

**TAMPA INDUSTRIAL**

**Economic Indicators**

	Q2 17	Q2 18	12-Month Forecast
Tampa Bay MSA Employment	1.32M	1.35M	▲
Tampa (Hillsborough) Unemployment	3.2%	3.2%	■
U.S. Unemployment	4.3%	3.8%	▼

\*Numbers above are monthly figures, May 2018, FL Dept. Economic OPP.

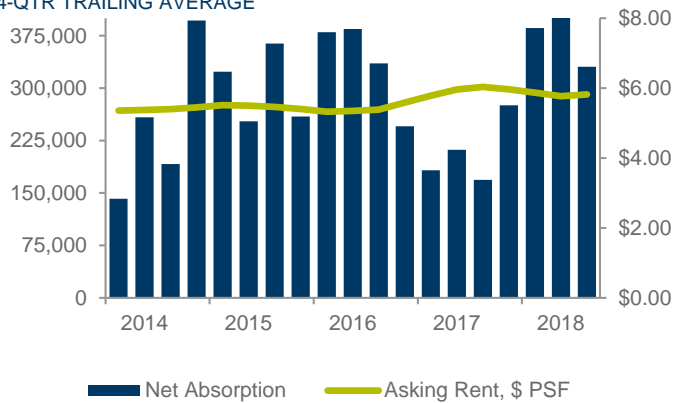
**Market Indicators (Overall, All Property Types)**

	Q2 17	Q2 18	12-Month Forecast
Vacancy	5.4%	6.2%	▲
YTD Net Absorption (sf)	277k	56k	▲
Under Construction (sf)	1.2M	1.2M	▲
Average Asking Rent*	\$5.77	\$5.98	▲

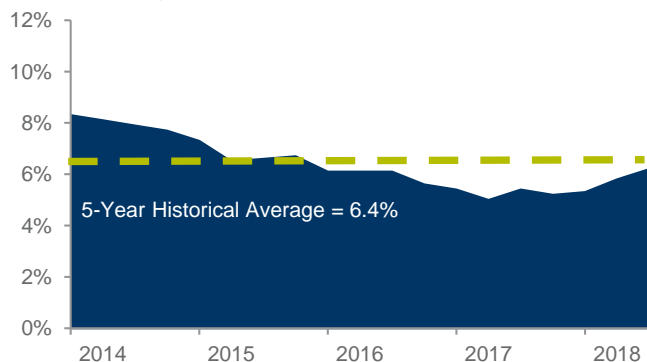
\*Rental rates reflect net asking \$psf/year

**Overall Net Absorption/Overall Asking Rent**

**4-QTR TRAILING AVERAGE**



**Overall Vacancy**



**Economy**

The economy in Tampa/Hillsborough County displayed continued its upward momentum in the second quarter of 2018, adding +30,400 jobs for a growth rate of 2.3% year-over-year. The unemployment rate fell by -50 basis points (bps) over the last twelve months to 3.2%. Most industrial-using employment sectors had job gains with those in construction, manufacturing and trade/transportation adding a total of +7,400 new position over the last 12 months. The region's growth in housing and commercial construction has also been a boon to the industrial market with many in- and new-to-market users taking space to meet consumer demand.

**Market Overview**

Overall asking rents increased +3.6% year-over-year from \$5.77 psf per square foot (psf) to \$ 5.98 psf, triple net. Office services/flex led the way in rental rate growth with an increase of +10.9% to \$9.91 psf year-over-year, on a -17% decrease in availabilities priced below market. Overall vacancy rates increased by +80 bps year-over-year to 6.2% with the rate in warehouse/distribution space with the highest increase in 12-months to 6.5%, up by +120 bps This rise in warehouse/distribution vacancy rate can be attributed to the additional 788,677 square feet (sf) of prime available space that came to market during the 12-month period.

Overall absorption for all of Tampa/Hillsborough remained positive year-to-date but was significantly negative for warehouse/distribution and office services/flex space in the second quarter. Tampa's Westside submarket contributed significantly to absorption with 128,404 sf, while the Eastside submarket had a slight negative number due to several large move outs in the quarter. Leasing activity for the market, on the other hand, was +100,000 sf higher, or 14.6% greater, than second quarter 2017 numbers. Several tenants signed for large blocks of warehouse/distribution space and pushed leasing activity over 1.4 million sf in the first six months of 2018.

New construction in the County was a key driver for the market with 168,100 sf of speculative warehouse/distribution product being delivered in the first half in two projects. There was also a total of 1.2 msf currently under construction with over a third preleased including approximately 450,000 sf to Bunzl and The LeverEdge. Most of the space now under construction should deliver in the next nine months. There is some indication that some tenants were waiting for space to go vertical and be ready for occupancy before finalizing leases.

**Outlook**

The industrial market in Tampa/Hillsborough County continued to post strong market fundamentals through the first six months of the year. New construction will provide additional space options and support increases in leasing activity. Cushman & Wakefield anticipates a short-term rise in vacancy levels through the end of 2018 as under construction project deliver as well as a bump in asking rental rates on higher priced availabilities in new product.

# MARKETBEAT

# Tampa

## Industrial Q2 2018



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTRUCTION COMPLETIONS (SF)	YTD WEIGHTED AVG. NET RENT (MF)*	OVERALL WEIGHTED AVG. NET RENT (OS)*	OVERALL WEIGHTED AVG. NET RENT (W/D)*
Near East Side	248	10,720,202	32,000	7.2%	20,894	0	0	\$4.00	\$0.00	\$4.73
East Side North	188	10,474,977	62,335	4.8%	-84,529	0	0	\$4.75	\$8.51	\$5.50
East Side/Central-South	517	32,255,081	618,624	6.9%	46,496	1,180,878	30,600	\$4.00	\$10.68	\$5.09
<b>EAST SIDE</b>	<b>953</b>	<b>53,450,260</b>	<b>712,959</b>	<b>6.5%</b>	<b>-17,139</b>	<b>1,180,878</b>	<b>30,600</b>	<b>\$4.19</b>	<b>\$9.88</b>	<b>\$5.04</b>
Airport Area	364	13,472,027	196,800	4.8%	88,325	0	0	\$7.00	\$8.73	\$6.11
Northwest	64	2,277,369	0	5.8%	38,079	0	0	\$0.00	\$12.38	\$0.00
<b>WEST SIDE</b>	<b>428</b>	<b>15,749,396</b>	<b>196,800</b>	<b>5.0%</b>	<b>126,404</b>	<b>0</b>	<b>0</b>	<b>\$7.00</b>	<b>\$9.94</b>	<b>\$6.11</b>
South Tampa	39	2,495,190	32,724	2.8%	-32,199	0	0	\$3.00	\$0.00	\$7.05
Plant City	92	8,786,763	0	6.9%	-20,632	0	137,500	\$4.50	\$0.00	\$5.07
<b>TAMPA TOTALS</b>	<b>1,512</b>	<b>80,481,609</b>	<b>942,483</b>	<b>6.2%</b>	<b>56,434</b>	<b>1,180,878</b>	<b>168,100</b>	<b>\$4.22</b>	<b>\$9.91</b>	<b>\$5.19</b>

\*Rental rates reflect asking \$psf/year

FLEX = Flex Space MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

ASSET TYPE*	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	978	58,176,692	864,523	6.5%	-21,554	1,180,878	1,039,142	168,100	\$5.19	\$5.21
Manufacturing	218	11,686,093	0	2.5%	-36,251	0	17,730	0	\$4.22	\$4.22
Office Service/Flex	309	10,243,666	98,760	8.5%	114,239	0	344,434	0	\$9.91	\$10.00

\*Chart does not reflect inventory for High Tech  
\*\*Does not include Renewals

### Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Tampa Regional Industrial Park	242,932	The LeverEdge	Direct	East Side/Central-South
8800 Adamo Drive	132,053	Gopher Resources	Renewal*	East Side/Central-South
Tampa DC Adamo Center	27,700	Promasters Floors LLC	Direct	East Side/ Central-South

\*Not included in Leasing Activity Statistics.

### Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1906 Armenia Avenue	52,861	Jacob Real Estate Services / Henry Ben Bently	\$3,200,000 / \$60	Near East Side
202 South Rome Avenue	32,724	Colliers International/ Jon Koppang	\$4,600,000 / \$140	South Tampa

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