CUSHMAN & WAKEFIELD

Q1–2019

TAMPA BAY

LAND MARKET OVERVIEW

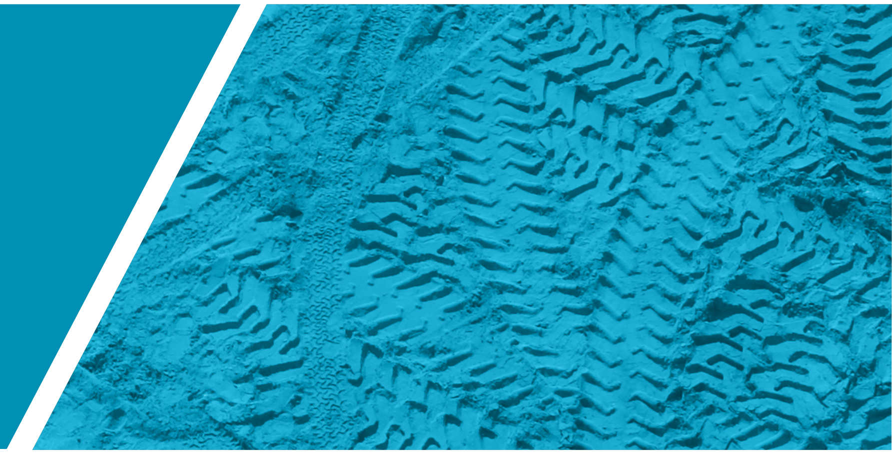
QUARTERLY REPORT

Bruce Erhardt
Cushman & Wakefield of Florida, LLC

IN THIS REPORT

cushwakelandfl.com/tampa

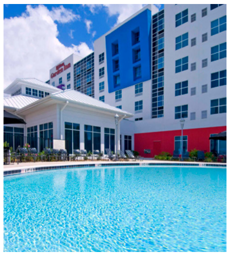
Bruce K. Erhardt
Executive Director
One Tampa City Center
Suite 3300
Tampa, Florida 33602
Direct: +1 813 223 6300
Mobile: +1 813 230 9005
Fax: +1 813 221 9166
bruce.erhardt@cushwake.com
cushwakelandfl.com/tampa



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 **cushwakelandfl.com/tampa**

ERHARDT’S QUICK LOOK AT THE LAND MARKET

- **MULTIFAMILY** Same as the last 31 quarters, rental sites continue to be very active especially in the suburbs. Construction and labor cost increases and now municipalities are increasing impact fees. For sale townhomes and condominiums (entry level and luxury) are under contract or construction in urban and suburban markets and continue to gain momentum.
- **SINGLE FAMILY** As for the last 38 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 like Hudson, Zephyrhills and Plant City. North Manatee is still hot. Several of these national buildings are taking land positions that will provide lots for 5–10 years.
- **RETAIL** Mainly tenant driven, grocery in particular and location driven. Outparcel subdivisions and unanchored strips in A locations are active. M&M’S Costco projects, and Cypress Creek Town Center are exceptions.
- **INDUSTRIAL** New and local developers continue to contract and close land positions in Tampa, South and North Pasco, Lakeland, Plant City and Manatee/Lakewood Ranch. Spec buildings are getting larger—500,000+. Last mile sites are in demand.
- **OFFICE** Same as last 26 quarters, users, B-T-S only, but spec development has started in urban markets, with deliveries in 2019 and 2020. Developers are looking at Pasco County because of the reverse commute, lower sales tax on leases, and government assistance. Brandon is seeing interest from large users, and spec developers. Medical office building (MOBs) construction by providers continues to be active.
- **HOSPITALITY** Same as the last 19 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 three to four years left, with solid growth for the next two years. Population growth and job gains are the main drivers. The only headwind is construction costs and impact fees rising faster than rents.



THE BIG PICTURE

Disruptive Demographics: Housing Production & Demographic Reality Are Moving in Different Directions

March 15, 2019 Gregg Logan, RCLCO, 407 515 4999, glogan@rclco.com

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There is a growing mismatch between the demographics of new households, the stated housing preferences of households active in the for-sale housing market, and the new home products and price points being offered to the market.

- Decreasing new home affordability is part of a long-term trend predating the current affordability crisis. The mix of sizes of the new home inventory is driving up home prices in addition to higher mortgage, labor, and land costs. Compared to the years leading up the Great Recession, the share of newly constructed homes larger than 3,000 square feet increased from 19% to 30%.
- Baby boomers already have the purchasing power that millennials are still creating, and they remain an important market for new-home sales.
- More millennials are now entering the market, creating potential demographic tailwinds for the for-sale housing market, but it will be difficult to fully take advantage of this trend if new housing and community developers are unable to more closely match new home products and prices to demand.
- New household growth is both younger and increasingly diverse, and this has a major impact on purchasing power at the same time that prices are peaking and inventories of more attainably priced housing are declining.
- There is a larger market for medium-density attached and smaller detached new homes than is currently being offered, and these and other creative solutions will become increasingly important as the U.S. population further diversifies. Otherwise, the size of the overall new for-sale housing market could decline.

Nine years into the recovery following the Great Recession of the late 2000s, the number of home sales has yet to fully recover to pre-recession highs.1 Over the same time period, there was a rapid expansion of the rental housing market as the large millennial generation entered young adulthood and prime life stage for rental housing (20s and early 30s). From 2005 until 2016, growth in renter households outpaced growth in owner households. However, that trend is now reversing. More millennials are now entering the traditional home ownership stages of their lives (mid-30s to mid-40s), creating potential demographic tailwinds for the for-sale housing market. However, it will be difficult to fully take advantage of these potential tailwinds if new housing and community developers are unable to match new home products and prices to demand.

Biggest Multistory Warehouse in The U.S. Planned For Brooklyn

Bisnow, January 11, 2019 Ethan Rothstein, East Coast Editor

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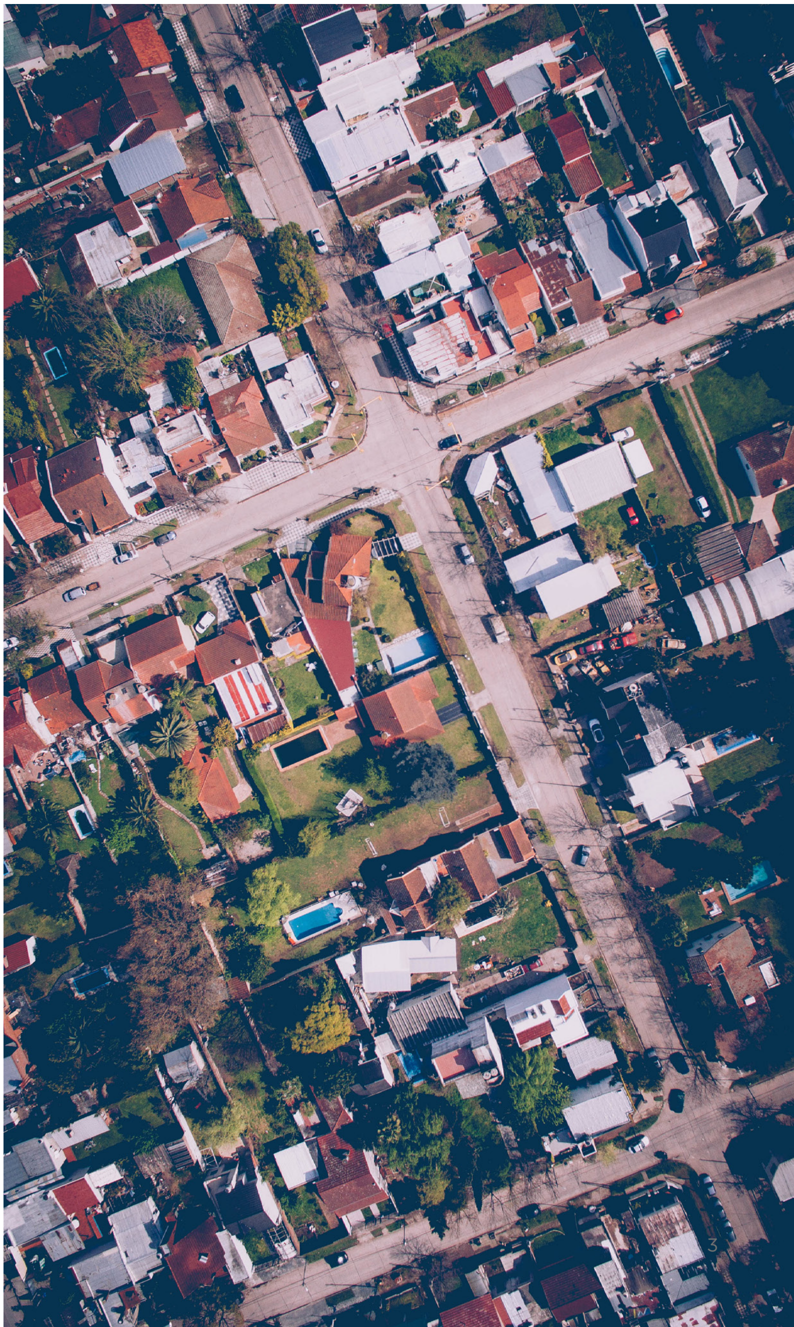
As retailers continue to seek ways to deliver their products to as many customers as possible as fast as possible, developers are building bigger and taller than ever to help them. Bridge Development Partners and DH Property Holdings have joined forces to acquire an 18-acre site in Brooklyn, where they plan to a build a four-story, 1.3M SF distribution center, the largest multistory warehouse in the United States. The warehouse would allow trucks to access all four floors, with 38-foot clearance heights on the bottom two floors and 28-foot clearances on the top two.



Cushman and Wakefield: What to Watch in Commercial Real Estate

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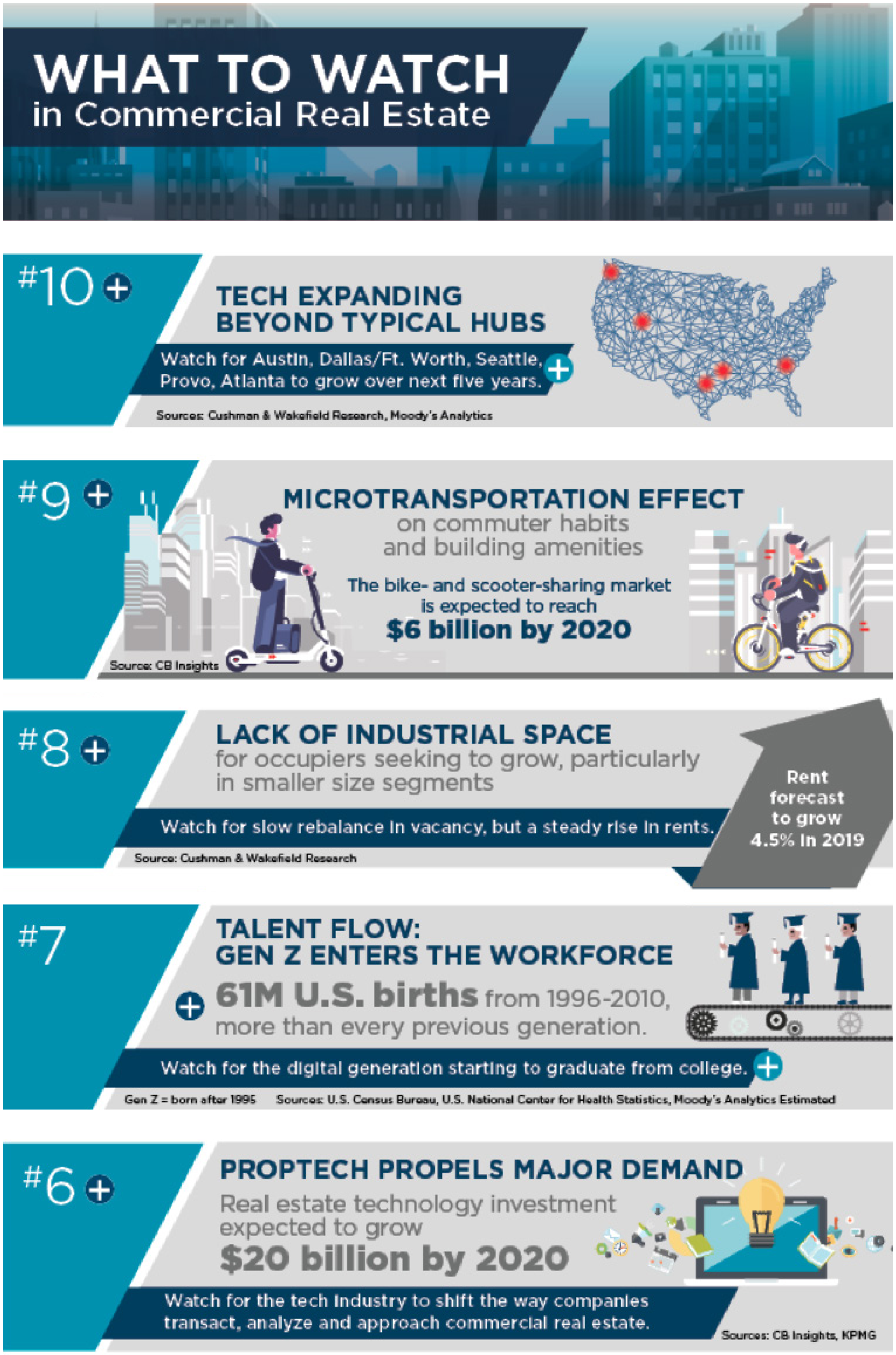

Muller Real Estate Market Cycle Monitor Fourth Quarter 2018, Cycle Monitor, Glenn Mueller, Ph.D, Real Estate Physical Market Cycle Analysis of 5 Property Types in 54 Metropolitan Statistical Areas (MSAs).

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The 2018 economic expansion continued at a moderate pace with a slightly higher GDP growth rate than the past five years. Employment growth continued to increase at an average 200,000+ job increase per month. The Federal Reserve recently put their interest rate hikes on hold, with expectations of a cooling economy, and 10-year treasury rates dropped back below 3%, thus CRE debt costs remain moderate. All favorable trends for real estate. New supply growth is slowing in all property types with higher labor and construction costs.

Office occupancy increased 0.4% in 4Q18, and rents grew 0.3% for the quarter and 2.0% annually

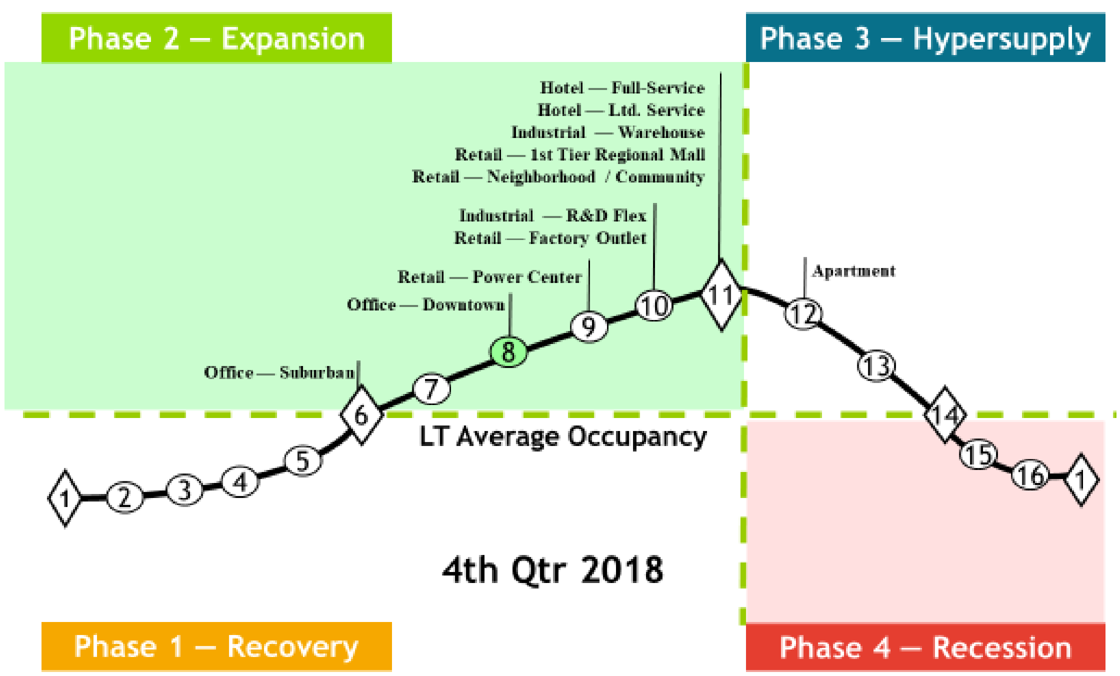
Apartment occupancy decreased 0.1% in 4Q18, rents were flat for the quarter, but grew 3.1% annually

Industrial occupancy was flat in 4Q18, and rents grew 2.4% for the quarter and 5.9% annually

Retail occupancy increased 0.1% in 4Q18, and rents grew 0.1% for the quarter and 1.5% annually

Hotel occupancy declined 0.1% in 4Q18, and room rates were flat for the quarter but grew 3.9% annually

National Property Type Cycle Locations



Source: Mueller, 2019

Office Market Cycle Analysis

The national office market occupancy level increased 0.4% in 4Q18 and was up 0.6% year-over-year. Office demand continued to improve, as employment growth above 200,000 jobs per month created additional need in this moderately growing economy. New supply at a lower growth rate than demand helped to inch the national occupancy level higher. There were only five markets where occupancy increased enough to advance them one point in the cycle graph. Local "economic base" industries creating different demand growth levels, have spread cities across all points in the expansion phase of the cycle. Average national rents increased 0.3% in 4Q18 and produced a 2.0% increase year-over-year.

For the fifth quarter Tampa is at level 10, which is high rent growth in a tight market. With Tampa is Ft. Lauderdale, Jacksonville, Orlando and Palm Beach. Behind Tampa is Atlanta, Charlotte, Memphis, Miami, Norfolk and Richmond. Ahead of Tampa is Nashville and Raleigh-Durham.

Industrial Market Cycle Analysis

Industrial occupancies were flat in 4Q18 and increased 0.1% year-over-year as market demand and supply equilibrium continues. Industrial demand is highly competitive, and the national occupancy level is the highest in twenty years. Supply lagged demand by almost 30 million square feet in 2018. Peak equilibrium occupancy was maintained in almost all markets, with only San Diego having an occupancy decline that pushed it into the hyper-supply phase of the cycle. This strong level of occupancy is expected to continue for many years. Industrial national average rents increased 2.4% in 4Q18 and increased 5.9% year-over-year.

For the sixth quarter, Tampa is at level 11, which is demand/supply equilibrium point. With Tampa is Atlanta, Charlotte, Ft Lauderdale, Jacksonville, Memphis, Miami, Nashville, Norfolk, Orlando, Palm Beach, Raleigh-Durham and Richmond. With no one behind or ahead.

Apartment Market Cycle Analysis

The national apartment occupancy average declined -0.1% in 4Q18 and improved 0.4% year-over-year. Demand growth was strong in 2018 as job growth averaged above 200,000 per month, the problem continues to be too much supply growth in many cities. With the Federal Reserve now on hold with future interest rate increases, the cost to finance apartments continues to be attractive, drawing developers to continue to produce more units. We do not expect supply to slow in the near future, lengthening the hypersupply phase. Average national apartment rent growth was flat in 4Q18 but national average rents were found to increase at 3.1% year-over-year.

For the third quarter Tampa is at level 12 the hyper supply phase of rent growth, positive but declining. With Tampa is Charlotte, Ft. Lauderdale, Memphis, Miami, Orlando, Palm Beach, Raleigh-Durham and Richmond. Behind Tampa is Jacksonville and Norfolk. Ahead of Tampa is Atlanta and Nashville.

Retail Market Cycle Analysis

Retail occupancies increased 0.1% in 4Q18 and were up 0.1% year-over-year. Retail demand continues to grow at a very moderate rate with older formats (department and general merchandise stores mainly) being replaced by experience retail (escape rooms, brew pubs and restaurants). In addition, a great deal of old retail space is being converted to office and apartment use, and a rapid retail space loss coming from conversions to "last mile" industrial warehouse storage use, (if local municipalities will allow the usage change). This means the amount of available retail space is declining, which allows surviving retail space to absorb what new demand comes along. National average retail rents increased 0.1% in 4Q18 and increased 1.5% year-over-year.

For the fifth quarter Tampa is at level 11, the demand/supply equilibrium point. With Tampa is Atlanta, Charlotte, Ft. Lauderdale, Jacksonville, Palm Beach, Memphis, Miami, Nashville, Norfolk, Orlando, Raleigh-Durham and Richmond. With no one ahead or behind Tampa.

Hotel Market Cycle Analysis

Hotel occupancies were down -0.1% in 4Q18 but were up 0.1% year-over-year. Room demand has grown at double the rate of employment growth over the last decade - a function of both millennials choosing experiences over things and businesses continuing to use travel for face to face interaction with clients and providing employees with offsite recognition events. When break even occupancy is 63% and the national average occupancy hovers at 72% - hotels have great profitability and react by expanding and building more rooms. The oversupply is happening in less than half the markets at this time but should continue in 2019. The national average hotel room rate increased 0.1% in 4Q18 and increased 3.9% year-over-year.

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

TAMPA BAY SINGLE FAMILY MARKET OVERVIEW

Single Family Market Overview Provided by Landmark Reports 813 810 4335, Chris@landmarkreports.com

Tampa New Home Closings By County

	County	# of Closings	Aggregate Closings	Avg Closing Price	Avg HSF	Avg FF
1	Hernando	190	$40,776,237	$214,612	2,117	92
2	Hillsborough	6,262	$1,803,876,365	$288,067	2,464	50
3	Manatee	1,967	$752,879,361	$382,755	2,311	54
4	Pasco	2,860	$975,872,438	$341,214	2,552	55
5	Pinellas	338	$143,730,001	$425,237	2,755	59
6	Sarasota	2,059	$788,866,975	$383,131	2,199	51
	Total	13,676	$4,506,001,377	$2,035,016	14,398	361

Closings By County Submarket

	Submarket	No. of Closings	Aggregate Closings	Avg Closing Price	Avg HSF	Avg FF
1	South Hillsborough	4,882	$1,339,465,045	$274,368	2,430	50
2	Wes Chapel/New Tampa	1,306	$487,304,166	$373,127	2,667	52
3	Venice/Englewood	1,332	$458,232,969	$344,019	2,070	51
4	Lakewood Ranch	881	$413,964,757	$469,881	2,347	56
5	SR 54/Trinity	1,012	$382,329,370	$377,796	2,557	53
6	Citrus Park/NW Tampa	542	$201,348,875	$371,492	2,558	45
7	North of the River	592	$178,559,424	$301,621	2,251	56
8	Sarasota South	362	$173,769,609	$480,027	2,402	52
9	US 41/SR 52	467	$133,651,368	$286,191	2,619	65
10	Sarasota North	326	$126,856,697	$389,131	2,295	49

Top 10 By Community

	Community	No. of Closings	Total Closing Price	Avg Closing Price	Avg HSF	Avg FF
1	Villages of Starkey Ranch	331	$136,896,702	$413,585	2,651.14	53.34
2	Epperson Ranch South	294	$93,712,907	$318,751	2,340.76	55.22
3	Islandwalk at the West Villages	247	$91,683,311	$371,187	1,896.18	48.44
4	Waterset	241	$86,446,276	$358,698	2,573.87	51.67
5	Bexley South	243	$77,315,414	$318,170	2,479.13	51.38
6	Del Webb	162	$75,901,774	$468,529	1,958.55	52.73
7	Fishhawk Ranch West	208	$75,101,921	$361,067	2,407.94	52.39
8	Belmont	269	$73,398,667	$272,857	2,609.16	53.17
9	Triple Creek	219	$63,920,838	$291,876	2,739.02	52.53
10	Gran Paradiso	182	$63,858,400	$350,870	2,189.88	54.7

TAMPA BAY MULTIFAMILY MARKET OVERVIEW

AxioMetrics, Inc. Market Performance Summary, Q4-2018, Tampa–St. Petersburg–Clearwater, Florida Metropolitan Statistical Area

Apartment Performance

Effective rent increased 0.4% from $1,173 in 3Q18 to $1,180 in 4Q18, which resulted in an annual growth rate of 4.4%. Annual effective rent growth is forecast to be 3.9% in 2019, and average 2.5% from 2020 to 2022. Annual effective rent growth has averaged 2.7% since 2Q96.

The market’s annual rent growth rate was above the national average of 3.3%. Out of the 150 markets ranked by Axiometrics nationally, Tampa-St. Petersburg-Clearwater, FL was 87th for quarterly effective rent growth, and 32nd for annual effective rent growth for 4Q18.

The market’s occupancy rate decreased from 96.1% in 3Q18 to 95.5% in 4Q18 but was up from 95.3% a year ago. The market’s occupancy rate was at the national average of 95.5% in 4Q18. For the forecast period, the market’s occupancy rate is expected to be 94.7% in 2019, and average 94.0% from 2020 to 2022. The market’s occupancy rate has averaged 93.9% since 2Q96.

Market Survey Results and Forecasts

	Sequential					Month	Annual						
	1Q18	2Q18	3Q18	4Q18	Dec-18	2016	2017	2018	2019F	2020F	2021F	2022F	2022F
Effective Rent Per Unit	$1,135	$1,164	$1,185	$1,180	$1,179	$1,084	$1,117	$1,166	$1,205	$1,238	$1,261	$1,297	$1,323
Per Sq. Ft.	$1.21	$1.24	$1.27	$1.26	$1.27	$1.17	$1.20	$1.25	$1.29	$1.33	$1.35	$1.39	$1.42
Effect Rent Growth - Annually	3.5%	4.4%	4.9%	4.4%	4.7%	4.6%	2.9%	4.4%	3.9%	2.2%	2.3%	3.0%	2.9%
Effective Rent Growth - Quarterly	0.7%	2.5%	1.8%	-0.4%	95.3%								
Occupancy Rate	95.5%	95.9%	96.1%	95.5%	0.2%	95.1%	95.3%	95.8%	95.3%	94.6%	94.3%	94.3%	93.9%
Occupancy Change - Annually	0.3%	0.6%	0.5%	0.2%		-0.7%	0.3%	0.2%	-0.7%	-0.7%	0.1%	-0.2%	-0.2%
Occupancy Change - Quarterly	0.2%	0.4%	0.2%	-0.6%									
Economic Concessions													
Concession Value	$41.00	$29.00	$26.00	$46.00	$85.00	$27.00	$31.25	$35.50					
As a % of Asking Rent	3.7%	2.6%	2.2%	3.9%	7.2%	2.6%	2.9%	3.1%					

Demand and Supply

According to the Bureau of Labor Statistics, job growth in Tampa-St. Petersburg-Clearwater, FL was 1.7% in November 2018, reflecting 23,500 jobs added during a 12-month period. The metro job growth figure was above the national number of 1.6%. Axiometrics forecasts Tampa-St. Petersburg-Clearwater, FL’s job growth to be 2.4% in 2019, with 32,518 jobs added. Job growth is expected to average 0.8% from 2020 to 2022, with an average of 11,317 jobs added each year. On the supply side, permits for 3,274 multifamily units were issued in the 12 months ending in October 2018, down -2,215 units from the prior year’s sum. In terms of total residential housing, 17,376 units were permitted in the 12 months ending October 2018, a decrease of -904 units from the prior year’s total.

Erhardt Comment: ***All new suburban garden product needs $1.45+ SF rents to make sense.***

Multifamily Absorption and Supply

	Annual				4Q18	Annual Forecast				
	2015	2016	2017	Market	National	2018	2019F	2020F	2021F	2022F
Total Units Absorbed	5,734	1,402	4,778	4,771	292,412	5,567	2,255	2,483	4,199	2,825
New Supply	3,468	3,656	4,443	5,177	300,796	5,390	4,256	4,562	4,183	3,577
Inventory	1.5%	1.4%	1.8%	1.8%	1.6%	2.2%	1.7%	1.8%	1.6%	1.3%

Identified Supply

As of January 16, 2019, Axiometrics has identified 5,397 apartment units scheduled for delivery in 2018, which all units have been delivered. As a comparison, there were 4,319 apartment units delivered in 2017. Properties delivered to the market in the last 12 months have achieved an average asking rent of $1,739 per unit, or $1.81 per square foot. Effective rent has averaged $1,653, or $1.72 per square foot, resulting in an average concession value of $148.88. As a comparison, existing properties in the market had an average asking rent of $1,186 per unit ($1.27 per square foot) and an average effective rent of $1,180 per unit, or $1.26 per square foot, in 4Q18. Concessions for existing properties averaged $46.00.

Submarket Delivery Schedule

	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
					Units Absorbed		Asking Rent		Effective Rent	
Top Submarkets	2016	2017	2018	Total	Totals	PPM	Per Unit	PSF	Per Unit	PSF
Brandon/Southeast Hillsborough County	254	328	864	1,646	435	17	$1,461	$1.42	$1,410	$1.37
Central Tampa	751	2,227	1,332	4,310	1,476	17	$2,001	$2.20	$1,862	$2.05
Clearwater	48	218	463	729	345	13	$1,464	$1.58	$1,431	$1.54
New Tampa/East Pasco County	267	42	645	954	191	14	$1,442	$1.42	$1,383	$1.36
South St. Petersburg	456	250	456	1,162	217	20	$2,226	$2.38	$2,097	$2.25
Other	1,412	1,254	1,637	4,303	1,142	15	$1,526	$1.48	$1,483	$1.44
Tampa-St. Petersburg-Clearwater, FL	3,388	4,319	5,397	13,104	3,806	15	$1,739	$1.81	$1,653	$1.72

**Based on 2018 deliveries*

DeBartolo Development Let's Dwell on It News from All Corners of The Multifamily Landscape, Fred Krom, 813 676 7677, fkrom@debartolodevelopment.com

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RIGHT TO WORK SOUTHERN STATES ATTRACT NEARLY HALF OF US BUILDING PERMITS Right to Work States – overwhelmingly located in the South – should continue to experience outsized job and population growth at the expense of heavily unionized states in the Midwest and Northeast. Not surprisingly, building permits in 2018 reflect this migration with nearly half of all permits in the South, up from 20% in the 1960s. Orlando ranks #1 among top 25 MF markets for jobs-to-completions ratio followed by Atlanta, Tampa, and Phoenix.

US HOUSING STARTS REMAIN 20-40% BELOW PREVIOUS CYCLE PEAKS Student debt at $1.5 tn, coupled with rising mortgage rates, and baby boomers downsizing all support strong MF fundamentals as rent growth is expected to be slightly above 2018 levels (3%+). Annual net turnover dropped 200 bps to below 50% at CPT, EQR, and MAA in 2018 (even with 5%+ renewal bumps) helped by housing affordability at a 10-year low. Over the past decade, total US housing starts averaged 1.0 mm or 33% below the previous 50-year average.

GUIDANCE IMPLIES PEAK OCCUPANCY IN THE REARVIEW MF occupancy rates hit 96.4% (average of top six REITs) in 4Q18, up 10 bps sequentially and vs. 96.2% in 4Q17. Several REITs (namely, ESS and MAA) noted that MF occupancy rates may have peaked this cycle and provided preliminary 2019 guidance for a 20 bps yoy increase in vacancy.

MF SUPPLY OUTLOOK EXPECTED TO MATCH 2018 LEVELS The supply outlook is mixed by region but nationwide deliveries in 2019 are expected to be inline with 2018 levels. Supply headwinds will be the most pronounced in Austin, Charlotte, Dallas, LA, Oakland, San Jose, Seattle, and Washington D.C., while Boston, NY, Orange County, Orlando, Phoenix, Richmond, San Diego, San Fran, and Tampa will see the strongest improvement this year.

DEVELOPMENT DEALS DELIVER 175+ BPS SPREAD IN 2018 The MF REIT landscape delivered project level RoC in the range of 6.0% to 6.5% (on average) in 2018 or 175+ bps of spread above Class "A" acquisition cap rates. While it is widely acknowledged that opex and construction costs may outpace rents in 2019, AVB, CPT, among others remain comfortable building to 150 bps of spread. ESS experienced pipeline slippage from 2H18 into 2019 across its pref equity platform as several sponsors underestimated equity requirements to close deals. MAA is currently in predev or development on a handful of projects located across the South and Mountain region in Denver, Houston, Orlando, and Phoenix.

TAMPA BAY HOSPITALITY MARKET OVERVIEW

February 2019, Tampa/Hillsborough County Hospitality Statistics, Visit Tampa Bay

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Occupancy Rate	85.8% (+3.6%)
Room Rates ADR	$147.64 (+1.7%)
Room Expenditures RevPAR	$126.66 (+5.4%)
Supply	636,384 (+2.7%)
Demand	545,955 (+6.4%)
Revenue	$80,606,053 (+8.2%)

The Plasencia Group, March 2019, Florida Lodging Report.
Lou Plasencia, 813 932 1234, lplasencia@tpghotels.com

CLICK HERE TO READ THE FULL REPORT

According to Lou Plasencia in the Tampa Bay MSA there are 14 hotels under construction, and 16 in the planning proccess. See attached for their 1Q Florida Lodging Report.

TAMPA BAY RETAIL MARKET OVERVIEW

Q4-2019 Tampa/St. Petersburg Retail Market Report, CoStar Group, Inc.

The Tampa/St Petersburg retail market did not experience much change in market conditions in the fourth quarter 2018. The vacancy rate went from 4.3% in the previous quarter to 4.4% in the current quarter. Net absorption was positive 58,649 square feet, and vacant sublease space decreased by 6,895 square feet. Quoted rental rates increased from third quarter 2018 levels, ending at $15.80 per square foot per year. A total of 33 retail buildings with 342,501 square feet of retail space were delivered to the market in the quarter, with 1,440,981 square feet still under construction at the end of the quarter.

VACANCY

Tampa/St Petersburg's retail vacancy rate increased in the fourth quarter 2018, ending the quarter at 4.4%. Over the past four quarters, the market has seen an overall increase in the vacancy rate, with the rate going from 4.1% in the first quarter 2018, to 4.2% at the end of the second quarter 2018, 4.3% at the end of the third quarter 2018, to 4.4% in the cur-rent quarter.

The amount of vacant sublease space in the Tampa/St Petersburg market has trended up over the past four quarters. At the end of the first quarter 2018, there was 150,500 square feet of vacant sublease space. There is 158,506 square feet vacant in the market.

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 2018 at $15.80 per square foot per year. That compares to $15.57 per square foot in the third quarter 2018, and $14.58 per square foot at the end of the first quarter 2018. This represents a 1.5% increase in rental rates in the current quarter, and a 7.72% increase from four quarters ago.

INVENTORY & CONSTRUCTION

During the fourth quarter 2018, 33 buildings totaling 342,501 square feet were completed in the Tampa/St Petersburg retail market. Over the past four quarters, a total of 1,939,168 square feet of retail space has been built in Tampa/St Petersburg. In addition to the current quarter, 33 buildings with 606,336 square feet were completed in third quarter 2018, 34 buildings totaling 556,025 square feet completed in second quarter 2018, and 434,306 square feet in 42 buildings completed in first quarter 2018.There was 1,440,981 square feet of retail space under construction at the end of the fourth quarter 2018.

Some of the notable 2018 deliveries include: 1407 US-301, a 212,000-square-foot facility that delivered in second quarter 2018 and is now 100% occupied by Goodwill, and The Shoppes at Tyrone Square, a 151,952-square-foot building that delivered in third quarter 2018 and is now 100% occupied by Dick's Sporting Goods, Lucky's Supermarket, PetSmart, 5 Below and Pollo Operations.

Total retail inventory in the Tampa/St Petersburg market area amounted to 247,337,190 square feet in 20,969 buildings and 2346 centers as of the end of the fourth quarter 2018.

SHOPPING CENTER

The Shopping Center market in Tampa/St Petersburg currently consists of 2287 projects with 93,759,916 square feet of retail space in 3,911 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing negative 100,280 square feet and delivering 64,011 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 6.4% at the end of the third quarter of 2018 to 6.6% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 6.4% at the end of the first quarter 2018, to 6.3% at the end of the second quarter 2018, to 6.4% at the end of the third quarter 2018, and finally to 6.6% at the end of the current quarter.

Rental rates ended the fourth quarter 2018 at $14.01 per square foot, up from the $13.99 they were at the end of third quarter 2018. Rental rates have trended up over the past year, going from $13.40 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 364,632 square feet over the past four quarters. In addition to the negative 100,280 square feet absorbed this quarter, positive 46,380 square feet was absorbed in the third quarter 2018, positive 150,682 square feet was absorbed in the second quarter 2018, and positive 267,850 square feet was absorbed in the first quarter 2018.

POWER CENTERS

The Power Center average vacancy rate was 3.2% in the fourth quarter 2018. With positive 57,746 square feet of net absorption and 7,800 square feet in new deliveries, the vacancy rate went from 3.7% at the end of last quarter to 3.2% at the end of the fourth quarter.

In the third quarter 2018, Power Centers absorbed negative 4,910 square feet, delivered no new space, and the vacancy rate went from 3.6% to 3.7% over the course of the quarter. Rental started the quarter at $23.68 per square foot and ended the quarter at $25.25 per square foot.

A year ago, in fourth quarter 2017, the vacancy rate was 3.6%. Over the past four quarters, Power Centers have absorbed a cumulative 48,904 square feet of space and delivered 7,800 square feet of space. Vacant sublease space has gone from 2,516 square feet to 4,000 square feet over that time period, and rental rates have gone from $26.70 to $24.96.

At the end of the fourth quarter 2018, there was 3,092 square feet under construction in the Tampa/St Petersburg market. The total stock of Power Center space in Tampa/St Petersburg currently sits at 10,326,028 square feet in 28 centers comprised of 172 buildings.

NET ABSORPTION

Retail net absorption was basically flat in Tampa/St Petersburg fourth quarter 2018, with positive 58,649 square feet absorbed in the quarter. In third quarter 2018, net absorption was positive 363,235 square feet, while in second quarter 2018, absorption came in at positive 418,963 square feet. In the first quarter 2018, positive 336,684 square feet was absorbed in the market.

Tenants moving out of large blocks of space in 2018 include: Harvey's Supermarket moving out of 45,600 square feet at 2525 E Hillsborough Ave; Toys R Us moving out of 32,000 square feet at 1900 Tyrone Blvd N; and Toys R Us moving out of 25,000 square feet at 250 Westshore Plz.

Tenants moving into large blocks of space in 2018 include: Floor & Decor moving into 75,683 square feet at 2004-2020 34th St N; Urban Air Adventure Park moving into 41,712 square feet at 3520-3800 US Highway 98 N; and Bealls moving into 40,000 square feet at 2130 Gulf to Bay Blvd.

TAMPA BAY OFFICE MARKET OVERVIEW

WESTSHORE OFFICE OVERVIEW:

- Overall vacancy at the end of 1Q19 is 11.4% compared to 9.4% last year and 11.0% last quarter. Class A is at 10.3% compared to 7.6% last year and 10.3% last quarter.

I-75 OFFICE OVERVIEW:

- Overall vacancy at the end of 1Q19 is at 15.3% compared to 14.2% a year ago and 17.0% last quarter. Class A is at 13.5% compared to 6.4% a year ago and 14.5% last quarter.

TAMPA CENTRAL BUSINESS DISTRICT:

- Overall vacancy at the end of 1Q19 is at 9.2% compared to 12.1% a year ago and 9.5% last quarter. Class A is at 7.2% compared to 9.0% a year ago and 6.8% last quarter.

Erhardt Comment: ***With what we're working on, and what's been announced, the Tampa Bay MSA is going to be delivering 805,000 SF in 5 buildings starting 4Q 2019.***

TAMPA BAY INDUSTRIAL MARKET OVERVIEW

Our Perception on the Market, Julia Silva, Sr. Director, Industrial Brokerage, Chris Owen, Director, Florida Research and Michelle McMurray, Senior Research Analyst, Cushman & Wakefield of Florida, Inc.

ARE WE THERE YET? Although we believe the Tampa Bay industrial market's fundamentals are still strong, the first quarter showed slowing leasing momentum. It was in contrast to the latest jobs report from the Labor Department which showed Tampa generating 26,200 new positions in the last 12-months. The latest estimate from Moody's had over 200,000 new residents moving to the region in the next five years, bolstering area housing construction needs. Based on those two key factors alone, leasing demand should remain strong in the near term. We could be seeing that the general hesitation in Tampa's leasing market this year may be due to several factors that mirror overall uncertainty in the nation's economy. The expectation of a slow down or some type of recession in the next 18 months is weighing on many tenants' strategic plans. In addition, election year politics could be in play, even though we are over a year out from the first primaries. The 2020 election could change some pro-growth federal policies included in the recent tax reform bill as well as regulatory certainty that stimulated industrial expansion, capital investments and hiring.

Although we are hoping this isn't the case, C&W's smaller to mid-sized industrial buildings are a good gauge of the overall health of the market. The occupancies levels in those building types have held in the mid ninety percentage range consistently. This signals a healthy market and has also created a landlord market, with rents on the rise and landlords having many prospects to choose from. This trend continues to push rent growth as asking rents in warehouse/distribution space have increased by 3.9% year-over-year.

Larger e-commerce and third-party logistics requirements throughout the Tampa Bay area and in particular the Plant City/Lakeland markets, are transforming the size of the developments being delivered and the land needed to accommodate them. Unprecedented levels of construction are coming on line with nearly 5.0 msf currently under construction.

Cushman & Wakefield Industrial Market Overview—Tampa

WEST TAMPA INDUSTRIAL OVERVIEW:

- The overall vacancy at the end of 1Q19 is 4.8% compared to 4.5% a year ago and 4.3% last quarter.
- Warehouse distribution is at 2.9% vacancy compared to 3.3% a year ago and 2.7% last quarter.
- Office Service Center is at 9.7% vacancy compared to 7.9% a year ago and 8.8% last quarter.

EAST TAMPA INDUSTRIAL OVERVIEW:

- The overall vacancy at the end of 1Q19 was 6.7% compared to 6.1% a year ago and 5.8% last quarter.
- Warehouse distribution is at 7.1% vacancy compared to 6.4% a year ago and 6.0% last quarter.
- Office Service Center is at 10.3% vacancy compared to 7.7% last year and 10.7% last quarter.

PLANT CITY INDUSTRIAL MARKET OVERVIEW:

- The overall vacancy at the end 2018 was 4.7% vacancy compared to 6.7% a year ago and 4.2% last quarter.
- Warehouse distribution is at 6.2% vacancy compared to 9.2% a year ago and 5.6% last quarter.

LAKELAND INDUSTRIAL MARKET OVERVIEW:

- The The overall vacancy at the end of 2018 was 4.2% vacancy compared to 4.9% a year ago and 3.8% last quarter.
- Warehouse distribution is at 5.2% vacancy compared to 6.2% a year ago and 4.9% last quarter.
- 21 buildings totaling 4,925,055 SF are under construction from Pinellas County to Polk County.

LAND SALES

PUBLIC

- Hillsborough County School Board purchased 163.58 acres in South Hillsborough County for $13,605 per acre.

MULTIFAMILY

- David Weekly Homes purchased 7.8 acres in Sarasota one mile west of downtown for $8,300,000. They will be building 135 townhomes, villas and single-family homes, which is $61,481 per unit. The density is 17.58 units per acre.
- Arlington Development purchased 13 acres near the Brandon Town Center mall for $4,500,000. They plan on building 287 apartment units, which is $15,679 per unit. Density is 22 units per acre.
- Westshore point LLC purchased 23.06 acres zoned 425 units in South Tampa. They plan on building 425 rental units, which is $12,235 per unit.

SINGLE FAMILY

- Neal Communities purchased 450 acres on Fruitville Road, 3.5 miles east of I-75 for $21,550,000. Property was entitled for up to 900 units, which is $23,944 per unit.
- Lennar Homes purchased 325.37 acres in South Hillsborough County for $24,000,650 which is $75,760 per acre. We understand this sale was a combination of developed lots and vacant entitled land.
- Walton Global Investments purchased 263 acres in Weeki Wachee Florida for $3,200,000. This represents $3,800 per unit based on 842 units.

MIXED USE

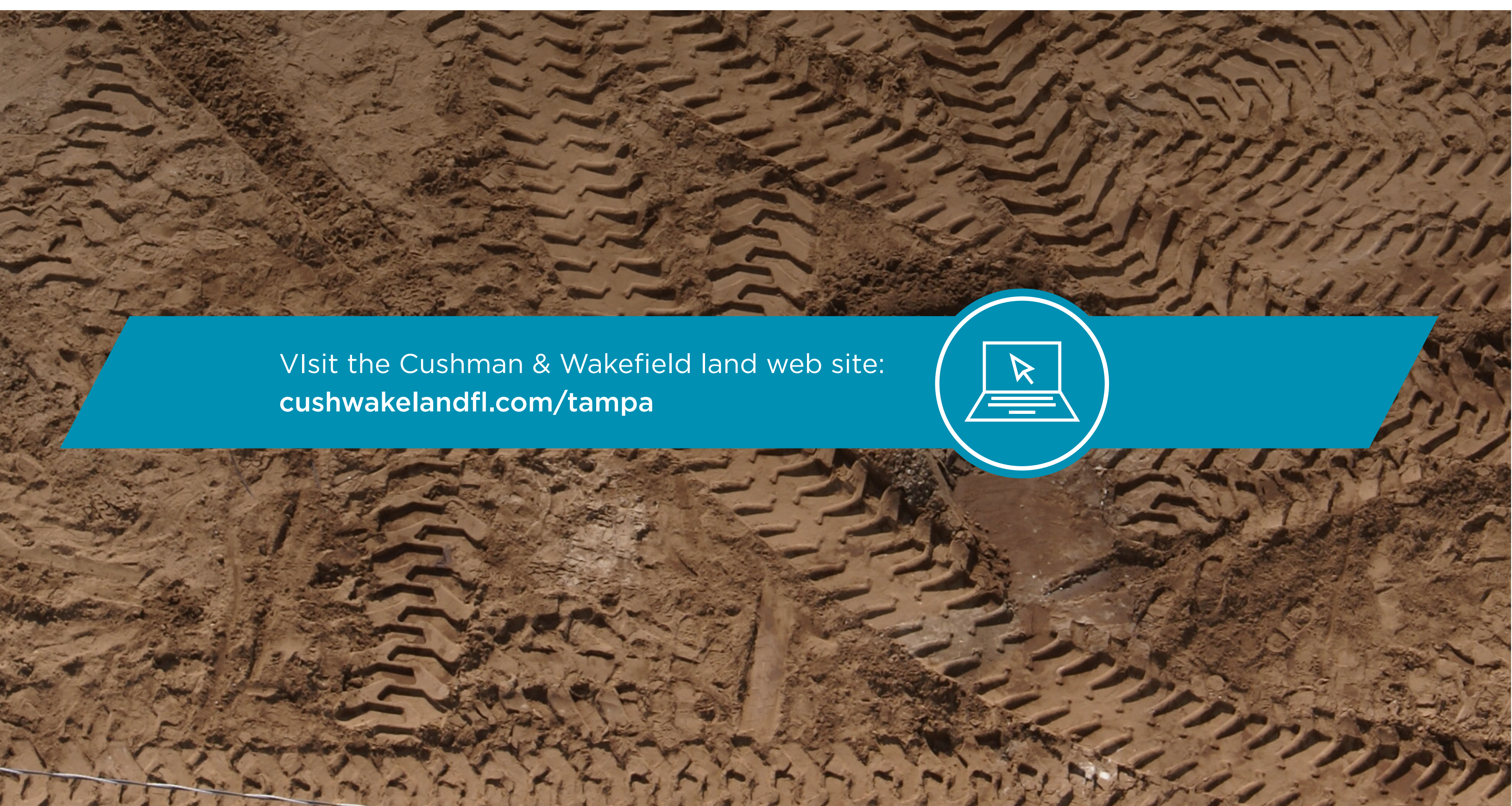
- Accardi Ashley Development purchased a 44,100 SF city block in Downtown Tampa for $187 PSF.
- Accardi Cass Street Development purchased a 44,100 SF downtown city block in Tampa for $113.38 PSF.

RETAIL

- PPG DT Temple Terrace LLC purchased 3 acres in Temple Terrace at 56th Street and Bullard Parkway for $27.36 PSF.

OFFICE

- TPA Group purchased 2.58 acres in the Heights north of Downtown Tampa for $78.30 per land foot. Property is entitled for 342,000 sf, which is $25.73 per building foot.
- China Resource Land purchased 2.31 acres in Shanghai for $8,479 per land foot. Property is entitled for 957,622 SF of office, which is $891 per building foot.



Quarterly Report Q1-2019

THE CUSHMAN & WAKEFIELD LAND ADVISORY GROUP

This group brings together teams of seasoned and knowledgeable professionals who have expertise in all aspects of buying and selling. These teams use their substantial experience and proprietary real-time local market information to analyze and develop appropriate strategies for individual sites or portfolios. By capitalizing on various resources within the company, Cushman & Wakefield is uniquely qualified to combine local real estate knowledge with experience in international and domestic capital markets through our Equity, Debt and Structured Finance Group.

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cushwakelandfl.com/tampa

Bruce K. Erhardt
Executive Director
Direct: +1 813 223 6300
Mobile: +1 813 230 9005
Fax: +1 813 221 9166
bruce.erhardt@cushwake.com

Cushman & Wakefield
One Tampa City Center
Suite 3300
Tampa, Florida 33602