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Tampa Bay's industrial real estate keeps booming

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There's no shortage of demand for massive warehouses in the Tampa Bay region — while there are 3.2 million square feet of industrial space under construction, more than half of that is already claimed, according to CBRE Group Inc.

Of that space, more than 1 million square feet is slated to wrap up construction in the second quarter, CBRE wrote in its first quarterly report. In fact, CBRE wrote, leasing of new space happens at such a quick clip that tracking the growth in



PARKWAY
Lakeland Central Park building rendering

average asking rates is a challenge because "limited blocks of marketed space remain after recent leasing."

That level of demand has other industrial developers convinced there's still plenty of time left in this real estate cycle to capitalize on the white-hot sector. Investors are also buying in, closing on properties at record low cap rates. Here's a look at some recent deals that illustrate the dynamics at work in Tampa Bay's industrial real estate market.

Lakeland Central Park: Parkway Inc. and Silverpeak Real Estate Partners will break ground on May 21 on a speculative, 708,000-square-foot warehouse in this new industrial park. At full buildout, the park will include 5 million square feet of warehouse space and another half-million square feet of multifamily and general commercial space. Development costs of the industrial portion are pegged at \$400 million.

"It has sat fallow since 2004, while all the industrial development in Lakeland has continued to boom around it," Parkway CEO Jim Heistand said. "So it is the hole in a doughnut, locationally."

I-75 Logistics Center: A Jacksonville developer that's active in the Tampa Bay market has purchased 165 acres in Pasco County — a largely underserved industrial market. But Chestnut Hill Investments, which partnered with Grandview Partners on the deal, believes that the Pasco site will help fill in a gap between two blistering industrial markets in Lakeland and Ocala.

The 1.1-million-square-foot warehouse will be known as the I-75 Logistics Center. A team of brokers from Cushman and Wakefield

Inc.'s Tampa office — John Jackson, Jessica Mizrahi and JT Faircloth — have been hired to market the planned development for lease.

"From a logistics standpoint, you can reach almost 24 million people within a 300-mile radius. That's comparable to Lakeland," Jackson said of the Pasco site. "The access to labor is better in this location — that part of the MSA is growing at a significant rate."

Tampa Fulfillment Center: An approximately 178,000-square-foot warehouse built for last-mile distribution near downtown Tampa has sold for \$32.65 million to New York private equity firm KKR. It is fully leased; the sales price breaks down to \$183 per square foot.

The acquisition brings KKR's total Tampa industrial portfolio to 1.4 million square feet.

"We are long-term believers in Florida's continued growth story," Roger Morales, KKR partner and head of commercial real estate acquisitions in the Americas, said in a statement. "The demographic growth in Tampa, in particular, has been impressive, and we are delighted to add this well-located, high-quality asset to our portfolio."

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