

Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▼	▼
3.7M YTD Absorption, SF	▲	▲
\$9.62 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
1.5M Tampa Bay MSA Employment	▲	▲
3.0% Tampa Bay MSA Unemployment Rate	▲	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The labor market in Tampa Bay demonstrated robust growth in the face of national economic challenges during 2023. Nonfarm employment reported a noteworthy increase of 1.9%, translating to the addition of 29,500 jobs year-over-year (YOY). Despite a slight uptick in the unemployment rate, marking a 40-basis-point (bp) rise to 3.0% YOY, it remained considerably below the national average of 3.7%. The industrial sector underwent substantial growth, with the manufacturing (2,300 jobs) and construction (1,900 jobs) industries both recording the second-highest annual job growth compared to all other metro areas in the state.

SUPPLY and DEMAND

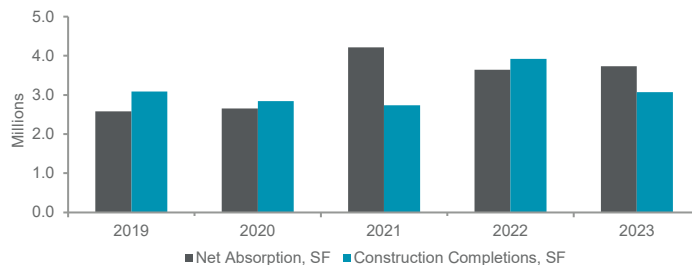
Overall vacancy concluded the year at 4.3%, well below the five-year average of 5.4%, while warehouse/distribution (W/D) vacancy settled at 5.0%, reflecting a notable 90-bp YOY decrease and remaining beneath the five-year average of 6.1%. Both Hillsborough and Pinellas counties registered annual declines, with decreases of 80 bps to 4.8% and 40 bps to 3.2%, respectively. The Plant City submarket marked its fourth consecutive quarterly decline and recorded the most substantial YOY reduction in W/D vacancy, plummeting an exceptional 910 bps to 11.2%. This was driven by prominent users Lowes, Tesla, and Leggett and Platt occupying a combined 2.0 million square feet (msf) throughout the year. A total of 336,100 square feet (sf) of new W/D product delivered in Q4, exclusively in Pinellas County. The year-end total for 2023 reached 3.1 msf of new product delivered, with leases secured for an impressive 83.7% of the total space. An additional 3.3 msf remained under construction, of which 57.0% was preleased.

Leasing activity, which experienced three years of exceptionally high levels, normalized in 2023, concluding with 5.2 msf. This marked a 38.8% YOY decrease but aligned with pre-pandemic levels in 2018 and 2019. W/D product constituted 84.4% of total leasing activity in 2023, amounting to 4.4 msf and reflecting a 37.0% YOY decline. Activity decelerated notably in Q4, totaling only 828,300 sf, marking the lowest quarterly volume since Q1 2019. Only two new deals were signed over 50,000 sf during Q4. Axis Redistribution secured the largest deal, taking the remaining 180,300 sf at County Line Distribution Center, while RXO Inc. became the inaugural tenant at South Shore Corporate Park, leasing 57,700 sf in Building B. The Eastside submarket continued to dominate tenant demand, contributing to 40.2% of all leases signed in 2023. Gateway was the sole submarket to record a YOY increase in leasing activity, rising by 12.7% to 837,000 sf. Overall absorption concluded the year at 3.7 msf, marking the second-highest volume ever documented, surpassed only by the unprecedented levels recorded in 2021 with 4.2 msf.

MARKET PRICING

Overall direct asking rents ended 2023 at \$9.61 per square foot (psf), reflecting an impressive 18.0% YOY increase. W/D rents broke the \$9 milestone for the first time, concluding the year at \$9.02 psf and marking a substantial 25.6% YOY surge. The Eastside and Plant City submarkets stood out with two of the most substantial YOY increases in W/D asking rates. The Eastside had a 16.2% climb to \$10.32 psf, while Plant City recorded a 15.8% increase, reaching \$7.03 psf. These submarkets encompassed 78.5% of the new product delivered in 2023 and contributed significantly to the upward trajectory of W/D asking rates.

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	51,600,445	1,770,346	3.4%	737,410	2,095,778	7,288,863	889,894	\$8.75	\$14.03	\$10.19
Westside	13,543,474	529,742	3.9%	163	748,963	273,822	245,000	N/A	\$12.79	\$13.49
South Tampa	819,449	60,000	7.3%	-60,000	-	-	-	N/A	N/A	N/A
Plant City	17,092,745	1,609,132	9.4%	2,515,127	1,291,758	736,756	1,521,241	N/A	N/A	\$7.03
Hillsborough Totals	83,056,113	3,969,220	4.8%	3,192,700	4,136,499	2,920,396	2,656,135	\$8.75	\$13.57	\$8.37
Gateway/Mid-Pinellas	25,229,680	648,016	2.6%	620,171	836,975	347,230	413,976	N/A	\$12.01	\$11.02
North Pinellas	5,227,933	40,851	0.8%	43,088	107,880	0	0	\$8.72	\$12.25	N/A
South Pinellas	5,481,265	466,628	8.5%	-121,480	128,179	0	0	\$8.17	\$13.00	\$9.84
Pinellas Totals	35,938,878	1,155,495	3.2%	541,779	1,073,034	347,230	413,976	\$8.21	\$12.04	\$10.53
Tampa Bay Totals	118,994,991	5,124,715	4.3%	3,743,479	5,209,533	3,267,626	3,070,111	\$8.26	\$12.89	\$9.07

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

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

KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE	QUARTER
Southern Oaks Business Park - Building 1	Plant City	Tesla	455,154	New Lease	Q1
301 Logistics	Eastside	Cirkul	390,711	Renewal / Expansion	Q2
TIA Logistics Center	Westside	Fanatics	245,000	New Lease	Q2
Tampa Distribution Center - Building A	Eastside	HD Supply	229,308	Renewal	Q4
2000 N. 62nd Street	Eastside	NFI Industries	191,275	Renewal	Q2
County Line Distribution Center	Plant City	Axis Redistribution	180,308	New Lease	Q4

*Renewals are not included in leasing activity

KEY SALE TRANSACTIONS 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF	QUARTER
301 Logistics	Eastside	Angelo Gordon Hines	390,711	\$46.0M \$118	Q4
Tampa Airport Logistics Center	Westside	PCCP / NorthPoint Clarion Partners	297,254	\$55.5M \$187	Q4

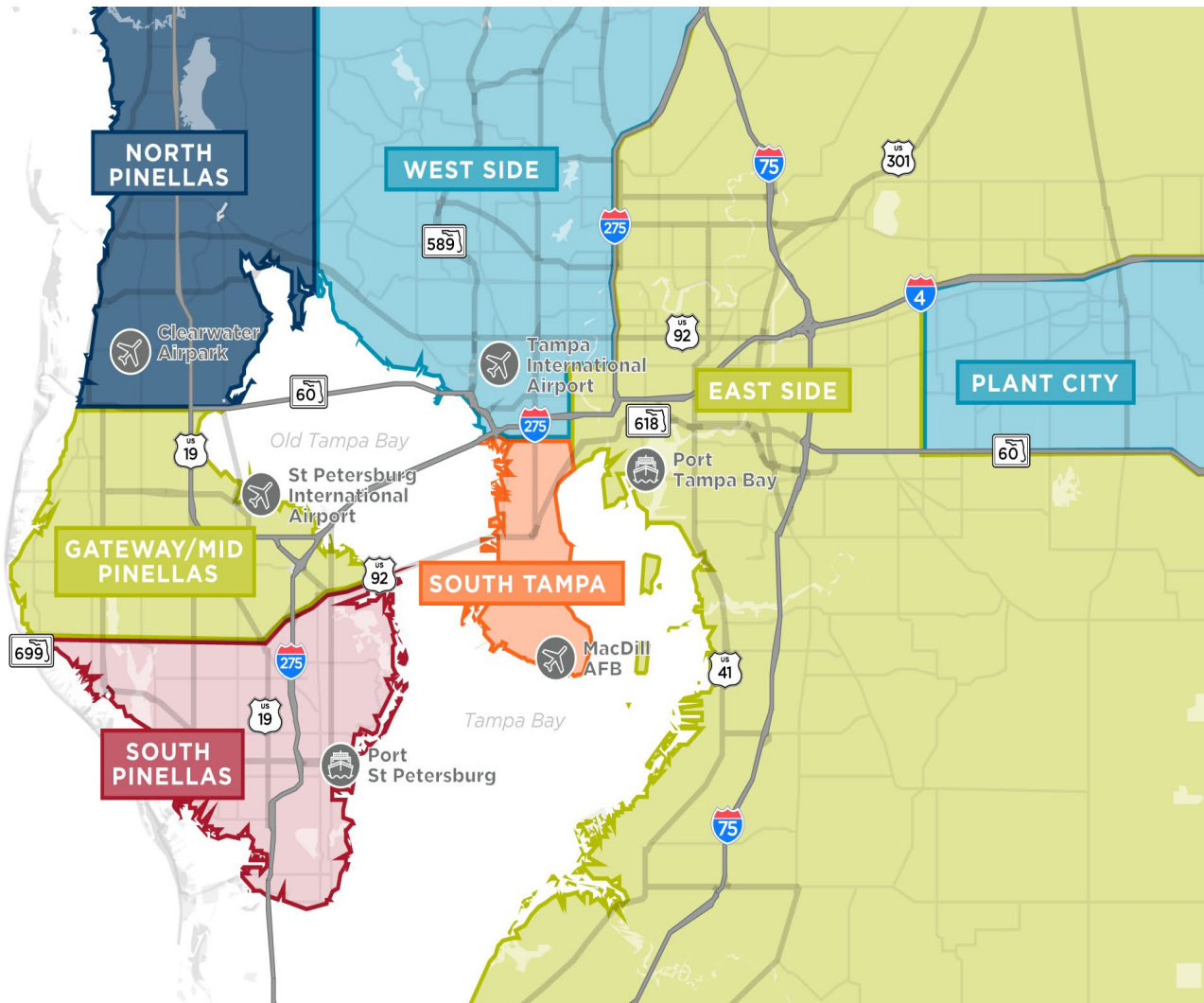
KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER	QUARTER
Lowe's - County Line Farms Distribution Park	Plant City	Lowe's	1,204,632	Aspyre Properties	Q1
Tampa Commerce Center – Buildings 100 & 400	Eastside	Ball	398,109	Hines	Q2
TIA Logistics Center	Westside	Fanatics	245,000	Scannell Properties	Q2

TAMPA BAY

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INDUSTRIAL SUBMARKETS



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