

3Q23

# Tampa Industrial Market Overview

An aerial photograph of an industrial facility, likely a refinery or chemical plant. The image shows several large, rectangular storage tanks or processing units arranged in a grid-like pattern. The tanks are light-colored, possibly white or light blue, and have a series of dark, horizontal slats or openings. The perspective is from a high angle, looking down at the facility, which is surrounded by a dark, possibly paved area. The overall tone of the image is industrial and modern.

NEWMARK



# Market Observations

## Economy

- The market's unemployment rate decreased by 16 basis points year over year to 2.9% but remained well below the five-year average of 4.2%.
- Although job growth pace has slowed compared with recent highs to 3.2% year over year, employment growth continues to significantly outpace pre-pandemic levels, with 2019 growth averaging only 2.5%.
- All sectors, except mining and logging, information and financial activities, reported employment growth, with education and health leading job gains at 9.6% over the past 12 months.
- Industrial-using jobs in the market continued to reflect yearly growth, with manufacturing jobs and trade/transportation/utilities jobs growing by 3.3% and 2.3% year over year, respectively, while construction led at 4.4%.

## Major Transactions

- Westlake Pipe and Fittings signed the largest deal of the quarter, a 192,756-SF new lease at Logistix Hub at County Line.
- Both of the largest deals signed in the quarter were new leases in the Polk County submarket by Westlake Pipe and Fittings at 192,756 SF and Clear Springs Land Company at 129,087 SF.
- Four of the five largest leases signed in the quarter were new leases signed by Westlake Pipe and Fittings, Clear Springs Land Company, Team Henry Enterprises and 84 Lumber Company.

## Leasing Market Fundamentals

- The market reported 435,041 SF of positive absorption in the third quarter of 2023, bringing year-to-date totals to 4.0 MSF.
- Overall rental rates grew 2.8% year over year to \$7.74/SF, keeping asking rents at a historical yearly high.
- Construction pipeline remains strong with 1.0 MSF of deliveries as of the end of the third quarter of 2023, with another 6.3 MSF under construction.
- Following yearly supply outpacing demand for the second consecutive quarter, vacancy increased by 40 basis points year over year to 5.8%. Landlords leased a large amount of bulk space over the past year, improving the bulk-space segment that had been dragging down the market.

## Outlook

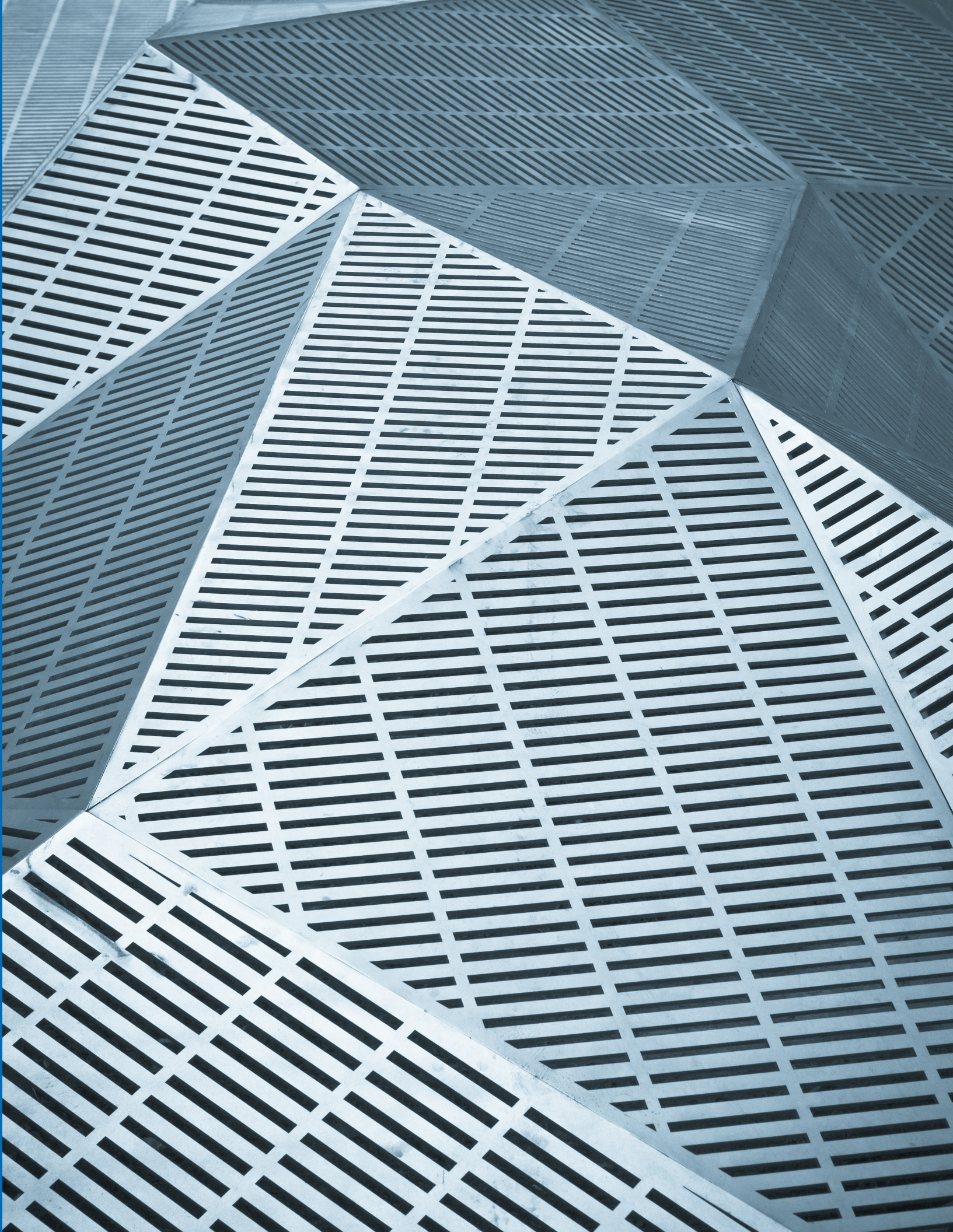
- The Tampa industrial market will likely see an influx of supply on the market in the near term, due to 2.5% of the current market's inventory being under construction. As a result, new deliveries will likely outpace demand in the near term.
- Vacancy rates are expected to flatten in the near term, as supply is expected to outpace occupancies before decreasing again once the new supply is absorbed.
- Asking rents will likely continue to increase, due to elevated inflation and a large pipeline of quality new product commanding higher pricing coming online.

1. Economy
2. Leasing Market Fundamentals



3Q23

# Economy

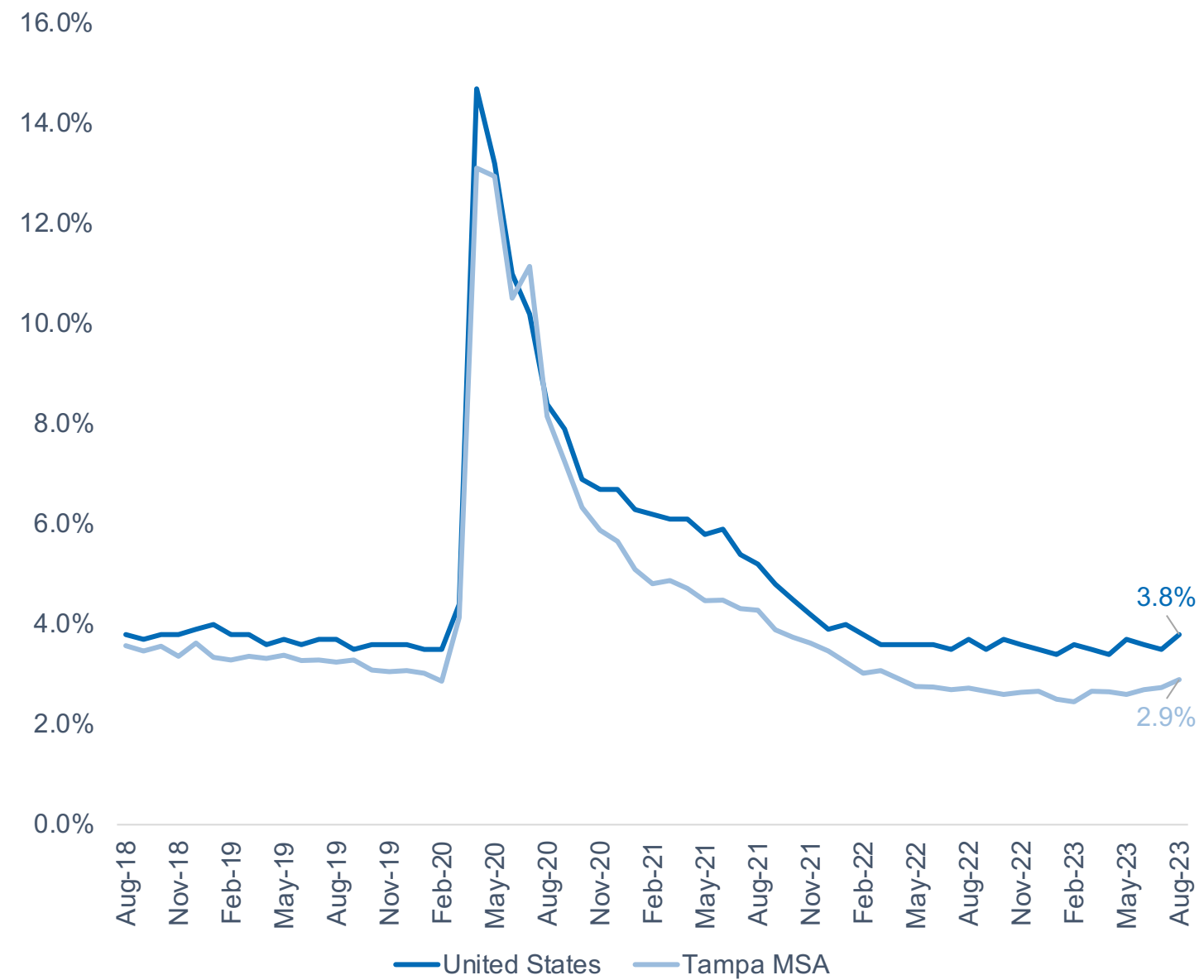




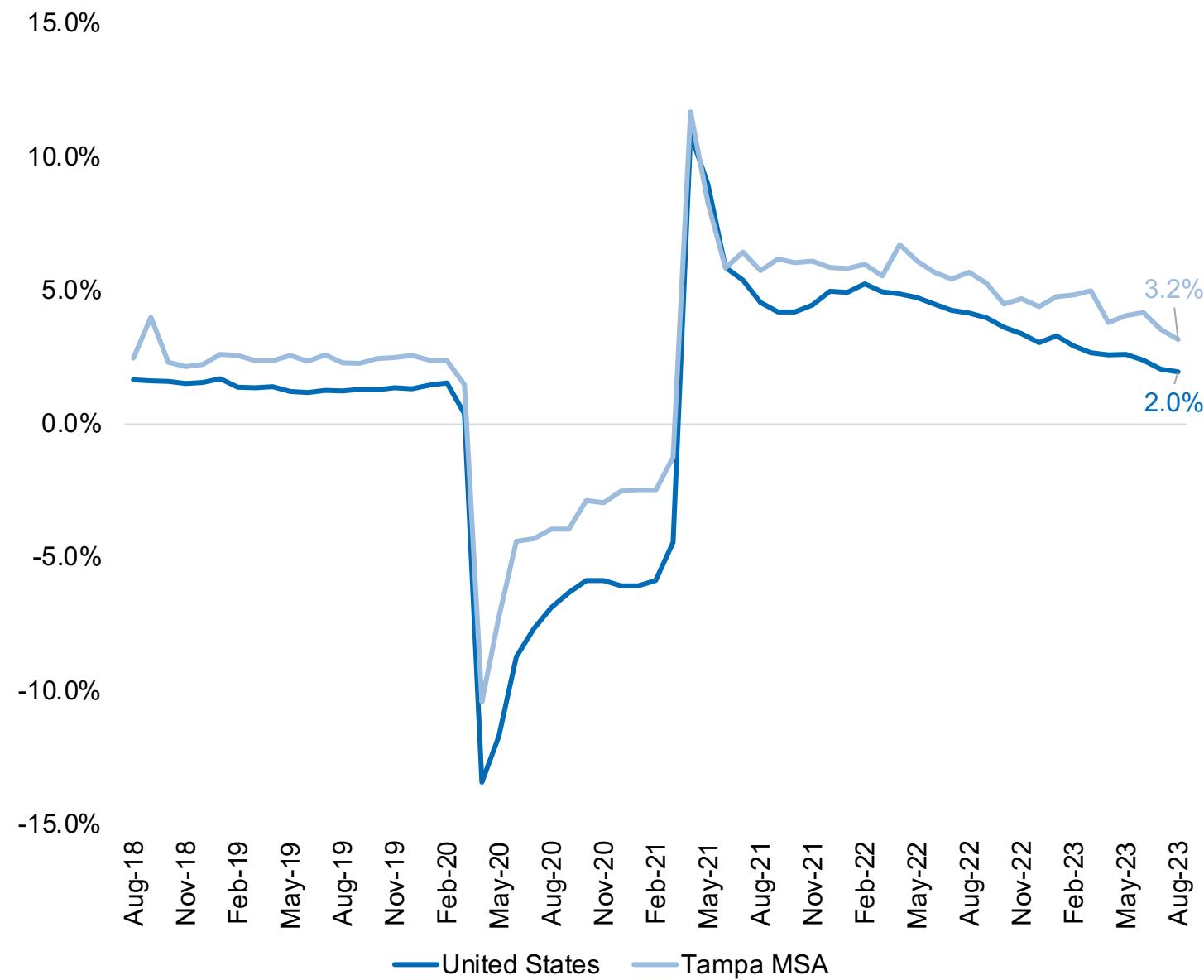
# Metro Employment Trends Signal a Slowing Economy

The Tampa market has generally reported lower unemployment rates compared with the national average, while being an outperformer in employment growth. Although the region’s unemployment rate decreased by 16 basis points year over year, national economic headwinds have pushed the employment year-over-year growth rate to slow by 252 basis points compared with the previous year.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



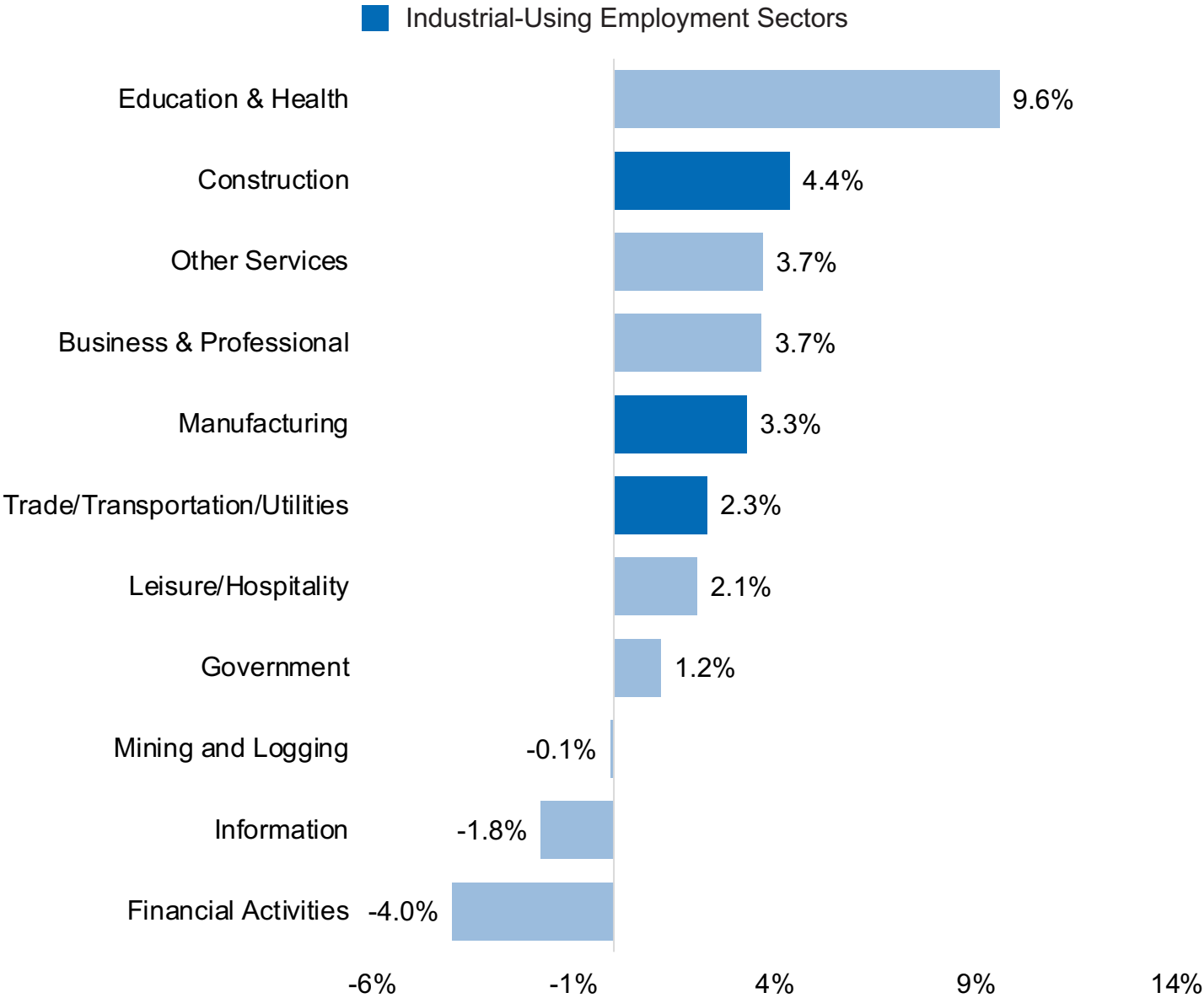
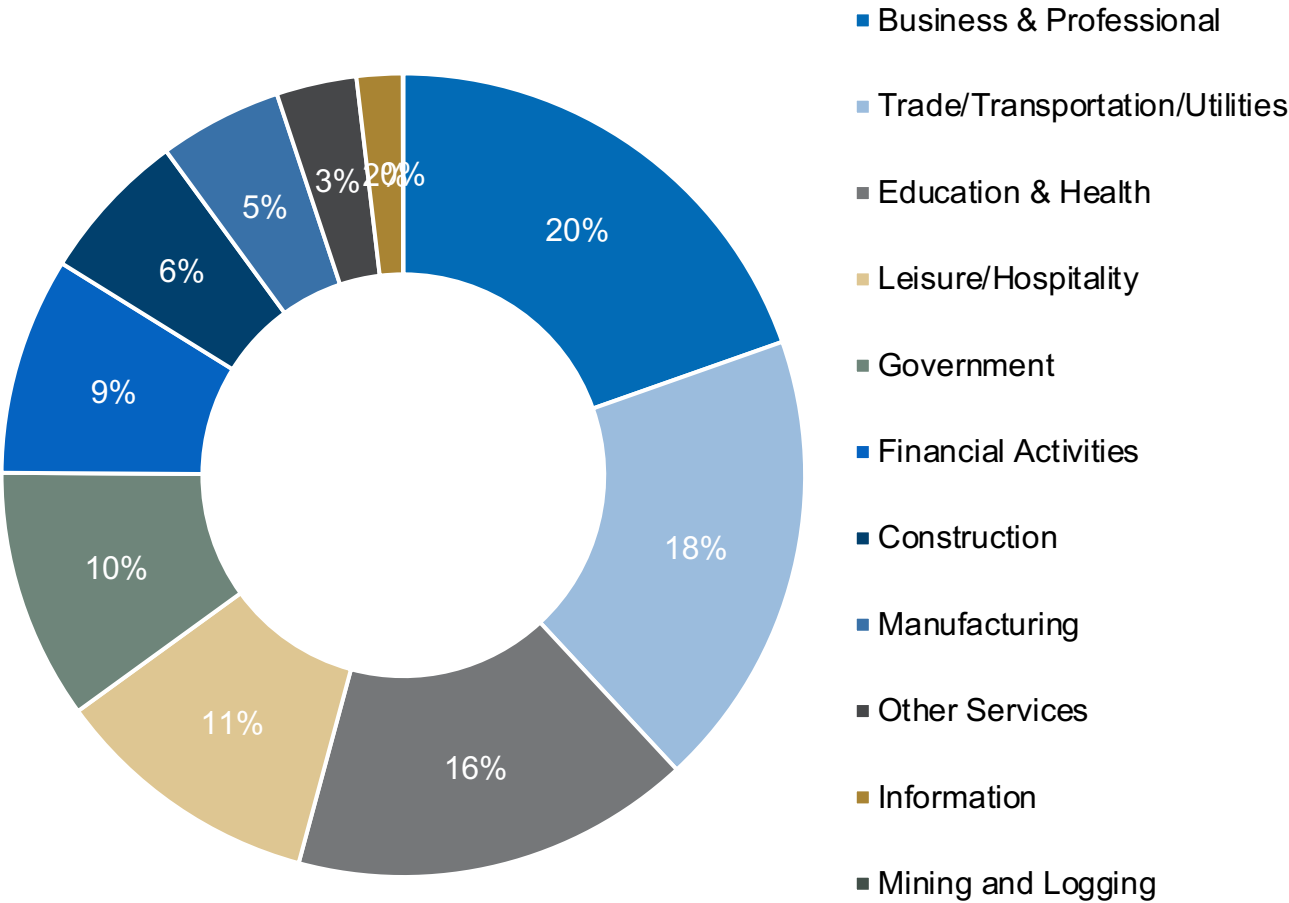
Source: U.S. Bureau of Labor Statistics, Tampa MSA

# Employment Growth Continues for All Industrial-Using Sectors

The Tampa market's top two employment industries account for 38.1% of market share. The industrial-using employment's trade/transportation/utilities sector is the second-largest industry sector in the metroplex at 18.5%. All industries, except for information, financial activities and mining and logging, in the metroplex reported growth, with industrial-using industries reporting year-over-year growth ranging from 2.3% to 4.4%.

Employment by Industry, August 2023

Employment Growth by Industry, 12-Month % Change, August 2023

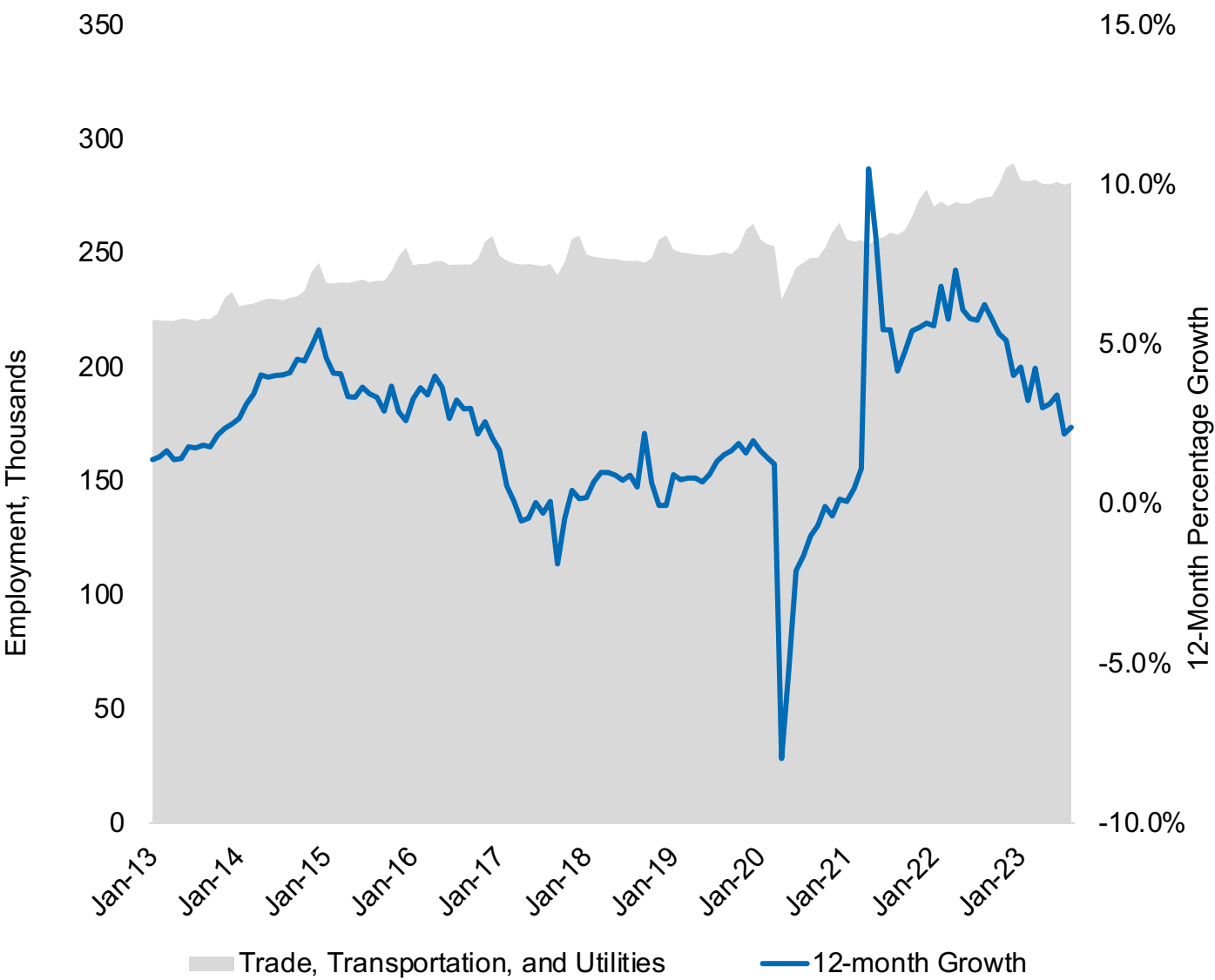


Source: U.S. Bureau of Labor Statistics, Tampa MSA

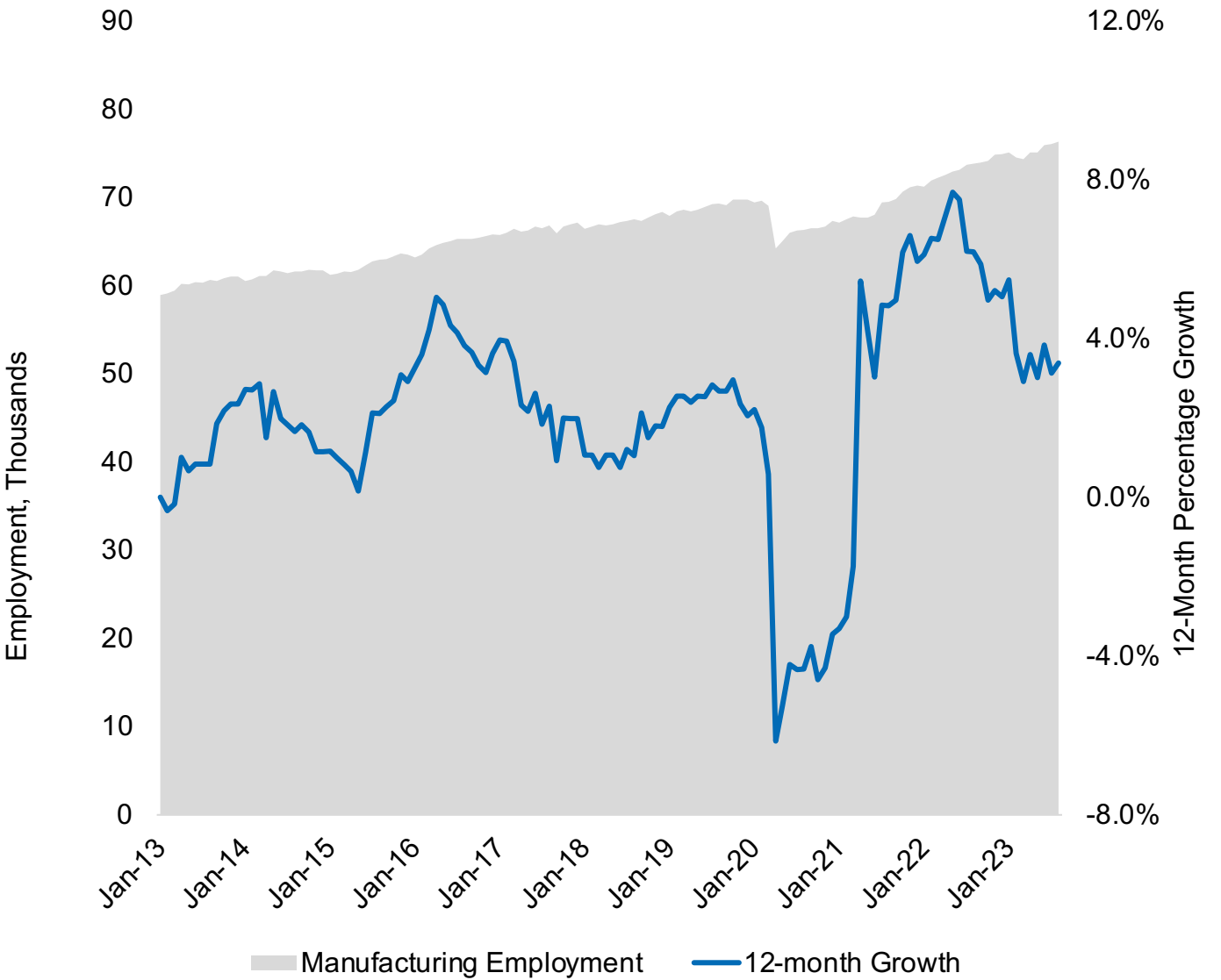
# Industrial Employment Strong with Continued Positive Growth

Trade/transportation/utilities employment as of the end of August 2023 was at 280,900 employees, decreasing from an all-time high of 289,300 employees in December 2022. Manufacturing employment reached a new historical high at 76,300 employees, increasing by 3.4% year over year. Industrial-using employment continues to show yearly growth, albeit at a slower pace than before, reflecting a slowing economy.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



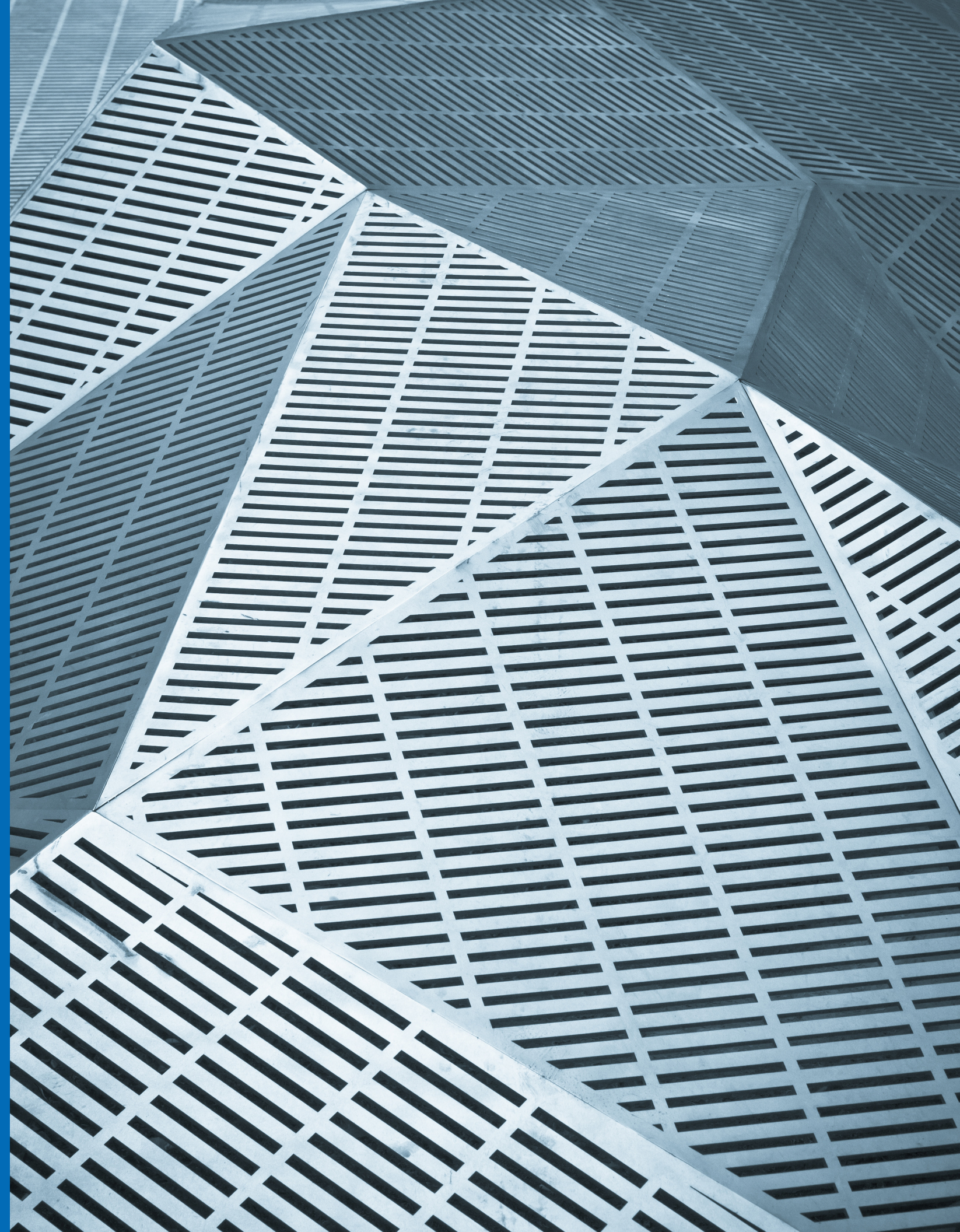
Source: U.S. Bureau of Labor Statistics, Tampa MSA



---

3Q23

# Leasing Market Fundamentals

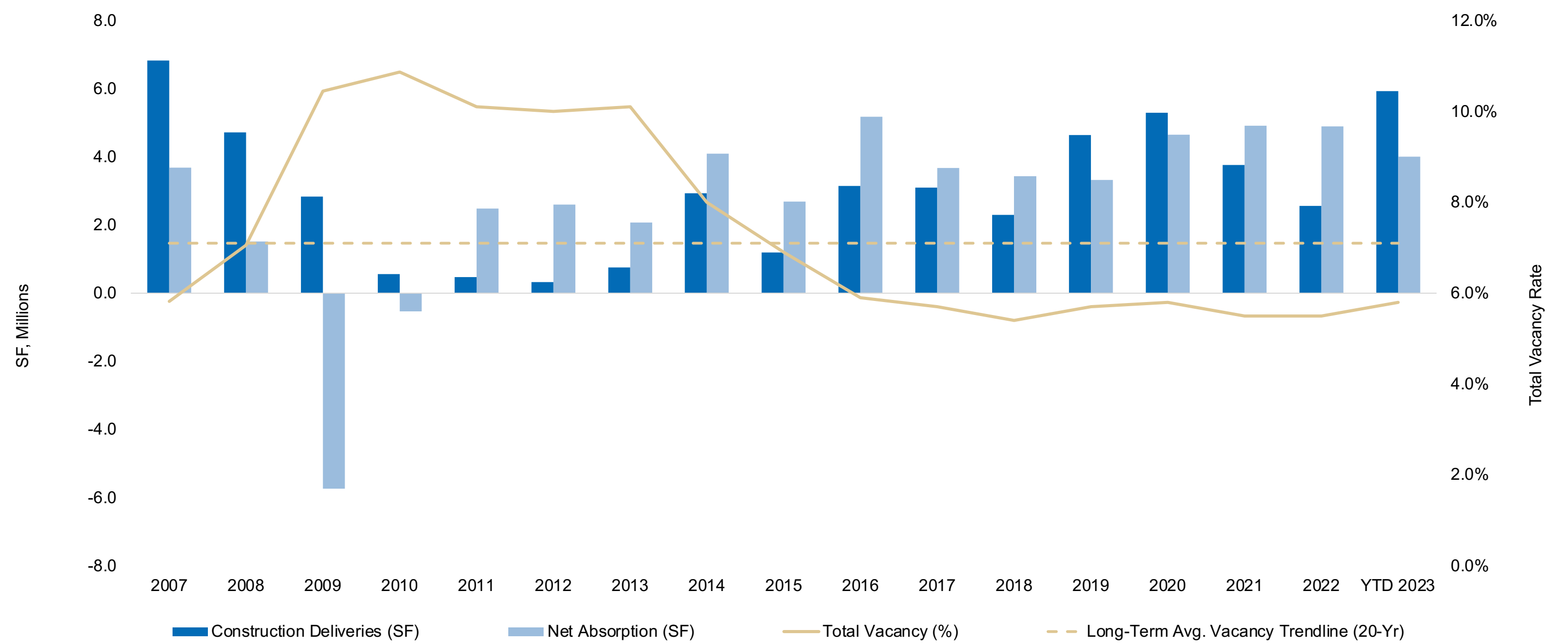




# Supply Continues Outpacing Demand

The Tampa industrial vacancy rate increased by 40 basis points year over year to 5.8% in the third quarter of 2023, with supply continuing to outstrip demand for the second consecutive quarter. Deliveries continue to remain strong in the market, with new supply added year-to-date 2023 at 5.9 MSF already significantly outpacing the yearly average of 2.8 MSF from 2007 to 2022. Despite national economic headwinds, demand continues to remain positive for industrial space in the market.

Historical Construction Deliveries, Net Absorption, and Vacancy

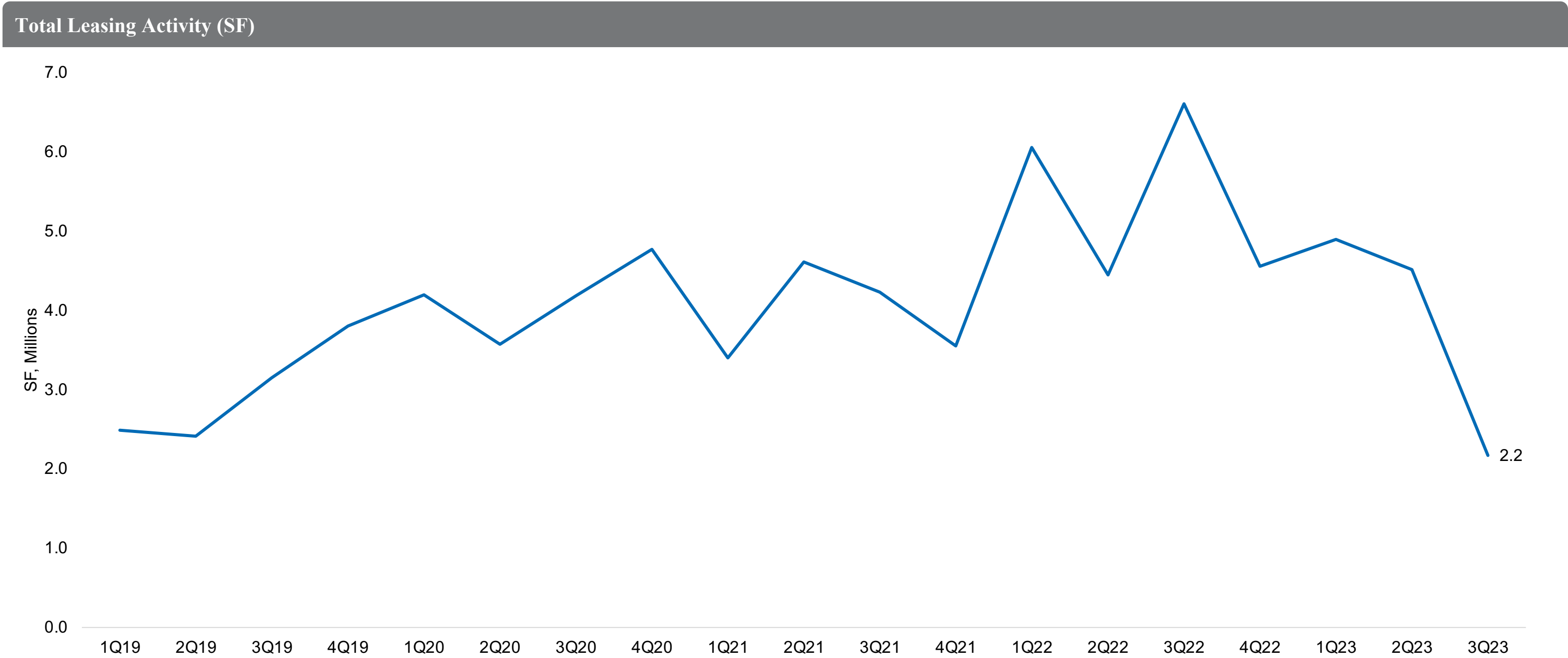


Source: Newmark Research, CoStar



# Industrial Leasing Activity Decelerates to Pre-Pandemic Levels

In the third quarter of 2023, leasing activity decelerated from historical highs reported post-pandemic, ending the quarter at 2.2 MSF. Over the past year, landlords leased a large amount of bulk space that was dragging down the market, indicating signs of improvement in the bulk-space segment. Despite slowing leasing activity, likely resulting from national economic headwinds, demand continues to remain positive in the market.

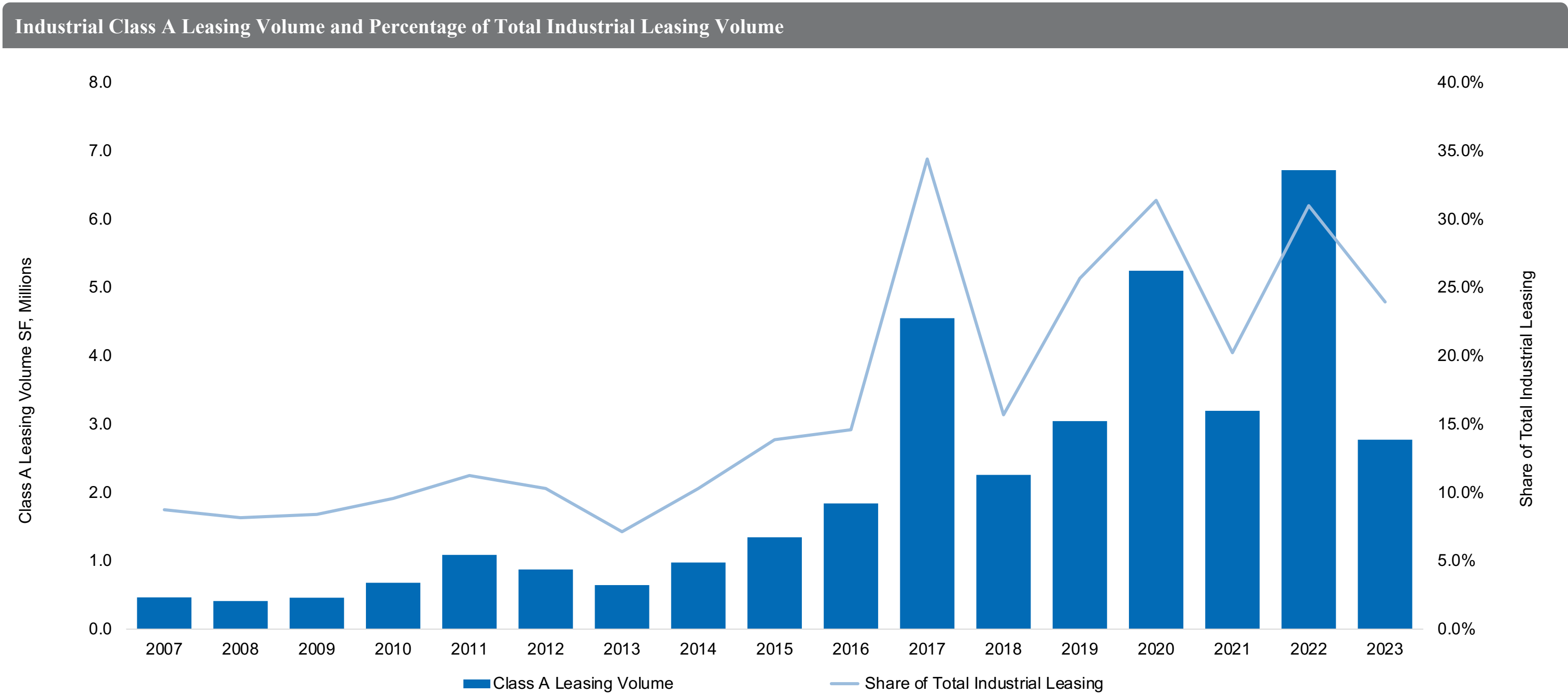


Source: Newmark Research, CoStar



# Class A Warehouse Leasing above Long-Term Average

Class A warehouse space leasing activity decreased since the high of 2.7 MSF reached in the third quarter of 2022 to 634,696 SF in the third quarter of 2023. This is also due to an influx of high-quality deliveries that have hit the market during this same time period, with Class A warehouse deliveries also reaching historical highs following the pandemic. Class A warehouse leasing represented 23.9% of overall activity so far in 2023, down from 31.0% from the previous year and well above the pre-pandemic average at 13.7% from 2007 to 2019.

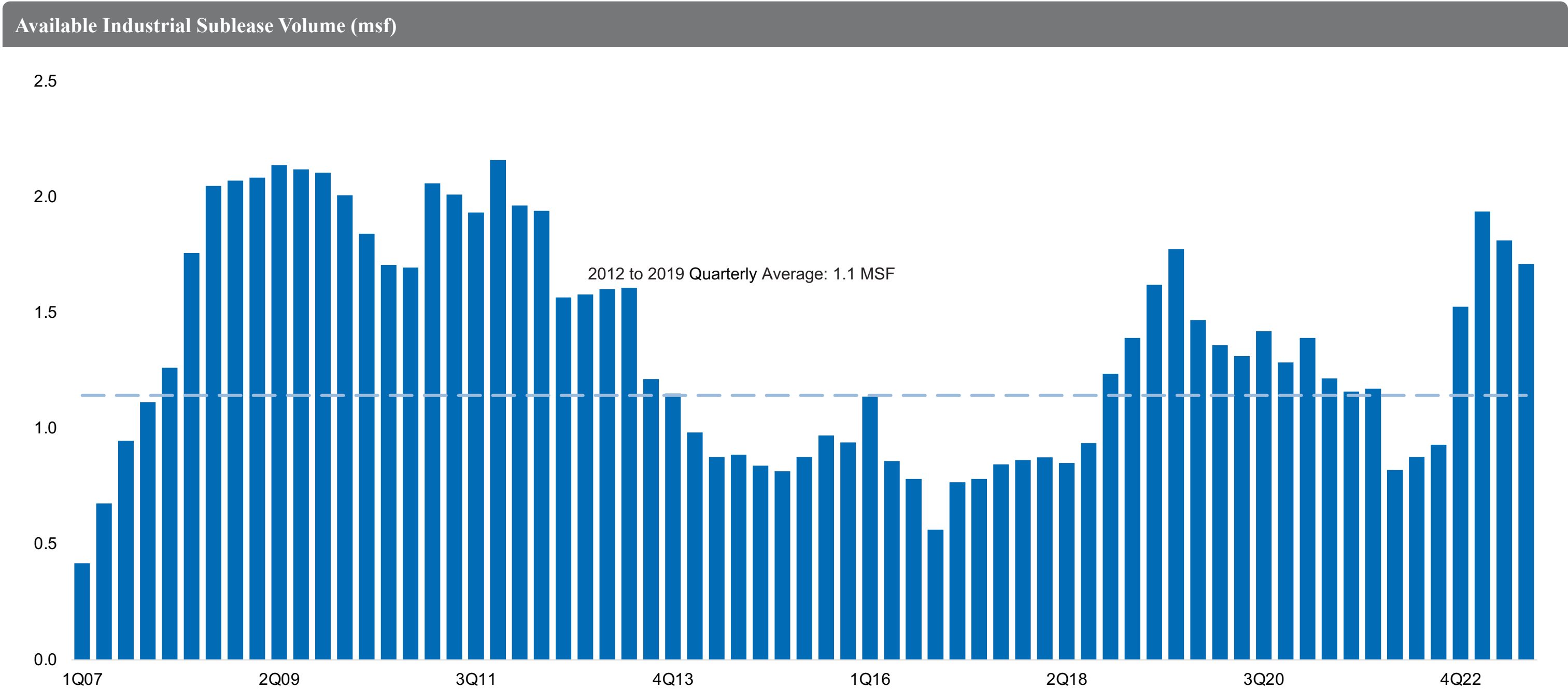


Source: Newmark Research, CoStar



# Industrial Sublease Continues Decreasing from Recent High

Sublease volume continued decreasing from the recent high of 1.9 MSF reached in the first quarter of 2023. As of the end of the third quarter of 2023, sublease space available is at 1.7 MSF. The rate at which subleases were added to the market has accelerated since the end of 2022. Rising interest rates, an inflationary environment and declining consumer demand are driving some firms to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease.

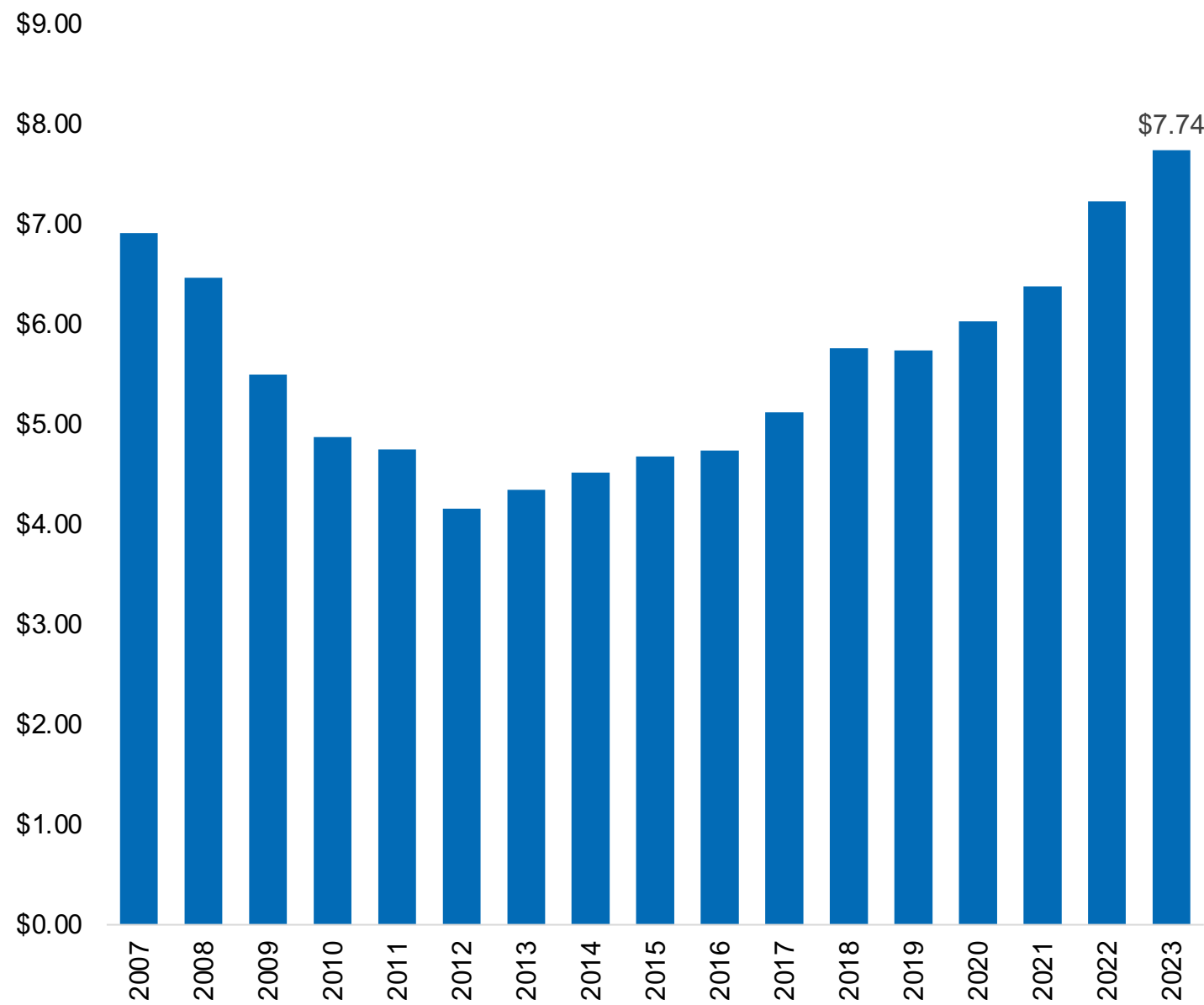


Source: Newmark Research, CoStar

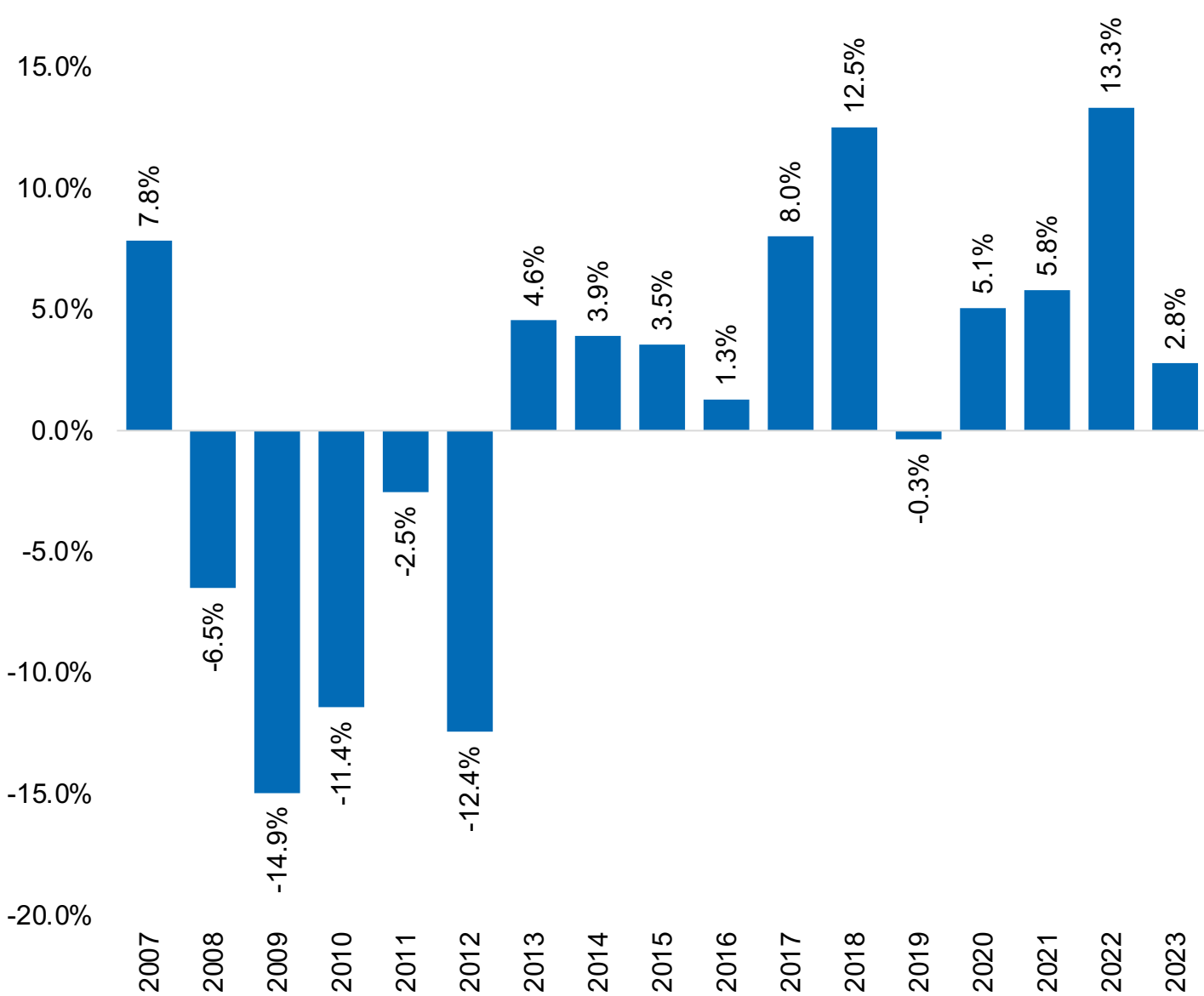
# Asking Rents Remain at Yearly High

Industrial average asking rents remain at a yearly high of \$7.74/SF, increasing by 2.8% year over year as of the end of the third quarter of 2023. Rent growth is expected to continue increasing as new, higher-quality assets continue delivering.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change

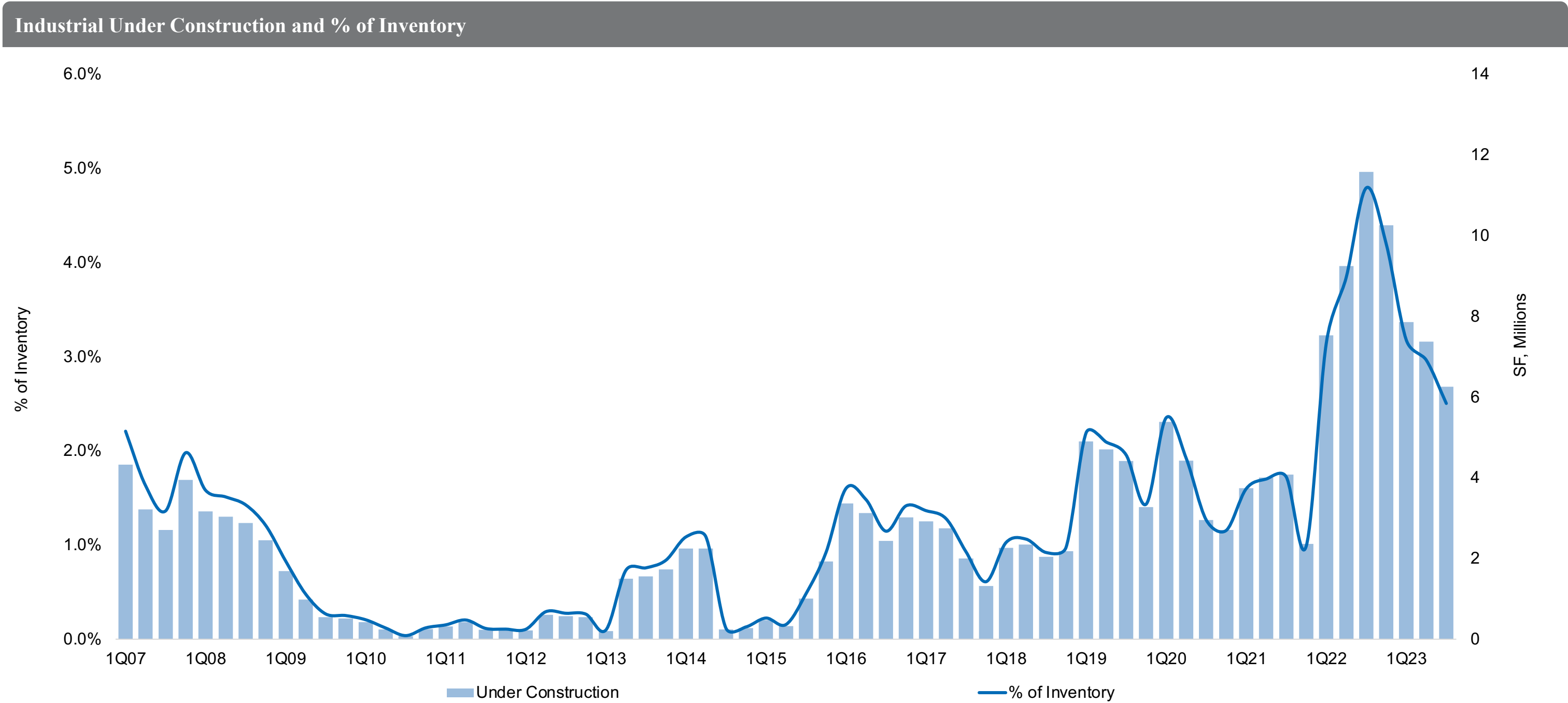


Source: Newmark Research, CoStar



# Industrial Supply Pipeline Continues Decreasing

The construction pipeline trended downward for the fourth consecutive quarter after reaching a historic high of 11.6 MSF in the third quarter of 2022. Many developers are pausing new development amid slowing leasing activity and a challenging financing environment for new construction. The construction pipeline will continue to decelerate through the rest of 2023, creating a possibility for potential supply constraints as economic conditions improve in 2024 and 2025.



# Notable 3Q23 Lease Transactions

Leasing activity slowed in the third quarter of 2023, with quarterly leasing activity at 2.2 MSF, below quarterly averages reported since 2010 at 3.1 MSF. Currently, projects under construction are 27.4% preleased.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Westlake Pipe and Fittings <i>Westlake Pipe and Fittings signed a new lease at Logistix Hub at County Line to occupy 47.7% of the building.</i>	Logistix Hub at County Line	Polk County	Direct New	192,756
Clear Springs Land Company <i>Agricultural land company Clear Springs Land Company leased an entire cold storage facility at 6105 Spirit Lake Road.</i>	6105 Spirit Lake Rd	Polk County	Direct New	129,087
HCA Management Services <i>HCA Management Services, a healthcare company, signed a renewal at Starkey Lakes Building 1 to continue occupying the entire building.</i>	Starkey Lakes Building 1	South Pinellas	Renewal	112,000
Team Henry Enterprises <i>Team Henry Enterprises, a construction company, signed a new lease to occupy the entire building at 2120-2160 S Wiggins Rd.</i>	2120-2160 S Wiggins Rd	East Hillsborough/Plant City	Direct New	101,866
84 Lumber Company <i>84 Lumber Company signed a new lease at Peak Logistics Center for 99,868 SF.</i>	Peak Logistics Center	East Hillsborough/Plant City	Direct New	99,868



---

## Tampa Industrial Submarket Overview (Page 1 of 2)



Please reach out to your  
Newmark business contact for this information

---

## Tampa Industrial Submarket Overview (Page 2 of 2)



Please reach out to your  
Newmark business contact for this information



---

# Tampa Industrial Submarket Map



Please reach out to your  
Newmark business contact for this information

---

*For more information:*

**Ching-Ting Wang**  
*Head of Southeast Research*  
ChingTing.Wang@nmrk.com

**Tampa**  
4221 W Boy Scout Blvd  
Suite 440  
Tampa, FL 33607  
t 813-639-1111

**New York Headquarters**  
125 Park Ave.  
New York, NY 10017  
t 212-372-2000

**[nmrk.com](http://nmrk.com)**

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at [nmrk.com/insights](http://nmrk.com/insights).

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

**NEWMARK**