

YoY Chg

**13.8%**

Vacancy Rate



**-391K**

YTD Net Absorption, SF



**\$26.90**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2020

YoY Chg

**1.3M**

Tampa Bay MSA Employment



**6.8%**

Tampa Bay MSA Unemployment Rate



**8.8%**

U.S. Unemployment Rate



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

## ECONOMY

The Tampa Bay region, had an unemployment rate of 6.8% in August 2020, down 340 basis points (bps) from the previous month and 350 bps higher than the region's rate from one year ago. Nonagricultural employment for the Tampa Bay region was 1.3 million, a decrease of 59,000 jobs, or 4.3%, over the year. Two employment sectors that gained jobs year-over-year (YOY) were Construction, adding 1,400 new positions and Wholesale Trade with 500 new jobs. Leisure & Hospitality led every other sector in jobs lost in the last 12 months, at 34,400 jobs gone, followed by Professional & Business Services which had payroll declines of 11,500 positions. Office-using employment in the area remained impacted by overall economic conditions and slowdown in business demand.

## SUPPLY

Overall vacancy ended the third quarter at 13.8%, an increase of 210 bps over last year and up 160 bps when compared to the end of 2019. Class A vacancy rose by 380 bps YOY to 13.8% with space in Class B climbing by 50 bps to 14.9%. Two factors played key roles in the vacancy rate increase; vacant sublease space coming to the market and new construction deliveries. Since the beginning of 2020, vacant sublease space increased by 122,000 square feet (sf) to approximately 855,000 sf. In the Central Business District (CBD), Heights Union West and Strategic Property Partners' Sparkman Wharf delivered, adding 307,000 sf to inventory. In the suburban Northwest submarket, 115,000-sf Renaissance Center VII delivered vacant as healthcare provider Centene marketed the building for sublease.

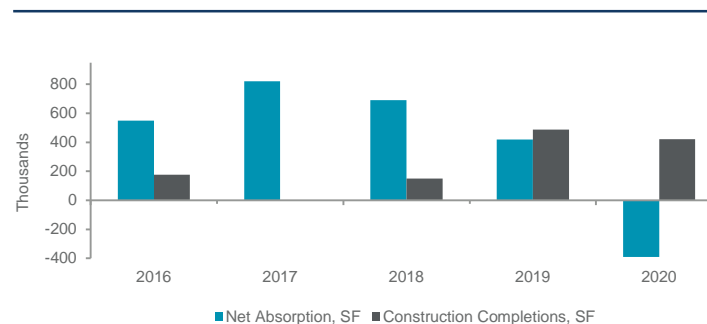
## DEMAND

New leasing demand fell in the third quarter and totaled approximately 1.8 million square feet (msf) year-to-date (YTD) with only 18% of leases occurring in the third quarter. Both Hillsborough and Pinellas counties recorded the least amount of quarterly leasing activity in the last 12 years. Class A buildings YTD had the bulk of leasing activity, accounting for over 1.0 msf compared to 583,000 sf in Class B assets. In addition to falling leasing activity volumes, absorption continued to trend downward through the third quarter, recording approximately -390,000 sf YTD.

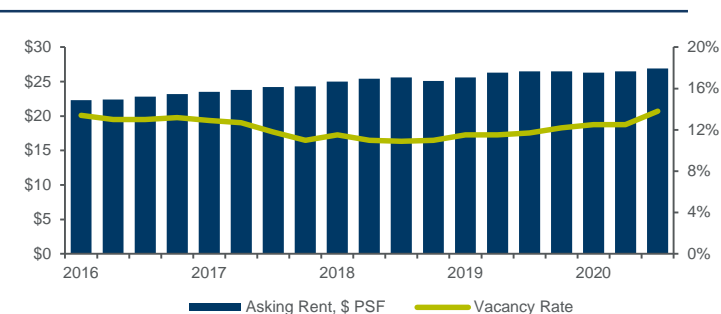
## MARKET PRICING

Overall asking rents increased 1.4% YOY to \$26.89 per square foot (psf) full service. For Class A assets, rental gains achieved cycle highs in the third quarter, rising to \$30.27 psf, the second consecutive quarter Class A asking rents averaged above \$30.00 psf in Tampa Bay. In the last 12-months, gains were recorded in both the CBD and suburban submarkets driving rental rates to \$32.46 and \$25.87 psf, respectively. Class A assets in the Tampa CBD submarket recorded the largest YOY increase, up 13.4% to \$37.15 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
<b>Tampa CBD</b>	<b>6,366,086</b>	<b>70,454</b>	<b>908,240</b>	<b>15.4%</b>	<b>3,468</b>	<b>-67,246</b>	<b>329,456</b>	<b>525,000</b>	<b>\$33.00</b>	<b>\$37.15</b>
<b>Tampa Non CBD</b>	<b>25,541,408</b>	<b>650,290</b>	<b>2,945,488</b>	<b>14.1%</b>	<b>-43,682</b>	<b>32,901</b>	<b>1,182,456</b>	<b>582,000</b>	<b>\$28.19</b>	<b>\$30.22</b>
Westshore	12,712,189	207,989	1,382,669	12.5%	-138,875	-64,110	606,795	462,000	\$32.32	\$36.27
Northwest Area	4,299,729	233,298	471,245	16.4%	-37,175	-45,119	207,615	0	\$24.42	\$26.02
I-75 Corridor	7,717,505	209,003	1,045,774	16.3%	140,771	149,875	345,853	120,000	\$23.04	\$24.81
Southwest Area	306,381	0	21,046	6.9%	-1,086	-13,684	10,163	0	\$20.06	N/A
Hyde Park	335,456	0	21,614	6.4%	-7,317	-3,410	12,030	0	\$33.10	N/A
Ybor City	170,148	0	3,140	1.8%	0	9,349	0	0	\$28.00	N/A
<b>TAMPA TOTALS</b>	<b>31,907,494</b>	<b>720,744</b>	<b>3,853,728</b>	<b>14.3%</b>	<b>-40,214</b>	<b>-34,345</b>	<b>1,511,912</b>	<b>1,107,000</b>	<b>\$28.19</b>	<b>\$31.93</b>
<b>St. Pete CBD</b>	<b>2,038,302</b>	<b>28,425</b>	<b>156,780</b>	<b>9.1%</b>	<b>-13,119</b>	<b>-55,367</b>	<b>77,540</b>	<b>0</b>	<b>\$29.63</b>	<b>\$30.68</b>
<b>St. Pete Non CBD</b>	<b>9,528,592</b>	<b>105,660</b>	<b>1,119,824</b>	<b>12.9%</b>	<b>-153,256</b>	<b>-301,167</b>	<b>230,702</b>	<b>0</b>	<b>\$22.54</b>	<b>\$23.95</b>
Gateway	4,527,426	28,955	612,061	14.2%	-4,014	-90,955	161,153	0	\$23.41	\$24.91
Bayside	1,310,373	2,502	167,246	13.0%	-2,146	-33,702	21,683	0	\$24.51	\$25.25
Countryside	1,173,052	0	145,736	12.4%	-22,643	-29,931	30,676	0	\$21.65	\$21.24
North Pinellas	1,125,836	71,550	54,469	11.2%	-101,416	-101,416	0	0	\$20.96	\$22.05
Clearwater CBD	661,725	2,653	30,284	5.0%	-2,400	-2,322	536	0	\$19.09	\$18.00
South St. Pete	730,180	0	110,028	15.1%	-20,637	-42,841	16,654	0	\$18.87	N/A
<b>PINELLAS TOTALS</b>	<b>11,566,894</b>	<b>134,085</b>	<b>1,276,604</b>	<b>12.2%</b>	<b>-166,375</b>	<b>-356,534</b>	<b>308,242</b>	<b>0</b>	<b>\$23.19</b>	<b>\$25.03</b>
<b>TAMPA BAY TOTALS</b>	<b>43,474,388</b>	<b>854,829</b>	<b>5,130,332</b>	<b>13.8%</b>	<b>-206,589</b>	<b>-390,879</b>	<b>1,820,154</b>	<b>1,107,000</b>	<b>\$26.89</b>	<b>\$30.27</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2020

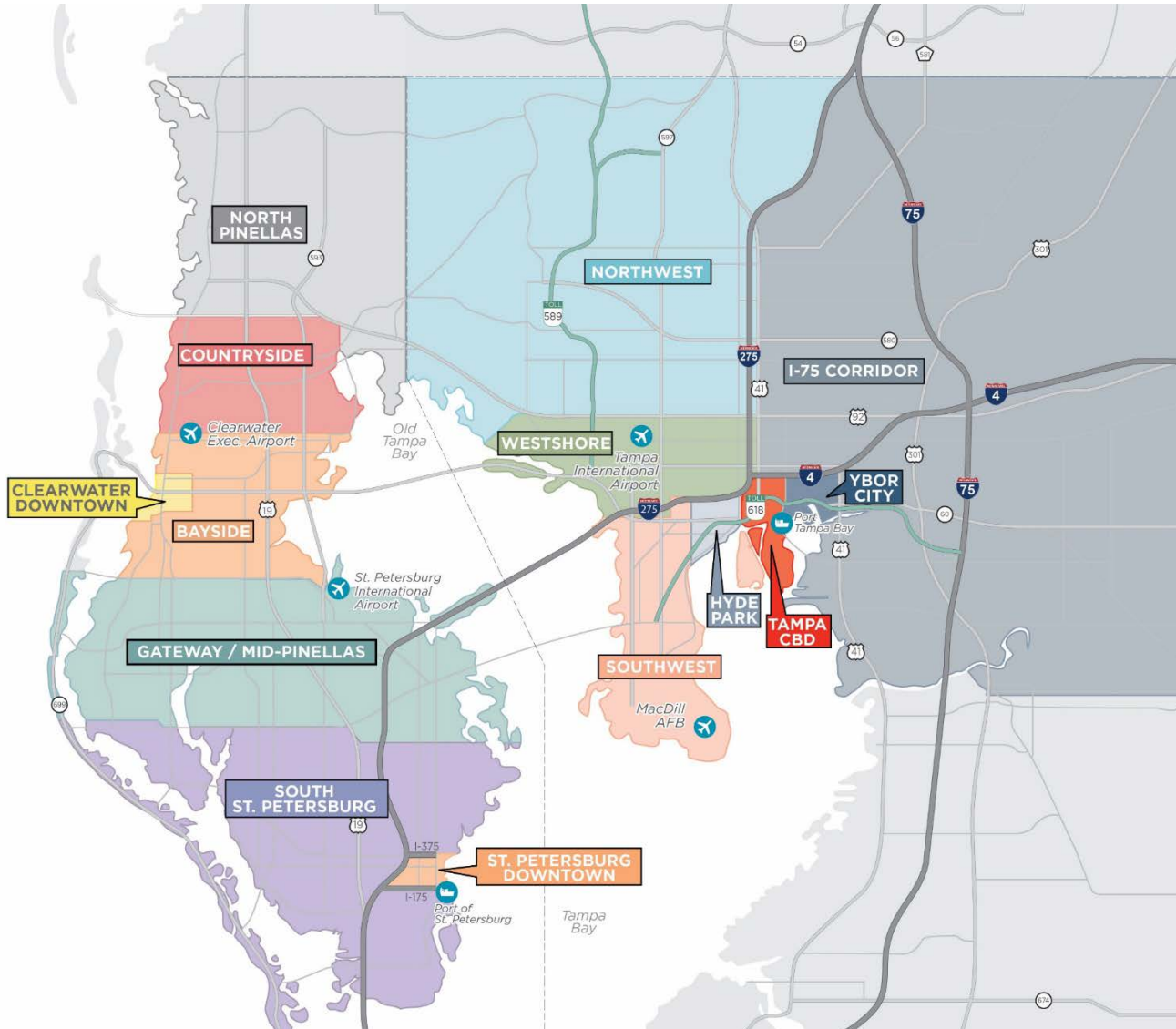
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5525 West Gray Street	Westshore	Federal Bureau of Investigation	137,000	Renewal*
3620 Queen Palm Drive	Southeast Area	Ford Motor Credit	120,500	Renewal*
1401 North Westshore Boulevard	Westshore	Heritage Insurance	85,074	New
3111 West Dr MLK Jr Boulevard	Westshore	Matrix Healthcare Services	48,650	Renewal*

\*Renewals are not included in leasing activity

# TAMPA BAY

Office Q3 2020

## OFFICE SUBMARKETS



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