

RETAIL

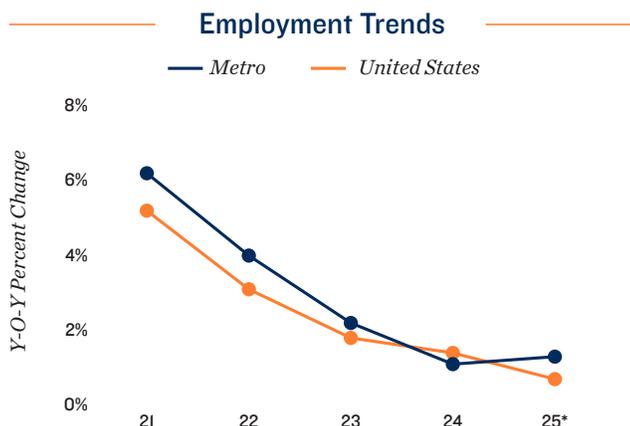
Tampa-St. Petersburg Metro Area

3Q/25

Closures Create Opportunities for Improved Tenancy Mix Amid Tampa's Robust Retail Demand

Demographic tailwinds intact amid closures. Since 2020, Tampa's population has expanded by nearly 8 percent, placing the metro among the top 15 major markets for growth and fueling retail space demand. During the same period, annual inventory growth averaged just 0.7 percent — below the metro's long-term norm of 1.0 percent — helping vacancy stay near historic lows in the 3 percent range as of the end of 2024. In the first half of 2025, however, vacancy rose to 4.0 percent by July, as nationwide bankruptcies prompted closures. Macy's, Big Lots, Walgreens and Party City were among the retailers returning space to the market, leading to two consecutive quarters of negative net absorption to start the year.

Prime spaces increasingly coveted. Despite recent vacancy pressure, Tampa's second quarter leasing activity held in line with the prior three-year average. On the tenant side, securing space in desirable locations is difficult as availability is still limited. Returning vacancies are quickly absorbed, pushing the average time to lease to a five-year low of 4.3 months in June. For landlords, re-tenanting presents opportunity. The average asking rent has climbed nearly 39 percent since 2020, the second-fastest pace among major markets. Limited speculative development in a narrowing construction pipeline only amplifies this imbalance. Prime areas are poised for continued strength, stretching from Central to South Tampa and east to the Interstate 75 corridor, where vacancies stay under 3 percent.



* Forecast
Sources: BLS; CoStar Group, Inc.

Retail 2025 Outlook



18,000

JOB

will be created

EMPLOYMENT:

Tampa's employment base is expected to expand by 1.2 percent this year, roughly half of the trailing decade average. Nonetheless, the metro's growth rate will rank as the eleventh fastest among major U.S. markets.



680,000

SQ. FT.

will be completed

CONSTRUCTION:

This year's delivery slate is the smallest since at least 2007. Beyond a few projects in South Petersburg, nearly all construction underway as of August was concentrated in downtown Tampa or Pasco County.



80

BASIS POINT

increase in vacancy

VACANCY:

Bankruptcy-related closures create near-term pressure on Tampa's vacancy, pushing it to 4.2 percent by year-end. Still, the metro is expected to remain the second tightest after Miami among Florida's major markets.



2.4%

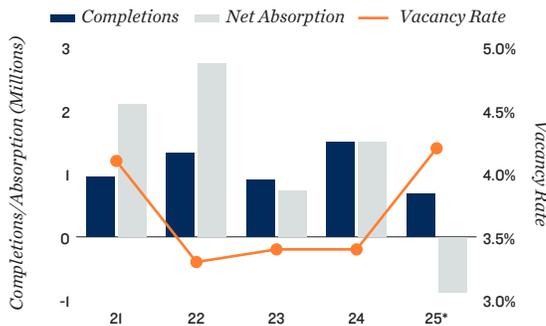
INCREASE

in asking rent

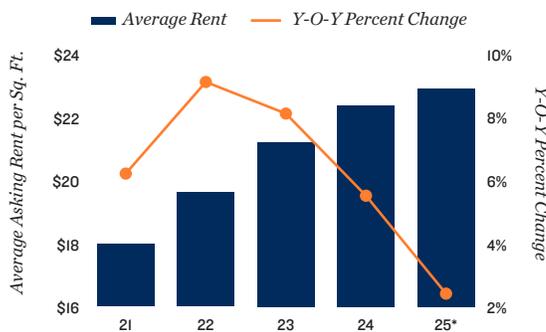
RENT:

With vacancy staying 80 basis points below the national average at year-end, Tampa's average asking rent rises to \$22.90 per square foot. Nevertheless, this year's growth trails the 5.5 percent gain in 2024.

Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Tampa Office:

David Bradley Vice President, Regional Manager

201 North Franklin St., Suite 1100

Tampa, FL 33602

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

Prepared and edited by:

Noah Brown

Research Associate | Research Services

For information on national retail trends, contact:

John Chang

Senior Vice President, Chief Intelligence & Analytics Officer

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. 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. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

2Q 2025 — 12-Month Period



CONSTRUCTION

1,109,000 sq. ft. completed

- Total inventory grew 0.6 percent in the year ended in June, nearly matching the prior 12 months but still above the 0.4 percent national pace.
- Outlying submarkets, such as Sarasota-Bradenton, Hernando and Pasco counties, composed the bulk of the past year’s deliveries, accounting for over 900,000 square feet of the metro’s new retail space.



VACANCY

80 basis point increase in vacancy Y-O-Y

- In June, the metro’s 4.0 percent vacancy rate stood 140 basis points below its long-term average, ranking among the 15 least-vacant major markets.
- During the year ended in June, multi-tenant vacancy rose 120 basis points to 5.4 percent, outpacing the 70-basis-point increase in single-tenant space, which climbed to 3.4 percent.



RENT

0.9% increase in the average asking rent Y-O-Y

- Tampa’s average asking rent growth lagged the national 1.1 percent gain, with the metric standing at \$22.62 per square foot heading into July.
- Asking rent growth in the CBD matched the metro average, while rents in eastern infill locations declined. Suburban areas like Sarasota-Bradenton, Hernando County and North Hillsborough posted gains over 6 percent.

Investment Highlights

- Investor demand for Tampa retail continued to improve heading into July. Transaction velocity climbed more than 15 percent year over year through June, while the average price per square foot rose 2.8 percent — the seventh-fastest pace among major metros. Much of this momentum stemmed from \$10 million-to-\$20 million trades, which surged to a pace more than 50 percent above that of the previous four years. Meanwhile, about three-quarters of all deals involved properties built before 1990.
- Northern outlying Hernando and Pasco counties were the only submarkets to post positive net absorption for the year ended in June. In Pasco, asking rents surged nearly 50 percent over the past four years — the metro’s fastest pace. Strong tenant demand, driven by outsized population growth, and a largely pre-leased pipeline may also continue fueling investor interest.
- The sale-to-asking price differential reached its highest level since early 2022 in the second quarter. This market liquidity may boost interest in value-add opportunities in built-out areas like Central and South Tampa, where vacancy rose the least last year. Bonus depreciation incentives from the recent tax and spending bill further boosts the appeal.