



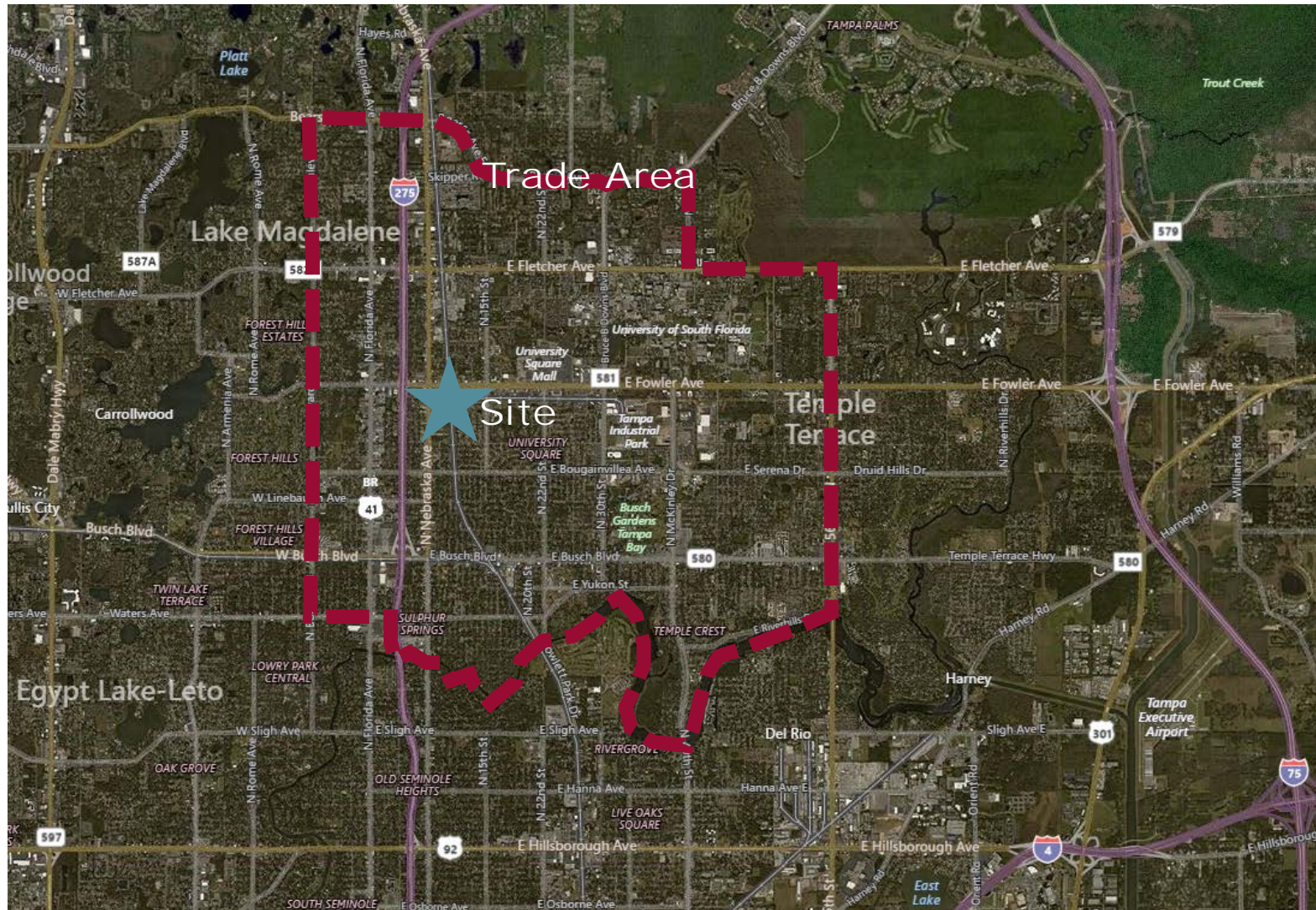
## **11411 N. Nebraska Avenue Redevelopment Opportunity**

*Market Overview*

Tampa, FL

Logan Properties, Inc.  
1716 W. Lemon Street  
Tampa, FL 33606

# Competitive Trade Area



- » Competitive Trade Area defined for the site for review of
  - » Employment
  - » Demographics
  - » Real estate market performance
- » Considers natural and man-made barriers, as well as drive times
- » Includes University of South Florida (USF), University Square Mall, Busch Gardens, and a variety of medical anchors



01

# ECONOMIC CONSIDERATIONS

# Economic Anchors

## EDUCATION

The University of South Florida Tampa campus has 14 colleges offering 80 undergraduate majors and +130 graduate and doctoral-level programs. There are more than 43,500 enrolled students, 56% of which are full-time, and approximately 14,000 faculty and staff. Student enrollment has been trending upward, while faculty and staff employment has declined in recent years. USF is an important driver of real estate demand in the area surrounding the Logan Property, primarily for housing, retail, and hospitality uses.

## HEALTHCARE

Florida Hospital, Moffitt Cancer Center, and the VA Hospital represent major employers in the area, providing a variety of health-related services to the region. Together these facilities, and the medical office space that is located nearby, represent a major concentration of healthcare and support jobs in Tampa. This concentration drives demand for specialty office space, as well as a wide variety of retail goods to serve local employees and visitors.



# Economic Anchors

## RETAIL TRADE

Anchored by University Mall, retail is the single largest land use in the area surrounding the Logan Property. University Mall contains approximately 1.3 million square feet, targeting shoppers from across the Tampa Bay region. Sales at the Mall have been in decline, resulting in the creation of a redevelopment plan for the property. The project will be rebranded 'Uptown' and will incorporate existing infrastructure, as well as new construction. At build-out, the proposed project would include retail, residential, office, and hospitality uses.

## TOURISM AND RECREATION

Anchored by Busch Gardens Tampa, tourism and recreation represent a major economic anchor in the trade area. Busch Gardens is the 11<sup>th</sup> most visited theme park in the United States. Visitors to the facility represent both day-trips for those living in the region and overnight stays, which drive demand for retail goods and hotels. Busch Gardens averages 4.2 million annual visitors; attendance has remained relatively stable in recent years.



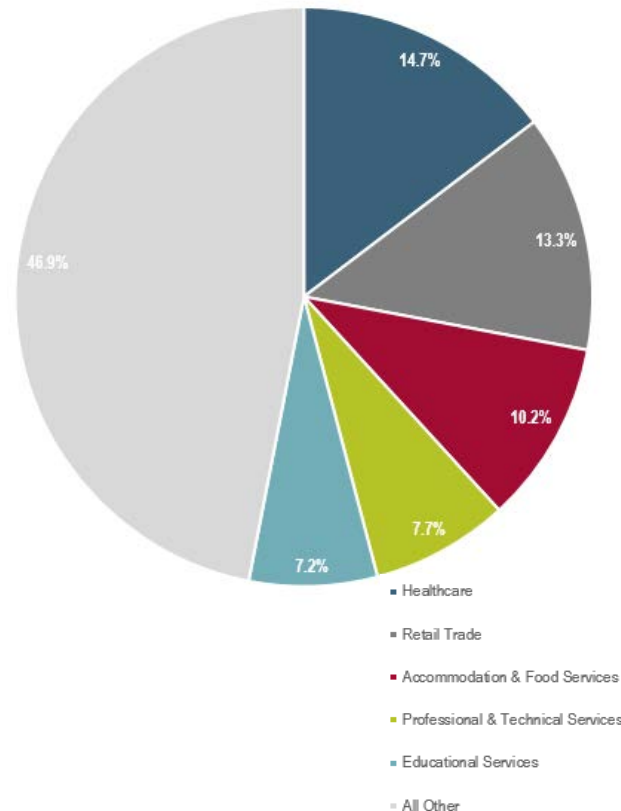
# Job Growth: Tampa Bay Region

Annualized Job Growth by Industry, Tampa-St.Petersburg-Clearwater MSA, 2011-2016

Industry	2011	2016	2011-2016 Δ	
			#	%
Accommodation and Food Services	101,849	126,469	24,620	24.2%
Retail Trade	140,710	164,025	23,315	16.6%
Professional and Technical Services	76,685	95,443	18,758	24.5%
Construction	51,106	69,316	18,210	35.6%
Health Care and Social Assistance	165,902	181,802	15,900	9.6%
Administrative and Waste Services	76,874	87,523	10,649	13.9%
Finance and Insurance	66,913	75,445	8,532	12.8%
Management of Companies and Enterprises	18,482	26,348	7,866	42.6%
Manufacturing	58,206	63,777	5,571	9.6%
Real Estate and Rental and Leasing	20,503	25,602	5,099	24.9%
Wholesale Trade	41,053	45,857	4,804	11.7%
Transportation and Warehousing	28,270	33,029	4,759	16.8%
Other Services, Ex. Public Admin	32,306	36,534	4,228	13.1%
Educational Services	85,581	88,760	3,179	3.7%
Arts, Entertainment, and Recreation	23,207	25,583	2,376	10.2%
Utilities	3,841	4,272	431	11.2%
Mining	414	253	-161	-38.9%
Public Administration	53,348	53,143	-205	-0.4%
Information	24,924	24,162	-762	-3.1%
Agriculture, Forestry, Fishing & Hunting	11,514	9,691	-1,823	-15.8%
<b>Total</b>	<b>1,081,688</b>	<b>1,237,034</b>	<b>155,346</b>	<b>14.4%</b>

Source: Florida Department of Economic Opportunity ; www.floridajobs.org; Kimley-Horn

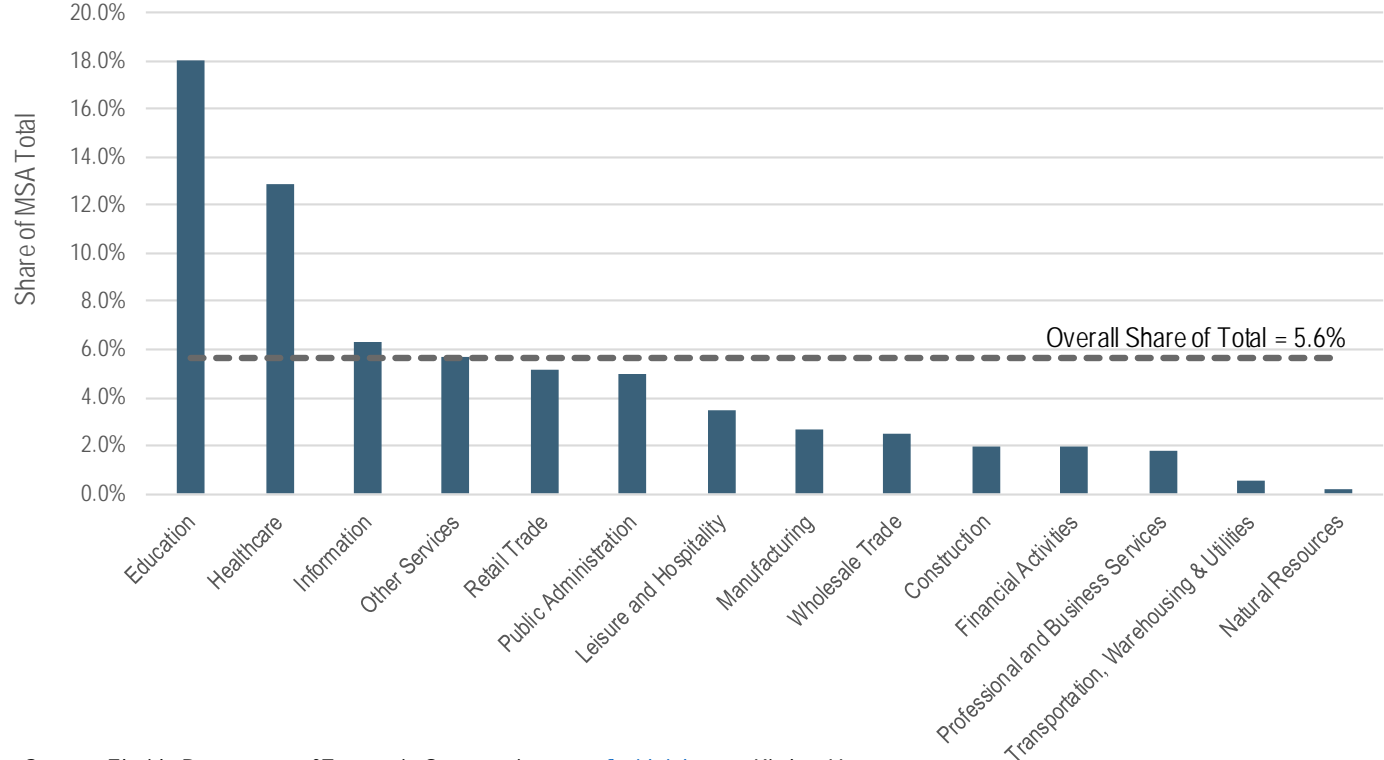
Share of Total Jobs by Industry, Tampa-St.Petersburg-Clearwater MSA, 2011-2016  
Source: [www.floridajobs.org](http://www.floridajobs.org)



- » Tampa Bay has added more than 155,000 jobs in the last five years
- » Sectors demonstrating the strongest 5-year growth:
  - » Accommodation & Food Services
  - » Retail Trade
  - » Professional & Technical Services
  - » Construction
  - » Healthcare
- » Average annual wages have increased by 11.2%

# Job Growth: Trade Area

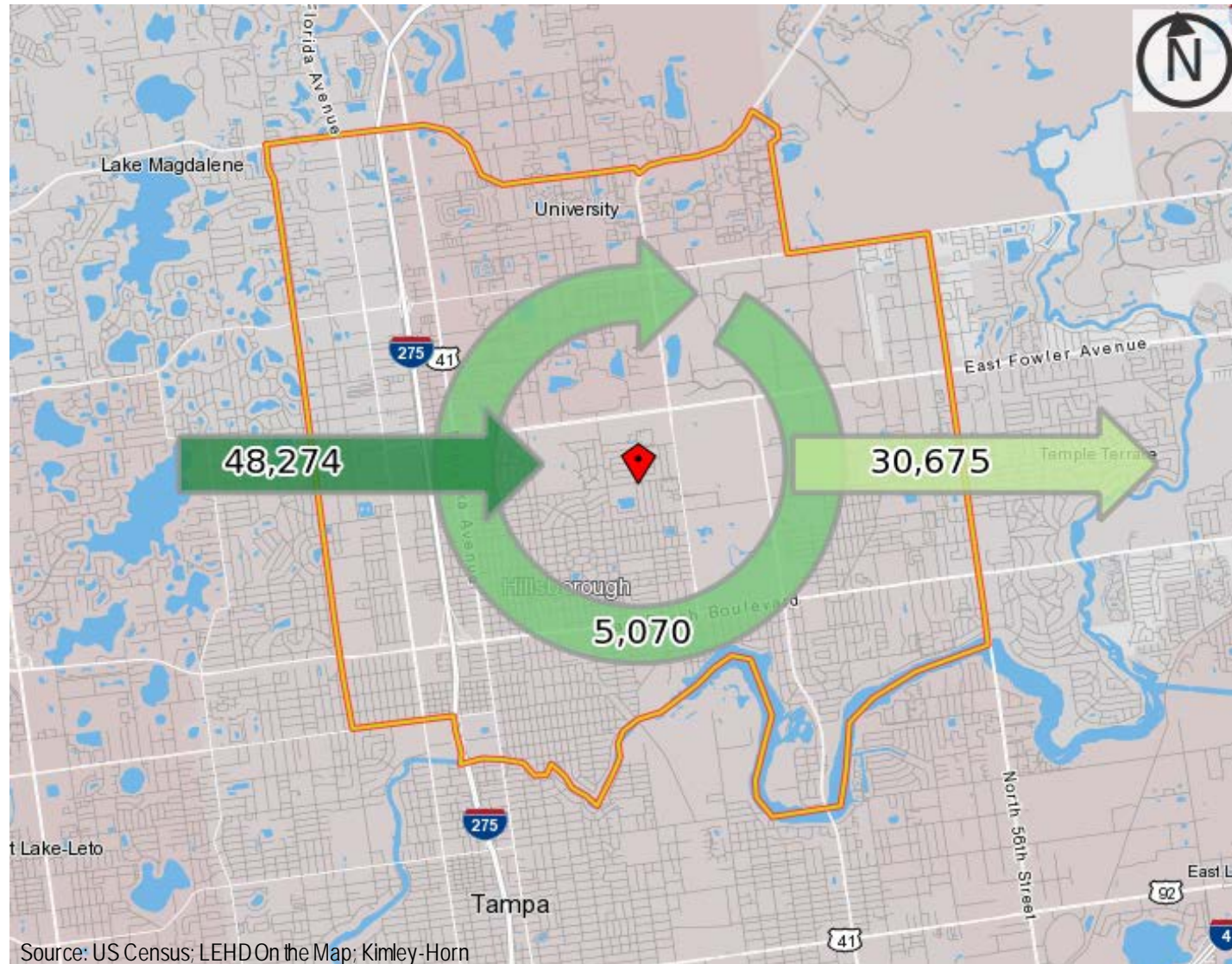
Trade Area Share of Total MSA Employment by Sector, 2016



Source: Florida Department of Economic Opportunity; [www.floridajobs.org](http://www.floridajobs.org); Kimley-Horn

- »» Approximately 70,000 jobs in the Trade Area
- »» Comparatively modest growth over five-year period
- »» High captures of Education jobs (USF) and Healthcare (Florida Hospital, Moffitt Cancer Center, VA Hospital)
- »» Sectors with the strongest absolute five-year growth are Retail Trade, Education, and Accommodation & Food

# Commuting Trends



- » Major employment anchors in the Trade Area result in a net-inflow of commuters
- » More than 90% of the primary jobs in the Trade Area are held by people living elsewhere
- » Only 14.2% of the Trade Area's residents also work there

Source: US Census; LEHD On the Map; Kimley-Horn

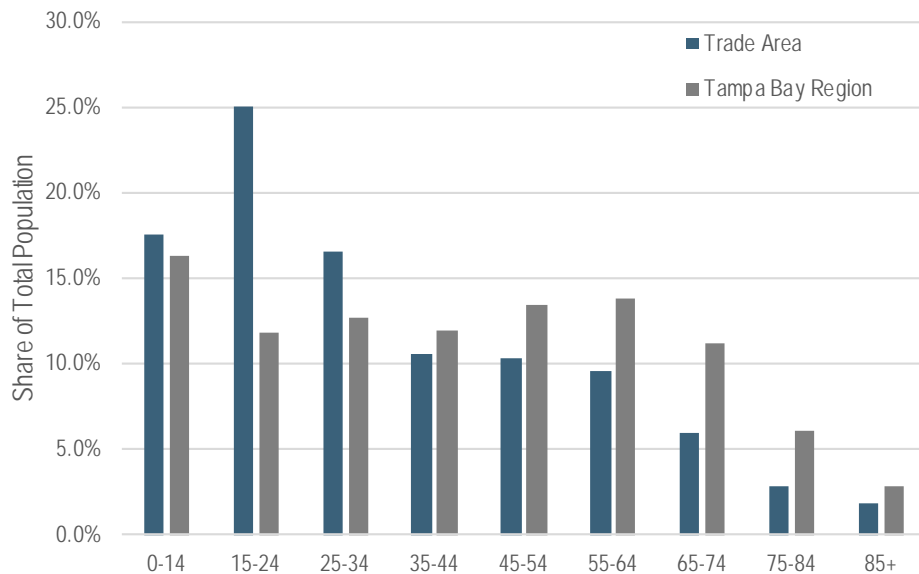




# DEMOGRAPHIC CONSIDERATIONS

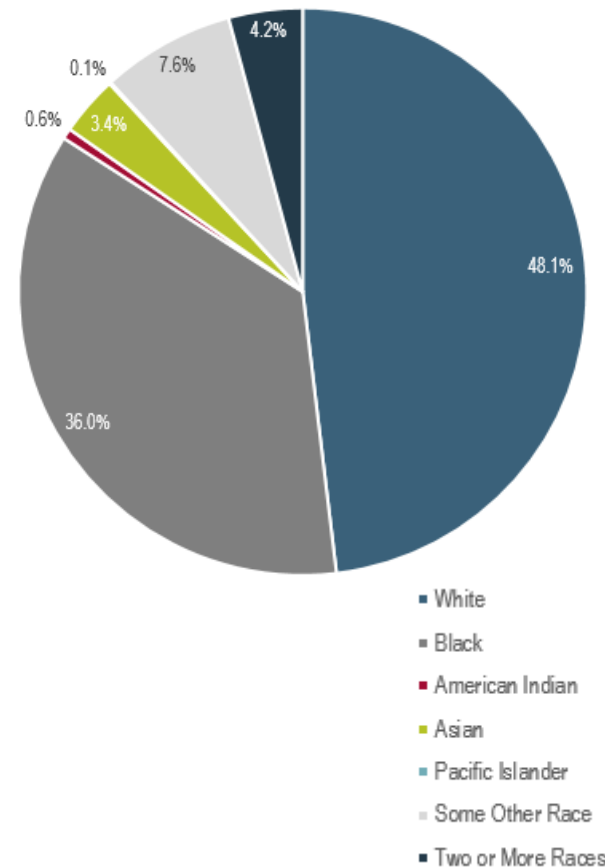
# Key Demographic Considerations

Comparison of Share of Total Population by Age Cohort, 2017



Source: ESRI; US Census; Kimley-Horn

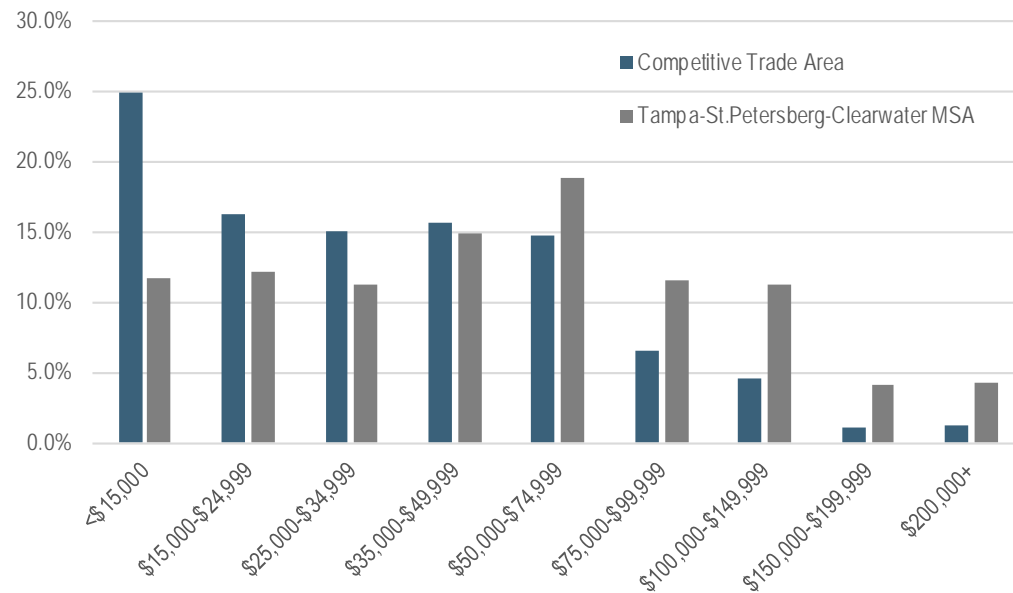
Share of Population by Race, Competitive Trade Area, 2017  
Source: ESRI; US Census; Kimley-Horn



- » Competitive Trade Area population was nearly 107,000 in 2017
- » Comprises 3.5% of the Tampa Bay regional total
- » Approximately 25% of Trade Area aged 15-24, influence of USF; 59% population under age 35
- » Diverse population base
- » Approximately 25% of the population has achieved a degree beyond High School; less than nearly 40% for Tampa Bay

# Key Demographic Considerations

Comparison of Share of Total Households by Income Cohort, 2017

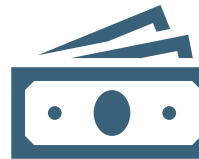


Source: ESRI; US Census; Kimley-Horn

## Median Household Income



**\$30,035**  
Trade Area

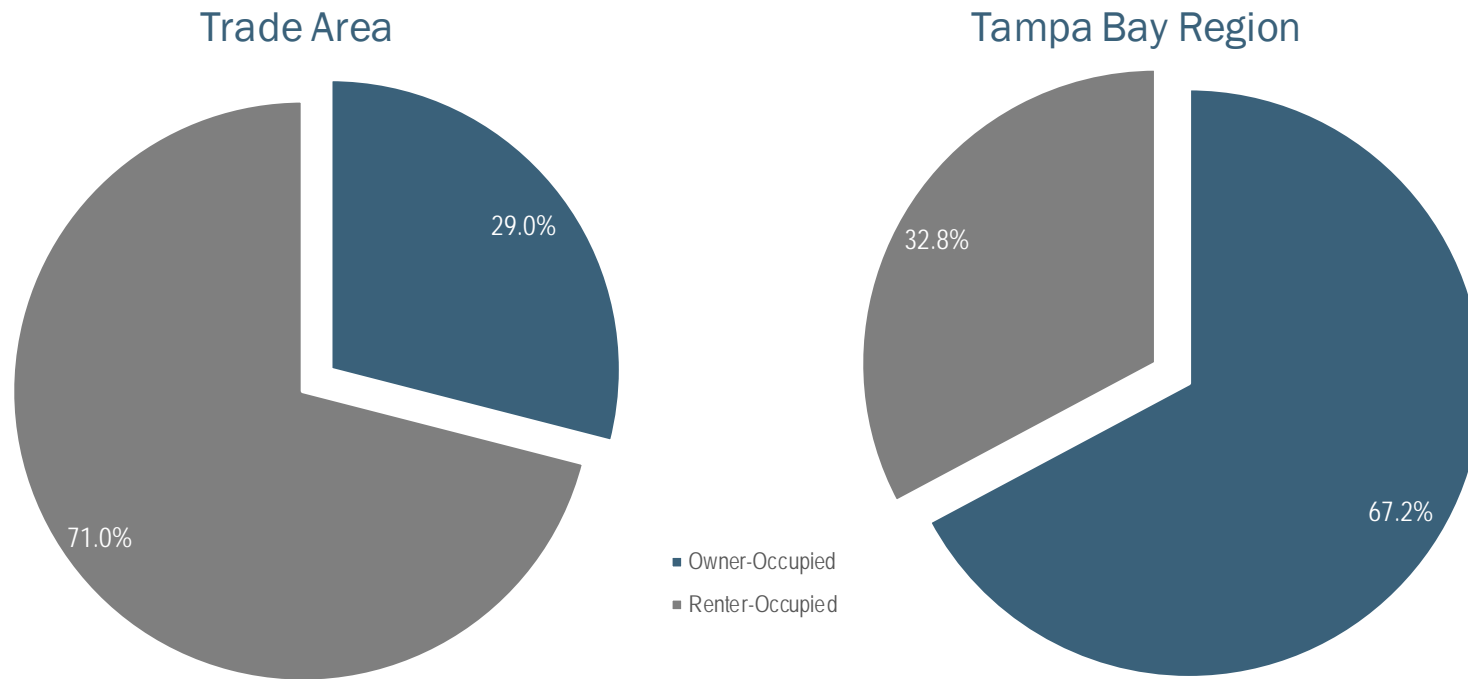


**\$55,626**  
Tampa Bay

- » Households in the Trade Area increased by 6.4% since 2010, exceeding 40,000 total
- » Nearly 25% of all households earn less than \$15k annually; influence of large student base
- » Trade Area's 2017 median household income is 85% less than the Tampa Bay Region, partially influenced by large student base

# Key Demographic Considerations

## Household Tenure (2010)



Source: ESRI; US Census; Kimley-Horn

- » More than 70% of households in the Trade Area rent; inverse of the Tampa Bay Region
- » Renter-occupied housing units increased 440 basis points since 2010, consistent with national trends following the Recession
- » Reflects increase in off-campus student multifamily development by USF

# Tapestry Segmentation

## College Towns



**College Towns** are largely comprised of households that either attend or work for educational institutions. Limited incomes often result in thrifty purchases, and have lower spending potential than other groups. This group typically lives in rental housing near campus, either alone or with roommates. They have high rates of technology usage and online shopping is prevalent.

## Fresh Ambitions



**Fresh Ambitions** are heavily represented by young families, many of whom are recent immigrants. Householders often work overtime in service and focus spending on their families. Multigenerational households are common. This group predominantly rent, focusing on single-family houses and smaller multifamily units. Nearly one-half of the households have children. Education levels are low.

## Metro Fusion



**Metro Fusions** are a young, diverse market. Many residents do not speak English fluently. More than three-quarters are renters, and are highly mobile, moving often. Mid-sized apartment buildings are common residences. Many households have young children; a quarter are in single-parent families. Median household income is almost half the national average.

- » Tapestry segmentation divides households into 67 groups based on similarities in household composition, background, education, and spending patterns
- » Top three segments comprise 37% of Trade Area households
- » Commonalities:
  - » Rental housing
  - » Lower than average spending potential



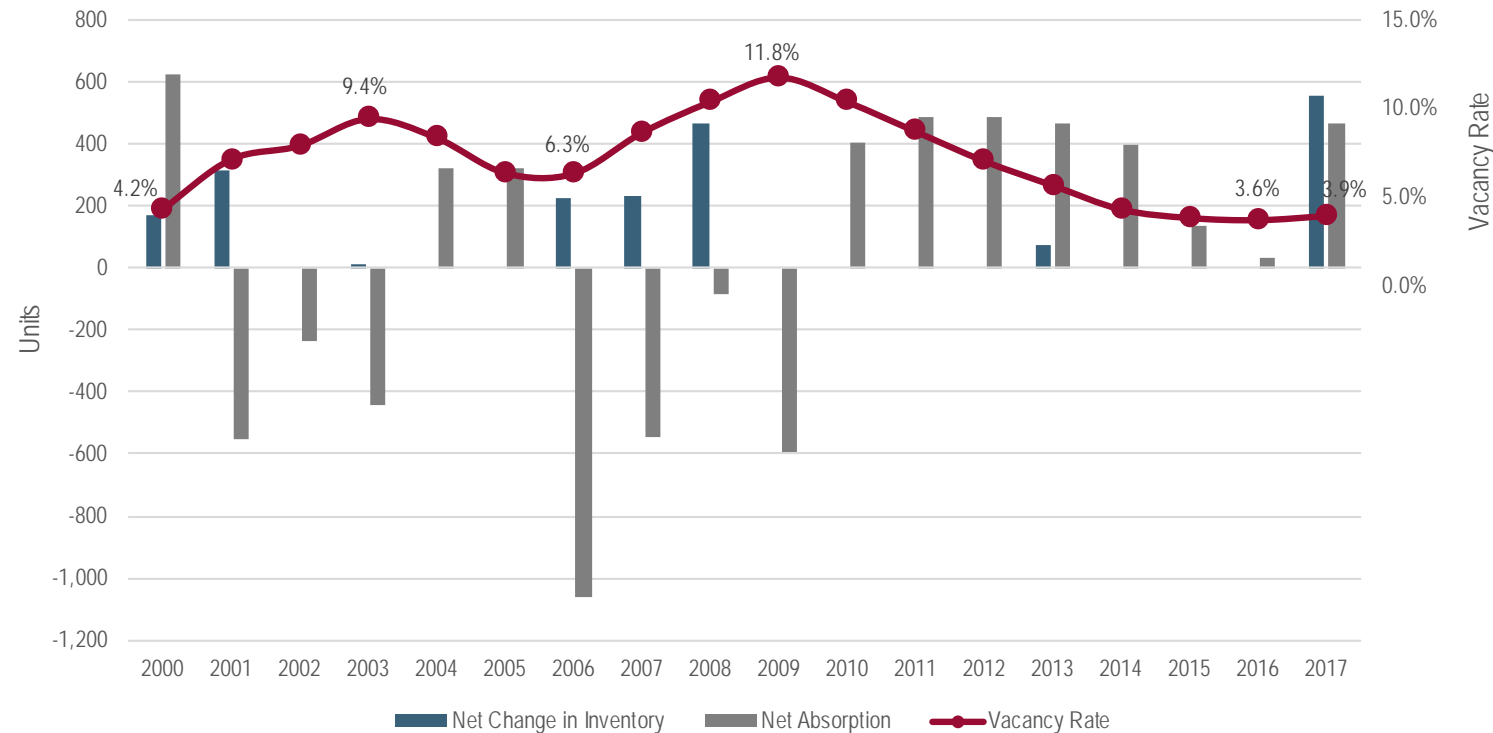
# APARTMENT PERFORMANCE

# Macro Shifts in Apartment Demand

- » Young professionals marrying and buying homes later in life
- » Baby Boomers are downsizing
- » Appeal of mixed- or multi-use living with access layered transportation networks
- » Willingness to trade space for premium locations
- » Seeking increased quality of features and amenities
- » Success of off-campus student communities influenced by limited land availability on many campuses

# Apartment Indicators

Annual Apartment Completions and Net Absorption, Competitive Trade Area, 2000-2017



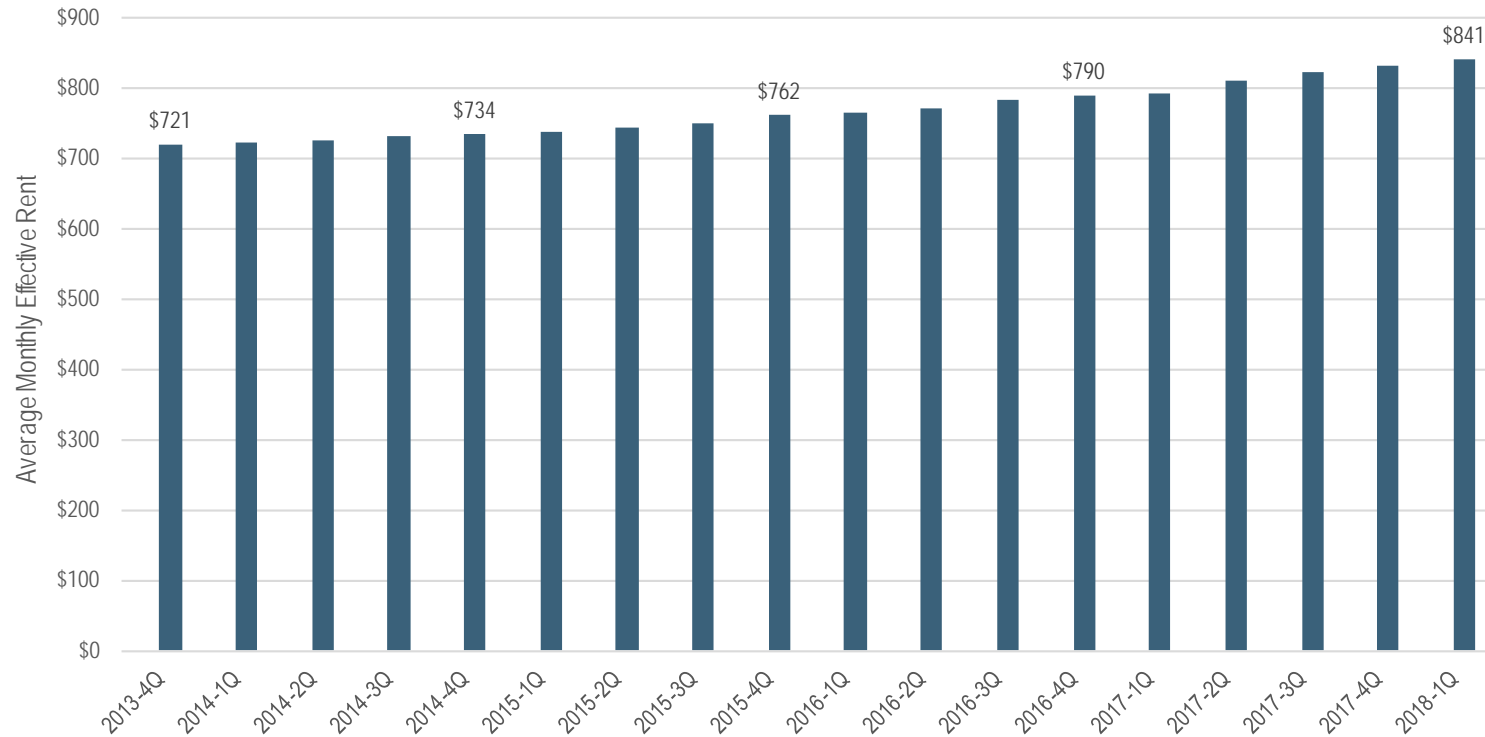
Source: REIS; Kimley-Horn

- »» Limited construction in market-rate apartments since 2000 (averaging only 115 annually)
- »» Demand has outpaced supply in long- and short-term
- »» Vacancy rates have declined sharply since the Recession
  - »» Consistently ~3 -5% in the last four years
  - »» Lower than 7% industry - standard representing a 'healthy' market



# Rent Trends

Market-Rate Effective Rent Trends, Trade Area, 2013-2017



Source: REIS; Kimley-Horn

- » Market-rate product largely represented by surface-parked, garden-style communities; student developments have recently moved to a higher-level of quality
- » Rents have increased 16.6% since 2013
- » Increases are primarily a result of market improvement and increased demand; not as heavily influenced by new market-rate construction

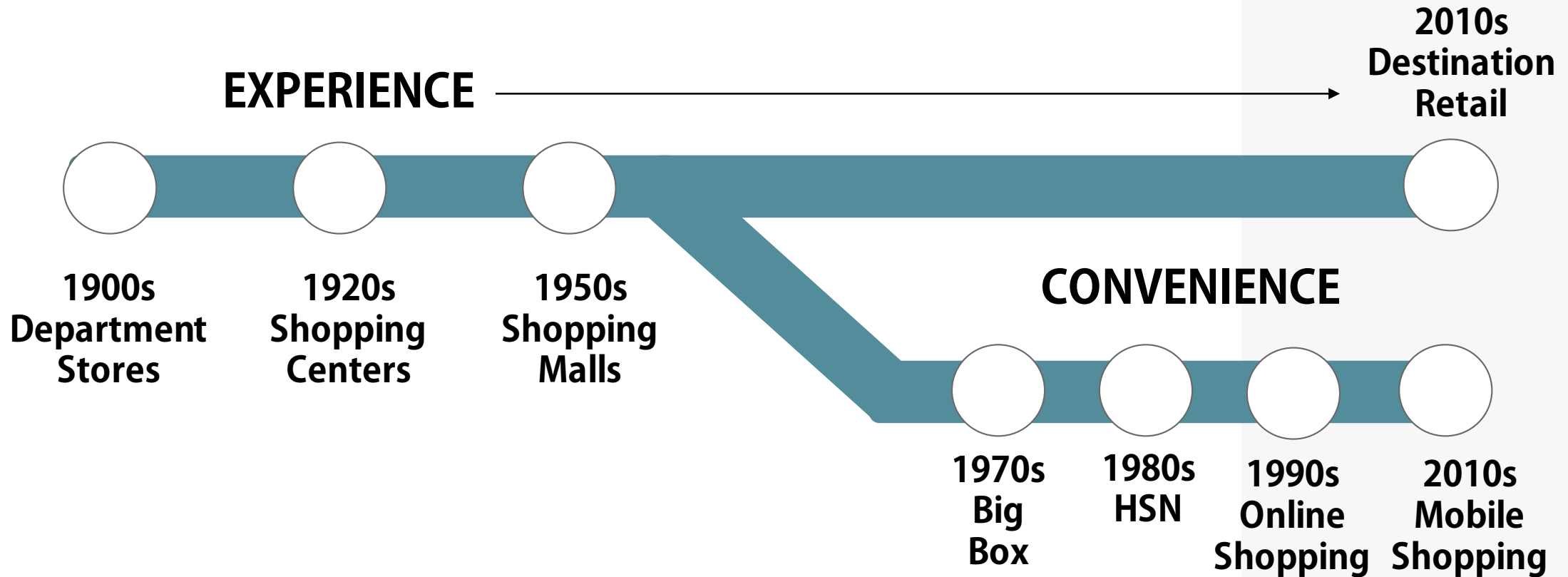


# RETAIL PERFORMANCE

# Macro Shifts in Retail Demand

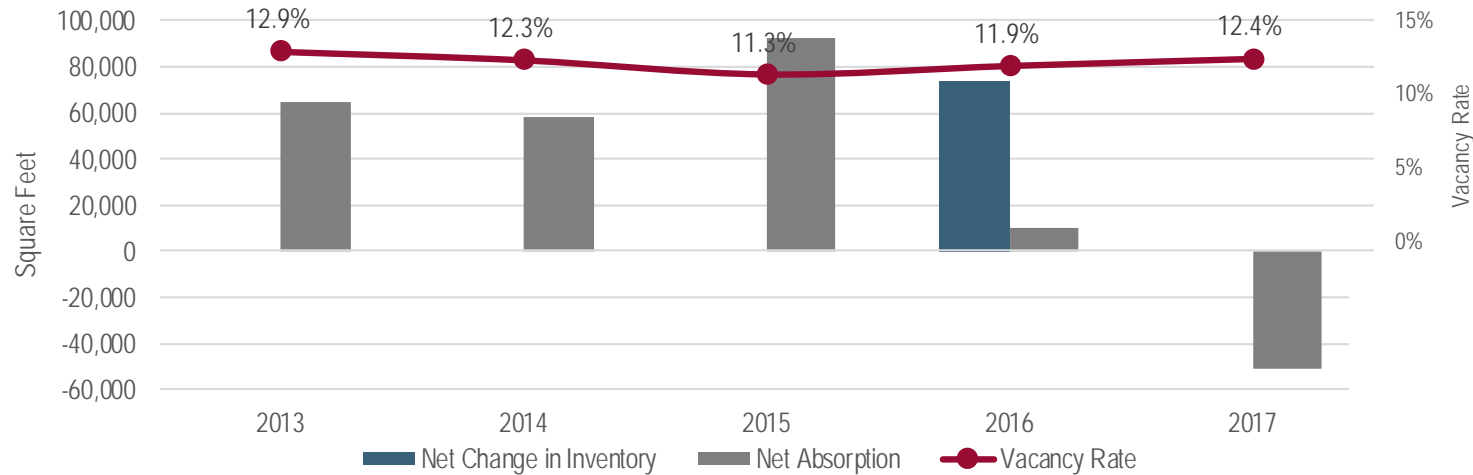
- » National oversupply of retail, particularly big box stores
- » Online shopping has changed the way residents purchase goods
- » Although online shopping is increasing, majority of purchases still happening in brick and mortar stores
- » Traditional shopping malls are undergoing transformation due to changes in shopper preferences
- » Experience shopping has grown, particularly driven by Millennial consumption

# Retail Evolution

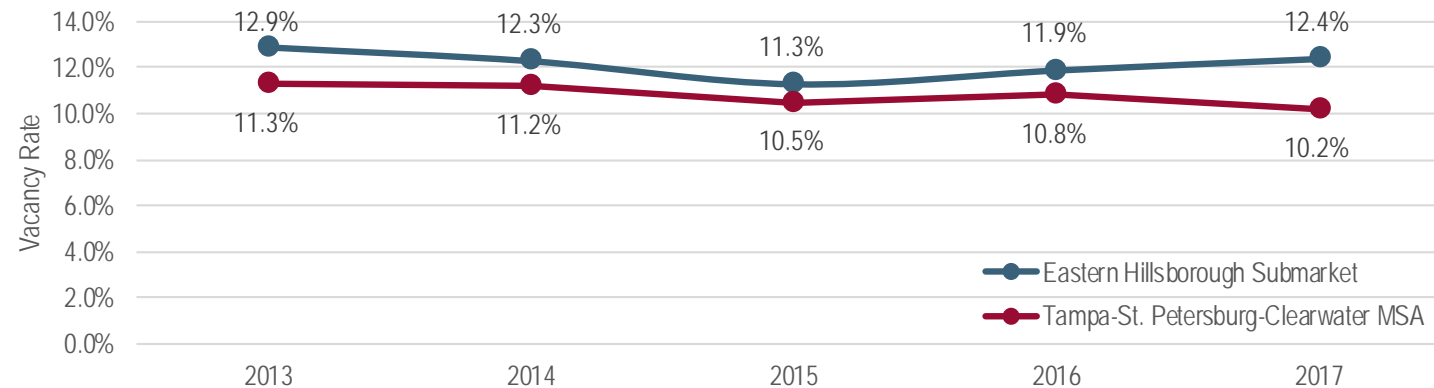


# Retail Indicators

Annual Retail Completions and Net Absorption, Eastern Hillsborough Submarket, 2013-2017



Comparison of Vacancy Rate Trends, 2013-2017

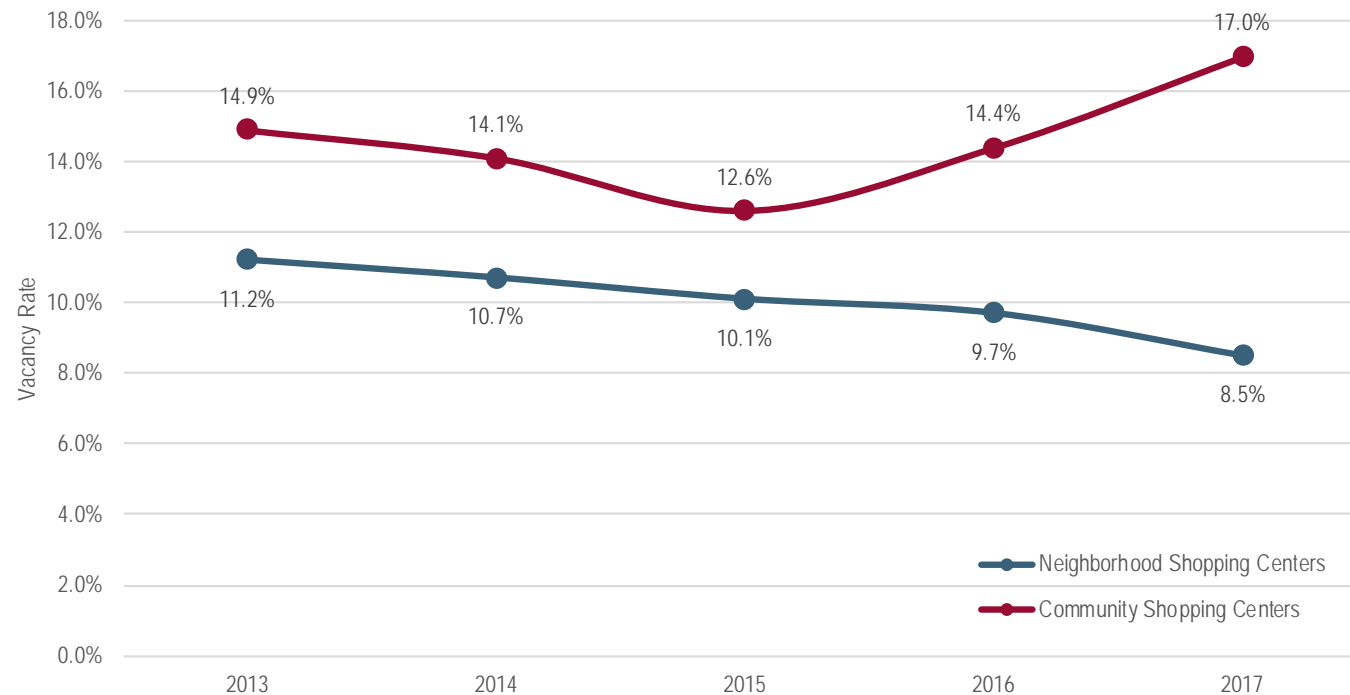


Source: REIS; Kimley-Horn

- » Performance trends based on a pre-defined Submarket by REIS – focusing on eastern Hillsborough County
- » Limited new construction of multi-tenant retail space
- » Negative net absorption in 2016, including activity at University Mall, resulted in increased vacancy rates in recent years
- » Submarket has consistently had higher vacancy than Tampa Bay region

# Vacancy Rate Trends

Comparison of Vacancy Rate Trends by Center Type, Eastern Hillsborough Submarket, 2013-2017



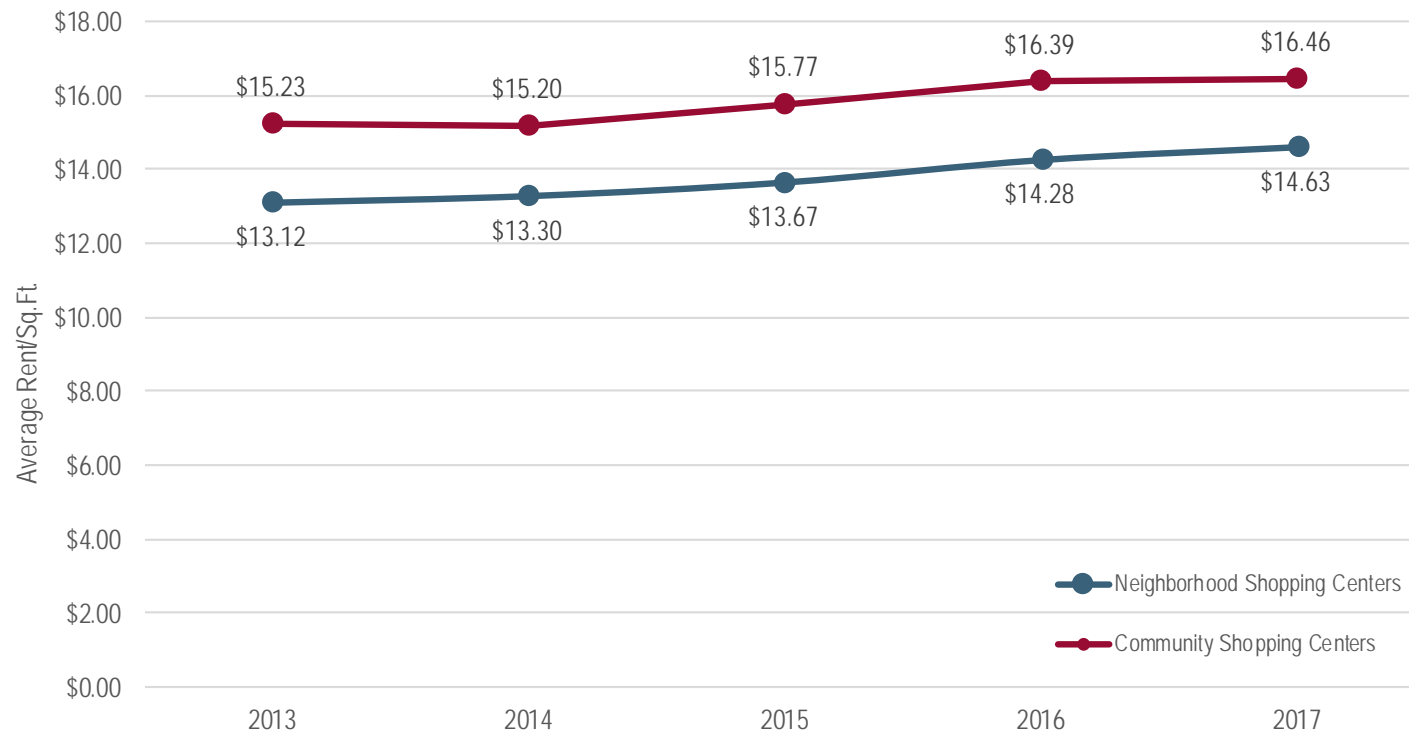
Source: REIS; Kimley-Horn

## »» Definitions:

- »» Neighborhood Shopping Centers typically are anchored by drug or grocery stores; gross leasable area 10,000 to 150,000 sf
- »» Community Shopping Centers with wider range of apparel and general merchandise; gross leasable area 100,000 to 350,000 sf
- »» Similar with national trends, vacancy in neighborhood centers has improved, averaging 8.5% in 2017
- »» Community shopping centers have higher vacancy, likely impacted by negative absorption at University Mall

# Rent Trends

Comparison of Rent Trends by Center Type, Eastern Hillsborough Submarket, 2013-2017



Source: REIS; Kimley-Horn

- » Aggregate asking rent/sf in the Submarket surrounding the Logan property is \$15.48, consistent with Tampa Bay at \$15.91
- » Community shopping centers have an average asking rent of \$16.46psf, 8.1% increase in five years
- » Neighborhood centers are lower at \$14.63psf, but have demonstrated a consistent increase



# OFFICE PERFORMANCE

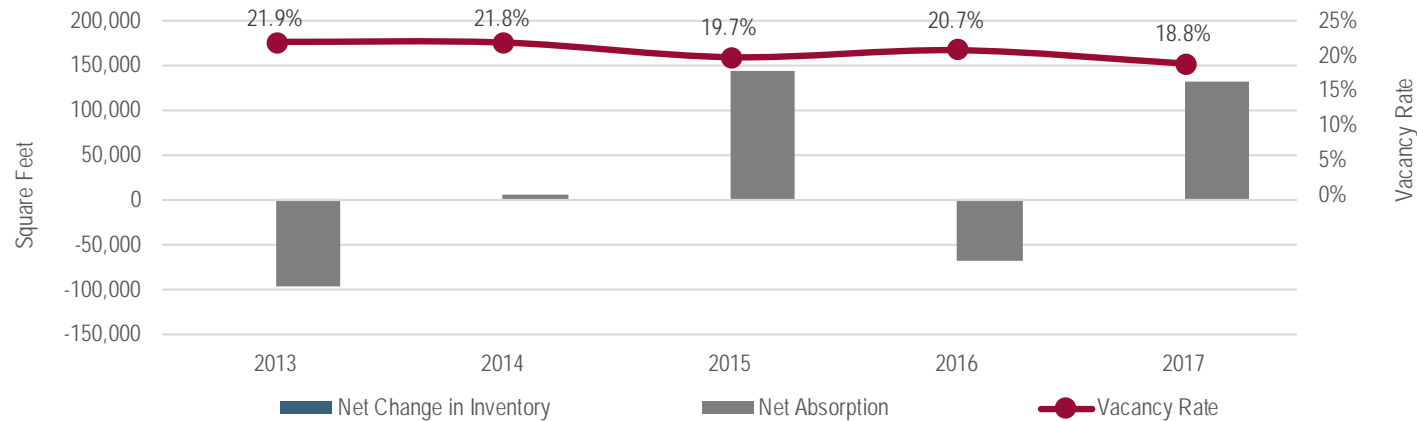


# Macro Shifts in Office Demand

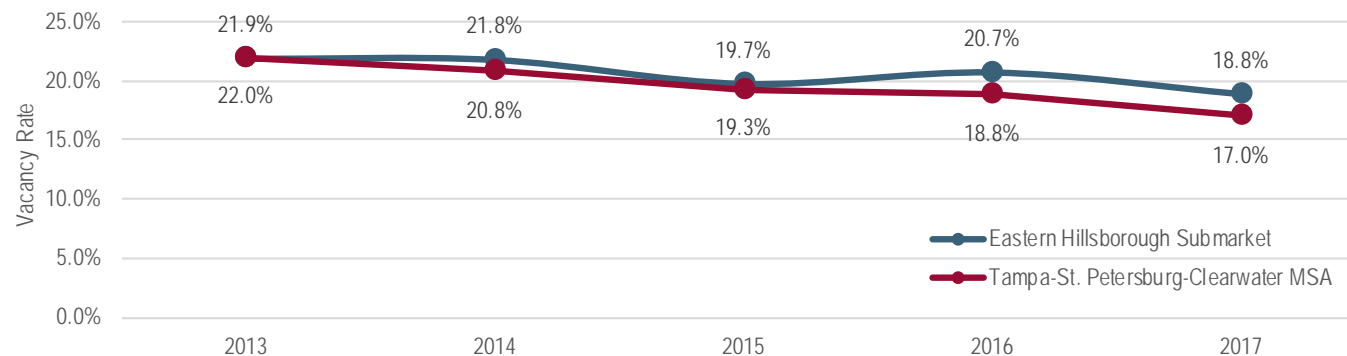
- »» Shift towards mixed- or multi-use environments to attract the best talent
- »» Space per employee is shrinking
- »» Collaborative workspaces are thriving
- »» Medical office space will seek locations close to larger campus for easy access to facilities
- »» Companies are seeking a competitive amenity offering
- »» Telecommuting is reducing the amount of full time space companies require

# Office Indicators

Annual Office Completions and Net Absorption, Eastern Hillsborough Submarket, 2013-2017



Comparison of Office Vacancy Rates, 2013-2017

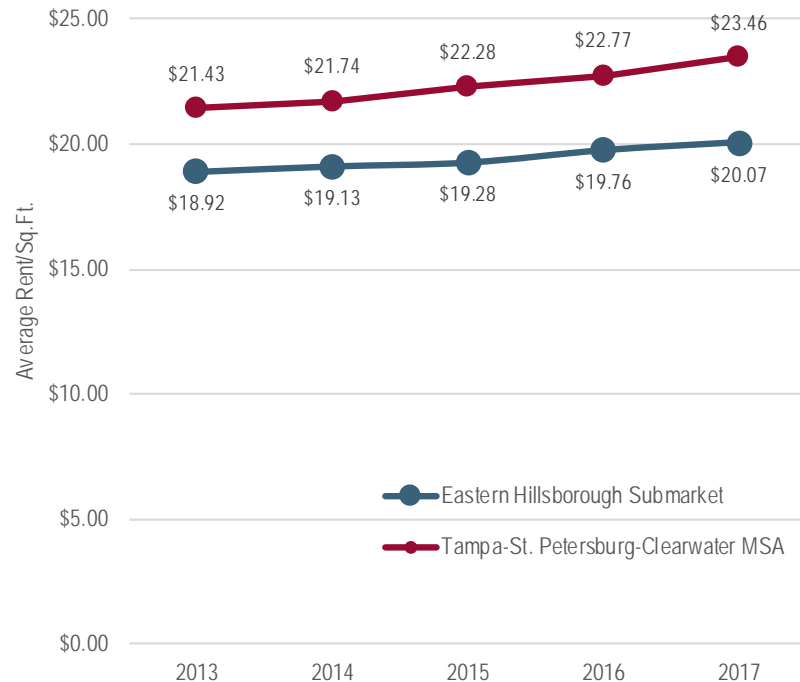


Source: REIS; Kimley-Horn

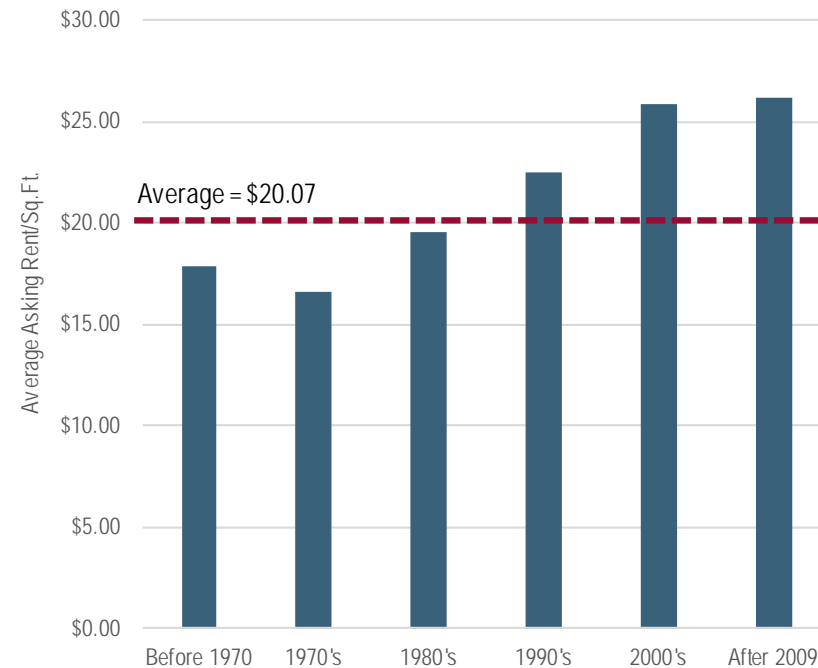
- » No new multi-tenant office space added to the submarket in the last five years
- » Submarket vacancy has declined 310 basis points reaching 18.8% in 2017, driven by two years of notable positive net absorption
- » Vacancy rate trends in the submarket are comparable to the larger Tampa Bay region

# Rent Trends

Comparison of Average Asking Rents, 2013-2017



Average Asking Rent by Decade Completed, Eastern Hillsboro Submarket, 2017



- » Eastern Hillsborough's average multi-tenant office rent of \$20.07psf is 16.9% less than the region-wide average
- » While both geographies experienced rate increases over the last five years, the region grew at a faster pace
- » The newest product in the submarket, completed since 2000, has the highest lease rates, averaging over \$25psf



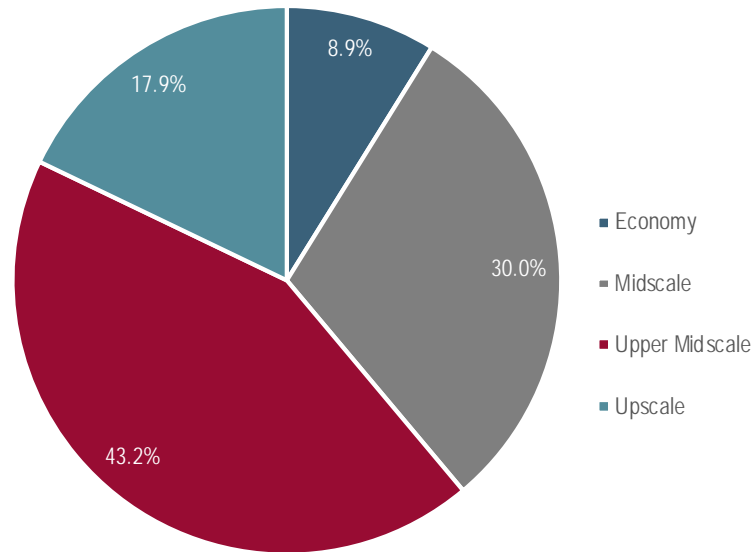
# HOSPITALITY PERFORMANCE

# Macro Shifts in Hotel Demand

- »» Less reliance on “surge (or demand-based) pricing,” largely impacted by additional availability through AirBNB/VRBO
- »» Long-term stay hotels increasing in popularity
- »» More focused definition of target markets; chains are not necessarily everything to everybody
- »» Focused target markets has allowed for cheaper construction and expansion into more markets
- »» Technology has shaped the way people book and visit hotels

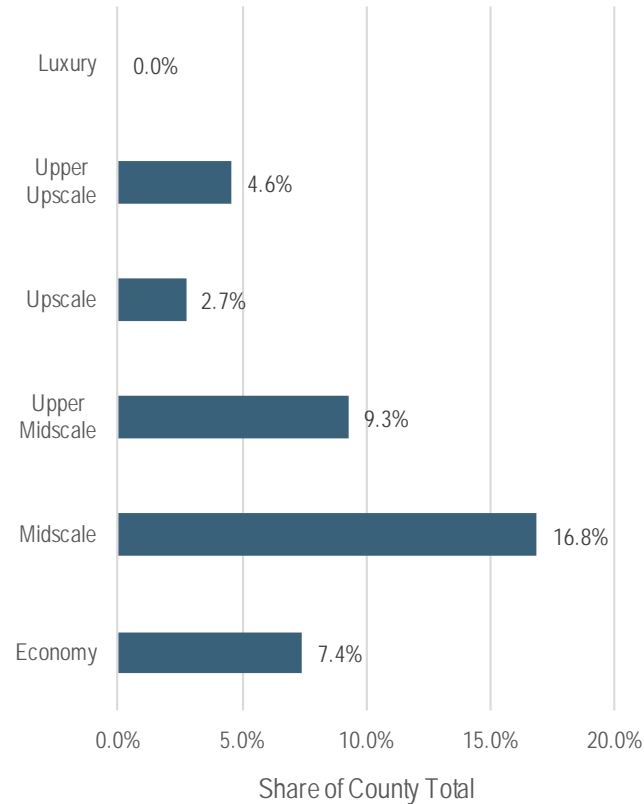
# Hotel Inventory

Share of Total Rooms, USF/Busch Gardens Submarket, 2017



Source: STR Global, RDS LLC. WTL+a; Hillsborough County

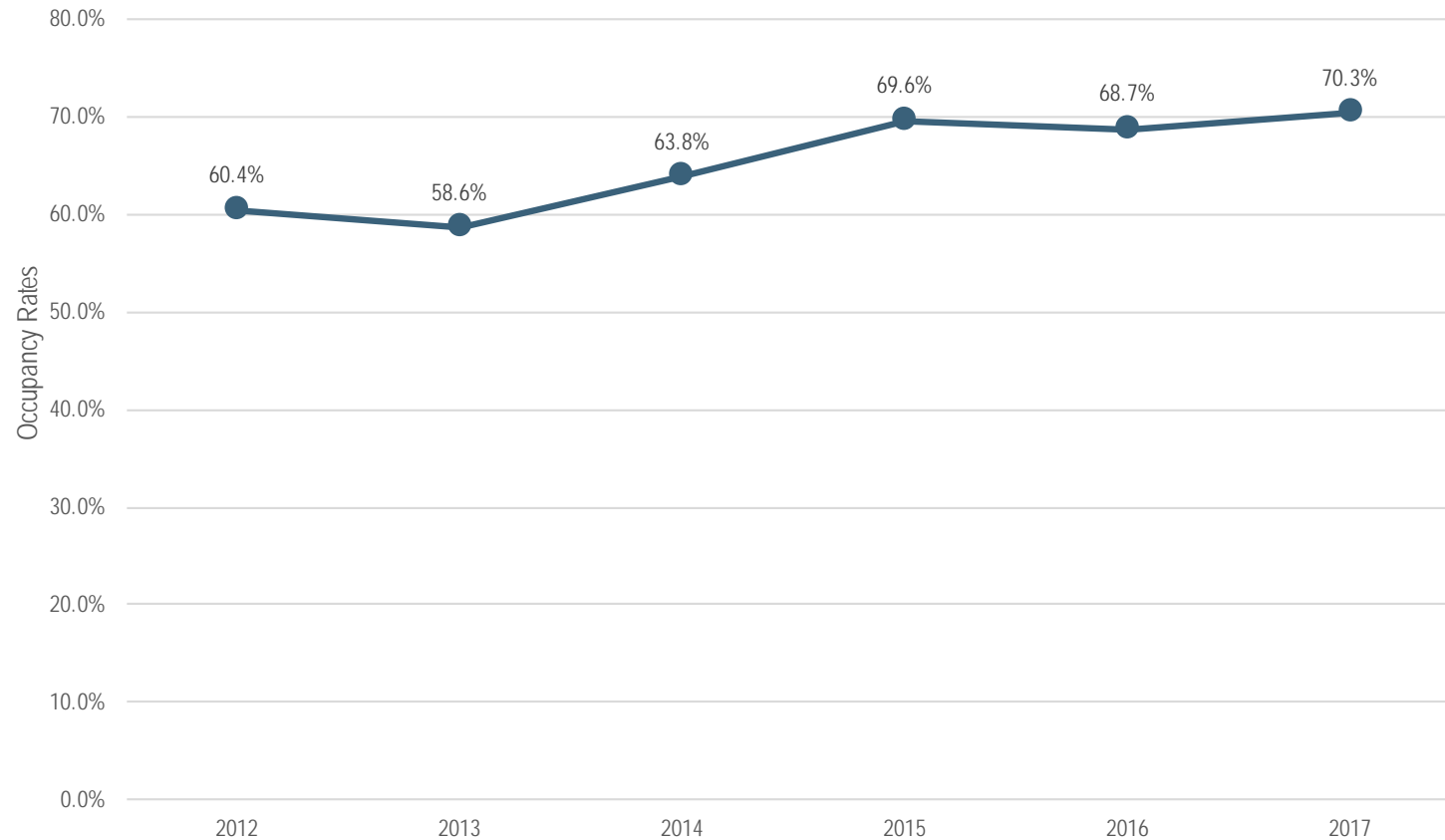
Submarket Share of County Room Total, 2017



- » More than 2,000 rooms in the USF/Busch Gardens Submarket (closely aligns with competitive trade area)
- » More than 40% of the inventory is classified as upper midscale (Comfort Inn, Hampton Inn, Holiday Inn Express)
- » Upper midscale properties also represent the Submarket's highest capture of the County-wide total at 16.8%

# Hotel Occupancy

Annual Average Occupancy Rate Trends, USF/Busch Gardens Submarket, 2012-2017

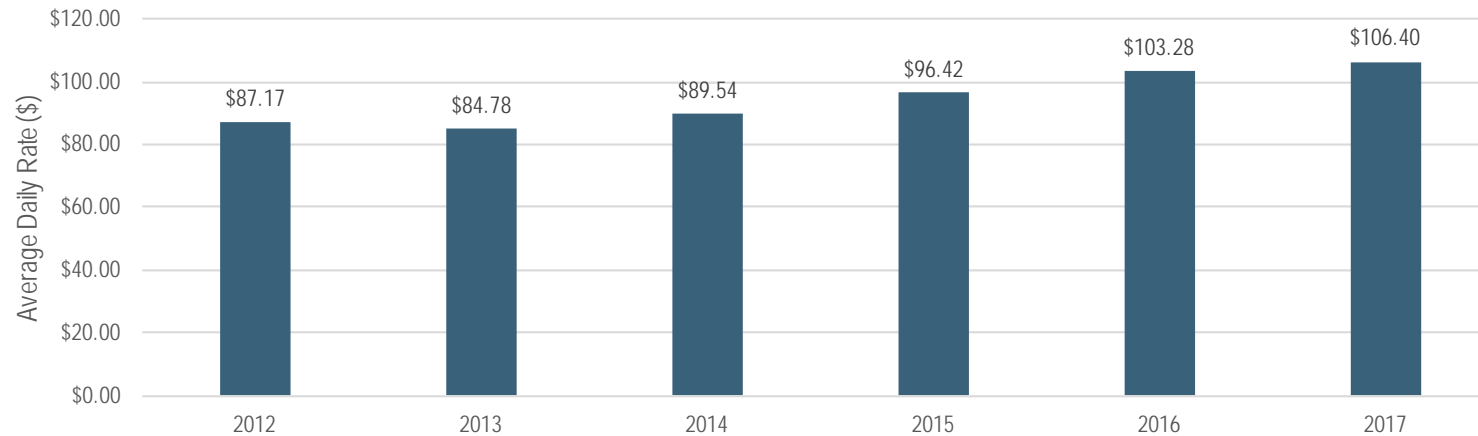


Source: STR Global, RDS LLC: WTL+a; Hillsborough County

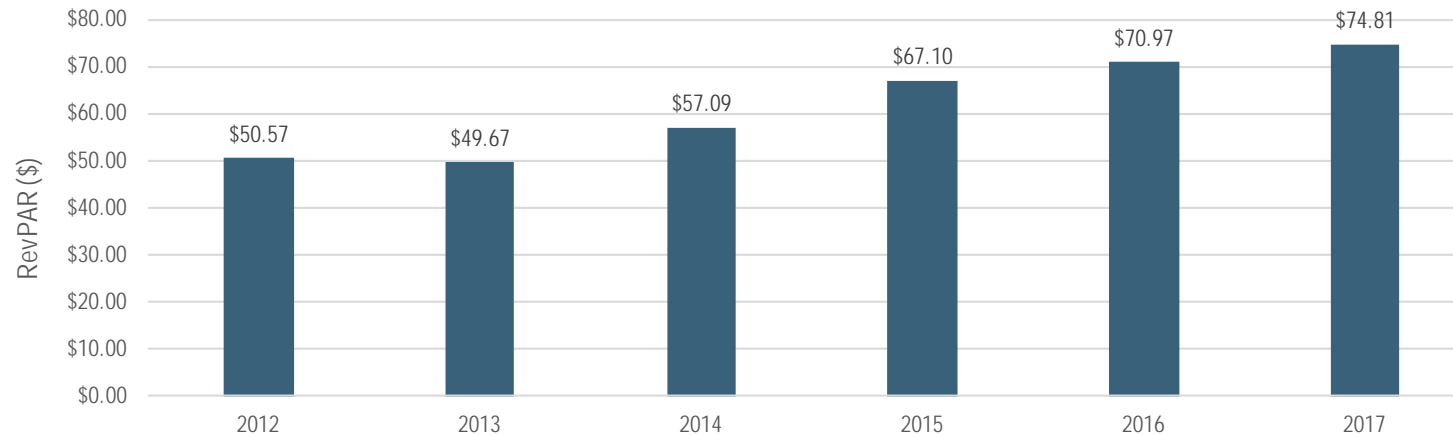
- »» Occupancy rates have increased nearly 100 basis points, from 60.4% in 2012 to 70.3% in 2017
- »» Primary metric reviewed by developers is sustained average annual occupancy, which was 65.3% in the six-year period
- »» Typical threshold for financing options is generally 65% to 72%

# Hotel Rates

Annual Average Daily Rate Trends, USF/Busch Gardens Submarket, 2012-2017



Annual Average RevPAR Trends, USF/Busch Gardens Submarket, 2012-2017



- » Average daily rate (rental income per occupied room) in the Submarket has increased 22.1%
- » RevPAR (revenue per available room) reached \$74.81 in 2017, a 47.9% increase over six years
- » More notable rate growth in the last four years as tourism rebounded from the Great Recession





# COMPETITIVE PIPELINE

# Competitive Sites

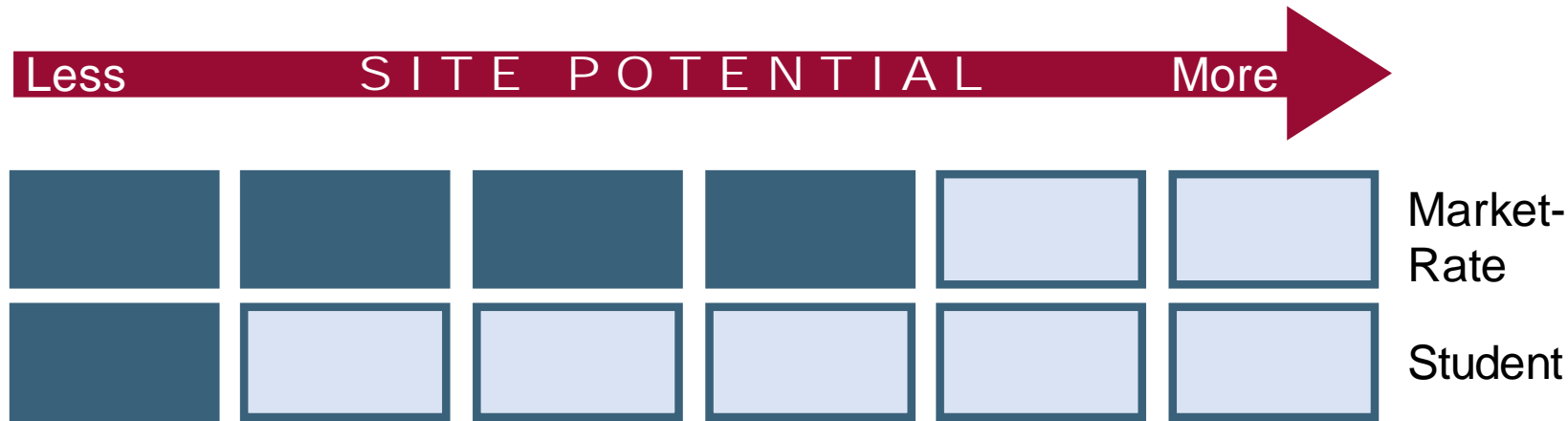
- »» University Mall Redevelopment—complete redevelopment and rebranding
  - »» Apartments & Townhouses: 956 units
  - »» Retail: 618,000sf
  - »» Office/Medical: 83,000sf
  - »» Hotels: 400 rooms
- »» Yuengling Mixed-Use—initial planning phases for potential project that could include residential, office, retail and/or hotel

A photograph of a commercial parking lot under a blue sky with white clouds. In the background, there are commercial buildings and a sign for 'Walmart'. A large, bold, red '08' is overlaid on the center of the image.

08

**SITE POTENTIAL**

# Apartment Potential



## SITE OPPORTUNITY

Market-Rate Apartments:  
**Moderate to Strong**  
+/- 250 units

Student Apartments:  
**Very Limited**

» **Market-rate apartments** represent a real opportunity for the site:

- » PRO: Limited new construction and pent-up demand has resulted in below-average apartment vacancy rates in the trade area
- » PRO: Site provides proximity to a number of major employers in the trade area, as well as immediate access to I-275
- » CON: Market-rate product is largely garden-style with rents that would make development challenging; however, newer student product has increased quality and points to opportunity in the trade area for market-rate to follow suit
- » CAUTION: Proposed apartments at University Mall redevelopment could fulfill demand; get out ahead, if possible

» Opportunity for **student apartments** is low given robust recent construction activity and the site's disconnect from USF

# Retail Potential



## SITE OPPORTUNITY

### Limited

<10,000 square feet  
(outparcel)

- » Retail is a heavily represented land use in the trade area today
- » **Retail** represents a low- to modest opportunity for the site:
  - » PRO: Site provides proximity to a number of major employers in the trade area, as well as immediate access to I-275
  - » PRO: Redevelopment of University Mall into a lifestyle center could breathe new life into the surrounding retail market
  - » CON: Retail vacancy rates in the trade area are higher than average
  - » CON: New development will likely gravitate to properties on or adjacent to the mall or major employment concentrations
  - » CAUTION: The site could support a small amount of outparcel retail, but should be coupled with a hospitality or residential use to support demand

# Office Potential



## SITE OPPORTUNITY

Very Limited

» **Office** represents an unlikely opportunity for the site:

- » PRO: Site provides proximity to a number of major employers in the trade area, as well as immediate access and visibility to I-275
- » CON: Current vacancy rates are elevated, and comparable lease rates are challenging to support new office development
- » CON: Medical office uses are prominent in the area, but gravitate to locations closer to the hospital campuses
- » CON: The University Mall redevelopment offers a stronger location than the subject site; the planned office space in the trade area leaves little remaining demand in the short- or long-term
- » CON: Achieving a livework-play environment, increasingly popular for office development, will be more easily achieved elsewhere in the trade area

# Hotel Potential



## SITE OPPORTUNITY

**Moderate to strong**  
+/- 100 rooms

- » **Hotel/hospitality** represents a real opportunity for the site:
  - » PRO: Site provides proximity to a number of major employers and tourist attractions in the trade area, as well as immediate access to I-275
  - » PRO: Hotel occupancy has increased to above average levels
  - » PRO: Average daily rates and RevPAR have consistently increased, supporting new development
  - » PRO: Site could support a mid -range hotel product, coupled with some out-parcel retail services
  - » CAUTION: Hotel rooms planned as part of the University Mall redevelopment could saturate the market; try to get out ahead of delivery at that project