

PINELLAS INDUSTRIAL

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Tampa Bay MSA Employment	1.32M	1.35M	▲
Pinellas Unemployment	4.1%	3.4%	■
U.S. Unemployment	4.7%	4.1%	▼

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

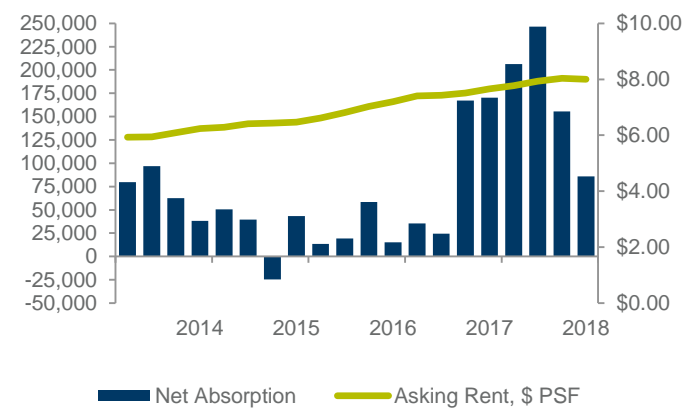
Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	4.1%	3.8%	■
YTD Net Absorption (sf)	98k	-180k	▲
Under Construction (sf)	105k	126k	■
Average Asking Rent*	\$7.93	\$7.86	▲

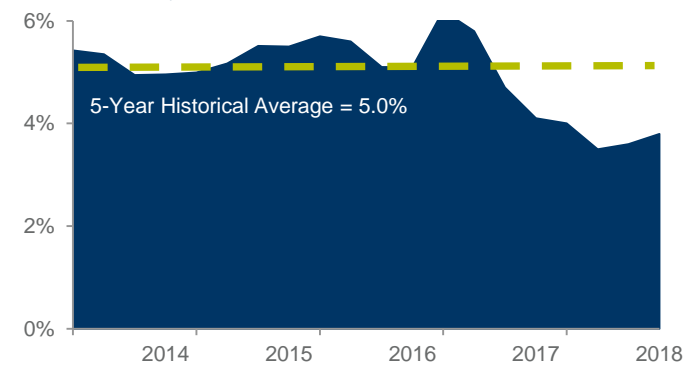
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy started 2018 strong with continued upward momentum, adding 30,600 jobs for a growth rate of 2.3% over the year. The unemployment rate in Pinellas County fell by -60 basis points (bps) over the last twelve months to 3.5%. The majority of industrial-using employment sectors saw job gains throughout the Tampa Bay region. The manufacturing sector, which added +2,200 for an annual increase of 3.3%, had the third highest annual job growth rate when compared to all other Florida metro areas.

Market Overview

Pinellas County's industrial market had mixed performance through the first three months of 2018. In 2017, the direct vacancy rate dropped by -40 bps from 3.8% to 3.4%, making the first quarter the fifth straight quarter with vacancy rates below 4.0%, the longest stretch since 1999. After years of under-performing, Flex space saw significant occupancy gains year-over-year. The direct vacancy rate decreased by -220 bps year-over-year to 9.3%, the lowest flex vacancy rate since yearend 2006. Direct asking rental rates remained stable, dropping only -\$0.01 year-over-year to \$7.99 per square foot (psf). Warehouse/distribution space led the market in rental rate gains, with direct net rental rates increasing +7.4% to \$6.23 psf, a post-recession high for that asset type.

Absorption was negative for the quarter for the first time since the third quarter of 2016. This was primarily caused by Barnett Outdoors vacating their 122,140-sf distribution center in the Gateway submarket which created the largest block of availabilities in Pinellas. This addition did little to alleviate overall demand for space in the market, since the configuration was not attractive to many users due to its limited door package. The lack of desirable available space options constrained leasing activity. To date, only 77,000 square feet (sf) was leased which is only 30% of first quarter 2017 activity. In addition, nearly all new construction projects in the past 12 months were 100% preleased and occupied before delivery, adding no additional vacant space to the market.

Increased tenant demand and rising occupancies bolstered confidence by developers to break ground on an additional 126,000 sf of warehouse/distribution product in the market. Builders have become creative in finding sites with limited land availability on the peninsula that could work for distribution. Noteworthy projects currently under construction include the recently started Mosk Development Company's 50,000-sf speculative warehouse in the Gateway submarket of which 30,000 sf was pre-leased.

Outlook

Pinellas County continues to have the Tampa Bay region's lowest overall vacancy rate and highest asking rental rates. Additions of large blocks of space to the market should spark greater leasing activity and assist absorption. Cushman & Wakefield anticipates industrial fundamentals in Pinellas County will continue to stay positive through the remainder of 2018 with continued growth in rental rates and sustained low vacancy levels.

MARKETBEAT

Pinellas County

Industrial Q1 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)
Gateway/Mid-Pinellas	792	31,948,601	45,760	4.7%	-188,691	50,000	0	\$5.37	\$10.27	\$6.39
North Pinellas	297	8,051,046	0	1.9%	-9,200	0	0	\$6.72	\$15.88	\$6.75
South Pinellas	226	7,781,110	0	2.0%	18,265	76,000	0	\$7.77	N/A	\$4.14
PINELLAS TOTALS	1,315	47,780,757	45,760	3.8%	-179,626	126,000	0	\$6.09	\$10.75	\$6.18

*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex 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	486	17,319,465	0	4.3%	-212,187	126,000	41,346	0	\$6.18	\$6.23
Manufacturing	639	23,520,249	0	1.7%	-32,611	0	9,292	0	\$6.09	\$6.31
Office Service/Flex	185	6,751,892	45,760	9.5%	65,172	0	26,668	0	\$10.75	\$10.70

*Chart does not reflect inventory for High Tech

**Does not include renewals

Key Lease Transactions 1Q18

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
4023 Tampa Road	10,500	Home Healthcare Provider	Direct	North Pinellas
4400 U.S. Highway 19 North	10,000	Saint Key Golf Club	Direct	South Pinellas

Key Sales Transactions 1Q18

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
13133 North 34 th Street	112,692	Macy's Credit & Customer Service/CMNY Clearwater	\$3,850,000 / \$34	Gateway/Mid-Pinellas
10601 Oak Street Northeast	46,752	Continental Awards & Trophies/Aquamorx	\$1,389,500 / \$30	Gateway/Mid-Pinellas

Cushman & Wakefield
One Tampa City Center
Suite 3300
Tampa, FL 33602

For more information, contact:

Chris Owen
Florida Research Manager
Tel: +1 407 541 4417
chris.owen@cushwake.com

Michelle McMurray
Research Analyst
Tel: +1 813 204 5373
michelle.mcmurray@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm with 45,000 employees in more than 70 countries helping occupiers and investors optimize the value of their real estate. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

Copyright © 2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without warranty or representations as to its accuracy.