

TAMPA RETAIL REPORT

TAMPA MARKET OVERVIEW

Tampa Bay's retail market is experiencing an incredible period of growth with more new-to-market concepts expressing interest in the area than ever before. From the region's exponential population growth to numerous exciting mixed-use developments popping up across the market, Tampa Bay's growth has attracted national attention- and retailers are following suit.

TAMPA UNEMPLOYMENT

Tampa unemployment rates have continued to decrease quarter over quarter in 2021. Unemployment rates in Tampa closed the month of November at 3.40%, outperforming the state of Florida at 4.50% and the United States as a whole at 4.20%. The labor market in the Tampa MSA is incredibly strong as population growth continues to fuel a strong market.

3.4%

Unemployment Rate

3.8%

Vacancy Rate

\$21.56 PSF

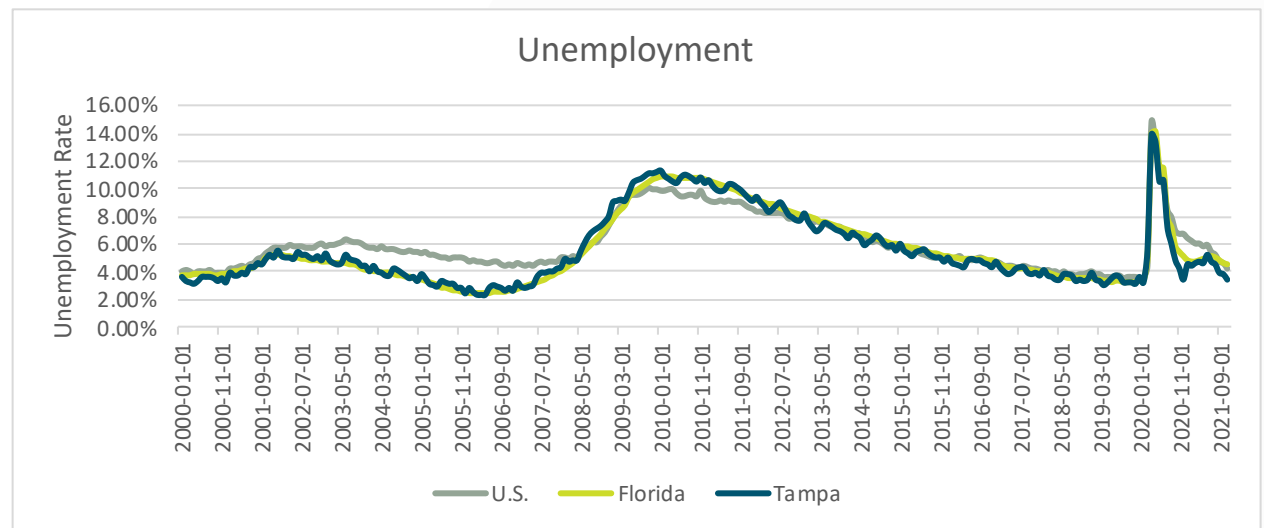
Avg Rent

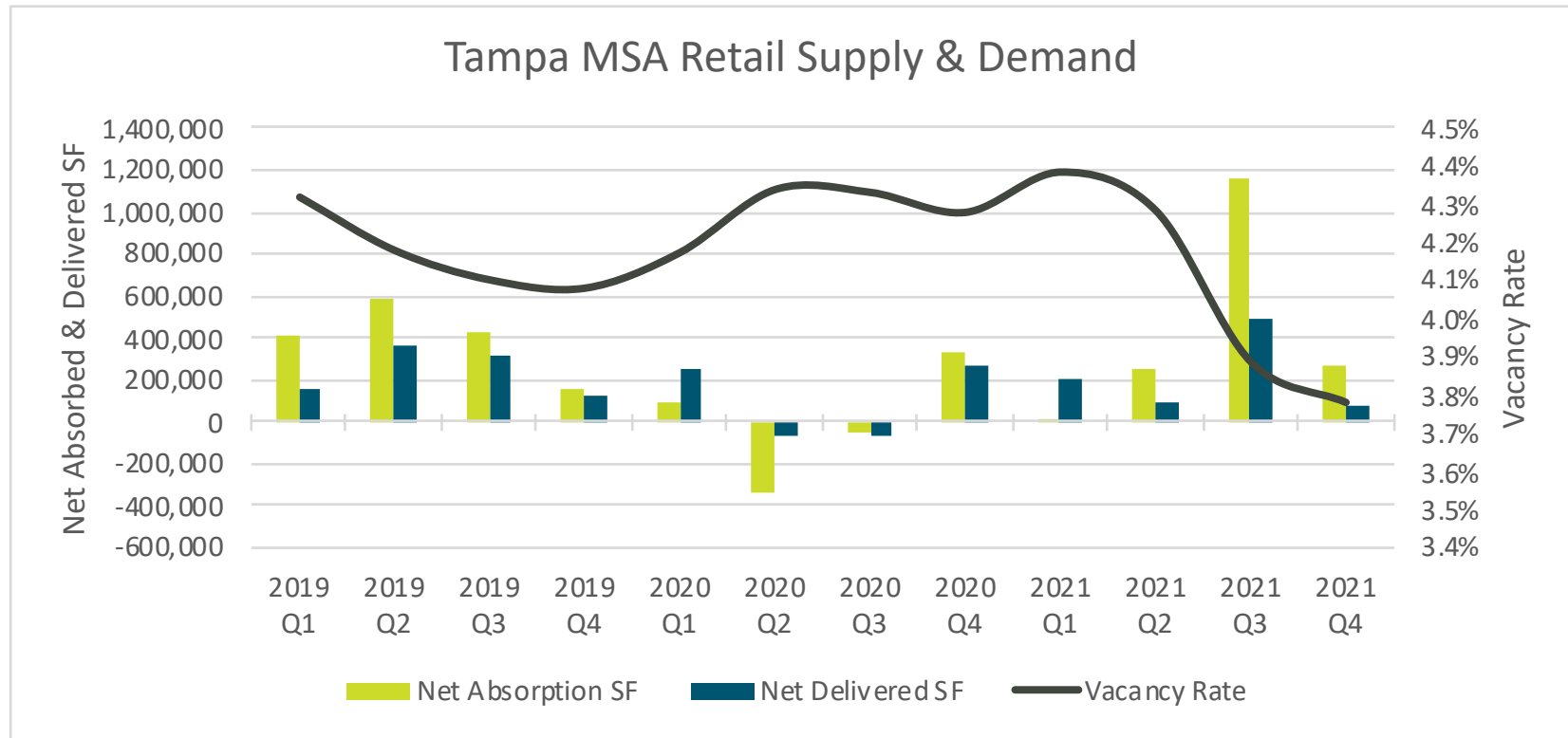
\$490 M

Sales Volume

"Even big box retailers, which are largely downsizing in other parts of the country, are taking note of the opportunity that exists in Tampa Bay. Walmart, Target, Home Depot, Lowe's, Costco and others are quietly looking at other opportunities to grow to satisfy markets that they once overlooked along the West Coast of Florida, and Tampa Bay is a major point of interest."

-Brian Bern, Managing Director Retail Tenant Services





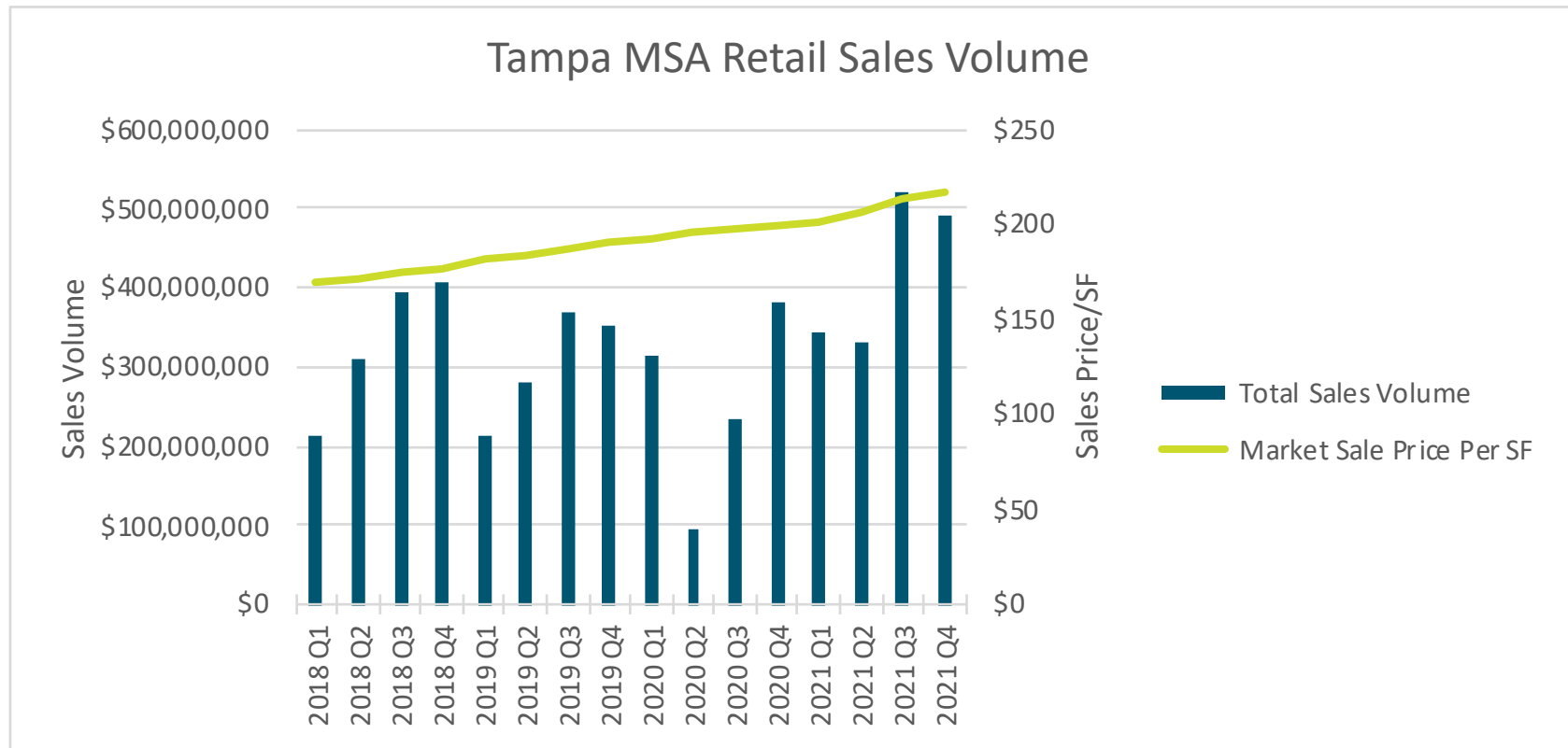
TAMPA MSA RETAIL SUPPLY & DEMAND

Tampa MSA retail supply and demand has remained strong since the beginning of the pandemic dating back to early 2020. Since the height, there has been very little delivered square feet to the market. Q4-21 showed strong market absorption. Vacancy rates decreased to 3.8%, representing a decrease of 60 basis points since the beginning of 2021. General retail properties contributed to the lowest vacancy rate with approximately 88 million square feet, only 2.1% of that remains vacant. Mall retail properties continue to have the highest vacancy amongst retail properties at 7.4%.

Going forward, the biggest challenge for the market will be its limited supply of retail space.

"We are experiencing historically low vacancy rates and the amount of new space coming online is not enough to ease the demand. As a result, rents are at all-time highs, making it a challenge for those looking to expand. The competition for available retail space is fierce and tenants should be ready to move forward quickly when an opportunity presents itself."

-Alex Wright, Senior Director of Retail Landlord Services.

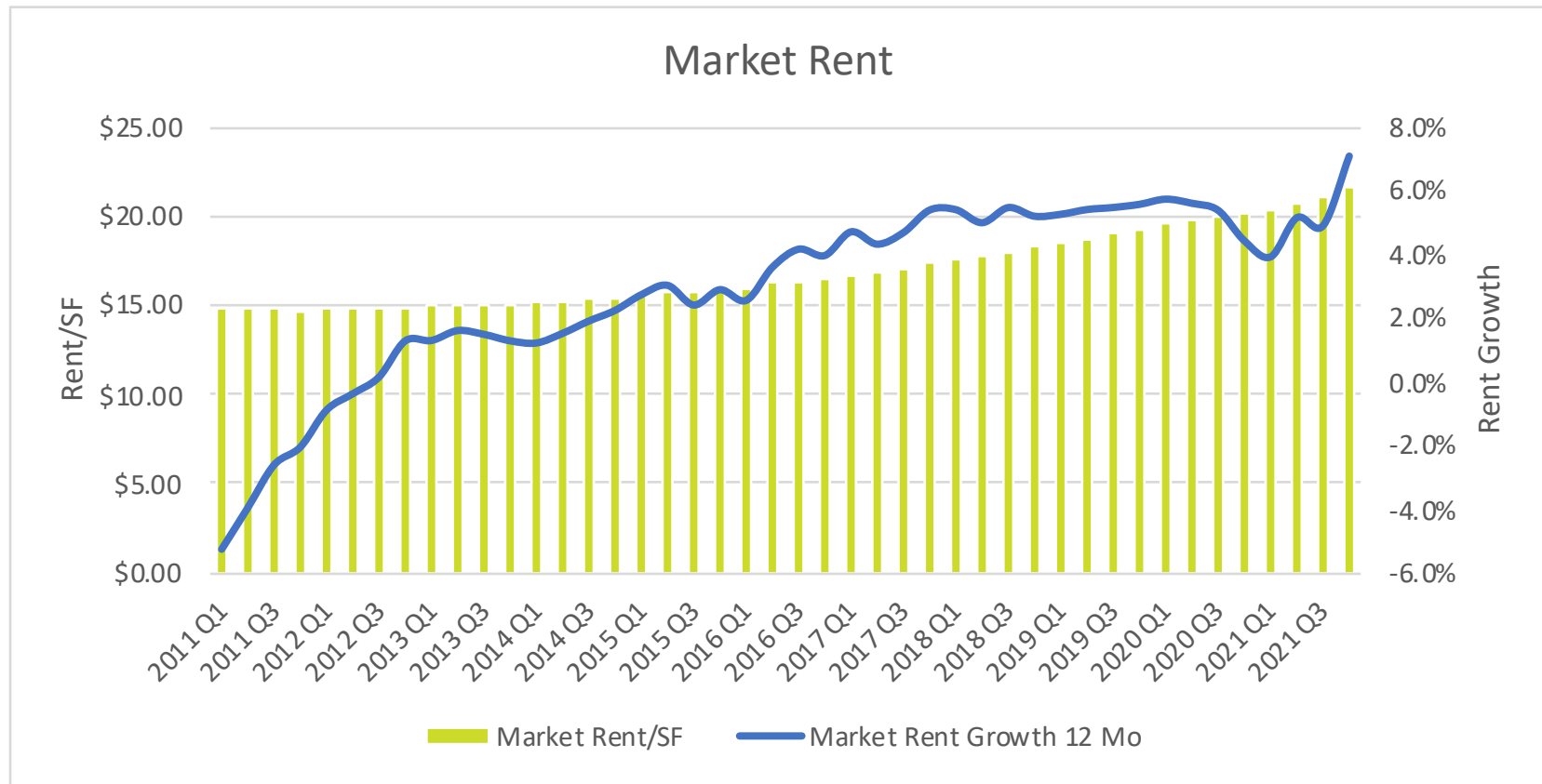


TAMPA INVESTMENT SALES ACTIVITY

Retail sales volume amassed \$490 million for Q4-21. Over the course of 2021, sales volume totaled approximately \$1.6 billion indicating a 65.21% increase relative to 2020 sales volume. Sales price per square foot continued to increase quarter over quarter. Average market sales price per square foot closed Q4-21 at \$217.67 per square foot. Sales price per square foot experienced an 8.28% increase from the beginning of 2021.

“Due to the lack of inventory and new construction deliveries, we expect this momentum to continue in 2022. There is a still plenty of capital in the market and most buyers in the open market will continue to find themselves in a competitive bid process.”

-Anthony Suarez, Senior Associate of Investment Sales



TAMPA MARKET RENT GROWTH

Market rent growth has continued to increase through 2021. Q4-21 market rents averaged \$21.56 per square foot in the Tampa MSA. This would indicate a percentage increase of 7.1%, the highest increase in the last 12 months in the Tampa MSA.

DEVELOPMENT PIPELINE

Currently, there are two major mixed-use development projects in Tampa—Water Street and Midtown Tampa—that are drawing the attention of new-to-market, national tenants. Water Street will connect homes, office, shops, and hotels all in a prime urban core location formerly known as the Channelside District. The project has added 5 million square feet of commercial real estate space and will include over 70 retailers and restaurants—several which are already open, with many more opening over the next six months.

Midtown Tampa is a mixed-use project including retail, multifamily, office and hotel located on the eastern border of Tampa's Westshore District. The project includes approximately 240,000 square feet of retail space anchored by Whole Foods and REI Co-op. Other national names like Shake Shack and Sephora have also opened their doors at Midtown, with several more on the way.

Beyond the urban core markets, we can expect to see retail expand in suburban markets like Riverview and Apollo Beach in South Hillsborough County, as well as along State Road 54 in Pasco County, as population growth continues to drive demand.

Tampa MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	6.9%	\$14.69	-2.1%	162,171,200	660,880	698,180	\$116.56	8.5%
2012	7.0%	\$14.88	1.3%	162,584,484	413,284	196,232	\$126.09	8.1%
2013	6.6%	\$15.06	1.3%	163,207,506	623,022	451,501	\$128.65	8.1%
2014	5.9%	\$15.40	2.2%	164,232,020	1,017,514	224,014	\$145.59	7.7%
2015	5.3%	\$15.84	2.9%	165,497,440	1,265,420	946,361	\$154.12	7.5%
2016	4.7%	\$16.47	4.0%	166,366,112	868,672	824,577	\$161.43	7.3%
2017	4.3%	\$17.36	5.4%	167,937,869	1,558,711	691,425	\$168.36	7.3%
2018	4.5%	\$18.26	5.2%	169,038,328	1,072,216	35,344	\$177.11	7.2%
2019	4.1%	\$19.28	5.6%	170,003,605	959,158	156,935	\$189.79	7.0%
2020	4.3%	\$20.13	4.4%	170,416,758	387,532	339,192	\$198.60	6.9%
2021	3.8%	\$21.56	7.1%	171,293,697	874,824	261,021	\$217.67	6.7%

Tampa MSA Retail Statistics								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	2.1%	\$20.73	7.5%	88,781,457	424,376	134,472	\$244.15	6.6%
Mall	7.4%	\$30.20	6.9%	11,837,467	-235	-43,626	\$201.72	6.6%
Neighborhood Center	5.8%	\$20.65	6.6%	48,484,922	15,300	149,413	\$175.17	6.9%
Other	0.0%	\$26.72	6.9%	83,554	0		\$210.17	7.4%
Power Center	5.6%	\$26.22	5.7%	7,671,510	0	-56,243	\$216.20	6.6%
Strip Center	3.4%	\$19.97	7.4%	13,952,548	59,183	75,125	\$211.12	6.8%

CONCLUSION

It's an exciting time for retail consumers in the Tampa Bay market, as they will see the arrival of numerous new concepts opening throughout the area in 2022.

Franklin Street expects the retail market will continue to tighten until a significant economic event cools growth. Although this will present challenges for tenants, many of the retailers Franklin Street works with have expressed that their results in Tampa Bay, and Florida as a whole, are some of the best in the U.S.

"Our clients are experiencing strong performance across the board, from soft goods retailers such as Sketchers, to restaurants including both fast-food and sit down restaurants from Chick Fil A to Texas Roadhouse."

**-Brian Bern, Managing Director
Retail Tenant Services**

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