

# MARKETBEAT TAMPA

## Industrial Q4 2019



YoY  
Chg

12-Mo.  
Forecast

**7.0%**

Vacancy Rate



**2.2 M**

YTD Absorption, SF



**\$6.53**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2019

YoY  
Chg

12-Mo.  
Forecast

**1.37M**

Tampa Bay MSA  
Employment



**3.4%**

Tampa Bay MSA  
Unemployment Rate



**3.6%**

U.S.  
Unemployment Rate



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

### ECONOMY: Jobs Gains Lead to Historic Unemployment

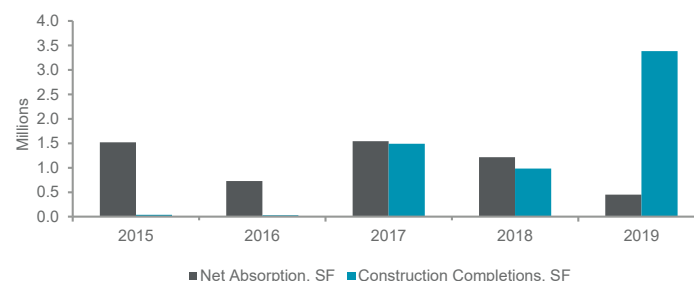
The unemployment rate in Tampa/Hillsborough County fell by 40 basis points (bps) over the past twelve months to 2.7%. Tampa Bay's economy accelerated over the past year, adding 30,800 jobs for an annual growth rate of 2.2%. Transportation, warehousing, and utilities experienced the bulk of job gains, adding 1,000 jobs for a growth rate of 3.1%. The region's pace for new housing and rising wages benefited the industrial market as companies took space to meet consumer demand.

### SUPPLY: Record Deliveries in 2019

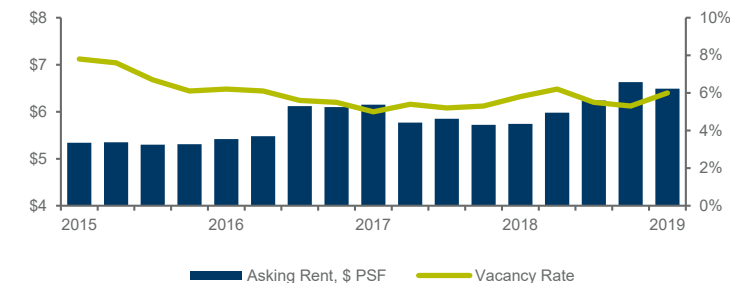
New construction was the driver behind Hillsborough County's booming industrial market. In 2019, nearly 3.4 million square feet (msf) delivered, marking the highest annual total since Cushman & Wakefield began tracking the market in 1997. McCraney Property Company completed building 300 at County Line Logistics Center. This 402,206-sf building was identical to building 400, which was completed in the third quarter. McDonald Development's 301 Business Center delivered building 100, a 145,756-sf rear load warehouse. Over 2.4 msf was under construction at the end of 2019. Home Depot's build-to-suit in Plant City, which totals 779,760 sf, was the largest building under construction. County Line Distribution Center and Lakeside Logistics Park building 1 were approximately 510,000 sf and 505,000 sf, respectively. Those buildings were expected to deliver in the second quarter of 2020.

The overall vacancy rate rose 170 basis points (bps) year-over-year (YOY) to 7.0%, marking the 18th consecutive quarter the overall vacancy rate has remained at or below 7.0%. The rise in vacancy was attributed to the Plant City submarket, which recorded a 580 bps bump in the last 12 months due to the 1.3 msf of new construction deliveries with minimal pre-leasing. In contrast, the Near Eastside submarket recorded a vacancy rate of 1.6%. The Near Eastside and Airport submarkets continued to have some of the lowest vacancy rates in Tampa Bay as tenants sought out desirable infill and last mile locations.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



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### PRICING: East Side Leads Rent Growth

Overall triple net (NNN) asking rent closed the year at \$6.53 per square foot (psf), a slight decrease when compared to one year ago. Warehouse/distribution assets increased 6.3% YOY to \$5.71 psf, marking the 10th consecutive quarter where the asking rate was greater than \$5.00 psf. The most notable warehouse/distribution growth was in the East Side Central/South submarket where rents increased 15.8% YOY to \$5.73 psf. The asking rate increase was a result of new construction delivering with above market rates. Flex asking rates increased 1.5% YOY to \$10.88 psf, marking the fifth consecutive quarter above \$10.00 psf. Tampa's East Side boasted robust flex rent growth with a 16.1% YOY increase to \$12.03 psf.

### DEMAND: Strong Absorption in 2019

Overall absorption closed the year at +2.2 msf, nearly double the amount when compared to 2018 figures. The fourth quarter's +372,099 sf of absorption marked the sixth consecutive quarter with positive absorption.

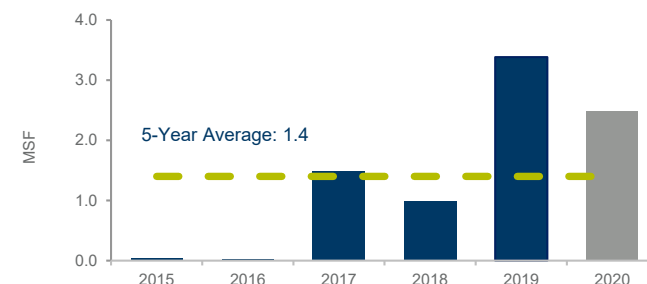
Warehouse/distribution assets led all product types with +420,987 sf of absorption in the fourth quarter of 2019. Absorption was bolstered by RC Moore, Inc., who leased and occupied 229,605 sf in the former Time Customer Service building in Sabal Park.

Leasing activity closed 2019 with almost 3.5 msf leased. Warehouse/distribution assets accounted for 3.0 msf leased, marking the second consecutive year with over 3.0 msf of leasing activity. Home Depot's 779,760-sf lease at their build-to-suit in Plant City was the largest lease of 2019. Duke Realty's Tampa Regional Industrial Park became fully leased and occupied as Republic National Distributing Company, Eby-Brown, and Clark & Son leased over 500,000 sf in the third quarter. Industrial sales activity reached a historical high with 6.4 msf sold in 2019, the highest annual mark post-recession. The second quarter featured the sale of the 1.0-msf Amazon distribution center in the Eastside Central/South submarket. Industrial Logistics Properties Trust purchased the asset in a portfolio and paid \$624.7 million for the 20 properties. Tampa Distribution Center, a six-building park totaling 955,000 sf, was purchased in the third quarter by Link Industrial Properties for \$69,250,000, or \$72.51 psf.

### Outlook: Market Fundamentals will Remain Strong in 2020

- Cushman & Wakefield anticipates an increase in vacancy levels and asking rents on available space in new deliveries.
- Absorption should remain positive in 2020 as several large tenants occupy space.
- The Tampa market is poised for another record setting year for sales activity as new construction delivers throughout 2020.

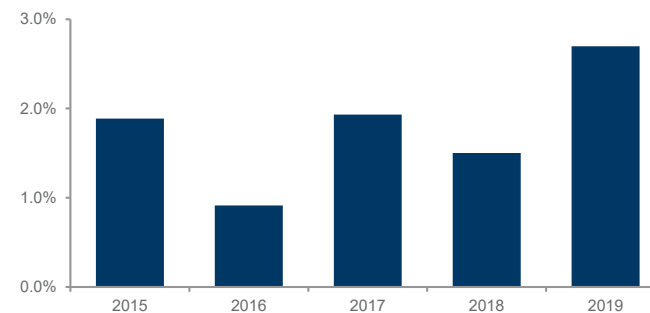
### NEW SUPPLY



### RENT BY MARKET (\$PSF, NNN)



### INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



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### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
East Side	53,172,873	3,921,222	7.4%	478,322	1,579,184	683,504	2,125,585	\$5.06	\$12.03	\$5.72
Near Eastside	9,545,469	157,398	1.6%	-10,000	-53,568	179,080	0	N/A	\$18.00	\$6.30
Eastside North	10,033,888	753,997	7.5%	53,382	53,598	410,424	0	\$5.06	\$9.45	\$5.43
Eastside Central/South	33,593,516	3,009,827	9.0%	434,940	1,579,154	94,000	2,125,585	N/A	\$13.23	\$5.73
West Side	14,874,965	579,785	3.9%	-47,423	-46,801	0	0	\$11.70	\$9.52	\$7.01
Airport Area	12,647,197	387,055	3.1%	-42,473	-27,817	0	0	\$4.50	\$9.75	\$6.79
Northwest	2,227,768	192,730	8.7%	-4,950	-18,984	0	0	\$13.91	\$9.16	\$8.05
South Tampa	2,402,966	94,276	3.9%	0	0	0	0	\$6.60	N/A	\$8.20
Plant City	10,010,600	1,001,953	10.0%	-58,800	637,370	1,795,192	1,257,662	\$4.33	N/A	\$5.21
<b>TAMPA TOTALS</b>	<b>80,461,404</b>	<b>5,597,236</b>	<b>7.0%</b>	<b>372,099</b>	<b>2,169,753</b>	<b>2,478,696</b>	<b>3,383,247</b>	<b>\$6.08</b>	<b>\$10.88</b>	<b>\$5.71</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

### KEY LEASE TRANSACTIONS 2019 YTD

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
S Wiggins Rd. & Rice Rd.	Plant City	Home Depot	779,760	New - BTS
13040 Bay Industrial Drive	Eastside Central/South	Republic National Distributing	242,932	New
2601 Tampa East Blvd.	Eastside Central/South	Altadis USA, Inc.	238,437	Renewal*
3102 Queen Palm Drive	Eastside Central/South	RC Moore, Inc.	229,605	New
4406 Madison Industrial Lane	Eastside Central/South	HD Supply	229,308	Renewal*

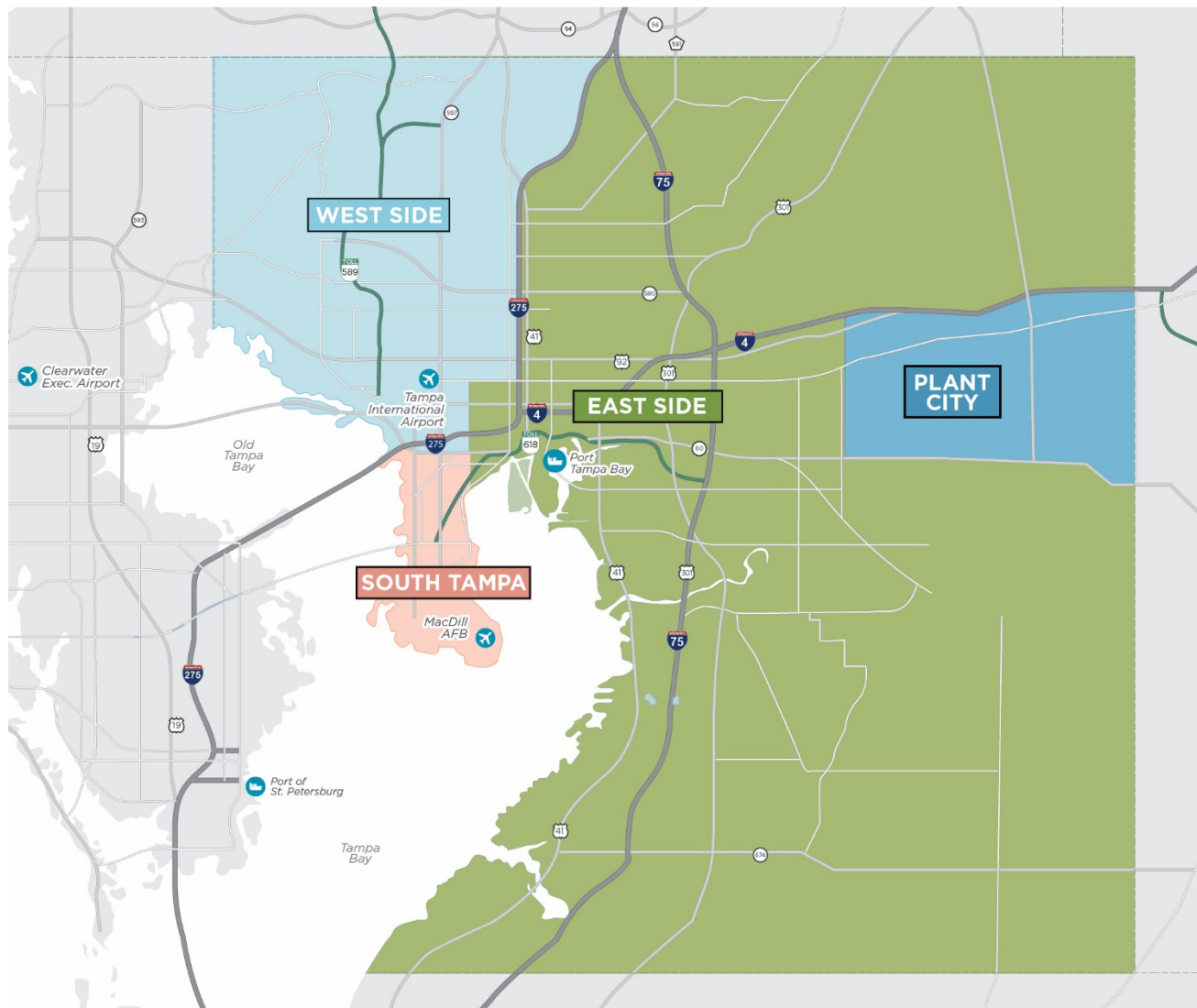
\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS 2019 YTD

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Amazon Distribution Center – Ruskin	Eastside Central/South	Industrial Logistics Property Trust / Cole Office & Industrial REIT	1,017,693	Portfolio Sale
I-4 Logistics Center	Eastside Central/South	Blue Steel / Dalfen Industrial	424,550	\$29.1M / \$69

### KEY CONSTRUCTION COMPLETIONS 2019 YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
County Line Logistics Center – Building 300/400	Plant City	PlastiPak & Hardware Resources	804,412	McCraney Property Company
301 Business Center – Building 100/200/300	Eastside Central/South	Bunzl & US Venture, Inc.	659,236	McDonald Development
I-4 Logistics Center	Eastside Central/South	N/A	424,550	Dalfen Industrial / Blue Steel



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