

TAMPA INDUSTRIAL

Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Tampa Bay MSA Employment	1.34M	1.37M	▲
Tampa (Hillsborough) Unemployment	3.6%	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	5.8%	6.0%	▲
YTD Net Absorption (sf)	75k	52k	▲
Under Construction (sf)	1.1M	2.8M	▼
Average Asking Rent*	\$5.74	\$6.49	▲

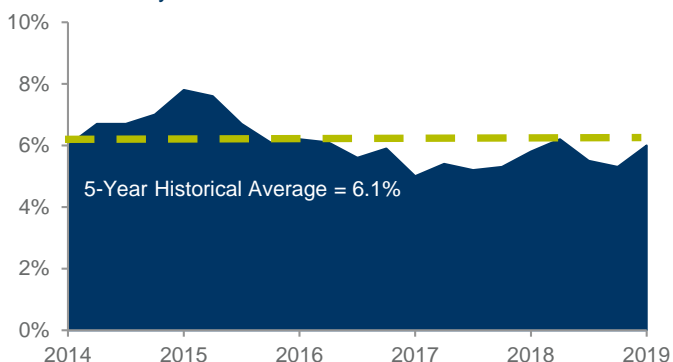
*Rental rates reflect net asking \$psf/year

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 Tampa/Hillsborough County fell by 30 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 bulk of job gains, adding 1,600 jobs 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

Overall absorption through the first quarter of 2019 totaled 52,146 square feet (sf). Warehouse/distribution lead the market with over 70,000 sf of positive absorption. A significant improvement when compared to the first quarter of 2018, when absorption total approximately -60,000 sf. Leasing activity ended the quarter with over 362,000 sf, a sharp decline after a historic 2018. The lack of construction completions in the first quarter limited leasing activity, a distinct contrast to the trends set last year. Warehouse/distribution made up the bulk of the leasing activity, accounting for 69% of the total leasing activity.

Overall triple net (NNN) asking rents increased by 13.1% year-over-year (YOY) to \$6.49 per square foot (psf). The rise in asking rents was due to inventory delivered in 2018 with above-market rents. The majority of rent gains were in flex and manufacturing space, which saw 19.1% and 31.9% increases YOY, respectively.

The overall vacancy rate slightly increased to 6.0% in the last 12-months, marking the 15th consecutive quarter the overall vacancy rate has remained below 7.0%. In contrast the direct vacancy rate dropped to 4.8%, a 90-bps YOY decrease. The delta between vacancy rates originates from several new sublease spaces entering the market. Cushman & Wakefield anticipates vacancy rates to increase as several new spaces are expected to deliver before year-end.

New construction continued to be a key driver within Hillsborough County's industrial market. Central Florida Development completed a 137,500 sf speculative warehouse in Plant City across from Amazon's 1.0 million square feet (msf) fulfillment center. The developer also has a 176,000 sf built-to-suit for Tredit Tire that is expected to deliver later this year. Hillsborough County was late to the game for new industrial development but experienced a resurgence in construction over the past two years with nearly 2.6 msf delivered. In addition, 2.8 msf was under construction at the end of the first quarter, the highest square footage under development at one time in Hillsborough County in over 20 years. Unrelenting tenant demand bolstered further developer confidence in announcing additional phases and new industrial parks mainly focused along the I-4 corridor.

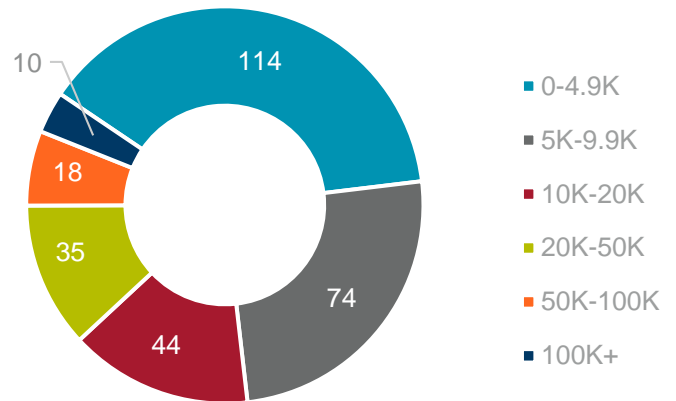
2.8 msf was under construction at the end of the first quarter, the highest square footage under development at one time in Hillsborough County in over 20 years.

Industrial sales activity fell in the first quarter of 2019, with over 583,000 sf sold. Sales activity continues to slow after a booming 2014 to 2017. The burst of sales from 2014 to 2017 saw over 16.1 msf traded. However, Cushman & Wakefield anticipates sales activity to increase some in 2019 as those assets bought pre-2018 while have adequate occupancy and cash flow to incentivize sellers and investors alike.

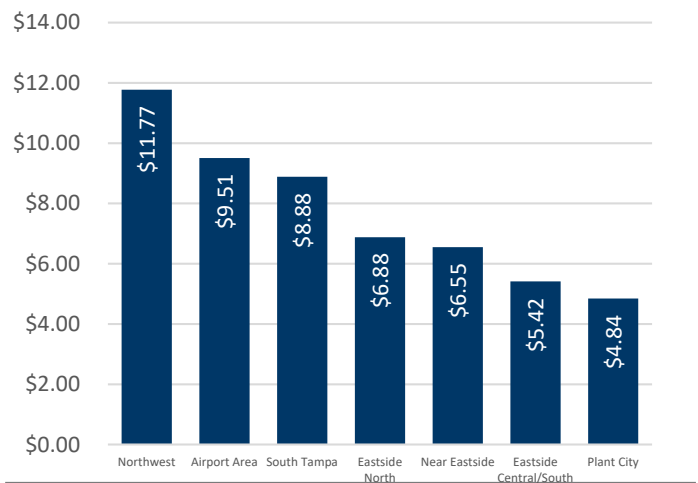
Outlook

- New construction will provide space options and support further increases in leasing and sales activity.
- The industrial market posted positive market fundamentals through the start of the year.
- Cushman & Wakefield anticipates a short-term increase in vacancy levels and asking rents on available space in new deliveries.

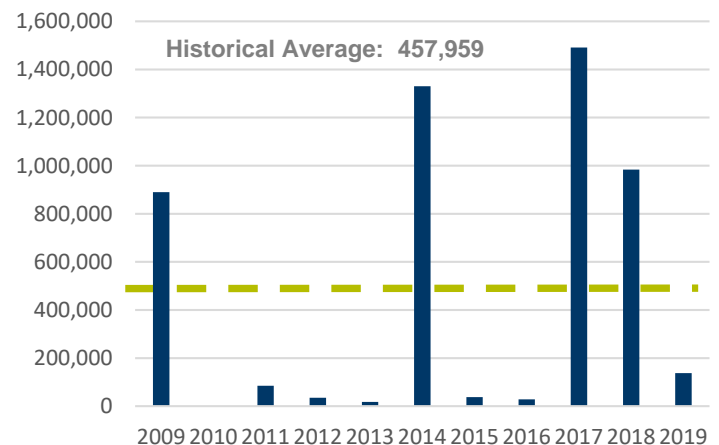
Availability by Size Segment
OVERALL VACANCIES IN ONE SUITE



NNN Asking Rents by Submarket



New Supply



MARKETBEAT

Tampa

Industrial Q1 2019



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)*
Near East Side	206	9,748,082	23,818	2.0%	-76,805	0	0	N/A	\$18.00	\$5.99
East Side North	161	10,039,715	0	7.5%	18,321	0	0	\$5.06	\$10.10	\$5.36
East Side/Central-South	439	31,640,476	266,840	7.8%	46,872	2,200,495	0	\$6.50	\$10.54	\$4.85
EAST SIDE	806	51,428,273	290,658	6.7%	-11,612	2,200,495	0	\$5.19	\$10.44	\$5.01
Airport Area	312	12,713,102	28,880	4.2%	-29,416	0	0	N/A	\$10.91	\$7.73
Northwest	57	2,251,572	0	7.7%	-12,484	0	0	N/A	\$12.62	\$7.93
WEST SIDE	369	14,964,674	28,880	4.8%	-41,900	0	0	N/A	\$11.50	\$7.76
South Tampa	34	2,435,690	0	3.6%	-2,278	0	0	\$7.25	N/A	\$9.98
Plant City	84	8,839,787	0	4.7%	107,936	578,206	137,500	\$4.50	N/A	\$4.88
TAMPA TOTALS	1,293	77,668,424	319,538	6.0%	52,146	2,778,701	137,500	\$5.54	\$10.72	\$5.29

*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	839	56,670,915	319,538	6.2%	70,288	2,778,701	250,523	137,500	\$5.29	\$5.54
Manufacturing	184	11,255,413	0	1.4%	-8,971	0	0	0	\$5.54	\$5.54
Office Service/Flex	270	9,742,096	0	9.9%	-9,171	0	112,207	0	\$10.93	\$11.43

*Does not include Renewals

Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
7920 Woodland Center Boulevard	31,414	Physicians Business Services	New	Airport Area
4914-4962 Distribution Drive	26,250	Brighton Best	Renewal*	Near East Side
4505-4507 West Hillsborough Avenue	25,800	WW Grainger	Renewal*	Airport Area
6704-6712 North 54 th Street	20,000	Coleman America	Renewal*	East Side North

*Not included in Leasing Activity Statistics.

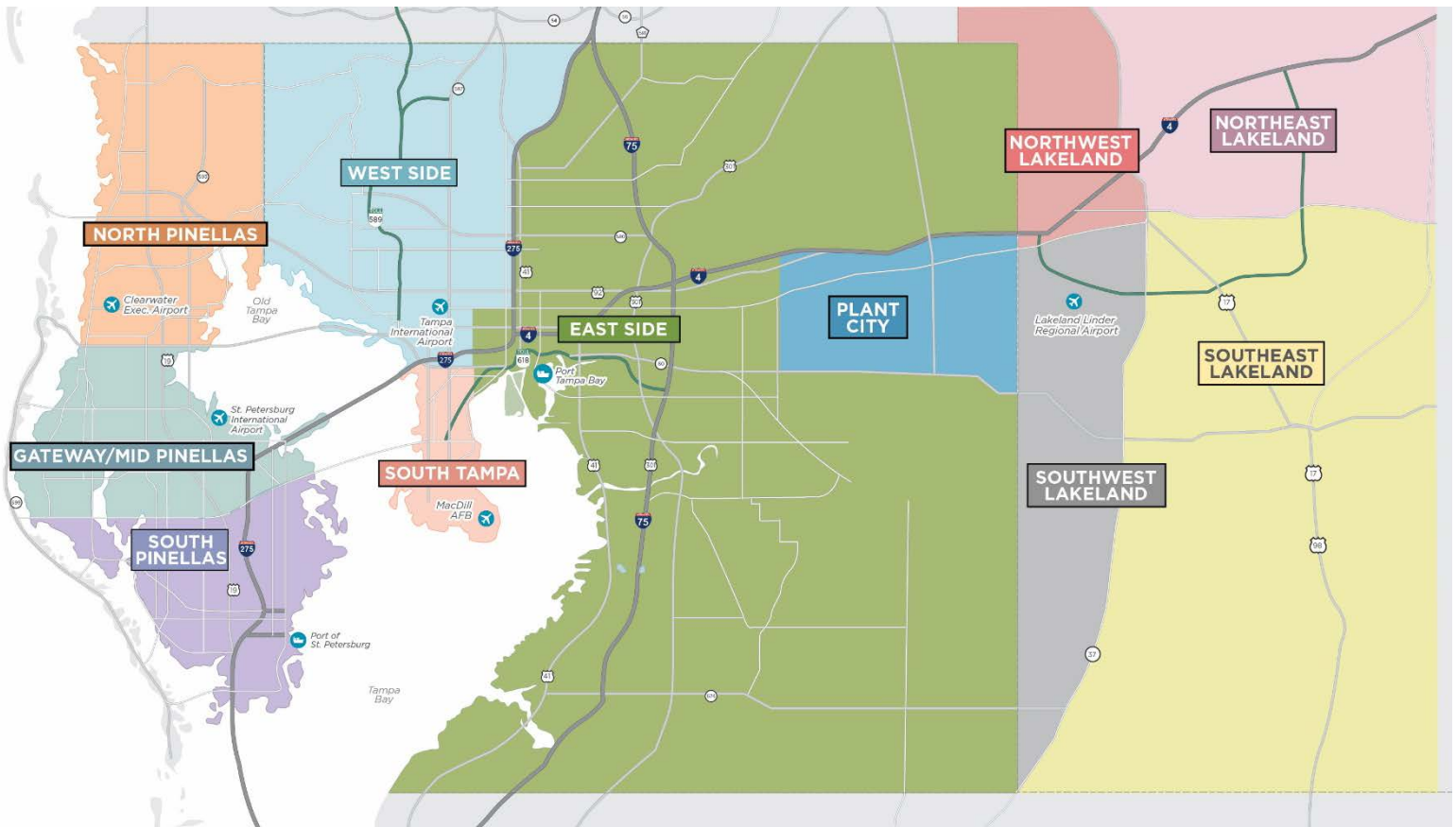
Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
500 Falkenburg Road	266,840	Torchlight Investors / Undisclosed	\$6,900,000 / \$25	East Side/Central-South
4330 Williams Roads	213,686	Bluesteel Development / American Metals Supply	\$15,762,200 / \$73	East Side/Central-South
5110 Santa Fe Road	53,541	Michael Recker / Fort Pierce Oil Company	\$950,000 / \$18	East Side/Central-South
6900-6920 Adamo Drive	50,000	Beltram Edge Tool Supply / Kara Mark	\$2,450,000 / \$49	East Side/Central-South

MARKETBEAT

Tampa

Industrial Q1 2019



Cushman & Wakefield of Florida, LLC
One Tampa City Center
Tampa, FL 33602

For more information, contact
Chris Owen
Director, Florida Research
Tel: +1 407 541 4417
chris.owen@cushwake.com

Michelle McMurray
Senior Analyst
Tel: +1 813 204 5373
michelle.mcmurray@cushwake.com

Jason McCormick
Analyst
Tel: +1 813 462 4211
jason.mccormick@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in approximately 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without warranty or representations as to its accuracy.