

Tampa Bay

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Sublease space continues to decline marking increased occupier stability

The Tampa Bay area recorded another quarterly decline in overall availability with the Q2 rate at 20.0%, down 50 basis points (bps) compared to 20.5% a year ago. Westshore Class A availability increased 30 bps year over year to 18.7% from 18.4%. Tampa CBD Class A availability also ticked down 88 bps year over year to 16.0% from 16.9%. While deal volume continues to be dominant in Westshore, the Northeast Hillsborough submarket saw the most leasing since Q4 2022, led by the Thomas M. Cooley Law School lease of 50,756 square feet (sf) and the TGH Imaging lease of 25,000 sf. Sublease inventory continued its steady decline, down 7% from the prior quarter to 2.6 msf. The largest lease for the quarter was a renewal by the law firm of Foley & Lardner at 100 North Tampa, one of Tampa CBD's trophy buildings, which was purchased at quarter-end by Atlanta-based Brookdale Group whose known interests have an estimated property value of \$1.4 billion.

Office leasing activity down at mid-year

Similar to recent years, the Tampa Bay office market experienced a slowdown in leasing activity in Q2 2024 with 815,428 square feet (sf) of leases recorded, a 42% drop compared to the prior quarter although still 27% higher than the year ago period. According to the Florida Department of Commerce and the Bureau of Workforce Statistics, the Tampa Bay region has added over 30,000 jobs since May 2023. Despite the overall job increase, the region's unemployment rate increased 90 bps year over year to 3.3% as of the latest read in April 2024. This uptick is, in large part, due to the rise in Tampa Bay's labor force.

Westshore and Tampa CBD continue to lead rents in region

Overall asking rents for Q2 rose 4.1% year over year, to \$29.63 per square foot (psf) from \$28.46 psf a year ago. Despite the slight increase in space availability, Westshore Class A asking rents jumped 6% to \$40.29 from \$38.09 on a year-over-year and quarterly basis. Tampa CBD Class A rents had a dramatic 14.0% increase to \$42.85 from \$37.59 year over year, although they held essentially flat compared to \$42.83 last quarter. Like other markets across the country, tenants continue to prioritize location and amenities.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	53.0 msf	53.9 msf	+0.9 msf
Availability Rate	20.5%	20.0%	-50 bps
Asking Rental Rate	\$28.46	\$29.63	+4.1%
Class A Asking Rental Rate	\$32.50	\$33.35	+2.6%
Quarterly Leasing Activity	0.6 msf	0.8 msf	+0.2 msf
Available Sublease Space	2.8 msf	2.8 msf	+0.0 msf

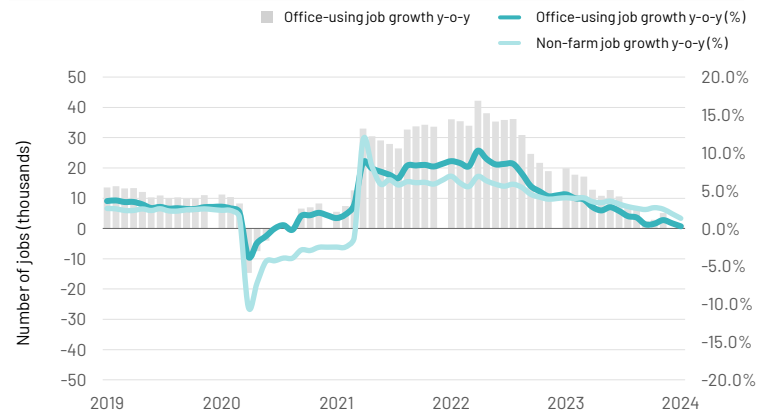
Outlook

01 With legislation taking effect on June 1st, the State of Florida lowered the portion of state sales tax on commercial leases from 6% to 2%, which means a significant reduction in overall occupier leasing costs

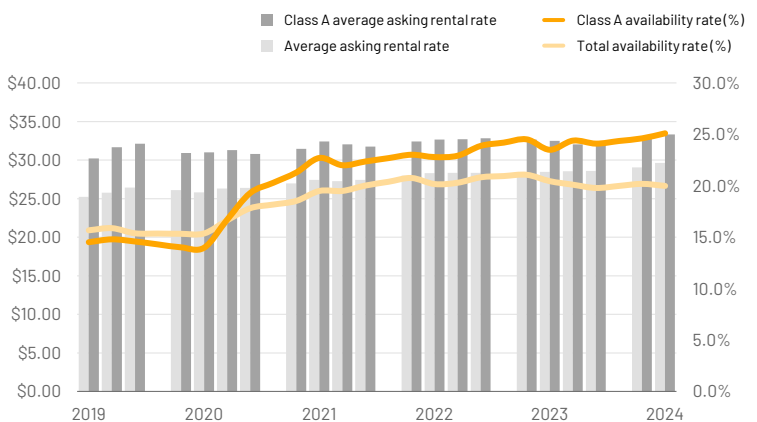
02 Occupiers continue to put extra scrutiny on the financial health of prospective landlords before signing leases as office loan distress remains a major issue across the industry

03 High-end, trophy quality space in highly amenitized buildings will remain the most desired by occupiers in the market as flight to quality continues

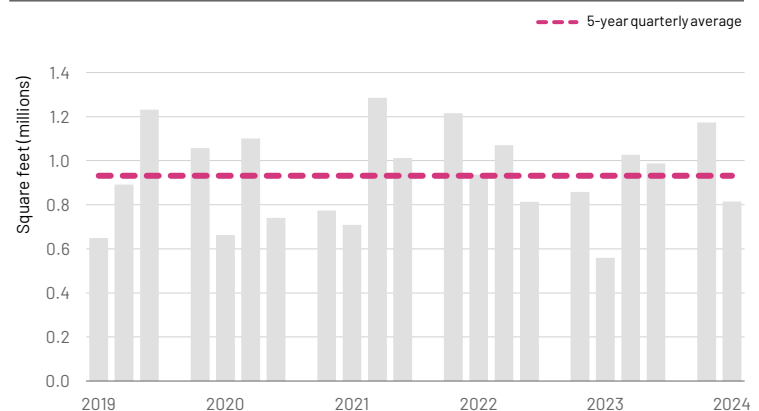
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

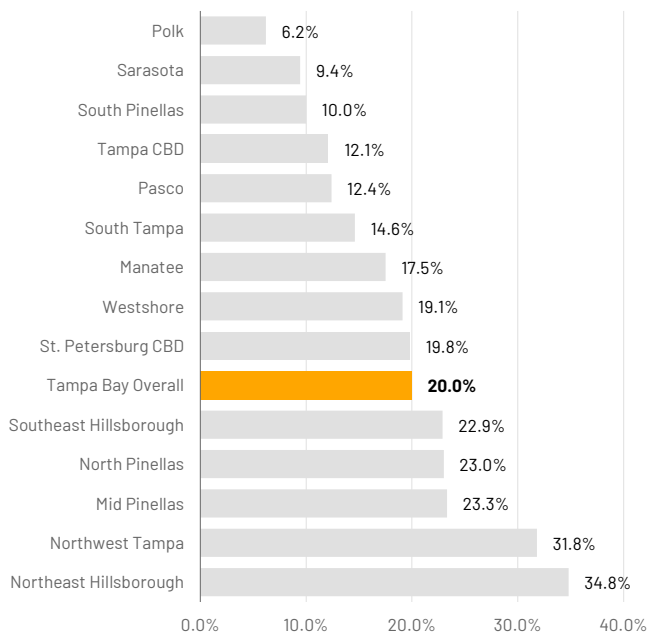
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Foley & Lardner	Legal Services	Tampa CBD	100 N Tampa Street*	53,341	Renewal
Thomas M. Cooley Law School	Education	Northeast Hillsborough	12906 Tampa Oaks Boulevard	50,756	Relocation
Atkins North America	Architecture, Engineering and Construction	Westshore	4030 W Boy Scout Boulevard	28,713	Renewal
Humana	Healthcare	Westshore	4030 W Boy Scout Boulevard	27,794	Renewal
TGH Imaging	Healthcare	Northeast Hillsborough	8800 Grand Oak Circle	25,000	New Location
Condominium Associates	Business, Professional and Consulting Services	Mid Pinellas	570 Carillon Parkway	23,517	Relocation
Cadmus Dental Lab	Healthcare	Northeast Hillsborough	5701 E Hillsborough Avenue	21,314	New Location
Repkon	Manufacturing	Westshore	4301 W Boy Scout Boulevard	17,004	Renewal
Imagine Pediatrics	Healthcare	Westshore	3109 W Dr Martin Luther King Boulevard	16,966	New Location
SouthState Bank	Financial Services and Insurance	Tampa CBD	400 N Ashley Drive	16,745	Relocation

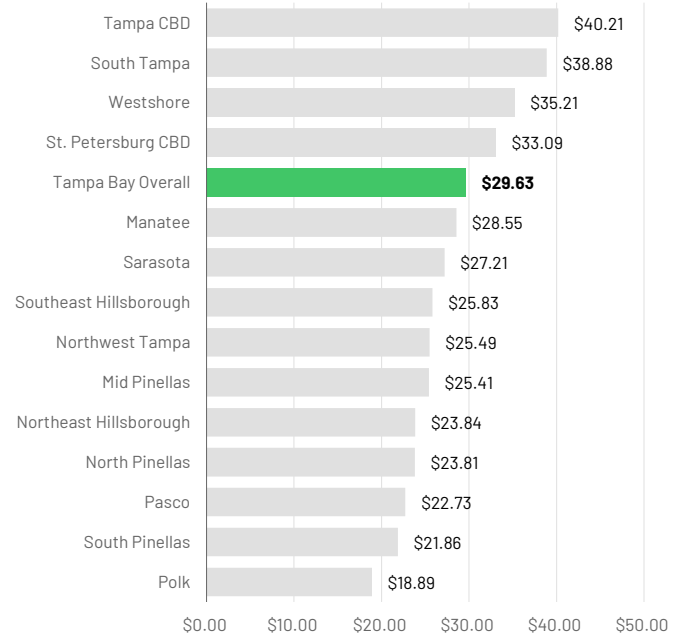
Availability Rate Comparison (%)

TAMPA BAY SUBMARKETS



Rental Rate Comparison (\$/sf)

TAMPA BAY SUBMARKETS



Tampa Bay Q2 2024 - Office

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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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