

Tampa office market shows signs of stability and growth in Q3

By the majority of indicators, the Tampa Bay area office market continues to trend towards recovery as it reflects strong and stable fundamentals across sectors. In addition, the area's attractiveness to corporate occupiers continues. Early in the third quarter, Strategic Property Partners, the Tampa-based real estate firm behind the 56-acre Water Street Tampa District, delivered its first office tower in the district - a 20-story, Class A building named Thousand & One after its location at 1001 Water Street. Shortly thereafter, cyber-security firm ReliaQuest announced it leased 123,968 square feet (sf) across the top six floors, and will relocate its corporate headquarters there from multiple locations in the area. ReliaQuest also said it will not only move 400 employees into the new headquarters but also intends to hire another 150 to 200 more this year.

Transaction volume surpasses one million square feet

Quarterly leasing rebounded from the prior quarter and nearly doubled quarter over quarter totaling 1.3 million square feet, an activity level not seen for close to five years. The Westshore submarket attracted the majority of activity with 65 leases recorded totaling over 612,000 sf. This included fast-growing identity verification company ID.me, leasing 103,072 sf of former Verizon Wireless call center space and United Healthcare growing by an additional 73,786 sf in the area. ConnectWise, announced it would move from Westshore to 65,500 sf in the Tampa Central Business District (CBD) and put its name atop one of city's oldest office towers, Park Tower at 400 N Tampa Street. In addition to a multi-floor hybrid workspace allowing employees to split between office and remote locations, the company announced it will have a street-level storefront showroom and exhibition space called "ConnectWise Center of Excellence."

Largest submarkets see shrinking availability

Tampa Bay's overall availability rate ended the third quarter at the same rate as last quarter, 19.5%, with drops in availability in key submarkets, Westshore and Tampa CBD, countering upticks in availability in smaller submarkets such as Northwest Tampa and Sarasota. Westshore Class A availability rates dropped by 170 basis points (bps) quarter over quarter to 19.1% and fell dramatically by 370 bps to 17.7% in Tampa CBD. Likewise, Westshore Class A asking rental rates jumped 2.0% to \$36.89. Tampa CBD Class A asking rates, dipped 1.3% from \$38.52 to \$38.01 psf.

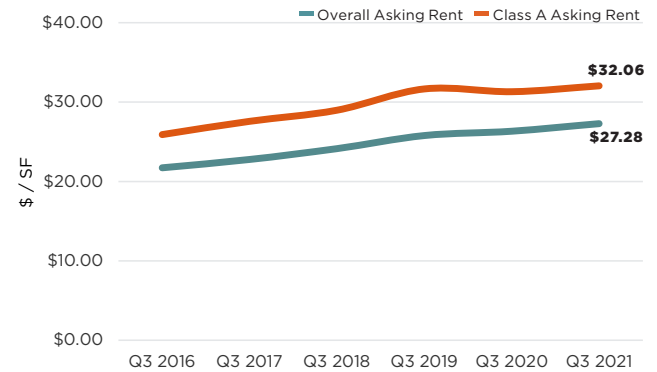
Outlook

- Forbes recently ranked Tampa as the #1 emerging tech city in the United States with Tampa being responsible for over 25% of Florida's tech jobs
- The pace of sublease additions is expected to continue to slow over the next quarter as occupiers have begun to solidify their office occupancy plans in the post-pandemic world
- The Tampa Bay apartment market saw a more than 24% growth in rental rates over the past year, the most among the largest markets in the U.S.; pandemic or not, the tight single-family housing market and the constant influx of new residents has resulted in the hottest multifamily market in years

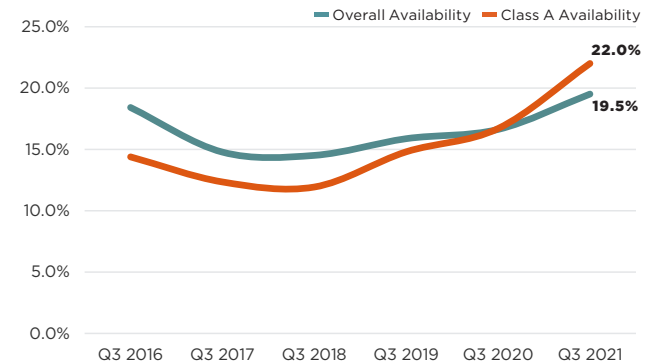
KEY STATISTICS

	Q3 2020	Q3 2021	y-o-y Change
Inventory	51.8 MSF	52.4 MSF	▲
Availability Rate	16.6%	19.5%	▲
Asking Rental Rate	\$26.34	\$27.28	▲
Class A Asking Rental Rate	\$31.32	\$32.06	▲
Quarterly Leasing Activity	1.1 MSF	1.3 MSF	▲

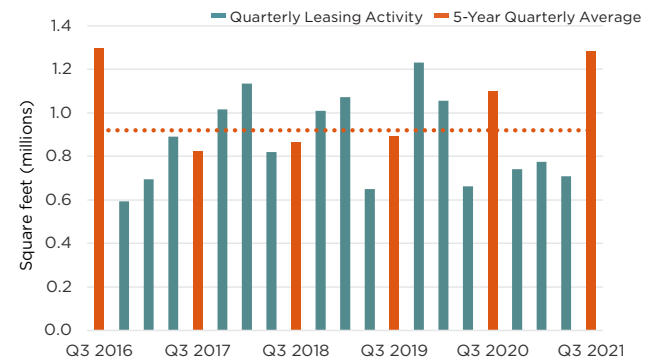
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

48.7%

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

37.1%

of large transactions occurred in the **Tampa CBD** submarket by square footage

50.3%

TAMI sector tenants represented 50.3% of major transactions by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Reliaquest	123,968	1001 Water Street	Relocation	Tampa CBD	TAMI
ID.me	103,072	6550 W Hillsborough Avenue	New Location	Westshore	TAMI
United Healthcare	73,786	5130 Eisenhower Boulevard	New Location	Westshore	Healthcare
Connectwise	65,500	400 N Tampa Street	Relocation	Tampa CBD	TAMI
Signode	46,944	14025 Riveredge Drive	New Location	Northeast Hillsborough	Manufacturing
CCS Medical	43,943	14255 49th Street N	Renewal	Mid Pinellas	Healthcare
Innovate	35,000	4520 Seedling Circle	Relocation	Northwest Tampa	Healthcare
Lennar	32,677	4301 W Boy Scout Boulevard	New Location	Westshore	Construction
BRP Group	29,913	4211 W Boy Scout Boulevard	Renewal	Westshore	Financial Services
DoubleLine Capital	26,421	2002 N Tampa Street	New Location	Tampa CBD	Financial Services

Source Savills Research

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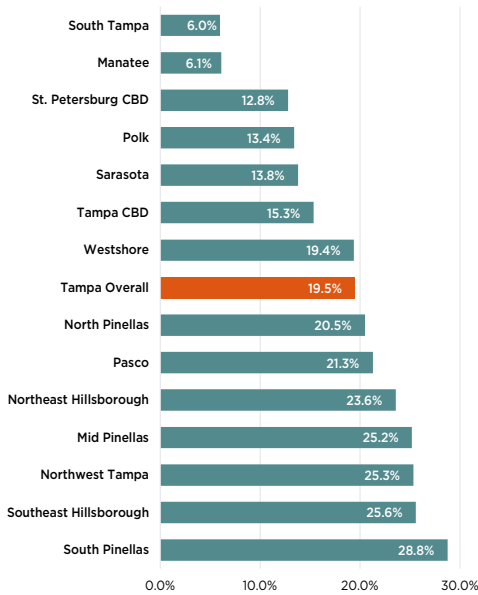
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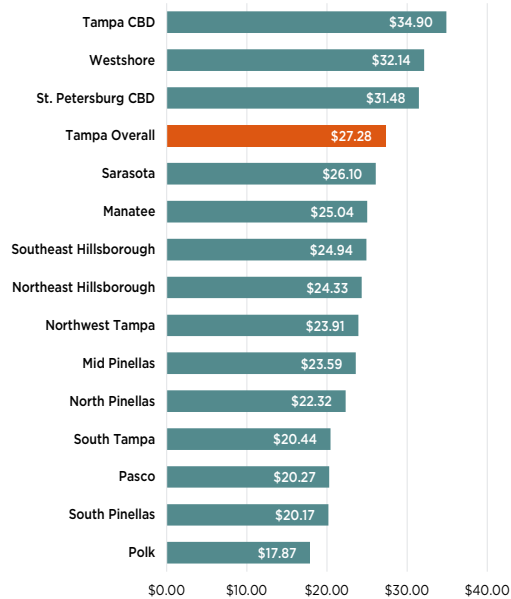
AVAILABILITY RATE COMPARISON

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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