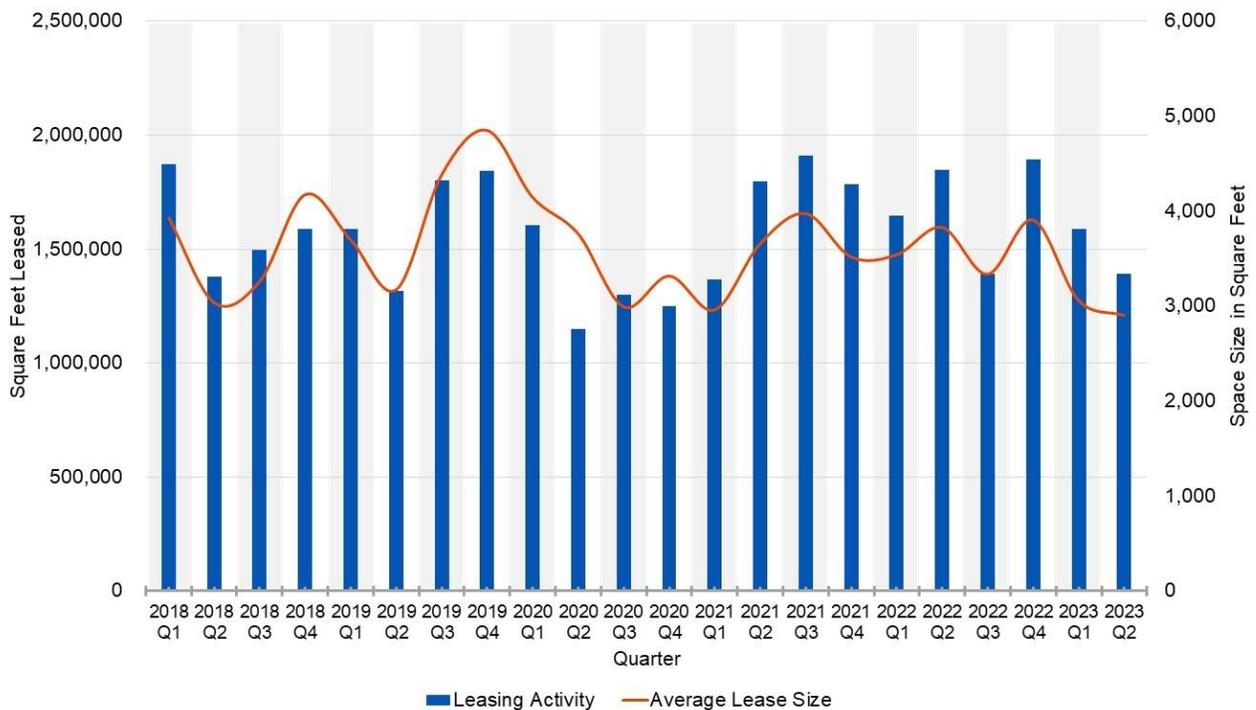


Tampa Office Leasing Demand Holds Steady, Deals Getting Smaller

Downtown Tampa and Westshore Secure Lion's Share of Tenant Interest

Average Office Lease Size Continues To Decline in Tampa



Source: CoStar, August 2023



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Tampa's office leasing activity has been healthy, with roughly 6.3 million square feet in recorded leases between July 2022 and June 2023, a significant improvement from the 5.3 million square feet leased in calendar year 2020. In fact, current leasing levels are on par with activity levels in 2018 and 2019, when the market recorded 6.3 million square feet and 6.5 million square feet of leasing activity.

However, as tenants continue to evaluate their true space needs, the prevailing trend has been to right-size operations into smaller footprints. At the close of the second quarter, the average deal size was just 2,900 square feet, down from a peak of 4,850 square feet in the fourth quarter of 2019.

The principal Tampa business district, Westshore and downtown [Tampa](#) have historically captured the bulk of tenant interest for the area, a trend that has continued recently. Roughly 45% of all signed leases through the first six months of 2023 were in Westshore or downtown Tampa. This is in large part due to the area's centralized location, availability of surrounding amenities and high concentration of new construction as well as four- and five-star office buildings.

So far this year, several tenants in downtown Tampa have bucked the trend of downsizing, with several law firms deciding to relocate and expand within the area. For example, Johnson Pope leased the top two floors, or roughly 33,175 square feet, at [Rivergate Tower](#) at 400 N. Ashley Dr., leaving its 20,025-square-foot space in [Truist Place](#). In addition, Bradley announced that it will be relocating from its 20,000-square-foot office in [100 North Tampa](#) and nearly double its footprint in its new 37,000-square-foot space in the [Thousand & One](#) building at 1001 Water St. Finally, Gunster expanded by roughly 40% and will now occupy over 33,000 square feet in Truist Place.

Westshore has been particularly attractive for tenants looking for sublease space, especially in four- and five-star buildings. For example, PwC has sublet over 130,000 square feet of its 250,000-square-foot space in MetWest Three. Mad Mobile, 53,270 square feet, Morgan Stanley, 53,270 square feet, and Spot Freight, 26,636 square feet, have all committed to long-term subleases in PwC's space.

Looking ahead, Tampa's consistent office leasing activity should help to fuel occupancy gains, especially in downtown Tampa and Westshore, over the coming quarters. Unfortunately, due to the average deal size declining, these new tenant move-ins will do little to offset known tenant move-outs, especially in the tertiary suburban areas over the next year or so, and as such CoStar is forecasting vacancies to increase in Tampa for the foreseeable future.

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