
Survey of Emerging Market Conditions

Quarter 4 2008

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the September 2008 fielding. For more information about the survey or the Bergstrom Center for Real Estate Studies, visit our website at www.realestate.ufl.edu.

Executive Summary & Conclusions

The world of income producing real estate is clearly feeling the chill of the financial turmoil and recession. For most property types, and on virtually every measure, our respondents are reporting a decline in the real estate market and investment outlook. In the previous quarter the short-term outlook as revealed in expected occupancy and rental rate changes, or, for residential development by absorption rates and prices, was poor, but the longer view captured in cap rates and investment outlook remained stable and even edging up. Now many facets of the longer term perspective have weakened as well.

Highlights

- The general investment outlook for Florida real estate, though still mixed, edged downward.
- Though expectations increasingly are for new home prices to decline, the expectation for absorption is for no change.
- The outlook for single family development remains mixed but positive, while the outlook for condo development, perhaps surprisingly, remains mixed but neutral.
- While the outlook for market rate apartments weakened in almost every respect, it still remained positive for occupancy and investment outlook.
- The outlook for all rental rates was for sub-inflation rate growth or decline, and the expectation became more pessimistic for all property types.
- The outlook for occupancy is for declines in all property types except market rent apartments, with the outlook generally having declined from last quarter.
- Cap rates reached their highest levels in three years, despite declining interest rates. This is a strong indication of growing perceived long term investment risk.
- The respondents' perception of their own business outlook, which has declined steadily for twelve quarters, continued a sharp decline.

The Survey

Our quarterly survey, conducted by the Bergstrom Center for Real Estate Studies, Warrington College of Business Administration, University of Florida is in its twelfth fielding. The total number of participants, at 381, is the most extensive survey of Florida professional real estate analysts and investors conducted on an ongoing basis. It includes respondents representing thirteen urban regions of the state and up to fifteen property types.

General Investment Outlook

Our general index of real estate investment outlook, weighted 40 percent for single family and condo development, 40 percent for apartments and commercial rental property and 20 percent for developable land, remains mixed and fairly stable, but with a slight weakening after four quarters of gradual improvement.

Single Family & Condominium Development

The residential development outlook has weakened in the short term. The outlook for absorption weakened very slightly, while expected prices resumed a definite decline after two quarters of improvement. A somewhat encouraging contrast is in the investment outlook, which remained mildly positive and stable.

Apartments

Expectations for apartment occupancy, which had moved in a positive direction last quarter, reversed direction, if only slightly. Similarly, the expectation for rental rate growth took back its positive step from the last quarter. To compound this picture, the outlook for apartment investment reversed a four quarter trend upward. In addition, cap rates, an indication of long term value, inched upward once again, probably signaling greater perceived risk.

Industrial

The outlook for industrial occupancy remained somewhat weak, but with mixed direction. While the outlook for occupancy in warehouse and distribution dropped slightly, the outlook for flex space, R & D continued to improve somewhat. However, the outlook for rental rates declined for all industrial, continuing a steady drift downward over the last five quarters. While the outlook for investment in industrial remained slightly positive, it also weakened slightly. In addition, cap rates for industrial continued to creep upward, suggesting increased investor uncertainty.

Office

The outlook for office occupancy resumed a two-year decline, signaling an increasingly broad expectation of actual falling occupancy. The outlook for office rental rates, after stabilizing for two quarters at below inflation rate growth, dropped sharply to a level indicating widespread expectation of actual declines in rental rates. Similarly, the longer term outlook for office investment declined from mildly positive to mixed. Further indicating a weakening long term outlook is that cap rates rose noticeably to their highest level in three years, suggesting increased perception of risk.

Retail

The outlook for retail occupancy declined sharply for all except free-standing retail, and it saw slight decline as well. The outlook for rental rate growth is similar. For all types of retail except free-standing, the outlook is for flat or declining rental rates. While the rental rate growth for free standing looks better, it still is broadly expected to lag the inflation rate. The outlook for investment in retail also has declined for all but free standing. The expectation for free standing remains mixed to positive, and slightly improved, while the outlook for investment in neighborhood centers is neutral, and the outlook for investment in strip and large centers has dropped to mixed negative. As with other types of properties, cap rates showed an upward trend, suggesting increased risk.

Land Investment

The outlook for investment in land is steady at a mixed to negative level for unentitled land, residential, and urban renewal sites. For other types, including land with hospitality, office and warehouse/R&D entitlements the outlook has declined notably to a mixed negative level.

Capital Availability

Last quarter the outlook dropped sharply for availability of development capital, with respondents broadly expecting availability to decline. This pessimism is unchanged in the current quarter. By contrast, the availability of capital for acquisitions continues to be regarded as unchanging.

Cap Rates & Yields

Cap rates, the ratio of net cash flow to value, are an important measure of value expectations and perceived risk. Higher cap rates imply lower value. Virtually all cap rates reached their highest

level in the three-year history of the survey. This is especially noteworthy since interest rates have tended to fall, and cap rates usually tend to follow interest rates. Cap rates are highest (in the mid-eight percent range) for strip centers, Class B offices and condo conversion apartments. They remain at or below eight percent for warehouse/R&D, market rent apartments (the lowest), Class A office and all retail except strip centers.

Own Business Outlook

The expectation for respondents' own businesses is unambiguous. It continues its three-year decline, at a sharp rate.

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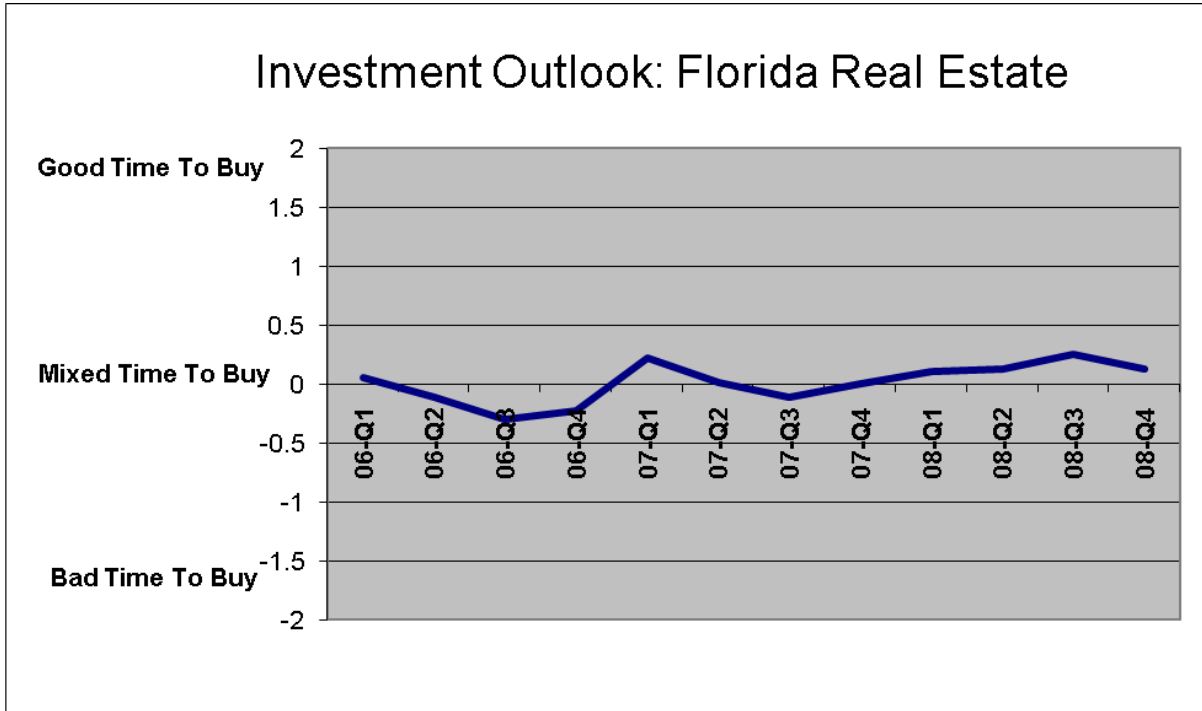
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Section 1: Investment Outlook

The continuing crisis in financial markets and the cloud of recession appear to have taken their toll on the investment outlook of our survey respondents. The four quarter upward trend in the overall outlook has changed direction. It may be noteworthy that the outlook still remains slightly higher than it was at times in 2006 and 2007.

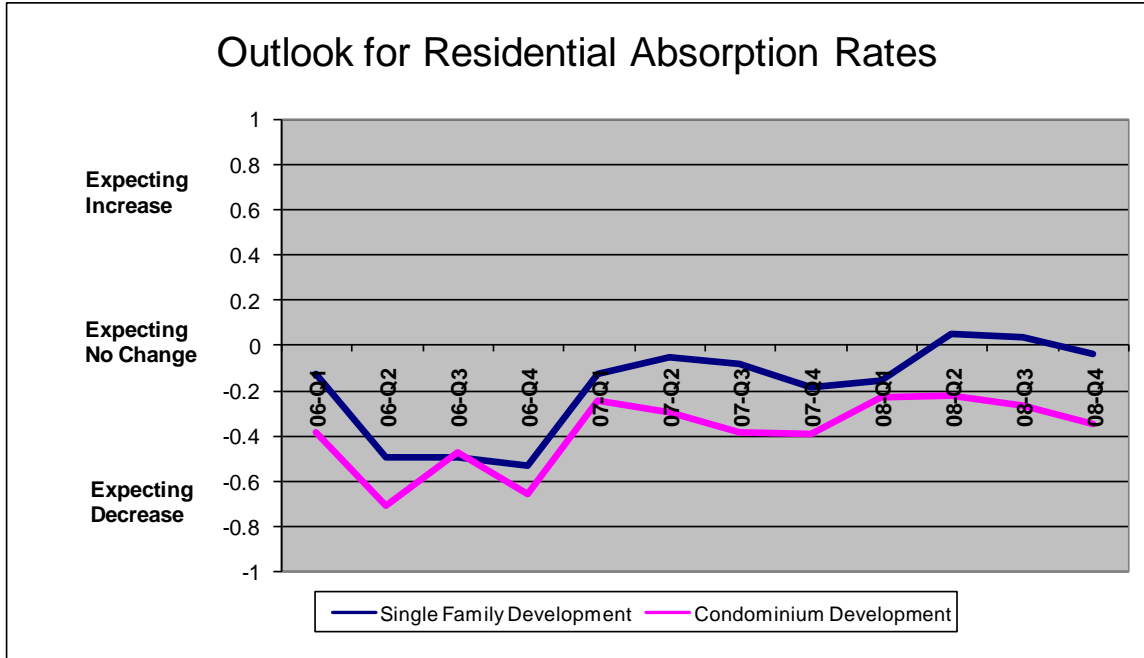


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

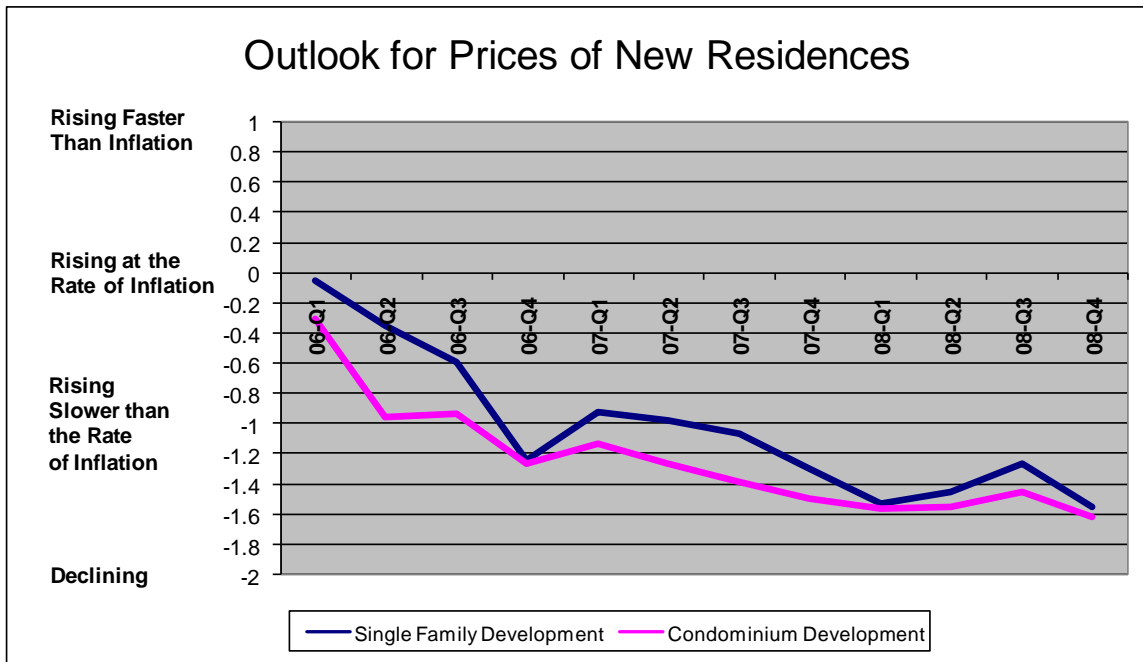
Expected Absorption Rates

The outlook for absorption rates in single family development has remained relatively stable for the past seven quarters. Respondents continue to expect no change in the immediate future. The outlook for condominium development remains more pessimistic than that of single family as absorption rate decreases appear to be on the horizon.



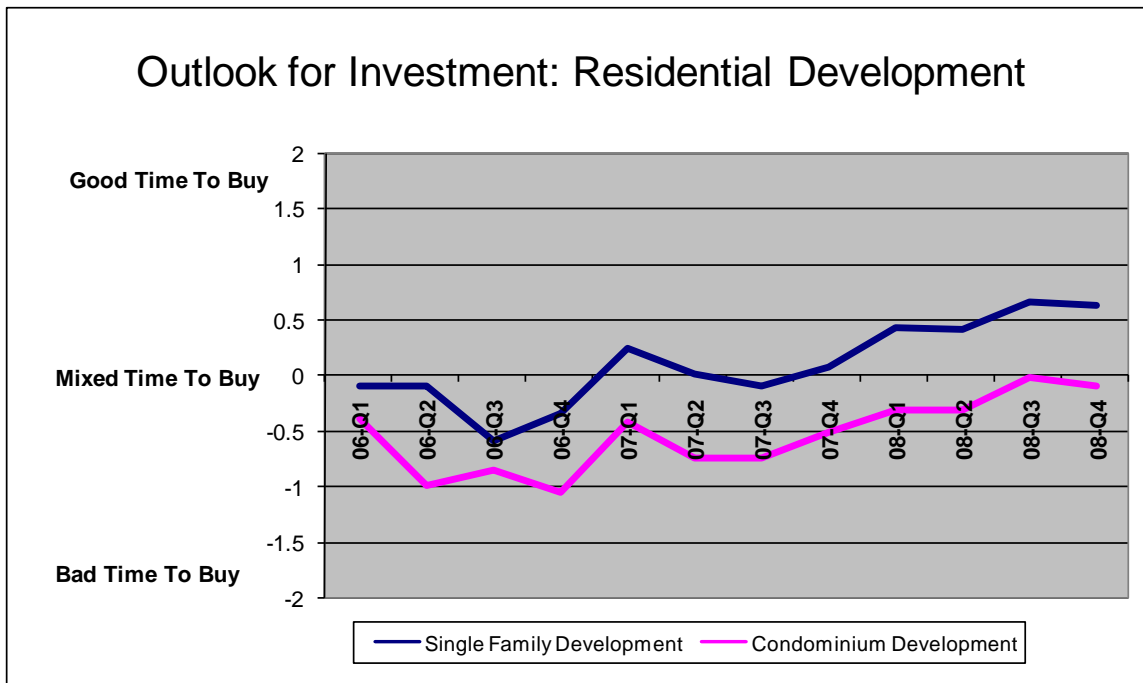
Expected Price Changes

Despite indications over the previous two quarters that prices for new residences were beginning to inch their way back, the outlook has become more pessimistic this quarter. Respondents believe that prices for both single family and condominium development will lag inflation and may even decline in the near future.



Investment Outlook

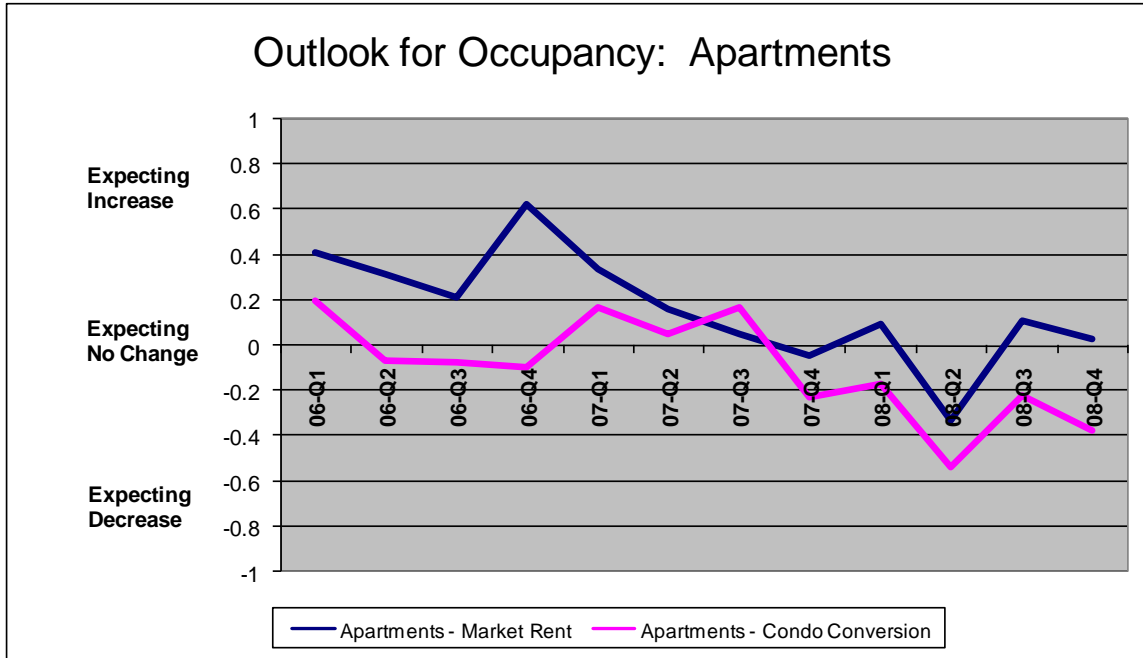
Following four quarters of increasing optimism, the outlook for residential development appears to have stabilized for single family development. It remains a mixed time to buy in this property type as respondents appear to have scaled back their expectations. As has been the trend over the last three years, the outlook for condominium development continues to be less optimistic than that for single family.



Section 3: Apartments

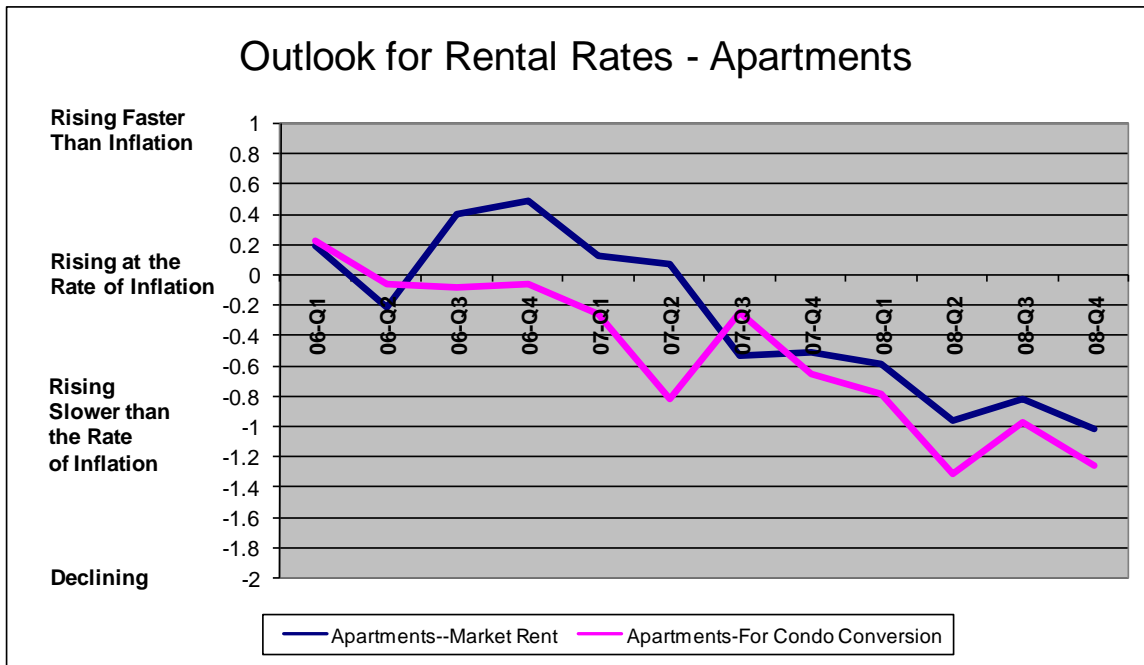
Expected Occupancy

The outlook for future occupancy has been quite volatile over the past four quarters. While respondents are currently expecting no change in occupancy rates for market rent apartments, the outlook for condo conversion continues to be more pessimistic. Respondents indicate that occupancy rates for condo conversion may begin to decrease in the near future.



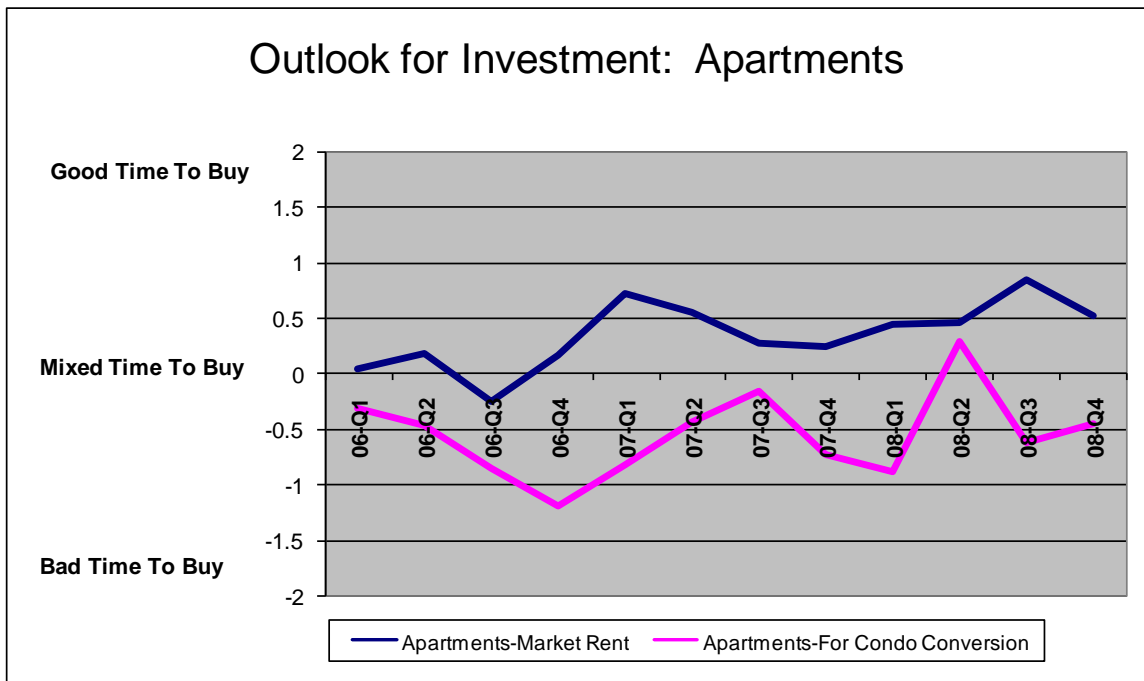
Expected Rental Rates

The outlook for apartment rental rates has grown more pessimistic over the last quarter. Despite optimistic signals just a quarter ago, respondents expect rates for both market rent and condo conversion apartments to continue to rise at a rate slower than inflation.



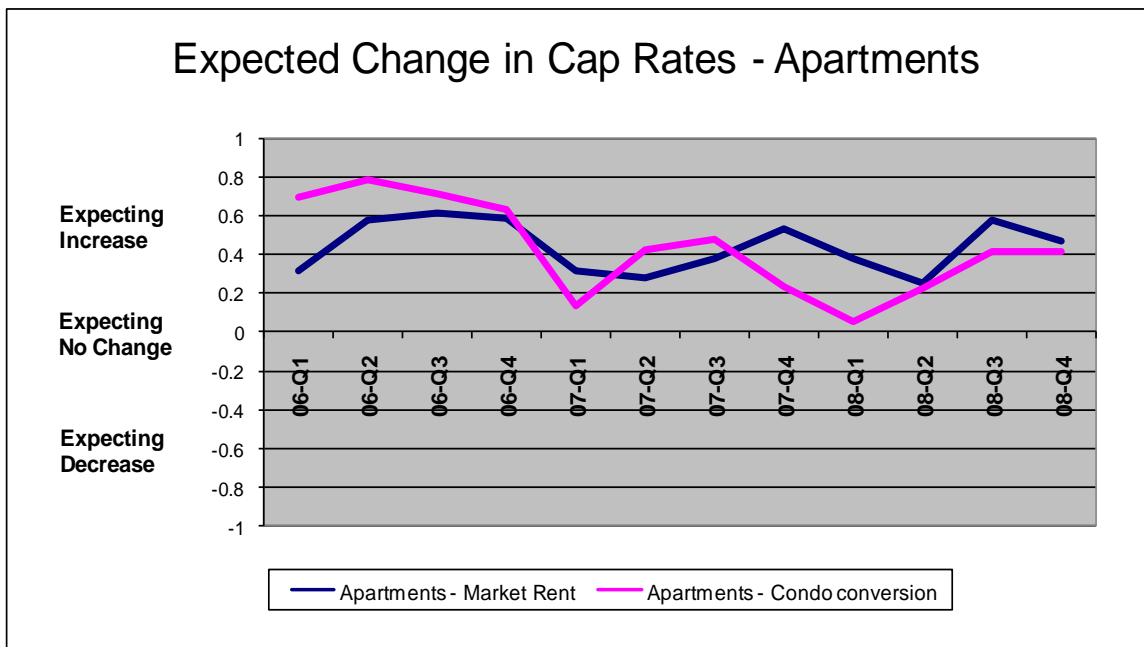
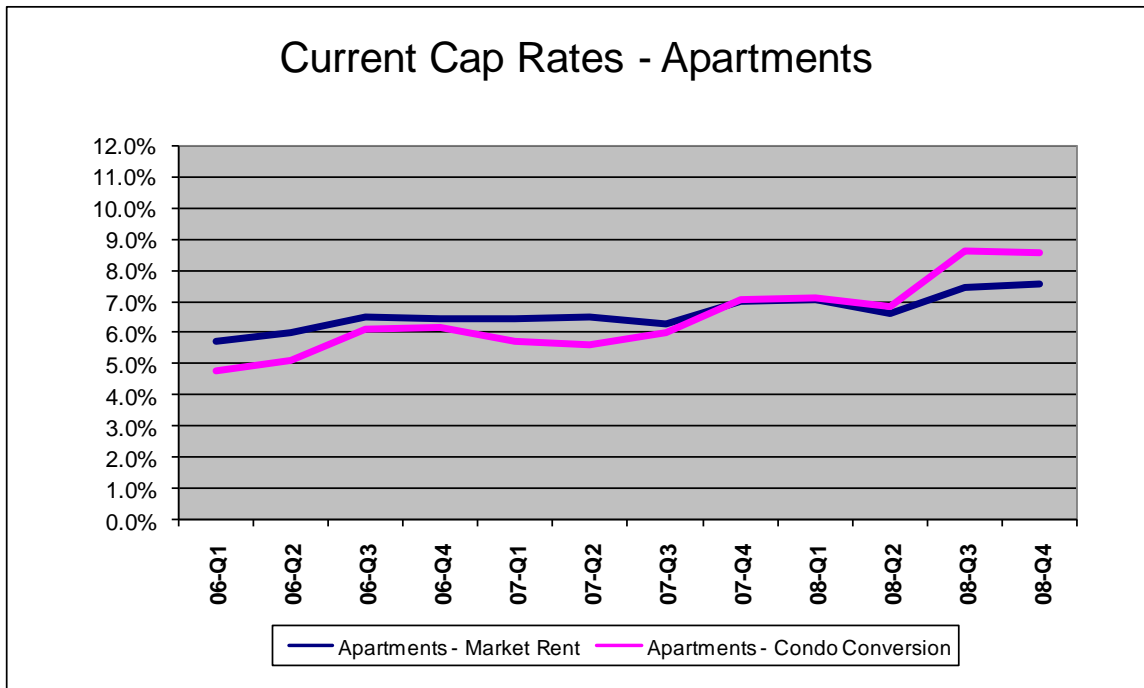
Investment Outlook

There appears to be a movement towards uncertainty in the investment outlook for apartments this quarter. Our respondents indicate that it is a mixed time to buy in both market rent and condo conversion.



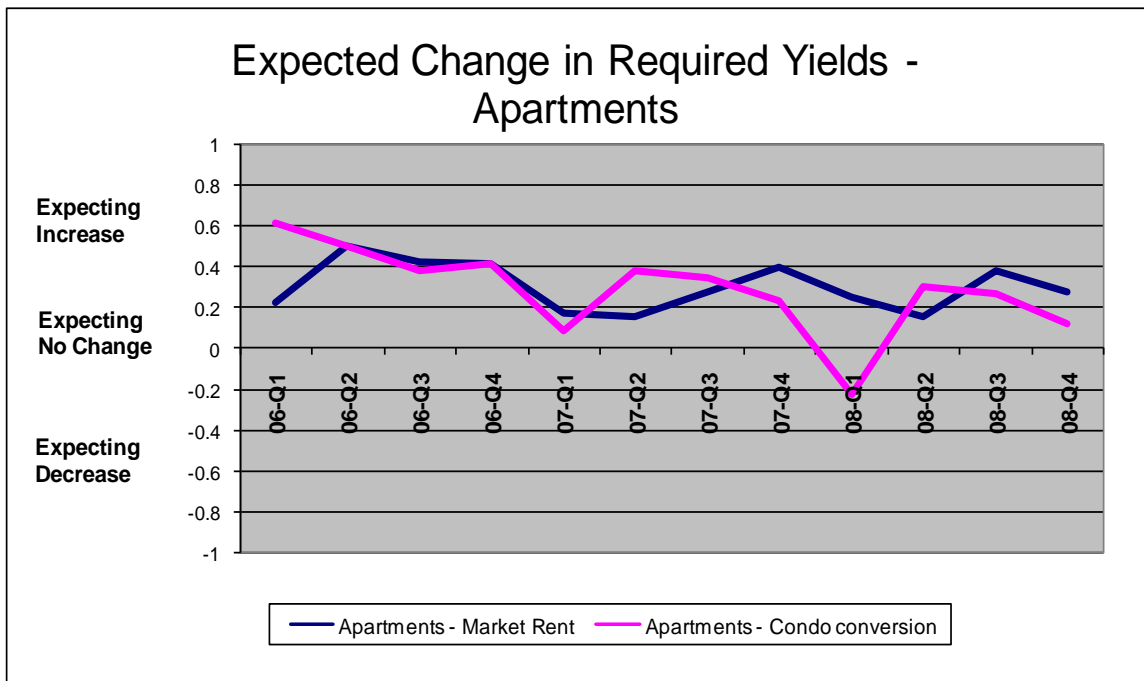
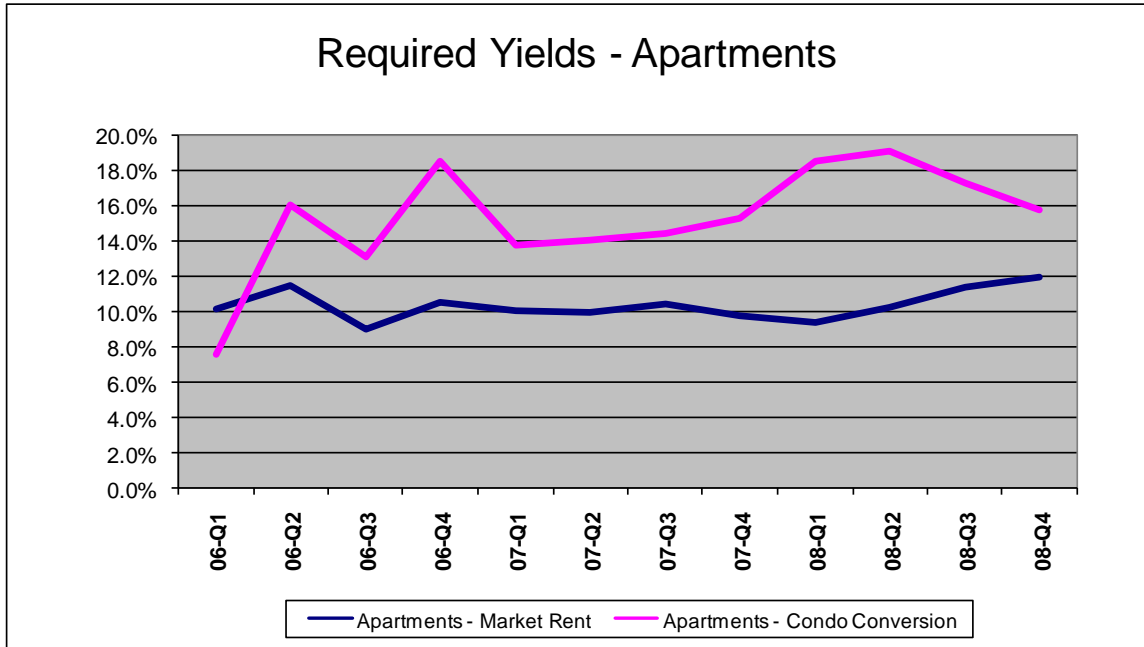
Cap Rates

Cap rates are a significant indicator of the condition of real estate markets. Cap rates have remained relatively unchanged since last quarter's increase, which may signal that investors are once again becoming confident about the state of the Florida real estate. Currently, cap rates for condo conversion apartments are between 8% and 9%. Cap rates for market rent apartments are roughly 1% lower than condo conversion. Although cap rates have remained steady, our respondents are still expecting increases in both condo conversion and market rent apartments.



Required Yields

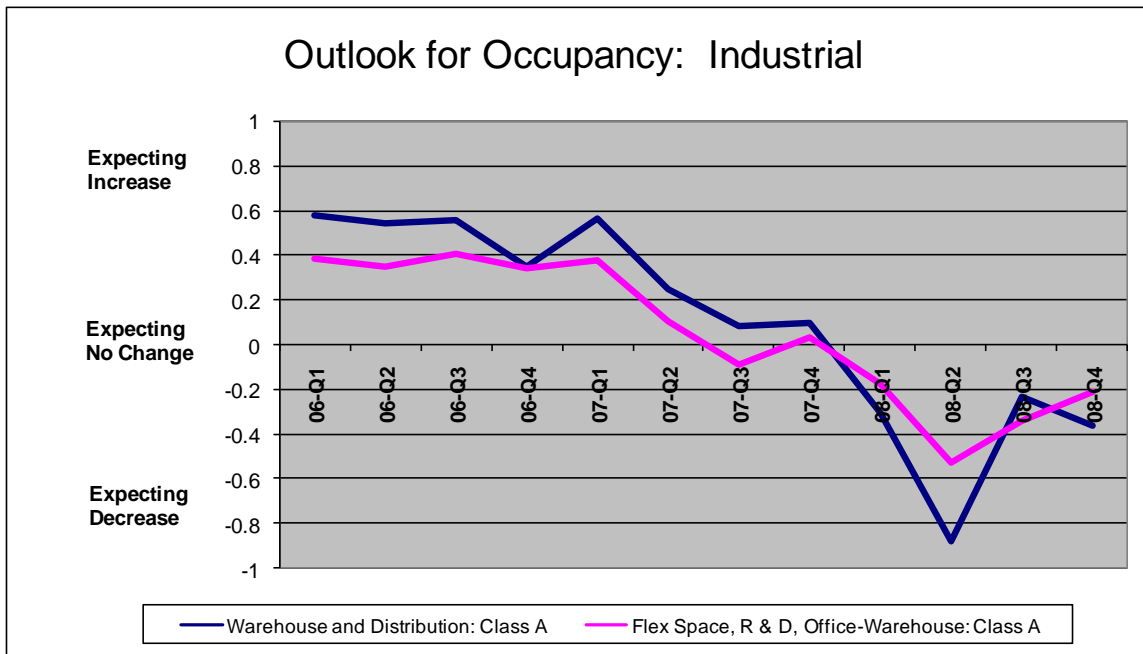
Required yields on condo conversion properties continued to decline this quarter, having fallen nearly 3% since their peak in the second quarter of 2008. However, respondents are expecting no change in condo conversion yields in the immediate future. Yields on market rent apartments have increased moderately this quarter, but as with condo conversion, respondents expect these yields to remain at current levels.



Section 4: Industrial

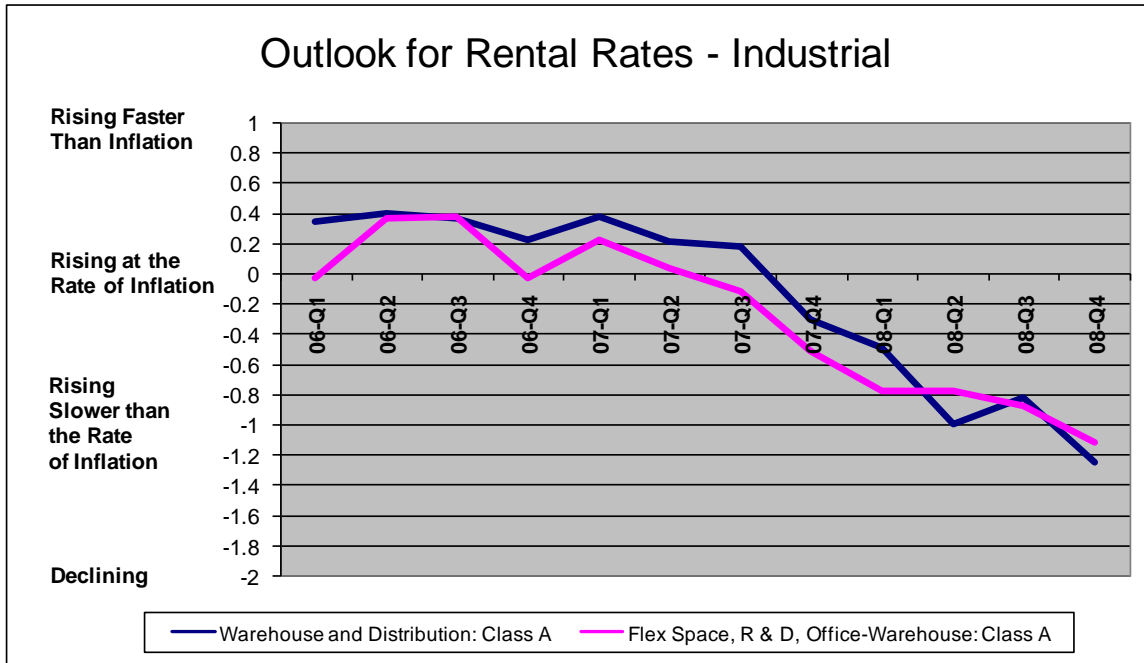
Expected Occupancy

Following last quarter's dramatic increase, the outlook for occupancy in warehouse and distribution has remained relatively stable this quarter. Respondents expect no change in occupancy rates for warehouse and distribution properties. The occupancy outlook for flex space has continued its rebound from a notable decrease just two quarters ago. It appears that respondents expect rates to stay fairly steady in the immediate future.



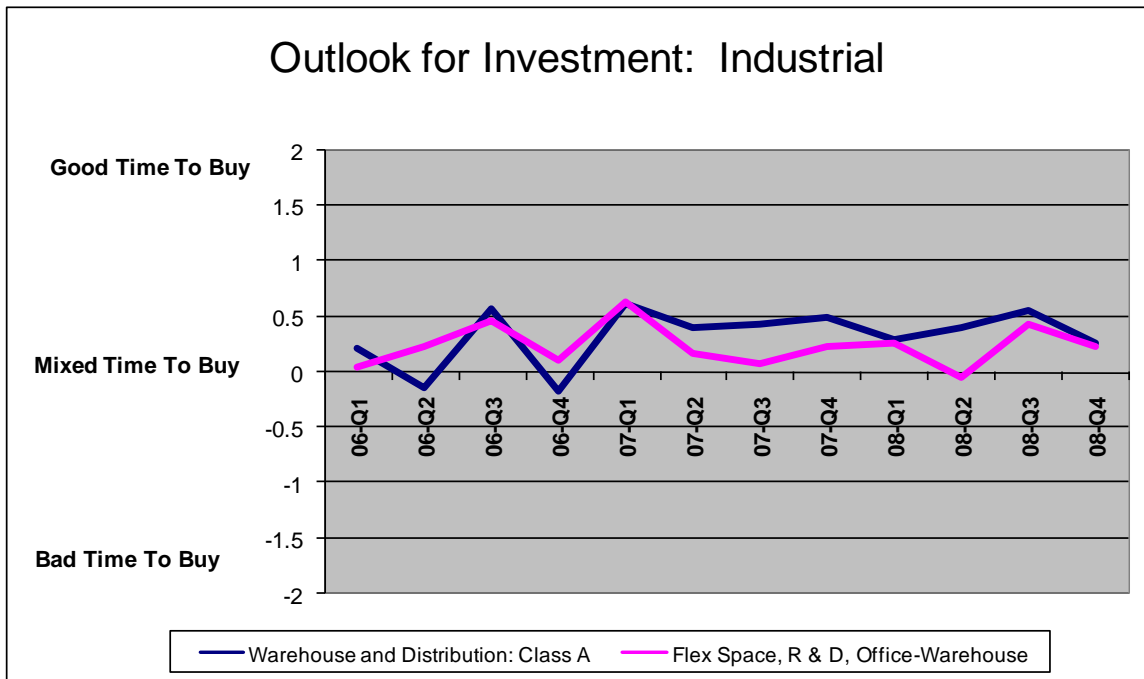
Expected Rental Rates

The outlook for rental rates in warehouse and distribution has continued to weaken over the past quarter. Likewise, the expectation for rental rates in flex space has also weakened, although not as dramatically as those for warehouse and distribution. Respondents expect that rental rates in both property classifications will rise at a rate slower than inflation.



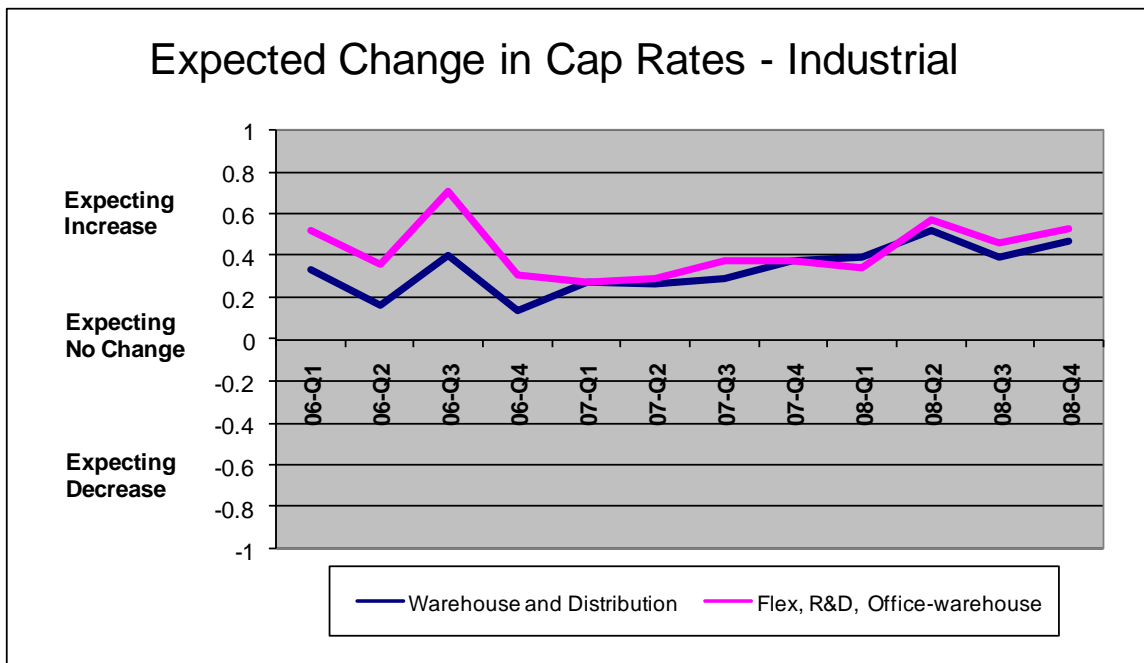
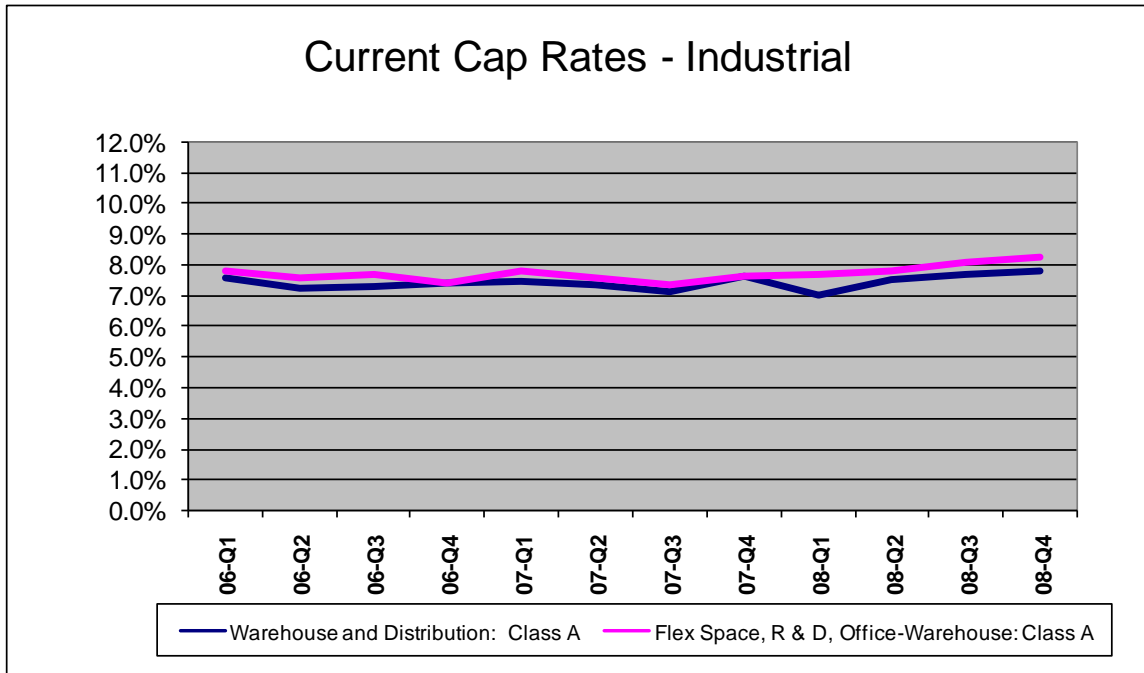
Investment Outlook

Respondents have scaled back expectations that it may soon be a good time to buy industrial properties. Investment outlooks for both flex space and warehouse and distribution have become more pessimistic this quarter as most respondents believe it is a mixed time to buy.



Cap Rates

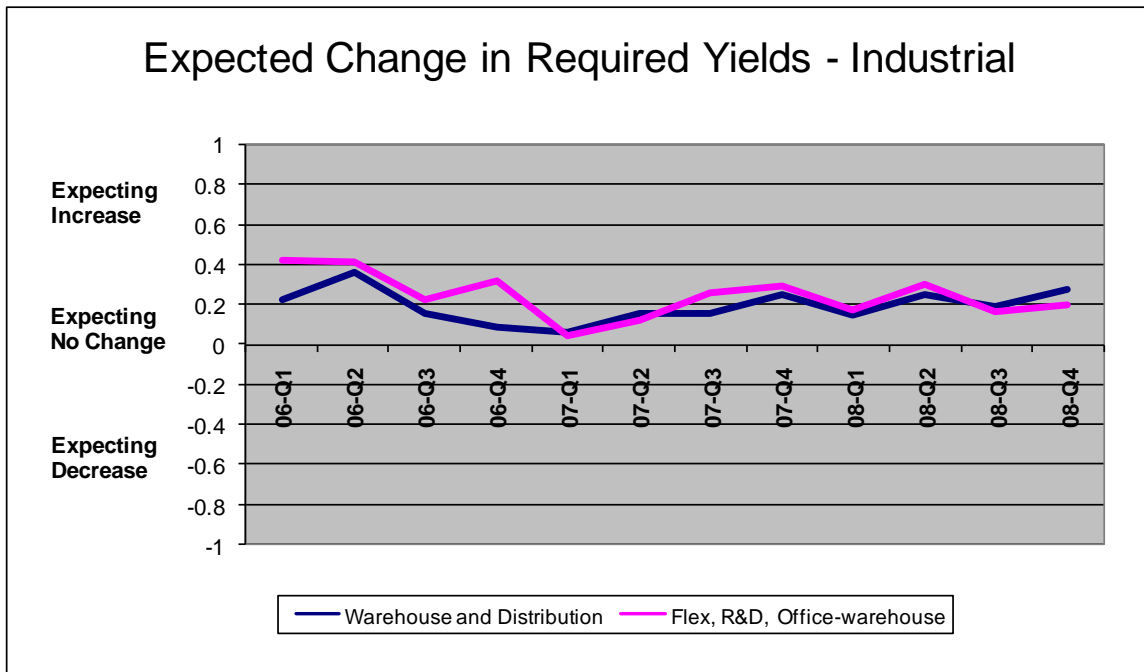
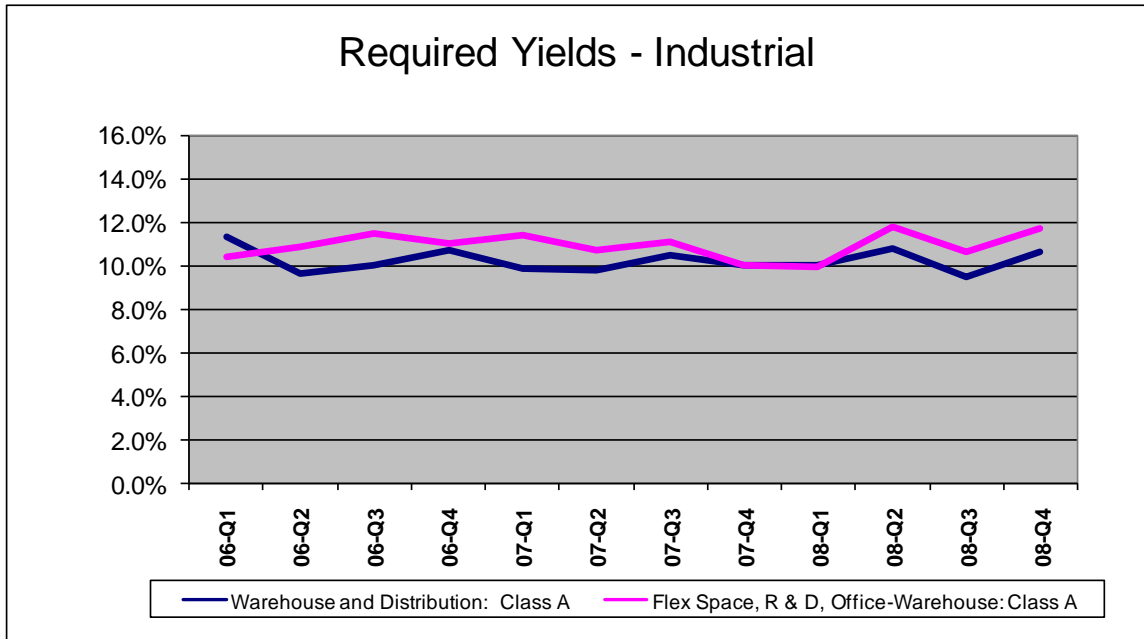
Over the last twelve quarters, actual cap rates for industrial properties have remained relatively stable. However, expectations over the same period have not been as consistent. Over the last two quarters respondents have indicated expectations for increases in cap rates. However, the actual increase over this period of time has been a fraction of 1%. Nonetheless, respondents continue to expect cap rate increases.



Yields

Required yields for industrial properties continue to show some volatility. After declining last quarter, yields have once again increased for both flex space and warehouse and distribution.

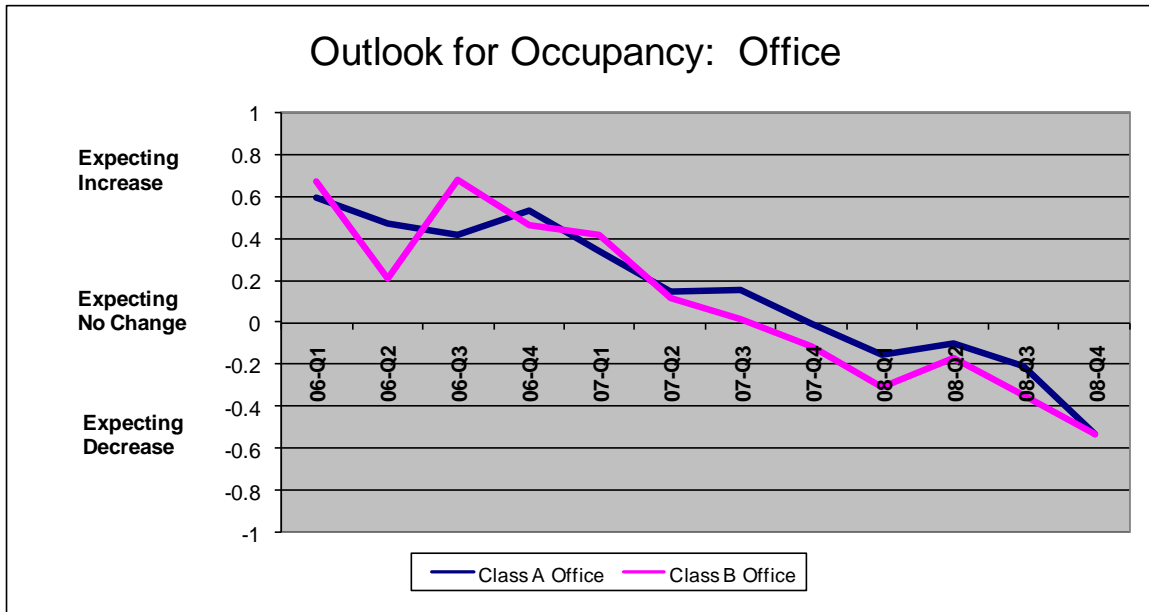
Yields for flex space continue to be slightly higher than those for warehouse and distribution. Respondents expect no change in either property type over the next quarter.



Section 5: Office

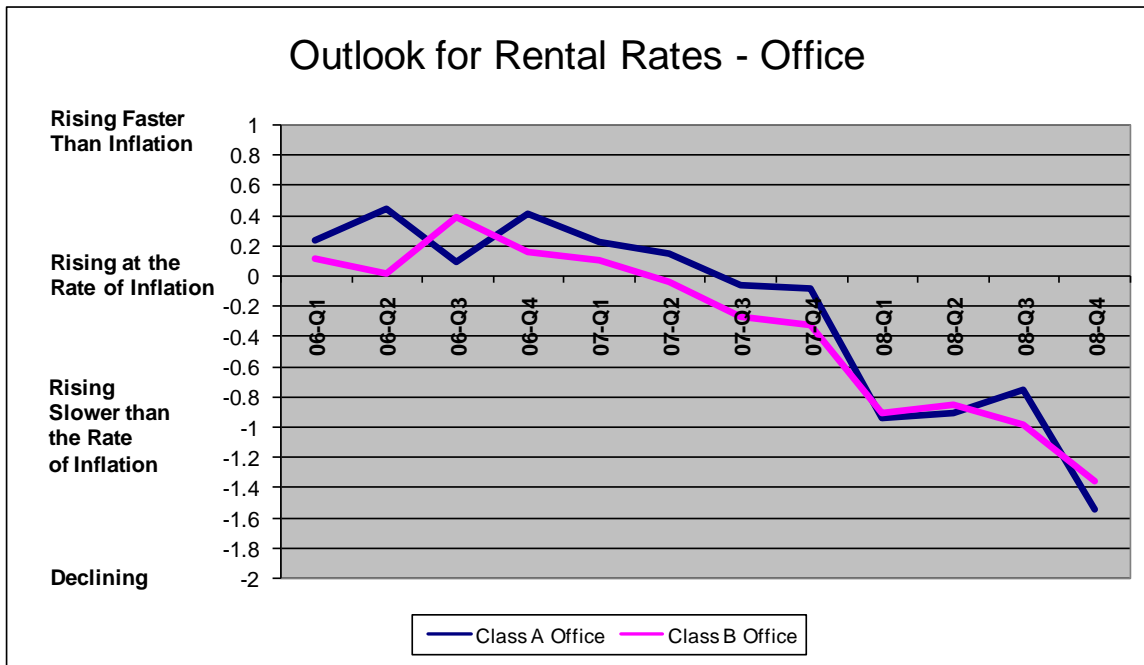
Expected Occupancy

The occupancy outlook for both Class A and Class B office space has declined significantly over the past two years. In the most recent quarter, expectations dropped significantly. Respondents are expecting a decrease in occupancy rates for both Class A and Class B properties.



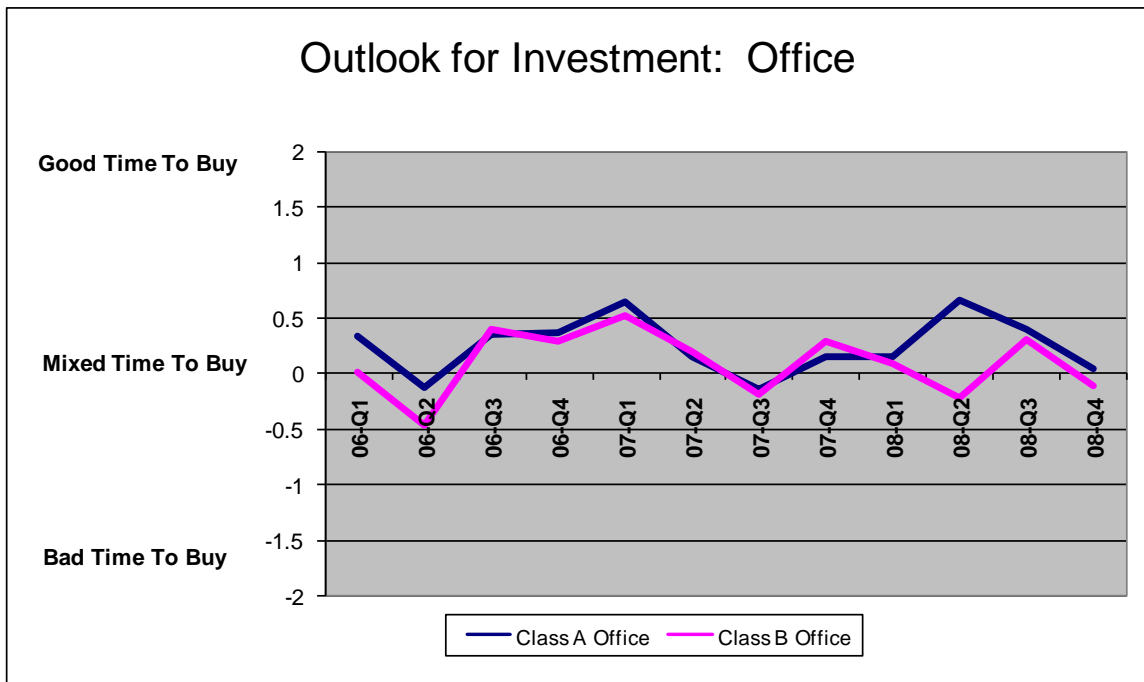
Expected Rental Rates

Although it appeared that rental rate expectations for office properties were showing optimistic signs over the past two quarters, respondents have exhibited renewed pessimism. Respondents expect rental rates for Class A and Class B properties to lag inflation, and there is some indication that rental rates may even begin to fall.



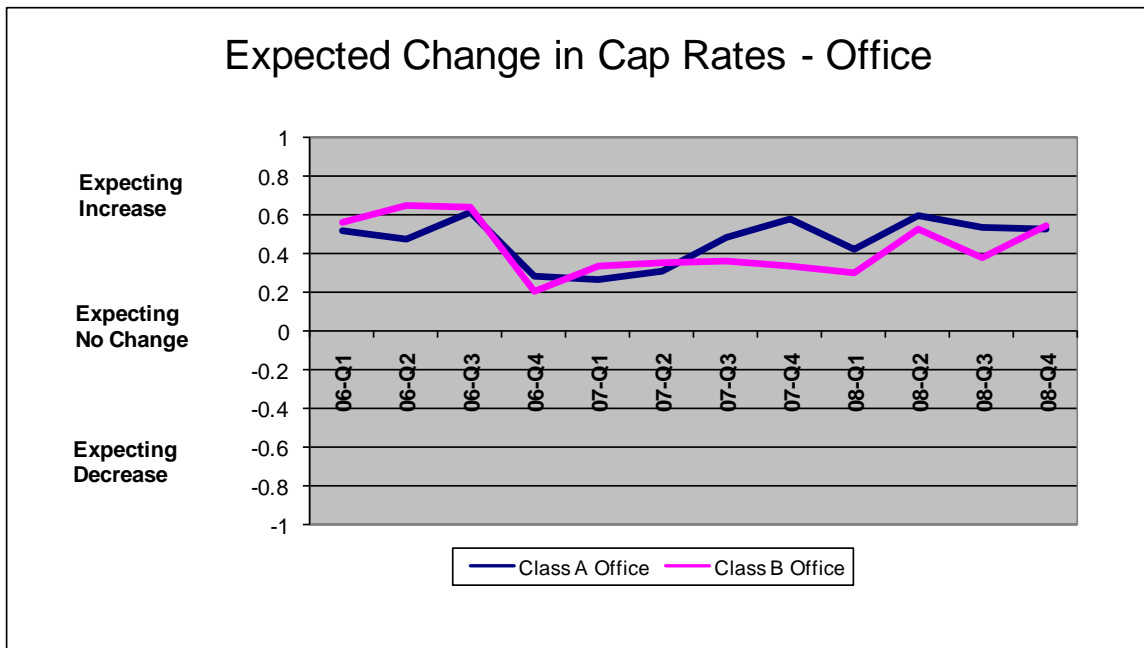
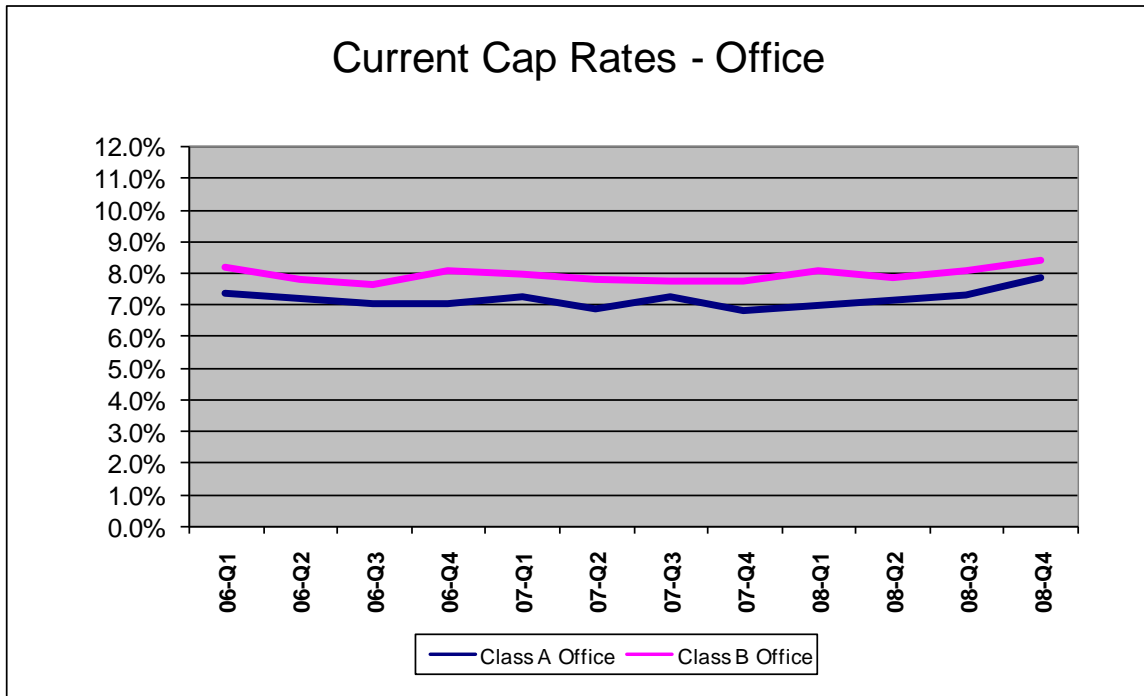
Investment Outlook

The investment outlooks for both Class A and Class B office space have declined this quarter. For both property types, respondents believe that it is a mixed time to buy.



Cap Rates

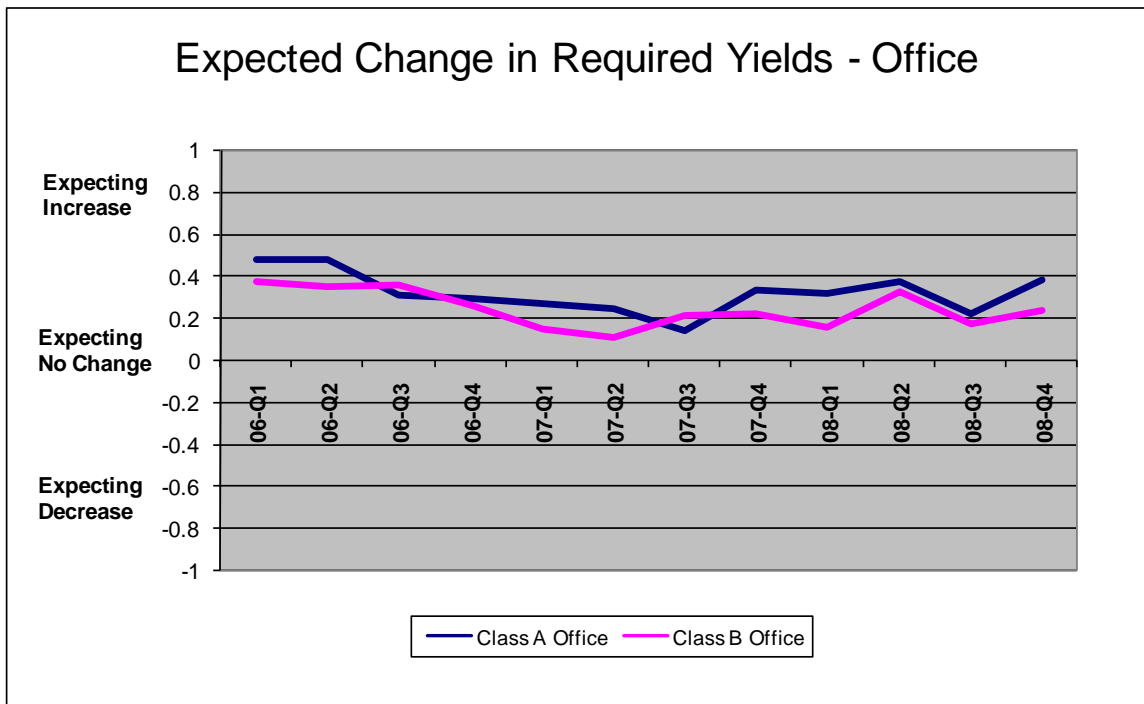
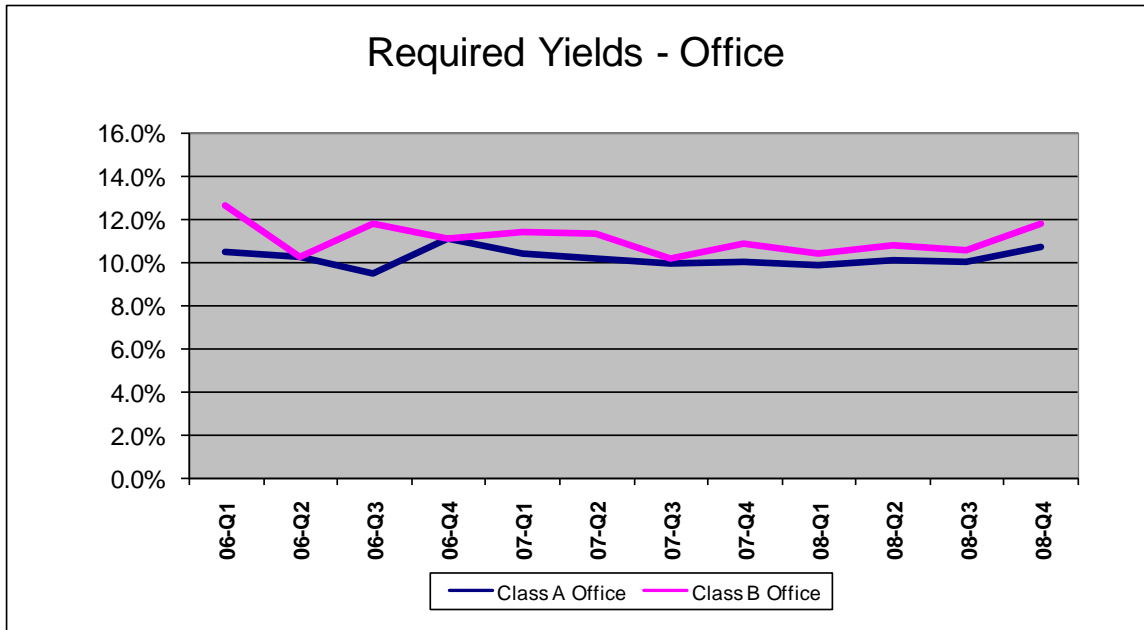
Actual cap rates for Class A and Class B office space have remained virtually unchanged since 2006. However, respondents continue to expect an increase in cap rates for both types of property in the future.



Yields

After a year of consistency, required yields for Class A and Class B office space have increased moderately in the past quarter. Yields for Class B office space are slightly higher than Class A.

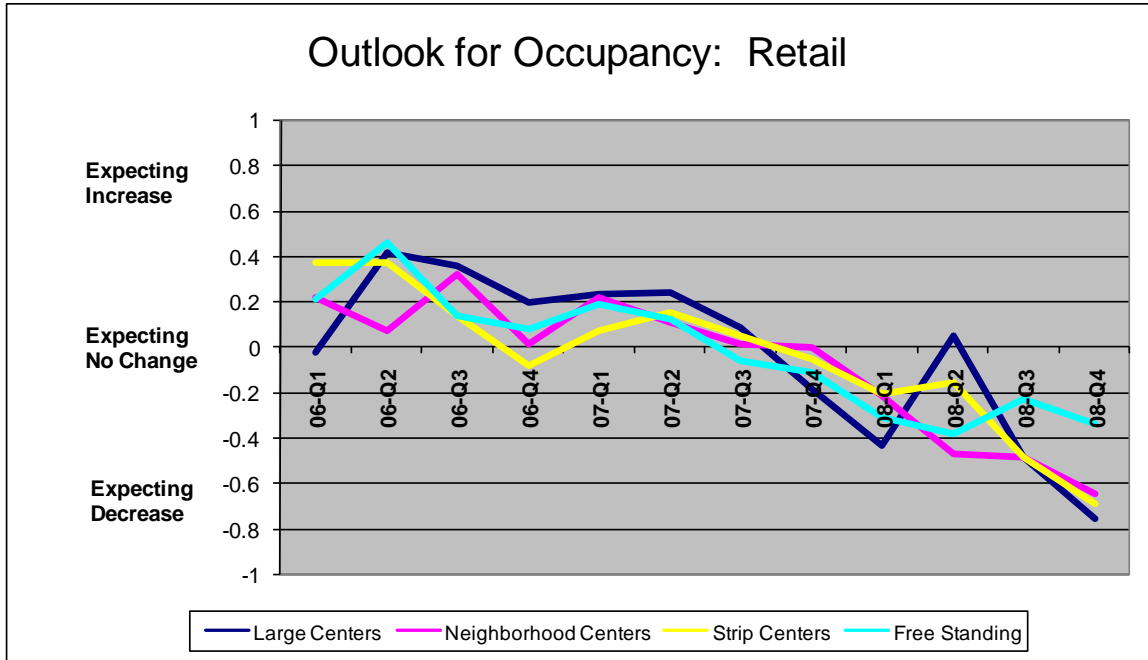
While respondents do not expect Class B office yields to change in the future, there is some indication of a potential rate increase for Class A properties sometime in the future.



Section 6: Retail

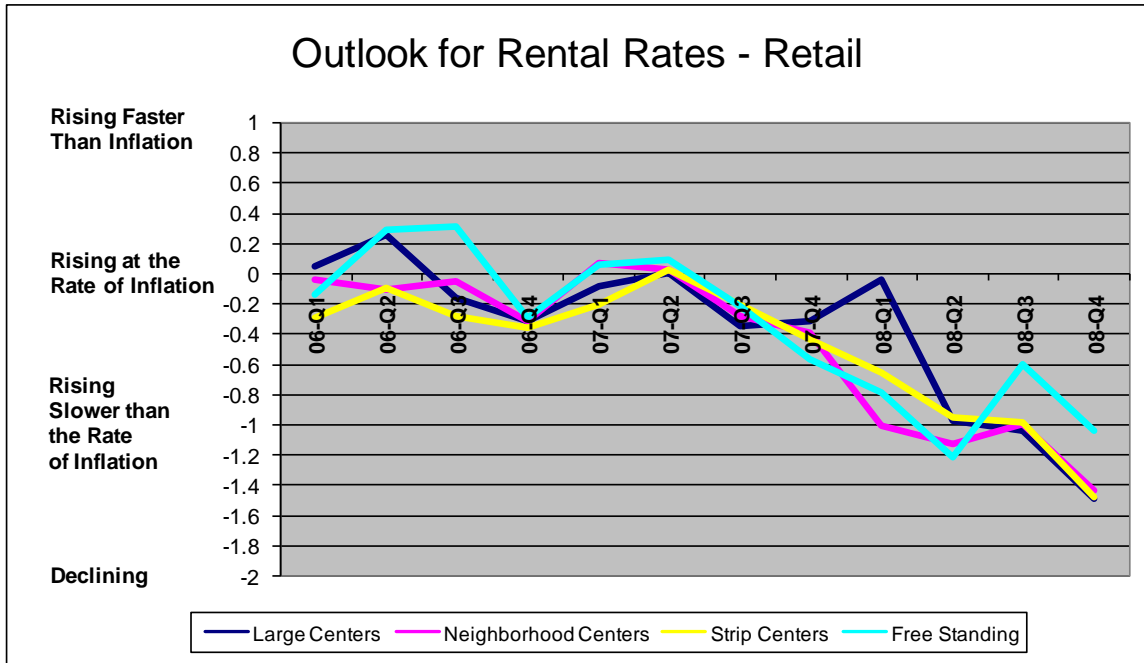
Expected Occupancy

The outlook for occupancy rates has become more pessimistic this quarter across all retail classifications. Respondents are expecting potential occupancy rate decreases for retail properties in the future.



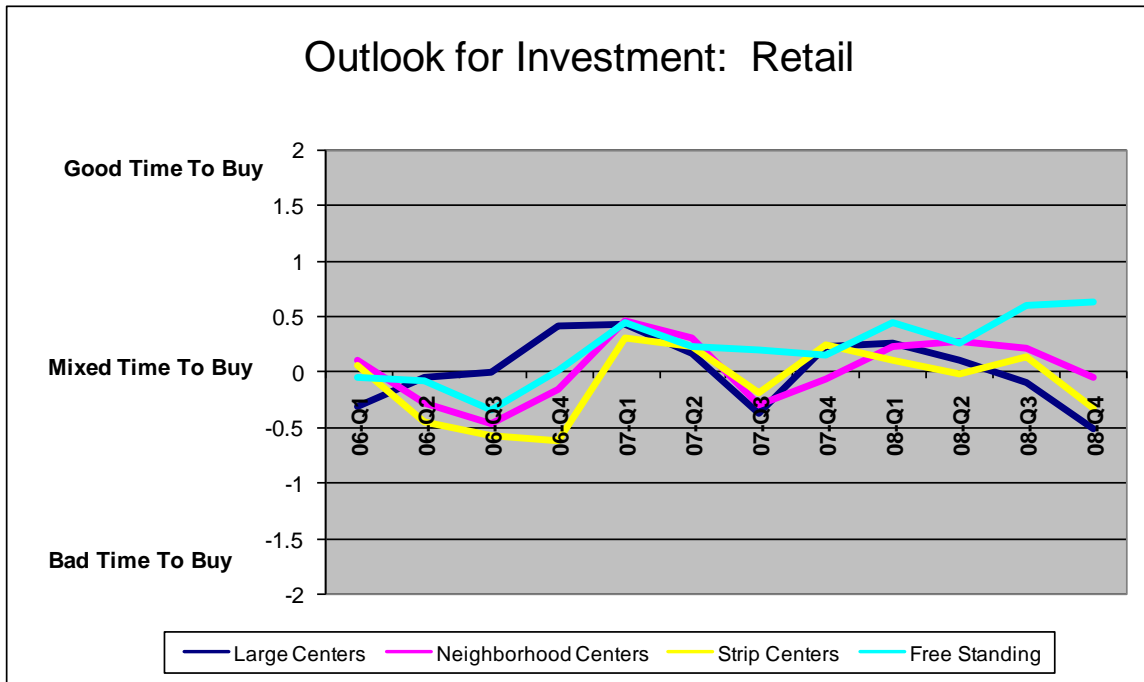
Expected Rental Rates

Despite last quarter’s optimistic outlook for rental rates in free standing, respondents have expressed pessimistic expectations across all retail classifications. While rental rates are expected to increase at a rate that is slower than inflation for free standing, rental rate decreases are more likely for large centers, neighborhood centers, and strip centers.



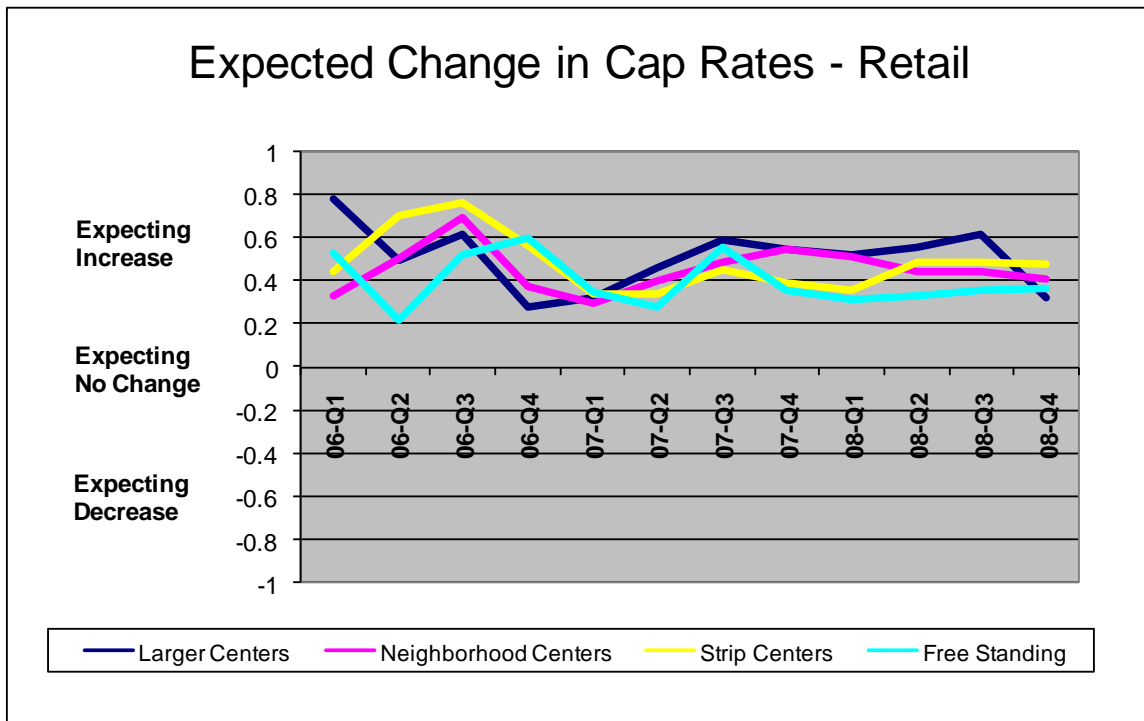
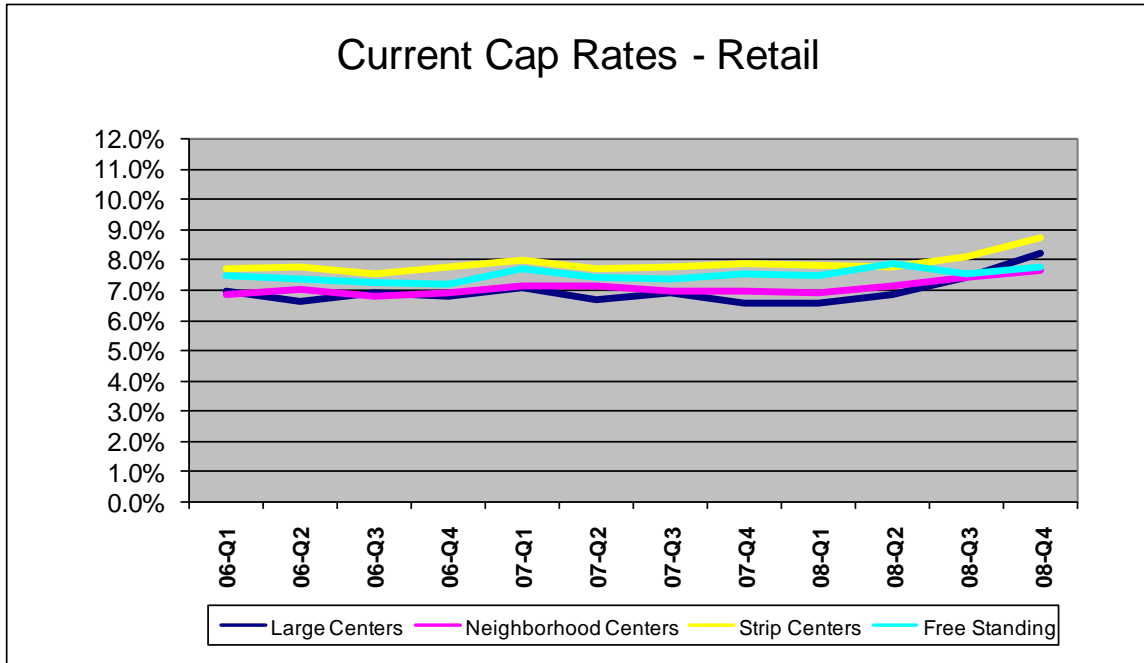
Investment Outlook

Despite pessimistic outlooks for occupancy and rental rates, the investment outlook for free standing retail continues to defy its counterparts. Respondents indicate that it may still be a good time to buy in the near future. In contrast, expectations for large centers, neighborhood centers, and strip centers are more pessimistic. It remains a mixed time to buy in the latter three retail classifications.



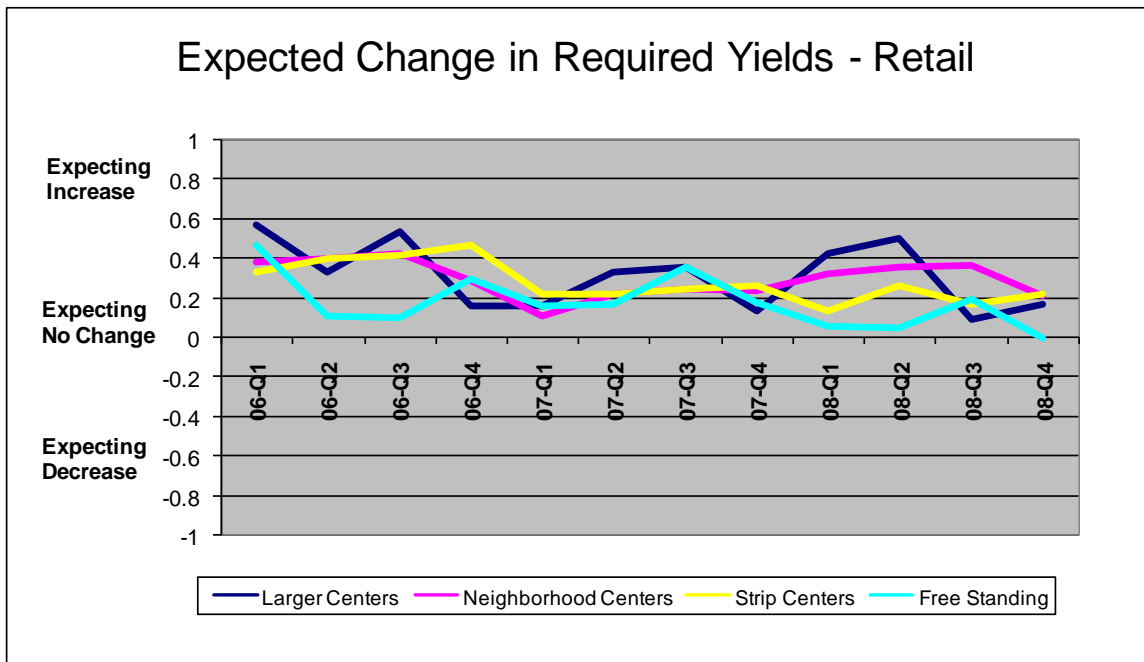
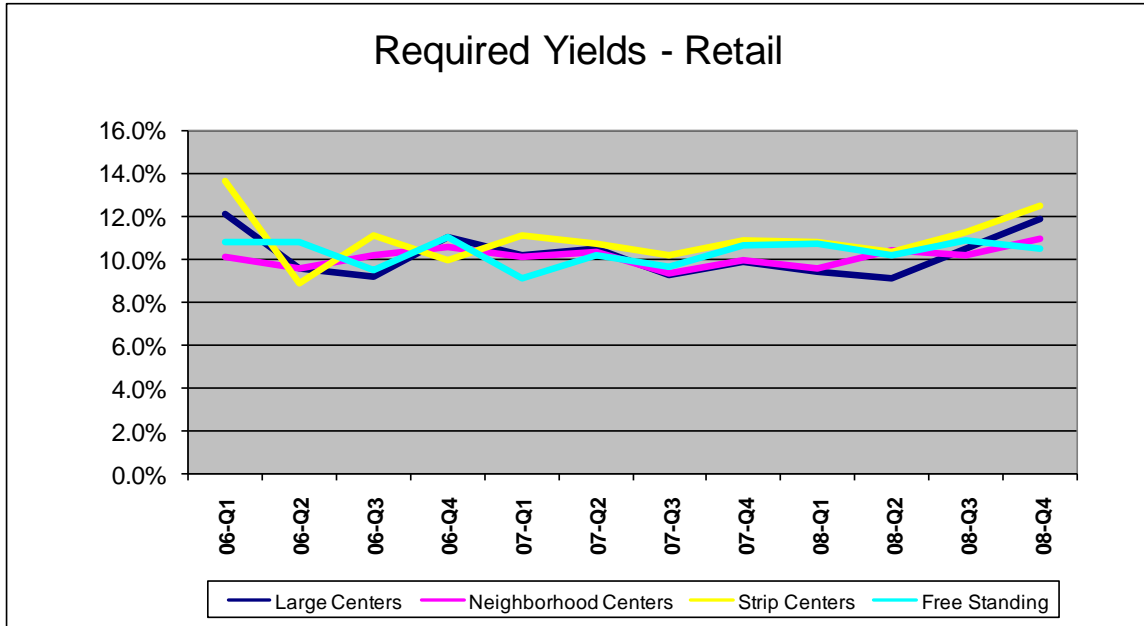
Cap Rates

Cap rates for retail properties have risen slightly this quarter. Despite the relative stability in cap rates over the past two years, most respondents expect cap rates to increase across retail classifications in the future. It should be noted, however, that the expectation for large centers has been scaled back considerably in the latest quarter.



Yields

Required yields for large centers, neighborhood centers, and strip centers increased this past quarter, while yields for free standing retail remained relatively stable. Respondents are expecting no change in required yields across all retail classifications.



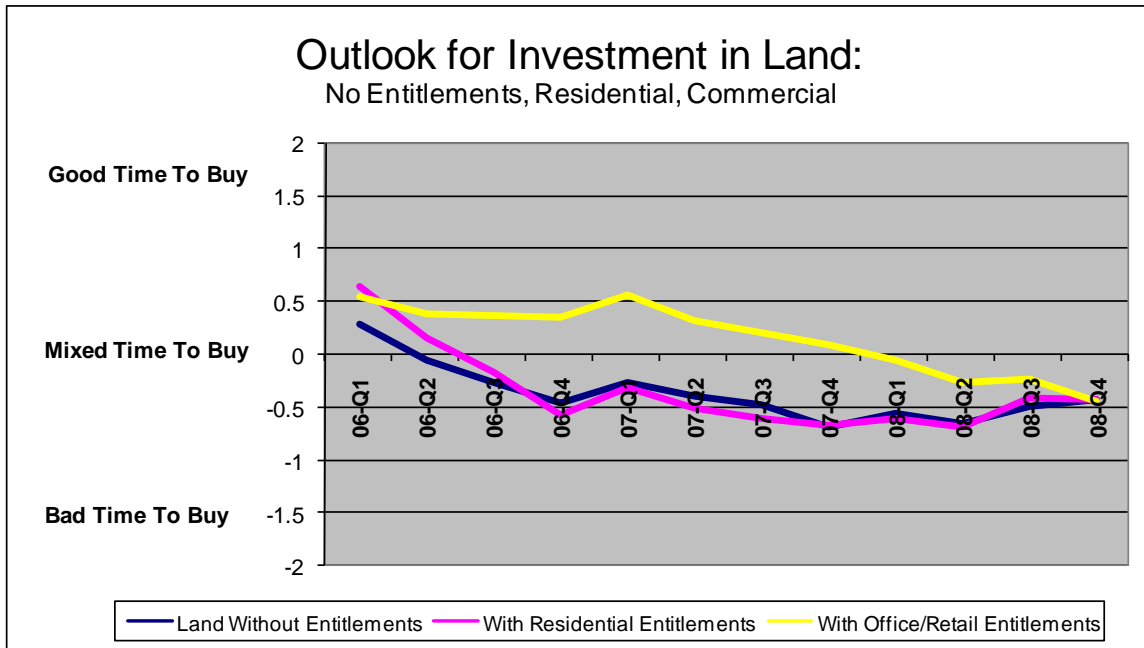
Section 7: Outlook for Investment in Undeveloped Land

Land Without Entitlements or with Residential Entitlements

The outlook for investment in land without entitlements or with residential entitlements has remained relatively unchanged since last quarter as respondents continue to feel that it is a mixed time to buy.

Land With Office or Retail Entitlements

The outlook for investment in land with office or retail entitlements continued to weaken, despite indications last quarter that investor expectations had stabilized. Overall, respondents believe it is a mixed time to buy within this land classification.



Land with Hospitality Entitlements

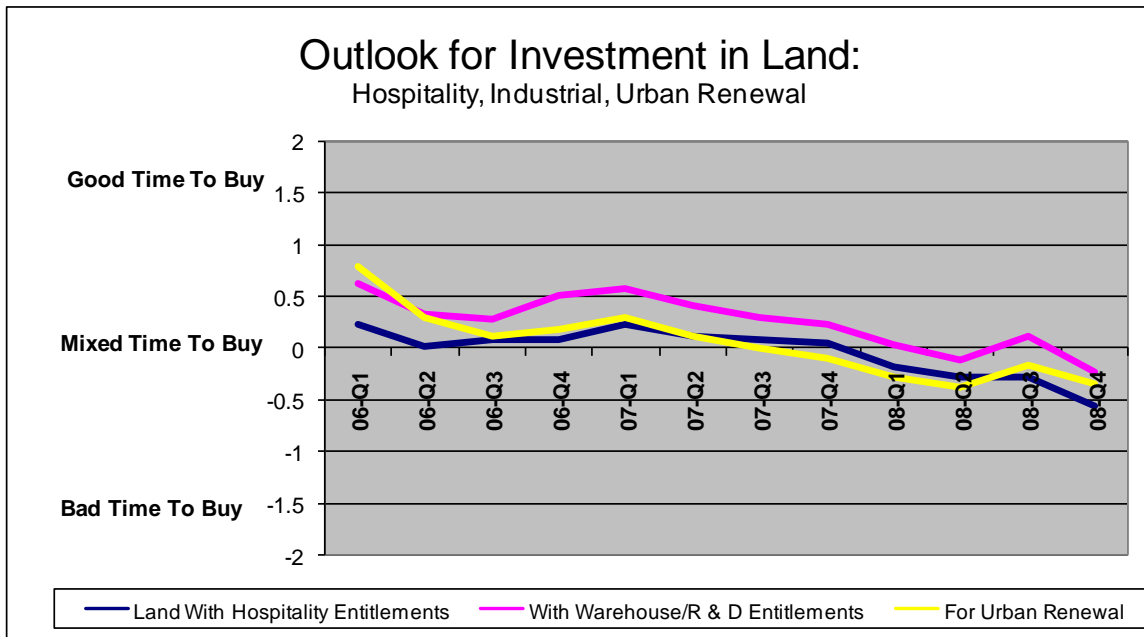
The investment outlook for land with hospitality entitlements weakened this quarter as respondents continue to believe it is a mixed time to buy.

Land with Entitlements for Warehouse or R & D

Despite last quarter’s glimpse of optimism, the investment outlook for land with warehouse or R&D entitlements has weakened. Respondents still believe that it is a mixed time to buy

Land for Urban Renewal

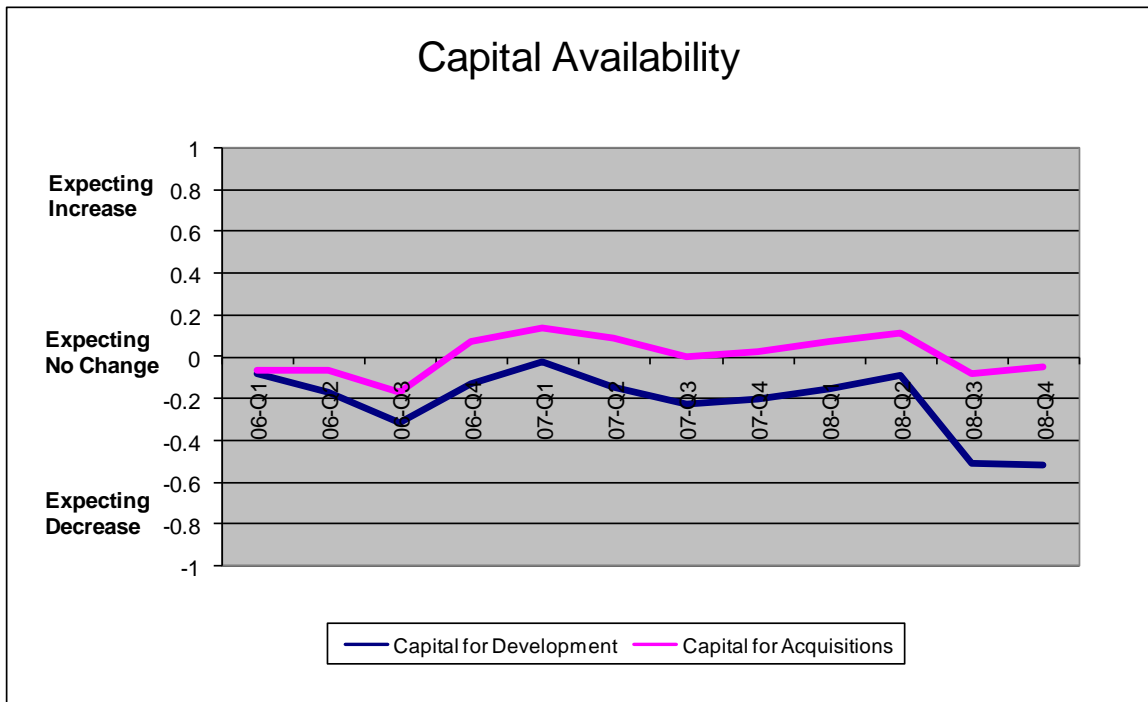
The outlook for investment in urban renewal has weakened this quarter. Respondents maintain that it is still a mixed time to buy.



Section 8: Business and Capital Availability Outlook

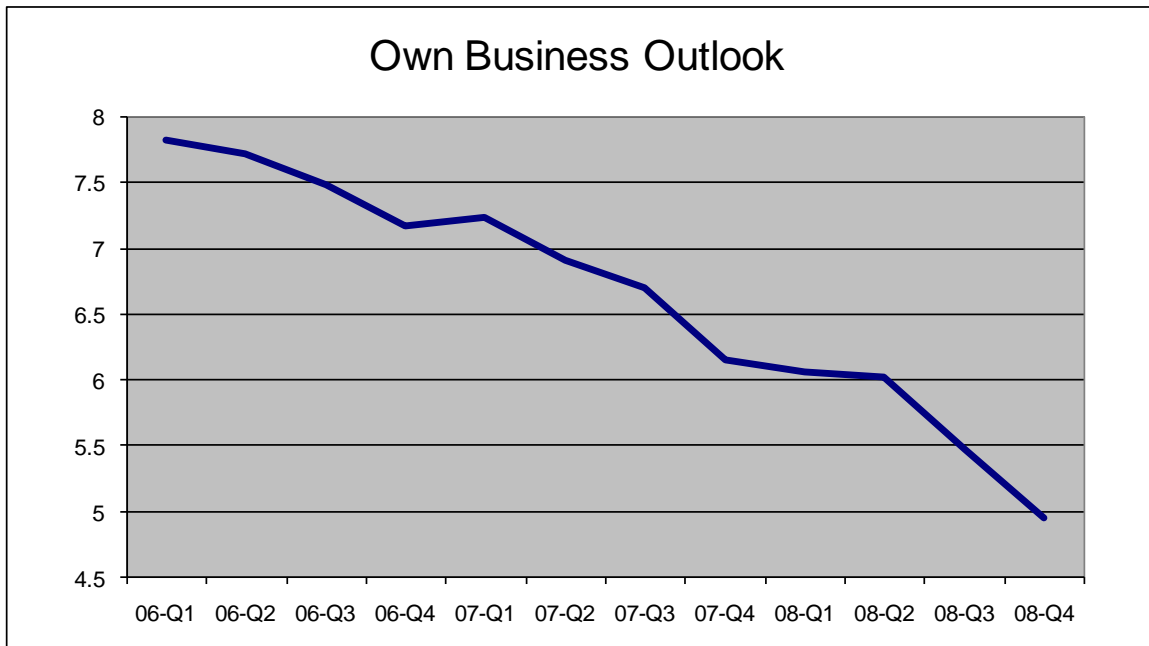
Capital Availability

In concordance with the current economic climate, it appears that expectations of capital availability for development continue to be pessimistic. While respondents expect no change in the amount of capital available for acquisitions, they expect a significant decrease in the capital available for new projects.



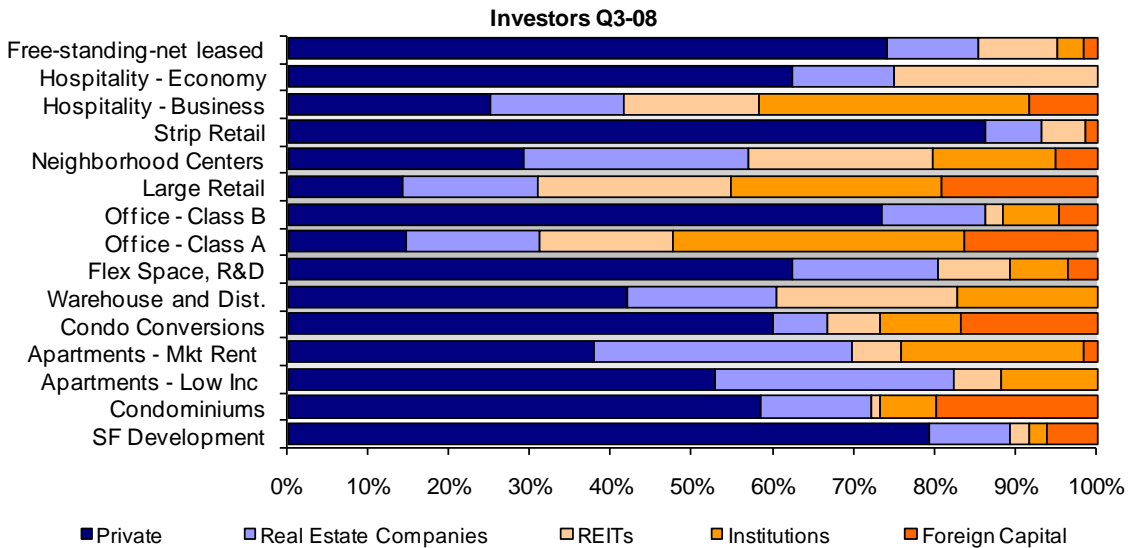
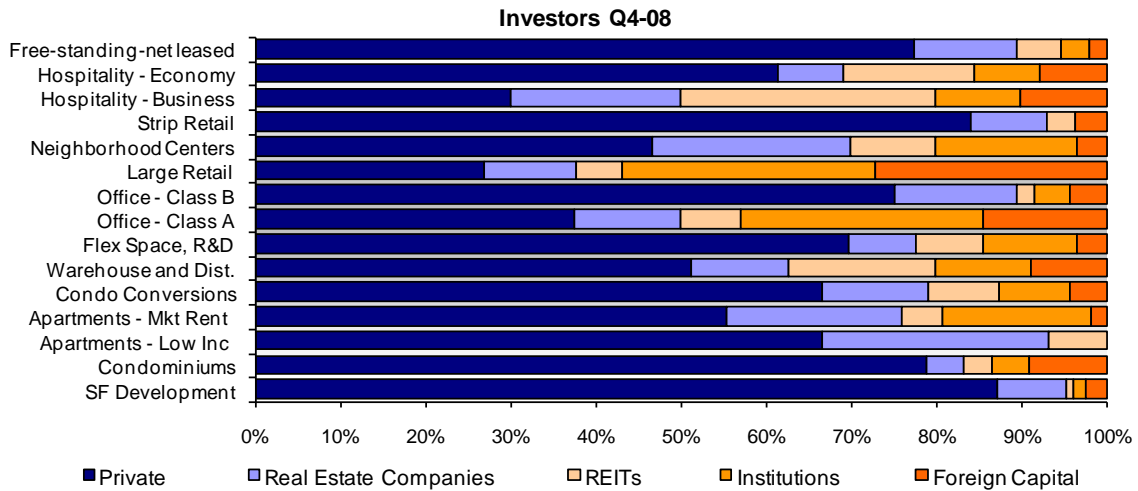
Outlook of Own Business

Respondents' perception of their own business' outlook continues to grow weaker with each quarter that passes. Inadequate capital availability and the prospect of a long and deep recession may continue to fuel this decline.



Section 9: Dominant Investors

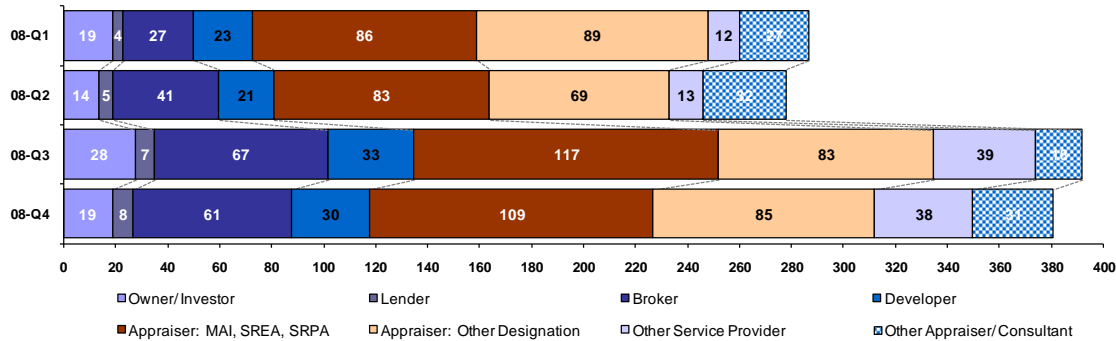
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. For thirteen of the fifteen property types, private investors were the most dominant. The exceptions include hospitality-business and large retail. Investment in hospitality-business and large retail appears to be dominated by REITs and institutional investors, respectively. The most significant changes in investor composition over the past quarter include the movement of REIT holdings out of the large retail sector, the decrease of foreign investment in condo conversions, and an increase of private equity investment in Class A office.



Section 10: Characteristics of Survey Respondents

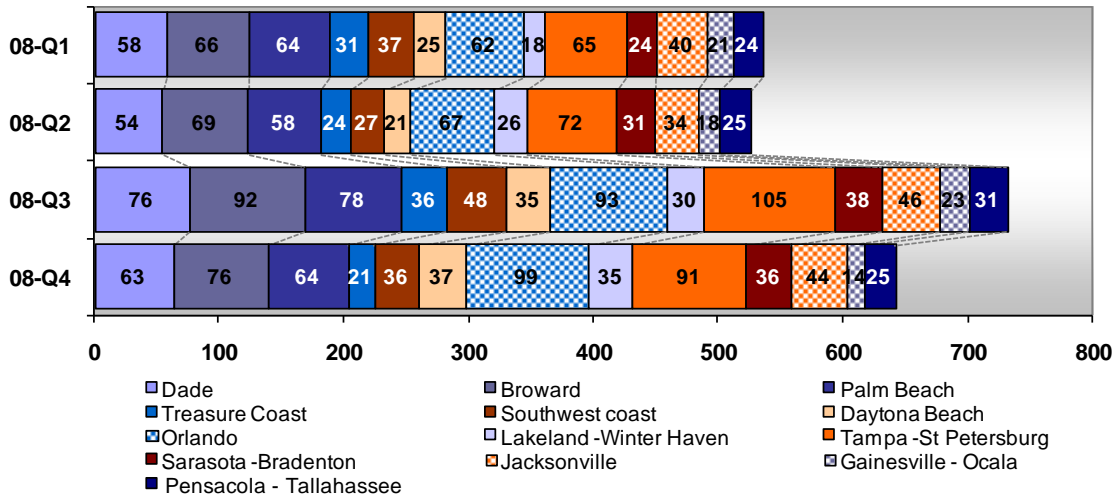
Profession of Respondents

In the latest survey, approximately 51 percent of the 381 respondents reported being an appraiser; well over half with designations of MAI, SREA or SRPA. The next largest groups, each representing about sixteen and ten percent of respondents respectively, were brokers and other service providers



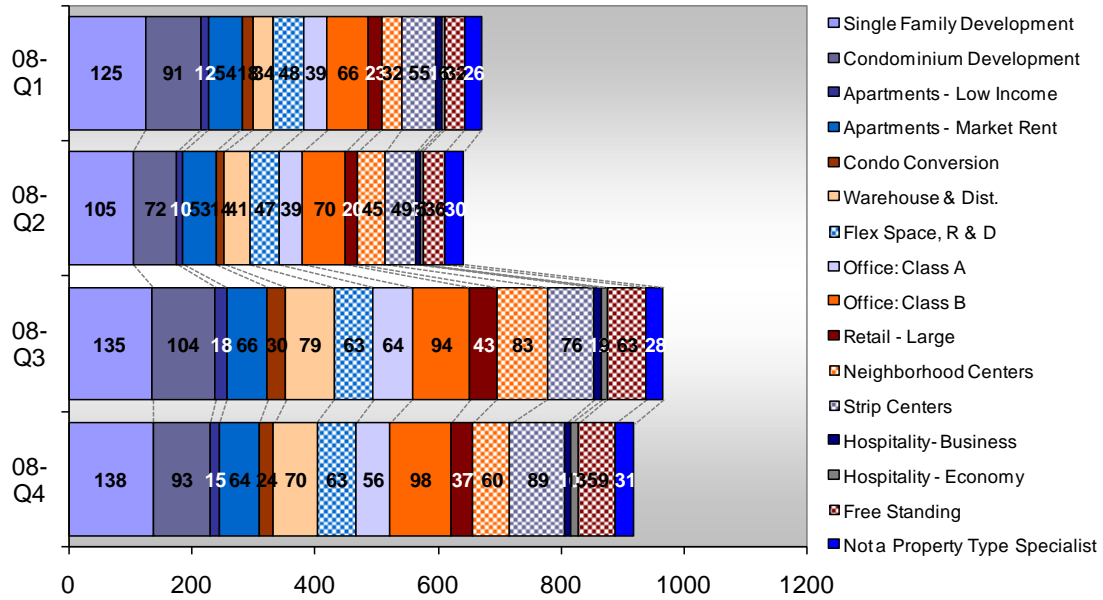
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 641 observations. Every region, with the exception of Gainesville – Ocala, was represented by a minimum of 20 observers, five of which had greater than 60 observers. The highest number of responses was for the Orlando market, which had 99 representatives. The lowest respondent support came from Gainesville-Ocala with 14.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 920 selections were made in the latest survey round. Single family development was selected by 138 respondents while condominium development was selected by 93. Ten property types were selected by at least 55 respondents.



Section 11: Details of Cap Rates, Yields and Expected Changes

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

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

Florida	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neigh- bor- hood Centers	Strip Centers	Hospitality Business	Hospitality Economy	Free Standing
Cap Rates												
Q4-08												
Q4-08 Value	7.6%	8.6%	7.8%	8.3%	7.9%	8.4%	8.2%	7.7%	8.7%	8.7%	9.7%	7.8%
Percent Expecting Rise	50.0%	50.0%	51.5%	56.9%	59.6%	57.0%	51.6%	53.6%	55.4%	60.0%	61.5%	40.4%
Percent Expecting Fall	2.9%	8.3%	4.5%	3.4%	6.4%	2.3%	19.4%	12.5%	7.6%	10.0%	0.0%	3.5%
Q3-08												
Q3-08 Value	7.5%	8.6%	7.7%	8.1%	7.3%	8.1%	7.4%	7.4%	8.1%	8.8%	9.1%	7.6%
Percent Expecting Rise	58.3%	48.4%	44.7%	53.6%	53.6%	42.5%	64.7%	47.1%	54.7%	50.0%	50.0%	42.9%
Percent Expecting Fall	0.0%	6.5%	5.3%	7.1%	0.0%	5.0%	2.9%	2.9%	6.3%	8.3%	0.0%	7.1%
Q2-08												
Q2-08 Value	6.6%	6.8%	7.5%	7.8%	7.2%	7.9%	6.9%	7.1%	7.8%	8.2%	9.5%	7.9%
Percent Expecting Rise	35.3%	30.8%	57.5%	59.6%	62.9%	55.7%	66.7%	48.9%	53.1%	40.0%	50.0%	44.4%
Percent Expecting Fall	9.8%	7.7%	5.0%	2.1%	2.9%	2.9%	11.1%	4.4%	4.1%	0.0%	0.0%	11.1%
Q1-08												
Q1-08 Value	7.0%	7.1%	7.0%	7.7%	7.0%	8.1%	6.6%	6.9%	7.8%	9.0%	10.1%	7.5%
Percent Expecting Rise	43.4%	27.8%	42.4%	40.4%	45.7%	37.5%	57.1%	51.6%	41.5%	37.5%	40.0%	40.6%
Percent Expecting Fall	5.7%	22.2%	3.0%	6.4%	2.9%	7.8%	4.8%	0.0%	5.7%	0.0%	0.0%	9.4%
Yields												
Q4-08												
Q4-08 Value	12.0%	15.7%	10.7%	11.7%	10.8%	11.8%	11.9%	11.0%	12.5%	12.1%	13.5%	10.5%
Percent Expecting Rise	32.2%	29.2%	41.4%	36.0%	48.9%	36.0%	37.9%	38.5%	35.9%	60.0%	40.0%	20.5%
Percent Expecting Fall	5.1%	16.7%	13.8%	16.0%	11.1%	12.0%	20.7%	17.3%	14.1%	10.0%	20.0%	20.5%
Q3-08												
Q3-08 Value	11.4%	17.2%	9.5%	10.7%	10.1%	10.6%	10.5%	10.3%	11.3%	11.4%	11.5%	10.9%
Percent Expecting Rise	41.5%	40.0%	31.3%	28.6%	36.2%	26.8%	38.7%	43.8%	32.1%	45.5%	42.9%	28.0%
Percent Expecting Fall	3.8%	13.3%	11.9%	12.2%	14.9%	9.9%	29.0%	7.8%	15.1%	9.1%	0.0%	8.0%
Q2-08												
Q2-08 Value	10.3%	19.1%	10.9%	11.8%	10.1%	10.8%	9.2%	10.4%	10.4%	12.3%	14.0%	10.2%
Percent Expecting Rise	21.6%	30.8%	30.0%	36.2%	42.9%	37.1%	61.1%	42.2%	30.6%	60.0%	50.0%	19.4%
Percent Expecting Fall	5.9%	0.0%	5.0%	6.4%	5.7%	4.3%	11.1%	6.7%	4.1%	0.0%	0.0%	13.9%
Q1-08												
Q1-08 Value	9.4%	18.6%	10.0%	10.0%	9.9%	10.4%	9.5%	9.6%	10.8%	11.6%	12.3%	10.7%
Percent Expecting Rise	28.3%	5.6%	18.2%	25.5%	40.0%	26.6%	47.6%	41.9%	24.5%	37.5%	40.0%	15.6%
Percent Expecting Fall	3.8%	27.8%	3.0%	8.5%	8.6%	10.9%	4.8%	9.7%	11.3%	0.0%	0.0%	9.4%

Section 12: Results by Florida Market

Dade County

- Cap rates in Dade County, on average, are lower than the state mean (0.37 percentage points) and range from 7.3% (**Apartments**) to 8.6% (**Condo Conversion** and **Strip Centers**).
- Over the past quarter, cap rates have increased across all property types with **Large Retail** (+1.01 percentage points) and **Strip Centers** (+0.74 percentage points) representing the largest changes.
- Cap rates are expected to increase over the next quarter for **Condo Conversion, Warehouse and Distribution, and Office: Class A**, while the outlook remains more neutral for all other property types.
- Required yields for Dade County (11.69%) are, on average, lower (0.33 percentage points) than the state mean (12.02%).
- Required yields in Dade County have increased, on average, over the last quarter from 10.98% to 11.69%.
- The largest shifts in required yields occurred in **Condo Conversion** (-1.54% change) and **Strip Centers** (+1.46% change).
- The investment outlook is mixed across property types. The most positive outlook occurs for **Apartments** while the most negative outlook occurs for **Condo Conversion**.
- The outlook for **Land Development** appears to be negative for **Land with Residential Entitlements, Land without Entitlements, and Land with Hospitality Entitlements**. The outlook is mixed for the remaining land classifications.
- Future occupancy rates in Dade County are expected to either remain the same or decrease across most property types. **Office: Class A** and **Strip Centers** show the strongest indication of future occupancy decreases.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types.
- While future absorption rates are expected to be lower for **Condominium Development**, expectations are mixed for **Single Family**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 2a

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.3	8.6	7.5	8.0	7.5	8.2	8.1	7.6	8.6	7.5
Percent Expecting Rise	57%	60%	61%	40%	71%	56%	42%	44%	50%	50%
Percent Expecting Fall	0%	0%	0%	20%	0%	11%	25%	19%	8%	0%
Q3-08										
Q3-08 Value	7.0	7.9	7.2	7.7	6.9	7.7	7.1	7.2	7.9	7.2
Percent Expecting Rise	50%	50%	56%	58%	64%	60%	69%	50%	67%	67%
Percent Expecting Fall	0%	0%	0%	8%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.0	6.6	7.0	7.3	6.5	7.3	6.5	6.8	7.3	7.5
Percent Expecting Rise	38%	25%	73%	73%	55%	60%	63%	36%	63%	67%
Percent Expecting Fall	8%	13%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	12.0	16.3	10.0	11.3	10.2	11.3	11.5	10.9	12.6	10.7
Percent Expecting Rise	36%	20%	56%	33%	50%	44%	25%	27%	27%	25%
Percent Expecting Fall	7%	40%	6%	0%	17%	22%	33%	27%	9%	13%
Q3-08										
Q3-08 Value	11.3	17.8	9.2	10.3	9.5	10.1	10.1	10.2	11.1	10.1
Percent Expecting Rise	36%	38%	47%	30%	50%	29%	55%	45%	21%	33%
Percent Expecting Fall	0%	0%	12%	20%	25%	7%	9%	0%	14%	17%
Q2-08										
Q2-08 Value	8.9	17.8	10.1	11.1	9.3	9.9	8.5	9.3	9.9	9.3
Percent Expecting Rise	31%	13%	36%	55%	55%	53%	63%	45%	13%	33%
Percent Expecting Fall	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good	64%	0%	45%	50%	20%	15%	14%	35%	23%	38%
Bad to Poor	21%	60%	15%	0%	50%	31%	50%	24%	31%	13%
Q3-08										
Fair to Good	53%	0%	37%	40%	32%	24%	26%	38%	13%	17%
Bad to Poor	6%	82%	11%	0%	26%	12%	26%	4%	6%	17%
Q2-08										
Fair to Good	38%	67%	36%	9%	27%	27%	13%	36%	25%	
Bad to Poor	15%	22%	9%	18%	18%	47%	25%	27%	38%	

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
Q4-08						
Fair to Good	21%	19%	16%	8%	19%	25%
Bad to Poor	56%	62%	49%	57%	38%	44%
Q3-08						
Fair to Good	16%	20%	14%	12%	29%	24%
Bad to Poor	62%	59%	37%	38%	20%	39%
Q2-08						
Fair to Good	17%	15%	17%	19%	22%	19%
Bad to Poor	63%	63%	44%	46%	37%	50%

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
Q4-08												
Private Buyers	76%	53%	47%	33%	40%	50%		54%	14%	50%	71%	75%
R.E. Companies	18%	5%	18%	17%	15%		18%	31%	14%	28%	7%	25%
REITs	6%	11%		17%	15%	17%		8%	7%	17%	7%	
Institutions		11%	12%		20%	33%	45%	8%	21%	11%		
Foreign Buyers		21%	6%	17%	10%		27%		43%	6%	7%	
Q3-08												
Private Buyers	70%	48%	21%	73%	37%	50%	5%	61%	11%	22%	82%	83%
R.E. Companies	20%	5%	26%	9%	16%		11%	6%	21%	33%		
REITs			5%		11%	17%	5%	6%	21%	17%	6%	
Institutions	5%	10%	32%		32%	17%	47%	11%	32%	22%		17%
Foreign Buyers		33%	5%	18%			32%		11%			
Q2-08												
Private Buyers	69%	58%	46%	78%	27%	45%	18%	73%	13%	55%	75%	67%
R.E. Companies	15%	8%	8%	22%	9%	9%		7%	38%	27%	25%	33%
REITs			8%		45%	27%		7%	13%	17%		
Institutions		17%	38%		18%	18%	45%	7%	25%	18%		
Foreign Buyers	15%	17%					36%	7%	13%			

Table 2d

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	22%	0%	0%	0%	0%	8%	7%	12%	7%	13%
Lower	28%	43%	55%	33%	82%	67%	64%	53%	60%	50%
Q3-08										
Higher	13%	22%	17%	17%	22%	6%	24%	7%	6%	17%
Lower	38%	22%	33%	42%	67%	50%	59%	70%	81%	33%
Q2-08										
Higher	0%	0%		33%	0%	0%	25%	17%	0%	0%
Lower	60%	60%		0%	50%	29%	25%	50%	0%	50%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	78%	100%	80%	67%	91%	83%	79%	76%	73%	75%
Q3-08										
Faster than Inflation	0%	11%	6%	8%	0%	0%	12%	7%	0%	17%
Slower than Inflation	94%	67%	50%	75%	83%	88%	71%	67%	81%	50%
Q2-08										
Faster than Inflation	20%	20%		33%	0%	0%	25%	17%	33%	50%
Slower than Inflation	80%	80%		33%	50%	100%	75%	83%	67%	50%

Table 2e

Dade County	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	41%	26%
Lower	29%	53%
Q3-08		
Higher	32%	10%
Lower	26%	60%
Q2-08		
Higher	38%	0%
Lower	8%	55%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	5%
Slower than Inflation	94%	95%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	89%	95%
Q2-08		
Faster than Inflation	8%	0%
Slower than Inflation	77%	91%

Broward County

- Cap rates in Broward County are, on average, lower (0.41 percentage points) than the state mean, and range from 7.3% (**Apartments**) to 8.6% (**Strip Centers**).
- Cap rates increased across all property types, with the largest movements occurring in **Large Retail** (+1.07 percentage points) and **Strip Centers** (+0.81 percentage points).
- Cap rate outlooks indicate potential rate increases in **Office: Class A, Office: Class B, Free Standing, and Warehouse and Distribution** over the next quarter. The outlooks for the remaining property types remain neutral to positive.
- Required yields for Broward County are, on average, lower than that of the state, 11.5% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.1% and lowest for **Warehouse and Distribution** at 9.9%.
- Over the past quarter, required yields have increased across most property types, with the largest shifts occurring in **Strip Centers** (+1.68% change) and **Large Retail** (+1.63% change). Also worth noting is a decrease in the required yield for **Condo Conversion** (-1.32% change).
- The investment outlook across property types is mixed. The most notable negative outlook occurs for **Condo Conversion**.
- The outlook for **Land Development** appears to be negative for **Land with Residential Entitlements**. However, the outlook for the remaining classifications appears to be more neutral to negative.
- In Broward County, future occupancy rates are expected to decrease across the majority of property types. **Large Retail, Office: Class A, Office: Class B, Strip Centers, and Neighborhood Centers** show strong expectations for lower future occupancy.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types.
- Expectations for future absorption rates are uncertain for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 3a

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.3	8.5	7.5	8.0	7.5	8.2	8.1	7.6	8.6	7.4
Percent Expecting Rise	47%	33%	58%	50%	67%	57%	43%	43%	44%	60%
Percent Expecting Fall	0%	0%	0%	10%	0%	7%	21%	14%	6%	0%
Q3-08										
Q3-08 Value	6.9	7.8	7.1	7.6	6.8	7.6	7.0	7.1	7.8	7.0
Percent Expecting Rise	61%	44%	52%	59%	56%	55%	64%	50%	67%	56%
Percent Expecting Fall	0%	0%	5%	6%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.2	6.7	7.1	7.5	6.7	7.5	6.7	6.9	7.5	7.7
Percent Expecting Rise	40%	17%	67%	54%	54%	59%	75%	27%	71%	71%
Percent Expecting Fall	0%	17%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	11.8	16.1	9.9	11.2	10.0	11.2	11.3	10.8	12.5	10.6
Percent Expecting Rise	29%	17%	39%	13%	50%	46%	21%	25%	20%	38%
Percent Expecting Fall	6%	17%	11%	25%	13%	15%	29%	20%	7%	0%
Q3-08										
Q3-08 Value	10.9	17.5	8.9	10.0	9.1	9.8	9.7	9.8	10.8	9.8
Percent Expecting Rise	38%	33%	30%	27%	33%	33%	60%	50%	29%	33%
Percent Expecting Fall	6%	11%	15%	13%	20%	6%	0%	0%	7%	11%
Q2-08										
Q2-08 Value	8.8	17.8	10.0	11.1	9.3	9.9	8.5	9.3	9.8	9.3
Percent Expecting Rise	33%	0%	40%	38%	54%	45%	75%	40%	36%	29%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good	47%	0%	45%	30%	25%	22%	17%	36%	29%	36%
Bad to Poor	24%	67%	20%	30%	50%	39%	56%	32%	43%	18%
Q3-08										
Fair to Good	48%	0%	38%	44%	35%	36%	25%	32%	13%	30%
Bad to Poor	4%	91%	10%	13%	15%	14%	25%	11%	6%	20%
Q2-08										
Fair to Good	40%	57%	40%	15%	31%	23%	25%	33%	29%	29%
Bad to Poor	13%	29%	20%	15%	23%	45%	25%	20%	29%	14%

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
Q4-08						
Fair to Good	18%	18%	16%	7%	17%	16%
Bad to Poor	55%	62%	53%	59%	38%	51%
Q3-08						
Fair to Good	16%	24%	16%	12%	30%	18%
Bad to Poor	60%	53%	41%	38%	22%	42%
Q2-08						
Fair to Good	20%	16%	17%	17%	22%	17%
Bad to Poor	61%	65%	48%	51%	42%	54%

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
Q4-08												
Private Buyers	83%	65%	45%	43%	35%	60%	8%	39%	22%	46%	56%	73%
R.E. Companies	13%	4%	25%	14%	20%	10%	23%	39%	6%	25%	13%	27%
REITs	4%	9%		14%	15%			6%	6%	14%	6%	
Institutions		9%	10%		15%	20%	46%	11%	28%	8%		
Foreign Buyers		13%	5%	14%	15%	10%	15%	6%	39%	8%	13%	
Q3-08												
Private Buyers	74%	59%	28%	64%	36%	50%	5%	52%	13%	30%	76%	60%
R.E. Companies	19%	7%	28%	9%	14%		5%	9%	13%	33%		20%
REITs			4%		9%	11%	10%	4%	25%	14%	6%	10%
Institutions	4%	14%	28%	9%	32%	17%	38%	13%	31%	20%		10%
Foreign Buyers	4%	21%	4%	18%		6%	33%	4%	13%	3%	6%	
Q2-08												
Private Buyers	78%	80%	47%	71%	20%	46%	8%	64%	13%	33%	71%	86%
R.E. Companies	6%		13%	29%	13%	8%		18%	13%	40%	29%	14%
REITs	6%		7%		40%	23%		5%	25%	14%		
Institutions		7%	27%		13%	23%	46%	5%	38%	20%		
Foreign Buyers	11%	13%	7%		13%		46%	9%	13%			

Table 3d

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	14%	0%	10%	10%	8%	6%	12%	9%	6%	18%
Lower	32%	38%	60%	40%	77%	75%	82%	78%	71%	55%
Q3-08										
Higher	24%	0%	14%	18%	5%	15%	7%	3%	6%	0%
Lower	19%	0%	33%	41%	40%	65%	71%	65%	81%	40%
Q2-08										
Higher	14%	0%		33%	0%	0%	33%	13%	0%	0%
Lower	71%	75%		0%	0%	50%	67%	50%	0%	75%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	5%	0%	0%	0%	0%	0%	0%	9%
Slower than Inflation	77%	88%	80%	80%	85%	81%	82%	83%	88%	73%
Q3-08										
Faster than Inflation	5%	0%	0%	6%	0%	0%	7%	3%	0%	0%
Slower than Inflation	67%	89%	48%	76%	60%	80%	86%	81%	75%	70%
Q2-08										
Faster than Inflation	14%	25%		33%	0%	0%	33%	25%	40%	0%
Slower than Inflation	71%	75%		33%	0%	100%	67%	75%	60%	100%

Table 3e

Broward County	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	33%	30%
Lower	29%	43%
Q3-08		
Higher	33%	17%
Lower	37%	31%
Q2-08		
Higher	39%	21%
Lower	17%	43%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	4%
Slower than Inflation	96%	96%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	89%	93%
Q2-08		
Faster than Inflation	0%	0%
Slower than Inflation	89%	93%

Palm Beach County

- Cap rates in Palm Beach County are, on average, lower (0.44 percentage points) than that of the state, and range from 7.2% (**Apartments**) to 8.6% (**Strip Centers**).
- Cap rates have increased across all property types in the last quarter, with the largest changes occurring in **Large Retail** (+0.93% change) and **Strip Centers** (+0.67% change).
- Cap rate outlooks for this quarter reveal expectations of rate increases across most property types, with **Apartments** and **Free Standing** showing the strongest potential for rate increases.
- Required yields for Palm Beach County are, on average, lower than that of the state, 11.22% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 15.8% and lowest for **Warehouse and Distribution** at 9.6%.
- Required yields have increased across the majority of property types over the last quarter. One significant exception is **Condo Conversion**, which experienced a -2.08% change.
- The investment outlook is mixed across property types. However, respondents appear to indicate a negative outlook for both **Office: Class A** and **Condo Conversion**.
- The outlook for **Land Development** appears to be negative for **Land with Residential Entitlements**, **Land without Entitlements**, and **Land with Hospitality Entitlements**. The outlook is more neutral to negative for the remaining land classifications.
- Occupancy rates are expected to decrease over the next quarter for the majority of property types. The most respondent support for rate decreases occurs in **Large Retail** and **Neighborhood Centers**.
- Rental rates are expected to increase at a rate slower than inflation across all property types.
- Expectations for future absorption rates are uncertain for **Single Family**, but appear to be negative for **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 4a

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.2	8.5	7.5	7.9	7.5	8.2	8.1	7.5	8.6	7.4
Percent Expecting Rise	68%	50%	57%	50%	60%	62%	50%	43%	50%	70%
Percent Expecting Fall	0%	0%	0%	13%	0%	8%	30%	21%	7%	0%
Q3-08										
Q3-08 Value	7.0	7.9	7.2	7.7	6.9	7.7	7.1	7.2	7.9	7.2
Percent Expecting Rise	67%	43%	59%	64%	64%	53%	67%	55%	54%	33%
Percent Expecting Fall	0%	0%	6%	7%	0%	12%	0%	0%	15%	0%
Q2-08										
Q2-08 Value	6.2	6.8	7.2	7.5	6.7	7.6	6.7	7.0	7.5	7.7
Percent Expecting Rise	38%	17%	43%	36%	56%	48%	67%	36%	60%	67%
Percent Expecting Fall	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	11.5	15.8	9.6	10.9	9.7	10.9	11.0	10.4	12.1	10.3
Percent Expecting Rise	33%	17%	54%	29%	60%	50%	20%	31%	29%	38%
Percent Expecting Fall	6%	17%	8%	29%	0%	17%	40%	31%	14%	13%
Q3-08										
Q3-08 Value	11.4	17.9	9.3	10.4	9.5	10.2	10.2	10.3	11.2	10.2
Percent Expecting Rise	38%	33%	38%	21%	36%	25%	56%	47%	23%	17%
Percent Expecting Fall	13%	17%	25%	29%	27%	25%	0%	0%	23%	17%
Q2-08										
Q2-08 Value	9.0	18.0	10.2	11.3	9.4	10.0	8.6	9.5	10.0	9.5
Percent Expecting Rise	38%	0%	43%	36%	44%	38%	67%	36%	30%	17%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good	47%	0%	50%	44%	14%	25%	8%	36%	27%	50%
Bad to Poor	29%	67%	13%	11%	71%	38%	50%	29%	45%	10%
Q3-08										
Fair to Good	43%	0%	18%	43%	23%	35%	27%	30%	31%	50%
Bad to Poor	5%	88%	18%	21%	23%	5%	20%	9%	0%	0%
Q2-08										
Fair to Good	36%	57%	43%	18%	22%	19%	11%	27%	20%	17%
Bad to Poor	21%	29%	14%	9%	33%	43%	22%	18%	20%	17%

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
Q4-08						
Fair to Good	14%	20%	13%	8%	16%	11%
Bad to Poor	59%	61%	53%	59%	41%	53%
Q3-08						
Fair to Good	13%	23%	12%	13%	26%	13%
Bad to Poor	62%	54%	45%	44%	27%	47%
Q2-08						
Fair to Good	14%	12%	12%	16%	17%	17%
Bad to Poor	66%	72%	55%	47%	43%	55%

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
Q4-08												
Private Buyers	77%	67%	45%	43%	31%	67%	25%	44%	17%	31%	57%	70%
R.E. Companies	18%	10%	20%	14%	19%	11%	13%	44%		31%	7%	30%
REITs	5%	5%		14%	19%			6%	8%	13%	7%	
Institutions		10%	15%		19%	22%	38%		25%	13%		
Foreign Buyers		10%	5%	14%	13%		13%	6%	50%	6%	7%	
Q3-08												
Private Buyers	64%	56%	35%	63%	33%	44%	7%	48%	13%	19%	76%	83%
R.E. Companies	32%	8%	30%	13%	17%	19%	7%	14%	7%	38%	6%	17%
REITs			4%		6%	6%	7%	5%	20%	13%		
Institutions	4%	12%	17%	13%	33%	6%	36%	10%	33%	19%		
Foreign Buyers		24%	4%	13%		6%	29%	5%	20%		6%	
Q2-08												
Private Buyers	78%	82%	57%	71%	29%	64%	11%	71%	22%	55%	80%	83%
R.E. Companies	11%		14%	29%	14%	9%		14%	22%	27%	20%	17%
REITs	6%		7%		29%	9%			11%	13%		
Institutions		9%	14%		14%	18%	44%	5%	33%	9%		
Foreign Buyers	6%	9%	7%		14%		44%	10%	11%			

Table 4d

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	23%	13%	7%	13%	0%	0%	10%	7%	7%	0%
Lower	23%	38%	73%	38%	75%	73%	90%	86%	80%	50%
Q3-08										
Higher	25%	0%	12%	20%	8%	17%	0%	0%	6%	0%
Lower	25%	25%	41%	73%	58%	50%	77%	81%	63%	50%
Q2-08										
Higher	0%	0%		50%	0%	0%	50%	0%	0%	0%
Lower	80%	67%		50%	0%	50%	50%	17%	40%	50%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	73%	88%	81%	75%	100%	87%	73%	87%	93%	80%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	85%	88%	65%	87%	83%	72%	92%	81%	75%	50%
Q2-08										
Faster than Inflation	20%	33%		0%	0%	0%	25%	50%	40%	0%
Slower than Inflation	80%	67%		50%	0%	88%	75%	50%	60%	100%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	36%	29%
Lower	27%	57%
Q3-08		
Higher	16%	12%
Lower	40%	56%
Q2-08		
Higher	33%	20%
Lower	11%	30%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	5%
Slower than Inflation	100%	95%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	84%	92%
Q2-08		
Faster than Inflation	6%	0%
Slower than Inflation	83%	90%

Treasure Coast

- Cap rates in the Treasure Coast area are, on average, lower (0.64 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 8.4% (**Strip Centers**)
- Cap rates have decreased across most property types in the last quarter. The largest changes have occurred in **Flex Space** (-0.45% change), **Apartments** (-0.39% change) and **Free Standing** (-0.39% change).
- Cap rates are expected to increase across the majority of property types, with **Free Standing** receiving the most respondent support for a rate increase.
- Required yields for the Treasure Coast are lower than those of the state, 11.42% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.0% and lowest for **Warehouse and Distribution** at 9.8%.
- Required yields have increased across most property types, with the largest positive shift occurring in **Strip Centers** (+1.15% change). One exception is **Condo Conversion**, in which yields have fallen 1.85% over the last quarter.
- For available property types, the investment outlook is primarily positive. The most positive expectations appear to be for **Warehouse and Distribution, Office: Class B** and **Strip Centers**.
- The outlook for **Land Development** is poor for **Land without Entitlements** and **Land with Residential Entitlements**. However, the outlook is more neutral to negative for the four remaining land classifications.
- For the majority of property types, future occupancy rates are expected to decrease. The most respondent support for occupancy rate decreases occurs in **Office: Class B, Large Retail**, and **Strip Centers**.
- Future rental rates are expected to increase at a rate that is slower than inflation for all property types.
- While expectations for future absorption rates are uncertain for **Single Family Development**, rates are expected to decrease for **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 5a

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.0	8.3	7.3	7.7	7.3	8.0	7.9	7.3	8.4	7.2
Percent Expecting Rise	60%	50%	50%	75%	67%	50%	80%	67%	40%	100%
Percent Expecting Fall	20%	50%	0%	0%	33%	0%	20%	33%	20%	0%
Q3-08										
Q3-08 Value	7.4	8.3	7.7	8.2	7.4	8.1	7.6	7.6	8.3	7.6
Percent Expecting Rise	75%	100%	60%	56%	57%	50%	57%	50%	80%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	14%	10%	20%	0%
Q2-08										
Q2-08 Value	6.3	6.9	7.3	7.6	6.8	7.7	6.8	7.1	7.7	7.8
Percent Expecting Rise	50%	100%	0%	43%	67%	50%	50%	20%	0%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	13%	17%	20%	50%	0%
Yields										
Q4-08										
Q4-08 Value	11.7	16.0	9.8	11.1	9.9	11.1	11.2	10.6	12.3	10.5
Percent Expecting Rise	0%	0%	83%	50%	67%	75%	40%	50%	60%	67%
Percent Expecting Fall	20%	50%	0%	0%	0%	0%	20%	17%	0%	0%
Q3-08										
Q3-08 Value	11.4	17.9	9.3	10.4	9.5	10.2	10.1	10.2	11.2	10.2
Percent Expecting Rise	75%	100%	75%	38%	33%	0%	71%	50%	50%	0%
Percent Expecting Fall	0%	0%	0%	0%	17%	0%	0%	0%	25%	0%
Q2-08										
Q2-08 Value	9.6	18.5	10.8	11.8	10.0	10.6	9.2	10.1	10.6	10.1
Percent Expecting Rise	50%	100%	0%	57%	33%	63%	50%	20%	0%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good			67%	50%		60%	20%	50%	60%	
Bad to Poor			0%	0%		20%	40%	17%	40%	
Q3-08										
Fair to Good	29%		20%	44%	33%	40%	43%	27%	20%	
Bad to Poor	14%		20%	33%	17%	20%	29%	27%	20%	
Q2-08										
Fair to Good	25%			29%		38%	17%	40%		
Bad to Poor	25%			43%		38%	17%	20%		

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
Q4-08						
Fair to Good	10%	24%	10%	10%	19%	14%
Bad to Poor	71%	62%	48%	57%	43%	48%
Q3-08						
Fair to Good	11%	22%	17%	8%	19%	14%
Bad to Poor	69%	56%	53%	50%	42%	42%
Q2-08						
Fair to Good	17%	8%	17%	21%	25%	17%
Bad to Poor	50%	58%	33%	42%	38%	46%

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
Q4-08												
Private Buyers	88%	83%	20%		33%	75%	67%	40%	20%	50%	100%	100%
R.E. Companies	13%		20%					40%		50%		
REITs				50%	17%				20%	25%		
Institutions			20%		33%	25%	33%		40%			
Foreign Buyers		17%			17%			20%	20%			
Q3-08												
Private Buyers	64%	50%	29%	100%	20%	70%	14%	80%	14%	36%	80%	100%
R.E. Companies	21%	8%	29%		20%		14%			27%		
REITs			14%		20%		14%		43%	25%		
Institutions		8%	29%		40%	10%	29%		29%	18%		
Foreign Buyers	7%	25%				10%	14%	20%	14%	9%	20%	
Q2-08												
Private Buyers	90%	88%	50%	100%		71%		75%	17%	20%	50%	100%
R.E. Companies	10%		25%					25%	17%	20%	50%	
REITs						14%			17%	25%		
Institutions		13%	25%		100%	14%	100%		33%			
Foreign Buyers									17%			

Table 5d

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	20%	0%	0%	50%	33%	0%	0%	0%	0%	0%
Lower	0%	0%	80%	25%	67%	100%	100%	80%	100%	67%
Q3-08										
Higher	57%	0%	0%	0%	33%	0%	14%	0%	0%	0%
Lower	14%	33%	60%	70%	33%	60%	57%	83%	80%	0%
Q2-08										
Higher	0%	0%		0%		0%	100%	0%	0%	0%
Lower	100%	50%		100%		50%	0%	50%	100%	100%
Rental Rate Increases										
Q4-08										
Faster than Inflation	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	80%	100%	80%	75%	100%	100%	100%	100%	100%	67%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	57%	67%	100%	90%	67%	60%	100%	92%	80%	0%
Q2-08										
Faster than Inflation	50%	0%		0%		0%	100%	0%	0%	0%
Slower than Inflation	50%	100%		100%		75%	0%	100%	100%	100%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-08		
Higher	38%	0%
Lower	25%	67%
Q3-08		
Higher	38%	9%
Lower	31%	45%
Q2-08		
Higher	40%	13%
Lower	20%	50%
Future Price Increases		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	92%	91%
Q2-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%

Southwest Coast

- Cap rates in the Southwest Coast area are, on average, lower (0.22 percentage points) than that of the state, and range from 7.5% (**Apartments**) to 8.8% (**Strip Centers**).
- Cap rates have increased across all property types over the last quarter, with the largest changes being seen in **Large Retail** (+0.82% change) and **Strip Centers** (+0.55% change).
- Cap rates are expected to increase across the majority of property types, with **Apartments** and **Office: Class A** receiving the most respondent support for rate increases.
- Required yields for the Southwest Coast are higher, on average, than that of the state, 12.61% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 17.2% and lowest for **Warehouse and Distribution** at 11.0%.
- Required yields have increased over the last quarter for all but one property type, with the largest shifts occurring in **Strip Centers** (+2.46% change) and **Large Retail** (+2.41% change).
- The investment outlook is mixed across property types. Respondents appear to have negative expectations for **Office Class: B** and **Large Retail**.
- The outlook for **Land Development** is neutral to negative across all classifications. The most negative expectations occur for **Land with Hospitality Entitlements**.
- Occupancy rates are expected to decrease across most property types, with the strongest indications of rate decreases occurring for **Condo Conversion**.
- Rental rates are expected to increase slower than inflation across all property types.
- Expectations of future absorption rates are uncertain for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation in both **Single Family** and **Condominium Development**.

Table 6a

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.5	8.7	7.7	8.2	7.7	8.4	8.3	7.8	8.8	7.6
Percent Expecting Rise	100%	50%	67%	75%	100%	89%	67%	60%	85%	25%
Percent Expecting Fall	0%	50%	0%	0%	0%	0%	33%	20%	8%	25%
Q3-08										
Q3-08 Value	7.3	8.2	7.6	8.1	7.3	8.0	7.5	7.5	8.2	7.5
Percent Expecting Rise	75%	67%	33%	100%	44%	57%	44%	38%	50%	45%
Percent Expecting Fall	0%	33%	0%	0%	0%	0%	11%	13%	13%	9%
Q2-08										
Q2-08 Value	6.4	7.0		7.7	6.9	7.8	7.0	7.2	7.8	7.9
Percent Expecting Rise	25%	0%		100%	67%	60%	50%	44%	60%	60%
Percent Expecting Fall	0%	0%		0%	0%	0%	50%	22%	20%	20%
Yields										
Q4-08										
Q4-08 Value	12.9	17.2	11.0	12.2	11.1	12.2	12.4	11.8	13.5	11.7
Percent Expecting Rise	100%	50%	0%	57%	80%	38%	67%	44%	58%	25%
Percent Expecting Fall	0%	50%	0%	14%	0%	25%	33%	22%	17%	0%
Q3-08										
Q3-08 Value	11.2	17.7	9.2	10.2	9.4	10.1	10.0	10.1	11.1	10.1
Percent Expecting Rise	50%	33%	43%	67%	43%	50%	38%	43%	50%	30%
Percent Expecting Fall	0%	33%	0%	0%	14%	17%	50%	21%	25%	10%
Q2-08										
Q2-08 Value	9.3	18.3		11.6	9.7	10.4	9.0	9.8	10.3	9.8
Percent Expecting Rise	0%	0%		100%	0%	40%	25%	22%	20%	40%
Percent Expecting Fall	0%	0%		0%	0%	0%	50%	22%	0%	20%
Investment Outlook										
Q4-08										
Fair to Good				14%	17%	25%	0%	27%	43%	50%
Bad to Poor				43%	33%	63%	71%	36%	36%	25%
Q3-08										
Fair to Good	40%		33%	13%	40%	13%	20%	33%	25%	33%
Bad to Poor	0%		33%	50%	20%	38%	50%	33%	13%	0%
Q2-08										
Fair to Good	60%					40%	25%	22%	20%	40%
Bad to Poor	20%					20%	50%	33%	60%	40%

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
Q4-08						
Fair to Good	22%	28%	22%	17%	28%	19%
Bad to Poor	47%	44%	47%	53%	50%	47%
Q3-08						
Fair to Good	27%	21%	19%	21%	25%	23%
Bad to Poor	54%	54%	52%	35%	38%	31%
Q2-08						
Fair to Good	15%	26%	15%	22%	15%	11%
Bad to Poor	63%	56%	52%	48%	56%	52%

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
Q4-08												
Private Buyers	92%	82%	67%	50%	100%	88%	33%	89%	57%	64%	93%	100%
R.E. Companies	8%	9%		50%			17%			9%	7%	
REITs			33%				17%			40%		
Institutions							33%		14%	18%		
Foreign Buyers		9%							29%			
Q3-08												
Private Buyers	60%	42%	20%	67%	50%	63%	30%	88%	20%	17%	88%	92%
R.E. Companies	10%	17%	60%		20%	13%	20%			22%		
REITs	10%	8%	20%	33%			10%		30%	40%	13%	8%
Institutions	5%	8%			10%		20%		20%	17%		
Foreign Buyers	15%	25%				13%	10%		20%			
Q2-08												
Private Buyers	85%	50%	80%	100%		100%	67%	80%		56%	80%	80%
R.E. Companies	8%						33%	20%	25%	11%	20%	
REITs		13%							50%	40%		20%
Institutions			20%							11%		
Foreign Buyers	8%	38%							25%			

Table 6d

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	25%	0%	0%	0%	0%	33%	0%	9%	8%	0%
Lower	25%	100%	67%	75%	83%	56%	86%	73%	69%	25%
Q3-08										
Higher	75%	0%	11%	17%	25%	17%	11%	25%	13%	9%
Lower	25%	67%	22%	67%	50%	50%	56%	50%	63%	18%
Q2-08										
Higher	0%			0%	0%	0%		0%	0%	0%
Lower	0%			100%	0%	0%		100%	100%	33%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	0%	13%	0%	0%	0%	0%	0%	0%
Slower than Inflation	75%	100%	100%	88%	100%	100%	100%	100%	100%	75%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	50%	100%	78%	83%	100%	100%	67%	81%	100%	45%
Q2-08										
Faster than Inflation	0%			0%	0%	0%		0%	0%	33%
Slower than Inflation	100%			100%	100%	100%		100%	100%	67%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	42%	27%
Lower	50%	36%
Q3-08		
Higher	45%	17%
Lower	20%	50%
Q2-08		
Higher	8%	13%
Lower	58%	38%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	92%	91%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	85%	92%
Q2-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%

Daytona Beach Area

- Cap rates in Daytona Beach are, on average, slightly lower (0.02 percentage points) than those of the state, and range from 7.7% (**Apartments**) to 9.0% (**Strip Centers**).
- Cap rates have increased across the majority of property types in the latest quarter. The largest movements in cap rates have occurred in **Large Retail** (+0.62% change) and **Strip Centers** (+0.36% change).
- Cap rates are expected to increase across the majority of property types, with the strongest indication for rate increases occurring in **Condo Conversion** and **Neighborhood Centers**.
- Required yields for Daytona Beach are, on average, higher than that of the state, 13.60% compared to 12.02% statewide.
- Required yields have increased over the past quarter for all property types except **Condo Conversion**. The largest shifts occurred in **Strip Centers** (+2.27% change) and **Large Retail** (+2.22% change).
- For most available property types, the investment outlook is neutral to positive. The most positive outlooks occur for **Flex Space** and **Apartments**, while the most negative outlook occurs for **Large Retail**.
- The outlook for **Land Development** is neutral to negative across most land classifications, with the most neutral to negative outlook occurring for **Land with Residential Entitlements**.
- Occupancy rates are expected to either remain the same or decrease in the next quarter. The strongest indications of a decrease in occupancy rates occur in **Large Retail, Office: Class A, and Strip Centers**.
- Rental rates are expected to increase slower than inflation across property types.
- Absorption rates are expected to remain the same over the next quarter for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 7a

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.7	8.9	7.9	8.4	7.9	8.6	8.5	8.0	9.0	7.8
Percent Expecting Rise	78%	100%	50%	17%	67%	40%	75%	88%	64%	43%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	13%	0%	0%
Q3-08										
Q3-08 Value	7.7	8.6	8.0	8.5	7.7	8.4	7.9	7.9	8.6	7.9
Percent Expecting Rise	67%	100%	33%	50%	75%	14%	100%	40%	60%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%
Q2-08										
Q2-08 Value	6.6	7.1	7.5	7.9	7.1	7.9	7.1	7.3	7.9	8.1
Percent Expecting Rise	20%	100%	50%	50%	100%	60%	0%	50%	50%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	13.9	18.2	12.0	13.2	12.1	13.2	13.4	12.8	14.5	12.7
Percent Expecting Rise	29%	67%	67%	60%	33%	50%	75%	50%	45%	0%
Percent Expecting Fall	14%	0%	0%	0%	33%	13%	0%	25%	18%	67%
Q3-08										
Q3-08 Value	12.4	18.9	10.3	11.4	10.6	11.3	11.2	11.3	12.3	11.2
Percent Expecting Rise	13%	50%	50%	100%	67%	0%	67%	40%	20%	25%
Percent Expecting Fall	13%	50%	0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	11.0	19.9	12.2	13.2	11.4	12.0	10.6	11.5	12.0	11.5
Percent Expecting Rise	0%	100%	50%	50%	0%	60%	0%	50%	33%	25%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good	67%	25%	43%	83%		50%	0%	50%	17%	29%
Bad to Poor	0%	0%	0%	0%		25%	100%	38%	50%	14%
Q3-08										
Fair to Good	78%				25%	33%		50%	40%	67%
Bad to Poor	0%				25%	11%		0%	20%	0%
Q2-08										
Fair to Good	50%			25%		0%		50%	50%	25%
Bad to Poor	0%			25%		40%		0%	33%	25%

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
Q4-08						
Fair to Good	27%	27%	22%	14%	32%	27%
Bad to Poor	49%	54%	51%	43%	35%	43%
Q3-08						
Fair to Good	29%	26%	26%	23%	31%	26%
Bad to Poor	46%	49%	29%	40%	23%	26%
Q2-08						
Fair to Good	29%	24%	14%	19%	19%	19%
Bad to Poor	62%	52%	43%	38%	43%	43%

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
Q4-08												
Private Buyers	67%	100%	30%	75%	43%	83%		83%	25%	38%	79%	100%
R.E. Companies	20%		40%	25%	14%		67%	17%	25%	38%	7%	
REITs					29%	17%	33%					
Institutions	7%		20%						50%	13%		
Foreign Buyers	7%				14%							
Q3-08												
Private Buyers	90%	70%	36%	50%	33%	100%	25%	67%	67%	50%	80%	100%
R.E. Companies	10%	10%	27%	50%			25%	22%	33%	17%	20%	
REITs					33%		25%					
Institutions			18%		33%		25%	11%				
Foreign Buyers		20%								17%		
Q2-08												
Private Buyers	75%	67%	50%	100%	50%	50%		100%	100%	50%	67%	75%
R.E. Companies	13%		17%			25%	100%			25%	33%	
REITs			17%									
Institutions					50%	25%						
Foreign Buyers	13%	33%	17%									25%

Table 7d

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	20%	0%	0%	0%	33%	0%	0%	0%	7%	0%
Lower	30%	33%	50%	50%	67%	27%	75%	50%	64%	29%
Q3-08										
Higher	33%	33%	0%	0%	0%	0%	33%	0%	0%	0%
Lower	17%	67%	33%	25%	33%	33%	33%	33%	40%	20%
Q2-08										
Higher	0%	0%	0%						0%	0%
Lower	20%	100%	100%						25%	67%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	90%	75%	83%	100%	100%	91%	50%	75%	86%	71%
Q3-08										
Faster than Inflation	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	75%	67%	67%	75%	100%	88%	67%	60%	20%	40%
Q2-08										
Faster than Inflation	0%	0%	0%						0%	0%
Slower than Inflation	100%	100%	100%						100%	100%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	20%	0%
Lower	27%	20%
Q3-08		
Higher	30%	10%
Lower	30%	30%
Q2-08		
Higher	14%	33%
Lower	14%	33%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	80%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	80%	90%
Q2-08		
Faster than Inflation	0%	17%
Slower than Inflation	100%	83%

Orlando Area

- Cap rates in Orlando are, on average, lower (0.11 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 8.9% (**Strip Centers**).
- Cap rates have increased over the past quarter for all property types, with the largest changes being seen in **Large Retail** (+0.99% change) and **Strip Centers** (+0.72% change).
- Cap rates are expected to either remain the same or increase over the next quarter, with the strongest indications of rate increases occurring for **Large Retail** and **Free Standing**.
- Required yields for Orlando are, on average, higher than that of the state, 12.12% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.7% and lowest for **Warehouse and Distribution** at 10.5%.
- Required yields have increased over the past quarter for all but one property type, **Condo Conversion** (-2.16% change).
- The investment outlook is mixed across property types. The strongest indication of a neutral to positive outlook occurs for **Free Standing**, while the most negative outlook occurs in **Large Retail**.
- The outlook for **Land Development** is neutral to negative across land classifications. It appears that the most negative outlook occurs for **Land with Hospitality Entitlements**.
- Occupancy rates are expected to decrease across the majority of property types. Respondents indicate that rate decreases are most likely to occur in **Neighborhood Centers** and **Office: Class A**.
- Rental rates are expected to increase slower than inflation for all property types. The strongest indication of such movements occurs in **Office: Class A**, **Office: Class B**, and **Neighborhood Centers**.
- Future absorption rates are expected to be lower for **Condominium Development**, but remain the same for **Single Family Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.6	8.8	7.8	8.3	7.8	8.5	8.4	7.9	8.9	7.7
Percent Expecting Rise	60%	50%	50%	56%	55%	50%	64%	63%	63%	64%
Percent Expecting Fall	0%	0%	6%	0%	5%	0%	18%	8%	7%	7%
Q3-08										
Q3-08 Value	7.3	8.2	7.5	8.0	7.2	8.0	7.4	7.5	8.2	7.4
Percent Expecting Rise	61%	50%	32%	30%	57%	31%	70%	43%	43%	36%
Percent Expecting Fall	0%	0%	11%	30%	0%	19%	10%	5%	7%	9%
Q2-08										
Q2-08 Value	6.5	7.1	7.5	7.8	7.1	7.9	7.1	7.3	7.9	8.0
Percent Expecting Rise	47%	50%	67%	56%	67%	67%	70%	40%	50%	38%
Percent Expecting Fall	7%	0%	0%	11%	0%	0%	20%	13%	13%	15%
Yields										
Q4-08										
Q4-08 Value	12.4	16.7	10.5	11.7	10.6	11.8	11.9	11.3	13.0	11.2
Percent Expecting Rise	42%	75%	33%	31%	45%	33%	64%	46%	42%	18%
Percent Expecting Fall	5%	0%	27%	25%	15%	6%	18%	17%	17%	36%
Q3-08										
Q3-08 Value	12.4	18.9	10.3	11.4	10.5	11.2	11.1	11.2	12.2	11.2
Percent Expecting Rise	30%	20%	22%	10%	36%	20%	50%	43%	33%	30%
Percent Expecting Fall	4%	10%	6%	30%	14%	13%	20%	10%	17%	0%
Q2-08										
Q2-08 Value	9.6	18.5	10.8	11.8	10.0	10.6	9.2	10.0	10.6	10.0
Percent Expecting Rise	27%	75%	42%	22%	33%	44%	70%	40%	38%	8%
Percent Expecting Fall	0%	0%	8%	11%	0%	0%	10%	7%	0%	23%
Investment Outlook										
Q4-08										
Fair to Good	41%	17%	28%	41%	30%	33%	0%	34%	25%	44%
Bad to Poor	14%	33%	6%	6%	17%	17%	64%	38%	42%	19%
Q3-08										
Fair to Good	69%	11%	63%	50%	47%	28%	20%	46%	42%	50%
Bad to Poor	0%	67%	11%	0%	16%	28%	47%	29%	21%	19%
Q2-08										
Fair to Good	53%	25%	58%	44%	69%	33%	27%	53%	50%	38%
Bad to Poor	20%	75%	0%	11%	15%	44%	27%	20%	38%	8%

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
Q4-08						
Fair to Good	20%	27%	16%	11%	21%	30%
Bad to Poor	50%	50%	50%	55%	44%	42%
Q3-08						
Fair to Good	19%	22%	19%	18%	32%	26%
Bad to Poor	55%	54%	34%	44%	22%	23%
Q2-08						
Fair to Good	30%	34%	28%	27%	36%	31%
Bad to Poor	52%	45%	34%	40%	28%	37%

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
Q4-08												
Private Buyers	74%	50%	48%	86%	63%	65%	39%	75%	29%	57%	71%	69%
R.E. Companies	6%		17%		5%	18%	9%	13%	14%	23%	4%	6%
REITs		10%			5%	18%	9%		7%	33%	7%	13%
Institutions	6%	20%	30%		16%		22%	4%	36%	13%		6%
Foreign Buyers	10%	10%			5%		22%	8%	14%		4%	6%
Q3-08												
Private Buyers	79%	46%	41%	60%	37%	43%	5%	56%	13%	17%	89%	50%
R.E. Companies	4%	23%	24%	10%	21%	29%	21%	11%	13%	21%	11%	19%
REITs			7%	10%	16%	7%	16%		20%	33%		19%
Institutions		15%	17%		26%	7%	42%	17%	33%	14%		
Foreign Buyers	17%	15%		10%			11%	11%	20%	7%		6%
Q2-08												
Private Buyers	76%	45%	40%	100%	33%	56%	15%	44%	18%	27%	63%	85%
R.E. Companies	19%	18%	27%		8%	11%	8%	33%	9%	13%	38%	8%
REITs					25%	22%	8%		27%	33%		
Institutions		9%	27%		17%	11%	38%		27%	20%		
Foreign Buyers	5%	27%	7%		17%		31%	22%	18%	7%		8%

Table 8d

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	29%	0%	6%	19%	17%	9%	21%	14%	7%	0%
Lower	21%	60%	65%	44%	74%	59%	57%	75%	71%	44%
Q3-08										
Higher	46%	10%	16%	9%	6%	18%	14%	4%	6%	0%
Lower	7%	20%	21%	27%	38%	18%	43%	41%	61%	40%
Q2-08										
Higher	0%	25%	0%	0%	33%	33%	25%	25%	40%	0%
Lower	0%	50%	50%	50%	0%	33%	50%	50%	20%	25%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	6%	6%	0%	0%	0%	0%	0%	0%
Slower than Inflation	79%	80%	76%	75%	100%	100%	86%	96%	89%	69%
Q3-08										
Faster than Inflation	7%	0%	21%	18%	6%	18%	0%	0%	17%	0%
Slower than Inflation	43%	30%	37%	55%	50%	59%	86%	63%	72%	73%
Q2-08										
Faster than Inflation	20%	0%	0%	50%	0%	33%	25%	25%	20%	25%
Slower than Inflation	60%	100%	100%	0%	100%	67%	75%	50%	80%	75%

Table 8e

Orlando Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-08		
Higher	27%	11%
Lower	20%	67%
Q3-08		
Higher	42%	15%
Lower	17%	23%
Q2-08		
Higher	44%	18%
Lower	28%	27%
Future Price Increases		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	90%	88%
Q3-08		
Faster than Inflation	4%	0%
Slower than Inflation	88%	100%
Q2-08		
Faster than Inflation	6%	0%
Slower than Inflation	94%	100%

Lakeland-Winter Haven

- Cap rates in Lakeland-Winter Haven are, on average, higher (0.06 percentage points) than that of the state, and range from 7.7% (**Apartments**) to 9.1% (**Strip Centers**).
- Cap rates increased across all property types over the last quarter. The largest changes occurred in **Large Retail** (+1.10 % change) and **Strip Centers** (+0.84% change).
- Cap rates are expected to increase across most property types over the next quarter. The strongest indication of rate increases occurs in **Large Retail** and **Strip Centers**.
- Required yields for Lakeland-Winter Haven are, on average, lower than that of the state, 11.25% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 15.8% and lowest for **Warehouse and Distribution** at 9.6%.
- Required yields have decreased across all property types in the last quarter. The largest changes occurred in **Condo Conversion** (-3.34% change) and **Free Standing** (-1.18% change).
- The investment outlook is mixed across property types. The most positive outlook occurs for **Office: Class B**, while the most negative outlook occurs for **Large Retail**.
- The outlook for **Land Development** is mixed across land classifications. It appears that the most negative outlook occurs for **Land with Residential Entitlements**.
- Occupancy rates are expected to either remain the same or decrease for most property types. The most significant indication of potential rate decreases occurs in **Large Retail** and **Neighborhood Centers**.
- Rental rates are expected to increase slower than inflation for all property types. The strongest indication for such a change occurs in **Office: Class A**.
- Future absorption rates are expected to decrease for **Condominium Development** and either remain the same or decrease for **Single Family**.
- Future price increases are expected to occur slower than inflation for both **Single Family** and **Condominium Development**.

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										
Q4-08										
Q4-08 Value	7.7	9.0	8.0	8.4	8.0	8.7	8.6	8.0	9.1	7.9
Percent Expecting Rise	71%	50%	36%	17%	43%	60%	80%	70%	82%	33%
Percent Expecting Fall	0%	0%	18%	0%	14%	0%	20%	0%	9%	0%
Q3-08										
Q3-08 Value	7.3	8.2	7.6	8.1	7.3	8.0	7.5	7.5	8.2	7.5
Percent Expecting Rise	78%	100%	50%	67%	80%	33%	60%	67%	50%	83%
Percent Expecting Fall	0%	0%	10%	33%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.7	7.3	7.7	8.0	7.2	8.1	7.2	7.5	8.1	8.2
Percent Expecting Rise	100%	100%	67%	60%	50%	67%	0%	38%	43%	38%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	13%
Yields										
Q4-08										
Q4-08 Value	11.5	15.8	9.6	10.9	9.7	10.9	11.1	10.5	12.2	10.3
Percent Expecting Rise	57%	50%	50%	67%	43%	25%	80%	50%	50%	0%
Percent Expecting Fall	0%	0%	10%	0%	14%	0%	20%	10%	20%	33%
Q3-08										
Q3-08 Value	12.7	19.2	10.6	11.7	10.8	11.5	11.4	11.5	12.5	11.5
Percent Expecting Rise	50%	100%	22%	0%	40%	33%	25%	40%	50%	67%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	9.0	17.9	10.2	11.2	9.4	10.0	8.6	9.5	10.0	9.5
Percent Expecting Rise	50%	100%	33%	60%	25%	67%	0%	50%	29%	13%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	13%
Investment Outlook										
Q4-08										
Fair to Good	43%	25%	27%	43%	43%	60%	0%	30%	18%	
Bad to Poor	0%	50%	9%	14%	0%	0%	80%	40%	45%	
Q3-08										
Fair to Good	78%		73%		60%	0%	33%	57%	40%	14%
Bad to Poor	0%		18%		20%	25%	0%	14%	20%	14%
Q2-08										
Fair to Good			67%	20%	75%	33%		25%	43%	13%
Bad to Poor			0%	40%	0%	50%		13%	29%	38%

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
Q4-08						
Fair to Good	26%	29%	24%	18%	38%	47%
Bad to Poor	47%	59%	44%	53%	35%	29%
Q3-08						
Fair to Good	27%	33%	37%	27%	47%	37%
Bad to Poor	47%	40%	20%	30%	13%	23%
Q2-08						
Fair to Good	38%	35%	38%	31%	46%	38%
Bad to Poor	42%	46%	27%	31%	15%	23%

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
Q4-08												
Private Buyers	83%	67%	57%	75%	55%	71%	14%	100%	40%	30%	100%	67%
R.E. Companies	8%	33%	29%	25%	9%	14%	29%		20%	40%		
REITs			14%		27%	14%	14%			33%		
Institutions					9%		29%		40%	10%		
Foreign Buyers	8%						14%					33%
Q3-08												
Private Buyers	63%	33%	22%	67%	27%	67%	20%	50%	33%	43%	60%	71%
R.E. Companies		33%	33%	33%	27%	33%				14%	40%	14%
REITs	13%				36%			25%	33%	33%		14%
Institutions		33%	44%		9%		80%	25%		14%		
Foreign Buyers	25%								33%			
Q2-08												
Private Buyers	86%	50%		100%	67%	60%	75%	67%	100%	50%	86%	88%
R.E. Companies			50%					17%		13%	14%	
REITs					17%	40%				33%		13%
Institutions					17%		25%			13%		
Foreign Buyers	14%	50%	50%					17%		13%		

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										
Q4-08										
Higher	14%	0%	36%	50%	17%	0%	0%	0%	9%	0%
Lower	43%	50%	45%	33%	67%	40%	100%	90%	73%	0%
Q3-08										
Higher	33%	0%	11%	50%	0%	0%	0%	14%	0%	0%
Lower	33%	0%	22%	0%	0%	67%	50%	57%	60%	57%
Q2-08										
Higher	0%	0%	0%	0%	0%	50%		0%	20%	0%
Lower	0%	0%	100%	100%	0%	0%		100%	0%	0%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	86%	75%	70%	67%	100%	75%	80%	90%	90%	67%
Q3-08										
Faster than Inflation	0%	0%	11%	50%	0%	0%	0%	14%	0%	0%
Slower than Inflation	67%	67%	44%	50%	25%	100%	67%	57%	80%	86%
Q2-08										
Faster than Inflation	0%	0%	0%	0%	0%	50%		0%	20%	33%
Slower than Inflation	100%	100%	100%	100%	100%	50%		100%	80%	67%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	17%	33%
Lower	42%	67%
Q3-08		
Higher	25%	0%
Lower	25%	50%
Q2-08		
Higher	60%	0%
Lower	20%	50%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%
Q3-08		
Faster than Inflation	13%	0%
Slower than Inflation	75%	33%
Q2-08		
Faster than Inflation	20%	0%
Slower than Inflation	80%	100%

Tampa-St Petersburg

- Cap rates in the Tampa-St. Petersburg area are, on average, lower (0.27 percentage points) than that of the state, and range from 7.4% (**Apartments**) to 8.7% (**Condo Conversion** and **Strip Centers**).
- Cap rates increased over the past quarter across all property types, with the largest changes occurring in **Large Retail** (+0.87% change) and **Strip Centers** (+0.60% change).
- Cap rate outlooks indicate that rates are expected to either remain the same or increase across most property types in the next quarter. The strongest indication of a cap rate increase occurs in **Strip Centers**.
- Required yields for Tampa-St. Petersburg are higher, on average, than that of the state, 12.28% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.9% and lowest for **Warehouse and Distribution** at 10.6%.
- Required yields increased across all but one property type last quarter. The largest shifts in required yields occurred in **Strip Centers** (+1.86% change) and **Large Retail** (+1.81% change).
- The investment outlook is mixed across property types, with the most positive outlook occurring in **Free Standing** and the most negative outlook occurring in **Large Retail**.
- The outlook for **Land Development** appears to be negative for **Land with Residential Entitlements**. However, there is a more neutral to negative outlook for the five remaining land classifications.
- Future occupancy rates are expected to decrease over the next quarter for the majority of property types. The strongest indications of occupancy rate decreases occur in **Strip Centers**, **Office: Class A**, and **Large Retail**.
- Rental rates are expected to increase slower than inflation across all property types over the next quarter. The strongest indication of a rental rate decrease occurs in **Office: Class A**.
- Future absorption rate expectations are uncertain for both **Condominium Development** and **Single Family Development** as there appears to be significant difference in opinion amongst respondents.
- Future price increases are expected to occur at a rate that is slower than inflation for both **Single Family** and **Condominium Development**.

Table 10a

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.4	8.7	7.6	8.1	7.6	8.3	8.2	7.7	8.7	7.6
Percent Expecting Rise	53%	63%	47%	58%	50%	67%	55%	50%	67%	9%
Percent Expecting Fall	0%	0%	13%	0%	25%	0%	18%	13%	6%	9%
Q3-08										
Q3-08 Value	7.2	8.1	7.5	8.0	7.2	7.9	7.4	7.4	8.1	7.4
Percent Expecting Rise	55%	57%	31%	31%	46%	38%	73%	55%	47%	31%
Percent Expecting Fall	0%	0%	6%	8%	0%	0%	0%	0%	0%	6%
Q2-08										
Q2-08 Value	6.6	7.2	7.6	7.9	7.1	8.0	7.2	7.4	8.0	8.1
Percent Expecting Rise	42%	0%	40%	80%	44%	82%	50%	36%	50%	30%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	33%	14%	17%	20%
Yields										
Q4-08										
Q4-08 Value	12.6	16.9	10.6	11.9	10.8	11.9	12.1	11.5	13.2	11.3
Percent Expecting Rise	43%	63%	50%	45%	50%	33%	50%	43%	54%	0%
Percent Ex sv	0%	13%	21%	9%	25%	7%	20%	21%	0%	0%
Q3-08										
Q3-08 Value	11.5	18.0	9.4	10.5	9.7	10.3	10.3	10.4	11.3	10.3
Percent Expecting Rise	45%	50%	36%	25%	36%	20%	38%	37%	23%	19%
Percent Expecting Fall	10%	0%	0%	0%	0%	0%	31%	21%	8%	6%
Q2-08										
Q2-08 Value	9.9	18.8	11.1	12.1	10.3	10.9	9.5	10.3	10.9	10.3
Percent Expecting Rise	26%	20%	0%	40%	22%	36%	50%	36%	33%	20%
Percent Expecting Fall	5%	0%	0%	0%	0%	0%	17%	14%	8%	20%
Investment Outlook										
Q4-08										
Fair to Good	43%	11%	20%	7%	29%	9%	13%	33%	16%	57%
Bad to Poor	5%	56%	27%	43%	21%	48%	60%	38%	53%	21%
Q3-08										
Fair to Good	52%	33%	72%	71%	47%	40%	20%	39%	29%	32%
Bad to Poor	0%	56%	11%	14%	18%	20%	45%	29%	24%	26%
Q2-08										
Fair to Good	42%	60%	60%	30%	80%	18%	17%	36%	25%	40%
Bad to Poor	26%	40%	40%	40%	0%	64%	17%	29%	50%	20%

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
Q4-08						
Fair to Good	16%	15%	15%	16%	22%	25%
Bad to Poor	57%	62%	52%	48%	46%	43%
Q3-08						
Fair to Good	19%	26%	24%	25%	39%	31%
Bad to Poor	60%	52%	31%	32%	21%	26%
Q2-08						
Fair to Good	18%	25%	19%	21%	31%	31%
Bad to Poor	56%	53%	32%	31%	21%	31%

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
Q4-08												
Private Buyers	83%	68%	48%	67%	38%	50%	29%	74%	40%	62%	85%	93%
R.E. Companies	13%	5%	17%	11%	6%	14%		9%	20%	24%	10%	7%
REITs			4%		13%	7%		4%		33%		
Institutions		9%	17%	22%	19%	14%	64%	9%	27%	5%		
Foreign Buyers		14%			19%	14%	7%	4%	13%			
Q3-08												
Private Buyers	74%	62%	39%	78%	39%	47%	6%	65%	15%	32%	81%	79%
R.E. Companies	11%	15%	25%		22%	20%	24%	15%	20%	18%	5%	5%
REITs	6%		11%		33%	13%	29%		20%	33%	14%	16%
Institutions	3%	4%	21%	11%	6%	7%	35%	15%	25%	4%		
Foreign Buyers	3%	15%		11%			6%	5%	20%	7%		
Q2-08												
Private Buyers	84%	63%	47%	80%	20%	60%	30%	64%		21%	92%	70%
R.E. Companies	4%		16%	20%				27%	33%	14%	8%	20%
REITs	8%		11%		40%	30%	20%		33%	33%		10%
Institutions		6%	21%		40%	10%	40%		17%	29%		
Foreign Buyers	4%	31%	5%				10%	9%	17%	14%		

Table 10d

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	36%	11%	13%	15%	14%	5%	0%	5%	5%	7%
Lower	27%	44%	56%	62%	79%	64%	73%	65%	85%	21%
Q3-08										
Higher	33%	57%	19%	23%	19%	16%	11%	11%	10%	0%
Lower	4%	14%	25%	38%	44%	26%	53%	39%	55%	33%
Q2-08										
Higher	0%	33%		20%	67%	25%	50%	0%	29%	25%
Lower	33%	0%		60%	0%	0%	0%	60%	14%	25%
Rental Rate Increases										
Q4-08										
Faster than Inflation	5%	11%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	73%	67%	81%	85%	100%	95%	87%	90%	95%	71%
Q3-08										
Faster than Inflation	0%	14%	6%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	48%	57%	63%	69%	69%	79%	75%	82%	90%	61%
Q2-08										
Faster than Inflation	17%	33%		20%	33%	50%	0%	0%	29%	25%
Slower than Inflation	67%	67%		60%	67%	50%	100%	80%	71%	50%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	36%	29%
Lower	23%	43%
Q3-08		
Higher	32%	13%
Lower	38%	50%
Q2-08		
Higher	25%	13%
Lower	42%	27%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%
Q3-08		
Faster than Inflation	6%	8%
Slower than Inflation	85%	79%
Q2-08		
Faster than Inflation	4%	13%
Slower than Inflation	92%	87%

Sarasota-Bradenton

- Cap rates in the Sarasota-Bradenton area are, on average, lower (0.27 percentage points) than that of the state, and range from 7.4% (**Apartments**) to 8.7% (**Condo Conversion** and **Strip Centers**).
- Cap rates increased across all property types in the last quarter, with the largest changes occurring in **Strip Centers** (+0.72% change) and **Large Retail** (+0.99% change).
- Cap rates are expected to either remain the same or increase in the next quarter. The strongest indications of expected cap rate increases occur in **Large Retail** and **Office: Class A**.
- Required yields for Sarasota-Bradenton are, on average, higher than that of the state, 12.32% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.9% and lowest for **Warehouse and Distribution** at 10.7%.
- Following a period of significant increases just a quarter ago, required yields have decreased this quarter across all property types. The largest shifts occurred in **Condo Conversion** (-3.14% change) and **Free Standing** (-0.98% change).
- The investment outlook is mixed across available property types. The most positive outlook occurs in **Apartments**, while the most negative outlook occurs in **Condo Conversion**.
- The outlook for **Land Development** is mostly neutral to negative across land classifications. It appears that the most negative outlook occurs for **Land with Residential Entitlements**.
- Future occupancy rates are expected to either remain the same or decrease over the next quarter. The strongest indications of expected occupancy rate decreases occur in **Office: Class A**, **Office: Class B**, and **Large Retail**.
- Rental rates are expected to decrease across all but one property type over the next quarter, with the exception being **Condo Conversion** whose rates are expected to remain the same.
- Future absorption rates are expected to remain at current levels for **Single Family Development**, while expectations remain uncertain for **Condominium Development**.
- Respondents indicate that future prices will increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 11a

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.4	8.7	7.7	8.1	7.6	8.3	8.2	7.7	8.7	7.6
Percent Expecting Rise	33%	33%	50%	71%	100%	70%	100%	33%	67%	18%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	8%	9%
Q3-08										
Q3-08 Value	7.1	8.0	7.3	7.9	7.1	7.8	7.2	7.3	8.0	7.3
Percent Expecting Rise	67%	60%	14%	50%	60%	17%	71%	63%	67%	36%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.8	7.3	7.7	8.0	7.3	8.1	7.3	7.5	8.1	8.2
Percent Expecting Rise	75%	0%	50%	83%	50%	75%	0%	67%	25%	67%
Percent Expecting Fall	0%	0%	0%	17%	0%	13%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	12.6	16.9	10.7	12.0	10.8	12.0	12.1	11.5	13.2	11.4
Percent Expecting Rise	50%	33%	20%	29%	100%	11%	100%	33%	36%	10%
Percent Expecting Fall	0%	33%	0%	0%	0%	0%	0%	0%	9%	10%
Q3-08										
Q3-08 Value	13.5	20.1	11.5	12.6	11.7	12.4	12.3	12.4	13.4	12.4
Percent Expecting Rise	67%	60%	29%	50%	20%	17%	17%	14%	33%	18%
Percent Expecting Fall	0%	0%	0%	0%	20%	0%	67%	57%	17%	9%
Q2-08										
Q2-08 Value	8.2	17.1	9.4	10.4	8.6	9.2	7.8	8.7	9.2	8.7
Percent Expecting Rise	50%	0%	0%	17%	0%	25%	0%	67%	0%	17%
Percent Expecting Fall	0%	0%	0%	17%	50%	25%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good	67%	0%	33%	38%	50%	10%		14%	9%	60%
Bad to Poor	0%	100%	17%	38%	0%	30%		71%	27%	20%
Q3-08										
Fair to Good	50%	40%	29%		60%	14%	14%	33%	25%	38%
Bad to Poor	0%	40%	14%		20%	0%	43%	33%	0%	15%
Q2-08										
Fair to Good	50%			17%		50%		33%	50%	0%
Bad to Poor	50%			67%		25%		33%	25%	33%

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
Q4-08						
Fair to Good	22%	19%	25%	17%	28%	25%
Bad to Poor	47%	47%	39%	42%	42%	28%
Q3-08						
Fair to Good	26%	29%	26%	34%	34%	32%
Bad to Poor	53%	42%	26%	24%	21%	24%
Q2-08						
Fair to Good	16%	19%	26%	26%	32%	32%
Bad to Poor	55%	58%	35%	32%	29%	32%

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
Q4-08												
Private Buyers	91%	75%	83%	75%	67%	88%	50%	90%	67%	57%	92%	73%
R.E. Companies	9%	13%								14%		9%
REITs			17%	25%	17%		25%	10%	33%	50%		
Institutions						13%	25%					9%
Foreign Buyers		13%			17%							
Q3-08												
Private Buyers	67%	58%	25%	50%	57%	100%		86%	14%	22%	75%	92%
R.E. Companies	13%	25%	50%		29%		20%			11%	13%	
REITs	7%				14%		40%		43%	50%		8%
Institutions	7%		25%	17%			40%		14%	11%		
Foreign Buyers	7%	17%		17%					29%			
Q2-08												
Private Buyers	92%	89%	50%	50%	50%	100%	50%	63%			100%	67%
R.E. Companies			25%	50%	50%		50%	25%	100%	50%		17%
REITs	8%									50%		17%
Institutions										17%		
Foreign Buyers		11%	25%					13%		17%		

Table 11d

Sarasota-Bradenton	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										
Q4-08										
Higher	17%	0%	20%	14%	25%	11%	33%	0%	0%	9%
Lower	17%	33%	40%	43%	75%	67%	67%	50%	64%	18%
Q3-08										
Higher	33%	20%	0%	0%	25%	0%	0%	0%	0%	0%
Lower	33%	40%	33%	100%	25%	50%	71%	67%	57%	46%
Q2-08										
Higher	0%	0%		0%	0%	25%	100%	0%	0%	0%
Lower	50%	100%		100%	100%	0%	0%	100%	0%	100%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	67%	33%	80%	86%	100%	67%	100%	100%	100%	64%
Q3-08										
Faster than Inflation	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	57%	80%	83%	100%	67%	100%	67%	63%	100%	69%
Q2-08										
Faster than Inflation	0%	0%		0%	0%	25%	0%	0%	0%	0%
Slower than Inflation	100%	100%		100%	100%	75%	100%	100%	100%	100%

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	18%	38%
Lower	27%	25%
Q3-08		
Higher	47%	27%
Lower	7%	18%
Q2-08		
Higher	33%	33%
Lower	25%	33%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	88%
Q3-08		
Faster than Inflation	20%	18%
Slower than Inflation	80%	82%
Q2-08		
Faster than Inflation	0%	11%
Slower than Inflation	92%	78%

Jacksonville

- Cap rates in Jacksonville are, on average, lower (0.31 percentage points) than that of the state, and range from 7.4% (**Apartments**) to 8.7% (**Strip Centers**).
- Cap rate movements have been mixed across property types, with the largest increase occurring in **Large Retail** (+0.49% change) and the largest decrease occurring in **Flex Space** (-0.26% change).
- For the majority of property types, cap rates are expected to either remain the same or increase over the next quarter. The strongest indication of a cap rate increase occurs in **Condo Conversion**.
- Required yields for Jacksonville are, on average, lower than that of the state, 11.92% compared to 12.02% statewide.
- Required yields are highest for **Condo Conversion** at 16.5% and lowest for **Warehouse and Distribution** at 10.3%.
- Required yields increased across all but one property type in the last quarter, with the exception being **Condo Conversion** (-1.82% change). The largest increase occurred for **Strip Centers** (+1.18% change).
- The investment outlook is mixed across property types this quarter. The most positive outlook for investment occurs in **Free Standing**, while the most negative outlook appears to be for **Strip Centers**.
- The outlook for **Land Development** is negative for **Land with Entitlements**, **Land with Residential Entitlements**, and **Land for Urban Redevelopment**. The outlook is more neutral to negative for the remaining land classifications.
- Future occupancy rates are expected to either remain at current levels or decrease across the majority of property types. Respondents expect occupancy rates to be lower in **Large Retail** and **Neighborhood Centers**.
- Rental rates are expected to decrease across all property types.
- Future absorption rates are expected to remain the same for **Single Family Development** and decrease for **Condominium Development**.
- Respondents expect future prices to increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 12a

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	7.4	8.6	7.6	8.1	7.6	8.3	8.2	7.7	8.7	7.5
Percent Expecting Rise	53%	100%	25%	50%	75%	67%	25%	50%	60%	43%
Percent Expecting Fall	0%	0%	25%	0%	13%	0%	50%	13%	10%	14%
Q3-08										
Q3-08 Value	7.6	8.4	7.8	8.3	7.5	8.3	7.7	7.8	8.5	7.7
Percent Expecting Rise	56%	33%	33%	50%	50%	33%	57%	42%	60%	44%
Percent Expecting Fall	0%	33%	11%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.4	7.0	7.4	7.7	6.9	7.8	7.0	7.2	7.8	7.9
Percent Expecting Rise	10%	50%	50%	33%	100%	33%	100%	33%	38%	0%
Percent Expecting Fall	20%	0%	25%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	12.2	16.5	10.3	11.6	10.4	11.6	11.7	11.1	12.8	11.0
Percent Expecting Rise	33%	33%	0%	33%	63%	43%	33%	50%	50%	17%
Percent Expecting Fall	7%	0%	67%	0%	25%	14%	33%	0%	13%	33%
Q3-08										
Q3-08 Value	11.8	18.3	9.8	10.8	10.0	10.7	10.6	10.7	11.7	10.6
Percent Expecting Rise	13%	50%	22%	0%	38%	25%	29%	36%	43%	13%
Percent Expecting Fall	13%	25%	33%	50%	13%	0%	57%	27%	14%	25%
Q2-08										
Q2-08 Value	8.7	17.7	9.9	11.0	9.1	9.8	8.4	9.2	9.7	9.2
Percent Expecting Rise	20%	100%	50%	33%	100%	17%	100%	33%	13%	0%
Percent Expecting Fall	10%	0%	0%	33%	0%	17%	0%	0%	13%	0%
Investment Outlook										
Q4-08										
Fair to Good	32%		0%	60%	11%	18%	0%	57%	0%	67%
Bad to Poor	11%		20%	20%	22%	27%	25%	29%	60%	0%
Q3-08										
Fair to Good	46%	0%	56%		20%	9%	29%	38%	10%	50%
Bad to Poor	0%	100%	0%		10%	18%	43%	23%	50%	10%
Q2-08										
Fair to Good	50%		50%			67%			38%	
Bad to Poor	20%		0%			17%			25%	

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
Q4-08						
Fair to Good	12%	26%	16%	14%	28%	16%
Bad to Poor	60%	60%	51%	51%	42%	65%
Q3-08						
Fair to Good	22%	28%	20%	26%	39%	26%
Bad to Poor	48%	57%	37%	39%	17%	35%
Q2-08						
Fair to Good	21%	21%	21%	15%	29%	21%
Bad to Poor	47%	50%	21%	24%	18%	38%

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
Q4-08												
Private Buyers	95%	83%	47%	67%		60%	22%	64%	50%	50%	90%	71%
R.E. Companies			16%	33%	20%		11%	27%			10%	14%
REITs		8%	11%		60%		11%					
Institutions	5%		26%		20%	40%	22%		50%	38%		
Foreign Buyers		8%					33%	9%				
Q3-08												
Private Buyers	80%	50%	21%	50%	11%	33%		55%	14%	21%	90%	90%
R.E. Companies		13%	14%	25%	44%	33%	30%	27%	29%	21%	10%	10%
REITs					33%		10%		14%			
Institutions	7%	13%	50%	25%	11%		50%	9%	14%	21%		
Foreign Buyers	13%	25%	7%				10%		29%	7%		
Q2-08												
Private Buyers	92%	71%	30%	100%		67%	33%	100%	50%		88%	100%
R.E. Companies			20%		25%					33%	13%	
REITs			20%		50%		33%					
Institutions	8%	14%	30%		25%		33%		50%	67%		
Foreign Buyers		14%				33%						

Table 12d

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	28%	25%	20%	20%	0%	0%	0%	0%	9%	29%
Lower	17%	25%	40%	20%	78%	70%	100%	100%	91%	43%
Q3-08										
Higher	31%	0%	33%	0%	22%	11%	29%	14%	33%	22%
Lower	38%	0%	22%	33%	22%	44%	57%	64%	33%	22%
Q2-08										
Higher	100%	0%		0%		0%	0%	0%	20%	0%
Lower	0%	50%		100%		0%	100%	0%	0%	100%
Rental Rate Increases										
Q4-08										
Faster than Inflation	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	67%	75%	100%	80%	100%	90%	100%	100%	91%	100%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	22%	11%	14%	7%	0%	0%
Slower than Inflation	75%	50%	67%	33%	67%	67%	86%	93%	80%	56%
Q2-08										
Faster than Inflation	50%	0%		0%		100%	0%	0%	40%	0%
Slower than Inflation	50%	100%		100%		0%	100%	100%	60%	100%

Table 12e

Jacksonville	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	11%	0%
Lower	17%	64%
Q3-08		
Higher	27%	29%
Lower	53%	43%
Q2-08		
Higher	31%	0%
Lower	23%	86%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	64%	86%
Q2-08		
Faster than Inflation	8%	0%
Slower than Inflation	92%	100%

Gainesville-Ocala

- For available property types, cap rates in Gainesville-Ocala are, on average, higher (0.31 percentage points) than that of the state, and range from 8.1% (**Apartments**) to 9.4% (**Strip Centers**).
- For available property types, cap rates increased over the last quarter, with the largest changes occurring in **Large Retail** (+1.28% change) and **Strip Centers** (+1.02% change).
- For the majority of available property types, cap rates are expected to either remain the same or increase over the next quarter. The strongest indications of cap rate increases occur in **Neighborhood Centers, Strip Centers, and Free Standing**.
- Required yields for Gainesville-Ocala are, on average, lower than that of the state, 10.50% compared to 12.02% statewide.
- Required yields are highest for **Strip Centers** at 11.9% and lowest for **Warehouse and Distribution** at 9.4%.
- For all available property types, required yields decreased over the past quarter. The largest negative shifts occurred in **Free Standing** (-1.46% change) and **Apartments** (-1.41% change).
- Data regarding the investment outlook is only available for two property types in this region. Respondents indicate a neutral to positive outlook for **Apartments** and **Office: Class B**.
- The outlook for **Land Development** is fairly uncertain across all but one land classification as there appears to be a significant difference in opinion amongst respondents. The lone exception is **Land without Entitlements** for which respondents have indicated a negative outlook.
- Future occupancy rate expectations are mixed across available property types. The strongest indications of future rate decreases occur in **Strip Centers, Large Retail, and Free Standing**.
- Rental rates are expected to decrease across the majority of available property types over the next quarter.
- Future absorption rates are expected to remain at current levels for **Single Family Development** and decrease for **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 13a

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	8.1		8.3	8.8	8.3	9.0	8.9	8.4	9.4	8.2
Percent Expecting Rise	67%		50%	50%	0%	33%	50%	100%	100%	100%
Percent Expecting Fall	0%		0%	0%	0%	0%	0%	0%	0%	0%
Q3-08										
Q3-08 Value	7.5	8.4	7.7	8.2	7.4	8.2	7.6	7.7	8.4	7.6
Percent Expecting Rise	75%	100%	50%	25%	50%	25%	0%	33%	33%	0%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	6.9	7.5	7.9	8.2	7.4	8.3	7.5	7.7	8.3	8.4
Percent Expecting Rise	50%	0%	60%	100%	75%	50%	50%	50%	33%	0%
Percent Expecting Fall	0%	0%	20%	0%	25%	0%	0%	0%	0%	50%
Yields										
Q4-08										
Q4-08 Value	11.3		9.4	10.6	9.5	10.6	10.8	10.2	11.9	10.1
Percent Expecting Rise	25%		100%	100%	0%	100%	0%	0%	100%	50%
Percent Expecting Fall	25%		0%	0%	0%	0%	0%	0%	0%	50%
Q3-08										
Q3-08 Value	12.7		10.6	11.7	10.9	11.5	11.5	11.6	12.5	11.5
Percent Expecting Rise	25%		0%	0%	33%	0%	0%	33%	0%	0%
Percent Expecting Fall	0%		0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	8.4	17.3	9.6	10.6	8.8	9.4	8.0	8.8	9.4	8.8
Percent Expecting Rise	50%	100%	60%	100%	50%	50%	50%	50%	33%	0%
Percent Expecting Fall	0%	0%	20%	0%	25%	0%	0%	0%	0%	50%
Investment Outlook										
Q4-08										
Fair to Good	57%					50%				
Bad to Poor	0%					0%				
Q3-08										
Fair to Good	75%			50%	75%	60%		50%	40%	
Bad to Poor	0%			0%	0%	20%		25%	20%	
Q2-08										
Fair to Good			20%		60%	25%				
Bad to Poor			0%		20%	25%				

Table 13b**Outlook for Land Development**

Gainesville-Ocala	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-08						
Fair to Good	21%	43%	29%	29%	36%	43%
Bad to Poor	64%	43%	29%	7%	29%	29%
Q3-08						
Fair to Good	13%	30%	35%	35%	52%	43%
Bad to Poor	48%	35%	17%	17%	13%	13%
Q2-08						
Fair to Good	28%	28%	28%	33%	28%	28%
Bad to Poor	50%	44%	22%	28%	22%	39%

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
Q4-08												
Private Buyers	100%	50%	71%		50%	100%	100%	100%	50%		100%	100%
R.E. Companies		50%										
REITs					50%					33%		
Institutions			29%						50%	100%		
Foreign Buyers												
Q3-08												
Private Buyers	90%	33%	33%		100%	100%	50%	60%		25%	60%	100%
R.E. Companies		33%	33%				25%	40%	50%	50%	40%	
REITs			11%							33%		
Institutions	10%		11%				25%		50%	25%		
Foreign Buyers		33%		50%								
Q2-08												
Private Buyers	80%		50%	100%	80%	100%	60%	75%	67%	100%	100%	
R.E. Companies		33%					20%	25%	33%			
REITs					20%					33%		
Institutions			50%									
Foreign Buyers	20%	67%					20%					

Table 13d

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-08										
Higher	17%		50%	0%	50%	0%	0%	0%	0%	0%
Lower	0%		0%	0%	50%	25%	100%	0%	100%	100%
Q3-08										
Higher	38%	0%	0%	0%	0%	0%	0%	0%	0%	33%
Lower	25%	100%	50%	20%	0%	20%	50%	25%	20%	0%
Q2-08										
Higher		0%	0%		0%	0%	0%		50%	100%
Lower		100%	100%		50%	100%	50%		50%	0%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%		0%	0%	0%	0%	0%	0%	0%	0%
Slower than Inflation	86%		50%	100%	100%	75%	100%	100%	100%	100%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	25%	0%	50%	0%	0%	33%
Slower than Inflation	63%	100%	50%	0%	50%	80%	50%	50%	40%	33%
Q2-08										
Faster than Inflation		0%	0%		0%	100%	0%		50%	0%
Slower than Inflation		100%	100%		100%	0%	100%		50%	100%

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	13%	0%
Lower	25%	100%
Q3-08		
Higher	10%	20%
Lower	10%	40%
Q2-08		
Higher	20%	33%
Lower	40%	0%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	88%	100%
Q3-08		
Faster than Inflation	0%	20%
Slower than Inflation	70%	60%
Q2-08		
Faster than Inflation	0%	0%
Slower than Inflation	100%	100%

Pensacola-Tallahassee

- Cap rates for available property types in Pensacola-Tallahassee are, on average, higher (0.25 percentage points) than that of the state, and range from 8.0% (**Apartments**) to 9.4% (**Strip Centers**).
- Cap rates have increased over the past quarter for all available property types. The largest cap rate movements occurred in **Strip Centers** (+0.64% change) and **Office: Class A** (+0.49% change).
- Cap rates are expected to either remain at current levels or increase across available property types. The strongest indications of expected rate increases occur in **Apartments** and **Neighborhood Centers**.
- Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 11.40% compared to 12.02% statewide.
- Required yields are highest for **Strip Centers** at 12.9% and lowest for **Warehouse and Distribution** at 10.3%.
- For available property types, required yields have increased over the past quarter. The largest shifts occurred in **Strip Centers** (+2.42% change) and **Office: Class B** (+2.14% change).
- For available property types, the investment outlook is mixed. The most neutral to negative outlook occurs for **Office: Class B**, while the most neutral to positive outlook occurs for **Free Standing**.
- The outlook for **Land Development** is negative across the majority of land classifications. It appears that the most negative outlooks occur for **Land without Entitlements**, **Land with Residential Entitlements**, and **Land with Hospitality Entitlements**.
- Future occupancy rate expectations are mixed across property types. The strongest indication of an expected decrease in occupancy rates over the next quarter occurs in **Neighborhood Centers**.
- For the majority of available property types, rental rates are expected to increase at a rate slower than inflation.
- Future absorption rates are expected to either remain at current levels or decrease for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-08										
Q4-08 Value	8.0		8.3	8.7	8.3	9.0		8.3	9.4	8.2
Percent Expecting Rise	67%		0%	50%	40%	50%		100%	11%	14%
Percent Expecting Fall	0%		0%	0%	0%	0%		0%	11%	0%
Q3-08										
Q3-08 Value	7.8	8.7	8.1	8.6	7.8	8.5	8.0	8.0	8.7	8.0
Percent Expecting Rise	50%	60%	40%	0%	50%	63%	100%	80%	50%	50%
Percent Expecting Fall	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Q2-08										
Q2-08 Value	7.1		8.1	8.4	7.6	8.5	7.7	7.9	8.5	8.6
Percent Expecting Rise	38%		100%	0%	50%	57%	100%	67%	50%	0%
Percent Expecting Fall	13%		0%	0%	0%	0%	0%	0%	0%	0%
Yields										
Q4-08										
Q4-08 Value	12.3		10.3	11.6	10.4	11.6		11.2	12.9	11.0
Percent Expecting Rise	67%		0%	0%	20%	22%		100%	0%	17%
Percent Expecting Fall	0%		0%	0%	0%	0%		0%	13%	17%
Q3-08										
Q3-08 Value	10.6	17.1	8.5		8.8	9.4	9.4	9.5	10.4	9.4
Percent Expecting Rise	33%	75%	0%		0%	50%	0%	75%	40%	40%
Percent Expecting Fall	0%	0%	33%		50%	17%	100%	25%	0%	20%
Q2-08										
Q2-08 Value	14.6		15.8	16.8	15.0	15.6	14.2	15.0	15.6	15.0
Percent Expecting Rise	25%		0%	0%	25%	29%	100%	67%	50%	0%
Percent Expecting Fall	0%		0%	0%	0%	0%	0%	0%	0%	0%
Investment Outlook										
Q4-08										
Fair to Good					0%	9%			33%	43%
Bad to Poor					25%	36%			44%	0%
Q3-08										
Fair to Good	50%				25%	50%		20%	67%	67%
Bad to Poor	0%				0%	0%		60%	17%	33%
Q2-08										
Fair to Good	56%				75%	14%				
Bad to Poor	0%				0%	29%				

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
Q4-08						
Fair to Good	8%	16%	16%	8%	16%	12%
Bad to Poor	72%	64%	56%	64%	56%	48%
Q3-08						
Fair to Good	23%	19%	19%	23%	19%	23%
Bad to Poor	55%	55%	35%	42%	35%	42%
Q2-08						
Fair to Good	20%	20%	20%	24%	16%	24%
Bad to Poor	60%	64%	36%	40%	36%	48%

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
Q4-08												
Private Buyers	93%	100%	100%			100%	40%	75%		67%	73%	38%
R.E. Companies							20%				9%	25%
REITs				100%								13%
Institutions								8%				
Foreign Buyers							20%					
Q3-08												
Private Buyers	88%	91%	38%	40%	40%		25%	88%		40%	50%	33%
R.E. Companies	6%		25%					13%	33%	40%	33%	33%
REITs					20%				33%		17%	17%
Institutions			38%				50%		33%			17%
Foreign Buyers	6%	9%		20%			25%					
Q2-08												
Private Buyers	92%	56%	44%		100%	100%	50%	100%		33%	100%	100%
R.E. Companies										33%		
REITs			11%									
Institutions	8%	22%	33%				25%		100%			
Foreign Buyers		22%	11%				25%					

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										
Q4-08										
Higher	33%		0%	0%	20%	0%		0%	0%	0%
Lower	0%		0%	0%	40%	40%		100%	33%	14%
Q3-08										
Higher	0%	0%	0%	0%	0%	0%	0%	20%	0%	0%
Lower	17%	40%	40%	50%	25%	13%	100%	60%	17%	17%
Q2-08										
Higher	0%				0%	0%		0%		0%
Lower	100%				0%	25%		0%		0%
Rental Rate Increases										
Q4-08										
Faster than Inflation	0%		0%	0%	0%	0%		0%	11%	14%
Slower than Inflation	100%		100%	100%	0%	90%		100%	78%	29%
Q3-08										
Faster than Inflation	0%	0%	0%	0%	0%	13%	0%	0%	0%	17%
Slower than Inflation	83%	60%	80%	50%	0%	63%	100%	80%	33%	17%
Q2-08										
Faster than Inflation	25%				0%	0%		100%		0%
Slower than Inflation	75%				100%	100%		0%		100%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
<i>Future Absorption Rates</i>		
Q4-08		
Higher	8%	13%
Lower	46%	50%
Q3-08		
Higher	24%	9%
Lower	24%	45%
Q2-08		
Higher	8%	22%
Lower	25%	44%
<i>Future Price Increases</i>		
Q4-08		
Faster than Inflation	0%	0%
Slower than Inflation	85%	100%
Q3-08		
Faster than Inflation	0%	0%
Slower than Inflation	88%	100%
Q2-08		
Faster than Inflation	0%	11%
Slower than Inflation	100%	89%