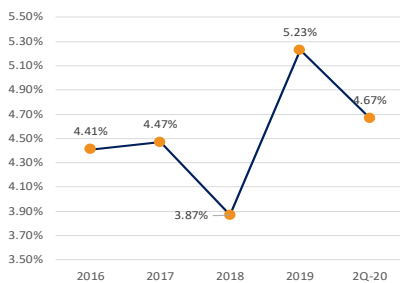


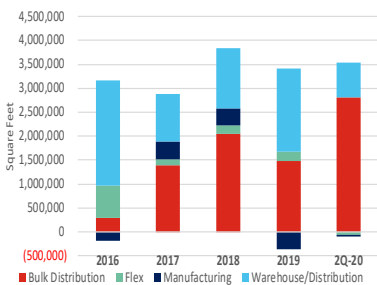
Tampa Bay

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Tampa Bay market's health. Third quarter activity is expected to provide greater clarity.

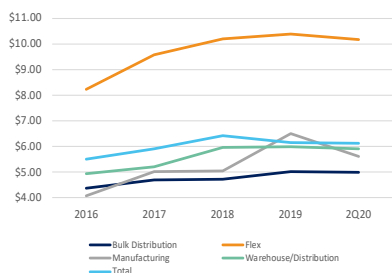
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/NNN)



Robust Leasing Continues Along the I-4 Corridor with Several Significant New Development Projects Underway

- Year-over-year vacancy for the period ending with 2Q-2020 has declined by 18 basis points, which is impressive given that 8.1 million sf of new industrial space has delivered during that time.
- Amazon continues to dominate industrial leasing along the I-4 corridor. The e-commerce giant just acquired 88.2 acres in Temple Terrace for \$26.4 million, or \$299,150 per acre, and is planning a 2.5 million sf multi-story robotics warehouse on the site. Amazon has also signed a deal to lease the newly developed 425,550-sf I-4 Logistics Center in Seffner.
- The industrial sector continues to exhibit strength during the pandemic, with several companies actively looking for large blocks of space and a marked increase in activity along the I-4 corridor
- While overall rental rate growth declined (by -3.9%) over the last year, asking rents are being held firm within the market's most prominent projects, and in some cases are increasing due to demand, low vacancy rates and strong overall market fundamentals.
- Leasing activity during the second quarter was strong with 5 deals closed that were 100,000 sf or greater, including one renewal.

between Tampa and Orlando. At the end of May, HCA Healthcare signed a massive lease for 713,000 sf at a newly completed speculative development in Lakeland, and Ace Hardware leased 710,000 sf at County Line Farms in Plant City. Home Depot is also planning its third warehouse on 65 acres in Hillsborough County.

Trends to Watch



Structural Shift

The move from brick-and-mortar to e-commerce operations is expected to create greater investment in warehouse space as it requires three times the logistics space of traditional users.



Larger Footprints

There are two new developments underway in Lakeland in excess of 1 million sf, one of which has been entirely preleased by Amazon.



Steady Demand in Lakeland Continues

Robust demand for logistics facilities is fueling growth in Lakeland, where total industrial inventory has grown by 18% in the last 3 years.

162.5 MSF

Total inventory in the Tampa Bay industrial market

3,449,888 SF

Direct Y-T-D net absorption as of 2Q-2020

5.00%

Overall Vacancy

\$5.55/SF/NNN

Average rental rate for industrial space (excluding flex)

TAMPA BAY MSA TOTAL									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	32,661,339	\$5.00	2,324,293	92.88%	7.12%	0.82%	7.94%	3,613,975	2,810,206
Flex	15,579,260	\$10.18	953,550	93.88%	6.12%	0.72%	6.84%	0	(61,656)
Manufacturing	28,469,917	\$5.62	843,829	97.04%	2.96%	0.04%	3.00%	340,000	(30,576)
Warehouse / Distribution	85,793,079	\$5.91	3,463,637	95.96%	4.04%	0.18%	4.22%	1,330,701	731,914
Market Total	162,503,595	\$6.13	7,585,309	95.33%	4.67%	0.34%	5.00%	5,284,676	3,449,888

HILLSBOROUGH COUNTY									
Airport/Westshore									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	0	\$0.00	0	0.00%	0.00%	0.00%	0.00%	0	0
Flex	3,950,136	\$10.52	214,833	94.56%	5.44%	0.33%	5.77%	0	(29,071)
Manufacturing	1,210,732	\$0.00	0	100.00%	0.00%	0.00%	0.00%	290,000	0
Warehouse / Distribution	8,102,305	\$6.07	189,130	97.67%	2.33%	0.06%	2.40%	71,380	(38,686)
Airport/Westshore Total	13,263,173	\$8.44	403,963	96.95%	3.05%	0.14%	3.18%	361,380	(67,757)

Downtown Tampa									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	550,094	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	154,776	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	832,171	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,525,973	\$3.77	105,666	97.00%	3.00%	0.00%	3.00%	178,387	23,508
Downtown Tampa Total	5,063,014	\$3.77	105,666	97.91%	2.09%	0.00%	2.09%	178,387	23,508

East Side									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	9,123,316	\$4.63	297,362	96.74%	3.26%	1.71%	4.97%	0	857,406
Flex	3,556,572	\$11.13	195,188	94.51%	5.49%	0.14%	5.63%	0	(26,622)
Manufacturing	5,427,141	\$4.13	60,241	98.89%	1.11%	0.20%	1.31%	50,000	25,620
Warehouse / Distribution	31,513,377	\$6.35	1,319,392	95.81%	4.19%	0.47%	4.66%	130,752	230,531
East Side Total	49,620,406	\$6.50	1,872,183	96.23%	3.77%	0.65%	4.42%	180,752	1,086,935

North Hillsborough									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	0	\$0.00	0	0.00%	0.00%	0.00%	0.00%	0	0
Flex	1,087,118	\$8.98	103,646	90.47%	9.53%	0.00%	9.53%	0	5,662
Manufacturing	718,886	\$12.00	27,200	96.22%	3.78%	0.00%	3.78%	0	24,400
Warehouse / Distribution	1,143,887	\$12.05	1,375	99.88%	0.12%	0.00%	0.12%	0	0
North Hillsborough Total	2,949,891	\$9.63	132,221	95.52%	4.48%	0.00%	4.48%	0	30,062

Plant City/East Hillsborough									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	4,429,730	\$5.16	671,323	84.85%	15.15%	0.00%	15.15%	813,278	800,000
Flex	133,363	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	2,338,697	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	7,009,065	\$5.13	644,930	90.80%	9.20%	0.00%	9.20%	0	316,567
Plant City/E Hillsborough Total	13,910,855	\$5.15	1,316,253	90.54%	9.46%	0.00%	9.46%	813,278	1,116,567

South Tampa									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	679,129	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	60,681	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	542,291	\$6.25	35,000	93.55%	6.45%	0.00%	6.45%	0	0
Warehouse / Distribution	1,096,821	\$3.81	152,136	86.13%	13.87%	0.00%	13.87%	0	(68,760)
South Tampa Total	2,378,922	\$4.26	187,136	92.13%	7.87%	0.00%	7.87%	0	(68,760)

PINELLAS COUNTY									
Mid-Pinellas/Gateway									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	112,722	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	4,173,485	\$10.03	349,325	91.63%	8.37%	0.29%	8.66%	0	18,839
Manufacturing	11,528,243	\$5.44	687,850	94.03%	5.97%	0.00%	5.97%	0	(77,655)
Warehouse / Distribution	13,663,656	\$6.51	498,516	96.35%	3.65%	0.00%	3.65%	209,047	59,848
Mid-Pinellas/Gateway Total	29,478,106	\$6.83	1,535,691	94.79%	5.21%	0.04%	5.25%	209,047	1,032

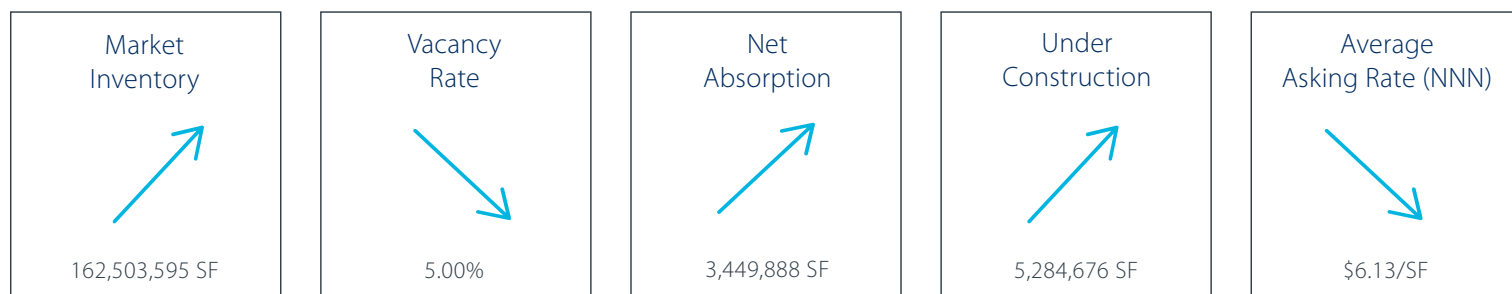
North Pinellas									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	0	\$0.00	0	0.00%	0.00%	0.00%	0.00%	0	0
Flex	1,466,463	\$13.73	21,916	98.51%	1.49%	0.97%	2.47%	0	(9,267)
Manufacturing	1,418,541	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,733,229	\$9.22	18,180	99.51%	0.49%	0.00%	0.49%	0	(2,555)
North Pinellas Total	6,618,233	\$11.69	40,096	99.39%	0.61%	0.22%	0.82%	0	(11,822)

South Pinellas									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	350,000	\$0.00	0	100.00%	0.00%	0.00%	0.00%	0	0
Flex	246,844	\$7.50	12,656	94.87%	5.13%	27.64%	32.77%	0	0
Manufacturing	1,679,318	\$6.32	30,538	98.18%	1.82%	0.00%	1.82%	0	(2,941)
Warehouse / Distribution	5,500,500	\$7.47	157,256	97.14%	2.86%	0.00%	2.86%	0	11,057
South Pinellas Total	7,776,662	\$7.30	200,450	97.42%	2.58%	0.88%	3.46%	0	8,116

LAKELAND/POLK COUNTY									
Lakeland/Polk County									
Class Breakdown	Total RSF	Lease Rate	Direct Vacant SF	Occupancy	Direct Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	YTD Absorption
Bulk Distribution	17,416,348	\$5.00	1,355,608	92.22%	7.78%	0.64%	8.43%	2,800,697	1,152,800
Flex	749,822	\$7.91	55,986	92.53%	7.47%	0.00%	7.47%	0	(21,197)
Manufacturing	2,773,897	\$6.20	3,000	99.89%	0.11%	0.00%	0.11%	0	0
Warehouse / Distribution	10,504,266	\$5.46	377,056	96.41%	3.59%	0.00%	3.59%	741,135	200,404
Lakeland Total	31,444,333	\$5.19	1,791,650	94.30%	5.70%	0.36%	6.05%	3,541,832	1,332,007

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in the Tampa-Bay MSA that are not government owned. All rents are reported on a triple-net basis. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but not guaranteed.

Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)

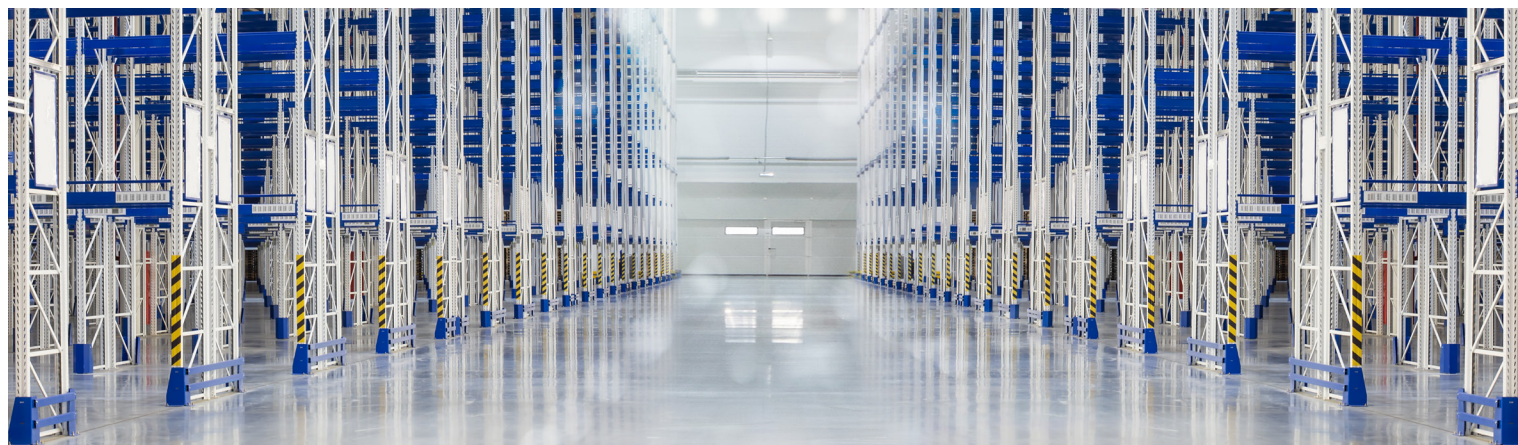


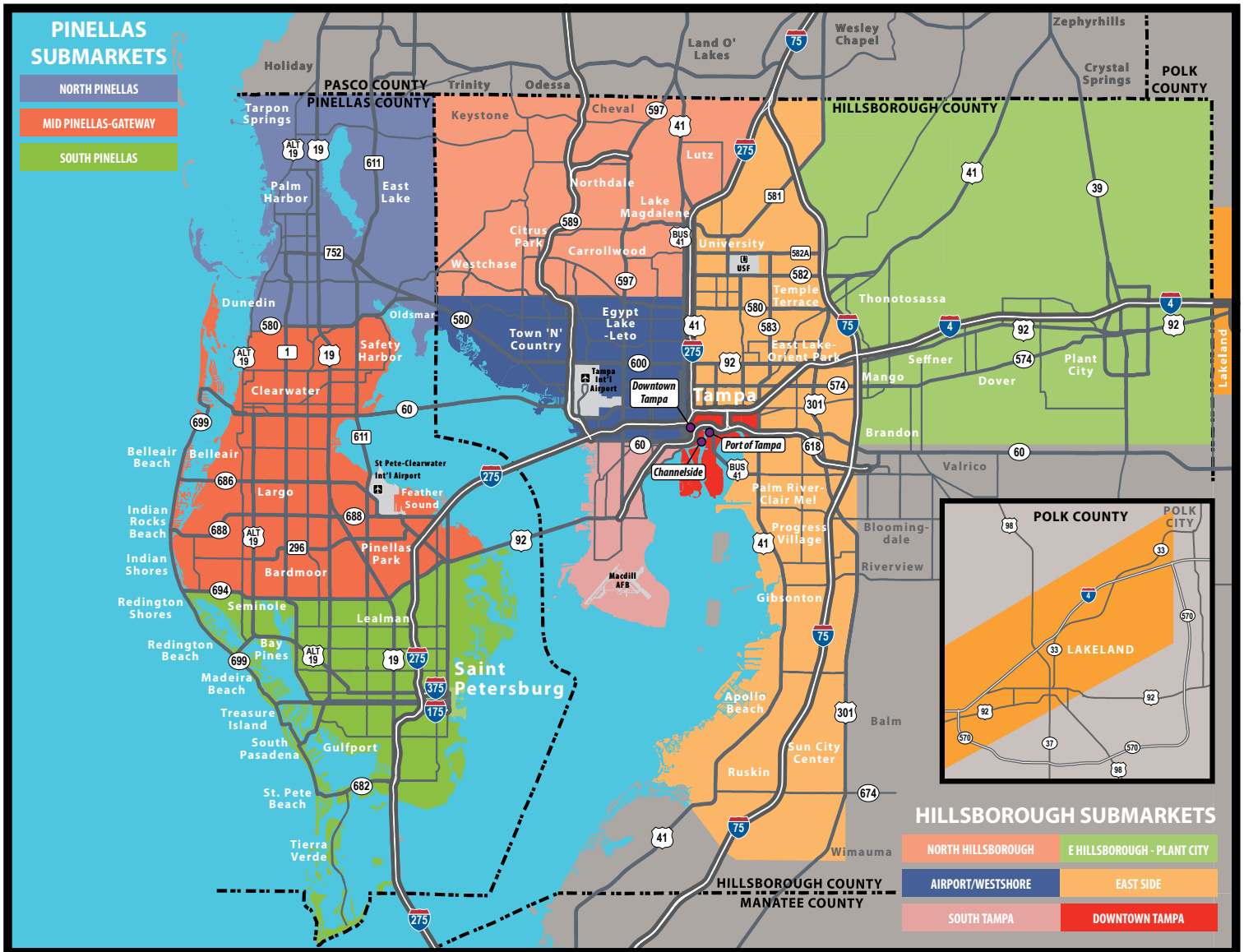
Significant Second Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
HCA Healthcare	University Park at Bridgewater	New	712,800	Lakeland
Ace Hardware	County Line Farms	New	710,000	Plant City/East Hillsborough
Amazon.com	I-4 Logistics Center	New	424,550	East Side
Auto Plus Auto Parts	1201 Old Hopewell Rd	Renewal	185,000	East Side
Bausch Health US, LLC	Cabot at Aprile Farms 1	New	127,254	East Side
Skar Audio	Metropointe Commerce Park	New	95,815	Mid-Pinellas/Gateway
Suncoast Displays & Graphics	5905 Johns Rd	New	27,576	East Side
Wheel Pros	301 Business Center 100	New	27,270	East Side
Westshore Home	3845 Gateway Center Blvd	New	20,000	Mid-Pinellas/Gateway

Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Cap Rate	Buyer	Submarket
Havertys Distribution Center	335,000	\$24,518,700	\$73	6.38%*	SunTrust Equity Funding, LLC	Lakeland
Brooker Creek North I	81,000	\$10,175,000	\$126	NA	MicroLumen Enterprises III, LLC	North Pinellas





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