

MARKETBEAT INDUSTRIAL SNAPSHOT



TAMPA, FL

A Cushman & Wakefield Research Publication

Q1 2014



ECONOMIC OVERVIEW

Tampa Bay's economy continued to expand during the first quarter of 2014, but the tempo of the market's growth slowed from the pace experienced throughout most of 2013. The unemployment rate decreased seven-tenths of a percentage point to 6.5% from December 2013 through March of 2014, as employment increased by 5,300 new jobs. Retail sales continue to underpin economic growth in the region, bolstering the demand for industrial space as companies will need more room to store goods. These positive economic signals, combined with the carry-over of the strong leasing and sales activity experienced in 2013, led to continued improvement in the Tampa industrial market's fundamentals during the initial quarter of 2014.

BRISK LEASING ACTIVITY LESSENS VACANCY RATE

The overall vacancy rate in the Tampa market ended the first quarter of 2014 at 6.0%, down six-tenths of a percentage point from year-end and a substantial 1.4 percentage points from the initial quarter of 2013. Significant tenant demand in the second half of last year carried over to 2014. As a result, the market was characterized by a rush of new and expansion activity over the past few months. As such, the market recorded its highest absorption total since the third quarter of 2011, with a very healthy 348,228 square feet (sf) of positive overall absorption for the quarter.

New and expansion leasing activity was extremely active during the initial quarter of 2014, totaling 751,166 sf, a 53.3% increase over the final quarter of 2013. This is the highest quarterly leasing total recorded since the third quarter of 2012. The demand for space, particularly in the warehouse/ distribution sector, saw a spike in leasing volume, increasing 71.7% from last quarter and nearly 70.0% from the same time last year. In addition to a substantial increase in total leasing activity, there was also a swell in average lease transaction size, with the average lease size totaling 11,923 sf this quarter, compared to the average transaction of 7,903 sf in the fourth quarter of 2013.

ASKING RENTAL RATES REMAIN FLAT

Despite decreased vacancy, strong leasing activity and positive absorption, the average direct asking net rental rate has only slightly increased during the first quarter of the year. With a market-wide average of \$5.39 per square foot (psf), asking rents rose just \$0.04 psf since year-end and are up only \$0.08 psf since this time last year. Rental rates remained flat over the past four quarters due to the fact that economically priced second and third generation space accounted for a majority of the vacancies available in the market and kept rental rate growth at a minimum. With the exception of the limited amount of

class A institutional quality space available in the market, the prolonged competition among landlords representing older, lower priced space, continued to produce sizeable concessions and favorable lease terms for tenants with certain pricing thresholds.

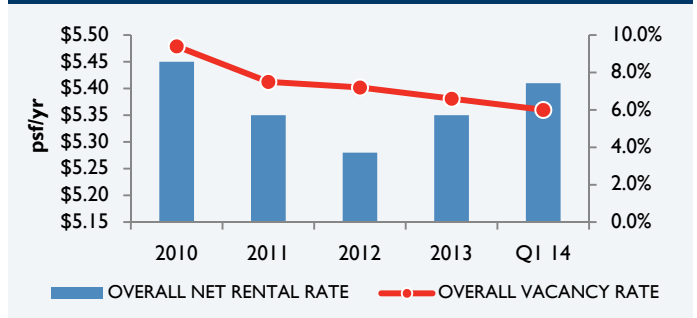
OUTLOOK

The Tampa industrial market continued to make beneficial strides in the first quarter. Cushman and Wakefield acknowledges the key role played by a contraction in move-outs in these gains and anticipates no further erosion of occupied space in the months ahead. Growth in tenant demand, particularly for larger space requirements, should lead to continued gains in leasing activity, further declines in vacancy and a return of rent appreciation within the market as 2014 progresses.

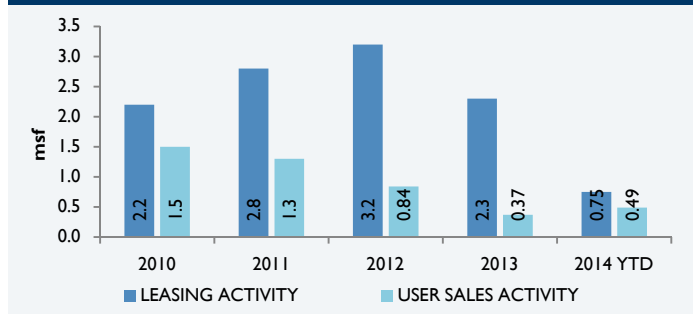
STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.4%	6.0%	-1.4pp	▼
Direct Asking Rents (psf/yr)	\$5.31	\$5.39	1.5%	▲
YTD Leasing Activity (sf)	543,944	751,166	38.1%	▲

OVERALL RENTAL VS. VACANCY RATES



OVERALL OCCUPIER ACTIVITY



TAMPA, FL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
									HT	MF	OS	W/D
Near Eastside	11,177,252	5.6%	40,795	36,215	0	0	27,791	27,791	N/A	\$2.75	\$12.59	\$2.97
Eastside/North	10,766,091	8.2%	32,248	0	0	0	(7,752)	(7,752)	\$0.00	\$0.00	\$8.71	\$4.90
Eastside/Central-South	29,572,666	7.8%	485,745	182,674	1,249,884	0	305,893	305,893	\$0.00	\$0.00	\$8.55	\$4.38
EASTSIDE	51,516,009	7.4%	558,788	218,889	1,249,884	0	325,932	325,932	\$0.00	\$2.75	\$8.62	\$4.22
Airport Area	14,025,316	5.1%	162,692	267,260	0	0	5,110	5,110	\$0.00	\$0.00	\$8.38	\$4.49
Northwest	2,389,359	5.7%	29,686	0	0	0	17,186	17,186	N/A	\$0.00	\$7.19	\$0.00
WESTSIDE	16,414,675	5.2%	192,378	267,260	0	0	22,296	22,296	\$0.00	\$0.00	\$8.21	\$4.49
INTERBAY/SOUTH	2,516,027	0.0%	0	0	0	0	0	0	N/A	\$0.00	\$0.00	\$0.00
PLANT CITY	8,205,697	1.2%	0	0	225,600	0	0	0	N/A	\$0.00	\$0.00	\$4.21
TOTALS	78,652,408	6.0%	751,166	486,149	1,475,484	0	348,228	348,228	\$0.00	\$2.75	\$8.47	\$5.39

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF= MANUFACTURING OS= OFFICE SERVICE W/D= WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
4406 Madison Industrial Lane, Riverview	Eastside/Central-South	HD Supply	Warehouse/Distribution	229,308
500 Falkenburg Road, Tampa	Eastside/Central-South	Excellence Industries	Warehouse/Distribution	90,000
1430 Massaro Boulevard, Tampa	Eastside/Central-South	HD Supply Waterworks, Ltd.	Warehouse/Distribution	48,000
9208 Palm River Road, Tampa	Eastside/Central-South	Doosan Hydro Technology, LLC	Warehouse/Distribution	32,000
5550 Airport Boulevard, Tampa	Airport Area	Thompson and Company of Tampa, Inc.	Warehouse/Distribution	27,496
4507 West Hillsborough Avenue, Tampa	Airport Area	SK Stones, Inc.	Warehouse/Distribution	15,000
5731 Benjamin Center Drive, Tampa	Airport Area	KeyView Labs	Warehouse/Distribution	14,780
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
8700 Adamo Drive, Tampa	Eastside/Central-South	Brandon Ford	\$4,311,800 / \$30	145,000
3015 U.S. Highway 301 North, Tampa	Eastside/Central-South	Allwool TPA, LLC	\$2,085,000 / \$55	37,674
3515 East Columbus Drive, Tampa	Near Eastside	Green Wizard Tire Recyclers, LLC	\$550,000 / \$15	36,215
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
355 Northeast 30 th Street, Ruskin	Eastside/Central-South	Amazon.com	Q3 2014	1,100,000 (100%)
Cabot Commerce Center – U.S. Highway 301 & Lee Roy Selmon Expressway, Tampa	Eastside/Central-South	Speculative	Q4 2014	149,884
1605 Turkey Creek Road, Plant City	Plant City	Speculative	Q3 2014	80,600
809 Woodrow Wilson Street, Plant City	Plant City	James Hardie Building Products, Inc. (Expansion)	Q2 2014	65,000 (100%)