

Regional availability drops slightly over the quarter, still sees an annual increase

Overall availability in Tampa Bay ticked down 50 basis points over the quarter to 15.4%, but is still 140 basis points higher than it was in Q4 2018. Of the core submarkets, the Westshore submarket saw significant tightening in availability, declining 90 basis points over the quarter for both overall and Class A space to 13.4% and 12.4%, respectively. Similarly, the Tampa CBD submarket availability rate dropped 60 basis points overall over the quarter to 14.6%, but held fairly flat in Class A product, now at 18.9%.

Asking rents continue upward trend

Asking rents continue to rise across the Tampa Bay region, with overall asking rents increasing 1.6% quarter over quarter to \$26.20 per square foot (psf). Class A rent growth was more muted, increasing by just 0.8% over the quarter to \$31.71 psf. Asking rents in Tampa's Central Business District (CBD) grew by 1.5% to \$34.89 psf, with Tampa CBD Class A rents showing just a slight uptick from \$36.71 psf to \$36.90 psf. Rents in the Westshore submarket followed similar trends, seeing an increase of 2.9% in overall rents to \$31.43 psf, and a 2.7% increase in Class A rents to \$35.53 psf.

Leasing activity steady and ending the year strong; investors attracted to region's solid fundamentals

The fourth quarter reported 1.2 million square feet (msf) of leasing activity for the region — an increase of 38.0% compared to third quarter. Total leasing activity has been remarkably steady over the past two years with an annual total of 3.8 msf seen in both 2018 and 2019. Overall, leasing activity for the quarter centered around the Northeast Hillsborough submarket (235,901 sf), and the Westshore submarket (329,675 sf). Notable transactions executed included T-Mobile's lease of 140,360 sf at Netpark in Northeast Hillsborough and WellCare's expansion into an additional 115,000 sf in the region — in an entire newly-constructed building at one of the healthcare giant's existing campuses. Several portfolio sales occurred over the quarter, demonstrating continued investor attraction to Tampa's solid fundamentals. Notably, Swiss-based Partners Group and Parkway Property investors jointly acquired five diverse office buildings (Class A and B from Tampa CBD and Westshore submarkets) with an overall occupancy rate of 91.0%.

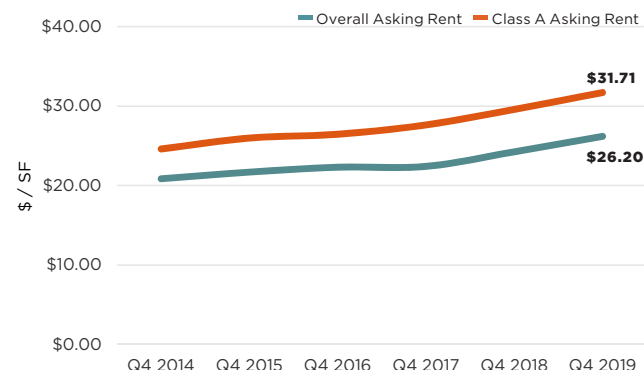
Outlook

- Steady growth in asking rents is expected to continue as Tampa's availability shows signs of leveling off with the fourth quarter
- Excitement is palpable as brand-new Class A office product, at both the massive Water Street project, Midtown Tampa, and other projects, will begin to deliver mid-2020 into 2021
- Investors will continue to seek out opportunities throughout the market as demand remains steady across the market

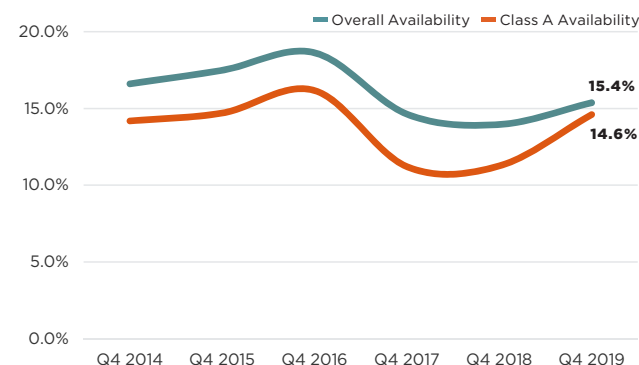
KEY STATISTICS

	Q4 2018	Q4 2019	y-o-y Change
Inventory	50.8 MSF	51.1 MSF	▲
Availability Rate	14.0%	15.4%	▲
Asking Rental Rate	\$24.25	\$26.20	▲
Class A Asking Rental Rate	\$29.59	\$31.71	▲
Quarterly Leasing Activity	1.0 MSF	1.2 MSF	▲

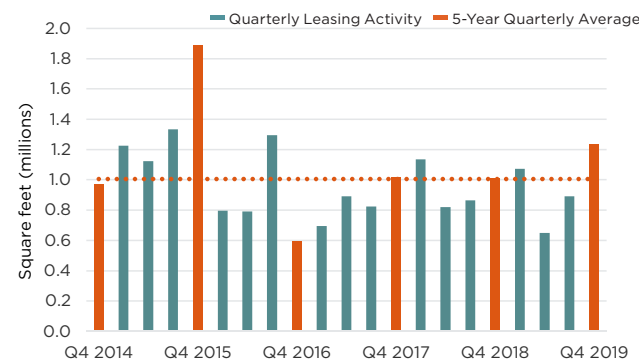
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

47.9%

of major transactions were
new locations

34.4%

of large transactions occurred in the
Northeast Hillsborough submarket

41.6%

TAMI represented 41.6% of major
transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
T-Mobile	140,360	5701 E Hillsborough Avenue	Relocation	Northeast Hillsborough	TAMI
WellCare Health Plans	115,000	8746 Henderson Road	New Location	Northwest Tampa	Healthcare
MetLife	29,461	18205 Crane Nest Drive	Renewal	Northeast Hillsborough	Financial Services
BB&T	51,513	400 N Tampa Street	Renewal	Tampa CBD	Financial Services
U.S. Imaging	42,680	4502 Woodland Corporate Boulevard	New Location	Northwest Tampa	Healthcare
Health Insurance Innovations	31,043	3109 W Dr Martin Luther King Boulevard	New Location	Westshore	Healthcare
Insight Enterprises	29,395	3031 N Rocky Point Drive W	New Location	Westshore	TAMI
Knology Data Center Services	19,000	400 N Tampa Street	New Location	Tampa CBD	TAMI
Quiet Professionals, LLC	18,533	2701 N Rocky Point Drive	New Location	Westshore	Professional Services
Nextech	16,879	4221 W Boy Scout Boulevard	Expansion	Westshore	TAMI

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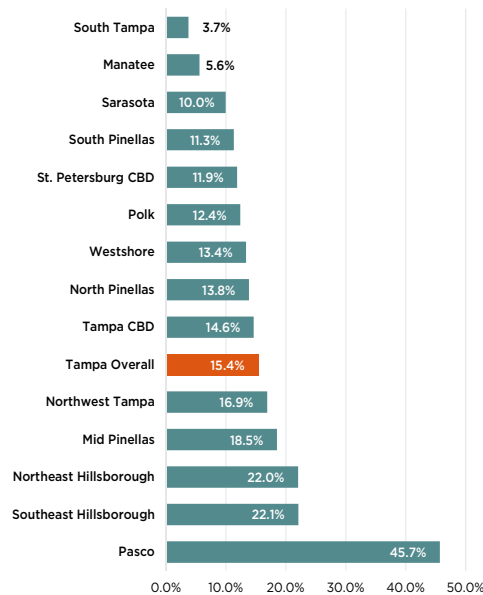
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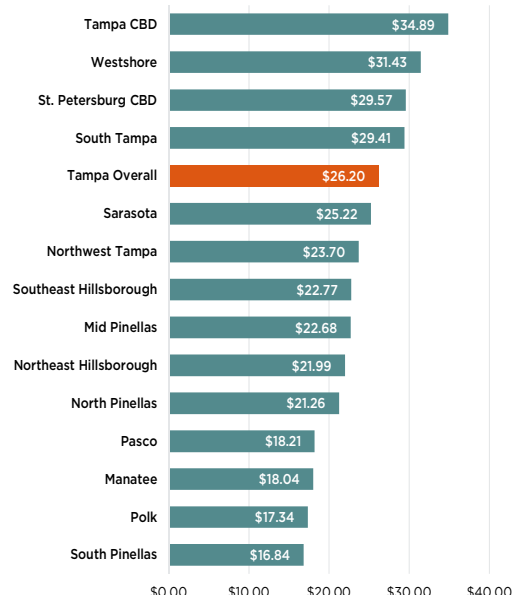
AVAILABILITY RATE COMPARISON

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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