



Tampa Bay office market reflects effects of COVID-19, but impact may be more muted compared to other cities

While certain effects of the ongoing COVID-19 pandemic on the Tampa Bay market are clearly evident, such as increasing unemployment and declines in leasing activity, overall, the Tampa Bay area did not see the same dramatic impact that many of the major U.S. office markets saw in the second quarter. At the end of the quarter, overall availability was essentially unchanged from Q1 2020. Asking rents for Class A buildings ticked up in both Westshore and Downtown Tampa, which is likely due to landlords matching rates of new supply hitting the market and holding asking rates firm while offering other concessions. Central Florida's strong fundamentals entering the pandemic could keep it poised for a quicker rebound.

Demand drops significantly as organizations continue to work from home

Leasing activity dropped roughly 37.3% quarter on quarter, which was expected as organizations are continuing to implement work from home strategies to reduce virus spread. Still, several large leases were completed. Travelers Insurance renewed 53,886 square feet (sf) at 1 North Dale Mabry Highway, First American Title signed a 40,000-sf new lease at 8605 Largo Lakes Drive in Mid Pinellas, and Industrious announced a 37,000-sf lease at 200 Central Avenue in Downtown St. Petersburg, even as the coworking sector remains particularly challenged.

Supply likely to increase in the second half of the year through sublease availability and new deliveries

Many predict that available sublease space will proliferate as businesses try to mitigate costs and some office tenants adapt and embrace the work from home model on a more permanent basis. A snapshot of the Tampa Bay market at quarter-end showed 238,486 sf of new sublet space hit the market over the quarter, but this was spread across fifteen buildings and multiple submarkets. Many expect the second half of 2020 to provide more telling signs of COVID-19 impact on Tampa Bay. Pandemic or not, though, new construction will finally begin to deliver in late 2020 and a flight to quality may be possible for those tenants restricted for so long by limited supply in Tampa Bay.

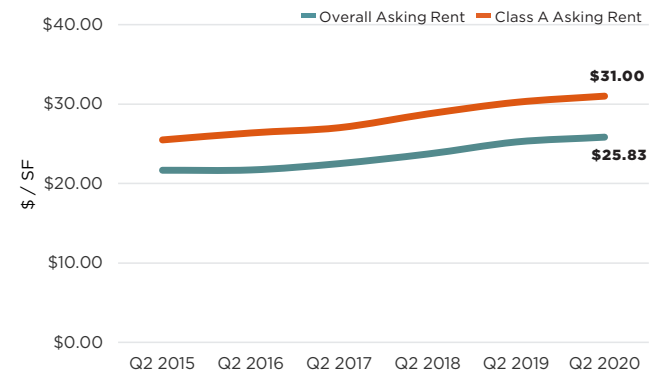
Outlook

- De-densification is expected for future of office layouts, but wellness has also come to the forefront in the pandemic; WELL designation for both buildings and office space may become more popular
- Landlords are holding asking rates firm for now, but more generous concession offerings will result in tenant favorability that has not been seen for quite some time
- Often seen as a drawback in the past, Tampa Bay's lack of mass transit may actually bolster the region's future ability to attract companies seeking to avoid dense and public-transit-reliant areas of the country

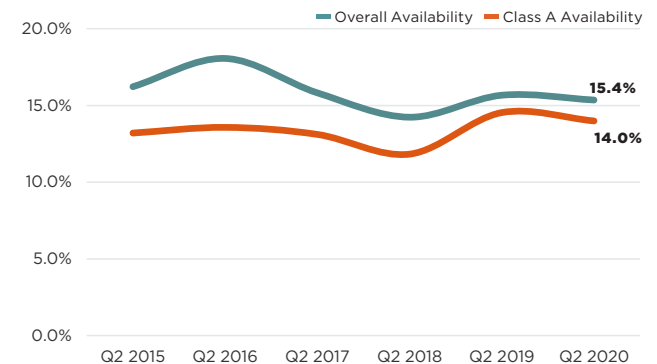
KEY STATISTICS

	Q2 2019	Q2 2020	y-o-y Change
Inventory	50.9 MSF	51.1 MSF	▲
Availability Rate	15.7%	15.4%	▼
Asking Rental Rate	\$25.23	\$25.83	▲
Class A Asking Rental Rate	\$30.22	\$31.00	▲
Quarterly Leasing Activity	0.64 MSF	0.66 MSF	▲

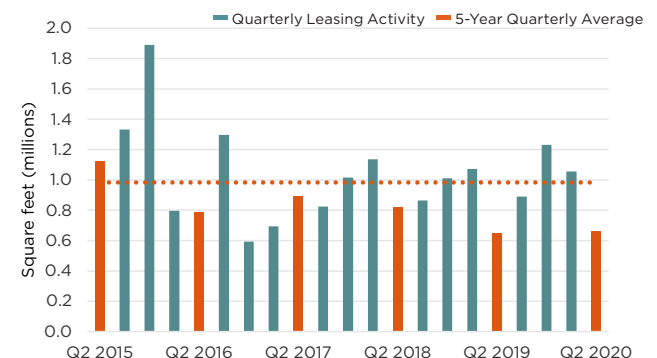
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

7 of 10

of major transactions were new locations

35.8%

of large transactions occurred in the Westshore submarket

19.1%

Financial Services represented 48.9% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Travelers Insurance	53,886	1 N Dale Mabry Highway	Renewal	Westshore	Financial Services
First American Title Insurance Company	40,000	8605 Largo Lakes Drive	New Location	Mid Pinellas	Professional Services
Industrious	37,000	200 Central Avenue	New Location	St. Petersburg CBD	Coworking
Amgen	33,101	2202 N Westshore Boulevard	Expansion	Westshore	Pharmaceuticals
Herzing Nursing School	31,195	3632 Queen Palm Drive	New Location	Southeast Hillsborough	Education
Gunster	20,000	401 E Jackson Street	New Location	Tampa CBD	Legal Services
Johnson Pope	19,276	490 1st Avenue S	New Location	St. Petersburg CBD	Legal Services
Ashley Furniture	17,384	6302 E Dr Martin Luther King Jr Boulevard	New Location	Northeast Hillsborough	Retail
Welbilt	16,500	3350 Buschwood Park Drive	New Location	Northwest Tampa	Retail
Scotlynn	14,144	3407 W Martin Luther King Boulevard	Expansion	Westshore	Transportation

Source Savills Research

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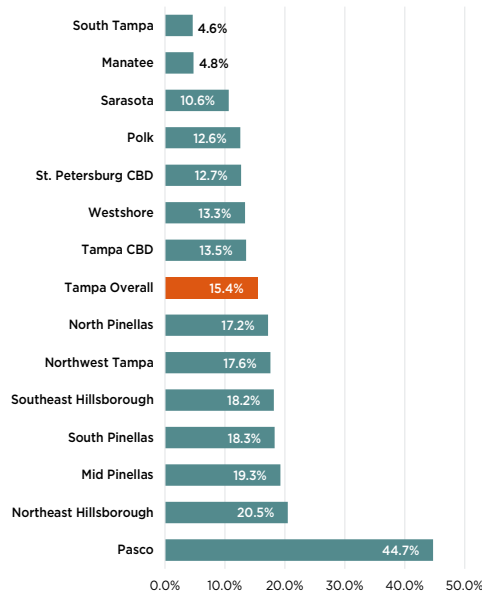
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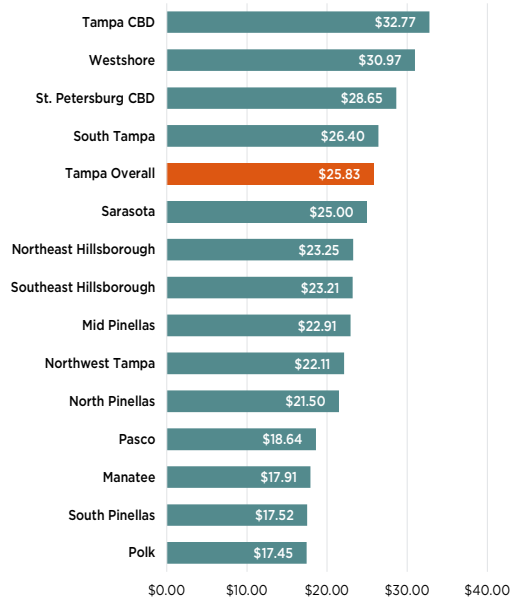
AVAILABILITY RATE COMPARISON

Tampa Bay Submarkets



RENTAL RATE COMPARISON (\$/SF)

Tampa Bay Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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