

FIGURES | TAMPA INDUSTRIAL | Q1 2025

Tampa’s tenant demand reflects long-term trends with focus on mid-sized leases



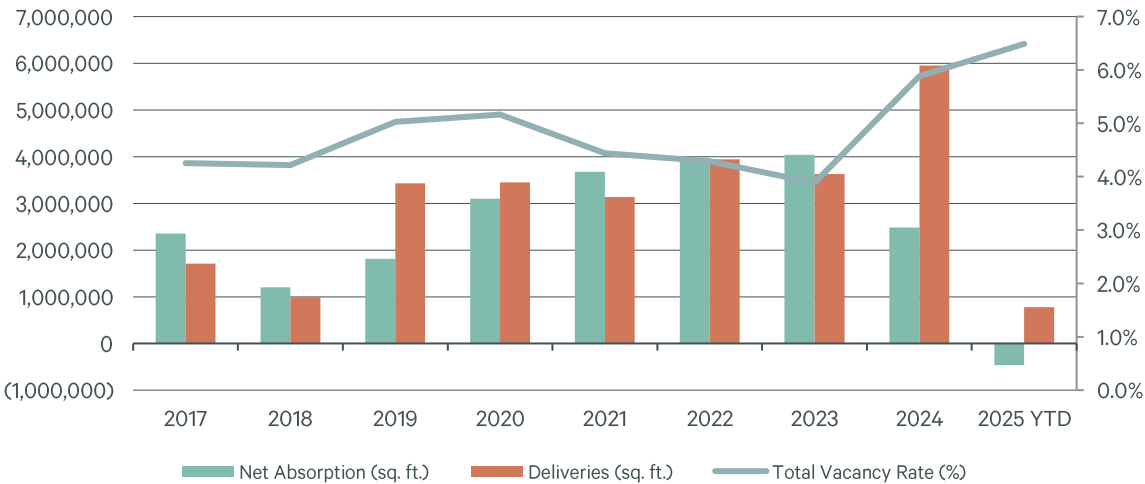
Note: Arrows indicate change from previous year.

OVERVIEW

- Negative net absorption of -461,280 square feet this quarter was largely driven by the sublease market, particularly a large, 330,000 square foot space in Plant City
- Headline vacancy crested the 6% threshold this quarter as 775,049 square feet worth of space delivered in Mid-Pinellas and Plant City submarkets
- Pasco County experienced 1.4 million square feet of built-to-suit/owner-user groundbreakings this quarter, including an e-commerce robotics sorting facility and manufacturing plants for both Bauducco Foods and MiTek

Tenant demand in Tampa continues to follow long-term trends, with transactions between 20,000 and 75,000 square feet dominating leasing activity this quarter. Some of the larger, pending transactions appear to have longer timelines, possibly due to uncertainties in the global trade environment and the mid-to-long term effects of trade policy. Locally, industrial growth is more closely linked to population growth and servicing the community, rather than port-related activities, which should provide a buffer against broader national and global impacts. However, the manufacturing concentration in Pinellas County will be an area to watch in this evolving landscape.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Negative absorption was recorded for the first time in years, primarily driven by the sublease market, with 375,000 square feet of net vacant sublease opportunities emerging over the quarter. This includes the Leggett & Platt facility in Plant City, totaling 330,000 square feet. Top move-ins were both smaller in size and predominately within new construction, demonstrating recent trends in core user sizes and the type of product they are targeting. An additional 850,000 square feet worth of planned move-ins within the 1.7 million square feet set to deliver in the second quarter should help push absorption towards familiar territory.

VACANCY

Direct vacancy increased by 40 basis points this quarter to 6.0%, due to both negative net absorption and the deliveries of Clearwater Logistics Center (308,941 sq. ft.) and Park 4 Logistics Center (466,108 sq. ft.), both of which are fully available. The market continues to show a dichotomy in vacancy rates, with buildings under 250,000 square feet boasting a 4.7% vacancy rate compared to 11.0% for buildings over 250,000 square feet.

The construction pipeline, though shallower, was bolstered by 1.6 million square feet of groundbreakings, nearly 90% of which are built-to-suit or owner-user developments for an e-commerce firm, Bauducco Foods, and MiTek—all in Pasco County. An additional 2.5 million square feet remains under construction across the region, with commitments on 36% of that space ahead of delivery.

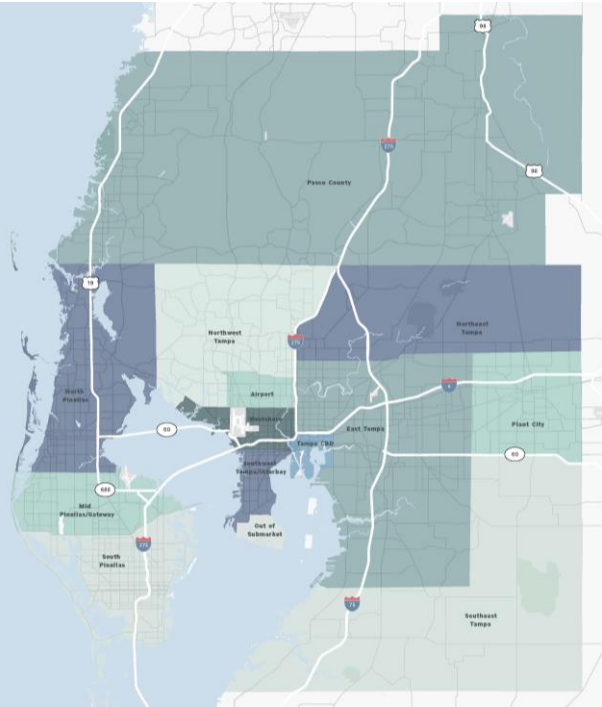
PRICING

Average asking rent growth has further moderated after increasing 55% since Covid and 23% in just the last two years, with most growth now being realized in shallow-bay, infill product of a various vintages and qualities. Healthy lease-up of recent projects would lend to additional appreciation.

FIGURE 2: Statistical Snapshot Q1 2025

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/NNN)
East Hillsborough	85,207,420	5.8%	6.3%	(313,450)	(313,450)	1,991,521	\$10.04
Tampa CBD	8,738,293	5.3%	5.3%	(11,727)	(11,727)	0	\$12.14
Northeast Tampa	1,539,951	0.3%	0.3%	(5,000)	(5,000)	0	\$13.00
East Tampa	53,352,621	3.9%	3.9%	187,780	187,780	776,512	\$11.76
Plant City	19,597,937	9.6%	11.9%	(484,503)	(484,503)	1,215,009	\$7.78
Southeast Tampa	1,978,618	24.8%	24.8%	0	0	0	\$9.20
West Hillsborough	20,921,772	4.2%	4.2%	39,534	39,534	100,698	\$13.71
Westshore	3,753,958	0.7%	0.7%	7,298	7,298	0	\$14.14
Airport	13,326,028	5.5%	5.7%	(14,903)	(14,903)	100,698	\$13.71
Southwest Tampa	1,822,684	3.9%	3.9%	43,639	43,639	0	\$9.00
Northwest Tampa	2,019,102	1.7%	1.7%	3,500	3,500	0	\$16.96
Hillsborough County	106,129,192	5.4%	5.9%	(273,916)	(273,916)	2,092,219	\$10.46
South Pinellas	8,559,707	7.8%	7.9%	(129,084)	(129,084)	0	\$10.36
Mid Pinellas/Gateway	30,305,000	4.3%	5.0%	(77,148)	(77,148)	146,539	\$10.27
North Pinellas	6,539,261	2.0%	3.5%	(61,513)	(61,513)	0	\$10.71
Pinellas County	45,403,968	4.6%	5.3%	(267,745)	(267,745)	146,539	\$10.34
Pasco County	13,552,948	15.1%	15.1%	80,381	80,381	1,882,773	\$11.25
Tampa Total	165,086,108	6.0%	6.5%	(461,280)	(461,280)	4,121,531	\$10.48
Manufacturing	32,054,373	3.1%	3.1%	13,269	13,269	883,000	\$9.63
R&D/Flex	12,838,101	4.5%	5.7%	(9,448)	(9,448)	0	\$14.24
Warehouse/Distribution	120,193,634	7.0%	7.5%	(465,101)	(465,101)	3,238,531	\$10.36

Market Area Overview



ECONOMIC OUTLOOK

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Survey Criteria: Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Hillsborough, Pinellas and Pasco counties.
*Note: Changes to submarket boundaries were implemented in Q4 2024, resulting in adjustments to submarket inventory and coverage.

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