

# MARKET REPORT

## RETAIL 3Q/26

Tampa-St. Petersburg Metro Area

Marcus & Millichap

### Leasing and Construction Activity Changing as Demographic Trends Shift

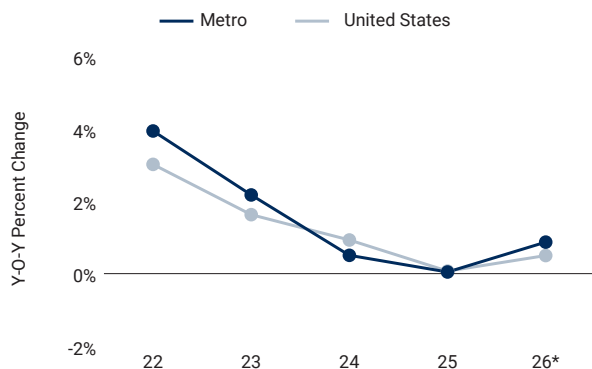
**Wage growth holds as in-migration slows.** Tampa has been among the 10 fastest-growing major metros by household income growth for the past four years, supporting consumer spending. At the same time, net migration has slowed markedly from the 2015-2019 annual average of 50,000 new residents per year to a projected increase of roughly 10,000 net arrivals in 2026. Developers have responded by pulling back construction, with roughly 730,000 square feet underway in early July, the lowest level since late 2023. Leasing activity has also cooled, as the volume of space committed reached its lowest quarterly level since 2015 in the second quarter.

**High-traffic, affluent area sustains demand.** The I-75 corridor remained among the tightest vacancy zones in June, with rates near 3 percent. The stretch between Ashley Oaks and Lakewood Crest remained particularly tight. In contrast, a wave of move-outs in Pasco County — one of the metro's fastest-growing corridors — pushed local vacancy up to 6.0 percent. Yet leases from Walmart, The Home Depot, and BJ's Wholesale Club pushed first-quarter leasing to a record high, signaling continued interest from national credit tenants in the area. Much of the space scheduled to deliver there through year-end is pre-leased.

### Employment

The professional and business services sector was particularly weak in 2025, shedding more than 7,000 jobs and contributing to the metro's slowest employment growth since 2020. Through the first six months of 2026, however, hiring has rebounded, with the sector adding over 5,000 positions and helping lift overall employment by more than 4,000 jobs during the period. While growth this year is expected to remain below the trailing decade average of 2.0 percent, it will mark a notable improvement from last year.

#### EMPLOYMENT TRENDS



\* Forecast

Sources: BLS; CoStar Group, Inc.

### 2026 FORECAST



#### EMPLOYMENT

13,500

0.9%

Jobs will be created Increase Y-O-Y



#### CONSTRUCTION

710,000

0.4%

Sq. ft. will be added Inventory increase Y-O-Y



#### VACANCY

4.3%

30

Vacancy rate BPS increase Y-O-Y



#### RENT

\$23.40

1.2%

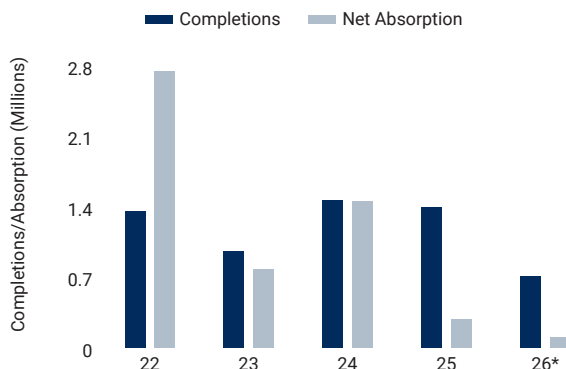
Average asking rent by year-end Increase Y-O-Y



### Construction

After six consecutive quarters with more than 300,000 square feet of deliveries, Tampa's construction pipeline slowed markedly in the second quarter, with just over 100,000 square feet completed. That pace is expected to continue through year-end, with roughly 200,000 additional square feet scheduled to deliver by December. As a result, inventory growth this year will total roughly half the trailing decade annual average. New supply is largely concentrated in and around the CBD, and in Pasco County.

#### CONSTRUCTION TRENDS

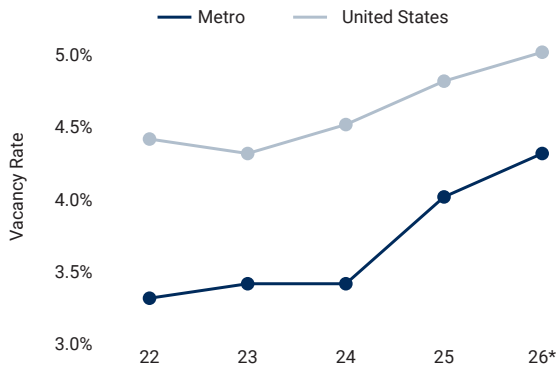




## Vacancy

After reaching a low of 3.2 percent in mid-2024 — the lowest level since at least 2007 — Tampa's vacancy has trended upward, reaching 4.4 percent in June. Even so, the rate remains just 30 basis points above the trailing decade average. The stretch from Tampa International Airport to the Interbay Peninsula maintained some of the metro's tightest vacancy in June, with rates near 2 percent in some areas. Across the Hillsborough River, however, properties in Downtown Tampa posted vacancy above 6 percent.

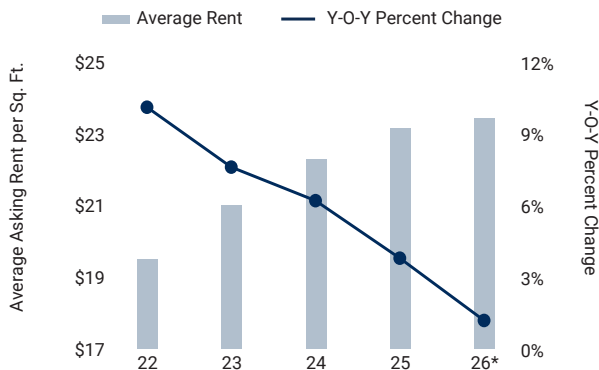
### VACANCY TRENDS



## Rent

As vacancy has increased, Tampa's average asking rent growth has slowed each of the past three years. Yet with both multi-tenant and single-tenant vacancy rates in June in line with their trailing decade averages at 5.7 percent and 3.7 percent, respectively, modest asking rent growth remains possible. From 2015 to 2019, the metro averaged more than 5 percent annual asking rent growth despite carrying a larger inventory of vacant space than it did as of June.

### RENT TRENDS



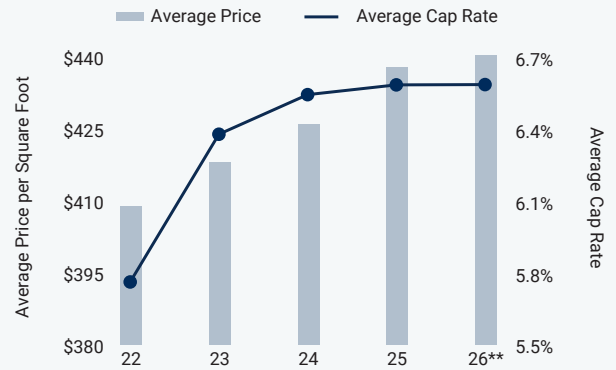
\* Forecast \*\* Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

## INVESTMENT HIGHLIGHTS

- The metro retained its position as Florida's most transacted major market, supported by a 25 percent year-over-year increase in trading during the 12 months ended in June. Despite softening demographic momentum, Florida's elimination of sales taxes on commercial leases last year should help sustain investor interest in Tampa's retail stock. By reducing tenants' occupancy costs without lowering contractual rents, the repeal may facilitate renewals and strengthen future cash flow potential for current owners and prospective buyers.
- Pasco County's expanding health care sector may draw investors to nearby retail assets as new medical campuses enlarge the area's employment base and generate recurring traffic. Moffitt's growing Speros campus in Land O' Lakes and Orlando Health's new hospital in Wesley Chapel should particularly strengthen the outlook for service-oriented retail along the county's primary growth corridor.
- Pinellas County accounted for nearly 40 percent of metro retail trades during the year ended in June. Its roughly \$1.8 million average sale price, the metro's lowest, reflects a concentration of smaller private-buyer deals. With typically lower entry costs and a large stock of older, smaller properties, private investors and 1031 exchange buyers should remain active here. Dense infill demand and limited development opportunities reinforce the long-term appeal of well-located assets, particularly in Clearwater-Historic Bayview, where vacancy remains among the tightest in the county.

### SALES TRENDS



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