

TAMPA OFFICE

Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
Tampa Bay MSA Employment	1.32M	1.35M	▲
Tampa (Hillsborough) Unemployment	4.6%	3.6%	■
U.S. Unemployment	4.7%	4.1%	▼

Economy

Despite a slight slowdown due to Hurricane Irma, The Tampa Bay economy continued its strong upward momentum through yearend, adding 30,600 jobs for a growth rate of 2.3% over the year. The unemployment rate in Tampa/Hillsborough County fell by 90 basis points (bps) over the last twelve months to 3.5%. All office-using employment sectors saw job gains in 2017, especially Professional & Business Services which added 5,900, for an increase of 2.5%.

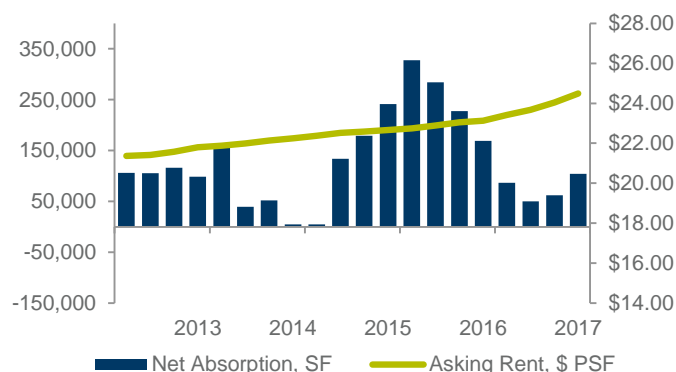
Market Indicators (Overall, All Classes)

	Q4 16	Q4 17	12-Month Forecast
Vacancy	11.9%	11.7%	▼
YTD Net Absorption (sf)	671k	551k	▲
Under Construction (sf)	112k	150k	▲
Average Asking Rent*	\$23.09	\$24.88	▲

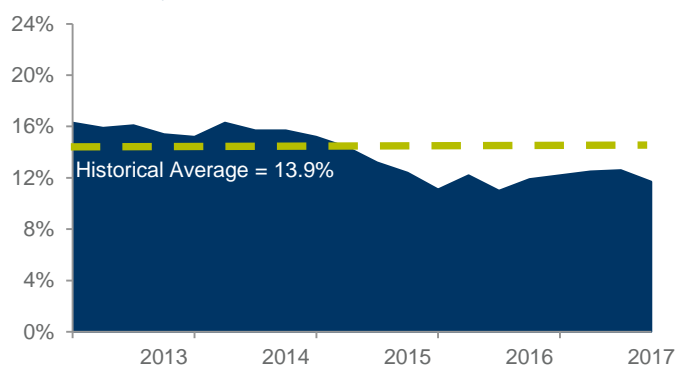
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Market Overview

Based on strong office tenant demand, the overall vacancy rate fell in 2017 by 80 bps to 10.6%, the first time the vacancy rate has dipped below 11.0% in six quarters. Tenant demand for Class A space pushed down the overall vacancy rate for that office type to 7.9%, its lowest level since yearend 2006.

Overall rental rates increased for the year by 7.8% to \$24.88 per square foot (psf) with rental rates in overall Class A assets up a comparable 6.9% year-over-year. Gains in the suburban submarkets outpaced annual gains in the CBD, rising by 8.3% and 5.9% respectively. One reason for the difference in growth rates was the higher occupancies in the major suburban submarkets compared to the CBD. Downtown landlords remained competitive in pricing to attract tenants to their space.

New office construction remains limited throughout the region. The only major new speculative office project in 2017 was a 150,000 square feet (sf) one in the Northwest submarket. After construction commenced, it was quickly leased to a single-tenant, AAA, and converted into a build-to-suit. Overall rental rates throughout Tampa did not rise enough to warrant new construction due to elevated construction costs.

Leasing activity for 2017 was in line with the level of activity from 2016 even on shrinking availabilities. Suburban submarkets made up the bulk of new and expansion leases signed with only 15% of activity occurring in the CBD. Year-to-date (ytd) direct absorption figures for the market were up 16.0% from 2016 numbers. Overall ytd absorption numbers were down from last year's figures of 550,880 sf due to the introduction of several large blocks of sublease space in the suburbs.

Outlook

The Tampa office market ended 2017 on a strong note with rents trending upwards on tightening occupancies. Limited Class A availabilities pushed some tenants to view Class B space as an option in certain submarkets. Cushman & Wakefield anticipates rents to continue to push north and could hit the \$33.00 to \$35.00 psf range which will make financing for new construction more viable.

MARKETBEAT

Tampa

Office Q4 2017



CUSHMAN & WAKEFIELD

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Tampa CBD	6,032,822	27,848	796,457	13.7%	41,979	76,971	351,450	0	\$26.82	\$29.80
Westshore	12,761,174	113,353	1,033,902	9.0%	146,255	248,235	966,387	0	\$27.49	\$31.45
Northwest	4,339,742	19,767	491,099	11.8%	-21,645	191,265	512,790	150,000	\$22.14	\$24.28
I-75 Corridor	7,515,700	182,922	951,884	15.1%	38,391	25,191	501,108	0	\$21.66	\$24.68
Southwest	360,126	0	67,849	18.8%	6,994	-26,297	38,397	0	\$18.86	N/A
Hyde Park	363,994	0	4,727	1.3%	2,271	-3,514	7,685	0	\$23.77	N/A
Ybor City	207,399	12,493	0	6.0%	0	39,029	31,403	0	\$0.00	N/A
Non CBD	25,548,135	328,535	2,549,461	11.3%	172,266	473,909	2,057,770	150,000	\$24.25	\$28.52
TAMPA TOTALS	31,580,957	356,383	3,345,918	11.7%	214,245	550,880	2,409,220	150,000	\$24.88	\$28.96

*Rental rates reflect gross asking \$psf/year

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
Class A	15,665,183	85,839	1,151,623	7.9%	177,175	277,612	1,236,160	150,000	0	\$28.96
Class B	12,112,760	211,060	1,801,046	16.6%	-11,239	158,068	958,294	0	0	\$23.69
Class C	3,803,014	59,484	393,249	11.9%	48,309	115,200	214,766	0	0	\$16.88

Key Lease Transactions 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
8733 Henderson Road	150,000	AAA	New	I-75 Corridor
2202 N Westshore Boulevard	124,715	Amgen	New	Westshore
5519 W Idlewild Avenue	101,500	WellCare	Renewal*	Northwest Area
3020 US Highway 301	99,039	General Dynamics Information Tech	Renewal*	I-75 Corridor

*Renewal – Not included in Leasing Activity Statistics

Key Sales Transactions 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Fifth Third Center	281,187	Farley White Interest/Bridge Commercial	\$52,500,000 / \$187	Tampa CBD
Centerpointe	163,378	FDOT/TA Realty	\$35,700,000 / \$219	Westshore
Eisenhower I	130,000	Gramercy/TIER REIT	\$31,400,000 / \$242	Westshore

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About Cushman & Wakefield

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