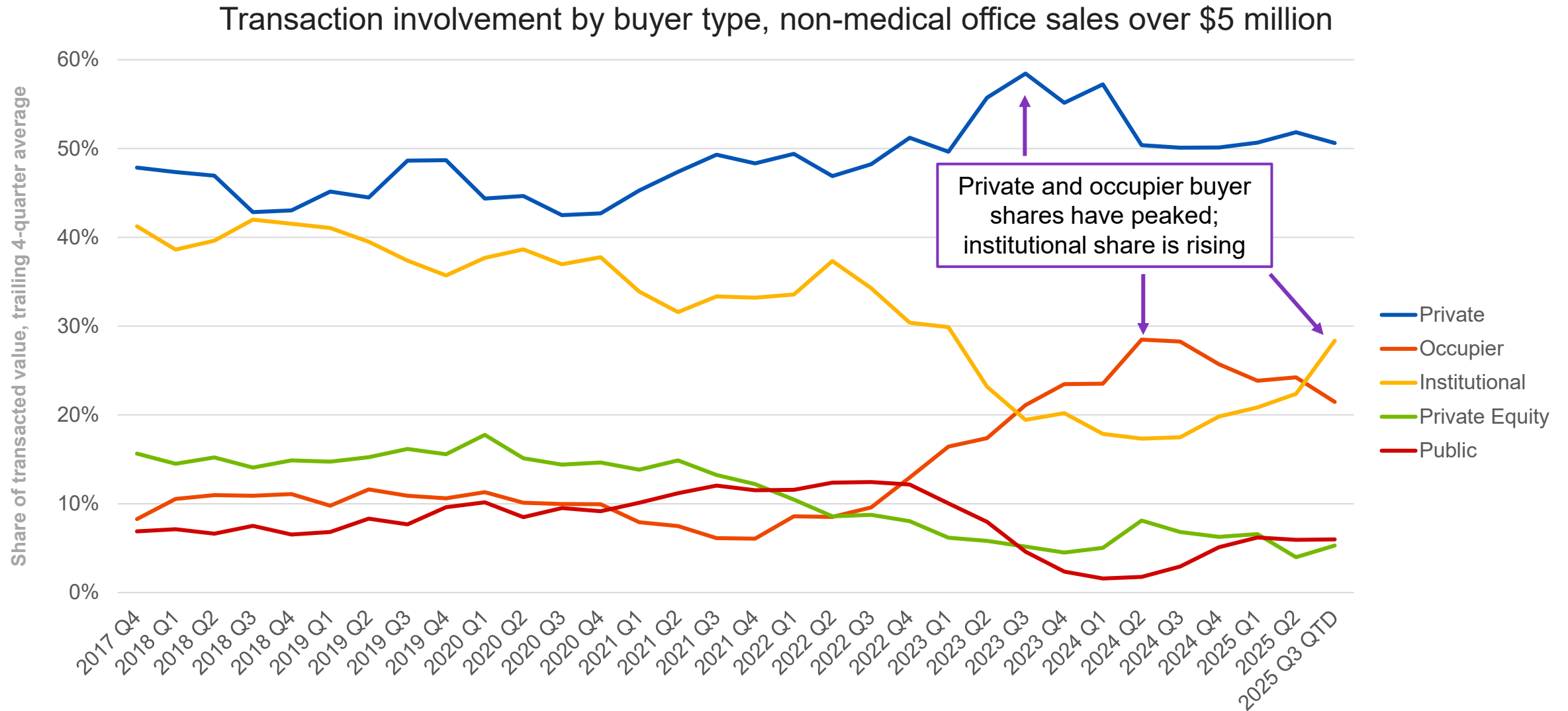
Return to office (RTO) and shifting utilization patterns

- There is a clear trend toward more in-person work, especially among large corporate tenants.
- Hybrid and remote policies are declining, and this is driving leasing decisions.

AI and tech as emerging demand drivers

- Both are driving a new wave of leasing, particularly on the West Coast, and this may offset some of the contraction from legacy tech.

Institutional buyers are beginning to come back



Orlando Office Update



Orlando's economic performance and forecast through 2027

	2022	2023	2024	2025	2026	2027
GDP	6.9	4.5	3.9	1.9	2.6	3.5
Personal disposable income	-3.4	7.3	4.5	2.9	2.7	4.7
Employment (not yet revised)	9.0	4.4	2.6	2.2	0.9	1.4
Unemployment rate, %	3.0	2.9	3.2	3.7	3.8	3.4
Population	2.7	2.9	2.7	1.9	1.3	1.3
Consumer spending	6.1	4.6	4.0	3.4	2.3	3.1
Average weekly wage	4.2	4.2	4.6	5.7	5.2	4.6

Source: BEA, BLS, US Census Bureau, Oxford Economics
Annual percentage changes

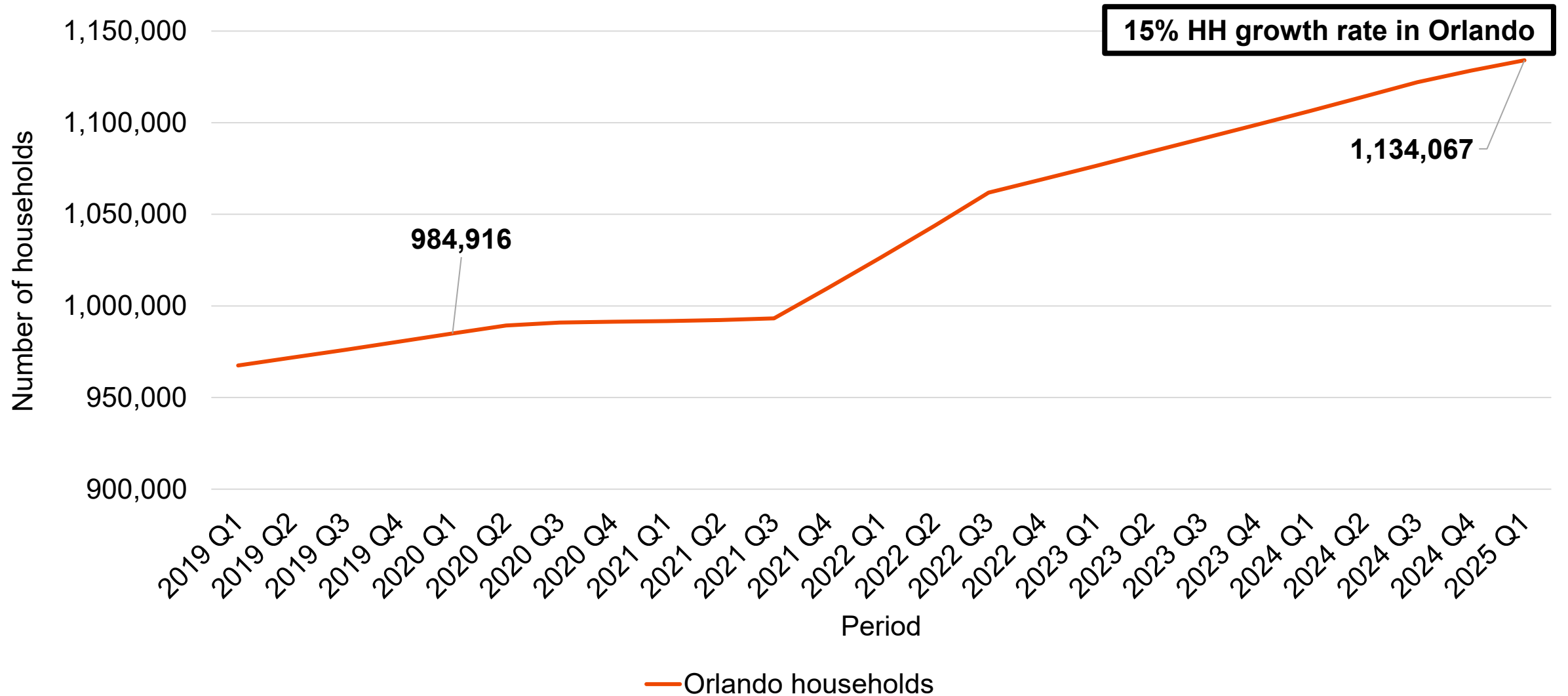
Population growth by county

	Lake County	Orange County	Osceola County	Seminole County
Population estimate on July 1, 2024	444,204	1,533,646	468,058	494,605
Population estimate on April 1, 2020	383,964	1,429,910	388,661	470,852
% Change	15.7%	7.3%	20.4%	5.0%
Population on April 1, 2010	297,052	1,145,956	268,685	422,718
% Change	49.5%	33.8%	74.2%	17.0%

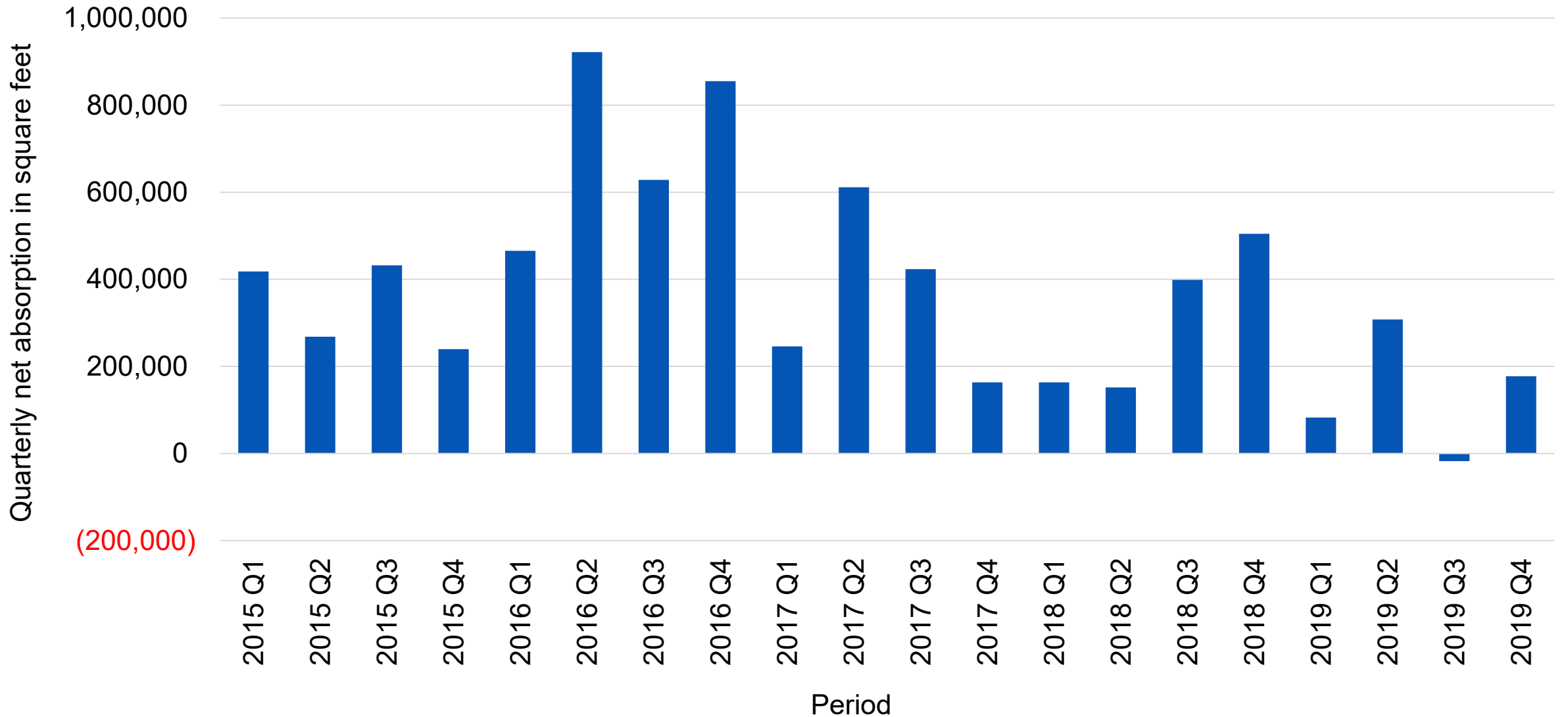


Source: U.S. Census Bureau

Household growth since the beginning of the pandemic

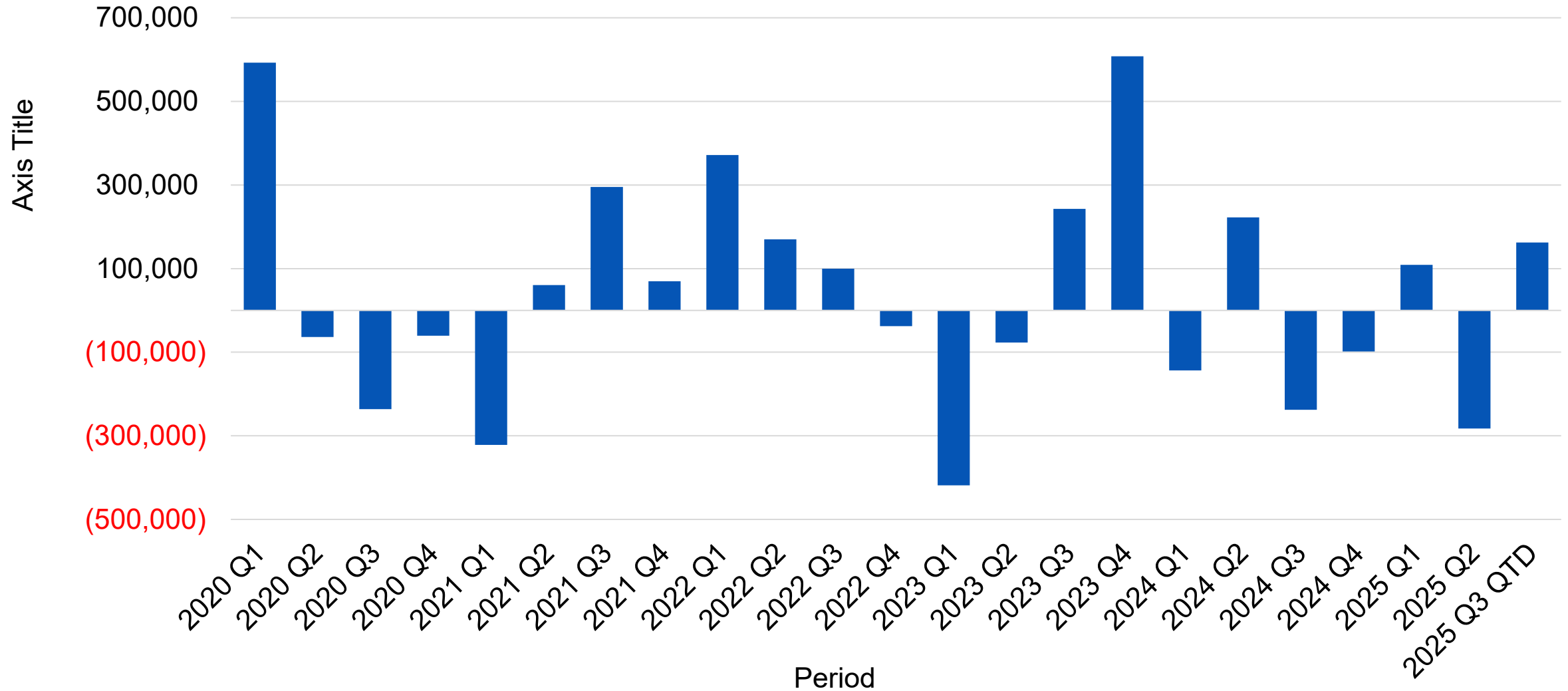


5-year pre-pandemic period quarterly absorption trend

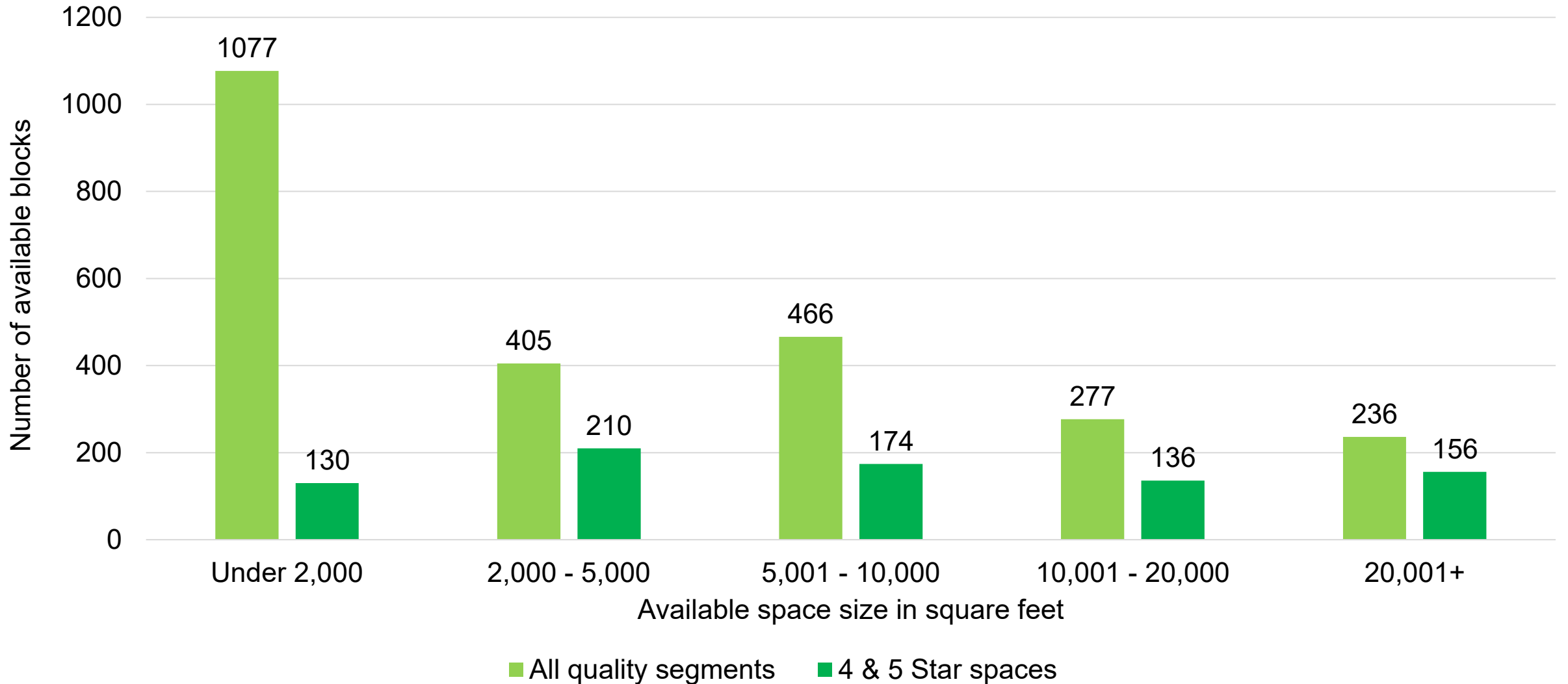


Source: CoStar, September 2025

Post Covid-19 quarterly absorption trend

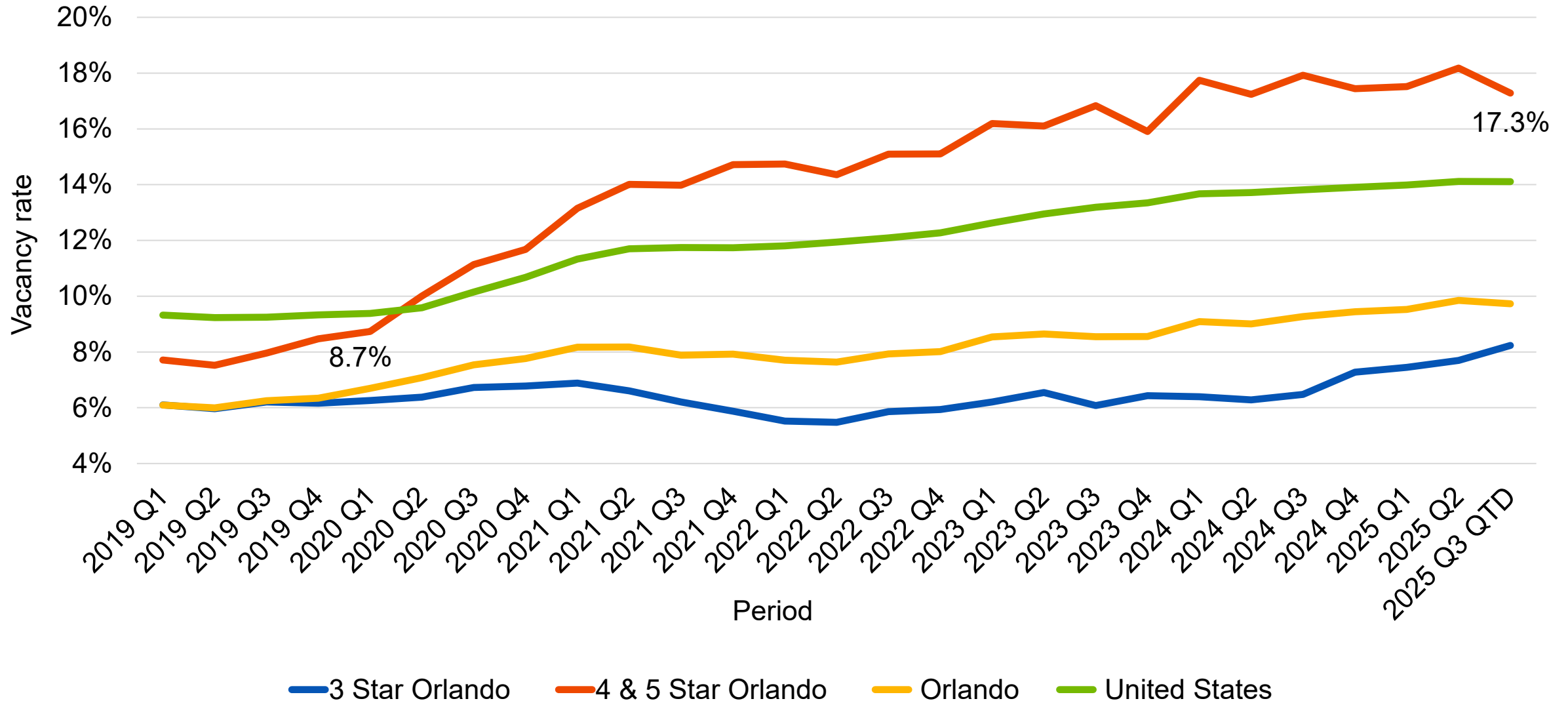


Orlando oversupplied with large blocks of office space

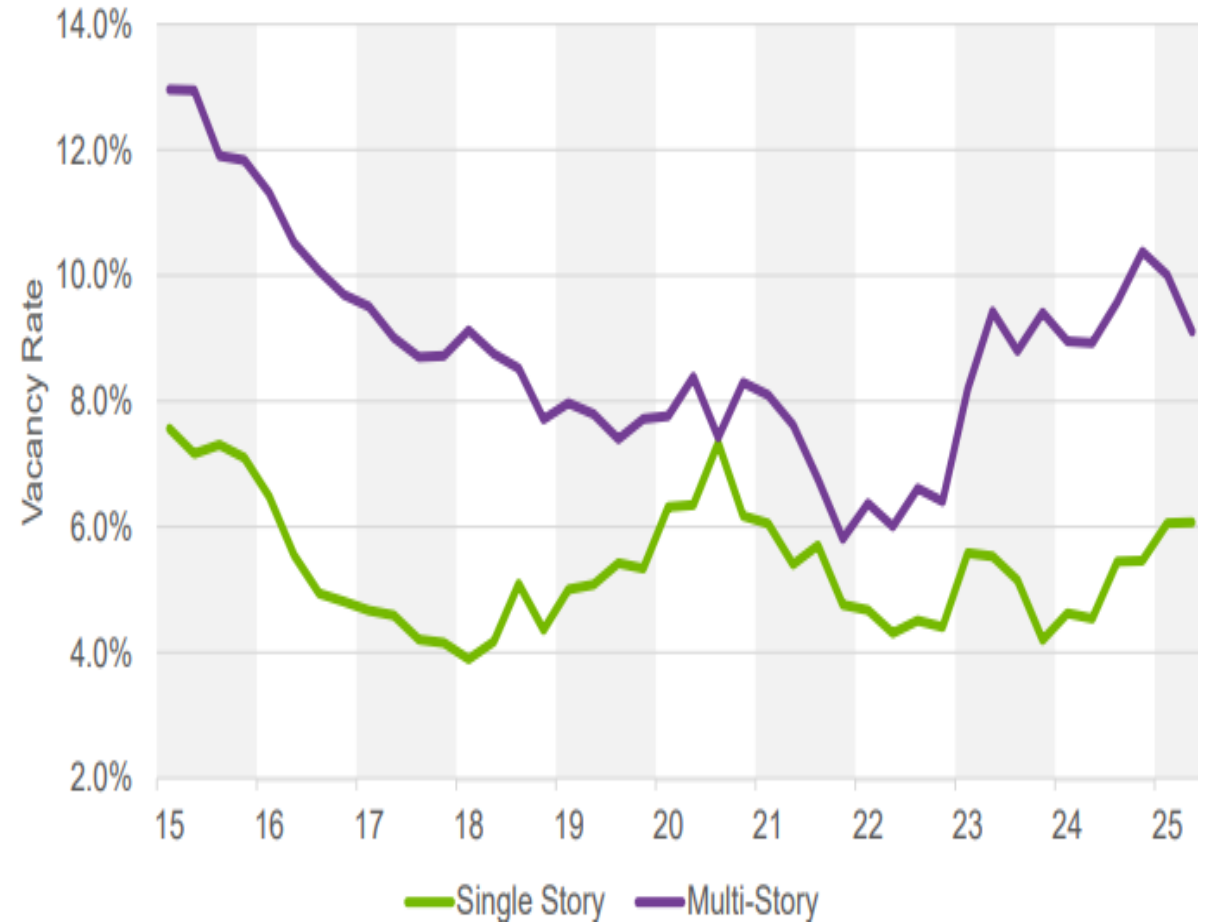
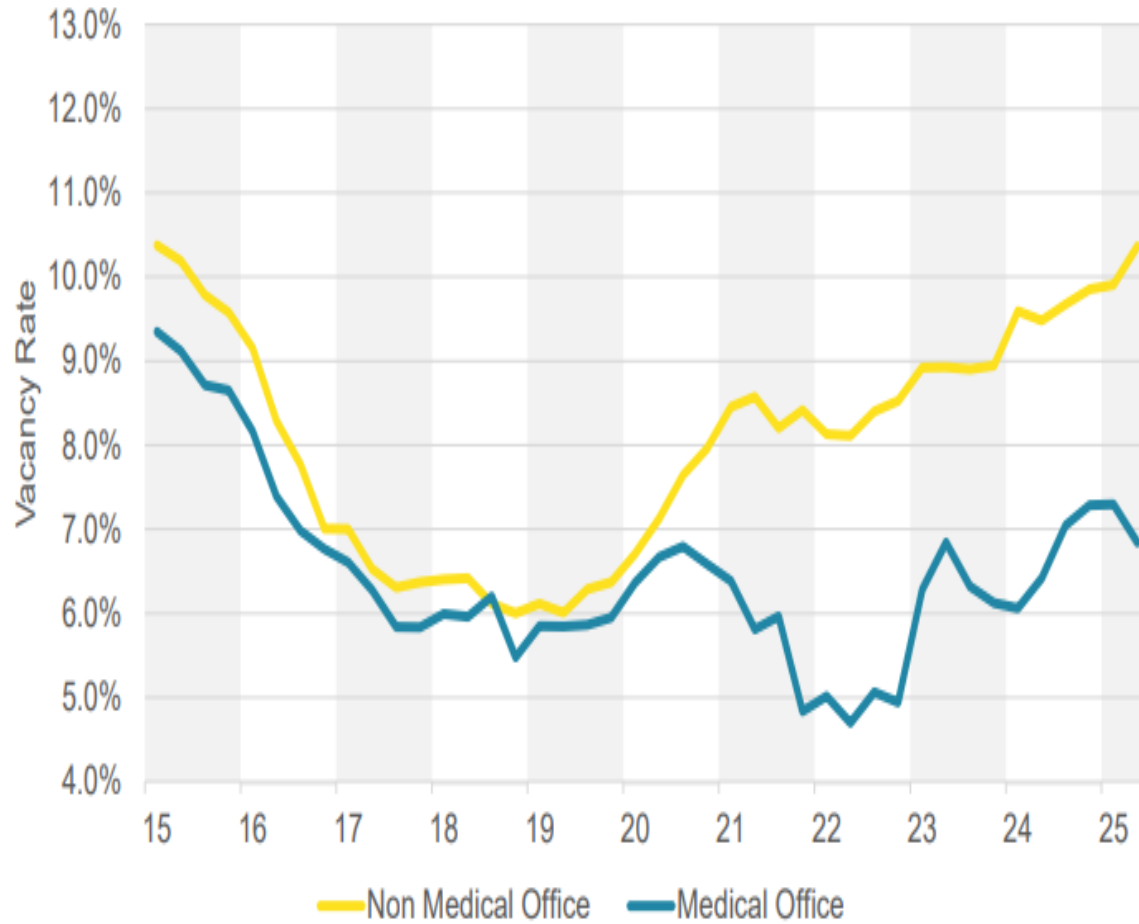


Source: CoStar, September 2025

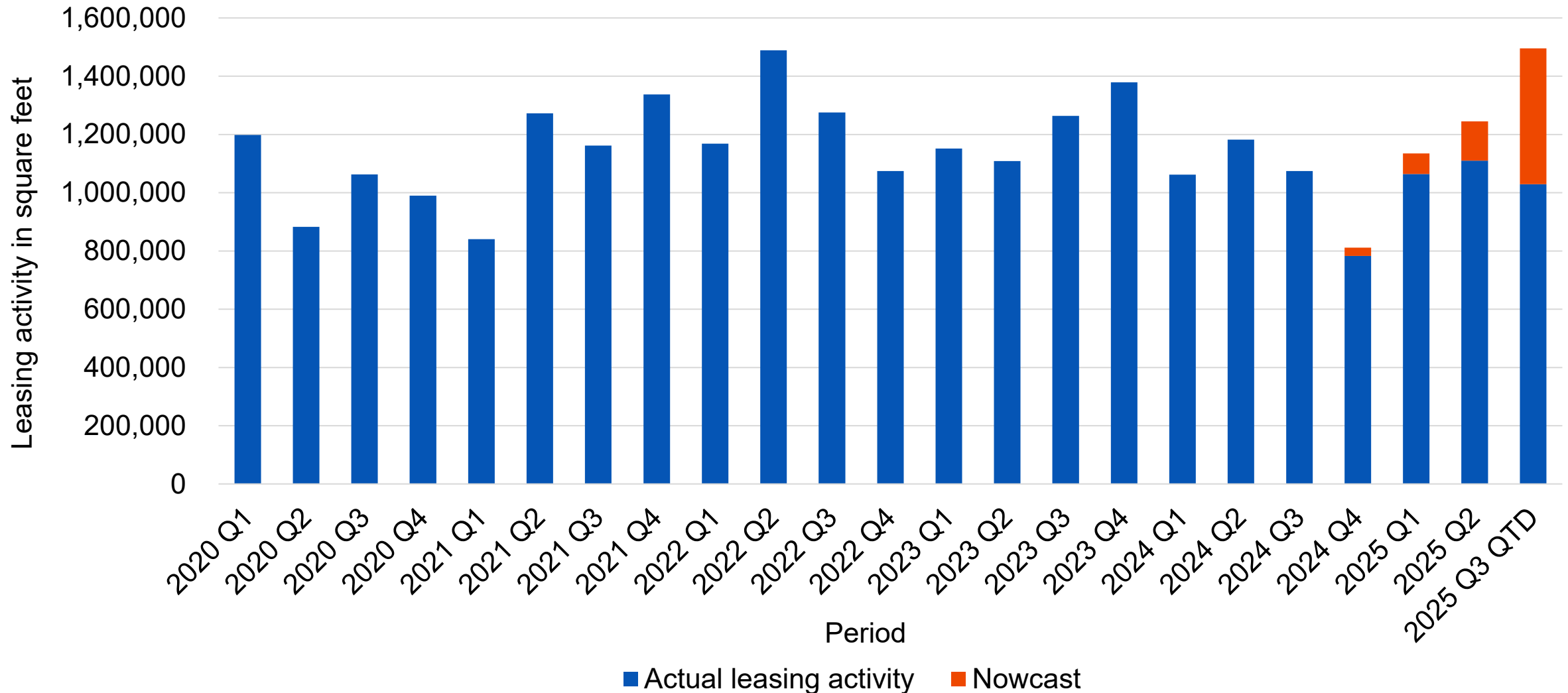
Slow vacancy climb among all quality segments



Vacancy in medical office buildings trends lower in Orlando

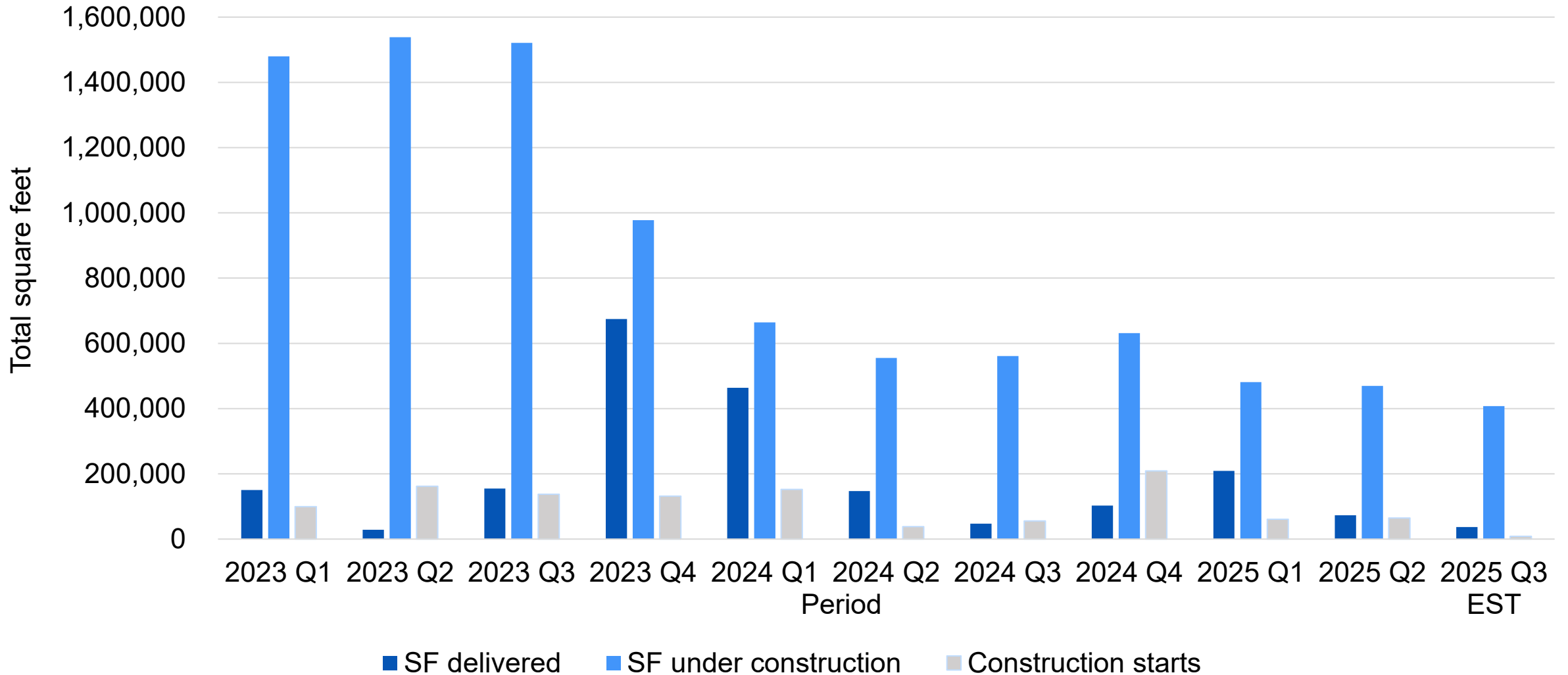


Leasing activity accelerating in 2025



Source: CoStar, September 2025

The recent construction pipeline

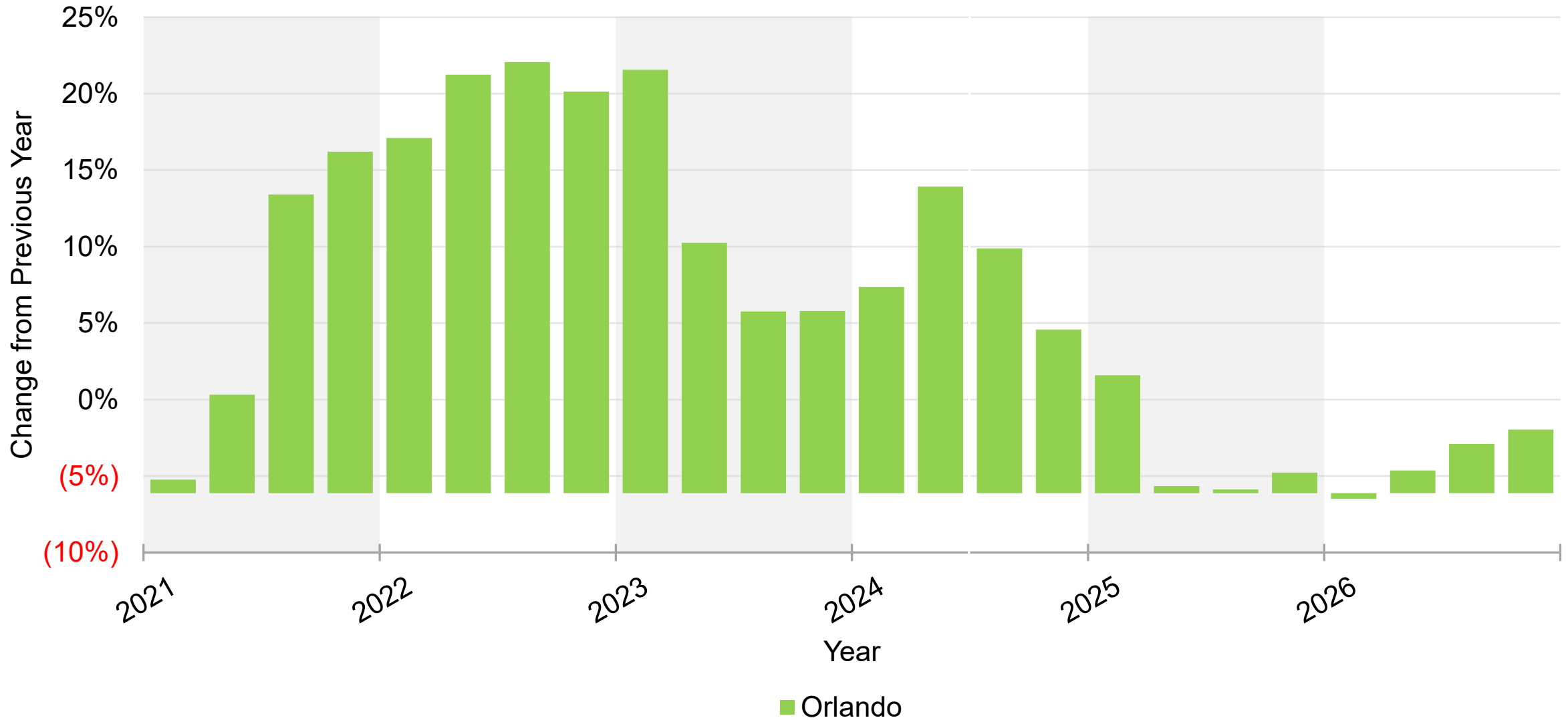


A closer look at the office construction pipeline

Top Areas - SF Under Construction		
Submarket	SF UC	% Medical
Lake County	220K	220K
West Colonial	56K	-
SE Orange Outlying	32K	-
Winter Park	29K	-
SW Orange Outlying	22K	11K
Lake Mary	21K	-
Tourist Corridor	9K	9K
Osceola Outlying	9K	4K
St Cloud	9K	9K

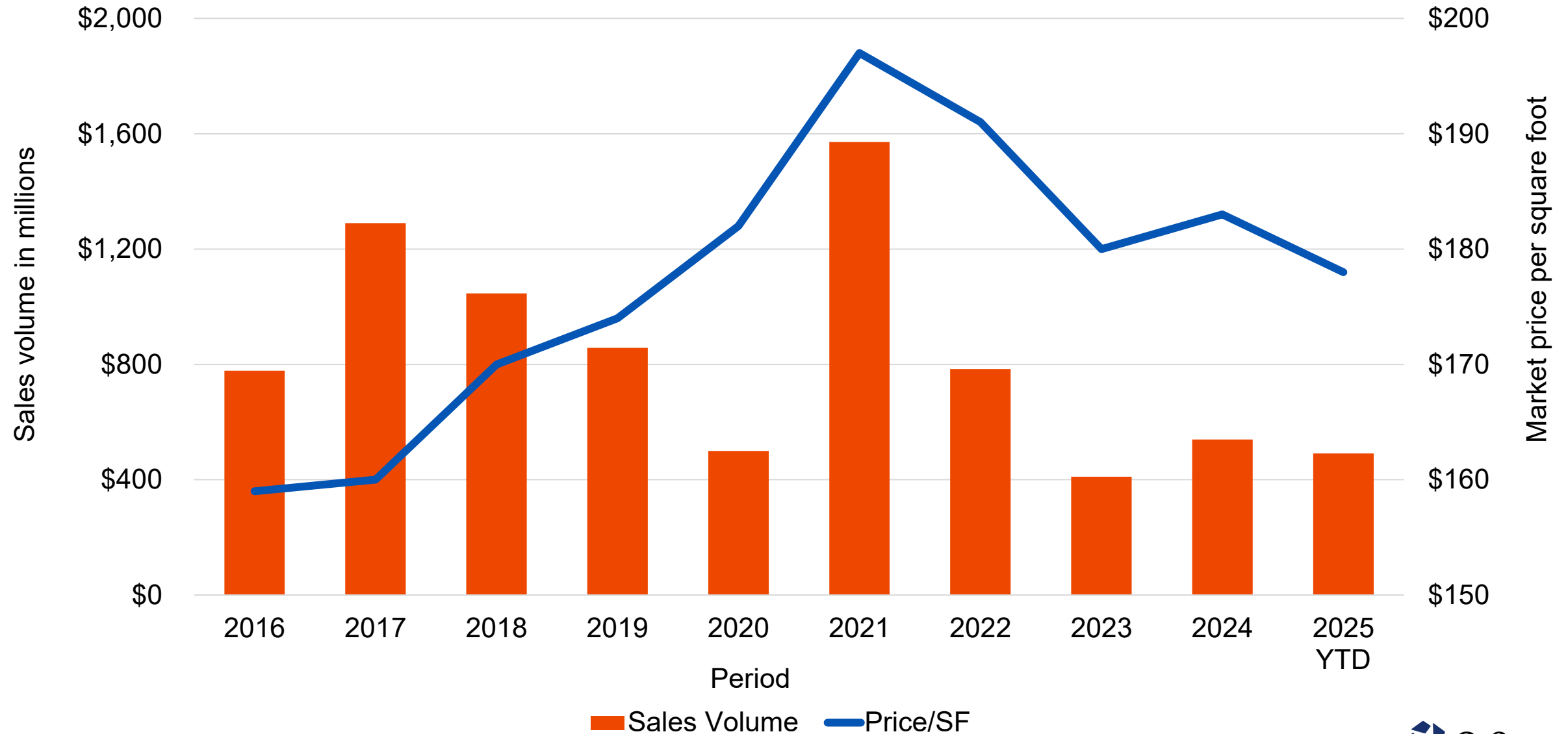
- As of the third quarter of 2025, Orlando has more new medical office space underway than the Miami and Tampa markets combined.
- Roughly 85% of it is in Lake County, where the population has increased by nearly 50% in the past 15 years.
- The largest project underway is the Minneola Medical Campus, which has been fully leased by AdventHealth.

Rent growth expected to remain under pressure until 2H 2026

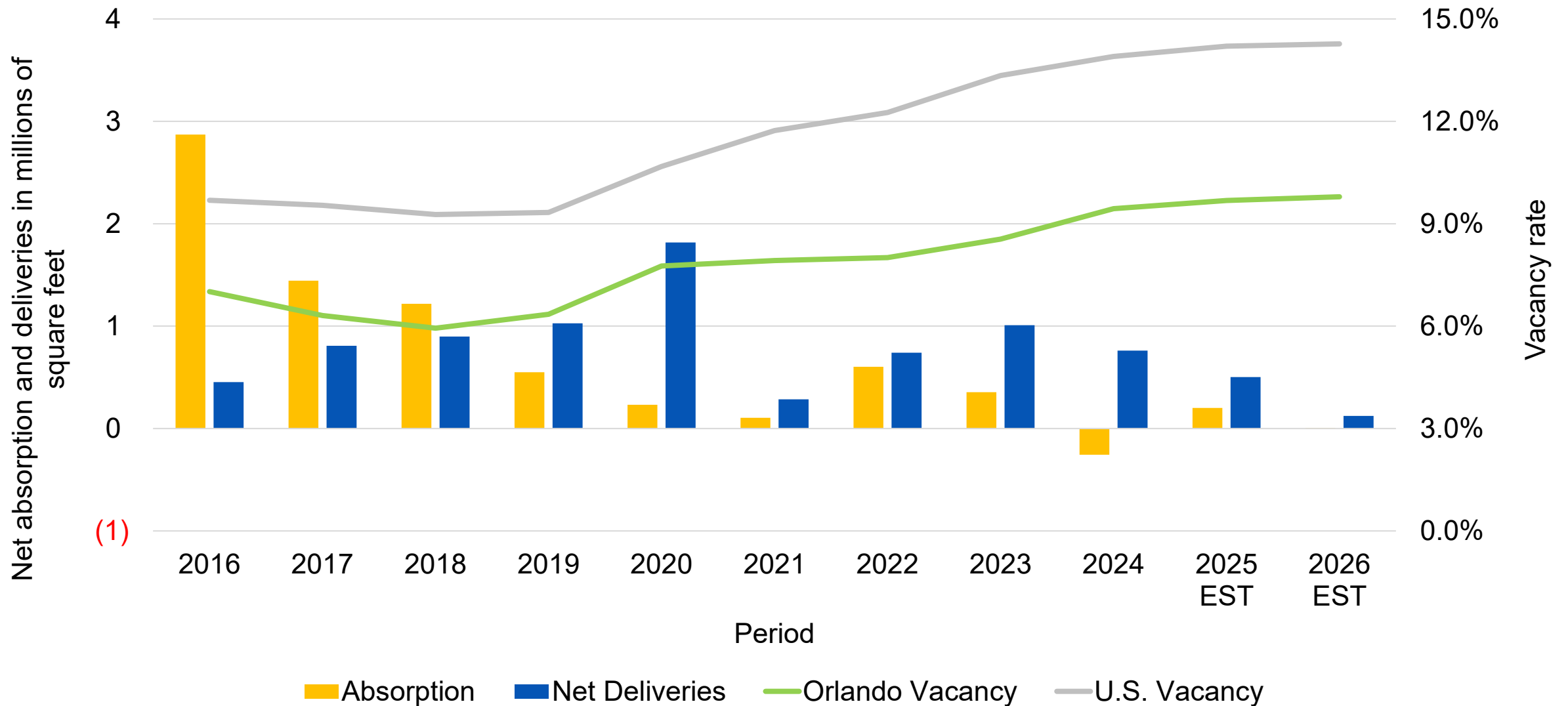


Source: CoStar, September 2025

T-12 sales volume only 15% lower than the long-term annual average



Vacancy to remain well below the national average through 2026



Key national industrial trends





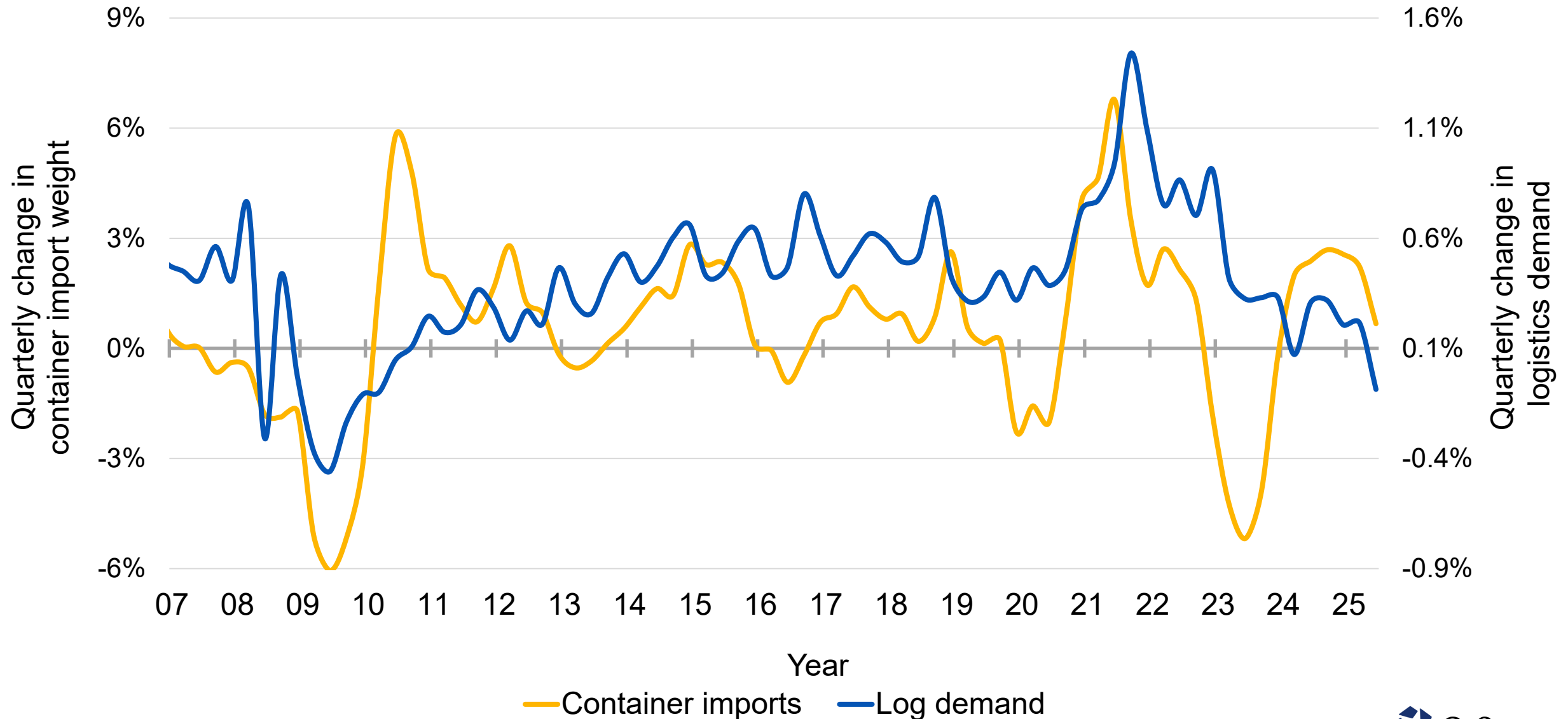
TARIFFS



Current and expected impacts due to recent tariffs

- As of October 10, 2025, U.S. tariffs have surged to an average effective rate of 17.9%, the highest since 1934, triggering a nearly 2% short-run increase in consumer prices and an estimated \$2,400 annual income loss per household.
- The tariffs hit clothing and footwear especially hard, with short-run price hikes of 39% for shoes and 37% for apparel.
- Real GDP growth is projected to be -0.5 pps slower in 2025 and -0.4% in 2026. Payroll employment is expected to be 490,00 lower by the end of 2025.
- Tariffs present a trade-off. Although manufacturing output grows by 2.7% in the long run, it's offset by contractions in construction and agriculture.
- The tariffs are regressive, disproportionately burdening lower-income households, and are expected to raise \$2.0 trillion in dynamic revenue between 2026 and 2035.

Import volatility remains a drag on logistics demand

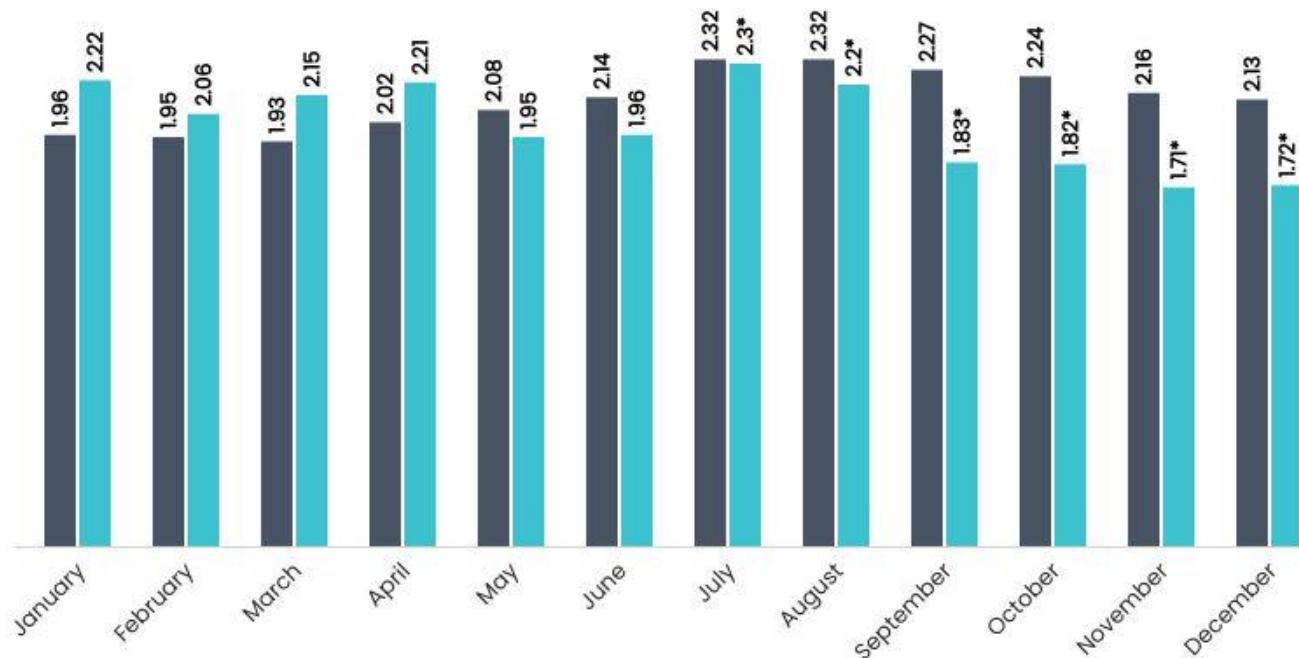


Peak season followed by softer imports in the second half

Monthly imports 2024-2025

(TEU-Millions)

● 2024 ● 2025

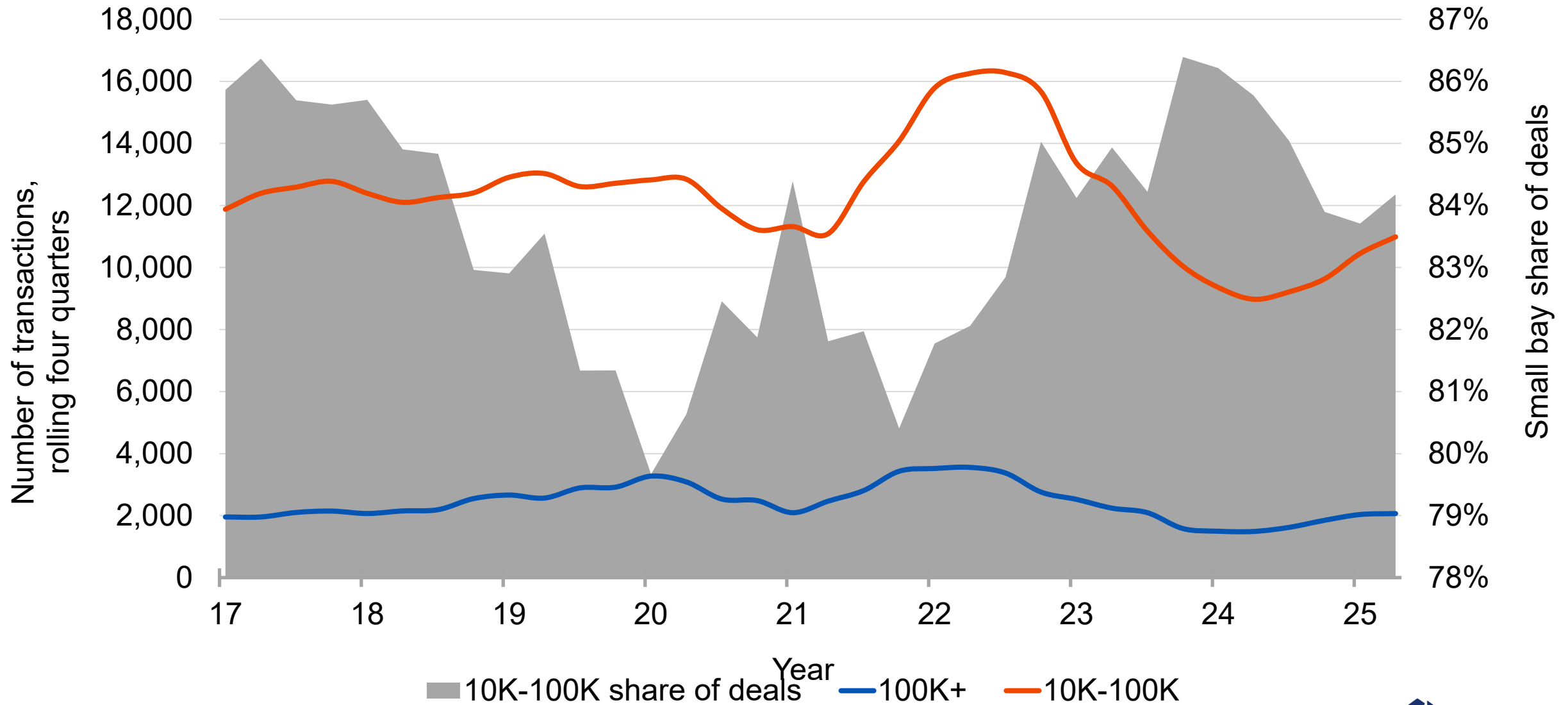


Source: NRF/Hackett Associates Global Port Tracker *Forecast

Sharp Decline in Year-End Imports:

- Import volumes are expected to drop about **20% year-over-year** from September to December.
- Due to frontloading in late 2024 and an early 2025 peak season.
- July is likely to have been the peak in terms of both volume and rates.

Small bay deals represent over 80% of transactions

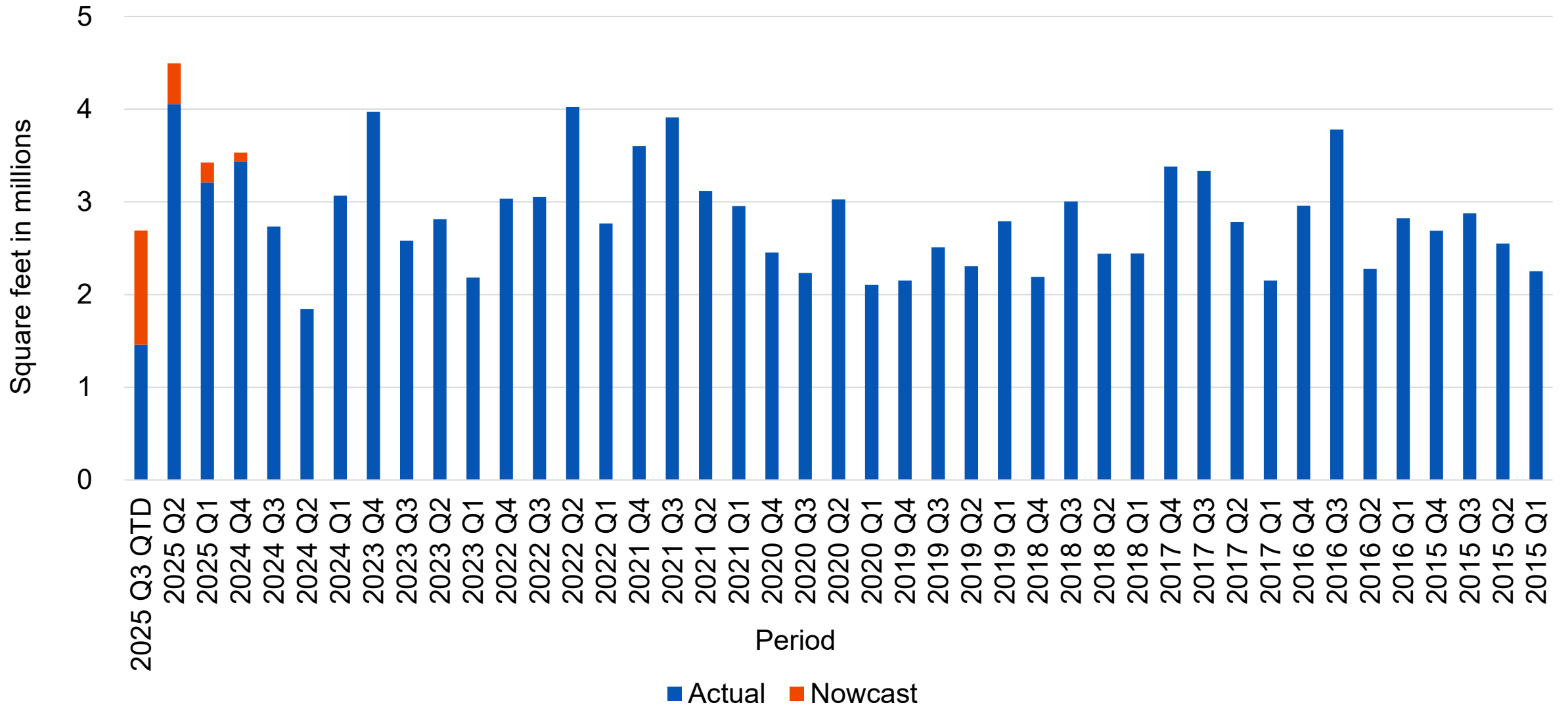


Source: CoStar, June 2025

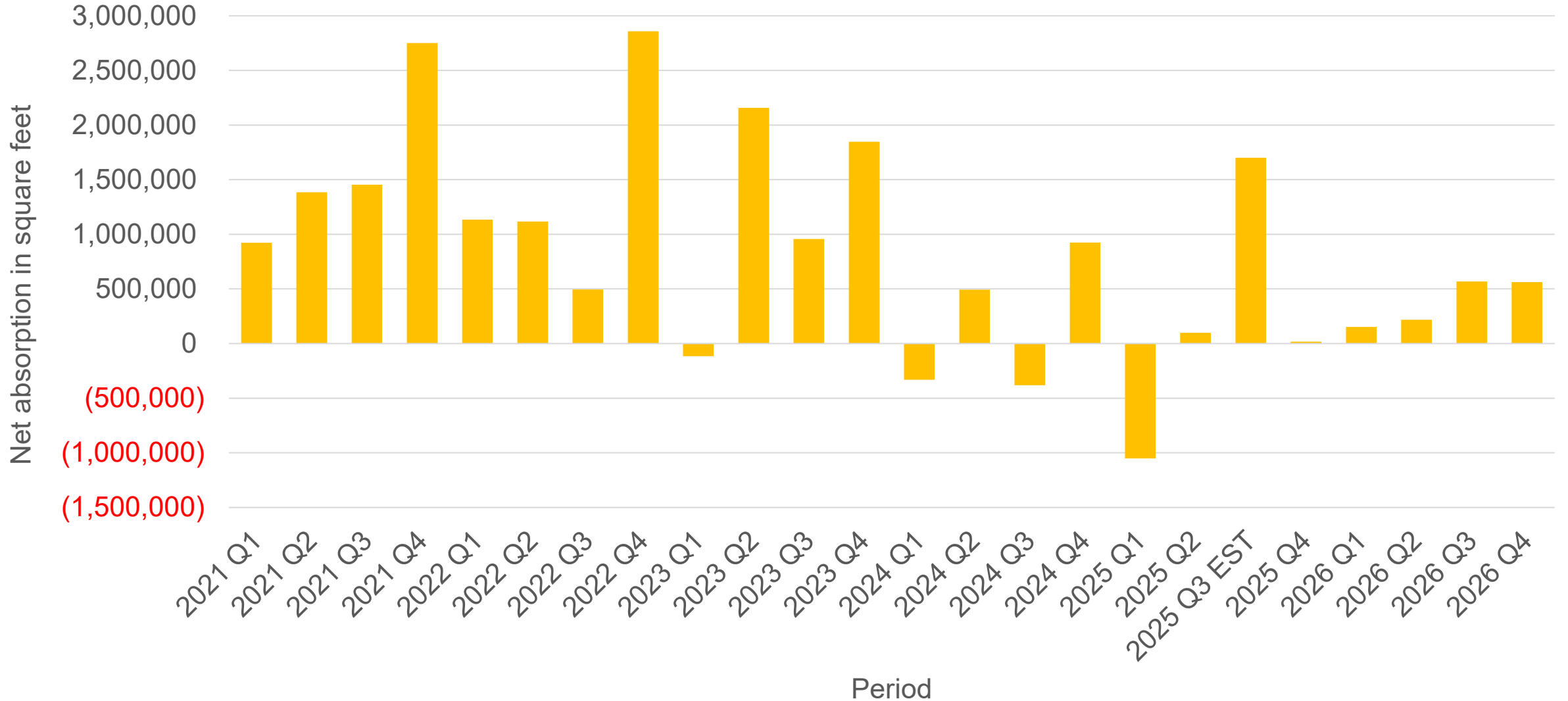
Orlando Industrial Update



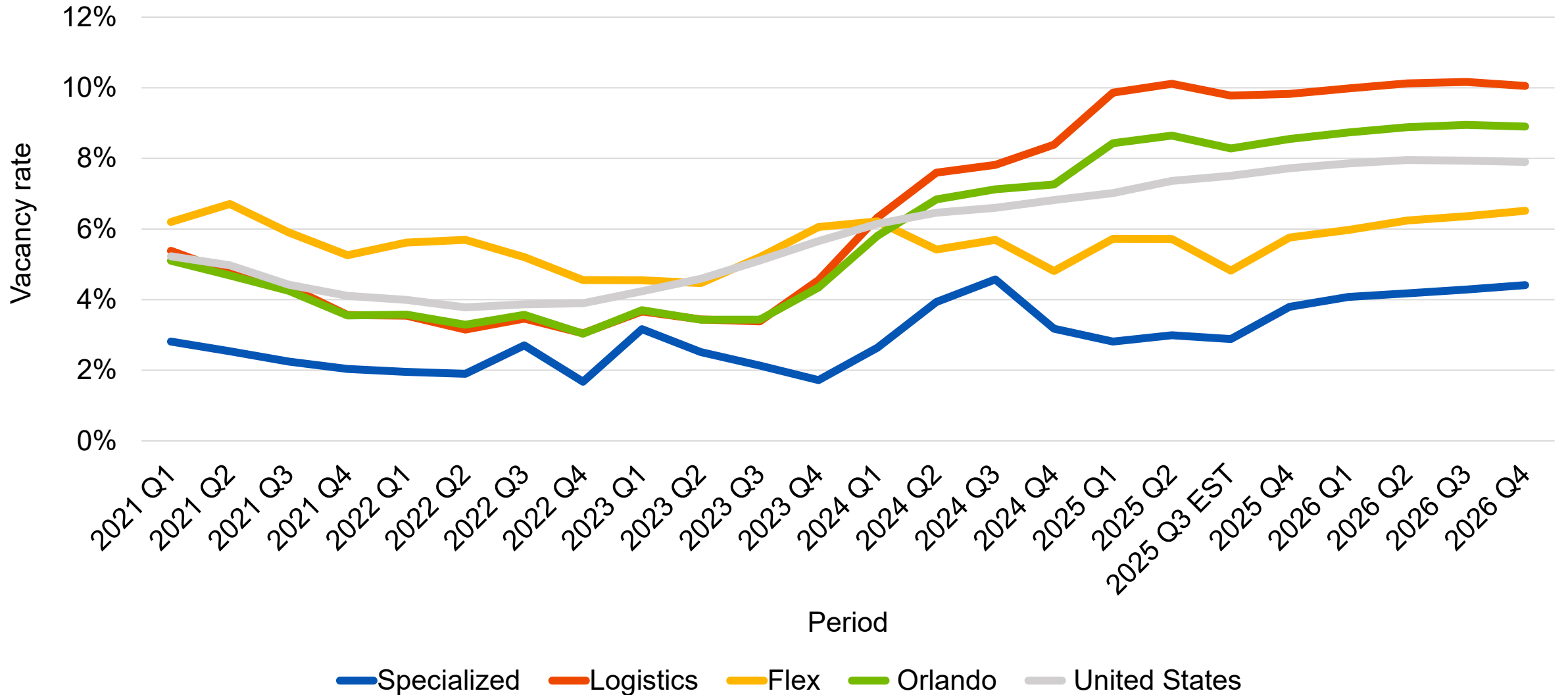
Quarterly leasing volume surged to a 10-year high in Q2 2025



Five-year quarterly absorption trend



Logistics | The only segment to see a T-12 rise in vacancy



Largest industrial buildings completed in the last two years



Apopka 429 | Building 300
NW Orange County
Built: 24Q1
1.2 million SF
Leased to Ryder Logistics



Turnpike Logistics Center
Lake County
Built: 23Q4
977,441 SF
Leased to Duke Energy

**This property sold in
June 2025 to Goldman
Sachs for \$97.25 million
(\$99/SF)**



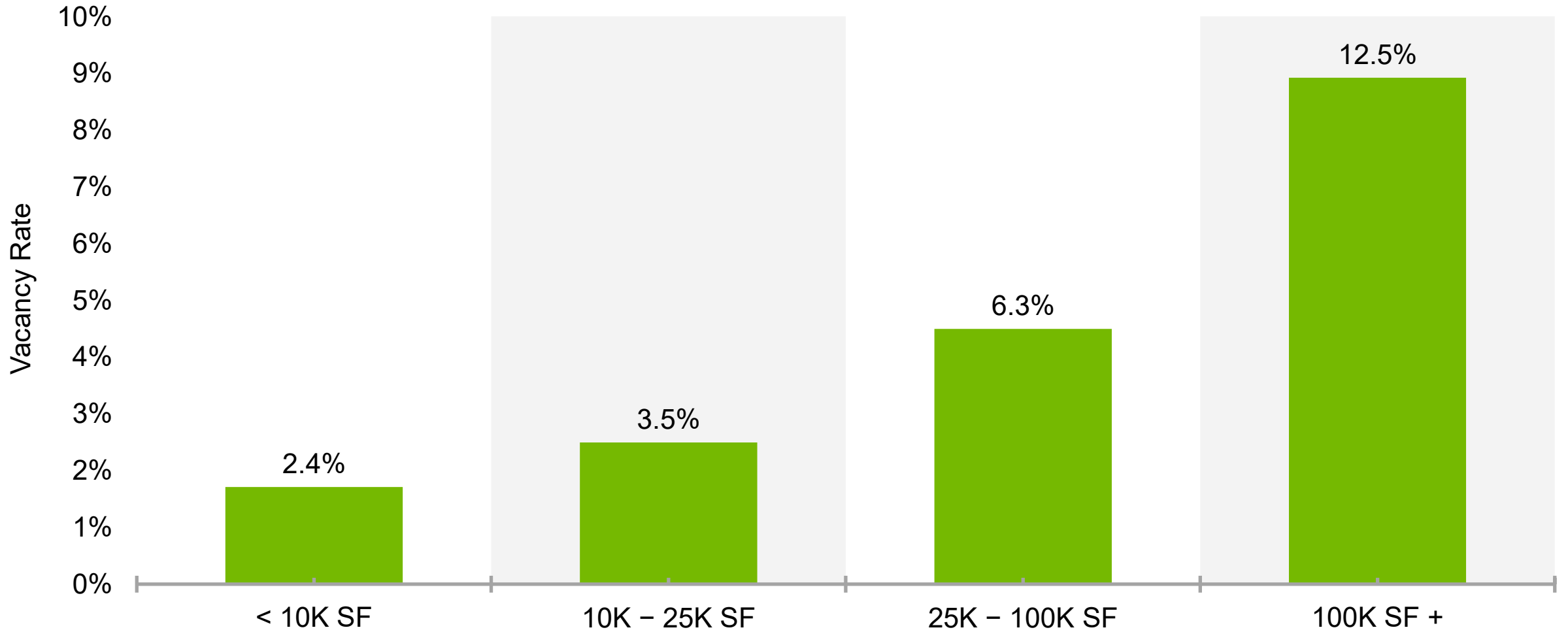
Groveland Central Logistics
Lake County
Built: 24Q1
877,635 SF
0% leased



Apopka 429 – Building 400
NW Orange County
Built: 23Q4
724,414 SF
0% leased

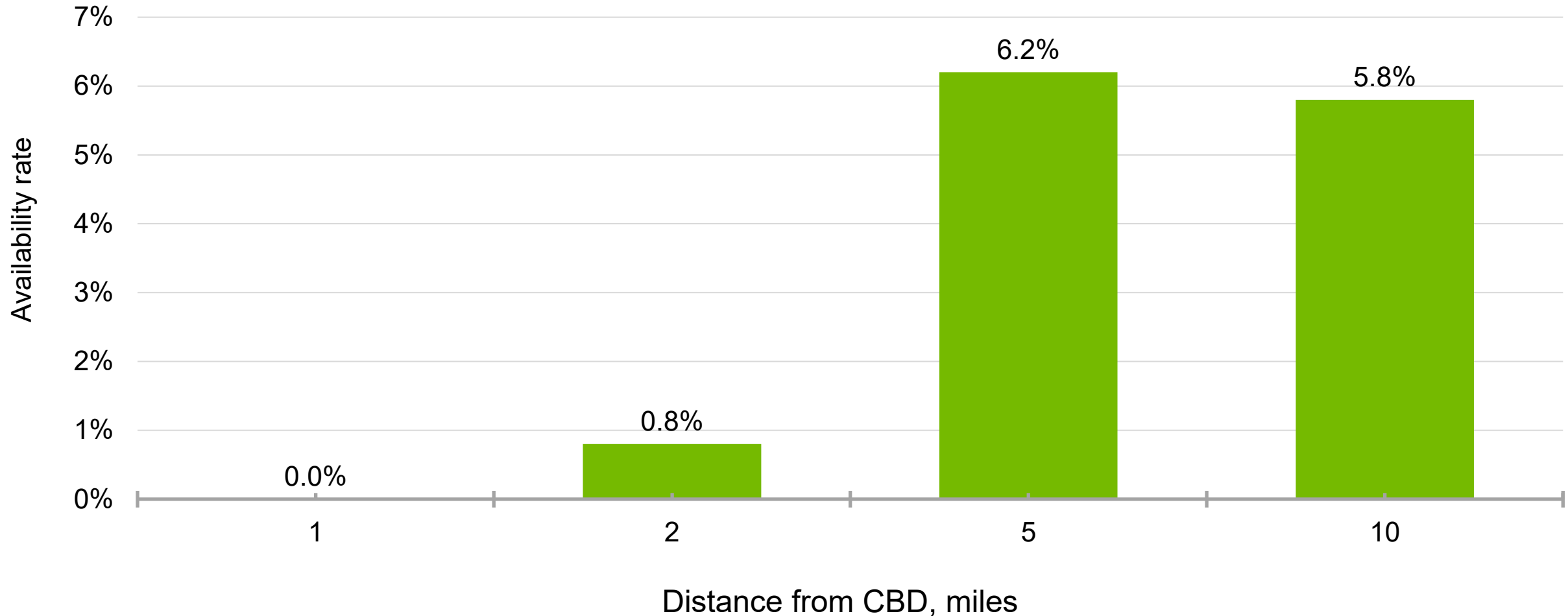
**If these two buildings were fully leased, it would
drop the vacancy rate by about 80 basis points**

Vacancy is most compressed in buildings under 10,000 SF



■ Vacancy Rate By Building Size

Availability in smaller buildings close to the CBD is non-existent

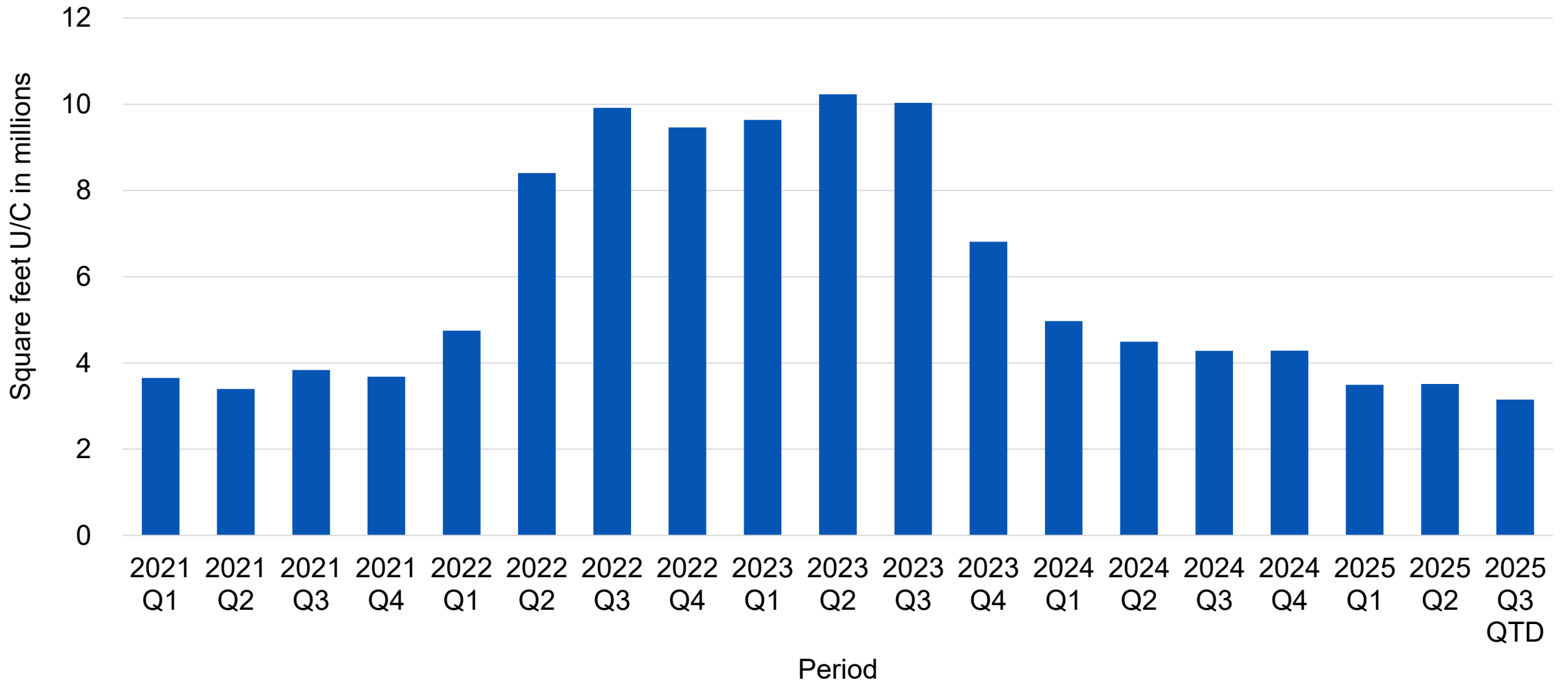


Property size range: ■ 10K-100K SF

Source: CoStar, September 2025

Note: The analysis is limited to logistics and warehouse properties built since 1985.

The extended new supply wave continues to recede

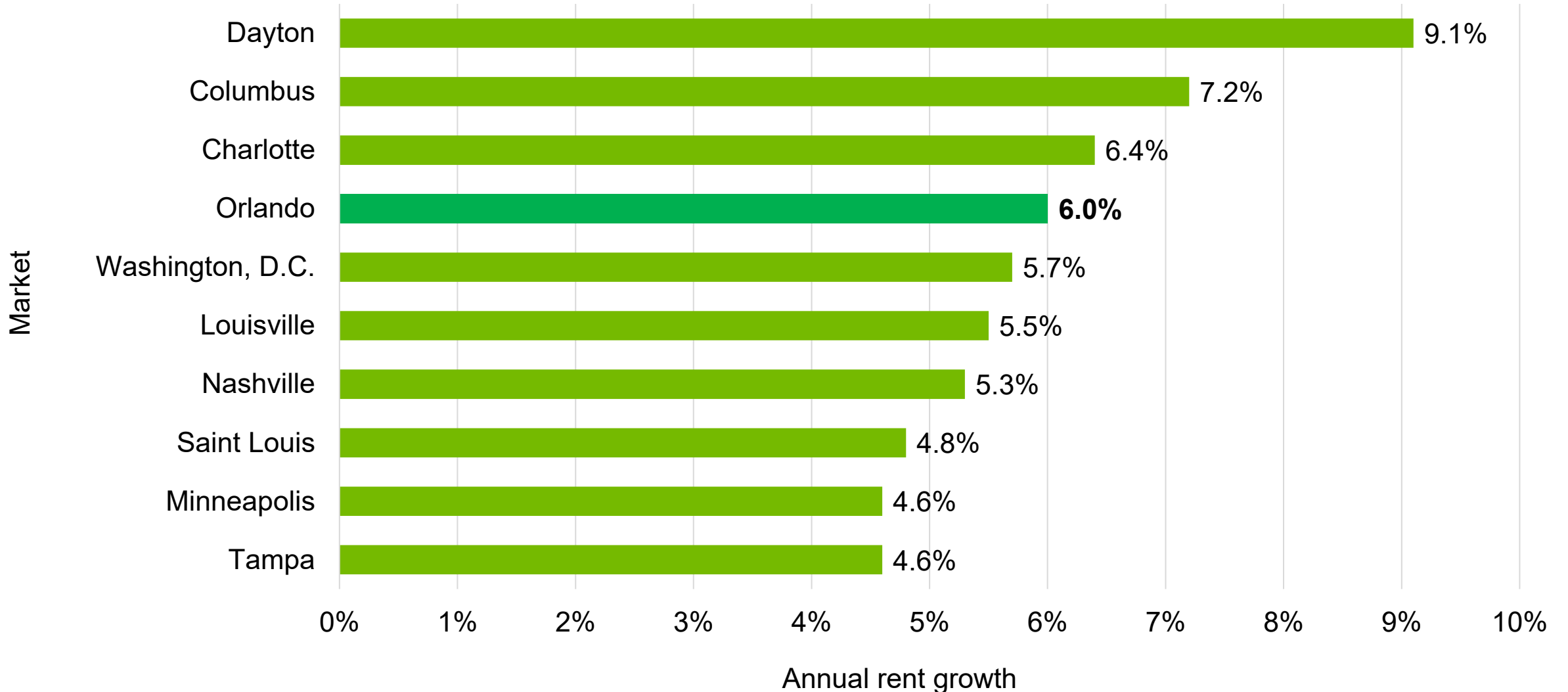


BRIGHT SPOT ALERT

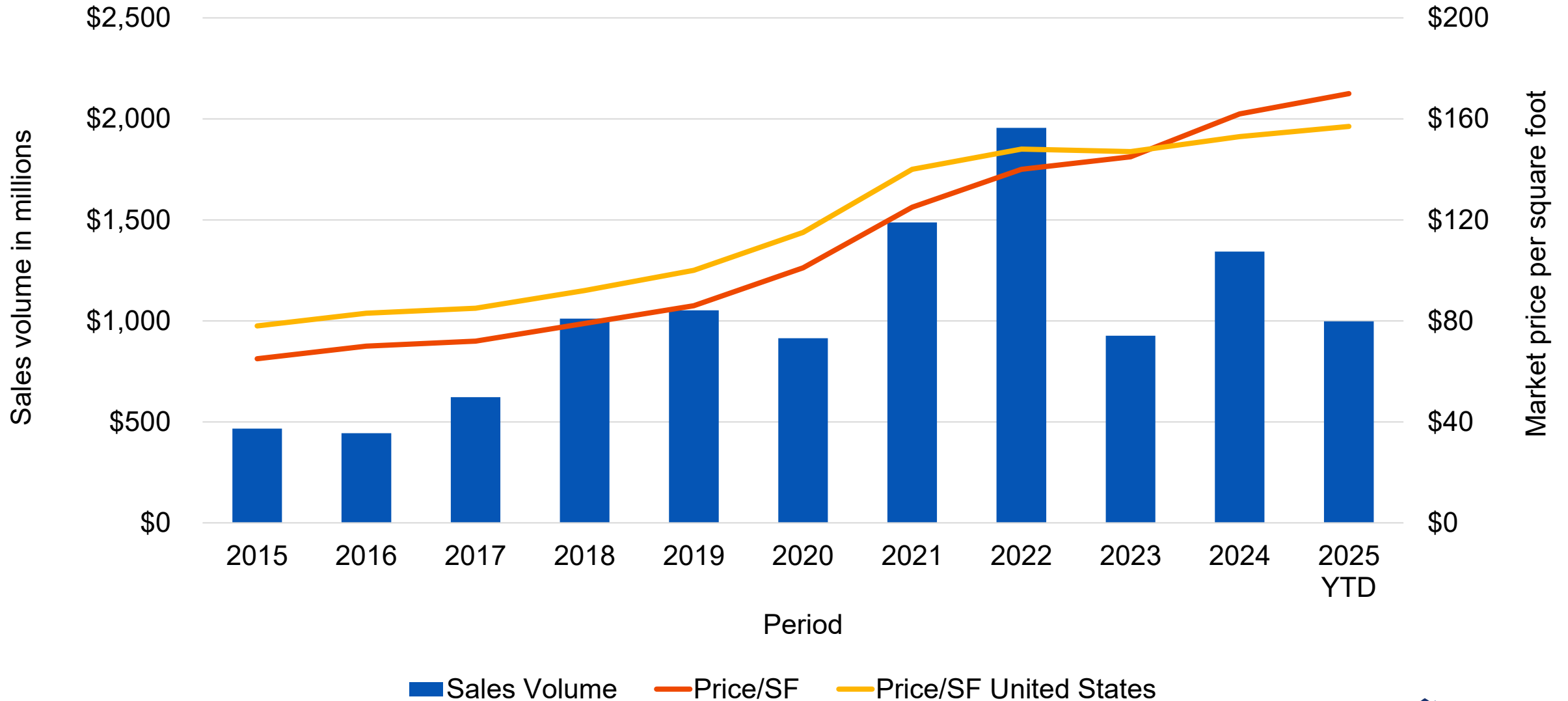


Well, if you're not a tenant...

Orlando ranks in the top five US markets for annual rent growth



T 12-month sales volume 60% higher than 10-year annual average



Source: CoStar, September 2025



That's all, folks!





Thank you!

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