

TAMPA INDUSTRIAL

Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Tampa Bay MSA Employment	1.34M	1.36M	▲
Tampa (Hillsborough) Unemployment	3.6%	2.9%	■
U.S. Unemployment	4.1%	3.7%	▼

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

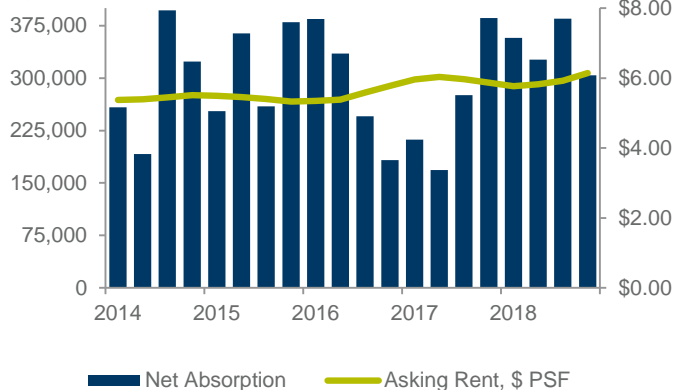
Market Indicators (Overall, All Property Types)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	5.3%	5.3%	■
YTD Net Absorption (sf)	1.5M	1.2M	▲
Under Construction (sf)	478k	2.5M	▲
Average Asking Rent*	\$5.72	\$6.63	▲

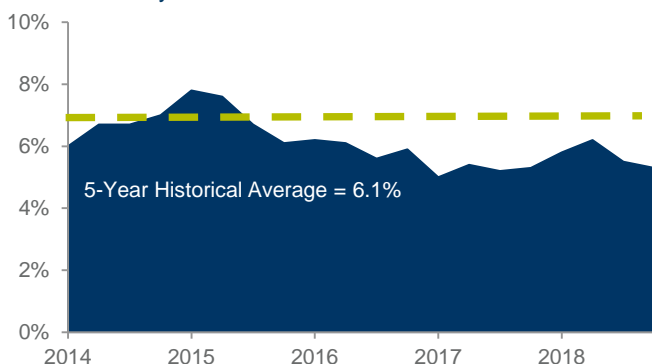
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy accelerated over the past year, adding +23,500 jobs for an annual growth rate of 1.7%. As of November 2018, the unemployment rate in Tampa/Hillsborough County fell by -70 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 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 asking rate closed out 2018 up 15.9% when compared to yearend 2017, up from \$5.72 per square foot (psf) to \$6.63 psf, a post-recession high. The catapult in asking rents was due to inventory delivered with above-market rents. The majority of new additions were in warehouse/distribution space which experienced an increase of 7.4% to \$5.37 psf. The overall vacancy rate remained stable year-over-year (YOY) at 5.3%, marking the 14th consecutive quarter the overall vacancy rate remained below 7.0%. In contrast the direct vacancy rate dropped 80 bps to 4.5%, the lowest direct vacancy rate since year end 2007. The delta between direct and overall vacancy is made up predominately of the two sublease spaces that Times Customer Service vacated. One availability was nearly 133,000 square feet (sf) in a flex building and the other a 229,000 sf warehouse space, both located in the East Side/Central-South submarket.

Overall absorption through yearend 2018 total over 1.2 million square feet (msf), bringing the three-year total to nearly 3.5 msf, a post-recession high. Absorption was bolstered by large tenant moves to new construction and existing product. Overall absorption was stifled by some large tenant move outs throughout the year including the Time's Customer Service sublease and Southern Wine and Spirits' vacating nearly 380,000 sf. In contrast, the direct absorption totaled over 1.7 msf, the highest annual absorption figures since 2005. Leasing activity ended the year with over 3.9 msf, the largest amount since Cushman & Wakefield started tracking the market in 1996. Throughout the year new construction was a boon for leasing activity as several tenants signed for large blocks of space in new buildings. Warehouse/distribution made up the bulk of the activity, accounting for 81%.

New construction continued to be a key driver with almost 1.0 msf 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 2.5 msf was under construction at the end of the year, 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.

Leasing activity ended the year with over 3.9 msf, the largest amount of activity since 1996.

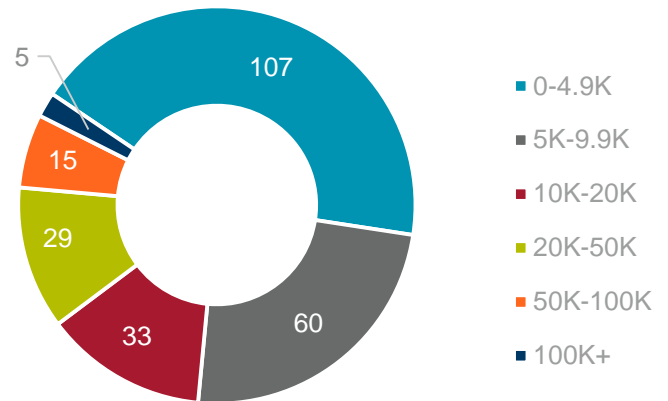
Hillsborough County has over 30 designated opportunity zones, several of which are located within the Eastside and Airport submarkets. Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income 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.

Industrial sales activity hit a four year low at the close of 2018, with only 3.9 msf sold. Sales activity cooled in 2018 due to the lack of institutional grade assets available on the market. 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.

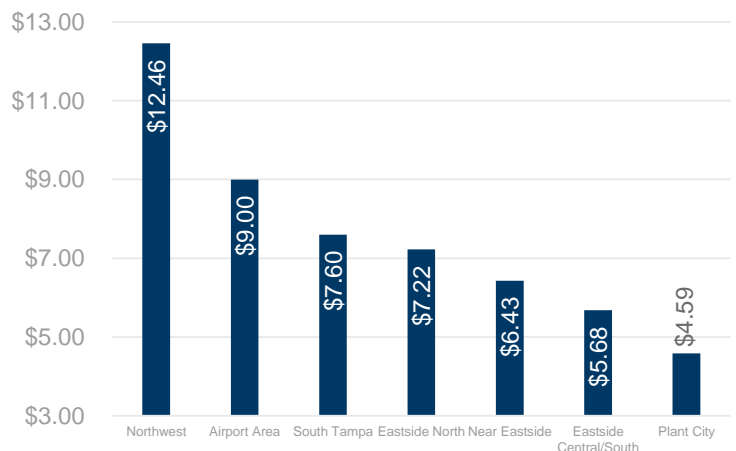
Market Highlights

- The industrial market continued to post positive market fundamentals through the end of the year.
- New construction provided additional space options and supported further increases in leasing activity.
- Cushman & Wakefield anticipates a short-term bump in vacancy levels and asking rents on availabilities in new deliveries.

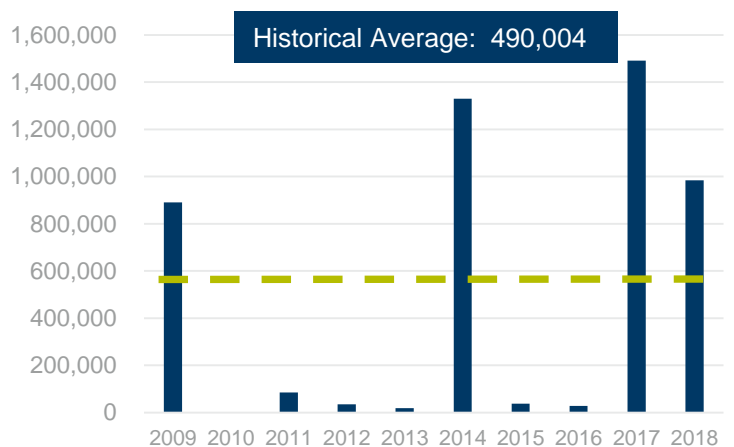
Availability by Size Segment
OVERALL VACANCIES IN ONE SUITE



NNN Asking Rents by Submarket



New Supply



MARKETBEAT

Tampa

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)*
Near East Side	248	10,720,202	390,587	1.1%	58,298	0	0	N/A	N/A	\$6.43
East Side North	188	10,477,897	543,500	7.5%	-270,311	0	0	\$5.23	\$10.10	\$5.89
East Side/Central-South	517	32,644,977	1,861,888	6.8%	690,718	2,200,495	846,367	\$3.60	\$10.61	\$4.96
EAST SIDE	953	53,843,076	2,795,975	5.8%	478,705	2,200,495	846,367	\$5.58	\$10.72	\$5.37
Airport Area	364	13,472,027	608,742	3.6%	497,554	0	0	N/A	\$10.27	\$7.78
Northwest	64	2,340,253	153,270	7.9%	-16,671	0	0	N/A	\$12.46	N/A
WEST SIDE	428	15,812,280	762,012	4.3%	480,883	0	0	N/A	\$11.24	\$7.78
South Tampa	39	2,495,190	59,765	3.4%	43,219	0	0	\$7.25	N/A	\$7.85
Plant City	92	8,823,253	0	4.2%	213,582	313,500	137,500	\$4.50	\$5.00	\$4.59
TAMPA TOTALS	1,512	80,973,799	3,617,752	5.3%	1,216,389	2,513,995	983,867	\$5.58	\$10.72	\$5.37

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex WD = 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	58,676,262	2,105,974	5.3%	1,089,357	2,513,995	3,171,929	983,867	\$5.37	\$5.52
Manufacturing	218	11,689,013	182,667	1.3%	-1,171	0	50,730	0	\$5.58	\$5.58
Office Service/Flex	309	10,233,366	1,329,111	9.7%	128,203	0	678,810	0	\$10.72	\$11.15

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

Key Lease Transactions 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
13124 S US Highway 41	242,932	Solar City	New	East Side/Central-South
3838 Fancy Farms Road	236,043	PlastiPak	New	Plant City
2000 62 nd Street	191,500	NFI	Renewal*	East Side/Central-South
8800 Adamo Drive	132,053	Gopher Resources	Renewal*	East Side/Central-South

*Not included in Leasing Activity Statistics.

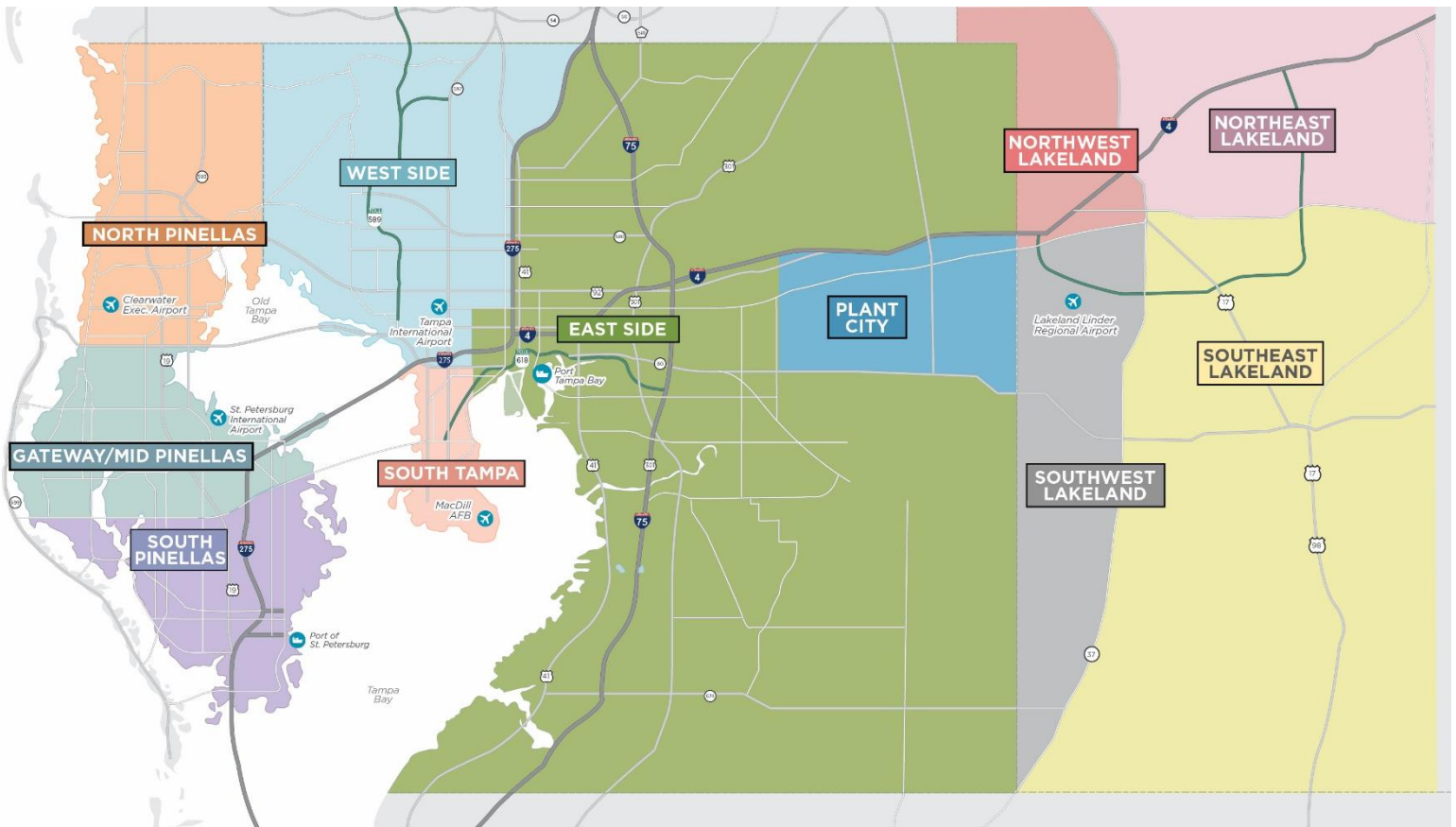
Key Sales Transactions 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Center Point (Portfolio)	236,229	Metvan Property Company/JCR Capital	\$19,500,000/\$82	East Side/Central-South
Executive Industrial Park (Portfolio)	201,300	First Industrial/Gen Gen Tampa	\$17,550,000/\$87	Airport Area
Westshore Business Center (Portfolio)	166,380	Keating Resources/Equitable Real Estate Partners	\$16,300,000/\$97	Airport Area
University Park Business Center (Portfolio)	101,285	ESJ University Park/Shaked Law	\$18,000,000/\$177	East Side/North

MARKETBEAT

Tampa

Industrial Q4 2018



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