

	YoY Chg	12-Mo. Forecast
14.6% Vacancy Rate	▲	▲
-377K YTD Net Absorption, SF	▼	▼
\$27.27 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.4M Tampa Bay MSA Employment	▼	▲
4.2% Tampa Bay MSA Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

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

ECONOMY

The Tampa Bay region, which includes Hillsborough and Pinellas counties, had an unemployment rate of 4.2% in February 2021, down 30 basis points (bps) from the previous month as well as 110 bps higher than the region's rate from one year ago. Nonagricultural employment was 1.37 million, a decrease of 43,600 jobs, or 3.1%, over the year. Employment sectors gaining jobs year-over-year (YOY) were Financial Activities, adding 2,300, Professional & Business Services with another 2,300 and Construction with 400. Leisure & Hospitality led every other sector in jobs lost in the last year, with 27,700 gone, followed by Education & Health Services which had payroll declines of 8,200 positions. In the first quarter of 2021, office-using employment in Tampa Bay saw significant gains as the overall economy saw improvement.

SUPPLY

Overall vacancy ended the first quarter at 14.6%, an increase of 200 bps when compared to the same period one year ago. Class A vacancy rose by 400 bps YOY to 14.7% with space in Class B falling by 80 bps to 15.2%. Several large blocks of vacant sublease space came to the market in the first quarter and was the main driver for the increase in Class A vacancy. Approximately 1.0 million square feet (msf) was under construction, all in Hillsborough County and with over 60% being built in suburban submarkets. Another 570,000 square feet (sf) delivered in 2020 in the County with sizeable vacancies. In the Central Business District (CBD), the largest speculative project was Strategic Property Trust's 1001 Water Street tower, with 375,000 sf. There was no new office inventory under construction in Pinellas County.

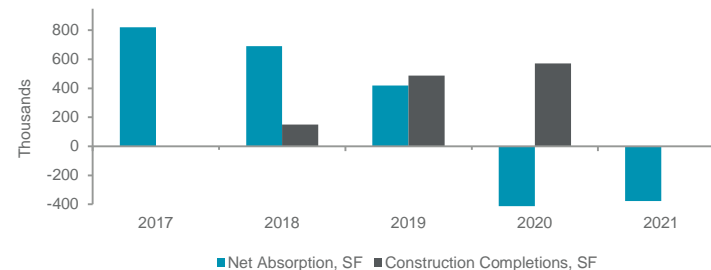
DEMAND

New leasing demand in the first quarter, including both Hillsborough and Pinellas counties, was over double the level from the fourth quarter of 2020, up 126% but down 68% compared to the level of activity in the first quarter of last year. While the strongest quarter for activity since the second quarter of 2020, the 567,000 sf in total leasing volume for the first three months was off by 31% from the five-year average for first quarter activity. Class A assets had the most leasing activity, accounting for 55% of all deals compared to 38% in Class B assets. Absorption trended downward in the first three months on additions to sublease space in suburban submarkets. Class A inventory/assets in the Tampa CBD recorded the largest amount of positive absorption during the quarter with 27,900 sf. Suburban submarkets accounted for -371,000 sf in negative absorption.

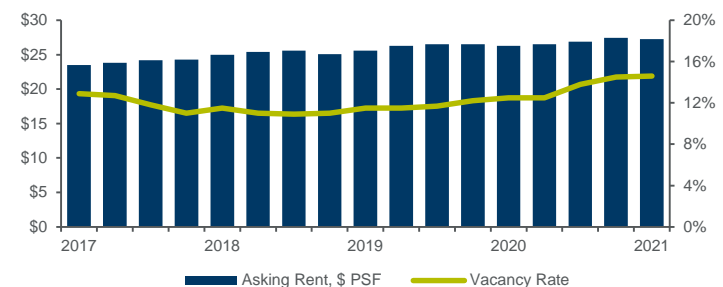
MARKET PRICING

Overall asking rents increased 2.8% YOY to \$27.27 per square foot (psf) full service. For Class A assets, rents decreased marginally, falling by \$0.22 YOY to \$30.14 psf, the 4th quarter in a row where Tampa Bay rents were over \$30.00 psf. Class A rents in the Tampa CBD rose by 5.8% in the last 12 months. For Class B, overall rental rates gained, up by 2.8% YOY to \$24.41 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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)*
Tampa CBD	6,543,531	784,548	113,394	13.7%	-8,524	-8,524	159,364	375,000	\$33.54	\$36.33
Tampa Non CBD	25,451,376	3,140,222	760,513	15.3%	-256,618	-256,618	230,929	591,845	\$27.49	\$30.22
Hyde Park	335,456	10,629	5,849	4.9%	6,555	6,555	6,555	0	\$35.35	N/A
Northeast Area	2,853,581	364,907	186,547	19.3%	-166,023	-166,023	13,737	120,000	\$25.26	\$25.58
Northwest Area	4,187,328	454,058	205,122	15.7%	-35,782	-35,782	21,602	0	\$24.76	\$26.39
Southeast Area	4,863,924	737,002	115,533	17.5%	1,223	1,223	35,932	0	\$22.87	\$25.45
Southwest Area	306,381	38,698	1,648	13.2%	-6,651	-6,651	0	0	\$19.06	N/A
Westshore	12,712,189	1,513,878	245,814	13.8%	-38,030	-38,030	153,103	471,845	\$31.85	\$35.79
TAMPA TOTALS	31,994,907	3,924,770	873,907	15.0%	-265,142	-265,142	390,293	966,845	\$28.56	\$31.59
St. Pete CBD	2,017,602	149,715	31,134	9.0%	2,350	2,350	16,558	0	\$30.30	\$31.34
St. Pete Non CBD	9,611,792	1,184,455	184,889	14.3%	-114,214	-114,214	160,313	0	\$22.71	\$24.41
Bayside	1,393,573	163,945	87,568	18.1%	-85,460	-85,460	16,150	0	\$24.69	\$25.23
Clearwater Downtown	661,725	41,759	0	6.3%	0	0	0	0	\$19.51	\$18.00
Countryside	1,173,052	159,766	0	13.6%	-13,274	-13,274	9,382	0	\$21.73	\$20.49
Mid Pinellas/Gateway	4,527,426	647,097	25,771	14.9%	-11,980	-11,980	130,598	0	\$23.56	\$25.32
North Pinellas	1,125,836	57,037	71,550	11.4%	461	461	1,889	0	\$21.19	\$22.55
South St. Petersburg	730,180	114,851	0	15.7%	-3,961	-3,961	2,294	0	\$19.14	N/A
PINELLAS TOTALS	11,629,394	1,334,170	216,023	13.3%	-111,864	-111,864	176,871	0	\$23.39	\$25.45
TAMPA BAY TOTALS	43,624,301	5,258,940	1,089,930	14.6%	-377,006	-377,006	567,164	966,845	\$27.27	\$30.14

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2021

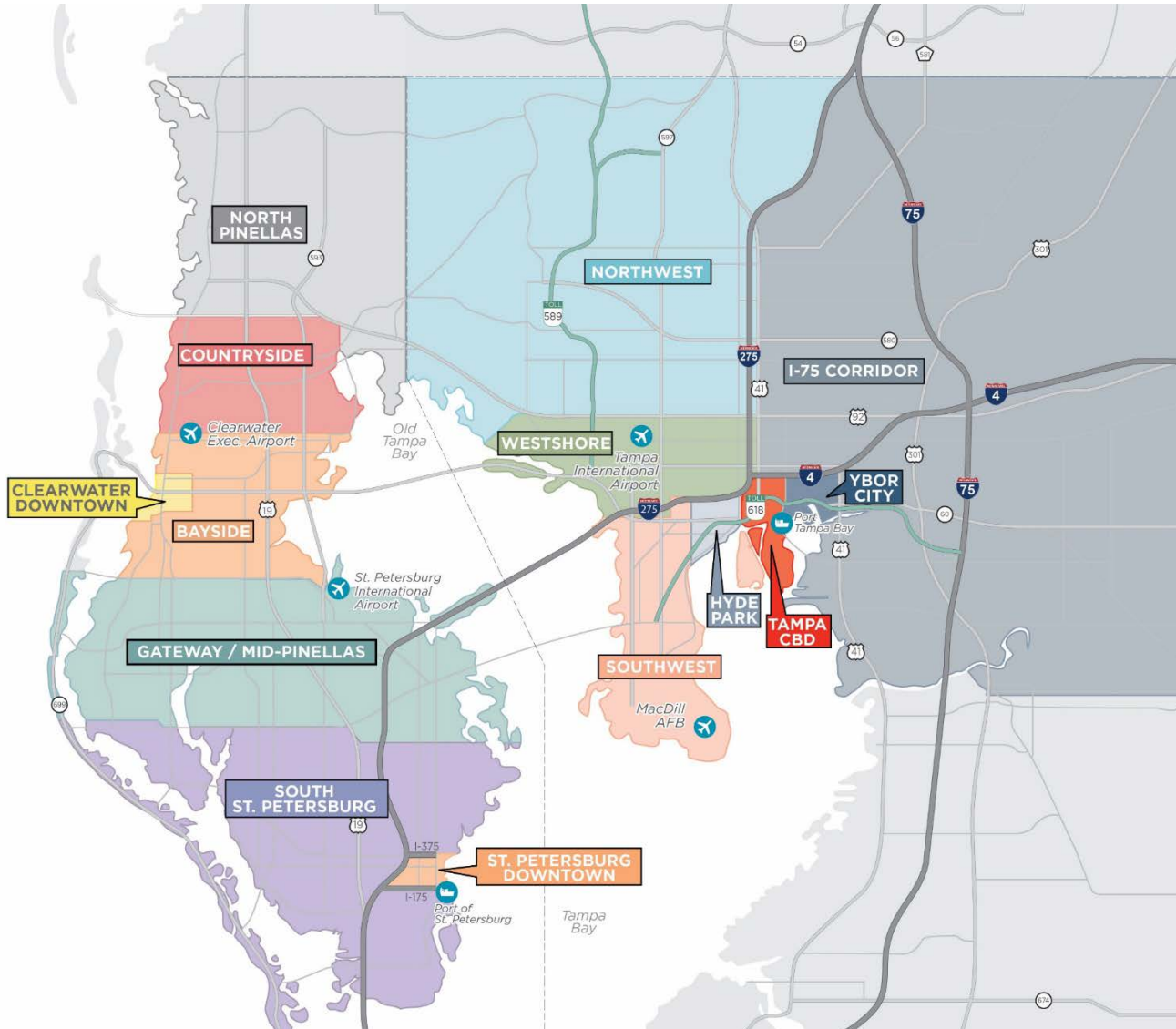
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5701 E Hillsborough Avenue	Southeast Area	Maximus	147,111	New
5525 West Gray Street	Westshore	Federal Bureau of Investigation	137,000	Renewal*
3620 Queen Palm Drive	Southeast Area	Ford Motor Credit	120,500	Renewal*
1401 N Westshore Blvd.	Westshore	Heritage Insurance	85,074	New

*Renewals are not included in leasing activity

TAMPA BAY

Office Q1 2021

OFFICE SUBMARKETS



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