

## Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
<b>4.5%</b> Vacancy Rate	▼	▼
<b>3.2M</b> YTD Absorption, SF	▲	▲
<b>\$9.32</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
<b>1.5M</b> Tampa Bay MSA Employment	▲	▲
<b>2.8%</b> Tampa Bay MSA Unemployment Rate	▲	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

### ECONOMY

The labor market in the Tampa Bay region remained resilient, with an unemployment rate of 2.8% throughout the third quarter. While this represented a slight 10-basis-point (bp) increase year-over-year (YOY), it remained significantly lower than the national rate of 3.7%. Nonagricultural employment surpassed 1.5 million jobs, reflecting a 3.1% growth over the past twelve months, adding 45,817 jobs. The industrial sector experienced substantial growth, with an increase of 13,100 jobs YOY, attributed to contributions from trade, transportation & utilities (6,600 jobs), construction (4,000 jobs), and manufacturing (2,500 jobs).

### SUPPLY and DEMAND

Overall vacancy was up 20 bps quarter-over-quarter (QOQ) to 4.5%, but still well below the five-year average of 5.4%. The modest rise was driven by Hillsborough County where vacancy climbed 60 bps to 5.1%, while Pinellas was down 30 bps to 3.3%. Nearly 594,000 square feet (sf) of new warehouse/distribution (W/D) product delivered during Q3, bringing the year-to-date (YTD) total to 2.7 million square feet (msf), marking a substantial 55.2% increase compared to the same period in 2022. The Eastside submarket housed a majority of the new product with 491,800 sf, of which 90.8% delivered vacant including the entirety of 301 Industrial Center and both Buildings A and B at South Shore Corporate Park. This led to the submarket recording the first QOQ increase in vacancy since Q1 2022, up 80 bps; despite this, it remained the tightest submarket in Hillsborough County at 3.7%. The Plant City submarket recorded the largest vacancy improvement after declining for the third consecutive quarter, down 90 bps to 10.0%.

Leasing activity continued to normalize following the pandemic-induced surge in demand, with only 1.1 msf of new deals signed during the third quarter, down 26.0% YOY. The Eastside submarket recorded the most leasing activity for the sixth consecutive quarter, accounting for 29.2% of new deals with 319,000 sf transacted. The Gateway submarket followed closely with 280,000 sf, largely driven by Gotrax leasing all 65,000 sf at Gateway Logistics Center – Building G, which is currently under construction and expected to deliver by year-end. The Plant City submarket secured the two largest deals of the quarter, with Team Henry Enterprises leasing the recently delivered Peak Logistics Center – Wiggins in its entirety (102,000 sf), and 84 Lumber taking the remaining 99,900 sf at Peak Logistics Center – Fancy Farms, both with expected move-ins in the fourth quarter. Plant City also recorded the highest volumes of move-ins with 249,000 sf, as users like 7-Eleven and Williams Sonoma finished buildouts and occupied large spaces that had been leased in previous quarters. In total, Tampa Bay concluded Q3 with 387,400 sf of positive absorption, ending a streak of three consecutive quarters with over 1.0 msf of occupancy gains.

### MARKET PRICING

Despite the cooling demand for industrial product, average asking rents continued to rise steadily, finishing Q3 at \$9.32 per square foot (psf) triple net, reflecting a 3.3% increase QOQ. W/D assets reported an even more significant rise, surging by 6.5% QOQ to \$8.60 psf, mainly driven by new construction delivering with an average asking rate of \$10.05 psf. The Eastside submarket, which contained the bulk of the new product, recorded the most substantial increase in W/D asking rents, up 13.3% QOQ to \$9.83 psf.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q3 2023

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Eastside	51,648,045	1,904,941	3.7%	603,836	1,672,418	1,611,438	889,894	\$8.75	\$13.78	\$9.83
Westside	13,543,474	523,903	3.9%	6,002	428,170	621,108	245,000	N/A	\$12.62	\$12.95
South Tampa	819,449	60,000	7.3%	-60,000	0	0	0	N/A	N/A	\$7.00
Plant City	17,097,841	1,716,440	10.0%	2,413,261	993,709	160,000	1,521,241	N/A	N/A	\$6.96
<b>Hillsborough Totals</b>	<b>83,108,809</b>	<b>4,205,284</b>	<b>5.1%</b>	<b>2,963,099</b>	<b>3,287,235</b>	<b>2,045,260</b>	<b>2,656,135</b>	<b>\$8.75</b>	<b>\$13.32</b>	<b>\$8.37</b>
Gateway/Mid-Pinellas	24,851,110	581,878	2.3%	364,091	675,367	683,338	77,868	\$12.11	\$12.94	\$10.38
North Pinellas	5,227,933	81,835	1.6%	2,104	87,892	0	0	\$8.76	\$12.25	\$12.75
South Pinellas	5,601,265	504,281	9.0%	-128,533	122,015	0	0	\$8.22	\$13.00	\$9.97
<b>Pinellas Totals</b>	<b>35,680,308</b>	<b>1,167,994</b>	<b>3.3%</b>	<b>237,662</b>	<b>885,274</b>	<b>683,338</b>	<b>77,868</b>	<b>\$8.83</b>	<b>\$12.92</b>	<b>\$10.19</b>
<b>Tampa Bay Totals</b>	<b>118,789,117</b>	<b>5,373,278</b>	<b>4.5%</b>	<b>3,200,761</b>	<b>4,172,509</b>	<b>2,728,598</b>	<b>2,734,003</b>	<b>\$8.83</b>	<b>\$13.16</b>	<b>\$8.60</b>

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

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

### KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Peak Logistics Center - Wiggins	Plant City	Team Henry Enterprises	101,866	New
Peak Logistics Center - Fancy Farms	Plant City	84 Lumber Company	99,868	New
Eastgate Distribution Center - Building C	Eastside	Keystone Automotive Industries	83,705	Renewal
Tampa Fulfillment Center	Eastside	ACE Stevedoring, LLC	60,680	New
Roth Industrial Park	Westside	Aevex Aerospace	57,980	New
5803 N 54th St	Eastside	Interior/Exterior Building Supply	56,000	New

\*Renewals are not included in leasing activity

### KEY SALE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Sunstate Center (Portfolio)	Westside	Birtcher Anderson & Davis Partners   CIP Real Estate	180,348	\$23.3M   \$151
500 Brooker Creek Boulevard	North Pinellas	Harrod Properties   Warmack Investments	130,000	\$22.3M   \$172

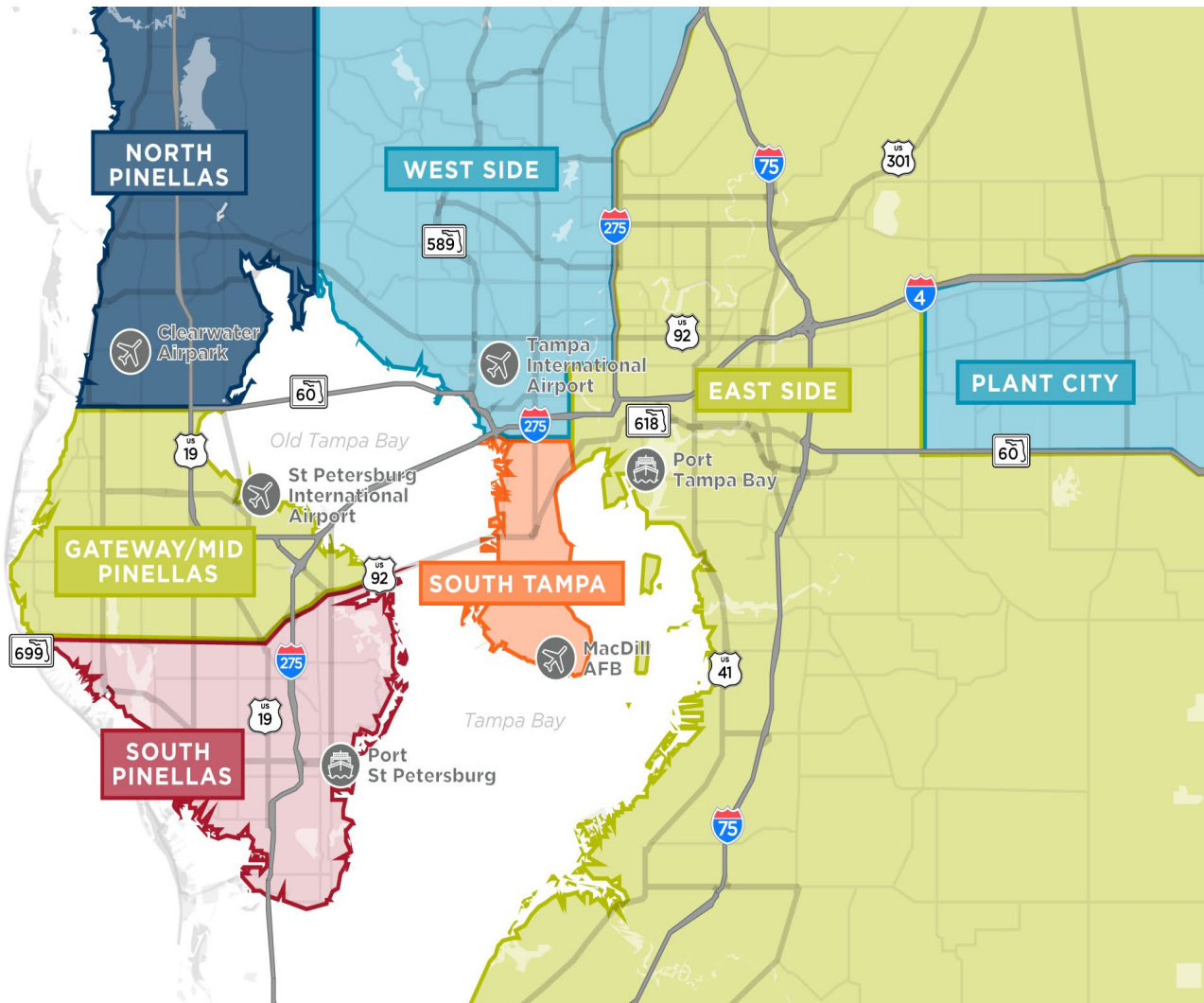
### KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER
301 Industrial Center	Eastside	None	175,500	Ares Management Corp
South Shore Corporate Park - Building B	Eastside	None	138,673	LXP Industrial Trust & Becknell Industrial
South Shore Corporate Park - Building A	Eastside	None	132,212	LXP Industrial Trust & Becknell Industrial

# TAMPA BAY

Industrial Q3 2023

INDUSTRIAL SUBMARKETS



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