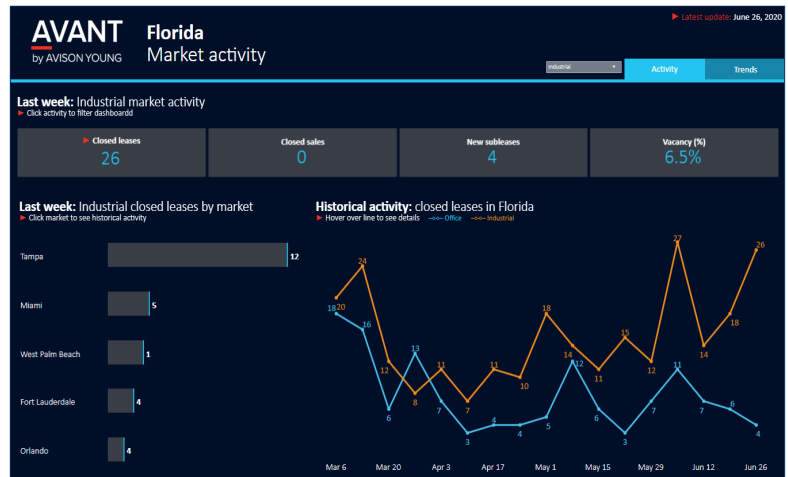


Market Scoop | Week of June 22-26, 2020

- Amazon** continues to dominate industrial leasing along the I-4 corridor. The e-commerce giant just acquired 82.3 acres in Temple Terrace for \$26.4 million, or \$321,000 per acre. A city official confirmed there is a planned development on that site with **Seefried Properties**, which is a preferred developer for Amazon. Amazon has also signed a deal to lease the newly developed 425,550-sf I-4 Logistics Center in Seffner.
- Office leasing at the close of June was a bit slow, however a handful of deals were concluded. Among them, International Materials Inc. **signed a lease** for 20,052 sf to take the entire third floor at The Offices of 4th & 5th Delray in Palm Beach County, more than doubling the size of their current space. Some office tenants have been **renewing** their leases earlier than usual in order to obtain free rent to use now.
- As a result of COVID-19, some retailers and restaurants are beginning to **convert** their stores to smaller footprints and quick-service restaurant (QSR) formats to save on **operating costs**. Starbucks recently announced that it will close 400 stores nationwide, but will be speeding up the expansion of "convenience-led formats" including curbside pickup, drive-thru, and mobile-only pickup locations.
- TS Lombard research indicates that a primary concern is not the impact of the virus itself, but the imbalances of the last decade's expansion that it reveals: a surplus of service-related workers. **New unemployment filings** in Florida rose slightly over the last week to 93,394 although there have been fewer layoffs in the agriculture, forestry, fishing, and hunting, construction, manufacturing, wholesale trade, retail trade, and service industries.
- According to Fitch Ratings, the US has transferred 473 **CMBS loans** totaling \$21 billion into **special servicing** during 2020, more than double the \$9 billion recorded for the entire year of 2019. Of the 473 CMBS loans, 439 totaling \$20.4 billion were transferred in March, April and May. Hotel assets represented the largest amount of loan transfers with retail assets following closely behind.
- Nationally, **construction prices** are down by 3.9% (-2.4%) since May of 2019. Some subcontractors that have needed to fill their pipeline have reduced their pricing by 10-15%. Construction material costs have held steady with the exception of asphalt and steel pricing, which decreased significantly over the last few months but has also been offset by a rise in the price of concrete.
- Mall giants Simon Property Group and Taubman Centers are headed to court over their \$3.6 billion merger deal. Simon struck a deal to buy Taubman's 26 U.S. luxury malls in early February, but in early June said it was **terminating its agreement** with Taubman, primarily citing the novel coronavirus pandemic and its effect on business operations.
- In the week ending June 20th, the travel economy witnessed its eighth-consecutive week of expansion since the start of the pandemic but still registered 55% below last year's levels (a \$13.2 billion loss). Since the beginning of March, the COVID-19 pandemic has resulted in over \$250 billion in cumulative losses for the U.S. travel economy. The year-over-year change in weekly **travel spending** in Florida for the week ending June 13th was -51% at -\$1.11 billion, and the year-over-year change in weekly state tax revenue was -\$32 million.

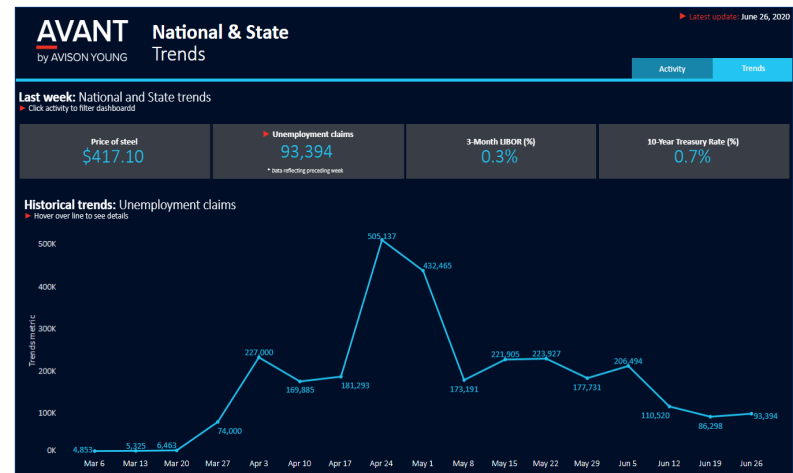
Florida Market Activity

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 6/26/20 over WE 6/19/20

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.*