



YoY
Chg

12-Mo.
Forecast

9.6%

Vacancy Rate

**251K**

YTD Net Absorption, SF

**\$23.20**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

YoY
Chg

12-Mo.
Forecast

1.4MTampa Bay MSA
Employment**3.1%**Tampa Bay MSA
Unemployment Rate**3.6%**U.S.
Unemployment Rate

Source: BLS. Numbers above are monthly figures, FL
Dept. Economic OPP."

ECONOMY: Job Gains Lead to Historic Unemployment

The unemployment rate in Pinellas County fell by 40 basis points (bps) over the past twelve months to 2.6%. Tampa Bay's economy accelerated over the past year, adding 30,800 jobs for an annual growth rate of 2.2%. Financial Activities had the second highest annual growth rate when compared to all other Florida metros, adding 1,600 jobs for an annual increase of 1.3%. The Professional & Business Services sector had the third highest annual job growth rate adding 6,500 jobs, an increase of 2.6% year-over-year (YOY).

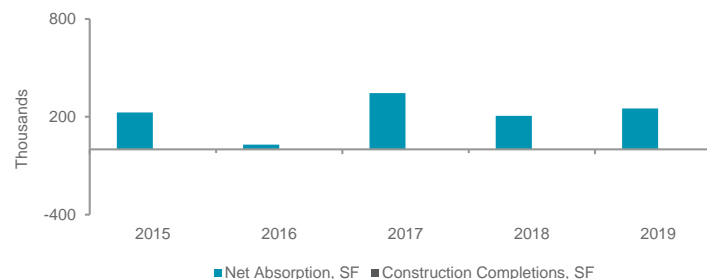
SUPPLY: Historic Low Vacancy

The overall vacancy rate in the County fell 230 bps year-over-year (YOY) to 9.6%, the lowest vacancy level in over 20 years. Class A experienced significant occupancy gains over the past twelve months, ending the fourth quarter at 9.9%, down 300 bps YOY. The St. Petersburg Central Business District (CBD) reached record low vacancy, decreasing to 6.5%, a 520 BPS drop YOY. This marked the lowest overall market vacancy rate for the CBD post-recession. Class A CBD assets recorded a 640 BPS YOY decrease in vacancy, closing out 2019 at 8.9%. Pinellas County's suburban submarkets recorded its lower vacancy rate since Cushman & Wakefield began tracking the market in 1999, down 180 bps YOY to 10.2%.

PRICING: Asking Rents Continue to Climb

Overall rents closed 2019 at \$23.20 per square foot (psf) full service, marking the fourth consecutive quarter asking rents averaged above \$23.00 psf. Pinellas County's overall rents had an average annual increase of 4.8% over the past five years. Class B assets experienced the largest increase in asking rates, ending the fourth quarter at \$20.64 psf, up 3.4% YOY. Gains in the CBD outpaced annual gains in the suburban markets, increasing 8.0% YOY to \$31.80 psf. Class A CBD rents rose to \$31.99 psf, a 6.5% YOY increase, marking the fifth consecutive quarter above \$30.00 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Pinellas County

Office Q4 2019



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DEMAND: High Demand with Limited Space Options

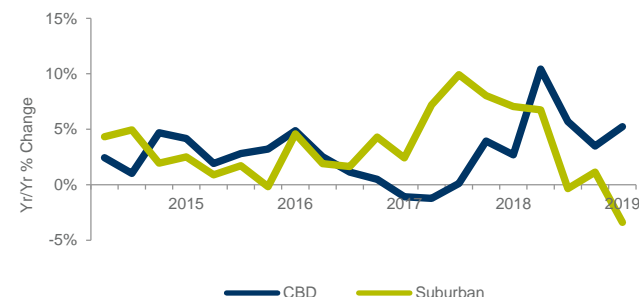
In 2019, approximately 470,000 square feet (sf) was leased, a slight decrease when compared to 2018 figures. The decrease in activity was a result of limited supply in the market. The bulk of the activity took place in suburban submarkets where over 335,000 sf leased. Most notably, Baycare leased over 27,000 sf at Veri-Fone Corporate Center in the third quarter of 2019. The CBD experienced moderate leasing activity, due to limited space options for tenants, with over 133,000 sf taken by tenants.

Overall absorption in 2019 for Pinellas County totaled approximately +250,000 sf. The CBD and suburban submarkets boasted strong occupancy gains with nearly +96,000 sf and +155,000 sf of overall absorption, respectively. Class A assets accounted for +191,000 sf, or 76.3% of the total absorption in Pinellas County in 2019. Much of the absorption was attributed to L3 occupying nearly 60,000 sf in 490 First Avenue in the second quarter.

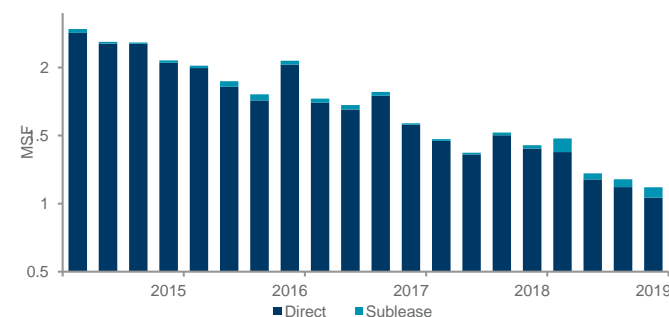
Outlook

- Tenant interest from expanding new and existing tech and business services firms should remain high and lead to more significant growth in the office market through 2020.
- Low vacancy and rising rents could drive demand for new speculative construction, specifically in the CBD submarket.
- Pinellas County will remain attractive to many companies because of its high amenity factors, strong talent pool and competitive rental rates.

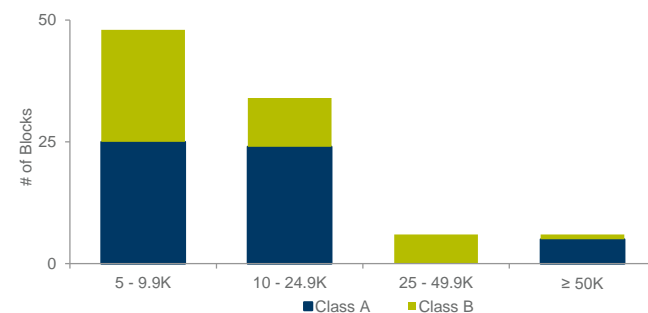
CLASS A ASKING RENT



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



BLOCKS OF CONTIGUOUS SPACE



Pinellas County

Office Q4 2019

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
St. Petersburg CBD	2,038,302	18,039	113,821	6.5%	27,880	95,695	133,647	0	\$31.80	\$31.99
Gateway/Mid-Pinellas	4,527,426	48,766	516,549	12.5%	-1,209	50,649	151,370	0	\$23.72	\$25.54
Bayside	1,361,809	2,502	151,551	11.3%	28,884	17,547	93,829	0	\$23.68	\$24.53
Countryside	1,187,937	6,338	131,650	11.6%	-5,179	1,520	30,034	0	\$20.45	\$21.75
North Pinellas	1,147,836	900	26,081	2.4%	3,562	53,500	32,030	0	\$18.00	\$19.27
Clearwater Downtown	688,070	0	33,542	4.9%	-200	20,169	17,061	0	\$17.58	\$18.00
South St. Petersburg	730,180	0	70,121	9.6%	0	11,854	10,694	0	\$16.53	\$0.00
Non CBD	9,643,258	58,506	929,494	10.2%	25,858	155,239	335,018	0	\$22.30	\$24.39
TAMPA TOTALS	11,681,560	76,545	1,043,315	9.6%	53,738	250,934	468,665	0	\$23.20	\$25.79

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Arrow Point Plaza	Gateway	Galen College of Nursing	69,138	Renewal*
Bayside Center – Bldg. II	Bayside	Insurance Administrative Solutions	50,571	Renewal*
Veri-Fone Corporate Center	Bayside	Baycare	27,413	New
Arrow Point Plaza	Gateway	Galen College of Nursing	26,026	New - Expansion

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2019

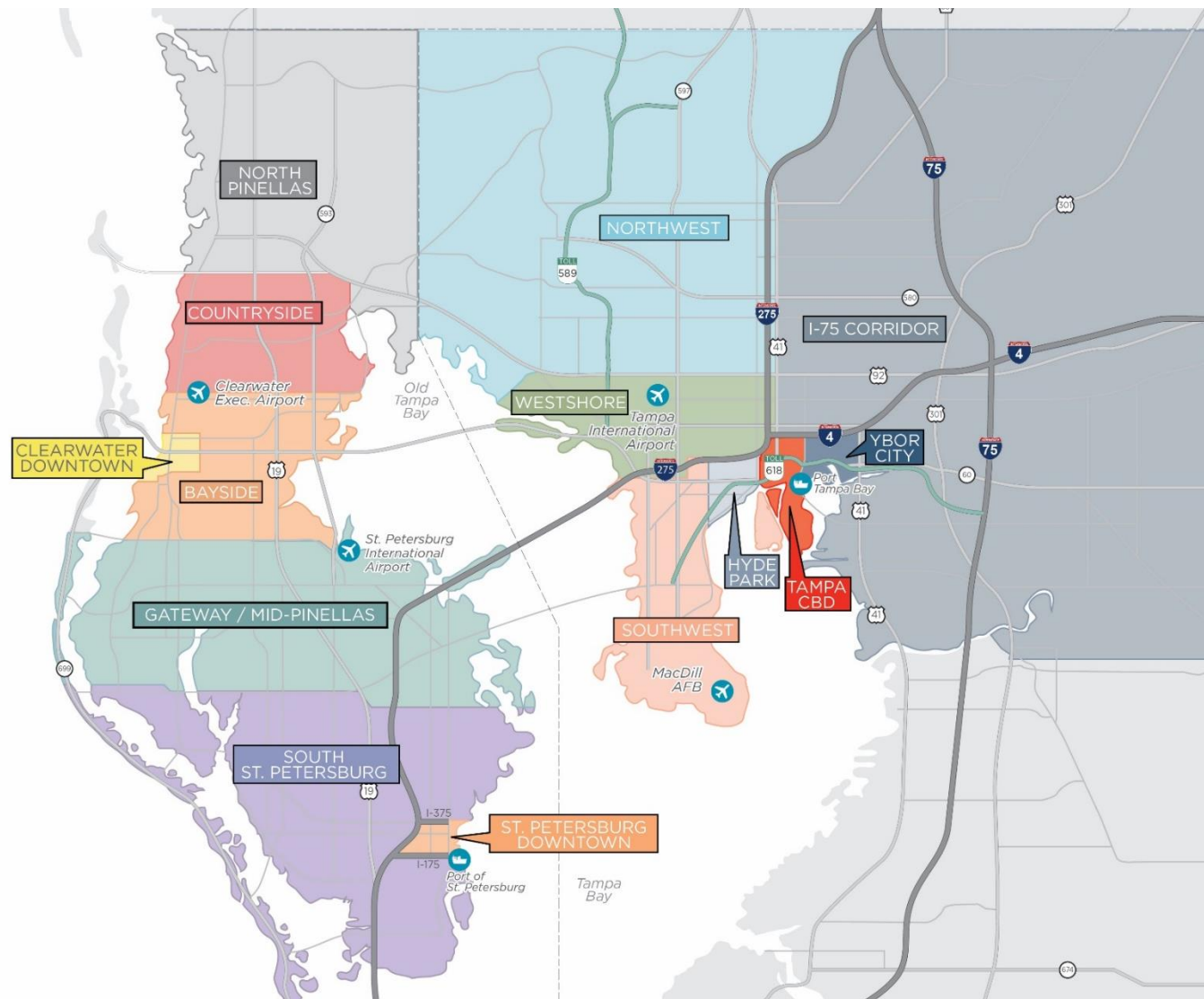
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
570 Carillon Parkway	Gateway	Transamerica / Feli Organization	250,000	\$36.8 M/ \$147
31975 U.S. Hwy 19 North	North Pinellas	Paradise Venture/Asbury Automotive Group	184,864	\$9.2M/\$50

Pinellas County

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OFFICE SUBMARKETS



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