



Tampa Bay

Industrial 21Q2

The Tampa Bay MSA industrial vacancy rate remained under 4.0%, even after over 2.4M sq. ft. of space was delivered to the market during the first half of the year.

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Key Takeaways

- Three out of the six area submarkets posted vacancy rates below 3.0%
- The most active tenant requirements in the market averaged between 40,000 to 70,000 square feet.
- No dominant industries drove market activity, all industries were active.

Vacancy Rate ▲ **4.8%** ▲
YOY FORECAST

Net Absorption ▲ **2.6M SF** ▲
YOY FORECAST

Under Construction ▲ **4.2M SF** ▲
YOY FORECAST

Industrial Avg. Direct Asking Rates (NNN) ▲ **\$5.64/SF** ▲
YOY FORECAST

Executive Summary

With over 94% of the U.S. reopened in some capacity, the national GDP began to show positive growth, with a 12.63% change year-over-year. The U.S. 10-Year treasury fell slightly below 1.5%, after strong economic growth during the start of the year. Florida, one of the first states to reopen, continued to see a growth in population, an increase in business activity, and declining unemployment. At the height of the COVID shutdown, Tampa MSA's unemployment level rose substantially to 13.9%, but has since fallen to 4.6%. In addition, trade, transportation and utilities employment rose during the quarter, adding over 18,100 jobs, which increased demand in the industrial sector. The overall lift in the national economy and solid job growth in construction services continued to positively impact the region's industrial market during the second quarter.

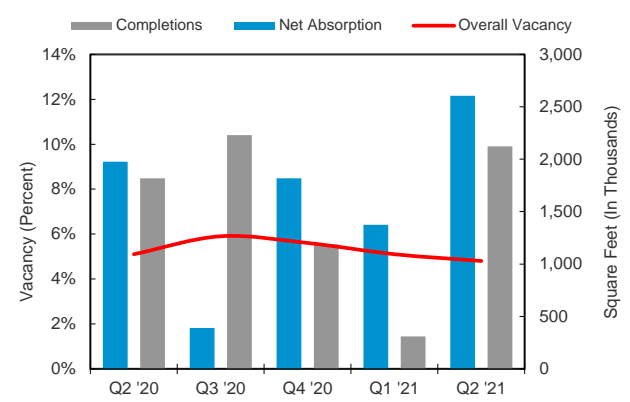
Market Indicators

4.7% Unemployment Rate ▲
12.63% GDP - Quarterly % change yr.yr. ▲
1.47% U.S. 10 Year Treasury Note ▲

Historic Comparison

	20Q2	21Q1	21Q2
Total Inventory	229,742,564	233,469,138	235,590,585
New Supply	1,818,761	309,539	2,121,447
Net Absorption	1,975,729	1,373,394	2,605,083
Overall Vacancy	5.1%	5.1%	4.8%
Under Construction	5,290,728	5,885,823	4,159,959
Industrial Overall Asking Lease Rates (NNN)	\$5.37	\$5.48	\$5.64

Market Trends



Vacancy levels see a slight decline

In the second quarter of 2021, Tampa Bay saw 2,605,083 square feet of absorption with a vacancy decrease to 4.8%.

Source: Colliers International, CoStar

Recent Transactions



Lease
 500 S. Falkenburg Road
 East Tampa | 136K SF



Lease
 4720 Oak Fair Blvd.
 East Tampa | 110K SF



Lease
 4501 Home Run Blvd.
 Polk | 109K SF



Sale
 676 C. Fred Jones Blvd.
 Polk | \$170/SF



Sale
 3775 Fancy Farms Dr.
 East Tampa | \$166/SF



Sale
 2727 Henderson Way
 East Tampa | \$86/SF

Leasing Activity & Absorption

Demand drivers throughout several industries, size ranges, and product types in the Tampa Bay region positively impacted market fundamentals as vacancies filled as quickly as they were delivered to the market. After strong leasing activity in previous quarters, the second quarter, driven by several sizable businesses taking occupancy contributed to a five-year high positive net absorption of 2.6M sq. ft., which equates to 1.2% of the total markets occupied inventory. Amazon topped the list of move-ins, taking occupancy of 1.0M sq. ft. of space in Polk County. In addition, Nestle Waters absorbed approximately 283,000 sq. ft. of Class A space in the E. Tampa submarket along with Spirit Logistics Network who moved into over 106,000 sq. ft. of space in the same submarket.

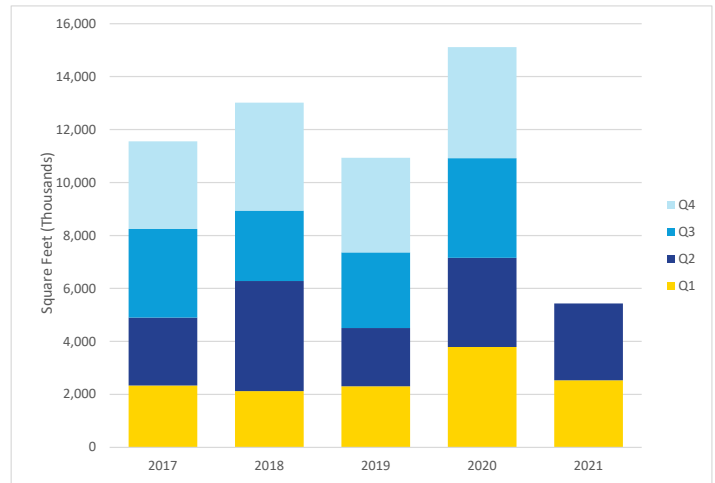
The increase in investment sales, along with the lowest vacancy rate in more than a decade and surging land prices, continued to boost asking rental rates. Average asking rates were \$5.67 per square foot (PSF) for industrial properties and \$11.15 PSF for flex space. There are minimal to no concessions. Tenant improvement allowances have not kept up with the surging costs of construction, and it is now common for tenants to surpass the allowances provided by landlords and come out of pocket or amortize the additional costs of the improvements over the length of the lease terms.

Sales & Development

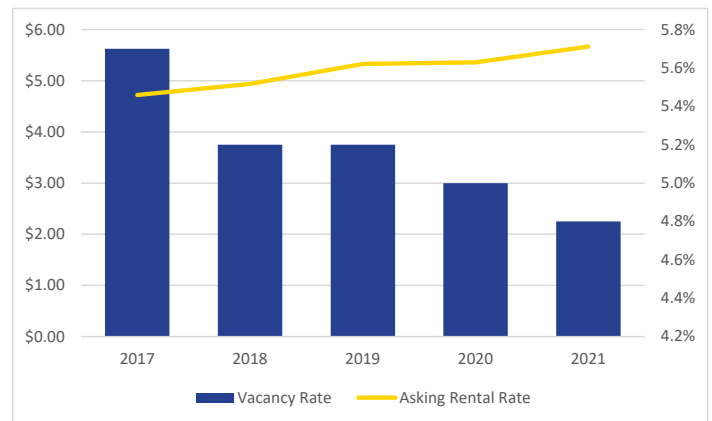
Despite the pandemic, construction forged ahead in the metro, where development activity remained robust, ending the quarter with over 4.2M sq. ft of industrial space under construction. New construction faced rising costs where demand, production delays and logistics issues were drivers in those increased costs. Some projects under construction had varying degrees of delays in scheduling due to the constraints on the global supply chain. Notable deliveries included CenterState Logistics Park located at 8565 State Road 33 and Amazon located at 676 C Fred Jones Blvd, each adding 1.0M sq. ft. of distribution center space to the Polk County submarket. Due to CenterState being delivered vacant, this slightly increased the vacancy rate in the submarket. However, throughout the market, with demand remaining high, most of the new space added to the market should be quickly absorbed as tenants traditionally wait until delivery before completing the lease agreement.

Investment activity noticeably increased, with more than double the transactions completed, especially in the East Tampa submarket, where five noteworthy sales equaling over 170k sq. ft. were completed for a total of \$180M. However, many local owners have been hesitant to sell their industrial assets because there is a lack of deals in the market for a comparable product to potentially trade into for their next investment. In addition, concerns are brewing among industrial owners due to the unknowns of what the current administration will impose on taxations and 1031 exchanges next year.

Leasing Activity



Industrial Vacancy Rate / Asking Rental Rate



Submarket Breakdown

Submarket & Property Type	# of Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Net Absorption YTD SF	New Completions SF	Under Construction SF	Average Direct Asking Rate NNN
Airport									
Industrial	447	14,308,373	1.4%	1.7%	4,400	40,255	0	585,254	\$8.10
Flex	189	5,749,951	6.6%	6.7%	127,963	118,568	11,750	26,400	\$10.91
Overall	636	20,058,324	2.9%	3.1%	132,363	158,823	11,750	611,654	\$9.19
East Side Tampa									
Industrial	1,397	77,333,788	5.3%	5.5%	856,506	1,163,684	20,000	2,491,250	\$5.65
Flex	181	6,224,970	4.7%	5.0%	96,097	122,776	0	0	\$12.16
Overall	1,578	83,558,758	5.3%	5.5%	952,603	1,286,460	20,000	2,491,250	\$6.86
Polk County									
Industrial	878	68,768,991	5.4%	5.6%	1,172,847	2,114,940	2,089,697	807,055	\$5.26
Flex	59	2,356,756	3.9%	3.9%	24,984	9,334	0	0	\$9.18
Overall	937	71,125,747	5.3%	5.5%	1,197,831	2,124,274	2,089,697	807,055	\$5.31
North Pinellas									
Industrial	325	8,220,228	1.3%	1.3%	77,135	-737	0	150,000	\$9.03
Flex	54	1,748,700	1.3%	1.6%	-5,498	4,662	0	0	\$12.36
Overall	379	9,968,928	1.3%	1.4%	71,637	3,925	0	150,000	\$9.32
Gateway									
Industrial	1,018	34,028,916	4.2%	4.3%	100,693	350,940	0	100,000	\$5.51
Flex	169	5,356,507	7.0%	7.2%	105,094	16,703	0	0	\$9.87
Overall	1,187	39,385,423	4.6%	4.7%	205,787	367,643	0	100,000	\$6.10
South Pinellas									
Industrial	385	10,710,272	2.4%	2.5%	26,916	12,306	0	0	\$5.69
Flex	31	783,133	0.7%	0.7%	17,946	25,046	0	0	\$6.50
Overall	416	11,493,405	2.3%	2.4%	44,862	37,352	0	0	\$5.72



Tampa Bay Overall Market

Quarter & Year	Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	Net Absorption YTD SF	New Completions SF	Under Construction SF	Whse. Average Direct Asking Rate NNN	Flex Average Direct Asking Rate NNN
2021 Q2	5,133	235,590,585	4.7%	4.8%	2,605,083	3,978,477	2,121,447	4,159,959	\$5.64	\$11.15
2021 Q1	5,129	233,469,138	4.9%	5.1%	1,373,394	1,373,394	309,539	5,885,823	\$5.48	\$11.18
2020 Q4	5,123	233,159,599	5.3%	5.6%	1,818,605	5,190,564	1,186,982	4,639,922	\$5.43	\$11.41
2020 Q3	5,112	231,972,617	5.6%	5.9%	388,858	3,371,959	2,230,053	4,103,872	\$5.34	\$10.85
2020 Q2	5,100	229,742,564	4.9%	5.1%	1,975,729	2,983,101	1,818,761	5,290,728	\$5.37	\$10.69
2020 Q1	5,095	227,923,803	5.0%	5.2%	1,007,372	1,007,372	636,744	5,981,235	\$5.44	\$10.12
2019 Q4	5,086	227,287,059	5.2%	5.4%	1,939,746	4,027,370	1,484,416	4,791,183	\$5.33	\$10.14
2019 Q3	5,080	225,802,643	5.4%	5.6%	1,471,044	2,087,624	2,268,815	4,541,896	\$5.34	\$9.93
2019 Q2	5,068	223,533,828	5.0%	5.3%	465,886	616,580	1,530,756	5,504,818	\$5.34	\$10.01

Significant Sales Activity

Address	Space Type	Size	Buyer	Sales Price	Submarket
676 C Fred Jones Blvd., Auburndale, FL	Industrial	1,078,000	Eaton Vance Real Estate Investment Group	\$170,000,000 \$170/SF	Polk
3775 Fancy Farms Dr., Plant City, FL	Industrial	510,484	Lexington Realty Trust	\$48,500,000 \$166/SF	East Tampa
2727 Henderson Way, Plant City, FL	Industrial	505,160	CBRE Global Investors	\$43,800,000 \$86/SF	East Tampa

Significant Lease Activity

Address	Space Type	Size SF	Tenant	Lease Type	Submarket
500 S Falkenburg Road, Tampa, FL	Distribution	136,140	Solstice Sleep Products	Renewal	East Tampa
4720 Oak Fair Blvd., Tampa, FL	Distribution	109,754	USPS	Direct	East Tampa
4501 Home Run Blvd., Davenport, FL	Manufacturing	109,423	Sika USA	Direct	Polk

Bold Denotes Colliers Represented Transaction

351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



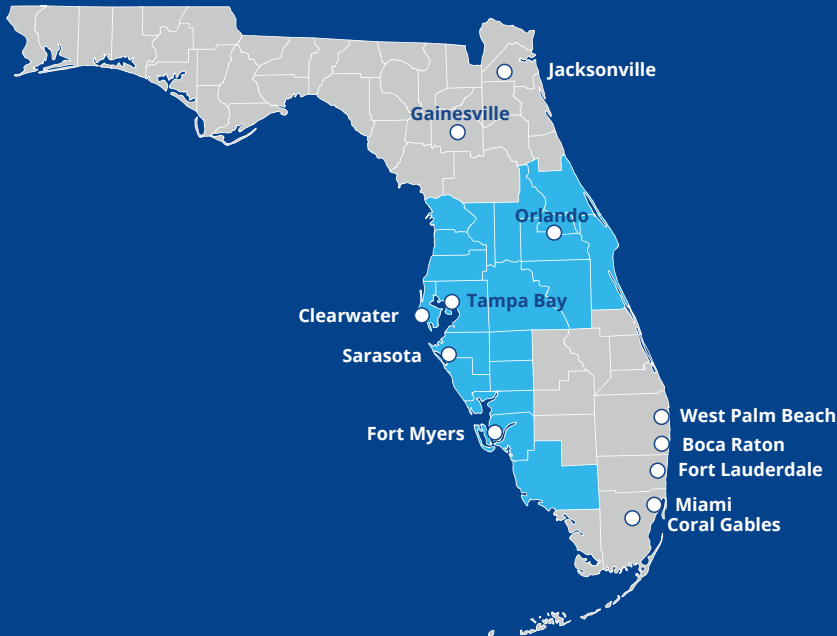
\$3.3B
in revenue



2B
square feet
under management



18,000 +
professionals and staff



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