

TAMPA BAY LAND MARKET OVERVIEW

QUARTERLY REPORT

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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.** Same as the last 27 quarters, rental sites continue to be very active especially in the suburbs. Rental townhomes and single family projects have started contracting and closing on sites. For sale townhomes and condominiums are under contract or construction in urban and suburban submarkets, and are gaining momentum.
- **Single Family.** As for the last 34 quarters, builders and developers are closing and making offers on A and B locations. There are some land buys for entry level outside the A/B market.
- **Retail.** Most activity in grocery anchored which is location driven. Outparcel subdivisions and unanchored strips in A locations is active.
- **Industrial.** New-to-market and local developers continue to contract and close land positions in Tampa, South Pasco, Lakeland, Plant City and Manatee/Lakewood Ranch. Spec buildings are getting larger - 500,000+. Strong demand for Last Mile sites.
- **Office.** Same as last 22 quarters, active players are users and/or Build-To-Suits. Developers are looking at Pasco County reverse commute, Medical office building (MOBs) construction by providers continues to be active. There is, however, close to 800,000 square feet is shovel ready and could start tomorrow.
- **Hospitality.** Same as the last 15 quarters, development activity continues in urban and suburban locations.
- **Agricultural Land.** Active. More buyers than sellers.
- **Cycle.** I'm still predicting the overall Tampa Bay land cycle has five to six years left, with solid growth for the next three years. Population growth and job gains are the main drivers. The only headwind is construction costs rising faster than rents.



THE BIG PICTURE

Florida Trend April 2018 Publisher Andy Corty

- Florida's population is now 21.2 million, that's 400,030 people in just one year, a gain in excess of 2%
- Per capital income is up 5.6% to \$48,515 and the unemployment rate fell to the end of the year at 3.7%
- Medium age grew as 91,000 more residents now are in the over 65 age group
- 12 years from now Florida will have almost 25 million people

RCLCO Real Estate Advisors Top Selling Master Planned Communities of 2017

- Of the top 50 Master Planned Communities 9 are in Florida, and 15 are in Texas
- Closest to the Tampa Market are Lakewood Ranch, West Villages, and Waterset

Erhardt Comment: *"I predict Florida and the Tampa Bay area will add significantly to this top 50 in 2018."*

Florida Projected to Have One Trillion-Dollar Economy In 2018. Tampabay.com March 2018

- Florida's economy is about the size of Saudi Arabia's gross domestic product
- Florida counts for 5% of the US economy but creates 10% of the new jobs
- Florida businesses would hire more if they could find the talent

Lessons Learned: 10 new Demographic Trends by our Readers-BUILDER and Developer magazine. March 2018. authored by John Burns, John Burns Real Estate consulting.

www.realestateconsulting.com

- People are increasingly living with strangers. While this is a great market based solution to an affordable housing problem, it has slowed household formations
- People are increasingly renting
- We forecast home ownership will fall to 60.8% by 2025
- New homes being built for rent. The founder of Public Storage is funding a start up to build single family for rent projects
- Autonomous driving will change land planning as well as assisted living demand

- The percentage of people age 20-24 with driver's licenses has fallen from 93% to 78%
- Housing is now based on the experiences in the neighborhood. The best house is more likely to be near great things to do, rather than a large home with a large yard. This experience economy is behind the recent rise in divorce rates among those over 50 who want new experiences
- Immigration is a hot button
- Impact of rising female education is still a mystery. Women now earn 58% of college degrees

Urban Land Magazine Winter 2018 smaller, secondary markets attracting investors.

- Smaller and secondary markets are one of the leading things running through this year's top trends according to this year's emerging trends report. Florida has four in the Top 20 with Fort Lauderdale (6), Miami (11), Orlando (16) and Tampa/Saint Petersburg (19)

Wall Street Journal January 30th 2018

Greystar buys modular apartment development in London. The 2 towers, 44 stories and 38 stories will contain 550 units. This will be the tallest modular building in the world. Modules are shipped with electric, plumbing, furniture and windows installed. Greystar is looking to build 10,000 units in London by 2020.

Engage in Tampa Bay - Cushman & Wakefield Report on the Tampa Bay Area

[Click Here to View](#)

- Interesting overview of Tampa and its attributes

Cushman & Wakefield's 2018 Florida population report predicts top growth markets

[Click Here to View](#)

- Tampa's population is expected to increase 1.8% from \$3 million to 3.14 million year over year
- Tampa the 18th largest MSA nationally
- With an increasing business friendly environment, further growth is anticipated as Tampa continues to attract companies from around the country



Black Creek Research Cycle Monitor – Real Estate Market Cycles, Fourth Quarter 2017, Cycle Monitor, Glenn Mueller 303-953-3872

Real Estate Physical Market Cycle Analysis of Five Property Types in 54 Metropolitan Statistical Areas (MSAs).

Many economists expect the U.S. economy in 2018 to be as good as it was in 2017, with continued moderate job growth. 2017 was the most sustained and coordinated global upswing since the 2008 financial crisis with top economies like Japan and China beating forecasts. Income-producing real estate continues to see demand growth in all five property sectors. The only drawback is overbuilding in most apartment and some hotel markets. Many markets are seeing the highest occupancy levels ever recorded — since data became available in the 1970s (three full economic cycles). For the seventh year in a row, interest rates are expected to increase, but probably at lower increases than what has been historically experienced.



Office occupancy declined 0.1% in 4Q17, and rents grew 0.5% for the quarter and 2.8% annually



Retail occupancy increased 0.2% in 4Q17, and rents grew 0.4% for the quarter and 2.3% annually



Industrial occupancy increased 0.2% in 4Q17, and rents grew 1.3% for the quarter and 5.6% annually

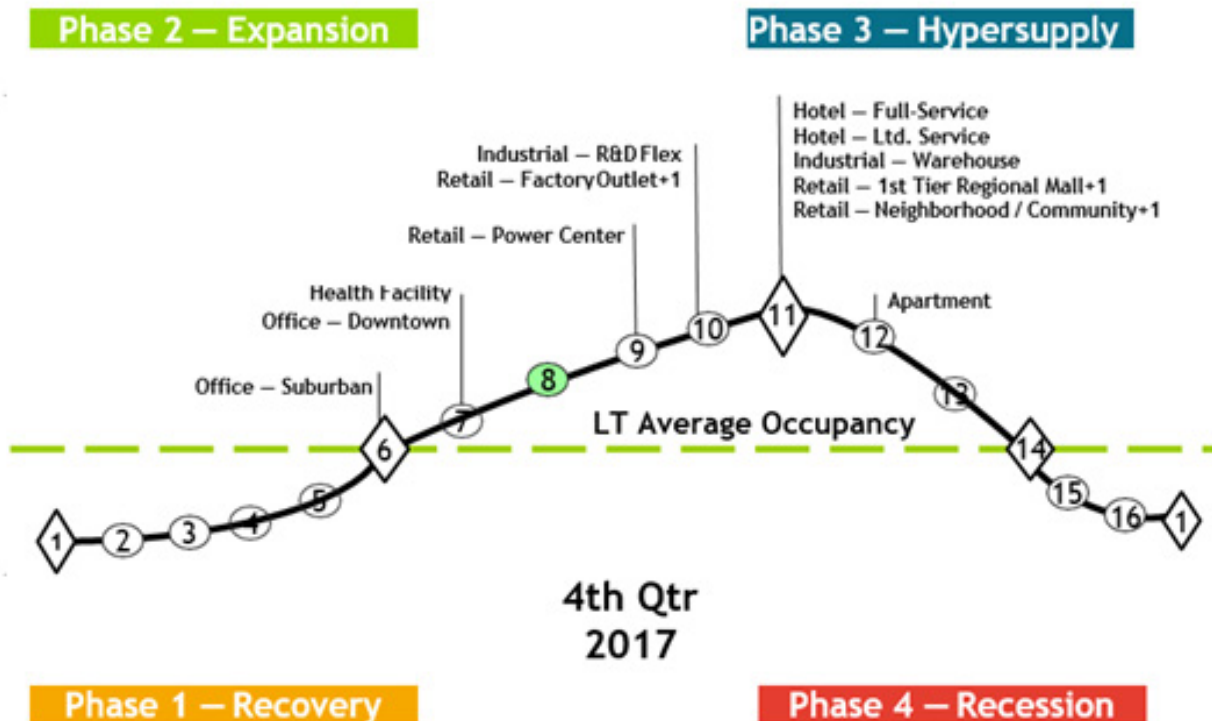


Hotel occupancy was flat in 4Q17, and room rates grew 0.3% for the quarter and 3.4% annually



Apartment occupancy declined 0.2% in 4Q17, and rents declined 0.2% for the quarter but were up 2.5% annually

National Property Type Cycle Locations



Source: Mueller, 2018

Office Market Cycle Analysis

The national office market occupancy level increased 0.1% in 4Q17 and was up 0.1% year-over-year. Demand grew more than 40 million square feet for the year. Many landlords have now found that the WeWork short-term office use concept is a popular way to attract tenants and are finishing full floors with flexible open office plans that are furnished and ready for occupancy. Many small startup firms expanded in existing co-working space over the past year or two. Firms with as many as 30 employees may choose to stay in this flexible environment for several years before shifting to a traditional lease arrangement. Average national rents increased 0.5% in 4Q17 and produced a 2.3% increase year-over-year.

Tampa moved up to level 10, which is high rent growth in a tight market. With Tampa is Orlando. Ahead is Nashville. Behind is Jacksonville, Fort Lauderdale, Palm Beach, Memphis, Atlanta and Charlotte.

Industrial Market Cycle Analysis

Industrial occupancies increased 0.2% in 4Q17 and increased 0.6% year-over-year. Peak point #11 occurs when supply and demand are both growing at the same rate — this is known as economic equilibrium — a cycle peak does NOT mean that a downcycle is imminent. So, PEAK EQUILIBRIUM POINT #11 — where all but three industrial markets currently reside — could last for a long time. Our current model estimates that this equilibrium occupancy level could last through 3Q19, based on current demand and supply estimates. Most retailers are working on multi-year expansions of their e-commerce strategies, which rely heavily on warehouse space and the major e-commerce providers like Amazon and Walmart are expanding their last mile strategies, which also depend heavily upon warehouse space. In a perfect world, markets would be at peak equilibrium Point #11 at all times. Industrial national average rents increased 1.3% in 4Q17 and increased 5.6% year-over-year.

For the 2nd quarter, Tampa is at level 11, which is demand/supply equilibrium point. With Tampa is Palm Beach, Orlando, Nashville, Miami, Memphis, Jacksonville, Fort Lauderdale, Atlanta and Charlotte.

Apartment Market Cycle Analysis

The national apartment occupancy average declined 0.2% in 4Q17, but decreased 0.3% year-over-year. We are optimistic that supply growth should slow in 2018, as declining occupancy puts more caution into developer plans. Also, rising construction costs and labor shortages make it more difficult to build a profitable apartment building. Note that three markets had increased occupancies that moved them back to peak equilibrium point #11 on the cycle graph. Demand growth continues to be moderately strong, so some new construction is justified. Average national apartment rent growth declined 0.2% in 4Q17, but still increased 2.5% year-over-year.

For the 10th quarter Tampa is at level 13 for the hyper supply phase of rent growth, positive but declining. With Tampa is Atlanta, Miami, Nashville and Palm Beach. Behind Tampa is Orlando, Jacksonville, Fort Lauderdale, Raleigh-Durham, and Charlotte.

Retail Market Cycle Analysis

Retail occupancies increased 0.2% in 4Q17 and were up 0.3% year-over-year. The national average retail occupancy level is more than 95%, which is higher than any cyclical peak in the last four cycles. Our estimates currently show this high occupancy should continue into 2019. While the national media emphasizes major national chain store closings, the amount of new-experience retail that is backfilling this vacated space seems to be keeping up. The key variable for retail has been the very low amount of new construction, however, that has allowed the low-demand / low-supply levels to remain in balance. National average retail rents increased 0.4% in 4Q17 and increased 2.3% year-over-year.

For the first time Tampa moved to level 11, the demand/supply equilibrium point. With Tampa is Palm Beach, Orlando, Fort Lauderdale, Jacksonville and Raleigh-Durham. Behind Tampa is Atlanta, Charlotte and Memphis.

Hotel Market Cycle Analysis

Hotel occupancies were flat in 4Q17 and increased 0.2% year-over-year. The national hotel occupancy average remains at peak equilibrium point of #11 in the cycle. Peak equilibrium can last for a long time if demand and supply stay in balance. Our model estimates that this could last through 2019. Low fuel costs continue to keep air and vehicle travel at reasonable rates that encourage hotel stays. Major hotel flags continue to expand their presence with new niche products that cater to different demographic groups. The national average hotel room rate increased 0.3% in 4Q17 and increased 3.4% year-over-year.

For the 5TH quarter Tampa is at level 11, the demand/supply equilibrium point. With Tampa is Orlando, Palm Beach, Fort Lauderdale, Jacksonville and Nashville. Ahead of Tampa is Charlotte and Miami. Behind Tampa is Memphis and Raleigh-Durham.





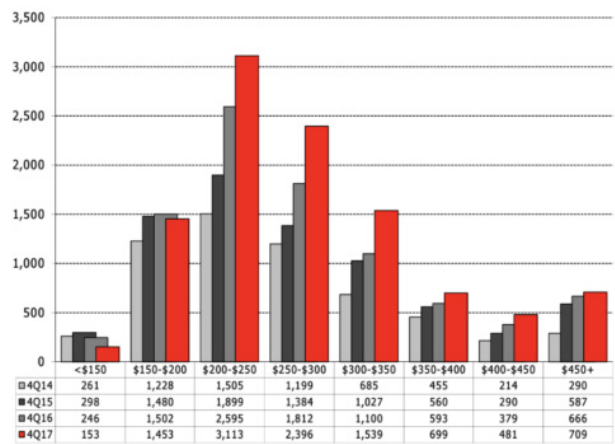
TAMPA BAY SINGLE FAMILY MARKET OVERVIEW

Metro Study Tampa Housing 4Q-17

- Quarterly New Home Starts are up 12.4% YoY, while Annual Starts in 2017 were up 18.6% over 2016 levels.
- Quarterly Closings were up 13.1% from 4Q16 levels, while the Annual Closings Rate was up 21.1% YoY.
- The new housing start level is now 105% of the twenty-year moving average, and we expect the market to continue to expand in 2018. Aside from a large scale economic event, the greatest risk to the market is interest rates and affordability
- MetroStudy's 4Q17 survey of the Tampa new home market shows that 2,504 single-family units were started in the quarter, an increase of 12.4% compared to 4Q16's rate. The annual starts rate, compared to last year, increased by 18.6%, to 10,542 annual starts. Single-family quarterly closings totaled 2,758 units, up 13.1% from 4Q16 levels. The annual closings rate was 9,886 units, up 21.1% from the closings in 2016.
- For the twelve months ending December 2017, annual new home starts in price ranges under \$250k totaled 4,719 units, up 8.7% from the 4Q16 numbers. New home starts in prices over \$250k grew by 28% YoY to 5,824 units as of 4Q17. The marginal 1,650 unit increase in the annual start pace was split: 376 more units under \$250k and 1,274 more units above \$250k.

Figure 6: Annual Starts By Price Range

The chart indicates the current distribution of annual starts by price range:



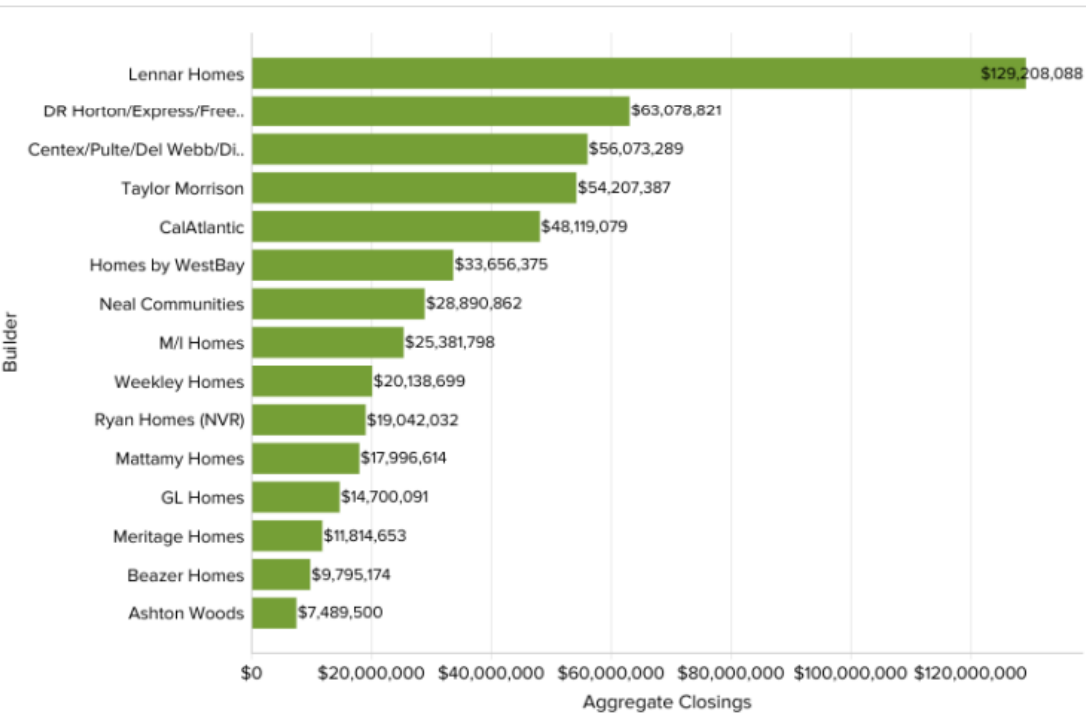
- The average single-family new home price in Hillsborough and Pasco Counties was \$319,936 in 2017. The average price in 2016 was \$317,101. New single-family home prices only rose by 0.9% in 2017. Local wage growth was offset by slightly higher interest rates.
- This quarter, 1,508 lots were delivered to the Tampa market. This same quarter a year ago, we delivered 1,279 lots. Vacant developed lot inventory stands at 31,621 lots, a decrease of 1.8% compared to 32,190 lots last year. Based upon the annual start rate, this level of lot inventory represents a 36.0-month supply, down 7.4 months from last year.
- Compared to last year, the number of units under construction rose by 590 homes to 3,835 homes. Finished vacant inventory increased by 6.7% from 1,156 units last year to 1,234 this year. Compared to a year ago, the FV months of supply declined from 1.7 to 1.5 months. The number of completions exceeded move-ins during the quarter and FV inventory grew by 236 units versus 3Q17 and the MOS grew from 1.3 months as of 3Q17.
- The other significant trend involves new housing inventory. Irma had little lasting impact on the new home sector in Tampa. The supply of under construction units ballooned from 4.7 months in 2Q to 5.4 months at the end 3Q 2017. The UC months of supply fell back to 4.7 by the end of 4Q 2017. It is likely some closings were pushed into 2018, as finished vacant units grew during 4Q by 236 units. The result was an increase in the Months of Supply from 1.3 months in September 2017 to 1.5 months in December 2017. However, at the end of 2016 the FV months of supply stood at 1.7 months. Metrostudy considers 1.5 to 2.0 months of supply of FV as an equilibrium level.

TAMPA MSA QUARTERLY UPDATE

www.landmarkreports.com

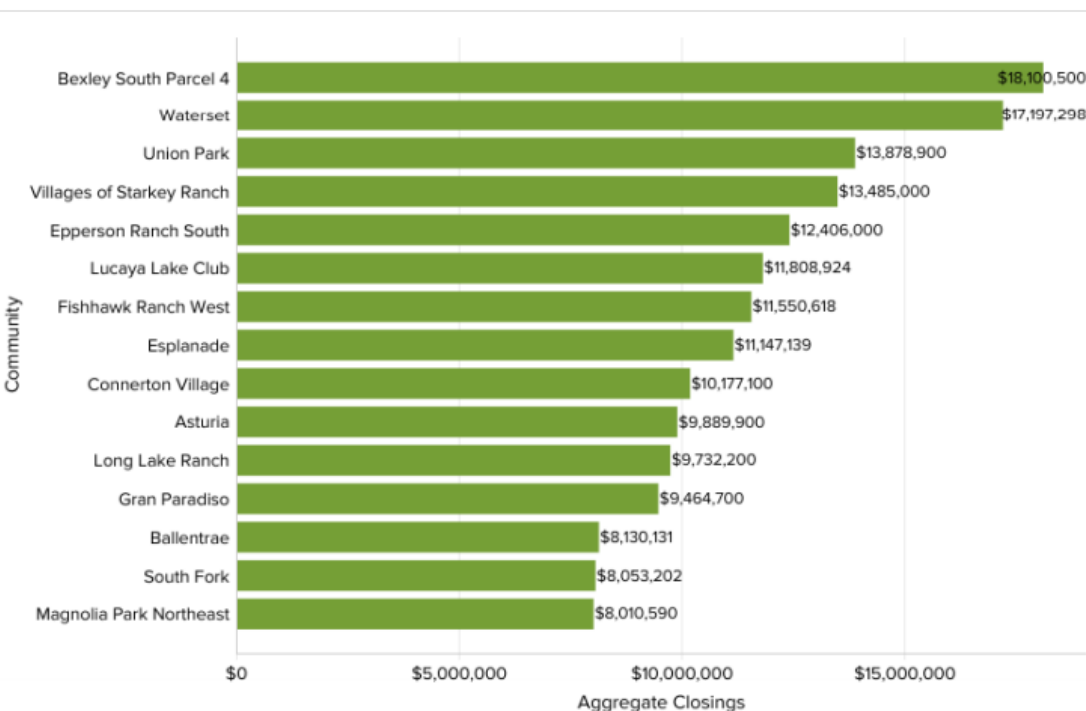
Top 15 Builders (Aggregate Closings)

The below table reflects the top 15 homebuilders in Tampa Bay in terms of total closings.



Top 15 Communities (Aggregate Closings)

The below table reflects the top 15 communities in Tampa Bay in terms of total closings.



TAMPA BAY MULTIFAMILY MARKET OVERVIEW

Downtown Sarasota Harold Tribune March 2018.

Construction has completed or is underway on plans and projects that will bring more than 4,000 new apartments, condominiums and hotel rooms in and around downtown Sarasota. This development boom also includes 500,000 sq. ft. of new office, retail and restaurant space.

Axiometrics, Inc. Market Performance Summary, Q4-2017, Tampa - St. Petersburg - Clearwater, Florida Metropolitan Statistical Area

Apartment Performance

Effective rent decreased 0.1% from \$1,149 in 3Q17 to \$1,148 in 4Q17, which resulted in an annual growth rate of 3.0%. Annual effective rent growth is forecast to be 2.7% in 2018, and average 3.2% from 2019 to 2021. Annual effective rent growth has averaged 2.6% since 3Q96.

The market's annual rent growth rate was above the national average of 2.3%. Out of the 120 markets ranked by Axiometrics nationally, Tampa-St. Petersburg-Clearwater, FL Metro Area was 28th for quarterly effective rent growth, and 40th for annual effective rent growth for 4Q17.

The market's occupancy rate decreased from 95.1% in 3Q17 to 94.9% in 4Q17, but was up from 94.7% a year ago. The market's occupancy rate was above the national average of 94.7% in 4Q17. For the forecast period, the market's occupancy rate is expected to be 94.7% in 2018, and average 95.1% from 2019 to 2021. The market's occupancy rate has averaged 94.0% since 3Q95.

Market Survey Results and Forecasts

	Sequential				Month	Annual						
	1Q17	1Q17	2Q17	4Q17	18-JAN	2015	2016	2017	2018F	2019F	2020F	2021F
Effective Rent Per Unit	\$1,117	\$1,134	\$1,149	\$1,148	\$1,148	\$1,047	\$1,106	\$1,137	\$1,168	\$1,202	\$1,248	\$1,285
Per Sq. Ft	\$1.18	\$1.20	\$1.21	\$1.21	\$1.21	\$1.11	\$1.17	\$1.20	\$1.23	\$1.27	\$1.32	\$1.36
Effective Rent Growth - Annually	3.30%	2.50%	2.40%	3.00%	3.30%	6.00%	5.60%	2.80%	2.70%	3.00%	3.80%	3.00%
Effective Rent Growth - Quarterly	0.20%	1.50%	1.30%	-0.10%								
Occupancy Rate	94.80%	95.00%	95.10%	94.90%	95.00%	95.40%	95.20%	95%	94.70%	95.00%	95.30%	95.00%
Occupancy Change - Annually	-0.70%	-0.60%	-0.20%	0.30%	0.50%	0.70%	-0.20%	-0.30%	-0.30%	0.30%	0.30%	-0.30%
Occupancy Change - Quarterly	0.10%	0.20%	0.20%	0.20%								
Economic Concessions												
Concession Value	(\$7.19)	(\$5.49)	(\$4.01)	(\$5.33)	(\$4.62)	(\$3.74)	(\$4.46)					
As a % of Asking Rent	-0.60%	-0.50%	-0.40%	-0.50%	-0.40%	-0.40%	-0.40%					

Demand and Supply

Axiometrics forecasts Tampa-St. Petersburg-Clearwater, FL Metro Area's job growth to be 2.0% in 2018, with 26,988 jobs added. Job growth is expected to average 1.4% from 2019 to 2021, with an average of 19,332 jobs added each year.

On the supply side, permits for 5,114 multifamily units were issued in the 12 months ending in January 2018, down -375 units from the prior year's sum. In terms of total residential housing, 18,271 units were permitted in the 12 months ending January 2018, a decrease of -9 units from the prior year's total.

Multifamily Absorption and Supply

	Annual			3Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017	2018F	2019F	2020F	2021F
Total Units Absorbed	6,713	5,620	1,730	5,284	367,785	5,203	3,615	5,459	3,565	1,426
New Supply	4,012	3,987	4,704	4,646	365,158	4,646	5,283	4,025	2,699	3,264
Inventory Growth	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.60%	1.20%	0.80%	1.00%

Identified Supply

As of March 4, 2018, Axiometrics has identified 4,476 apartment units scheduled for delivery in 2017, which all units have been delivered. As a comparison, there were 3,231 apartment units delivered in 2016. Properties delivered to the market in the last 12 months have achieved an average asking rent of \$1,756 per unit, or \$1.79 per square foot. Effective rent has averaged \$1,656, or \$1.69 per square foot, resulting in an average concession value of \$-100.30. As a comparison, existing properties in the market had an average asking rent of \$1,153 per unit (\$1.22 per square foot) and an average effective rent of \$1,148 per unit, or \$1.21 per square foot, in 4Q17. Concessions for existing properties averaged \$-5.33.

Submarket Delivery Schedule

	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
	Sequential				Units Absorbed		Asking Rent		Effective Rent	
Top Submarkets	2015	2016	2017	Total	Totals	PPM	Per Unit	PSF	Per Unit	PSF
Central Tampa	768	799	2,220	3,787	1,316	14	\$2,052	\$2.10	\$1,886	\$1.93
Clearwater	379	47	264	690	125	11	\$1,401	\$1.68	\$1,285	\$1.54
North St. Petersburg		278	253	336	135	19	\$1,407	\$1.55	\$1,355	\$1.49
South Hillsborough County	260	250	292	802	248	19	\$1,370	\$1.40	\$1,292	\$1.32
University North		144	418	562	362	22	\$1,436	\$1.43	\$1,358	\$1.35
Other	2,136	1,943	994	5,073	823	11	\$1,657	\$1.67	\$1,622	\$1.63
Tampa-St. Petersburg-Clearwater, FL	3,543	3,231	4,476	11,250	3,009	13	\$1,764	\$1.81	\$1,661	\$1.70

*Based on 2017 deliveries

*Trend Based on trailing 12 month period

TAMPA BAY HOSPITALITY MARKET OVERVIEW



Year to Date February 2018, Tampa/Hillsborough County Hospitality Statistics, STR Inc.

Occupancy Rate	77.3%, Flat
Room Rates	ADR \$140.64
Room Expenditures	RevPAR \$108.67
Supply	1,305,257
Demand	1,008,556
Revenue	\$141,840,144



TAMPA RETAIL MARKET OVERVIEW

Q4-2017 Tampa / St. Petersburg Retail Market Report, CoStar Group, Inc.

The Tampa/St Petersburg retail market experienced a slight improvement in market conditions in the fourth quarter 2017. The vacancy rate went from 5.0% in the previous quarter to 4.7% in the current quarter. Net absorption was positive 1,020,587 square feet, and vacant sublease space decreased by (3,777) square feet. Quoted rental rates increased from third quarter 2017 levels, ending at \$14.87 per square foot per year. A total of 22 retail buildings with 424,835 square feet of retail space were delivered to the market in the quarter, with 1.7 million square feet still under construction at the end of the quarter.



Net Absorption

Retail net absorption was strong in Tampa/St Petersburg fourth quarter 2017, with positive 1,020,587 square feet absorbed in the quarter. In third quarter 2017, net absorption was negative (673,759) square feet, while in second quarter 2017, absorption came in at positive 157,418 square feet. In first quarter 2017, positive 924,565 square feet was absorbed in the market.



Vacancy

Tampa/St Petersburg's retail vacancy rate decreased in the fourth quarter 2017, ending the quarter at 4.7%. Over the past four quarters, the market has seen an overall increase in the vacancy rate, with the rate going from 4.6% in the first quarter 2017, to 4.6% at the end of the second quarter 2017, 5.0% at the end of the third quarter 2017, to 4.7% in the current quarter.

The amount of vacant sublease space in the Tampa/St Petersburg market has trended down over the past four quarters. At the end of the first quarter 2017, there were 211,898 square feet of vacant sublease space. Currently, there are 182,023 square feet vacant in the market.



Largest Lease Signings

The largest lease signings occurring in 2017 included: the 86,479-square-foot-lease signed by Rural King at 7246 Gall Blvd; the 75,683-square-foot-deal signed by Floor & Decor at Suncoast Plaza; and the 55,000-square-foot-lease signed by Hobby Lobby at Sunset Point 19.



Rental Rates

Average quoted asking rental rates in the Tampa/St Petersburg retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the fourth quarter 2017 at \$14.87 per square foot per year. That compares to \$14.64 per square foot in the third quarter 2017, and \$14.66 per square foot at the end of the first quarter 2017. This represents a 1.6% increase in rental rates in the current quarter, and a 1.41% increase from four quarters ago.



Inventory & Construction

During the fourth quarter 2017, 22 buildings totaling 424,835 square feet were completed in the Tampa/St Petersburg retail market. Over the past four quarters, a total of 1.3 million square feet of retail space has been built in Tampa/ St Petersburg. In addition to the current quarter, 26 buildings with 144,555 square feet were completed in third quarter 2017, 39 buildings totaling 290,546 square feet completed in second quarter 2017, and 469,213 square feet in 24 buildings completed in first quarter 2017.



Shopping Center

The Shopping Center market in Tampa/St Petersburg currently consists of 2,196 shopping centers with 88.7 million square feet of retail space in 3,772 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 367,737 square feet and delivering 87,904 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 7.7% at the end of the third quarter 2017 to 7.4% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 7.3% at the end of the first quarter 2017, to 7.2% at the end of the second quarter 2017, to 7.7% at the end of the third quarter 2017, and finally to 7.4% at the end of the current quarter.

Rental rates ended the fourth quarter 2017 at \$13.25 per square foot, up from the \$13.05 in the third quarter of 2017. Rental rates have trended up over the past year, going from \$13.13 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 445,234 square feet over the past four quarters. In addition to the positive 367,737 square feet absorbed this quarter, negative (373,503) square feet was absorbed in the third quarter 2017, positive 93,818 square feet was absorbed in the second quarter 2017, and positive 357,182 square feet was absorbed in the first quarter 2017.



Power Centers

The Power Center average vacancy rate was 4.7% in the fourth quarter 2017. With positive 103,813 square feet of net absorption and no new deliveries, the vacancy rate went from 5.7% at the end of last quarter to 4.7% at the end of the fourth quarter.

In the third quarter 2017, Power Centers absorbed negative (64,440) square feet, delivered no new space, and the vacancy rate went from 5.0% to 5.7% over the course of the quarter. Rental started the quarter at \$24.88 per square foot and ended the quarter at \$25.09 per square foot.

A year ago, in fourth quarter 2016, the vacancy rate was 5.4%. Over the past four quarters, Power Centers have absorbed a cumulative 73,303 square feet of space and delivered no significant space. Vacant sublease space has gone from 6,516 square feet to 2,516 square feet over that time period, and rental rates have gone from \$24.98 to \$26.70.

At the end of the fourth quarter 2017, no power centers were under construction in the Tampa/St Petersburg market. The total stock of Power Center space in Tampa/St Petersburg currently sits at 10.4 million square feet in 28 shopping centers comprised of 170 buildings.

Cushman & Wakefield Q1 2018 Office Market Overview - Tampa/Hillsborough County

Westshore Office Overview:

- Overall vacancy at the end of 1Q18 is 9.4% compared to 10.6% last year and 9.4% last quarter. Class A is at 7.6% compared to 9.3% last year and 7.0% last quarter.

I-75 Office Overview:

- Overall vacancy at the end of the 1Q18 is at 14.2% compared to 12.9% a year ago and 15.1% last quarter. Class A is at 6.4% compared to 7.4% a year ago and 7.7% last quarter.

Tampa Central Business District:

- Overall vacancy at the end of 1Q18 is at 11.3% compared to 12.2% a year ago and 11.7% last quarter. Class A is at 7.7% compared to 8.7% a year ago and 7.9% last quarter.

Erhardt Comment:

I'm predicting 3-4 spec office buildings starting in 2018.





TAMPA BAY INDUSTRIAL MARKET OVERVIEW

Our Perception on the Market, Julia Rettig, Director, Industrial Brokerage and Michelle McMurray, Research Analyst, Cushman & Wakefield of Florida, LLC.

The Tampa Bay Industrial market continues to face a squeeze with high record rents and historic vacancy lows. Increased online shopping habits are one of the strongest forces behind the strength of the market. We continue to see e-commerce and same day delivery clients evaluate their logistics bandwidth and consider where to locate operations to reach the maximum number of consumers. Keating Resources responded to this trend by announcing the development a speculative, last mile distribution building called Tampa Fulfillment Center. This building can cater to the last-mile users or traditional industrial tenants. It is optimized for last-mile operations through strategically planned improvements that ideally placed drive lanes in a way to minimize driver queues and enhance traffic flows. Another major project is 301 Business Center, one of Tampa's newest "infill" industrial sites that signed a 212,000 sf pre-lease before breaking ground this year and was just another indication that the Tampa Bay market is extremely tight and demand for sites close to the urban core are in high demand.

Developers and investors are lobbying for positions in the I-4 Corridor in the hopes they will land one of the many 500,000+ sf requirements circling the market. The news of a record industrial sale in Lakeland heightened demand. The 605,000 square-foot Brennan project was leased to Quaker and fetched a record setting cap rate which set a new high (actually low number) bar for future trades in a competitive market as well as increasing barriers to entry for new investors. Some landlords are aggressively pushing early renewals to potentially stabilize their portfolios and position themselves for a future sale. Concurrently, tenants who are exploring the market for a relocation are realizing that rental rates are potentially up to 40% more than what they are currently paying. Early renewal for these tenants is increasingly a more attractive option since it provides predictability in their operating costs.

We anticipate stronger leasing activity in the second quarter and are encouraged by the large blocks needed by several tenants in the Tampa market and along the I-4 Corridor.

Cushman & Wakefield Q1 2018 Industrial Market Overview | Tampa Bay Region

West Tampa Industrial Overview:

- The overall vacancy at the end of 1Q18 is 4.5% compared to 4.2% a year ago and 5.5% last quarter
- Warehouse distribution is at 3.3% vacancy compared to 2.4% a year ago and 3.9% last quarter
- Office Service Center is at 7.9% vacancy compared to 8.6% a year ago and 9.9% last quarter

East Tampa Industrial Overview:

- The overall vacancy at the end of 1Q18 was 6.1% compared to 6.0% a year ago and 5.6% last quarter
- Warehouse distribution is at 6.4% vacancy compared to 6.0% a year ago and 5.8% last quarter
- Office Service Center is at 7.7% vacancy compared to 9.7% last year and 8.6% last quarter

Plant City Industrial Market Overview:

- The overall vacancy at the end of 1Q18 was 6.7% vacancy compared to 1.9% a year ago and 4.5% last quarter
- Warehouse distribution is at 9.2% vacancy compared to 1.1% a year ago and 6.0% last quarter

Lakeland Industrial Market Overview:

- The overall vacancy at the end of 1Q18 was 4.9% vacancy compared to 5.1% a year ago and 3.9% last quarter
- Warehouse distribution is at 6.2% vacancy compared to 6.2% a year ago and 4.7% last quarter



LAND SALES

Multifamily

- Picerne purchased 24.45 acres at 2083 University Parkway, Sarasota for \$4 million. They plan on building 324 units, 13.3 units per acres, and \$12,345 per unit, not developed
- Taub Entities-Bayshore purchased 0.86 acres at 2619 Bayshore Blvd for \$5 million. Taub is proposing a 17 story 15-unit project, which is \$333,000 per unit
- American Land Ventures \$5.8 million. This is \$166 per land foot. They plan on building 217 units, 270/acre, or \$26,728 per unit
- Integra Land Company and Panther Residential Management purchased 10 acres at SR535 and Osceola Parkway, Orlando for \$4,850,000. They plan on building 300 units or \$16,167 per unit. Density is 30 units per acre
- Altman purchased 13.02 acres on N Dale Mabry and Erlich Road North Hillsborough County for \$9,600,000. They plan on building 336 units, or \$28,571/unit, developed

Single family

- Mattamy homes purchased 106 acres for \$12.1 million. They will be building 400 units, or \$28,800 per unit
- Pipkin Creek Properties LLC. purchased 350 acres in Lakeland for \$3.95 million. Property was zoned for 461 single family units. Cushman & Wakefield represented the seller
- Cal Atlantic (now Lennar) purchased 202 acres at the northwest quadrant of the Suncoast expressway in Lutz Lake Fern road in Northwest Hillsborough County. Approved for 200 units at \$52,500 per unit, not developed
- Lennar purchased 273 acres at the northeast quadrant of I-75 and 19th avenue northeast South Hillsborough County for \$17.5 million. They are proposing 883 units, or \$19,900 per lot. Density is 3.2 units per gross acre
- Pulte purchased 39.5 acres in South Hillsborough County for \$4.6 million. They plan on developing 150 houses, or \$27,000 per lot. Density is 3.8 acres per gross acre, a former orange grove
- Riverview Grove LTD (Jeff Hills) purchased 180.5 acres in South Hillsborough County for \$15.0 million. They plan on developing 685 lots or \$21,800 per lot. Density is 3.8 units per gross acre, a former orange grove
- Pulte homes purchased 104 acres in the Wesley Chapel area of Pasco County for \$4.2 million. They plan on building 350 single family homes or \$12,000 per lot. Density was 3.4 units per gross acre
- Toll Brothers paid \$12.5 million for 334 acres in Lakewood Ranch. They plan on building 450 units or \$27,900 per unit, not developed
- Cassidy Holdings Group purchased 117.7 Acres in Winter Haven, FL for \$1.2 million . They plan on building on 237 lots or \$5,000 per lot, at 2 units per gross acre

Retail

- DHM Investment Properties purchased 1.18 acres at the entrance to Lexington Oaks, Pasco County for \$13.13 psf developed, for a strip center
- A local car dealer purchased 24.85 acres at Seven Oaks, Wesley Chapel, Pasco County, for \$9.97 psf, developed
- Buc-ees paid \$9.22 psf for 13.7 acres at I-95 and 9 Mile Road near World Golf Village, St. Johns County. This convenience store will have 120 gas pumps and is Buc-ees first location outside of Texas

Industrial

- Harrod Properties purchased 29.95 acres on Highway 54 South Central Pasco County for \$1.80 per gross sqft. They plan on building 200,000 sqft of office service center, which is \$11.75 per building foot. The property is not developed but will have Pasco County assistance with infrastructure if they meet certain construction hurdles

Healthcare

- Pasco Healthcare Properties purchased 9.77 acres in Seven Oaks for \$5.87 psf semi developed. They will be building a nursing home

Agricultural

- The Mormon church's farmland reserve paid \$9.9 million for 4,200 acres, \$2,400 per acre. The property is next to church's Deseret Ranch Property

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