

MARKETVIEW

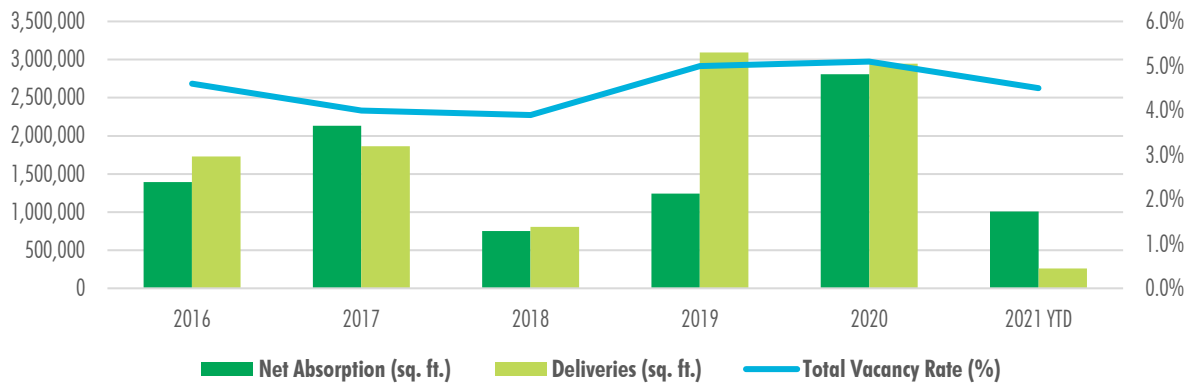
Q2 2021

Tampa Industrial

Construction returns to airport area as it dries up elsewhere

▶ Inventory 139,864,959
▼ New Deliveries 208,741
▼ Under Const. 4,090,797
▼ Total Vacancy 4.5%
▲ Net Absorption 674,878
▲ Lease Rate \$6.45

Historical Absorption, Deliveries and Vacancy



OVERVIEW

- The final building within 301 Business Center was the only delivery this quarter, totaling 208,741 sq. ft. The building continues to have interest from multiple parties as the largest existing class A block in East Tampa currently.
- Net absorption for the year pushed past 1 million sq. ft., in line with historical trends but relying on quickly shrinking new construction.
- Rent growth can now be driven by just 1-2 large availabilities, making analysis of signed leases a more useful tool for gauging the market.

While the 4.1 million sq. ft. under construction accurately reflects the stark increase in industrial demand across Tampa, it can also give a false impression towards the amount of competitive space that will actually hit the market. 2.2 million sq. ft. is either built-to-suit or preleased, meaning just 1.9 million square feet is leasable as of Q2. This is especially light for areas like East Tampa, which has historically seen the bulk of both new construction and absorption. This year, just 340,000 sq. ft. is on track to deliver there, with about half of that space nearly spoken for. Conversely, new construction in the airport submarket to the tune of over 540,000 sq. ft. represents the highest level of construction for that submarket on record and the first sizeable, competitive projects in over a decade.

DEMAND

Absorption in 2021 has already surpassed 1 million sq. ft. with the top 5 largest move-ins of the quarter focused in new, class A product in East Tampa and Plant City. In fact, multiple instances of those move-ins being the last spaces available at those multi-phased projects. This has worked down direct vacancy further, to 4.3% for the market overall.

While absorption has managed to keep pace with this time last year, the lack of a steady speculative construction pipeline will result in most additional absorption this year being largely driven by anticipated future move-ins within built-to-suit product or more prevalent activity within more vintage product as firms run low on alternatives.

PRICING

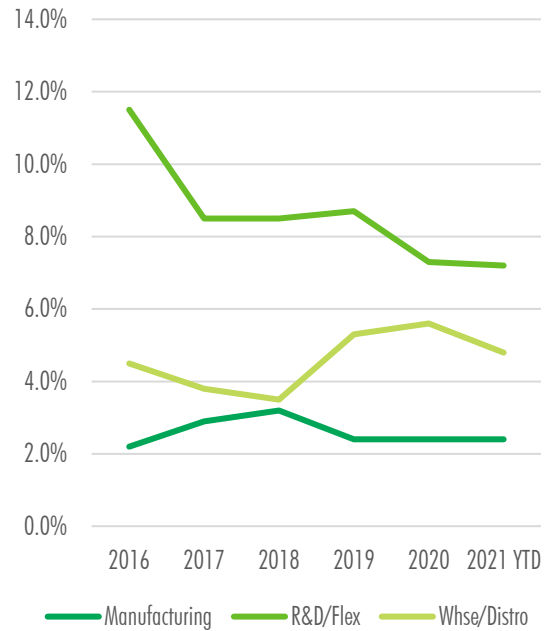
Asking rate growth continues to be one of the most difficult metrics to track given the lack of available space, allowing 1-2 large availabilities able to essentially dictate the asking rate for the entire submarket. Instead, an analysis of signed leases reveals warehouse/distribution rent growth on new leases topping 10% annually for both 2019-2020 and 2020-2021.

OUTLOOK

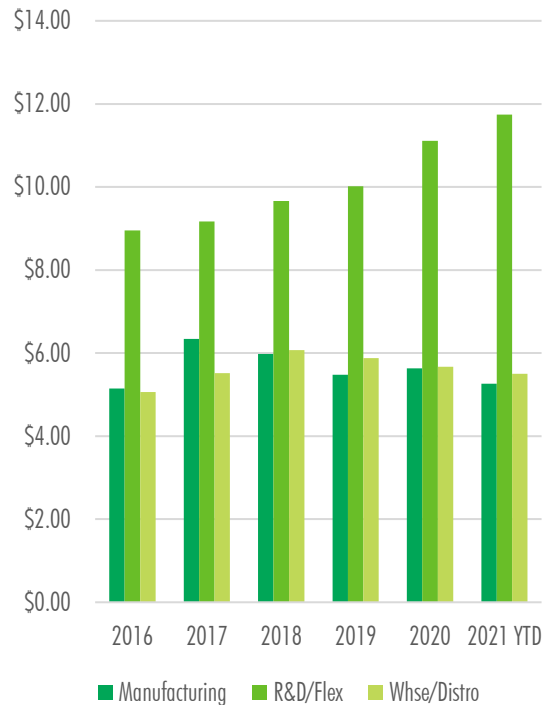
2021 will exhibit the highest economic growth since the early 1980s, with GDP growth hitting 7% as the pandemic fades and society and commerce normalize. The key impediment to greater growth is a shortage of key inputs, such as labor, microchips, and raw materials. The housing market is the posterchild of this imbalance, as increased sales during 2020 caused prices to surge and inventories to shrink. But a limited supply of labor and materials is preventing homebuilders from fully responding to price signals.

Housing market momentum ultimately reflects the strong position of U.S. consumers and particularly those who increased their savings amid the pandemic.

Total Vacancy Rate



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



OUTLOOK (CONT.)

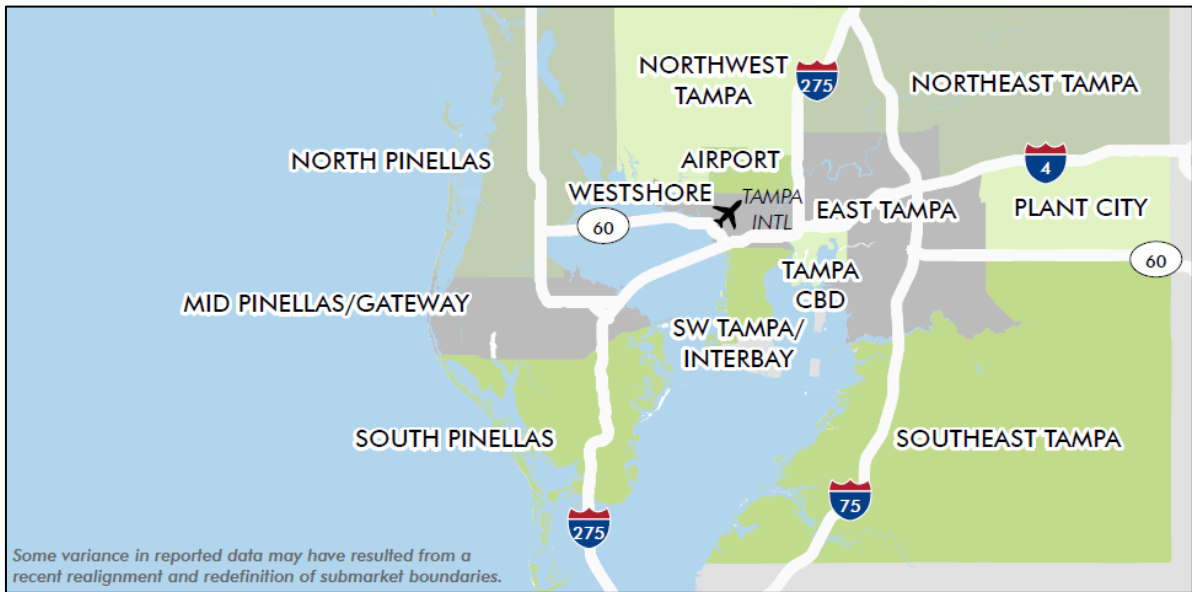
Although spending on consumer goods remained steady during 2020 households are now shifting their consumptions to services. Today, restaurant and travel demand is surging faster than establishments can match with workers, bringing relief to a hard-hit corner of the labor market. Average hourly earnings for leisure & hospitality workers surged 8% from late 2020, compared to about 2% for the broader workforce.

Q2 2021 Statistical Snapshot

Submarket	Total Inventory	Direct Vacancy (%)	Total Vacancy (%)	Q2 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	NNN Avg. Asking Lease Rates (\$/Sq. Ft.)
Tampa CBD	8,529,796	2.0%	3.4%	165,045	206,250	0	\$4.17
Northeast Tampa	2,319,823	6.9%	6.9%	151,470	151,470	0	\$5.44
East Tampa	47,426,532	3.8%	4.0%	164,119	403,726	784,830	\$7.01
Plant City	12,702,021	9.6%	9.6%	194,381	516,984	1,929,557	\$5.22
Southeast Tampa	2,843,045	0.0%	0.0%	0	22,800	604,156	\$3.00
East Tampa Area	73,821,217	4.5%	4.8%	675,015	1,301,230	3,318,543	\$6.07
Westshore	3,619,841	2.5%	2.5%	9,720	34,998	0	\$6.14
Airport	12,682,077	3.1%	3.2%	(83,162)	(111,989)	542,254	\$10.38
Southwest Tampa	2,598,988	4.2%	4.2%	1,476	2,476	0	\$4.98
Northwest Tampa	2,059,744	4.0%	4.6%	(23,500)	(6,000)	0	\$9.43
Airport Area	20,960,650	3.2%	3.4%	(95,466)	(80,515)	542,254	\$6.44
Hillsborough County	94,781,867	4.2%	4.5%	579,549	1,220,715	3,860,797	\$6.11
South Pinellas	8,553,723	6.0%	6.1%	(2,025)	(319,730)	0	\$6.23
Mid-Pinellas	29,697,090	4.7%	4.8%	135,832	185,617	100,000	\$7.73
North Pinellas	6,832,279	1.3%	1.4%	(38,478)	(76,998)	130,000	\$7.74
Pinellas County	45,083,092	4.5%	4.5%	95,329	(211,111)	230,000	\$7.43
Overall Tampa Bay	139,864,959	4.3%	4.5%	674,878	1,009,604	4,090,797	\$6.45
Manufacturing	31,178,438	2.4%	2.4%	1,390	7,390	0	\$5.26
R&D/Flex	12,577,782	7.0%	7.2%	(32,125)	13,854	0	\$11.74
Warehouse/Distribution	96,108,739	4.6%	4.8%	705,613	988,360	4,090,797	\$5.50

Q2 2021 Notable Leases

Submarket	Property	Tenant	Lease Type	Class	Transaction (Sq. Ft.)
Plant City	Peak Logistics Center	Premier Packaging	New Lease	A	99,550
East Tampa	Grand Oaks 75 III	Snyder's Lance	New Lease	A	68,212
Plant City	County Line Logistics Center 100	US Pack	New Lease	A	66,020



CONTACTS

Mike DiBlasi

Managing Director

+1 813 273 8400

mike.dibiasi@cbre.com

Marc L. Miller

Associate Field Research Director

+1 305 381 6428

marc.miller1@cbre.com

Kyle Koller

Field Research Manager

+1 813 273 8422

kyle.koller@cbre.com

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.

Contact CBRE Tampa

101 E. Kennedy Blvd

Suite 1500

Tampa, FL 33606

T: 1 813 229 3111

F: 1 813 223 7144

To learn more about CBRE Research,
or to access additional research reports,
please visit the Global Research Gateway at:
www.cbre.com/research-and-reports