



TAMPA OFFICE

Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Tampa Bay MSA Employment	1.30M	1.34M	▲
Tampa (Hillsborough) Unemployment	4.2%	3.7%	■
U.S. Unemployment	4.9%	4.4%	■

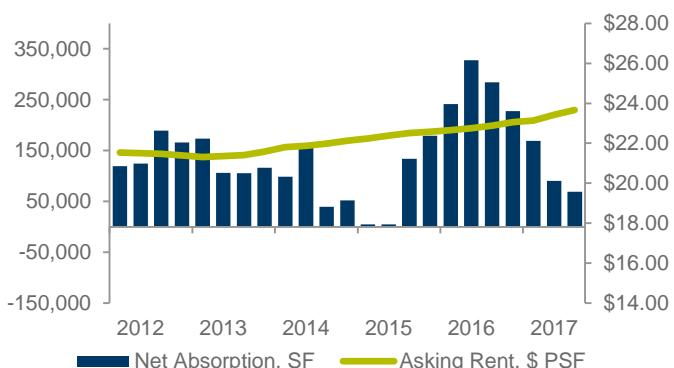
Market Indicators (Overall, All Classes)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	12.2%	12.5%	▼
Net Absorption (sf)	102k	15k	▲
Under Construction (sf)	0	150k	▲
Average Asking Rent*	\$23.15	\$24.14	▲

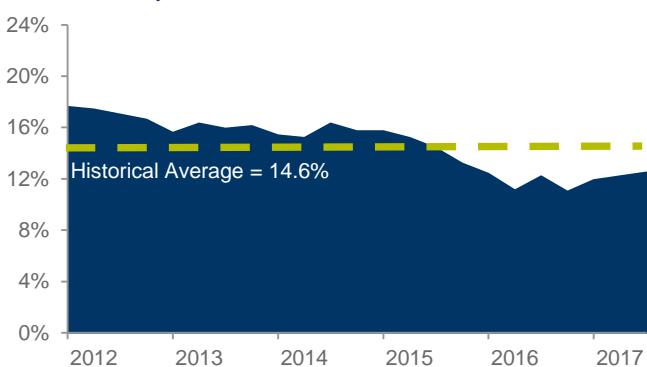
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Tampa Bay's economy surged over the past year, adding 43,000 jobs for a growth rate of 3.3%. The unemployment rate in Tampa/Hillsborough County fell by 0.5 percentage points (PPS) over the last twelve months to 3.7%. Job growth, and the attraction of new office-using businesses to the region, remains one of the leading factors for Tampa Bay's success.

Market Overview

The direct vacancy rate ended the first quarter at 11.3% with the Westshore submarket the lowest in Hillsborough County at 9.3%. Direct full service asking rental rates increased by \$1.06 over the last twelve months, closing out the quarter at \$24.18 per square foot (PSF). Tampa CBD Class A direct rents hit record highs by finishing the quarter at \$30.01 PSF. Office rental rates in Tampa/Hillsborough County have consistently increased quarter-over-quarter since the first quarter in 2014.

Continued healthy leasing activity showed a strong pipeline for future absorption through the rest of 2017 and into 2018. Auto Club Group, the second-largest American Automobile Association (AAA) affiliate in North America, signed a long-term lease for the entirety of a 150,000-square-foot building currently under construction at Renaissance Center VI in the Northwest submarket. Auto Club Group plans to consolidate two Tampa office locations into the Florida regional headquarters when the new office opens in April 2018. With the new lease signed, the developer has already planned to build more speculative office space in the business park.

Despite market fundamentals that could support additional speculative development in Hillsborough County, no other large-scale project has broken ground in any Tampa office submarket. A new proposed office development just north of the downtown Tampa could potentially start construction later this year. The Heights (Armature Works) Phase One includes a 125,000 SF five-story office building that will be connected to Tampa's Riverwalk. The development will also house a 23,000 SF open market with 18 walk-up vendors, two restaurants, a courtyard, roof top bar/theater along with 11,000 SF of event space.

Outlook

The general consensus points to further job growth and business expansion, with direct benefits to Tampa/Hillsborough's office market and its core fundamentals. Cushman & Wakefield expects the office market to continue to post positive growth numbers on tightening vacancy and limited new construction through the last half of 2017.

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Tampa CBD	6,036,247	53,693	774,877	13.7%	-5,061	14,634	197,302	0	\$26.14	\$29.52
Westshore	12,778,852	162,109	1,183,545	10.5%	-23,467	-13,840	440,683	0	\$27.09	\$31.21
Northwest	4,341,525	8,531	558,406	13.1%	31,011	92,152	396,868	150,000	\$21.12	\$22.11
I-75 Corridor	7,513,413	168,922	888,389	14.1%	24,724	105,386	237,489	0	\$20.60	\$24.09
Southwest	360,126	0	100,366	27.9%	-6,409	-58,814	16,227	0	\$18.00	N/A
Hyde Park	363,994	0	5,817	1.6%	-5,817	-4,704	1,113	0	\$24.77	N/A
Ybor City	207,399	0	46,285	22.3%	0	5,237	21,500	0	\$15.91	N/A
Non CBD	25,565,309	339,562	2,782,808	12.2%	20,042	125,417	1,113,880	150,000	\$23.55	\$27.99
TAMPA TOTALS	31,601,556	393,255	3,557,685	12.5%	14,981	140,051	1,311,182	150,000	\$24.14	\$28.46

*Rental rates reflect gross asking \$psf/year

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
Class A	15,670,739	146,556	1,206,648	8.6%	11,721	47,165	668,241	150,000	0	\$28.68
Class B	12,132,197	195,655	1,826,206	16.7%	-18,083	84,758	531,826	0	0	\$23.12
Class C	3,798,620	51,044	524,831	15.2%	21,343	8,128	111,115	0	0	\$16.48

Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Renaissance Center VI (Under Construction)	150,000	AAA	New Lease	Northwest
Tampa International Business Center - Bldg F	101,500	WellCare*	Renewal/Expansion	Northwest
100 Legacy Park	99,039	General Dynamics Info Tech*	Renewal	I-75 Corridor
SunTrust Financial Centre	20,026	Industrious	New Lease	Tampa CBD
SunTrust Financial Centre	19,002	Lewis Brisbois	New Lease	Tampa CBD

*Renewal – Not included in Leasing Activity Statistics

Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Osprey Tampa Office Portfolio (7 Properties)	698,106	Osprey Management / The Dilweg Companies	\$101,000,000 / \$145	Various
Memorial Center I & II	202,650	AEW Capital Management / IP Capital Partners	\$22,350,000 / \$110	Westshore
4905 West Laurel Street	27,772	Thomas Frederick / Andrew Ingersoll	\$4,800,000 / \$173	Westshore

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