



REIC Tampa

Outlook for the U.S., Florida, and Tampa Bay Economies and Real Estate Markets

September 18, 2019

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Agenda

WHY U.S. GDP TRAJECTORY MATTERS

- ◆ Trajectory of U.S. GDP
- ◆ Interest Rates

STRUCTURAL CHANGE

- ◆ Impact of Structural Change
- ◆ Policies on Trade and Immigration
- ◆ U.S. Political/Policy Risks

FLORIDA AND TAMPA BAY FORECASTS

- ◆ Population Growth
- ◆ Real Estate Markets



Factors Shaping the Outlook for Florida and Tampa Bay

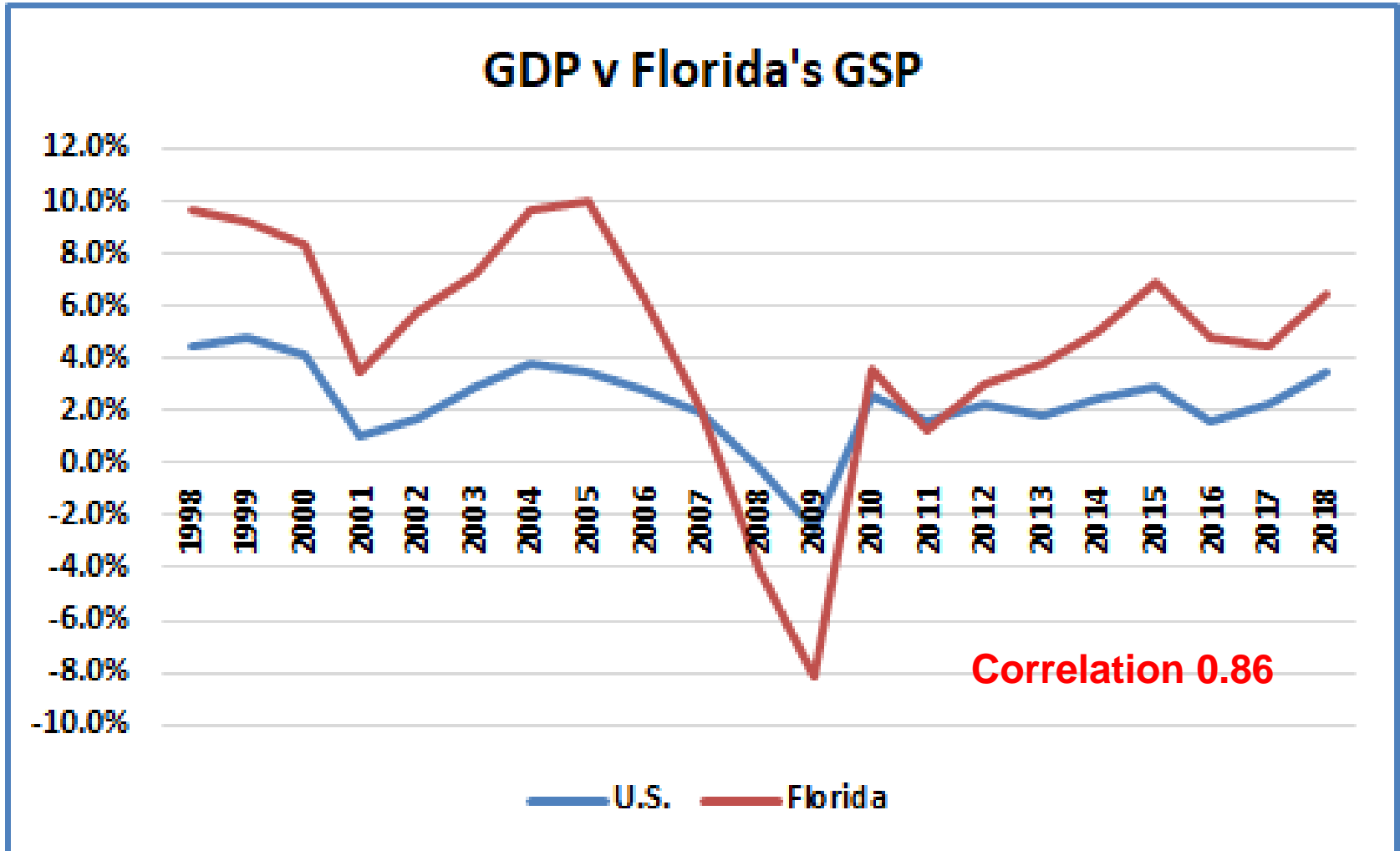
- ◆ Trajectory of U.S. GDP
- ◆ Interest Rates
- ◆ Impact of structural change
- ◆ Policies on trade and immigration
- ◆ U.S. political/policy risks



Why U.S. GDP Trajectory Matters



Why Care About GDP?





Structural Change

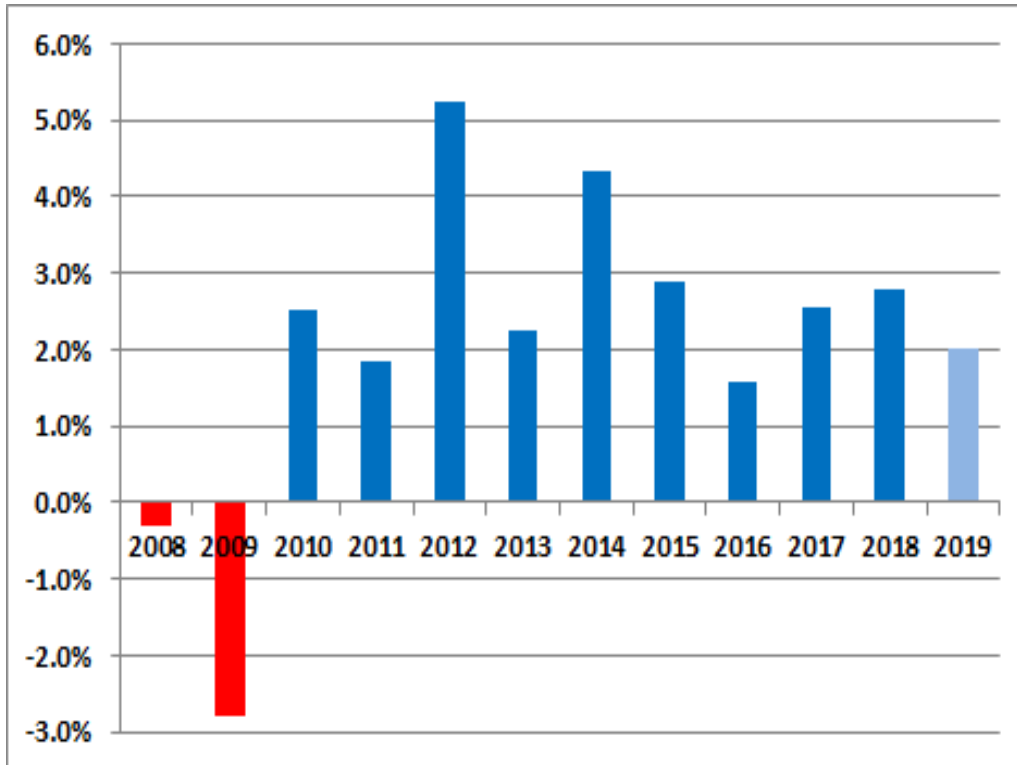


Structural Change

- ◆ AI and Automation
- ◆ Globalization
- ◆ Immigration
- ◆ Income inequality
- ◆ Impact on real estate development
 - Less demand for space
 - Retail and office in particular
- ◆ Climate Change and Current Impacts



Low Growth Trajectory for Real GDP



Long Term Growth Potential
+/- 2% Growth GDP

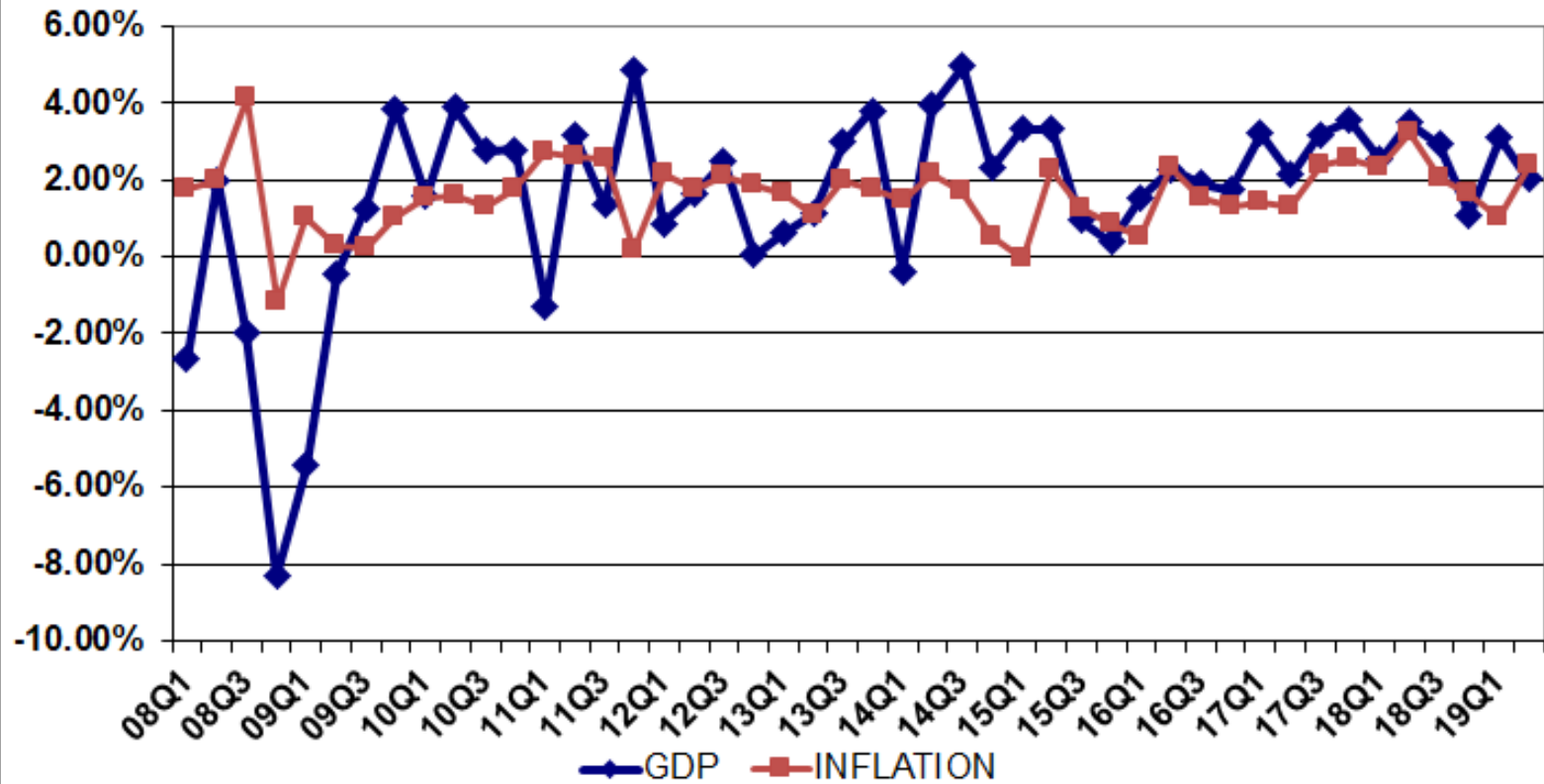
- ◆ Fallout from Great Recession
 - Increased regulation
 - Lower risk tolerance
- ◆ Globalization
 - Holds down prices
 - Holds down wages
- ◆ Income Inequality
- ◆ Underestimate GDP
 - Investment in Tech
 - Consumption Social Media
- ◆ Tax Cuts a boost in short run

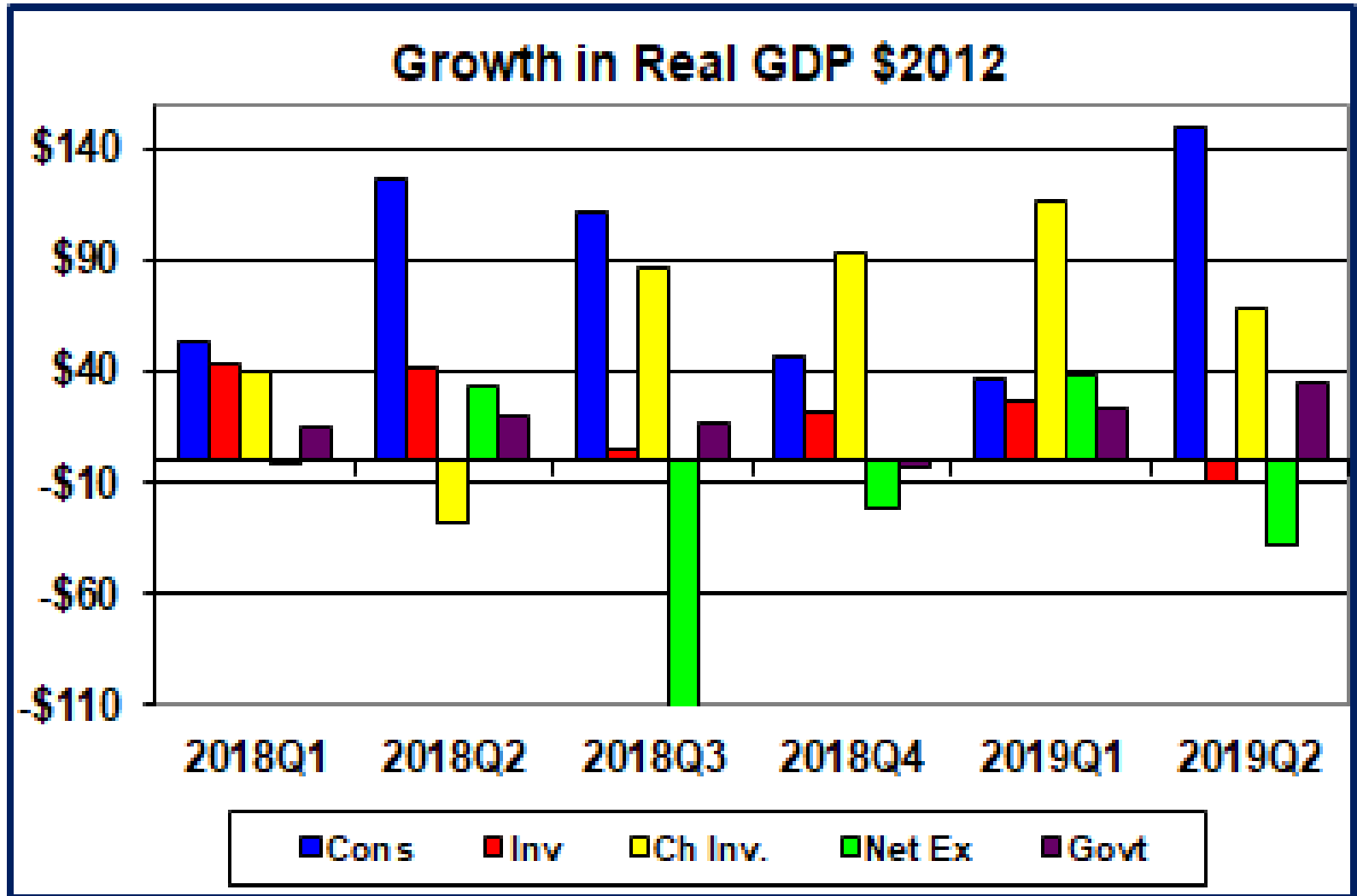


Review of U.S. Data



Growth of Real GDP and Inflation







Within the Realm of Possibilities

U.S. real GDP, annualized % change



Sources: BEA, Moody's Analytics



Manufacturing Has Struggled Before

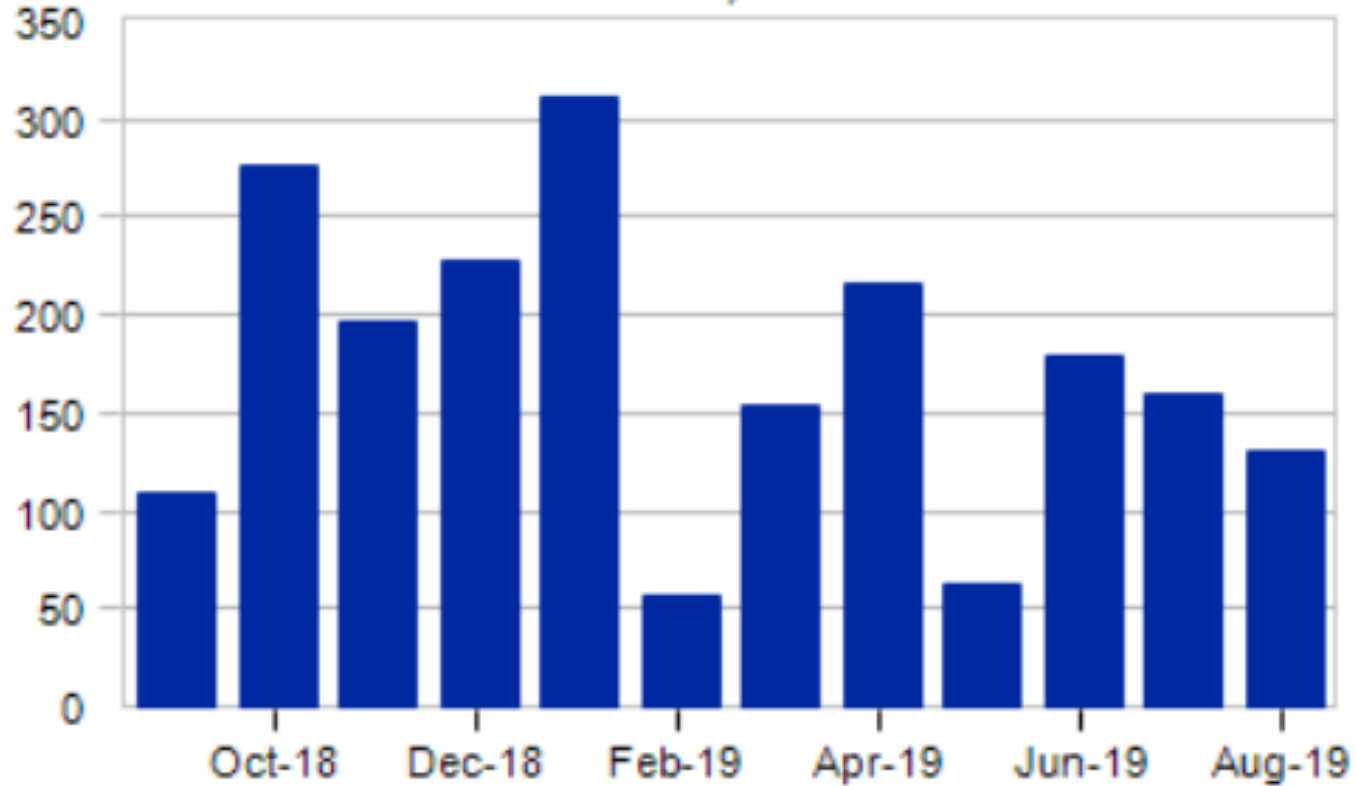
Manufacturing industrial production, SA



Sources: Federal Reserve, Moody's Analytics



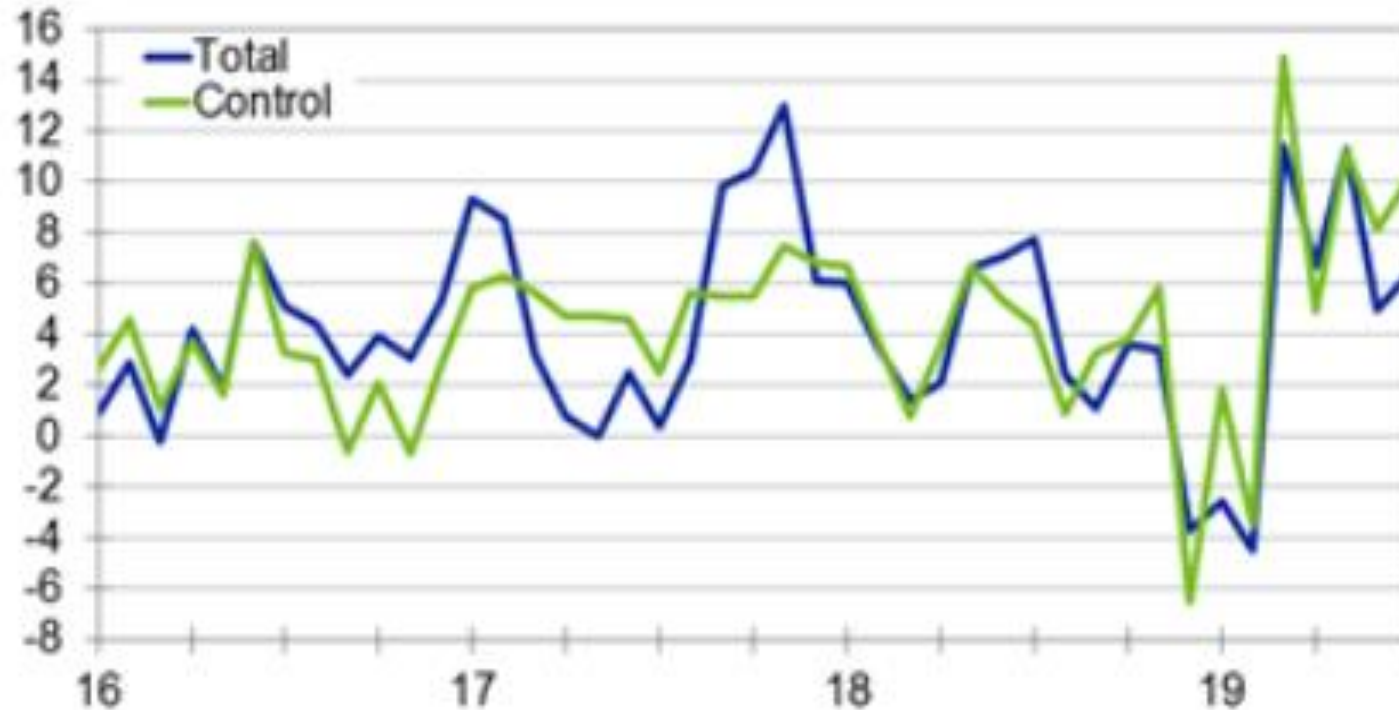
Net Change in U.S. Nonfarm Payrolls Ths, SA





Consumers Keep Spending

Retail sales, annualized % change over 3 mo

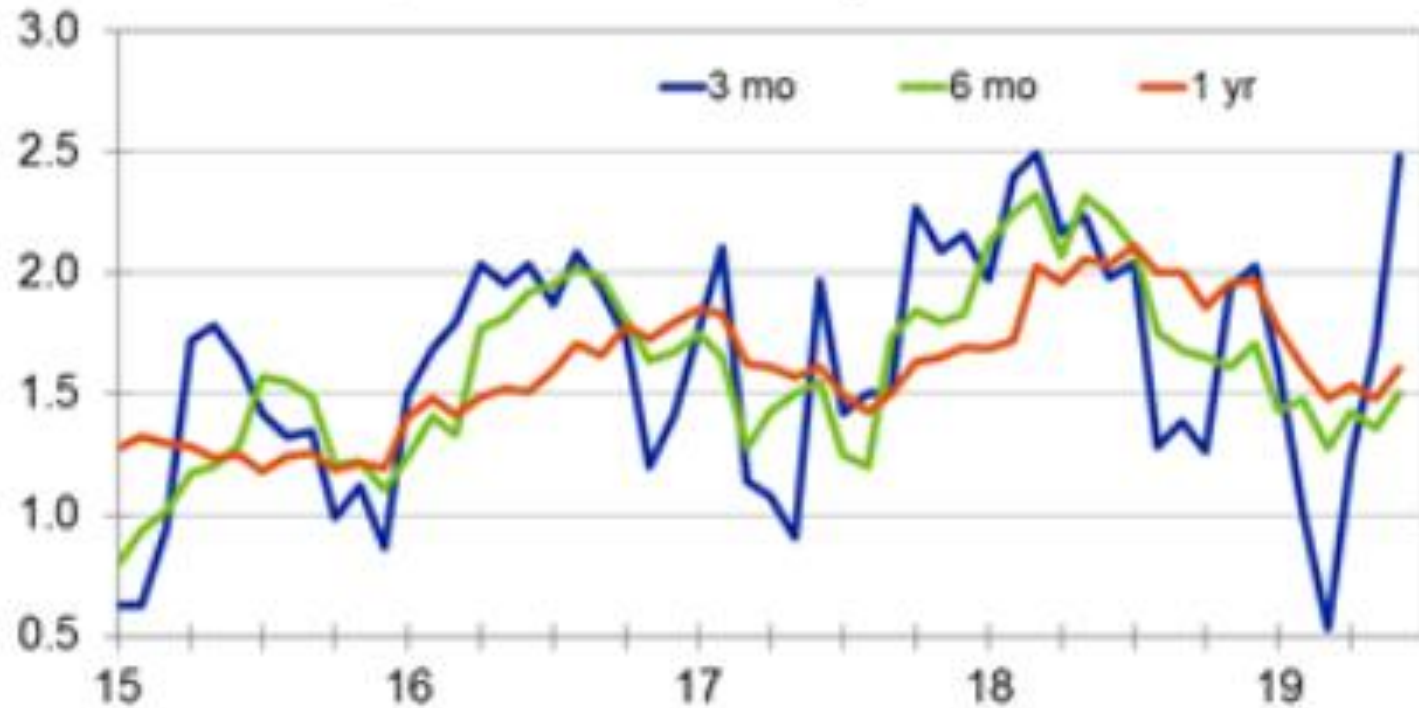


Sources: Census Bureau, Moody's Analytics



Transitory Weights on Inflation Lift

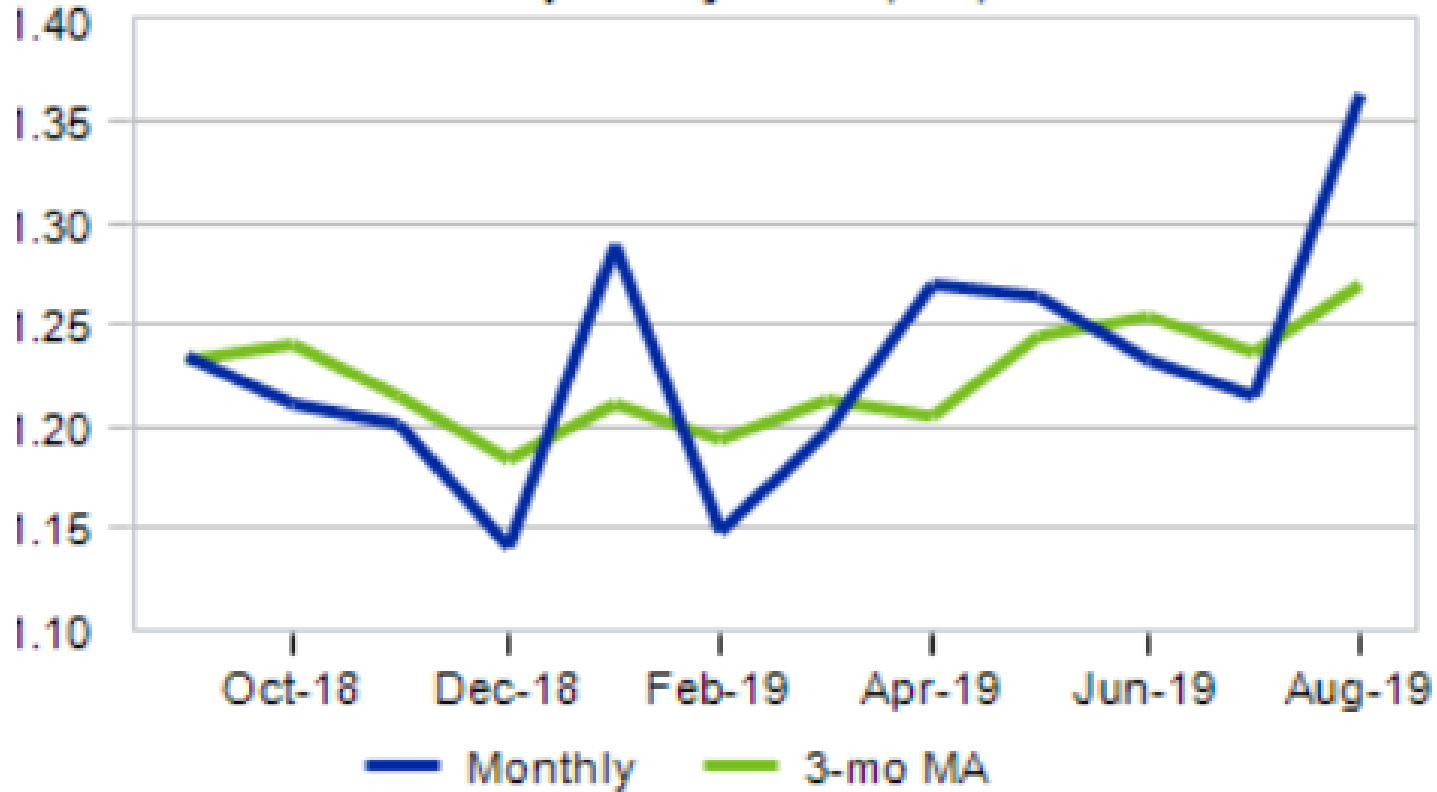
Core PCE deflator, annualized % change over...



Sources: Bureau of Economic Analysis, Moody's Analytics

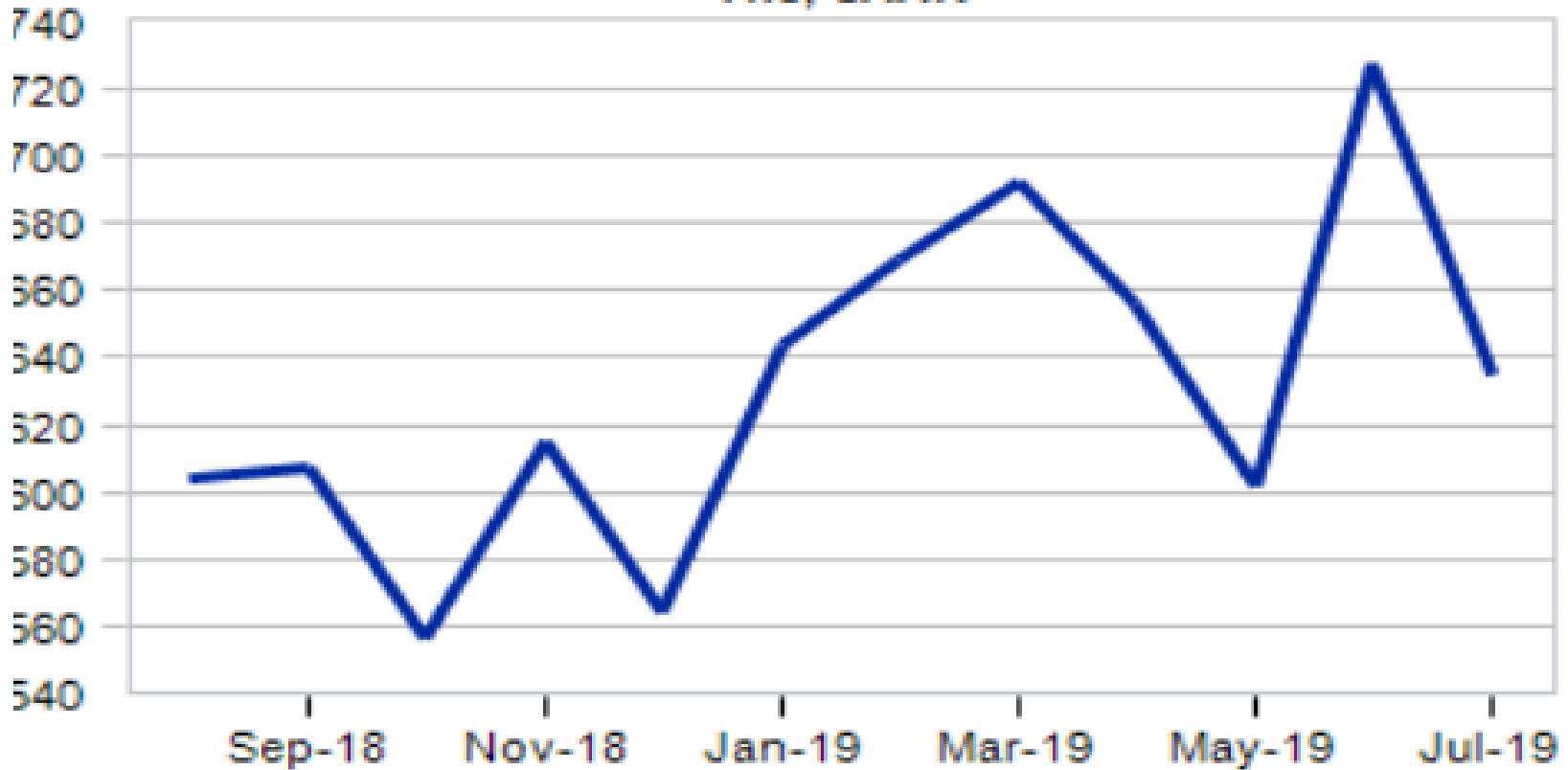


Housing Starts Total privately owned, mil, SAAR





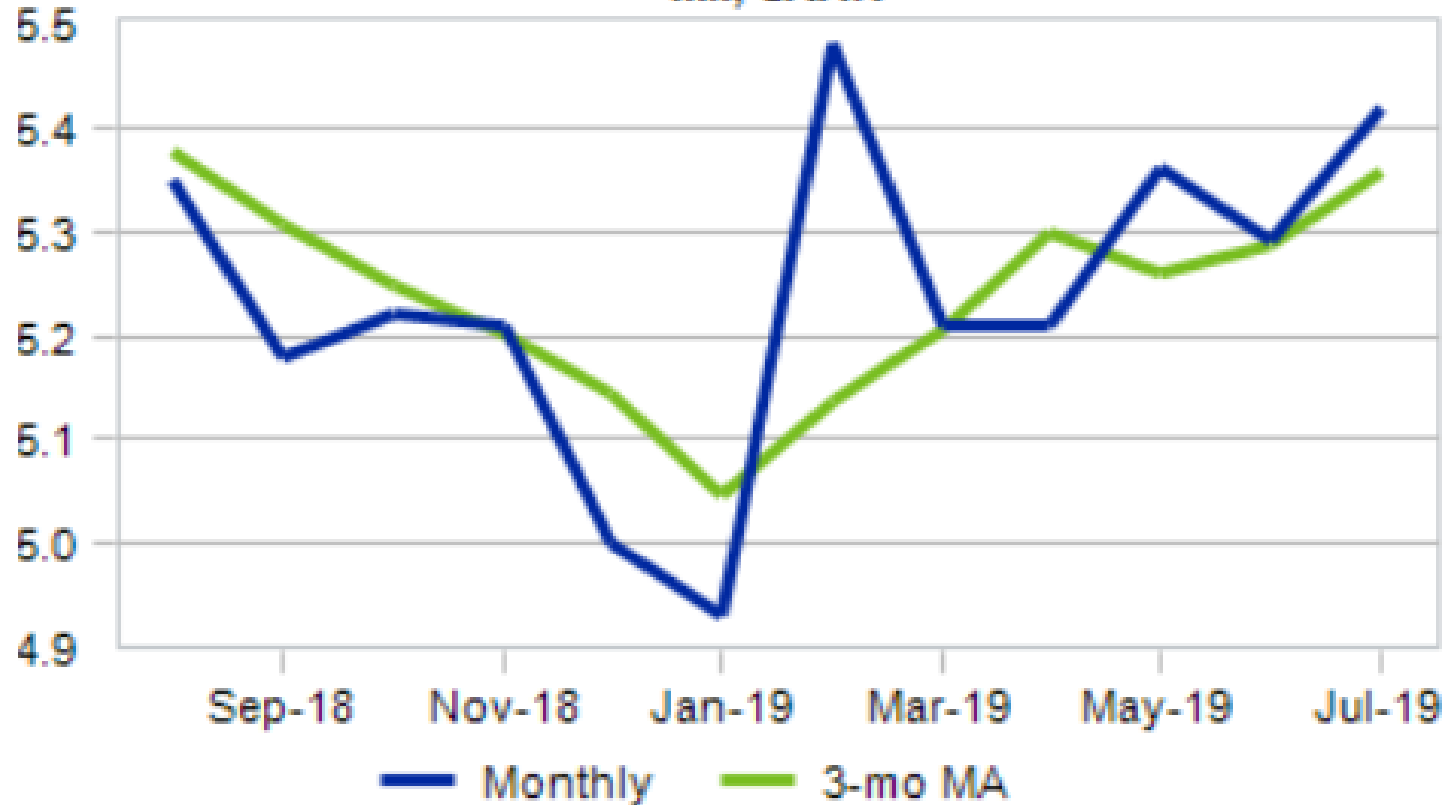
New Single-Family Houses Sold Ths, SAAR



◆ Sales up 4.3% over last year

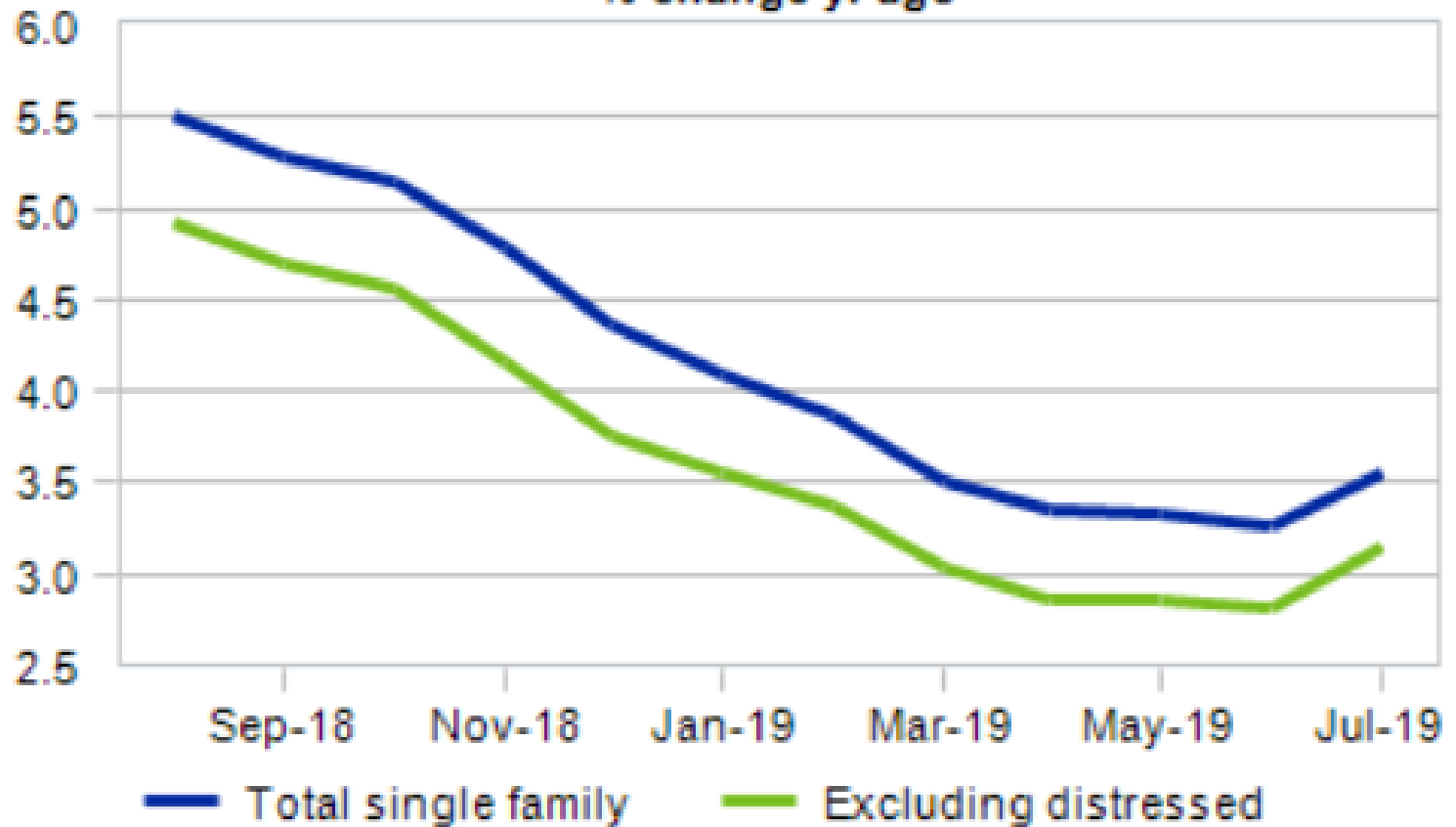


Existing Home Sales Mil, SAAR



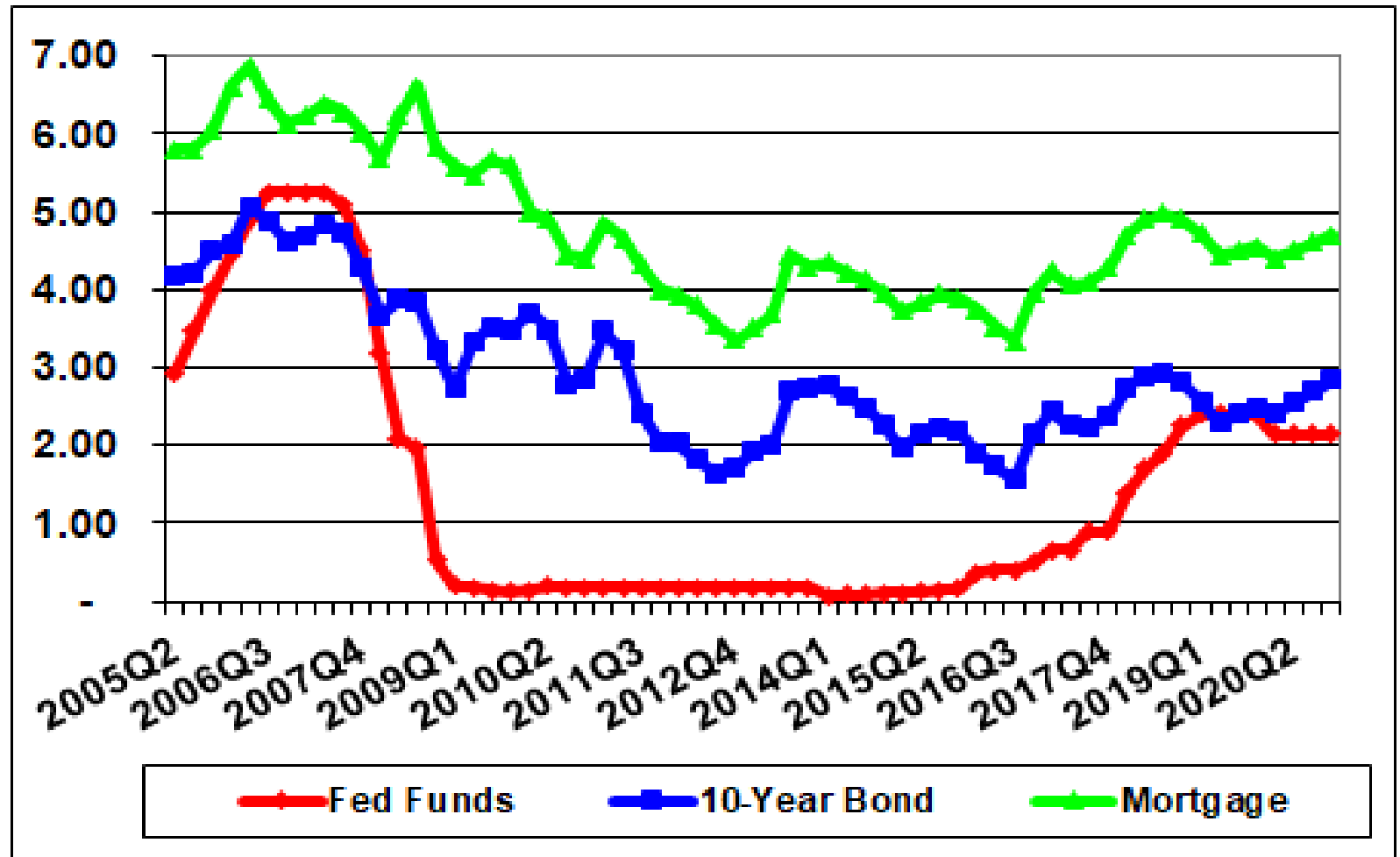


CoreLogic House Price Index % change yr ago



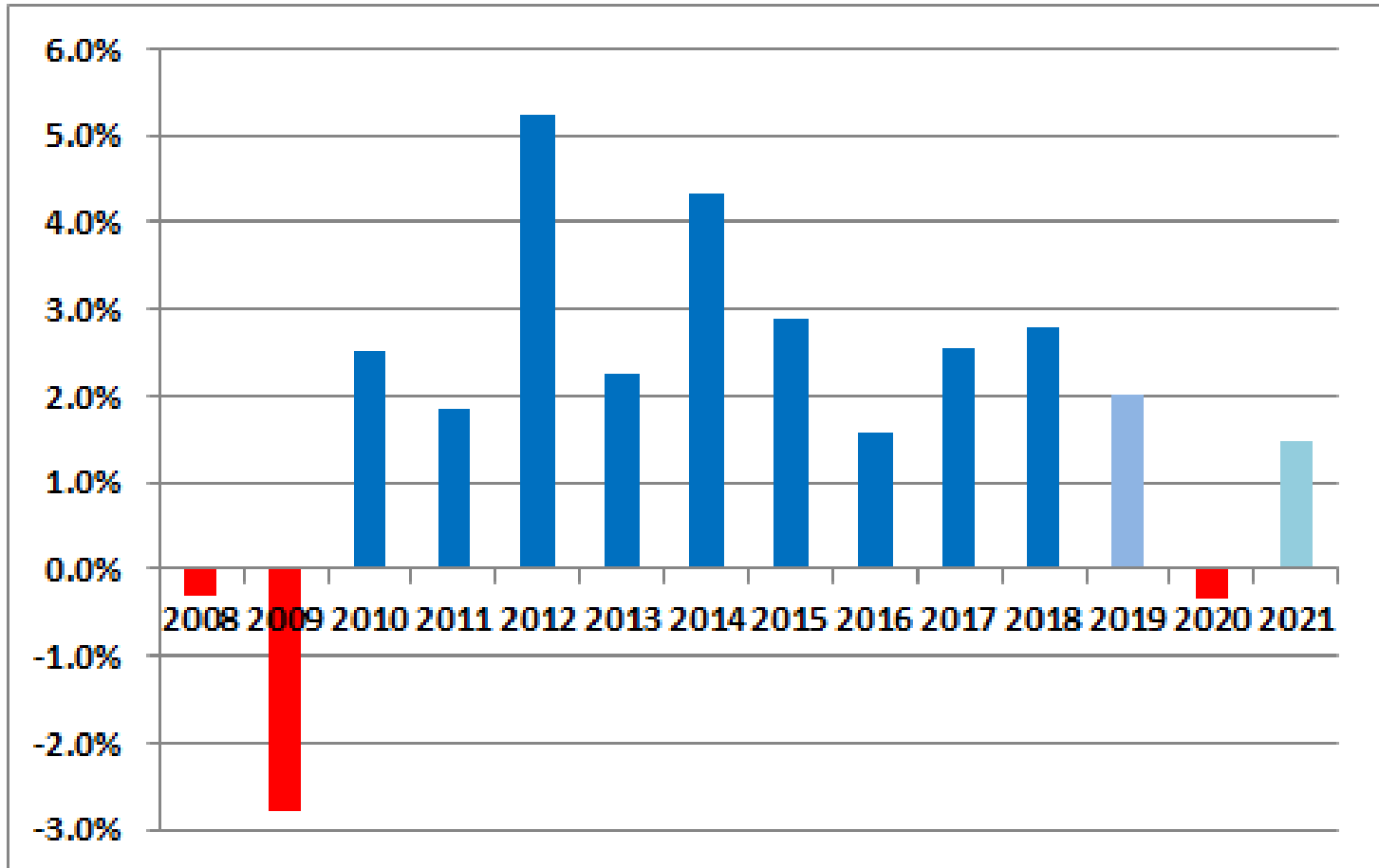


Interest Rates





Forecast for Real GDP





Florida



Current Impacts of Climate Change on Florida

- ◆ Increased frequency and intensity of tropical cyclones
- ◆ Increased “nuisance” flooding monthly in Miami Beach and the Keys
- ◆ Rising sea level and beach erosion
- ◆ Algal blooms and invasive plants/bugs
- ◆ Migration from Puerto Rico +/- 200,000



\$Billion Events Impacting the U.S. from 2005-2017

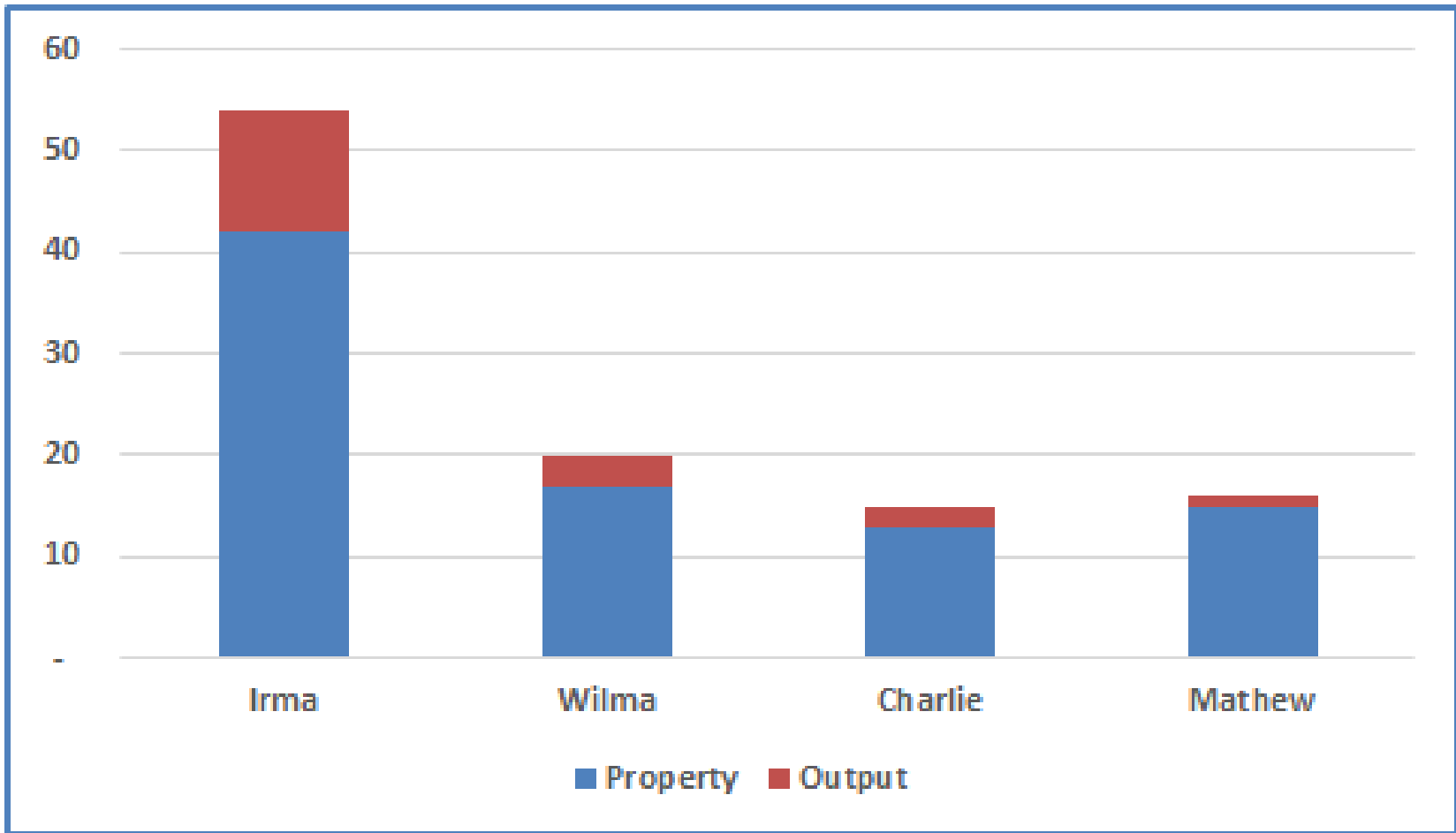
Disaster Type	# Events	Frequency	CPI Adjusted Loss \$B	% Loss	Average Cost\$B	Deaths
Drought	11	9%	\$95	11%	\$9	266
Flooding	17	14%	\$52	6%	\$3	244
Freeze	3	2%	\$5	1%	\$2	1
Severe Storm	63	52%	\$144	17%	\$2	988
Tropical Cyclone	14	12%	\$509	61%	\$36	2,553
Wildfire	10	8%	\$17	2%	\$2	112
Winter Storm	3	2%	\$7	1%	\$2	82
	=====	=====	=====	=====	=====	=====
All Disasters	121	100%	\$829	100%	\$7	4,246

Source: [NOAA National Centers for Environmental Information \(NCEI\) U.S. Billion-Dollar Weather and Climate Disasters \(2017\)](https://www.ncdc.noaa.gov/billions/). <https://www.ncdc.noaa.gov/billions/>

Florida subject to hurricanes which are the most damaging of events



Damage from Recent Florida Hurricanes

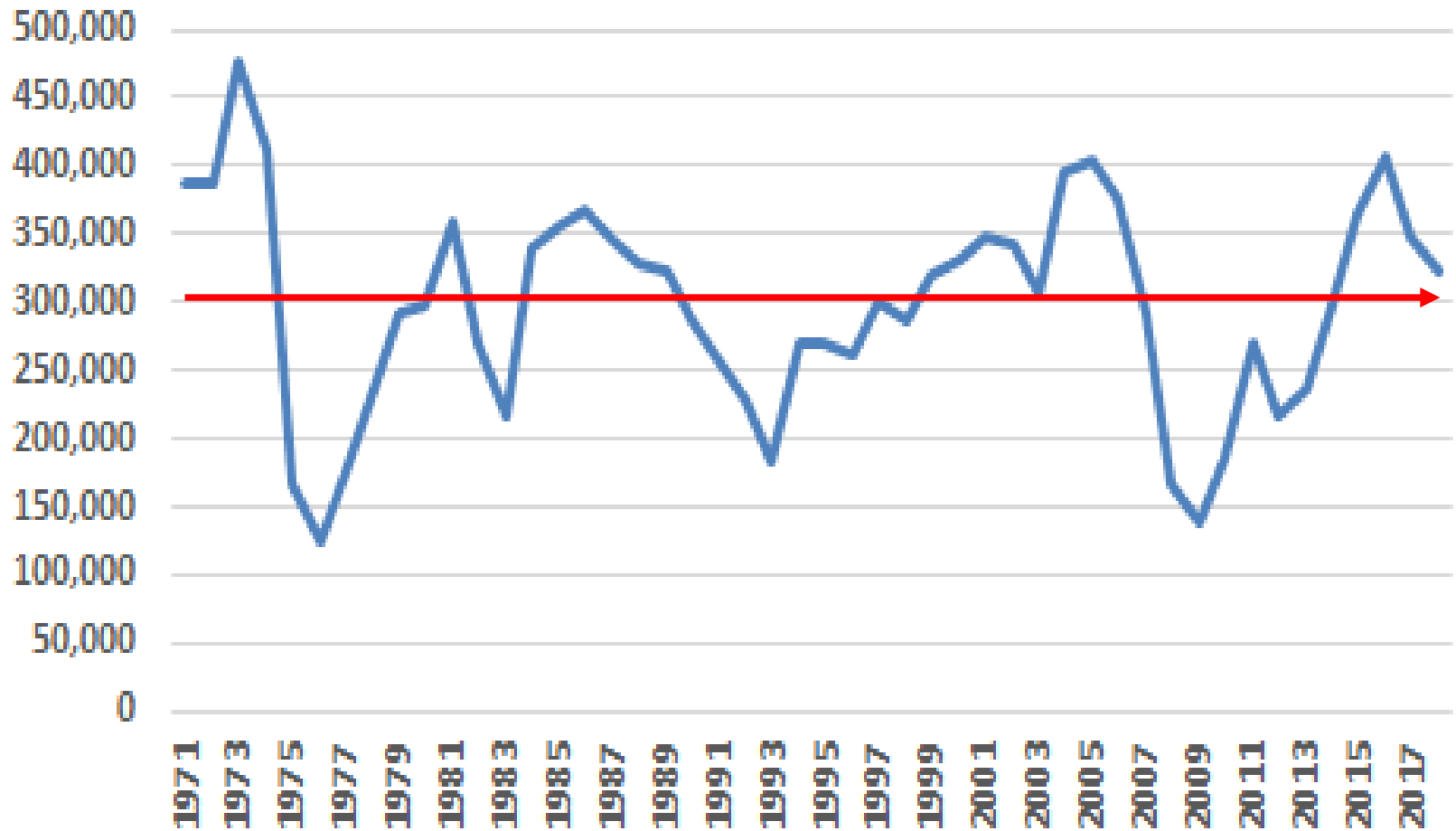




Florida Forecast

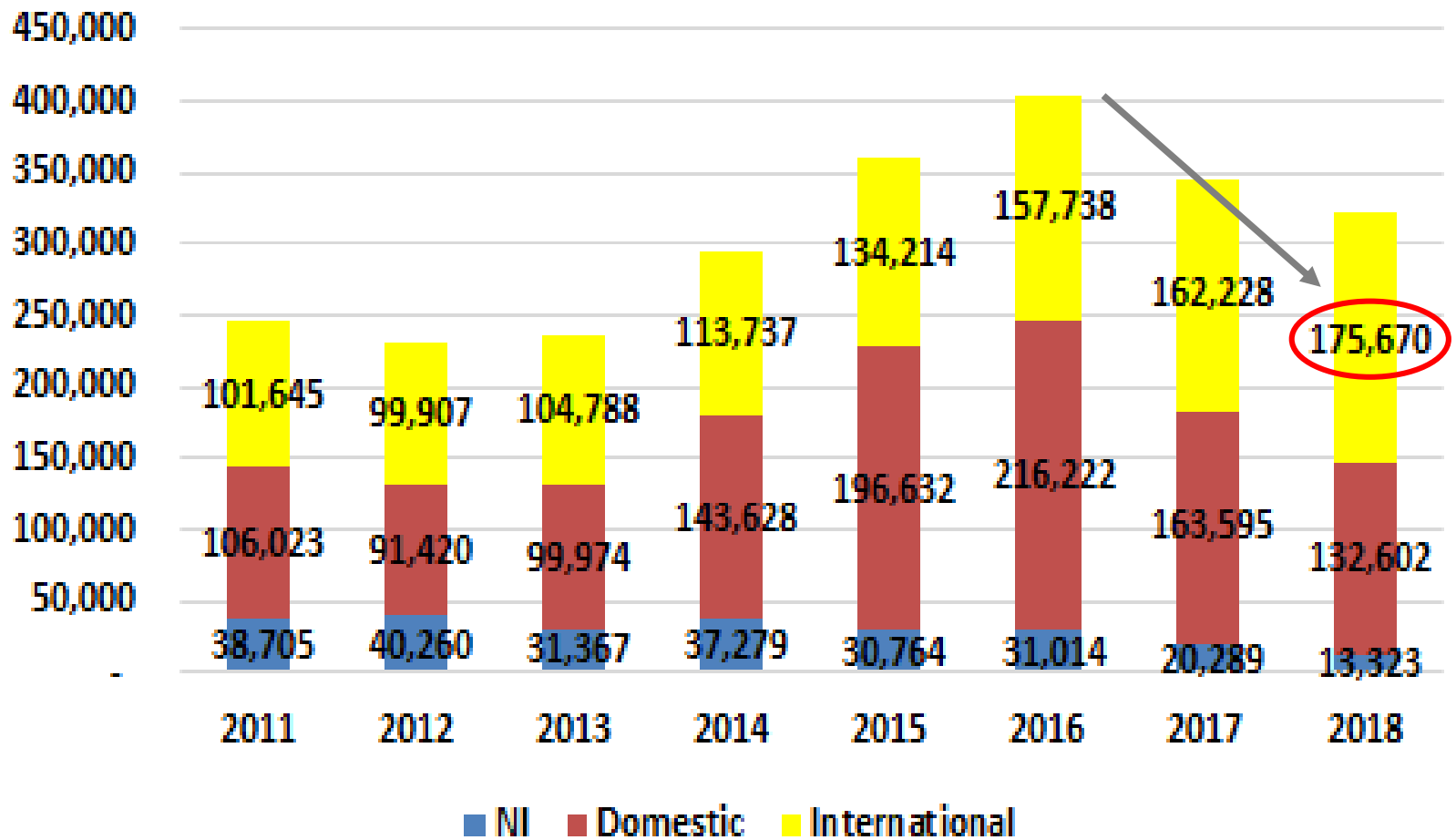


Florida Population Growth





Florida Population Growth





Top 10 Metropolitan Areas in Numeric Growth: 2017 to 2018

Rank	Name	April 1, 2010 (Estimates base)	July 1, 2017	July 1, 2018	Numeric Growth
1	Dallas-Fort Worth-Arlington, TX	6,426,222	7,407,944	7,539,711	131,767
2	Phoenix-Mesa-Scottsdale, AZ	4,193,127	4,761,694	4,857,962	96,268
3	Houston-The Woodlands-Sugar Land, TX	5,920,487	6,905,695	6,997,384	91,689
4	Atlanta-Sandy Springs-Roswell, GA	5,286,750	5,874,249	5,949,951	75,702
5	Orlando-Kissimmee-Sanford, FL	2,134,402	2,512,917	2,572,962	60,045
6	Seattle-Tacoma-Bellevue, WA	3,439,805	3,884,469	3,939,363	54,894
7	Austin-Round Rock, TX	1,716,321	2,115,230	2,168,316	53,086
8	Riverside-San Bernardino-Ontario, CA	4,224,966	4,570,427	4,622,361	51,934
9	Tampa-St. Petersburg-Clearwater, FL	2,783,462	3,091,225	3,142,663	51,438
10	Washington-Arlington-Alexandria, DC-VA-MD-WV	5,636,363	6,200,001	6,249,950	49,949

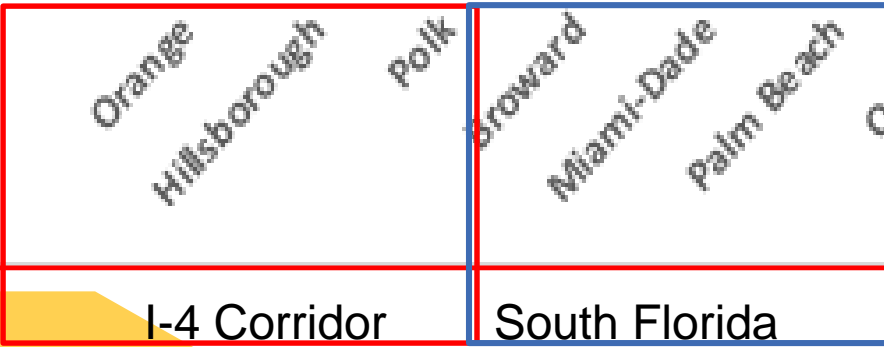
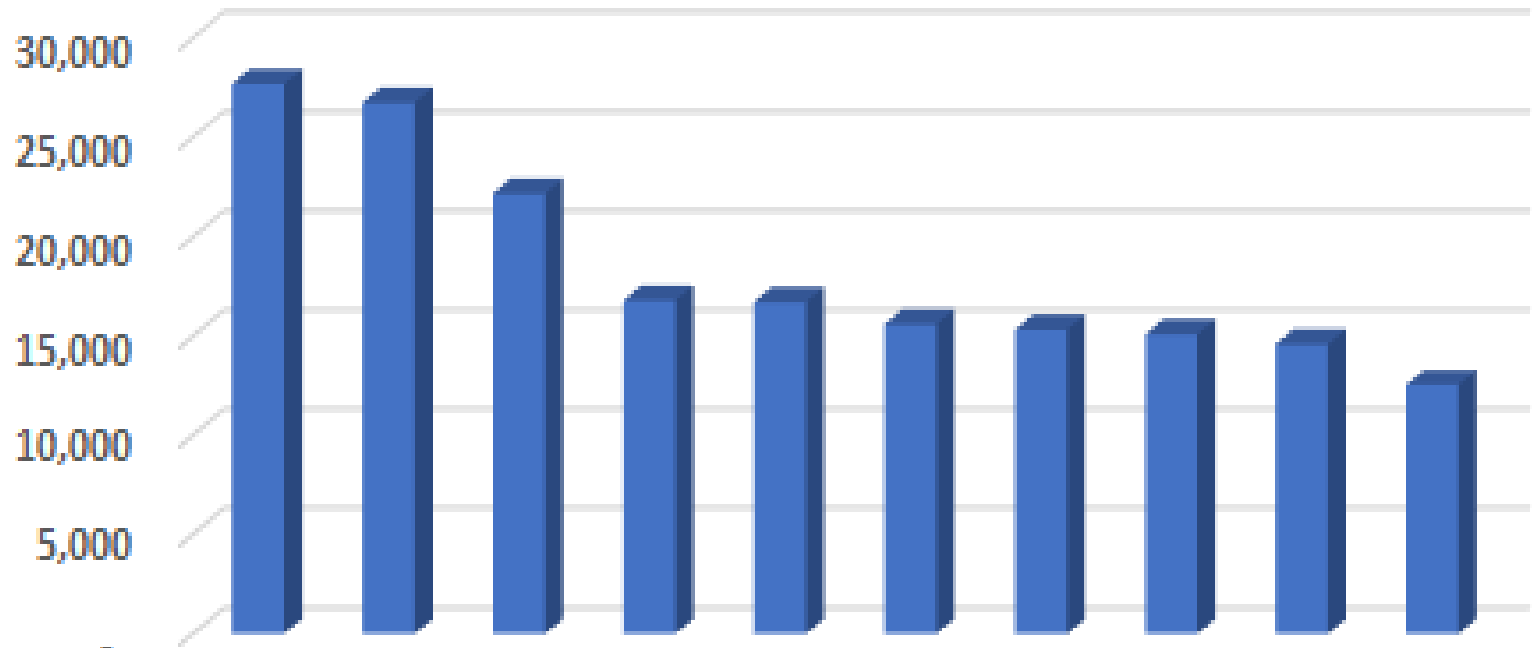


Top 10 Metropolitan Areas in Percentage Growth: 2017 to 2018

Rank	Name	April 1, 2010 (Estimates base)	July 1, 2017	July 1, 2018	Percent Growth
1	Midland, TX	141,671	170,948	178,331	4.3
2	Myrtle Beach-Conway-North Myrtle Beach, SC-NC	376,555	463,386	480,891	3.8
3	St. George, UT	138,115	165,859	171,700	3.5
4	Lakeland-Winter Haven, FL	602,098	685,830	708,009	3.2
5	Odessa, TX	137,136	157,173	162,124	3.2
6	The Villages, FL	93,420	124,933	128,754	3.1
7	Greeley, CO	252,847	305,274	314,305	3.0
8	Boise City, ID	616,566	710,080	730,426	2.9
9	Bend-Redmond, OR	157,730	186,807	191,996	2.8
10	Provo-Orem, UT	526,885	617,751	633,768	2.6



2017-18 Population Growth





Top 10 Counties in Numeric Growth: 2017 to 2018

Rank	State	County	April 1, 2010 (Estimates base)	July 1, 2017	July 1, 2018	Numeric Growth
1	Arizona	Maricopa County	3,817,359	4,329,580	4,410,824	81,244
2	Nevada	Clark County	1,951,271	2,183,310	2,231,647	48,337
3	Texas	Harris County	4,093,188	4,664,159	4,698,619	34,460
4	Texas	Collin County	782,220	971,393	1,005,146	33,753
5	California	Riverside County	2,189,765	2,417,224	2,450,758	33,534
6	Washington	King County	1,931,292	2,204,229	2,233,163	28,934
7	Florida	Orange County	1,145,954	1,352,933	1,380,645	27,712
8	Texas	Tarrant County	1,810,655	2,057,468	2,084,931	27,463
9	Texas	Bexar County	1,714,772	1,958,841	1,986,049	27,208
10	Florida	Hillsborough County	1,229,178	1,410,115	1,436,888	26,773



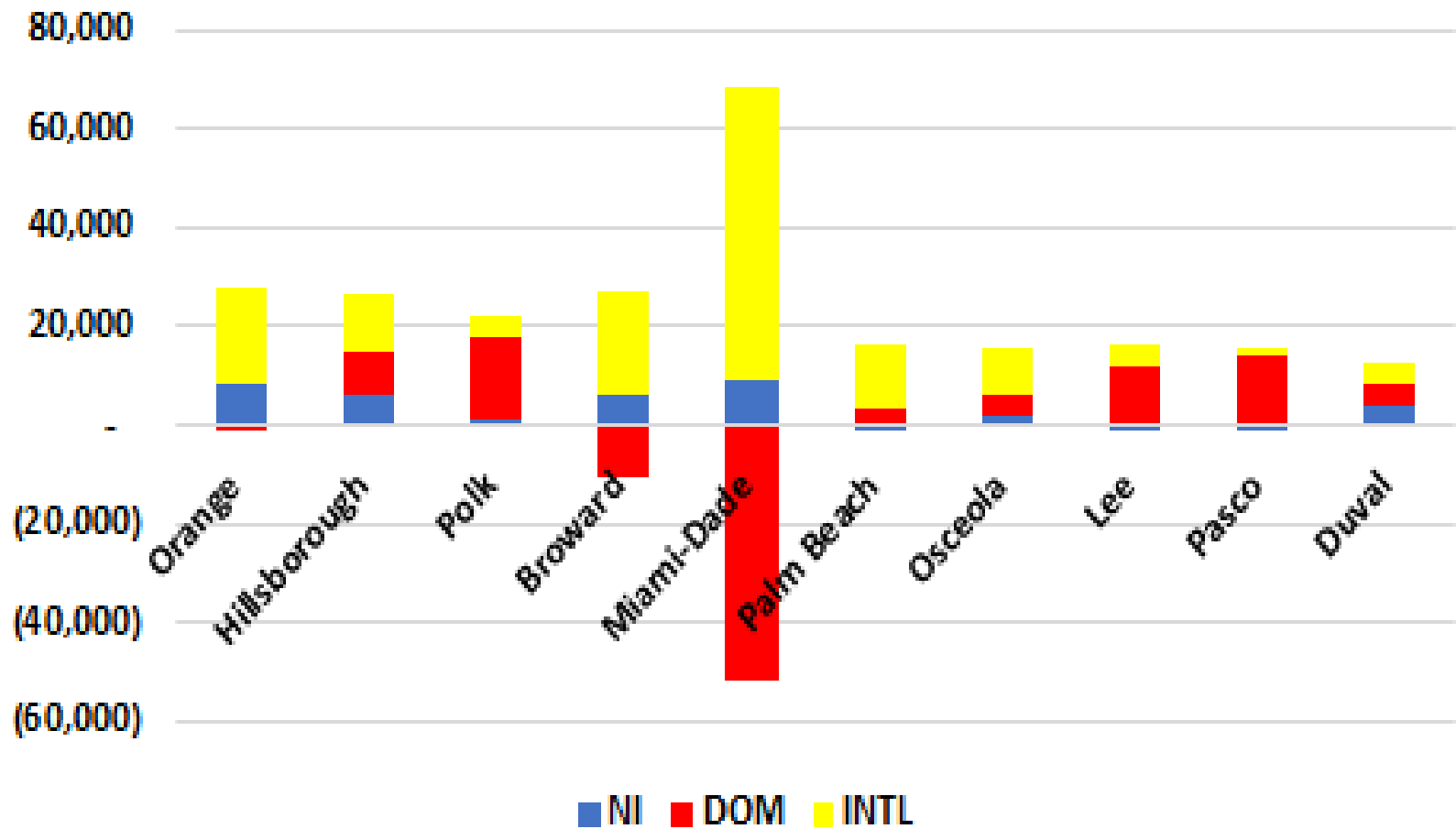
Top 10 Counties in Percentage Growth: 2017 to 2018

(For counties that were greater than or equal to 20,000 people in 2017 and 2018)

Rank	State	County	April 1, 2010 (Estimates base)	July 1, 2017	July 1, 2018	Percent Growth
1	North Dakota	Williams County	22,399	33,395	35,350	5.9
2	Texas	Comal County	108,485	140,790	148,373	5.4
3	Texas	Kaufman County	103,363	122,845	128,622	4.7
4	North Carolina	Brunswick County	107,429	130,735	136,744	4.6
5	Florida	Walton County	55,043	68,275	71,375	4.5
6	Texas	Midland County	136,872	165,386	172,578	4.3
7	Florida	Osceola County	268,683	352,661	367,990	4.3
8	Florida	St. Johns County	190,034	243,928	254,261	4.2
9	Texas	Hood County	51,163	58,154	60,537	4.1
10	Georgia	Jackson County	60,457	67,716	70,422	4.0

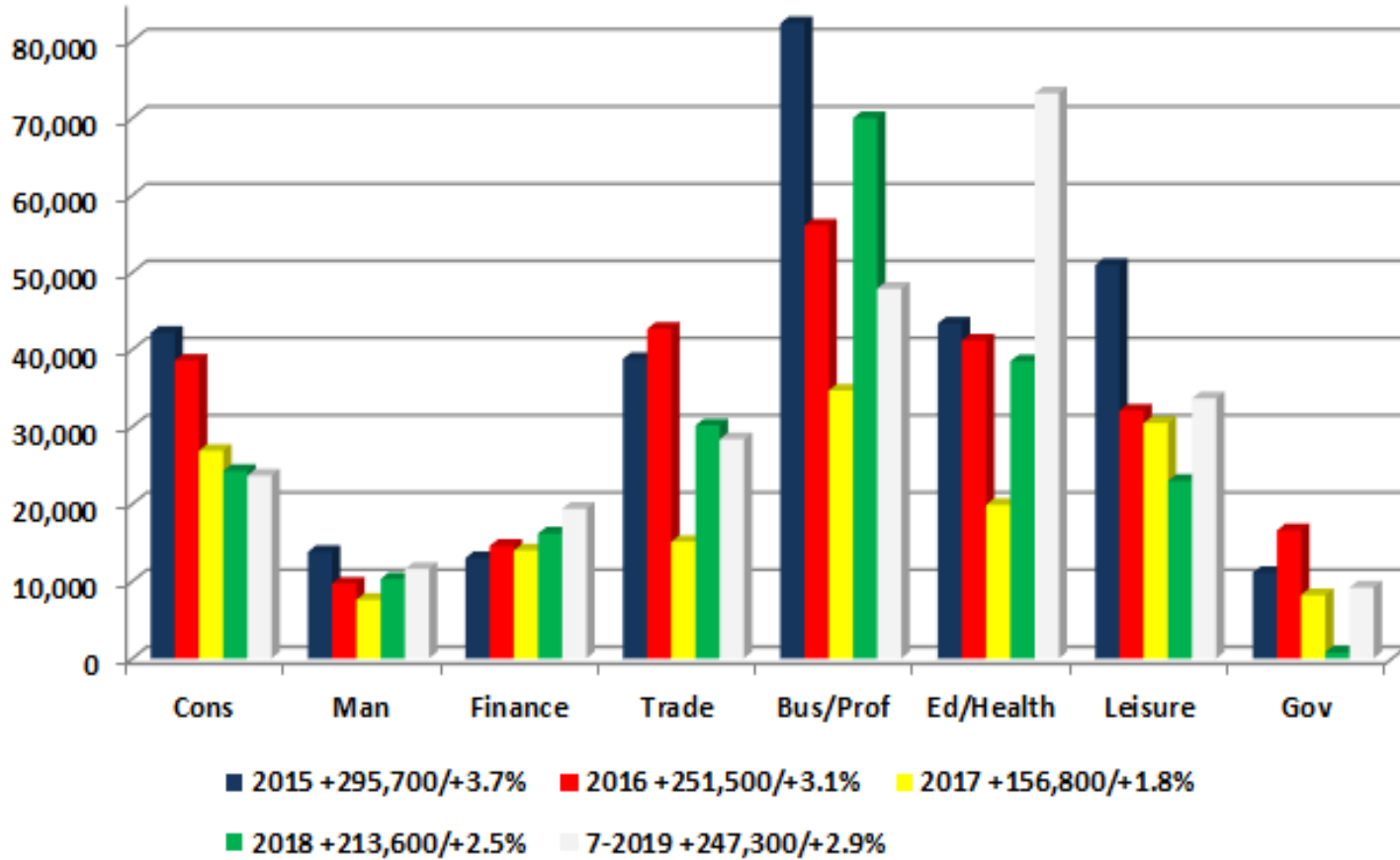


Components of 2018 Population Growth





Job Growth





Sales of Existing Single-Family Homes

	July 2019	July 2018	Percent Change Year-over-Year
Closed Sales	28,142	25,483	10.4%
Paid in Cash	6,388	6,239	2.4%
Median Sale Price	\$268,000	\$255,000	5.1%
Average Sale Price	\$356,173	\$335,095	6.3%
Dollar Volume	\$10.0 Billion	\$8.5 Billion	17.4%
Med. Pct. of Orig. List Price Received	96.8%	96.7%	0.1%
Median Time to Contract	38 Days	36 Days	5.6%
Median Time to Sale	80 Days	78 Days	2.6%
New Pending Sales	28,242	26,290	7.4%
New Listings	31,349	30,480	2.9%
Pending Inventory	40,179	38,439	4.5%
Inventory (Active Listings)	88,642	88,813	-0.2%
Months Supply of Inventory	3.8	3.9	-2.6%

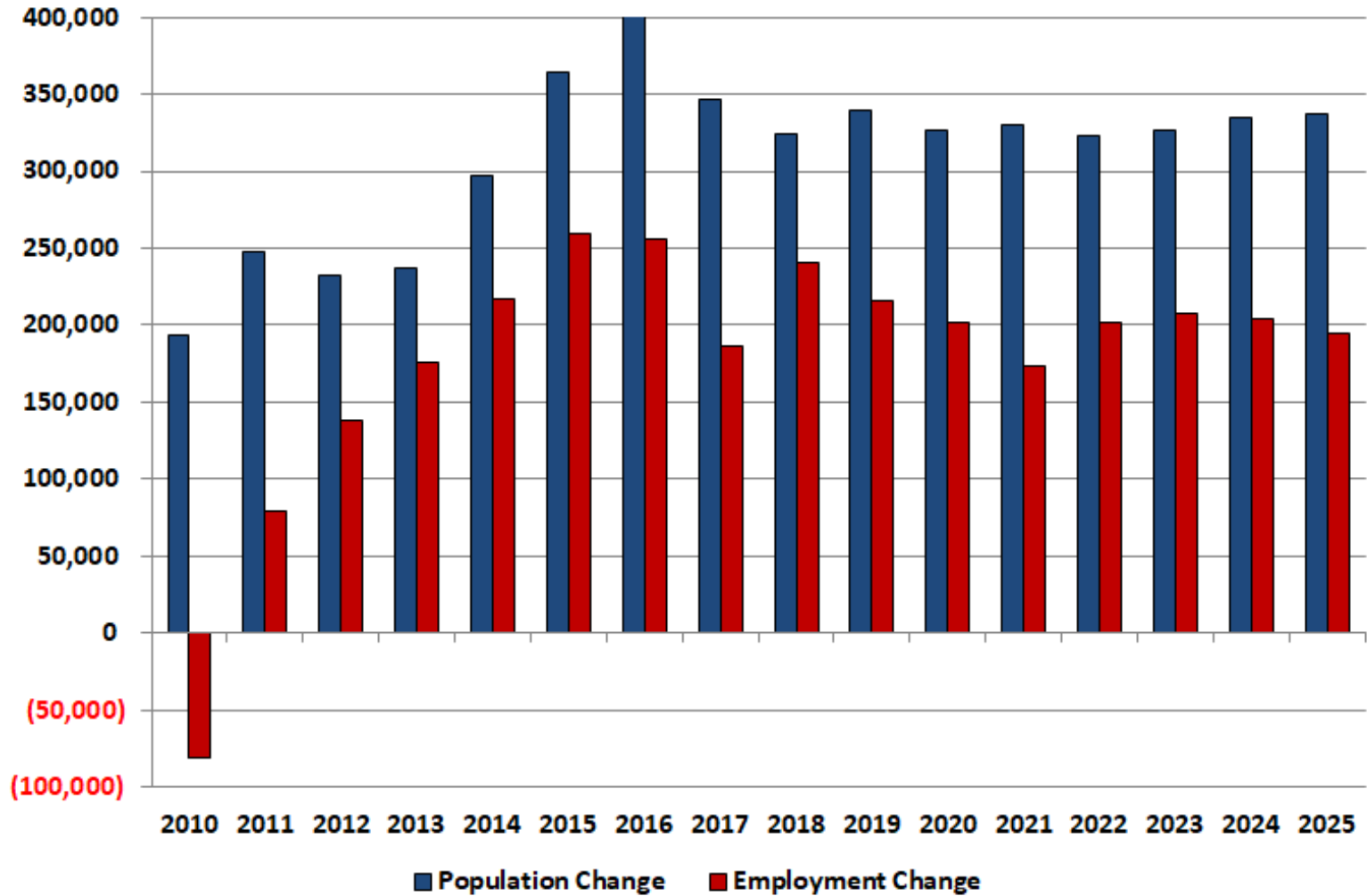


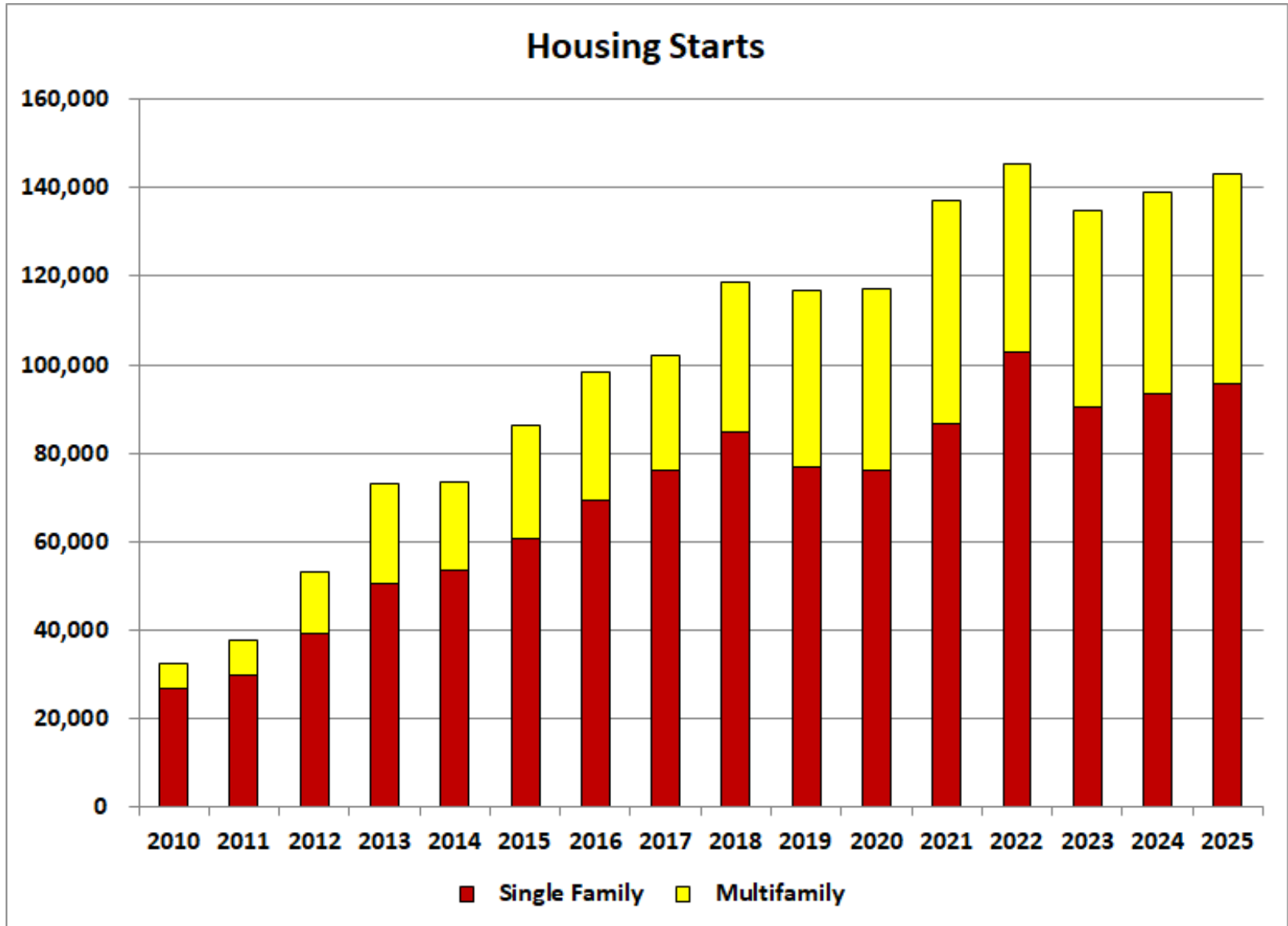
Sales of Existing Townhomes and Condos

	July 2019	July 2018	Percent Change Year-over-Year
Closed Sales	10,470	10,037	4.3%
Paid in Cash	4,820	4,956	-2.7%
Median Sale Price	\$188,000	\$180,000	4.4%
Average Sale Price	\$257,516	\$247,354	4.1%
Dollar Volume	\$2.7 Billion	\$2.5 Billion	8.6%
Med. Pct. of Orig. List Price Received	95.1%	95.3%	-0.2%
Median Time to Contract	51 Days	45 Days	13.3%
Median Time to Sale	91 Days	86 Days	5.8%
New Pending Sales	10,823	10,477	3.3%
New Listings	12,011	12,168	-1.3%
Pending Inventory	16,070	15,887	1.2%
Inventory (Active Listings)	52,611	50,880	3.4%
Months Supply of Inventory	5.5	5.3	3.8%



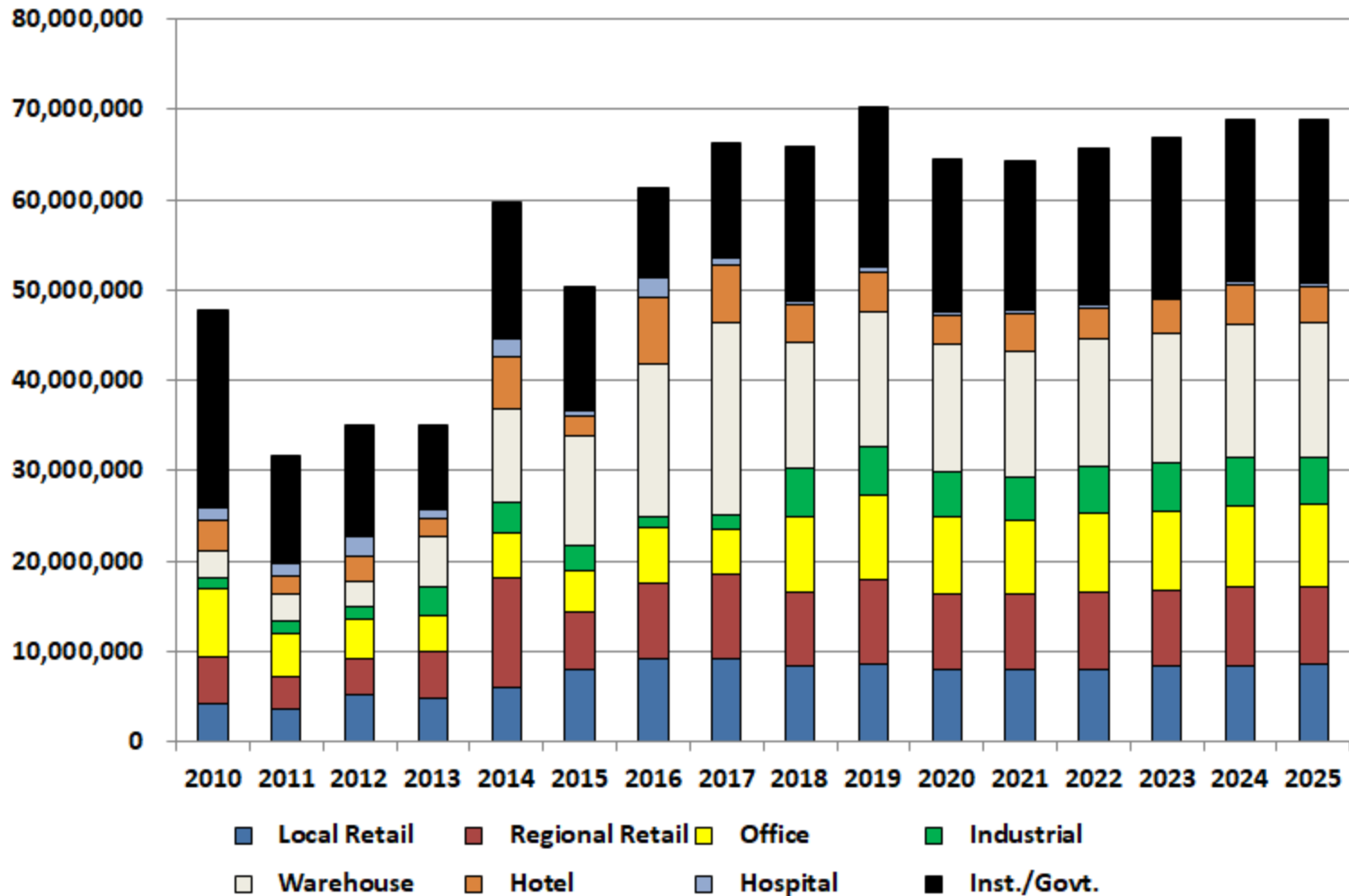
Growth in Population and Employment







Nonresidential Square Feet Put Into Place

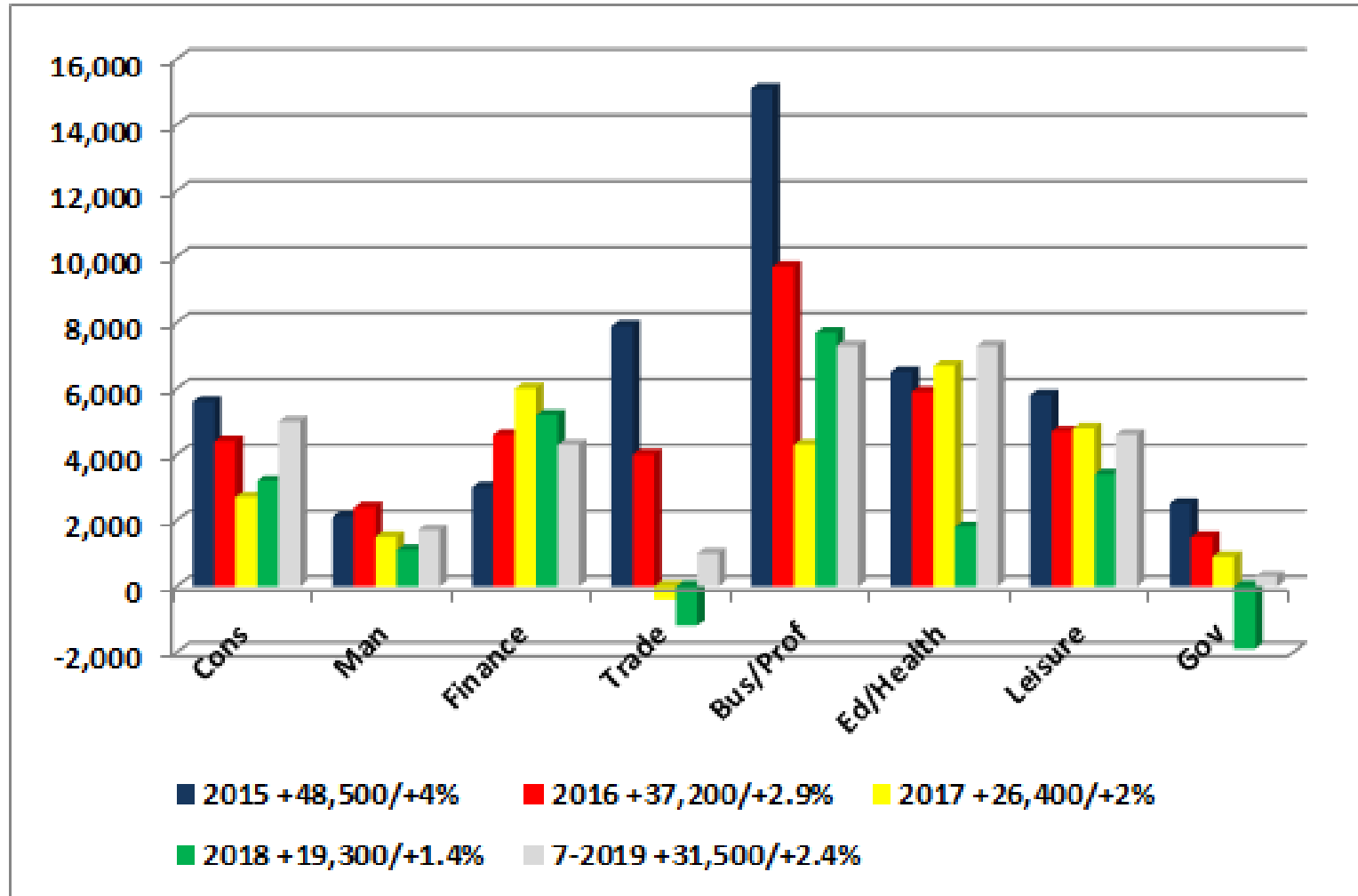




Tampa Bay



Job Growth





Sales of Existing Single-Family Homes

	July 2019	July 2018	Percent Change Year-over-Year
Closed Sales	4,835	4,450	8.7%
Paid in Cash	1,003	1,058	-5.2%
Median Sale Price	\$250,000	\$240,000	4.2%
Average Sale Price	\$307,248	\$288,308	6.6%
Dollar Volume	\$1.5 Billion	\$1.3 Billion	15.8%
Med. Pct. of Orig. List Price Received	97.4%	97.4%	0.0%
Median Time to Contract	26 Days	25 Days	4.0%
Median Time to Sale	70 Days	68 Days	2.9%
New Pending Sales	4,761	4,626	2.9%
New Listings	5,256	4,968	5.8%
Pending Inventory	6,270	6,116	2.5%
Inventory (Active Listings)	10,716	11,085	-3.3%
Months Supply of Inventory	2.6	2.8	-7.1%

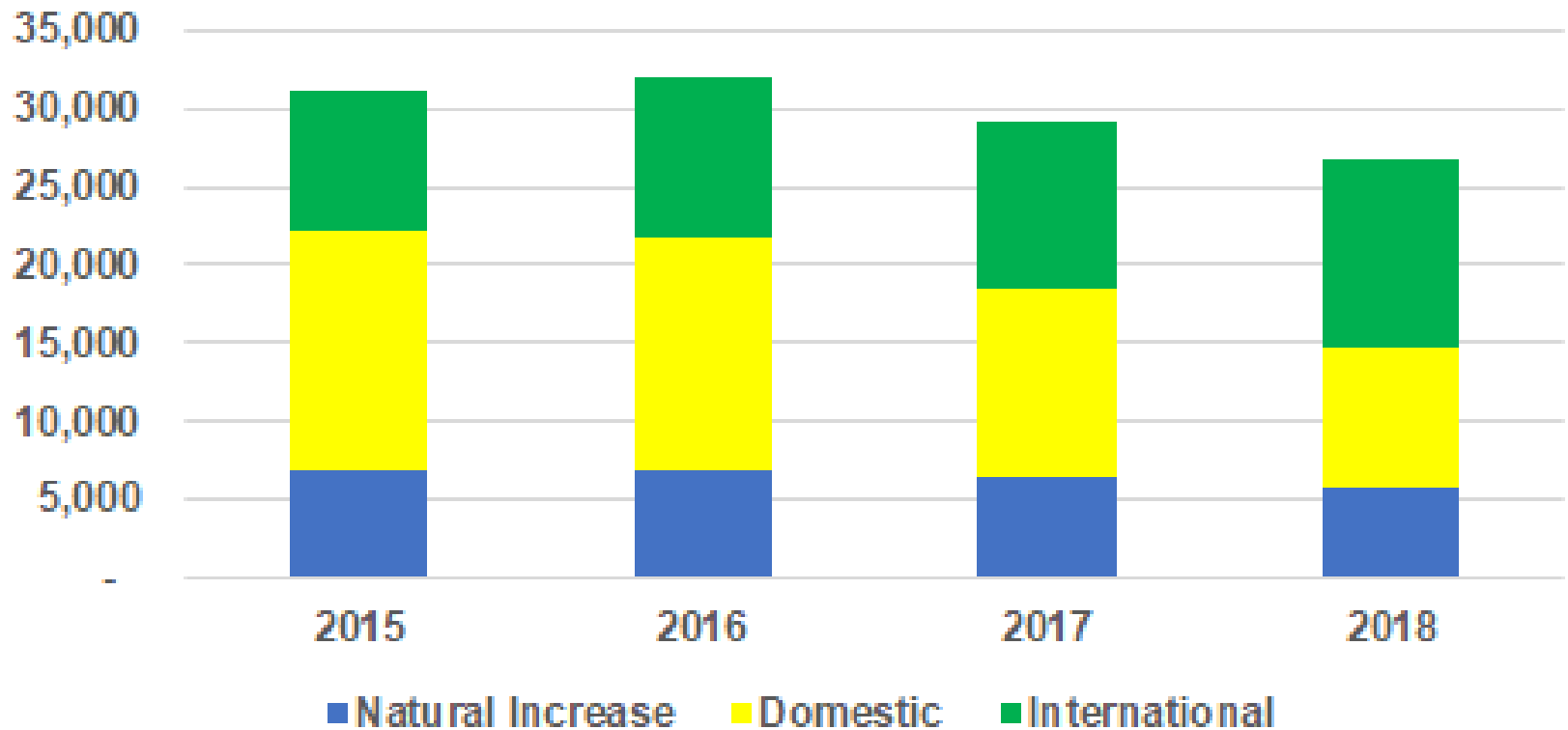


Sales of Existing Townhomes and Condos

	July 2019	July 2018	Percent Change Year-over-Year
Closed Sales	1,618	1,493	8.4%
Paid in Cash	664	704	-5.7%
Median Sale Price	\$170,000	\$162,500	4.6%
Average Sale Price	\$215,011	\$207,188	3.8%
Dollar Volume	\$347.9 Million	\$309.3 Million	12.5%
Med. Pct. of Orig. List Price Received	96.0%	96.5%	-0.5%
Median Time to Contract	33 Days	24 Days	37.5%
Median Time to Sale	73 Days	67 Days	9.0%
New Pending Sales	1,599	1,465	9.1%
New Listings	1,559	1,560	-0.1%
Pending Inventory	2,227	1,933	15.2%
Inventory (Active Listings)	3,877	3,463	12.0%
Months Supply of Inventory	2.7	2.5	8.0%

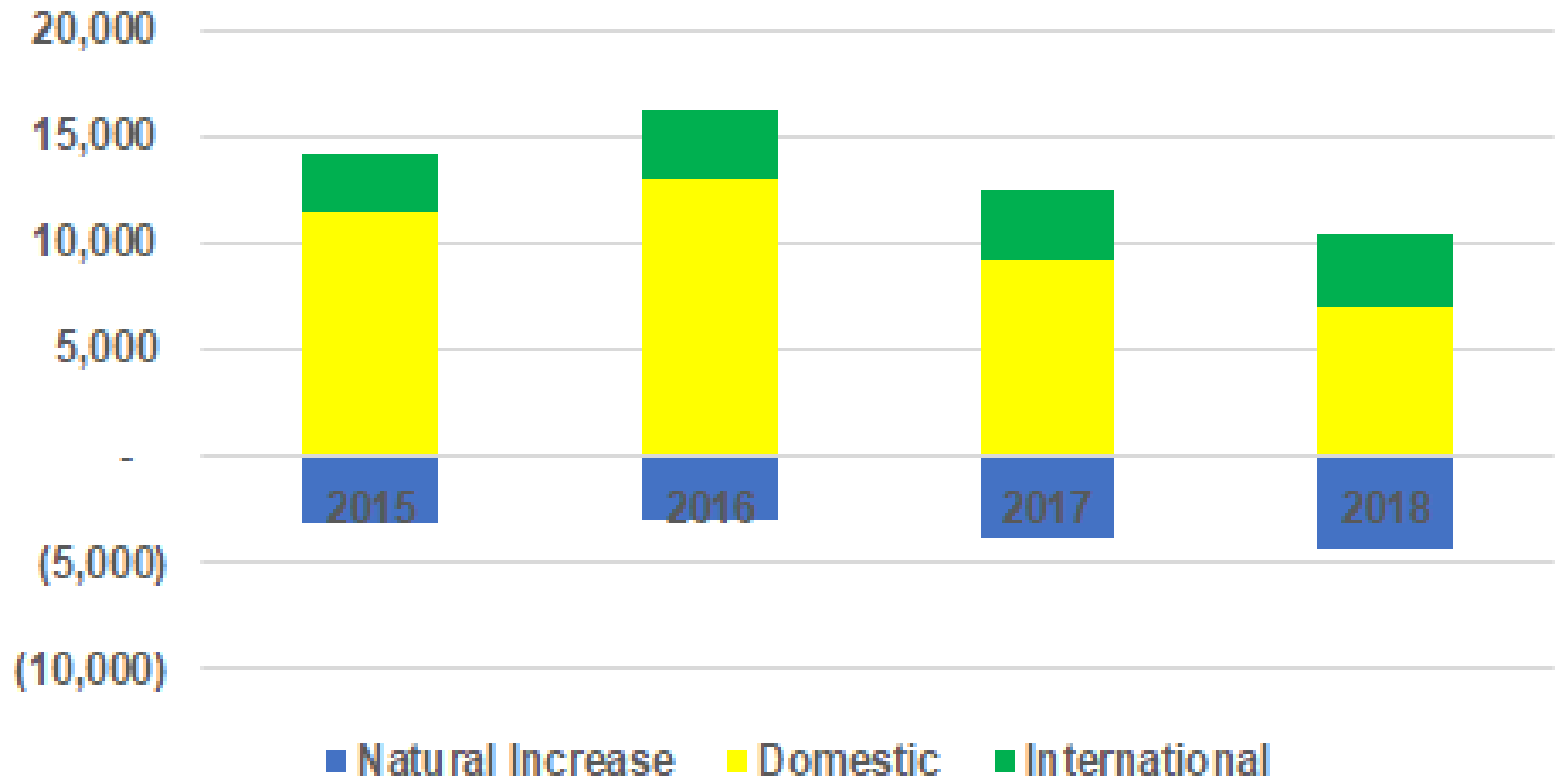


Hillsborough County Population Growth Sources



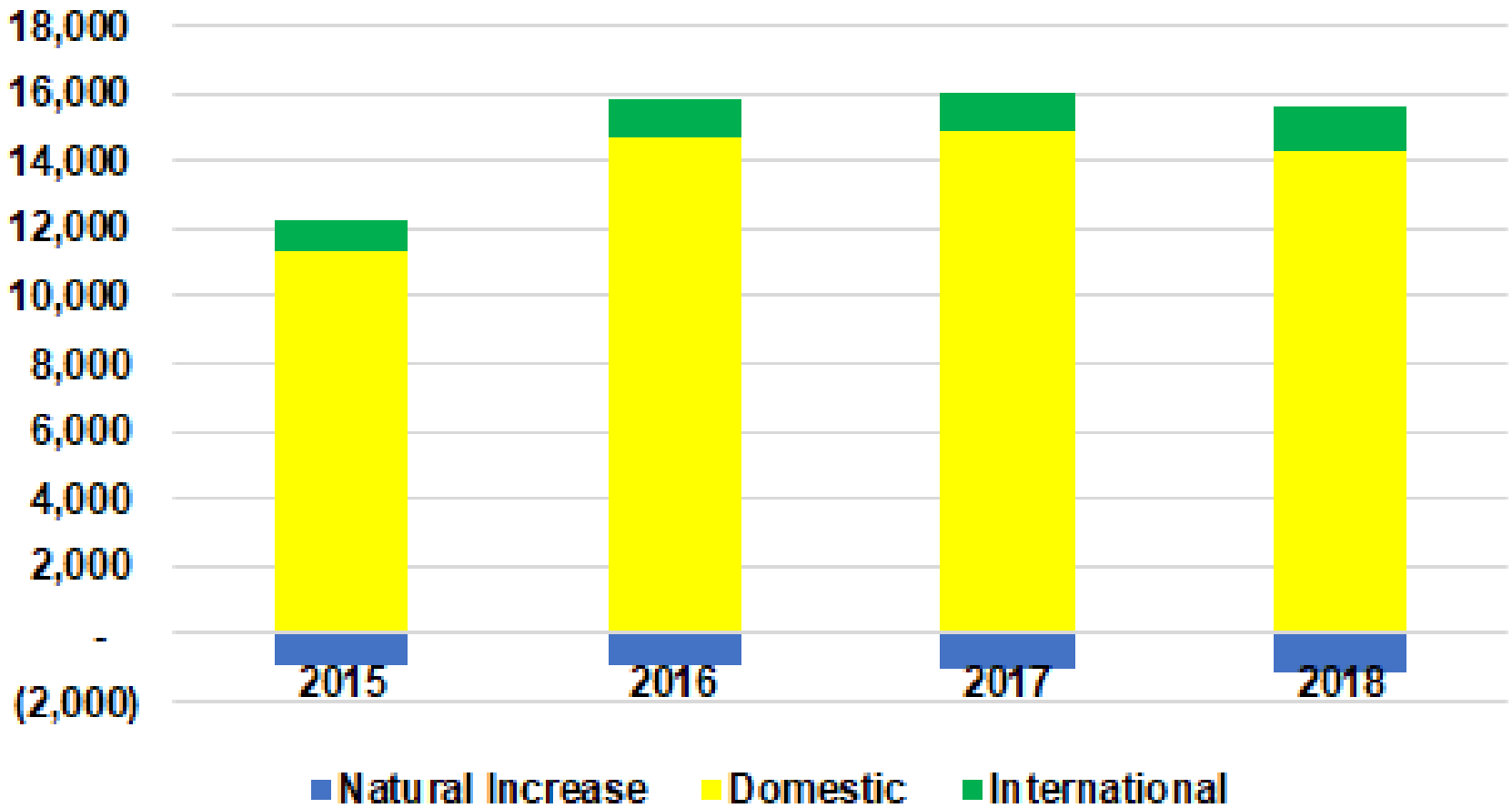


Pinellas County Population Growth Sources



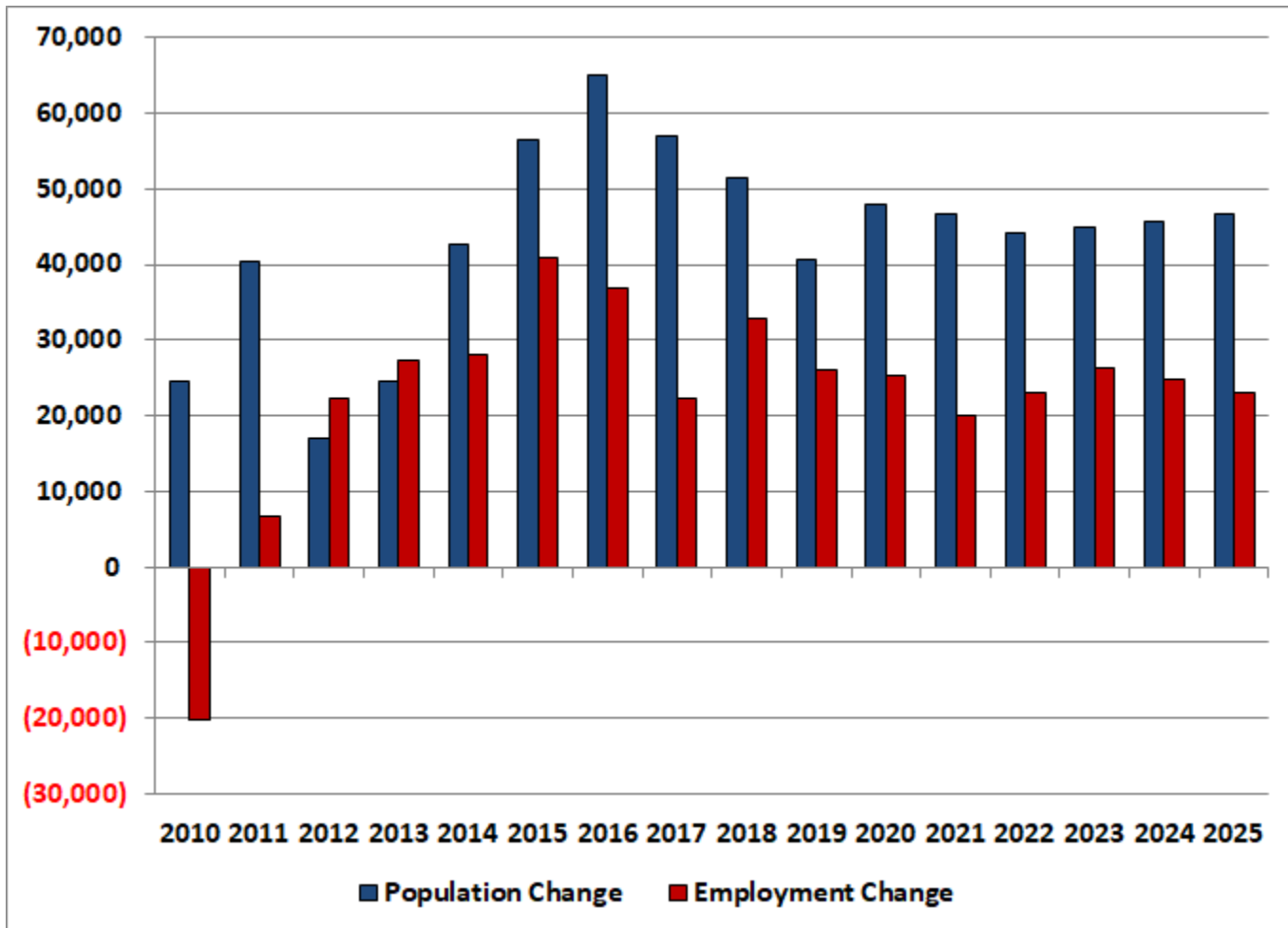


Pasco County Population Growth Sources



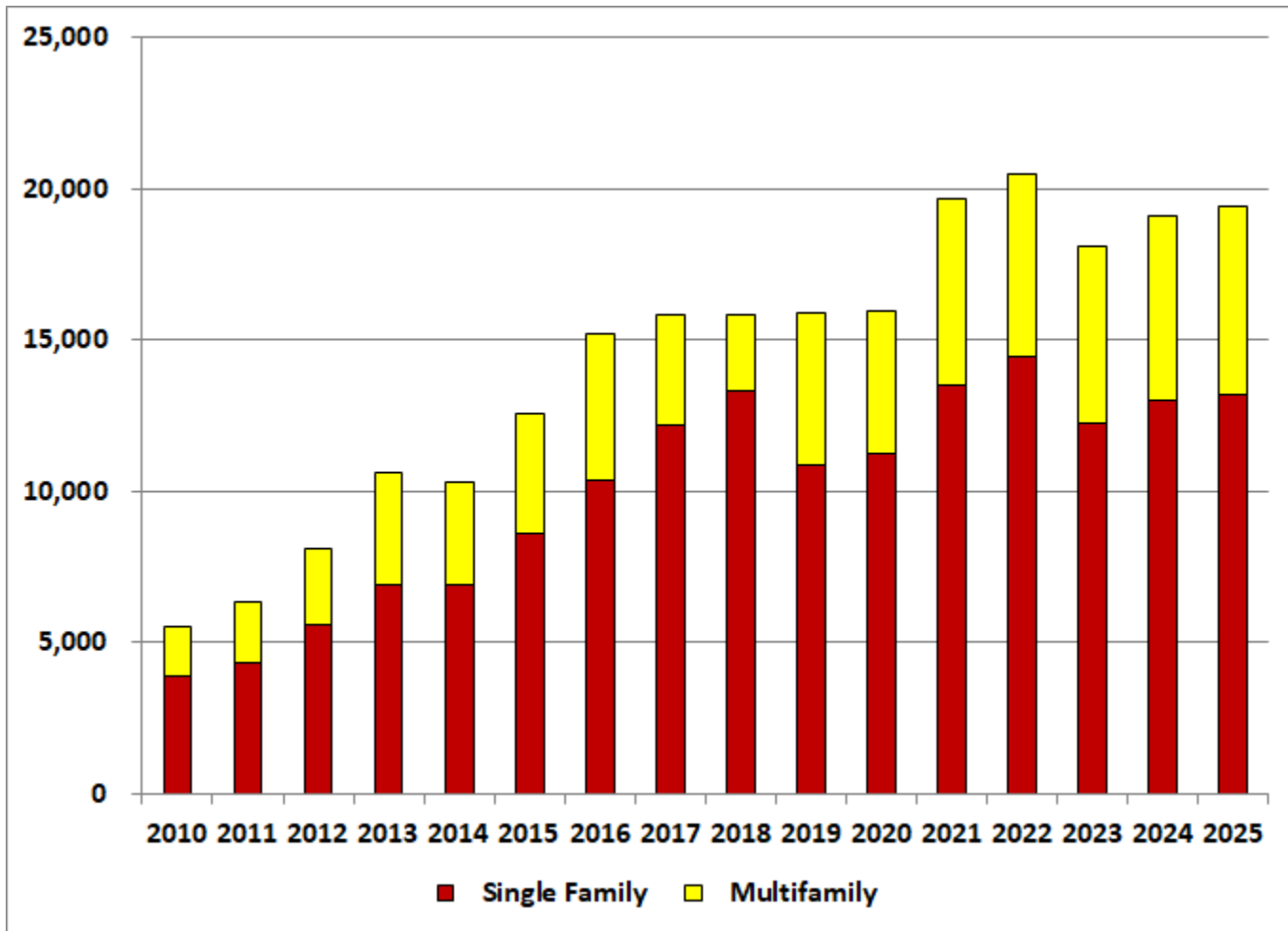


Growth in Population and Jobs





Housing Starts





Total Retail Market Statistics Mid-Year 2019

Market	Vacancy	YTD Net	YTD	Under	Quoted
	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tampa	2.3%	5,778	9,585	154,753	\$23.35
Eastern Outlying	3.5%	6,739	11,700	190,519	\$15.52
Hernando County	4.7%	56,089	15,199	12,616	\$11.62
I-75 Corridor	3.5%	365,476	38,722	120,655	\$17.38
North Hillsborough	3.1%	(1,002)	3,000	15,464	\$16.66
Pasco County	6.4%	(131,943)	41,985	763,277	\$12.08
Pinellas	4.6%	123,571	17,151	27,200	\$18.06
Polk County	3.6%	(68,557)	26,695	539,225	\$13.19
Sarasota/Bradenton	3.9%	(21,452)	22,191	492,157	\$16.43
Totals	4.1%	334,699	186,228	2,315,866	\$16.07



Class A Market Statistics

Mid-Year 2019

Market	Vacancy	YTD Net	YTD	Under	Quoted
	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tampa	11.0%	(62,685)	0	547,691	\$34.47
Eastern Outlying	18.7%	94,328	115,000	0	\$21.00
Hernando County	0.0%	0	0	0	\$0.00
I-75 Corridor	5.7%	223,256	240,000	37,500	\$26.13
North Hillsborough	5.3%	(20,598)	0	0	\$25.55
Pasco County	1.4%	0	0	77,536	\$26.46
Pinellas	8.6%	28,987	0	21,800	\$25.34
Polk County	0.4%	1,455	0	0	\$20.74
Sarasota/Bradenton	6.4%	(19,349)	0	117,000	\$27.55
Totals	8.4%	245,394	355,000	801,527	\$30.47



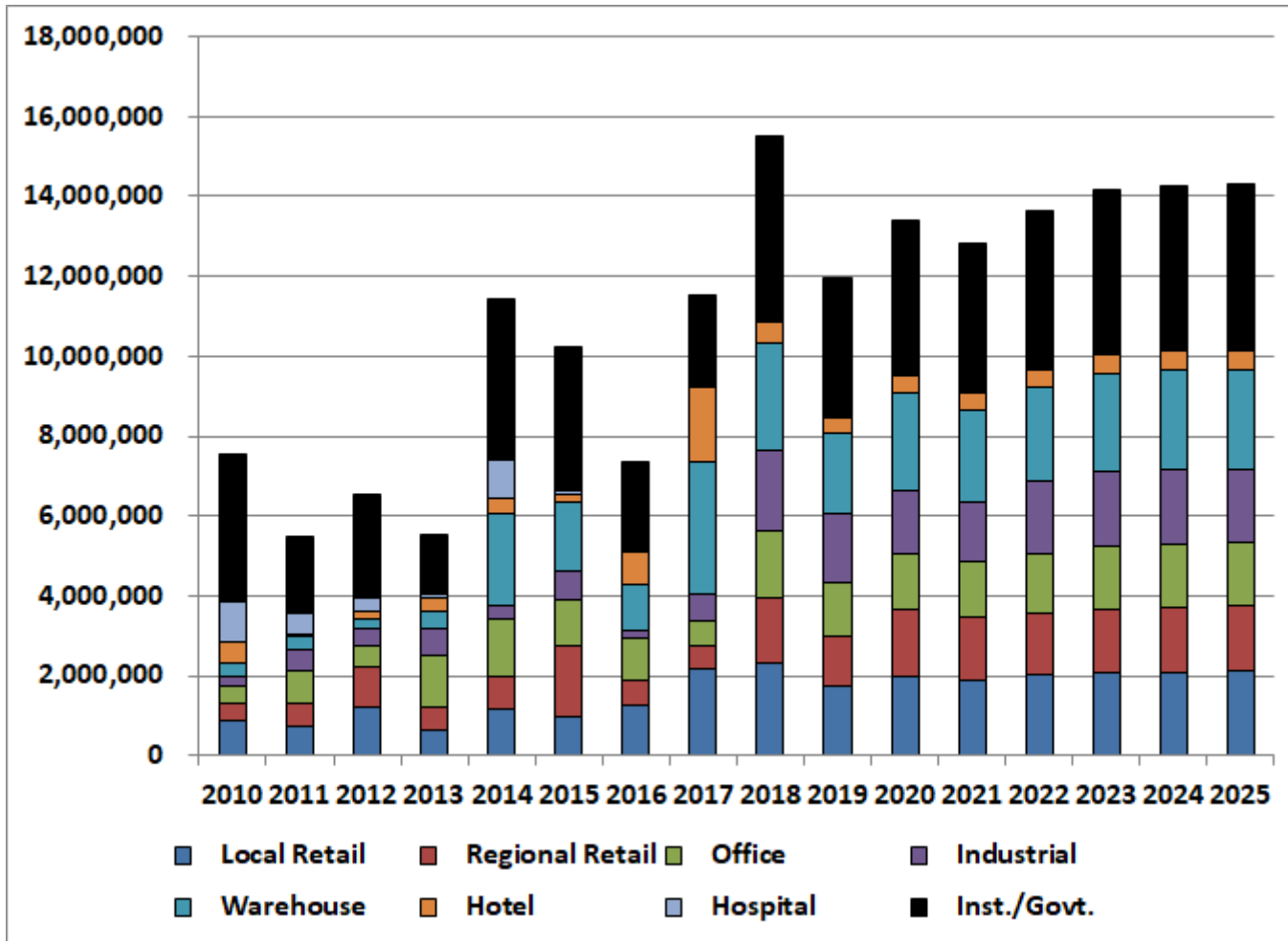
Warehouse Market Statistics

Mid-Year 2019

Market	Vacancy	YTD Net	YTD	Under	Quoted
	Vac %	Absorption	Deliveries	Const SF	Rates
Central Hillsborough Ind	3.3%	(41,453)	7,700	270,073	\$6.15
East Hillsborough Ind	6.4%	468,703	1,091,021	1,903,434	\$5.41
Eastern Outlying Ind	0.0%	1,192	0	0	\$20.40
Hernando County Ind	0.4%	149,870	0	0	\$6.87
North Hillsborough Ind	5.1%	68,242	10,000	26,800	\$7.32
Pinellas Ind	3.8%	(40,520)	0	25,700	\$6.49
Polk County Ind	5.7%	285,358	544,571	4,057,965	\$5.11
Sarasota/Bradenton Ind	3.1%	(13,558)	324,000	263,573	\$7.93
South Hillsborough Ind	19.4%	(4,100)	0	629,274	\$5.49
Totals	4.8%	873,734	1,977,292	7,176,819	\$6.01



Non Residential Construction Put in Place (sqft)



Thank You!



pfm