

MARKETBEAT

Tampa

Office Q1 2017



TAMPA OFFICE

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Tampa Bay MSA Employment	1.28M	1.32M	▲
Tampa (Hillsborough) Unemployment	4.3%	4.4%	▼
U.S. Unemployment	4.9%	4.8%	▼

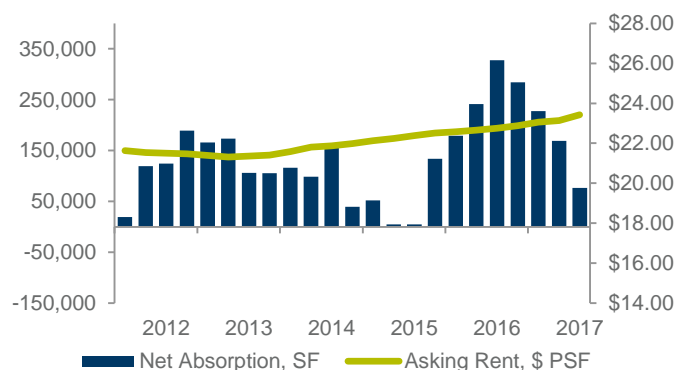
Market Indicators (Overall, All Classes)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	11.1%	12.2%	▼
Net Absorption (sf)	439k	70k	▲
Under Construction (sf)	0	112k	▲
Average Asking Rent*	\$22.88	\$24.05	▲

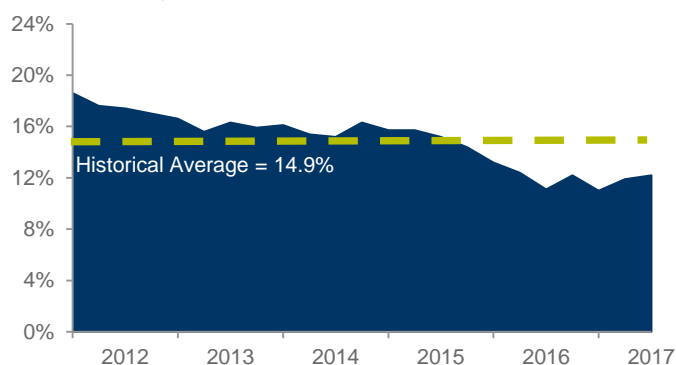
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay region's economy, including Hillsborough County, continued its strong upward momentum in the first quarter of 2017, adding 36,100 jobs for a growth rate of 2.8% over the year. Job growth, and the attraction of new office-using businesses to the region, remains one of the leading factors for Tampa Bay's success.

Market Overview

The direct vacancy rate ended the first quarter at 11.2% with the Westshore submarket the lowest in Hillsborough County at 9.5%. Direct full service asking rental rates increased by \$1.26 over the last twelve months, closing out the quarter at \$24.10 per square foot (PSF). Overall Tampa CBD Class A direct rents finished the quarter at \$29.83 PSF with 100 North Tampa, SunTrust Financial Centre, and Bank of America Plaza all asking \$33 PSF full service for available space. Class A rents increased \$1.59 PSF over the last twelve months.

Healthy leasing activity showed a strong pipeline for future absorption through the rest of 2017. Amgen, one of the world's leading biotechnology companies, signed a 10-year, 124,715 square-foot (SF) lease at Corporate Center One in the Westshore submarket. With plans to open in the fourth quarter of 2017, the new Amgen Capability Center will staff approximately 450 employees by the end of 2018 who will be responsible for the delivery of business-enabling services. United Healthcare also signed a full-building 60,000 square-foot (SF) lease at 10210 Windhorst Road in the I-75 Corridor submarket during the quarter.

Despite market fundamentals that could support new speculative development in Hillsborough County, the only new project under construction was 112,000 SF Renaissance Center VI. A new proposed office development just north of the downtown Tampa will more than likely start construction later this year. The Heights (Armature Works) Phase One includes a 125,000 SF five-story office building that will be connected to Tampa's Riverwalk. The development will also house a 23,000 SF open market with 18 walk-up vendors, two restaurants, a courtyard, roof top bar/theater along with 11,000 SF of event space.

Outlook

Tampa's office market is expected to see improvement in rental rates based on further sustained tenant demand. Cushman & Wakefield expects the office market to continue to post positive growth numbers on tightening vacancy and limited new construction through 2017.

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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	6,036,247	45,084	776,558	13.6%	27,004	27,004	18,520	0	\$26.15	\$29.45
Westshore	12,781,983	138,220	1,216,817	10.6%	-44,025	-44,025	272,982	0	\$26.76	\$30.90
Northwest	4,389,998	2,724	563,589	12.9%	52,853	52,853	103,219	111,600	\$20.37	\$22.38
I-75 Corridor	7,531,252	131,940	837,353	12.9%	98,887	98,887	112,774	0	\$20.67	\$24.75
Southwest	360,603	0	106,331	29.5%	-64,779	-64,779	4,150	0	\$18.01	N/A
Hyde Park	363,994	0	0	0.0%	1,113	1,113	1,113	0	N/A	N/A
Ybor City	207,399	0	52,282	25.2%	-760	-760	0	0	\$16.16	N/A
Non CBD	25,635,229	272,884	2,776,372	11.9%	43,289	43,289	494,238	111,600	\$23.42	\$28.40
TAMPA TOTALS	31,671,476	317,968	3,552,930	12.2%	70,293	70,293	512,758	111,600	\$24.05	\$28.72

*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	15,658,719	133,771	1,229,713	8.7%	3,350	3,350	274,091	111,600	0	\$28.92
Class B	12,182,506	134,196	1,765,898	15.6%	109,275	109,275	197,661	0	0	\$22.94
Class C	3,830,251	50,001	557,319	15.9%	-42,332	-42,332	41,006	0	0	\$16.80

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Corporate Center I at International Plaza	124,715	Amgen	Lease	Westshore
Meridian Premier Center	72,748	WellCare*	Renewal	Northwest
10210 Windhorst Rd	60,000	United Healthcare	Lease	I-75 Corridor

*Renewal – Not included in Leasing Activity Statistics

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Beaumont Business Center/Meridian 589 (11 Buildings)	252,235	Lone Star Funds / Meridian Development Group	\$18,500,000 / \$73	Northwest
Eisenhower I	130,000	TIER REIT, Inc. / Gramercy Property Trust	\$31,400,000 / \$242	Westshore
Palm Lake at Tampa Palms	85,820	The Praedium Group / Tower Realty Partners, Inc.	\$11,410,000 / \$133	I-75 Corridor

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About Cushman & Wakefield

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