Colliers

Tampa Bay

Industrial 22Q2

Healthy tenant demand, combined with a decline in vacancy, continued to create a ripe environment for industrial development in the region.

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Tampa Bay Industrial 22Q2

Key Takeaways

- Asking rates on newly delivered warehouse and distribution inventory continued to trend upward, averaging $6.50-$9.50 per sq. ft.
- The Plant City/Polk County and the East Side submarkets experienced the highest 4-quarter trailing absorption with 6.3M sq. ft. of space absorbed during the quarter, representing 82% of the 4-quarter trailing average.
- While the sentiment in the national real estate market has become more cautious, the Tampa Bay industrial market remains active with investors and tenants still targeting the region as a growth market in the coming years.

Vacancy Rate	Net Absorption	Under Construction	Industrial Avg. Direct Asking Rates (NNN)
4.1%	566K SF	8.5M SF	$4.95-12.00/SF
YOY ▼ FORECAST ▼	YOY ▲ FORECAST ▲	YOY ▲ FORECAST ▲	YOY ▲ FORECAST ▲

Executive Summary

The national and global economy experienced its fair share of fluctuations during the quarter, from geopolitical events and increased interest rates to the ongoing war in Ukraine and recovery from the pandemic. However, activity and demand for industrial space in Tampa Bay remained relatively constant in light of the fluctuating economic forces globally. The Tampa metro area unemployment rate hit 3.2%, falling 120 basis points (bps) year-over-year (YOY), on the addition of 30,898 jobs, for a job growth rate of 1.2%. In addition, industrial landlords benefited from steady employment gains in sectors that positively impacted demand. Those sectors included an increase in manufacturing of 3.7%, construction of 1.9%, and trade, transportation, and utilities of 5.4%.

Employment growth will remain strong as population and business migration continues to benefit the Tampa Bay region. The overall vacancy rate for industrial and flex properties in the market was 4.1% in the 2nd quarter. Industrial (non-flex) properties, which comprise 91% of the market, had a vacancy rate of 4.1% and have remained in the single digits for eleven consecutive years. Flex properties are less than 10% of the industrial market, dropped to a vacancy low of 3.6%. The shrinking vacancy rate positively impacted asking rates.

Warehouse and distribution space averaged an asking rental rate of $6.57 per sq. ft. during the year's first half. These rates were 20% higher than three years ago when rates were under $5.50 per sq. ft. The region recorded 560,000 sq. ft. of absorbed space during the 2nd quarter, while year-to-date absorption stood at 2.2M sq. ft.

Healthy tenant demand, combined with a decline in the vacancy rate, continued to create a ripe environment for industrial development in the region. As a result, industrial construction tripled over the last three years, with over 6.3M sq. ft. currently under construction and another 3.6M sq. ft. proposed and near-term construction, as developers attempt to meet the growing demand for space.

Year-to-date investment sales were also 46.1% higher than last year. Interest from local, national, and foreign investors in Central Florida's industrial products remained active for all industrial types and product categories, ranging from value-add opportunities to stabilized assets. Several assets have recently traded, albeit investment activity remained vibrant during the year's first half, with lenders remaining cautious/conservative for office products due to worldwide events affecting the market.

Market Indicators

3.2% Unemployment Rate

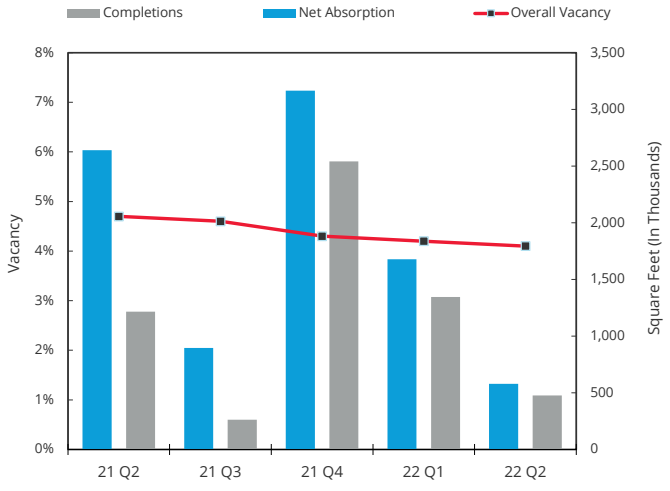
2.84% GDP - Quarterly % change yr./yr.

3.01% U.S. 10 Year Treasury Note

Historic Comparison

	2021 Q2	2022 Q1	2022 Q2
Total Inventory	236,225,293	240,865,705	241,215,479
New Supply	1,215,994	1,344,252	7,908,950
Net Absorption	2,640,386	1,677,390	630,628
Overall Vacancy	4.7%	4.2%	4.1%
Under Construction	5,497,508	8,273,752	7,908,950

Market Trends



Source: Colliers International, CoStar, Real Capital Analytics

Recent Transactions

Lease
6708 Harney Road - Seaboard Tampa Terminals
East Tampa | 308K SF

Lease
5802-5803 N. 54th Street
East Tampa | 156K SF

Lease Renewal
12501 Telecom Drive
East Tampa | 150K SF

Sale
Home Depot Distrbution Center
East Tampa | $209/SF

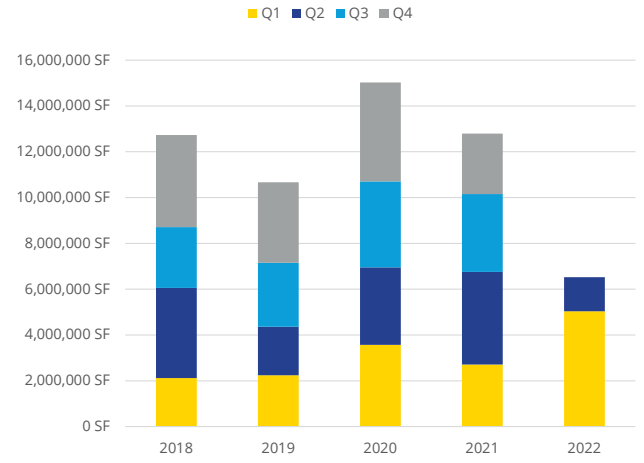
Sale
12501 Telecom Drive
East Tampa |$134/SF

Sale
Westshore Logistics Center
Airport | $176/SF

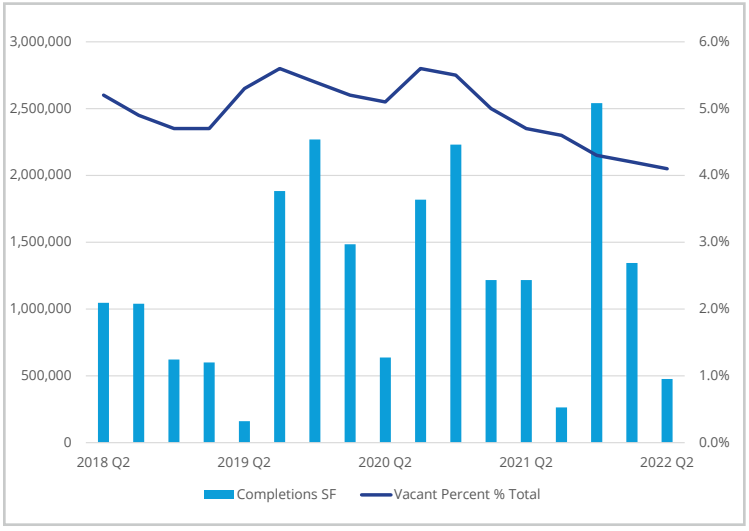
Tampa Bay Industrial

22Q2

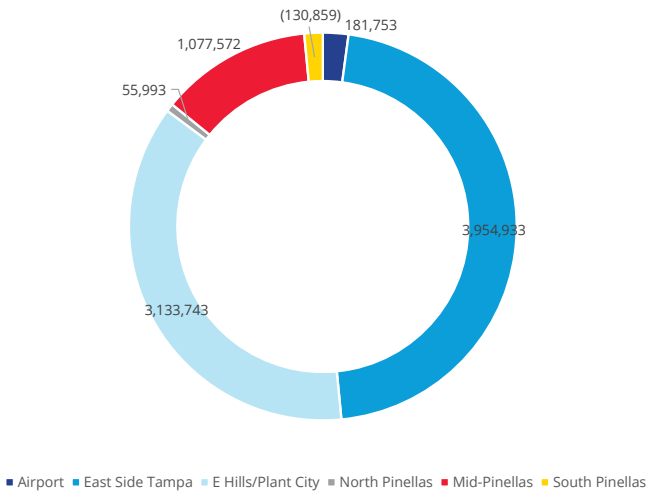
Leasing Activity



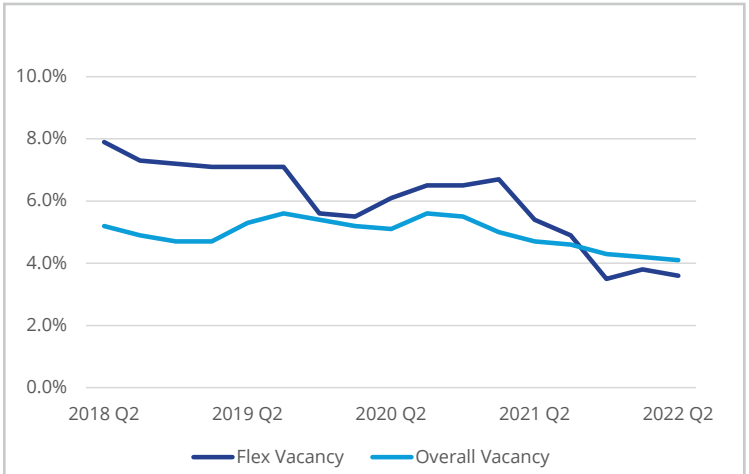
Completions / Vacancy Rate



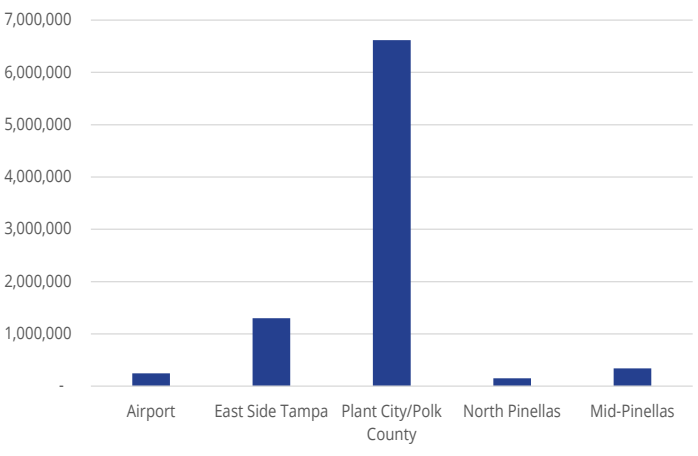
Industrial 12-Qtr Trailing Absorption By Submarket



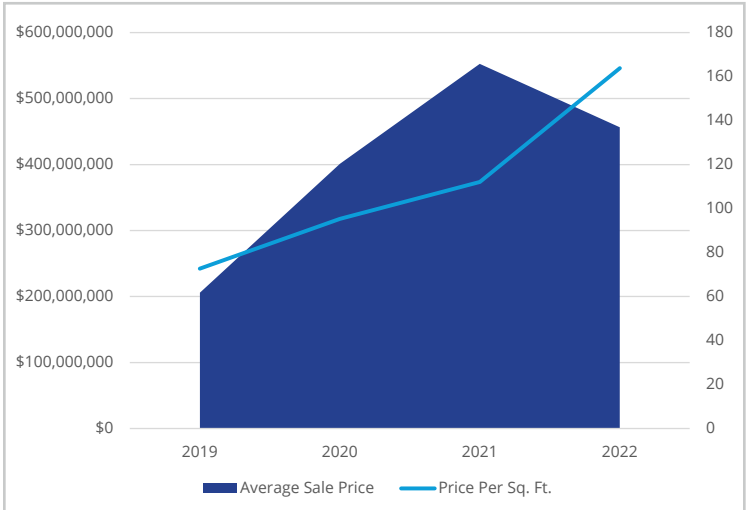
Flex Space / Overall Vacancy Rate



Under Construction By Submarket (Sq. Ft.)



2nd Quarter Industrial Sales



Submarket Breakdown

Submarket & Property Type	# of Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	4-Qtr Trailing Total	New Completions SF	Under Construction SF	Average Direct Asking Rate NNN
Airport									
Industrial	449	14,252,496	1.9%	1.9%	-26,374	118,977	196,318	245,000	$6.50 - $9.50
Flex	189	5,705,974	2.8%	3.0%	17,958	289,745	0	0	$12.50 - $15.50
Overall	**638**	**19,958,470**	**2.1%**	**2.2%**	**-8,416**	**408,722**	**0**	**0**	**$9.00**
East Side Tampa									
Industrial	1,210	63,961,586	3.6%	3.7%	419,238	4,245,023	361,672	1,298,897	$5.50 - $8.75
Flex	167	5,635,246	4.7%	5.0%	1,310	-8,146	33,202	0	$11.00 - $14.00
Overall	**1,377**	**69,596,832**	**3.7%**	**3.9%**	**396,300**	**4,236,877**	**361,672**	**1,298,897**	**$7.75**
Plant City/Polk County									
Industrial	1,050	86,555,606	6.0%	6.1%	-23,184	3,156,125	0	6,617,099	$4.95 - $6.95
Flex	63	2,713,862	1.7%	4.2%	30,051	-22,382	0	45,800	$8.00 - $12.50
Overall	**1,113**	**89,269,468**	**5.9%**	**6.0%**	**6,867**	**3,133,743**	**0**	**6,662,899**	**$6.00**
North Pinellas									
Industrial	325	8,347,797	0.6%	0.6%	-9,300	144,256	0	152,500	$6.50 - $9.00
Flex	54	1,748,724	1.7%	1.7%	-	-6,826	0	0	$7.00 - $12.00
Overall	**379**	**10,096,521**	**0.8%**	**0.8%**	**-9,300**	**137,430**	**0**	**152,500**	**$8.25**
Mid-Pinellas									
Industrial	1,021	33,994,348	1.5%	2.1%	104,210	847,217	0	340,000	$6.25 - $8.25
Flex	170	5,422,845	3.1%	3.2%	22,958	283,629	0	0	$8.25 - $11.00
Overall	**1,191**	**39,417,193**	**1.8%**	**2.2%**	**127,168**	**1,130,846**	**0**	**340,000**	**$7.75**
South Pinellas									
Industrial	375	9,960,235	5.0%	5.0%	53,511	-157,629	114,334	0	$8.00 - $10.00
Flex	31	781,409	-	0.0%	-	23,121	0	0	$10.00 - $12.00
Overall	**406**	**10,741,644**	**4.6%**	**4.6%**	**53,511**	**-134,508**	**114,334**	**0**	**$10.70**

Tampa Bay Overall Market

Quarter & Year	Buildings	Total Inventory SF	Direct Vacancy %	Total Vacancy %	Net Absorption Current Quarter SF	4-Qtr Trailing Total	New Completions SF	Under Construction SF	Whse. Average Direct Asking Rate NNN	Flex Average Direct Asking Rate NNN
2022 Q2	5,164	241,215,479	3.9%	4.1%	566,130	6,317,233	476,006	8,454,296	$7.23	$12.02
2022 Q1	5,160	240,865,705	4.0%	4.2%	1,677,390	8,379,137	1,344,252	8,273,752	$7.25	$11.84
2021 Q4	5,151	239,521,453	4.1%	4.3%	3,165,744	8,403,550	2,540,220	5,797,778	$7.00	$11.35
2021 Q3	5,143	236,951,233	4.5%	4.6%	895,617	7,016,645	262,772	5,764,238	$7.00	$11.39
2021 Q2	5,139	236,225,293	4.5%	4.7%	2,640,386	6,715,632	1,215,994	5,497,508	$5.67	$11.15
2021 Q1	5,133	234,017,156	4.8%	5.0%	1,701,803	6,235,215	1,215,994	4,619,167	$5.50	$11.05
2020 Q4	5,125	233,670,024	5.3%	5.5%	1,778,839	5,728,744	2,230,053	4,099,373	$5.43	$11.18
2020 Q3	5,112	231,996,332	5.4%	5.6%	594,604	5,776,367	1,818,761	5,273,960	$5.34	$10.77
2020 Q2	5,101	230,123,999	4.9%	5.1%	2,159,969	6,646,260	636,744	5,935,477	$5.36	$10.59

Significant Sales Activity

Address	Space Type	Size	Buyer	Sales Price	Submarket
Home Depot Distribution Center	Industrial	493,204	PNC Realty Investors Inc.	$103,050,000 $208.94/SF	East Tampa
12501 Telecom Drive	Industrial	153,067	Equitable Real Estate Partners	$20,500,000 $133.93/SF	East Tampa
Westshore Logistics Center	Industrial	167,954	QA Logistics Westshore	$29,600,000 $176.24/SF	Airport

Significant Lease Activity

Address	Space Type	Size SF	Tenant	Lease Type	Submarket
6708 Harney Rd - Seaboard Tampa Terminals	**Industrial**	**308,237**	**FedEx Ground**	**Direct**	**East Tampa**
5802-5803 N. 54th Street	Industrial	156,000	Ball Corporation	Direct	East Tampa
12501 Telecom Drive	Industrial	150,000	CIRCOR Energy Tampa	Renewal	East Tampa
Peak Logistics	Industrial	99,549	Builders Hardware	Direct	Plant City/ Polk County

Bold - Denotes Colliers Represented Transaction

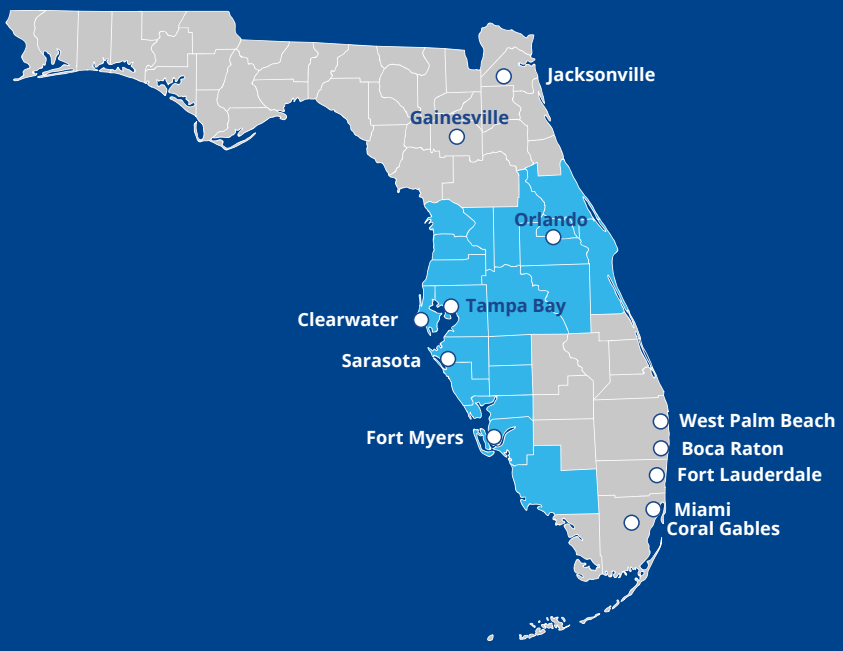
494 offices in 62 countries on 6 continents

United States: 158
Canada: 44
Latin America: 19
Asia Pacific: 39
EMEA: 108

$4.3B
in revenue

2B
square feet
under management

17,000±
professionals and staff



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