MARKET IN MINUTES
Savills Research

Q3 2022 - Office

Tampa Bay

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Leasing activity bounces back from prior quarter

In a reversal over the prior quarter, office leasing activity in Tampa Bay jumped 14% quarter over quarter with slightly over 1 million square feet (msf) recorded, although year over year leasing activity was down 18%. New York Life Insurance Company inked a full building lease of 119,341 square feet (sf) at Renaissance VII, one of seven buildings in the 70-acre, Class A Renaissance Center complex in Northwest Tampa. This new lease allows the tenant to consolidate and upgrade its current Tampa operation from its present location spread out over 3 buildings into a single Class A property whose larger, more efficient floorplates enabled a reduction of 33% of its footprint. In another significant lease, one of the area's largest law firms, Shumaker, Loop & Kendrick, renewed and expanded its presence by approximately 10% in one of Tampa CBD's trophy buildings, the Bank of America Plaza. In fact, the vast majority of top transactions over the quarter were in Class A properties underscoring that the trend by occupiers in choosing high-quality office space with attractive amenity packages, despite often higher rents, shows no sign of letting up.

Availability shows little change and remains high

Tampa Bay's total availability rate reported a slight increase of 10 basis points (bps) from 20.2% last quarter to 20.3% this quarter. Of the region's largest submarkets, Tampa CBD Class A availability dropped slightly, by 40 bps, from 18.5% to 18.1% while the Westshore Class A availability rate rose 60 bps from 20.5% to 21.1% this quarter. Sublease space has ticked up by 12% from the prior quarter with approximately 2.8 msf now on the market. Nonetheless, one of Westshore's largest tenants, PricewaterhouseCoopers (PwC), announced two transactions to backfill close to 80,000 sf at its MetWest III site, at 4050 W Boy Scout Boulevard. Tampa software company Mad Mobile leased the top two floors totaling 53,272 sf commenting in a release that the move will create a space for its employees to thrive. Meanwhile, Spot Freight, a logistics provider, signed a nine-year sublease for another 26,636 sf of PwC's space.

Investor demand for Tampa office assets remains strong

One of Tampa CBD's premier office towers traded over the quarter as Tampa-based Feldman Equities and Tower Realty Partners sold the 22-story, 93% leased, Wells Fargo Center for $305 per square foot. Feldman had invested $8.4 million in capital improvements into the tower. The new owner is an investor group led by New York-based the Feil Organization, whose holdings include several suburban office buildings in Tampa Bay, but this acquisition marks their first, Class A CBD asset in the region.

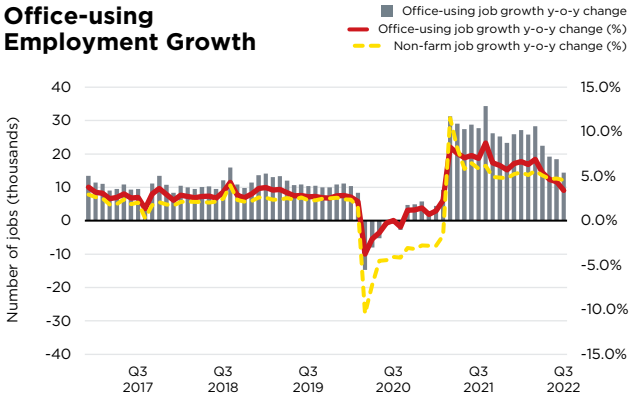
Outlook

- The Tampa Bay unemployment rate remains low, recorded at 2.7% in August, illustrating still strong fundamentals in the region
- Growth in office using employment cooled off from last quarter as August figures recorded 3.4% year over year compared to 5.4% growth for the prior quarter
- Tampa Bay continues to attract ecommerce related entities such as logistics and freight/transportation companies, both because of its easy access to the busy Interstate 4 corridor and its talent base for future growth, as evidenced by the new location of Indianapolis-based Spot Freight (26,636 sf) and the relocation and expansion of TQL Logistics (20,830 sf)

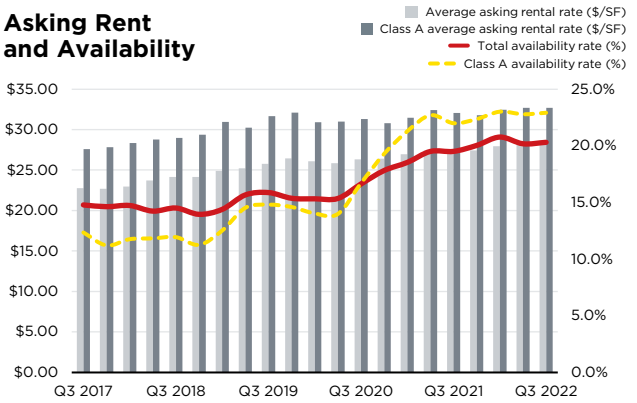
Key Statistics

	Q3 2021	Q3 2022	y-o-y Change
Inventory	52.5 MSF	53.0 MSF	▲
Availability Rate	19.5%	20.3%	▲
Asking Rental Rate	$27.28	$28.36	▲
Class A Asking Rental Rate	$32.06	$32.71	▲
Quarterly Leasing Activity	1.3 MSF	1.1 MSF	▼
Available Sublease Space	1.9 MSF	2.8 MSF	▲

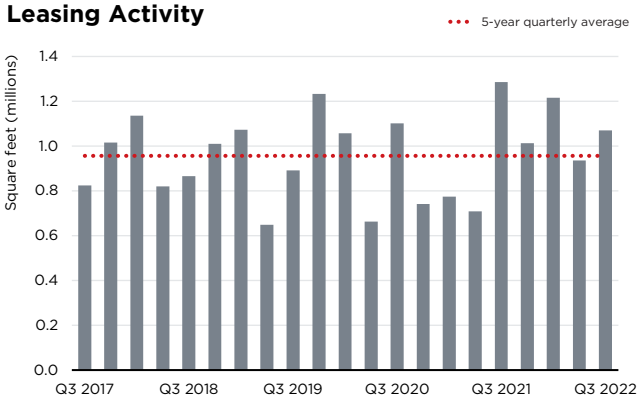
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



By the Numbers

2.7%
Tampa Bay unemployment rate (as of Aug 2022)

3.4%
Office-using employment growth year-over-year (as of Aug 2022)

0.6 msf
Office space currently under construction

Top Transactions

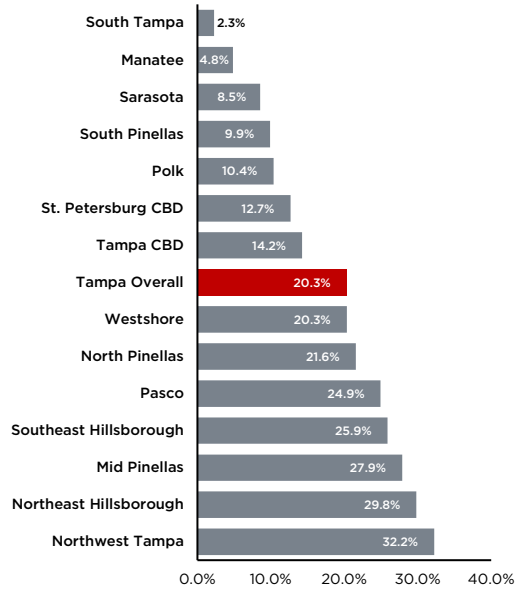
Tenant	Square Feet	Address	Transaction Type	Submarket	Industry
New York Life Insurance Co.	119,341	8641 Henderson Road	Relocation	Northwest Tampa	Financial Services and Insurance
Shumaker, Loop & Kendrick	60,739	101 E Kennedy Boulevard	Renewal	Tampa CBD	Legal Services
Mad Mobile	53,272	4050 W Boy Scout Boulevard	Expansion*	Westshore	TAMI
Kimley-Horn and Associates	30,545	1800 2nd Street	Relocation	Sarasota	Engineering
HNTB Corporation	27,759	201 N Franklin Street	Renewal	Tampa CBD	Engineering
Spot Freight	26,636	4050 W Boy Scout Boulevard	Relocation*	Westshore	Transportation
Children's Network of Hillsborough County	24,109	3350 Buschwood Parkway	Expansion*	Northwest Tampa	Associations and Nonprofit Organizations
PGIM	22,272	1150 Assembly Drive	Expansion	Westshore	Financial Services and Insurance
TQL Logistics	20,830	14025 Riveredge Drive	Relocation	Northeast Hillsborough	Transportation
Chubb Insurance	19,085	2202 N Westshore Boulevard	Relocation	Westshore	Financial Services and Insurance

*Sublease

Source: Savills Research

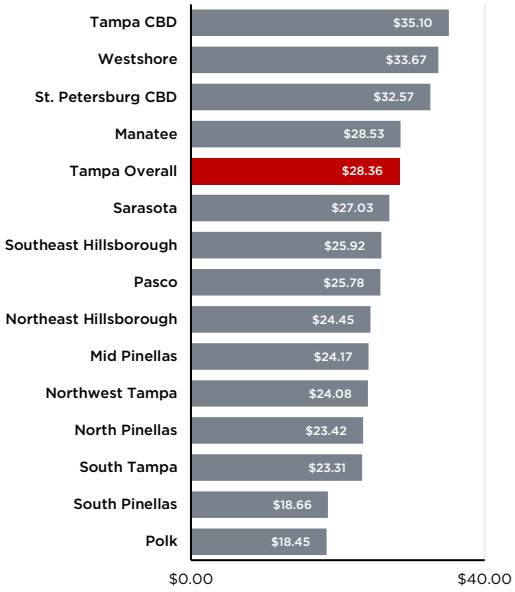
Availability Rate Comparison (%)

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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