



NEWMARK



*Market Overview*  
**Tampa Office**

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1Q26

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A photograph of a tropical landscape. In the foreground, there are large green palm fronds. In the background, there is a road with a traffic light and a parking lot with some trees.

# Market Observations



## Economy

- The unemployment rate rose by 77 basis points year over year to 4.4% in December 2025, edging above the five-year average of 4.2% and signaling a softening labor market.
- Job growth moderated to 0.9% year over year, a 12-basis-point slowdown; however, after dipping below the national average in July 2024, the region has since surpassed the national pace.
- Seven of the ten major employment sectors posted job gains over the past year, led by the education and healthcare industry, which recorded a robust 4.2% increase.
- In December 2025, office-using employment remained elevated at 461,450 jobs, up 0.3% year over year, just 1.0% below its all-time high and 15.3% above 2019, underscoring its long-term growth trajectory.



## Leasing Market Fundamentals

- Annual full-service asking rental rates reached a new all-time high of \$30.30/SF in the first quarter of 2026, reflecting a 5.6% increase year over year and the fastest annual pace since the second quarter of 2021.
- The vacancy rate stands at 14.5%, down six basis points year over year, driven by move-ins in the Westshore and Gateway submarkets.
- The development pipeline continues to be subdued with 137,338 SF currently under construction, representing just 0.2% of total market inventory, with no new groundbreakings for the fourth consecutive quarter.
- Leasing activity totaled 962,686 SF for the quarter, marking the lowest quarterly activity recorded since the second quarter of 2020 and the lowest first quarter since the first quarter of 2011.



## Major Transactions

- The quarter's largest deal was signed by Philip Morris International, a new 56,191-SF lease at Highwoods Bay Center 1 in the Westshore submarket, with plans to invest \$50 million and create 180 new jobs.
- Three of the five largest lease transactions in the first quarter of 2026 occurred in Class A buildings in the Westshore submarket, indicating the appeal of quality assets in an urban, mixed-use setting.
- The top five deals spanned all lease types: two new leases, two renewals and one sublease. All five occurred in Class A buildings, reflecting tenants' preference to be in high-quality buildings.



## Outlook

- Following two of the Fed's three 2025 rate cuts occurring in the fourth quarter, tenants may begin firming up multi-year space plans, with deferred requirements potentially returning throughout 2026.
- Tampa's near-term absorption will hinge on a steady flow of smaller leases, as large deals will be rarer, keeping gains incremental. Additionally, tenants are anticipated to continue relinquishing underused space in older assets while expanding or renewing footprints in premier properties.
- In the near term, vacancies should remain flat and edge lower, buoyed by restrained new supply and continued demand for quality space in the market.

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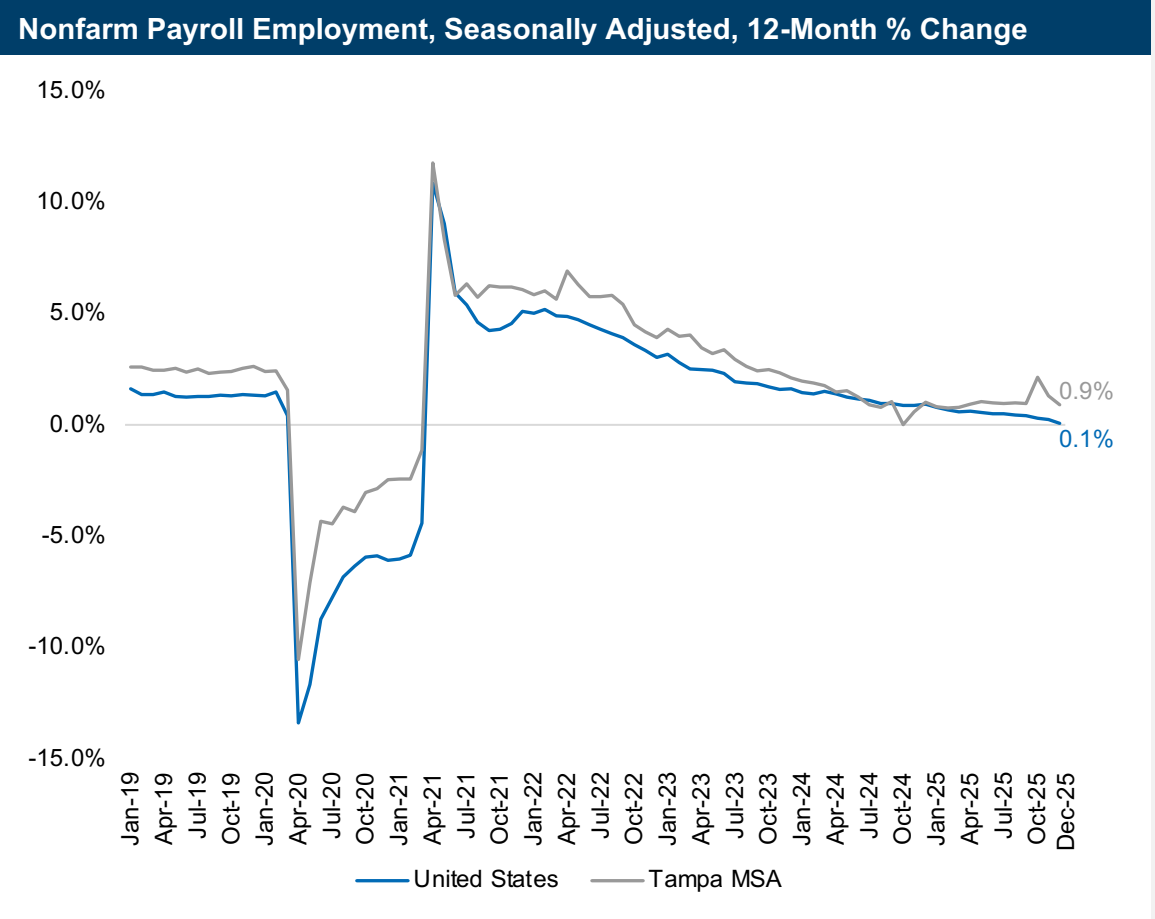
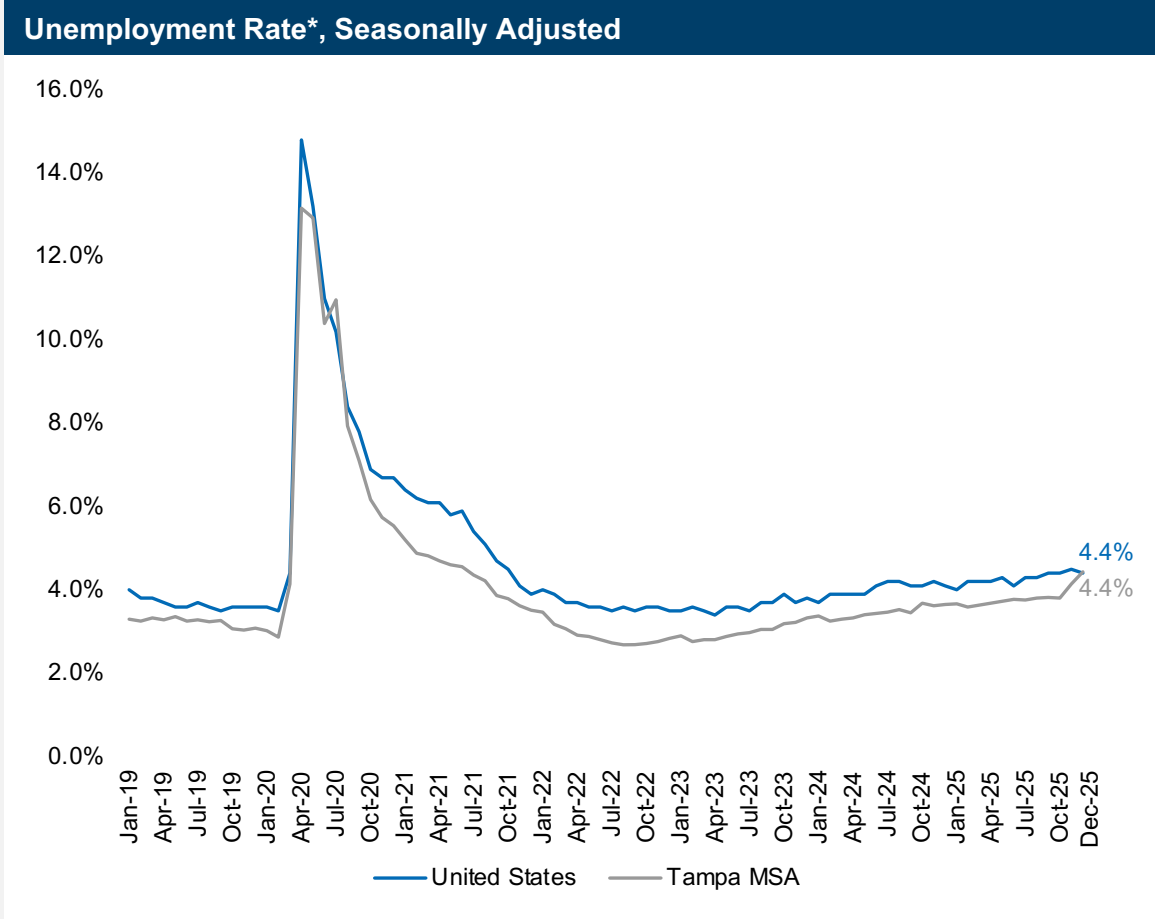
# 01

## Economy



# Metro Matches Nation on Unemployment, Outpaces in Job Growth

Tampa has historically maintained an unemployment rate below the national average, while generally outperforming in year-over-year employment growth. However, ongoing economic headwinds have begun to affect the local labor market. In December 2025, Tampa's unemployment rate ticked up 77 basis points year over year to 4.4% as job growth declined by 12 basis points year over year to 0.1%. After dipping below the national average in July 2024, regional employment growth has, over the past year, rebounded slightly and surpassed the national pace, driven by gains in the education and health sector.

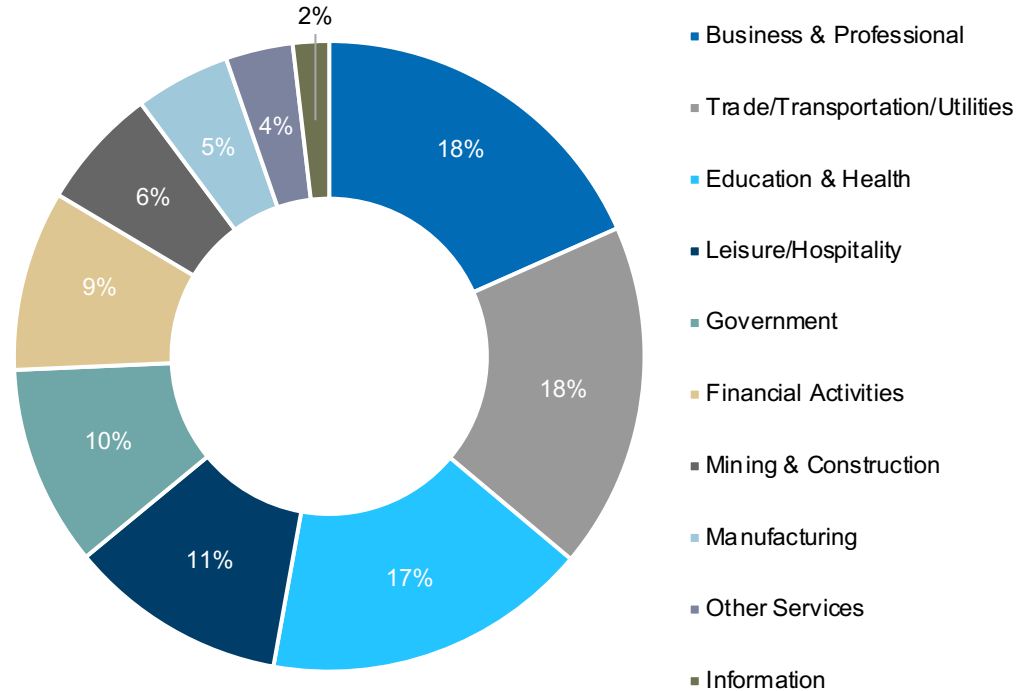


Source: U.S. Bureau of Labor Statistics, Tampa MSA  
 \*October 2025 government shutdown missing data addressed with duplicating September 2025's data

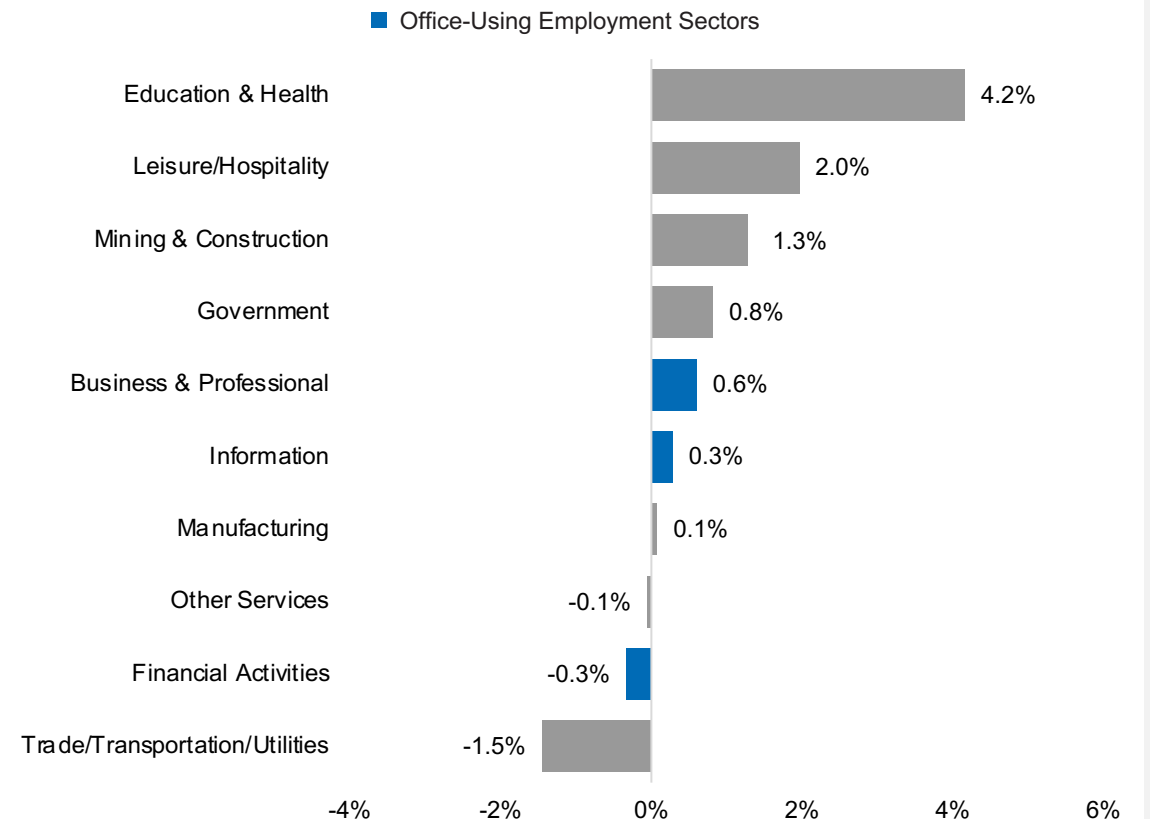
# Two of Three Office-Using Sectors Post Year-Over-Year Gains

Tampa's two largest employment sectors collectively represent 36.1% of the metro's job base, with business and professional services, the primary office-using sector, accounting for the largest share at 18.4%. Seven of the ten major employment sectors posted job gains over the past 12-months, led by the education and health industry, which recorded a 4.2% increase. Over the past year, two key office-using industries posted employment growth, ranging from 0.3% in the information sector to 0.6% in the business and professional sector, while financial activities employment declined by 0.3% year over year. Continued employment growth is mainly propelled by specialized, service-oriented occupiers.

Employment by Industry, December 2025

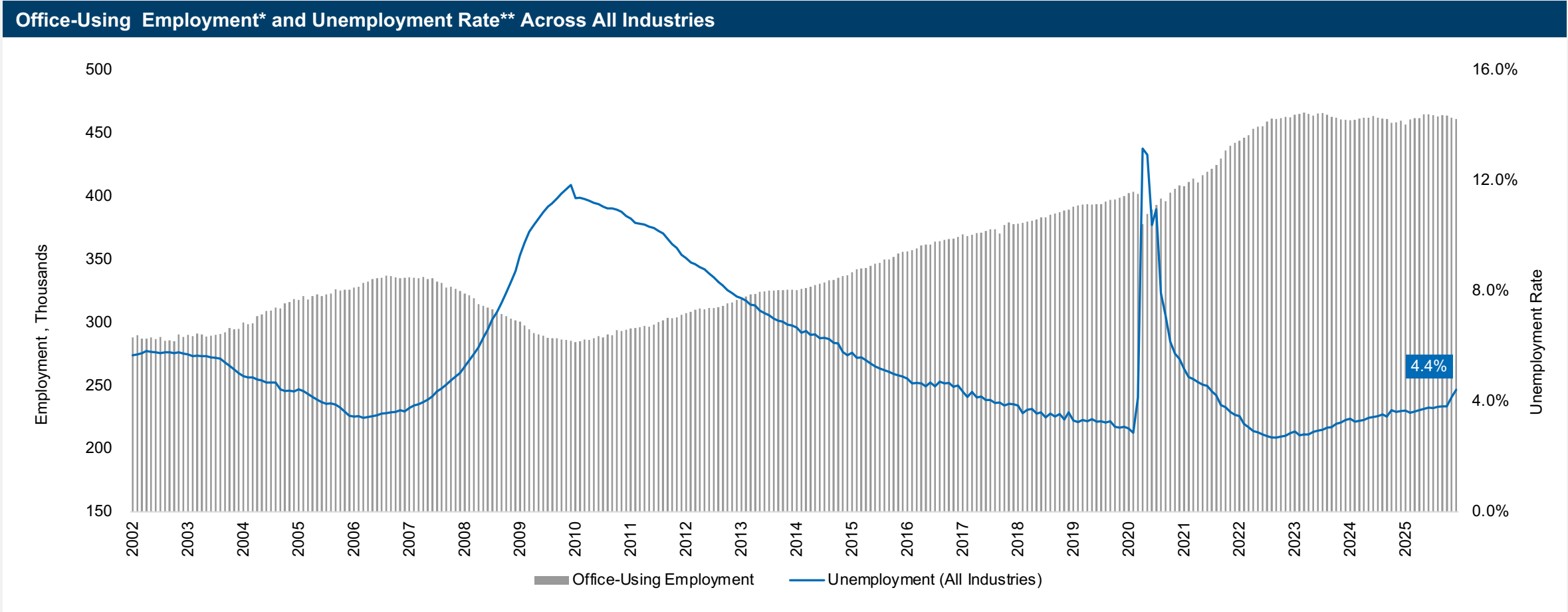


Employment Growth by Industry, 12-Month % Change, December 2025



# Office-Using Employment Holds Steady as Unemployment Edges Higher

Total office-using employment ended December 2025 at 461,450, up 0.3% year over year, though still 1.0% below the March 2023 peak. Employment remained broadly resilient through mid-year before softening in the fourth quarter of 2025. The unemployment rate of 4.4% in December 2025 reflects a sizeable jump from 3.8% in September 2025 and continues to remain higher than the 2019 pre-pandemic average of 3.2%. Despite recent softening, the relative durability of Tampa’s office-using sectors has kept employment near historical highs, supporting steady office demand.



Source: U.S. Bureau of Labor Statistics, Tampa MSA  
 \*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.  
 \*\*October 2025 government shutdown missing data addressed with duplicating September 2025's data.

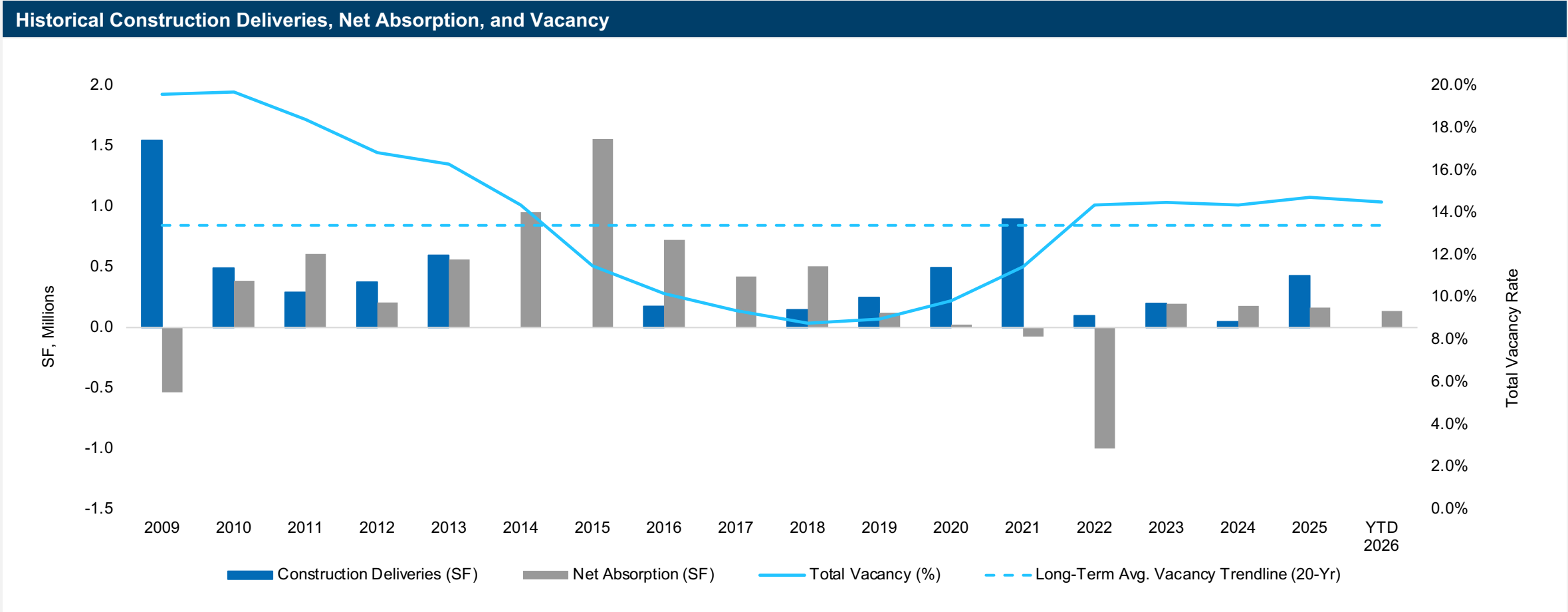
# 02

## Leasing Market Fundamentals



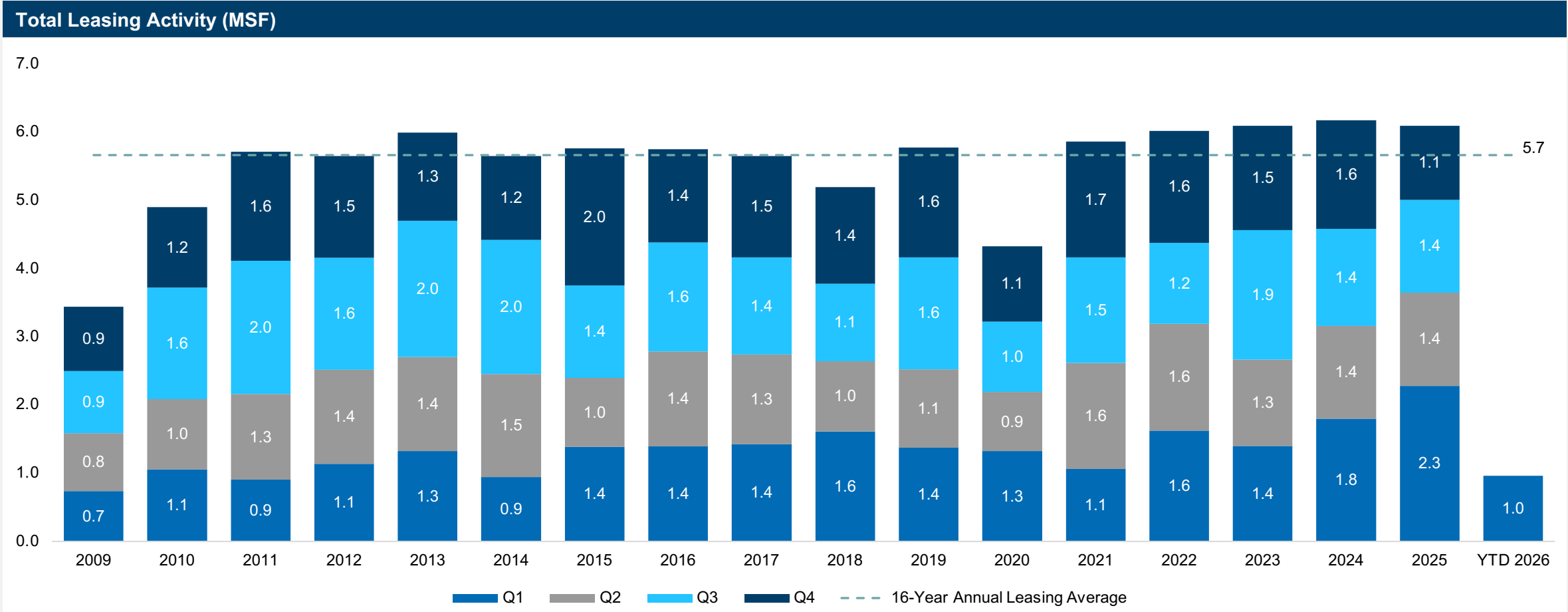
# Positive Absorption Pushes Vacancy Lower to Start 2026

Tampa’s office vacancy declined to 14.5% in the first quarter of 2026, declining six basis points year over year as the vacancy rate continues remain relatedly flat since mid-2022. The quarter posted 138,629 SF of positive net absorption, extending to a second consecutive quarter of occupancy gains. The increase was driven by move-ins in the Westshore and Gateway submarkets, led by Champs Sports’ 55,499-SF move-in at 570 Carillon in Gateway. No projects delivered for the third consecutive quarter. Looking ahead, vacancy should remain flat while gradually declining, driven by demand from tenants backfilling second-generation space, rather than new entrants to the market.



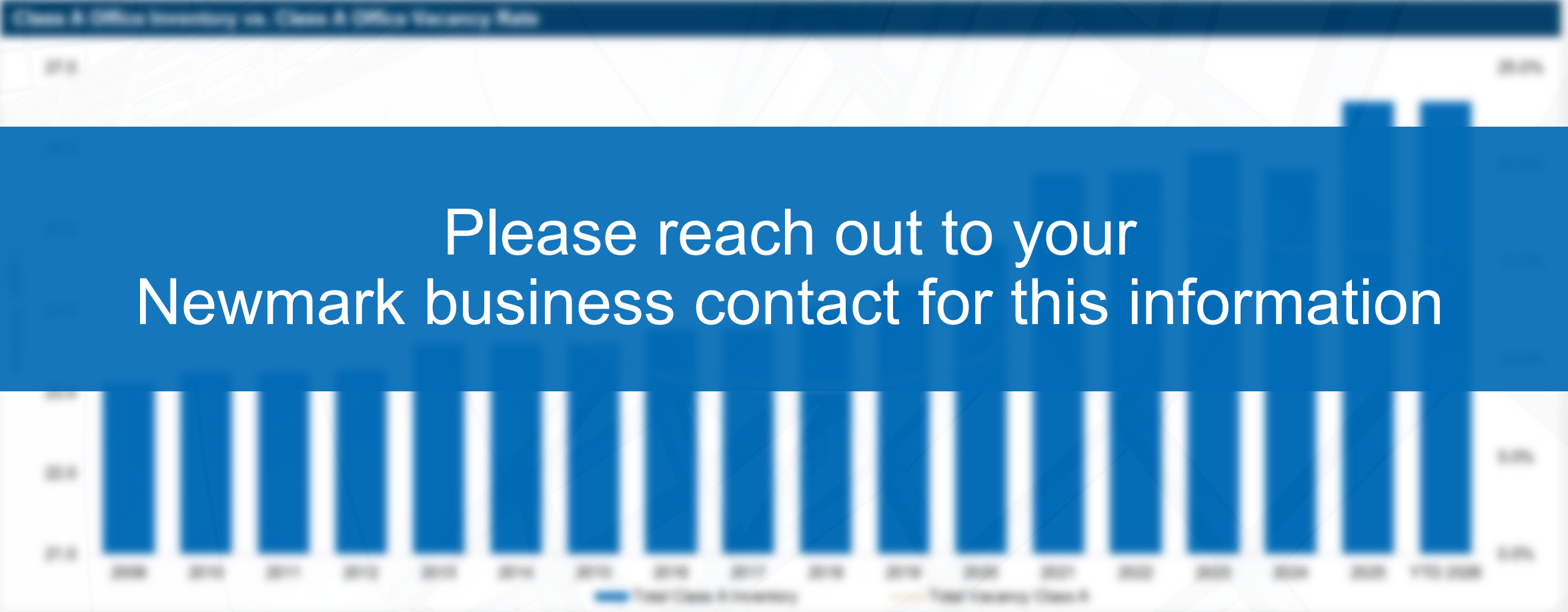
# First-Quarter Leasing Trails Historical Quarterly Activity

Leasing activity totaled 962,686 SF in the first quarter of 2026, remaining well below the 16-year first-quarter average of 1.4 MSF. The quarter’s leasing activity is also the lowest activity recorded since the second quarter of 2020 and the lowest first quarter since 2011. Meanwhile, the average deal size also fell by 767 SF quarter over quarter and more significantly by 4,071 SF year over year to 3,450 SF. The preference for smaller footprints underscores ongoing rightsizing and a shift toward smaller requirements, even as overall demand remains active.



# Class A Vacancy Declines as Tenants Continue to Favor Amenity-Rich Space

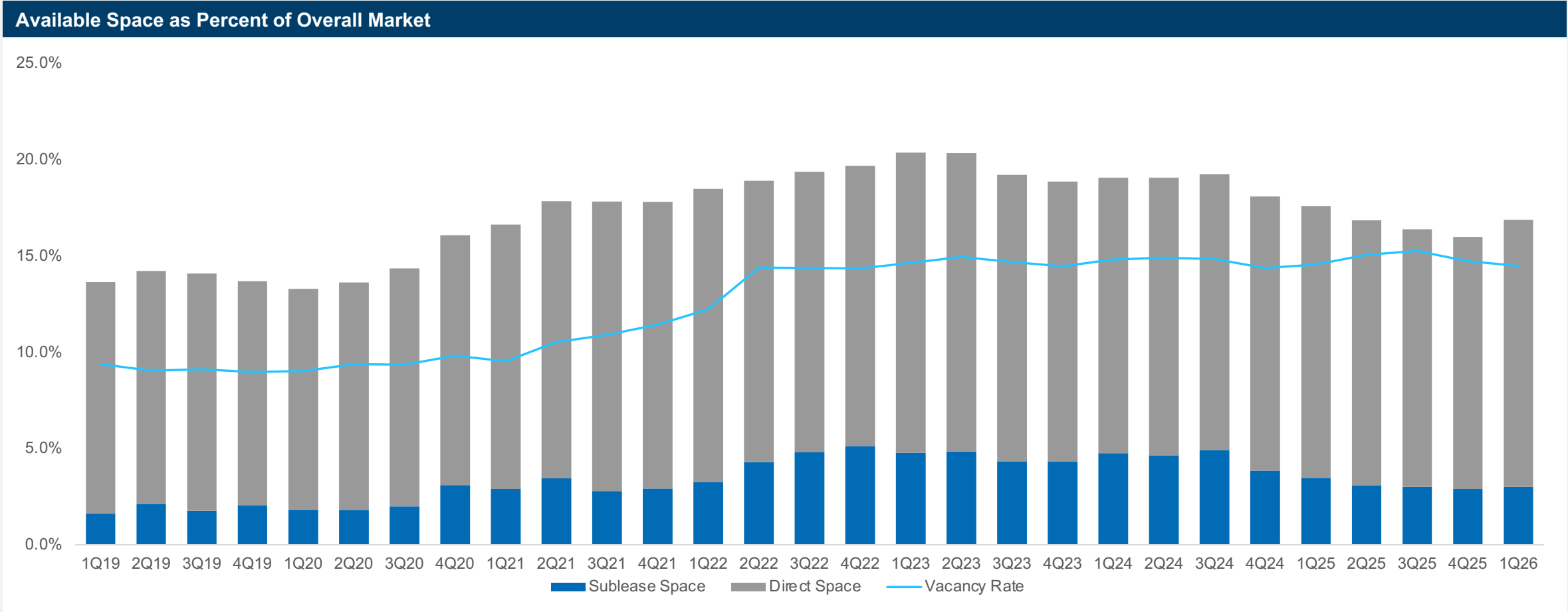
As of the first quarter of 2020, Denver's Class A office inventory fell nearly 20% since 2010 with no new supply delivered in the quarter. Inventory did edge up 1.2% year over year following the delivery of Midtown East in 2019. While demand has shifted toward slightly smaller footprints, tenants continue to gravitate toward high-quality, amenity-rich buildings. As a result, the flight to quality has begun to offset space rationalization, with the Class A vacancy rate closing the first quarter of 2020 at 17.3%, down 17 basis points quarter over quarter and 17 basis points year over year.



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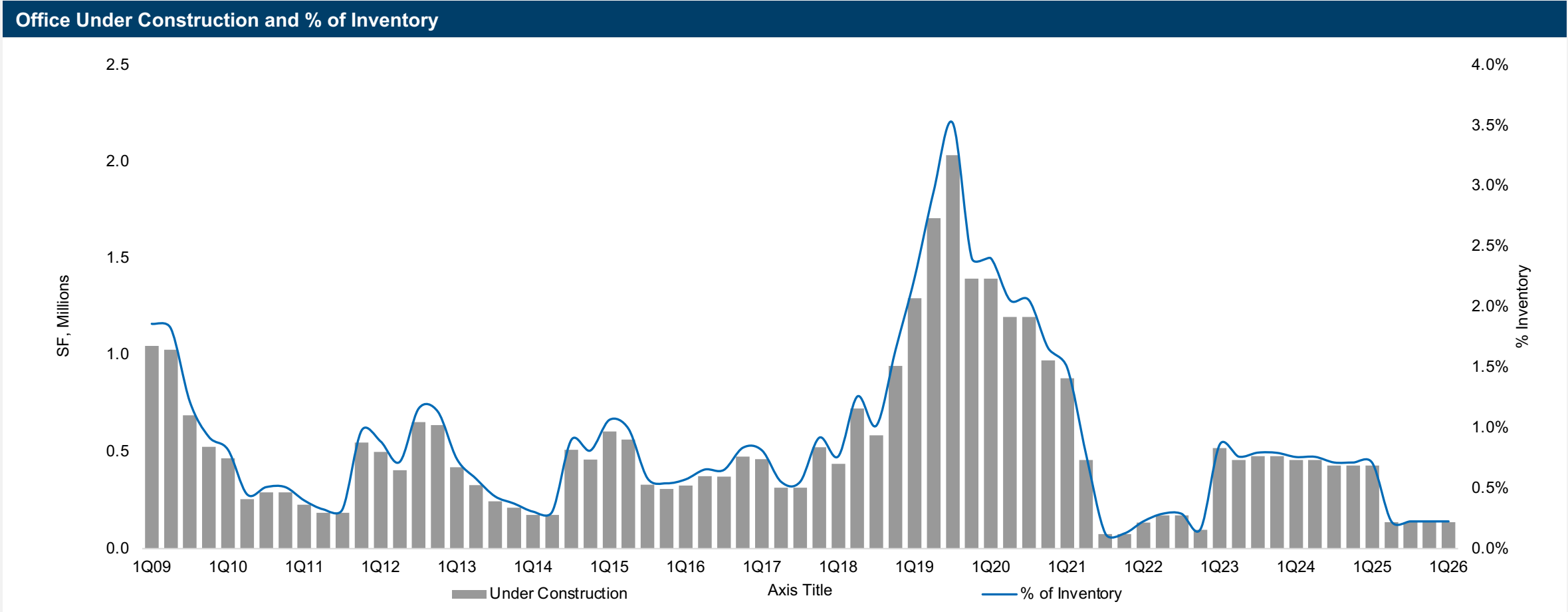
# Quarterly Availability Ticks Up as Vacancy Edges Down

Tampa’s sublease availability ticked up to 3.0% in the first quarter of 2026, an increase of 13 basis points from the prior quarter but remained 44 basis points lower year over year. Meanwhile, direct availability increased by 74 basis points quarter over quarter but decreased by 27 basis points year over year to 13.9%. Combined, these improvements edged overall vacancy down 22 basis points quarter over quarter and six basis points year over year to 14.5%. Despite quarterly increases in both availability metrics, vacancy continued to edge downwards driven by occupancies and no new supply delivered.



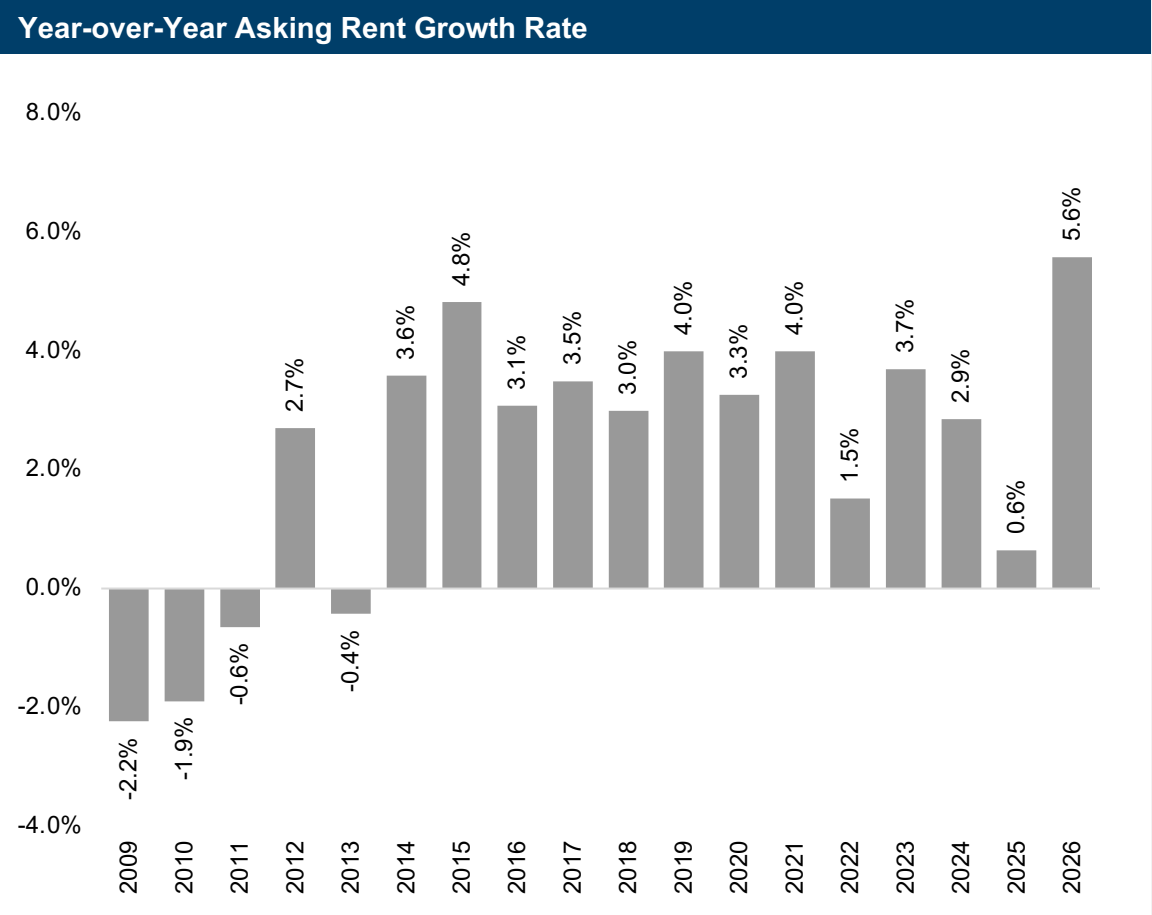
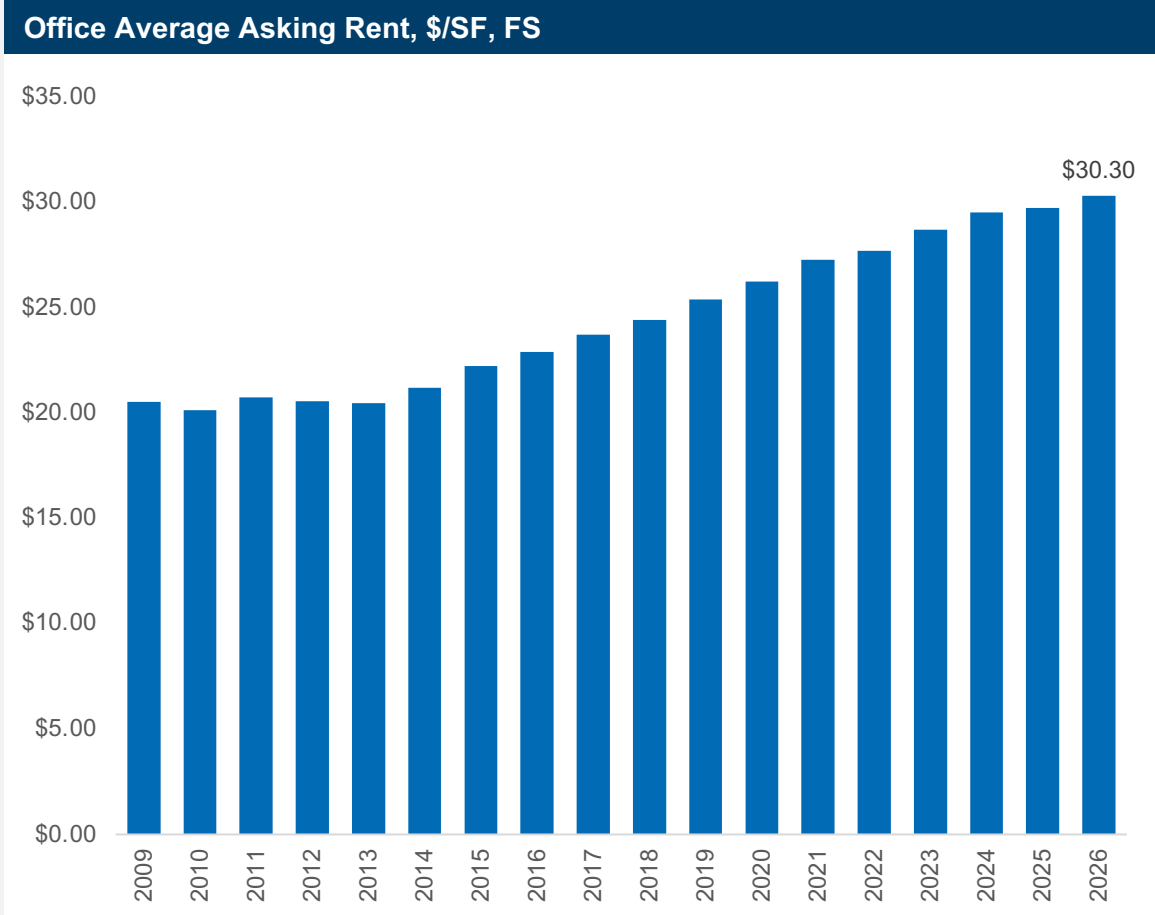
# Construction Activity Remains Muted with No New Groundbreakings

Construction activity remained subdued in the first quarter of 2026, with no new projects breaking ground for the fourth consecutive quarter. The quarter closed with 137,338 SF under construction, led by the 106,338-SF Grow Financial Place at Gasworx, which is anticipated to deliver by year-end 2026. Pipeline activity accounts for just 0.2% of total inventory and is well below the 10-year historical average of 1.0%. Overall, development remains highly disciplined, limiting near-term oversupply risk and reinforcing the market’s cautious approach to new office construction.



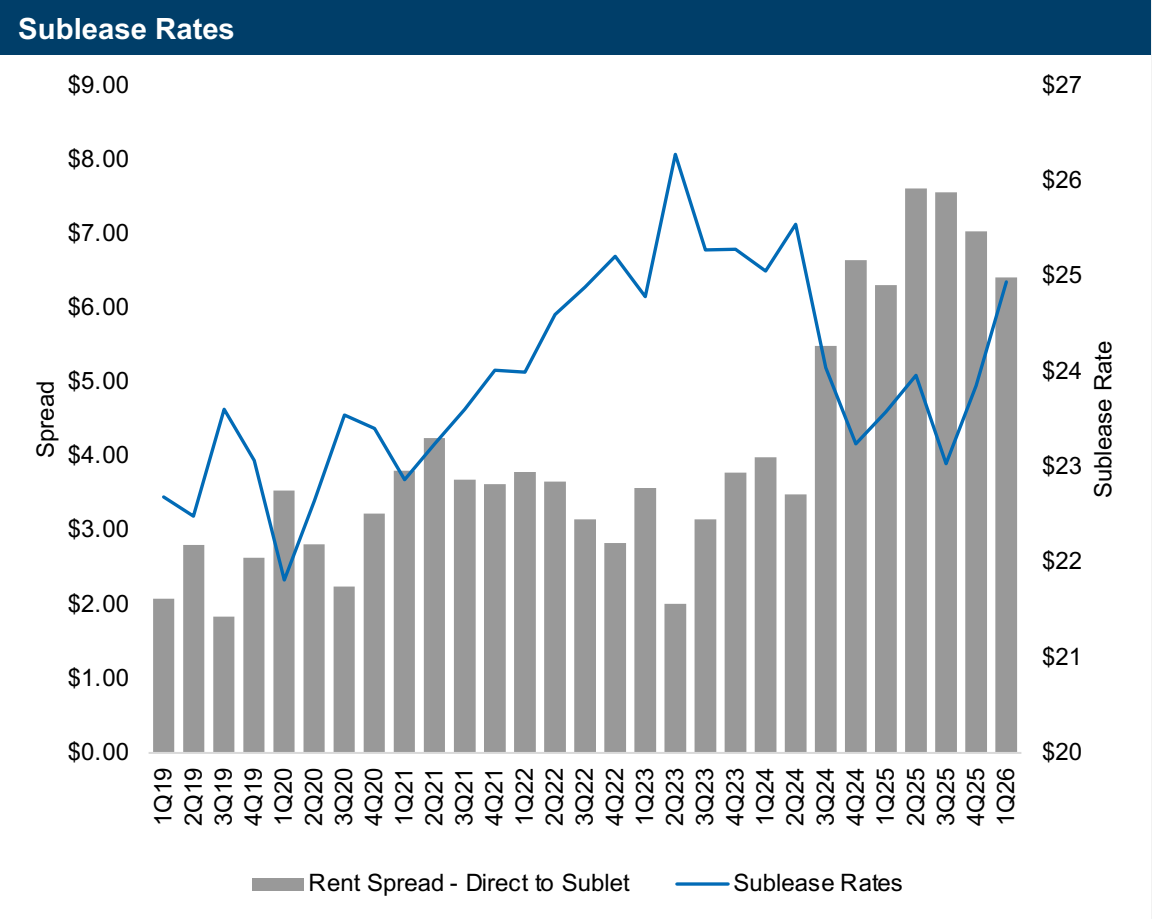
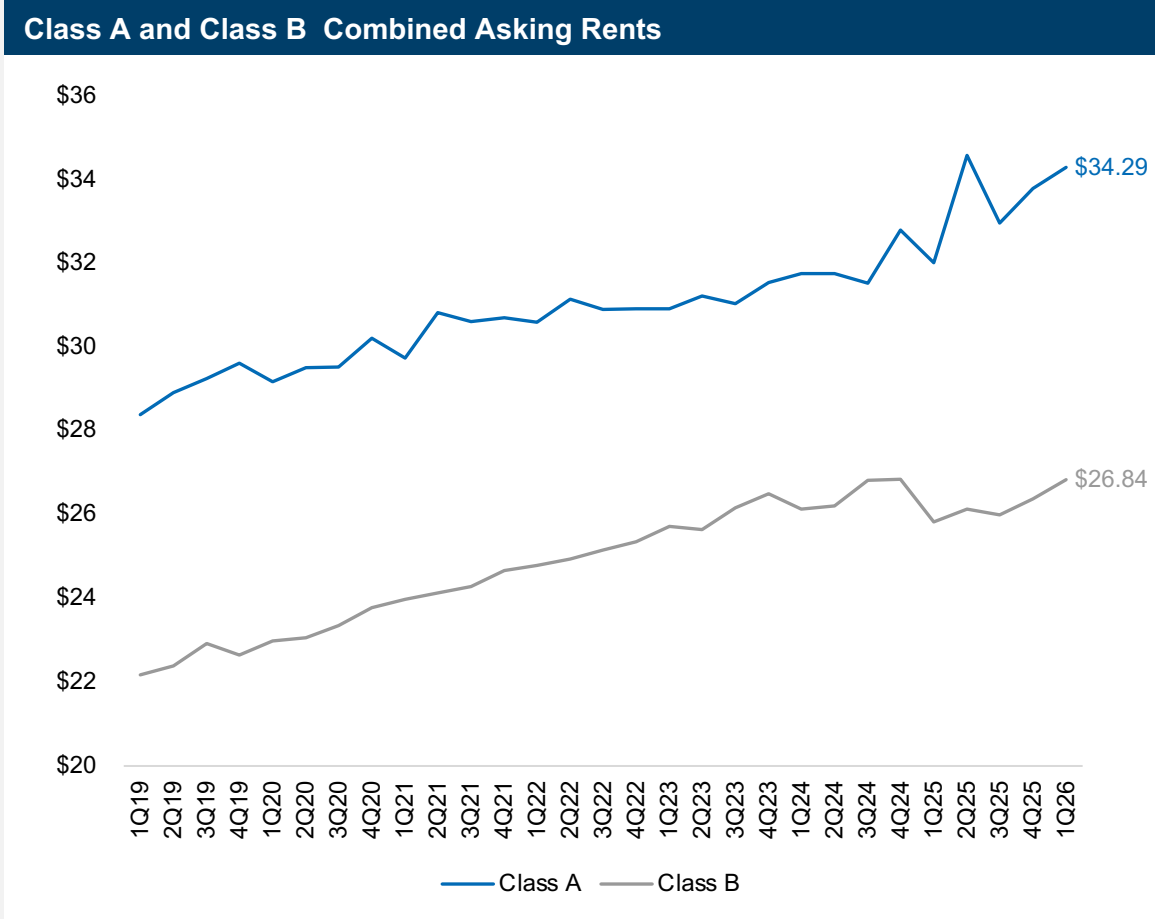
# Rents Hit New Peak as Annual Growth Spikes

Tampa’s average asking rent reached a historical high of \$30.30/SF in the first quarter of 2026, increasing by 5.6% year over year and reflecting the fastest annual growth pace since the second quarter of 2021. In recent years, asking rents remained elevated even as the pace of rent growth slowed, driven by landlords offering concessions to uphold face rents while the strongest pricing remains concentrated in high-quality, amenity-rich assets. In the first quarter of 2026 the dynamic shifted: no new top-tier supply was delivered for the third consecutive quarter. With supply tight and the pipeline constrained, upward pressure on asking rents is expected to persist.



# Quality Premium Persists as Class A Rents Remain Elevated

Class A asking rents rose to \$34.29/SF in the first quarter of 2026, up 7.1% year over year, compared to \$26.84/SF for Class B, up 3.9% year over year. The \$7.45/SF premium reinforces the ongoing flight to quality; the spread has increased 7.0% since 2019 and widened 20.6% year over year, highlighting the recent outperformance of top-tier assets. Meanwhile, sublease rents averaged \$24.95/SF, increasing by 4.6% quarter over quarter and 5.8% year over year. Consequently, the direct and sublease rent spread narrowed by 8.9% quarter over quarter to \$6.42/SF but remained 5.8% higher year over year.



# Quality Preference Endures in Top Leases Signed

Flight to quality remains intact, with all five largest deals signed in Class A assets in the first quarter of 2026. Class A leasing in the quarter continues to dominate, accounting for 54.7% of leasing activity by square footage but only 32.3% of deals, signaling that higher-quality buildings are capturing a disproportionate share of volume. Average Class A deal size was 5,853 SF versus 3,450 SF for the market overall, underscoring tenants' willingness to take larger blocks in amenity-rich, efficient space even as smaller requirements remain common elsewhere.

## Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Philip Morris International	Highwoods Bay Center 1	Westshore	Direct New	56,191
<i>The tobacco company, known for cigarette brands like Marlboro, Parliament and Virginia Slims, signed a new 10-year lease at 5426 Bay Center Dr., with plans to invest \$50 million in the business solutions center. The move is expected to create 180 new jobs in the market.</i>				
NinjaOne	Bridgeport Center	Westshore	Direct New	43,400
<i>The Austin, TX-based IT and security startup signed a new lease to relocate from 15,987 SF at Bay Arbor Place to 43,400 SF at 5201 W Kennedy Blvd. The lease more than doubles the company's local footprint and will span across the building's third and eight floors. The company plans to take occupancy in the fall as it continues to scale its East Coast operations.</i>				
Truist	Truist Place	Tampa CBD	Renewal	39,154
<i>The financial services company renewed its lease at 401 E Jackson St., occupying 39,154 SF across the 19th and 20th floors.</i>				
Amwins	Heights Union—East Building	Westshore	Sublease	26,421
<i>The insurance company subleased 26,421 SF on the third floor of 2002 N Tampa St. from Pfizer, which originally leased 105,684 SF in the building.</i>				
Children's Network of Hillsborough	Buschwood III	NW Hillsborough	Renewal	23,571
<i>The child welfare agency renewed its 23,571-SF lease at 3350 Buschwood Park Dr., where it has been located since its establishment in 2022.</i>				

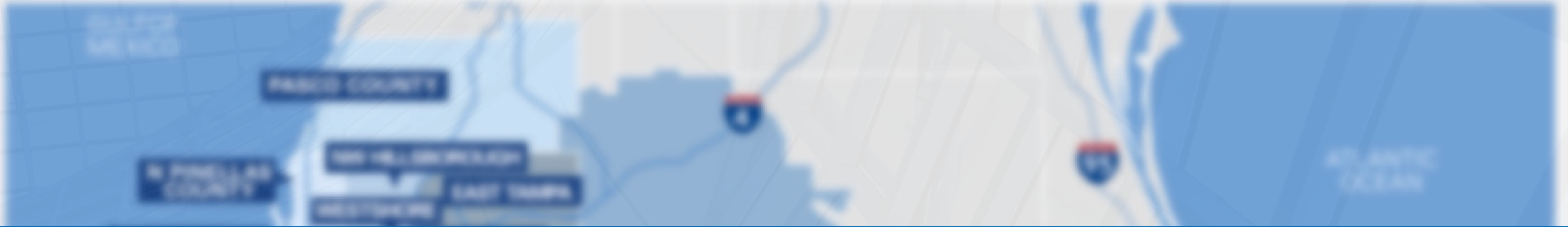
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## Market Statistics & Map

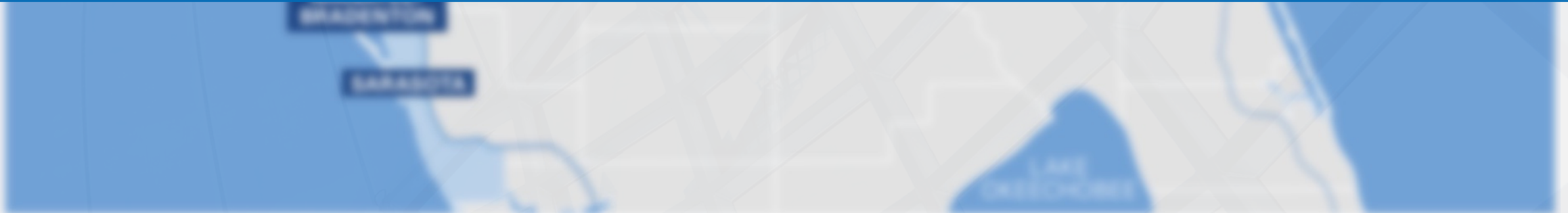


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## Tampa Office Submarket Map



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# Tampa Office Submarket Overview

Submarket Statistics - All Classes								
	Total Inventory (sq ft)	100% Occupied (sq ft)	Total Inventory %	100% Occupied %	100% Occupied %	2019 New Construction (sq ft)	2019 New Construction (sq ft)	2019 New Construction (sq ft)
Clearwater CBD	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg CBD	2,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
Tampa CBD	1,100,000	100,000	9%	9%	9%	\$10.00	\$10.00	\$10.00
<b>2019 Total</b>	<b>4,100,000</b>	<b>100,000</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

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St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00
St. Petersburg	1,000,000	0	0%	0%	0%	\$10.00	\$10.00	\$10.00

## Tampa Office Submarket Overview—Class A

Submarket Overview - Class A						
	Total Inventory (SQ)	Under Construction (SQ)	Total Inventory (M)	Q1 Absorption (SQ)	Q2 Absorption (SQ)	Year-to-Date Absorption (SQ)
Clearwater (SQ)	477,000	0	100%	0,000	0,000	0,000
St. Petersburg (SQ)	1,000,000	0	87%	0,000	0,000	0,000
Tampa (SQ)	2,000,710	100,000	95%	20,000	20,000	20,000

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Polk County	477,000	0	100%	0	0	-
St. Tampa	1,000,000	0	100%	0	0	0,000
Clearwater	477,000	0,000	100%	0,000	0,000	0,000
St. Petersburg	1,000,000	0	100%	0,000	0,000	0,000
Submarket	2,000,710	100,000	95%	20,000	20,000	20,000
Market Total	2,000,710	100,000	95%	20,000	20,000	20,000

## Tampa Office Submarket Overview—Class B

Submarket Overview - Class B						
	Total Inventory (SQ FT)	Under Construction (SQ FT)	Total Inventory (Units)	Q1 Inventory (Units)	Q2 Inventory (Units)	Units Under Construction (Units)
Clearwater (SQ FT)	107,000	0	100%	0	0	0
St. Petersburg (SQ FT)	66,000	0	100%	0	0	0
Tampa (SQ FT)	1,000,000	0	100%	0	0	0
<b>Market Total</b>	<b>1,173,000</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>

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St. Petersburg	66,000	0	100%	0	0	0
Clearwater	107,000	0	100%	0	0	0
St. Petersburg	66,000	0	100%	0	0	0
Clearwater	107,000	0	100%	0	0	0
<b>Market Total</b>	<b>1,173,000</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 1Q26 Central Florida Office Market Overview



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Market Overview	\$1.00	\$
FFO Overview	\$1.00	\$
Market Selling Price (2021)	\$1.00	\$1.00
Market Selling Price (2022)	\$1.00	\$1.00
Total Selling Price (2021)	\$1.00	\$1.00

# 04

## Supplemental Analysis



# Market Observations

## Strengths

- Tampa is a global gateway, attracting international businesses and investors
- Large-scale focus by government, institutional and corporate owners demonstrates strong demand for well-located, high-quality properties
- With over 100,000 sq. miles construction, Tampa has robust exposure to speculative needs over the next 12 to 18 months

## Weaknesses

- Suburban markets continue to struggle with long-standing high stock inventories that weigh on capital performance
- While Class B submarkets hold firm, competition to smaller submarkets and pressure for higher-level improvement alternatives are compressing profit margins
- Second generation Class B offers another pathway to lower occupancy in Class B assets as

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- A resurgence in leasing at industrial properties offers upside for landlords positioned behind supply and demand growth
- Buildings with solid fundamentals for functional obsolescence may benefit from capital treatment, especially as more product becomes scarce
- Increasing demand for flexible and co-working space presents new business opportunities

- The market supply of high-quality space is shifting with higher and more diverse needs, driving a reliance on Tampa to consider other markets with greater stability of supply levels
- The suburban focus on leasing and many markets are struggling or exiting, creating a gap in market occupancy
- Stable macroeconomic uncertainty and tighter capital markets may delay tenant relocations and weigh on market sentiment

# Tampa Gross Metropolitan Product

Over metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. Most recently, gross metropolitan product rose 0.7% year over year, reaching a new all-time high of \$201.4 billion.

Economic Overview: GDP, Unemployment & Inflation Change

2000 2020

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# Loan Maturity Volume Peaks in 2026 and 2030

In the first quarter of 2024, government agency remains the leading source of debt financing, accounting for 46.7% of the total volume. Government agency maturities are first tracked at \$17.1 billion through 2026 followed by CDOs maturities at \$1.7 billion and bank maturities at \$1.3 billion. Across all debt sources, the peak maturity year is 2026 and 2030 at \$4.4 billion each, underscoring the importance of evaluating upcoming maturities as a gauge of future market economic health. The concentration of near-term maturities, highlights rollover risk in a higher rate environment, indicating the importance of credit quality and capital planning over the next cycle.

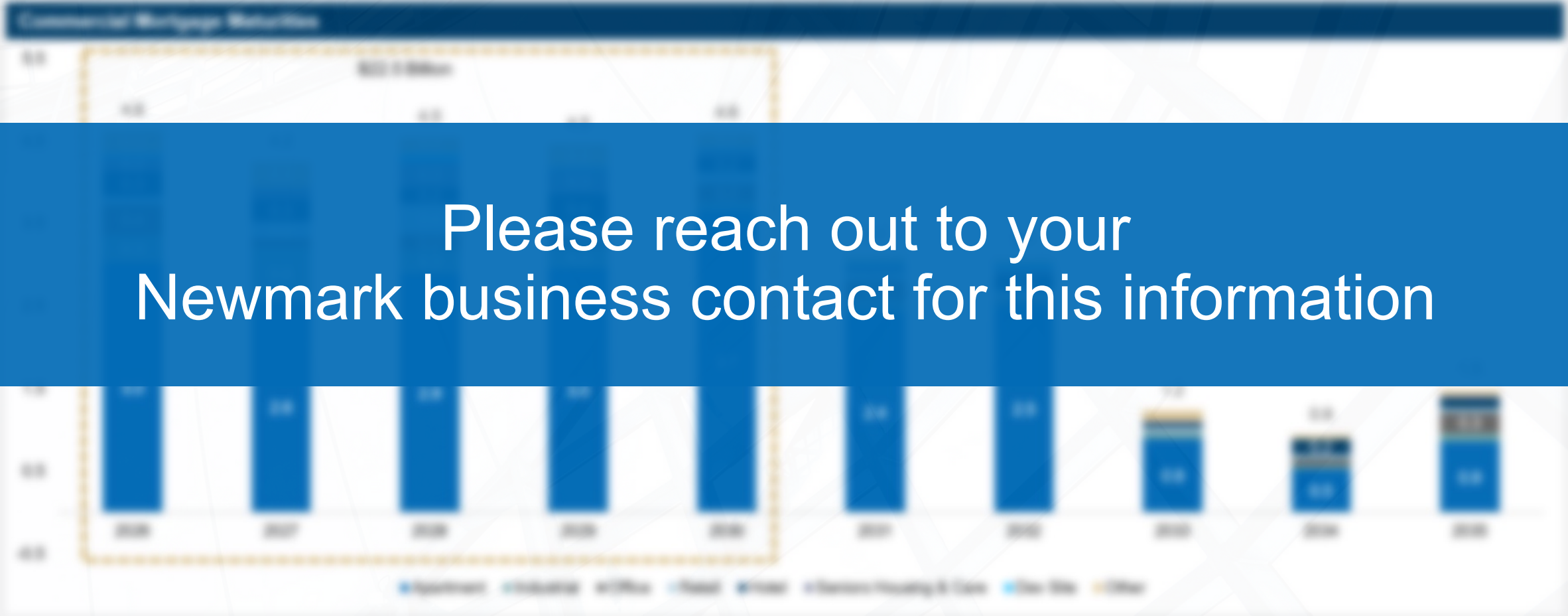
Financing Source by volume

Debt Maturity Schedule by year type

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# Multifamily Maturities Particularly Elevated Through 2030, Office Not So Much

As of the first quarter of 2024, office loans comprise 4.0% of the upcoming \$22.7 billion of loans maturing within the next five years, demonstrating the exposure to the office sector's challenges. By contrast, multifamily accounts for 47.3% of near-term maturities, but offsetting risk across relatively heterogeneous groups like the sector's strong performance and increased lease activity. This divergence highlights a more selective capital market, one increasingly focused on asset quality and operational resilience.



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