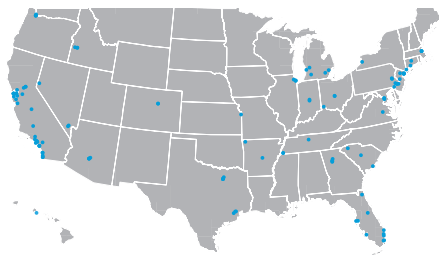


TAMPA BAY FLORIDA

# OFFICE RESEARCH REPORT



## No Clear Direction to Office Market

### EXECUTIVE SUMMARY

The Tampa Bay office market saw little change during the second quarter of 2011 as compared to the previous quarter. Mirroring the uncertainty of the national economy, Tampa Bay's office market continued to show no defining trend one way or the other. The struggling housing market, high unemployment and rising inflation levels are all contributing factors inhibiting a sustained office market recovery. Thirteen million square feet of vacant office space continues to saturate the market, forcing landlords to accept lower rates and increase concessions to attract tenants.

Raymond James is in the planning stages to build a 300,000 square foot facility in Pasco County at Wiregrass Ranch for backroom operations, IT and data storage which will help to increase Tampa Bay's struggling employment base.

### HIGHLIGHTED TRENDS

- Two office submarkets, St Petersburg CBD and Gateway, posted positive net absorption this quarter.
- Vacancy has been above 16 percent dating back to 4th quarter 2009.
- Overall asking rental rates continued to decline, down \$0.02 to \$23.16 full service.
- The Tampa Central Business District experienced the majority of investment activity as five sale transactions took place during the second quarter.
- The Tampa Bay's unemployment rate stands at 10.5 percent, down from the high of 12.6 percent seen in November 2010.

### MARKET INDICATORS

	Q2 2011	Q3 2011*
VACANCY	↔	↔
NET ABSORPTION	↓	↔
CONSTRUCTION	↔	↔
OVERALL RENTAL RATE	↔	↔
CLASS A RENTAL RATE	↓	↔

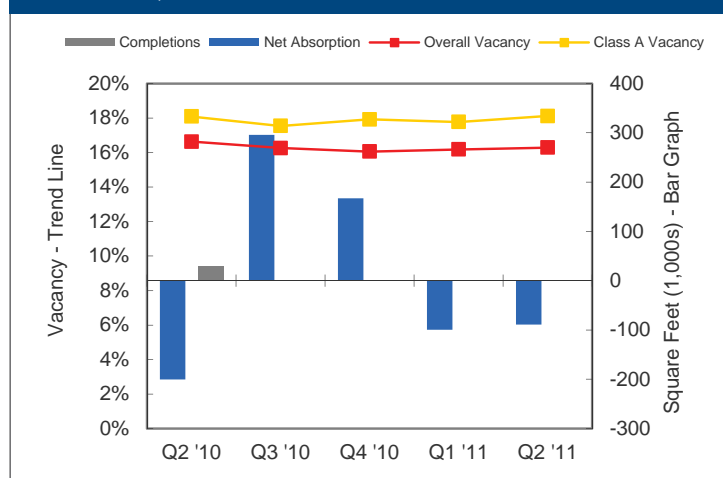
\*Relative to prior period. Note: Arrows compare current quarter to the previous quarter historically adjusted figures. Arrows show change when there is a 10 cent or more change in lease rate or 0.5 percent or more change in vacancy rate.

### OVERALL OFFICE MARKET SUMMARY STATISTICS, Q2 2011

CURRENT VACANCY RATE:	16.3%
PREV. QTR. VACANCY RATE:	16.2%
YEAR AGO VACANCY RATE:	16.6%
<hr/>	
NET ABSORPTION:	-88,701 sf
<hr/>	
UNDER CONSTRUCTION:	0 sf
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CURRENT AVG. ASKING RATE:	\$19.65/FS
PREV. QTR. AVG. ASKING RATE:	\$19.78/FS
YEAR AGO AVG. ASKING RATE:	\$20.11/FS

SOURCE: COSTAR & COLLIERS INTERNATIONAL

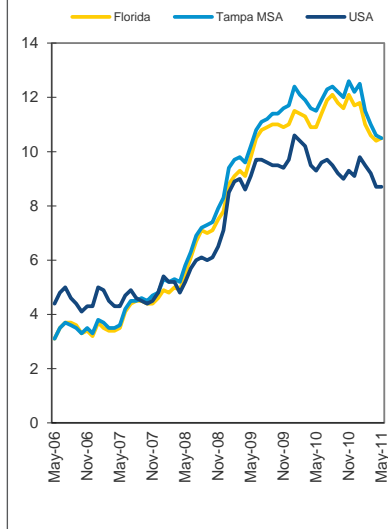
### COMPLETIONS, ABSORPTION AND VACANCY RATES



### VACANCY RATES

The Tampa Bay office market posted an overall vacancy rate of 16.3 percent during the second quarter of 2011. Class A vacancy rates rose slightly from the previous quarter from 17.8 percent to 18.1 percent.

UNEMPLOYMENT TRENDS



The Tampa Bay MSA unemployment rate posted 10.5% in May 2011, down from the 11.5% rate posted in May 2010. The State of Florida rate was 10.5% in May 2011, while the national rate stands at 8.7%. Tampa Bay has continuously seen rates above the national average dating back to March 2008

Source: Florida Research & Economic Database

VACANCY

The Tampa Bay office market vacancy rate increased in the second quarter of 2011, rising to 16.0 percent from 15.9 percent in the first quarter. The Gateway submarket showed the lowest overall vacancy rate, ending the quarter at 13.3 percent. Conversely, the St. Petersburg CBD ended the quarter with the highest vacancy, closing the quarter with 19.8 percent. Class A vacancy rates rose for the third consecutive quarter, posting a rate of 18.1 percent compared to the 17.8 percent experienced in the previous quarter. Class B and C spaces reported a vacancy rate of 15.2 percent, down one tenth of a percent from the previous quarter. It is expected that office vacancy levels will remain relatively flat until substantial employment growth returns.

188,275 square feet, compared to negative 311,442 square feet at the end of the second quarter a year ago.

RENTAL RATES

The overall direct average asking rate during the first quarter was \$19.65 per square foot full service. Class A asking rates ended the quarter at \$23.16 per square foot. Rates remained highest in the Westshore submarket at \$23.33 per square foot full service. Landlords continued to report that concessions, tenant improvement allowances and free rent are common when negotiating deals with tenants. Indicators point towards asking rates remaining flat to slightly falling through the remainder of 2011.

ABSORPTION

Overall net absorption ended the quarter at negative 88,701 square feet, compared to negative 200,613 square feet during the same time period in 2010. Class A properties gave back the majority of space, (98,440 square feet) mainly due to Verizon vacating 60,000 square feet in Tampa City Center. Year-to-date net absorption measured negative

INVESTMENT SALE ACTIVITY

Significant investment sales in the second quarter include In-Rel Properties purchase of Rivergate Tower, a 515,965 square foot class B property for \$22.0 million (\$42.64/sf) and Brownstone Tampa Partners, LLC's \$5 million purchase of The CapTrust Building, a 46,185 square foot building which included 1.46 acres of adjacent land.

TRANSACTION UPDATE

SALES ACTIVITY

PROPERTY NAME	CLASS	BUYER NAME	SIZE SF	SALES PRICE	SUBMARKET
400 N. Ashley Dr - Rivergate Tower	B	In-Rel Properties	515,965	\$22,000,000 (\$42.64/sf)	Tampa CBD
102 W. Whiting St - Cap Trust Bldg.	B	Brownstone Tampa Partners, LLC	46,185	\$5,000,000 (\$108.26/sf)	Tampa CBD
200 N Edison Ave	C	University of Tampa	23,383	\$1,585,000 (\$67.78/sf)	Tampa CBD
1029 Twiggs St*	B	Edu Builders Tampa I LLC	30,000	\$1,500,00 (\$50.00/sf)	Tampa CBD

LEASING ACTIVITY

PROPERTY NAME	CLASS	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Lakeview at Hidden River	A	Achieve Global	27,500	Renewal	East Tampa
970 Lake Carillon Dr	A	Regus	14,843	New	Gateway
14055 Riveredge Dr	A	D.R. Horton	10,700	New	East Tampa
4035 Tampa Rd*	A	Vology	10,500	New	North Pinellas
2502 N. Rocky Point Dr - The Point	A	Agile Thought	7,129	New	Westshore
Wells Fargo Plaza	A	Aspen Marketing Services	4,843	New	St Petersburg CBD
311 Park Place Blvd*	A	Performance Software Corporation	4,692	New	North Pinellas
5461 W. Waters Ave*	B	Healthy Cooking & Lifestyle	3,990	New	Northwest Tampa
6101 Webb Rd*	C	Florida Medical Clinic	3,000	New	Northwest Tampa

\*Colliers International Deal

UPDATE SUBMARKET COMPARISONS

SUBMARKET BREAKDOWN

Property Class	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate Full Service
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TAMPA CBD									
A	13	4,809,070	17.5%	18.1%	-70,776	18,870	0	0	\$22.68/fs
B , C	76	3,785,512	13.5%	13.5%	34,061	16,851	0	0	\$17.37/fs
Overall	89	8,594,582	15.7%	16.0%	-36,715	35,721	0	0	\$20.72/fs

WESTSHORE									
A	40	7,550,741	22.0%	22.3%	-46,749	-23,149	0	0	\$26.23/fs
B , C	207	7,973,005	13.5%	13.7%	14,656	-17,916	0	0	\$19.77/fs
Overall	247	15,523,746	17.6%	17.9%	-32,093	-41,065	0	0	\$23.33/fs

I-75 CORRIDOR									
A	44	6,883,515	15.6%	16.0%	-34,603	-61,612	0	0	\$22.05/fs
B , C	293	9,390,788	16.3%	16.8%	-6,069	-110,970	0	0	\$16.77/fs
Overall	337	16,274,303	16.0%	16.5%	-40,672	-131,910	0	0	\$19.06/fs

NORTH PINELLAS									
A	16	1,345,783	17.6%	18.1%	-6,519	-11,986	0	0	\$19.07/fs
B , C	160	4,049,845	14.3%	14.3%	-4,728	17,554	0	0	\$17.21/fs
Overall	176	5,395,628	15.1%	15.2%	-11,247	5,568	0	0	\$17.84/fs

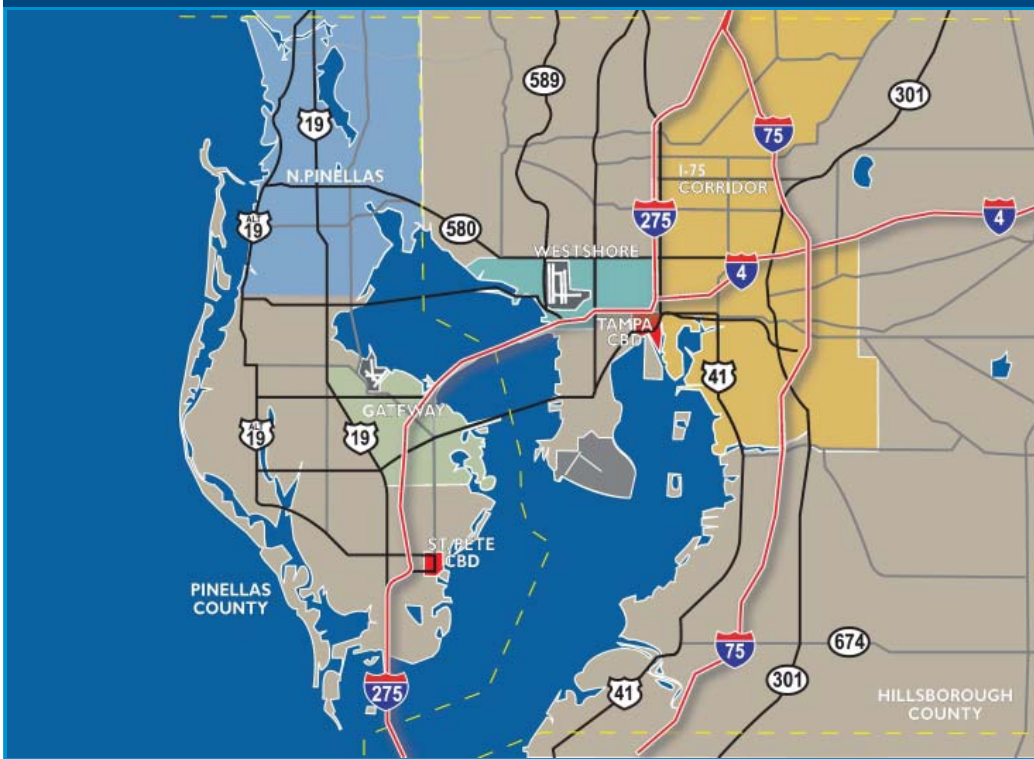
GATEWAY									
A	24	3,078,510	6.0%	6.5%	-2,525	45,816	0	0	\$21.01/fs
B , C	121	4,586,885	16.4%	16.9%	38,354	72,397	0	0	\$17.24/fs
Overall	145	7,665,395	12.2%	12.7%	35,829	118,213	0	0	\$18.32/fs

ST. PETERSBURG CBD									
A	9	1,609,161	24.5%	26.0%	26,669	-87,579	0	0	\$25.36/fs
B , C	56	2,184,584	14.9%	14.9%	360	21,890	0	0	\$19.74/fs
Overall	65	3,793,745	19.0%	19.6%	27,029	-65,689	0	0	\$22.33/fs

TAMPA BAY OVERALL OFFICE MARKET

Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Overall Avg. Direct Asking Rate F.S.	Class A Avg. Direct Asking Rate F.S.
2011 2Q	1,812	80,065,671	15.9%	16.3%	-88,701	-188,275	0	0	\$19.65/fs	\$23.16/fs
2011 1Q	1,812	80,065,671	15.8%	16.2%	-99,574	-99,574	0	0	\$19.78/fs	\$23.18/fs
2010 4Q	1,812	80,065,671	15.6%	16.1%	167,331	152,085	0	0	\$20.02/fs	\$23.44/fs
2010 3Q	1,812	80,065,671	15.7%	16.3%	296,196	-15,246	0	0	\$20.07/fs	\$23.61/fs
2010 2Q	1,812	80,065,671	16.1%	16.6%	-200,613	-311,442	0	0	\$20.11/fs	\$23.58/fs
2010 1Q	1,811	80,036,637	15.7%	16.4%	-110,829	-110,829	0	0	\$20.18/fs	\$23.59/fs
2009 4Q	1,811	80,036,637	15.4%	16.2%	-191,514	-1,617,915	136,364	117,034	\$20.38/fs	\$24.16/fs
2009 3Q	1,805	79,877,203	14.9%	15.8%	-588,723	-1,426,401	40,000	276,468	\$20.65/fs	\$24.47/fs
2009 2Q	1,802	79,826,344	14.2%	15.0%	-432,423	-837,678	55,000	309,904	\$20.99/fs	\$24.75/fs

SUBMARKET MAP



480 offices in  
61 countries on  
6 continents

United States: 135  
Canada: 39  
Latin America: 17  
Asia Pacific: 194  
EMEA: 95

- \$1.9 billion in annual revenue
- 2.4 billion square feet under management
- Over 15,000 professionals

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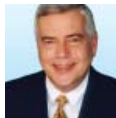
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This report includes owner and non-owner occupied space 10,000 sf and greater. Directional arrows compare current quarter to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports. Sources: Costar Property and Colliers International Tampa Bay Florida.