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We are pleased to provide this market update for the Tampa Bay market

December 2025

Tampa Commercial Real Estate Report on the Office Sector in Hernando County

Executive Summary

The Hernando County office market is an emerging sector driven primarily by rapid residential growth and local service demand. Unlike the mature office markets of Hillsborough and Pinellas, Hernando is characterized by smaller-scale, owner-user properties and a burgeoning medical office sub-sector. With limited institutional-grade inventory, the market offers ground-floor opportunities for investors focused on local professional services and flexible workspaces, capitalizing on the county's affordability and strategic location north of the core Tampa Bay MSA.

Market Overview

Hernando County's office market is in its early stages of development, mirroring the county's transformation from a bedroom community to a more self-sustaining economic hub. The demand for office space is almost entirely driven by the needs of its rapidly growing population, which has increased by 15% since 2020. This has created a captive audience for medical, dental, legal, and financial services. Spring Hill serves as the county's primary commercial center, where most new office development is concentrated. The market is defined by its lack of large, speculative multi-tenant buildings, with most of the inventory consisting of smaller, single-story professional and medical office properties.

Key Market Indicators - 2023-2025

Metric	Data Point	Source/Notes
Population Growth (2020-2023)	+15%	Real Estate - Driving local service demand
Unemployment Rate (Early 2023)	4.5%	Real Estate - Steady economic conditions
Primary Office Hub	Spring Hill	Concentration of commercial activity
Dominant Office Type	Medical & Professional Services	Reflects local, population-driven demand
Key Infrastructure	Veterans Expressway	Improved connectivity to Tampa Bay

*Data sourced from publicly available information



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Notable Trends

Medical Office Growth: The most significant trend in Hernando's office market is the growth of the medical office sector. As the population expands, so does the need for healthcare services, leading to strong demand for modern medical office buildings like the UF Health facility in Spring Hill.

Emergence of Flexible Workspaces: With a growing number of remote workers and small businesses, there is a rising demand for co-working and flexible office solutions. This is evidenced by the success of a recent mixed-use project in Spring Hill that was 90% leased within six months, with a co-working space as a key tenant.

Owner-User Dominance: The market is heavily dominated by owner-users—businesses that purchase or build their own office space. This indicates a lack of speculative investment and a market that is growing organically to meet immediate local demand.

Notable Transactions & Developments



The UF Health Spring Hill medical office building, a prime example of the growing medical office sector in Hernando County.

UF Health Spring Hill Medical Office: While not a recent transaction, the development of the UF Health facility in Spring Hill is a benchmark for the Hernando County office market. It represents the type of high-quality, modern medical office space that is in high demand and serves as a catalyst for further development in the healthcare sector.



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Spring Hill Mixed-Use Project: A recently completed mixed-use development in the heart of Spring Hill demonstrates the strong demand for modern commercial space. The project, which includes retail, a fitness center, and a co-working space, was 90% leased within six months of completion, signaling a healthy and absorptive market for well-located, quality properties.

Market Outlook

The outlook for the Hernando County office market is one of steady, long-term growth. The market will continue to be driven by residential expansion, creating a consistent demand for local professional and medical services. While it is unlikely to attract large-scale institutional investment in the near term, it offers significant opportunities for owner-users and smaller investors focused on build-to-suit projects and smaller multi-tenant buildings. As the county's population and infrastructure continue to grow, the office market will mature, offering a compelling ground-floor opportunity for those with a long-term investment horizon.



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