



Office market fundamentals improve as the country emerges from the pandemic

Welcome signs of Tampa Bay's post-pandemic recovery are being seen in the booming travel and tourism sector, and the construction sector, although several commercial real estate indicators continue to lag pre-pandemic levels. Still, Tampa Bay continues to boast strong population growth, even further escalated during the pandemic. Tampa Bay will also continue to lower its business costs as the Florida legislature has approved and the Governor signed into law a further reduction in the sales tax on commercial leases. Office investment activity increased over the quarter and included the sale of two Class A properties, the MetLife-leased, 115,000-square-foot (sf) Highwoods Preserve VII building in Northeast Hillsborough, and Two Harbour Place, a 176,000-sf multi-tenant building in Downtown Tampa. Two Harbour Place was purchased by Farley White Interests — one-third of whose portfolio valued at approximately \$610 Million, is now comprised of Tampa properties.

Leasing volume still volatile, down over the quarter

Reflecting the ups and downs of the past year, quarterly leasing activity dropped 8.4% quarter over quarter but held flat year over year. Several large renewals were noteworthy, including Progressive Insurance's 55,107-sf lease at Westshore Corporate Center and Jacobs Engineering Group's 33,503-sf lease at Lincoln Center, both in Westshore. In addition, Jackson Hewitt extended 33,645 sf at Gateway Center in Sarasota. QuoteWizard, a subsidiary of Lending Tree, absorbed a 22,115-sf sublease at Woodland Corporate Center in Northwest Tampa and Soliant Health, an Atlanta-based healthcare and education staffing provider, established a new presence in the area with its 16,500-sf lease at Fifth Third Center in Downtown Tampa.

Market optimism persists despite pandemic challenges

Although overall availability ended the quarter at 19.5%, an increase of 90 basis points (bps) from Q1, optimism for the market abounds. There has been an uptick in new market entrants and sublease inventory is leveling off. Not surprisingly, Westshore Class A availability rates ticked up 130 bps quarter over quarter to 20.8% and 90 bps to 21.4% in Downtown Tampa. In both cases the availability uptick was far less than the two prior quarters. Despite increasing availability owners are holding firm on asking prices. New building deliveries have caused an increase in Downtown Tampa Class A asking rents, which jumped almost 4.9% from \$36.73 per square foot (psf) to \$38.52 psf, and Westshore Class A rates, which increased 1.4% from \$35.69 psf to \$36.18 psf.

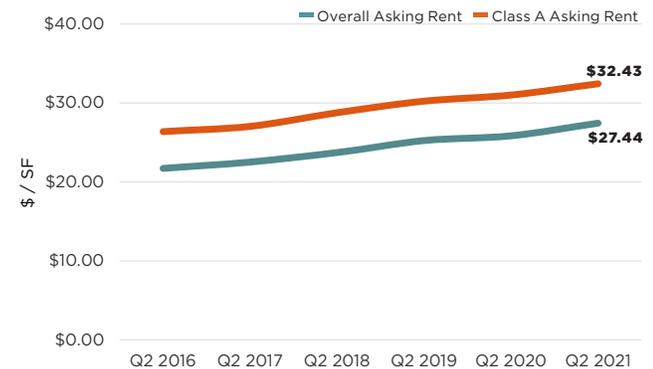
Outlook

- Acquisition activity of Tampa Bay-based companies continued to be strong during the second quarter, including Revcontent, Ensurem, CoreRX, iProcedures and Perform[cb]
- The window for occupiers to solidify the most advantageous terms is closing, landlords who have weathered the pandemic without lowering face rents will continue to strengthen position as the sublease market continues to shrink
- Tampa was named the top city in Florida and 22nd in the nation in an annual ranking citing Tampa's "visitor economy" and "cultural infrastructure," by Resonance Consultancy, a Vancouver-based global advisor on tourism, real estate, and economic development

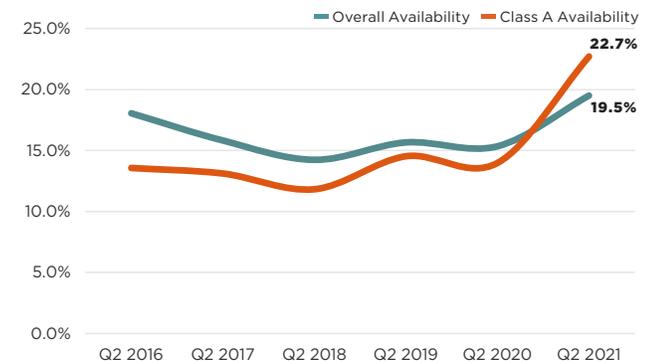
KEY STATISTICS

	Q2 2020	Q2 2021	y-o-y Change
Inventory	51.1 MSF	52.2 MSF	▲
Availability Rate	15.4%	19.5%	▲
Asking Rental Rate	\$25.83	\$27.44	▲
Class A Asking Rental Rate	\$31.00	\$32.43	▲
Quarterly Leasing Activity	0.7 MSF	0.7 MSF	◀▶

ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

38.9%

of major transactions were **new locations** by square footage

63.5%

of large transactions occurred in the **Westshore** submarket by square footage

33.5%

Financial Services sector tenants represented 33.5% of major transactions by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Progressive Insurance	55,107	600 N Westshore Boulevard	Renewal	Westshore	Financial Services
Jackson Hewitt	33,645	501 N Cattlemen Road	Renewal	Sarasota	Professional Services
Jacobs Engineering Group	33,503	5401 W Kennedy Boulevard	Renewal and Expansion	Westshore	Engineering
QuoteWizard	22,115	7725 Woodland Center Boulevard	New Location	Northwest Tampa	Financial Services
Burgess & Niple	18,678	1511 N Westshore Boulevard	Relocation	Westshore	Engineering
Sunbelt	16,489	201 E Kennedy Boulevard	New Location	Tampa CBD	Professional Services
Ideal Agent	15,257	3109 W Dr Martin Luther King Boulevard	New Location	Westshore	Real Estate
ConnectOn	12,938	4925 Independence Parkway	New Location	Westshore	TAMI
AIM Engineering & Surveying	11,955	201 E Kennedy Boulevard	New Location	Tampa CBD	Engineering
Compass	10,799	3725 W Grace Street	New Location	Westshore	Real Estate

Source Savills Research

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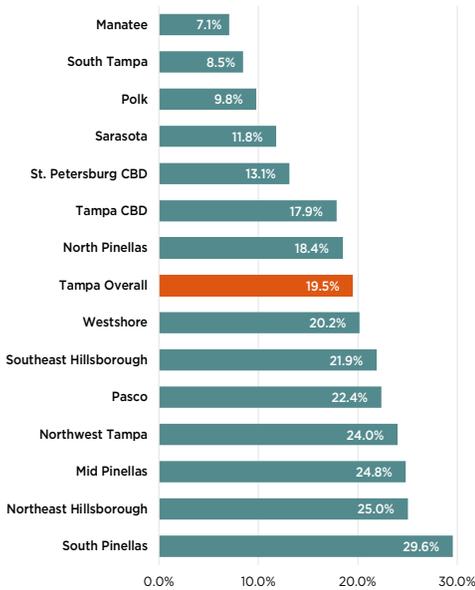
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AVAILABILITY RATE COMPARISON

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.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills research.

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