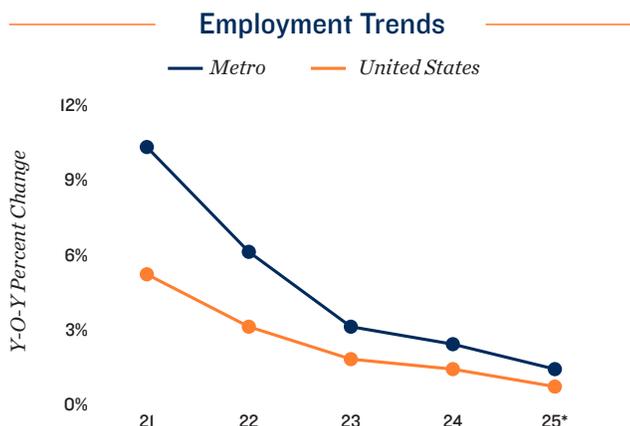


Robust Population Growth Expands Local Consumer Base, Fueling Retailer Demand for Newer Spaces

Property performance varies by submarket. The Orlando retail landscape has benefited from a rapidly expanding populace. The metro's growth rate ranked second among major markets over the past five years, behind only Austin. This momentum carried into the first half of 2025, driving a 5.6 percent rise in local retail sales during the 12-month period ended in June. Limited speculative development should help keep metrowide vacancy tight over the near term, though submarket dynamics vary. The area spanning from Delaney Park south to Osceola County maintains strong positioning heading into the second half, with a local vacancy rate of 2.1 percent. In contrast, the Altamonte-Sanford area logged more than 300,000 square feet of negative net absorption in the first half, while the Tourist Corridor-Lake County area saw roughly 200,000 square feet let go.

Move-ins may slow the pace of vacancy increase. Leasing activity improved in the April-June window, compared with the same period last year, as Crunch Fitness, supermarkets including Aldi and Sprouts Farmers Market, and furniture retailers signed leases for spaces larger than 10,000 square feet. These commitments should help offset the impact of upcoming store closures. Turnover is primarily expected among pre-2000-built properties featuring over 10,000 square feet. Tenant favoritism toward quality space remains evident, as pre-2000 buildings take more than three months longer on average to lease than properties built within the past 10 years.



* Forecast
Sources: BLS; CoStar Group, Inc.

Retail 2025 Outlook



20,000

JOB
will be created

EMPLOYMENT:

Orlando's employment base is projected to expand by 1.3 percent in 2025. Though slower than last year's 2.3 percent gain, the metro's growth rate ranks among the top 10 nationally for a fifth straight year.



640,000

SQ. FT.
will be completed

CONSTRUCTION:

This year's deliveries are expected to total just under half of the trailing decade's annual average, expanding inventory by roughly 0.5 percent. Most new supply will come online in outlying southwestern submarkets.



110

BASIS POINT
increase in vacancy

VACANCY:

Move-outs from big-box retailers pushed Orlando's vacancy up 90 basis points in the first half of 2025. By year-end, the rate is expected to reach 4.8 percent, which will tie for highest among major Florida markets.



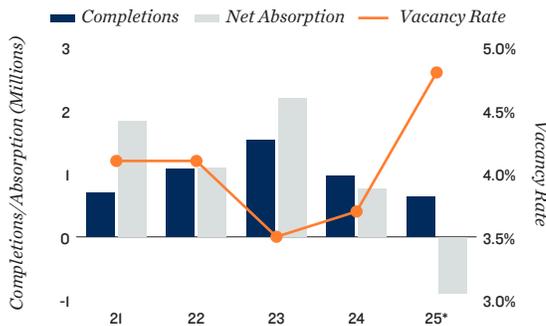
3.3%

INCREASE
in asking rent

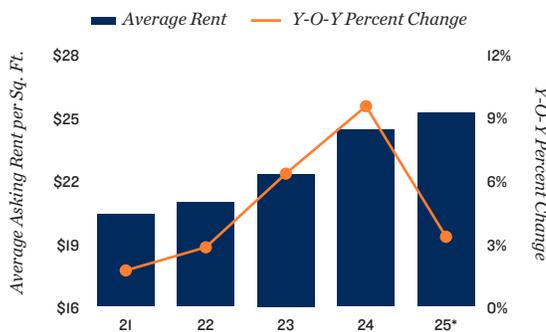
RENT:

After a nearly 10 percent annual gain during the year ended in June, the pace of asking rent growth is expected to moderate during the remainder of 2025, reaching an average of \$25.20 per square foot.

Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Orlando Office:

David Bradley Vice President, Regional Manager

300 South Orange Avenue, Suite 700

Orlando, FL 32801

Tel: (407) 557-3800 | david.bradley@marcusmillichap.com

Prepared and edited by:

Noah Brown

Research Associate | Research Services

For information on national retail trends, contact:

John Chang

Senior Vice President, Chief Intelligence & Analytics Officer

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

Price: \$250

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

2Q 2025 — 12-Month Period

CONSTRUCTION

609,000 sq. ft. completed

- Deliveries over the yearlong period ended in June equated to roughly 40 percent of the prior year’s total. Nevertheless, the resulting 0.5 percent addition to inventory slightly exceeded the national recording.
- Supermarkets accounted for nearly one-third of the recently delivered space, with fast food chains and restaurants making up another quarter.

VACANCY

90 basis point increase in vacancy Y-O-Y

- Orlando’s vacancy rose at one of the fastest paces nationally over the past 12 months, yet its 4.6 percent rate remains below 22 other major markets.
- While multi-tenant vacancy was higher in June at 5.2 percent — compared with 4.3 percent for the single-tenant sector — the latter retail segment posted a larger year-over-year vacancy increase at 100 basis points.

RENT

9.6% increase in the average asking rent Y-O-Y

- Loosening conditions have yet to negatively affect local asking rent. Instead, Orlando ranked first among major markets for marketed rent growth over the past year, with the metric reaching \$25.06 per square foot.
- Multi-tenant asking rents surged, rising 21.0 percent. At the same time, the average single-tenant marketed rate rose 5.2 percent.

Investment Highlights

- Transaction velocity in Orlando surged during the year ended in June, climbing 50 percent from the preceding 12-month period. Noteworthy improvements in storefront, auto repair and supermarket-related trading were registered during the period, with most of these properties transacting between \$1 million and \$10 million. The overall rise in deal flow occurred as the local sale-to-asking price differential narrowed notably — an indication that more buyers and sellers are coming to agreement on terms.
- The south outlying area, spanning from Osceola County to Alafaya, led the metro in net absorption over the past 12 months, while also noting a sharp rise in trades. The area’s vacancy in June was among the lowest nationally for submarkets with over 15 million square feet of inventory. Coupled with a minimal development pipeline, investor interest is likely to hold.
- Auto repair facilities and convenience stores saw some of the strongest year-over-year gains in transaction velocity. There were notable concentrations outside of the CBD, along key transportation corridors such as State Route 50 and US Route 441. In both cases, vacancy rates below 1.5 percent heading into the second half may continue supporting investment.