

What a Difference a Month Makes

Until early March of 2020, the U.S. economy was forging ahead and Florida was experiencing a surge in commercial and residential construction, record breaking levels of tourism, and strong population and employment growth. What changed? Everything, with the spread of COVID-19 (coronavirus) in the country. These are unprecedented times and the impacts of COVID-19 continue to evolve at a rapid pace. Governments across the country are responding to the crisis and social distancing measures are beginning to make a difference. In the meantime, Avison Young is working harder than ever to track the impact of COVID-19 on the major markets in Florida and to quickly bring you those insights. We will provide weekly updates providing market insight and data to help you make informed decisions in these rapidly changing times.

Market Scoop | Week of April 20-24, 2020

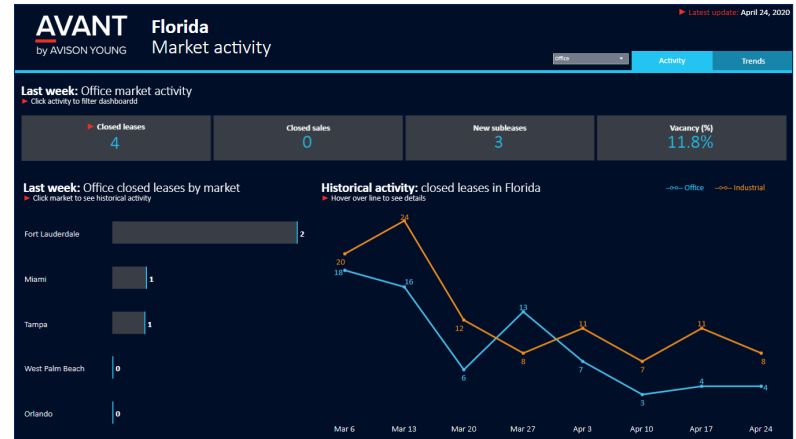
- There is quite a bit of **pent-up activity** as tenants in both the office and industrial sectors are looking for space, but putting plans on hold as they are hesitant to tour until businesses re-open. Many deals that recently closed had already started prior to the COVID-19 outbreak. With that said, there was a significant week-over-week uptick in both new inquiries for space and the number of tours given for the week ending 4/24.
- As of this week's market update, approximately 20% of tenants across the state's major markets are seeking **rent relief** as a result of the impact of COVID-19 on their businesses, however the majority of landlords outside of retail are not providing relief yet and landlords in other sectors were still collecting the majority of rent due.
- Industries that are most directly impacted by COVID-19 (i.e. tourism and related businesses and retail) have ground to a halt, while other businesses (i.e. professional services, financial services, technology and defense) are still moving ahead and planning for the post-event economy. The **defense industry** does not yet seem to be impacted at the moment.
- Land sales** that are under contract are being pushed out 60-90 days as those transactions are more complicated. There are limited true arms-length transactions on the market due to coronavirus.
- Some **developers** with projects in the permitting phase have decided to put the permit on the shelf until the situation with COVID-19 resolves. They are waiting to see the impact that the virus will have on their existing rent roll before adding more vacancy to their portfolios. For example, **Prologis** has put a hold on all new construction projects until further notice. Also, building departments have been closed, therefore there will be delays in the build-outs of space.
- Very few **investment sales** are proceeding, especially if the buyer doesn't have a deposit at risk. If past the due diligence period, some buyers are trying to proceed, but unless it is an all cash deal it has been hard to get lenders to close. E-commerce and food companies have been looking to expand in order to fulfill additional demand. One such company signed a **216,780-sf lease** for an entire building in Beacon Lakes during March (Miami).
- Florida has the 3rd highest share of **travel & tourism industry** generated GDP, behind Nevada and Hawaii. As of April 14th, the tourism industry in Florida was the 6th most impacted by the current pandemic, with hotel occupancies falling from 82% to 23% over the trailing 12-month period.

Activity Trend | WE 4/24/20 over WE 4/17/20

New Inquiries for Space ▲ # of Property Tours ▲

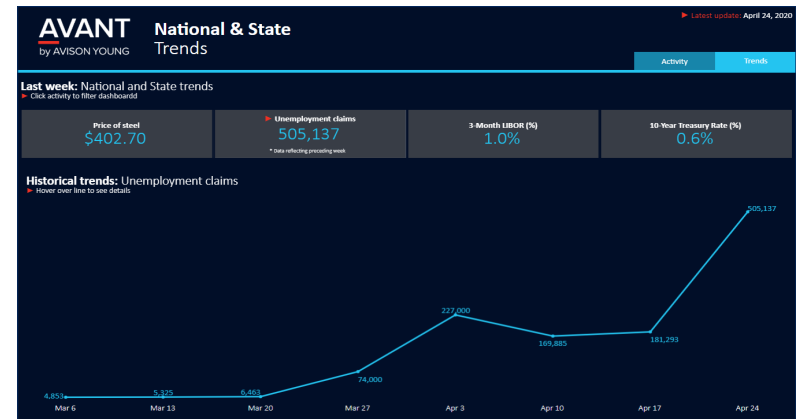
Florida Market Activity

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



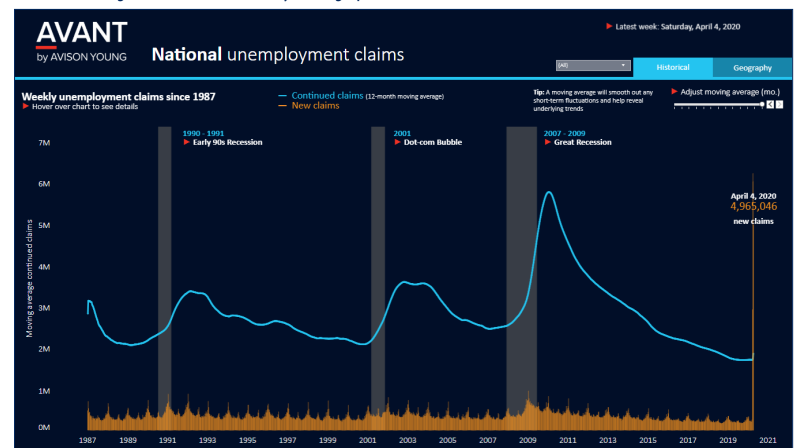
National & State Trends

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



U.S. Unemployment Claims | 1987 - Present

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

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.*