

# *Survey of Emerging Market Conditions*

**Quarter 4 2009**

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the December 2009 fielding. For more information about the survey or the Bergstrom Center for Real Estate Studies, visit our website at [www.realestate.ufl.edu](http://www.realestate.ufl.edu).

## Executive Summary & Conclusions

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Uncertainty remains in Florida real estate markets. Results of the fourth quarter survey are largely unchanged from those of the previous quarter as respondents continue to express concern over the stagnant financial markets and the unemployment outlook. Florida's seasonally adjusted unemployment rate continued to climb this quarter to 11.8% according to the Bureau of Labor Statistics. That translates into continued downward pressure on real estate fundamentals. Our respondents indicate that we will continue to see increasing vacancies and decreasing rents throughout most property types. One respondent summed up the current situation stating that "unemployed people don't need office space, don't shop, don't pay rent, and don't buy houses." This outlook will continue until we start adding jobs to the economy.

Adding to the angst of declining fundamentals is the continued lack of debt financing in the marketplace. Our respondents continue to be concerned about their ability to refinance existing mortgages coming due even if they are meeting the obligations of the current mortgage. This will continue to be a problem going forward as long as fundamentals and therefore values continue to decline. On the positive side, our respondents continue to indicate that private equity, both foreign and domestic is still being raised and is starting to "kick the tires" in many markets. Additionally, investor expectations for returns are coming down to more realistic levels which is helping to close the bid/ask spread with sellers. This bodes well for the transaction market when quality properties start coming to the marketplace. Unfortunately, there are few good, quality deals to bid on. Our respondents believe that could change over the next few quarters, but limited access to debt capital and the cloudy outlook for unemployment will continue to be overriding factors that contribute to uncertainty at least for the next few quarters.

### Highlights

- The general investment outlook for Florida real estate remains mixed and unchanged from the previous quarter.
- Expectations for single family residential absorption remain slightly positive but have declined over the past two quarters as our respondents become wary positive absorption in the absence of government incentives.
- The investment outlook is mixed for most property types with the strongest outlook in market rent apartments.
- The outlook for rental rates continues to be negative across all property types.
- The outlook for occupancy is mixed to negative over all the property types with the exception of Apartments, which now has a positive expectation.
- Cap rates continued to increase over most property types this quarter with an outlook of continued increases.

### 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 sixteenth fielding. The total number of participants, at 319, 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, remained unchanged from the previous quarter with respondents indicated that the outlook is mixed.

## **Single Family & Condominium Development**

The outlook for single family absorption declined for the second consecutive quarter. While low prices and interest rates will continue to have a positive effect on absorption the continued negative trend in employment along with the nearing expiration of government incentives has curbed future expectations. The expectation for prices declined slightly this quarter as respondents continue to believe that prices will increase slower than inflation. The investment outlook for single family development also declined for the second consecutive quarter.

## **Apartments**

Apartments continue to be the strongest property segment in the survey as expectations for occupancy increased dramatically this quarter with more respondents indicating an increase in occupancy. The expectation for rental rate growth also increased this quarter, moving closer to the expectation that rents will increase at the rate of inflation. The expectation for apartment investment remained unchanged this quarter with respondents believing this is a mixed to good time to buy. Cap rates, an indication of long term value, continued a three quarter downward trend this quarter to approximately 8%. Expectations for future cap rates increased slightly but respondents still expect no change.

## **Industrial**

The outlook for industrial occupancy is mixed this quarter with the expectations declining in Warehouse but increasing in Flex Space. In both segments respondents continue to believe that there will be little to no change in occupancy. The outlook for investment in industrial remained slightly positive overall, however, the outlook in Warehouse declined from the previous quarter while the outlook improved in Flex space for the third consecutive quarter. Cap rates for industrial properties continued to move upward, suggesting increased investor uncertainty and expectations for future cap rates increased in both segments.

## **Office**

The outlook for office occupancy increased in Class A for the second consecutive quarter while the outlook for Class B space declined slightly. The outlook for office rental rates is mixed with an improving trend in Class B and a negative move in Class A. In both property classes, however, respondents still expect rates to lag inflation. The outlook for office investment remained mixed but improved slightly in both segments. Cap rates continued to creep upward for both segments at or above 9%. The expectation for future cap rates remained stable expecting a slight increase.

## **Retail**

Surprisingly, the expectations for occupancy increased for every sector but Strip Centers this quarter with the largest increase in Free Standing Retail, which indicates no change over the next quarter. The outlook for rental rate growth also improved in all but the Strip Center segment, however all continue to expect stable rental rates. Actual cap rates declined slightly in Strip

Centers and Free Standing Retail and increased in the remaining sectors. There was a dramatic improvement in the expectation for future cap rates in Free Standing as more respondents now believe that future cap rates will remain unchanged. The investment outlook in Retail remains mixed for all segments.

### **Land Investment**

The outlook for investment in land remains mixed and largely unchanged for every property type this quarter. Numerous factors continue to dampen expectations including the lack of financing for land as well as a large spread in bid-ask prices as owners have chosen not to discount as deeply as the market believes is necessary. Additionally, our respondents indicate that banks continue to take a slow approach to recognizing and acting on distressed properties.

### **Capital Availability**

The outlook for capital availability increased slightly this quarter as respondents still believe that future capital availability will increase. Our respondents indicate that foreign capital continues to enter the marketplace looking for placement and financially sound community banks are increasing their appetite for commercial real estate. However, large banks and financial institutions continue to limit lending in this area and have very restrictive terms and underwriting on the loans they are making.

### **Own Business Outlook**

Own business outlook increased for the fourth consecutive quarter. Respondents continue to believe that coming wave of foreclosures in commercial real estate will provide a tremendous opportunity in the future. However, they remain guarded due to the uncertainty with the overall economy, unemployment concerns and the fear that we will experience a double dip recession.

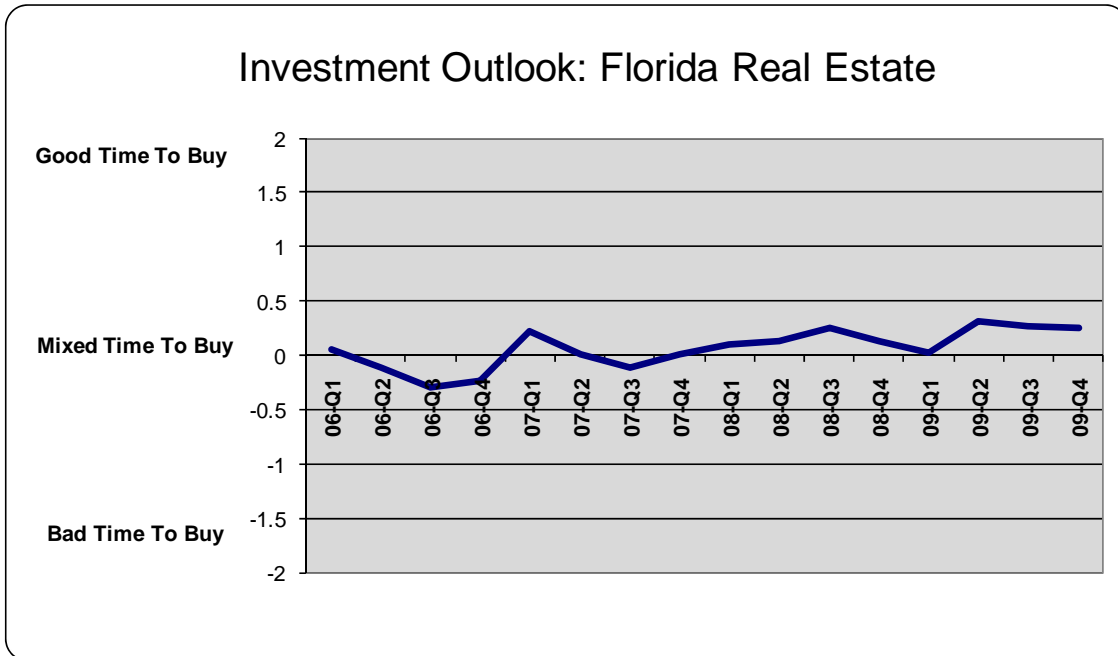
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## Section 1: Investment Outlook

After increasing to its highest level since the inception of the survey the outlook for investment in Florida real estate has declined slight for the second consecutive quarter. Uncertainty continues to affect the mood of our respondents who indicate that the unemployment environment is dampening their expectations slightly. That combine with the financial picture keeps the Florida Outlook mixed this quarter.

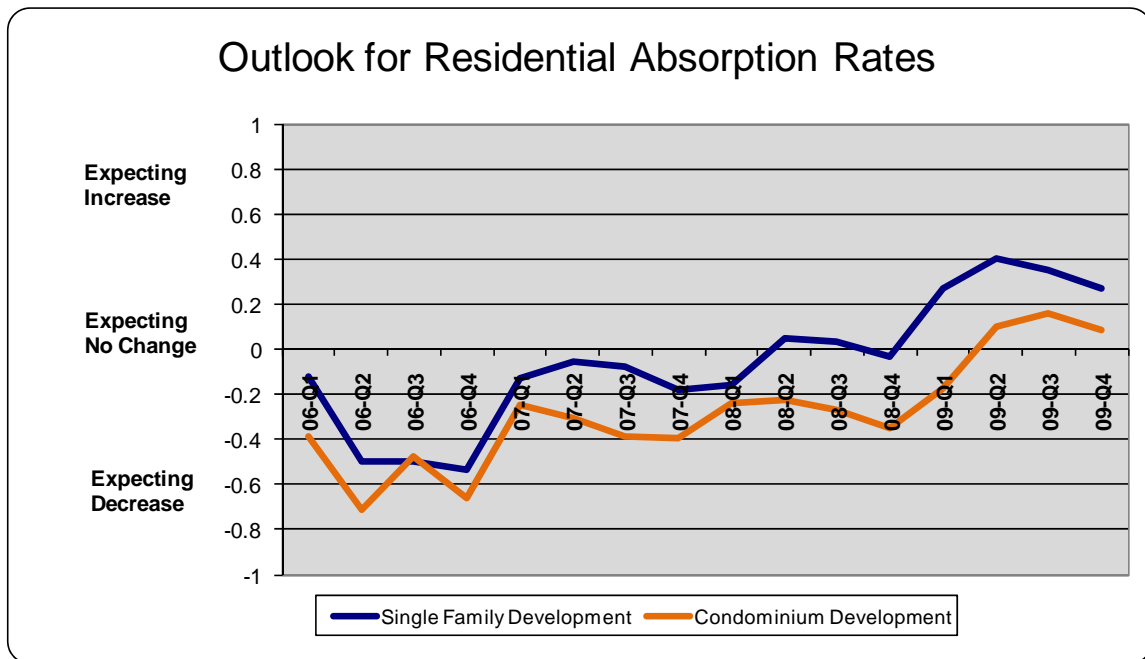


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

## Section 2: Residential Development

### Expected Absorption Rates

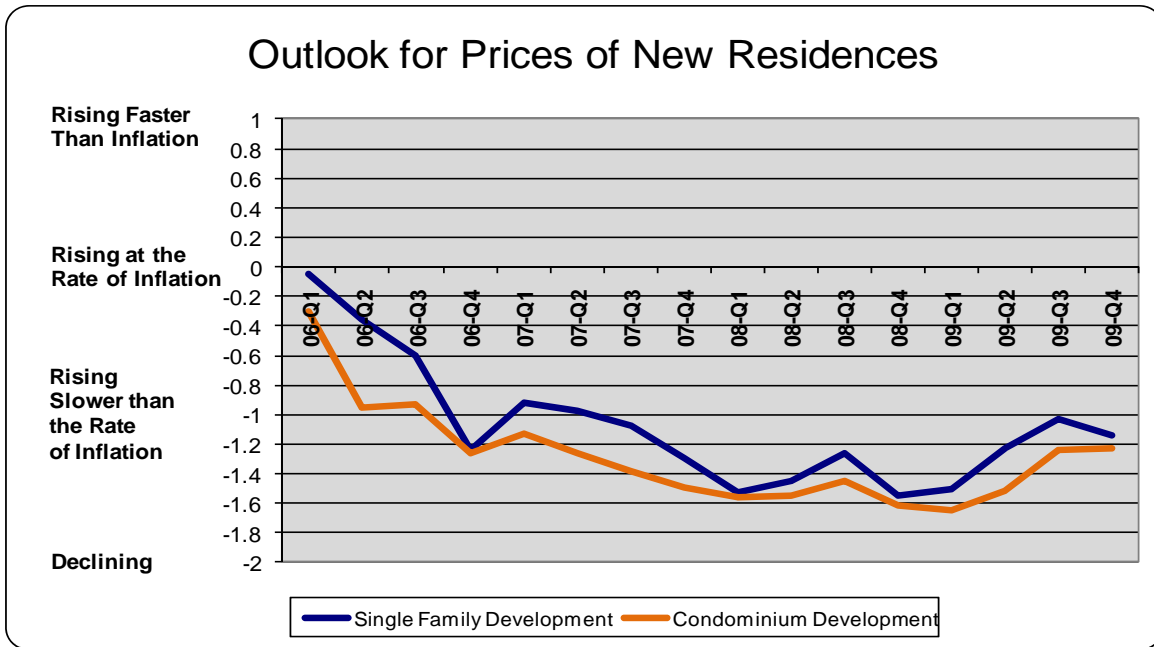
The outlook for absorption rates in single family development has declined for the second consecutive quarter. Low prices, interest rates and government assistance through the home buyer tax credit are having a positive effect on absorption; however, the coming expiration of the government assistance has impacted future expectations of absorption. Additionally, the continued high unemployment in Florida is impacting the expectations for both foreclosures and new single family development as fewer respondents believe that Floridians will be in a position to purchase a new home. Continued out migration will only increase this expectation going forward as Floridians move to other states looking for employment.



### Expected Price Changes

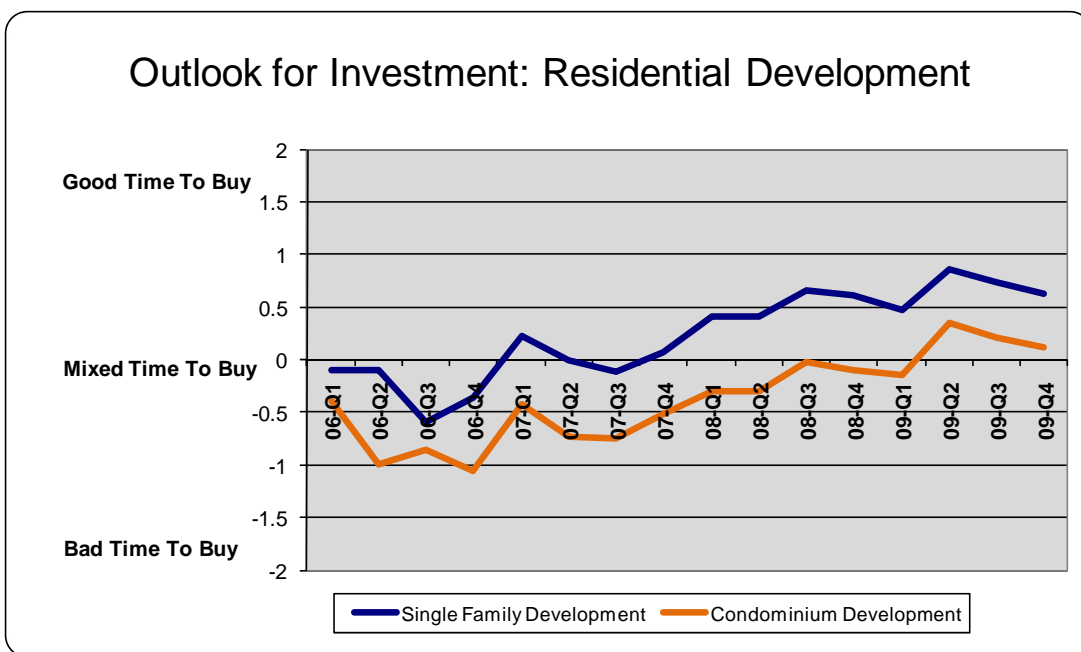
Expectations of price movements for new residences continue to be pessimistic for both categories this quarter. Currently, respondents expect single family and condominium prices to either rise at a rate slower than inflation or remain stable. This will continue until we've worked our way through the backlog of existing foreclosures on the market. While significant activity is being seen in the resale market our respondents believe that we could see another significant wave of foreclosures as job losses continue and values continue down.





### Investment Outlook

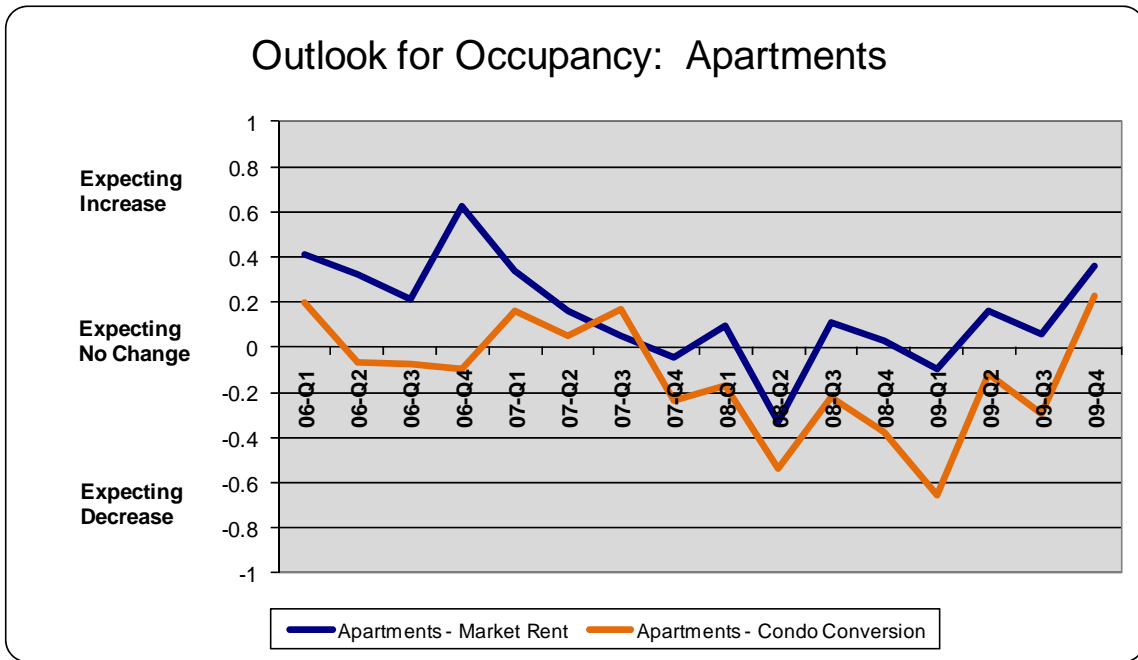
The outlook for residential investment has declined in both categories for the second consecutive quarter. Fears persist that continued high unemployment will lead to another round of foreclosures are adding to the declining outlook for development. That coupled with the lack of financing for land, increased difficulty in obtaining entitlements, and the expiration of the government tax credit program will continue to depress the investment outlook for residential development.



Section 3: Apartments

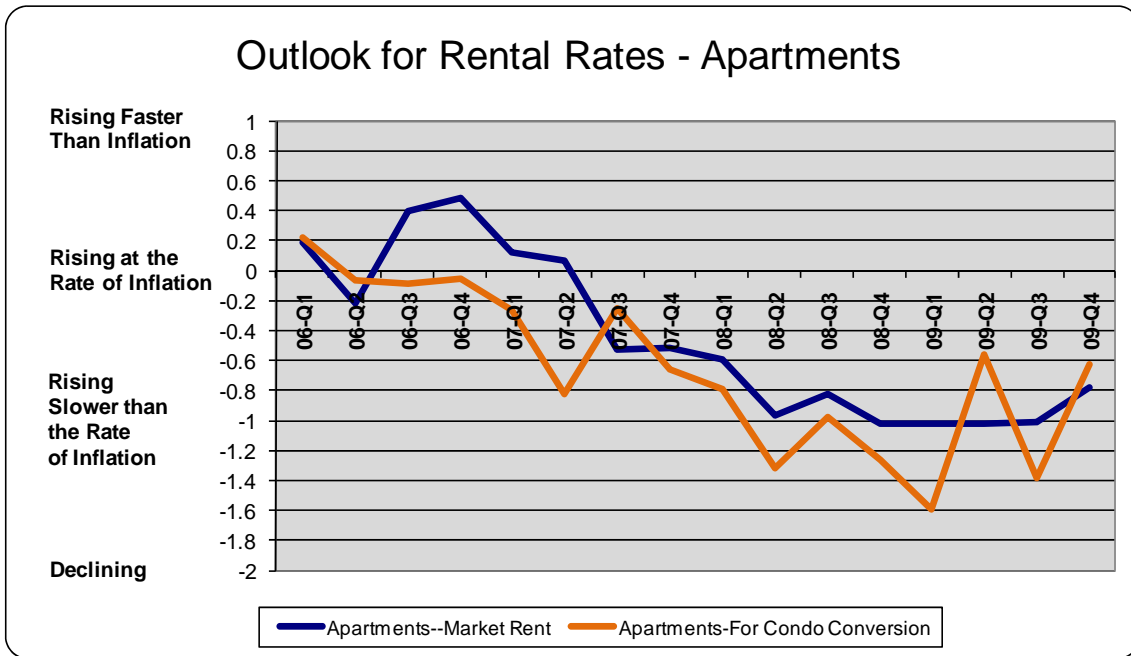
**Expected Occupancy**

The outlook for apartment occupancy continued its recent volatility with large increases in both market rent and condo conversion apartments. In both categories more respondents seem to believe that future occupancy will grow as more families moving to apartments after going through the foreclosure process and the new wave of college graduates elect renting versus owning. Apartments will continue to compete against single family homes and condos that have converted to rentals because of the high for sale inventory. This outlook reflects our respondents' belief that the apartment market will get its fair share of the future renters.



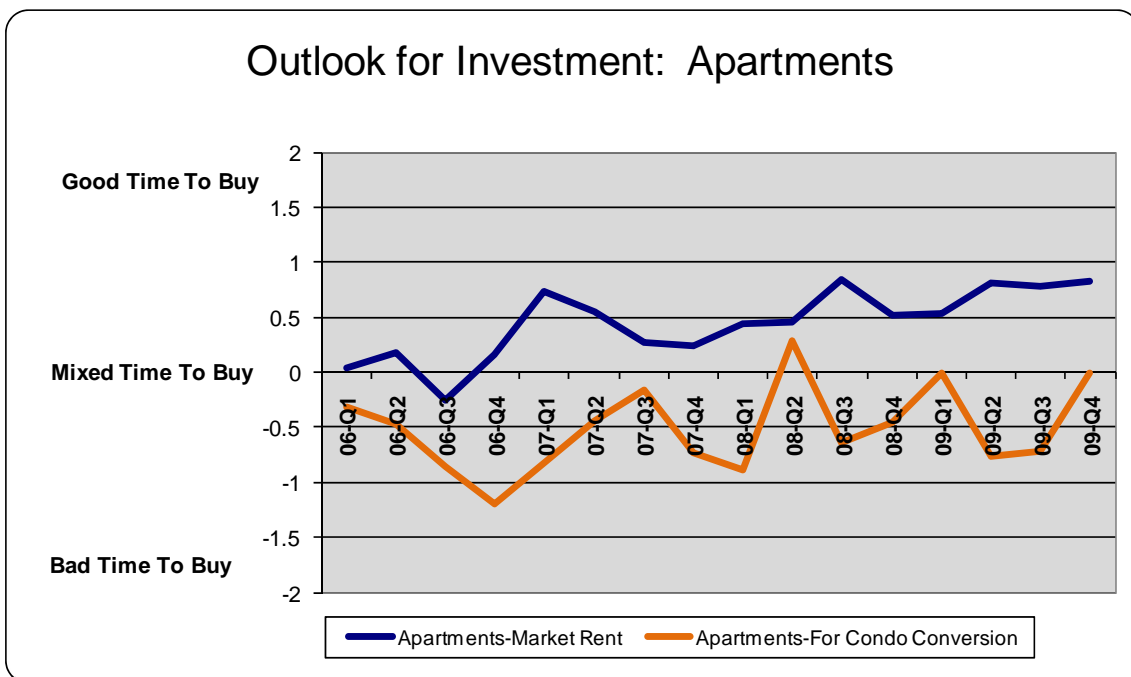
**Expected Rental Rates**

The outlook for rental rates of market rent apartments continues to reflect our respondents' belief that rates will increase slower than inflation. After three quarters of no change, the outlook for market rent apartments increased slightly this quarter. The outlook for rental rates of condo conversions continued its recent volatility and took a sharp positive turn. Respondents believe that prices will remain at lower levels as apartments compete with condominiums that are renting because they aren't selling.



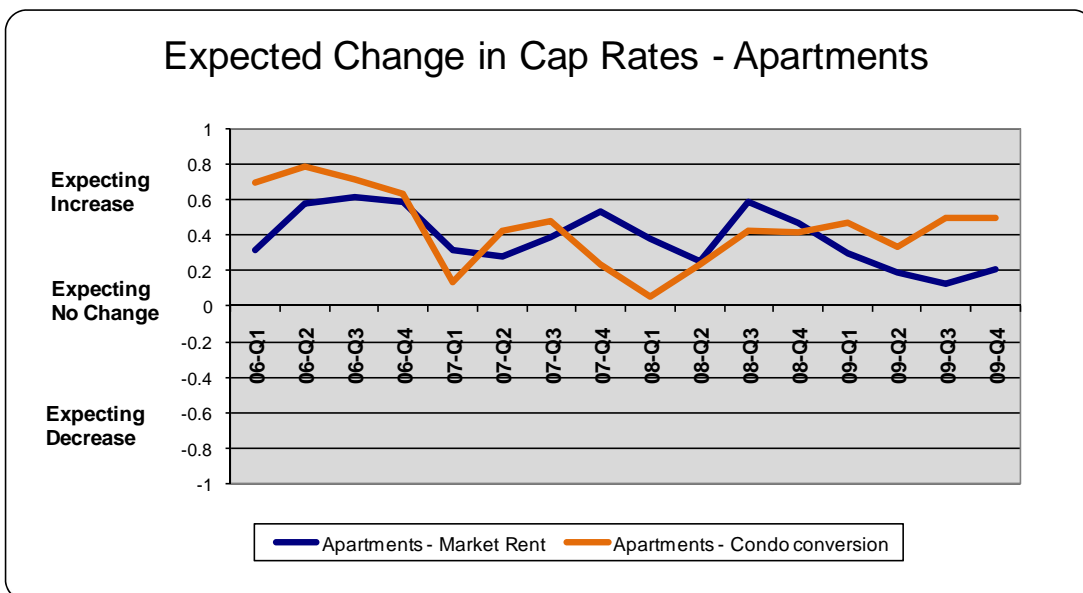
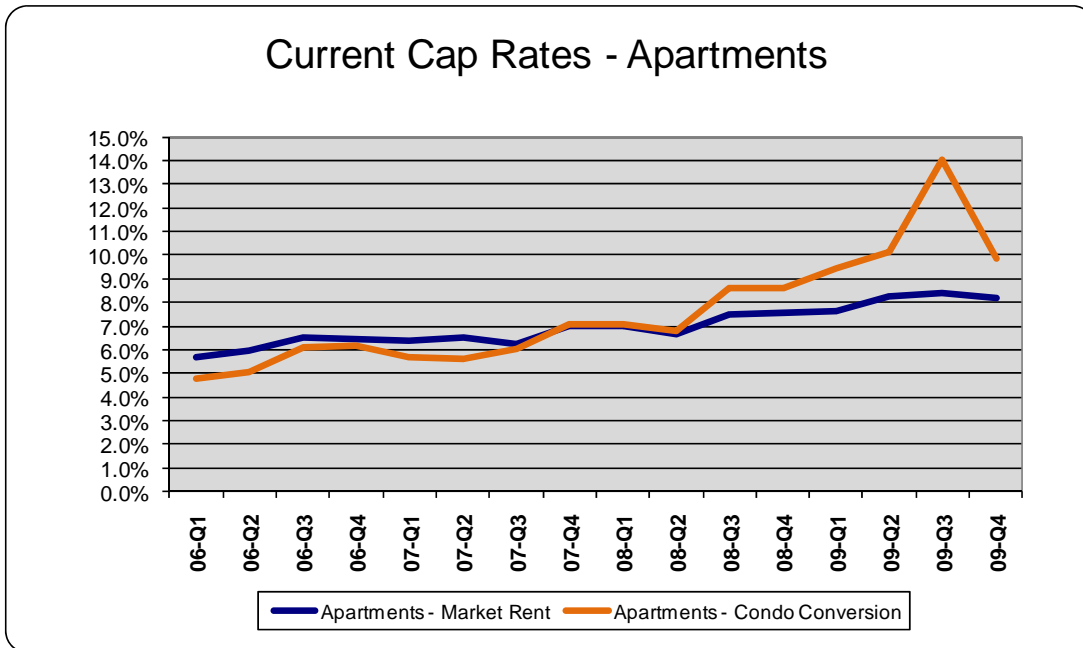
### Investment Outlook

The outlook for investment in market rent apartments remained stable and positive this quarter as respondents continue to believe that this is the best asset class to invest in. Investment will continue in this sector as the financing climate is significantly better than every other property type due to support from government agencies. The outlook also increased in condo conversion with most respondents now believing it is a mixed time to buy.



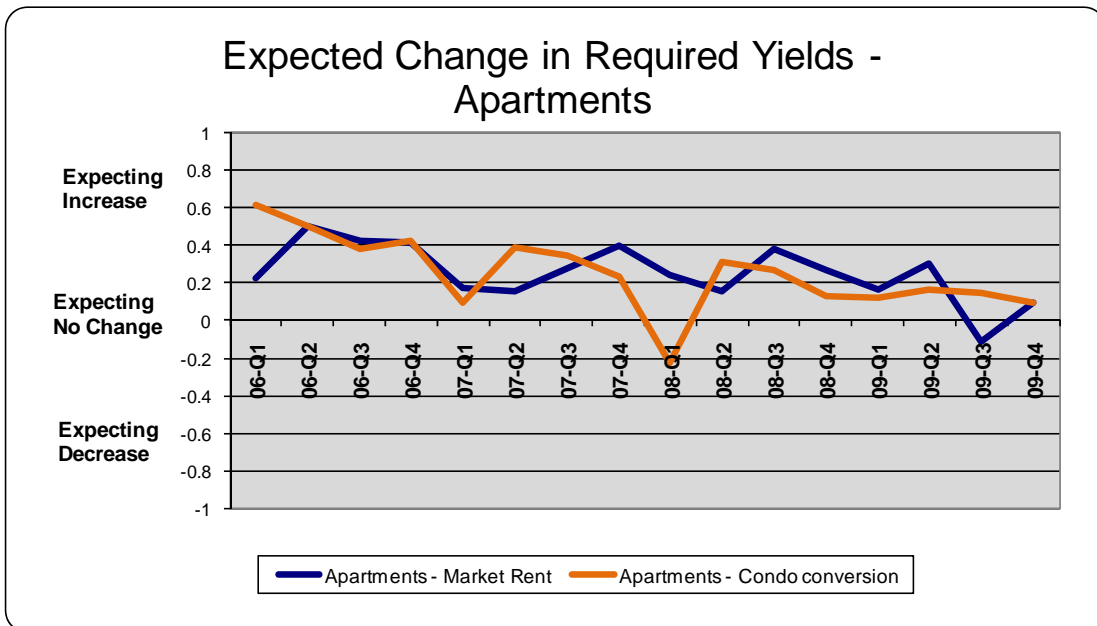
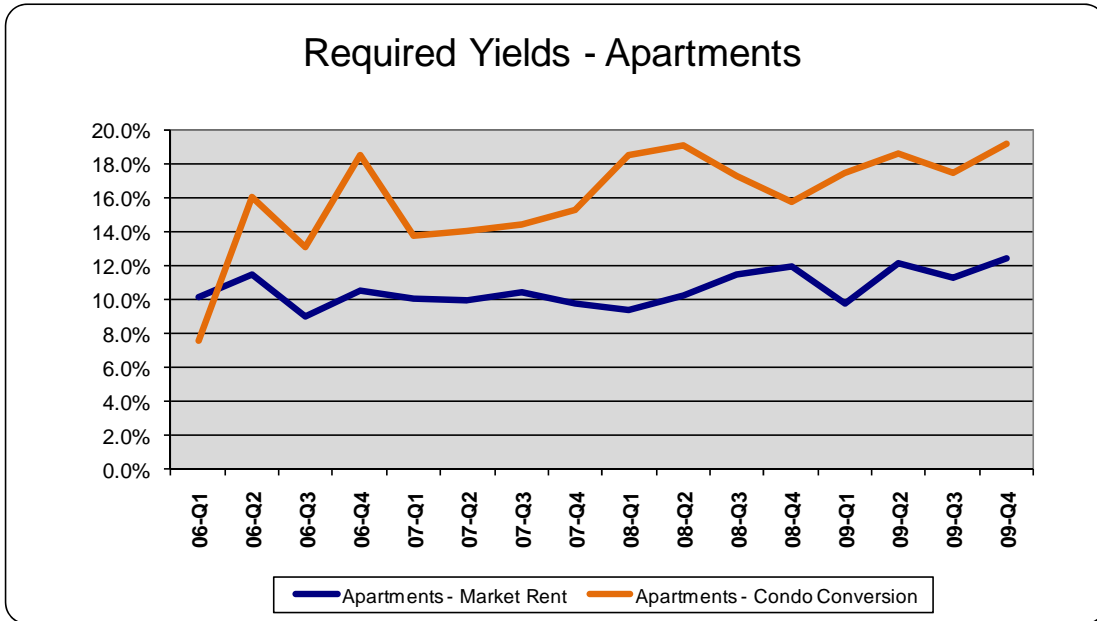
### Cap Rates

Cap rates for both property segments declined this quarter with condo conversion properties dropping significantly to less than 10%, while market rent apartments dropped to approximately 8%. These changes are indicative of the investment outlook for the properties and the significantly different financing market in this sector. Expectations for future cap rates continue to indicate either no change of a small increase.



### Required Yields

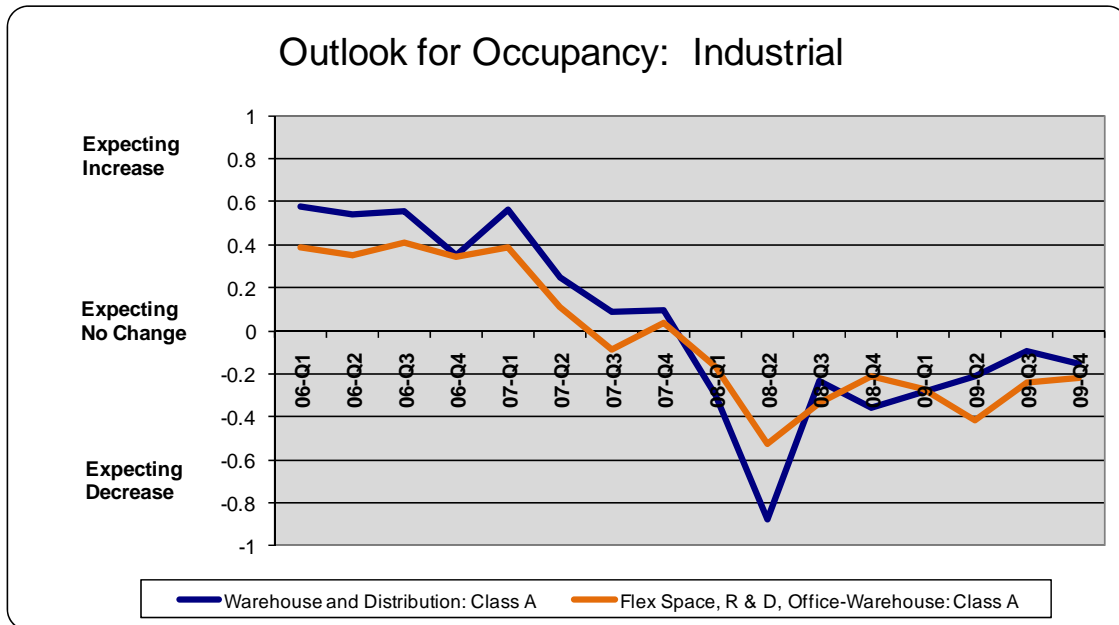
Required yields increased in both segments this quarter with market rate yields hitting a survey high over 12%. Required yields for condo conversion also increased to a survey high of 19% this quarter. Expectations for future cap rates changed slightly for market rent apartments but remains with most expecting no change.



Section 4: Industrial

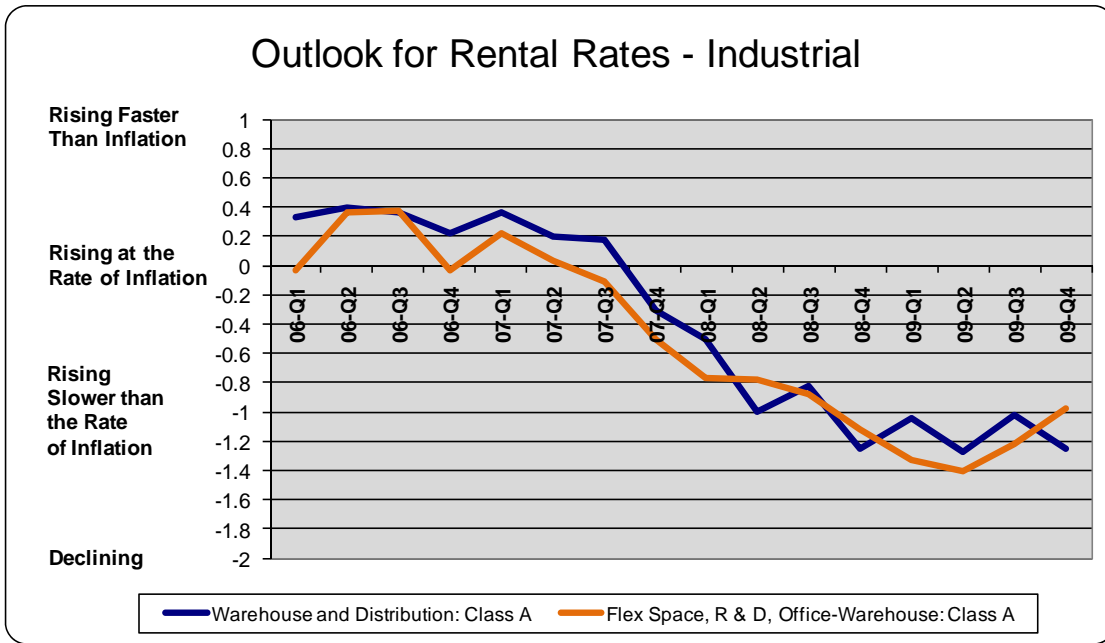
**Expected Occupancy**

The outlook for occupancy in both industrial segments remained mostly unchanged this quarter with most respondents believing that occupancy will remain steady in future quarters.



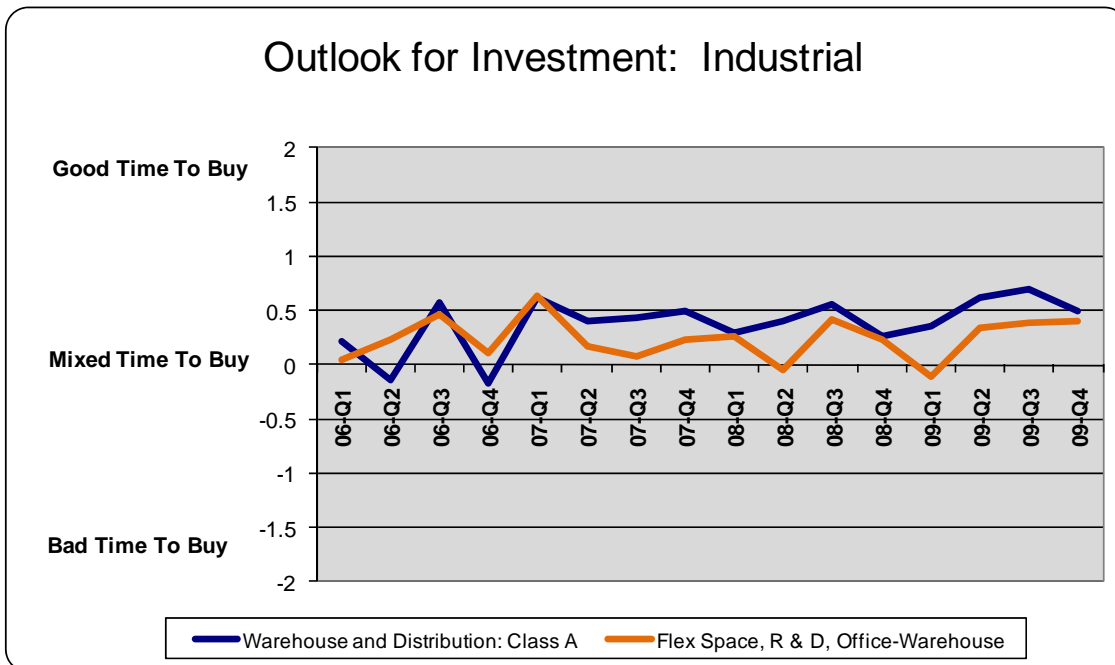
**Expected Rental Rates**

Expectations for rental rates in warehouse and distribution continue to be volatile, declining this quarter to match previous lows. The rental rate outlook for flex space increased again this quarter to near its 3rd quarter 2008 level. In both areas, respondents indicate that rental rates are expected to continue to lag inflation.



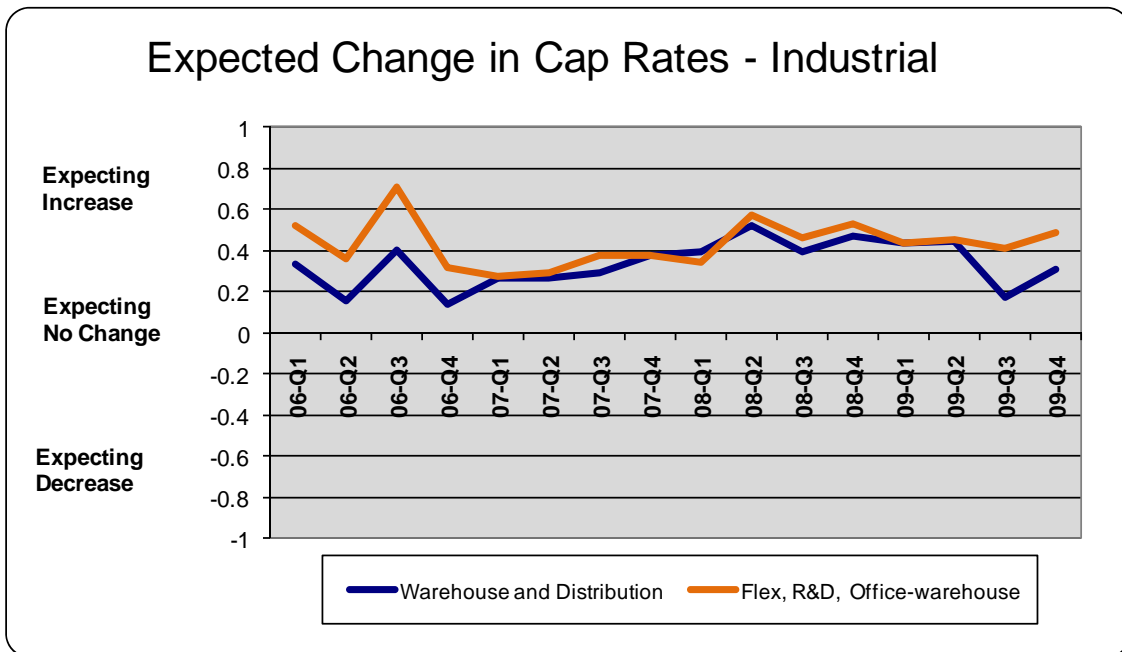
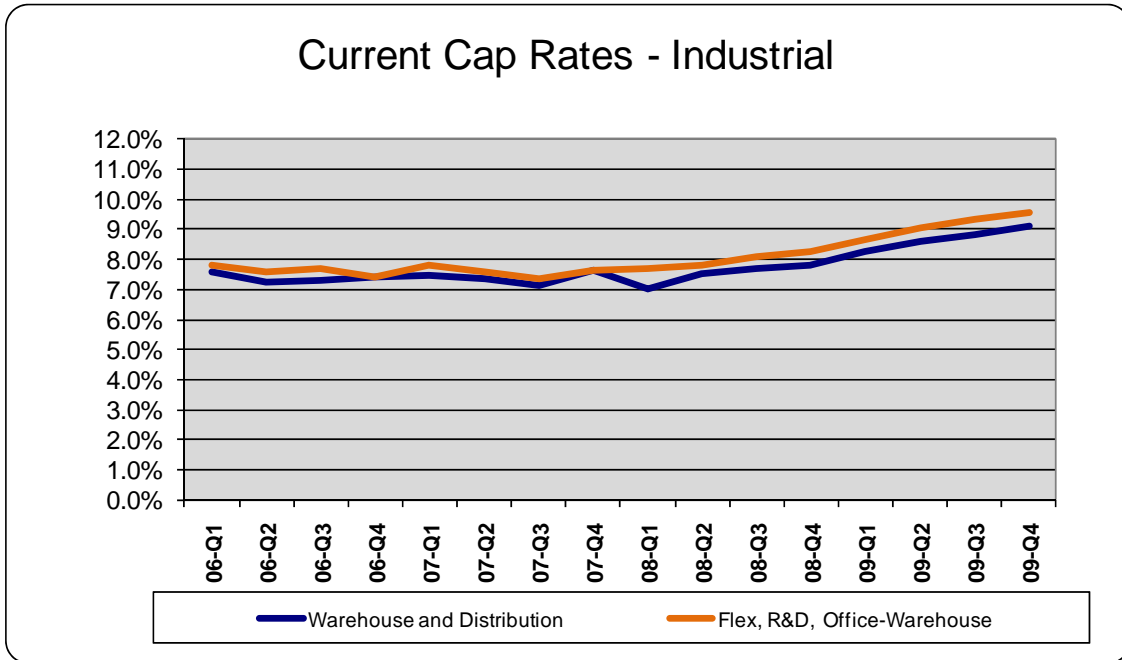
### Investment Outlook

The investment outlook for both industrial categories remained mostly stable this quarter with warehouse expectations declining slightly. Respondents continue to believe that it's a mixed time to buy industrial properties as pressure from unemployment and the financial markets hinder growth potentials.



### Cap Rates

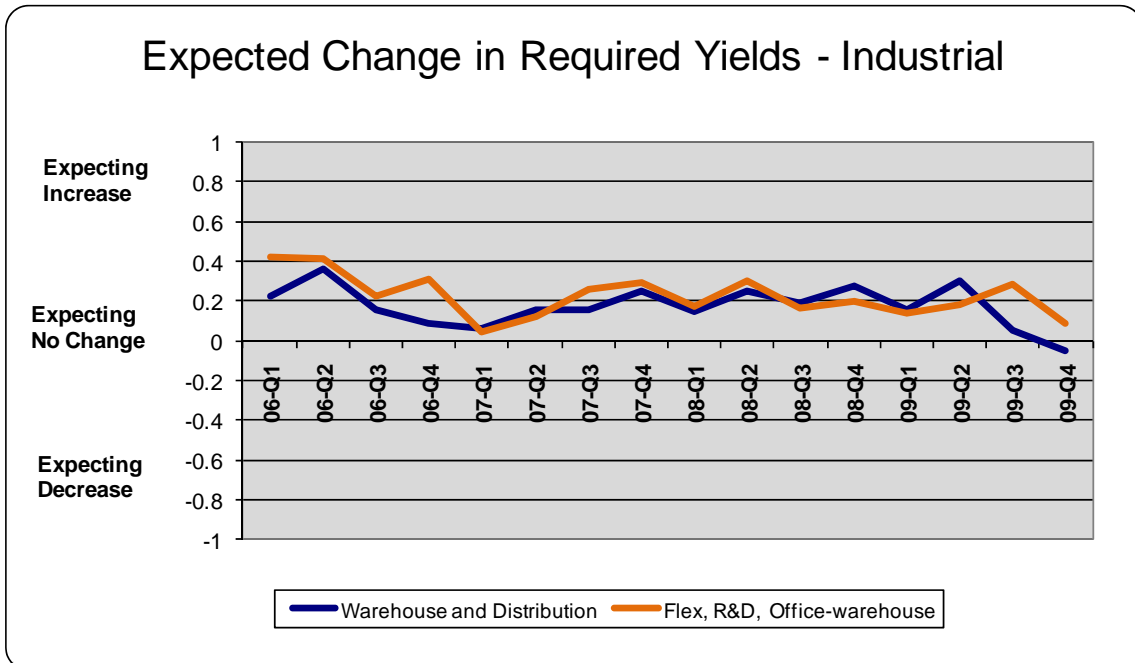
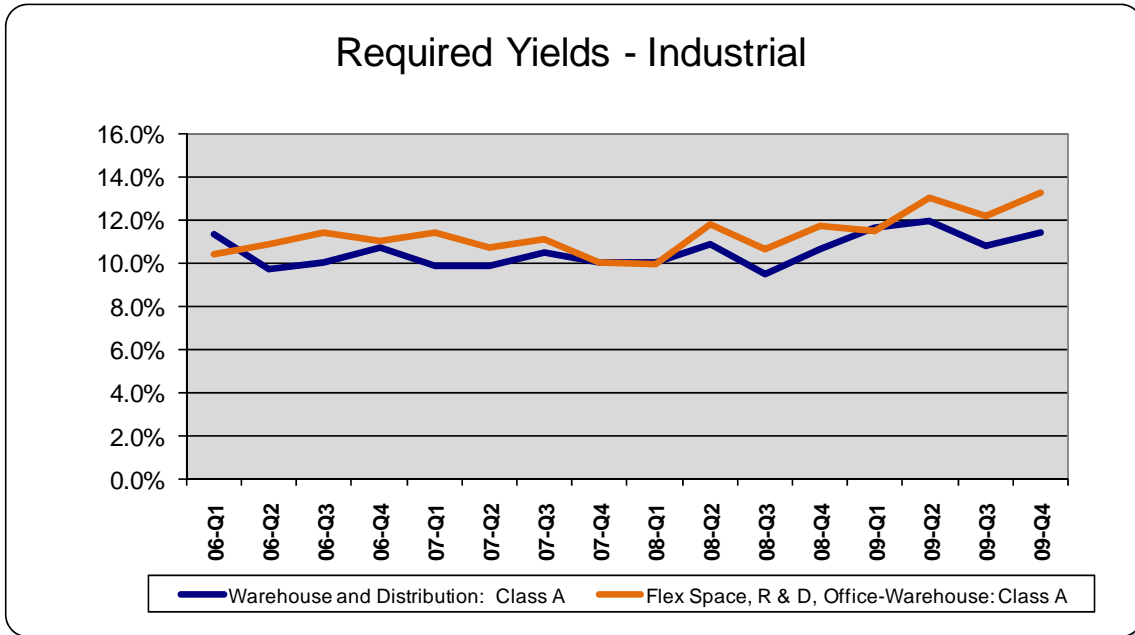
The slow upward trend in industrial cap rates continues this quarter, with warehouse and distribution cap rate at over 9% and flex cap rates at 9.5%. The expectations for future cap rates also increased this quarter as respondents continue to believe that future cap rates will be slightly higher.





### Yields

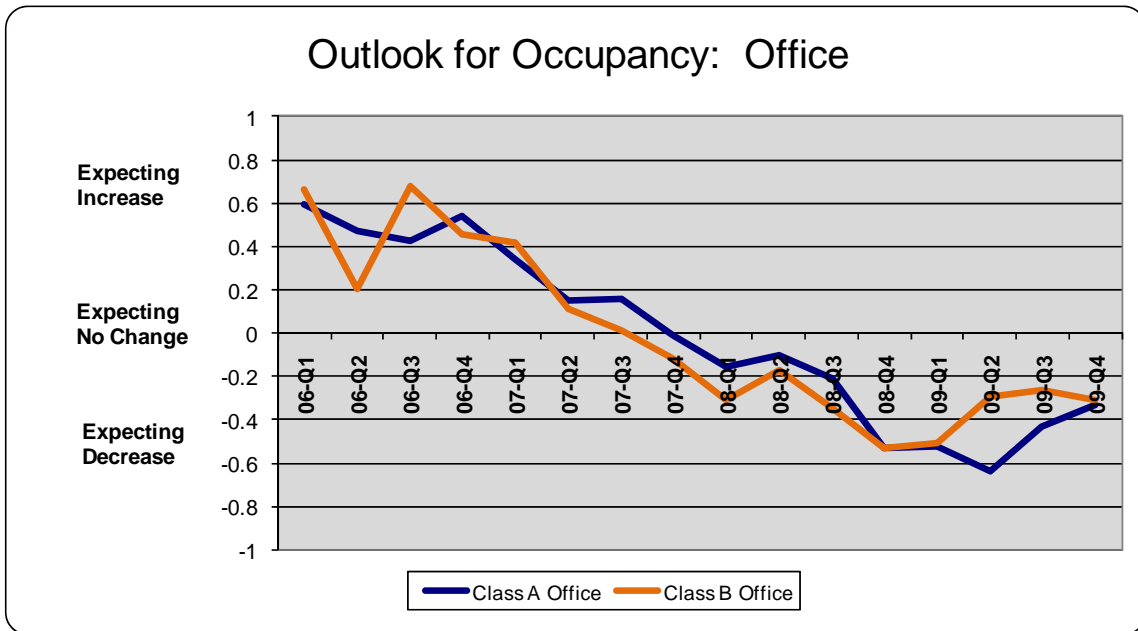
After decreasing the previous quarter, yields for both industrial segments increased this quarter with flex yields increasing to its highest level of the survey and warehouse yields giving back some of the decline from last quarter. Expectations for future yields dropped in both segments as most respondents now believe that future yields will remain stable.



## Section 5: Office

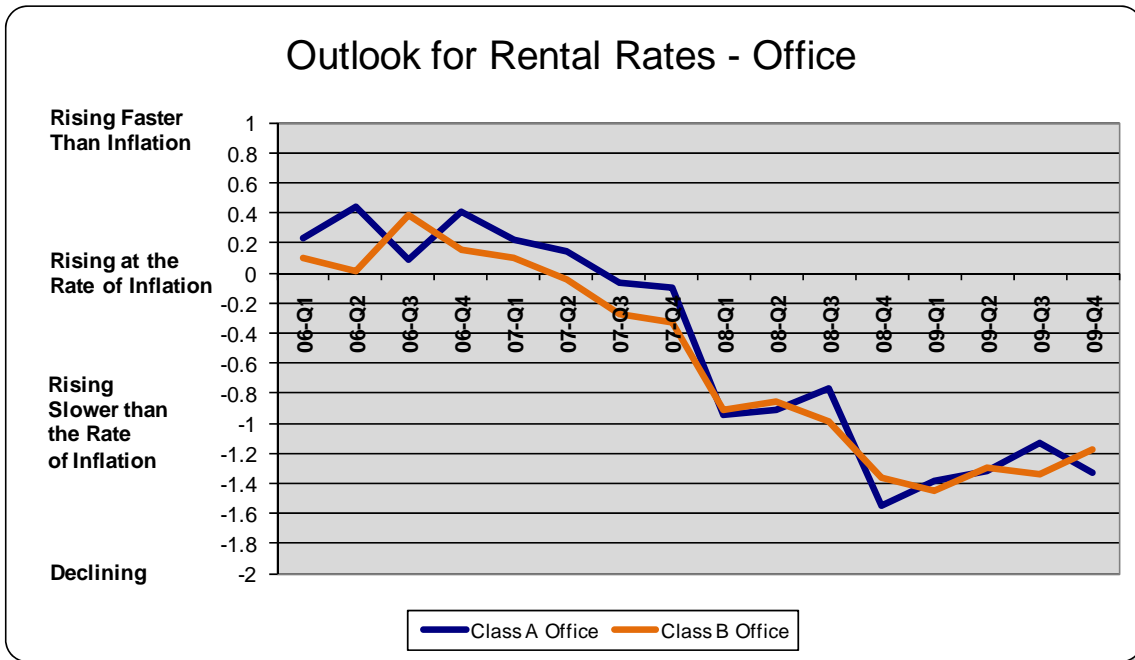
### Expected Occupancy

The occupancy outlook for Class A space continued its upward trend this quarter reaching the same level as Class B office which declined slightly this quarter. More respondents now believe that occupancy will either remain the same or decrease slightly. This indicates that respondents believe that companies have either completed most of their layoffs or will do so soon and that occupancy will stabilize at this lower level.



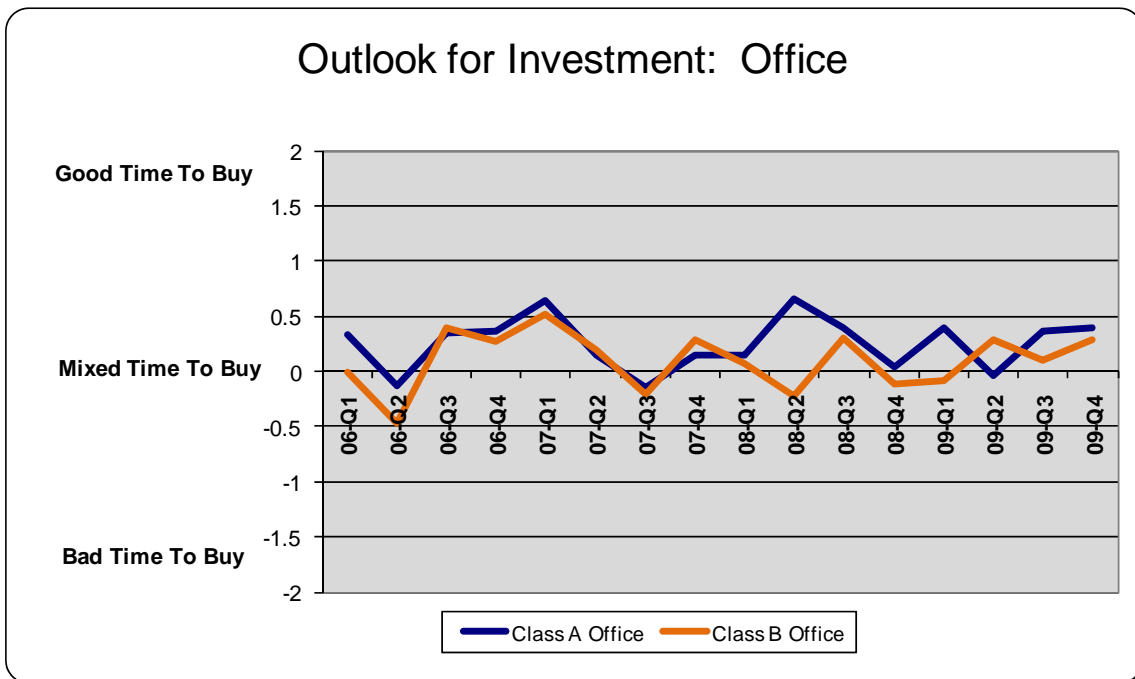
### Expected Rental Rates

Respondents continue to believe that rental rates will lag inflation or decline in both segments. Rental subsidies will continue as owners try to attract the limited number of tenants to their buildings.



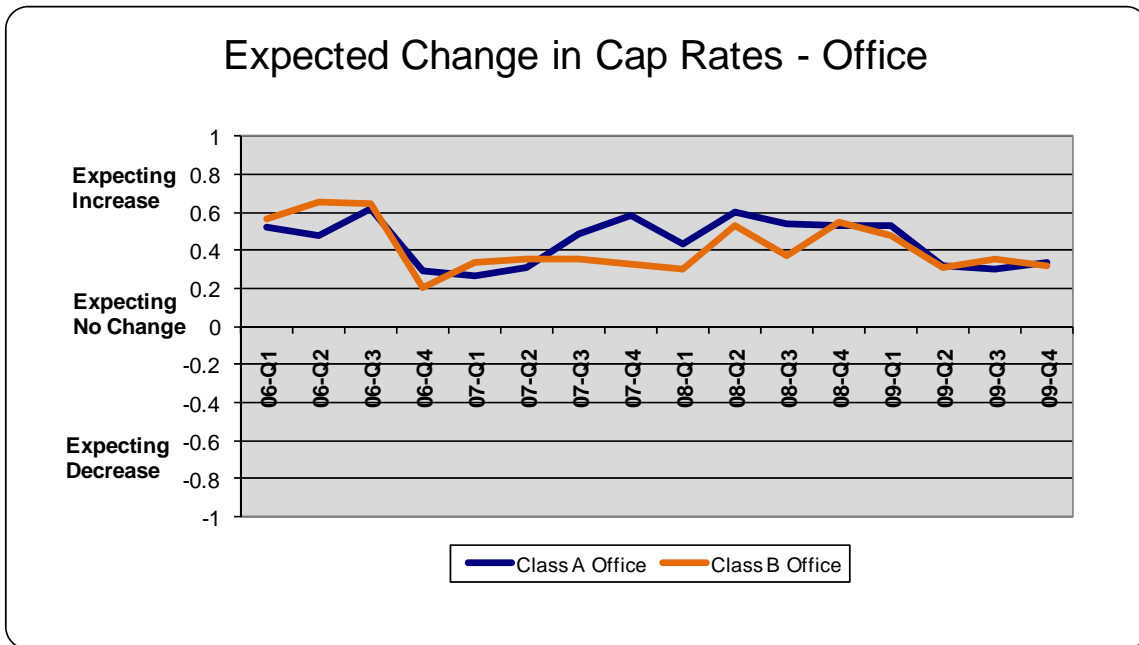
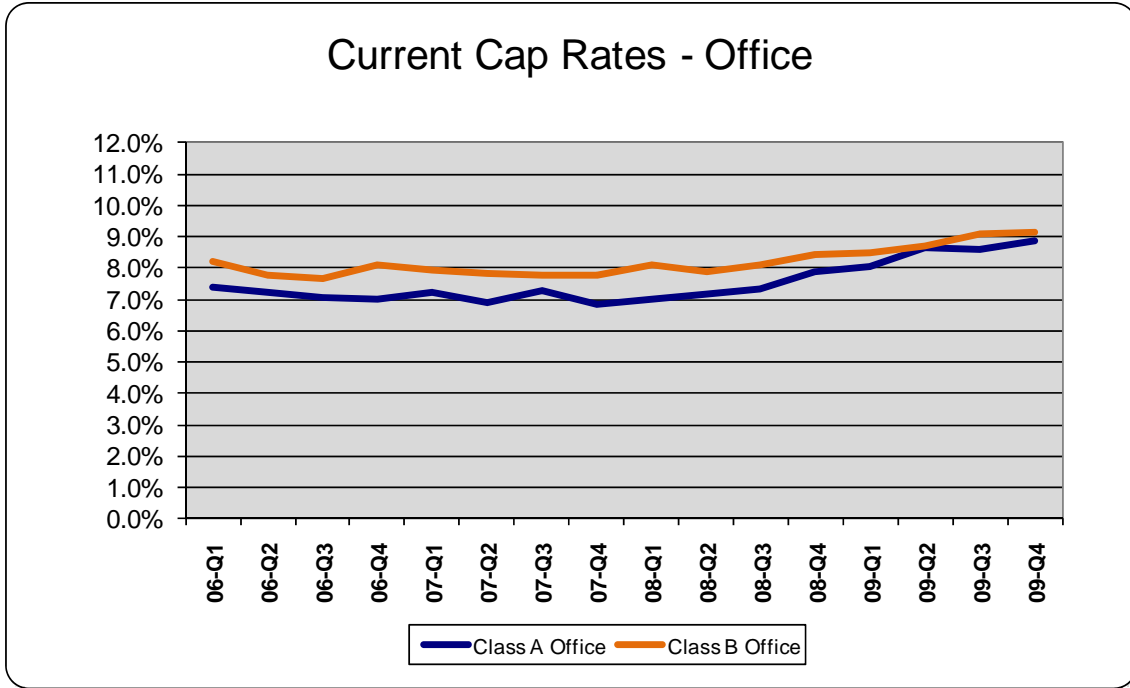
### Investment Outlook

The investment outlook for office space continues to be volatile as respondents continue to believe this is a mixed time to buy.



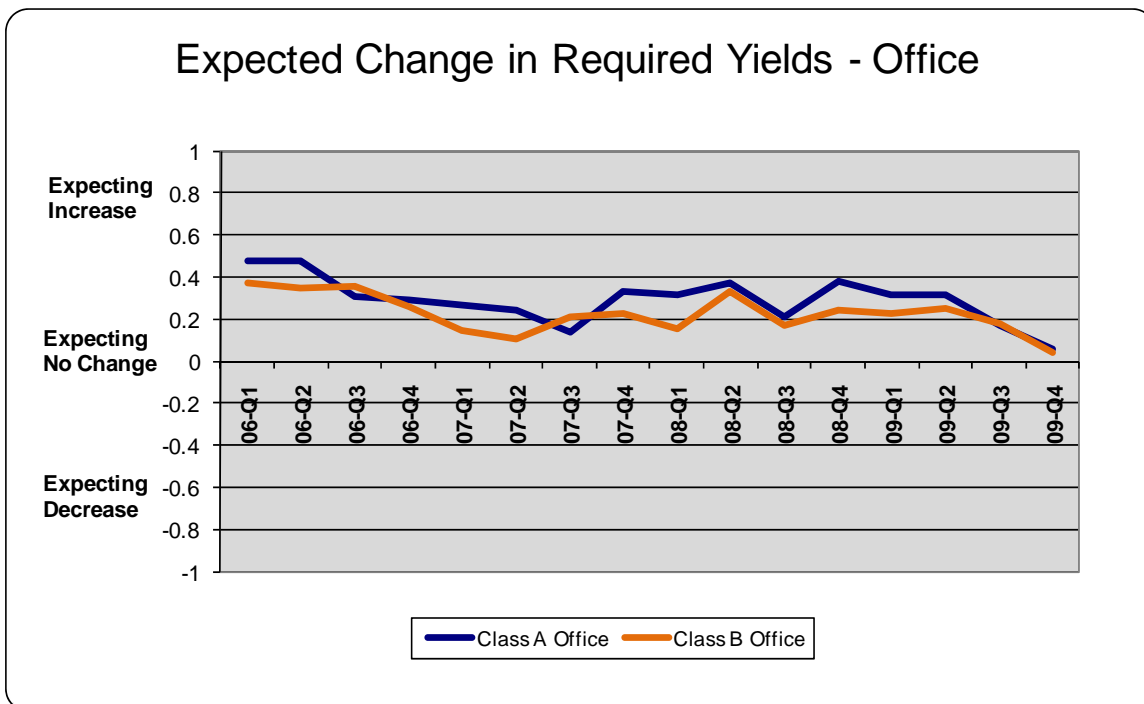
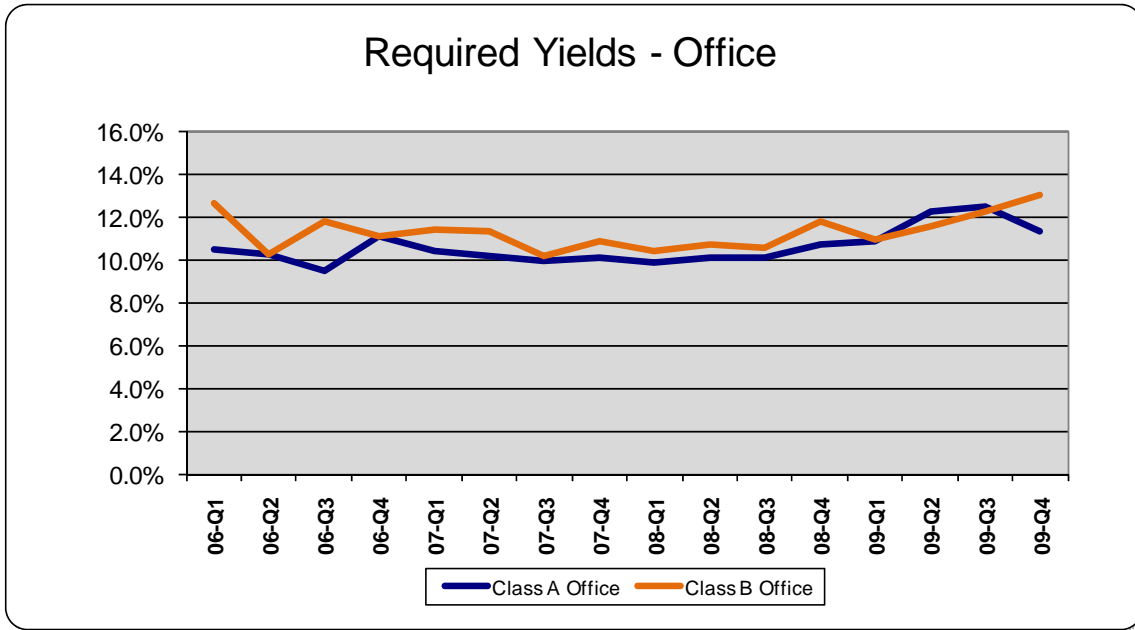
### Cap Rates

Cap rates for Class A and B office space increased slightly this quarter with both around 9%. Expectations for future cap rates remained stable this quarter with respondents believing that cap rates will be stable to slightly increasing.



### Yields

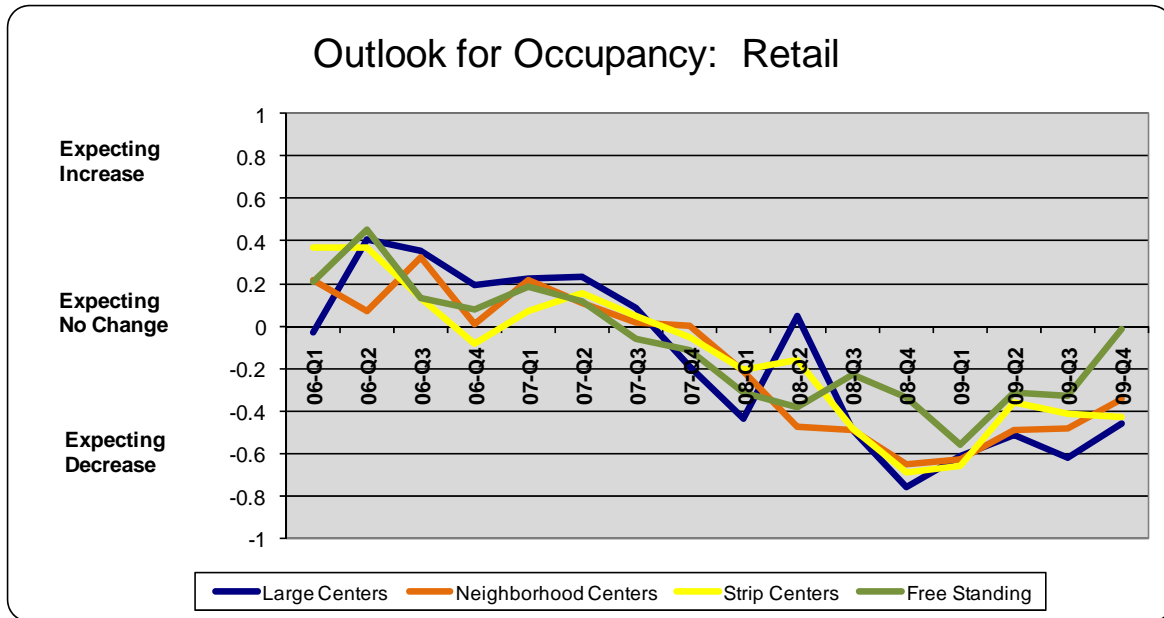
Required yields for Class B continued its upward trend this quarter rising for the third consecutive quarter to 13%. Class A office declined for the first time since the first quarter of 2008. Expectations for future yield declined for the second consecutive quarter with most respondents now indicating that yield will remain unchanged in future quarters.



## Section 6: Retail

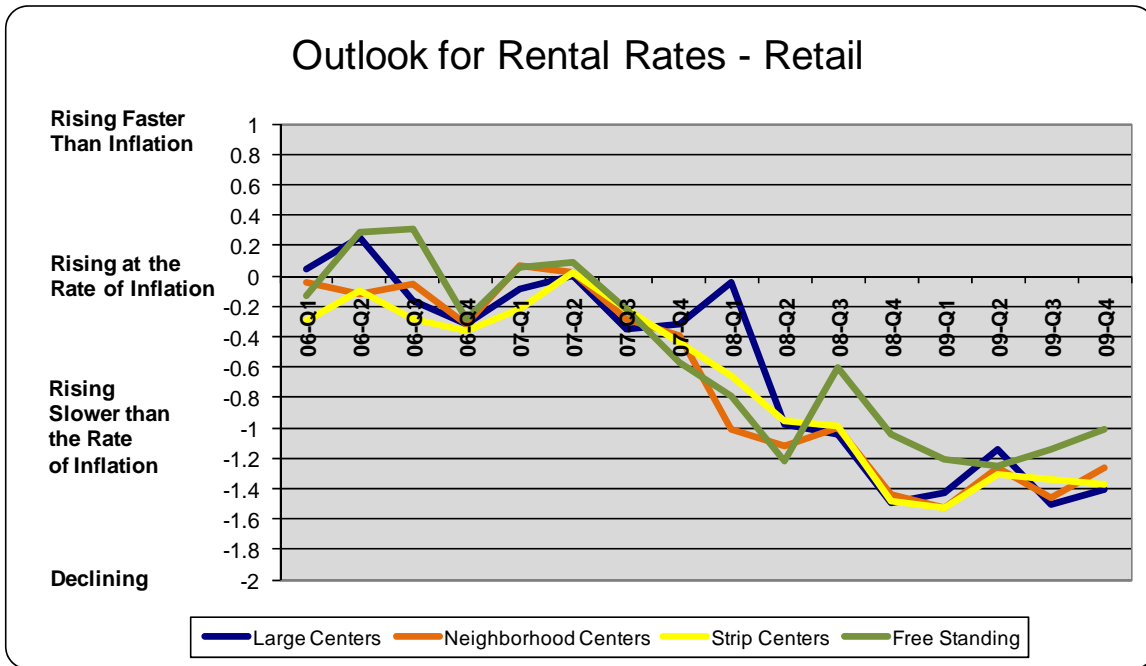
### Expected Occupancy

The outlook for occupancy rates increased dramatically for three of the four segments in retail with only Strip Centers declining from the previous quarter. Free Standing retail took the largest positive move with most respondents expecting occupancy to remain stable. The decline in Strip Centers indicates the continued downward pressure on local tenants at small centers to remain viable in this market and also of the flight to “quality” as viable business moves to better centers and locations for either the same or cheaper rents.



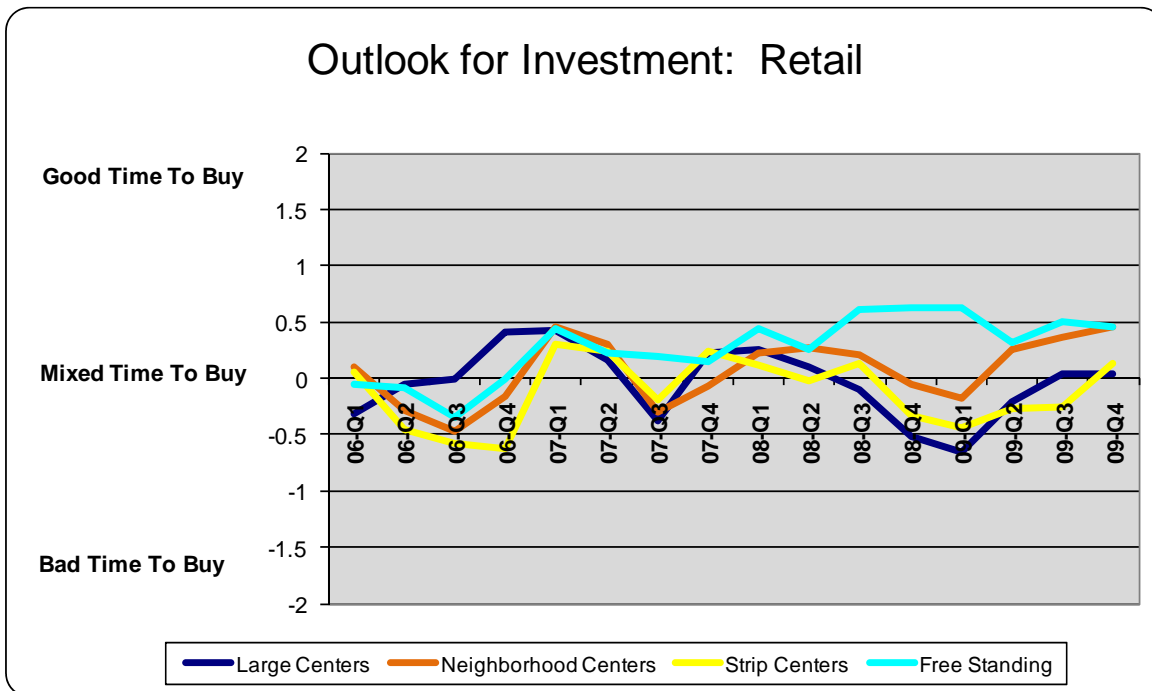
### Expected Rental Rates

Expectations of future rental rates also increased in all sectors except Strip Centers. However, respondents continue to believe that rents will lag inflation over all segments. These trends will continue as consumer demand remains stagnant and unemployment high.



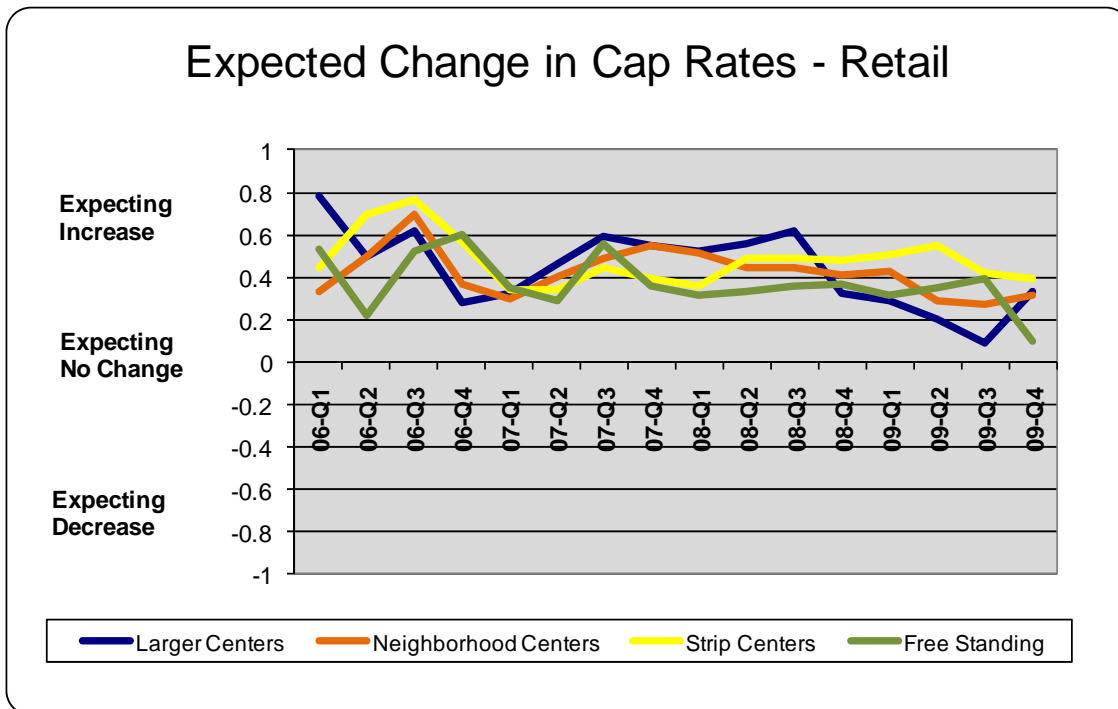
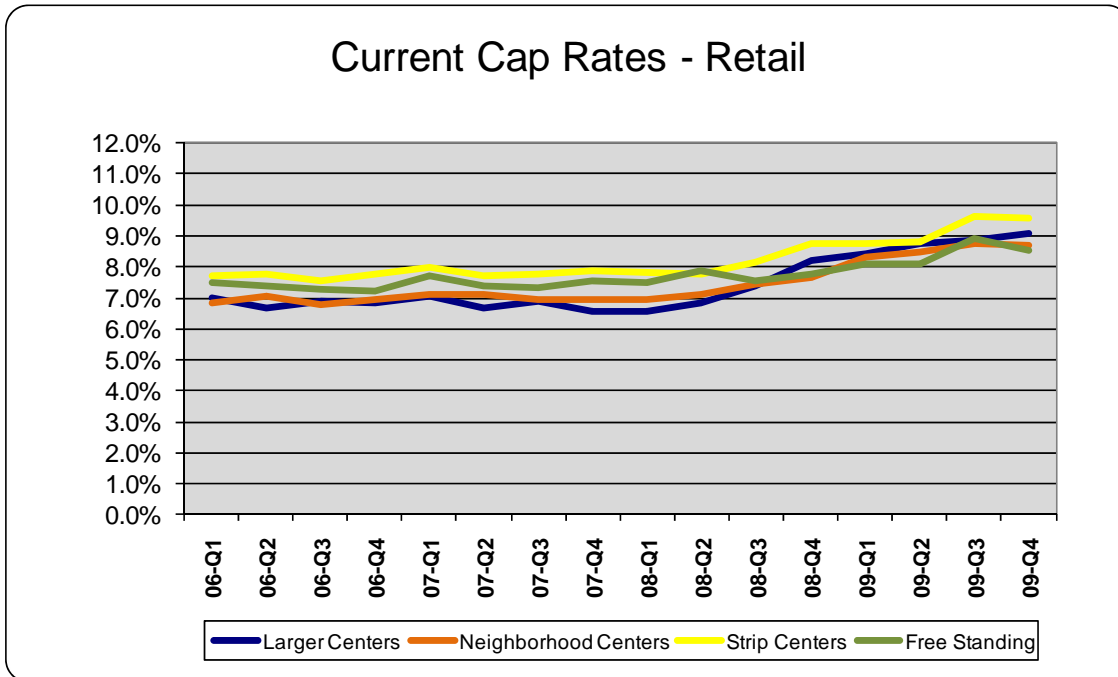
### Investment Outlook

The investment outlook for retail properties has improved in neighborhood centers and strip centers while large centers remain stable and Free Standing has declined slightly. Regardless, it remains a mixed time to buy.



### Cap Rates

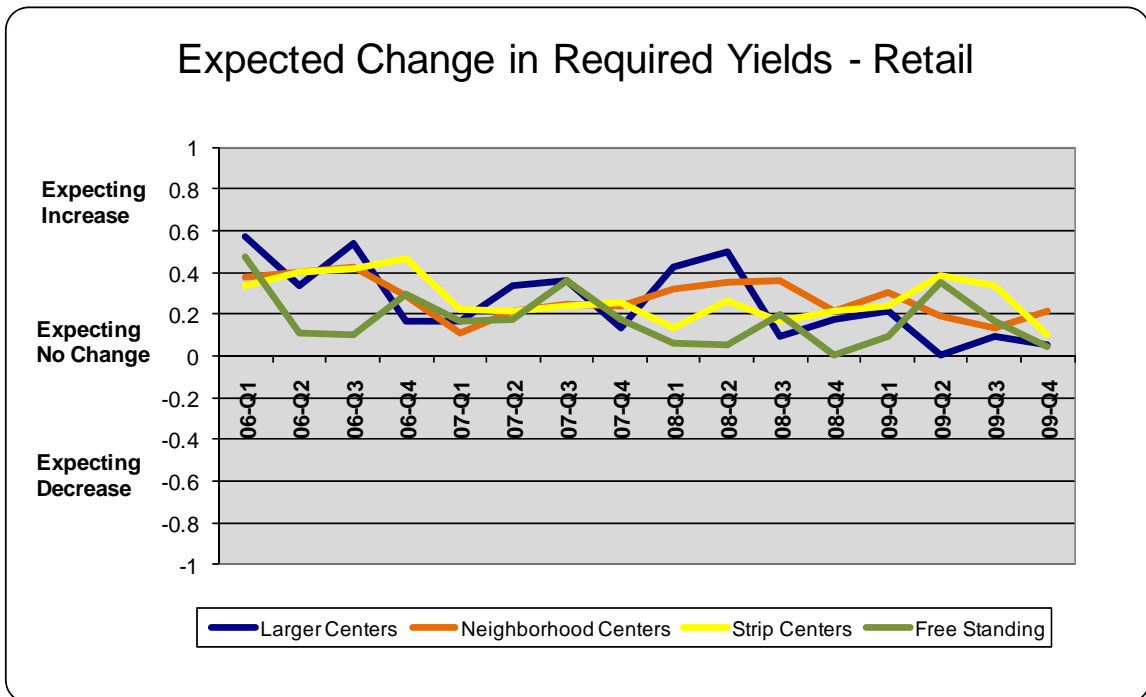
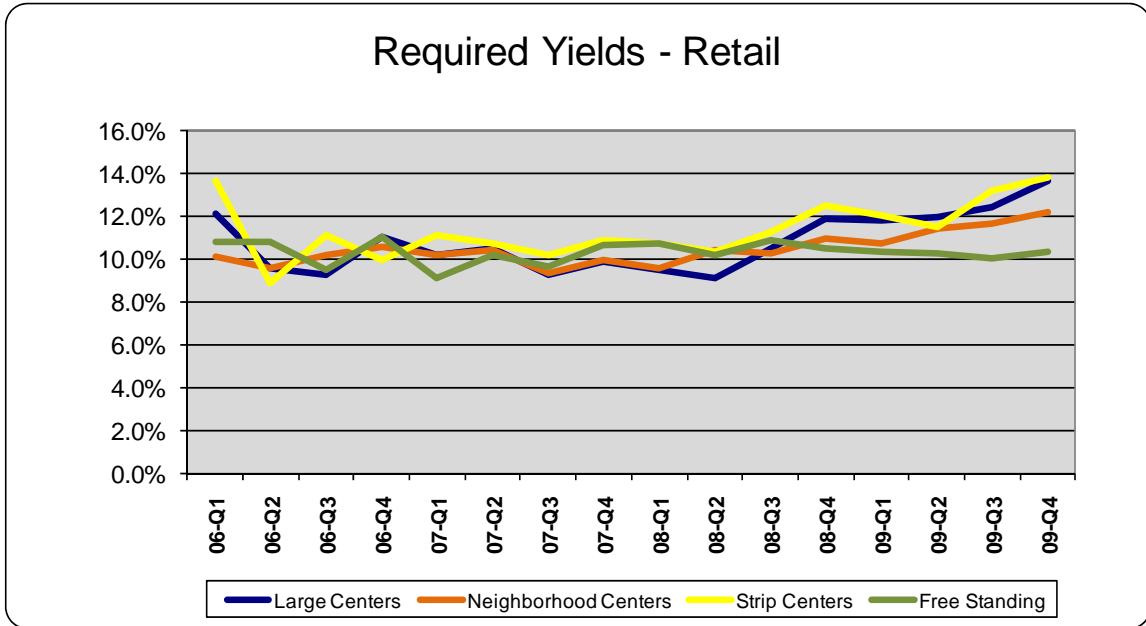
Cap rates continued their upward trend this quarter with free standing retail the only segment to decline. All segments in retail are around the 9% mark with the exception of strip centers which continued at 9.5%. Expectations for future cap rates continue to be varied, with respondents believing that all categories will continue to increase with the exception of free standing, which respondents believe may level off.





### Yields

Required yields continued to increase across all segments with strip centers and larger centers reaching all time survey highs at almost 14%. Yields for neighborhood centers continued its slow steady increase surpassing 12% for the first time. Yields for free standing retail increased slightly this quarter after four quarters of steady decline. Expectations for future yields continue to be volatile but respondents believe there will be little to no change in future yields in all categories.



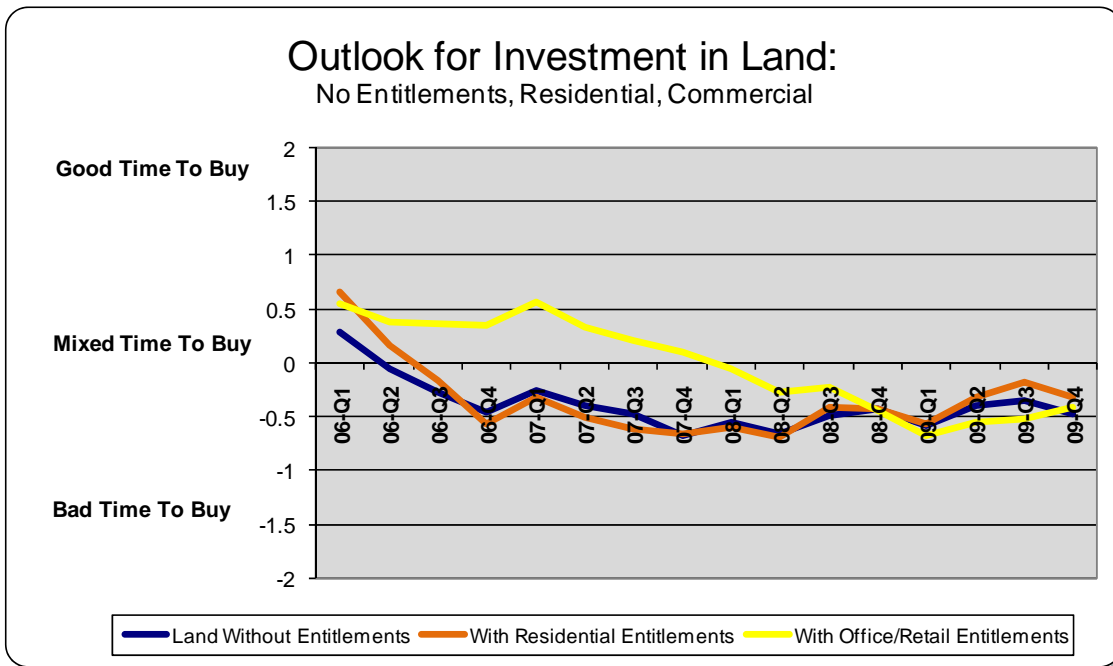
Section 7: Outlook for Investment in Undeveloped Land

**Land Without Entitlements or with Residential Entitlements**

The outlook for investment in land without entitlements or with residential entitlements declined slightly this quarter, though respondents continue to indicate that it remains a mixed time to buy. More respondents indicated that there is little value in entitlements currently because of the large number of developed lots on the market.

**Land with Office or Retail Entitlements**

The outlook for investment in land with office or retail entitlements continued its positive trend with respondents indicating that it is a mixed time to buy.



**Land with Hospitality Entitlements**

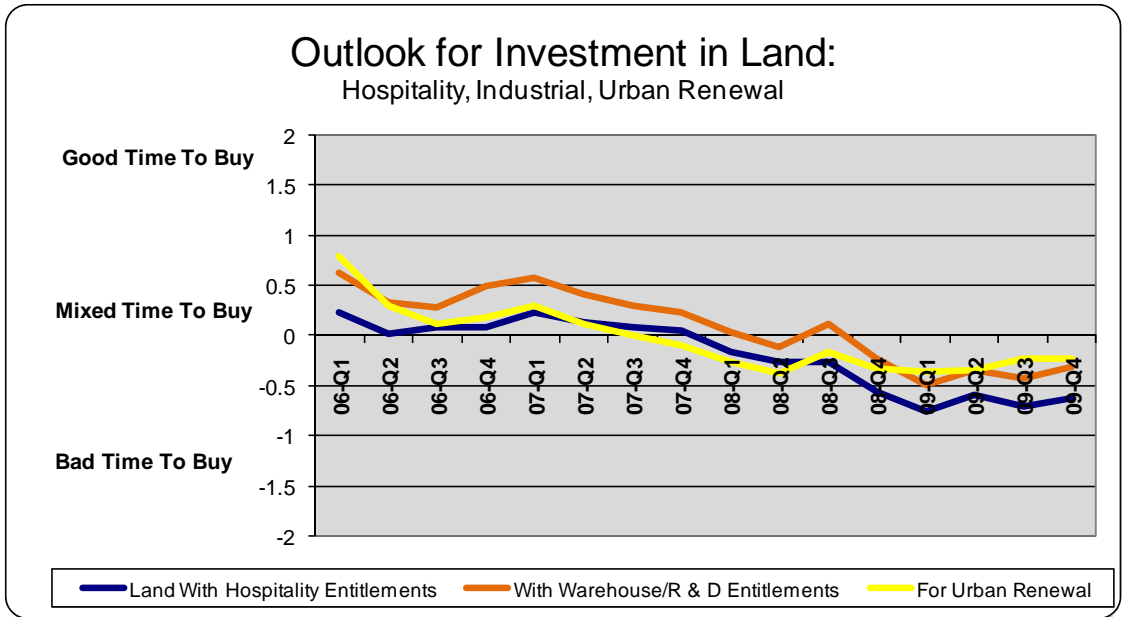
The investment outlook for land with hospitality entitlements continued its recent volatility and improved slightly this quarter. Respondents continue to believe that it is a mixed to bad time to buy.

**Land with Entitlements for Warehouse or R & D**

The investment outlook for land with warehouse or R&D entitlements also improved slightly this quarter. Respondents continue to believe that it is a mixed time to buy.

**Land for Urban Renewal**

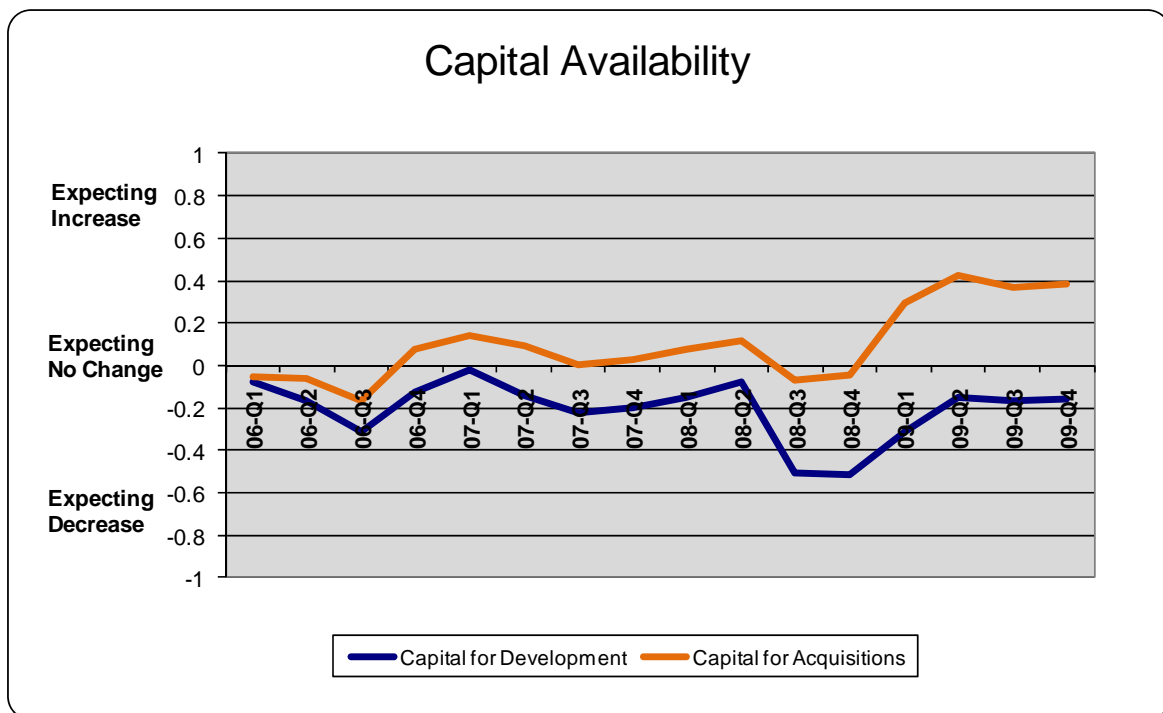
The outlook for investment in urban renewal remained stable this quarter with respondents continuing to believe that it is a mixed time to buy.



## Section 8: Business and Capital Availability Outlook

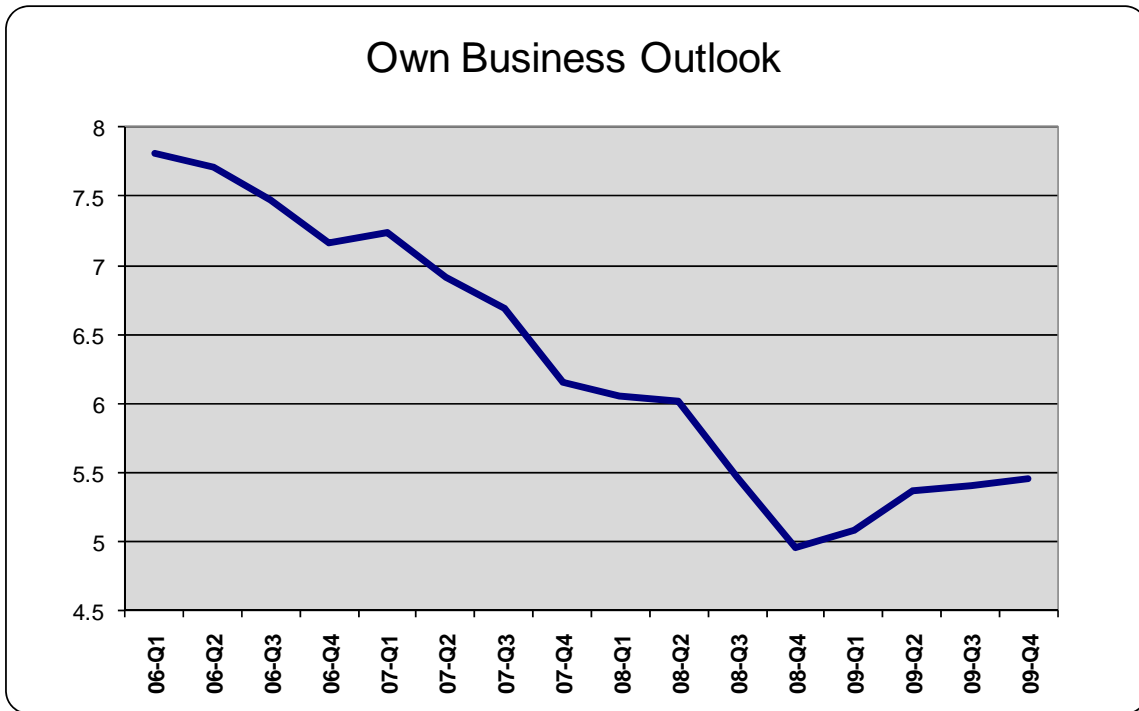
### Capital Availability

The outlook for capital available for acquisitions increased slightly this quarter. Despite our respondents continued belief that the capital markets are constrained, they believe that capital will flow for acquisitions in the near future. Respondents indicate that foreign capital is continuing to look to invest in Florida and more community banks are increasing their interest in commercial real estate. Additionally, private equity funds continue to emerge and are starting to look for acquisitions. Unfortunately there are few quality transactions available for the capital chasing them as Large commercial banks remain slow in shedding troubled assets from their books. The outlook for capital available for development remained stable this quarter. Respondents believe that the amount of capital available for development will remain unchanged from current levels.



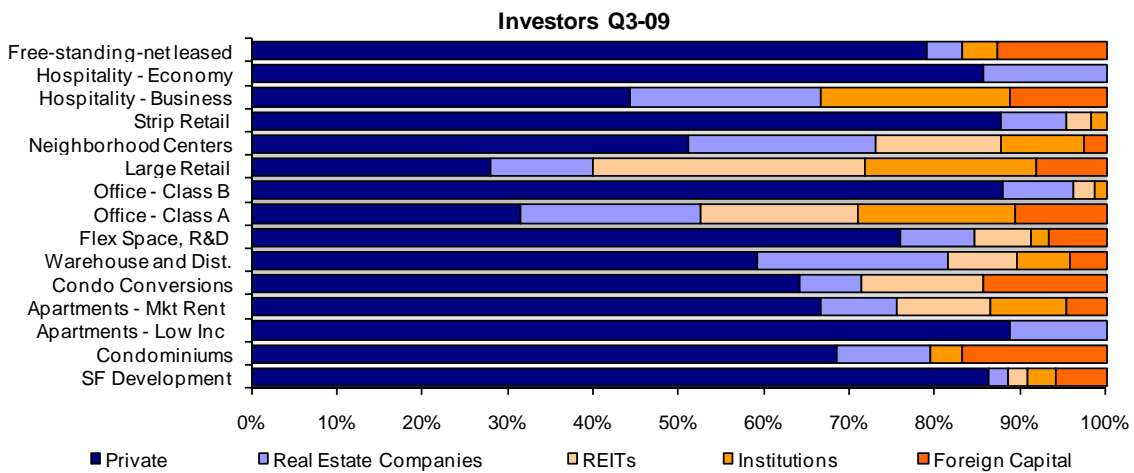
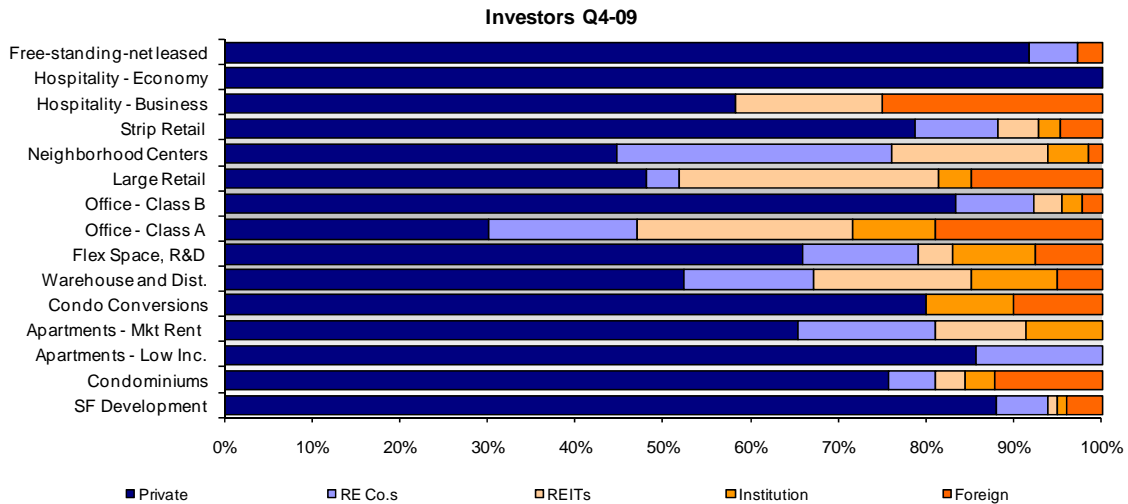
### Outlook of Own Business

Respondents have continued the positive trend in the outlook for their own business. Optimism continues that more transactions will occur as distressed property starts to make it ways to the market and firms are positioning themselves to take advantage of that optimism. However, our respondents continue to believe that the road to recovery in real estate will be long and bumpy as unemployment and a lack of debt capital continue their uncertainty.



Section 9: Dominant Investors

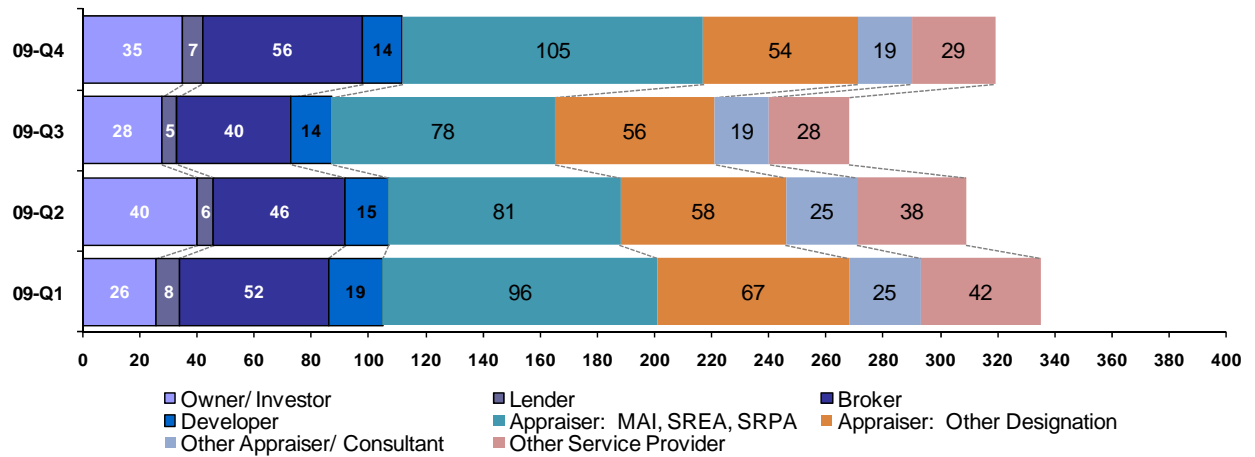
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, private investors continue to remain dominant in almost every category. This represents a dramatic shift in U.S. real estate ownership since the credit crisis began. Also worthy of attention is the fact that foreign investment has increased in a number of property types including Class A office, business hospitality, and large retail.



## Section 10: Characteristics of Survey Respondents

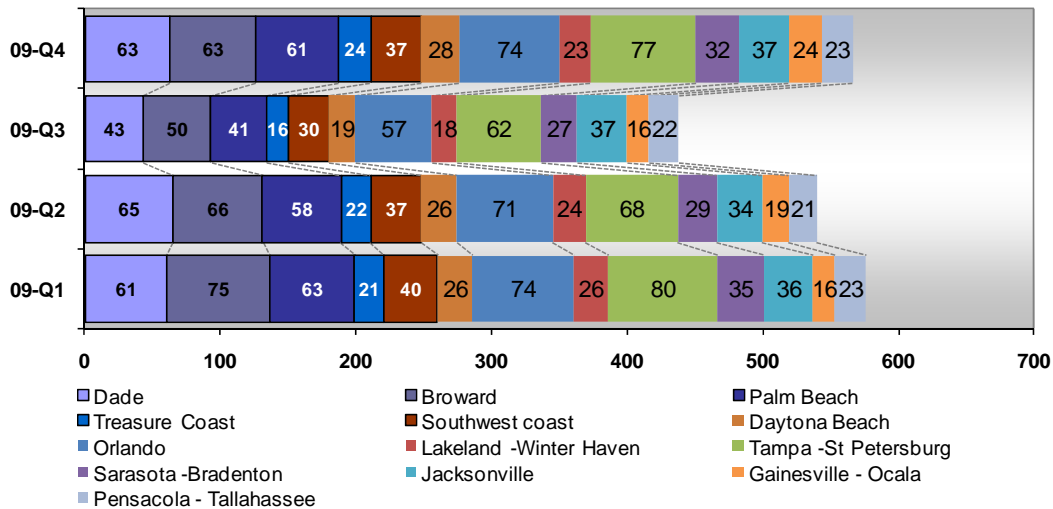
Survey response increased this quarter to 319 respondents. Approximately 50 percent of the respondents reported being an appraiser; well over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and owners/investors.

### Profession of Respondents



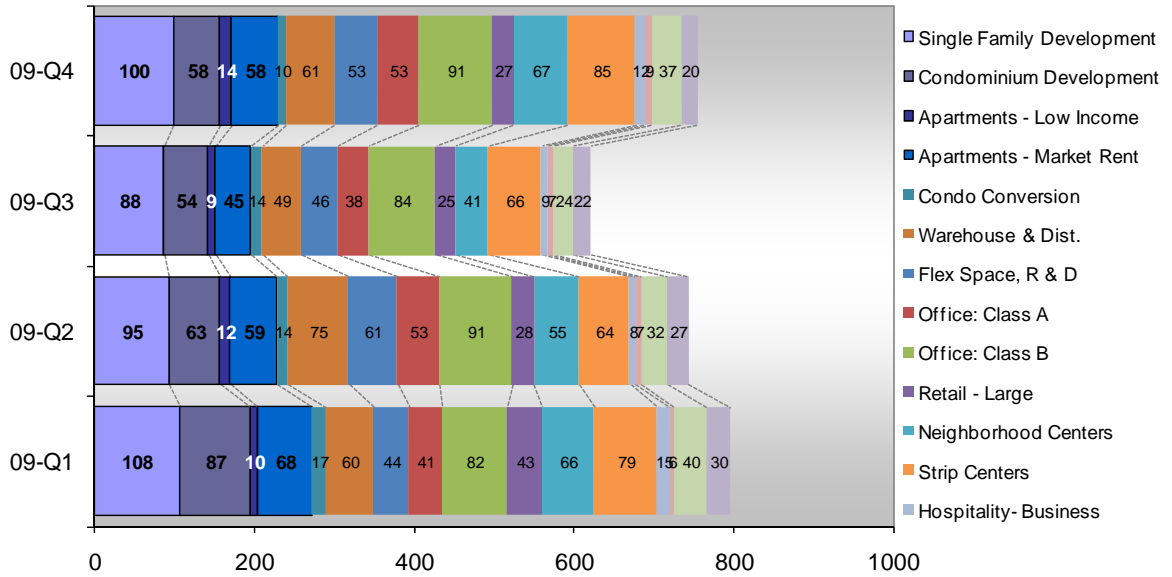
### Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 566 observations. All regions had more than 20 observers. The highest number of responses was for the Tampa-St. Pete market, which had 77 representatives. The lowest respondent support came from Pensacola-Tallahassee with 23.



### Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 755 selections were made in the latest survey round. Single family development was selected by 100 respondents while condominium development was selected by 58. Nine property types were selected by at least 40 respondents.





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

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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

<b>Florida</b>	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighbor- hood Centers	Strip Centers	Hospitality Business	Hospitality Economy	Free Standing
<b>Cap Rates</b>												
<b>Q4-09</b>												
Q2-09 Value	8.2%	9.8%	9.1%	9.5%	8.9%	9.1%	9.1%	8.7%	9.6%	9.8%	10.6%	8.5%
Percent Expecting Rise	32.7%	50.0%	35.6%	51.0%	48.7%	37.6%	42.9%	38.6%	44.4%	54.5%	44.4%	19.4%
Percent Expecting Fall	12.2%	0.0%	4.4%	2.0%	15.4%	5.9%	9.5%	7.0%	4.9%	18.2%	0.0%	9.7%
<b>Q3-09</b>												
Q1-09 Value	8.4%	14.1%	8.8%	9.3%	8.6%	9.1%	8.9%	8.7%	9.7%	10.1%	10.4%	8.9%
Percent Expecting Rise	28.2%	57.1%	27.5%	47.7%	36.7%	41.6%	31.8%	40.0%	48.4%	50.0%	100.0%	43.5%
Percent Expecting Fall	15.4%	7.1%	10.0%	6.8%	6.7%	6.5%	22.7%	12.5%	6.5%	0.0%	0.0%	4.3%
<b>Q2-09</b>												
Q2-09 Value	8.2%	10.2%	8.6%	9.0%	8.6%	8.7%	8.7%	8.5%	8.8%	8.4%	9.5%	8.1%
Percent Expecting Rise	33.3%	33.3%	51.8%	58.3%	51.2%	37.5%	40.0%	47.6%	56.4%	42.9%	66.7%	50.0%
Percent Expecting Fall	14.6%	0.0%	7.1%	12.5%	19.5%	6.3%	20.0%	19.0%	1.8%	14.3%	0.0%	15.4%
<b>Q1-09</b>												
Q1-09 Value	7.6%	9.5%	8.3%	8.7%	8.0%	8.5%	8.4%	8.3%	8.8%	8.9%	9.8%	8.1%
Percent Expecting Rise	35.0%	60.0%	52.1%	53.7%	58.8%	52.1%	48.4%	52.5%	57.5%	36.4%	33.3%	40.0%
Percent Expecting Fall	5.0%	13.3%	8.3%	9.8%	5.9%	4.2%	19.4%	9.8%	6.8%	9.1%	0.0%	8.6%
<b>Yields</b>												
<b>Q4-09</b>												
Q2-09 Value	12.5%	19.2%	11.4%	13.3%	11.4%	13.1%	13.7%	12.2%	13.8%	15.8%	13.3%	10.3%
Percent Expecting Rise	20.5%	18.2%	14.6%	23.4%	26.3%	19.2%	20.0%	31.4%	23.2%	36.4%	33.3%	12.5%
Percent Expecting Fall	11.4%	9.1%	19.5%	14.9%	21.1%	15.1%	15.0%	9.8%	13.0%	9.1%	0.0%	8.3%
<b>Q3-09</b>												
Q1-09 Value	11.3%	17.4%	10.8%	12.2%	12.5%	12.3%	12.5%	11.6%	13.2%	14.3%	14.8%	10.1%
Percent Expecting Rise	8.3%	35.7%	19.4%	38.5%	27.6%	29.2%	28.6%	26.3%	35.1%	28.6%	60.0%	25.0%
Percent Expecting Fall	19.4%	21.4%	13.9%	10.3%	10.3%	11.1%	19.0%	13.2%	1.8%	0.0%	0.0%	8.3%
<b>Q2-09</b>												
Q2-09 Value	12.2%	18.6%	12.0%	13.1%	12.3%	11.6%	11.9%	11.4%	11.5%	11.7%	13.7%	10.3%
Percent Expecting Rise	34.9%	16.7%	41.3%	38.5%	40.0%	31.7%	23.1%	37.8%	45.5%	57.1%	50.0%	47.1%
Percent Expecting Fall	4.7%	0.0%	10.9%	20.5%	8.6%	6.3%	23.1%	18.9%	6.8%	0.0%	0.0%	11.8%
<b>Q1-09</b>												
Q1-09 Value	9.7%	17.5%	11.7%	11.5%	10.9%	11.0%	11.9%	10.7%	12.1%	12.7%	13.3%	10.3%
Percent Expecting Rise	27.3%	29.4%	31.8%	29.7%	43.8%	29.5%	40.6%	40.7%	38.6%	36.4%	33.3%	25.0%
Percent Expecting Fall	10.9%	17.6%	15.9%	16.2%	12.5%	6.6%	18.8%	10.2%	14.3%	0.0%	0.0%	15.6%

**Section 12: Local Markets**

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**Dade County**

- Cap rates in Dade County, on average, are lower than the state mean (0.50 percentage points) and range from 7.7% (**Apartments – Market Rental**) to 9.6% (**Apartments – Condo Conversion**).
- Over the past quarter, cap rates have increased across most property types with **Warehouse** (+0.36 percentage points) and **Office: Class A** (+0.31 percentage points) representing the largest increases.
- Cap rates are expected to increase over the next quarter for **Condo Conversion, Flex Space** and **Office: Class A** while the outlook remains more neutral for all other property types.
- Required yields for Dade County (12.76%) are, on average, the lower than the state mean (13.32%).
- Required yields in Dade County have barely increased, on average, over the last quarter from 12.75% to 12.76%.
- The largest shifts in required yields occurred in **Condo Conversion** (+1.09% change) and **Office: Class A** (-1.58% change).
- The investment outlook is mixed across property types. The most positive outlook occurs for **Apartments-Market Rent** while the most negative outlook occurs for **Retail-Large**.
- The outlook for **Land Development** appears to be mixed for all property types.
- Future occupancy rates in Dade County are expected to remain neutral or decrease over most property types with **Office: Class B** and **Strip Centers** showing the strongest indication for occupancy decreases.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types.
- Future absorption rates are expected to be higher for **Single Family and Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

**Table 2a**

<b>Dade County</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Q4-09 Value	7.7	9.6	8.7	9.3	8.7	8.9	8.7	8.4	9.3	8.1
Percent Expecting Rise	30%	100%	25%	63%	78%	46%	25%	29%	53%	17%
Percent Expecting Fall			8%							
<b>Q3-09</b>										
Q3-09 Value	7.9	15.9	8.4	9.0	8.4	8.7	8.5	8.6	9.4	
Percent Expecting Rise	43%	75%		29%	38%	33%	57%	50%	67%	
Percent Expecting Fall				14%		17%	14%	13%		
<b>Q2-09</b>										
Q2-09 Value	7.8	8.7	8.3	8.8	8.2	8.4	8.2	8.1	8.5	7.7
Percent Expecting Rise	23%		45%	100%	50%	38%	43%	67%	56%	100%
Percent Expecting Fall	8%						14%	22%		
<b>Yields</b>										
<b>Q4-09</b>										
Q2-09 Value	12.0	19.1	10.5	13.0	10.8	13.3	13.4	12.0	13.7	9.7
Percent Expecting Rise	10%	67%	8%	25%	44%	18%		23%	15%	
Percent Expecting Fall			8%	25%	22%	18%	25%	8%	23%	25%
<b>Q3-09</b>										
Q2-09 Value	11.1	18.0	11.1	12.1	12.4	12.3	12.6	11.7	13.4	
Percent Expecting Rise		50%		29%	25%	17%	43%	25%	44%	
Percent Expecting Fall	17%			14%		17%	14%	13%		
<b>Q2-09</b>										
Q1-09 Value	10.9	19.4	11.4	11.9	11.2	10.3	10.8	10.4	10.2	9.1
Percent Expecting Rise	33%		45%	100%	67%	38%	29%	56%	44%	75%
Percent Expecting Fall	8%					13%	29%	22%	11%	25%
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	60%		47%	55%	44%	43%	20%	32%	19%	57%
Bad to Poor	7%		12%	27%	38%	36%	60%	27%	38%	29%
<b>Q3-09</b>										
Fair to Good	56%		58%	30%	30%		22%	25%	10%	
Bad to Poor	11%	100%		20%	20%	29%	22%	63%	70%	
<b>Q2-09</b>										
Fair to Good	71%	25%	55%	27%	36%	38%	15%	62%	27%	29%
Bad to Poor		75%	9%	20%	50%	25%	46%	31%	36%	43%

**Table 2b**

**Outlook for Land Development**

Dade County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlement	Land with Industrial Entitlements	Land for Urban Redevelopm
<b>Q4-09</b>						
Fair to Good	24%	27%	22%	19%	24%	32%
Bad to Poor	59%	48%	54%	57%	44%	41%
<b>Q3-09</b>						
Fair to Good	14%	26%	9%	7%	16%	16%
Bad to Poor	58%	49%	56%	63%	53%	49%
<b>Q2-09</b>						
Fair to Good	20%	22%	15%	11%	23%	20%
Bad to Poor	63%	62%	63%	60%	45%	52%

**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
<b>Q4-09</b>														
Private Buyers	87%	42%		80%	100%	53%	55%	13%	71%	60%	50%	69%	71%	
R.E. Companies	7%	17%		7%		18%	9%	25%	14%		27%	19%	29%	
REITs	7%	17%				12%	18%	13%		20%	14%			
Institutions		8%		13%		12%	9%	6%			5%	6%		
Foreign Buyers		17%				6%	9%	44%	14%	20%	5%	6%		
<b>Q3-09</b>														
Private Buyers	88%	38%		89%	80%	50%	90%	36%	71%	20%	40%	100%	71%	
R.E. Companies						42%		18%	29%	20%	10%		14%	
REITs							10%	9%		20%	10%			
Institutions	13%	25%		11%		8%		9%		20%	10%			
Foreign Buyers		38%						18%		10%	10%			
<b>Q2-09</b>														
Private Buyers	86%	75%		73%	43%	57%	53%	21%	67%	33%	60%	69%	71%	
R.E. Companies	14%	17%		9%		13%	20%	7%		27%	13%		14%	
REITs				9%		17%	7%				7%			
Institutions				5%			7%	36%			7%	15%		
Foreign Buyers		8%			14%	9%	7%	36%	22%	20%				

**Table 2d**

<b>Dade County</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	50%	33%	29%	27%	31%	31%		15%	6%	
Lower	14%	33%	18%	36%	50%	62%	20%	40%	69%	14%
<b>Q3-09</b>										
Higher		33%	17%							
Lower	14%	67%	33%	40%	73%	86%	78%	80%	70%	
<b>Q2-09</b>										
Higher	17%	25%	17%			25%	8%		27%	17%
Lower	22%	25%	35%	77%	85%	38%	62%	46%	36%	50%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation			12%	9%		8%			13%	14%
Slower than Inflation	57%	67%	71%	64%	75%	77%	100%	80%	75%	43%
<b>Q3-09</b>										
Faster than Inflation	13%		8%							
Slower than Inflation	63%	100%	67%	70%	100%	100%	100%	100%	90%	
<b>Q2-09</b>										
Faster than Inflation	6%		4%		7%			7%	9%	
Slower than Inflation	78%	50%	75%	100%	79%	100%	77%	79%	91%	100%

**Table 2e**

<b>Dade County</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	67%	64%
Lower	7%	
<b>Q3-09</b>		
Higher	75%	63%
Lower		
<b>Q2-09</b>		
Higher	57%	33%
Lower	7%	25%
<b>Future Price Increases</b>		
<b>Q4-09</b>		
Faster than Inflation	7%	
Slower than Inflation	80%	83%
<b>Q3-09</b>		
Faster than Inflation	13%	13%
Slower than Inflation	88%	75%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	79%	92%

**Broward County**

- Cap rates in Broward County are, on average, lower (0.56 percentage points) than the state mean, and range from 7.7% (**Apartments**) to 9.6% (**Condo Conversion**).
- Cap rates increased across most property types, with the largest movements occurring in **Warehouse** (+0.43 percentage points) and **Office: Class A** (+0.38 percentage points). Rates declined dramatically in **Condo Conversion** (-6.19 percentage points) and **Free Standing Retail** (-0.55 percentage points).
- Cap rate outlooks indicate potential rate increases in **Office: Class A** over the next quarter. The outlooks for the remaining property types remain neutral.
- Required yields for Broward County are, on average, slightly lower than that of the state, 13.3% compared to 13.33% statewide.
- Required yields are highest for **Condo Conversion** at 19.6% and lowest for **Free Standing Retail** at 10.2%.
- Over the past quarter, required yields have increased across most property types, with the largest shifts occurring in **Condo Conversions** (+1.93% change) and **Office: Class B** (+1.81% change).
- The investment outlook across most property types is mixed.
- The outlook for **Land Development** appears to be negative for **Land with Hospitality 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 among a number of property types including **Flex Space, Office: Class B, and Strip Centers**.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types except Free Standing Retail.
- Expectations for future absorption rates are neutral for **Single Family** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**



**Table 3a**

<b>Broward County</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	7.7	9.6	8.7	9.2	8.6	8.8	8.7	8.3	9.3	8.1
Percent Expecting Rise	33%	100%	31%	56%	64%	38%	20%	33%	50%	17%
Percent Expecting Fall	11%		15%		9%					17%
<b>Q3-09</b>										
Cap Rate	7.8	15.8	8.3	8.9	8.3	8.6	8.4	8.4	9.3	8.6
Percent Expecting Rise	44%	60%		27%	22%	36%	40%	45%	44%	
Percent Expecting Fall				9%		9%	20%	9%		
<b>Q2-09</b>										
Cap Rate	7.8	8.6	8.2	8.7	8.1	8.4	8.1	8.0	8.5	7.7
Percent Expecting Rise	25%		54%	67%	57%	30%	60%	56%	33%	100%
Percent Expecting Fall	8%		8%	17%	14%			22%		
<b>Yields</b>										
<b>Q4-09</b>										
Yield	12.5	19.6	11.1	13.5	11.4	13.9	14.0	12.5	14.3	10.2
Percent Expecting Rise	11%	67%	15%	22%	36%	14%	20%	23%	9%	
Percent Expecting Fall	11%		15%	22%	27%	14%	20%	8%	27%	33%
<b>Q3-09</b>										
Yield	10.8	17.7	10.8	11.8	12.1	12.0	12.3	11.4	13.1	10.3
Percent Expecting Rise		20%		30%	22%	20%	20%	40%	38%	
Percent Expecting Fall	22%	20%		10%		10%	20%	10%		
<b>Q2-09</b>										
Yield	11.4	19.9	11.9	12.4	11.7	10.9	11.3	10.9	10.8	9.6
Percent Expecting Rise	27%		58%	50%	83%	10%	40%	71%	25%	60%
Percent Expecting Fall	9%		8%	33%		20%	20%	14%	13%	40%
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	58%		44%	55%	41%	41%	17%	30%	27%	50%
Bad to Poor	8%		17%	27%	29%	29%	50%	26%	40%	33%
<b>Q3-09</b>										
Fair to Good	64%		60%	46%	50%	17%	14%	30%	20%	
Bad to Poor	9%	100%		15%	8%	17%	29%	40%	60%	
<b>Q2-09</b>										
Fair to Good	65%		52%	40%	36%	42%	20%	54%	27%	30%
Bad to Poor			17%	7%	43%	17%	40%	23%	55%	40%

**Table 3b**

**Outlook for Land Development**

<b>Broward County</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlement	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	21%	32%	24%	17%	24%	30%
Bad to Poor	54%	52%	57%	62%	44%	40%
<b>Q3-09</b>						
Fair to Good	18%	30%	14%	12%	22%	22%
Bad to Poor	56%	50%	54%	66%	50%	48%
<b>Q2-09</b>						
Fair to Good	18%	21%	18%	12%	26%	21%
Bad to Poor	59%	61%	58%	56%	45%	45%

**Table 3c**

**Investors by Property Type**

<b>Broward County</b>	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
<b>Q4-09</b>												
Private Buyers	89%	53%	67%	100%	50%	73%	18%	76%	33%	43%	73%	83%
R.E. Companies	6%	18%	8%		11%	9%	18%	12%		35%	20%	17%
REITs	6%	12%			17%	9%	18%		50%	17%		
Institutions		6%	25%		11%	9%	12%					
Foreign Buyers		12%			11%		35%	12%	17%	4%	7%	
<b>Q3-09</b>												
Private Buyers	77%	62%	75%	83%	47%	79%	31%	77%	25%	42%	100%	100%
R.E. Companies			8%		53%	7%	23%	15%	13%	17%		
REITs	8%					7%			25%	8%		
Institutions	15%	15%	8%				23%		25%	8%		
Foreign Buyers		23%					15%			8%		
<b>Q2-09</b>												
Private Buyers	88%	73%	72%	33%	58%	53%	29%	67%	33%	64%	75%	60%
R.E. Companies	6%	20%	11%		8%	13%			25%	14%		10%
REITs			6%		13%	13%		8%		7%		
Institutions			6%			7%	43%			7%	8%	
Foreign Buyers		7%		17%	8%	7%	29%	17%	17%			10%

**Table 3d**

<b>Broward County</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	45%	33%	22%	27%	29%	19%		14%	13%	33%
Lower			33%	64%	47%	63%	50%	38%	73%	17%
<b>Q3-09</b>										
Higher	11%		7%					8%		
Lower	22%	25%	33%	64%	69%	62%	75%	75%	64%	100%
<b>Q2-09</b>										
Higher	27%		14%		8%	10%		8%	20%	
Lower	20%	25%	41%	85%	77%	60%	70%	58%	70%	75%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation			6%	18%		13%			7%	
Slower than Inflation	82%	100%	72%	73%	88%	69%	83%	81%	73%	50%
<b>Q3-09</b>										
Faster than Inflation			7%							
Slower than Inflation	89%	100%	73%	87%	92%	85%	100%	83%	82%	50%
<b>Q2-09</b>										
Faster than Inflation	7%		5%						10%	
Slower than Inflation	67%	50%	82%	100%	85%	100%	90%	75%	90%	100%

**Table 3e**

<b>Broward County</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	56%	53%
Lower	11%	
<b>Q3-09</b>		
Higher	77%	69%
Lower	8%	15%
<b>Q2-09</b>		
Higher	75%	40%
Lower	6%	13%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	78%	82%
<b>Q2-09</b>		
Faster than Inflation	15%	8%
Slower than Inflation	85%	92%
<b>Q1-09</b>		
Faster than Inflation	6%	
Slower than Inflation	69%	87%

## Palm Beach County

- Cap rates in Palm Beach County are, on average, lower (0.59 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 9.5% (**Condo Conversion**).
- Cap rates have increased in half the property types, with the largest increases in **Warehouse** (+0.30% change) and **Office: Class A** (+0.25% change). Leading the declines in the remaining property types are **Condo Conversion** (-6.32 percentage points) and **Free Standing Retail** (-0.68 percentage points).
- Cap rate outlooks for this quarter are neutral across most property types. **Condo Conversions, Flex Space, and Office: Class A** show the strongest potential for rate increases.
- Required yields for Palm Beach County are, on average, lower than that of the state, 12.19% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 18.5% and lowest for **Free Standing Retail** at 9.1%.
- Required yields have increased across the majority of property types over the last quarter with **Condo Conversions** (+1.31%) and **Office: Class B** (+1.19%) showing the largest increase. **Office: Class A** and **Free Standing Retail** declined by 1.36% and 0.64% respectively.
- The investment outlook is mixed across property types. However, respondents appear to indicate a positive outlook for **Apartments and Flex Space**.
- The outlook for **Land Development** appears to be negative for **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 occupancy rate decreases occurs in **Large Retail, Strip Centers and Office: Class A**.
- Rental rates are expected to increase at a rate slower than inflation across all property types except Free Standing Retail.
- Expectations for future absorption rates are positive for **Single Family**, but are mixed for **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

**Table 4a**

<b>Palm Beach County</b>	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	7.6	9.5	8.7	9.2	8.6	8.8	8.6	8.3	9.3	8.0
Percent Expecting Rise	33%	100%	33%	60%	67%	29%	20%	33%	35%	25%
Percent Expecting Fall	11%								6%	25%
<b>Q3-09</b>										
Cap Rate	7.9	15.9	8.4	9.0	8.4	8.7	8.5	8.5	9.4	8.7
Percent Expecting Rise	38%	67%	14%	27%	22%	33%	40%	50%	38%	
Percent Expecting Fall			14%	18%		11%	20%	13%		33%
<b>Q2-09</b>										
Cap Rate	7.8	8.7	8.3	8.8	8.2	8.4	8.2	8.1	8.6	7.7
Percent Expecting Rise	31%		50%	78%	40%	22%	25%	50%	38%	67%
Percent Expecting Fall	8%				20%		25%	38%		
<b>Yields</b>										
<b>Q4-09</b>										
Yield	11.4	18.5	10.0	12.4	10.3	12.8	12.9	11.4	13.2	9.1
Percent Expecting Rise	11%	100%	13%	33%	56%	17%	25%	25%	8%	
Percent Expecting Fall	11%			11%	11%	8%	25%	8%	23%	50%
<b>Q3-09</b>										
Yield	10.3	17.2	10.3	11.3	11.6	11.6	11.9	10.9	12.7	9.8
Percent Expecting Rise		33%	14%	27%	11%	22%	20%	29%	29%	
Percent Expecting Fall	25%		14%	18%		11%	20%	14%		33%
<b>Q2-09</b>										
Yield	11.3	19.8	11.8	12.3	11.6	10.8	11.2	10.8	10.7	9.5
Percent Expecting Rise	23%		67%	43%	75%	11%	25%	57%	14%	40%
Percent Expecting Fall	8%			29%		22%	25%	29%	14%	40%
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	67%		54%	67%	43%	44%		36%	39%	25%
Bad to Poor	8%		15%	17%	36%	31%	50%	23%	33%	50%
<b>Q3-09</b>										
Fair to Good	50%		38%	27%	25%	18%	17%	14%	11%	
Bad to Poor	17%		13%	18%	13%	27%	50%	43%	67%	
<b>Q2-09</b>										
Fair to Good	56%		53%	43%	18%	42%	11%	36%	30%	25%
Bad to Poor			13%	14%	64%	33%	56%	36%	50%	50%

**Table 4b**

**Outlook for Land Development**

<b>Palm Beach County</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	21%	28%	20%	11%	16%	26%
Bad to Poor	51%	52%	54%	66%	44%	43%
<b>Q3-09</b>						
Fair to Good	12%	15%	7%	7%	12%	10%
Bad to Poor	66%	59%	59%	66%	54%	59%
<b>Q2-09</b>						
Fair to Good	21%	21%	17%	12%	19%	21%
Bad to Poor	55%	62%	59%	60%	50%	48%

**Table 4c**

**Investors by Property Type**

<b>Palm Beach County</b>	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Q4-09</b>														
Private Buyers	89%	47%		58%	100%	46%	50%	29%	75%		50%	50%	78%	100%
R.E. Companies	6%	20%		8%		23%	25%	29%	25%			27%	17%	
REITs				8%		15%	17%	7%			38%	18%		
Institutions		7%		25%		8%	8%							
Foreign Buyers	6%	27%				8%		36%			13%	5%	6%	
<b>Q3-09</b>														
Private Buyers	89%	64%		92%	75%	50%	82%	44%	82%		29%	44%	100%	67%
R.E. Companies		9%				38%		11%	18%		14%			
REITs							9%	11%			14%	22%		
Institutions	11%	9%		8%				11%			29%	11%		
Foreign Buyers		18%				13%	9%	11%						33%
<b>Q2-09</b>														
Private Buyers	86%	85%		74%	20%	44%	57%	27%	67%		30%	75%	82%	75%
R.E. Companies	10%	15%		11%		13%	21%				40%	8%		
REITs				5%		19%	14%		8%					
Institutions				5%			7%	36%				8%		
Foreign Buyers					20%	6%		36%	17%		20%			13%

**Table 4d**

<b>Palm Beach County</b>	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Future Occupancy</b>											
<b>Q4-09</b>											
Higher	36%	50%	8%	8%	29%	13%			14%	18%	25%
Lower	9%		31%	50%	64%	60%	75%	48%	65%	25%	
<b>Q3-09</b>											
Higher	10%		13%		11%	9%			11%		33%
Lower	50%	50%	63%	67%	56%	36%	86%	78%	60%	33%	
<b>Q2-09</b>											
Higher	31%	20%	21%		20%	10%			10%	22%	
Lower	25%	40%	36%	77%	70%	60%	67%	60%	67%	57%	
<b>Rental Rate Increases</b>											
<b>Q4-09</b>											
Faster than Inflation				17%		7%				12%	
Slower than Inflation	100%	100%	77%	75%	93%	67%	88%	81%	71%	50%	
<b>Q3-09</b>											
Faster than Inflation									11%		
Slower than Inflation	80%	50%	100%	83%	89%	82%	100%	89%	70%	67%	
<b>Q2-09</b>											
Faster than Inflation		20%	7%		10%					11%	
Slower than Inflation	88%	60%	79%	100%	80%	90%	89%	100%	89%	100%	

**Table 4e**

<b>Palm Beach County</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	72%	53%
Lower	11%	
<b>Q3-09</b>		
Higher	67%	45%
Lower		9%
<b>Q2-09</b>		
Higher	65%	31%
Lower	10%	23%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation	6%	
Slower than Inflation	72%	87%
<b>Q2-09</b>		
Faster than Inflation	11%	
Slower than Inflation	78%	91%
<b>Q1-09</b>		
Faster than Inflation	5%	
Slower than Inflation	85%	92%

## Treasure Coast

- Cap rates in the Treasure Coast area are, on average, lower (0.61 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 9.5% (**Condo Conversions**)
- Cap rates have increased across a majority of property types in the last quarter. The largest changes have occurred in **Warehouse and Distribution** (+0.51% change) and **Office: Class A** (+0.46% change).
- Cap rates are expected to increase in **Flex Space, Office: Class A**, and **Free Standing Retail** while remaining neutral in the other property types.
- Required yields for the Treasure Coast are lower than those of the state, 13.12% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversions** at 19.4% and lowest for **Free Standing Retail** at 10.1%.
- Required yields have increased dramatically across all property types, with the largest shift occurring in **Office: Class B** (+3.62% change), **Flex Space** (+3.54% change) and **Apartments** (+3.53% change).
- The investment outlook is positive in **Warehouse and Distribution** and **Flex Space**.
- The outlook for **Land Development** is neutral to negative for the all of the land classifications.
- Future occupancy rates are expected to decrease for **Warehouse and Distribution, Office: Class B** and **Neighborhood Centers**.
- Future rental rates are expected to increase at a rate that is slower than inflation for all property types except **Free Standing Retail** which is expected to remain neutral.
- While expectations for future absorption rates are positive for **Single Family Development**, rates are uncertain for **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.



**Table 5a**

<b>Treasure Coast</b>	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Cap Rates</b>											
<b>Q4-09</b>											
Cap Rate	7.6	9.5	8.6	9.1	8.6	8.8	8.6	8.3	9.2	8.0	
Percent Expecting Rise		50%		75%	67%	50%		33%	38%	67%	
Percent Expecting Fall			17%								
<b>Q3-09</b>											
Cap Rate	7.7		8.1	8.8	8.1	8.5	8.3	8.3	9.2	8.5	
Percent Expecting Rise			20%	50%		25%		25%		33%	
Percent Expecting Fall			20%	25%			50%	25%		33%	
<b>Q2-09</b>											
Cap Rate	8.1	9.0	8.6	9.1	8.5	8.8	8.5	8.4	8.9	8.0	
Percent Expecting Rise			50%	80%		60%	50%	100%	71%	100%	
Percent Expecting Fall			17%	20%							
<b>Yields</b>											
<b>Q4-09</b>											
Yield	12.4	19.4	10.9	13.3	11.2	13.7	13.8	12.4	14.1	10.1	
Percent Expecting Rise		50%		50%	67%	20%		20%		50%	
Percent Expecting Fall			17%	13%		20%	33%	20%	29%	50%	
<b>Q3-09</b>											
Yield	8.8		8.8	9.8	10.1	10.1	10.3	9.4	11.1	8.3	
Percent Expecting Rise				50%		25%				33%	
Percent Expecting Fall			20%	25%						33%	
<b>Q2-09</b>											
Yield	12.4	20.8	12.8	13.4	12.6	11.8	12.3	11.9	11.7	10.6	
Percent Expecting Rise			40%	50%		60%	50%	75%	57%	100%	
Percent Expecting Fall			20%	25%					14%		
<b>Investment Outlook</b>											
<b>Q4-09</b>											
Fair to Good	25%		67%	67%		14%		25%			
Bad to Poor			17%	17%		43%		13%	50%		
<b>Q3-09</b>											
Fair to Good			40%			20%			25%		
Bad to Poor						60%			75%		
<b>Q2-09</b>											
Fair to Good	57%		50%	60%		33%	25%	33%	33%		
Bad to Poor			33%	20%		33%	50%	33%	50%		

**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
<b>Q4-09</b>						
Fair to Good	17%	13%	13%	13%	17%	29%
Bad to Poor	71%	67%	63%	67%	50%	42%
<b>Q3-09</b>						
Fair to Good	31%	38%			13%	13%
Bad to Poor	56%	56%	50%	69%	50%	50%
<b>Q2-09</b>						
Fair to Good	32%	32%	23%	18%	23%	27%
Bad to Poor	50%	59%	59%	55%	50%	36%

**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	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Q4-09</b>													
Private Buyers	100%	57%	50%	100%	33%	67%		71%		67%	50%	88%	100%
R.E. Companies		14%	25%		50%	33%	33%	29%			38%	13%	
REITs										33%	13%		
Institutions		14%	25%		17%								
Foreign Buyers		14%					67%						
<b>Q3-09</b>													
Private Buyers	88%	50%	67%		40%	50%		100%				100%	67%
R.E. Companies					40%		100%			50%			
REITs											50%		
Institutions	13%	17%	33%								25%		
Foreign Buyers		33%			20%	25%							33%
<b>Q2-09</b>													
Private Buyers	100%	100%	57%	33%	67%	40%		57%		25%	67%	75%	100%
R.E. Companies			29%		17%	40%		14%		50%	17%		
REITs			14%		17%	20%					17%		
Institutions													
Foreign Buyers							100%	14%		25%			

**Table 5d**

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Future Occupancy</b>											
<b>Q4-09</b>											
Higher	100%	50%	17%	38%							
Lower			33%	50%	67%	50%	100%	57%	100%	33%	
<b>Q3-09</b>											
Higher											
Lower	50%		60%	50%		60%	50%	100%	50%		
<b>Q2-09</b>											
Higher			17%	20%							
Lower	33%	50%	50%	60%	100%	67%	50%	83%	57%	67%	
<b>Rental Rate Increases</b>											
<b>Q4-09</b>											
Faster than Inflation				13%							
Slower than Inflation		50%	50%	75%	100%	83%	100%	86%	100%	67%	
<b>Q3-09</b>											
Faster than Inflation											33%
Slower than Inflation	100%		80%	100%	100%	100%	100%	100%	100%	100%	33%
<b>Q2-09</b>											
Faster than Inflation											
Slower than Inflation	100%	100%	83%	80%	100%	100%	100%	100%	86%	100%	

**Table 5e**

Treasure Coast	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	44%	29%
Lower	11%	
<b>Q3-09</b>		
Higher	75%	50%
Lower		
<b>Q2-09</b>		
Higher	75%	40%
Lower		20%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation	11%	
Slower than Inflation	67%	71%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	75%	100%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	100%	100%

## Southwest Coast

- Cap rates in the Southwest Coast area are, on average, lower (0.46 percentage points) than that of the state, and range from 7.9% (**Apartments**) to 9.5% (**Strip Centers**).
- Cap rates have decreased across all property types over the last quarter, with the largest changes being seen in **Free Standing Retail** (-1.15% change) and **Apartments** (-0.74% change).
- Cap rates are expected to be neutral across the majority of property types, with only **Office: Class A** expected to have rate increases.
- Required yields for the Southwest Coast are lower, on average, than that of the state, 12.00% compared to 13.32% statewide.
- Required yields are highest for **Strip Centers** at 13.7% and lowest for **Free Standing Retail** at 9.6%.
- Required yields have increased over the last quarter for all but three property types, with the largest shifts occurring in **Office: Class B** (+1.10% change) and **Office: Class A** (-1.45% change).
- The investment outlook is mixed across most property types. Respondents appear to have positive expectations for **Apartments and Free Standing Retail**.
- The outlook for **Land Development** is neutral to negative across most classifications.
- Occupancy rates are expected to be mixed across all property types.
- 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**

<b>Southwest Coast</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	7.9		8.9	9.4	8.9	9.0	8.9	8.5	9.5	8.3
Percent Expecting Rise	11%			33%	67%	46%	33%	44%	40%	20%
Percent Expecting Fall	33%					15%		22%	10%	20%
<b>Q3-09</b>										
Cap Rate	8.6	16.6	9.1	9.7	9.1	9.4	9.2	9.2	10.1	9.4
Percent Expecting Rise	38%	75%		50%	50%	36%		50%	57%	
Percent Expecting Fall	25%				25%	18%	33%	33%	14%	
<b>Q2-09</b>										
Cap Rate	8.3		8.7	9.3	8.6	8.9	8.7	8.5	9.0	8.2
Percent Expecting Rise	33%		33%	56%	71%	50%	50%	50%	67%	50%
Percent Expecting Fall	33%			11%	14%	7%	25%	10%		50%
<b>Yields</b>										
<b>Q4-09</b>										
Yield	11.9		10.5	12.9	10.8	13.3	13.4	12.0	13.7	9.6
Percent Expecting Rise	22%				20%	25%	33%	33%	20%	20%
Percent Expecting Fall	22%		33%	13%	20%	17%		11%		
<b>Q3-09</b>										
Yield	10.9	17.8	10.9	11.9	12.2	12.2	12.5	11.5	13.3	10.4
Percent Expecting Rise	25%	50%	50%	33%	25%	50%	33%	67%	43%	
Percent Expecting Fall	25%				25%	10%	33%	17%		
<b>Q2-09</b>										
Yield	11.8		12.2	12.8	12.0	11.2	11.7	11.3	11.1	9.9
Percent Expecting Rise	17%		50%	25%	14%	50%		10%	38%	100%
Percent Expecting Fall				25%	29%		25%	40%		
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	100%		40%	33%	57%	33%	60%	50%	38%	67%
Bad to Poor			20%	22%		8%	20%	10%	13%	17%
<b>Q3-09</b>										
Fair to Good	44%			50%	40%	36%		33%	50%	
Bad to Poor	11%	75%				27%	25%	50%	17%	
<b>Q2-09</b>										
Fair to Good	60%		38%	50%	43%	35%	17%	36%	22%	
Bad to Poor			13%	20%	43%	12%	50%	36%	11%	

**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
<b>Q4-09</b>						
Fair to Good	22%	32%	19%	14%	22%	32%
Bad to Poor	43%	32%	43%	49%	41%	32%
<b>Q3-09</b>						
Fair to Good	20%	33%	13%	13%	13%	17%
Bad to Poor	57%	43%	67%	70%	63%	50%
<b>Q2-09</b>						
Fair to Good	27%	35%	14%	16%	24%	16%
Bad to Poor	59%	49%	54%	49%	57%	57%

**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
<b>Q4-09</b>													
Private Buyers	82%	100%		44%		80%	100%	29%	83%	60%	40%	88%	100%
R.E. Companies	9%			22%		20%		57%	17%		30%	13%	
REITs				11%						20%	30%		
Institutions				22%									
Foreign Buyers	9%							14%		20%			
<b>Q3-09</b>													
Private Buyers	83%	67%		67%	50%	100%	80%	40%	82%	75%	67%	86%	100%
R.E. Companies		11%		22%	25%			20%	18%		17%		
REITs				11%				20%		25%	17%		
Institutions	8%							20%					
Foreign Buyers	8%	22%			25%								
<b>Q2-09</b>													
Private Buyers	79%	86%		71%		63%	80%	86%	94%	50%	64%	90%	100%
R.E. Companies	14%	14%			100%		10%	14%		17%	27%		
REITs	7%					13%					9%		
Institutions						13%	10%			17%			
Foreign Buyers						13%			6%	17%			

**Table 6d**

<b>Southwest Coast</b>	Apartments - Market	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	44%		25%	11%		17%		30%	10%	20%
Lower	11%		50%	33%	29%	42%	50%	20%	40%	
<b>Q3-09</b>										
Higher	25%			50%	20%	27%	25%	17%	29%	50%
Lower	13%	50%	25%		80%	18%	75%	67%	29%	50%
<b>Q2-09</b>										
Higher	40%			10%		33%				50%
Lower			22%	30%	57%	27%	67%	80%	40%	
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation								10%		
Slower than Inflation	78%		100%	89%	86%	92%	100%	90%	100%	80%
<b>Q3-09</b>										
Faster than Inflation										
Slower than Inflation	88%	100%	100%	100%	100%	100%	100%	100%	100%	50%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	100%		100%	100%	100%	80%	100%	91%	100%	50%

**Table 6e**

<b>Southwest Coast</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	45%	33%
Lower	9%	11%
<b>Q3-09</b>		
Higher	25%	44%
Lower	42%	44%
<b>Q2-09</b>		
Higher	57%	29%
Lower	14%	29%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation	9%	11%
Slower than Inflation	64%	67%
<b>Q2-09</b>		
Faster than Inflation	8%	
Slower than Inflation	75%	100%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	93%	100%

## Daytona Beach Area

- Cap rates in Daytona Beach are, on average, higher (0.11 percentage points) than those of the state, and range from 8.3% (**Apartments**) to 10.2% (**Condo Conversions**).
- Cap rates have increased across most property types in the latest quarter. The largest movements in cap rates have occurred in **Warehouse** (+0.32% change) while the largest drop occurred in **Condo Conversions** (-6.29% change).
- Cap rates are expected to increase across the majority of property types, with the strongest indication for rate increases occurring in **Office: Class A and Free Standing Retail**.
- Required yields for Daytona Beach are, on average, higher than that of the state, 14.65% compared to 13.32% statewide.
- Required yields have increased dramatically over all of the property types this quarter. The largest shifts occurred in **Condo Conversion** (+3.41% change) and **Office: Class B** (+3.29% change).
- The investment outlook is neutral for most properties except **Neighborhood Centers and Strip Centers** which are positive.
- The outlook for **Land Development** is neutral across all land classifications.
- Occupancy rates are neutral across all property types with the exception of **Condo Conversion** which is positive and **Warehouse** which is negative.
- Rental rates are expected to increase slower than inflation across property types with the exception of **Apartments** which is neutral.
- Absorption rates are expected to be mixed 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**

<b>Daytona Beach Area</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	8.3	10.2	9.4	9.9	9.3	9.5	9.3	9.0	10.0	8.7
Percent Expecting Rise	33%		67%	63%	75%	25%			33%	75%
Percent Expecting Fall					25%	13%		29%		
<b>Q3-09</b>										
Cap Rate	8.6	16.5	9.0	9.7	9.0	9.4	9.2	9.2	10.1	9.4
Percent Expecting Rise	50%	100%		50%	50%	33%	25%		17%	50%
Percent Expecting Fall	25%					17%				
<b>Q2-09</b>										
Cap Rate	8.0		8.4	8.9	8.3	8.6		8.2	8.7	7.8
Percent Expecting Rise	29%		100%	67%	75%	42%		50%	50%	33%
Percent Expecting Fall	29%			17%				50%	13%	
<b>Yields</b>										
<b>Q4-09</b>										
Yield	13.9	21.0	12.4	14.9	12.7	15.2	15.3	13.9	15.6	11.6
Percent Expecting Rise	33%		33%	38%	50%	14%		40%	17%	33%
Percent Expecting Fall			33%		25%	14%		20%		33%
<b>Q3-09</b>										
Yield	10.7	17.6	10.7	11.7	12.0	11.9	12.2	11.2	13.0	10.1
Percent Expecting Rise				50%		17%	33%	33%	33%	33%
Percent Expecting Fall	67%	100%				17%				
<b>Q2-09</b>										
Yield	12.4		12.8	13.4	12.6	11.8		11.9	11.7	10.5
Percent Expecting Rise	33%		50%	40%	33%	33%		100%	33%	100%
Percent Expecting Fall	17%		50%	40%					17%	
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good			50%	43%	40%	44%		67%	64%	50%
Bad to Poor			50%	29%	20%	33%			7%	
<b>Q3-09</b>										
Fair to Good	50%					50%	75%		43%	
Bad to Poor	25%					25%			14%	
<b>Q2-09</b>										
Fair to Good	57%			50%	25%	46%			33%	
Bad to Poor	29%					15%			33%	

**Table 7b**

**Outlook for Land Development**

<b>Daytona Beach Area</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	25%	21%	25%	25%	25%	32%
Bad to Poor	50%	46%	43%	46%	36%	39%
<b>Q3-09</b>						
Fair to Good	42%	47%	47%	26%	32%	37%
Bad to Poor	37%	47%	32%	42%	32%	32%
<b>Q2-09</b>						
Fair to Good	38%	38%	31%	35%	42%	42%
Bad to Poor	31%	38%	42%	42%	35%	31%

**Table 7c**

**Investors by Property Type**

<b>Daytona Beach Area</b>	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
<b>Q4-09</b>													
Private Buyers	82%	83%		50%	100%	75%	57%	40%	78%	33%	67%	86%	100%
R.E. Companies	9%					25%	14%		11%		17%		
REITs				50%				20%		67%	17%		
Institutions	9%						29%	20%	11%			7%	
Foreign Buyers		17%						20%				7%	
<b>Q3-09</b>													
Private Buyers	78%	60%		50%		100%	50%		75%	25%	33%	57%	100%
R.E. Companies										25%	33%		
REITs	11%			25%					13%	25%	33%	29%	
Institutions							25%	50%	13%			14%	
Foreign Buyers	11%	40%		25%				50%		25%			
<b>Q2-09</b>													
Private Buyers	90%	50%		86%		50%	67%	25%	92%	100%	67%	100%	67%
R.E. Companies	10%	25%					17%		8%				
REITs				14%				50%					33%
Institutions						50%	17%	25%			33%		
Foreign Buyers		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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	33%	100%	33%	25%			33%	17%	27%	25%
Lower			67%	13%	33%	33%	33%	17%	27%	25%
<b>Q3-09</b>										
Higher	20%		50%	20%		29%			17%	
Lower	20%	100%	50%	40%		14%	50%	33%	50%	25%
<b>Q2-09</b>										
Higher			50%	17%		8%				
Lower	29%		50%	33%	100%	33%		67%	44%	67%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation										
Slower than Inflation	33%		100%	88%	100%	67%	67%	67%	80%	100%
<b>Q3-09</b>										
Faster than Inflation										
Slower than Inflation	80%	100%	100%	100%	100%	71%	100%	100%	100%	100%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	75%		100%	83%	50%	85%		67%	78%	100%

**Table 7e**

Daytona Beach Area	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	18%	
Lower	18%	17%
<b>Q3-09</b>		
Higher	44%	20%
Lower	33%	40%
<b>Q2-09</b>		
Higher	30%	25%
Lower	30%	50%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	82%	83%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	89%	100%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	90%	100%

## Orlando Area

- Cap rates in Orlando are, on average, slightly lower (0.01 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 10.1% (**Condo Conversions**).
- Cap rates have increased over the past quarter, with the largest changes being seen in **Warehouse** (+0.60% change) and **Office: Class A** (+0.55% 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 **Warehouse and Flex Space**.
- Required yields for Orlando are, on average, higher than that of the state, 13.89% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 20.2% and lowest for **Free Standing Retail** at 10.8%.
- Required yields have increased over the past quarter for all but three property types, the largest being **Condo Conversions** (+1.53%) and **Office: Class B** (+1.41%).
- The investment outlook is mixed across most property types. The strongest indication of a positive outlook occurs for **Apartments**.
- 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 be neutral to negative across the majority of property types. Respondents indicate that rate decreases are most likely to occur in **Office: Class B**. Respondents indicate that rate increases are likely to occur in **Apartments**.
- Rental rates are expected to increase slower than inflation for all property types.
- Future absorption rates are expected to be neutral for **Single Family Development** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

**Table 8a**

<b>Orlando Area</b>	<b>Apartments - Market Rental</b>	<b>Condo Conversion</b>	<b>Warehouse and Dist.</b>	<b>Flex Space, R &amp; D</b>	<b>Office: Class A</b>	<b>Office: Class B</b>	<b>Retail - Large</b>	<b>Neighborhood Centers</b>	<b>Strip Centers</b>	<b>Free</b>	<b>Standing</b>
<b>Cap Rates</b>											
<b>Q4-09</b>											
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.8	9.8		8.6
Percent Expecting Rise	47%	40%	73%	60%	62%	25%	63%	45%	35%		20%
Percent Expecting Fall	12%		9%		23%	13%		10%	6%		20%
<b>Q3-09</b>											
Cap Rate	8.2	16.1	8.6	9.3	8.6	9.0	8.8	8.8	9.7		9.0
Percent Expecting Rise	47%	50%	25%	67%	29%	38%	50%	33%	33%		20%
Percent Expecting Fall	13%								7%		
<b>Q2-09</b>											
Cap Rate	8.1	8.9	8.5	9.1	8.4	8.7	8.5	8.3	8.8		8.0
Percent Expecting Rise	38%	67%	59%	47%	53%	33%	67%	67%	63%		60%
Percent Expecting Fall	23%		18%	33%	24%	17%		17%	13%		20%
<b>Yields</b>											
<b>Q4-09</b>											
Yield	13.1	20.2	11.7	14.1	11.9	14.4	14.6	13.1	14.9		10.8
Percent Expecting Rise	33%		20%	20%	33%	25%	29%	39%	29%		25%
Percent Expecting Fall	13%		30%	30%	17%	13%		11%	7%		25%
<b>Q3-09</b>											
Yield	11.8	18.7	11.8	12.8	13.1	13.0	13.3	12.4	14.1		11.2
Percent Expecting Rise	8%	25%		40%	33%	15%	56%	27%	27%		20%
Percent Expecting Fall	15%	25%	43%	40%		8%	11%	18%	7%		
<b>Q2-09</b>											
Yield	11.8	20.2	12.2	12.8	12.0	11.2	11.7	11.3	11.1		10.0
Percent Expecting Rise	45%	33%	31%	36%	54%	42%		50%	43%		100%
Percent Expecting Fall	9%		25%	36%		8%		17%	14%		
<b>Investment Outlook</b>											
<b>Q4-09</b>											
Fair to Good	81%	40%	40%	42%	47%	40%	11%	46%	44%		50%
Bad to Poor		20%	13%	42%	12%	10%	33%	8%	6%		
<b>Q3-09</b>											
Fair to Good	63%		18%	14%	56%	23%	33%	46%	31%		50%
Bad to Poor		100%	27%	29%		23%	33%	31%	31%		17%
<b>Q2-09</b>											
Fair to Good	72%		65%	50%	43%	44%	22%	65%	40%		50%
Bad to Poor	11%	80%	9%	15%	19%	11%	33%	35%	30%		50%

**Table 8b**

**Outlook for Land Development**

<b>Orlando Area</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	18%	23%	19%	14%	22%	27%
Bad to Poor	50%	41%	47%	53%	41%	35%
<b>Q3-09</b>						
Fair to Good	19%	32%	18%	9%	12%	25%
Bad to Poor	53%	44%	44%	58%	47%	32%
<b>Q2-09</b>						
Fair to Good	21%	25%	20%	15%	28%	23%
Bad to Poor	48%	48%	54%	54%	42%	37%

**Table 8c**

**Investors by Property Type**

<b>Orlando Area</b>	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
<b>Q4-09</b>												
Private Buyers	81%	100%	67%	60%	33%	50%	35%	50%	44%	46%	72%	88%
R.E. Companies	13%		14%		13%	8%		20%	11%	25%	6%	
REITs			14%		7%		29%	20%	44%	25%	11%	
Institutions			5%	20%	33%	33%	18%	10%		4%	6%	
Foreign Buyers	6%			20%	13%	8%	18%				6%	13%
<b>Q3-09</b>												
Private Buyers	75%	100%	56%	75%	45%	57%	11%	85%	8%	31%	69%	67%
R.E. Companies	8%		19%		18%		22%	8%	17%	31%	19%	
REITs			13%		18%	14%	11%		17%	23%	6%	
Institutions	8%		6%		9%	14%	44%	8%	42%	15%	6%	17%
Foreign Buyers	8%		6%	25%	9%	14%	11%		17%			17%
<b>Q2-09</b>												
Private Buyers	93%	89%	63%	40%	65%	70%	48%	79%	33%	61%	67%	83%
R.E. Companies	7%	11%	5%	40%	9%		14%	11%	22%	11%	8%	17%
REITs			16%		9%	5%	5%		11%	6%		
Institutions			5%		9%	15%	24%		11%	11%	8%	
Foreign Buyers				20%	9%	5%	10%		11%			

**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
<b>Future Occupancy</b>											
<b>Q4-09</b>											
Higher	62%	17%	14%		13%		11%	8%	11%		
Lower	5%		29%	58%	38%	60%	56%	40%	58%		50%
<b>Q3-09</b>											
Higher	33%	25%	36%		11%						
Lower	20%		27%	29%	78%	23%	92%	54%	69%		17%
<b>Q2-09</b>											
Higher	53%	33%	9%	5%	5%	13%					
Lower	7%		50%	37%	58%	31%	57%	59%	58%		50%
<b>Rental Rate Increases</b>											
<b>Q4-09</b>											
Faster than Inflation								4%	5%		
Slower than Inflation	67%	50%	86%	83%	67%	90%	89%	83%	79%		75%
<b>Q3-09</b>											
Faster than Inflation			18%		11%						
Slower than Inflation	80%	75%	64%	100%	89%	92%	92%	100%	100%		83%
<b>Q2-09</b>											
Faster than Inflation	7%										
Slower than Inflation	73%	67%	86%	89%	89%	88%	71%	76%	92%		100%

**Table 8e**

Orlando Area	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	50%	33%
Lower	19%	33%
<b>Q3-09</b>		
Higher	50%	29%
Lower	17%	43%
<b>Q2-09</b>		
Higher	67%	33%
Lower		33%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	88%	100%
<b>Q2-09</b>		
Faster than Inflation	8%	
Slower than Inflation	75%	86%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	86%	100%

## Lakeland-Winter Haven

- Cap rates in Lakeland-Winter Haven are, on average, lower (0.03 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 10.1% (**Condo Conversion**).
- Cap rates decreased across all property types over the last quarter. The largest changes occurred in **Condo Conversion** (-7.28 % change) and **Free Standing Retail** (-1.65% change).
- Cap rates are expected to remain the same or increase across most property types over the next quarter. The strongest indication of rate increases occurs in **Warehouse, Office: Class A** and **Flex Space**.
- Required yields for Lakeland-Winter Haven are, on average, higher than that of the state, 17.22% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 23.5% and lowest for **Strip Centers** at 14.2%.
- Required yields increased dramatically across all property types in the last quarter. The largest changes occurred in **Condo Conversion** (+4.85% change) **Apartments** (+4.65% change) and **Office: Class B** (+4.73%).
- The investment outlook is mixed across property types with the exception of **Warehouse and Distribution** which is positive.
- The outlook for **Land Development** is mixed across land classifications.
- Occupancy rates are expected to mixed for most property types. The most significant indication of potential rate decreases occurs in **Strip Centers**.
- Rental rates are expected to increase slower than inflation for all property types.
- Future absorption rates are expected to remain the same for **Condominium Development** and for **Single Family**.
- Future price increases are expected to occur slower than inflation for both **Single Family** and **Condominium Development**.



**Table 9a**

<b>Lakeland-Winter Haven</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.8	9.8	8.6
Percent Expecting Rise			67%	100%	67%	43%			43%	
Percent Expecting Fall			33%		33%			100%		
<b>Q3-09</b>										
Cap Rate	9.4	17.4	9.9	10.5	9.9	10.2	10.0	10.1	10.9	10.2
Percent Expecting Rise	50%	100%	33%	67%		33%		33%	50%	67%
Percent Expecting Fall										
<b>Q2-09</b>										
Cap Rate	8.3	9.2	8.8	9.3	8.7	8.9	8.7	8.6	9.1	
Percent Expecting Rise	33%	100%	50%	67%	40%	50%		25%	50%	
Percent Expecting Fall	33%		10%	33%	20%				25%	
<b>Yields</b>										
<b>Q4-09</b>										
Yield	16.5	23.5	15.0	17.4	15.3	17.8	17.9	16.5	18.2	14.2
Percent Expecting Rise			33%	50%	33%	29%		50%	29%	
Percent Expecting Fall			33%		33%			50%		
<b>Q3-09</b>										
Yield	11.8	18.7	11.8	12.8	13.1	13.0	13.3	12.4	14.1	11.3
Percent Expecting Rise	50%	100%	33%	67%		33%	33%	67%	50%	33%
Percent Expecting Fall			33%							
<b>Q2-09</b>										
Yield	12.2	20.6	12.6	13.2	12.4	11.6	12.1	11.7	11.5	
Percent Expecting Rise	33%	100%	67%	67%	50%			25%		
Percent Expecting Fall	33%		17%	33%			100%	50%	50%	
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good			63%			50%			43%	
Bad to Poor					25%				14%	
<b>Q3-09</b>										
Fair to Good			75%				25%		25%	
Bad to Poor							25%		50%	
<b>Q2-09</b>										
Fair to Good			75%		40%	67%		50%	50%	
Bad to Poor			8%		40%			50%	17%	

**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
<b>Q4-09</b>						
Fair to Good	30%	30%	30%	22%	30%	30%
Bad to Poor	48%	48%	43%	39%	39%	39%
<b>Q3-09</b>						
Fair to Good	44%	61%	39%	33%	44%	50%
Bad to Poor	44%	28%	33%	39%	28%	22%
<b>Q2-09</b>						
Fair to Good	33%	42%	29%	25%	42%	25%
Bad to Poor	42%	33%	42%	50%	25%	38%

**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
<b>Q4-09</b>													
Private Buyers	89%	100%		100%	100%	50%	67%	25%	88%	100%		86%	100%
R.E. Companies	11%					13%							
REITs						13%					100%	14%	
Institutions						13%	33%	50%	13%				
Foreign Buyers						13%		25%					
<b>Q3-09</b>													
Private Buyers	100%	100%		67%	100%	50%	100%		100%		33%	60%	67%
R.E. Companies													
REITs						25%				50%	33%	20%	
Institutions						25%		100%		50%	33%		
Foreign Buyers				33%									33%
<b>Q2-09</b>													
Private Buyers	67%	100%		100%	100%	67%	67%	60%	100%	33%	67%	100%	
R.E. Companies	33%					17%	33%	20%		33%	17%		
REITs						8%							
Institutions								20%		33%	17%		
Foreign Buyers						8%							

**Table 9d**

<b>Lakeland-Winter Haven</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher			40%	33%		14%				
Lower			20%	33%	33%	29%		50%	63%	33%
<b>Q3-09</b>										
Higher	50%		25%	33%						
Lower			25%	67%	100%	33%	75%	67%	60%	33%
<b>Q2-09</b>										
Higher	50%		27%							
Lower			27%	67%	50%	50%	33%	50%	50%	
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation										
Slower than Inflation	100%	67%	60%	67%	100%	100%	100%	100%	88%	100%
<b>Q3-09</b>										
Faster than Inflation			25%							
Slower than Inflation	100%	100%	25%	33%	67%	100%	100%	80%	100%	100%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	100%		82%	100%	75%	100%	67%	83%	83%	

**Table 9e**

<b>Lakeland-Winter Haven</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher		
Lower	22%	
<b>Q3-09</b>		
Higher	17%	
Lower	33%	
<b>Q2-09</b>		
Higher	50%	100%
Lower	33%	
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	100%	50%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	100%	50%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	100%	100%

## Tampa-St Petersburg

- Cap rates in the Tampa-St. Petersburg area are, on average, lower (0.03 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 10.1% (**Condo Conversion**).
- Cap rates increased over the past quarter across most property types, with the largest changes occurring in **Warehouse** (+0.31% change) and **Office: Class A** (+0.26% change). The largest negative changes occur in **Condo Conversions** (-6.30% change) and **Free Standing Retail** (-0.67% change).
- Cap rate outlooks indicate that rates are expected to be mixed across most property types in the next quarter. The strongest indication of a cap rate increase occurs in **Office: Class A**.
- Required yields for Tampa-St. Petersburg are higher, on average, than that of the state, 14.36% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 20.7% and lowest for **Free Standing Retail** at 11.3%.
- Required yields increased across all but three property types last quarter. The largest shifts in required yields occurred in **Condo Conversions** (+1.61% change) and **Office: Class B** (+1.49% change).
- The investment outlook is mixed across property types, with the most positive outlook occurring in **Warehouse and Distribution** and **Apartments**.
- The outlook for **Land Development** appears to be neutral to negative for all land classifications.
- Future occupancy rates are expected to be mixed for a majority of property types.
- Rental rates are expected to increase slower than inflation across almost all property types over the next quarter.
- Future absorption rate expectations are neutral for both **Condominium Development** and **Single Family**.
- Future price increases are expected to occur at a rate that is slower than inflation for both **Single Family** and **Condominium Development**.

**Table 10a**

<b>Tampa-St Pete</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.9	9.8	8.6
Percent Expecting Rise	41%	50%	22%	25%	73%	42%	43%	38%	40%	33%
Percent Expecting Fall	18%		11%	13%		17%	14%	23%	7%	
<b>Q3-09</b>										
Cap Rate	8.5	16.4	8.9	9.6	8.9	9.3	9.0	9.1	10.0	9.3
Percent Expecting Rise	29%	20%	50%	80%	20%	40%	11%	27%	45%	33%
Percent Expecting Fall	14%	20%			10%	10%	22%	18%		
<b>Q2-09</b>										
Cap Rate	8.6	9.5	9.1	9.6	9.0	9.3	9.0	8.9	9.4	8.5
Percent Expecting Rise	50%	67%	47%	50%	33%	33%	40%	45%	64%	50%
Percent Expecting Fall	10%		27%	25%	25%			18%		17%
<b>Yields</b>										
<b>Q4-09</b>										
Yield	13.6	20.7	12.1	14.6	12.4	14.9	15.0	13.6	15.3	11.3
Percent Expecting Rise	13%		14%	29%	40%	33%	17%	45%	42%	
Percent Expecting Fall	27%	17%	14%	14%		22%	17%	9%	8%	
<b>Q3-09</b>										
Yield	12.2	19.1	12.2	13.2	13.5	13.4	13.7	12.8	14.5	11.6
Percent Expecting Rise	21%	20%	50%	60%	30%	30%	22%	36%	36%	
Percent Expecting Fall	21%		17%		10%	20%	22%	27%		
<b>Q2-09</b>										
Yield	13.9	22.4	14.4	14.9	14.2	13.3	13.8	13.4	13.2	12.1
Percent Expecting Rise	63%	67%	57%	33%	36%	30%		44%	63%	50%
Percent Expecting Fall			14%	33%		10%		11%		
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	71%	33%	73%	50%	53%	41%	22%	63%	32%	33%
Bad to Poor	5%	33%	18%	10%	12%	29%	33%		26%	
<b>Q3-09</b>										
Fair to Good	57%	33%	73%	57%	47%	42%	27%	62%	36%	
Bad to Poor	7%	67%		14%	20%	33%	36%	23%	45%	75%
<b>Q2-09</b>										
Fair to Good	47%		74%	38%	47%	44%	38%	67%	24%	50%
Bad to Poor	7%		9%	25%	24%	38%	25%	28%	41%	17%

**Table 10b**

**Outlook for Land Development**

<b>Tampa-St Pete</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	23%	32%	31%	21%	27%	29%
Bad to Poor	49%	42%	52%	55%	43%	31%
<b>Q3-09</b>						
Fair to Good	26%	34%	23%	16%	24%	32%
Bad to Poor	52%	47%	53%	61%	48%	48%
<b>Q2-09</b>						
Fair to Good	25%	31%	19%	21%	32%	28%
Bad to Poor	47%	46%	49%	47%	43%	37%

**Table 10c**

**Investors by Property Type**

<b>Tampa-St Pete</b>	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Q4-09</b>														
Private Buyers	90%	79%		71%	83%	55%	60%	24%	100%		56%	56%	100%	83%
R.E. Companies	5%			14%		9%	20%	12%			11%	19%		17%
REITs				10%		27%		41%			22%	19%		
Institutions		7%		5%		9%		12%				6%		
Foreign Buyers	5%	14%			17%		20%	12%			11%			
<b>Q3-09</b>														
Private Buyers	89%	73%		64%	50%	45%	57%	7%	100%		36%	54%	100%	75%
R.E. Companies		18%		14%		27%	14%	27%			9%	23%		
REITs				14%	33%	18%	14%	33%			27%	8%		
Institutions				7%		9%		27%			27%	8%		
Foreign Buyers	11%	9%			17%		14%	7%				8%		25%
<b>Q2-09</b>														
Private Buyers	82%	79%		69%	67%	52%	50%	24%	82%		50%	78%	100%	71%
R.E. Companies	6%			6%	33%	13%	25%	24%	12%			6%		14%
REITs				6%		9%	13%	6%			13%			
Institutions						9%		41%			13%	11%		
Foreign Buyers	6%	14%		6%		17%	13%	6%			25%	6%		

**Table 10d**

<b>Tampa-St Pete</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	50%		18%	10%	29%	20%	13%	27%	33%	17%
Lower	9%		18%	10%	29%	13%	25%	40%	33%	33%
<b>Q3-09</b>										
Higher	25%		36%	29%	21%		9%	15%	9%	
Lower		17%	18%	43%	57%	27%	73%	62%	82%	67%
<b>Q2-09</b>										
Higher	27%		17%	13%	6%	6%	13%	13%	28%	14%
Lower	13%	33%	26%	63%	50%	31%	63%	38%	44%	43%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation			9%	10%	6%			7%	6%	
Slower than Inflation	55%	50%	73%	80%	65%	80%	88%	80%	83%	83%
<b>Q3-09</b>										
Faster than Inflation			9%		7%					
Slower than Inflation	75%	67%	82%	71%	86%	82%	100%	100%	91%	100%
<b>Q2-09</b>										
Faster than Inflation	13%	33%			6%				6%	
Slower than Inflation	87%	33%	78%	88%	75%	81%	88%	75%	83%	86%

**Table 10e**

<b>Tampa-St Pete</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	20%	31%
Lower	15%	8%
<b>Q3-09</b>		
Higher	50%	46%
Lower	19%	38%
<b>Q2-09</b>		
Higher	22%	17%
Lower	17%	33%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation	5%	14%
Slower than Inflation	80%	79%
<b>Q2-09</b>		
Faster than Inflation	6%	
Slower than Inflation	50%	55%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	88%	77%

## Sarasota-Bradenton

- Cap rates in the Sarasota-Bradenton area are, on average, lower (0.30 percentage points) than that of the state, and range from 7.9% (**Apartments**) to 9.8% (**Condo Conversion**).
- Cap rates increased across half of the property types in the last quarter, with the largest changes occurring in **Warehouse** (+0.36% change) and **Office: Class A** (+0.32% change). The largest declines occurred in **Condo Conversion** (-6.25% change) and **Free Standing Retail** (-0.62% change)
- Cap rates are expected to either remain the same or increase in the next quarter for almost all property types. The strongest indications of expected cap rate increases occur in **Warehouse**.
- Required yields for Sarasota-Bradenton are, on average, higher than that of the state, 14.17% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 20.5% and lowest for **Free Standing Retail** at 11.1%.
- Required yields have increase this quarter across most property types. The largest shifts occurred in **Condo Conversion** (+2.40% change) and **Office: Class B** (+2.28% change).
- The investment outlook is positive across most available property types with the most positive outlook in **Office: Class A** and **Neighborhood Centers**.
- The outlook for **Land Development** is neutral to negative across land classifications.
- Future occupancy rates are expected to either remain the same or decline over the next quarter. Respondents indicated that **Warehouse** and **Retail Large** are most likely to decline.
- Rental rates are expected to lag inflation across all property types over the next quarter.
- Future absorption rates are expected to be neutral for both **Single Family Development** and **Condominium Development**.
- Respondents indicate that future prices will increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.



**Table 11a**

<b>Sarasota-Bradenton</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	7.9	9.8	9.0	9.5	8.9	9.1	8.9	8.6	9.5	8.3
Percent Expecting Rise			100%	17%	50%	44%	33%	50%	50%	25%
Percent Expecting Fall							33%			
<b>Q3-09</b>										
Cap Rate	8.1	16.1	8.6	9.2	8.6	8.9	8.7	8.8	9.6	8.9
Percent Expecting Rise	29%	25%		20%		33%		33%	43%	67%
Percent Expecting Fall	29%	25%			100%	11%	67%	33%	14%	
<b>Q2-09</b>										
Cap Rate	7.9	8.8	8.4	8.9	8.3	8.6	8.3	8.2	8.7	7.8
Percent Expecting Rise	50%	100%	25%	50%	20%	13%	33%	29%	63%	50%
Percent Expecting Fall	25%		25%					14%		17%
<b>Yields</b>										
<b>Q4-09</b>										
Yield	13.4	20.5	12.0	14.4	12.2	14.7	14.8	13.4	15.1	11.1
Percent Expecting Rise				17%		50%			38%	25%
Percent Expecting Fall							33%			
<b>Q3-09</b>										
Yield	11.2	18.1	11.2	12.2	12.5	12.5	12.7	11.8	13.5	10.7
Percent Expecting Rise	29%	25%		25%		38%		33%	29%	33%
Percent Expecting Fall	29%				100%	13%	33%	17%		
<b>Q2-09</b>										
Yield	11.5	20.0	12.0	12.5	11.8	10.9	11.4	11.0	10.8	9.7
Percent Expecting Rise	25%	100%	43%	40%	20%			25%	75%	50%
Percent Expecting Fall			14%			17%	100%	50%		
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	67%			67%	75%	56%		75%	56%	56%
Bad to Poor	17%				25%					11%
<b>Q3-09</b>										
Fair to Good	43%	25%	80%	60%		44%		83%	14%	
Bad to Poor	14%	75%						17%	14%	
<b>Q2-09</b>										
Fair to Good			44%	57%	20%	33%		57%	11%	50%
Bad to Poor			11%	29%	60%	22%		43%	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
<b>Q4-09</b>						
Fair to Good	25%	38%	28%	16%	25%	31%
Bad to Poor	56%	34%	47%	47%	41%	25%
<b>Q3-09</b>						
Fair to Good	1%	1%	1%	1%	1%	1%
Bad to Poor	2%	2%	2%	2%	2%	2%
<b>Q2-09</b>						
Fair to Good	31%	38%	17%	10%	21%	21%
Bad to Poor	45%	28%	45%	52%	45%	34%

**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
<b>Q4-09</b>													
Private Buyers	91%	86%		83%	100%		83%	50%	100%	33%	25%	100%	89%
R.E. Companies	9%						17%	50%			25%		11%
REITs				17%		100%				67%	50%		
Institutions													
Foreign Buyers		14%											
<b>Q3-09</b>													
Private Buyers	89%	63%		71%	50%	100%	100%		89%	67%	100%	100%	33%
R.E. Companies	11%	25%		14%									33%
REITs				14%	25%			100%	11%	33%			
Institutions													
Foreign Buyers		13%			25%								33%
<b>Q2-09</b>													
Private Buyers	73%	67%		25%	100%	56%	29%	60%	89%	33%	71%	78%	67%
R.E. Companies	27%			25%		22%	29%	20%		33%	29%	11%	
REITs			33%			11%	29%			33%			
Institutions				25%		11%	14%					11%	33%
Foreign Buyers								20%	11%				

**Table 11d**

<b>Sarasota-Bradenton</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	17%				25%	22%		25%	22%	14%
Lower	17%		100%	33%	25%	44%	100%	50%	44%	
<b>Q3-09</b>										
Higher	17%	25%	25%	40%		22%	33%	17%	14%	33%
Lower		25%	25%	40%		22%	33%	50%	43%	33%
<b>Q2-09</b>										
Higher	25%					11%		29%	22%	17%
Lower			44%	33%	60%	56%	67%	57%	56%	17%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation										
Slower than Inflation	83%	75%		67%	75%	78%	100%	100%	78%	57%
<b>Q3-09</b>										
Faster than Inflation	17%									
Slower than Inflation	67%	50%	75%	80%	100%	89%	100%	83%	86%	67%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	100%		89%	100%	100%	100%	100%	100%	100%	50%

**Table 11e**

<b>Sarasota-Bradenton</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	27%	14%
Lower	27%	29%
<b>Q3-09</b>		
Higher	67%	50%
Lower	22%	13%
<b>Q2-09</b>		
Higher	73%	50%
Lower	18%	33%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		14%
Slower than Inflation	91%	86%
<b>Q2-09</b>		
Faster than Inflation	22%	13%
Slower than Inflation	56%	75%
<b>Q1-09</b>		
Faster than Inflation	9%	
Slower than Inflation	73%	50%

## Jacksonville

- Cap rates in Jacksonville are, on average, lower (0.16 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 9.8% (**Strip Centers**).
- Cap rates have increased across most property types, with the largest increase occurring in **Warehouse** (+0.44% change) and **Office: Class A** (+0.39% 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 **Office: Class B**.
- Required yields for Jacksonville are, on average, lower than that of the state, 12.64% compared to 13.32% statewide.
- Required yields are highest for **Strip Centers** at 14.3% and lowest for **Free Standing Retail** at 10.3%.
- Required yields increased across all but one property type in the last quarter, with the largest increases occurring for **Office: Class B** (+2.07%), **Apartment** (+1.98%), and **Flex Space** (+1.98%).
- The investment outlook is mixed across property types this quarter. The most positive outlook for investment occurs in **Apartments** and **Office: Class A**.
- The outlook for **Land Development** is negative for **Land with Hospitality Entitlements** while the outlook is more neutral to negative for the remaining land classifications.
- Future occupancy rates are expected to be neutral to negative across the majority of property types. Respondents expect occupancy rates to be lower in **Large Retail**.
- Rental rates are expected to decrease across all property types with the exception of Apartments.
- Future absorption rates are expected to remain the same for **Single Family Development** and **Condominium Development**.
- Respondents expect future prices to increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

**Table 12a**

<b>Jacksonville</b>	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
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	8.2		9.2	9.7	9.2	9.3	9.2	8.8	9.8	8.6
Percent Expecting Rise	33%		33%			80%	60%	43%	55%	
Percent Expecting Fall	17%				25%					25%
<b>Q3-09</b>										
Cap Rate	8.3	16.3	8.8	9.4	8.8	9.1	8.9	8.9	9.8	9.1
Percent Expecting Rise	40%	50%	25%	67%	33%	57%	38%	38%	55%	50%
Percent Expecting Fall	10%		50%				13%	13%	9%	
<b>Q2-09</b>										
Cap Rate	8.3	9.2	8.8	9.3	8.7	8.9	8.7	8.6	9.0	8.2
Percent Expecting Rise	44%	67%	40%	100%	60%	22%	50%	44%	67%	100%
Percent Expecting Fall	22%		20%		40%			22%		
<b>Yields</b>										
<b>Q4-09</b>										
Yield	12.6		11.1	13.6	11.4	13.9	14.0	12.6	14.3	10.3
Percent Expecting Rise	25%		33%	50%	25%	20%	20%	31%	40%	
Percent Expecting Fall	8%		17%			40%		8%	10%	
<b>Q3-09</b>										
Yield	10.6	17.5	10.6	11.6	11.9	11.8	12.1	11.2	12.9	10.0
Percent Expecting Rise				33%	20%	29%	29%		33%	25%
Percent Expecting Fall	13%	50%	67%				14%	14%		
<b>Q2-09</b>										
Yield	11.9	20.3	12.3	12.9	12.1	11.3	11.8	11.4	11.2	10.1
Percent Expecting Rise	44%			100%	25%	29%		38%	60%	
Percent Expecting Fall								13%		
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	79%		25%		80%	14%	60%	57%	17%	25%
Bad to Poor	7%		38%			43%		14%	42%	25%
<b>Q3-09</b>										
Fair to Good	50%		80%	50%	25%	38%	25%	89%	17%	50%
Bad to Poor	10%			17%			13%	11%	50%	50%
<b>Q2-09</b>										
Fair to Good	40%		56%		17%	33%	50%	70%		
Bad to Poor	10%	40%	11%	40%	67%	44%	50%	20%	25%	

**Table 12b**

**Outlook for Land Development**

<b>Jacksonville</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	11%	22%	8%	8%	16%	24%
Bad to Poor	57%	35%	43%	65%	30%	41%
<b>Q3-09</b>						
Fair to Good	19%	27%	8%	8%	14%	19%
Bad to Poor	46%	46%	59%	68%	54%	51%
<b>Q2-09</b>						
Fair to Good	15%	21%	9%	18%	24%	21%
Bad to Poor	53%	56%	50%	68%	38%	41%

**Table 12c**

**Investors by Property Type**

<b>Jacksonville</b>	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
<b>Q4-09</b>													
Private Buyers	100%	83%		50%		25%	100%		100%	20%	36%	83%	100%
R.E. Companies				36%		25%		60%			36%	8%	
REITs				14%		38%		40%		40%	14%	8%	
Institutions						13%				20%	14%		
Foreign Buyers		17%								20%			
<b>Q3-09</b>													
Private Buyers	73%	75%		40%	50%	17%	83%		78%	25%	44%	83%	100%
R.E. Companies				10%		33%	17%	25%	11%	25%	44%	17%	
REITs				30%				38%		13%			
Institutions				10%		33%		13%		25%			
Foreign Buyers	27%	25%		10%				25%		13%	11%		
<b>Q2-09</b>													
Private Buyers	85%	78%		64%	33%	56%	60%	33%	60%	75%	60%	75%	50%
R.E. Companies					33%	11%	20%	33%	30%		10%	13%	50%
REITs				9%			20%				20%		
Institutions				18%		22%		33%			10%	13%	
Foreign Buyers		11%			17%								

**Table 12d**

<b>Jacksonville</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	54%		38%		25%			23%	8%	25%
Lower	8%		25%		50%	43%	80%	46%	67%	
<b>Q3-09</b>										
Higher	33%		50%	20%	14%	11%	14%	22%	25%	25%
Lower	11%	50%		20%	57%	44%	86%	56%	58%	50%
<b>Q2-09</b>										
Higher	73%			20%		20%		10%	29%	
Lower	9%	25%	38%	40%	83%	40%	100%	50%	71%	50%
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation	8%									
Slower than Inflation	50%		88%		100%	100%	100%	100%	92%	75%
<b>Q3-09</b>										
Faster than Inflation			17%		14%					
Slower than Inflation	56%	100%	50%	80%	86%	100%	86%	100%	92%	100%
<b>Q2-09</b>										
Faster than Inflation	9%									
Slower than Inflation	82%	75%	75%	100%	100%	100%	100%	90%	100%	50%

**Table 12e**

<b>Jacksonville</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	33%	
Lower		33%
<b>Q3-09</b>		
Higher	36%	13%
Lower	9%	38%
<b>Q2-09</b>		
Higher	55%	13%
Lower		38%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation	8%	
Slower than Inflation	92%	100%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	82%	50%
<b>Q1-09</b>		
Faster than Inflation	9%	
Slower than Inflation	82%	88%

**Gainesville-Ocala**

- Cap rates in Gainesville-Ocala are, on average, higher (0.31 percentage points) than that of the state, and range from 8.5% (**Apartments**) to 10.4% (**Condo Conversion**).
- Cap rates decreased over the last quarter, with the largest changes occurring in **Condo Conversion** (-6.89% change) and **Free Standing** (-1.25% change).
- Cap rates are expected to be mixed over the next quarter. The strongest indications of cap rate increases occur in **Condo Conversions, Flex Space, Strip Centers, and Strip Centers**.
- Required yields for Gainesville-Ocala are, on average, higher than that of the state, 13.88% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversions** at 20.2% and lowest for **Free Standing Retail** at 10.8%.
- Required yields increased over the past quarter for most property types. The largest increases occur in **Condo Conversions** (+2.29%) and **Apartments** (+2.08% change).
- The investment outlook is neutral to positive over all of the available property types in this region. The largest positive indication is for **Apartments** and **Office: Class A**.
- The outlook for **Land Development** is neutral to negative across almost all land classifications..
- Future occupancy rate expectations are mixed across available property types. The strongest indications of future rate decreases occur in **Neighborhood Centers** and **Office: Class A**.
- Rental rates are expected to lag inflation 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 **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.



**Table 13a**

<b>Gainesville-Ocala</b>	<b>Apartments - Market Rental</b>	<b>Condo Conversion</b>	<b>Warehouse and Dist.</b>	<b>Flex Space, R &amp; D</b>	<b>Office: Class A</b>	<b>Office: Class B</b>	<b>Retail - Large</b>	<b>Neighborhood Centers</b>	<b>Strip Centers</b>	<b>Free</b>	<b>Standing</b>
<b>Cap Rates</b>											
<b>Q4-09</b>											
Cap Rate	8.5	10.4	9.6	10.1	9.5	9.7	9.5	9.2	10.2		8.9
Percent Expecting Rise	25%	100%	20%	100%	33%	43%	50%		67%		
Percent Expecting Fall	25%				33%		50%				
<b>Q3-09</b>											
Cap Rate	9.4	17.3	9.8	10.5	9.8	10.2	10.0	10.0	10.9		10.2
Percent Expecting Rise	33%	100%	50%	67%		40%	50%		67%		100%
Percent Expecting Fall	33%		25%		50%		50%		33%		
<b>Q2-09</b>											
Cap Rate	8.5	9.4	9.0	9.5	8.9	9.1	8.9	8.8	9.2		8.4
Percent Expecting Rise	40%	100%		50%	67%	40%			100%		100%
Percent Expecting Fall	20%				33%	20%	100%	100%			
<b>Yields</b>											
<b>Q4-09</b>											
Yield	13.1	20.2	11.7	14.1	11.9	14.4	14.5	13.1	14.8		10.8
Percent Expecting Rise			20%						17%		
Percent Expecting Fall	50%		40%	33%	33%	20%	50%		33%		
<b>Q3-09</b>											
Yield	11.0	17.9	11.0	12.0	12.3	12.3	12.6	11.6	13.4		10.5
Percent Expecting Rise			33%	33%	50%	25%	50%				
Percent Expecting Fall	67%	100%			50%	50%	50%				100%
<b>Q2-09</b>											
Yield	11.8	20.2	12.2	12.8	12.0	11.2	11.7	11.3	11.1		10.0
Percent Expecting Rise	80%			50%	67%	40%	100%		100%		
Percent Expecting Fall			100%								
<b>Investment Outlook</b>											
<b>Q4-09</b>											
Fair to Good	67%		60%		67%	50%			57%		
Bad to Poor	17%		40%		17%	13%			14%		
<b>Q3-09</b>											
Fair to Good			75%		50%	71%			50%		
Bad to Poor					25%	14%			25%		
<b>Q2-09</b>											
Fair to Good	50%				75%	57%	50%	25%			
Bad to Poor	17%				25%	14%	50%				

**Table 13b**

**Outlook for Land Development**

<b>Gainesville-Ocala</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	13%	21%	33%	21%	25%	21%
Bad to Poor	58%	50%	38%	46%	42%	42%
<b>Q3-09</b>						
Fair to Good	31%	38%	38%	31%	31%	44%
Bad to Poor	56%	31%	44%	50%	63%	31%
<b>Q2-09</b>						
Fair to Good	32%	21%	21%	16%	21%	37%
Bad to Poor	42%	53%	37%	53%	37%	16%

**Table 13c**

**Investors by Property Type**

<b>Gainesville-Ocala</b>	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
<b>Q4-09</b>													
Private Buyers	100%	50%		67%		40%	67%	67%	100%	100%		71%	100%
R.E. Companies				17%		20%		17%				14%	
REITs						40%						14%	
Institutions				17%			33%	17%			100%		
Foreign Buyers		50%			100%								
<b>Q3-09</b>													
Private Buyers	75%	67%		67%		100%	67%	75%	100%	50%		100%	
R.E. Companies							33%			50%	100%		
REITs				33%									
Institutions	13%							25%					
Foreign Buyers	13%	33%											
<b>Q2-09</b>													
Private Buyers	100%	75%		67%		100%	100%	100%	86%	50%	50%	67%	100%
R.E. Companies										50%			
REITs				17%							50%		
Institutions				17%								33%	
Foreign Buyers		25%			100%								

**Table 13d**

<b>Gainesville-Ocala</b>	Apartments - Market	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	14%		40%		17%		33%		14%	
Lower			60%	50%	67%	13%		100%	29%	
<b>Q3-09</b>										
Higher	50%		50%	33%		29%			50%	
Lower	25%		25%	33%	50%	43%	50%			100%
<b>Q2-09</b>										
Higher	43%					17%			33%	
Lower					50%	17%	50%	25%	33%	
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation										
Slower than Inflation	57%		80%	100%	67%	75%	67%	100%	86%	100%
<b>Q3-09</b>										
Faster than Inflation										
Slower than Inflation	50%	100%	100%	100%	75%	100%	50%	100%	75%	100%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	71%		100%	100%	100%	67%	100%	100%	67%	100%

**Table 13e**

<b>Gainesville-Ocala</b>	Single Family	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	44%	
Lower	11%	50%
<b>Q3-09</b>		
Higher	38%	33%
Lower		17%
<b>Q2-09</b>		
Higher	20%	
Lower	20%	25%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	67%	50%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	88%	83%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	100%	100%

## Pensacola-Tallahassee

- Cap rates for property types in Pensacola-Tallahassee are, on average, slightly lower (0.22 percentage points) than that of the state, and range from 8.0% (**Apartments**) to 9.9% (**Condo Conversion**).
- Cap rates have been mixed over the past quarter. The largest cap rate movements occurred in **Condo Conversions** (-6.21% change) and **Warehouse** (+0.40% 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 **Warehouse** and **Strip Centers**.
- Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 12.37% compared to 13.32% statewide.
- Required yields are highest for **Condo Conversion** at 18.7% and lowest for **Free Standing Retail** at 9.3%.
- Required yields have increased dramatically for all property types over the past quarter. The largest shifts occurred in **Condo Conversions** (+3.41% change) and **Office: Class B** (+3.29% change).
- For available property types, the investment outlook is mixed. The most positive outlook occurs for **Apartments and Neighborhood Centers**.
- The outlook for **Land Development** is neutral to negative across the majority of land classifications. It appears that the most negative outlooks occur for **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 **Retail-Large, Office: Class A and 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 mixed 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**

<b>Pensacola to Tallahassee</b>	<b>Apartments - Market Rental</b>	<b>Condo Conversion</b>	<b>Warehouse and Dist.</b>	<b>Flex Space, R &amp; D</b>	<b>Office: Class A</b>	<b>Office: Class B</b>	<b>Retail - Large</b>	<b>Neighborhood Centers</b>	<b>Strip Centers</b>	<b>Free Standing</b>
<b>Cap Rates</b>										
<b>Q4-09</b>										
Cap Rate	8.0	9.9	9.0	9.5	9.0	9.2	9.0	8.6	9.6	8.4
Percent Expecting Rise	17%		100%	33%	25%	38%	50%	43%	86%	
Percent Expecting Fall	17%				25%					
<b>Q3-09</b>										
Cap Rate	8.2	16.1	8.6	9.3	8.6	9.0	8.7	8.8	9.7	9.0
Percent Expecting Rise	25%	50%	25%	25%	40%	83%	33%		83%	50%
Percent Expecting Fall			25%	25%		17%				
<b>Q2-09</b>										
Cap Rate	8.5		9.0	9.5	8.9	9.1	8.9	8.8	9.2	8.4
Percent Expecting Rise	25%		50%	50%	67%	25%	50%	25%	25%	50%
Percent Expecting Fall	25%									
<b>Yields</b>										
<b>Q4-09</b>										
Yield	11.6	18.7	10.2	12.6	10.4	12.9	13.0	11.6	13.3	9.3
Percent Expecting Rise	33%			50%		29%	50%	29%	71%	
Percent Expecting Fall	17%		100%		33%	14%			14%	
<b>Q3-09</b>										
Yield	8.4	15.3	8.4	9.4	9.7	9.6	9.9	9.0	10.7	7.9
Percent Expecting Rise			25%	50%		75%	33%	50%	50%	25%
Percent Expecting Fall	25%	100%			20%	25%				
<b>Q2-09</b>										
Yield	12.9			13.9	13.1	12.3		12.4	12.2	11.0
Percent Expecting Rise	50%							33%	33%	
Percent Expecting Fall					50%			33%		
<b>Investment Outlook</b>										
<b>Q4-09</b>										
Fair to Good	71%				25%	17%		67%	38%	
Bad to Poor					25%	17%			38%	
<b>Q3-09</b>										
Fair to Good	75%									
Bad to Poor	25%			50%	40%	83%			67%	25%
<b>Q2-09</b>										
Fair to Good				50%		50%		75%	20%	
Bad to Poor				25%		30%		25%	40%	

**Table 14b**

**Outlook for Land Development**

<b>Pensacola to Tallahassee</b>	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
<b>Q4-09</b>						
Fair to Good	26%	17%	9%	4%	17%	22%
Bad to Poor	43%	35%	48%	65%	43%	43%
<b>Q3-09</b>						
Fair to Good	27%	32%	5%	5%	9%	18%
Bad to Poor	59%	55%	59%	73%	73%	55%
<b>Q2-09</b>						
Fair to Good	19%	24%	19%	19%	19%	19%
Bad to Poor	67%	52%	62%	57%	57%	48%

**Table 14c**

**Investors by Property Type**

<b>Pensacola to Tallahassee</b>	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
<b>Q4-09</b>													
Private Buyers	100%	100%	57%		50%	100%	75%	83%			17%	88%	100%
R.E. Companies			29%				25%				50%	13%	
REITs					50%			17%		50%	33%		
Institutions			14%							50%			
Foreign Buyers													
<b>Q3-09</b>													
Private Buyers	78%	60%	75%		75%	100%	20%	67%	33%			100%	100%
R.E. Companies							20%	17%					
REITs			25%				40%	17%	67%	100%			
Institutions	11%												
Foreign Buyers	11%	40%		50%			20%						
<b>Q2-09</b>													
Private Buyers	100%	83%	60%		67%	40%	33%	90%	50%	75%	100%	33%	
R.E. Companies				100%			33%	10%		25%		33%	
REITs						40%	33%		50%				33%
Institutions					33%								
Foreign Buyers		17%											

**Table 14d**

<b>Pensacola to Tallahassee</b>	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
<b>Future Occupancy</b>										
<b>Q4-09</b>										
Higher	33%					13%				50%
Lower				33%	100%	38%	100%	71%	57%	
<b>Q3-09</b>										
Higher	50%				20%	17%		50%		25%
Lower	25%	50%	50%	50%	40%	17%	67%	50%	50%	50%
<b>Q2-09</b>										
Higher						11%		33%		
Lower	20%		33%	25%	33%	33%		67%	25%	
<b>Rental Rate Increases</b>										
<b>Q4-09</b>										
Faster than Inflation										
Slower than Inflation	83%	100%	100%	67%		100%	100%	100%	86%	100%
<b>Q3-09</b>										
Faster than Inflation	25%									
Slower than Inflation	75%	100%	75%	75%		83%	100%	100%	83%	50%
<b>Q2-09</b>										
Faster than Inflation										
Slower than Inflation	100%		100%	75%		88%	50%	75%	100%	67%

**Table 14e**

<b>Pensacola to Tallahassee</b>	Single Family Development	Condominium Development
<b>Future Absorption Rates</b>		
<b>Q4-09</b>		
Higher	40%	17%
Lower	10%	33%
<b>Q3-09</b>		
Higher	56%	40%
Lower	11%	40%
<b>Q2-09</b>		
Higher	22%	50%
Lower	11%	33%
<b>Future Price Increases</b>		
<b>Q3-09</b>		
Faster than Inflation		
Slower than Inflation	89%	100%
<b>Q2-09</b>		
Faster than Inflation		
Slower than Inflation	56%	80%
<b>Q1-09</b>		
Faster than Inflation		
Slower than Inflation	100%	83%