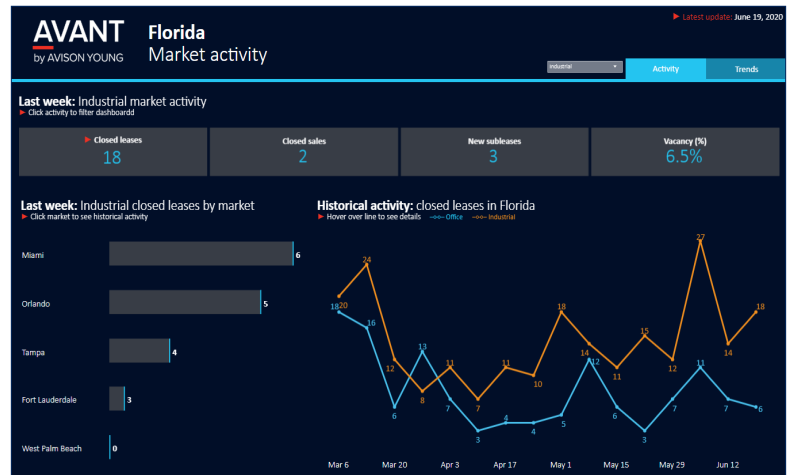


Market Scoop | Week of June 15-19, 2020

- Florida continues to attract interest from companies in the Northeast looking to **relocate** and escape denser urban markets. One such tenant is currently exploring options for 40,000 sf in the Palm Beach Gardens submarket.
- Office rents have not yet begun to experience a measurable decline. Landlords are generally being very patient and are not lowering their rents or offering new concessions when negotiating new deals. Asking rents will likely stay flat for the coming months until new sublease space inevitably hits the market. **Rent collection** so far during the pandemic has largely remained consistent and June was in line with April and May collections.
- Renewals in the office sector are likely to continue as many tenants simply don't have the **capital** required to move to new space, however tenants that are downsizing are able to offset their moving costs with the savings that they obtain from reducing their footprint.
- While many new **speculative industrial developments** had been put on hold by developers at the beginning of the pandemic, some major developments are beginning to move forward. Foundry Commercial just broke ground on 312,251 sf at MidPoint Miami Logistics Park, as well as on a 108,200-sf warehouse building in Orlando. Additionally, Bridge Development Partners plans to break ground on just over 1 million sf in July, Duke Realty is preparing to move forward on a 442,784-sf bulk industrial building at Tampa Regional Industrial Park, and Whitley Capital recently broke ground on an 827,800-sf class A industrial park off of Taft Vineland Rd in Orlando. Also in Orlando, Lincoln Property Company and Crow Holdings are moving forward on redeveloping aging industrial buildings in Orlando Central Park into a new class A infill logistics/last mile delivery project to be known as OCP Logistics Center.
- Development deals** continue to move forward amid the pandemic due to their long-term play strategies. The OKO Group, the developer behind the massive 830 Brickell office tower underway in Miami, just purchased three full blocks just south of New River in Downtown Fort Lauderdale for \$63 million to build an undisclosed mixed-use project.
- Private **investors** have been more active in the last few weeks, but pricing remains challenging. That said, California-based LBA Realty just closed on the recently built Sand Lake Commerce Center in Orlando, acquiring the property from McDonald Development for \$26.4 million, or \$115 per sf.
- New unemployment filings in Florida fell significantly over the week ending June 13 to 86,298 as the economy **began to gain momentum**, the largest decline of any state in the U.S.
- National weekly travel spending grew by 7% to \$10.3 billion last week (about four times its level in late April), but remains severely depressed at less than half of 2019 spending levels. The year-over-year change in weekly **travel spending** in Florida for the week ending June 13th was -55% at -\$1.18 billion, and the year-over-year change in weekly state tax revenue was -35 million. Air travel in Florida has been steadily increasing.
- Consumers returned to stores as states began to reopen their economies in May, leading to a **rebound** in US retail of a record 17.7%. It was the biggest monthly gain on record since 1992, and was more than double economists' expectations of an 8.2% increase.
- Coworking companies** are beginning to reevaluate their operational strategies in light of the social distancing needs imposed by COVID-19 and greater health concerns about inhabiting shared workspaces. As a result, common working areas are likely to be replaced in some measure by cubicles and executive offices. Even in light of these potential changes, Industrious just signed a **37,000 lease** at 200 Central Ave in downtown St Petersburg.

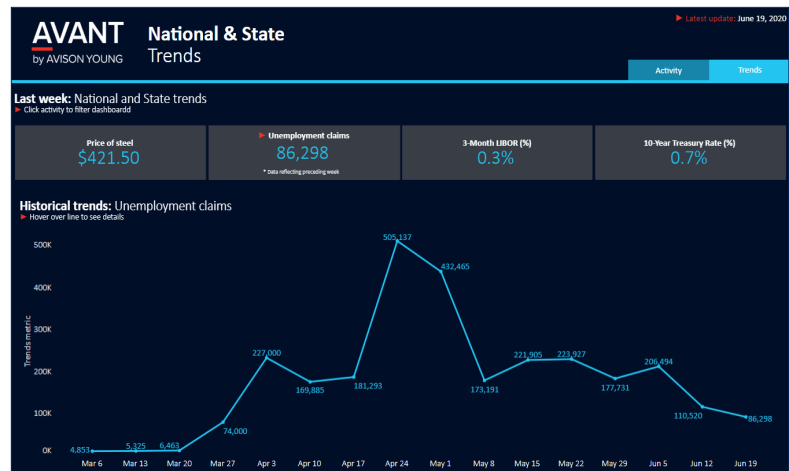
Florida Market Activity

Click on the image below to see the full, dynamic graph.



National & State Trends

Click on the image below to see the full, dynamic graph.



Data Sources: CoStar, U.S. Department of Labor, Avison Young
Methodology: New leases <5,000sf, sales <\$2.5m, and subleases <2,000sf

Activity Trend | WE 6/19/20 over WE 6/12/20

New Inquiries for Space ▲

of Property Tours ▲

For more on the virus' potential #CRE impacts, read the latest briefings on our @AvisonYoung Resource Centre: <https://www.avisonyoung.com/covid-19-resource-centre>

The spread of COVID-19 and the containment policies being introduced are changing rapidly. While information in the briefing notes is current as of the date written, the views expressed herein are subject to change and may not reflect the latest opinion of Avison Young. Like all of you, Avison Young relies on government and related sources for information on the COVID-19 outbreak. We have provided links to some of these sources, which provide regularly updated information on the COVID-19 outbreak. *The content provided herein is not intended as investment, tax, financial or legal advice and should not be relied on as such.*