

Office Trends Report

Pinellas County

2nd Quarter 2007

Rental Rates Continue To Climb Vacancy A Mixed-Bag



Grubb & Ellis|Commercial Florida
Office Services



THOMAS F. KENNEDY
Vice President
813.830.7892

Bayside:

Vacancy is down and rental rates are up, but both in relatively small amounts. Vacancy slid from 14.7% to 14.6% over the last quarter. Both quarters are much higher than at this point last year when vacancy rates were at a 5-year low of 11.3%. Average rental rates gained \$0.36/sf over the last quarter, going from \$20.56/sf to \$20.92/sf, and gained \$3.10/sf over the last year, from \$17.82/sf

Clearwater CBD:

Rental rates dropped a bit and vacancy notched up, but Clearwater CBD hasn't seen much action over the last quarter. The largest reported lease was only 6,432 square feet, and it was one of only two. Average rental rates came down slightly to \$17.62 per square foot from \$17.81/sf rates are still up over a dollar from the second quarter of 2006, when the average was \$16.56/sf. Vacancy rates increased for the first time in a year, from 17.2% to 18.0%, though that is still almost 2% lower than it was at this point last year, 19.9%

Gateway & Mid-Pinellas:

Both vacancy and rental rates are on the rise in the largest sub market in Pinellas County. Bolstered by 62,095 square feet of added vacancy at 800 Carillon and 30,000 square feet at 8200 Bryan Dairy, vacancy rates have risen to 14.5% from 13.9%. Vacancy is lower than it was at this point last year, however, when vacancy was 15.1% Rental rates are also on the rise, though just a little bit. Average rates have risen \$0.07/sf in the last quarter to \$19.61/sf. Rates have risen over a dollar in the last year, up from \$18.39/sf at this point last year.

North Pinellas:

After reaching a 3 year low in vacancy to end the second quarter of 2006 at 8.4%, the vacancy rate climbed to 10.1% in the first quarter of the year. Vacancy rates only moved slightly over the last quarter, up to 10.2%, and are showing signs of either leveling off or decreasing again in the near future. Average Rental rates have been hovering just below the \$20.00 per square foot mark for the last year, and finished the quarter just above it, at \$20.01/sf. The first quarter of 2007 saw rates at \$19.70/sf, a slight drop from a year ago, when rates were at \$19.79/sf. As the new construction that came on to the market at the end of last year starts to get filled up, vacancy should go down and rates should move up.

St. Petersburg CBD:

The second quarter saw a slight rise in vacancy, and a more substantial rise in average rental rate. Vacancy was up just three-tenths of one percent over the quarter, from 10.5% to 10.8%. A year ago vacancy was at 7.1%. Rental rates shot up over two dollars over the last quarter, from \$22.15/sf to \$24.21/sf. That more than matches the gain over the last year, which saw rates at \$20.48/sf in the second quarter. Significant rent increases at Bank of America Tower and Plaza Tower lead the way.

Office Trends Report

Pinellas County

1st Quarter 2007

South Pinellas:

Vacancy rates in the second smallest submarket (behind Clearwater CBD) have been going at a relatively flat rate over the last year. At the end of the second quarter of 2006 vacancy rates were at 20.4%. By last quarter rates had gone up to 21.9%, but they had dropped back to 20.6% by the end of the current quarter. The change in average rental rate was only one cent from second quarter 2006 to the first quarter of this year, from \$15.65/sf to \$15.64. Over the last quarter, however, there was a \$0.28/sf increase, up to \$15.92/sf.

Average Vacancy

	2 nd Q '07	1 st Q '07	2 nd Q '06	Quarter Change	Year Change
Bayside	14.6%	14.7%	11.3%	-0.1%	3.3%
Clearwater CBD	18.0%	17.2%	19.9%	0.8%	-1.9%
Gateway & Mid-Pin.	14.5%	13.9%	15.1%	0.6%	0.6%
North Pinellas	10.2%	10.1%	8.4%	-0.1%	1.8%
St. Pete CBD	10.8%	10.5%	7.1%	0.3%	3.7%
South Pinellas	20.6%	21.9%	20.4%	-1.3%	0.2%

Average Rent (Per Square Foot)

	1 st Q '07 Rent	4 th Q '06 Rent	1 st Q '06 Rent	Quarter Change	Year Change
Bayside	\$20.92	\$20.56	\$17.82	\$0.36	\$3.10
Clearwater CBD	\$17.62	\$17.81	\$16.56	-\$0.19	\$1.06
Gateway & Mid-Pin.	\$19.61	\$19.54	\$18.39	\$0.07	\$1.22
North Pinellas	\$20.01	\$19.70	\$19.79	\$0.31	-\$0.09
St. Pete CBD	\$24.21	\$22.15	\$20.48	\$2.06	\$1.67
South Pinellas	\$15.92	\$15.64	\$15.65	\$0.28	\$0.27

© 2007 Grubb & Ellis |Commercial Florida

Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis|Commercial Florida. Grubb & Ellis Commercial Florida makes no warranties or representations as to the completeness or accuracy thereof.