

Industrial Q2 2023

	YoY Chg	12-Mo. Forecast
4.4% Vacancy Rate	▲	▼
2.7M YTD Absorption, SF	▲	▲
\$9.06 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
1.5M Tampa Bay MSA Employment	▲	▲
2.7% Tampa Bay MSA Unemployment Rate	▲	▲
3.6% U.S. Unemployment Rate	▬	▲

Source: BLS

ECONOMY

The labor market in Tampa Bay remained tight with an unemployment rate of 2.7% in May 2023. This was up 10 basis points (bps) year-over-year (YOY), but significantly lower than the national rate of 3.6%. In the past year, Tampa Bay emerged as the front-runner in job creation across the state, contributing to almost 19.1% of the 331,500 jobs added. Nonagricultural employment totaled 1,534,900, adding 63,300 jobs YOY, a 4.3% increase. Industrial-using employment grew by 15,800 jobs YOY with trade, transportation & utilities adding 8,200 jobs and construction adding 5,900 new positions, both the largest gains in the state.

SUPPLY

Overall vacancy was down 60 bps quarter-over-quarter (QOQ) to 4.4%, well below the five-year average of 5.4%. Industrial product in Hillsborough County drove the decline in vacancy, recording a 100-bp QOQ decline to 4.5% while Pinellas County was up 30 bps to 4.0% during the same period. Although overall vacancy was down, the amount of vacant sublease product on the market was up 37.2% QOQ to 622,000 square feet (sf). This will be a trend to watch as companies that over or undershot space needs during the e-commerce boom during the global pandemic continue to correct needs and sublet space. The Eastside submarket recorded a decrease in vacancy for the fifth consecutive quarter, down 30 bps to an all-time low of 2.6%. Warehouse/distribution (W/D) product was down 110 bps QOQ to 4.7%, the lowest rate since Q4 2018. Over 643,000 sf of W/D product delivered 100% leased including 245,000 sf at TIA Logistics Center which was leased by a single user during the second quarter. There was another 2.7 million square feet (msf) under construction, of which 44.9% was pre-leased at the close of Q2.

DEMAND

As tight market conditions held, leasing activity slowed during Q2 with only 995,284 sf of new deals signed in the market, the lowest volume since Q1 2019. The Eastside submarket had most of the activity, thanks to a few large deals signed by Houston Wire & Cable, which took Gopher Resources' 132,000-sf sublet space at 8800-8824 E Adamo Dr, and Cirkul which expanded into 129,400 sf at 301 Logistics to fully occupy the building. Tampa Bay recorded a third consecutive quarter with over 1.0 msf of positive net absorption, ending Q2 at 1.3 msf. Key move-ins included Tesla occupying 455,000 sf at Southern Oaks and Leggett & Platt taking 330,000 sf at County Line Distribution Center in Plant City, and Ball Corporation occupying 398,000 sf in Buildings 100 and 400 at the newly delivered Tampa Commerce Center in the Eastside submarket.

MARKET PRICING

Industrial average rents rose 3.0% QOQ to \$9.04 per square foot (psf) triple net, the first time eclipsing the \$9.00 psf mark. W/D product also continued to break record highs after increasing 4.0% from the previous quarter to \$8.14 psf. The Westside submarket had the highest QOQ increase in W/D asking rents, up 4.7% to \$11.33 psf and 39.8% higher than the market average.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Eastside	51,082,155	1,322,874	2.6%	646,313	1,158,538	1,832,249	398,109	\$8.75	\$14.37	\$9.16
Westside	13,564,181	501,965	3.7%	27,940	467,224	0	245,000	\$11.00	\$12.70	\$11.38
South Tampa	819,449	60,000	7.3%	-60,000	0	0	0	N/A	N/A	N/A
Plant City	17,032,225	1,863,430	10.9%	2,164,405	542,096	261,866	1,419,375	N/A	N/A	\$7.02
Hillsborough Totals	82,498,010	3,748,269	4.5%	2,778,658	2,167,858	2,094,115	2,062,484	\$9.30	\$13.74	\$7.86
Gateway/Mid-Pinellas	25,122,427	855,430	3.4%	92,139	382,505	561,178	77,868	\$10.67	\$13.01	\$10.17
North Pinellas	5,227,933	70,768	1.4%	13,171	38,355	0	0	\$8.44	\$11.56	\$9.00
South Pinellas	5,666,387	516,381	9.1%	-140,633	36,733	0	0	\$8.17	\$10.00	\$9.39
Pinellas Totals	36,016,747	1,442,579	4.0%	(35,323)	457,593	561,178	77,868	\$9.34	\$12.79	\$9.77
Tampa Bay Totals	118,514,757	5,190,848	4.4%	2,743,335	2,625,451	2,655,293	2,140,352	\$9.34	\$13.34	\$8.14

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

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

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
TIA Logistics Center	Westside	Confidential	245,000	New
2000 N 62nd Street	Eastside	NFI Industries, Inc.	191,275	Renewal
8800-8824 E Adamo Dr	Eastside	Houston Wire & Cable	132,053	Sublease
301 Logistics	Eastside	Cirkul, Inc.	129,424	Expansion
Tampa Regional Industrial Park	Eastside	Ralph's Transfer Co., Inc.	63,362	Renewal
5115 Ulmerton Road	Gateway/Mid-Pinellas	Apyx Medical	61,950	Sale Leaseback

*Renewals are not included in leasing activity

KEY SALE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Skyway Business Center	South Pinellas	Woodhill Real Estate Susquehanna Holdings, LTD	232,555	\$18.5M \$80
CAE Building	Westside	Tryumph, LLC IP Capital Partners	214,806	\$23.0M \$107

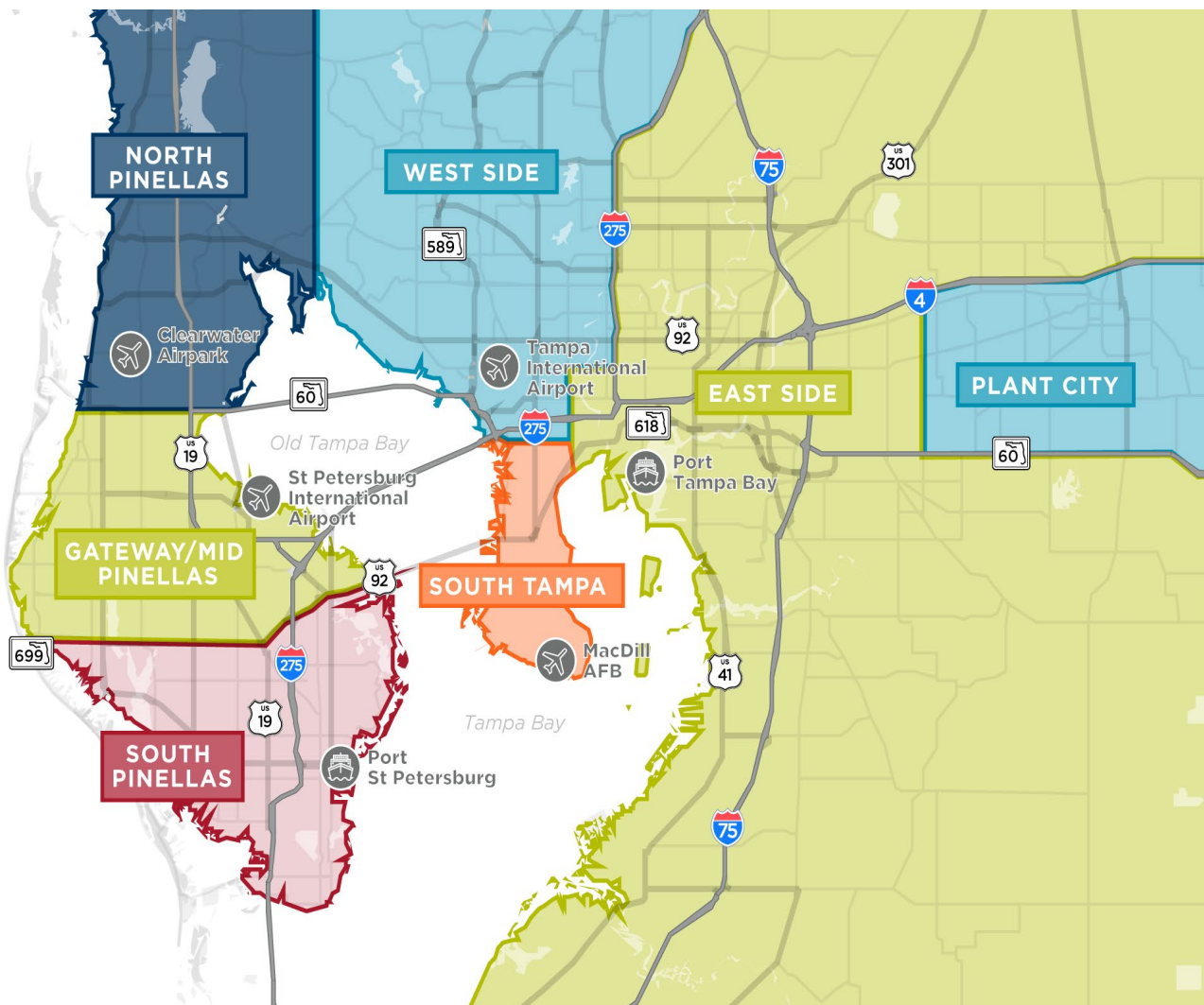
KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER
Tampa Commerce Center – Building 400	Eastside	Ball Corporation	252,109	Hines
TIA Logistics Center	Westside	Confidential	245,000	Scannell Properties
Tampa Commerce Center – Building 100	Eastside	Ball Corporation	146,000	Hines

TAMPA BAY

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INDUSTRIAL SUBMARKETS



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