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# Tampa Commercial Real Estate Report on the Industrial Real Estate Market in Hillsborough County

## Executive Summary

The Hillsborough County industrial real estate market continues to demonstrate resilience and growth, despite a national slowdown. Rising vacancy rates characterize the market due to a wave of new speculative construction, which has also led to a moderation in rent growth. However, sales activity has surged in the latter half of 2025, with strong investor demand for industrial properties, particularly in the small-bay sector. This report provides a comprehensive overview of the market's performance in the fourth quarter of 2025, including key data on vacancy, leasing, sales, and development.

## Market Overview

The industrial market in Hillsborough County is experiencing a period of adjustment. After years of record-low vacancies and rapid rent growth, the market is now absorbing a significant amount of new supply. The overall vacancy rate for Tampa Bay climbed to 6.8% in Q3 2025, with Hillsborough County's vacancy rate reaching 7.7%, a 170 basis point increase year-over-year Despite the rise in vacancy, asking rents have remained relatively stable, with an average asking rent of $10.32 per square foot in Tampa Bay

| Market Indicator | Hillsborough County | Tampa Bay |
|---|---|---|
| Vacancy Rate | 7.7% | 6.8% |
| YTD Net Absorption | 759K SF | 759K SF |
| Asking Rent (PSF) | $11.23 | $10.32 |
| Inventory (SF) | 88,466,452 | 124,538,180 |
| Under Construction (SF) | 967,668 | 1,446,010 |

## Notable Trends

Several key trends are shaping the industrial market in Hillsborough County. There has been a noticeable slowdown in leasing activity for large distribution spaces, while smaller users remain active, driving demand for small-bay properties. Land scarcity in core submarkets like East Side and Westshore/Airport is pushing developers to seek redevelopment opportunities, including the acquisition of office complexes for conversion to industrial use . The construction pipeline is also shifting back to historic norms, with a decrease in large build-to-suit projects and an increase in smaller speculative developments .

## Leasing Activity

Leasing activity in the third quarter of 2025 totaled 829,000 square feet, a decrease of 38.3% from the previous quarter . This decline is primarily attributed to a slowdown in large-scale leasing, as the market absorbs the significant new supply delivered over the past year. Despite the overall slowdown, the number of deals signed in 2025 has remained consistent with 2024, indicating a healthy level of activity for smaller transactions .

## Sales Activity

In contrast to the leasing market, sales activity has been robust. Quarterly sales volume in Tampa reached $337 million in Q3 2025, the highest since late 2022 [2]. Year-to-date sales totaled $727 million, nearly matching the pace of the previous year and far exceeding pre-2020 averages . The average cap rate for industrial properties in the Tampa market was 7.3% in the second quarter of 2025, with an average price per square foot of $134 .

## Notable Transactions & Developments

### East Tampa Industrial Portfolio Sale

In a landmark transaction for the Tampa industrial market, East Capital Partners acquired a portfolio of nine industrial buildings in East Tampa from Link Logistics for **$92.5 million** in December 2025. The portfolio, totaling nearly 494,000 square feet, consists of small-bay industrial properties, a sector that continues to attract strong investor interest.

## Coca-Cola Beverages Florida Distribution Center

Coke Florida officially opened its new **800,000-square-foot** distribution center and fleet facility in Tampa in May 2025. The state-of-the-art facility, a **$300 million investment**, is one of the largest industrial projects completed in the region in recent years and will serve as a major logistics hub for the company .

## County Line Crossing

Located in Plant City, County Line Crossing is a **535,507-square-foot** industrial development by Robinson Weeks Partners that was completed in the third quarter of 2025. The project, which is currently available for lease, accounted for a significant portion of the new industrial supply in the Plant City submarket .

# New Construction

The construction pipeline in Hillsborough County remains active, although it has moderated from the record levels of the past few years. As of the third quarter of 2025, there was approximately **967,668 square feet** of industrial space under construction in Hillsborough County . Key projects include the Gateway Logistics Center, South Tampa Trade Center, and Crossroads Industrial Center.

## Market Outlook

The outlook for the Hillsborough County industrial market is cautiously optimistic. Vacancy rates are expected to continue to rise in the near term as the market absorbs the remaining new supply. This will likely lead to a more competitive leasing environment and a stabilization of rental rates. However, the strong demand for industrial space, driven by population growth and e-commerce, is expected to support long-term growth. The robust sales activity in the latter half of 2025 indicates that investors remain confident in the market's fundamentals.