

Survey of Emerging Market Conditions

Quarter 3 2010

Published October 27, 2010

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the September 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

Uncertainty continues to be the main theme in the 3rd Quarter survey results. While the outlook for fundamentals has improved again this quarter there is a tremendous amount of apprehension in the market due to government and economic forces.

The high unemployment rate in the state continues to limit any positive growth in real estate markets. The unemployment rate reached 11.7% in August, an increase over the last quarter and significantly higher than the national average, ranking Florida as the fifth highest unemployment state in the country. Without a robust growth in employment, fundamentals will continue to be challenged in all property types as consumers restrict spending.

Government forces are also having a profound impact on market uncertainty. On a national level, the outcome of the November elections will provide a better understanding of the direction of the economy. The results will effect Congress' decision of the extension or expiration of the Bush era tax cuts, current government spending and a host of other issues that are currently preventing companies from hiring and expanding. On a state level, the outcome of the vote on Amendment 4 will have profound effect on this industry. Respondents are extremely worried about passage which, in their opinion, will have an adverse impact on Florida's economy for a long period of time. Certainly any actions that add to an already extended time frame to develop property will put Florida at a greater competitive disadvantage to other states in attracting businesses and jobs to the state. A lack of growth will only add pressure to local government finances as property values remain low causing property tax revenues to remain low. This puts undue pressure on local governments to raise taxes to support services, further exacerbating the economic conditions.

Despite these uncertainties, investment in real estate continues to flow into Florida. An extensive amount of capital is competing for the few quality properties that are on the market. The result is cap rate compression to levels seen during the boom several years ago. Most of the capital is institutional funds coming from REITs, pension funds and insurance companies with the main beneficiary being the apartment market. The institutional funds along with the low interest rate loans from the GSEs and improving fundamentals are driving down cap rates and increasing pricing. There are also more indications that banks are picking up the pace in divesting themselves of problem assets which will help stabilize cap rates and return pricing to reasonable levels. As the uncertainty clears up over the next few quarters, growth will slowly return to Florida real estate.

Highlights

- The outlook for occupancy and rental rates indicates that our respondents expect improvement over the next year especially in Apartments and Retail.
- Cap rates and yields are stabilizing or decreasing across all property types. Expectations are for continued stabilization at current levels over the next year.
- The outlook for investment improved across commercial property types as respondents look to better fundamentals over the next year. The outlook for investment in residential development and land continues to be neutral to negative.
- Respondents' outlook for capital availability continues to improve with a steady rise in the expectation for capital available for development.
- Respondents' outlook on their own business continues its positive trend, reaching a similar level as the second quarter of 2008.
- 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 nineteenth fielding. The total number of participants, at 266, 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, increased slightly this quarter with respondents indicating that the outlook is mixed. Continued uncertainty with the economy and pending elections weight on respondents' view of investment, however, improved expectations for fundamentals has increased the overall outlook slightly this quarter.

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 development and pricing. The investment outlook declined for condominium development and remained steady for single family development this quarter with respondents indicating that it is a mixed time to invest.

Apartments

Expectations for occupancy increased dramatically this quarter rising to its highest level since the first quarter of 2007. More respondents now predict that occupancy will rise for apartments and condo conversions. Additionally, they believe that current occupancy levels may warrant price increases in line with inflation in the future as we see fewer concessions and more demand for apartments due to home foreclosures. The expectation for apartment investment increased significantly this quarter reaching a survey high with a majority of respondents believing it is a good time to buy. Cap rates, an indication of long term value, continued to decline this quarter with average apartment cap rates going below 7% for the first time since early 2008. Respondents believe that rates will stabilize around this level.

Industrial

The outlook for industrial occupancy declined slightly this quarter, however, most continue to believe occupancy will stabilize at current levels. The outlook for rentals rates stabilized this quarter with respondents continuing to believe that rates will lag inflation. The outlook for investment in industrial properties increased again this quarter with more respondents believing it is a good time to buy. Cap rates for warehouse properties remain stable this quarter at just below 9% while cap rates for Flex Space declined slightly to just above 9%. Most respondents believe that we will stabilize at current cap rate levels.

Office

Office occupancy expectations continued its positive trend for Class A space, rising for the fourth consecutive quarter. Occupancy expectations for Class B space declined slightly but both are expected to remain stable. The outlook for rental rates increased slightly but is still expected to continue lagging inflation. Cap rates declined this quarter for both classes and future rates are expected to stabilize at their current rate. Future improvements in the office market will be contingent on the job growth we experience of the next several quarters.

Retail

Retail occupancy expectations improved again this quarter with more respondents believing that occupancy will increase across most retail property types. The expectations for rental rates also improved, however respondents continue to believe they will lag inflation. Cap rates continue to stabilize or decline across retail property types with expectations of continued stabilization. The investment outlook in Retail continues to be relatively high in all categories as national retailers become more active in pursuing high quality locations and 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 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. 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 compressed 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 \$4.5 billion in originations through the third quarter.

Own Business Outlook

Own business outlook continued its positive trend this quarter and is now at a similar level as the second quarter of 2008. Lenders continue to lead the way as they now have the most positive outlook on their future. The developers' outlook increased significantly this quarter as the need for new product, especially in the apartment sector looks better a year from now. Continued uncertainty with employment and the political environment hold down the overall expectations for our respondents' businesses.

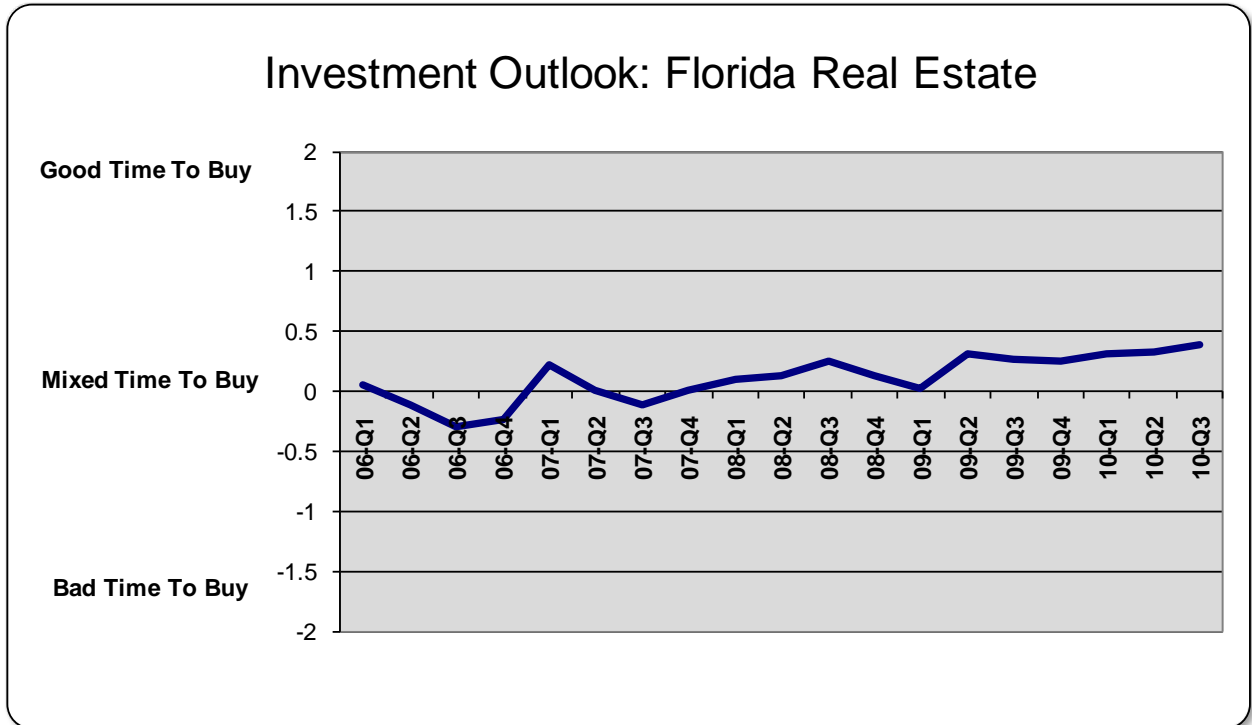
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Section 1: Investment Outlook

The investment outlook for Florida remains mixed this quarter but reached a survey high. Respondents generally believe that we have seen the bottom of the market, but continued uncertainty with the economic outlook, particularly the continued high unemployment and the looming elections put downward pressure on respondents' outlook for investment. However, expectations for improving fundamentals and significant private capital looking for investment in premium, Class A assets helped push the investment outlook to a new survey high.

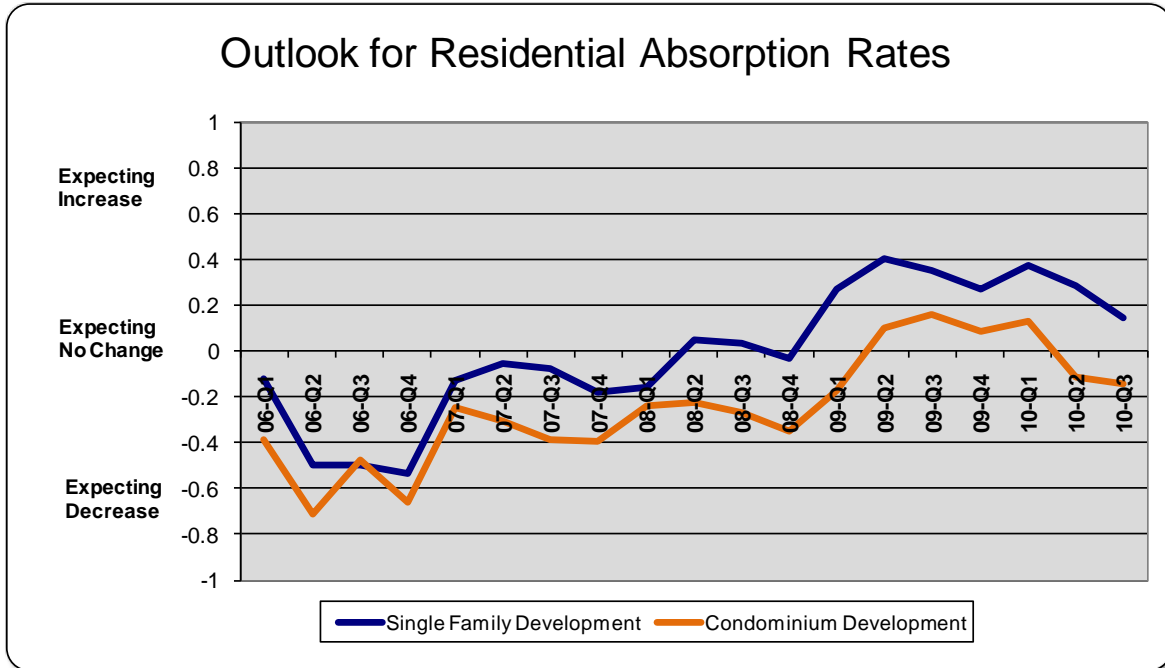


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

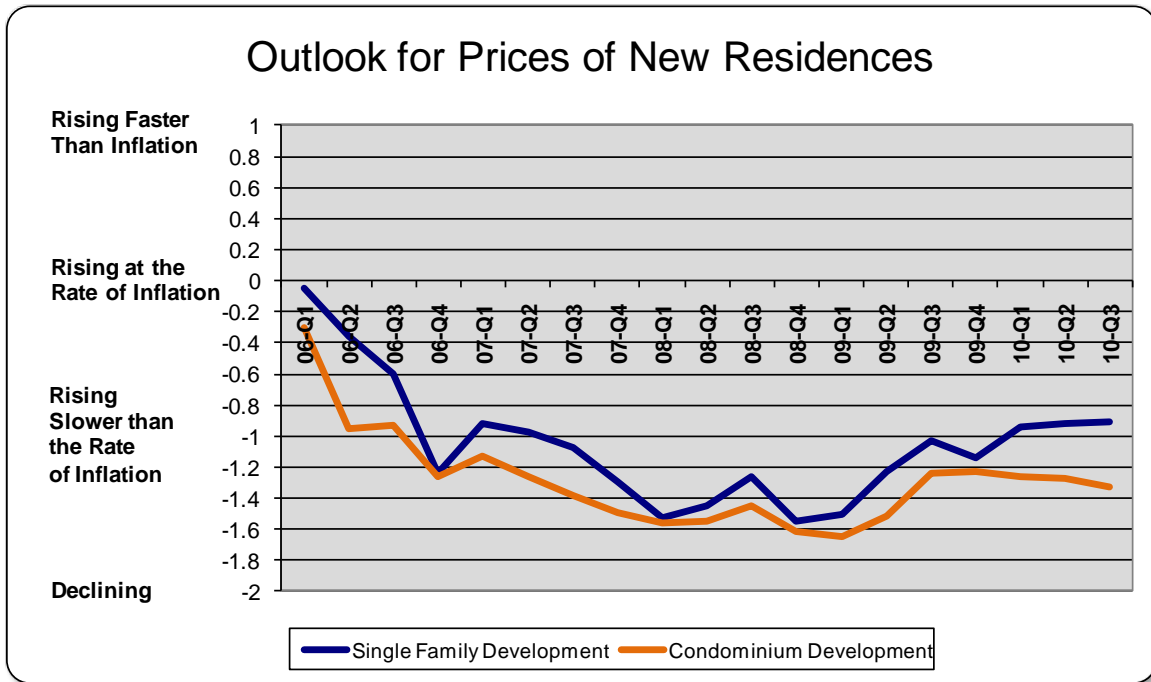
Expected Absorption Rates

Our respondents' view of new housing absorption declined again this quarter. The expiration of the government tax credit and the continued foreclosure inventory has had a significant downward effect on residential markets in general. Despite record low interest rates, continued pressure from high unemployment rates has dampened consumer sentiment towards large purchases. Additionally, extremely tight underwriting criteria for home loans prevents a large portion of consumers who are in the market to buy from qualifying for a loan.



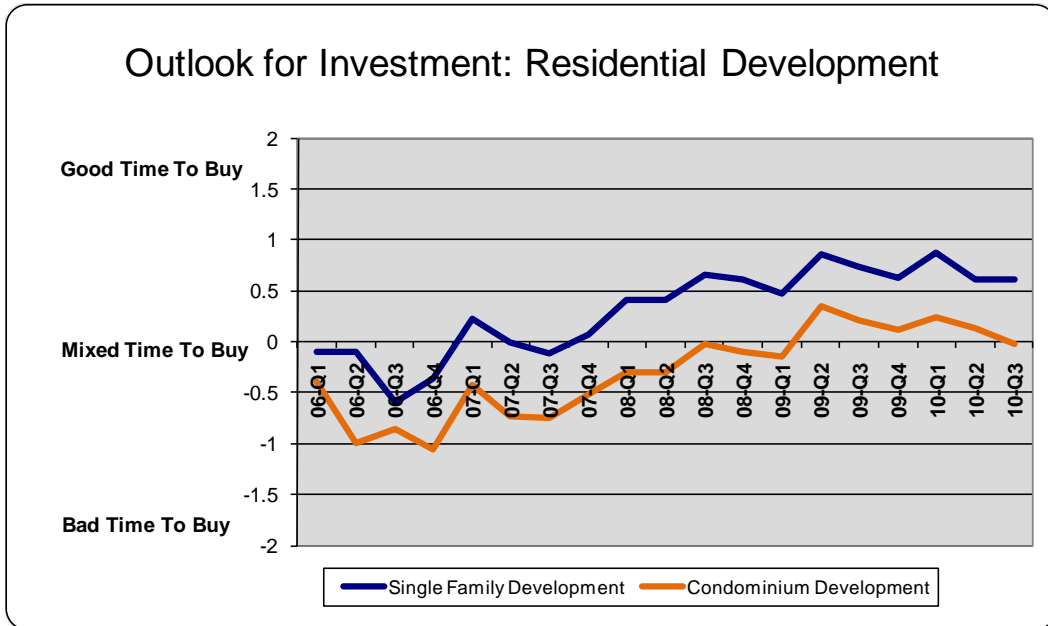
Expected Price Changes

Prices will continue to lag inflation in the future as we continue to see large numbers of foreclosures and stagnant job growth. Additional foreclosures that add to the inventory and underwriting criteria that limits the supply of eligible buyers will lead to further price declines.



Investment Outlook

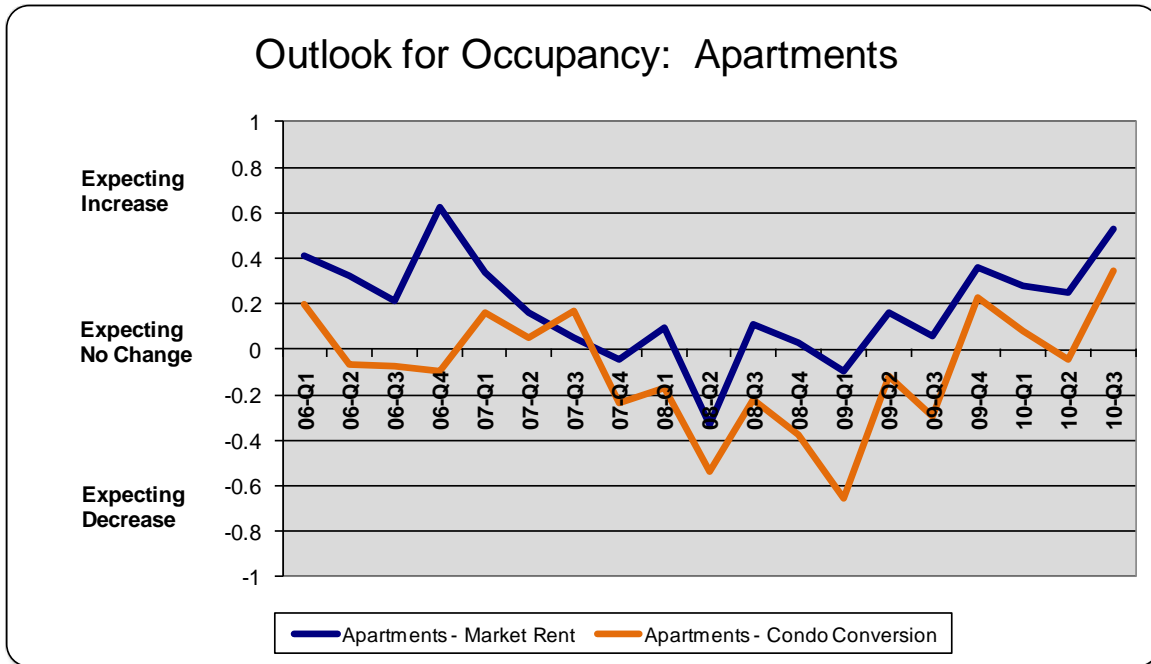
The outlook for residential investment stabilized this quarter for single family development as respondents contemplate the effects of stagnant job growth and the coming elections. Amendment 4, if passed, would increase the price of developed lots in the short term, but will definitely effect the long term growth of this segment. Additionally, continued high unemployment and the limited supply of financing for home purchase will dampen investment in the segment.



Section 3: Apartments

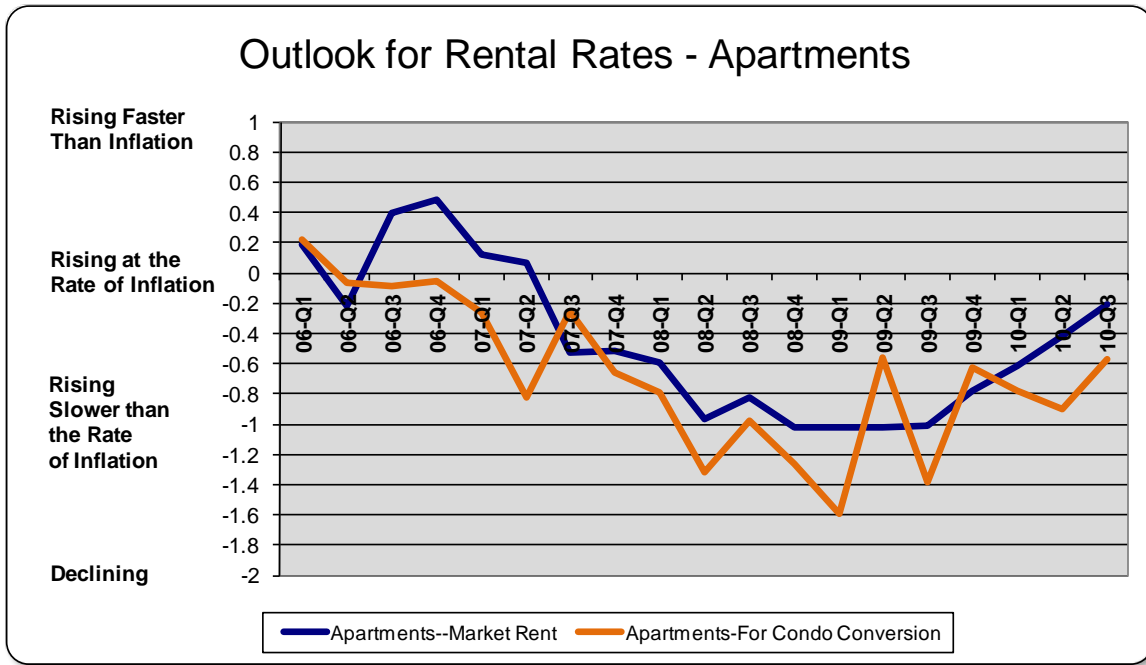
Expected Occupancy

The Apartment segment continues to be the bright spot in the survey. The outlook for apartment occupancy rose dramatically this quarter with more respondents believing that occupancy will increase over the next year. The rate of home ownership continues to drop as more people are opting or being forced to rent. Continued high unemployment will drive more foreclosures which in turn will drive higher occupancy in Apartments. However, there will continue to be pressure from shadow inventory as foreclosed single family homes and condominiums are bought by investors and added to the rental pool.



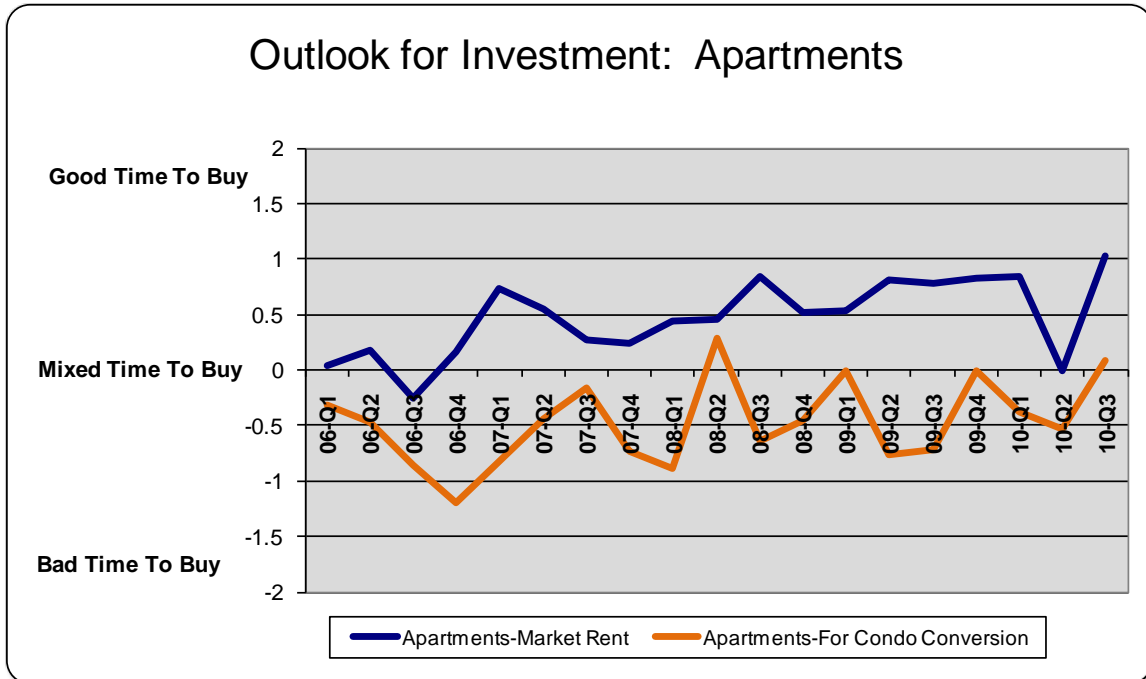
Expected Rental Rates

The outlook for rental rates of market rent apartments continues its positive move as our respondents increasingly believe that rates will keep up with inflation. With demand increasing for apartment rentals, real rents are increasing and concessions are down. 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.



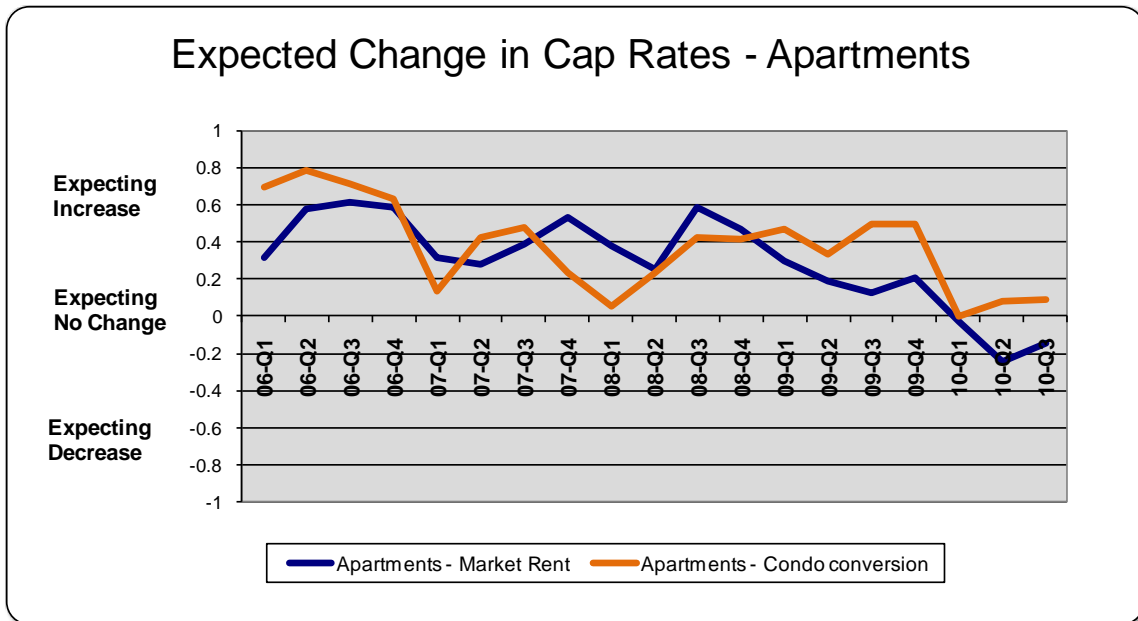
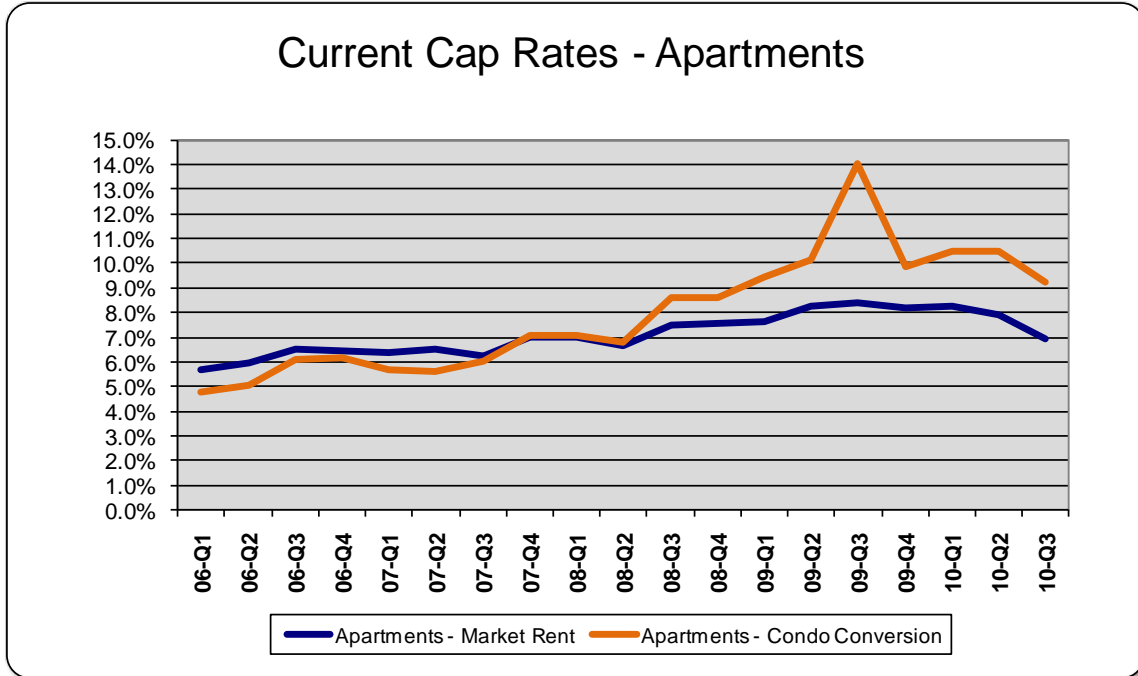
Investment Outlook

After a one quarter drop, the outlook for investment in market rate apartments took a significant positive jump, reaching a new survey high. This view is consistent with an improved outlook in fundamentals and the continued availability of extremely low cost debt financing from the GSEs. Additionally, given the improved view of the fundamentals and the availability of debt capital, there is a significant amount of equity investing in this sector.



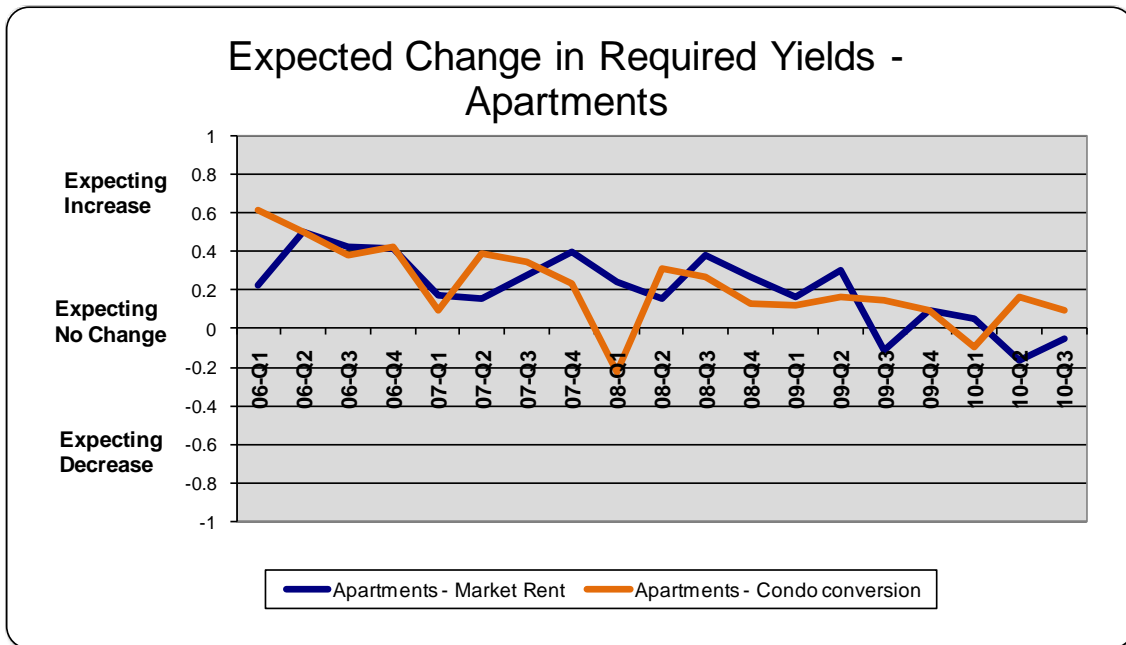
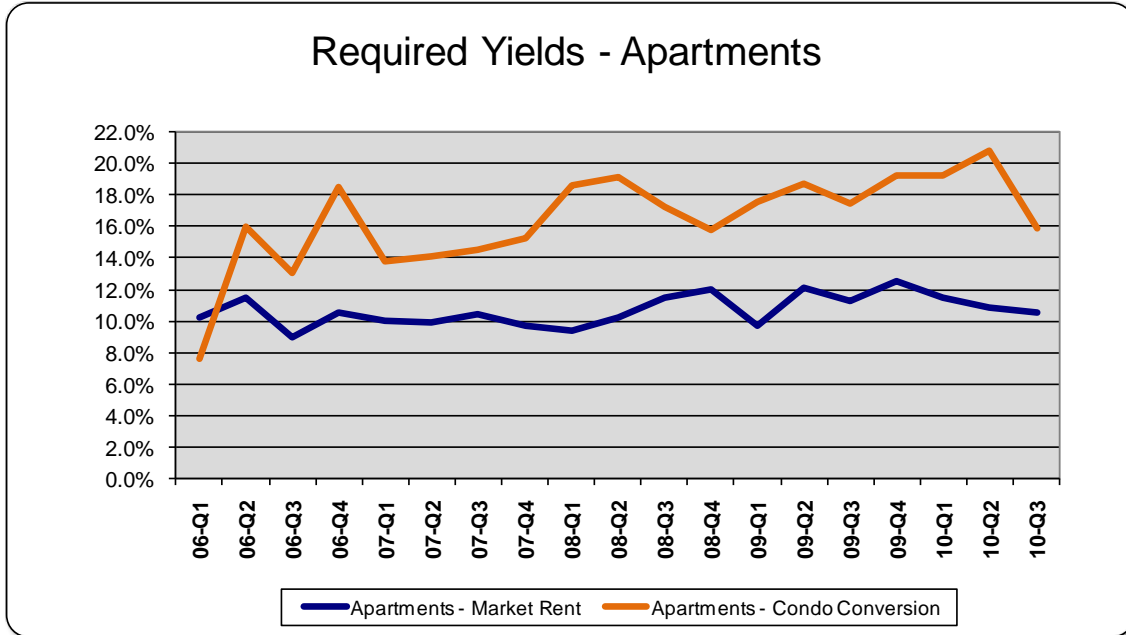
Cap Rates

Cap rates for market rent apartments declined significantly this quarter going below 7% for the first time since the second quarter of 2008. Significant capital in this sector along with improving fundamentals has driven down cap rates for performing assets. Expectations for future cap rates indicate that respondents believe this sector has stabilized.



Required Yields

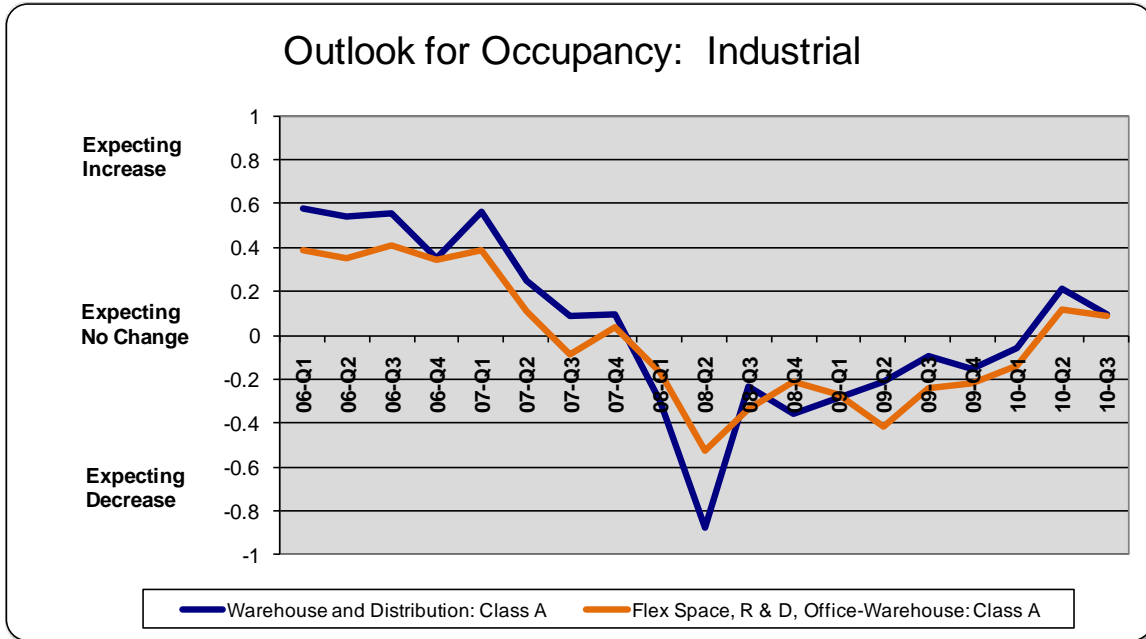
Required yields continued to decrease this quarter with respondents indicating yields close to 10%. This follows the stabilization of cap rates in this sector and also is indicative of the investment competition currently going on. With the liquidity provided by GSEs and HUD along with the improving fundamentals, more apartments are being transacted with competitive bidding from multiple investors, thus driving down yields. Required yields for condo conversion decreased significantly this quarter. Expectations for future yields changed slightly for market rent apartments but remains with most expecting no change.



Section 4: Industrial

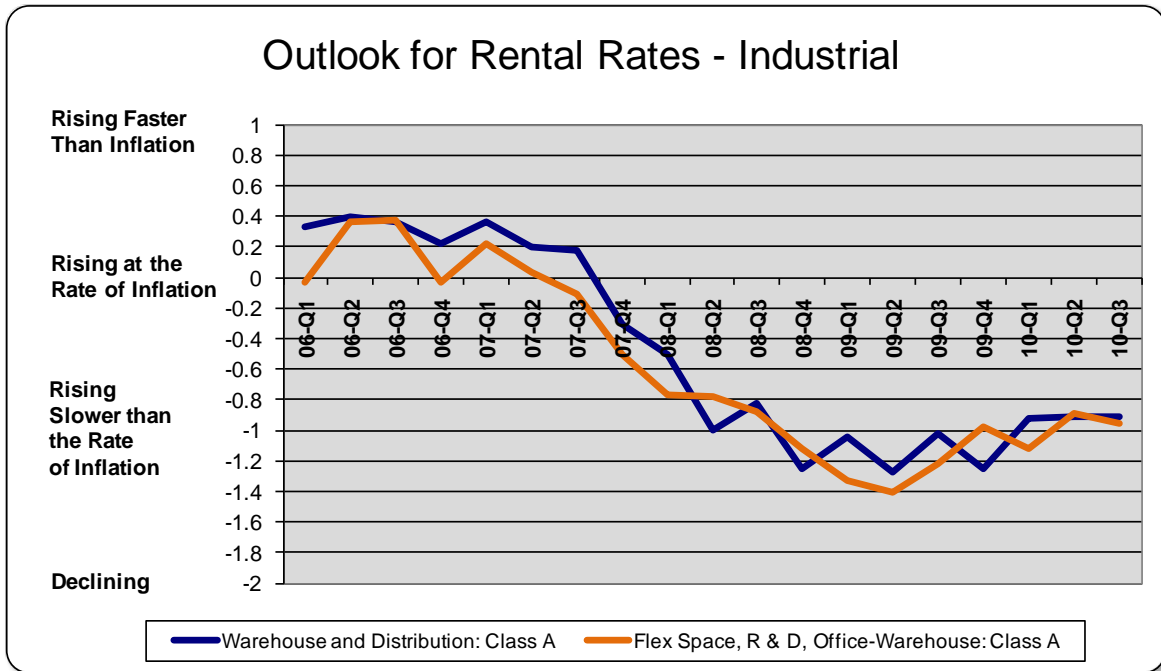
Expected Occupancy

The outlook for occupancy in both industrial segments declined slightly this quarter as respondents continue to believe that occupancy will remain stable at current levels. Unemployment and uncertainty in the political environment are preventing companies from investing in people, plant or equipment. As growth returns to the state’s economy we will see an uptick in industrial occupancy.



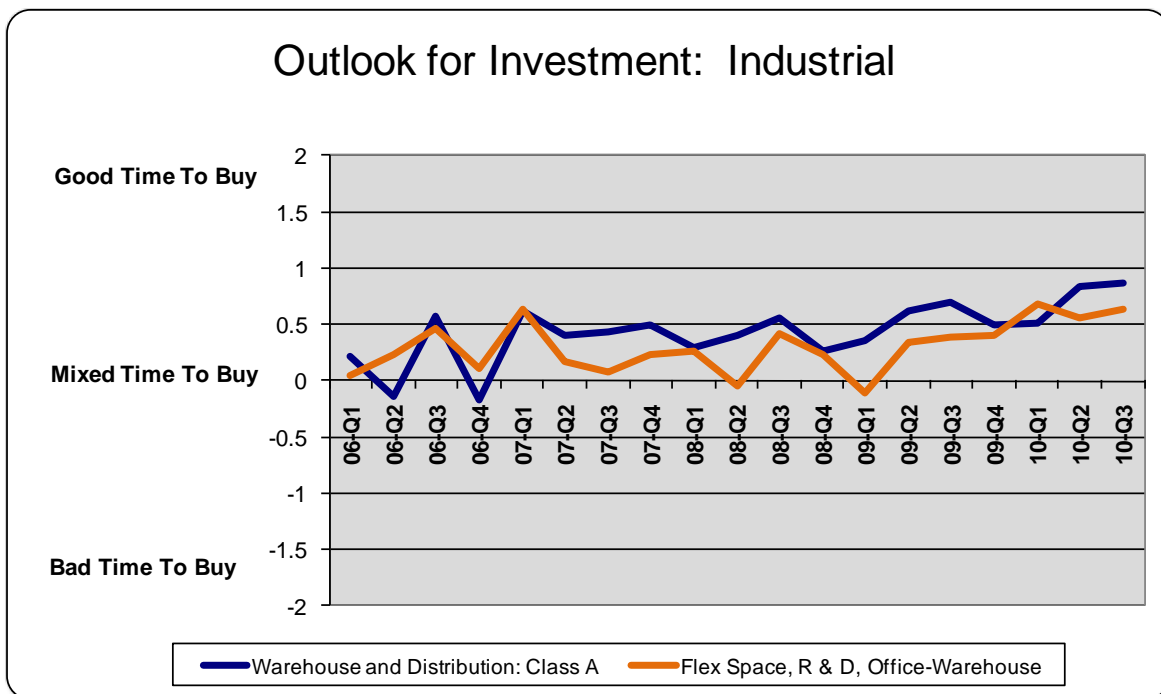
Expected Rental Rates

Expectations for rental rates stabilized this quarter with respondents continuing to believe that rental rates will lag inflation. This may change in some markets as expansions to Ports and distribution infrastructure spur additional warehouse and distribution space.



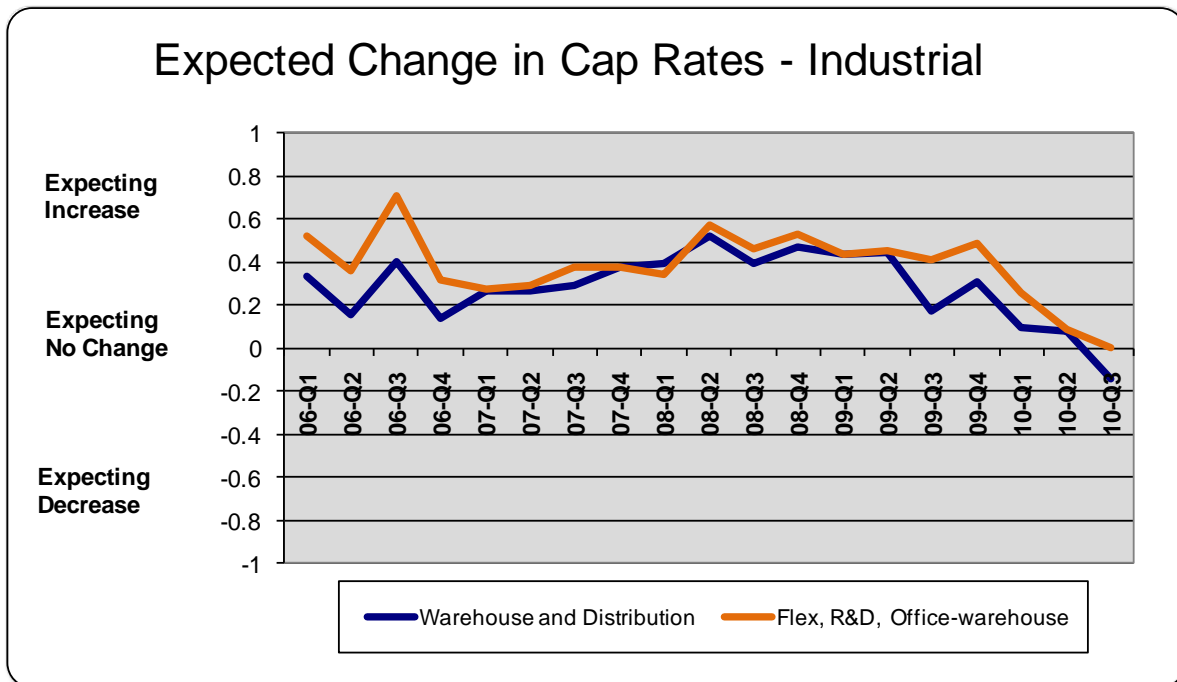
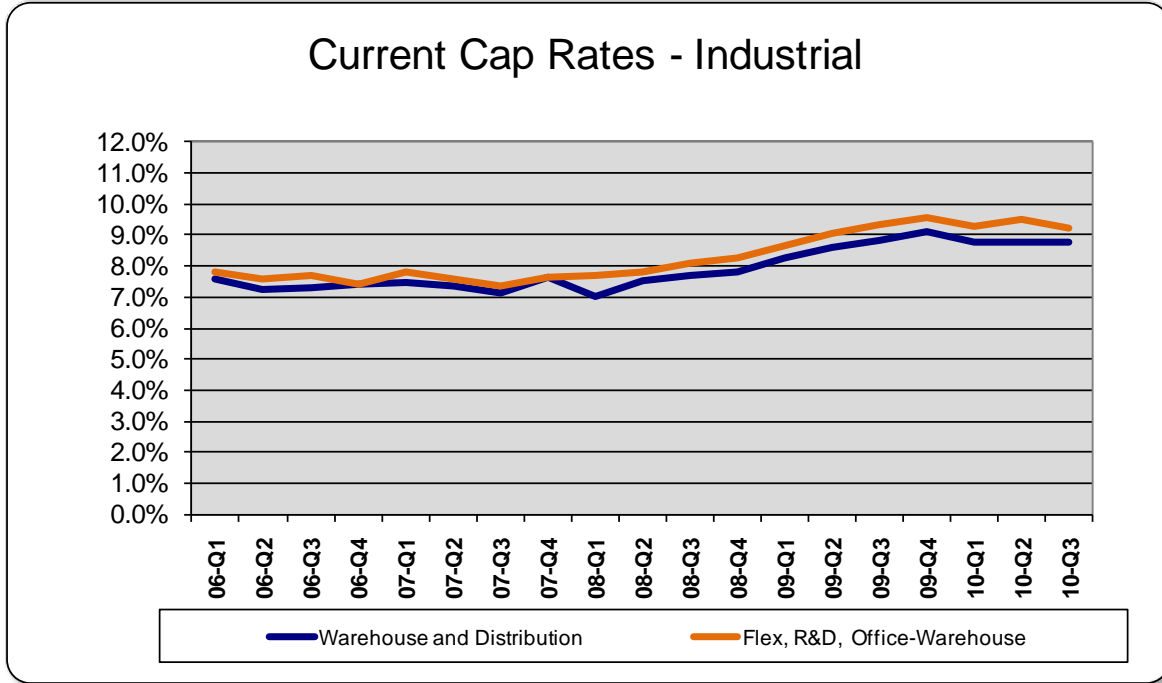
Investment Outlook

The investment outlook for warehouse and distribution facilities increased again this quarter. Capital continues to focus on this sector, particularly in South Florida, as Latin American investment has a positive impact. Pressure from unemployment and the political environment continue to hinder growth potentials but as the uncertainty clears watch for industrial investment to increase significantly.



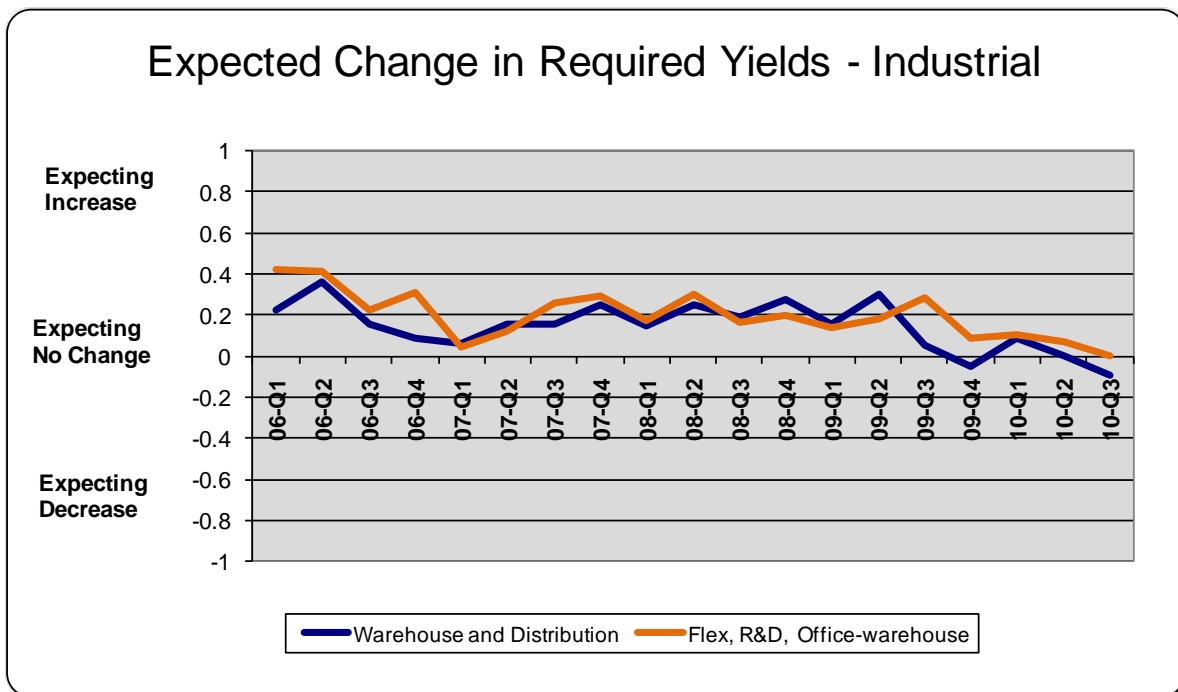
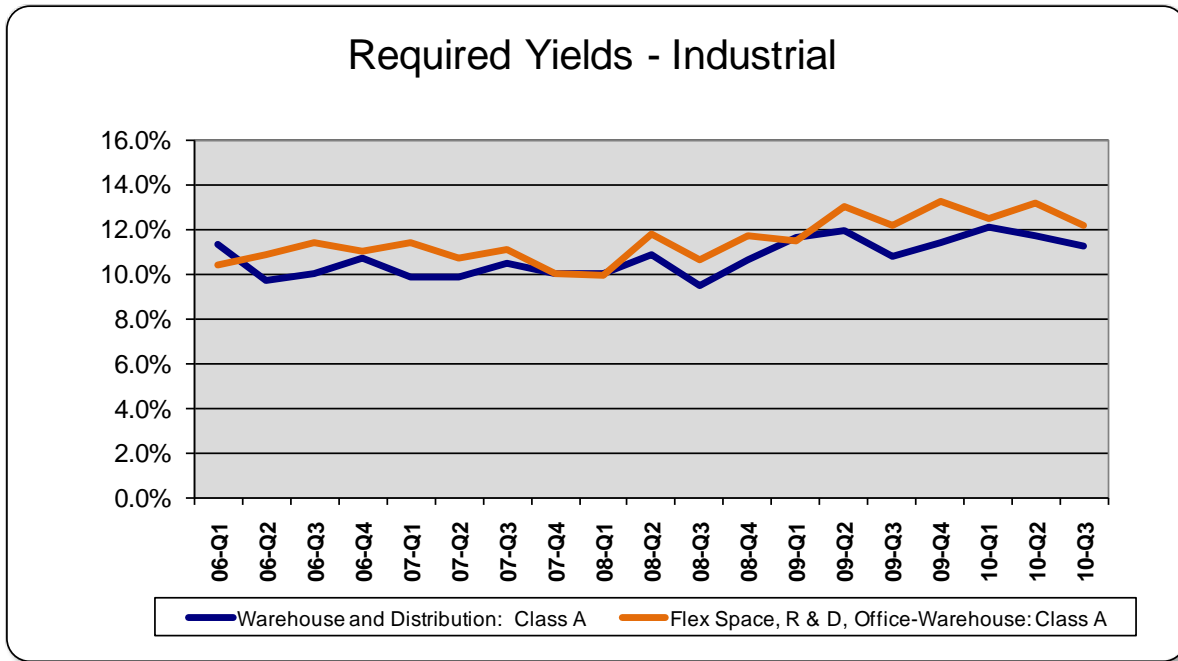
Cap Rates

Cap rates in the industrial market have been stable of the past three quarters 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. However, more respondents are now indicating a possible decrease in Warehouse cap rates.



Yields

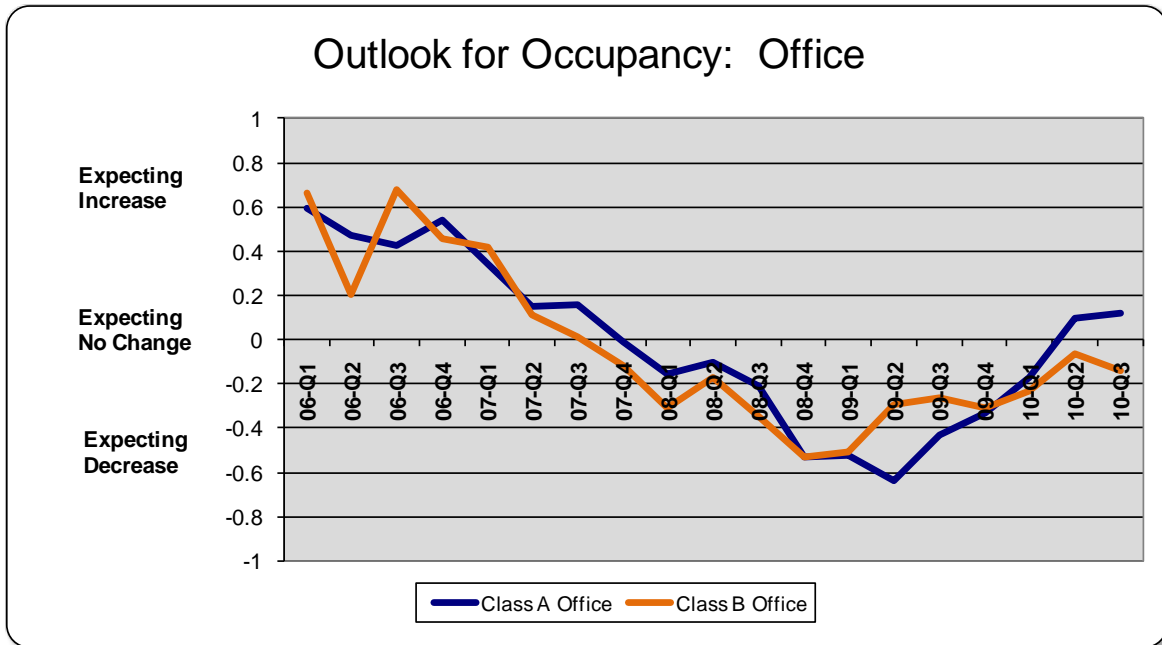
Yields in the industrial sector continued to decline quarter. Warehouse yields are approaching 11% and Flex Space yields are approaching 12%. Expectations for future yields indicate that most respondents' believe they will remain stable at current levels.



Section 5: Office

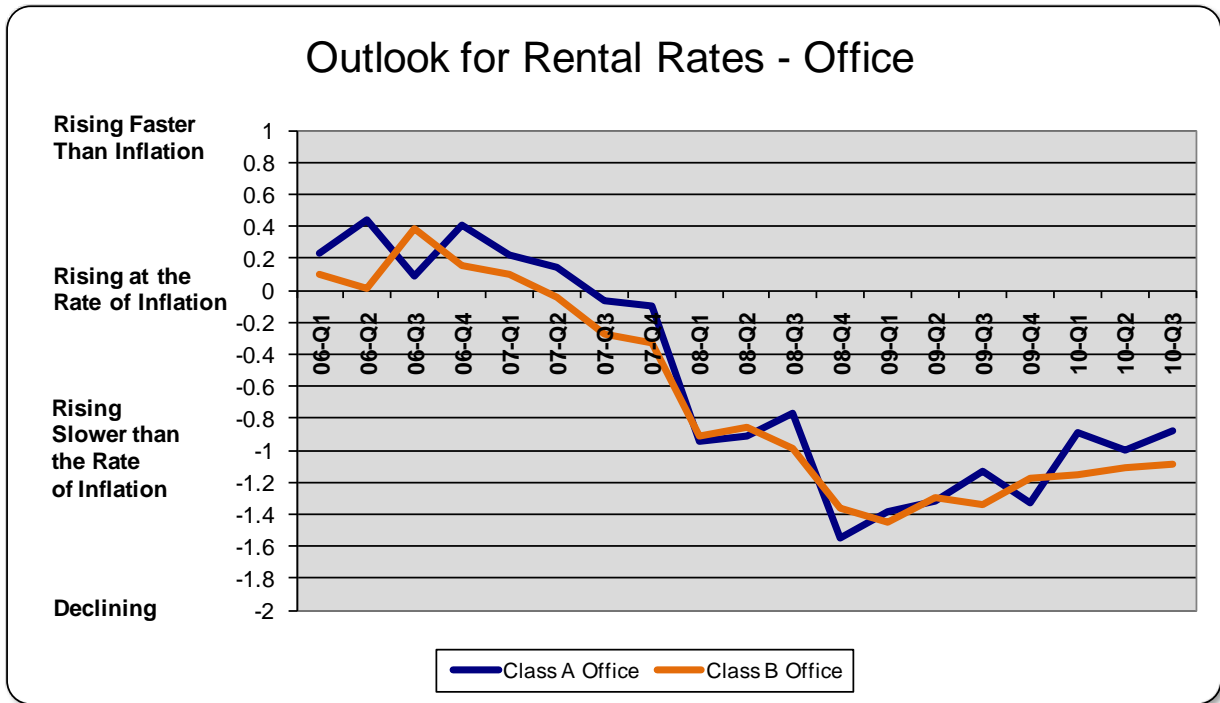
Expected Occupancy

The occupancy outlook for office space continues to improve for Class A, increasing for the fifth consecutive quarter. The outlook for Class B space declined slightly but both are expected to remain stable at current levels. Stagnant job growth will prevent upward momentum in future occupancies and the significant uncertainties facing the state economy will prevent a large jump in hiring over the next several quarters.



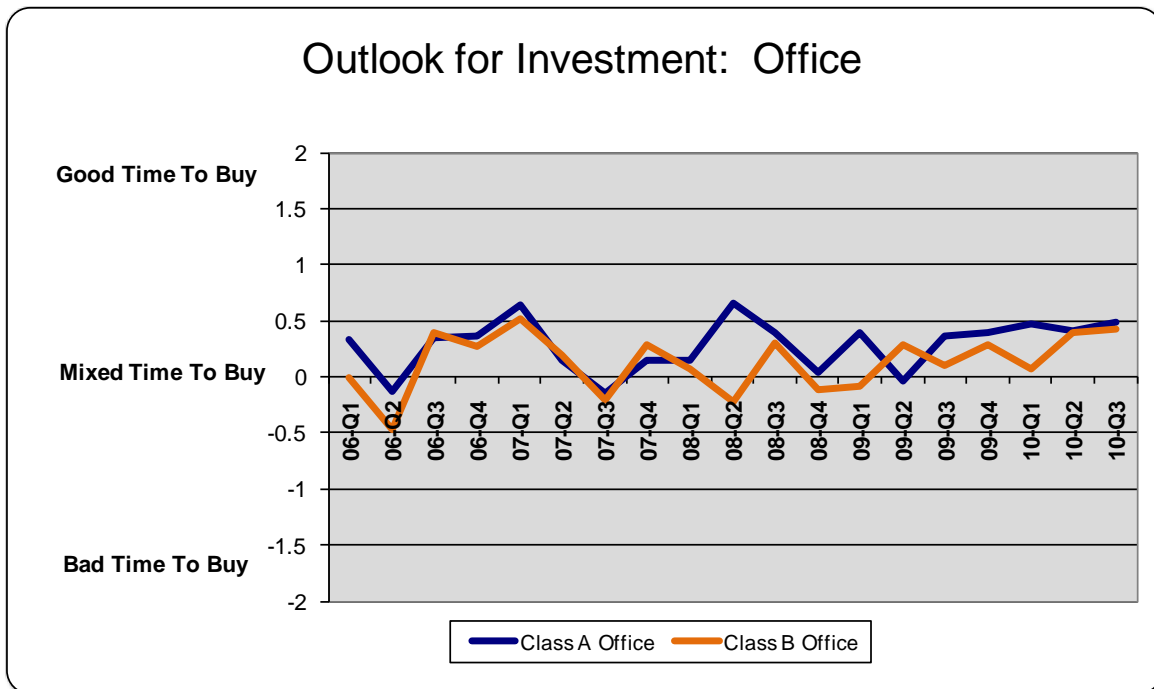
Expected Rental Rates

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 positive turn in employment will help, but it will take several quarters before we see any positive impact on rental rates.



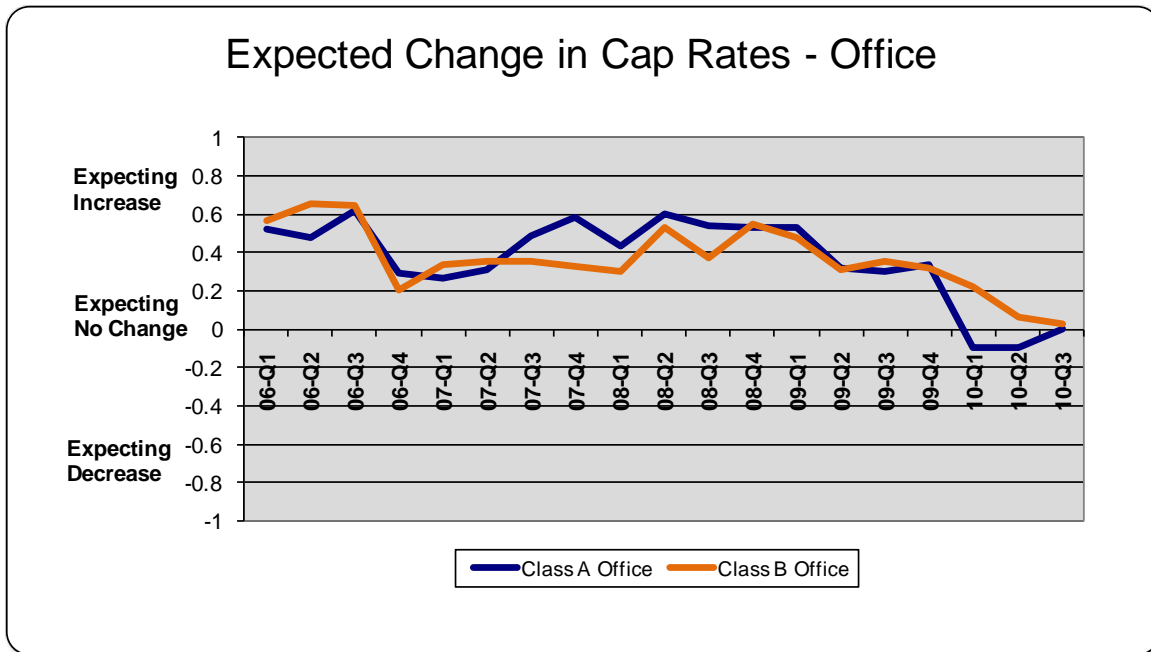
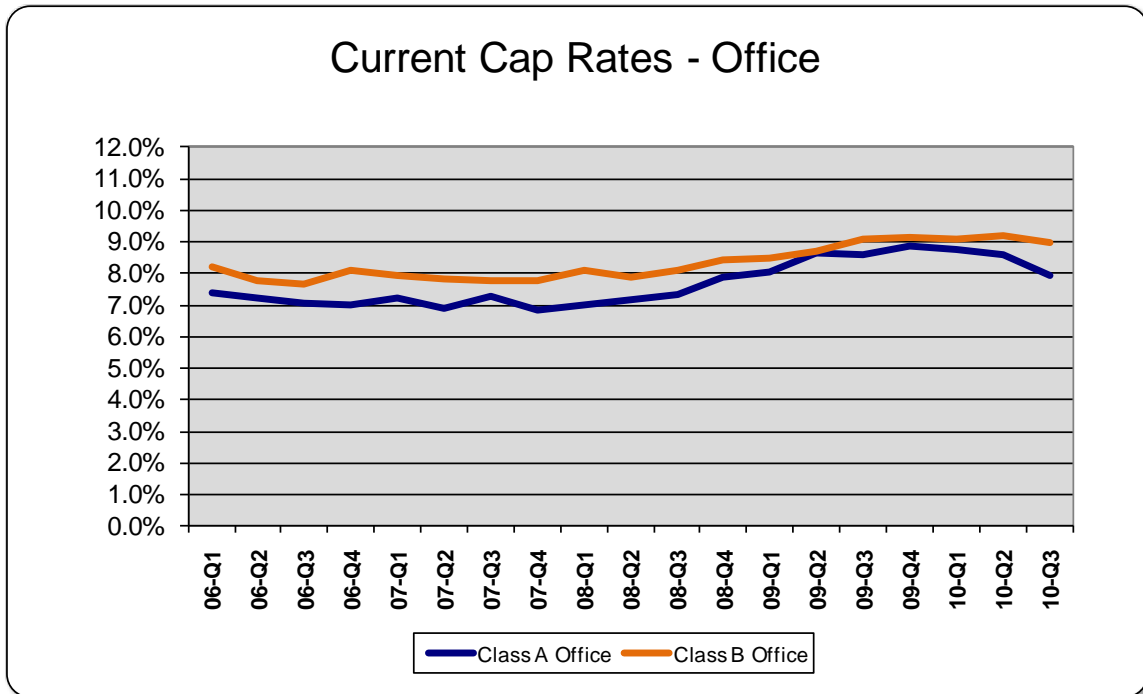
Investment Outlook

The investment outlook for office space continues to improve as respondents 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.



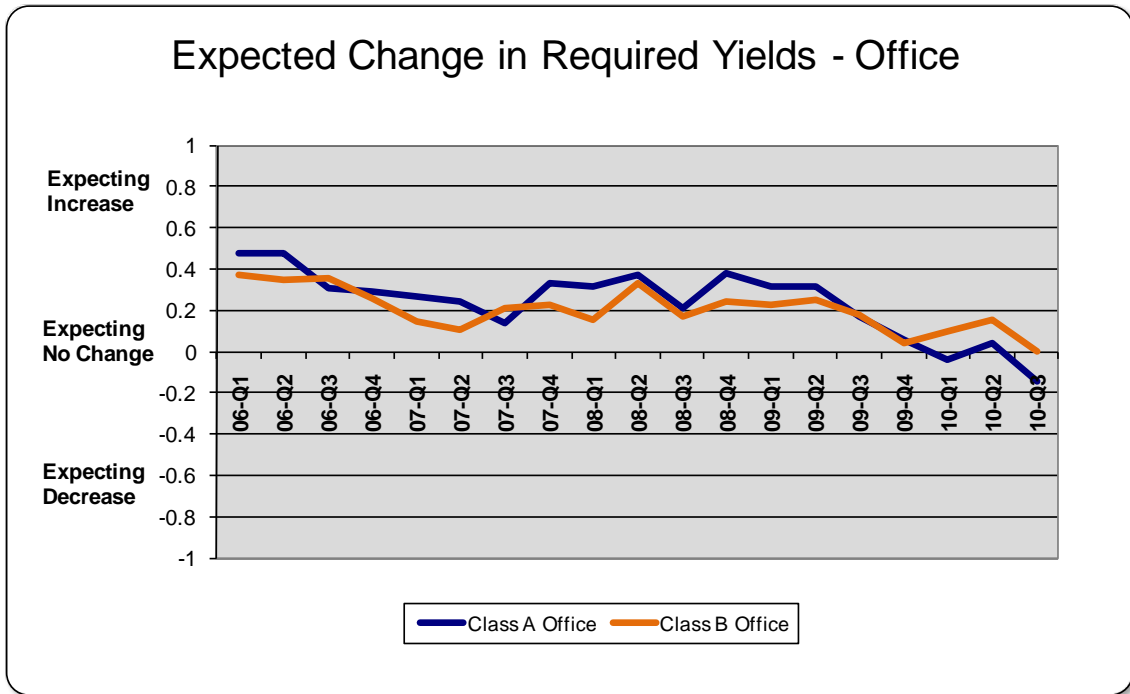
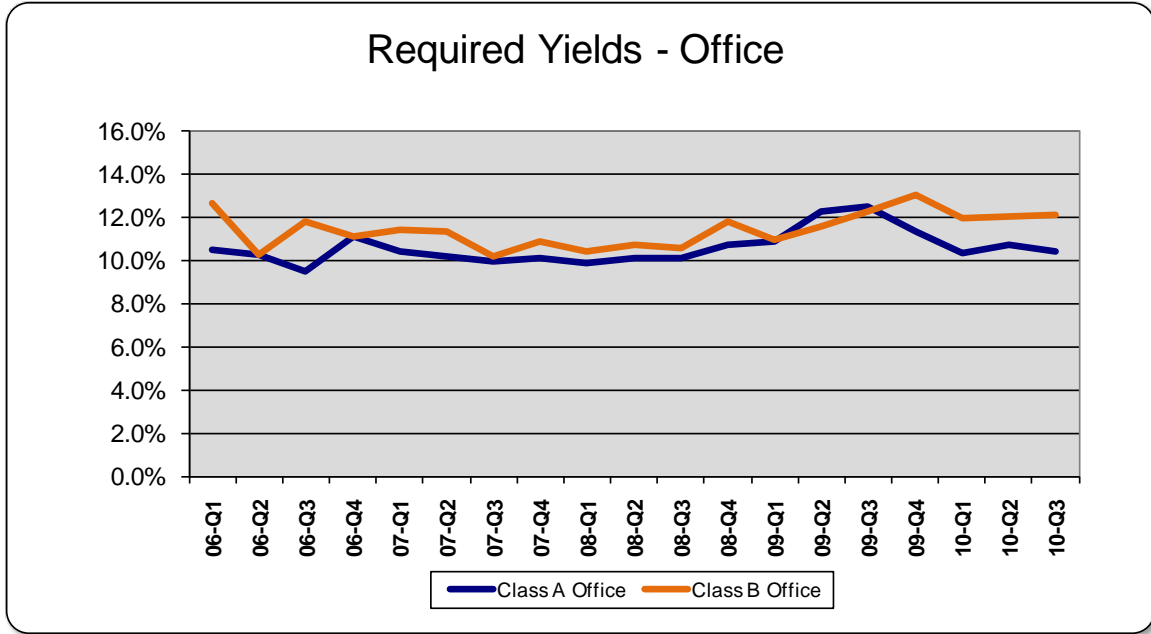
Cap Rates

Office cap rates have declined significantly for Class A space and stabilized for Class B space. Class A cap rates have dropped below 8% for the first time since the end of 2008. Expectations for future cap rates indicate that cap rates will be stable over the near future.



Yields

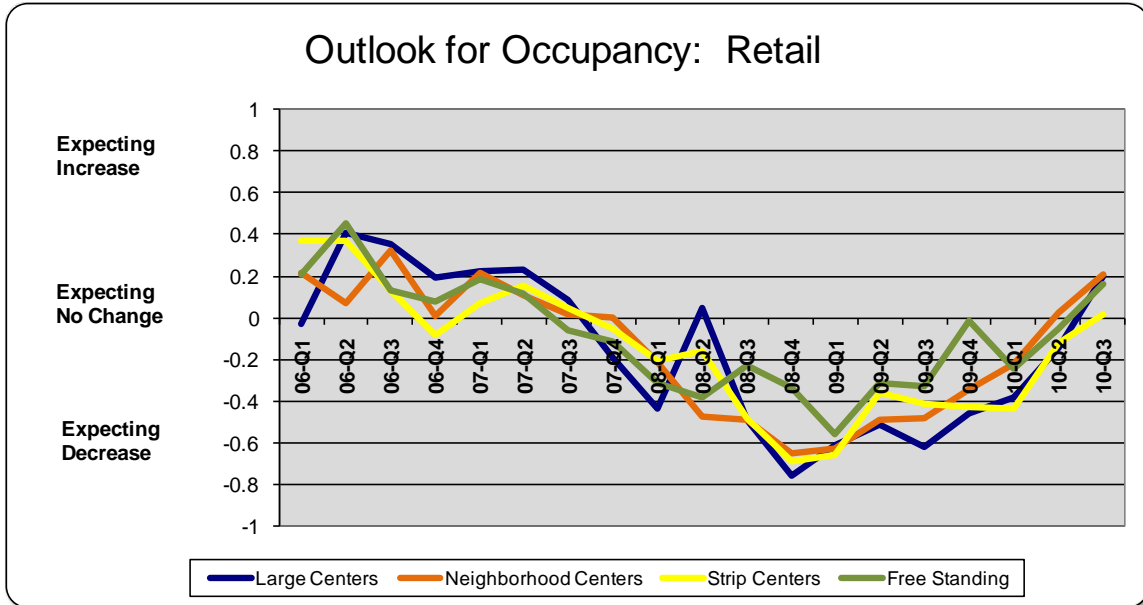
Required yields for both Class A and Class B office space have stabilized this quarter as investors wait to see what the outcome of the upcoming elections and their effect on the economy. Expectations for future yields showed more respondents starting to expect decreasing yields in Class A space.



Section 6: Retail

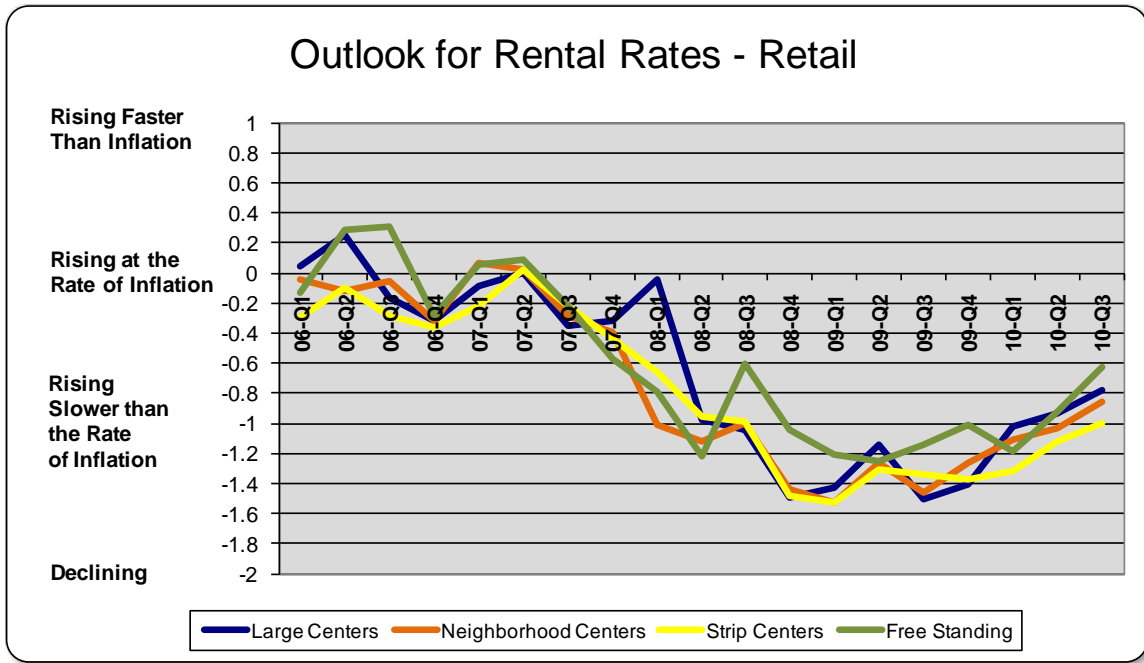
Expected Occupancy

The outlook for occupancy rates in retail properties continued their significant 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.



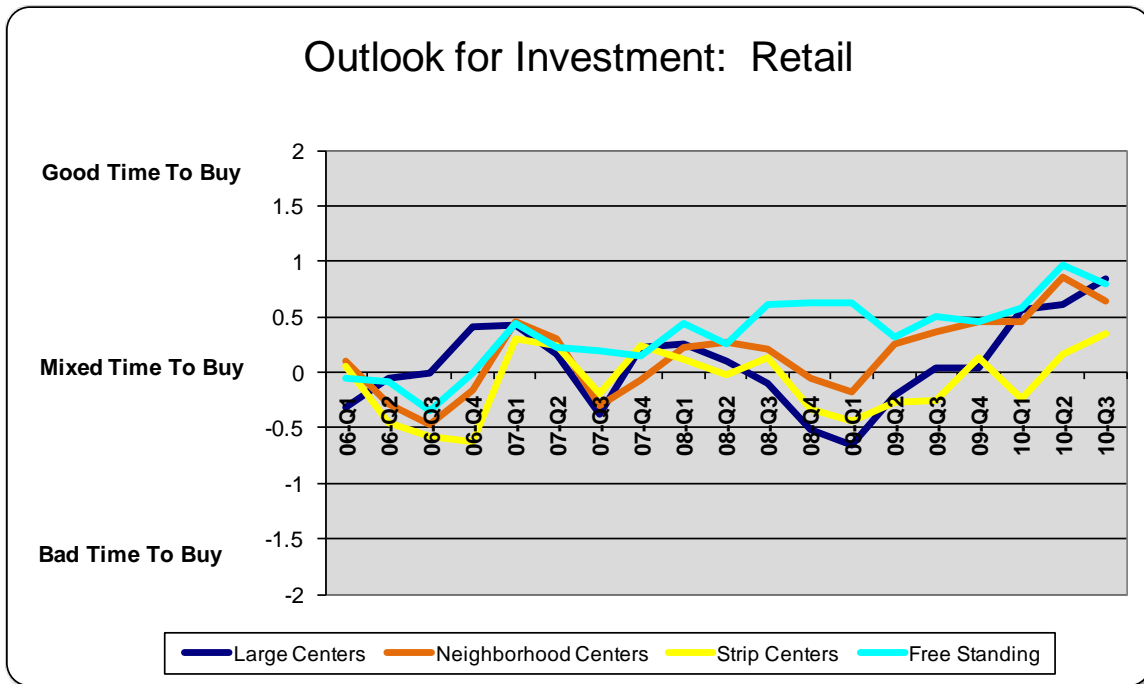
Expected Rental Rates

Respondents continued their recent positive trend in rental rate expectations. It appears that we are seeing fewer concessions, particularly for quality assets in great locations. This is driving respondents increasing positive view on rental rates. The uncertainty with employment trends and the possible expiration of Bush era tax cuts, which effectively increases taxes, will have a negative effect on spending. Retailers will continue to be very cautious entering new space.



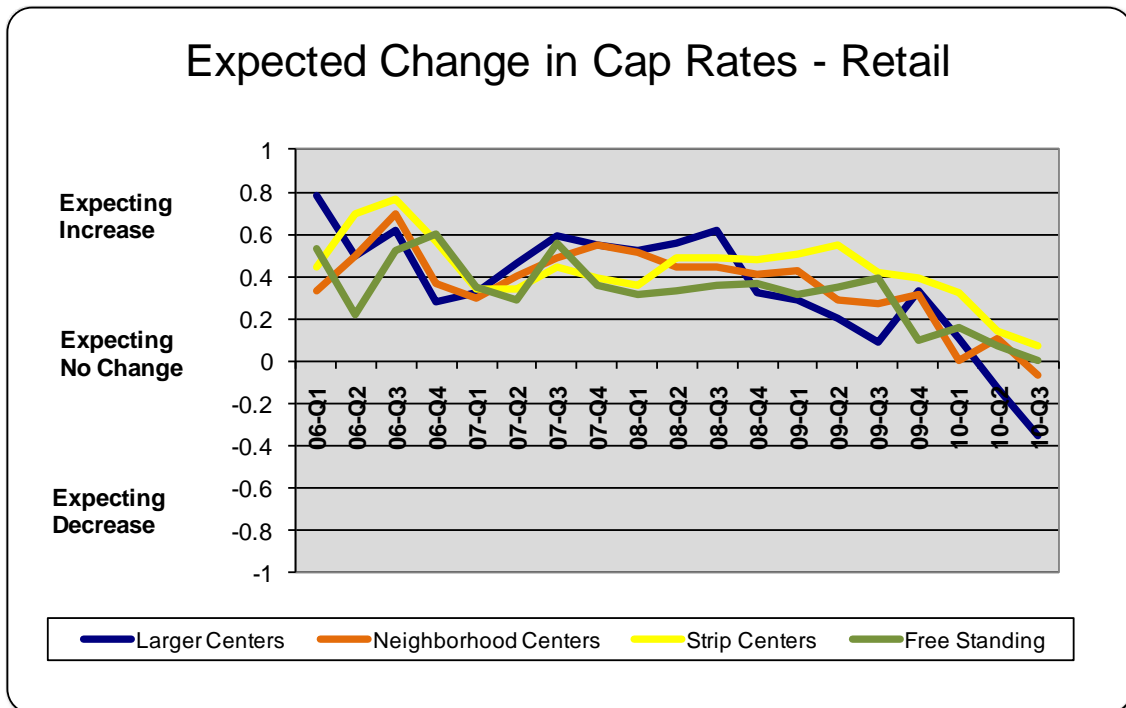
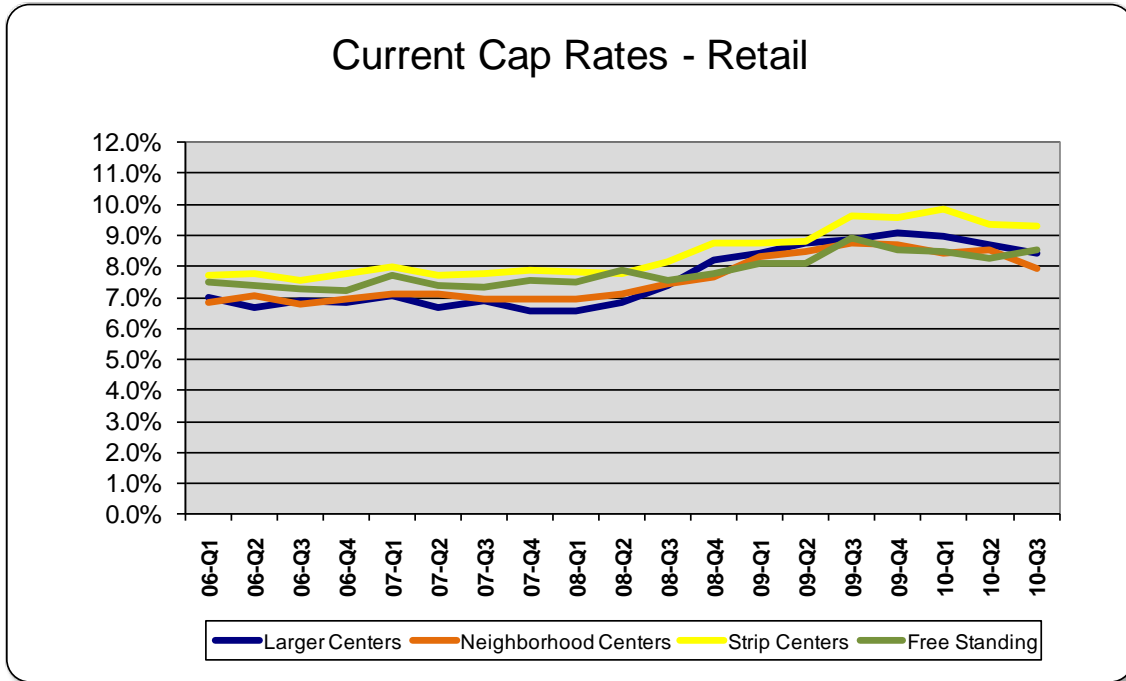
Investment Outlook

The investment outlook for retail properties continued to be positive this quarter in all sectors. The outlook for Free Standing Retail and Neighborhood Centers decreased from survey highs but remain more positive about investment opportunities. However, continued pressure from consumer confidence, the uncertainty over the future of the Bush era tax cuts and the effects upcoming elections pose threats to the retail sector.



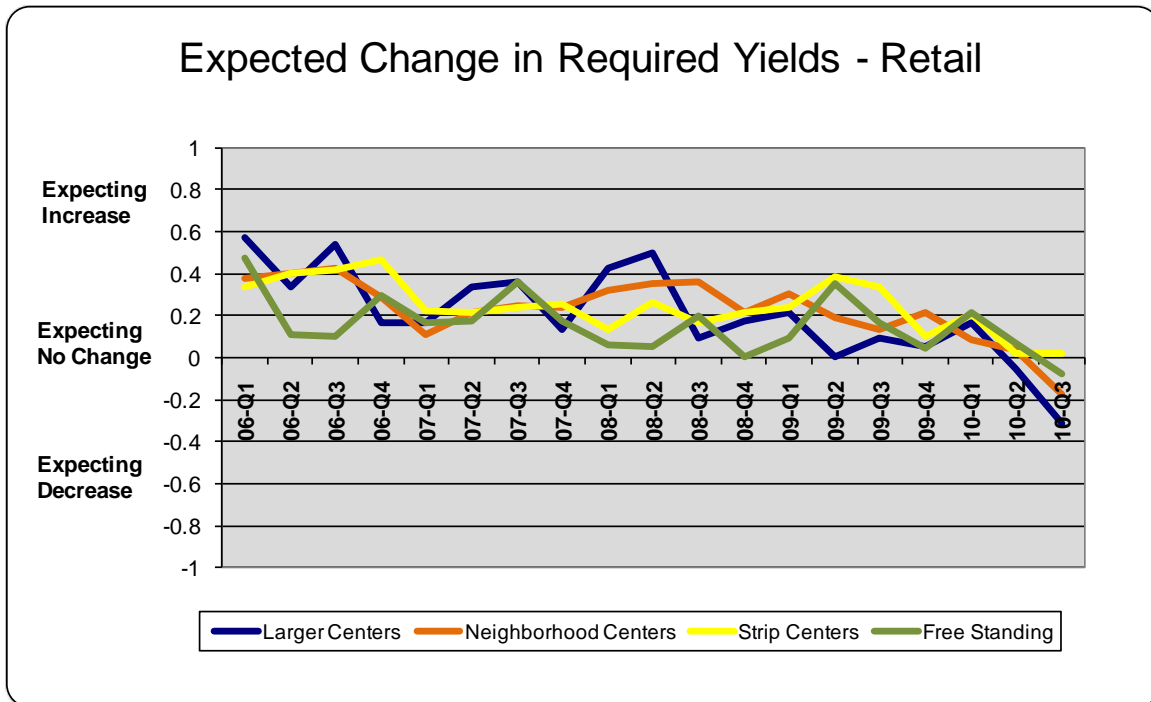
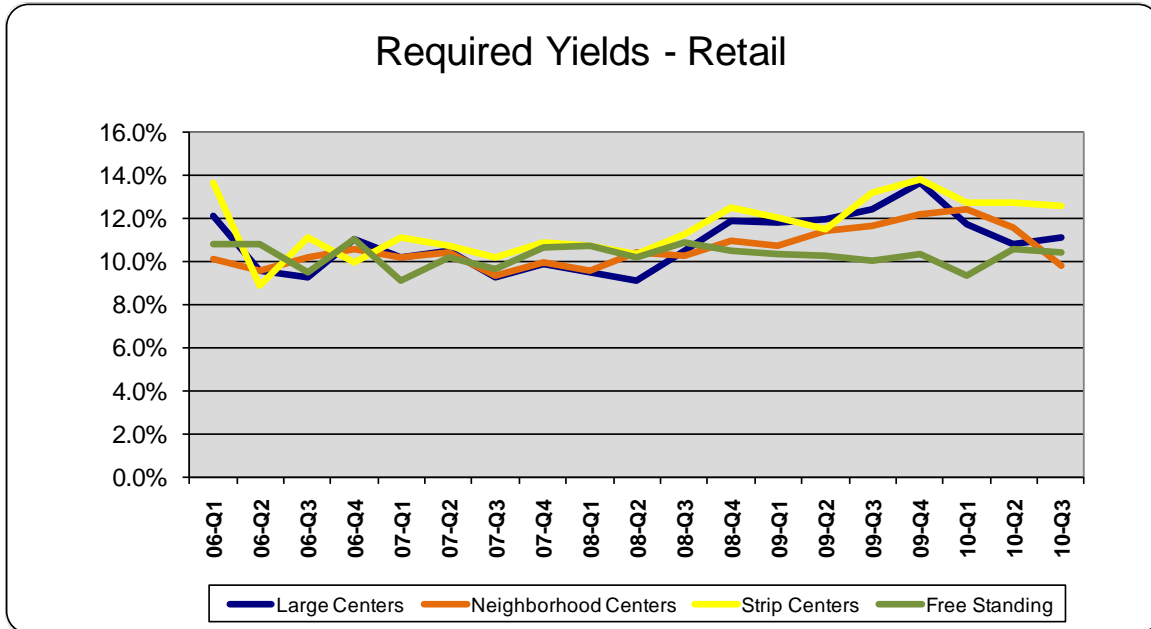
Cap Rates

Cap rates remained stable or declined slightly in all sectors this quarter. Cap rates range from less than 8% to just over 9% across categories. Expectations for future cap rates continue to indicate that rate will stabilize at current levels with the exception of Large Retail Centers. More respondents believe that cap rates for Large Retail centers will decline in the future.



Yields

Required yields declined or remained stable this quarter for all property types. 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 Free Standing and Strip Centers. However, more respondents believe that yields will start to decrease in Large Retail and Neighborhood Centers.



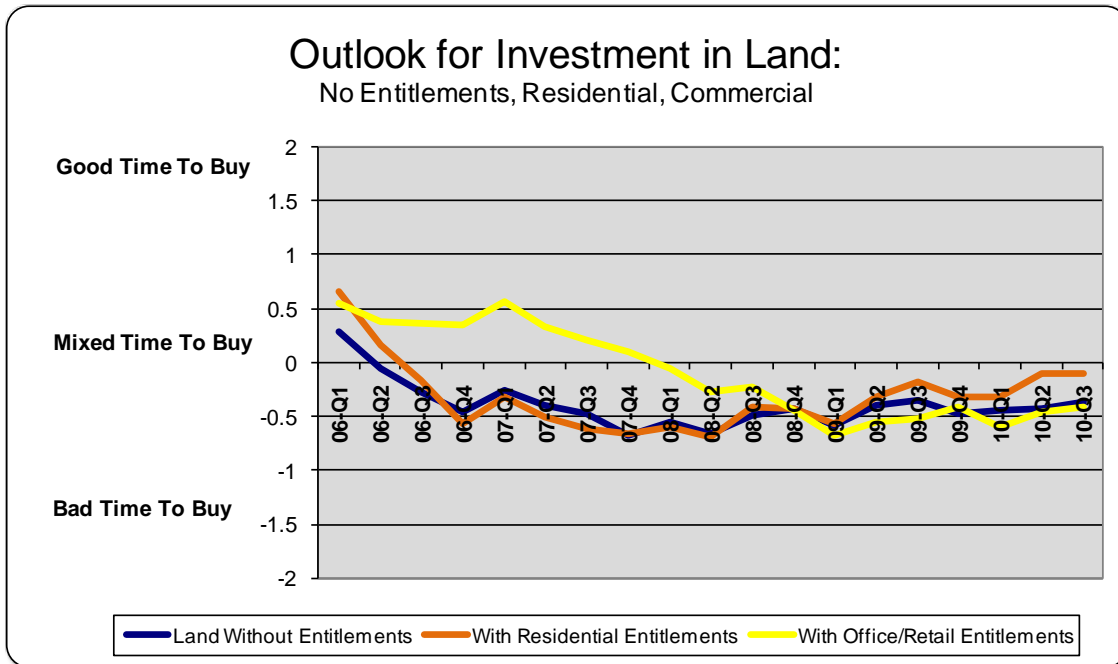
Section 7: Outlook for Investment in Undeveloped Land

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. 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

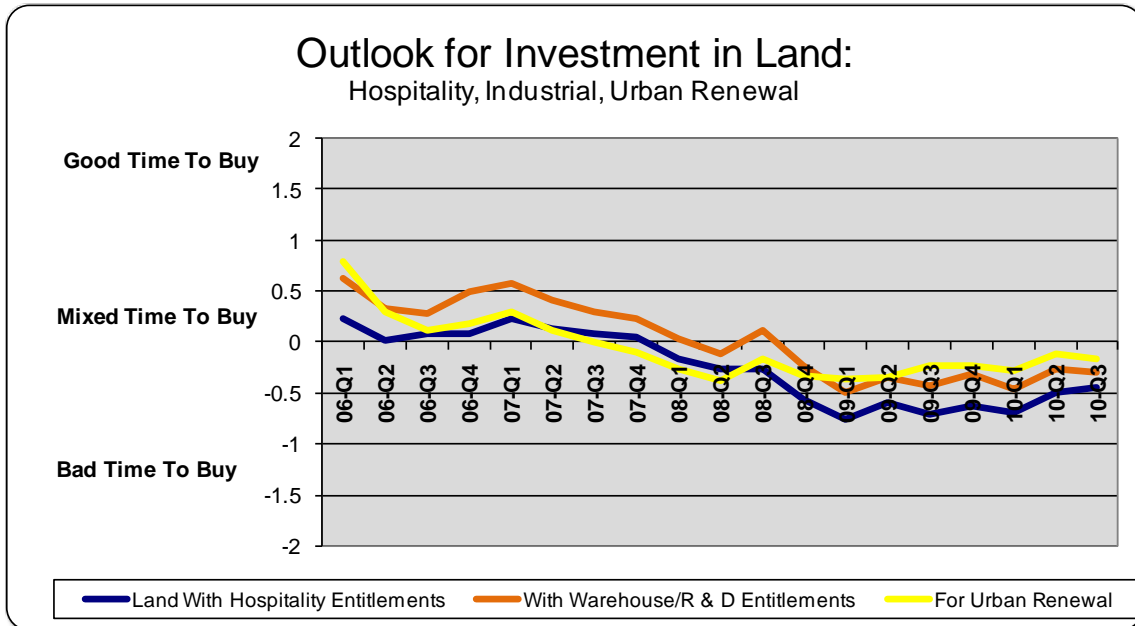
The investment outlook for land with hospitality entitlements continues to be mixed to negative. Development of any kind is hindered by lack of financing, the ability to buy existing cash flow for less than replacement costs and a poor tourism market.

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.



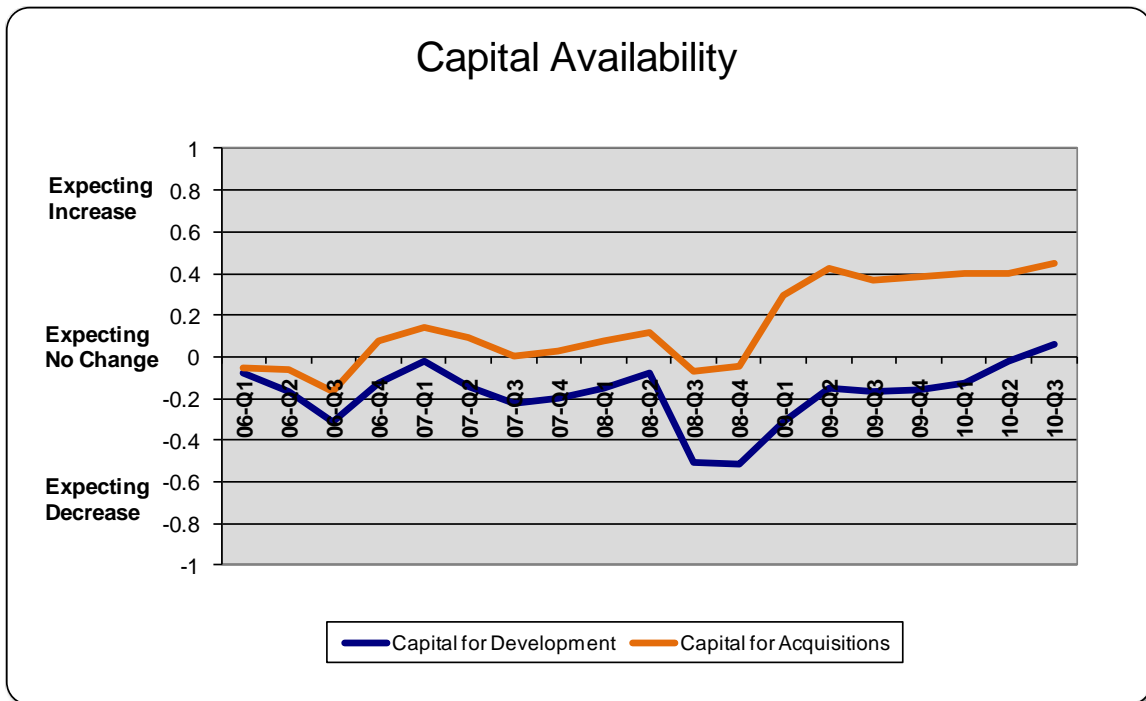
Section 8: Business and Capital Availability Outlook

Capital Availability

The outlook for capital availability increased for both acquisitions and development this quarter, with both reaching survey highs. Institutional and private equity are actively looking for investment opportunities in all property sectors. This continues to compress cap rates as too much capital bids on too few deals.

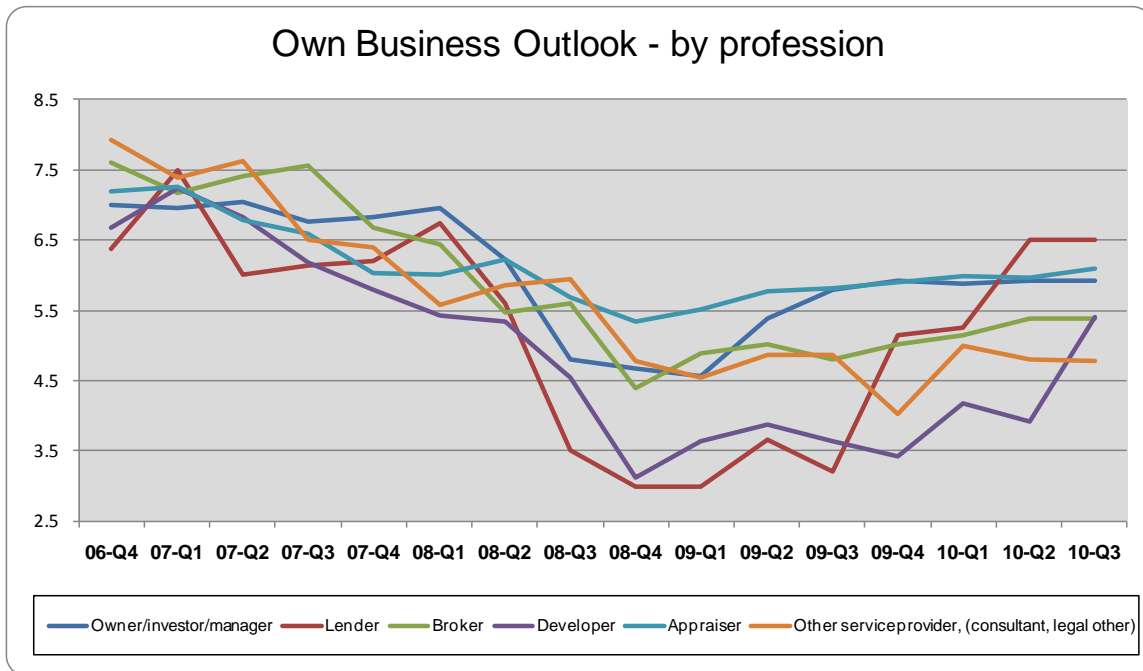
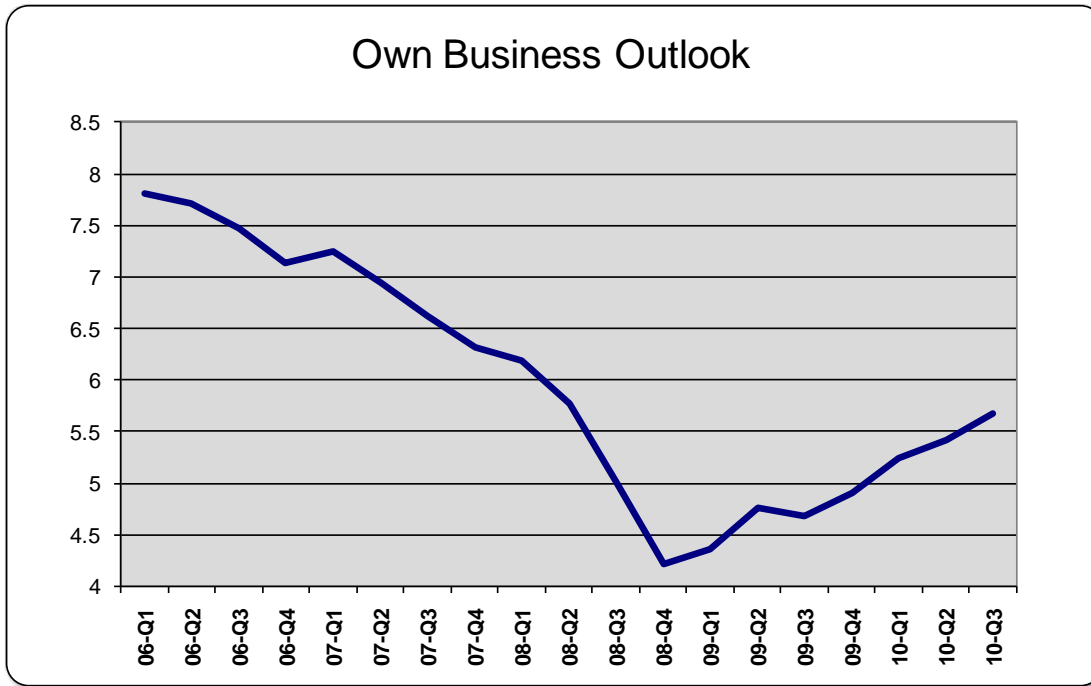
The debt market continues to suffer as most banks are not actively originating new loans as government officials pressure them to reduce problem assets and avoid new real estate loans. When debt is available, the underwriting and loan requirements are extremely restrictive.

CMBS is returning to the marketplace providing a glimmer of hope for the capital markets. At the end of the third quarter, new originations of CMBS totaled approximately \$4.5 billion.



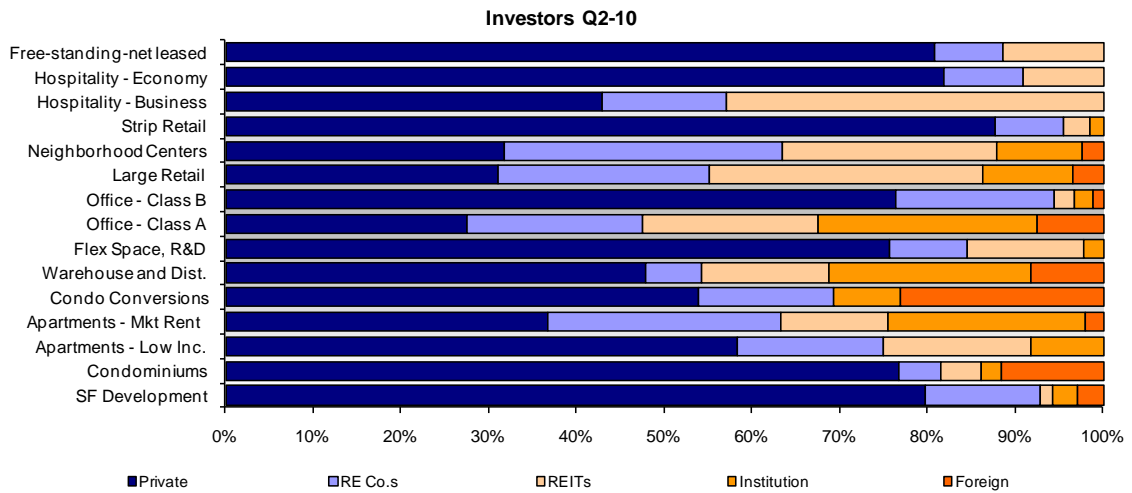
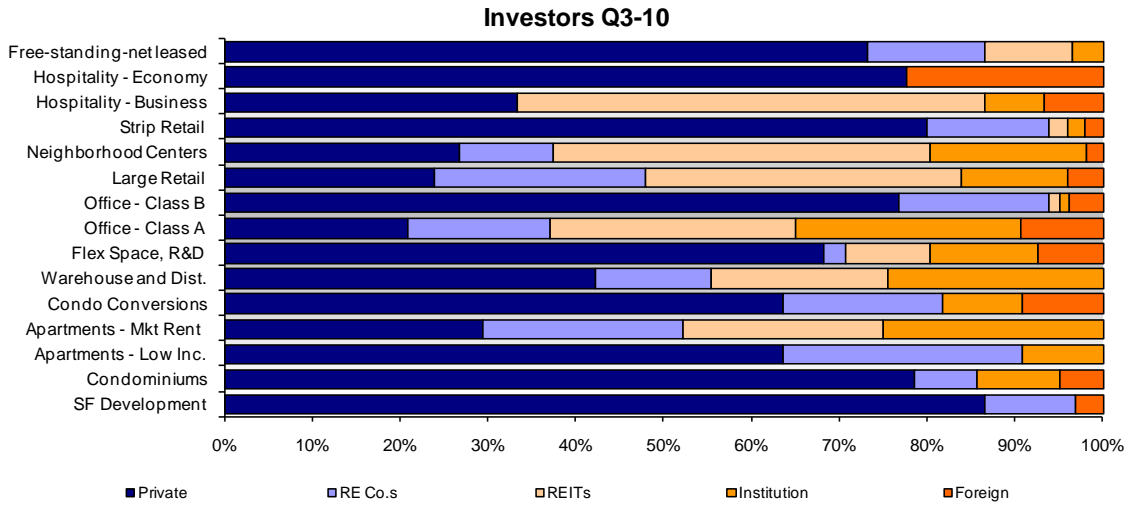
Outlook of Own Business

The positive trend in own business outlook continues this quarter reaching a level not seen since the second quarter of 2008. Bankers continue to have the most positive outlook on the next twelve months while the developers' outlook took a large positive jump.



Section 9: Dominant Investors

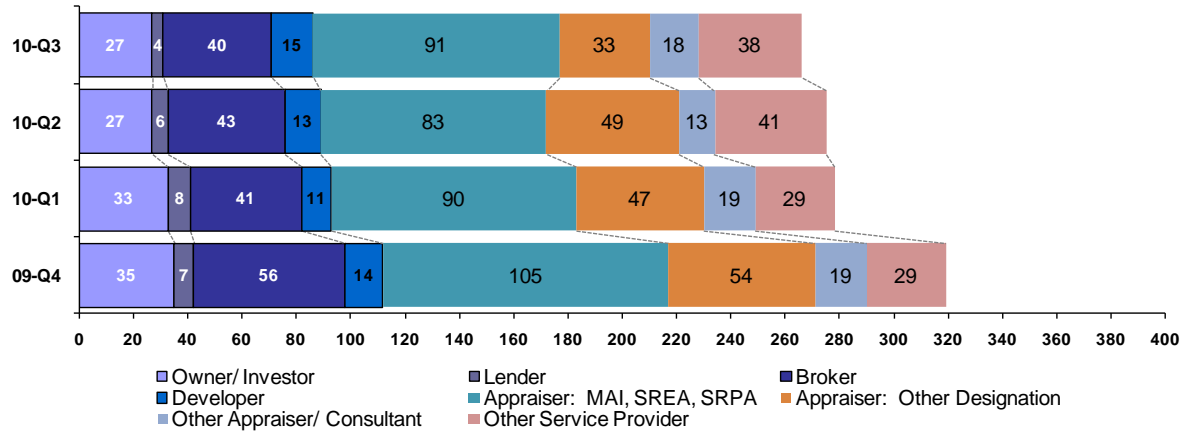
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, REITs and Institutions are increasingly becoming more active as they have access to capital and are actively investing that capital.



Section 10: Characteristics of Survey Respondents

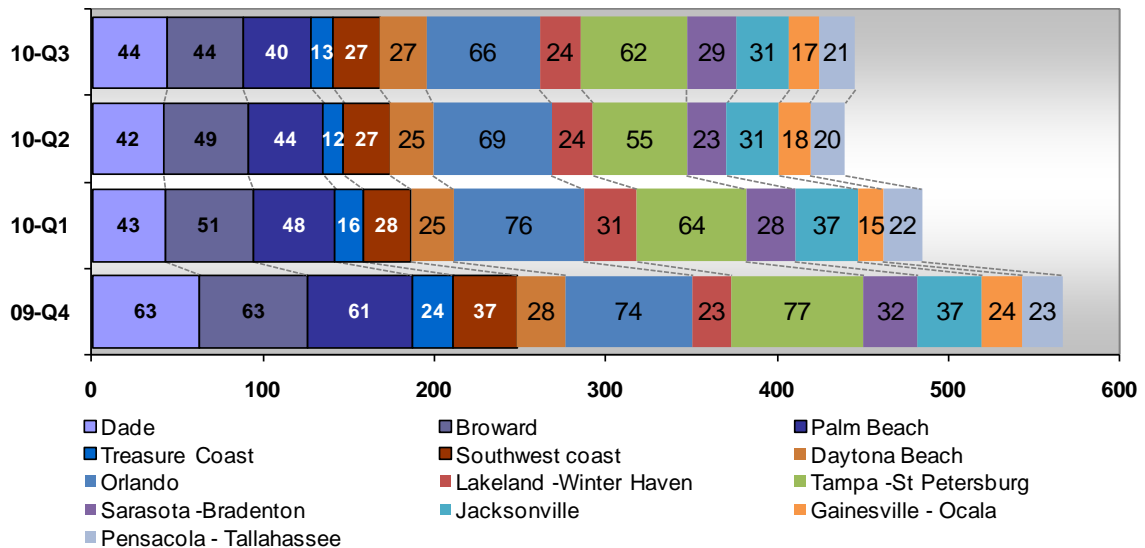
Survey responses decreased slightly this quarter to 266 respondents. Approximately 53 percent of the respondents reported being an appraiser; well over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and other service providers.

Profession of Respondents



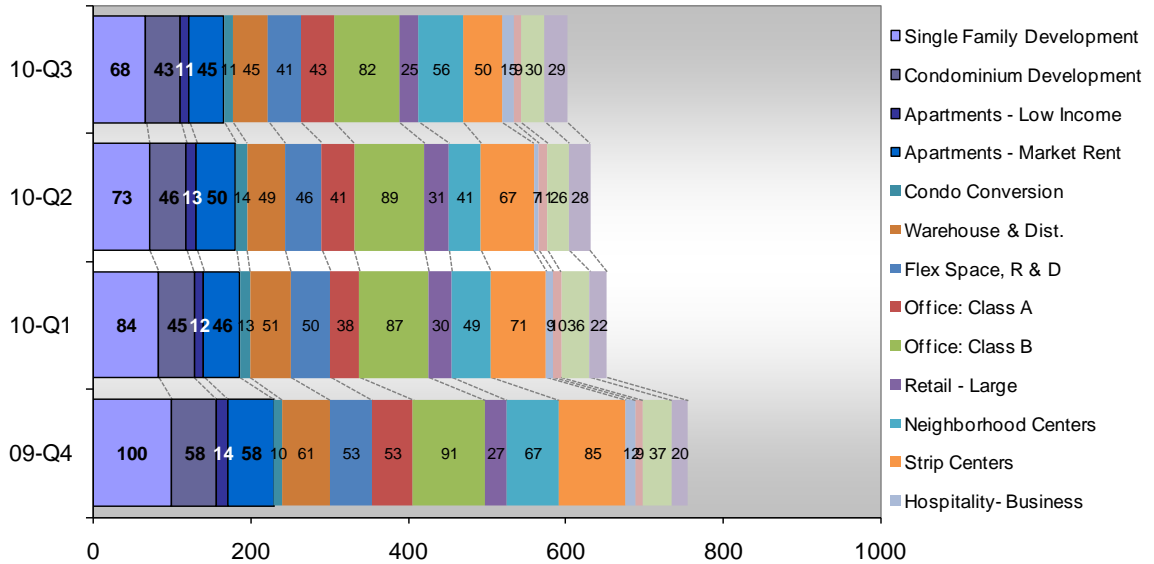
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 445 observations. The highest number of responses was for the Orlando market, which had 66 representatives. The lowest respondent support came from Treasure Coast with 13.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 603 selections were made in the latest survey round. Single family development was selected by 68 respondents while condominium development was selected by 43. The largest response was in Office: Class B with 82 responses. The lowest response was for Hospitality-Economy with 9. 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												
Q3-10												
Cap Rate	7.0%	9.2%	8.8%	9.2%	7.9%	9.0%	8.4%	7.9%	9.3%	9.7%	9.7%	8.5%
Percent Expecting Rise	9.8%	9.1%	13.9%	15.4%	22.6%	15.1%	5.9%	18.2%	15.4%	8.3%	12.5%	14.8%
Percent Expecting Fall	24.4%	0.0%	27.8%	15.4%	22.6%	12.3%	41.2%	25.0%	7.7%	50.0%	0.0%	14.8%
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%
Yields												
Q3-10												
Yield	10.5%	15.8%	11.3%	12.2%	10.4%	12.1%	11.1%	9.8%	12.6%	13.2%	12.6%	10.4%
Percent Expecting Rise	10.5%	9.1%	9.1%	11.1%	14.3%	10.4%	6.3%	9.8%	10.9%	16.7%	12.5%	7.7%
Percent Expecting Fall	15.8%	0.0%	18.2%	11.1%	28.6%	10.4%	37.5%	26.8%	8.7%	41.7%	0.0%	15.4%
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%

Section 12: Local Markets

Dade County

Cap rates in Dade County, on average, are lower than the state mean (1.19 percentage points) and range from 6.0% (**Apartments –Market Rental**) to 8.5% (**Flex Space**).

Over the past quarter, cap rates have decreased across all property types with **Condo Conversion** (-3.49 percentage points) and **Apartments** (-1.18 percentage points) representing the largest decreases.

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

Required yields for Dade County (10.29%) are, on average, lower than the state mean (11.84%) and have declined 1.55% from the previous quarter.

The largest shifts in required yields occurred in **Condo Conversion** (-3.91% change) and **Free Standing Retail** (-2.12% change).

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

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

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

There is strong indication that rental rates are expected to increase at a rate slower than inflation across 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: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q3-10											
Value	6.0	7.8	8.1	8.5		6.9	8.2	7.4	6.9	8.4	7.3
Percent Expecting Rise		50%	13%	20%			10%	40%	40%	33%	25%
Percent Expecting Fall	42%		13%	40%		25%	20%	20%		11%	50%
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%	
Yields											
Q3-10											
Value	9.4	15.4	10.1	10.6		9.3	11.0	9.6	8.7	11.3	7.6
Percent Expecting Rise				20%			11%	25%	50%	11%	
Percent Expecting Fall	30%		29%	40%		25%	22%	25%	25%	11%	25%
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%			
Investment Outlook											
Q3-10											
Fair to Good	88%	50%	70%			55%	14%	100%	50%	40%	
Bad to Poor	6%	25%				18%	14%		7%	20%	
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%		

Table 2b

Outlook for Land Development

Dade County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q3-10						
Fair to Good	34%	36%	20%	18%	18%	32%
Bad to Poor	50%	43%	50%	50%	41%	39%
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%

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
Q3-10											
Private Buyers	78%	44%	35%	75%	10%				43%	11%	21%
R.E. Companies	22%		6%		20%		27%		43%	44%	7%
REITs			24%		10%	67%	18%			33%	50%
Institutions		33%	35%	25%	60%	33%	45%			11%	21%
Foreign Buyers		22%					9%		14%		
Q2-10											
Private Buyers	75%	83%	44%	100%	25%	86%	29%		45%	29%	29%
R.E. Companies	25%		19%			14%			45%	29%	29%
REITs			6%		17%		14%			43%	14%
Institutions		17%	31%		58%		43%		9%		29%
Foreign Buyers							14%				
Q1-10											
Private Buyers	44%	67%	47%	83%	10%	25%			78%	10%	64%
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%
Foreign Buyers	6%	11%	7%		10%		33%		11%	20%	

Table 2d

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q3-10											
Higher	65%	25%	60%	33%		55%	13%	75%	58%	25%	67%
Lower			10%	33%		9%	38%		8%		
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%
Rental Rate Increases											
Q3-10											
Faster than Inflation	35%	25%	30%	33%				25%	15%		
Slower than Inflation	29%	50%	50%	67%		82%	88%	50%	77%	50%	33%
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%	90%	67%

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	56%	33%
Lower	22%	22%
Q2-10		
Higher	38%	17%
Lower	13%	
Q1-10		
Higher	50%	50%
Lower	13%	38%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	67%	78%
Q2-10		
Faster than Inflation		
Slower than Inflation	88%	83%
Q1-10		
Faster than Inflation	6%	
Slower than Inflation	69%	89%

Broward County

Cap rates in Broward County are, on average, lower (1.59 percentage points) than the state mean, and range from 5.5% (**Apartments**) to 8.1% (**Flex Space**).

Cap rates decreased across all property types, with the largest movements occurring in **Condo Conversion** (-3.86 percentage points) and **Apartments** (-1.54 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, 9.80% compared to 11.84% statewide and have declined from the previous quarter.

Required yields are highest for **Condo Conversion** at 14.9% and lowest for **Free Standing Retail** at 7.1%.

Over the past quarter, required yields have decreased across all property types, with the largest negative shifts occurring in **Condo Conversion** (-4.43% change) and **Free Standing Retail** (-2.64% change).

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

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

In Broward Country, future occupancy rates are expected to increase across most property types. The largest indication of occupancy increases occur in **Apartments** and **Warehouse**.

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 negative for **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										
Q3-10										
Cap Rate	5.5	7.3	7.7	8.1	6.5	7.8	7.0	6.5	8.0	6.9
Percent Expecting Rise	7%	50%	20%	33%		25%	50%	43%	38%	33%
Percent Expecting Fall	36%		30%	22%	33%	17%	25%	14%		33%
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%
Yields										
Q3-10										
Yield	8.9	14.9	9.6	10.1	8.8	10.5	9.1	8.2	10.8	7.1
Percent Expecting Rise	18%		13%	33%		27%	67%	60%	13%	
Percent Expecting Fall	18%		13%	22%	33%	9%	33%	20%		33%
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%		
Investment Outlook										
Q3-10										
Fair to Good	83%	50%	69%	50%	55%	56%	100%	58%	50%	
Bad to Poor	11%	25%			9%	11%			25%	
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%

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
Q3-10						
Fair to Good	32%	45%	23%	18%	23%	27%
Bad to Poor	36%	32%	41%	45%	39%	34%
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%

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
Q3-10												
Private Buyers	80%	75%	22%	75%		25%		56%	14%	25%	100%	50%
R.E. Companies	20%		22%		31%	25%	27%	33%	29%	25%		50%
REITs			17%		8%	25%	18%		43%	33%		
Institutions		17%	39%	25%	62%	25%	45%		14%	17%		
Foreign Buyers		8%					9%	11%				
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%			

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										
Q3-10										
Higher	76%	50%	69%	50%	45%	27%	57%	50%	40%	
Lower					9%	27%		8%	20%	
Q2-10										
Higher	38%		57%		13%	8%	14%	30%	13%	25%
Lower			29%	27%	38%	50%	14%	10%	38%	
Q1-10										
Higher	36%	20%	10%	14%		11%		23%	8%	20%
Lower	7%	20%	30%	29%	44%	33%	60%	46%	50%	40%
Rental Rate Increases										
Q3-10										
Faster than Inflation	41%	25%	15%				14%			
Slower than Inflation	29%	50%	31%	50%	64%	64%	57%	75%	60%	100%
Q2-10										
Faster than Inflation	19%									
Slower than Inflation	31%	50%	71%	82%	88%	83%	100%	70%	75%	25%
Q1-10										
Faster than Inflation										
Slower than Inflation	64%	100%	70%	71%	89%	67%	100%	92%	83%	100%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	30%	17%
Lower	20%	50%
Q2-10		
Higher	36%	9%
Lower	18%	18%
Q1-10		
Higher	53%	50%
Lower	24%	10%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%
Q2-10		
Faster than Inflation		
Slower than Inflation	90%	82%
Q1-10		
Faster than Inflation	12%	
Slower than Inflation	53%	80%

Palm Beach County

Cap rates in Palm Beach County are, on average, lower (1.71 percentage points) than that of the state, and range from 5.4% (**Apartments**) to 7.9% (**Flex Space and Strip Centers**).

Cap rates have decreased across all property types, with the largest decreases in **Condo Conversion** (-4.04% change) and **Apartments** (-1.73% 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, 9.14% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 14.2% and lowest for **Free Standing Retail** at 6.5%.

Required yields have decreased dramatically across all property types over the last quarter with **Condo Conversion** (-5.16%) and **Free Standing Retail** (-3.37%) showing the largest decrease.

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

The outlook for **Land Development** is 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 or increase over the next quarter for the majority of property types. Respondents believe increases will occur in **Warehouse, Flex Space and Apartments**.

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										
Q3-10										
Cap Rate	5.4	7.2	7.6	7.9	6.4	7.7	6.9	6.4	7.9	6.8
Percent Expecting Rise	8%	50%		22%	17%	20%	33%	43%	30%	40%
Percent Expecting Fall	33%			22%	17%	10%	17%			40%
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%
Yields										
Q3-10										
Yield	8.2	14.2	8.9	9.5	8.1	9.8	8.5	7.5	10.1	6.5
Percent Expecting Rise	10%			22%		22%	50%	60%	11%	
Percent Expecting Fall	20%		25%	22%	17%	11%	25%	20%		20%
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%		
Investment Outlook										
Q3-10										
Fair to Good	79%	40%	71%		50%	63%	86%	45%	40%	
Bad to Poor	14%	20%			13%	13%	14%	9%	40%	
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%

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
Q3-10						
Fair to Good	38%	50%	23%	15%	20%	35%
Bad to Poor	33%	30%	38%	38%	38%	33%
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%

Table 4c

Investors by Property Type

Palm Beach County	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q3-10													
Private Buyers	79%	69%		21%	60%		33%		75%	14%	27%	80%	100%
R.E. Companies	14%	8%		21%	20%	29%	33%	25%	13%	14%		20%	
REITs				14%		14%		25%		57%	55%		
Institutions		15%		43%	20%	57%	33%	38%		14%	18%		
Foreign Buyers	7%	8%						13%	13%				
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%		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%

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										
Q3-10										
Higher	54%	40%	71%	67%	13%	22%	43%	30%	29%	
Lower					13%	33%		10%	29%	
Q2-10										
Higher	42%		57%	11%	13%	10%	13%	30%	22%	33%
Lower				33%		20%		10%	22%	
Q1-10										
Higher	27%			17%		23%		15%	7%	14%
Lower	13%	25%	22%	33%	63%	38%	67%	54%	50%	43%
Rental Rate Increases										
Q3-10										
Faster than Inflation	23%	20%					14%			
Slower than Inflation	38%	60%	86%	33%	100%	67%	71%	90%	71%	100%
Q2-10										
Faster than Inflation	8%									
Slower than Inflation	58%	100%	86%	78%	75%	70%	88%	80%	56%	60%
Q1-10										
Faster than Inflation										
Slower than Inflation	67%	75%	78%	83%	88%	69%	100%	100%	79%	86%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	36%	8%
Lower	14%	38%
Q2-10		
Higher	27%	
Lower	9%	11%
Q1-10		
Higher	56%	67%
Lower	19%	17%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	64%	77%
Q2-10		
Faster than Inflation		
Slower than Inflation	82%	89%
Q1-10		
Faster than Inflation	13%	
Slower than Inflation	69%	67%

Treasure Coast

Cap rates in the Treasure Coast area are, on average, higher (0.15 percentage points) than that of the state, and range from 7.3% (**Apartments**) to 9.8% (**Flex Space**)

Cap rates have increased across all property types in the last quarter with the exception of **Apartments** (-0.39% change). The largest changes occurred in **Warehouse** (1.00% change) and **Flex Space/Strip Centers** (0.50% change).

Cap rates are expected to decrease 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, 11.31% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 16.4% and lowest for **Free Standing Retail** at 8.6%.

Required yields have are mixed across most property types, with the largest decreases occurring in **Free Standing Retail** (-1.33% change) and **Flex Space** (-1.20% change). **Office: Class B** and **Retail Large** increased 0.82% and 0.78% respectively.

The investment outlook is positive in **Flex Space** which was the only reported property type this survey.

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

Future occupancy rates are expected to be mixed across property types. Expectations for higher occupancy occur in **Office: Class A, Flex** and **Warehouse** while lower occupancy is expected in **Retail Large** and **Neighborhood Centers**.

Future rental rates are expected to increase at a rate that is slower than inflation for all property types except **Apartments** and **Strip Centers** which are expected to remain neutral.

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

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

Table 5a

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	7.3	9.1	9.4	9.8	8.3	9.5	8.7	8.3	9.7	8.7
Percent Expecting Rise										
Percent Expecting Fall	67%		67%	20%			100%	67%		
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%		
Yields										
Q3-10										
Yield	10.4	16.4	11.1	11.6	10.3	12.0	10.6	9.7	12.3	8.6
Percent Expecting Rise	33%			20%	100%				100%	
Percent Expecting Fall			33%				100%	33%		
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%				
Investment Outlook										
Q3-10										
Fair to Good				100%						
Bad to Poor										
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%	

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
Q3-10						
Fair to Good	8%	15%	8%	15%	15%	15%
Bad to Poor	46%	46%	46%	31%	31%	38%
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%

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
Q3-10											
Private Buyers	83%	80%			33%	75%	100%	100%		33%	100%
R.E. Companies	17%	20%	67%		33%	25%				33%	
REITs			33%						100%	33%	
Institutions					33%						
Foreign Buyers											
Q2-10											
Private Buyers	67%	67%			67%	100%	50%	75%			100%
R.E. Companies	33%						50%	25%	100%	50%	
REITs										50%	
Institutions		33%	100%		33%						
Foreign Buyers											
Q1-10											
Private Buyers	75%	50%			40%	50%	50%	80%	25%	50%	60%
R.E. Companies	25%			100%	40%	25%	50%		50%	25%	20%
REITs			33%							25%	
Institutions		50%	67%				20%				20%
Foreign Buyers					20%	25%			25%		

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										
Q3-10										
Higher	33%		67%	80%	100%	33%			33%	
Lower							100%	67%		
Q2-10										
Higher			33%	50%	50%	25%			17%	
Lower			33%	25%	50%	25%		50%	67%	67%
Q1-10										
Higher										
Lower			40%	40%	100%	50%	100%	75%	67%	67%
Rental Rate Increases										
Q3-10										
Faster than Inflation	33%								33%	
Slower than Inflation	33%		67%	80%		67%	100%	100%	33%	100%
Q2-10										
Faster than Inflation					50%					
Slower than Inflation			33%	75%	50%	100%	100%	100%	83%	100%
Q1-10										
Faster than Inflation										
Slower than Inflation	100%		40%	80%	100%	100%	100%	100%	100%	100%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	33%	20%
Lower		
Q2-10		
Higher	33%	
Lower		67%
Q1-10		
Higher	50%	50%
Lower	25%	
Future Price Increases		
Q3-10		
Faster than Inflation	17%	
Slower than Inflation	67%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	100%	100%
Q1-10		
Faster than Inflation	33%	50%
Slower than Inflation	67%	50%

Southwest Coast

Cap rates in the Southwest Coast area are, on average, lower (0.48 percentage points) than that of the state, and range from 6.7% (**Apartments**) to 9.2% (**Flex Space**).

Cap rates are decreased across most property types over the last quarter, with the largest changes being seen in **Condo Conversion** (-3.34% change) and **Apartments** (-1.02% change).

Cap rates are expected to stabilize across most reported property types. **Warehouse** and **Retail Large** cap rates are expected to decline.

Required yields for the Southwest Coast are lower, on average, than that of the state, 11.17% compared to 11.84% statewide.

Required yields are highest for **Condo Conversions** at 16.3% and lowest for **Free Standing Retail** at 8.5%.

Required yields are mixed over the last quarter, with the largest decreases occurring in **Condo Conversion** (-3.44% change) and **Free Standing Retail** (-1.65% change). The largest increases occur in **Office: Class B** (0.49% change) and **Retail Large** (0.45% change).

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

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

Occupancy rates are expected to stabilize across most property types with the exception of **Retail Large, Free Standing Retail** and **Apartments** which are expected to increase.

Rental rates are expected to increase slower than inflation across all property types with the exception of **Free Standing Retail** which is expected to increase greater than inflation.

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

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

Table 6a

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q3-10											
Cap Rate	6.7	8.5	8.8	9.2		7.6	8.9	8.1	7.6	9.1	8.0
Percent Expecting Rise				14%		25%			13%	40%	50%
Percent Expecting Fall	25%		67%	14%		50%	20%	50%	25%	20%	50%
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%									
Yields											
Q3-10											
Yield	10.3	16.3	11.0	11.5		10.1	11.9	10.5	9.6	12.1	8.5
Percent Expecting Rise											50%
Percent Expecting Fall	25%		50%	14%		50%	20%	25%		25%	
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%									
Investment Outlook											
Q3-10											
Fair to Good	75%		75%	71%		67%	67%	83%	85%	60%	100%
Bad to Poor	25%			14%		17%	17%		8%	40%	
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%	

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
Q3-10						
Fair to Good	26%	30%	33%	22%	26%	37%
Bad to Poor	41%	37%	41%	52%	48%	37%
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%

Table 6c

Investors by Property Type

Southwest Coast	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q3-10											
Private Buyers	100%	80%			25%	71%	17%	83%		15%	80%
R.E. Companies					25%		17%		17%	8%	20%
REITs			50%				17%	17%	67%	54%	
Institutions		20%	50%	100%	50%	14%	17%		17%	15%	
Foreign Buyers						14%	33%			8%	
Q2-10											
Private Buyers	78%	50%	33%	75%	60%	100%	50%	56%	20%	33%	86%
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%
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%	

Table 6d

Southwest Coast	Apartments - Market	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q3-10											
Higher	60%			29%			33%	50%	46%	60%	75%
Lower			25%	43%		40%	17%		15%		
Q2-10											
Higher	33%		67%	29%		33%	22%	20%	33%	33%	
Lower				29%		67%	22%	20%	33%	50%	
Q1-10											
Higher	25%		33%	25%			20%	14%	13%	20%	25%
Lower			50%	38%		50%	50%	57%	38%	60%	25%
Rental Rate Increases											
Q3-10											
Faster than Inflation	20%								8%		75%
Slower than Inflation	60%	100%	100%	100%	100%	100%	100%	67%	77%	100%	25%
Q2-10											
Faster than Inflation											
Slower than Inflation	67%	100%	100%	100%	100%	89%	100%	100%	67%	83%	100%
Q1-10											
Faster than Inflation	25%	50%									
Slower than Inflation	25%	50%	100%	88%	100%	90%	100%	100%	100%	80%	75%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	14%	20%
Lower	14%	20%
Q2-10		
Higher	56%	
Lower		25%
Q1-10		
Higher	30%	20%
Lower	40%	80%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	71%	80%
Q2-10		
Faster than Inflation		
Slower than Inflation	78%	88%
Q1-10		
Faster than Inflation		
Slower than Inflation	90%	100%

Daytona Beach Area

Cap rates in Daytona Beach are, on average, slightly lower (0.2 percentage points) than those of the state, and range from 7.1% (**Apartments**) to 9.6% (**Flex Space, Strip Centers**).

Cap rates declined across most property types in the latest quarter. The largest decrease in cap rates occurred in **Condo Conversion** (-3.49% change) and **Apartments** (-1.18% change).

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

Required yields for Daytona Beach are, on average, lower than that of the state, 11.07% compared to 11.84% statewide.

Required yields are mixed this quarter. The largest decreases occur in **Condo Conversion** (-3.51% change) and **Flex Space** (-1.60% change). The largest increases occur in **Office: Class B** (0.42% change) and **Retail Large** (0.38% change).

The investment outlook is positive for **Free Standing Retail, Office: Class B and Neighborhood Centers** but remains neutral for the remaining property types.

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

Occupancy is expected to stabilize across all property types with the exception of **Condo Conversion** which is expected to increase.

Rental rates are expected to increase slower than inflation across all property types with the exception of **Free Standing Retail** which is neutral.

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

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

Table 7a

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	7.1	8.9	9.2	9.6	8.1	9.4	8.6	8.1	9.6	8.5
Percent Expecting Rise			33%		33%		50%	43%	20%	
Percent Expecting Fall			33%			11%	50%	14%		33%
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%
Yields										
Q3-10										
Yield	10.2	16.2	10.9	11.4	10.0	11.8	10.4	9.5	12.0	8.4
Percent Expecting Rise		100%				11%	50%	14%		
Percent Expecting Fall			67%		67%		50%	43%	20%	33%
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%
Investment Outlook										
Q3-10										
Fair to Good			20%	17%		70%		67%	40%	100%
Bad to Poor			40%	33%		10%		11%		
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%	

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
Q3-10						
Fair to Good	15%	12%	15%	15%	15%	23%
Bad to Poor	65%	46%	35%	50%	31%	27%
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%

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
Q3-10													
Private Buyers	75%	75%		33%	100%	40%	50%	33%	70%	67%	44%	80%	100%
R.E. Companies	25%	25%							10%		11%		
REITs				33%		60%	17%	67%	10%		11%		
Institutions				33%			33%		10%	33%	33%	20%	
Foreign Buyers													
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%	

Table 7d

Daytona Beach Area	Apartments - Market	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q3-10										
Higher		100%				10%		33%	17%	25%
Lower			40%	33%	33%	20%		22%	17%	
Q2-10										
Higher	25%			33%	50%	27%	20%	30%	33%	
Lower	25%			17%	25%	18%	20%	20%	11%	
Q1-10										
Higher	40%				50%					
Lower			50%	75%		27%	100%	60%	57%	40%
Rental Rate Increases										
Q3-10										
Faster than Inflation										
Slower than Inflation	100%	100%	100%	100%	67%	100%	50%	56%	100%	25%
Q2-10										
Faster than Inflation	25%									
Slower than Inflation	50%	100%	100%	100%	100%	91%	60%	70%	78%	100%
Q1-10										
Faster than Inflation										
Slower than Inflation	60%		50%	100%	100%	91%		40%	86%	100%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	25%	25%
Lower	13%	25%
Q2-10		
Higher	40%	50%
Lower		
Q1-10		
Higher	56%	50%
Lower	11%	17%
Future Price Increases		
Q3-10		
Faster than Inflation		25%
Slower than Inflation	75%	75%
Q2-10		
Faster than Inflation	20%	
Slower than Inflation	60%	75%
Q1-10		
Faster than Inflation	11%	
Slower than Inflation	89%	100%

Orlando Area

Cap rates in Orlando are, on average, lower (0.26 percentage points) than that of the state, and range from 6.9% (**Apartments**) to 9.4% (**Flex Space**).

Cap rates have decreased over the past quarter, with the largest changes being seen in **Condo Conversion** (-3.23% change) and **Apartments** (-0.92% change).

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

Required yields for Orlando are, on average, lower than that of the state, 11.66% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 16.7% and lowest for **Free Standing Retail** at 9.0%.

Required yields decreased across most property types the past quarter, the largest changes occurring in **Condo Conversions** (-3.74%) and **Free Standing Retail** (-1.96%).

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

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

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

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

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

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

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	6.9	8.7	9.0	9.4	7.9	9.1	8.3	7.8	9.3	8.2
Percent Expecting Rise	15%	25%	18%	10%	9%	7%	20%	20%	23%	11%
Percent Expecting Fall	23%		27%	10%	9%	21%	20%	27%	8%	22%
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%	
Yields										
Q3-10										
Yield	10.7	16.7	11.5	12.0	10.6	12.4	11.0	10.1	12.6	9.0
Percent Expecting Rise	33%	25%	18%		10%	15%	20%	25%	17%	
Percent Expecting Fall	8%		18%	11%	30%			25%	8%	25%
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%	
Investment Outlook										
Q3-10										
Fair to Good	79%	40%	47%	31%	43%	69%	75%	60%	64%	70%
Bad to Poor		40%	13%	8%	21%		25%	15%	21%	
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%

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
Q3-10						
Fair to Good	26%	39%	20%	24%	27%	32%
Bad to Poor	56%	42%	44%	50%	36%	30%
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%

Table 8c

Investors by Property Type

Orlando Area	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q3-10												
Private Buyers	90%	75%	29%	60%	33%	46%	7%	75%	25%	20%	64%	70%
R.E. Companies	10%		21%	20%	7%			13%	50%	10%	21%	20%
REITs			29%		40%	23%	36%		25%	50%		10%
Institutions		25%	21%		20%	23%	43%	6%		20%	7%	
Foreign Buyers				20%		8%	14%	6%			7%	
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%		40%	33%	25%	5%	15%	20%	7%	11%
Institutions			33%		27%	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%		21%	13%	12%		43%	26%		
Institutions					37%	13%	41%	10%	14%	11%		13%
Foreign Buyers				40%	11%		41%		7%	5%		

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										
Q3-10										
Higher	93%	100%	27%	8%	21%	20%	17%	32%	14%	10%
Lower			33%	33%	14%	20%		16%	29%	
Q2-10										
Higher	60%	29%	60%	33%	39%	26%	33%	21%	25%	20%
Lower		29%	13%	20%	11%	21%	8%	29%	25%	10%
Q1-10										
Higher	63%	40%	32%	44%	24%	20%		16%	6%	11%
Lower	5%		11%	13%	35%	25%	43%	32%	41%	11%
Rental Rate Increases										
Q3-10										
Faster than Inflation	67%	20%			7%			11%		10%
Slower than Inflation	27%		80%	83%	71%	67%	50%	58%	85%	20%
Q2-10										
Faster than Inflation	20%	14%	7%	7%		5%	8%	8%	17%	10%
Slower than Inflation	50%	57%	33%	80%	67%	74%	50%	62%	75%	40%
Q1-10										
Faster than Inflation	11%		5%							
Slower than Inflation	47%	60%	84%	94%	82%	85%	71%	68%	89%	67%

Table 8e

Orlando Area	Single Family Development	Condominiu m Development
Future Absorption Rates		
Q3-10		
Higher	40%	
Lower	10%	50%
Q2-10		
Higher	44%	25%
Lower	6%	
Q1-10		
Higher	46%	33%
Lower	8%	
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	100%
Q2-10		
Faster than Inflation	19%	
Slower than Inflation	81%	100%
Q1-10		
Faster than Inflation	8%	
Slower than Inflation	77%	100%

Lakeland-Winter Haven

Cap rates in Lakeland-Winter Haven are, on average, slightly higher (0.02 percentage points) than that of the state, and range from 7.2% (**Apartments**) to 9.7% (**Flex Space**).

Cap rates have decreased across all property types over the last quarter. The largest changes occurred in **Condo Conversion** (-3.75 % change) and **Apartments** (-1.44% change).

Cap rates are expected to remain stable across most property types over the next quarter. The strongest indication of rate increases occurs in **Office: Class B**. The strongest indication of a rate decrease occurs in **Retail Large**.

Required yields for Lakeland-Winter Haven are, on average, higher than that of the state, 14.12% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 19.2% and lowest for **Free Standing Retail** at 11.5%.

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 positive across most property types with **Free Standing Retail** 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 **Flex Space**. The strongest indication of increasing occupancy is in **Retail Large** and **Apartments**.

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** and decrease for **Condominium Development**.

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

Table 9a

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	7.2	9.0	9.3	9.7	8.1	9.4	8.6	8.1	9.6	8.5
Percent Expecting Rise			20%			50%			43%	13%
Percent Expecting Fall	33%						100%			25%
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%	
Yields										
Q3-10										
Yield	13.2	19.2	13.9	14.4	13.1	14.8	13.5	12.5	15.1	11.5
Percent Expecting Rise		50%							17%	14%
Percent Expecting Fall	33%		20%			50%			17%	14%
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%	
Investment Outlook										
Q3-10										
Fair to Good			57%					60%	50%	75%
Bad to Poor									38%	
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%

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
Q3-10						
Fair to Good	25%	50%	21%	33%	38%	38%
Bad to Poor	54%	29%	46%	46%	33%	29%
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%

Table 9c

Investors by Property Type

Lakeland-Winter Haven	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q3-10												
Private Buyers	67%	67%	33%	50%	43%	50%		100%	50%	20%	88%	88%
R.E. Companies	33%		33%						50%			
REITs			33%		43%					60%		13%
Institutions		33%			14%	50%	50%			20%		
Foreign Buyers				50%			50%				13%	
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%					

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										
Q3-10										
Higher	50%	33%	29%				100%	40%	11%	22%
Lower				100%	50%				22%	
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%
Rental Rate Increases										
Q3-10										
Faster than Inflation	25%									
Slower than Inflation	75%	67%	71%	100%	50%	100%	100%	100%	89%	56%
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%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	22%	
Lower	22%	67%
Q2-10		
Higher	17%	
Lower		
Q1-10		
Higher	44%	
Lower	11%	
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	78%	100%
Q2-10		
Faster than Inflation	17%	
Slower than Inflation	50%	
Q1-10		
Faster than Inflation	11%	
Slower than Inflation	89%	50%

Tampa-St. Petersburg

Cap rates in the Tampa-St. Petersburg area are, on average, lower than that of the state (0.21%), and range from 6.9% (**Apartments**) to 9.4% (**Flex Space, Strip Centers**).

Cap rate changes decreased over the past quarter across most property types, with the largest changes occurring in **Condo Conversion** (-3.43% change) and **Apartments** (-1.11% 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 higher, on average, than that of the state, 12.34% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 17.4% and lowest for **Free Standing Retail** at 9.7%.

Required yields are mixed across property types last quarter. The largest decreases in required yields occurred in **Condo Conversions** (-2.99% change) and **Free Standing Retail** (-1.21% change). The largest increases occurred in **Office Class B** (+0.94% change) and **Retail Large** (+0.90% change).

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

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 be neutral to positive for most property types. The largest indication of increasing occupancy is in **Condo Conversions** and **Apartments**.

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

Future absorption rate expectations are neutral 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										
Q3-10										
Cap Rate	6.9	8.7	9.1	9.4	7.9	9.2	8.4	7.9	9.4	8.3
Percent Expecting Rise	14%		14%	22%	17%	38%	10%	15%	22%	60%
Percent Expecting Fall	21%		14%	11%	33%		20%	15%		
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%		
Yields										
Q3-10										
Yield	11.4	17.4	12.1	12.7	11.3	13.0	11.7	10.7	13.3	9.7
Percent Expecting Rise	29%		14%	11%	17%	19%	10%	17%	13%	25%
Percent Expecting Fall	14%		14%	11%	17%	13%	20%	25%	13%	25%
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%		
Investment Outlook										
Q3-10										
Fair to Good	73%		80%	64%	64%	45%	69%	60%	33%	60%
Bad to Poor						10%	8%	13%	33%	
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%

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
Q3-10						
Fair to Good	19%	42%	24%	23%	27%	32%
Bad to Poor	50%	31%	44%	45%	37%	34%
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%

Table 10c

Investors by Property Type

Tampa-St Pete	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q3-10												
Private Buyers	90%	75%		13%	50%	20%	73%		75%	23%	20%	89%
R.E. Companies	10%	13%		27%		10%			20%	23%	7%	
REITs				33%		40%	9%	55%	5%	38%	47%	
Institutions		13%		27%		30%	9%	27%		8%	27%	
Foreign Buyers					50%		9%	18%		8%		11%
Q2-10												
Private Buyers	57%	86%		31%	60%	45%	83%	14%	71%	27%	31%	83%
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%
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%	

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										
Q3-10										
Higher	59%	67%	50%	18%	45%	15%	46%	50%	10%	
Lower		33%	20%	9%	18%	25%			40%	17%
Q2-10										
Higher	40%	20%	50%	50%	44%	27%	33%	23%	30%	
Lower	7%	20%	20%	17%	31%	27%	13%	31%	30%	100%
Q1-10										
Higher	38%		42%	30%	45%	24%	20%	18%	14%	14%
Lower			25%	40%	36%	35%	40%	35%	71%	14%
Rental Rate Increases										
Q3-10										
Faster than Inflation	47%		10%		9%		8%	7%		
Slower than Inflation	47%	67%	70%	64%	82%	85%	54%	57%	80%	80%
Q2-10										
Faster than Inflation	27%	20%				9%				
Slower than Inflation	47%	60%	50%	50%	75%	91%	73%	69%	70%	100%
Q1-10										
Faster than Inflation			17%	10%	9%					
Slower than Inflation	46%	75%	42%	60%	55%	76%	70%	76%	86%	57%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	10%	
Lower	10%	13%
Q2-10		
Higher	43%	
Lower	14%	29%
Q1-10		
Higher	44%	22%
Lower		11%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	70%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	57%	100%
Q1-10		
Faster than Inflation	6%	11%
Slower than Inflation	56%	78%

Sarasota-Bradenton

Cap rates in the Sarasota-Bradenton area are, on average, lower (0.30 percentage points) than that of the state, and range from 6.9% (**Apartments**) to 9.4% (**Flex Space**).

Cap rates decreased across most property types in the last quarter, with the largest changes occurring in **Apartments** (-1.31% change) and **Neighborhood Centers** (-0.80% change).

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

Required yields for Sarasota-Bradenton are, on average, higher than that of the state, 12.34% compared to 11.84% statewide.

Required yields are highest for **Strip Centers** at 13.9% and lowest for **Free Standing Retail** at 10.2%.

Required yields have increased dramatically this quarter across most property types. The largest shifts occurred in **Office: Class B** (+2818% change) and **Retail – Large** (+2.77% change).

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

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

Future occupancy is expected to remain stable over the next quarter for most property types. Occupancy in **Condo Conversion** is expected to decline and occupancy in **Apartments** is expected to increase.

Rental rates are expected to lag inflation across most 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: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q3-10											
Cap Rate	6.9		9.0	9.4		7.8	9.1	8.3	7.8	9.3	8.2
Percent Expecting Rise			14%	25%			18%			14%	
Percent Expecting Fall	67%		14%				9%	100%	40%		17%
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%										
Yields											
Q3-10											
Yield	12.0		12.7	13.2		11.9	13.6	12.2	11.3	13.9	10.2
Percent Expecting Rise				14%						14%	20%
Percent Expecting Fall							11%	50%	25%		
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%	
Investment Outlook											
Q3-10											
Fair to Good			63%	50%			42%		71%	33%	43%
Bad to Poor			13%	13%			8%			50%	14%
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%

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
Q3-10						
Fair to Good	14%	41%	10%	7%	10%	21%
Bad to Poor	48%	34%	52%	59%	45%	34%
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%

Table 11c

Investors by Property Type

Sarasota-Bradenton	Single Family Dev.	Condo	Apartments - Dev. Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q3-10												
Private Buyers	100%	100%	33%		63%	88%		75%	33%	29%	67%	57%
R.E. Companies			33%		13%			8%	33%	14%	17%	29%
REITs					25%	13%	50%	8%	33%	43%		14%
Institutions			33%							14%		
Foreign Buyers							50%	8%			17%	
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%					

Table 11d

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q3-10											
Higher	50%			11%		27%		33%	29%	14%	33%
Lower		100%	25%	33%		27%				14%	
Q2-10											
Higher	40%					33%	17%		25%	67%	17%
Lower	40%	33%	67%			33%	17%	33%	50%		33%
Q1-10											
Higher	20%			17%					17%	22%	
Lower			17%				45%			33%	20%
Rental Rate Increases											
Q3-10											
Faster than Inflation	50%							33%	14%		
Slower than Inflation	50%	100%	75%	100%	100%	82%	82%	33%	57%	43%	67%
Q2-10											
Faster than Inflation	20%							33%			17%
Slower than Inflation	60%	100%	100%	67%	67%	83%	83%	67%	75%	67%	67%
Q1-10											
Faster than Inflation											
Slower than Inflation	40%	50%	83%	67%		91%	50%	83%	89%	80%	

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	33%	17%
Lower	11%	17%
Q2-10		
Higher	25%	20%
Lower	25%	40%
Q1-10		
Higher	63%	29%
Lower		14%
Future Price Increases		
Q3-10		
Faster than Inflation	11%	
Slower than Inflation	56%	83%
Q2-10		
Faster than Inflation		
Slower than Inflation	75%	60%
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	86%

Jacksonville

Cap rates in Jacksonville are, on average, lower (0.10 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.6% (**Flex Space**).

Cap rates are mixed across property types, with the largest decrease occurring in **Condo Conversion** (-3.09% change) and the largest increase occurring in **Warehouse** (+0.61% change).

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

Required yields for Jacksonville are, on average, lower than that of the state, 11.07% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 16.1% and lowest for **Free Standing Retail** at 8.4%.

Required yields have decreased across all property types this quarter with the largest decreases occurring in **Condo Conversions** (-4.02% change) and **Free Standing Retail** (-2.24% change).

The investment outlook is mixed to positive across all property types this quarter. The most positive outlook for investment occurs in **Apartments**, **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 **Apartments**, **Condo Conversion** and **Flex Space**.

Rental rates are expected to lag inflation across all property types.

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										
Q3-10										
Cap Rate	7.0	8.8	9.2	9.6	8.0	9.3	8.5	8.0	9.5	8.4
Percent Expecting Rise	40%		25%		67%	27%	33%	20%	10%	33%
Percent Expecting Fall	40%		50%	100%	33%	9%	33%	40%	20%	
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%	
Yields										
Q3-10										
Yield	10.1	16.1	10.9	11.4	10.0	11.8	10.4	9.5	12.0	8.4
Percent Expecting Rise	25%		25%	#DIV/0!	67%	11%	33%	10%		
Percent Expecting Fall	25%		25%	#DIV/0!	33%	11%	33%	40%		33%
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%	
Investment Outlook										
Q3-10										
Fair to Good	67%		50%		40%	8%	100%	67%	33%	
Bad to Poor						17%		8%	25%	
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%	

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
Q3-10						
Fair to Good	23%	32%	16%	10%	26%	26%
Bad to Poor	58%	32%	42%	58%	42%	48%
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%

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
Q3-10													
Private Buyers	83%	100%			100%	33%	100%		20%	83%	25%	25%	92%
R.E. Companies				50%		17%			40%	17%	25%	17%	8%
REITs				33%		17%			20%		25%	42%	
Institutions				17%		33%			20%		25%	17%	
Foreign Buyers	17%												
Q2-10													
Private Buyers	88%	75%			50%	20%	75%		14%	93%	20%	17%	80%
R.E. Companies	13%			50%	50%	20%			29%		20%	17%	20%
REITs				38%		20%	25%		14%	7%	20%	67%	
Institutions				13%		40%			43%		40%		
Foreign Buyers		25%											
Q1-10													
Private Buyers	91%	75%		38%		25%	67%			93%	33%	22%	85%
R.E. Companies	9%	25%		38%	100%	13%			25%	7%	33%	44%	15%
REITs				25%		13%	17%		25%		33%	22%	
Institutions						38%	17%		25%				
Foreign Buyers						13%			25%			11%	

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											
Q3-10											
Higher	83%	100%	17%	100%	60%	17%	33%	36%	27%	33%	
Lower			17%			33%		18%	27%	33%	
Q2-10											
Higher	50%	50%	40%	60%	50%	15%		29%	20%	20%	
Lower					25%	31%	20%	29%	40%		
Q1-10											
Higher	50%		38%		50%	7%	33%	22%	8%	25%	
Lower			13%	17%		21%	67%	44%	54%	13%	
Rental Rate Increases											
Q3-10											
Faster than Inflation	33%										
Slower than Inflation	50%		50%		100%	92%	33%	73%	91%	67%	
Q2-10											
Faster than Inflation	30%			20%							
Slower than Inflation	60%	100%	40%	40%	63%	92%	80%	71%	100%	80%	
Q1-10											
Faster than Inflation	13%										
Slower than Inflation	50%		88%	67%	25%	86%	67%	67%	85%	100%	

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	17%	33%
Lower		
Q2-10		
Higher		
Lower		50%
Q1-10		
Higher	45%	
Lower	9%	50%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	83%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	88%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	73%	100%

Gainesville-Ocala

Cap rates in Gainesville-Ocala are, on average, higher (0.41 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 10.1% (**Flex Space**).

Cap rates decreased for most property types over the last quarter, with the largest changes occurring in **Condo Conversion** (-3.69% change) and **Apartments** (-1.38% change).

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

Required yields for Gainesville-Ocala are, on average, slightly lower than that of the state, 11.73% compared to 11.84% statewide.

Required yields are highest for **Condo Conversions** at 16.8% and lowest for **Free Standing Retail** at 9.1%.

Required yields decreased significantly over the past quarter for all property types. The largest increases occurred in **Condo Conversions** (-7.88% change) and **Flex Space** (-5.96% 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, Retail Large** and **Strip Centers**.

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

Future occupancy expectations are neutral to positive across available property types. The strongest indications of future occupancy increases occur in **Apartments, Condo Conversions** and **Free Standing Retail**.

Rental rates are expected to lag inflation across the majority of available property types over the next quarter.

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

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

Table 13a

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	7.6	9.3	9.7	10.1	8.5	9.8	9.0	8.5	10.0	8.9
Percent Expecting Rise			25%		17%					
Percent Expecting Fall	33%		25%		17%		67%			
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%	
Yields										
Q3-10										
Yield	10.8	16.8	11.5	12.0	10.7	12.4	11.1	10.1	12.7	9.1
Percent Expecting Rise			25%		20%					
Percent Expecting Fall	67%				20%		100%			
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%					
Investment Outlook										
Q3-10										
Fair to Good	75%		25%		50%	50%	75%		75%	
Bad to Poor					17%	33%	25%			
Q2-10										
Fair to Good	71%		50%		60%	71%			50%	
Bad to Poor									33%	
Q1-10										
Fair to Good	80%					25%				
Bad to Poor										

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
Q3-10						
Fair to Good	24%	29%	29%	29%	35%	47%
Bad to Poor	53%	35%	41%	35%	29%	29%
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%

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
Q3-10												
Private Buyers	67%	67%		50%	67%	75%	100%	50%	67%	25%		75%
R.E. Companies	17%	33%						50%	33%	25%		25%
REITs				50%						25%	50%	
Institutions						25%				25%	50%	
Foreign Buyers	17%				33%							
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												

Table 13d

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q3-10										
Higher	60%	67%			17%					50%
Lower	20%				17%	33%	33%			
Q2-10										
Higher	50%	33%	50%		20%	33%		50%		
Lower	17%	67%			60%		50%			
Q1-10										
Higher	75%	100%			33%		33%			
Lower			33%	33%	33%				67%	
Rental Rate Increases										
Q3-10										
Faster than Inflation	20%	33%			17%		33%			
Slower than Inflation	40%	33%	75%	50%	67%	67%	67%	100%	67%	50%
Q2-10										
Faster than Inflation	17%				20%		50%			
Slower than Inflation	50%	100%	100%	100%	80%	67%	50%	50%	75%	
Q1-10										
Faster than Inflation	25%									
Slower than Inflation	75%	100%	67%	100%	33%	75%	33%		100%	

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	17%	33%
Lower		33%
Q2-10		
Higher	100%	50%
Lower		50%
Q1-10		
Higher	75%	50%
Lower		
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%
Q2-10		
Faster than Inflation	33%	
Slower than Inflation	67%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	100%	75%

Pensacola-Tallahassee

Cap rates for property types in Pensacola-Tallahassee are, on average, lower (0.18 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.5% (**Flex Space**).

Cap rates have decreased for most available property types over the past quarter. The largest cap rate movements occurred in **Apartments** (-1.05% change) and **Retail-Large** (-0.54% change).

Cap rates are mixed across available property types. Respondents expect cap rate increases in **Flex Space** and **Office: Class A** but expect decreases in **Apartments** and **Retail Large**.

Required yields for Pensacola-Tallahassee are, on average, higher than that of the state, 12.63% compared to 11.84% statewide.

Required yields are highest for **Condo Conversion** at 17.7% and lowest for **Free Standing Retail** at 10.0%.

Required yields have increased for most property types over the past quarter. The largest increases occurred in **Office: Class B** (+0.93% change) and **Retail Large** (+0.89% change). Yields decreased for **Free Standing Retail** (-1.22% change) and **Flex Space** (-1.09% change).

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

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 **Warehouse, Office: Class A** and **Office: Class B**.

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 **Single Family** and negative for **Condominium Development**.

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

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q3-10										
Cap Rate	7.0	8.8	9.1	9.5	7.9	9.2	8.4	7.9	9.4	8.3
Percent Expecting Rise				100%	100%			25%	22%	
Percent Expecting Fall	67%					20%	100%	25%	11%	
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										
Yields										
Q3-10										
Yield	11.7	17.7	12.4	12.9	11.6	13.3	12.0	11.0	13.6	10.0
Percent Expecting Rise	33%			100%				25%	13%	
Percent Expecting Fall						25%	100%	50%		
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%					
Investment Outlook										
Q3-10										
Fair to Good	80%					33%		25%	50%	
Bad to Poor						17%			25%	
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%	

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
Q3-10						
Fair to Good	10%	29%	5%	10%	5%	24%
Bad to Poor	76%	48%	48%	52%	43%	52%
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%

Table 14c

Investors by Property Type

Pensacola to Tallahassee	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers
Q3-10											
Private Buyers	100%	100%	40%	100%	100%		100%	83%		25%	100%
R.E. Companies								17%			
REITs			60%							50%	
Institutions									100%	25%	
Foreign Buyers											
Q2-10											
Private Buyers	89%	100%	80%		100%	67%		100%	100%	50%	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%
R.E. Companies	17%		33%				40%			29%	
REITs			33%						100%	14%	
Institutions											
Foreign Buyers		14%					20%			14%	

Table 14d

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q3-10										
Higher	20%							33%	11%	
Lower			100%		50%	75%			33%	50%
Q2-10										
Higher	17%			40%	100%				20%	33%
Lower	17%			20%			100%		60%	
Q1-10										
Higher						13%		29%	14%	
Lower					67%	25%	100%	29%	43%	50%
Rental Rate Increases										
Q3-10										
Faster than Inflation										
Slower than Inflation	40%		100%	100%		75%	100%	100%	89%	50%
Q2-10										
Faster than Inflation	17%									
Slower than Inflation	50%		100%	80%		78%	100%	50%	80%	100%
Q1-10										
Faster than Inflation										
Slower than Inflation	40%			100%		100%	100%	71%	100%	100%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q3-10		
Higher	22%	20%
Lower	33%	80%
Q2-10		
Higher	22%	29%
Lower	22%	43%
Q1-10		
Higher	33%	29%
Lower		43%
Future Price Increases		
Q3-10		
Faster than Inflation		
Slower than Inflation	89%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	78%	100%
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	100%