INVESTMENT FORECAST

Retail

Tampa-St. Petersburg

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026

Historically Limited Construction Keeps Vacancy Tight as Multi-Tenant Trading Accelerates

Demand trends diverge. After several years of outsized demographic momentum, conditions are normalizing in Tampa. Population growth will remain above the national average in 2026, but continues to decelerate. This slowdown has already contributed to the metro recording its weakest year-long stretch of net absorption last year since at least 2007. Meanwhile, performance across tenancy types remains uneven. Persistent relinquishments across neighborhood, community, and strip centers may continue to pressure multi-tenant vacancy. Single-tenant spaces remained among the 10 least vacant markets nationally in late 2025, though performance remains bifurcated by size. Sub-10,000-square-foot properties entered 2026 with sustained positive absorption momentum. In contrast, vacancy among single-tenant spaces exceeding 10,000 square feet rose materially last year. Backfilling largely by fitness and discount retailers, however, has kept the segment's average months-to-lease near historic lows.

Constrained supply aids investment appeal. Limited availability is expected to remain supportive of investor sentiment amid a sharp slowdown in development. Last year, this tight environment helped drive a nearly 50 percent increase in multi-tenant trading activity. Investors targeting these assets may increasingly look to Central Tampa, where sustained demand has kept segment vacancy third lowest nationally across submarkets with over 4 million square feet of inventory. Some of the metro's strongest population growth may also continue attracting multi-tenant investors to Pasco and Hernando counties. Meanwhile, investors targeting single-tenant spaces may find discounted valuations near the Interstate 75 Corridor in East Tampa, as average asking rents have declined since late 2024, despite vacancy holding near historic lows.

2026 MARKET FORECAST

+0.6% — **Employment:** Job growth slows for the fifth consecutive year in 2026, with just 10,000 new positions. Still, the metro's pace will remain faster than the 0.2 percent national benchmark.

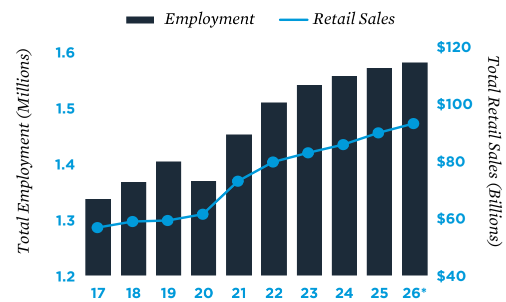
735,000 *sq. ft.* — **Construction:** Tampa's development pipeline narrows sharply in 2026, as completions translate into inventory growth of just 0.4 percent, marking the metro's slowest expansion since at least 2007.

+10 bps — **Vacancy:** Limited completions help temper rising vacancy this year. By year-end, the rate is expected to reach 4.1 percent, still 120 basis points below the metro's long-term average.

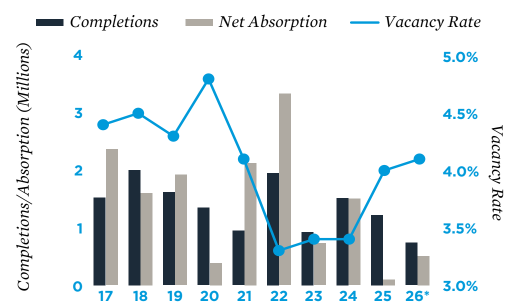
+2.0% — **Rent:** A third straight year of rising vacancy continues to weigh on average asking rent growth, as the rate edges up to $23.70 per square foot, nearly matching the national forecast.

INVESTMENT: *Northwest Tampa suburban single-tenant assets may attract investors seeking sub-$5 million deals, given high-income households and segment vacancy 200 basis points below average.*

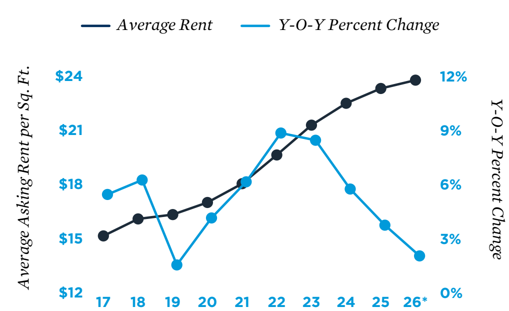
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.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 January 2026. 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 office 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.

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