

TAMPA INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Tampa Bay MSA Employment	1.32M	1.35M	▲
Tampa (Hillsborough) Unemployment	4.0%	3.5%	■
U.S. Unemployment	4.4%	3.9%	▼

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

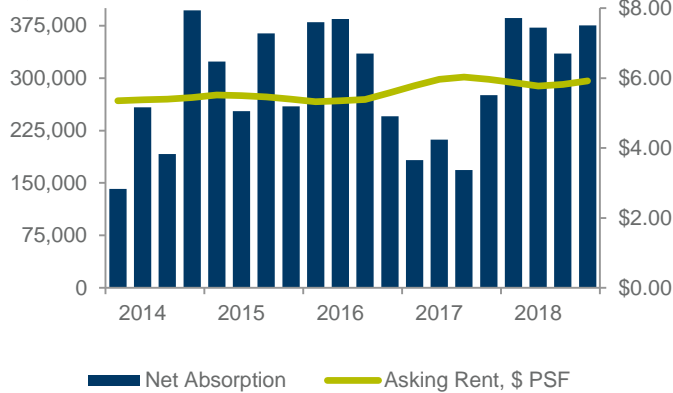
Market Indicators (Overall, All Property Types)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	5.2%	5.5%	■
YTD Net Absorption (sf)	955k	914k	▲
Under Construction (sf)	904k	1.8M	▲
Average Asking Rent*	\$5.85	\$6.24	▲

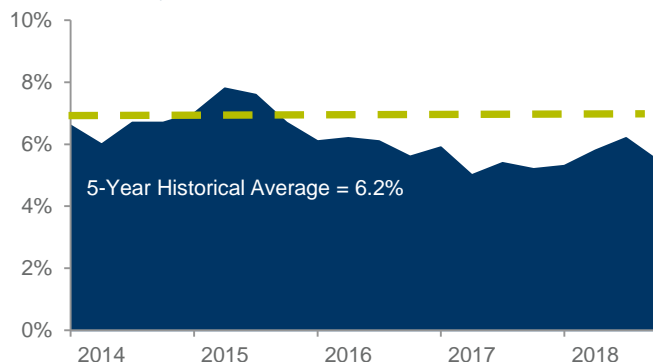
\*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy surged over the past year, adding +32,400 jobs for an annual growth rate of 2.3%. As of August 2018, the unemployment rate in Tampa/Hillsborough County fell by -50 basis points (bps) over the past twelve months to 3.5%. Nearly all industrial-related industries saw employment growth. Construction had the bulk of job gains, adding +3,500 jobs a job growth rate of 4.7%. 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 vacancy rate increased slightly year-over-year (y-o-y) from 5.2% to 5.5% due to availabilities from new construction hitting the market. The impact of these new blocks of vacancies predominately affected warehouse/distribution, which saw a +70 bps increase y-o-y to 5.6%. In contrast, most new inventory delivered with above-market rents and had a positive effect on overall asking rents, pushing them to \$6.24 per square foot (psf) triple net, a +6.7% increase and post-recession high. Most new additions were in warehouse/distribution space which had increases of +5.4% to \$5.29 psf.

Leasing activity through the third quarter totaled nearly 3.0 million square feet (msf), approximately 454,000 square feet (sf) greater when compared to this time last year. Once again, new construction was a boon for leasing activity as several tenants signed for large blocks of space in new buildings. Overall absorption year-to-date was strong with nearly 914,000 sf absorbed, figures that are only 4.3% off from last year's historic numbers from the third quarter. Absorption activity in the third quarter alone was approximately 840,000 sf, bolstered by large tenant moves to new construction and existing product.

New construction continued to be a key driver with 923,017 sf completed, predominantly on the Eastside. Hillsborough County was late to the game for new industrial development but experienced a resurgence in construction over the past two years with nearly 2.5 msf delivered, a post-recession two-year high. In addition 1.8 msf was under construction at the close of the third 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.

Outlook

The industrial market in Tampa/Hillsborough County continued to post positive market fundamentals through the third quarter. New construction will provide additional space options and support further increases in leasing activity. Cushman & Wakefield anticipates a short-term bump in vacancy levels as well as asking rental rates on availabilities in new deliveries.

# MARKETBEAT

# Tampa

Industrial Q3 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 (W/D)*
Near East Side	248	10,720,202	32,000	2.8%	31,103	0	0	\$3.95	N/A	\$5.49
East Side North	188	10,477,897	543,500	6.3%	-137,789	0	0	\$5.23	\$9.54	\$5.65
East Side/Central-South	517	32,607,577	1,353,548	6.7%	644,395	1,690,870	785,517	\$3.60	\$10.61	\$4.96
<b>EAST SIDE</b>	<b>953</b>	<b>53,805,676</b>	<b>1,929,048</b>	<b>5.8%</b>	<b>537,709</b>	<b>1,690,870</b>	<b>785,517</b>	<b>\$4.29</b>	<b>\$10.27</b>	<b>\$5.13</b>
Airport Area	364	13,472,027	241,062	3.6%	374,058	0	0	\$7.00	\$9.83	\$6.83
Northwest	64	2,277,369	27,000	7.4%	1,329	0	0	N/A	\$12.45	N/A
<b>WEST SIDE</b>	<b>428</b>	<b>15,749,396</b>	<b>268,062</b>	<b>4.1%</b>	<b>375,387</b>	<b>0</b>	<b>0</b>	<b>\$7.00</b>	<b>\$10.94</b>	<b>\$6.83</b>
South Tampa	39	2,495,190	32,724	4.0%	-32,199	0	0	\$3.00	N/A	\$7.05
Plant City	92	8,786,763	0	6.3%	32,925	137,500	137,500	\$4.50	N/A	\$4.95
<b>TAMPA TOTALS</b>	<b>1,512</b>	<b>80,837,025</b>	<b>2,229,834</b>	<b>5.5%</b>	<b>913,822</b>	<b>1,828,370</b>	<b>923,017</b>	<b>\$4.19</b>	<b>\$10.60</b>	<b>\$5.29</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	978	58,539,488	1,534,363	5.6%	694,088	1,828,370	2,354,053	923,017	\$5.29	\$5.31
Manufacturing	218	11,689,013	0	2.8%	-64,171	0	47,730	0	\$4.19	\$4.19
Office Service/Flex	309	10,233,366	695,471	8.0%	283,905	0	572,558	0	\$10.60	\$10.83

\*Chart does not reflect inventory for High Tech  
\*\*Does not include Renewals

## Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
4758 Oak Fair Boulevard	92,200	Iron Mountain	Renewal*	East Side/Central South
4330 Williams Roads	78,560	Ferguson	Direct	East Side/Central South
4720 Oak Fair Boulevard	69,760	1-800 Pack Rat	Renewal*	East Side/Central South

\*Not included in Leasing Activity Statistics.

## Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
11316 46 <sup>th</sup> Street North	379,880	Exeter/The Federated Companies	\$17,000,000/\$42	East Side North
Center Point (Portfolio)	236,299	IP Capital/JCR Capital Investment	\$19,500,000/\$82	East Side/Central South
3401 Queen Palm Drive	115,200	AGNL Jet LLC/Chromalloy	\$18,579,720/\$161	East Side/Central South

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