

TPA – Q3 2022

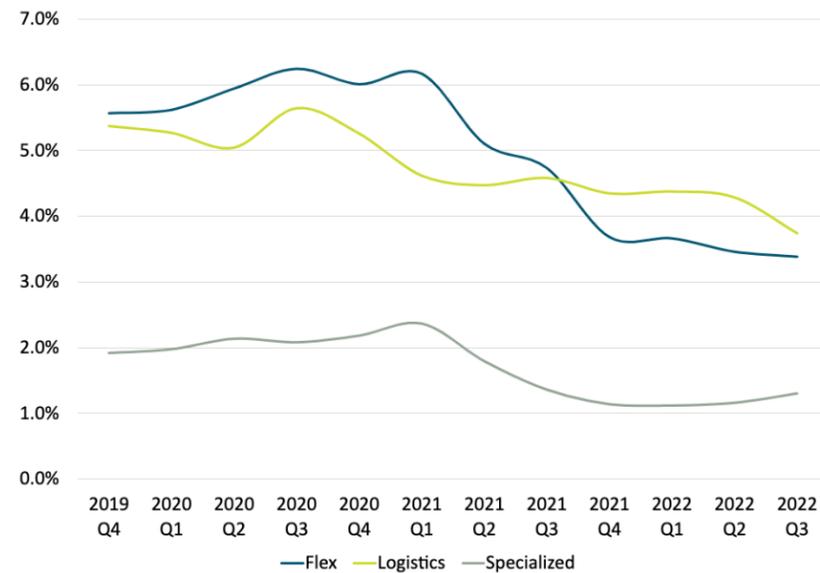
INDUSTRIAL REPORT



MARKET AT A GLANCE

- ▼ FLEX VACANCY RATE
3.4 %
- ▼ LOGISTICS VACANCY
3.7 %
- ▲ SPECIALIZED VACANCY
1.3 %

VACANCY RATES BY TYPE



E-commerce trends have continued to increase the demand for industrial space in Q3 2022. As supply chain challenges persist, many retailers are finding an increased need for storage space in key locations like Tampa Bay, causing competition for industrial

space to intensify. As a result, the three main types of industrial space in the Tampa market saw an extremely low average vacancy rate of 2.8% in Q3, compared to a national average of 3.9%.



—BRAD HUTTON

Director, Office & Industrial



“Currently, we are seeing the strongest investor demand for front light and front park / rear load distribution centers, especially those with excess land. Well-located flex light industrial with outside storage capability is also becoming sought-after. Going forward, the primary challenge for the Tampa Bay industrial market will be its ability to keep up with demand, as supply chain challenges persist and well-located developable becomes scarcer.”



▲
FLEX RPSF
\$13.51

▲
LOGISTICS RPSF
\$9.40

▲
SPECIALIZED VACANCY
\$9.77



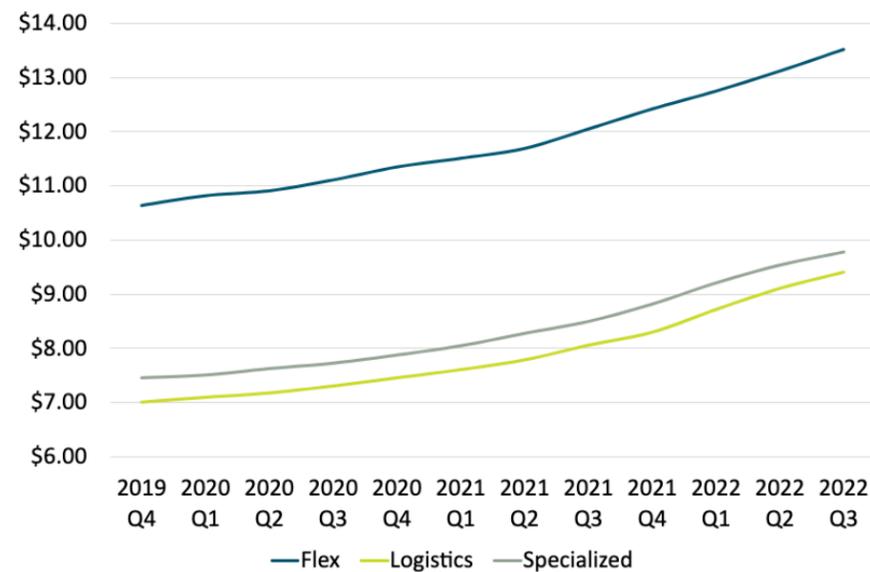
—PAT KELLY

Regional Managing Director , Office & Industrial



“Tampa Bay’s robust population growth, vibrant single family development market coupled and strong consumer sales. will keep this market a national leader in industrial commercial real estate. The impressive metrics should assist greatly as the economy slows. The upside is that a slowdown will allow the housing market and associated material and labor challenges a chance to align themselves for a more predictable delivery timeline.”

RENT PER SQUARE FOOT



As competition for industrial space heats up in the Tampa market, rental rates have reached new highs. The average rent per square foot in Tampa increased 12.5% over the year and is currently around \$10.89.

We expect these rates to continue their upward trajectory and flatten out toward the end of 2022 and into early 2023.



▲
Q3 DELIVERED SF
1,547,836

▲
ABSORBED SF
2,701,863

▲
OCCUPANCY RATE
96.8%

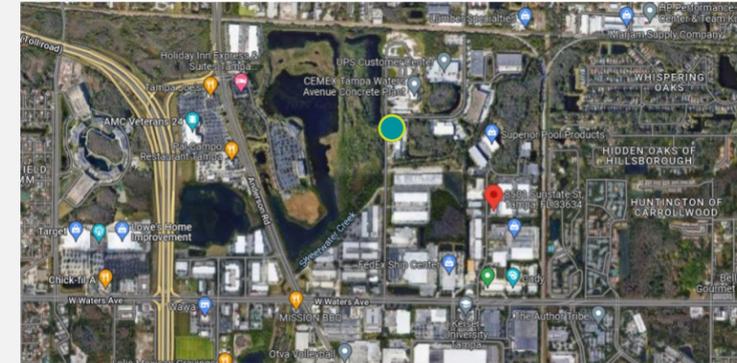
SUPPLY & DEMAND



Q3 2022 saw was the biggest quarter of the year so far in terms of industrial deliveries and absorption. Over 1.5 million square feet of space was added to the market and over 2.5 million

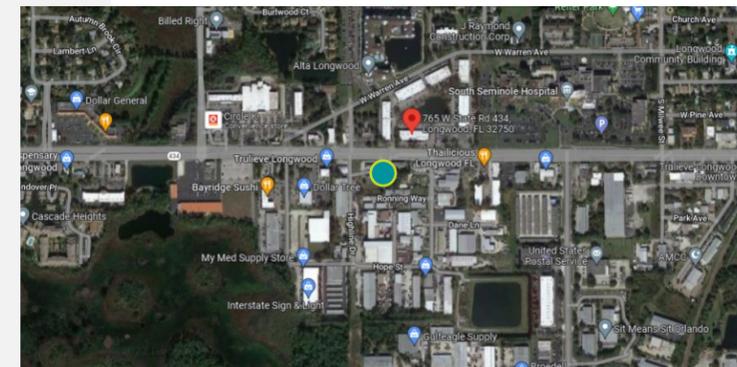
square feet was absorbed. Occupancy rates are at a very healthy 96.8% and we expect this level of demand to continue throughout the year and into 2023.

RECENT TRANSACTIONS



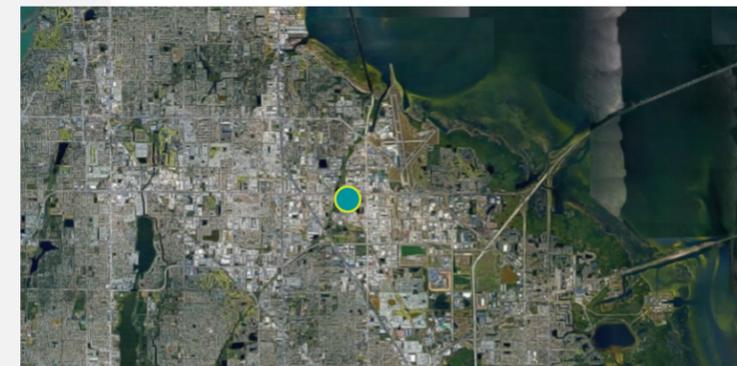
8501 SUNSTATE STREET
\$37,277,600

TAMPA, FL
 174,831 SF
 8501 SUNSTATE ST
 OWNER THOR EQUITIES
 SELLER REDSTONE INVESTMENTS



PARK WEST AT GATEWAY
BUSINESS CENTRE
\$24,500,000

PINELLAS PARK, FL
 133,094 SF
 3925 GATEWAY CENTRE BLVD
 OWNER ADLER REAL ESTATE PARTNERS
 SELLER GREG ZEIFMAN



5218 126TH AVENUE N
\$27,500,000

PINELLAS PARK, FL
 134,488 SF
 5218 126TH AVE
 OWNER ZENITH / IP MORGAN
 IOS INDUSTRIAL
 OUTDOOR STORAGE
 SELLER HSS PARTNERS

FLEX

Geography Name	Inventory SF	Vacancy Rate	Vacant Available SF	Gross Delivered SF	Net Absorption SF	Under Construction SF	Market Rent/ SF	Market Cap Rate
Downtown Tampa	500,153	1.2%	0	4,750	5,580	0	\$15.92	6.5%
Hernando County	85,175	7.0%	0	0	-5,989	0	\$10.78	7.6%
NE	511,975	0.2%	0	0	5,223	0	\$15.62	6.2%
North Pinellas	2,428,938	1.5%	0	1,040	-2,516	0	\$13.77	6.7%
NW Hillsborough	1,068,639	6.6%	0	0	-17,747	0	\$13.68	6.9%
Pasco County	774,101	5.1%	0	0	5,838	0	\$13.15	7.2%
SE Hillsborough	51,263	0.2%	0	0	-93	0	\$14.26	6.2%
South Pinellas	7,167,026	4.7%	0	4,546	-65,408	0	\$13.69	6.7%
SW Hillsborough	30,293	0.2%	0	0	-50	0	\$20.06	6.6%
Westshore	5,095,694	1.3%	0	0	45,259	0	\$13.55	6.9%

LOGISTICS

Geography Name	Inventory SF	Vacancy Rate	Vacant Available SF	Gross Delivered SF	Net Absorption SF	Under Construction SF	Market Rent/ SF	Market Cap Rate
Downtown Tampa	6,652,392	2.9%	N/A	N/A	-3,357	N/A	\$9.95	6.4%
Hernando County	3,638,291	6.7%	N/A	N/A	-207,329	N/A	\$9.43	6.5%
NE	1,401,676	0.2%	N/A	N/A	16,660	N/A	\$10.67	6.4%
North Pinellas	9,148,789	1.3%	N/A	10,161	-63,039	N/A	\$11.15	6.8%
NW Hillsborough	1,475,249	0.2%	N/A	10,000	7,214	N/A	\$14.17	6.5%
Pasco County	10,829,969	2.9%	N/A	10,170	18,087	N/A	\$9.93	7.2%
SE Hillsborough	3,501,963	0.2%	N/A	N/A	-7,185	N/A	\$7.35	5.8%
South Pinellas	30,852,013	3.2%	N/A	N/A	-99,757	N/A	\$10.42	6.9%
SW Hillsborough	2,175,409	31.4%	N/A	N/A	17,863	N/A	\$11.95	6.3%
Westshore	11,718,854	3.6%	N/A	104,255	-67,908	N/A	\$10.73	6.6%

SPECIALIZED

Geography Name	Inventory SF	Vacancy Rate	Vacant Available SF	Gross Delivered SF	Net Absorption SF	Under Construction SF	Market Rent/ SF	Market Cap Rate
Downtown Tampa	1,565,364	2.0%	0	0	-3,252	0	\$10.32	6.6%
Hernando County	655,137	0.2%	0	0	-1,273	0	\$10.30	6.8%
NE	125,387	0.2%	0	0	-235	0	\$16.38	7.1%
North Pinellas	2,530,925	1.0%	0	0	1,827	0	\$10.75	6.8%
NW Hillsborough	728,969	0.2%	0	0	-1384	0	\$13.81	5.8%
Pasco County	2,269,930	3.5%	0	0	5,835	0	\$10.12	6.6 %
SE Hillsborough	409,695	0.2%	0	0	-833	0	\$7.62	5.7%
South Pinellas	18,841,806	2.0%	0	0	-89,286	0	\$11.22	6.7%
SW Hillsborough	683,090	0.2%	0	0	-1,334	0	\$11.27	6.3%
Westshore	2,336,408	0.2%	0	0	-4,404	0	\$9.42	6.7%

CONCLUSION

Fundamentals across all multifamily asset classes remain strong, but we are starting to see rents increasing at a slower pace for the first time in years.

Rent and population growth will continue to move the market forward, but rising interest rates and a changing debt market will create headwinds for all types of multifamily assets in Tampa Bay through the end of the year.

With our comprehensive full-service platform and expertise in providing solutions through every stage of the market cycle, Franklin Street is uniquely positioned to advise clients in today's adjusting market.



MEET THE EXPERTS

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