

Survey of Emerging Market Conditions

Quarter 2 2010

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the June 2010 fielding. For more information about the survey or the Bergstrom Center for Real Estate Studies, visit our website at www.realestate.ufl.edu.

Executive Summary & Conclusions

Results of the second quarter survey indicate that the Florida commercial real estate market continues to stabilize near or at the bottom. However, given the significant uncertainty that continues to hang over the general economy and particularly the state economy, most respondents believe we will hover along the bottom for the next several quarters.

The significant uncertainty in the marketplace can be categorized in three areas, economic, political and environmental. In the economic realm, unemployment continues to be the largest factor that will keep the real estate market from improving. While the unemployment rate declined from the first quarter number to 11.4% the improvement is still not enough to jump start real estate markets. Florida continues to have the fifth highest unemployment rate in the country and until we see significant job growth, fundamentals across property types will remain under pressure.

Politically, there are several factors affecting the market because of their implication to the economy in general. On a federal level, the passage of the financial reform bill in Washington will certainly play a role in the future of our market, unfortunately the effect is currently unknown. In addition, Congress' decision on the extension or expiration of the Bush era tax cuts could have a dramatic effect on investment and hiring. These items, along with the November elections produce great uncertainty in the system. On a state level, the election of a new governor and to a greater extent, the vote on Amendment 4, are adding to that uncertainty. Our respondents continue to believe that passage of Amendment 4 could be the nail in the coffin of the real estate industry in Florida. Several respondents indicated that the uncertainty of the outcome of Amendment 4 is effecting purchase decisions even on entitled land, with potential buyers backing out of contracts. All of these factors have a direct impact on business investment and therefore hiring decisions. Only positive impacts on hiring will ensure a positive turnaround for the real estate market.

While the previous issues have been looming for several quarters, another major obstacle was presented since the first quarter survey was released. The BP oil spill in the Gulf of Mexico has added huge uncertainty to an already precarious situation. Reports from our responds indicate that the effect of the oil spill is being felt across the state despite the fact that oil is currently only showing up on the panhandle beaches. The impact on the Panhandle will be significant as this is the prime tourism season for that portion of the state and businesses rely on this season to help them survive the year. Additionally, the uncertainty with the effect on the spill from hurricane season and where oil may wash ashore will have a chilling effect on markets throughout the state.

Highlights

- The outlook for occupancy and rental rates indicates that our respondents expect continued stabilization at the bottom across most property types.
- Cap rates and yields are stabilizing or declining across most property types.
- The outlook for investment remains mixed across property types, but has increased in industrial and retail properties.
- Respondents' outlook for capital availability continues to be somewhat positive.
- Respondents' outlook on their own business has improved for the sixth consecutive quarter.
- Job growth continues to be the main concern of most respondents

The Survey

Our quarterly survey, conducted by the Bergstrom Center for Real Estate Studies, Warrington College of Business Administration, University of Florida is in its eighteenth fielding. The total number of participants, at 275, 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 stable from the previous quarter with respondents indicating that the outlook is mixed. Continued uncertainty with the economy and the effects of the oil spill and pending elections weight on the outlook for fundamental and therefore on respondents view of investment.

Single Family & Condominium Development

The outlook for new single family and condominium absorption declined this quarter with more respondents believing that absorptions will remain the same. The outlook for prices of new single family and condominium development remain steady from last quarter as respondents continue to believe prices will rise slower than inflation. Continued high rates of foreclosure and the uncertainty of the job market will continue to put downward pressure on construction and pricing. The investment outlook declined for both categories this quarter with respondents indicating that it is a mixed time to invest.

Apartments

Expectations for occupancy decreased for the second consecutive quarter with respondents' believing that occupancies will stabilize at current levels. Additionally, they believe that current occupancy levels may warrant price increases in line with inflation in the future as we see fewer concessions. The expectation for apartment investment dropped significantly this quarter with most respondents now believing it is a mixed time to buy. This appears to be the result of aggressive buying of investment properties over the past quarter that have significantly reduced the number of quality apartment assets on the market. Cap rates, an indication of long term value, have declined slightly going below 8% for the first time in over a year. Respondents believe that rates will stabilize around this level.

Industrial

The outlook for industrial occupancy took a sharp positive turn this quarter as more respondents are now indicating that there will be slight increases in occupancy going forward. The outlook for rentals rates, while improving, continues to be for rates to lag inflation. With occupancies increasing slightly and rental rates improving slightly, it follows that the outlook for investment in industrial improved for warehouse properties and remained slightly positive overall. Cap rates for warehouse properties stabilized this quarter at just below 9%. Most respondents believe that we will stabilize at current cap rate levels.

Office

Office occupancy expectations continued its positive trend, rising for the fourth consecutive quarter with most respondents now believing that occupancies will remain stable. Rental rates

will continue at their current levels and cap rates are expected to stabilize at their current rate just below 9%. Future improvements in the office market will be contingent on the job growth we experience of the next several quarters.

Retail

Retail occupancy expectations are also moving positively toward stabilization with all four categories showing an expectation of no change. Rental rates will continue to lag inflation as tenants will have their choice of prime space at reduced rates. Cap rates have followed this perception by leveling off or slightly declining in all areas. The expectation from respondents' is for the stabilization to occur at this level. The investment outlook in Retail increased across all categories as retailers are feeling more confident that we have hit bottom and sales will improve. Additionally, a large amount of capital is currently bidding down cap rates of high quality great location assets.

Land Investment

The outlook for investment in land remains mixed to negative across all categories. Lack of financing for land purchase and development continues to put downward pressure on expectations. Additionally, the looming vote on Amendment 4 is having a negative impact of purchase decisions even for land currently with entitlements.

Capital Availability

The outlook for capital availability continued to be positive this quarter as respondents still believe that future capital availability will increase. Our respondents indicate that private capital, both foreign and domestic, continues to enter the marketplace looking for placement and financially sound community banks are increasing their appetite for commercial real estate. REITS and private equity funds are actively investing in high quality assets. In fact there is more capital than the supply of quality assets, which has depressed cap rates on these transactions to levels seen during the boom. Debt capital will continue to be largely absent as 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. CMBS has returned slightly this year with approximately \$2 billion in originations through the second quarter.

Own Business Outlook

Own business outlook continued its positive trend this quarter. Lenders lead the way as they now have the most positive outlook on their future. Unfortunately, developers and service providers' outlook soured this quarter as development and related fields continue to see little opportunities in the near term particularly with the uncertainty of Amendment 4. There continues to be an expectation that banks will increase the speed with which they dispose of trouble assets. Continued uncertainty with employment and the political environment hold do the overall expectations for our respondents' businesses.

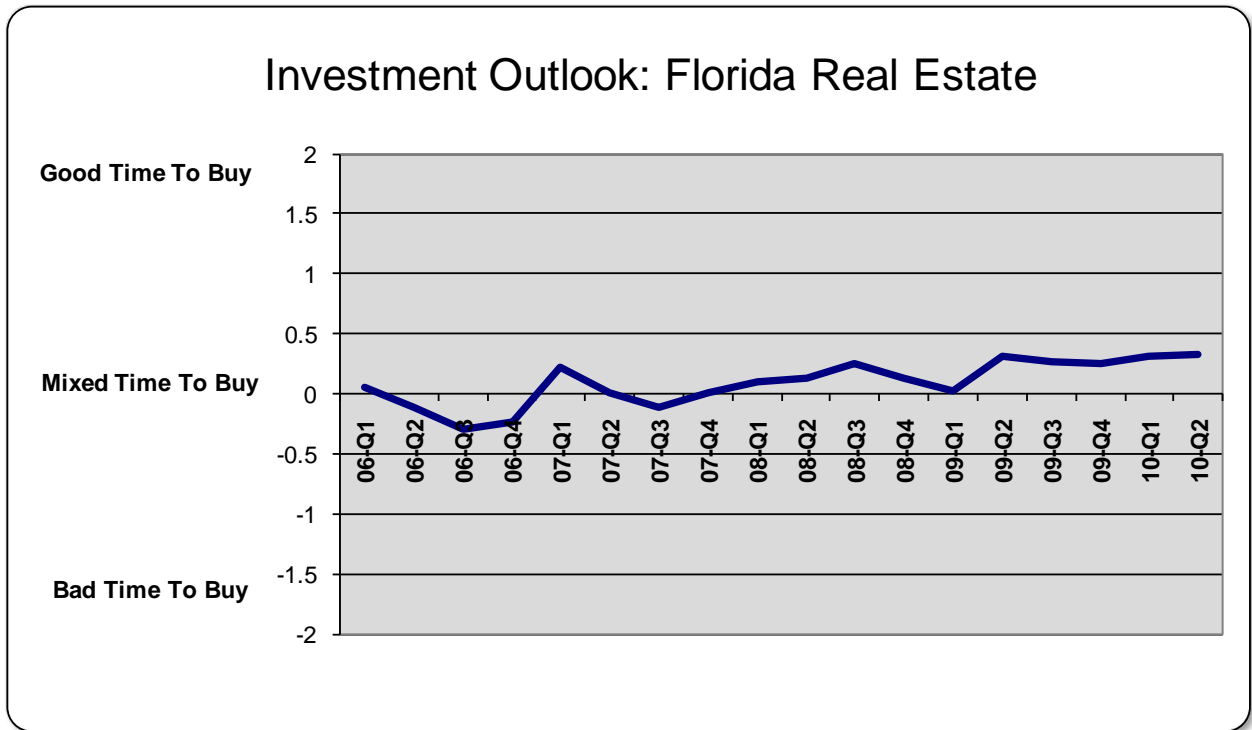
Table of Contents

Survey of Emerging Market Conditions.....	1
Quarter 2 2010.....	1
Executive Summary & Conclusions.....	1
Highlights.....	1
The Survey.....	2
General Investment Outlook.....	2
Single Family & Condominium Development.....	2
Apartments.....	2
Industrial.....	2
Office.....	2
Retail.....	3
Land Investment.....	3
Capital Availability.....	3
Own Business Outlook.....	3
Section 1: Investment Outlook.....	6
Section 2: Residential Development.....	7
Expected Absorption Rates.....	7
Expected Price Changes.....	7
Investment Outlook.....	8
Section 3: Apartments.....	9
Expected Occupancy.....	9
Expected Rental Rates.....	9
Investment Outlook.....	10
Cap Rates.....	11
Required Yields.....	11
Section 4: Industrial.....	13
Expected Occupancy.....	13
Expected Rental Rates.....	13
Investment Outlook.....	14
Cap Rates.....	15
Yields.....	16
Section 5: Office.....	17
Expected Occupancy.....	17
Expected Rental Rates.....	17
Investment Outlook.....	18
Cap Rates.....	19
Yields.....	20
Section 6: Retail.....	21
Expected Occupancy.....	21
Expected Rental Rates.....	21
Investment Outlook.....	22
Cap Rates.....	23
Yields.....	24
Section 7: Outlook for Investment in Undeveloped Land.....	25
Land Without Entitlements or with Residential Entitlements.....	25
Land with Office or Retail Entitlements.....	25
Land with Hospitality Entitlements.....	25
Land with Entitlements for Warehouse or R & D.....	25
Land for Urban Renewal.....	26
Section 8: Business and Capital Availability Outlook.....	27
Capital Availability.....	27

Outlook of Own Business	28
Section 9: Dominant Investors	30
Section 10: Characteristics of Survey Respondents	31
Profession of Respondents	31
Markets of Familiarity	31
Property types of Familiarity	32
Section 11: Details of Cap Rates, Yields and Expected Changes	33
Section 12: Local Markets.....	35
Dade County	36
Broward County	40
Palm Beach County.....	44
Treasure Coast.....	48
Southwest Coast.....	52
Daytona Beach Area	56
Orlando Area.....	60
Lakeland-Winter Haven.....	64
Tampa-St. Petersburg.....	68
Sarasota-Bradenton	72
Jacksonville	76
Gainesville-Ocala.....	80
Pensacola-Tallahassee.....	84

Section 1: Investment Outlook

The investment outlook for Florida remains mixed this quarter but continues to hover around survey highs. Respondents generally believe that we have seen the bottom of the market, but continued uncertainty with unemployment, the effects of the oil spill and the looming elections will put downward pressure on respondents' outlook for investment. There is significant private capital looking for or investing in premium, class A assets in Florida. Those assets are attracting multiple bids as investors try to place capital in a limited asset supply environment. Outside of those assets there is little appetite for investment given the significant uncertainties.

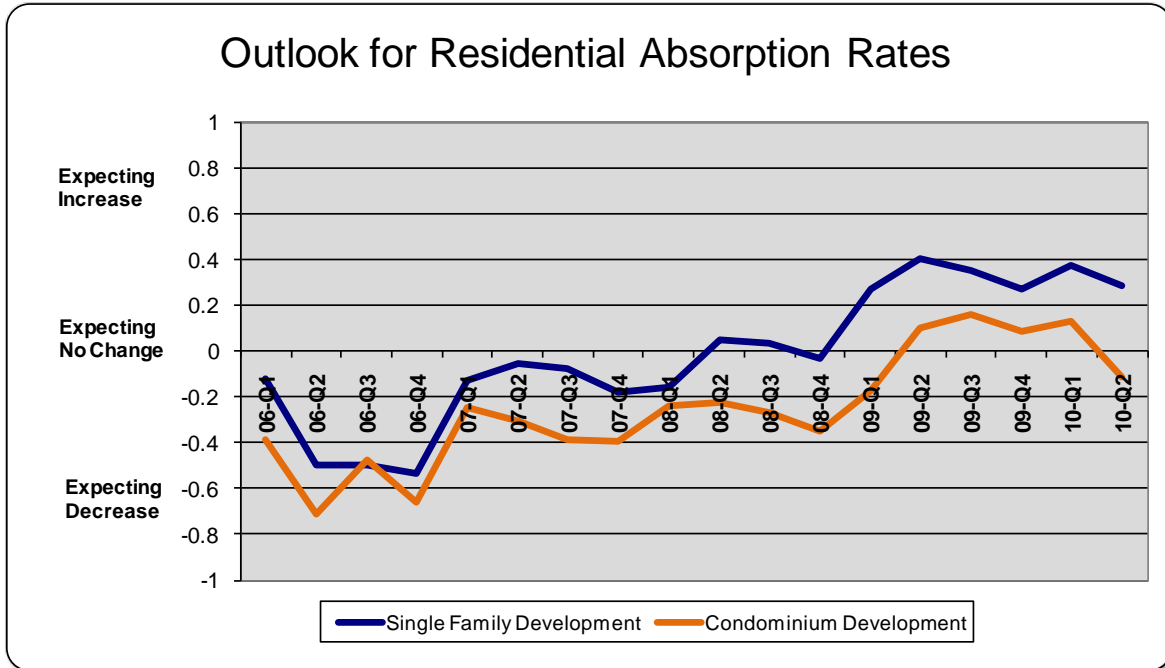


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

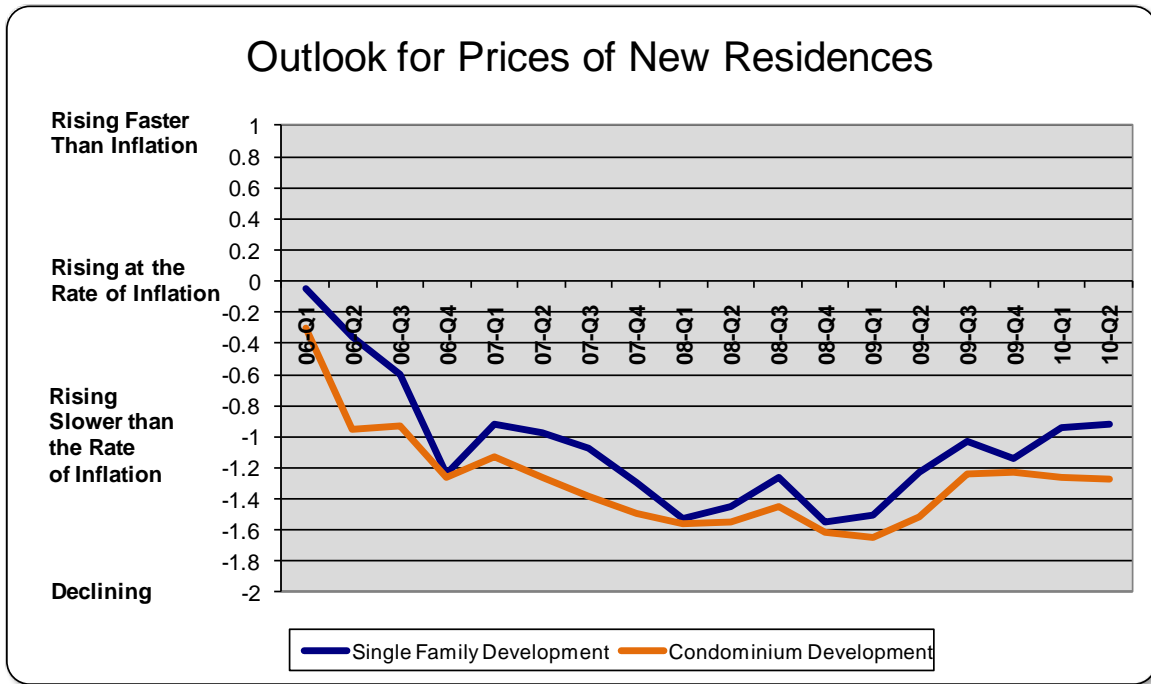
Expected Absorption Rates

Our respondents' view of new housing absorption declined this quarter. The expiration of the government tax credit at the beginning of this quarter has had a significant downward effect on residential markets in general. Despite low interest rates, continued pressure from high unemployment rates has dampened consumer sentiment towards large purchases. Additionally, the uncertainty over the effects of the BP oil spill is weighting on the respondents, particularly along the Panhandle.



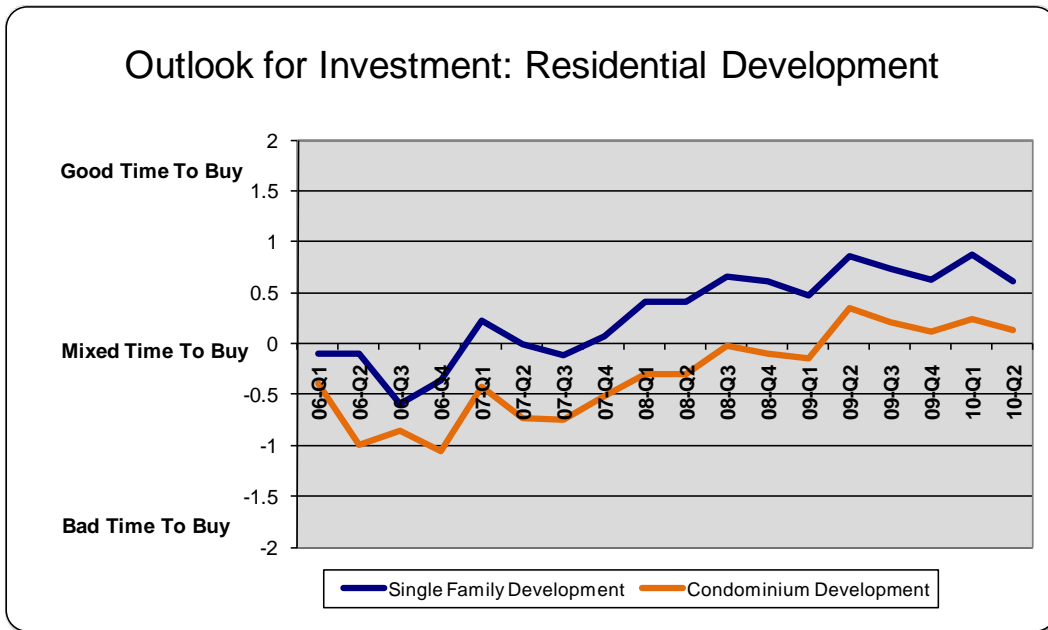
Expected Price Changes

Prices will continue to lag inflation in the new future as we continue to see large numbers of foreclosures and stagnant job growth. As absorption lags in the future we could see a decline in prices. Also, it is unclear the extent of the damage that the oil spill will have on property values. We know that reduced tourism in the Panhandle will have a significant effect on the unemployment rate and may lead to a new round of foreclosures which would put more downward pressure on prices.



Investment Outlook

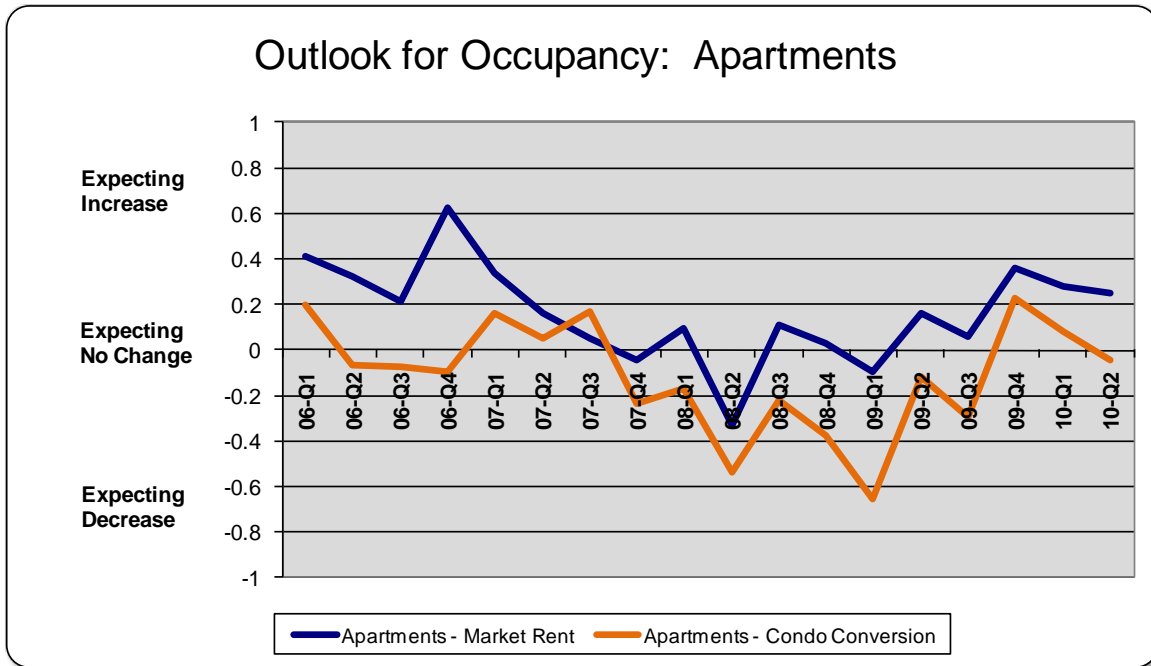
The outlook for residential investment decreased this quarter as respondents contemplate the effects of stagnant job growth, the oil spill and the coming elections. Respondents continue to tell us that home builders with low inventories are becoming more aggressive in buying finished lots at less than replacement costs. However, the significant uncertainty in the market is depressing optimism that this will continue in the short term. Amendment 4, if passed, would increase the price of developed lots in the short term, but will definitely effect the long term growth of this segment.



Section 3: Apartments

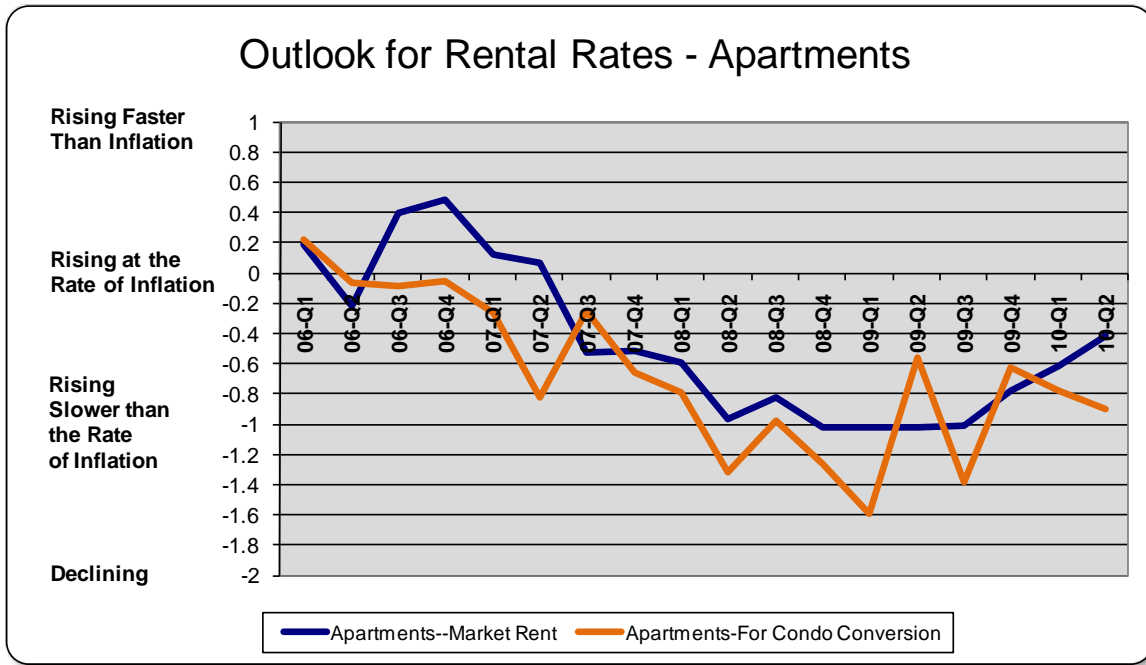
Expected Occupancy

The outlook for apartment occupancy continued its recent decline, decreasing for the second consecutive quarter with more respondents now believing that occupancies will remain the same going forward. Employment concerns continue to have a negative impact. Additionally, shadow inventory from single family homes and condominiums will also put pressure on occupancies as investors continue to buy foreclosed property and convert them to rentals.



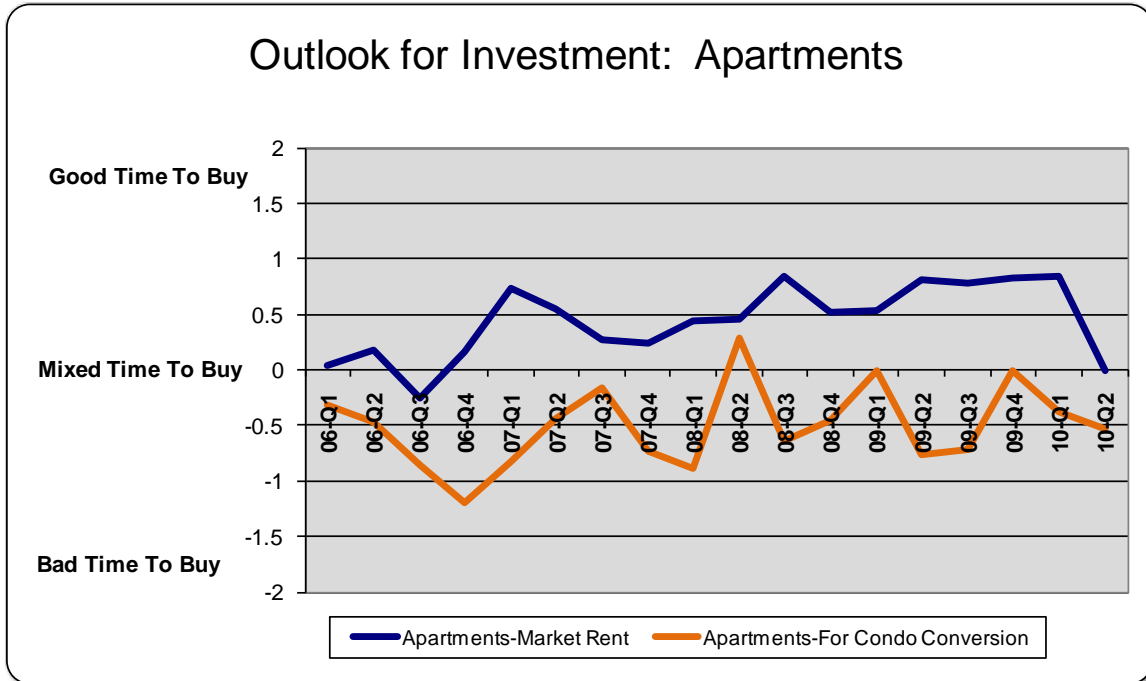
Expected Rental Rates

The outlook for rental rates of market rent apartments continues to grow more positive as our respondents now believe that rates will keep up with inflation. This view is less reflective of a view that gross rental rates will go up than of the view that concessions are being reduced and therefore net rents are increasing. As with occupancy, the shadow inventory of newly purchased foreclosures that have been converted to rentals will put downward pressure on rents, muting the pace of increases.



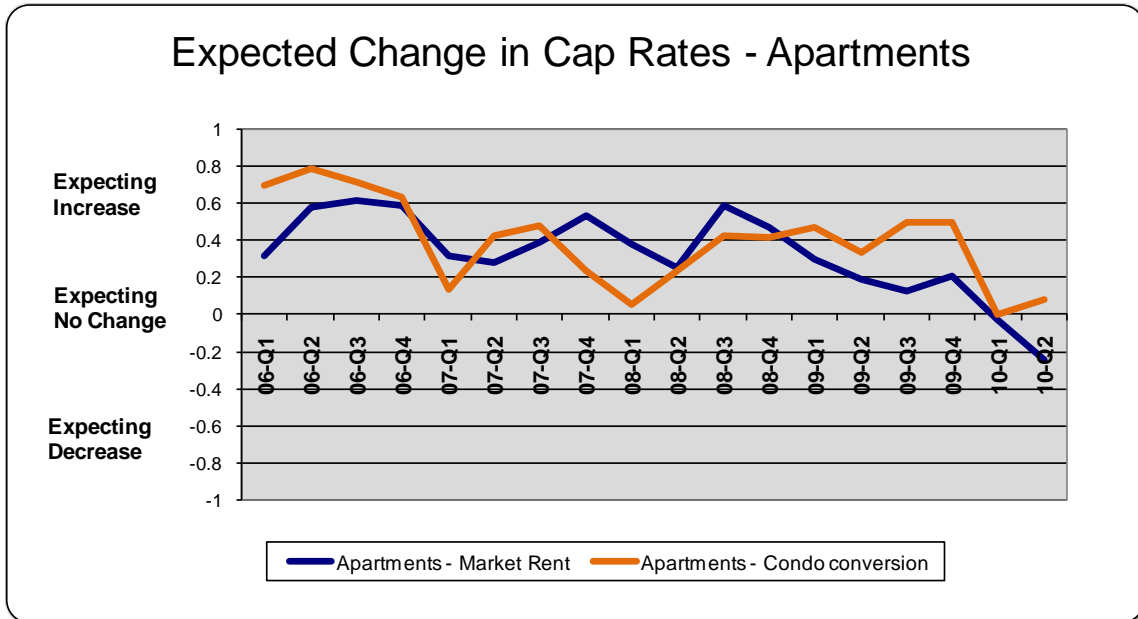
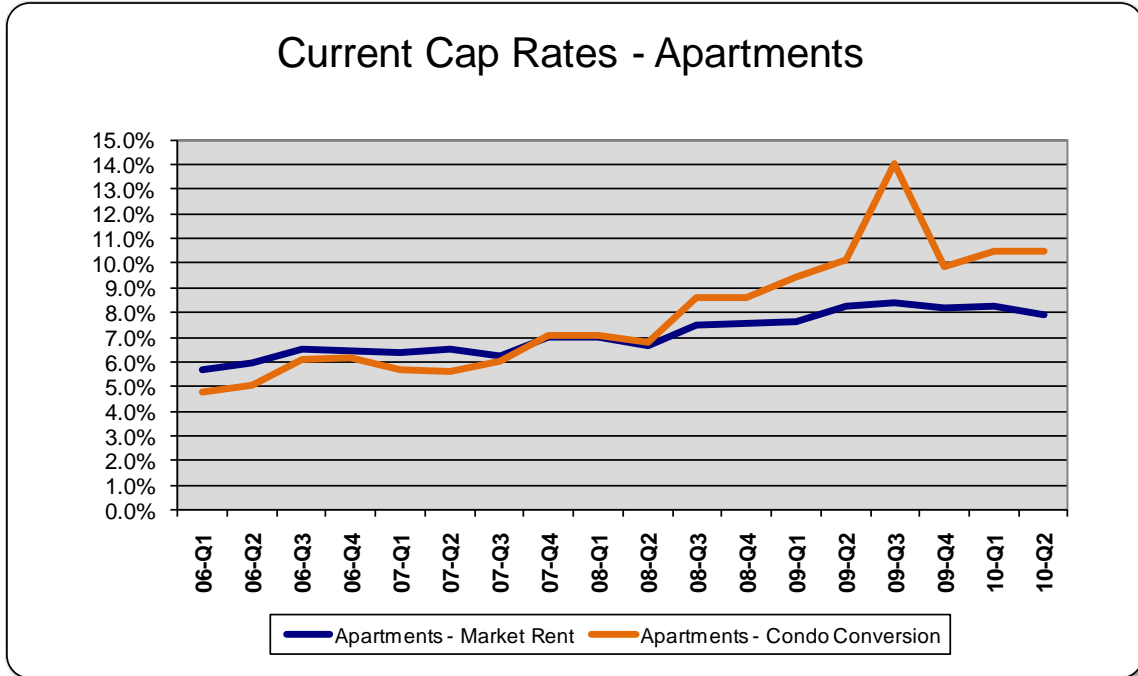
Investment Outlook

After being the star performing in this category for a year, the outlook for investment in market rent apartments remained declined sharply this quarter with most respondents now believing it is a mixed time to buy. With the uncertainty in employment and the effects of shadow inventory weighting negatively on fundamentals investors are becoming more wary of this market. Additionally, investment in this property type has been high over the past several quarters and our respondents believe there is less of a supply of quality assets available for investment.



Cap Rates

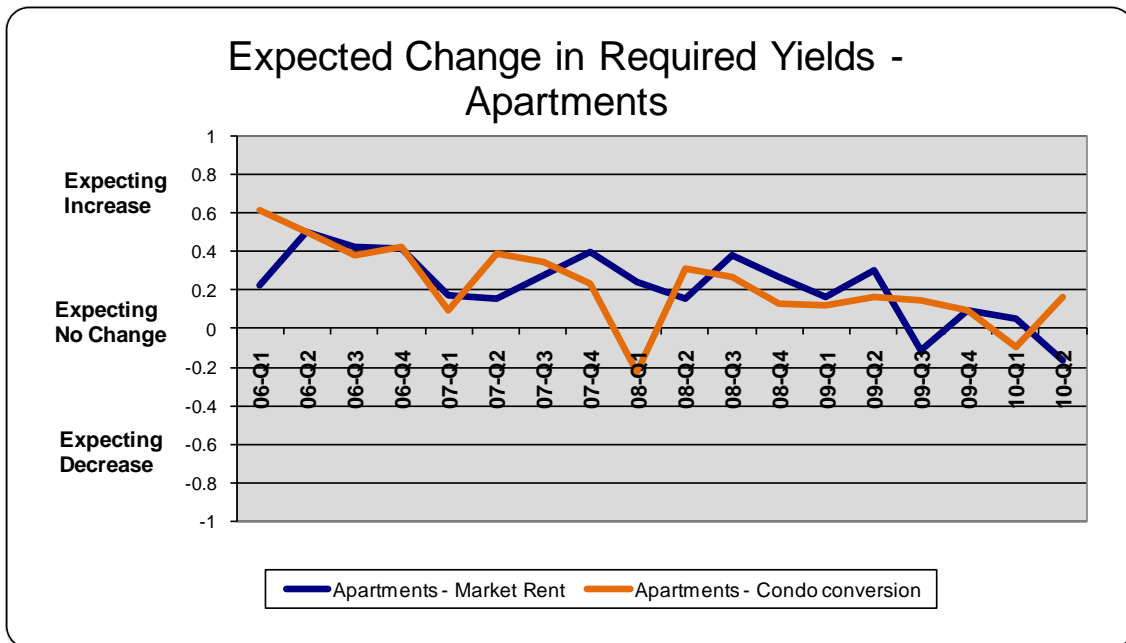
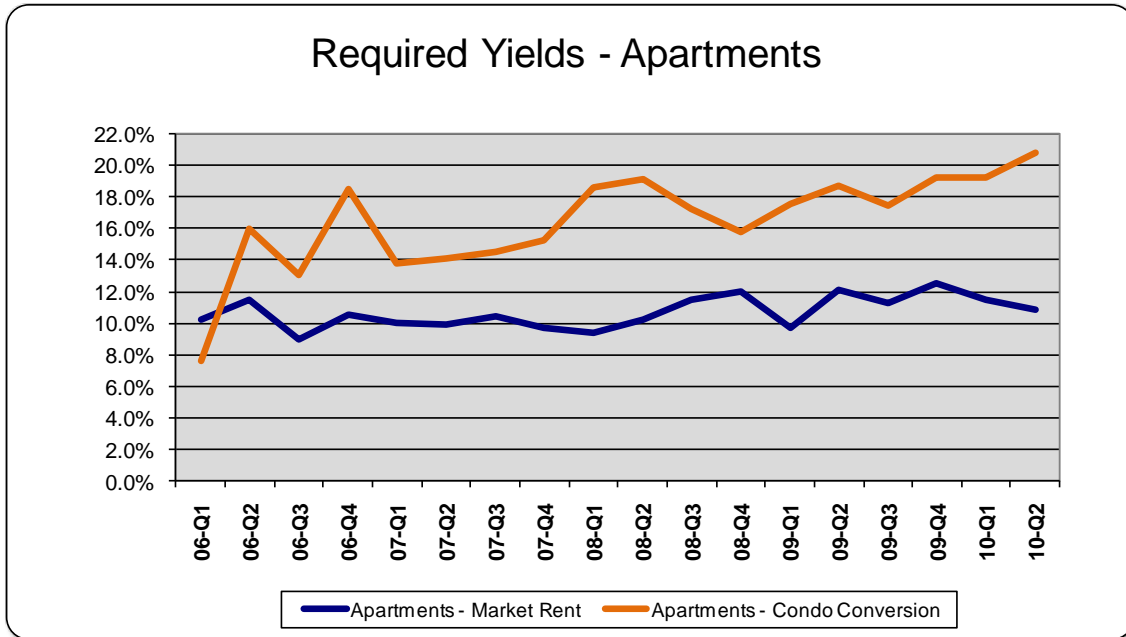
Cap rates for market rent apartments declined slightly this quarter going below 8% for the first time in a year. Continued liquidity in this sector along with reasonable fundamentals has helped to stabilize the risk and therefore the cap rates. Expectations for future cap rates indicate that respondents believe this sector has stabilized.



Required Yields

Required yields decreased again this quarter for market rent apartments with respondents indicating yields at 11%. This follows the stabilization of cap rates in this sector and also is indicative of the investment competition currently going on. With the liquidity provided by GSEs

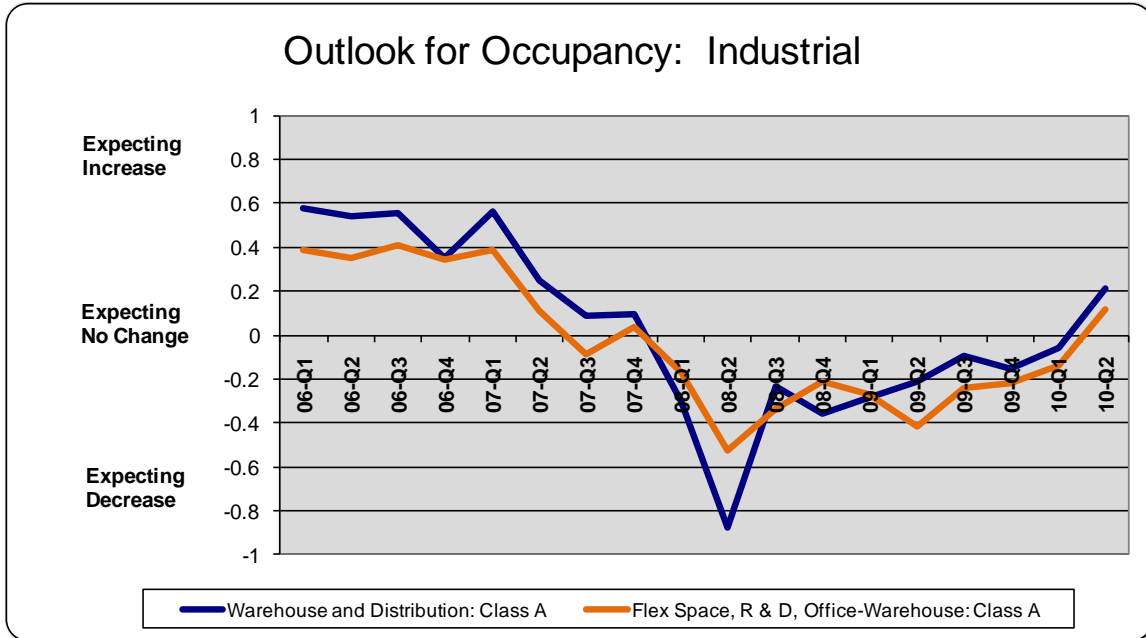
and HUD along with the relatively solid fundamentals, more apartments are being transacted with competitive bidding from multiple investors, thus driving down yields. Required yields for condo conversion continue to be high this quarter. Expectations for future cap rates changed slightly for market rent apartments but remains with most expecting no change.



Section 4: Industrial

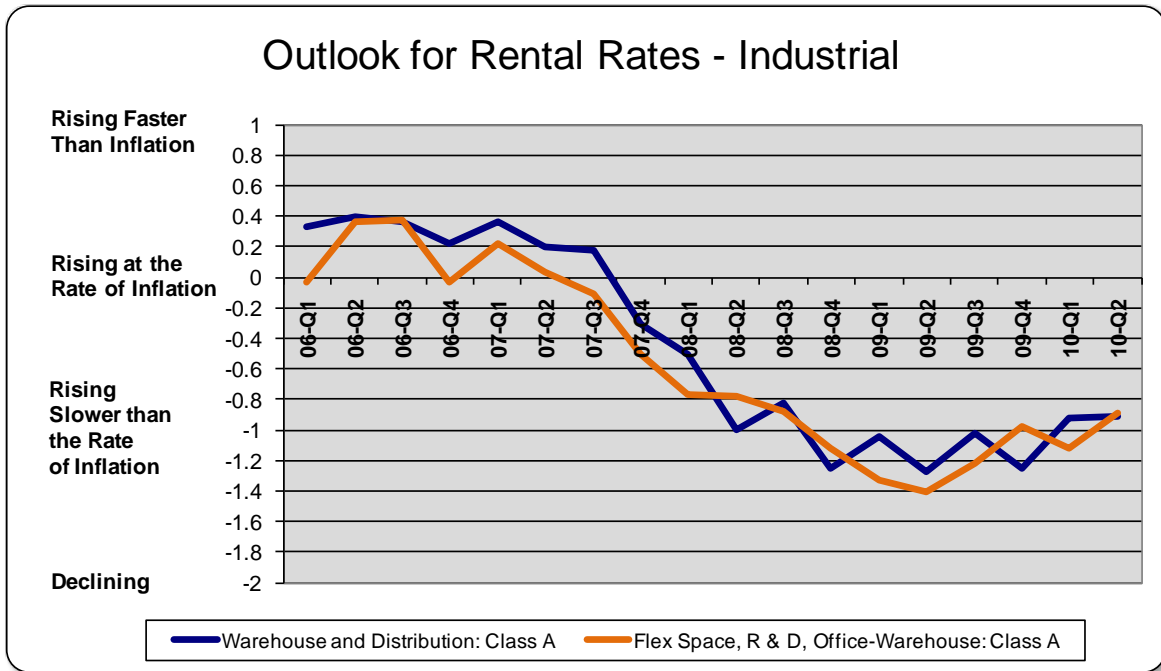
Expected Occupancy

The outlook for occupancy in both industrial segments took a sharp positive increase as more respondents believe that occupancy will start creeping up in the next few quarters.



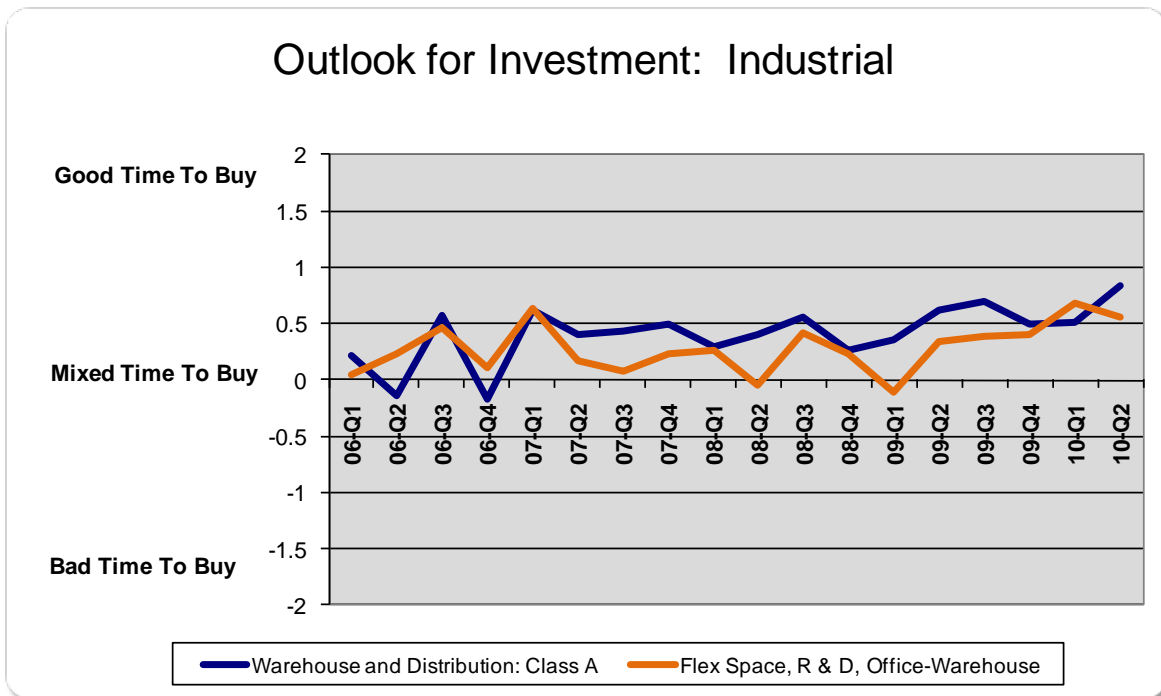
Expected Rental Rates

Expectations for rental rates increased slightly this quarter, however a majority of respondents believe that rental rates will continue to inflation. This may change in some markets as expansions to Ports and distribution infrastructure spur additional warehouse and distribution space.



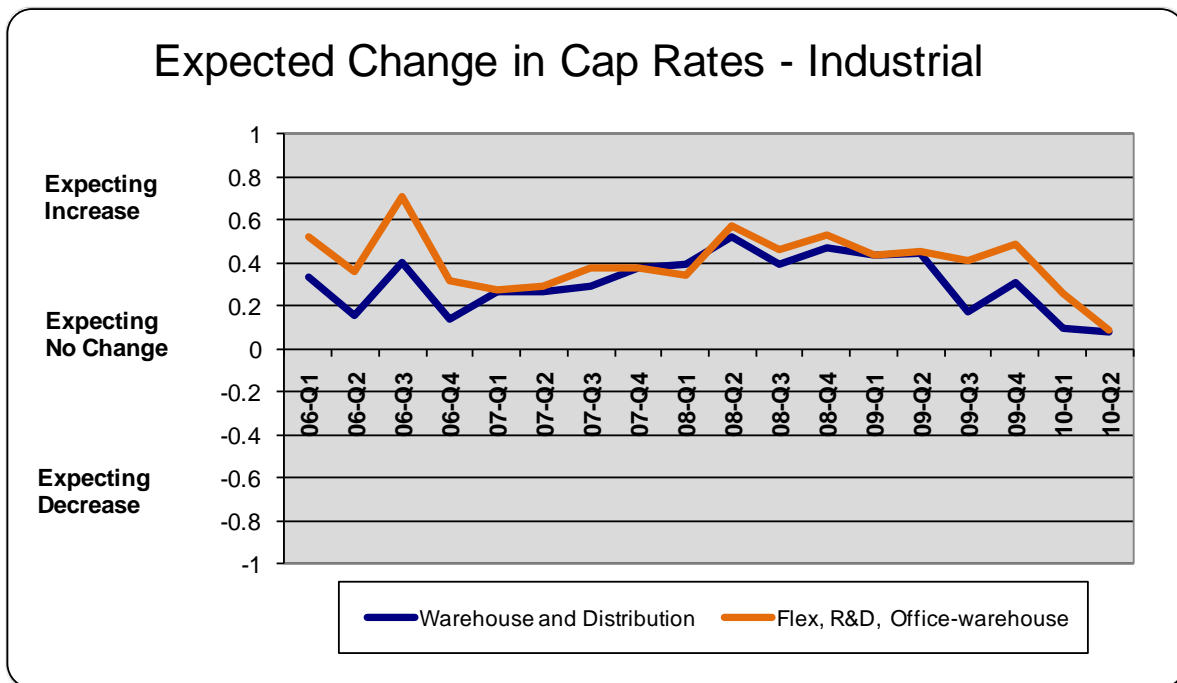
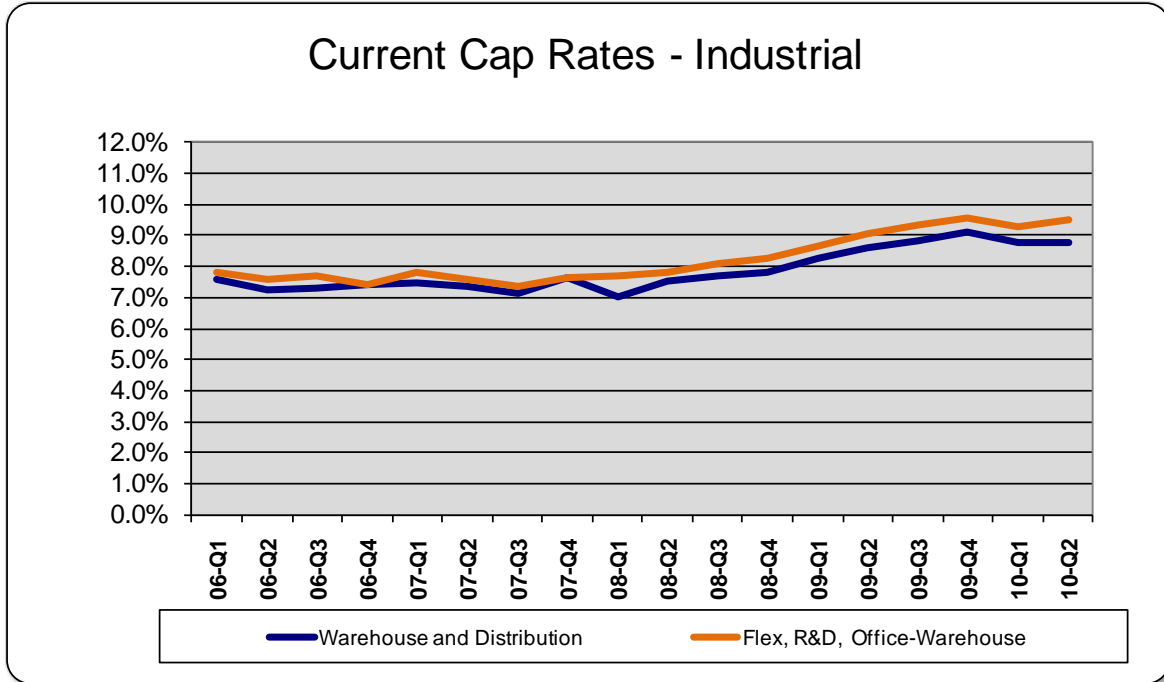
Investment Outlook

The investment outlook for warehouse and distribution facilities increased this quarter. Stabilizing fundamentals along with a growing GDP have provided incentive for investors to target this area. Class A assets are seeing multiple bidders who are driving cap rates down to boom numbers. Pressure from unemployment and the financial markets will hinder growth potentials in most markets but potential growth from expansion of Ports.



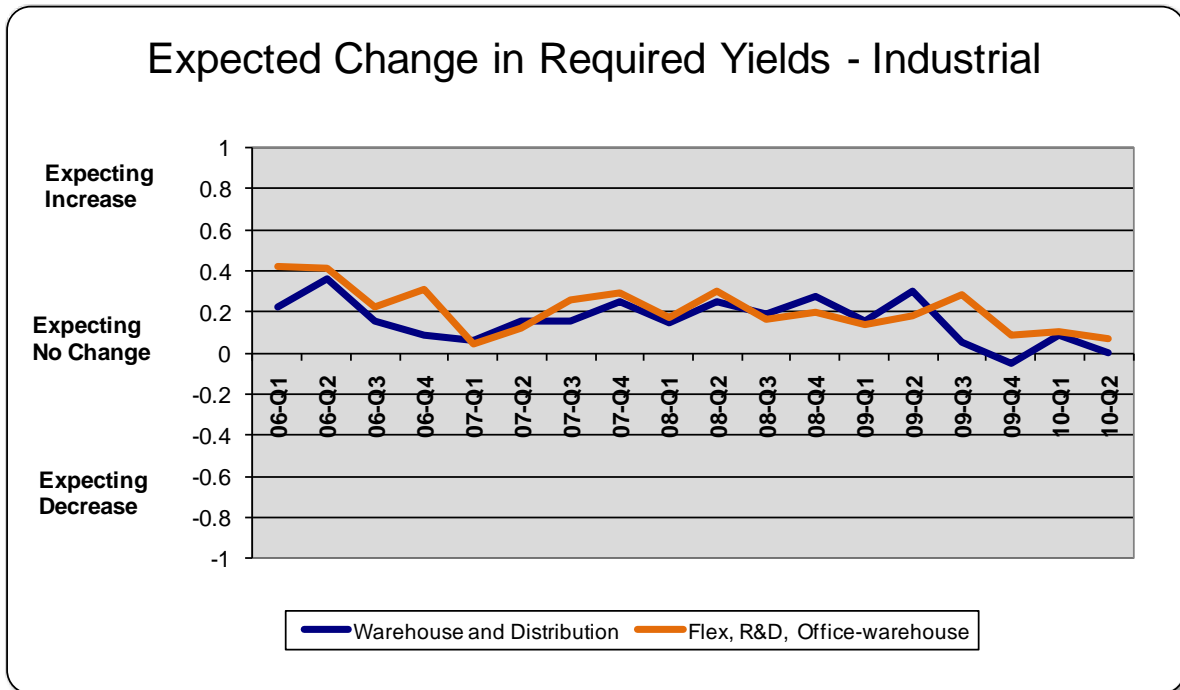
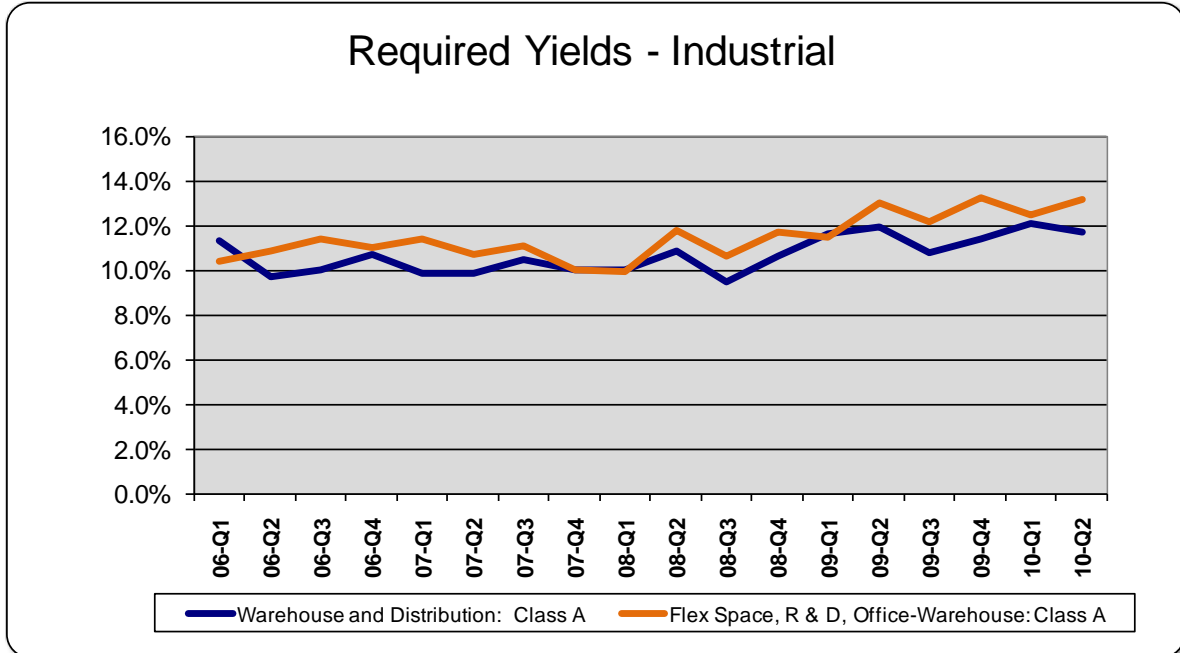
Cap Rates

Cap rates in the industrial market have followed other sectors and declined this quarter straddling the 9% mark. This follows respondents' views in rents and occupancy that this sector has stabilized at current levels. The expectations for future cap rates confirm this thought with most respondents believing that rates will remain stable in the near future.



Yields

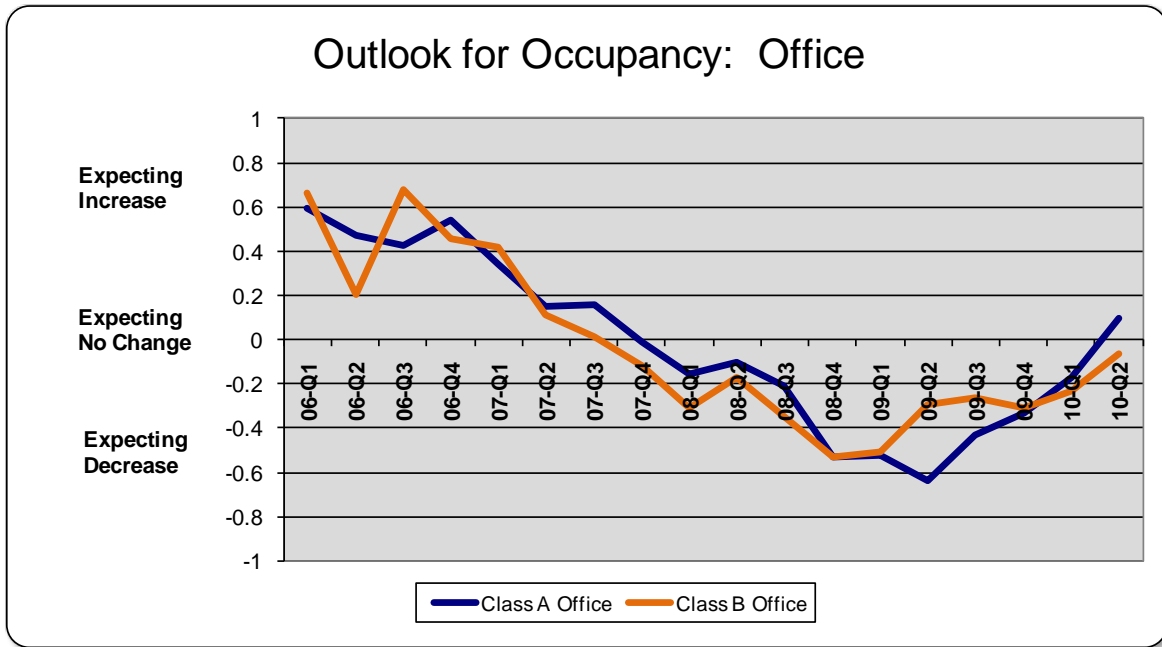
Yields in the industrial sector varied this quarter as yields for flex space increased while yields for warehouse space declined. Flex Space yields remained above 12% while Warehouse properties dropped below 12%. Expectations for future yields indicate that most respondents' believe they will remain stable.



Section 5: Office

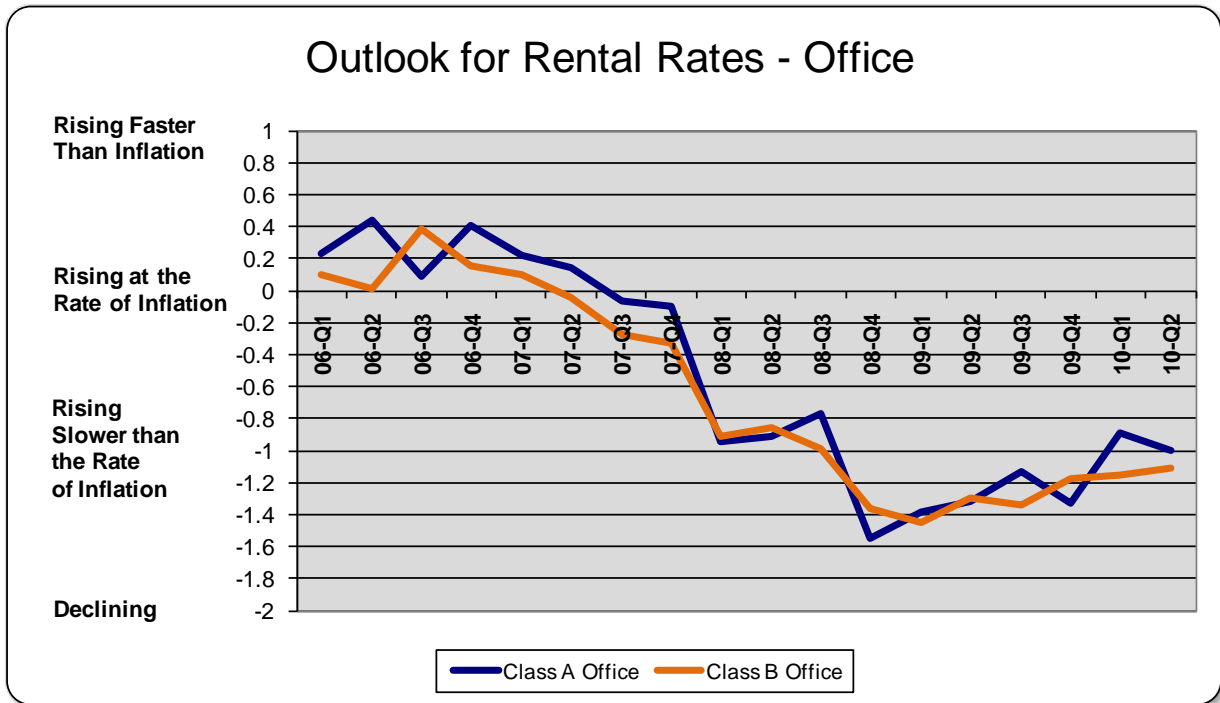
Expected Occupancy

The occupancy outlook for office space continues to improve, have increased for the fourth consecutive quarter. Our respondents' indicate that office occupancies have stabilized at current levels. Stagnant job growth will prevent upward momentum in future occupancies and the significant uncertainties facing the state economy with prevent a large jump in hiring over the next several quarters.



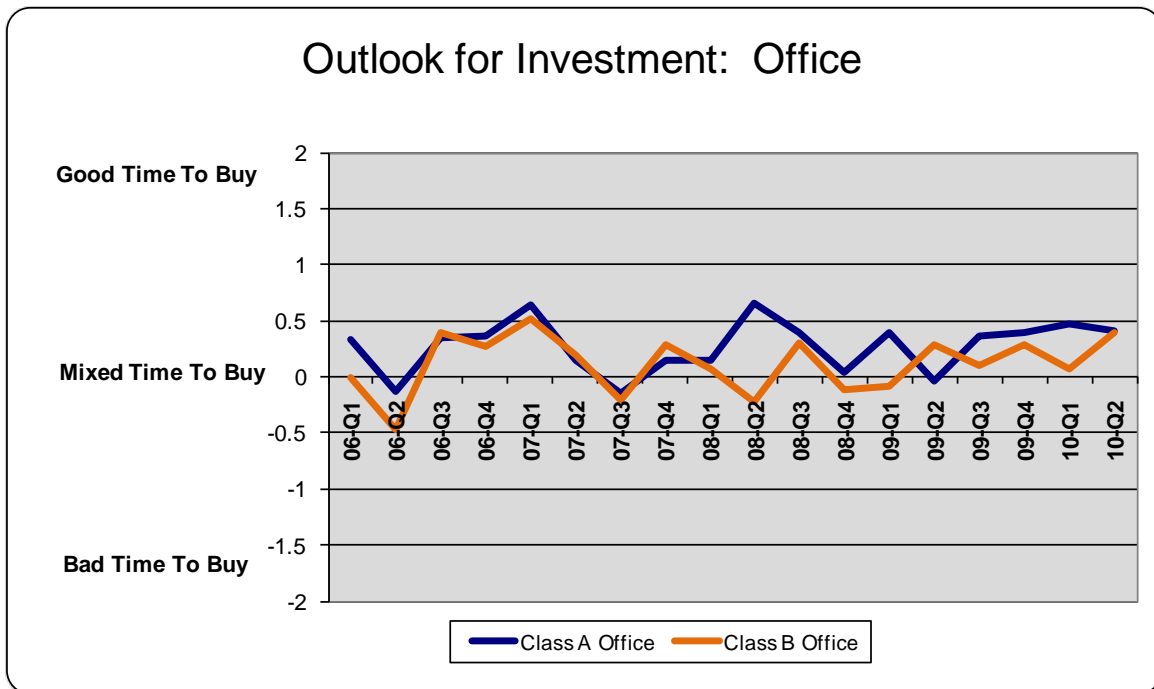
Expected Rental Rates

Respondents continue to believe that rental rates will lag inflation in the near future. With occupancy stabilizing at current levels there will be less need for rental subsidies but the uncertainty hanging over the market will prevent significant rental increases for the foreseeable future. A significant turn in unemployment will help, but it will take several quarters before we see any positive impact on rental rates.



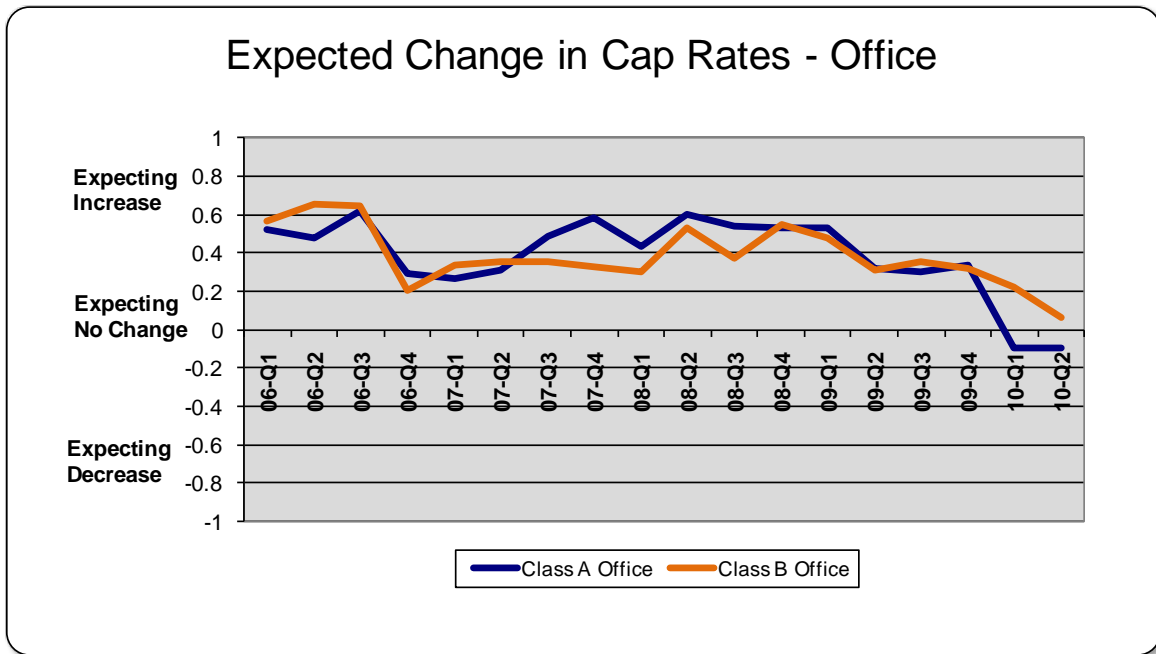
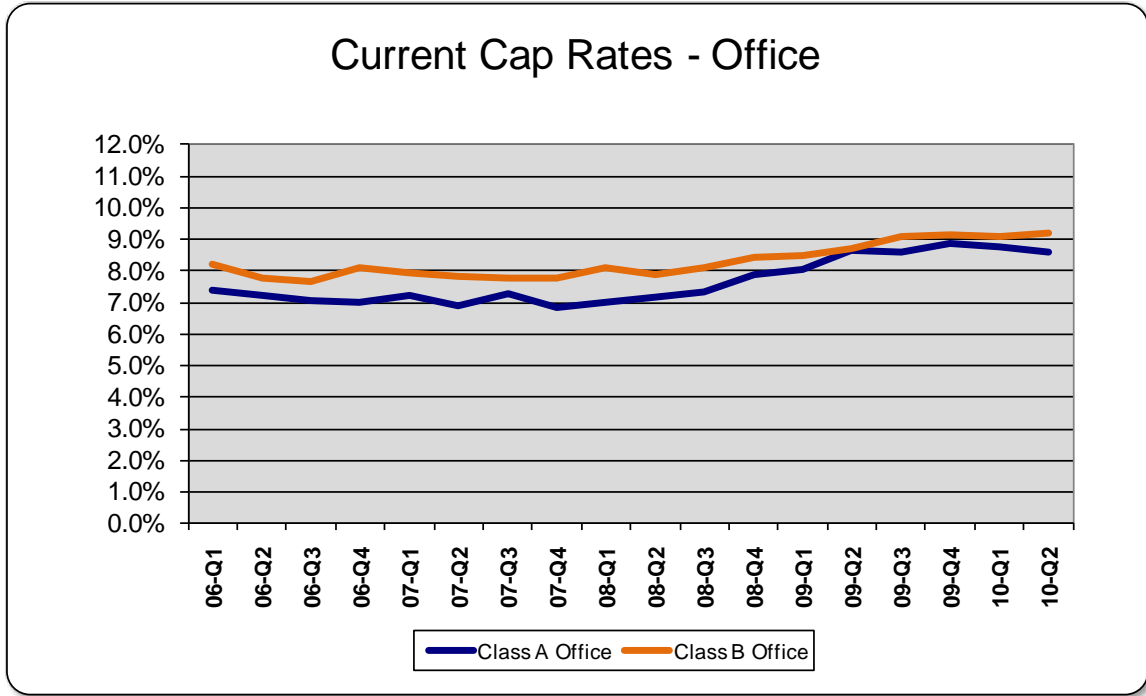
Investment Outlook

The investment outlook for office space continues to be neutral to positive as respondents continue to believe this is a mixed time to buy. Uncertainty in employment trends in Florida is going to continue to have a dampening effect on investment outlook. Regions that are effective at producing positive job growth will see a better environment for investment.



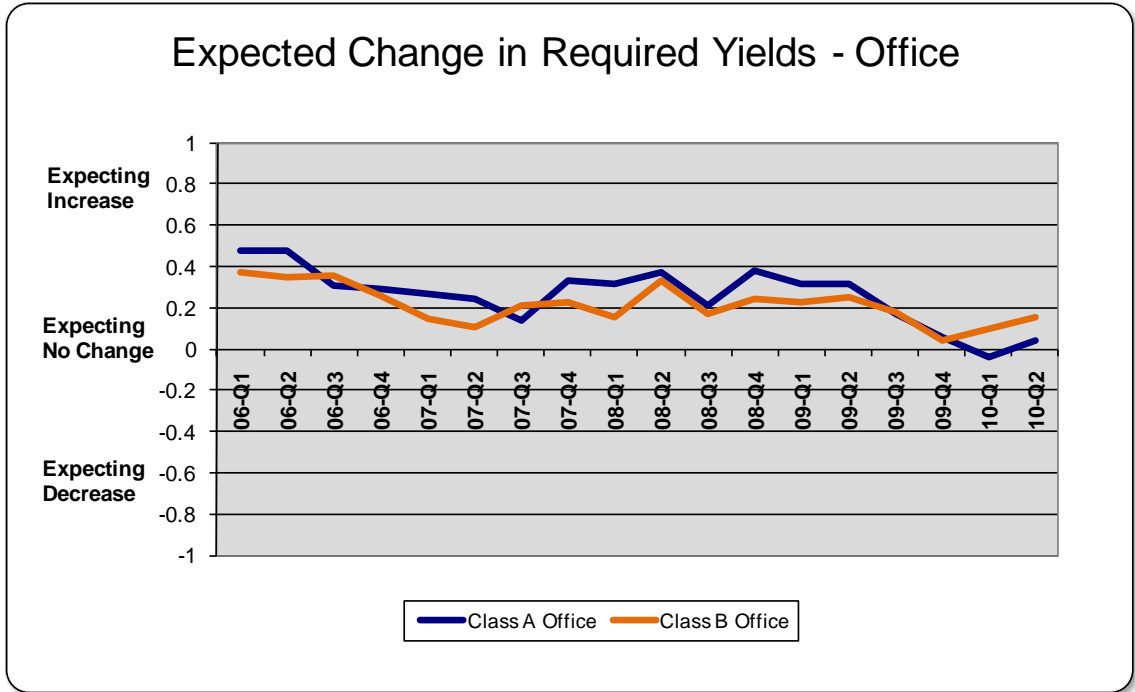
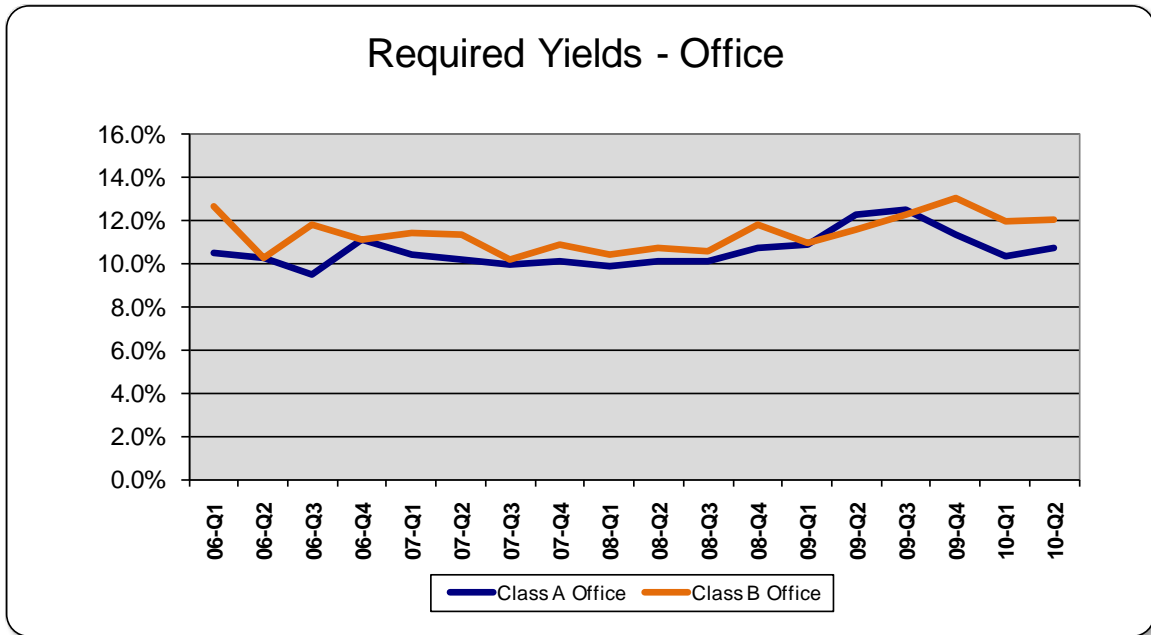
Cap Rates

Office cap rates have declined slightly for Class A space and stabilized for Class B space. Expectations for future cap rates indicate that cap rates will be stable over the near future.



Yields

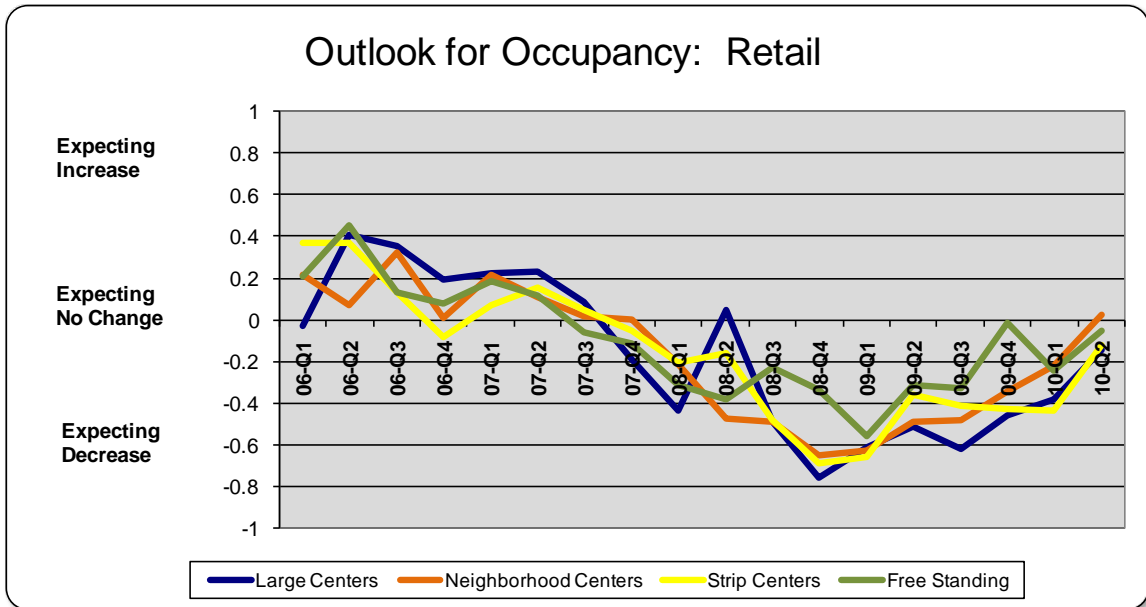
Required yields for Class A office space increased slightly this quarter while yields for Class B space remained stable. Expectations for future yield increased this quarter but still indicates that most respondents believe rates will remain stable.



Section 6: Retail

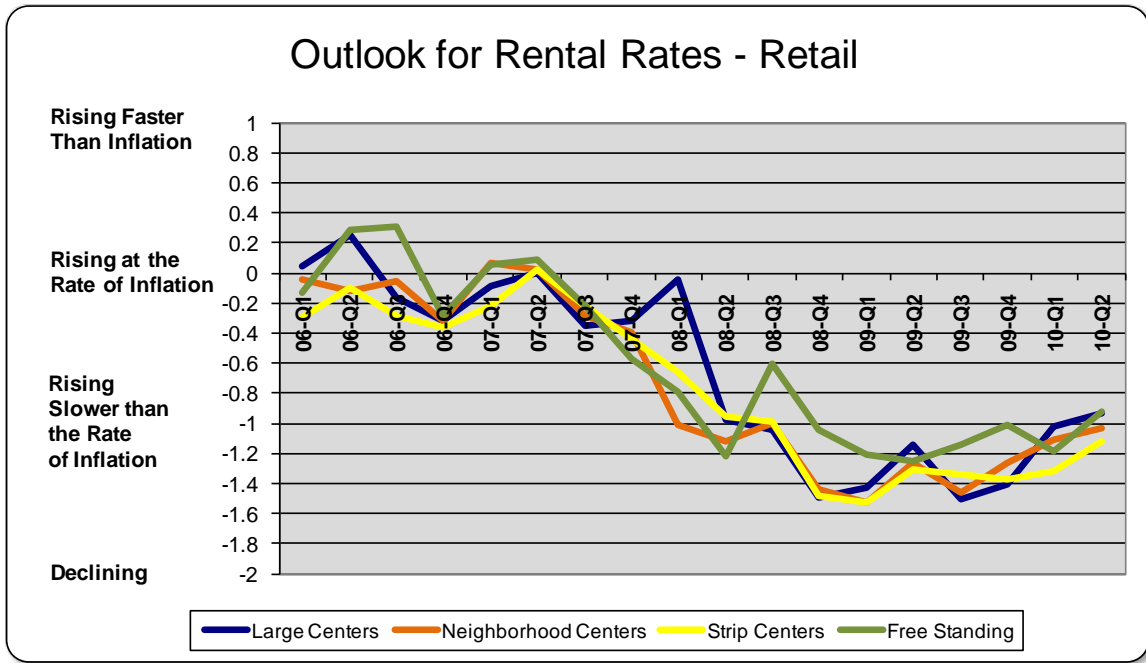
Expected Occupancy

The outlook for occupancy rates in retail properties continued their positive trend this quarter. Each category increased with most respondents believing that occupancies will remain stable over the next quarter. Continued uncertainty with employment is effecting consumer confidence and hence their propensity to spend. This will put downward pressure on retailers going forward.



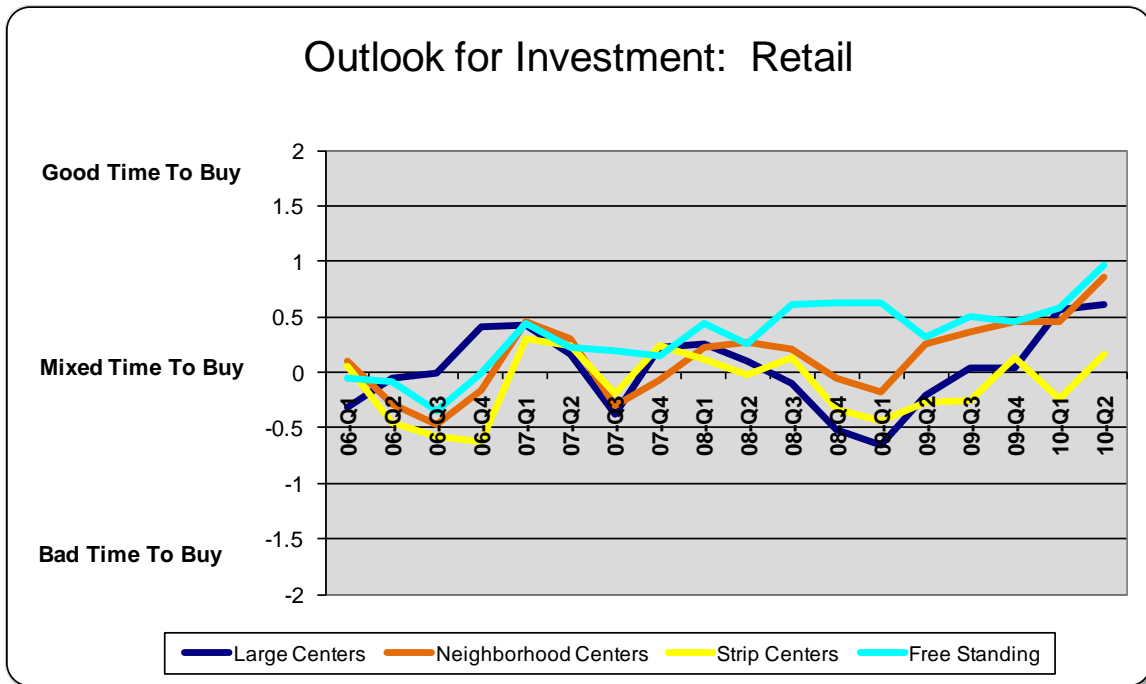
Expected Rental Rates

Rental rates will continue to lag inflation as tenants continue to shop for better quality space and consumers continue to be very conservative with their spending. The uncertainty with employment trends and the possible expiration of Bush era tax cuts, which effective increase taxes will have a negative effect on spending. Retailers will continue to be very cautious entering new space.



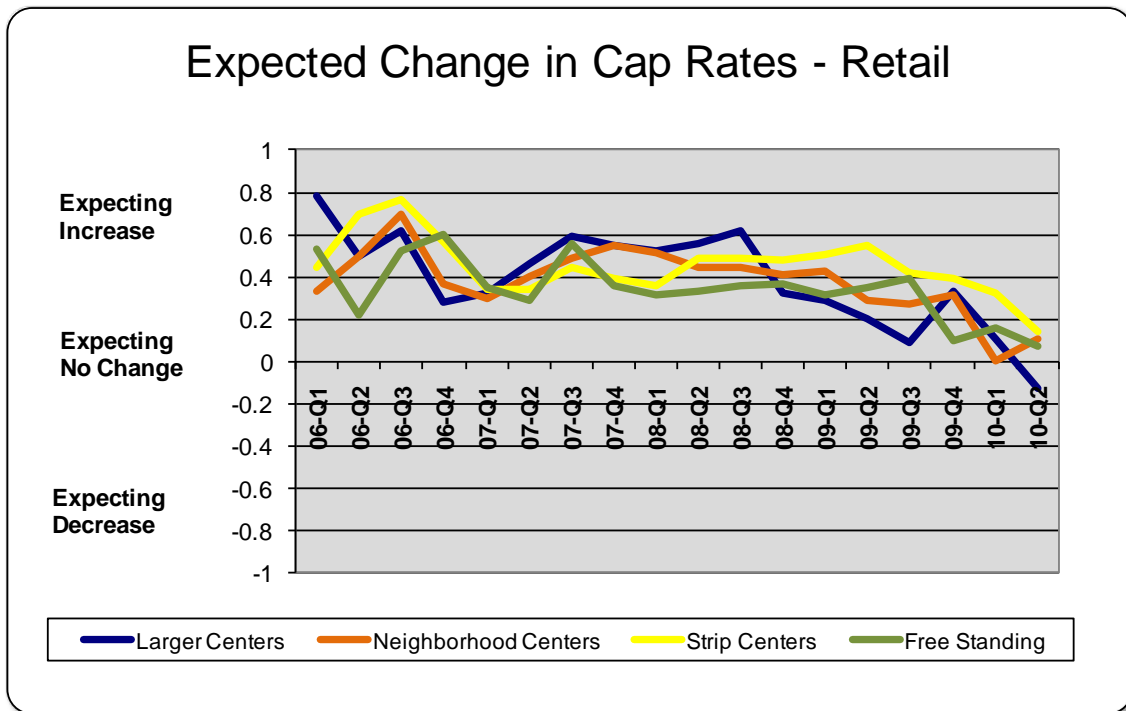
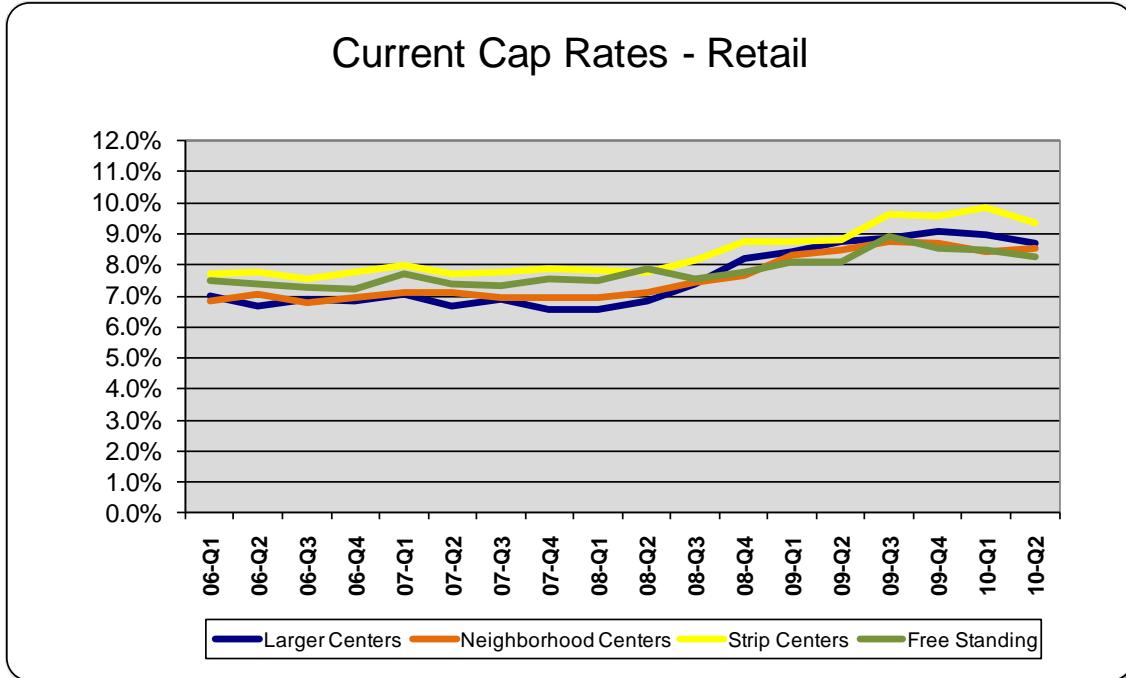
Investment Outlook

The investment outlook for retail properties continued its upward movement this quarter in all sectors. Our respondents believe that more quality retail assets are coming to market which will satisfy the needs of the capital waiting on the sideline. However, continued pressure from consumer confidence, the uncertainty over the future of the Bush era tax cuts and the effects of the oil spill pose significant threats to the retail sector.



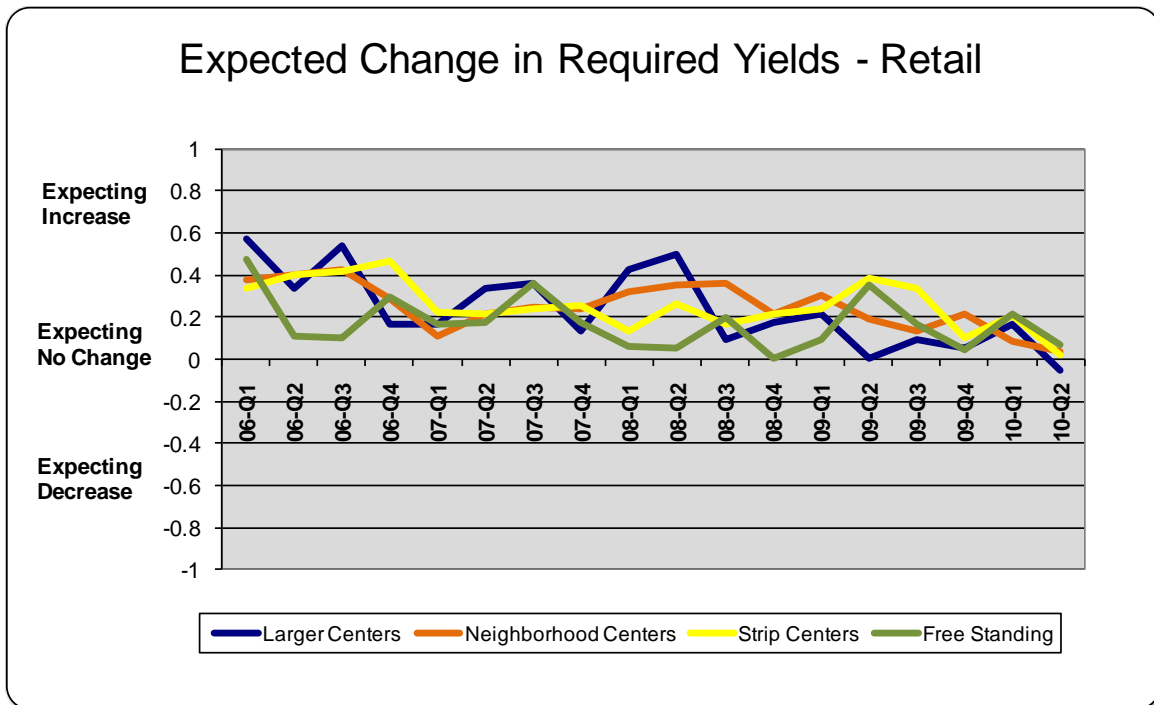
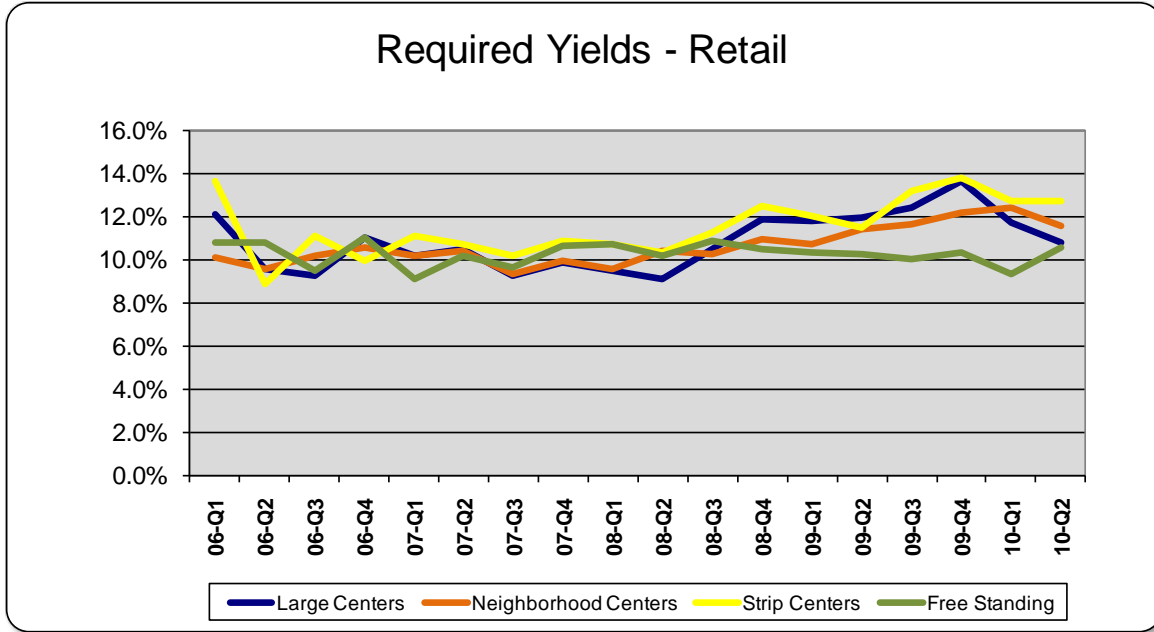
Cap Rates

Cap rates declined slightly in all sectors this quarter with the exception of Neighborhood Centers. Cap rates range from m8% to just over 9% across categories. Expectations for future cap rates continues to indicate that rate will stabilize at current levels.



Yields

Required yields declined this quarter for all property types except free standing retail. Competition for quality assets by capital that needs to be placed is driving down yields across most property types. Expectations for future yields continue to indicate that respondents believe there will be little to no change in future yields in all categories.



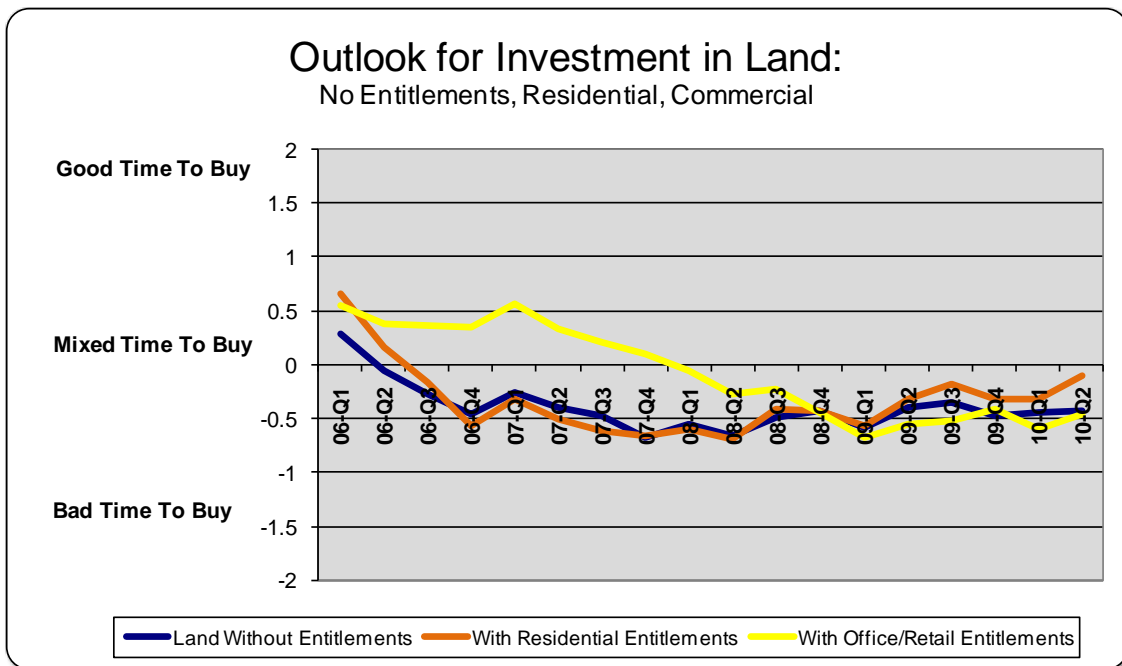
Section 7: Outlook for Investment in Undeveloped Land

Land Without Entitlements or with Residential Entitlements

The outlook for investment in land without entitlements or with residential entitlements continues to be mixed to negative. More respondents indicated that there is little value in entitlements currently because of the large number of developed lots on the market. Additionally, the coming vote on Amendment 4 to the state constitution provides respondents with little confidence in investment in un-entitled land. Surprisingly, respondents tell us that the looming vote on Amendment 4 is also having an effect on entitled land as purchasers are backing out of contracts if there is any need in updating the entitlements. Additionally, there is no financing available for land and uncertainty in economic conditions makes development possibilities remote.

Land with Office or Retail Entitlements

The outlook for investment in land with office or retail entitlements continues to be mixed to negative. As we described above, the thought that Amendment 4 might pass in November would instantly increase the value of entitled land. However, the lack of financing available on land combined with the current economic conditions which prohibit most development is overriding the potential impacts from Amendment 4.



Land with Hospitality Entitlements

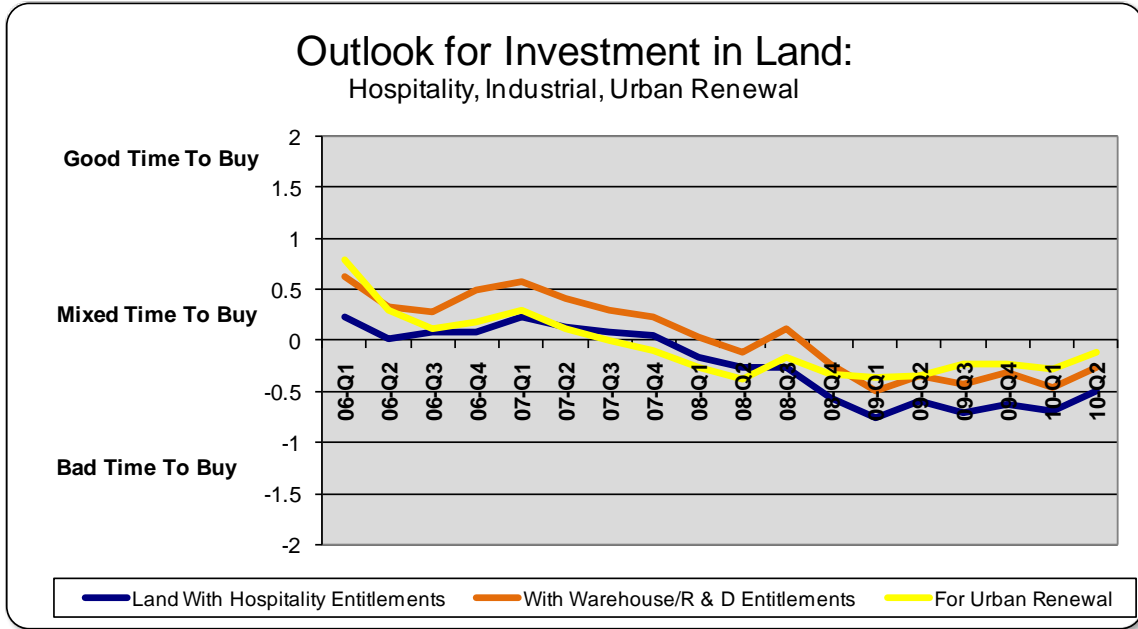
The investment outlook for land with hospitality entitlements continues to be mixed to negative. Development of any kind is hindered by lack of financing, the ability to buy existing cash flow for less than replacement costs and a poor tourism market.

Land with Entitlements for Warehouse or R & D

The investment outlook for land with warehouse or R&D entitlements continues to be mixed to negative.

Land for Urban Renewal

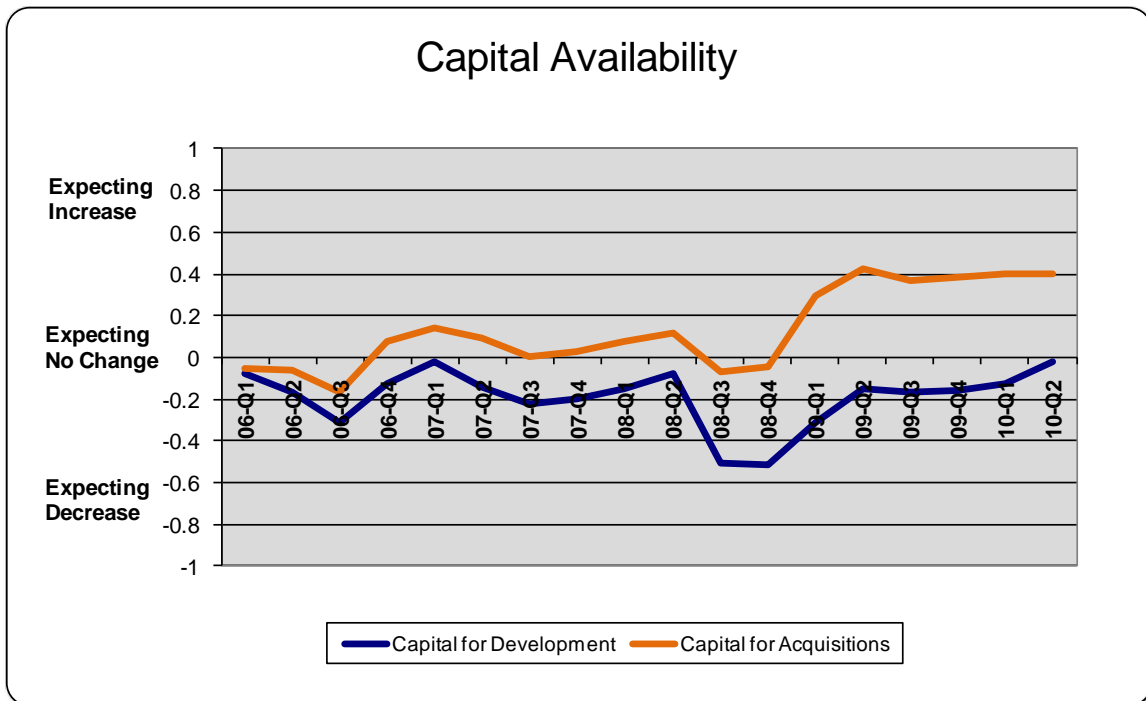
The outlook for investment in urban renewal remains mixed to negative.



Section 8: Business and Capital Availability Outlook

Capital Availability

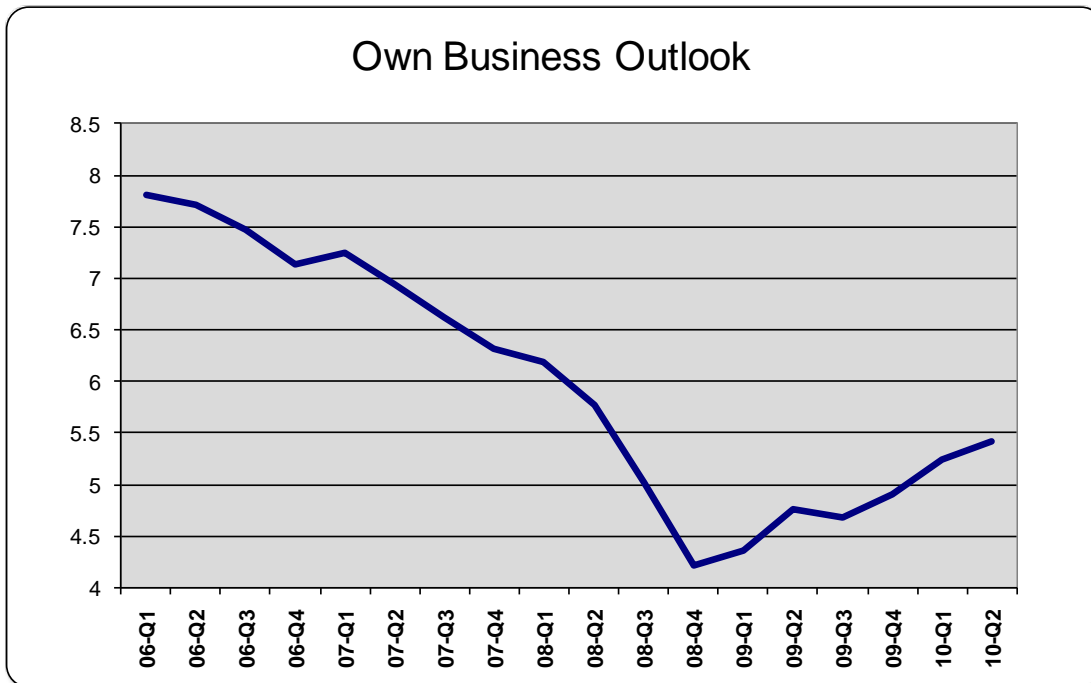
The outlook for capital available for acquisitions remained stable this quarter and remains near survey highs. Respondents continue to tell us that private capital, both domestic and foreign, is actively looking for investment opportunities in the state. In fact, there is currently an imbalance in the supply of assets to purchase and the demand for them. This is driving cap rates down to boom levels on quality, well located properties, particularly in retail, apartments and industrial space. However, this money is mostly equity with little to no debt. Debt continues to be difficult to obtain and when available is very restrictive. Additionally, uncertainty abounds about the effects of the newly passed financial reform act on the debt markets. Combined with stagnant job growth and other political factors that may have a negative impact on fundamentals, these factors will keep debt capital availability low for the foreseeable future.

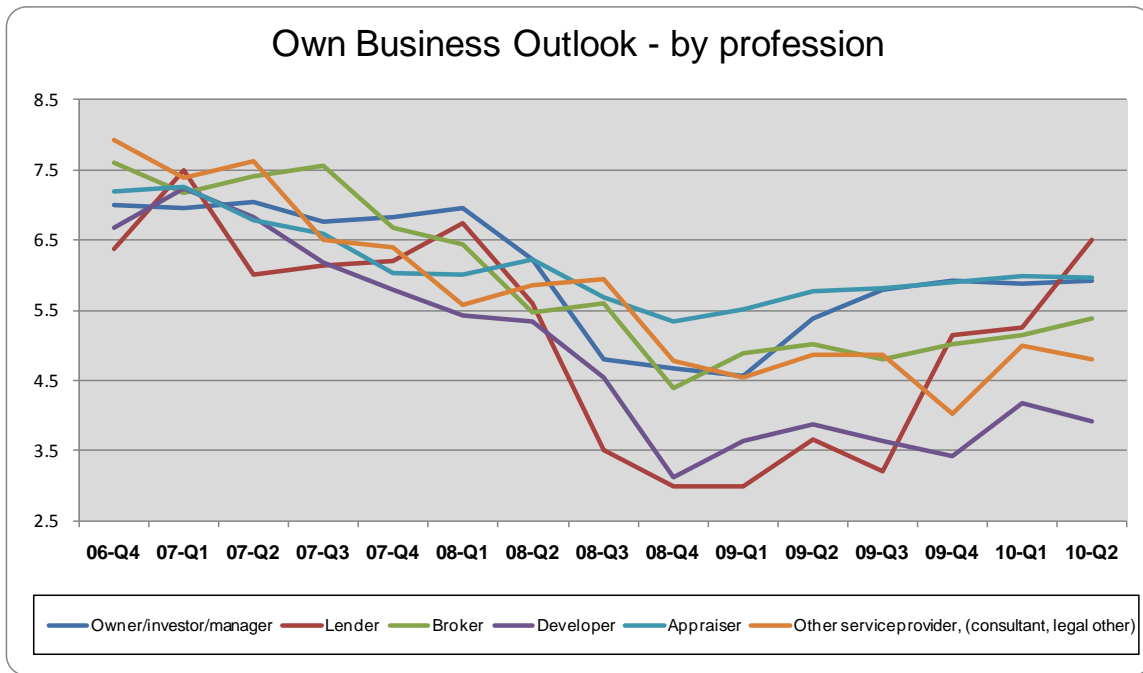


Outlook of Own Business

The positive trend in own business outlook continues this quarter for the sixth consecutive quarter. Our respondents continue to have a positive outlook on the business environment twelve months from now. Bankers took the largest positive jump this survey and now have the best outlook for their business. This is clearly not based on their ability to loan but on the growth of their earnings that are allowing them to slowly clear out their troubled assets. Appraisers, Brokers, and owners also continued their positive trend in own business outlook. Stabilizing fundamentals is putting less pressure on owners’ operating incomes. Brokers are seeing the benefits of capital buying quality assets.

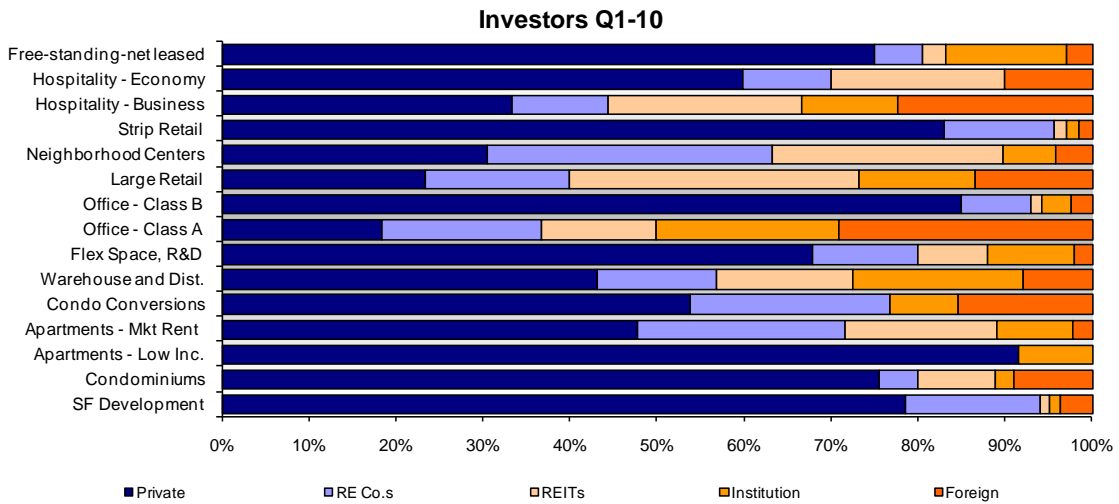
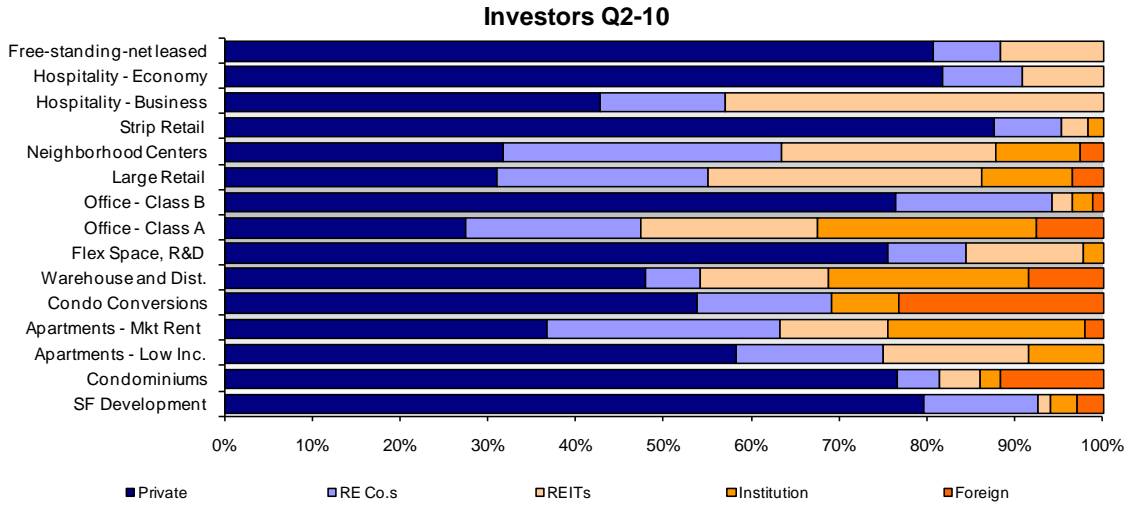
On the downside, developers and related consultants’ views declined this quarter. The significant uncertainties in the market and the value of most real estate below replacement costs continue to indicate that development is not an option in the near term. Additionally, the looming vote on Amendment 4 adds uncertainty to the possibility of future development putting more downward pressure on respondents’ views of their own business.





Section 9: Dominant Investors

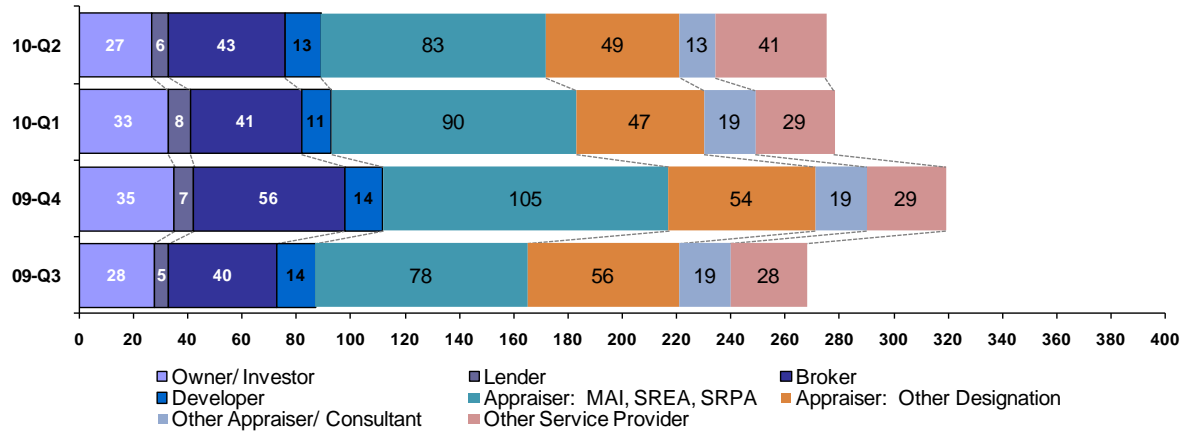
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, private investors continue to remain dominant in almost every category and in fact have increased in most categories from last quarter. However, there is a shift in some categories as foreign and institution capital returns to the state.



Section 10: Characteristics of Survey Respondents

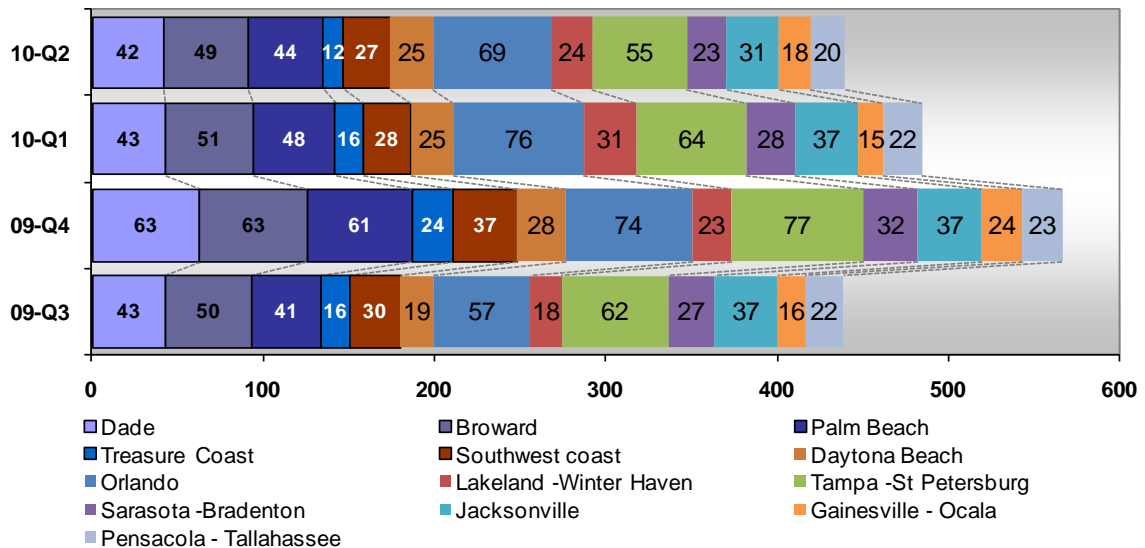
Survey responses decreased slightly this quarter to 275 respondents. Approximately 53 percent of the respondents reported being an appraiser; well over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and other service providers.

Profession of Respondents



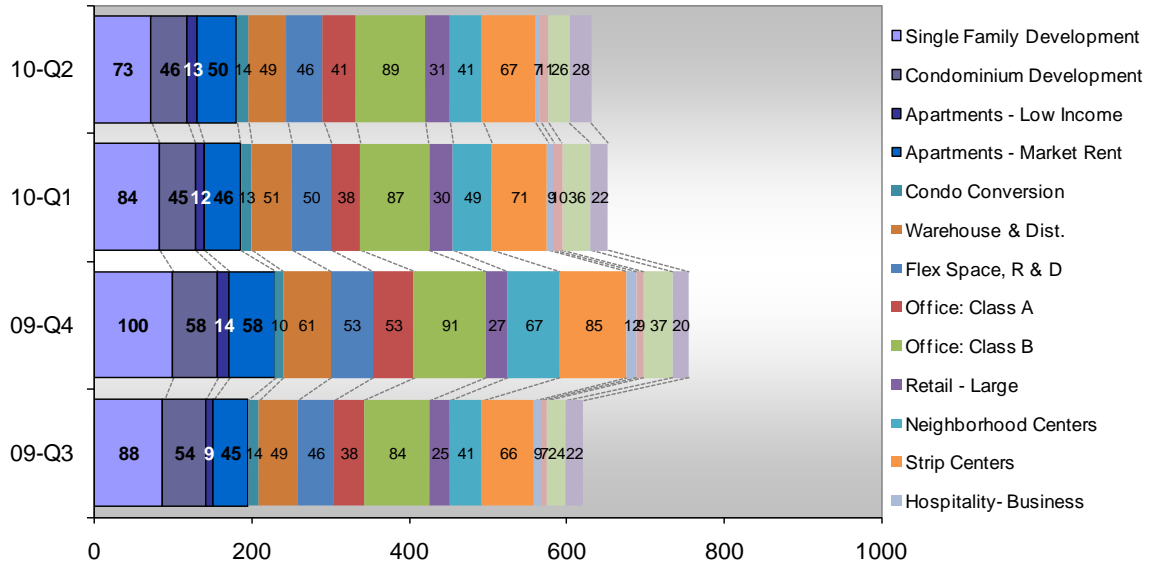
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 439 observations. The highest number of responses was for the Orlando market, which had 69 representatives. The lowest respondent support came from Gainesville-Ocala with 18.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 632 selections were made in the latest survey round. Single family development was selected by 73 respondents while condominium development was selected by 46. The largest response was in Office: Class B with 89 responses. The lowest response was for Hospitality-Business with 7. Nine property types were selected by at least 40 respondents.



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

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

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

Florida	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighbor-hood Centers	Strip Centers	Hospitality Business	Hospitality Economy	Free Standing
Cap Rates												
Q2-10												
Cap Rate	7.9%	10.5%	8.7%	9.5%	8.6%	9.2%	8.7%	8.5%	9.4%	10.5%	10.8%	8.3%
Percent Expecting Rise	11.1%	25.0%	23.1%	23.9%	16.7%	22.1%	13.0%	25.0%	24.6%	0.0%	9.1%	34.5%
Percent Expecting Fall	35.6%	16.7%	15.4%	15.2%	26.7%	15.6%	26.1%	13.9%	10.5%	0.0%	9.1%	27.6%
Q1-10												
Cap Rate	8.3%	10.5%	8.8%	9.3%	8.8%	9.1%	9.0%	8.4%	9.9%	10.4%	11.9%	8.5%
Percent Expecting Rise	19.5%	16.7%	28.6%	40.4%	16.7%	31.6%	27.8%	19.0%	38.5%	33.3%	40.0%	22.6%
Percent Expecting Fall	22.0%	16.7%	19.0%	14.9%	26.7%	9.2%	16.7%	19.0%	6.2%	33.3%	0.0%	6.5%
Q4-09												
Cap Rate	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%
Q3-09												
Cap Rate	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%
Yields												
Q2-10												
Yield	10.9%	20.8%	11.8%	13.2%	10.7%	12.1%	10.8%	11.6%	12.7%	12.0%	13.0%	10.6%
Percent Expecting Rise	13.5%	25.0%	13.9%	20.0%	29.6%	20.0%	25.0%	23.3%	12.2%	14.3%	18.2%	21.4%
Percent Expecting Fall	29.7%	8.3%	13.9%	13.3%	25.9%	4.3%	30.0%	20.0%	10.2%	0.0%	0.0%	14.3%
Q1-10												
Yield	11.5%	19.2%	12.1%	12.5%	10.4%	12.0%	11.7%	12.5%	12.7%	14.5%	13.5%	9.4%
Percent Expecting Rise	17.9%	10.0%	25.0%	30.8%	19.2%	23.4%	22.2%	17.1%	29.8%	14.3%	28.6%	26.1%
Percent Expecting Fall	12.8%	20.0%	16.7%	20.5%	23.1%	14.1%	5.6%	8.6%	8.8%	42.9%	0.0%	4.3%
Q4-09												
Yield	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%
Q3-09												
Yield	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%

Section 12: Local Markets

Dade County

Cap rates in Dade County, on average, are lower than the state mean (0.92 percentage points) and range from 7.1% (**Apartments –Market Rental**) to 11.2% (**Apartments – Condo Conversion**).

Over the past quarter, cap rates have decreased across most property types with **Warehouse** (-1.01 percentage points) and **Retail-Large** (-0.78 percentage points) representing the largest decreases.

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

Required yields for Dade County (11.41%) are, on average, lower than the state mean (12.51%) and have declined 1.11% from the previous quarter.

The largest shifts in required yields occurred in **Retail-Large** (-2.83% change) and **Neighborhood Retail** (-2.62% change).

The investment outlook is mixed to positive across property types. The most positive outlook occurs for **Apartments-Market Rent** and **Warehouse and Distribution**.

The outlook for **Land Development** appears to be mixed for all property types with the outlook becoming less negative in each type from last semester.

Future occupancy rates in Dade County are expected to remain neutral over most property types with **Warehouse and Distribution** showing the strongest indication for occupancy increases.

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

Future absorption rates are expected to be 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 2a

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R & Office: A	Class	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q2-10												
Value	7.1	11.2	7.9	8.8	7.6	8.5	7.9	7.6	8.7	7.7		
Percent Expecting Rise		50%	13%	20%		10%	40%	40%	33%	25%		
Percent Expecting Fall	42%		13%	40%	25%	20%	20%		11%	50%		
Q1-10												
Value	7.7	11.4	8.9	8.9	8.3	8.7	8.6	8.0	9.4	8.1		
Percent Expecting Rise	8%	33%			17%	29%		11%	29%			
Percent Expecting Fall	33%	17%	50%	50%	33%	14%	25%	11%	14%			
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%									
Yields												
Q2-10												
Value	9.8	19.3	10.9	12.6	9.6	11.0	9.6	10.0	11.5	9.8		
Percent Expecting Rise				20%		11%	25%	50%	11%			
Percent Expecting Fall	30%		29%	40%	25%	22%	25%	25%	11%	25%		
Q1-10												
Value	11.5	17.8	13.2	13.2	10.4	12.1	12.5	12.7	13.6	9.8		
Percent Expecting Rise	25%	25%			33%	17%		13%	50%			
Percent Expecting Fall	25%	25%			17%	33%	25%					
Q4-09												
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%		
Investment Outlook												
Q2-10												
Fair to Good	88%		75%	57%	14%	36%	43%	57%	18%	50%		
Bad to Poor						9%		14%				
Q1-10												
Fair to Good	73%	17%	40%	50%	33%	22%	50%	36%	11%			
Bad to Poor	20%	83%		25%	33%	22%	20%	27%	44%			
Q4-09												
Fair to Good	60%		47%	55%	44%	43%	20%	32%	19%	57%		
Bad to Poor	7%		12%	27%	38%	36%	60%	27%	38%	29%		

Table 2b

Outlook for Land Development

Dade County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopm
Q2-10						
Fair to Good	17%	29%	20%	20%	24%	37%
Bad to Poor	51%	32%	46%	44%	37%	34%
Q1-10						
Fair to Good	21%	30%	12%	9%	19%	30%
Bad to Poor	60%	49%	60%	67%	47%	47%
Q4-09						
Fair to Good	24%	27%	22%	19%	24%	32%
Bad to Poor	59%	48%	54%	57%	44%	41%

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
Q2-10														
Private Buyers	75%	83%		44%	100%	25%	86%	29%		45%	29%	29%	73%	100%
R.E. Companies	25%			19%			14%			45%	29%	29%	9%	
REITs				6%		17%		14%			43%	14%	18%	
Institutions		17%		31%		58%		43%	9%			29%		
Foreign Buyers								14%						
Q1-10														
Private Buyers	44%	67%		47%	83%	10%	25%			78%	10%	64%	89%	67%
R.E. Companies	44%			27%	17%	20%		11%			30%	18%		
REITs		11%		7%		20%	50%				30%	9%		
Institutions	6%	11%		13%		40%	25%	56%	11%		10%	9%	11%	33%
Foreign Buyers	6%	11%		7%		10%		33%	11%		20%			
Q4-09														
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%	

Table 2d

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R & Office: A	Class	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Future Occupancy												
Q2-10												
Higher	29%		75%	14%			30%	17%	33%	33%		25%
Lower	7%		8%		29%		20%	17%	17%	11%		25%
Q1-10												
Higher	38%	33%	40%	25%	13%		22%	10%	15%			
Lower	23%	17%	10%	50%	25%		33%	30%	31%	50%		33%
Q4-09												
Higher	50%	33%	29%	27%	31%		31%		15%	6%		
Lower	14%	33%	18%	36%	50%		62%	20%	40%	69%		14%
Rental Rate Increases												
Q2-10												
Faster than Inflation	29%	50%	8%					17%				
Slower than Inflation	7%		67%	71%	86%	80%	50%	67%	67%			50%
Q1-10												
Faster than Inflation												
Slower than Inflation	69%	67%	90%	100%	88%	89%	100%	100%	100%	90%		67%
Q4-09												
Faster than Inflation			12%	9%			8%			13%		14%
Slower than Inflation	57%	67%	71%	64%	75%	77%	100%	80%	75%	43%		

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	38%	17%
Lower	13%	
Q1-10		
Higher	50%	50%
Lower	13%	38%
Q4-09		
Higher	67%	64%
Lower	7%	
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	88%	83%
Q1-10		
Faster than Inflation	6%	
Slower than Inflation	69%	89%
Q4-09		
Faster than Inflation	7%	
Slower than Inflation	80%	83%

Broward County

Cap rates in Broward County are, on average, lower (0.97 percentage points) than the state mean, and range from 7.1% (**Apartments**) to 11.2% (**Condo Conversion**).

Cap rates decreased across most property types, with the largest movements occurring in **Warehouse** (-1.00 percentage points) and **Retail - Large** (-0.77 percentage points).

Cap rate outlooks indicate stability across most property types.

Required yields for Broward County are, on average, lower than that of the state, 11.44% compared to 12.51% statewide and have declined from the previous quarter.

Required yields are highest for **Condo Conversion** at 19.3% and lowest for **Office: Class A** at 9.6%.

Over the past quarter, required yields have decreased across most property types, with the largest negative shifts occurring in **Retail-Large** (-1.88% change) and **Neighborhood Retail** (-1.67% change).

The investment outlook mixed to positive across most property types with the most positive outlook in **Apartments, Warehouse, and Flex Space**.

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

In Broward Country, future occupancy rates are expected to stabilize across all property types.

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

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

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

Table 3a

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	7.1	11.2	7.8	8.7	7.5	8.4	7.8	7.5	8.6	7.7
Percent Expecting Rise	7%	50%	20%	33%		25%	50%	43%	38%	33%
Percent Expecting Fall	36%		30%	22%	33%	17%	25%	14%		33%
Q1-10										
Cap Rate	7.6	11.3	8.8	8.8	8.2	8.7	8.6	8.0	9.4	8.0
Percent Expecting Rise	8%					13%	40%	18%	27%	
Percent Expecting Fall	31%	20%	50%	50%	43%	13%	20%	27%		20%
Q4-09										
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%
Yields										
Q2-10										
Yield	9.8	19.3	10.9	12.6	9.6	11.0	9.7	10.1	11.5	9.8
Percent Expecting Rise	18%		13%	33%		27%	67%	60%	13%	
Percent Expecting Fall	18%		13%	22%	33%	9%	33%	20%		33%
Q1-10										
Yield	10.5	16.9	12.3	12.3	9.5	11.2	11.6	11.8	12.7	8.9
Percent Expecting Rise	23%				29%		40%	20%	22%	
Percent Expecting Fall	23%	25%	20%	20%	14%	25%	20%	10%		
Q4-09										
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%
Investment Outlook										
Q2-10										
Fair to Good	82%		79%	73%	29%	43%	25%	50%	11%	50%
Bad to Poor						7%	13%	20%		
Q1-10										
Fair to Good	81%	20%	40%	43%	40%	30%	50%	58%	17%	50%
Bad to Poor	19%	80%	10%	14%	30%	40%	20%	25%	42%	17%
Q4-09										
Fair to Good	58%		44%	55%	41%	41%	17%	30%	27%	50%
Bad to Poor	8%		17%	27%	29%	29%	50%	26%	40%	33%

Table 3b

Outlook for Land Development

Broward County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	28%	36%	21%	19%	23%	28%
Bad to Poor	40%	26%	43%	40%	34%	32%
Q1-10						
Fair to Good	24%	31%	14%	12%	20%	27%
Bad to Poor	57%	41%	61%	67%	49%	45%
Q4-09						
Fair to Good	21%	32%	24%	17%	24%	30%
Bad to Poor	54%	52%	57%	62%	44%	40%

Table 3c

Investors by Property Type

Broward County	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10												
Private Buyers	82%	73%	29%	100%	29%	82%	14%	57%	29%	20%	100%	100%
R.E. Companies	18%	9%	24%			18%		21%	14%	30%		
REITs		9%	6%		14%		29%	7%	43%	30%		
Institutions		9%	41%		50%		43%	7%	14%	20%		
Foreign Buyers					7%		14%	7%				
Q1-10												
Private Buyers	41%	70%	44%	60%	20%	57%		70%	10%	33%	83%	83%
R.E. Companies	47%		25%	20%	20%	14%	20%	10%	20%	25%	8%	
REITs		10%	6%			14%	10%		40%	25%		
Institutions	6%	10%	19%		40%	14%	40%	10%	10%	17%	8%	17%
Foreign Buyers	6%	10%	6%	20%	20%		30%	10%	20%			
Q4-09												
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%	

Table 3d

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-10										
Higher	36%	20%	10%	14%		11%		23%	8%	20%
Lower	7%	20%	30%	29%	44%	33%	60%	46%	50%	40%
Q1-10										
Higher	36%	20%	10%	14%		11%		23%	8%	20%
Lower	7%	20%	30%	29%	44%	33%	60%	46%	50%	40%
Q4-09										
Higher	45%	33%	22%	27%	29%	19%		14%	13%	33%
Lower			33%	64%	47%	63%	50%	38%	73%	17%
Rental Rate Increases										
Q2-10										
Faster than Inflation										
Slower than Inflation	64%	100%	70%	71%	89%	67%	100%	92%	83%	100%
Q1-10										
Faster than Inflation										
Slower than Inflation	64%	100%	70%	71%	89%	67%	100%	92%	83%	100%
Q4-09										
Faster than Inflation										
Slower than Inflation	82%	100%	6%	18%		13%			7%	
			72%	73%	88%	69%	83%	81%	73%	50%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	53%	50%
Lower	24%	10%
Q1-10		
Higher	53%	50%
Lower	24%	10%
Q4-09		
Higher	56%	53%
Lower	11%	
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	12%	80%
	53%	
Q1-10		
Faster than Inflation		
Slower than Inflation	12%	80%
	53%	
Q4-09		
Faster than Inflation		
Slower than Inflation	78%	82%

Palm Beach County

Cap rates in Palm Beach County are, on average, lower (0.9 percentage points) than that of the state, and range from 7.2% (**Apartments**) to 11.3% (**Condo Conversion**).

Cap rates have decreased across all property types, with the largest decreases in **Warehouse** (-1.12% change) and **Retail-Large** (-0.89% change).

Cap rates are expected to stabilize across all property types in the near future.

Required yields for Palm Beach County are, on average, lower than that of the state, 11.51% compared to 12.51% statewide.

Required yields are highest for **Condo Conversion** at 19.4% and lowest for **Office: Class A and Retail-Large** at 9.7%.

Required yields have decreased across the majority of property types over the last quarter with **Retail - Large** (-1.72%) and **Neighborhood Retail** (-1.52%) showing the largest decrease.

The investment outlook is neutral to positive across most property types. Respondents indicated a positive outlook for **Apartments, Warehouse, and Flex Space**.

The outlook for **Land Development** is more neutral to negative for the all land classifications with the exception of **Land with Residential Entitlements** which is neutral to positive.

Occupancy rates are expected to stabilize over the next quarter for the majority of property types with the exception of **Warehouse** where occupancy is expected to increase.

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

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 4a

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	7.2	11.3	7.9	8.8	7.6	8.5	7.9	7.6	8.7	7.8
Percent Expecting Rise	8%	50%		22%	17%	20%	33%	43%	30%	40%
Percent Expecting Fall	33%			22%	17%	10%	17%			40%
Q1-10										
Cap Rate	7.8	11.5	9.0	9.0	8.4	8.8	8.8	8.1	9.5	8.2
Percent Expecting Rise	14%				17%	9%	20%	18%	23%	
Percent Expecting Fall	29%	25%	20%	20%	33%	18%	20%	18%		17%
Q4-09										
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%
Yields										
Q2-10										
Yield	9.9	19.4	11.0	12.7	9.7	11.1	9.7	10.1	11.6	9.9
Percent Expecting Rise	10%			22%		22%	50%	60%	11%	
Percent Expecting Fall	20%		25%	22%	17%	11%	25%	20%		20%
Q1-10										
Yield	10.5	16.8	12.2	12.2	9.4	11.1	11.5	11.7	12.6	8.8
Percent Expecting Rise	21%				17%		20%	20%	20%	
Percent Expecting Fall	21%	33%			17%	30%	20%	10%		
Q4-09										
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%
Investment Outlook										
Q2-10										
Fair to Good	79%		71%	67%	38%	36%	38%	50%	20%	50%
Bad to Poor						9%	13%	20%		
Q1-10										
Fair to Good	67%	20%	40%	33%	29%	27%	56%	58%	14%	57%
Bad to Poor	27%	80%	10%	17%	43%	40%	11%	17%	43%	29%
Q4-09										
Fair to Good	67%		54%	67%	43%	44%		36%	39%	25%
Bad to Poor	8%		15%	17%	36%	31%	50%	23%	33%	50%

Table 4b

Outlook for Land Development

Palm Beach County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	23%	39%	20%	14%	16%	27%
Bad to Poor	39%	23%	43%	45%	36%	34%
Q1-10						
Fair to Good	23%	27%	15%	8%	17%	27%
Bad to Poor	56%	44%	58%	67%	46%	35%
Q4-09						
Fair to Good	21%	28%	20%	11%	16%	26%
Bad to Poor	51%	52%	54%	66%	44%	43%

Table 4c

Investors by Property Type

Palm Beach County	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R &	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10															
Private Buyers	73%	67%		36%	100%	29%	78%		38%	64%		38%	30%	100%	100%
R.E. Companies	27%	11%		7%			22%			27%		13%	30%		
REITs		11%		14%		14%			13%			38%	20%		
Institutions		11%		43%		57%			38%	9%		13%	20%		
Foreign Buyers									13%						
Q1-10															
Private Buyers	50%	83%		40%	60%	30%	17%			73%		11%	42%	79%	71%
R.E. Companies	44%			20%	20%	30%	17%		14%	7%		22%	25%	14%	
REITs				7%		10%	33%		14%			22%	25%		
Institutions	6%	17%		27%		20%	17%		14%	7%			8%	7%	14%
Foreign Buyers				7%	20%	10%	17%		57%	13%		44%			14%
Q4-09															
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%	

Table 4d

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office:	Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q2-10											
Higher	27%			17%		23%			15%	7%	14%
Lower	13%	25%	22%	33%	63%	38%		67%	54%	50%	43%
Q1-10											
Higher	27%			17%		23%			15%	7%	14%
Lower	13%	25%	22%	33%	63%	38%		67%	54%	50%	43%
Q4-09											
Higher	36%	50%	8%	8%	29%	13%			14%	18%	25%
Lower	9%		31%	50%	64%	60%		75%	48%	65%	25%
Rental Rate Increases											
Q2-10											
Faster than Inflation											
Slower than Inflation	67%	75%	78%	83%	88%	69%		100%	100%	79%	86%
Q1-10											
Faster than Inflation											
Slower than Inflation	67%	75%	78%	83%	88%	69%		100%	100%	79%	86%
Q4-09											
Faster than Inflation											
Slower than Inflation	100%	100%	77%	75%	93%	67%		88%	81%	71%	50%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	56%	67%
Lower	19%	17%
Q1-10		
Higher	56%	67%
Lower	19%	17%
Q4-09		
Higher	72%	53%
Lower	11%	
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	13%	67%
Q1-10		
Faster than Inflation		
Slower than Inflation	13%	67%
Q4-09		
Faster than Inflation		
Slower than Inflation	6%	87%

Treasure Coast

Cap rates in the Treasure Coast area are, on average, lower (0.70 percentage points) than that of the state, and range from 7.7% (**Apartments**) to 9.3% (**Flex Space**)

Cap rates have decreased across all property types in the last quarter. The largest changes have occurred in **Warehouse** (-0.93% change) and **Retail - Large** (-0.70% change).

Cap rates are expected to stabilize across most property types with an indication of increase in **Retail - Large**.

Required yields for the Treasure Coast are lower than those of the state, 10.75% compared to 12.51% statewide.

Required yields are highest for **Strip Centers** at 11.4% and lowest for **Office: Class A** at 9.8%.

Required yields have increased across most property types, with the largest shift occurring in **Free Standing Retail** (+2.39% change) and **Flex Space** (+1.8% change).

The investment outlook is positive in **Flex Space** but neutral in all other property types.

The outlook for **Land Development** is neutral to negative for the most of the land classifications. **Land with Residential Entitlements** and **Land for Urban Redevelopment** have a neutral to positive outlook.

Future occupancy rates are expected to be neutral for most property types with the exception of **Free Standing Retail** and **Strip Centers** where occupancy is expected to decline.

Future rental rates are expected to increase at a rate that is slower than inflation for all property types except **Warehouse** and **Office: Class A** which is expected to remain neutral.

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

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

Table 5a

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates											
Q2-10											
Cap Rate	7.7		8.4	9.3	8.1	9.0	8.4	8.1	9.2	8.3	
Percent Expecting Rise							100%	50%	20%	33%	
Percent Expecting Fall			33%								
Q1-10											
Cap Rate	8.2	11.9	9.4	9.4	8.7	9.2	9.1	8.5	9.9	8.5	
Percent Expecting Rise			20%	20%		25%	33%	25%	20%	33%	
Percent Expecting Fall	33%		20%	20%	50%	25%		25%			
Q4-09											
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%								
Yields											
Q2-10											
Yield	10.0		11.1	12.8	9.8	11.2	9.9	10.3	11.7	10.0	
Percent Expecting Rise	100%					33%	100%	50%	20%	33%	
Percent Expecting Fall			33%					50%			
Q1-10											
Yield	9.2	15.6	11.0	11.0	8.2	9.9	10.3	10.5	11.4	7.6	
Percent Expecting Rise	50%		25%	25%	100%			33%	25%	50%	
Percent Expecting Fall						25%					
Q4-09											
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%	
Investment Outlook											
Q2-10											
Fair to Good				100%		50%			50%		
Bad to Poor						25%					
Q1-10											
Fair to Good			80%	25%		40%	75%	50%			
Bad to Poor						60%			60%		
Q4-09											
Fair to Good	25%		67%	67%		14%		25%			
Bad to Poor			17%	17%		43%		13%	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
Q2-10						
Fair to Good	33%	50%	33%	17%	25%	42%
Bad to Poor	42%	42%	42%	42%	42%	33%
Q1-10						
Fair to Good	19%	13%	19%	13%	31%	19%
Bad to Poor	56%	63%	63%	69%	50%	44%
Q4-09						
Fair to Good	17%	13%	13%	13%	17%	29%
Bad to Poor	71%	67%	63%	67%	50%	42%

Table 5c

Investors by Property Type

Treasure Coast	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10												
Private Buyers	67%	67%			67%	100%	50%	75%			100%	50%
R.E. Companies	33%						50%	25%	100%	50%		
REITs										50%		50%
Institutions		33%	100%		33%							
Foreign Buyers												
Q1-10												
Private Buyers	75%	50%			40%	50%	50%	80%	25%	50%	60%	50%
R.E. Companies	25%			100%	40%	25%	50%		50%	25%	20%	
REITs			33%							25%		
Institutions		50%	67%					20%			20%	50%
Foreign Buyers					20%	25%			25%			
Q4-09												
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%					

Table 5d

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Future Occupancy											
Q2-10											
Higher											
Lower			40%	40%	100%	50%	100%	75%	67%		67%
Q1-10											
Higher											
Lower			40%	40%	100%	50%	100%	75%	67%		67%
Q4-09											
Higher	100%	50%	17%	38%							
Lower			33%	50%	67%	50%	100%	57%	100%		33%
Rental Rate Increases											
Q2-10											
Faster than Inflation											
Slower than Inflation	100%		40%	80%	100%	100%	100%	100%	100%		100%
Q1-10											
Faster than Inflation											
Slower than Inflation	100%		40%	80%	100%	100%	100%	100%	100%		100%
Q4-09											
Faster than Inflation				13%							
Slower than Inflation		50%	50%	75%	100%	83%	100%	86%	100%		67%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	50%	50%
Lower	25%	
Q1-10		
Higher	50%	50%
Lower	25%	
Q4-09		
Higher	44%	29%
Lower	11%	
Future Price Increases		
Q2-10		
Faster than Inflation	33%	50%
Slower than Inflation	67%	50%
Q1-10		
Faster than Inflation	33%	50%
Slower than Inflation	67%	50%
Q4-09		
Faster than Inflation	11%	
Slower than Inflation	67%	71%

Southwest Coast

Cap rates in the Southwest Coast area are, on average, lower (0.37 percentage points) than that of the state, and range from 7.7% (**Apartments**) to 11.8% (**Condo Conversion**).

Cap rates are mixed across property types over the last quarter, with the largest changes being seen in **Warehouse** (-0.69% change) and **Flex Space** (+0.20% change).

Cap rates are expected to stabilize across all reported property types.

Required yields for the Southwest Coast are lower, on average, than that of the state, 11.82% compared to 12.51% statewide.

Required yields are highest for **Condo Conversions** at 19.7% and lowest for **Office: Class A** at 10.0%.

Required yields are mixed over the last quarter, with the largest shifts occurring in **Condo Conversion** (+2.62% change) and **Retail-Large** (-1.66% change).

The investment outlook is mixed across most property types. Respondents have positive expectations for **Office: Class B and Retail – Large** and negative expectations for **Condo Conversion and Strip Centers**.

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

Occupancy rates are expected to stabilize across most property types with the exception of **Warehouse**, which is expected to increase, and **Office: Class A**, which is expected to decline.

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

Expectations of future absorption rates are higher for **Single Family**, but mixed for **Condominium Development**.

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

Table 6a

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates													
Q2-10													
Cap Rate	7.7	11.8	8.4	9.3		8.1	9.0		8.4	8.1	9.2		8.3
Percent Expecting Rise		25%		50%		25%	13%				33%		50%
Percent Expecting Fall	50%	25%					38%		33%		33%		50%
Q1-10													
Cap Rate	7.9	11.6	9.1	9.1		8.5	8.9		8.9	8.2	9.6		8.3
Percent Expecting Rise	25%		63%	63%		25%	44%		67%	20%	75%		33%
Percent Expecting Fall		50%											
Q4-09													
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%
Yields													
Q2-10													
Yield	10.2	19.7	11.3	13.0		10.0	11.4		10.1	10.5	11.9		10.2
Percent Expecting Rise		25%		33%		50%	14%		33%		20%		50%
Percent Expecting Fall	50%			17%		25%	14%		33%		40%		50%
Q1-10													
Yield	10.7	17.1	12.5	12.5		9.6	11.3		11.7	11.9	12.9		9.1
Percent Expecting Rise	50%		43%	43%		25%	43%		67%	40%	50%		100%
Percent Expecting Fall		50%											
Q4-09													
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%			
Investment Outlook													
Q2-10													
Fair to Good			40%	33%		25%	67%		67%		43%		
Bad to Poor		100%	20%	50%		25%	22%				57%		
Q1-10													
Fair to Good			20%	38%		60%	67%		43%	56%	43%		50%
Bad to Poor			40%	38%		20%	11%		29%	22%	29%		
Q4-09													
Fair to Good	100%		40%	33%		57%	33%		60%	50%	38%		67%
Bad to Poor			20%	22%			8%		20%	10%	13%		17%

Table 6b

Outlook for Land Development

Southwest Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	15%	27%	12%	8%	12%	23%
Bad to Poor	62%	58%	65%	62%	62%	50%
Q1-10						
Fair to Good	21%	25%	18%	7%	11%	25%
Bad to Poor	57%	36%	54%	61%	46%	43%
Q4-09						
Fair to Good	22%	32%	19%	14%	22%	32%
Bad to Poor	43%	32%	43%	49%	41%	32%

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	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10													
Private Buyers	78%	50%	33%	75%	60%	100%	50%	56%	20%	33%	86%	100%	
R.E. Companies		13%			20%			44%	40%	67%	14%		
REITs	11%	13%	33%						20%				
Institutions	11%		33%	25%									
Foreign Buyers		25%			20%		50%		20%				
Q1-10													
Private Buyers	50%	60%	33%	50%	80%	88%	40%	89%	29%		86%	100%	
R.E. Companies	30%	20%	33%		20%	13%	20%	11%		33%			
REITs		20%					20%		29%	56%	14%		
Institutions	10%		33%	50%					43%				
Foreign Buyers	10%						20%			11%			
Q4-09													
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%				

Table 6d

Southwest Coast	Apartments - Market	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Future Occupancy													
Q2-10													
Higher	25%		33%	25%			20%		14%	13%	20%		25%
Lower			50%	38%		50%	50%		57%	38%	60%		25%
Q1-10													
Higher	25%		33%	25%			20%		14%	13%	20%		25%
Lower			50%	38%		50%	50%		57%	38%	60%		25%
Q4-09													
Higher	44%		25%	11%			17%			30%	10%		20%
Lower	11%		50%	33%		29%	42%		50%	20%	40%		
Rental Rate Increases													
Q2-10													
Faster than Inflation	25%	50%											
Slower than Inflation	25%	50%	100%	88%	100%	90%	100%	100%	100%	100%	80%		75%
Q1-10													
Faster than Inflation	25%	50%											
Slower than Inflation	25%	50%	100%	88%	100%	90%	100%	100%	100%	100%	80%		75%
Q4-09													
Faster than Inflation										10%			
Slower than Inflation	78%		100%	89%	86%	92%	100%		100%	90%	100%		80%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	30%	20%
Lower	40%	80%
Q1-10		
Higher	30%	20%
Lower	40%	80%
Q4-09		
Higher	45%	33%
Lower	9%	11%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	90%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	90%	100%
Q4-09		
Faster than Inflation	9%	11%
Slower than Inflation	64%	67%

Daytona Beach Area

Cap rates in Daytona Beach are, on average, higher (0.24 percentage points) than those of the state, and range from 8.3% (**Apartments**) to 12.4% (**Condo Conversion**).

Cap rates declined across most property types in the latest quarter. The largest decrease in cap rates occurred in **Warehouse** (-0.63% change) and **Retail - Large** (-0.40% change).

Cap rates are expected to stabilize across the majority of property types. Respondents indicate that cap rates will decrease in **Apartments** and **Office: Class A** and increase in **Strip Centers**.

Required yields for Daytona Beach are, on average, lower than that of the state, 11.79% compared to 12.51% statewide.

Required yields have decreased dramatically over most of the property types this quarter. The largest shifts occurred in **Retail - Large** (-2.29% change) and **Neighborhood Retail** (-2.08% change).

The investment outlook is continues to be positive for **Apartments** while respondents indicate a positive outlook for **Retail – Large** and **Neighborhood Centers**.

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

Occupancy is expected to stabilize across all property types.

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 neutral to higher over the next quarter for both **Single Family** and **Condominium Development**.

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

Table 7a

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q2-10												
Cap Rate	8.3	12.4	9.0	9.9	8.7	9.6		9.0	8.8	9.9		8.9
Percent Expecting Rise						11%			25%			100%
Percent Expecting Fall	67%			20%	50%	22%			13%	13%		
Q1-10												
Cap Rate	8.5		9.7	9.7	9.1	9.5		9.4	8.8	10.2		8.8
Percent Expecting Rise	25%		75%	75%		30%			40%	29%		40%
Percent Expecting Fall	50%		25%	25%		10%			40%	14%		20%
Q4-09												
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%			
Yields												
Q2-10												
Yield	10.2	19.7	11.3	13.0	10.0	11.3		10.0	10.4	11.9		10.1
Percent Expecting Rise	33%				50%	13%			33%			100%
Percent Expecting Fall	33%			20%		13%			17%	14%		
Q1-10												
Yield	11.3		13.1	13.1	10.2	11.9		12.3	12.5	13.5		9.6
Percent Expecting Rise	50%		25%	25%		20%			25%	14%		40%
Percent Expecting Fall			50%	50%		20%				29%		20%
Q4-09												
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%
Investment Outlook												
Q2-10												
Fair to Good	75%			50%		45%		60%	60%	67%		
Bad to Poor				17%		9%		20%	10%			
Q1-10												
Fair to Good	80%					25%				14%		
Bad to Poor						25%			60%	29%		
Q4-09												
Fair to Good			50%	43%	40%	44%			67%	64%		50%
Bad to Poor			50%	29%	20%	33%				7%		

Table 7b

Outlook for Land Development

Daytona Beach Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	28%	28%	16%	8%	20%	24%
Bad to Poor	44%	48%	36%	48%	36%	36%
Q1-10						
Fair to Good	28%	32%	16%	8%	20%	20%
Bad to Poor	60%	56%	52%	60%	60%	56%
Q4-09						
Fair to Good	25%	21%	25%	25%	25%	32%
Bad to Poor	50%	46%	43%	46%	36%	39%

Table 7c

Investors by Property Type

Daytona Beach Area	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10													
Private Buyers	80%	75%		25%		100%	50%		82%	40%	50%	89%	100%
R.E. Companies	20%			50%			17%	33%	9%	20%	20%		
REITs							33%	67%		20%	30%		
Institutions				25%					9%	20%		11%	
Foreign Buyers		25%			100%								
Q1-10													
Private Buyers	67%	67%		20%		50%	67%		92%		20%	86%	33%
R.E. Companies	22%	17%					33%		8%	100%	40%		33%
REITs	11%	17%		80%		50%		50%			40%		33%
Institutions													
Foreign Buyers								50%				14%	
Q4-09													
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%	

Table 7d

Daytona Beach Area	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
Future Occupancy											
Q2-10											
Higher	40%				50%						
Lower			50%	75%		27%	100%	60%	57%	40%	
Q1-10											
Higher	40%				50%						
Lower			50%	75%		27%	100%	60%	57%	40%	
Q4-09											
Higher	33%	100%	33%	25%			33%	17%	27%	25%	
Lower			67%	13%	33%	33%	33%	17%	27%	25%	
Rental Rate Increases											
Q2-10											
Faster than Inflation											
Slower than Inflation	60%		50%	100%	100%	91%		40%	86%	100%	
Q1-10											
Faster than Inflation											
Slower than Inflation	60%		50%	100%	100%	91%		40%	86%	100%	
Q4-09											
Faster than Inflation											
Slower than Inflation	33%		100%	88%	100%	67%	67%	67%	80%	100%	

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	56%	50%
Lower	11%	17%
Q1-10		
Higher	56%	50%
Lower	11%	17%
Q4-09		
Higher	18%	
Lower	18%	17%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	11%	
Slower than Inflation	89%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	11%	
Slower than Inflation	89%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation		
Slower than Inflation	82%	83%

Orlando Area

Cap rates in Orlando are, on average, lower (0.25 percentage points) than that of the state, and range from 7.8% (**Apartments**) to 11.9% (**Condo Conversions**).

Cap rates have decreased over the past quarter, with the largest changes being seen in **Warehouse** (-0.93% change) and **Retail - Large** (-0.70% change).

Cap rates are expected to stabilize for all property types over the next quarter.

Required yields for Orlando are, on average, slightly higher than that of the state, 12.61% compared to 12.517% statewide.

Required yields are highest for **Condo Conversion** at 20.5% and lowest for **Office: Class A** at 10.8%.

Required yield changes are mixed across property types the past quarter, the largest changes occurring in **Condo Conversions** (+2.79%) and **Retail - Large** (-1.49%).

The investment outlook is positive across most property types. The strongest indication of a positive outlook occurs for **Neighborhood Centers, Apartments, and Free Standing Retail**.

The outlook for **Land Development** is neutral to negative across most land classifications with the exception of **Land with Residential Entitlements** and **Land for Urban Renewal** which are neutral to positive.

Occupancy rates are expected to stabilize across the majority of property types. Respondents indicate that occupancy should increase in **Apartments and Warehouse**.

Rental rates are expected to increase slower than inflation for most property types with **Apartments, Warehouse, and Free Standing Retail** having a more positive outlook.

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

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

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q2-10												
Cap Rate	7.8	11.9	8.5	9.4	8.2	9.1	8.5	8.3	9.4	8.4		
Percent Expecting Rise	17%	25%	18%	14%	17%	18%	20%	31%	17%	33%		
Percent Expecting Fall	42%		36%	21%	33%	35%	20%	8%	8%	33%		
Q1-10												
Cap Rate	8.3	12.0	9.5	9.5	8.9	9.3	9.2	8.6	10.0	8.6		
Percent Expecting Rise	25%		46%	46%	15%	37%	33%	14%	41%	33%		
Percent Expecting Fall	31%		15%	15%	23%	11%	22%	29%	18%			
Q4-09												
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%		
Yields												
Q2-10												
Yield	11.0	20.5	12.1	13.8	10.8	12.2	10.9	11.3	12.7	11.0		
Percent Expecting Rise	27%	25%	18%	7%	36%	25%	33%	33%	13%	13%		
Percent Expecting Fall	36%		18%	7%	27%		11%	17%		25%		
Q1-10												
Yield	11.3	17.7	13.1	13.1	10.3	12.0	12.3	12.5	13.5	9.7		
Percent Expecting Rise	15%		22%	22%	25%	27%	33%	17%	23%	50%		
Percent Expecting Fall	15%		44%	44%	25%	13%	11%	8%	8%			
Q4-09												
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%		
Investment Outlook												
Q2-10												
Fair to Good	67%	17%	67%	53%	50%	65%	47%	73%	64%	67%		
Bad to Poor		50%	7%	13%	6%							
Q1-10												
Fair to Good	79%	20%	63%	63%	59%	15%	50%	47%	6%	38%		
Bad to Poor		80%	16%	6%	12%	25%	21%	32%	28%	13%		
Q4-09												
Fair to Good	81%	40%	40%	42%	47%	40%	11%	46%	44%	50%		
Bad to Poor		20%	13%	42%	12%	10%	33%	8%	6%			

Table 8b

Outlook for Land Development

Orlando Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	30%	39%	31%	24%	33%	40%
Bad to Poor	49%	28%	36%	31%	22%	25%
Q1-10						
Fair to Good	18%	29%	13%	11%	18%	25%
Bad to Poor	63%	45%	51%	57%	53%	42%
Q4-09						
Fair to Good	18%	23%	19%	14%	22%	27%
Bad to Poor	50%	41%	47%	53%	41%	35%

Table 8c

Investors by Property Type

Orlando Area	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10														
Private Buyers	63%	100%		22%	50%	20%	53%	25%	60%		38%	27%	79%	67%
R.E. Companies	31%			33%	33%		7%	19%	25%		23%	20%	7%	22%
REITs				11%			33%	25%	5%		15%	20%	7%	11%
Institutions				33%			7%	25%	5%		23%	27%	7%	
Foreign Buyers	6%				17%	13%		6%	5%			7%		
Q1-10														
Private Buyers	77%	100%		42%	40%	21%	69%	6%	80%		14%	21%	83%	75%
R.E. Companies	23%			37%	20%	11%	6%		10%		21%	37%	17%	13%
REITs				21%			13%	12%			43%	26%		
Institutions							13%	41%	10%		14%	11%		13%
Foreign Buyers					40%	11%		41%			7%	5%		
Q4-09														
Private Buyers	81%	100%		67%	60%	33%	50%	35%	50%		44%	46%	72%	88%
R.E. Companies	13%			14%			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%

Table 8d

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-10										
Higher	63%	40%	32%	44%	24%	20%		16%	6%	11%
Lower	5%		11%	13%	35%	25%	43%	32%	41%	11%
Q1-10										
Higher	63%	40%	32%	44%	24%	20%		16%	6%	11%
Lower	5%		11%	13%	35%	25%	43%	32%	41%	11%
Q4-09										
Higher	62%	17%	14%		13%		11%	8%	11%	
Lower	5%		29%	58%	38%	60%	56%	40%	58%	50%
Rental Rate Increases										
Q2-10										
Faster than Inflation	11%		5%							
Slower than Inflation	47%	60%	84%	94%	82%	85%	71%	68%	89%	67%
Q1-10										
Faster than Inflation	11%		5%							
Slower than Inflation	47%	60%	84%	94%	82%	85%	71%	68%	89%	67%
Q4-09										
Faster than Inflation								4%	5%	
Slower than Inflation	67%	50%	86%	83%	67%	90%	89%	83%	79%	75%

Table 8e

Orlando Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	46%	33%
Lower	8%	
Q1-10		
Higher	46%	33%
Lower	8%	
Q4-09		
Higher	50%	33%
Lower	19%	33%
Future Price Increases		
Q2-10		
Faster than Inflation	8%	
Slower than Inflation	77%	100%
Q1-10		
Faster than Inflation	8%	
Slower than Inflation	77%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation	88%	100%

Lakeland-Winter Haven

Cap rates in Lakeland-Winter Haven are, on average, higher (0.53 percentage points) than that of the state, and range from 8.6% (**Apartments**) to 12.7% (**Condo Conversion**).

Cap rates have increased across most property types over the last quarter. The largest changes occurred in **Condo Conversion** (+0.44 % change) and **Flex Space** (+0.46% change).

Cap rates are expected to remain stable across most property types over the next quarter. The strongest indication of rate increases occurs in **Neighborhood Centers**.

Required yields for Lakeland-Winter Haven are, on average, higher than that of the state, 13.75% compared to 12.51% statewide.

Required yields are highest for **Condo Conversion** at 21.6% and lowest for **Office: Class A** at 12.0%.

Required yields increased dramatically across most property types in the last quarter. The largest changes occurred in **Condo Conversion** (+4.21% change), **Flex Space** (+2.12% change) and **Free Standing Retail** (+2.70%).

The investment outlook is mixed to positive across most property types with **Warehouse and Distribution, Flex Space** and **Neighborhood Centers** showing the greatest potential for a positive investment outlook.

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

Occupancy is expected to stabilize across most reported property types. The most significant indication of potential 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 stable for **Single Family Development**.

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

Table 9a

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	8.6	12.7	9.3	10.2	9.0	9.9	9.3	9.0	10.1	9.2
Percent Expecting Rise	17%		20%	20%		17%		60%	33%	50%
Percent Expecting Fall	50%									
Q1-10										
Cap Rate	8.6	12.3	9.8	9.8	9.1	9.6	9.5	8.9	10.3	8.9
Percent Expecting Rise			20%	20%		43%		14%		67%
Percent Expecting Fall	33%		20%	20%	50%	14%		14%	14%	
Q4-09										
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%		
Yields										
Q2-10										
Yield	12.1	21.6	13.2	14.9	12.0	13.3	12.0	12.4	13.8	12.1
Percent Expecting Rise		33%	40%	20%	100%	20%	50%	40%		50%
Percent Expecting Fall	75%		20%							
Q1-10										
Yield	11.0	17.4	12.8	12.8	10.0	11.7	12.1	12.3	13.2	9.4
Percent Expecting Rise			20%	20%	25%	43%		17%		67%
Percent Expecting Fall			60%	60%	50%	29%		17%	14%	
Q4-09										
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%		
Investment Outlook										
Q2-10										
Fair to Good	33%		57%	67%		29%		80%	57%	
Bad to Poor						14%			14%	
Q1-10										
Fair to Good	40%		73%	50%	80%	29%		38%	29%	40%
Bad to Poor			9%		20%	29%		13%		20%
Q4-09										
Fair to Good			63%			50%			43%	
Bad to Poor					25%				14%	

Table 9b

Outlook for Land Development

Lakeland-Winter Haven	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	32%	36%	32%	18%	32%	32%
Bad to Poor	50%	32%	36%	41%	23%	32%
Q1-10						
Fair to Good	23%	42%	32%	13%	32%	32%
Bad to Poor	48%	45%	48%	48%	45%	32%
Q4-09						
Fair to Good	30%	30%	30%	22%	30%	30%
Bad to Poor	48%	48%	43%	39%	39%	39%

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	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10													
Private Buyers	67%		33%	67%	71%	80%		57%		50%	20%	86%	100%
R.E. Companies	33%		33%			20%		29%			60%		
REITs			17%				50%				20%		
Institutions			17%		14%			14%				14%	
Foreign Buyers				33%	14%		50%			50%			
Q1-10													
Private Buyers	100%	100%	80%	100%	55%	67%		71%		50%	25%	71%	60%
R.E. Companies								14%			50%	29%	20%
REITs			20%		9%	17%	20%			50%	25%		
Institutions					27%	17%	40%	14%					20%
Foreign Buyers					9%		40%						
Q4-09													
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%						

Table 9d

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-10										
Higher	17%		33%	40%	50%			40%	17%	
Lower		33%	17%	20%		33%	50%	20%	67%	
Q1-10										
Higher	20%		55%	33%	20%	14%	50%	14%	14%	
Lower	20%	50%	18%	17%		71%		29%	43%	50%
Q4-09										
Higher			40%	33%		14%				
Lower			20%	33%	33%	29%		50%	63%	33%
Rental Rate Increases										
Q2-10										
Faster than Inflation			17%	20%						
Slower than Inflation	67%	100%	67%	60%	50%	83%	100%	100%	100%	100%
Q1-10										
Faster than Inflation			9%							
Slower than Inflation	80%	100%	64%	67%	20%	86%	50%	86%	86%	75%
Q4-09										
Faster than Inflation										
Slower than Inflation	100%	67%	60%	67%	100%	100%	100%	100%	88%	100%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	17%	
Lower		
Q1-10		
Higher	44%	
Lower	11%	
Q4-09		
Higher		
Lower	22%	
Future Price Increases		
Q2-10		
Faster than Inflation	17%	
Slower than Inflation	50%	
Q1-10		
Faster than Inflation	11%	
Slower than Inflation	89%	50%
Q4-09		
Faster than Inflation		
Slower than Inflation	100%	50%

Tampa-St. Petersburg

Cap rates in the Tampa-St. Petersburg area are, on average, equal to that of the state, and range from 8.0% (**Apartments**) to 12.2% (**Condo Conversion**).

Cap rate changes were mixed over the past quarter across property types, with the largest changes occurring in **Warehouse** (-0.47% change) and **Flex Space** (+0.42% change).

Cap rate outlooks indicate that rates are expected to remain stable across most property types in the next quarter.

Required yields for Tampa-St. Petersburg are slightly higher, on average, than that of the state, 12.54% compared to 12.51% statewide.

Required yields are highest for **Condo Conversion** at 20.4% and lowest for **Office: Class A** at 10.7%.

Required yields increased across most property types last quarter. The largest shifts in required yields occurred in **Condo Conversions** (+3.44% change) and **Free Standing Retail** (+1.93% change). The largest decline occurred in **Retail – Large** (-0.85% change).

The investment outlook is neutral to positive across property types, with the most positive outlook occurring in **Apartments** and the most negative outlook is in **Condo Conversions**.

The outlook for **Land Development** appears to be neutral to negative for all land classifications with the exception of **Land with Residential Entitlements** which has an outlook of neutral to positive.

Future occupancy is expected to remain stable for all property types except **Free Standing Retail** which is expected to decline further.

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

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	8.0	12.2	8.8	9.7	8.5	9.4	8.8	8.5	9.6	8.6
Percent Expecting Rise	9%					33%	18%	17%	10%	
Percent Expecting Fall	55%		25%	17%	33%	11%	27%	17%	20%	
Q1-10										
Cap Rate	8.0	11.7	9.2	9.2	8.6	9.1	9.0	8.4	9.8	8.4
Percent Expecting Rise	10%		22%	22%	13%	38%	20%	21%	33%	50%
Percent Expecting Fall	10%		33%	33%	25%	15%	20%	14%		
Q4-09										
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%	
Yields										
Q2-10										
Yield	10.9	20.4	12.0	13.7	10.7	12.1	10.8	11.2	12.6	10.9
Percent Expecting Rise	22%	33%	25%	17%	44%	22%	30%	20%	13%	
Percent Expecting Fall	44%		38%	17%	22%	11%	30%	30%	13%	100%
Q1-10										
Yield	10.6	17.0	12.4	12.4	9.5	11.2	11.6	11.8	12.8	9.0
Percent Expecting Rise	11%		50%	50%	43%	27%	20%	17%	33%	33%
Percent Expecting Fall			38%	38%	29%	27%		8%		
Q4-09										
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%	
Investment Outlook										
Q2-10										
Fair to Good	81%	20%	45%	50%	57%	50%	53%	54%	58%	
Bad to Poor		60%	9%		14%	21%	7%	8%	25%	
Q1-10										
Fair to Good	80%		64%	33%	64%	29%	40%	59%	21%	43%
Bad to Poor			9%		9%	29%	30%	29%	43%	14%
Q4-09										
Fair to Good	71%	33%	73%	50%	53%	41%	22%	63%	32%	33%
Bad to Poor	5%	33%	18%	10%	12%	29%	33%		26%	

Table 10b

Outlook for Land Development

Tampa-St Pete	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	25%	42%	27%	20%	25%	31%
Bad to Poor	47%	29%	45%	40%	33%	31%
Q1-10						
Fair to Good	22%	36%	20%	20%	25%	34%
Bad to Poor	56%	45%	53%	50%	45%	39%
Q4-09						
Fair to Good	23%	32%	31%	21%	27%	29%
Bad to Poor	49%	42%	52%	55%	43%	31%

Table 10c

Investors by Property Type

Tampa-St Pete	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10														
Private Buyers	57%	86%		31%	60%	45%	83%	14%	71%		27%	31%	83%	100%
R.E. Companies	29%			25%	20%			14%	14%		20%	15%	17%	
REITs				19%		18%	17%	29%	14%		33%	38%		
Institutions				25%		27%		29%			13%	8%		
Foreign Buyers	14%	14%			20%	9%		14%			7%	8%		
Q1-10														
Private Buyers	88%	56%		67%	33%	36%	67%		76%		10%	24%	86%	100%
R.E. Companies	6%	11%		33%	67%	9%	22%	18%	12%		20%	35%	14%	
REITs		11%				27%		27%	6%		40%	29%		
Institutions						27%	11%	27%	6%		20%	6%		
Foreign Buyers	6%	22%						27%			10%	6%		
Q4-09														
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%			

Table 10d

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-10										
Higher	38%		42%	30%	45%	24%	20%	18%	14%	14%
Lower			25%	40%	36%	35%	40%	35%	71%	14%
Q1-10										
Higher	38%		42%	30%	45%	24%	20%	18%	14%	14%
Lower			25%	40%	36%	35%	40%	35%	71%	14%
Q4-09										
Higher	50%		18%	10%	29%	20%	13%	27%	33%	17%
Lower	9%		18%	10%	29%	13%	25%	40%	33%	33%
Rental Rate Increases										
Q2-10										
Faster than Inflation			17%	10%	9%					
Slower than Inflation	46%	75%	42%	60%	55%	76%	70%	76%	86%	57%
Q1-10										
Faster than Inflation			17%	10%	9%					
Slower than Inflation	46%	75%	42%	60%	55%	76%	70%	76%	86%	57%
Q4-09										
Faster than Inflation			9%	10%	6%			7%	6%	
Slower than Inflation	55%	50%	73%	80%	65%	80%	88%	80%	83%	83%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	44%	22%
Lower		11%
Q1-10		
Higher	44%	22%
Lower		11%
Q4-09		
Higher	20%	31%
Lower	15%	8%
Future Price Increases		
Q2-10		
Faster than Inflation	6%	11%
Slower than Inflation	56%	78%
Q1-10		
Faster than Inflation	6%	11%
Slower than Inflation	56%	78%
Q4-09		
Faster than Inflation	5%	14%
Slower than Inflation	80%	79%

Sarasota-Bradenton

Cap rates in the Sarasota-Bradenton area are, on average, higher (0.12 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 12.3% (**Condo Conversion**).

Cap rates increased across most property types in the last quarter, with the largest changes occurring in **Flex Space** (+0.81% change) and **Condo Conversions** (+0.80% change).

Cap rates are expected to remain stable in the next quarter for all property types except Apartments where cap rates are expected to decline.

Required yields for Sarasota-Bradenton are, on average, lower than that of the state, 11.23% compared to 12.51% statewide.

Required yields are highest for **Condo Conversion** at 19.1% and lowest for **Office: Class A** at 9.4%.

Required yields have decreased dramatically this quarter across most property types. The largest shifts occurred in **Warehouse** (-2.98% change), **Retail – Large** (-3.45% change) and **Neighborhood Centers** (-3.24% change).

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

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

Future occupancy is expected to remain stable over the next quarter for most property types. Occupancy in **Warehouse** is expected to decline and occupancy in **Strip Centers** is expected to increase.

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

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates												
Q2-10												
Cap Rate	8.2	12.3	8.9	9.8		8.6	9.5		8.9	8.6	9.7	8.8
Percent Expecting Rise			33%	33%			50%			25%		17%
Percent Expecting Fall	75%						17%		33%	25%		33%
Q1-10												
Cap Rate	7.8	11.5	9.0	9.0		8.4	8.8		8.7	8.1	9.5	8.2
Percent Expecting Rise			33%	33%			27%				22%	20%
Percent Expecting Fall	20%											
Q4-09												
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%			
Yields												
Q2-10												
Yield	9.6	19.1	10.7	12.4		9.4	10.8		9.5	9.9	11.3	9.6
Percent Expecting Rise		50%		33%		50%	17%		50%	33%		17%
Percent Expecting Fall	50%			33%		50%			50%	67%		33%
Q1-10												
Yield	11.9	18.3	13.7	13.7		10.8	12.5		12.9	13.1	14.1	10.3
Percent Expecting Rise			33%	33%			33%				13%	25%
Percent Expecting Fall			33%	33%		100%	11%			20%	13%	
Q4-09												
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%			
Investment Outlook												
Q2-10												
Fair to Good	100%		75%				44%			75%	20%	100%
Bad to Poor							22%				20%	
Q1-10												
Fair to Good	60%		17%	50%			27%			83%	33%	80%
Bad to Poor			33%	17%			18%				22%	20%
Q4-09												
Fair to Good	67%			67%		75%	56%			75%	56%	56%
Bad to Poor	17%					25%						11%

Table 11b

Outlook for Land Development

Sarasota-Bradenton	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	26%	30%	22%	13%	17%	30%
Bad to Poor	52%	26%	43%	30%	39%	26%
Q1-10						
Fair to Good	18%	39%	18%	4%	7%	18%
Bad to Poor	46%	29%	50%	54%	46%	25%
Q4-09						
Fair to Good	25%	38%	28%	16%	25%	31%
Bad to Poor	56%	34%	47%	47%	41%	25%

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
Q2-10													
Private Buyers	100%	100%		60%	100%	100%	100%	33%	67%	33%	75%	100%	75%
R.E. Companies				20%					33%				25%
REITs				20%						33%			
Institutions													
Foreign Buyers								67%		33%	25%		
Q1-10													
Private Buyers	100%	100%		100%	100%	83%	67%		82%		17%	100%	80%
R.E. Companies									9%		67%		20%
REITs										100%	17%		
Institutions						17%	33%		9%				
Foreign Buyers								100%					
Q4-09													
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%											

Table 11d

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy												
Q2-10												
Higher	20%			17%						17%	22%	
Lower			17%				45%				33%	20%
Q1-10												
Higher	20%			17%						17%	22%	
Lower			17%				45%				33%	20%
Q4-09												
Higher	17%					25%	22%			25%	22%	14%
Lower	17%		100%	33%		25%	44%		100%	50%	44%	
Rental Rate Increases												
Q2-10												
Faster than Inflation												
Slower than Inflation	40%	50%	83%	67%			91%	50%	83%	89%	80%	
Q1-10												
Faster than Inflation												
Slower than Inflation	40%	50%	83%	67%			91%	50%	83%	89%	80%	
Q4-09												
Faster than Inflation												
Slower than Inflation	83%	75%		67%	75%	78%		100%	100%	78%	57%	

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	63%	29%
Lower		14%
Q1-10		
Higher	63%	29%
Lower		14%
Q4-09		
Higher	27%	14%
Lower	27%	29%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	75%	86%
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	86%
Q4-09		
Faster than Inflation		14%
Slower than Inflation	91%	86%

Jacksonville

Cap rates in Jacksonville are, on average, lower (0.24 percentage points) than that of the state, and range from 7.8% (**Apartments**) to 11.9% (**Condo Conversion**).

Cap rates have decreased across all property types, with the largest decrease occurring in **Warehouse** (-0.99% change) and **Retail-Large** (-0.76% change).

Expectations for cap rate changes are mixed across property types over the next quarter. Respondents indicated declining cap rates in **Flex Space** and **Office: Class A** while increasing cap rates in **Condo Conversions**.

Required yields for Jacksonville are, on average, lower than that of the state, 12.29% compared to 12.51% statewide.

Required yields are highest for **Condo Conversion** at 20.2% and lowest for **Office: Class A and Retail - Large** at 10.5%.

Required yields have decreased across most property types this quarter with the largest decreases occurring in **Retail Large** (-2.35% change) and **Neighborhood Centers** (-2.14% change). The largest increase occurred in **Condo Conversions** (+1.94% change).

The investment outlook is mixed to positive across all property types this quarter. The most positive outlook for investment occurs in **Neighborhood Centers** and **Retail - Large**.

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

Future occupancy is expected to remain stable across the majority of property types. Respondents expect occupancy to increase in **Flex Space**.

Rental rates are expected to lag inflation across most property types with the exception of **Flex Space** where the outlook is more positive.

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

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	7.8	11.9	8.6	9.4	8.2	9.1	8.6	8.3	9.4	8.4
Percent Expecting Rise	17%	100%				20%		29%	22%	40%
Percent Expecting Fall	50%		33%	60%	60%	10%		14%	11%	
Q1-10										
Cap Rate	8.3	12.0	9.5	9.5	8.9	9.4	9.3	8.7	10.1	8.7
Percent Expecting Rise	20%		50%	50%		25%		11%	31%	25%
Percent Expecting Fall	20%		25%	25%	33%	17%		22%	15%	
Q4-09										
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%
Yields										
Q2-10										
Yield	10.7	20.2	11.8	13.5	10.5	11.9	10.5	10.9	12.4	10.6
Percent Expecting Rise	20%	100%	33%		40%	22%	25%	29%	25%	40%
Percent Expecting Fall	40%		33%	50%	20%	11%		14%	13%	
Q1-10										
Yield	11.9	18.2	13.7	13.7	10.8	12.5	12.9	13.1	14.0	10.2
Percent Expecting Rise			25%	25%		20%			31%	33%
Percent Expecting Fall			25%	25%	100%	20%			15%	
Q4-09										
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%	
Investment Outlook										
Q2-10										
Fair to Good	50%		50%	50%	25%	14%	60%	83%	9%	25%
Bad to Poor			17%		13%	29%			55%	
Q1-10										
Fair to Good	88%		63%	67%	100%	29%		56%	8%	50%
Bad to Poor						7%		22%	54%	
Q4-09										
Fair to Good	79%		25%		80%	14%	60%	57%	17%	25%
Bad to Poor	7%		38%			43%		14%	42%	25%

Table 12b

Outlook for Land Development

Jacksonville	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	16%	19%	13%	3%	16%	19%
Bad to Poor	65%	45%	52%	61%	45%	55%
Q1-10						
Fair to Good	16%	24%	14%	8%	19%	19%
Bad to Poor	62%	54%	54%	62%	49%	49%
Q4-09						
Fair to Good	11%	22%	8%	8%	16%	24%
Bad to Poor	57%	35%	43%	65%	30%	41%

Table 12c

Investors by Property Type

Jacksonville	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R &	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10														
Private Buyers	88%	75%			50%	20%	75%		14%	93%	20%	17%	80%	50%
R.E. Companies	13%			50%	50%	20%			29%		20%	17%	20%	25%
REITs				38%		20%	25%		14%	7%	20%	67%		25%
Institutions				13%		40%			43%		40%			
Foreign Buyers		25%												
Q1-10														
Private Buyers	91%	75%		38%		25%	67%			93%	33%	22%	85%	75%
R.E. Companies	9%	25%		38%	100%	13%			25%	7%	33%	44%	15%	
REITs				25%		13%	17%		25%		33%	22%		
Institutions						38%	17%		25%					25%
Foreign Buyers						13%			25%			11%		
Q4-09														
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%			

Table 12d

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q2-10										
Higher	50%		38%		50%	7%	33%	22%	8%	25%
Lower			13%	17%		21%	67%	44%	54%	13%
Q1-10										
Higher	50%		38%		50%	7%	33%	22%	8%	25%
Lower			13%	17%		21%	67%	44%	54%	13%
Q4-09										
Higher	54%		38%		25%			23%	8%	25%
Lower	8%		25%		50%	43%	80%	46%	67%	
Rental Rate Increases										
Q2-10										
Faster than Inflation	13%									
Slower than Inflation	50%		88%	67%	25%	86%	67%	67%	85%	100%
Q1-10										
Faster than Inflation	13%									
Slower than Inflation	50%		88%	67%	25%	86%	67%	67%	85%	100%
Q4-09										
Faster than Inflation	8%									
Slower than Inflation	50%		88%		100%	100%	100%	100%	92%	75%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	45%	
Lower	9%	50%
Q1-10		
Higher	45%	
Lower	9%	50%
Q4-09		
Higher	33%	
Lower		33%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	73%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	73%	100%
Q4-09		
Faster than Inflation	8%	
Slower than Inflation	92%	100%

Gainesville-Ocala

Cap rates in Gainesville-Ocala are, on average, higher (0.93 percentage points) than that of the state, and range from 8.9% (**Apartments**) to 13.0% (**Condo Conversion**).

Cap rates increased for all property types over the last quarter, with the largest changes occurring in **Condo Conversion** (+0.93% change) and **Flex Space** (+0.94% change).

Cap rates are expected to stabilize over the next quarter for all property types.

Required yields for Gainesville-Ocala are, on average, significantly higher than that of the state, 16.99% compared to 12.51% statewide.

Required yields are highest for **Condo Conversions** at 24.7% and lowest for **Office: Class A and Retail-Large** at 15.0%.

Required yields increased significantly over the past quarter for all property types. The largest increases occurred in **Condo Conversions** (+7.45% change) and **Flex Space** (+5.35% 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 B**.

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

Future occupancy expectations are mixed across available property types. The strongest indications of future occupancy increases occur in **Apartments and Neighborhood Centers** while the largest decreases occur in **Condo Conversions 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 increase for **Single Family Development** and remain neutral for **Condominium Development**.

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

Table 13a

Gainesville-Ocala	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
Cap Rates												
Q2-10												
Cap Rate	8.9	13.0	9.7	10.6	9.4	10.3		9.7	9.4	10.5		
Percent Expecting Rise	25%		25%		25%				50%			
Percent Expecting Fall	50%				25%			50%				
Q1-10												
Cap Rate	8.4	12.1	9.6	9.6	9.0	9.4		9.4	8.7	10.1		
Percent Expecting Rise			33%	33%						50%		
Percent Expecting Fall	33%				50%			33%		50%		
Q4-09												
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%				
Yields												
Q2-10												
Yield	15.2	24.7	16.3	18.0	15.0	16.4		15.0	15.5	16.9		
Percent Expecting Rise												
Percent Expecting Fall	75%				33%			100%		25%		
Q1-10												
Yield	10.9	17.2	12.7	12.7	9.8	11.5		11.9	12.1	13.0		
Percent Expecting Rise			33%	33%						100%		
Percent Expecting Fall	33%				50%							
Q4-09												
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%		
Investment Outlook												
Q2-10												
Fair to Good	71%		50%		60%	71%				50%		
Bad to Poor										33%		
Q1-10												
Fair to Good	80%					25%						
Bad to Poor												
Q4-09												
Fair to Good	67%		60%		67%	50%				57%		
Bad to Poor	17%		40%		17%	13%				14%		

Table 13b

Outlook for Land Development

Gainesville-Ocala	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	17%	33%	11%	17%	28%	28%
Bad to Poor	33%	33%	28%	22%	17%	28%
Q1-10						
Fair to Good	7%	27%	7%	13%	20%	27%
Bad to Poor	60%	47%	40%	40%	27%	40%
Q4-09						
Fair to Good	13%	21%	33%	21%	25%	21%
Bad to Poor	58%	50%	38%	46%	42%	42%

Table 13c

Investors by Property Type

Gainesville-Ocala	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10													
Private Buyers	100%	100%		71%	33%	75%	33%	60%	86%	67%	33%	67%	
R.E. Companies				14%	33%	25%	67%	20%		33%	33%		
REITs													17%
Institutions				14%				20%	14%		33%		17%
Foreign Buyers					33%								
Q1-10													
Private Buyers	100%	50%		80%		33%	100%	33%	100%	67%	100%	100%	
R.E. Companies		50%		20%	100%			33%					
REITs						67%		33%		33%			
Institutions													
Foreign Buyers													
Q4-09													
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%								

Table 13d

Gainesville-Ocala	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
Future Occupancy												
Q2-10												
Higher	75%	100%			33%			33%				
Lower			33%	33%	33%					67%		
Q1-10												
Higher	75%	100%			33%			33%				
Lower			33%	33%	33%					67%		
Q4-09												
Higher	14%		40%		17%			33%		14%		
Lower			60%	50%	67%	13%			100%	29%		
Rental Rate Increases												
Q2-10												
Faster than Inflation	25%											
Slower than Inflation	75%	100%	67%	100%	33%	75%	33%			100%		
Q1-10												
Faster than Inflation	25%											
Slower than Inflation	75%	100%	67%	100%	33%	75%	33%			100%		
Q4-09												
Faster than Inflation												
Slower than Inflation	57%		80%	100%	67%	75%	67%		100%	86%	100%	

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	75%	50%
Lower		
Q1-10		
Higher	75%	50%
Lower		
Q4-09		
Higher	44%	
Lower	11%	50%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	100%	75%
Q1-10		
Faster than Inflation		
Slower than Inflation	100%	75%
Q4-09		
Faster than Inflation		
Slower than Inflation	67%	50%

Pensacola-Tallahassee

Cap rates for property types in Pensacola-Tallahassee are, on average, lower (0.38 percentage points) than that of the state, and range from 8.0% (**Apartments**) to 9.6% (**Strip Centers, Flex Space**).

Cap rates have decreased for all available property types over the past quarter. The largest cap rate movements occurred in **Warehouse** (-0.80% change) and **Retail-Large** (-0.56% change).

Cap rates are expected to remain stable across available property types with the exception of **Warehouse** which is expected to increase.

Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 11.96% compared to 12.51% statewide.

Required yields are highest for **Flex Space** at 14.0% and lowest for **Office: Class A** at 11.0%.

Required yields have decreased dramatically for all property types over the past quarter. The largest shifts occurred in **Retail-Large** (-2.74% change) and **Neighborhood Centers** (-2.53% change).

For available property types, the investment outlook is neutral.

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

Future occupancy expectations are mixed across property types. The strongest indication of an expected decrease in occupancy over the next quarter occurs in **Retail-Large and Strip Centers** while the strongest indication of increased occupancy occurs in **Office: Class A**.

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

Future absorption rates are neutral for both **Single Family** and **Condominium Development**.

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

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q2-10										
Cap Rate	8.0		8.7	9.6	8.4	9.3	8.7	8.5	9.6	8.6
Percent Expecting Rise	17%		100%	25%		38%				33%
Percent Expecting Fall				50%		25%			40%	
Q1-10										
Cap Rate	8.3		9.5	9.5	8.9	9.4	9.3	8.7	10.1	8.7
Percent Expecting Rise	50%				33%	33%		14%	43%	
Percent Expecting Fall										
Q4-09										
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%					
Yields										
Q2-10										
Yield	11.2		12.3	14.0	11.0	12.4	11.1	11.5	12.9	11.2
Percent Expecting Rise	20%		100%	25%		38%	100%			33%
Percent Expecting Fall				75%		13%			25%	
Q1-10										
Yield	12.8		14.6	14.6	11.7	13.4	13.8	14.0	15.0	11.1
Percent Expecting Rise	50%				33%	29%		33%	43%	
Percent Expecting Fall					33%					
Q4-09										
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%	
Investment Outlook										
Q2-10										
Fair to Good	40%					27%			17%	
Bad to Poor						18%			17%	
Q1-10										
Fair to Good					20%	14%		57%	17%	
Bad to Poor					20%	43%		14%	50%	
Q4-09										
Fair to Good	71%				25%	17%		67%	38%	
Bad to Poor					25%	17%			38%	

Table 14b

Outlook for Land Development

Pensacola to Tallahassee	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q2-10						
Fair to Good	5%	15%	10%	15%	20%	15%
Bad to Poor	60%	60%	65%	65%	65%	75%
Q1-10						
Fair to Good	23%	27%	18%	9%	9%	23%
Bad to Poor	68%	55%	59%	64%	64%	55%
Q4-09						
Fair to Good	26%	17%	9%	4%	17%	22%
Bad to Poor	43%	35%	48%	65%	43%	43%

Table 14c

Investors by Property Type

Pensacola to Tallahassee	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q2-10													
Private Buyers	89%	100%	80%		100%	67%		100%		100%	50%	100%	100%
R.E. Companies							100%				50%		
REITs						33%							
Institutions	11%												
Foreign Buyers			20%										
Q1-10													
Private Buyers	83%	86%	33%			100%	40%	100%			43%	100%	100%
R.E. Companies	17%		33%				40%				29%		
REITs			33%							100%	14%		
Institutions													
Foreign Buyers		14%					20%				14%		
Q4-09													
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													

Table 14d

Pensacola to Tallahassee	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
Future Occupancy											
Q2-10											
Higher						13%			29%	14%	
Lower					67%	25%		100%	29%	43%	50%
Q1-10											
Higher						13%			29%	14%	
Lower					67%	25%		100%	29%	43%	50%
Q4-09											
Higher	33%					13%					50%
Lower				33%	100%	38%		100%	71%	57%	
Rental Rate Increases											
Q2-10											
Faster than Inflation											
Slower than Inflation	40%			100%		100%		100%	71%	100%	100%
Q1-10											
Faster than Inflation											
Slower than Inflation	40%			100%		100%		100%	71%	100%	100%
Q4-09											
Faster than Inflation											
Slower than Inflation	83%	100%	100%	67%		100%		100%	100%	86%	100%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q2-10		
Higher	33%	29%
Lower		43%
Q1-10		
Higher	33%	29%
Lower		43%
Q4-09		
Higher	40%	17%
Lower	10%	33%
Future Price Increases		
Q2-10		
Faster than Inflation		
Slower than Inflation	75%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation	89%	100%