

TAMPA OFFICE MARKET

Yardi® Matrix

Market Analysis

Third Quarter 2018

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern

Director of Research and
Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Chris Nebenzahl

Senior Analyst
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Veronica Grecu

Senior Real Estate Market Analyst
Veronica.Grecu@Yardi.com
(306) 955-1855 x7583

Author

Razvan Cimpean

Associate Editor
Razvan-I.Cimpean@Yardi.com

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expense and lease expiration
data is available to Yardi
Matrix subscribers. Please
contact us for details!

For more information please contact:

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Slow But Steady Growth



Despite a significant slowdown in development and investment, Tampa's **office fundamentals remained healthy** in recent quarters. The metro's housing affordability and quality of life have produced steady population gains. Overall, job growth has been robust, with 35,000 new jobs over the past year, an increase of 2.3% in employment year-over-year through July. Although the segments with the highest gains are hospitality and education and health services (a combined 16,000 increase), office-using job growth has also been strong. The metro added 7,000 office-using jobs year-over-year, led by 5,100 jobs in financial services. Office-using employment now accounts for **28.1%** of the metro's employment pool.

Tampa's office **vacancy rate** was **11.6% as of July**. With development activity relatively weak, that rate should continue to shrink. The metro's growing **medical office sector** contributed to an uptick in office stock in some suburban submarkets. Following Landmark Healthcare Facilities' completion of a 128,000-square-foot building in East Tampa last year, Vision Properties delivered the 52,000-square-foot first phase of Brandon Gateway Medical in second quarter 2018.

The population growth has created some issues that need to be addressed. For example, Hillsborough County is in great need of infrastructure investments. A proposed **transportation referendum** would increase the county's sales tax from 7% to 8.5%, generating about \$280 million a year over the next three decades. Most of the revenue would be invested in road improvements.