

# 2021

## **SOUTHEAST U.S.** OUTLOOK REPORT

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Introducing CBRE's 2021 Southeast U.S. Outlook Report,  
a thoughtful analysis of market conditions across 18  
different markets in this region

**CBRE**



# **Accessibility, flexibility and growth highlight key advantages in the Southeast region as economic recovery progresses.**

Last year's edition of the Southeast Outlook Report (SEOR) opened with a series of statements, one of which read: "It is true that the region lacks markets with the density of major metropolitan areas like New York, Chicago or even Washington, D.C., but the region offers something that is proving to be even more attractive than the size and expense of these major metropolitan markets: labor growth." Who could have predicted a global pandemic would flip the script on the advantages of metro and workplace density, impacting perceptions about gatherings, safety and wellness in the process? Office occupiers once focused on densification and efficiencies are now reassessing strategies, which stands to once again significantly impact space use and future demand. What's clear is that "flexibility" has become ever more important as occupiers determine how and where their employees will work in a rapidly changing environment.

The inherent function of commercial real estate as a place for people to gather, produce, learn, collaborate, mentor, shop, reside and serve became challenged in 2020. But buildings possess long-term durability, providing environments where human achievement and innovation occur, dynamics not easily reproduced at a distance and through video conferences or phone calls.

While the short-term challenges to commercial real estate have been significant, our forecast calls for brighter days ahead. Owners and occupiers are preparing for employees to return to work. When they do, a host of advantages unique to southeast markets will remain, underpinned by economic resilience, favorable labor pools and an affordable and attractive quality of life.

The 2021 Southeast Outlook report is a succinct look at some of the changes expected across Southeast markets as economic and property fundamentals recover. We invite you to connect with one of our local professionals for additional insight on changing market conditions.



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# ATLANTA, GA



**6.2%**

5-Year Projected  
Population Growth

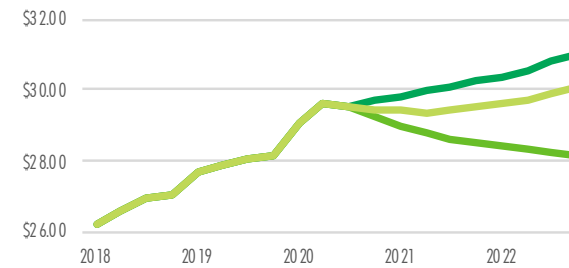
**7.9%**

5-Year Projected  
Job Growth

## Office

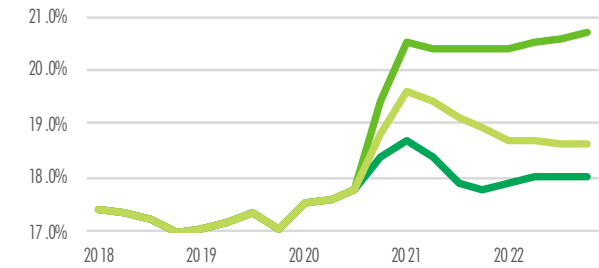
- Sublease availability has roughly doubled since the beginning of the COVID pandemic, from 3 million sq. ft. to nearly 6 million sq. ft. Given that commercial real estate fundamentals tend to lag general economic conditions, the sublease level is expected to rise into 2021 as occupiers re-assess their requirements.
- A significant increase in space availability stands to place downward pressure on average asking rents in the months ahead, but a strong employment recovery will counteract this trend later into 2021.
- Post-pandemic, tenants are expected to maintain an emphasis on both work flexibility and wellness for employees, including modified in-office work schedules, continued work-from-home arrangements and access to greenspace and outdoor workspaces.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

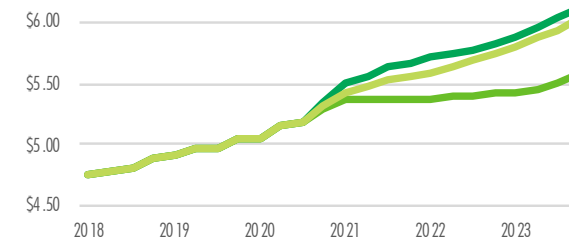


**BASELINE UPSIDE DOWNSIDE**

## Industrial

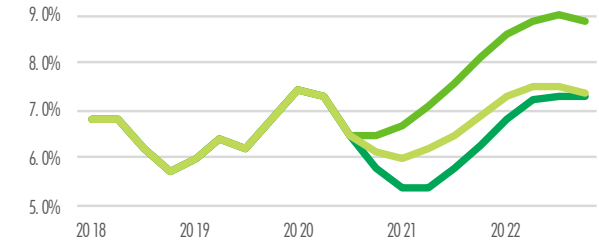
- Annual industrial absorption is expected to remain strong through 2022. The market has exceeded 16 million sq. ft. in annual net occupancy gains since 2014.
- Sustained occupier demand has led to landlord leverage for new leasing transactions; new deliveries have not supplied much rental relief due to elevated construction costs.
- More than 22 million sq. ft. is currently under construction, which will provide needed space options to a tight market; any future impact to overall vacancy is expected to be negligible to none.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

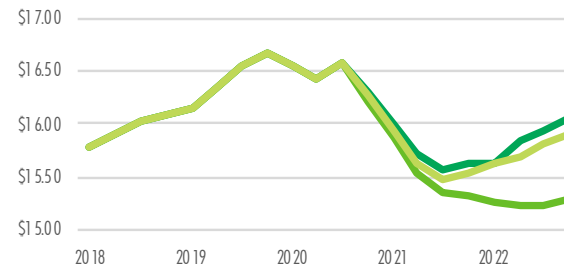
# ATLANTA, GA



## Retail

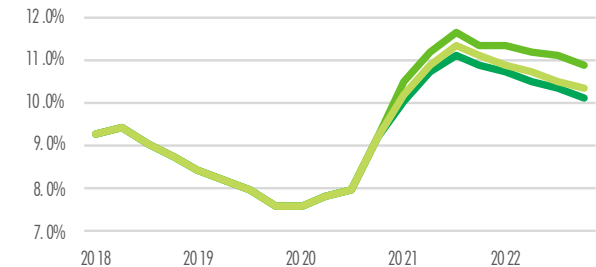
- Investor demand for retail properties is expected to climb in 2021 as capital chases higher yield in growth markets.
- Grocery-anchored centers are expected to remain in high demand as 2021 begins, supported by the growth in food sales and “open-air” property types that more easily allow for distancing measures.
- The growth in fast food and food delivery services will continue post-pandemic as more consumers gravitate to convenience, with safety in mind.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

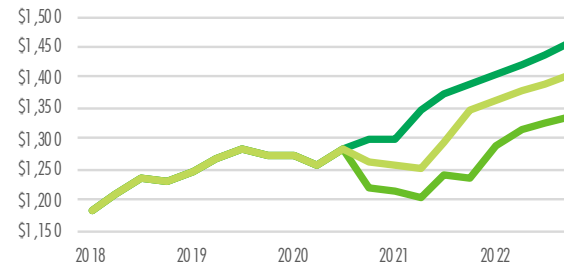


BASELINE UPSIDE DOWNSIDE

## Multifamily

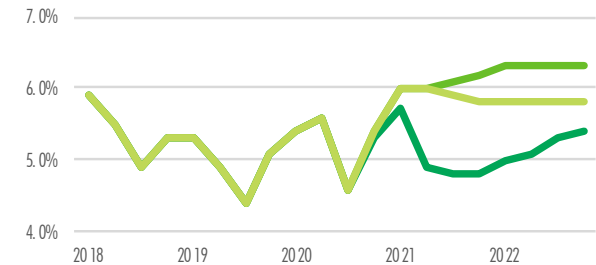
- Despite uncertainty in 2020, Atlanta’s multifamily sector has remained strong, with overall vacancy just north of 5.0%. Vacancy is predicted to remain 6.0% or below through 2025.
- Atlanta is expected to have one of the strongest rent growth recoveries in the nation in 2021 (7.0%), which can be attributed to the region’s employment opportunities, diverse economy and affordability.
- A dwindling supply of affordable single-family housing units, combined with a resurgence in suburban demand bodes well for assets located throughout Atlanta.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



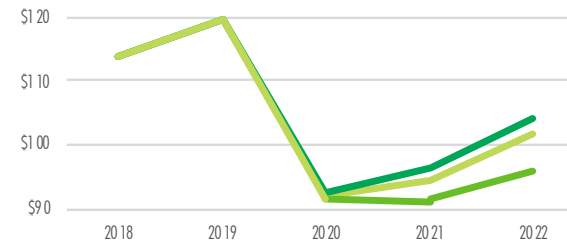
BASELINE UPSIDE DOWNSIDE

# ATLANTA, GA

## Hotel

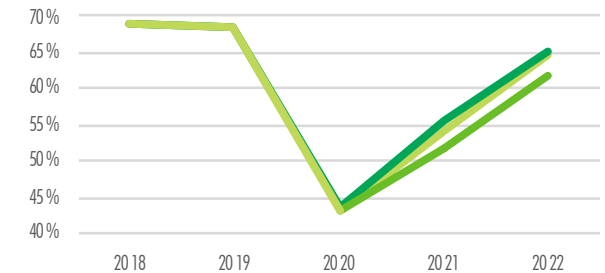
- Convention activity drives the Atlanta lodging market, and more than 80 percent of the city-wide conventions scheduled for 2020 were canceled and are not expected to return until the second half of 2021.
- The lack of compression in downtown rates has resulted in lodging demand being pushed out to hotels in the Midtown and Buckhead submarkets. Hotels located along the three major interstate highways through Atlanta have fared relatively well during 2020.
- Atlanta is still viewed as a strong market with long-run supply and demand growth potential.

## ADR



BASELINE UPSIDE DOWNSIDE

## OCCUPANCY



BASELINE UPSIDE DOWNSIDE

## Economy

- Atlanta's diverse economy is expected to help Georgia realize a 4.0% GDP growth rate, outperforming the U.S. national growth forecast of 3.5%.
- Despite the slowing economy due to the pandemic, the Georgia Department of Economic Development generated \$632 million in company relocations and expansions in 2020, which bodes well for future activity.
- Atlanta's higher-wage jobs — \$60,000 per year or more — increased since the by 3.0% in 2020, a positive trend as 2021 begins.

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# SAVANNAH, GA

**3.8%**  
5-Year Projected  
Population Growth

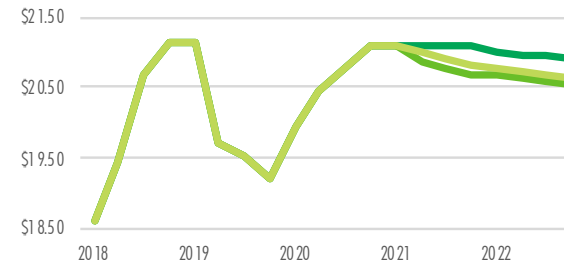
**8.6%**  
5-Year Projected  
Job Growth



## Office

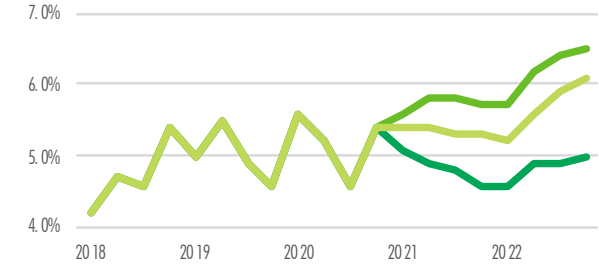
- Despite the global pandemic, Savannah office fundamentals remained steady in 2020, as rental rates increased and the market posted modest positive absorption. Looking forward, the market will remain steady as a vaccine is released and employees become more comfortable working from offices.
- Office construction activity will remain flat in the coming months as developers wait until after the COVID-19 pandemic recedes to secure financing for office projects.
- Looking forward, the Savannah office market is expected to see marginal growth with modest absorption, steady vacancy and steady rents.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

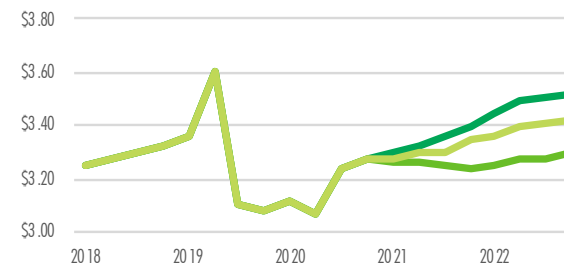


**BASELINE UPSIDE DOWNSIDE**

## Industrial

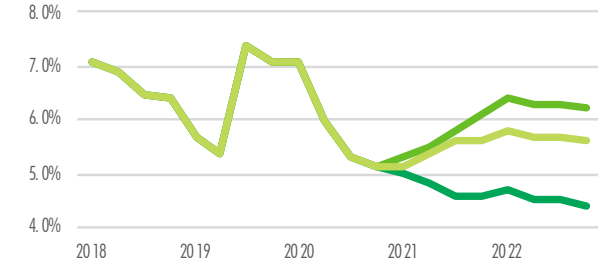
- The Port of Savannah will continue to fuel the regional industrial market in the coming years as it maintains its position as a key player in world trade on the East Coast.
- Since 2014, the Savannah market has seen tremendous growth, with industrial inventory increasing by more than 60%.
- Construction is well paced but behind the level of recent demand, leading to extremely tight conditions. With limited availability and high levels of preleasing for new projects, continued new construction will be needed to sustain Savannah's current rate of growth.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

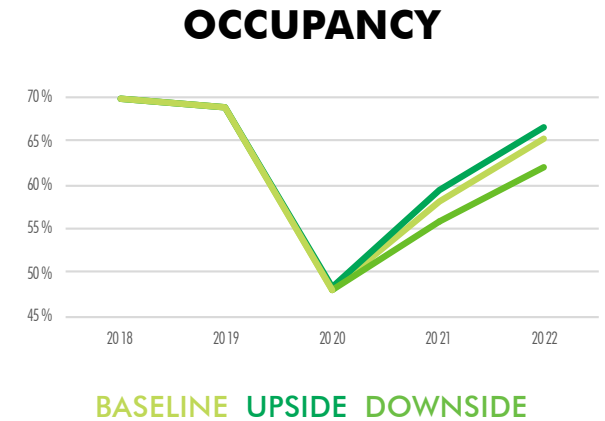
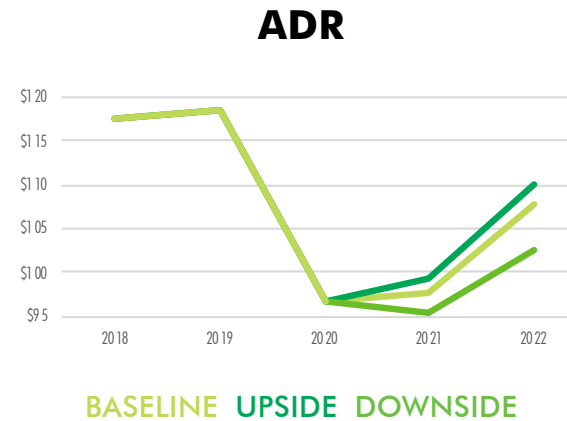


**BASELINE UPSIDE DOWNSIDE**

# SAVANNAH, GA

## Hotel

- Given Savannah's location along the coast on Interstate 95, area hotels have benefited from being both a destination and pass-through location for leisure travelers, somewhat insulating the market from the 2020 recession.
- Plans are in place to expand the city's convention center and build a second headquarters hotel by 2023.
- The Port of Savannah continues to grow and generate commercial activity, with new container ports and the Mason Mega Rail project expected to generate significant levels of corporate lodging demand in the future.



## Economy

- Savannah's ideal location will continue to fuel its growth. Direct access to the Atlanta population center, Eastern Seaboard, and the Florida markets makes Savannah a strategic distribution hub.
- The Savannah Port, the 4th largest port and the fastest-growing container port by TEU's in the U.S., will continue to serve as the largest economic driver for the market, as the manufacturing, logistics and e-commerce industries continue to thrive.
- Savannah has so far demonstrated a swift recovery and points to a labor market poised to make further gains over the coming year.

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# NASHVILLE, TN

## Office

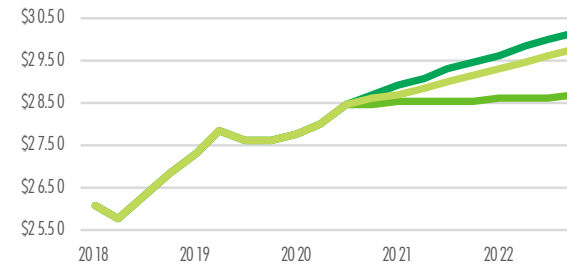
- Secondary sunbelt markets like Nashville are well-positioned to benefit from company relocations in the coming years, which should drive demand throughout the market and help put downward pressure on vacancy rates.
- Rent growth may pause over the coming year as occupiers reassess strategies, but any decline is predicted to be short-lived in a baseline or upside forecast scenario.
- Supply will likely outpace demand over the near-term, but both existing tenant relocations and new inbound businesses should help fill new construction deliveries over the next several quarters.

**6.1%**  
5-Year Projected  
Population Growth

**10.6%**  
5-Year Projected  
Job Growth

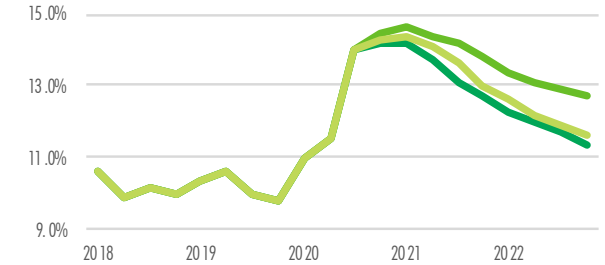


### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

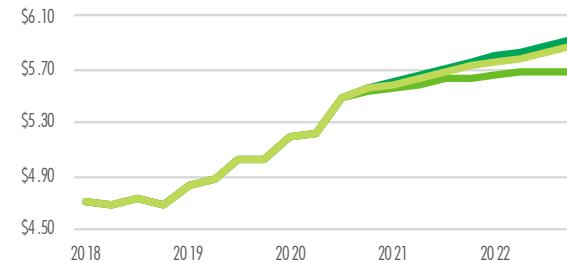


**BASELINE UPSIDE DOWNSIDE**

## Industrial

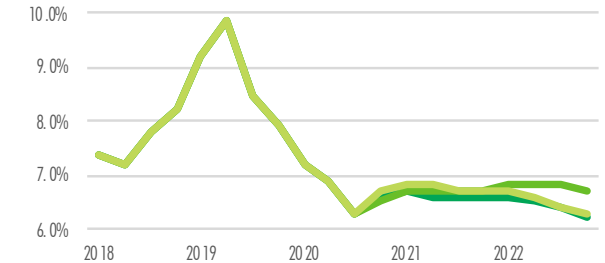
- Increasing demand for warehouse space and last-mile distribution centers will likely keep industrial market conditions tight through 2021.
- Tenant demand will continue to promote rent growth, nurturing a landlord favorable market over the next several quarters.
- New construction groundbreakings and deliveries will keep the market competitive, providing tenants with viable space options, while giving landlords the ability to ask for higher contract rents.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



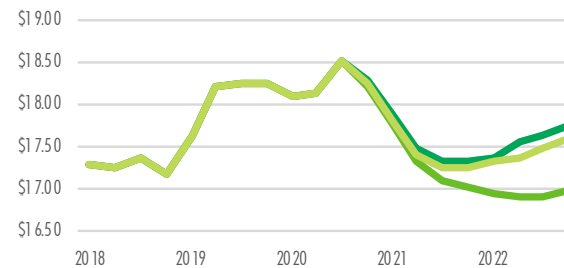
**BASELINE UPSIDE DOWNSIDE**

# NASHVILLE, TN

## Retail

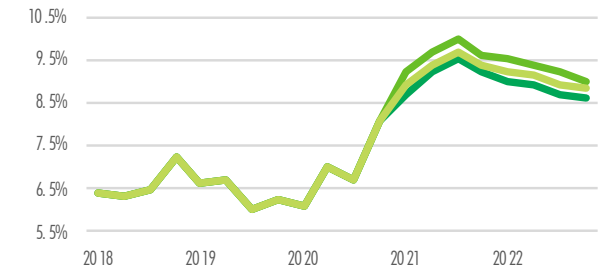
- Brick and mortar food and beverage operators have pivoted to take-out and delivery service to remain up and running during the pandemic, but this shift may linger well into 2021 and beyond.
- With strong annual rent growth, Nashville retail rents remain above the national average and are expected to remain relatively strong over the coming quarters.
- Rising vacancy rates should recover over the coming quarters as consumers begin to gain confidence in shopping in person again.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

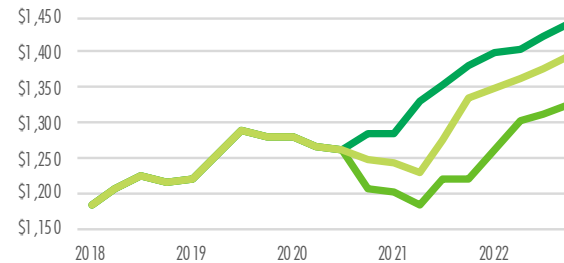


BASELINE UPSIDE DOWNSIDE

## Multifamily

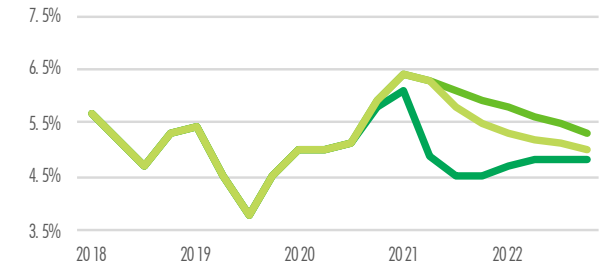
- Although supply is forecasted to increase over the coming years, accelerating migration trends should continue to fuel steady renter demand.
- High profile job creation in the city center is being met with a flurry of high-rise development, which is well-timed to meet the demands of urban residents.
- The relative low cost of doing business, favorable tax environment, attractive demographics and world-class employers will continue to attract investors to the market.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

# NASHVILLE, TN

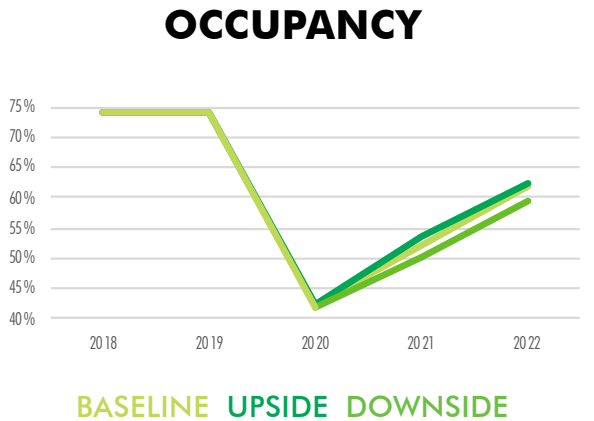
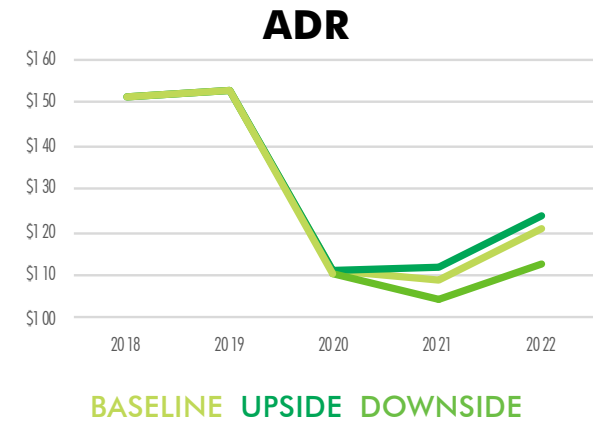
## Hotel

- Despite the COVID-19 related downturn, the Nashville market continues to attract hotel developers, evidenced by several large, upper-priced hotels scheduled to open in the downtown sector in the near-term.
- This new convention-oriented supply, combined with the lack of group demand, will continue to suppress ADR growth and extend market recovery beyond 2024.
- Transient leisure and corporate travelers will bolster the recovery of hotels in the suburban submarkets.

## Economy

- Nashville’s GDP growth through 2024 is expected to surpass 2.0% annually, outpacing both Charlotte and Atlanta.
- Inbound migration patterns, coupled with company relocations from major Tier 1 cities will bode well for secondary and tertiary markets looking forward.
- Nashville employment is expected to rebound at a quicker pace than many other markets throughout the U.S.

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# MEMPHIS, TN

**2.2%**  
5-Year Projected  
Population Growth

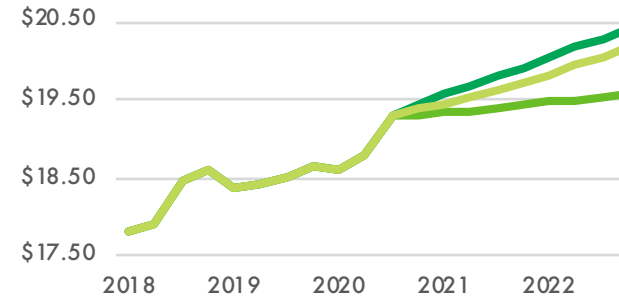
**5.9%**  
5-Year Projected  
Job Growth



## Office

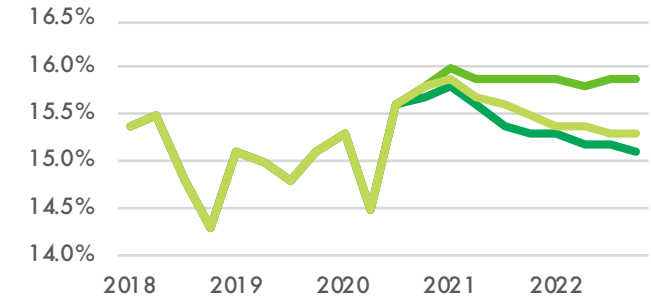
- Despite the global pandemic, Memphis office fundamentals remained steady in 2020, as rental rates continued to increase, and tenants gained confidence to make leasing decisions. This relative stability bodes well for 2021, as the market is poised to grow stronger as vaccines are released and employees become more comfortable working in offices.
- High levels of construction preleasing in 2020 (over 84% committed) indicate that demand for new space will continue into 2021.
- With construction well-paced and balanced with demand, core fundamentals such as overall vacancy and average asking rents should remain stable as economic conditions recover more broadly.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

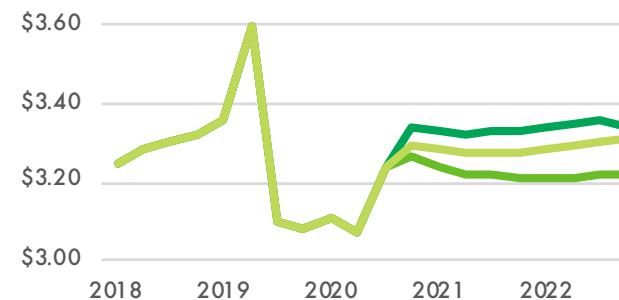


**BASELINE UPSIDE DOWNSIDE**

## Industrial

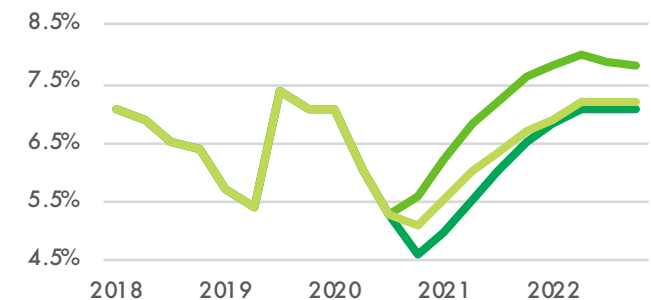
- After a record-breaking 2020, the industrial sector continues to be Memphis' strongest property type, with robust demand for warehouse and last-mile space poised to continue into 2021.
- Many new buildings will continue to deliver 100% preleased, as big block space in existing buildings is scarce. New construction will continue into 2021 and vacancy rates are forecasted to rise moderately throughout 2021.
- Strong tenant demand and big block scarcity is expected to help rents remain steady over the coming years, giving landlords an edge in the market.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



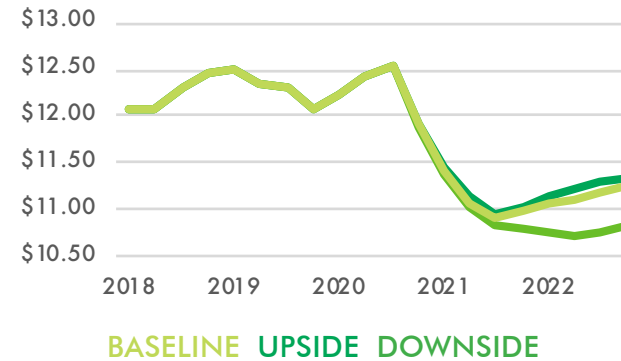
**BASELINE UPSIDE DOWNSIDE**

# MEMPHIS, TN

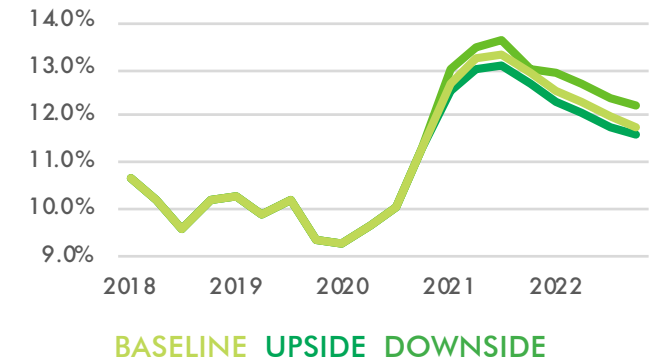
## Retail

- Capital markets activity slowed in 2020 to roughly 56% of 2019's total through the first nine months of 2020, however, activity is expected to receive a boost in 2021 as investors search for higher yields.
- Despite falling sales volume in 2020, average pricing for assets is rising as 2021 approaches, a trend which may continue as investors flee to quality.
- Given the tremendous growth of Memphis' industrial sector, opportunities for retail-to-industrial conversions may take shape for well-located but failing retail properties.

### RENT FORECAST



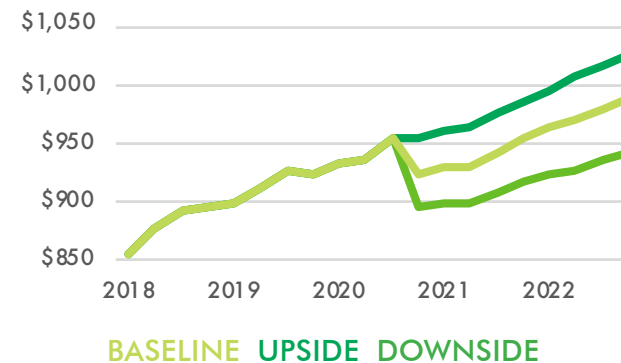
### VACANCY FORECAST



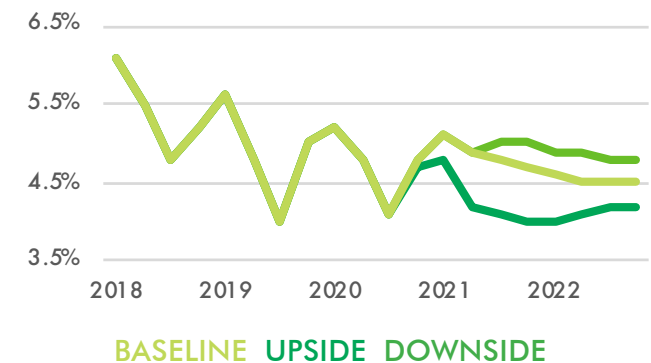
## Multifamily

- Overall vacancy in Memphis is expected to rise in the short-term but remain in a healthy range between 4% to 6% through 2022.
- A slowdown in new unit deliveries should lead to above-average rental appreciation in 2021 and 2022.
- Increased interest in Memphis multifamily product has led to growing sales volumes and a downward trajectory in cap rates over the last two years. Look for large-scale investor interest in suburban and secondary markets to support future multifamily investor demand in Memphis.

### RENT FORECAST



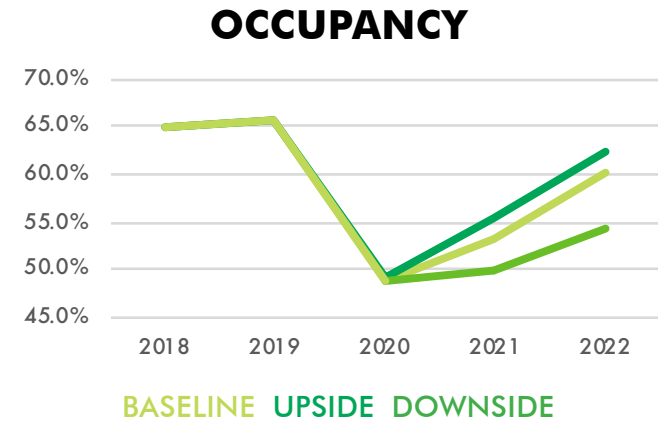
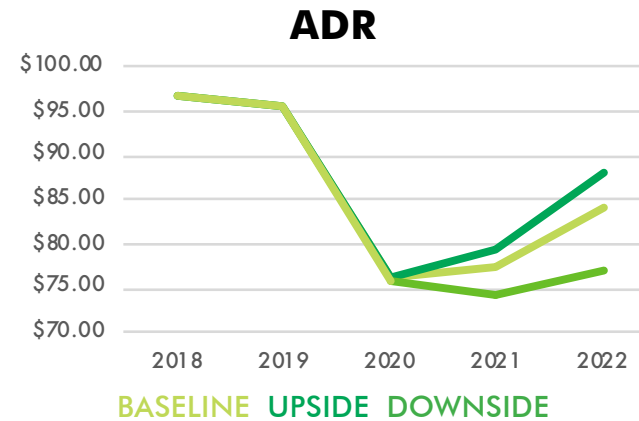
### VACANCY FORECAST



# MEMPHIS, TN

## Hotel

- Performance declined in 2020, but not as much as competitive markets due to Memphis' appeal as a leisure destination within in the South-Central region.
- The Convention Center renovation project is expected to be completed in 2021, which should trigger a return of group demand to the market.
- The expansion of St. Jude Children's Hospital will generate additional medical-related demand for downtown hotels.
- The surge in overnight deliveries during 2020 has helped provide stability to Federal Express as a source of corporate demand for airport area and suburban hotels.



## Economy

- Memphis's proximity to both Central and Eastern U.S. areas, and with multiple points of access, makes its industrial sector the primary economic driver. This phenomenon will continue in coming years as demand for warehouse and last mile space strengthens.
- Healthcare will continue to be an economic driver for Memphis as St Jude's Children's Hospital continues to bolster the medical community and fuel area growth.
- Memphis has already regained over half of the jobs it lost at the beginning of the pandemic. This represents a swift recovery and indicates that the labor market will continue to bounce back over the coming year.

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# CHARLESTON, SC

**4.5%**  
5-Year Projected  
Population Growth

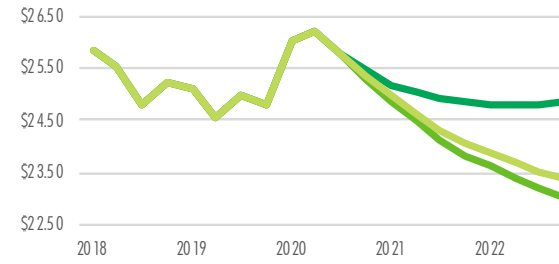
**10.2%**  
5-Year Projected  
Job Growth



## Office

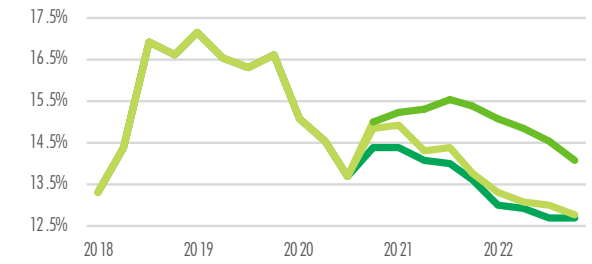
- The Charleston office leasing market paused during most of 2020 due to the COVID-19 pandemic, but optimism for a return to the office in 2021 remains as vaccines make their way to residents and public confidence rises.
- Charleston expects to have a significant amount of office space available in 2021 due to an uptick in sublease space, large construction deliveries and a less predictable leasing market.
- Although market fundamentals may fluctuate in 2021, Charleston expects to benefit from companies potentially migrating south due to cost of living and less dense urban environments.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

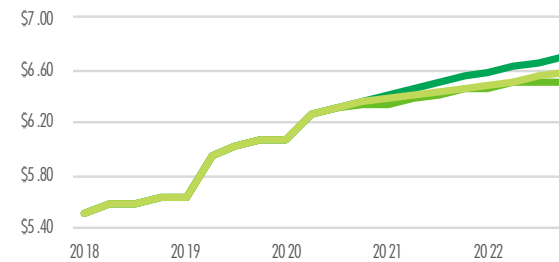


**BASELINE UPSIDE DOWNSIDE**

## Industrial

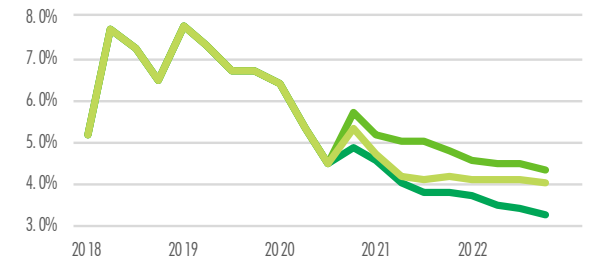
- Walmart's decision to build a 3.0 million sq. ft. distribution center is a big win for the market, symbolizing Charleston's rise as a major retail/ecommerce port and potentially attracting additional interest from suppliers and distributors.
- The Life Sciences industry is expected to be active with many PPE providers and other suppliers looking for a southeast location in proximity to a port.
- The market has averaged 842,000 sq. ft. of demand quarterly since Q1 2018. This level of activity is expected to remain consistent into 2021, with further expansion and interest in the Charleston market underpinning strong market fundamentals.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

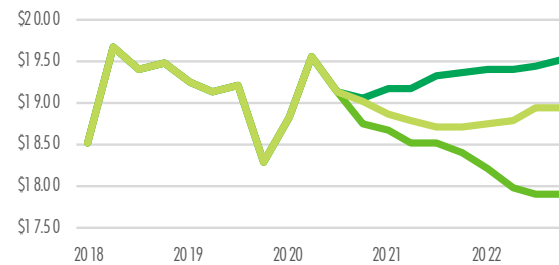
# CHARLESTON, SC



## Retail

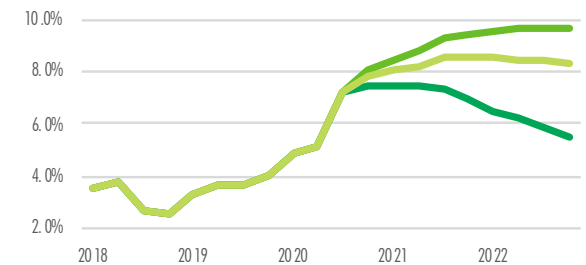
- Charleston's suburban retail markets are expected to see more activity relative to CBD submarkets in 2021, due in part to greater demand for grocery-anchored centers, open-air environments and drive-thru food service.
- Retail sales growth in Charleston is expected to surpass both regional and national averages through 2024.
- Retail rental growth is expected to be negative through most of 2021, with a return to positive momentum towards the end of the year and into 2022.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

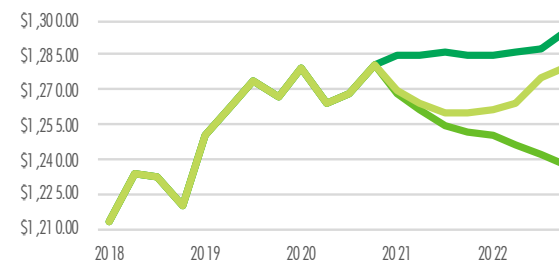


**BASELINE UPSIDE DOWNSIDE**

## Multifamily

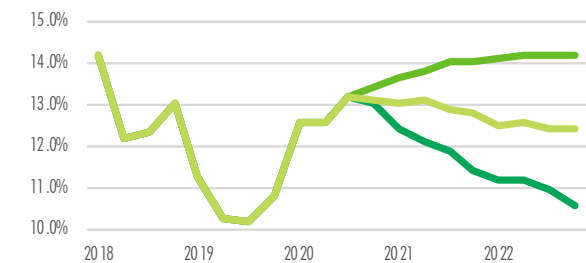
- The Charleston multifamily market should see a post-COVID bounce due to strong job and population growth. A surge of in-migration coupled with the delivery of new properties with expansive amenity sets has resulted in new lifestyles in some of Charleston's most desirable submarkets.
- While delivery of new supply continues through 2021, it should be met with strong demand as home ownership continues to be out of reach for many in Charleston. This trend has been exasperated by COVID as home sales reach new highs and supply decreases in urban cities across the U.S.
- West Ashley and North Charleston submarkets should be top performers in 2021 given a decline in supply, relative affordability and strong rent growth. Both markets are well positioned for easy commutes to major employers that should factor into decision making as Charleston's traffic woes increase.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

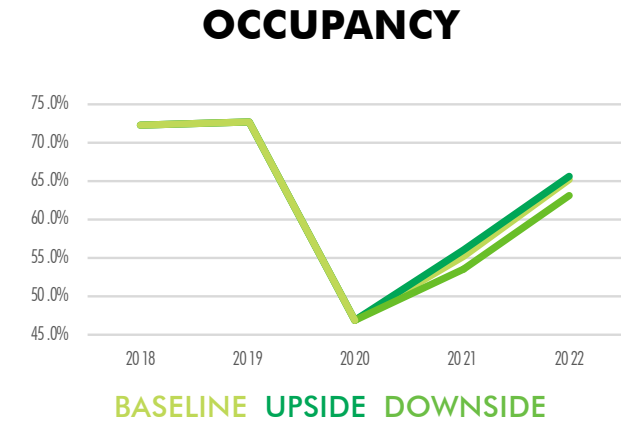
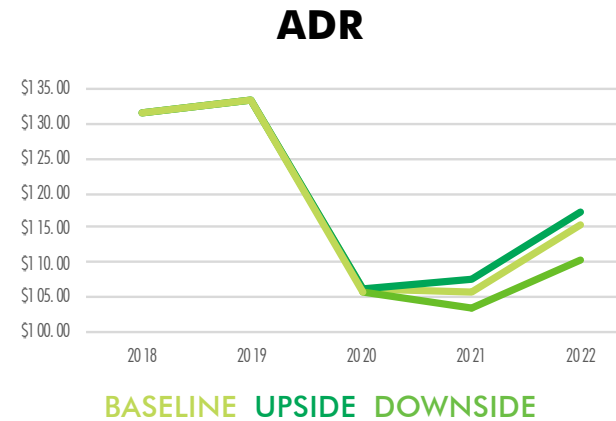


**BASELINE UPSIDE DOWNSIDE**

# CHARLESTON, SC

## Hotel

- As a drive-to leisure destination, Charleston area hotels have enjoyed some level of support during 2020.
- Economic and hospitality development activity is expected to continue in the downtown area, and plans are in place to deepen the waterways to accommodate more cruise ships.
- Additional corporations are following Volvo and Boeing and looking to locate in Charleston, which helps provide a base of commercial lodging demand for area hotels.



## Economy

- Charleston's international airport and seaport continue to promote incredible growth for the market. Both have served as economic catalysts and will continue to fuel demand in 2021.
- One factor driving demand for product in Charleston is the impact of global trade. Key additions to the port's harbor capabilities and additional depth will help support future growth of e-commerce in the region.
- Charleston's total GDP increased 36% from 2010 through 2019. GDP will contract in 2020, but a strong rebound of 4.4% is expected in 2021, followed by 3.4% in 2022 according to Oxford Economics.

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# COLUMBIA, SC



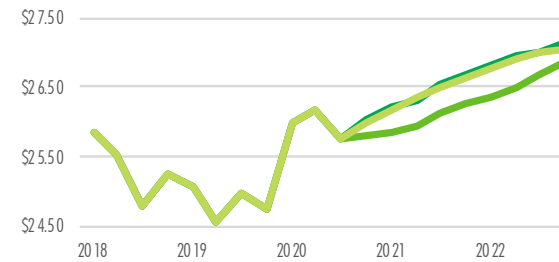
**2.6%**  
5-Year Projected  
Population Growth

**6.3%**  
5-Year Projected  
Job Growth

## Office

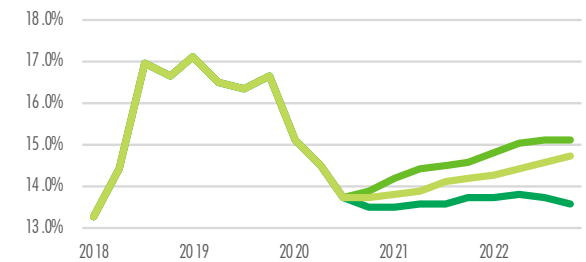
- In contrast with other markets since the COVID-19 pandemic, Columbia has not seen a dramatic uptick in sublease availability, which bodes well for landlords and overall market health into 2021.
- Limited new deliveries and its stabilizing government presence in the office sector will continue to help Columbia remain in balance and active into 2021.
- Columbia's educated workforce, strong millennial concentration and welcoming business environment is leading to a growing tech sector, which could emerge more prominently in 2021.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

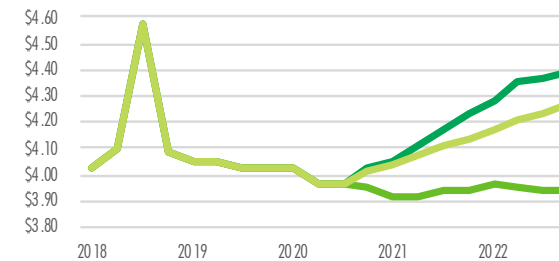


**BASELINE UPSIDE DOWNSIDE**

## Industrial

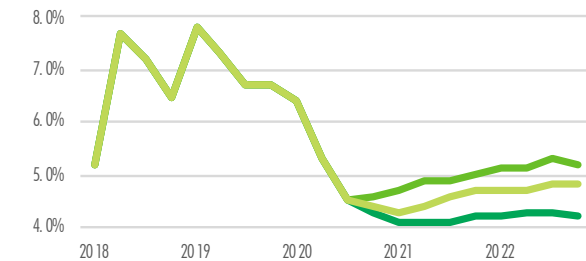
- As e-commerce tenants look to locate close to population centers due to changes in consumer shopping habits, Columbia has seen a rise in speculative development as demand increases regionally.
- Market and economic fundamentals continue to leverage Columbia as an attractive market to investors as buyer competition and competitive pricing is not as intense as other regional markets, creating great investment opportunities.
- Spurred by broad economic growth drivers in the southeast and the emergence of onshoring, overall leasing and sales velocity is expected to increase in 2021.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



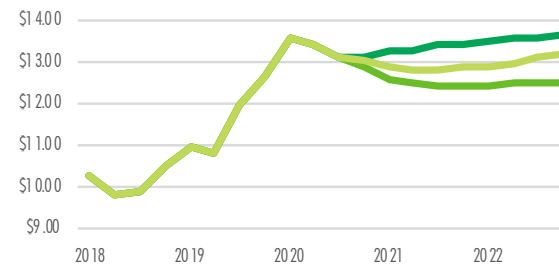
**BASELINE UPSIDE DOWNSIDE**

# COLUMBIA, SC

## Retail

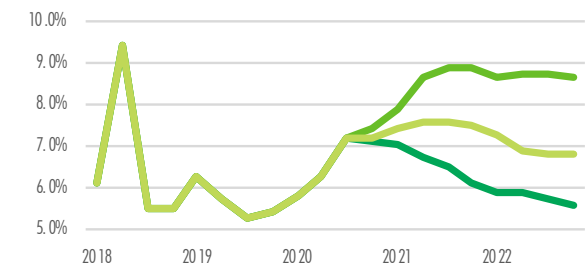
- Although vacancy rose in 2020 due to COVID-19, certain retail sectors such as automotive, grocery and end-cap use drove demand and will continue to do so into 2021.
- Shopping center leasing and demand will remain lackluster until a broader economic recovery takes hold.
- High-end retail continues to attract tenants in the market even though asking rates are typically 10-15% higher for premium space.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

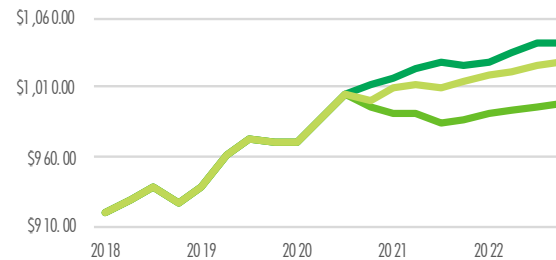


BASELINE UPSIDE DOWNSIDE

## Multifamily

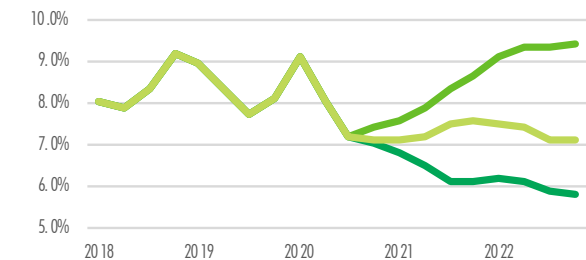
- Columbia's multifamily market has performed well through COVID-19 and that trend is expected to continue into 2021. The unemployment rate recovered quite rapidly (approaching 3.8% in late 2020) relative to other southeastern markets in 2020. This bounce back should allow for positive performance in 2021.
- The limited construction pipeline in Columbia is projected to drive rent growth to 3.7% in 2021, the strongest in recent years. New product deliveries with high-end finishes and market-leading amenities have created a luxury lifestyle in Columbia commanding rents in the \$1,600 to \$1,800 range, well above previous highs.
- Continued growth in manufacturing and distribution, and the emergence of Columbia's downtown nightlife and lifestyle will help the city move toward an 18-hour city. Several authentic retail and entertainment pockets have emerged, bringing a new lifestyle that will allow it to compete with surrounding cities.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

# COLUMBIA, SC

## Hotel

- Government demand generated by the state capital and area military bases provides some stability for Columbia area hotels.
- Several revitalization projects are underway downtown and are expected to generate demand for hotels in this submarket.
- Relative to other markets, Columbia is not seeing as much new hotel development activity.

## Economy

- Although Columbia's unemployment rate rose to 9.3% in May 2020, the peak of COVID-19, it has dropped to 3.8%. A strong government labor presence, cost of living and healthy job market has helped Columbia's economy rebound quickly.
- Columbia was identified as an emerging market poised for future tech growth. Over the last five years, Columbia's total tech employment has increased 18%, reaching 13,000. Strong population growth, proximity to USC and competitive asking rates will continue to leverage the market for tech growth in 2021.
- Although certain sectors of Columbia have rebounded since the start of COVID-19, certain sectors such as retail, tourism and hospitality continue to struggle as the market enters 2021.

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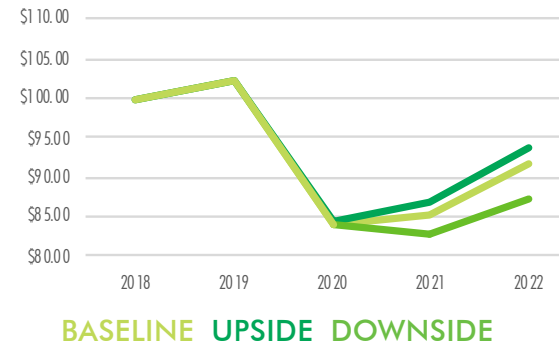
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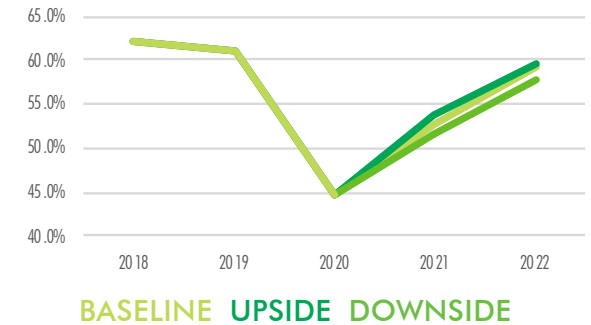
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## ADR



## OCCUPANCY



# GREENVILLE, SC

## Office

- The Greenville-Spartanburg office leasing market is slower relative to its pre-pandemic pace, but vaccine distribution is expected to give way to new activity in 2021.
- Local occupiers are finding employees are eager to get back to the workplace. This return to the office and the de-densification of space could spur additional demand in 2021.
- Greenville stands to benefit from prospective office relocation activity to the Southeast spurred by the pandemic, with plentiful large block availability.

## Industrial

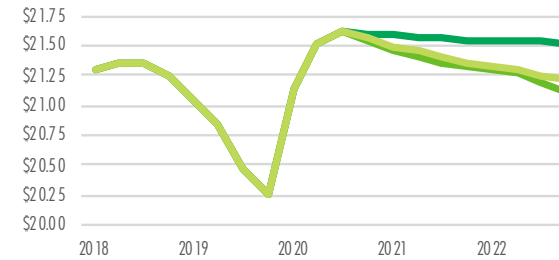
- Leasing activity is expected to remain strong into 2021 as population growth and a business-friendly environment drive new activity in the Upstate.
- The growing importance of the Inland Port Greer and supporting infrastructure should lead to continued strength in the big-box distribution sector over the next several years.
- Elevated demand should have an inflationary effect on rents over the near term.

**4.0%**  
5-Year Projected  
Population Growth

**6.7%**  
5-Year Projected  
Job Growth

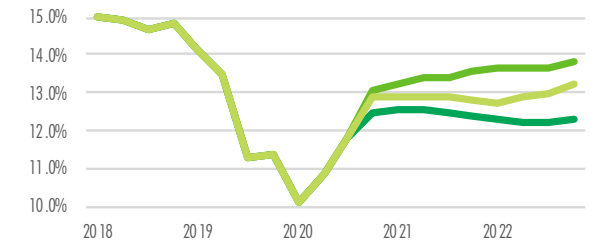


### RENT FORECAST



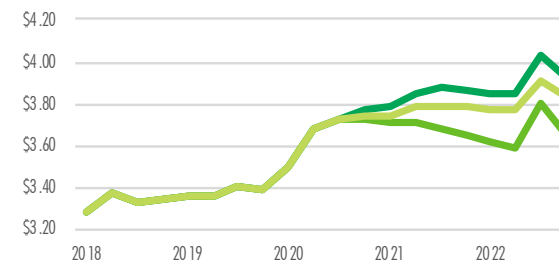
BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



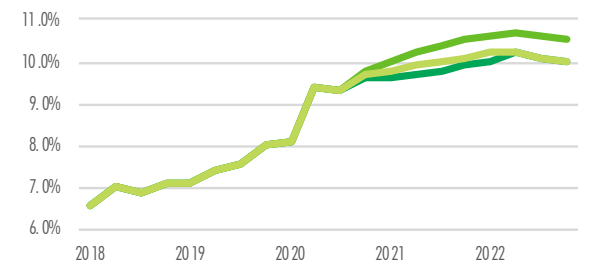
BASELINE UPSIDE DOWNSIDE

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

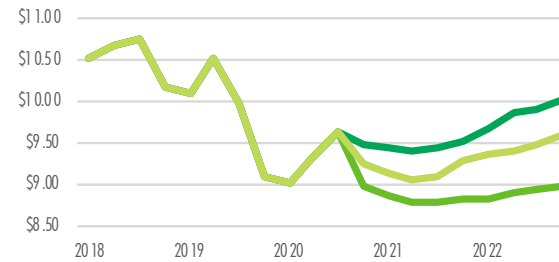
# GREENVILLE, SC



## Retail

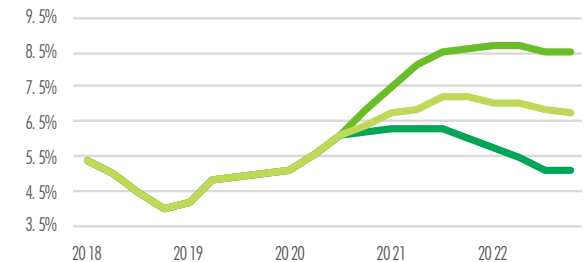
- Grocery stores which adapted to online ordering and/or delivery services have seen notable gains in sales activity.
- With many big box retailers downsizing, the backfilling of these spaces will require increasingly creative strategies.
- Demand will remain elevated for end-cap retail units, especially those with outdoor seating space or drive-thru capabilities.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

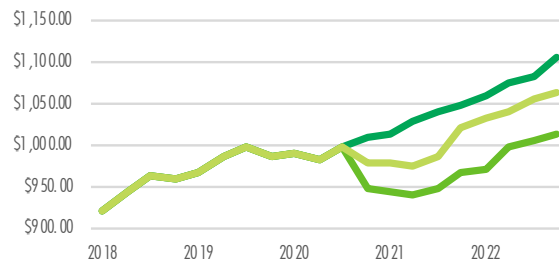


BASELINE UPSIDE DOWNSIDE

## Multifamily

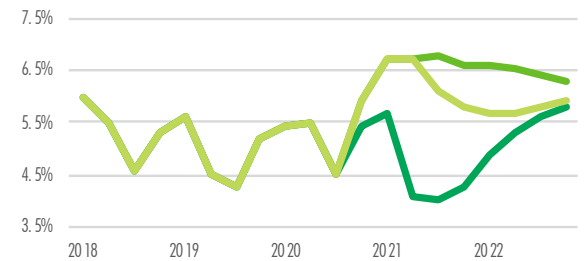
- Greenville maintains its place as South Carolina's largest market with a notable employment base and highly educated workforce. A post-COVID bounce in employment will help bolster market performance as new supply continues to decline in 2021.
- Greenville's overall multifamily growth has been relatively balanced between ultra-luxury properties and attainable luxury, helping to create performance stability in 2021. The city continues to grow and attract both a manufacturing-based workforce as well as an affluent tenant profile seeking a unique, urban lifestyle.
- Industrial market expansion will fuel job growth in 2021 as major employers relocate operations from COVID-impacted cities. The Spartanburg submarket has positioned itself for a strong 2021 with the delivery of new luxury communities, employment opportunities and an attractive lifestyle.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

# GREENVILLE, SC



## Economy

- Like other Southeast markets, Greenville expects to rebound in 2021 and see the continued migration of people from the Northeast due to a welcoming business environment, low cost of living and competitive tax benefits.
- Manufacturing and other industrial sectors continue to boom in the Upstate, which is directly impacting the economy and overall job growth of Greenville-Spartanburg.
- Although the market's unemployment peaked at 12.2% in May, the unemployment rate rapidly improved to 3.5% in the fall. As the market continues to strengthen and gain optimism, unemployment is expected to fall to pre-COVID-19 levels in 2021.

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# CHARLOTTE, NC

**8.4%**  
5-Year Projected  
Population Growth

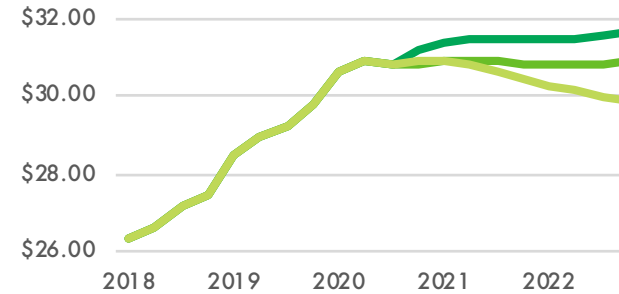
**11.0%**  
5-Year Projected  
Job Growth



## Office

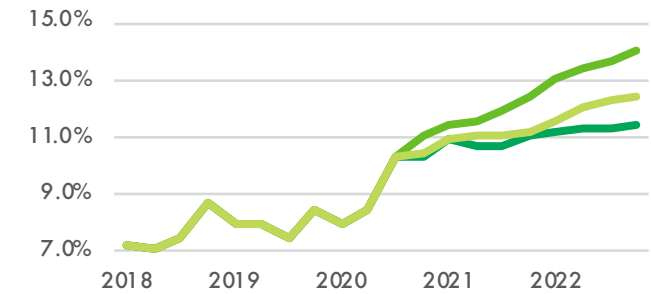
- With significant changes coming in 2021 investors remain bullish on the Charlotte market due to tenant activity and overall demand.
- Most owners remained firm on rent economics throughout 2020 as Charlotte's overall asking rates remained stable from Q1-Q3, which signifies consistent demand and pricing.
- Although Charlotte's overall sublease availability continues to increase (1.4 MSF), only 3.1% of its office market is available for sublease - while some regional and national cities have over 5% of the market available for sublease.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

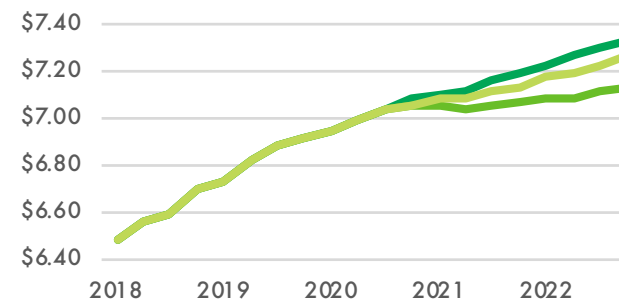


**BASELINE UPSIDE DOWNSIDE**

## Industrial

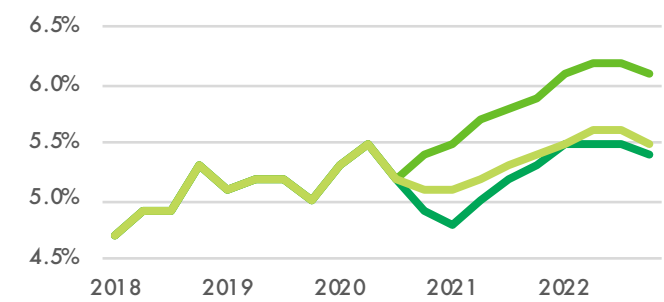
- Charlotte has identified and announced the need to make more land available and zoned for industrial use in a recent Charlotte Economic Development Plan, which will guide and fuel future development.
- As submarkets such as York County, SC and Cabarrus County, NC begin to restrict warehouse development in hopes of landing more manufacturing, emerging market such as Gaston County, NC and Rowan County, NC will benefit due to favorable costs and an abundance of undeveloped land.
- Charlotte's appeal to regional, national and international investors supported record pricing and cap rates in 2020 - and strengthening fundamentals point to growing future capital interest.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



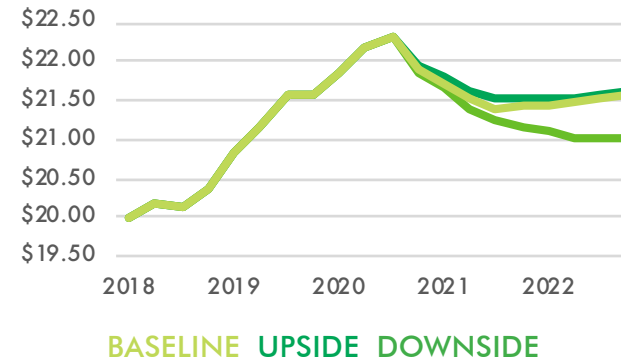
**BASELINE UPSIDE DOWNSIDE**

# CHARLOTTE, NC

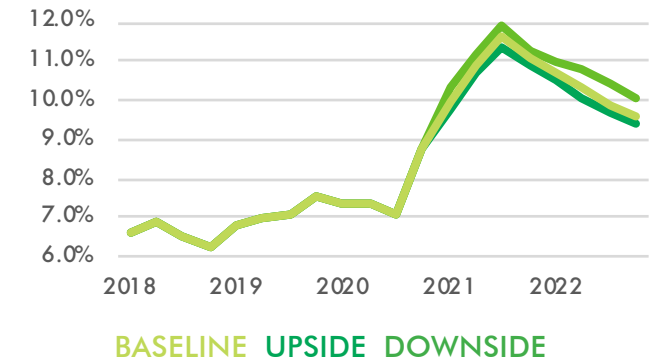
## Retail

- Unlike other retail markets, Charlotte's retail leasing market has remained strong with no meaningful increase in tenant concessions or rise in vacancy rate. Overall demand is expected to remain strong as Charlotte's low cost of living, a welcoming business environment and competitive rates continue to attract employers and new residents.
- Grocery stores will continue to drive retail demand in 2021 as supermarkets have flourished throughout the COVID-19 pandemic. Flexibility in new developments for drive-thru/walk ups, increased patio seating and dedicated areas for "buy online pick up in store" (BOPIS) are becoming essential to both tenants and owners.
- Yields in retail will continue to be attractive relative to the other asset types and recovery from the pandemic throughout 2021 will translate into increased transaction velocity throughout the year.

### RENT FORECAST



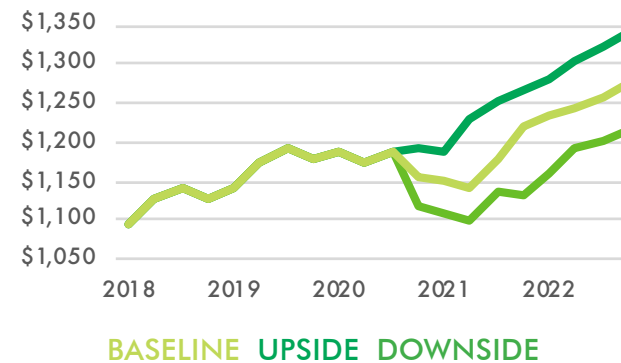
### VACANCY FORECAST



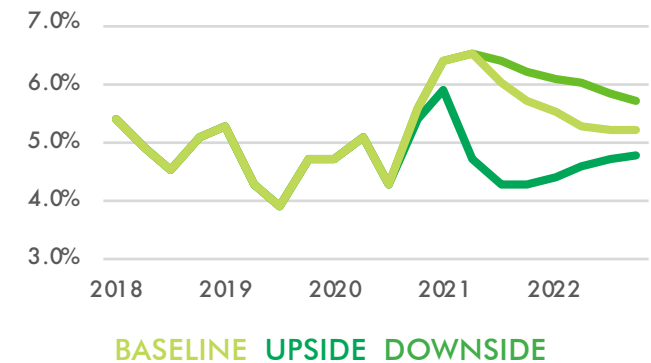
## Multifamily

- Charlotte's multifamily market will continue to grow in 2021 as over 10,000 units are slated to deliver by the end of the year.
- The suburban nodes have outperformed the in-fill nodes in 2020 and that is expected to continue in 2021. Furthermore, developers will continue to focus on suburban markets for future development due to certain market factors that directly impact the cost of the projects.
- Sustained low interest rates continue to drive attractive returns as multi-family should continue to fuel capital investment in the United States, especially the Southeast Region.

### RENT FORECAST



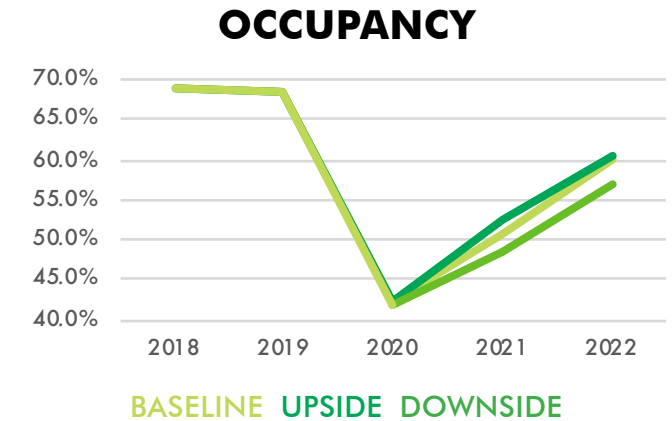
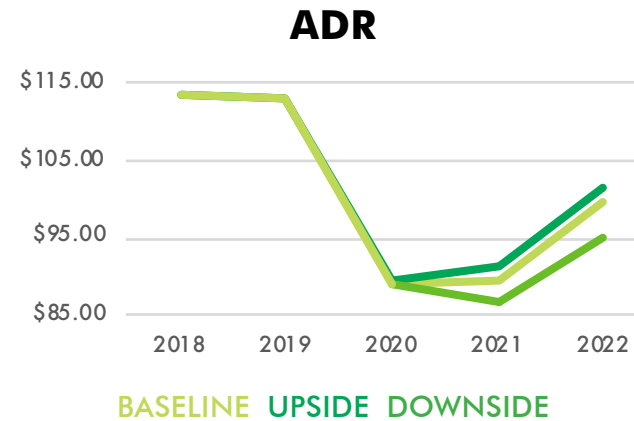
### VACANCY FORECAST



# CHARLOTTE, NC

## Hotel

- The Airport/Southwest area of Charlotte continues to attract the greatest amount of new corporate economic development.
- Accordingly, hotel developers have been drawn to this submarket, which will make it highly competitive in the short-term.
- Despite a lack of demand in 2020, Charlotte is perceived to be a desired hotel market with strong long-term prospects, except for pockets where new lodging supply will result in short-term competitive situations.



## Economy

- Charlotte remained an attractive market for corporate relocations amid the COVID-19 pandemic due to an educated workforce, welcoming business environment and favorable cost of living, which will continue to promote growth in the region in 2021.
- As of 2020, Charlotte leapfrogged San Francisco as the 15th largest city in the United States. Charlotte continues to record phenomenal population growth and is expected to grow between 5-10% through 2025.
- Charlotte home prices and demand soared in 2020. As the market continues to rebound and unemployment drops, Charlotte housing demand is expected to continue its ascent into 2021.

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# GREENSBORO/WINSTON SALEM, NC

**3.1%**  
5-Year Projected  
Population Growth

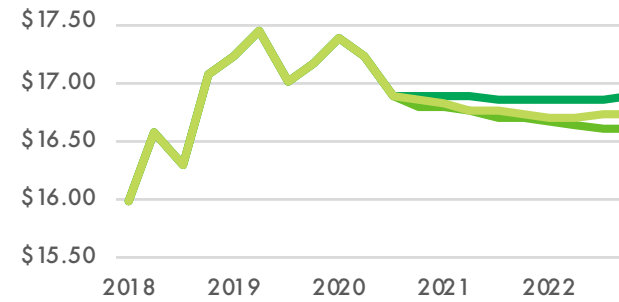
**8.5%**  
5-Year Projected  
Job Growth



## Office

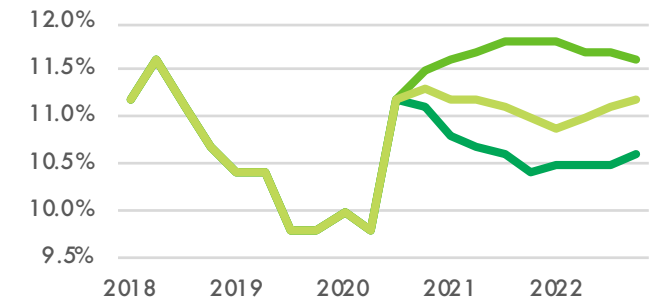
- Leasing activity in the Triad office market is predicted to be stagnant in early 2021 due to the uncertainty caused by the COVID-19 pandemic, with conditions gradually improving during the last half of the year.
- Leasing activity related to new Class A construction deliveries has been robust, indicating demand for first generation space may have the upper hand into 2021 as occupiers assess options.
- Office investment sales activity is slowing as 2021 approaches. Medical office investment sales will continue to be active as investors chase limited opportunities in the space.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

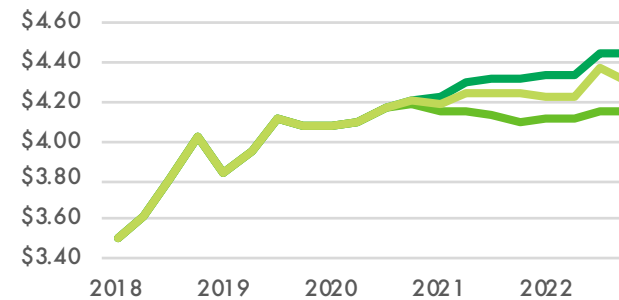


**BASELINE UPSIDE DOWNSIDE**

## Industrial

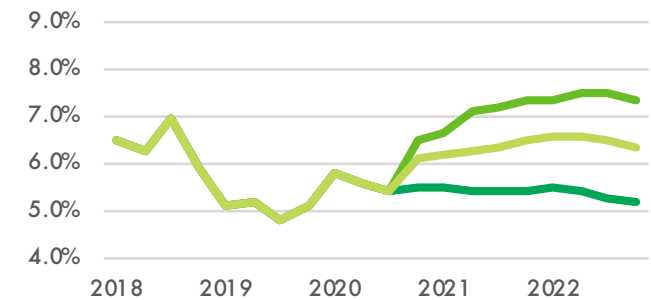
- Leasing activity for industrial product is likely to continue to increase in 2021 due to the Triad's strategic geographic location along Interstates 85, 40 & 77 and in support of e-commerce and organic area growth.
- The construction pipeline will remain active in 2021. Developer-led speculative projects will complement user activity on large build-to-suit projects recently announced or underway.
- Sales activity will continue to be strong with increasing demand from institutional and private investors for Class A industrial product.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

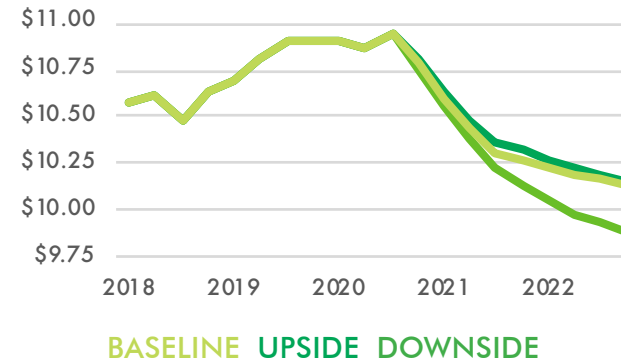
# GREENSBORO/WINSTON SALEM, NC



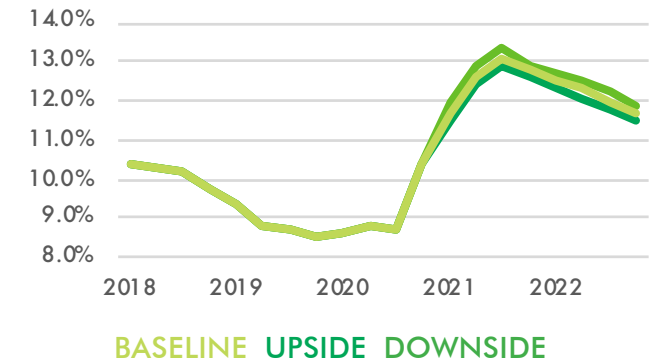
## Retail

- Leasing activity in the Triad retail market will likely continue to be depressed in early 2021 due to the uncertainty caused by the COVID-19 pandemic.
- Construction of smaller strip centers and free-standing single tenant buildings will likely increase due to the high demand for drive-thru restaurants and outdoor seating.
- Triple-Net investment sales, multi-tenant strip centers and grocery-anchored shopping center sales will likely remain strong in 2021 as more investors chase yield and opportunity in the Triad market.

## RENT FORECAST



## VACANCY FORECAST



## Economy

- Manufacturing and distribution remain key drivers of economic progress in the Triad. Large companies, including Publix and Chick-Fil-A, are currently expanding their distribution networks.
- Population growth in North Carolina will continue to drive economic growth in the Triad, as well as the Raleigh-Durham and Charlotte metropolitan areas.
- Low business and living costs will continue to attract labor and job-creating businesses to the Triad.

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# RALEIGH-DURHAM, NC



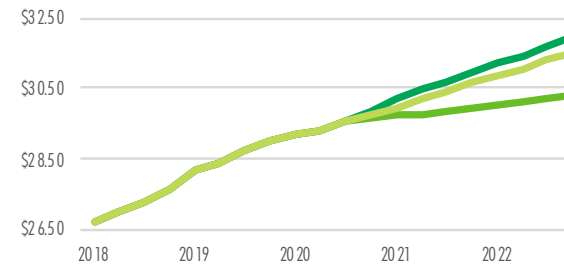
**7.3%**  
5-Year Projected  
Population Growth

**13.2%**  
5-Year Projected  
Job Growth

## Office

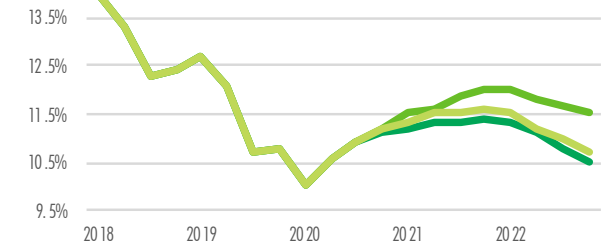
- Raleigh-Durham offers an attractive environment for both tenants and investors in highly concentrated gateway markets looking to diversify into less dense secondary markets. The market has received a significant increase in interest from out-of-market investors and developers since the COVID-19 pandemic began.
- The market continues to benefit from a significant and growing life sciences presence, supported by the region's colleges and universities, which is expected to expand into 2021 and beyond.
- Suburban environments have been favored over the market's urban clusters since the beginning of the pandemic, a shift expected to continue into 2021.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

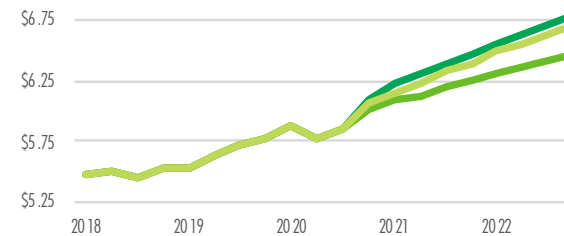


**BASELINE UPSIDE DOWNSIDE**

## Industrial

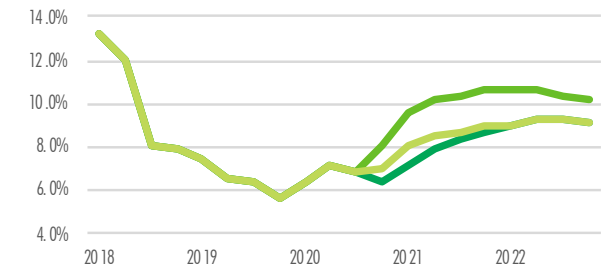
- The industrial market has remained very active throughout the pandemic, recording higher than expected net absorption throughout 2020. Strong demand for industrial space is expected to continue into 2021.
- Increased competition for well-positioned tracts of land in desired submarkets and high construction costs will keep supply in check, even with strong demand for quality industrial space.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

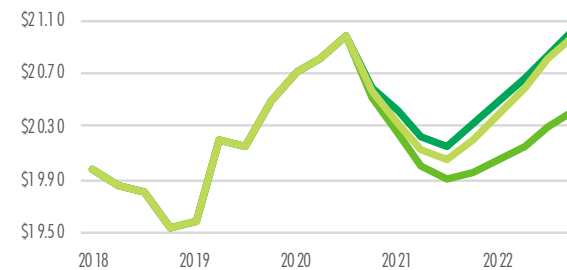
# RALEIGH-DURHAM, NC



## Retail

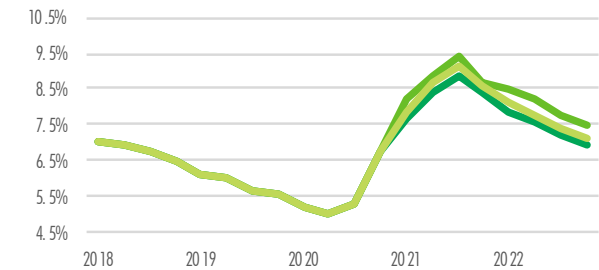
- The COVID-19 pandemic has accelerated many of the trends already present in the retail industry, such as the national acceleration of e-commerce. Open air retail centers and outdoor mixed-use projects will continue to be favored over enclosed malls and traditional department stores.
- Raleigh-Durham's economic engine remains relatively well-positioned with limited exposure to the tourism and professional sports industries when compared to similar size markets such as Nashville or Charlotte.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

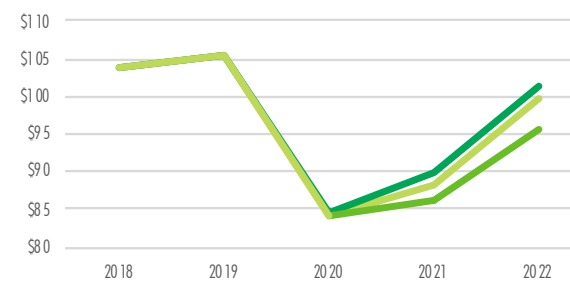


BASELINE UPSIDE DOWNSIDE

## Hotel

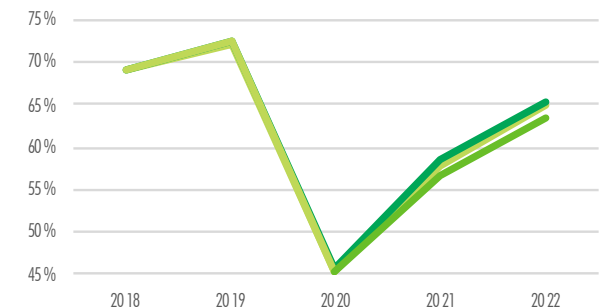
- Historically the Research Triangle (RTP) has been a steady source of corporate demand for Raleigh area hotels, however, commercial activity in the RTP has declined significantly during 2020.
- Group oriented hotels in the downtown submarket have also experienced large declines in performance due to the lack of convention activity.
- The demand generated by the region's universities has diminished somewhat during 2020, but does provide an assurance of long-run stability for the market

### ADR



BASELINE UPSIDE DOWNSIDE

### OCCUPANCY



BASELINE UPSIDE DOWNSIDE

# RALEIGH-DURHAM, NC



## Economy

- The outlook for Raleigh-Durham will mirror other technology hubs, as the city's software, consulting and advanced manufacturing industries generate sturdy growth in higher-paying jobs and attract new residents.
- Both Raleigh and Durham were ranked as two of the top-10 cities best positioned to recover from the COVID-19 pandemic in a report from Moody's Analytics.
- A growing and diverse array of industries, combined with a relatively low cost of living and temperate climate, continue to push population growth and support economic expansion. The market is well-positioned to excel in a post-COVID environment.

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# JACKSON, MS

## Office

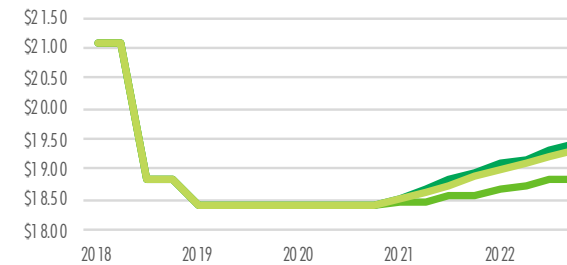
- Due to the global pandemic, the Jackson office market is anticipating tenant downsizings as leases expire in the coming months.
- Construction activity is conservative with the Community Bank headquarters in Flowood the only new office building underway.
- Despite the pandemic, coworking space remains in demand, a trend which is expected to continue into 2021.

**0.2%**  
5-Year Projected  
Population Growth

**4.8%**  
5-Year Projected  
Job Growth

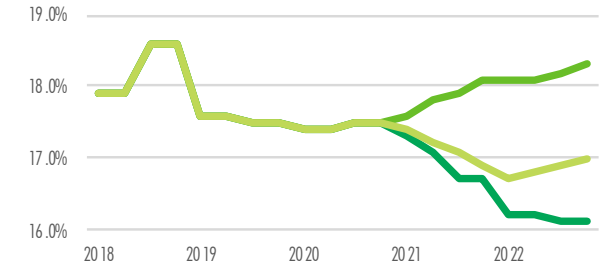


### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

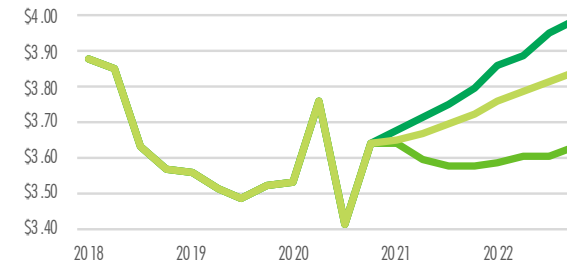


**BASELINE UPSIDE DOWNSIDE**

## Industrial

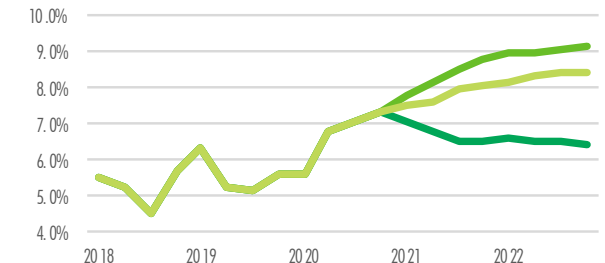
- New construction activity is expected to remain conservative next year – currently no new spec development is in the pipeline.
- Despite the pandemic, industrial demand is projected to remain strong, further tightening the limited supply available.
- After declining in 2020, rents are forecasted to fully recover in late 2021/early 2022.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

# JACKSON, MS



## Economy

- Jackson's healthcare, manufacturing and government sectors fuel the market, significantly contributing to its economic health.
- Looking forward, the presence of Nissan and Continental Tire manufacturing facilities will continue to underpin the Jackson labor market, creating jobs statewide.
- Jackson's employment has so far shown a swift recovery and indicates that the labor market will continue to bounce back over the coming year.

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# BIRMINGHAM, AL

## Office

- In light of the global pandemic, leasing activity and net absorption slowed in 2020, but looking forward, leasing activity is expected to slowly pick up as COVID-19 vaccines are released and employees become more comfortable working from the office.
- Construction activity is expected to remain stagnant in the coming months, with very few speculative projects in the pipeline.

## Industrial

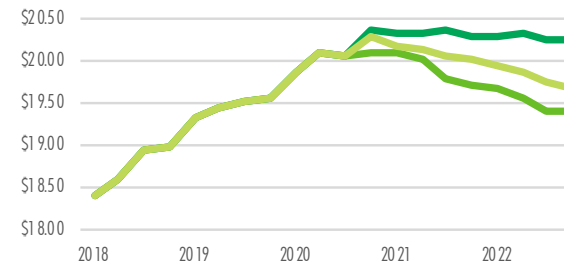
- As an affordable market with a strong industrial sector, Birmingham's fundamentals are expected to remain on solid ground, with an extremely low vacancy rate, positive absorption and rental rate growth.
- New construction will continue to be conservative and well paced into 2021. Notably, the Mercedes-Benz Global Logistics Center is set to deliver in the coming months, bringing jobs and growth to the market.
- Moderate growth in tenant demand is expected to have a stabilizing effect on vacancy, which is expected to remain below 5% in a baseline economic scenario.

**0.9%**  
5-Year Projected  
Population Growth

**4.3%**  
5-Year Projected  
Job Growth

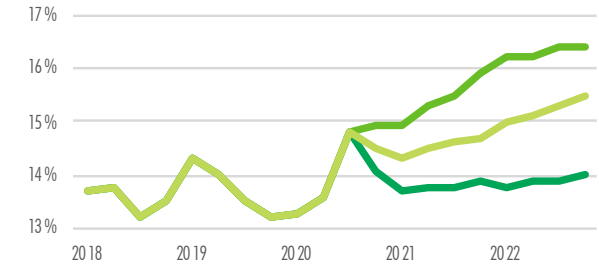


### RENT FORECAST



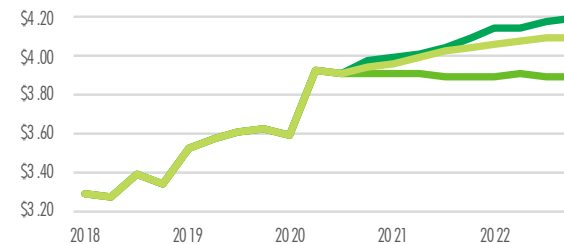
**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



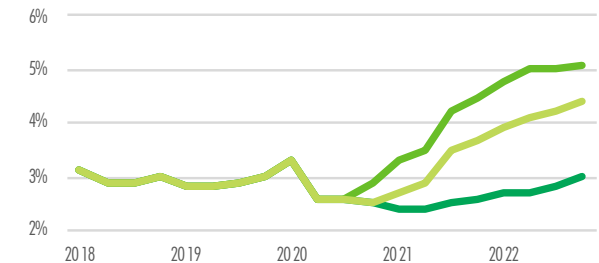
**BASELINE UPSIDE DOWNSIDE**

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

# BIRMINGHAM, AL



## Economy

- The overall economy continues to benefit from the presence of the University of Alabama at Birmingham, which provides a steady flow of talent to the market.
- Low relative business costs and a solid transportation infrastructure will drive Birmingham's economic growth in the coming years.
- Birmingham has already regained over 68% of the jobs it lost at the beginning of the pandemic. This represents a swift recovery and indicates that the labor market will continue to bounce back over the coming year.

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# FORT LAUDERDALE, FL

**4.0%**

5-Year Projected  
Population Growth

**9.7%**

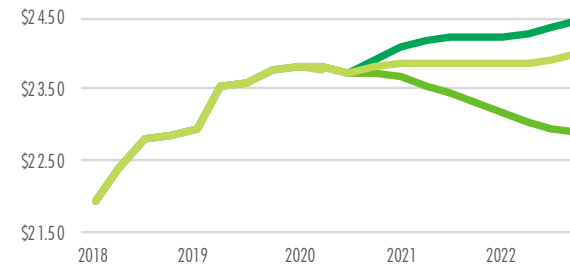
5-Year Projected  
Job Growth



## Office

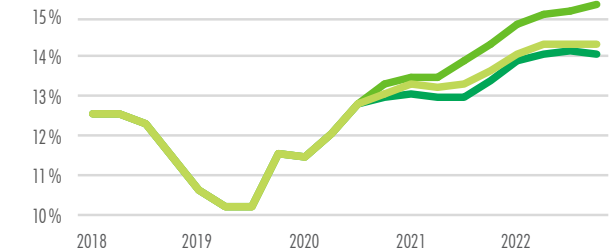
- The market proved relatively resilient through 2020 despite tenants delaying leasing decisions and sublet offerings increasing. A protracted continuation of these trends, however, would place upward pressure on overall vacancy in 2021.
- With tenant tours and leasing activity picking up compared to the spring and summer, absorption should rebound, though vacancy will increase with the delivery of The Main.
- Landlords have held firm on asking rates, and a significant downward trajectory is not expected.

## RENT FORECAST



BASELINE UPSIDE DOWNSIDE

## VACANCY FORECAST

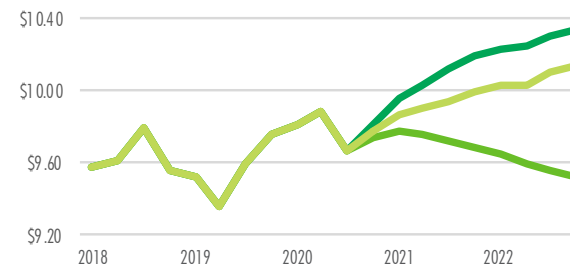


BASELINE UPSIDE DOWNSIDE

## Industrial

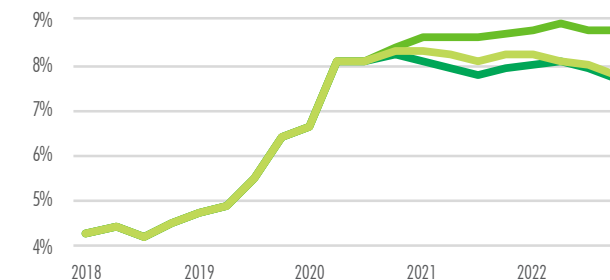
- Deliveries have outpaced absorption since 2018, although new availability is expected to be leased relatively quickly. Developers remain bullish on the market, with over 2.3 million sq. ft. currently under construction as of late 2020.
- E-commerce and related tenants continue to drive industrial demand, but Broward County's diverse tenant base also provides a level of ongoing stability.
- Rents have plateaued in recent quarters but overall demand trends should lead to rent inflation in the short term.

## RENT FORECAST



BASELINE UPSIDE DOWNSIDE

## VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

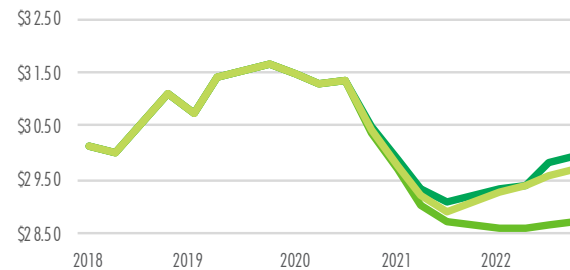


# FORT LAUDERDALE, FL

## Retail

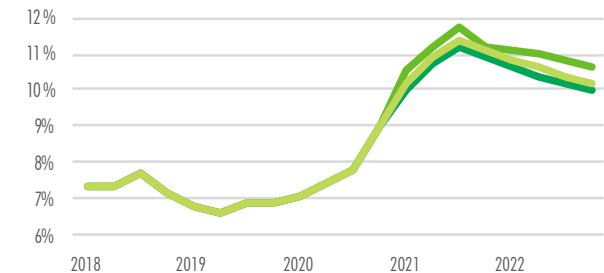
- Fort Lauderdale's retail market has fared well amid the economic shutdown – vacancy has increased slightly, but mass closures have yet to occur.
- Alongside increased vacancy, rents have dipped as of late 2020 and are predicted to decline in 2021.
- The increase in residential units and development downtown should help sustain storefront retail and restaurants in the CBD.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

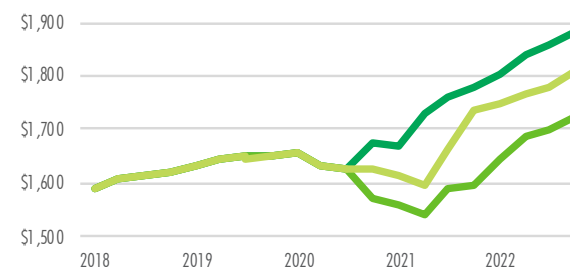


BASELINE UPSIDE DOWNSIDE

## Multifamily

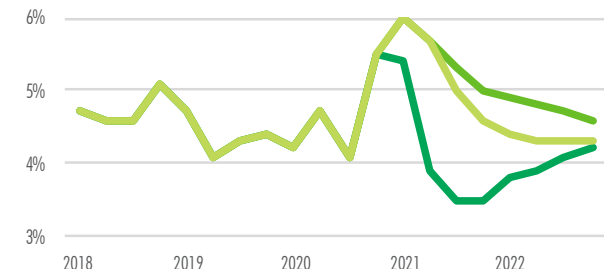
- Underlying demand drivers are favorable for the multifamily market in Fort Lauderdale, and developers are becoming more active as a result.
- Approximately 5,700 multifamily units delivered in 2020, and an additional 7,500 units are in the pipeline and scheduled to deliver by 2024.
- Investment activity declined in 2020 but volumes are still much higher than during the Great Recession, which highlights the strength of the market. Additionally, new-to-market investors have introduced a new source of capital to Class A assets.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

# FORT LAUDERDALE, FL

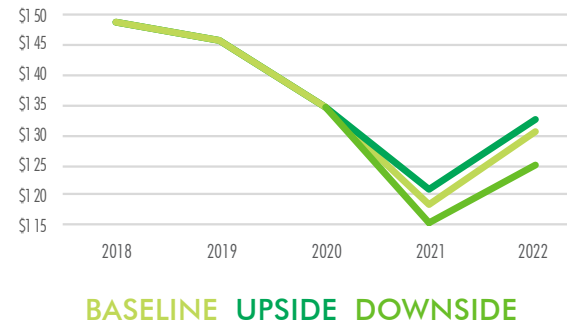
## Hotel

- The shutdown of the cruise industry had an enormous impact on Fort Lauderdale hotels during 2020, but enhanced CDC guidelines should result in a return of the valuable pre- and post-cruise lodging demand generated by the cruise ships.
- Looking forward, the expansion of the Brightline Train beyond Fort Lauderdale will provide greater access to the city for tourists and businesspeople looking to travel throughout Florida and avoid the highways.
- Ft. Lauderdale's hotel inventory continues to experience upgrades, with the addition of the Four Seasons Hotel and other upper-priced properties.

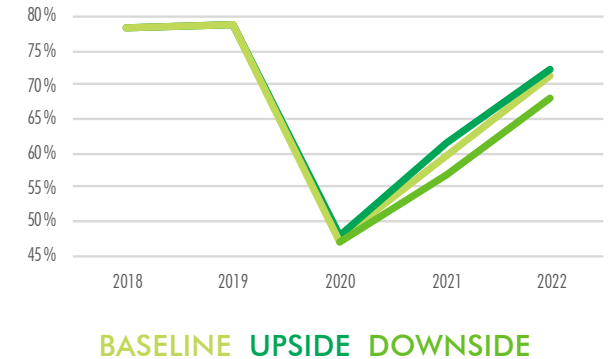
## Economy

- Unemployment is declining rapidly, falling from a peak of 15.2% in May to its current (Q4 2020) level of 7.3%. This rapid jobs recovery bodes well for the market as a broader economic rebound takes hold in 2021.
- Office sector employment has proven resilient, down only 4.0 percent year-over-year, as work from home initiatives have proven productive.
- Retail and leisure-related employment is down significantly but a rebound is expected once vaccinations are more broadly distributed.

## ADR



## OCCUPANCY



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# JACKSONVILLE, FL

**6.2%**  
5-Year Projected  
Population Growth

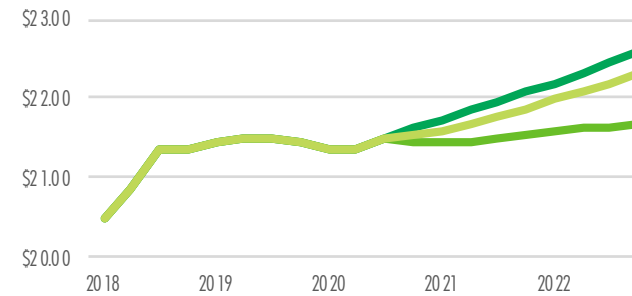
**8.1%**  
5-Year Projected  
Job Growth



## Office

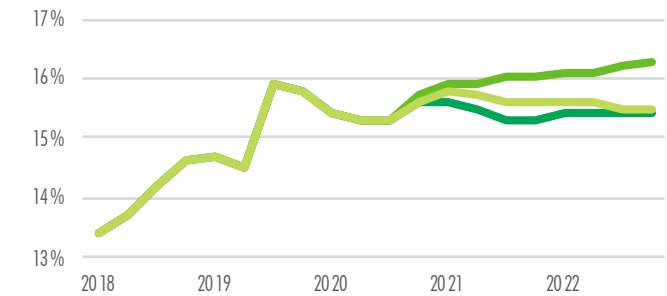
- Leasing activity is down but expected to increase during the second half of 2021 after COVID-19 vaccinations are introduced.
- Net absorption is expected to remain relatively flat as companies return to decision-making and determine the best course of action over the next year.
- Landlords are holding steady on asking rents, but tenant concessions were rising in late 2020 and are expected to continue to rise through early 2021.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

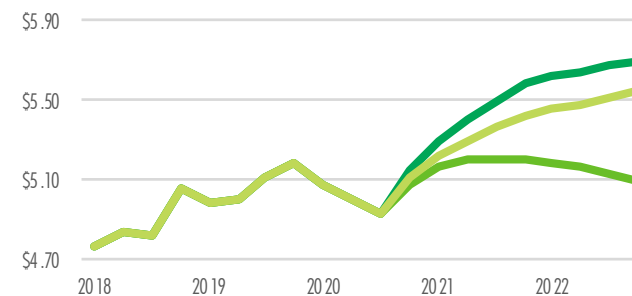


**BASELINE UPSIDE DOWNSIDE**

## Industrial

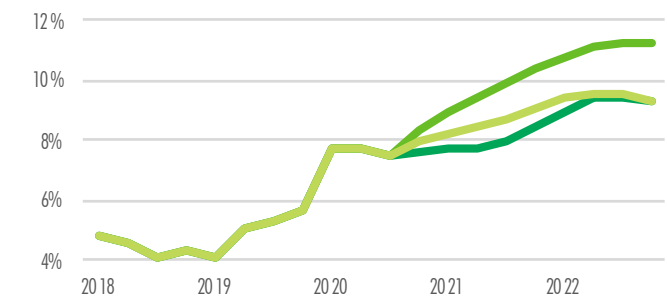
- Increased demand by e-commerce users and third-party logistics firms is expected to place downward pressure on vacancy rates over the next year.
- Asking rents are expected to rise due to increased e-commerce demand and buying patterns migrating to online shopping from brick and mortar retail.
- Speculative development is expected to increase over the next year as tenants have leased more than 3.0 million sq. ft. of the 4.0 million sq. ft. developed since 2019.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

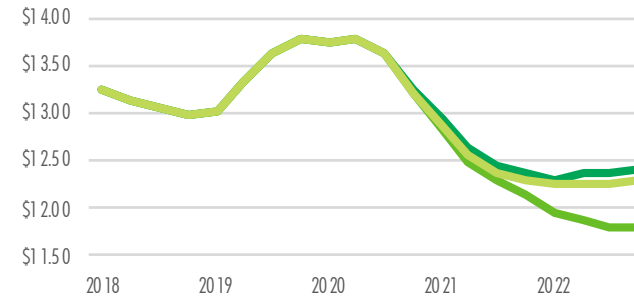
# JACKSONVILLE, FL



## Retail

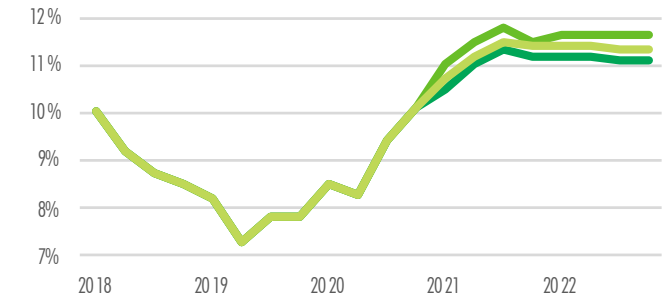
- Vacancies are expected to remain elevated with more than 5 million sq. ft. of construction completed since 2017.
- The pandemic will continue to impact future leasing activity as occupiers remain cautious in anticipation of broad vaccine distribution.
- Asking rents are flat as landlords keep rents stable, but declines are expected as more concessions are being offered to tenants.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

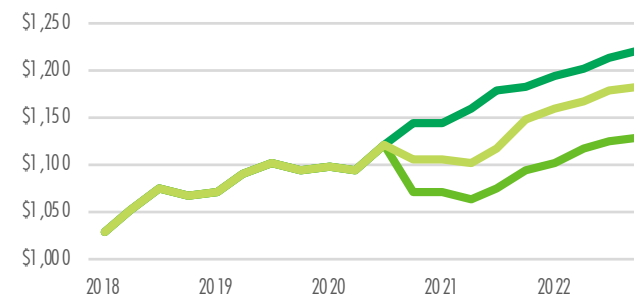


BASELINE UPSIDE DOWNSIDE

## Multifamily

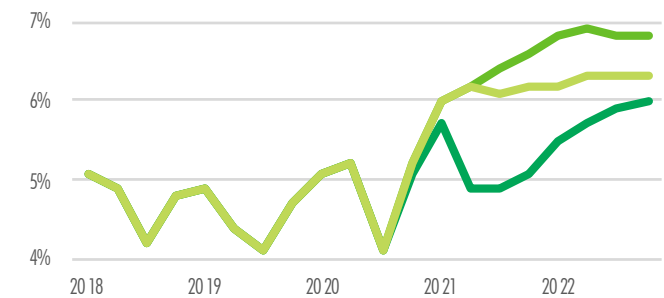
- Strong demographic growth drivers are supporting increasingly strong multifamily fundamentals, spurring inbound capital flows to Florida, of which Jacksonville has been a beneficiary.
- Florida is one of a few states poised to experience above-average gains in population growth, rent growth and wage growth in the near-term.
- Cap rates began a rapid compression in July of 2020, a trend that is expected to continue into 2021.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



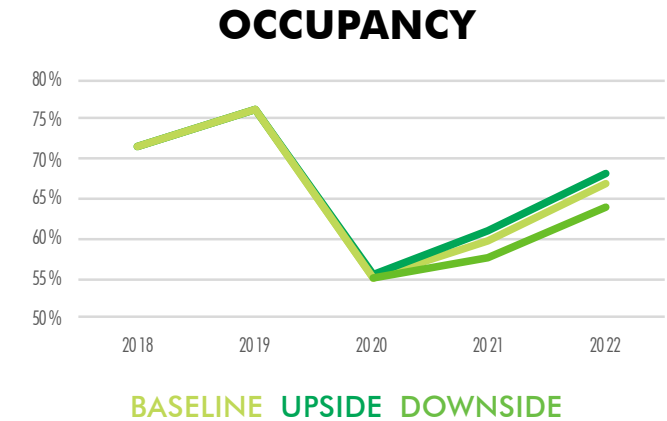
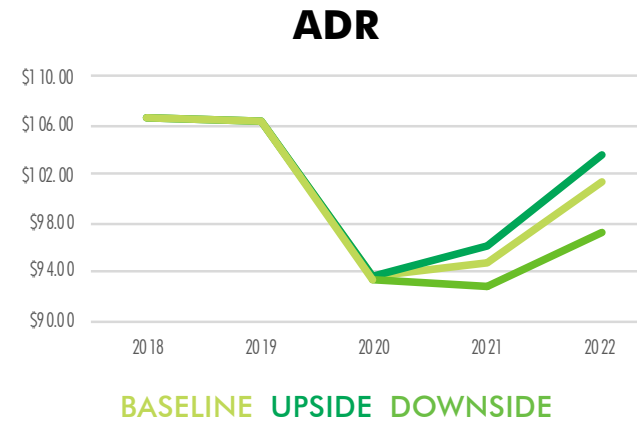
BASELINE UPSIDE DOWNSIDE

# JACKSONVILLE, FL



## Hotel

- Jacksonville's position as a drive-to leisure destination has helped insulate the market from the recession of 2020.
- The area's mid- and lower-priced properties located along the beach have fared relatively well during the year.
- The economic downturn has served to stall or cancel several hotel projects scheduled to be built in the downtown submarket, including the Lot J project which was just voted down by city council. This elevates the importance of projects remaining in the pipeline, such as the \$535 million Metropolitan Park/ Shipyards project.



## Economy

- Jacksonville's average annual GDP growth is expected to surpass 2.0% through 2024, outpacing Miami, Tampa and Orlando.
- Industries with strong growth potential include professional and business services, information, trade, transportation and utilities and financial activities.
- The Jacksonville metro unemployment rate remains one of the lowest in Florida at 5.2% as of late 2020, and the rate of future job growth is expected to outpace the Southeast average.

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# MIAMI, FL

**3.9%**  
5-Year Projected  
Population Growth

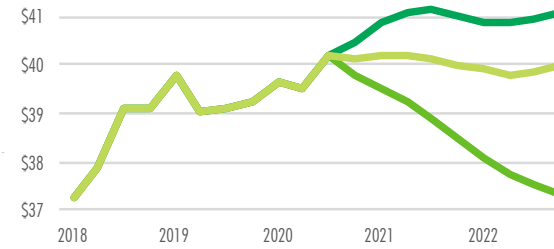
**7.8%**  
5-Year Projected  
Job Growth



## Office

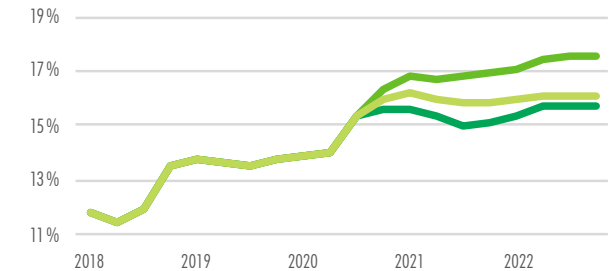
- Asking rents continue to remain steady in spite of the slowdown in activity, although landlords have been offering more in the way of concessions.
- Vacancy should stabilize in 2021 as the unemployment rate declines and companies begin rehiring.
- The market is experiencing a heightened level of new-to-market activity. Firms that are weary of higher taxes and restrictive policies in other markets are moving to take advantage of the business-friendly environment offered in Miami.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

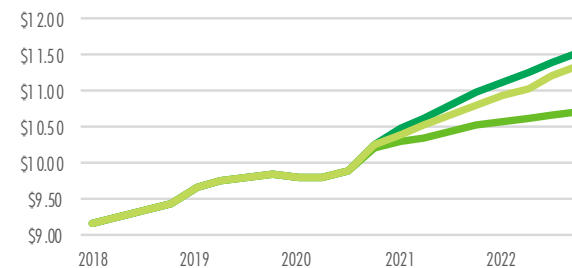


**BASELINE UPSIDE DOWNSIDE**

## Industrial

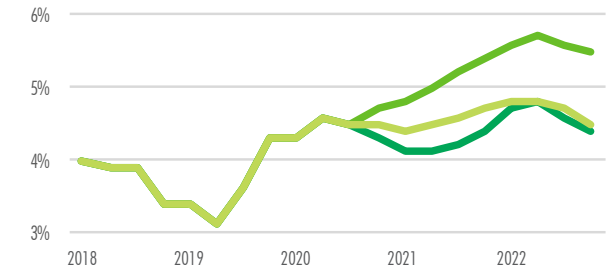
- The industrial market in Miami-Dade County continues to stay active and overall asking rents remain stable despite current economic conditions. Asking rents are expected to increase throughout 2021 and 2022.
- Industrial developers maintain a positive outlook in the market, as approximately 8.4 million sq. ft. of new space is planned in Miami-Dade County.
- Investor appetite in South Florida has proven to be quite robust due to favorable tax conditions, coupled with an evident trend of declining cap rates.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

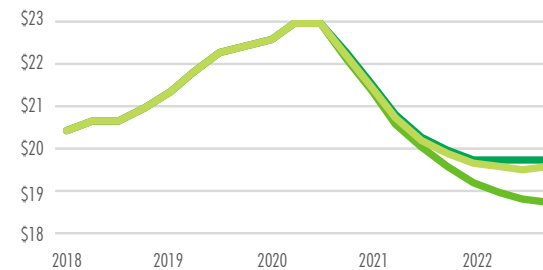


# MIAMI, FL

## Retail

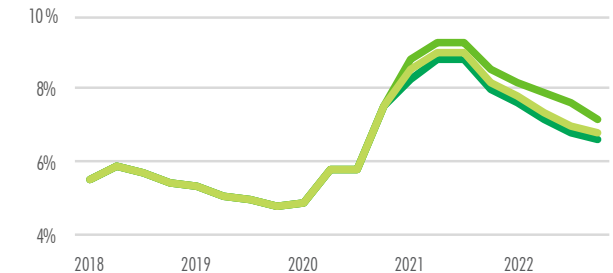
- Although the retail sector has taken a hit both nationally and locally, this property type is still poised for growth in the coming years. Approximately 1.8 million sq. ft. of retail space remains under construction, and asking rents on prime space have remained stable during this economic downturn.
- Miami features a favorable business tax climate and a year-round outdoor dining season. This is beginning to draw interest from new-to-market restaurant operators, especially on second-generation space.
- Miami boasts unique and diverse shopping experiences which appeal to visitors, ranging from mom-and-pop shops to high-end retailers located in the Miami Design District and Bal Harbour Shops. The return of tourism will provide a much-needed boost to the retail sector in 2021.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST

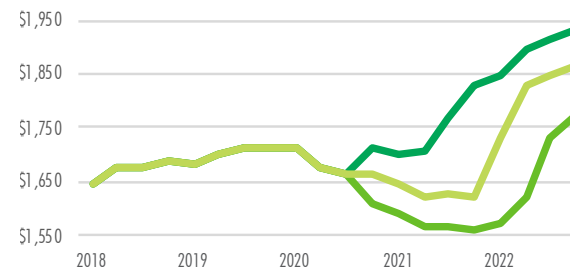


BASELINE UPSIDE DOWNSIDE

## Multifamily

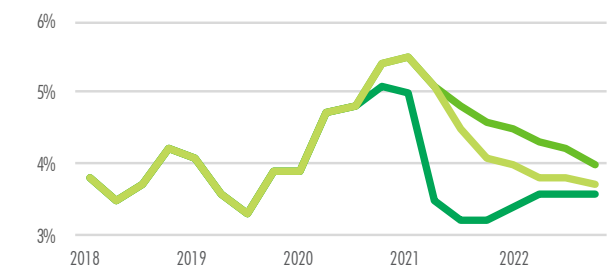
- Rents are expected to return to pre-pandemic levels in 2021 with a full recovery by 2022. Vacancy rates in Class B assets should continue to outperform Class A properties as renters seek affordability in the near term.
- Overall demand is expected to fall short to start 2021, but is expected to rebound in H2 2021 to levels comparable to 2018 and 2019.
- Similar to the other markets in South Florida, new-to-market investors are investing in Class A multifamily assets, seeking more stability and greater yield than can be achieved for this asset class in other regions.

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



BASELINE UPSIDE DOWNSIDE

# MIAMI, FL

## Hotel

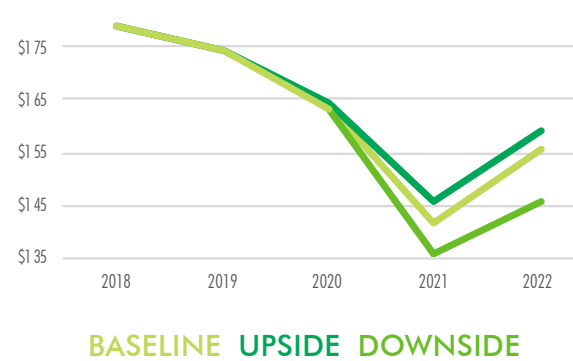
- As both an international and domestic hub, the Miami International Airport has a significant influence on the performance of area hotels. Until international travelers return to the market, operators are appealing to domestic tourists.
- Miami is seeing a surge in lower-priced hotel development in the suburban submarkets, thus making them very competitive in the near-term.
- The Miami economy was solid entering the 2020 recession, thus providing a small cushion to hotel operators in advance of the downturn.

## Economy

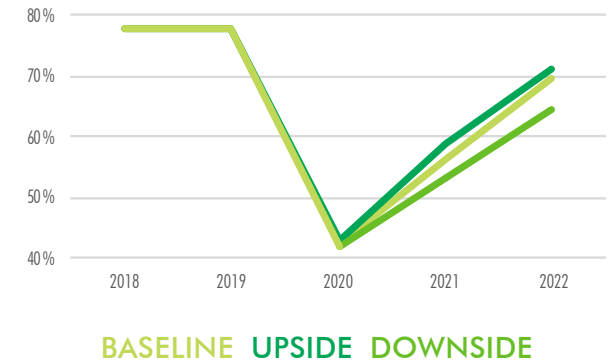
- The unemployment rate continues to improve since hitting a 30+ year high in July, after a 30+ year low in February. Approximately half of the jobs lost have already been recovered and continue to be regained by the month.
- A resurgence in economic activity is expected in the second half of 2021 as job growth rebounds, companies return to the office and location decisions resume.
- Lack of state income tax will continue to be a driving force in attracting out-of-state companies to Miami, specifically financial services and technology firms.

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# ORLANDO, FL

**10.7%**

5-Year Projected  
Population Growth

**13.4%**

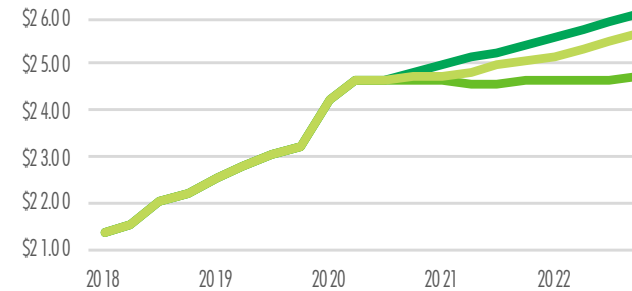
5-Year Projected  
Job Growth



## Office

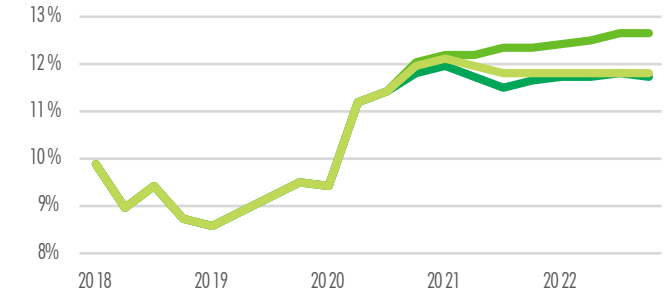
- Office sublease availability reached 1 million sq. ft. at year-end 2020 with additional sublease space expected to come to the market in the beginning of 2021.
- Vacancy rates are expected to rise in 2021, as office-using companies could adopt work from home measures indefinitely and give back excess space.
- During 2020 the office market witnessed many one-year renewals that allowed companies to push back new or longer-term deal searches to 2021.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

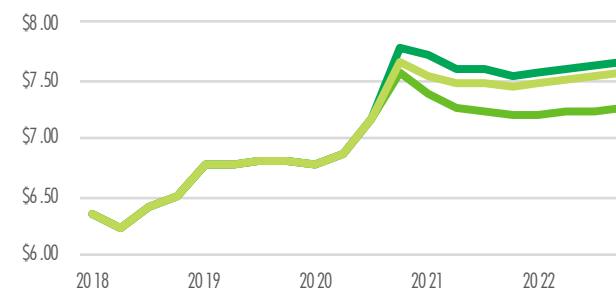


**BASELINE UPSIDE DOWNSIDE**

## Industrial

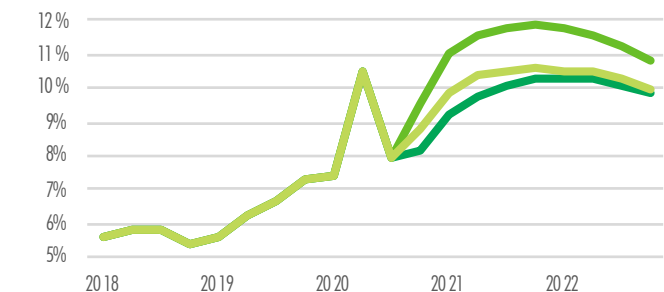
- E-commerce has had an outsized positive impact on secondary markets like Orlando, with large distribution requirements of 500,000 sq. ft. and larger not typically seen in Central Florida.
- Strong demand is expected to continue for infill industrial product in and around the Orlando CBD as supply chain networks satisfy their last-mile requirements, which could drive the market to the upside model.
- Industrial growth is expected in the north and western markets due to strong residential housing activity and enhanced logistical benefits of the State Road 429 corridor.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



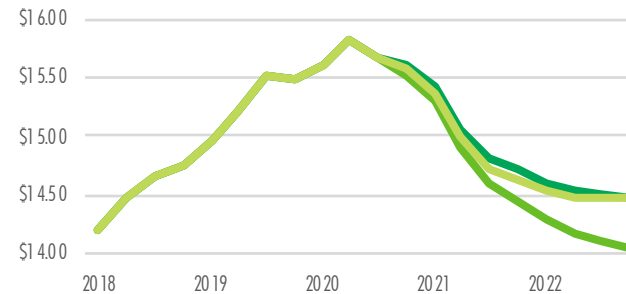
**BASELINE UPSIDE DOWNSIDE**

# ORLANDO, FL

## Retail

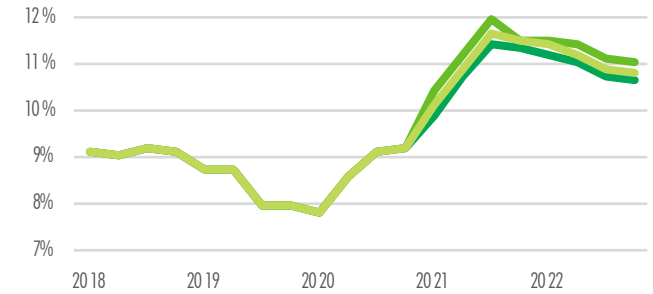
- The economic slowdown is expected to place downward pressure on rents through the first nine months of 2021, with rental rates smoothing out in Q4 of 2021.
- Retail is closely tied to the market's hospitality and leisure industries, which are expected to be the fastest growing over the next few years as tourism rebounds.
- An estimated 417,000 sq. ft. of space under construction is expected to deliver in Q1 of 2021, with the balance of 2021 to see reduced new construction activity.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST

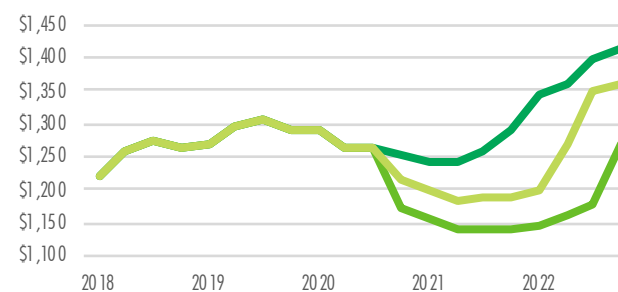


**BASELINE UPSIDE DOWNSIDE**

## Multifamily

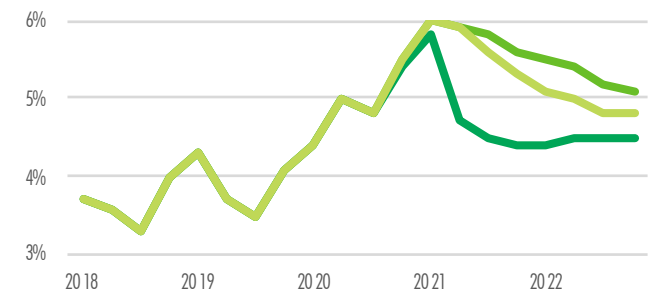
- Cap rates began a rapid compression in July of 2020, a trend expected to continue into Q1 2021. Orlando ranked 1st in the Multifamily Index of CBRE's U.S. Development Opportunities report.
- Inbound capital is seeking Florida multifamily product at historic levels and a strong fundamental growth forecast points to additional demand through 2023.
- Orlando is projected to place within the top 10 U.S. markets for employment growth over the next three years, supporting renter demand for housing units.

### RENT FORECAST



**BASELINE UPSIDE DOWNSIDE**

### VACANCY FORECAST



**BASELINE UPSIDE DOWNSIDE**

# ORLANDO, FL

## Hotel

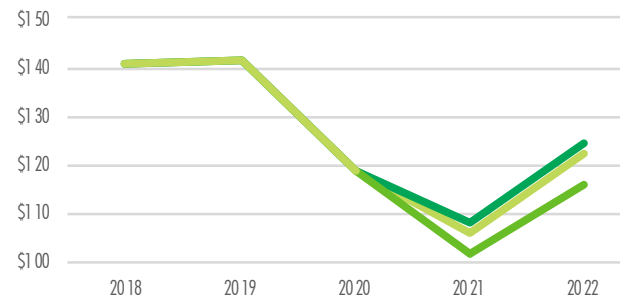
- The Orlando market is heavily dependent on tourism, conventions and international travelers, and as such, area hotels have been hit hard from the negative impact of COVID-19 on theme park attendance, international travel restrictions and the cancellation of meetings.
- The result has been several hotel closures or reduced operations resulting in layoffs or indefinite furloughs of employees, but there are signs of recovery with weekend demand increasing.
- Advanced hotel bookings are growing on a weekly basis and most metrics show a pent-up demand to travel for vacation in 2021.

## Economy

- Post-COVID, Orlando is expected to quickly rebound in industries like tourism and hospitality as people become more confident in spending and traveling again.
- A wide range of employment opportunities, area amenities and relative affordability is attracting people to the metro, which is forecast to grow by 2.0% or more annually through 2024.
- The aerospace & defense industry is another fast-growing contributor to the economy with companies like SpaceX, Lockheed Martin and Siemens winning government contracts.

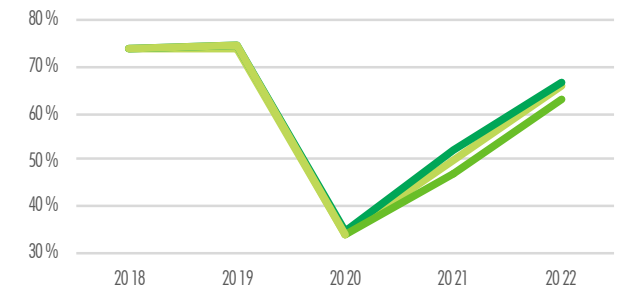
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# PALM BEACH, FL

## Office

- Rents have steadily climbed in the market, particularly in the CBD and pockets of Boca Raton.
- Vacancy increased slightly in 2020 when compared to year-end 2019, but the market has proven relatively stable amid recessionary conditions.
- The migration of financial services firms to the area accelerated in 2020, which should boost occupancy in trophy assets in the year to come and attract further interest from office investors.

## Industrial

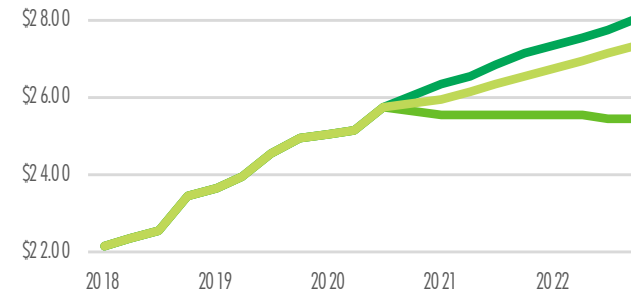
- Given a lack of availability within quality space, rental rates for prime space in Palm Beach County have elevated and currently sit at historic highs.
- Vacancy increased slightly in 2020 as new product was delivered, but market professionals anticipate the space will be absorbed quickly given the amount of users that are actively touring the market.
- Developers remain confident, as over 867,000 sq. ft. of space is currently under construction.

**6.8%**  
5-Year Projected  
Population Growth

**10.1%**  
5-Year Projected  
Job Growth

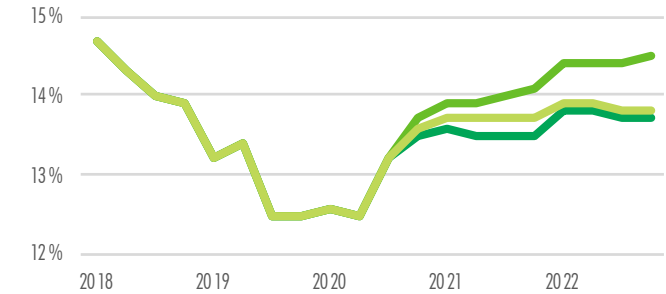


### RENT FORECAST



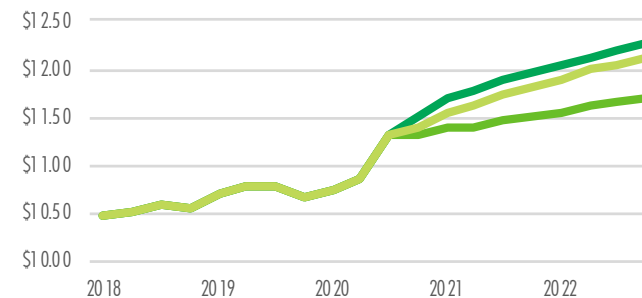
BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



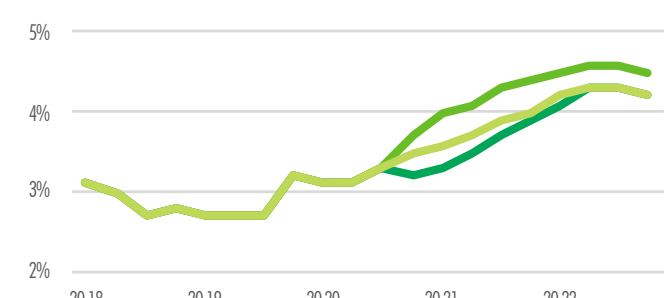
BASELINE UPSIDE DOWNSIDE

### RENT FORECAST



BASELINE UPSIDE DOWNSIDE

### VACANCY FORECAST



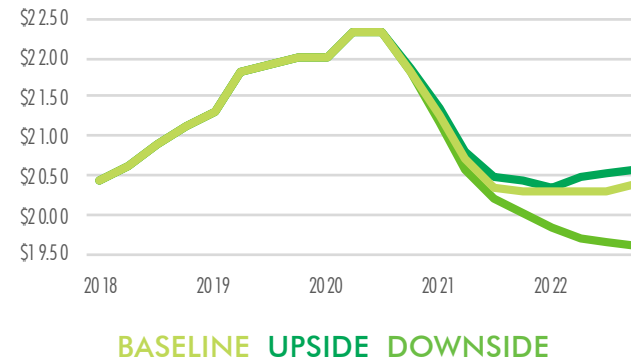
BASELINE UPSIDE DOWNSIDE

# PALM BEACH, FL

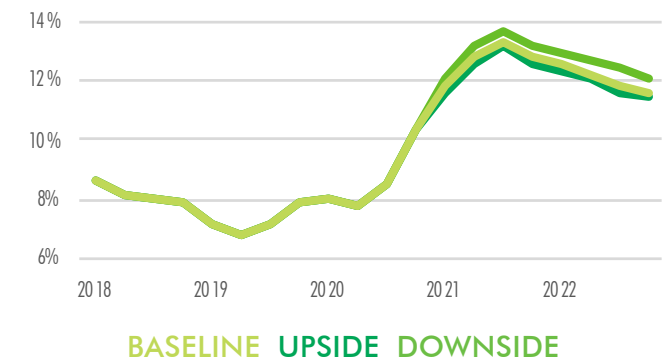
## Retail

- Retail sales in Palm Beach are outperforming the state, demonstrating the underlying strength of the local consumer market.
- Real estate fundamentals have held firm, with prime asset rents and vacancy holding relatively steady despite the inevitable rise in overall vacancy in 2021.
- The flurry of single-family home sales, along with the increase in residential units and development downtown should help retail and restaurants in the CBD, Delray Beach and Boca Raton.

### RENT FORECAST



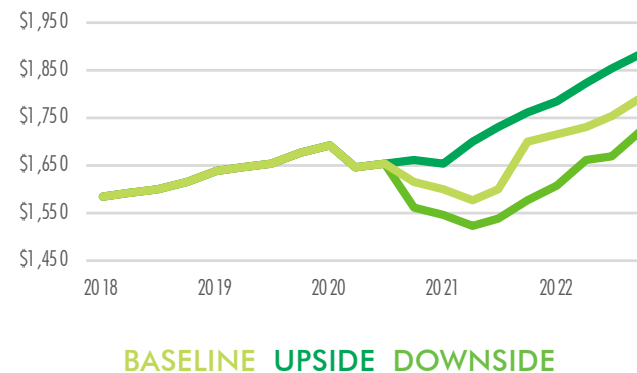
### VACANCY FORECAST



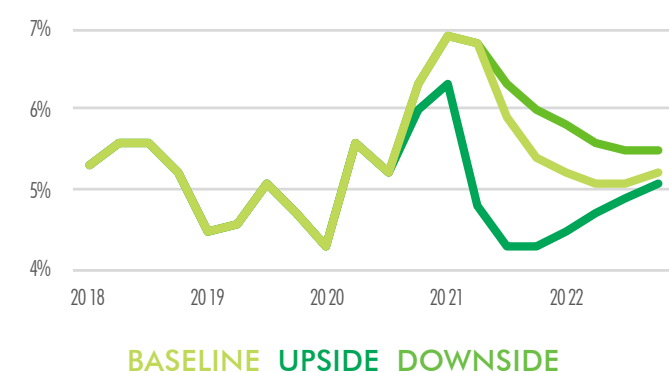
## Multifamily

- Underlying demand drivers are favorable for the multifamily market in Palm Beach, specifically within Boca Raton and West Palm Beach.
- Approximately 2,400 units are under construction in Palm Beach County, nearly 900 of which are within proximity to the Brightline Station downtown, which has helped connect the region's Downtown districts.
- Investment activity has been strong in recent years (despite a dip in 2020) but underlying demand drivers should lead to additional capital markets interest in 2021.

### RENT FORECAST



### VACANCY FORECAST



# PALM BEACH, FL

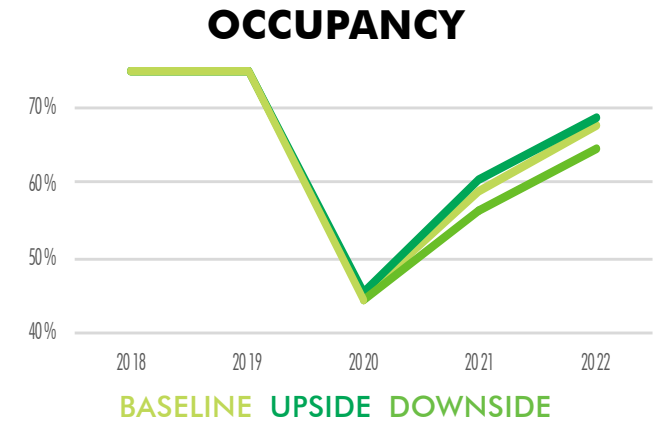
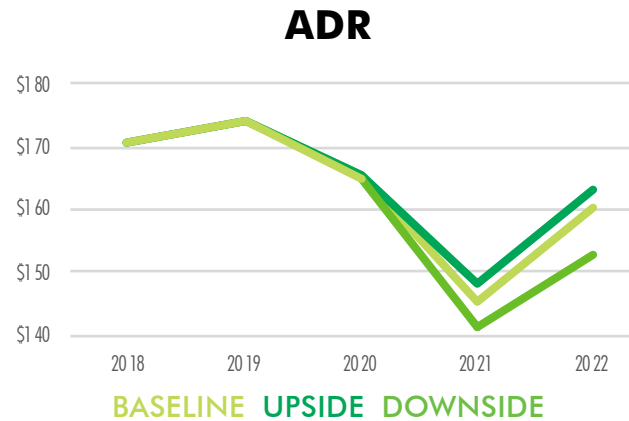
## Hotel

- Like some other Florida lodging markets, Palm Beach hotels have benefited from being a drive-to leisure destination.
- While corporate and group business has suffered in 2020, projects are underway that will generate new demand in these segments going forward, such as a potential expansion of the convention center and adding an additional hotel.
- The local hospitality industry will greatly benefit from the migration of major companies to South Florida, like Elliott Management, which plans to move the \$41 billion firm from New York to West Palm Beach.

## Economy

- Unemployment increased in Palm Beach County during the depth of the economic shutdown but has since declined to 5.5%, the lowest in South Florida, and should continue to fall throughout 2021.
- Despite year-over-year job losses, certain industries within Palm Beach county have gained jobs since 2019, such as construction, transportation, warehousing, and utilities.
- With companies and residents migrating from denser, higher-cost states, job growth and economic growth should receive a boost in the year to come.

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# TAMPA, FL



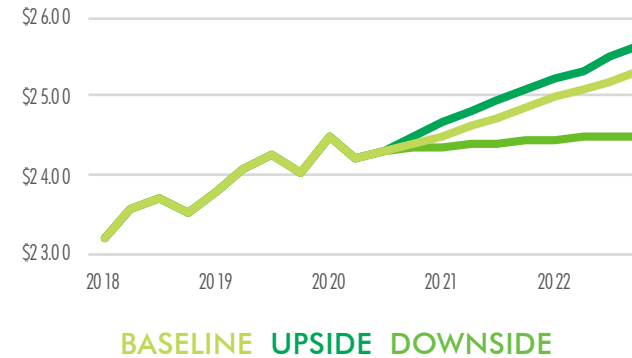
**6.0%**  
5-Year Projected  
Population Growth

**7.3%**  
5-Year Projected  
Job Growth

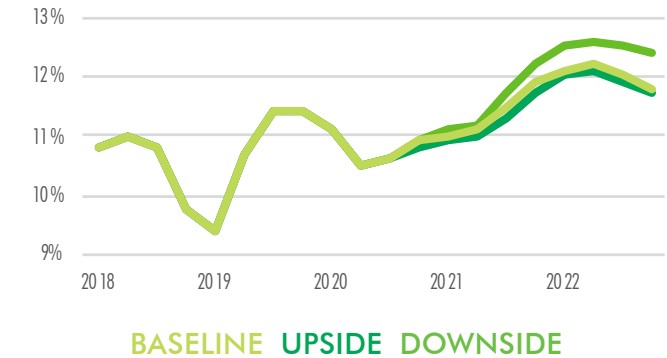
## Office

- Despite the impact of COVID-19, economic resilience in Tampa has kept asking rents and vacancy rates relatively stable, though increasing supply may begin to shift that trend.
- Over one million sq. ft. of new construction is on track to deliver in the first two quarters of 2021, which may place some pressure on existing landlords with large amounts of space.
- Leasing and investment decisions that were put on hold during 2020 due to the pandemic are expected to resurface in 2021, causing a swell in leasing and sales activity in the spring and summer of 2021.

### RENT FORECAST



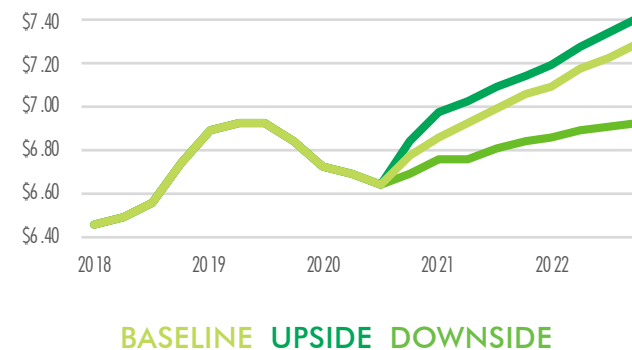
### VACANCY FORECAST



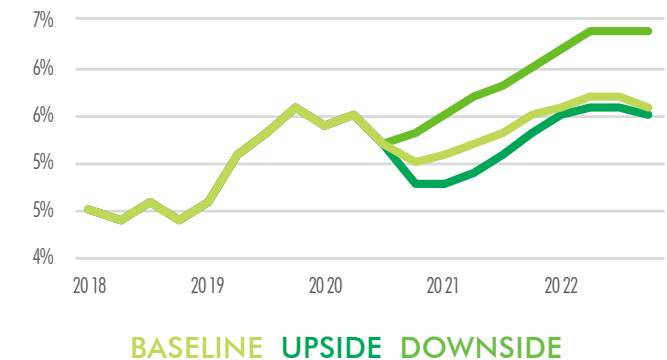
## Industrial

- With e-commerce, logistics, healthcare and resilient retail industries experiencing explosive growth, the Tampa industrial market is poised to have another active year.
- A slowing construction pipeline as multi-phase projects wrap up will give way to additional speculative construction in 2021.
- Average asking rents continue to fluctuate as space quickly comes on and off market, but effective rents are rising as space options remain tight.

### RENT FORECAST



### VACANCY FORECAST

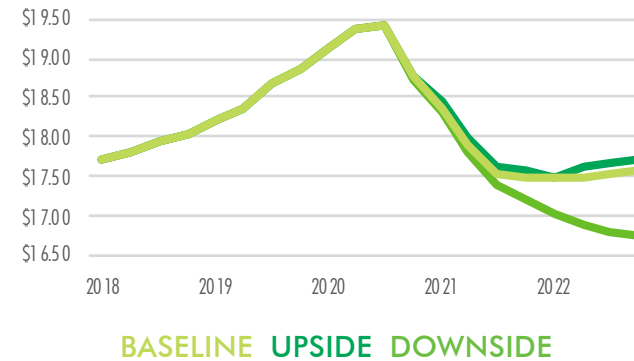


# TAMPA, FL

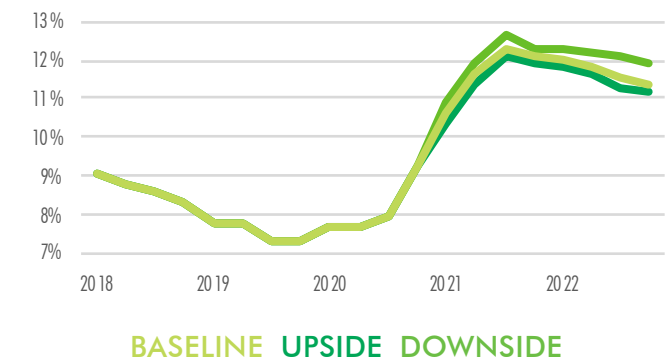
## Retail

- Grocery-anchored retail centers continue to be drivers of localized growth, spurred by increases in food sales and the preference for open-air centers by shoppers, which allow for easier implementation of social distancing and sanitation protocols.
- Grocery stores, off-price retailers and healthcare services are expected to see the greatest resiliency or rebound into 2021.
- As more clarity around a vaccination distribution timeline forms, some large box retailers may be looking at pushing openings into late 2021 to early 2022 to match the expected economic recovery.

### RENT FORECAST



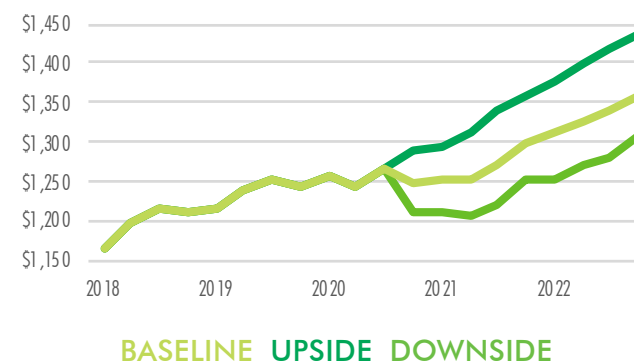
### VACANCY FORECAST



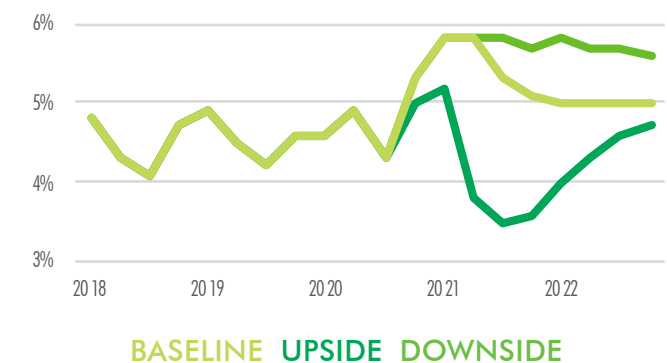
## Multifamily

- A resilient product type during the pandemic, multifamily fundamentals are expected to continue to improve heading into 2021 as economic conditions recover.
- A slowing construction pipeline heading into 2021 will cause vacancy to tighten and propel asking rents, particularly as single-family residential supply dwindles.
- Capital markets activity has the most room to grow over the next 12 months, as activity waned in the last half of 2020.

### RENT FORECAST



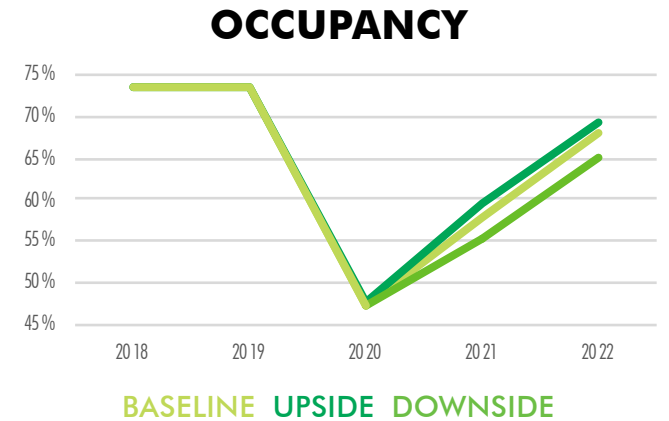
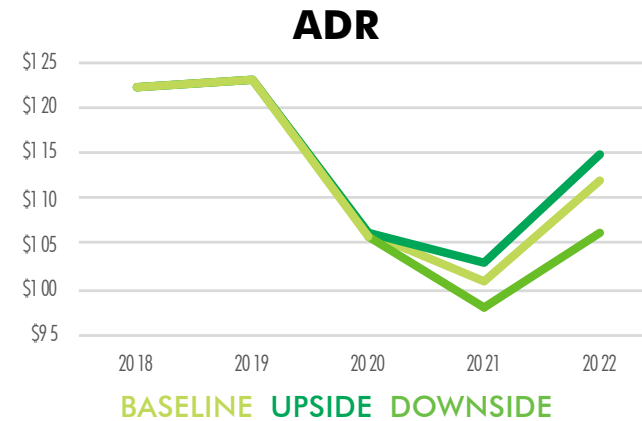
### VACANCY FORECAST



# TAMPA, FL

## Hotel

- Tampa has fared better than most markets during COVID-19, with the area's properties along the beaches rebounding at a faster rate than the urban areas.
- The \$3+ billion downtown redevelopment of industrial property along Water Street by Jeff Vinik's related firms will benefit future growth in the downtown area.
- Tampa hosted Super Bowl LV in February 2021, and the Tampa Convention Center is embarking on a \$38 million improvement plan over the next three years.



## Economy

- Tampa's relative industry diversity compared to other Florida metros has resulted in greater economic resiliency through the pandemic.
- Office-using jobs within the professional and business services industry will continue to be a driver of new and returning employment as firms get back to work.
- Vaccine distribution plans and potential stay-at-home orders will impact the pace of economic recovery in Tampa.

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Sources: Oxford Economics, CBRE Research, Q1 2021.

Office and retail rents quoted \$/PSF Gross. Industrial rents quoted \$/PSF NNN. Multifamily rents quoted \$/month/unit. Hotel rates quoted as average daily rate per room (ADR). Property forecast data sourced from CBRE Econometric Advisors.

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