



Survey of Emerging Market Conditions

Quarter 4, October 2006

For more information about the survey or about the Bergstrom Center for Real Estate Studies, visit our website at www.realestate.ufl.edu.

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Executive Summary & Conclusions

As residential inventories grow and projected time on the market increases for home sellers, questions begin to fill the news media about where real estate markets are going. How far down can they go, and how broadly will the decline reach to other real estate markets? We look to the results of our fourth quarter Survey of Emerging Market Conditions for clues.

Our survey included 183 respondents, with comments from an additional ten participants. As detailed in our report, these respondents are persons selected on the strength of their real estate involvement, and include members of the University of Florida Real Estate Advisory Board, members of the Appraisal Institute in the Florida region, members of the Florida CCIM Chapters, members of the leadership council of the Florida International Council of Shopping Centers and members of the Society of Industrial and Office Properties (SIOR). In short, the respondents speak for the real estate expertise of Florida.

We look first to the views of our respondents about residential sales markets, both for single family and condominiums. While their views are not monolithic, there is, not surprisingly, a consensus of pessimism. However, the pessimism has not uniformly increased. The percentage of respondents expecting absorption rates to decline in the future is virtually unchanged from July (61% then and now for single family and 69% vs. 71% for condominiums). For residential prices the results are somewhat more sobering. For single family the percent of respondents expecting prices to decline has virtually doubled from 24 percent in July to 47 percent, while the percent expecting prices to either decline or lag the rate of inflation has risen from 47% to 81%. For condominiums, expectations had already declined by July, so the rate of decline is not as dramatic. The percent of respondents expecting prices to decline rose from 38% to 44%, while the share of respondents expecting prices to decline or lag the rate of inflation increased from 69% to 84%. Thus, while the evidence is mixed, with the outlook for absorption more stable than the outlook for prices, there is considerable pessimism for the residential sales markets.

Does the pessimism about residential sales extend to other real estate markets? Required cap rates and required unlevered yields for rental property are an important indicator of an answer. If there is growing apprehension about rental markets, cap rates and required yields should increase in response to rising perceived risk. Since interest rates also affect cap rates and required yields, the upward drift in interest rates over 2006 should put additional upward pressure on cap rates and required yields. But respondents report an average increase of only 0.3 percentage points, and even some decreases in cap rates among ten major property groups, as compared to July. Their perception suggests a much less pessimistic outlook than for residential sales markets.

What indication is there in perceptions of required yields? As might be expected, required yields for condo conversion apartments increased by 6 percentage points, or nearly half, presumably reflecting sharp increases in perceived risk. However, required yields on other major property types increased by an average of only 0.3 percent, and in several cases declined. This, again, suggests little increase in the perceived risk of the property types since July, especially after adjusting for the effect of upward drifting interest rates.

To reach further ahead in the views of our respondents, we ask where they believe cap rates and required yields on rental real estate are going in the months ahead. Overall, their responses lean toward further increases, indicating further decline in rental real estate markets. But in five of nine major real estate types – warehouse and distribution, both Class A and Class B offices, large retail and neighborhood centers – a majority of respondents expect cap rates to remain unchanged, and for seven of nine major property types a majority of respondents expect required yields to remain unchanged. In short, this suggests that for most rental real estate markets, the majority of respondents think the worst has already arrived.

Since the value of real estate is driven by its cash flow, we ask our respondents about expected changes in occupancy and rental rates for major types of rental property. An overwhelming majority of respondents expect occupancy to remain constant or increase in all property types except apartments for condo

conversion. Similarly, with rental rates, respondents expect increases at least at the rate of inflation for all property types, though a significant minority have doubts about this for most retail categories. In general, there is strong optimism that rental real estate markets in Florida will continue to generate healthy cash flow.

To obtain another perspective of our responding experts about the outlook, we asked them explicitly whether this is a good time to invest in real estate. Not surprisingly, for condo development and apartments for condo conversion, over 70 percent of respondents said no. Also, for economy hospitality 67 percent said no, and for single family development 46 percent said no. However, results for ten other property types, including all office, all industrial and all retail property types, were predominantly neutral or positive. For investment in raw land we also found significant optimism. As long as the land is permitted for use, our respondents leaned toward a favorable investment outlook. For land without permits their views were neutral.

We finally asked our respondents about their expectation for available capital and for their own business. Their expectation for the availability of capital generally remains positive, though individuals expressed a concern about more restrictive underwriting standards and a possible reduction in the availability of mezzanine financing. Despite indications of continuing market stability noted above, when we ask respondents about the outlook for their own business we find that their assessment continues a year-long tendency to weaken.

In summary, while the outlook signs are mixed, and decidedly pessimistic for condos and single family markets, the outlook in other real estate markets is perhaps surprisingly robust.

Characteristics of Respondents

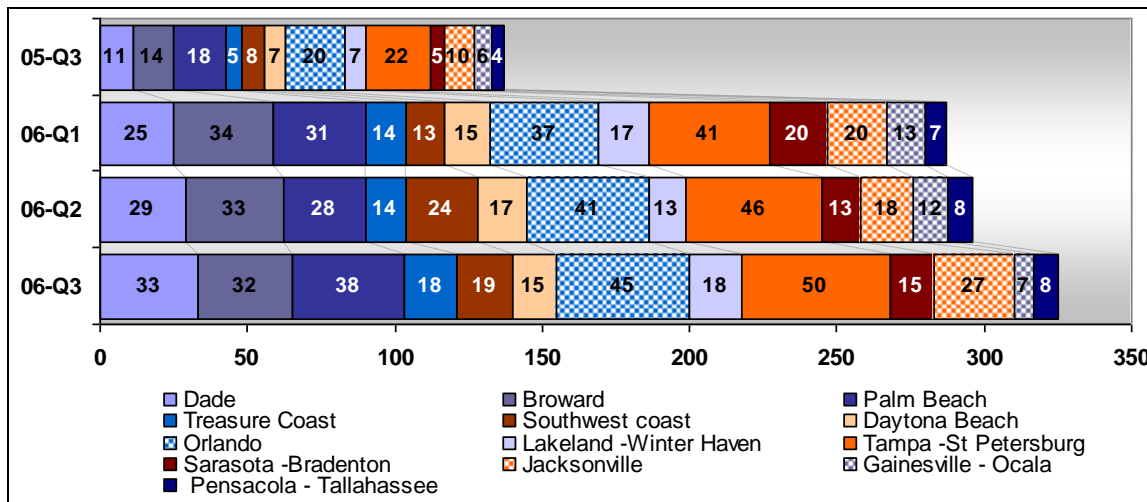
The most significant aspect of the survey respondents is the growth in number. In the course of a year there has been a 300% increase in respondents.

Respondents by Markets of Familiarity

The markets that respondents reported being familiar with are displayed in Chart 1. There is considerable stability in the mix of markets from 05-Q3 to 06-Q3, with these prominent features:

- Respondents have increased significantly in most markets from the previous quarter and the same period last year.
- The Highest percentages of respondents are from the Orlando and Tampa MSAs, followed by Palm Beach County, Broward and Dade.
- Notable increase has occurred with Jacksonville as well.

Chart 1: Respondents by Locations of Familiarity

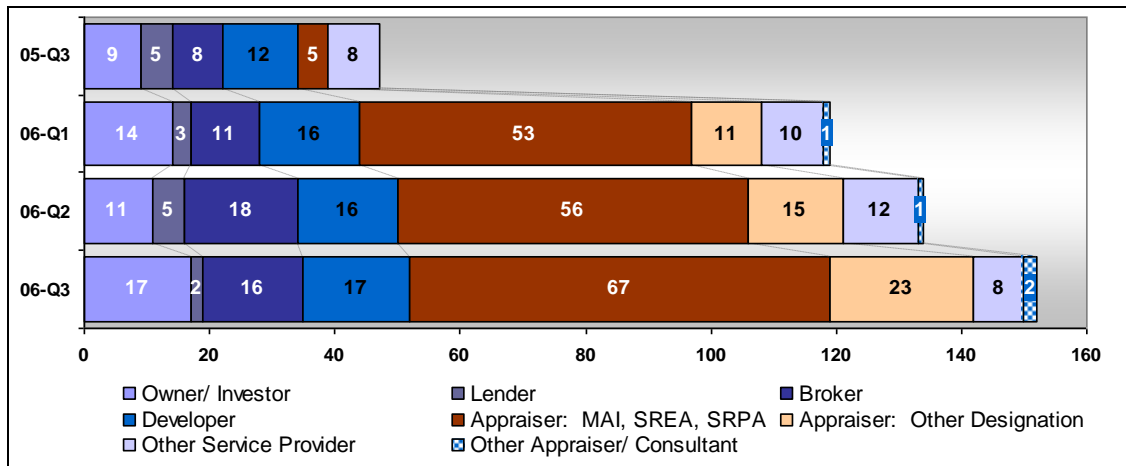


Respondents by Industry Role

The industry roles of respondents are shown in Chart 2. Prominent trends include the following:

- Appraiser participation has dramatically increased, and dominates the respondent by profession category with a total of 60%. This includes 45% with the MAI, SREA or SRPA designation.
- Lender representation has fallen from 11% last year to 1% this quarter.
- While developers comprised 26% of the respondents last year, they only comprise 11% this quarter.

Chart 2: Respondents by Industry Role

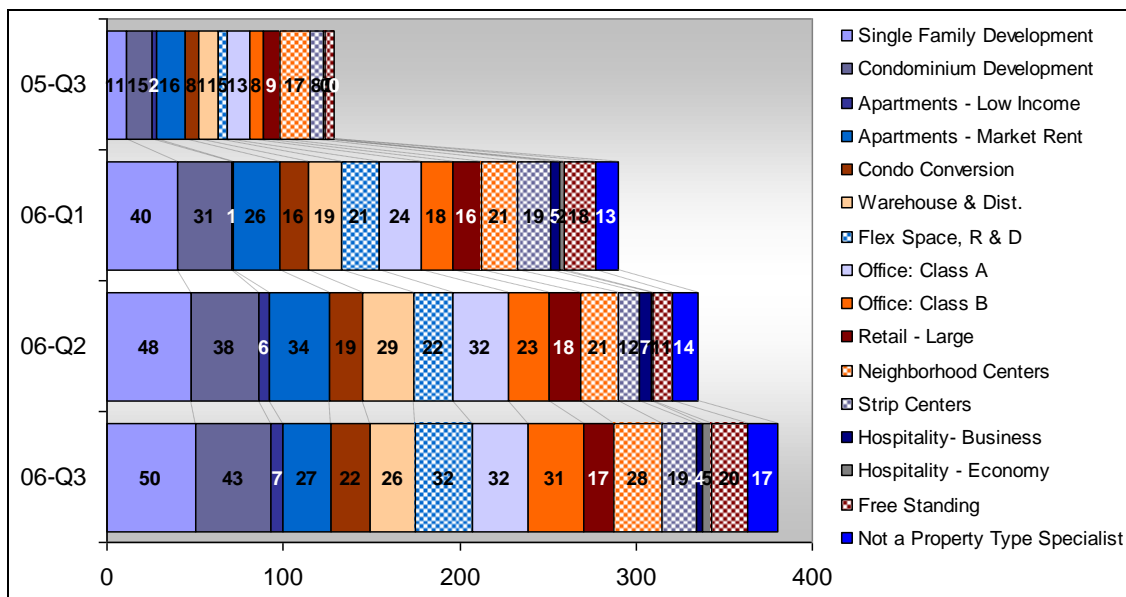


Respondent by Property Type Expertise

The property types for which respondents report familiarity are displayed in Chart 3. Highlights include the following:

- Single Family Residential Development and Residential Condominiums are the two most represented groups.
- Neighborhood Centers have seen a significant decrease in representation on the survey since last year.
- Market-Rent to Luxury Residential Apartments have seen a steady decrease of representation on the survey since last year. Last year they represented 12% of the respondents, this quarter they represent only 7%.
- There is a remarkably even and stable distribution through the year among all property types except low income apartments and hospitality categories.

Chart 3: Respondents by Property Expertise

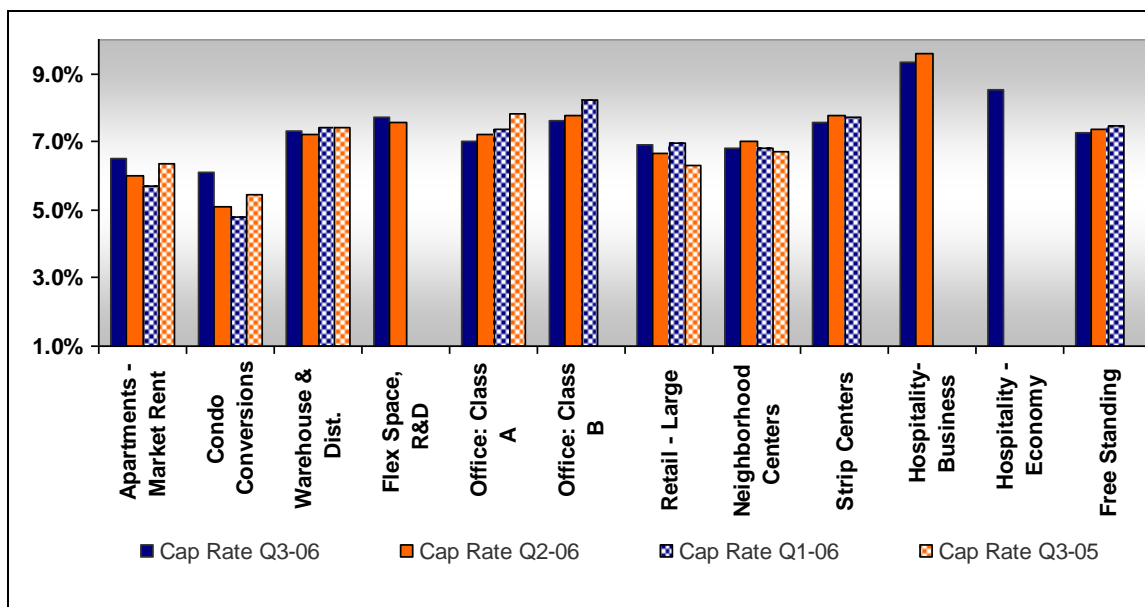


Cap Rates

Cap rates at the Florida level are shown in Chart 4 and Table 1. Highlights include the following:

- Cap rates in the most recent quarter ranged from 6.1% (Apartments for Condo Conversion) to 9.3% (Business Hospitality)
- The residential sector had the lowest cap rates ranging from 6.1% on Condo Conversion to 6.5% on Rental Apartments. Office, Industrial and Retail cap rates were settled around 7%.
- Cap rates have risen steadily from the last quarter in residential. Apartments for Condo Conversion saw an increase from 5.1% to 6.1%. Rental Apartment cap rates increased by 50 basis points to 6.5%.
- Non-residential cap rates contrasted with residential. Generally non-residential cap rates either trended slightly downward or stayed relatively stable. Industrial Sectors raised 10 basis points. In retail, Power Centers saw an increase of 20 basis points to 6.9%. Meanwhile, Neighborhood Centers and Strip Centers saw cap rates decrease by 20 basis points to 6.8 and 7.6 percent respectively. All Hospitality and Free Standing saw a decrease in cap rates.

Chart 4: Reported Cap Rates



Expectations for cap rates are shown in Charts 6a and 6b, and in Table 1. Expectations in the latest quarter are uniformly for increases. This holds among all eleven property categories that are surveyed.

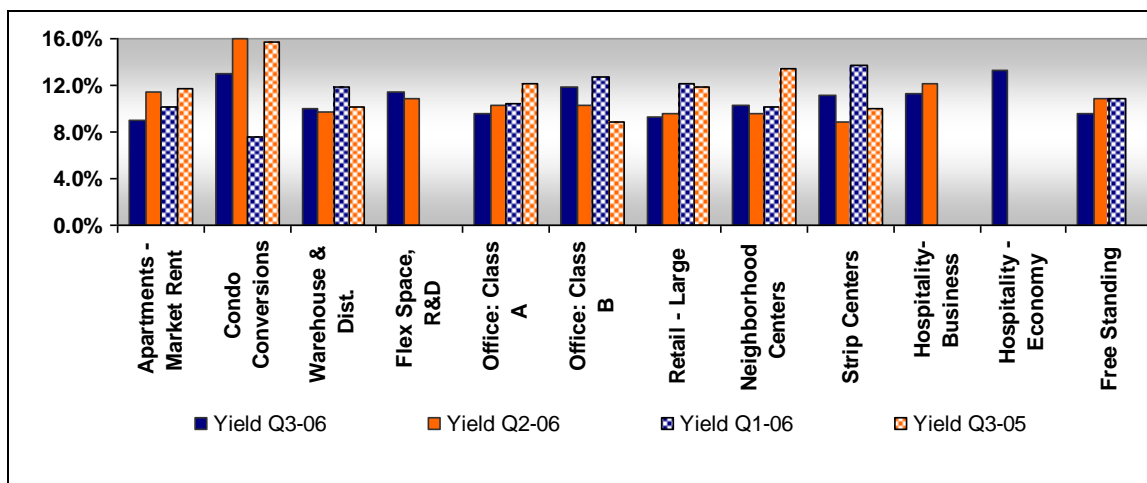
- More than half of all respondents among these eleven property types expect cap rates to continue to rise.
- Only Class A Office and Warehouse and Distribution have seen a moderate expectation for lower cap rates. For Class A Office 8 percent of respondents predict lower cap rates, while 59 percent expect to see higher cap rates. For Warehouse and Distribution these percentages were 12 percent and 52 percent, respectively.

Yields (unlevered)

Yields at the Florida level are reported in Chart 5 and Table 1. Highlights include the following:

- In the most recent quarter the highest required unlevered yields were for Apartments for Condo Conversion (13 percent), Economy Hospitality (13 percent), and Class B Office (12 percent). At the low end of the spectrum was Rental Apartments (9 percent) and Retail Power Centers (9 percent). All other property types fell in the 10 to 11 percent range.
- The only increase in required yield from the last quarter was in the Retail Strip Center and Class B Office categories. All other property types saw a decrease in the required unlevered yield. The most dramatic decreases were in Apartments for Condo Conversion (3 percent decrease) and Rental Apartments (3 percent decrease).

Chart 5: Reported Yields



Expectations for yields are reported in Charts 7a and 7b, and in Table 1. The picture is more mixed than with cap rates.

- For only five property types do the majority of respondents expect yield increases.
- Meanwhile, for seven property types, between ten and twenty percent of respondents expect decreases.
- The strongest expectations for increases are Business Hospitality (67 percent) and Neighborhood Retail Centers (58 percent).

Chart 6a

Cap Rate Expectations

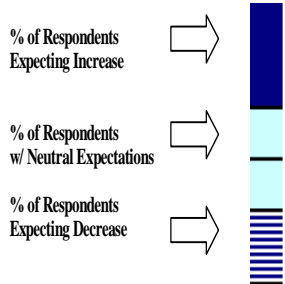
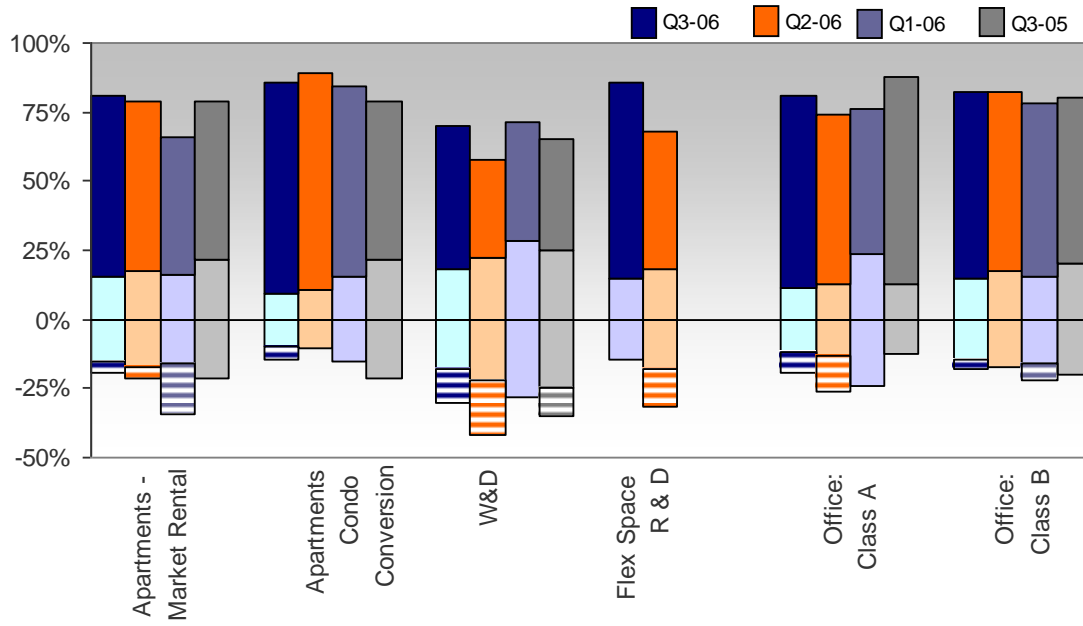


Chart 6b

Cap Rate Expectations

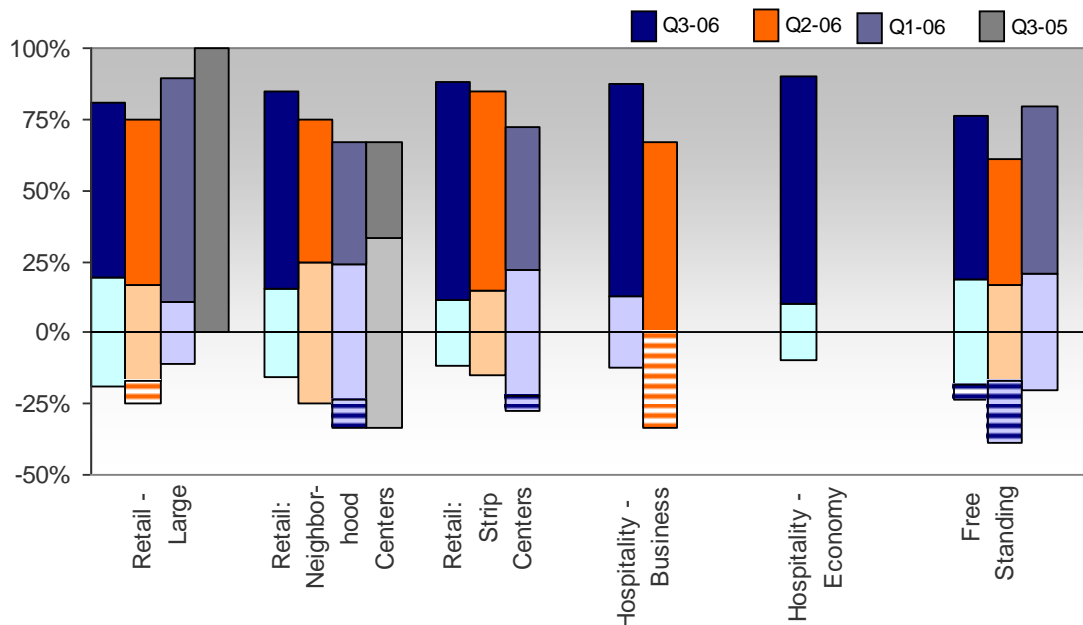


Chart 7a

Yield Expectations

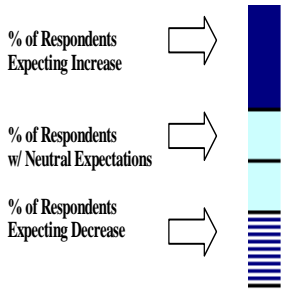
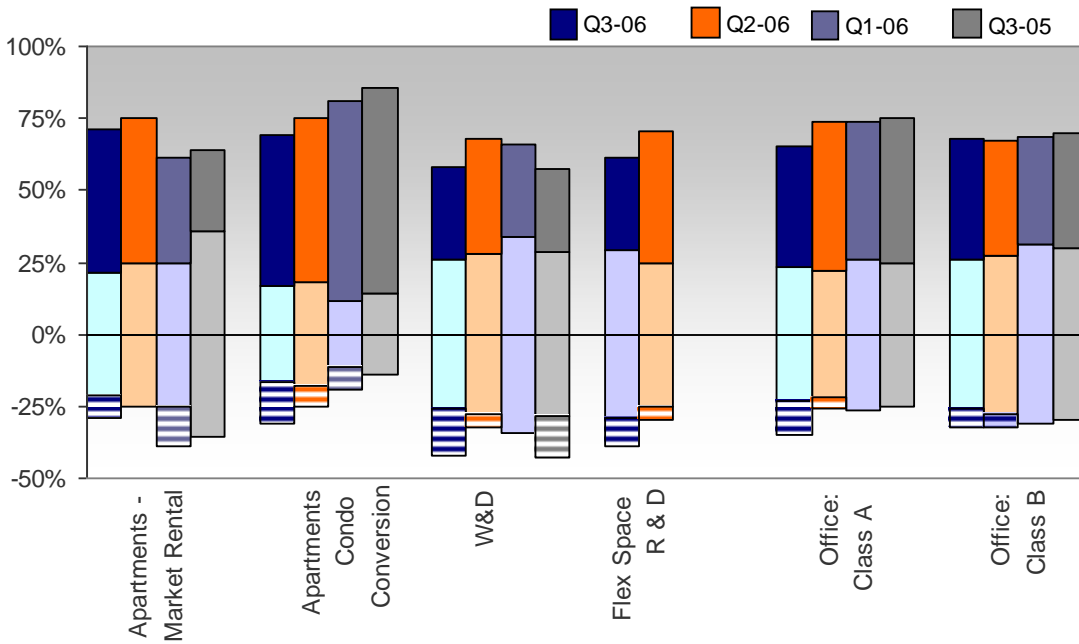


Chart 7b

Yield Expectations

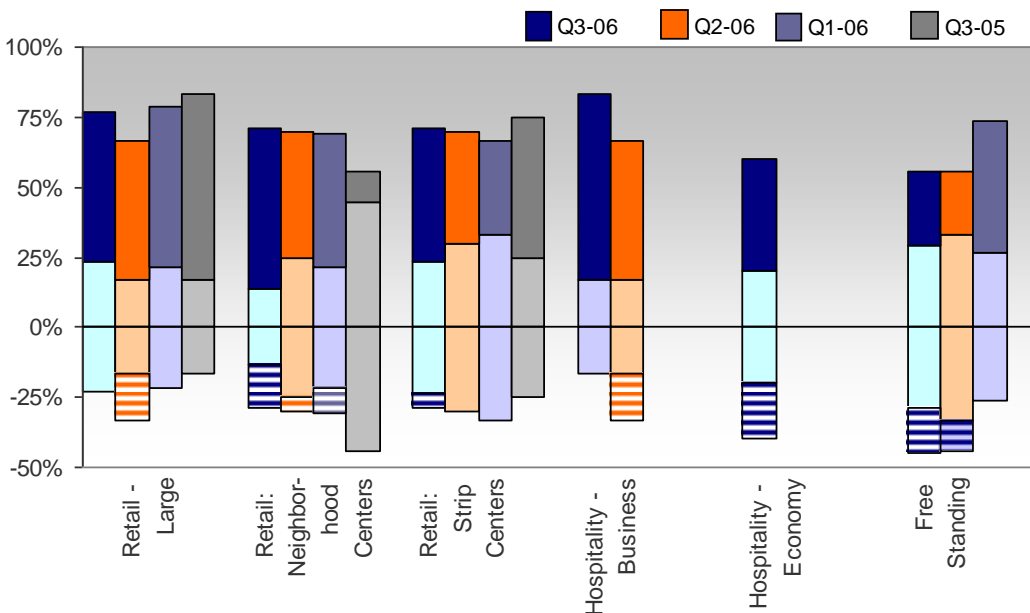


Table 1: Cap Rates and Yields

Florida	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neigh- bor- hood Centers	Strip Centers	Hospitality Business	Hospitality Economy	Free Standing
Cap Rates												
Q3-06												
Q3-06 Value	6.5%	6.1%	7.3%	7.7%	7.0%	7.6%	6.9%	6.8%	7.6%	9.3%	8.5%	7.3%
Percent Expecting Rise	65%	76%	52%	71%	69%	68%	62%	69%	76%	75%	80%	58%
Percent Expecting Fall	4%	5%	12%	0%	8%	3%	0%	0%	0%	0%	0%	5%
Q2-06												
Q2-06 Value	6.0%	5.1%	7.2%	7.6%	7.2%	7.8%	6.7%	7.0%	7.8%	9.6%		7.4%
Percent Expecting Rise	61.5%	78.6%	36.0%	50.0%	60.9%	65.0%	58.3%	50.0%	70.0%	66.7%		44.4%
Percent Expecting Fall	3.8%	0.0%	20.0%	13.6%	13.0%	0.0%	8.3%	0.0%	0.0%	33.3%		22.2%
Q1-06												
Q1-06 Value	5.7%	4.8%	7.4%		7.4%	8.2%	7.0%	6.8%	7.7%			7.5%
Percent Expecting Rise	50.0%	69.2%	43.0%		52.4%	62.5%	78.6%	42.9%	50.0%			58.8%
Percent Expecting Fall	18.2%	0.0%	0.0%		0.0%	6.3%	0.0%	9.5%	5.6%			5.9%
Q3-05												
Q3-06 Value	6.4%	5.4%	7.4%		7.8%	0.0%	6.3%	6.7%				
Percent Expecting Rise	57.1%	57.1%	40.0%		75.0%	60.0%	100.0%	33.3%				
Percent Expecting Fall	0.0%	0.0%	10.0%		0.0%	0.0%	0.0%	0.0%				
Yields												
Q3-06												
Q3-06 Value	9.0%	13.1%	10.0%	11.5%	9.5%	11.9%	9.3%	10.2%	11.1%	11.3%	13.3%	9.5%
Percent Expecting Rise	50.0%	52.4%	32.0%	32.3%	42.3%	41.9%	53.8%	57.7%	47.4%	66.7%	40.0%	26.3%
Percent Expecting Fall	7.7%	14.3%	16.0%	9.7%	11.5%	6.5%	0.0%	15.4%	5.3%	0.0%	20.0%	15.8%
Q2-06												
Q2-06 Value	11.5%	16.0%	9.7%	10.9%	10.3%	10.3%	9.6%	9.6%	8.9%	12.2%		10.8%
Percent Expecting Rise	50.0%	57.1%	40.0%	45.5%	52.2%	40.0%	50.0%	45.0%	40.0%	50.0%		22.2%
Percent Expecting Fall	0.0%	7.1%	4.0%	4.5%	4.3%	5.0%	16.7%	5.0%	0.0%	16.7%		11.1%
Q1-06												
Q1-06 Value	10.2%	7.6%	11.9%		10.5%	12.7%	12.1%	10.1%	13.7%			10.8%
Percent Expecting Rise	36.4%	69.2%	32.0%		47.6%	37.5%	57.1%	47.6%	33.3%			47.1%
Percent Expecting Fall	13.6%	7.7%	0.0%		0.0%	0.0%	0.0%	9.5%	0.0%			0.0%
Q3-05												
Q1-06 Value	11.7%	15.7%	10.1%		12.1%	8.9%	11.8%	13.4%	10.0%			
Percent Expecting Rise	28.6%	71.4%	28.6%		50.0%	40.0%	66.7%	11.1%	50.0%			
Percent Expecting Fall	0.0%	0.0%	14.3%		0.0%	0.0%	0.0%	0.0%	0.0%			

Occupancy Rate Expectations

Occupancy rate expectations are reported in Charts 8a and 8b. They are broadly quite positive, as detailed below:

- Expectations for occupancy generally remain positive, nearly equal to the last quarter. Over forty percent of respondents expect an occupancy increase. In ten out of eleven property types there is a positive outlook for the future. With business hospitality properties there were few respondents, however all of them are expecting occupancy rates to increase. Besides this, and with a larger response base, the most positive outlook was with Class B Offices at 68%.
- The most notable improvements in expected occupancy since the last quarter are also with Class B Offices, where the percent of respondents expecting an increase has risen from 28 to 68 percent.
- Although rental apartments still have a positive outlook for the future, the percentage of positive predictions fell from 65 to 40 percent. The most notable decline in expected occupancy is with Apartments for condo conversion, where the percent of respondents expecting an increase fell from 29 to 17 percent. This was the only property type with a negative outlook.
- Overall, our respondents still have a positive outlook for future occupancy rates. Compared to quarter 3 of last year, the general outlook is only slightly less positive except for apartments for condo conversion.
- The most positive occupancy outlook trends have been for Warehouse and Distribution, Class B Office and Strip Retail, where expectations have actually drifted upward from a year earlier.

Chart 8a

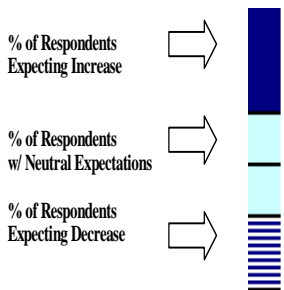
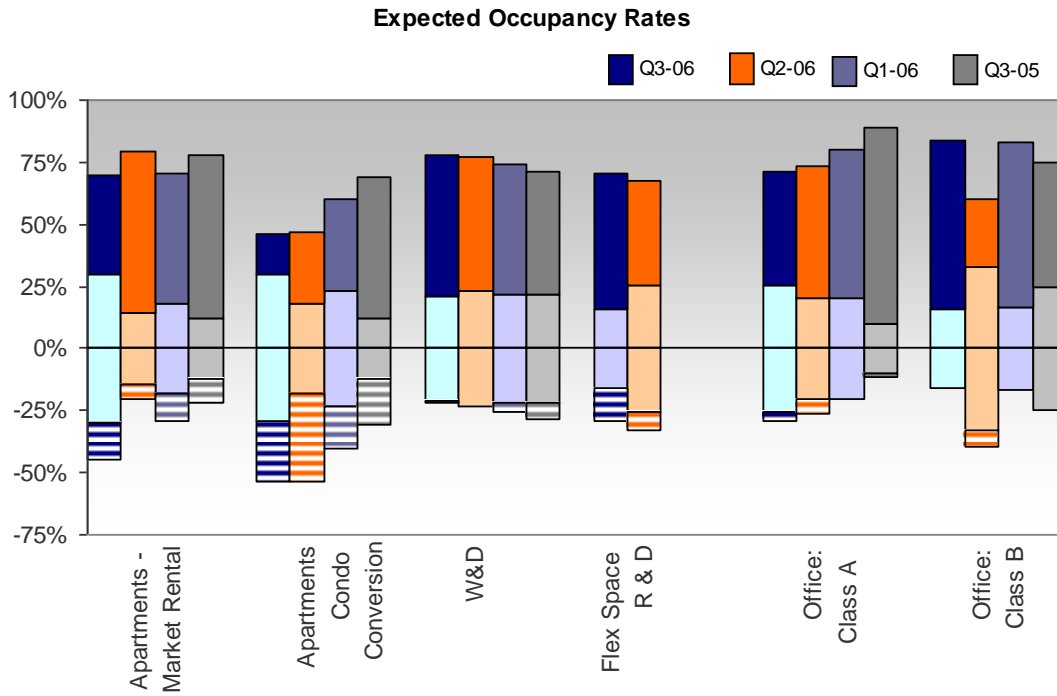
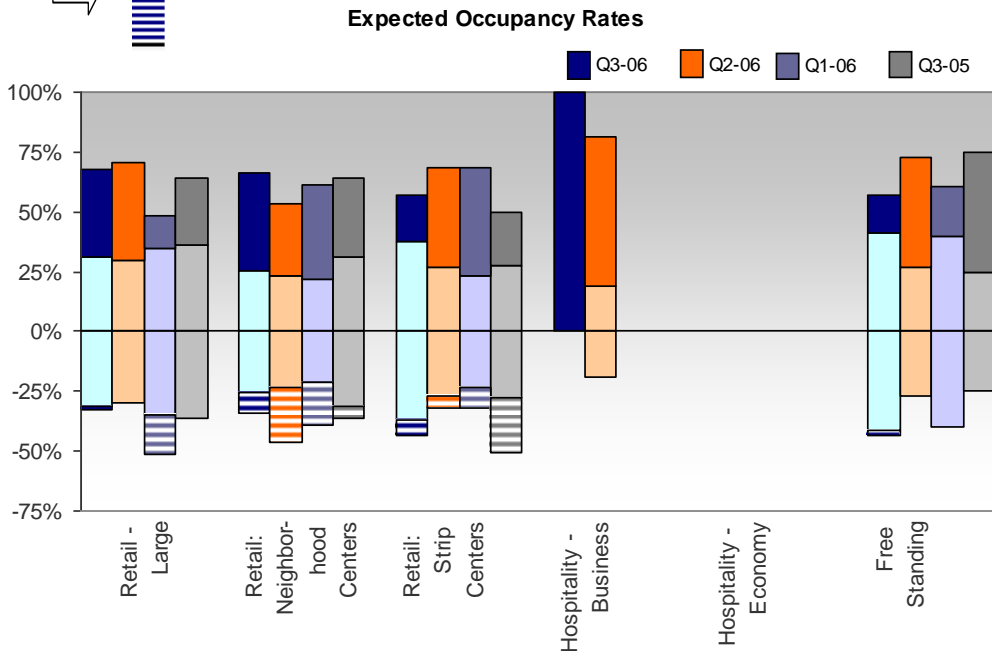


Chart 8b



Rental Rate Expectations

Rental rate expectations are reported in Charts 9a and 9b. Expectations for rental rate increases are more mixed and divergent than for occupancy, as detailed below:

- For six property types, at least 80 percent of respondents expect rental rate growth to match or exceed inflation and for two additional property types, at least 70 percent of respondents are this optimistic.
- In general, the expectations for future rental rates are a change that is either equal to inflation (36% of respondents) or exceed inflation (41% of respondents).
- Altogether, expectations for rental rate growth have increased for four property types, remained much the same for four property types, and declined for three.
- However, similar to the last survey, expectations for rental rate increases have moved in mixed ways. Compared to the last quarter there have been more respondents who either see rates exceeding *or* lagging inflation. This trend is an indication of increased disagreements on the direction of future rental rates.
- Residential apartments for condo conversion had the greatest amount of respondents expecting rental rates to decline (16%). For this property type, along with Class A Offices, and all types of retail, about 1/3 of respondents expect rental rates to either lag inflation or decline.
- On the other hand, for Rental Apartments, all types of Industrial, Class B Offices, and Freestanding Single Tenant Retail, the expectation is for rental rates to either meet or exceeded inflation
- Since last quarter, the most negative shifts for expected rental rates have been for Large Retail centers, Strip Retail and Class A Office. Conversely, Class B Offices have seen a positive trend since last quarter's report.

Chart 9a

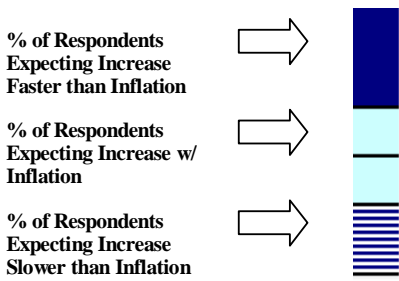
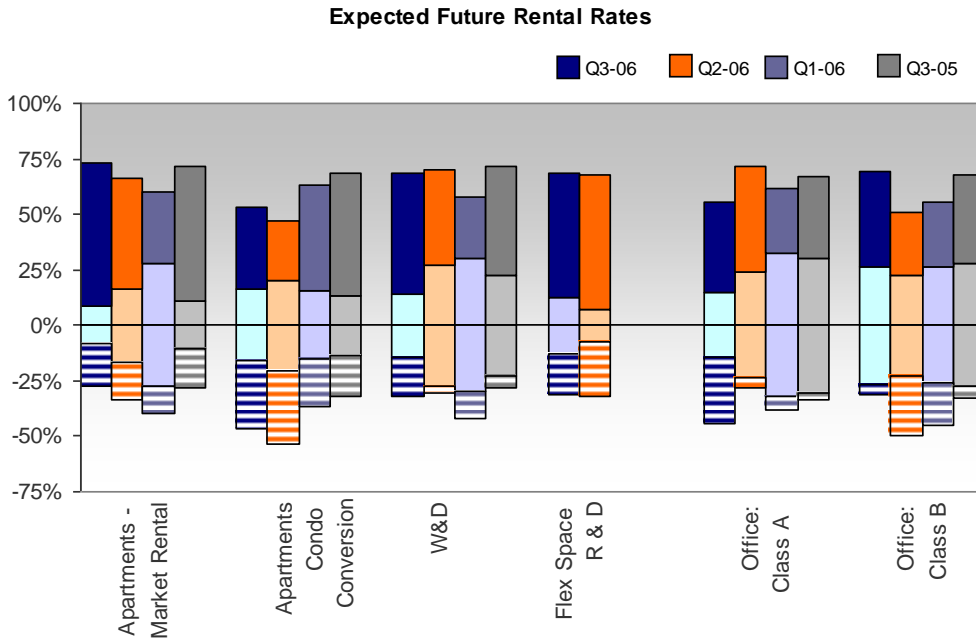
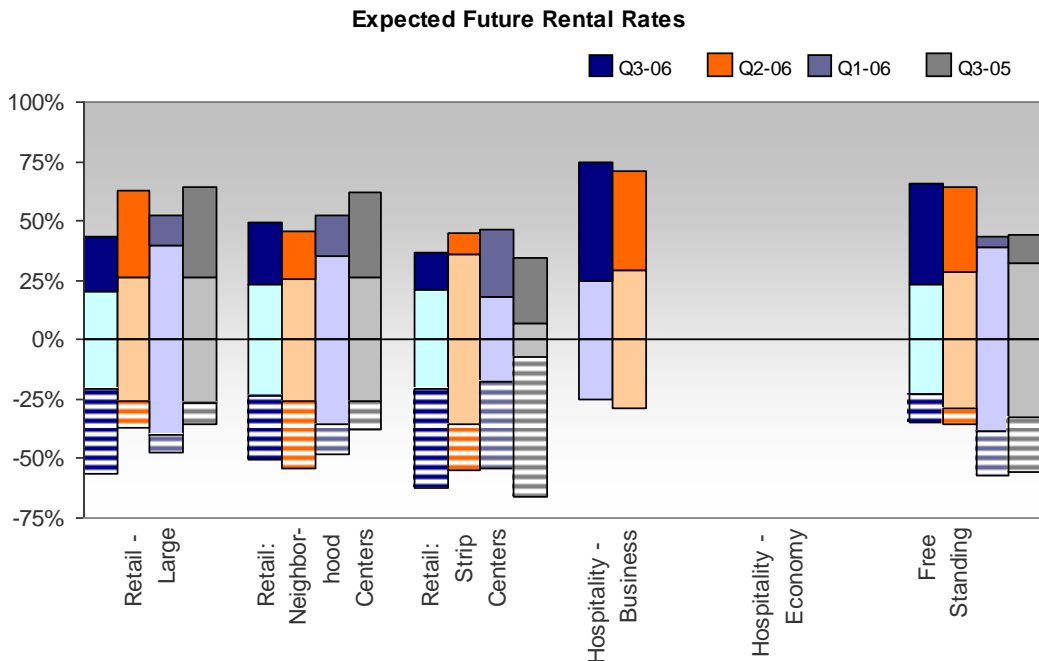


Chart 9b



Residential Development Absorption Rates and Price Changes

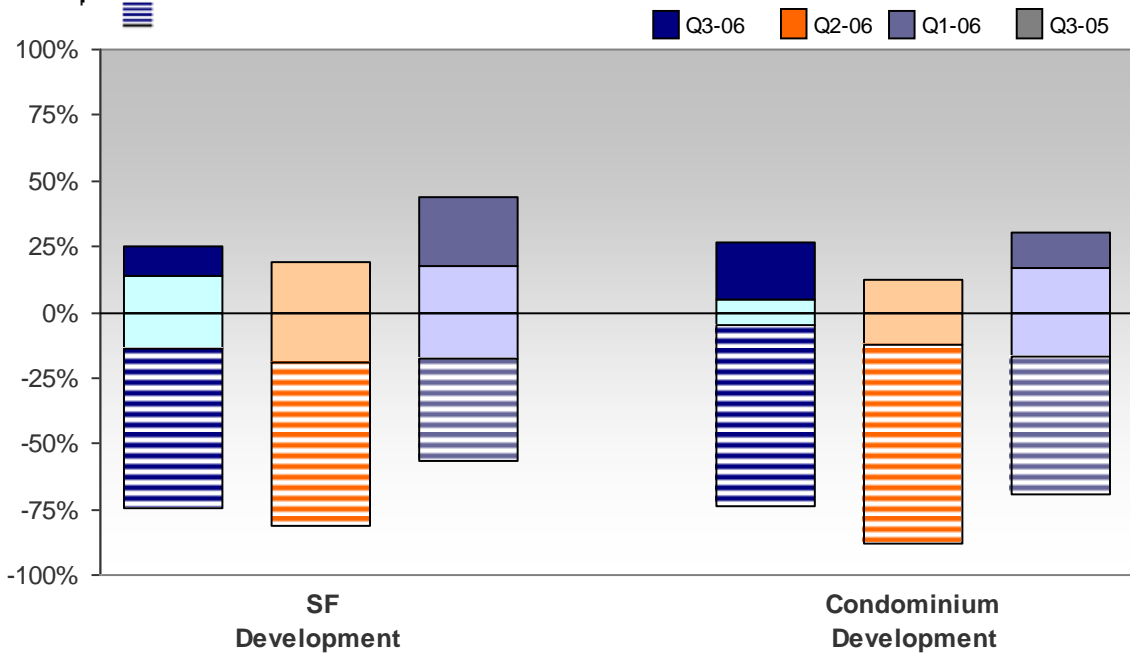
Residential absorption rates are shown in Chart 10 for single family and condo. Expected price changes are shown in Chart 11. The contrast between the outlook for residential development and the expectations for existing rental real estate is striking. While condo markets are viewed with slightly more pessimism than single family, both have seen clear declines in outlook.

- Expectations for a decline in absorption rates have continued for the second consecutive quarter. 61 percent of respondents expect a decline in Single Family Development absorption rates, while 69 percent expect a decrease in Condominium absorption rates. Only 12 percent of respondents expect an increase in Single Family Development absorption rates, while only 21 percent expect an increase in Condominium absorption rates.
- Price changes parallel the absorption rate expectations. In Singly Family Development, 24 percent of respondents expect a decline in price, 23 percent expect prices to lag inflation, 40 percent expect price to keep pace with inflation, while only 11 percent expect price to exceed inflation. For Condominiums 38 percent of respondents expect a decline in price, 31 percent expect price to lag inflation, 16 percent expect price to keep pace with inflation, and only 14 percent expect price to exceed inflation.
- Respondents clearly see condominium markets as something apart from other real estate markets. While the outlook for most rental markets is positive to mixed, and while single family residential is viewed as facing a downturn, the condominium market is viewed as facing a distinctly sharper decline.

% of Respondents Expecting Increase
 % of Respondents w/ Neutral Expectations
 % of Respondents Expecting Decrease

Chart 10

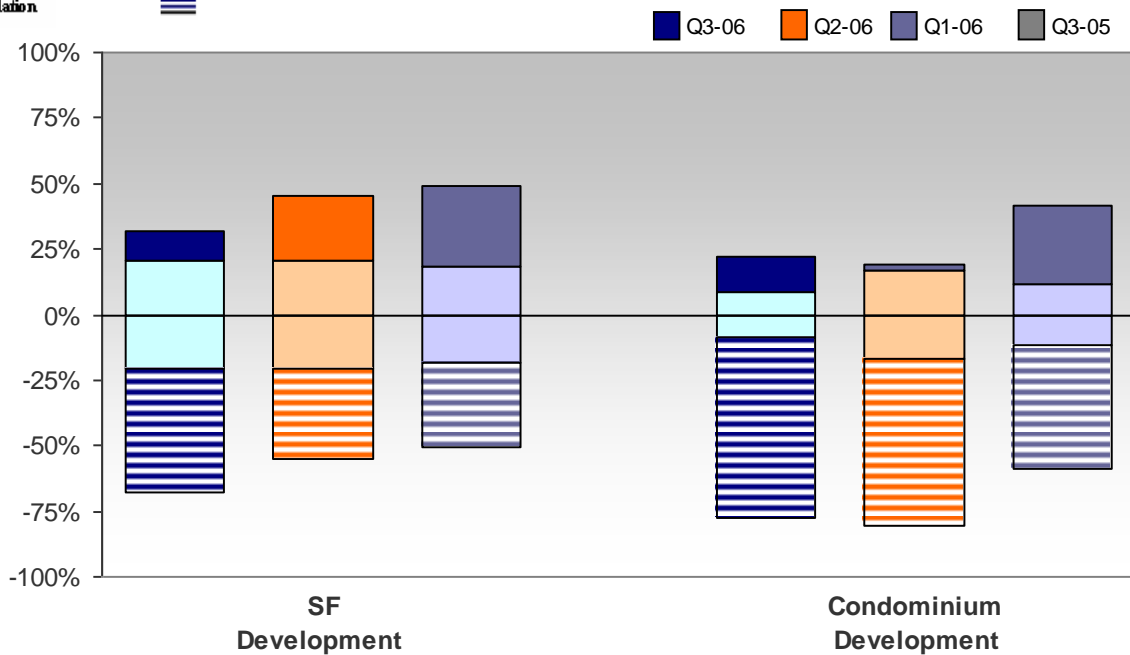
Residential Development Absorption Rate Changes



% of Respondents Expecting Increase Faster than Inflation
 % of Respondents Expecting Increase w/ Inflation
 % of Respondents Expecting Increase Slower than Inflation

Chart 11

Residential Development Price Changes



Outlook for Investing in Existing Properties

The outlook for investing in existing properties is reported in Charts 12a and 12b. Though it is broadly pessimistic and trending more so, there are mixed patterns across properties, as detailed below:

- Similar to last quarter, the outlook for investment properties is pessimistic. In 8 of 15 property categories, more respondents rated the outlook below neutral than did in the previous quarter. These categories include all types of residential and all forms of retail except Free Standing. This result is an indicator of growing caution in the market.
- Compared to last quarter, the overall outlook has grown *more* pessimistic.
- The most negative outlook is for residential condo development and condo conversion properties.
- On the other hand, not all outlooks are bad. There is a significantly increased percentage of optimistic outlooks for industrial, office and large retail properties. The largest gain since last year's survey has been in industrial properties.
- The Hospitality outlook also has seen a marked move in the last quarter toward optimism.
- The retail outlook, on the whole, been rather steady across all property types.

Chart 12a

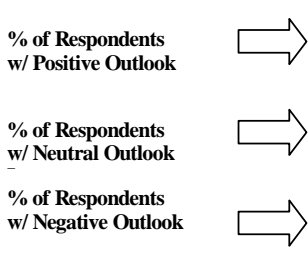
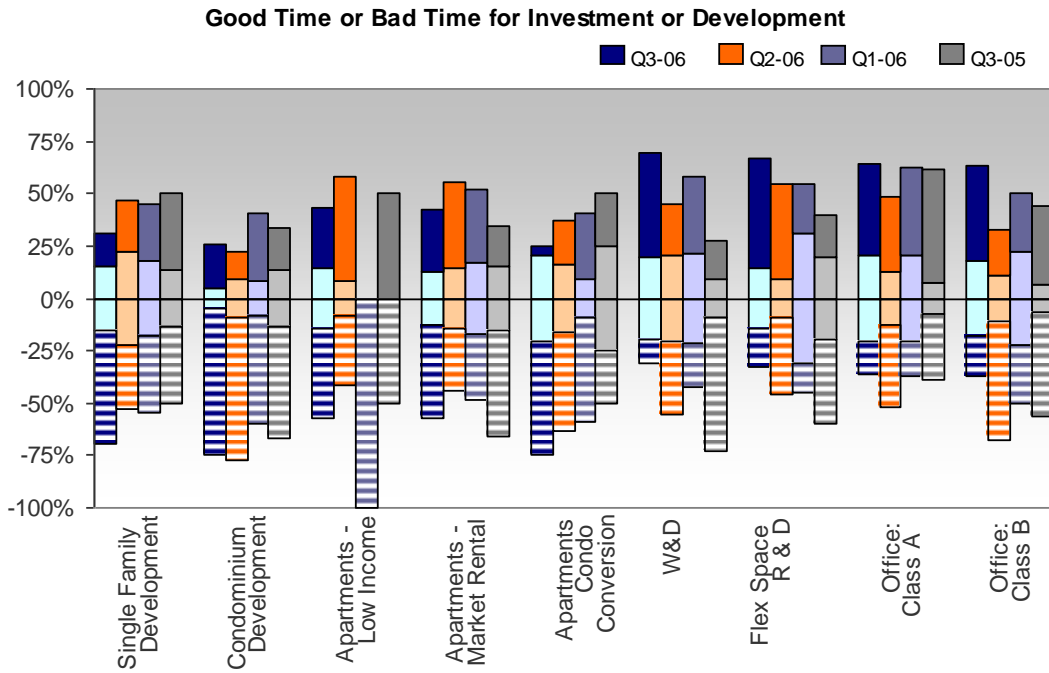
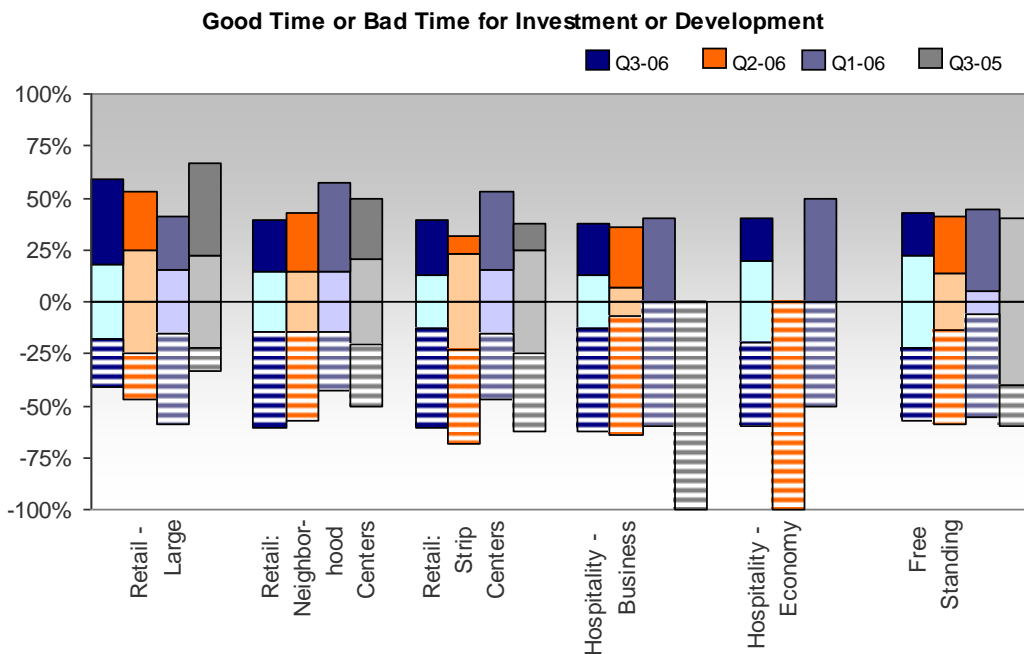


Chart 12b



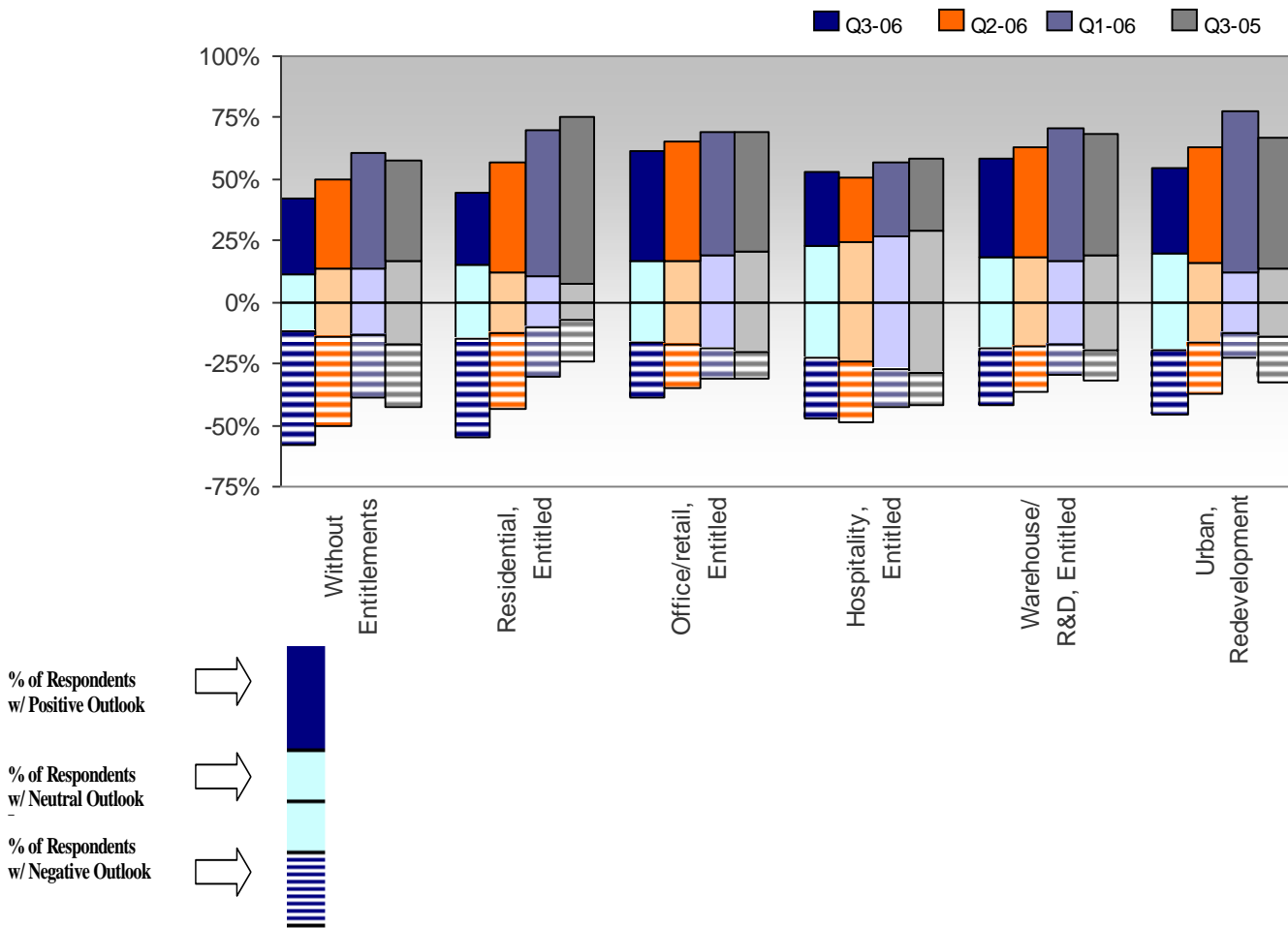
Outlook for Investing in Undeveloped Land

The outlook for investing in raw land is reported, for six land scenarios, in Chart 13. While it generally is trending pessimistically, there are some exceptions, as noted below:

- As opposed to the negative outlook for the acquisition of existing property market, the outlook assessment for development of land is more neutral.
- Not surprisingly, the most positive outlook assessments are for land with office/retail entitlements and warehouse/R&D entitlements.
- Since the last quarter, the outlook has been shifting negatively for all land types *except* for land entitled for hospitality. The greatest negative outlook shift has occurred for land entitled for residential, and land entitled for Unentitled Land.
- Compared to last year, all types of land types have a more pessimistic outlook than the current quarter.

Chart 13

Good Time or Bad Time for Development of Land



Outlook for Capital Availability and Business of the Respondent

The outlook for capital availability is reported in chart 14 for both development and investment in existing properties. The outlook for the respondent's own business is reported in Chart 15. All of these outlooks have shown a steady, gradual decline over the course of the last year, as detailed below:

- Although most respondents expect availability of capital to remain unchanged, there has been a growing trend the last couple of quarters for expecting slightly **less** development and acquisition capital. Since quarter three of last year, the percentage of respondents who expect capital availability to be less has grown from 17 to 39 percent for development and 11 to 27 percent for acquisitions.
- Outlook for the respondent's own business has fallen slightly (7.5 vs. 7.7), since the last quarter and has declined from 8.4 in the third quarter of 2005.

Chart 14

Capital Availability

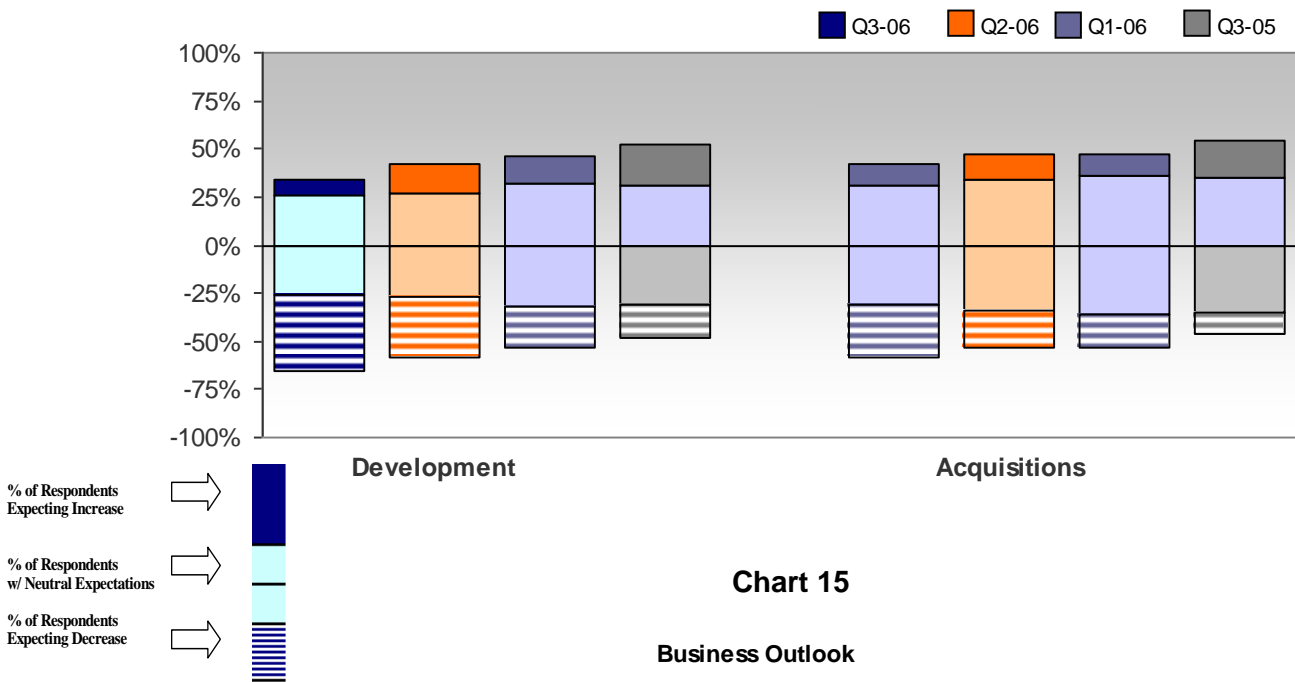
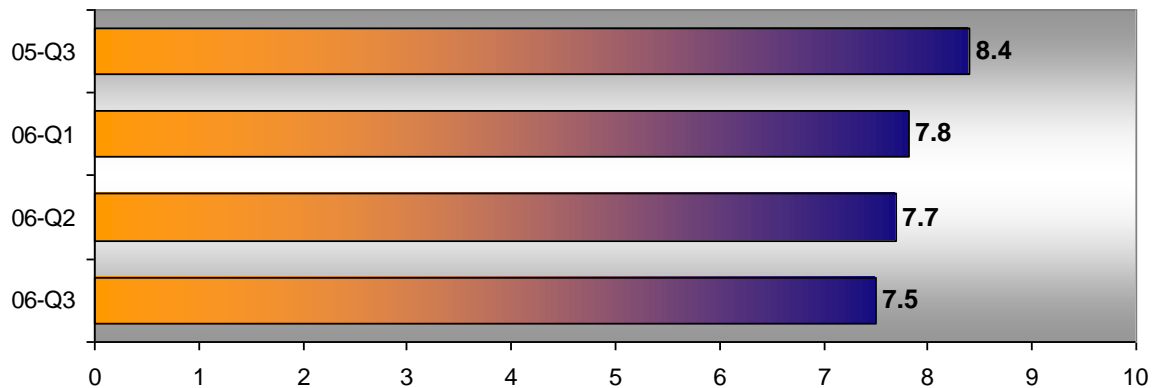


Chart 15

Business Outlook

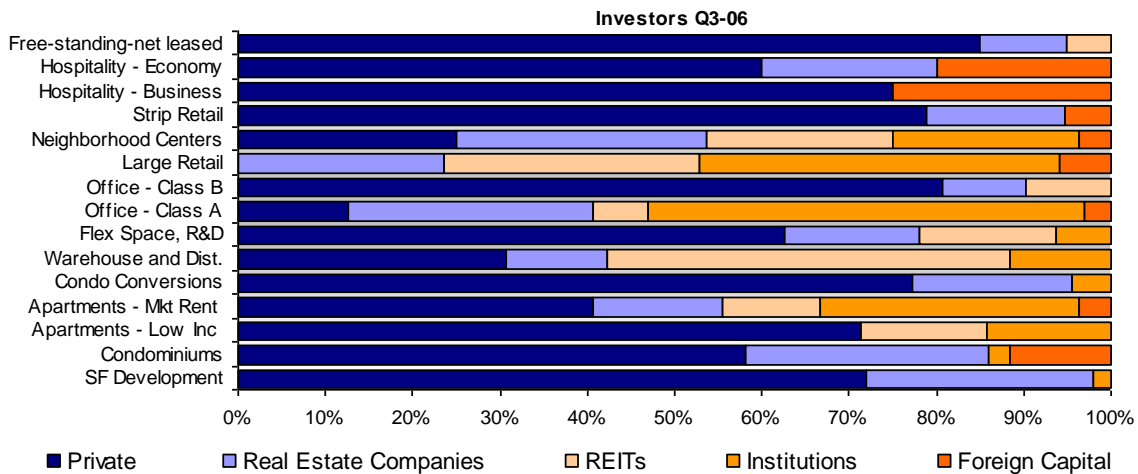


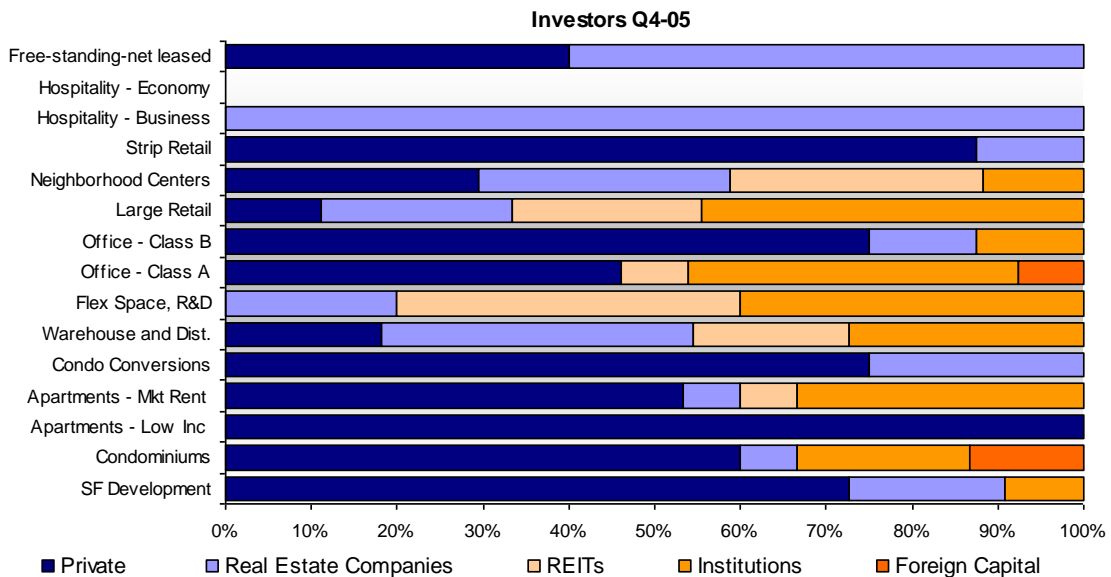
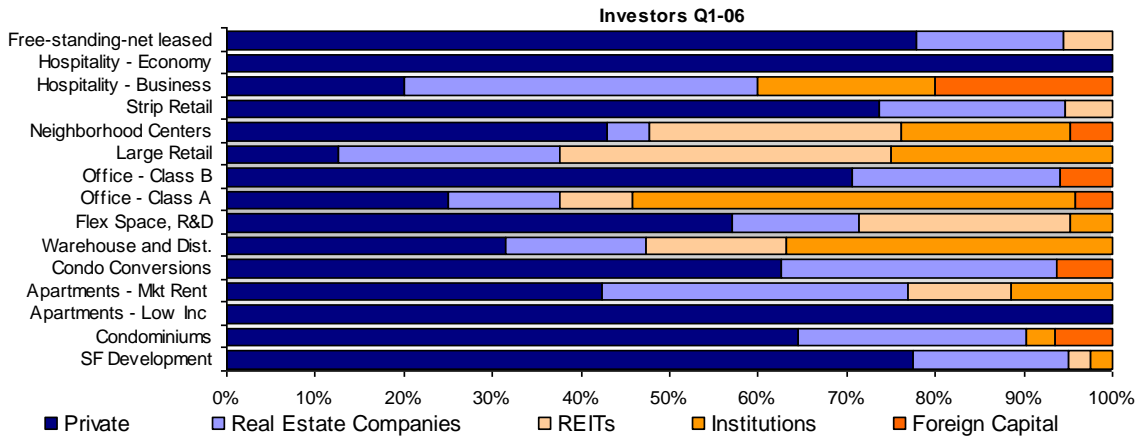
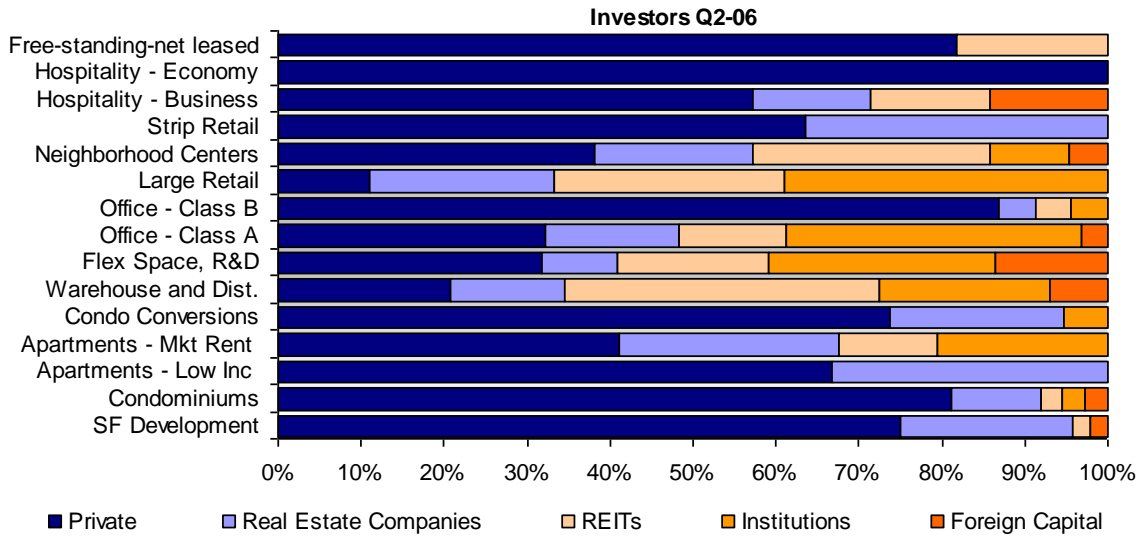
Buyers of Properties in Florida

The dominant buyers of fifteen property types, as perceived by respondents, are reported in Charts 16a – 16d. Broadly, private investors dominate in all quarters, with considerable stability in the pattern. However, variation is evident, as noted below:

- Private investors are reported as the predominant investor group for eleven of fifteen property types. For ten property types over half of respondents identified private investors as the dominant investor group.
- The most significant exceptions to private investor dominance include, Large Retail, Class A Office, and Warehouse and Distribution.
- For Large Retail, respondents most frequently identified Institutions as the dominant investor group, but with many respondents indicating either real estate companies or REITs as a player as well.
- For Class A Office, once again, institutions are the dominant buyer with a much larger share of respondent votes compared to last quarter
- For Office and Warehouse and Distribution, respondents most frequently reported REITs as the dominant investor group.
- Since last quarter there has been almost no change in the amount of respondents that view Real Estate Companies as the dominant investor type. However, there has been a slight decrease in both the perceptions of REIT and Private investment. Conversely, there has been slight growth in the amount of respondents that view Institutions and Foreign capital as the dominant investor group.

Charts 16a-d: Buyers of Property in Florida (Q3-06 to Q4-05)





What's On the Minds of Industry Leaders About...

Capital Availability/Lending Practices

Though the supply and cost of capital may remain favorable, it is clear from comments of respondents, including appraisers and veteran lenders, that underwriting for real estate debt is tightening up, making mortgage financing more difficult.

“Banks are tightening up on real estate credit, particularly in certain areas. Bank regulators are looking hard at concentration levels particularly in the land and A & D side of the bank. Extensions will be more difficult, particularly due to slow or non performance.”

*Sandy Hostetter, President, CNL Bank of Central Florida; *Orlando, Florida*

“The re-bound in the stock market may divert funds from real estate debt and equity. That could reduce effective demand, and cause cap rates to rise in general.”

Allan White, SIOR, Orion Commercial; *Miami, Florida*

“On the equity side, equity yield rates have been skewed in recent years with investors willing to accept historically low equity dividend rates because they were counting on historically high rates of property value appreciation during an investment holding period. Rates of value appreciation are expected to slow to lower, more sustainable, levels that are closer to long-term averages and in turn investors will begin to demand higher equity dividend rates in order to maintain overall equity yield rates. The upward pressure on equity dividend rates will result in a rise in direct capitalization rates. On the debt side, lenders are facing increased loan losses and non-performing loans due to an excess of poorly underwritten, overly aggressive land loans on large tracts of development land suitable for residential development. In response to poorly performing land loans, lenders have begun tightening underwriting standards for all classes of vacant land and improved commercial, industrial and residential real estate. Lenders' credit analysts are more carefully scrutinizing borrowers' financial statements and appraisers' projections.”

David Gee, Appraisal Institute

“Higher spreads over treasuries and more stringent underwriting. As well, the ability and/or purpose to use mezzanine debt has diminished tremendously, changing the competitive landscape for many assets to the private investor.”

*Jerry Gisclair, Managing Director-Valuation and Advisory Services, CB Richard Ellis; *Tampa, Florida*

“Bank underwriting standards will be tighter, particularly for construction. Institutional sources for existing property acquisitions (CMBS, conduits), however, will continue to be aggressive due to large amounts of money to be put to work and uncertainty in other, alternative investment asset classes.”

*John Blackmon, Credit Director, The Citigroup Private Bank; *Palm Beach, Florida*

“Residential loans are getting tighter scrutiny and underwriting standards on the condo conversions lenders are underwriting based on apartment values, not sellout value.”

*Howard Taft, Managing Director - Capital Markets Unit, Cohen Financial; *Miami, Florida*

The Insurance Crisis

The insurance crisis continues. The new news from respondents appears to be that the problem falls differentially heavy on the single property owner and the mom-and-pop tenant. Those with multiple properties or greater capital depth have multiple ways to cushion the impact.

“Some equity sources are offering to let potential partners use their institutional blanket insurance policies to offset the lack of insurance in the market place.”

*Jim Fried, President, Sandstone Realty; *Miami, Florida*

“Casualty insurance premiums are a growing problem in commercial real estate. Some property owners are self-insuring, but properties subject to loans have no choice. Premium increases are so great, even landlords with net leased properties hesitate to pass them all through. Certainly smaller properties with mom-and-pop tenants have to absorb most, if not all, of the increases. Resulting impact to NOI will have long term negative effects on value if rates do not drop back to more reasonable levels.”

Name withheld

“On existing well-conceived buildings, buyers will pay up, believing in the advantages of hedging out construction cost risk. However, the increase in insurance costs negates some of this advantage. The institutional investors have a temporary advantage in buying properties because they can self-insure their risk across all of their portfolios and not pay the same rates as the one-off buyers.

*Jeff Conn, Principal, Hallmark Partners, Inc.; *Jacksonville, Florida*

“Major factor in Florida will be treatment of insurance crisis. If handled successfully, will stimulate the market along with cessation of rate increases and general market stability.”

*Randall Reid, Owner and President, Viridian Development; *Tampa, Florida*

Water Supply

Water supply continues to raise concerns in both central and southeast Florida.

“I think the two most pressing issues facing the real estate market in Central Florida are lack of water supply and local policies which are restricting the development of certain product type like multi-family rental... water availability in the Four Corners area is hard to come by and it is having the same effect on properties that have secured access to water.”

*Sandy Hostetter, President, CNL Bank of Central Florida; *Orlando, Florida*

“...on a long-term basis, water is going to be a major concern... concurrency issues are still alive and well.”

Name withheld

“... Dade is impacted by water supply constraints and the South Florida region is not far behind.”

Charles Minor, President, Roe Minor; *Ft. Lauderdale, Florida*

“Dade County is in a de facto building moratorium due to the water department’s failure to comply with state mandates of re-using water. Dade County is one of the least progressive counties in the state relating to water re-use with grey water etc.”

Name withheld

Real Estate Taxes

Respondents are concerned about the growing effect of the Save Our Homes Amendment upon home sales and upon the distribution of the property tax burden. They point to the resulting transfer of the burden onto non-homestead properties. But they also note that property taxes can rise overall without impacting homeowners, reducing the sensitivity of voters to the rising taxes until they want to move.

“...two factors leading to lesser demand have been the effect moving has on real estate tax burdens, and the higher insurance costs brought on by recent storms. Downsizing is less appealing now to empty nesters, as moving to a smaller house by a couple who have owned for more than 10 years at one location will result in significantly higher real estate taxes even though the new property may be significantly smaller and less expensive than their existing home. Once the Homestead exemption comes off a property, local taxing authorities are wasting no time in bringing assessments and subsequent taxes to more current levels. Higher taxes also affect the amount a first time home buyer, or lower income homebuyer, may borrow, keeping home prices lower and potential buyers from moving. Many recent buyers have complained about being unaware of a potential increase in taxes, and most loans were based on previous years’ taxes, resulting in higher escrows in future years. Until the tax and insurance problems are addressed, it does not seem possible for home prices and home buying to increase in the foreseeable future.”

William Griffith, Vice President, Appraisal First, Inc.

“Rising real estate taxes and insurance premiums will cause problems for rental property investors. Politicians are talking about tax relief, but most (if not all) of their solutions will result in shifting more of the tax burden to commercial and non-homestead residential properties. The solution has to include a more efficient government that spends less!”

*Bob Love, President, American Realty Consultants, Inc., *Davie, Florida*

“Recent property value increases that have occurred in the last two-to-three years have not been fully reflected by County Property Appraisers’ Offices in their real estate tax assessments. Over the next two-to-three years tax assessments are expected to rise much faster than the general inflation rate and millage rates are expected to remain the same or decline only modestly. As a result, real estate tax expenses are expected to increase faster than the general inflation rate.

David Gee, Appraisal Institute

“Real property taxes on non-homestead properties have escalated dramatically, significantly, negatively impacting real estate investment. The Save our Homes amendment has had a very bad effect on the real estate industry. Local governments have raked in a windfall of tax revenue and have largely been immune from the normal restraints on tax increases since the vast majority of the electorate is protected by the Save our Homes cap on increases in assessed value which has kept their tax bills static thus de-sensitizing them to the effects of the tax increases which are being borne exclusively by the non-homestead protected owners, whose political influence is limited.”

*Art Menor, Partner, Shutts & Bowen LLP, *West Palm Beach, Florida*

Growth Management

Respondents express numerous concerns about managing growth. They point to concerns about infrastructure shortages, and about infrastructure costs shaping the patterns of Florida's growth.

“... Florida is uniquely poised to continue to receive many economic benefits from population migration and state tax policies. However, its long-term real estate future is dependent on its management of state resources, both natural and man-made. Central Florida has not caught up with coastal regions to make advancements in its management of infrastructure to keep up with real estate investment opportunity. Short-term gains will create economic stability for previously depressed local communities. Long term, Central Florida must steer its new economic success into fiscally sound management of its resources to serve the population and stimulate further growth...”

*Jim Izzo, Managing Principal, The 1220 Group, *Gainesville, Florida*

“Utility capacity issues and impact fee increases are important in my market; these are reducing the pricing/availability issues that were letting the county compete with adjoining urban counties. These may affect future growth rates, but locations along I-4 between Tampa and Orlando will remain the engine of growth and major changes are not expected.”

Curtis Wheeler, Principal, Wheeler Appraisals; *Lakeland, Florida*

“With the growth of Southwest Florida, infrastructure is a major issue. Construction costs have caused the cost of road projects, utility projects, etc. to soar over the past 18 months. Municipalities are stalling projects or re-budgeting as costs have far exceeded the original budgets. We as residents need to be prepared to pay for these costs with higher taxes, and impact fees if we want to continue our quality of life in this area.”

Gerald Hendry, Vice President, Maxwell & Hendry Valuation Services, Inc.; *Fort Myers, Florida*

“The recent restrictions placed on local governments in regard to their ability to utilize eminent domain for redeveloping certain areas will slow down or possibly stop the desired infilling that has been the goal of the Comprehensive Land Use Plans. The unintended consequence could lead to spreading communities out versus their consolidation that has been occurring over the past few years.”

Name withheld

“St. Johns County’s election results saw two incumbent Commissioners defeated over perception that they were too sympathetic to pro-growth policies...”

*Jeff Conn, Principal, Hallmark Partners, Inc., *Jacksonville, Florida*

Other issues on the minds of our respondents

- Over-supply of housing in many markets
- Effect of failed condo conversions returning to the rental market
- Over-extension of speculators
- Evolution of self-sufficient neighborhoods
- How opportunity funds are looking for distressed properties
- Uncertainty in world economics
- Lack of zoned industrial land
- Impact of midterm elections on the real estate market
- Increase in foreign investors and the impact of a weaker dollar
- Continued need for affordable housing

*UF Real Estate Advisory Board member

Broward County

- Cap rates are below the statewide average by 0.42 percentage points and range from 5.9% (Condo Conversion) to 7.5% (Office B).
- Cap rates have risen slightly since last quarter by 0.33 percentage points. The most notable change was the rise in cap rates for Condo Conversion from 5.0% to 5.9%.
- Market respondents suggest a neutral to positive outlook that cap rates will continue to rise, but their expectations are more neutral than last quarter. (On average, only 43 percent expect a rise compared to 78 percent previously.)
- Expected yields are slightly below statewide level by an average of 0.56 percentage points. Expected yields range from 9.0% (Strip Centers) to 16.8% (Condo Conversion).
- Required yields have on average risen by 0.35 percentage points from last quarter. The biggest comparative difference was a +3.1 percentage point change for Condo Conversion and a -2.4 percentage point change for Strip Centers. Required yields are projected to rise or remain flat into the next quarter.
- Since the uncertain investment outlook of last quarter, the future average investment expectation is slightly more negative, although there is still strength in Neighborhood Centers (50% positive) and Strip Centers (50% positive). There is a negative investment outlook for Flex Space/R&D (100% negative) and Condo Conversion (79% negative). The outlook for Office B has switched from positive to neutral since last quarter.
- The outlook for land development is mixed. There is a neutral to positive outlook for Land with Industrial Entitlements, Land for Urban Redevelopment, Land with Commercial Entitlements and Land with Hospitality Entitlements. All others have a neutral/negative outlook.
- On average, future occupancy expectations are still neutral to positive (on average 48% neutral, 41% positive, 11% negative). Most property types have neutral to positive or uncertain expectations except for Office A, Office B, and Market Rental Apartments, for which expectations are strongly positive.
- Rental rate increase expectations are also neutral/positive and slightly better than statewide expectations. Rental rates are expected to grow near or faster than inflation for Office A and Office B. Since last quarter, the most notable difference is the neutral/negative to neutral/positive shift in rental rate expectations for Strip Centers.
- Single-family developments and Condominium developments both have strong expectations for lower absorption rates. For both Single-family developments and Condominium developments, future price increases are widely expected to grow slower than inflation.

Broward County

Table 3a

Broward County	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										
Q4-06										
Q4-06 Value	6.0	5.9	7.0	6.9	6.7	7.5	6.5	6.6	7.3	6.7
Percent Expecting Rise	56%	86%	14%	14%	25%	50%	43%	38%	57%	50%
Percent Expecting Fall	0%	0%	14%	0%	0%	17%	14%	8%	14%	0%
Q3-06										
Q3-06 Value	5.7	5.0	6.4	7.2	6.5	6.7	6.5	6.2	7.2	6.5
Percent Expecting Rise	50%	100%	60%	57%	90%	57%	80%	100%	67%	
Percent Expecting Fall	0%	0%	20%	0%	0%	14%	0%	0%	0%	
Q2-06										
Q2-06 Value	5.6	4.5	7.0	7.3	6.9	7.5	6.4	6.6	7.3	6.8
Percent Expecting Rise	60%	83%	44%	33%	50%	60%	50%	33%	100%	0%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-06										
Q4-06 Value	9.3	16.8	10.5	11.5	11.1	10.8	10.1	9.8	9.0	11.1
Percent Expecting Rise	67%	57%	14%	29%	33%	33%	57%	54%	57%	50%
Percent Expecting Fall	11%	14%	14%	0%	8%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	9.5	13.7	10.4	11.3	9.6	11.8	9.4	10.1	11.3	9.4
Percent Expecting Rise	50%	60%	20%	29%	70%	29%	80%	100%	67%	
Percent Expecting Fall	0%	20%	40%	0%	0%	14%	0%	0%	0%	
Q2-06										
Q2-06 Value	10.8	12.9	8.7	10.3	9.6	10.6	9.2	8.9	8.2	8.6
Percent Expecting Rise	60%	83%	44%	33%	50%	60%	50%	33%	100%	0%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-06										
Fair to Good	13%	5%	30%	0%	0%	29%	38%	50%	50%	29%
Bad to Poor	53%	79%	40%	100%	43%	29%	15%	17%	20%	36%
Q3-06										
Fair to Good	0%	18%	50%	0%	20%	71%	60%	71%	60%	29%
Bad to Poor	57%	73%	33%	60%	40%	0%	10%	14%	20%	43%
Q2-06										
Fair to Good	13%	0%	43%	0%	18%	33%	20%	40%	25%	29%
Bad to Poor	25%	67%	43%	86%	55%	50%	40%	60%	25%	29%

Broward County

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
Q4-06						
Fair to Good	15%	10%	38%	33%	38%	29%
Bad to Poor	38%	52%	12%	12%	10%	19%
Q3-06						
Fair to Good	34%	28%	53%	41%	50%	47%
Bad to Poor	44%	47%	25%	19%	19%	19%
Q2-06						
Fair to Good	36%	39%	45%	36%	39%	39%
Bad to Poor	33%	33%	18%	24%	15%	21%

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
Q4-06												
Private Buyers	67%	68%	60%	63%		43%	23%	83%		29%	43%	100%
R.E. Companies	27%	21%		25%	14%	29%	8%		10%	7%	43%	
REITs			10%			29%	8%		30%	14%	14%	
Institutions			30%		14%		62%		60%	21%		
Foreign Buyers	7%	11%		13%				17%				
Q3-06												
Private Buyers	86%	36%	33%	80%	20%	29%	10%	100%		14%	83%	100%
R.E. Companies	14%	36%		10%		43%	40%		20%	29%	17%	
REITs			17%			14%			20%	14%		
Institutions		9%	50%	10%	60%	14%	50%		40%	29%		
Foreign Buyers		18%							20%			
Q2-06												
Private Buyers	50%	78%	14%	71%	18%		10%	80%	13%	57%		
R.E. Companies	50%		57%	14%	18%		30%		13%	29%		
REITs					36%	33%	10%		38%	14%		
Institutions			29%	14%	18%	50%	40%	20%	38%			
Foreign Buyers		11%			9%	17%	10%					

Broward County

Table 3d

Broward County	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
Future Occupancy										
Q4-06										
Higher	60%	50%	43%	29%	85%	67%	10%	14%	0%	
Lower	0%	38%	29%	14%	8%	0%	10%	29%	57%	
Q3-06										
Higher	50%	33%	60%	29%	70%	83%	40%	29%	20%	
Lower	0%	11%	0%	0%	0%	0%	0%	14%	0%	
Q2-06										
Higher	86%	14%	82%	83%	80%	13%	29%		0%	0%
Lower	14%	57%	0%	17%	0%	0%	14%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	40%	50%	14%	29%	23%	50%	40%	64%	57%	
Slower than Inflation	0%	13%	0%	14%	0%	0%	40%	21%	14%	
Q3-06										
Faster than Inflation	33%	33%	40%	57%	20%	33%	60%	57%	20%	
Slower than Inflation	0%	22%	0%	0%	20%	0%	20%	29%	60%	
Q2-06										
Faster than Inflation	43%	43%	36%	33%	10%	38%	43%		0%	0%
Slower than Inflation	0%	43%	9%	0%	10%	25%	29%		0%	0%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	5%
Lower	53%	63%
Q3-06		
Higher	29%	36%
Lower	57%	55%
Q2-06		
Higher	13%	11%
Lower	50%	67%
Future Price Increases		
Q4-06		
Faster than Inflation	13%	5%
Slower than Inflation	87%	89%
Q3-06		
Faster than Inflation	29%	18%
Slower than Inflation	43%	64%
Q2-06		
Faster than Inflation	13%	22%
Slower than Inflation	38%	56%

Dade County

- Cap rates are slightly lower than state average (0.44 percentage points) and range from 5.8% (Condo Conversion) to 7.5% (Office B).
- Since last quarter, cap rates have risen slightly, by an average of 0.25 percentage points. The biggest changes were a rise in cap rates for Condo Conversion and Office B (+0.78 and +0.73 percentage points respectively).
- The outlook for cap rates is neutral/positive that they will continue to rise. Since last quarter however, the consensus has grown more neutral (from 76% to 36% expecting rise).
- Dade County required yields are lower than the statewide average by 0.47 percentage points. Required yields range from 9.1% (Strip Centers) to 16.9% (Condo Conversion).
- Required yields have on average gained about 1.21 percentage points from last quarter and the survey respondents expect them to continue to rise in the near future for all product types. The largest change in required yields since last quarter was for Condo Conversion (13% to 16.9%) and Free Standing (8.6% to 11.2%).
- On average, the future investment outlook is neutral/positive. All product types have a positive or neutral outlook except Market Rent Apartments, Apartments for Condo Conversion and Flex Space R & D. The biggest shift in investment outlook occurred for Office A that went from positive-neutral to neutral/negative, and Office B, which went from strongly positive to much more neutral.
- On average, the outlook for land development has shifted from neutral positive, toward neutral. Land without entitlements and land with residential entitlements both have, on balance, a negative investment outlook while all other types of land remain neutral/positive.
- The expectations for future occupancy are good with a majority of respondents expecting stable or improved occupancy for all property types, with the exception of Strip Centers. The most positive outlook is for Office B, with 85% of respondents expecting higher occupancy.
- Though the outlook is slightly less optimistic for rental rate increases than in July, once again the survey respondents are expecting rental rate increases at least as rapid as inflation. For four property types, Office B, Neighborhood Centers, Strip Centers and Free Standing, a majority of respondents expect increases above the rate of inflation. For Strip Centers and Free Standing respondents have become much more positive about rental rate increases.
- Single-family developments and Condominium developments both have very strong expectations for lower absorption rates. Once again, for both Single-family developments and Condominium developments, future price increases are expected to grow slower than inflation.

Dade County

Table 2a

Dade County	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										
Q4-06										
Q4-06 Value	6.0	5.8	7.0	6.9	6.6	7.5	6.5	6.6	7.3	6.6
Percent Expecting Rise	44%	71%	14%	14%	23%	43%	33%	36%	50%	33%
Percent Expecting Fall	0%	0%	14%	0%	0%	14%	11%	9%	17%	0%
Q3-06										
Q3-06 Value	5.8	5.1	6.4	7.2	6.5	6.8	6.5	6.3	7.2	6.5
Percent Expecting Rise	33%	100%	67%	57%	90%	50%	60%	100%	80%	
Percent Expecting Fall	0%	0%	17%	0%	0%	17%	0%	0%	0%	
Q2-06										
Q2-06 Value	5.5	4.5	6.9	7.2	6.8	7.4	6.3	6.6	7.3	
Percent Expecting Rise	33%	67%	50%	20%	50%	50%	63%	40%	100%	
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-06										
Q4-06 Value	9.4	16.9	10.6	11.6	11.2	10.9	10.2	9.9	9.1	11.2
Percent Expecting Rise	44%	43%	14%	29%	31%	14%	44%	45%	33%	0%
Percent Expecting Fall	11%	14%	14%	0%	8%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	8.7	13.0	9.6	10.6	8.8	11.0	8.7	9.4	10.6	8.6
Percent Expecting Rise	33%	56%	33%	43%	80%	33%	60%	100%	80%	
Percent Expecting Fall	0%	11%	33%	0%	0%	17%	0%	0%	0%	
Q2-06										
Q2-06 Value	11.4	13.5	9.3	10.9	10.2	11.2	9.7	9.5	8.7	
Percent Expecting Rise	33%	67%	50%	20%	50%	50%	63%	40%	100%	
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-06										
Fair to Good	8%	5%	33%	13%	0%	29%	31%	43%	50%	33%
Bad to Poor	67%	84%	44%	88%	43%	29%	15%	29%	8%	33%
Q3-06										
Fair to Good	0%	20%	50%	0%	33%	71%	45%	67%	60%	29%
Bad to Poor	60%	70%	50%	56%	33%	0%	9%	17%	0%	43%
Q2-06										
Fair to Good	0%	0%	50%	14%	20%	40%	11%	25%	20%	17%
Bad to Poor	40%	71%	50%	71%	50%	40%	44%	75%	20%	33%

Dade County

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
Q4-06						
Fair to Good	11%	13%	36%	36%	38%	26%
Bad to Poor	43%	51%	11%	11%	9%	19%
Q3-06						
Fair to Good	27%	27%	48%	36%	48%	45%
Bad to Poor	42%	42%	18%	9%	12%	18%
Q2-06						
Fair to Good	38%	48%	52%	38%	45%	45%
Bad to Poor	38%	31%	10%	17%	7%	21%

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	Strip Centers	Free Standing
Q4-06												
Private Buyers	67%	74%	56%	63%		43%	23%	86%		33%	33%	100%
R.E. Companies	25%	11%		25%	14%	29%	8%	14%	17%	8%	50%	
REITs			11%		71%	29%	8%		42%	17%	17%	
Institutions		5%	33%		14%		62%		42%	25%		
Foreign Buyers	8%	11%		13%								
Q3-06												
Private Buyers	60%	30%	50%	78%	17%	43%	9%	100%		29%	100%	75%
R.E. Companies	40%	40%		22%		43%	36%		20%	29%		25%
REITs			17%		33%				40%	17%		
Institutions			33%		50%	14%	55%		40%	29%		
Foreign Buyers		30%										
Q2-06												
Private Buyers	80%	71%	33%	71%	20%		11%	75%	10%	50%		
R.E. Companies	20%		17%	14%	20%	20%	22%		20%	33%		
REITs			17%		30%	20%	22%		40%	17%		
Institutions			33%	14%	20%	40%	33%	25%	30%			
Foreign Buyers		14%			10%	20%	11%					

Dade County

Table 2d

Dade County	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
Future Occupancy										
Q4-06										
Higher	56%	38%	43%	29%	85%	57%	33%	17%	0%	0%
Lower	0%	38%	29%	14%	8%	14%	0%	17%	50%	0%
Q3-06										
Higher	50%	38%	67%	43%	64%	80%	60%	29%	50%	0%
Lower	17%	13%	0%	0%	0%	0%	0%	14%	0%	25%
Q2-06										
Higher	50%	14%	80%	60%	89%	30%	17%		0%	0%
Lower	17%	57%	0%	20%	0%	0%	33%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	33%	38%	14%	29%	23%	57%	42%	67%	50%	100%
Slower than Inflation	0%	38%	0%	14%	0%	14%	25%	8%	17%	0%
Q3-06										
Faster than Inflation	33%	25%	33%	29%	27%	60%	40%	71%	0%	50%
Slower than Inflation	0%	25%	0%	0%	18%	0%	20%	14%	50%	25%
Q2-06										
Faster than Inflation	33%	43%	40%	40%	0%	40%	33%		0%	0%
Slower than Inflation	33%	43%	10%	20%	11%	20%	50%		0%	0%

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	5%
Lower	50%	74%
Q3-06		
Higher	20%	33%
Lower	60%	67%
Q2-06		
Higher	0%	0%
Lower	50%	71%
Future Price Increases		
Q4-06		
Faster than Inflation	17%	5%
Slower than Inflation	83%	89%
Q3-06		
Faster than Inflation	40%	33%
Slower than Inflation	40%	67%
Q2-06		
Faster than Inflation	0%	0%
Slower than Inflation	50%	86%

Daytona Beach

- Cap rates are slightly higher than the state average by 0.15 percentage points and range from 6.5% (Condo Conversion) to 8.1% (Office B).
- The most significant changes in cap rates since last quarter were for Condo Conversion (up 0.6 percentage points) and Office B (up 0.5 percentage points).
- Yields are lower than the statewide average by 0.48 percentage points and range from 9.0% (Strip Centers) to 16.9% (Condo Conversion).
- Compared to last quarter, on average yields are now 1.10 percentage points higher, with the largest changes being in Condo Conversions (up 3.8 percentage points) and Office A (up 2.2 percentage points).
- The land development outlook is neutral/positive for land with commercial and industrial entitlements.

Daytona Beach

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	Neighbor- hood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-06										
Q4-06 Value	6.6	6.5		7.5	7.3	8.1	7.1	7.2	7.9	7.3
Percent Expecting Rise	50%	0%		40%	100%	0%	0%	0%	33%	50%
Percent Expecting Fall	0%	0%		0%	0%	17%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.6	5.9	7.2	8.1	7.4	7.6	7.3	7.1	8.1	7.4
Percent Expecting Rise										
Percent Expecting Fall										
Q2-06										
Q2-06 Value	6.2	5.1	7.5	7.9	7.5	8.1	7.0	7.2	7.9	7.4
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	9.4	16.9		11.5	11.1	10.8	10.2	9.8	9.0	11.2
Percent Expecting Rise	50%	0%		20%	100%	0%	0%	0%	17%	50%
Percent Expecting Fall	0%	0%		0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	8.8	13.1	9.7	10.7	8.9	11.1	8.8	9.5	10.7	8.7
Percent Expecting Rise										
Percent Expecting Fall										
Q2-06										
Q2-06 Value	11.5	13.6	9.4	11.0	10.3	11.3	9.8	9.6	8.8	9.3
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good	17%	20%				40%		50%		75%
Bad to Poor	50%	80%				40%		33%		0%
Q3-06										
Fair to Good	0%						25%			
Bad to Poor	100%						50%			
Q2-06										
Fair to Good										
Bad to Poor										

Daytona Beach

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
Q4-06						
Fair to Good	22%	22%	50%	22%	56%	33%
Bad to Poor	44%	50%	11%	28%	11%	28%
Q3-06						
Fair to Good	13%	27%	20%	27%	33%	20%
Bad to Poor	53%	27%	13%	33%	20%	13%
Q2-06						
Fair to Good	35%	47%	47%	18%	47%	41%
Bad to Poor	18%	24%	6%	12%	6%	18%

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
Q4-06												
Private Buyers	67%	80%	50%	100%		60%		83%	50%	75%	100%	50%
R.E. Companies	17%					40%		17%				
REITs												50%
Institutions			50%				100%		50%			
Foreign Buyers	17%	20%										
Q3-06												
Private Buyers	75%	50%	33%	100%	33%	100%	25%	100%		67%	50%	100%
R.E. Companies	25%	50%	33%		33%		25%				50%	
REITs							25%		100%			
Institutions			33%		33%							
Foreign Buyers							25%					
Q2-06												
Private Buyers	40%		50%	100%	25%		50%	100%		33%	50%	
R.E. Companies	60%		17%				25%				50%	
REITs			17%		25%							
Institutions			17%		50%	33%	25%			33%		
Foreign Buyers						67%				33%		

Daytona Beach

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	Neighbor- hood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-06										
Higher				40%		33%		25%	33%	
Lower				20%		0%		0%	0%	
Q3-06										
Higher					25%					
Lower					0%					
Q2-06										
Higher	50%		75%		50%			25%	0%	0%
Lower	17%		0%		25%			0%	0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation				40%		50%		25%	33%	
Slower than Inflation				60%		33%		75%	67%	
Q3-06										
Faster than Inflation					25%					
Slower than Inflation					50%					
Q2-06										
Faster than Inflation	50%		75%		75%			75%	0%	0%
Slower than Inflation	17%		0%		0%			0%	0%	0%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	0%
Lower	100%	80%
Q3-06		
Higher	25%	
Lower	75%	
Q2-06		
Higher	0%	
Lower	80%	
Future Price Increases		
Q4-06		
Faster than Inflation	0%	0%
Slower than Inflation	83%	80%
Q3-06		
Faster than Inflation	50%	
Slower than Inflation	50%	
Q2-06		
Faster than Inflation	40%	
Slower than Inflation	20%	

Gainesville - Ocala

- Cap rates are nearly equal to the state average of 7.13% and range from 6.3% (Condo Conversion) to 8.0% (Office B).
- Cap rates have fallen since the last survey. However, the consensus of respondents is that cap rates will rise.
- Required yields are higher than the statewide average by 1.62 percentage points. Required yields range from 11.1% (Strip Centers) to 19.0% (Condo Conversion).
- Compared to last quarter, required yields are now 2.02 percentage points higher, with the largest changes being in Condo Conversion (up 4.8 percentage points) and Free Standing (up 3.5).
- The outlook for land development is neutral/positive for all product types except for land with industrial entitlements and without entitlements, where expectations are uncertain.

Gainesville - Ocala

Table 13a

Gainesville-Ocala	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										
Q4-06										
Q4-06 Value	6.4	6.3		7.4	7.1	8.0	7.0	7.0	7.7	7.1
Percent Expecting Rise	80%	100%		100%	0%	0%	0%	50%	33%	100%
Percent Expecting Fall	0%	0%		0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	7.4	6.7	8.1	8.9	8.2	8.4	8.2		8.9	8.2
Percent Expecting Rise										
Percent Expecting Fall										
Q2-06										
Q2-06 Value	6.3	5.2	7.6	8.0	7.6	8.2	7.0	7.3	8.0	7.5
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	11.5	19.0		13.6	13.2	12.9	12.3	11.9	11.1	13.3
Percent Expecting Rise	60%	0%		100%	0%	0%	0%	0%	33%	50%
Percent Expecting Fall	0%	0%		0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	10.0	14.2	10.9	11.8	10.0	12.2	9.9		11.8	9.8
Percent Expecting Rise										
Percent Expecting Fall										
Q2-06										
Q2-06 Value	10.5	12.7	8.5	10.0	9.4	10.4	8.9	8.7	7.9	8.4
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good	25%	25%	67%							
Bad to Poor	25%	50%	0%							
Q3-06										
Fair to Good										
Bad to Poor										
Q2-06										
Fair to Good										
Bad to Poor										

Gainesville - Ocala

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
Q4-06						
Fair to Good	29%	43%	50%	21%	36%	50%
Bad to Poor	43%	36%	7%	29%	7%	0%
Q3-06						
Fair to Good	14%	29%	29%	14%	43%	43%
Bad to Poor	43%	14%	43%	57%	43%	29%
Q2-06						
Fair to Good	33%	50%	42%	17%	42%	50%
Bad to Poor	42%	17%	8%	17%	8%	17%

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	Free Standing
Q4-06												
Private Buyers	100%	75%	17%	100%			50%	100%	33%	50%	67%	50%
R.E. Companies			50%				50%		33%			
REITs									33%	33%		
Institutions		25%	33%									
Foreign Buyers												
Q3-06												
Private Buyers	100%	33%		100%	100%	100%		100%				100%
R.E. Companies		67%	50%				100%		100%		100%	
REITs										33%		
Institutions												
Foreign Buyers			50%									
Q2-06												
Private Buyers			20%				67%	100%		33%		
R.E. Companies												
REITs			20%						33%	33%		
Institutions			60%				33%		67%	33%		
Foreign Buyers												

Gainesville - Ocala

Table 13d

Gainesville-Ocala	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
Future Occupancy										
Q4-06										
Higher	67%									
Lower	0%									
Q3-06										
Higher										
Lower										
Q2-06										
Higher	80%								0%	0%
Lower	0%								0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	17%									
Slower than Inflation	0%									
Q3-06										
Faster than Inflation										
Slower than Inflation										
Q2-06										
Faster than Inflation	0%								0%	0%
Slower than Inflation	20%								0%	0%

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	25%
Lower	50%	50%
Q3-06		
Higher		
Lower		
Q2-06		
Higher		
Lower		
Future Price Increases		
Q4-06		
Faster than Inflation	50%	50%
Slower than Inflation	25%	50%
Q3-06		
Faster than Inflation		
Slower than Inflation		
Q2-06		
Faster than Inflation		
Slower than Inflation		

Jacksonville

- Cap rates are slightly higher than the state average (0.05 percentage points higher) and range from 6.3% (Condo Conversion) to 8.0% (Office B).
- Cap rates have fallen slightly since last quarter by an average of 0.14 percentage points. Since that time, the largest fall in cap rates was for Flex Space/ R&D (8.1 to 7.4).
- As opposed to last quarter's expectation of rising cap rates, our respondents now have a more neutral outlook. Cap rates are expected to fall for Condo Conversions while all other product types are uncertain.
- Required yields are lower than the statewide average by 1.36 percentage points. Yields range from 10.9% (Strip Centers) to 18.7% (Condo Conversion).
- Required yields have on average gained about 3.6 percentage points from last quarter and the survey respondents are uncertain of future required yields. The largest change in required yields since last quarter was for Office B (8.3% to 13%).
- The future investment outlook is neutral/positive for most product types except Condo Conversion (100% negative) and Strip Centers (75% positive)
- On average, the outlook for land development is uncertain. Land with industrial entitlements has gained a more positive investment outlook since last quarter (change from 26% positive to 48% positive).
- Although not all product types are represented in this section, the overall outlook for future occupancy and rental rates is positive. These expectations have also grown more positive since last quarter.
- Single-family Developments and Condominium Developments both widely expected to have lower absorption rates. Once again, for both Single-family developments and Condominium Developments, future price increases are expected to trail inflation.

Jacksonville

Table 12a

Jacksonville	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										
Q4-06										
Q4-06 Value	6.5	6.3	7.5	7.4	7.1	8.0	7.0	7.0	7.8	7.1
Percent Expecting Rise	82%	0%	20%	17%	33%	38%	25%	33%	0%	50%
Percent Expecting Fall	0%	100%	40%	33%	17%	13%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.7	5.9	7.3	8.1	7.4	7.6	7.4	7.1	8.1	7.4
Percent Expecting Rise	75%		40%	40%	60%	40%	20%	56%		
Percent Expecting Fall	0%		0%	0%	10%	0%	0%	0%		
Q2-06										
Q2-06 Value	6.5	5.4	7.8	8.1	7.8	8.4	7.2	7.5	8.2	7.6
Percent Expecting Rise	75%	100%	0%	33%	50%	100%	50%	50%	100%	50%
Percent Expecting Fall	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Yields										
Q4-06										
Q4-06 Value	11.2	18.7	12.4	13.4	13.0	12.7	12.0	11.7	10.9	13.0
Percent Expecting Rise	64%	0%	0%	17%	17%	38%	0%	17%	0%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	8.2	12.4	9.1	10.0	8.3	10.4	8.1	8.8	10.0	8.0
Percent Expecting Rise	63%		20%	20%	40%	40%	20%	56%		
Percent Expecting Fall	0%		0%	0%	10%	0%	0%	0%		
Q2-06										
Q2-06 Value	10.1	12.2	8.0	9.6	8.9	9.9	8.5	8.2	7.5	7.9
Percent Expecting Rise	75%	100%	0%	33%	50%	100%	50%	50%	100%	50%
Percent Expecting Fall	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Investment Outlook										
Q4-06										
Fair to Good	44%	0%	45%		45%	43%	50%	56%	75%	50%
Bad to Poor	44%	100%	27%		0%	14%	0%	0%	0%	33%
Q3-06										
Fair to Good	17%	17%	13%		40%	60%	40%	40%	33%	33%
Bad to Poor	33%	83%	50%		0%	20%	20%	40%	17%	33%
Q2-06										
Fair to Good	38%	17%	33%							25%
Bad to Poor	13%	50%	0%							25%

Jacksonville

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
Q4-06						
Fair to Good	24%	27%	42%	24%	48%	39%
Bad to Poor	33%	45%	15%	18%	9%	15%
Q3-06						
Fair to Good	37%	41%	44%	22%	26%	44%
Bad to Poor	30%	44%	15%	26%	11%	19%
Q2-06						
Fair to Good	44%	44%	33%	22%	28%	28%
Bad to Poor	22%	17%	22%	28%	33%	22%

Table 12c

Investors by Property Type

Jacksonville	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
Q4-06												
Private Buyers	56%	100%	36%	100%		29%		78%	25%	50%	100%	33%
R.E. Companies	44%		36%		20%	29%			25%			33%
REITs					60%	14%	17%		25%			
Institutions			18%		20%	14%	83%	22%	25%	33%		33%
Foreign Buyers						14%						
Q3-06												
Private Buyers	67%	33%	38%	100%		60%		80%		22%	100%	100%
R.E. Companies	33%	33%	25%		40%	20%	20%	20%	33%	11%		
REITs			13%		60%	20%	10%		17%			
Institutions			25%				60%		50%	33%		
Foreign Buyers		33%					10%			11%		
Q2-06												
Private Buyers	88%	83%	33%									
R.E. Companies	13%		33%									
REITs			17%			67%						
Institutions		17%	17%									
Foreign Buyers						33%						

Jacksonville

Table 12d

Jacksonville	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
Future Occupancy										
Q4-06										
Higher	64%		60%	86%	83%	78%	25%	0%		
Lower	0%		0%	0%	17%	11%	0%	0%		
Q3-06										
Higher	63%		40%	80%	70%	60%	33%	33%		0%
Lower	0%		0%	0%	0%	0%	0%	0%		20%
Q2-06										
Higher	67%								0%	0%
Lower	0%								0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	0%		40%	43%	50%	22%	75%	67%		
Slower than Inflation	0%		0%	29%	0%	44%	0%	33%		
Q3-06										
Faster than Inflation	25%		0%	40%	30%	40%	33%	22%		40%
Slower than Inflation	13%		60%	20%	30%	20%	33%	44%		40%
Q2-06										
Faster than Inflation	50%								0%	0%
Slower than Inflation	0%								0%	0%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	0%
Lower	33%	75%
Q3-06		
Higher	0%	17%
Lower	83%	83%
Q2-06		
Higher	13%	0%
Lower	38%	83%
Future Price Increases		
Q4-06		
Faster than Inflation	22%	25%
Slower than Inflation	67%	75%
Q3-06		
Faster than Inflation	17%	33%
Slower than Inflation	67%	50%
Q2-06		
Faster than Inflation	50%	50%
Slower than Inflation	25%	33%

Lakeland – Winter Haven

- Cap rates are slightly higher than the state average (0.41 percentage points higher) and range from 6.7% (Rental Apartment) to 8.3% (Office B).
- Office A and Large Retail have the biggest comparative difference, having cap rates about 0.37 and 0.45 percentage points higher than state averages for the same property type.
- Compared to last quarter, cap rates have risen by 0.21 percentage points, with the largest change being for Office B (+0.6).
- Required yields are also higher than the statewide averages by 1.05 percentage points. Required yields range from 11.6% (Rental Apartment) to 13.8% (Flex Space/R&D). Compared to statewide averages, the range of yields is much narrower.
- Compared to last quarter, yields are now 1.96 percentage points higher, with the largest change being in Large Retail (up 3.0 percentage points).
- The outlook for land development is neutral. Compared to last quarter, the expectations were also neutral.

Lakeland – Winter Haven

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										
Q4-06										
Q4-06 Value	6.7		7.7	7.7	7.4	8.3	7.3	7.3	8.1	7.4
Percent Expecting Rise	100%		40%	57%	67%	25%	25%	44%	57%	57%
Percent Expecting Fall	0%		0%	0%	0%	25%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.7	6.0	7.3	8.1	7.4	7.7	7.4	7.2	8.1	7.4
Percent Expecting Rise				50%		75%			60%	
Percent Expecting Fall				0%		0%			0%	
Q2-06										
Q2-06 Value		5.1	7.5	7.8	7.4	8.0		7.1	7.8	7.3
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	11.6		12.8	13.8	13.4	13.1	12.4	12.0	11.3	13.4
Percent Expecting Rise	50%		0%	14%	33%	0%	0%	22%	29%	29%
Percent Expecting Fall	0%		0%	0%	33%	0%	50%	22%	0%	0%
Q3-06										
Q3-06 Value	9.5	13.7	10.4	11.3	9.6	11.8	9.4	10.1	11.3	9.4
Percent Expecting Rise				25%		25%			60%	
Percent Expecting Fall				0%		0%			0%	
Q2-06										
Q2-06 Value		14.2	10.0	11.6	10.9	11.9		10.2	9.4	9.9
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good		25%	50%		50%	29%	50%	50%	50%	22%
Bad to Poor		50%	50%		20%	14%	50%	0%	50%	44%
Q3-06										
Fair to Good					75%	60%	50%	50%		25%
Bad to Poor					0%	0%	25%	25%		75%
Q2-06										
Fair to Good										
Bad to Poor										

Lakeland – Winter Haven

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
Q4-06						
Fair to Good	30%	22%	26%	17%	35%	39%
Bad to Poor	43%	48%	22%	35%	17%	22%
Q3-06						
Fair to Good	22%	28%	39%	17%	28%	28%
Bad to Poor	17%	33%	11%	22%	17%	11%
Q2-06						
Fair to Good	38%	38%	46%	23%	46%	46%
Bad to Poor	46%	54%	38%	46%	38%	31%

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
Q4-06												
Private Buyers	100%	100%	50%		40%	57%		75%	25%	56%	71%	86%
R.E. Companies			25%			14%		25%	25%	22%	14%	
REITs			25%		40%	14%			50%	33%		
Institutions							75%					
Foreign Buyers					20%		25%					
Q3-06												
Private Buyers	100%		33%	100%		80%		50%			100%	100%
R.E. Companies			67%		25%		50%	25%	33%	50%		
REITs					75%	20%	25%	25%	33%	33%		
Institutions							25%		33%	25%		
Foreign Buyers												
Q2-06												
Private Buyers	50%				20%	50%	40%	100%		67%	33%	
R.E. Companies	25%										67%	
REITs					40%	25%				33%		
Institutions					20%		60%					
Foreign Buyers	25%				20%	25%						

Lakeland – Winter Haven

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										
Q4-06										
Higher	75%		40%	0%		25%	50%	22%	29%	14%
Lower	0%		0%	43%		0%	0%	0%	14%	0%
Q3-06										
Higher			75%	60%	25%	75%		50%	20%	
Lower			0%	0%	0%	0%		25%	20%	
Q2-06										
Higher			60%	50%	20%				0%	0%
Lower			0%	0%	20%				0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	25%		40%	57%		50%	75%	44%	43%	43%
Slower than Inflation	25%		40%	43%		0%	25%	44%	57%	29%
Q3-06										
Faster than Inflation			0%	20%	25%	50%		25%	60%	
Slower than Inflation			0%	0%	25%	0%		25%	20%	
Q2-06										
Faster than Inflation			80%	25%	100%				0%	0%
Slower than Inflation			0%	25%	0%				0%	0%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher		
Lower		
Q3-06		
Higher		
Lower		
Q2-06		
Higher	50%	
Lower	25%	
Future Price Increases		
Q4-06		
Faster than Inflation		
Slower than Inflation		
Q3-06		
Faster than Inflation		
Slower than Inflation		
Q2-06		
Faster than Inflation	25%	
Slower than Inflation	25%	

Orlando area

- Cap rates are only slightly less than the state average (0.13 percentage points less) and range from 6.2% (Condo Conversion) to 7.8% (Office B).
- Required yields are slightly lower as well, running 0.47 percentage points under the statewide average. Yields range from 10.0% (Strip Centers) to 17.9% (Condo Conversion).
- Compared to statewide levels the biggest difference in cap rates is for Office B (-0.27 percentage points) and the biggest difference for yields was for Flex Space, R&D (+1.48 percentage points).
- Cap rates are expected to remain flat, which is a less apprehensive view compared to last quarter. In particular, there is indecisiveness now for Office B and Large Retail.
- Required yields are expected to remain flat or rise, although there is much more uncertainty now compared to last quarter.
- The outlook for investing is neutral or only slightly positive for most property types. The outlook for investment is positive for Strip Centers (80% positive) and Neighborhood Centers (67% positive). Warehousing and Distribution has flip-flopped from the neutral/negative outlook last quarter to neutral positive now, while Flex Space, R&D has done the opposite. The outlook for investing in Condo Conversion is very poor (86% negative)
- The outlook for investing in raw land in Orlando also is still quite mixed. Land with commercial entitlements has a neutral/positive investment outlook (44% positive to 11% negative). There are few changes since last quarter, with the exception of land without entitlements, which has gone from a neutral outlook, to neutral/negative, and land with industrial entitlements, which has become slightly more positive.
- The most positive expectation for occupancy is for Office A and Office B with an 82% and 89% positive outlook respectively. Compared to last quarter, the overall outlook has become more positive, but is still only neutral/positive.
- Rental rates generally are expected to grow at or above the rate of inflation. For six of ten property types these expectations have grown more positive since last quarter's survey. Most notably, rental rate growth for Free Standing properties, which was expected in the last survey to be at or below the rate of inflation, is now expected to be higher. In addition, Strip Centers and Neighborhood Centers also have shown more positive rental rate expectations for Q4. In the other direction, expectations for rental rate increases have declined markedly for Condo Conversions.
- The outlook for Single-family and Condominium development is bleak. Nearly all respondents have negative expectations for both future absorption rates and future price increases. Since last quarter's pessimistic view, this outlook has grown even more negative.

Orlando area

Table 8a

Orlando Area	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										
Q4-06										
Q4-06 Value	6.3	6.2	7.3	7.2	7.0	7.8	6.8	6.9	7.6	7.0
Percent Expecting Rise	53%	40%	17%	50%	36%	13%	11%	21%	45%	43%
Percent Expecting Fall	0%	20%	0%	0%	0%	13%	11%	7%	9%	0%
Q3-06										
Q3-06 Value	6.3	5.6	6.9	7.7	7.1	7.3	7.0	6.8	7.7	7.1
Percent Expecting Rise	83%	86%	38%	71%	50%	64%	63%	71%	50%	67%
Percent Expecting Fall	0%	0%	38%	0%	8%	0%	0%	0%	0%	0%
Q2-06										
Q2-06 Value	6.0	4.9	7.3	7.6	7.3	7.9	6.7	7.0	7.7	7.1
Percent Expecting Rise	73%	100%	50%	80%	73%	67%	67%	56%	50%	33%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-06										
Q4-06 Value	10.4	17.9	11.6	12.5	12.1	11.8	11.2	10.8	10.0	12.2
Percent Expecting Rise	53%	40%	33%	30%	45%	25%	0%	14%	36%	14%
Percent Expecting Fall	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	9.3	13.5	10.2	11.1	9.4	11.5	9.2	9.9	11.1	9.1
Percent Expecting Rise	83%	71%	25%	14%	33%	27%	50%	50%	50%	17%
Percent Expecting Fall	8%	0%	38%	14%	17%	0%	0%	29%	0%	17%
Q2-06										
Q2-06 Value	11.0	13.2	8.9	10.5	9.8	10.9	9.4	9.1	8.4	8.8
Percent Expecting Rise	73%	100%	50%	80%	73%	67%	67%	56%	50%	33%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-06										
Fair to Good	15%	14%	58%	20%	58%	36%	55%	67%	80%	50%
Bad to Poor	54%	86%	21%	40%	50%	18%	18%	11%	0%	21%
Q3-06										
Fair to Good	0%	0%	8%	0%	50%	71%	42%	55%	33%	21%
Bad to Poor	70%	100%	50%	50%	0%	14%	17%	9%	22%	43%
Q2-06										
Fair to Good	33%	20%	36%		13%	60%	50%	17%	30%	44%
Bad to Poor	25%	60%	36%		25%	0%	25%	67%	30%	33%

Orlando area

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
Q4-06						
Fair to Good	19%	30%	44%	28%	53%	42%
Bad to Poor	46%	40%	11%	23%	12%	11%
Q3-06						
Fair to Good	36%	31%	49%	27%	33%	36%
Bad to Poor	33%	31%	11%	22%	18%	16%
Q2-06						
Fair to Good	37%	49%	54%	22%	46%	49%
Bad to Poor	34%	22%	12%	24%	15%	17%

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
Q4-06												
Private Buyers	77%	71%	32%	100%	33%	45%	9%	67%	20%	21%	73%	88%
R.E. Companies	23%	29%	21%			36%	18%	11%	30%	14%	18%	
REITs			11%		33%		18%	11%	30%	33%	9%	
Institutions			32%		17%	9%	45%	11%	20%	14%		13%
Foreign Buyers					17%	9%	9%					
Q3-06												
Private Buyers	70%	50%	42%	88%		71%	17%	91%		36%	100%	83%
R.E. Companies	30%	25%	17%		13%		17%		22%	21%		17%
REITs			8%		75%	14%	8%	9%	22%	33%		
Institutions		25%	25%	13%	13%	14%	58%		56%	21%		
Foreign Buyers			8%							7%		
Q2-06												
Private Buyers	50%	60%	14%	100%	13%	40%	33%	100%	20%	44%	50%	67%
R.E. Companies	42%		36%		13%		17%		20%		50%	
REITs		20%	14%		25%		8%		20%	33%		33%
Institutions		20%	36%		38%	40%	42%		40%	22%		
Foreign Buyers	8%				13%	20%						

Orlando area

Table 8d

Orlando Area	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
Future Occupancy										
Q4-06										
Higher	58%	60%	50%	55%	82%	89%	20%	21%	36%	25%
Lower	0%	20%	0%	9%	18%	0%	0%	7%	0%	0%
Q3-06										
Higher	42%	13%	88%	71%	75%	73%	50%	29%	17%	17%
Lower	17%	25%	13%	0%	0%	0%	10%	14%	0%	17%
Q2-06										
Higher	71%		63%	60%	67%	60%	44%	33%	0%	0%
Lower	0%		0%	20%	17%	0%	11%	0%	0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	26%	20%	33%	45%	45%	22%	60%	71%	73%	63%
Slower than Inflation	5%	40%	17%	27%	9%	11%	20%	14%	18%	0%
Q3-06										
Faster than Inflation	8%	38%	25%	29%	25%	27%	50%	50%	67%	17%
Slower than Inflation	8%	13%	13%	0%	8%	9%	20%	29%	0%	33%
Q2-06										
Faster than Inflation	21%		63%	0%	42%	80%	56%	67%	0%	0%
Slower than Inflation	7%		0%	20%	0%	0%	11%	17%	0%	0%

Table 8e

Orlando Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	8%	0%
Lower	77%	71%
Q3-06		
Higher	40%	25%
Lower	40%	50%
Q2-06		
Higher	17%	0%
Lower	67%	80%
Future Price Increases		
Q4-06		
Faster than Inflation	0%	0%
Slower than Inflation	92%	100%
Q3-06		
Faster than Inflation	20%	0%
Slower than Inflation	40%	75%
Q2-06		
Faster than Inflation	42%	40%
Slower than Inflation	25%	60%

Palm Beach County

- Cap rates are lower than state average (0.36 percentage points less) and range from 5.9% for Condo Conversion to 7.6% for Office B. Compared to statewide levels, the biggest difference in cap rates is for Office B (-0.49 percentage points).
- Compared to last quarter reported cap rates have risen an average of 0.25 percentage points. The biggest changes occurred for Office B and Condo Conversion, with an increase of 0.7 percent for each. Cap rates are expected to continue rising for Market Rental Apartments and Condo Conversion
- Required yields are slightly lower as well, running 0.61 percentage points under the statewide average. Yields range from 8.9% (Strip Centers) to 16.8% (Condo Conversion). The biggest comparative difference is for Market Rental Apartments, which is 1.29 percentage points below the statewide average.
- Since last quarter yields have fallen most for Strip centers (-2.4 percentage points) and risen most for Condo Conversions (+3.1 percentage points).
- Going into next quarter yields are expected to stay flat or continue rising for most property types. However, the outlook is uncertain for Free Standing, Flex Space and Warehouse/Distribution.
- The outlook for investment has become more negative since last quarter and is now neutral/negative. There remains a mix of neutral/negative and neutral/positive outlooks, although for Condo Conversion, Market Rental Apartments and Flex Space/R&D, the outlook is strictly negative.
- The outlook for land development in Palm Beach County has grown more uncertain since last quarter. There is still a neutral/positive outlook, however, for land with Commercial, Hospitality and Industrial Entitlements.
- Occupancy expectations are positive or neutral for all the property types except Strip Centers. The most notable outlook is for Office A and Office B with an 88% and 60% positive outlook respectively. Another notable difference is the neutral/positive expectation for occupancy in Condo Conversions, compared to the neutral expectations at the statewide level. Since last quarter, the overall outlook has become more positive.
- Rental rates are expected to grow equal to or faster than inflation for all product types. Office B has the most optimistic expectations being 80% positive. Once again, these expectations are more positive than last quarter's survey.
- The outlook for Single-family and Condominium development is very negative. Nearly all respondents have pessimistic expectations for both future absorption rates and future price increases. Since last quarter's pessimistic view, this outlook has grown even more negative.

Palm Beach County

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	Neighbor- hood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-06										
Q4-06 Value	6.1	5.9	7.1	7.0	6.7	7.6	6.6	6.6	7.4	6.7
Percent Expecting Rise	75%	86%	0%	20%	14%	40%	43%	45%	57%	0%
Percent Expecting Fall	0%	0%	33%	0%	0%	20%	14%	9%	14%	0%
Q3-06										
Q3-06 Value	5.9	5.2	6.5	7.3	6.6	6.9	6.6	6.4	7.3	6.6
Percent Expecting Rise	38%	88%	63%	64%	90%	71%	67%	78%	75%	60%
Percent Expecting Fall	13%	13%	0%	0%	0%	14%	0%	0%	0%	20%
Q2-06										
Q2-06 Value	5.8	4.8	7.2	7.5	7.1	7.8	6.6	6.9	7.6	7.0
Percent Expecting Rise	60%	100%	50%	60%	57%	80%	50%	43%	100%	0%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-06										
Q4-06 Value	9.3	16.8	10.5	11.5	11.1	10.8	10.1	9.7	8.9	11.1
Percent Expecting Rise	63%	43%	0%	20%	29%	40%	57%	64%	57%	0%
Percent Expecting Fall	13%	14%	33%	0%	14%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	9.5	13.7	10.3	11.3	9.5	11.7	9.4	10.1	11.3	9.3
Percent Expecting Rise	50%	75%	25%	27%	60%	29%	67%	78%	75%	40%
Percent Expecting Fall	0%	25%	13%	0%	0%	14%	0%	0%	0%	20%
Q2-06										
Q2-06 Value	11.2	13.3	9.1	10.7	10.0	11.0	9.6	9.3	8.6	9.0
Percent Expecting Rise	60%	100%	50%	60%	57%	80%	50%	43%	100%	0%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-06										
Fair to Good	7%	6%	22%	0%		40%	38%	40%	50%	27%
Bad to Poor	64%	82%	33%	100%		20%	13%	20%	25%	45%
Q3-06										
Fair to Good	0%	18%	38%	0%	38%	73%	50%	57%	50%	22%
Bad to Poor	63%	73%	38%	63%	25%	0%	0%	14%	17%	22%
Q2-06										
Fair to Good	14%	0%	67%	0%	20%	20%	22%	20%	25%	25%
Bad to Poor	29%	71%	33%	83%	40%	60%	22%	80%	0%	38%

Palm Beach County

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
Q4-06						
Fair to Good	17%	10%	41%	32%	44%	22%
Bad to Poor	39%	51%	12%	12%	12%	24%
Q3-06						
Fair to Good	32%	26%	55%	39%	53%	45%
Bad to Poor	42%	47%	24%	21%	21%	26%
Q2-06						
Fair to Good	43%	43%	50%	39%	43%	39%
Bad to Poor	29%	32%	18%	21%	14%	25%

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
Q4-06												
Private Buyers	64%	71%	56%	63%		20%	25%	80%		18%	43%	100%
R.E. Companies	29%	24%		25%		40%	13%			9%	43%	
REITs			11%		67%	40%			38%	13%	14%	
Institutions			22%		33%		63%		63%	18%		
Foreign Buyers	7%	6%		13%				20%				
Q3-06												
Private Buyers	63%	27%	25%	63%	25%	45%		71%		11%	75%	100%
R.E. Companies	25%	36%		25%		36%	40%	14%	17%	22%	25%	
REITs			13%		50%	9%	10%	14%	33%	13%		
Institutions	13%	9%	63%	13%	25%	9%	50%		33%	44%		
Foreign Buyers		27%							17%			
Q2-06												
Private Buyers	57%	71%	33%	67%	20%	20%	11%	100%		50%		
R.E. Companies	43%		50%	17%	20%		22%		25%	38%		
REITs					30%	20%	11%		25%	13%		
Institutions			17%	17%	20%	60%	44%		50%			
Foreign Buyers		14%			10%		11%					

Palm Beach County

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	Neighbor- hood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-06										
Higher	67%	50%		60%	88%	60%	13%	18%	0%	
Lower	0%	25%		0%	0%	0%	13%	27%	57%	
Q3-06										
Higher	25%	29%	50%	45%	50%	67%	17%	22%		20%
Lower	13%	29%	0%	9%	10%	0%	0%	0%		0%
Q2-06										
Higher	67%	17%	50%	80%	78%	25%	38%		0%	0%
Lower	17%	50%	0%	0%	0%	0%	0%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	44%	50%		40%	38%	80%	50%	64%	57%	
Slower than Inflation	0%	13%		20%	0%	0%	25%	27%	14%	
Q3-06										
Faster than Inflation	38%	43%	13%	36%	20%	50%	83%	44%		20%
Slower than Inflation	0%	14%	25%	0%	30%	0%	17%	33%		20%
Q2-06										
Faster than Inflation	50%	50%	40%	40%	22%	0%	38%		0%	0%
Slower than Inflation	0%	50%	10%	0%	0%	50%	25%		0%	0%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	0%
Lower	64%	65%
Q3-06		
Higher	25%	36%
Lower	75%	64%
Q2-06		
Higher	14%	14%
Lower	57%	71%
Future Price Increases		
Q4-06		
Faster than Inflation	14%	6%
Slower than Inflation	86%	94%
Q3-06		
Faster than Inflation	50%	18%
Slower than Inflation	38%	64%
Q2-06		
Faster than Inflation	29%	43%
Slower than Inflation	29%	57%

Pensacola to Tallahassee

- Cap rates are nearly equal to the state average of 7.13% and range from 6.3% (Condo Conversion) to 8.0% (Office B).
- Cap rates have risen since the last survey and are expected to rise into the future.
- Required yields are higher than the statewide average by 0.66 percentage points and range from 10.2% (Strip Centers) to 18.0% (Condo Conversion).
- Compared to last quarter, required yields are now 1.64 percentage points higher, with the largest changes being in Condo Conversions.
- The land development outlook is uncertain for all product types.

Pensacola to Tallahassee

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										
Q4-06										
Q4-06 Value	7.5	7.4	8.5			9.0			8.8	8.2
Percent Expecting Rise	50%	0%	100%			50%			75%	0%
Percent Expecting Fall	0%	0%	0%			0%			0%	0%
Q3-06										
Q3-06 Value	7.6	6.8	8.2			8.5				
Percent Expecting Rise	100%									
Percent Expecting Fall	0%									
Q2-06										
Q2-06 Value	6.0					7.9		7.0	7.7	7.1
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	9.7	17.2	10.9			11.2			9.4	11.5
Percent Expecting Rise	50%	0%	0%			50%			50%	0%
Percent Expecting Fall	0%	0%	0%			0%			0%	0%
Q3-06										
Q3-06 Value	8.9	13.2	9.8			11.2				
Percent Expecting Rise	75%									
Percent Expecting Fall	0%									
Q2-06										
Q2-06 Value	9.9					9.8		8.1	7.3	7.8
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good								0%		
Bad to Poor									25%	
Q3-06										
Fair to Good			25%							
Bad to Poor			25%							
Q2-06										
Fair to Good										
Bad to Poor										

Pensacola to Tallahassee

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
Q4-06						
Fair to Good	0%	13%	13%	25%	25%	13%
Bad to Poor	25%	50%	0%	13%	0%	38%
Q3-06						
Fair to Good	13%	50%	0%	25%	0%	25%
Bad to Poor	50%	13%	25%	25%	25%	25%
Q2-06						
Fair to Good	25%	25%	13%	13%	38%	38%
Bad to Poor	50%	38%	38%	50%	25%	13%

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	Free Standing
Q4-06												
Private Buyers	100%	100%		100%	100%			100%			100%	100%
R.E. Companies			50%									
REITs												
Institutions			50%									
Foreign Buyers												
Q3-06												
Private Buyers	100%	100%		100%	100%			100%				
R.E. Companies												
REITs			25%									
Institutions			50%									
Foreign Buyers			25%									
Q2-06												
Private Buyers	100%		33%									
R.E. Companies												
REITs			33%									
Institutions			33%									
Foreign Buyers												

Pensacola to Tallahassee

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										
Q4-06										
Higher						0%			0%	
Lower						25%			0%	
Q3-06										
Higher	25%									
Lower	25%									
Q2-06										
Higher									0%	0%
Lower									0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation						50%			25%	
Slower than Inflation						25%			50%	
Q3-06										
Faster than Inflation	25%									
Slower than Inflation	0%									
Q2-06										
Faster than Inflation									0%	0%
Slower than Inflation									0%	0%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher		
Lower		
Q3-06		
Higher		
Lower		
Q2-06		
Higher	0%	
Lower	50%	
Future Price Increases		
Q4-06		
Faster than Inflation		
Slower than Inflation		
Q3-06		
Faster than Inflation		
Slower than Inflation		
Q2-06		
Faster than Inflation	33%	
Slower than Inflation	67%	

Sarasota - Bradenton

- Cap rates are slightly higher than the state average (0.16 percentage points higher) and range from 6.4% (Condo Conversion) to 8.1% (Office B).
- Compared to state wide property averages, the most notable difference in cap rates is for Condo Conversion in which Sarasota – Bradenton levels are 0.31 percentage points below state levels.
- On average, cap rates have risen by 0.37 percentage points since last quarter. Condo Conversion and Office B have changed the most since last quarter, with cap rates currently 0.9 percentage points higher. The overall outlook is still for cap rates to be even higher next quarter.
- Required yields are 3.32 percentage points higher than the statewide average. Required yields range from 13.3% (Strip Centers) to 21.2% (Condo Conversion).
- On average, required yields have risen 3.52 percentage points since last quarter. All product types have higher required yields than before, and the trend is expected to continue or remain neutral for all product types except Large Retail, which has a neutral/negative outlook.
- The outlook for development is mixed. Condo Conversion has a negative outlook and Large Retail has a neutral positive outlook. All other outlooks are uncertain.
- The outlook for land development generally has grown more neutral since the last survey. The most notable changes have been the shift to a neutral/negative expectation for land without entitlements and a shift to negative for land with residential entitlements.
- Single-family developments have a neutral outlook for future absorption rates and are expecting prices to grow slower than inflation (86% consensus). Condominium developments have a negative outlook for both future absorption rates and future price increases.

Sarasota - Bradenton

Table 11a

Sarasota-Bradenton	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										
Q4-06										
Q4-06 Value	6.6	6.4	7.6	7.5	7.2	8.1	7.1	7.2	7.9	7.2
Percent Expecting Rise	50%	40%	0%	67%	67%	67%	50%	50%	67%	63%
Percent Expecting Fall	0%	20%	0%	17%	17%	33%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.3	5.6	6.9	7.7	7.0	7.3	7.0	6.8	7.7	7.0
Percent Expecting Rise								83%		
Percent Expecting Fall								0%		
Q2-06										
Q2-06 Value	6.0	4.9	7.3	7.7	7.3	7.9	6.8	7.0		7.2
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	13.7	21.2	14.9	15.8	15.4	15.2	14.5	14.1	13.3	15.5
Percent Expecting Rise	50%	20%	0%	33%	33%	33%	0%	17%	67%	25%
Percent Expecting Fall	0%	0%	0%	0%	17%	0%	50%	17%	0%	0%
Q3-06										
Q3-06 Value	10.7	14.9	11.6	12.5	10.8	12.9	10.6	11.3	12.5	10.5
Percent Expecting Rise								50%		
Percent Expecting Fall								33%		
Q2-06										
Q2-06 Value	12.7	14.8	10.6	12.2	11.5	12.5	11.1	10.8		10.5
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good	29%	11%	25%	20%	25%	17%	63%		50%	25%
Bad to Poor	29%	78%	50%	40%		17%	25%		50%	58%
Q3-06										
Fair to Good			0%				75%		25%	33%
Bad to Poor			100%				25%		50%	67%
Q2-06										
Fair to Good										
Bad to Poor										

Sarasota - Bradenton

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
Q4-06						
Fair to Good	19%	12%	46%	35%	46%	42%
Bad to Poor	50%	65%	15%	23%	15%	12%
Q3-06						
Fair to Good	40%	27%	67%	40%	27%	40%
Bad to Poor	40%	47%	20%	20%	20%	13%
Q2-06						
Fair to Good	31%	38%	31%	0%	54%	54%
Bad to Poor	46%	15%	15%	15%	15%	15%

Table 11c

Investors by Property Type

Sarasota-Bradenton	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
Q4-06												
Private Buyers	100%	100%	25%	80%	100%	67%	13%	100%	25%	33%	33%	88%
R.E. Companies			50%	20%		17%	13%		25%	33%	33%	
REITs			25%				13%		50%	50%		
Institutions							63%					
Foreign Buyers												
Q3-06												
Private Buyers	100%	100%	75%	100%		100%		50%		17%	100%	100%
R.E. Companies			25%					50%		50%		
REITs					100%		25%		25%	50%		
Institutions							75%		75%	17%		
Foreign Buyers												
Q2-06												
Private Buyers	100%	80%	40%				25%			50%		100%
R.E. Companies		20%	40%									
REITs							25%			50%		
Institutions			20%				50%					
Foreign Buyers												

Sarasota - Bradenton

Table 11d

Sarasota-Bradenton	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
Future Occupancy										
Q4-06										
Higher	100%	20%		50%	86%		25%	8%		13%
Lower	0%	20%		0%	0%		0%	25%		0%
Q3-06										
Higher	50%				75%		50%	83%		25%
Lower	25%				25%		0%	17%		0%
Q2-06										
Higher	60%				50%		25%		0%	0%
Lower	0%				0%		25%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	25%	20%	100%		29%		25%	50%		38%
Slower than Inflation	0%	60%		17%	14%		50%	42%		25%
Q3-06										
Faster than Inflation	0%				25%		25%	50%		50%
Slower than Inflation	25%				25%		50%	17%		0%
Q2-06										
Faster than Inflation	0%				75%		75%		0%	0%
Slower than Inflation	20%				0%		0%		0%	0%

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	29%	13%
Lower	29%	75%
Q3-06		
Higher		
Lower		
Q2-06		
Higher		0%
Lower		60%
Future Price Increases		
Q4-06		
Faster than Inflation	14%	13%
Slower than Inflation	86%	87%
Q3-06		
Faster than Inflation		
Slower than Inflation		
Q2-06		
Faster than Inflation		40%
Slower than Inflation		60%

Southwest Coast

- Cap rates are slightly below the state average by 0.12 percentage points and range from 6.2% (Condo Conversion) to 7.8% (Office B).
- Cap rates have risen slightly since the last survey by 0.11 percentage points and are expected to rise in the future for all product types.
- Yields are lower than the statewide average by 0.42 percentage points and range from 9.1% (Strip Centers) to 17.0% (Condo Conversion).
- Compared to last quarter, required yields are now 0.65 points higher, with the largest positive changes being in Condo Conversions and Free Standing (up 3.4 and 2.1 percentage points, respectively) and the largest negative change being in Strip Centers (down 2.1 percentage points).
- The land development outlook is neutral to positive for all types except land without entitlements and land with residential entitlements.

Southwest Coast

Table 6a

Southwest Coast	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										
Q4-06										
Q4-06 Value	6.3	6.2	7.3	7.2	7.0	7.8	6.8	6.9	7.6	7.0
Percent Expecting Rise	33%	100%	100%	50%	60%	100%	50%	50%	80%	100%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.3	5.5	6.9	7.7	7.0	7.2	7.0	6.7	7.7	7.0
Percent Expecting Rise			25%					60%	50%	0%
Percent Expecting Fall			0%					0%	0%	25%
Q2-06										
Q2-06 Value	5.8	4.7	7.1	7.4	7.1		6.5	6.8	7.5	6.9
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	9.5	17.0	10.7	11.7	11.2	11.0	10.3	9.9	9.1	11.3
Percent Expecting Rise	33%	0%	100%	50%	40%	100%	25%	30%	80%	100%
Percent Expecting Fall	0%	100%	0%	0%	20%	0%	25%	10%	0%	0%
Q3-06										
Q3-06 Value	9.3	13.6	10.2	11.2	9.4	11.6	9.3	10.0	11.2	9.2
Percent Expecting Rise			25%					40%	33%	0%
Percent Expecting Fall			0%					20%	0%	25%
Q2-06										
Q2-06 Value	11.9	14.0	9.8	11.4	10.7		10.2	10.0	9.2	9.7
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good	9%	13%	0%			0%	50%		60%	30%
Bad to Poor	36%	50%	50%			60%	33%		40%	70%
Q3-06										
Fair to Good	22%	25%			75%					60%
Bad to Poor	44%	63%			25%					20%
Q2-06										
Fair to Good	22%	9%	38%				17%		33%	40%
Bad to Poor	44%	82%	38%				67%		33%	40%

Southwest Coast

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
Q4-06						
Fair to Good	19%	15%	58%	27%	50%	35%
Bad to Poor	42%	50%	12%	19%	15%	15%
Q3-06						
Fair to Good	32%	26%	47%	37%	26%	37%
Bad to Poor	58%	47%	16%	11%	16%	16%
Q2-06						
Fair to Good	21%	29%	42%	21%	38%	29%
Bad to Poor	38%	29%	21%	25%	25%	25%

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	Free Standing
Q4-06												
Private Buyers	73%	88%	50%		100%	40%	33%	100%		30%	100%	50%
R.E. Companies	27%	13%	25%	100%		60%	17%			20%		
REITs			25%				17%		40%	40%		
Institutions							33%		60%			50%
Foreign Buyers												
Q3-06												
Private Buyers	67%	75%	67%	100%	75%	100%	33%	100%			83%	100%
R.E. Companies	33%	25%					67%		33%	40%		
REITs					25%					40%		
Institutions			33%						67%			
Foreign Buyers											17%	
Q2-06												
Private Buyers	78%	82%	50%	33%			17%		17%	40%		
R.E. Companies	22%	9%	38%	33%			17%		33%			
REITs			13%				33%		17%	40%		
Institutions				33%			33%		33%	20%		
Foreign Buyers												

Southwest Coast

Table 6d

Southwest Coast	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
Future Occupancy										
Q4-06										
Higher	75%			60%	67%		20%	0%	0%	
Lower	0%			0%	0%		0%	20%	20%	
Q3-06										
Higher			25%					20%	33%	25%
Lower			0%					0%	0%	0%
Q2-06										
Higher	25%				33%	50%	20%		0%	0%
Lower	0%				0%	0%	20%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	50%			20%	17%		60%	60%	20%	
Slower than Inflation	0%			40%	17%		40%	40%	60%	
Q3-06										
Faster than Inflation			75%					60%	50%	75%
Slower than Inflation			0%					20%	17%	0%
Q2-06										
Faster than Inflation	13%				17%	50%	80%		0%	0%
Slower than Inflation	38%				0%	17%	0%		0%	0%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	9%	13%
Lower	64%	75%
Q3-06		
Higher	11%	13%
Lower	78%	88%
Q2-06		
Higher	0%	0%
Lower	78%	91%
Future Price Increases		
Q4-06		
Faster than Inflation	18%	13%
Slower than Inflation	82%	88%
Q3-06		
Faster than Inflation	11%	13%
Slower than Inflation	89%	88%
Q2-06		
Faster than Inflation	22%	36%
Slower than Inflation	78%	64%

Tampa – St. Pete

- Cap rates are nearly equal to the statewide average and range from 6.3% (Condo Conversion) to 8.0% (Office B).
- Cap rates have fallen slightly since last quarter. The biggest differences were a fall in Flex Space/R&D cap rates by 0.7 percentage points and a rise in Condo Conversion cap rates by 0.5 percentage points.
- Market respondents expect cap rates to remain unchanged or continue to rise, but their expectations are not as strong as last quarter. An exception is for Condo Conversions where 100 percent of respondents expect cap rates to rise.
- Tampa – St-Pete required yields are almost equal to the statewide average. Yields range from 9.5% (Strip Centers) to 17.3% (Condo Conversion).
- Required yields on average have risen by 1.35 percentage points from last quarter. The biggest comparative difference was +4.1 percentage point change for Condo Conversion and a +2.5 percentage point change for Office A. Required yields are expected to remain flat for most product types with the exception of Condo Conversions (75% expecting rise).
- Similar to last quarter, the future investment outlook is neutral/negative, although there is still strength in Neighborhood Centers (63% positive). There is a negative investment outlook for Flex Space/R&D and Condo Conversion. The outlook for Office A has switched from neutral/positive to neutral/negative since last quarter.
- On average, the outlook for land development is mixed. There is a neutral/positive outlook for Land with Industrial Entitlements, Land for Urban Redevelopment and Land with Commercial Entitlements. All others have a neutral/negative outlook.
- Future occupancy expectations are still neutral/positive and in line with state expectations. Office A and Office B have significantly positive outlooks.
- Expectations for rental rate increases are also neutral/positive and slightly above the statewide expectations. However for many product types the outlook is mixed.
- Single-family developments and Condominium developments both have very strong expectations for lower absorption rates. For both Single-family developments and Condominium developments, future price increases are expected to grow slower than inflation.

Tampa – St. Pete

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	Neighbor- hood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-06										
Q4-06 Value	6.5	6.3	7.5	7.4	7.1	8.0	7.0	7.0	7.8	7.1
Percent Expecting Rise	60%	100%	0%	50%	38%	14%	20%	44%	67%	67%
Percent Expecting Fall	0%	0%	0%	10%	8%	14%	0%	0%	0%	0%
Q3-06										
Q3-06 Value	6.6	5.9	7.2	8.0	7.3	7.6	7.3	7.1	8.0	7.3
Percent Expecting Rise	80%	75%	60%	67%	63%	90%	50%	73%	80%	33%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%
Q2-06										
Q2-06 Value	6.0	4.9	7.3	7.7	7.3	7.9	6.7	7.0	7.7	7.2
Percent Expecting Rise	58%	83%	43%	80%	63%	67%	86%	44%	50%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-06										
Q4-06 Value	9.8	17.3	11.0	12.0	11.6	11.3	10.6	10.3	9.5	11.6
Percent Expecting Rise	50%	75%	25%	30%	31%	14%	0%	25%	50%	33%
Percent Expecting Fall	5%	0%	0%	0%	8%	0%	40%	13%	0%	0%
Q3-06										
Q3-06 Value	9.0	13.3	9.9	10.8	9.1	11.3	9.0	9.7	10.9	8.9
Percent Expecting Rise	60%	75%	40%	33%	43%	60%	38%	64%	60%	17%
Percent Expecting Fall	13%	0%	20%	33%	14%	10%	0%	9%	20%	33%
Q2-06										
Q2-06 Value	11.5	13.7	9.5	11.1	10.4	11.4	9.9	9.7	8.9	9.4
Percent Expecting Rise	58%	83%	43%	80%	63%	67%	86%	44%	50%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-06										
Fair to Good	8%	7%	35%	0%	35%	36%	50%	63%	40%	29%
Bad to Poor	54%	73%	30%	100%	60%	27%	31%	13%	40%	53%
Q3-06										
Fair to Good	0%	8%	13%	0%	33%	29%	36%	20%	27%	25%
Bad to Poor	58%	83%	56%	50%	0%	14%	18%	30%	27%	42%
Q2-06										
Fair to Good	14%	14%	27%	13%	22%	40%	36%	14%	22%	33%
Bad to Poor	43%	79%	40%	50%	22%	40%	36%	57%	33%	44%

Tampa – St. Pete

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
Q4-06						
Fair to Good	23%	25%	37%	21%	40%	42%
Bad to Poor	49%	56%	19%	26%	18%	18%
Q3-06						
Fair to Good	26%	24%	32%	22%	20%	26%
Bad to Poor	32%	30%	22%	24%	24%	22%
Q2-06						
Fair to Good	35%	39%	46%	22%	41%	46%
Bad to Poor	39%	33%	13%	26%	17%	15%

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	Free Standing
Q4-06												
Private Buyers	77%	87%	40%	100%	20%	45%	25%	75%		41%	50%	80%
R.E. Companies	15%	13%	20%		20%	27%	13%	13%	40%	24%	33%	
REITs			15%		40%	18%	6%		40%	33%		
Institutions			20%				50%	13%	20%	6%		10%
Foreign Buyers	8%				20%		6%					
Q3-06												
Private Buyers	75%	67%	44%	75%		86%	9%	80%		17%	60%	83%
R.E. Companies	25%	25%	13%	13%			9%	20%	18%	42%	40%	
REITs			13%		100%	14%	18%		36%	33%		17%
Institutions		8%	25%	13%			64%		45%	25%		
Foreign Buyers			6%									
Q2-06												
Private Buyers	64%	79%	27%	75%		40%	9%	71%	22%	56%	50%	80%
R.E. Companies	29%	14%	27%	25%	22%	20%	18%	14%	22%		50%	
REITs	7%		13%		67%	20%	18%	14%	22%	33%		20%
Institutions		7%	33%		11%		55%		33%	11%		
Foreign Buyers						20%						

Tampa – St. Pete

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	Neighbor- hood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-06										
Higher	50%	25%	20%	45%	80%	63%	20%	24%	33%	20%
Lower	5%	25%	0%	9%	7%	0%	0%	12%	17%	0%
Q3-06										
Higher	44%	13%	67%	29%	64%	40%	45%	33%	20%	0%
Lower	13%	25%	0%	14%	9%	0%	0%	8%	40%	0%
Q2-06										
Higher	80%	13%	56%	60%	73%	33%	22%	25%	0%	0%
Lower	0%	38%	0%	20%	9%	0%	11%	0%	0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation	30%	50%	40%	27%	20%	25%	60%	65%	33%	40%
Slower than Inflation	5%	0%	0%	45%	13%	25%	40%	29%	50%	30%
Q3-06										
Faster than Inflation	13%	25%	17%	29%	18%	60%	55%	50%	60%	50%
Slower than Inflation	13%	25%	33%	29%	18%	20%	27%	25%	40%	17%
Q2-06										
Faster than Inflation	27%	25%	78%	20%	55%	89%	89%	75%	0%	0%
Slower than Inflation	7%	25%	0%	40%	0%	0%	0%	25%	0%	0%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	0%	0%
Lower	54%	79%
Q3-06		
Higher	0%	8%
Lower	92%	83%
Q2-06		
Higher	7%	0%
Lower	64%	100%
Future Price Increases		
Q4-06		
Faster than Inflation	15%	7%
Slower than Inflation	85%	93%
Q3-06		
Faster than Inflation	17%	17%
Slower than Inflation	75%	75%
Q2-06		
Faster than Inflation	36%	29%
Slower than Inflation	64%	64%

Treasure Coast

- Cap rates are slightly below the state average of 7.13% and range from 6.3% (Condo Conversion) to 7.7% (Strip Centers).
- Cap rates have risen since the last survey by 0.83 percentage points, with the largest increase being for Condo Conversions (from 4.8% to 6.3%). Cap rates are expected to rise in the future for all product types except Warehouse and Distribution.
- On average, yields are higher than the statewide average by 2.48 percentage points and range from 12.0% (Strip Centers) to 19.8% (Condo Conversion).
- Compared to last quarter, yields are now 1.93 percentage points higher, with the largest changes being in Condo Conversions (from 15.2% to 19.8%).
- The land development outlook is neutral/positive for Land with commercial, hospitality and industrial entitlements. All others have uncertain or neutral/negative expectations.

Treasure Coast

Table 5a

Treasure Coast	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										
Q4-06										
Q4-06 Value	6.4	6.3	7.4	7.3	7.1		6.9	7.0	7.7	7.1
Percent Expecting Rise	100%	50%	0%	67%	0%		33%	25%	67%	50%
Percent Expecting Fall	0%	0%	50%	0%	0%		0%	0%	0%	0%
Q3-06										
Q3-06 Value	5.5	4.8	6.2	7.0	6.3	6.5	6.3	6.0	7.0	6.3
Percent Expecting Rise		50%						100%	75%	
Percent Expecting Fall		25%						0%	0%	
Q2-06										
Q2-06 Value	6.0	4.9	7.3	7.7	7.3		6.8	7.0	7.7	
Percent Expecting Rise										
Percent Expecting Fall										
Yields										
Q4-06										
Q4-06 Value	12.3	19.8	13.5	14.5	14.1		13.1	12.8	12.0	14.1
Percent Expecting Rise	0%	0%	0%	0%	50%		33%	75%	67%	0%
Percent Expecting Fall	0%	0%	50%	0%	0%		0%	0%	0%	0%
Q3-06										
Q3-06 Value	11.0	15.2	11.9	12.8	11.1	13.2	10.9	11.6	12.8	10.8
Percent Expecting Rise		25%						75%	50%	
Percent Expecting Fall		50%						25%	0%	
Q2-06										
Q2-06 Value	14.1	16.2	12.0	13.6	12.9		12.4	12.2	11.5	
Percent Expecting Rise										
Percent Expecting Fall										
Investment Outlook										
Q4-06										
Fair to Good	33%	0%							50%	50%
Bad to Poor	50%	100%							17%	25%
Q3-06										
Fair to Good	17%	17%		25%	75%	50%				0%
Bad to Poor	67%	67%		50%	25%	50%				75%
Q2-06										
Fair to Good										
Bad to Poor										

Treasure Coast

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
Q4-06						
Fair to Good	12%	12%	35%	29%	35%	12%
Bad to Poor	47%	47%	18%	18%	12%	24%
Q3-06						
Fair to Good	22%	22%	33%	33%	44%	17%
Bad to Poor	56%	50%	33%	22%	28%	33%
Q2-06						
Fair to Good	21%	29%	29%	14%	14%	29%
Bad to Poor	43%	36%	14%	14%	14%	14%

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	Free Standing
Q4-06												
Private Buyers	67%	50%		67%		67%			17%		67%	100%
R.E. Companies	33%	50%		33%							33%	
REITs			100%		50%	33%			17%	25%		
Institutions					50%		100%		67%			
Foreign Buyers												
Q3-06												
Private Buyers	50%	50%		50%	75%	100%		100%		25%	50%	100%
R.E. Companies	50%	50%		50%			100%			25%	25%	
REITs					25%				67%	25%		
Institutions			100%							25%		
Foreign Buyers									33%		25%	
Q2-06												
Private Buyers	75%	100%	60%									
R.E. Companies	25%		40%							75%		
REITs										25%		
Institutions												
Foreign Buyers												

Treasure Coast

Table 5d

Treasure Coast	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
Future Occupancy										
Q4-06										
Higher							17%	25%		
Lower							17%	25%		
Q3-06										
Higher		25%	50%	75%				50%	0%	
Lower		50%	0%	25%				0%	0%	
Q2-06										
Higher	80%						0%		0%	0%
Lower	0%						25%		0%	0%
Rental Rate Increases										
Q4-06										
Faster than Inflation							33%	50%		
Slower than Inflation							50%	50%		
Q3-06										
Faster than Inflation		25%	25%	0%				25%	25%	
Slower than Inflation		50%	0%	25%				25%	75%	
Q2-06										
Faster than Inflation	60%						0%		0%	0%
Slower than Inflation	40%						75%		0%	0%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-06		
Higher	17%	25%
Lower	50%	75%
Q3-06		
Higher	0%	0%
Lower	83%	83%
Q2-06		
Higher	0%	20%
Lower	100%	80%
Future Price Increases		
Q4-06		
Faster than Inflation	17%	25%
Slower than Inflation	83%	75%
Q3-06		
Faster than Inflation	33%	17%
Slower than Inflation	67%	83%
Q2-06		
Faster than Inflation	0%	20%
Slower than Inflation	75%	80%