

# Tampa Bay

## Pandemic induced challenges presented during 2020 will serve to propel the industrial market in 2021

The industrial sector thrived in Tampa Bay during 2020 due in large part to the continued steady flow of goods through its distribution corridors, even as the COVID-19 pandemic tested every link in the global supply chain.

During the trailing 12-month period ending with December 2020, the overall vacancy rate declined by 86 basis points, even as 5.3 million sf of new inventory was delivered. The asking rate for warehouse/distribution space also increased by 5.4% over the same period. Leasing velocity was brisk during the fourth quarter, with several key transactions in excess of 100,000 sf. Outside of an 836,771-sf sale-leaseback with C&S Wholesale Grocers, the largest transaction was Nestle Waters North America's lease of 282,639 sf at County Line Logistics Center. Both transactions occurred in the Plant City/East Hillsborough submarket.

### New development refuses to slow

There is currently 3.8 million sf of new industrial development underway in the market and several additional projects will soon be on the way. South Florida-based City Furniture is planning a massive new 1.1 million-sf development in Plant City on 111 acres south of Interstate 4 on Frontage Rd that will include 800,000 sf of distribution space, along with retail, showroom and corporate office space. New construction is also planned in the supply constrained Airport/Westshore submarket, where two significant developments were recently announced. Scannell Properties and Hoover

Development Partners are planning to build a 245,000-sf warehouse project called TIA Logistics Center that will be the largest speculative project there in 15 years, and a Jacksonville developer is moving forward on the 125,400-sf Airport Logistics Center on W Linebaugh Ave. Both projects are expected to break ground in 2021.

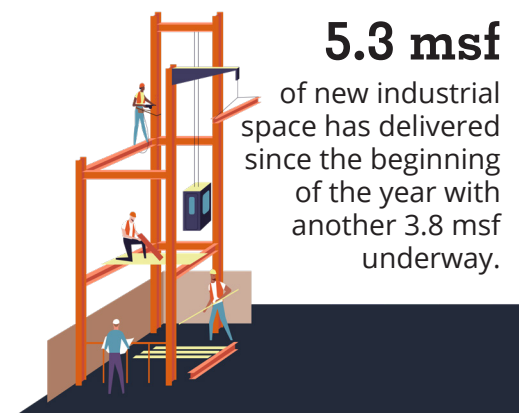
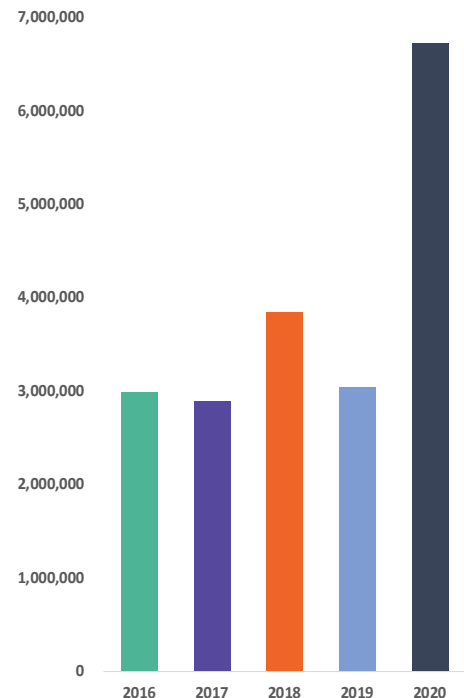
### Demand side pressure for cold storage space

Demand for cold storage space had already been on the rise in Florida but was quickly accelerated during the pandemic alongside a sharp increase in online grocery deliveries. Weaknesses have also been highlighted in the food supply chain, creating demand-side pressure for additional temperature-controlled warehouse facilities, which cost significantly more to construct than dry storage buildings. As consumer behavior was somewhat altered over the past year, particularly in regard to shopping for food goods online, new construction of refrigerated facilities moving forward is inevitable.

### What to expect in 2021

Manufacturers and developers have learned the importance of supply chain diversification to limit the impact of disruption. Moving forward, there will be a stronger shift in nearshoring, and a transition of 'just-in-time' to 'just-in-case'. Transportation and logistics companies will also be seeking better ways to drive optimization and efficiency within the supply chain.

Historical 5-Year Net Absorption Trend



**165.4 MSF**

Total industrial inventory in the Tampa Bay office market

**6,711,985 SF**

Direct Y-T-D net absorption as of 4Q-2020

**4.78%**






Overall Vacancy

**\$5.69/SF/NNN**

Average rental rate industrial space (excluding flex)

TAMPA BAY MSA TOTAL										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	34,610,101	\$5.09	2,884,688	91.67%	8.33%	0.96%	9.29%	2,493,737	4,198,573	
Flex	15,547,550	\$10.63	852,232	94.52%	5.48%	0.38%	5.86%	0	39,662	
Manufacturing	28,469,917	\$5.64	748,573	97.37%	2.63%	0.00%	2.63%	340,000	64,680	
Warehouse / Distribution	86,758,921	\$6.32	2,828,450	96.74%	3.26%	0.23%	3.49%	932,324	2,409,070	
Market Total	165,386,489	\$6.27	7,313,943	95.58%	4.42%	0.36%	4.78%	3,766,061	6,711,985	
HILLSBOROUGH COUNTY										
Airport/Westshore										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	0	\$0.00	0	0.00%	0.00%	0.00%	0.00%	0	0	
Flex	3,950,136	\$10.97	212,734	94.61%	5.39%	0.33%	5.72%	0	(26,972)	
Manufacturing	1,210,732	\$0.00	0	100.00%	0.00%	0.00%	0.00%	290,000	0	
Warehouse / Distribution	8,173,685	\$8.01	255,307	96.88%	3.12%	0.00%	3.12%	0	(33,483)	
Airport/Westshore Total	13,334,553	\$9.36	468,041	96.49%	3.51%	0.10%	3.61%	290,000	(60,455)	
Downtown Tampa										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	550,094	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Flex	154,776	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Manufacturing	832,171	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Warehouse / Distribution	3,704,360	\$4.42	126,748	96.58%	3.42%	0.00%	3.42%	0	180,813	
Downtown Tampa Total	5,241,401	\$4.42	126,748	97.58%	2.42%	0.00%	2.42%	0	180,813	
East Side										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	9,123,316	\$4.15	168,462	98.15%	1.85%	2.41%	4.26%	0	986,306	
Flex	3,556,572	\$10.77	233,547	93.43%	6.57%	0.55%	7.11%	0	(64,981)	
Manufacturing	5,427,141	\$0.00	0	100.00%	0.00%	0.00%	0.00%	50,000	85,861	
Warehouse / Distribution	31,513,377	\$6.57	856,626	97.28%	2.72%	0.63%	3.35%	339,493	693,297	
East Side Total	49,620,406	\$7.02	1,258,635	97.46%	2.54%	0.88%	3.42%	389,493	1,700,483	
North Hillsborough										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	0	\$0.00	0	0.00%	0.00%	0.00%	0.00%	0	0	
Flex	1,087,118	\$8.97	70,799	93.49%	6.51%	0.00%	6.51%	0	38,509	
Manufacturing	718,886	\$9.00	27,200	96.22%	3.78%	0.00%	3.78%	0	24,400	
Warehouse / Distribution	1,143,887	\$12.05	1,375	99.88%	0.12%	0.00%	0.12%	0	0	
North Hillsborough Total	2,949,891	\$9.02	99,374	96.63%	3.37%	0.00%	3.37%	0	62,909	
Plant City/East Hillsborough										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	5,667,492	\$5.13	1,484,535	73.81%	26.19%	0.00%	26.19%	0	1,224,550	
Flex	133,363	\$11.22	3,200	97.60%	2.40%	0.00%	2.40%	0	(3,200)	
Manufacturing	2,338,697	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Warehouse / Distribution	6,928,465	\$5.20	159,577	97.70%	2.30%	0.00%	2.30%	193,590	801,920	
Plant City/E Hillsborough Total	15,068,017	\$5.14	1,647,312	89.07%	10.93%	0.00%	10.93%	193,590	2,023,270	
South Tampa										
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption	
Bulk Distribution	679,129	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Flex	60,681	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0	
Manufacturing	542,291	\$0.00	0	100.00%	0.00%	0.00%	0			

## Leading Indicators (Y-O-Y Q4-2019 to Q4-2020)

<b>Market Inventory</b>  165,386,489 SF	<b>Vacancy Rate</b>  4.78%	<b>Net Absorption</b>  6,711,985 SF	<b>Construction Pipeline</b>  3,766,061 SF	<b>Average Asking Rate</b>  \$6.27/SF NNN
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## Significant Fourth Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
C&S Wholesale Grocers	1802 Jim Johnson Rd	New	836,771	Plant City/E Hillsborough
Nestle Waters North America	County Line Logistics Center 300	New	282,639	Plant City/E Hillsborough
Omniceil	2003/2005 Gandy Blvd	Renewal/Expansion	167,748	Mid-Pinellas/Gateway
Iron Mountain	121 Kelsey Lane	Renewal	98,497	East Side
Wes-Flo	Hanna Distribution Center	New	75,330	East Side
Sleep Number	Becknell at Madison Business	New	67,208	East Side
ID Logistics US	14550 N 62nd St	New	51,453	Mid-Pinellas/Gateway

## Significant Fourth Quarter 2020 Sales Transactions\* - Sorted by Price

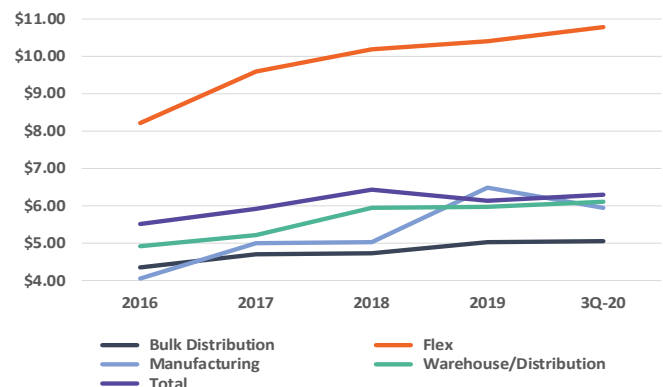
Property	SF	Sale Price	Price/SF	Buyer	Submarket
1802 Jim Johnson Rd**	836,771	\$70,000,000	\$84	iStar, Inc.	Plant City/E Hillsborough
I-4 Logistics Center	424,550	\$47,900,000	\$113	AEW Capital Management	Plant City/E Hillsborough
4130 W Gandy Blvd	679,129	\$32,000,000	\$47	LBA Realty	South Tampa
Cypress Business Park	209,047	\$26,700,000	\$128	Cabot Properties, Inc.	Mid-Pinellas/Gateway
Center Point Business Park	146,229	\$19,805,000	\$135	Albany Road Real Estate Partners	East Side
Starkey Lakes South**	101,075	\$14,000,000	\$139	GID Investment Advisors	Mid-Pinellas/Gateway

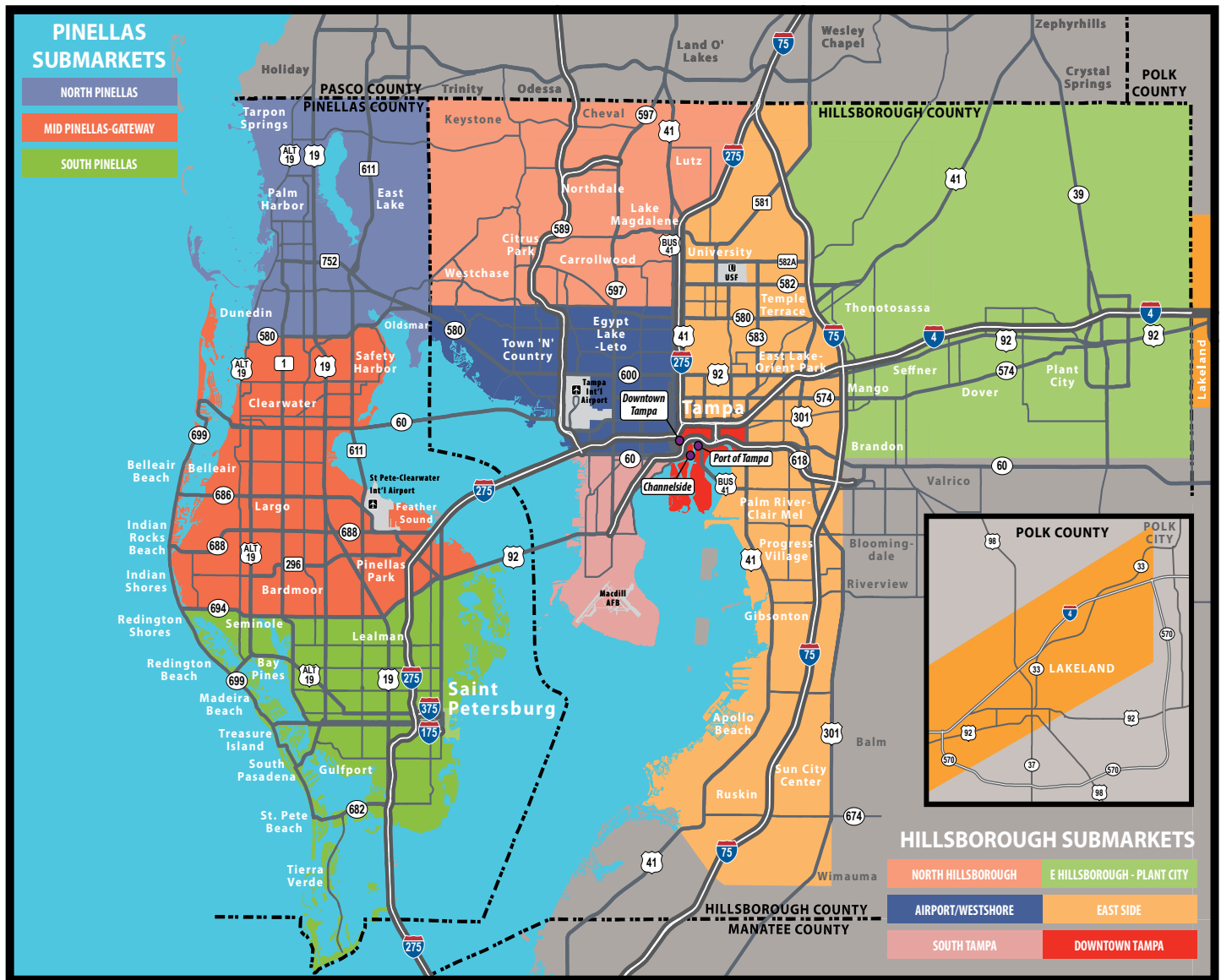
\*These do not include the 14-building Southeastern portfolio acquisition by Nuveen (owned by pension fund TIAA Investments) from McCraney and Northwestern Mutual Life that included the 4-bldg County Line Logistics Center ("CLLC") in Plant City/East Hillsborough. The total portfolio value was \$272 million but individual building prices are not available. The portfolio size was 2.9 million sf, of which CLLC comprised 1.1 million sf. It was likely the largest industrial portfolio sale in Florida during 2020.

\*\*These were sale-leaseback transactions

## Industrial asking rents continue to record healthy gains

Marketwide, asking rents at the close of the fourth quarter held relatively steady over the previous quarter (declining very slightly by \$0.02), although warehouse/distribution rents accelerated, growing 3.2% over the trailing 90-day period.





## Market Contacts

Ken Lane  
Principal and Managing Director  
813.444.0623  
ken.lane@avisonyoung.com

Clay Witherspoon  
Principal and Managing Director  
813.444.0626  
clay.witherspoon@avisonyoung.com

Tim Callahan  
Principal  
813.280.8372  
tim.callahan@avisonyoung.com

Allen Henderson  
Vice President  
813.444.5330  
allen.henderson@avisonyoung.com

**Get more  
market  
information**

**Lisa McNatt**  
Director, Research - Florida  
+1 813 444 0606  
lisa.mcnatt@avisonyoung.com

Avison Young - Orlando  
135 W Central Blvd  
Suite 700  
Orlando, FL 32801

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