

Survey of Emerging Market Conditions

Quarter 4 2010

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

Respondents to the 4th quarter survey continued their gradual increase in optimism for the market as a number of the uncertainties that hampered prior surveys were relieved. The defeat of Amendment 4 in Florida and the completion of the elections provide a clear picture of the future for market participants. One respondent commented “All conditions for improved business function have improved, most important a greater certainty of what the operating rules, tax structures, and regulations will be in the coming 2-3 years, enabling decision makers to proceed with less concern for an abrupt change in policy.” This is a sentiment shared by many of our respondents.

However, economic factors continue to weight on respondents’ minds as well. The high unemployment rate in the state continues reaching 12% in December, unchanged from November. Florida remains one of the worst states in the country in unemployment which continues to have an adverse impact on real estate recovery. Additionally, fears over federal, state and local budget issues continue to be expressed by the respondents. Local revenues continue to decline as property values decline placing a tremendous burden on local budgets requiring tough decisions on services and infrastructure maintenance or looking at tax increases to cover any short fall. The state welcomed a new governor, after the November election, who has promised to make Florida a more business friendly state. If he can succeed on his goals, respondents believe it will have a positive impact on the real estate market. Any help in attracting new business to move or form in the state will no doubt have a positive impact on job growth. On a national level, the change in congress was perceived to be a positive step forward by respondents. Time will tell if the new congress will curtail the spending habits of the federal government and stop the assault on the business community to allow for job growth.

Despite these concerns, the survey results indicate that respondents expect better fundamentals over the next year. Expectations for occupancy and rents increased across every asset class. Additionally, the investment outlook increased in a majority of asset classes and the state wide outlook reached a survey high. Private capital continues to be plentiful searching for the few good products on the market. In fact, some respondents are concerned about the implications of the cap rate compression currently occurring for trophy properties in various asset classes. Regardless, this bifurcation of the market is projected to continue as banks remain slow to release the quality Class A assets to the market. Poorly located assets and lower class assets will not benefit from the private capital and continue to see higher occupancy and lower rents for the foreseeable future.

Overall the market appears to be improving and will continue to improve at a slow pace over the next year. As one respondent noted, “Time, time, time...market corrections take time.”

Highlights

- The outlook for occupancy and rental rates increased across all asset classes this quarter.
- 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 most property types. The overall outlook for Florida improved to its highest level since survey inception.
- 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 it positive trend, reaching a similar level as the first 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 271, 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 increased slightly this quarter with respondents continuing to believe that absorptions will remain the same. Home builders continue to have a negative outlook on the market as financing is difficult to obtain and lower prices in the foreclosure and short sale market take potential customers away from the new housing market. The outlook for prices of new single family and condominium development increased from last quarter but respondents continue to believe prices will rise slower than inflation. The shadow foreclosure market and continued uncertainty of the job market keep downward pressure on prices and make newly developed housing uncompetitive with distressed existing inventory. Surprisingly, respondents' outlook for investment in residential development increased for both condominiums and single family homes. Despite the poor fundamentals of the housing market, the low price for fully developed lots provides incentive for investors and developers to buy and hold for the expected upturn in the market several years from now.

Apartments

Expectations for occupancy stabilized this quarter as respondents continue to 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 dropped this quarter with a majority of respondents believing it is a mixed time to buy. Cap rates, an indication of long term value, stabilized at 7% this quarter for market rent apartments and continued to decline for condo conversions. Respondents believe that rates will stabilize around this level.

Industrial

The outlook for industrial occupancy stabilized for flex space but increased slightly for warehouse space. A majority of respondents continue to believe that occupancy will remain unchanged. The outlook for rental rates remained the same 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 flex space remained stable this quarter at just above 9% while cap rates for

Warehouse declined slightly to just below 8%. Expectations for future cap rates moved toward decreasing cap rates.

Office

Office occupancy expectations continued a positive trend. Both Class A & B occupancy expectations increased. However, a majority of respondents still believe that occupancy will remain unchanged. The outlook for rental rates increased slightly but is still expected to continue lagging inflation. Cap rates stabilized at 9% for Class B office while Class A cap rates increased slightly this quarter. Respondents continue to expect cap rates to remain stable at current levels. Future improvements in the office market will be contingent on the job growth we experience of the next several quarters.

Retail

Retail occupancy expectations continued to improve for all property types. Respondents now believe that occupancy will increase in neighborhood centers and large retail centers. The expectations for rental rates remained stable this quarter with respondents expecting rates will lag inflation. Cap rates continue to stabilize or decline across retail property types with expectations of continued stabilization. The investment outlook in retail increased for neighborhood centers while declining for the remaining property types. Grocery anchored shopping centers continue to be the product of choice for investors and have attracted a majority of the private equity in the market place.

Land Investment

The outlook for investment in land improved this quarter but continues to indicate a mixed time to buy across all categories. Lack of financing for land purchase continues to be the main concern along with long development times. However, more respondents believe that land is starting to be priced at levels that support longer term investment. The rejection of Amendment 4 at the polls in November had a positive impact on the outlook land.

Capital Availability

The outlook for capital availability continued to be positive this quarter as respondents still believe that future capital availability will increase. Capital for development expectation increased again this quarter. Respondents believe there is a need to add additional apartment units based on the fundamentals and expect development financing to be available for that sector. Private equity continues to be plentiful for quality core assets and valued-add assets. 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 is expected to return in a significant way this year as several billion dollars of new issuance was planned for the first two months of the new year.

Own Business Outlook

Own business outlook continued its positive trend this quarter, reaching the same level as the first quarter of 2008. Lenders continue to lead the way as respondent expectations increased across every profession. Continued uncertainty with employment and the political environment hold down the overall expectations for our respondents' businesses.

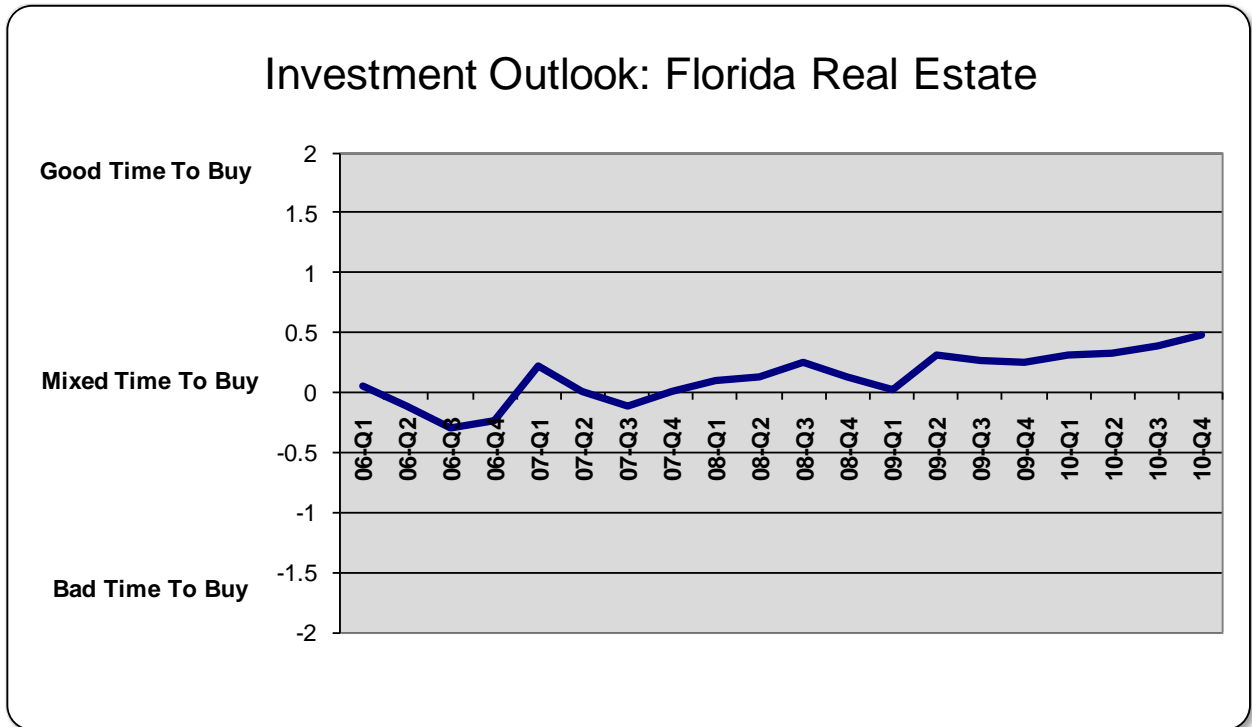
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Section 1: Investment Outlook

The investment outlook for Florida reached its highest level since inception of the survey. An improved outlook across most property types drove the general index higher as respondents believe we are slowly coming off the bottom. One respondent commented that “property level fundamentals are stabilizing for the most part, and we expect a notable increase in transaction activity throughout the year.” A new governor with a pro-business agenda provides additional rays of light for the industry, however, continued concern over unemployment, the large federal budget deficit and budget woes at the local level dampen investor enthusiasm. Additionally, there continues to be a lack of quality property for investment as banks remain content to extend mortgages on quality properties hoping for a rebound of the market and fewer losses for them.

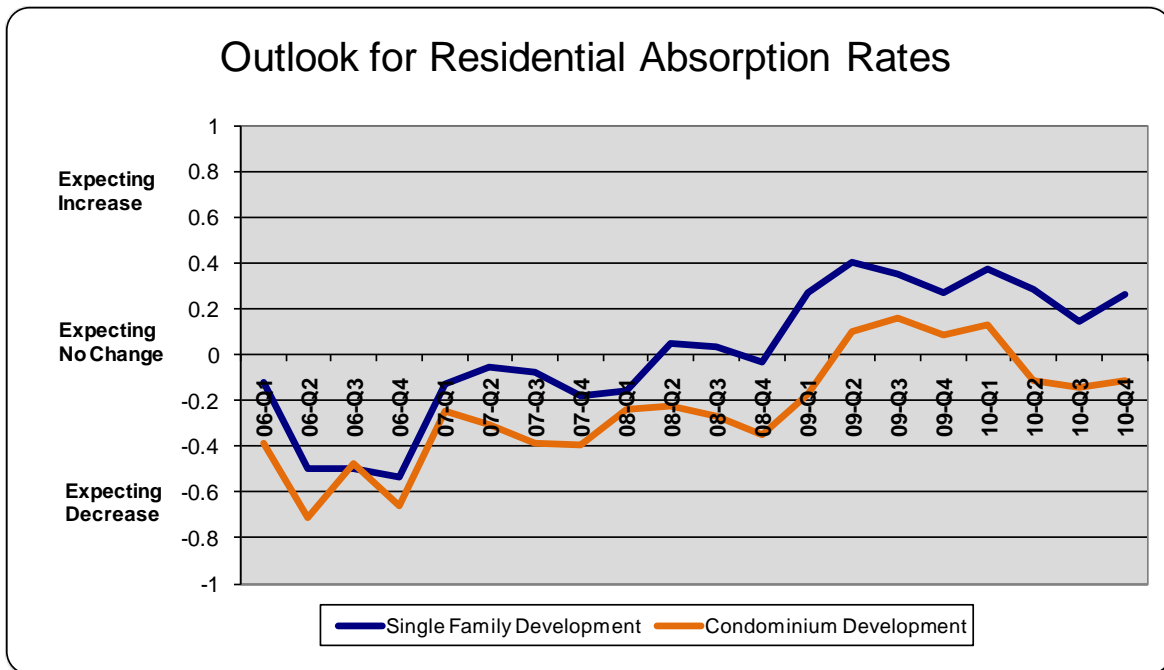


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

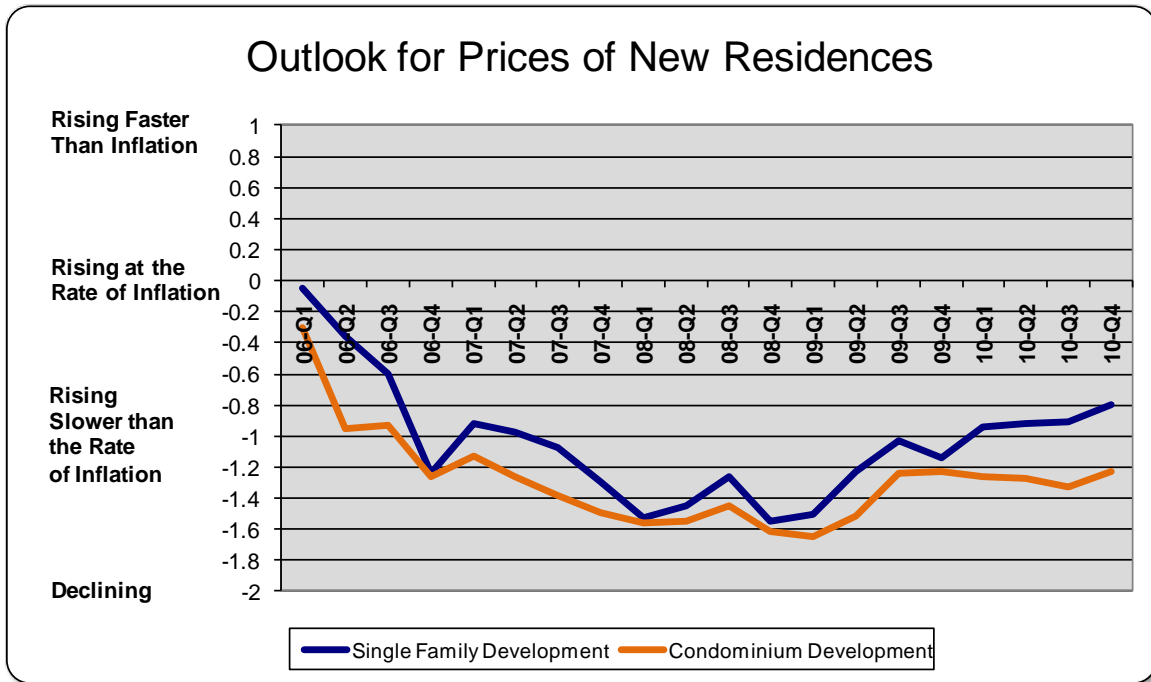
Expected Absorption Rates

Our respondents' view of new housing absorption increased slightly this quarter. A continuation of foreclosure activity, shadow inventory from foreclosures that have yet to come to market and increased short sale activity combine to put a damper on new home absorption. New home builders continue to have a very negative view on the home building industry due to these factors along with difficulty in obtaining financing. Home builders have retooled their product lines offering smaller houses at lower costs in order to compete with the lower priced foreclosures and short sales but can't keep up with the dropping prices of existing inventory. High unemployment provides a competing affect to record low interest rates to keep absorption expectations contained. 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. These factors will keep absorption low for the next several years.



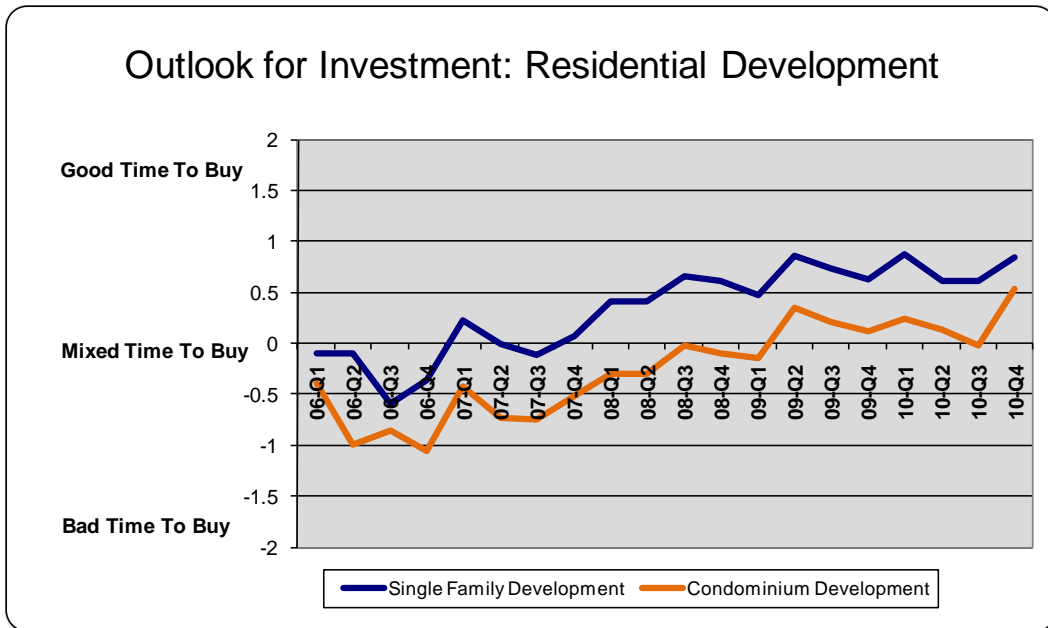
Expected Price Changes

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 in existing inventory. This will continue to apply pressure to new home builders to produce product at low prices in order to compete. Unfortunately an upturn in construction costs will make this more challenging. Additionally, skilled labor in the state will difficult to retain as they move to other regions of the country where recovery is happening at a faster pace.



Investment Outlook

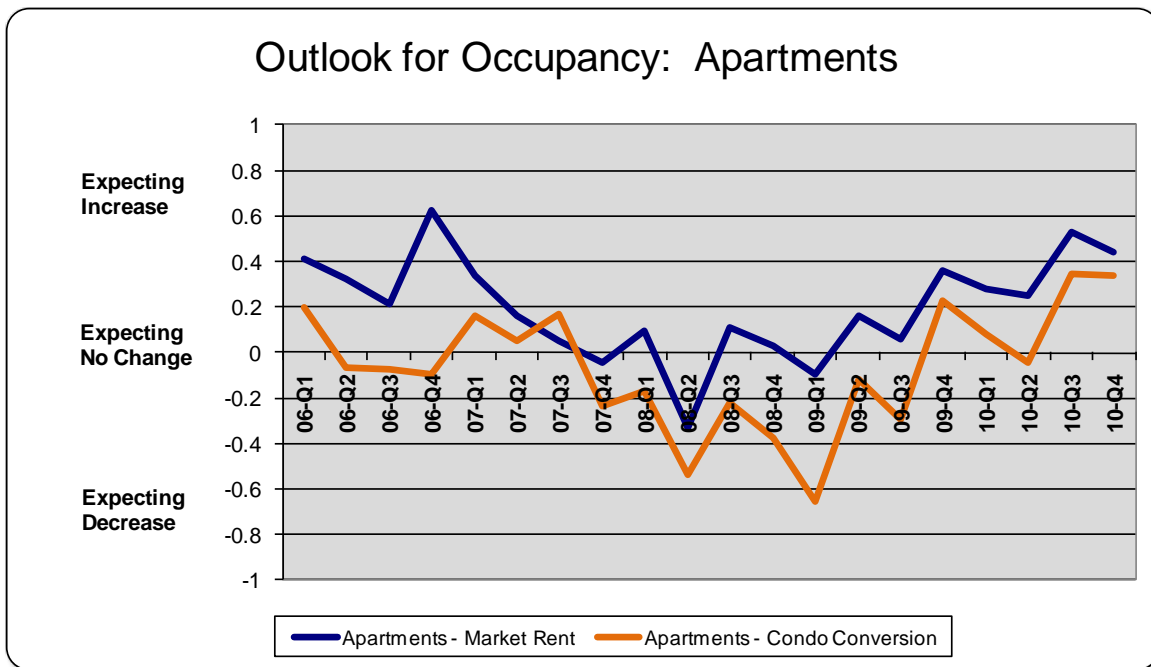
Surprisingly, the outlook for residential investment increased this quarter for both single family and condo development. Respondents indicated that fully developed lot prices continue to decline and provide a better investment opportunity despite the long holding periods. High unemployment and a limited supply of financing for end users will continue to put downward pressure on investment expectations going forward. However, a number of our respondents were optimistic about the first year of retired baby boomers coming to Florida for retirement and helping reduce existing inventory.



Section 3: Apartments

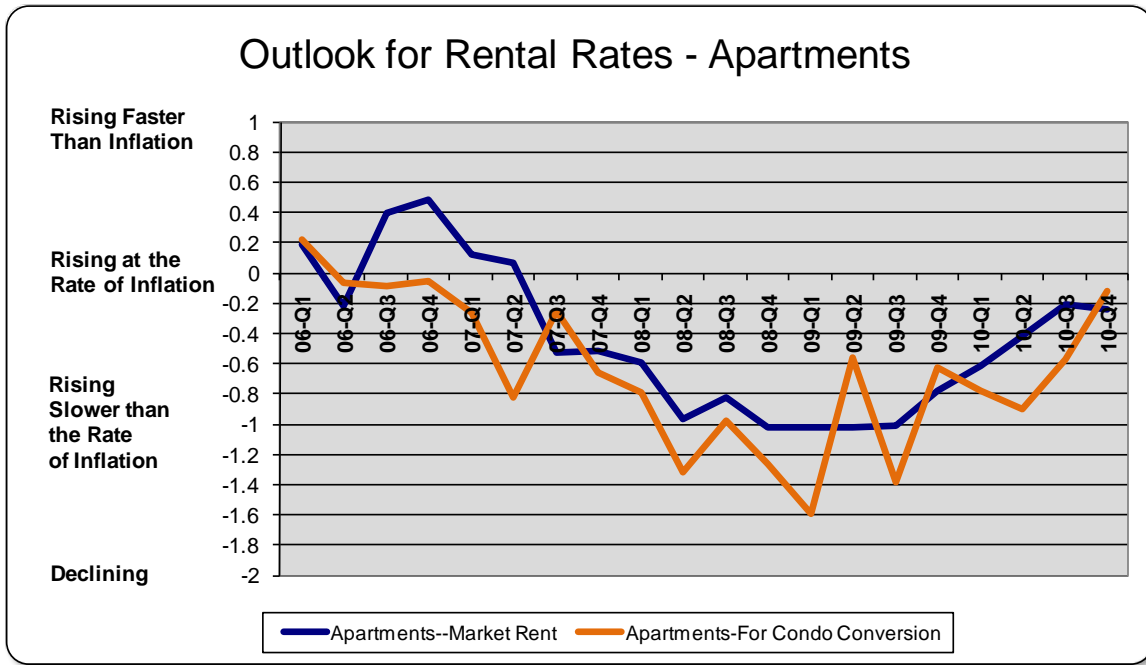
Expected Occupancy

Expectations in the apartment segment cooled slightly this quarter, but apartments remain the most sought after property type. Expectations for occupancy declined slightly but more respondents continue to believe that occupancy will increase. In fact there is a growing belief among respondents that there is a supply shortage in apartments that warrants new development. This sentiment comes from the reduction in the home ownership rate because of the continuing foreclosure issues in the state as well as preferences by younger workers to rent versus own. Continued high unemployment and underemployment 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.



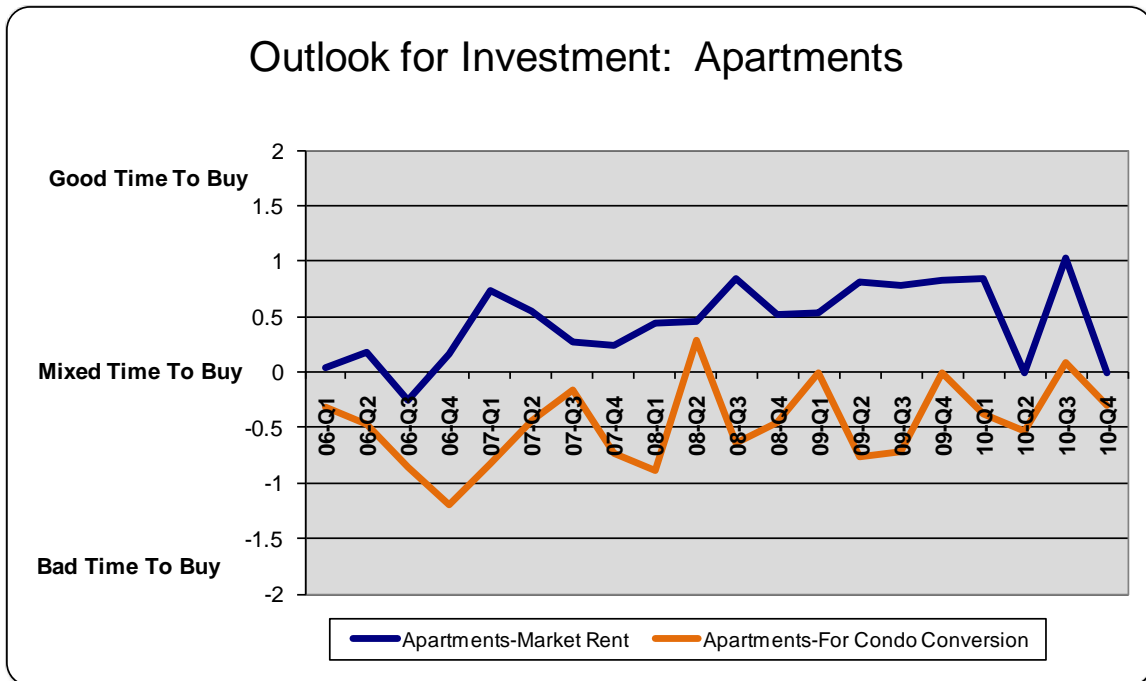
Expected Rental Rates

The outlook for rental rates remained positive as our respondents increasingly believe that rates will keep up with inflation. Increasing demand and a limited supply will allow for price increases and elimination of concessions going forward. One respondent commented that “lack of new supply of rental apartments coupled with increased demand (job growth) will allow for rent and occupancy increases in 2011.” Markets that experience job growth will be in the best position to benefit from these increases.



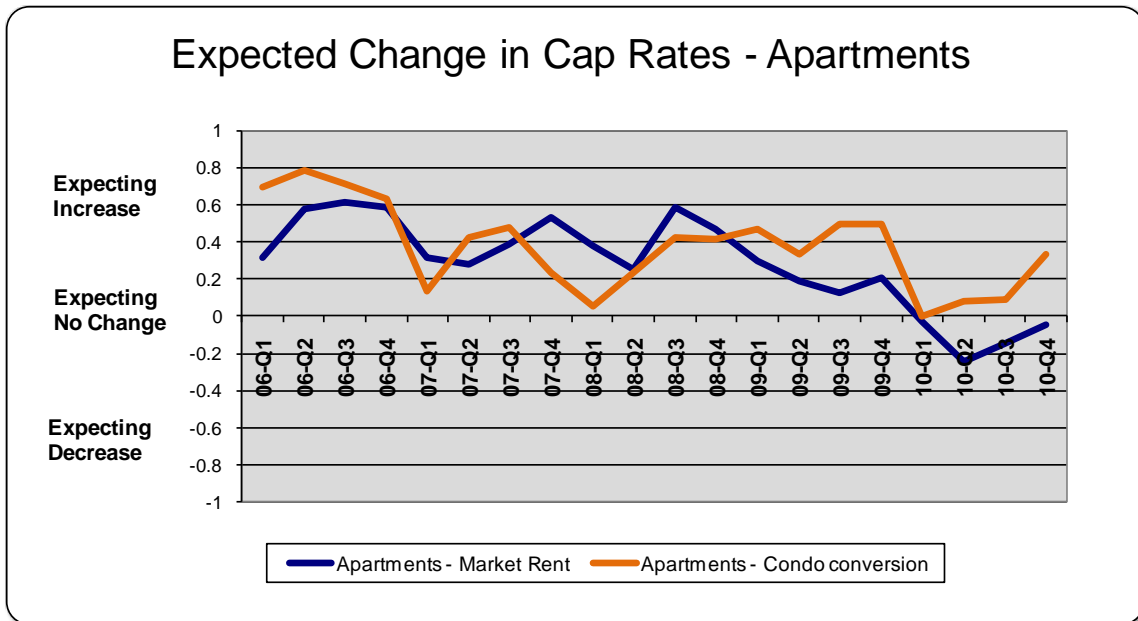
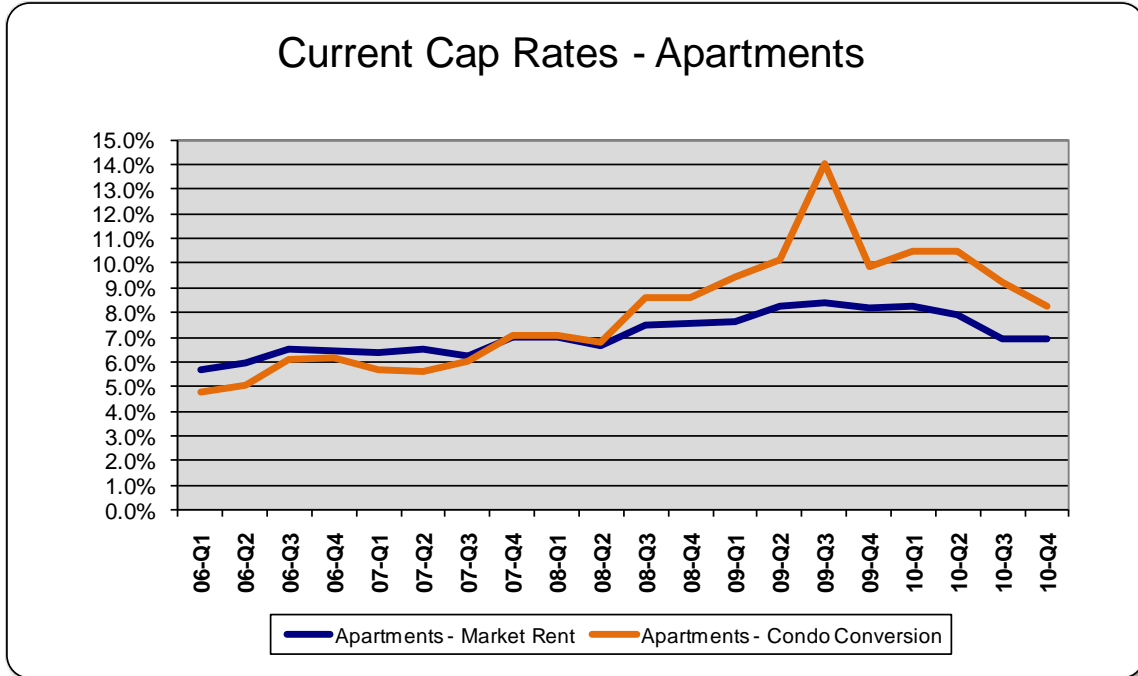
Investment Outlook

The outlook for investment in apartments continues to be volatile as the outlook in market rate apartments took a significant decline. This view appears to correspond to the large cap rate compression we are seeing on core assets as an oversupply of private capital is chasing few deals. Our respondents are likely weary of the investment performance at these compressed levels.



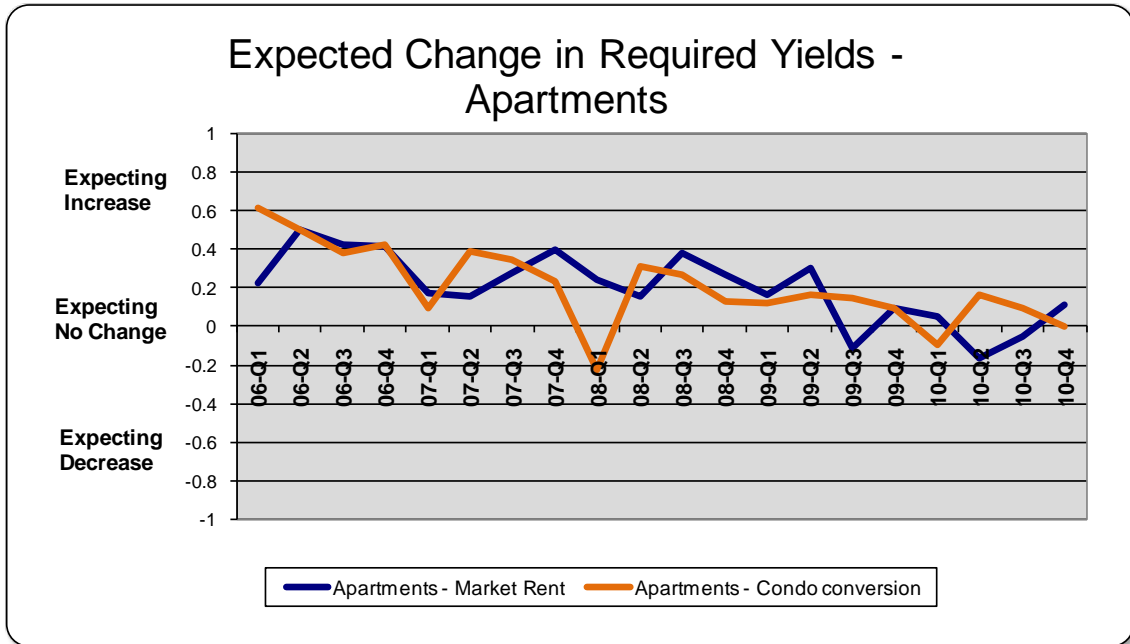
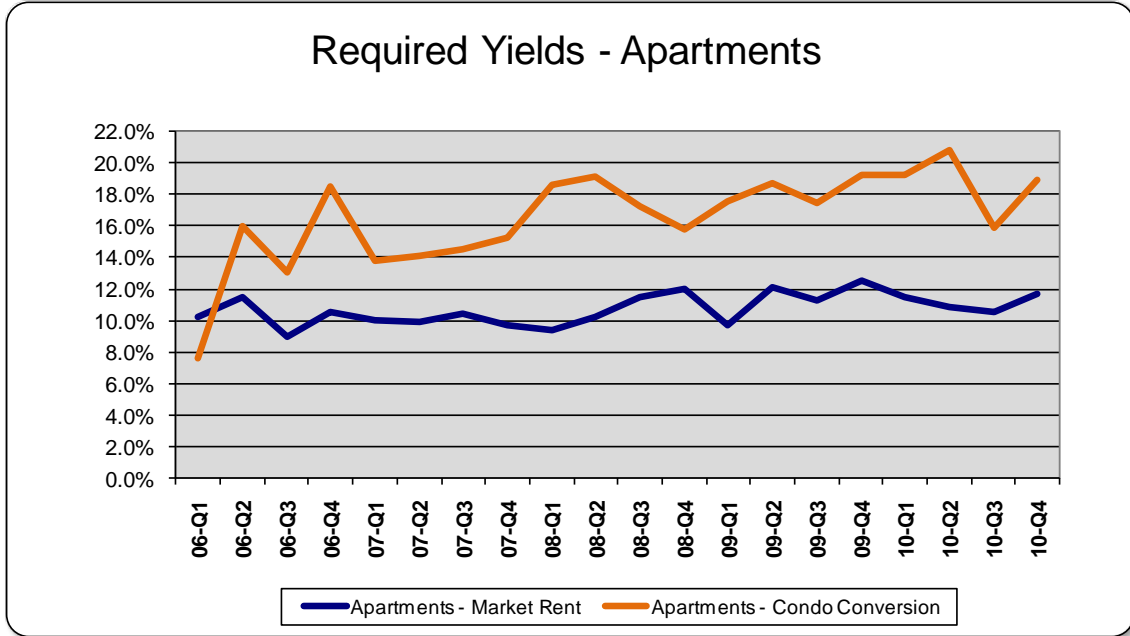
Cap Rates

Cap rates for market rent apartments stabilized this quarter at just below 7%. Significant capital in this sector along with improving fundamentals has driven down cap rates for performing assets but a lack of available quality product has stabilized cap rates at their current levels. Expectations for future cap rates indicate that respondents believe this sector has stabilized.



Required Yields

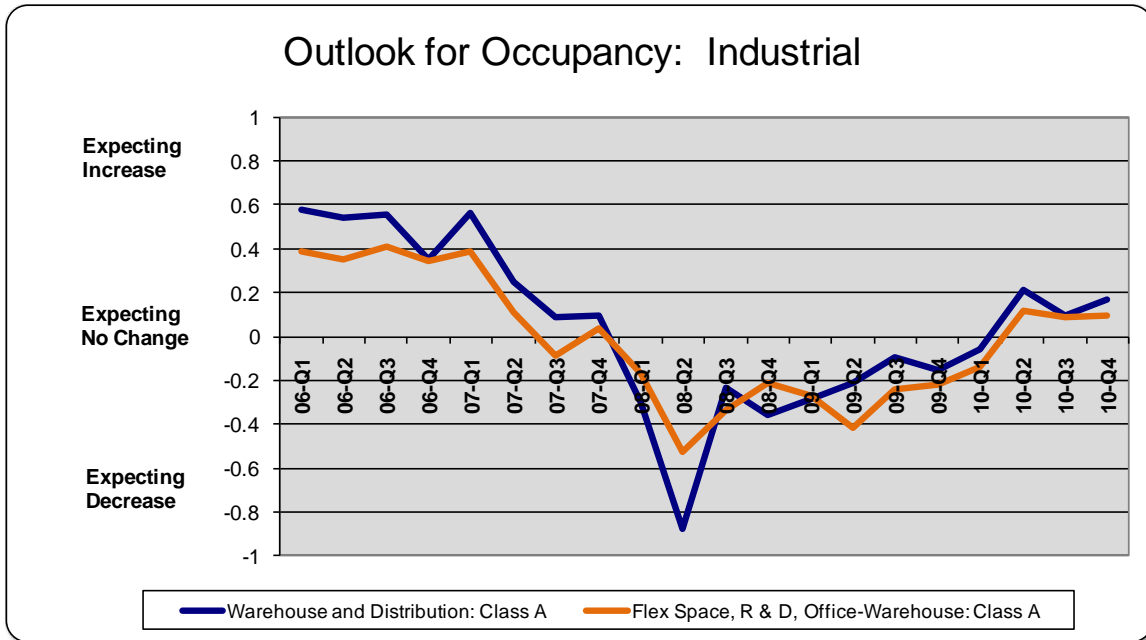
Required yields increased this quarter for market rate apartments with yields now approaching 12%. Concerns over unemployment and the lack of quality properties on the market act to increase the risk of apartment properties. However, liquidity provided by GSEs and HUD, and the large amount of private capital in the marketplace keep apartment yields at levels below all the other asset classes. Respondents expect yields to remain stable in the near future.



Section 4: Industrial

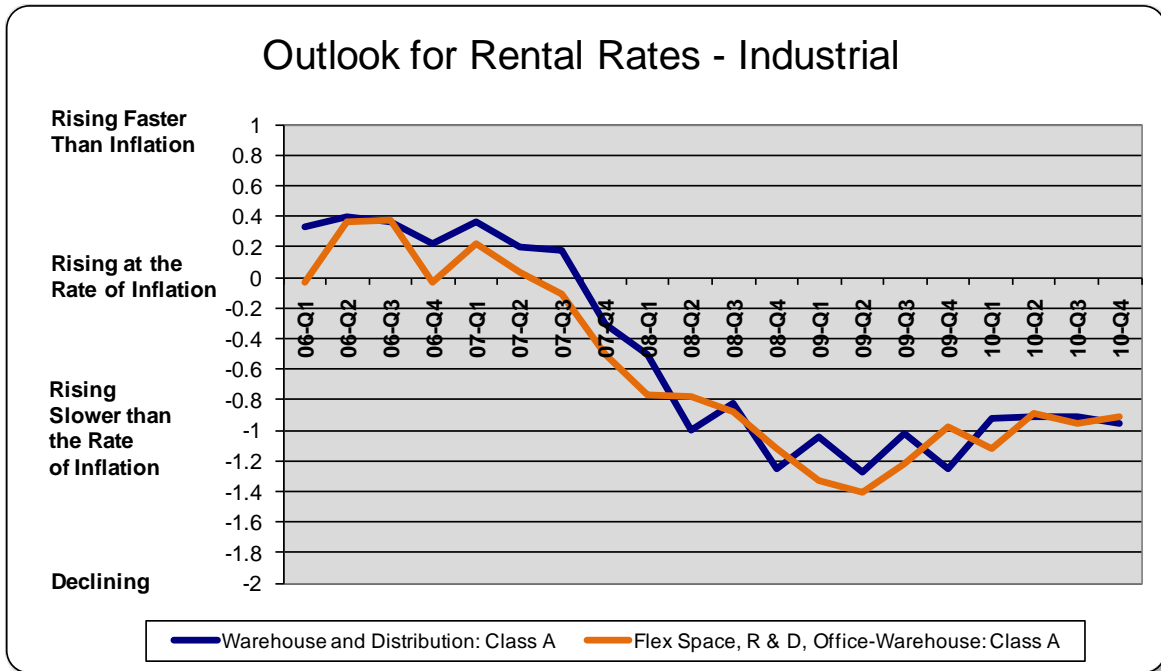
Expected Occupancy

The outlook for occupancy in both industrial segments increased 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. However respondents believe that external factors will have a positive impact on this market. One respondent commented that the “Panama Canal widening in 2014 is causing [an] increase in company’s expansion plans today to be ready for additional business.” Additionally, strong economies in Latin American markets will have a positive impact on industrial properties particularly in South Florida.



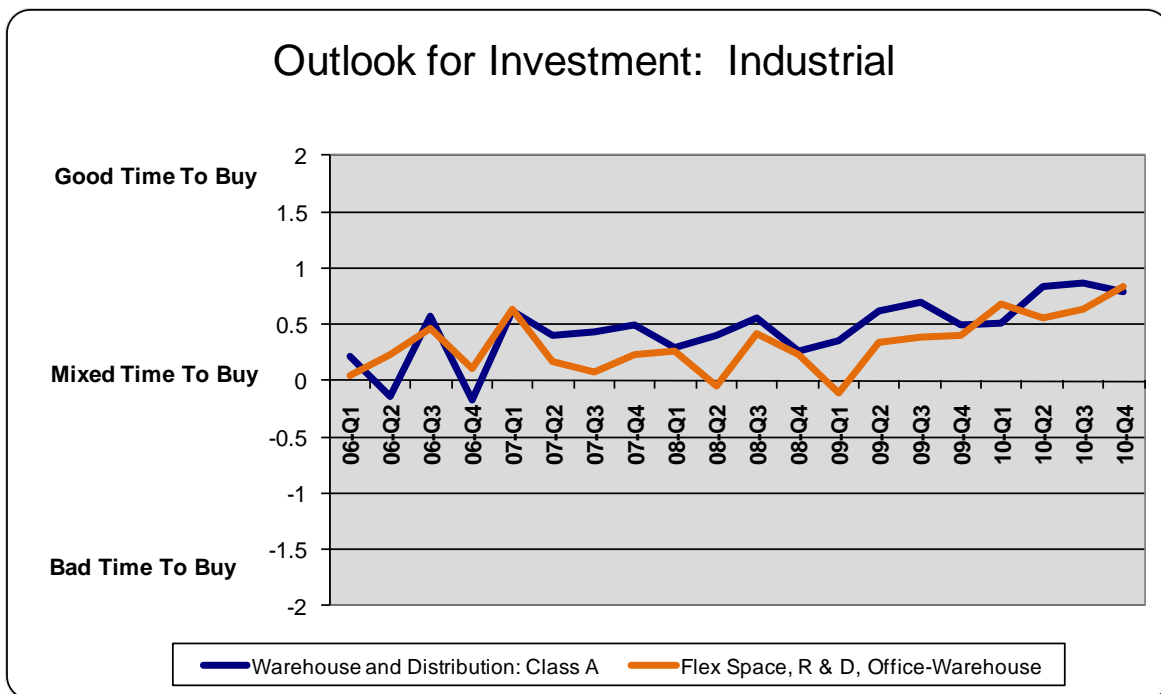
Expected Rental Rates

Expectations for rental rates stabilized this quarter with respondents continuing to believe that rental rates will lag inflation. Respondents believe this will change in the longer term as expansions to ports and distribution infrastructure spur additional warehouse and distribution space.



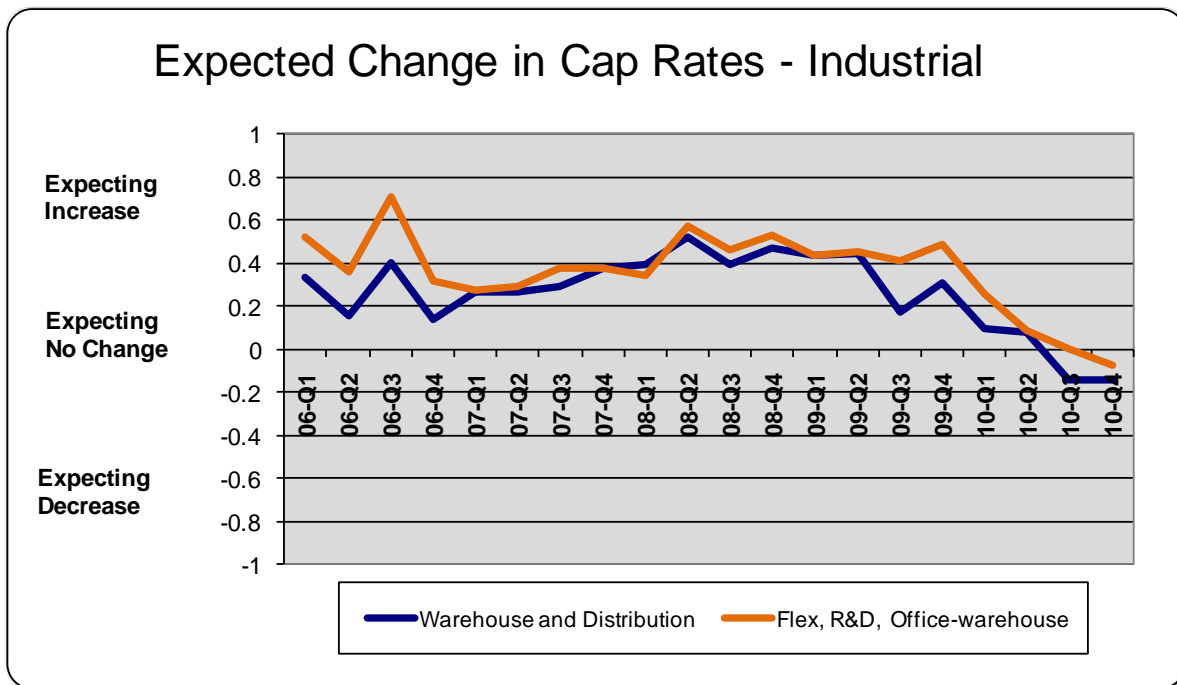
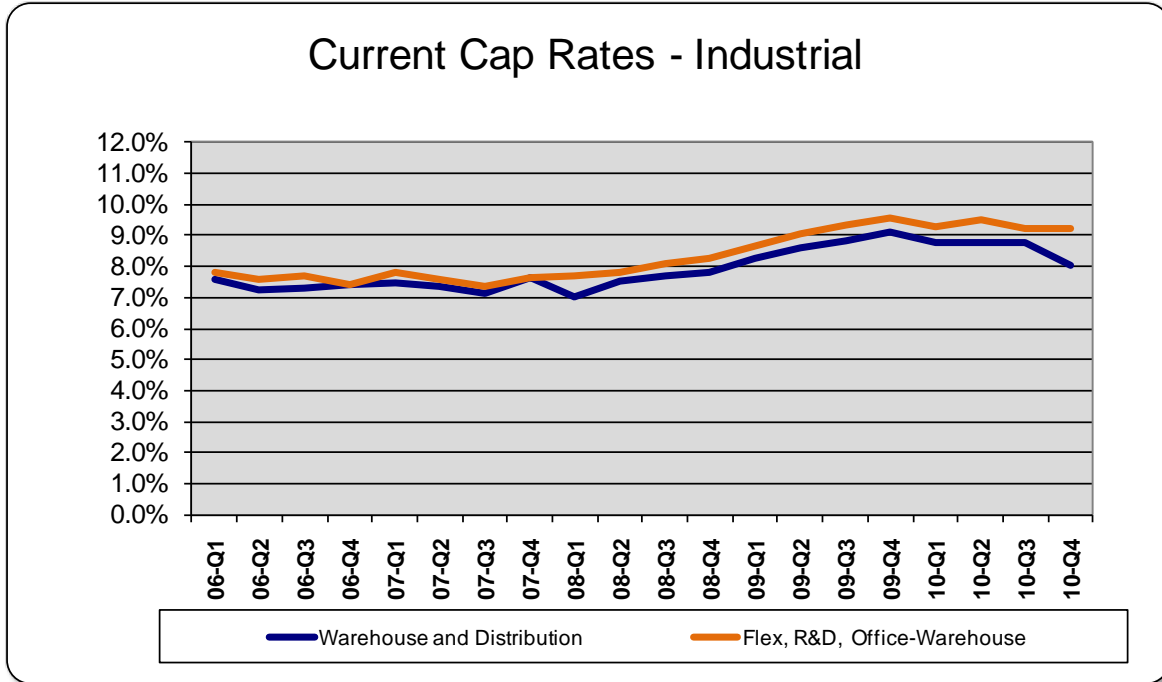
Investment Outlook

The investment outlook for industrial space continues to be positive this quarter driven in large part by the South Florida market. Additionally, expected benefits from the Panama Canal expansion are driving businesses to secure space now at reduced rates instead of waiting until 2014 when rates will likely be higher and in more demand. Pressure from unemployment will continue to effect growth in flex space.



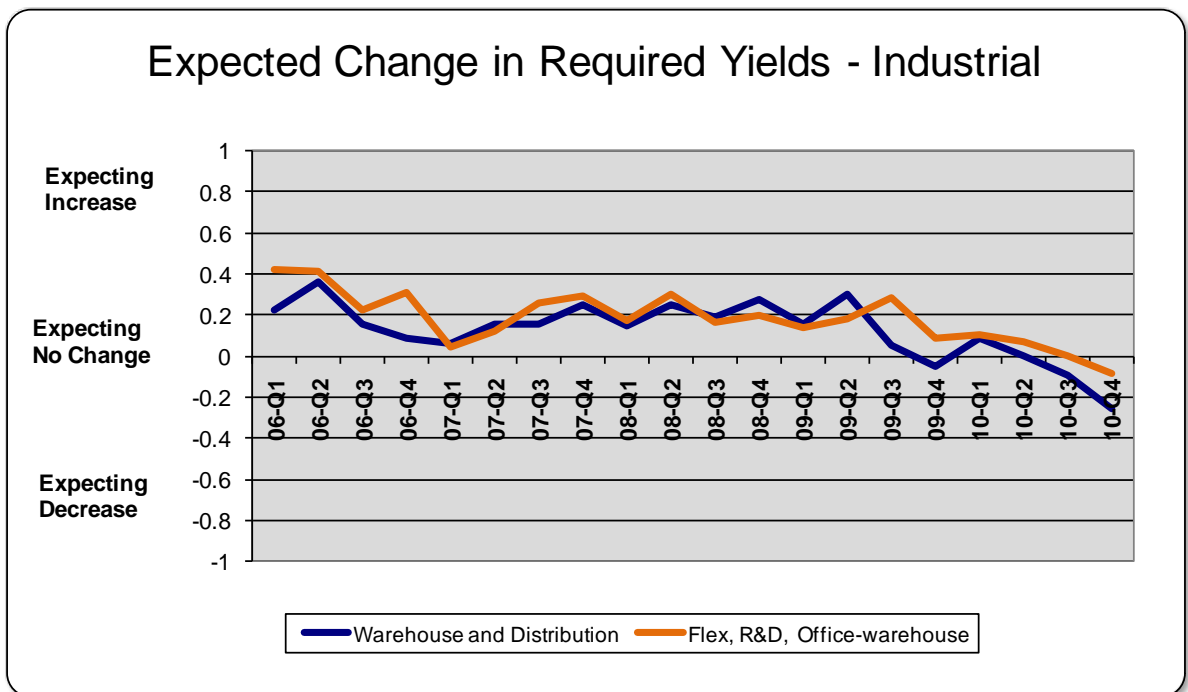
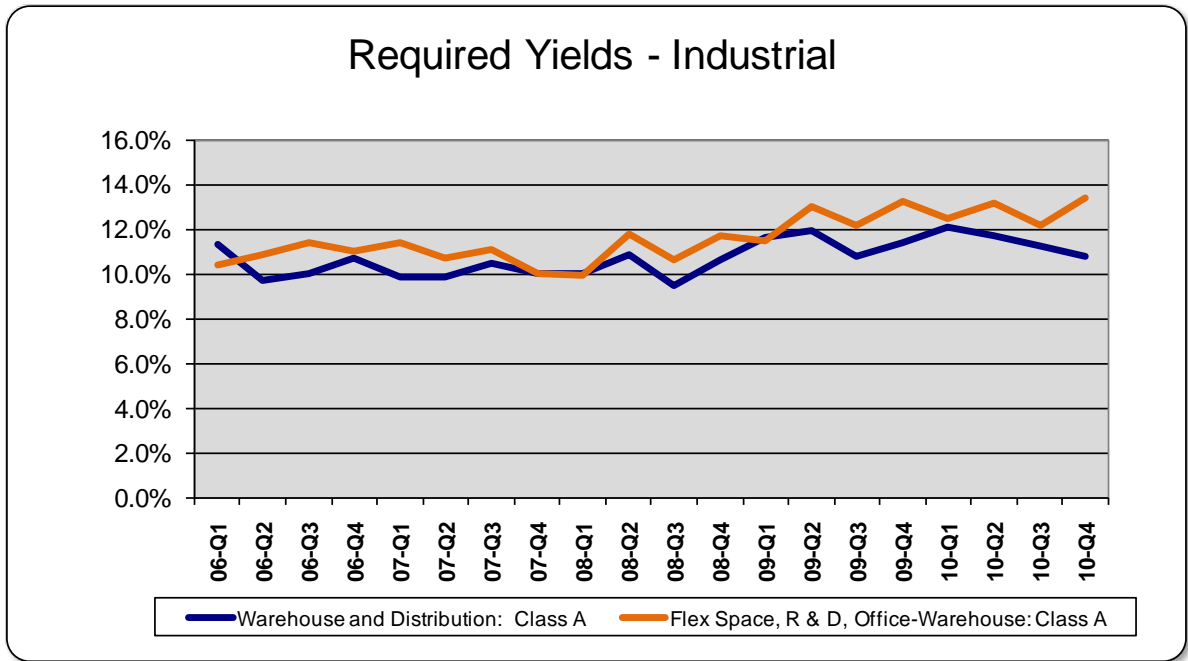
Cap Rates

Cap rates for the warehouse sector decreased this quarter to 8% while flex space stabilized at 9%. This follows respondents' views that external factors are having a positive effect on warehouse space. Continued unemployment pressures current cap rates in flex space. The expectations for future cap rates are for stabilization at current levels.



Yields

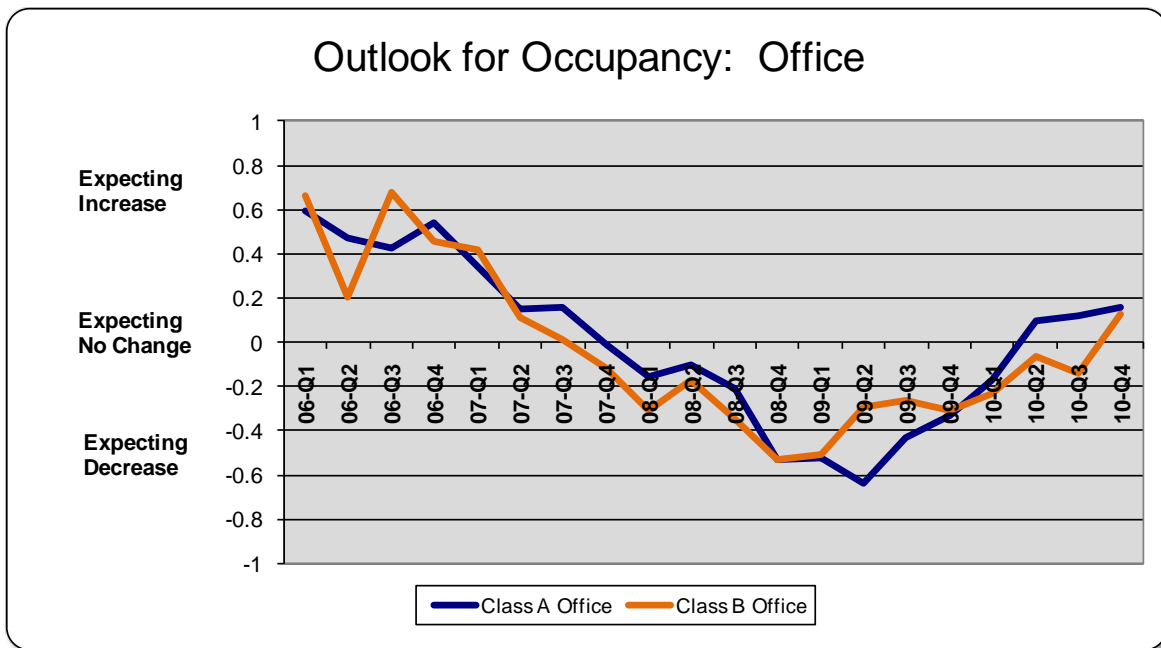
Required yields for warehouse properties declined for the third consecutive quarter with yields less than 11%. Flex space yields increased this quarter to their highest level, now approaching 14%. Respondents indicated that they expect yields in both sectors to decline in future quarters.



Section 5: Office

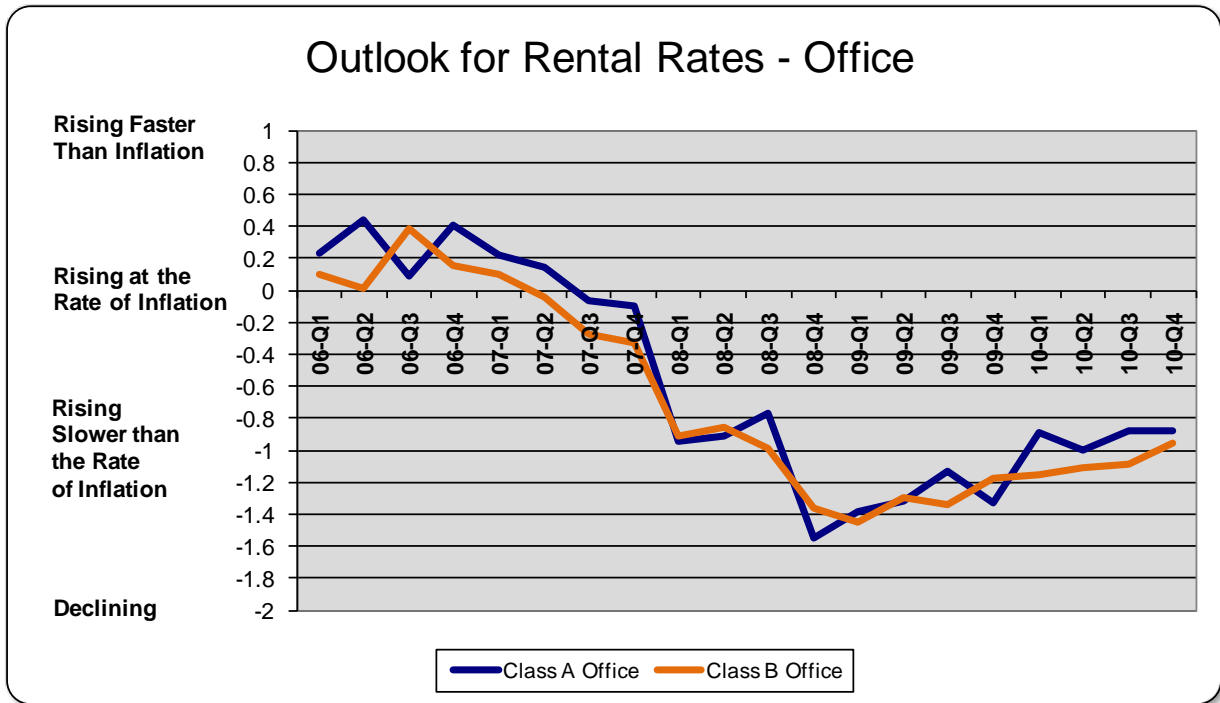
Expected Occupancy

The occupancy outlook for office space continues to improve for Class A, increasing for the sixth consecutive quarter. The outlook for Class B space increased sharply this quarter. Respondents still believe that occupancy will remain stable but more are becoming optimistic about future growth. Stagnant job growth continues to prevent upward momentum in future occupancies and uncertainties with the effects of government spending are weighting on respondents minds. One respondent reflected that “businesses continue to deal with great uncertainty, both from an economic and political perspective. The recent elections, both state and national, have somewhat reduced the political uncertainty, but concerns still linger over the long-term effects of increasing budget deficits. This uncertainty regarding long-term economic fundamentals continues to mute hiring and business expansion, even as cost containment boosts earnings.”



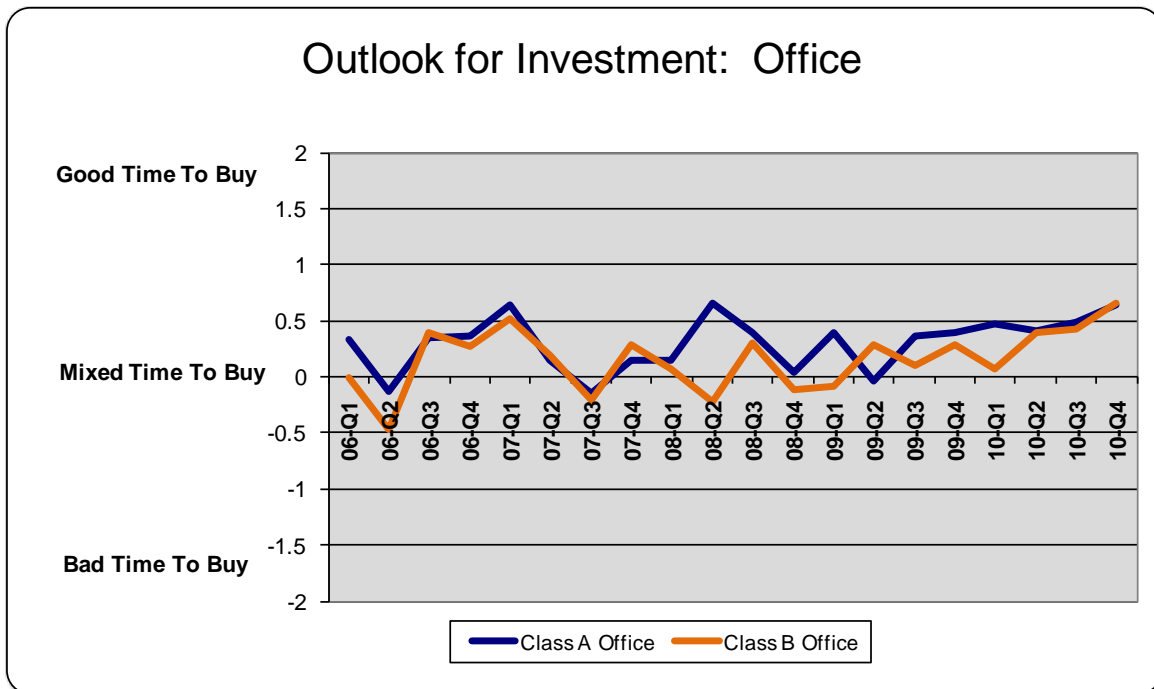
Expected Rental Rates

Respondents continue to believe that rental rates will lag inflation in the near future. Stabilized occupancy will reduce the need to subsidies, but slow or no growth in business expansion including hiring will keep rental rates at reduced levels. If efforts by the new governor are effective in stimulating job growth and increasing company migration into Florida we will see a positive effect on both occupancy and rental rates. However, this will take time. Look for better fundamentals next year as the governor initiatives take time to become effective.



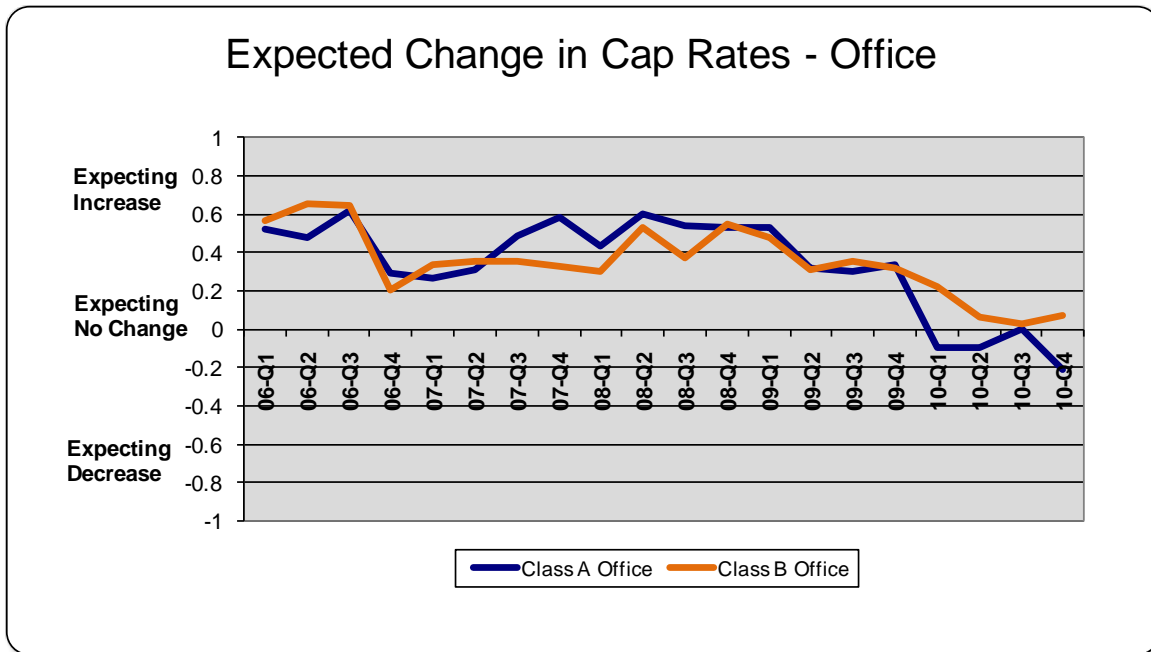
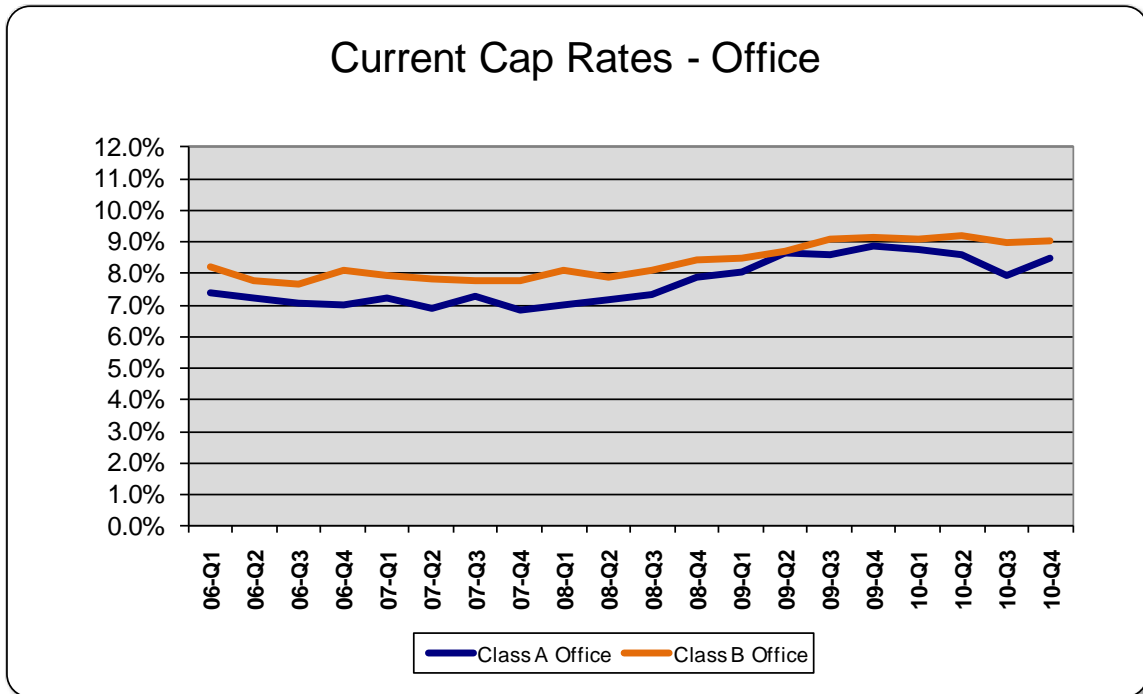
Investment Outlook

The investment outlook for office space continues to improve this quarter. More respondents believe this is a good time to buy. Tenants are taking advantage of low rental rates and concessions to move to higher quality office space. This is improving the fundamentals of quality properties and providing a favorable investment opportunity for those assets. However, slow projected job growth will dampen expectations for at least the next year.



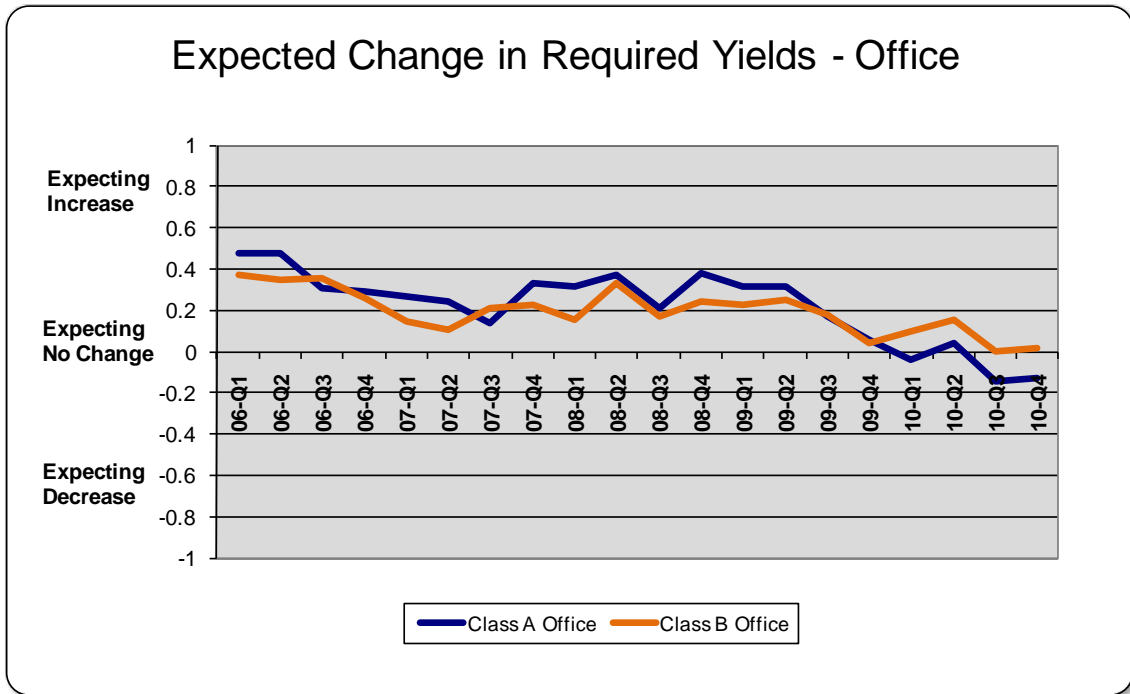
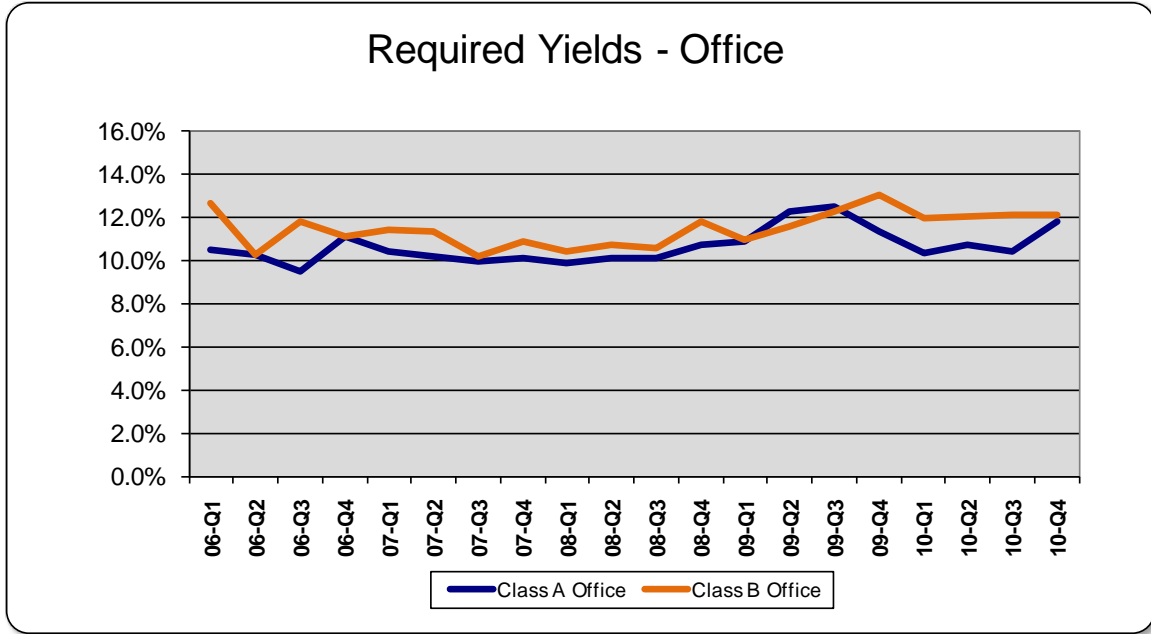
Cap Rates

Class A office cap rates increased unexpectedly this quarter rising to 8.5% while Class B cap rates remained stable at 9%. Respondents expect Class A rates to decline in future quarters while Class B rates are expected to remain stable at the current level.



Yields

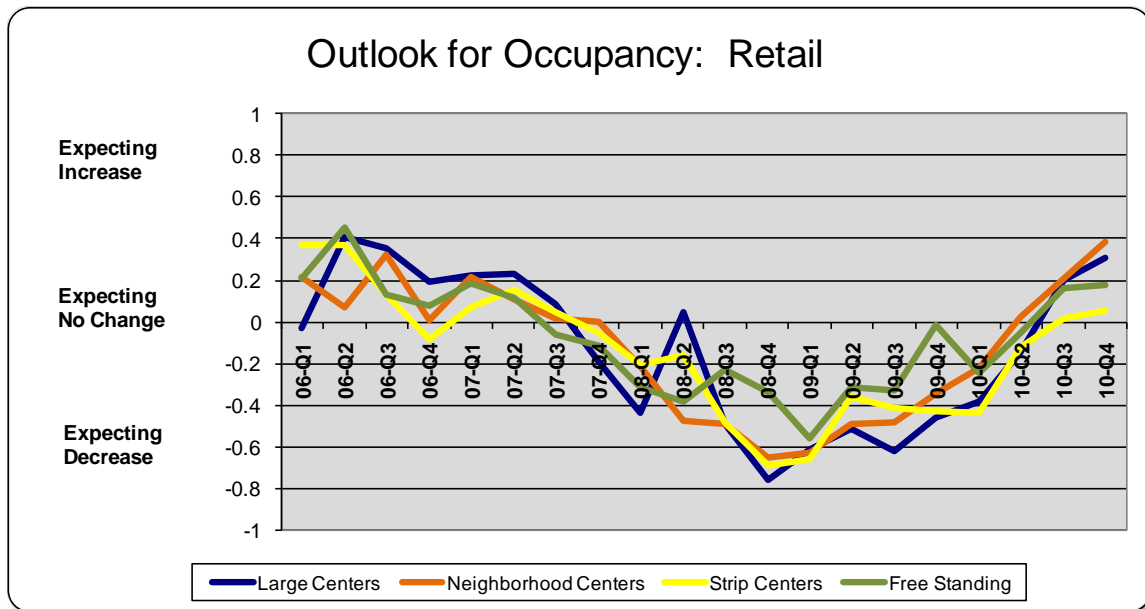
Required yields for Class B office space remained stable at 12% for the fourth consecutive quarter following respondents' expectations from previous surveys. Class A yields followed cap rates and took a surprising increase rising to almost 12%. Respondents expected yields to remain at current levels.



Section 6: Retail

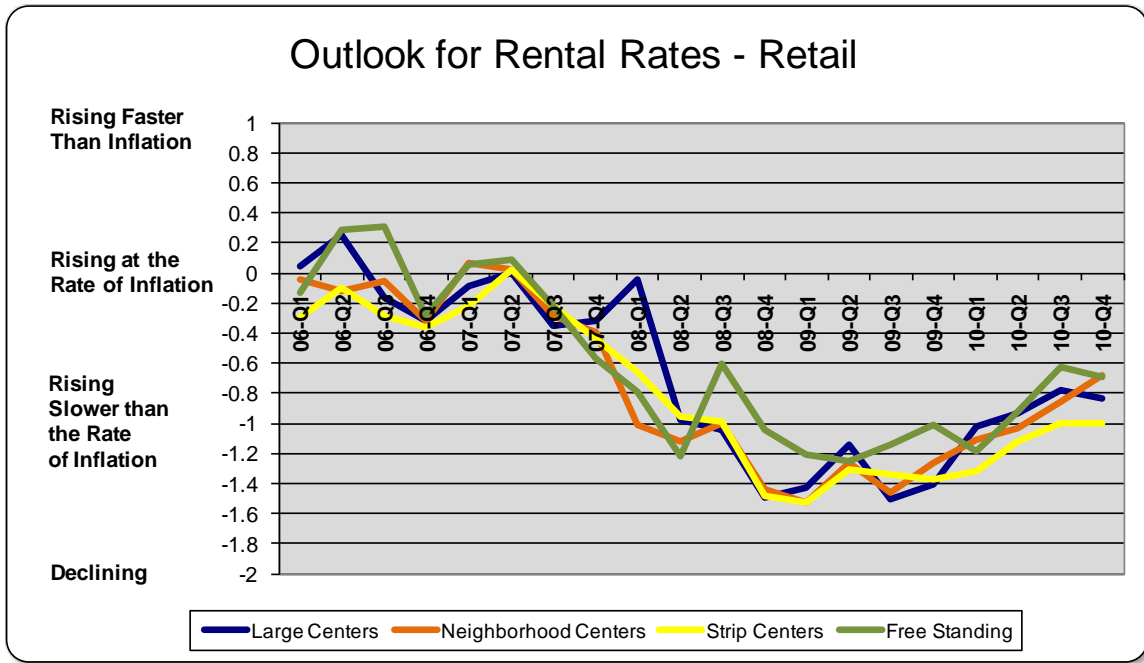
Expected Occupancy

The outlook for occupancy rates in retail properties continued their significant positive trend this quarter. More respondents now believe that occupancy in neighborhood centers will increase over the next year. The remaining property types are expected to maintain current occupancy levels. Responses to the University of Florida Bureau of Economic and Business Research’s consumer confidence survey indicate that Floridians are becoming more optimistic about the finances over the coming year which should have a positive effect on retail sales. That will provide incentive for retailers to expand and fill vacancies in retail centers.



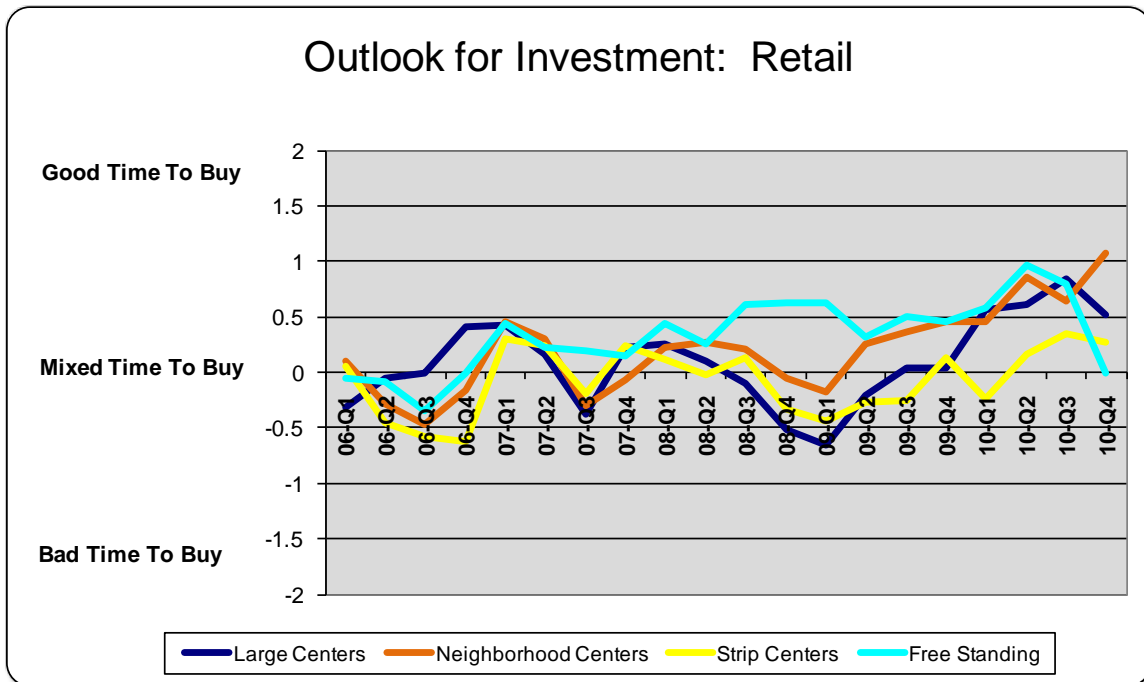
Expected Rental Rates

Expectations for rental rates stabilized this quarter with respondents still believe that rates will rise slower than inflation over the next year. However, we are seeing fewer concessions thereby raising effective rents. Additionally, as consumers feel more confident about their finances and increase consumer spending, demand for space will start driving increases in rental rates. Our respondents caution that while retailers are preparing for expansion they are looking toward the end of 2012 into 2013 for that to happen.



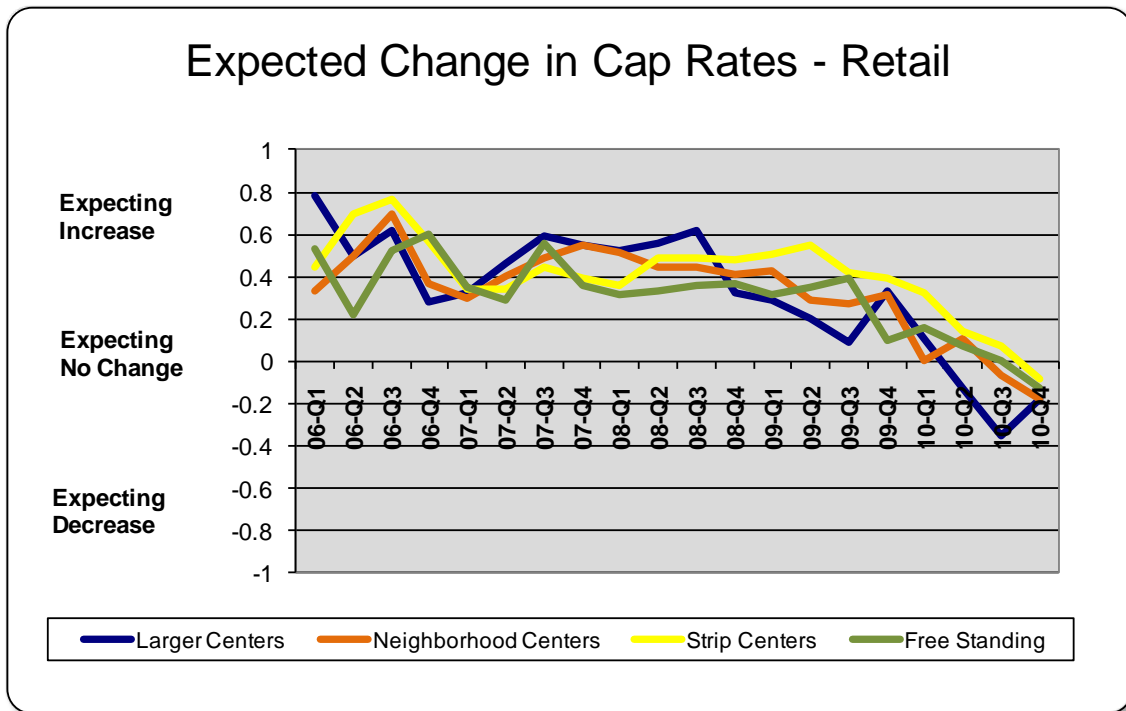
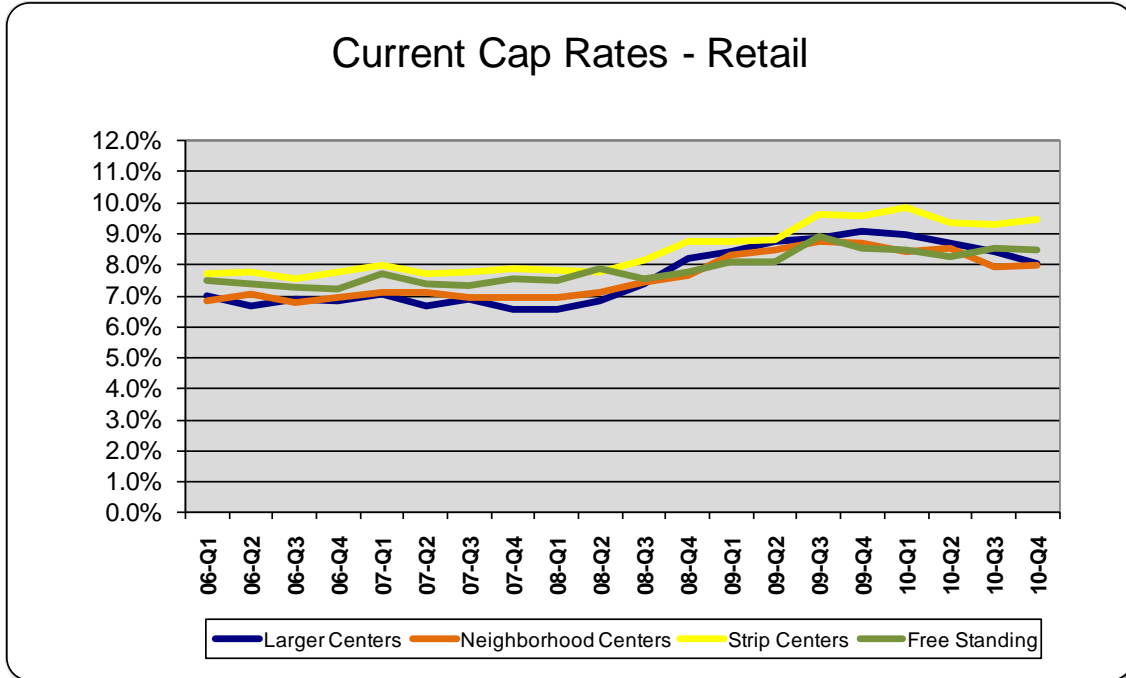
Investment Outlook

The investment outlook for retail properties dropped across all properties with the exception of neighborhood centers which rose to a survey high. Improving fundamentals and an abundance of capital for investing in this sector is driving the outlook up. The outlook for the remaining properties dropped slightly. Free Standing retail dropped the most with respondents neutral about the investment outlook.



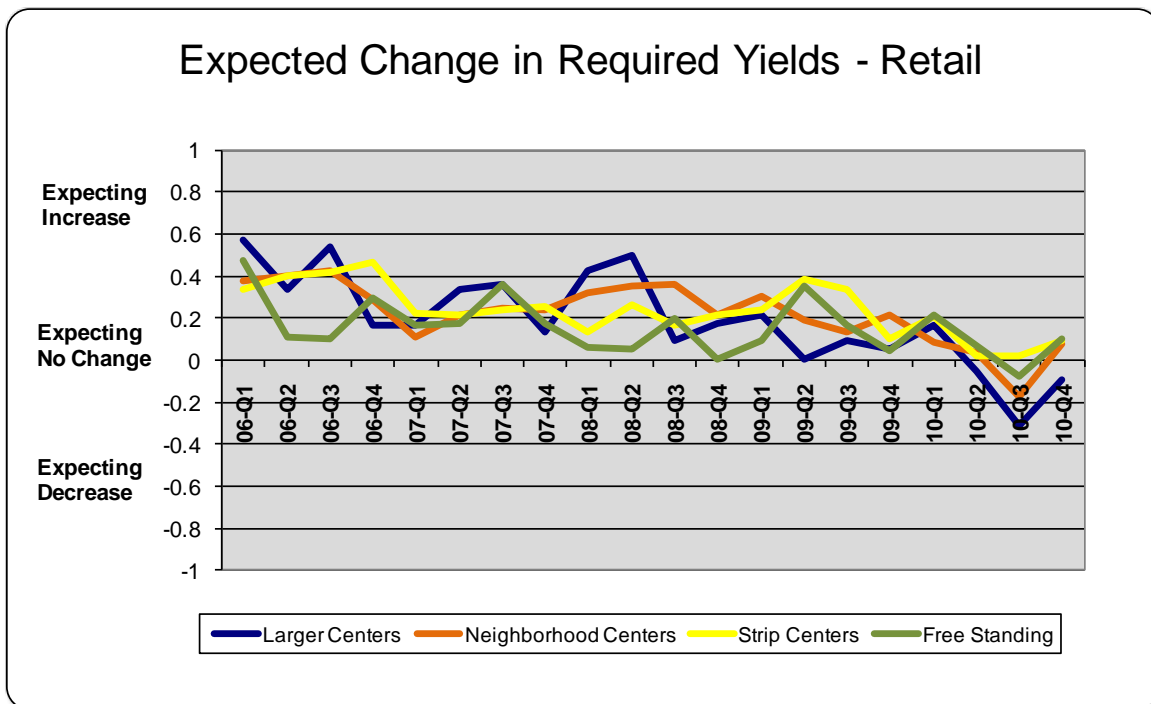
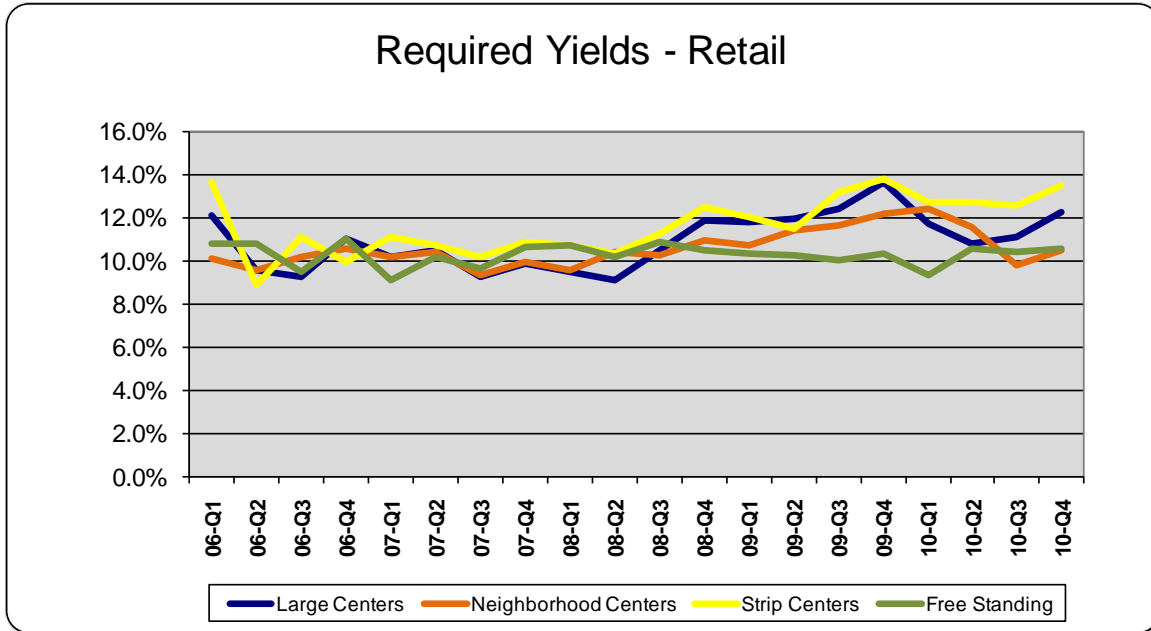
Cap Rates

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.



Yields

Required yields increased this quarter for all property types. Expectations for future yields continue to indicate that respondents believe there will be little to no change in future yields across all property types.



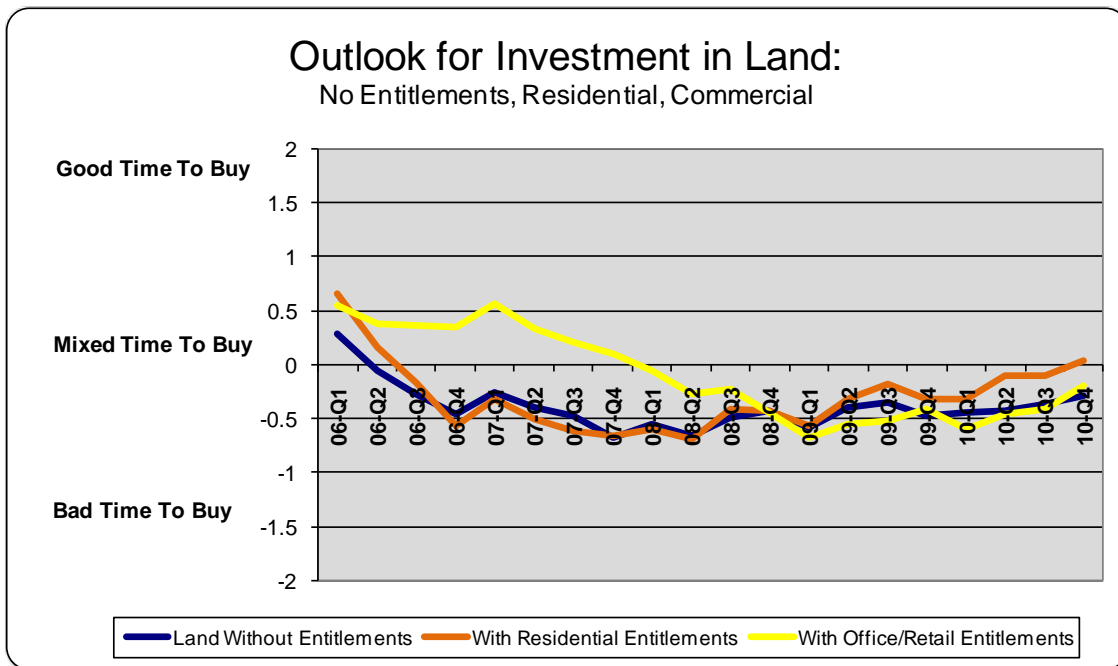
Section 7: Outlook for Investment in Undeveloped Land

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 and land without entitlements continues their positive trend but remain mixed to negative. The outlook for investment in land with residential entitlements reached its highest level since the second quarter of 2006. This is indicative of the current pricing of residential land and is attracting longer term investors that can hold the property as a land bank to home builders. Respondents continue to indicate that entitled developed residential lots are trading for less than the cost of the installed infrastructure. This will continue to attract investment. However, that investment will be in regions that are closer to a job recovery and geographic areas closer to existing services.



Land with Hospitality Entitlements

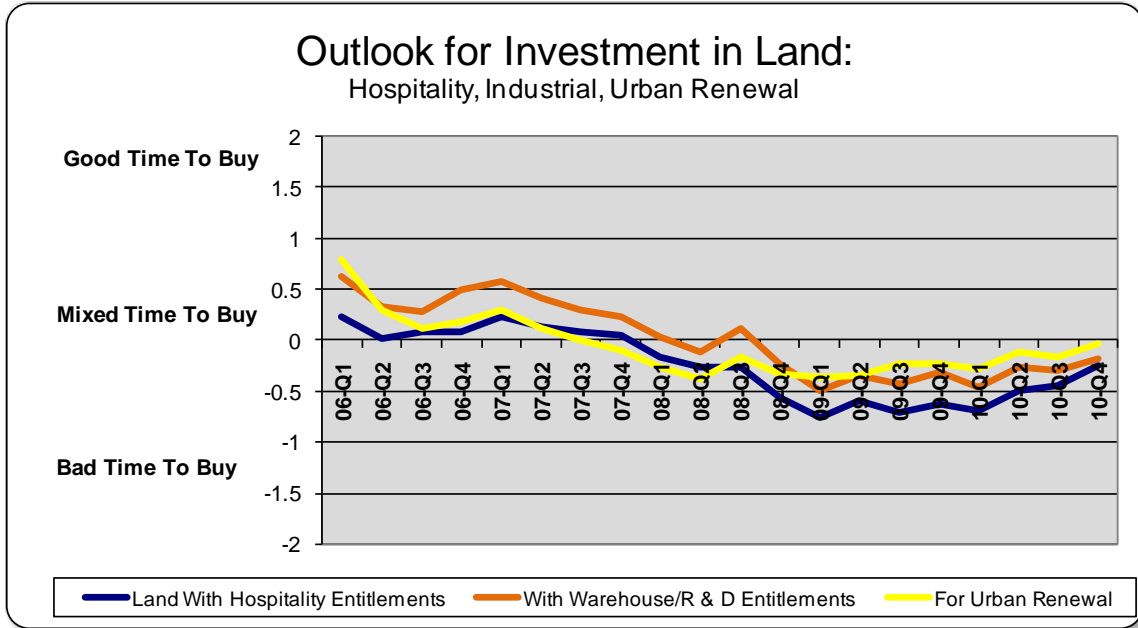
The investment outlook for land with hospitality entitlements continues to be mixed to negative. Development of any kind is hindered by lack of financing, the ability to buy existing cash flow for less than replacement costs and a poor tourism market.

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.



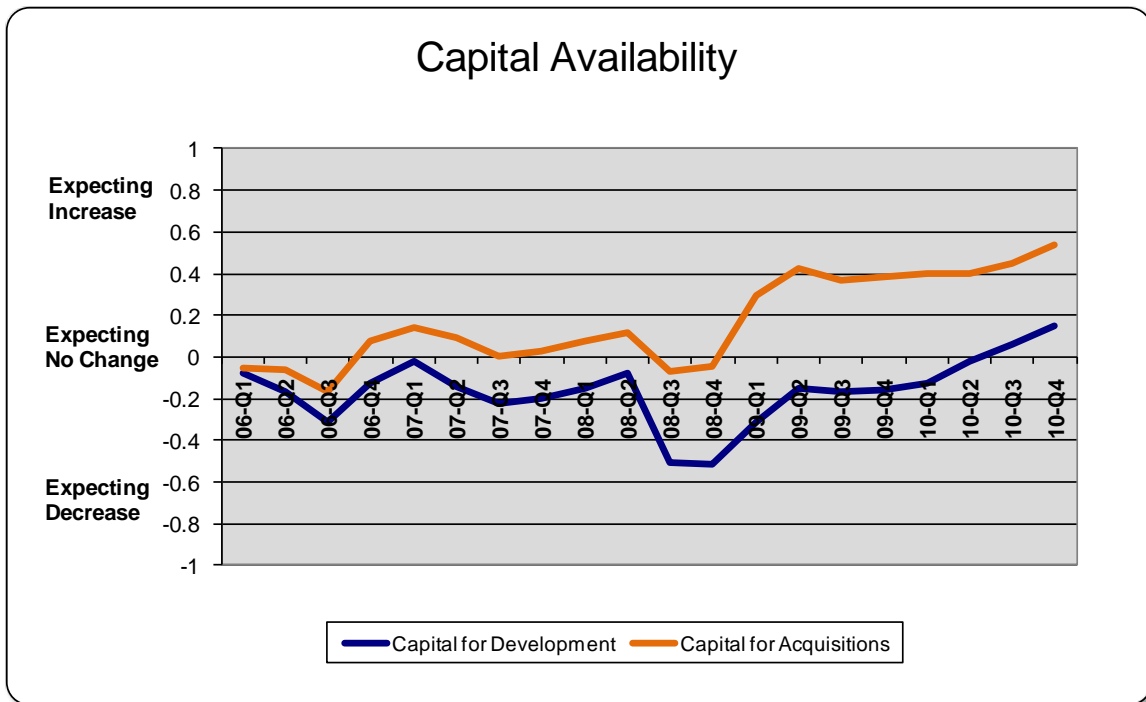
Section 8: Business and Capital Availability Outlook

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. Capital for development is starting to increase as developers estimate that the demand for market rent apartments is currently outpacing supply. This will lead to selective development of apartments across the state.

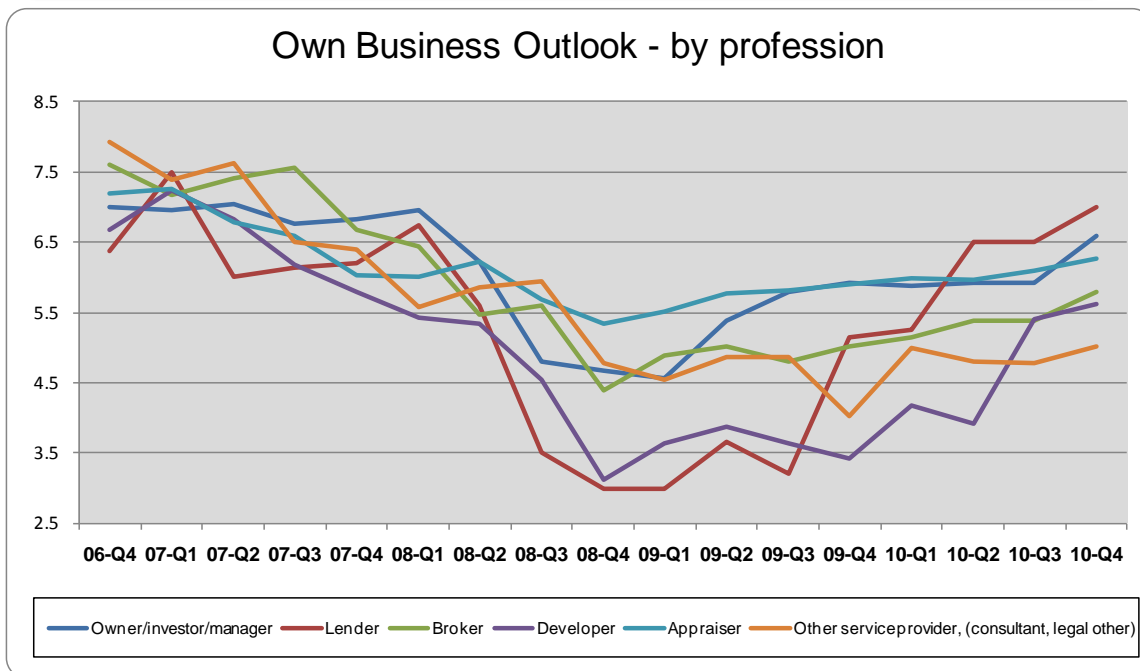
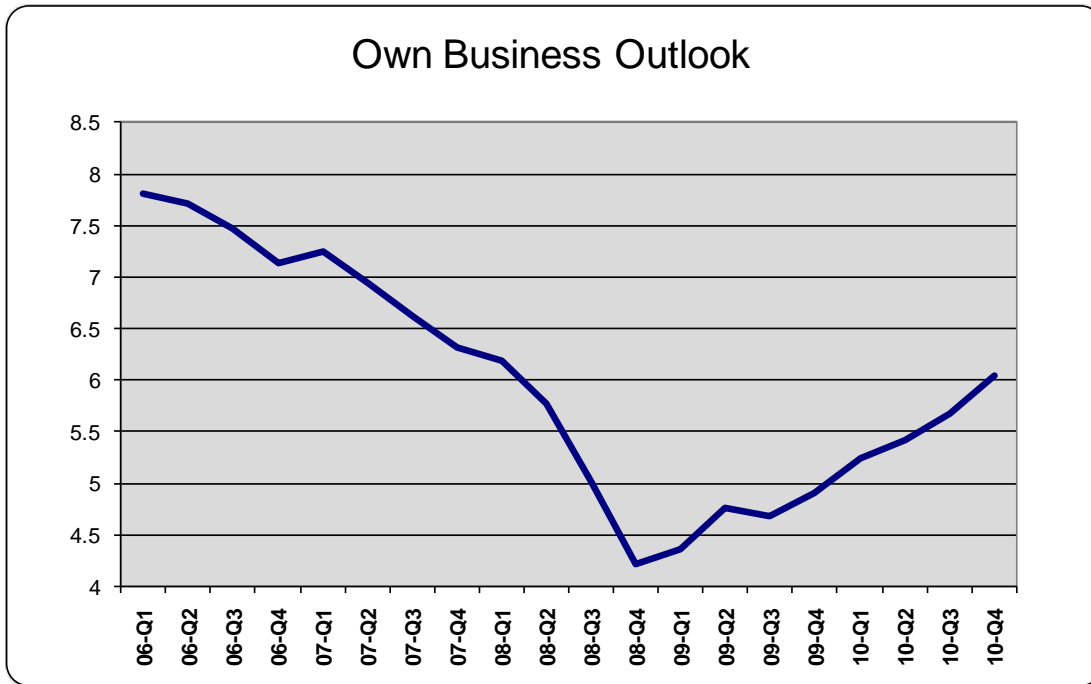
The debt market continues to suffer as most banks are not actively originating new loans as government officials pressure them to reduce problem assets and avoid new real estate loans. When debt is available, the underwriting and loan requirements are extremely restrictive.

CMBS is returning to the marketplace providing a glimmer of hope for the capital markets. Projections indicate that the CMBS market will continue to grow this year in size and diversify in properties and asset classes.



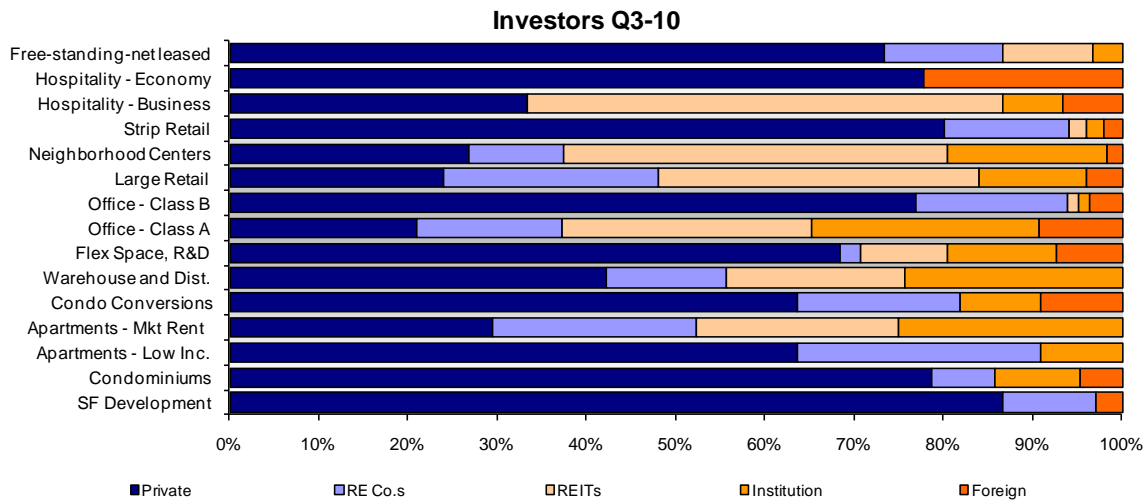
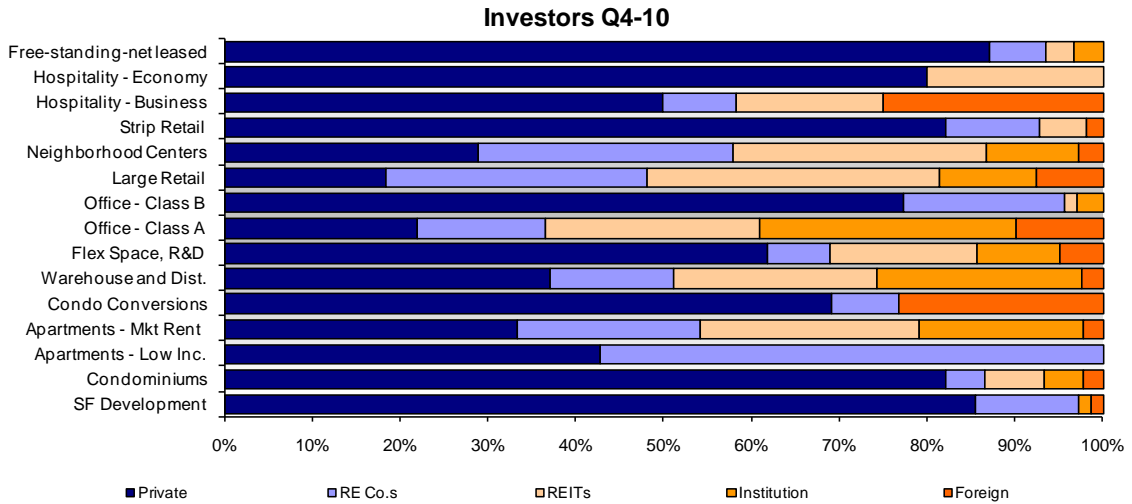
Outlook of Own Business

The positive trend in own business outlook continues this quarter reaching a level not seen since the first quarter of 2008. Bankers continue to have the most positive outlook on the next twelve months and outlooks rose across all professions. While a number of uncertainties remain, respondents believe that the election cycle has cleared enough uncertainty to allow for growth of the economy and therefore creation of jobs. Time will tell the effects of these on our respondents business and the industry in general.



Section 9: Dominant Investors

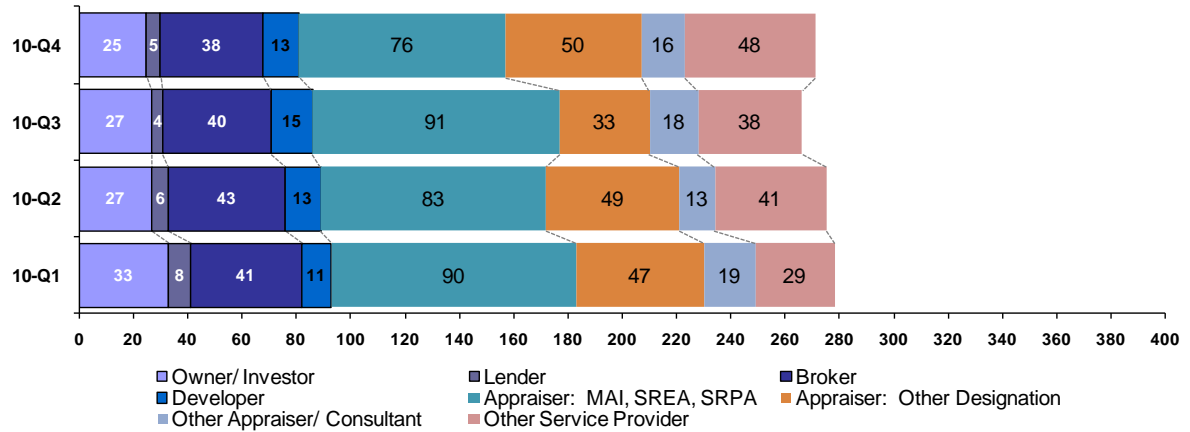
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, REITs and Institutions are increasingly becoming more active as they have access to capital and are actively investing that capital. Private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



Section 10: Characteristics of Survey Respondents

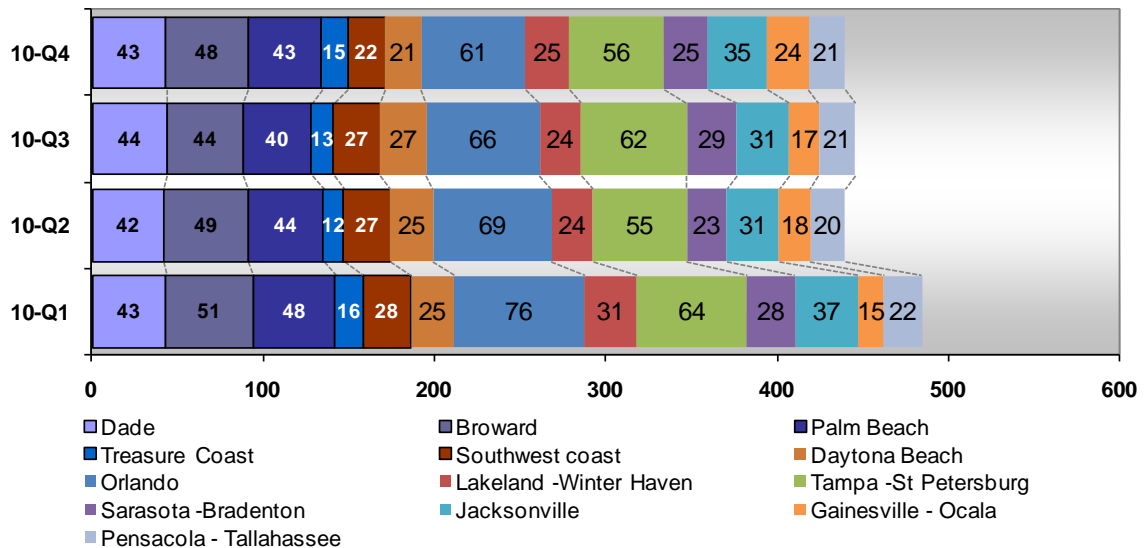
Survey responses decreased slightly this quarter to 271 respondents. Approximately 52 percent of the respondents reported being an appraiser; over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and other service providers.

Profession of Respondents



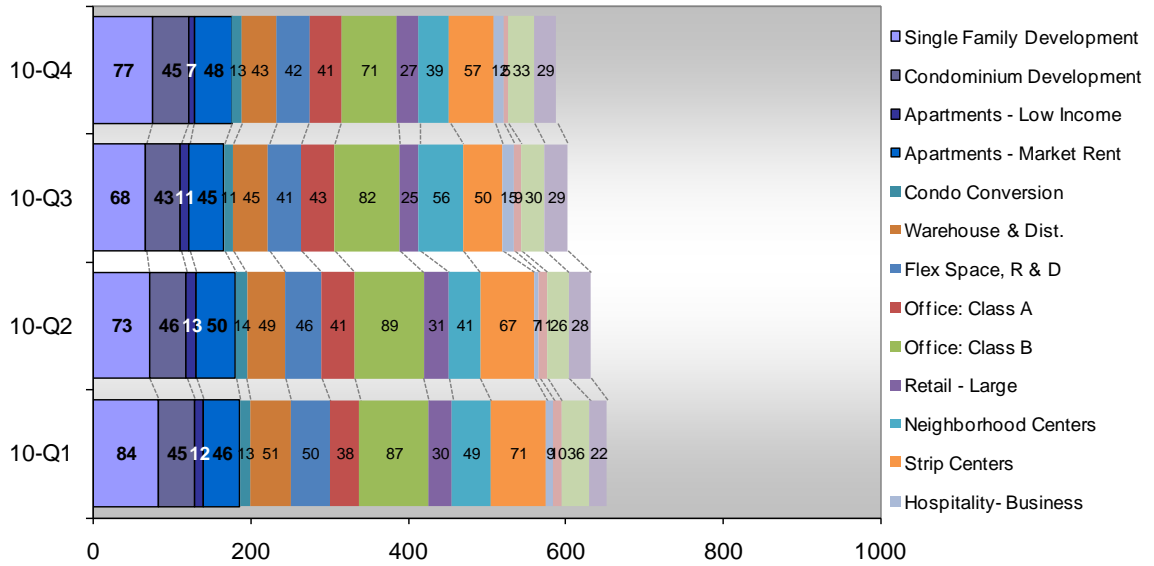
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 439 observations. The highest number of responses was for the Orlando market, which had 61 representatives. The lowest respondent support came from Treasure Coast with 15.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 589 selections were made in the latest survey round. Single family development was selected by 77 respondents while condominium development was selected by 45. The largest response for commercial property was in Office: Class B with 71 responses. The lowest response was for Hospitality-Economy with 5. Eight 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												
Q4-10												
Cap Rate	7.2%	8.3%	8.3%	9.2%	8.5%	9.2%	8.1%	8.0%	9.5%	10.2%	11.4%	8.5%
Percent Expecting Rise	17.8%	33.3%	14.3%	12.8%	15.2%	20.9%	9.1%	10.7%	16.0%	9.1%	0.0%	19.4%
Percent Expecting Fall	22.2%	0.0%	28.6%	20.5%	36.4%	13.4%	27.3%	28.6%	24.0%	36.4%	0.0%	32.3%
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%
Yields												
Q4-10												
Yield	11.7%	18.9%	10.8%	13.4%	11.8%	12.1%	12.3%	10.5%	13.6%	12.7%	23.0%	10.6%
Percent Expecting Rise	21.6%	18.2%	0.0%	8.8%	9.7%	14.0%	14.3%	20.0%	18.6%	11.1%	0.0%	20.7%
Percent Expecting Fall	10.8%	18.2%	25.9%	17.6%	22.6%	12.3%	23.8%	12.0%	9.3%	33.3%	25.0%	10.3%
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%

Section 12: Local Markets

Dade County

Cap rates in Dade County, on average, are lower than the state mean (0.75 percentage points) and range from 6.5% (**Apartments –Market Rental**) to 9.1% (**Condo Conversion**).

Over the past quarter, cap rates have increased across most property types with **Condo Conversion** (+1.34 percentage points) and **Office: Class A** (+1.03 percentage points) representing the largest increases.

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

Required yields for Dade County (12.04%) are, on average, lower than the state mean (13.46%) and have increased 1.75% from the previous quarter.

The largest shifts in required yields occurred in **Condo Conversion** (+4.69% change) and **Free Standing Retail** (+2.79% change).

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

The outlook for **Land Development** continues 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 **Condo Conversion** and **Warehouse** 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 higher for **Single Family and Condominium Development**.

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

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											
Q4-10											
Value	6.5	9.1	7.9	8.8		8.0	8.7	7.6	7.3	9.2	8.1
Percent Expecting Rise		25%				17%	17%			10%	
Percent Expecting Fall	10%		25%	25%		42%	33%	50%	43%	10%	20%
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				33%		13%	25%		11%		
Percent Expecting Fall	23%		63%	33%		38%	13%	50%	22%		33%
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%
Yields											
Q4-10											
Value	11.3	20.1	10.2	12.8		11.4	11.4	10.8	9.6	12.3	10.4
Percent Expecting Rise	13%			25%		9%				11%	
Percent Expecting Fall			29%	25%		27%	40%	13%	14%		20%
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			14%	33%		13%	14%		25%		33%
Percent Expecting Fall	17%		29%	33%		38%	14%	50%	13%		
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%
Investment Outlook											
Q4-10											
Fair to Good	82%	25%	82%	60%		62%	25%	42%	64%	25%	50%
Bad to Poor		75%				8%		17%		17%	
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%		

Table 2b

Outlook for Land Development

Dade County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	19%	26%	18%	15%	33%	28%
Bad to Poor	48%	33%	40%	41%	36%	33%
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%

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
Q4-10											
Private Buyers	70%	50%	36%	75%	18%		15%		50%	17%	18%
R.E. Companies	30%		27%		9%		15%		38%	17%	27%
REITs		17%	27%		18%	40%				42%	27%
Institutions		33%	9%		55%	60%	54%		13%	17%	27%
Foreign Buyers				25%			15%			8%	
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%				

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											
Q4-10											
Higher	58%	75%	73%	67%		46%	29%	60%	33%	17%	20%
Lower			9%			23%	29%		11%	17%	
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%
Rental Rate Increases											
Q4-10											
Faster than Inflation	42%	25%	27%	17%		8%		20%	22%		
Slower than Inflation	17%	25%	64%	50%		69%	100%	60%	44%	75%	20%
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%

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	60%	50%
Lower		33%
Q3-10		
Higher	56%	33%
Lower	22%	22%
Q2-10		
Higher	38%	17%
Lower	13%	
Future Price Increases		
Q4-10		
Faster than Inflation	10%	
Slower than Inflation	50%	83%
Q3-10		
Faster than Inflation		
Slower than Inflation	67%	78%
Q2-10		
Faster than Inflation		
Slower than Inflation	88%	83%

Broward County

Cap rates in Broward County are, on average, lower (1.11 percentage points) than the state mean, and range from 6.1% (**Apartments**) to 8.8% (**Strip Centers**).

Cap rates increased across most property types, with the largest movements occurring in **Condo Conversion** (+1.38 percentage points) and **Office: Class A** (+1.07 percentage points).

Cap rate outlooks indicate stability across most property types.

Required yields for Broward County are, on average, lower than that of the state, 11.82% compared to 13.46% statewide and have increased from the previous quarter.

Required yields are highest for **Condo Conversion** at 19.8% and lowest for **Neighborhood Centers** at 9.3%.

Over the past quarter, required yields have increased across all property types, with the largest shifts occurring in **Condo Conversion** (+4.96% change) and **Free Standing Retail** (+3.07% change).

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

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

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

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 higher for **Single Family** and neutral 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										
Q4-10										
Cap Rate	6.1	8.7	7.5	8.5	7.6	8.3	7.2	6.9	8.8	7.7
Percent Expecting Rise	14%	33%	20%	11%	11%	11%	17%	13%	11%	
Percent Expecting Fall	7%		30%	33%	56%	44%	33%	38%	22%	14%
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				25%	13%	11%		13%		
Percent Expecting Fall	36%		44%	50%	38%	22%	67%	25%	25%	
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%
Yields										
Q4-10										
Yield	11.1	19.8	10.0	12.6	11.2	11.2	10.6	9.3	12.1	10.2
Percent Expecting Rise	18%			11%	11%		17%	14%	13%	
Percent Expecting Fall			22%	22%	44%	38%	17%	14%	13%	
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	7%		11%	25%	13%	10%		25%		
Percent Expecting Fall	14%		22%	50%	38%	20%	67%	13%	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%
Investment Outlook										
Q4-10										
Fair to Good	87%		85%	78%	60%	55%	44%	67%	20%	86%
Bad to Poor			8%		10%		11%		10%	
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%		

Table 3b

Outlook for Land Development

Broward County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	22%	31%	19%	15%	36%	26%
Bad to Poor	42%	31%	37%	41%	29%	28%
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%

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
Q4-10											
Private Buyers	75%	63%	27%	67%	15%	22%	10%	45%	22%	17%	80%
R.E. Companies	25%		27%		15%	11%	20%	55%	11%	33%	20%
REITs		13%	27%		23%	44%	10%		44%	33%	
Institutions		25%	20%		46%	22%	30%		11%	17%	
Foreign Buyers				33%			30%		11%		
Q3-10											
Private Buyers	80%	75%	22%	75%		25%		56%	14%	25%	100%
R.E. Companies	20%		22%		31%	25%	27%	33%	29%	25%	
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%
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%			

Table 3d

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	56%	67%	54%	40%	50%	30%	43%	40%	10%	25%
Lower			31%	30%	20%	20%		10%	30%	
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%	
Rental Rate Increases										
Q4-10										
Faster than Inflation	38%	33%	8%	20%	10%	10%				13%
Slower than Inflation	19%		54%	50%	80%	70%	71%	60%	90%	25%
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%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	50%	25%
Lower		13%
Q3-10		
Higher	30%	17%
Lower	20%	50%
Q2-10		
Higher	36%	9%
Lower	18%	18%
Future Price Increases		
Q4-10		
Faster than Inflation	8%	
Slower than Inflation	42%	75%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%
Q2-10		
Faster than Inflation		
Slower than Inflation	90%	82%

Palm Beach County

Cap rates in Palm Beach County are, on average, lower (0.91 percentage points) than that of the state, and range from 6.3% (**Apartments**) to 8.9% (**Condo Conversions**).

Cap rates have increased across all property types, with the largest increases in **Condo Conversion** (+1.71% change) and **Office: Class A** (+1.40% change).

Cap rates are expected to stabilize across most property types in the near future. Respondents believe that **Office: Class A** cap rates will decline.

Required yields for Palm Beach County are, on average, lower than that of the state, 11.36% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 19.4% and lowest for **Neighborhood Centers** at 8.9%.

Required yields have increased dramatically across all property types over the last quarter with **Condo Conversion** (+5.17%) and **Free Standing Retail** (+3.27%) showing the largest decrease.

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

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

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 Neighborhood Centers and Apartments**.

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

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

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

Table 4a

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-10										
Cap Rate	6.3	8.9	7.7	8.7	7.8	8.5	7.4	7.2	9.0	7.9
Percent Expecting Rise	8%	50%					17%	14%		
Percent Expecting Fall	8%		25%	33%	67%	50%	17%	14%	38%	17%
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					20%	14%		17%		
Percent Expecting Fall	27%		75%	67%	60%	29%	100%	17%	17%	50%
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%
Yields										
Q4-10										
Yield	10.7	19.4	9.5	12.1	10.8	10.7	10.2	8.9	11.7	9.8
Percent Expecting Rise	20%						20%	17%		
Percent Expecting Fall			25%	17%	50%	33%	20%		14%	
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	9%					13%		17%		
Percent Expecting Fall	18%		50%	67%	60%	25%	100%	17%	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%
Investment Outlook										
Q4-10										
Fair to Good	87%	25%	100%	83%	33%	56%	44%	64%	22%	83%
Bad to Poor		75%			17%		11%		11%	
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%		

Table 4b

Outlook for Land Development

Palm Beach County	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	26%	35%	22%	15%	33%	38%
Bad to Poor	31%	28%	32%	38%	25%	28%
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%

Table 4c

Investors by Property Type

Palm Beach County	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
Q4-10												
Private Buyers	79%	70%	27%	75%				44%	22%	18%	78%	83%
R.E. Companies	21%		33%		17%	17%	33%	44%	11%	27%	22%	17%
REITs		10%	20%		50%	50%			33%	36%		
Institutions		20%	20%		33%	33%	50%	11%	22%	18%		
Foreign Buyers				25%			17%		11%			
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%		14%		13%		38%	20%		
Institutions		11%	43%		57%		38%	9%	13%	20%		
Foreign Buyers							13%					

Table 4d

Palm Beach County	Apartments - Market Retail	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q4-10											
Higher	53%	25%	50%	57%	17%	38%		29%	56%	11%	14%
Lower					17%	13%			11%	11%	
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%	
Rental Rate Increases											
Q4-10											
Faster than Inflation	41%	25%		29%		13%					14%
Slower than Inflation	24%	50%	83%	57%	83%	50%		86%	78%	78%	43%
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%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	50%	40%
Lower		10%
Q3-10		
Higher	36%	8%
Lower	14%	38%
Q2-10		
Higher	27%	
Lower	9%	11%
Future Price Increases		
Q4-10		
Faster than Inflation	21%	
Slower than Inflation	57%	90%
Q3-10		
Faster than Inflation		
Slower than Inflation	64%	77%
Q2-10		
Faster than Inflation		
Slower than Inflation	82%	89%

Treasure Coast

Cap rates in the Treasure Coast area are, on average, lower (0.75 percentage points) than that of the state, and range from 6.5% (**Apartments**) to 9.2% (**Strip Centers**)

Cap rates have decreased across most property types in the last quarter with the largest changes occurring in **Warehouse** (-1.53% change) and **Retail Large** (-1.15% change).

Cap rates are expected to stabilize across most property types with the exception of **Apartments** and **Office: Class A** which respondents believe will increase.

Required yields for the Treasure Coast are lower than those of the state, 10.98% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 19.0% and lowest for **Neighborhood Centers** at 8.5%.

Required yields were mixed across most property types, with the largest decreases occurring in **Warehouse** (-1.98% change) and **Office: Class B** (-1.65% change). **Condo Conversion** and **Free Standing Retail** increased 2.62% and 0.72% respectively.

The investment outlook is positive in **Neighborhood Centers** which was one of only two reported property types this survey.

The outlook for **Land Development** is mixed across land classifications. **Land with Residential Entitlements** has a positive outlook while the remaining classifications have a neutral to positive outlook.

Future occupancy rates are expected to be mixed across property types. Expectations for higher occupancy occur in **Apartments** a lower occupancy is expected in **Office: Class A**.

Future rental rates are expected to increase at a rate that is slower than inflation for all property types.

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										
Q4-10										
Cap Rate	6.5	9.1	7.9	8.8	8.0	8.7	7.6	7.3	9.2	8.1
Percent Expecting Rise	50%				100%		25%	25%	25%	
Percent Expecting Fall			33%	33%					25%	
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%							
Yields										
Q4-10										
Yield	10.3	19.0	9.1	11.7	10.4	10.4	9.8	8.5	11.3	9.4
Percent Expecting Rise	100%				100%		25%	25%	25%	
Percent Expecting Fall			33%	33%						
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%		
Investment Outlook										
Q4-10										
Fair to Good							25%	50%		
Bad to Poor										
Q3-10										
Fair to Good				100%						
Bad to Poor										
Q2-10										
Fair to Good				100%		50%			50%	
Bad to Poor						25%				

Table 5b

Outlook for Land Development

Treasure Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	33%	50%	21%	29%	40%	47%
Bad to Poor	27%	14%	21%	14%	20%	27%
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%

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
Q4-10											
Private Buyers	86%	60%		100%	33%	67%	100%	67%	25%	25%	100%
R.E. Companies	14%	20%			33%	33%		33%	25%	25%	
REITs					33%				50%	50%	
Institutions		20%	100%								
Foreign Buyers											
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											

Table 5d

Treasure Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	50%							25%		
Lower			33%	33%	100%		25%		25%	
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%
Rental Rate Increases										
Q4-10										
Faster than Inflation										
Slower than Inflation	50%		67%	100%	100%	100%	100%	100%	100%	100%
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%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	29%	20%
Lower		40%
Q3-10		
Higher	33%	20%
Lower		
Q2-10		
Higher	33%	
Lower		67%
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	57%	60%
Q3-10		
Faster than Inflation	17%	
Slower than Inflation	67%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	100%	100%

Southwest Coast

Cap rates in the Southwest Coast area are, on average, lower (0.42 percentage points) than that of the state, and range from 6.8% (**Apartments**) to 9.5% (**Strip Centers**).

Cap rates are mixed across most property types over the last quarter, with the largest increases being seen in **Condo Conversion** (+0.97% change) and **Office: Class A** (0.65% change). The largest declines occur in **Warehouse** (-0.57% change).

Cap rate expectations are mixed across property types. Respondents believe increases will occur in **Flex Space** but expect declines in **Warehouse**, **Retail Large** and **Neighborhood Centers**.

Required yields for the Southwest Coast are lower, on average, than that of the state, 11.49% compared to 13.46% statewide.

Required yields are highest for **Condo Conversions** at 19.5% and lowest for **Neighborhood Centers** at 9.0%.

Required yields are mixed over the last quarter, with the largest decreases occurring in **Warehouse** (-1.33% change) and **Office: Class B** (-1.00% change). The largest increases occur in **Condo Conversion** (+3.27% change) and **Free Standing Retail** (+1.37% change).

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

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

Occupancy levels are expected to increase across most property types with the exception of **Office: Class A**, **Office: Class B** and **Free Standing Retail** which are expected to remain stable.

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											
Q4-10											
Cap Rate	6.8	9.4	8.2	9.2		8.3	9.0	7.9	7.6	9.5	8.4
Percent Expecting Rise				50%		43%	38%			20%	57%
Percent Expecting Fall	25%		100%	33%		29%	13%	50%	67%	40%	29%
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%
Yields											
Q4-10											
Yield	10.8	19.5	9.6	12.2		10.9	10.9	10.3	9.0	11.8	9.9
Percent Expecting Rise	25%		#DIV/0!	20%		14%	29%		33%	50%	67%
Percent Expecting Fall			#DIV/0!	40%		29%	14%	50%			
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%
Investment Outlook											
Q4-10											
Fair to Good				71%		33%	50%	50%	80%	50%	71%
Bad to Poor				14%		17%		50%		33%	
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%	

Table 6b

Outlook for Land Development

Southwest Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	36%	41%	29%	33%	38%	38%
Bad to Poor	41%	36%	43%	43%	48%	29%
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%

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
Q4-10											
Private Buyers	50%	100%	33%	50%	100%	100%	50%	100%	25%	20%	83%
R.E. Companies	33%						50%		25%	40%	17%
REITs			67%						50%	20%	
Institutions										20%	
Foreign Buyers	17%			50%							
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%		

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											
Q4-10											
Higher	50%		100%	57%		29%	44%	100%	75%	57%	29%
Lower				29%		29%				14%	14%
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%	
Rental Rate Increases											
Q4-10											
Faster than Inflation									25%		14%
Slower than Inflation	25%	50%	100%	100%		86%	89%	67%	25%	71%	86%
Q3-10											
Faster than Inflation	20%								8%		75%
Slower than Inflation	60%	100%	100%	100%		100%	100%	67%	77%	100%	25%
Q2-10											
Faster than Inflation											
Slower than Inflation	67%	100%	100%	100%		100%	89%	100%	67%	83%	100%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	33%	33%
Lower	17%	
Q3-10		
Higher	14%	20%
Lower	14%	20%
Q2-10		
Higher	56%	
Lower		25%
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	67%	67%
Q3-10		
Faster than Inflation		
Slower than Inflation	71%	80%
Q2-10		
Faster than Inflation		
Slower than Inflation	78%	88%

Daytona Beach Area

Cap rates in Daytona Beach are, on average, slightly higher (0.3 percentage points) than those of the state, and range from 7.6% (**Apartments**) to 10.2% (**Strip Centers**).

Cap rates increased across most property types in the latest quarter. The largest increase in cap rates occurred in **Condo Conversion** (+1.23% change) and **Office: Class A** (+0.92% change).

Cap rates are expected to increase for **Retail Large** but decline in **Free Standing Retail**. All other reported properties expect stabilization.

Required yields for Daytona Beach are, on average, the same as that of the state, 13.45% compared to 13.46% statewide.

Required yields increased dramatically this quarter from 11% for **Neighborhood Centers** to 21.5% in **Condo Conversion**. The largest increases occur in **Condo Conversion** (+5.32% change) and **Free Standing Retail** (+3.43% change).

The investment outlook is positive for all reported property types this quarter.

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

Occupancy is expected to stabilize across all reported property types.

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

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										
Q4-10										
Cap Rate	7.6	10.1	8.9	9.9	9.0	9.8	8.6	8.4	10.2	9.1
Percent Expecting Rise				17%		13%	50%	25%		
Percent Expecting Fall									14%	67%
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%	
Yields										
Q4-10										
Yield	12.7	21.5	11.6	14.2	12.8	12.8	12.2	11.0	13.8	11.8
Percent Expecting Rise	33%	50%		17%		29%	50%	33%	17%	33%
Percent Expecting Fall			33%	17%		14%	50%			33%
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%	
Investment Outlook										
Q4-10										
Fair to Good			75%	57%		75%		60%	83%	
Bad to Poor				14%				20%		
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%		

Table 7b

Outlook for Land Development

Daytona Beach Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	16%	40%	35%	18%	21%	26%
Bad to Poor	47%	25%	40%	59%	42%	47%
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%

Table 7c

Investors by Property Type

Daytona Beach Area	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q4-10													
Private Buyers	100%	67%			50%	25%	57%		88%		20%	83%	100%
R.E. Companies						25%		100%	13%	100%	20%	17%	
REITs				33%		50%	29%				60%		
Institutions				33%									
Foreign Buyers		33%		33%	50%		14%						
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%								

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										
Q4-10										
Higher				14%		25%	50%	20%	14%	33%
Lower			50%	29%		13%			14%	
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%	
Rental Rate Increases										
Q4-10										
Faster than Inflation										
Slower than Inflation	100%		100%	86%	100%	88%	100%	80%	100%	67%
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%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	17%	33%
Lower	17%	33%
Q3-10		
Higher	25%	25%
Lower	13%	25%
Q2-10		
Higher	40%	50%
Lower		
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	83%	67%
Q3-10		
Faster than Inflation		25%
Slower than Inflation	75%	75%
Q2-10		
Faster than Inflation	20%	
Slower than Inflation	60%	75%

Orlando Area

Cap rates in Orlando are, on average, lower (0.27 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.6% (**Condo Conversion** and **Strip Centers**).

Cap rates are mixed over the past quarter, with the largest changes being seen in **Condo Conversion** (+0.89% change) and **Warehouse** (-0.64% change).

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

Required yields for Orlando are, on average, lower than that of the state, 13.03% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 21.1% and lowest for **Warehouse** at 11.2%.

Required yields increased across most property types the past quarter, the largest changes occurring in **Condo Conversions** (+4.32%) and **Free Standing Retail** (+2.42%).

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

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

Occupancy rates are expected to increase across the majority of property types.

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

Future absorption rates are expected to be higher for **Single Family Development** and lower 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										
Q4-10										
Cap Rate	7.0	9.6	8.4	9.3	8.5	9.2	8.1	7.8	9.6	8.5
Percent Expecting Rise	31%	20%		13%	9%	11%	20%	22%		17%
Percent Expecting Fall	19%		33%	38%	27%		30%	11%	30%	50%
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%
Yields										
Q4-10										
Yield	12.3	21.1	11.2	13.8	12.4	12.4	11.8	10.6	13.3	11.4
Percent Expecting Rise	29%	20%		17%	9%	25%	30%	33%		33%
Percent Expecting Fall	14%	20%	29%	33%			20%	11%		17%
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%
Investment Outlook										
Q4-10										
Fair to Good	89%	20%	71%	40%	57%	60%	58%	77%	57%	88%
Bad to Poor		80%	7%	10%	14%	20%	8%		36%	
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%					

Table 8b

Outlook for Land Development

Orlando Area	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	25%	34%	24%	16%	24%	27%
Bad to Poor	45%	23%	39%	45%	35%	27%
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%

Table 8c

Investors by Property Type

Orlando Area	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q4-10												
Private Buyers	100%	100%	21%	80%	43%	50%	14%	70%	17%	31%	79%	86%
R.E. Companies			16%		7%		7%	30%	25%	15%	7%	
REITs			26%		29%	20%	29%		50%	46%	14%	14%
Institutions			32%		14%	20%	29%		8%	8%		
Foreign Buyers			5%	20%	7%	10%	21%					
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%		

Table 8d

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	89%	75%	50%	30%	43%	45%	42%	50%	38%	38%
Lower			7%	20%		18%		8%	8%	
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%
Rental Rate Increases										
Q4-10										
Faster than Inflation	39%				7%	20%	8%		8%	
Slower than Inflation	17%	50%	79%	60%	71%	70%	58%	75%	77%	38%
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%

Table 8e

Orlando Area	Single Family Development	Condominiu m Developme
Future Absorption Rates		
Q4-10		
Higher	56%	
Lower	11%	50%
Q3-10		
Higher	40%	
Lower	10%	50%
Q2-10		
Higher	44%	25%
Lower	6%	
Future Price Increases		
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	56%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	100%
Q2-10		
Faster than Inflation	19%	
Slower than Inflation	81%	100%

Lakeland-Winter Haven

Cap rates in Lakeland-Winter Haven are, on average, slightly higher (0.13 percentage points) than that of the state, and range from 7.4% (**Apartments**) to 10.0% (**Condo Conversion** and **Strip Centers**).

Cap rates have increased across most property types over the last quarter. The largest changes occurred in **Condo Conversion** (+1.02 % change) and **Office: Class A** (+0.71% change).

Cap rates are expected to remain stable across most property types over the next quarter. The strongest indication of rate decreases occur in **Office: Class A and Retail Large**.

Required yields for Lakeland-Winter Haven are, on average, higher than that of the state, 14.94% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 23.0% and lowest for **Neighborhood Centers** at 12.5%.

Required yields increased across most property types in the last quarter. The largest changes occurred in **Condo Conversion** (+3.77% change) and **Free Standing Retail** (+1.87%).

The investment outlook is positive across most property types with **Free Standing Retail** and **Apartments** showing the greatest potential for a positive investment outlook.

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

Occupancy is expected to stabilize across most reported property types. The most significant indication of potential increase occurs in **Warehouse** and **Neighborhood Centers**.

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

Future absorption rates are expected to remain stable for **Single Family Development** 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										
Q4-10										
Cap Rate	7.4	10.0	8.8	9.7	8.9	9.6	8.5	8.2	10.0	8.9
Percent Expecting Rise			13%	40%		17%			20%	40%
Percent Expecting Fall	25%		25%	20%	100%	17%	100%			20%
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%									
Yields										
Q4-10										
Yield	14.2	23.0	13.1	15.7	14.3	14.3	13.7	12.5	15.2	13.3
Percent Expecting Rise	25%	25%							20%	25%
Percent Expecting Fall			33%	60%		20%				
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%							
Investment Outlook										
Q4-10										
Fair to Good	75%		67%	60%		67%			57%	83%
Bad to Poor		100%		20%		17%			29%	
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%	

Table 9b

Outlook for Land Development

Lakeland-Winter Haven	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	33%	33%	25%	17%	36%	29%
Bad to Poor	38%	29%	42%	38%	48%	33%
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%

Table 9c

Investors by Property Type

Lakeland-Winter Haven	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q4-10												
Private Buyers	67%	100%		75%	44%	40%		83%		50%	100%	100%
R.E. Companies	33%		25%		11%	20%		17%				
REITs			25%		33%	20%				50%		
Institutions			25%		11%		100%		100%			
Foreign Buyers			25%	25%		20%						
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%			

Table 9d

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	33%		56%	20%				50%	14%	33%
Lower				40%		33%			43%	17%
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%	
Rental Rate Increases										
Q4-10										
Faster than Inflation			11%	20%						
Slower than Inflation	67%	33%	44%	80%	100%	83%	100%	100%	86%	83%
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%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	33%	
Lower		100%
Q3-10		
Higher	22%	
Lower	22%	67%
Q2-10		
Higher	17%	
Lower		
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	78%	100%
Q2-10		
Faster than Inflation	17%	
Slower than Inflation	50%	

Tampa-St. Petersburg

Cap rates in the Tampa-St. Petersburg area are, on average, lower than that of the state (0.22%), and range from 7.0% (**Apartments**) to 9.6% (**Condo Conversions**).

Cap rates were mixed over the past quarter, with the largest changes occurring in **Condo Conversion** (+0.89% change) and **Warehouse** (-0.64% change).

Cap rate outlooks indicate that rates are expected to remain stable across most property types in the next quarter. Respondents expect cap rates to increase in **Office: Class B** and decline in **Free Standing Retail**.

Required yields for Tampa-St. Petersburg are higher, on average, than that of the state, 14.88% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 22.9% and lowest for **Neighborhood Centers** at 12.4%.

Required yields increased dramatically across property types last quarter. The largest increases in required yields occurred in **Condo Conversions** (+5.49% change) and **Free Standing Retail** (+3.59% change).

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

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 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										
Q4-10										
Cap Rate	7.0	9.6	8.4	9.3	8.5	9.2	8.1	7.8	9.7	8.6
Percent Expecting Rise	20%		20%	17%	9%	56%	8%	29%	33%	33%
Percent Expecting Fall	27%		40%	33%	27%		25%	14%		50%
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%	
Yields										
Q4-10										
Yield	14.2	22.9	13.0	15.6	14.3	14.3	13.7	12.4	15.2	13.3
Percent Expecting Rise	17%				10%	33%	18%	33%	17%	14%
Percent Expecting Fall		25%	40%	50%	10%	11%	18%	17%		14%
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%
Investment Outlook										
Q4-10										
Fair to Good	89%		75%	63%	56%	50%	62%	88%	57%	86%
Bad to Poor		80%	25%	25%	31%	20%	15%		29%	
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%	

Table 10b

Outlook for Land Development

Tampa-St Pete	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	29%	42%	33%	22%	35%	38%
Bad to Poor	46%	28%	33%	30%	27%	19%
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%

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
Q4-10												
Private Buyers	92%	75%		21%	60%	25%	63%	6%	80%	8%	13%	71%
R.E. Companies	8%			26%			25%	6%	10%	31%	13%	14%
REITs		13%		26%			25%	31%		38%	63%	14%
Institutions				26%			50%	38%	10%	15%	13%	
Foreign Buyers		13%			40%		13%	19%		8%		
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%	

Table 10d

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	72%	80%	38%	14%	44%	20%	38%	50%	29%	38%
Lower			38%	29%	19%	10%	15%	13%		38%
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%
Rental Rate Increases										
Q4-10										
Faster than Inflation	26%	20%	13%		6%	10%	8%			
Slower than Inflation	26%	60%	63%	57%	69%	70%	69%	75%	71%	63%
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%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	17%	
Lower	8%	38%
Q3-10		
Higher	10%	
Lower	10%	13%
Q2-10		
Higher	43%	
Lower	14%	29%
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	75%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	70%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	57%	100%

Sarasota-Bradenton

Cap rates in the Sarasota-Bradenton area are, on average, lower (0.21 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.7% (**Strip Centers**).

Cap rates were mixed across most property types in the last quarter, with the largest changes occurring in **Warehouse** (-0.57% change) and **Office: Class A** (+0.65% change).

Cap rates are expected to decline across a majority of reported property types with **Retail Large** and **Neighborhood Centers** having the highest expectation for declining cap rates.

Required yields for Sarasota-Bradenton are, on average, lower than that of the state, 13.15% compared to 13.46% statewide.

Required yields are highest for **Condo Conversions** at 21.2% and lowest for **Neighborhood Centers** at 10.7%.

Required yields were mixed this quarter across most property types. The largest shifts occurred in **Warehouse** (-1.40% change) and **Free Standing Retail** (+1.29% change).

The investment outlook is neutral to positive across most available property types.

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 **Retail Large** and **Neighborhood Centers** 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											
Q4-10											
Cap Rate	7.0	9.6	8.4	9.4		8.5	9.2	8.1	7.9	9.7	8.6
Percent Expecting Rise				25%		33%	25%			33%	33%
Percent Expecting Fall	50%		50%			33%	8%	100%	100%	17%	33%
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%
Yields											
Q4-10											
Yield	12.4	21.2	11.3	13.9		12.5	12.5	11.9	10.7	13.5	11.5
Percent Expecting Rise	20%					33%	17%			33%	14%
Percent Expecting Fall		50%	50%	25%			17%				14%
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%
Investment Outlook											
Q4-10											
Fair to Good	67%			67%			64%			33%	67%
Bad to Poor							9%			17%	
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%	

Table 11b

Outlook for Land Development

Sarasota-Bradenton	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	29%	44%	25%	17%	21%	25%
Bad to Poor	33%	16%	33%	33%	29%	17%
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%

Table 11c

Investors by Property Type

Sarasota-Bradenton	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q4-10												
Private Buyers	78%	100%	17%	100%	67%	83%	33%	91%			67%	100%
R.E. Companies	22%		33%				33%		100%		17%	
REITs			50%		33%	17%		9%		100%	17%	
Institutions							33%					
Foreign Buyers												
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%		

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											
Q4-10											
Higher	33%					33%	17%	100%	67%	17%	29%
Lower	17%	50%		20%			8%			17%	29%
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%
Rental Rate Increases											
Q4-10											
Faster than Inflation											
Slower than Inflation	33%	50%	100%	80%	67%	67%	67%	100%	33%	67%	57%
Q3-10											
Faster than Inflation	50%							33%	14%		
Slower than Inflation	50%	100%	75%	100%	100%	82%	33%	33%	57%	43%	67%
Q2-10											
Faster than Inflation	20%							33%			17%
Slower than Inflation	60%	100%	100%	67%	67%	83%	67%	67%	75%	67%	67%

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	33%	20%
Lower	11%	
Q3-10		
Higher	33%	17%
Lower	11%	17%
Q2-10		
Higher	25%	20%
Lower	25%	40%
Future Price Increases		
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	33%	60%
Q3-10		
Faster than Inflation	11%	
Slower than Inflation	56%	83%
Q2-10		
Faster than Inflation		
Slower than Inflation	75%	60%

Jacksonville

Cap rates in Jacksonville are, on average, lower (0.54 percentage points) than that of the state, and range from 6.7% (**Apartments**) to 9.4% (**Strip Centers**).

Cap rates have declined across most property types, with the largest decrease occurring in **Warehouse** (-1.06% change) and **Retail Large** (-0.68% change).

Cap rates are expected to remain stable across most property types over the next quarter. Respondents indicated increasing cap rates in **Warehouse** and **Condo Conversion**.

Required yields for Jacksonville are, on average, significantly lower than that of the state, 10.73% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 18.8% and lowest for **Neighborhood Centers** at 8.3%.

Required yields are mixed across all property types this quarter with the largest changes occurring in **Condo Conversions** (+2.61% change) and **Office: Class B** (-1.66% change).

The investment outlook is positive across most property types this quarter.

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

Future occupancy is expected to remain stable or increase across all property types. Respondents expect occupancy to increase in **Apartments, Office: Class A, Free Standing Retail 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										
Q4-10										
Cap Rate	6.7	9.3	8.1	9.0	8.2	8.9	7.8	7.5	9.4	8.3
Percent Expecting Rise	40%	50%	50%			14%	33%	25%	14%	
Percent Expecting Fall	10%				33%			25%	29%	33%
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%	
Yields										
Q4-10										
Yield	10.0	18.8	8.9	11.5	10.1	10.1	9.5	8.3	11.0	9.1
Percent Expecting Rise	38%	50%					67%	50%		
Percent Expecting Fall	13%		50%		33%	17%	33%	25%	33%	
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%	
Investment Outlook										
Q4-10										
Fair to Good	92%				50%	33%		86%	50%	50%
Bad to Poor						22%			13%	
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%	

Table 12b

Outlook for Land Development

Jacksonville	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	26%	52%	32%	14%	32%	24%
Bad to Poor	39%	23%	32%	32%	25%	34%
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%

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
Q4-10													
Private Buyers	92%	71%		42%	67%		100%		25%	78%		43%	88%
R.E. Companies		14%		25%	33%	67%				22%	33%	29%	13%
REITs				17%				25%			67%	29%	
Institutions	8%			17%		33%		50%					
Foreign Buyers		14%											
Q3-10													
Private Buyers	83%	100%			100%	33%	100%	20%	83%	25%	25%	25%	92%
R.E. Companies				50%		17%		40%	17%	25%	17%	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%	17%	80%
R.E. Companies	13%			50%	50%	20%		29%		20%	17%	17%	20%
REITs				38%		20%	25%	14%	7%	20%	67%		
Institutions				13%		40%		43%		40%			
Foreign Buyers		25%											

Table 12d

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	54%	33%		50%	75%	22%	33%	14%	25%	50%
Lower			33%			11%	33%		25%	
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%	
Rental Rate Increases										
Q4-10										
Faster than Inflation	23%	33%								
Slower than Inflation	31%	33%	100%	100%	50%	100%	67%	71%	88%	75%
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%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	31%	
Lower	15%	43%
Q3-10		
Higher	17%	33%
Lower		
Q2-10		
Higher		
Lower		50%
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	69%	86%
Q3-10		
Faster than Inflation		
Slower than Inflation	83%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	88%	100%

Gainesville-Ocala

Cap rates in Gainesville-Ocala are, on average, higher (0.22 percentage points) than that of the state, and range from 7.5% (**Apartments**) to 10.1% (**Condo Conversion and Strip Centers**).

Cap rates decreased for most property types over the last quarter, with the largest changes occurring in **Warehouse** (-0.82% change) and **Retail Large** (-0.44% change).

Cap rates are expected to stabilize over the next quarter for all property types with the exception of **Office: Class A** and **Retail Large** which are expected to decrease.

Required yields for Gainesville-Ocala are, on average, lower than that of the state, 12.62% compared to 13.46% statewide.

Required yields are highest for **Condo Conversions** at 20.6% and lowest for **Neighborhood Centers** at 10.1%.

Required yields increased over the past quarter for most property types. The largest increases occurred in **Condo Conversions** (+3.83% change) and **Free Standing Retail** (+1.94% change).

The investment outlook is positive over all of the available property types in this region.

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

Future occupancy expectations are neutral to positive across available property types. The strongest indications of future occupancy increases occur in **Condo Conversion, Office: Class A and Retail Large**.

Rental rates are expected to lag inflation across the majority of available property types over the next quarter with the exception of **Condo Conversion** where rates are expected to increase faster than inflation.

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										
Q4-10										
Cap Rate	7.5	10.1	8.9	9.8	8.9	9.7	8.6	8.3	10.1	9.0
Percent Expecting Rise	29%					22%			17%	
Percent Expecting Fall	14%				67%		67%		17%	
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%			
Yields										
Q4-10										
Yield	11.9	20.6	10.8	13.4	12.0	12.0	11.4	10.1	12.9	11.0
Percent Expecting Rise	17%	100%			33%	14%		25%	20%	
Percent Expecting Fall	17%				33%		33%		20%	
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%	
Investment Outlook										
Q4-10										
Fair to Good	75%			50%	80%	56%	50%	60%	50%	
Bad to Poor				25%		11%			25%	
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%	

Table 13b

Outlook for Land Development

Gainesville-Ocala	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	18%	22%	27%	27%	29%	29%
Bad to Poor	59%	48%	36%	45%	43%	38%
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%

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
Q4-10												
Private Buyers	57%	67%		38%	100%		100%	40%	89%	50%		75%
R.E. Companies	43%					100%			11%	25%	40%	13%
REITs				13%				40%		25%	20%	
Institutions				38%				20%			20%	
Foreign Buyers		33%		13%							20%	13%
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%							

Table 13d

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher	38%	100%			80%	33%	75%	40%	50%	
Lower									13%	
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%			
Rental Rate Increases										
Q4-10										
Faster than Inflation	25%	100%			20%		50%	20%	13%	
Slower than Inflation	38%		100%	100%	60%	78%	25%	60%	75%	
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%	

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	14%	
Lower		33%
Q3-10		
Higher	17%	33%
Lower		33%
Q2-10		
Higher	100%	50%
Lower		50%
Future Price Increases		
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%
Q2-10		
Faster than Inflation	33%	
Slower than Inflation	67%	100%

Pensacola-Tallahassee

Cap rates for property types in Pensacola-Tallahassee are, on average, higher (0.36 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 10.3% (**Strip Centers**).

Cap rates have increased for most property types over the past quarter. The largest cap rate movements occurred in **Condo Conversion** (+1.44% change) and **Office: Class A** (+1.13% change).

Cap rates are expected to remain at current levels across available property types.

Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 12.37% compared to 13.46% statewide.

Required yields are highest for **Condo Conversion** at 20.4% and lowest for **Neighborhood Centers** at 9.9%.

Required yields are mixed across property types over the past quarter. The largest increases occurred in **Condo Conversion** (+2.69% change) and **Free Standing Retail** (+0.80% change). Yields decreased for **Warehouse** (-1.90% change) and **Office: Class B** (-1.58% change).

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

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

Future occupancy expectations are mixed across property types. The strongest indication of an expected decrease in occupancy over the next quarter occurs in **Retail Large**.

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 **Condominium Development**.

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

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q4-10										
Cap Rate	7.6	10.2	9.0	9.9	9.1	9.8	8.7	8.4	10.3	9.2
Percent Expecting Rise						33%			25%	
Percent Expecting Fall	33%									
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%	
Yields										
Q4-10										
Yield	11.7	20.4	10.5	13.1	11.8	11.7	11.2	9.9	12.7	10.8
Percent Expecting Rise	33%					20%	100%	33%	25%	
Percent Expecting Fall										
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%	
Investment Outlook										
Q4-10										
Fair to Good	60%					40%			75%	
Bad to Poor						20%				
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%	

Table 14b

Outlook for Land Development

Pensacola to Tallahassee	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q4-10						
Fair to Good	20%	25%	20%	25%	16%	30%
Bad to Poor	45%	45%	35%	30%	47%	25%
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%

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
Q4-10											
Private Buyers	91%	88%	40%	100%	100%	100%		100%		33%	100%
R.E. Companies	9%									33%	
REITs		13%	20%				50%		100%	33%	
Institutions			40%				50%				
Foreign Buyers											
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%								

Table 14d

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q4-10										
Higher						17%		33%	25%	
Lower							100%		25%	
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%	
Rental Rate Increases										
Q4-10										
Faster than Inflation										
Slower than Inflation	25%		100%	100%		83%	100%	67%	75%	100%
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%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q4-10		
Higher	9%	25%
Lower	9%	
Q3-10		
Higher	22%	20%
Lower	33%	80%
Q2-10		
Higher	22%	29%
Lower	22%	43%
Future Price Increases		
Q4-10		
Faster than Inflation		13%
Slower than Inflation	82%	75%
Q3-10		
Faster than Inflation		
Slower than Inflation	89%	100%
Q2-10		
Faster than Inflation		
Slower than Inflation	78%	100%