

# Yardi<sup>®</sup> Matrix

## OFFICE MARKET REPORT

# Tampa's Peak Year For Investment

Winter 2020

Investment Peaks

Construction Activity Thrives

Asking Prices Climb

# TAMPA OFFICE MARKET

Yardi® Matrix

## All Eyes on New Supply And Rent Rates

Tampa is wrapping up another year of strong gains, with the Tampa Bay area remaining one of the fastest-growing regions in the nation. As the number of retirees relocating to the metro continues to grow, the professional and business services sector expanded by 9,300 jobs in the 12 months ending in October. Other sectors recorded more modest gains as a number of companies such as Laser Spine Institute, Iron Bow Technologies and T. Rowe Price opted to downsize. The recent arrival of Fortune 500 chemical company Mosaic, Sweden-based biotech firm Vycellix, as well as smaller tech companies Drift and Pipedrive—paired with a number of other expansions—will likely boost employment in 2020.

Construction has picked up steam after more than 10 years of modest activity. Some 1.5 million square feet was under construction throughout the metro as of November, with the bulk of development concentrated in high-demand submarkets such as Westshore, Downtown Tampa South-Islands and South Tampa. Approximately 310,000 square feet was slated for delivery by the end of last year, making 2019 the second-best year for completions in almost a decade. The upcoming wave of deliveries is expected to push the metro's office vacancy beyond its November rate of 11.5% while also tempering the rising asking rates, which averaged \$25.58 per square foot as of November.

Between January and November 2019, Tampa's transaction volume totaled \$887 million, with investments for the full year projected to reach a cycle peak. Sales activity was driven by two large portfolio transactions: JDM Partners' \$199 million purchase of a two-building office complex in East Tampa and Parkway Properties' \$157 million acquisition of a four-property portfolio in the Westshore submarket.

Image by James Mooney/iStockphoto.com

## Market Analysis

Winter 2020

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