

# Tampa

## Office market snapshot | Q4 2023

Tampa's unemployment rate remained steady at 3.2% as of October, which is consistent with the previous quarter. Total nonfarm employment rose 1.9% year over year, led by a 9.9% increase in the education and health services sector and a 1.9% increase in the professional and business services sector during that time.

## \$191 psf

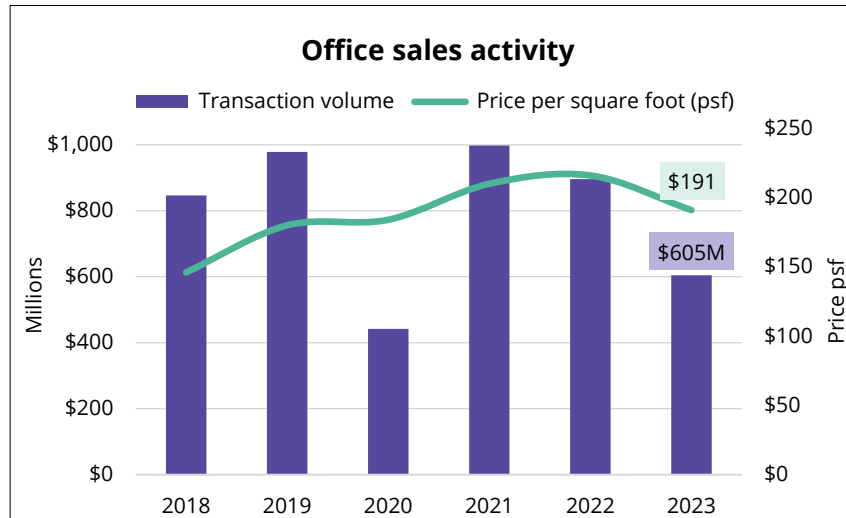
Amidst economic instability, Tampa office sales volumes fell to \$605 million, leading to an 11.6% decrease in average prices to \$191 per square foot (psf).

## 4.2 msf

Leasing activity in 2023 was down 8% year over year to 4.2 million square feet. While there were 1.6% more transactions in 2023 than in 2022, the average lease size dropped 9.5% to 5,702 square feet.

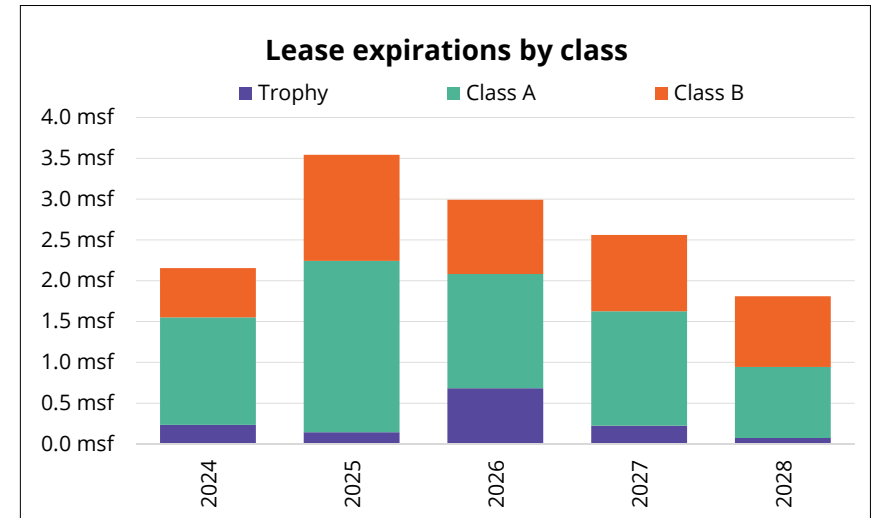
## 8.4%

Trophy buildings maintained a strong vacancy rate of 8.4%. This sustained demand has exerted upward pressure on asking rates, which stood at \$44.56 psf in the fourth quarter.



Office sales volume experienced a significant 32.5% year-over-year decline totaling \$605 million in 2023, marking its lowest point since 2020. This can be attributed to a weaker demand for office space due to increased remote work, price discovery between buyers and sellers, and the recent surge in interest rates. With the Federal Reserve anticipating rate drops in 2024, there is optimism for a rebound in sales volume.

Sources: AVANT by Avison Young, RCA, CoStar, US Bureau of Labor Statistics

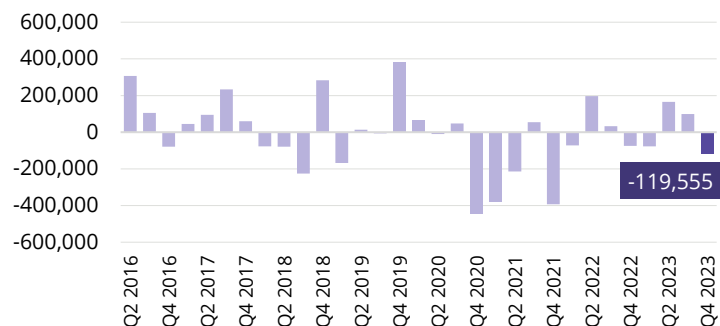


The Tampa office market is expected to see at least 5.7 million square feet of office leases expire over the next two years, with 60% of that being class A space. Trophy space represents only 6.6% of expirations over that same time, suggesting that tenants in pursuit of premium office space may face heightened competition for limited availability in the market.

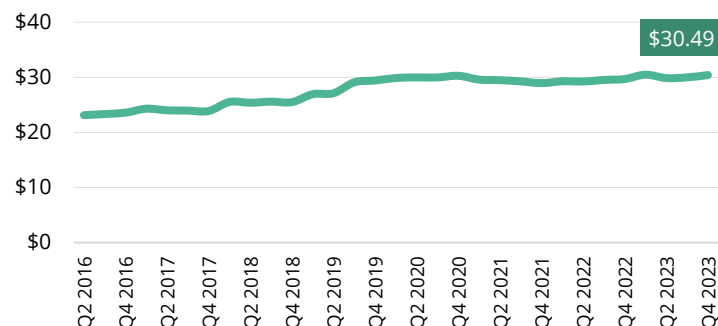
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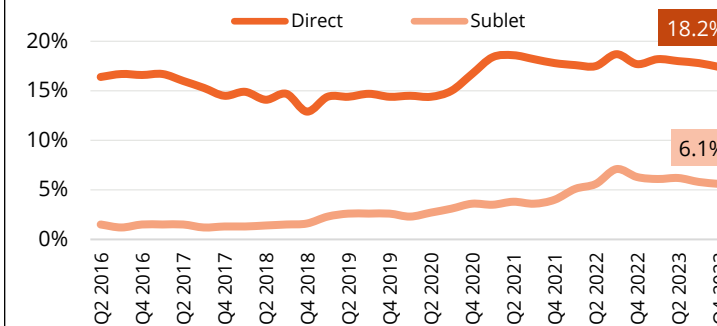
Net absorption (SF)



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Mitsubishi Financial Group	4050 W. Boy Scout Blvd.	80,000	New	Sublease
CoverageX	8333 Bryan Dairy Rd.	49,511	New	Direct
Alvarez & Marsal	3111 W. Dr. MLK Blvd.	30,064	New	Direct
RAD Diversified	100 S. Ashley Dr.	20,601	New	Sublease

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Real Estate Value Advisors	3620 Queen Palm Dr.	\$22,000,000	\$183	Drake Real Estate Partners
Hillsborough County	10210 Windhorst Rd.	\$12,290,000	\$205	Christian Tyler Properties

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Westshore	13,263,587	-	428,929	14.3%	3.2%	17.4%	(0.7%)	3,316	82,962	\$35.94
I-75 Corridor	8,392,286	-	-	22.8%	5.6%	28.4%	2.7%	(182,223)	(220,976)	\$25.71
Tampa CBD	7,434,182	-	-	9.2%	1.7%	10.9%	(2.3%)	(6,446)	170,570	\$37.56
Northwest Tampa	4,626,253	75,000	-	12.5%	6%	18.5%	(1.9%)	83,950	148,501	\$28.09
Gateway	4,126,214	-	-	21.7%	0.5%	22.1%	1.1%	(19,134)	(45,351)	\$26.01
St Petersburg CBD	2,521,463	-	-	5.0%	1.6%	6.6%	2.0%	(36,254)	(50,952)	\$34.57
North Pinellas	2,182,628	-	-	14.8%	0%	14.8%	(0.3%)	(11,856)	5,432	\$23.54
Bayside	1,973,331	-	-	15.8%	0%	15.8%	0.2%	49,788	(5,367)	\$25.00
South Pinellas	761,357	-	-	5.4%	0%	5.4%	(1.9%)	4,739	14,708	\$20.29
Mid-Pinellas	575,487	-	-	29.2%	0%	29.2%	1.4%	3,419	(8,341)	\$22.25
South Tampa	498,289	-	-	6.7%	1.8%	8.5%	4.5%	(8,854)	(22,200)	\$25.71
<b>Market total</b>	<b>46,355,077</b>	<b>75,000</b>	<b>428,929</b>	<b>15.0%</b>	<b>2.9%</b>	<b>17.9%</b>	<b>(0.0%)</b>	<b>(119,555)</b>	<b>68,986</b>	<b>\$30.41</b>

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Trophy	4,017,367	-	428,929	6.2%	2.2%	8.4%	(8.6%)	11,183	345,451	\$44.56
Class A	22,033,850	75,000	-	14.6%	4.3%	18.9%	1.1%	(67,111)	(162,486)	\$32.51
Class B	20,303,860	-	-	17.3%	1.6%	18.9%	0.6%	(63,627)	(113,979)	\$25.71
<b>Market total</b>	<b>46,355,077</b>	<b>75,000</b>	<b>428,929</b>	<b>15.0%</b>	<b>2.9%</b>	<b>17.9%</b>	<b>(0.0%)</b>	<b>(119,555)</b>	<b>68,986</b>	<b>\$30.41</b>