

YoY Chg      12-Mo. Forecast

**16.3%**

Vacancy Rate



**-865K**

YTD Net Absorption, SF



**\$30.05**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2021

YoY Chg      12-Mo. Forecast

**1.4M**

Tampa Bay MSA Employment



**4.5%**

Tampa Bay MSA Unemployment Rate



**5.2%**

U.S. Unemployment Rate



## ECONOMY

The Tampa Bay region, which includes Hillsborough and Pinellas counties, had an unemployment rate of 4.5% in August 2021. This was 50 basis points (bps) lower than the state average and 270 bps lower than the region's rate from one year ago. The region had the third highest year-over-year (YOY) nonagricultural job growth rate in the state, with 67,600 new jobs added, a 5.1% increase, totaling nearly 1.4 million jobs. Some of the office using employment sectors to gain jobs YOY were Financial Activities, adding 4,200 new jobs, and Professional & Business Services with 21,300 jobs.

## SUPPLY

Overall vacancy was 16.3% to end the third quarter, up 250 bps over the past twelve months. Class A vacancy rates rose 420 bps YOY to 17.8%, while Class B rates increased 140 bps to 16.3%. The Central Business Districts (CBDs) outperformed the suburban submarkets during the third quarter. The Tampa CBD had a vacancy rate of 17.0%, an increase of 160 bps YOY, but a portion of this increase can be attributed to 1001 Water Street delivering 375,000 square feet (sf) of mostly vacant space, with tenant move-ins expected later this year and during the first half of 2022. The St. Petersburg CBD was one of three submarkets to see a decrease in vacancy rates YOY and had one of the lowest rates out of all submarkets at 6.6%. Westshore had the largest YOY increase in vacancy, up 530 bps to 17.8%. Throughout the region there was 195,000 sf of office space under construction which was expected to deliver during the fourth quarter.

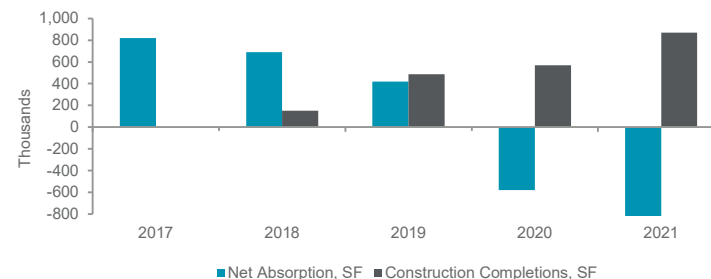
## DEMAND

New leasing demand in Tampa Bay was up 28.9% YOY and surpassed the total annual leasing activity for 2020 with over 2.3 million square feet (msf) leased year-to-date (YTD). Tenant's preference for quality over cost allowed Class A to outperform B assets in leases signed, 48.9% to 44.1%, respectively. The Tampa CBD saw an 81.3% increase in leasing activity YOY, with tenants like ReliaQuest and DoubleLine Capital relocating to downtown from other submarkets or out of state. Leasing in the St. Petersburg CBD was up 20%. Overall absorption continued a negative trend, though both CBDs recorded positive absorption YTD.

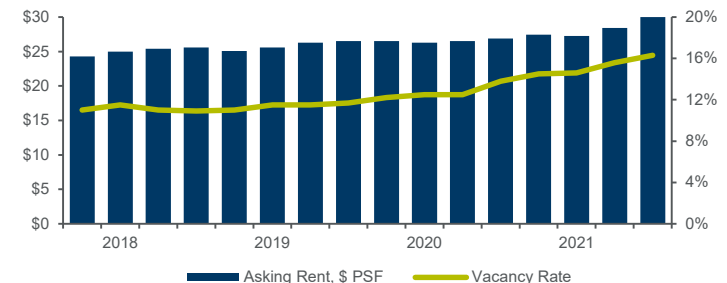
## MARKET PRICING

Overall rents continued to increase to record highs, ending the third quarter at \$30.05 per square foot (psf) full service. Class A rents rose 11.9% YOY to \$33.87 psf, while Class B rents closed the quarter at \$25.25, up 5.5% YOY. The delivery of Class A construction pushed the Tampa CBD rents to new highs. Overall rents increased to \$41.26 psf overall and \$45.48 psf for Class A, up 25.0% and 22.4%, respectively in 12 months. Suburban submarkets had rents increase YOY to \$28.23 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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

## 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)*
<b>Tampa CBD</b>	<b>7,170,463</b>	<b>1,077,141</b>	<b>138,863</b>	<b>17.0%</b>	<b>20,356</b>	<b>31,848</b>	<b>457,900</b>	<b>0</b>	<b>\$41.26</b>	<b>\$45.48</b>
<b>Tampa Non CBD</b>	<b>26,233,840</b>	<b>3,862,654</b>	<b>723,087</b>	<b>17.5%</b>	<b>3,270</b>	<b>-562,722</b>	<b>1,449,766</b>	<b>195,000</b>	<b>\$29.61</b>	<b>\$32.72</b>
Hyde Park	335,456	1,379	0	0.4%	6,707	15,765	19,592	0	\$27.00	N/A
Northeast Area	2,964,998	564,933	51,599	20.8%	31,466	-145,741	117,625	120,000	\$26.33	\$27.11
Northwest Area	4,301,411	556,943	158,256	16.6%	-12,578	-104,341	329,775	75,000	\$26.29	\$26.26
Southeast Area	4,878,859	825,834	21,437	17.4%	-34,343	-21,366	84,764	0	\$24.16	\$26.30
Southwest Area	306,381	34,984	2,254	12.2%	-332	-2,518	24,204	0	\$19.00	N/A
Westshore	13,229,987	1,865,077	489,541	17.8%	12,350	-291,017	828,806	0	\$34.46	\$38.57
<b>TAMPA TOTALS</b>	<b>33,404,303</b>	<b>4,939,795</b>	<b>861,950</b>	<b>17.4%</b>	<b>23,626</b>	<b>-530,874</b>	<b>1,907,666</b>	<b>195,000</b>	<b>\$31.81</b>	<b>\$35.84</b>
<b>St. Pete CBD</b>	<b>2,119,142</b>	<b>103,454</b>	<b>35,936</b>	<b>6.6%</b>	<b>-3,415</b>	<b>14,362</b>	<b>96,696</b>	<b>0</b>	<b>\$30.55</b>	<b>\$30.88</b>
<b>St. Pete Non CBD</b>	<b>9,832,883</b>	<b>1,404,094</b>	<b>58,663</b>	<b>14.9%</b>	<b>-211,154</b>	<b>-348,119</b>	<b>321,059</b>	<b>0</b>	<b>\$23.92</b>	<b>\$25.99</b>
Bayside	1,362,443	219,404	2,502	16.3%	-21,786	-55,030	41,602	0	\$24.33	\$24.85
Clearwater Downtown	665,350	48,308	0	7.3%	-5,655	-7,052	4,015	0	\$19.20	\$18.00
Countryside	1,170,733	152,555	0	13.0%	-16,981	-11,058	38,325	0	\$21.49	\$20.95
Mid Pinellas/Gateway	4,708,892	762,946	19,473	16.6%	-104,981	-154,693	203,435	0	\$25.74	\$27.74
North Pinellas	1,103,200	73,045	36,688	10.0%	-8,181	-63,173	19,006	0	\$22.18	\$23.38
South St. Petersburg	822,265	147,836	0	18.0%	-53,570	-57,113	14,676	0	\$19.70	N/A
<b>PINELLAS TOTALS</b>	<b>11,952,025</b>	<b>1,507,548</b>	<b>94,599</b>	<b>13.4%</b>	<b>-214,569</b>	<b>-333,757</b>	<b>417,755</b>	<b>0</b>	<b>\$24.46</b>	<b>\$26.66</b>
<b>TAMPA BAY TOTALS</b>	<b>45,356,328</b>	<b>6,447,343</b>	<b>956,549</b>	<b>16.3%</b>	<b>-190,943</b>	<b>-864,631</b>	<b>2,325,421</b>	<b>195,000</b>	<b>\$30.05</b>	<b>\$33.87</b>

\*Rental rates reflect full service asking

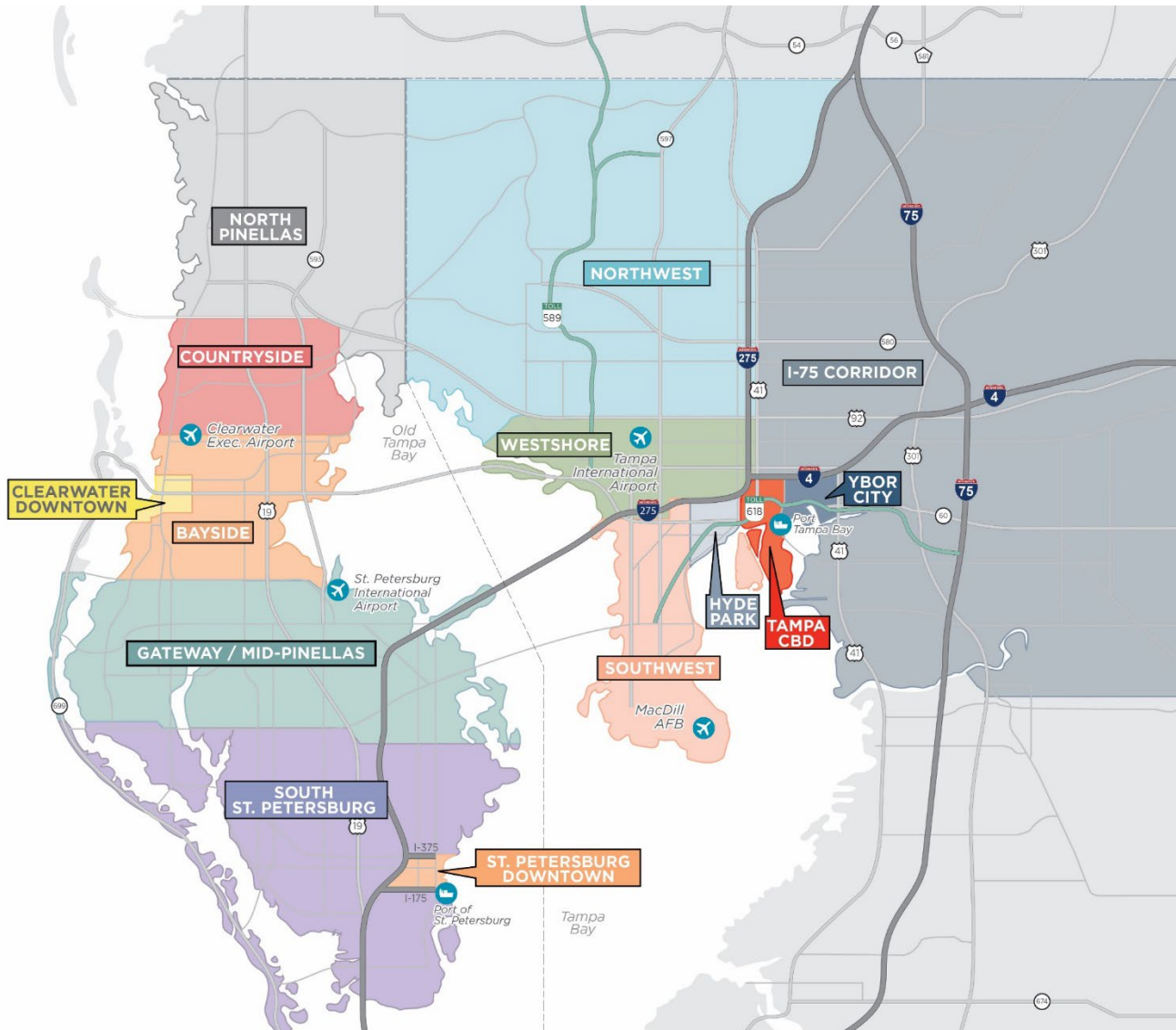
## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1001 Water Street	Tampa CBD	ReliaQuest	123,995	New
5130 Eisenhower Boulevard	Westshore	United HealthCare	73,786	New
1150 Assembly Drive	Westshore	Primo Water Holdings	44,464	New
4301 W Boy Scout Boulevard	Westshore	Lennar	32,677	New
3031 North Rocky Point Drive West	Westshore	Brady Corporation	30,262	New
2002 N Tampa Street	Tampa CBD	DoubleLine Capital	26,421	New
14025 Riveredge Drive	Northeast Area	Crown Holdings	23,472	New
1150 Assembly Drive	Westshore	Kforce	22,232	New

# TAMPA BAY

Office Q3 2021

OFFICE SUBMARKETS



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