

### TAMPA NEWS

**TAMPA INTERNATIONAL AIRPORT MORPHING INTO A MINI-CITY UNTO ITSELF.** By the end of 2026, Joe Lopano wants Tampa International Airport to function as its own little city. By then, airport officials would have spent more than \$2 billion on improvements and new amenities in the terminals and around the airport property as part of a master plan overhaul. The airport would become the landlord not only of nearby International Plaza, which sits on airport-owned land, but also to a host of hotels and office buildings, retailers and restaurants even closer to the terminals. Travelers will be able to work from airport property, if they want to lease an office space there. They can dine or shop at restaurants and retail stores, gas up at a new gas station, and walk down the pedestrian trails back to one of the two hotels. You'll never have to leave the airport's 17 acre enclave, which will offer all the amenities of a mall or business district. Through the next phase of its master plan, the Tampa airport is getting deeper into the real estate development business. It's a trend that airports and ports, like Port Tampa Bay, have been exploring for years. By developing and leasing out desirable lots of land for commercial uses, these transportation agencies are creating a new and long-term revenue stream. "What you're witnessing is the evolution of the airport model," said Lopano, CEO of the Tampa airport. "When we were just a parking lot for airplanes, planes served food so travelers didn't have a need for that in the airport. Now we're a mini mall that offers plane departures. This is the next evolution of that - this is land that's not needed for aviation purposes but can be used for something else to create new revenue." The centerpiece of the \$543 million phase two of Tampa International Airport's master plan is a 17-acre commercial development officials are calling the "Gateway" area, which includes plans for up to two hotels, an 8-story, 240,000 SF office building, a 20,000 SF retail strip and a gas station. It will be located next to the economy parking garage and accessible to the main terminal through the airport's people mover train, which will be completed in 2018. Some of that office space will be leased back to the aviation authority and its employees. But the airport plans to hire a developer to build it, then lease space to office, retail and restaurant tenants, maybe even a pet hotel. - Tampa Bay Times

**\$3B DOWNTOWN DEVELOPMENT PROJECT MOVES FORWARD, GETS NAME: WATER STREET TAMPA.** The first phase of Water Street Tampa - the \$3 billion Strategic Property Partners (SPP) and Cascade Investment-backed redevelopment project in downtown Tampa - will begin concurrent vertical construction on 18 buildings in early 2018. Phase one will comprise 4 million square feet spanning 10 city blocks and is scheduled for completion by the end of 2020. SPP hired seven general contractors for the project, which will employ up to 2,000 workers on site per day, depending on the stage of construction. Once the full buildout is completed in 2027, Water Street will represent more than 9 million square feet of new development on 50 contiguous acres in Tampa's urban core. The project will feature 3,500 new residential units, more than 800 hotel rooms, and the University of South Florida's Morsani College of Medicine. - Tampa Hillsborough Economic Development Corporation

**PORT TAMPA BAY STEEL BUSINESS GETS A BOOST.** Tampa's port is already the largest economic driver in the region, with an estimated impact of more than \$17 billion. With the addition of two new post-Panamax cranes last year, the approval of a project to deepen and widen the Big Ben Channel to allow larger ships to serve Port Redwing, and a new lease agreement with a steel manufacturing company. Port Tampa Bay is poised to play an even larger role in the shaping of Tampa's manufacturing industry growth. Steelco Florida, which will produce steel rebar and billets, is planning to invest up to \$240 million for a new facility to be constructed on 30 acres of port-owned land near Port Redwing. Once operational, Steelco is expected to hire around 200 full-time employees. Port Tampa Bay is an asset the Tampa market has only begun to exploit. Florida's largest and most diverse port, it offers nearly 5,000 acres of developable land with deep water, rail, and interstate highway access, in a region that boasts one of the biggest talent markets in the U.S. - Tampa Hillsborough Economic Development Corporation

**IT'S CHEAPER TO BUY THAN RENT IN TAMPA BAY.** It's cheaper to buy than rent in Tampa Bay although buyers in Pasco and Hernando Counties would save much more than those in Pinellas and Hillsborough, a new study says. Someone earning the average wage in Pasco would spend 45.2% of income on rent for a three-bedroom apartment but just 32.5% to buy the median-priced house, ATTOM Data solutions found in analyzing rent and wage data from the U.S. Dept. of Housing and Urban Development and the Bureau of Labor Statistics. - Tampa Bay Times

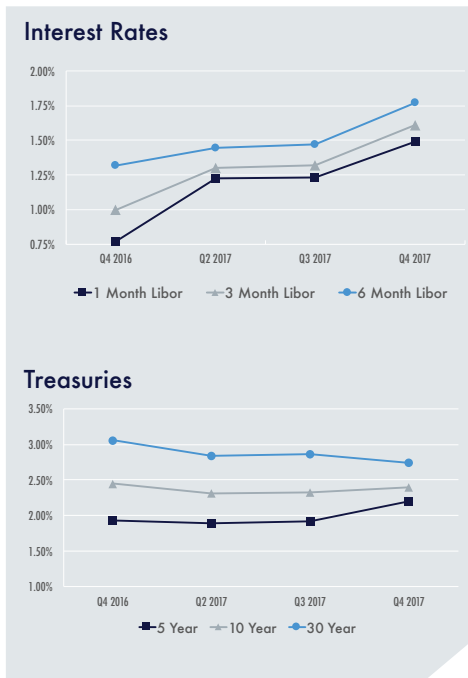
### STATISTICS

**Market Tracker**  
\*Arrows = Current Qtr Trend

▲ S&P 500 +20.0% YTD

▲ DOW Jones +25.0% YTD

▲ Nasdaq Year End +28.0% 2017



KEY RATES	US Q3	Tampa Bay Q3	US Q4	Tampa Bay Q4
▼ Unemployment Rate	4.2%	4.1%	3.7%	3.4%
<b>Vacancy Rates</b>				
▼ Class A Office	12.2%	7.6%	12.2%	7.3%
◆ Class B Office	9.2%	8.8%	9.3%	8.0%
▼ Industrial	5.0%	4.7%	4.9%	4.5%
▼ Retail	4.7%	5.0%	4.5%	4.7%
<b>Rental Rates</b>				
▲ Class A Office	\$30.65	\$26.82	\$31.22	\$27.33
▲ Class B Office	\$21.90	\$19.64	\$22.16	\$19.68
▲ Industrial	\$6.30	\$5.93	\$6.46	\$6.05
▲ Retail	\$16.19	\$14.64	\$16.45	\$14.87
<b>Net Absorption</b>				
◆ Office	19,857,899	126,885	14,324,092	731,930
▲ Industrial	71,113,438	497,207	85,732,996	1,407,995
◆ Retail	14,152,568	(637,459)	33,972,535	1,020,587

# In The KNOW

2017 Q4 Market News

## REGIONAL NEWS

**TRAFFIC, COST OF HOUSING SEEN AS DETERRENENTS TO MOVING TO THE SUNSHINE STATE.** Residents in Florida's biggest cities may be reluctant to recommend their hometown to people looking to move. The USF-Nielsen Sunshine State Survey asked about deterrents to a community,

and 72% of people listed traffic congestion as a "problem" or "a big problem". Of them, residents living in South Florida and Tampa Bay were twice as likely to identify traffic as a problem as compared to residents in North Florida, said Susan MacManus, the survey director and a USF professor of political science. "Growing pains can be really, really big in some places, and less so in others," she said. Other deterrents, such as the cost of housing and a lack of public transportation, were also seen as bigger problems among residents in Tampa Bay and South Florida. MacManus said cities with an aging population are concerned about appealing to younger residents who can fill jobs in the service sector. These attributes could affect how well communities can attract new businesses and young professionals, she said. - WUSF Press Release - Florida Trend

**TOURISM'S IMPACT A RECORD \$112 BILLION.** In 2016, out-of-state visitor spending in Florida reached a record \$112 billion, an increase of 2.7% over the previous year, the state's tourism promotion arm, Visit Florida, said. Visitors contributed \$88 billion, or roughly 10%, of Florida's total gross domestic product, up 4.2% over 2015, and they generated \$11.6 billion in state and local taxes, up 3.3%. Visitor spending directly supported 875,722 jobs in 2016 that earned Florida jobholders \$27.9 billion in corresponding wages. The number of jobs supported by out-of-state visitor spending in Florida workers has grown by more than 140,000 since 2011 - growth of nearly 20%. "It is great news that Florida has reached yet another tourism record with a historic \$112 billion in visitor spending in 2016," Gov. Rick Scott said in news release. "Florida's tourism industry helps support more than 1.4 million jobs across our state and is a major driver in our growing economy. I look forward to working with the Legislature to secure \$100 million for Visit Florida so we can continue to market our state as the top tourism destination in the world." - Herald Tribune

## KEY TRANSACTIONS

RENTAL PROPERTY	TYPE	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Women's Care Florida	Office	63,288	Women's Care	Lease	Westshore
HSBC Facility	Office	60,000	United Healthcare	Lease	East Tampa
TPA INT Business Center	Office	59,792	WellCare	Lease	NW Tampa
NNN SALE PROPERTY	\$/SF	SF	CAP RATE	PRICE	SUBMARKET
Burger King	\$607.14	2,800	8.60%	\$1,700,000	NW Tampa
Dollar General	\$199.68	10,640	6.03%	\$2,124,566	Plant City
TooJay's	\$412.33	5,578	7.02%	\$2,300,000	Lakeland
IHOP	\$699.56	4,074	5.71%	\$2,850,000	Brandon

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