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\$30-something office rents become norm

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By Carl Cronan

Real estate editor

When it comes to Tampa Bay area office rents, \$30 is the new \$20.

The average local asking price per square foot for premium or Class A space appears to be reaching the \$30 threshold, and has already topped it for new buildings and those close to them. This is after enduring rents in the low \$20 range for much of the last five years.

Newer buildings in the market are asking at least \$30 for space in their buildings, while others that have come along since mid-1980s are testing rents on either side of the mark.

"That's a number that tenants are going to have to grow accustomed to," said Andy May, executive director with Cushman & Wakefield of Florida Inc. in Tampa.

For example, Corporate Center Four at International Plaza, which will break ground soon at the corner of Lois Avenue and Boy Scout Boulevard in Tampa's Westshore business district, is posting asking rents between \$32 and \$34 per square foot.

Echelon Pointe at Carillon, already under way in Pinellas County's Gateway district, is asking \$28.50 per square foot.

How long it takes for other Bay area submarkets to catch up to those numbers is anyone's guess. The areawide average for Class A space at the midpoint of 2007 is \$23.57 per square foot, according to Cushman & Wakefield research.

Several local suburban office markets have experienced huge jumps in Class A rents in the past year alone. Westshore and the Interstate 75 corridor have spiked at least 10 percent through this year's second quarter, while the Countryside office market jumped as much as 17 percent.

Downtown office rents in Tampa and St. Petersburg rose around 6 percent within the 12-month span, which May believes is more the result of a lack of new space being built as occupancy catches up in existing towers.

"Some tenants are getting sticker shock and they tend to shop around a bit," said Michael Hoffman, first VP with CB Richard Ellis Group Inc. in Tampa. "Unfortunately, they're finding the same rents all around."

Class A office rents Submarket asking rent* Change from year ago

Downtown Tampa \$21.95 +6.4%

Westshore \$28.32 +11.1%

Northwest Tampa \$19.74 +8.6%

Interstate 75 \$23.41 +10.4%

Downtown St. Petersburg \$26.40 +6.2%

Gateway \$22.86 +15.4%

Bayside \$22.95 +16.2%

Countryside \$22.65 +17.1%

North Pinellas \$21.24 No change

Downtown Clearwater \$19 +2.4%

Areawide average \$23.57 +8.9%

***Second-quarter average, per square foot**

SOURCE: Cushman & Wakefield of Florida Inc.

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