3Q25

Tampa Industrial Market Overview

NEWMARK

Market Observations

Economy

- The unemployment rate rose by 28 basis points year over year to 3.8% and is now above the five-year average of 3.6%, signaling softening in the labor market despite its resilience.
- Job growth moderated to 1.0% year over year - a slowdown from recent peaks - but after dipping below the national average in June 2024, regional employment has since surpassed the national pace.
- Nine of the ten major employment sectors posted job gains over the past year, led by the education and healthcare industry, which recorded a robust 3.3% increase.
- Industrial-using employment grew year over year, led by mining & construction and manufacturing, while trade/transportation/utilities contracted, signaling a shift toward project and production activity as freight demand normalizes.

Leasing Market Fundamentals

- The market reported 106,206 SF of negative absorption in the third quarter of 2025, ending four consecutive quarters of occupancy gains and bringing year-to-date absorption to 237,771 SF.
- Overall rental rates in Tampa’s industrial market rose 6.5% year over year in the third quarter of 2025, reaching a record high of $9.06/SF.
- The construction pipeline recorded 983,403 SF of deliveries at the end of the third quarter of 2025. Meanwhile, under construction activity decreased to 3.0 MSF, marking the sixth consecutive quarter of decline.
- Tampa's industrial vacancy rate rose 200 basis points year over year to 8.5%, continuing a trend of supply and demand imbalance over the past two years.

Major Transactions

- An undisclosed third-party logistics tenant signed the largest deal of the quarter at 585 33rd St NE, leasing 278,249 SF. Colonial Grocers renewed their lease for 112,800 SF at the Crossroads Commerce Center to preserve a proven distribution hub and maintain their logistics efficiency in Tampa.
- Of the five largest deals signed, three were leases exceeding 100,000 SF, and of those three deals two were renewals, indicating tenants are prioritizing continuity at critical locations over net-new expansion.
- Four of the five largest lease deals were signed in the Hillsborough and East Side Tampa submarkets, underscoring the submarkets' growing appeal to industrial users.

Outlook

- Ongoing development in the Tampa market currently represents 1.2% 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.
- Vacancy is poised to level off over the next several quarters as the delivery pace tapers and tenants begin occupying space leased earlier in 2025 - supporting steady, backfill-driven absorption.
- While leasing activity and rent growth have moderated, asking rents should hold firm as the pipeline of high-quality, Class A product continues to set benchmark pricing.

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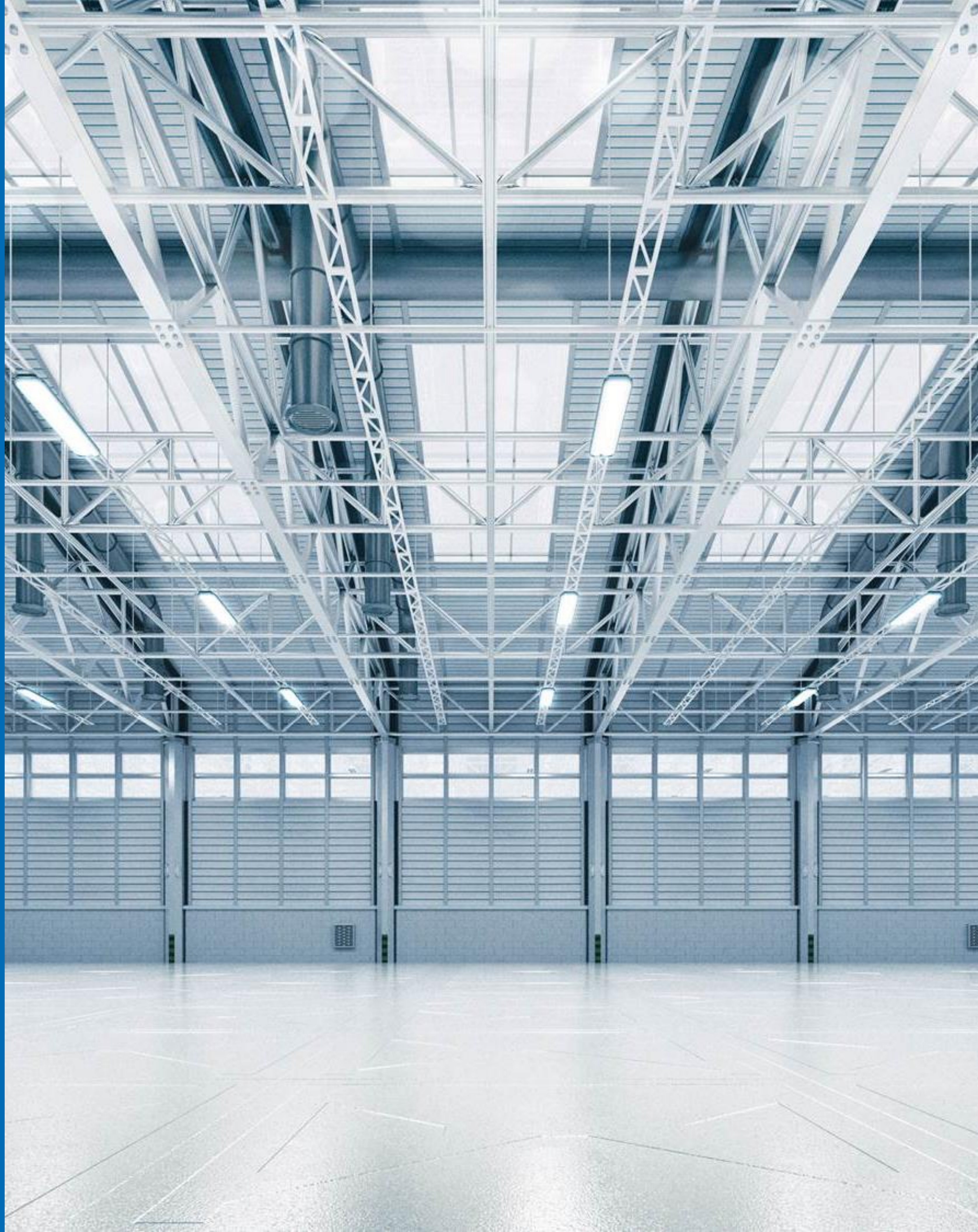
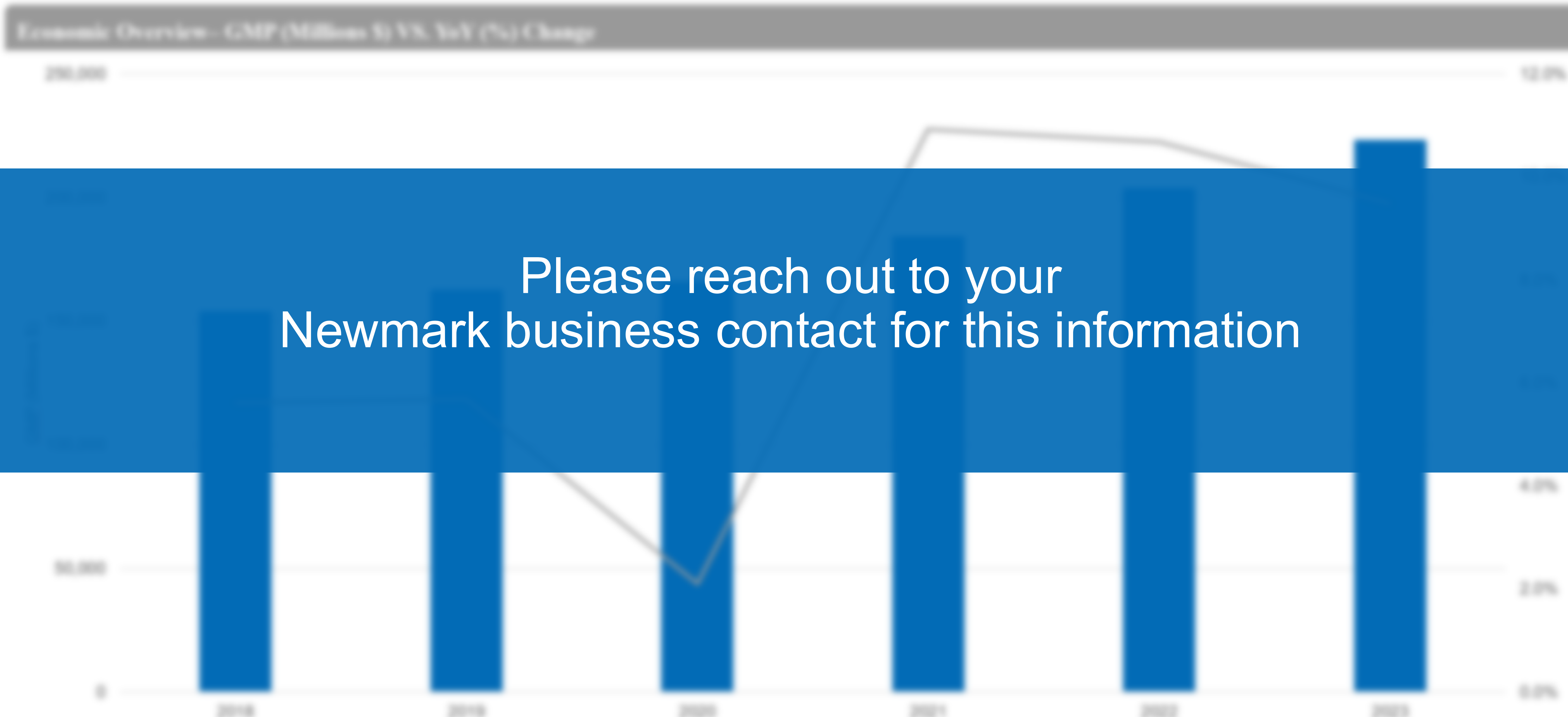


Tampa Gross Metropolitan Product

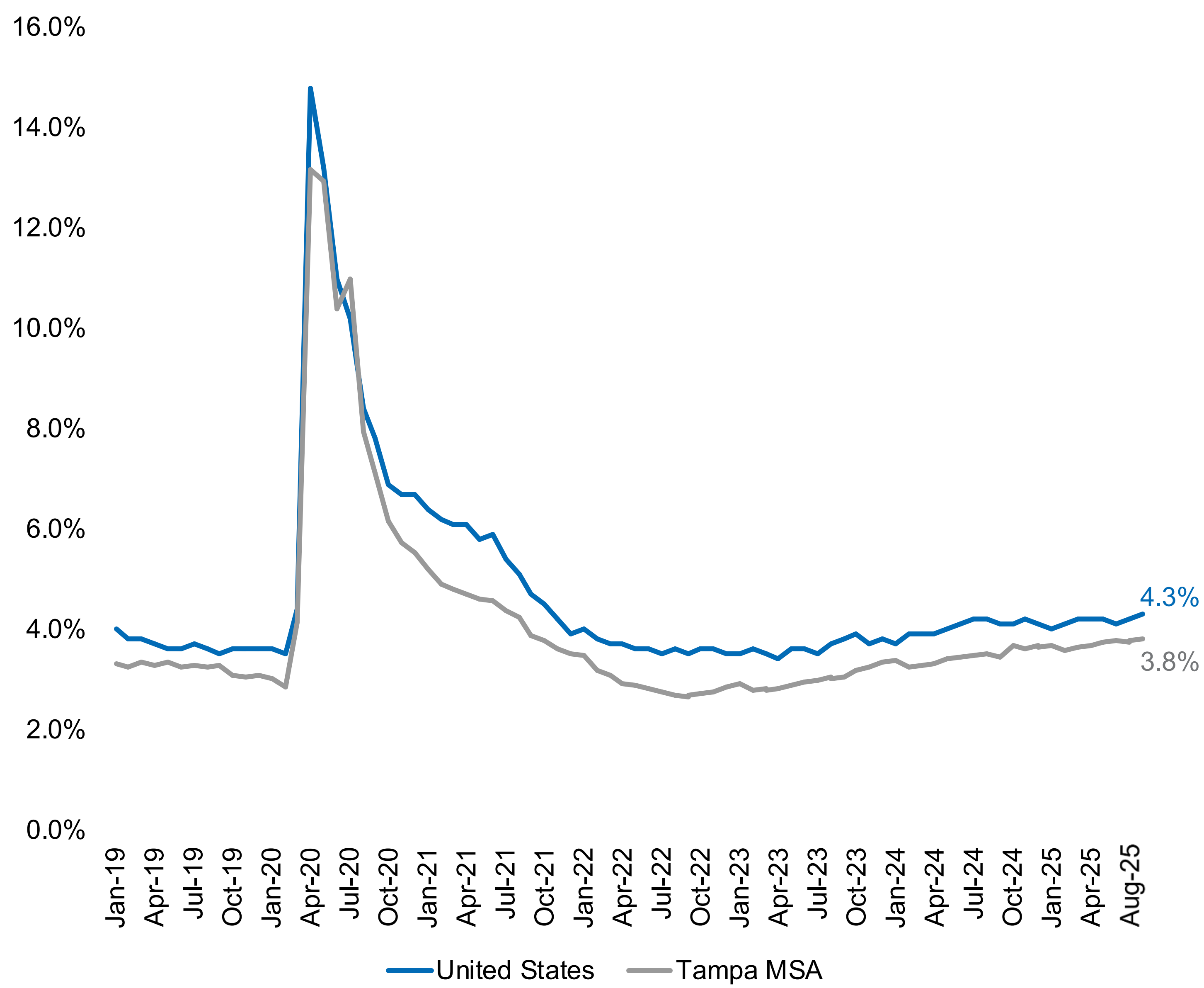


Source: Moody's Analytics

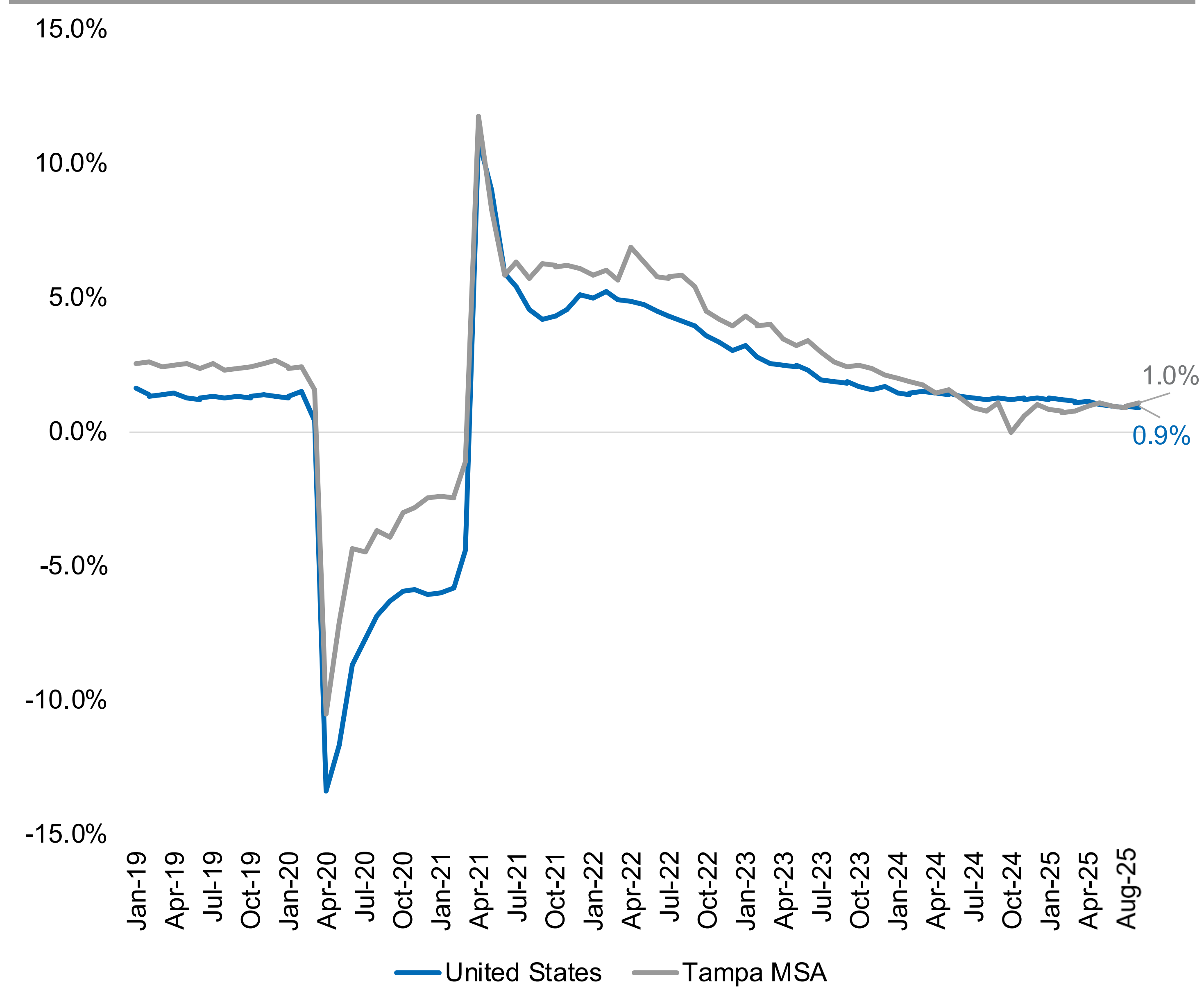
Mixed but Healthy as Employment Growth Edges Past Nation

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. Tampa's labor signals are mixed but healthy. The unemployment rate ticked up 28 basis points even as job growth accelerated by 27 basis points, often a sign of an increase in the labor force participation rate. After dipping below the national average in June 2024, regional employment growth has, over the past year, rebounded slightly and surpassed the national pace, driven by gains in education and healthcare, mining and construction, and information sectors.

Unemployment Rate, Seasonally Adjusted



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

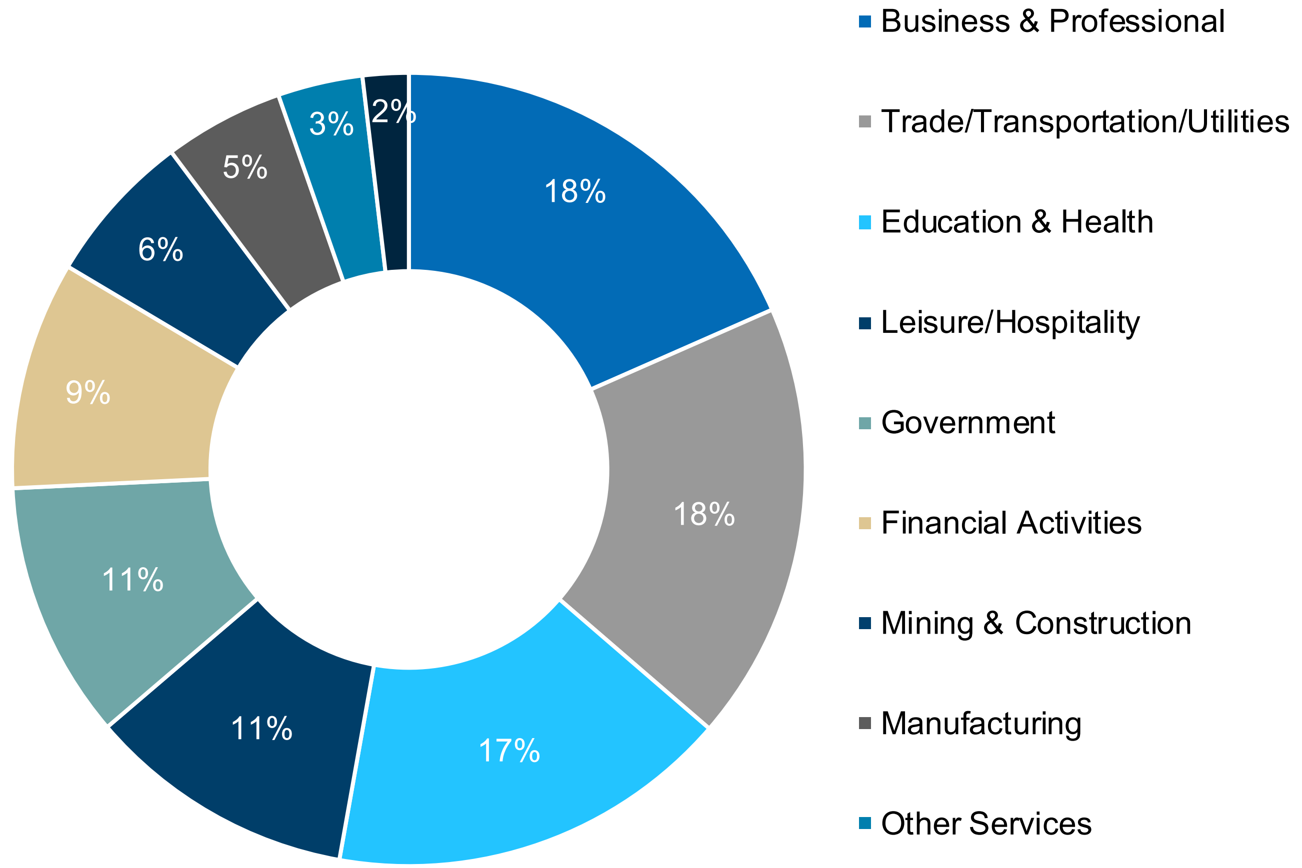


Source: U.S. Bureau of Labor Statistics, Tampa MSA

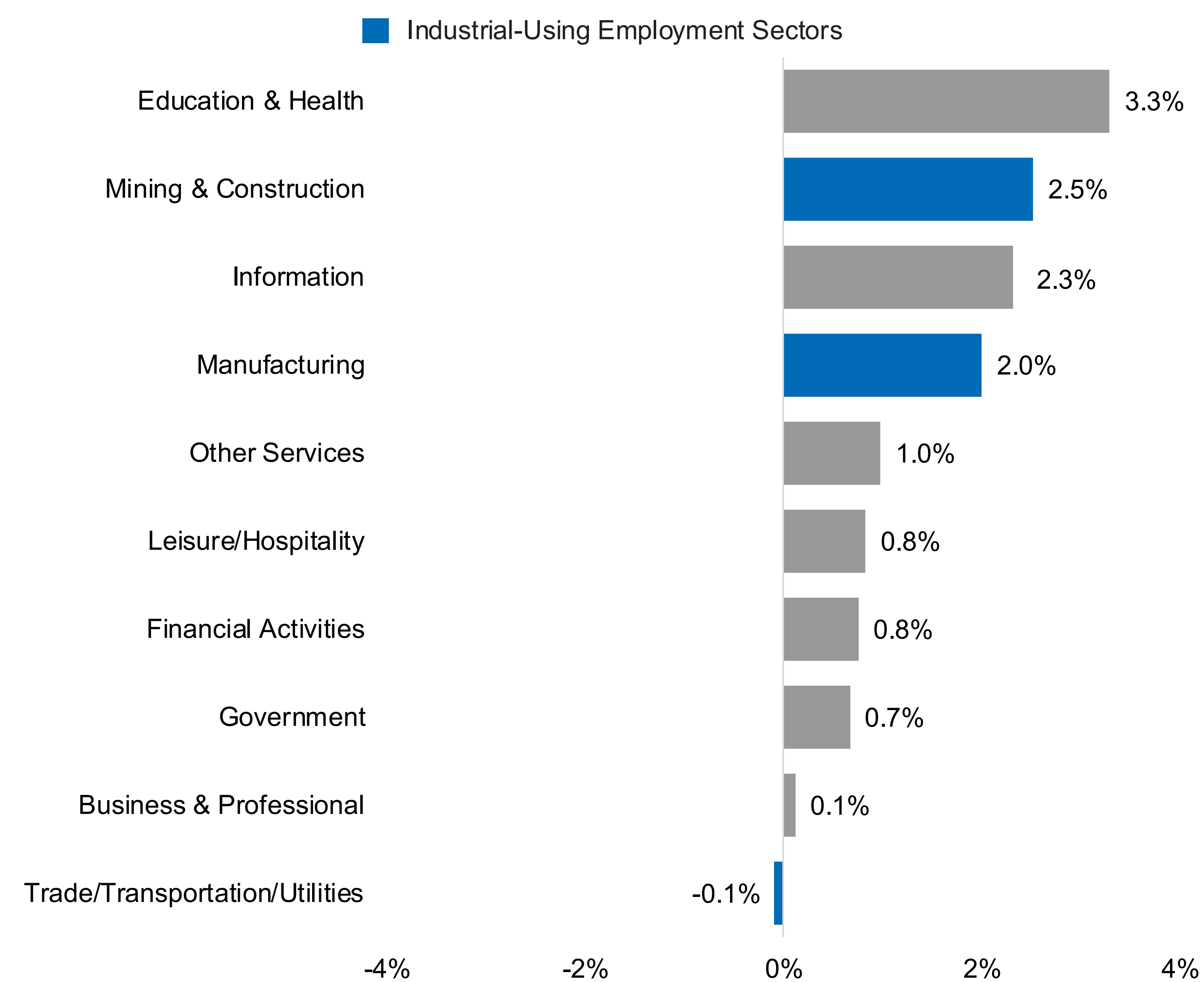
Year Over Year Growth for Industrial-Sector Employment is Mixed

Tampa's two largest employment sectors collectively represent 36.4% of the metro's job base. The trade/transportation/utilities sector, which is integral to industrial employment, is the second-largest sector, representing 18.0% of the workforce. Nine of the ten major employment sectors posted job gains over the past 12-months, led by the education and healthcare industry, which recorded a robust 3.3% increase. Over the past year, two of the three industrial-using industries, mining & construction and manufacturing posted employment gains, while the trade/transportation/utilities sector had a slight contraction in employment. The steady expansion for most of the industrial-using industries underscores the market's underlying resilience.

Employment by Industry, August 2025



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

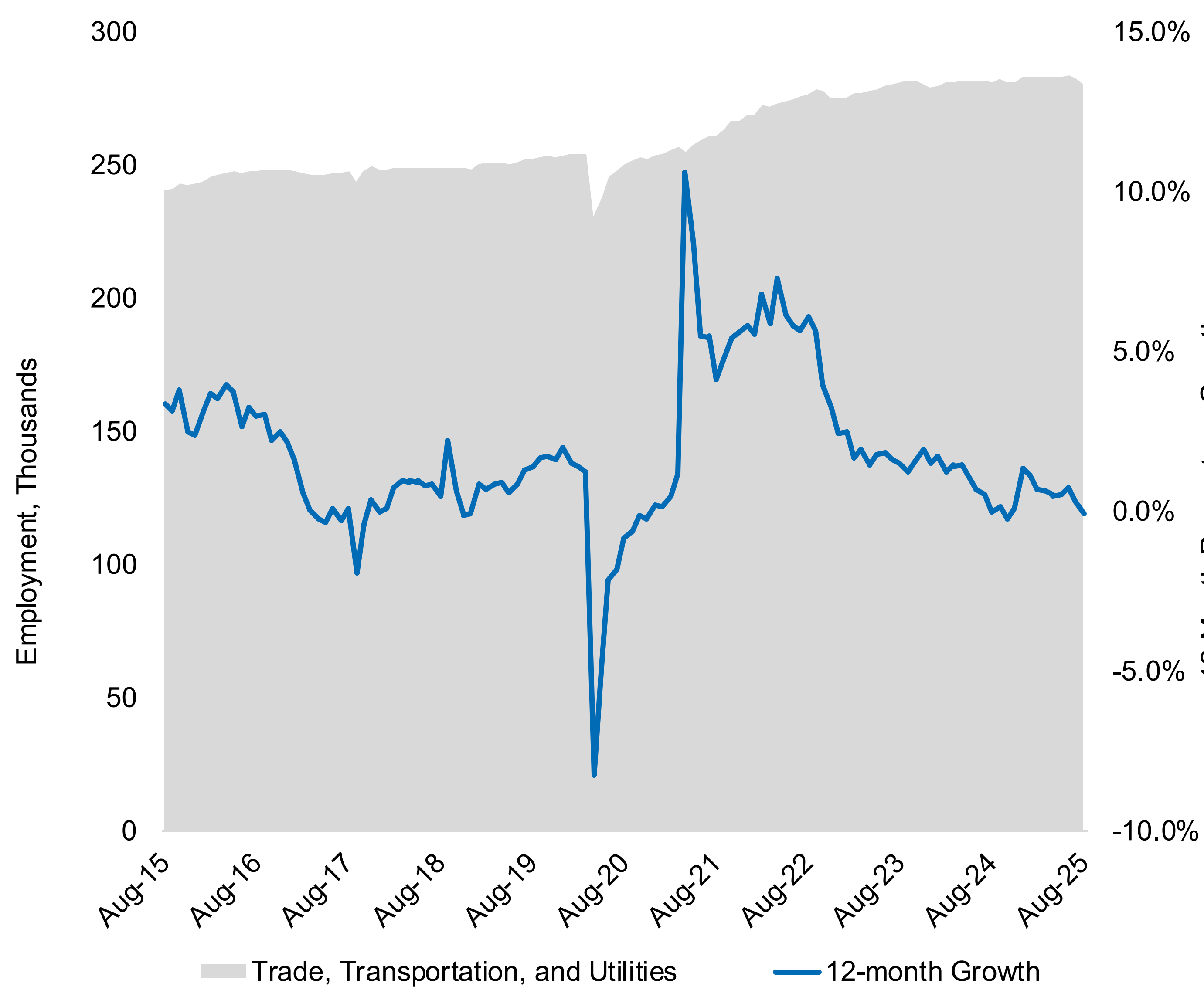


Source: U.S. Bureau of Labor Statistics, Tampa MSA

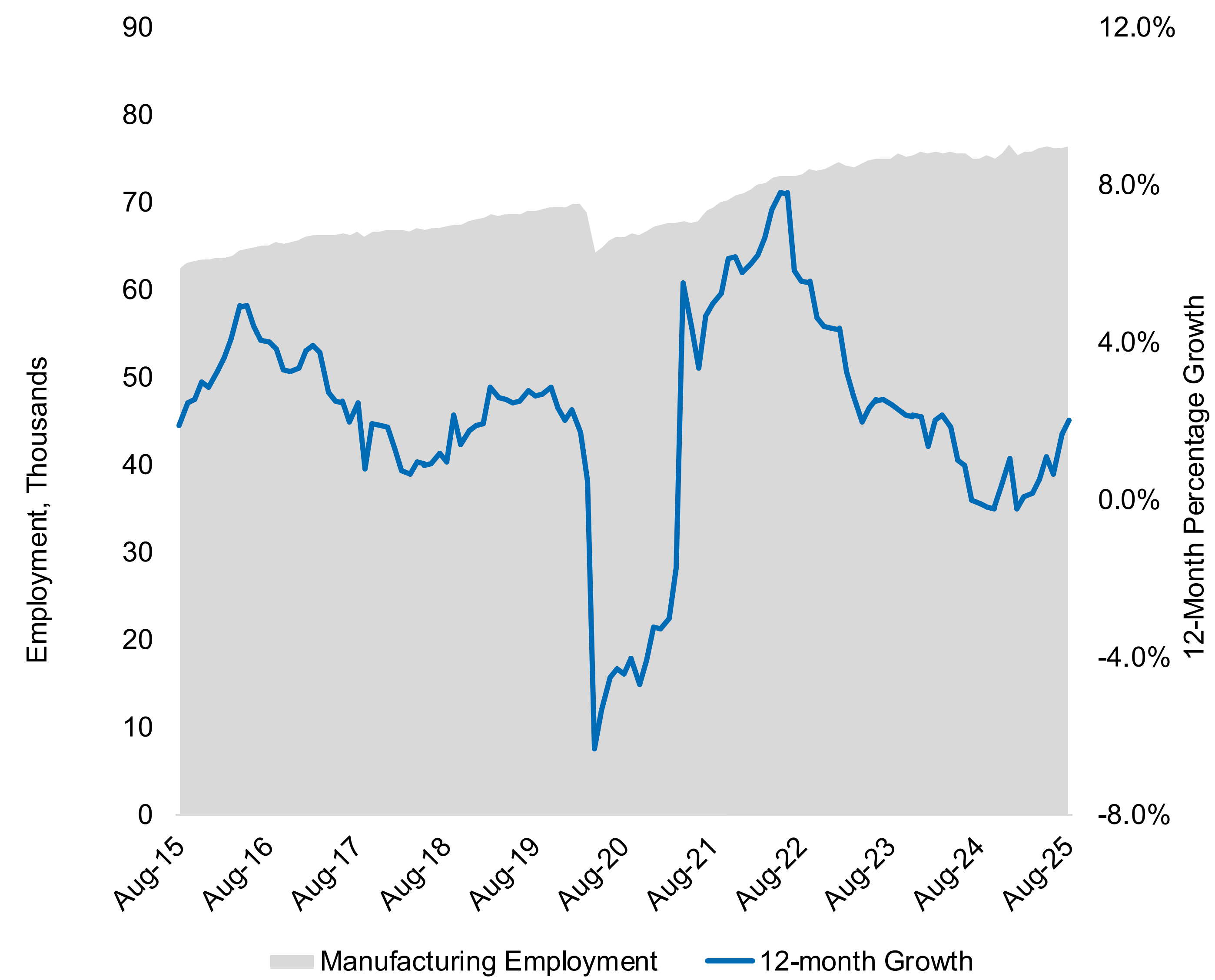
Industrial Jobs Edge Up as Momentum Shifts to Manufacturing

As of August 2025, Tampa's trade/transportation/utilities sector reported 280,930 jobs, down 0.1% year over year and 1.0% below its June 2025 peak. Manufacturing payrolls rose to 76,547, up 2.0% year over year and just 0.1% under the December 2024 high. As a result, industrial-related jobs are up 0.3% year over year, with momentum shifting from freight-centric roles toward manufacturing. For real estate, that mix implies steadier demand for modern, power and labor-rich facilities, while bulk distribution demand normalizes from earlier highs.

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

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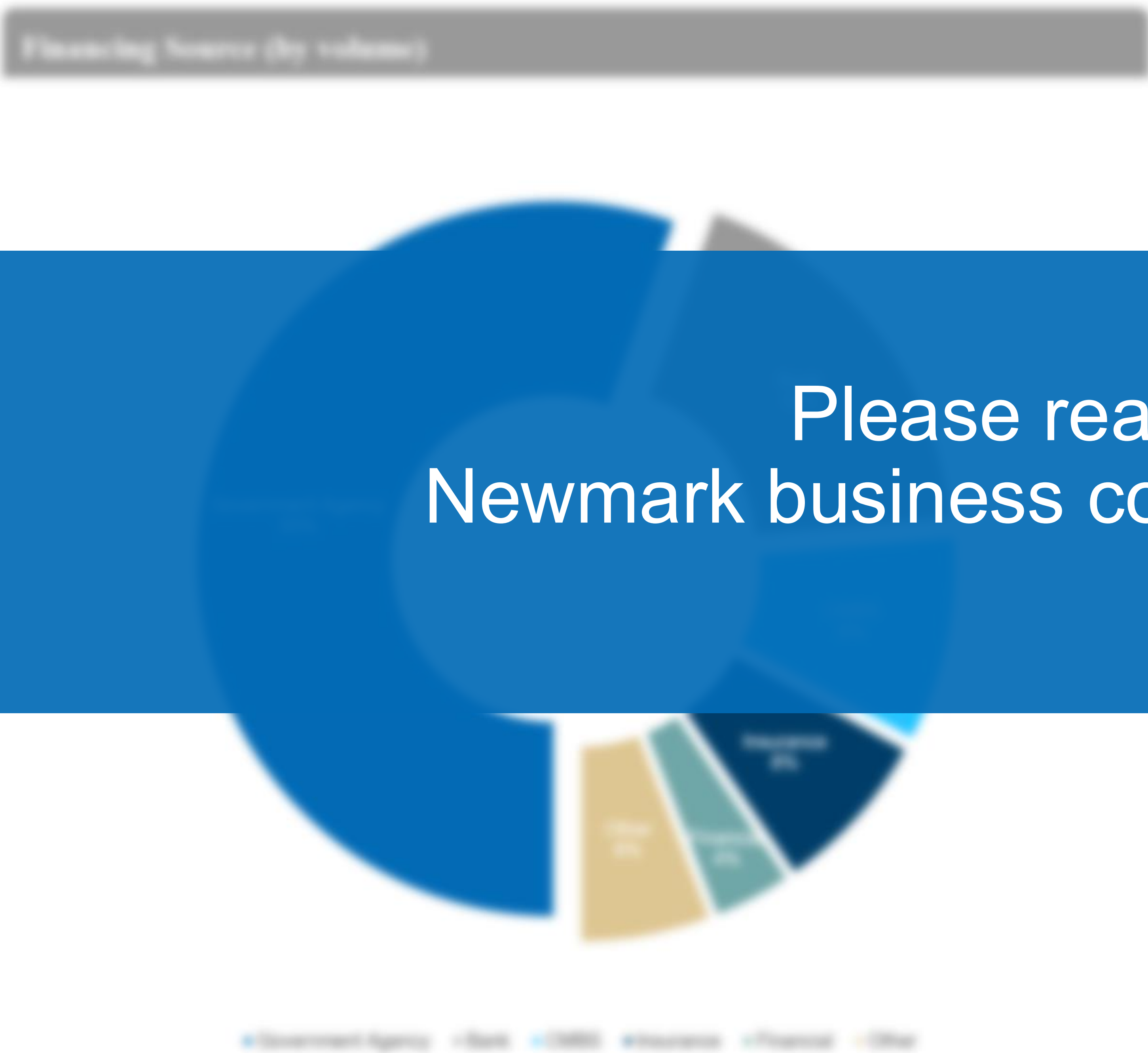
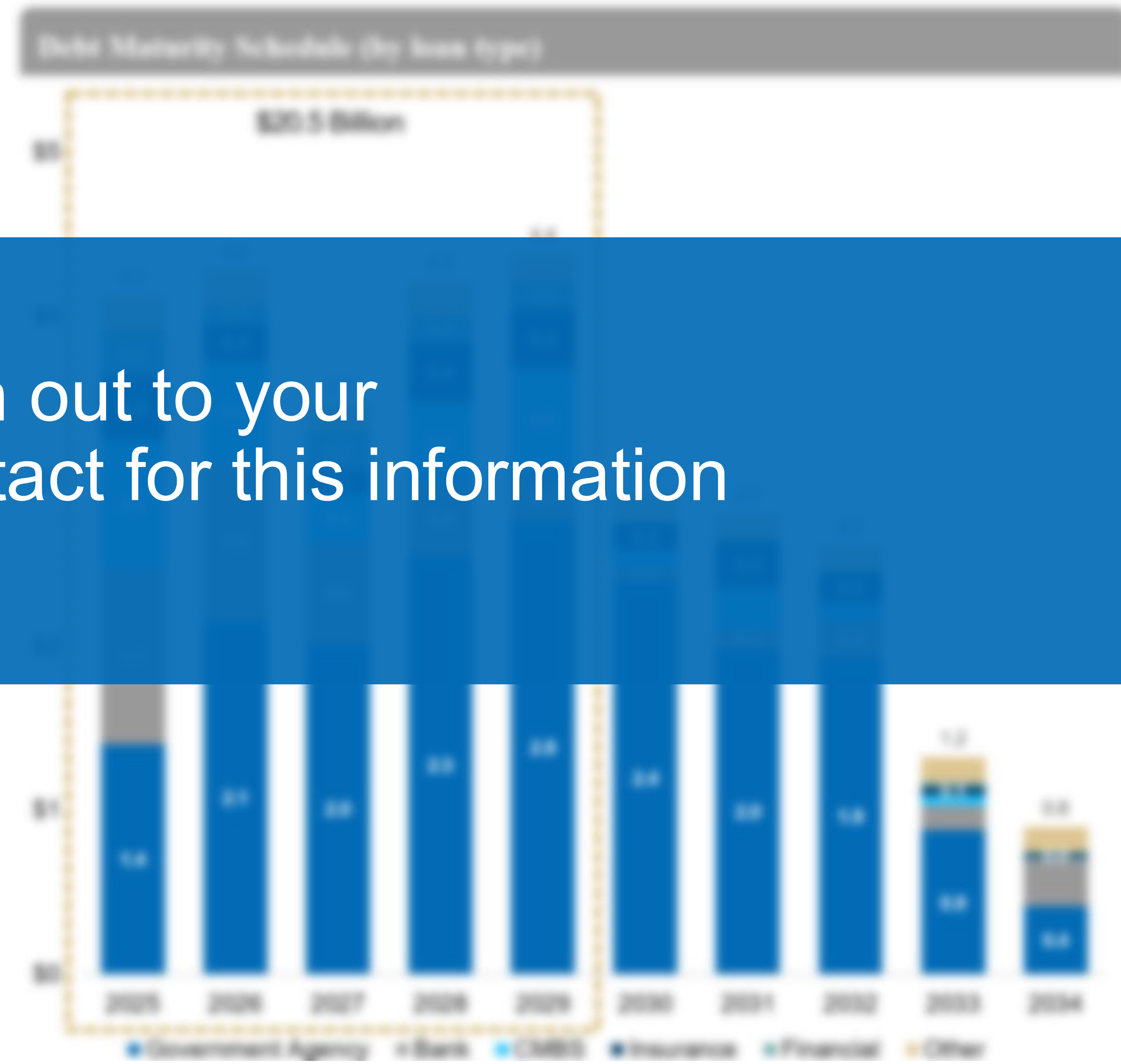
Debt/Capital Markets

Higher Loan Volume Due in 2026, 2028 & 2029





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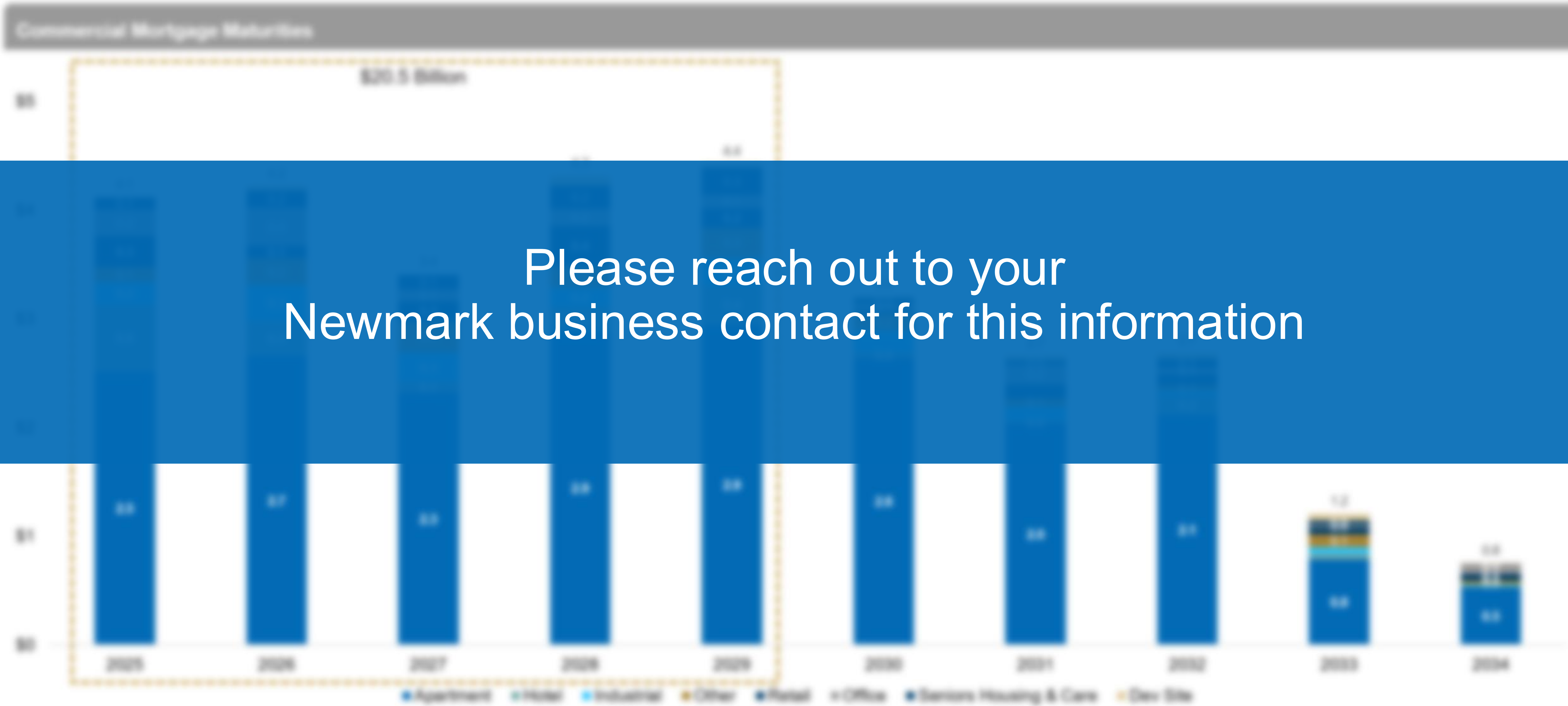
Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much

Industrial loans represent just 6.0% of the $20.5 billion in maturities scheduled between 2025 and 2029. However, exposure remains limited for a sector with relatively stable fundamentals. However, multifamily comprises a much larger share at 65.1% but strong operating performance and sustained lender demand have helped keep refinancing risk in check. Overall, these trends underscore a capital market that is increasingly discerning—favoring asset classes with proven resilience and income durability.



Source: RCA, Newmark Research

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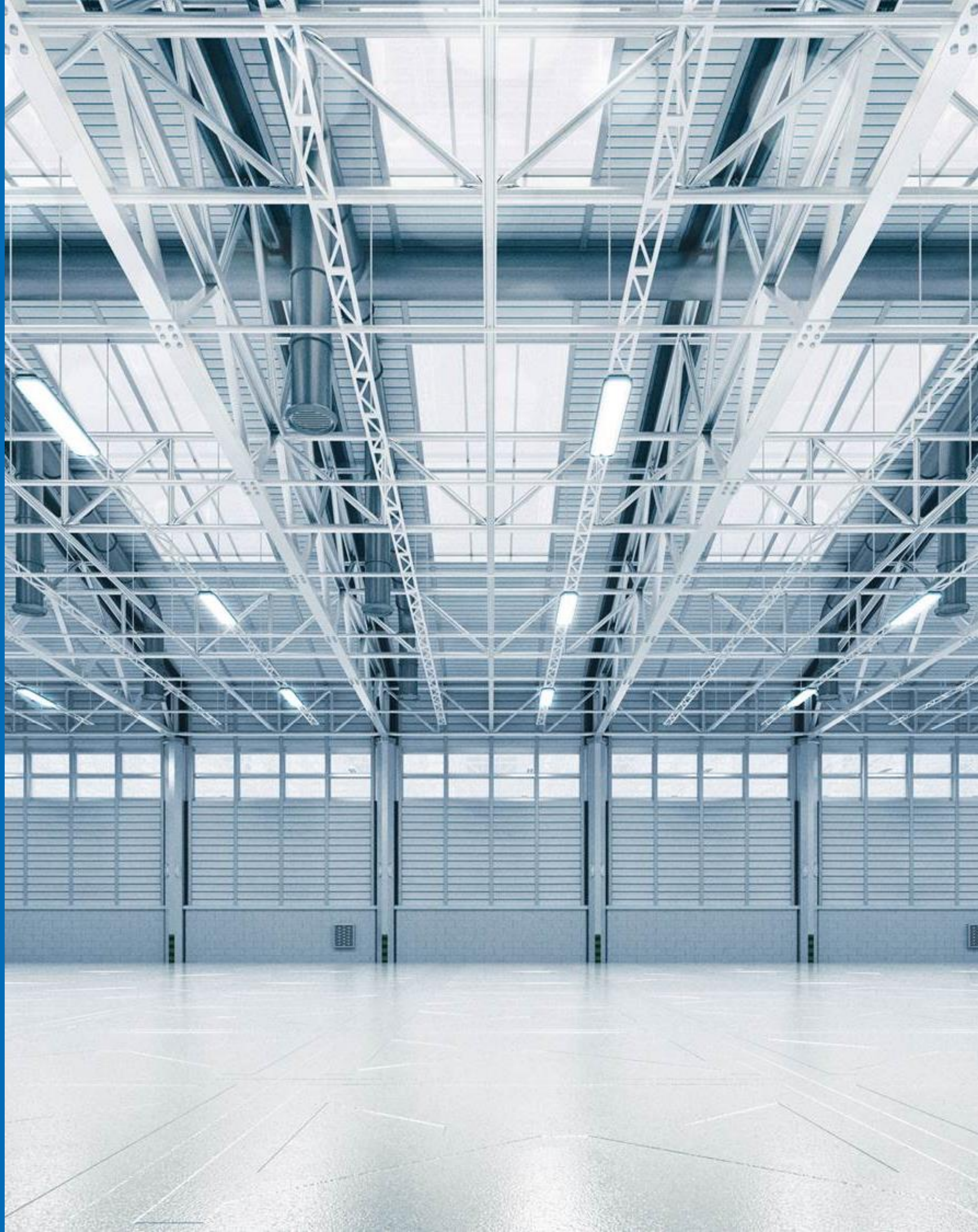
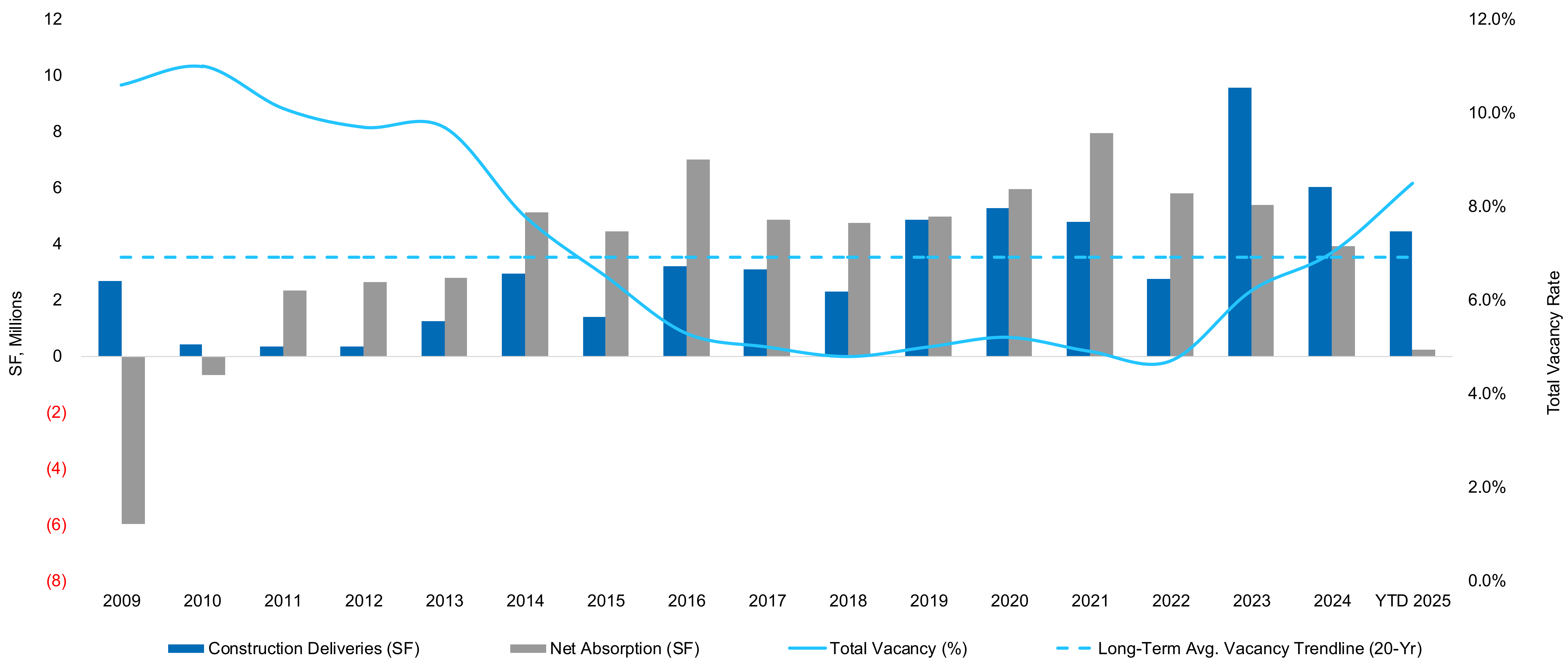
Leasing Market Fundamentals



Supply-Demand Imbalance Persists, Driving Vacancy Higher

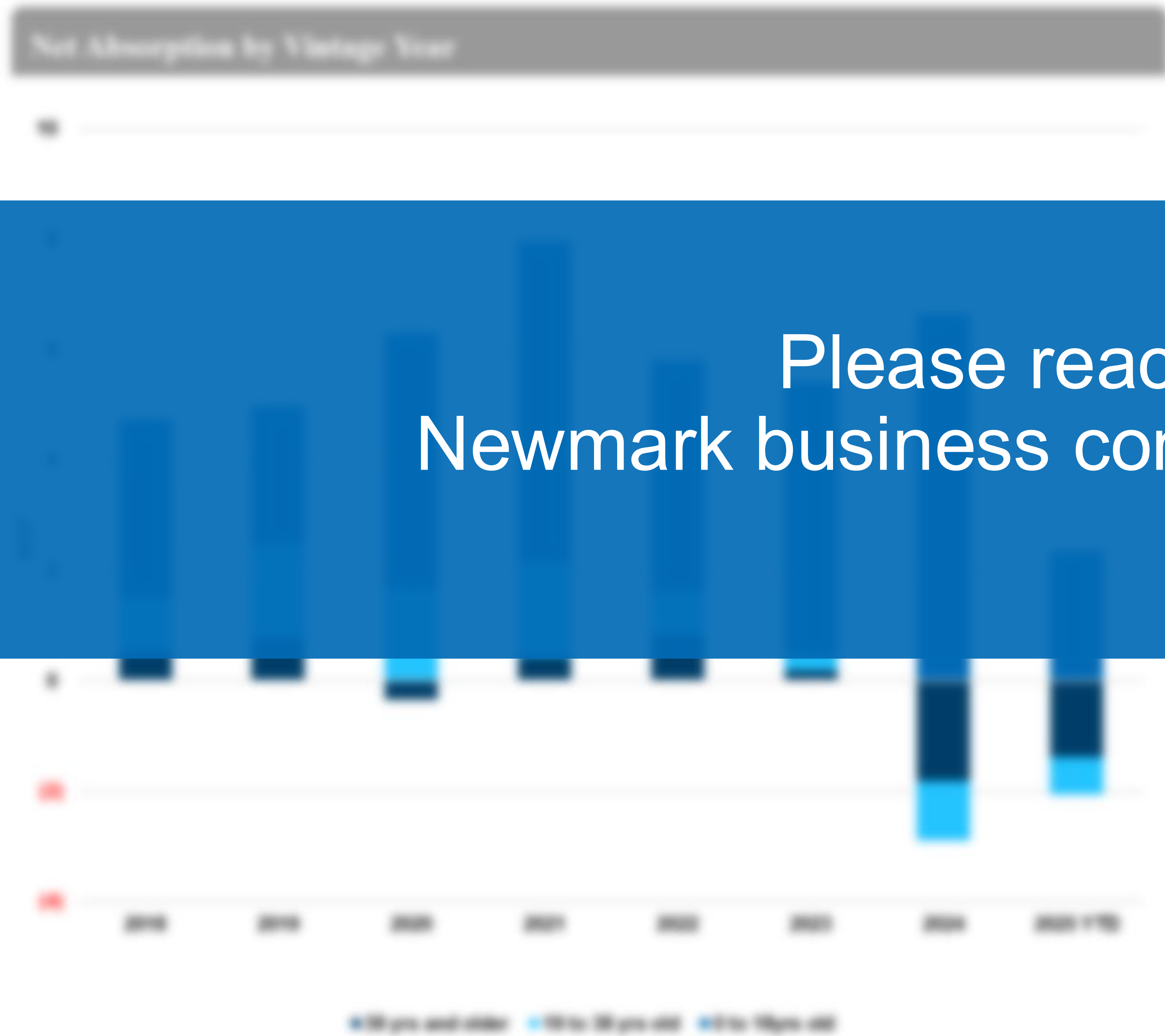
In the third quarter of 2025, Tampa's industrial vacancy rate rose 30 basis points quarter over quarter to 8.5%, driven by 983,403 SF of largely speculative deliveries and over 106,000 SF of occupancy losses. Since 2023, cumulative new supply has outpaced absorption by 10.5 MSF, fueling a 230-basis point increase in vacancy amid a slowdown in build-to-suit activity and modest tenant uptake. Year over year, vacancy is up 200 basis points due to a 4.2 MSF surplus of product versus net absorption, further underscoring the market's supply and demand imbalance.

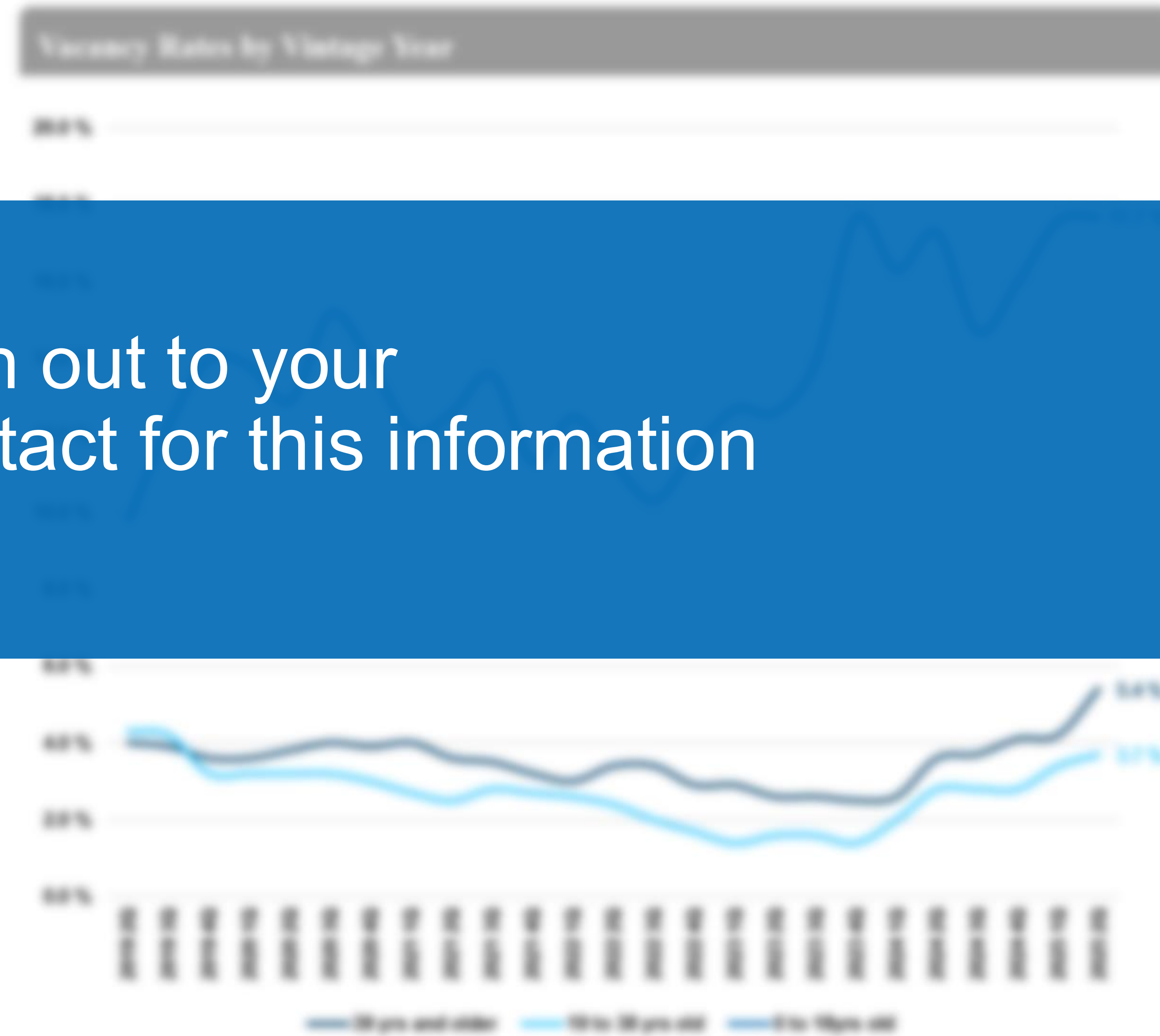
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Modern Industrial Remains the Clear Preference





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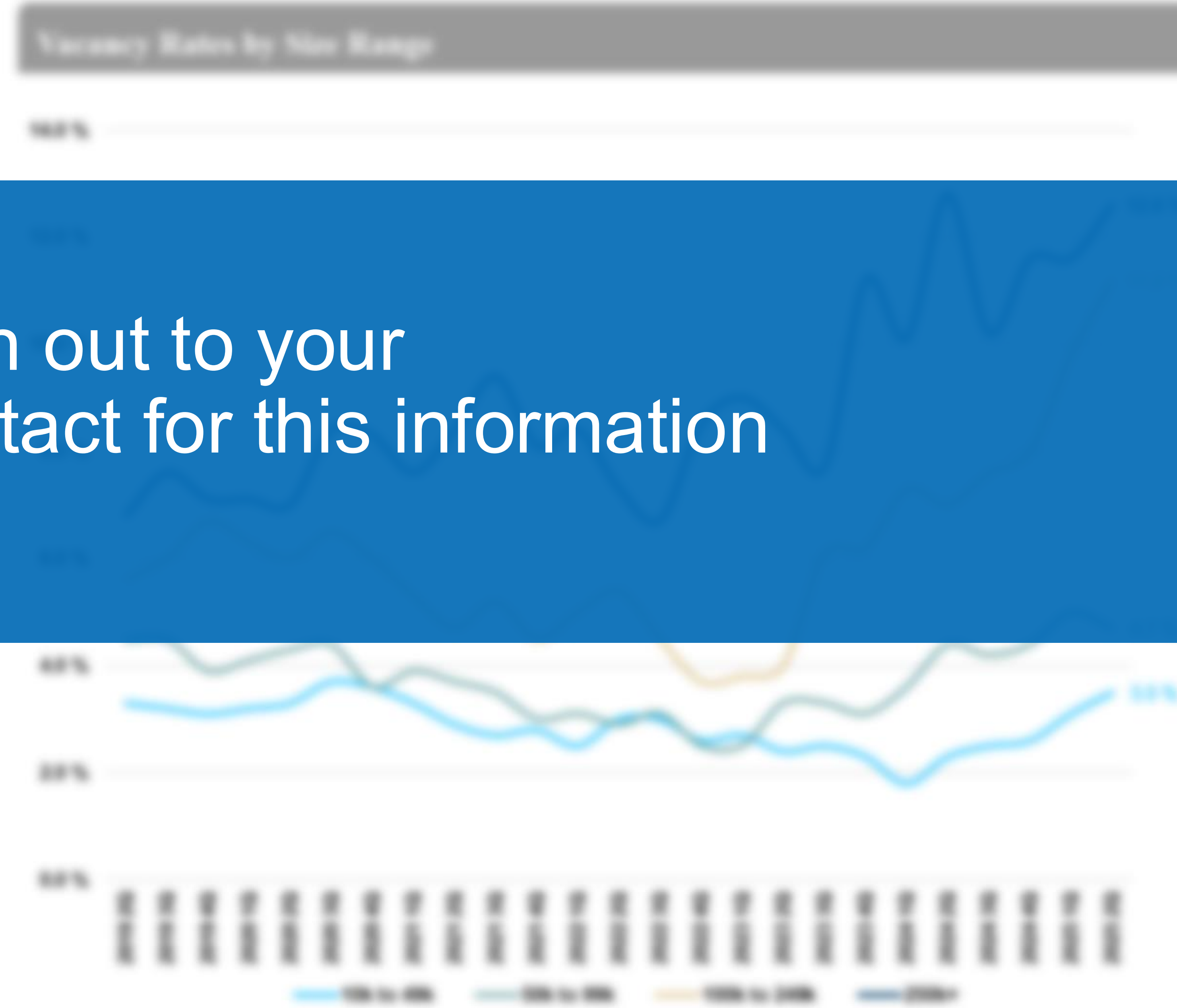
Source: Newmark Research, CoStar

Large Buildings Continue to Drive Absorption Despite Higher Vacancy Rates



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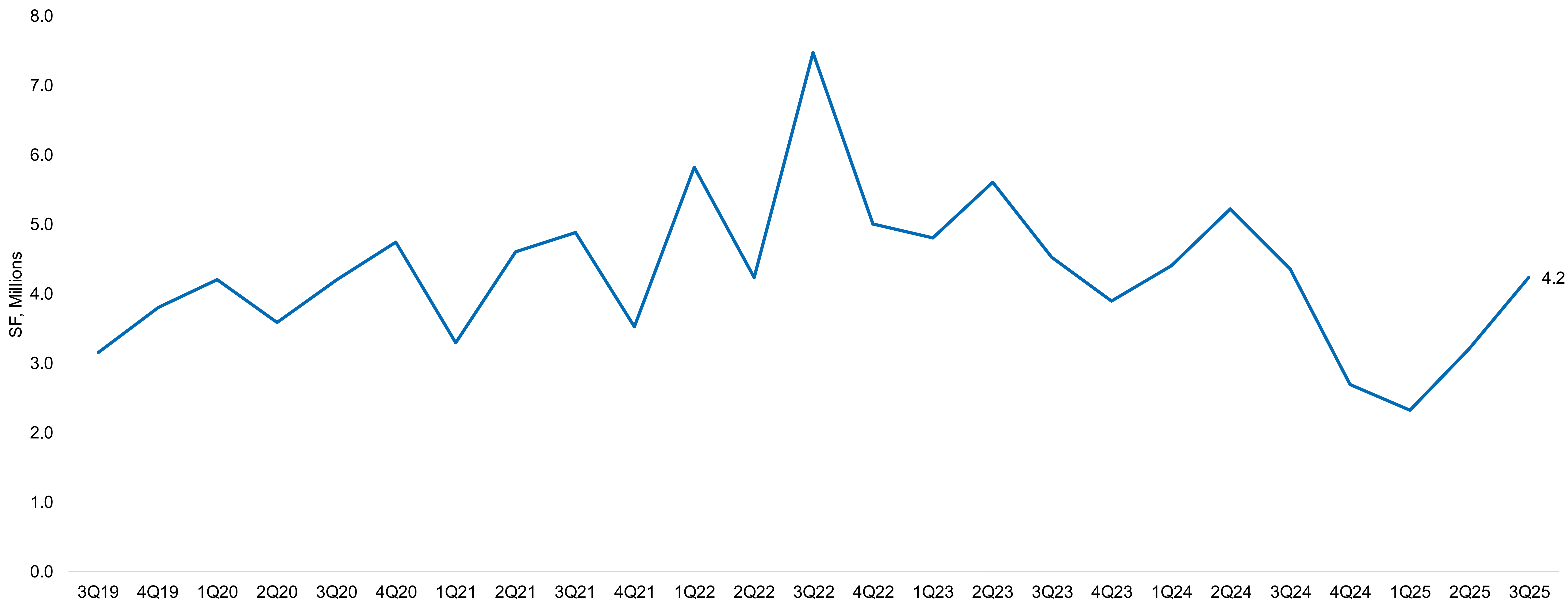
Source: Newmark Research, CoStar

Leasing Activity Jumps Quarter Over Quarter, Still Lags Year-To-Date

In the third quarter of 2025, Tampa recorded 4.2 MSF of leasing activity, up 32.2% quarter over quarter. However, year-to-date activity stands at 9.8 MSF, down 30.2% compared to the same period in 2024. A key contributor to this slowdown is the relative lack of large leases, with the average deal size in the first three quarters of 2025 at 11,202 SF, reflecting a 28.4% year over year decline. Despite this pullback, leasing volume over the past 12 months remains approximately 12.2% above the pre-pandemic average from 2012 to 2019, underscoring the market's resilience.

Total Leasing Activity (SF)

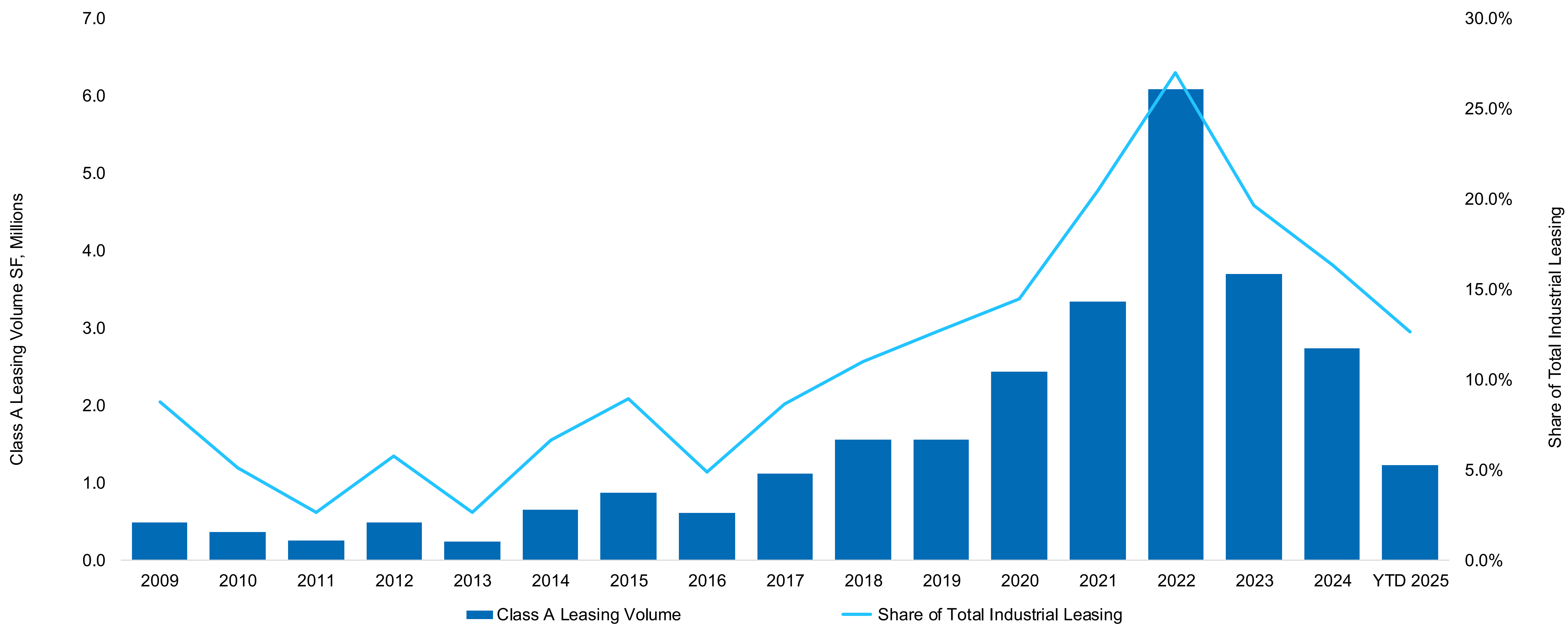


Source: Newmark Research, CoStar

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

Class A leasing has declined sharply from its peak of 2.7 MSF in the third quarter of 2022 to 541,172 SF in the third quarter of 2025. Year to date, Class A activity totals 1.2 MSF, down 48.2% from the same period last year. The post-pandemic wave of high-quality deliveries initially boosted take-up, but recent macro uncertainty and consolidations have pushed many occupiers to pause or scale back requirements. Consequently, Class A accounted for 12.6% of all volume through the first three quarters of 2025, versus 17.1% over the same period in 2024, highlighting the on-going pullback in Class A leasing velocity.

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

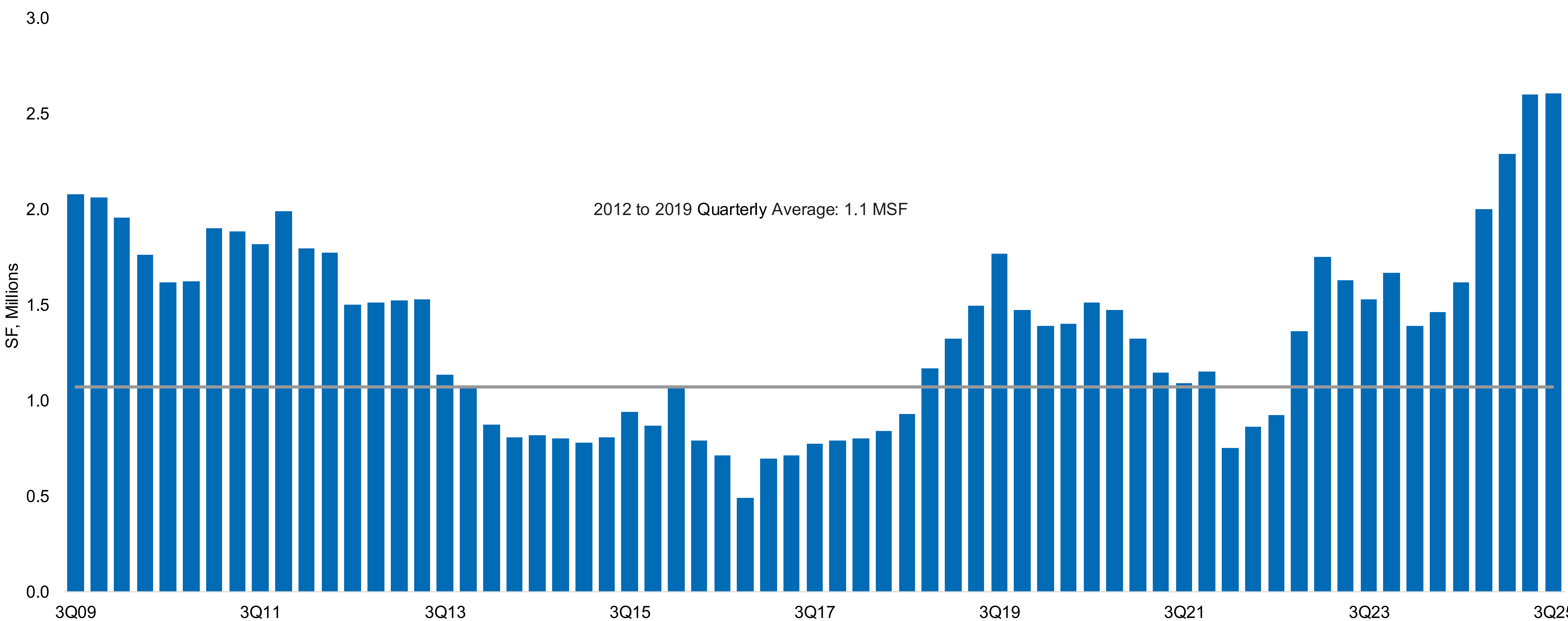


Source: Newmark Research, CoStar

Industrial Sublease Availability Ticks Up Slightly

Sublease availability rose for the sixth straight quarter, reaching a record 2.6 MSF at the end of the third quarter of 2025, up 0.2% quarter over quarter and 61.0% year over year. The sublet increase was led by United Natural Foods' 762,963 SF at 6100–6284 McIntosh Rd and a combined 160,000 SF from two tenants at 2511 51st Ave in the Sarasota and Bradenton/Manatee submarkets. Elevated interest rates, persistent cost pressures, and softer consumer demand are prompting occupiers - especially those that over-leased during the pandemic - to shed underutilized space, keeping sublease supply on an upward trajectory, despite a slower pace of growth over the last quarter.

Available Industrial Sublease Volume (msf)

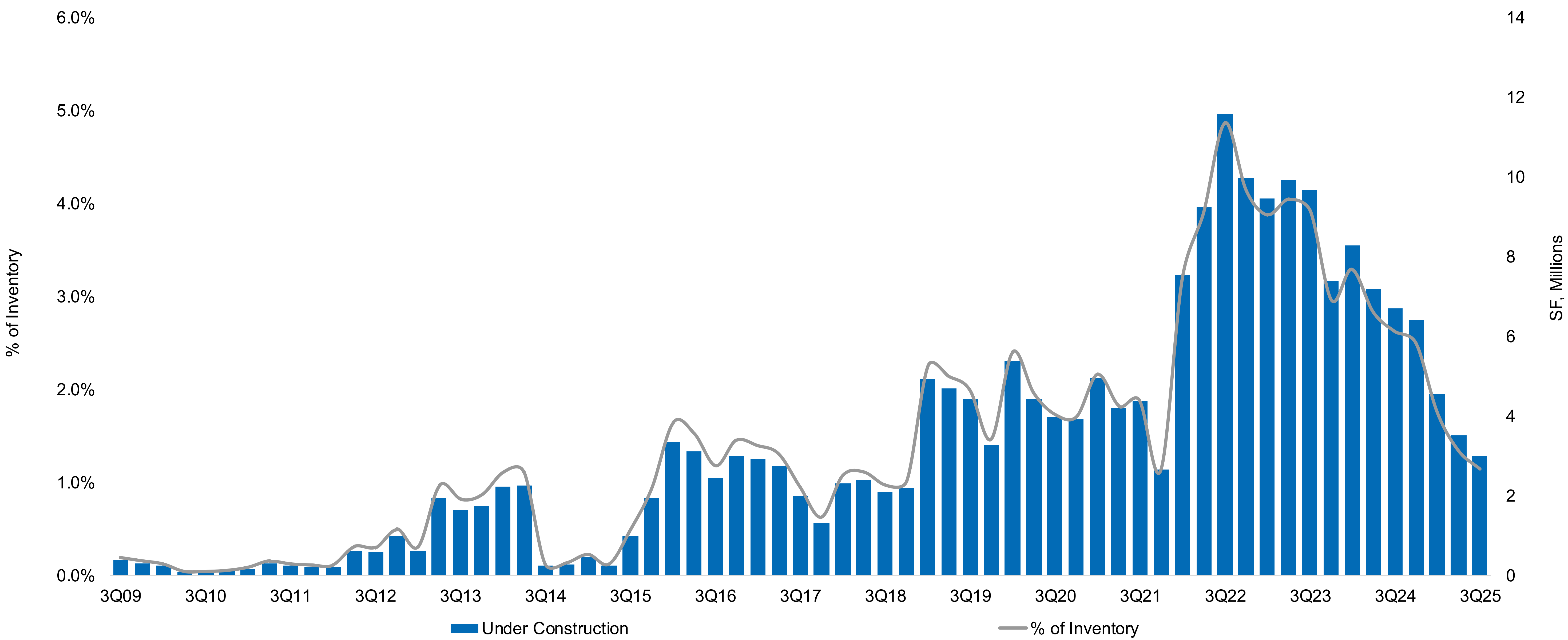


Source: Newmark Research, CoStar

Construction Pipeline Shrinks as Projects Deliver

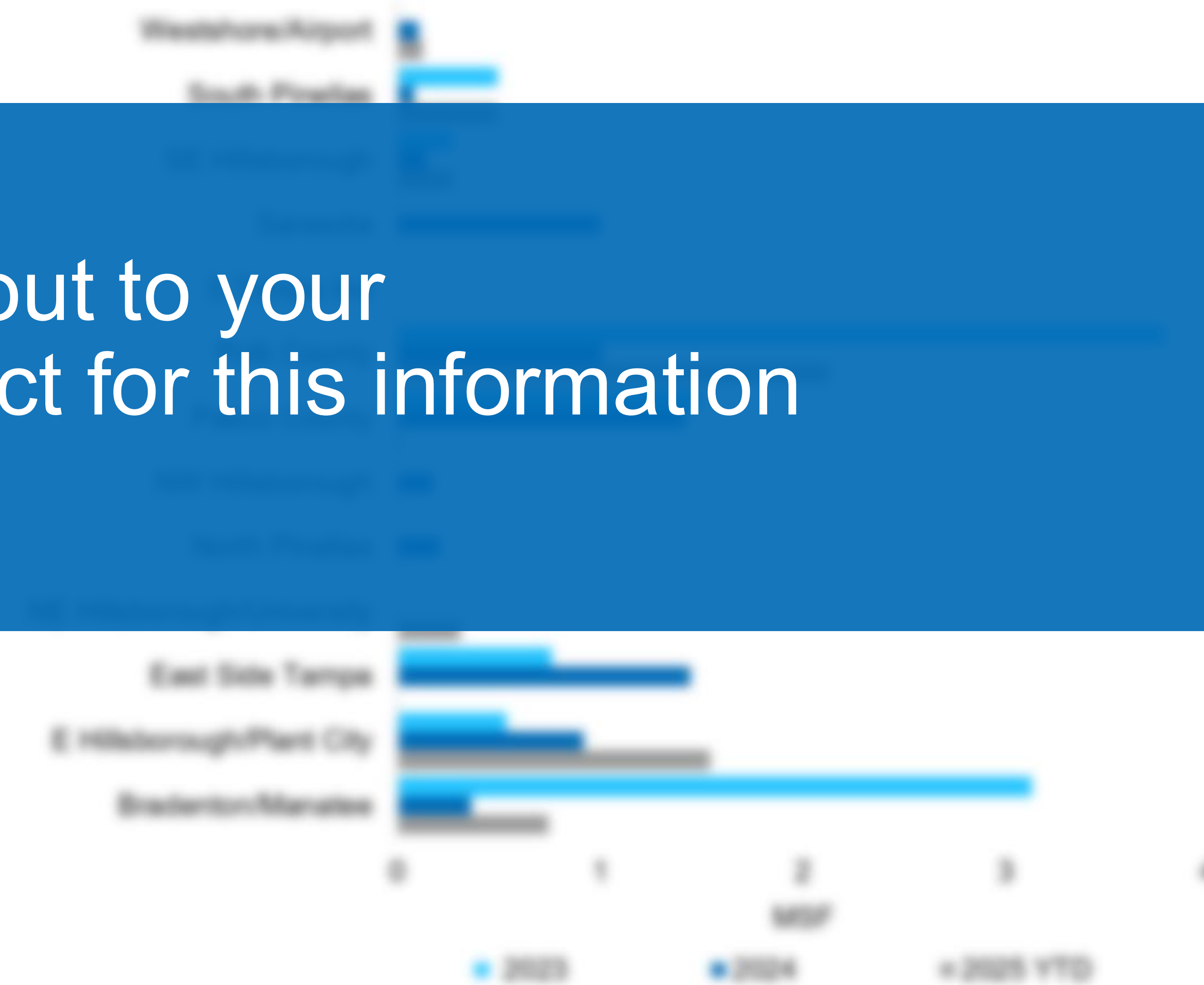
Following a peak of 11.6 MSF in the third quarter of 2022, the construction pipeline has gradually declined to 3.0 MSF at the close of the third quarter of 2025. While this reduction marks a return to more typical levels, current construction activity remains higher than the pre-pandemic average of 2.0 MSF from 2012 to 2019. More importantly, with only 1.2% of existing inventory under construction, the risk of overbuilding remains limited - though rising vacancy and softer demand suggest the market warrants close, cautious monitoring.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

Pasco County Leads Pipeline While Polk County Tops Recent Deliveries



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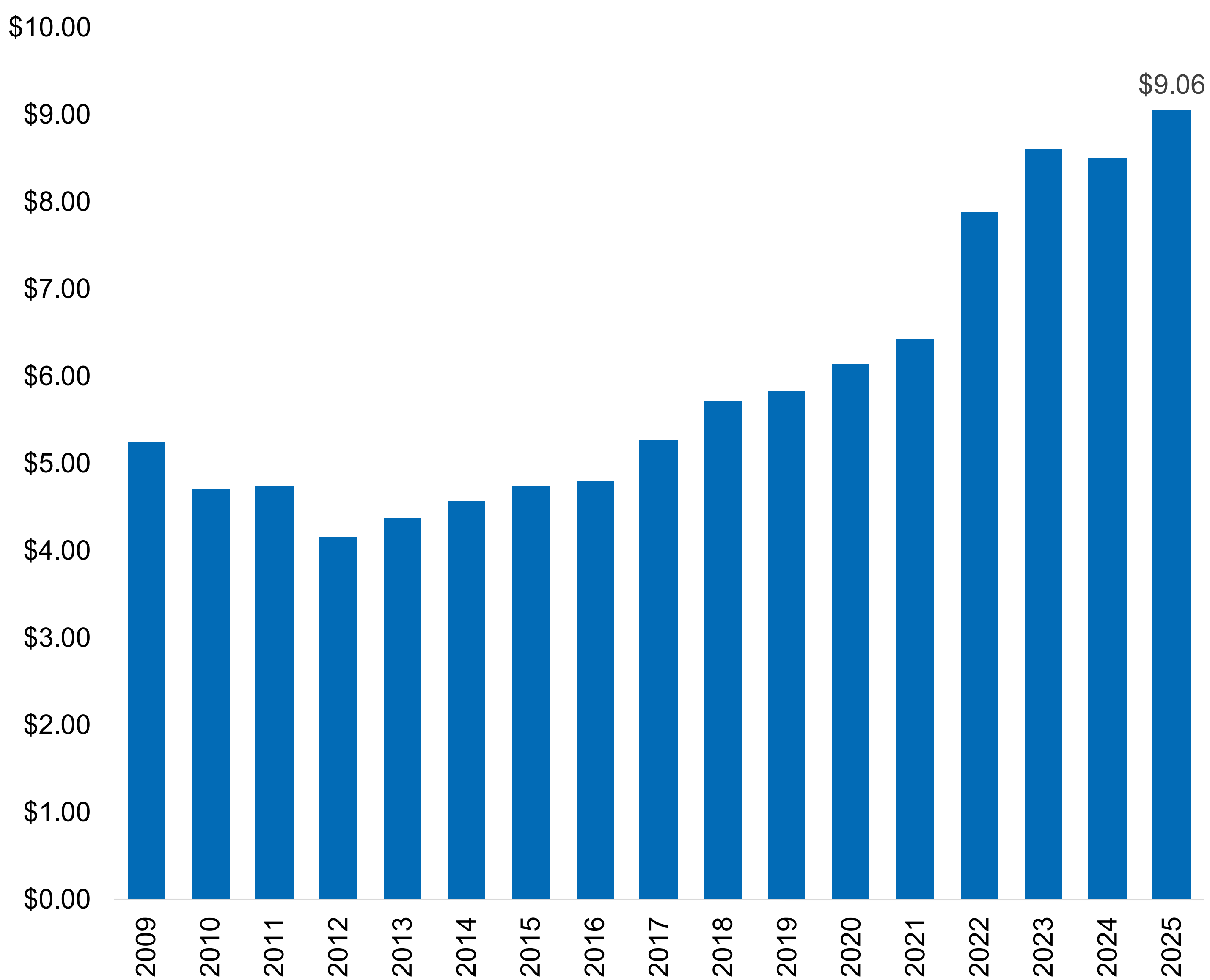
Source: Newmark Research, CoStar

Rent Growth Reverts to Mid-Cycle Trends

Asking rent growth in Tampa's industrial market returned to averages reported during the recent cycle, as the pace of leasing activity has slowed from historic highs. At the close of the third quarter of 2025, the average industrial asking rent stood at $9.06/SF, marking a 6.5% year-over-year increase. This growth is notably down when compared to the double-digit gains seen in 2022 and nearly double-digit growth in 2023. Furthermore, Tampa's current year-over-year rent growth signals a normalization toward mid-cycle trends, when compared to the 2017 to 2021 average annual growth rate of 5.6%.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change

Source: Newmark Research, CoStar

Top Transactions Driving 3Q25 Activity

Leasing activity totaled 4.2 MSF in the third quarter of 2025, with deals 100,000 SF and larger comprising 64.2% or 2.7 MSF. Three of the quarter's five largest transactions were over 100,000 SF, and two of those three were renewals, signaling a preference to maintain critical locations and consolidate operations rather than add net new space. The pipeline is 21.0% preleased overall; buildings 100,000 SF and above show a comparable 21.0% prelease rate versus 20.4% for the sub-100,000 SF product.

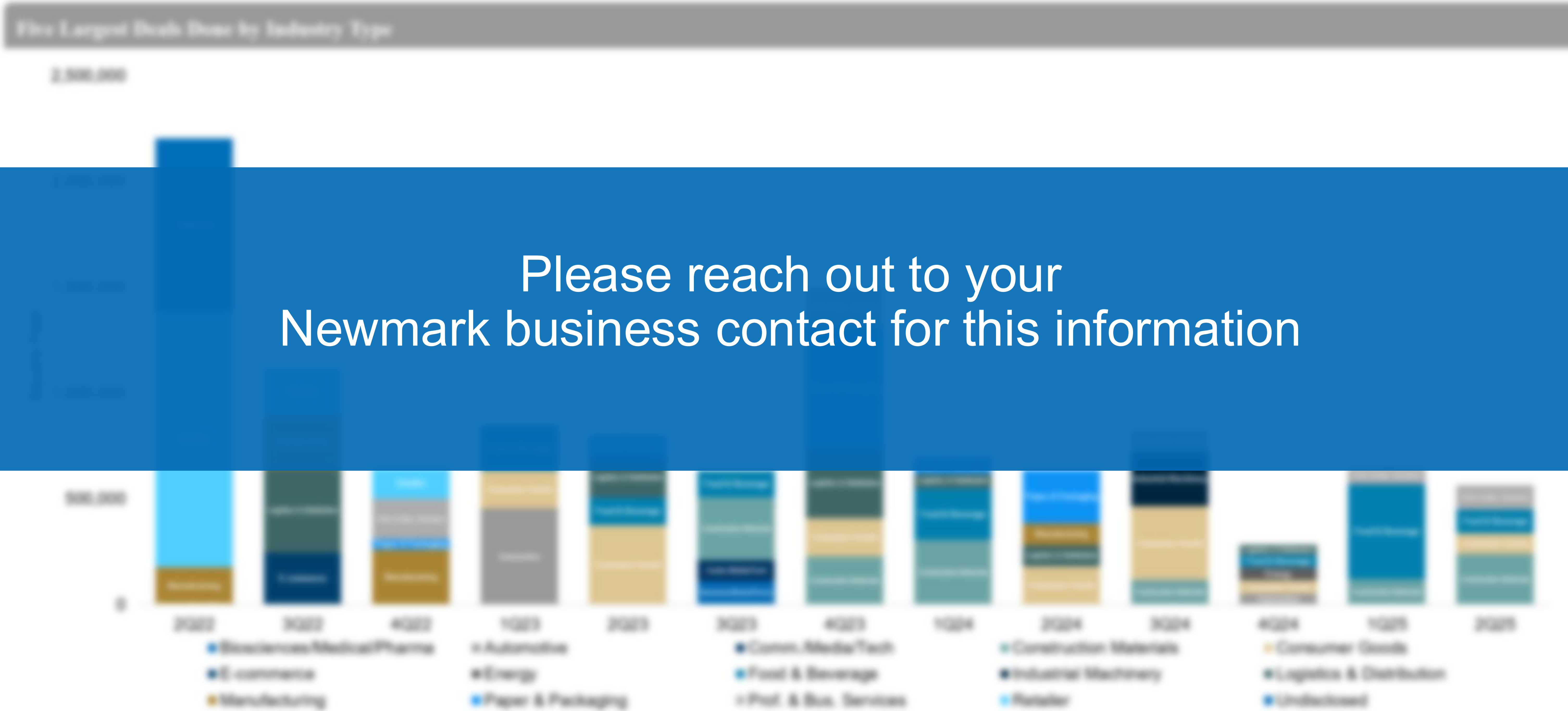
Notable 3Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Undisclosed	Florida Central 75	SE Hillsborough	Direct New	278,249
The unknown third-party logistic provider signed a lease at 585 33rd St for the entire building from developer Pattillo Industrial Real Estate. The unknown tenant is expected to occupy the building March 2026.				
Colonial Grocers Inc	Crossroads Commerce Center	E Hillsborough/Plant City	Renewal	112,800
Colonial Grocers, a regional convenience store distributor, renewed their lease at 10889 Crossroads Commerce Blvd to occupy the entire building through the next five years. The company has been at this location since June 2018.				
S.P. Richards Co.	Hanna Distribution Center	East Side Tampa	Renewal	100,000
S.P. Richards, a full-service national wholesaler, renewed their lease at 5301 E Hanna Ave, occupying 62.5% of the building. The company has been at this location since January 2017.				
Swedencare	580 Corporate Center	North Pinellas	Direct New	94,000
The animal food product manufacturer, signed a lease at 4029 Tampa Rd for 94,000 SF, occupying the entire building through 2036. The tenant is expected to physically move in during the first quarter of 2026.				
Massa Gallery	Hanna Distribution Center	East Side Tampa	Direct New	60,000
The furniture retailer, signed a new lease at 5301 E Hanna Ave occupying 37.5% of the building. The tenant is expected to occupy the building in late 2025 or early 2026.				

Source: Newmark Research

Top Five Largest Deals Done by Industry Type

Industry types in the top five largest leases signed in the market have gradually shifted over time. Since 2023, consumer goods has consistently anchored in the top-five leases, reflecting steady demand for essential-product distribution. Food and beverage remains a perennial leader, highlighting its importance in storage and distribution networks. More recently, construction materials has also begun to break into the largest-deal ranks, signaling growing investment in heavy-supply chains. Altogether these three sectors are the market's dominant drivers of large deals.



Source: Newmark Research, CoStar

Tampa Industrial Submarket Overview

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Source: Newmark Research

Tampa Industrial Market

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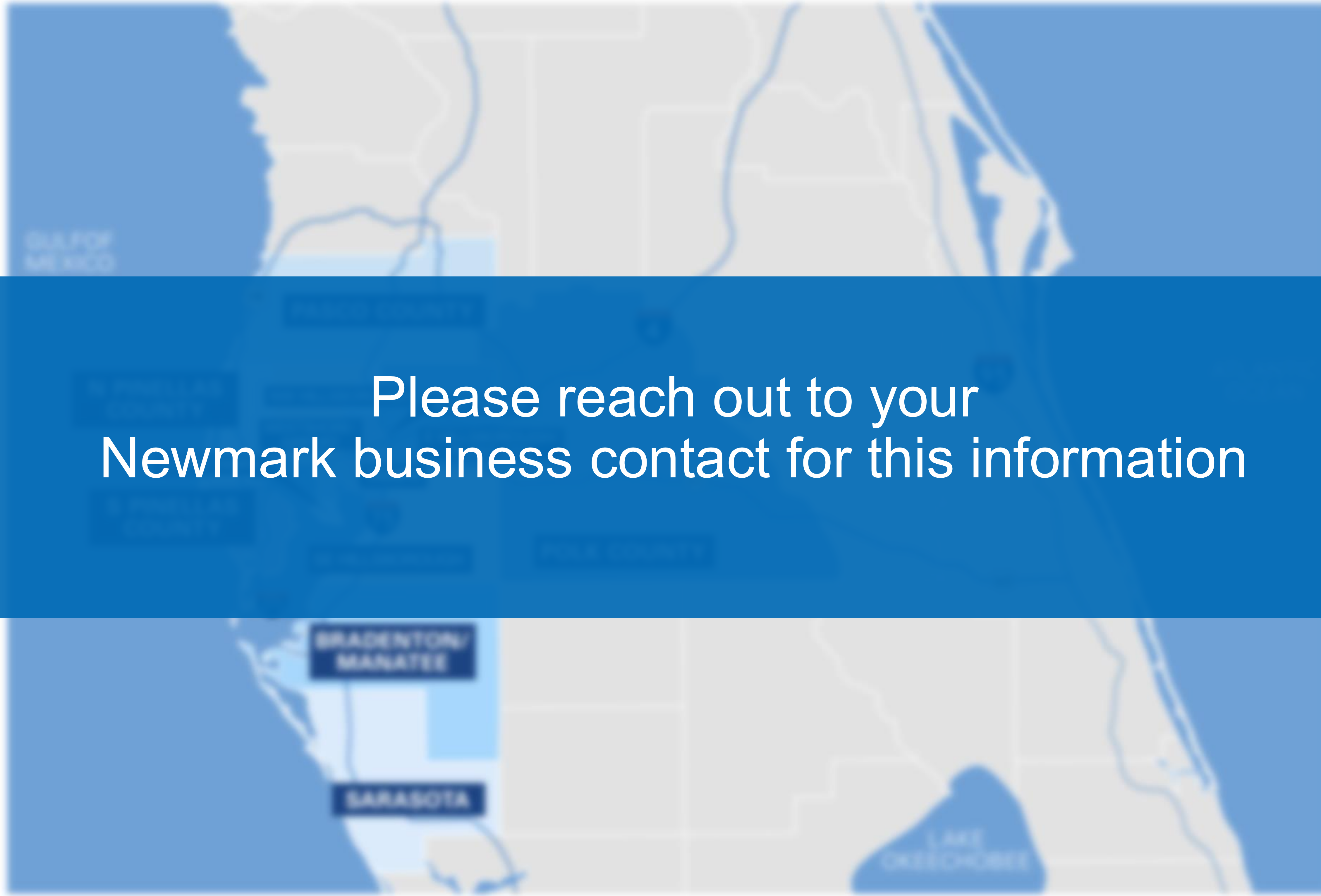
Tampa Industrial Submarket Map



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Source: Newmark Research

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