

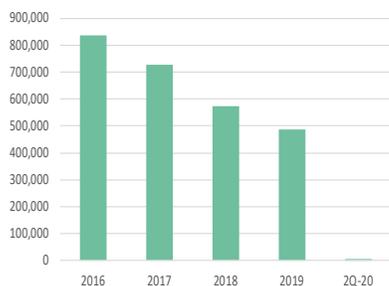
Tampa Bay

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Tampa Bay market's health. Third quarter activity is expected to provide greater clarity.

Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/FS)



Tampa's Office Market Remains on Solid Ground with Healthy Rent Growth and No Spike in Sublease Space

- Although the United States suffered the steepest recession in history in the second quarter of this year, Tampa's office market was resilient during the same period. Leasing activity was brisk during the second quarter, with seven large deals signed north of 10,000± sf, including a 147,111-sf lease with T-Mobile at Netpark Tampa Bay, and a 36,820-sf with coworking firm Industrious. Nearly every major submarket in the Tampa Bay area recorded at least one significant lease between April and June.
- Overall vacancy has risen slightly by 17 basis points over the trailing 12-month period ending with June, and overall asking rents have accelerated, rising 1.5% over the same period with class A rents up 2.5%.
- With the majority of office tenants shifting to work from home arrangements since mid-March, longer term implications for the office market are likely as workplace trends change and companies readjust their space requirements to compensate for a more remote workforce.
- Wellness is a relatively new trend in commercial real estate, but it has now become a top priority for the long-term after the COVID-19 pandemic. Water Street Tampa, the mixed-use urban district under construction in downtown Tampa, is the world's first WELL Certified neighborhood. WELL Certification is the first rating system to focus exclusively on the impacts of buildings on human health and wellness.

Trends to Watch



CBD vs. Suburbs

A larger shift of tenants relocating from the CBD to suburban office markets due to lower density, smaller buildings, lower rental rates, and more parking is increasingly possible.



Changing Footprints

Space utilization requirements continue to change and will be further refined as we move through the current pandemic.



Future of Co-Working

As there will always be a need for collaboration and social interaction, there will always be some level of demand for co-working space, although it may need to be reimagined.

41.2 MSF

Total office inventory in the Tampa Bay office market

6,580 SF

Direct Y-T-D net absorption as of 2Q-2020

11.45%

Overall Vacancy

\$31.11/SF/FS

Average rental rate for class A space

Tampa Bay MSA										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	22,480,657	1,692,588	291,891	\$31.11	92.47%	7.53%	1.30%	8.83%	1,196,845	32,790
Class B	18,743,694	2,403,951	333,675	\$22.65	87.17%	12.83%	1.78%	14.61%	0	(26,210)
Total	41,224,351	4,096,539	625,566	\$26.14	90.06%	9.94%	1.52%	11.45%	1,196,845	6,580

HILLSBOROUGH COUNTY										
I-75 Corridor										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	2,744,201	320,319	23,598	\$26.43	88.33%	11.67%	0.86%	12.53%	0	97,653
Class B	3,992,708	407,963	228,341	\$21.23	89.78%	10.22%	5.72%	15.94%	0	205,606
Total	6,736,909	728,282	251,939	\$23.52	89.19%	10.81%	3.74%	14.55%	0	303,259

Northwest Tampa										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,482,804	37,238	0	\$26.16	97.49%	2.51%	0.00%	2.51%	0	149,142
Class B	2,934,774	472,859	74,076	\$22.80	83.89%	16.11%	2.52%	18.64%	0	(145,615)
Total	4,417,578	510,097	74,076	\$23.04	88.45%	11.55%	1.68%	13.22%	0	3,527

South Tampa										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	48,050	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Class B	279,023	28,192	0	\$26.39	89.90%	10.10%	0.00%	10.10%	0	(11,578)
Total	327,073	28,192	0	\$26.39	91.38%	8.62%	0.00%	8.62%	0	(11,578)

Tampa CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	5,306,173	421,862	106,155	\$32.60	92.05%	7.95%	2.00%	9.95%	405,000	(71,165)
Class B	1,064,056	47,875	10,210	\$25.44	95.50%	4.50%	0.96%	5.46%	0	(19,986)
Total	6,370,229	469,737	116,365	\$31.87	92.63%	7.37%	1.83%	9.20%	405,000	(91,151)

Westshore										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	7,772,003	549,795	114,683	\$36.35	92.93%	7.07%	1.48%	8.55%	791,845	(104,216)
Class B	4,673,893	563,979	20,148	\$27.26	87.93%	12.07%	0.43%	12.50%	0	37,957
Total	12,445,896	1,113,774	134,831	\$31.75	91.05%	8.95%	1.08%	10.03%	791,845	(66,259)

PINELLAS COUNTY										
Bayside										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	785,760	111,138	2,502	\$24.69	85.86%	14.14%	0.32%	14.46%	0	(51,659)
Class B	979,079	223,705	0	\$21.34	77.15%	22.85%	0.00%	22.85%	0	(4,062)
Total	1,764,839	334,843	2,502	\$22.45	81.03%	18.97%	0.14%	19.11%	0	(55,721)

Gateway										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,726,806	101,471	39,134	\$26.56	94.12%	5.88%	2.27%	8.14%	0	(11,072)
Class B	1,822,154	300,040	0	\$20.29	83.53%	16.47%	0.00%	16.47%	0	(21,845)
Total	3,548,960	401,511	39,134	\$21.88	88.69%	11.31%	1.10%	12.42%	0	(32,917)

Mid Pinellas										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	94,470	11,172	0	\$24.00	88.17%	11.83%	0.00%	11.83%	0	2,208
Class B	849,223	129,550	0	\$16.41	84.74%	15.26%	0.00%	15.26%	0	40,994
Total	943,693	140,722	0	\$17.01	85.09%	14.91%	0.00%	14.91%	0	43,202

North Pinellas										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	970,075	69,194	2,653	\$20.48	92.87%	7.13%	0.27%	7.41%	0	10,333
Class B	925,717	101,067	900	\$20.74	89.08%	10.92%	0.10%	11.01%	0	(53,881)
Total	1,895,792	170,261	3,553	\$20.63	91.02%	8.98%	0.19%	9.17%	0	(43,548)

South Pinellas										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	648,792	81,692	0	\$19.31	87.41%	12.59%	0.00%	12.59%	0	(24,223)
Total	648,792	81,692	0	\$19.31	87.41%	12.59%	0.00%	12.59%	0	(24,223)

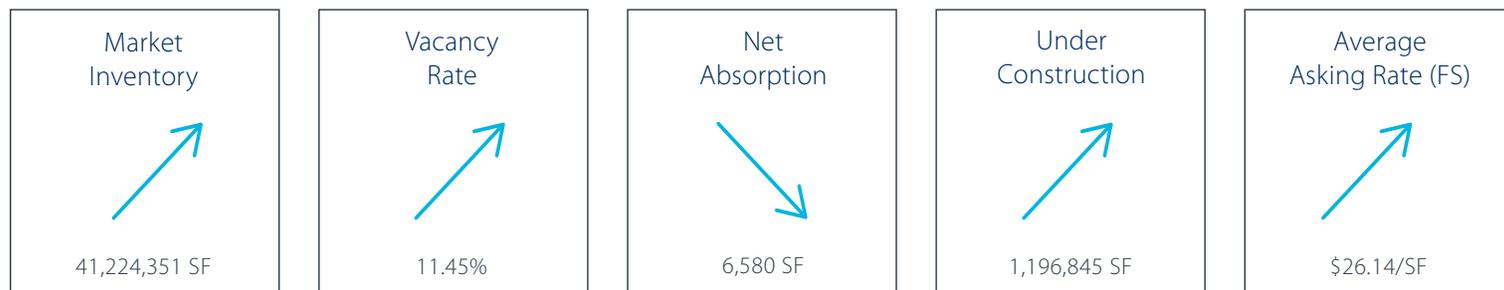
St Petersburg CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Direct Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,550,315	70,399	3,166	\$33.40	95.46%	4.54%	0.20%	4.75%	0	11,566
Class B	574,275	47,029	0	\$21.45	91.81%	8.19%	0.00%	8.19%	0	(29,577)
Total	2,124,590	117,428	3,166	\$28.62	94.47%	5.53%	0.15%	5.68%	0	(18,011)

CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	6,856,488	492,261	109,321	\$32.71	92.82%	7.18%	1.59%	8.77%	405,000	(59,599)
Class B	1,638,331	94,904	10,210	\$23.46	94.21%	5.79%	0.62%	6.42%	0	(49,563)
Total	8,494,819	587,165	119,531	\$31.22	93.09%	6.91%	1.41%	8.32%	405,000	(109,162)

Non-CBD / Suburban										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	15,624,169	1,200,327	182,570	\$30.45	92.32%	7.68%	1.17%	8.85%	791,845	92,389
Class B	17,105,363	2,309,047	323,465	\$22.61	86.50%	13.50%	1.89%	15.39%	0	23,353
Total	32,729,532	3,509,374	506,035	\$25.29	89.28%	10.72%	1.55%	12.27%	791,845	115,742

Reporting Methodology: This report includes all office buildings and parks 20,000 SF and greater in the Tampa Bay MSA that are not government owned. All rents are reported on a full-service gross basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but not guaranteed.

Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)



Significant Second Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
T-Mobile	Netpark Tampa Bay	New	147,111	I-75 Corridor
Industrious	200 Central Ave	New	36,820	St Petersburg CBD
Wellbilt	Buschwood III	Sublease	16,500	Northwest Tampa
Milliman	Bayport Plaza	Renewal/Expansion	15,743	Westshore
Healthmap Solutions	Woodland Corporate Center	Sublease	13,624	Northwest Tampa
Planet Home Lending	Westwood Center	New	12,723	Westshore
Carollo Engineers	Bank of America Plaza	New	11,148	Tampa CBD

Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Cap Rate	Buyer	Submarket
14014 E Fieldside Pl (Disney)	64,000	\$16,000,000	\$250	7.08%	Ritz Banc Group	I-75 Corridor
3802 Coconut Palm Dr	60,000	\$4,000,000	\$67	NA	HCI Group, Inc.	I-75 Corridor
9700 Dr Martin Luther King Jr St N	23,230	\$3,500,000	\$151	NA	Individual Investor	Gateway



