

MARKETVIEW

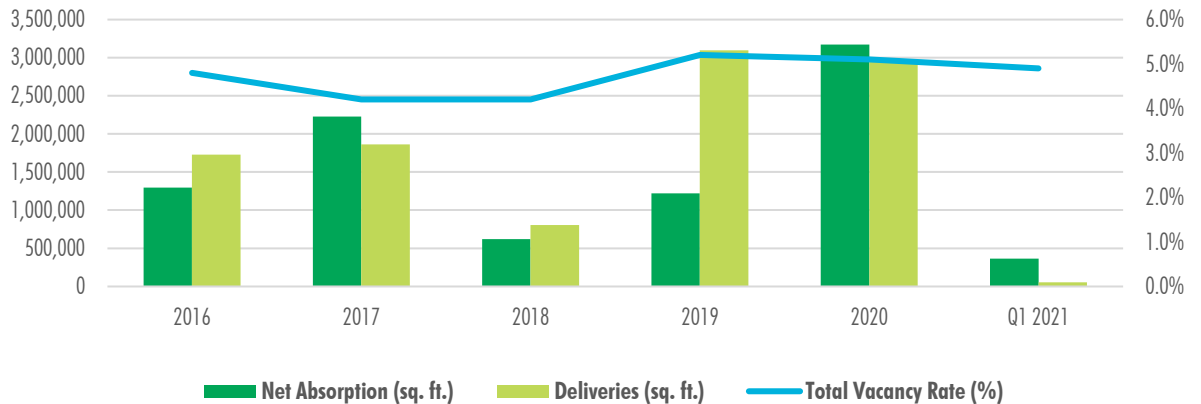
Q1 2021

Tampa Industrial

Lack of available space won't be alleviated in 2021

▲ Inventory 143,237,609
▲ New Deliveries 54,123
▲ Under Const. 3,346,317
▼ Total Vacancy 4.9%
▲ Net Absorption 365,001
▲ Lease Rate \$6.78

Historical Absorption, Deliveries and Vacancy



- Minimal deliveries this quarter reflect a construction pipeline that slowed in the tail end of 2020. 1 million sq. ft. is on track to deliver over the 2nd quarter but only 400,000 sq. ft. remains available.
- Net absorption of 365,001 sq. ft. outpaces Q1 2020 but represents just 12% of total 2020 absorption as limited available space can thwart potential activity.
- Tracking average asking rate growth remains challenging as limited blocks of marketed space remain after recent leasing. New construction will almost entirely drive this metric going forward.

OVERVIEW

A construction pipeline that drastically slowed by the end of 2020 has Q1 deliveries looking much different than the past two years. While 3.2 million sq. ft. is still forecasted to come online in 2021, 56% of it is already spoken for. This is being exasperated by the fact that both the pace and speculative nature of new groundbreakings such as Grand Oaks 75 III, Brooker Creek Corporate Center and a 100,000 sq. ft. built-to-suit in Pinellas this quarter fall short of the recent cycle. Furthermore, the latest industrial parks including County Line Logistics, Cabot at Aprile Farms, Becknell at Madison and Tampa Fulfillment Center have achieved near 100% occupancy.

DEMAND

Pinellas County, home to historically tight industrial submarkets, worked against the grain this quarter and recorded -305,739 sq. ft. of absorption. This was almost entirely driven by the shut down of Tampa Bay Times St. Pete printing facility in March which bumped vacancy to just under 5%.

No new lease marked past 200,000 sq. ft. this quarter, which is likely a function of limited available space as well as many large home improvement and e-commerce requirements getting satisfied last year.

PRICING

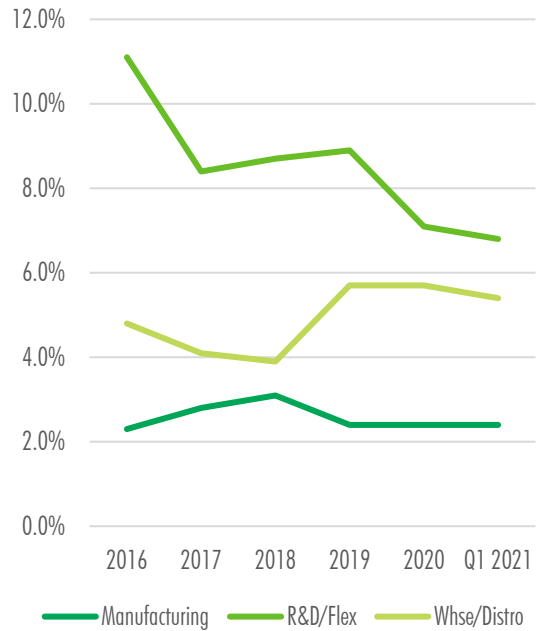
Amidst minimal existing availabilities, new construction will have an even greater influence over rental rate growth going forward – particularly within warehouse/distribution product. Additional upward pressure also stems as costs of construction (primarily steel) continue to markedly increase.

OUTLOOK

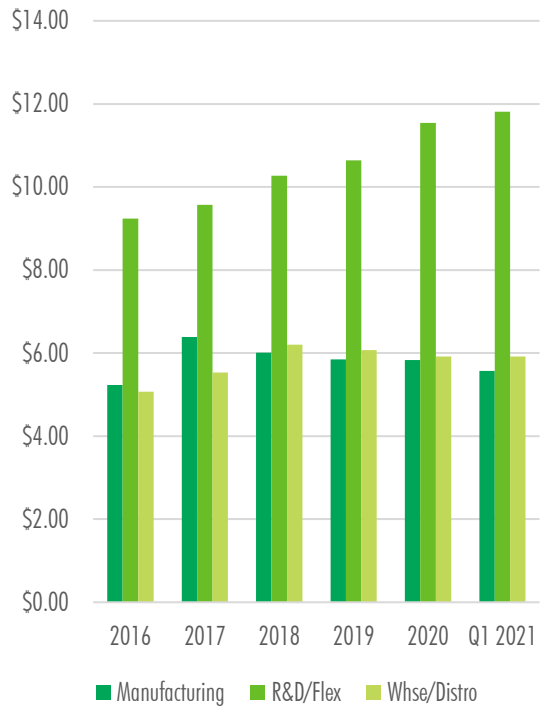
The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. At the close of the first quarter over a quarter of Americans have received at least one dose of the vaccine. The rate of daily vaccinations has accelerated to 2.5 million, making societal and economic normalization possible by mid-year.

A reopening of the economy would support near 7% GDP growth this year—the strongest pace seen since the early 1980s. This expansion is poised to be broad-based, with personal consumption being a critical factor. As social distancing measures subside much of the spending will likely focus on consumer services, such as restaurants and leisure travel. A recovery within these sectors is critical for the broader labor market, as leisure and hospitality employment are more than 30% below pre-COVID levels, compared to 5% for total employment (excluding leisure and hospitality).

Vacancy Rate



Avg. Asking Rates (\$/sq. ft. NNN)



OUTLOOK (CONT.)

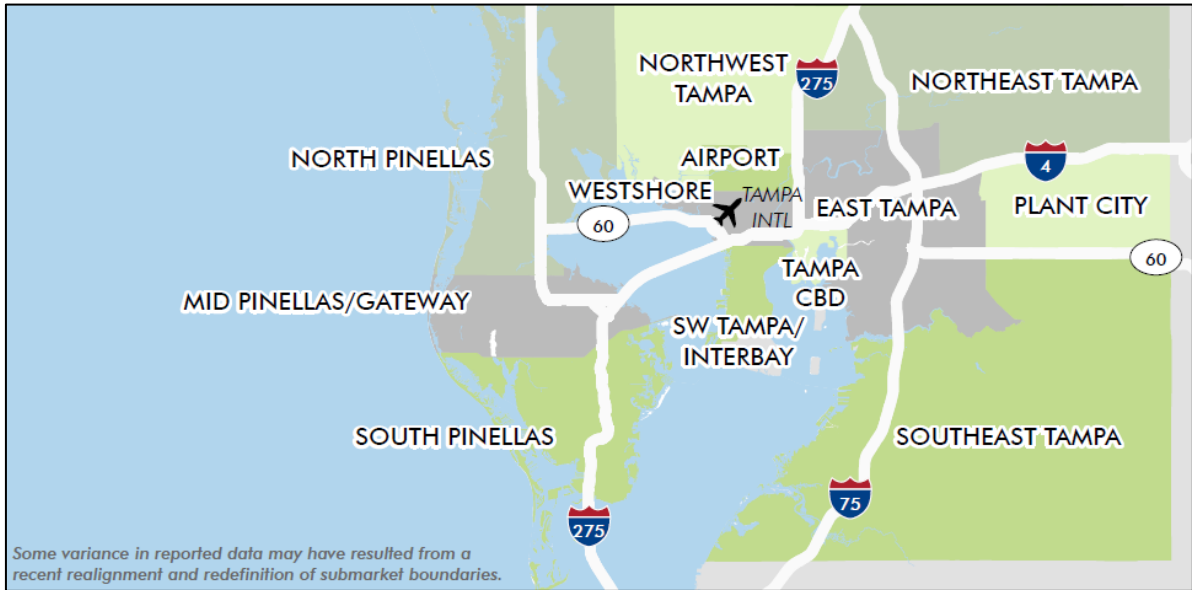
Overall, the U.S. economy is estimated to create upward of 7 million total new jobs in 2021. This burst of activity will push inflation above the Federal Reserve's traditional 2% target but this is likely to be transitory as 18 million workers remain on the sidelines and the wall of fiscal stimulus represents a one-time jolt rather than a constant flow of dollars.

Q1 2021 Statistical Snapshot

Submarket	Total Inventory	Direct Vacancy (%)	Total Vacancy (%)	Q1 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	NNN Avg. Asking Lease Rates (\$/Sq. Ft.)
Tampa CBD	9,085,392	4.3%	5.0%	29,670	29,670	0	\$5.10
Northeast Tampa	2,333,323	13.7%	13.7%	0	0	0	\$6.00
East Tampa	47,649,749	3.0%	3.5%	275,677	275,677	993,571	\$7.08
Plant City	12,962,606	12.1%	12.1%	300,103	300,103	1,630,590	\$5.19
Southeast Tampa	2,895,045	1.8%	1.8%	22,800	22,800	492,156	\$3.00
East Tampa Area	74,926,115	5.0%	5.4%	628,250	628,250	3,116,317	\$6.17
Westshore	4,028,809	2.4%	2.4%	23,478	23,478	0	\$7.09
Airport	12,813,457	2.9%	2.9%	3,012	3,012	0	\$8.80
Southwest Tampa	2,910,397	3.0%	3.0%	1,000	1,000	0	\$4.77
Northwest Tampa	2,059,744	3.3%	4.0%	15,000	15,000	0	\$9.20
Airport Area	21,812,407	2.8%	2.9%	42,490	42,490	0	\$8.08
Hillsborough County	96,738,522	4.5%	4.9%	670,740	670,740	3,116,317	\$6.45
South Pinellas	8,980,153	5.9%	5.9%	(317,882)	(317,882)	0	\$7.16
Mid-Pinellas	30,627,618	5.2%	5.3%	69,144	69,144	100,000	\$7.39
North Pinellas	6,891,316	1.2%	1.4%	(57,001)	(57,001)	130,000	\$11.96
Pinellas County	46,499,087	4.7%	4.8%	(305,739)	(305,739)	230,000	\$7.52
Overall Tampa Bay	143,237,609	4.6%	4.9%	365,001	365,001	3,346,317	\$6.78
Manufacturing	32,589,799	2.4%	2.4%	0	0	0	\$5.57
R&D/Flex	12,482,736	6.3%	6.8%	47,256	47,256	0	\$11.81
Warehouse/Distribution	98,165,074	5.1%	5.4%	317,745	317,745	3,346,317	\$5.92

Q1 2021 Notable Leases

Submarket	Property	Tenant	Lease Type	Class	Transaction (Sq. Ft.)
East Tampa	Madison Business Center A	Icon EV	New Lease	A	156,311
East Tampa	1820 Massaro Blvd	Spirit Logistics	New Lease	B	105,644
Mid Pinellas/Gateway	Gateway Center Pkwy	Confidential	New Lease	A	100,000



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Market Coverage: All competitive industrial buildings 10,000 sq. ft. and greater in size in Hillsborough and Pinellas counties.

Note: Tracked inventory was audited to reflect prevailing perception of the market. All changes are reflected historically in the data and analysis but cannot be compared to previously released Research reports.

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