

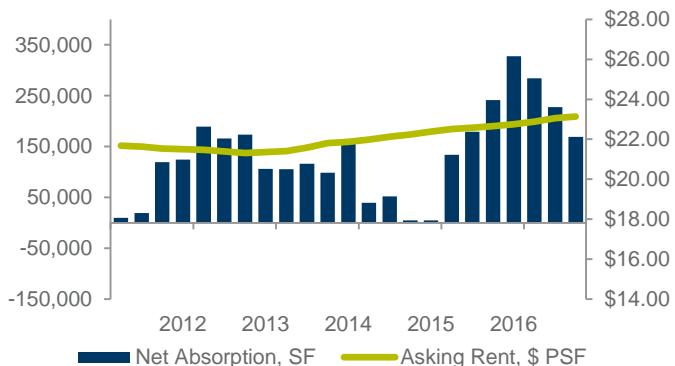
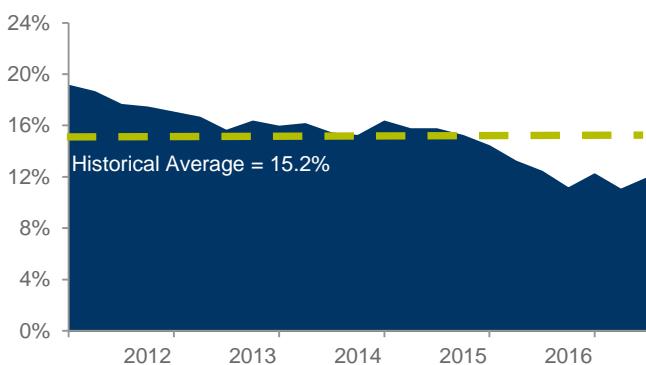
TAMPA OFFICE**Economic Indicators**

	Q4 15	Q4 16	12-Month Forecast
Tampa Bay MSA Employment	1.28M	1.31M	▲
Tampa (Hillsborough) Unemployment	4.3%	4.3%	▼
U.S. Unemployment	5.0%	4.8%	▼

Market Indicators (Overall, All Classes)

	Q4 15	Q4 16	12-Month Forecast
Vacancy	12.4%	11.9%	▼
Net Absorption (sf)	966k	676k	▲
Under Construction (sf)	0	112k	▲
Average Asking Rent*	\$22.79	\$23.09	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent**4-QTR TRAILING AVERAGE****Overall Vacancy****Economy**

The Tampa Bay MSA economy continued its strong upward momentum in the final quarter of 2016, adding 28,400 jobs for a growth rate of 2.2% over the year. Job growth, and the attraction of new office-using businesses to the region, remains one of the leading factors for Tampa Bay's success. Positive growth in the Tampa Bay MSA office sector was directly tied to the 6,700 professional and business services jobs created in the last twelve months.

Market Overview

The overall vacancy rate fell 0.5 PPS over the last four quarters and ended the year at 11.9% based on increased occupancy in the major submarkets. Direct Gross asking rental rates increased by \$0.38 over the past year, closing out the year at \$23.15 per square foot (PSF). Tampa CBD Class A direct gross asking rental rates closed out the year at \$29.11, which is only \$0.18 less than Westshore Class A direct gross asking rental rate of \$29.29. Class A rents have increased this year with Tampa up \$1.26.

Healthy leasing activity showed a strong pipeline for future absorption into the first half of 2017. Over 676,000 SF was absorbed through 2016. Tenant demand for class A office space already spilled over into other classes as high quality space options remained limited for tenants looking to expand or come into the market.

There was one project at 111,600 SF currently under construction in Hillsborough County. With no signed tenants, demand for top-tier office space led the developer to move forward on a purely speculative basis with Renaissance Center VI. Construction started in the fourth quarter with a 12 to 15-month completion timeline. The redevelopment of Channelside in downtown Tampa also started up in 2016. When finished, all three phases will contain up to 9,000,000 square feet of commercial, residential, educational, entertainment, cultural, and retail space with a total investment exceeding \$2 billion.

Outlook

The Tampa office market is expected to see a slight increase in rental rates based on sustained tenant demand. Intense interest in Class A office space pushed current rents to the same level reached during the last cycle with rent growth in the Tampa CBD driving increases across the market. Cushman & Wakefield expects the office market to continue to post positive growth numbers on tightening vacancy and limited new construction through the first 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	6,148,384	26,638	812,367	13.6%	-3,480	(61,398)	402,202	0	\$25.34	\$28.76
Westshore	12,860,808	48,370	1,161,442	9.4%	29,558	286,092	951,098	0	\$25.64	\$28.94
Northwest	4,529,337	0	626,916	13.8%	11,960	126,429	430,949	111,600	\$20.50	\$22.34
I-75 Corridor	7,723,605	86,186	1,003,288	14.1%	6,221	302,764	554,294	0	\$20.56	\$24.10
Southwest	365,603	0	41,959	11.5%	-878	16,932	55,578	0	\$17.44	N/A
Hyde Park	363,994	0	1,113	0.3%	0	1,374	8,365	0	\$23.00	\$23.00
Ybor City	207,399	0	14,882	7.2%	3,999	3,999	20,683	0	\$15.91	N/A
Non CBD	26,050,746	134,556	2,849,600	11.5%	50,860	737,590	2,020,967	111,600	\$22.40	\$26.22
TAMPA TOTALS	32,199,130	161,194	3,661,967	11.9%	47,380	676,192	2,423,169	111,600	\$23.09	\$27.09

*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	15,828,515	81,662	1,261,213	8.5%	19,034	671,352	1,036,513	111,600	176,089	\$27.36
Class B	12,257,819	79,532	1,874,228	15.9%	22,390	-8,826	1,080,880	0	0	\$22.59
Class C	4,112,796	0	526,526	12.8%	5,956	13,666	305,776	0	0	\$16.33

Key Lease Transactions 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Netpark at Tampa Bay	213,663	Humana*	Renewal	I-75 Corridor
Park Tower	108,007	USAO - GSA*	Renewal	Tampa CBD
Sunforest I	99,514	Centene	Lease	Westshore
Corporate Center Three at International Plaza	88,833	Carlton Fields*	Renewal	Westshore
Regency Corporate Park	85,656	Coca-Cola Refreshments*	Renewal	I-75 Corridor

*Renewal – Not included in Leasing Activity Statistics

Key Sales Transactions 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Citibank Center office campus in Sabal Park	672,500	Zurich Alternative Asset Management LLC / Citigroup, Inc.	\$116,000,000 / \$172	I-75 Corridor
Renaissance Center (5 Buildings)	532,371	Liberty Property Trust / Vision Properties, LLC.	\$108,000,000 / \$203	Northwest
Park Tower	472,596	Sterling Equities / City Office REIT, Inc.	\$79,750,000 / \$169	Tampa CBD
Hidden River Corporate Park (3 Buildings)	422,667	Oaktree Capital Management / Farley White Interests, LLC	\$73,000,000 / \$173	I-75 Corridor
501 East Kennedy	296,082	IP Capital Partners, LLC / Angelo, Gordon & Co.	\$42,000,000 / \$142	Tampa CBD

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