

	YoY Chg	12-Mo. Forecast
18.4% Vacancy Rate	▲	▼
-380K YTD Net Absorption, SF	▲	▲
\$29.63 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMY

The Tampa Bay region, which includes Hillsborough and Pinellas counties, had an unemployment rate of 2.3% in May 2022. This was 190 bps lower than the region's rate from one year ago. Nonagricultural employment was 1.5 million, an increase of 68,700 jobs, or 5.0%, over the year. Out of Florida's major markets, Tampa Bay had the highest annual job growth in Financial Activities with 6,900 jobs and third highest in Professional & Business Service with 12,700 jobs. Office-using employment increased by 21,600 jobs in the last 12 months.

SUPPLY

Tampa Bay's overall vacancy was up 270 basis points (bps) year-over-year (YOY), marking the fifth straight quarter vacancy increased. A main driver for the increase in vacancy was the 25% YOY surge in vacant sublease space available, predominately in the Westshore and Northwest submarkets. Both Class A and B assets saw similar increases in vacancy, up 270 and 280 bps, respectively. The St. Petersburg Central Business District (CBD) was the lone submarket in Tampa Bay to see a YOY decrease, as vacancy remained tight at 6.9%. After peaking at 17.7% following the delivery of Thousand & One during the third quarter of 2021, the Tampa CBD saw vacancy decline for the third straight quarter to 14.7% with the building now 64% leased and tenants moving-in.

DEMAND

Leasing activity remained strong through the first half of the year with nearly 1.8 msf of new deals signed, up 24% from the same period in 2021. Class A assets continued to dominate demand, making up 68% of deals signed, as tenants flocked to newer, amenitized buildings. In Hillsborough County, the Tampa CBD and Westshore submarkets continued to attract larger tenants like Rapid-7, Cole, Scott, & Kissane, Gray Robinson, and Prudential Financial, making up 54% of new deals signed in 2022. There was less activity in Pinellas County through the first two quarters, as leasing activity was down 17% YOY with only 234,000 sf of new deals signed. The Tampa CBD was the only submarket to record positive absorption during the second quarter, even with Sykes vacating 68,000 sf at Rivergate Tower. The Southeast submarket had the most negative absorption, due to Ford Motor Credit subleasing the 120,500-sf building they previously occupied.

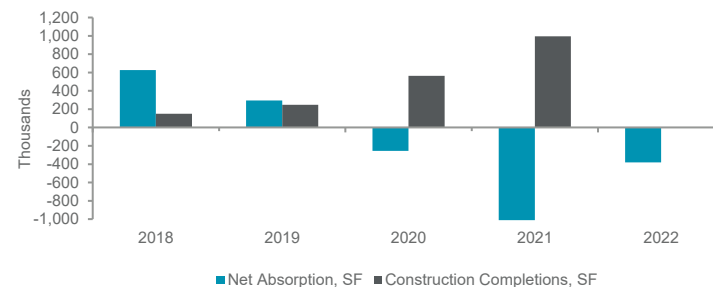
MARKET PRICING

Overall rents remained relatively stable, rising 2.5% YOY to \$29.63 per square foot (psf) full service. Class A assets in Hillsborough County had a 7.0% YOY increase, though they saw a third straight quarterly decrease as space in new construction that delivered in 2021 continues to lease and remove higher asking rates from the market. Class A asking rents in the Tampa CBD continued to be the highest in the region, averaging more than \$5 psf than the next closest submarket. Class A product in Pinellas County also had yearly increases, with the main driver being the 12.8% jump in the Gateway/Mid-Pinellas market.

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
1.5M Tampa Bay MSA Employment	▲	▲
2.3% Tampa Bay MSA Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

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)*
Tampa CBD	6,704,794	918,983	64,919	14.7%	102,706	155,100	316,001	0	\$40.19	\$43.36
Tampa Non-CBD	24,372,785	4,133,756	878,609	20.6%	-242,513	-310,171	1,203,975	75,000	\$29.49	\$31.90
Hyde Park	257,225	0	0	0.0%	0	0	13,751	0	N/A	N/A
Northeast Area	2,978,199	621,196	82,357	23.6%	-29,259	-39,024	98,681	0	\$29.21	\$30.62
Northwest Area	3,706,125	536,123	187,042	19.5%	-23,108	-37,934	234,877	75,000	\$26.30	\$26.61
Southeast Area	4,628,336	940,483	120,500	22.9%	-127,140	-110,827	97,967	0	\$24.61	\$24.47
Southwest Area	143,447	3,449	0	2.4%	2,970	1,417	4,419	0	\$21.00	N/A
Westshore	12,442,705	2,019,001	488,710	20.2%	-65,976	-123,803	753,182	0	\$33.44	\$38.04
TAMPA TOTALS	31,077,579	5,052,739	943,528	19.3%	-139,807	-155,071	1,519,976	75,000	\$30.87	\$33.82
St. Pete CBD	2,058,323	92,327	50,616	6.9%	-28,829	-32,420	44,373	0	\$32.26	\$33.46
St. Pete Non-CBD	8,882,566	1,446,528	160,531	18.1%	-24,198	-192,789	192,596	0	\$25.51	\$26.81
Bayside	1,376,426	241,322	17,015	18.8%	2,589	-31,106	45,797	0	\$24.20	\$24.87
Clearwater Downtown	597,689	52,338	0	8.8%	-4,077	-3,947	3,669	0	\$19.87	\$18.00
Countryside	954,218	133,295	0	14.0%	-14,160	-21,155	15,864	0	\$23.13	\$21.65
Mid Pinellas/Gateway	4,164,441	829,959	110,390	22.6%	28,929	-117,906	95,667	0	\$27.40	\$28.55
North Pinellas	1,141,777	102,814	33,126	11.9%	-18,912	-7,122	2,512	0	\$24.71	\$25.13
South St. Petersburg	648,015	86,800	0	13.4%	-18,567	-11,553	29,087	0	\$19.07	N/A
PINELLAS TOTALS	10,940,889	1,538,855	211,147	16.0%	-53,027	-225,209	236,969	0	\$25.95	\$27.43
TAMPA BAY TOTALS	42,018,468	6,591,594	1,154,675	18.4%	-192,834	-380,280	1,756,945	75,000	\$29.63	\$32.26

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
615 Channelside Drive	Tampa CBD	Rapid-7	41,769	New
500 North Westshore Boulevard	Westshore	Cole, Scott & Kissane, P.A.	37,109	New
101 E Kennedy Boulevard	Tampa CBD	Gray Robinson	32,313	New
1150 Assembly Drive	Westshore	Prudential	22,620	New
201 N Franklin Street	Tampa CBD	PNC Bank	21,963	Renewal

*Renewals are not included in leasing activity

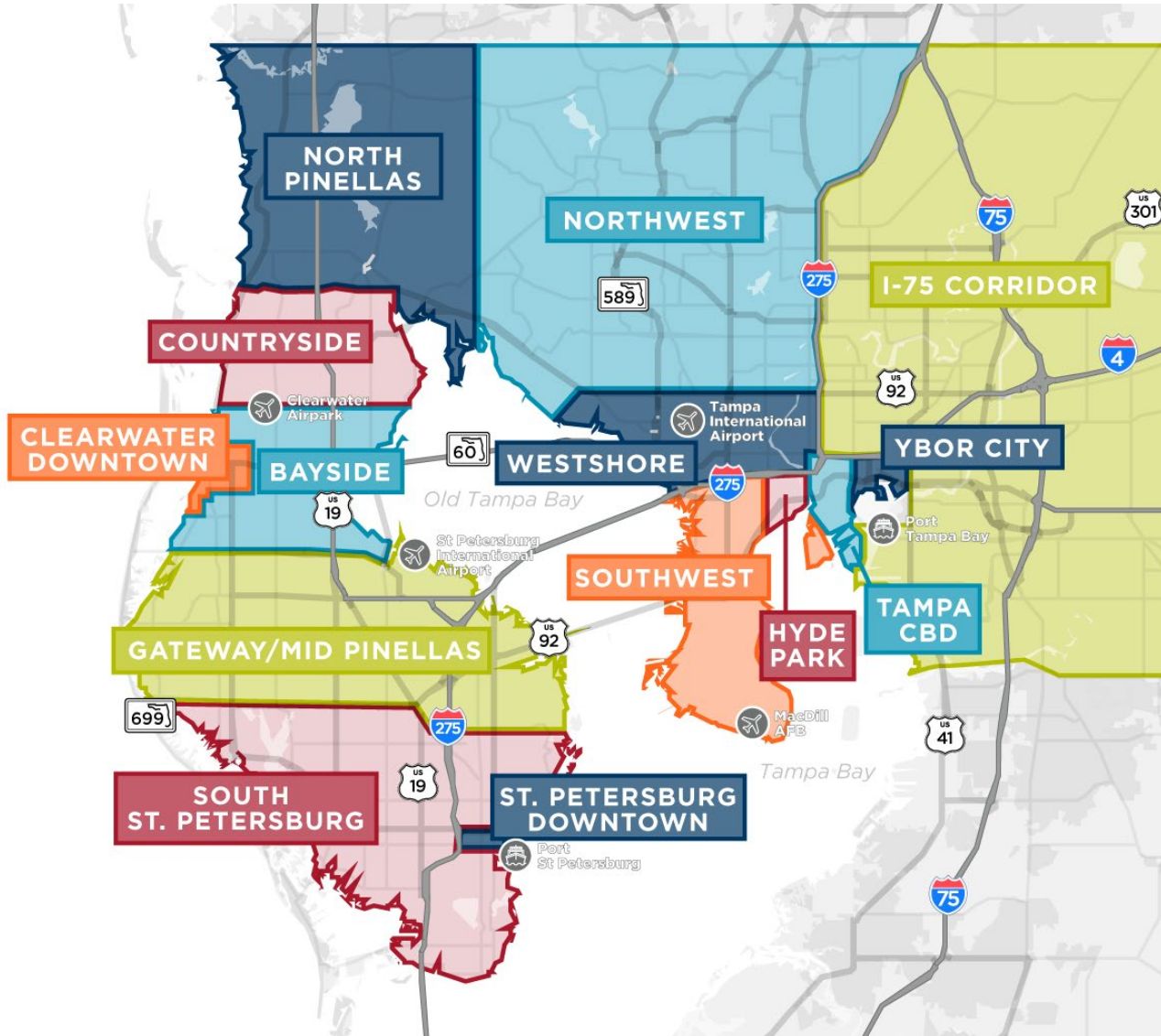
KEY SALE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE/\$ PSF
550 West Hillsborough Avenue	Northwest Area	GTE Wireless Zeno Office Solutions	155,000	\$27.3M \$168
5525 West Gray Street	Westshore	Highwoods Easterly Government Properties	138,000	\$70.4M \$510
4904 Eisenhower Boulevard	Westshore	TPG Real Estate Sason Organization	98,105	\$14.2M \$145

TAMPA BAY

Office Q2 2022

OFFICE SUBMARKETS



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