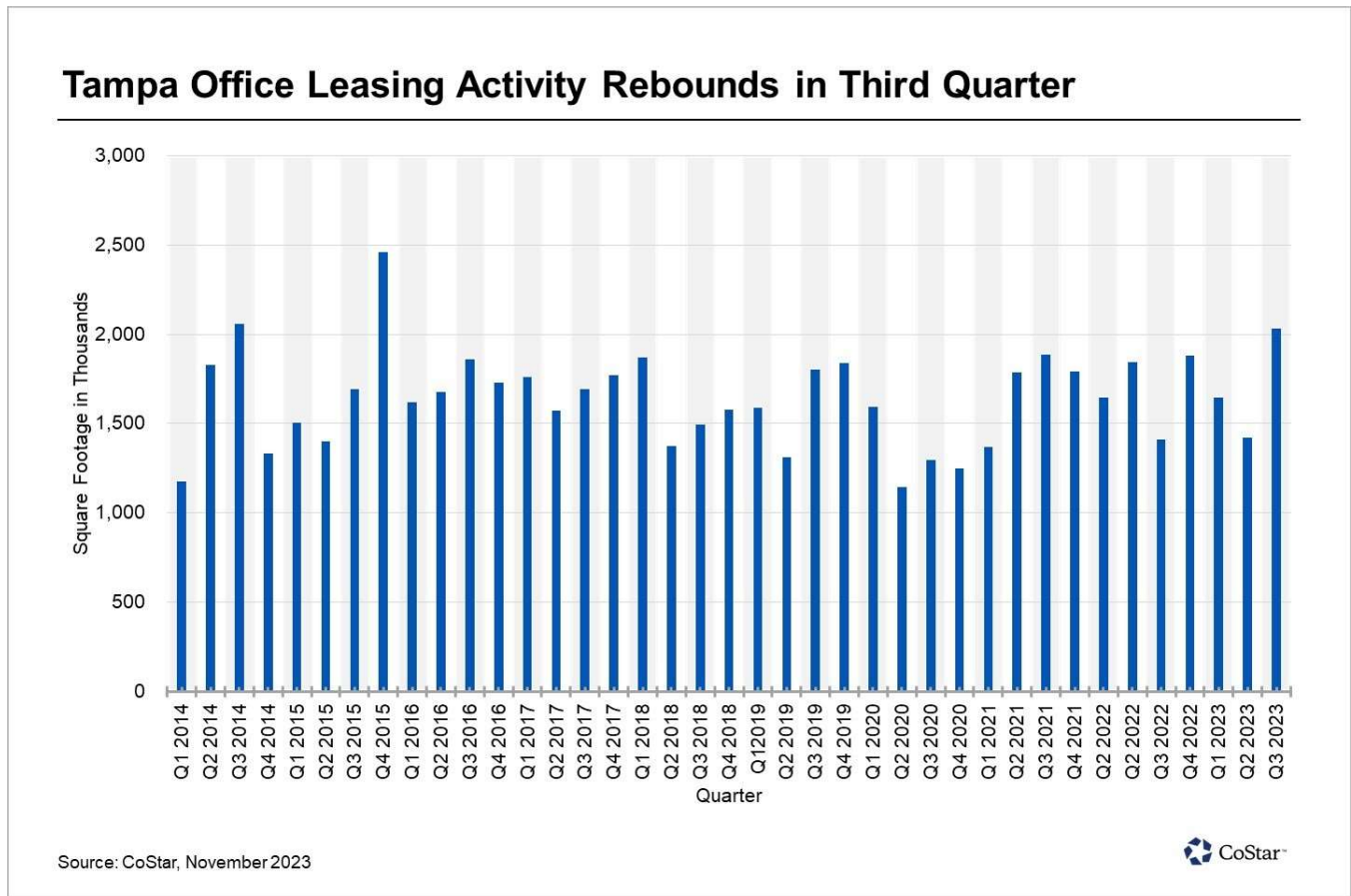


COSTAR INSIGHT

Tampa Office Leasing Volume Hits Eight-Year High in Third Quarter

A Handful of Larger Transactions Fuel Robust Activity



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Quarterly leasing volume in Tampa, Florida, surpassed 2 million square feet in the third quarter of 2023 for the first time since the fourth quarter of 2015. That strong level of activity has already propelled year-to-date leasing volume above 5 million square feet, in line with pre-pandemic levels.

The bulk of leasing activity occurred in Westshore, a premier office area around Tampa International Airport. Roughly 740,000 square feet was leased there in the third quarter,

marking the first time Westshore recorded over 700,000 square feet in a single quarter since the summer of 2013. The east Tampa region also recorded a pop in leasing volume, with over 260,000 square feet in the third quarter.

With the recent bump in activity also came an increase in average deal size. On average, office leases were 3,950 square feet in the third quarter, a significant improvement from just the second quarter, when leases averaged just under 3,000 square feet. This increase in size is in large part due to more deals of greater than 20,000 square feet, with 14 in the third quarter alone, including renewals. By comparison, there were 8 transactions over 20,000 square feet in the second quarter.

A couple of the largest leases over the past few years occurred in the third quarter, both of which were new-to-market deals, meaning the tenant did not previously have an office presence in Tampa. Bottle manufacturer [Cirkul sublet 90,000 square feet](#) in eastern Tampa in the former Ford Motor Credit Building. In addition, [Japanese bank MUFG sublet nearly 80,000 square feet](#) from PricewaterHouse Coopers in MetWest Three in Westshore.

The trend of tenant downsizing persists in the Tampa market, though. For example, [Grow Financial preleased 48,000 square feet](#) in the proposed 100,000-square-foot office building in the to-be-built mixed-used development Gas Worx, in Ybor City. The financial firm has already vacated its 140,000-square-foot building in east Tampa, announcing in May 2023 that it was in the process of selling the building and looking for a new headquarters. In addition, [Johnson & Johnson sublet roughly 33,000 square feet](#) in Corporate Center IV in Westshore and will be vacating its 90,000-square-foot space in northeast Tampa by the end of 2023.

The increase in leasing activity should bode well for Tampa's absorption levels, the change in the number of square feet occupied, in 2024. The market has already recorded three consecutive quarters of positive absorption in 2023, a feat the market hasn't achieved since 2019. Areas like Westshore are expected to lead the region in office absorption as it continues to capture the lion's share of leasing demand.

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