2Q25

Tampa Office Market Overview

Market Observations

Economy

- The unemployment rate rose by 36 basis points year over year to 3.8%, yet remains below the five-year average of 3.9%, signaling continued labor market resilience.
- Job growth moderated to 1.1% year-over-year—a slowdown from recent peaks—but after dipping below the national average in June 2024, regional employment has since realigned with U.S. trends.
- Nine of the ten major employment sectors posted job gains over the past year, led by the mining and construction industry, which recorded a robust 3.1% increase.
- In May 2025, office-using employment totaled 464,476 jobs—0.4% below its all-time high yet 16% above 2019—underscoring its long-term growth trajectory.

Leasing Market Fundamentals

- Annual full-service asking rental rates reached $29.35/SF, reflecting a 2.6% increase year over year at the end of the second quarter of 2025.
- The vacancy rate stands at 15.6%, unchanged quarter over quarter but up 30 basis points year over year, driven by move-ins in the Westshore and Tampa CBD submarkets.
- The development pipeline continues to contract, with 143,496 square feet currently under construction—representing just 0.2% of total market inventory.
- Leasing activity totaled 1.1 MSF for the quarter, marking the weakest second quarter performance since 2020. Activity year-to-date was 3.2 MSF, up 3.8% compared to year-to-date this time last year.

Major Transactions

- The quarter's largest transaction was VITAS Healthcare's new 25,363 SF direct lease at The Edison Suncoast in the Pasco County submarket—equivalent to one-third of the building—and slated for occupancy by October 2025.
- Four of the five largest lease transactions in the second quarter of 2025 occurred in the Gateway and Westshore submarkets, underscoring these districts' continued appeal to major office users.
- Renewals comprised three of the top five lease transactions in the second quarter of 2025, highlighting the importance of tenant retention alongside ongoing demand for new space.
- The smaller scale of second quarter transactions relative to the first quarter will deliver only a modest lift to net absorption, as tenants take physical occupancy in their new space over the coming quarters.

Outlook

- With the Federal Reserve projecting just 50 basis points of cuts by year-end and only a 25% chance of a July reduction, tenants are likely to gradually firm up long-term space plans in 2025 as deferred requirements re-enter the market.
- Robust big-ticket leases continue to drive absorption momentum, reflecting tenant confidence as leading occupiers solidify their long-term office footprints.
- 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 edge lower, buoyed by restrained new supply and the scheduled move-ins of major tenants.

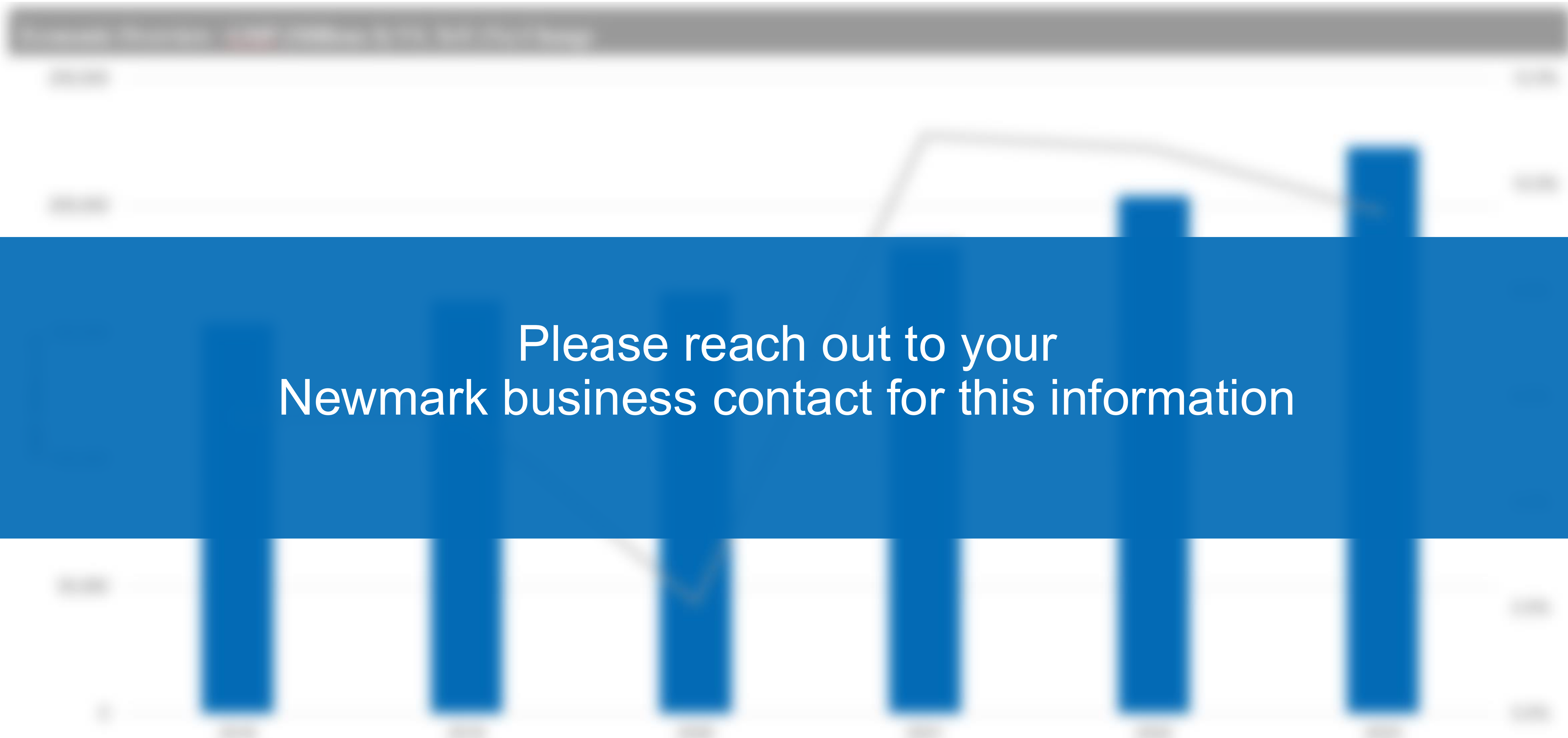
TABLE OF CONTENTS

2Q25

Economy

Tampa Gross Metropolitan Product

Gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. In the first quarter of 2023, gross metropolitan product rose 9.5% year over year reach a new all-time high of roughly $223 billion.

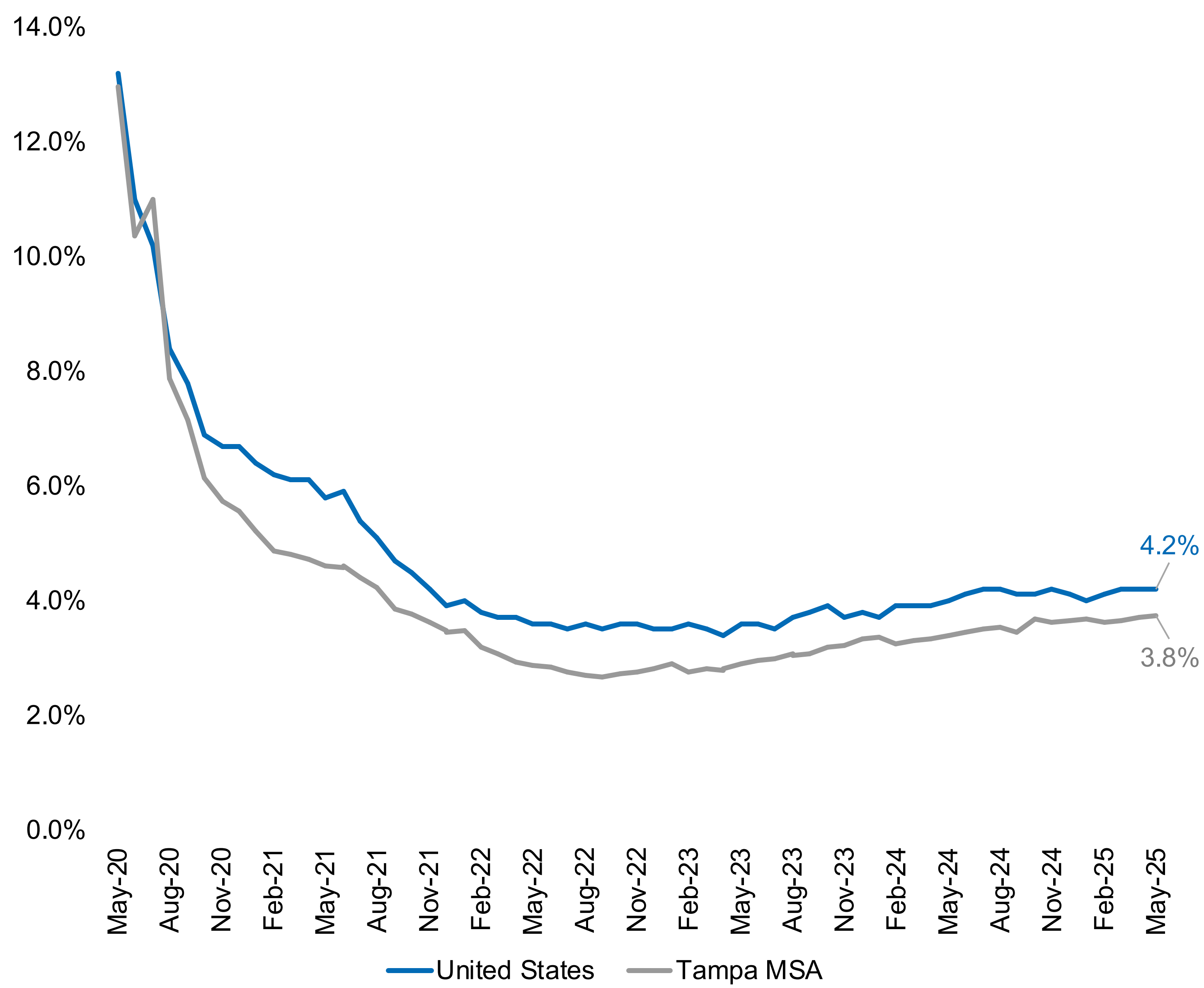


Source: JobsEQ

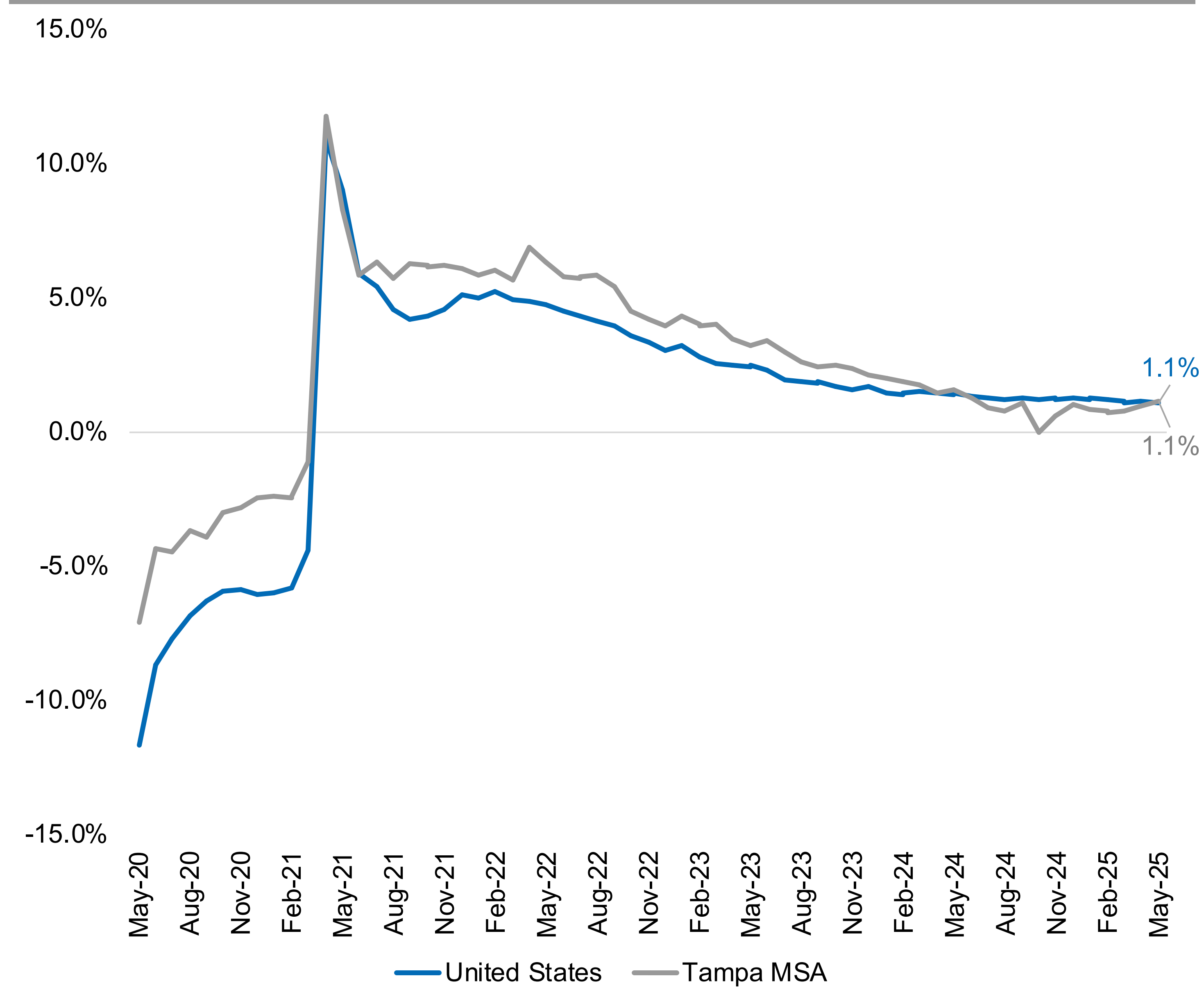
Metro Employment Growth Begins to Trail the Nation

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 36 basis points, while employment growth has decelerated by 43 basis points. After dipping below the national average in June 2024, regional employment growth has, over the past year, rebounded to align with the national pace—driven by gains in business and professional services, information, and financial services sectors.

Unemployment Rate, Seasonally Adjusted



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

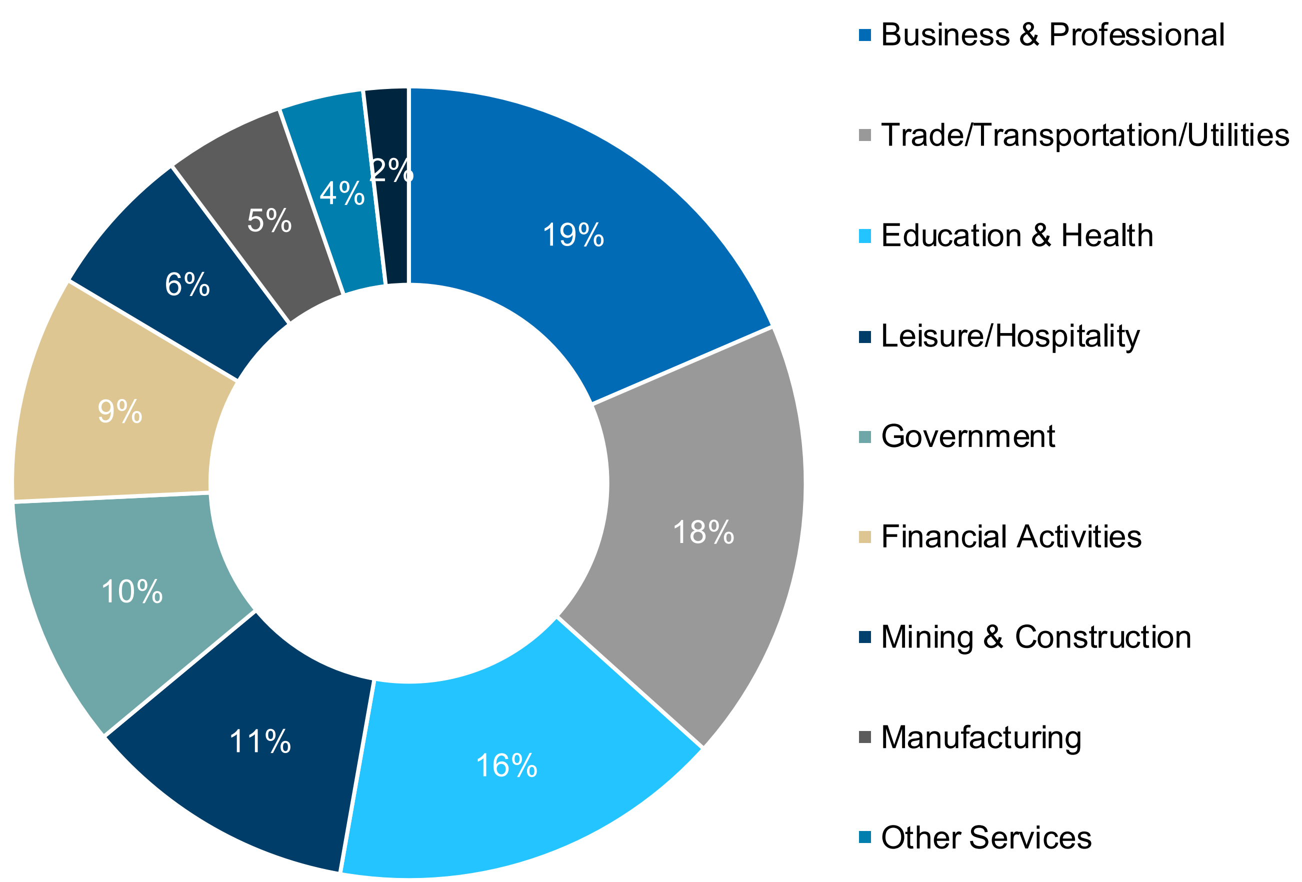


Source: U.S. Bureau of Labor Statistics, Tampa MSA

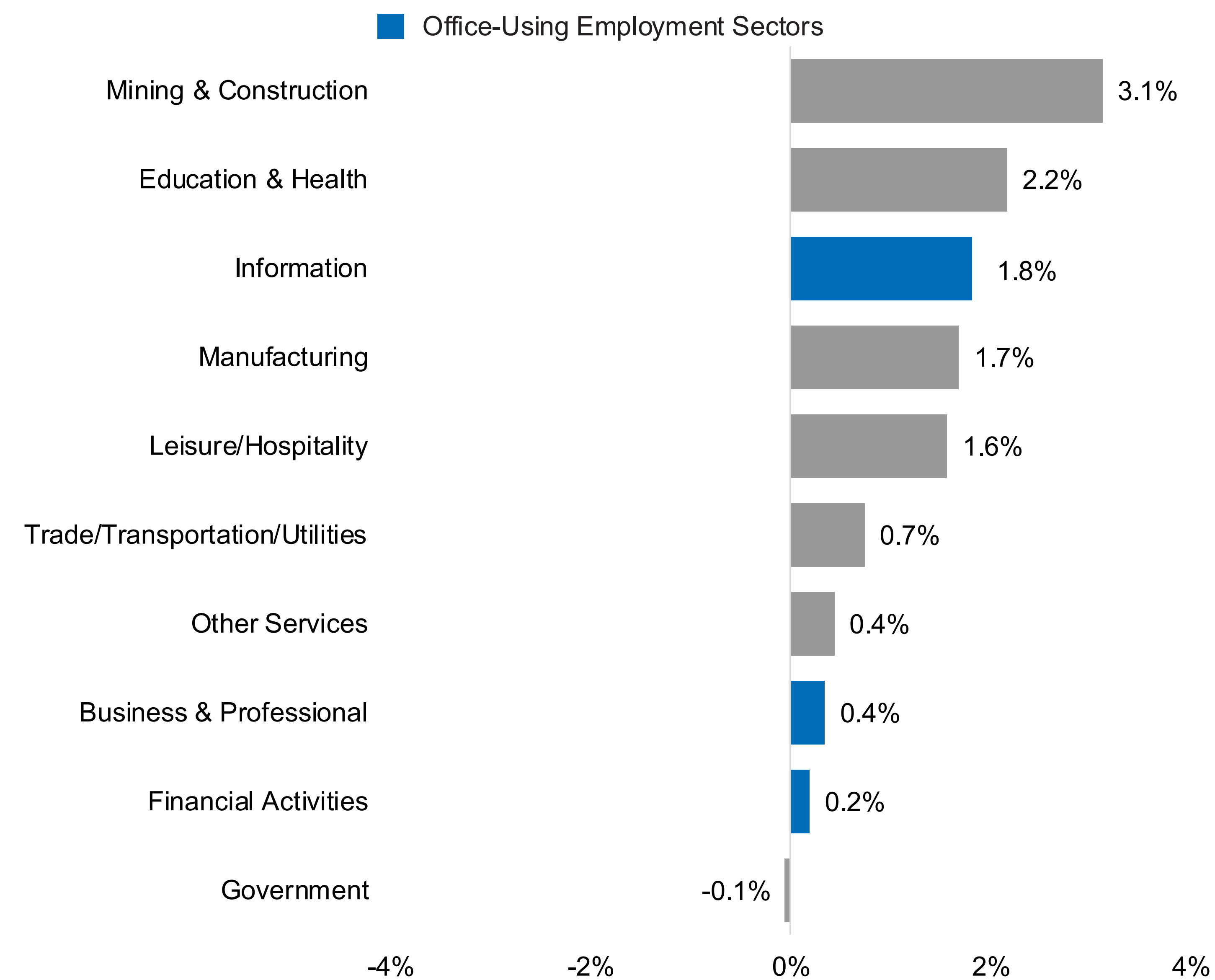
Office-Sector Employment Up Across All Industries

Tampa's two largest employment sectors collectively represent 36.6% of the metro's job base, with business and professional services, the primary office-using sector, accounting for the largest share at 18.5%. Over the past year, key office-using industries—including professional services, finance and insurance, and information—have all posted modest employment gains. The steady expansion underscores the market's underlying resilience while highlighting a gradual shift toward more specialized, service-oriented occupiers.

Employment by Industry, May 2025



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

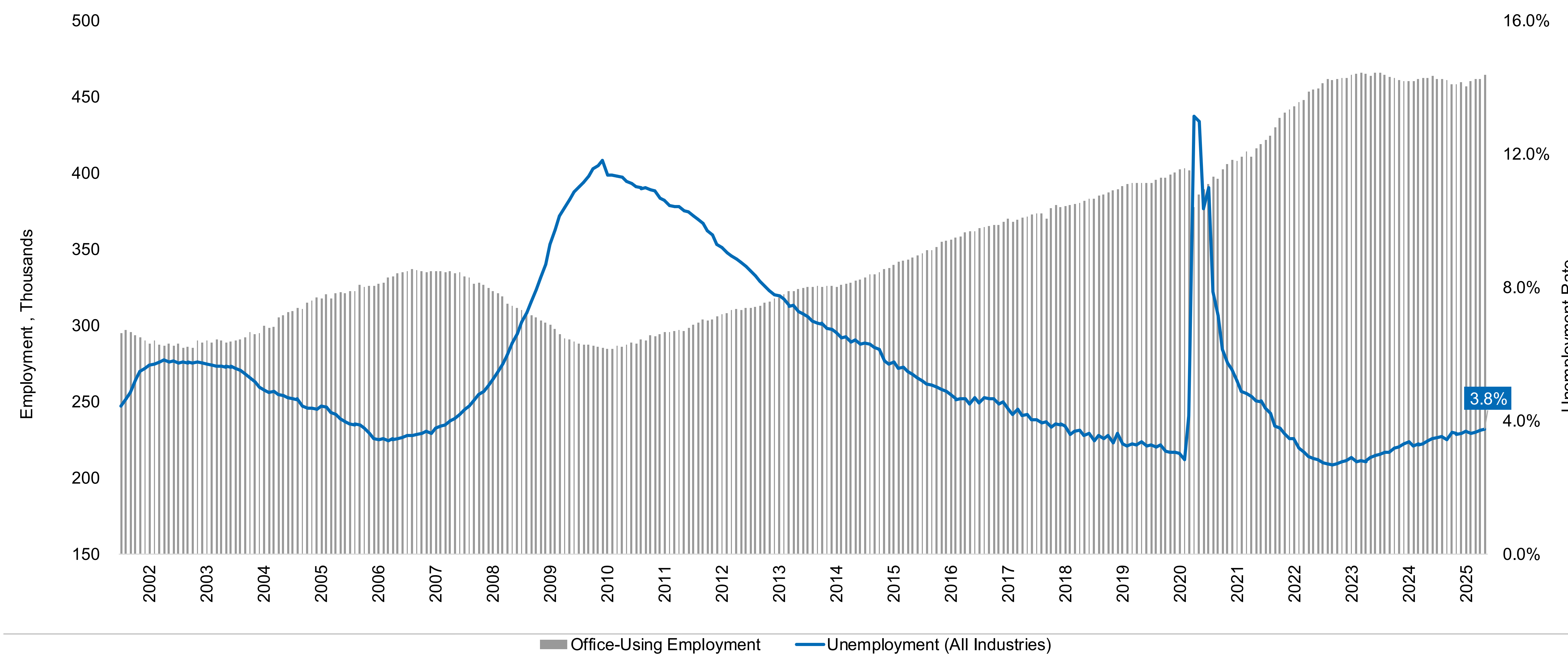


Source: U.S. Bureau of Labor Statistics, Tampa MSA

Office-Using Employment Holds Near Peak Despite Modest Year-Over-Year Decline

Office-using employment in the Tampa market increased by 0.5% year over year, totaling 464,476 employees in May 2025, remaining approximately 0.4% below the metro's peak recorded in March 2023. The unemployment rate currently stands at 3.8%, modestly above the 2019 pre-pandemic average of 3.3%. Despite recent softening, the relative strength of Tampa's office-using sectors has helped keep unemployment levels near historical norms.

Office-Using Employment* and Unemployment Across All Industries



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

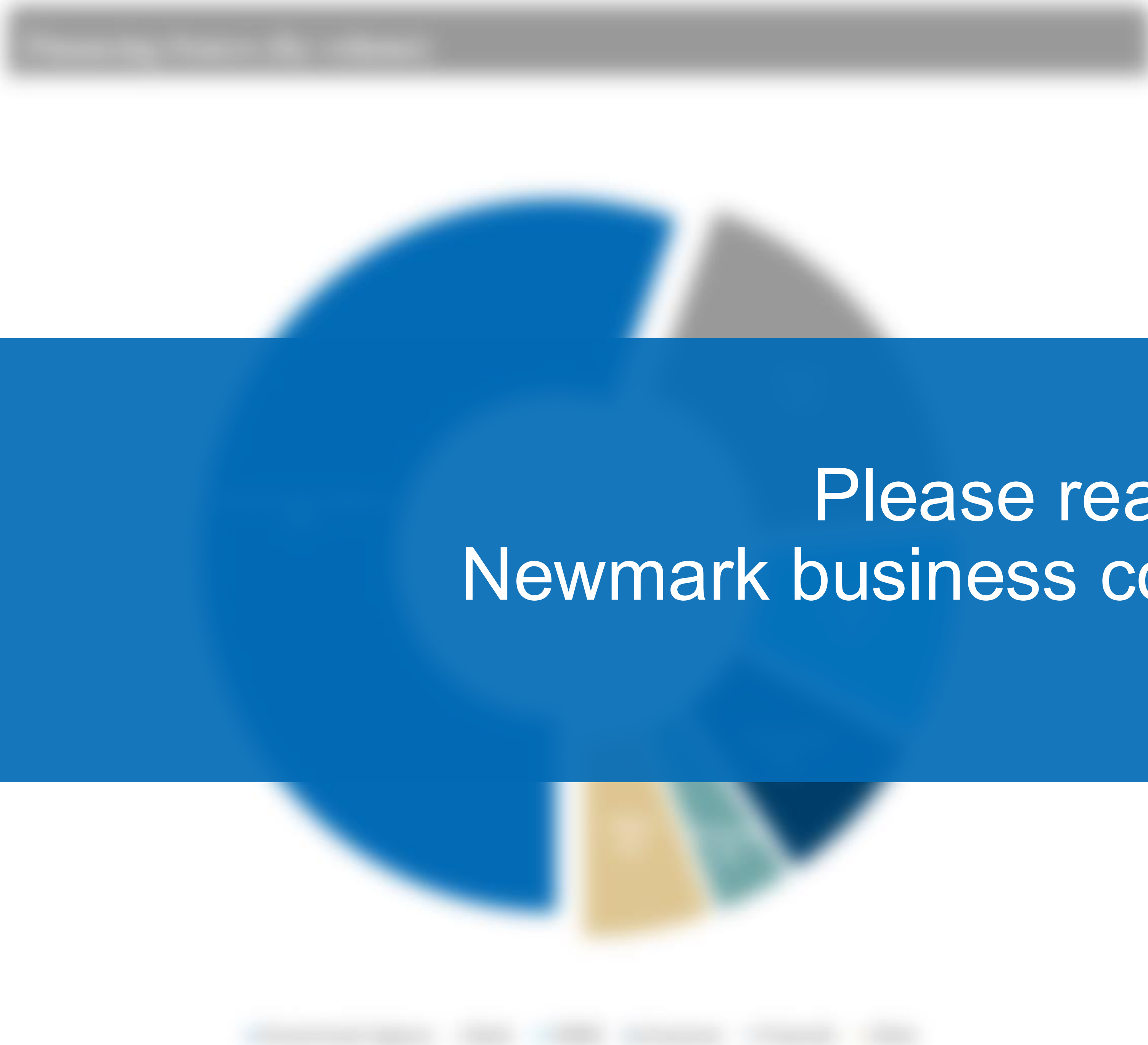
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

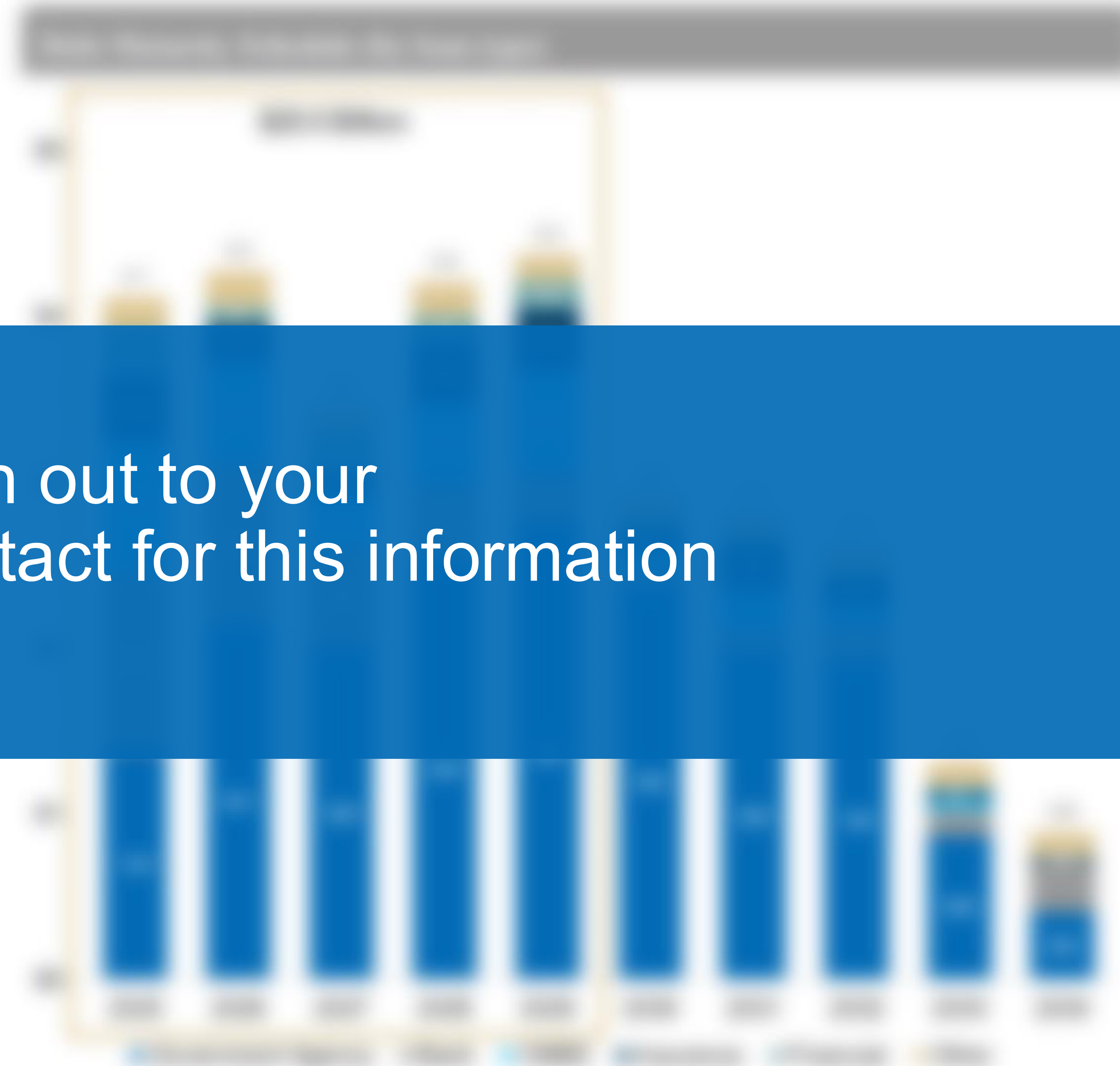
2Q25

Debt/Capital Markets

Higher Loan Volume Due in 2026, 2028 & 2029

Government agency loans accounts for more than half of the outstanding debt total volume. Maturities are heavily front-loaded, particularly among agency and bank lenders, with five-year volumes totaling $20.5 billion. This concentration of near-term debt amplifies refinancing risk, especially in a higher-rate environment where lender selectivity remains elevated.



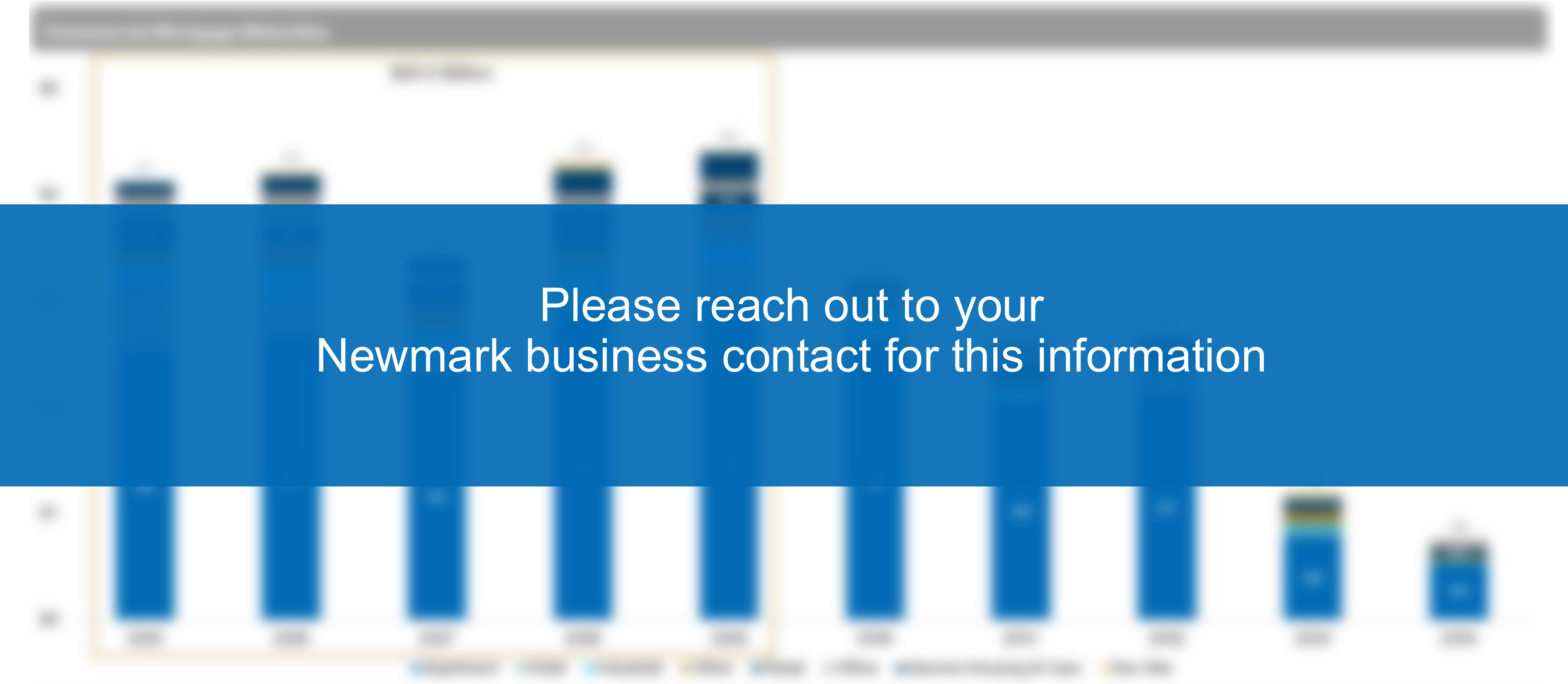


Please reach out to your
Newmark business contact for this information

Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much

Office loans comprise just 4.3% of the $20.5 billion in maturities between 2025 and 2029, limiting broader exposure to the sector's ongoing challenges. By contrast, multifamily accounts for 65.1% of near-term maturities, but refinancing risks remain relatively manageable given the sector's stronger performance and continued lender appetite. This divergence highlights a more selective capital market, one increasingly focused on asset quality and operational resilience



Source: RCA, Newmark Research

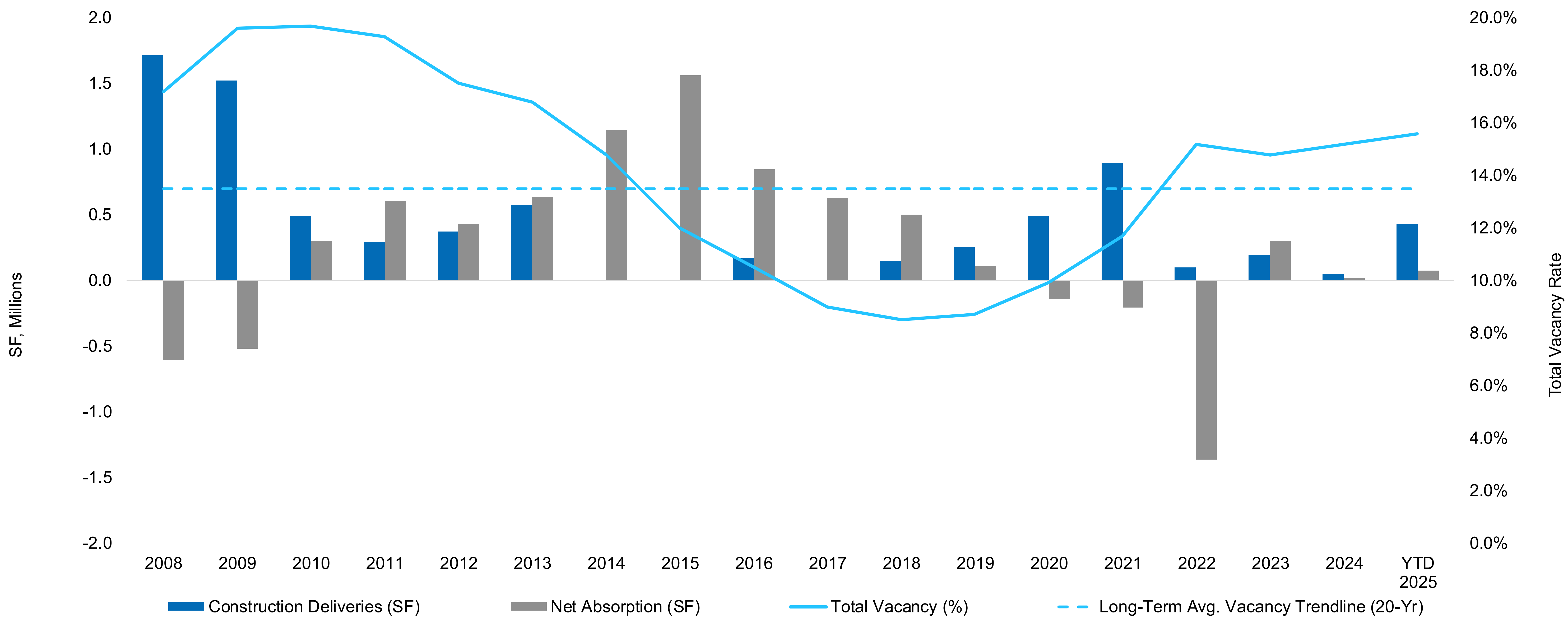
2Q25

Leasing Market Fundamentals

Occupancy Gains Offset New Deliveries, Keeping Vacancy Flat

Tampa's office vacancy held steady at 15.6% in second quarter of 2025 despite 428,929 SF of new deliveries, underscoring the market's resilience. Leases signed in late 2024 and early 2025 finally materialized during the quarter, driving 328,358 SF of positive net absorption and lifting year-to-date absorption to a positive 72,514 SF—offsetting new supply. Since the pandemic, softened tenant demand has kept vacancy elevated for more than three years, even as new deliveries have been limited. Looking ahead, a s additional move-ins materialize over the next four quarters, vacancy is poised to stabilize further and edge lower, averting the pronounced vacancy spikes not seen since 2009 and 2010.

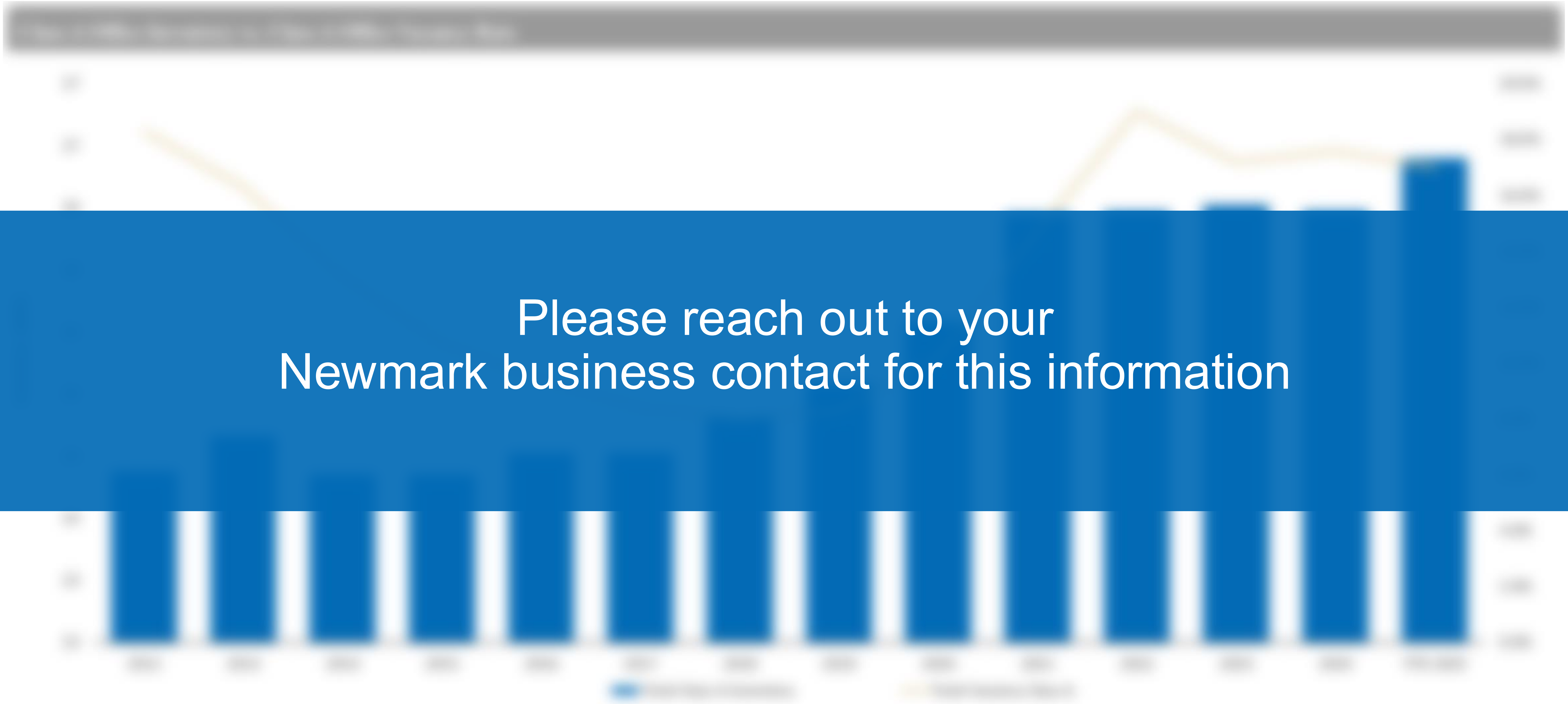
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Corporate Office Downsizing Persists, But Flight to Quality Offers Stability

As of the second quarter of 2025, Tampa's Class A office inventory totaled 26.4 MSF. While demand has shifted toward smaller footprints, tenants continue to prioritize high-quality, amenity-rich buildings. However, the flight to quality has not been enough to offset space reductions, with the Class A vacancy rate closing the second quarter of 2025 at 17.0%, down 30 basis points quarter over quarter and 60 basis points year over year, but well above the 13-year historical average of 13.3%.

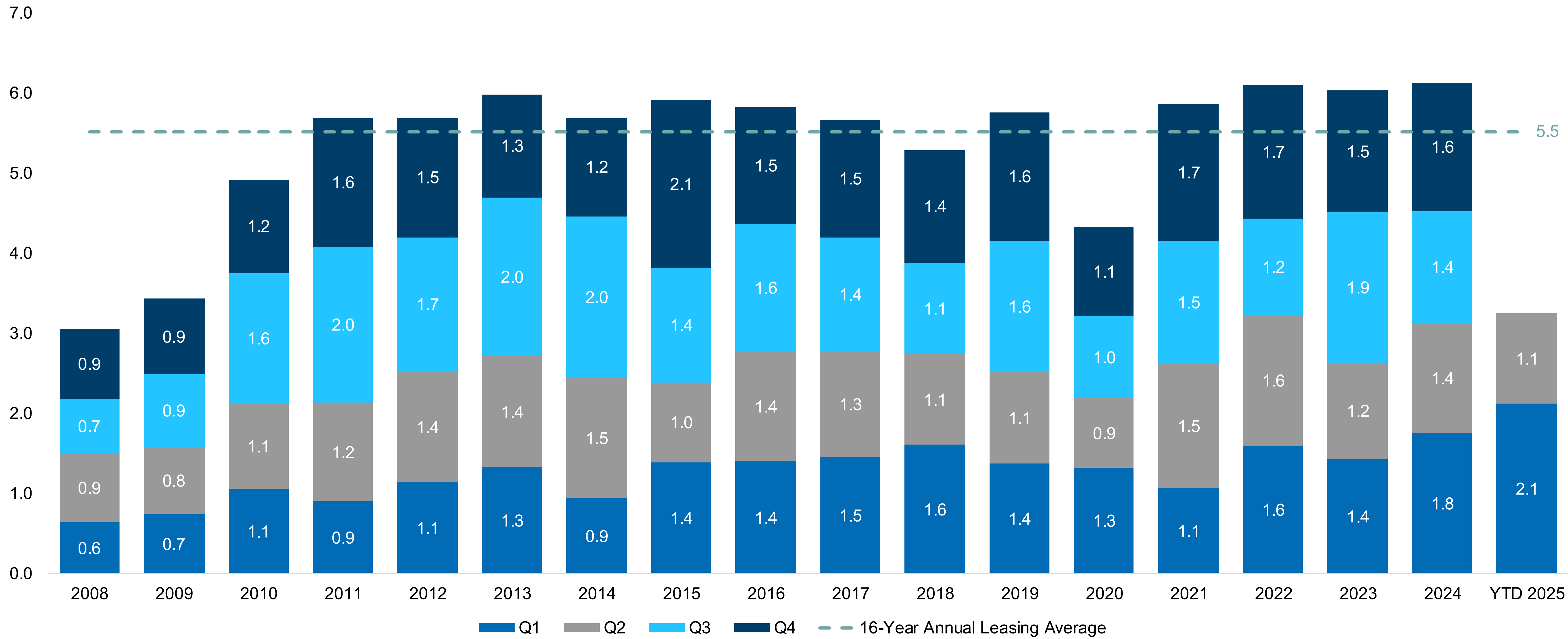


Source: Newmark Research, CoStar

Steady Leasing Volumes Advance Despite Shrinking Deal Sizes

Leasing activity in the second quarter of 2025 totaled 1.1 MSF, slightly below the 16-year second-quarter average of 1.3 MSF. Year-to-date leasing reached 3.2 MSF, a 3.8% gain over the same period last year. At this pace, the market is on track to post a fourth consecutive annual leasing volume of 6.0 MSF or more. This sustained performance highlights Tampa's leasing stability in a post-pandemic environment, with current activity levels staying on par with historic norms. However, the average deal size dropped to 4,010 SF, marking a year-over-year drop of 480 SF, indicating that while many tenants continue to optimize space, demand for small blocks of space has picked up.

Total Leasing Activity (msf)

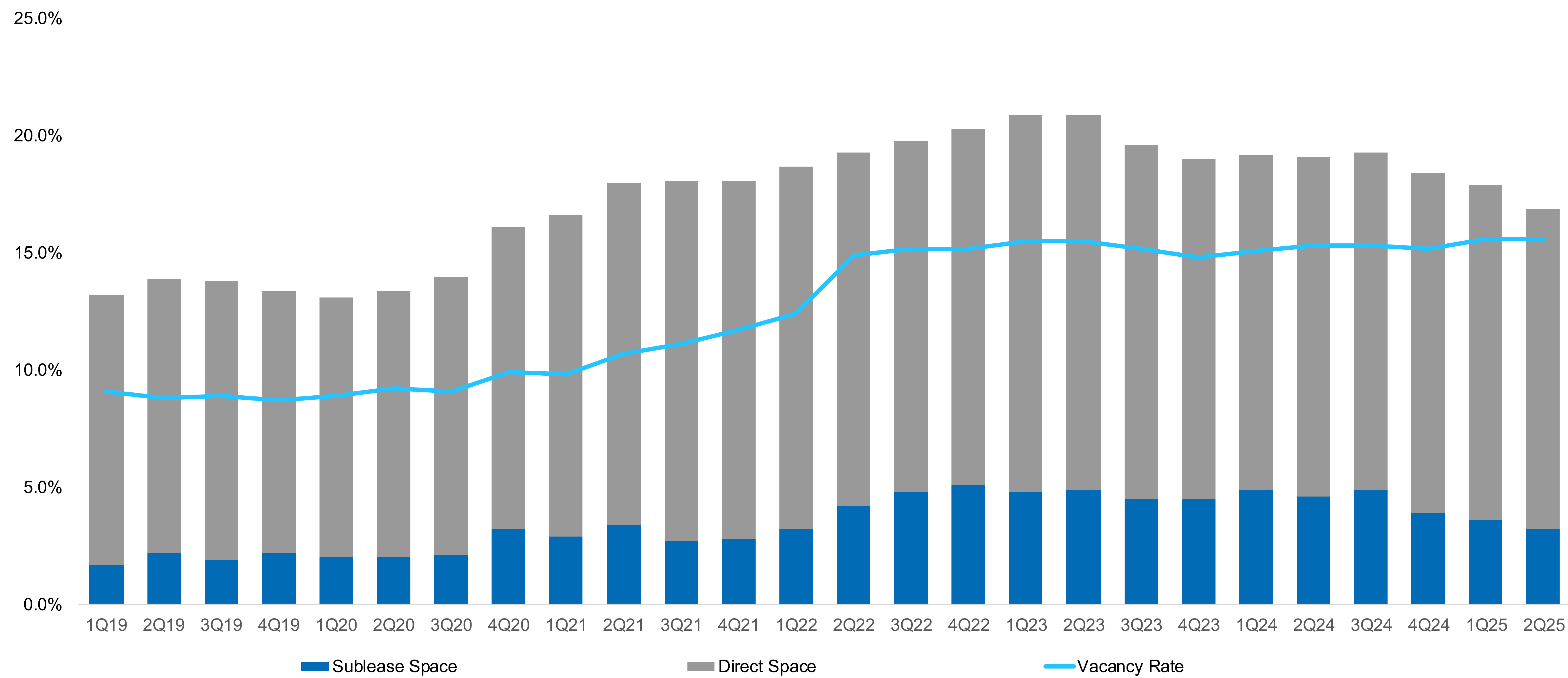


Source: Newmark Research, CoStar

Availability Decreases but Remains Elevated

Sublease availability remained elevated at 3.2% in the second quarter of 2025, though it declined by 190 basis points from it s peak in the fourth quarter of 2022. Direct availability also fell, decreasing 60 basis points quarter over quarter, while the overall vacancy rate was unchanged quarter over quarter but up 30 basis year over year. Despite these availability improvements, vacancy rose year over year, as spaces that had been marketed—particularly subleases—transitioned into the vacant inventory upon lease expirations and tenant move-outs.

Available Space as Percent of Overall Market

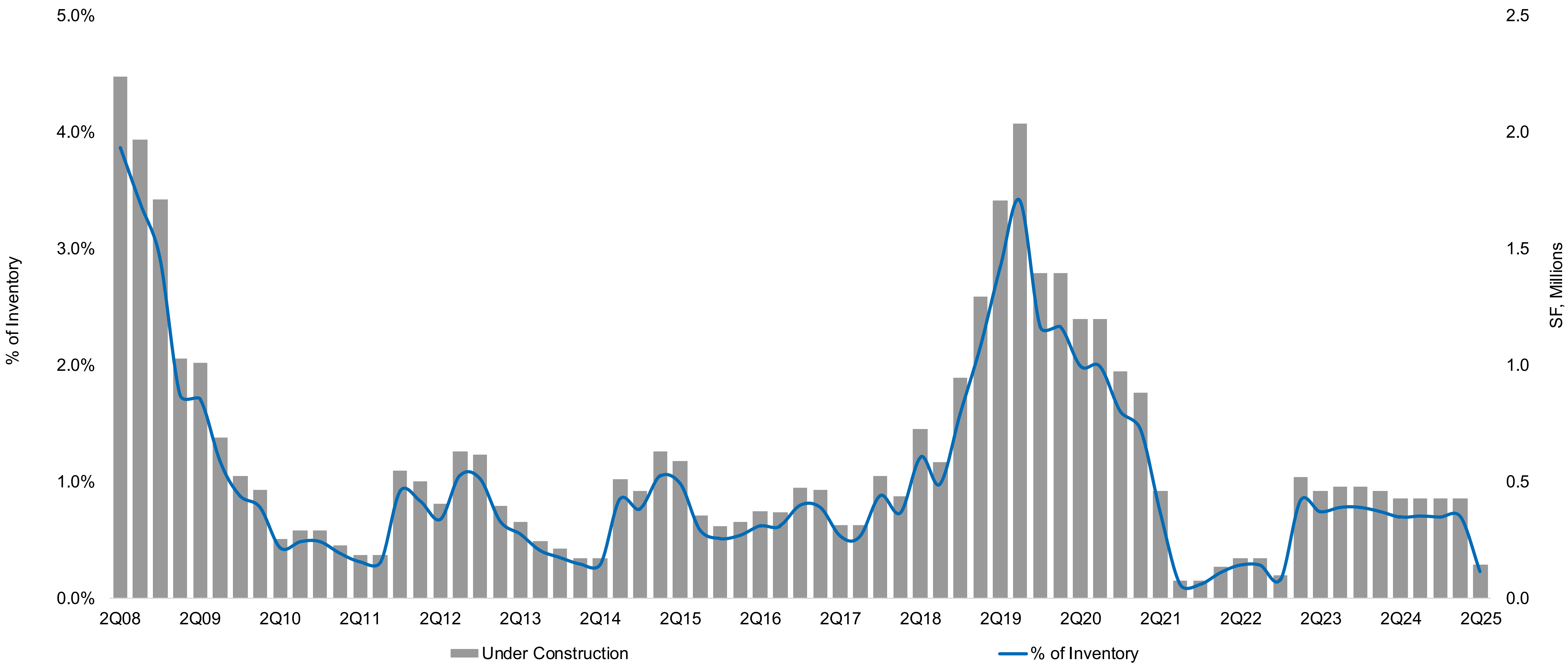


Source: Newmark Research, CoStar

Construction Activity Remains Muted

Construction activity in Tampa has stayed markedly subdued since early 2021. As of the second quarter of 2025, only 143,496 SF was under way—just 0.2% of total inventory—following the delivery of Midtown East (3600 Midtown Dr), a 428,929-SF Westshore project that was 79.8% preleased prior to completion. This disciplined development pace minimizes the risk of on-going near-term oversupply and underscores the market's cautious approach to new office construction.

Office Under Construction and % of Inventory

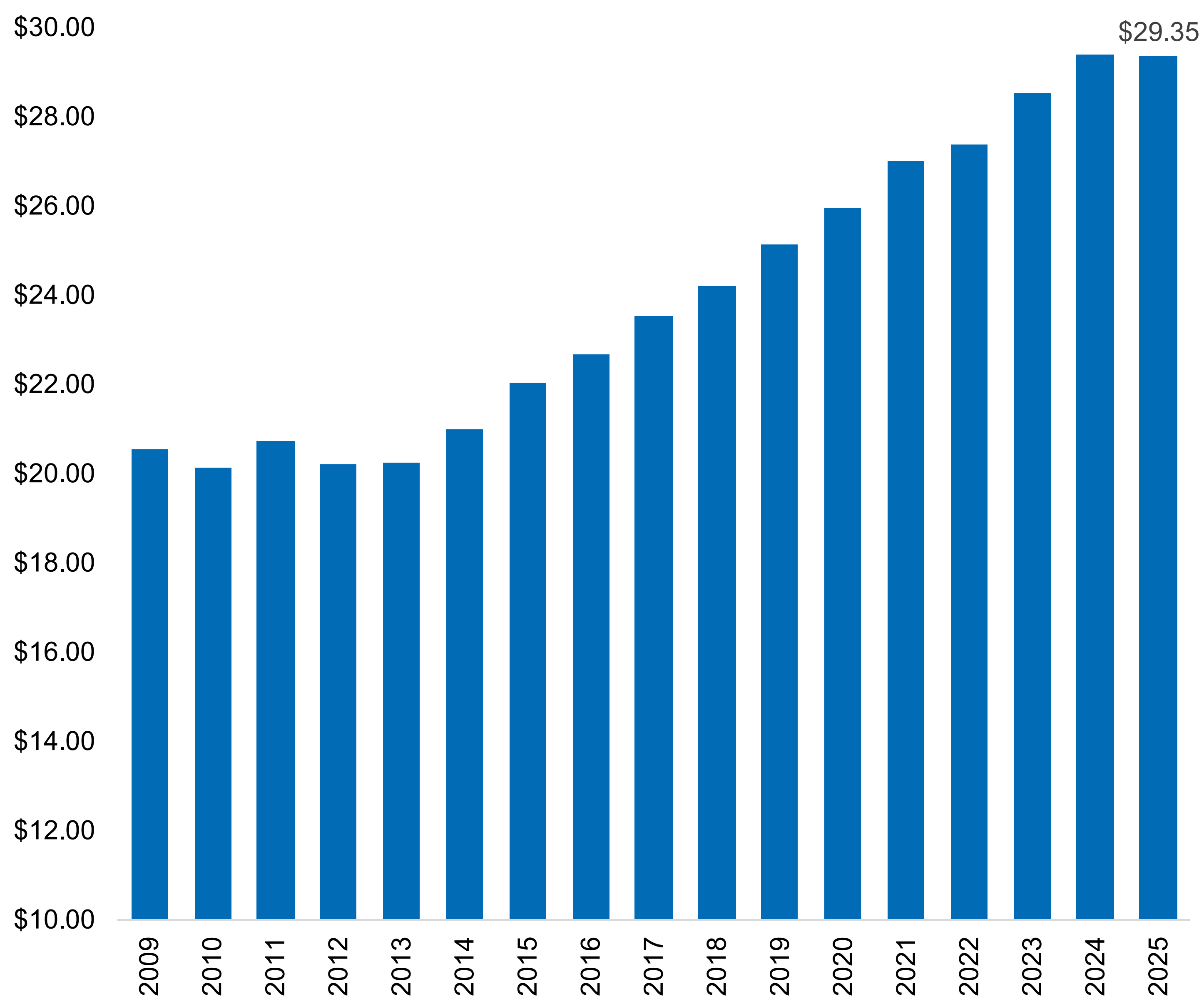


Source: Newmark Research, CoStar

Rents Hold Steady as Growth Slows

In the second quarter of 2025, Tampa's combined asking rent averaged $29.35/SF, a 2.6% gain year over year. Yet beneath this headline growth lies a more nuanced picture, as landlords are sweetening deals with concessions such as rental abatements, TI allowances and extended free-rent periods—to uphold rates in the face of softer demand. As a result, effective rent growth is more muted, highlighting the ongoing tug-of-war between owners' pricing aspirations and tenants' cost-sensitivity in today's market.

Office Combined Average Asking Rent, $/SF, FS



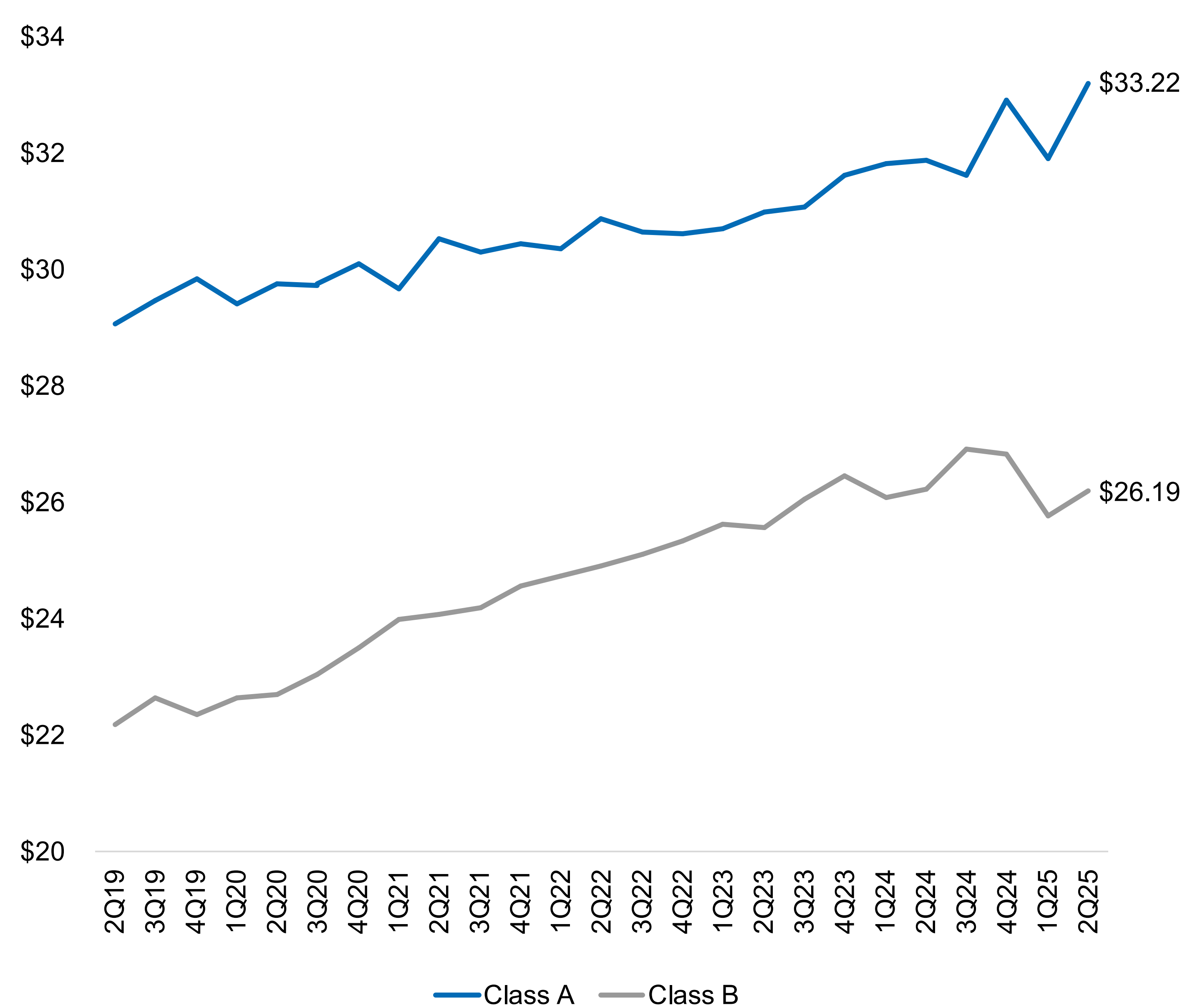
Year-over-Year Asking Rent Growth Rate

Source: Newmark Research, CoStar

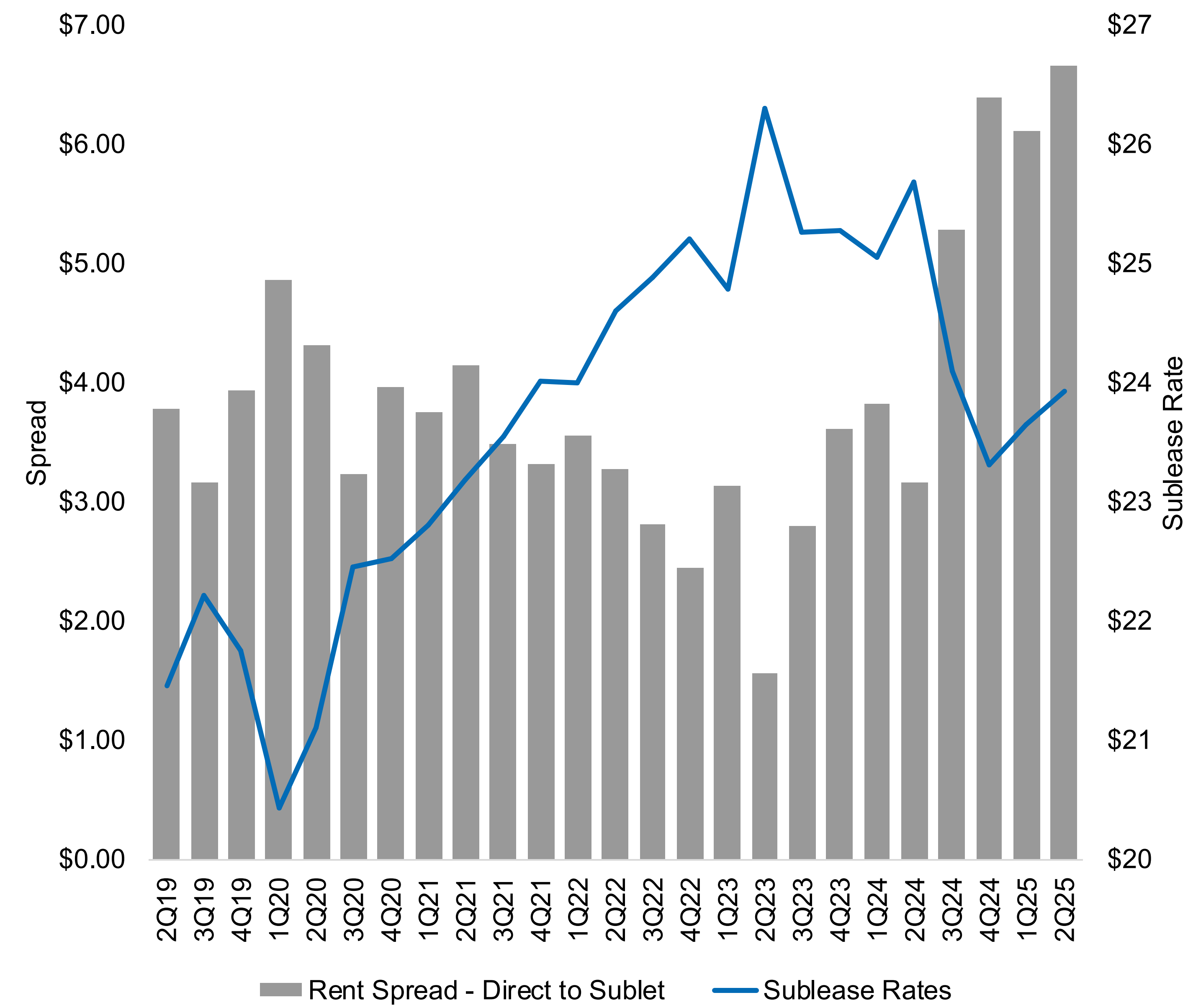
Rent Spread Increases, Highlighting Preference for Higher-Quality Space

In the second quarter of 2025, Class A asking rents reached a record high of $33.22/SF, compared with $26.19/SF for Class B—a premium of $7.03/SF that underscores the market's flight to quality. This spread has contracted by 6.1% since 2019 but has widened by 24.2% year over year, underscoring the bifurcation between asset classes. The sustained premium on higher-quality space is due to tenants prioritizing amenities and efficiencies, trading up to Class A assets. Meanwhile, sublease rents averaged $23.93/SF, up 1.2% quarter over quarter but down 6.8% from the prior year.

Class A and Class B Combined Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Flight-to-Quality Leasing Activity Continues

Flight to quality remains a trend in the market, as three of the five top leases signed were in Class A buildings. As of the end of the second quarter of 2025, Class A space accounted for 59.4% of the market's leasing activity by SF and 51.1% of the market's deal count. Average leases signed in Class A space were 5,748 SF and continue to remain larger than the average market deal size of 4,010 SF.

Notable 2Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
VITAS Healthcare	The Edison Suncoast	Pasco County	Direct New	25,363
VITAS Healthcare, a leading provider of end-of-life care, signed a new lease at 1785 Northpointe Pky. The company leased 33.0% of the building and is expected to occupy the building by October 2025.				
Cox Enterprises, Inc.	Bayview	Gateway	Renewal	25,308
Cox Enterprises, the largest privately owned broadband provider, renewed its lease at 11300 4th St maintaining its occupancy on the third floor through October 2030. The firm has been a long-term tenant at the property since April 2002.				
General Dynamics IT	Island Center	Westshore	Renewal	25,000
General Dynamics Information Technology, a global technology and professional services company, renewed its lease at 2701 N Rocky Point Dr maintaining its occupancy on the tenth and eleventh floor through April 2026. The firm has been a long-term tenant at the property since July 2010.				
Tampa Bay Rays	Pinellas Business Center	Gateway	Sublease	24,643
The Tampa Bay Rays, the local major league baseball team, signed a sublease through April 2029 and took occupancy immediately, securing approximately 38% of the building. This marks the organization's second office location within the Tampa market, signaling ongoing expansion in the region.				
AECOM	Waterford Plaza	Westshore	Renewal	24,306
AECOM, an engineering and business consulting firm, renewed its lease at 7650 W Courtney Campbell Cswy maintaining its occupancy on the seventh floor through January 2026. The firm has been a long-term tenant at the property since January 1990.				

Source: Newmark Research, CoStar

Tampa Office Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Tampa Office Submarket Overview—Class A

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Tampa Office Submarket Overview—Class B

Please reach out to your
Newmark business contact for this information

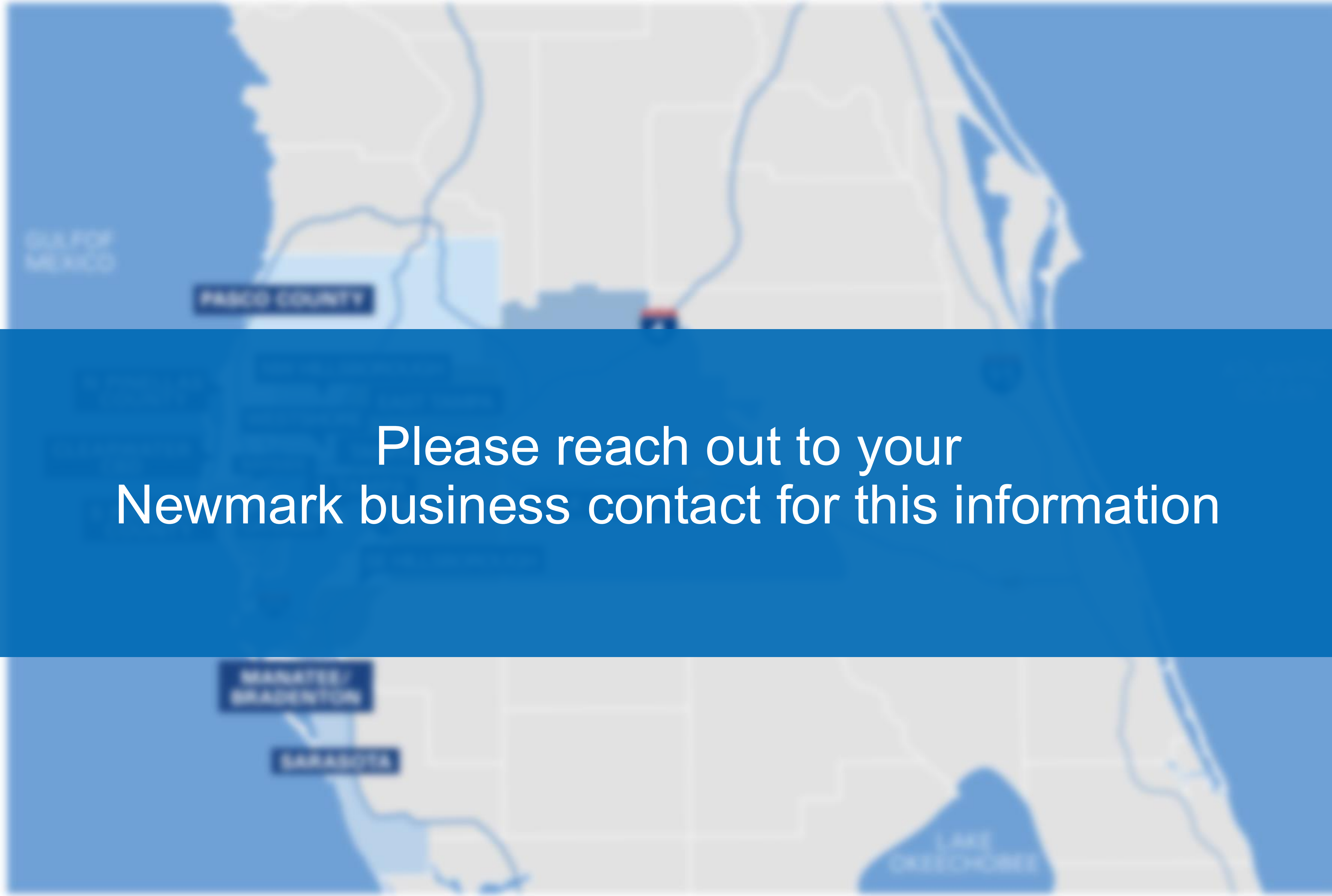
Source: Newmark Research

Tampa Office Market

Please reach out to your
Newmark business contact for this information

opportunities.

Tampa Office Submarket Map



Please reach out to your
Newmark business contact for this information

Source: Newmark Research

For more information:

Jamil Harkness
Senior Research Analyst
Jamil.Harkness@nmrk.com

Kirsten Kempf
Senior Research Analyst
Kirsten.Kempf@nmrk.com

Ching-Ting Wang
Head of Southeast Research
ChingTing.Wang@nmrk.com

Tampa
4221 W Boy Scout Blvd
Suite 440
Tampa, FL 33607
t 813-639-1111

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

NEWMARK