

# MarketView Tampa Bay Office

## Quick Stats

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy	21.4%	↑	↓
Direct Lease Rate	\$20.82	↓	↓
Qrtly Net Absorp	107 K	↑	↑
Under Construction	88 K	↓	↔
Completions	0 K	↓	↔

\*The arrows indicate a trend and do not represent a positive or negative value for the underlying statistics (e.g. Net Absorption could be negative, but still represent a positive trend over the time period).

## Hot Topics

- W.P. Carey and Co. purchased Fountain Square I & III for \$57,200,000 (\$183/SF) in May of 2010. These two buildings were fully occupied by JP Morgan Chase & Co. This represents an approximate 6.7% cap rate.
- 2Q10 is the first quarter with significant positive absorption, 107K SF, in over eight quarters. Although at the expense of rents softening 1.1% overall.
- Wells Fargo Insurance Services signs at The Pointe for approximately 48,621 SF.
- No office product was delivered in 2Q10 — Park Centre at Telecom Park NE will be completed in 3Q10, adding 88K SF of new Class A office space to the NE Tampa submarket.

Tampa Bay's user and investment office market stabilized in 2Q10. This is the first quarter in over eight quarters to deliver positive absorption, 107K SF, across the Tampa Bay office market. The tenor and evidence in the leasing market has shown improvement in 2010. Leasing velocity is starting to gain traction, providing a matrix for underwriting and a return of capital to the market.

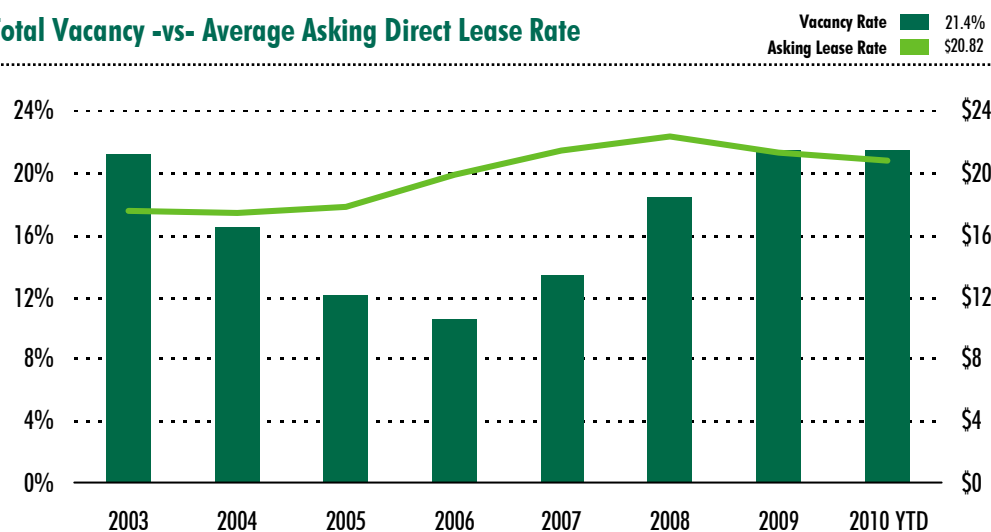
Cap rates are starting to come in line with buyer / seller sentiment as more deals are done in the market. Sales have gone primarily to the long term owners in the market. This tends to be the group who rarely sell, uses the least amount of leverage, and has the highest liquidity. This new normal is taking place as demand for core office product remains.

The vacancy rate decreased 30 basis points in 2Q10 from 1Q10, however, at the expense of lease rates softening \$0.20/PSF. The overall lease rate for Tampa Bay stands at \$20.82/PSF. This is a 1.1% decrease from 1Q10 and 5.5% decrease from 2Q09.

Three notable sales transactions took place in 2Q10: Fountain Square I & III, recently purchased by Brookfield RE Opportunity Fund, spun off these two buildings out of the JP Morgan Chase portfolio. The combined 311,816 SF of Class A buildings sold for \$57,200,000 (\$183/PSF), an approximate 6.7% Cap Rate. Kforce, Inc. purchased 1001 E Palm Ave. in Ybor City that it occupied from iStar Financial Inc. for \$28,500,000 or \$222/SF. Also, Universal Health Care purchased 100 Bay Central, located in downtown St. Petersburg for \$9,000,000 (\$67/SF) – a 65% vacant building purchased by the tenant.

If you had asked Office Professionals in early 2009, most would have expected a floodgate of distressed and note sales in 2010. However, despite a high level of leverage – these assets are barely cash flowing. Furthermore, lenders are working with borrowers to restructure, seek new loans and partners, and extending interest rate resets. With improving fundamentals, the argument can be made that the prospects for a full but slow recovery appear better.

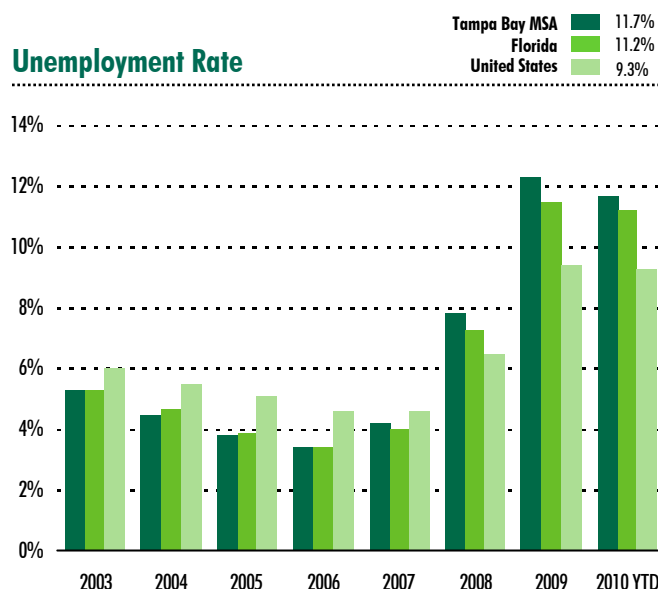
## Total Vacancy -vs- Average Asking Direct Lease Rate



## Market Statistics

Submarket	# Bldgs	Building SF	Total Vacancy	Direct Vacancy	2Q10 Net Absorption	YTD Net Absorption	Under Construction	Avg. Asking Dir. Lease Rate (FSG)
Tampa CBD	62	7,354,100	18.0	17.1	14,766	47,067	0	\$20.93
Westshore	137	11,363,824	21.4	19.3	51,168	(61,920)	0	\$24.22
SW Tampa/Interbay	42	1,060,258	17.5	15.2	(4,230)	(8,587)	0	\$19.73
NW Tampa	144	4,996,651	15.9	14.9	(29,833)	(58,410)	0	\$18.47
NE Tampa	73	4,509,930	23.0	22.6	(9,508)	(15,867)	88,000	\$20.28
Plant City	4	51,280	6.4	6.4	0	0	0	\$15.00
East Tampa	76	3,198,857	27.7	25.2	18,190	(6,521)	0	\$19.13
SE Tampa	20	562,380	20.4	20.4	0	640	0	\$18.19
<b>Overall Hillsborough</b>	<b>558</b>	<b>33,097,280</b>	<b>20.5</b>	<b>19.0</b>	<b>40,553</b>	<b>(103,598)</b>	<b>88,000</b>	<b>\$21.65</b>
St. Pete CBD	36	2,280,206	22.5	19.8	(24,522)	(30,239)	0	\$22.30
SE St. Pete	48	1,625,105	31.4	28.1	30,160	2,525	0	\$15.98
SW St. Pete	30	593,063	15.0	15.0	(3,495)	(1,454)	0	\$14.70
Mid-Pinellas	97	3,858,498	19.4	19.0	40,262	83,641	0	\$19.82
N Pinellas	156	5,134,476	25.8	25.0	24,045	19,261	0	\$18.11
<b>Overall Pinellas</b>	<b>367</b>	<b>13,491,348</b>	<b>23.6</b>	<b>22.3</b>	<b>66,450</b>	<b>73,734</b>	<b>0</b>	<b>\$18.95</b>
Total Suburban	863	39,234,528	22.0	20.5	92,237	(76,931)	88,000	\$20.82
<b>Total Tampa</b>	<b>925</b>	<b>46,588,628</b>	<b>21.4</b>	<b>20.0</b>	<b>107,003</b>	<b>(29,864)</b>	<b>88,000</b>	<b>\$20.82</b>

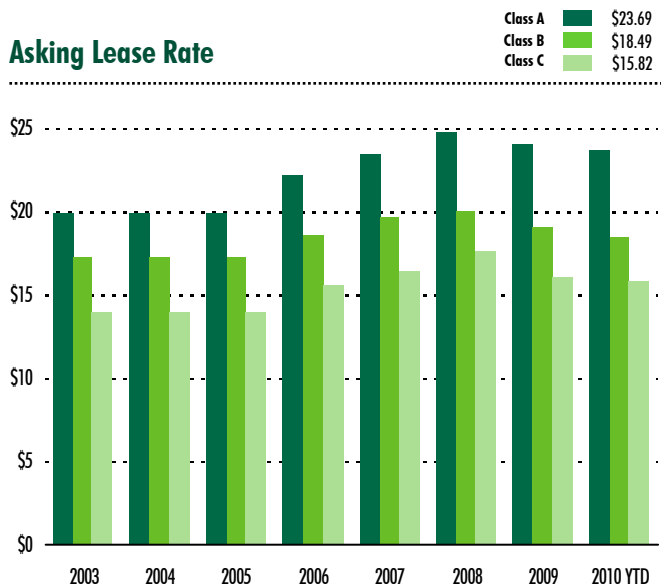
## Unemployment Rate



Florida's non-seasonally adjusted unemployment rate for May 2010 was 11.2%. This represents 1,032,000 jobless out of a labor force of 9,236,000. The unemployment rate is up 440 basis points from the revised August 2008 rate of 6.8% and is up 640 basis points from the August 2007 rate. The state's current unemployment rate is 180 basis points higher than the national unemployment rate of 10.4%. The Tampa Bay area has improved approximately 140 basis points from the 13.1% unemployment rate in January of 2010.

According to a report by housing research firm RealtyTrac, Florida retains the nation's third highest foreclosure rate behind Nevada and Arizona. On a year over year basis, Florida has experienced an almost 14% decline in foreclosure filings in the May 2010 press release. A total of 50,685 Florida residential properties received foreclosure filings during the month of May.

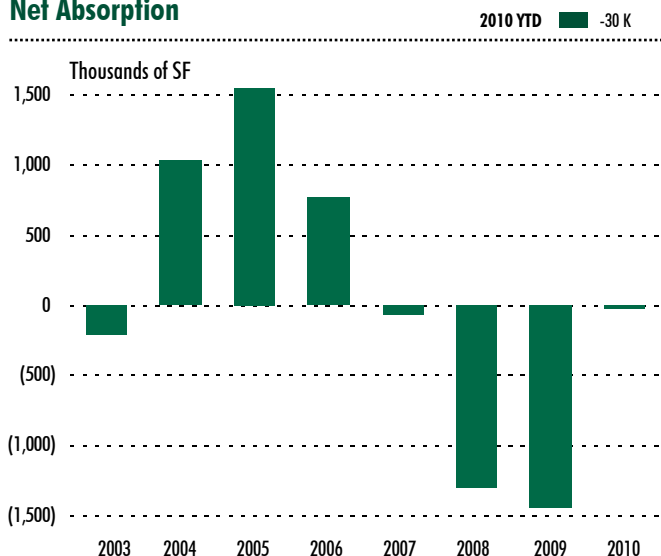
### Asking Lease Rate



Tampa Bay's vacancy rate moved 30 basis points lower to 21.4% and positive 107,003 SF of absorption took place in 2Q10. In addition, the average asking rental rate declined \$0.20/PSF to \$20.82.

Area	Class A	Class B	Class C	Overall
Tampa CBD	\$22.65	\$18.80	\$14.35	\$20.93
Westshore	\$27.47	\$21.01	\$18.58	\$24.22
Total Hillsborough	\$24.55	\$18.95	\$16.70	\$21.65
Total Pinellas	\$21.73	\$16.85	\$15.19	\$18.95
Tampa Bay Market	\$23.69	\$18.49	\$15.82	\$20.82

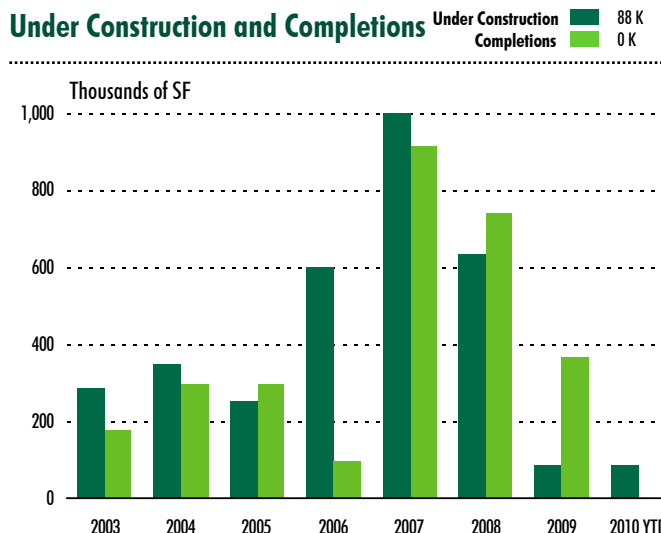
### Net Absorption



The Tampa Bay office market experienced 107,003 SF of overall net absorption this quarter. Hillsborough County represented 40,553 SF of this overall absorption figure, particularly seen in the Westshore submarket, which accounted for 51,168 SF. Pinellas County experienced 66,450 SF of absorption this quarter, with Mid-Pinellas and Southeast St. Pete accounting for the largest absorption by submarket, 40,262 and 30,160 SF respectively.

Total absorption for the suburban market was 92,237 SF in 2Q10 as core markets continue to outperform tertiary submarkets. The Tampa CBD has been historically more consistent than any other submarket in the Tampa MSA, representing 14,766 SF of positive absorption in 2Q10.

### Under Construction and Completions



There is currently one building under construction in the Northeast submarket, Park Centre at Telecom Park, consisting of 88,000 SF. This project is scheduled to be completed in 3Q10.

There is currently no new office construction projects anticipated in the market. At this time, developers are unwilling to build spec and must have 50% pre-leasing done at the start of construction to obtain financing. This however, is good for the fundamentals of the office market as no new space is being added. Professionals agree, that until we see both positive private sector job creation and an overall improvement in the economy, it is likely that the Tampa Bay office market will remain consistent at these vacancy levels.

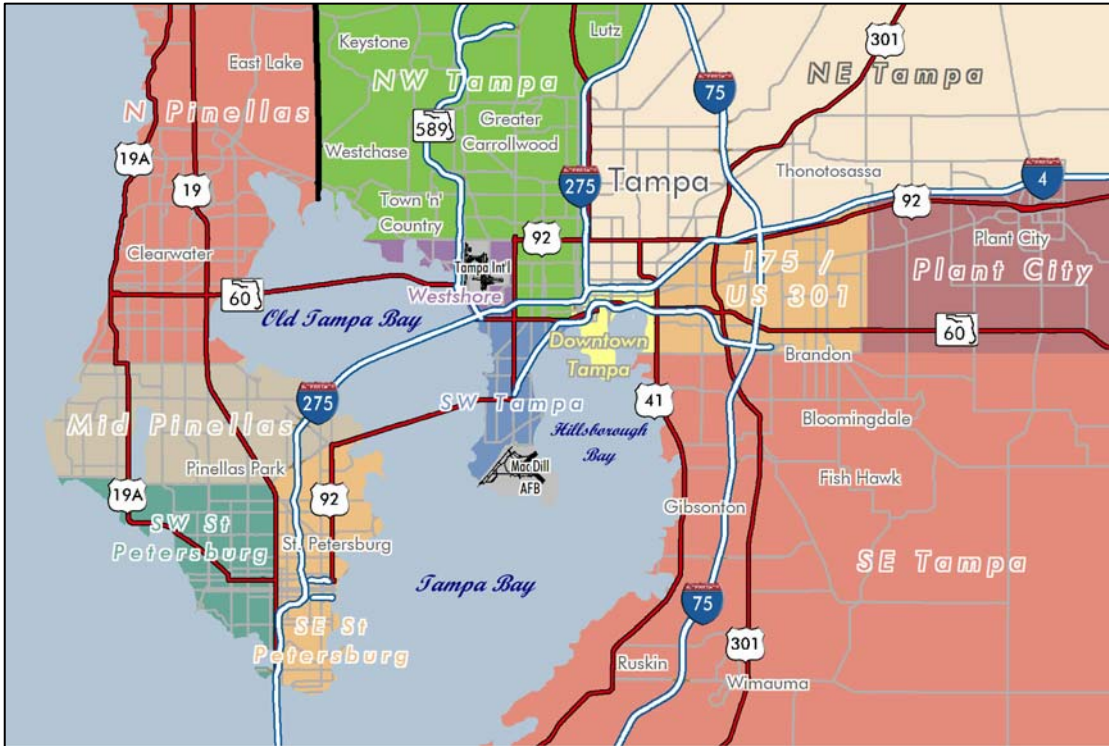
## MarketView Tampa Bay Office

### Top Transactions

Size (SF)	Tenant / Buyer	Address
311,816	W.P. Carey & Co. LLC	4900 Memorial Hwy, 4915 Independence Pky, Tampa (sale)
135,000	Universal Health Care	100 Bay Central, St. Petersburg (sale)
128,000	Kforce, Inc.	1001 E Palm Ave, Tampa (sale)
*48,621	Wells Fargo Insurance Svcs	The Pointe, Tampa (lease)
27,509	Mackenzie Cons.	140 Fountain Pky, St. Petersburg (lease)

\* Denotes a CB Richard Ellis, Inc. transaction.

### Tampa Submarket Map



**MIAMI**  
777 Brickell Avenue  
Suite 900  
Miami, FL 33131  
Tel 305.374.1000

**BROWARD**  
200 E. Las Olas Boulevard  
Suite 1620  
Ft. Lauderdale, FL 33301  
Tel 954.462.5655

**BOCA RATON**  
5355 Town Center Road  
Suite 701  
Boca Raton, FL 33486  
Tel 561.394.2100

**NORTH PALM BEACH**  
4400 PGA Boulevard  
Suite 102  
Palm Beach Gardens, FL 33410  
Tel 561.227.1800

**FT MYERS**  
13350 Metro Parkway  
Suite 102  
Fort Myers, FL 33966  
Tel 239.481.3800

**NAPLES**  
1100 5th Avenue South  
Suite 100  
Naples, FL 34102  
Tel 239.659.1447

**TAMPA**  
201 E. Kennedy Boulevard  
Suite 1500  
Tampa, FL 33602  
Tel 813.229.3111

**TAMPA**  
400 N. Ashley Drive  
Suite 1700  
Tampa, FL 33602  
Tel 813.229.8545

**SARASOTA**  
101 Arthur Anderson Parkway  
Suite 160  
Sarasota, FL 34282  
Tel 941.341.9710

**ORLANDO**  
189 S. Orange Avenue  
Suite 1900  
Orlando, FL 32801  
Tel 4407.404.5000

**JACKSONVILLE**  
225 Water Street  
Suite 110  
Jacksonville, FL 32202  
Tel 904.634.1200

#### Average Asking Lease Rate

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

#### Market Coverage

Includes all competitive office buildings 10,000 square feet and greater in size.

#### Net Absorption

The change in occupied square feet from one period to the next, including sublease space.

#### Net Rentable Area

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

#### Occupied Square Feet

Building area not considered vacant.

#### Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

#### Available Square Feet

Available Building Area which is either physically vacant or occupied.

#### Availability Rate

Available Square Feet divided by the Net Rentable Area.

#### Vacant Square Feet

Existing Building Area which is physically vacant or immediately available.

#### Vacancy Rate

Vacant Building Feet divided by the Net Rentable Area.



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