INVESTMENT FORECAST

Industrial

Tampa-St. Petersburg

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Record Small-Bay Leasing and Stronger Port Activity Help Shape Gradual Industrial Recovery

Active retenanting meets a delivery slowdown. New speculative supply and move-outs by smaller tenants lifted vacancy to its highest level since 2013 last year. Yet that churn also opened more small-bay options, with segment leasing reaching an all-time high of nearly 4 million square feet in 2025. Faster-growing areas, such as east and north Hillsborough County and Sarasota-Bradenton, all saw historically high small-bay demand, pointing to strong backfilling. Port activity likely helped, as container traffic moving through Port Tampa Bay rose 2 percent year-over-year while cargo at Tampa International Airport fell by more than 10 percent, leaving airport-area leasing softer. Relief may broaden in 2026 as completions fall to a decade low, especially in Plant City, which will see no major deliveries after adding more than 6 million square feet since 2022. That pullback should aid buildings over 100,000 square feet, where vacancy hit 12 percent in March, versus about 4 percent for small-bay properties. Tampa's average asking rent, now at a record discount to Orlando, may also draw tenants.

Sales surge in the south while port interest grows. Investment activity rose over the past year, led by private investors, while institutions stayed selective. A healthier supply-demand balance in 2026 could support further deal flow, despite near-term geopolitical volatility. Sarasota-Bradenton posted record sales activity, with buyers especially active along U.S. 301 between Manatee and Sarasota counties, where properties sit between fast population growth in Manatee County and Sarasota County's higher-income households. Farther north, East Hillsborough may also draw more interest near the port as two new cranes arrive in 2026. Institutions may stay focused here, favoring properties with recently signed leases that provide longer-term income visibility.

2026 MARKET FORECAST

+0.5% — **Employment:** Employers across the metro are expected to add 7,000 positions on net in 2026, marking a modest rebound but still the slowest job growth outside recessionary periods.

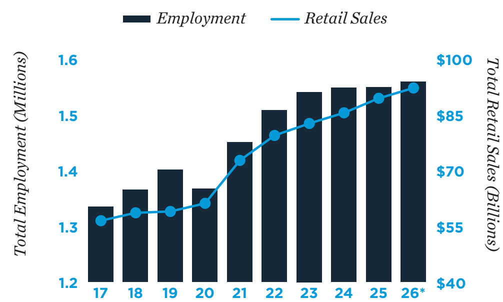
2.2 million *sq. ft.* — **Construction:** Deliveries in 2026 will fall sharply, with inventory growth of 1.0 percent at roughly half the past 10-year average. New supply will cluster in east Hillsborough and Pinellas counties.

+20 bps — **Vacancy:** A slight pickup in net absorption and fewer completions should limit the rise in vacancy to its smallest margin in four years. At 8.1 percent, vacancy will sit just below the U.S. rate.

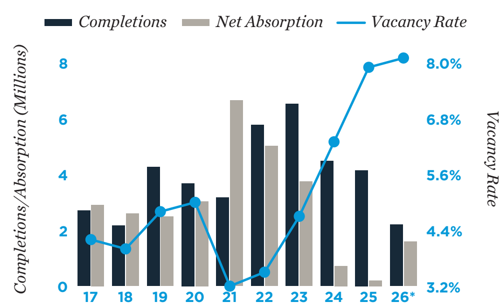
+0.7% — **Rent:** Rent growth resumes after asking rates edged down over the past two years. The average rate will tick up to $11.64 per square foot, though it will remain about 40 cents below the 2023 peak.

INVESTMENT: *Average asking rents across Hillsborough County have roughly doubled since 2019, which may support greater capital spending on building upgrades or subdividing space to meet smaller-tenant demand.*

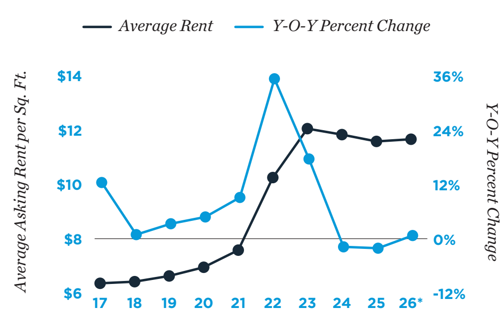
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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