

Tampa Bay

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Positive signs and optimism endures in the Tampa Bay office market at year-end 2023

The Tampa Bay area saw another strong quarter of leasing activity with 1.1 million square feet (msf) recorded in Q4 2023, a healthy 12% increase from the prior quarter. Like last quarter, another full-building sublease was absorbed with Charter Communications taking the 83,200-square foot sublease from HCA Healthcare in Mid Pinellas of to use as a call center operations facility.

Overall availability drops as leasing activity remains strong

Not surprising, another uptick in leasing activity resulted in the overall availability rate dropping again in Q4 2023, down 100 basis points (bps) year-over-year from 20.8% reported last year to 19.8%. Westshore Class A availability decreased 20 bps from 18.5% in Q3 2023 to 18.3% in Q4 2023. Tampa CBD Class A availability bumped up 40 bps from 15.4% to 15.8% on the quarter. Westshore is the only submarket with Class A office construction underway. The Bromley Cos./Highwoods Properties' 1 Midtown Place, an 18-story 428,000-square foot Class A property in the popular Midtown complex, is quickly approaching completion of the exterior shell as staffing agency, Insight Global, signed a full-floor lease in the project this quarter.

Landlords in preferred submarkets are raising rates

Overall asking rents dipped year-over-year, down 1.0% from \$28.81 per square foot (psf) a year ago to \$28.51 in Q4 2023. Similarly, Class A rates saw a 4.4% decline from \$32.82 psf in Q4 2022 to \$31.36 for the past quarter. Upon a closer look, however, the region's periphery submarkets such as Northeast Hillsborough and Northwest Tampa are contributing to those lowered rental rates. The higher preferred submarkets continue to perform well, and landlords are either increasing or holding face rents more firmly. Tampa CBD Class A rents have been on a steady upward trajectory, jumping 2.2% from \$40.06 psf to \$40.95 over the past quarter. Westshore Class A rents, which have fluctuated up and down over the past 8 quarters, increased by 1.6% from \$37.89 psf to \$38.48 for Q4 2023.

Key Statistics

	Q4 2022	Q4 2023	Y-0-Y
Inventory	53.0 msf	53.5 msf	+0.5 msf
Availability Rate	20.8%	19.8%	- 100 bps
Asking Rental Rate	\$28.34	\$28.59	+0.9%
Class A Asking Rental Rate	\$32.83	\$32.14	-2.1%
Quarterly Leasing Activity	0.8 msf	1.0 msf	+0.2 msf
Available Sublease Space	2.8 msf	2.6 msf	-0.2 msf

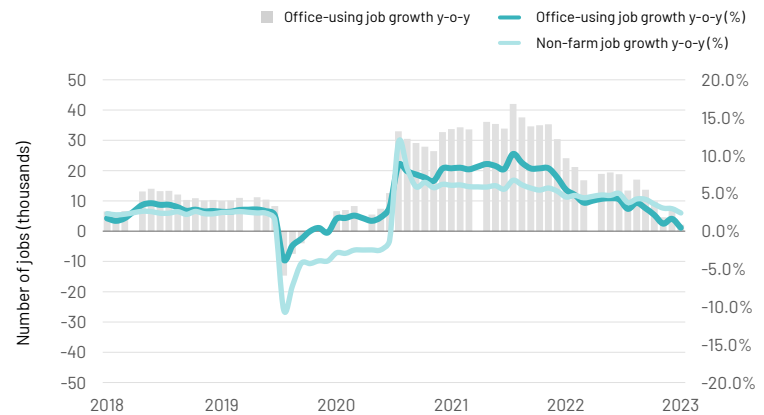
Outlook

01 Fundamentals will continue to hold strong in Tampa Bay metro as employment growth is expected to be steady going into 2024

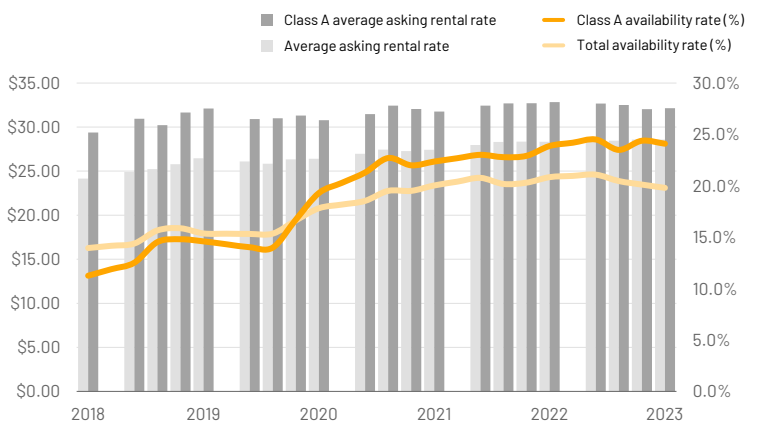
02 The Westshore and Tampa CBD will continue to attract corporate relocations as occupier flight to quality is expected to remain in the short-term

03 Due to strong population growth, expect transportation and other infrastructure improvements to remain a top priority for the region leading to additional demand from that sector

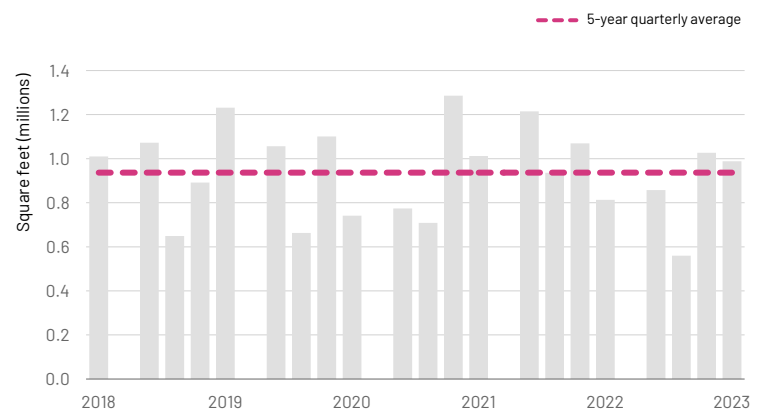
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

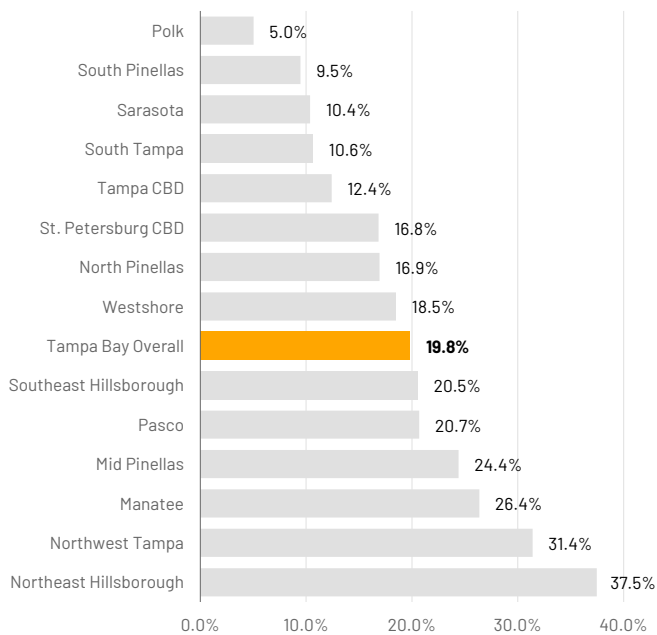
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Charter Communications	TAMI	Mid Pinellas	6451 126 th Avenue N	83,200	Relocation**
CoverageX	Financial Services & Insurance	Mid Pinellas	8333 Bryan Dairy Road	49,511	Relocation
Kisinger Campo	Architecture, Engineering & Construction	Tampa CBD	201 N Franklin Street	36,662	Renewal
Alvarez & Marsal	Business, Professional and Consulting Services	Westshore	3111 W Dr Martin Luther King Boulevard	30,064	Relocation
Universal Group	Financial Services & Insurance	Sarasota	101 Paramount Drive	28,390	Renewal/Expansion
RAD Diversified	Real Estate	Tampa CBD	100 S Ashley Drive	20,601	Relocation
Insight Global	Business, Professional and Consulting Services	Westshore	1 Midtown Place	20,000	Relocation
ACTS	Personal Services & Recreation	Northwest Tampa	3450 Buschwood Drive	18,540	New Location
Vertical Kids	Personal Services & Recreation	Southeast Hillsborough	3611 Queen Palm Drive	16,607	New Location
Rivero, Gordimer & Co	Business, Professional and Consulting Services	Tampa CBD	201 N Franklin Street	16,262	Renewal

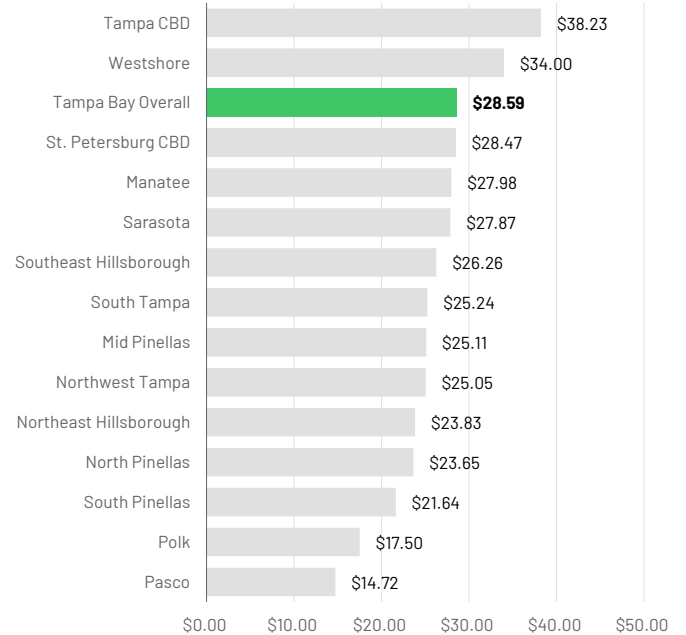
Availability Rate Comparison (%)

TAMPA BAY SUBMARKETS



Rental Rate Comparison (\$/sf)

TAMPA BAY SUBMARKETS



Tampa Bay Q4 2023 - 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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