MARKET IN MINUTES
Savills Research

Q2 2022 - Office

Tampa Bay

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Leasing activity down slightly but higher than a year ago

Quarterly office leasing activity in Tampa Bay decreased 23% quarter over quarter with 936,100 square feet (sf) recorded, although year over year leasing activity was up 32%. Two of the major leases signed in the second quarter of 2022 were renewals by significant-sized tenants in the Sarasota submarket, including the 58,087-sf renewal by Boars Head Corporation at Sarasota City Center and the 34,846-sf renewal by Morgan Stanley at One Sarasota Tower. Reflecting the flight to quality trend playing out in many cities, all of the top 10 leases recorded this quarter were in Class A properties, predominantly in the region's largest submarket, Westshore. Decisionmakers appear to be basing office space decisions on qualitative factors - luring workers back to the office, and attracting top talent in the future, with workplace environments that emphasize amenities and wellness. An example was the decision by cybersecurity firm Rapid7 to locate its new Tampa location in a 42,753-sf waterfront space at Sparkman Wharf, within the $3.5-billion, 56-acre Water Street Tampa district in the Tampa CBD.

Availability rate declines with Westshore and Tampa CBD showing significant Class A decreases

Tampa Bay's total availability rate ticked down again this quarter, decreasing 60 basis points (bps) to 20.2%. Correspondingly, both of the region's largest submarkets saw a decrease in Class A availability from last quarter with Westshore seeing a 70 bps decrease to 21.1% and Tampa CBD seeing a 90 bps decrease to 18.5%, respectively. The Sarasota Class A sector was by far the most active during the second quarter, with a 31% decrease in available space. Unsurprisingly, given the amount of new Class A projects and tenant flight to quality, Westshore Class A average rental rates increased 2.4% during the quarter, from $37.36 per square foot (psf) to $38.25 psf. Tampa CBD Class A saw a very slight decline in Class A asking rates from $36.50 psf to $36.43 psf. Available sublease space in Tampa Bay was up 25% year over year as occupiers continue to evaluate office space needs and put excess space on the market.

Low unemployment persists and good paying jobs are coming to Tampa Bay

As with other major markets in the Sunshine State, the Tampa Bay area continues to attract new residents and outside corporations across multiple sectors. Job growth figures from the US Bureau of Labor Statistics reflect 5.2% growth in the Tampa MSA in nonfarm employment, led heavily by the trade, transportation and utilities employment sector, followed closely by the professional and business services sector. Tampa Bay saw the second-lowest unemployment rate at 2.3% compared to 3.0% for the state and a U.S. unemployment rate of 3.6% in the most recent May data.

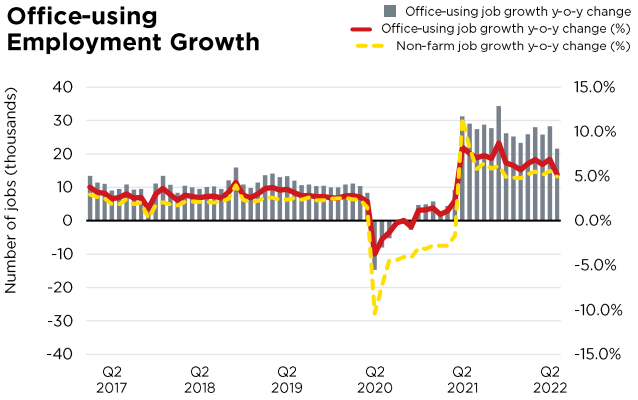
Outlook

- Population growth and corporate relocations are forecasted to continue as Tampa Bay remains an attractive place to live and do business
- The overall trend in tenant flight to quality will continue as growing companies remain highly attracted to state-of-the-art workplace environments that emphasize health and wellness
- Expect a continued bifurcation in the leasing market with newer Class A office product seeing most of the tenant demand compared to older Class A and Class B office buildings

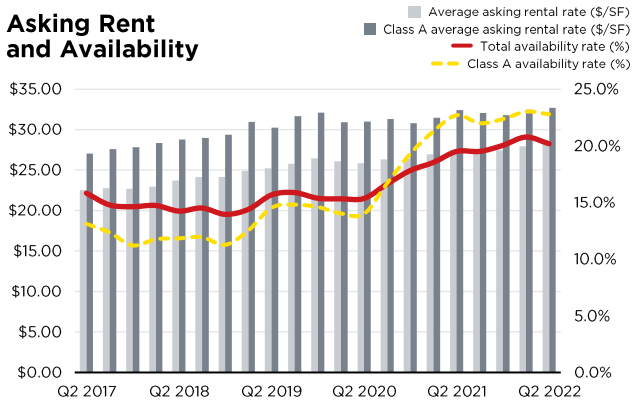
Key Statistics

	Q2 2021	Q2 2022	y-o-y Change
Inventory	52.3 MSF	52.9 MSF	▲
Availability Rate	19.5%	20.2%	▲
Asking Rental Rate	$27.44	$28.31	▲
Class A Asking Rental Rate	$32.43	$32.68	▲
Quarterly Leasing Activity	0.7 MSF	0.9 MSF	▲
Available Sublease Space	2.0 MSF	2.5 MSF	▲

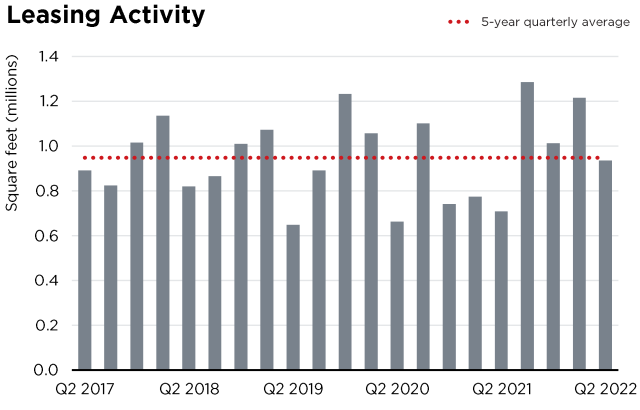
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



By the Numbers

2.3%
Tampa Bay unemployment rate (as of May 2022)

5.2%
Office-using employment growth year-over-year (as of May 2022)

0.2 msf
Office space currently under construction

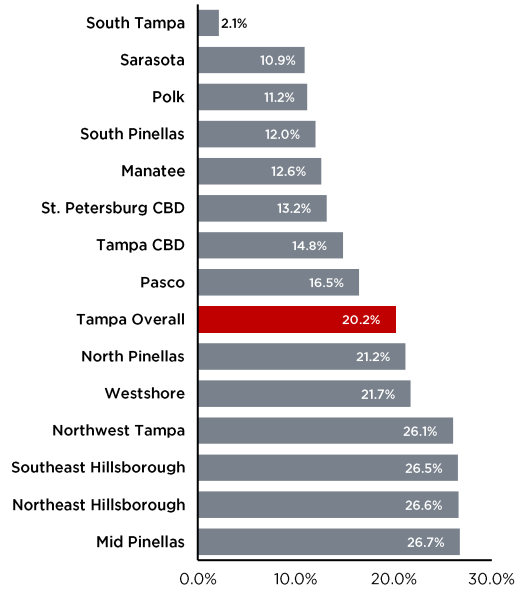
Top Transactions

Tenant	Square Feet	Address	Transaction Type	Submarket	Industry
Boars Head Corporation	58,087	1819 Main Street	Renewal	Sarasota	Manufacturing
Rapid7	42,753	615 Channelside Drive	New Location	Tampa CBD	TAMI
Cole, Scott & Kissane, PA	42,000	500 N Westshore Boulevard	Relocation	Westshore	Legal Services
Trellance	35,181	7650 W Courtney Campbell Causeway	Renewal	Westshore	Professional Services
Morgan Stanley	34,846	2 N Tamiami Trail	Renewal	Sarasota	Financial Services & Insurance
LabCorp	32,660	5201 W Kennedy Boulevard	Renewal	Westshore	TAMI
GrayRobinson	32,313	101 E Kennedy Boulevard	Relocation	Tampa CBD	Legal Services
Slide Insurance	30,006	4221 W Kennedy Boulevard	New Location	Westshore	Financial Services & Insurance
MyCare	25,833	1785 Northpoint Parkway	New Location	Pasco	Healthcare
Paradigm	24,555	4890 W Kennedy Boulevard	Relocation	Westshore	Healthcare

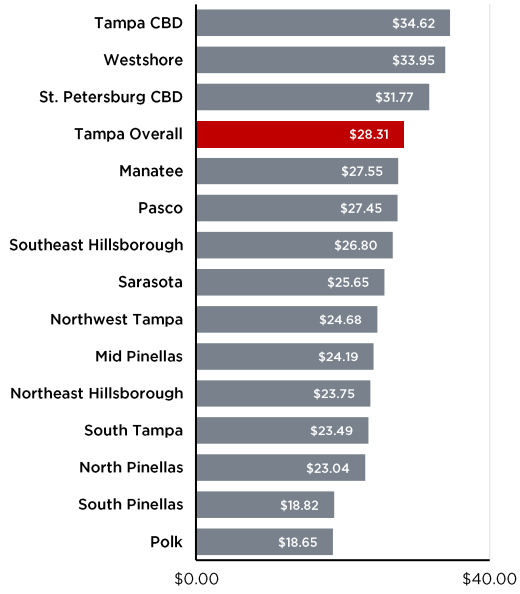
*Sublease

Source: Savills Research

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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For more information, please contact us:

Savills
3000 Bayport Drive
Suite 485
Tampa, FL 33607
+1 813 675 7070

Michael E. Griffin
Executive Managing Director, Market Leader
mgriffin@savills.us

Amy Novak
Marketing & Research Manager
anovak@savills.us

Sara Sharp-Henkel
Research Associate
ssharphenkel@savills.us

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