

## PINELLAS INDUSTRIAL

### Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Tampa Bay MSA Employment	1.34M	1.36M	▲
Pinellas Unemployment	3.4%	2.8%	■
U.S. Unemployment	4.1%	3.7%	▼

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

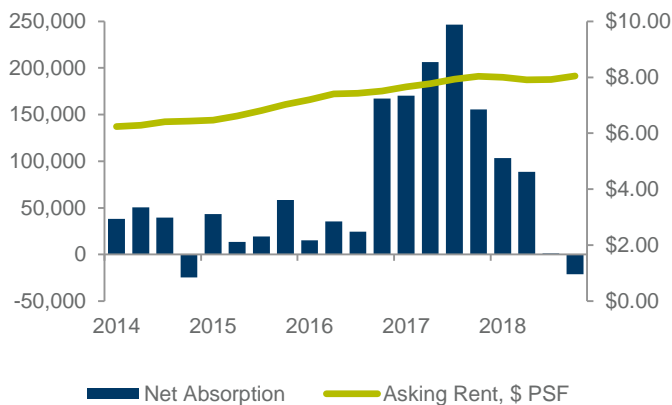
### Market Indicators (Overall, All Property Types)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	3.6%	3.5%	■
YTD Net Absorption (sf)	622k	-85k	■
Under Construction (sf)	0	65k	■
Average Asking Rent*	\$8.12	\$8.61	▼

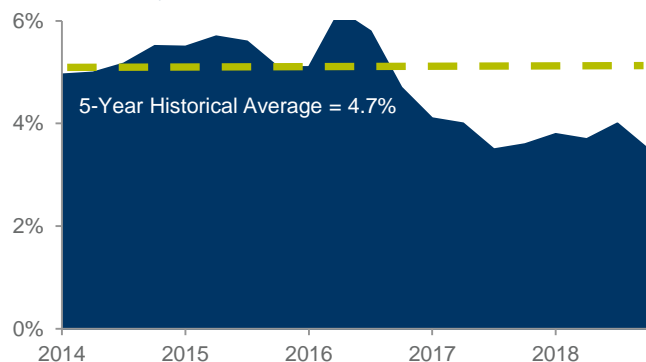
\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



### Economy

The Tampa Bay economy surged over the past year, adding +23,500 jobs for an annual growth rate of 1.7%. As of November 2018, the unemployment rate in Pinellas County fell by -60 basis points (bps) over the past twelve months to 2.9%. Nearly all industrial-related industries saw employment growth. Transportation, warehousing, and utilities had the bulk of job gains, adding +2,600 jobs for a job growth rate of 8.3%. 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

The overall triple net asking rental rate increased by 6.0% year-over-year (YOY) to \$8.61 per square foot (psf), the highest asking rent on record since Cushman & Wakefield started tracking the market in 1996. Flex space saw significant rental rate gains, increasing +14.3% to \$11.44 psf YOY, marking the first time that the flex asking rate has averaged over \$11.00 psf in Pinellas County history. The overall vacancy rate remained relatively flat YOY decreasing by 10 bps to 3.5%. The flat vacancy rate was in large part due to a few tenant move outs, including Pellon Consumer Products and Konica Minolta in the Gateway/Mid-Pinellas submarket. However, the new availabilities provided much needed space variety in a market that has had a vacancy rate below 5.0% for 10-consecutive quarters.

Less than 2.0 million square feet (msf) was vacant in Pinellas County for the last eight consecutive quarters. Availabilities were predominately located in inferior locations within functionally obsolete buildings, especially manufacturing and flex assets. Limited quality space options caused leasing activity to cool in 2018 with nearly 863,000 square feet (sf) leased by year end, approximately 67.0% of last year's figures. Warehouse/distribution made up the bulk of the leasing activity, responsible for 54.0% of the total leasing activity. Overall absorption totaled -85,215 sf for the year and was especially impacted by tenant move outs in the first and third quarter.

Rising occupancies bolstered confidence by developers to deliver an additional 126,000 sf of warehouse/distribution product in 2018. Builders became creative in finding sites with limited land available on the peninsula suitable for distribution. Noteworthy projects were Mosk Development Company's 50,000-sf speculative warehouse in the Gateway submarket and an additional 76,000-sf build-to-suit warehouse delivered by Cousins Corp of America.

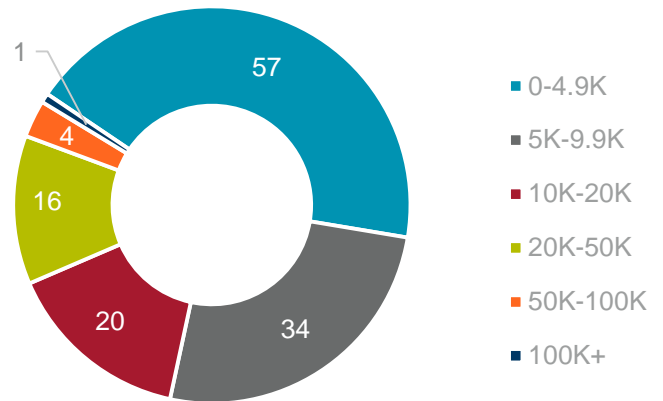
**The overall asking rate increased by 6.0% YOY to \$8.61 psf triple net, the highest asking rent on record**

Pinellas County has 16 designated opportunity zones, the majority of which are located in the South Pinellas submarket. Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities. The program provides a tax incentive for investors to re-invest their unrealized capital gains back into the zones. Billions of dollars could potentially be targeted to stimulate significant economic growth in designated communities.

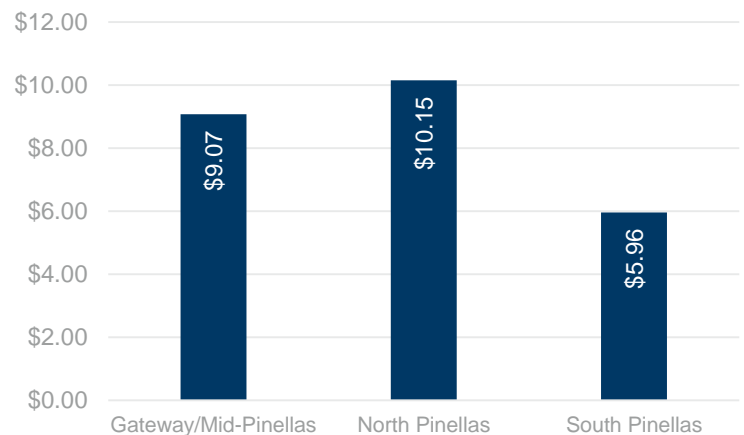
### Market Highlights

- Pinellas County continued to have one of the Tampa Bay region's lowest industrial overall vacancy rate and highest asking rental rates.
- Additions of new blocks of space to the market should spark greater leasing activity and assist absorption.
- Cushman & Wakefield anticipates industrial fundamentals will continue to stay positive on further growth in rental rates and sustained low vacancy levels.

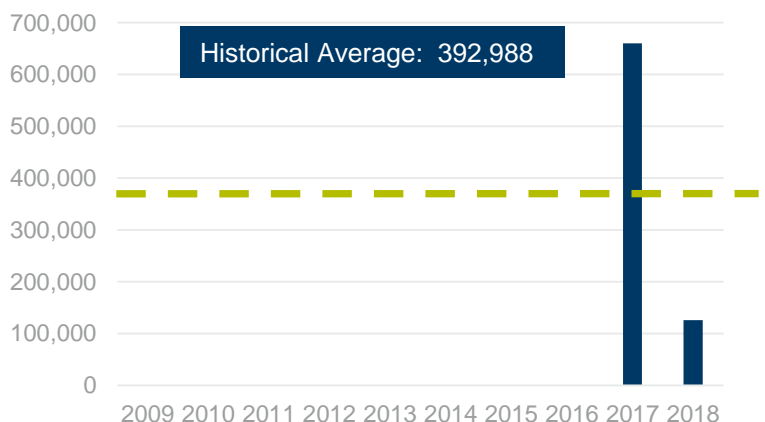
Availability by Size Segment  
OVERALL VACANCIES IN ONE SUITE



NNN Asking Rents by Submarket



New Supply



# MARKETBEAT

## Pinellas County

Industrial Q4 2018



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 (WD)
Gateway/Mid-Pinellas	790	32,119,149	1,203,330	4.3%	-140,441	64,675	50,000	\$6.01	\$11.28	\$6.61
North Pinellas	297	8,052,810	27,523	0.6%	91,683	0	0	\$4.20	\$16.77	\$7.69
South Pinellas	227	7,862,454	0	3.4%	-36,457	0	76,000	\$6.35	N/A	\$5.27
<b>PINELLAS TOTALS</b>	<b>1,314</b>	<b>48,034,413</b>	<b>1,230,853</b>	<b>3.5%</b>	<b>-85,215</b>	<b>64,675</b>	<b>126,000</b>	<b>\$6.06</b>	<b>\$11.44</b>	<b>\$6.36</b>

\*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	487	17,430,788	586,605	2.9%	174,792	64,675	466,041	126,000	\$6.36	\$6.36
Manufacturing	639	23,678,390	358,720	1.7%	-176,101	0	94,542	0	\$6.06	\$6.44
Office Service/Flex	183	6,736,084	285,528	11.5%	-83,906	0	302,761	0	\$11.44	\$11.60

\*Chart does not reflect inventory for High Tech

\*\*Does not include renewals

### Key Lease Transactions 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
13590 Automobile Boulevard	122,280	Pellon Consumer Products	New	Gateway/Mid-Pinellas
4029 Tampa Road	52,017	Paragon Water Systems	New	North Pinellas
11001 Roosevelt Boulevard	41,050	NDH	New	Gateway/Mid-Pinellas
9965 18 <sup>th</sup> Street North	31,000	Red House Holdings	New	Gateway/Mid-Pinellas

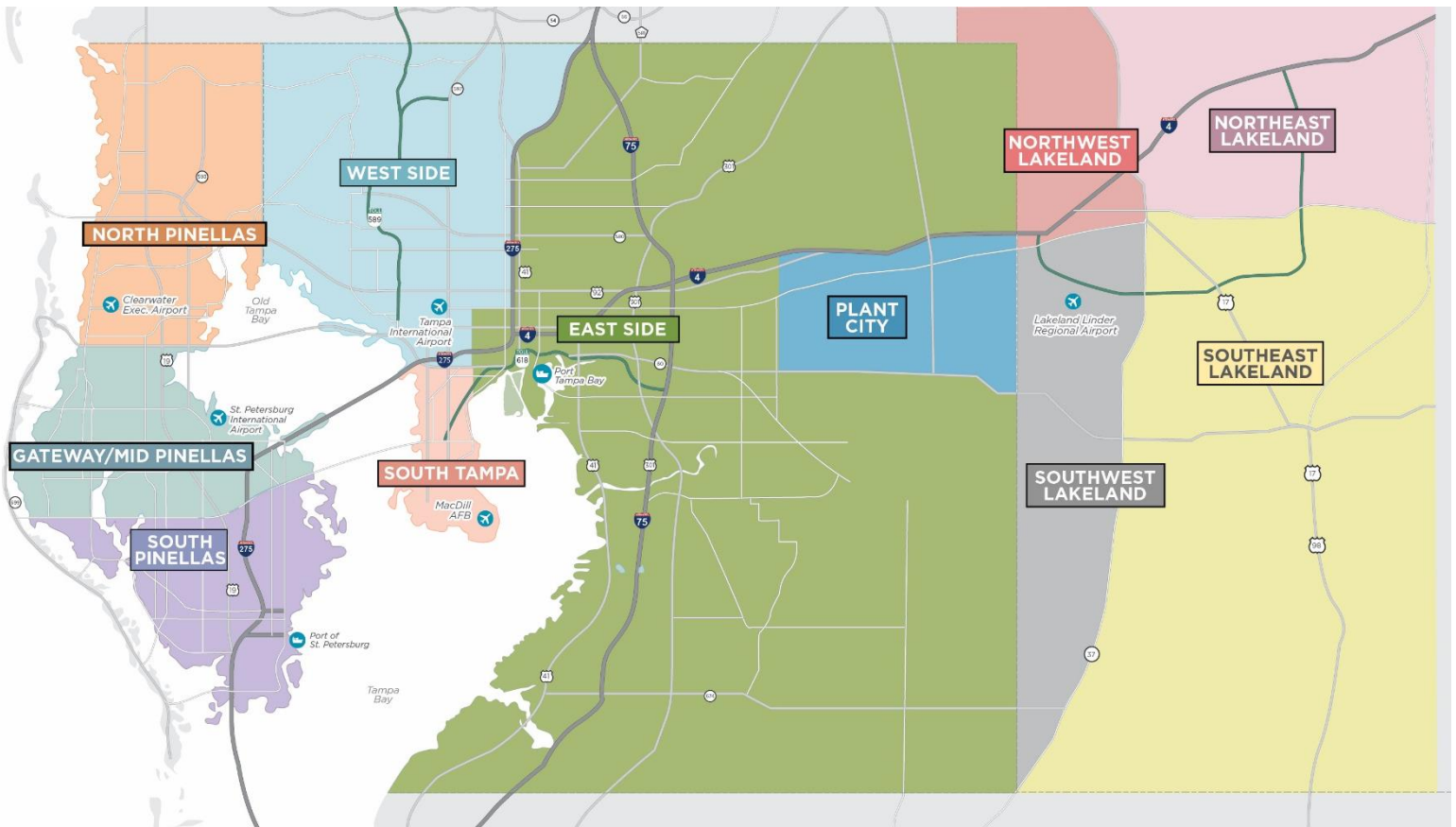
### Key Sales Transactions 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Rubin Center – Automobile (Portfolio)	268,081	Rubin Automobile Blvd. Ltd./Lucky Clearwater	\$8,275,000/\$31	Gateway/Mid-Pinellas
10950 Belcher Road	186,632	Essentra Components/Harrod Properties	\$6,112,000/\$33	Gateway/Mid-Pinellas
Omni Business Park (Portfolio)	179,736	Omni Property Companies/Arcis Investments	\$11,200,000/\$62	Gateway/Mid-Pinellas
4477-4481 N 122 <sup>nd</sup> Avenue	72,433	Atlas Exchange/Appelt & Associates	\$2,450,000/\$34	Gateway/Mid-Pinellas

MARKETBEAT

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Industrial Q4 2018



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