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Commercial real estate trends in Tampa Bay to watch in 2021

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In Tampa Bay's commercial real estate market, 2021 will look a lot like 2020.

Much uncertainty still looms around the novel coronavirus pandemic, which will cast a shadow over the office market. Behavioral trends that picked up speed during the pandemic — online shopping and ordering for curbside pickup — will continue as consumers expect Amazon Prime-levels of convenience in all facets of spending, from groceries to takeout meals.

Here are the trends the Tampa Bay Business Journal will be watching closely in the year ahead.

Shopping shift

The end of 2020 brought major news for two Tampa Bay malls: Westfield Citrus Park in suburban Tampa and Westfield Countryside in Clearwater will go back to their lenders after foreclosure lawsuits were filed. The malls' ownership, international retail giant Uniball-Rodamco-Westfield, defaulted on separate nine-figure loans for the properties. (Westfield Brandon is unaffected and remains owned by URW.)

Enclosed shopping malls in particular were devastated by the pandemic; consumers who have returned to physical storefronts prefer open-air centers like outlet malls.

But on the flip side of this trend is an industrial real estate market that's never been hotter, thanks to surging demand for warehouse space from e-commerce operations and last-mile distribution centers. The last mile of the supply chain is the last stop before a product is delivered to the consumer. The Interstate 4 industrial market has been hot for years, but the demand has reached unprecedented levels and is spilling over into areas like Ocala and Plant City.

Plant City on the rise

Speaking of Plant City, the small farming community just out of Tampa is coming into its own as a distribution and logistics hotbed. Plant City saw several major deals close in 2020, including a massive land sale to South Florida-based City Furniture for a mixed-use development that will include showroom and distribution space.

Expect to see more big warehouse deals unfold in Plant City in 2021.

Apartments are still hot

Tampa Bay's apartment market may well be unstoppable. After a brief pause due to the pandemic, investment sales activity picked up in the last quarter of 2020, and a few new developments are expected to break ground in the months ahead. We will be watching closely to see if the momentum is sustainable and whether developers shift their focus to suburban, garden-style apartments from luxury urban developments.

Office market

Tampa Bay's office market was poised for a banner year in 2020 — until the novel coronavirus pandemic brought activity to a screeching halt. In March 2020, most office-based positions transitioned to remote work, and many companies don't expect to transition back to their office buildings until at least mid-2021.

For executives with office leases approaching expiration dates, uncertainty looms: Many are reconsidering how much space they'll need if their teams spend at least a portion of their time working from home. That has office landlords and developers in a holding pattern, waiting to see how companies will use office space in a post-Covid world.

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AERIAL INNOVATIONS, INC.
Westfield Citrus Park