



DEMOGRAPHIC OVERVIEW

Located along Florida's West Coast, Tampa Bay is one of the fastest growing areas of the United States. The four-county metropolitan statistical area (MSA) of Hillsborough, Pinellas, Pasco and Hernando counties has over 3.0 million people, making it the 19th-largest MSA in the U.S.

The Tampa MSA is currently considered a growth market even though the population size is among the top 25 nationally. In the Southeast, Tampa ranks third behind the Atlanta metro and Miami-Fort Lauderdale-Pompano Beach MSA's. The Tampa MSA ranks higher than most markets in the Southeast and the U.S. in terms of the number of households, effective buying income, and retail activity. Tampa also attracts people and businesses of all types from across the nation. Tampa Bay is ranked in the top 5 of places in the country that Americans would most like to live, according to a recent Pew Research Center poll. It highlights the favorable economic conditions, temperate location, and high quality-of-life amenities. The area offers year-round cultural events and social activities. From ballet to professional sports, musical events, art festivals and a growing, vibrant social scene, Tampa Bay offers a multitude of opportunities for residents to live, work and play.

TAMPA OFFICE MARKET

The Tampa office market in Hillsborough County consists of 338 non-owner occupied buildings, 15,000 square feet (sf) or larger, that contain just under 32 million square feet of space. The market is further broken into seven submarkets, of which the largest and most significant are Westshore, the Central Business District (CBD), and the I-75 Corridor. Within the office inventory, just under 15.7 msf is comprised of Class A space or 49.4%, Class B space accounts for 12.1 msf or 38.5% of the market and the remaining Class C product consists of just under 3.8 msf or 12.1% of the market's office inventory. During the 1980's and early 1990's, the CBD and Westshore submarkets saw the lion's share of office development. The I-75 Corridor experienced phenomenal growth in the latter half of the 1990's through the 2000s due to the availability of land for large campus style office developments and ideal location adjacent to the convergence of two major interstates, I-75 and I-4. There is a diverse tenant base throughout the market, though the most significant occupiers of office space are in the Financial Services, Insurance and Business Services sectors. Below is a breakdown of Tampa's office submarkets as of the first quarter of 2017.

TAMPA BAY OFFICE MARKET FIRST QUARTER 2017

OVERALL MARKET	No. Bldgs.	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	Direct Wtd. Average Rental Rates (psf)	Quarter Overall Net Absorption	YTD Overall Net Absorption	YTD Leasing Activity	YTD Construction Completions	Under Construction
Tampa CBD	26	6,036,247	13.6%	12.9%	\$26.37	27,004	27,004	18,520	0	0
Tampa Non-CBD	312	25,635,229	11.9%	10.8%	\$23.41	43,289	43,289	494,238	0	111,600
Westshore	115	12,781,983	10.6%	9.5%	\$26.94	(44,025)	(44,025)	272,982	0	0
Northwest	87	4,389,998	12.9%	12.8%	\$20.37	52,853	52,853	103,219	0	111,600
I-75 Corridor	85	7,531,252	12.9%	11.1%	\$20.68	98,887	98,887	112,774	0	0
Southwest	10	360,603	29.5%	29.5%	\$18.01	(64,779)	(64,779)	4,150	0	0
Hyde Park	10	363,994	N/A	N/A	\$0.00	1,113	1,113	1,113	0	0
Ybor City	5	207,399	25.2%	25.2%	\$16.16	(760)	(760)	0	0	0
TAMPA BAY TOTAL	338	31,671,476	12.2%	11.2%	\$24.10	70,293	70,293	512,758	0	111,600

* Overall figures include sublease and direct space.

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Overall direct absorption in the office market ended the first quarter with 70,293 square feet (sf), on top of the 676,192 sf of overall positive absorption posted in 2016. The vast majority of positive absorption (99%+) came from Class A space. Market wide, the direct vacancy rate closed the quarter at 11.2% with Class A vacancy at 7.9%. Additionally, leasing activity totaled 512,758 sf and as a strong indicator of future absorption indicates that vacancy should trend downward. **Direct average asking rental rates registered \$24.10 per square foot (psf), an increase of \$1.26 psf or 5.5% year-over-year, marking the market's highest rental rate on record. Direct Class A average asking rates registered at \$28.92, up \$1.59 or 5.8% over the last 12 months.**

Market Information



I-75 CORRIDOR OFFICE MARKET

The I-75 Corridor submarket is located in the eastern portion of Hillsborough County, with unparalleled access to Tampa Bay's major roadways, including I-75, I-275, and I-4, as well as US 301 and State Road 60. There is a strong employment base and local housing with abundant land availability, both of which support extensive tenant growth in the I-75 Corridor. High profile companies such as Chase, Citicorp, Progressive Insurance, Johnson & Johnson, Coca-Cola and USAA all have large operation centers in the submarket. One of the major benefits to the I-75 Corridor is that it is a cost-effective alternative to the CBD and Westshore submarkets. Additionally, growth has spread to the traditionally rural areas of Brandon, New Tampa, and Southeastern Hillsborough County. These areas have experienced substantial residential and retail development in the past decade, leading to an improved infrastructure and skilled local labor pool.

There is just over 7.5 msf of office space in the submarket ranging from state-of-the-art Class A structures to single story garden office space. The incredible variety ensures that supply will meet demand whether it comes from small start-up companies or blue-chip corporations. Unlike Westshore and the CBD, where a significant amount of leasing activity is highlighted by tenants shifting from one building to another, activity in the I-75 Corridor benefits from both new tenants moving to the area, including United Healthcare as well as existing tenants expanding in their current spaces.

Direct vacancy in the I-75 Corridor ended the first quarter at 11.1%, marking the submarket's lowest vacancy rate since 2006. Direct average asking rental rates registered \$20.68 per square foot (psf). The direct Class A average asking rate registered at \$24.74, up an impressive \$1.29 psf or 5.5% year-over-year and marking the submarket's highest rental rate on record. Leasing volume for the first quarter was 112,774 sf indicating that there will be more absorption in the near future. Overall absorption in the I-75 Corridor accounted for 55% of the total positive activity recorded within the entire Tampa market at 98,887 sf.

Market Information

FLORIDA OVERVIEW

ECONOMY

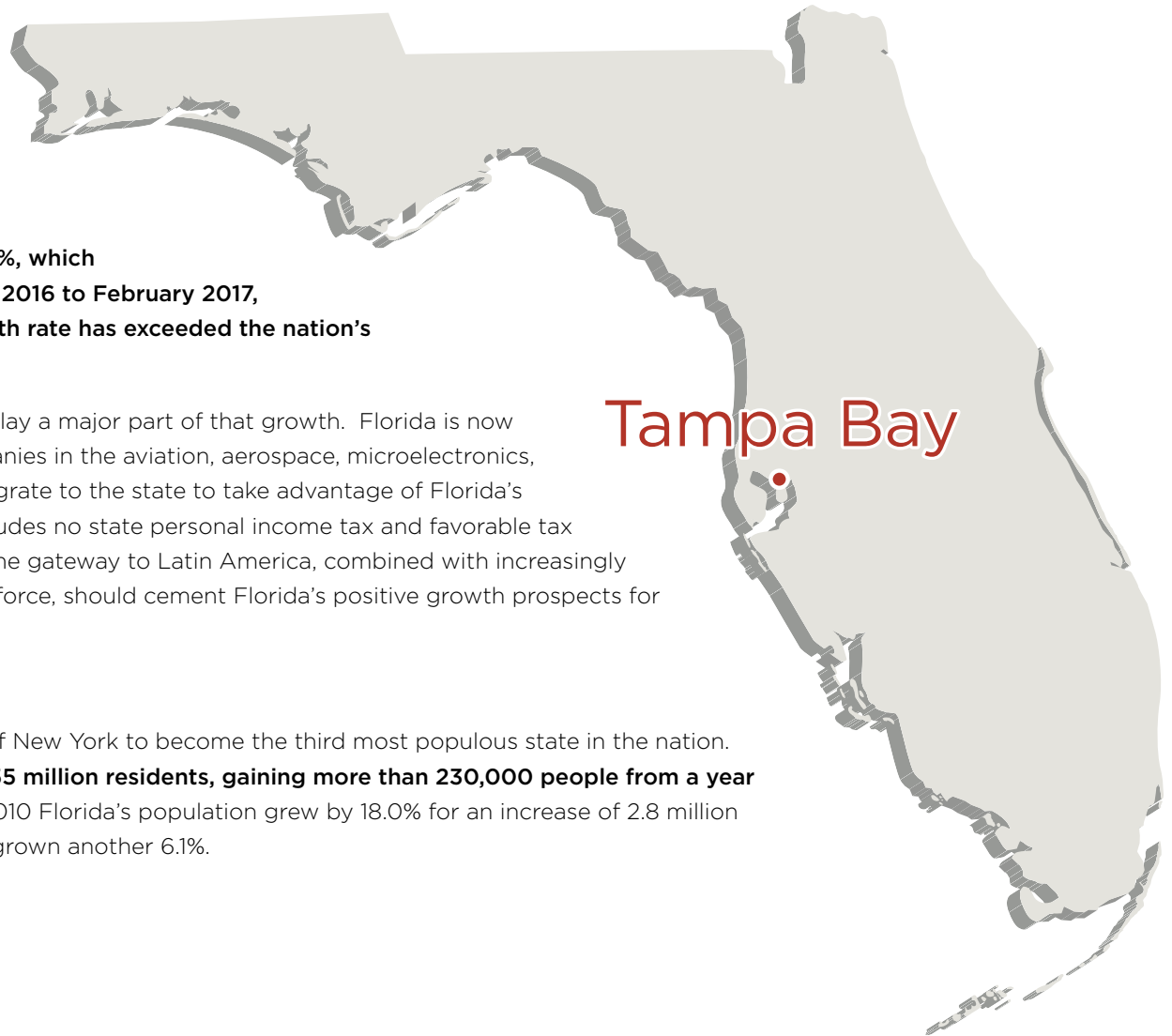
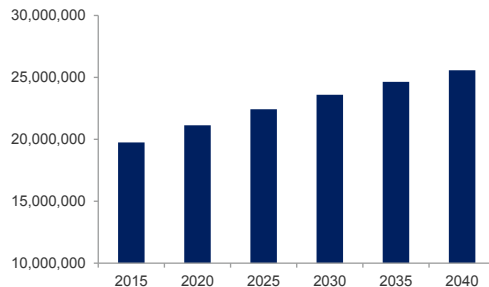
Florida's economy has undergone a metamorphosis over the past decade, shifting from the tourism industry to the high technology, life sciences, services, and retail/wholesale trade sectors. **Florida's seasonally adjusted unemployment rate for February 2017 was 5.0%, which is unchanged from twelve months prior. From February 2016 to February 2017, Florida gained 248,800 jobs. Florida's annual job growth rate has exceeded the nation's rate since May 2012.**

The state's technology and biotech sectors continue to play a major part of that growth. Florida is now considered the fifth largest cyber state in the U.S. Companies in the aviation, aerospace, microelectronics, and medical technology industries, which continue to migrate to the state to take advantage of Florida's pro-business, low tax approach to development that includes no state personal income tax and favorable tax incentive programs for businesses. Also, its location as the gateway to Latin America, combined with increasingly sophisticated finance capabilities and highly skilled workforce, should cement Florida's positive growth prospects for the near future.

POPULATION TRENDS

At the end of 2014, Florida's population surpassed that of New York to become the third most populous state in the nation. **Florida's current population is estimated to be over 19.55 million residents, gaining more than 230,000 people from a year earlier.** According to the 2010 US Census, from 2000-2010 Florida's population grew by 18.0% for an increase of 2.8 million people. From 2011 through 2015, the Sunshine State has grown another 6.1%.

FLORIDA POPULATION ESTIMATES 2015 - 2040





INDUSTRY

The diversity of businesses that are located in Tampa Bay range from healthcare, logistics, manufacturing, real estate, financial services, insurance, high tech and more. The region boasts one of the most diversified corporate profiles in the country.

THE TOP FIVE INDUSTRY SUPERSECTORS:

- Trade, Transportation, and Utilities
- Professional and Business Services
- Education and Health Services
- Government
- Leisure and Hospitality

TRANSPORTATION NETWORK

The Tampa Bay MSA is easily accessible by land, air, and sea. It is serviced by I-75, I-275, and I-4. I-4 cuts through Florida from Daytona Beach on the east coast through Orlando and ends in Tampa's Central Business District. I-75 provides access to one of the Southeast's principal north-south corridors starting in Miami and heading north to Atlanta. I-275 connects northern Hillsborough County through Tampa's Central Business District, Tampa International Airport in the Westshore submarket, downtown St. Petersburg and then circling south over the bay on the Sunshine Skyway Bridge to reconnect with I-75 ten miles north of the city of Bradenton.

Tampa Bay MSA's transportation system goes through a constant metamorphous with continuous improvements to accommodate the area's growth. I-275 has been recently widened to four lanes in each direction from the Tampa's CBD to State Road 60. Veterans Expressway recently converted to electronic tolling and is in the process of a three-phase widening project in each direction from Memorial Highway to Van Dyke Road. In Pasco County, I-75 is being widened to six lanes from CR 54 to SR 52.

AIRPORTS

Tampa Bay's three international airports, Tampa International Airport (TIA), St. Petersburg/Clearwater International Airport (PIE) and Sarasota/Bradenton International Airport (SRQ) accommodate the region's growing economy. TIA is located in the Westshore submarket and home to twenty-seven carriers and 1.0 million travelers per month. Conde Nast Traveler recently ranked TIA the best airport facility in the U.S. and third overall in the entire world. In 2014, The Routes Americas forum recognized TIA as the best airport in the Western Hemisphere at attracting new airlines and new destinations.

PIE is the second largest airport in Tampa Bay and is centrally located in the heart of Pinellas County. This airport provides commercial air service to major domestic and international markets on a daily basis. It is also the regional air cargo hub for United Parcel Service.

PORT SERVICE

The Port of Tampa is the seventh largest seaport in the United States, processing over 50 million tons of cargo per year, more than all other ports in Florida combined. Coupling cargo and the cruise industry, the Port of Tampa generates over \$10.6 billion in revenue per year. The Port of Tampa is also one of the largest cruise line moorings in the nation. Ranked fourth in terms of total passengers, over 500,000 passengers sail out of Tampa every year.

Port Manatee, located in Bradenton, ships over six million tons per year. Both Port Manatee and Port of St. Petersburg have warehouses and storage facilities. The Port of St. Petersburg is primarily a passenger cruise ship facility but also hosts the U.S. Coast Guard with its 1,500-foot wharf, a 1,000-foot turning basin, 40,000 square feet of warehouse space and full dockside services.