

Survey of Emerging Market Conditions

Quarter 2 2011

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the June 2011 fielding. For more information about the survey or the Bergstrom Center for Real Estate Studies, visit our website at www.realestate.ufl.edu.

Executive Summary & Conclusions

The outlook for the real estate markets in the state declined slightly in the second quarter as uncertainty in the direction of the economy and the political gridlock in Washington weigh on respondents' minds. UF's Commercial Real Estate Sentiment Index, an outlook on our respondents' own businesses, decreased for the first time in seven quarters despite relatively stable fundamentals across asset classes. Economic and political uncertainties were the common themes put forward by the respondents. Topping the list was job growth. Even though unemployment in Florida improved in many markets, the pace of change and the still high levels are affecting the pace of improvements in the real estate markets. Consumers continue to be cautious and pessimistic about their own spending which is also affecting the rate of fundamental improvement.

As has been the case over the past year, respondents continue to be concerned about the level of government debt and spending. The debt ceiling debates going on in Congress haven't help ease their fears as gridlock adds uncertainty to an already uncertain marketplace. This prevents companies, making record profits, from investing in personnel. Consumers, uneasy about their own jobs and the slow economic growth continue to limit spending which drives a significant portion of gross domestic product. Resolution to the government spending issues in the short and mid-term would help provide more certainty to the marketplace and is a needed component for meaning improvement in the real estate markets.

Despite these challenges, respondents were mostly positive about the outlook for fundamentals. The apartment market continues to be the best performing asset class as changing demographics and the continued foreclosure issues are combining to have a positive effect on supply and rent growth. The race is already on to find new development opportunities to address the coming shortage of quality units in major markets. Another bright spot in the market is the hospitality sector. Hotel fundamentals have been improving tremendously over the past year driven by an improving tourism market in Florida that was surprising resilient during the great recession. The number of visitors to Florida in the 1st quarter rose by 3.3% to over 23 million. Additionally, the weak dollar compared to foreign currencies is driving more foreign tourism which is leading to an increase in investment from foreign investors into Florida.

Overall the future remains uncertain and will continue to depend on policies from Washington that effect both spending and job growth over the coming quarters. Positives steps in either or both of those areas with have a positive impact on real estate markets.

Highlights

- The UF Commercial Real Estate Sentiment Index declined for the first time in seven quarters.
- The outlook for occupancy declined slightly across property types but remains positive for future increases.
- Cap rates and yields continue stabilizing across most property types. Expectations are for continued stabilization at current levels over the next year.
- The outlook for investment declined across most property types, however a more positive outlook was seen for apartments, warehouse and several land categories.
- Respondents' outlook for capital availability declined slightly but respondents continue to believe that the availability of capital will increase.
- Job growth and government spending continue to be the main concerns of most respondents.

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 172, 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, declined slightly this quarter with respondents still believing that the outlook is mixed but improving. An increase in the financing available has had a positive effect on the outlook along with a belief that banks will be forced to sell more assets in the coming year proving better opportunities for investment.

Single Family & Condominium Development

The outlook for new single family absorption declined slightly this quarter as slow economic growth, poor consumer sentiment and financing issues hurt the new home market. Home builders continue to have a negative outlook on the market as financing is difficult to obtain and lower prices in the foreclosure and short sale market take potential customers away from the new housing market. The condominium absorption outlook increased for the third consecutive quarter to a new survey high with respondents now beginning to believe that absorptions will increase in coming quarters. The increase in optimism is driven by a large influx of foreign investment in the Condo sector in Florida. The outlook for prices of new single family and condominiums increased this quarter with respondents continuing to believe that prices will lag inflation.

Apartments

Expectations for occupancy increased this quarter as respondents continue to predict that occupancy will rise for apartments and condo conversions. Additionally, they believe that current occupancy levels warrant price increases in line with inflation as we see fewer concessions and more demand for apartments due to home foreclosures and changing population demographics. The expectation for apartment investment decreased dramatically this quarter, keeping with recent volatility in this question. Respondents now believe it is a mixed time to invest in apartments. Cap rates, an indication of long term value, decreased slightly this quarter with market rent apartments just below 7%. Respondents continue to believe that rates will stabilize around this level.

Industrial

The outlook for industrial occupancy declined this quarter for both warehouse and flex space. Respondents continue to believe that warehouse occupancy while flex space will stabilize at current levels. The outlook for rental rates followed suit this quarter with a sharp decrease for both sectors as respondents now believe that rental rates will lag inflation over the next year. The outlook for investment in industrial properties increased slightly for warehouse but declined for flex space. Respondents continue to believe it is a mixed to positive time to buy. Cap rates for increased this quarter for both sectors with current rates between 8% and 9%. Respondents expect cap rates to stabilize at current levels.

Office

Office occupancy expectations declined sharply for Class A space but continued a positive trend for Class B. Respondents now believe that Class A occupancy will stabilize at current levels with a small positive increase in occupancy is projected for Class B. The outlook for rental rates for both sectors was opposite their occupancy outlook with Class A respondents being slightly more positive this quarter and Class B respondents slight more negative. Cap rates stabilized at 8% and 9% respectively for Class A and B space and respondents continue to believe that this trend will continue.

Retail

Retail occupancy expectations declined for three of the four retail sectors this quarter with only Free Standing retail improving. Respondents continue to believe however that occupancies will remain stable at current levels for all sectors. The expectations for rental rates followed a similar pattern to the occupancy outlook. Respondents continue to believe that rental rates will lag inflation in the near term. Cap rates continue to stabilize across retail property types with the exception of strip centers which increased this quarter. Expectations for future cap rates continue moving toward a declining cap rate environment. The investment outlook in retail remained positive for all sectors but large retail with declined to a mixed time to buy.

Land Investment

The outlook for investment in land declined slightly across most land categories with the exception of land with hospitality or warehouse improvements. Increasing fundamentals in hospitality and increasing demand for warehouse space for exports are driving these expectations.

Capital Availability

The outlook for capital availability declined this quarter but remained positive. Private equity continues to be plentiful for quality core assets and valued-add assets. Debt capital from financial institutions has started to come back to the market; however, it is still only available to the strongest players. Foreign investment is increasing particularly in the South Florida marketplace. A large investment is coming from South America and European countries with debt issues.

UF Commercial Real Estate Sentiment Index

Formerly called the Own Business Outlook, the Sentiment index declined for the first time in seven quarters. Lenders' outlook improved this quarter pushing them to the most positive position. Developers' outlook also improved on the belief that apartment development and potentially hospitality development will be coming back to the market. Uncertainty with employment and government spending continue to hold down the overall expectations for our respondents' businesses.

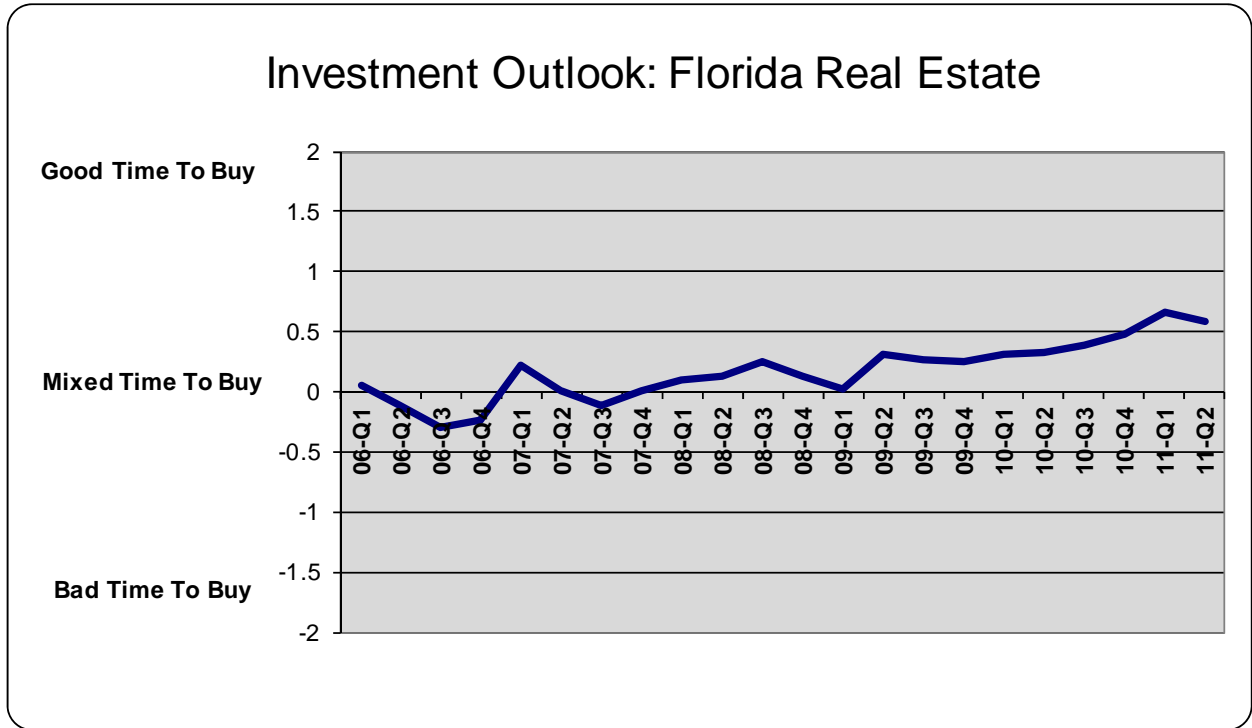
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Section 1: Investment Outlook

The investment outlook for Florida declined slightly this quarter reflecting respondents' views on the declining economic data and the negative perceptions of the debt ceiling negotiations in Washington. Despite the declining outlook respondents continue to believe that there are good investment options in Florida. Their outlook improved in Warehouse, several retail sectors and several land sectors this quarter limiting the downward decline in the overall outlook.

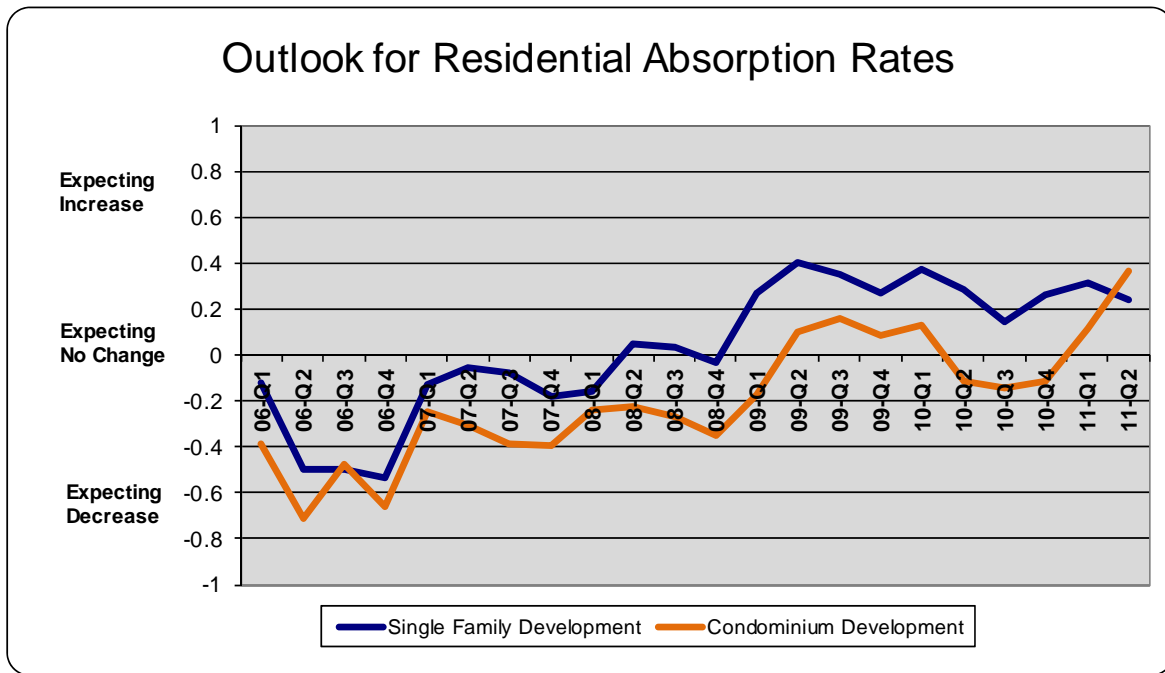


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

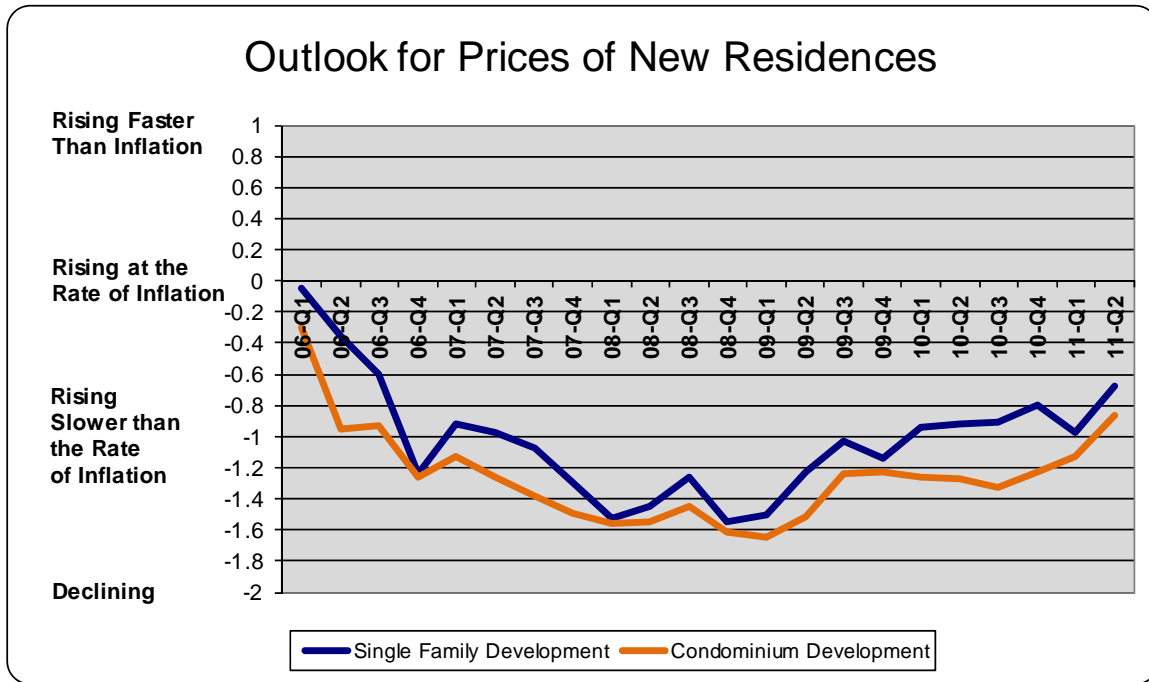
Expected Absorption Rates

Our respondents' view of new housing absorption continues to be positive with the outlook for absorption of condominium development reaching a survey high. A slightly improving job market and activity from foreign investment is driving the increased expectation particularly in condo development. The appeal of the urban environment in the younger demographics is leading to an expansion of downtowns and therefore the need for more living space. This is readily seen in downtown Miami which, a few years ago was being punished for the substantial oversupply of condo units but now turned in to a lack of supply. However, 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. High unemployment provides a competing affect to record low interest rates to keep absorption expectations contained. Additionally, extremely tight underwriting criteria for home loans prevents a large portion of consumers who are in the market to buy from qualifying for a loan. These factors are driving a tremendous uptick in all cash buyers who are not occupying units but renting them.



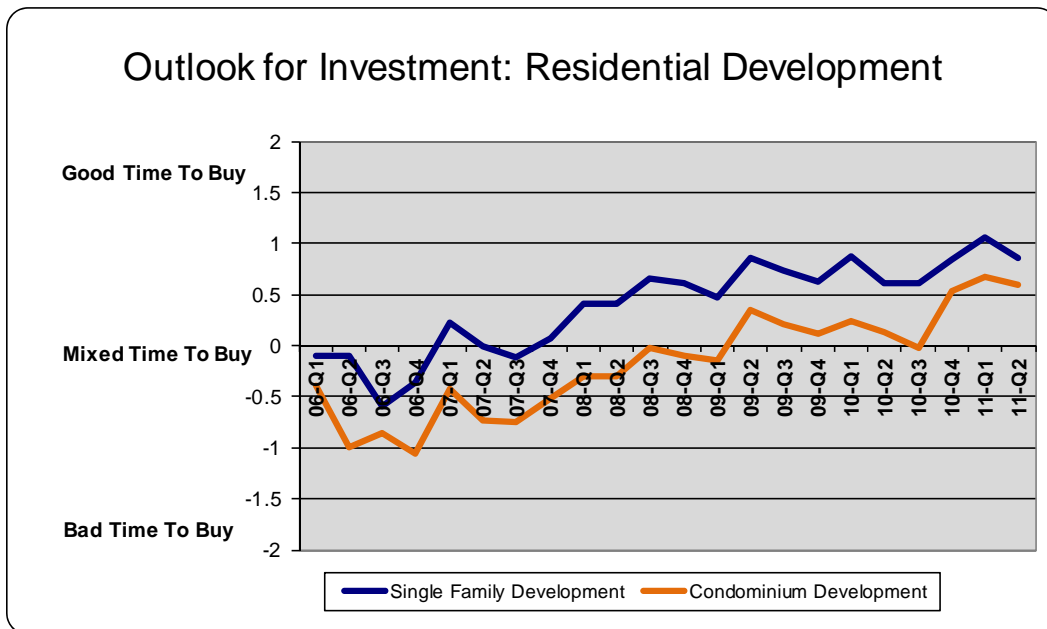
Expected Price Changes

The large number of homes in the foreclosure process, along with slow job growth will keep prices lagging inflation. Additional foreclosures that add to the inventory and underwriting criteria that limits the supply of eligible buyers will lead to further price declines in existing inventory. This will continue to apply pressure to new home builders to produce product at low prices in order to compete. Unfortunately an upturn in construction costs is making this more challenging. Additionally, skilled labor in the state will be difficult to retain as they move to other regions of the country where recovery is happening at a faster pace.



Investment Outlook

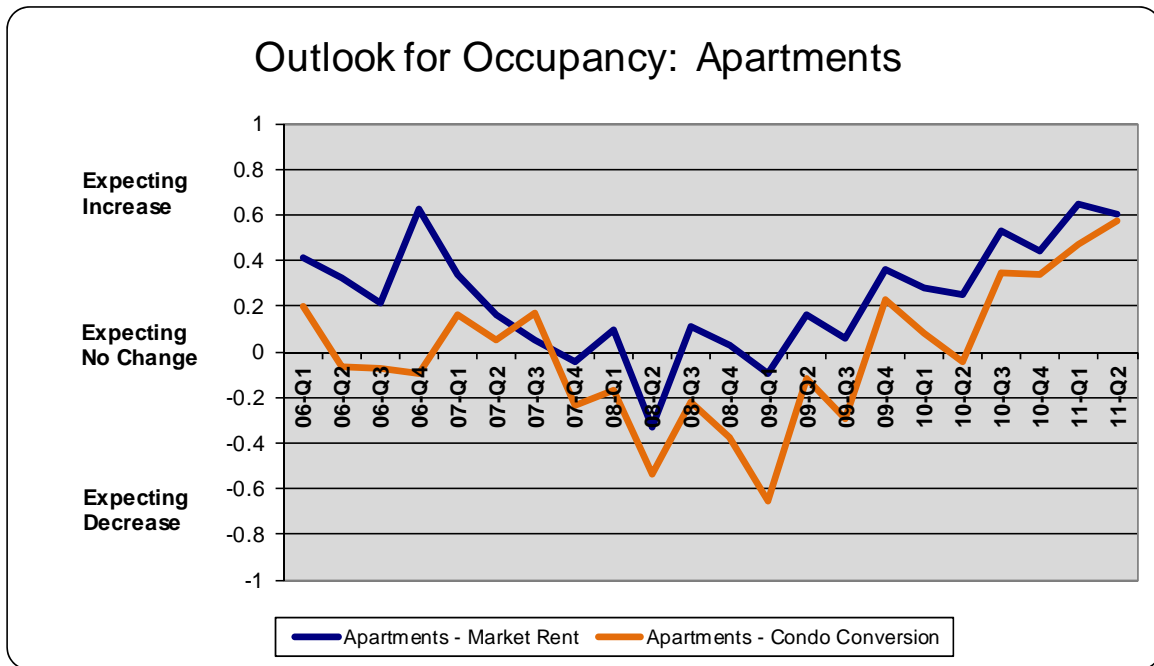
The outlook for residential investment remained near survey highs this quarter despite dropping slightly from last quarter. A slow improvement in the jobs picture and a slightly more upbeat mood on Florida’s economy is leading to positive views of the future of residential development. This is not true throughout the state but certainly in areas with job growth and urban environments.



Section 3: Apartments

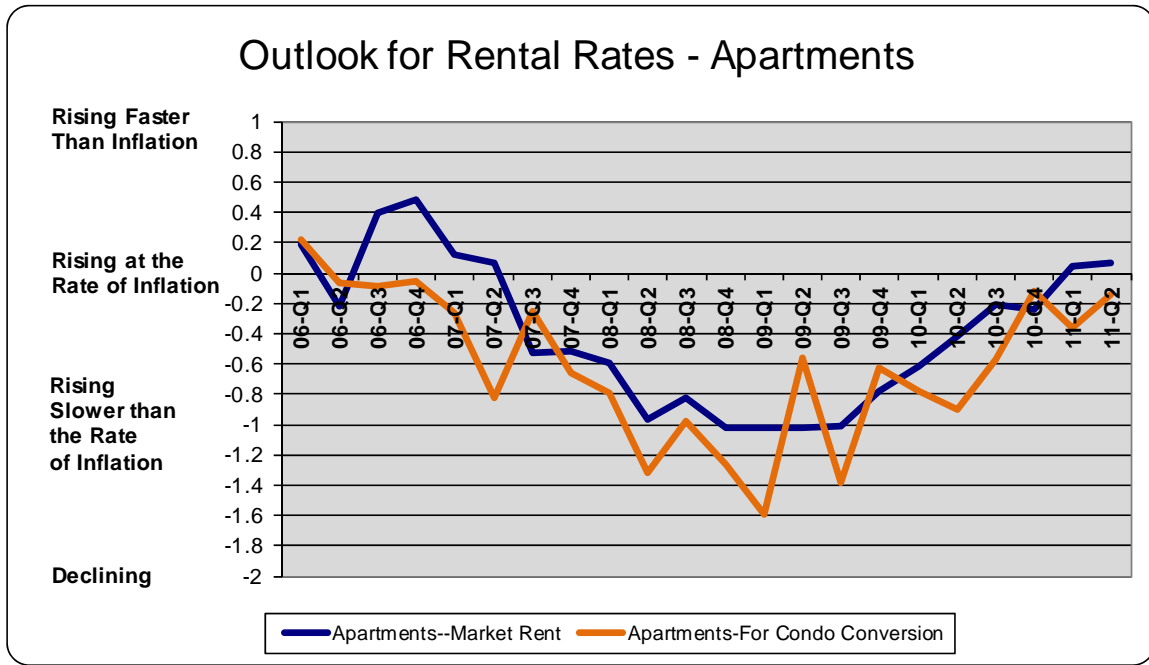
Expected Occupancy

Expectations for future occupancy in the apartment segment continue to improve with most respondents expecting occupancy to increase over the next year. Continuation of foreclosure proceedings on many Floridians along with changing demographics is driving an increase in expectations. Additionally, as we add new people to the work force who have just graduated they are more apt to look for apartments than ownership opportunities. In urban locations, the changing demographics are leading to supply shortages which is driving new development opportunities.



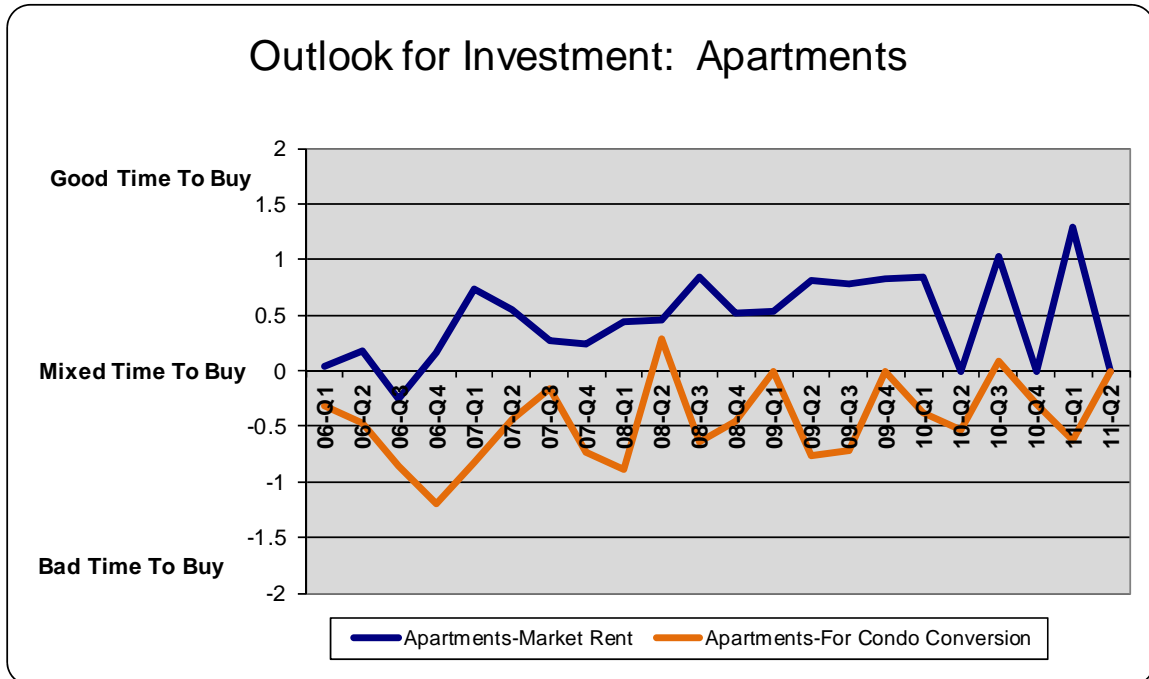
Expected Rental Rates

The outlook for rental rates remained positive as our respondents now believe that rates will keep up with inflation. Increasing demand and a limited supply will allow for price increases and elimination of concessions going forward. Markets that experience job growth will be in the best position to benefit from these increases with the most sought after markets being in urban areas.



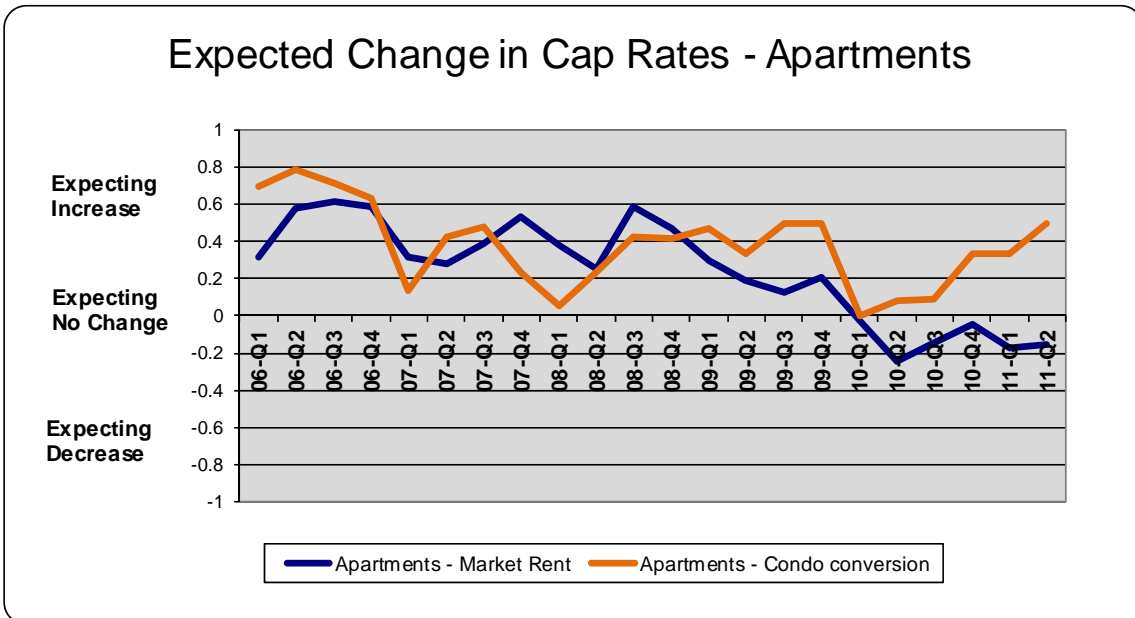
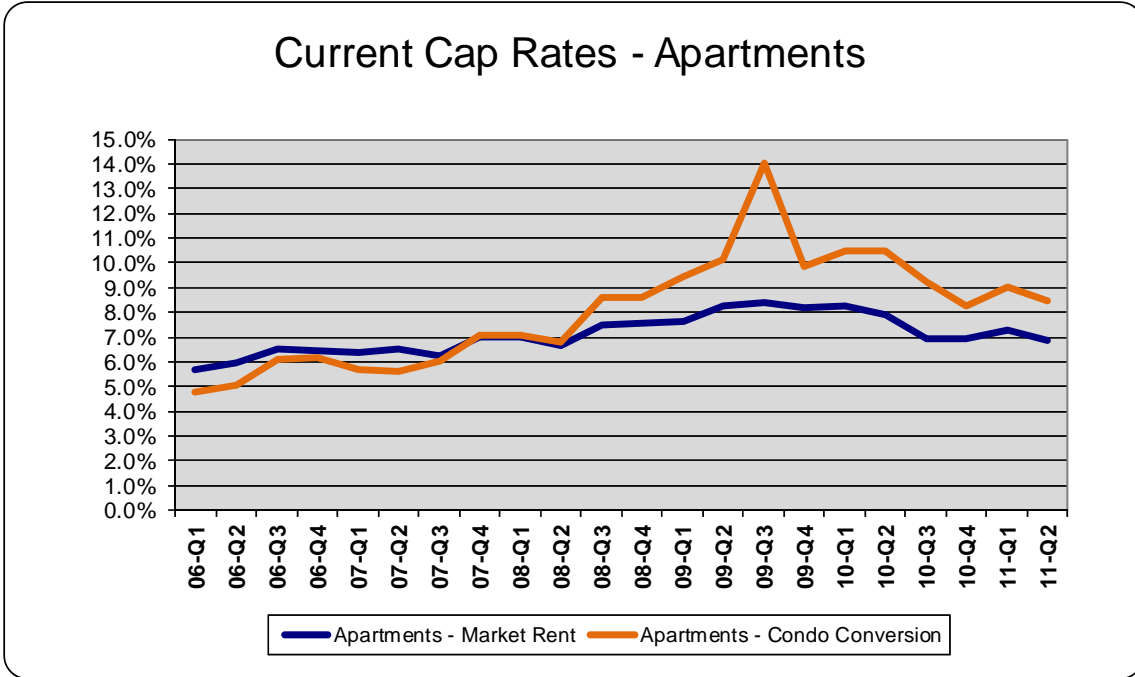
Investment Outlook

The outlook for investment in apartments continues to be volatile as the outlook in market rate apartments took a significant decrease from survey highs. This reflects the difficulty in finding investment opportunities in the apartment sector. Every investor has capital they want to place in the multi-family sector. The supply of capital in this sector is compressing cap rates and making future investment less appealing.



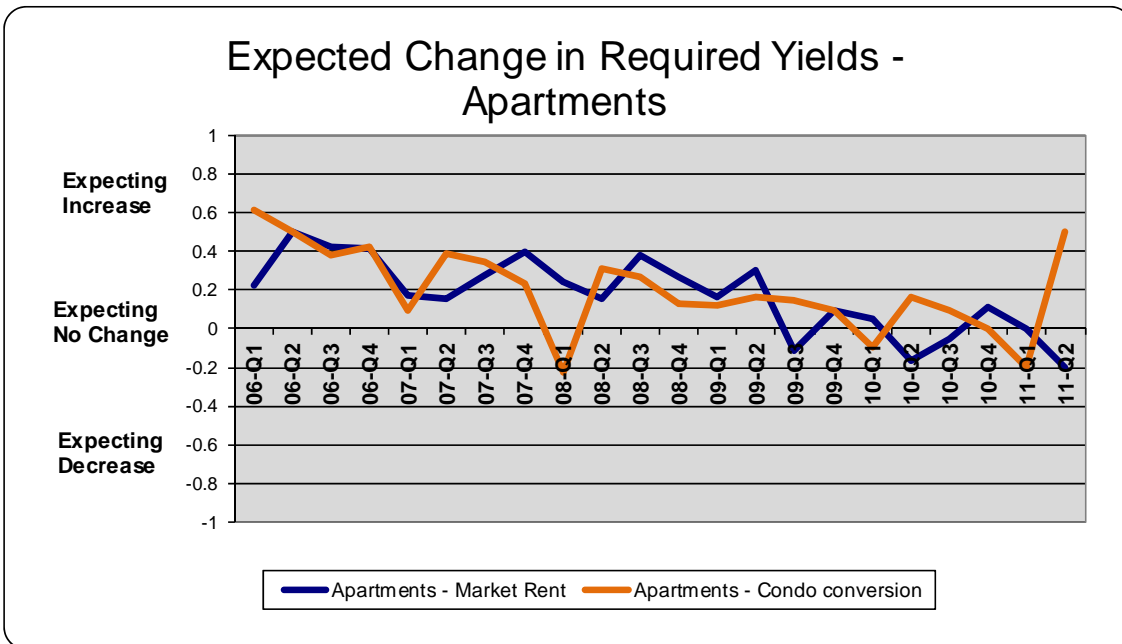
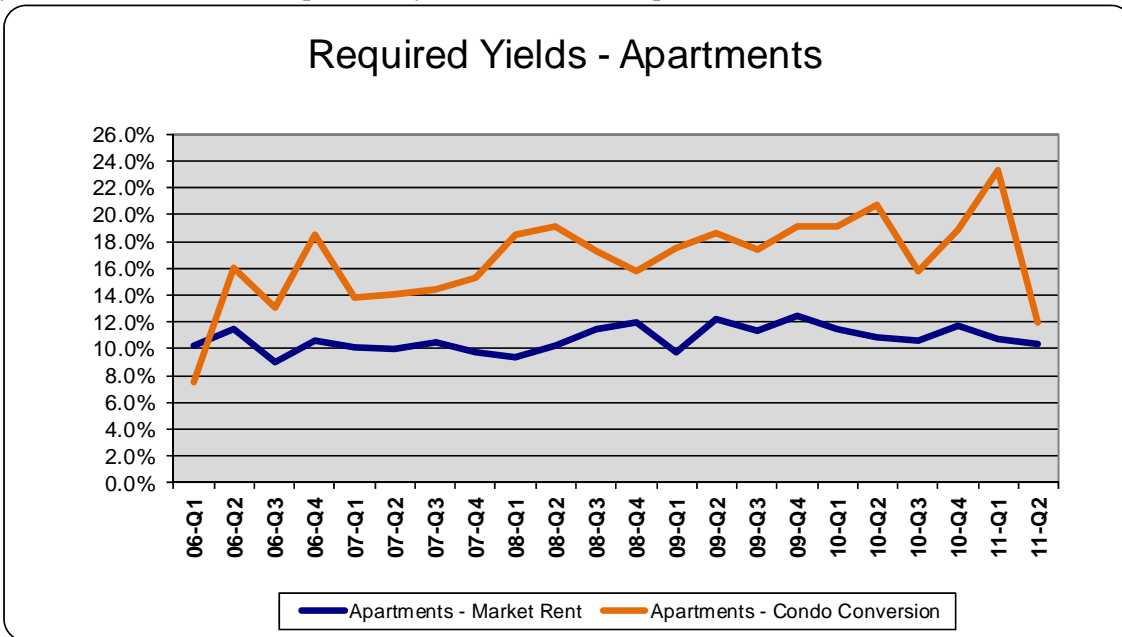
Cap Rates

Cap rates for market rent apartments and condo conversions declined this quarter with market rent apartments going below 7%. Significant capital in this sector along with improving fundamentals has driven down cap rates for performing assets. Expectations for future cap rates indicate that respondents believe that cap rates for market rent apartments will remain at these levels while condo conversions will rise.



Required Yields

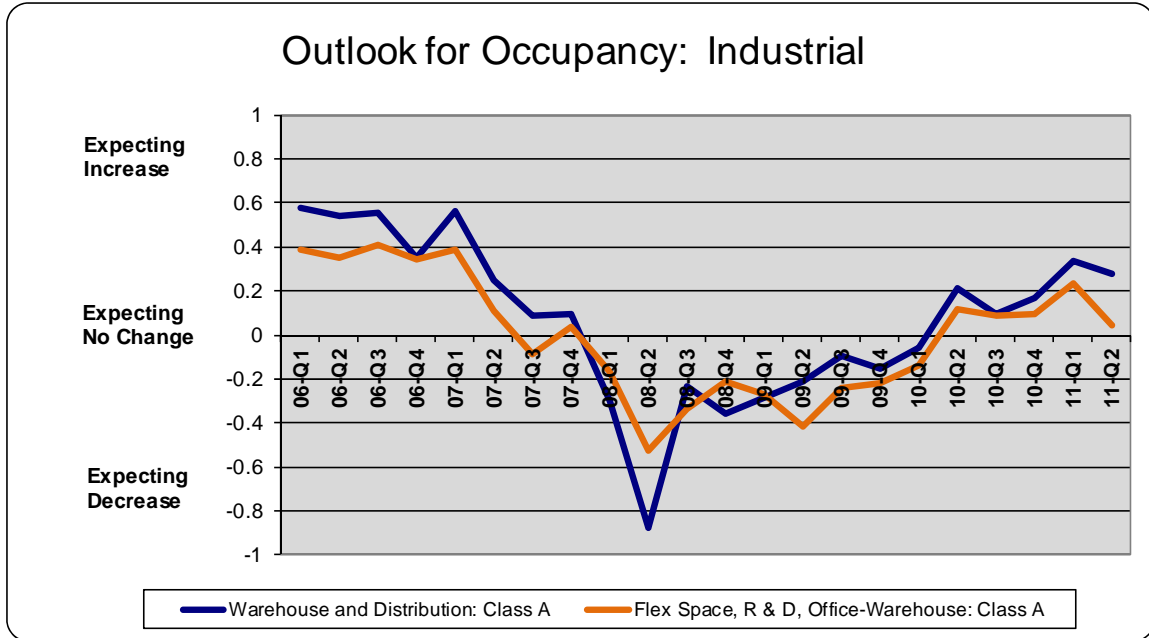
Required yields declined this quarter for market rate apartments with yields just above 10%. The large supply of capital chasing few deals is driving yields down in this sector. Respondents expect yields to remain stable or potentially decline as more capital chases fewer deals.



Section 4: Industrial

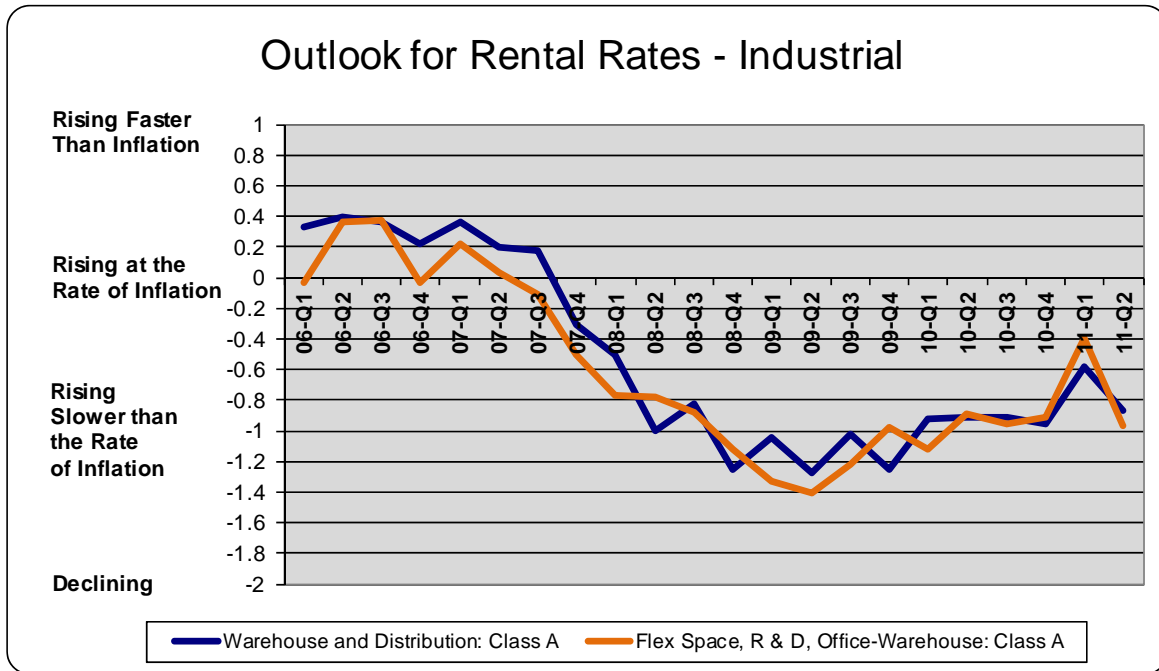
Expected Occupancy

The outlook for occupancy in both industrial segments decline slightly this quarter. More respondents now believe that occupancy will stabilize at current levels for Flex Space. Unemployment and uncertainty in the political environment are preventing companies from investing in people, plant or equipment. However respondents believe that external factors will have a positive impact on this market particularly port expansions in several areas of Florida due to the Panama Canal widening. Additionally, strong economies in Latin American markets will have a positive impact on industrial properties particularly in South Florida.



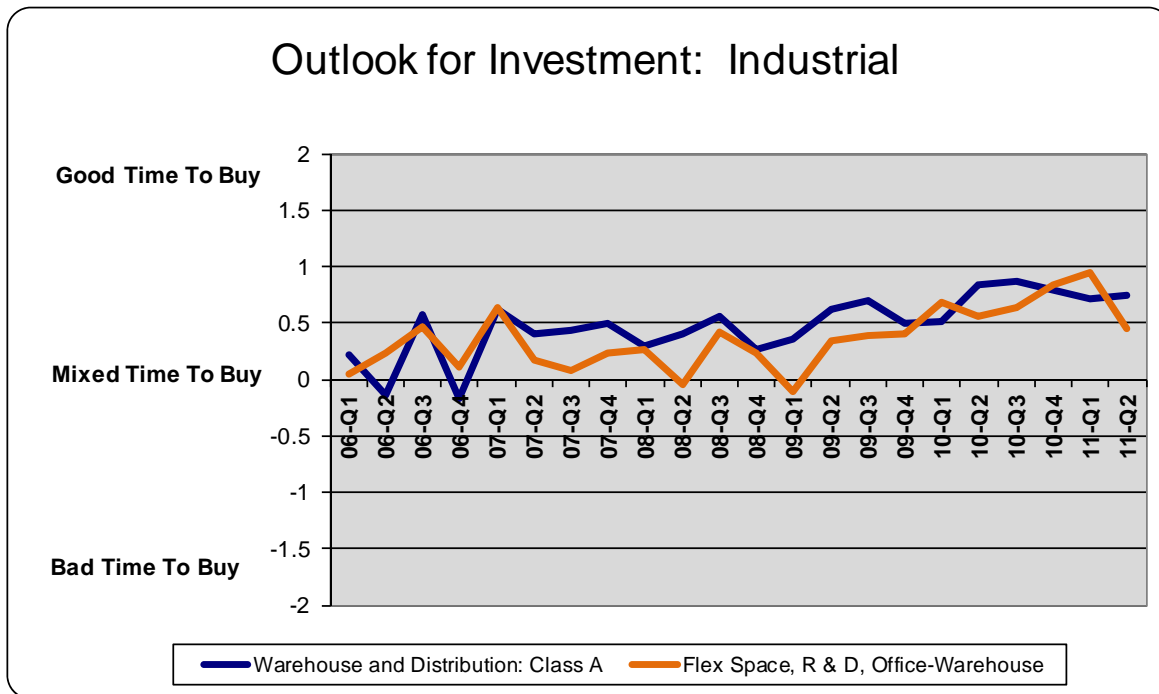
Expected Rental Rates

Expectations for rental rates decreased sharply this quarter with respondents now believing that rental rates will increase at a rate slower than inflation.



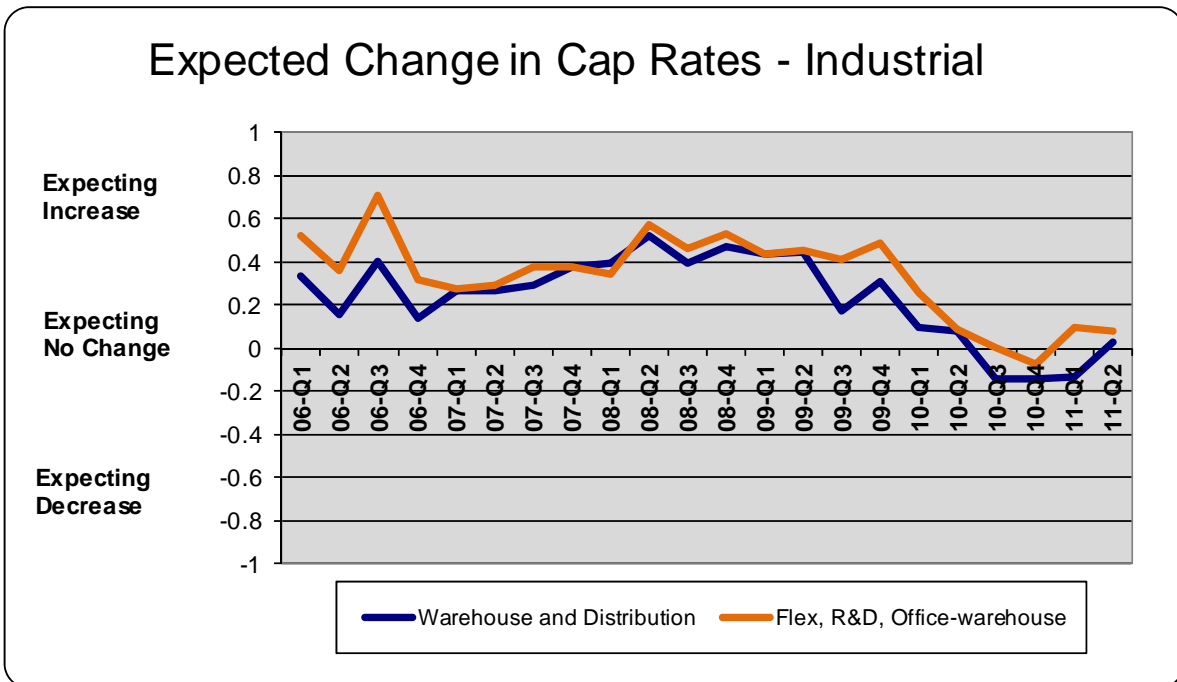
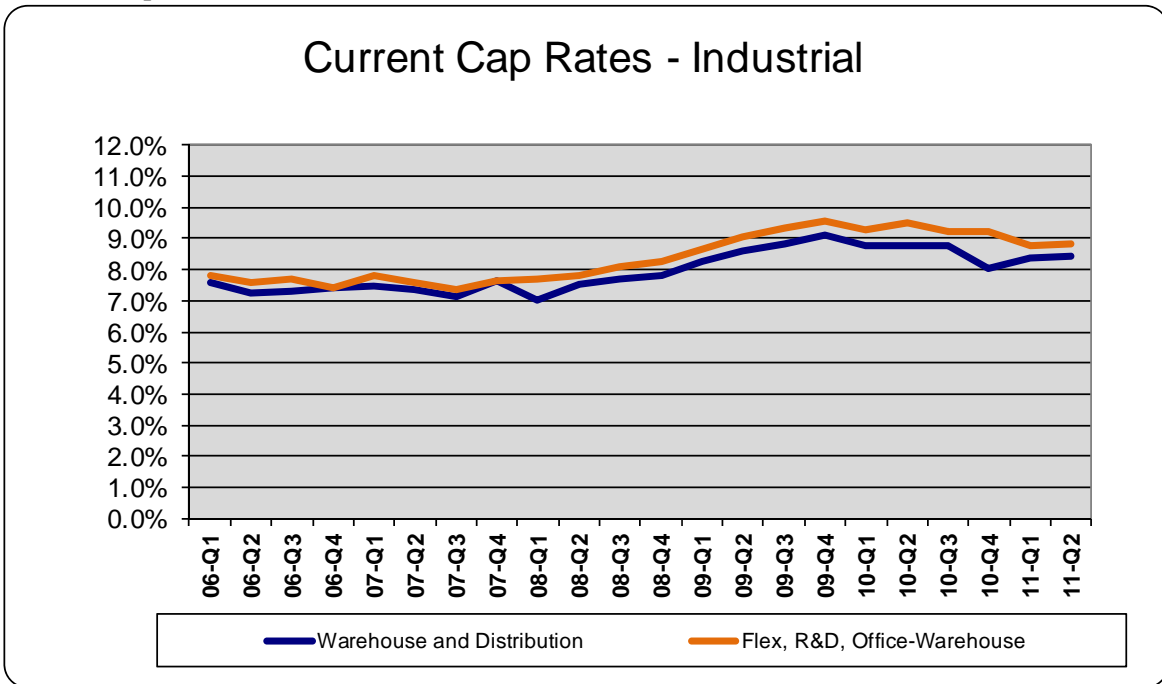
Investment Outlook

The investment outlook for industrial space continues to be positive this quarter particularly in flex space as more small business starts up across the state.



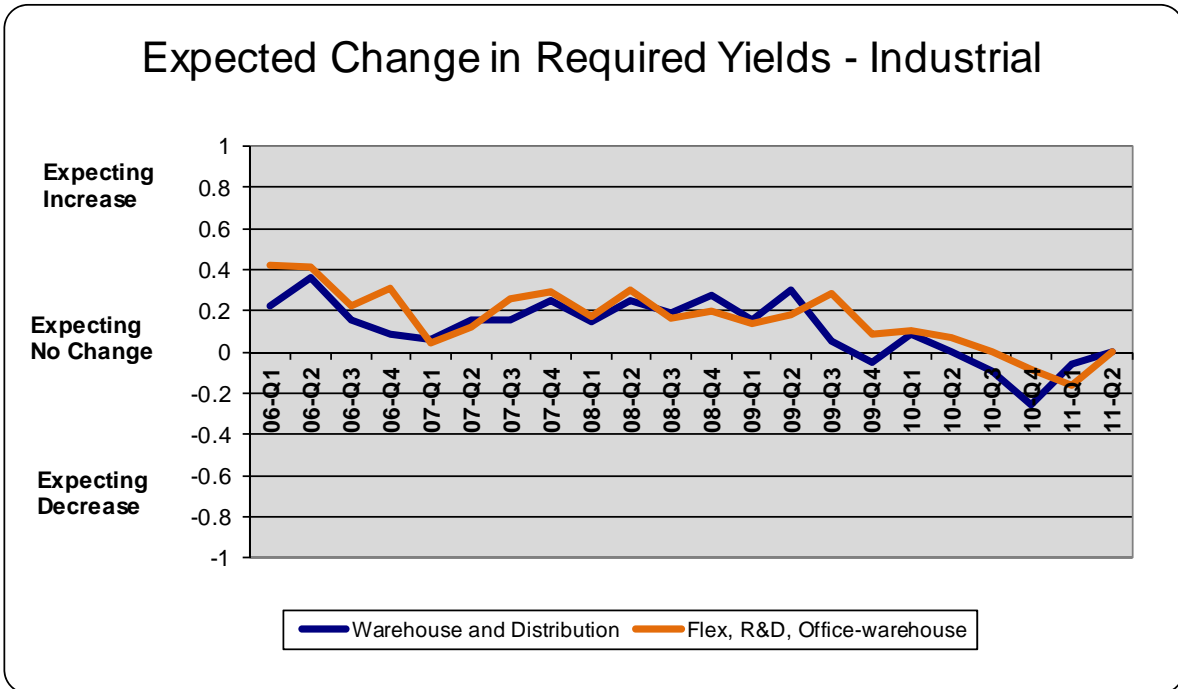
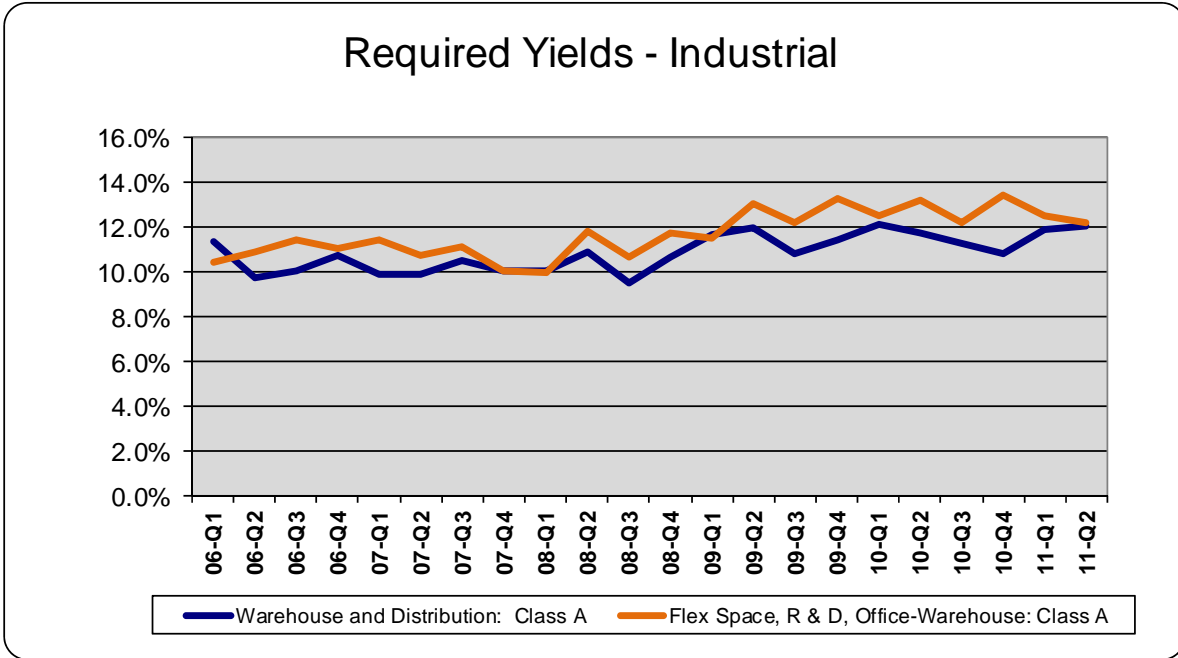
Cap Rates

Cap rates for both industrial sectors increased slightly this quarter to approximately 8.5% and 8.9% respectively, reflecting the declining expectations in rent and occupancy. The expectations for future cap rates are for stabilization at current levels.



Yields

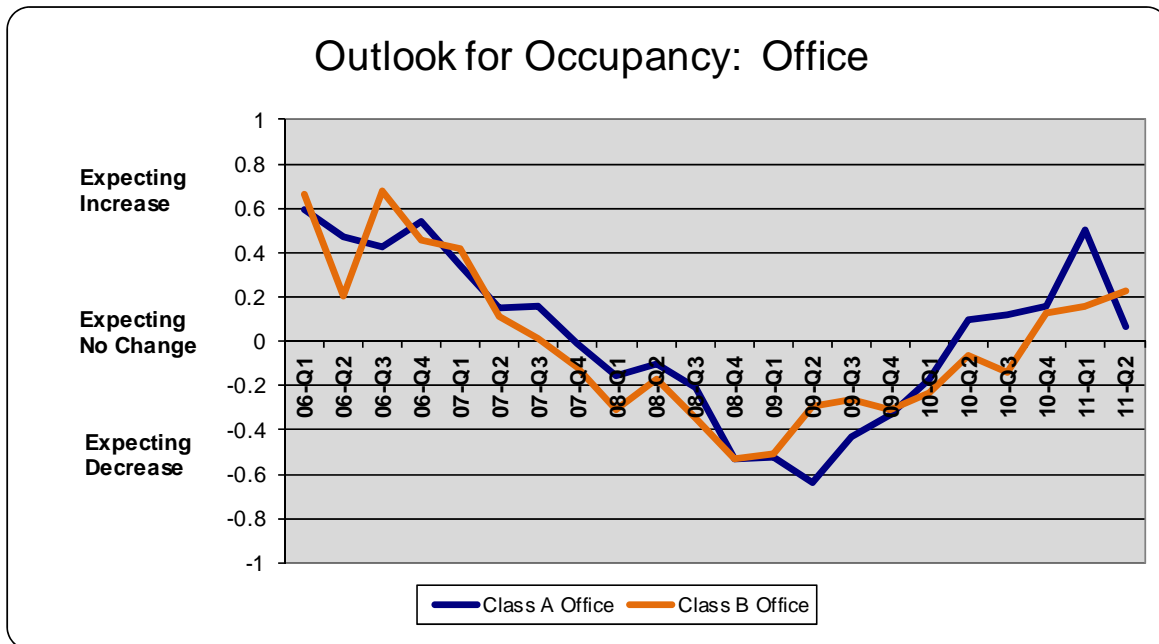
Required yields for industrial properties stabilized this quarter with yields at 12%. Respondents indicated that they expect yields in both sectors remain stable in future quarters.



Section 5: Office

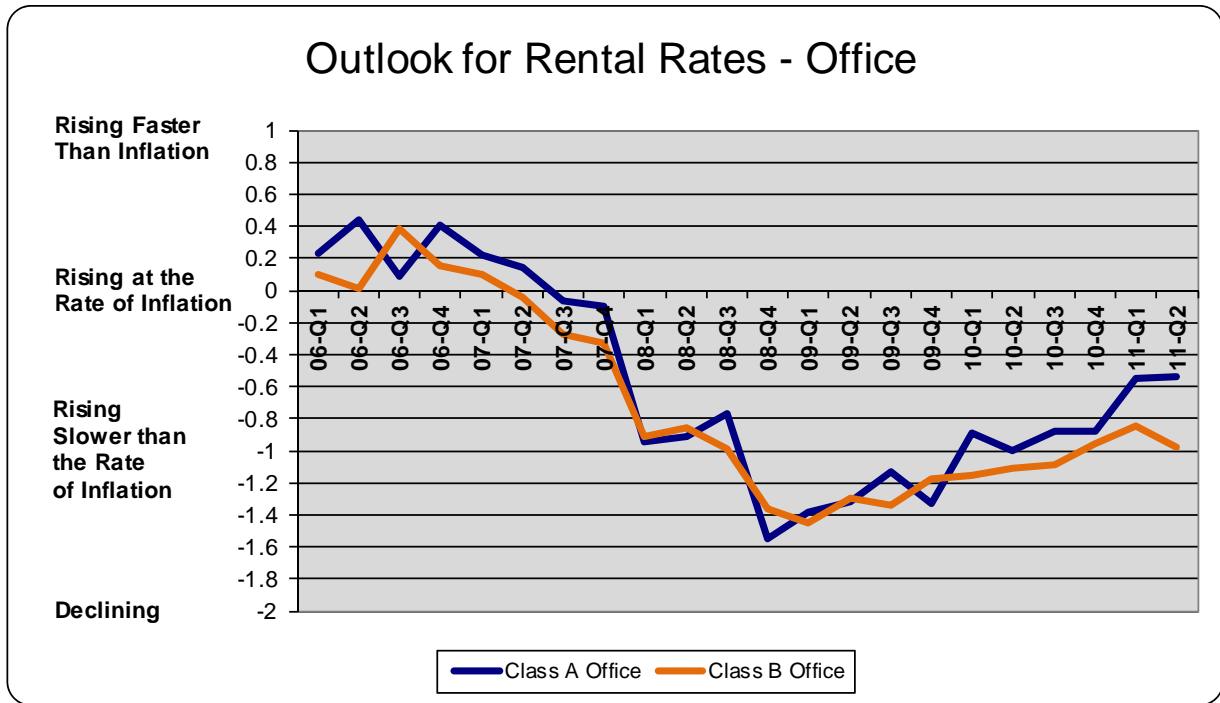
Expected Occupancy

The occupancy outlook for office space continues to improve for Class B space, increasing for the third consecutive quarter. The outlook for Class A space declined this quarter with respondents now expecting occupancy to remain the same in the near future. Companies have taken advantage of rental rates to improve from Class B to Class A space. However, it appears that the incentive to move has diminished. Additionally, uncertainty regarding long-term economic fundamentals which continues to mute hiring and business expansion, even as cost containment boosts earnings.



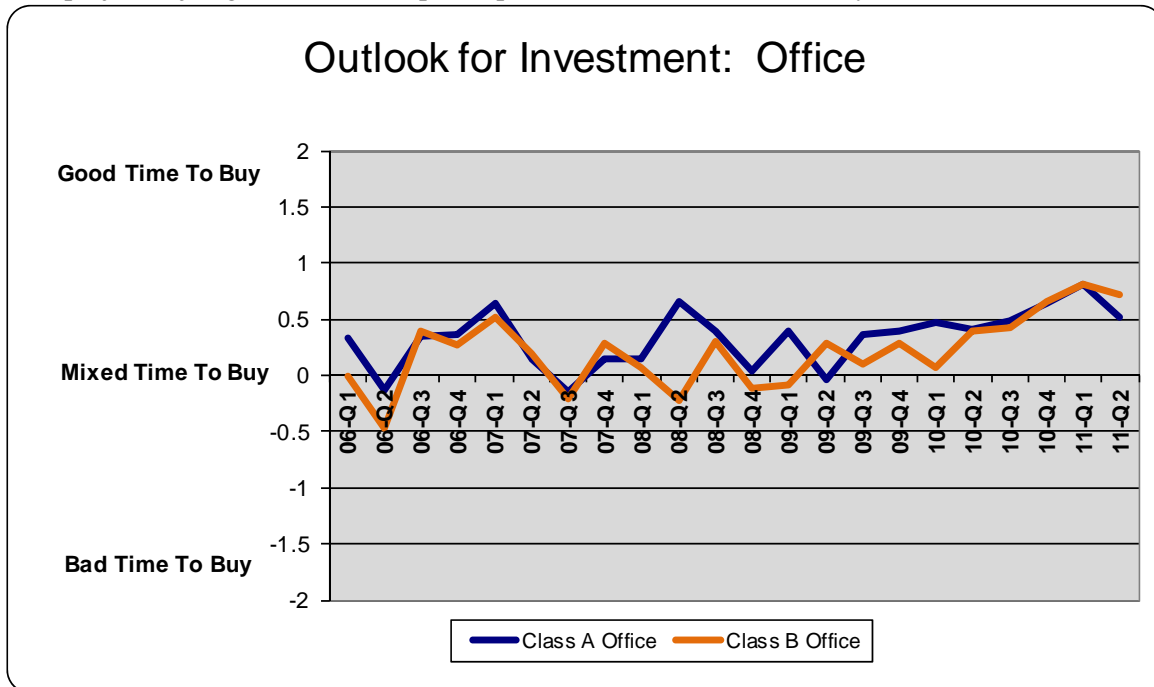
Expected Rental Rates

Respondents continue to believe that rental rates will lag inflation in the near future. It's clear that rent incentives in Class B space is driving occupancy expectations higher. The stabilization of rents in the Class A market is driving respondents expectation on stabilized occupancy.



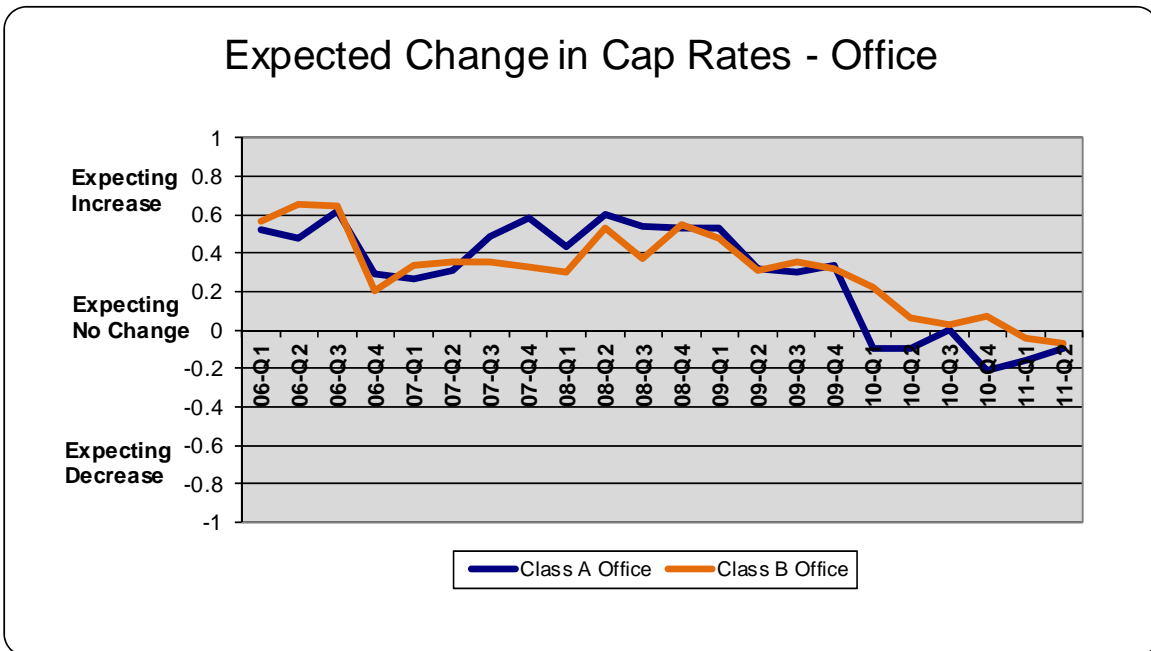
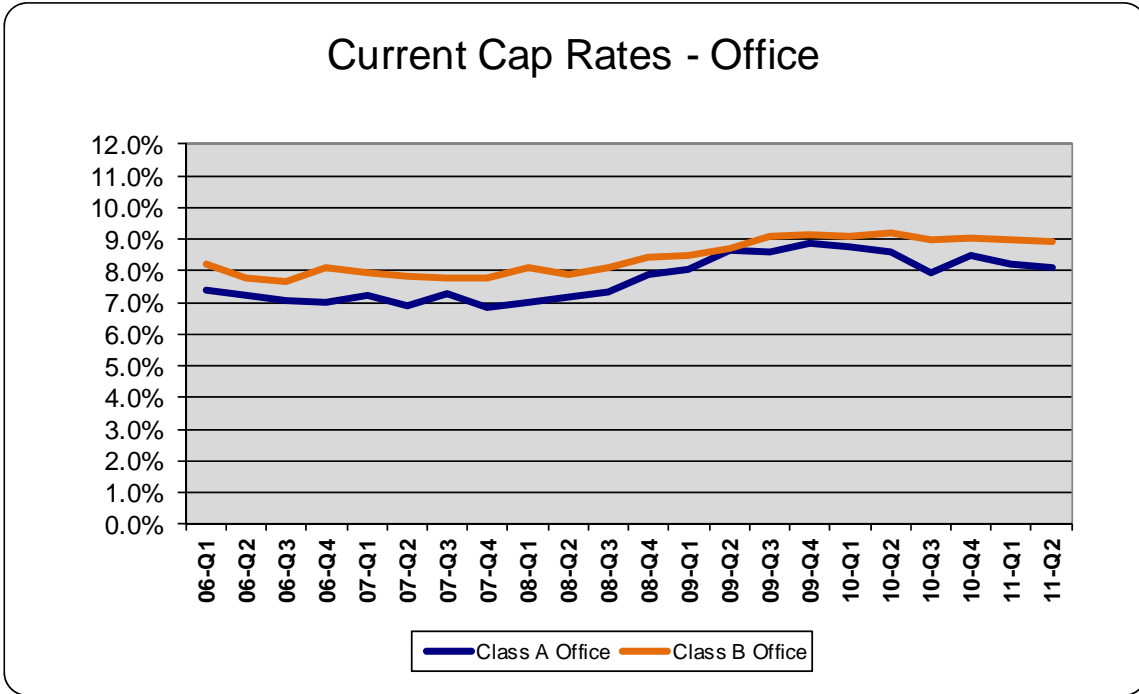
Investment Outlook

The investment outlook for office space declined slightly this quarter but remains positive. More respondents believe this is a good time to buy. Tenants are taking advantage of low rental rates and concessions to move to higher quality office space. This is improving the fundamentals of quality properties and providing a favorable investment opportunity for those assets. However, slow projected job growth will dampen expectations for at least the next year.



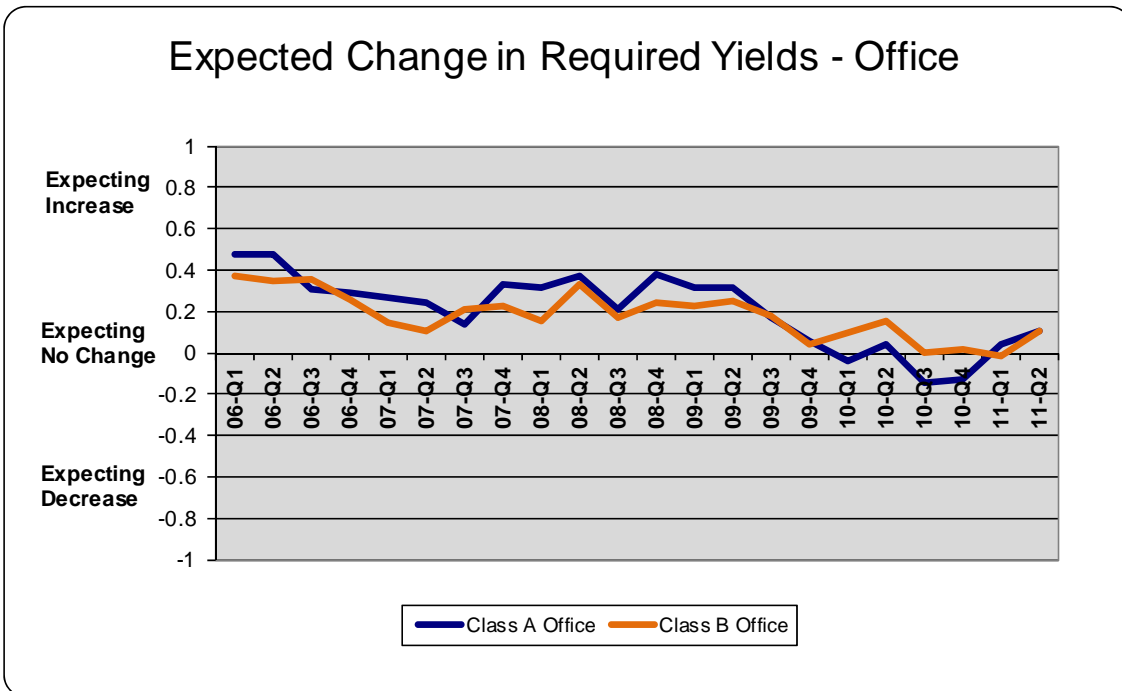
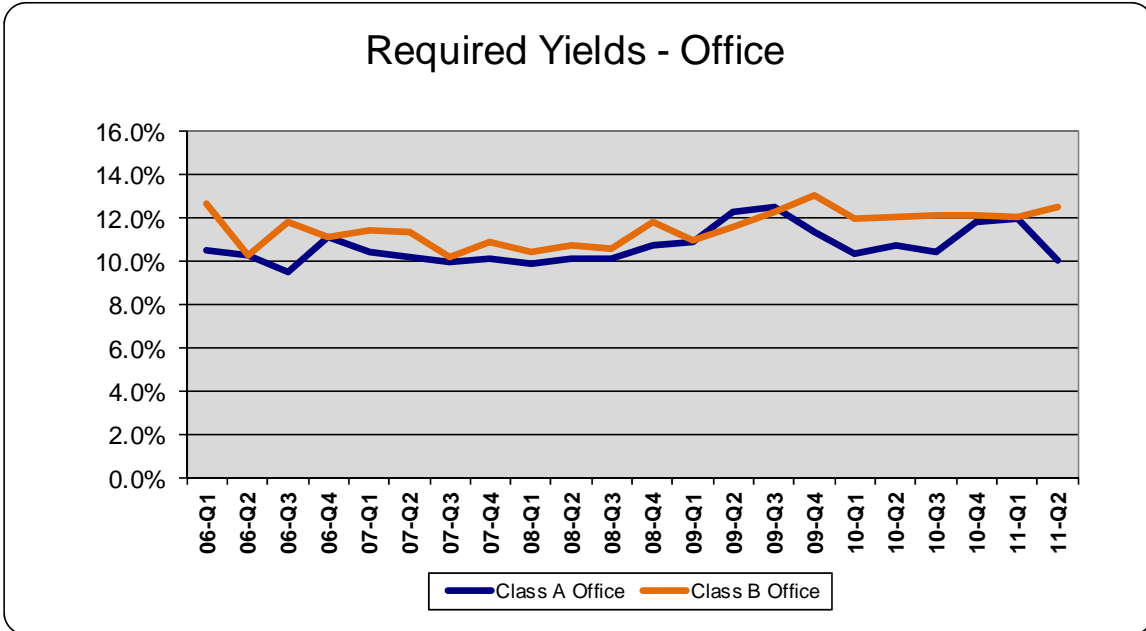
Cap Rates

Class A office cap rates remained stable this quarter at just above 8% while Class B cap rates remained stable at 9%. Respondents expect this stabilization to continue in future quarters.



Yields

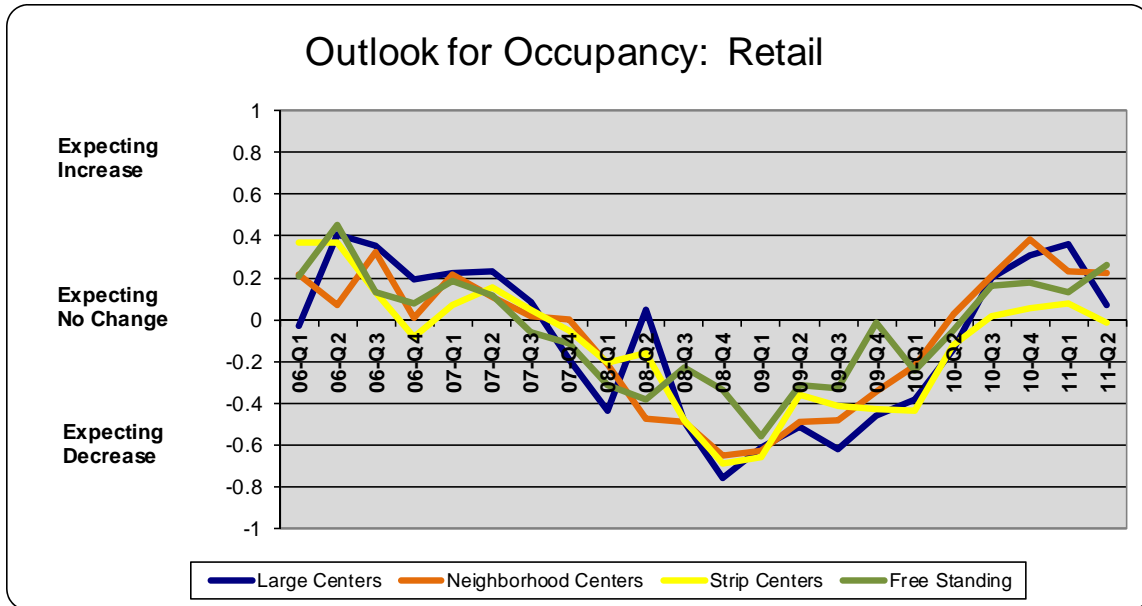
Required yields for office space diverged this quarter with Class A yields declining to 10% while Class B yields increased to 12.5%.



Section 6: Retail

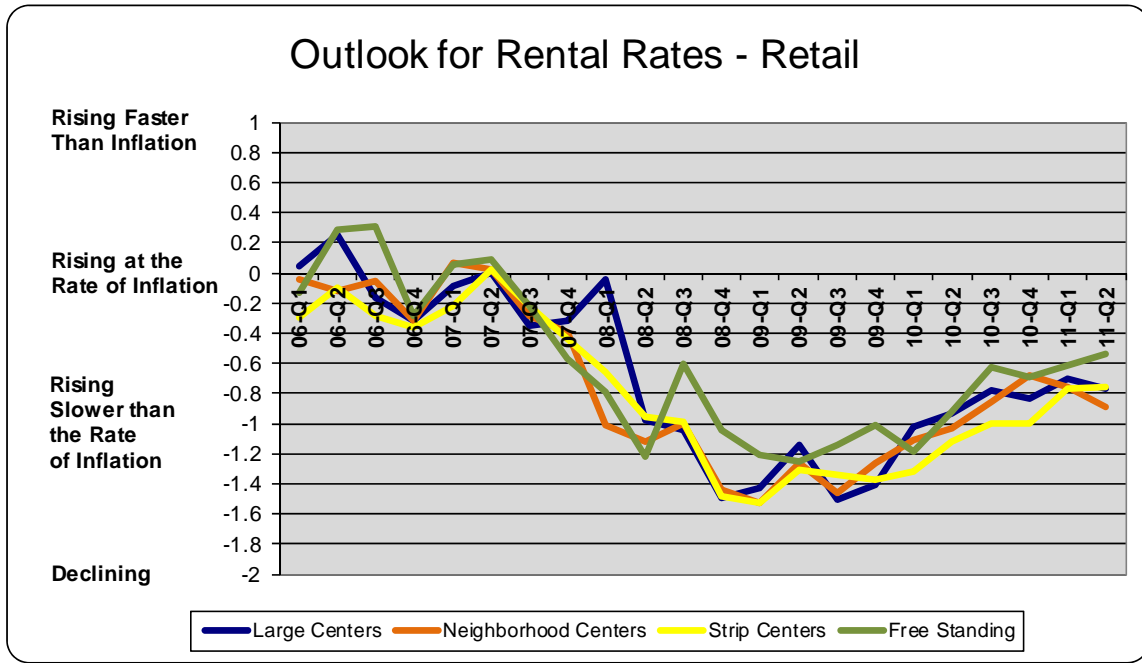
Expected Occupancy

The outlook for occupancy in retail properties declined slightly in all sectors except free standing retail where expectations increased. More respondents now believe that future occupancy will remain stable. A decline in consumer sentiment this quarter along with the uncertainty in economic conditions and government gridlock on key issues is impacting the outlook. Respondents continue to say that retailers are now looking to expand into quality locations throughout the state.



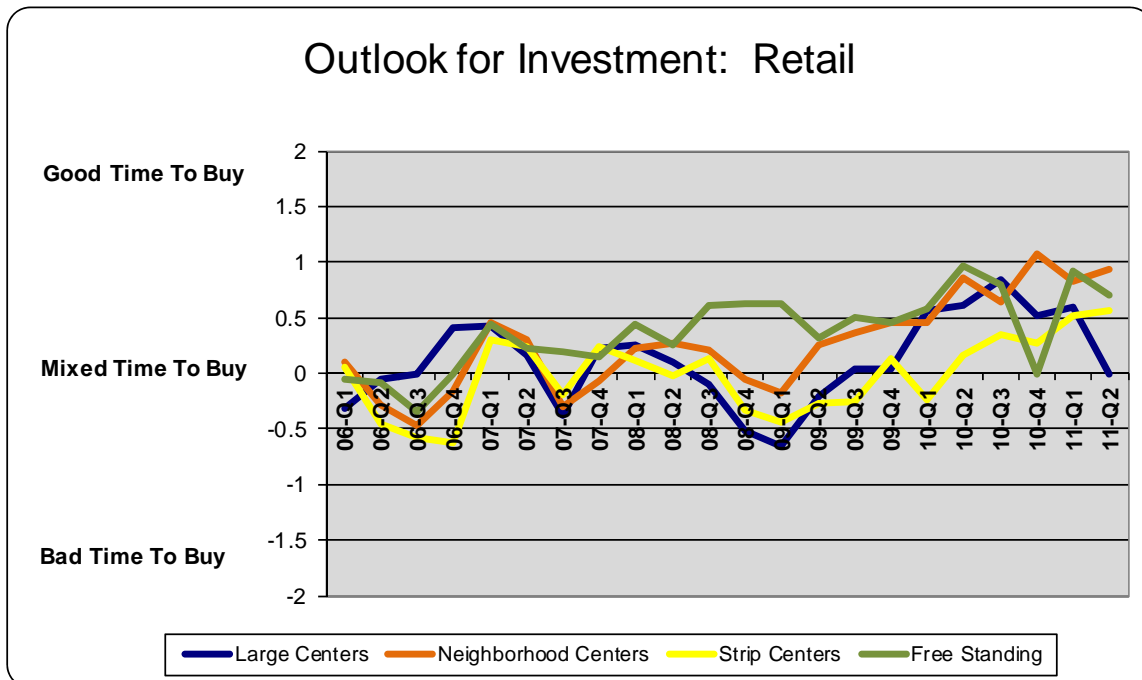
Expected Rental Rates

Expectations for rental rates stabilized this quarter for all sectors except free standing retail. Respondents believe rents will continue to rise at a pace slower than inflation. However, more respondents are starting to believe that free standing retail rents will start rising at the rate of inflation. This is consistent with the occupancy outlook.



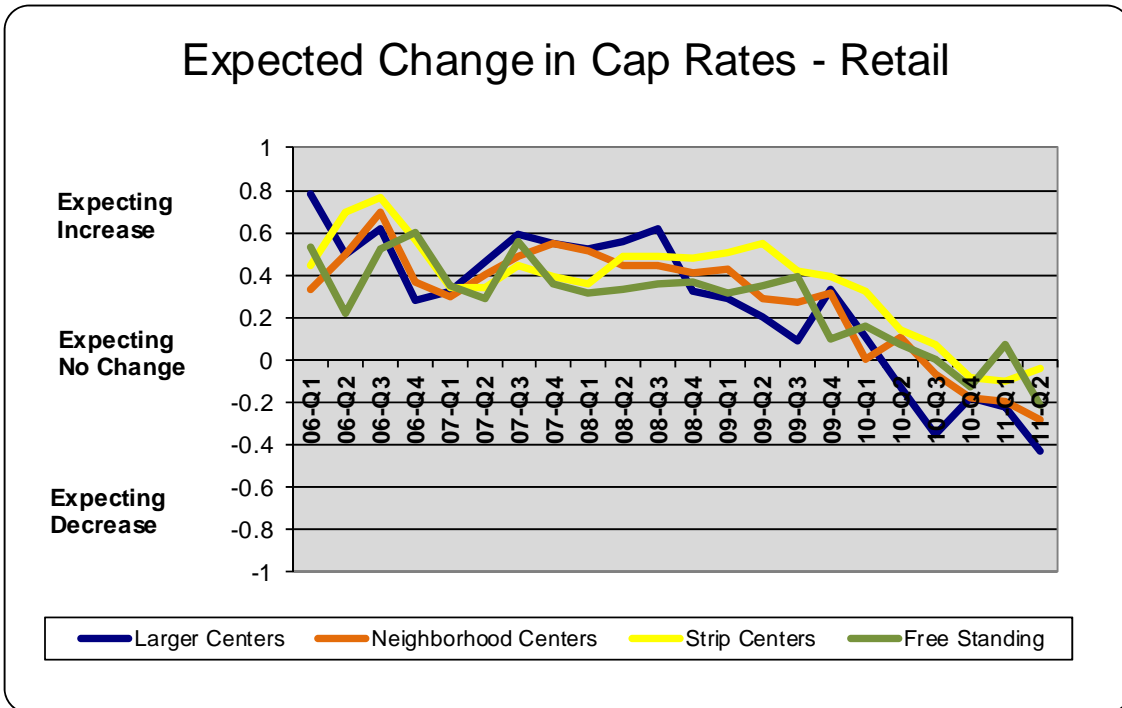
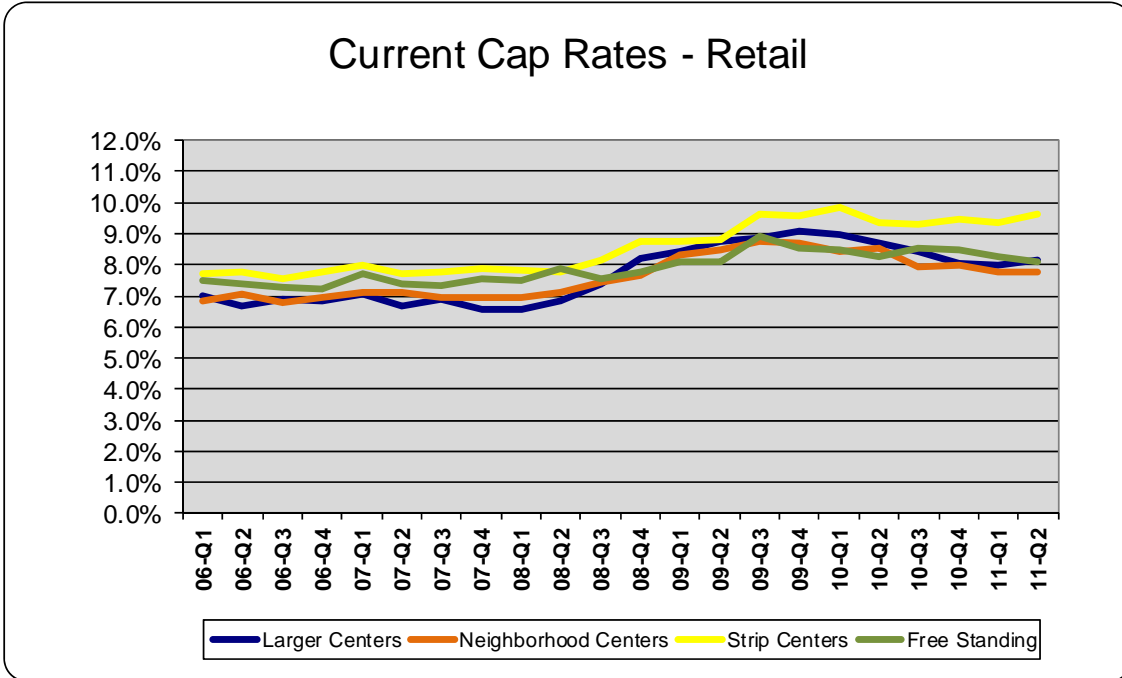
Investment Outlook

The investment outlook for retail properties continues to be positive for all sections except large centers. More respondents believe it is a relative good time to buy across sectors. Improving fundamentals and an abundance of capital for investing in this sector is maintaining expectations in this area.



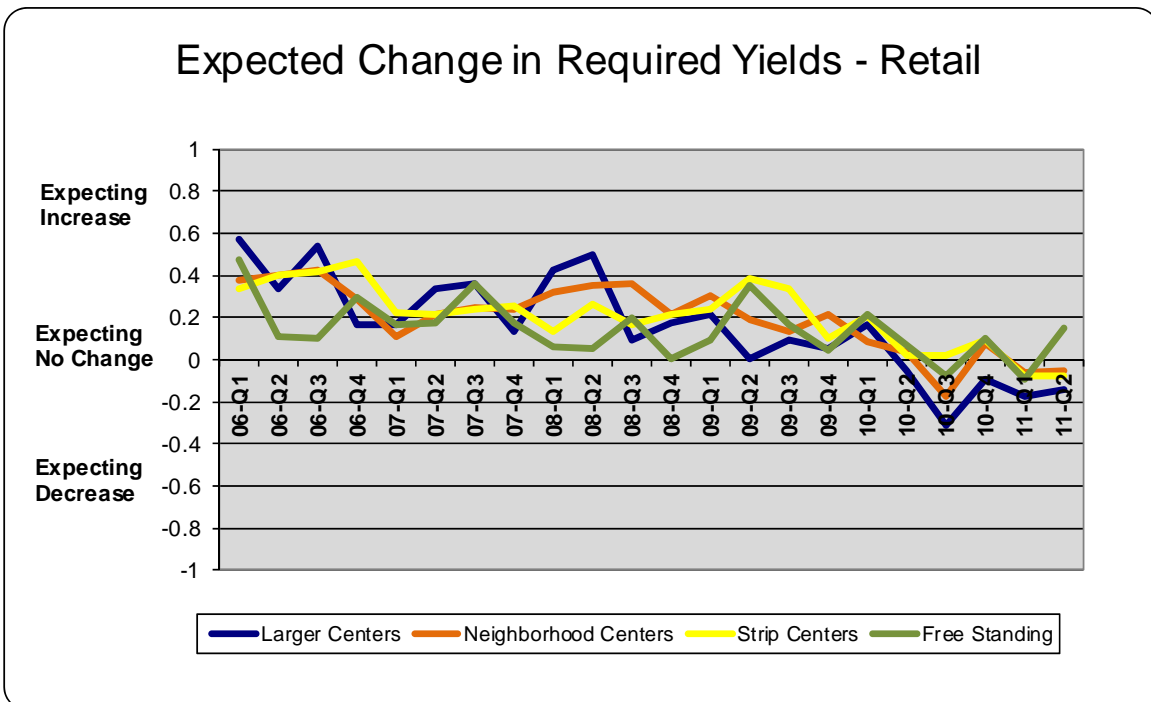
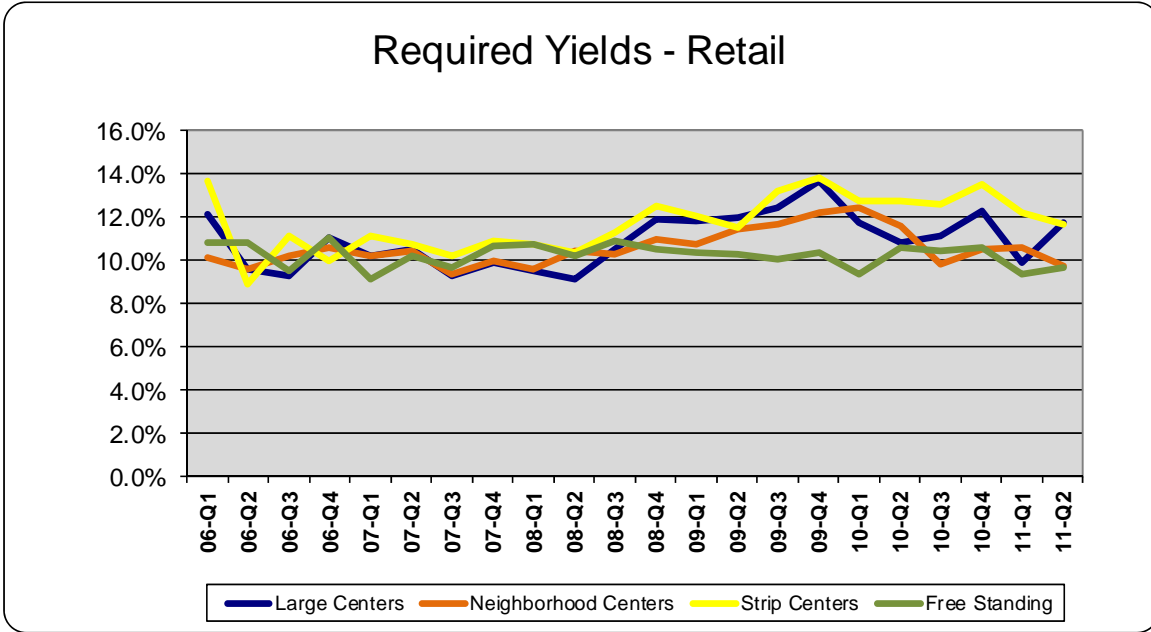
Cap Rates

Cap rates declined slightly in all sectors this quarter with the exception of strip centers which increased. Cap rates range from less than 8% to almost 10% across categories. Expectations for future cap rates continue to indicate that rates will remain stable or decline in future quarters.



Yields

Required yields decreased this quarter for all property types with the exception of large centers with yields ranging from just below 10% to 12%. Expectations for future yields continue to indicate that respondents believe there will be little to no change in future yields across all property types.



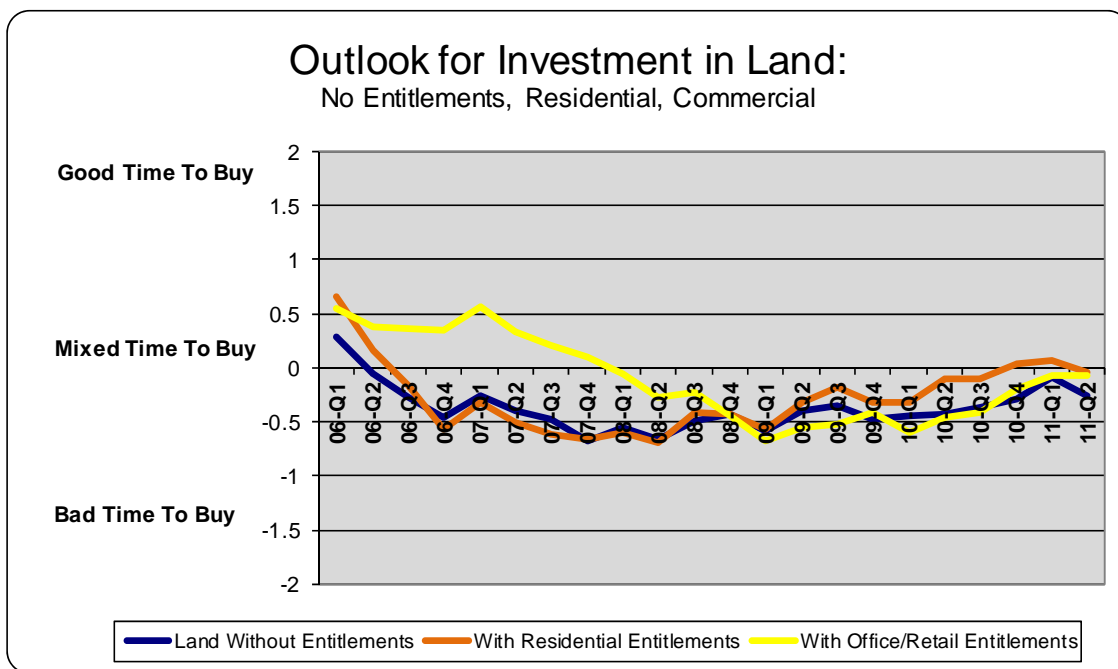
Section 7: Outlook for Investment in Undeveloped Land

Land Without Entitlements or with Residential Entitlements

The outlook for investment in land without entitlements declined slightly this quarter while the outlook for land with residential entitlements continues to be mixed. Respondents indicate that land values are starting to decline to price levels that are encouraging investment.

Land with Office or Retail Entitlements

The outlook for investment in land with office or retail entitlements remained stable this quarter but still remains a mixed time to buy. Improving fundamentals is helping existing space but supply/demand dynamics do not warrant additional development in most areas. Therefore, investment in entitled land will continue to be mixed for the next year.



Land with Hospitality Entitlements

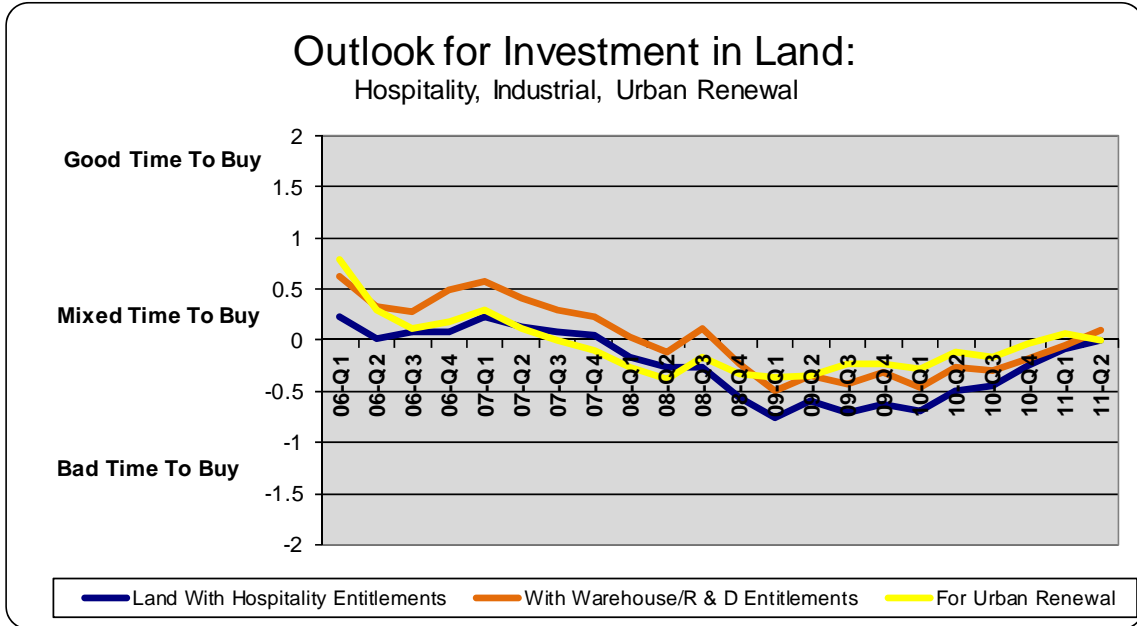
The investment outlook for land with hospitality entitlements improved again this quarter with most respondents believing the market is neutral. Even though there continues to be a surge in hospitality performance, the supply/demand dynamics still don't warrant more hotels. That could change in tourist centric locations over the next year as a continued weak dollar attracts more tourism from foreign countries. In fact, Florida has seen an improving tourism market over the first half of the year with will lead to more investment in the hospitality sector in the longer term.

Land with Entitlements for Warehouse or R & D

The investment outlook for land with warehouse or R&D entitlements improved this quarter but continues to be mixed. Investment in warehouse projects is picking up in port areas, particularly Miami, where exports to South America are up and require additional warehouse space. Ports throughout Florida continue to focus on expansion in preparation for the expansion of the Panama Canal and the impacts of that on the ports of Florida.

Land for Urban Renewal

The outlook for investment in urban renewal declined slightly this quarter and remains mixed.

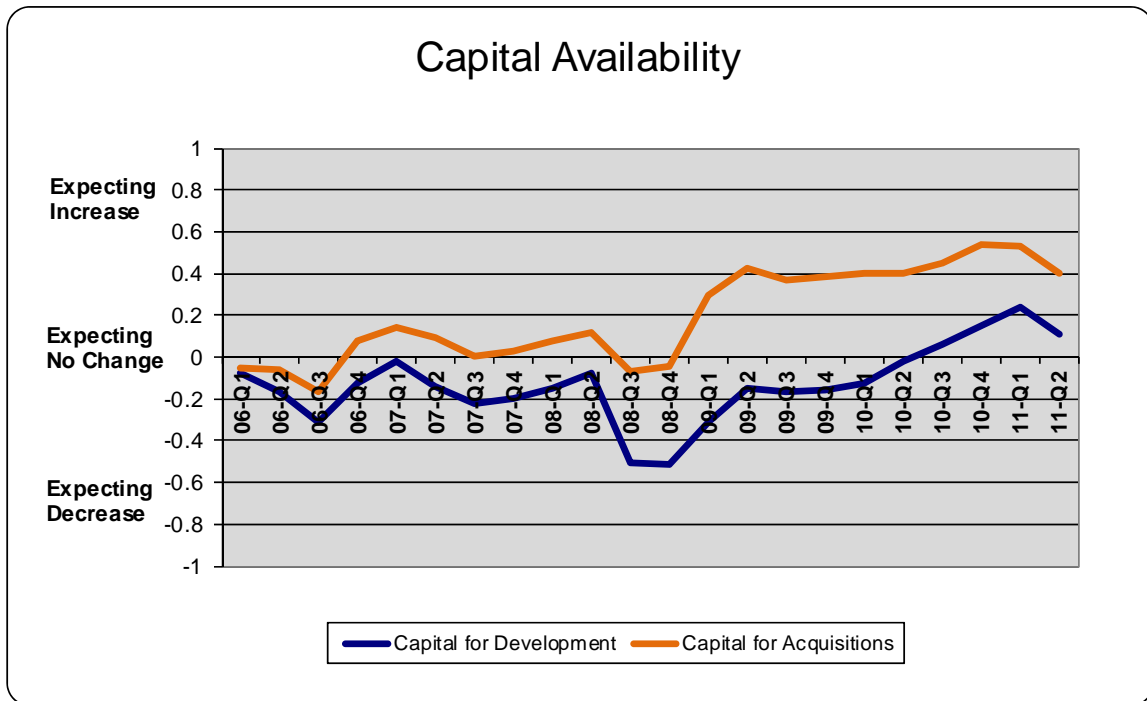


Section 8: Business and Capital Availability Outlook

Capital Availability

The outlook for capital availability declined slightly for the first time since the third quarter of 2009. This decrease follows a tough quarter of economic data and gridlock in Washington which has investors questioning the best placement of investment dollars. Quality acquisitions continue to be difficult to find and with little good economic news development continues to be sidelined for most property types with the exception of multi-family housing.

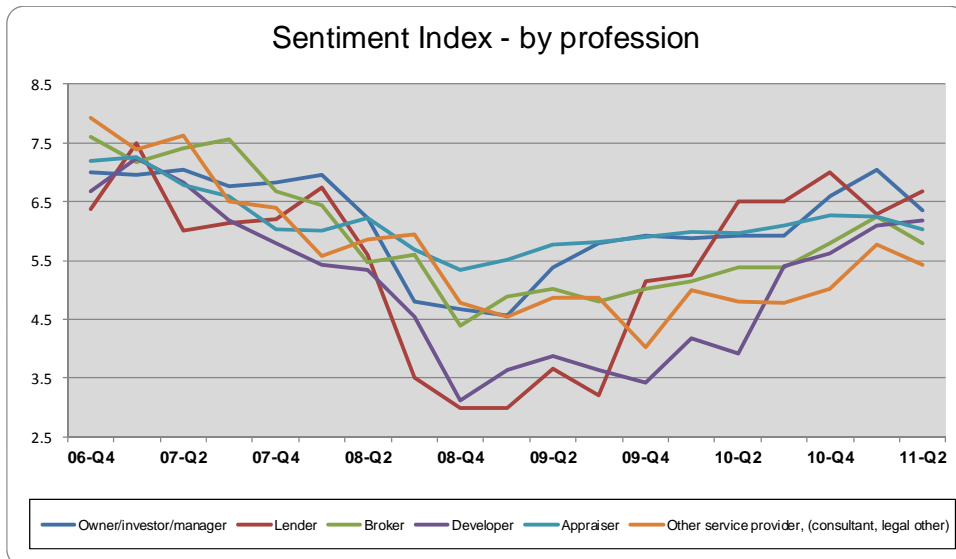
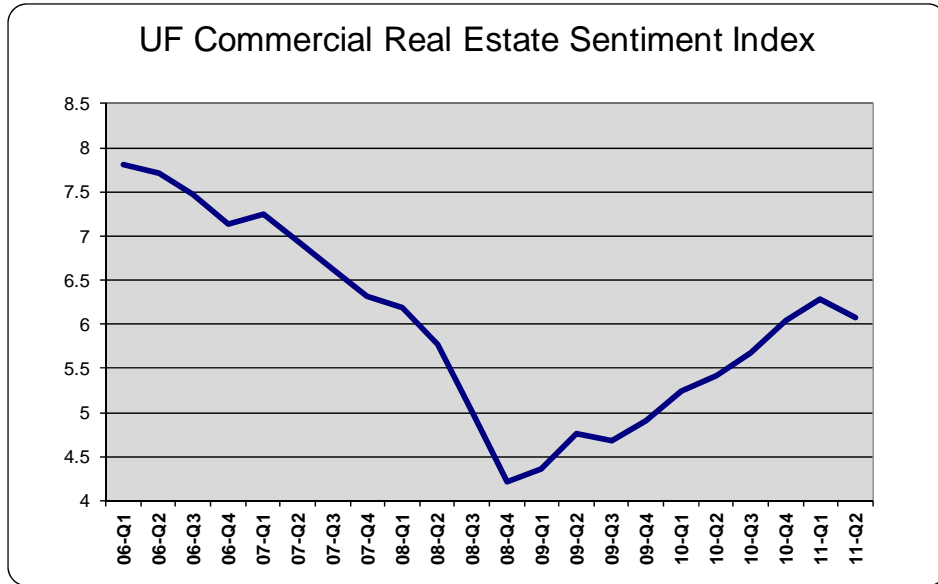
Respondents indicate that the debt market continues to show slight improvement as large banks slowly get back into the lending business. They continue to focus only on the strongest balance sheets and quality investment properties in “A” locations.



UF Commercial Real Estate Sentiment Index

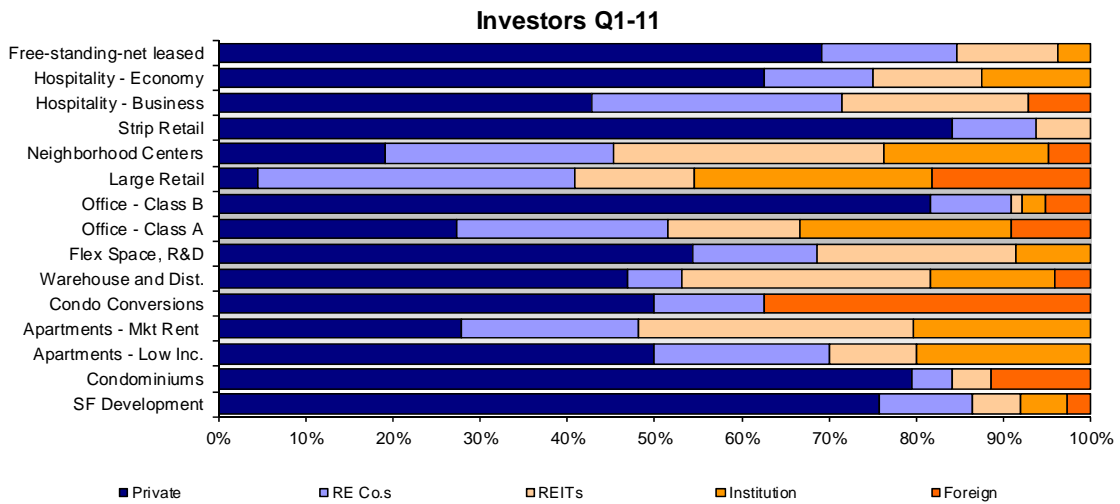
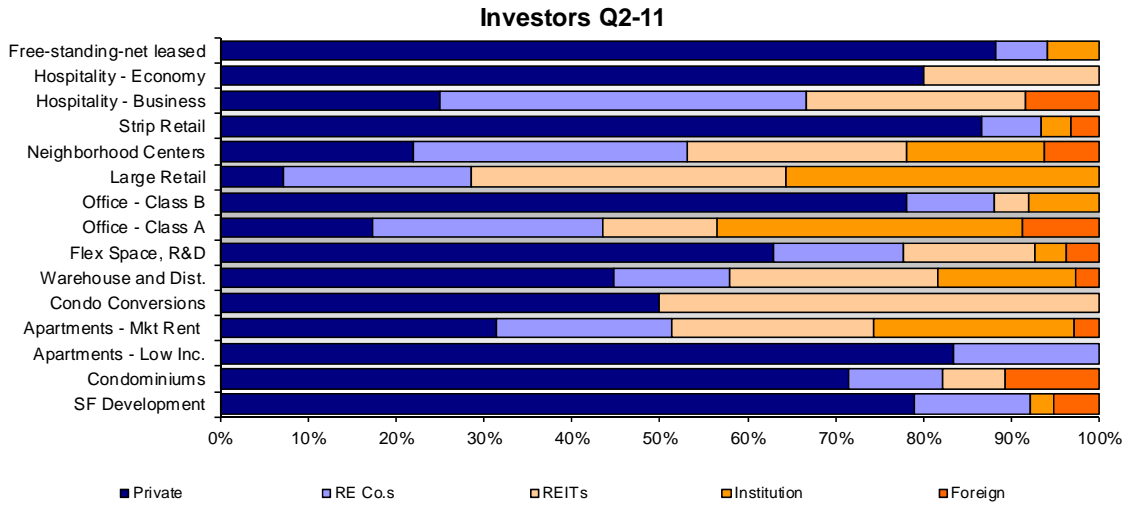
Formerly called Own Business Outlook, the UF Commercial Real Estate Sentiment Index declined for the first time since the third quarter of 2009. Respondents are clearly reacting to the unfavorable economic data over the second quarter as well as the debt ceiling debate in Washington.

Bankers' expectations rebounded this quarter as they reclaim the top spot on expectations. Developers also continued their positive expectations this quarter as momentum builds for development in the multi-family sector.



Section 9: Dominant Investors

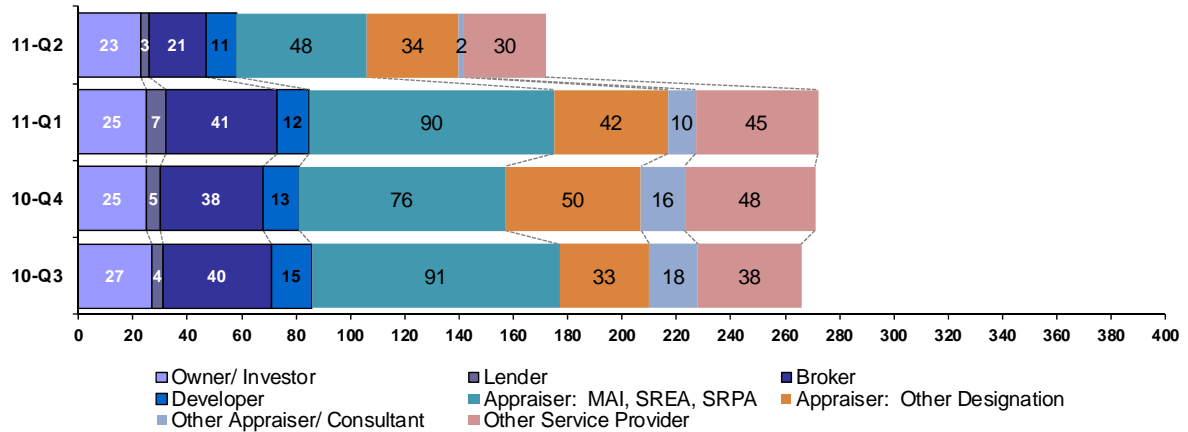
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, REITs and Institutions are increasingly becoming more active as they have access to capital and are actively investing that capital. Additionally,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



Section 10: Characteristics of Survey Respondents

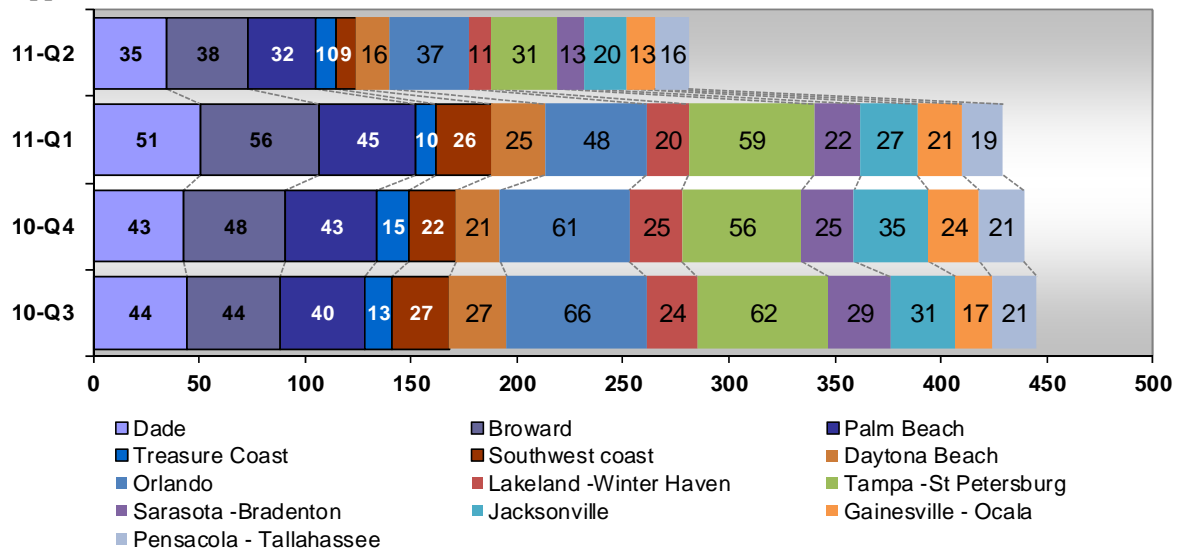
Survey responses decreased slightly this quarter to 172 respondents. Approximately 59 percent of the respondents reported being an appraiser; over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and owner/investors.

Profession of Respondents



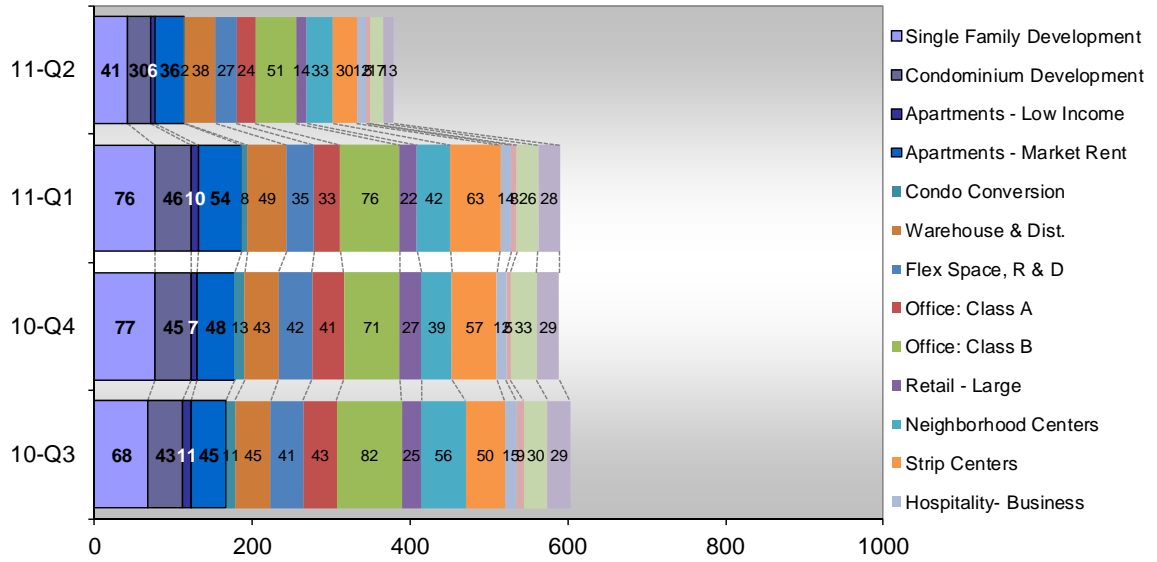
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 281 observations. The highest number of responses was for the Broward market, which had 38 representatives. The lowest respondent support came from Southwest with 9.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 379 selections were made in the latest survey round. Single family development was selected by 41 respondents while condominium development was selected by 30. The largest response for commercial property was in Office: Class B with 51 responses. The lowest response was for Hospitality-Economy with 5. 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.

Table 1: Detailed Cap Rates, Yields and Expectations for Change

Florida	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighbor-hood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	6.9%	8.5%	8.4%	8.8%	8.1%	9.0%	8.2%	7.8%	9.6%	8.1%
Percent Expecting Rise	12.1%	50.0%	16.1%	8.3%	14.3%	7.3%	0.0%	4.8%	11.5%	7.1%
Percent Expecting Fall	27.3%	0.0%	12.9%	0.0%	23.8%	14.6%	42.9%	33.3%	15.4%	28.6%
Q1-11										
Cap Rate	7.3%	9.0%	8.4%	8.8%	8.2%	9.0%	8.0%	7.8%	9.4%	8.3%
Percent Expecting Rise	11.5%	33.3%	11.1%	19.4%	11.5%	14.1%	16.7%	13.9%	10.3%	15.4%
Percent Expecting Fall	28.8%	0.0%	24.4%	9.7%	26.9%	18.3%	38.9%	33.3%	20.7%	7.7%
Q4-10										
Cap Rate	7.2%	8.3%	8.3%	9.2%	8.5%	9.2%	8.1%	8.0%	9.5%	8.5%
Percent Expecting Rise	17.8%	33.3%	14.3%	12.8%	15.2%	20.9%	9.1%	10.7%	16.0%	19.4%
Percent Expecting Fall	22.2%	0.0%	28.6%	20.5%	36.4%	13.4%	27.3%	28.6%	24.0%	32.3%
Q3-10										
Cap Rate	7.0%	9.2%	8.8%	9.2%	7.9%	9.0%	8.4%	7.9%	9.3%	8.5%
Percent Expecting Rise	9.8%	9.1%	13.9%	15.4%	22.6%	15.1%	5.9%	18.2%	15.4%	14.8%
Percent Expecting Fall	24.4%	0.0%	27.8%	15.4%	22.6%	12.3%	41.2%	25.0%	7.7%	14.8%
Yields										
Q2-11										
Yield	10.4%	12.0%	12.0%	12.2%	10.1%	12.5%	11.7%	9.8%	11.7%	9.7%
Percent Expecting Rise	3.3%	50.0%	7.7%	5.0%	21.1%	15.4%	0.0%	11.1%	7.4%	23.1%
Percent Expecting Fall	23.3%	0.0%	7.7%	5.0%	10.5%	5.1%	14.3%	16.7%	14.8%	7.7%
Q1-11										
Yield	10.8%	23.4%	11.9%	12.5%	12.0%	12.0%	9.9%	10.6%	12.2%	9.4%
Percent Expecting Rise	10.4%	0.0%	8.1%	8.0%	23.1%	13.3%	17.6%	16.1%	11.8%	4.5%
Percent Expecting Fall	10.4%	20.0%	13.5%	24.0%	19.2%	15.0%	35.3%	22.6%	19.6%	13.6%
Q4-10										
Yield	11.7%	18.9%	10.8%	13.4%	11.8%	12.1%	12.3%	10.5%	13.6%	10.6%
Percent Expecting Rise	21.6%	18.2%	0.0%	8.8%	9.7%	14.0%	14.3%	20.0%	18.6%	20.7%
Percent Expecting Fall	10.8%	18.2%	25.9%	17.6%	22.6%	12.3%	23.8%	12.0%	9.3%	10.3%
Q3-10										
Yield	10.5%	15.8%	11.3%	12.2%	10.4%	12.1%	11.1%	9.8%	12.6%	10.4%
Percent Expecting Rise	10.5%	9.1%	9.1%	11.1%	14.3%	10.4%	6.3%	9.8%	10.9%	7.7%
Percent Expecting Fall	15.8%	0.0%	18.2%	11.1%	28.6%	10.4%	37.5%	26.8%	8.7%	15.4%

Section 12: Local Markets

Dade County

Cap rates in Dade County, on average, are lower than the state mean (0.73 percentage points) and range from 6.4% (**Apartments –Market Rental**) to 9.2% (**Strip Centers**).

Over the past quarter, cap rates have decreased across most property types with **Free Standing Retail** (-0.43 percentage points) and **Apartments-Market Rate** (-0.29 percentage points) representing the largest decreases.

Cap rates are expected to remain stable over the next quarter for most property types.

Required yields for Dade County (10.04%) are, on average, lower than the state mean (11.31%) and have decreased 0.86% from the previous quarter.

The largest shifts in required yields occurred in **Condo Conversions** (-10.07% change) and **Office: Class A** (-1.52% change).

The investment outlook is positive across most property types. The most positive outlook occurs for **Apartments-Market Rent** and **Office: Class A**.

The outlook for **Land Development** continues to be mixed to negative for all property types.

Future occupancy rates in Dade County are expected to be neutral to positive over most property types with **Flex Space** and **Free Standing Retail** showing the strongest indication for occupancy increases.

There is strong indication that rental rates are expected to increase at a rate slower than inflation across most property types. Rentals rates for **Apartments-Market Rate** are expected to increase faster than inflation.

Future absorption rates are expected to be higher for **Single Family and Condominium Development**.

Future price increases are expected to occur slower than inflation in both **Single Family and Condominium Development**.

Table 2a

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q2-11											
Value	6.4	8.6	7.9	8.1		7.7	8.5	7.7	7.3	9.2	7.4
Percent Expecting Rise	21%	100%									
Percent Expecting Fall	36%		25%			60%	22%	75%	38%		
Q1-11											
Value	6.7	8.5	8.0	8.2		7.5	8.5	7.4	7.3	8.9	7.8
Percent Expecting Rise	5%						7%		8%		
Percent Expecting Fall	43%		43%			38%	21%	50%	42%	14%	
Q4-10											
Value	6.5	9.1	7.9	8.8		8.0	8.7	7.6	7.3	9.2	8.1
Percent Expecting Rise		25%				17%	17%			10%	
Percent Expecting Fall	10%		25%	25%		42%	33%	50%	43%	10%	20%
Yields											
Q2-11											
Value	9.8	11.7	10.3	10.5		9.0	11.7	9.8	8.5	10.8	8.2
Percent Expecting Rise	8%	100%					11%				
Percent Expecting Fall	25%		14%	50%		40%		25%	14%		
Q1-11											
Value	9.2	21.8	9.7	10.5		10.5	10.7	8.8	9.0	10.4	7.9
Percent Expecting Rise	5%					25%	8%	13%	9%		
Percent Expecting Fall	16%		29%			38%	23%	25%	18%	17%	
Q4-10											
Value	11.3	20.1	10.2	12.8		11.4	11.4	10.8	9.6	12.3	10.4
Percent Expecting Rise	13%			25%		9%				11%	
Percent Expecting Fall			29%	25%		27%	40%	13%	14%		20%
Investment Outlook											
Q2-11											
Fair to Good	88%		70%	50%		80%	33%	60%	70%	50%	
Bad to Poor						20%	11%				
Q1-11											
Fair to Good	81%		56%			50%	64%	70%	88%	13%	75%
Bad to Poor	10%		11%			13%	14%		6%	13%	
Q4-10											
Fair to Good	82%	25%	82%	60%		62%	25%	42%	64%	25%	50%
Bad to Poor		75%				8%		17%		17%	

Table 2b

Outlook for Land Development

Dade County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment †
Q2-11						
Fair to Good	21%	38%	21%	34%	34%	39%
Bad to Poor	45%	32%	39%	22%	16%	30%
Q1-11						
Fair to Good	35%	38%	33%	39%	39%	52%
Bad to Poor	45%	31%	33%	30%	27%	23%
Q4-10						
Fair to Good	19%	26%	18%	15%	33%	28%
Bad to Poor	48%	33%	40%	41%	36%	33%

Table 2c

Investors by Property Type

Dade County	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers
Q2-11										
Private Buyers	57%	67%	41%		30%	33%		78%	20%	30%
R.E. Companies	43%	17%	24%		20%	33%	60%	11%	40%	30%
REITs			6%		20%	17%				20%
Institutions			24%		30%	17%	40%	11%	40%	20%
Foreign Buyers		17%	6%							
Q1-11										
Private Buyers	67%	67%	24%	100%	44%		25%	64%	10%	25%
R.E. Companies	17%		19%			50%	38%	21%	30%	19%
REITs	8%		33%		22%	50%			10%	31%
Institutions			24%		33%		38%		30%	19%
Foreign Buyers	8%	33%						14%	20%	6%
Q4-10										
Private Buyers	70%	50%	36%	75%	18%		15%	50%	17%	18%
R.E. Companies	30%		27%		9%		15%	38%	17%	27%
REITs		17%	27%		18%	40%			42%	27%
Institutions		33%	9%		55%	60%	54%	13%	17%	27%
Foreign Buyers				25%			15%		8%	

Table 2d

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q2-11											
Higher	47%		50%	67%			40%		30%	25%	67%
Lower	6%		10%			20%	10%	40%			
Q1-11											
Higher	60%	100%	56%			88%	43%	50%	47%	13%	50%
Lower	8%		11%			13%	14%	10%	7%	13%	
Q4-10											
Higher	58%	75%	73%	67%		46%	29%	60%	33%	17%	20%
Lower			9%			23%	29%		11%	17%	
Rental Rate Increases											
Q2-11											
Faster than Inflation	59%		40%	33%		20%		20%		25%	
Slower than Inflation		100%	30%	50%		80%	80%	60%	67%	50%	50%
Q1-11											
Faster than Inflation	48%		44%	100%		13%		20%	7%		
Slower than Inflation	12%		44%			38%	79%	40%	60%	75%	75%
Q4-10											
Faster than Inflation	42%	25%	27%	17%		8%		20%	22%		
Slower than Inflation	17%	25%	64%	50%		69%	100%	60%	44%	75%	20%

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	43%	50%
Lower		17%
Q1-11		
Higher	75%	44%
Lower		22%
Q4-10		
Higher	60%	50%
Lower		33%
Future Price Increases		
Q2-11		
Faster than Inflation		17%
Slower than Inflation	57%	67%
Q1-11		
Faster than Inflation	8%	22%
Slower than Inflation	58%	67%
Q4-10		
Faster than Inflation	10%	
Slower than Inflation	50%	83%

Broward County

Cap rates in Broward County are, on average, lower (0.74 percentage points) than the state mean, and range from 6.4% (**Apartments**) to 9.2% (**Strip Centers**).

Cap rates were mixed across property types, with the largest movements occurring in **Apartments** (-0.26 percentage points) and **Free Standing Retail** (-0.39 percentage points).

Cap rate outlooks are mixed across property types. Respondents expect cap rates to decline in **Office: Class A**, **Retail-Large**, and **Neighborhood Centers**. All respondents believe that cap rates will increase for **Condo Conversions**.

Required yields for Broward County are, on average, lower than that of the state, 10.46% compared to 11.31% statewide and have decreased from the previous quarter.

Required yields are highest for **Condo Conversion** at 12.2% and lowest for **Free Standing Retail** at 8.6%.

Over the past quarter, required yields have been mixed across property types, with the largest shifts occurring in **Condo Conversion** (-10.36% change) and **Office: Class A** (-1.81% change).

The investment outlook is positive across most property types with the most positive outlook in **Free Standing Retail**, **Neighborhood Centers**, and **Apartments**.

The outlook for **Land Development** appears to be neutral to negative across all categories.

In Broward County, future occupancy rates are neutral across most property types. The largest indication of occupancy increases occur in **Office: Class A** and **Apartments**.

There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types **Apartments** which are expected to increase faster than inflation.

Expectations for future absorption rates are neutral for **Single Family** and **Condominium Development**.

Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**

Table 3a

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	6.4	8.6	7.9	8.1	7.7	8.4	7.7	7.2	9.2	7.4
Percent Expecting Rise	23%	100%				10%				
Percent Expecting Fall	15%		30%		50%	30%	50%	50%	25%	33%
Q1-11										
Cap Rate	6.7	8.4	8.0	8.1	7.5	8.5	7.4	7.2	8.9	7.8
Percent Expecting Rise						6%		8%		
Percent Expecting Fall	39%		40%		33%	25%	40%	31%	33%	25%
Q4-10										
Cap Rate	6.1	8.7	7.5	8.5	7.6	8.3	7.2	6.9	8.8	7.7
Percent Expecting Rise	14%	33%	20%	11%	11%	11%	17%	13%	11%	
Percent Expecting Fall	7%		30%	33%	56%	44%	33%	38%	22%	14%
Yields										
Q2-11										
Yield	10.2	12.2	10.7	10.9	9.4	12.2	10.3	8.9	11.3	8.6
Percent Expecting Rise	10%	100%				20%				
Percent Expecting Fall	30%		25%	33%	25%	10%			25%	50%
Q1-11										
Yield	9.9	22.5	10.4	11.2	11.2	11.4	9.5	9.7	11.1	8.6
Percent Expecting Rise	5%				33%	7%		9%		
Percent Expecting Fall	10%		38%	50%	33%	33%	20%	18%	50%	25%
Q4-10										
Yield	11.1	19.8	10.0	12.6	11.2	11.2	10.6	9.3	12.1	10.2
Percent Expecting Rise	18%			11%	11%		17%	14%	13%	
Percent Expecting Fall			22%	22%	44%	38%	17%	14%	13%	
Investment Outlook										
Q2-11										
Fair to Good	87%		69%	43%	75%	45%		89%	75%	100%
Bad to Poor					25%					
Q1-11										
Fair to Good	82%		64%	100%	57%	69%	71%	94%	38%	75%
Bad to Poor	9%		9%		14%	13%		6%	13%	
Q4-10										
Fair to Good	87%		85%	78%	60%	55%	44%	67%	20%	86%
Bad to Poor			8%		10%		11%		10%	

Table 3b

Outlook for Land Development

Broward County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	24%	35%	18%	28%	33%	36%
Bad to Poor	38%	35%	42%	28%	24%	27%
Q1-11						
Fair to Good	40%	38%	31%	31%	35%	52%
Bad to Poor	38%	34%	33%	29%	29%	23%
Q4-10						
Fair to Good	22%	31%	19%	15%	36%	26%
Bad to Poor	42%	31%	37%	41%	29%	28%

Table 3c

Investors by Property Type

Broward County	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11												
Private Buyers	70%	78%	27%		23%	57%		82%	33%	33%	100%	100%
R.E. Companies	30%	11%	33%		23%	29%	50%	9%		22%		
REITs			13%		31%	14%				22%		
Institutions			27%		23%		50%	9%	67%	22%		
Foreign Buyers		11%										
Q1-11												
Private Buyers	67%	73%	18%	67%	36%	25%		63%	14%	22%	75%	100%
R.E. Companies	20%		18%		9%	50%	43%	19%	14%	33%	25%	
REITs	7%		32%		36%	25%				22%		
Institutions			32%		18%		57%		43%	17%		
Foreign Buyers	7%	27%		33%				19%	29%	6%		
Q4-10												
Private Buyers	75%	63%	27%	67%	15%	22%	10%	45%	22%	17%	80%	86%
R.E. Companies	25%		27%		15%	11%	20%	55%	11%	33%	20%	14%
REITs		13%	27%		23%	44%	10%		44%	33%		
Institutions		25%	20%		46%	22%	30%		11%	17%		
Foreign Buyers				33%			30%		11%			

Table 3d

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	53%		54%			33%		33%	50%	80%
Lower			15%	14%	25%	25%	33%			
Q1-11										
Higher	67%	50%	64%	67%	100%	38%	57%	35%	25%	50%
Lower			9%			19%		6%	13%	
Q4-10										
Higher	56%	67%	54%	40%	50%	30%	43%	40%	10%	25%
Lower			31%	30%	20%	20%		10%	30%	
Rental Rate Increases										
Q2-11										
Faster than Inflation	53%		8%						25%	
Slower than Inflation	13%	100%	31%	57%	100%	67%	100%	78%	50%	20%
Q1-11										
Faster than Inflation	56%		20%	67%		7%	14%	6%		25%
Slower than Inflation	11%	50%	30%		57%	60%	43%	59%	63%	50%
Q4-10										
Faster than Inflation	38%	33%	8%	20%	10%	10%				13%
Slower than Inflation	19%		54%	50%	80%	70%	71%	60%	90%	25%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	20%	44%
Lower	20%	22%
Q1-11		
Higher	67%	36%
Lower	13%	27%
Q4-10		
Higher	50%	25%
Lower		13%
Future Price Increases		
Q2-11		
Faster than Inflation		11%
Slower than Inflation	70%	67%
Q1-11		
Faster than Inflation	7%	9%
Slower than Inflation	73%	82%
Q4-10		
Faster than Inflation	8%	
Slower than Inflation	42%	75%

Palm Beach County

Cap rates in Palm Beach County are, on average, lower (0.87 percentage points) than that of the state, and range from 6.3% (**Apartments**) to 9.0% (**Strip Centers**).

Cap rates have decreased across most property types, with the largest decreases in **Free Standing Retail** (-0.50% change) and **Apartments** (-0.37% change).

Cap rates are expected to decline across most property types in the near future. Respondents believe that **Condo Conversion** cap rates will increase.

Required yields for Palm Beach County are, on average, lower than that of the state, 10.38% compared to 11.31% statewide and have declined over the past quarter.

Required yields are highest for **Condo Conversion** at 12.1% and lowest for **Free Standing Retail** at 8.6%.

Required yields are mixed across property types with **Condo Conversion** (-10.12%) and **Office: Class A** (-1.56%) showing the largest changes.

The investment outlook is positive across most property types. Respondents indicated the most positive outlook for **Apartments, Free Standing Retail and Warehouse**.

The outlook for **Land Development** is neutral for most land classifications.

Occupancy rates are expected to stabilize or increase over the next quarter for the majority of property types. The highest expectation for increases occurs in **Strip Centers and Free Standing Retail**.

Rental rates are expected to increase at a rate slower than inflation across most property types with the exception of Apartments which is expected to increase faster than inflation.

Expectations for future absorption rates are neutral to positive for **Single Family and Condominium Development**.

Future price increases are expected to occur slower than inflation in both **Single Family and Condominium Development**.

Table 4a

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	6.3	8.4	7.7	8.0	7.6	8.3	7.6	7.1	9.0	7.3
Percent Expecting Rise	33%	100%								
Percent Expecting Fall	17%		14%		50%	29%	100%	50%	50%	50%
Q1-11										
Cap Rate	6.6	8.4	7.9	8.1	7.5	8.4	7.4	7.2	8.9	7.8
Percent Expecting Rise						7%		13%		
Percent Expecting Fall	44%		33%		25%	27%		25%	50%	20%
Q4-10										
Cap Rate	6.3	8.9	7.7	8.7	7.8	8.5	7.4	7.2	9.0	7.9
Percent Expecting Rise	8%	50%					17%	14%		
Percent Expecting Fall	8%		25%	33%	67%	50%	17%	14%	38%	17%
Yields										
Q2-11										
Yield	10.1	12.1	10.6	10.8	9.3	12.1	10.2	8.8	11.2	8.6
Percent Expecting Rise		100%				14%				
Percent Expecting Fall	33%		14%	25%	25%	14%			50%	33%
Q1-11										
Yield	9.6	22.2	10.1	10.9	10.9	11.1	9.2	9.4	10.8	8.2
Percent Expecting Rise					25%	7%		14%		
Percent Expecting Fall	14%		33%	100%	25%	36%		29%	40%	20%
Q4-10										
Yield	10.7	19.4	9.5	12.1	10.8	10.7	10.2	8.9	11.7	9.8
Percent Expecting Rise	20%						20%	17%		
Percent Expecting Fall			25%	17%	50%	33%	20%		14%	
Investment Outlook										
Q2-11										
Fair to Good	78%		75%	57%	75%	25%	25%	71%	50%	100%
Bad to Poor					25%				25%	
Q1-11										
Fair to Good	82%		60%		60%	73%	75%	92%	25%	80%
Bad to Poor	6%		10%			13%		8%	13%	
Q4-10										
Fair to Good	87%	25%	100%	83%	33%	56%	44%	64%	22%	83%
Bad to Poor		75%			17%		11%		11%	

Table 4b

Outlook for Land Development

Palm Beach County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	18%	38%	24%	33%	31%	44%
Bad to Poor	46%	34%	31%	30%	23%	22%
Q1-11						
Fair to Good	38%	44%	30%	33%	41%	50%
Bad to Poor	36%	28%	33%	33%	24%	23%
Q4-10						
Fair to Good	26%	35%	22%	15%	33%	38%
Bad to Poor	31%	28%	32%	38%	25%	28%

Table 4c

Investors by Property Type

Palm Beach County	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11													
Private Buyers	70%	71%		13%		25%	29%		88%	25%	43%	100%	100%
R.E. Companies	30%	14%		38%		38%	29%	50%					
REITs				13%		25%	14%			50%	43%		
Institutions				38%		13%	14%	50%	13%	25%	14%		
Foreign Buyers		14%					14%						
Q1-11													
Private Buyers	64%	86%		18%	100%	60%	33%		60%	25%	15%	75%	100%
R.E. Companies	21%			24%			33%	20%	20%		31%	25%	
REITs	7%			29%		20%					31%		
Institutions				29%		20%	33%	80%	7%	50%	15%		
Foreign Buyers	7%	14%							13%	25%	8%		
Q4-10													
Private Buyers	79%	70%		27%	75%				44%	22%	18%	78%	83%
R.E. Companies	21%			33%		17%	17%	33%	44%	11%	27%	22%	17%
REITs		10%		20%		50%	50%			33%	36%		
Institutions		20%		20%		33%	33%	50%	11%	22%	18%		
Foreign Buyers					25%			17%		11%			

Table 4d

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	50%		25%	14%		22%	25%	57%	100%	83%
Lower							25%			
Q1-11										
Higher	47%	100%	70%	100%	80%	40%	33%	33%		60%
Lower			20%			27%	33%	25%	13%	
Q4-10										
Higher	53%	25%	50%	57%	17%	38%	29%	56%	11%	14%
Lower					17%	13%		11%	11%	
Rental Rate Increases										
Q2-11										
Faster than Inflation	50%		13%						25%	17%
Slower than Inflation	13%	100%	63%	86%	100%	67%	100%	86%	50%	33%
Q1-11										
Faster than Inflation	47%		10%	50%		7%				20%
Slower than Inflation	16%		50%	50%	80%	47%	50%	58%	50%	60%
Q4-10										
Faster than Inflation	41%	25%		29%		13%				14%
Slower than Inflation	24%	50%	83%	57%	83%	50%	86%	78%	78%	43%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	40%	43%
Lower	10%	14%
Q1-11		
Higher	64%	43%
Lower		14%
Q4-10		
Higher	50%	40%
Lower		10%
Future Price Increases		
Q2-11		
Faster than Inflation	10%	
Slower than Inflation	80%	86%
Q1-11		
Faster than Inflation		
Slower than Inflation	62%	86%
Q4-10		
Faster than Inflation	21%	
Slower than Inflation	57%	90%

Treasure Coast

Cap rates in the Treasure Coast area are, on average, higher (0.26 percentage points) than that of the state, and range from 7.4% (**Apartments**) to 10.2% (**Strip Centers**)

Cap rates have increased across most property types in the last quarter with the largest changes occurring in **Retail Large** (+1.00% change) and **Strip Centers** (+0.95% change).

Cap rates are expected to decrease in **Retail Large** and remain stable in **Apartments**, the only two categories that were reported this quarter.

Required yields for the Treasure Coast are higher than those of the state, 11.98% compared to 11.31% statewide and increased from the previous quarter.

Required yields are highest for **Office: Class B** at 13.7% and lowest for **Free Standing Retail** at 10.2%.

Required yields increased across most property types, with the largest changes occurring in **Retail Large** (+2.05% change) and **Warehouse** (+1.65% change).

The outlook for **Land Development** is mixed to negative across all land classifications.

Future occupancy rates are expected to increase in Apartments, Warehouse and Flex Space. Decreasing occupancy is projected in **Office: Class A** and **Strip Centers**.

Future rental rates are expected to increase at a rate that is slower than inflation for all property types.

Expectations for future absorption rates are neutral for **Single Family Development** and **Condominium Development**.

Future price increases are expected to occur slower than inflation for both **Single Family** and **Condominium Development**.

Table 5a

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.4		8.9	9.2	8.7	9.5	8.7		10.2	8.4
Percent Expecting Rise	33%									
Percent Expecting Fall							100%			
Q1-11										
Cap Rate	7.0		8.3	8.5	7.8	8.8	7.8	7.6	9.2	8.1
Percent Expecting Rise										
Percent Expecting Fall			50%					33%	50%	
Q4-10										
Cap Rate	6.5	9.1	7.9	8.8	8.0	8.7	7.6	7.3	9.2	8.1
Percent Expecting Rise	50%				100%		25%	25%	25%	
Percent Expecting Fall			33%	33%					25%	
Yields										
Q2-11										
Yield	11.7		12.3	12.4	10.9	13.7	11.8		12.8	10.2
Percent Expecting Rise										
Percent Expecting Fall	33%									
Q1-11										
Yield	10.2		10.6	11.4	11.4	11.6	9.8	10.0	11.4	8.8
Percent Expecting Rise										
Percent Expecting Fall	50%		50%	100%				33%	50%	
Q4-10										
Yield	10.3	19.0	9.1	11.7	10.4	10.4	9.8	8.5	11.3	9.4
Percent Expecting Rise	100%				100%		25%	25%	25%	
Percent Expecting Fall			33%	33%						
Investment Outlook										
Q2-11										
Fair to Good										
Bad to Poor										
Q1-11										
Fair to Good										
Bad to Poor										
Q4-10										
Fair to Good							25%	50%		
Bad to Poor										

Table 5b

Outlook for Land Development

Treasure Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	13%	13%	13%	25%	25%	38%
Bad to Poor	63%	50%	50%	38%	38%	50%
Q1-11						
Fair to Good	60%	40%	50%	50%	60%	50%
Bad to Poor	30%	20%	20%	10%	20%	20%
Q4-10						
Fair to Good	33%	50%	21%	29%	40%	47%
Bad to Poor	27%	14%	21%	14%	20%	27%

Table 5c

Investors by Property Type

Treasure Coast	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11											
Private Buyers	75%	67%	33%					100%	100%		100%
R.E. Companies	25%	33%	33%		100%	100%					
REITs											
Institutions			33%				100%				
Foreign Buyers											
Q1-11											
Private Buyers	60%	75%			50%						50%
R.E. Companies	20%							67%		33%	50%
REITs	20%	25%								67%	
Institutions			100%		50%	100%	100%	33%			
Foreign Buyers									100%		
Q4-10											
Private Buyers	86%	60%		100%	33%	67%	100%	67%	25%	25%	100%
R.E. Companies	14%	20%			33%	33%		33%	25%	25%	
REITs					33%				50%	50%	
Institutions		20%	100%								
Foreign Buyers											

Table 5d

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	67%		100%	100%						
Lower					100%				100%	
Q1-11										
Higher	100%		50%		50%	50%	100%	33%		67%
Lower						50%		33%		33%
Q4-10										
Higher	50%							25%		
Lower			33%	33%	100%		25%		25%	
Rental Rate Increases										
Q2-11										
Faster than Inflation										
Slower than Inflation	33%		100%	100%		100%	100%		100%	100%
Q4-10										
Faster than Inflation										
Slower than Inflation	50%		67%	100%	100%	100%	100%	100%	100%	100%
Q3-10										
Faster than Inflation										
Slower than Inflation	33%								33%	
Slower than Inflation	33%		67%	80%		67%	100%	100%	33%	100%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	50%	33%
Lower		33%
Q1-11		
Higher	40%	25%
Lower	20%	25%
Q4-10		
Higher	29%	20%
Lower		40%
Future Price Increases		
Q2-11		
Faster than Inflation		
Slower than Inflation	50%	33%
Q1-11		
Faster than Inflation		
Slower than Inflation	100%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	57%	60%

Southwest Coast

Cap rates in the Southwest Coast area are, on average, lower (0.26 percentage points) than that of the state, and range from 6.9% (**Apartments**) to 9.6% (**Strip Centers**).

Cap rates decreased across most property types over the last quarter, with the largest decreases being seen in **Apartments** (-0.66% change) and **Warehouse** (-0.49% change).

Cap rate expectations are neutral across property types.

Required yields for the Southwest Coast are higher, on average, than that of the state, 12.06% compared to 11.31% statewide.

Required yields are highest for **Office: Class B** at 13.6% and lowest for **Neighborhood Centers** at 10.3%.

Required yields increased over the last quarter, with the largest increases occurring in **Office: Class B** (+2.40% change) and **Retail Large** (+2.37% change).

The investment outlook is neutral.

The outlook for **Land Development** is neutral to negative across all classifications.

Occupancy levels are expected to remain stable across most property types with the exception of **Office: Class B** and **Apartments** which are expected to increase.

Rental rates are expected to increase slower than inflation across all property types.

Expectations of future absorption rates are neutral for **Single Family** and higher for **Condominium Development**.

Future price increases are expected to occur at a rate slower than inflation in both **Single Family** and **Condominium Development**.

Table 6a

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q2-11											
Cap Rate	6.9		8.4	8.6			8.9	8.2	7.7	9.6	
Percent Expecting Rise			33%	25%							
Percent Expecting Fall											
Q1-11											
Cap Rate	7.5	9.3	8.8	9.0	8.4	9.3	8.3	8.1	9.8	8.7	
Percent Expecting Rise	29%	50%	20%	50%	20%	40%	50%	33%	22%	50%	
Percent Expecting Fall	29%		40%		20%	50%	25%	33%	33%		
Q4-10											
Cap Rate	6.8	9.4	8.2	9.2	8.3	9.0	7.9	7.6	9.5	8.4	
Percent Expecting Rise				50%	43%	38%			20%	57%	
Percent Expecting Fall	25%		100%	33%	29%	13%	50%	67%	40%	29%	
Yields											
Q2-11											
Yield	11.6		12.2	12.3		13.6	11.7	10.3	12.7		
Percent Expecting Rise			50%	33%							
Percent Expecting Fall											
Q1-11											
Yield	9.7	22.3	10.2	11.0	11.0	11.2	9.3	9.5	10.9	8.4	
Percent Expecting Rise			25%	17%	60%	22%	50%	33%	11%	33%	
Percent Expecting Fall	14%	100%		33%		22%	25%		44%		
Q4-10											
Yield	10.8	19.5	9.6	12.2	10.9	10.9	10.3	9.0	11.8	9.9	
Percent Expecting Rise	25%			20%	14%	29%		33%	50%	67%	
Percent Expecting Fall				40%	29%	14%	50%				
Investment Outlook											
Q2-11											
Fair to Good						25%					
Bad to Poor											
Q1-11											
Fair to Good	100%		40%	75%	40%	60%	50%		30%	50%	
Bad to Poor			20%	13%			25%		20%		
Q4-10											
Fair to Good				71%	33%	50%	50%	80%	50%	71%	
Bad to Poor				14%	17%		50%		33%		

Table 6b

Outlook for Land Development

Southwest Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	22%	33%	33%	22%	22%	33%
Bad to Poor	44%	56%	44%	44%	44%	44%
Q1-11						
Fair to Good	24%	36%	28%	25%	21%	24%
Bad to Poor	56%	40%	40%	50%	50%	36%
Q4-10						
Fair to Good	36%	41%	29%	33%	38%	38%
Bad to Poor	41%	36%	43%	43%	48%	29%

Table 6c

Investors by Property Type

Southwest Coast	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11											
Private Buyers	33%	40%	100%		100%	100%		100%			100%
R.E. Companies	33%	40%							50%	50%	
REITs		20%							50%	50%	
Institutions											
Foreign Buyers	33%										
Q1-11											
Private Buyers	75%	83%		100%	80%	75%	40%	80%			90%
R.E. Companies		17%	33%			13%	40%	20%	75%	33%	
REITs	25%		50%			13%			25%	67%	10%
Institutions			17%		20%						
Foreign Buyers							20%				
Q4-10											
Private Buyers	50%	100%	33%	50%	100%	100%	50%	100%	25%	20%	83%
R.E. Companies	33%						50%		25%	40%	17%
REITs			67%						50%	20%	
Institutions										20%	
Foreign Buyers	17%			50%							

Table 6d

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q2-11											
Higher	50%		33%	25%			67%				
Lower			33%	25%				50%	50%		
Q1-11											
Higher	43%		20%	50%		20%	30%	50%	67%	60%	25%
Lower	14%		20%	13%			20%		33%	10%	50%
Q4-10											
Higher	50%		100%	57%		29%	44%	100%	75%	57%	29%
Lower				29%		29%				14%	14%
Rental Rate Increases											
Q2-11											
Faster than Inflation											
Slower than Inflation	50%		100%	100%			100%	100%	100%	100%	
Q1-11											
Faster than Inflation											
Slower than Inflation	29%										
Slower than Inflation	57%	100%	80%	88%		80%	70%	100%	100%	60%	75%
Q4-10											
Faster than Inflation											
Slower than Inflation	25%	50%	100%	100%		86%	89%	67%	25%	25%	14%
Slower than Inflation	25%	50%	100%	100%		86%	89%	67%	25%	71%	86%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher		75%
Lower	50%	
Q1-11		
Higher	25%	33%
Lower	13%	17%
Q4-10		
Higher	33%	33%
Lower	17%	
Future Price Increases		
Q2-11		
Faster than Inflation		
Slower than Inflation	100%	100%
Q1-11		
Faster than Inflation		
Slower than Inflation	63%	83%
Q4-10		
Faster than Inflation		
Slower than Inflation	67%	67%

Daytona Beach Area

Cap rates in Daytona Beach are, on average, higher (0.68 percentage points) than those of the state, and range from 7.9% (**Apartments**) to 10.7% (**Strip Centers**).

Cap rates increased substantially across all property types in the latest quarter. The largest increase in cap rates occurred in **Retail Large** (+1.43% change) and **Strip Centers** (+1.38% change).

Cap rates are expected to decrease for **Retail Large** and remain stable for all other reported properties.

Required yields for Daytona Beach are, on average, much higher than that of the state, 14.05% compared to 11.31% statewide.

Required yields increased this quarter ranging from 12.4% for **Free Standing Retail** to 15.9% for **Office: Class B**. The largest increases occur in **Office: Class B** (+2.12% change) and **Retail Large** (+2.09% change).

The investment outlook is neutral to positive for all reported property types this quarter.

The outlook for **Land Development** is neutral to negative across all land classifications.

Occupancy expectations are mixed across property types. Respondents expect occupancy to increase in **Apartments** and decrease in **Flex Space** and **Strip Centers**.

Rental rates are expected to increase slower than inflation across all property types.

Absorption rates are expected to be neutral for **Single Family** and higher for **Condominium Development**.

Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 7a

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.9		9.4	9.6	9.2	9.9	9.2	8.7	10.7	8.9
Percent Expecting Rise			25%	100%						
Percent Expecting Fall									50%	
Q1-11										
Cap Rate	7.0	8.8	8.3	8.5	7.9	8.8	7.8	7.6	9.3	8.2
Percent Expecting Rise			14%	20%				29%		33%
Percent Expecting Fall	33%		14%		25%		100%		27%	33%
Q4-10										
Cap Rate	7.6	10.1	8.9	9.9	9.0	9.8	8.6	8.4	10.2	9.1
Percent Expecting Rise				17%		13%	50%	25%		
Percent Expecting Fall									14%	67%
Yields										
Q2-11										
Yield	14.0		14.5	14.7	13.2	15.9	14.0	12.7	15.0	12.4
Percent Expecting Rise			25%	100%				50%		
Percent Expecting Fall						25%			50%	
Q1-11										
Yield	12.4	25.0	12.8	13.6	13.6	13.8	12.0	12.2	13.6	11.0
Percent Expecting Rise										
Percent Expecting Fall							100%	57%		33%
Q4-10										
Yield	12.7	21.5	11.6	14.2	12.8	12.8	12.2	11.0	13.8	11.8
Percent Expecting Rise	33%	50%		17%		29%	50%	33%	17%	33%
Percent Expecting Fall			33%	17%		14%	50%			33%
Investment Outlook										
Q2-11										
Fair to Good			20%			29%		60%		
Bad to Poor			40%							
Q1-11										
Fair to Good			29%	40%	50%	83%		57%	55%	
Bad to Poor			29%	20%		17%		14%	27%	
Q4-10										
Fair to Good			75%	57%		75%		60%	83%	
Bad to Poor				14%				20%		

Table 7b

Outlook for Land Development

Daytona Beach Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	7%	20%	20%	13%	13%	40%
Bad to Poor	40%	33%	27%	27%	40%	20%
Q1-11						
Fair to Good	22%	39%	32%	15%	19%	36%
Bad to Poor	52%	30%	27%	35%	14%	23%
Q4-10						
Fair to Good	16%	40%	35%	18%	21%	26%
Bad to Poor	47%	25%	40%	59%	42%	47%

Table 7c

Investors by Property Type

Daytona Beach Area	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11													
Private Buyers	67%	100%				60%	100%		86%		40%	100%	100%
R.E. Companies	17%			100%							20%		
REITs								100%		50%			
Institutions						40%			14%	50%	20%		
Foreign Buyers	17%										20%		
Q1-11													
Private Buyers	50%	80%		67%		43%	80%	25%	100%		14%	91%	100%
R.E. Companies	38%			33%		14%		25%			43%	9%	
REITs						43%	20%	50%			14%		
Institutions										100%	29%		
Foreign Buyers	13%	20%			100%								
Q4-10													
Private Buyers	100%	67%			50%	25%	57%		88%		20%	83%	100%
R.E. Companies						25%		100%	13%	100%	20%	17%	
REITs				33%		50%	29%				60%		
Institutions				33%									
Foreign Buyers		33%		33%	50%		14%						

Table 7d

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	50%		17%					20%		
Lower			17%	100%					50%	
Q1-11										
Higher	75%		14%		50%	57%	100%	29%	18%	67%
Lower			29%	20%		14%		14%	27%	
Q4-10										
Higher				14%		25%	50%	20%	14%	33%
Lower			50%	29%		13%			14%	
Rental Rate Increases										
Q2-11										
Faster than Inflation										
Slower than Inflation	50%		100%	100%	100%	86%	100%	60%	50%	50%
Q1-11										
Faster than Inflation										
Slower than Inflation	25%									
Slower than Inflation	75%		100%	100%	100%	71%	100%	100%	91%	33%
Q4-10										
Faster than Inflation										
Slower than Inflation	100%		100%	86%	100%	88%	100%	80%	100%	67%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	40%	100%
Lower	20%	
Q1-11		
Higher	38%	40%
Lower	25%	20%
Q4-10		
Higher	17%	33%
Lower	17%	33%
Future Price Increases		
Q2-11		
Faster than Inflation		
Slower than Inflation	40%	50%
Q1-11		
Faster than Inflation		
Slower than Inflation	88%	80%
Q4-10		
Faster than Inflation		
Slower than Inflation	83%	67%

Orlando Area

Cap rates in Orlando are, on average, higher (0.12 percentage points) than that of the state, and range from 7.3% (**Apartments**) to 10.0% (**Strip Centers**).

Cap rates increased over the past quarter, with the largest changes being seen in **Retail Large** (+0.85% change) and **Strip Centers** (+0.80% change).

Cap rates are expected to stabilize for all property types over the next quarter with the exception of **Retail Large** which is expected to decline.

Required yields for Orlando are, on average, higher than that of the state, 12.84% compared to 11.31% statewide.

Required yields are highest for **Condo Conversion** and **Office: Class B** at 14.5% and lowest for **Free Standing Retail** at 11.0%.

Required yields increased across most property types the past quarter, the largest changes occurring in **Office: Class B** (+1.34%) and **Retail Large** (+1.31%).

The investment outlook is neutral to positive across most property types. The strongest indication of a positive outlook occurs for **Apartments, Office: Class B and Retail Large**.

The outlook for **Land Development** is neutral to negative across all land classifications except **Land for Urban Redevelopment** and **Land with Residential Entitlements** which are neutral to positive.

Occupancy expectations are mixed across property types. Occupancy is expected to increase in **Apartments** and **Condo Conversions** and remain stable across the remaining properties.

Rental rates are expected to increase slower than inflation for most property types with the exception of **Apartments and Condo Conversion** which are expected to rise faster than inflation.

Future absorption rates are expected to be neutral for **Single Family Development** and **Condominium Development**.

Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.3	9.4	8.7	9.0	8.6	9.3	8.6	8.1	10.0	8.2
Percent Expecting Rise	20%		25%	17%	25%			20%	14%	
Percent Expecting Fall	20%		13%		25%	13%	50%	20%	14%	25%
Q1-11										
Cap Rate	7.0	8.8	8.3	8.5	7.8	8.8	7.7	7.6	9.2	8.1
Percent Expecting Rise	20%	33%	8%	14%		17%		25%	9%	25%
Percent Expecting Fall	10%		33%	29%	38%	33%	50%	13%	27%	25%
Q4-10										
Cap Rate	7.0	9.6	8.4	9.3	8.5	9.2	8.1	7.8	9.6	8.5
Percent Expecting Rise	31%	20%		13%	9%	11%	20%	22%		17%
Percent Expecting Fall	19%		33%	38%	27%		30%	11%	30%	50%
Yields										
Q2-11										
Yield	12.6	14.5	13.1	13.3	11.8	14.5	12.6	11.3	13.6	11.0
Percent Expecting Rise	11%		13%	17%	25%	25%		40%	14%	25%
Percent Expecting Fall						13%		40%	29%	
Q1-11										
Yield	11.7	24.3	12.2	13.0	13.0	13.2	11.3	11.5	12.9	10.4
Percent Expecting Rise	11%		8%		14%	40%	50%		11%	
Percent Expecting Fall			25%	33%	29%	20%	50%	38%		25%
Q4-10										
Yield	12.3	21.1	11.2	13.8	12.4	12.4	11.8	10.6	13.3	11.4
Percent Expecting Rise	29%	20%		17%	9%	25%	30%	33%		33%
Percent Expecting Fall	14%	20%	29%	33%			20%	11%		17%
Investment Outlook										
Q2-11										
Fair to Good	82%		50%	25%	33%	50%	50%	55%	67%	40%
Bad to Poor				38%				9%	33%	20%
Q1-11										
Fair to Good	88%		46%	50%	67%	71%		40%	67%	60%
Bad to Poor			8%	13%				20%		
Q4-10										
Fair to Good	89%	20%	71%	40%	57%	60%	58%	77%	57%	88%
Bad to Poor		80%	7%	10%	14%	20%	8%		36%	

Table 8b

Outlook for Land Development

Orlando Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	31%	50%	37%	30%	34%	50%
Bad to Poor	47%	22%	27%	27%	19%	22%
Q1-11						
Fair to Good	25%	38%	20%	31%	24%	44%
Bad to Poor	48%	32%	37%	31%	24%	24%
Q4-10						
Fair to Good	25%	34%	24%	16%	24%	27%
Bad to Poor	45%	23%	39%	45%	35%	27%

Table 8c

Investors by Property Type

Orlando Area	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11												
Private Buyers	50%	50%	9%	50%	30%	63%		70%		18%	89%	80%
R.E. Companies	25%		18%		10%	13%		10%	17%	18%		20%
REITs		50%	36%	50%	30%	25%	50%		67%	27%		
Institutions			27%		30%		17%	20%	17%	18%	11%	
Foreign Buyers	25%		9%				33%			18%		
Q1-11												
Private Buyers	50%	100%	25%		31%	75%	11%	100%		20%	83%	40%
R.E. Companies	25%		31%		15%		22%		67%	30%	17%	20%
REITs	13%		19%		31%	13%	33%			20%		40%
Institutions	13%		25%		23%	13%	22%			20%		
Foreign Buyers				100%			11%		33%	10%		
Q4-10												
Private Buyers	100%	100%	21%	80%	43%	50%	14%	70%	17%	31%	79%	86%
R.E. Companies			16%		7%		7%	30%	25%	15%	7%	
REITs			26%		29%	20%	29%		50%	46%	14%	14%
Institutions			32%		14%	20%	29%		8%	8%		
Foreign Buyers			5%	20%	7%	10%	21%					

Table 8d

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	82%	100%	33%	29%	40%	33%	40%	50%	33%	
Lower			8%	14%		11%		10%	22%	20%
Q1-11										
Higher	80%	33%	62%	38%	67%	50%	33%	40%	27%	
Lower			8%		11%	17%	33%	20%	18%	
Q4-10										
Higher	89%	75%	50%	30%	43%	45%	42%	50%	38%	38%
Lower			7%	20%		18%		8%	8%	
Rental Rate Increases										
Q2-11										
Faster than Inflation	55%	100%	8%					10%	11%	
Slower than Inflation	18%		83%	57%	40%	78%	80%	60%	56%	80%
Q1-11										
Faster than Inflation	47%				11%					
Slower than Inflation	27%		69%	88%	56%	83%	67%	50%	55%	20%
Q4-10										
Faster than Inflation	39%				7%	20%	8%		8%	
Slower than Inflation	17%	50%	79%	60%	71%	70%	58%	75%	77%	38%

Table 8e

Orlando Area	Single Family Development	Condominiu m Developme
Future Absorption Rates		
Q2-11		
Higher	33%	50%
Lower	33%	50%
Q1-11		
Higher	38%	
Lower	25%	33%
Q4-10		
Higher	56%	
Lower	11%	50%
Future Price Increases		
Q2-11		
Faster than Inflation	33%	
Slower than Inflation	67%	100%
Q1-11		
Faster than Inflation	13%	
Slower than Inflation	63%	67%
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	56%	100%

Lakeland-Winter Haven

Cap rates in Lakeland-Winter Haven are, on average, lower (0.09 percentage points) than that of the state, and range from 7.8% (**Retail Large**) to 9.7% (**Strip Centers**).

Cap rates have decreased slightly across most reported property types over the last quarter. The largest changes occurred in **Free Standing Retail** (-0.43% change).

Cap rates are expected to increase or remain stable across property types over the next quarter. The strongest indications of rate increases occur in **Warehouse**.

Required yields for Lakeland-Winter Haven are, on average, higher than that of the state, 12.05% compared to 11.31% statewide.

Required yields are highest for **Office: Class B** at 13.8% and lowest for **Free Standing Retail** at 10.3%.

Required yields increased across most property types in the last quarter. The largest changes occurred in **Office: Class B** (+1.46% change) and **Retail Large** (+1.43%).

The investment outlook is neutral for the one reported property type, **Strip Centers**.

The outlook for **Land Development** is neutral to positive across most land classifications with the strongest positive indication for **Land with Industrial Entitlements**.

Occupancy is expected to stabilize across most reported property types. The most significant indication of potential decrease occurs in **Flex Space and Office: Class B**.

Rental rates are expected to increase slower than inflation for all property types.

Future absorption rates are expected to remain stable for **Single Family Development**.

Future price increases are expected to occur slower than inflation for **Single Family**.

Table 9a

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate			8.4	8.6		9.0	8.2	7.8	9.7	7.9
Percent Expecting Rise			67%	33%					25%	
Percent Expecting Fall										
Q1-11										
Cap Rate	7.2	9.0	8.5	8.7	8.0	9.0	8.0	7.8	9.4	8.3
Percent Expecting Rise	25%	100%	33%	67%		50%			14%	50%
Percent Expecting Fall	25%				33%				14%	
Q4-10										
Cap Rate	7.4	10.0	8.8	9.7	8.9	9.6	8.5	8.2	10.0	8.9
Percent Expecting Rise			13%	40%		17%			20%	40%
Percent Expecting Fall	25%		25%	20%	100%	17%	100%			20%
Yields										
Q2-11										
Yield			12.4	12.5		13.8	11.9	10.5	12.9	10.3
Percent Expecting Rise			50%			100%			25%	
Percent Expecting Fall										
Q1-11										
Yield	10.9	23.5	11.3	12.1	12.1	12.3	10.5	10.7	12.1	9.5
Percent Expecting Rise			20%		33%	100%		50%		
Percent Expecting Fall	25%	50%							17%	
Q4-10										
Yield	14.2	23.0	13.1	15.7	14.3	14.3	13.7	12.5	15.2	13.3
Percent Expecting Rise	25%	25%							20%	25%
Percent Expecting Fall			33%	60%		20%				
Investment Outlook										
Q2-11										
Fair to Good									40%	
Bad to Poor									20%	
Q1-11										
Fair to Good	100%		71%	75%					43%	
Bad to Poor									14%	
Q4-10										
Fair to Good	75%		67%	60%		67%			57%	83%
Bad to Poor		100%		20%		17%			29%	

Table 9b

Outlook for Land Development

Lakeland-Winter Haven	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	67%	67%	56%	50%	75%	63%
Bad to Poor	33%	22%	11%	13%		13%
Q1-11						
Fair to Good	35%	53%	53%	40%	44%	50%
Bad to Poor	40%	21%	12%	27%	22%	17%
Q4-10						
Fair to Good	33%	33%	25%	17%	36%	29%
Bad to Poor	38%	29%	42%	38%	48%	33%

Table 9c

Investors by Property Type

Lakeland-Winter Haven	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11												
Private Buyers	100%				67%	67%		33%		50%	100%	100%
R.E. Companies								33%				
REITs					33%	33%		33%	50%			
Institutions									50%	50%		
Foreign Buyers												
Q1-11												
Private Buyers	60%		20%	50%	43%	50%		100%			100%	100%
R.E. Companies			20%			25%	33%					
REITs			60%		29%	25%	33%			33%		
Institutions	40%				14%		33%			33%		
Foreign Buyers				50%	14%				100%	33%		
Q4-10												
Private Buyers	67%	100%		75%	44%	40%		83%		50%	100%	100%
R.E. Companies	33%		25%		11%	20%		17%				
REITs			25%		33%	20%				50%		
Institutions			25%		11%		100%		100%			
Foreign Buyers			25%	25%		20%						

Table 9d

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher			33%				50%	50%	40%	50%
Lower			33%	67%		67%	50%	50%	40%	
Q1-11										
Higher	60%	50%	71%	25%	33%	50%		33%	14%	25%
Lower		50%		25%		50%	100%		14%	25%
Q4-10										
Higher	33%		56%	20%				50%	14%	33%
Lower				40%		33%			43%	17%
Rental Rate Increases										
Q2-11										
Faster than Inflation			33%							
Slower than Inflation			67%	100%		100%	100%	100%	100%	
Q1-11										
Faster than Inflation	20%		29%							
Slower than Inflation	40%	50%	29%	50%	100%	100%	100%	100%	71%	50%
Q4-10										
Faster than Inflation			11%	20%						
Slower than Inflation	67%	33%	44%	80%	100%	83%	100%	100%	86%	83%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher		
Lower		
Q1-11		
Higher	20%	
Lower	40%	
Q4-10		
Higher	33%	
Lower		100%
Future Price Increases		
Q2-11		
Faster than Inflation		
Slower than Inflation	100%	
Q1-11		
Faster than Inflation		
Slower than Inflation	60%	
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%

Tampa-St. Petersburg

Cap rates in the Tampa-St. Petersburg area are, on average, lower than that of the state (0.35%), and range from 6.9% (**Apartments**) to 9.6% (**Strip Centers**).

Cap rates have decreased for most property types over the past quarter, with the largest changes occurring in **Free Standing Retail** (-0.45% change) and **Apartments** (-0.31% change).

Cap rate outlooks indicate that rates are expected to remain stable across most property types in the next quarter. Respondents expect cap rates to increase for **Warehouse** and decline for **Free Standing Retail**.

Required yields for Tampa-St. Petersburg are higher, on average, than that of the state, 12.14% compared to 11.31% statewide.

Required yields are highest for **Office: Class B** at 14.0% and lowest for **Free Standing Retail** at 10.5%.

Required yields increased across property types last quarter. The largest increases in required yields occurred in **Office: Class B** (+1.60% change) and **Retail Large** (+1.57% change).

The investment outlook is positive across most property types, with the most positive outlook occurring in **Apartments** and **Warehouse**.

The outlook for **Land Development** appears to be neutral to positive for most land classifications with the exception of **Land without Entitlements** which has an outlook of neutral to negative.

Future occupancy is expected to remain stable for most property types. The largest indication of increasing occupancy is in **Apartments** and **Retail Large**.

Rental rates are expected to increase slower than inflation across most property types with the exception of **Apartments** which is neutral.

Future absorption rate expectations are neutral to negative for **Single Family** and neutral for **Condominium Development**.

Future price increases are expected to occur at a rate that is slower than inflation for both **Single Family** and **Condominium Development**.

Table 10a

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	6.9		8.3	8.6	8.2	8.9	8.2	7.7	9.6	7.9
Percent Expecting Rise	29%		67%	50%	33%	20%		20%	33%	
Percent Expecting Fall	14%					20%		40%	33%	100%
Q1-11										
Cap Rate	7.2	8.9	8.5	8.7	8.0	9.0	7.9	7.8	9.4	8.3
Percent Expecting Rise	13%	100%	8%	50%	17%	20%	25%	15%	18%	50%
Percent Expecting Fall	13%		25%		33%	13%	25%	23%	9%	
Q4-10										
Cap Rate	7.0	9.6	8.4	9.3	8.5	9.2	8.1	7.8	9.7	8.6
Percent Expecting Rise	20%		20%	17%	9%	56%	8%	29%	33%	33%
Percent Expecting Fall	27%		40%	33%	27%		25%	14%		50%
Yields										
Q2-11										
Yield	12.1		12.6	12.8	11.2	14.0	12.1	10.8	13.1	10.5
Percent Expecting Rise	17%		33%	50%	33%	40%			33%	
Percent Expecting Fall	17%							20%		
Q1-11										
Yield	11.0	23.6	11.4	12.2	12.2	12.4	10.6	10.8	12.2	9.6
Percent Expecting Rise	13%		20%	25%	14%	25%		33%	20%	
Percent Expecting Fall	6%	50%	10%	25%	43%		43%	17%	30%	
Q4-10										
Yield	14.2	22.9	13.0	15.6	14.3	14.3	13.7	12.4	15.2	13.3
Percent Expecting Rise	17%				10%	33%	18%	33%	17%	14%
Percent Expecting Fall		25%	40%	50%	10%	11%	18%	17%		14%
Investment Outlook										
Q2-11										
Fair to Good	86%		75%		33%	71%	67%	63%	43%	
Bad to Poor					17%			13%	29%	
Q1-11										
Fair to Good	95%		69%	86%	64%	58%	60%	50%	38%	50%
Bad to Poor	5%		8%		9%	16%	20%	14%	23%	
Q4-10										
Fair to Good	89%		75%	63%	56%	50%	62%	88%	57%	86%
Bad to Poor		80%	25%	25%	31%	20%	15%		29%	

Table 10b

Outlook for Land Development

Tampa-St Pete	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	35%	44%	44%	32%	46%	52%
Bad to Poor	42%	33%	28%	20%	12%	15%
Q1-11						
Fair to Good	33%	42%	27%	31%	21%	39%
Bad to Poor	47%	39%	36%	29%	30%	25%
Q4-10						
Fair to Good	29%	42%	33%	22%	35%	38%
Bad to Poor	46%	28%	33%	30%	27%	19%

Table 10c

Investors by Property Type

Tampa-St Pete	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11												
Private Buyers	60%	67%		14%		25%	67%		71%		13%	100%
R.E. Companies				14%				17%	29%		25%	
REITs			17%	43%		50%	33%	33%		50%	63%	
Institutions				29%		25%		33%		50%		
Foreign Buyers	40%	17%						17%				
Q1-11												
Private Buyers	83%	71%		18%	33%	23%	29%		84%		7%	100%
R.E. Companies	8%	14%		18%	33%	15%	29%	18%	5%	30%	29%	
REITs				27%		38%	29%	27%	5%	10%	29%	
Institutions				36%		15%	14%	36%		30%	29%	
Foreign Buyers	8%	14%			33%	8%		18%	5%	30%	7%	
Q4-10												
Private Buyers	92%	75%		21%	60%	25%	63%	6%	80%	8%	13%	71%
R.E. Companies	8%			26%			25%	6%	10%	31%	13%	14%
REITs			13%	26%		25%		31%		38%	63%	14%
Institutions				26%		50%		38%	10%	15%	13%	
Foreign Buyers		13%			40%		13%	19%		8%		

Table 10d

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	75%		40%		40%	43%	80%	71%	43%	33%
Lower			20%	33%	20%		20%	14%	14%	33%
Q1-11										
Higher	77%	67%	58%	50%	64%	39%	60%	36%	23%	25%
Lower		33%	8%	17%		6%	10%		15%	25%
Q4-10										
Higher	72%	80%	38%	14%	44%	20%	38%	50%	29%	38%
Lower			38%	29%	19%	10%	15%	13%		38%
Rental Rate Increases										
Q2-11										
Faster than Inflation	38%					14%	20%		14%	
Slower than Inflation	13%		20%	67%	60%	57%	40%	57%	57%	33%
Q1-11										
Faster than Inflation	45%		8%	17%	18%	11%	10%		8%	25%
Slower than Inflation	18%	33%	50%	50%	36%	72%	60%	71%	85%	25%
Q4-10										
Faster than Inflation	26%	20%	13%		6%	10%	8%			
Slower than Inflation	26%	60%	63%	57%	69%	70%	69%	75%	71%	63%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	25%	17%
Lower	50%	33%
Q1-11		
Higher	55%	33%
Lower		17%
Q4-10		
Higher	17%	
Lower	8%	38%
Future Price Increases		
Q2-11		
Faster than Inflation	25%	
Slower than Inflation	75%	83%
Q1-11		
Faster than Inflation		
Slower than Inflation	75%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	75%	100%

Sarasota-Bradenton

Cap rates in the Sarasota-Bradenton area are, on average, lower (0.23 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.7% (**Strip Centers**).

Cap rates increased across most property types in the last quarter, with the largest changes occurring in **Retail Large** (+0.43% change) and **Strip Centers** (+0.38% change).

Cap rates are expected to remain stable across property types.

Required yields for Sarasota-Bradenton are, on average, higher than that of the state, 13.32% compared to 11.31% statewide.

Required yields are highest for **Office: Class B** at 15.2% and lowest for **Free Standing Retail** at 11.7%.

Required yields increased significantly this quarter across all property types. The largest shifts occurred in **Retail Large** (+3.57% change) and **Office: Class B** (+3.60% change).

The investment outlook is neutral across most available property types with the exception of **Office: Class B** which is positive.

The outlook for **Land Development** is neutral to positive across land classifications with the exception of **Land without Entitlements** which is neutral to negative.

Future occupancy is expected to remain stable over the next quarter for most property types. Occupancy in **Office: Class B and Retail Large** is expected to increase.

Rental rates are expected to lag inflation across most property types over the next quarter with the exception of **Retail Large** where respondents believe rates will increase.

Future absorption rates are expected to be higher for both **Single Family Development** and **Condominium Development**.

Respondents indicate that future prices will increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 11a

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q2-11											
Cap Rate	7.0		8.5	8.7		8.3	9.0	8.3	7.8	9.7	8.0
Percent Expecting Rise										33%	
Percent Expecting Fall											
Q1-11											
Cap Rate	7.1	8.9	8.4	8.6		8.0	8.9	7.9	7.7	9.4	8.3
Percent Expecting Rise	40%	100%	50%	50%			13%		67%	25%	25%
Percent Expecting Fall	20%										
Q4-10											
Cap Rate	7.0	9.6	8.4	9.4		8.5	9.2	8.1	7.9	9.7	8.6
Percent Expecting Rise				25%		33%	25%			33%	33%
Percent Expecting Fall	50%		50%			33%	8%	100%	100%	17%	33%
Yields											
Q2-11											
Yield	13.3		13.8	13.9		12.4	15.2	13.3	12.0	14.3	11.7
Percent Expecting Rise							20%			33%	
Percent Expecting Fall											
Q1-11											
Yield	10.2	22.7	10.6	11.4		11.4	11.6	9.7	9.9	11.4	8.8
Percent Expecting Rise									33%	25%	
Percent Expecting Fall	25%	50%							33%	25%	
Q4-10											
Yield	12.4	21.2	11.3	13.9		12.5	12.5	11.9	10.7	13.5	11.5
Percent Expecting Rise	20%					33%	17%			33%	14%
Percent Expecting Fall		50%	50%	25%			17%				14%
Investment Outlook											
Q2-11											
Fair to Good							71%			25%	
Bad to Poor										25%	
Q1-11											
Fair to Good	100%		50%	50%			71%			25%	60%
Bad to Poor			50%	17%						25%	
Q4-10											
Fair to Good	67%			67%			64%			33%	67%
Bad to Poor							9%			17%	

Table 11b

Outlook for Land Development

Sarasota-Bradenton	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	23%	31%	38%	46%	46%	38%
Bad to Poor	31%	15%	15%		8%	
Q1-11						
Fair to Good	35%	45%	28%	22%	20%	25%
Bad to Poor	45%	35%	39%	28%	45%	25%
Q4-10						
Fair to Good	29%	44%	25%	17%	21%	25%
Bad to Poor	33%	16%	33%	33%	29%	17%

Table 11c

Investors by Property Type

Sarasota-Bradenton	Single Family Dev.	Condo	Apartments - Dev. Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-11												
Private Buyers	100%	25%	67%					57%			75%	100%
R.E. Companies							50%	29%			25%	
REITs		50%	33%			100%	50%	14%				
Institutions					100%				100%			
Foreign Buyers		25%								100%		
Q1-11												
Private Buyers	100%	83%	40%	50%	25%	50%		100%		33%	100%	60%
R.E. Companies		17%					100%			33%		40%
REITs			60%		50%	33%			100%	33%		
Institutions					25%	17%						
Foreign Buyers				50%								
Q4-10												
Private Buyers	78%	100%	17%	100%	67%	83%	33%	91%			67%	100%
R.E. Companies	22%		33%				33%		100%		17%	
REITs			50%		33%	17%		9%		100%	17%	
Institutions							33%					
Foreign Buyers												

Table 11d

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	33%					67%	100%		20%	
Lower									20%	
Q1-11										
Higher	80%	50%	25%	17%		38%		33%	20%	
Lower		50%		33%		13%		33%	40%	25%
Q4-10										
Higher	33%					33%	17%	100%	67%	17%
Lower	17%	50%		20%			8%		17%	29%
Rental Rate Increases										
Q2-11										
Faster than Inflation	33%					17%	100%		20%	
Slower than Inflation	33%		100%	50%		50%		100%	60%	100%
Q1-11										
Faster than Inflation	20%		25%							
Slower than Inflation	40%	50%	50%	50%		63%	100%	67%	60%	75%
Q4-10										
Faster than Inflation										
Slower than Inflation	33%	50%	100%	80%	67%	67%	100%	33%	67%	57%

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	67%	50%
Lower		
Q1-11		
Higher	43%	33%
Lower		
Q4-10		
Higher	33%	20%
Lower	11%	
Future Price Increases		
Q2-11		
Faster than Inflation		
Slower than Inflation	67%	75%
Q1-11		
Faster than Inflation		
Slower than Inflation	86%	100%
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	33%	60%

Jacksonville

Cap rates in Jacksonville are, on average, equal (0.00 percentage points) to that of the state, and range from 7.1% (**Apartments**) to 9.9% (**Strip Centers**).

Cap rates have decreased across most property types, with the largest changes occurring in **Free Standing Retail** (-0.44% change) and **Apartments** (-0.31% change).

Cap rates are expected to be mixed across most property types over the next quarter. Respondents indicated decreasing cap rates in **Retail Large**, **Apartments** and **Free Standing retail**. They expect increasing cap rates in **Warehouse**.

Required yields for Jacksonville are, on average, lower than that of the state, 11.24% compared to 11.31% statewide.

Required yields are highest for **Condo Conversion** and **Office: Class B** at 12.9% and lowest for **Free Standing Retail** at 9.4%.

Required yields decreased significantly across all property types this quarter with the largest changes occurring in **Condo Conversions** (-11.48% change) and **Neighborhood Centers** (-1.95% change).

The investment outlook is neutral positive across most property types this quarter. The strongest positive indications occur in **Apartments** and **Neighborhood Centers**.

The outlook for **Land Development** is neutral to negative across most land classifications.

Future occupancy is expected to increase across most property types. The largest indication of increasing occupancy occurs in **Condo Conversions** and **Apartments**.

Rental rates are expected to lag inflation across all property types except **Apartments** which are expected to increase faster than inflation.

Future absorption rates are expected to increase for **Single Family Development** and **Condominium Development**.

Respondents expect future prices to increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 12a

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.1	9.3	8.6	8.9	8.4	9.2	8.5	8.0	9.9	8.1
Percent Expecting Rise			67%		33%					
Percent Expecting Fall	50%						100%	33%	33%	50%
Q1-11										
Cap Rate	7.4	9.2	8.7	8.9	8.3	9.2	8.2	8.0	9.7	8.6
Percent Expecting Rise						17%				
Percent Expecting Fall					25%	17%	100%	22%	67%	
Q4-10										
Cap Rate	6.7	9.3	8.1	9.0	8.2	8.9	7.8	7.5	9.4	8.3
Percent Expecting Rise	40%	50%	50%			14%	33%	25%	14%	
Percent Expecting Fall	10%				33%			25%	29%	33%
Yields										
Q2-11										
Yield	11.0	12.9	11.5	11.7	10.2	12.9	11.0	9.7	12.0	9.4
Percent Expecting Rise			50%		100%	25%		20%		50%
Percent Expecting Fall	33%							60%	33%	
Q1-11										
Yield	11.8	24.4	12.3	13.1	13.1	13.3	11.4	11.6	13.0	10.5
Percent Expecting Rise	25%		33%		25%	50%				
Percent Expecting Fall					25%		100%	38%	50%	100%
Q4-10										
Yield	10.0	18.8	8.9	11.5	10.1	10.1	9.5	8.3	11.0	9.1
Percent Expecting Rise	38%	50%					67%	50%		
Percent Expecting Fall	13%		50%		33%	17%	33%	25%	33%	
Investment Outlook										
Q2-11										
Fair to Good	71%		33%	25%	25%			71%	25%	
Bad to Poor			17%		25%			14%		
Q1-11										
Fair to Good	100%		25%		60%	33%		70%	40%	
Bad to Poor						17%		10%	20%	
Q4-10										
Fair to Good	92%				50%	33%		86%	50%	50%
Bad to Poor						22%			13%	

Table 12b

Outlook for Land Development

Jacksonville	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	26%	32%	28%	17%	32%	33%
Bad to Poor	21%	16%	28%	28%	16%	39%
Q1-11						
Fair to Good	35%	38%	23%	23%	16%	35%
Bad to Poor	46%	35%	31%	31%	28%	42%
Q4-10						
Fair to Good	26%	52%	32%	14%	32%	24%
Bad to Poor	39%	23%	32%	32%	25%	34%

Table 12c

Investors by Property Type

Jacksonville	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11													
Private Buyers	75%	100%				17%	100%		25%	80%		43%	75%
R.E. Companies	25%			14%							100%	14%	
REITs				29%	100%	50%						29%	
Institutions				43%		17%			50%	20%		14%	
Foreign Buyers				14%		17%			25%				25%
Q1-11													
Private Buyers	60%	57%		17%			50%			83%		10%	100%
R.E. Companies	30%	14%		33%	50%	50%			20%			40%	
REITs		14%		33%		25%	50%					20%	
Institutions				17%		25%			60%	17%	100%	30%	
Foreign Buyers	10%	14%			50%				20%				
Q4-10													
Private Buyers	92%	71%		42%	67%		100%		25%	78%		43%	88%
R.E. Companies		14%		25%	33%	67%				22%	33%	29%	13%
REITs				17%					25%		67%	29%	
Institutions	8%			17%			33%		50%				
Foreign Buyers		14%											

Table 12d

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office:	Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q2-11											
Higher	86%	100%	33%	25%	25%		40%		57%	25%	33%
Lower			17%		25%					25%	
Q1-11											
Higher	67%	50%	100%	50%	80%		50%	100%	56%	17%	
Lower	17%						50%		22%	17%	50%
Q4-10											
Higher	54%	33%		50%	75%		22%	33%	14%	25%	50%
Lower			33%				11%	33%		25%	
Rental Rate Increases											
Q2-11											
Faster than Inflation	29%		17%						14%		
Slower than Inflation			50%	75%	75%	80%	100%	100%	57%	100%	67%
Q1-11											
Faster than Inflation	50%				20%					17%	
Slower than Inflation	17%		75%	50%	60%	67%	100%	100%	70%	83%	100%
Q4-10											
Faster than Inflation	23%	33%									
Slower than Inflation	31%	33%	100%	100%	50%	100%	67%	67%	71%	88%	75%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	75%	100%
Lower		
Q1-11		
Higher	60%	71%
Lower	10%	
Q4-10		
Higher	31%	
Lower	15%	43%
Future Price Increases		
Q2-11		
Faster than Inflation	25%	
Slower than Inflation	50%	100%
Q1-11		
Faster than Inflation		
Slower than Inflation	80%	71%
Q4-10		
Faster than Inflation		
Slower than Inflation	69%	86%

Gainesville-Ocala

Cap rates in Gainesville-Ocala are, on average, higher (0.03 percentage points) than that of the state, and range from 7.2% (**Apartments**) to 9.9% (**Strip Centers**).

Cap rates decreased for most property types over the last quarter, with the largest changes occurring in **Apartments** (-0.42% change) and **Warehouse** (-0.25% change).

Cap rates are expected to decline over the next quarter for all property types with the exception of **Office: Class A** which is expected to stabilize.

Required yields for Gainesville-Ocala are, on average, lower than that of the state, 11.14% compared to 11.31% statewide.

Required yields are highest for **Condo Conversions** and **Office: Class B** at 12.8% and lowest for **Free Standing Retail** at 9.3%.

Required yields were mixed over the past quarter for most property types. The largest changes occurred in **Condo Conversions** (-10.29% change) and **Office: Class A** (-1.74% change).

The investment outlook is positive for **Apartments** and **Office: Class A**.

The outlook for **Land Development** is neutral to positive across most land classifications with the exception of **Land without Entitlements** which is neutral to negative

Future occupancy expectations are neutral to positive across available property types. The strongest indications of future occupancy increases occur in **Condo Conversion and Warehouse**.

Rental rates are expected to lag inflation across the majority of available property types over the next quarter. Respondents expect rental rates to increase in **Condo Conversions**.

Future absorption rates are expected to remain neutral for **Single Family Development** and increase for **Condominium Development**.

Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 13a

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.2	9.3	8.6	8.9	8.5	9.2	8.5	8.0	9.9	8.2
Percent Expecting Rise										
Percent Expecting Fall	50%				33%	100%	100%			100%
Q1-11										
Cap Rate	7.6	9.4	8.9	9.1	8.4	9.4	8.3	8.2	9.8	
Percent Expecting Rise	50%			20%	25%		25%		25%	
Percent Expecting Fall	25%				25%		50%		25%	
Q4-10										
Cap Rate	7.5	10.1	8.9	9.8	8.9	9.7	8.6	8.3	10.1	9.0
Percent Expecting Rise	29%					22%			17%	
Percent Expecting Fall	14%				67%		67%		17%	
Yields										
Q2-11										
Yield	10.9	12.8	11.4	11.6	10.1	12.8	10.9	9.6	11.9	9.3
Percent Expecting Rise										
Percent Expecting Fall	25%				17%		50%	50%		
Q1-11										
Yield	10.6	23.1	11.0	11.8	11.8	12.0	10.1	10.3	11.8	
Percent Expecting Rise	25%								33%	
Percent Expecting Fall	25%			20%	25%	33%	100%	100%		
Q4-10										
Yield	11.9	20.6	10.8	13.4	12.0	12.0	11.4	10.1	12.9	11.0
Percent Expecting Rise	17%	100%			33%	14%		25%	20%	
Percent Expecting Fall	17%				33%		33%		20%	
Investment Outlook										
Q2-11										
Fair to Good	80%				80%			25%		
Bad to Poor								25%		
Q1-11										
Fair to Good	100%			80%	100%	57%	40%		80%	
Bad to Poor				20%		14%	20%		20%	
Q4-10										
Fair to Good	75%			50%	80%	56%	50%	60%	50%	
Bad to Poor				25%		11%			25%	

Table 13b

Outlook for Land Development

Gainesville-Ocala	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	36%	33%	55%	18%	36%	45%
Bad to Poor	45%	25%	27%	18%	27%	27%
Q1-11						
Fair to Good	35%	33%	37%	20%	19%	39%
Bad to Poor	45%	33%	26%	47%	31%	33%
Q4-10						
Fair to Good	18%	22%	27%	27%	29%	29%
Bad to Poor	59%	48%	36%	45%	43%	38%

Table 13c

Investors by Property Type

Gainesville-Ocala	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11												
Private Buyers	100%	100%		40%		100%	100%	60%	100%		25%	100%
R.E. Companies				20%				20%		67%	25%	
REITs				20%	100%					33%		
Institutions								20%			25%	
Foreign Buyers				20%							25%	
Q1-11												
Private Buyers	57%	50%		29%		67%	60%	67%	100%			60%
R.E. Companies				14%	100%		20%			60%		20%
REITs				29%		33%	20%	17%				20%
Institutions	29%			29%				17%		20%	50%	
Foreign Buyers	14%	50%								20%	50%	
Q4-10												
Private Buyers	57%	67%		38%	100%		100%	40%	89%	50%		75%
R.E. Companies	43%					100%			11%	25%	40%	13%
REITs				13%				40%		25%	20%	
Institutions				38%				20%			20%	
Foreign Buyers		33%		13%							20%	13%

Table 13d

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	67%	100%	100%	50%	50%	67%	33%	25%		50%
Lower	33%				17%		33%		100%	50%
Q1-11										
Higher	63%	100%		20%	67%	29%	40%	50%	50%	
Lower	13%				17%		20%	50%		
Q4-10										
Higher	38%	100%			80%	33%	75%	40%	50%	
Lower									13%	
Rental Rate Increases										
Q2-11										
Faster than Inflation	50%	100%			33%		33%			
Slower than Inflation	33%		100%	100%	17%	67%		50%	100%	
Q1-11										
Faster than Inflation	25%				17%		20%		17%	
Slower than Inflation	38%		100%	80%	67%	86%	60%	50%	50%	
Q4-10										
Faster than Inflation	25%	100%			20%		50%	20%	13%	
Slower than Inflation	38%		100%	100%	60%	78%	25%	60%	75%	

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	33%	50%
Lower		
Q1-11		
Higher	29%	
Lower		50%
Q4-10		
Higher	14%	
Lower		33%
Future Price Increases		
Q2-11		
Faster than Inflation	33%	50%
Slower than Inflation	33%	50%
Q1-11		
Faster than Inflation		
Slower than Inflation	100%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%

Pensacola-Tallahassee

Cap rates for property types in Pensacola-Tallahassee are, on average, higher (0.15 percentage points) than that of the state, and range from 7.3% (**Apartments**) to 10.0% (**Strip Centers**).

Cap rates have increased for most property types over the past quarter. The largest cap rate movements occurred in **Strip Centers** (+0.71% change) and **Office: Class A** (+0.66% change).

Cap rates are expected to increase in **Warehouse, Office: Class A** and **Office: Class B**. Rates are expected to decrease in Neighborhood Centers.

Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 8.51% compared to 11.31% statewide.

Required yields are highest for **Condo Conversion** and **Office: Class B** at 10.2% and lowest for **Free Standing Retail** at 6.7%.

Required yields decreased across most property types over the past quarter. The largest changes occurred in **Condo Conversion** (-13.30% change) and **Office: Class A** (-4.74% change).

For available property types, the investment outlook is neutral to positive. The largest indication of positive investment conditions is for **Strip Centers**.

The outlook for **Land Development** is neutral to negative across all land classifications.

Future occupancy expectations are mixed across property types. The strongest indication of an increase occurs in **Apartments** and **Condo Conversion**.

For the majority of available property types, rental rates are expected to increase at a rate slower than inflation.

Future absorption rates are expected to increase for **Single Family** and remain neutral for **Condominium Development**.

Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-11										
Cap Rate	7.3	9.4	8.7	9.0	8.6	9.3		8.1	10.0	8.3
Percent Expecting Rise			100%		50%	50%			33%	33%
Percent Expecting Fall								50%		33%
Q1-11										
Cap Rate	7.1	8.9	8.4	8.6	7.9	8.9	7.8	7.7	9.3	8.2
Percent Expecting Rise	33%		50%	50%		17%	50%			20%
Percent Expecting Fall	33%			50%	50%	17%	50%	50%	17%	
Q4-10										
Cap Rate	7.6	10.2	9.0	9.9	9.1	9.8	8.7	8.4	10.3	9.2
Percent Expecting Rise						33%			25%	
Percent Expecting Fall	33%									
Yields										
Q2-11										
Yield	8.2	10.2	8.8	8.9	7.4	10.2		6.9	9.3	6.7
Percent Expecting Rise					100%			50%		33%
Percent Expecting Fall								50%		
Q1-11										
Yield	10.9	23.5	11.4	12.2	12.1	12.4	10.5	10.7	12.1	9.5
Percent Expecting Rise	33%									
Percent Expecting Fall	33%			100%			100%	100%	20%	
Q4-10										
Yield	11.7	20.4	10.5	13.1	11.8	11.7	11.2	9.9	12.7	10.8
Percent Expecting Rise	33%					20%	100%	33%	25%	
Percent Expecting Fall										
Investment Outlook										
Q2-11										
Fair to Good									75%	
Bad to Poor										
Q1-11										
Fair to Good						57%			50%	80%
Bad to Poor									17%	
Q4-10										
Fair to Good	60%					40%			75%	
Bad to Poor						20%				

Table 14b

Outlook for Land Development

Pensacola to Tallahassee	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-11						
Fair to Good	13%	31%	20%	40%	20%	27%
Bad to Poor	47%	31%	40%	33%	40%	47%
Q1-11						
Fair to Good	17%	28%	22%	17%	18%	6%
Bad to Poor	50%	33%	44%	50%	53%	61%
Q4-10						
Fair to Good	20%	25%	20%	25%	16%	30%
Bad to Poor	45%	45%	35%	30%	47%	25%

Table 14c

Investors by Property Type

Pensacola to Tallahassee	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q2-11											
Private Buyers	75%	75%			100%	100%		33%			100%
R.E. Companies	13%						100%	33%		50%	
REITs			100%	100%				33%		50%	
Institutions	13%										
Foreign Buyers		25%									
Q1-11											
Private Buyers	100%	100%			100%		50%	86%		50%	50%
R.E. Companies				100%		100%	50%	14%	50%		17%
REITs			67%								33%
Institutions			33%						50%	50%	
Foreign Buyers											
Q4-10											
Private Buyers	91%	88%	40%	100%	100%	100%		100%		33%	100%
R.E. Companies	9%									33%	
REITs		13%	20%				50%		100%	33%	
Institutions			40%				50%				
Foreign Buyers											

Table 14d

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-11										
Higher	100%	100%			50%					25%
Lower										
Q1-11										
Higher	75%	100%					50%	50%	33%	
Lower			50%			33%			17%	
Q4-10										
Higher					17%			33%	25%	
Lower							100%		25%	
Rental Rate Increases										
Q2-11										
Faster than Inflation										
Slower than Inflation	33%		100%	50%		100%		50%	100%	75%
Q1-11										
Faster than Inflation										
Slower than Inflation	25%		100%	50%		67%	100%	100%	67%	60%
Q4-10										
Faster than Inflation										
Slower than Inflation	25%		100%	100%		83%	100%	67%	75%	100%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-11		
Higher	50%	25%
Lower	13%	25%
Q1-11		
Higher	13%	17%
Lower	13%	17%
Q4-10		
Higher	9%	25%
Lower	9%	
Future Price Increases		
Q2-11		
Faster than Inflation	13%	
Slower than Inflation	75%	100%
Q1-11		
Faster than Inflation		17%
Slower than Inflation	75%	83%
Q4-10		
Faster than Inflation		13%
Slower than Inflation	82%	75%