

Commercial Quarterly



St. Petersburg State of the Market

The St. Petersburg market has three unique submarkets, which we will be reporting on: Downtown St. Petersburg, Gateway/Mid-Pinellas and the South Pinellas area. In reviewing this past quarter, the largest commercial sales in the market were in retail and office transactions.

In the past quarter, the Gateway/Mid-Pinellas and Downtown St. Petersburg retail sector began to see a small increase in vacancy rates. There was a significant amount of square footage available due to tenant exits and the healthy pipeline of new construction. The South Pinellas retail sector continues to see a decrease in vacancy rates due to strong demand in this area. While 120,000 square feet of new retail space was delivered recently, 100,000 square feet of that total is the new Tesla Sales and Service Center.

The industrial market in the St. Petersburg area is Tampa's largest industrial submarket and continues to be strong. This quarter, industrial rental rates rose 12% year over year. The current vacancy rate of industrial space is rising slightly, but this is partially due to the recent and upcoming deliveries. The Gateway Logistics Center, which will encompass approximately 620,000 square feet, is set to be completed in late 2023.

In the second quarter of 2022, Mayor Ken Welch announced a Request for Proposal for Tropicana Field, the home of the Tampa Bay Rays. The Hines Group was chosen to redevelop the area, and it is estimated to be a \$4.6 billion project. The redevelopment plans include 1,400,000 SF of office space, 320,000 SF of retail space, 200 hotel rooms, 5,200 housing units, 14 acres of green space, and possibly a 30,000-seat domed stadium for the Tampa Bay Rays, which is expected to be completed in 2028.

The Federal Reserve, in order to curtail inflationary conditions, has been increasing interest rates since February 2022, with 10 consecutive rate hikes to date. At the Federal Reserve's last meeting on June 14, 2023, the committee left the current interest unchanged. It is unclear how the increase will influence investors and trading in commercial real estate in our area. However, MS&C Commercial will continue to track the market and trends as interest rates are expected to climb throughout the rest of 2023 and into 2024.

For questions about your specific sector or business, please reach out to one of our highly skilled advisors.

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With leasing and management services provided by MS&C Commercial Property Management, you are assured a seamless process focusing heavily on tenant retention and aggressive marketing of vacant space. We utilize a variety of resources to retain your current tenants, fill vacant space and keep your properties operating in the black.

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Please give Bob Smith at MSC Commercial Property Management a call today at 941.208.3965. You will be glad you did!



OFFICE

RENTAL RATE TABLE

Average Asking Rent (Gross)	Q2 2023
All Submarkets	\$25.65
Downtown St. Pete	\$30.45
Gateway/Mid-Pinellas	\$25.19
South Pinellas	\$23.99

6.7%
Overall vacancy rate

-39,771 SF
YTD net absorption

\$25.65 PSF
Average asking rent (gross)

\$243.49 PSF
Average sale price

INDUSTRIAL

2.6%
Overall vacancy rate

-7,132 SF
YTD net absorption

\$13.19 PSF
Average asking rent (NNN)

\$142.35 PSF
Average sale price

** No further submarket breakdown for the Industrial Asking Rent/SF

Overall Vacancy Rate: Expressed as a percentage—it identifies the amount of New/Relet/Sublet space vacant divided by the existing Rentable Building Area.

Net Absorption: For existing buildings, the measure of total square feet occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time.

Average Asking Rent: Represents the dollar amount the lessor is asking for in order to lease their building/space/land.

Average Sale Price: The sale price divided by the rentable square feet of the building.

Data obtained from CoStar, Marcus & Millichap 2022 Multifamily National Investment Forecast, MFCRE, Manatee County Property Appraiser, Sarasota County Property Appraiser.

RETAIL

RENTAL RATE TABLE

Average Asking Rent (NNN)	Q2 2023
All Submarkets	\$23.80
Downtown St. Pete	\$32.80
Gateway/Mid-Pinellas	\$21.64
South Pinellas	\$23.86

3.74%

Overall vacancy rate

-53,571

SF

YTD net absorption

\$23.80

PSF

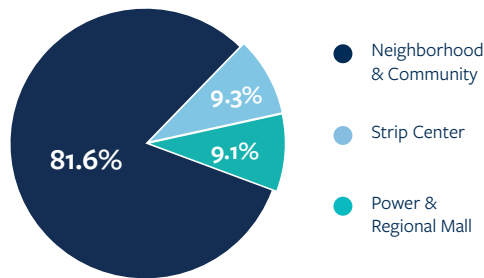
Average asking rent (NNN)

\$323.77

PSF

Average sale price

RETAIL SPACE AVAILABILITY BY TYPE



LAND

The median price per square foot/acre of sold parcels for commercial, industrial, and residential-zoned land for the past year for Pinellas County:

Commercial Land

\$32.84 Per Land SF, \$1,430,348 Per Acre

Industrial Land

\$11.40 Per Land SF, \$496,799 Per Acre

Residential Land (In Land)

\$18.59 Per Land SF, \$809,636 Per Acre

Residential Land (Water Access or View)

\$57.22 per Land SF, \$2,492,331 Per Acre

MULTI-FAMILY

The demand for Multi-family housing remains strong due to the low inventory and extremely competitive single-family housing market, and general market conditions. New construction projects continue in the area, and there are currently 3,380 units under construction.

Vacancy Rate

5.0%

YTD Net Absorption

373 units

Average Effective Rent Per Unit

\$1,683

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Scott Cietek

Director, Commercial Division

Scott Cietek oversees the day-to-day activities of his dedicated team of agents and staff, whose expertise in all classes of commercial properties and property management spans the Gulf Coast region.

Scott has over 30 years of experience in commercial and residential lending, real estate and economic and community development. A native of upstate New York, his experience includes running a mortgage division for Source One Mortgage/Citigroup and serving as VP of Economic Development for Schenectady Metroplex Development Authority.