

Tampa Bay

Asking rates and development at all time high; vacancy drops below 3% for the first time

- Asking rents reach an all-time high, breaking \$7.50 p.s.f. NNN for the first time in Tampa Bay history.
- Vacancy rates dropped to all-time-low in Q2 2022 despite the 4 million s.f. of deliveries in the past year.
- The East Side submarket accounted for over 80% of total net absorption.
- Tampa Bay recorded 19.1% year-over-year rent growth due to strong tenant demand, limited vacancies, and regional economic growth.

Relentless tenant demand coupled with limited speculative deliveries has pushed the vacancy rate below 3% for the first time in Tampa Bay's history. This record-breaking low vacancy rate has allowed landlords and developers to keep their upper-hand. Q2 saw a relatively few move-ins and even fewer move-outs this quarter resulting in 328,000 s.f. of positive absorption, compared to the 1.3 million s.f. of absorption last quarter. The largest move-ins, Ryder and G&G, took 83,000 s.f. and 67,000 s.f., respectively, at the Mango I-4 Logistics Center which is now fully occupied. Both tenants vacated fewer desirable buildings for newer product.

As a result of this sustained low vacancy, total average rent reached \$7.62 p.s.f. NNN this quarter, a \$0.75 p.s.f. increase since end-of-year 2021. Additionally, Tampa Bay's total average rates grew at about 4% this quarter. The East Side submarket saw its largest direct rent increase yet, at \$0.35 p.s.f., pushing the submarket's rent above \$6.00 p.s.f. for the first time in history. Across Tampa Bay submarkets, buildings are asking record-breaking rates, some as high as \$15.00 p.s.f. NNN. In contrast, in Q2 2021 there was only one availability priced above \$15.00 p.s.f. NNN.

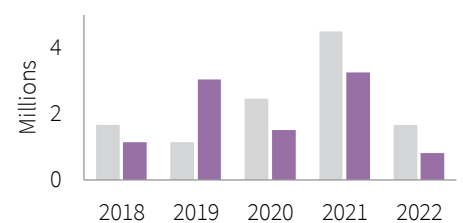
As market-wide demand persisted, development activity continued to soar, pushing the volume of industrial space under construction to above 4 million s.f. for only the 7th time in Tampa Bay's history. With elevated construction activity, overbuilding often becomes a concern. However, over the past decade, nearly 24 million s.f. delivered, and absorption outpaced deliveries in 9 of those 10 years. Further, through the first half of 2022, absorption has doubled deliveries.

Outlook

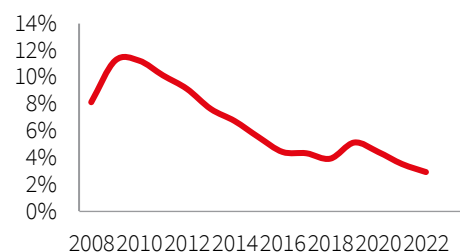
Vacancy is expected to fluctuate throughout the next few quarters as new waves of completions hit the market. Over 24% of speculative space that is under construction and delivering this year is released. Asking rates are expected to rise due to limited availability and increased construction costs.

Fundamentals	Forecast
YTD net absorption	1,666,346 s.f. ▲
Under construction	4,199,073 s.f. ►
Total vacancy	2.9% ►
Sublease vacancy	450,490 s.f. ►
Direct asking rent	\$7.61 p.s.f. ▲
Sublease asking rent	\$7.91 p.s.f. ▲
Concessions	Stable ►

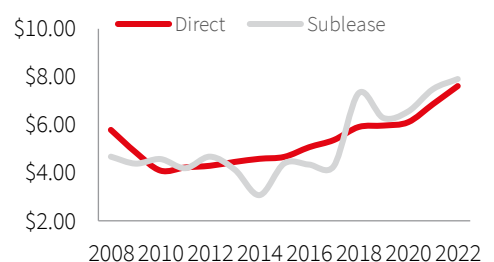
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Tampa Bay total										
Warehouse & Distribution	113,113,937	462,936	1,746,263	1.5%	3.5%	6.3%	\$7.47	104,000	812,156	4,199,073
Manufacturing	35,028,009	-134,300	-79,917	-0.2%	0.9%	1.8%	\$10.11	0	0	0
Overall Total	148,141,946	328,636	1,666,346	1.1%	2.9%	5.2%	\$7.62	104,000	812,156	4,199,073
East Side										
Warehouse & Distribution	59,644,573	208,146	1,347,306	2.3%	4.0%	7.9%	\$6.80	0	604,156	2,958,742
Manufacturing	9,187,761	0	13,200	0.1%	0.1%	0.1%	\$0.00	0	0	0
Overall Total	68,832,334	208,146	1,360,506	2.0%	3.5%	6.9%	\$6.80	0	604,156	2,958,742
Gateway										
Warehouse & Distribution	9,838,902	3,564	108,782	1.1%	3.5%	5.7%	\$9.92	0	0	290,197
Manufacturing	6,078,557	-250	5,742	0.1%	0.2%	1.9%	\$9.00	0	0	0
Overall Total	15,917,459	3,314	114,524	0.7%	2.2%	4.2%	\$9.64	0	0	290,197
Manatee/Sarasota										
Warehouse & Distribution	16,331,594	28,371	-56,227	-0.3%	2.3%	3.2%	\$8.78	104,000	208,000	285,000
Manufacturing	6,830,341	-13,350	1,050	0.0%	0.2%	2.1%	\$11.28	0	0	0
Overall Total	23,161,935	15,021	-55,177	-0.2%	1.7%	2.9%	\$9.49	104,000	208,000	285,000
Mid-Pinellas										
Warehouse & Distribution	7,153,761	124,168	196,193	2.7%	0.2%	0.3%	\$14.81	0	0	0
Manufacturing	6,621,928	-81,000	-57,709	-0.9%	3.3%	3.5%	\$8.27	0	0	0
Overall Total	13,775,689	43,168	138,484	1.0%	1.7%	1.9%	\$9.22	0	0	0
North Pinellas										
Warehouse & Distribution	5,033,233	4,500	7,500	0.1%	0.1%	1.1%	\$8.00	0	0	0
Manufacturing	1,733,826	3,200	700	0.0%	0.1%	0.1%	\$0.00	0	0	0
Overall Total	6,767,059	7,700	8,200	0.1%	0.1%	0.9%	\$8.00	0	0	0
South Pinellas										
Warehouse & Distribution	6,116,628	50,022	48,192	0.8%	6.7%	6.9%	\$8.68	0	0	122,880
Manufacturing	2,664,927	-42,900	-42,900	-1.6%	2.5%	4.8%	\$10.55	0	0	0
Overall Total	8,781,555	7,122	5,292	0.1%	5.4%	6.3%	\$8.96	0	0	122,880
Westshore/Airport										
Warehouse & Distribution	8,995,246	44,165	94,517	1.1%	4.9%	8.1%	\$9.37	0	0	542,254
Manufacturing	1,910,669	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	10,905,915	44,165	94,517	0.9%	4.1%	6.8%	\$9.37	0	0	542,254