

MARKETVIEW

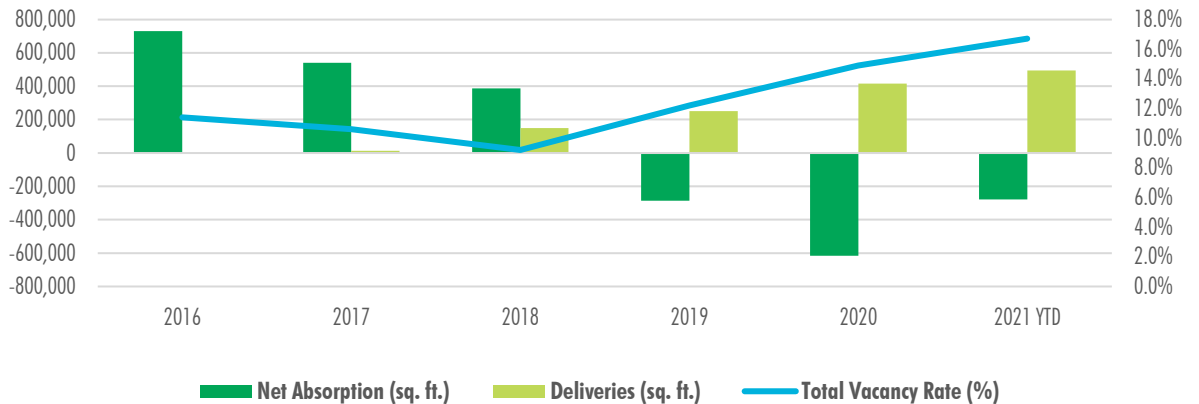
Q2 2021

Tampa Office

More class A space as half of the construction pipeline delivers

▲ Inventory 40,346,740
▲ New Deliveries 494,387
▼ Under Const. 475,584
▲ Total Vacancy 16.7%
▲ Net Absorption 100,313
▲ Lease Rate \$29.32

Historical Absorption, Deliveries and Vacancy



- Delivery of SkyCenter One at the airport and two office buildings at Midtown totaled 494,387 sq. ft. this quarter. An additional 355,584 sq. ft. will come online shortly as Water Street’s first office tower wraps up downtown.
- Despite positive absorption that was largely focused in the class B market, new construction bumped overall vacancy to 16.7%.
- Average asking rates are beginning to see upward movement again, a combination of Landlord adjustments and new construction at top-of-market pricing.

OVERVIEW

In a welcomed change of pace, a handful of large, class B move-ins in Westshore by the likes of ID.me and Heritage Insurance have brought quarterly absorption to just over 100,000 s.f. - back in the black for the first time since Q2 of last year. Despite the shift, vacancy again increased this quarter by 90 basis points as half of the construction pipeline delivered – mostly vacant with planned future move-ins totaling 125,000 s.f. This includes SkyCenter One, Midtown One and the Loft at Midtown – all in Westshore. While this influx of new space has pushed market class A total vacancy to 19.3%, direct vacancy sits at just 15.1% as the sublease market still accounts for over 20% of all vacant class A space.

DEMAND

Positive absorption this quarter was strongly influenced by the class B market, especially in Westshore thanks to a couple of key move ins. This has further distanced vacancy by asset class, with total class A vacancy now 5.5 percentage points higher than class B. To show the current weight of the sublease market on class A space, that same disparity shrinks to just 1.9 percentage points when looking at direct vacancy only. Only two submarkets recorded negative absorption this quarter, including Northeast Tampa where Citibank, Syniverse, and AdventHealth had significant move outs.

Furthermore, tenant demand has remained strong especially among new to market firms. These firms have already promised to absorb over 300,000 sq. ft. of space and create well over 1,500 jobs this year alone.

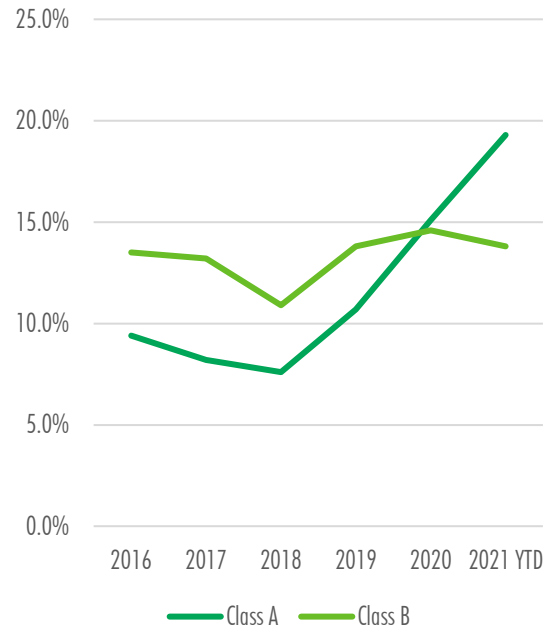
PRICING

After very minimal movement over the 2nd half of 2020, Landlords have again begun to increase asking rates. This quarter, rate increases were mostly focused in class B, suburban product but four downtown assets also saw appreciation. This has brought the year over year increase to 3.8%, a number that swells to 8.0% when factoring in new construction at top-of-market pricing.

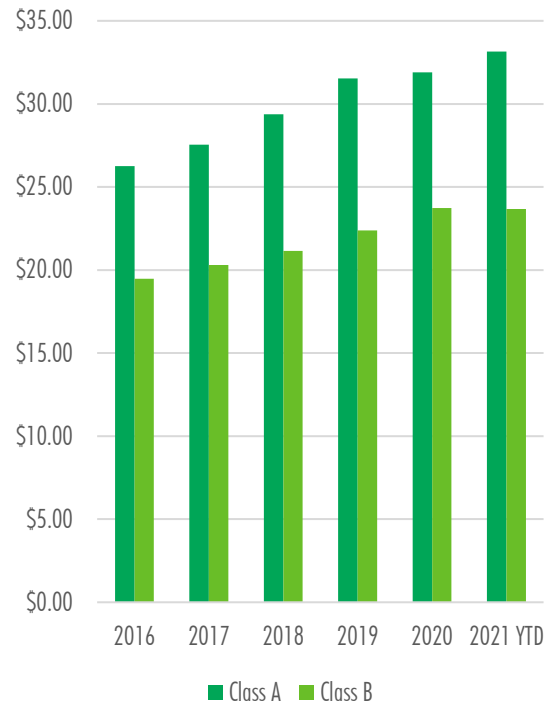
OUTLOOK

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.

Total Vacancy Rate



Avg. Asking Rates (\$/sq. ft. full service)



OUTLOOK (CONT.)

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

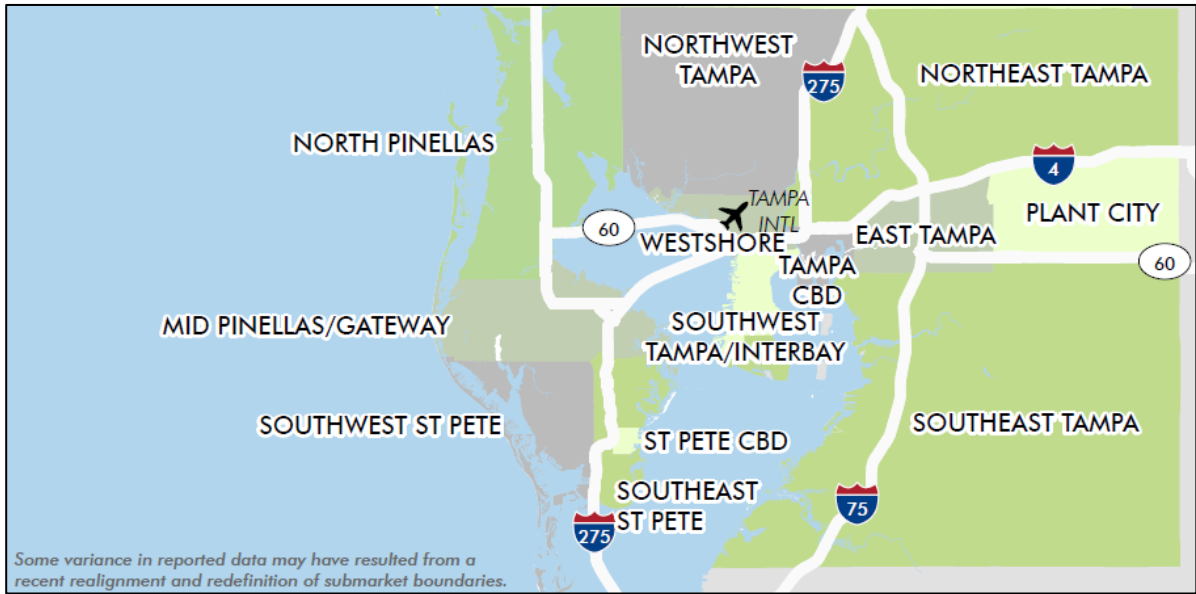
Submarket	Total Inventory	Direct Vacancy (%)	Total Vacancy (%)	Q2 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Gross Avg. Asking Lease Rates (\$/Sq. Ft.)
Tampa CBD	6,480,868	12.4%	14.5%	27,201	(12,973)	355,584	\$35.44
Class A	4,635,046	14.0%	16.7%	37,941	28,082	355,584	\$37.21
Class B	1,845,822	8.4%	9.2%	(10,740)	(41,055)	0	\$27.93
St Pete CBD	1,934,907	5.5%	7.4%	15,332	13,566	0	\$30.56
Class A	1,235,047	5.3%	8.1%	15,332	14,602	0	\$32.35
Class B	699,860	6.0%	6.0%	0	(1,036)	0	\$24.24
CBD Total	8,415,775	10.9%	12.9%	42,533	593	355,584	\$34.50
Westshore	12,810,288	15.8%	18.7%	133,818	11,891	0	\$35.06
Class A	7,821,089	16.6%	21.2%	2,664	(112,721)	0	\$38.58
Class B	4,989,199	14.5%	14.8%	131,154	124,612	0	\$28.36
Northwest Tampa	3,906,682	13.7%	21.5%	18,091	(47,990)	0	\$23.45
Class A	1,271,992	7.9%	28.9%	0	(45,394)	0	\$27.47
Class B	2,634,690	16.5%	17.9%	18,091	(2,596)	0	\$22.40
Southwest Tampa	603,971	7.7%	9.0%	(2,704)	(4,504)	0	\$24.78
Class A	83,511	0.0%	7.0%	0	0	0	N/A
Class B	520,460	9.0%	9.3%	(2,704)	(4,504)	0	\$24.78
Northeast Tampa	4,171,838	18.1%	19.7%	(110,837)	(151,555)	120,000	\$24.09
Class A	1,907,302	25.2%	27.9%	(152,981)	(188,524)	120,000	\$27.25
Class B	2,264,536	12.2%	12.8%	42,144	36,969	0	\$18.61
East Tampa	2,516,616	16.4%	17.8%	(2,225)	(7,878)	0	\$24.01
Class A	1,284,941	17.4%	20.2%	0	0	0	\$26.09
Class B	1,231,675	15.3%	15.3%	(2,225)	(7,878)	0	\$20.89
Southeast Tampa	248,324	1.1%	1.1%	6,398	6,398	0	\$25.08
Class A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Class B	248,324	1.1%	1.1%	6,398	6,398	0	\$25.08
Hillsborough Suburbs	24,257,719	15.5%	18.8%	42,541	(193,638)	120,000	\$29.87

Q2 2021 Statistical Snapshot (cont.)

Submarket	Total Inventory	Direct Vacancy (%)	Total Vacancy (%)	Q2 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Gross Avg. Asking Lease Rates (\$/Sq. Ft.)
North Pinellas	3,208,312	12.1%	12.4%	25,827	(7,170)	0	\$21.49
Class A	1,397,129	8.2%	8.4%	3,521	(24,224)	0	\$23.50
Class B	1,811,183	15.0%	15.5%	22,306	17,054	0	\$20.42
Mid Pinellas/Gateway	4,212,975	15.3%	16.4%	(11,777)	(81,311)	0	\$24.06
Class A	2,004,841	16.9%	17.8%	(22,637)	(93,670)	0	\$25.52
Class B	2,208,134	13.8%	15.1%	10,860	12,359	0	\$21.93
Southwest St Pete	172,857	10.0%	10.0%	1,189	2,190	0	\$16.07
Class A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Class B	172,857	10.0%	10.0%	1,189	2,190	0	\$16.07
Southeast St Pete	79,102	1.7%	1.7%	0	0	0	N/A
Class A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Class B	79,102	1.7%	1.7%	0	0	0	N/A
Pinellas Suburbs	7,673,246	13.7%	14.4%	15,239	(86,291)	0	\$22.84
Overall Tampa	40,346,740	14.2%	16.7%	100,313	(279,336)	475,584	\$29.32
Class A	21,640,898	15.1%	19.3%	(116,160)	(421,849)	475,584	\$33.16
Class B	18,705,842	13.2%	13.8%	216,473	142,513	0	\$23.67

Q2 2021 Notable Leases

Submarket	Property	Tenant	Lease Type	Class	Transaction (Sq. Ft.)
Westshore	Former Verizon Building	ID.me	New Lease	B	103,000
Tampa CBD	Park Tower	ConnectWise	New Lease	B	65,559
Westshore	Lincoln Center	Jacobs Technology	Renewal/Expansion	B	33,503
Northeast Tampa	Oakview Center	EPIQ	Renewal	A	21,348
Tampa CBD	Fifth Third Center	Soliant Health	New Lease	A	16,489
Westshore	LakePointe One	Ideal Agent	New Lease	A	15,257
Tampa CBD	Fifth Third Center	AIM Engineering & Surveying	New Lease	A	11,955
Tampa CBD	Thousand & One	Sila Realty	New Lease	A	10,465



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Market Coverage: Includes all competitive Class A and B office buildings 10,000 sq. ft. and greater in size in Hillsborough and Pinellas Counties. Excludes: single occupancy, government and medical buildings.

Note: Tracked inventory was audited to reflect prevailing perception of the market. Class C product was removed from the tracked set, and Class changes were implemented where necessary to better capture current status. All changes are reflected historically in the data and analysis but cannot be compared to previously released Research reports.

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