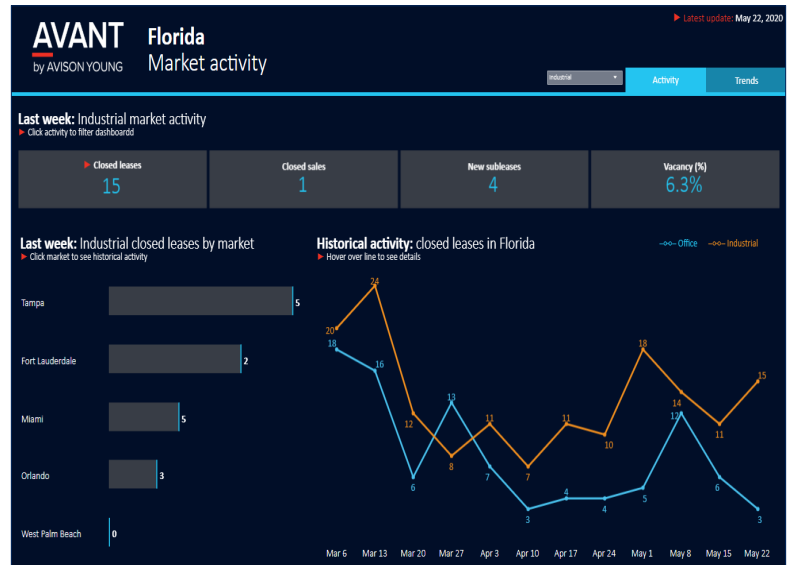


Market Scoop | Week of May 18-22, 2020

- There has been an **acceleration in leasing activity** over the last week, more traction with regard to longer term deals, and an uptick in requests for information and tours. In multiple markets, some clients that had previously put transactions on hold are now beginning discussions to move forward. In Tampa, there are a total of 1.5 million sf of new industrial requirements looking along the I-4 corridor with tenants from 100,000 sf to 500,000 sf, and a 120,000 sf new-to-market office tenant from the Northeast looking in Pinellas County. There are also a few corporate tenants in the 40,000 to 70,000 sf range that are touring the Palm Beach Gardens submarket. In Broward County, there is an increase in interest coming from the coworking and medical sectors.
- The initial wave of **rent relief** requests has morphed somewhat into a more normal discourse of negotiation and additional term tradeoffs.
- The largest **industrial lease deals** signed last week included Bausch Health taking 127,254 sf at Cabot at Aprile Farms in Tampa's East Side submarket and new-to-market tenant Brandy Melville signing a 112,318-sf lease at the Miramar Park of Commerce in Southwest Broward, bringing the building to 100% occupancy.
- Agencies such as Freddie Mac, Fannie Mae and HUD continue to be very active providing **new loans** for multifamily properties, and we also continue to see non-bank lenders provide non-recourse, high-leverage construction loans.
- Investment sales are waiting on the guidance of the leasing market to determine how to **underwrite** future rental rates and absorption. Private investors are more nimble and eager to engage, while institutional investors are pencils down and much more conservative in their underwriting.
- The lack of recent data is making it challenging to underwrite deals and is creating difficulties for buyers and lenders to properly determine **asset values**. As a result, some sellers are holding off on launching deals, as doing so now could suggest distress or weakness within the asset.
- An increase in **missed rent payments** within apartment and office properties is expected for June and July, which could lead to additional mortgage defaults throughout the year and into 2021. Smaller landlords with fewer capital reserves are particularly at risk.
- Golden Bear Plaza, a Palm Beach Gardens office complex designed by golf legend Jack Nicklaus, just sold for \$49.7 million, a significant 20% **discount** from its last trade in 2017.
- There has been an influx of activity from buyers **relocating** from the New York metro area, many of which had been considering moving to South Florida to save on taxes and now COVID-19 has accelerated the process.
- Industrial assets and single-tenant net leases to "essential retailers" are the sole assets that seem to be **trading**, many of which have been all cash deals as getting debt or equity is challenging at the moment.
- The year-over-year change in weekly **travel spending** for the week ending May 16th was -86% in Florida at -\$1.77 billion, and the year-over-year change in weekly state tax revenue was -\$51 million.

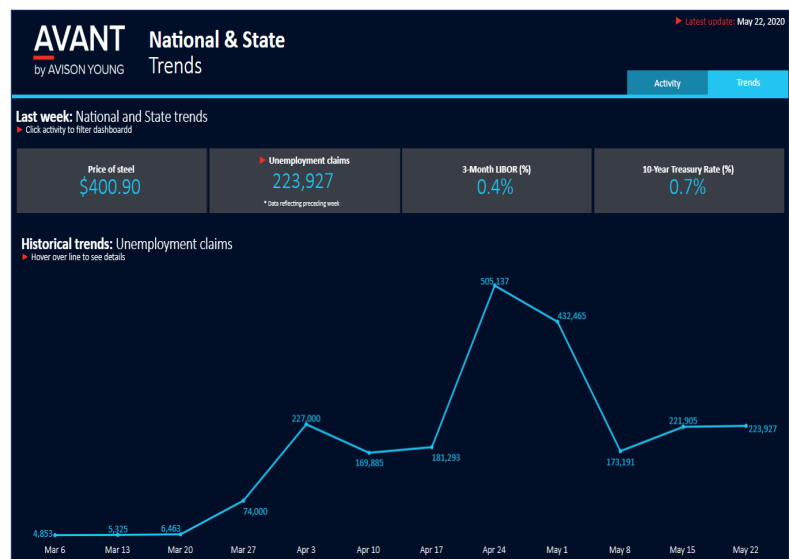
Florida Market Activity

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 5/22/20 over WE 5/15/20

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.*