

INVESTMENT FORECAST

Office
Tampa-St. Petersburg Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Florida's Residential Influx Facilitating Low Vacancy Across Tampa-St. Petersburg

Expansion at metro's edges warrant retailer move-ins. Continued demand by businesses has held Tampa's vacancy rate below 3.5 percent since mid-year 2022. Both national and international retailers are drawn to the market's growing population and burgeoning outer submarkets. Japanese store chain Daiso will be arriving in Northdale, while Utah-based soda shop Swig will open their second Florida location in Lutz. As outer areas grow in population, consumer demand will rise, providing positive rent movement among retail assets. North Hillsborough and Pasco County both recorded double-digit percent rent growth last year, and could be poised to retain some of that momentum in 2025. Both submarkets reported little discrepancy between single-tenant and multi-tenant occupancy, showcasing the strong retailer demand in the outer areas that has led to historically tight vacancy. Nearly all Tampa submarkets entered 2025 with sub-3.5 percent vacancy, with the rates in Pinellas County and the Sarasota-Bradenton area only slightly higher.

Investors target properties in and around downtown. After increasing last year, transaction volume may keep growing in urban submarkets like Pinellas and Central Tampa. If mid-week foot traffic continues on the path of improvement noted last year, retail property fundamentals for assets here may improve, drawing more investors. Flood risks will likely continue to be a concern for buyers, which may shift some attention to properties further inland. Investment activity may grow in areas such as the Interstate 75 Corridor, North Hillsborough and East Pasco County as a result. Additionally, with segment vacancy rates below the metrowide average, these submarkets may also attract buyers seeking stable multi-tenant assets.

2025 MARKET FORECAST

+1.3%



EMPLOYMENT: Employment growth will tick up this year, increasing the role count by 21,000 jobs. The leisure and hospitality sector will likely lead this improvement once again this year.

750,000
sq. ft.



CONSTRUCTION: A construction pullback will result in the least new square feet since 2012, raising inventory by 0.4 percent in 2025. New supply is centered around the Sarasota-Bradenton area.

-10 bps



VACANCY: A reduced construction pipeline will help nudge vacancy down to 3.1 percent by year-end. The rate is set to remain under 3.2 percent for a fourth consecutive year.

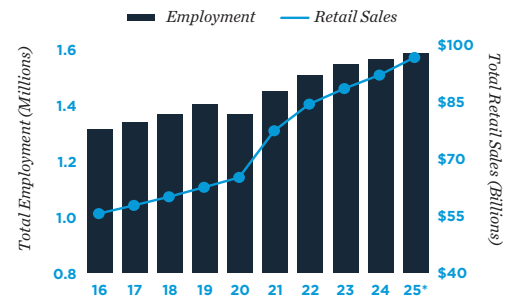
+5.1%



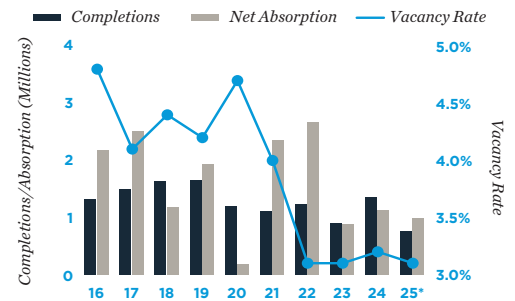
RENT: Average asking rent growth will continue to slow following large post-pandemic gains. Even so, the metro's rate will increase to \$23.45 per square foot by the end of December.

INVESTMENT: Investors interested in opportunities to renovate vacant older properties may begin their search along Interstate 275 in Tampa proper, where a large cluster of such assets exist.

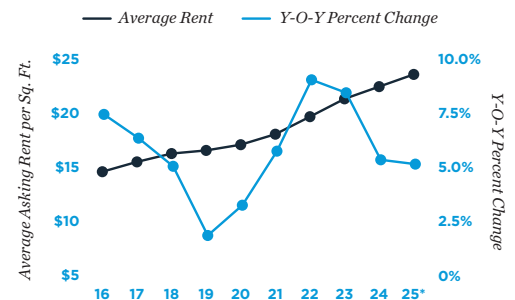
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Tampa Office:

David Bradley

Senior Vice President, Regional Manager

201 North Franklin St., Suite 1100

Tampa, FL 33602

Tel: (813) 387-4700 | david.bradley@marcusmillichap.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.