Bruce K. Erhardt, ALC
Cushman & Wakefield of Florida, Inc.

Tampa Bay Land Market Overview 1Q – 2014

The following represents excerpts from economic and real estate journals, notes from conventions, seminars and other meetings I attended, along with personal opinions of my own and others that affect the land market in the Tampa Bay Region. Previous Market Overviews can be found at www.cushwakelandfl.com/tampa.

Erhardt's Quick Look at the Land Market

- ***Multifamily land** – No change, rental continues to be very active. There are over 2,000 units planned or under construction in downtown Tampa. Townhomes are active at the entry level and condominiums are active in tier one urban and beach locations.*
- ***Single Family** – As for the last 18 quarters, builders and developers are closing and making offers on A and B locations. We will see three, large master planned communities break ground in the second or third quarter. Starkey Ranch in Pasco County has already broken ground.*
- ***Retail** - Same as last 27 quarters, land prices are flat, but not declining. Development continues to be driven by single tenant, necessity retail and end users. Outparcels continue to be active. Publix and Wal-Mart are exceptions. At the recent Tampa ICSC meeting, it was stated that retail development will be redevelopment in dense and tourist markets.*
- ***Industrial** – No change, two Amazon 1,000,000 square foot distribution facilities are under construction.*
  End users only are in the market for numerous sites throughout the market. Since multiple developers already own development land for new spec development, I don't foresee additional land purchases by developers, unless they have a tenant in tow.
- ***Office** – No change, users only. Currently five office users in the market for sites for build-to-suit or build-to-own.*
- ***Hospitality** – For the fourth quarter, development activity continues.*
- ***Bank Deals** – EverBank sold their portfolio to a west coast investor.*
- ***Agricultural Land** – Active, along with recreational land.*

ERHARDT COMMENT:

- *Most economists are saying this cycle will peak between 2015 and 2017. I believe we will not peak until 2019.*

The Big Picture

Morgan Stanley CRE Tracker, March 2014

Property Prices: Commercial real estate prices increased 1.2% in January, projecting annualized growth of almost 15% that exceeds our 2014 forecast of 5 – 7%. The National All-Property composite has increased by 55.9% since its January 2010 trough and now stands 7.2% below its December 2007 peak. This represents a recovery of 82.2% of peak-to-trough losses, more than the 39% that housing prices have recovered.

Market and Sector Breakouts: Major markets have recovered 107.7% of their peak-to-trough losses while non-major markets have recovered only 62.5% of their peak-to-trough losses. However, price growth has been accelerating in non-major markets in recent months. Non-major markets gained 1.8% in January while major markets only rose 0.6%. Industrial was the best performing sector in January, rising 2.2%, while Office Suburban had the smallest price appreciation of 0.1%.

Cap Rates: Overall cap rates fell by 10 bps in January to 6.52%, and the spread to Treasuries is now 266 bps compared to a historical average of 357 bps. For multifamily, office, and hotel properties, risk premiums have dipped below historical averages. The implied REIT cap rate spread over BBB corporate yields is now 162bp, compared to the long term average of 146bp.

NOI Growth: NOI growth has been uneven across property types, rising 5.1% and 1.8% YoY in 2013 for multifamily and warehouse respectively, but falling by -2.2% and -1.2% YoY for retail and office respectively. However, growth is projected to accelerate in the coming years, with office, warehouse, and retail respectively reaching 4.2%, 3.2%, and 1.7% YoY growth in Q4-2016. As we highlighted in last month's CRE Tracker, brokers see industrial as a landlord's market and rent growth expectations suggest pricing power ahead. However, brokers still view office as a tenant's market in the near term.

The Downtown Partnership, 18th Annual Development Forum, March 21, 2014

- The Tampa Airport is planning a 2.3 million square foot expansion to the south.
- The Tampa Port Authority is the largest port in Florida by acreage with 5,000 acres. They also own 46.8 acres within the Channelside District of downtown Tampa.
- Condominium prices continue to rise with the current highest price paid was $354/sf at the Towers at Channelside. Condo prices downtown have increased 20% in the last 24 months.
- Tourism is the largest employer in Tampa Bay. In 2013, there were 94.5 million visitors to Florida.
- For the first time since the 1920s, urban areas are growing faster than suburban.

Tampa Bay Times, March 20, 2014

- Tampa Bay was number eight on the new Forbes list of most affordable large U.S. Metropolitan areas. Forbes looked at the country's 100 largest metropolitan areas, then factored in housing affordability, cost of living index, as well as, the cost of food, utilities, gas, transportation, medical expenses and miscellaneous expenses.

The least affordable areas were New York City and Honolulu. The most affordable metro areas were Buffalo, Memphis and Cincinnati.

Emerging Trends in Real Estate 2014, PWC and Urban Land Institute

- Key drivers for 2014:
    - Prospects for profitability continue to improve.
    - Increasing interest rates. It is widely believed that the market can handle an orderly increase in interest rates without serious disruption to the recovery. The key risk remains the timing and pace of interest rate increases.
    - Back to fundamentals – even with slow demand, real income growth is likely to occur over the next two years. Investors will see income growth through rising occupancy and rent rises.
    - Capital goes wide – the ability of debt and equity capital is on the rise in 2014, and capital is becoming more comfortable with improving conditions in the market.
    - Development goes beyond multifamily – Development will be viable in select markets and property types. The office sector could see an increase in redevelopment as building owners look to reposition properties to meet changing tenant demands.
    - Demographic shifts – The growth of generation Y and its impact on all sectors of commercial real estate could be the singular most dominant trend for many years. This group lives, works, and plays in different ways than previous generations. This generation will be more urban and less suburban.

      The baby boomers will also drive change as they age; many will sell their homes and move to urban locations with similar amenities as those desired by generation Y, but with the added amenity of convenient health care.

    - The changing face of space – Office users are demanding less space per worker and retailers are looking for urban formats that will be able to serve city dwellers more efficiently. Industrial space is being designed and located where it can meet the needs of online retailers with ever faster delivery times. The multifamily space is adapting to provide less space per unit, but increase common areas.
    - Housing market recovery – The recovery to date has set up markets to experience growth going forward. In those markets, activity has reached a level that is supportive of economic growth.

To read the entire Trends report, please click this link: http://flyers.cushmanwakefield.com/flyers/Emerging-Trends-in-Real-Estate-Americas-2014.pdf

Governor Scott's Office News Release Email, February 14, 2014

Florida Tourism

- The 94.7 million visitors who came to Florida in 2013 is an increase of 3.5% over 2012.
- The number of direct travel related jobs in 2013 was also a record high with 1,088,200 Floridians employed in the tourism industry – up 2.9% from 2012.
- Every 85 visitors to Florida equals one job.

Tampa Bay Business Journal, January 24, 2014

Tampa Bay / Sarasota second most popular moving destination

- A new study by rental truck company, Penske, found that Tampa Bay is the second most popular destination in the country for people moving to a new area. The only city rated higher than Tampa Bay was Atlanta. The company counted its one way truck rentals to compile the list.
- The total list showed a general trend of migration toward the southeastern United States. Others in the top 10 were in descending order, Dallas / Ft. Worth, Orlando, Phoenix, Houston, Seattle, Chicago, Denver and Las Vegas.

The Florida Forecast 2014 – 2017, Institute for Economic Competitiveness, College of Business Administration, University of Central Florida, March 2014

Highlights:

- It was the best of times, it was the worst of times…a tale of two governors.
- As of January 2014, 49.1% of single family home transactions are cash sales, down slightly from 50.5% a year earlier. This suggests a continuing high level of investor activity in Florida's housing market.
- Payroll job growth year over year should average 2.5% in 2014, 2.7% in 2015, 2.4% in 2016, and 2.1% in 2017. It will be the first quarter of 2016 before payrolls recover to their pre-recession highs.
- Labor force growth in Florida will average 1.6% from 2014 – 2017. This will dramatically slow the pace of decline for the unemployment rate (U-3) in the state. Labor force growth will have averages just 0.8% during 2010 – 2013, and is in large part responsible for the rapid pace of the decline in the unemployment rate during that time period.
- Unemployment rates have fallen from their peaks, in part due to a low labor force participation rate (59.6% in December 2013), and they will continue to decline through 2017. The pace of decline will slow dramatically as labor force growth picks up. Despite this significant headwind, the unemployment rate should hit 5.4% by the end of 2017.

- Underemployment (U-6) in Florida, a broader measure of labor market weakness than headline unemployment (U-3), came in at an average of 14.3% for 2013, down from 16.0% in 2012.
- The sectors expected to have the strongest average growth during 2014 – 2017 are Construction (10.0%); Professional and Business Services (4.3%); Trade, Transportation & Utilities (4.0%; Education & Health Services (2.3%; and Leisure & Hospitality (1.8%).
- Housing starts jumped in 2013. Total starts will be over 108,000 in 2014, just under 144,000 in 2015, hit 161,600 in 2016, and 165,500 in 2017. This growth in residential activity will catalyze growth in the commercial sector both pushing employment growth and construction into double digits.
- Real Gross State Product (RGSP) will expand 3.2% in 2014; growth will accelerate to 3.5% in 2015 and 2016 to the fastest pace in ten years, before easing to 3.3% in 2017. Average growth will be 3.4% during 2014 – 2017.
- Real personal income growth for 2013 will have slowed to 1.8%. From 2014 – 2017 the real personal income growth will accelerate steadily and average 4.1%, with 2014 growth at 3.6% that will rise to 4.6% in 2017.
- Low inventories and rising house prices have triggered a surge in home construction. Housing starts will average 32.5% growth during 2014 – 2017. The most rapid growth will be in 2014 and 2015.
- Retail sales will grow at an average pace of 4.4% during 2014 – 2017.

Dividend Capital Research Cycle Monitor – Real Estate Market Cycles, Q4-2013, www.dividendcapital.com, 866-324-7348

Physical Market Cycle Analysis of All Five Major Property Types in More Than 50 MSAs.

The U.S. economy is completing its fourth year of recovery with both positive GDP and employment growth, which started in Q2-2010. While this recovery has been the slowest of the last sic economic cycles, it has been good for commercial real estate investment, as the growth of new supply has been the slowest in more than 40 years. The year 2014 looks to be the year when new supply should increase in all commercial property types, but at reasonable rates that do not oversupply most markets. The only property type where this moderate growth is not true is apartments, where a great deal of new supply is moving markets into the hyper supply phase of the cycle.

- *Office occupancies **improved** 0.2% in Q4-2013, and rents grew 0.8% for the quarter and 3.1% annually.*
- *Industrial occupancies **improved** 0.4% in Q4-2013, and rents grew 1.4% for the quarter and 4.7% annually.*
- *Apartment occupancies were again **flat** in Q4-2013, and rents grew 0.2% for the quarter and 2.7% annually.*
- *Retail occupancy **improved** 0.2% in Q4-2013, and rents grew 0.2% for the quarter and 2.7% annually.*
- *Hotel occupancies **improved** 0.3% in Q4-2013, while rents grew 1.7% for the quarter and improved 3.6% annually.*

Office Market Cycle Analysis

The national office market occupancy level improved 0.2% for Q4-2013 and was up 0.5% year-over-year. Almost half the markets improved one or more cycle points with six markets now in the growth phase of the cycle (points 6 – 11). Financial services and technology have been the two major industries driving office demand. These companies can locate anywhere and are choosing markets that are attractive to younger employees who want to live and work downtown. This has driven many cities to focus on downtown revitalization to attract employees and employers. Suburban office space is having a hard time competing, except at transit stops that connect to downtowns. Average national rents were up 0.8% in Q4-2013 and were up 3.1% year over year.

For the fourth quarter, Tampa is at level three of the recovery phase. With Tampa are Atlanta and Orlando. Behind Tampa are Palm Beach and Ft. Lauderdale. Ahead of Tampa are Jacksonville, Miami, Charlotte, Nashville, and Raleigh-Durham.

Industrial Market Cycle Analysis

Industrial occupancies improved 0.4% in Q4-2013 and were up 0.9% year over year. The occupancy increases were enough to bring the national occupancy level up to its historic long term average (point 6 on the cycle). There are 35 of 54 markets in the growth phase of the cycle with all but two of the top 12 largest markets being in the growth phase of the cycle. Consumer spending, retail sales (both in store and online) and manufacturing growth continue to rise, creating solid demand for warehouse space. This economic demand should continue as long as the economy continues to grow. The industrial national average rent index increased 1.4% in Q4-2013 and was up 4.7% year over year, about double the rate of inflation.

For the fourth quarter, Tampa is at level five in the recovery phase. With Tampa are Atlanta and Orlando. Behind Tampa are Richmond and Jacksonville. Ahead of Tampa are Palm Beach, Charlotte, Ft. Lauderdale, Memphis, Nashville, Raleigh-Durham and Miami.

Apartment Market Cycle Analysis

The national apartment occupancy average remained unchanged in Q4-2013 and was up only 0.3% year over year. This is the third quarter of zero occupancy increase in apartments and while the national occupancy level is at its long term average (point 6), the prospects for improvement are not strong. Demand growth is expected to continue, but apartments are the one property type where supply is expected to exceed demand for the next few years, putting apartments in the hyper supply phase or recession phase of the cycle. This means that many markets could jump from point 6 on the cycle to point 14 on the cycle, as the occupancy level is expected decline. A wait and see approach is being taken with the market to see if new construction starts decline in many markets and allow them to move rationally into the growth phase of the cycle. Average national apartment rent growth slowed again to 0.2% in Q4-2013 and was up 2.7% year over year.

Tampa is at the same spot as the last ten quarters at level 3, the beginning of the recovery phase. With Tampa are Raleigh-Durham and Charlotte. Behind Tampa is Memphis. Ahead of Tampa are Atlanta, Jacksonville, Orlando, Ft. Lauderdale, Miami and Palm Beach. Note: Ft.

Lauderdale has entered phase 3 hyper supply, where there is increasing vacancy and new construction.

Retail Market Cycle Analysis

Retail occupancies improved 0.2% in Q4-2013 and were up 0.5% year over year. Occupancy improved enough to move the national average to point 5 on the cycle graph, the last point in the recovery phase of the cycle. Almost half of the markets are now in the growth phase of the cycle. Improving consumer confidence continues to drive moderate retail sales growth, so major retailers continue to look for good locations to expand in. Prime retail locations are in high demand and the return of new housing starts created demand for neighborhood and retail centers. National average retail rents increased 0.2% in Q4-2013 and were up 2.7% year over year.

Tampa has moved up to level five. With Tampa are Orlando and Charlotte. Behind Tampa are Atlanta, Richmond, Ft. Lauderdale, Jacksonville, Memphis and Nashville. Ahead of Tampa is Miami.

Hotel Market Cycle Analysis

Hotel occupancies improved an average of 0.3% in Q4-2013 and were up 1.3% year over year. Both business and leisure travel continue to expand as the economy improves. Much of this is driven by the moderate, but stable, employment growth in the U.S. that is now in its fourth year. Eighteen markets improved their cycle positions during Q4-2013. Hotel chains are expanding at all price points, especially in popular locations. National average hotel rents improved 1.7% in Q4-2013 and were up 3.6% year over year.

After spending three quarters at level 6, the beginning of the expansion phase, Tampa has moved up to level 7. With Tampa is Atlanta. Behind Tampa are Charlotte, Jacksonville, Raleigh-Durham, Memphis, Norfolk and Richmond. Ahead of Tampa are Miami, Orlando, Nashville, Ft. Lauderdale and Palm Beach.

Tampa Bay Retail Market Overview

Marcus & Millichap Q4-2013 Retail Research Market Report

- The 820,000 sf Mall at University Town Center in Sarasota is scheduled to open Q4-2014.
- Roughly 820,000 sf of shopping center and single tenant space will be delivered in 2014. This is in addition to the 880,000 sf mall at University Town Center.
- Vacancy: Vacancy will inch down 20 basis points to 7.5% this year, following last year's 10 basis point drop.
- Rent Forecast: Building on two years of annual rent growth, asking rents will pick up 1% to $14.13/sf this year.

Tampa Bay Single Family Market Overview

ERHARDT COMMENTS:

- *Finished lot prices are increasing. Raw land demand is going down. Development costs continue to go up.*
- *Bank financing for A and D loans is getting better while private equity financing is most available for builders and developers.*

Metro Study Q4-2013 Tampa Bay, www.MetroStudy.com, (813) 888-5151

- 1,434 single family were started in Q4-2013. This represents a 6.9% increase compared to last year.
- The annual starts rate, compared to last year, increased 27.2% to 6,513.
- The Construction Sector added 5,700 jobs in 2013, a 10.6% growth rate.
- In Q4-2013, 1,644 lots were delivered to the Tampa market.
- Vacant developed lot inventory stands at 28,589 lots, a 2.3% decrease compared to last year. Based on the annual start rate, this level of lot inventory represents a 52.7 month supply, a decrease of 15.9 months compared to last year.
- Hillsborough County is on the edge of a lot shortage as the months of supply were at 21.1 in December.

Metro Study Q4-2013 Sarasota – Bradenton Market

- 1,041 single family units were started in Q4-2013. This represents a 41.8% increase compared to last year.
- The annual start rate, compared to last year, increase 51.2% to 3,749 annual starts.
- Vacant developed lot inventory in markets with subdivisions within Manatee and Sarasota Counties stands at 8,843 an increase of 2.1% compared to last year.
- Based on the annual start rate, this level of lot inventory represents a 31.0 month supply, a decrease of 15.6 months compared to last year.
- At the end of Q4-2013, Manatee County had a 26.3 month supply, down from a 38.4 month supply, of VDL in Q4-2012.
- Sarasota County had a 39.7 month supply at Q4-2013, down from a 61.2 month supply at Q4-2012.

Market Overview, Tampa Bay Area Association of Homebuilders, January 17, 2014

- David Crow, Economist for the National Association of Homebuilders:
    - We'll see a loosening of mortgage qualifications.
    - Multifamily – 326,000 starts in 2014, and 355 starts in 2015.
    - Single family – 820,000 starts in 2014, and 1,157 starts in 2015.
    - Florida single family home starts is currently between 40% and 60% of normal.

- Lesley Deutch, John Burns Consulting:
    - In Tampa, affordability is key.
    - Blunt values up 63% since 2009 and up 16% in the last year.
    - 73% of the starts are below 400,000 and 24% are between $200,000 and $400,000.

Tampa Bay Builders Association, Tony Polito, HanleyWood (ex-MetroStudy), Annual Housing Report

- Predicting 7,150 to 7,750 starts in 2014. 20 year average is 10,000. The market is at 65% of the 20 year average.

Tampa Bay Multifamily Market Overview

From Triad Research & Consulting, Inc., www.triadresearch.net, Michael Slater, President, 813-908-8844

"THE BUZZ WORDS ARE PENT UP DEMAND……..CONTINUED MARKET PERFORMANCE…. CONTINUED FINANCING & CONSTRUCTION"

KEY FINDINGS & SUMMARY OPINIONS

Current Tends – New Construction and Future Development

- Amazingly, for the 8th Quarter in a row, new construction and proposed pipeline projects continue to escalate as performance trends continue to improve, equity and permanent financing is coming forward to participate in the income potential and high ROI's.

- As of the end of the 1st Quarter 2014, the Tampa Bay Region of Hillsborough, Pinellas, Pasco, Polk, Manatee and Sarasota Counties has 37 active new construction and under lease-up rental assets/new projects totaling 12,148 units either under construction or in initial lease-up. An additional 6 new projects totaling 2,136 new, urban, highrise, upscale, market rate rental multifamily units planning to break ground and or deliver first units between mid-2015 and mid-2017.

- The hottest and most prevalent rental multifamily product and lifestyle being observed in today's market is the "urban/suburban" 4-5 story, elevator served, upscale rental product. These new lifestyles are active in the Tampa Bay Region in except Polk and Pasco Counties, but present in Hillsborough, Pinellas, Manatee and Sarasota Counties.

Current Tends – Rental Pricing, Occupancy Standards & Leasing Velocity

- New construction and proposed Pipeline projects continue to observe performance trends improvements as of late 2013 and early 2014. These new, urban and urban/suburban upscale lifestyles are yielding well over $2.00 plus psf rents and the upscale, elevatored urban/suburban products and lifestyles are yielding $1.40 to $1.80 psf rents.

- Rental Revenue Growth projections remain difficult to project as relatively larger amounts of new product inventory continues to enter the market, but recent trends validate minimum rental revenue growth in the 4% to 6% per year range and as high as the 6% to 10% range dependent on Product Quality and Construction Quality, Site Location, Interior and Exterior Features as well as interior appointments, utilization of Elevator Service Enhanced Parking Facilities, Storage Facilities and Security Features, and as occupancies and leasing velocities create rapid stabilizations.

- Urban and Urban/Suburban leasing velocities are remaining high between 30 and 50 units per month without concessions. Suburban leasing velocities (some with concessions) are falling more in the 20-to-25 range, still an excellent performance standard.

Projected and Future Tends – Rental Pricing, Occupancy Standards & Leasing Velocity

- Existing new construction and proposed projects remaining highly attractive to lenders, investors, Life Funds, REITS, and private and public funding sources increasingly desire to participate as long as extremely high returns continue to be the norm.

- It continues to be both our short-term horizon outlook of the next 12-24 months and our longer range outlook of the next 5 years, that we believe both the demand as well as the industry's ability to supply new construction rental multifamily lifestyles and locations, in urban, urban/suburban and suburban locations to remain relatively strong.

- It is our studied opinion that this is not a short term phenomena.

- In closure, my 39 years in this industry tells me that beyond the multitude of perceptions, attitudes, economic dynamics, and consumer "choice" and "lifestyle considerations", as Demand continues to outpace the delivery of new Supply, market conditions should remain strong.

- We shall see over the next 12 to 24 months; however I do have confidence in this hypothesis.

Marcus & Millichap, Q4-2013 National Apartment Report - Tampa
www.marcusmillichap.com/services/research/webreports/Tampa/Apartment.aspx

- Middle stock will grow by 4,200 units, compared to 2,000 units in 2013.
- Vacancy Forecast: Demand will trail supply, yielding a 60 – basis point increase in vacancy to 6.2%. Net absorption of more than 2,800 units in 2013 shaved vacancy 60 basis points.
- Rent Forecast: The following of 3.3% rise last year, owners will lift rents an additional 2.8% to $926 per month.

RCLCO Advisory, Condos: What's Working Now? January 16, 2014

- Market conditions increasingly suggest that the cyclical shift from apartment development to condo delivery is underway, and we expect this market will mature quickly.
- Condominiums appeal to a broad and varied range of consumer types. Up and down the age / life stage and income spectrum. If there is a unifying characteristic, it's the lack of children living at home that allows for the higher density lifestyle, and openness to urban areas or schools and other services might not be as robust. The three distinct segments of condominium buyers are first movers, the so called young professionals, lifestyle buyer, which are singles or couples sometimes referred to as "never nesters" in their 30s, 40s and 50s; and empty nesters.
- Locations that attract first movers are typically A- / B+ locations with strong visibility factors such as basic neighborhood retail (i.e. grocery, restaurants, fitness facility and cleaners) and good multi-model access to employment fors? And a unique / authentic entity and considerable upwards momentum.
- Lifestyle buyers – these households are typically more mature (often 40s and 50s), high end professionals without children, with strong purchasing power. They seek a home that facilitates their lifestyle and provides a sense of "identity refreshment" or prestige.

  Lifestyle buyers expect high service and convenience in exchange for higher prices.

- Empty nesters – are increasingly considering downsizing from their suburban, single family detached homes to an urban environment providing an alluring lifestyle option. It will trade space for a walkable, low-maintenance lifestyle of a more urban environment.

Office Market Overview

Cushman & Wakefield Market Overview – Tampa

- **Westshore Office Overview:** Overall vacancy at the end of 1st quarter 2014 is 14.0% compared to 13.0% last year and 14.1% last quarter. Class A is at 15.2% compared to 13.4% last year and 15.4% last quarter.

  ERHARDT COMMENT:

  - *The Westshore district is where the majority of the BTS and BTS/owner tenants are focusing.*

- **I-75 Office Overview:** Overall vacancy at the end of the 1st quarter 2014 is at 17.9% compared to 22.0% a year ago and 17.1% last quarter. Class A is at 17.6% compared to 18.8% a year ago and 17.6% last quarter.

- **Tampa Central Business District:** Overall vacancy at the end of the 1st quarter 2014 is at 13.2% compared to 15.4% a year ago and 14.2% last quarter. Class A is at 11.8% compared to 15.3% a year ago and 13.1% last quarter.

Pasco Office Market

A recent market study of S.R. 54 / S.R. 56 Corridor, by the Pasco Economic Development found 36 professional office / condo parks, consisting of more than 1.3 million square feet of space.

ERHARDT COMMENT:

- *Where do these companies relocate to when they outgrow their current, free standing facility, which top out at 4,000 sf?*

Industrial Market Overview

Cushman & Wakefield Market Overview – Tampa

- **West Tampa Industrial Overview:** The overall vacancy at the end of the 1st quarter, 2014 is 5.2% compared to 7.5% a year ago and 5.7% last quarter.

  Warehouse distribution is at 3.0% vacancy compared to 5.2% a year ago and 3.2% last quarter.

  Office Service Center is at 11.2% vacancy compared to 14.8% a year ago and 12.6% last quarter.

- **East Tampa Industrial Overview:** The overall vacancy at the end of the 1st quarter 2014 was 7.4% compared to 8.7% a year ago and 8.1% last quarter.

  Warehouse distribution is at 7.7% vacancy compared to 9.2% a year ago and 8.4% last quarter.

  Office Service Center is at 14.1% vacancy compared to 15.9% last year and 14.9% last quarter.

- **Plant City Industrial Market Overview:** The overall vacancy at the end of the 1st quarter 2014 was 1.2% vacancy compared to 1.2% a year ago and 1.2% last quarter.

  Warehouse distribution is at 1.8% vacancy compared to 1.8% a year ago and 1.8% last quarter.

- **Lakeland Industrial Market Overview:** The overall vacancy at the end of the 1st quarter 2014 was 4.9% vacancy compared to 4.2% a year ago and 4.9% last quarter.

  Warehouse distribution is at 6.2% vacancy compared to 5.2% a year ago and 5.9% last quarter.

  Service center is at 17.3% compared to 17.0% a year ago and 16.8% last quarter.

Florida Seaports, Florida Global Trade and Transportation, by Florida Business Journals

Name	Total waterborne cargo value 2012	Waterborne cargo value 2011	Containerized cargo value 2012	Total tonnage 2012	Cruise Passengers
Port Miami	$25.32 billion	$24.9 billion	$20 billion	8.1 million	3.8 million
Port Everglades	$24.35 billion	$23.3 billion	$14.7 billion	21.9 million	4 million
Port of Jacksonville	$23.09 billion	$20.9 billion	$7.5 billion	21.9 million	195,426
Port of Tampa	$4.8 billion	$5.5 billion	$1.8 billion	33.9 million	974,259
Port Panama City	$3.34 billion	$3.2 billion	$1.6 billion	1.4 million	n/a
Port of Palm Beach	$1.98 billion	$1.7 billion	$1.3 billion	2 million	341,004
Port Canaveral	$1.54 billion	$1.8 billion	$24.1 million	3.9 million	4 million
Port Manatee	$550 million	$593 million	$162.9 million	6.8 million	n/a
Port of Fernandina	$260 million	$420 million	$78.6 million	384,499	n/a
Port Pensacola	$210 million	$285 million	$123,467	224,159	n/a
Port of Fort Pierce	$100 million	$114 million	$19.6 million	95,623	n/a

ERHARDT COMMENT:

Port Tampa by comparison – In 2013, Tampa unloaded 42,198 TEUs. The Los Angeles and Long Beach Ports handled 14,600,000 TEUs. The largest east coast port, Norfolk / Hampton Roads, unloaded 2,100,000 TEUs.

I would say Tampa has room to grow.

Hotel Industry Outlook

Jim Butler's Top 10 for 2014, March 17, 2014

1. 2013 Will prove to be better than expected, but 2014 will get even better.
2. This will be a great time to buy and sell hotels.
3. Hotel values will increase in the next three to five years.
4. Foreign investment will increase, particularly from China.

   The Kiplinger Report projects that China's foreign investment (globally) will exceed $1 trillion over the next 10 years. Increasingly, the United States is a focus for a portion of this Chinese foreign investment. Kiplinger estimates that by 2023, $15 - $20 billion a year will be spent on buying U.S. assets. To date, China's current holdings in U.S. real estate, plants and operations total only about $54 billion. This is small compared to British holdings of more than $440 billion, but the Chinese investment will represent a significant and long term factor in the U.S. real estate markets.

5. New wave of hotel development.

   Pent up demand accumulated during a long dry spell of the low – average construction of new hotel rooms.

6. Construction financing will come back.
7. Labor issues will grow in number and importance.
8. ADA compliance will become even more important.
9. Mixed use projects – particularly with hotel elements – are making a big resurgence.
10. To brand or not to brand will reach a new peak.

To read the entire report, please click on the following link:
http://www.hospitalitynet.org/news/4063628.html

Land Sales

Single Family

1. Taylor Morrison purchased 25 acres on Wood Berry in Brandon for $74,000/acre and $7,000/lot for 50 lots. C&W represented the seller.
2. Homes by West Bay purchased 39.04 acres in the Innisbrook development in Pinellas County for $181,864 per acre and 64,554 per lot for 110 lots. C&W represented the buyer.
3. Neal Communities purchased 52 acres planned 263 single family homes in Venice, Sarasota County, for $5,437/lot.

4. DR Horton purchased three lots at the Stonelake Ranch Development, Hillsborough County, for $221,333/per developed lot.
5. Cardel Homes purchased three lots in the MiraBay development in south Hillsborough County for $201,666/per developed lot.
6. Cardel homes purchased six lots in the Country Club East section of Lakewood Ranch for $113,071/per developed lot.
7. Gen Florida XVIII, LLC purchased 49 acres in Brandon (Hillsborough County) for $68,006/per acre and $41,875/per undeveloped lot for proposed 80 home community. David Weekley will be the homebuilder.
8. The Ryland Group purchased 59 lots in the Greyhawk Landings West subdivision, Manatee County, for $65,000/per developed lot.
9. Gen Florida XVII, LLC purchased 85.67 acres in eastern Brandon (Hillsborough County) zoned for a proposed 300 units at $41,333/per undeveloped lot. Homes by West Bay will be the builder.
10. Ashton Tampa Residential purchased 10 lots in FishHawk Ranch west for $51,685/per developed lot.
11. Joint Venture of Neal Communities and Medallion Homes purchased 42 open water or canal front lots at the Inlet Community, Manatee County, for $85,714/per developed lot.
12. Pacific purchased 16 lots in Seven Oaks Community, Pasco County, for $80,000/per developed lot.
13. DR Horton purchased the old 172 acre Sarasota Golf Club in the southeast quadrant of Fruitville and I-75, Sarasota County, for $55,794/per unit based on 126 homes.
14. Mattamy Homes bought 230 acres in Lakewood Ranch, Manatee County, for $74,782/per acre or $25,481 per lot based on 675 lots.

Industrial

1. Thatcher Chemicals of Florida, Inc. purchased 8 acres for $4.53/per square foot at the Piney Point development, across from Port Manatee, northwest Manatee County.

Multifamily

1. A private real estate investment group purchased 1.1 acres waterfront on Miami Beach for $234/sf and $140,625/per unit.
2. Sky House Channelside purchased 1.57 acres in the Channeside area of downtown Tampa for $14,687/per unit for a 23 story, 320 unit apartment development.
3. Harbour Island Residential LLC purchased 0.8 acres on Harbour Island, downtown Tampa, for $2.82/sf and $12,548/per unit, based on proposed 230 unit apartment development.
4. A joint venture between Framework Group LLCL and Northwood-Raven purchased 3.4 acres for $3.70/per square foot or $19,083/per unit based on 262 units. This is 77 units per acre.

Agricultural

1. AgReserves, a company affiliated with the Mormon Church, purchased 380,000 acres for $1,478.00/acre. The majority of the property was in timberlands in Bay, Calhoun, Franklin, Gladsden, Gulf, Jefferson, Leon, Liberty and Wakulla Counties. The St. Joe Company was the seller.
2. Southern Pines Plantations purchased 65,000 acres of ranch land in Highlands and DeSoto Counties for $1,323/per acre.
3. Ned Davis Research Group purchased 384 acres in eastern Sarasota County for $2,605/per acre.

Senior Living

1. Hawthorne Retirement Group purchased 4.43 acres in Lakewood Ranch, Manatee County, for $6.73/sf and $9,701/per unit based on 134 independent living units.

China

1. U.S. developer, Silverstein Properties, the developer of the world trade center in New York purchased 12.71 acres in Shenzhen for $3,993/per square foot. Based on a 9.26 floor area ratio, that was $431.29/per FAR foot.

Institutional

1. Town Center Drive, LLC purchased 1.37 acres at the southern access road at the Brandon Town Center, Hillsborough County, for $5.86/sf. They will be developing a daycare.

Retail

1. Bass Pro Shops purchased 15.73 acres in the Brandon area of Hillsborough County for $8.76/sf.
2. RaceTrac purchased 2.76 acres on Highway 64 near I-75, Manatee County, $12.48/sf.