

# Tampa Industrial Market Overview

# Market Observations

## Economy

- The market's unemployment rate increased by 32 basis points year over year to 3.6% but remained well below the five-year average of 4.3%.
- Job growth has slowed to 0.7% year over year, marking a significant deceleration from recent peaks. Employment gains remain subdued relative to pre-pandemic norms—by comparison, annual growth as of year-end 2019 stood at a robust 2.6%
- Employment growth was reported in seven of the ten sectors, with the mining and construction industry leading the way, reporting a 4.2% increase in jobs over the past 12 months.
- Industrial-using jobs in the market demonstrated steady year over year growth, with increases ranging from 0.3% in manufacturing to 4.2% in mining and construction over the past 12 months.

## Major Transactions

- RealCold signed largest deal of the quarter at 5900 Mt Olive Rd leasing 186,000 SF to strengthen its network of cold storage distribution facilities to meet online consumer needs. Their presence in the community is expected to provide over 100 high-quality job opportunities.
- Of the five largest deals signed, four were new leases, with three of those exceeding 100,000 square feet, indicating there is still an appetite for larger industrial spaces in the market.
- Four of the five largest lease deals were signed in East Tampa & North Pinellas, underscoring the submarkets growing appeal to industrial users.



## Leasing Market Fundamentals

- The market saw 318,702 SF of positive absorption in the first quarter 2025, the lowest quarterly occupancy gain since 2011. However, net absorption is expected to increase as tenants begin occupying spaces from leases signed in late 2024 and early 2025.
- Overall rental rates in Tampa's industrial market rose 1.4% year over year in the first quarter of 2025, reaching a record high of \$8.72/SF. The tempered growth over the past two years reflects the ongoing supply and demand imbalance in the market.
- The construction pipeline recorded 1.7 MSF of deliveries by the end of the first quarter of 2025. Meanwhile, space under construction decreased to 4.6 MSF, marking the fourth consecutive quarter of decline.
- Tampa's industrial vacancy rate rose 140 basis points year over year to 7.5%, continuing a trend of supply and demand imbalance over the past two years, as the vacancy rate continued to increase from a record low of 4.7% in 2022.



## Outlook

- Ongoing development in the Tampa market currently represents 1.8% of total inventory. The development pipeline is expected to contract further in the near term, as fewer projects break ground and existing developments near completion. Despite this, developers remain active in securing land for future projects, when conditions are more favorable.
- Vacancy rates are expected to stabilize in the near term, as the pace of new deliveries slows, and tenants begin occupying spaces from leases signed in late 2024 and early 2025. Leasing activity will likely be concentrated in new construction or the active pipeline.
- While leasing activity and rent growth have moderated, asking rents are expected to remain elevated due to inflation and the influx of high-quality new product in the pipeline, which commands higher pricing.

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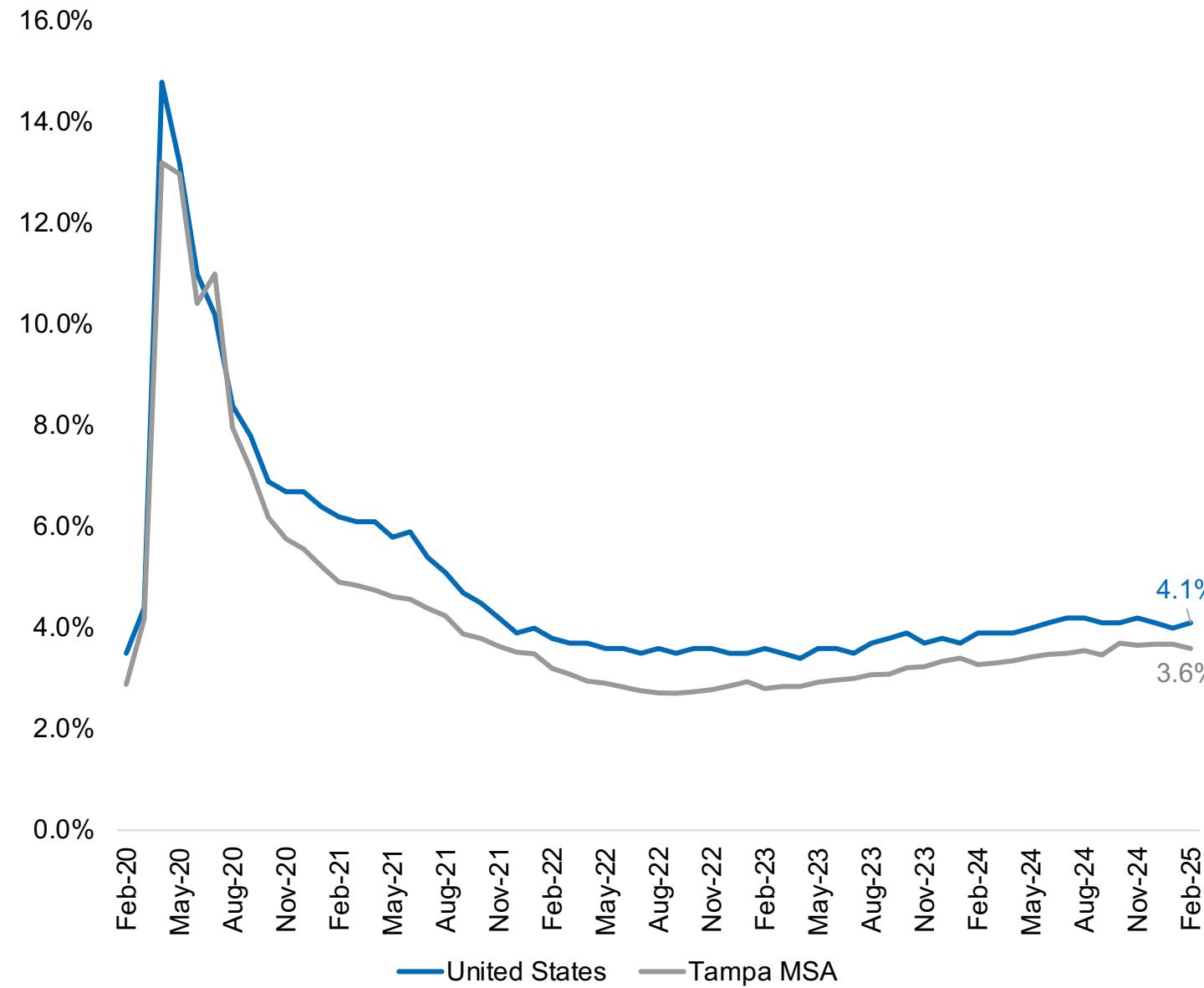
# Economy



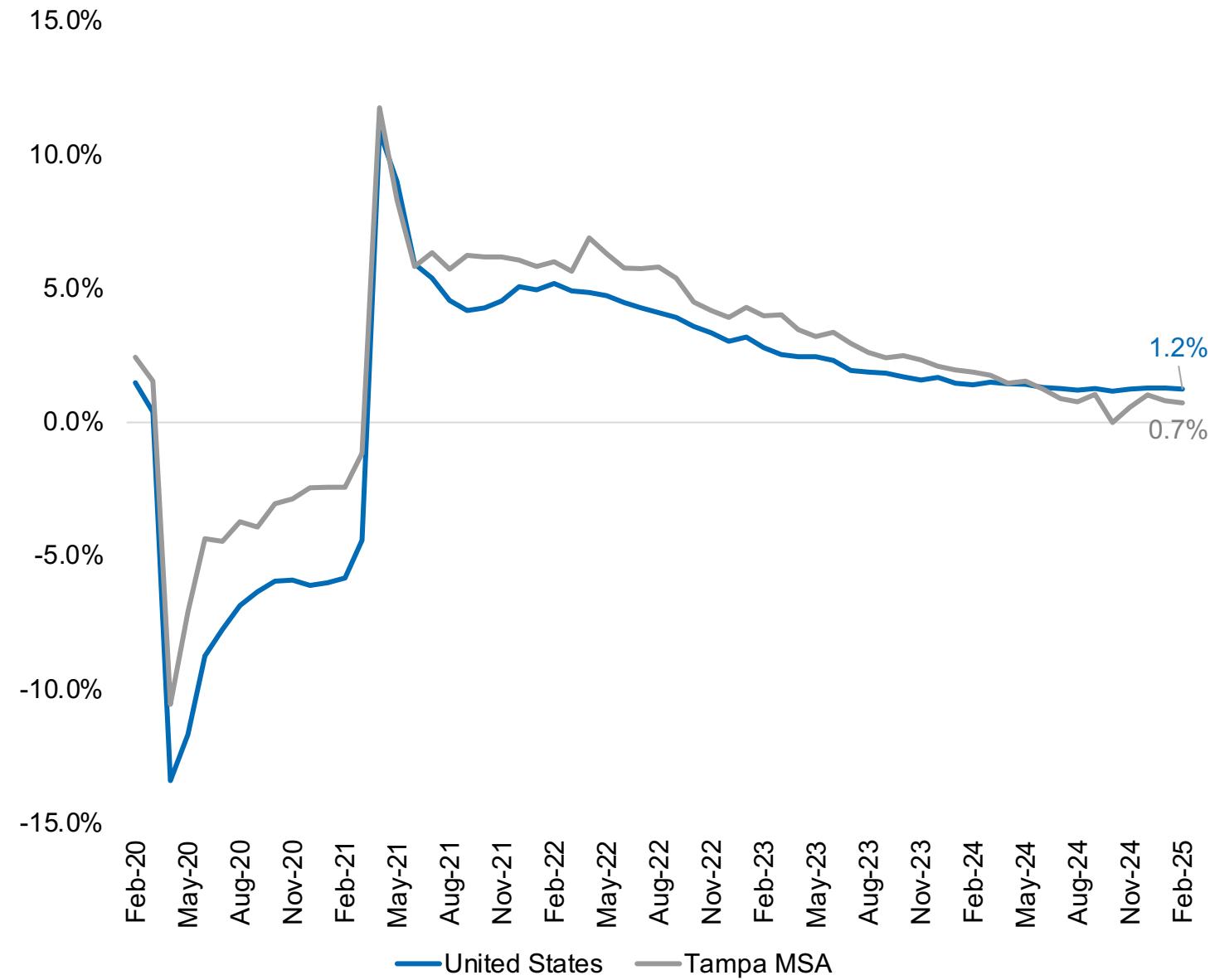
# Metro Employment Growth Begins to Trail the Nation

Tampa has historically maintained an unemployment rate below the national average, while consistently outperforming in year over year employment growth. However, ongoing economic headwinds have begun to affect the local labor market. Over the past year, Tampa's unemployment rate has risen by 32 basis points, while employment growth has decelerated by 114 basis points. Notably, as of June 2024, the region's employment growth fell below the national average for the first time since the post-pandemic recovery, driven by a contraction in the business and professional, and information sector.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

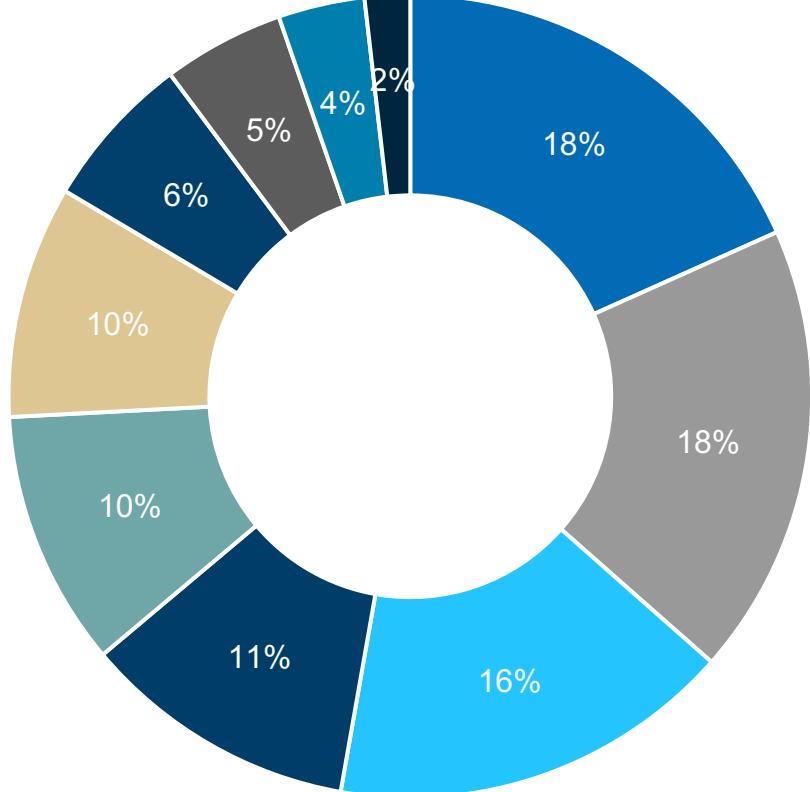


Source: U.S. Bureau of Labor Statistics, Tampa MSA

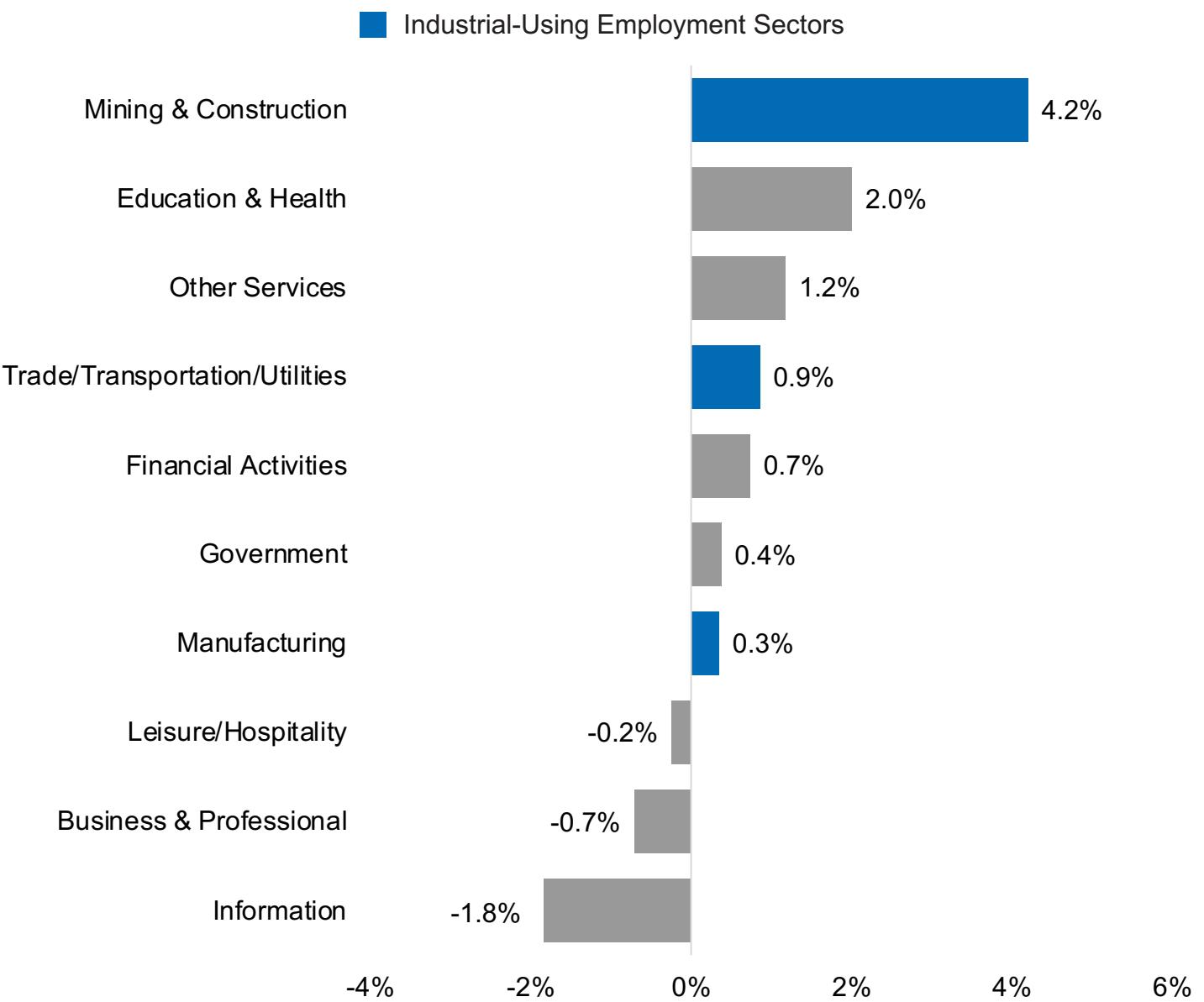
# Employment Growth Continues for All Industrial Sectors

Tampa's two largest employment sectors account for 36.5% of the metro area's total job base. The trade/transportation/utilities sector, which is integral to industrial employment, is the second-largest sector, representing 18.2% of the workforce. While most industries in the region experienced growth, the leisure and hospitality, business and professional services, and information sectors saw declines. Industrial-related sectors, however, demonstrated positive year over year growth, ranging from 0.3% to 4.2%.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

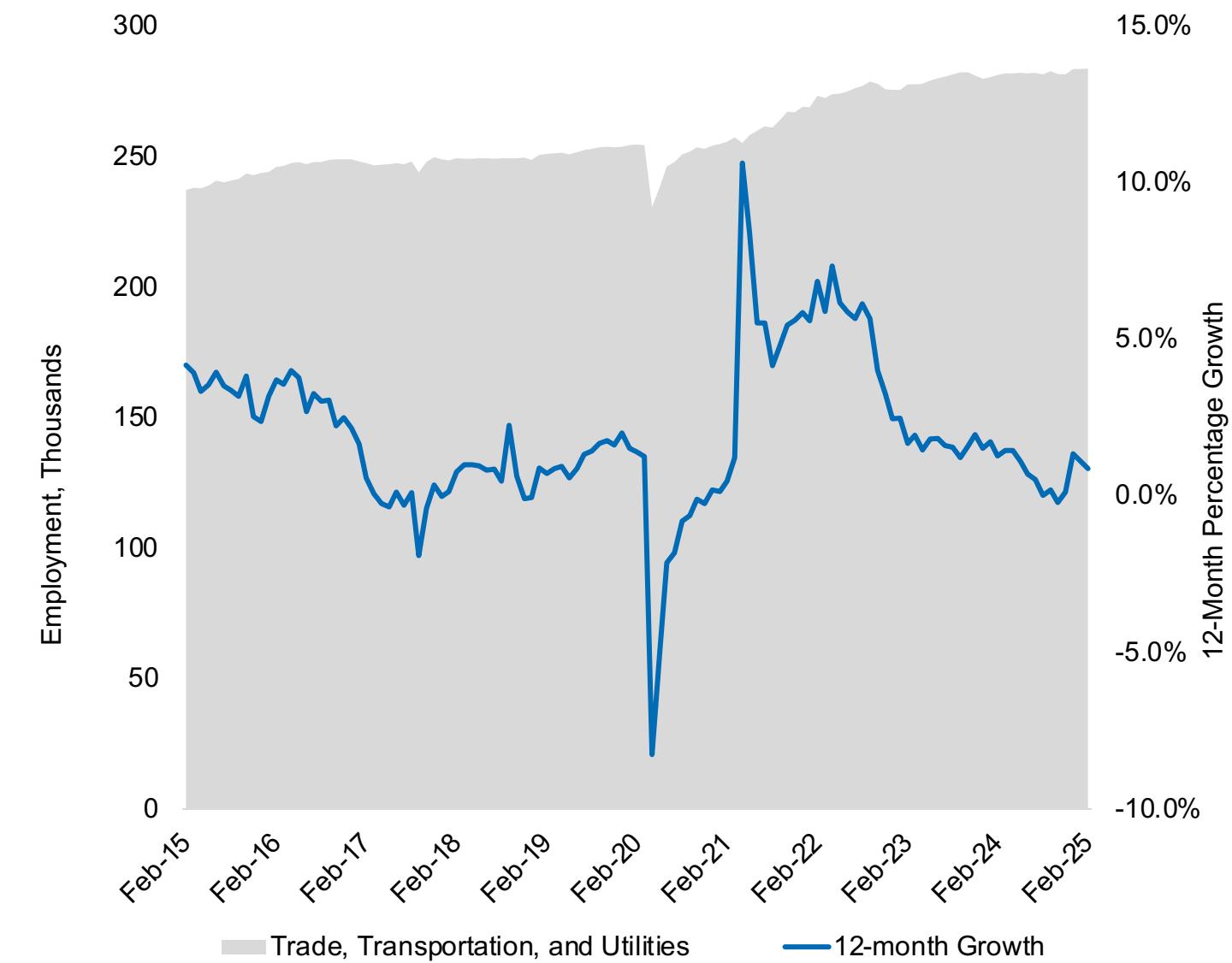


Source: U.S. Bureau of Labor Statistics, Tampa MSA

# Industrial Employment Remains Elevated

As of February 2025, employment in the trade/transportation/utilities sector reached a new record high of 283,480 employees. Manufacturing employment remains robust at 76,120 employees, though it experienced a slight decline of 0.7% from the historical peak observed in December 2024. While industrial-related employment continues to show year-over-year growth, the pace has slowed, reflecting broader economic conditions.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Tampa MSA

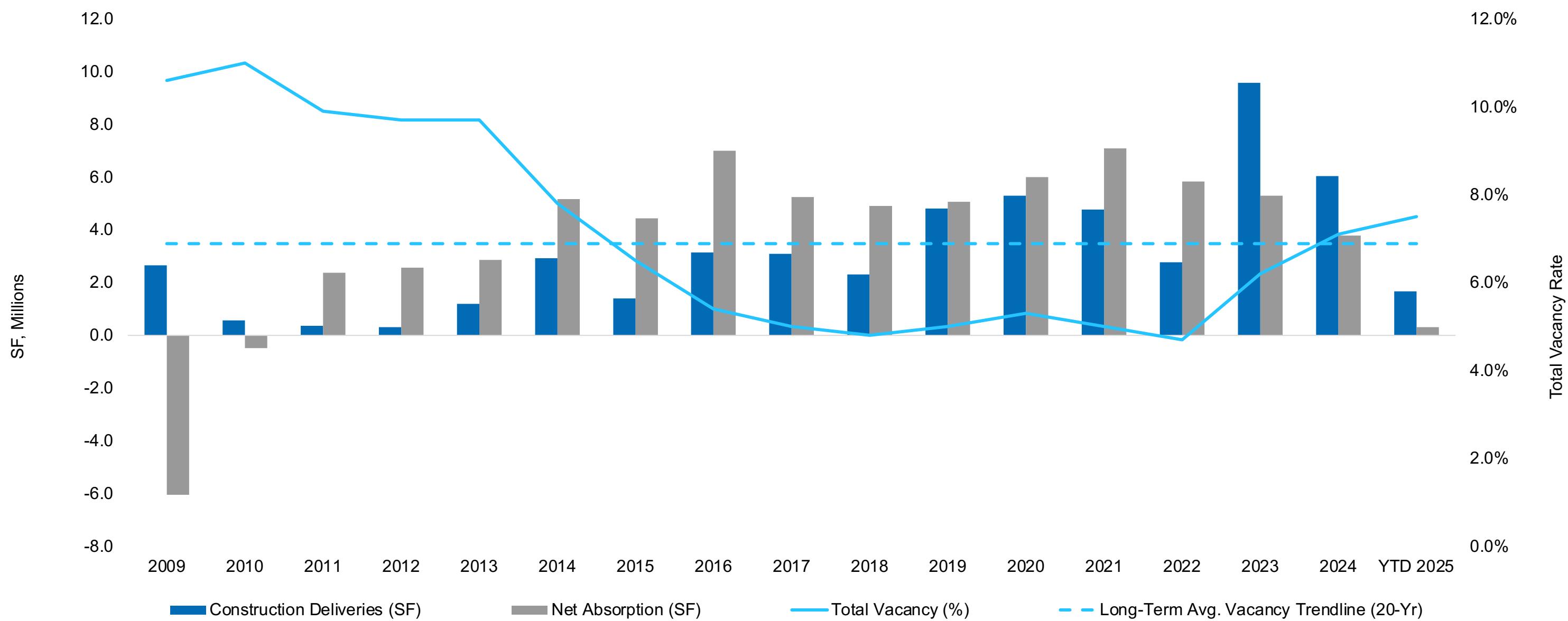
# Leasing Market Fundamentals



# Quarterly Deliveries Push Vacancy to Increase

In the first quarter of 2025, Tampa's industrial vacancy rate increased by 40 basis points quarter over quarter to 7.5%, primarily due to new supply exceeding demand by 1.3 MSF. This trend of supply outpacing demand has been ongoing since 2023, with the vacancy rate rising 260 basis points as new supply surpassed annual absorption by 17.3 MSF. Year over year, the vacancy rate increased by 140 basis points, driven by a continued imbalance where new supply exceeded absorption by 9.4 MSF.

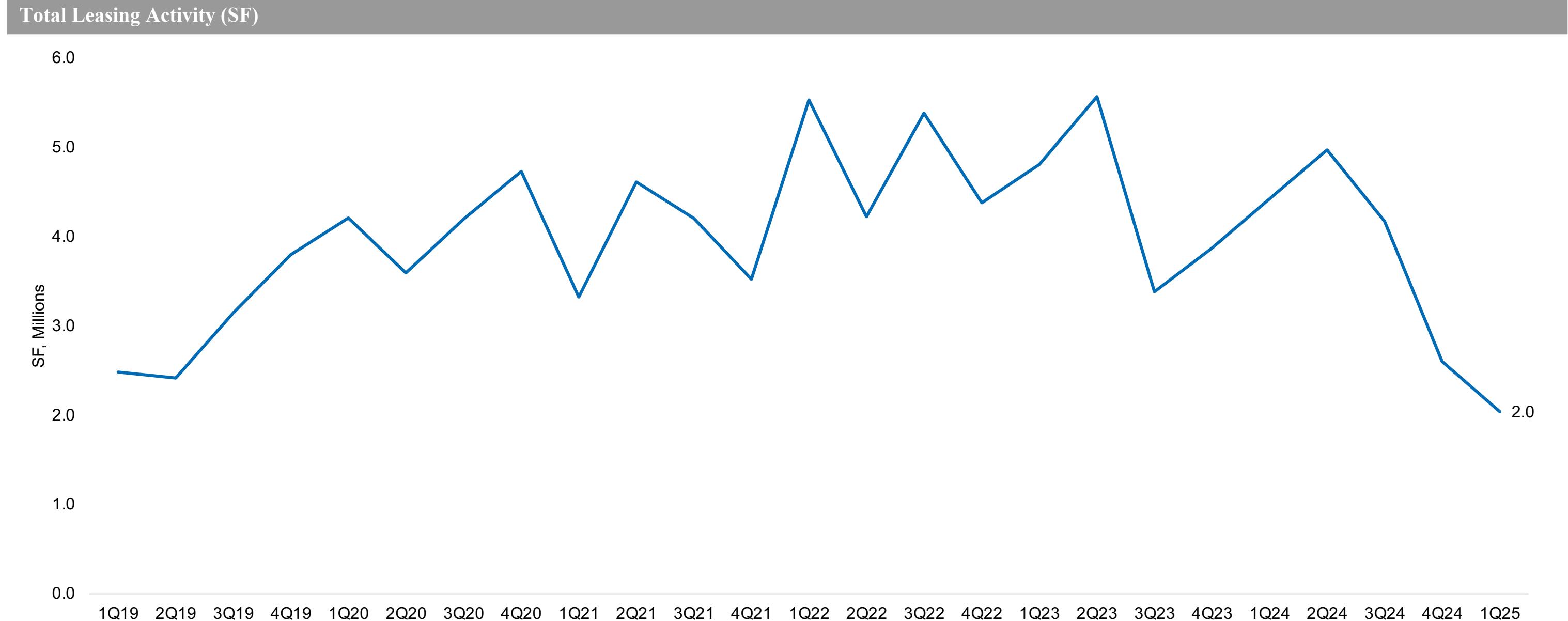
## Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

# Industrial Leasing Activity Continues to Decelerate

Leasing activity in Tampa slowed in the first quarter of 2025, totaling 2.0 MSF, a decline from the quarterly highs seen in 2022 to 2023. A key contributor to this slowdown is the relative lack of large leases, as the average deal size in the first quarter of 2025 was 7,365 SF, down 26.1% from the previous quarter and 45.0% compared to the same period last year. Despite this decline, leasing volume over the past 12 months remains approximately 25% above the pre-pandemic average from 2012 to 2019, reflecting continued strength in the market.

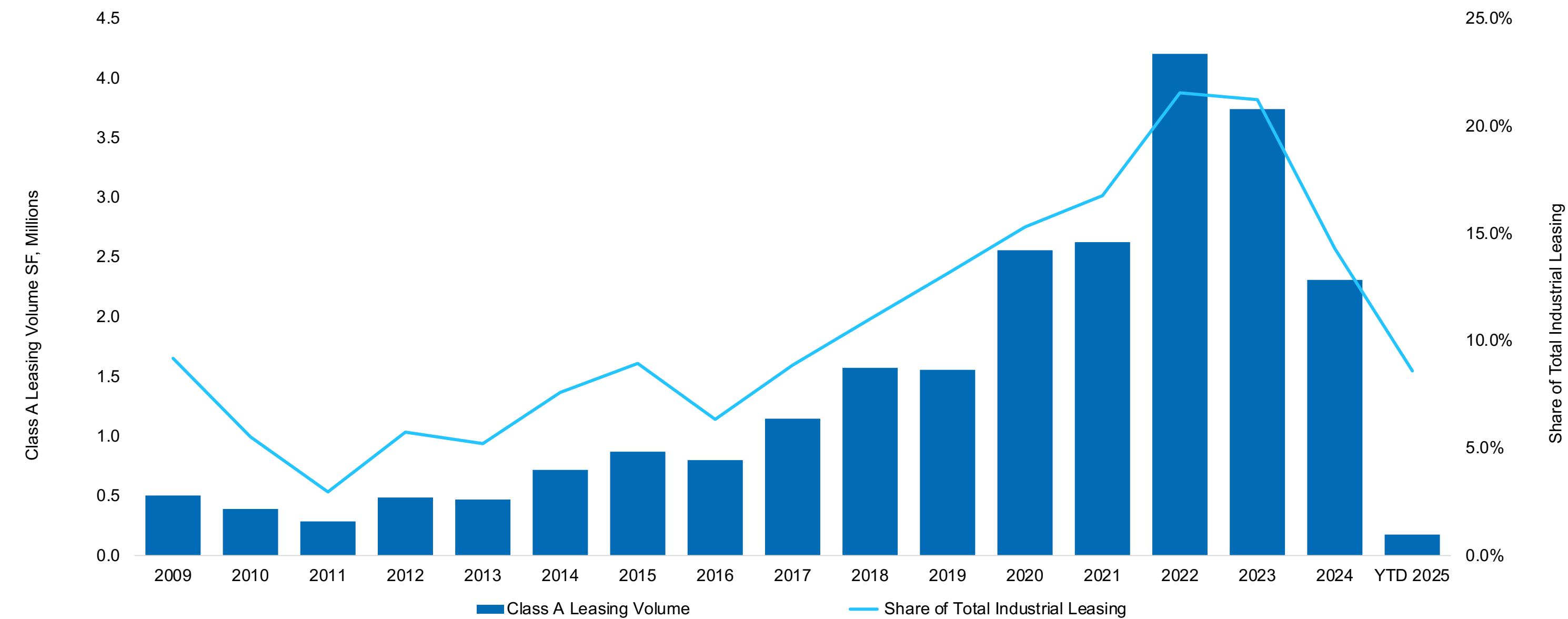


Source: Newmark Research, CoStar

# Class A Warehouse Leasing Declines but Remains Above Pre-Pandemic Average

Leasing activity for Class A warehouse space continued its downward trend from a peak of 2.1 MSF in the first quarter of 2022 to 175,500 SF in the first quarter of 2025. The surge in Class A leasing activity following the post-pandemic influx of high-quality deliveries drove significant growth in leased square footage. However, this activity has moderated as the market absorbs the remaining under-construction pipeline. In the first quarter of 2025, Class A warehouse leasing accounted for 8.6% of overall leasing activity, above the pre-pandemic quarterly average of 8.1% observed from 2012 to 2019.

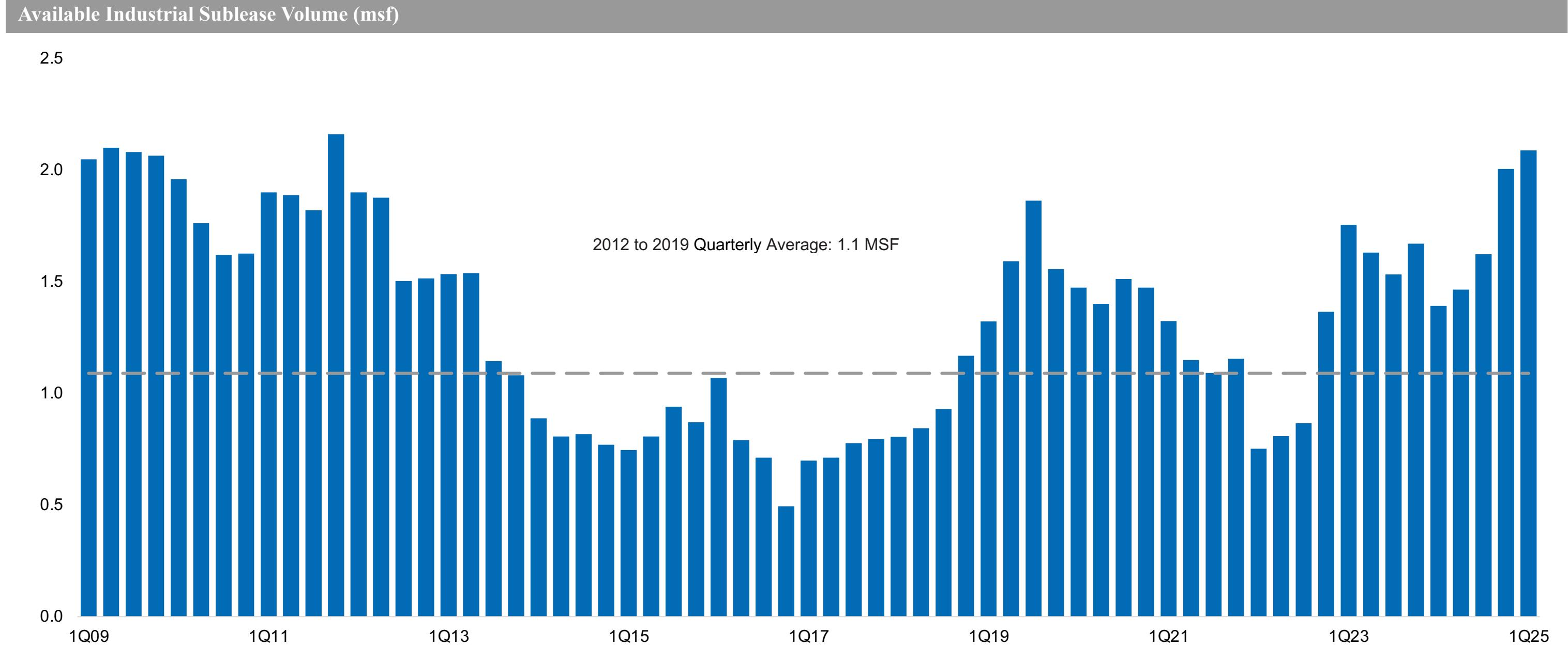
## Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

# Industrial Sublease Availability Continues to Rise

Sublease availability increased for the fourth consecutive quarter, reaching 2.1 MSF by the end of Q1 2025. This represents a 4.2% quarter-over-quarter rise and a 50.0% year-over-year increase, driven by notable space additions like Leggett & Platt's 330,000 SF at 3775 Fancy Farms Rd, in late 2024, and Coca-Cola's 202,500 SF at 4409 Madison Industrial Ln, this quarter. The rise in sublease space reflects broader market conditions, including elevated interest rates, inflation, and declining consumer demand, prompting companies that leased more space than needed during the pandemic-driven demand surge to adjust to more normalized conditions resulting in them putting underutilized space up for sublease.

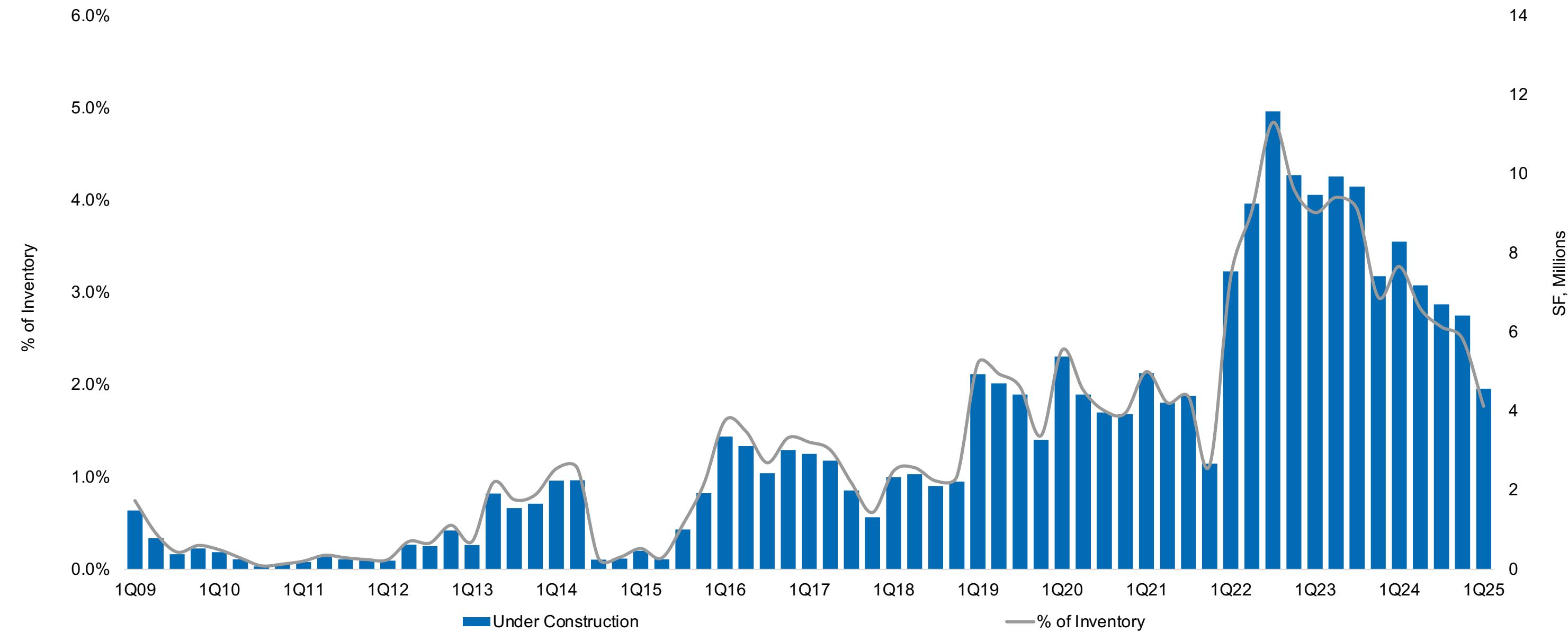


Source: Newmark Research, CoStar

# Construction Pipeline Shrinks as Projects Deliver

Following a peak of 11.6 MSF in the third quarter of 2022, the construction pipeline has gradually declined to 4.6 MSF by the first quarter of 2025. While this reduction marks a return to more typical levels, current construction activity remains higher than the pre-pandemic average of 2.0 MSF from 2012 to 2019. More importantly, the risk of overbuilding is minimal, with the under-construction pipeline now accounting for only 1.8% of the total existing inventory, indicating a more balanced market outlook.

## Industrial Under Construction and % of Inventory

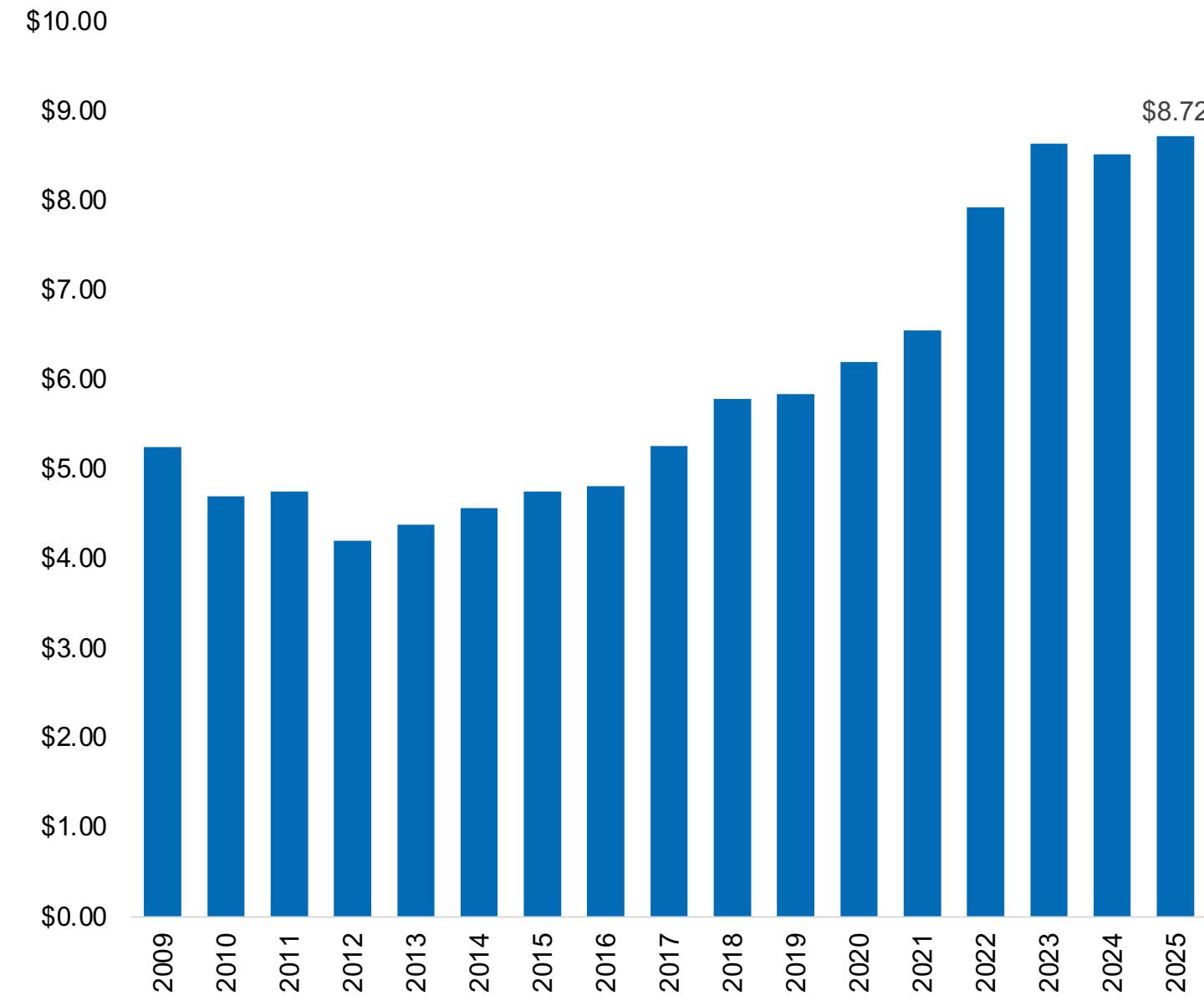


Source: Newmark Research, CoStar

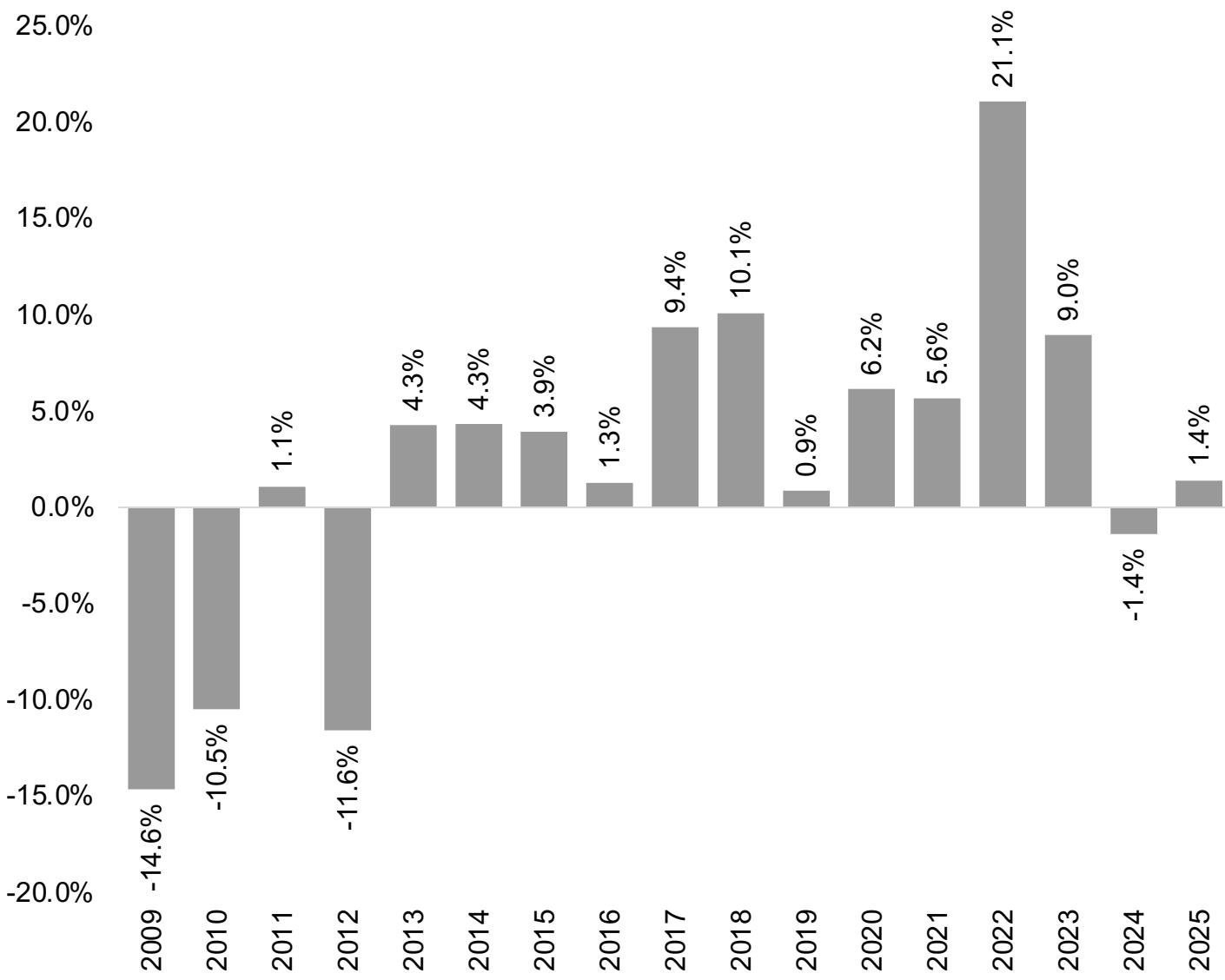
# Asking Rents Remain Elevated Despite Slower Year Over Year Rent Growth

Asking rent growth in Tampa's industrial market has cooled, as the pace of leasing activity has slowed from historic highs. At the close of the first quarter of 2025, the average industrial asking rent stood at \$8.72/SF, marking a 1.4% year over year increase. This growth is notably subdued when compared to the double-digit gains seen in 2022 and nearly double-digit growth in 2023. Furthermore, Tampa's current growth rate has fallen below the pre-pandemic quarterly average from 2012 to 2019 of 3.1%.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

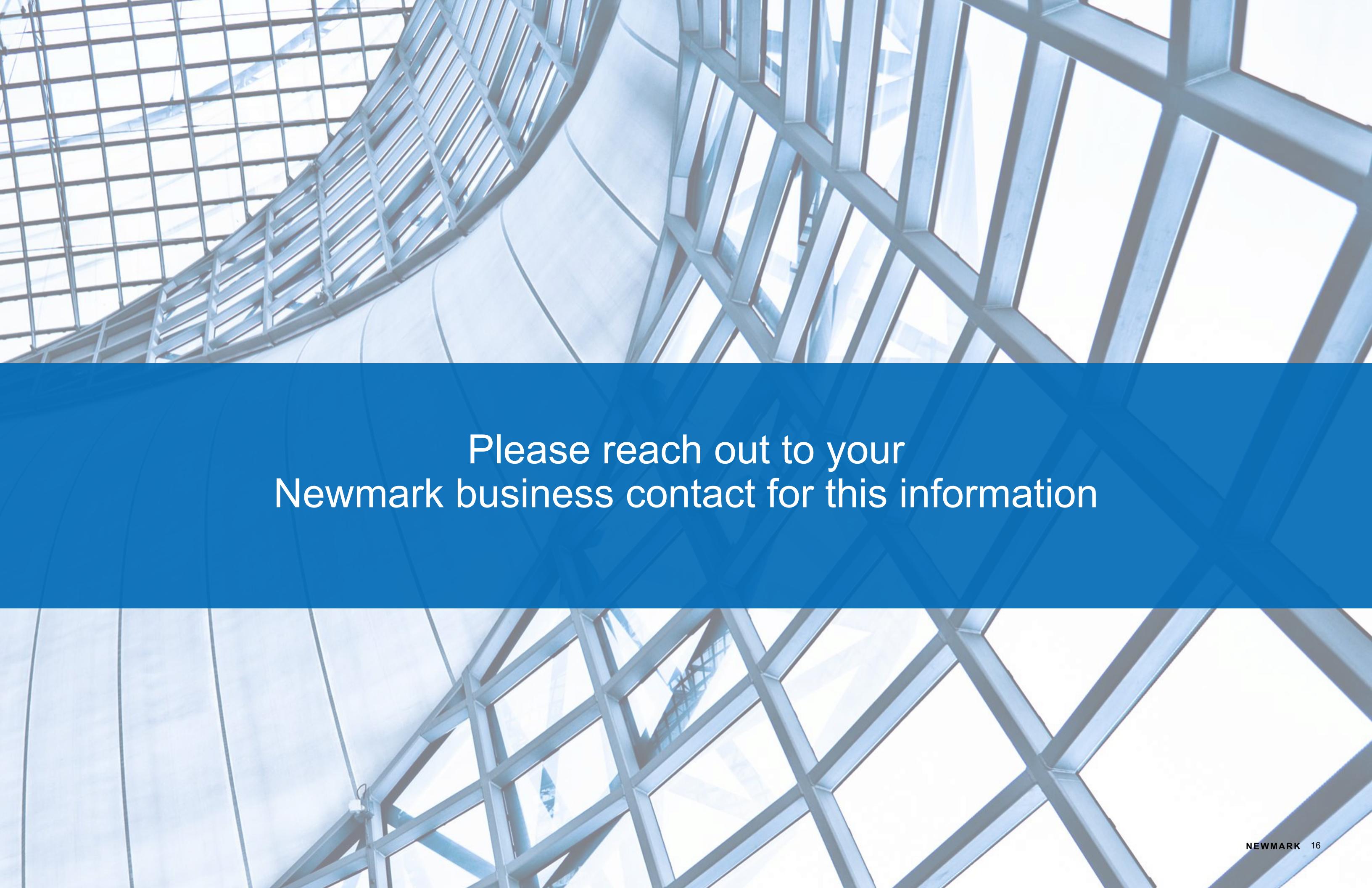
# Notable 1Q25 Lease Transactions

Leasing activity in the industrial market declined to a recent low of 2.0 MSF in the first quarter of 2025, with leases under 100,000 SF comprising most of the activity. However, industrial tenants leasing spaces greater than 100,000 SF have demonstrated a strong preference for newer buildings. Notably, all the top lease transactions over 100,000 SF in the first quarter of 2025 involved tenants leasing space in buildings constructed after 2022. Currently, projects under construction are 28.3% preleased, with buildings under 100,000 SF seeing a higher prelease rate of 57.8%, compared to buildings over 100,000 SF being 25.0% preleased.

## Notable 1Q25 Lease Transactions

| Tenant                  | Building   | Submarket       | Type       | Square Feet |
|-------------------------|--|-----------------|------------|-------------|
| RealCold                | 5900 Mt Olive Rd   | Polk County     | Direct New | 186,000     |
|                         | <i>The cold chain company signed a lease at 5900 Mt Olive Rd to occupy roughly half of the building to strengthen their local strategy of "To Florida, From Florida" with a statewide hub serving the third most populous state.</i> |                 |            |             |
| Cirkul                  | 8802 Industrial Dr   | East Side Tampa | Direct New | 175,500     |
|                         | <i>The bottled water manufacturer signed a lease to occupy the entire building, increasing their total industrial presence in Tampa to five locations totaling over 569,000 SF.</i>  |                 |            |             |
| POOLCORP                | Highpoint Commerce Center  | North Pinellas  | Direct New | 122,160     |
|                         | <i>The world's largest wholesale distributor of swimming pool supplies signed a lease to occupy the entire building through February 2030.</i>   |                 |            |             |
| Monin                   | 9411 Belcher Rd  | North Pinellas  | Direct New | 86,350      |
|                         | <i>The grocery and food related wholesaler signed a lease to occupy entire building through July 2036 increasing their total industrial presence in Tampa to two locations totaling over 187,000 SF.</i>                             |                 |            |             |
| WhiteHall Products, Inc | Meadowcreek Distribution Center  | East Side Tampa | Renewal    | 80,689      |
|                         | <i>The plastic products manufacturer renewed their lease occupying 76.0% of the building. The company has been at this location since January 2018.</i>  |                 |            |             |

Source: Newmark Research



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