Historic 1.2 million square feet lease signed in Northwest Orange County

▲ 9.9%
Vacancy Rate

▼ (386,695)
SF Net Absorption

▼ 2,656,694
SF Under Construction

▼ 782,658
SF Deliveries

▲ $8.95
Triple Net / Lease Rate

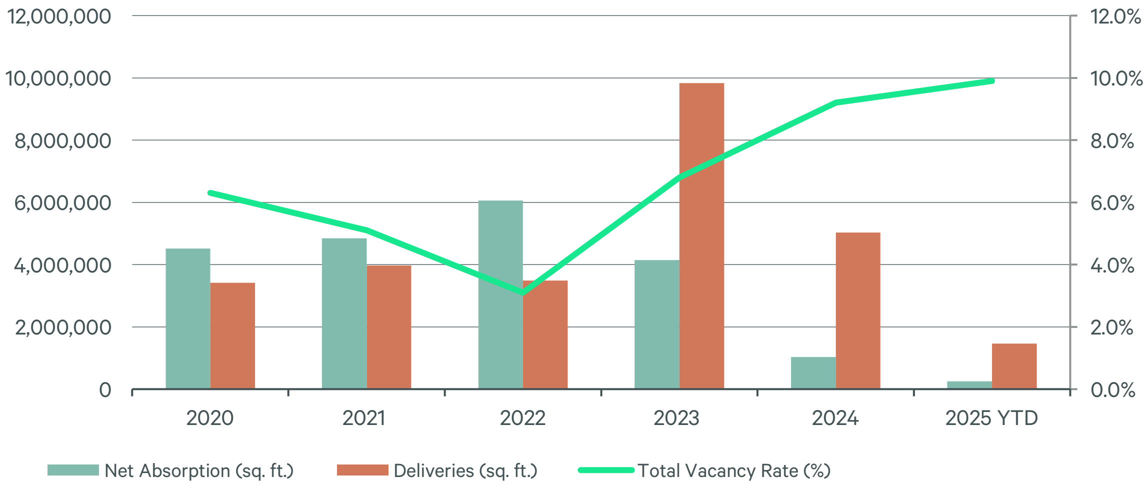
Note: Arrows indicate change from previous year.

OVERVIEW

- Total industrial vacancy rose to 9.9%, a year over year increase of 150 basis points.
- Approximately 2.7 million square feet between 14 industrial projects are under construction with 15% of that square footage pre-leased.
- Average asking rates are seeing gradual increases; up a modest 1.0% year over year to $8.95 per square foot

The Orlando industrial market signed one of the largest deals on record when Ryder Logistics took nearly 1.2 million sq. ft. at Apopka 429 Building 300. The tenant is expected to take occupancy before the end of the year, which should wash out the negative absorption we are seeing this current quarter. Over the past year, Orlando vacancy rates have been negatively impacted by these bulk deliveries not being filled, but owners are feeling optimistic after this deal was signed. Orlando seems to be regulating after the construction boom of 2023-2024, allowing for backfill of first-generation empty space and anything currently under construction is in the smaller bay size range.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Outside of the Ryder Logisitics deal, the next largest deal signed was a 555,000 square foot renewal at 10701 Central Port Drive . At 1401 Tradeport Drive, another tenant signed a new 343,623 square foot space that is expected to take occupancy later this year. Both deals took place in Southeast Orange county, which is witnessing the highest year to date positive absorption at 325,935 square feet.

The largest sale of the quarter was Link Logistics sale of the nine building portfolio labeled Gridline Orlando. BKM Capital Partners and Kayne Anderson Real Estate purchased the 489,891 square foot portfolio for $98.5 million, or $201 per sq. ft., in June.

VACANCY

Orlando vacancy saw a jump quarter over quarter by 70 bps to 9.9%. Annually the vacancy rate is up 150 bps. from 8.4% in second quarter of 2024. Orlando expects to see the vacancy rate tick down slowly as 9.6 million square feet of tenants in the market continue to find their spaces. Southwest Orange county continues to be the hardest place to find space with an extremely tight submarket at 3.8% vacancy and no current buildings under construction.

PRICING

Rates across Orlando have steadily climbed to $8.95 per square foot, a 1.0% year over year. Northeast Orange County has the highest average rate in Orlando at $17.71 per square foot, mainly due to a higher amount of quality flex product than other areas of Orlando.

FIGURE 2: Statistical Snapshot Q2 2025

Submarket	Total Inventory (Sq. Ft.)	Total Vacancy (%)	Q2 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	(65,231)	(45,461)	0	6.78
NE Orange	5,444,890	7.9	(60,349)	(75,949)	0	17.71
NW Orange	32,270,051	21.2	(242,501)	(169,654)	446,454	8.09
Osceola	8,109,128	7.5	8,937	82,114	220,000	10.71
Seminole	17,567,624	6.0	(51,391)	(4,685)	10,000	13.21
SE Orange	47,462,950	6.4	(41,598)	325,935	1,980,240	10.56
SW Orange	28,546,093	3.8	65,438	139,060	0	11.28
Orlando Total	152,237,538	9.9	(386,695)	251,360	2,656,694	8.95

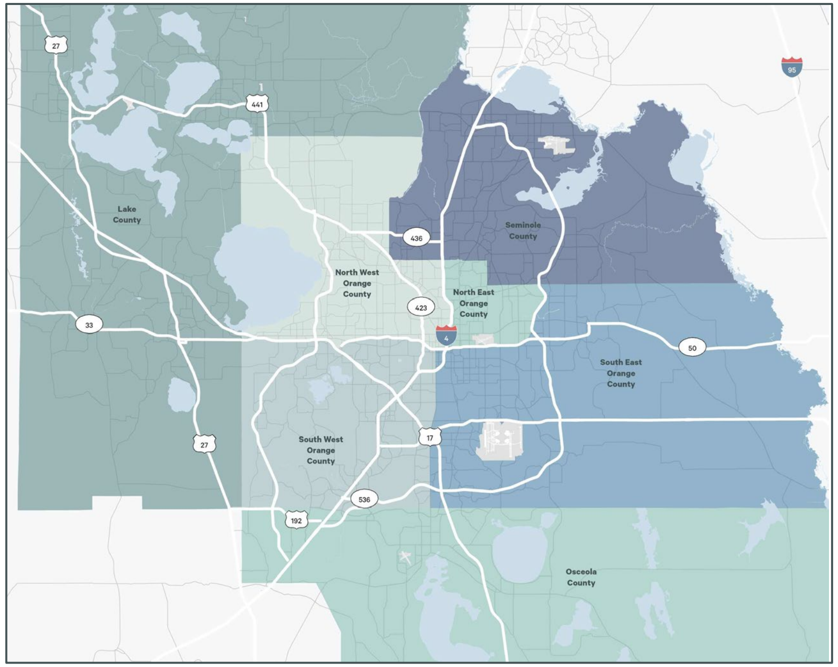
FIGURE 3: Notable Leases Q2 2025

Submarket	Property	Transaction (SF)
NW Orange	Apopka 429 – Building 300	1,199,374
SE Orange	10701 Central Port Drive	555,000
SE Orange	1401 Tradeport Dr	343,623

FIGURE 4: Notable Sales Q2 2025

Submarket	Property	Sale Price ($)	Transaction (SF)
SW Orange	Gridline Orlando Portfolio	$98,500,400	489,891
Lake	Turnpike Logistics Center	$97,250,000	977,441
NW Orange	Mid Florida Logistics Park	$31,800,000	246,460

Market Area Overview



ECONOMIC OUTLOOK

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

Survey Criteria: Includes all competitive industrial buildings 10,000 square feet and greater in size in Orange, Osceola and Seminole counties (excluding self-storage and industrial-condos).

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