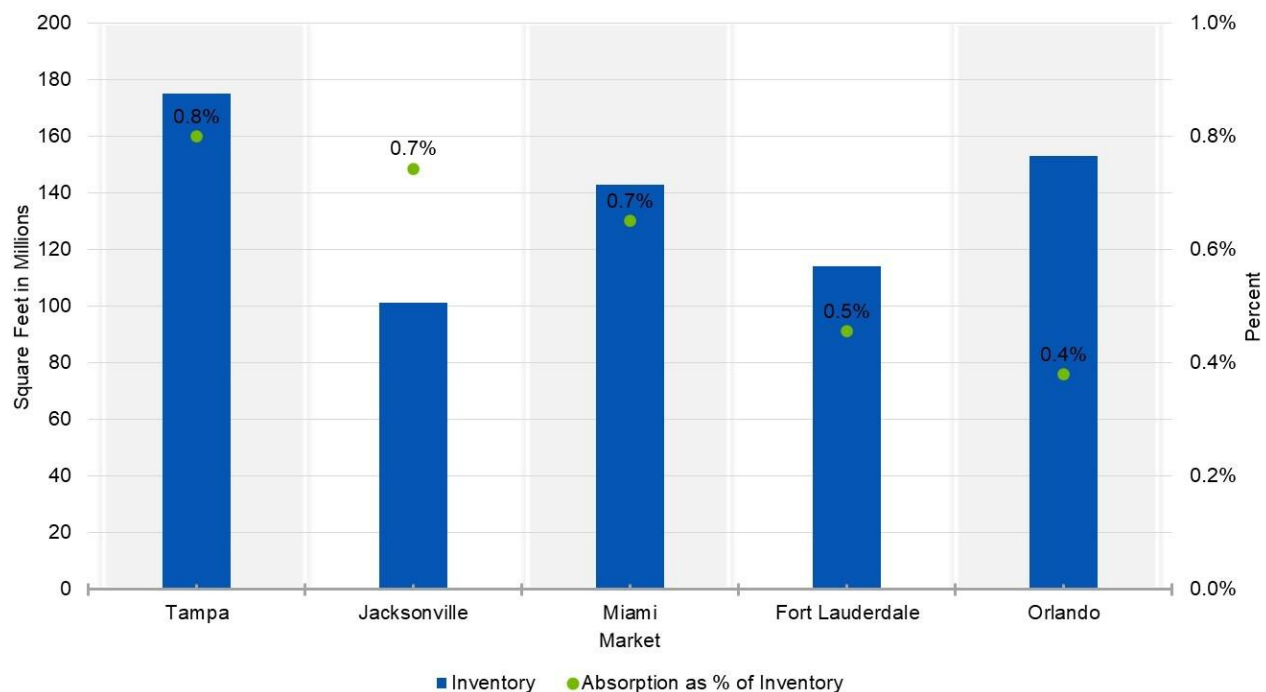


COSTAR INSIGHT

Tampa Boasts Strongest Rate of Retail Demand in Major Florida Markets

Robust Demand Pushing Vacancy to Historic Lows

Tampa Leads Sunshine State in Rate of Retail Demand



Source: CoStar May 2023, retail markets in Florida with over 100 million square feet of inventory



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Tampa's retail market is the largest in Florida, with approximately 175 million square feet of existing inventory. It also has been the most highly sought-after market for retailers, with the market recording roughly 1.4 million square feet of positive absorption — the measure of tenant move-ins versus move-outs — over the past year. The next largest retail market in Florida is Orlando, which has only experienced 580,000 square feet of absorption over that same period.

The fervent pace of retail demand has pushed Tampa's vacancy rate to near-historic lows, sitting at 3.1% as of the second quarter of 2023. The market has the second-lowest vacancy rate out of the major markets in Florida, just edged out by Miami's 3% vacancy.

CoStar is forecasting Tampa's retail vacancy to remain low for the foreseeable future, in large part due to the significant levels of demand the market has experienced over the past several years.

Market participants are telling CoStar analysts that pharmacies, banks, health and wellness-related retailers as well as restaurants are active in the market. Caribou Coffee recently announced that it plans to open upwards of 30 franchise locations throughout the Tampa Bay area. Its first of those locations is under development in Pasco County, along State Road 54. Big-box retailers remain active as well, as Target signed a 150,000-square-foot lease in April 2023 in Wesley Chapel, also in Pasco County.

The market has been able to maintain a sub-4% vacancy rate for seven consecutive quarters despite the completion of 1.3 million square feet of new retail space. The active pipeline of 990,000 square feet is unlikely to have much of an effect on vacancy rates, as 85% of it is already accounted for. Several grocery stores such as Publix and Sprouts Farmers Market, as well as numerous restaurants including Fleming's Prime Steak House and Yard House, all have projects under construction.

A significant portion of the active pipeline is occurring in Pasco County, a growing bedroom community just north of Hillsborough County, where Tampa is located. Pasco County is Tampa's largest retail area with over 29 million square feet. The area's retail inventory has expanded by 1.5 million square feet over the past five years, the bulk of which has been along the growing State Road 54 corridor, a main east-west thoroughfare in the southern portion of the county.

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