MARKETBEAT
Tampa
Industrial Q2 2019

CUSHMAN & WAKEFIELD

TAMPA INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Tampa Bay MSA Employment	1.35M	1.38M	▲
Tampa (Hillsborough) Unemployment	3.2%	3.0%	▬
U.S. Unemployment	3.9%	3.6%	▼

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

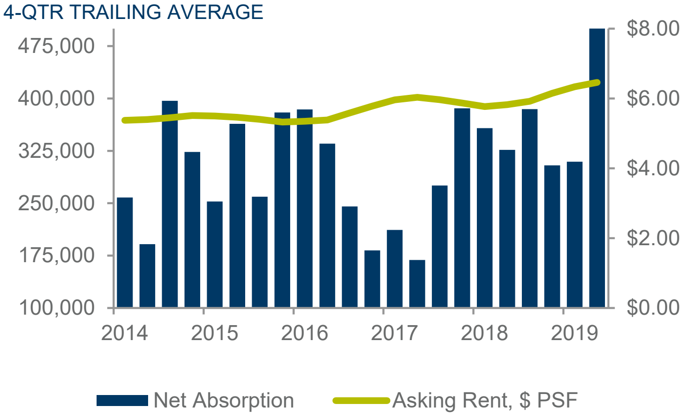
Market Indicators (Overall, All Property Types)

	Q2 18	Q2 19	12-Month Forecast
Vacancy	6.2%	6.9%	▲
YTD Net Absorption (sf)	39k	936k	▲
Under Construction (sf)	1.2M	1.9M	▼
Average Asking Rent*	$5.98	$6.48	▬

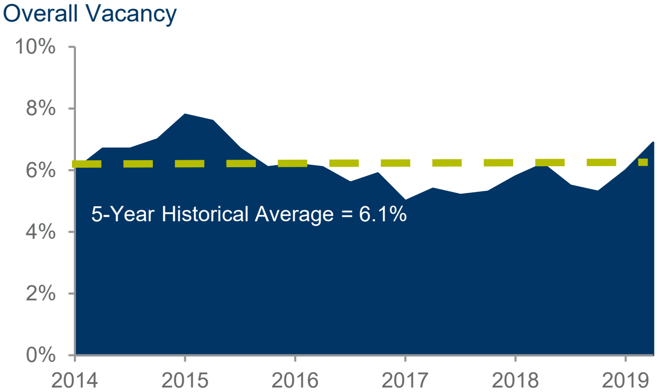
*Rental rates reflect net asking $psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy accelerated over the past year, adding 27,100 jobs for an annual growth rate of 2.0%. As of May 2019, the unemployment rate in Hillsborough County fell by 20 basis points (bps) over the past twelve months to 3.1%. Nearly all industrial-related industries saw employment growth. Transportation, warehousing, and utilities experienced the bulk of job gains, adding 1,700 jobs for a job growth rate of 5.5%. The region's pace for new housing and rising wages benefited the industrial market as companies take space to meet consumer demand.

Market Overview

Overall triple net (NNN) asking rents increased by 8.4% year-over-year (YOY) to $6.48 per square foot (psf). All industrial types recorded YOY rental gains in the second quarter. Warehouse/distribution increased by 2.5% YOY to $5.32 psf, marking the eighth consecutive quarter the asking rate was greater than $5.00 psf. The Airport submarket boasted robust warehouse/distribution rent growth with a 19.8% YOY increase to $7.32 psf. In addition, rates increased in four of the five submarkets for flex space. Most notably, the flex product in the Airport submarket ended the second quarter at $10.36 psf, up 18.6% YOY.

The overall vacancy rate rose 80 bps YOY to 6.9%, marking the 16th consecutive quarter the overall vacancy rate has remained below 7.0%. The rise in vacancy was attributed to the Eastside Central/South submarket, which recorded a 280 bps bump in the last 12 months due to 1.2 million square feet (msf) of vacant new construction. In contrast, the Near Eastside submarket recorded a 530 bps decrease and ended the second quarter at 2.5%. The Near Eastside and Airport submarkets continued to have some of the lowest vacancy rates in Tampa Bay as tenants seek out valuable infill locations.

Overall absorption substantially improved with +935,602 sf of absorption year-to-date (YTD) as several large tenants occupied space. The second quarter's +839,159 sf of absorption was the third highest quarterly total since 2010. Absorption was bolstered by Bunzl, Tredit Tire, and Nationwide Industries who combined occupied over 500,000 sf. Leasing activity continued to trail historic 2018 figures with 980,000 sf leased YTD, a 43.1% YOY decrease. Leasing activity looked to improve in the last half of the year as several large tenants have space requirements currently in the market. Through mid-year 2019, approximately 700,000 sf was leased in the Eastside submarket, the majority of which in warehouse/distribution, which totaled approximately 569,000 sf leased YTD.

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Industrial sales activity was strong through the first half of 2019 with 2.3 msf sold. Most notably, the 1.0-msf Amazon distribution center in the Eastside Central/South submarket was purchased by Industrial Logistics Properties Trust in a portfolio sale. The REIT paid $624.7 million for the 20-property portfolio. The former Southern Wine & Spirits building sold for $16.5 million, or $45 psf. The 360,082-sf building, which had been vacant for over two years, remained available for lease after being purchased by a private equity firm based in Greenville, SC.

The second quarter's +839,159 sf of positive absorption is the third highest quarterly total since 2010.

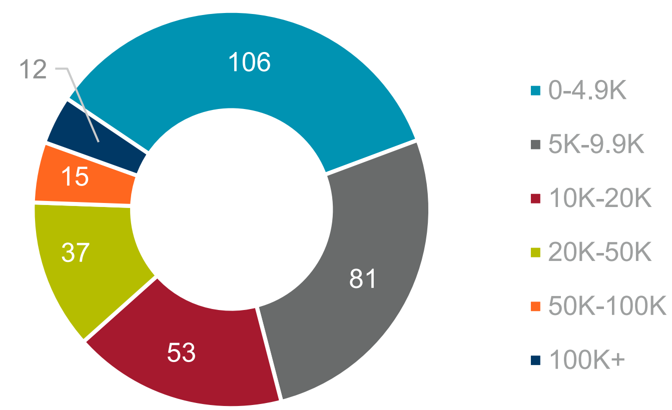
Hillsborough County recorded 1.5 msf of construction deliveries in the second quarter, the highest quarterly total in the County's history. McDonald Development completed two buildings at 301 Business Center totaling 513,480 sf with approximately 340,000 sf preleased. Bunzl, a multinational distribution company, occupied 212,900 sf in building 300. More recently, US Venture, Inc. signed a 127,720- sf lease in building 200 and will occupy by year-end. Blue Steel Development completed a 424,550-sf warehouse at I-4 Logistics Center. The I-4 Logistics Center's new warehouse was the largest available space in Hillsborough County. Central Florida Development completed a 176,000-sf build-to-suit for Tredit Tire. Cabot at Aprile Farms delivered Building 200, a 148,940-sf warehouse with Goodman Distribution pre-leasing 91,359 sf. The market's strong construction environment was expected to continue with 1.5 msf expected to deliver by the end of 2019. McCraney's County Line Logistics Center has two 400,000-sf buildings estimated to deliver in the third quarter with 236,000 sf pre-leased to PlastiPak. Becknell's Madison Business Center was nearing completion with approximately 280,000sf under construction.

Outlook

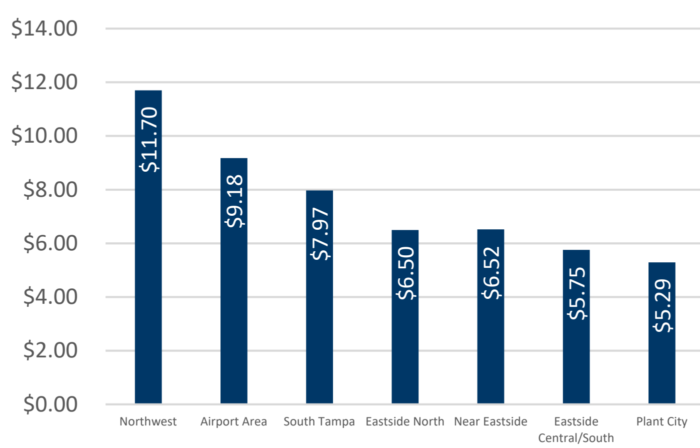
- Cushman & Wakefield anticipates sales activity to improve as new construction delivers in 2019.
- The industrial market continued to post positive market fundamentals through mid-2019.
- Cushman & Wakefield anticipates an increase in vacancy levels and asking rents on available space in new deliveries.

Availability by Size Segment

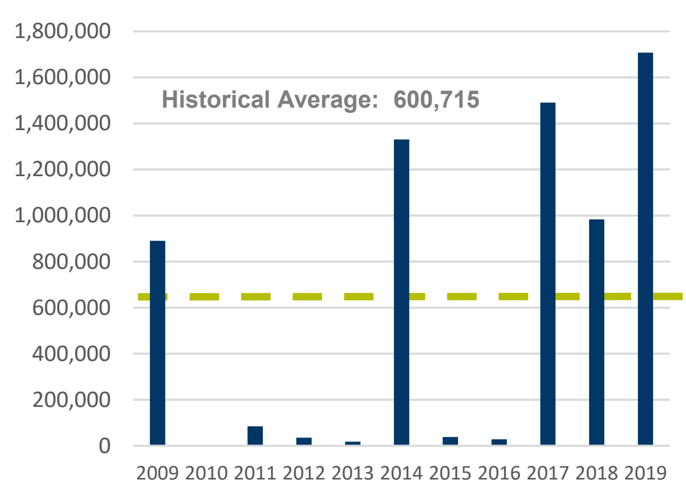
OVERALL VACANCIES IN ONE SUITE



NNN Asking Rents by Submarket



New Supply



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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)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT (MF)*	OVERALL WEIGHTED AVG. NET RENT (OS)*	OVERALL WEIGHTED AVG. NET RENT (W/D)*
Near East Side	202	9,616,748	23,818	2.0%	-85,026	179,080	0	N/A	$18.00	$6.01
East Side North	159	10,034,758	0	8.9%	53,154	0	0	$5.06	$9.88	$5.22
East Side/Central-South	443	32,710,941	1,648,615	9.7%	585,896	868,384	1,254,570	$6.50	$12.61	$5.07
EAST SIDE	804	52,362,447	1,672,433	8.1%	554,024	1,047,464	1,254,570	$5.19	$11.30	$5.15
Airport Area	310	12,643,157	78,880	3.2%	54,956	0	0	$4.50	$10.36	$7.32
Northwest	57	2,227,572	0	8.4%	-16,284	0	0	N/A	$12.17	$7.50
WEST SIDE	367	14,870,729	78,880	4.0%	38,672	0	0	$4.50	$11.10	$7.34
South Tampa	33	2,402,966	0	3.5%	0	0	0	$6.60	N/A	$8.97
Plant City	85	9,131,528	59,291	6.1%	342,906	804,412	453,250	$4.50	N/A	$5.39
TAMPA TOTALS	**1,289**	**78,767,670**	**1,810,604**	**6.9%**	**935,602**	**1,851,876**	**1,707,820**	**$5.35**	**$11.21**	**$5.32**

*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	57,847,101	1,810,604	7.6%	994,082	1,851,876	774,898	1,707,820	$5.32	$5.43
Manufacturing	182	11,209,057	0	1.5%	-17,336	0	0	0	$5.35	$5.35
Office Service/Flex	268	9,711,512	0	9.7%	-41,144	0	206,335	0	$11.21	$11.48

*Does not include Renewals

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2601 Tampa East Blvd.	238,437	Altadis USA Inc.	Renewal*	East Side / Central-South
9230 E Columbus Drive	127,720	US Venture Inc.	New	East Side / Central-South
6422 Harney Road	62,211	Mavis Tire	New	East Side North

*Not included in Leasing Activity Statistics.

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE / $PSF	SUBMARKET
3350 Laurel Ridge Ave. (Amazon Distribution)	1,017,693	Cole Office & Industrial REIT/ Industrial Logistics Properties Trust	$624,700,000*	East Side / Central-South
5210 16th Ave. South	364,082	Southern Glazer's Wine & Spirits, LLC/ RealOp	$16,500,000 / $45	East Side / Central-South
902 South Alexander Street	64,502	Property Investment Partner LLC/ AC Novak Investments LLC	$1,660,000 / $26	Plant City
209-211 South Alexander Road	59,291	Keating Resources/Rand Yard Farms	$2,175,000 / $37	Plant City

*Portfolio Price

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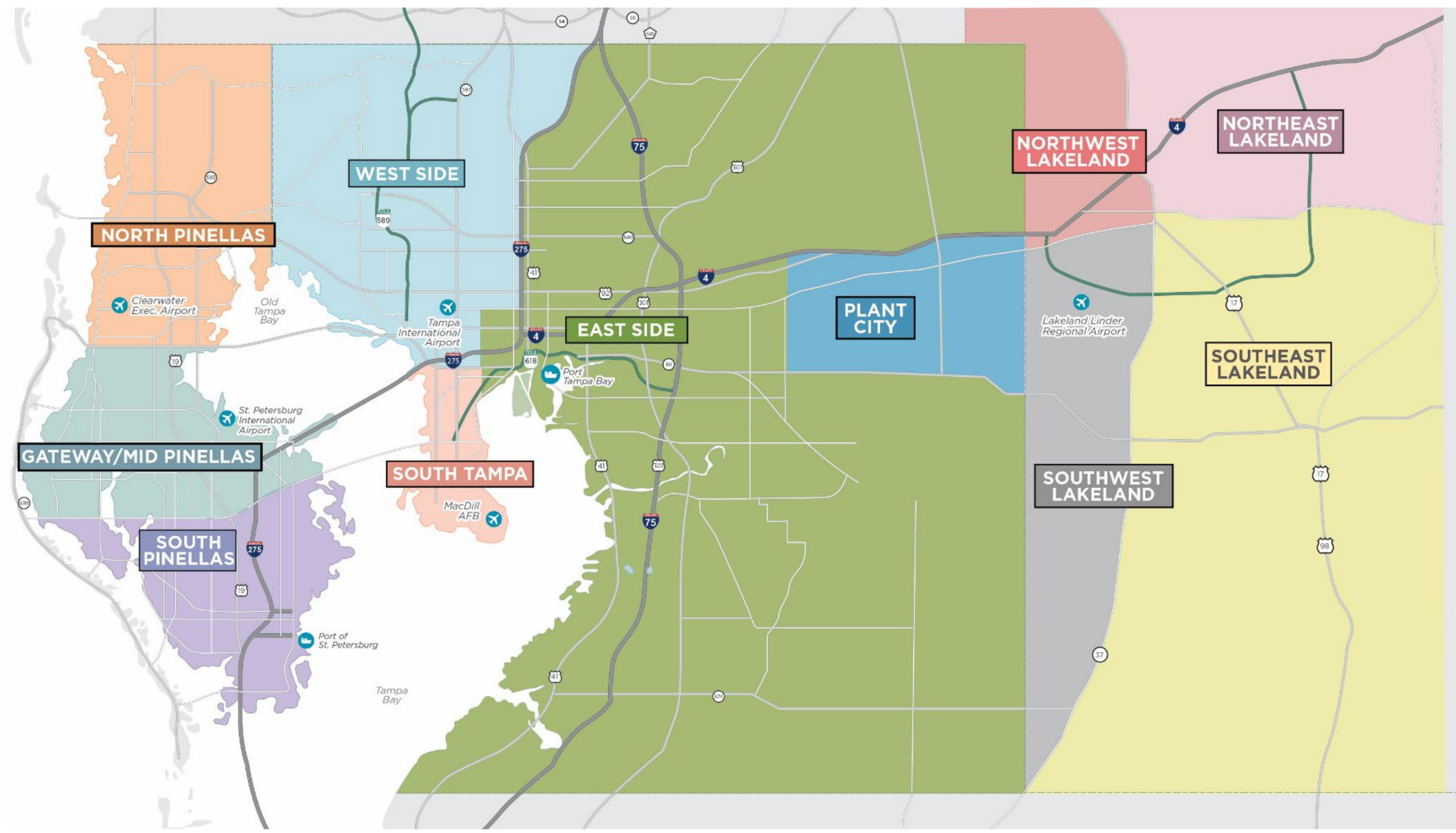

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