

MARKETBEAT OFFICE SNAPSHOT



TAMPA, FL

A Cushman & Wakefield Research Publication

Q2 2015



ECONOMIC OVERVIEW

Tampa Bay's economy continues to prosper, gaining 32,900 jobs over the year. In June 2015, the Tampa-St. Petersburg-Clearwater area led all metro areas state-wide in over-the-year job gains in education, health services, manufacturing, and "other services". The region's jobless rate in June (5.2%), was down 0.8 percentage points from 6.0% a year ago and was 0.3 percentage points lower than the state rate of 5.5%.

HAPPY DAYS

With continued job growth in the region, the office sector in Tampa increased further in occupancies and saw a tightening in vacancy rates, particularly in the major submarkets. The direct vacancy rate decreased a whole percentage point from the first quarter, from 14.6 percent to 13.6 percent. While the CBD held its rate at 11.2%, the suburban markets saw a significant drop in vacancy over the quarter from 15.4% to 14.2%. The Westshore submarket continued its well deserved reputation as a top office destination, as evidence by its direct vacancy dropping a percentage point to 10.4%, and its 3.3 pps decrease since the end of 2013. The market posted 334,201 square feet (sf) of positive net absorption during the second quarter. This is the fourth consecutive quarter of positive absorption and a 235,301sf increase from the first quarter of 2015.

Leasing activity during the first quarter totaled 603,517 square feet (sf), continuing the strong level of new leasing from 2014. The market is expected to continue to gain momentum as tenant confidence improves and companies are increasingly willing to commit to longer term leasing decisions. Three of the top 10 office leases in the Tampa office market in the second quarter of 2015 were in the I-75 Corridor submarket. The largest new lease transactions in the submarket included Florida Hospital's 48,553-sf requirement at 12470 Telecom Drive, Coca Cola which leased 26,995 square feet of office space at 10117 Princess Palm Avenue, and HealthPlanOne's expansion of 16,860 sf at 6302 East M.L. King Boulevard.

Direct average rents increased \$0.44, or 2.0% from a year ago, averaging \$22.55 psf. Class A asking rents have increased \$0.04 to \$25.31 since the end of April 2015.

SALE OF A LANDMARK PROPERTY

Investment sales activity in the Tampa market has slowed during the first half of 2015. The most notable sale was the Austin Center in the Westshore submarket. Redstone Investments bought the 5 building class C portfolio for \$28,450,000. Redstone said it would continue to

lease the property, yet most believe it will be redeveloped in the future, possibly with a Publix Super Market onsite.

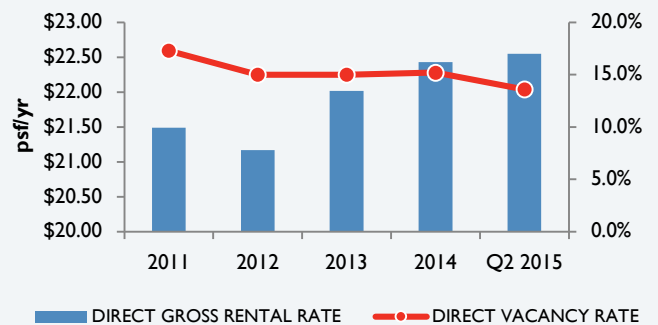
OUTLOOK

Direct vacancy rate have fallen over the past year and is expected to decline in the near term due to limited new construction, especially in core submarkets. Cushman & Wakefield forecasts the market will continue to have high demand, leading to increases in asking rents and a sustained downward trend in vacancy through the remainder of 2015.

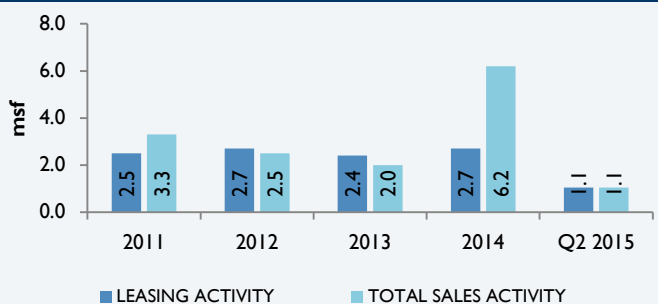
STATS ON THE GO

	Q2 2014	Q2 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	16.3%	14.4%	1.9pp	▼
Direct Asking Rents (psf/yr)	\$22.11	\$22.55	2.0%	▲
YTD Leasing Activity (sf)	1,266,144	1,054,713	-16.7%	▲

DIRECT RENTAL VS. VACANCY RATES



OVERALL OCCUPIER ACTIVITY



TAMPA, FL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	OVERALL WTD.AVG ALL CLASSES GROSS RENTAL RATE*	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE*
TAMPA CBD	6,493,520	12.0%	11.2%	121,780	0	0	-11,585	-15,717	\$23.39	\$25.63
Westshore	12,662,225	11.5%	10.4%	391,258	175,998	0	230,291	162,411	\$25.79	\$29.12
Northwest	4,501,369	18.4%	18.1%	69,701	0	0	30,234	32,633	\$19.29	\$22.28
I-75 Corridor	7,548,359	19.0%	18.5%	371,802	475,900	18,000	5,107	-23,695	\$20.98	\$22.49
Southwest	357,386	19.1%	19.1%	865	0	0	-3,385	-3,385	\$17.63	N/A
Hyde Park	451,085	4.7%	4.7%	1,318	0	0	3,111	624	\$21.05	N/A
Ybor City	181,403	35.8%	35.8%	0	0	0	35,000	35,000	\$19.44	N/A
SUBURBS	25,719,827	15.0%	14.2%	932,933	633,898	18,000	444,686	343,516	\$22.44	\$25.23
TOTALS	32,213,347	14.4%	13.6%	1,054,713	633,898	18,000	433,101	327,799	\$22.61	\$25.31

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q2 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
12470 Telecom Drive	Northeast	Florida Hospital Tampa	A	48,553
1600 8th Avenue East	Ybor City	Ashley Furniture	B	35,000
3407 West M.L. King Boulevard	Westshore	N/A	B	34,000
4211 West Boy Scout Boulevard	Westshore	BioSpine	A	30,689
SIGNIFICANT Q2 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Austin Center (5 Buildings)	Westshore	Redstone Investments	\$28,450,000 / \$91	160,000
500 East Kennedy Boulevard	CBD	McIntyre Building LLC	\$4,825,000 / \$126	38,206
SIGNIFICANT Q2 2015 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)
U.S. Highway 301 & Crosstown Expressway	I-75 Corridor	USAA	Q4 2015	369,900 (100%)
5332 Avion Park Drive	Westshore	Laser Spine Institute	Q1 2016	175,998 (100%)
13010 Telecom Drive North	I-75 Corridor	N/A	Q3 2015	88,000 (0%)

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS