



Tampa industrial market report

Q2 2022

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Industrial market trends

01

Construction heating up for the second half of 2022

There has been just under 1 msf of inventory delivered year-to-date; however, there is an additional 3.2 msf expected to come online within the next 90 days. Most of the activity is centralized in the Plant City/East Hillsborough submarket, accounting for 2.5 msf. Just over 9 msf remains under construction at the close of the second quarter, of which 43% is already pre-leased, and 6.3 msf is expected to break ground later in the year. Tampa continues to benefit from a population boom that has created a heightened demand for industrial space and resulted in local tenants looking to expand their operations to meet the increased demand. This activity will attract the attention of developers and investors for the foreseeable future.

02

Leasing activity is sluggish due to economic turbulence

Market leasing activity decreased 58% from the first quarter of 2022, with only 1.36 msf leased in the second quarter. A combination of rising interest rates and compressed returns is causing landlords to be even more cautious about the quality of tenants to maximize the value of deals. However, there is reason to be optimistic for the future as Pasco County recently approved an infrastructure incentive deal with Northpoint Development that will facilitate a 1.4-msf warehouse, rumored to be an e-commerce facility for Target.

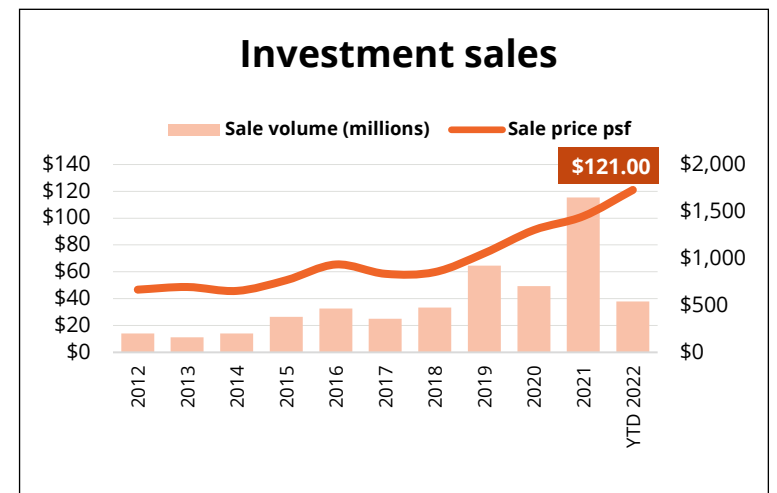
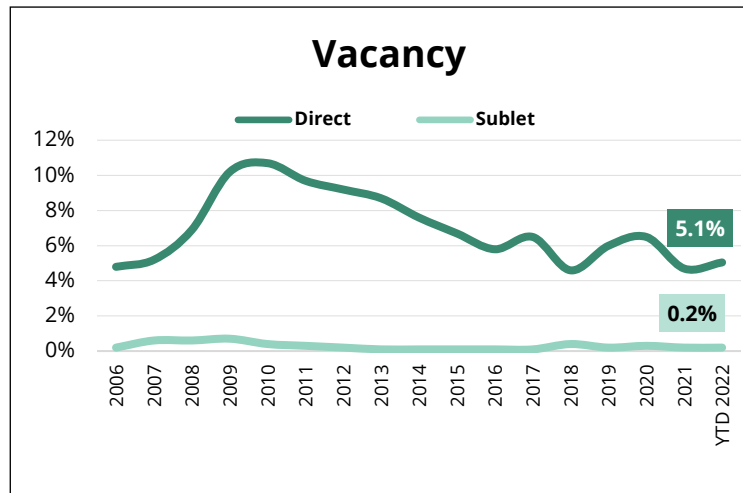
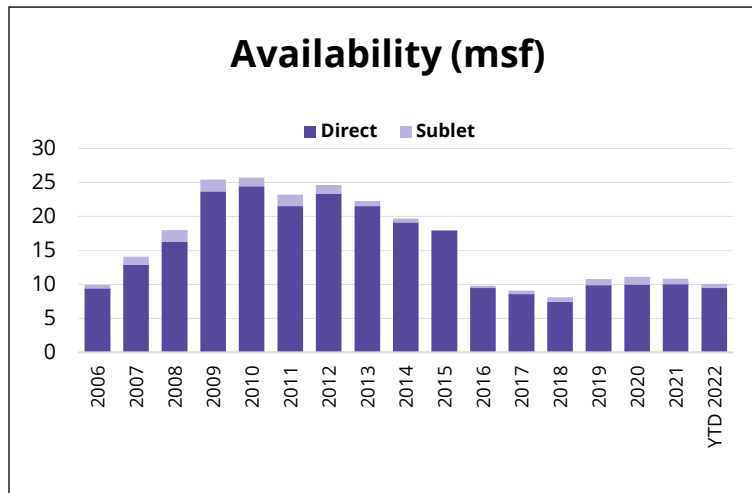
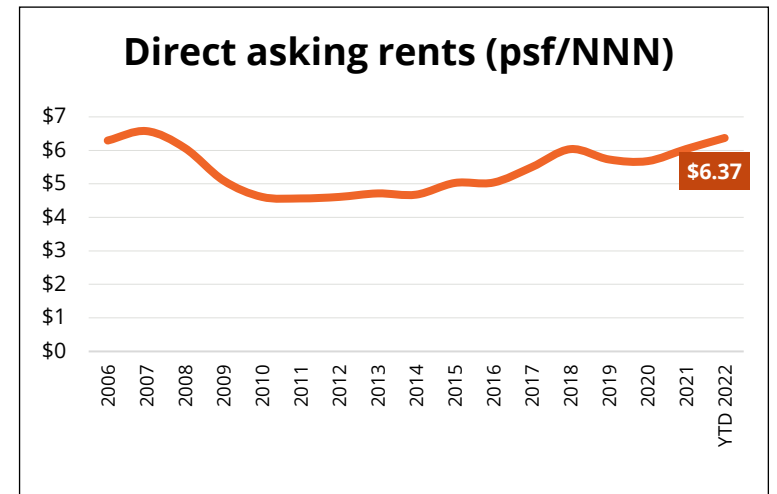
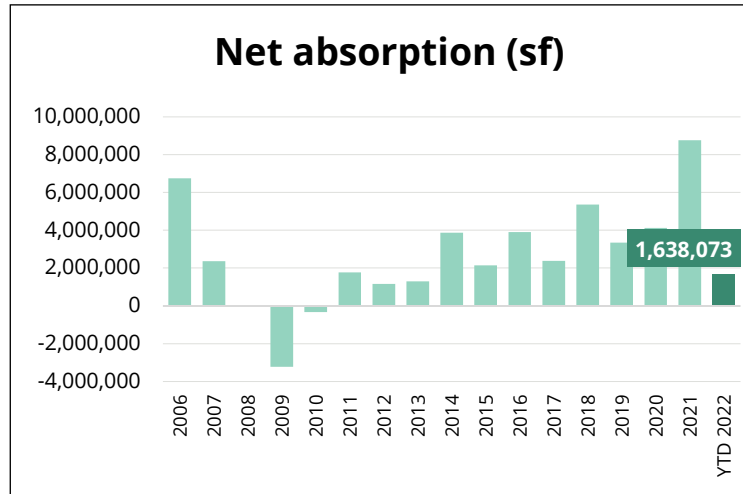
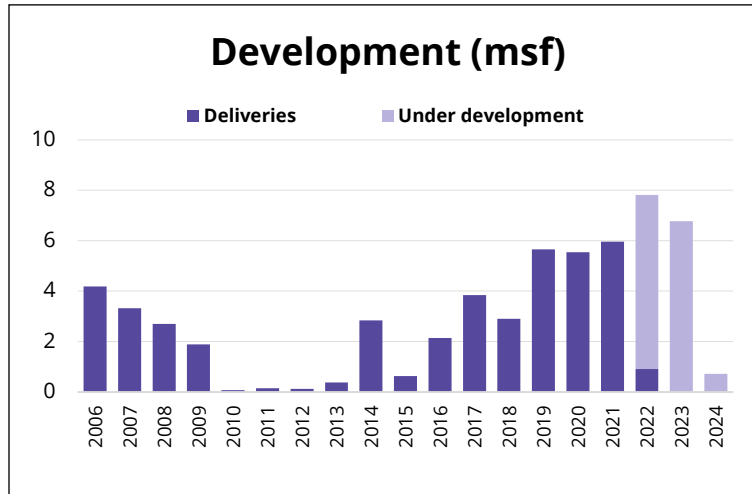
03

Lease escalations tick upwards

The average industrial annual lease escalation rate in the Tampa market has been at 3% for many years. Now that the market is at a 5.3% overall vacancy rate, and a flight-to-quality issue remains prevalent, landlords have begun pushing escalations to a new standard of 4% in an effort to keep up with the pace of demand and rent growth.



Industrial market indicators



Industrial market activity

Recent leasing activity

Tenant name	Address	Sign date	Size	Transaction type	Lease type	Submarket
Circor Energy	12501 Telecom Drive	April 2022	153,067	New	Renewal	East Side
Ball	5802 North 54th Street	April 2022	100,000	New	Direct	East Side
Builders Hardware	3501-3661 Fancy Farms Road	May 2022	99,549	New	Direct	Plant City/East Hillsborough
Ball	5803 North 54th Street	April 2022	56,000	New	Direct	East Side
Atosa Catering	4405 Eagle Falls Place	April 2022	55,376	New	Direct	East Side

Recent sales activity

Buyer	Address	Sale date	Building Size	Sale price	Sale price psf	Seller
PNC Realty Investors	7075 US Highway 41 South	April 2022	493,204	\$103,050,000	\$209	Seefried
Equitable Real Estate Partners	12501 Telecom Drive	April 2022	153,067	\$20,500,000	\$134	CIRCOR International
Michael Medici	5035 Drane Field Road Lakeland	April 2022	205,000	\$17,166,600	\$84	Blue Steel Development
Truett Realty Group	4601 34th Street North	April 2022	102,410	\$13,000,000	\$127	Kanes Furniture
Equitable Real Estate Partners	2855 Interstate Drive	April 2022	56,278	\$7,980,000	\$142	Simmons Construction

Top projects under development

Property	Address	Delivery Date	Building Size	% Preleased	Developer	Submarket
County Line Farms – Building 200	791 County Line Road	March 2023	1,204,632	100%	Blue Steel Development	Plant City/East Hillsborough
City Furniture Distribution Center	South Frontage Road & Son Keen Road	July 2022	1,058,950	100%	ARCO/Murray Construction	Plant City/East Hillsborough
Southern Oaks Business Park – Building 1	450 Charlie Taylor Road	July 2022	727,610	0%	Sudler Real Estate	Plant City/East Hillsborough
Lakeland Central Park - Building 2	Old Tampa Highway	Feb. 2023	705,420	0%	Parkway	Lakeland/Polk County

Industrial market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			W / D	Flex	2Q22	YTD	Construction	Total	W / D	Flex
Airport / Westshore	14,376,140	1.8%	1.4%	2.8%	29,361	107,928	832,254	\$13.13	\$9.97	\$10.44
Downtown Tampa	7,661,957	2.8%	2.8%	0.0%	7,343	59,203	602,532	\$4.81	\$4.81	-
East Side	48,884,878	4.9%	5.0%	4.4%	318,840	39,344	592,600	\$6.36	\$5.58	\$13.25
Lakeland / Polk County	41,750,264	7.8%	7.7%	10.8%	189,102	363,738	2,486,738	\$5.82	\$5.78	\$11.00
Mid-Pinellas / Gateway	32,594,227	2.3%	2.0%	4.4%	183,408	344,625	340,000	\$6.83	\$7.04	\$9.90
North Hillsborough	1,568,819	3.4%	0.0%	6.8%	4,550	6,950	-	\$12.88	-	\$12.88
North Pinellas	4,058,215	1.7%	1.2%	3.4%	-2,900	37,600	150,000	\$8.17	\$11.50	\$7.77
Plant City / East Hillsborough	18,017,690	7.2%	7.3%	0.0%	347,002	773,842	3,893,593	\$5.43	\$5.43	-
South Pinellas	6,986,690	6.2%	6.4%	0.0%	-57,000	-28,619	114,334	\$6.91	\$6.91	-
South Tampa	2,533,284	27.1%	27.9%	0.0%	-23,000	-41,500	-	\$7.44	\$7.44	-
Market Total	178,432,164	5.3%	5.4%	4.4%	996,706	1,663,111	9,012,051	\$6.31	\$5.77	\$12.46

Industrial market stats by product type

By Product Type	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Warehouse / Distribution	162,962,508	5.4%	928,437	1,472,070	9,012,051	541,589
Flex	15,469,656	4.4%	68,269	191,041	-	95,953
Market Total	178,432,164	5.3%	996,706	1,663,111	9,012,051	637,542

For more market insights
and information visit
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