

FIGURES | TAMPA OFFICE | Q4 2024

Tampa positioned to benefit from a nationwide office recovery in the new year

▼ 19.9%
Vacancy Rate

▲ 48,760
SF Q4 Net Absorption

▼ 176,389
SF Under Construction

▲ 34,418
SF Q4 Deliveries

▲ \$31.37
Full-Service / Lease Rate

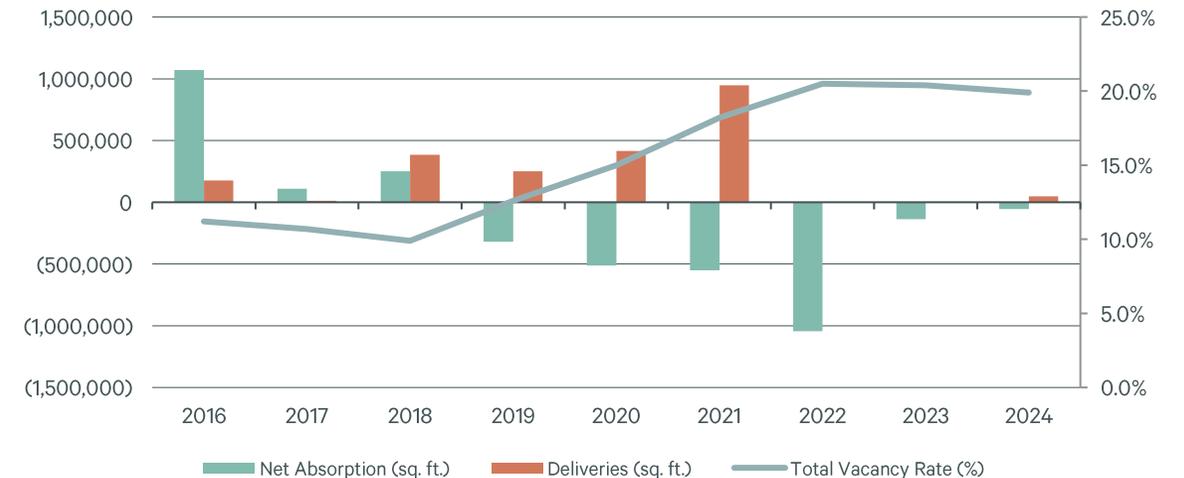
Note: Arrows indicate change from previous year.

OVERVIEW

- Total vacancy fell for the second straight quarter, down 20 bps to 19.9%. Direct vacancy also improved to 15.5% thanks to additional positive absorption.
- Midtown East remains the only significant office project under construction with just 85,000 square feet available after preleasing efforts have secured nearly 50,000 square feet of commitments.
- Average asking rent growth continues to be driven by class A assets. Overall rates are up a modest 2.2% year over year after increasing 0.5% over the fourth quarter.

National headlines are predicting an office recovery in 2025, driven by anticipated economic growth, improved interest rates, and renewed return-to-office mandates. Tampa has already experienced a positive trend in the latter half of 2024, marked by net absorption gains and decreasing vacancy rates, positioning the market well for 2025. Alongside several major tenant requirements poised to make a significant impact next year, we are monitoring nearly 725,000 square feet of prospective tenant move-ins in the first half alone. As always, it will be important to balance this optimism with the 770,000 square feet of currently occupied space listed as available within the first two quarters of 2025.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Tampa ended the year with two consecutive quarters of positive absorption, not enough to push the annual total positive but a potential sign of momentum heading into 2025. Class A assets continue to outperform, recording 285,729 square feet of occupancy gains this year compared to occupancy losses of 339,906 square feet in class B properties. The Tampa CBD has stood out as a particularly resilient submarket, boasting over 500,000 square feet of positive absorption from 2020 to 2024. This growth has helped reduce peak vacancy rates from 17.3% in Q3 2021 to 11.4% by the end of 2024. This not only reflects the successful lease up of new construction delivered during this period but brings us closer to the single digit vacancy rates observed between 2018 and 2019.

VACANCY

Total vacancy dropped back below 20% in the fourth quarter, the first time since Q2 2022. This improvement, alongside 14 straight quarters of direct vacancy hovering in the 15% range, lends to a larger, nationwide sentiment of an impending office recovery in 2025. Healthy lease up of new construction has not only left the market with just 85,000 square feet of first-generation space available, but it's allowed Class A properties to reclaim a lower vacancy rate than Class B for the first time since 2021, standing at 15.1% compared to 15.9%. Now, class A assets are leading across all key metrics including vacancy rates, absorption and rental rate growth.

ASKING RENTS

Average asking rents have increased just 2.2% year over year as the effects of new construction have largely diminished but are still up 19% compared to 2019 levels. Most upward pressure we are seeing now is coming from Class A and A- properties in the Tampa CBD and Westshore areas, where some of the regions largest institutional landlords are implementing portfolio-wide rent increases as we approach the new year.

FIGURE 2: Statistical Snapshot Q4 2024

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2024 Net Absorption (Sq. Ft.)	2024 Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/SF/FSG)
CBD	8,670,151	10.5%	11.7%	144,695	159,093	44,434	\$42.33
Tampa CBD	6,994,829	11.4%	12.7%	142,410	163,752	0	\$43.07
St Pete CBD	1,675,322	6.6%	7.7%	2,285	(4,659)	44,434	\$39.01
Hillsborough Suburbs	26,153,834	16.3%	22.6%	(76,093)	(75,801)	131,955	\$31.01
Westshore	13,015,068	14.4%	18.2%	(74,320)	(121,827)	131,955	\$36.09
Northwest Tampa	4,365,114	11.8%	27.8%	21,179	218,761	0	\$28.02
Southwest Tampa	607,439	11.0%	11.0%	(4,780)	(24,087)	0	\$37.44
Northeast Tampa	4,735,217	25.8%	32.7%	(34,251)	(89,521)	0	\$25.29
East Tampa	3,062,943	19.1%	23.4%	11,279	(63,927)	0	\$25.80
Southeast Tampa	368,053	0.0%	0.0%	4,800	4,800	0	N/A
Pinellas Suburbs	8,622,867	18.1%	19.9%	(19,842)	(137,469)	0	\$25.30
North Pinellas	3,178,984	15.4%	19.3%	(38,636)	(184,377)	0	\$23.75
Mid-Pinellas/Gateway	5,191,924	20.3%	21.0%	18,794	37,197	0	\$26.09
Southwest St Pete	172,857	2.8%	2.8%	0	(793)	0	\$15.41
Southeast St Pete	79,102	10.2%	10.2%	0	10,504	0	N/A
Suburban Total	34,776,701	16.7%	22.0%	(95,935)	(213,270)	131,955	\$29.45
Tampa Total	43,446,852	15.5%	19.9%	48,760	(54,177)	176,389	\$31.37
Class A	23,330,282	15.1%	19.6%	152,993	285,729	176,389	\$35.36
Class B	20,116,570	15.9%	20.2%	(104,233)	(339,906)	0	\$26.24

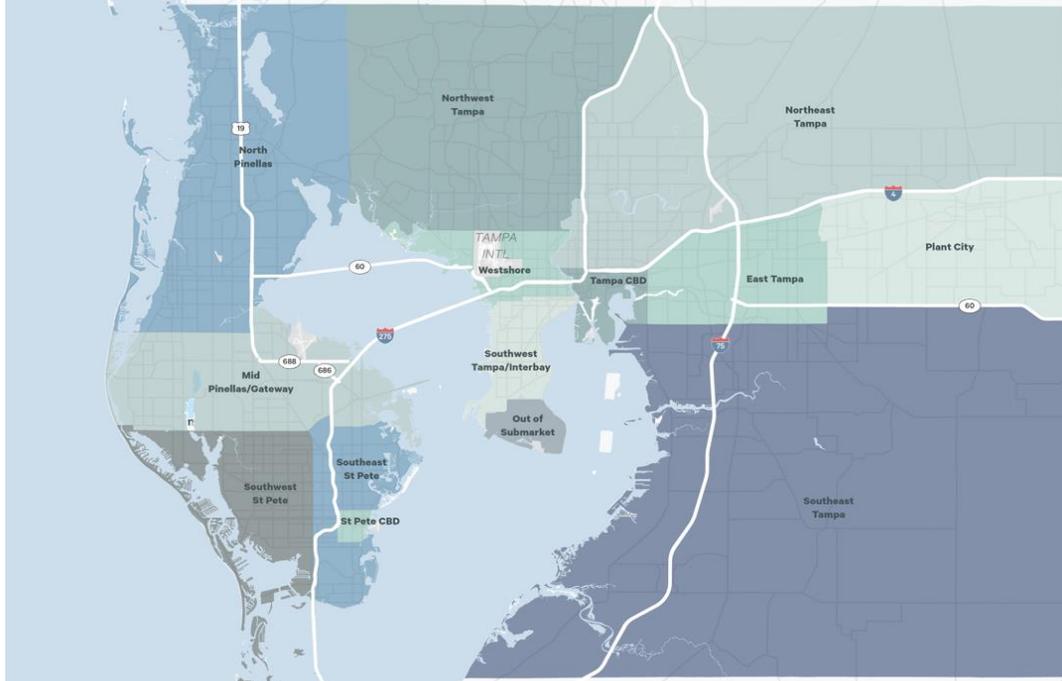
FIGURE 3: Class A Statistical Snapshot Q4 2024

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2024 Direct Net Absorption (Sq. Ft.)	Q4 2024 Sublet Net Absorption (Sq. Ft.)	Q4 2024 Total Net Absorption (Sq. Ft.)	2024 Net Absorption (Sq. Ft.)	Avg. Asking Rate (\$/SF/FSG)
Tampa CBD	5,153,048	12.1%	13.8%	132,705	34,496	167,201	188,546	\$45.22
St Pete CBD	995,462	7.7%	9.5%	11,733	0	11,733	998	\$40.13
Westshore	7,936,122	12.2%	15.2%	1,069	(2,428)	(1,359)	156,647	\$41.24
Northwest Tampa	1,274,614	16.3%	39.7%	8,402	0	8,402	42,973	\$33.42
Southwest Tampa	83,511	0.0%	0.0%	0	0	0	0	\$52.00
Northeast Tampa	2,142,532	27.6%	40.9%	(3,710)	(9,032)	(12,742)	(64,409)	\$29.84
East Tampa	1,375,720	15.3%	22.6%	(23,072)	9,551	(13,521)	(18,037)	\$27.55
Southeast Tampa	119,729	0.0%	0.0%	0	0	0	0	N/A
North Pinellas	1,397,129	19.8%	19.8%	(44,275)	0	(44,275)	(81,845)	\$25.16
Mid-Pin./Gateway	2,852,415	20.0%	21.1%	37,554	0	37,554	60,856	\$27.47
Southwest St Pete	-	-	-	-	-	-	-	-
Southeast St Pete	-	-	-	-	-	-	-	-
Class A Total	23,330,282	15.1%	19.6%	120,406	32,587	152,993	285,729	\$35.36

FIGURE 4: Class B Statistical Snapshot Q4 2024

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2024 Direct Net Absorption (Sq. Ft.)	Q4 2024 Sublet Net Absorption (Sq. Ft.)	Q4 2024 Total Net Absorption (Sq. Ft.)	2024 Net Absorption (Sq. Ft.)	Avg. Asking Rate (\$/SF/FSG)
Tampa CBD	1,841,781	9.5%	9.5%	(26,576)	1,785	(24,791)	(24,794)	\$35.50
St Pete CBD	679,860	5.1%	5.1%	(9,448)	0	(9,448)	(5,657)	\$35.75
Westshore	5,078,946	17.6%	22.9%	(30,400)	(42,561)	(72,961)	(278,474)	\$30.32
Northwest Tampa	3,090,500	9.9%	23.0%	22,028	(9,251)	12,777	175,788	\$24.47
Southwest Tampa	523,928	12.8%	12.8%	(4,780)	0	(4,780)	(24,087)	\$29.72
Northeast Tampa	2,592,685	24.3%	25.9%	7,560	(29,069)	(21,509)	(25,112)	\$21.46
East Tampa	1,687,223	22.1%	24.2%	24,800	0	24,800	(45,890)	\$23.83
Southeast Tampa	248,324	0.0%	0.0%	4,800	0	4,800	4,800	N/A
North Pinellas	1,781,855	12.0%	18.9%	(4,133)	9,772	5,639	(102,532)	\$21.89
Mid-Pin./Gateway	2,339,509	20.7%	20.9%	(18,760)	0	(18,760)	(23,659)	\$23.51
Southwest St Pete	172,857	2.8%	2.8%	0	0	0	(793)	\$15.41
Southeast St Pete	79,102	10.2%	10.2%	0	0	0	10,504	N/A
Class B Total	20,116,570	15.9%	20.2%	(34,909)	(69,324)	(104,233)	(339,906)	\$26.24

Market Area Overview



ECONOMIC OUTLOOK

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

Survey Criteria: Includes all competitive Class A and B office buildings 10,000 sq. ft. and greater in size in Hillsborough and Pinellas Counties. Excludes: owner-occupied, government and medical buildings.

Contact

Mike DiBlasi

Managing Director
+1 813 273 8400
mike.diblas@cbre.com

Marc L. Miller

Field Research Director
+1 305 381 6428
marc.miller1@cbre.com

Kyle Koller

Field Research Manager
+1 813 273 8422
kyle.koller@cbre.com