Q2 - 2018

TAMPA BAY
LAND MARKET OVERVIEW
QUARTERLY REPORT

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IN THIS 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.

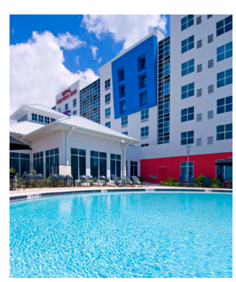
ERHARDT'S QUICK LOOK AT THE LAND MARKET

- **MULTIFAMILY LAND -** Same as the last 28 quarters, rental sites continue to be very active especially in the suburbs. Rental townhomes and single family have started contracting and closing on sites. For sale townhomes and condominiums (entry level and luxury) are under contract or construction in urban and suburban markets, and are gaining momentum.
- **SINGLE FAMILY -** As for the last 35 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 Zephyrhills and Plant City. North Manatee is hot.
- **RETAIL -** Mainly tenant grocery in particular and location driven. Outparcel subdivisions and unanchored strips in A locations is active.
- **INDUSTRIAL -** New 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+. Last mile sites are in demand.
- **OFFICE -** Same as last 23 quarters, users and B-T-S only. Developers are looking at Pasco County because of the reverse commute. TPA Group is planning, at Suncoast and 54, 2-75,000 sf buildings. Medical office building (MOBs) construction by providers continues to be active. There is, however, close to 800,000 square feet that could start tomorrow. Cushman & Wakefield represents 3 spec projects totaling 330,000 SF with delivery in 2019 and 2020.
- **HOSPITALITY -** Same as the last 16 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. Even if there is a recession in 2020, it won't affect the Tampa market, especially residential. The dot com recession in 2001 did not have an effect on the land market in the Tampa Bay area.

Erhardt Comment: *Record high lumber prices have added nearly $9,000 to the price of the single family home since January 2017. Add to this a labor shortage and the home builders cannot meet demand.*








THE BIG PICTURE

New York Times April 10th, 2018

- A forecast by Dodge Data and Analytics predicts that $13 billion will be spent on new construction and renovation in the Tampa Bay area through 2022.
- The most ambitious of the projects is Water Street Tampa a $3 billion multiuse development that will comprise 17 buildings including 2 new hotels, restaurants and rooftop bars, $1 million sqft of cultural and retail space, 3,500 residential units and an innovation hub. Already under construction is a 325,000 sqft Morsani College of Medical and Heart Institute set to open next year.

Erhardt Comment: *"With Bills Gates' Cascade Investment being the equity behind this project, Tampa is and will be seeing a lot of interest and developers from all over will want to check out Tampa just because of Gates' investment."*

Online Home Purchases Are Closer Than You Think – www.rymerstrategies.com 407-909-1377

- Consumers say they want the option to purchase a new home online. Buying a $120,000 Tesla online is now routine. Can new online home purchases be far behind?
- Embrace first steps now – 46% of new home prospects say they want the option to reserve a home / home site online with a credit card as their deposit.
- Millennials strongly prefer online purchases.
- The younger your buyer the more likely they are to embrace online verses sales agent for doing business.
- The technology is ready today – the human element is the obstacle, not technology.

National Real Estate Investor June 22, 2018

- Single family rental investors are filling the pipeline with new development.
- Developers built more than 36,000 houses for rent in 2017. That is 6% more than the year before and the largest number of "build-to-rent" houses completed in any year for at least the last 14 years.
- In Houston there are 10,893 rental homes that were built since the start of 2014.
- Other top cities include Dallas / Fort Worth which has had 5,087 single family rental houses built since 2014 and the area around Orlando which has 4,274.
- Active builder developers are American homes 4 Rent, Tricon, AHV Communities, and BB Living.
- Lenders like Fannie Mae and Freddie Mac are growing programs to provide permanent financing for single family rental homes.

Tampa Bay Times May 20, 2018

Top 10 Tampa Bay Planned Communities by Home Starts March 2017 – 2018

COMMUNITY	COUNTY	STARTS
Waterset	Hillsborough	340
Starkey Ranch	Pasco	310
Wiregrass	Pasco	292
Bexley	Pasco	253
FishHawk Ranch	Hillsborough	232
Epperson	Pasco	221
Cypress Creek	Hillsborough	210
Union Park	Pasco	205
Long Lake Ranch	Pasco	203
Magnolia Park	Hillsborough	198

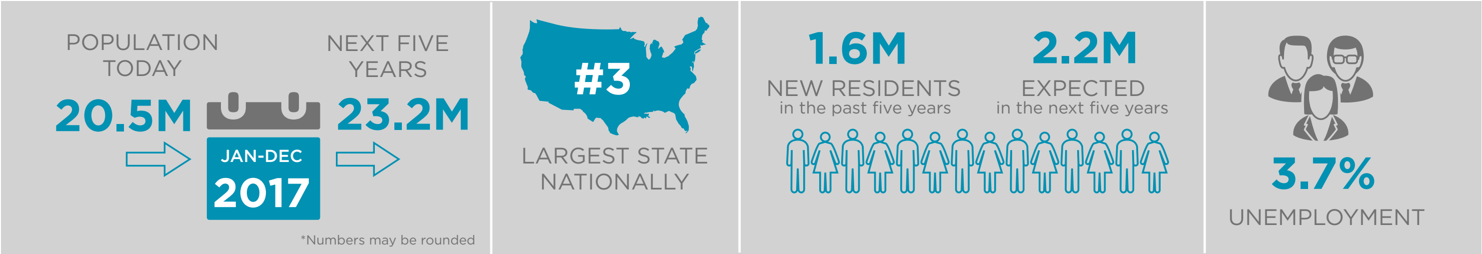
- In the Business Observer the master planned community of West Villages Florida in South Sarasota County sold 346 homes in the first quarter of 2018.

Erhardt Comment: *"if this pace continues, West Villages could sell 1,384 new homes in 2018."*

- Starkey Ranch year-to-date has sold 240 new homes and Waterset has sold 188 new homes.

Cushman & Wakefield Florida population report February 2018

- Florida had 1,600,000 new residents in the past 5 years and is expected to have 2,200,000 new residents in the next 5 years.
- Fort Myers had the largest percentage growth of 3.6% and Orlando had the largest increase in population at 75.400. Tampa Bay grew 60,700, a 1.8% change.
- Tampa had 231,410 new residents in the past 5 years and is expected to have 260,740 in the next 5 years.



- To view the entire report – click here

Florida Trend July 6, 2018 -
Florida Forest Service Announces Long Leaf Pine Program for Landowners

The Florida Forest Service announced that the Longleaf Pine Landowner Incentive Program is now accepting applications from eligible, non-industrial private forest landowners. Applications will be accepted now through Friday, July 13, 2018.

The goal of the program is to increase the acreage of healthy Longleaf pine ecosystems in Florida by helping non-industrial private forest landowners make the long-term investment required to establish and maintain this valuable ecosystem. The program offers incentive payments for completion of timber stand improvement, invasive species control, prescribed burning, planting Longleaf pine, native plant understory establishment and mechanical underbrush treatments. The program is offered for private lands in the following Florida counties: Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Wakulla and Washington in Northwest Florida, and Alachua, Bradford, Brevard, Citrus, Clay, Lake, Levy, Marion, Orange, Putnam, Seminole, Sumter and Volusia in Central Florida.

Longleaf pine forests are native to the southeastern United States and are among the most diverse ecosystems in North America. Longleaf pines provide high quality wood products and are highly valued for their resistance to damage by insects, disease, wildfire and storms. Longleaf pine forests have been dramatically reduced to less than four percent of historical area due to urbanization and conversion to other land uses. Florida is currently home to more than 2 million acres of Longleaf pine ecosystems, which is more than half of all known longleaf pine ecosystems.

Application forms and more information on program requirements and procedures can be found by visiting FreshFromFlorida.com or by contacting your local county forester. The program is supported through a grant from the National Fish and Wildlife Foundation with funding from the Southern Company, USDA Forest Service, The Nature Conservancy, Natural Resource Conservation Service, the U.S. Department of Defense and the U.S. Fish & Wildlife Service.

The Florida Forest Service, a division of the Florida Department of Agriculture and Consumer Services, manages more than 1 million acres of state forests and provides forest management assistance on more than 17 million acres of private and community forests. The Florida Forest Service is also responsible for protecting homes, forestland and natural resources from the devastating effects of wildfire on more than 26 million acres. Learn more at www.FloridaForestService.com

Black Creek Research Cycle Monitor – Real Estate Market Cycles, First Quarter 2018, Cycle Monitor, Glenn Mueller 303-953- 3872 Click Here

Real Estate Physical Market Cycle Analysis of 5 Property Types in 54 Metropolitan Statistical Areas (MSAs).

Equilibrium – "a state of balance, due to the equal action of opposing forces." This concept can easily apply to the U.S. economy and to many property types in many cities across the United States. The moderate (or slow) growth in demand since 2010 has been met with a relatively equal moderate growth in supply. As always some cites lead and some lag the national average, based upon their economic-base industries and their attractiveness to employees as a place to live. U.S. real estate has had long-term secular growth for more than 500 years, with increasing incomes and values, but cyclical swings (some large, some small). It appears the United States is in a moderate, long-term upcycle today.

Office occupancy was flat in 1Q18 and rents grew 0.4% for the quarter and 1.7% annually

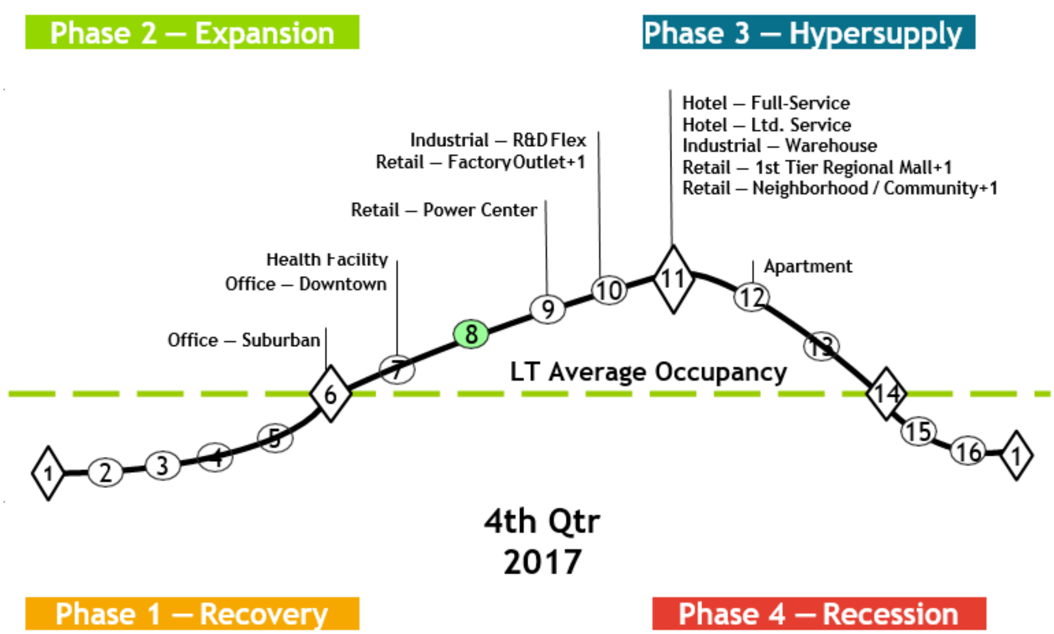
Retail occupancy was flat in 1Q18 and rents grew 0.2% for the quarter and 1.8% annually

Industrial occupancy was flat in 1Q18 and rents grew 1.5% for the quarter and 6.0% annually

Hotel occupancy was flat in 1Q18 and room rates grew 1.9% for the quarter and 3.3% annually

Apartment occupancy increased 0.1% in 1Q18 and rents grew 1.3% for the quarter and 2.6% annually

National Property Type Cycle Locations



Source: Mueller, 2018

Office Market Cycle Analysis

The national office market occupancy level remained flat in 1Q18 and increased 0.1% year-over-year. Good demand helped to decrease concessions from landlords in tech employment cities., while other cities saw concessions rise an average of 3.5%. Many landlords are also dedicating space for short-term leases to small startup companies to compete with WeWork and other short-term flex leasing companies. Supply growth continues to be moderate, providing and equilibrium force in many markets. Average national rents increased 0.4% in 1Q18 and produced a 1.7% increase year-over-year.

Tampa for the second quarter is at level 10, which is high rent growth in a tight market. With Tampa is Orlando. Behind Tampa is Jacksonville, Fort Lauderdale, Palm Beach, Miami, Charlotte and Atlanta.

Industrial Market Cycle Analysis

Industrial occupancies were flat in 1Q18 and were unchanged year-over-year – a sign of equilibrium in demand and supply as shown by peak point #11 in the cycle graph demonstrating demand and supply growing at the same rate. There are currently no signs of hyper-supply in the future from either a decline in demand or a large increase in supply above needed levels. Many industrial experts believe in could take 10 years to build out the needed e-commerce storage space for retailers. The continues moderate growth of the U.S. economy could provide a peak equilibrium point #11 situation for many years to come. Industrial national average rents increased 1.5% in 1Q18 and increased 6.0% year-over-year.

For the 3rd quarter, Tampa is at level 11, which is demand/supply equilibrium point. With Tampa is Palm Beach, Raleigh-Durham, Orlando, Nashville, Miami, Fort Lauderdale, Jacksonville, Charlotte and Atlanta.

Apartment Market Cycle Analysis

The national apartment occupancy average increased 0.1% in 1Q18 but was flat year-over-year. Demand continued its moderate growth rate, while supply growth slowed enough in six markets to allow their occupancy levels to rise and improve their position on the cycle chart. Five of the six markets actually returned to their peak equilibrium occupancy levels. Higher interest rates and rising construction costs should help to slow new apartment supply in the future, allowing markets to come back into equilibrium. Average national apartment rent growth increased 1.3% in 1Q18 and 2.6% year-over-year.

For the 11th quarter Tampa is at level 13 the hyper supply phase of rent growth, positive but declining. With Tampa is Palm Beach, Nashville, Miami, Atlanta. Behind Tampa is Raleigh-Durham, Memphis, Charlotte, Orlando, Fort Lauderdale and Jacksonville.

Retail Market Cycle Analysis

Retail occupancies were flat in 1Q18 year-over-year. This is a sign of equilibrium that is also seen in the national average retail occupancy being at point #11 on the cycle graph. With most of the cities at peak point #11 and most of the others just behind or ahead by one point, a demand supply balance is quite apparent. New retail concepts are filling the space of failed retailers and more e-commerce companies are renting brick and mortar stores for multiple reasons, including Amazon. Very low levels of new construction continue, which supports market balance. National average retail rents increased 0.2% in 1Q18 and 1.8$ year-over-year.

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

Hotel Market Cycle Analysis

Hotel occupancies were flat in 1Q18 and increased 0.2% year-over-year. Equilibrium occupancy is evident as the national hotel average remains at peak point #11 in the cycle. Business and leisure travel demand continues to grow moderately, and this demand is being met by moderate supply growth in most cities. There appears to be an increase in micro-size hotel units in some major cities where room rates are higher the national average hotel room rate increased 1.9% in 1Q18 and 3.3% year-over-year.

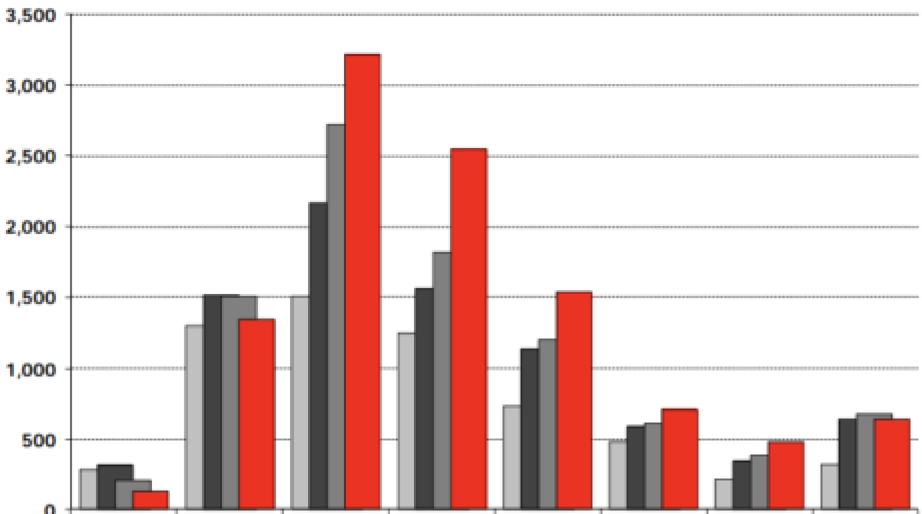
For the 6th quarter Tampa is at level 11, the demand/supply equilibrium point. With Tampa is Palm Beach, Orlando, Nashville, Jacksonville, Fort Lauderdale, and Atlanta. Behind Tampa is Memphis and Raleigh-Durham. Ahead of Tampa is Miami.

TAMPA BAY SINGLE FAMILY MARKET OVERVIEW

MetroStudy: Tampa Housing 1Q-18: 2018 Starts Strong – Stable Growth Expected to Continue for Several Years

- Quarterly New Home Starts are up 3.7% YoY, while the Annual Starts rate is up 16.3% from 1Q17 levels
- The Quarterly Closings rate is down slightly from 1Q17 but the Annual Closings rate is up 11.3% YoY
- Metrostudy's five year forecast shows Tampa as a stable market with some slight pricing risk by 2020, when mortgage rates rise to near 5.75%.
- 2,415 single-family units were started in the quarter, an increase of 3.7% over 1Q17's rate. The annual starts rate, compared to last year, increased by 16.3%, to 10,623 annual starts
- The annual closings rate was 9,899 units, up 11.3% above the annual closings rate for the twelve months ended 1Q17.

Annual Starts By Price Range



	<$150	$150-$200	$200-$250	$250-$300	$300-$350	$350-$400	$400-$450	$450+
1Q15	283	1,304	1,510	1,247	729	481	217	326
1Q16	316	1518	2164	1560	1137	587	343	638
1Q17	211	1,509	2,720	1,816	1,201	611	384	681
1Q18	136	1,350	3,213	2,546	1,538	712	483	645

- Hillsborough County remained the most active county within the Tampa market. Hillsborough County gained market share, up from 58.6% as of 1Q2017 to 59.3% as of 1Q2018. Market share in Pasco also grew, up from 28.9% as of 1Q 2017 to 30.3% as of 1Q 2018. The VDL supply throughout all of Hillsborough County stood at 17.4 months as of 1Q 2018, down 1.7 months from 1Q 2017.
- The VDL supply in Pasco stood at 19.4 months as of March 31, 2018. One year ago, Pasco had a 29.7 month supply of vacant developed lots. Hillsborough and Pasco county accounted for 89.6% of all annual start activity in Tampa Bay as of 1Q 2018.

TAMPA BAY MULTIFAMILY MARKET OVERVIEW

AxioMetrics, Inc. Market Performance Summary, Q1-2018, Tampa – St. Petersburg – Clearwater, Florida Metropolitan Statistical Area

Apartment Performance

Effective rent increased 0.6% from $1,149 in 4Q17 to $1,156 in 1Q18, which resulted in an annual growth rate of 3.4%. Annual effective rent growth is forecast to be 2.9% in 2019, and average 2.6% from 2020 to 2022. Annual effective rent growth has averaged 2.6% since 3Q96.

The market's annual rent growth rate was above the national average of 2.5%. Out of the 120 markets ranked by Axiometrics nationally, Tampa-St. Petersburg-Clearwater, FL Metro Area was 40th for quarterly effective rent growth, and 33rd for annual effective rent growth for 1Q18. The market's occupancy rate increased from 95.0% in 4Q17 to 95.2% in 1Q18, and was up from 94.8% a year ago.

The market's occupancy rate was above the national average of 94.5% in 1Q18. For the forecast period, the market's occupancy rate is expected to be 95.3% in 2019, and average 94.8% from 2020 to 2022. The market's occupancy rate has averaged 94.0% since 3Q95.

Market Survey Results and Forecasts

	Sequential				Month	Annual						
	2Q17	3Q17	4Q17	1Q18	May-18	2016	2017	2018F	2019F	2020F	2021F	2022F
Effective Rent Per Unit	$1,135	$1,150	$1,149	$1,156	$1,190	$1,107	$1,138	$1,175	$1,209	$1,234	$1,271	$1,306
Per Sq. Ft	$1.20	$1.21	$1.21	$1.22	$1.26	$1.17	$1.20	$1.24	$1.28	$1.30	$1.34	$1.38
Effective Rent Growth - Annually	2.5%	2.4%	2.9%	3.4%	4.9%	5.6%	2.8%	3.2%	2.9%	2.1%	3.0%	2.7%
Effective Rent Growth - Quarterly	1.5%	1.3%	-0.1%	0.6%								
Occupancy Rate	95.0%	95.2%	95.0%	95.2%	95.8%	95.3%	95.0%	95.4%	95.3%	94.8%	95.0%	94.5%
Occupancy Change - Annually	-0.6%	-0.2%	0.3%	0.4%	0.9%	-0.2%	-0.3%	0.5%	-0.1%	-0.6%	0.3%	-0.5%
Occupancy Change - Quarterly	0.2%	0.2%	-0.2%	0.2%								
Economic Concessions												
Concession Value	$-5.49	$-4.01	$-5.33	$-5.01	$-2.35	$-4.46	$-5.51					
As a % of Asking Rent	-0.5%	-0.4%	-0.5%	-0.4%	-0.2%	-0.4%	-0.5%					

Demand and Supply

According to the Bureau of Labor Statistics, job growth in Tampa-St. Petersburg-Clearwater, FL Metro Area was 2.3% in May 2018, reflecting 30,400 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 Metro Area's job growth to be 2.1% in 2019, with 28,020 jobs added. Job growth is expected to average 1.1% from 2020 to 2022, with an average of 15,003 jobs added each year.

On the supply side, permits for 4,515 multifamily units were issued in the 12 months ending in April 2018, down -974 units from the prior year's sum. In terms of total residential housing, 17,583 units were permitted in the 12 months ending April 2018, a decrease of -697 units from the prior year's total.

Multifamily Absorption and Supply

	Annual			3Q17		Annual Forecast				
	2015	2016	2017	Market	National	2018F	2019F	2020F	2021F	2022F
Total Units Absorbed	5,620	1,728	5,199	5,387	342,414	6,801	2,099	919	3,670	922
New Supply	3,987	4,704	4,646	4,544	374,265	5,284	3,235	3,066	2,460	3,830
Inventory Growth	1.3%	1.5%	1.5%	1.5%	1.5%	1.6%	1.0%	0.9%	0.7%	1.1%

Identified Supply

As of June 24, 2018, Axiometrics has identified 4,737 apartment units scheduled for delivery in 2018, of which, 1,029 have been delivered. As a comparison, there were 4,521 apartment units delivered in 2017. Properties delivered to the market in the last 12 months have achieved an average asking rent of $1,826 per unit, or $1.86 per square foot. Effective rent has averaged $1,721, or $1.75 per square foot, resulting in an average concession value of $-105.08. As a comparison, existing properties in the market had an average asking rent of $1,161 per unit ($1.23 per square foot) and an average effective rent of $1,156 per unit, or $1.22 per square foot, in 1Q18. Concessions for existing properties averaged $-5.01.

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
Brandon/Plant City	204	36	425	665	16	2	$1,281	$1.12	$1,281	$1.12
Central St. Petersburg	338	248	514	1,100	281	12	$2,200	$2.32	$2,167	$2.29
Central Tampa	766	2,334	909	4,009	1,540	14	$2,123	$2.17	$1,954	$1.99
North Hillsborough	177	37	576	790	188	17	$1,403	$1.34	$1,376	$1.32
Pasco County	348	240	772	1,360	166	11	$1,304	$1.32	$1,288	$1.30
Other	1,249	1,626	1,541	4,416	1,173	16	$1,505	$1.55	$1,427	$1.47
Tampa-St. Petersburg-Clearwater, FL	3,082	4,521	4,737	12,340	3,364	13	$1,829	$1.87	$1,724	$1.70

*Based on 2018 deliveries

*Trend Based on trailing 12 month period

TAMPA BAY HOSPITALITY MARKET OVERVIEW

Year to Date May 2018, Tampa/Hillsborough County Hospitality Statistics, Visit Tampa Bay

Occupancy Rate	71.5%
Room Rates	ADR $122.77
Room Expenditures	RevPAR $87.79
Supply	689,936
Demand	493,347
Revenue	$60,568,268

TAMPA BAY RETAIL MARKET OVERVIEW

Q1-2018 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 first quarter 2018. The vacancy rate went from 4.6% in the previous quarter to 4.7% in the current quarter. Net absorption was positive 102,479 square feet, and vacant sublease space increased by 14,377 square feet. Quoted rental rates decreased from fourth quarter 2017 levels, ending at $14.89 per square foot per year. A total of 31 retail buildings with 351,544 square feet of retail space were delivered to the market in the quarter, with 1,801,634 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was basically flat in Tampa/St Petersburg first quarter 2018, with positive 102,479 square feet absorbed in the quarter. In fourth quarter 2017, net absorption was positive 1,190,151 square feet, while in third quarter 2017, absorption came in at negative (636,388) square feet. In second quarter 2017, positive 229,022 square feet was absorbed in the market.

Vacancy

Tampa/St Petersburg's retail vacancy rate increased in the first quarter 2018, 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 second quarter 2017, to 4.9% at the end of the third quarter 2017, 4.6% at the end of the fourth 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 second quarter 2017, there were 199,674 square feet of vacant sublease space. Currently, there are 198,500 square feet vacant in the market.

Largest Lease Signings

The largest lease signings occurring in 2018 included: the 41,730-square-foot-lease signed by Big Lots at 501 N Beneva Rd; the 34,000-square-foot-deal signed by LA Fitness at Lakewood Ranch Blvd & SR 70; and the 32,590-square-footlease signed by Sky Zone at 13000 66th Street North.

Rental Rates

Average quoted asking rental rates in the Tampa/St Petersburg retail market are down over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the first quarter 2018 at $14.89 per square foot per year. That compares to $14.95 per square foot in the fourth quarter 2017, and $14.55 per square foot at the end of the second quarter 2017. This represents a 0.4% decrease in rental rates in the current quarter, and a 2.28% increase from four quarters ago.

Inventory & Construction

During the first quarter 2018, 31 buildings totaling 351,544 square feet were completed in the Tampa/St Petersburg retail market. Over the past four quarters, a total of 1,384,055 square feet of retail space has been built in Tampa/St Petersburg. In addition to the current quarter, 28 buildings with 468,168 square feet were completed in fourth quarter 2017, 33 buildings totaling 221,519 square feet completed in third quarter 2017, and 342,824 square feet in 43 buildings completed in second quarter 2017. There were 1,801,634 square feet of retail space under construction at the end of the first quarter 2018.

Some of the notable 2018 deliveries include: Gulf to Bay Shopping Center, a 101,760-square-foot facility that delivered in first quarter 2018 and Goodwill, Inc., a 33,000-square-foot building that delivered in first quarter 2018.

Total retail inventory in the Tampa/St Petersburg market area amounted to 243,368,469 square feet in 20,585 buildings and 2343 centers as of the end of the first quarter 2018.

Shopping Center

The Shopping Center market in Tampa/St Petersburg currently consists of 2286 projects with 93,629,789 square feet of retail space in 3,949 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 148,550 square feet and delivering 126,760 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 7.2% at the end of the fourth quarter 2017 and this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 7.1% at the end of the second quarter 2017, to 7.6% at the end of the third quarter 2017, to 7.2% at the end of the fourth quarter 2017 and the end of the current quarter.

Rental rates ended the first quarter 2018 at $13.61 per square foot, up from the $13.42 they were at the end of fourth quarter 2017. Rental rates have trended up over the past year, going from $13.30 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 368,633 square feet over the past four quarters. In addition to the positive 148,550 square feet absorbed this quarter, positive 510,991 square feet was absorbed in the fourth quarter 2017, negative (471,378) square feet was absorbed in the third quarter 2017, and positive 180,470 square feet was absorbed in the second quarter 2017.

Power Centers

The Power Center average vacancy rate was 3.7% in the first quarter 2018. With positive 16,626 square feet of net absorption and no new deliveries, the vacancy rate went from 3.9% at the end of last quarter to 3.7% at the end of the first quarter.

In the fourth quarter 2017, Power Centers absorbed positive 55,786 square feet, delivered no new space, and the vacancy rate went from 4.4% to 3.9% over the course of the quarter. Rental started the quarter at $25.09 per square foot and ended the quarter at $26.70 per square foot.

A year ago, in first quarter 2017, the vacancy rate was 4.2%. Over the past four quarters, Power Centers have absorbed a cumulative 46,238 square feet of space and delivered cumulative 0 square feet of space. Vacant sublease space has gone from 2,516 square feet to 0 square feet over that time period, and rental rates have gone from $26.29 to $21.96.

At the end of the first quarter 2018, there were 7,800 square feet under construction in the Tampa/St Petersburg market. The total stock of Power Center space in Tampa/St Petersburg currently sits at 10,345,584 square feet in 28 centers comprised of 170 buildings. A total of 7,800 square feet of space was under construction at the end of the first quarter 2018

TAMPA BAY OFFICE MARKET OVERVIEW

Cushman & Wakefield Q2 2018 Office Market Overview – Tampa/Hillsborough County

Westshore Office Overview:

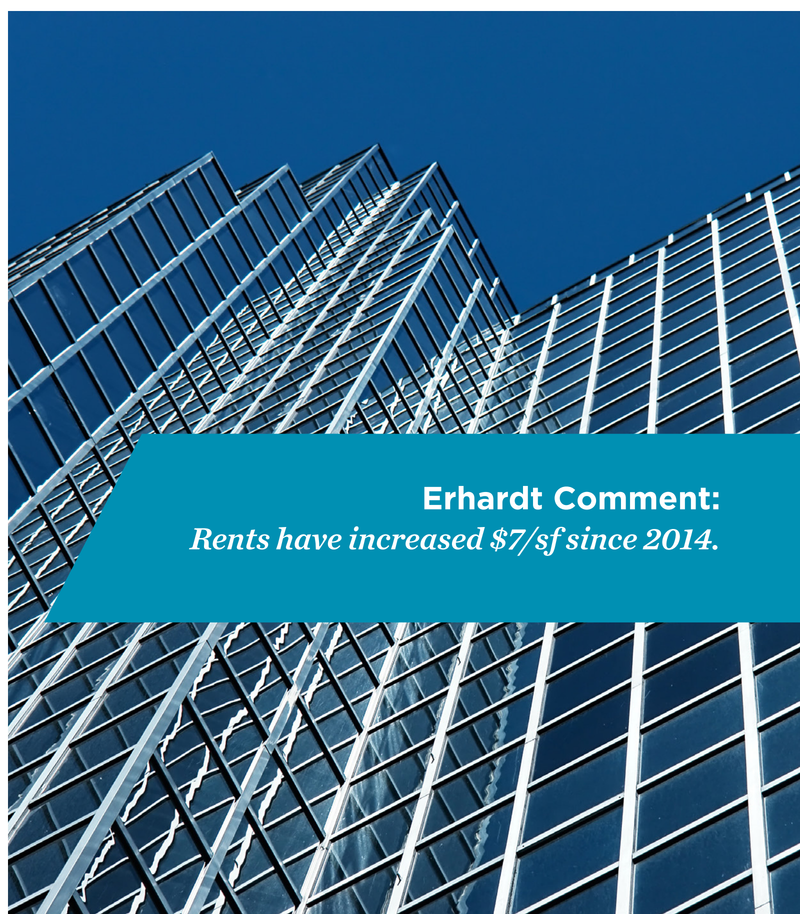
- Overall vacancy at the end of the second quarter of 2018 is 10.9% compared to 10.5% last year and 9.4% last quarter. Class A is at 9.2% compared to 8.7% last year and 7.6% last quarter.

I-75 Office Overview:

- Overall vacancy at the end of the second quarter of 2018 is at 12.1% compared to 14.1% a year ago and 14.2% last quarter. Class A is at 5.5% compared to 6.9% a year ago and 6.4% last quarter. This is the lowest vacancy since 2008.

Tampa Central Business District:

- Overall vacancy at the end of the second quarter of 2018 is at 11.3% compared to 13.7% a year ago and 12.1% last quarter. Class A is at 8.3% compared to 10.0% a year ago and 9.0% last quarter.



TAMPA BAY INDUSTRIAL MARKET OVERVIEW

Our Perception on the Market. Julia Rettig, Senior Director, Industrial Brokerage and Chris Owen, Director, Florida Research, Cushman & Wakefield of Florida, LLC.

As a major consumer market, the Tampa Bay region remains in the forefront of the changing retail landscape. Consumer demand and seamless service expectations continue to drive the industrial market today. Retailers seek to take advantage of this trend by prioritizing current order fulfilment and distribution operations. We are seeing many users in Tampa Bay expand or consolidate their current operations to create more efficient networks that gets products closer to consumers.

Many retailers are also outsourcing their order fulfillment support to delivery companies and 3PL's to meet customer expectations. This is creating a need for larger facilities that require more land. Sites under development that provide space for larger operations have become extremely attractive. Examples are a well-known (cannot disclose yet) Global Supply Chain user's acquisition of a 520,000-sf speculative building under construction at Lakeland's Key Logistics site as well as , Blue Steel's two buildings in the same market that are set to deliver in the next six to twelve months, for 498,000 sf and 350,000 sf respectively.

The requirements by users in the market being announced today for the I-4 Corridor mimic the size of transactions that are customary in larger first-tier markets like Atlanta, Chicago and South Florida.

A strong indicator of Tampa Bay's attractiveness to large big box users is the recent announcement by Dallas developer, Xebec. It is developing a 60-acre site in Lakeland with frontage along I-4 with construction of a 533,000-sf facility expected to commence in the fourth quarter of 2018. The finished facility will have 40-foot clear heights and a 185-foot truck court with 114 docks, 368 automobile parking spaces, and 102 container parking spaces.

Other developers are also finalizing projects to be ready for any contingency. Aspyre Properties is in design for a 550,000-sf facility at their Interstate Commerce Park and Brennan Investment Group is under construction on their remaining 440,000-sf pad after leasing a 605,000-sf facility to Quaker. The Quaker property later fetched a record setting cap rate for an industrial sale for the Tampa Bay region.

The market for large blocks of space remains competitive. Developers that can deliver over 600,000 sf contiguous remain rare. McCraney Development is poised to jump on that market need opportunity should it arise with a permit ready 800,000 sf pad in hand.

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

West Tampa Industrial Overview:

- The overall vacancy at the end of the second quarter of 2018 is 5.0% compared to 4.8% a year ago and 4.5% last quarter.
- Warehouse distribution is at 3.9% vacancy compared to 2.8% a year ago and 3.3% last quarter.
- Office Service Center is at 9.98.7% vacancy compared to 7.39.8% a year ago and 7.9 11.0% last quarter.

East Tampa Industrial Overview:

- The overall vacancy at the end of the second quarter of 2018 was 6.5 compared to 6.2% a year ago and 6.1 last quarter.
- Warehouse distribution is at 6.8 vacancy compared to 6.4% a year ago and 6.4% last quarter.
- Office Service Center is at 8.6% vacancy compared to 10.2% last year and 7.7% last quarter.

Plant City Industrial Market Overview:

- The overall vacancy at the end of the second Quarter was 6.9% vacancy compared to 1.9% a year ago and 6.7% last quarter.
- Warehouse distribution is at 9.6% vacancy compared to 2.4% a year ago and 9.2% last quarter.

Lakeland Industrial Market Overview:

- The overall vacancy at the end of the second Quarter was 4.5% vacancy compared to 5.1% a year ago and 4.9% last quarter.
- Warehouse distribution is at 5.6% vacancy compared to 6.2% a year ago and 6.2% last quarter.

LAND SALES

Multifamily

- Bainbridge purchased 14 usable acres at 22nd ave North and 72nd street Saint Petersburg for $31,944 per unit plus demolition. They are building 360 units at 25.7 units per acre.
- WCI paid $12,500,000 for 14.7 developed acres at Tampa's Westshore Marina District for $89,258 per unit, land developed. Density is 14.7 units per acre for townhome product.

Single family

- KB homes purchased 46 acres on Lorraine Rd. Manatee County north west corner of Lorraine Rd. and SR70 for $7,774,000. They are planning 139 lots, or $55,928 per lot.
- Neal Land Ventures purchased 300 acres at I-75 and Laurel Rd. the property is zoned for 1,500 units for $12,000 per unit.

Retail

- Bromley Companies purchased 0.97 acres at the corner of North Dale Mabry and West Cypress Street in Tampa for $248.50 per sqft. The property will be added to a 22 acre mixed use development called Midtown.

Agricultural

- Hawk's Ranch purchased 355.1 acres for $5,913 per gross acre, near Dade City, Pasco County.
- Rayonier bought 17,808 acres of timber land in northeast Florida for $1,347 per acre.
- Land South Manatee LLC. Purchased 2,329 acres on Harrison Rd. in Myakka City, Manatee County for $3,874 per gross acre.

VIsit the Cushman & Wakefield land web site:
www.cushwakelandfl.com/tampa

Quarterly Report Q2 - 2018

THE CUSHMAN & WAKEFIELD LAND PRACTICE 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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