

MARKETBEAT

Pinellas County

Industrial Q1 2019



PINELLAS INDUSTRIAL

Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Tampa Bay MSA Employment	1.34M	1.37M	▲
Pinellas Unemployment	3.5%	3.3%	▼
U.S. Unemployment	4.1%	3.8%	▼

*Numbers above are monthly figures, November 2018, FL Dept. Economic OPP.

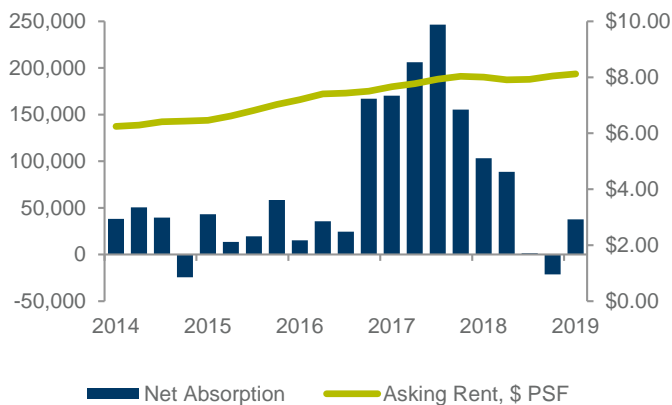
Market Indicators (Overall, All Property Types)

	Q1 18	Q1 19	12-Month Forecast
Vacancy	3.8%	4.6%	▲
YTD Net Absorption (sf)	-110k	125k	▲
Under Construction (sf)	126k	0	▲
Average Asking Rent*	\$7.86	\$8.15	▲

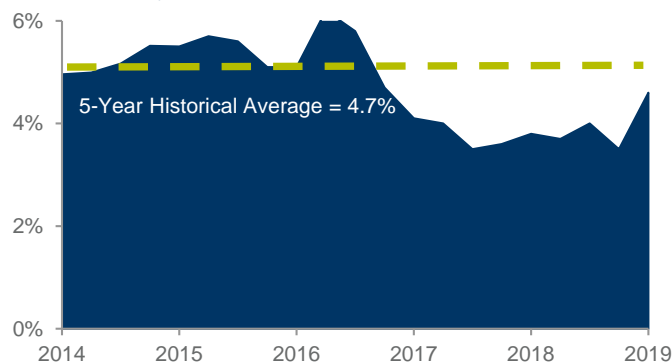
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy accelerated over the past year, adding 26,200 jobs for an annual growth rate of 1.9%. As of February 2019, the unemployment rate in Pinellas County fell by 20 basis points (bps) over the past twelve months to 3.3%. Nearly all industrial-related industries saw employment growth. Transportation, warehousing, and utilities had the county's largest job gains, adding 1,600 jobs for a job growth rate of 5.3%. The region's pace for new housing and commercial construction projects benefited the industrial market with many in- and new-to-market users taking space to meet consumer demand.

Market Overview

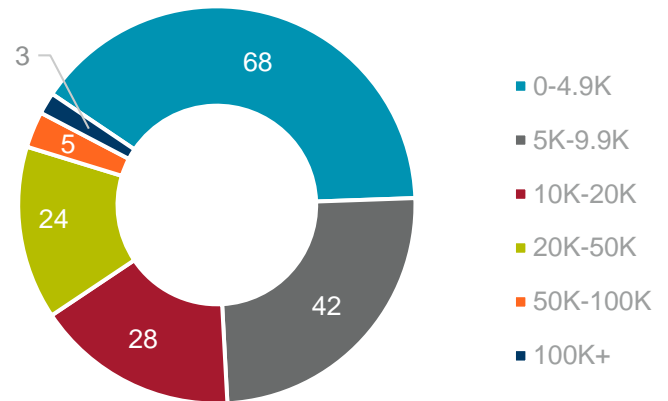
Less than 2.0 million square feet (msf) was vacant in Pinellas County for the last nine consecutive quarters. Availabilities were predominately located within functionally obsolete buildings, primarily in manufacturing and flex assets. The limited quality space options continued to affect leasing activity in the first quarter with only 124,352 square feet (sf) leased, a 9.3% year-over-year (YOY) decrease. Manufacturing made up the bulk of the leasing activity, responsible for 62% of the total. Overall absorption totaled 125,250 sf for the first three months and was attributable to Walmart occupying 123,000 sf in the Skyway Business Center for storage purposes.

The overall triple net (NNN) asking rental rate increased by 3.7% YOY to \$8.15 per square foot (psf), which was only the fifth time Pinellas's history that overall asking rent was above \$8.00 psf. Flex space saw the majority of rental rate gains, increasing 6.1% to \$11.41 psf NNN YOY, marking the second time the asking rate for flex averaged over \$11.00 psf in Pinellas County history. The overall vacancy rate increased by 80 bps YOY to 4.6%. The change was in large part due to tenant move outs in the Gateway/Mid-Pinellas submarket. However, the new availabilities provided much needed space variety in a market that has seen vacancy below 5.0% for 12-consecutive quarters.

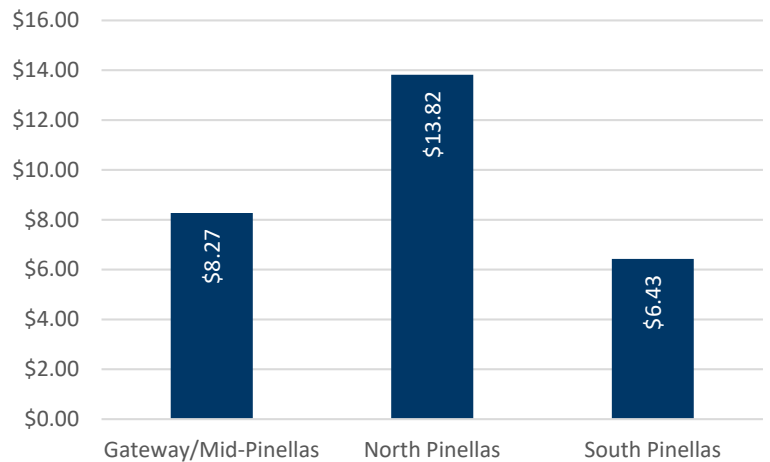
Builders have become creative in finding sites with limited land available on the peninsula suitable for distribution. Gateway Commerce Center, a 64,675 sf speculative warehouse, was recently completed and has two tenants occupying approximately 30,000 sf. Over the past decade, the Pinellas industrial market has seen an average of over 77,300 sf delivered annually. The majority came in 2017 with 659,976 sf delivered, the highest number since 1999. Scannell's 236,976 sf built-to-suit for FedEx was the predominant completion during that time. Construction in Pinellas County will slow down following this quarter as the county has no industrial properties under construction and limited viable land positions.

Flex space saw the majority rental rate gains, up 6.1% to \$11.41 psf YOY, marking the second the rate was over \$11.00 psf.

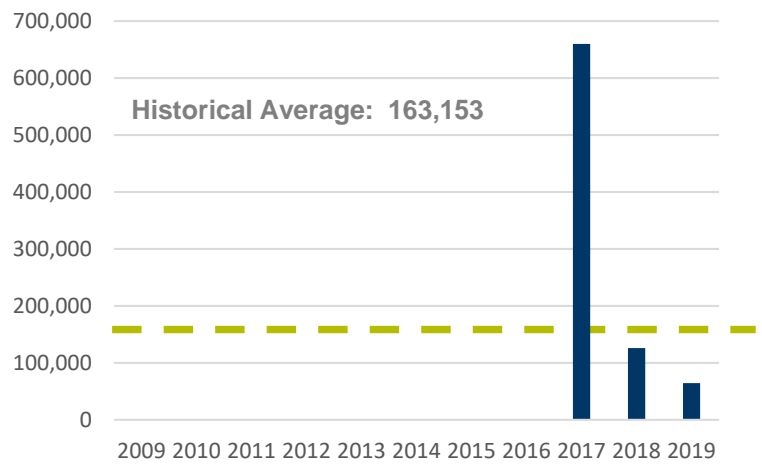
Availability by Size Segment
OVERALL VACANCIES IN ONE SUITE



NNN Asking Rents by Submarket



New Supply



Outlook

- Additions of new large blocks of space should spark greater leasing activity in the remainder of 2019.
- Pinellas County continued to have one of the region's lowest industrial vacancy rate's and highest asking rental rates.
- Cushman & Wakefield anticipates further growth in rental rates and sustained low vacancy levels.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTRUCTION COMPLETIONS (SF)	YTD WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Gateway/Mid-Pinellas	619	30,347,993	49,244	5.8%	2,588	0	64,675	\$5.06	\$11.25	\$6.56
North Pinellas	194	6,700,334	22,600	0.5%	-2,820	0	0	N/A	\$17.53	\$6.79
South Pinellas	163	7,084,321	0	3.2%	125,482	0	0	\$7.79	N/A	\$4.82
PINELLAS TOTALS	976	44,132,648	71,844	4.6%	125,250	0	64,675	\$5.57	\$11.41	\$6.22

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

Asset Type*	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	357	15,908,554	49,244	3.5%	-15,358	0	29,691	64,675	\$6.22	\$6.22
Manufacturing	463	21,826,225	0	3.0%	120,787	0	77,252	0	\$5.57	\$5.51
Office Service/Flex	156	6,397,869	22,600	12.5%	19,821	0	17,409	0	\$11.41	\$11.57

*Does not include renewals

Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9965 18 th Street North	16,000	Wells Fargo	Renewal	Gateway

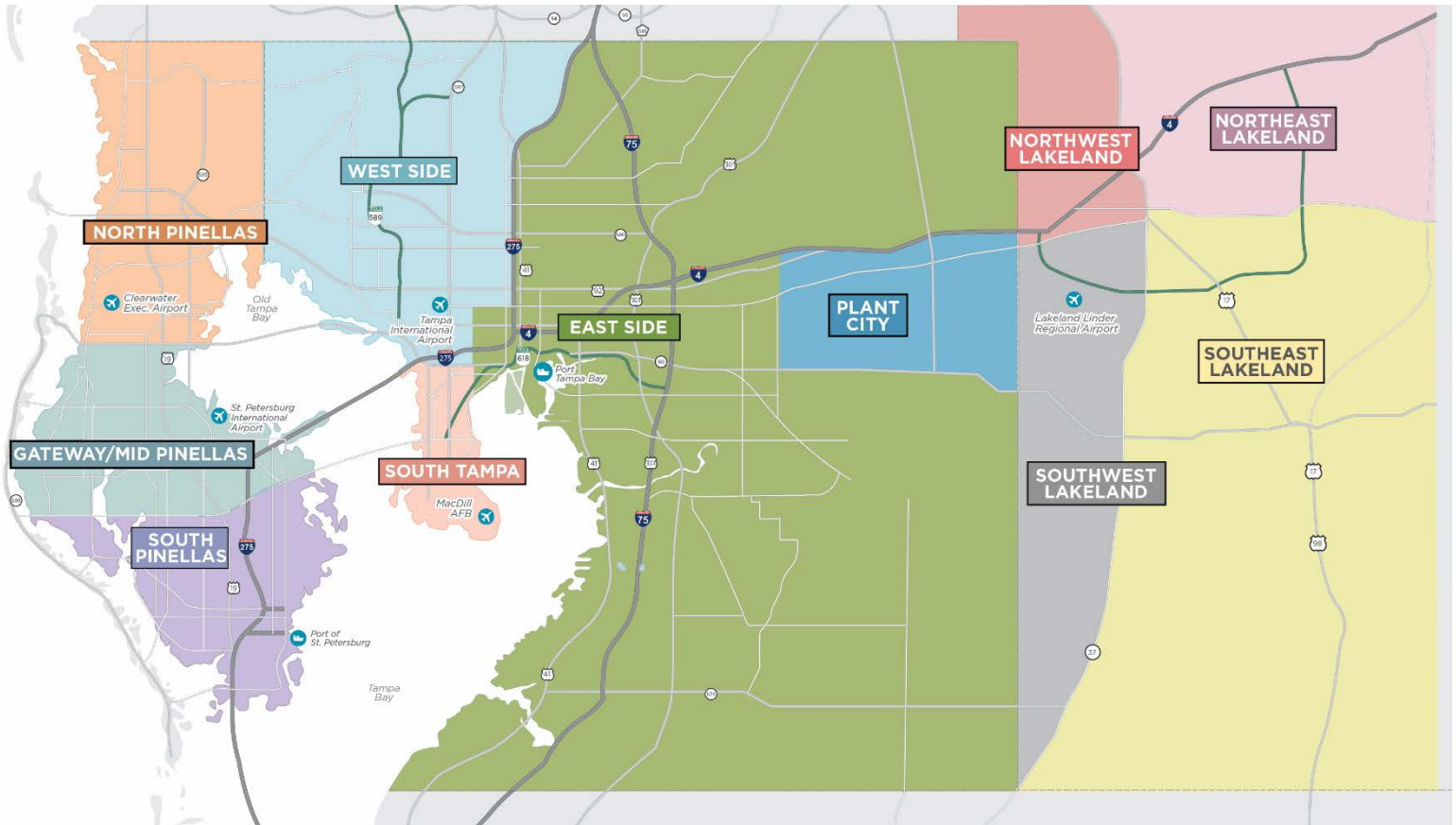
Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
12900 North 44 th Street	49,244	Bruce Livingston / Jonathan Cox	\$4,539,493 / \$92	Gateway
10431 North 72 nd Street	27,400	Not Available	\$2,100,000 / \$77	West Pinellas - Central
107 Dunbar Avenue	22,600	Tower Innovations / Action Sales & Marketing	\$1,400,000 / \$62	Clearwater/North

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