

PINELLAS INDUSTRIAL

Economic Indicators

| | Q2 17 | Q2 18 | 12-Month Forecast |
|--------------------------|-------|-------|-------------------|
| Tampa Bay MSA Employment | 1.32M | 1.35M | ▲ |
| Pinellas Unemployment | 3.1% | 3.1% | ■ |
| U.S. Unemployment | 4.3% | 3.8% | ▼ |

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

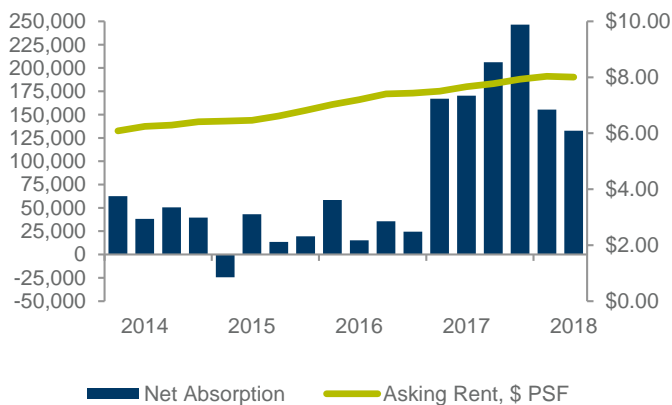
Market Indicators (Overall, All Property Types)

| | Q2 17 | Q2 18 | 12-Month Forecast |
|-------------------------|--------|--------|-------------------|
| Vacancy | 4.0% | 3.7% | ■ |
| YTD Net Absorption (sf) | 272k | -79k | ▼ |
| Under Construction (sf) | 242k | 0k | ■ |
| Average Asking Rent* | \$8.05 | \$7.67 | ▼ |

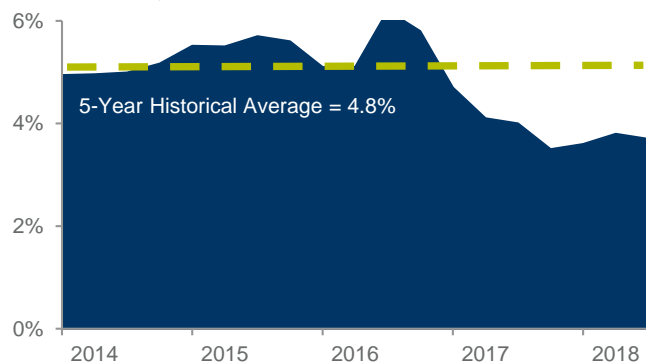
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The Tampa Bay economy in the second quarter of 2018 continued its upward momentum, adding 30,400 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 3.1%. The majority of industrial-using employment sectors saw job gains throughout the Tampa Bay region. The manufacturing sector, which added +2,500 for an annual increase of 3.8%, had the third highest annual job growth rate when compared to all other Florida metro areas. This was followed jobs in the Trade, Transportation and Utilities sector which was up by +2,300 new positions on growth by logistics firms.

Market Overview

Pinellas County's industrial market had mixed performance through the first six months of 2018. The overall triple net asking rental rate decreased by -4.7% year-over-year to \$7.83 per square foot (psf). In contrast, warehouse/distribution space saw significant rental rate gains, increasing +7.9% to \$6.43 psf year-over-year, the highest warehouse/distribution asking rate on record. The overall vacancy rate dropped by -30 bps to 3.7%, marking the 4th consecutive quarter that vacancy was below 4.0%. Flex space saw significant occupancy gains year-over-year. The overall vacancy rate for the product type decreased by -250 bps to 9.5%, the lowest flex vacancy rate since 2005.

Limited availabilities in the market has caused leasing activity to cool through the first half of 2018. To date, approximately 280,000 square feet (sf) has been leased, down 40% from this time last year. The largest user was for the 122,000 sf was leased by Pellon Consumer Products in Gateway Commerce Center. Leasing activity picked up in the second quarter by almost 120,000 sf Absorption was negative for the quarter for the first time since the third quarter of 2016. This was primarily due to several large and small-bay tenants vacating manufacturing space, an asset type that had less than 500,000 sf available for six quarters.

Rising occupancies bolstered confidence by developers to deliver an additional 126,000 sf of warehouse/distribution product in 2018. Builders have become creative in finding sites with limited land availability on the peninsula that could work for distribution. Noteworthy projects were Mosk Development Company's 50,000-sf speculative warehouse in the Gateway submarket and an additional 76,000-sf build-to-suit warehouse delivered by Cousins Corp of America.

Outlook

Industrial product in 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 Q2 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) |
|------------------------|--------------|-------------------|----------------------------------|----------------------|---------------------------------|------------------|-------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| Gateway/Mid-Pinellas | 793 | 32,002,902 | 178,225 | 4.6% | -97,229 | 0 | 50,000 | \$5.65 | \$9.86 | \$6.59 |
| North Pinellas | 297 | 8,052,810 | 0 | 1.4% | 5,545 | 0 | 0 | \$8.56 | \$17.48 | \$8.26 |
| South Pinellas | 227 | 7,861,654 | 0 | 2.8% | 16,292 | 0 | 76,000 | \$7.78 | \$0.00 | \$6.39 |
| PINELLAS TOTALS | 1,317 | 47,917,366 | 178,225 | 3.7% | -79,463 | 0 | 126,000 | \$6.22 | \$10.03 | \$6.43 |

*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex 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 | 488 | 17,445,465 | 72,433 | 4.0% | -3,930 | 0 | 169,376 | 126,000 | \$6.43 | \$6.51 |
| Manufacturing | 639 | 23,530,858 | 0 | 2.0% | -96,385 | 0 | 11,292 | 0 | \$6.22 | \$6.50 |
| Office Service/Flex | 185 | 6,751,892 | 60,032 | 9.4% | 20,852 | 0 | 98,978 | 0 | \$10.03 | \$9.97 |

*Chart does not reflect inventory for High Tech

**Does not include renewals

Key Lease Transactions 2Q18

| PROPERTY | SF | TENANT | TRANSACTION TYPE | SUBMARKET |
|----------------------------|---------|--------------------------|------------------|----------------------|
| 13590 Automobile Boulevard | 122,000 | Pellon Consumer Products | Direct | Gateway/Mid-Pinellas |
| 11001 Roosevelt Boulevard | 41,050 | NDH | Direct | Gateway/Mid-Pinellas |

Key Sales Transactions 2Q18

| PROPERTY | SF | SELLER/BUYER | PRICE / \$PSF | SUBMARKET |
|--|--------|-------------------------------------|------------------|----------------------|
| 2100 Calumet Street | 72,433 | STER LLC / Calumet Self Storage | \$2,450,000/\$33 | Gateway/Mid-Pinellas |
| 4477-4481 North 122 nd Avenue | 15,137 | Scott Tyler / Atlas Exchange V, LLC | \$750,000/\$49 | North Pinellas |

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