Q4 - 2017

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.

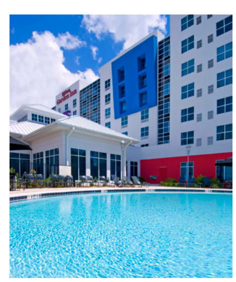
ERHARDT’S QUICK LOOK AT THE LAND MARKET

- **Multifamily land.** Same as the last 26 quarters, rental sites continue to be very active especially in the suburbs. For sale townhomes and condominiums are under contract or construction in urban and suburban markets, and are gaining momentum.
- **Single Family.** As for the last 33 quarters, builders and developers are closing and making offers on A and B locations. Starting to see some land buys for entry level outside the A/B market. Single family rentals coming.
- **Retail.** Mainly tenant 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, Lakeland, Plant City and Manatee/Lakewood Ranch. Spec buildings are getting larger – 500,000+.
- **Office.** Same as last 21 quarters, users and B-T-S only. There are several developers looking at Pasco County. Medical office building (MOBs) construction by providers continues to be active.
- **Hospitality.** Same as the last 15 quarters, development activity continues in urban and suburban locations.
- **Agricultural Land.** Active with 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 BIG PICTURE

Queensland Country Life October 2, 2017 Chinese farm land ownership up almost 1,000% in Australia

- China's volume of agricultural land in Australia is 35.6 million acres.
- China now owns 2.8% of the overall foreign owned farmland in Australia, with 2.7 million acres purchased in the last 12 months.
- The UK was the largest agricultural land owner but has dropped to second place with 2.6% of the agricultural land.
- The US owns only 0.7% of agricultural land.

Top 10 suburbs for Millennials National Real Estate Investor Online Summer 2017

Two in Florida and Five in the Southeast

1. Las Vegas
2. Charlotte
3. Atlanta
4. Orlando – The region can anticipate a 7.2% growth in the millennial age population in the near term
5. San Antonio
6. Raleigh Durham
7. Phoenix
8. Sacramento
9. Houston
10. Jacksonville – the millennial population is expected to grow 5.9% over the next several years, which translates to an influx of more than 16,200.

Innovation & Disruption

Japans potential impact on US housing Meyers Research October 2007 Ali Wolf

- Japanese Firms are entering the housing industry by targeting private builders that align with their basic principles.
- In the past 2 years alone there have been 5 mergers and or acquisitions of American Real Estate companies by Japanese firms.
- Similar to when Toyota, Honda and Nissan brought automobile production to the US over 50 years ago.
- Sekisui, the worlds #1 homebuilder, builds 50,000 prefab homes a year in a factory which are then shipped to onsite to be assembled.
  - Prefab housing allows builders to bring homes to customers quicker. Once completed in the factory, it usually takes between 1 and 3 days onsite to assemble the home.
- The reliance on prefab housing can be expected to increase in the US given the dearth of qualified construction labor and the never-ending housing affordability crisis, especially for coastal cities.
- Sekisui is also the #1 producer of 0-energy homes in the world with over 70% of their new builds falling into this category.
  - Buyer's receive up to 60 years of scheduled inspections and regular diagnostics.

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

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

Income-producing real estate is healthy as it follows the continued moderate U.S. economic expansion. Employment growth is driving demand in all the property types. Both investment and new construction has been measured, differing from previous cycles when easy money wasn't thoughtfully invested. The long U.S. economic cycle should drive a long real estate cycle and this cycle is more balanced — albeit slower — than previous cycles. We continue to believe that interest rates should be "lower for longer."

Office occupancy declined 0.1% in 3Q17, and rents grew 0.3% for the quarter and 1.5% annually

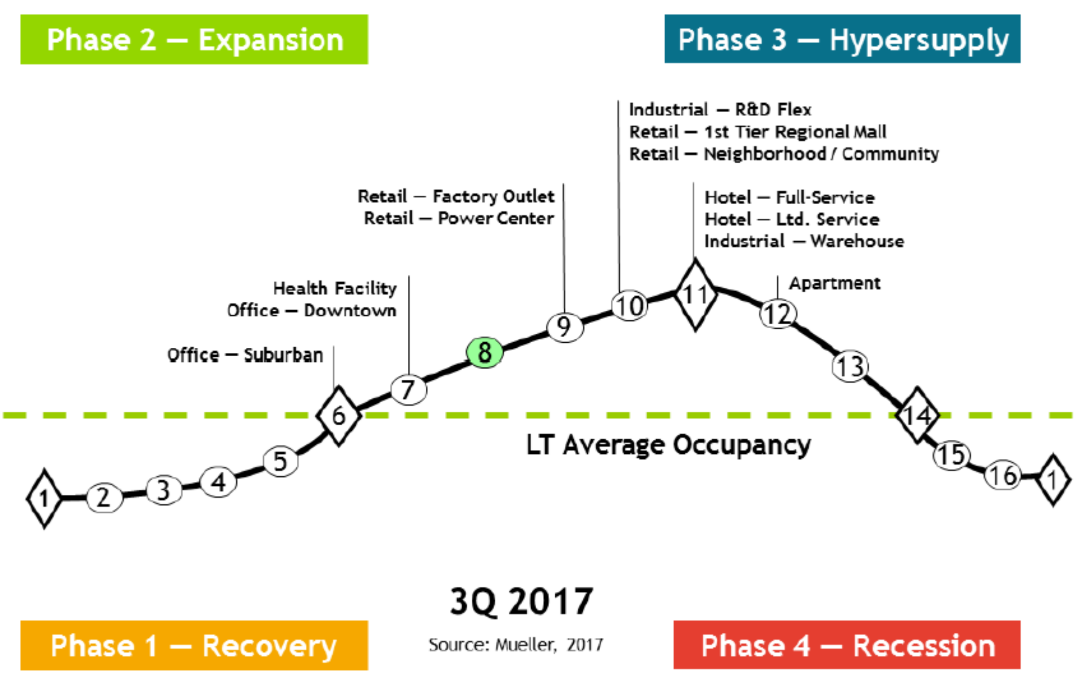
Retail occupancy was flat in 3Q17, and rents grew 0.3% for the quarter and 2.0% annually

Industrial occupancy was flat in 3Q17, and rents grew 1.2% for the quarter and 6.0% annually

Hotel occupancy declined 0.1% in 3Q17, and room rates grew 0.8% for the quarter and 3.3% annually.

Apartment occupancy increased 0.1% 3Q17, and rents were flat for the quarter and 2.3% annually

National Property Type Cycle Locations



Office Market Cycle Analysis

The national office market occupancy level decreased 0.1% in 3Q17 and was flat year-over-year. Demand continues to be healthy and has been absorbing the 10 million square feet of new completions brought on the market each quarter. Financial services and technology employment continue to lead office leasing activity, and markets driven by these economic base industries, like New York, San Francisco, San Jose and Seattle, have seen high completions — causing their rent growth to decelerate. Average national rents increased 0.3% in 3Q17 and produced a 1.5% increase year-over-year.

For the 2nd quarter Tampa is at level 9 which is declining vacancy, new construction and high rent growth in a tight market. With Tampa is Fort Lauderdale, Jacksonville and Raleigh-Durham. Ahead is Orlando and Nashville, and behind is Palm Beach, Atlanta, Charlotte, Memphis and Miami.

Industrial Market Cycle Analysis

Industrial occupancies were flat in 3Q17 and increased 2.9% year-over-year. This cycle peak is 0.5% higher than any previous cycle over the past 35 years when data was available. The ever-increasing demand for goods continues to drive absorption of bulk warehouse and local storage space, while new company start-ups drive the R&D flex space demand. Our forecast model currently shows that this peak occupancy plateau could last through 3Q19. Remember that peak occupancy is also economic equilibrium, where demand and supply are BOTH growing at the same balanced rate. In a perfect world, markets would be at equilibrium point #11 at all times. Industrial national average rents increased 1.2% in 3Q17 and increased 6.0% year-over-year.

For the 1st quarter Tampa is at level 11, which is demand / supply equilibrium point. With Tampa are Fort Lauderdale, Memphis, Miami, Nashville, Northfolk, Orlando, Palm Beach, Raleigh-Durham and Richmond. No one in the southeast is ahead or behind Tampa.

Apartment Market Cycle Analysis

The national apartment occupancy average improved 0.1% in 3Q17, but decreased 0.5% year-over-year. Demand continues to be positive and new supply has begun to slow in many markets. This is a good trend and eight markets have returned to their previous occupancy peaks at point #11 in the cycle. In addition, four markets improved their occupancy levels, but not back to peak occupancy level. Only Memphis saw an occupancy decline substantial enough to push it into the hyper-supply phase of the cycle. If supply moderation continues, it is possible that many apartment markets could move back into the growth phase. Average national apartment rent growth was flat in 3Q17 and increased 2.3% year-over-year.

For the 9th quarter Tampa is at level 13 for the hyper supply phase of rent growth, positive but declining. With Tampa is Atlanta, Miami, Nashville and Palm Beach. No one in the southeast is ahead of Tampa. Behind Tampa is Orlando, Raleigh-Durham, Charlotte, Fort Lauderdale, Memphis and Jacksonville.

Retail Market Cycle Analysis

Retail occupancies were again flat in 3Q17 and were also flat year-over-year. Retail problems — mainly store closings — being publicized in the popular press are masking the positive statistics happening in retail. The national retail occupancy level is currently 0.5% higher than any previous cycle peak. The number of NET new retail leases signed in 2017 currently number 4,100. Amazon is about to open stores. Most mall owners are excited when a department store anchor tenant leaves as they paid very low lease rates and have also have declining "percentage of rents" as store sales have softened in recent years. Mall owners have been backfilling this space with more restaurants, theaters and experience-oriented tenants. These tenants benefit malls as they increase foot traffic, and in many cases, pay higher rents. National average retail rents increased 0.3% in 3Q17 and increased 2.0% year-over-year.

For the 7th quarter Tampa is at level 10, expansion phase with declining vacancy and new construction. With Tampa is Jacksonville. With Tampa is Fort Lauderdale, Palm Beach, Miami, Nashville, Orlando, Raleigh-Durham & Richmond. Behind Tampa is Atlanta, Charlotte, Memphis and North Folk.

Hotel Market Cycle Analysis

Hotel occupancies were down 0.1% in 3Q17 and increased 0.3% year-over-year. This was not enough to move the national hotel average off its peak equilibrium point of #11 in the cycle. Also, note that the five markets that did move on the cycle graph were all due to improvements in occupancy. Continued moderate economic growth could leave the hotel property sector at peak occupancy levels for many years to come. Our current model does not predict the national average to drop below a 70% occupancy level until 2022 at this point in time. Remember that peak occupancy is also economic equilibrium where demand and supply are BOTH growing at the same rate. In a perfect world, markets would be at equilibrium point #11 at all times. The national average hotel room rate increased 0.8% in 3Q17 and increased 3.3% year-over-year.

For the 4TH quarter Tampa is at level 11, the demand/supply equilibrium point. With Tampa is Orlando, Fort Lauderdale, Jacksonville, Nashville, Palm Beach and Richmond. Ahead of Tampa is Charlotte and Miami. Behind Tampa is Memphis and Raleigh-Durham.

TAMPA BAY SINGLE FAMILY MARKET OVERVIEW

Metro Study Tampa Housing 3Q-17

- Quarterly new home starts up 19.1% year over year.
- For the 12 months ending September 2017, annual new home starts in price ranges under $250,000 are up 11.4% from the 3Q-16 level; new homes start in prices over $250,000 grew by 24.3%.
- The annual starts rate compared to last year increased 17.9%, to 10,290 annual starts.
- This quarter, 2,715 lots were delivered to the Tampa market. This same quarter a year ago, we delivered 2,357 lots.
- Vacant developed lot inventory stands at 32,461 lots, a decrease of 2.7% compared to last year. Based on the annual start rate, this level of lot inventory represents a 37.9-month supply, down 8.0 months from last year.
- Hillsborough County remained the most active county within the Tampa market.
- Hillsborough County market share was 56.5% for 3Q-17.
- Market share in Pasco was 31.4% for 3Q-17.
- The vacant developed lot supply throughout all of Pasco County stood at 18.1%.
- The vacant developed lot supply in Pasco County stood at 22.5 months'.
- Pasco and Hillsborough County account for 87.4% of all annual start activity in the Tampa Bay area as of 3Q-17

The Table below ranks the top 10 annual starts:

Top Tampa Bay Master Planned Communities	
Wiregrass	317
FishHawk Ranch	287
Waterset	281
Starkey Ranch	270
Long Lake Ranch	233
Connerton	227
Bexley	215
Valencia Lakes	174
Lakeside	172
Magnolia Park	170

TAMPA BAY MULTIFAMILY MARKET OVERVIEW

Beshears & Associates 610 South Albany Avenue Tampa, Florida 33606 www.beshears.net

Florida Vacancy Rates

Vacancy Rates	2011	2012	2013	2014	2015	2016	YTD 2017	%Δ 2015-2016	%Δ 2016-2017	Annual %Δ 2011-2016
Tampa	8.50%	7.20%	6.40%	7.66%	7.60%	6.30%	5.90%	-17.1%	-6.3%	-5.1%
Orlando	8.40%	6.80%	6.00%	6.98%	6.90%	5.40%	5.10%	-21.7%	-5.6%	-7.6%
Jacksonville	11.80%	10.00%	8.70%	8.21%	8.00%	7.80%	6.90%	-2.5%	-11.5%	-7.1%
Gainesville	7.80%	8.10%	5.40%	4.65%	4.60%	4.60%	5.90%	0.0%	28.3%	-9.2%
Fort Myers	6.80%	5.70%	5.90%	4.75%	4.80%	6.10%	5.90%	27.1%	-3.3%	-1.8%
Palm Beach	6.80%	5.90%	5.40%	4.90%	4.90%	7.70%	8.20%	57.1%	6.5%	2.1%
Tallahassee	9.00%	7.70%	6.50%	6.93%	6.90%	6.40%	9.30%	-7.2%	45.3%	-5.8%
Pensacola	10.60%	8.80%	7.80%	6.50%	5.50%	7.30%	6.90%	32.7%	-5.5%	-6.4%
Melbourne	10.50%	7.00%	5.70%	4.09%	4.00%	4.80%	3.70%	20.0%	-22.9%	-13.9%
Average	8.90%	7.41%	6.26%	5.98%	5.92%	5.64%	5.70%	-4.7%	1.0%	-7.0%

Source: ALN Apartment Data Inc., CoStar Market Analytics, Besheaers & Associates Market Research

Florida Effective Rent

Effective Rent	2011	2012	2013	2014	2015	2016	YTD 2017	%Δ 2015-2016	%Δ 2016-2017	Annual %Δ 2011-2016
Tampa	$786	$859	$881	$883	$959	$997	$1,033	4.0%	3.6%	3.9%
Orlando	$806	$876	$909	$919	$988	$1,032	$1,097	4.5%	6.3%	4.0%
Jacksonville	$734	$792	$794	$813	$849	$883	$924	4.0%	4.6%	3.0%
Gainesville	$869	$774	$782	$790	$811	$815	$851	0.5%	4.4%	-1.1%
Fort Myers	$764	$832	$876	$906	$1,035	$985	$1,021	-4.8%	3.7%	4.1%
Palm Beach	$1,064	$1,158	$1,185	$1,205	$1,334	$1,382	$1,413	3.6%	2.2%	4.3%
Tallahassee	$830	$811	$787	$819	$830	$741	$777	-10.7%	4.9%	-1.9%
Pensacola	$718	$731	$749	$763	$792	$795	$833	0.4%	4.8%	1.7%
Melbourne	$671	$718	$764	$759	$820	$875	$922	6.7%	5.4%	4.3%
Average	$807	$845	$867	$880	$946	$1,008	$1,116	6.6%	10.7%	3.6%

Source: ALN Apartment Data Inc., CoStar Market Analytics, Besheaers & Associates Market Research

Florida Apartment Development

MSA	Units Delivered 3Q 2017	Units Under Construction	Units Proposed
Miami-Ft Lauderdale	6,286	31,147	14,526
Tampa-St Pete	4,869	11,705	7,662
Orlando-Daytona Beach-Melbourne	6,391	13,360	8,020
Jacksonville	1,380	3,712	3,427
Pensacola	733	474	132
North Port-Bradenton-Sarasota	360	1,550	733
Cape Coral-Ft. Myers-Naples	512	2,351	2,855
Lakeland	824	516	445
Tallahassee	534	1,850	1,832
Gainesville	426	692	345
Total	22,315	67,357	39,977

AxioMetrics, Inc. Market Performance Summary, Q3-2017, Tampa – St. Petersburg – Clearwater, Florida Metropolitan Statistical Area

Apartment Performance

Effective rent increased 1.3% from $1,129 in 2Q17 to $1,144 in 3Q17, which resulted in an annual growth rate of 2.4%. Annual effective rent growth is forecast to be 2.4% in 2018, and average 3.2% from 2019 to 2021. Annual effective rent growth has averaged 2.6% since 3Q96.

The market's annual rent growth rate was above the national average of 2.2%. Out of the 120 markets ranked by Axiometrics nationally, Tampa-St. Petersburg-Clearwater, FL Metro Area was 29th for quarterly effective rent growth, and 56th for annual effective rent growth for 3Q17.

The market's occupancy rate increased from 95.0% in 2Q17 to 95.2% in 3Q17, but was down from 95.4% a year ago. The market's occupancy rate was above the national average of 95.0% in 3Q17. For the forecast period, the market's occupancy rate is expected to be 94.7% in 2018, and average 95.1% from 2019 to 2021. The market's occupancy rate has averaged 94.0% since 3Q95.

Market Survey Results and Forecasts

	Sequential				Month	Annual						
	4Q16	1Q17	2Q17	3Q17	OCT-17	2015	2016	2017F	2018F	2019F	2020F	2021F
Effective Rent Per Unit	$1,110	$1,112	$1,129	$1,144	$1,149	$1,043	$1,101	$1,131	$1,158	$1,192	$1,237	$1,274
Per Sq. Ft	$1.18	$1.18	$1.20	$1.21	$1.21	$1.10	$1.17	$1.20	$1.23	$1.26	$1.31	$1.35
Effective Rent Growth - Annually	4.0%	3.4%	2.5%	$2.4%	2.5%	6.0%	5.6%	2.7%	2.4%	3.0%	3.8%	3.0%
Effective Rent Growth - Quarterly	-0.6%	0.2%	1.5%	1.3%								
Occupancy Rate	94.7%	94.9%	95.0%	95.2%	95.0%	95.5%	95.3%	95%	94.7%	95.0%	95.3%	95.0%
Occupancy Change - Annually	-0.9%	-0.7%	-0.6%	-0.2%	0.1%	0.7%	-0.2%	-0.3%	-0.4%	0.3%	0.3%	-0.3%
Occupancy Change - Quarterly	-0.7%	0.1%	0.2%	0.2%								
Economic Concessions												
Concession Value	$-6.40	$-7.11	$-5.48	$-4.02	$-4.49	$-3.74	$-4.46					
As a % of Asking Rent	-0.6%	-0.6%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%					

Demand and Supply

According to the Bureau of Labor Statistics, job growth in Tampa-St. Petersburg-Clearwater, FL Metro Area was 2.2% in October 2017, reflecting 28,700 jobs added during a 12-month period. The metro job growth figure was above the national number of 1.4%.

Axiometrics forecasts Tampa-St. Petersburg-Clearwater, FL Metro Area's job growth to be 1.8% in 2018, with 24,285 jobs added. Job growth is expected to average 1.7% from 2019 to 2021, with an average of 24,080 jobs added each year.

On the supply side, permits for 5,558 multifamily units were issued in the 12 months ending in October 2017, down -774 units from the prior year's sum. In terms of total residential housing, 18,241 units were permitted in the 12 months ending October 2017, an increase of 1,061 units from the prior year's total.

Multifamily Absorption and Supply

	Annual			3Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
Total Units Absorbed	6,710	5,626	1,731	3,845	299,492	5,284	3,384	5,459	3,565	1,426
New Supply	4,012	3,987	4,704	4,804	364,902	4,646	5,283	4,025	2,699	3,264
Inventory Growth	1.3%	1.3%	1.5%	1.5%	1.4%	1.5%	1.6%	1.2%	0.8%	1.0%

Submarket Employment
Identified Supply

As of December 3, 2017, Axiometrics has identified 4,455 apartment units scheduled for delivery in 2017, of which, 3,392 have been delivered. As a comparison, there were 3,231 apartment units delivered in 2016. Properties delivered to the market in the last 12 months have achieved an average asking rent of $1,703 per unit, or $1.73 per square foot. Effective rent has averaged $1,614, or $1.64 per square foot, resulting in an average concession value of $-89.51. As a comparison, existing properties in the market had an average asking rent of $1,148 per unit ($1.22 per square foot) and an average effective rent of $1,144 per unit, or $1.21 per square foot, in 3Q17. Concessions for existing properties averaged $-4.02.

Submarket Delivery Schedule

	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
	Sequential				Units Absorbed		Asking Rent		Effective Rent	
Top Submarkets	2015	2016	2017	Total	Totals	PPM	Per Unit	PSF	Per Unit	PSF
Central Tampa	768	799	2,268	3,835	1,280	15	$2,027	$2.06	$1,877	$1.91
Clearwater	379	47	296	722	120	10	$1,397	$1.68	$1,319	$1.58
North St. Petersburg		278	253	531	282	16	$1,635	$1.61	$1,536	$1.51
South Hillsborough County	260	250	292	802	213	16	$1,402	$1.42	$1,354	$1.37
University North		144	418	562	385	19	$1,399	$1.38	$1,299	$1.28
Other	2,136	1,713	928	4,777	1,003	13	$1,583	$1.62	$1,548	$1.58
Tampa-St. Petersburg-Clearwater, FL	3,543	3,231	4,455	11,229	3,283	14	$1,722	$1.76	$1,647	$1.66

**Based on 2017 deliveries*

**Trend Based on trailing 12 month period*

TAMPA BAY HOSPITALITY MARKET OVERVIEW

Year to Date November 2017, Tampa/Hillsborough County Hospitality Statistics, Visit Tampa Bay

Occupancy Rate	74.5%, Flat
Room Rates	ADR $119.91, ↑4.5%
Room Expenditures	RevPAR $89.32, ↑4.2%
Market Growth	Flat
Demand	$5,392,020, ↑2.5%
Revenue	$646,534,104, ↑7.1%

TAMPA RETAIL MARKET OVERVIEW

Q3-2017 Tampa / St. Petersburg Retail Market Report, CoStar Group, Inc.

The Tampa/St Petersburg retail market experienced a slight decline in market conditions in the third quarter 2017. The vacancy rate went from 4.7% in the previous quarter to 5.0% in the current quarter. Net absorption was negative (523,103) square feet, and vacant sublease space decreased by (9,408) square feet. Quoted rental rates increased from second quarter 2017 levels, ending at $14.73 per square foot per year. A total of 21 retail buildings with 170,418 square feet of retail space were delivered to the market in the quarter, with 1,585,242 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was moderately negative in Tampa/ St Petersburg third quarter 2017, with negative (523,103) square feet absorbed in the quarter. In second quarter 2017, net absorption was positive 83,156 square feet, while in first quarter 2017, absorption came in at positive 890,914 square feet. In fourth quarter 2016, positive 512,309 square feet was absorbed in the market.

Vacancy

Tampa/St Petersburg's retail vacancy rate increased in the third quarter 2017, ending the quarter at 5.0%. Over the past four quarters, the market has seen an overall increase in the vacancy rate, with the rate going from 4.8% in the fourth quarter 2016, to 4.6% at the end of the first quarter 2017, 4.7% at the end of the second quarter 2017, to 5.0% 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 fourth quarter 2016, there were 336,179 square feet of vacant sublease space. Currently, there are 208,800 square feet vacant in the market.

Largest Lease Signings

The largest lease signings occurring in 2017 included: the 86,479-square-foot-lease signed by Rural King at 7246 Gall Blvd; the 55,000-square-foot-deal signed by Hobby Lobby at Sunset 19 Shopping Center; and the 45,780-square-foot-lease signed by Ollie's Bargain Outlet at Manatee Town Center.

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 second quarter 2017 at $14.64 per square foot per year. That compares to $14.80 per square foot in the first quarter 2017, and $14.41 per square foot at the end of the third quarter 2016. This represents a 1.1% decrease in rental rates in the current quarter, and a 1.57% increase from four quarters ago.

Inventory & Construction

During the third quarter 2017, 21 buildings totaling 170,418 square feet were completed in the Tampa/St Petersburg retail market. Over the past four quarters, a total of 1,102,288 square feet of retail space has been built in Tampa/St Petersburg. In addition to the current quarter, 36 buildings with 279,056 square feet were completed in second quarter 2017, 22 buildings totaling 448,697 square feet completed in first quarter 2017, and 204,117 square feet in 26 buildings completed in fourth quarter 2016. There were 1,585,242 square feet of retail space under construction at the end of the third quarter 2017.

Shopping Center

The Shopping Center market in Tampa/St Petersburg currently consists of 2196 projects with 89,013,636 square feet of retail space in 3,785 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing (206,491) square feet and delivering 4,821 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 7.3% at the end of the second quarter 2017 to 7.6% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 7.7% at the end of the fourth quarter 2016, to 7.3% at the end of the first and second quarter 2017, and finally to 7.6% at the end of the current quarter.

Rental rates ended the third quarter 2017 at $13.24 per square foot, up from the $13.05 they were at the end of second quarter 2017. Rental rates have trended up over the past year, going from $13.19 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 414,259 square feet over the past four quarters. In addition to the negative (206,491) square feet absorbed this quarter, positive 63,823 square feet was absorbed in the second quarter 2017, positive 344,819 square feet was absorbed in the first quarter 2017, and positive 212,108 square feet was absorbed in the fourth quarter 2016.

Power Centers

The Power Center average vacancy rate was 6.8% in the third quarter 2017. With negative (64,440) square feet of net absorption and no new deliveries, the vacancy rate went from 6.2% at the end of last quarter to 6.8% at the end of the third quarter

In the second quarter 2017, Power Centers absorbed positive 2,620 square feet, delivered no new space, and the vacancy rate remained 6.2% over the course of the quarter. Rental started the quarter at $26.29 per square foot and ended the quarter at $24.88 per square foot.

A year ago, in third quarter 2016, the vacancy rate was 6.5%. Over the past four quarters, Power Centers have absorbed a cumulative (32,175) square feet of space and delivered. Vacant sublease space has gone from 6,516 square feet to 2,516 square feet over that time period, and rental rates have gone from $24.50 to $25.09.

At the end of the third quarter 2017, there was no space under construction in the Tampa/St Petersburg market. The total stock of Power Center space in Tampa/St Petersburg currently sits at 9,868,019 square feet in 27 centers comprised of 165 buildings. No space was under construction at the end of the third quarter 2017.

TAMPA OFFICE MARKET OVERVIEW

Westshore Office Overview:

- Overall vacancy at the end of 2017 is 9.3% compared to 9.4% last year and 10.1% last quarter. Class A is at 7.0% compared to 8.3% last year and 9.1% last quarter.

I-75 Office Overview:

- Overall vacancy at the end of the 2017 is at 15.1% compared to 14.1% a year ago and 15.9% last quarter. Class A is at 7.7% compared to 8.4% a year ago and 8.8% last quarter.

Tampa Central Business District:

- Overall vacancy at the end of 2017 is at 13.7% compared to 13.6% a year ago and 14.4% last quarter. Class A is at 10.6% compared to 9.2% a year ago and 10.5% last quarter.

Erhardt Comment:

With renewals north of $30/sf in class A buildings, and a few rumored large leases for new product in the mid $30/sf, I predict we will soon see the start of spec development.

TAMPA INDUSTRIAL MARKET OVERVIEW

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

Tampa's industrial market ended the year with a bang. As the fireworks went off on New Year's Eve, we closed out the 4th quarter strong. It may not be "Bezos" big but the Tampa industrial sector certainly had a stellar 2017 that saw key metrics stay solidly positive and attracted interest from new-to-market tenants as well as developers. Cushman & Wakefield represented the seller, IDI Grazely, on Becknell industrial Properties 26.3 acres purchase in the Eastside submarket. The master plan allows them to develop up to 450,000 square feet (sf) in three buildings in one of Tampa's last industrial, entitled in-fill sites. Most large blocks of available space in the market in most new product saw significant preleasing activity that pushed asking rents to multi year highs. While we saw JCPenney retrench on their space needs in Lakeland, closing their distribution hub, we also welcomed a 650,000 sf lease with Pepsi and a 394,740 SF lease to an expanding Mohawk Flooring. Pepperidge Farms also took an additional 100,000 sf at Interstate Commerce Park, growing their footprint to accommodate growth in the Tampa market as well as Central Florida. As an indication of the heightened demand in the Tampa Bay region, the 301 Business Center by Austin McDonald preleased over 200,000 sf to Bunzle before breaking ground, a first for the market during the cycle.

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West Tampa Industrial Overview:

- The overall vacancy at the end of 2017 is 5.5% compared to 4.5% a year ago and 5.1% last quarter.
- Warehouse distribution is at 3.9% vacancy compared to 3.7% a year ago and 2.7% last quarter.
- Office Service Center is at 9.9% vacancy compared to 7.3% a year ago and 11.0% last quarter.

East Tampa Industrial Overview:

- The overall vacancy at the end of 2017 was 5.6% compared to 6.4% a year ago and 6.0% last quarter.
- Warehouse distribution is at 5.8% vacancy compared to 6.3% a year ago and 6.0% last quarter.
- Office Service Center is at 8.6% vacancy compared to 12.2% last year and 10.0% last quarter.

Plant City Industrial Market Overview:

- The overall vacancy at the end of 2017 was 4.5% vacancy compared to 2.0% a year ago and 1.0% last quarter.
- Warehouse distribution is at 6.0% vacancy compared to 2.5% a year ago and 1.0% last quarter.

Lakeland Industrial Market Overview:

- The overall vacancy at the end of 2017 was 3.9% vacancy compared to 3.7% a year ago and 3.9% last quarter.
- Warehouse distribution is at 4.7% vacancy compared to 4.2% a year ago and 4.6% last quarter.

LAND SALES

Multifamily

- Sky Communities at Simmons Loop Apartment Partners LLC purchased 28.7 ac entitled for 328 rental units in the northwest quadrant of US highway 301 and Simmons Loop, South Hillsborough County for $11,738 per unit, not developed.
- Beazer Homes purchased 13 acres in northwest Hillsborough County. The price for the 81 unit townhome was $23,456 per unit, not developed.

Single family

- Neal Land Venture purchased 290 acres between Boarder and Laurel Road, in Venice, Sarasota County. The price was $43,103 per gross acre and $47,528 per unit based on 263 approved units. Density is 1.1 per gross acre, with 50% of the land being preserved as open space.
- Newland Communities purchased approximately 1,454 acres north of State Road 54 and west of US41 for $18,800,000.
- Single family developed lots in Fish Hawk Ranch, South Hillsborough County, sold for between $1,500 and $2,148 per front foot.
- Developed lots in Waterset, South Hillsborough County, sold for between $1,274 and $1,353 per front foot.
- Developed lots in Bexley Ranch, South Central Pasco County, sold for between $1,279 and $1,550 per front foot.
- Developed lots in Epperson Ranch, South Central Pasco County, sold for between $1,000 and $1,350 per front foot.

Erhardt Comment on Epperson:

I heard that in a 1-month period recently, the builders took 40 contracts for homes to be built, driven by the Crystal Lagoon amenity. This property is also the first Crystal Lagoon property being developed by Metro development, with a second one in South Hillsborough County.

- Jeff Hills purchased 79 acres on Tucker Jones rd. Riverview, South Hillsborough County, for $64,114 per gross acre. Property was entitled for 315 – 50ft lots, or $16,079 per lot.
- Meritage Homes of Florida purchased 51 developed lots in Parrish, North Manatee County for $63,764 per developed lot.

Institutional

- The District Board of Trustees of State College of Florida Manatee-Sarasota purchased 68.37 acres on the north side of Erie Road, West of US Hwy 301 Parrish, Mantatee County for $36,507 per gross acre. Property is located directly north and across Erie Rd. from the Manatee County high school site.

New Cites

- Bill Gates purchased 25,000 acres in Arizona to build a smart city for $80,000,000 ($3,200/acre). The property will have 3,800 acres devoted to office, commercial and retail space. 470 acres will be used for public schools and the rest of the land will be used for as many as 80,000 residential units.

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

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