INVESTMENT FORECAST

Office

Tampa-St. Petersburg Metro Area

2026

Urban Core Faces Challenges While Select Submarkets See Demand Rising for Higher-End Spaces

Performance varying by asset class. Tampa's office market heads into 2026 amid notable performance divergence by quality tier. Class A properties recorded roughly 300 basis points of vacancy compression in 2025, while Class B and C assets saw little movement in the metric. In the urban core, absorption remains weak across all quality levels. It is especially soft in mid- to lower-end space, partly because average asking rates in these segments were more than 20 percent above those of any other submarket in late 2025. Meanwhile, more affordable areas such as Pinellas and Pasco counties posted their strongest stretch of Class A net absorption last year since before the pandemic. Heading into 2026, leasing activity east of the urban core also remains strong across quality tiers. Demand for Class A/B space between the areas of Clair-Mel City and Oak Forest is robust, while lease signings among lower-tier properties appear to be consolidating in areas of strong connectivity, such as south of Ybor City and east of Live Oaks Square.

Cap rates stabilizing. Office sales activity picked up in 2025, surpassing the pre-pandemic annual average seen from 2015 to 2019. Roughly two-thirds of transactions involved properties delivered between 1990 and 2010. At the same time, Class A assets have seen the average price per square foot steadily decline since mid-2022, in contrast to modest gains across other property tiers. As tenant demand for Class A space becomes increasingly apparent, buyers in the segment may be facing a narrowing window to secure elevated cap rates. Geographically, investor interest will likely remain elevated in Pinellas County as the Interstate 75/Highway 60 interchange continues to support strong space demand. At the same time, retail and multifamily development in Pasco County may attract investors also seeking comparatively higher cap rates.

2026 MARKET FORECAST

+0.4% — **Employment:** Employment growth slows relative to the 2.1 percent trailing-decade average as the metro adds only 6,000 new positions, 1,500 of which come from traditional office-using sectors.

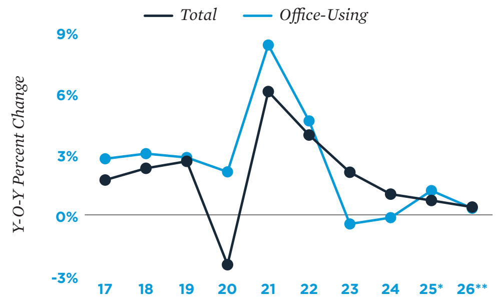
240,000 *sq. ft.* — **Construction:** The development pipeline contracts this year, with deliveries contributing only 0.2 percent to total inventory, marking the metro's smallest annual growth since 2014.

-40 bps — **Vacancy:** Tampa's vacancy tightens for a fourth consecutive year, though at a slower pace than in 2025. By year-end, the rate reaches 10.9 percent, ranking fifth lowest among major markets.

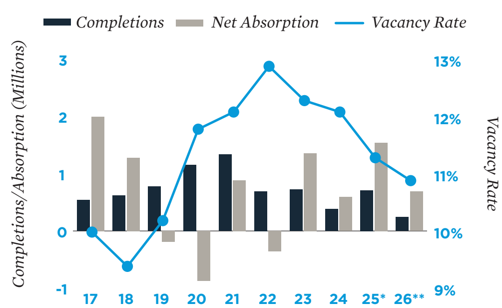
+3.3% — **Rent:** Declining vacancy continues to support asking-rent growth, with the metro's rate rising at the second-fastest pace among major markets to reach $28 per square foot in 2026.

INVESTMENT: *An evident shift in tenant preference toward higher-quality spaces in recent years, coupled with recent federal bonus depreciation incentives, could spur increased investor interest in value-add opportunities.*

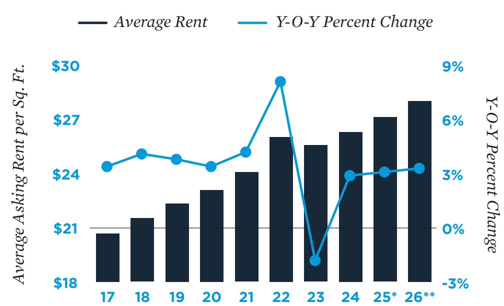
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Office

Alan L. Pontius

Senior Managing Director, National Division Leader

Tel: (415) 963-3000 | apontius@ipausa.com