

Florida Commercial Real Estate Market Update - YTD 2025

Office Sector

Tampa Bay: 2.1 million sq ft leased YTD, 4.6% of inventory.
West Palm Beach: 1.5 million sq ft, 3.3% of inventory.
Class A properties account for 61% of leased space.
Florida is on track to exceed 15 million sq ft leased by year end.

Industrial & Multifamily

Multifamily remains strong.
Industrial and retail sectors saw softer volumes in Q1.
South Florida industrial cap rates compressed to ~5.4%.

Retail Sector

West Palm Beach retail vacancy below 3%, near record highs.
Tampa: 3.3% vacancy, 603K sq ft net absorption.
Rental rates grew ~3.3% YoY; average rent ~\$26.39/sq ft.

Capital Activity & Sales

South Florida (Miami-Dade, Broward, Palm Beach): \$3B in sales Q1, up 32% YoY.
Mixed-use developments like CityPlace expanding rapidly.

Demand Drivers & Market Trends

Driven by relocation of high-net-worth, finance & tech execs.
Transit infrastructure like Brightline boosts values along its corridor.

Cost & Policy Factors

Insurance costs rising, especially for multifamily.
Florida HB 7031 eliminates business rent tax on leases starting Oct 1, 2025.

Summary Table: Key Highlights

Office: Tampa 2.1msf (4.6%), WPB 1.5msf (3.3%). Class A dominates.
Retail: Vacancy 3.3%, rental growth ~3.3%.
Multifamily: High demand across markets.
Industrial: Cap rates compressed; soft Q1 volume.
Sales: ~\$3B in South FL, up 32% YoY.
Drivers: Finance/tech relocations, transit hubs.
Policy: Rent tax repealed Oct 2025 boosts leasing.