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**Tampa Bay Land Market Overview**  
**4Q – 2011**



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](http://www.cushwakelandfl.com/tampa).

**Erhardt's Quick Look at the Land Market**

- **Multifamily land** – For the 13th quarter, land for multifamily for sale product is not active with the exception of investors. I have seen some interest in infill townhome land to deliver product under \$100,000. Rental developers are extremely active in Pinellas County with six deals under contract, that I am aware of. In Hillsborough County, activity is in infill, high density sites.
- **Single Family** – For the last nine quarters, builders and developers are closing and making offers on A and B locations. C locations are mostly held by investors. As stated previously, I believe we will have a shortage of A location lots third or fourth quarter of this year.
- **CDDs** – Bondholders continue to foreclose with special purpose entities taking title. The SPEs are charged with bringing in builders who can pay the bond obligations.
- **Retail** - Same as last 19 quarters, land prices are flat; however, I do not see them declining. Retail development continues to be driven by single tenant, necessity retail and investors.
- **Industrial** – No change, users only. Beginning to see a shortage of class A warehouse space for users 100,000 sf or larger. With the combined Tampa, Pinellas and Lakeland markets ending 2011 at 6.7% vacancy, you would think developers would start new construction. Unfortunately, current rents for larger, class A warehouse space is \$3.25 to \$3.50/sf, and new construction needs \$4.50/sf. In talking to a Cushman & Wakefield broker in Phoenix last week, they are in the same position with rents and vacancy, but the broker said developers are taking a “leap of faith” by starting new construction now.
- **Office** – No change, users only.
- **Hospitality** – No new development. Operators are buying distressed, existing hotels from banks.
- **Bank Deals** – Picking up with some banks being more aggressive than others. One bank in particular will hold for another year or two if they see an upside in doing so.
- **Agricultural Land** – I've read numerous articles about farmers purchasing subdivision land at agricultural prices.

*I think the Tampa Bay land market, in 2012, will be similar to 2011, with the exception of positioning by developers to deliver product in 2013.*

## **The Big Picture.**

I continue to be intrigued with land business in China. In the English.news.cn, a January 2, 2012 article stated that land sales in 130 major Chinese markets dropped 13% year on year in 2011, as property market curbs continue to bite the realty industry. The declines in land sales are attributed to squeeze liquidity conditions of developers in a cooling market in the midst of government's strict tightening measures, including prohibiting purchases of third homes and raising down payment requirements.

The leading city, Shanghai, had land sales in 2011 of \$20 billion U.S. dollars, down 16.7% year on year.

## **University of Central Florida's Economist Sean Snaith, Quarterly Forecast**

Florida's economic growth to continue. Incomes and population growth will be up in 2012 and unemployment is slowly declining. Snaith states that statewide unemployment to remain above 9% until late 2014. Orlando and Tampa likely will grow jobs more quickly than elsewhere in the state.

## **Growth Spurt has Florida Closing in on New York for #3 Population Spot**

Florida had the nation's third largest population growth in 2011. The U.S. Census reported that Florida grew by 256,000 residents from April 2010 to July 2011. Texas and California were the only states with larger growth. Florida now has 19.1 million residents, making it the nation's fourth most popular state.

## **High Tech Jobs – Business Week**

Florida was rated #8 with 50% growth. Companies hiring were Moffitt Cancer Center and Raymond James Financial.

Tampa is home to a growing number of small tech companies, but has shallow talent pools for the sector.

## **Sunrise, Florida – Excerpts from Presentation by Noted University of Florida Economics Professor, David Denslow, Ph.D., Presented to the Florida Council of 100**

- Florida is heading in the right direction.
- Third in the U.S. for job growth with 92,400 since January.
- 12 month growth rate higher than the U.S. for the first time in three and one-half years.
- Employment rate for September 2011 was 10.6%, down 1.3% since January.
- Florida is one of America's top five best states for business (Chief Executive Magazine).
- First in the nation for high growth industries (Wells Fargo Securities Economic Group).

- Home to 261 of the nation's fastest growing private companies (Inc. magazine).
- Sixth overall (second among big states) for the best places to run a small company (small business and entrepreneurship council).
- Home to four of the best cities where minority entrepreneurs (Forbes).
- Among America's top 10 states for entrepreneurial activity (Kauffman Foundation).
- Home to four of the nation's top cyber cities (TechAmerica Foundation).
- Home to five cities designated as "International Innovation Leaders" (Orlando, Jacksonville, Tallahassee, Tampa and Miami). (Innovation Cities).
- Still one of America's strongest population magnets – tied for first. (Business First).
- Still among the top three states where people would like to live. (Harris Pool).
- Now the nation's fourth largest export state (Enterprise Florida).
- Enjoying its lowest crime rate in four decades (State of Florida).

### **Long-run trends shaping Florida's future are globalization and senior population growth.**

#### **Globalization and Jobs**

- A larger, global economy, global rebounding (declining U.S. trade deficit), and trade agreements are creating more export jobs in Florida.
- Rising foreign direct investment in Florida is also creating jobs.
- High skill wages soaring. Mid skill falling, low skill rising slightly.

#### **The Boomers Are Coming**

- Florida's senior population projected to rise by 90% in just two decades.
- 55+ population in Florida to rise by 2030 to 26% of the population, and over 40% of the voters.
- Retirees tend to generate low – skill professional service jobs.

#### **State of Florida's Possibilities**

- Worldwide leader in STEM (Science Technology Engineering and Math) graduates.
- Recognized in medicine and life sciences.
- A key strategic position in global trade and logistics.
- Leadership in energy and power innovation.
- Magnet for entrepreneurial investment.
- Identified by creative and vibrant global cities.

### **Tampa Bay Partnership, Stuart Rogel's Presentation to November 16<sup>th</sup> Meeting of Florida Gulf Coast Commercial Association of Realtors (FGCAR)**

- The Tampa Bay Partnership represents eight counties with 4,200,000 residents, 1,900,000 jobs. These counties represent the 14th largest market in the country.
- Clusters – implied medicine in human performance (largest), high tech electronics and instruments, business financial and data services, marine and environmental activities.

These clusters represent 24% of the region's employment base. They're average wage is 119% higher than the region's average annual wage. The Tampa Bay Partnership is implementing a regional business plan to grow these clusters to 500,000 jobs ([www.tampabay.org/regionalbusinessplan](http://www.tampabay.org/regionalbusinessplan)).

### **Site Selection Magazine Names Top Business Climates for 2011**

- Top 10 state business climates 2011, based on tech climate criteria and the state's performance in Site Selection's new magazine's new plant database:

1.	Texas	6.	Indiana
2.	Georgia	7.	Louisiana
3.	North Carolina	8.	Tennessee
4.	Virginia	9.	Ohio
5.	South Carolina	10.	Florida

- Site Selection Magazine also surveyed corporate site selectors, which gave the following rankings:

1.	Texas	4.	Florida
2.	North Carolina	5.	Tie Tennessee and Virginia
3.	Georgia	6.	South Carolina

### **Gulf Coast Business Review, October 28, 2011, Cost of Living Affordability**

The cost of living in Tampa is lower than any other major metropolitan area in Florida, a new study suggests. The Council for Community and Economic Research updated its ACCRA Cost of Living Index this month looking at six categories – housing, utilities, groceries, transportation, health care, and miscellaneous category to determine affordability across the United States.

Tampa received a 91.3 score, where 100 represents a nationwide average score. Other metro areas receiving scores from the CCER include Jacksonville (94.9), Miami (108.3), and Orlando (97.2).

The housing price had the largest impact in Florida score, with a category of 78.1, or 21.9% below the national average.

Elsewhere in the nation, the Manhattan area received the highest index score with a 223.9. Harlingen, Texas had the lowest score at 81.7. Harlingen is 112 miles south of Corpus Christi, Texas.

### **Kiplinger Reports** **October 28, 2011, Economic Forecasts**

GDP quote slipping under 2% for 2012.  
Interest rates – 10 year treasury near 2% in mid 2012.

Inflation – slipping back to 2% in 2012.

Unemployment – Stuck at about 9% through 2012.

Crude Oil – trading in the \$85 to \$90 per barrel range end of January (oil closed at over \$100 during the past week).

Trade – deficit near \$605 billion in 2012, up about 10% over 2011.

#### **November 4, 2011, Global Forecast, GDP Growth**

<b>GLOBAL FORECASTS</b>		
<b>GDP GROWTH</b>	<b>2011</b>	<b>2012</b>
World	3.5%	3.4%
United States	2.0%	2.0%
Euro zone	1.6%	0.8%
China	9.1%	8.5%
Japan	-0.5%	2.0%
United Kingdom	1.0%	1.3%
Brazil	3.5%	3.4%
Russia	4.2%	3.5%
Canada	2.2%	2.2%
India	7.6%	7.7%
South Korea	3.8%	4.1%
Mexico	3.5%	3.3%

#### **December 16, 2011, China**

- China is #1 on several scores:
- The most prodigious trader and largest foreign creditor.
- The greatest contributor to global economic growth.
- Tops in production of ships, steel and automobiles.
- When you include Hong Kong and Macau, China is the world's largest exporter of goods and services.
- China's GDP will top the U.S. in 2026.
- In 2010, China spent nearly \$65 billion on business ventures around the world, investing heavily in Africa, South America and Asia to guarantee supplies of natural resources such as oil, natural gas and iron ore.

**Dividend Capital Research Cycle Monitor – Real Estate Market Cycles, Q3-2011,**  
**[www.dividendcapital.com](http://www.dividendcapital.com), 866-324-7348**

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

Job growth continued to move along at a slow 100,000 increase per month. U.S. consumers continue to take a wait and see attitude as the Greek debt crisis and other world events do not provide a positive outlook for the future. "Occupy Wall Street" protestors seem to be a sign of the times, as they are vocal about not liking the situation, but do not have any useful ideas for improvement. Governments seem to be in a similar stalemate. Despite these problems, all five property types showed minor increases in occupancy levels and rents grew for all except hotel.

- Office occupancies **improved** 0.2% in Q3-2011, and rents grew 0.3% for the quarter and were up 0.2% annually.
- Industrial occupancies **improved** 0.4% in Q3-2011, and rents grew 0.2% for the quarter, but were down 0.9% annually.
- Apartment occupancies **improved** 0.1% Q3-2011 and rents grew 0.6% for the quarter, and 3.6% annually.
- Retail occupancy **improved** 0.5% in Q3-2011, and rents grew 0.1% for the quarter and 1.7% annually.
- Hotel occupancies **improved** 0.3% in Q3-2011, while RevPAR fell 2.7% for the quarter, but grew 6.1% annually.

### **Office Market Cycle Analysis**

The national office market occupancy level improved 0.2% for Q3-2011, and was up 0.5% year over year. While 21 of 54 markets are off the bottom point #1, the national average is still at the bottom point #1. CBD office continues to perform better than suburban space at an average higher occupancy level of 4.0%. Absorption continued at an almost 12 million square foot national pace in Q3-2011, the same as Q2-2011. With only slightly less than 2 million square feet of new space delivered and sublease space offered dropping to normal long term levels, the trends are a slow positive for future office occupancy increases. Austin and Salt Lake are now the best markets in the country moving to point #3 on the cycle, where rental growth should be positive. We expect to see supply constrained markets like Boston, DC, New York and San Francisco move up next. Rents were up 0.3% for Q3-2011, driven mostly by class A downtown leasing and were up 0.5% year over year.

With Tampa in the recession phase are Miami, Palm Beach, Raleigh-Durham. Ahead of Tampa in the phase one recovery phase are Atlanta, Ft. Lauderdale, Charlotte, Jacksonville and Orlando.

### **Industrial Market Cycle Analysis**

Industrial occupancies improved 0.4% in Q3-2011, which resulted in a 1.0% increase year over year. Demand for industrial space continued at a modest pace in Q3-2011. August saw a drop in the ISM manufacturing indicator numbers, but the index continues to stay above 50 which indicates expansion. In addition, the TEUs coming through ports saw small percentage declines in the summer months, but demand for port space continued to improve – especially in California ports, which are the largest in the country. The industrial national average rents increased 0.2% in Q3-2011, but rents were down 0.9% year over year.

Tampa has moved up to the second phase of the recovery phase. Behind Tampa are Ft. Lauderdale, Orlando, Charlotte and Jacksonville. Ahead of Tampa are Miami and Palm Beach.

### **Apartment Market Cycle Analysis**

The national apartment occupancy average increased 0.1% in Q3-2011 and was up 0.6% year over year. The continuing new job creation at an average pace of 100,000 per month is pushing demand for apartments. There is a great deal of new apartment starts in the pipeline as it is the one property type where construction and permanent financing is readily available. The future

new supply is concerning to many researchers and investors, as the potential to over supply the market is high, should the economy turn down. Average national apartment rents improved 0.6% and were up 3.6% year over year.

Tampa is in the same spot as last quarter, at level three of the beginning of the recovery phase. With Tampa is Nashville. Behind Tampa are Ft. Lauderdale, Miami, Palm Beach, Charlotte and Jacksonville. Note that Austin, Texas is the furthest up the expansion phase.

### **Retail Market Cycle Analysis**

Retail occupancies improved 0.5% in Q3-2011 and were up 1.7% year over year. Consumer confidence declined during Q3-2011 and people are hanging on to cash instead of spending as they wait for better economic news. Retail is becoming an industry of haves and have-nots as A-quality malls (especially in high income trade areas) and grocery anchored centers do well while big box and general retail centers continue to suffer. Some vacated big boxes are now being filled, but at very low rents. Tenants are still in the driver's seat as rents were down 0.1% in Q3-2011 and were down 1.7% year over year.

Tampa has moved up to the second level of the recovery phase. With Tampa are Nashville, Orlando and Palm Beach. Behind Tampa are Jacksonville, Atlanta, Charlotte and Miami. Ahead of Tampa is Raleigh-Durham.

### **Hotel Market Cycle Analysis**

Hotel occupancies improved an average of 0.3% in Q3-2011 and were up 2.9% year over year. Occupancies improved enough in 23 of our 54 markets to move them forward one position and the national average has again moved forward to point #4 on the cycle graph – better than half way through the recovery phase. Many annual business conferences have been breaking attendance records. National average Hotel RevPAR was down 2.7% as hotels dropped rates to attract summer leisure travelers, but was up 6.1% year over year.

Tampa, for the third quarter, is at level two of the recovery phase. With Tampa is Jacksonville. Ahead of Tampa are Raleigh-Durham, Charlotte, Ft. Lauderdale, Orlando, Miami and Palm Beach.

## **Tampa Bay Retail Market Overview**

### **CoStar Group, Q4-2011, Tampa – St. Petersburg**

- Net absorption for the fourth quarter 2011 was 649,317 square feet.
- Vacancy rate decreased in Q4-2011, ending at 7.1%. Currently, there are 386,253 sf vacant in the market.
- Average quoted rental rates at the end of Q4-2011 are \$13.43/sf. This represents a 0.8% decrease in rental rates in the current quarter, and a 0.45% decrease from four quarters ago.
- Construction – At the beginning of Q4-2011, eight buildings totaling 52,275 sf were completed. Over the past four quarters, a total 254,783 sf of retail space has been built.
- Total inventory in the Tampa / St. Petersburg market area amounted to 215,439,386 sf in 16,315 buildings and 2,076 centers as of Q4-2011.

- Vacancy by product type:
  - Power Centers 6.3% in Q4-2011 compared to 6.6% last quarter.
  - General retail – 4.5% in Q4-2011.
  - Specialty Centers – 8.5%.
  - Malls – 3.7% at the end of Q4-2011, compared to 3.8% Q3-2011.

### **TOTAL RETAIL SUBMARKET STATISTICS, Q4-2011**

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bayside	178	3,949,960	178,676	178,676	4.5%	(36,880)	0	0	\$13.45
Clearwater CBD	199	1,357,709	56,996	56,996	4.2%	31,590	0	159,500	\$10.48
East Tampa	819	12,361,096	708,595	718,045	5.8%	103,399	68,400	0	\$13.75
Gateway	275	3,423,986	456,059	456,339	13.3%	68,612	0	14,502	\$11.90
Hernando County	430	7,689,609	603,090	603,090	7.8%	73,549	0	0	\$12.79
Manatee	1,511	18,229,822	1,467,346	1,467,346	8.0%	(127,155)	0	0	\$12.85
Manatee Outlying	70	1,169,715	136,590	136,590	11.7%	(727)	14,088	3,500	\$16.76
Mid-Pinellas	934	10,880,995	942,560	942,560	8.7%	(46,709)	3,500	0	\$11.72
North Pinellas	869	13,462,245	948,403	948,403	7.0%	298,908	0	0	\$14.71
Northeast Tampa	907	10,673,028	584,381	584,381	5.5%	(1,534)	17,424	11,700	\$14.00
Northwest Tampa	1,200	17,871,955	1,153,642	1,155,742	6.5%	121,672	14,820	0	\$13.46
Pasco County	1,389	22,093,295	1,979,757	1,994,006	9.0%	121,061	85,759	28,231	\$12.76
Polk County	1,887	26,834,394	1,675,435	1,697,535	6.3%	262,964	8,535	0	\$12.71
Sarasota	1,892	23,355,478	1,581,284	1,587,320	6.8%	(3,286)	3,740	5,500	\$15.17
Sarasota Outlying	341	4,829,703	556,100	556,100	11.5%	(66,448)	4,217	0	\$11.46
South Pinellas	1,817	17,435,145	981,801	1,076,406	6.2%	250,498	22,900	0	\$12.16
South Tampa	713	6,450,494	213,185	213,185	3.3%	51,330	11,400	0	\$16.50
St. Petersburg CBD	167	1,682,088	179,937	179,937	10.7%	18,600	0	0	\$11.85
Tampa CBD	108	3,605,549	308,351	311,351	8.6%	145,071	0	0	\$15.88
Westshore	609	8,083,120	379,841	379,841	4.7%	16,152	0	0	\$15.79
<b>Totals</b>	<b>16,315</b>	<b>215,439,386</b>	<b>14,857,596</b>	<b>15,243,849</b>	<b>7.1%</b>	<b>1,280,667</b>	<b>254,783</b>	<b>222,933</b>	<b>\$13.43</b>

## **Tampa Bay Single Family Market Overview**

### **Cushman & Wakefield National Housing Market Overview, a Valuation and Advisory Publication**

Please click on the link below to access the National Housing Market Overview:

[http://www.cushmanwakefield.com/flyers/RD\\_BB\\_Nov11\\_FINAL.PDF](http://www.cushmanwakefield.com/flyers/RD_BB_Nov11_FINAL.PDF)



- Home prices have decreased substantially over the past four years, but is showing some signs of stabilization in select markets.
- Home purchase affordability indexes are at or near new highs.
- Home builder confidence has slightly improved with public builders re-entering certain markets.
- Population increases continue in the traditional growth markets and interest rates are very favorable for qualified buyers.
- Any upward movement in interest rates combined with any wage decreases, could dramatically affect future demand for housing.

### **Zelman and Associates Housing Forecast**

- Foreclosure pipeline is smaller, home price deflation has eased, household formation has accelerated, new home inventory has tightened, investor demand has strengthened.
- Continued relative improvement in these issues will allow the market to return to a normal level of new construction demand over the next several years at 2.5 times higher than the current pace.
- 18% increase in new home sales over 2011 to \$360,000. Total housing starts, including multifamily, will be 740,000 in 2012, 935,000 in 2013 and 1,115,000 in 2014.

### **MetroStudy Tampa Executive Summary, Q3-2011, [www.metrostudy.com](http://www.metrostudy.com), Tampa**

Unemployment – 11% compared to 10.5% in Q2-2011.

The table below shows the price distribution of annual starts by price range:

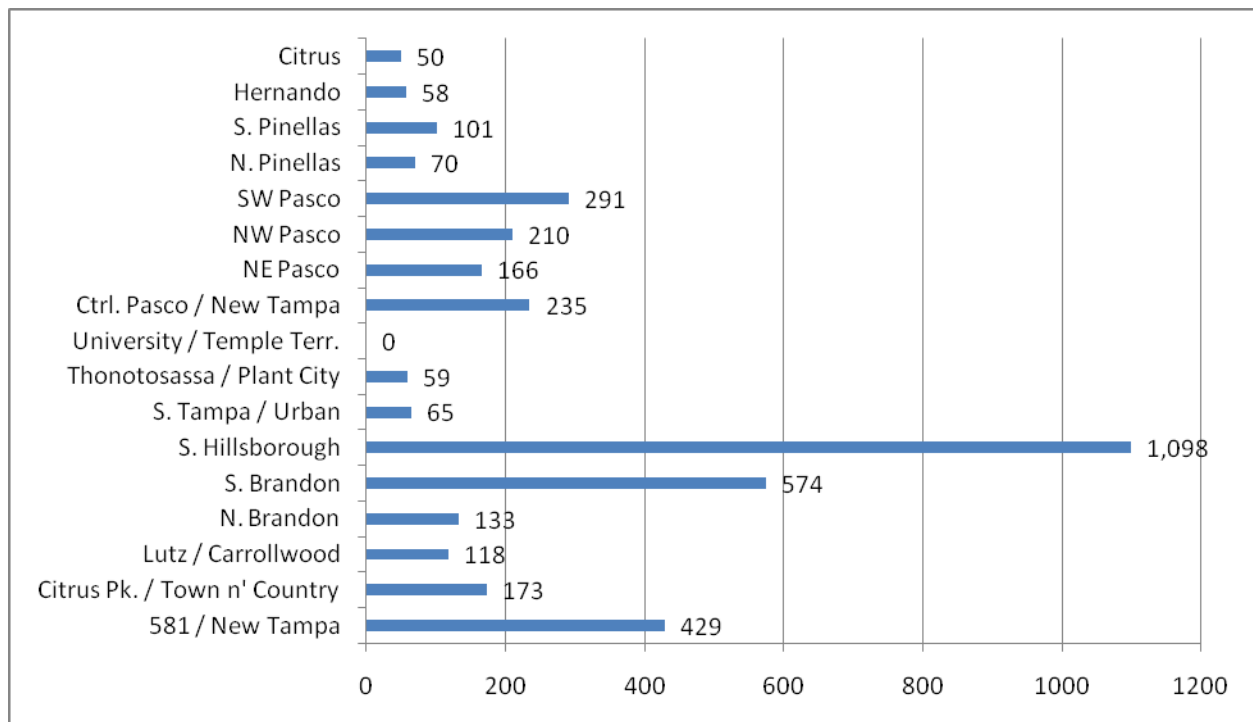
<b>Price Range</b>	<b>Starts</b>	<b>Closings</b>
\$0 - \$149,999	743	820
\$150,000 to \$199,999	1,435	1,384
\$200,000 to \$249,000	778	837
\$250,000 to \$299,999	420	455
\$300,000 to \$349,999	197	207
\$350,000 to \$399,999	97	111
\$400,000 to \$449,999	50	53
\$450,000+	110	234

53.74% are \$200,000 or under.

- Lot delivery – this quarter 447 lots were delivered to the Tampa market. The same quarter one year ago, we delivered 1,539 lots. Vacant developed lot inventory stands at 32,397 lots, a decrease of 5.4% one year ago.
- Based on the annual start rate, this level of lot inventory represents a 101.5 month supply, a decrease of 0.1 month, compared to one year ago.
- The market area is based on annual starts as shown below, provided the table below ranks the top 10 communities in the market by annual starts by submarket.

<b>Community (Area)</b>	<b>Ann. Starts</b>
FishHawk Ranch	239
Live Oak Preserve	135
Concord Station	121
Bahia Lakes	116
Valencia Lakes	114
The Hammocks	104
Panther Trace	100
Ayersworth Glen	90
Magnolia Park	79
K-Bar Ranch	78

### Annual Starts by Submarket



### MetroStudy Tampa Executive Summary, Q3-2011, [www.MetroStudy.com](http://www.MetroStudy.com), Sarasota / Bradenton

- Starts – 562 single family units were started in Q3-2011. This represents an increase of 6.4% compared to one year ago of 528. The annual start rate compared to one year ago increased 3.3% to 1,813 annual starts.

- The table below shows the price distribution of annual starts by price range:

Price Range	Starts	Closings
\$0 - \$149,999	217	229
\$150,000 to \$199,999	471	515
\$200,000 to \$249,000	389	382
\$250,000 to \$299,999	284	323
\$300,000 to \$349,999	152	203
\$350,000 to \$399,999	79	98
\$400,000 to \$449,999	41	48
\$450,000+	178	219

36.9% are \$200,000 or less and 28.2% are over \$300,000.

- Lot delivery – This quarter, 282 lots were delivered to the Sarasota – Bradenton market. Vacant developed lot inventory starts at 39,594 lots, an increase of 6.9% compared to 37,035 one year ago, as we added more previously developed scattered lots into our south Gulf Coast survey. Based on the annual start rate, this level of lot inventory represents a 262.1 month supply, an increase of nine months compared to one year ago.
- At the end of Q3-2011, Manatee County had a 60.8 month supply of developed lots, down from a peak of 80.4 month supply of BDL in Q2-2011, down from a peak of 188 months supply recorded in Q4-2009.

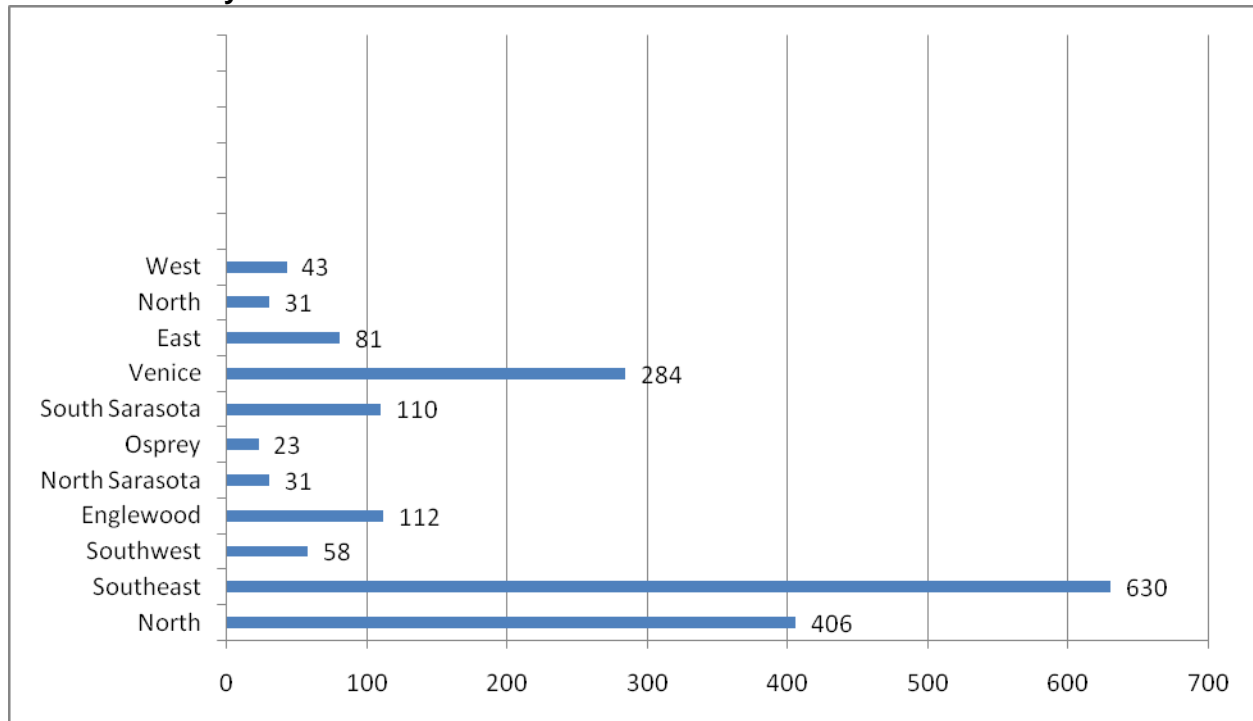
Market areas based on annual starts are shown below:

Market Area	Ann Starts (% Change)
Manatee	1,094 (-2.0%)
Sarasota	564 (+30.6%)
Charlotte	155 (-24.0%)

The table below ranks the top ten communities in the market by annual starts:

Community (Area)	Ann. Starts
Lakewood Ranch	158
Central Park	158
Palmer Ranch	71
Forest Creek	66
Harrison Ranch	59
Copperstone	58
The West Villages	57
Woodhaven	53
The Country Club	53
Stoneybrook @ Venice	52

### **Annual Starts by Submarket**



- The number of finished, vacant housing units has been dropping since Q4-2006. As of September, 2011, the months of supply of the units for Sarasota/Bradenton stood at 2.3 months. This was down from 2.4 months as of June 2010, and down even greater than the 3.9 months as of September 2010. County by county finished vacant lots supply indicates that Manatee County is very near an equilibrium level of FV supply of 2.1 months. Sarasota County is near equilibrium levels of 1.3 months.
- Both Sarasota and Manatee County could actually use some well priced, spec units. The reduced FV inventory is typically a first sign of future housing start increases.

## **Tampa Bay Multifamily Market Overview**

### **CoStar Multifamily Webinar**

- Nationally, there is a negative net completions.
- Predicting 2% rental growth in 2012.
- Sales – UDR purchased 706 units in Manhattan at 401 E. 34<sup>th</sup> Street for \$628,000/unit. The purchase reflected a 3% CAP rate.  
UDR purchased 507 units at 95 Wall Street for \$641,026/unit.  
Macklowe Properties purchased 108 units at 737 Park Avenue at \$2,346,315/unit.

**Wall Street Journal, January 5, 2012**  
**Reis Reports the National Vacancy Rate of 5.2%, the lowest since 2001**

Zelman & Associates predicts 225,000 apartment starts in 2012, up from 173,000 in 2011, and 280,000 in 2013.

**TRIAD Research, [www.triadresearch.net](http://www.triadresearch.net), 813-908-8844**

Planned projects or proposed as of Q3-2011:

- Hillsborough County 3,400
- Pinellas County 998
- Pasco County 965
- Manatee County 1,482
- Sarasota County 0

**Tampa Bay Business Journal**

There is a proposed 300 unit, 100-unit/acre density project on three acres, across from International Plaza.

*ERHARDT COMMENT:*

- *I do not know the land price per unit on this project, but I believe the construction of seven story product and five story garage will need to generate \$1.80 rents. The Millennium project next door is currently yielding \$1.40 rents.*
- *I am questioning the lenders push for urban product, with its high construction costs because of the garage, being able to be profitable. Developers and lenders seem to be ignoring class A suburban projects, wherein the last cycle (2002 thru 2007) these projects produced profitable deals for developers. These same submarkets are all of a sudden "too far out".*

**Marcus & Millichap, Q4-2011, Apartment Research Market Report**

Vacancy - Limited construction has steady demand has reduced the vacancy 160 basis points this year to 6.3%, following a decline of 280 basis points in 2010. In absorption this year, totaled more than 2,040 units.

Rents – Following an increase of 1.5% last year, asking rents will gain 2.1% in 2011. In 2010, rents gained 2.3%.

Construction – Over the past decade, the annual average was 2,500 units. Only 325 units (Zaremba, Fusion Project in downtown St. Petersburg) came on line.

Vacancy – Marketwide vacancy ticked down 20 basis points in Q3-2011 to 6.7% on net absorption of approximately 300 units, marking the seventh consecutive quarter of demand growth. Year to date, vacancy has declined 120 basis points.

In the class A tier, vacancy was 5.4% at the end of Q3-2011. Nearly 700 additional high end rentals were occupied during the first nine months of the year.

Outlook – Metro wide vacancy will decrease 160 basis points this year to 6.3%. Vacancy plunged 280 basis points in 2010.

Rents – Asking rents serge 0.7% from July to September.

Leasing incentives were unchanged at 5.9% of asking rents in Q3-2011. The effective rents rose 0.8%.

Sales Trends – CAP rates for the newest class A properties have settled in the mid 5% range, while height, interest and class B properties and infill locations has reduced CAP rates to the mid 7% range. Class C apartments trade at approximately 8%.

### Submarket Vacancy Ranking

Rank	Submarket	Vacancy Rate	Y-O-Y-Basis Point Change	Effective Rents	Y-O-Y Change %
1	Brandon / Plant City	4.0%	-210	\$859	3.5%
2	North Hillsborough	4.4%	-150	\$830	2.3%
3	North St. Petersburg	5.3%	-250	\$789	3.7%
4	Clearwater	5.6%	-160	\$763	0.3%
5	North Pinellas	5.6%	-190	\$797	3.0%
6	Sulphur Springs	5.8%	-340	\$708	1.4%
7	MacDill Air Force Base	6.1%	-190	\$902	3.4%
8	Westshore	6.1%	-160	\$817	3.2%
9	University North	7.1%	-250	\$646	1.4%
10	Pinellas Park/Seminole	7.5%	-190	\$728	6.0%

## Office Market Overview:

### Cushman & Wakefield Market Overview - Tampa

- **Westshore Office Overview:** Overall vacancy at the end of 4th quarter 2011 is 16.5% compared to 19.0% last year and 17.0% last quarter. Class A is at 17.3% compared to 19.0% last year and 17.6% last quarter.
- **I-75 Office Overview:** Overall vacancy at the end of the 4<sup>th</sup> quarter 2011 is at 22.6% compared to 23.3% a year ago and 23.1% last quarter. Class A is at 21.0% compared to 21.5% a year ago and 21.6% last quarter.
- **Tampa Central Business District:** Overall vacancy at the end of the 4th quarter 2011 is at 16.5% compared to 19.0% a year ago and 16.8% last quarter. Class A is at 14.6% compared to 18.1% a year ago and 14.9% last quarter.

There are 328,282 square feet under construction, including a 250,000 square foot build-to-suit for Price Waterhouse Coopers in Westshore.

### **CoStar Office Market Webinar, October 18, 2011**

- 70% to 90% correlation of employment growth to office absorption
- It will take until 2015 to get out of the recession
- Delivery as a percentage of inventory is at an all time low for the last 100 years.
- 80% of the 20 largest markets are improving.
- Next four years of absorption will outpace deliveries.

### **Cushman & Wakefield Year End 2011 Office Overview**

- Overall vacancy of the Tampa Bay office market (combined Tampa and Pinellas) ended 2011 at 19%. This is the lowest marketwide quarterly overall vacancy rate since Q1-2009.
- Q4-2011 quarterly marketwide overall absorption totally positive 302,310sf. This boosted 2011's overall absorption to a positive 742,728sf. This is the largest, annual absorption total recorded within the Tampa Bay market since 2005.

### **Cushman & Wakefield Q3-2011 Tampa Bay MSA Office Statistics**

Please click on the link below for Q3-2011 Tampa Bay Area Office Market Statistics:

<http://www.cushwakelandfl.com/media/downloads/press-releases/Q4-2011%20Tampa%20Bay%20MSA%20Office%20Statistics%20-%20All%20Classes.pdf>

### **Industrial Market Overview:**

#### **Cushman & Wakefield Market Overview - Tampa**

- **West Tampa Industrial Overview:** The overall vacancy at the end of the 4th quarter, 2011 is 8.7% compared to 10.4% a year ago and 9.0% last quarter.

Warehouse distribution is at 8.7% vacancy compared to 10.4% a year ago and 8.8% last quarter.

Office Service Center is at 11.8% vacancy compared to 12.7% a year ago and 12.8% last quarter.

- **East Tampa Industrial Overview:** The overall vacancy at the end of the 4th quarter 2011 was 8.5% compared to 10.4% a year ago and 7.9% last quarter.

Warehouse distribution is at 9.2% vacancy compared to 11.2% a year ago and 8.4% last quarter.

Office Service Center is at 15.2% vacancy compared to 18.9% last year and 15.9% last quarter.

- **Plant City Industrial Market Overview:** The overall vacancy at the end of the 4<sup>th</sup> quarter 2011 was 0.8% vacancy compared to 3.5% a year ago and 1.6% last quarter.

Warehouse distribution is at 1.2% vacancy compared to 4.1% a year ago and 1.2% last quarter.

- **Lakeland Industrial Market Overview:** The overall vacancy at the end of the 4<sup>th</sup> quarter 2011 was 4.5% vacancy compared to 5.5% a year ago and 6.2% last quarter.

Warehouse distribution is at 5.7% vacancy compared to 7.0% a year ago and 8.2% last quarter.

Service center is at 17.9% compared to 18.5% a year ago and 17.9% last quarter.

Of the 885,000 square feet under construction, 862,000 square feet is in Lakeland. These are Publix Super Markets – 562,000sf on County Line Road – Completion Date 12/2012 and Rooms-To-Go – 300,000sf at 1470 Airport Road – Completion Date 8/2012.

### **Cushman & Wakefield Q3-2011 Tampa Bay MSA Industrial Statistics**

Please click on the link below for Q3-2011 Tampa Bay Area Industrial Market Statistics:

<http://www.cushwakelandfl.com/media/downloads/press-releases/Q4-2011%20Tampa%20Bay%20MSA%20Industrial%20Statistics.pdf>

### **Government Overview**

The Planning Commission, which includes Hillsborough County and the Cities of Tampa, Temple Terrace and Plant City, passed a Resolution to Consolidate the Comprehensive Land Amendment Process Manual. The simplified Procedures Manual is far more user friendly and expedites the length of the overall process.

*ERHARDT COMMENT:*

- *These municipalities are the only ones in the State of Florida that have a separate, independent Planning Commission. This is a result of an early 1980s issue with three Hillsborough County Commissioners accepting bribes for zoning and land use changes. It is my opinion that we do not need this layer in the entitlement process.*



Florida Department of Revenue and Florida TaxWatch, September 2010 – Per Capita School District Property Tax Levies 2010:

1. Sarasota 932.42.
2. Manatee 622.96
3. Pinellas 574.54
4. Hillsborough 435.99
5. Pasco 383.52
6. Polk 368.11

The highest is Collier County at 1,125.89.

### **Florida House Bill 7207 Extensions**

The House Bill 7207, known as the Community Planning Act, provided for the following permit and approval extensions:

DRI's may receive a 4-eyar extension for all commencement, phase, build out and expiration dates, regardless of prior extensions. Mitigation deadlines are also extended in almost all cases.

Building permits, DEP permits, Water Management District permits and "any local-government issued development order" with an expiration date between January 1, 2012 and January 1, 2014 may be extended for 2 years unless they have already utilized both the 2009 and 2010 extensions.

Hillsborough County has also added a 2-year extension for subdivision construction plan and site development construction plan approvals with expiration dates between January 1, 2010 and January 1, 2012.

## **Land Sales**

### **Single Family**

1. Ryland Homes purchased a 22 unit, six acre site in Pinellas County, next to the entrance of golf course community Bayou Club, for \$59,545/unit, not developed. Homes will start in the high \$200,000s.
2. M/I Homes purchased 24 lots at the north end of Hillsborough County, in the Reserve at Hampton Lakes, for \$95,833 per developed lot.
3. Lennar Homes purchased 11 lots in Live Oak in north Hillsborough County, for \$60,727 per lot. These were 60' and 70' lots.
4. Lennar Homes purchased 18 lots in Pasco County for \$29,603 per lot.
5. Standard Pacific Homes purchased 400 undeveloped acres in Ocoee (west of Orlando) for a 925 lot community for \$9,189 per undeveloped lot. It is interesting to note that Beazer Homes paid \$29 million for the same site in 2004. Standard Pacific's purchase is 29% of the 2004 price.
6. DR Horton purchased 92 developed lots in Banyon Bay, south of Ft. Myers, for \$35,500 per lot.

7. DR Horton purchased 11 lots in the Fiddler's Creek community, south of Naples, for \$100,000 per lot.

### **Seniors**

1. Northport Retirement Center, Inc. purchased 6.6 acres on Jacaranda Boulevard in Venice, Florida for \$4.18/sf. They plan a 90 unit independent and assisted living senior facility, which represents \$13,333 per unit.

### **Retail**

1. LA Fitness purchased the former Malio's site, on North Dale Mabry in South Tampa, for \$53.75/sf for 2.05 acres. This will be a two-story facility with a parking garage.
2. Whole Foods will be a tenant in a Weingarten development at the southwest quadrant of North Dale Mabry and Northdale Boulevard in north Hillsborough County on 6.33 acres. Weingarten Realty paid \$9.97/sf. The property was previously a 32,523 sf office structure, which will be demolished.
3. Darden Restaurants purchased an outparcel, at the southeast quadrant of I-75 and Alico Road in Ft. Myers, at the Gulf Coast Town Center, for \$16.15/sf.

### **Recreational**

1. Skinner Nurseries sold 1,126 acres located at the southwest shore of Crescent Lake in Putnam County. The sale included executive main lodge, guest house, horse barn, sheds, stock ponds, a DOT approved grass airstrip and access to the St. Johns River. The property has been used as a recreational retreat, tree farming, agricultural operations, entertainment, hunting and fishing. The price was \$7,415.63/acre.

### **Industrial**

1. Cheney Brothers purchased 35 acres at the Enterprise Charlotte Airport Park, in Port Charlotte, Florida, for \$1.64/ground foot and \$10.00/building foot. Cheney Brothers is a food distributor.
2. Restaurant Depot purchased 5.25 acres in mid-Pinellas County for \$6.03/sf.

### **Agricultural**

1. Rayonier, headquartered in Jacksonville, Florida, purchased 250,000 acres of timberland in Mississippi, Louisiana, Oklahoma and Alabama for \$1,320 per acre.
2. Keysville Road Plant City, LLC purchased 57.7 acres north of I-4 in Plant City for \$20,797.23/sf.
3. A citrus grower purchased 2,165 acres in Hendry County, east of LaBelle, for \$7,850 per acre. The property was an orange grove in 1997.

### **CBD**

1. Accardi Asset Holdings purchased two lots at the north end of the Tampa Central Business District totaling 22,174 square feet for \$24.46/sf. The property is an existing, private parking lot.

**Mixed Use**

1. Thornwood Associates purchased approximately 416 acres in the northeast quadrant of SR 54 and Curley Road, Pasco County, for \$4,500,000. The property is zoned for retail, office and multifamily uses.