

# MARKETBEAT OFFICE SNAPSHOT



## TAMPA, FL

A Cushman & Wakefield Research Publication

Q1 2014



### ECONOMIC OVERVIEW

During the initial quarter of 2014, Tampa Bay's economy continued to expand, although at a lesser rate as compared to 2013. Job growth slowed but still created 5,300 new positions during the first three months of the year,

though over the past twelve month period, the area added an impressive 30,000 new jobs. Job growth was broad-based with most area industries creating new jobs during the first quarter. Industries which traditionally are considered office-using, such as financial services and professional/business services, added 2,600 new jobs so far this year. Despite this positive growth in office-using employment, activity levels in Tampa's office market softened slightly during the first quarter, resulting in modest improvements in the market since year-end.

### SLOW AND STEADY PROGRESS

The overall vacancy rate in Tampa's office market closed the first quarter at 15.2%, down two-tenths of a percentage point from year-end, though vacancy is down a more appreciable 1.1 percentage points from this time last year. The strengthening in tenant demand experienced last year seems to have slowed in the first quarter, with the level of leasing and sales activity declining over the past few months. Despite the reduction in transactions being completed, the market still posted 17,346 square feet (sf) of positive overall absorption during the quarter.

Leasing activity for the quarter totaled 440,306 sf, which is a 13.0% decline from the fourth quarter of last year, but a 12.7% increase from the level of activity recorded in the first quarter 2013. 2013 saw a large increase in the volume of transactions closed while the first quarter had a relative lack of "large" leases being signed. This has created a brief lull in activity levels. Additionally, the number of available blocks of space has begun to tighten up in a few of the area's major submarkets. Large blocks of contiguous space, in particular, are becoming increasingly difficult to find.

### RENTAL RATES REMAIN FLAT...FOR NOW

In the first quarter, vacancy tightened as tenant demand softened, resulting in overall average asking rental rates to remain flat since year-end, averaging \$22.01 per square foot (psf), but up 1.2% over the past twelve months. During that time, class A asking rents have experienced the largest gains, increasing \$0.71 psf to a current average of \$24.78 psf. This trend was most evident in the Tampa

CBD, where the average class A asking rent jumped \$0.84 psf from a year ago, reaching \$27.21 psf at the close of the quarter.

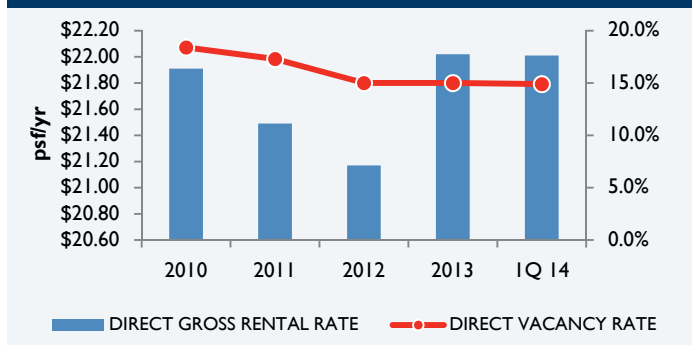
### OUTLOOK

The Tampa office market is expected to see a return in the latter half of 2014 of the strong tenant demand experienced in 2013. As a result of this revived demand, Cushman & Wakefield predicts the market will progressively see stronger levels of leasing activity, substantial increases in asking rents and a sustained downward trend in overall vacancy throughout the rest of 2014.

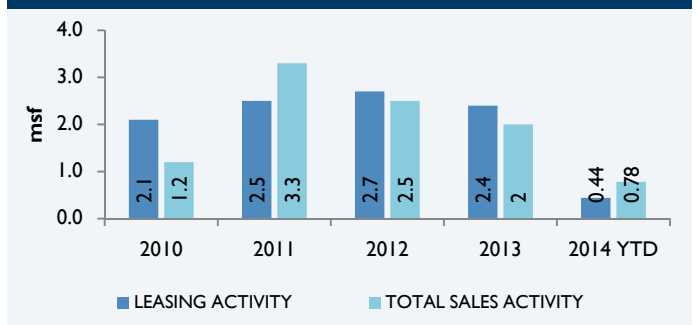
### STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	15.7%	15.2%	-0.5pp	▼
Direct Asking Rents (psf/yr)	\$21.75	\$22.01	1.2%	▲
YTD Leasing Activity (sf)	390,630	440,306	12.7%	▲

### DIRECT RENTAL VS. VACANCY RATES



### OVERALL OCCUPIER ACTIVITY



## TAMPA, FL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	OVERALL WTD. AVG ALL CLASSES GROSS RENTAL RATE*	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE*
TAMPA CBD	6,453,637	13.2%	12.6%	155,339	0	0	75,074	61,474	\$21.91	\$24.08
Westshore	12,758,942	14.0%	13.5%	185,927	0	0	31,111	40,468	\$24.42	\$27.21
Northwest	4,542,035	17.3%	17.2%	30,376	0	0	834	834	\$18.73	\$24.00
I-75 Corridor	7,510,278	17.9%	17.9%	34,853	0	0	(90,964)	(90,964)	\$20.84	\$21.99
Southwest	357,386	21.5%	21.5%	8,971	0	0	(9,110)	(9,110)	\$17.63	N/A
Hyde Park	451,085	7.2%	7.2%	12,293	0	0	8,006	8,006	\$21.87	N/A
Ybor City	181,403	21.3%	21.3%	12,547	0	0	6,638	6,638	\$24.31	N/A
SUBURBS	25,801,129	15.7%	15.5%	284,967	0	0	(53,485)	(44,128)	\$22.01	\$24.95
<b>TOTALS</b>	<b>32,254,766</b>	<b>15.2%</b>	<b>14.9%</b>	<b>440,306</b>	<b>0</b>	<b>0</b>	<b>21,589</b>	<b>17,346</b>	<b>\$22.00</b>	<b>\$24.78</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
201 North Franklin Street, Tampa	Tampa CBD	Ernst & Young	A	27,334
3444 North Memorial Highway, Tampa	Westshore	New York Life Insurance Company	C	21,595
401 East Jackson Street, Tampa	Tampa CBD	Confidential Tenant	A	19,928
100 South Ashley Drive, Tampa	Tampa CBD	Regus	A	13,960
5810 West Cypress Street, Tampa	Westshore	Patterson Dental Supply, Inc.	B	12,619
302 Knights Run Avenue, Tampa	Tampa CBD	LM Funding, LLC	A	10,989
401 East Jackson Street, Tampa	Tampa CBD	Greenspoon Marder	A	10,822
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
501 East Kennedy Boulevard, Tampa	Tampa CBD	IP Capital Partners, LLC	\$30,360,000 / \$94	322,967
2 Bldg. Portfolio – 6700 Lakeview Drive & 3802 Corporex Drive, Tampa	I-75 Corridor	TerraCap Management, LLC	\$22,900,000 / \$85	269,797
10 Bldg. Portfolio – 2901 West Busch Boulevard, Tampa	Northwest	Kennedy Investments, Inc.	\$2,000,000 / \$26	77,542
3710 Corporex Park Drive, Tampa	I-75 Corridor	Lakecrest Acquisition, LLV	\$3,467,000 / \$58	59,841
1500 South Dale Mabry Highway, Tampa	Southwest	SC-Ehrlich, LLC	\$4,750,000 / \$106	45,000
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				