

## Steady Job Growth Boosts Consumer Confidence, Retailer Expansion in Tampa-St. Petersburg

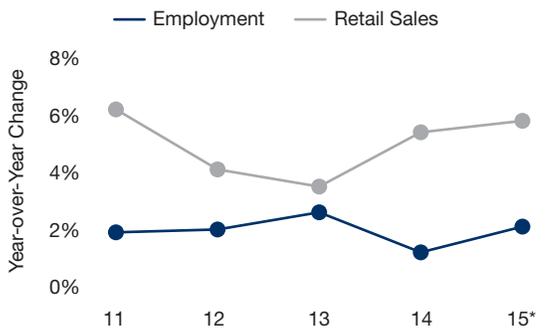
Job creation is raising consumer confidence in the Tampa-St. Petersburg metro, spurring spending and attracting retailers to the market. Employers will recover all of the jobs lost during the recession this year, led by hiring in the primary office-using sectors, as well as strong growth in the region's healthcare industry. Cognizant, Bristol-Myers Squibb, and USAA plan to add thousands of jobs over the next few years. St. Joseph's will open a new hospital in Riverview during the first quarter, and the \$225 million project will create up to 500 jobs. These positive economic indicators will contribute to retailer expansion in 2015. Bass Pro Shops, Wal-Mart, Planet Fitness, Lululemon, and Sur La Table, among other retail brands, will open new stores in the metro this year. Construction will remain elevated in 2015 as builders bring 1.4 million square feet of space online; however, strong pre-leasing will allow dark space to fill up and encourage operators to lift asking rents.

An improving local economy and tightening operations will continue to generate optimism in future market performance, drawing investors to Tampa. Strong competition for metro assets is compressing cap rates and raising property values closer to pre-recession levels. Single-tenant cap rates have compressed to the mid-6 percent range, while first-year yields for multi-tenant assets average nearly 150 basis points higher. Growing residential neighborhoods in Hillsborough along Interstate 75 and in Pinellas County will attract convenience and service-based retailer expansion and provide investment opportunities for buyers. Meanwhile, a gap between for-sale inventory and buyer demand still exists in the multi-tenant sector, with the majority of for-sale inventory on either end of the quality spectrum. As property values rise, many owners who have held assets since the recession, or brought assets up to market, may choose to divest for a profit.

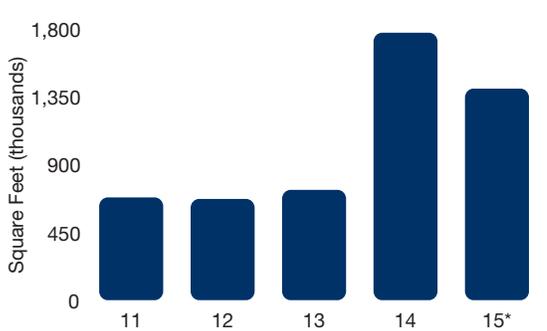
### 2015 Market Outlook

- **2015 NRI Rank: 21, Up 5 Places.** An above-average retail sales growth forecast pushed Tampa-St. Petersburg into the top half of the Index.
- **Employment Forecast:** The pace of job growth will rise dramatically in the metro during 2015 as 25,000 positions are created, expanding payrolls 2.1 percent. In 2014, employment grew 1.2 percent.
- **Construction Forecast:** Completions will drop in 2015 when compared with last year as 1.4 million square feet of retail space comes online. Builders delivered 1.8 million square feet of space in 2014.
- **Vacancy Forecast:** Vacancy will tumble 70 basis points this year to 6.2 percent. Last year, vacancy plunged 80 basis points.
- **Rent Forecast:** Tightening operations will encourage owners to lift asking rents, which will reach \$14.07 per square foot by year-end, rising 1.7 percent annually. Asking rents slid 0.1 percent in the prior year.
- **Investment Forecast:** Buyers from the Northeast and California are becoming more active in the market, searching for higher returns than those found in other Florida markets.

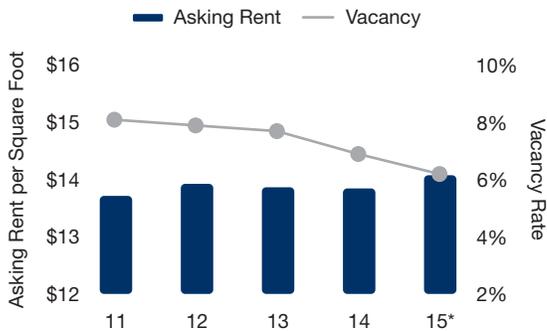
### Employment vs. Retail Sales



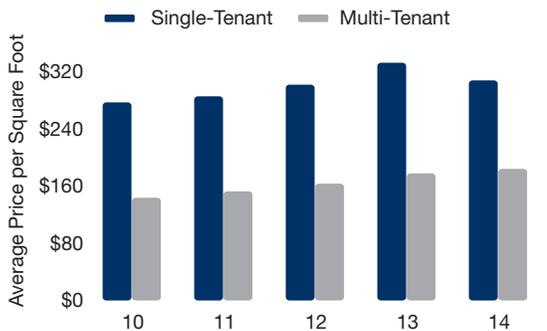
### Retail Completions



### Asking Rent and Vacancy Trends



### Sales Trends



\* Forecast