

# INVESTMENT FORECAST

Office  
Tampa-St. Petersburg Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2025

## Tampa-St. Petersburg Leasing Activity Remains Robust; Demand for Medical Offices Poised to Grow

**Bright spots in multiple submarkets underpin overall solid fundamentals.** The Tampa metro has done well at absorbing new supply over the past three years, culminating in the second-lowest vacancy rate of major Florida markets, holding below 13 percent over that span. Certain submarkets outside of Tampa and St. Petersburg proper have retained strong leasing demand. The Sarasota-Bradenton area, specifically, has been sought-after by firms; even with the third-largest inventory in the metro, it entered 2025 at an incredibly low 6.6 percent vacancy. This submarket benefits from its proximity to professionals already in the area, with relatively short commutes from across Manatee River and as far as Lakewood Ranch. Outside of traditional office use, demand for medical offices in Tampa will likely keep expanding. Retirement-aged individuals make up roughly one-third of the total population and represented over half of the growth last year. Vacancy for local medical offices have held under 8 percent since late 2020. An aging population is likely to raise demand for medical services, even as the pace of net in-migration potentially slows.

**Stabilized assets widespread in metro.** While local office sales volume has trended down over the last two years, trades are still occurring, primarily in areas outside of Tampa proper. Sarasota-Bradenton and Pinellas County will likely account for a large portion of sales again this year. Bullish investors may look to the former submarket for lower entry costs, standing at a mean of \$214 per square foot over the last three years. On the other hand, St. Petersburg is already home to many professionals and reported a 50-basis-point vacancy drop in 2024. Additionally, the largest number of fully leased medical offices in the metro is located in Pinellas County. Multiple retirement communities on the peninsula will support low vacancy for medical office spaces here in the long term.

### 2025 MARKET FORECAST

+1.3%



**EMPLOYMENT:** Overall job growth nudges up from last year, raising the total headcount by 21,000 – half of the 2023 gain. Of these new roles, 2,800 will belong to traditionally office-using sectors.

574,000  
sq. ft.



**CONSTRUCTION:** The delivery pipeline will expand this year, increasing inventory by 0.5 percent. Nearly a third of this new space is slated for completion in Central Tampa.

-60 bps



**VACANCY:** Vacancy will contract for the third straight year. This will culminate in a year-end rate of 11.4 percent, in line with the pre-pandemic numbers.

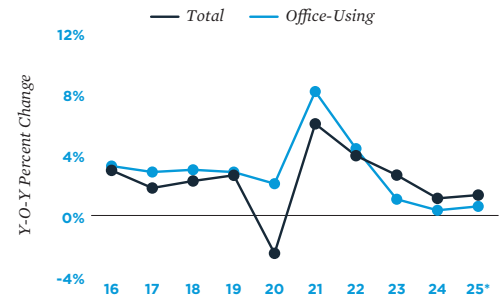
+2.0%



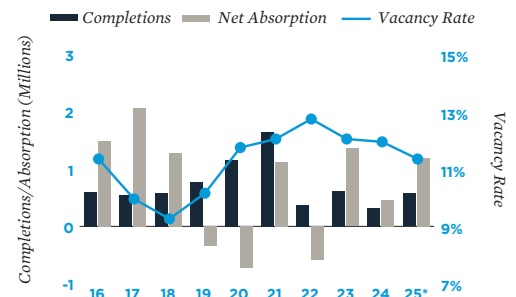
**RENT:** Strengthening demand will sustain growth in the average asking rent, albeit at a lower intensity than reported in 2024. The rate will reach \$26.50 per square foot by December.

**INVESTMENT:** Investors concerned by the growing intensity of natural disasters could be interested in offices in the Interstate 75 Corridor. Buildings here benefit from more distance from the coast and less potential flooding.

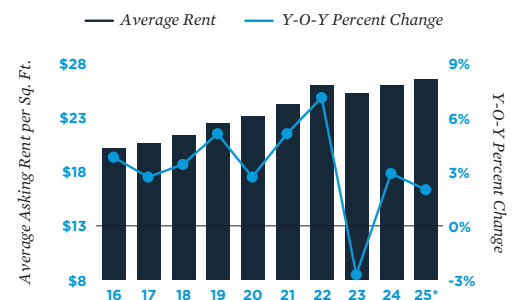
### Employment Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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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.