



The Shark Report Tampa Area Market Review

Serving Tampa, Orlando and the
Greater Central Florida Area

MID-YEAR 2009

VOLUME III

THE LAND SHARKS are pleased to present you with Volume III of The Shark Report.

We are always accessible to assist you with your real estate needs and are very appreciative to our clients who have helped make us a success!

As we forge ahead through 2009, we wish you many successes along the way!

THE LAND SHARKS

"Making Strategic Maneuvers
on Your Behalf"



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HOT TOPIC: The Hotel Perspective

When deciding who to ask for our hospitality perspective, the choice was clear. The Kanji family, who have been in the business of building and operating hotels throughout the Tampa Bay area for decades, can provide the most formidable perspective to some key questions. We are very pleased that Shirin Kanji agreed to share his views for our third Tampa Market Review.



Shirin Kanji
Vice President - Acquisitions
Impact Properties, Inc.

Q - Do you see demand for new hotel product this year or next in the Tampa Bay area?

A - The latest set of market data we have seen confirms what we have been experiencing from an operating perspective across our entire portfolio of hotels – it's downright ugly out there. The overall slowdown in lodging demand in this "Great Recession" has been more severe than any of the past five recessions in the sector. The overall market is experiencing double digit declines in occupancy and room rates which have completely eroded the past few years of RevPar gains. At Impact, we have not been affected to the same degree given that our market focus has always



The Westin Tampa Bay

remained geared towards in-fill locations with multiple demand drivers such as the Westshore and East Tampa submarkets which are both only down about half

as much as the overall market. Going forward, maintaining market discipline will be key for the success of any future deal. Our last three projects, The Westin Tampa Bay, Springhill Suites, and the Country Inn & Suites, were all focused in these key submarkets.

As a result of the slowdown, the development pipeline for hotels in the Tampa Bay Area remains relatively muted. Unlike previous recessionary periods, the current slowdown in demand was not supply side driven. Rather, it has been led by a reduction in corporate and consumer travel budgets that are now very cost conscious users. So far, hotel owners have been willing to oblige with very aggressive rate pricing which has kept the market

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January 2009

The Westin Tampa Bay Airport Hotel plans to open Jan. 22 just in time for Super Bowl XLIII and two months ahead of schedule.

Wesley Chapel ranked fourth in a national list of top “boom towns” by Gadberry Group which shows the area grew from 11,334 households in 2000 to 28,576 households in 2008, or 152 percent.

The Tampa Bay History Center officially opened.

A Pew Research Center national relocation survey found that Tampa is among the Top 5 places to relocate.

February 2009

TAMPA, FL-The Seminole Tribe of Florida has raised the stakes in its gambling pact with the state government, unveiling plans to build a hotel at its local site that is four times larger than the Seminole Hard Rock Hotel & Casino standing there now. The proposed hotel, with up to 22 stories and 1,000 rooms, would tower above Interstate 4 on the city's east side.



Proposed Seminole Hard Rock Hotel

Publix Super Markets Inc. reached a milestone last week with the opening of its 1,000th location.

Delayed but not deterred, Equity Inc. has set groundbreaking on its 128-acre Southshore Commons mixed-use project for late this year, said Jay Miller, vice president at the company that recently launched its Tampa Bay office.

Hillsborough Aviation Authority's goal of acquiring 287 parcels in Drew Park adjacent to airport property is nearly complete. Only 11 parcels remain, and none of those are essential to ongoing expansion at Tampa International Airport.



Proposed Airport Expansion

Under the stimulus package, Florida is slated to get 207,000 jobs with 49,600 pegged for the Tampa Bay region. Infrastructure spending statewide is slated at \$1.8 billion.

Within days, construction will be complete for the 100,000-square-foot headquarters of M2Gen, the for-profit subsidiary of not-for-profit Moffitt Cancer Center & Research Institute.

March 2009

Following nearly three years of study, the Manatee County Port Authority has approved Port Manatee's \$750 million master plan.

It's a done deal: Ryan Cos. US Inc. bought the land in FishHawk Ranch for Mosaic Co.'s Florida headquarters and began pouring the foundation for the \$20 million project. Ryan Cos. paid \$1.6 million, or \$216,000 an acre, for the 7.4-acre Lithia property, Hillsborough official records show.

April 2009

Senate pass bill weakening DRIs; the bill would allow builders in counties with at least 1 million people, or a density of 1,000 people per square mile, to bypass the DRI process altogether, and not be immediately financially responsible for infrastructure improvements that would help serve communities adding thousands of residents to an area.

Hillsborough County home sales rose 20 percent from March 2008 to March 2009, the seventh month in a row in which sales have improved.

The Florida Senate Committee on Transportation & Economic Development Appropriations has passed Senate Bill 1212 with a split 4-3 vote, paving the way for a full senate vote on bringing commuter rail service to Central Florida.

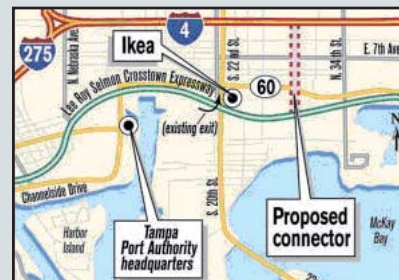
May 2009

Hillsborough County has agreed to buy 57 acres near the University of South Florida for possible use as a small bioscience research and development park.

Darden Restaurants plans to open its first Seasons 52 restaurant on Florida's Gulf Coast at Westshore Plaza.

June 2009

The Interstate 4-Selmon Expressway Connector project on the eastern edge of Ybor City could create 14,000 jobs and begin three years earlier than expected thanks to the federal stimulus program.



Proposed I-4 / Selmon Connector

The Sheraton's owner and manager, Memphis, Tenn.-based Davidson Hotel Co., has invested \$14 million in renovating the 260-room hotel at 4400 W. Cypress St. in Tampa.

T. Rowe Price Associates Inc. completed its \$13.5 million purchase of 72 acres on State Road 54 in Pasco County.

Planned Hotels for the Tampa Metro Area

Tampa Bay Hotels (Proposed)	Rooms	Opens	Submarket	Developer
Hotel Indigo-Channelside	168	2010	Tampa CBD	Bay Star Hotel Group
Southshore Commons (1.5 million SF Mixed-Use Development)	250	2011	Southshore	Equity, Inc.
Westin's Element (TriPointe Plaza)	170	2011	Westshore	LaPour Partners, Inc.
ToyTown (240-acre Mixed-Use Development)	250	NA	Gateway	Bear Creek Capital
Bern's Epicurean Hotel	75	NA	SW Tampa	David Laxer
MetWest International (1.1 million SF Mixed-Use Development)	260	NA	Westshore	MetLife
Seminole Hard Rock Hotel Expansion	1000+	NA	East Tampa	Seminole Tribe of Florida
eSuites Hotel	224	NA	Westshore	eSuites Hotel LLC

Sources: The Land Sharks Research, CoStar

Are Hotels the Missing Link?

By Mark Cooney



The current economy is mandating retail developers/owners link their projects with new demand drivers. With many National retail chains shuttering along with the current slow down regarding expansion from healthier chains, malls and life-style concepts as we know them are looking to fill their gaps.

Thus, retail players have been reluctant to sell or ground lease “down” from higher paying per square foot retail tenants. Now, demand linkages are being sought as revenue added lifelines!

We have watched America’s downtowns explode residentially with the allure of amenity-rich lifestyles at their doorstep. Malls, for example, provide amenity-rich urban/suburban locations with specific retailers, restaurants, entertainment venues, movie theaters, etc., not usually found outside the mall market area.

Hotels are looking for new linkages as is being evidenced by brand names like Hilton, Cambria Suites, Courtyard by Marriott, Inter-Continental, Holiday Inn, Hotel Indigo and Global Hyatt Corporation.

They see the on-site demand linkage for their business as a win as does the mall operator. More and more hotel patrons are using their room as an office during travel. They want convenience; a no-hassle, stress-free time which walking out their door into a mall to eat or for an air-conditioned stroll, maybe a movie and back to their room.

For the leisure travelers, single or with a family, the mall or lifestyle center also provides the necessary amenities along with retail, restaurant, entertainment and the sense you are a part of a safe haven.

The linkages back & forth create daily & weekly revenues; of course, hoteliers must look at the demographics, location, tenant mix, architecture, etc., as they decide what brand, room count and mix links them best to that mall/lifestyle property.

With holiday travel down nationwide, business and leisure travelers looking to save where they can, and now vacationers staying within their own state geographically, the hotel linkage to a mall with cross easement parking becomes a welcome revenue generator for both.

Let’s frame a specific mall example with “right on” demographics, intracoastal/Atlantic water views and NO hotel. Merritt Square Mall on Florida’s east coast, a short distance from NASA/Cape Canaveral, parks and Atlantic beaches. This long time well performing mall has it all, major boxes, Macy’s, Sears, Dillard’s and JCPenney and key restaurants such as Outback Steakhouse, UNO Pizzeria, TGI Friday’s, Ruby Tuesday’s, a food court and Cobb 16 movie theatre. The Glimcher Mall Group has just made available a five-acre corner parcel for two hotels on site. The site has direct intracoastal water views and from the 3rd floor and above, views of the Atlantic. This tourist/business location is a choice link offering direct access to the immediate area’s draws.

As retailers creatively re-think value added links drawing new patrons and filling shuttered retail gaps, maybe hotels really are the missing link for aged and new mall/lifestyle properties.

Mark Cooney is president of The Land Sharks in Tampa and a veteran land broker. He can be reached at mcooney@landsharksfl.com.

2008 – 2009 Hotels in the Tampa Metro Area

Tampa Bay Hotels (New)	Rooms	Opened	Submarket	Developer/Owner
Mariott Springhill Suites	103	Feb-08	East Tampa	Impact Properties, Inc.
TownePlace Suites by Marriott (Avion Park)	122	Jun-08	Westshore	McKibbon Hotel Management, Inc.
Hilton Garden Inn (Avion Park)	171	Aug-08	Westshore	McKibbon Hotel Management, Inc.
Marriott Residence Inn	115	Sep-08	Clearwater CBD	The Clark Group
Homewood Suites by Hilton (Avion Park)	144	Dec-08	Westshore	McKibbon Hotel Management, Inc.
Hilton Garden Inn	119	Jan-09	Riverview	GS Development, LLC
Fairfield Inn & Suites Lakeland Plant City	87	Jan-09	Plant City	Shaner Hotel Group
The Westin Tampa Bay Airport Hotel	255	Jan-09	Westshore	Impact Properties, Inc.

Tampa Bay Hotels (Under Construction)	Rooms	Opens	Submarket	Developer/Owner
Holiday Inn Hotel & Suites (Alafia Crossings)	150	2009	Gibsonton	American Hotel Development Partners
Staybridge Suites @ St. Pete-Clearwater Airport	106	2009	Gateway	American Hotel Development Partners
Holiday Inn Express Hotel & Suites	95	2009	Mid-Pinellas	Bay Star Hotel Group
Springhill Suites	128	2009	East Tampa	Sun Development & Management Corp.
Country Inn & Suites	65	2009	NW Tampa	NA
Floridan Hotel (Renovation)	213	2009	Tampa CBD	Tony Markopoulos
Sheraton Suites (Renovation)	260	2009	Westshore	Davidson Hotel Company

Sources: The Land Sharks Research, CoStar

more stable than one would expect.

2. Do you see improvement in the credit market for hotels?

Currently, we have not seen any change in the credit market for hotels. For new development, you would be hard pressed to find construction financing available for speculative projects. Any prospective deal would have to be creatively financed without the benefit of your traditional bank capital sources. This creativity typically has a much higher cost of capital associated with it and also not readily available in today's environment. For acquisitions of existing hotels or the refinancing of in-place debt, the lack of debt capital for new lending at the bank level is leading to very stringent underwriting criteria – lower LTV's, higher interest rates, and higher debt coverage ratios. Having experienced unprecedented value destruction and loan losses in the past 18 months (with more likely to come), I don't expect banks to change their underwriting criteria or have greater lending capacity anytime soon. This will continue to make financing the capital stack in the hotel sector very challenging in the coming 6 to 12 months.

3. Are new hotels going green? If so, how and if not, why?

Florida DEP actually established the green initiative for the hotel industry back in 2004 before it became the hot button topic it is today with the Green Lodging Program. This program focuses on reducing a hotel's use of resources and preventing overall site pollution, two major impacts on the local environment



Springhill Suites

typically found in everyday hotel operations. Given the structure of the program to attain entry level status as a "One Palm" hotel, Florida DEP has made it accessible for many currently in-service hotels to enter into the program in addition

Shirin Kanji is Vice President, Acquisitions of Impact Properties, Inc.. The Kanji family have been a hospitality stalwart in the Tampa Bay area for 25+ years.

to new hotels currently under construction. This accessibility from both a procedural and cost perspective, in particular during challenging economic times, has allowed for greater participation in the overall program and a greater degree of success for improving the impact the local hotel industry has on the Florida environment. The direct result of which can be seen with the dramatic rise in applications over the past few years. We are hearing that one of the casualties of the "Great Recession" at the state level will be drastic budget cuts to the Green Lodging Program which would be very unfortunate given the progress that has been made to date.



Country Inn and Suites

For Impact's latest hotel development, The Westin Tampa Bay, we have already submitted our application to be part of the Green Lodging Program and look forward to working with Florida DEP in promoting future green initiatives for the industry locally.

4. Please state your general comments regarding hospitality as a whole.

Although much of the discussion has been geared towards the many challenges facing hoteliers today, I do expect to see better investment opportunities in the coming year for distressed acquisitions for well located, higher quality hotel assets. While many of us have been waiting patiently for these deals to materialize, operating fundamentals will continue to languish. We expect the demand story of the equation to improve by early to mid-2010. With these improvements, we would expect to see sharp increases in investment activity as many investors are looking for the first tangible sign of recovery to get back into the game.

Call The Land Sharks today for a FREE Consultation.

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Location, physical characteristics, zoning and market demand are just a few critical factors in determining land value. The Land Sharks have the exceptional market expertise required to help sellers and buyers understand and achieve each parcel's highest and best use.

These seasoned professionals have extensive contacts among qualified local, regional and national buyers and sellers. Within this network, The Land Sharks have an audience for virtually every type of commercial land product, from urban infill to large parcels, and agricultural to timber acreage.

The Land Sharks' services include:

- Client representation
- Market analysis
- Property valuation
- Identification of qualified buyers and sellers
- Property marketing
- Due diligence

