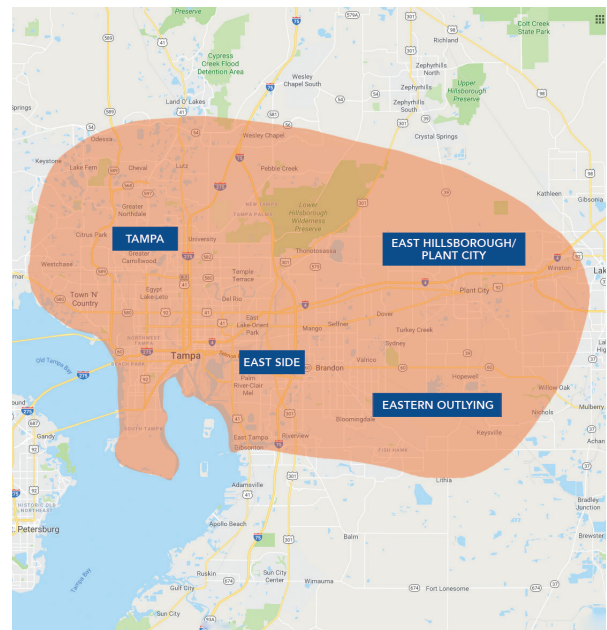


# 2018 MARKET REPORT

## Tampa, Florida | Industrial Market

### OVERVIEW

**TAMPA** has long been one of Florida's key industrial markets as it is a prime logistical location. Tampa is located on the western bank of central Florida and a vast majority of the state can be reached on a same day, round trip. There are three major freeways (I-75, I-4, and I-25) that connect through the city as well as Port Tampa Bay, the state's largest port for both tonnage and acreage. Tampa has been fueled by high population, job growth, and a consistent industrial demand over the past few years. As of August 2018, unemployment has reached a new low at 3.5%. The industrial market in Tampa is anticipated to continue on this positive outlook.



### MARKET REVIEW

2018 has proven to be a strong year for the Tampa Bay industrial market. There is a scarcity of available modern warehouse space throughout the marketplace. Leasing activity through the third quarter totaled near 3 million square feet, approximately 454,000 square feet greater when compared to this time last year. Overall absorption year-to-date has been strong with nearly 914,000 square feet absorbed. The third quarter was the biggest component of this positive absorption with 840,000 square feet absorbed.

Due to these factors, construction is continuing at a steady pace; there are 2.5 million square feet under construction and several warehouses that are beginning construction within the upcoming months. The most massive project in recent history was in 2014 when Amazon completed a 1.1 million square foot distribution center.

The largest deal to-date in 2018 is a new lease for Materials Lifecycle Management Company. A manufacturer who created equipment with a focus on non-hazardous materials. The building is 103,582 square feet in East Hillsborough, directly east of the Tampa CBD in Plant City, FL. The 5 largest transactions are included in the table on the following page.

Key Industrial Lease Transactions (2018)				
Tenant	Address	City	SF	Submarket
Material Lifecycle Management Co.	3838 Fancy Farms Rd.	Plant City	103,582	Plant City/E Hillsborough
Iron Mountain	4758 Oak Fair Blvd.	Tampa	92,000	East Side/Central South
Goodman Distribution	5426 Maple Ln	Tampa	90,000	East Side
Ferguson	4330 Williams Rd	Tampa	78,560	East Side/Central South
<b>Average</b>			<b>91,036</b>	

The city of Lakeland is expecting some new construction in early 2019. Swedish Retailer IKEA is planning to occupy a build-to-suit 326,000 square foot bulk distribution center. This will create 200 jobs and will be able to fulfill orders for the Orlando, Tampa, and Miami markets. Tampa also recently saw the completion of a 169,000 square feet warehouse in the East Side submarket, Grand Oaks 75 Building One. As seen in the table above, eastern Tampa has been a hotbed for the industrial market. McDonald Development is breaking ground in 2018 on the new product, 301 Business Center. Bunzi Distribution is the anchor tenant and the Project’s initial phase expects to include three buildings totaling over 650,000 square feet of warehouse and cross-deck space.



Currently, the Tampa Bay market contains over 190 million square feet of industrial space and has a 4.7% vacancy rate. Market rent has been steadily growing since 2012 and is now at an all-time high. Recent Class A properties have been leasing in the \$5.40-\$6.00 range. Rent bumps have typically been 3% for shorter term deals and 2.5% of deals north of 10 years.

Due to the incredible demand in this market, Landlords have the upper hand. There is expected to be rare concessions offered by landlords to their new tenants. New deals are being done with

Tenant Improvement allowances of \$4.00-\$6.00 per square foot. Landlords are also pushing tenants to sign longer term deals, more in the range of 10 years. It is a very competitive market with new product being quick to lease.

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