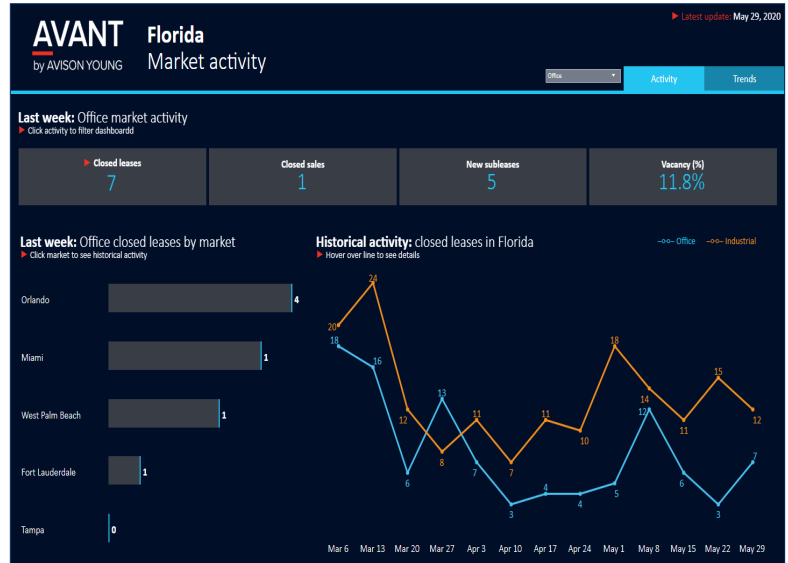


### Market Scoop | Week of May 25-29, 2020

- According to the recently released Midyear Construction Outlook for the Southeastern U.S. by Dodge Data & Analytics, **construction starts** are expected to slump throughout the remainder of 2020, but some sectors may see a bounce back in 2021. While the retail and hotel sectors have been hit the hardest, construction starts in the office sector are expected to drop by 45% in the Southeast in 2020, but recover by 38% in 2021. Similarly, warehouse construction is expected to decline by 12% in 2020, but should increase by 11% in 2021.
- A prominent coworking company has announced it is seeking to **renegotiate** its leases due to the impact of COVID-19 on its profitability and business operations.
- The year-over-year change in weekly **travel spending** for the week ending May 23rd was -83% in Florida at -\$1.72 billion, and the year-over-year change in weekly state tax revenue was -\$50 million.
- Some deals that had been previously put on hold are now beginning to move forward and more deals are turning from rent relief to **restructuring** and adding on more term at the end of the lease. In Miami, Vitas Healthcare signed a 25,561-sf renewal and expanded by 9,741 sf.
- Larger office requirements** are becoming more active in key markets. In South Florida's Southwest Broward submarket, a handful of 100,000 sf to 200,000 sf office users are currently touring for space, and Tampa has had an uptick in leasing interest as well.
- The Southwest Broward submarket remains active in the industrial sector. Following the signing of a 112,000-sf deal by Brandy Melville last week, a local tenant is also currently touring the submarket for a 35,000-sf **expansion**.
- The effect on **office space demand** in Miami will likely be subtle as the difference between an increasing number of companies reducing overhead by allowing more employees to work from home is countered by an increase in space needs due to social distancing.
- Supply chain** disruptions caused by COVID-19 are expected to drive lasting changes in storage and logistics. **Cold storage facilities** will likely see a rise in demand, as consumers have grown increasingly accustomed to buying groceries online. Also, according to the Wall Street Journal, there is a surge in demand from retailers and direct-to-consumer brands that are overwhelmed by online orders and are looking to work with companies that connect businesses with warehouses that have space to share, especially for staples like cleaning supplies and paper goods.
- In St. Petersburg, **Coca-Cola** is planning to build another 20,200-sf warehouse, likely a last-mile facility due to its small footprint, to add to its Tampa Bay logistics chain. The beverage company is also planning a massive 1.4-million-sf manufacturing and distribution facility in Brandon.
- The **3-Month LIBOR rate** has fallen by 106 basis points (bps) since the beginning of April due in large part to the Federal Reserve cutting interest rates by half a percentage point in May. As a result, many lenders have become more conservative with their leverage and are placing floors on the indexes of 75-100 bps.

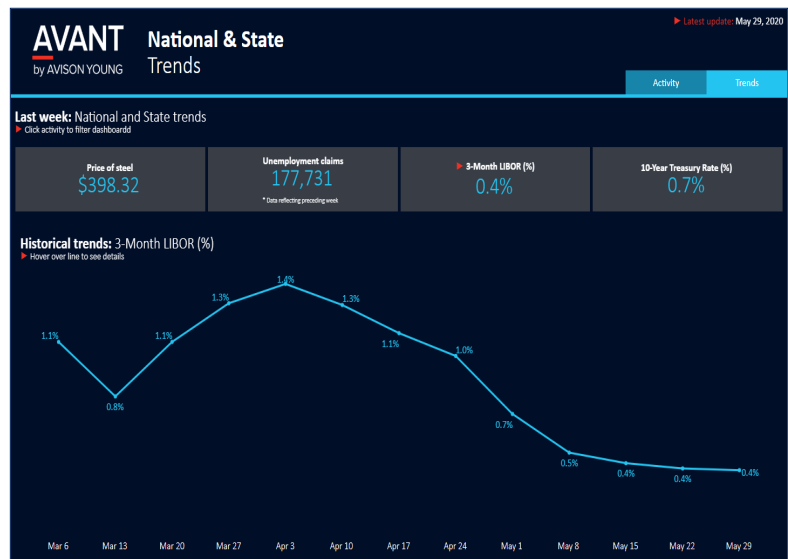
### Florida Market Activity

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 5/29/20 over WE 5/22/20

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.*