

NATIONAL NEWS

U.S.'S VACANCY DECREASES TO 11.6%. Net absorption positive 23,482,656 SF in the third quarter. The U.S. Office market ended the third quarter 2013 with a vacancy rate of 11.6%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 23,482,656 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 44,886,526 square feet. Rental rates ended the third quarter at \$21.75, an increase over the previous quarter. A total of 244 buildings delivered to the market in the quarter totaling 12,208,070 square feet, with 83,805,970 square feet still under construction at the end of the quarter.

Net absorption for the suburban markets was positive 19,368,027 square feet in the third quarter 2013. That compares to positive 3,222,313 square feet in the second quarter 2013, negative (240,533) in the first quarter 2013, and positive 3,463,367 in the fourth quarter 2012.

The office vacancy rate in the U.S. market area decreased to 11.6% at the end of the third quarter 2013. The vacancy rate was 11.8% at the end of the second quarter 2013, 11.9% at the end of the first quarter 2013, and 12.0% at the end of the fourth quarter 2012. Class-B projects reported a vacancy rate of 12.3% at the end of the third quarter 2013, 12.4% at the end of the second quarter 2013, 12.5% at the end of the first quarter 2013, and 12.6% at the end of fourth quarter 2012. The vacancy rate in the suburban markets decreased to 11.9% in the third quarter 2013. The vacancy rate was 12.0% at the end of the second quarter 2013, 12.1% at the end of the first quarter 2013, and 12.2% at the end of the fourth quarter 2012. - CoStar National Office Report - Third Quarter 2013

TAMPA NEWS

TAMPA PORT AGREES TO BUY CHANNELSIDE FOR \$5.75M. The Tampa Port Authority has agreed in principle to buy Channelside Bay Plaza from the Irish Bank Resolution Corp. for \$5,750,000. Under the agreement, the two sides would settle their respective lawsuits over

the property and exiting lease agreements would be terminated. The port board unanimously approved the proposal on September 10th. The proposed \$5.75M price tag is 21% of the \$27M mortgage defaulted in 2010 by former Channelside owner Ashkenazy Acquisitions Corp. The retail and entertainment complex has been troubled ever since, losing tenants and interest as a destination. "The Port and the IBRC worked hard to find the best solution for the best interest for the tenants and the entire community," Port President and CEO Paul Anderson said. - Mark Holan, Tampa Bay Business Journal (9/10/13)

REPORT: 36% OF TAMPA HOMEOWNERS UNDERWATER. There were \$12.2M mortgage borrowers in the United States underwater in the second quarter of 2013. According to a Zillow's Negative Equity Report, about half of that \$12.2 million have lost so much equity in their homes they likely won't recover for years. In Tampa, 36.3% of homeowners with mortgages have negative equity. Zillow predicts that 23,805 of Tampa mortgage holders will be free from negative equity by the second quarter of 2014. The national negative equity rate fell in the second quarter to 23.8% of all homeowners with a mortgage the report said. - Jo-Lynn Brown, Tampa Bay Business Journal (8/30/13)

RETAIL DEVELOPMENT GROWING IN FLORIDA, BUT NOT IN TAMPA BAY. An improved economy and housing market has spurred an upswing in the state's retail development, especially in parts of South Florida. Miami leads the way with about 1.5 million square feet of shopping center space under construction, much of it associated with Brickell CityCentre, a billion-dollar mixed-use project with 505,000 square feet of retail. At the bottom? The Tampa Bay area with no major projects under construction and the most available retail space of Florida's six major markets. "Miami is the strongest retail market in the state right now. The rest is pretty modest," said Patty Nooney, senior managing director of CBRE's Tampa office. Nooney noted most of Tampa Bay's retail growth has been redevelopment projects and single, freestanding buildings. - Susan Thurston, Tampa Bay Times (8/26/13)

STATISTICS

Market Tracker

*Arrows = Current Qtr Trend

▲ S&P 500 +14.6% YTD

▲ DOW Jones +15.5% YTD

▲ Nasdaq +24.9% YTD

Interest Rates



Treasuries



	KEY RATES	US Q2	Tampa Q2	US Q3	Tampa Q3
▼	Unemployment Rate	7.6%	7.1%	7.2%	7.0%
Vacancy Rates					
▲	Class A Office	13.0%	13.9%	12.8%	13.2%
▼	Class B Office	12.3%	15.3%	12.3%	15%
▼	Industrial	8.5%	9.7%	8.3%	9.7%
▼	Retail	6.7%	7.4%	6.7%	7.3%
Rental Rates					
▲	Class A Office	\$27.42	\$23.19	\$27.66	\$23.29
▲	Class B Office	\$19.61	\$17.29	\$19.62	\$17.65
◆	Industrial	\$5.25	\$4.94	\$5.31	\$4.86
◆	Retail	\$14.50	\$13.70	\$14.54	\$13.68
Net Absorption					
▲	Office	21,265,937	(29,767)	23,482,656	568,744
▼	Industrial	44,599,914	696,133	49,694,943	(33,151)
▼	Retail	23,105,953	256,609	18,414,120	66,556

REGIONAL NEWS

FLORIDA'S I-4 CORRIDOR IS A HIGH TECH HOTBED. Tourism, retirees and agriculture might have put Florida on the map, but the state is also becoming a mecca for high-tech industry. Nowhere is the transformation more evident than along what's known as the

Florida High-Tech Corridor, a 23-county area that runs from Tampa through Orlando to the Space Coast and bumps up to include Gainesville and Alachua County. From medical device manufacturers in Clearwater to simulation companies in Orlando to avionics suppliers on the Space Coast, the region's diverse industry clusters encompass close to 20,000 businesses and more than a quarter of a million employees with an average salary of more than \$77,000. While many of those firms are homegrown startups, the region is also attracting newcomers who are migrating to the area to take advantage of the state's favorable tax climate and skilled workforce. - Amy Keller, Florida Trend (9/10/13)

REIC ANNUAL ECONOMIC UPDATE - Hank Fishkind, Sept. 18, 2013:

- Florida will enjoy job and population growth. Population growth of 225,000 per year Florida is second in domestic migration and third in international. In 2015, Florida will enjoy population growth of 325,000 and job growth of 200,000. The Bay area will have population growth 40,000 in 2015.
- The I-4 corridor will be the growth area for the next decade.
- Florida ranks third in the new jobs behind Texas and California.
- Low interest rates will continue through 2015
- Best residential lots in the stat are gone
- 25% of Florida's job growth is in Tampa Bay
- Predicting 12,000 home starts in 2015

KEY TRANSACTIONS

RENTAL PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
NetPark	147,150 SF	Medeco Health	Lease	I-75 Corridor
Reniassance V	105,000 SF	WellCare Health Plans	Lease	North Hillsborough
Lakeview Center	93,643 SF	HealthPlan Services	Lease	I-75 Corridor
SALE PROPERTY TYPE	SF/ACRES	CAP RATE	PRICE	SUBMARKET
Anchor Plaza	100,992 SF	4.30%	\$11,575,000	Westshore
North Village Professional Center	32,000 SF	10.00%	\$3,275,000	NW Hillsborough
Regions Bank Branch	3,800 SF	6.16%	\$1,540,000	NW Hillsborough
Christian Brothers Automotive	4,921 SF	7.25%	\$2,300,000	Wesley Chapel

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