



Tampa Bay

Office

22Q2

The Tampa Bay office market experienced a slight bounce back with positive absorption returning amidst a fluctuating national economy

Sharleen Hamilton | Senior Research Associate, West and Central Florida

Key Takeaways

- Landlords are providing more turnkey ready spec suites for smaller tenants that do not want to wait months to move into space.
- Asking rental rates in Class A buildings in active submarkets have increased 8%-10% throughout the pandemic, even as the occupancy rate dropped from 89.8% in 2020 to 85.8% during the current quarter.
- The most active submarket year-to-date was the Westshore submarket, with 3.7M sq. ft. or 38.0% of leasing activity in the market, supporting the increased asking rates in the area.



Tampa Bay

Office

22Q2



Vacancy Rate
14.2%
YOY FORECAST



Net Absorption
87.9K SF
YOY FORECAST



Under Construction
75K SF
YOY FORECAST



Overall Class A Asking Lease Rates (FSG)
\$33.25/SF
YOY FORECAST

Executive Summary

The national and global economy saw their fair share of fluctuations during the quarter, from geopolitical events and increased interest rates to the ongoing war in Ukraine and recovery from the pandemic. However, signs of activity and demand for office space in Tampa Bay remained relatively constant in light of the negative economic forces globally. The Tampa metro area unemployment rate hit 3.2%, falling 120 basis points (bps) year-over-year (YOY), on the addition of 30,898 jobs, for a job growth rate of 1.2%. In addition, office landlords benefited from steady employment gains in sectors that positively impacted demand. Those sectors included an increase in professional business services of 4.9% and an information services job growth of 7.7%.

Employment growth will remain strong as population and business migration continues to benefit the Tampa Bay region. In addition, job diversification will positively impact the Tampa Bay economy with increased information technology and health-related companies moving to the region and assisting in job creation. These companies included Genesis Systems, a technology company moving to Tampa from Kansas City. In addition, Avanade, a Seattle-based technology firm, INVO Bioscience expanded from Kansas City to the Tampa Bay area.

While vacancy continually increased since the pandemic's start, the second quarter of 2022 remained unchanged from the previous quarter. Vacancy rose from 10.1% to 14.2% during the pandemic, compared to a marginal increase from 9.8% to 10.0% two years before the pandemic. Similarly, sublease availability has doubled in the market to 3.0M sq. ft. year-to-date. Notable sublease activity during the second quarter included the North Pinellas submarket absorption of 23,000 sq. ft. of sublet space; Corporate Center III in the Westshore submarket leased 30,000 sq. ft. of sublet space; and the East/Northeast Tampa submarket addition of 120,500 sq. ft. sublease, inventory from Ford Motor Credit at Sabal Pavilion.

Investment interest from local, national, and foreign investors in Tampa's office products remains active for all office types and product categories, ranging from value-add opportunities to stabilized assets. Several assets have recently traded, albeit investment activity remained minimal during the year's first half, with lenders remaining cautious/conservative for office products due to worldwide events affecting the market.

Market Indicators



3.2%
Unemployment Rate



2.84%
GDP - Quarterly % change yr.lyr.

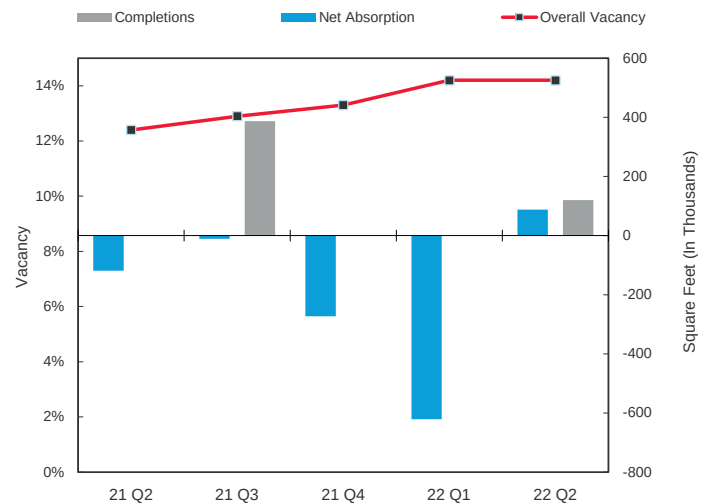


3.01%
U.S. 10 Year Treasury Note

Historic Comparison

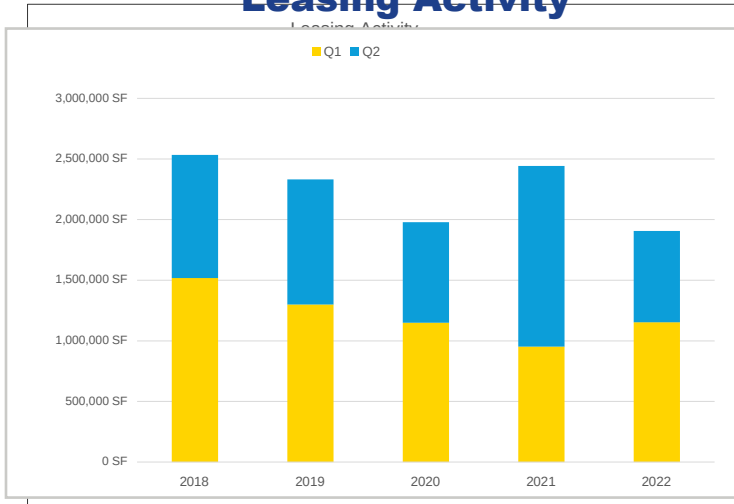
	2021 Q2	2022 Q1	2022 Q2
Total Inventory	70,284,970	70,671,970	70,801,970
New Supply	-	-	120,000
Net Absorption (YTD)	(662,170)	(620,917)	(533,041)
Overall Vacancy	12.4%	14.2%	14.2%
Under Construction	592,000	205,000	-

Market Trends

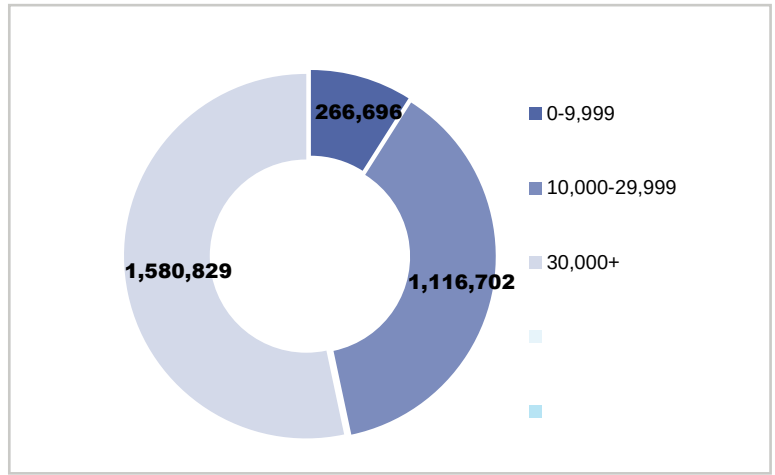


Source: Elmston International, CoStar, Real Capital Analytics

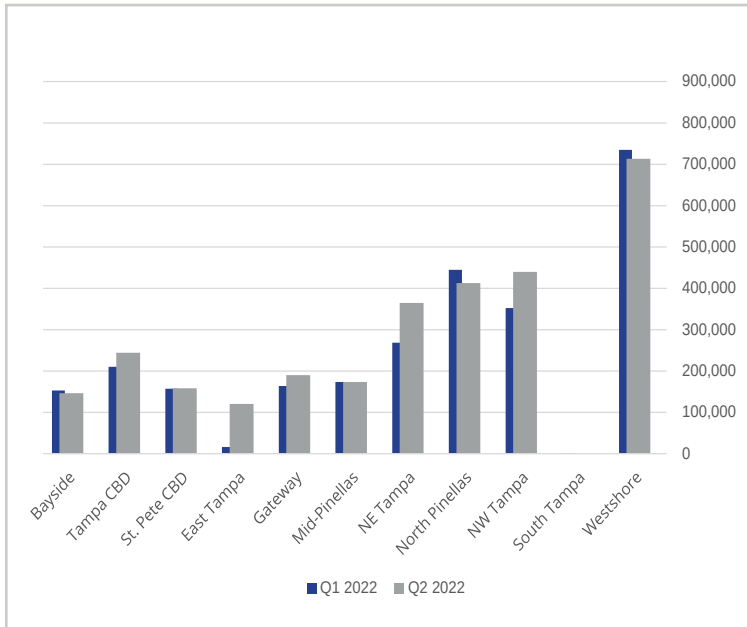
Leasing Activity



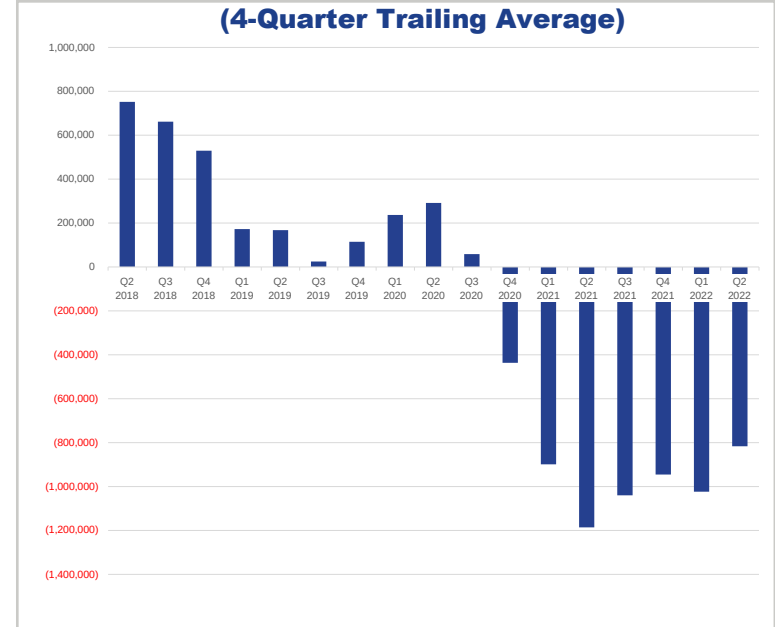
Sublease Availability By Sq. Ft.



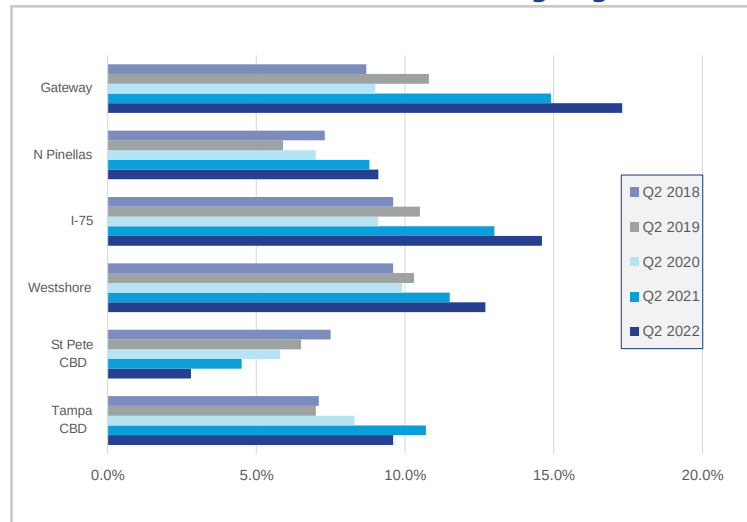
Available Sublease By Submarket



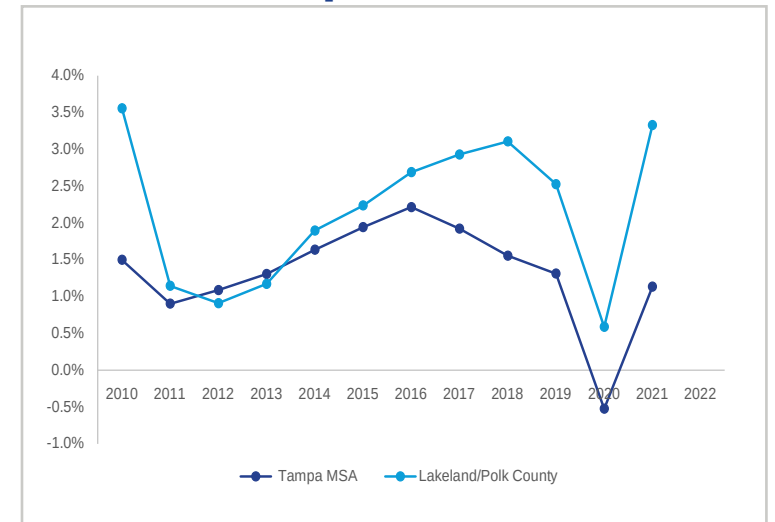
Trailing 4-Quarter Absorption Total (4-Quarter Trailing Average)



Historical Direct Vacancy by Submarket



YOY Population % Increase



Submarket Breakdown

Property Type	# of Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Trailing 4-Qtr Absorption Total	New Completions SF	Under Construction SF	Average Direct Asking Rate FSG
Tampa CBD									
A	20	6,590,986	12.3%	15.5%	82,253	216,744	0	0	\$35.56
B , C	56	2,377,325	2.1%	2.2%	127,142	101,515	0	0	\$19.07
Overall	76	8,968,311	9.6%	12.0%	209,395	318,259	0	0	\$33.25
Westshore									
A	41	8,062,158	12.2%	16.4%	-24,675	-85,852	0	0	\$37.01
B , C	168	7,345,922	13.2%	16.3%	-90,600	-257,715	0	0	\$27.70
Overall	209	15,408,080	12.7%	16.3%	-115,275	-343,567	0	0	\$33.25
I-75 Corridor									
A	41	4,935,522	17.0%	24.7%	-43,256	-167,820	120,000	0	\$27.12
B , C	252	8,416,739	13.2%	13.7%	-62,748	-148,214	0	0	\$24.31
Overall	293	13,352,261	14.6%	17.8%	-106,004	-316,034	120,000	0	\$24.25
Northwest									
A	17	1,657,964	5.6%	12.8%	11,409	46,232	0	0	\$26.24
B , C	190	5,267,754	10.7%	14.0%	19,322	41,107	10,000	75,000	\$21.62
Overall	207	6,925,718	9.4%	13.7%	30,731	87,339	0	75,000	\$24.25
North Pinellas									
A	16	1,333,324	6.1%	31.7%	-5,181	-319,790	0	0	\$23.18
B , C	123	2,847,860	10.5%	10.5%	-15,626	15,188	0	0	\$22.40
Overall	139	4,181,184	9.1%	17.2%	-20,807	-304,602	0	0	\$22.75
Gateway									
A	20	2,062,533	17.9%	19.4%	7,976	26,058	0	0	\$25.81
B , C	100	3,372,216	17.0%	17.5%	-20,934	-137,582	0	0	\$22.34
Overall	120	5,434,749	17.3%	18.2%	-12,958	-111,524	0	0	\$24.00
St. Petersburg CBD									
A	8	1,655,357	2.3%	4.9%	16,392	16,941	0	0	\$35.95
B , C	39	1,546,037	3.4%	3.7%	-5,483	8,907	0	0	\$24.98
Overall	47	3,201,394	2.8%	4.3%	10,909	25,848	0	0	\$31.50

Tampa Bay Overall Market

Quarter & Year	Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Trailing 4-Qtr Absorption Total	New Completions SF	Under Construction SF	Overall Average Direct Asking Rate FS	Class A Average Direct Asking Rate FS
2022 Q2	1,530	70,801,970	11.2%	14.2%	87,876	-816,326	120,000	75,000	\$28.38	\$31.28
2022 Q1	1,528	70,671,970	11.3%	14.2%	-620,917	-1,023,114	0	205,000	\$27.98	\$31.36
2021 Q4	1,528	70,671,970	11.1%	13.3%	-272,594	-945,455	0	205,000	\$27.74	\$30.99
2021 Q3	1,528	70,671,970	11.2%	12.9%	-10,691	-1,039,898	387,000	205,000	\$27.16	\$30.33
2021 Q2	1,527	70,284,970	10.8%	12.4%	-118,912	-1,186,009	0	592,000	\$27.34	\$30.67
2021 Q1	1,527	70,284,970	10.8%	12.2%	-543,258	-898,601	173,754	592,000	\$27.35	\$30.97
2020 Q4	1,525	70,111,216	10.1%	11.2%	-367,037	-436,199	313,000	755,754	\$26.88	\$30.20
2020 Q3	1,522	69,798,216	9.2%	10.3%	-156,802	58,477	0	993,754	\$27.82	\$32.57
2020 Q2	1,522	69,798,216	8.7%	10.1%	168,496	291,303	133,691	873,754	\$27.44	\$32.54

Significant Sales Activity

Address	Class	Size	Buyer	Sales Price	Submarket
5525 W Gray Street	A	138,039	Easterly Government Properties	\$70,350,000 \$509/SF	Westshore
6550 W Hillsborough Avenue	B	161,455	Thomas Frederick	\$27,300,000 \$169/SF	Westshore
4904 Eisenhower Boulevard	B	98,105	Bridge Operating LLC	\$14,225,000 \$145/SF	Westshore

Significant Lease Activity

Property/Address	Class	Size	Tenant	Lease Type	Submarket
Sparkman Wharf	A	42,753	Rapid7	New	Tampa CBD
Westshore 500	A	42,500	Cole, Scott, Kissane, PA	New	Westshore
Bank of America Plaza	A	32,313	GrayRobinson	New	Westshore
Midtown West	A	22,272	Prudential	New	Westshore

494 offices in 62 countries on 6 continents

United States: 158

Canada: 44

Latin America: 19

Asia Pacific: 39

EMEA: 108



\$4.3B

in revenue



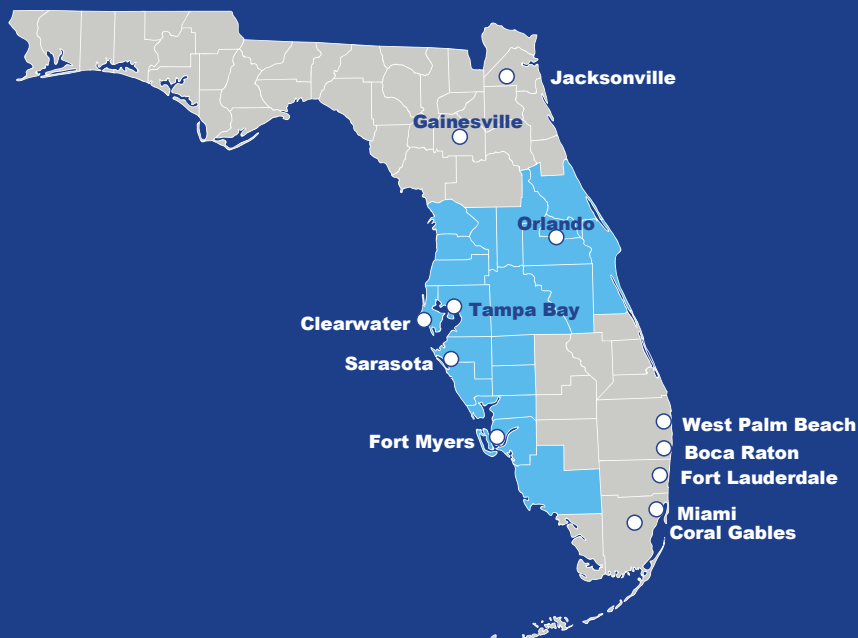
2B

square feet
under management



17,000±

professionals and staff



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Central and West Florida Regional Locations:

Tampa Bay

4830 West Kennedy Boulevard
Suite 300
Tampa, FL 33609

Orlando

255 South Orange Avenue
Suite 1300
Orlando, FL 32801

Clearwater

311 Park Place Boulevard
Suite 600
Clearwater, FL 33759

Ft. Myers

13241 University Drive
Suite 101
Fort Myers, FL 33907

