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The Survey of Emerging Market Conditions is provided to all invited survey respondents who completed the survey during the April 2012 fielding. For more information about the survey or the Bergstrom Center for Real Estate Studies, visit our website at www.realestate.ufl.edu
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Executive Summary & Conclusions

The outlook for real estate markets in Florida continued to improve in the first quarter. UF’s Commercial Real Estate Sentiment Index, an outlook on our respondents’ own businesses, increased for the second consecutive quarter to its highest level since the third quarter of 2007. Respondents’ outlook reflects the improving economic picture in Florida, particularly in employment growth.

Florida’s seasonally adjusted unemployment rate dropped almost a full percentage point in the first quarter, from 9.9% in December to 9% in March. Despite losing approximately 21,000 people from the labor force, the state added almost 66,000 jobs over the quarter. Additionally, the job growth was widespread with unemployment dropping in each of the major markets over the quarter. Continued improvement in employment is raising expectations among respondents on occupancy and rental levels in every property type.

In addition to improvements in employment, respondents commented that capital markets improved with banks becoming more active over the past quarter. This represents a shift from previous quarters, which is corroborated by our lenders’ own business outlook. The lenders sentiment reached its highest level since the first quarter of 2007, reflecting an improving lending environment.

The improving economic conditions are having a positive effect on property fundamentals. Respondents indicate that occupancy and rents are improving in almost every asset class. The largest increase in occupancy expectations is in the office market where respondents’ expectations for Class A space increased to a survey high. With an improving employment outlook respondents believe that occupancy will increase over the next year.

Despite the increased optimism and improving economy, respondents remained concerned about risks posed by the presidential elections and the state of the federal government’s fiscal condition. Most believe that meaningful policy will not be passed prior to the November elections. Unfortunately, several key issues need to be resolved prior to the end of the year without risking severe economic consequences, including the expiration of the Bush era tax cuts, expiration of the payroll tax break and the implementation of the $1.2 trillion in automatic, across the board spending cuts that kick in starting at the beginning of 2013. In addition to these issues, respondents remain concerned over artificially low interest rates and the effect of inflation over the next few years. Increased gas prices and their impact on other goods is already having an impact on Floridians as evidenced by the consumer confidence survey conducted by the University of Florida Bureau of Economic and Business Research which has declined over the past three months in light of higher gas prices.

Overall the future is looking brighter for Florida real estate, however uncertainty remains. Expect a continued slow and sometimes sluggish recovery until after the presidential elections in November.

Highlights

- The UF Commercial Real Estate Sentiment Index increased to its highest level in almost five years.
- The outlook for occupancy and rents increased across all property types.
- Cap rates remained stable across most property types. Expectations are for continued stabilization at current levels over the next year.
- Yields decreased slightly across most property types with expectations that they will remain stable over the next year.
- The outlook for investment increased across most property types.
- Respondents’ outlook for capital availability improved this quarter to survey highs as respondents continue to believe that the availability of capital will increase.

The Survey

Our quarterly survey, conducted by the Bergstrom Center for Real Estate Studies, Warrington College of Business Administration, University of Florida is in its twenty-first fielding. The total number of participants, at 189, is the most extensive survey of Florida professional real estate analysts and investors conducted on an ongoing basis. It includes respondents representing thirteen urban regions of the state and up to fifteen property types.

General Investment Outlook

Our general index of real estate investment outlook, weighted 40 percent for single family and condo development, 40 percent for apartments and commercial rental property and 20 percent for developable land, increased this quarter to a survey high. More respondents indicate that the outlook is improving driven by an improved outlook in residential development, industrial properties and land investment.
Single Family & Condominium Development
The outlook for new single family development increased this quarter closing in on a survey high as improving employment trends, net positive migration into Florida and shrinking housing inventory levels boost the outlook for builders. Historically low levels of new product development have resulted in a low supply of new single family homes. Builders’ ability to purchase finished lots at below infrastructure costs and the markets changing taste for smaller homes allows them to develop product at prices far more competitive to distressed inventory on the market. Positive growth will occur in markets with limited supply in or near urban areas as rental housing is becoming more expensive and there is a limited supply of homes for sale.

Apartments
Multifamily continues to be the hot property type as demographics and limited supply drive occupancy and rent increases over the coming year. These factors combined to keep cap rates at sub 7% levels. Every investment group is looking for quality multifamily to add to their portfolio which will keep cap rates at low levels over the next twelve months. Continued foreclosure actions along with a shift in preference towards renting are driving home ownership rates down from historically high levels. These factors combined with a lack of new supply are driving investment. The addition of new units along with a frothy price environment is lower expectations for future investment potential.

Industrial
The outlook for industrial properties continues to improve as investors look for growth sectors that will deliver higher yields. With an oversupply of capital chasing apartment deals more capital is flowing to the industrial sector. An improving outlook on occupancy and rental rate growth supports this view. The most positive outlook occurs in the warehouse and distribution sector with big gains in exports with South America driving need for additional warehouse space in Miami. Port enhancements throughout Florida will help drive more industrial space as each port chases business from the widening of the Panama Canal.

Office
The outlook for investment in Class A office remained stable this quarter as respondents’ believe that future occupancy and rental rates will improve. The improving employment situation in Florida is having a positive impact on markets. However, companies continue looking for ways to maximize efficiencies and lower space per employee needs. This will affect the pace of improvement in office absorption. Despite that, cap rates for both Class A and Class B properties declined slightly this quarter to 7.6% and 8.7% respectively.

Retail
Retail investment outlook was mixed this quarter with two retail sectors declining and two improving. Fundamentals in the retail sector are expected to continue improvement with occupancy and rents improving from last quarter. Cap rates and yields were stable across most retail sectors with only yields for strip centers increasing. More respondents are starting to indicate that cap rates will decline while most believe yields will remain stable at current levels.

Land Investment
The outlook for investment in land continued to improve across all land categories this quarter. Some reached levels not seen in almost six years, including land with residential entitlements which is near a survey high. Builders are starting to see an opportunity to develop. A very limited supply of new homes was built over the past six years. This, along with favorable developed lot pricing and low construction costs is allowing builders to compete with distressed sales. Additionally, fundamentals in the apartment sector are driving the need for new apartment development which is impacting the outlook for land. Increasing fundamentals in hospitality and increasing demand for warehouse space for exports are driving increases in their expectations as well.

Capital Availability
The outlook for capital availability continued to increase this quarter with the outlook for capital available for development and acquisitions both reaching survey highs. An improving economy and increased lending activity by banks is driving respondents’ opinions.

UF Commercial Real Estate Sentiment Index
Formerly called the Own Business Outlook, the Sentiment index increased again this quarter to its highest level in almost 5 years. Outlooks increased dramatically for Lenders and Owners reflecting both improved fundamentals as wells a better lending environment which both owners and lenders will benefit from. Other service providers’ outlook improved slightly but remains the lowest of the group. This is indicative of the few development projects in the pipeline as well as continued pressure on their fees.
Section 1: Investment Outlook

The investment outlook for Florida improved for the second consecutive quarter reaching a survey high. The outlook continues the positive trend started in the second quarter of 2009. An improving economy, declines in the unemployment rate and increases in available financing are driving all the property sectors. The outlook is being driven by an improved outlook across most property types. The outlook for office and industrial investment as well as improvements in residential development and land are the key drivers. The apartment outlook has cooled slightly this quarter as investors look for higher yields but that had little effect on the overall investment outlook. More respondents believe this quarter that it is a good time to buy in Florida.

This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

Expected Absorption Rates

The outlook for residential absorption increased this quarter for single family development to reach a new survey high. Most respondents know believe that absorptions will increase over the next quarter. The improving employment outlook as well as continued growth in population is driving new home sales. Limited new home development in the state has inventories at low levels and is driving builders to buy up entitled and developed lots to start building. The low price of the lots along with continue low construction costs and buyer appetite for smaller homes is allowing builder pricing to be competitive with distressed assets on the market. On the condominium side, the outlook for absorption declined slightly this quarter as cities outside of Miami continue to struggle with condo inventories. Financing for condos continues to be hard to come by which is impacting most cities. Miami continues to see positive absorption of condos with new condo developments either planned or underway. Strong demand from South America is expected to drive sales, most of which are all cash transactions.

Despite the positive signs for new housing, a continuation of foreclosure activity, shadow inventory from foreclosures that have yet to come to market and increased short sale activity will continue to put a damper on new home absorption for the foreseeable future. Outside Miami, other Florida cities will continue to be challenged by these conditions as well as the extremely tight underwriting criteria for home loans which prevent a large portion of consumers who are in the market to buy from qualifying for a loan.

Expected Price Changes

While demand for new homes has increased slightly, there continues to be pressure on pricing as builders compete with distressed prices. Fortunately, builders are able to buy developed lots for low prices and builder a more desirable, smaller new home that will compete with the distressed prices. Continued improvement in employment and positive migration to Florida will continue to increase demand and will allow prices to increase at a rate approaching inflation. Respondents caution that this could turn negative if we continue to see escalated fuel costs which will drive prices higher and may have a negative impact on buyer sentiment.
Investment Outlook

An improving outlook for both absorption and prices drove an improved outlook for investment in single family development which closed in on a survey high. Low land costs for developed lots along with competitive construction costs is allowing builders to build competitively priced new housing. The improving economy in Florida and continued population growth add to the optimistic outlook. Additionally, record low mortgage rates provide the opportunity for new families to afford new housing.

The outlook for investment in condominium development dropped slightly this quarter but remains near survey highs. The outlook is driven mostly by Miami, where foreign investment has driven a renewed boom in condo development. In other areas of Florida, condo sales and development continue to be sluggish as obtaining loans remains challenging.

Expected Rental Rates

Given the real and expected improvement in occupancy, the outlook for rental rates increased with more respondents believing that rental rates will rise with inflation and a growing number believing that rates will climb faster than inflation. Until new supply can be brought on-line the limited vacancies will continue driving rents higher over the next year. In markets with limited land for apartment development, these conditions will continue for several years as developers look for redevelopment opportunities to fill the growing need.

Section 3: Apartments

Expected Occupancy

The outlook for occupancy continues to improve as demographic changes over the next ten years benefit apartment rental units. People are waiting longer to start a family and prefer to rent until they do start a family. Additionally, the effects of the housing bust are driving more people into rental units versus home ownership. These factors, combined with an under supply of units is driving expectations for occupancy higher.

Investment Outlook

The outlook for investment in Apartments declined this quarter continuing a three quarter slide from its peak. Respondents indicate that cap rate compression for excessive capital is making investment in the core portion of this sector too pricey even with the expected price increases and occupancy levels. Demographic shifts, however, will continue to bolster this sector in the near term with more capital moving to value add opportunities and new development. With reasonable underwriting, investment in this sector will be a good bet for the foreseeable future.
Cap Rates

Cap rates for market rent apartments remained stable this quarter below 7% reflecting the markets assessment of risk in this sector with improving fundamentals and shifting demographics that will benefit the sector for several years. As new development starts to fill a supply gap, restraint from overbuilding will be critical. Respondents also indicate that cap rates should remain at current levels over the next year as the new development takes time to come online.

Required Yields

Required yields increased 70 basis points this quarter reflecting a slightly riskier capital environment. Capital is starting to look for higher yielding value add and development opportunities and the higher yield reflects the increased risk. Respondents expect yields to remain relatively stable over the next year.

Section 4: Industrial

Expected Occupancy

The outlook for occupancy improved in both industrial segments this quarter as most respondents believe that occupancy will increase over the next year. Demand for warehouse and distribution space is increasing as a result of increased trade with South America and the expectations of the growth coming as a result of the widening of the Panama Canal. Additionally, improvements in Florida’s economic health including an improving employment environment boost expectations for the Flex and R&D sectors. Continued recruitment of high tech and bio-technology firms to Florida will grow demand for industrial space. Innovation and research at Florida’s universities will play an increasingly important role in the industrial sector as inventions come from lab to market.
Expected Rental Rates

Expectations for rental rates continued to improve as more respondents believe that prices will increase at the rate of inflation. Improving occupancy levels and demand growth with limited new supply will help grow this sector. As rents continue to rise fundamentals will be more favorable for new development, particularly in supply constrained markets such as Miami.

Investment Outlook

Improving occupancy and rent growth is driving an improved outlook for investment in industrial space. The outlook this quarter reached a survey high driven in part by capital moving from the apartment sector chasing higher yields. Completion of the Panama Canal widening will have a major impact on industrial space in Florida. Most ports in Florida are gearing up for the impact with added industrial space planned. South Florida will continue to reap the benefits of expanded trade with South America which is driving new development. These factors along with an improving Florida economy and a growing bio-technology and medical technology sector will help drive additional demand in the near future to industrial space. Look for research from Florida universities to drive additional investment as companies incubate new inventions and ideas to market.

Cap Rates

Cap rates for both industrial sectors remained stable this quarter at approximately 8.1% and 8.6% respectively. There has been little movement over the past several quarters as investors focused more on the apartment sector. With improving fundamentals the higher cap rates will continue to attract more capital that can’t compete in the apartment segment.

Yields

Required yields declined slightly this quarter due to improving fundamentals and more capital flowing to this sector. The improving economy, associated job growth and growing bio-tech and medical research industries in Florida will contribute to the improving fundamentals and lower the risk of investment. Respondents indicate that these lower rates will continue over the next year.
Section 5: Office

Expected Occupancy

The outlook for occupancy in the office sector continues its dramatic increase, reaching new survey highs for Class A space. The continued improvement in employment, particularly in office related employment sectors is driving the renewed enthusiasm. Low rental rates are allowing companies to expand space for lower costs which is helping demand. Some owners are reporting, however, that companies continue to look for ways to reduce space per employee needs which will limit the magnitude of occupancy increases. If the national and state economies continue to expand we should expect this trend to continue.

Expected Rental Rates

Expectations for rental rates continued improve this quarter, reaching their highest levels in almost a year. More respondents are expecting rental rates to increase at a rate equal to inflation. The improved outlook is being driven by improving employment trends as well as increased occupancy which is allowing owners to push rents slightly and limit concessions. Employers continue to look for ways to maximize use of space which will limit the upside growth on rents over the next year.

Investment Outlook

Economic growth in Florida is driving an increase in jobs, reducing the unemployment rate at a relatively fast clip. These factors are improving the fundamentals for office space which is having the desired effect on investment outlook. While there continues to be risk and challenges in the sector, the respondents continue to see growing opportunity in this segment with outlook in Class A space reaching a new survey high. As with industrial, office will pull capital that can’t compete in the apartment sector and is looking for higher yields. Continued improvement in the economy and property fundamentals is critical to success in this sector.
Cap Rates

Cap rates declined this quarter in both Class A and Class B space as improving fundamentals and an improving Florida economy reduce the implied risk of office investment. Increased availability of debt financing will help this sector giving more investors and owners access to the low mortgage rates. While most respondents believe that cap rates will remain stable at this level, more are leaning toward a lower cap rate over the next year. Those expectations are contingent on continued improvement in employment and additional access to debt capital.

Yields

Required yields declined this quarter continuing a general trend over the past year. Investor perceptions of reduced risk due to improvement in the Florida economy, employment and property level fundamentals helped drive yields down. Investors remain cautious about the recovery on a national level given the upcoming elections and uncertainty about policy. This is driving companies to maximize efficiency in office use. Look for yields to remain at current levels through the end of the year as we await the results of the elections.

Section 6: Retail

Expected Occupancy

The outlook for occupancy improved this quarter for Large Centers and Strip Centers and remained stable for Neighborhood Centers and Free Standing retail. An improving Florida economy and employment are having a positive effect on consumer spending. This is driving increased confidence by retailers. Respondents indicate strong leasing activity at quality centers. Challenges remain as UF BEBR’s consumer confidence survey shows. Floridian’s confidence declined over the first quarter as increasing gas prices are impacting consumers’ ability to purchase. As long as the improving economy helps raise wages for consumers above the rates of inflation including gas, expect retail to continue to improve.

Expected Rental Rates

Expectations for rental rates continued to improve this quarter as respondents now believe that rental rates will rise at the rate of inflation for all property types in the retail sector. Improving occupancy, increased
employment and a positive outlook for the Florida economy are combining to increase rental rates. Risks remain with inflation, particularly the effects of rising gas prices, on the retail sector. As long as employment growth continues and tourism growth continues, retail will continue its slow improvement.

**Investment Outlook**

The outlook for investment in retail was mixed this quarter as Strip Centers and Large Centers improved while Neighborhood and Free Standing retail declined. This mirrors the outlook for occupancy in each segment. The improvements in employment are having a positive impact, but consumer confidence has dropped over the first quarter. That coupled with rising gas prices dampened optimism slightly in this sector. Neighborhood centers along with Free Standing retail have been the favored investment segments in the retail sector. Cap rate compression on core grocery deals and free standing retail are cooling off investors’ appetite for these assets.

**Cap Rates**

Cap rates remained relatively stable across retail segments this quarter. Neighborhood Centers saw the biggest movement with a 40 basis point decline. This reflects the capital moving toward quality grocery anchored centers compressing cap rates for core, high quality locations. With the risks still inherit in the system from rising gas prices and inflation cap rates should remain stable at current levels.

**Yields**

Required yields were mixed this quarter. Large Retail yields increased 200 basis points to 11% reflecting the higher risk of big box retail including Barnes & Noble. The remaining property segments remained relatively stable given
improving economic conditions. Inflation due to rising gas prices will compete with improving property fundamentals and employment outlook to keep yields at current levels over the next year.

While office and retail fundamentals are improving, current demand and rent levels don’t warrant new development for most of the state. This trend will continue over the next year. Markets like downtown Miami will see more growth due to an influx of residents into downtown and under developed retail. However, risks associated with increasing gas prices will work to keep rents from rising too quickly.

**Section 7: Outlook for Investment in Undeveloped Land**

**Land Without Entitlements or with Residential Entitlements**

The outlook for investment in undeveloped improved across all property types this quarter reaching their highest levels in five years. Land with entitlements reached its highest level since the first quarter of 2006 based on low prices for entitled land and increases in the Florida economy. Builders are taking advantage of those prices as well as increased demand to build competitively price new housing units. Given the time to plan and permit new communities, expect more builders to invest in entitled land to get ready for an uptick in demand expected after the elections in November.

**Land with Office or Retail Entitlements**

The outlook for investment in land with office or retail entitlements increased slightly this quarter with respondents still believing it is a mixed time to buy.

**Land with Hospitality Entitlements**

An increased trend in tourism is driving an improved outlook for land with hospitality entitlements. Tourism in Florida improved in 2011 with visitations up almost 4.4% through the end of the year. Additionally, foreign travel has become a larger percentage of Florida visitors with Brazilians becoming the most frequent foreign tourists. This trend is driving improved fundamentals at hotels across the state which is generating renewed interest in hospitality development. Miami and Orlando will see the biggest impact from these trends.
Land for Urban Renewal

The outlook for investment in urban renewal improved slightly this quarter and remains mixed. As more people move toward urban areas land for urban renewal will increase. We are starting to see more projects, particularly in Miami, but projects in small cities like Gainesville, with Innovation Square, are leading the state in urban renewal. This is a trend that will continue over the next several years.

Section 8: Business and Capital Availability Outlook

Capital Availability

The outlook for capital availability for development and acquisition increased this quarter to survey highs. The improvement in economic activity and employment is driving improving fundamentals which is attracting capital to real estate. In addition, respondents indicate that banks are starting to focus more on financing which is much needed given the amount of debt coming due over the next year. CMBS continues to be sluggish with approximately $5 billion in originations in the first quarter. However, despite optimism, there are a number of risks on the horizon that will have an impact on capital. Certainly the results of the elections will have an impact. But more importantly, the results of congress’ deliberations on key issues including the extension of Bush era tax cuts, extension of the payroll tax break, raising the debt ceiling and the $1.2 trillion in across the board cuts that are scheduled to hit at the end of the year will have a big impact on the flow of capital. Given the politics of the election cycle, expect that all these debates will happen after the November elections leaving little time for a lame duck congress to address issues that could have wide ranging impact on the economy. Additionally, continued implementation of the Dodd-Frank rules will impact banks’ ability to lend going forward.

UF Commercial Real Estate Sentiment Index

The UF Commercial Real Estate Sentiment Index improved to its highest level in almost five years as respondents continue to be optimistic about the level of economic growth in Florida. The continued growth along with improving employment and property fundamentals is providing a sound foundation for future growth in respondents’ businesses. Surprisingly, lenders lead the way in optimism this quarter as banks start shifting focus away from capital requirements toward revenue and the necessity of making loans. Owners also took a positive jump this quarter, reflecting improving property fundamentals and additional access to debt capital.

Despite the optimism, respondents remain cautious about the economy, given election year politics and the huge policy issues that need to be addressed in this environment. Any missteps by our elected officials could have a resounding negative impact on the economy.
Section 9: Dominant Investors

Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, REITs and Institutions are increasingly becoming more active as they have access to capital and are actively investing that capital. Additionally, there has been a surge of foreign investment in many property types this quarter.
Section 10: Characteristics of Survey Respondents

Profession of Respondents
Survey responses decreased slightly this quarter to 189 respondents. Approximately 58 percent of the respondents reported being an appraiser; over 60% with designations of MAI, SREA or SRPA. The next largest groups were other service providers and brokers.

Markets of Familiarity
Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 289 observations. The highest number of responses was for the Broward market, which had 37 observations. The lowest respondent support came from Treasure Coast with 12.
Property types of Familiarity
Each respondent was asked to select up to three property types with which they were familiar. Altogether, 421 selections were made in the latest survey round. Single family development was selected by 45 respondents while condominium development was selected by 31. The largest response for commercial property was in Office: Class B with 65 responses. The lowest response was for Hospitality-Economy with 8. Seven property types were selected by at least 30 respondents.
Section 11: Details of Cap Rates, Yields and Expected Changes

Table 1 summarizes estimates of cap rates and yields for twelve property types over the last four quarters of the survey. In addition, this table shows the distribution of expectations for changes in each reported cap rate and yield. In particular, the table reports the percent of respondents expecting each cap rate and yield to either rise or fall in the future. Excluded from this table is the percentage of respondents whom are expecting no change. This third percentage can be computed as 100 less the two percentages reported. Since prior sections discuss the content of Table 1, further comment is not given here. The table is simply provided as a reference to facilitate application of the survey results.
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<th>Flex Office: R</th>
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Section 12: Local Markets

Starting with the 3rd quarter of 2011, we have changed the presentation of the local market data to a more graphical format. This makes it easier, at a glance, to get a sense of what is happening in each market. As part of the transition you will notice that each report is broken up into property types. Additionally, you will see a table with indicating the direction of our respondents’ expectations for the various indicators. Please use the following legend to interpret the results.

For future expectations you will see the following symbols. Please refer to their definition for interpretation:

- An upward pointing arrow indicates an increasing trend.
- An upward but diagonal pointing arrow indicates a slightly positive or increasing trend.
- A side pointing arrow indicates a neutral trend.
- A downward but diagonal pointing arrow indicates a slightly negative or slightly declining trend.
- A downward pointing arrow indicates a decreasing or negative trend.
Regional Market Report for Dade

Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Apartments</th>
<th>Condo Conversion</th>
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<tbody>
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<td></td>
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<tr>
<td>Yields</td>
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<td></td>
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<td>Investment Outlook</td>
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<tr>
<td>Occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rents</td>
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</tbody>
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Investor Profile - Apartments

- Private Buyers: 16%
- Institutions: 15%
- REITs: 46%
- R.E. Companies: 23%

Investor Profile - Condo Conversion

- Private Buyers: 100%
Regional Market Report for Dade

Future Expectations

<table>
<thead>
<tr>
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</tr>
<tr>
<td>Rents</td>
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</table>

Investor Profile - Warehouse

- Private Buyers: 25%
- Institutions: 50%
- R.E. Companies: 25%

Investor Profile - Flex Space

- REITs, 50%
- Private Buyers: 50%
Regional Market Report for Dade

**Future Expectations**

<table>
<thead>
<tr>
<th></th>
<th>Office: Class A</th>
<th>Office: Class B</th>
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<tbody>
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<td>Yields</td>
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<td>Occupancy</td>
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<td></td>
</tr>
<tr>
<td>Rents</td>
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<td></td>
</tr>
</tbody>
</table>

**Investor Profile - Office: Class A**

- R.E. Companies: 50%
- Private Buyers: 25%
- Institutions: 25%

**Investor Profile - Office: Class B**

- Private Buyers: 64%
- R.E. Companies: 29%
- Foreign Buyers: 7%
Regional Market Report for Dade

Cap Rate Trend

<table>
<thead>
<tr>
<th></th>
<th>Q3-11</th>
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Yield Trend

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Future Expectations

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<td>Rents</td>
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</table>

Investor Profile - Retail-Large

- Private Buyers: 16%
- REITs: 17%
- Institutions: 50%
- R.E. Companies: 17%

Investor Profile - Neighborhood Center

- Private Buyers: 25%
- REITs: 25%
- Institutions: 17%
- R.E. Companies: 35%

Investor Profile - Strip Centers

- Private Buyers: 100%
- REITs: 17%
- Institutions: 50%
- R.E. Companies: 17%

Investor Profile - Free Standing

- Private Buyers: 83%
- REITs: 17%
Regional Market Report for Broward

Cap Rate Trend

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Yield Trend

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Future Expectations

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Investor Profile - Apartments

- REITs 55%
- R.E. Companies 18%
- Private Buyers 9%
- Institutions 18%

Investor Profile - Condo Conversion

- REITs 55%
- R.E. Companies 18%
- Private Buyers 9%
- Institutions 18%
Regional Market Report for Broward

Future Expectations

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Investor Profile - Warehouse

- Private Buyers: 40%
- R.E. Companies: 20%
- Institutions: 40%

Investor Profile - Flex Space

- Private Buyers: 40%
- R.E. Companies: 40%
- REITs: 20%
Regional Market Report for Broward

Future Expectations

<table>
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<tr>
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Investor Profile - Office: Class A

R.E. Companies: 75%
Institutions: 25%

Investor Profile - Office: Class B

Private Buyers: 67%
R.E. Companies: 27%
Foreign Buyers: 7%
Regional Market Report for Broward

Cap Rate Trend

<table>
<thead>
<tr>
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<th>Q3-11</th>
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Yield Trend

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Future Expectations

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<tr>
<td>Rents</td>
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</tbody>
</table>

Investor Profile - Retail-Large

Private Buyers: 17%
REITs: 33%
Institutions: 50%

Investor Profile - Neighborhood Center

Private Buyers: 27%
REITs: 27%
Institutions: 13%
R.E. Companies: 33%

Investor Profile - Strip Centers

Private Buyers: 100%

Investor Profile - Free Standing

Private Buyers: 100%
**Regional Market Report for Palm Beach**

### Cap Rate Trend

- **Apartments - Market**: 5.95, 6.38, 6.36
- **Condo Conversions**: 5.93, 6.38, 6.36

### Yield Trend

- **Apartments - Market**: 13.80, 10.39, 8.47
- **Condo Conversions**: 17.51, 13.80, 10.39

### Future Expectations

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</tr>
<tr>
<td>Rents</td>
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</table>

### Investor Profile - Apartments

- **REITs**: 63%
- **Private Buyers**: 12%
- **R.E. Companies**: 12%
- **Institutions**: 13%

### Investor Profile - Condo Conversion

- **Private Buyers**: 12%
- **REITs**: 63%
- **R.E. Companies**: 12%
- **Institutions**: 13%
Regional Market Report for Palm Beach

Future Expectations

<table>
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<tr>
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</tr>
<tr>
<td>Rents</td>
<td>↓</td>
<td>↓</td>
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</table>

Investor Profile - Warehouse

- Private Buyers: 20%
- REITs: 20%
- R.E. Companies: 40%
- Institutions: 20%

Investor Profile - Flex Space

- Private Buyers: 50%
- R.E. Companies: 25%
- REITs: 25%
- Institutions: 0%
Regional Market Report for Palm Beach

Future Expectations

<table>
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<tr>
<th></th>
<th>Office: Class A</th>
<th>Office: Class B</th>
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<tbody>
<tr>
<td>Cap Rates</td>
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<td>Rents</td>
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Investor Profile - Office: Class A

Investor Profile - Office: Class B

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Regional Market Report for Palm Beach

Cap Rate Trend

<table>
<thead>
<tr>
<th></th>
<th>Q3-11</th>
<th>Q4-11</th>
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Yield Trend

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<td>Rents</td>
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Investor Profile - Retail-Large

Private Buyers: 20%
REITs: 40%
Institutions: 40%

Investor Profile - Neighborhood Center

Private Buyers: 30%
REITs: 30%
Institutions: 10%
R.E. Companies: 30%

Investor Profile - Strip Centers

Private Buyers: 100%

Investor Profile - Free Standing

Private Buyers: 100%
Regional Market Report for Treasure Coast

Future Expectations

<table>
<thead>
<tr>
<th></th>
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<th>Condo Conversion</th>
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<tr>
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Investor Profile - Apartments

- REITs: 50%
- R.E. Companies: 50%

Investor Profile - Condo Conversion

- REITs: 50%
- R.E. Companies: 50%
Regional Market Report for Treasure Coast

Cap Rate Trend

<table>
<thead>
<tr>
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<th>Flex Space</th>
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Yield Trend

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Future Expectations

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Investor Profile - Warehouse

- REITs: 50%
- R.E. Companies: 50%

Investor Profile - Flex Space

- R.E. Companies: 100%
Regional Market Report for Treasure Coast

Office Properties

Future Expectations

<table>
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<tr>
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<th>Office: Class B</th>
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Investor Profile - Office: Class A

Investor Profile - Office: Class B

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Regional Market Report for Treasure Coast

Cap Rate Trend

<table>
<thead>
<tr>
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<th>Q1-12</th>
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<tbody>
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Future Expectations

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Investor Profile - Retail-Large

Investor Profile - Neighborhood Center

Investor Profile - Strip Centers

Investor Profile - Free Standing
Regional Market Report for Southwest Coast

- **Cap Rate Trend**
  - Q3-11: 7.39
  - Q4-11: 7.37
  - Q1-12: 9.01
- **Yield Trend**
  - Q3-11: 10.10
  - Q4-11: 10.11
  - Q1-12: 18.03

### Future Expectations

<table>
<thead>
<tr>
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<th>Condo Conversion</th>
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### Investor Profile - Apartments

REITs 100%

### Investor Profile - Condo Conversion
Regional Market Report for Southwest Coast

**Cap Rate Trend**

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**Yield Trend**

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**Future Expectations**

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<tr>
<td>Rents</td>
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</table>

**Investor Profile - Warehouse**

- Private Buyers: 75%
- R.E. Companies: 25%

**Investor Profile - Flex Space**

- Private Buyers: 100%
Regional Market Report for Southwest Coast

**Cap Rate Trend**

<table>
<thead>
<tr>
<th></th>
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**Yield Trend**

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<tr>
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**Investor Profile - Office: Class A**

- Private Buyers: 75%
- R.E. Companies: 25%

**Investor Profile - Office: Class B**

- Private Buyers: 88%
- R.E. Companies: 13%
Regional Market Report for Southwest Coast

**Cap Rate Trend**

<table>
<thead>
<tr>
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<th>Q3-11</th>
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**Yield Trend**

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**Future Expectations**

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**Retail Properties**

**Investor Profile - Retail-Large**

- REITs: 50%
- R.E. Companies: 50%

**Investor Profile - Neighborhood Center**

- Institutions: 50%
- REITs: 50%

**Investor Profile - Strip Centers**

- Private Buyers: 100%

**Investor Profile - Free Standing**

- Private Buyers: 100%
Survey of Emerging Market Conditions

Regional Market Report for Daytona Beach

Future Expectations

<table>
<thead>
<tr>
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<th>Condo Conversion</th>
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Investor Profile - Apartments

Investor Profile - Condo Conversion

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Regional Market Report for Daytona Beach

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<tr>
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Investor Profile - Warehouse

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<td>Institutions, 100%</td>
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Investor Profile - Flex Space

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<tbody>
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Regional Market Report for Daytona Beach

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<tr>
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Investor Profile - Office: Class A

- Foreign Buyers: 50%
- Institutions: 50%

Investor Profile - Office: Class B

- R.E. Company: 11%
- Private Buyers: 89%
Regional Market Report for Daytona Beach

Cap Rate Trend

Yield Trend

Future Expectations

Retail Properties

Investor Profile - Retail-Large

Investor Profile - Strip Centers

Investor Profile - Free Standing

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Regional Market Report for Orlando

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Investor Profile - Apartments

Investor Profile - Condo Conversion

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Regional Market Report for Orlando

Cap Rate Trend

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Yield Trend

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Future Expectations

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<tr>
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Investor Profile - Warehouse

- Institutions: 67%
- REITs: 33%
- Foreign Buyers: 17%
- Private Buyers: 17%
- R.E. Companies: 17%

Investor Profile - Flex Space

- Institutions: 67%
- REITs: 33%
- Foreign Buyers: 17%
- Private Buyers: 33%
- R.E. Companies: 17%
Regional Market Report for Orlando

Cap Rate Trend

<table>
<thead>
<tr>
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Yield Trend

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Future Expectations

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<tr>
<td>Rents</td>
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</table>

Investor Profile - Office: Class A

- Foreign Buyers, 20%
- Private Buyers, 20%
- Institutions, 60%

Investor Profile - Office: Class B

- Foreign Buyers, 14%
- P.E. Companies, 14%
- Private Buyers, 71%
Regional Market Report for Orlando

Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Retail-Large</th>
<th>Neighborhood Centers</th>
<th>Strip Centers</th>
<th>Free Standing</th>
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<tr>
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<td>Rents</td>
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Investor Profile - Retail-Large
- REITs: 33%
- Institutions: 67%

Investor Profile - Strip Centers
- Private Buyers: 100%

Investor Profile - Neighborhood Center
- Private Buyers: 100%

Investor Profile - Free Standing
- Private Buyers: 100%
Regional Market Report for Lakeland

Future Expectations

<table>
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<tr>
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<th>Condo Conversion</th>
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<tr>
<td>Rents</td>
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</table>

Investor Profile - Apartments

- Institutions: 50%
- R.E. Companies: 50%

Investor Profile - Condo Conversion

- Foreign Buyers, 100%
Regional Market Report for Lakeland

Future Expectations

<table>
<thead>
<tr>
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<tr>
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Investor Profile - Warehouse

- Private Buyers: 40%
- Institutions: 20%
- REITs: 30%

Investor Profile - Flex Space

- Private Buyers: 100%
Regional Market Report for Lakeland

Future Expectations

<table>
<thead>
<tr>
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<th>Office: Class B</th>
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Investor Profile - Office: Class A

Investor Profile - Office: Class B

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Regional Market Report for Lakeland

**Future Expectations**

<table>
<thead>
<tr>
<th></th>
<th>Retail-Large</th>
<th>Neighborhood Centers</th>
<th>Strip Centers</th>
<th>Free Standing</th>
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<tbody>
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</table>

**Cap Rate Trend**

- Retail-Large: Q3-11 9.08, Q4-11 8.82, Q1-12 0.00
- Neighborhood Retail: Q3-11 9.24, Q4-11 10.11, Q1-12 7.60
- Strip Centers: Q3-11 10.90, Q4-11 10.11, Q1-12 8.91
- Free Standing: Q3-11 9.23, Q4-11 8.64, Q1-12 7.41

**Yield Trend**

- Retail-Large: Q3-11 8.35, Q4-11 9.19, Q1-12 0.00
- Neighborhood Retail: Q3-11 8.67, Q4-11 11.50, Q1-12 10.80
- Strip Centers: Q3-11 10.97, Q4-11 11.50, Q1-12 12.28
- Free Standing: Q3-11 8.81, Q4-11 9.22, Q1-12 9.97

**Investor Profile - Retail-Large**

- R.E. Companies, 100%

**Investor Profile - Neighborhood Center**

- Private Buyers 100%

**Investor Profile - Strip Centers**

- Private Buyers 100%

**Investor Profile - Free Standing**

- Private Buyers 100%
Regiona Market Report for Tampa

Cap Rate Trend

<table>
<thead>
<tr>
<th>Quarter</th>
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Yield Trend

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Future Expectations

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<tr>
<td>Rents</td>
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</tbody>
</table>

Investor Profile - Apartments

- Private Buyers: 22%
- R.E. Companies: 10%
- Institutions: 13%
- REITs: 34%

Investor Profile - Condo Conversion

- Private Buyers: 67%
- Foreign Buyers: 33%
- REITs: 34%
- R.E. Companies: 22%
- Institutions: 11%
Regional Market Report for Tampa

Cap Rate Trend

Yield Trend

Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Warehouse</th>
<th>Flex Space</th>
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Investor Profile - Warehouse

Investor Profile - Flex Space

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Regional Market Report for Tampa

**Office Properties**

**Cap Rate Trend**

<table>
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<tr>
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**Yield Trend**

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<td>Q1-12</td>
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**Future Expectations**

- **Cap Rates**
  - **Office: Class A**: Decrease
  - **Office: Class B**: Increase
- **Yields**
  - **Office: Class A**: Increase
  - **Office: Class B**: Decrease
- **Investment Outlook**
  - **Office: Class A**: Increase
  - **Office: Class B**: Increase
- **Occupancy**
  - **Office: Class A**: Increase
  - **Office: Class B**: Increase
- **Rents**
  - **Office: Class A**: Decrease
  - **Office: Class B**: Decrease

**Investor Profile - Office: Class A**

- **Institutions**: 50%
- **REITs**: 17%
- **R.E. Companies**: 16%
- **Foreign Buyers**: 17%

**Investor Profile - Office: Class B**

- **Private Buyers**: 80%
- **R.E. Companies**: 20%

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Survey of Emerging Market Conditions

Regional Market Report for Tampa

Cap Rate Trend

<table>
<thead>
<tr>
<th></th>
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Yield Trend

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Future Expectations

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</table>

Investor Profile - Retail-Large

Private Buyers 25%
REITs 25%
Institutions 50%

Investor Profile - Neighborhood Center

REITs 40%
Institutions 20%
R.E. Companies 40%

Investor Profile - Strip Centers

R.E. Companies 25%
Private Buyers 75%

Investor Profile - Free Standing

Private Buyers 100%
Regional Market Report for Sarasota

Future Expectations

<table>
<thead>
<tr>
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</tr>
<tr>
<td>Rents</td>
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</tbody>
</table>

Investor Profile - Apartments

- Institutions: 17%
- Private Buyers: 16%
- R.E. Companies: 17%
- REITs: 50%

Investor Profile - Condo Conversion

- Foreign Buyers: 100%

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Regional Market Report for Sarasota

Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Warehouse</th>
<th>Flex Space</th>
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<tr>
<td>Rents</td>
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</table>

**Cap Rate Trend**

- Q3-11: 8.50
- Q4-11: 8.91
- Q1-12: 9.09

**Yield Trend**

- Q3-11: 9.85
- Q4-11: 11.04
- Q1-12: 11.96

**Investor Profile - Warehouse**

Private Buyers, 100%

**Investor Profile - Flex Space**

Private Buyers, 100%
Regional Market Report for Sarasota

Office Properties

Survey of Emerging Market Conditions

May 2012

Cap Rate Trend

<table>
<thead>
<tr>
<th>Quarter</th>
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Yield Trend

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<tr>
<td>Rents</td>
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</table>

Investor Profile - Office: Class A

Investor Profile - Office: Class B

- Private Buyers, 80%
- R.E. Companies, 20%
- Institutions 100%
Regional Market Report for Sarasota

Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Retail-Large</th>
<th>Neighborhood Centers</th>
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Investor Profile - Retail-Large
Private Buyers 100%

Investor Profile - Neighborhood Center
Private Buyers 100%

Investor Profile - Strip Centers
Private Buyers 100%

Investor Profile - Free Standing
Private Buyers 100%
Regional Market Report for Jacksonville

### Future Expectations

<table>
<thead>
<tr>
<th></th>
<th>Apartments</th>
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<tbody>
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<tr>
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</table>

### Investor Profile - Apartments

- **R.E. Companies**: 50%
- **REITs**: 17%
- **Institutions**: 13%

### Investor Profile - Condo Conversion

- **Private Buyers**: 100%
Regional Market Report for Jacksonville

**Future Expectations**

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<thead>
<tr>
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<th>Warehouse</th>
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<td>Rents</td>
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</tbody>
</table>

**Cap Rate Trend**

- Q3-11: 9.25
- Q4-11: 9.08
- Q1-12: 9.04

**Yield Trend**

- Q3-11: 11.12
- Q4-11: 14.26
- Q1-12: 10.75

**Investor Profile - Warehouse**

- Private Buyers: 50%
- Institutions: 50%

**Investor Profile - Flex Space**

- Private Buyers: 75%
- Institutions: 25%
Regional Market Report for Jacksonville

**Future Expectations**

<table>
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<tr>
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<tr>
<td>Rents</td>
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</table>

**Investor Profile - Office: Class A**

- **REITs**: 100%

**Investor Profile - Office: Class B**

- **Private Buyers**: 78%
- **REITs**: 100%
- **Institutions**: 11%
- **Private Companies**: 11%
Regional Market Report for Jacksonville

Future Expectations

<table>
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<tr>
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<th>Retail-Large</th>
<th>Neighborhood Centers</th>
<th>Strip Centers</th>
<th>Free Standing</th>
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</table>

Investor Profile - Retail-Large

- REITs: 100%

Investor Profile - Neighborhood Center

- REITs: 33%
- Private Buyers: 17%
- Institutions: 17%
- R.E. Companies: 17%

Investor Profile - Strip Centers

- REITs: 14%
- Private Buyers: 86%

Investor Profile - Free Standing

- Institutions: 33%
- Private Buyers: 67%
Regional Market Report for Gainesville/Ocala

Multi-Family Properties

Cap Rate Trend

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Apartments-Market</th>
<th>Condo Conversions</th>
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<td>Q3-11</td>
<td>6.93</td>
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<td>Q4-11</td>
<td>7.75</td>
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<tr>
<td>Q1-12</td>
<td>7.47</td>
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Yield Trend

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<th>Quarter</th>
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<td>9.99</td>
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<td>Q4-11</td>
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Future Expectations

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<td>Rents</td>
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Investor Profile - Apartments

- Private Buyers: 20%
- R.E. Companies: 40%
- REITs: 40%

Investor Profile - Condo Conversion

- Private Buyers: 100%
Regional Market Report for Gainesville/Ocala

![Cap Rate Trend](image)

![Yield Trend](image)

<table>
<thead>
<tr>
<th>Future Expectations</th>
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**Investor Profile - Warehouse**
- REITs: 50%
- Private Buyers: 50%

**Investor Profile - Flex Space**
- REITs: 50%
- Private Buyers: 50%

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Regional Market Report for Gainesville/Ocala

Future Expectations

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</table>

Investor Profile - Office: Class A

Private Buyers: 62%
REITs: 13%
R.E. Companies: 12%
Institutions: 13%

Investor Profile - Office: Class B

Private Buyers: 86%
REITs: 14%
Regional Market Report for Gainesville/Ocala

Future Expectations

<table>
<thead>
<tr>
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<th>Neighborhood Centers</th>
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<tr>
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<td>8.27</td>
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</table>

Investor Profile - Retail-Large

- Private Buyers: 34%
- REITs: 33%
- R.E. Companies: 33%

Investor Profile - Neighborhood Center

- Foreign Buyers, 35%
- Private Buyers, 33%
- REITs, 33%

Investor Profile - Strip Centers

- Private Buyers: 100%

Investor Profile - Free Standing

- Private Buyers: 100%
Regional Market Report for Tallahassee/Panhandle

Cap Rate Trend

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<td>Q3-11</td>
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Yield Trend

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Future Expectations

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Investor Profile - Apartments

R.E. Companies, 100%

Investor Profile - Condo Conversion

Private Buyers, 100%
Regional Market Report for Tallahassee/Panhandle

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Investor Profile - Warehouse

Investor Profile - Flex Space

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Regional Market Report for Tallahassee/Panhandle

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Investor Profile - Office: Class A

- R.E. Companies, 100%

Investor Profile - Office: Class B

- R.E. Companies, 50%
- Private Buyers, 50%