

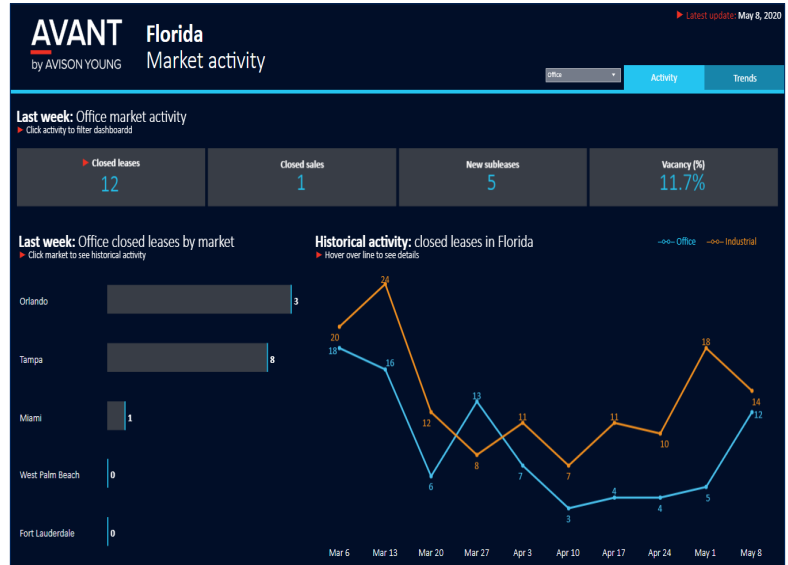
May 11, 2020

### Market Scoop | Week of May 4-8, 2020

- Demand for **cold storage space**, which was already on the rise in Florida, is seeing a stronger uptick during the coronavirus pandemic. Online grocery sales reached a record high during April, with shoppers spending \$5.3 billion on orders for delivery and pickup, a 37% jump over the previous month. Consumers are reporting weeks-long waits on Instacart, Shipt and other leading platforms as demand far outpaces the supply of available workers and groceries.
- Post-Covid-19 dynamics that could benefit the industrial real estate sector include increased inventory space, including demand for **short-term warehousing space** (especially after shortages of consumer goods during the pandemic), and the on-shoring of manufacturing.
- Industrial **rental rates** are being held firm due to low vacancy rates and strong fundamentals across the South Florida region. As of May 11th, no notable industrial rent compression had been noted in the Orlando and Tampa markets.
- **E-commerce** will continue to surge - and that will drive demand for warehouses, especially in places like Miami and the Interstate 4 corridor, which are close to multiple major population centers.
- In the Miami, Orlando and Tampa markets large industrial deals are still moving forward and strong **leasing interest** among e-commerce and 3PL companies persists.
- Many tenants that had been negotiating three to five year renewals prior to the COVID-19 outbreak are now opting for 12-month **extensions** as they wait to see how the situation unfolds.
- Some office trends that were present before the outbreak of COVID-19 are experiencing an acceleration. South Florida continues to benefit from businesses **relocating** from high-tax states in the Northeast. A larger shift of tenants relocating from the CBD to suburban office markets due to lower density, smaller buildings, lower rental rates, and more parking is also possible.
- Buildings will likely implement specific "return to work" procedures including limiting how many people are allowed in an elevator at one time. **Restrictions** on how many people can occupy an elevator may present some significant challenges for large office towers in Florida's primary urban cores.
- Orlando-based **Tavistock Development Co. LLC** is shelving plans to build a 125,000-sf office building in its 200-acre Infinity Park development. The building would have housed operations for Bluegreen Vacations Corp., which late last year inked a lease for 45,000 sf. The decision to walk away from the lease was mutual and the coronavirus pandemic has caused the timeshare firm to rethink its future needs.
- Wellness is a relatively new trend in commercial real estate, but it has now become a top priority for the long-term after the COVID-19 pandemic. Water Street Tampa, the mixed-use urban district under construction in downtown Tampa, is the world's first **WELL Certified neighborhood**. WELL Certification is similar in nature to LEED Certification and sets wellness standards for buildings around principles like natural light, hydration stations, movement and nourishment.
- The year-over-year change in weekly **travel spending** for the week ending May 2nd was -91% in Florida.

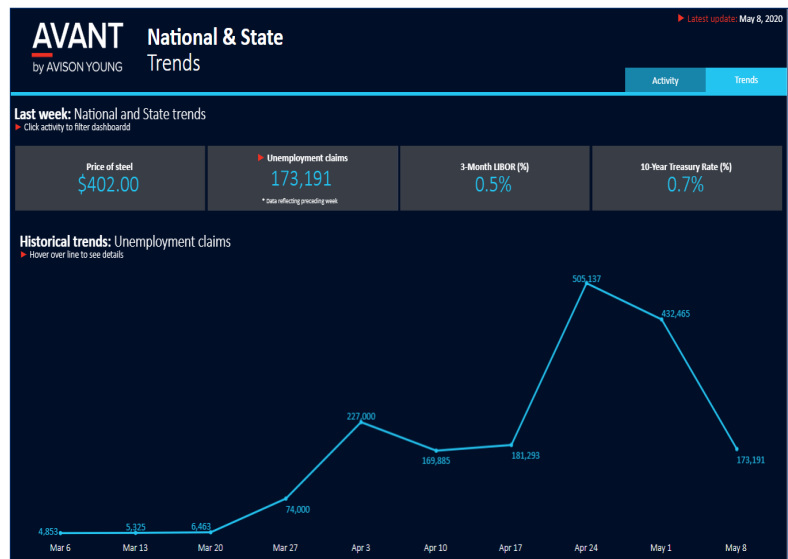
### Florida Market Activity

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 5/8/20 over WE 5/1/20

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.*