

Survey of Emerging Market Conditions

Quarter 1 2011

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the March 2011 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

Real estate markets in the state continue to show slow improvement, according to respondents of the 1st quarter survey. UF's Commercial Real Estate Sentiment Index, an outlook on our respondents' own businesses, increased for the sixth consecutive quarter and eighth out of the last nine quarters. This is a result of improved fundamentals on most commercial property types, a slow emergence of financing, and a belief in a business friendly environment in the state going forward. The sentiment was also buoyed by a general improvement in the overall economy and a decline in Florida's unemployment rate.

However, risks still exist that temper the outlook. While declining, Florida's unemployment rate is still higher than the national average, coming in at 11.1% at the end of the quarter. Florida companies continue to be cautious in hiring new staff with many uncertainties on the horizon. Respondents still believe that government spending on a national level is a huge risk to an improving economy, along with the uncertainty of future costs associated with healthcare laws, Dodd/Frank, and the resolution or dissolution of Fannie and Freddie. These factors continue to limit businesses' appetite for hiring and therefore have a continued negative impact on the real estate market.

Despite these concerns, the outlook for property level fundamentals continues to improve. Expectations for occupancy and rents increased across almost every asset class, continuing a trend that started around the second quarter of 2009. The improved outlook on fundamentals has increased the investment outlook across most property classes. Private capital continues to be plentiful searching for the few good products on the market. Foreign capital is having a large impact on certain markets as they look for quality assets at prices that are lower than replacement costs. Additionally, respondents indicated that banks are starting to come back into the market, particularly, large banks like Wells Fargo and Bank of America. However, access to that financing continues to be available to the strongest players in the market. The CMBS market continues to improve as well.

Overall the market appears to be improving and will continue to improve at a slow pace over the next year.

Highlights

- The outlook for occupancy and rental rates increased across most asset classes this quarter.
- Cap rates and yields are stabilizing or decreasing across most 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 continued to improve and again reach a new high.
- Respondents' outlook for capital availability continues to improve with a steady rise in the expectation for capital available for development which reached a new survey high.
- Respondents' outlook on their own business continues its positive trend, reaching a similar level as the fourth quarter of 2007.
- Job growth and government spending continue to be the main concerns 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 twenty-first fielding. The total

number of participants, at 272, 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 for the fifth consecutive quarter with respondents indicating that the outlook is mixed but improving. An increase in the financing available has had a positive effect on the outlook along with a belief that banks will be forced to sell more assets in the coming year proving better opportunities for investment.

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 declined this quarter while the outlook for condominiums increased. As foreclosures continue to come to market prices will stay low or decline over the next year. Respondents' continue to see an improved outlook for investment in residential development as the index increased to a new survey high. 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 increased this quarter as respondents continue to predict that occupancy will rise for apartments and condo conversions. Additionally, they believe that current occupancy levels warrant price increases in line with inflation as we see fewer concessions and more demand for apartments due to home foreclosures and changing population demographics. The expectation for apartment investment increased dramatically this quarter, reaching a survey high as respondents now believe it is a good time to invest in apartments. Cap rates, an indication of long term value, increased slightly this quarter with market rent apartments just over 7%. Respondents continue to believe that rates will stabilize around this level.

Industrial

The outlook for industrial occupancy increased this quarter for both warehouse and flex space as more respondents believe that occupancy will increase over the next year. The outlook for rental rates followed suit this quarter with a sharp increase as respondents now believe that rental rates will rise with inflation over the next year. The outlook for investment in industrial properties decreased slightly for warehouse but continue to increase for flex space as respondents believe it is a mixed to positive time to buy. Cap rates for flex space declined this quarter to just below 9% while cap rates for Warehouse increased slightly to 8.5%. Respondents expect cap rates to stabilize at current levels.

Office

Office occupancy expectations continued a positive trend with the outlook for Class A rising significantly this quarter. Respondents now believe that occupancy will increase over the next

year for Class A space while remaining stable for Class B. The outlook for rental rates increased as well with more respondents now believing that Class A rental rates will rise with inflation over the next year. Class B expectations also increased but remain with rates lagging inflation. Cap rates stabilized at 9% for Class B office while Class A cap rates decreased 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 large retail centers and strip centers while neighborhood centers and free standing retail declined slightly this quarter. Respondents continue to believe that occupancy will remain stable or increase across property types. The expectations for rental rates increased this quarter with respondents still expecting rates to 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 all property types with the exception of neighborhood centers which declined slightly.

Land Investment

The outlook for investment in land improved slightly 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.

Capital Availability

The outlook for capital availability continued to be positive this quarter as respondents still believe that future capital availability will increase. The expectation for availability of capital for development increased for the fifth consecutive quarter reaching a survey high. 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 from financial institutions has started to come back to the market; however, it is still only available to the strongest players. CMBS is returning in a significant way this year as approximately 50 billion dollars of new issuance is expected for the year.

UF Commercial Real Estate Sentiment Index

Formerly called the Own Business Outlook, the Sentiment index continued its positive trend this quarter, reaching the same level as the fourth quarter of 2007. Owners/Investors lead the way this quarter as lenders' expectations declined from last quarter. Uncertainty with employment and government spending continue to hold down the overall expectations for our respondents' businesses.

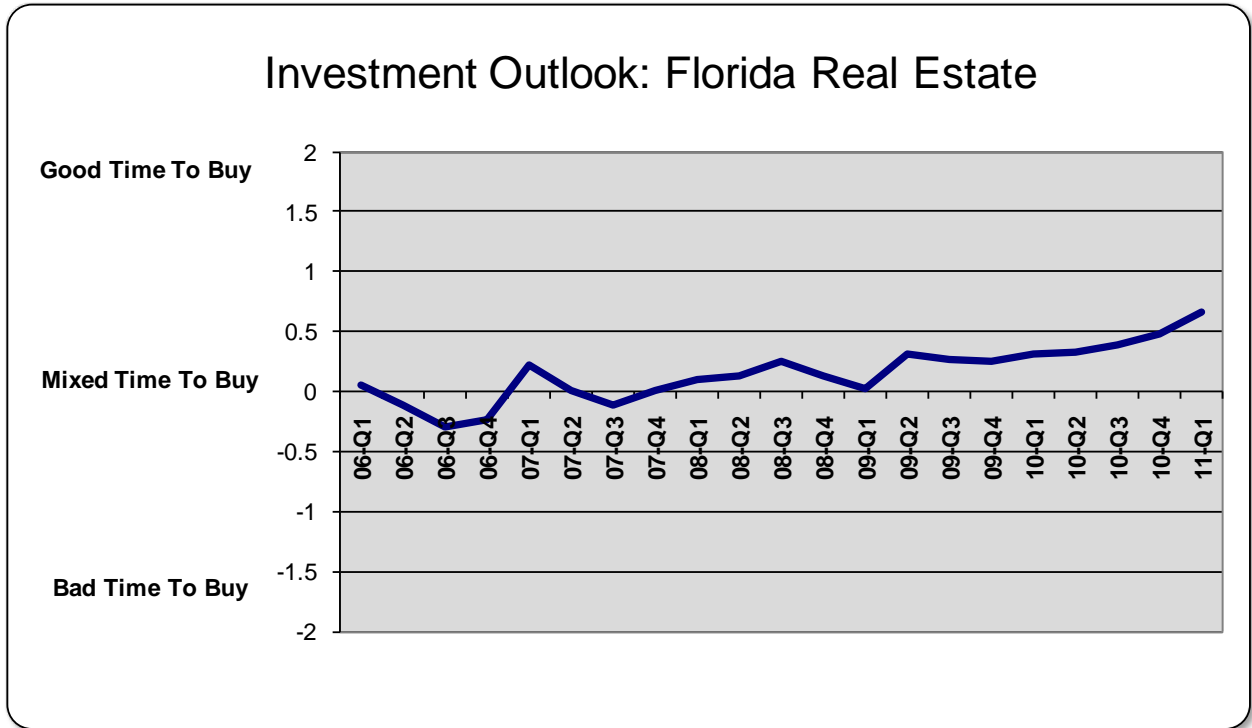
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Section 1: Investment Outlook

The investment outlook for Florida reached its highest level since inception of the survey increasing for the fifth consecutive quarter. An improved outlook across most property types along with an improved financing environment drove the general index higher. Additionally, respondents believe that banks will be pushing more quality properties to market over the next year which provides better opportunities for investment. The continued pressure from unemployment and government spending combine to dampen the enthusiasm.

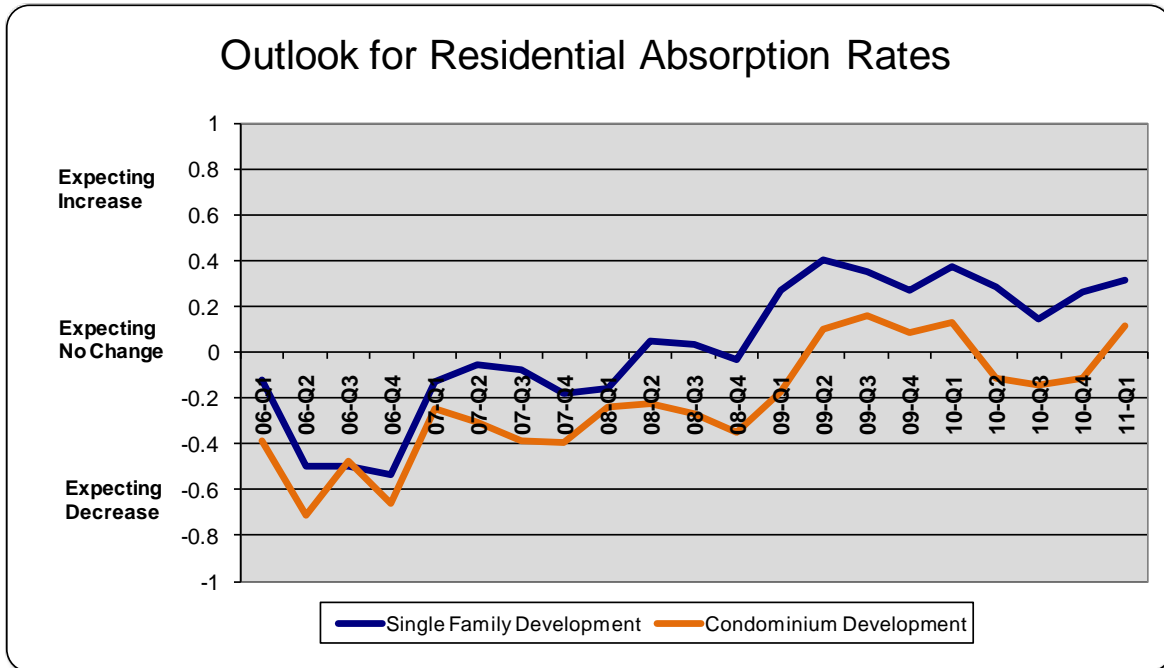


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

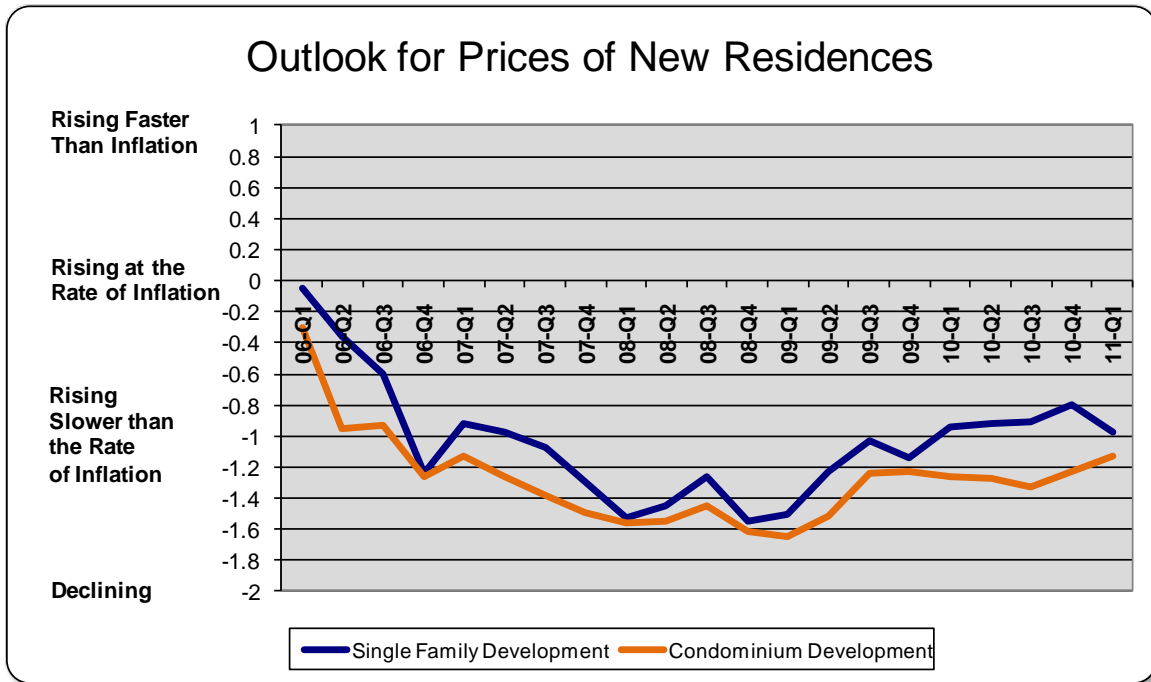
Expected Absorption Rates

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 continue to put a damper on new home absorption. However, decreasing supplies of foreclosures in some markets are increasing expectations of absorptions. Additionally, areas of job creation are seeing an increasing need for new housing. 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. Despite efforts by home builders to retool their product lines they continue to have a hard time keeping 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.



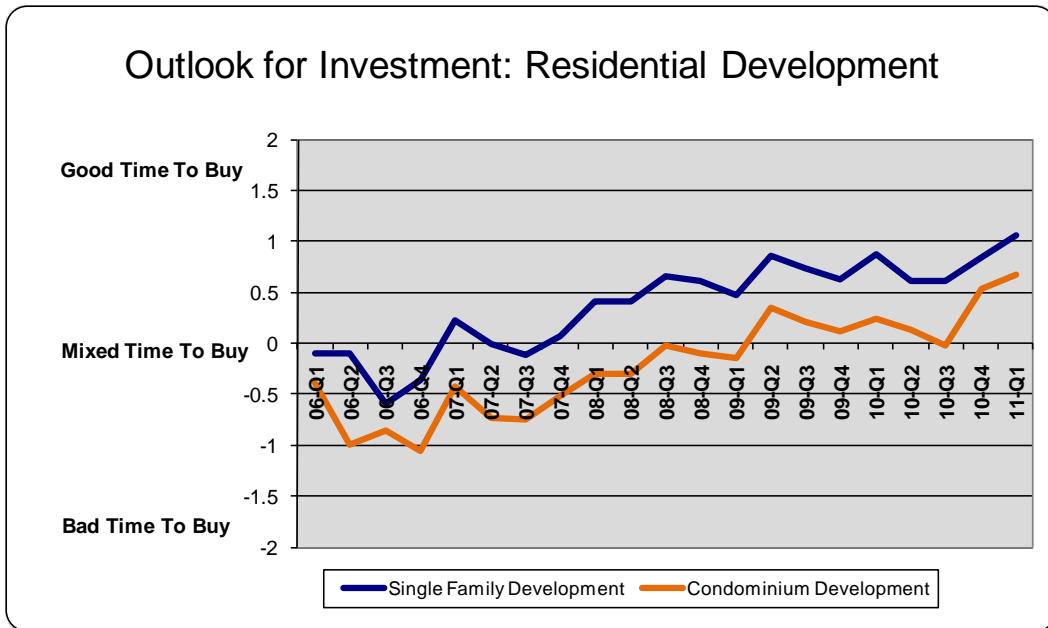
Expected Price Changes

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 is making this more challenging. Additionally, skilled labor in the state will be difficult to retain as they move to other regions of the country where recovery is happening at a faster pace.



Investment Outlook

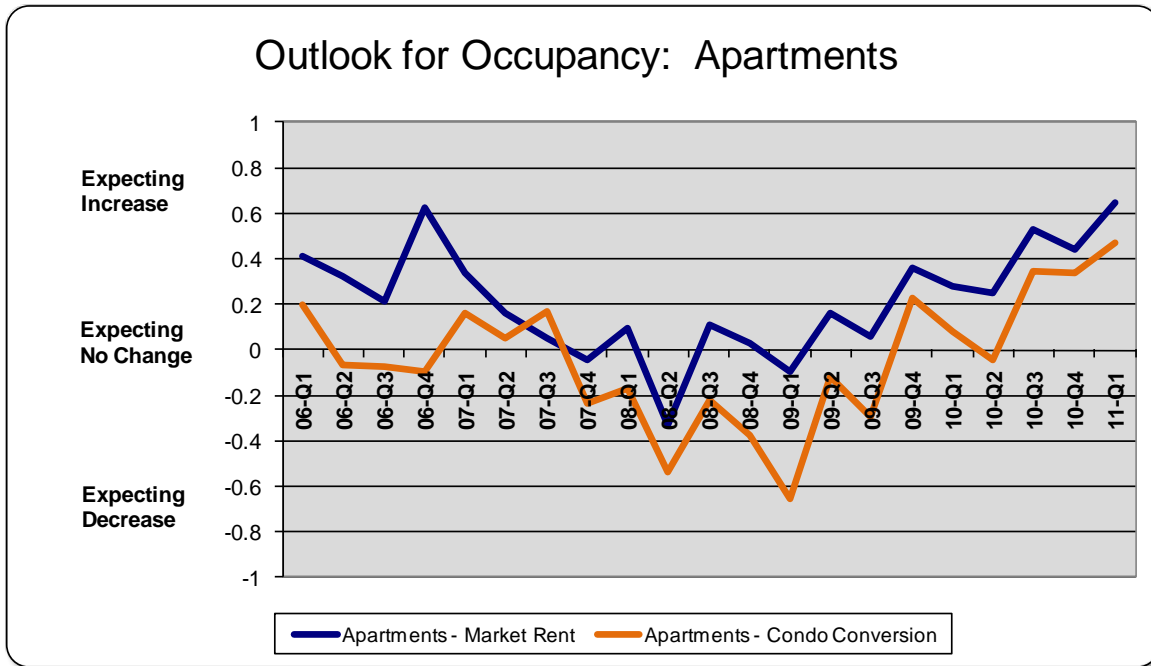
Surprisingly, the outlook for residential investment increased this quarter for both single family and condo development. Respondents indicated that fully developed lot prices continue to decline and provide a better investment opportunity despite the long holding periods. High unemployment and a limited 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 inventor.



Section 3: Apartments

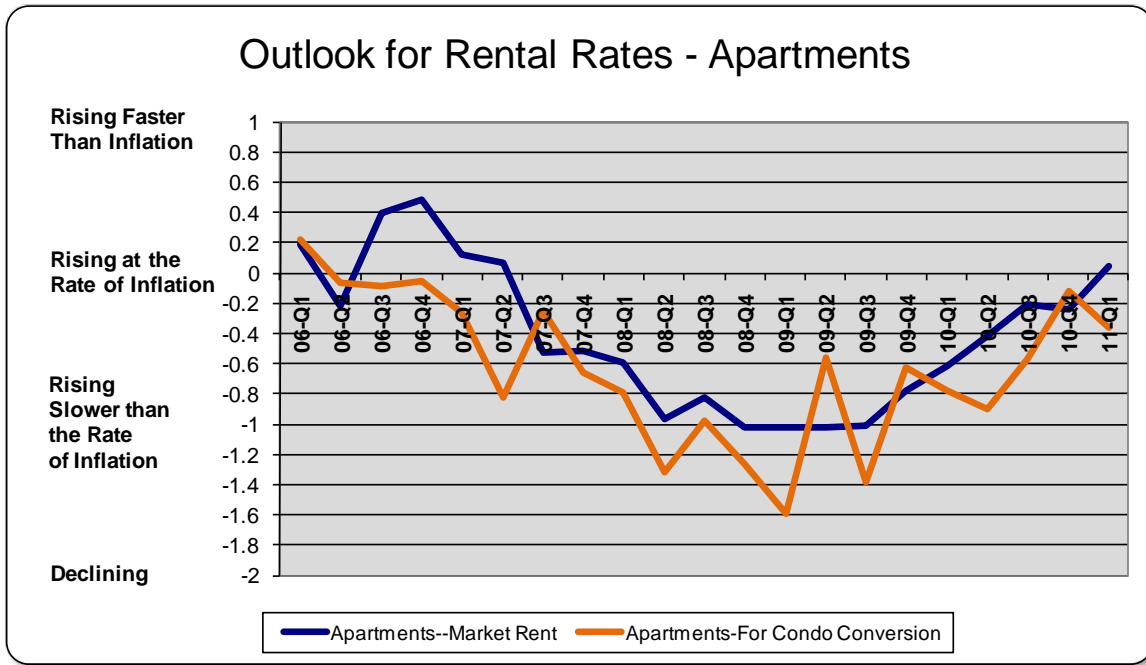
Expected Occupancy

Expectations in the apartment segment increased this quarter with respondents expecting occupancy to increase in the coming year. Changing population demographics along with an improving economy and continued foreclosure issues combine to increase these expectations. In urban locations, the changing demographics are leading to supply shortages which is driving new development opportunities.



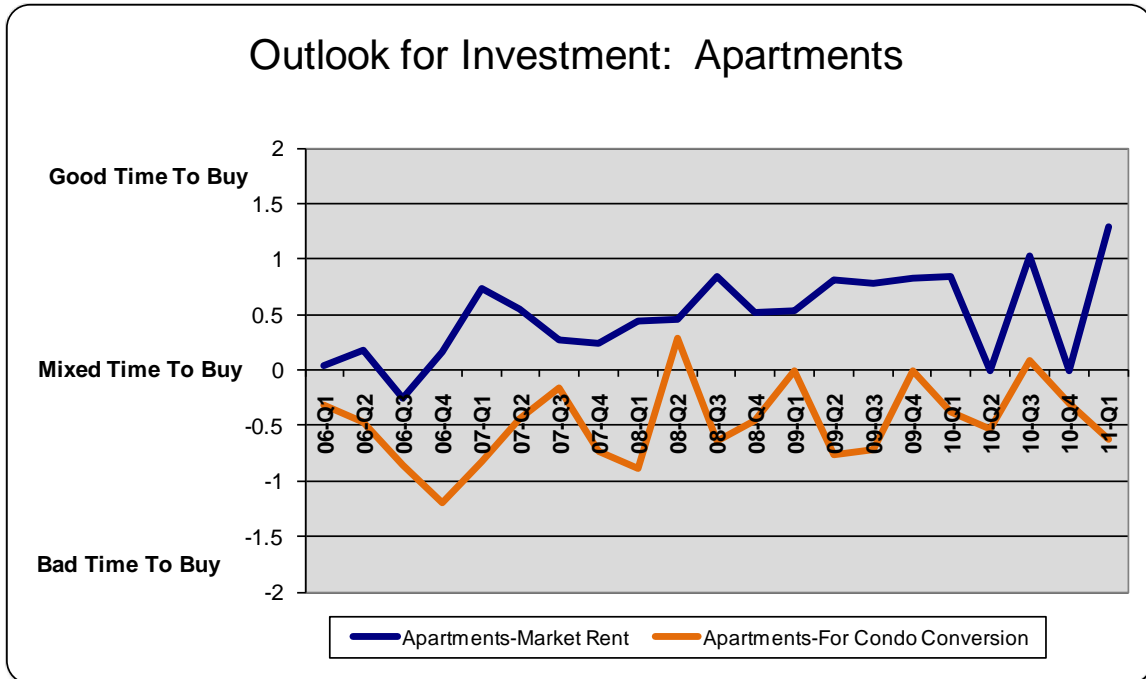
Expected Rental Rates

The outlook for rental rates remained positive as our respondents now 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. Markets that experience job growth will be in the best position to benefit from these increases with the most sought after markets being in urban areas.



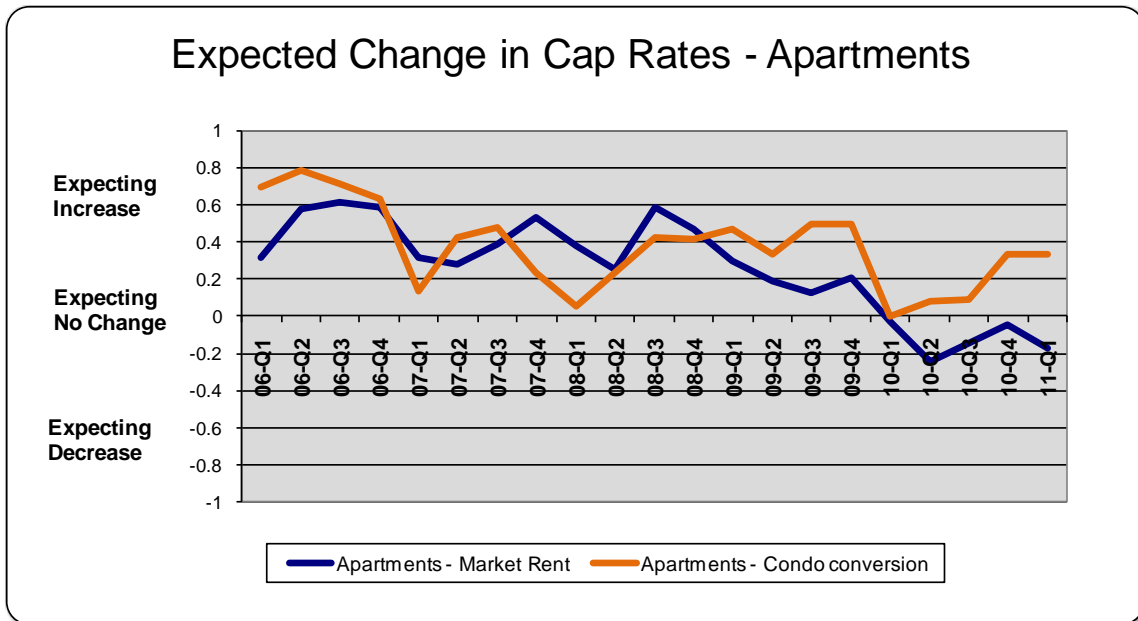
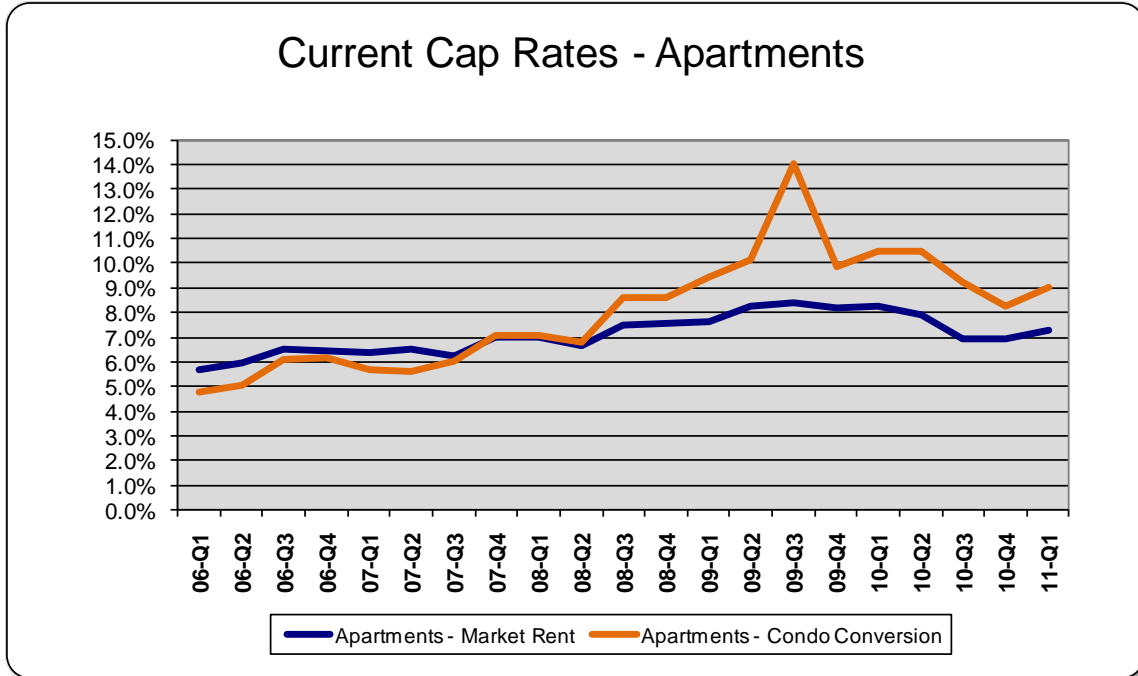
Investment Outlook

The outlook for investment in apartments continues to be volatile as the outlook in market rate apartments took a significant increase, reaching a new survey high. Respondents believe that the changing demographics and an improving economy will drive occupancy and pricing. Additionally, financing and equity capital is readily available for the apartment, driving positive investment views.



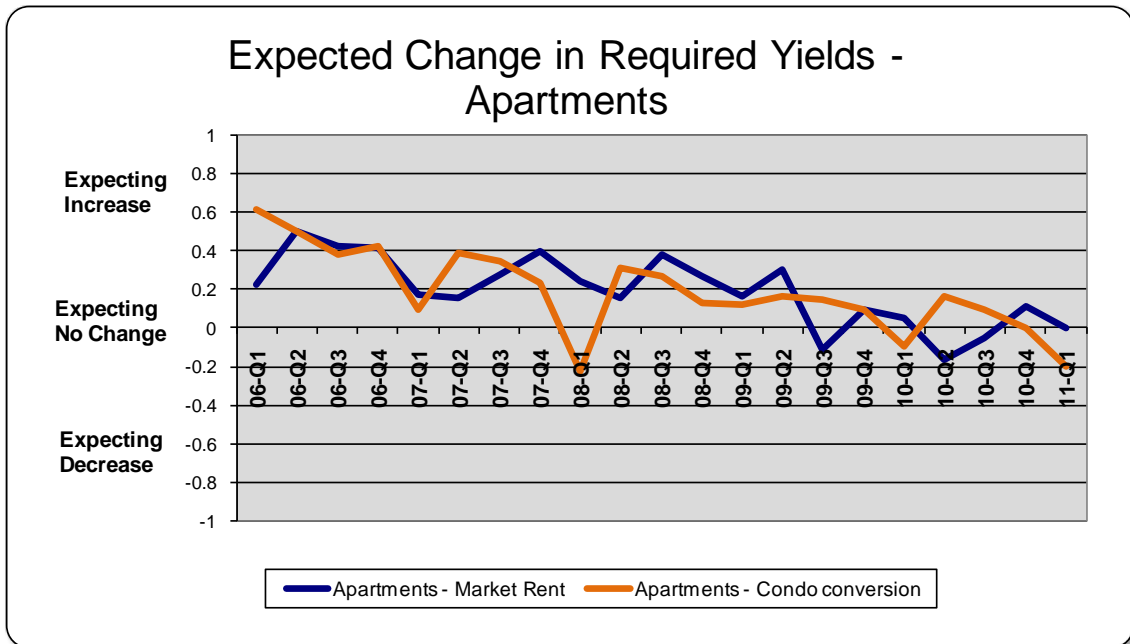
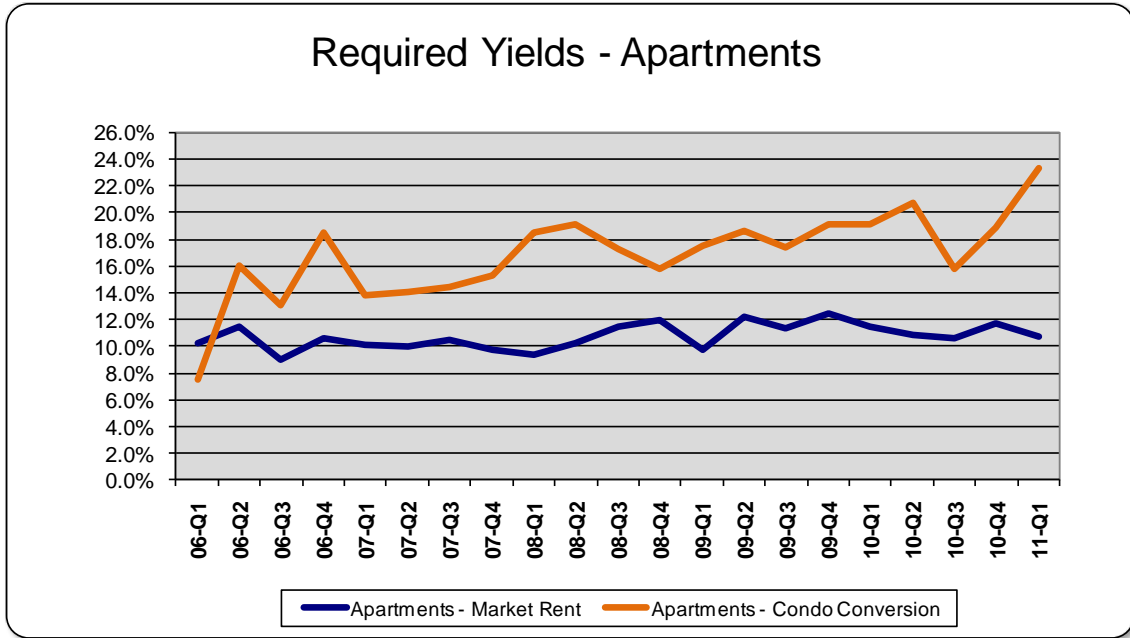
Cap Rates

Cap rates for market rent apartments stabilized this quarter around 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

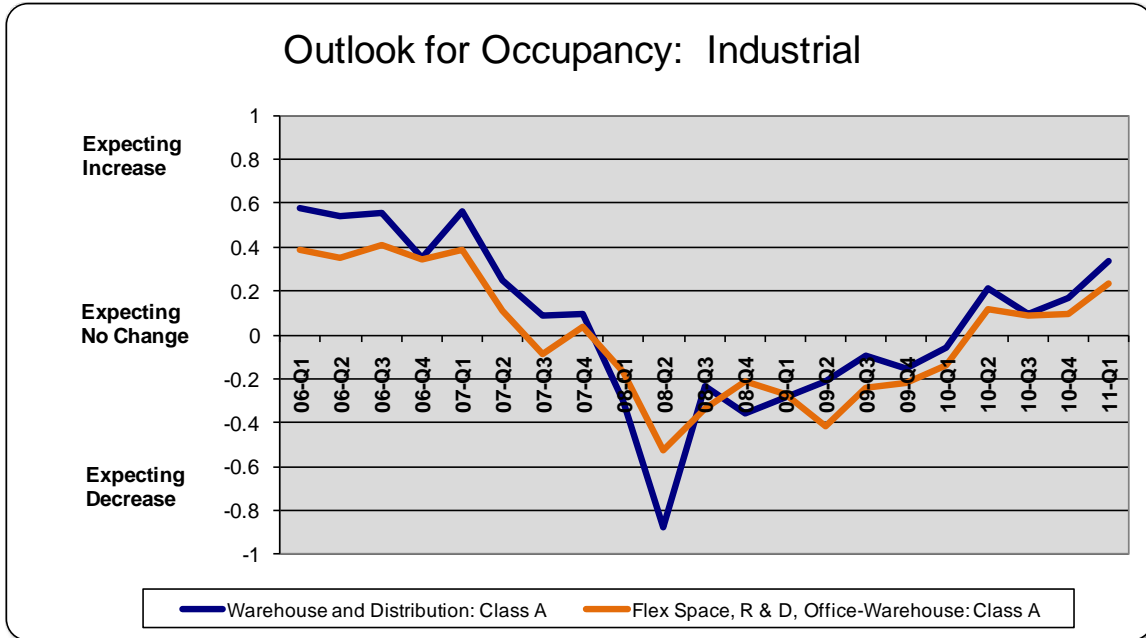
Required yields declined this quarter for market rate apartments with yields just above 10%. The large supply of capital chasing few deals is driving yields down in this sector. Respondents expect yields to remain stable in the near future.



Section 4: Industrial

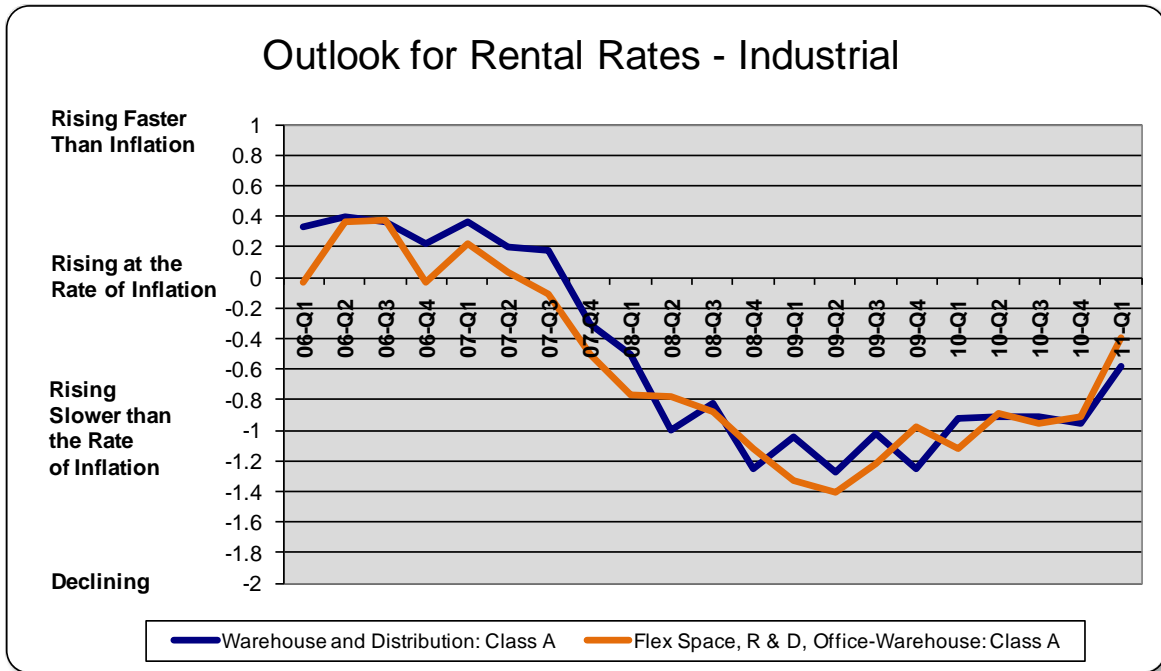
Expected Occupancy

The outlook for occupancy in both industrial segments increased this quarter as more respondents now believe that occupancy will start to increase over the next year. 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 particularly port expansions in several areas of Florida due to the Panama Canal widening. Additionally, strong economies in Latin American markets will have a positive impact on industrial properties particularly in South Florida.



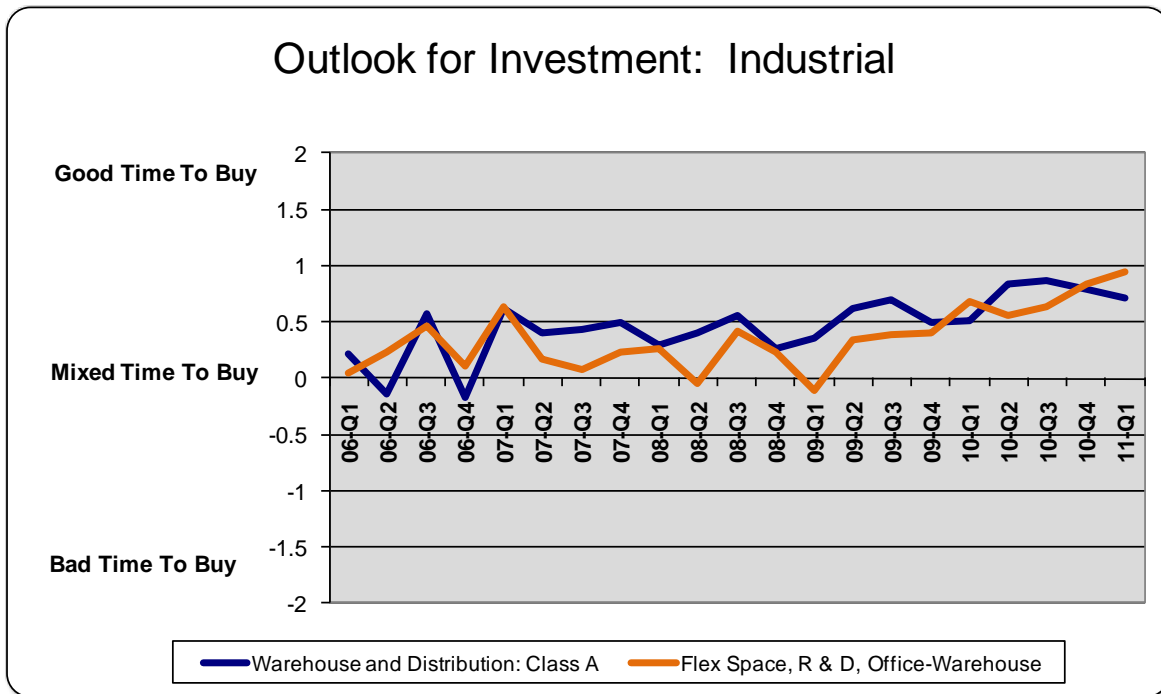
Expected Rental Rates

Expectations for rental rates increased sharply this quarter with more respondents now believing that rental rates will increase with inflation. This is consistent with the occupancy outlook.



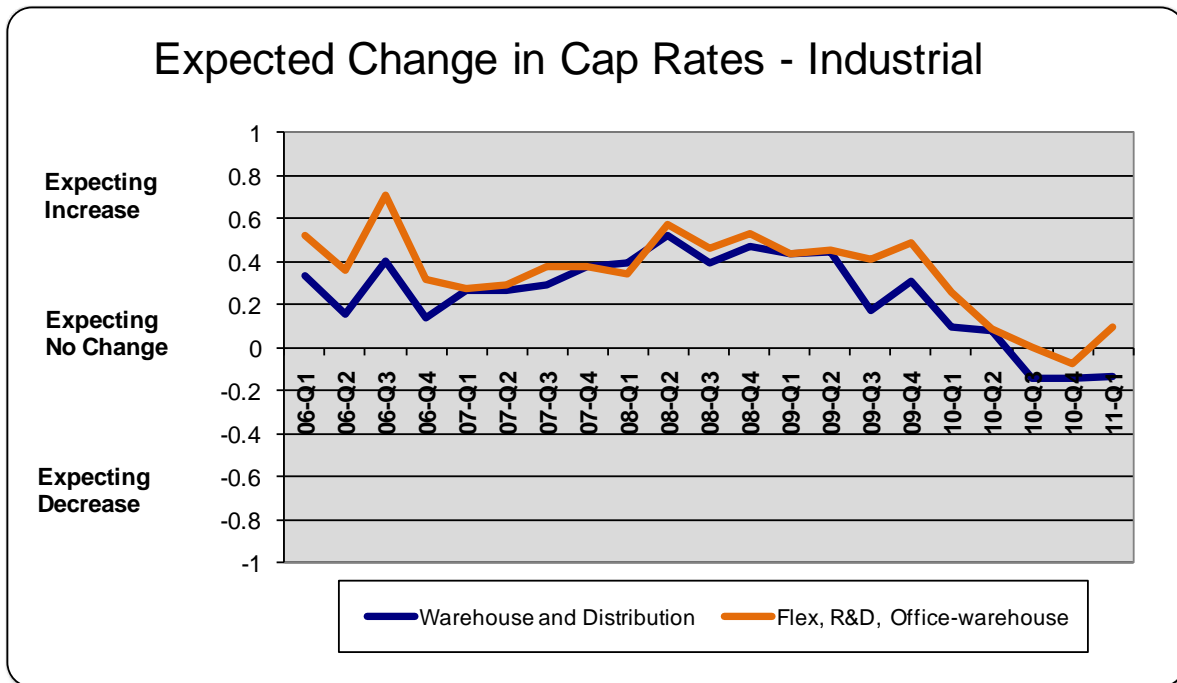
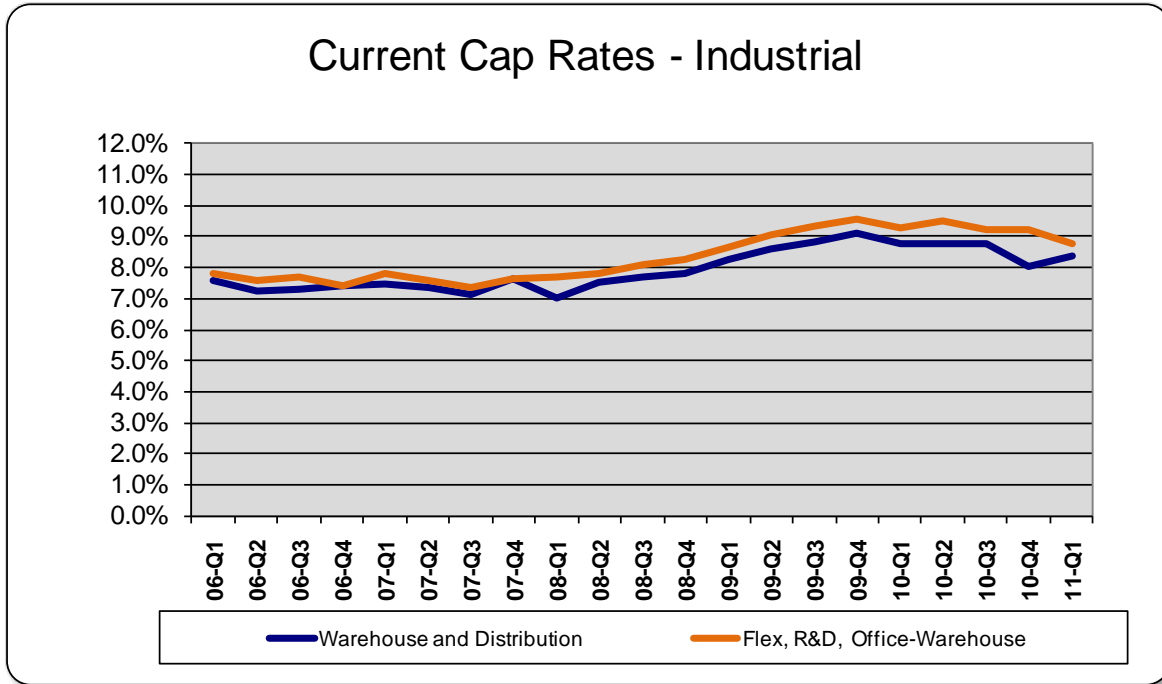
Investment Outlook

The investment outlook for industrial space continues to be positive this quarter particularly in flex space as more small business starts up across the state.



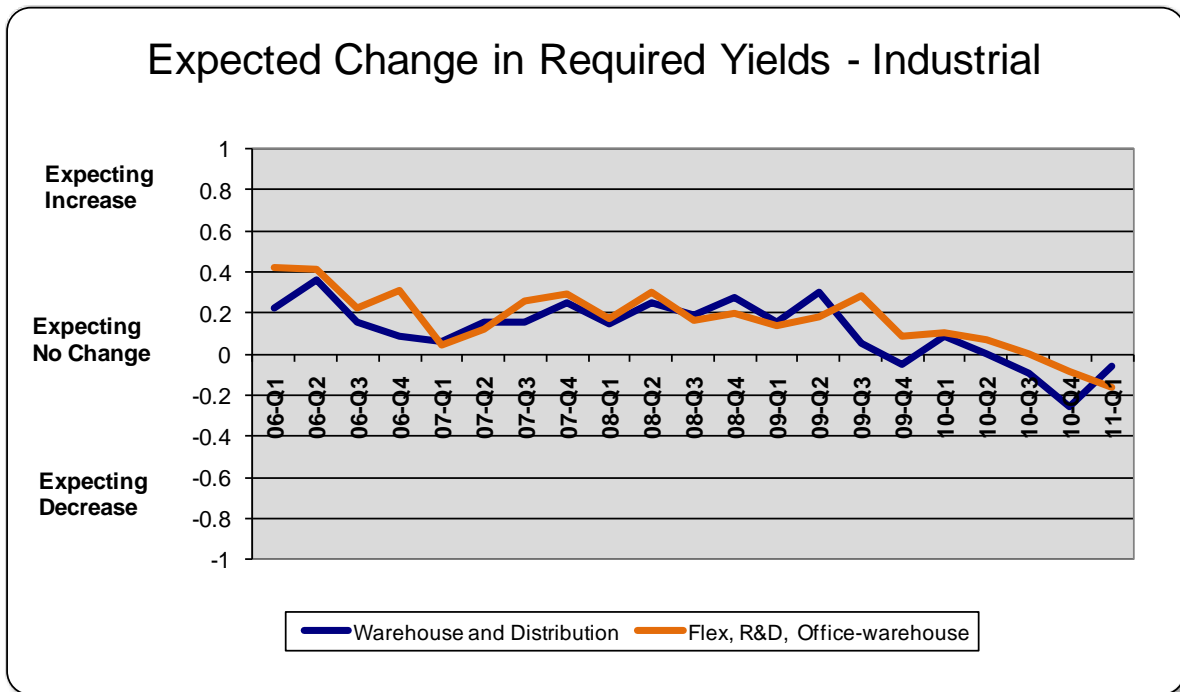
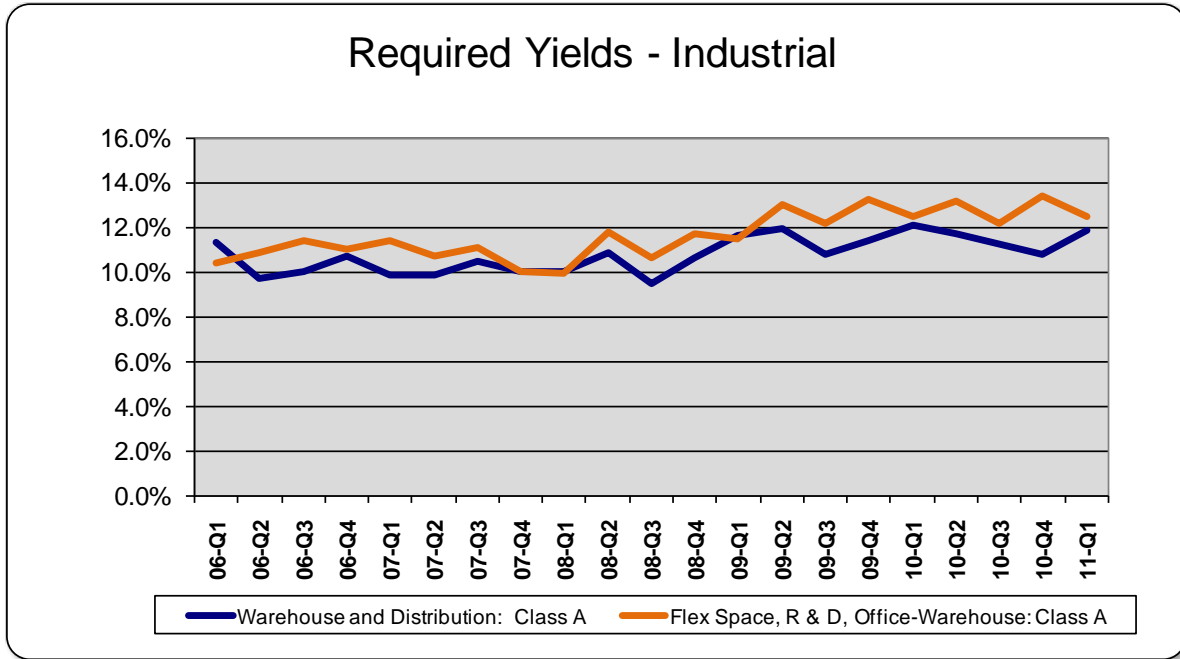
Cap Rates

Cap rates for the warehouse sector increased slightly this quarter to approximately 8.5% reflecting the declining expectations in rent and occupancy, while flex space declined slightly to just below 9%. The expectations for future cap rates are for stabilization at current levels.



Yields

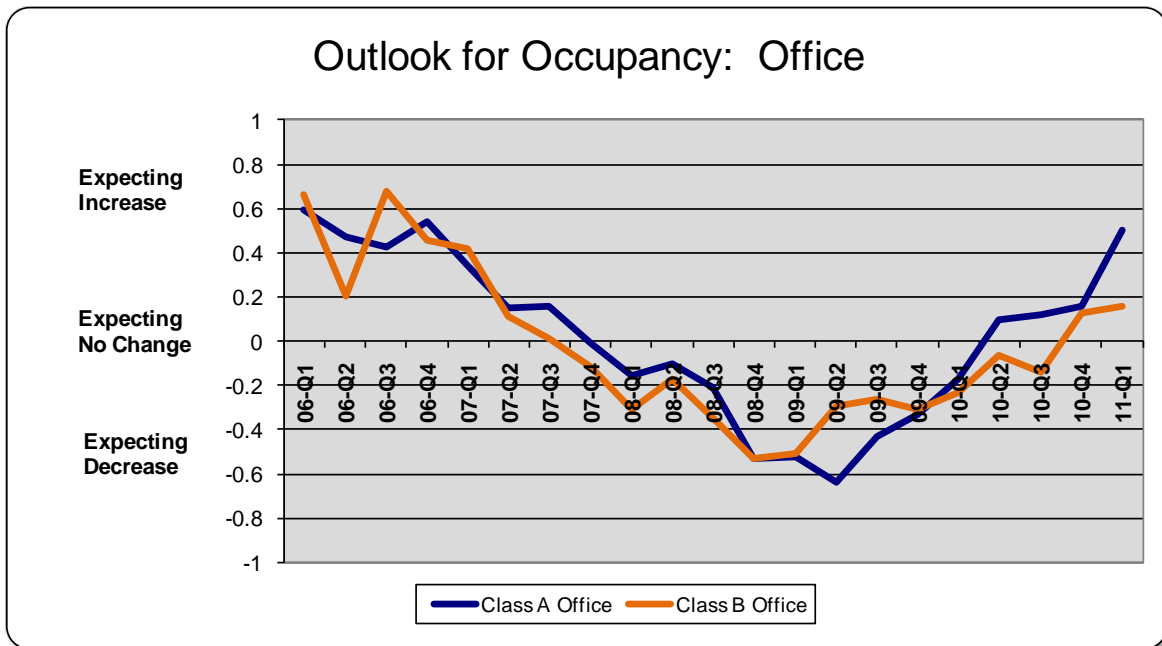
Required yields for warehouse properties increased this quarter with yields at 12%. Flex space yields decreased this quarter to just above 12%. Respondents indicated that they expect yields in both sectors to decline or stabilize in future quarters.



Section 5: Office

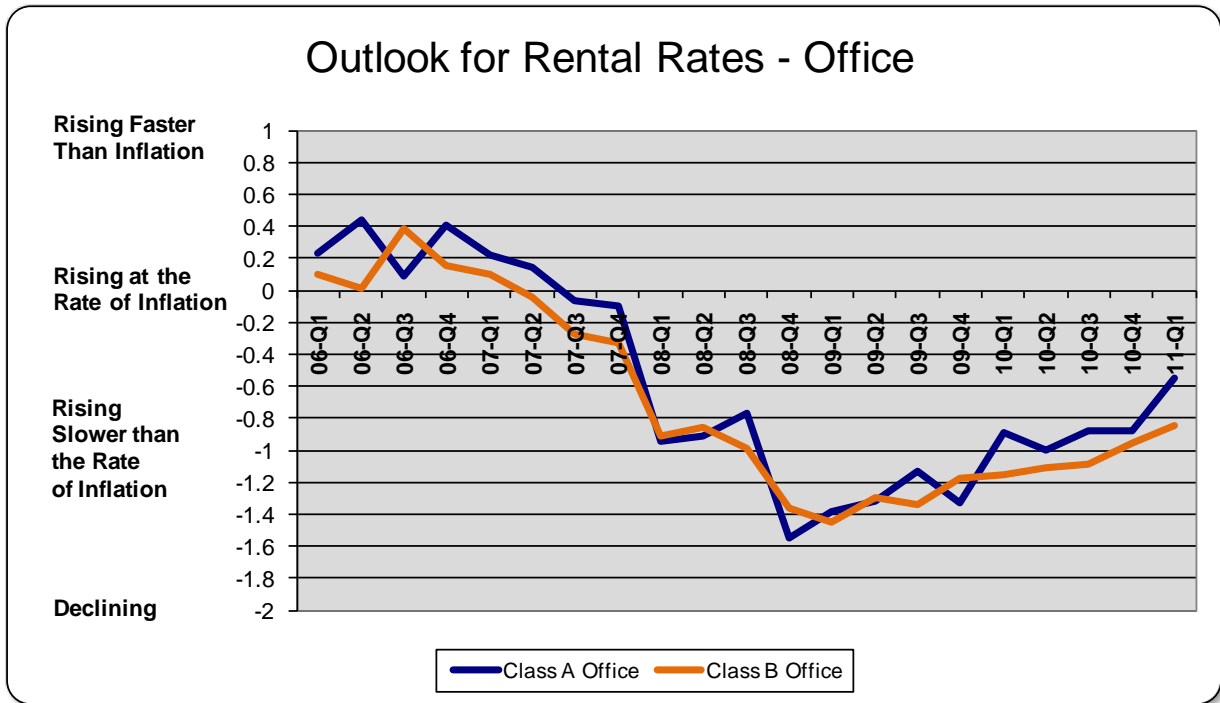
Expected Occupancy

The occupancy outlook for office space continues to improve for Class A, increasing for the seventh consecutive quarter. The outlook for Class B space increased this quarter as well. The large increase in expectations for Class A space reflects our respondents' belief that occupancy will increase over the next year. A slightly improved job outlook along with a continued move up from Class A space has increased respondents' expectations. Uncertainty regarding long-term economic fundamentals which continues to mute hiring and business expansion, even as cost containment boosts earnings.



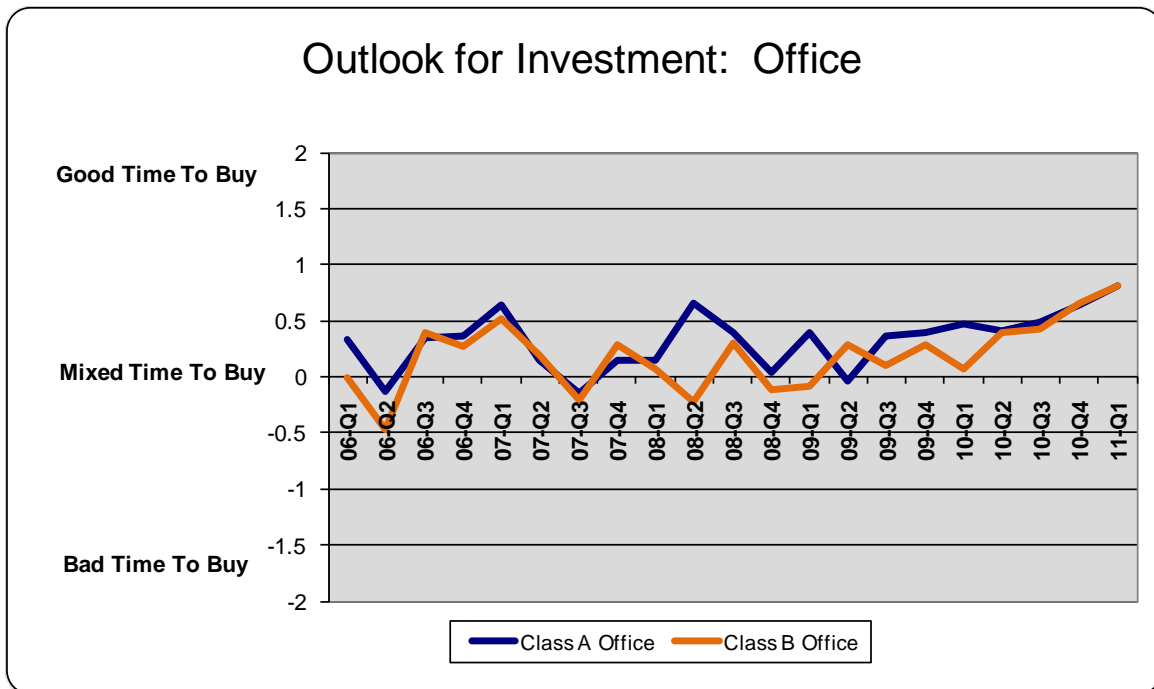
Expected Rental Rates

Respondents continue to believe that rental rates will lag inflation in the near future, however their expectations increased again. Increased occupancy will put upward pressure on rental rates over the next year.



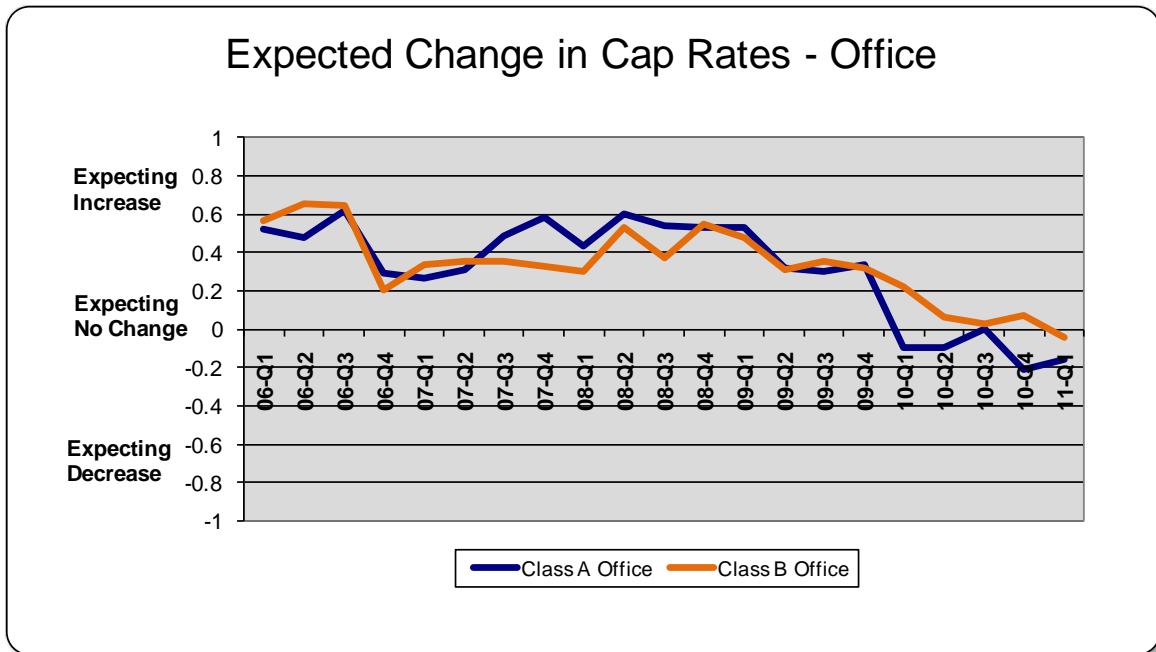
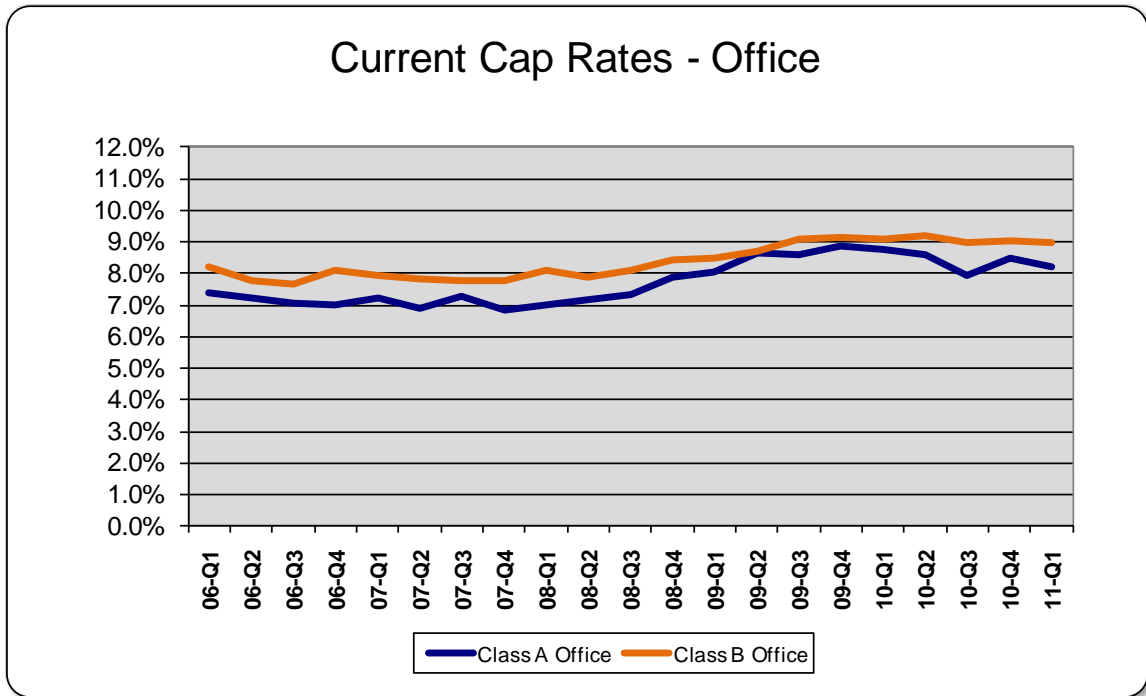
Investment Outlook

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.



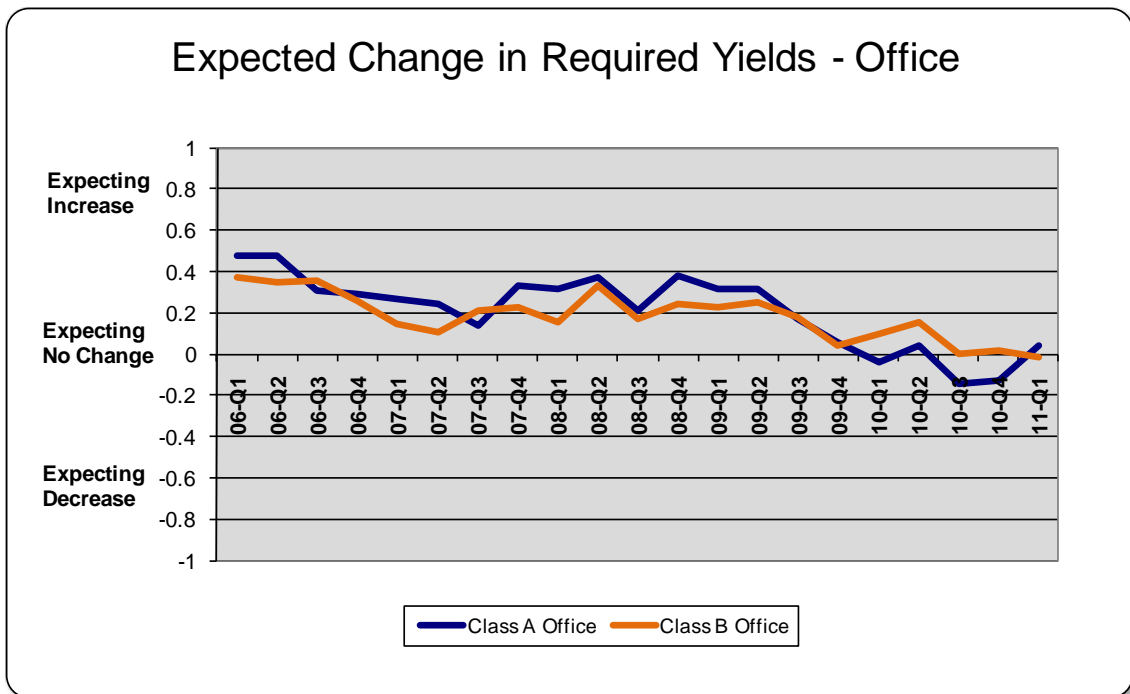
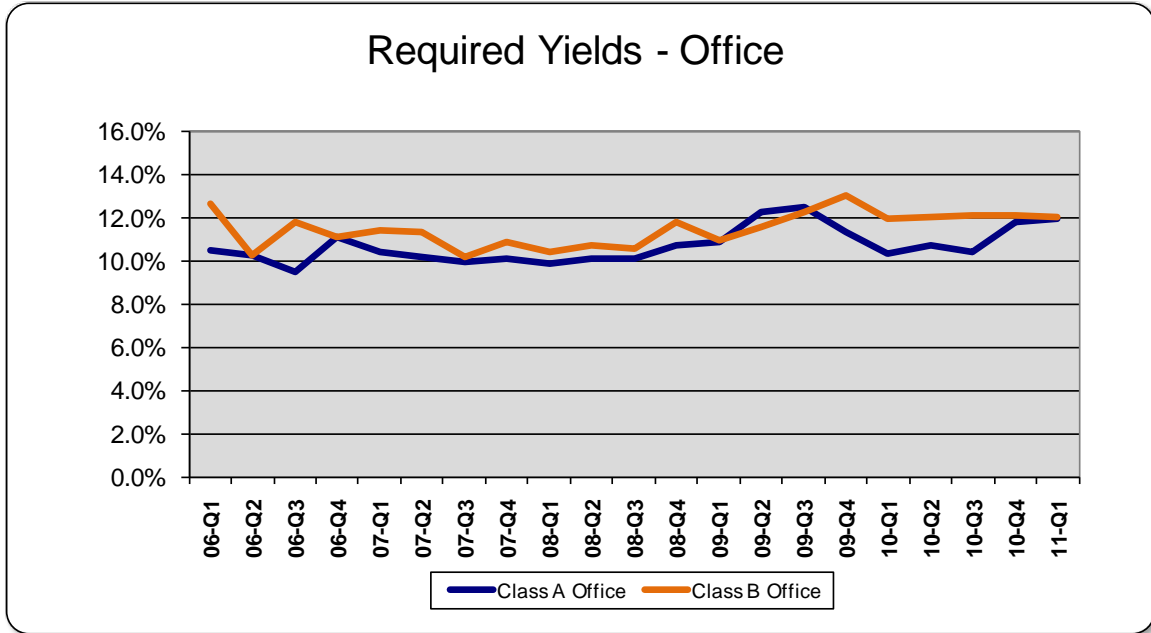
Cap Rates

Class A office cap rates decreased slightly this quarter dropping to just above 8% while Class B cap rates remained stable at 9%. Respondents expect rates to stabilize for both Classes in the future.



Yields

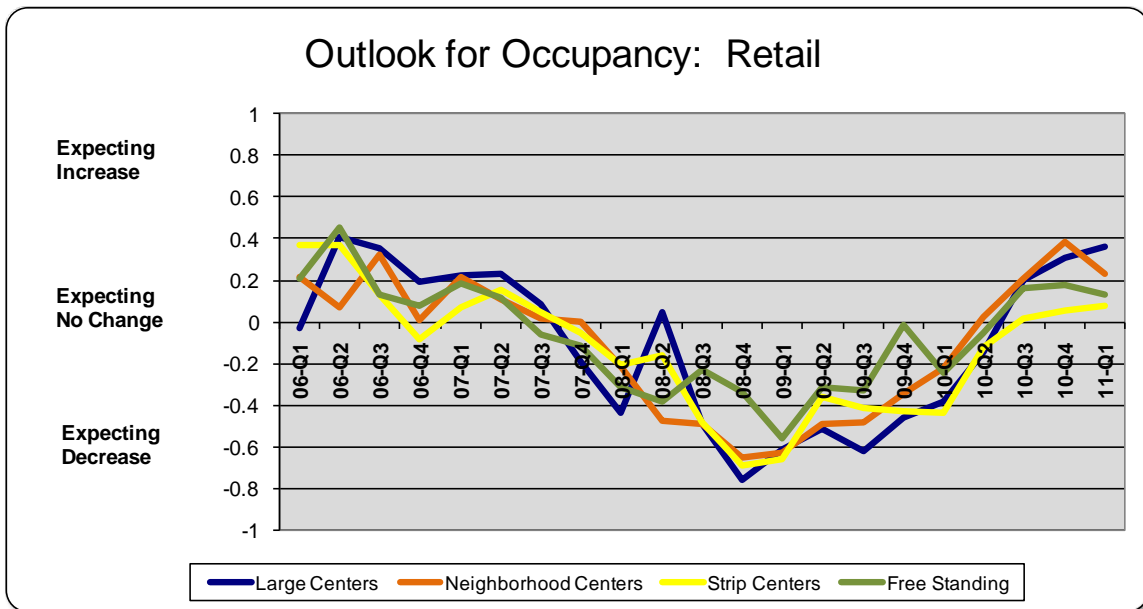
Required yields remained stable this quarter for both Class A and Class B office space. Respondents expected yields to remain at current levels.



Section 6: Retail

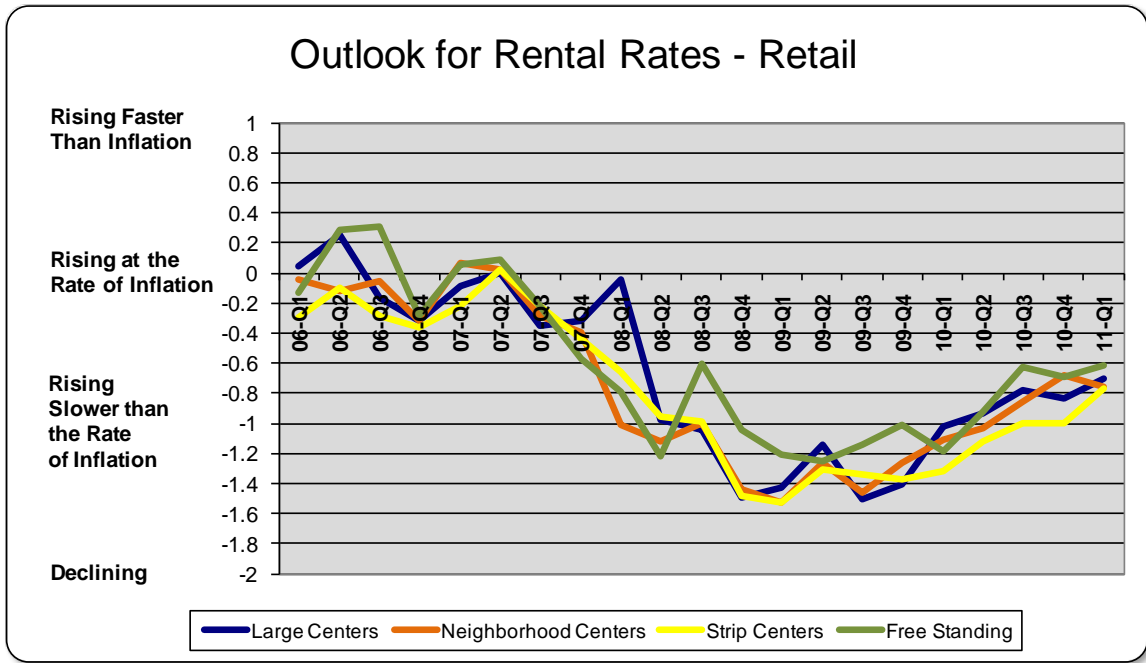
Expected Occupancy

The outlook for occupancy rates in retail properties continued to improve this quarter for large centers and strip centers while expectations declined slightly for neighborhood centers and free standing retail. In all cases however, respondents continue to believe that occupancy will rise or remain stable over the next year. A somewhat improved consumer sentiment, increasing tourism and slightly improved employment outlook contributed to the optimism in occupancy. Respondents continue to say that retailers are now looking to expand into quality locations throughout the state.



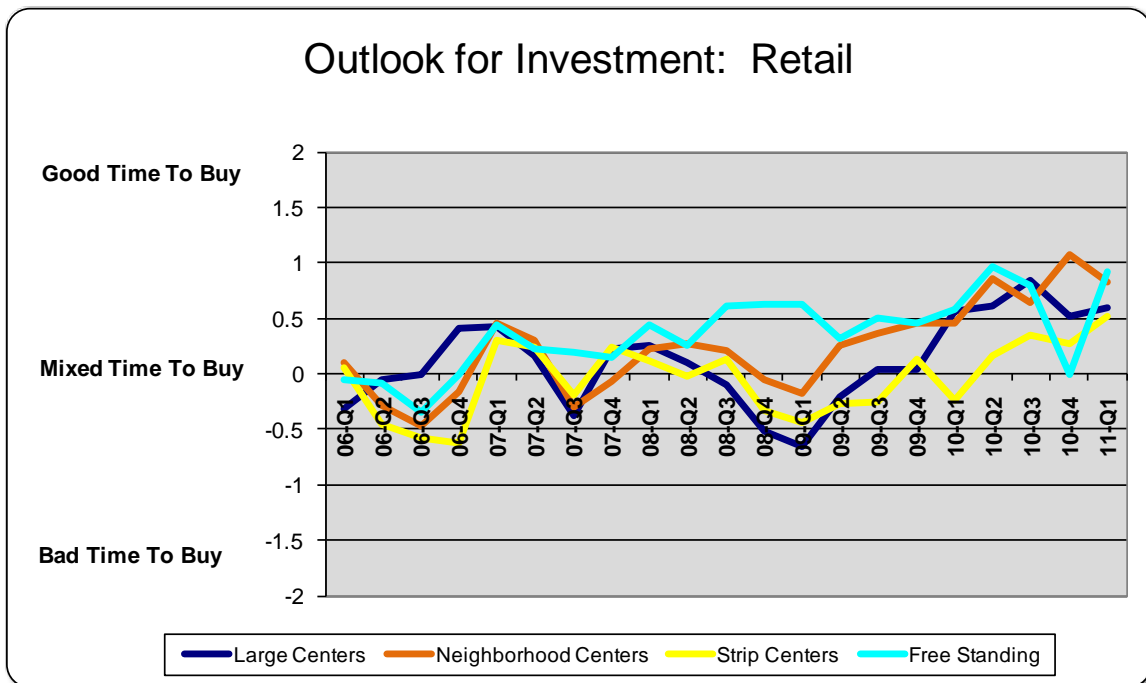
Expected Rental Rates

Expectations for rental rates improved this quarter with respondents expecting rates to 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.



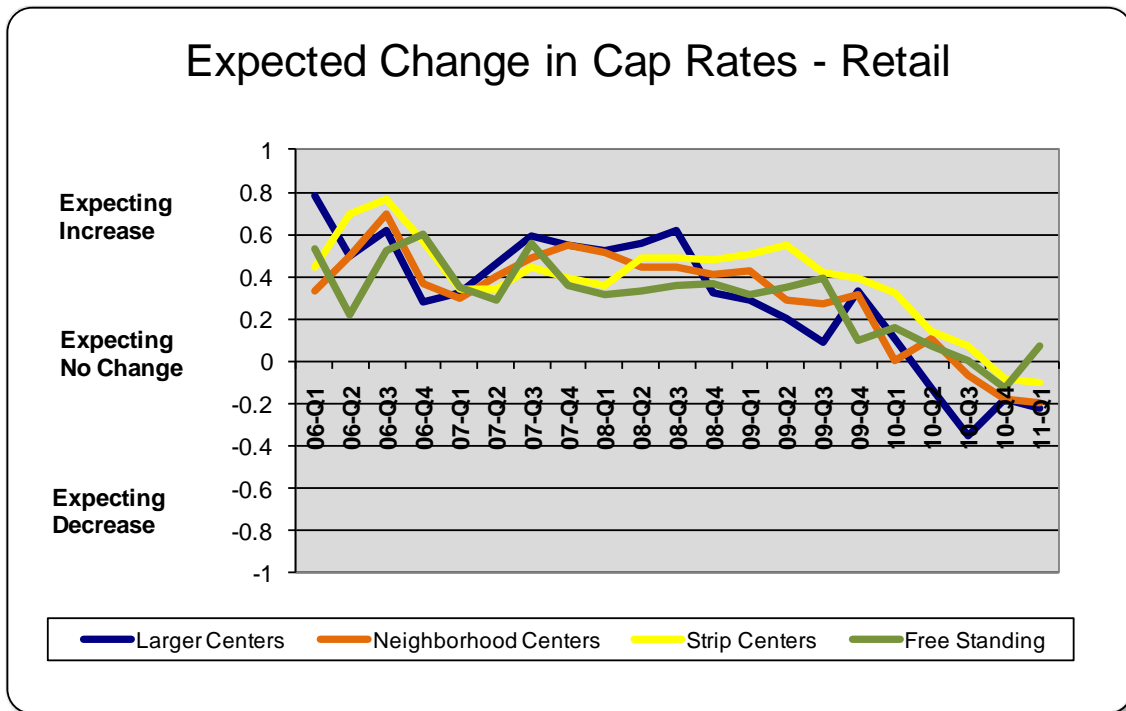
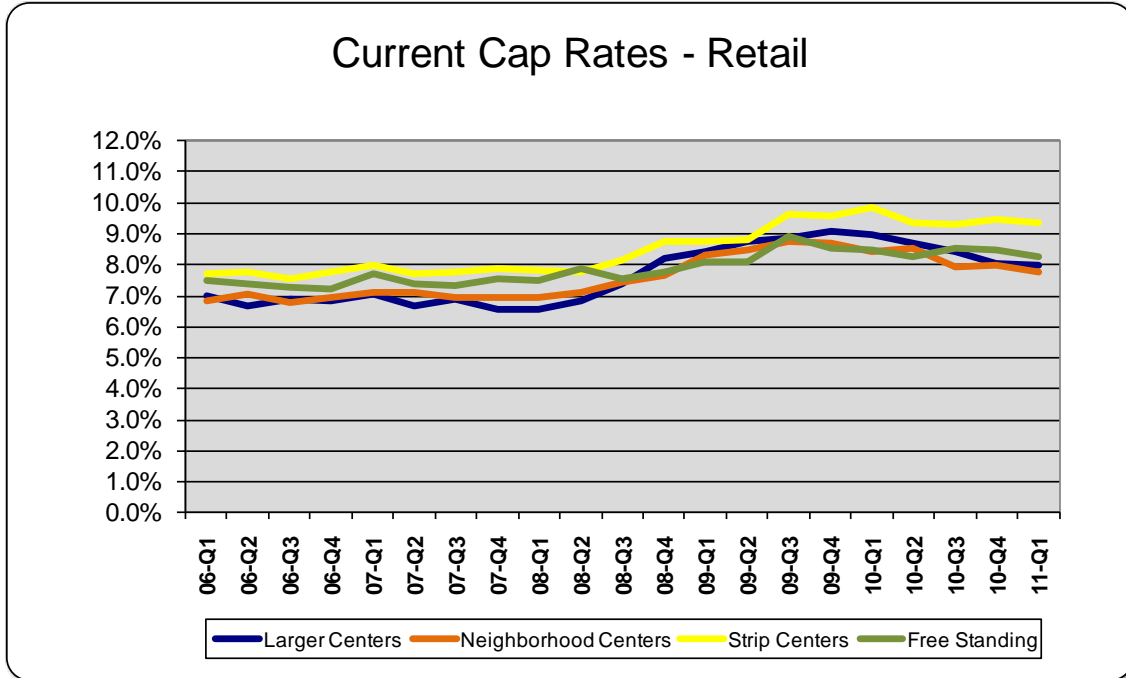
Investment Outlook

The investment outlook for retail properties increased across all properties with the exception of neighborhood centers which declined slightly. Improving fundamentals and an abundance of capital for investing in this sector is driving the outlook up.



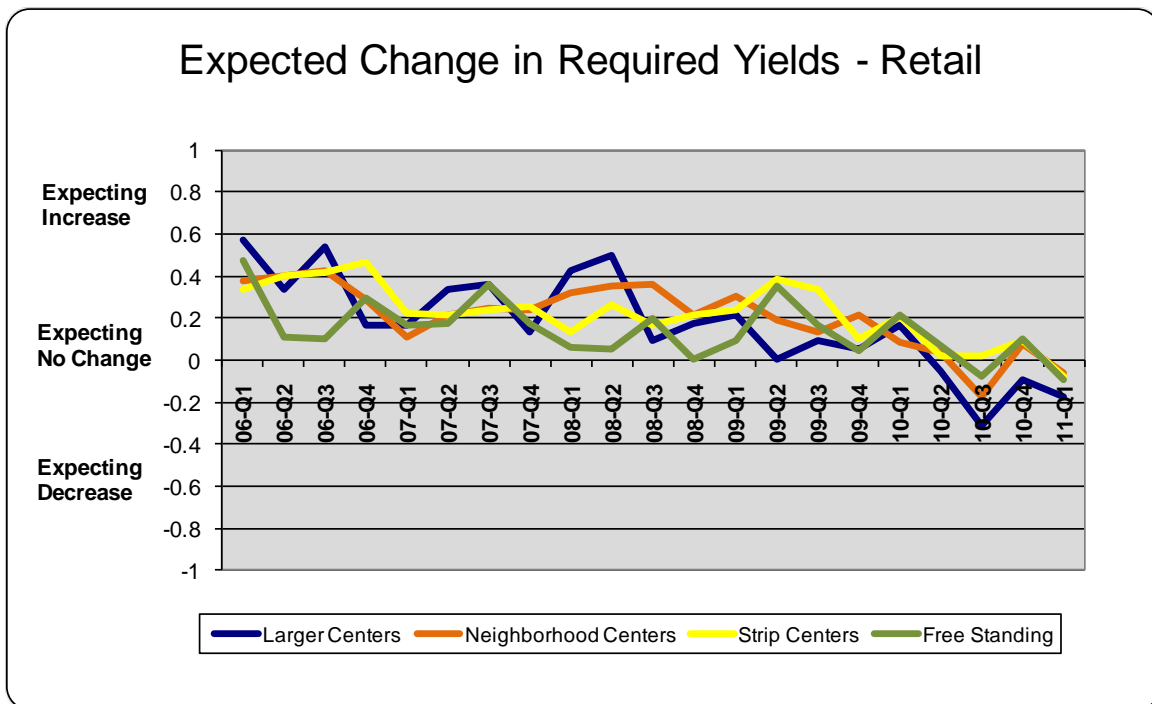
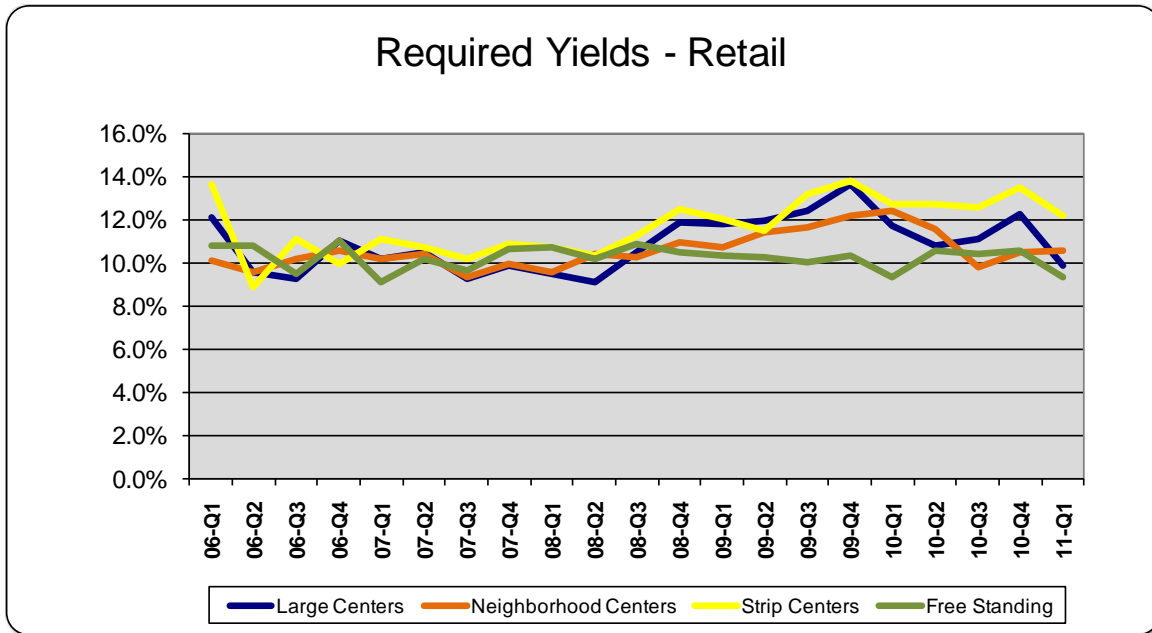
Cap Rates

Cap rates 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 decreased this quarter for all property types with the exception of neighborhood retail. Expectations for future yields continue to indicate that respondents believe there will be little to no change in future yields across all property types.



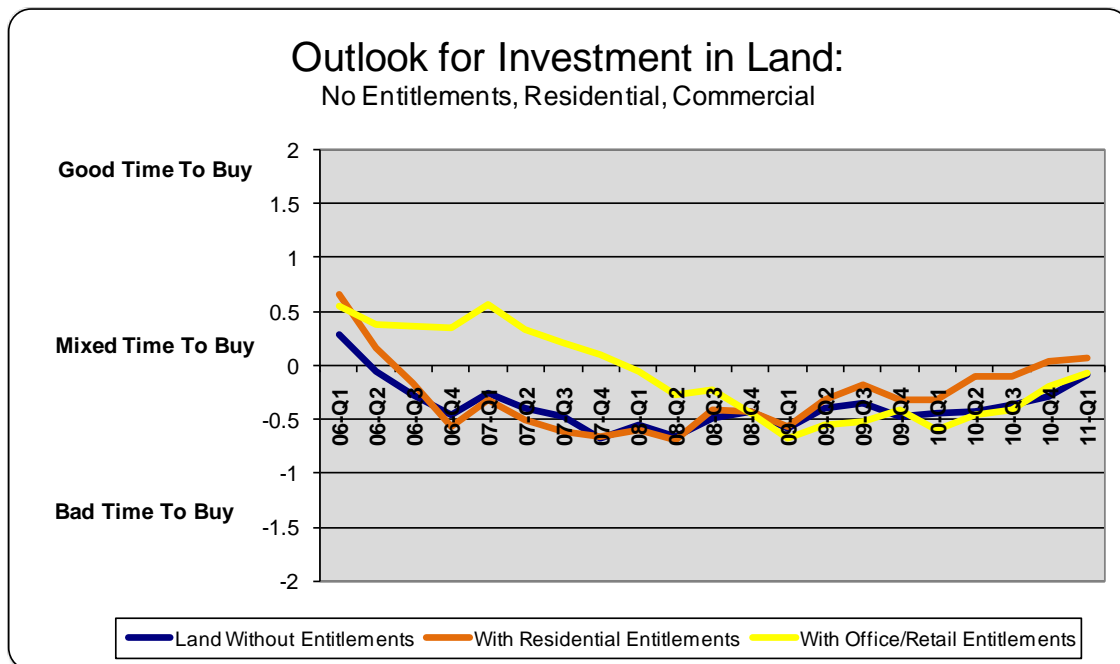
Section 7: Outlook for Investment in Undeveloped Land

Land Without Entitlements or with Residential Entitlements

The outlook for investment in land without entitlements or with residential entitlements continues to be mixed but improved in the first quarter. Respondents indicate that land values are starting to decline further spurring investment. Areas of particular interest are near new job sources with limited supplies of current housing including the Lake Nona medical city area.

Land with Office or Retail Entitlements

The outlook for investment in land with office or retail entitlements also improved this quarter but still remains a mixed time to buy. Improving fundamentals is helping existing space but supply/demand dynamics do not warrant additional development in most areas. Therefore, investment in entitled land will continue to be mixed for the next year.



Land with Hospitality Entitlements

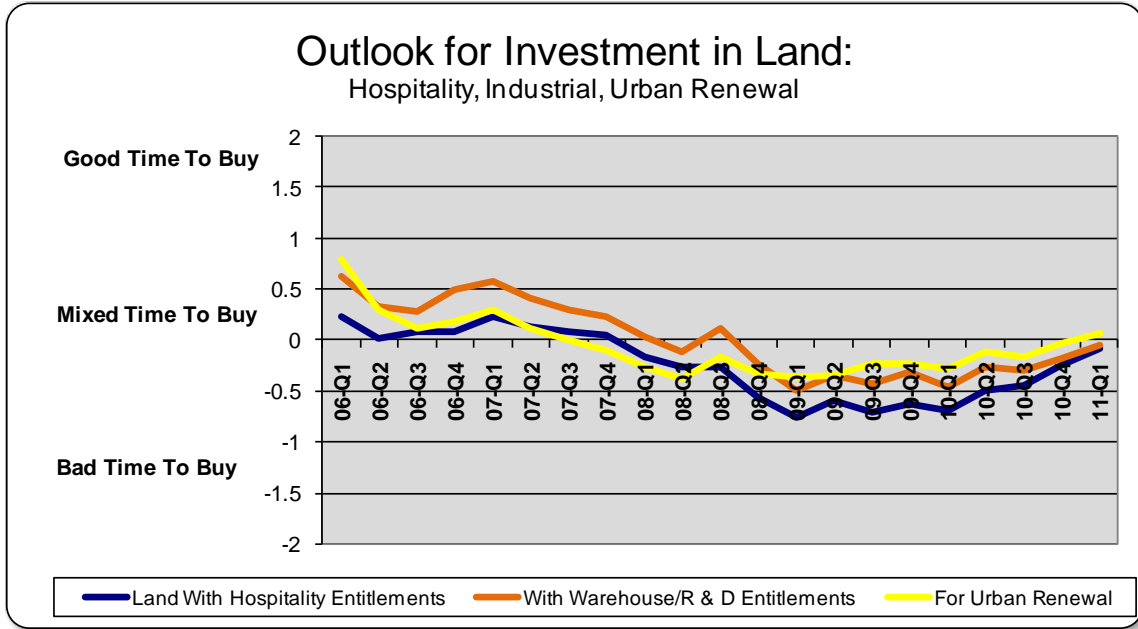
The investment outlook for land with hospitality entitlements improved this quarter with most respondents believing the market is neutral. Even though there has been a surge in hospitality performance over the first quarter, the supply/demand dynamics still don't warrant more hotels. That could change in tourist centric locations over the next year as a continued weak dollar attracts more tourism from foreign countries.

Land with Entitlements for Warehouse or R & D

The investment outlook for land with warehouse or R&D entitlements improved this quarter but continues to be mixed.

Land for Urban Renewal

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



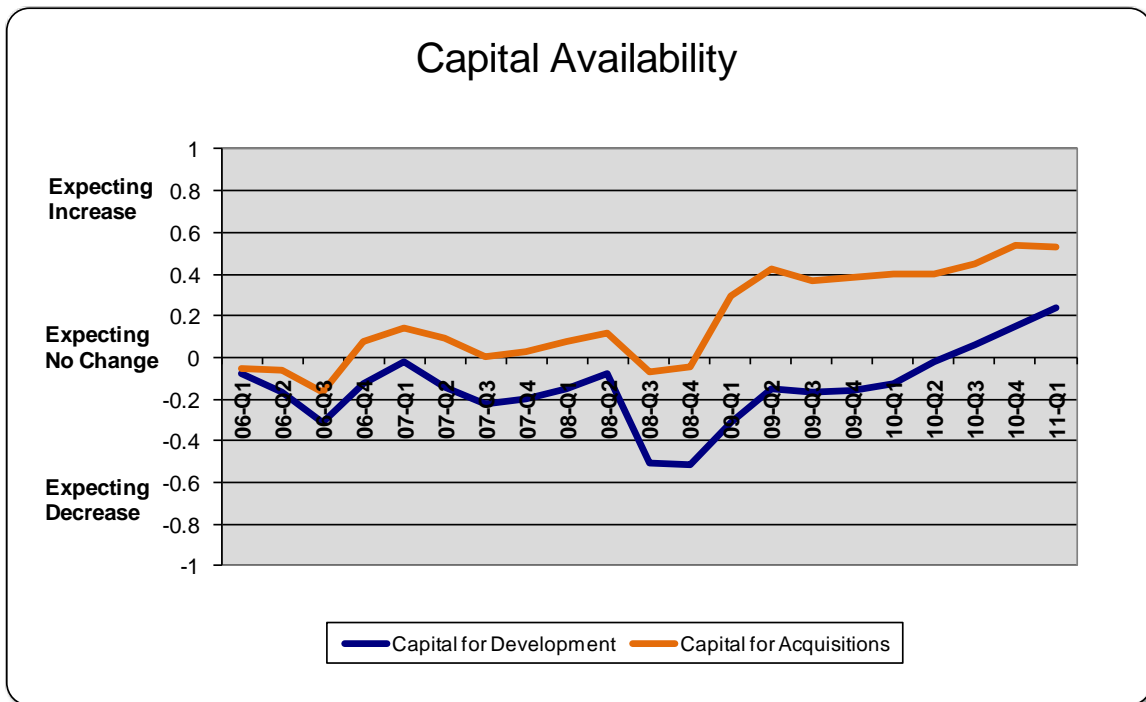
Section 8: Business and Capital Availability Outlook

Capital Availability

The outlook for capital availability for development increased for the fifth consecutive quarter while the availability stabilized for acquisitions. With improving fundamentals and a supply shortage in certain markets, the apartment sector is heating up for development opportunities. Capital from Fannie and Freddie as well as select financial institutions is flowing to this sector as most expect prime performance in the coming years. Institutional and private equity continue to look for investment opportunities in all property sectors but there are few quality investment opportunities. This continues to compress cap rates as too much capital bids on too few deals.

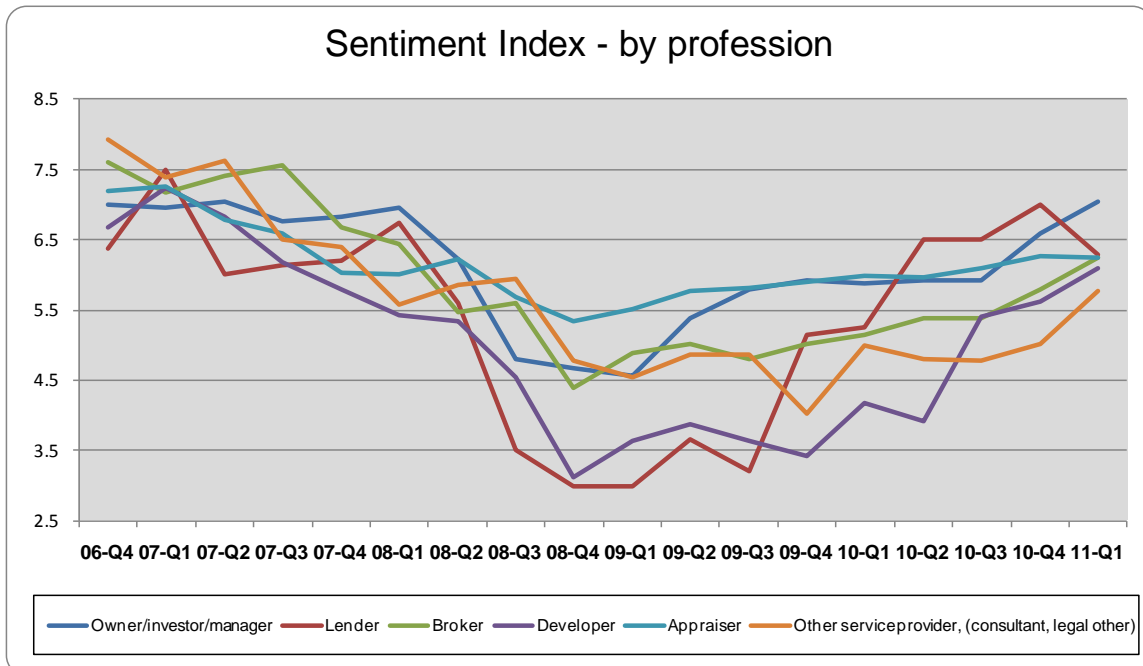
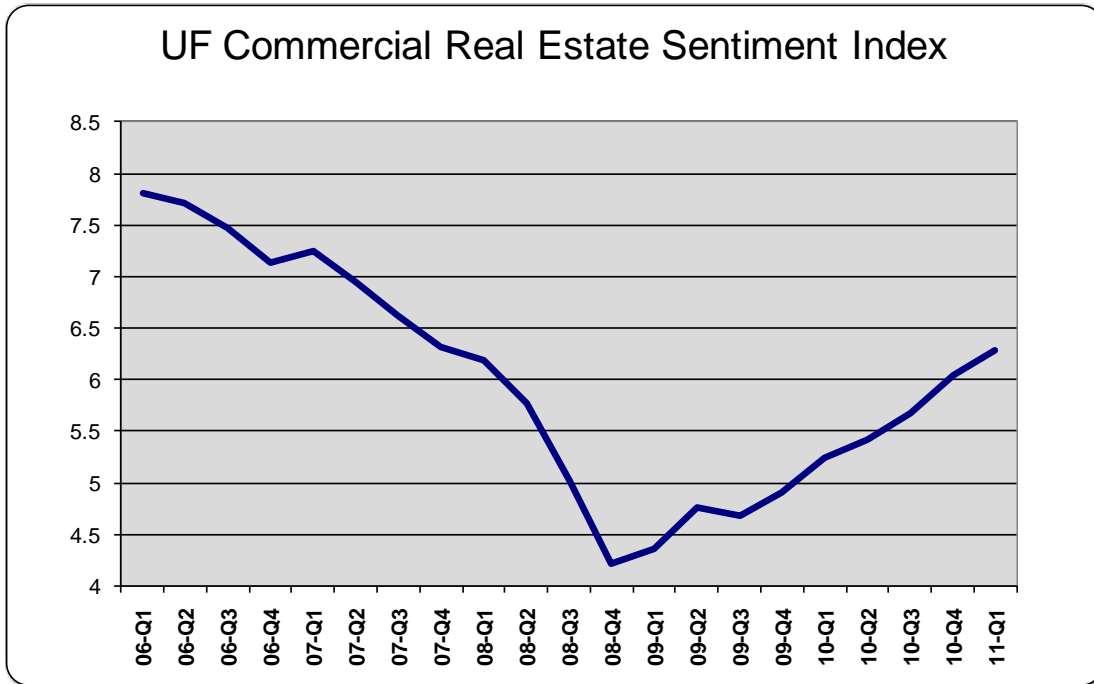
Respondents indicate that the debt market is starting to improve as several large banks are back into the lending business. They continue to focus only on the strongest balance sheets but their presence is welcomed in the industry.

CMBS continues its return 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. Numerous respondents indicated that they are in the process of negotiating with lenders on refinance deals and all indicated that CMBS is very active.



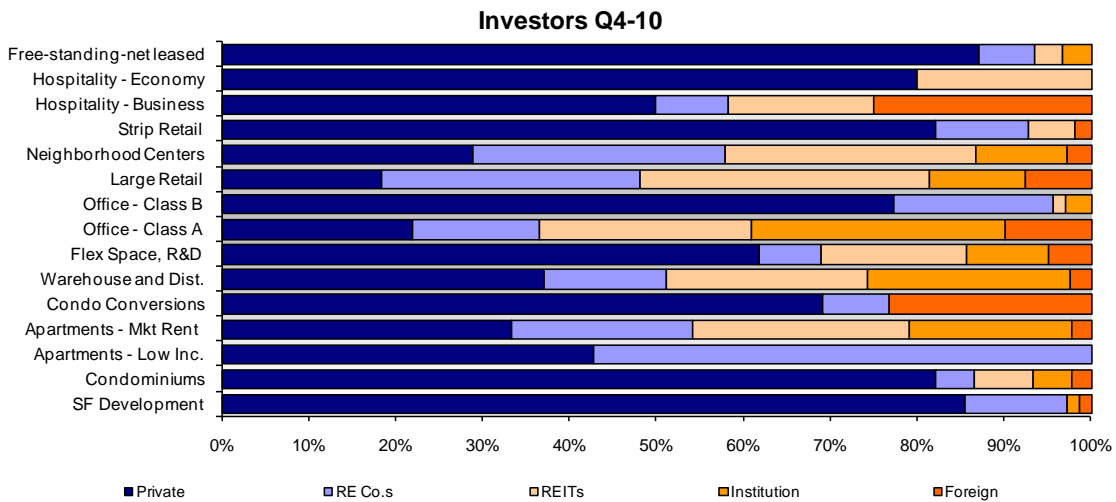
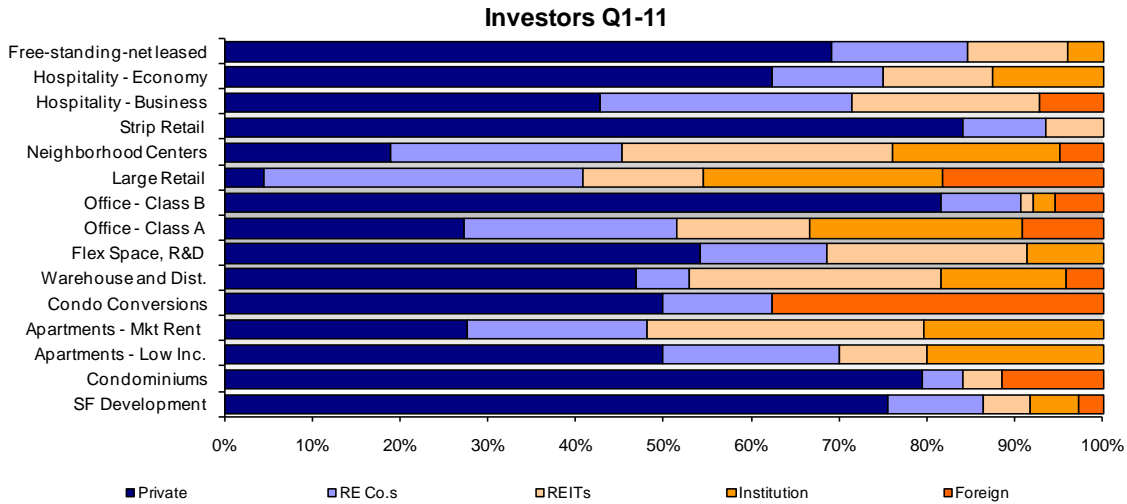
UF Commercial Real Estate Sentiment Index

Formerly called Own Business Outlook, the UF Commercial Real Estate Sentiment Index continued its positive trend this quarter reaching a level not seen since the fourth quarter of 2007. Bankers' expectations declined this quarter as they start to deal with the effects of Dodd/Frank. Owners/Investors took the top spot this quarter, rising to their highest level since the first quarter of 2008. All other segments improved this quarter as well. While a number of uncertainties remain, respondents believe that those uncertainties are hindering the pace of recovery not the recovery itself. Therefore they continue to have a positive outlook on their business over the next year.



Section 9: Dominant Investors

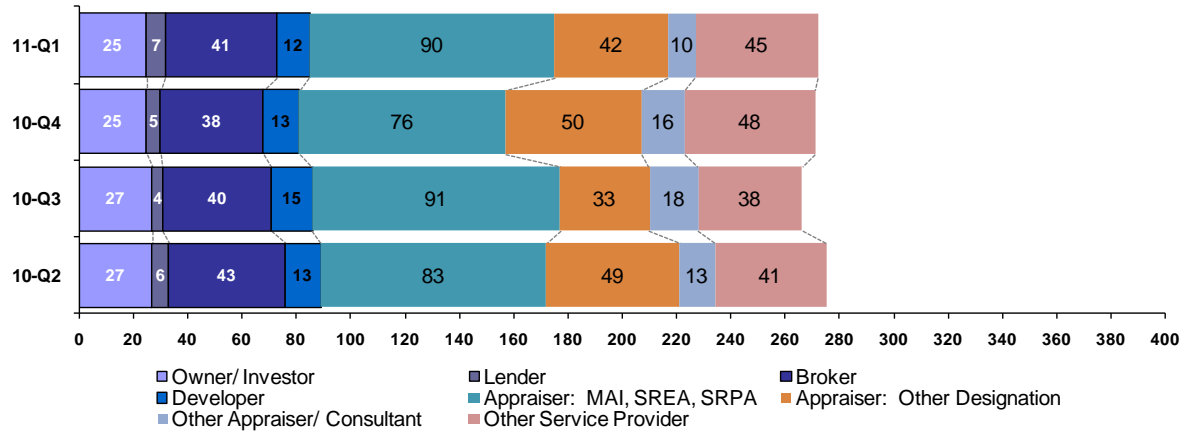
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, REITs and Institutions are increasingly becoming more active as they have access to capital and are actively investing that capital. Private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



Section 10: Characteristics of Survey Respondents

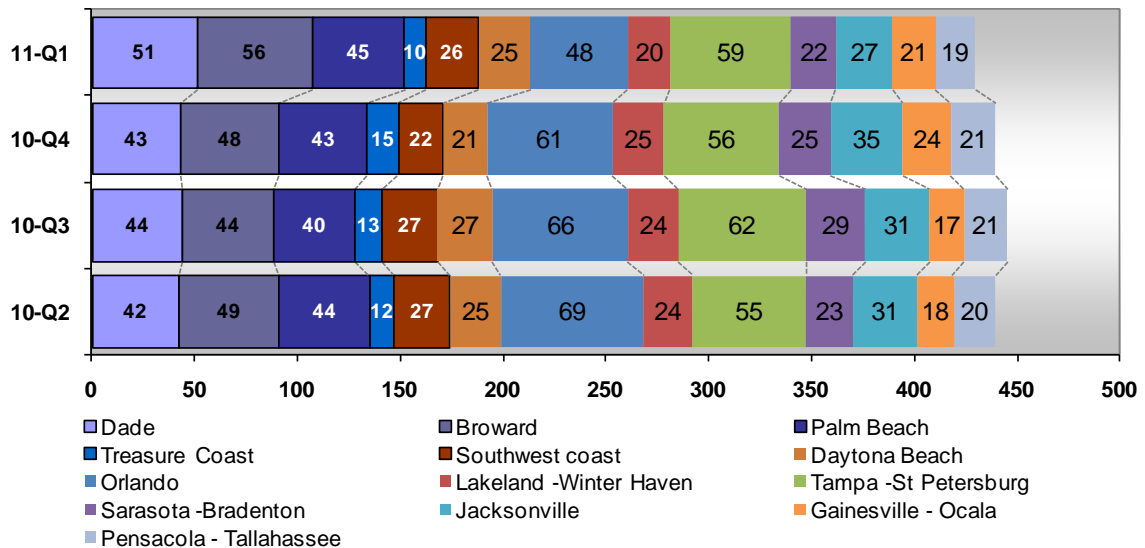
Survey responses decreased slightly this quarter to 272 respondents. Approximately 52 percent of the respondents reported being an appraiser; over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and other service providers.

Profession of Respondents



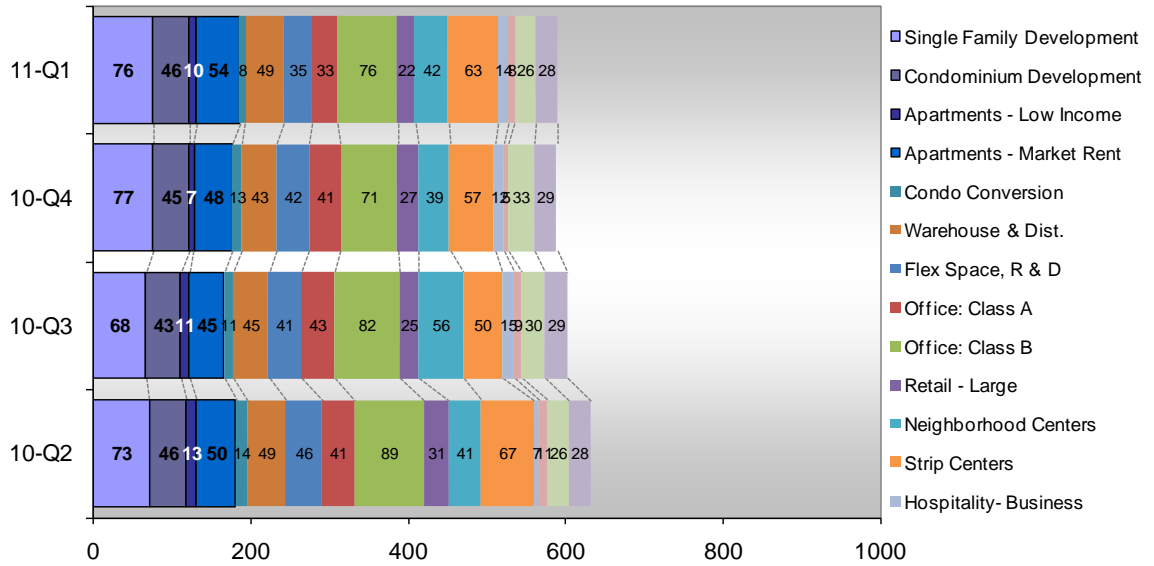
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 429 observations. The highest number of responses was for the Tampa-St. Pete market, which had 59 representatives. The lowest respondent support came from Treasure Coast with 10.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 590 selections were made in the latest survey round. Single family development was selected by 76 respondents while condominium development was selected by 46. The largest response for commercial property was in Office: Class B with 76 responses. The lowest response was for Hospitality-Economy with 8. Seven 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
Cap Rates											
Q1-11											
Cap Rate	7.3%	9.0%	8.4%	8.8%	8.2%	9.0%	8.0%	7.8%	9.4%	9.2%	10.3%
Percent Expecting Rise	11.5%	33.3%	11.1%	19.4%	11.5%	14.1%	16.7%	13.9%	10.3%	27.3%	12.5%
Percent Expecting Fall	28.8%	0.0%	24.4%	9.7%	26.9%	18.3%	38.9%	33.3%	20.7%	45.5%	50.0%
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%
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%
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%
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%
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%
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%
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%
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%
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%
Yields											
Q1-11											
Yield	10.8%	23.4%	11.9%	12.5%	12.0%	12.0%	9.9%	10.6%	12.2%	14.2%	13.6%
Percent Expecting Rise	10.4%	0.0%	8.1%	8.0%	23.1%	13.3%	17.6%	16.1%	11.8%	16.7%	12.5%
Percent Expecting Fall	10.4%	20.0%	13.5%	24.0%	19.2%	15.0%	35.3%	22.6%	19.6%	41.7%	25.0%
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%
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%
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%
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%
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%
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%
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%
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%
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%

Section 12: Local Markets

Dade County

Cap rates in Dade County, on average, are lower than the state mean (0.74 percentage points) and range from 6.7% (**Apartments –Market Rental**) to 8.9% (**Strip Centers**).

Over the past quarter, cap rates have decreased across most property types with **Flex Space** (-0.64 percentage points) and **Condo Conversion** (-0.63 percentage points) representing the largest decreases.

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

Required yields for Dade County (10.85%) are, on average, lower than the state mean (12.70%) and have decreased 1.15% from the previous quarter.

The largest shifts in required yields occurred in **Free Standing Retail** (-2.57% change) and **Apartments – Market Rent** (-2.09% change).

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

The outlook for **Land Development** continues to be mixed to negative for all property types except **Land for Urban Development** which is mixed to positive.

Future occupancy rates in Dade County are expected to be neutral to positive over most property types with **Condo Conversion** and **Office: Class A** 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 most property types. Rentals rates for **Flex Space** are expected to increase faster than inflation.

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

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

Table 2a

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R & Office: A	Class Office: B	Class Retail - Large	Neighborhood Centers	Strip Centers
Cap Rates									
Q1-11									
Value	6.7	8.5	8.0	8.2	7.5	8.5	7.4	7.3	8.9
Percent Expecting Rise	5%					7%		8%	
Percent Expecting Fall	43%		43%		38%	21%	50%	42%	14%
Q4-10									
Value	6.5	9.1	7.9	8.8	8.0	8.7	7.6	7.3	9.2
Percent Expecting Rise		25%			17%	17%			10%
Percent Expecting Fall	10%		25%	25%	42%	33%	50%	43%	10%
Q3-10									
Value	6.0	7.8	8.1	8.5	6.9	8.2	7.4	6.9	8.4
Percent Expecting Rise				33%	13%	25%		11%	
Percent Expecting Fall	23%		63%	33%	38%	13%	50%	22%	
Yields									
Q1-11									
Value	9.2	21.8	9.7	10.5	10.5	10.7	8.8	9.0	10.4
Percent Expecting Rise	5%				25%	8%	13%	9%	
Percent Expecting Fall	16%		29%		38%	23%	25%	18%	17%
Q4-10									
Value	11.3	20.1	10.2	12.8	11.4	11.4	10.8	9.6	12.3
Percent Expecting Rise	13%			25%	9%				11%
Percent Expecting Fall			29%	25%	27%	40%	13%	14%	
Q3-10									
Value	9.4	15.4	10.1	10.6	9.3	11.0	9.6	8.7	11.3
Percent Expecting Rise			14%	33%	13%	14%		25%	
Percent Expecting Fall	17%		29%	33%	38%	14%	50%	13%	
Investment Outlook									
Q1-11									
Fair to Good	81%		56%		50%	64%	70%	88%	13%
Bad to Poor	10%		11%		13%	14%		6%	13%
Q4-10									
Fair to Good	82%	25%	82%	60%	62%	25%	42%	64%	25%
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%

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
Q1-11						
Fair to Good	35%	38%	33%	39%	39%	52%
Bad to Poor	45%	31%	33%	30%	27%	23%
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%

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
Q1-11											
Private Buyers	67%	67%		24%	100%	44%		25%		64%	10%
R.E. Companies	17%			19%			50%	38%		21%	30%
REITs	8%			33%		22%	50%				10%
Institutions				24%		33%		38%			30%
Foreign Buyers	8%	33%								14%	20%
Q4-10											
Private Buyers	70%	50%		36%	75%	18%		15%		50%	17%
R.E. Companies	30%			27%		9%		15%		38%	17%
REITs		17%		27%		18%	40%				42%
Institutions		33%		9%		55%	60%	54%		13%	17%
Foreign Buyers					25%			15%			8%
Q3-10											
Private Buyers	78%	44%		35%	75%	10%				43%	11%
R.E. Companies	22%			6%		20%		27%		43%	44%
REITs				24%		10%	67%	18%			33%
Institutions		33%		35%	25%	60%	33%	45%			11%
Foreign Buyers		22%						9%		14%	

Table 2d

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R & Office: A	Class Office: B	Class Retail - Large	Neighborhood Centers	Strip Centers
Future Occupancy									
Q1-11									
Higher	60%	100%	56%		88%	43%	50%	47%	13%
Lower	8%		11%		13%	14%	10%	7%	13%
Q4-10									
Higher	58%	75%	73%	67%	46%	29%	60%	33%	17%
Lower			9%		23%	29%		11%	17%
Q3-10									
Higher	65%	25%	60%	33%	55%	13%	75%	58%	25%
Lower			10%	33%	9%	38%		8%	
Rental Rate Increases									
Q1-11									
Faster than Inflation	48%		44%	100%	13%		20%	7%	
Slower than Inflation	12%		44%		38%	79%	40%	60%	75%
Q4-10									
Faster than Inflation	42%	25%	27%	17%	8%		20%	22%	
Slower than Inflation	17%	25%	64%	50%	69%	100%	60%	44%	75%
Q3-10									
Faster than Inflation	35%	25%	30%	33%			25%	15%	
Slower than Inflation	29%	50%	50%	67%	82%	88%	50%	77%	50%

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	75%	44%
Lower		22%
Q4-10		
Higher	60%	50%
Lower		33%
Q3-10		
Higher	56%	33%
Lower	22%	22%
Future Price Increases		
Q1-11		
Faster than Inflation	8%	22%
Slower than Inflation	58%	67%
Q4-10		
Faster than Inflation	10%	
Slower than Inflation	50%	83%
Q3-10		
Faster than Inflation		
Slower than Inflation	67%	78%

Broward County

Cap rates in Broward County are, on average, lower (0.78 percentage points) than the state mean, and range from 6.7% (**Apartments**) to 8.9% (**Strip Centers**).

Cap rates increased across most property types, with the largest movements occurring in **Apartments** (+0.51 percentage points) and **Warehouse** (+0.43 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, 11.56% compared to 12.70% statewide and have decreased from the previous quarter.

Required yields are highest for **Condo Conversion** at 22.5% and lowest for **Free Standing Retail** at 8.6%.

Over the past quarter, required yields have been mixed across property types, with the largest shifts occurring in **Condo Conversion** (+2.68% change) and **Free Standing Retail** (-1.64% change).

The investment outlook is positive across most property types with the most positive outlook in **Apartments, Neighborhood Centers, and Flex Space**.

The outlook for **Land Development** appears to be neutral to negative across most categories except Land for Urban Redevelopment which is mixed to positive.

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

There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types except **Flex Space** and **Apartments** which are expected to increase faster than inflation.

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										
Q1-11										
Cap Rate	6.7	8.4	8.0	8.1	7.5	8.5	7.4	7.2	8.9	7.8
Percent Expecting Rise						6%		8%		
Percent Expecting Fall	39%		40%		33%	25%	40%	31%	33%	25%
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%	
Yields										
Q1-11										
Yield	9.9	22.5	10.4	11.2	11.2	11.4	9.5	9.7	11.1	8.6
Percent Expecting Rise	5%				33%	7%		9%		
Percent Expecting Fall	10%		38%	50%	33%	33%	20%	18%	50%	25%
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%	
Investment Outlook										
Q1-11										
Fair to Good	82%		64%	100%	57%	69%	71%	94%	38%	75%
Bad to Poor	9%		9%		14%	13%		6%	13%	
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%	

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
Q1-11						
Fair to Good	40%	38%	31%	31%	35%	52%
Bad to Poor	38%	34%	33%	29%	29%	23%
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%

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
Q1-11										
Private Buyers	67%	73%	18%	67%	36%	25%		63%	14%	22%
R.E. Companies	20%		18%		9%	50%	43%	19%	14%	33%
REITs	7%		32%		36%	25%				22%
Institutions			32%		18%		57%		43%	17%
Foreign Buyers	7%	27%		33%				19%	29%	6%
Q4-10										
Private Buyers	75%	63%	27%	67%	15%	22%	10%	45%	22%	17%
R.E. Companies	25%		27%		15%	11%	20%	55%	11%	33%
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%
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%		

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										
Q1-11										
Higher	67%	50%	64%	67%	100%	38%	57%	35%	25%	50%
Lower			9%			19%		6%	13%	
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%	
Rental Rate Increases										
Q1-11										
Faster than Inflation	56%		20%	67%		7%	14%	6%		25%
Slower than Inflation	11%	50%	30%		57%	60%	43%	59%	63%	50%
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%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	67%	36%
Lower	13%	27%
Q4-10		
Higher	50%	25%
Lower		13%
Q3-10		
Higher	30%	17%
Lower	20%	50%
Future Price Increases		
Q1-11		
Faster than Inflation	7%	9%
Slower than Inflation	73%	82%
Q4-10		
Faster than Inflation	8%	
Slower than Inflation	42%	75%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%

Palm Beach County

Cap rates in Palm Beach County are, on average, lower (0.80 percentage points) than that of the state, and range from 6.6% (**Apartments**) to 8.9% (**Strip Centers**).

Cap rates have decreased across all property types, with the largest decreases in **Condo Conversion** (-0.53% change) and **Flex Space** (-0.53% change).

Cap rates are expected to stabilize across most property types in the near future. Respondents believe that **Strip Center** cap rates will decline.

Required yields for Palm Beach County are, on average, lower than that of the state, 11.24% compared to 12.70% statewide.

Required yields are highest for **Condo Conversion** at 22.2% and lowest for **Free Standing Retail** at 8.2%.

Required yields are mixed across property types with **Condo Conversion** (2.81%) and **Free Standing Retail** (-1.51%) showing the largest changes.

The investment outlook is positive across most property types. Respondents indicated the most positive outlook for **Apartments, and Neighborhood Centers**.

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

Occupancy rates are expected to stabilize or increase over the next quarter for the majority of property types. The highest expectation for increases occurs in **Condo Conversion and Flex Space**.

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 **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										
Q1-11										
Cap Rate	6.6	8.4	7.9	8.1	7.5	8.4	7.4	7.2	8.9	7.8
Percent Expecting Rise						7%		13%		
Percent Expecting Fall	44%		33%		25%	27%		25%	50%	20%
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%
Yields										
Q1-11										
Yield	9.6	22.2	10.1	10.9	10.9	11.1	9.2	9.4	10.8	8.2
Percent Expecting Rise					25%	7%		14%		
Percent Expecting Fall	14%		33%	100%	25%	36%		29%	40%	20%
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%	
Investment Outlook										
Q1-11										
Fair to Good	82%		60%		60%	73%	75%	92%	25%	80%
Bad to Poor	6%		10%			13%		8%	13%	
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%	

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
Q1-11						
Fair to Good	38%	44%	30%	33%	41%	50%
Bad to Poor	36%	28%	33%	33%	24%	23%
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%

Table 4c

Investors by Property Type

Palm Beach County	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers
Q1-11													
Private Buyers	64%	86%		18%	100%	60%	33%		60%		25%	15%	75%
R.E. Companies	21%			24%			33%	20%	20%			31%	25%
REITs	7%			29%		20%						31%	
Institutions				29%		20%	33%	80%	7%		50%	15%	
Foreign Buyers	7%	14%							13%		25%	8%	
Q4-10													
Private Buyers	79%	70%		27%	75%				44%		22%	18%	78%
R.E. Companies	21%			33%		17%	17%	33%	44%		11%	27%	22%
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%
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%				

Table 4d

Palm Beach County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q1-11										
Higher	47%	100%	70%	100%	80%	40%	33%	33%		60%
Lower			20%			27%	33%	25%	13%	
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%	
Rental Rate Increases										
Q1-11										
Faster than Inflation	47%		10%	50%		7%				20%
Slower than Inflation	16%		50%	50%	80%	47%	50%	58%	50%	60%
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%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	64%	43%
Lower		14%
Q4-10		
Higher	50%	40%
Lower		10%
Q3-10		
Higher	36%	8%
Lower	14%	38%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	62%	86%
Q4-10		
Faster than Inflation	21%	
Slower than Inflation	57%	90%
Q3-10		
Faster than Inflation		
Slower than Inflation	64%	77%

Treasure Coast

Cap rates in the Treasure Coast area are, on average, lower (0.50 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.2% (**Strip Centers**)

Cap rates have increased across most property types in the last quarter with the largest changes occurring in **Warehouse** (+0.40% change) and **Apartments** (+0.48% change).

Cap rates are expected to decrease across most reported property types.

Required yields for the Treasure Coast are lower than those of the state, 10.57% compared to 12.70% statewide.

Required yields are highest for **Office: Class B** at 11.6% and lowest for **Free Standing Retail** at 8.8%.

Required yields increased across most property types, with the largest changes occurring in **Warehouse** (+1.49% change) and **Neighborhood Centers** (+1.45% change).

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

Future occupancy rates are expected to increase across most property types. The largest expectations for higher occupancy occur in **Apartments** and **Retail Large**.

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											
Q1-11											
Cap Rate	7.0		8.3	8.5	7.8	8.8	7.8	7.6	9.2		8.1
Percent Expecting Rise											
Percent Expecting Fall			50%					33%	50%		
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%			
Yields											
Q1-11											
Yield	10.2		10.6	11.4	11.4	11.6	9.8	10.0	11.4		8.8
Percent Expecting Rise											
Percent Expecting Fall	50%		50%	100%				33%	50%		
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%			
Investment Outlook											
Q1-11											
Fair to Good											
Bad to Poor											
Q4-10											
Fair to Good							25%	50%			
Bad to Poor											
Q3-10											
Fair to Good				100%							
Bad to Poor											

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
Q1-11						
Fair to Good	60%	40%	50%	50%	60%	50%
Bad to Poor	30%	20%	20%	10%	20%	20%
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%

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
Q1-11											
Private Buyers	60%	75%				50%					
R.E. Companies	20%								67%		33%
REITs	20%	25%									67%
Institutions				100%		50%	100%	100%	33%		
Foreign Buyers										100%	
Q4-10											
Private Buyers	86%	60%			100%	33%	67%	100%	67%	25%	25%
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%
R.E. Companies	17%	20%		67%		33%	25%				33%
REITs				33%						100%	33%
Institutions						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											
Q1-11											
Higher	100%		50%		50%	50%	100%	33%			67%
Lower						50%		33%			33%
Q4-10											
Higher	50%							25%			
Lower			33%	33%	100%		25%		25%		
Q3-10											
Higher	33%		67%	80%	100%	33%			33%		
Lower							100%	67%			
Rental Rate Increases											
Q1-11											
Faster than Inflation	33%										
Slower than Inflation					50%	50%		67%	100%		33%
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%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	40%	25%
Lower	20%	25%
Q4-10		
Higher	29%	20%
Lower		40%
Q3-10		
Higher	33%	20%
Lower		
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	100%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	57%	60%
Q3-10		
Faster than Inflation	17%	
Slower than Inflation	67%	100%

Southwest Coast

Cap rates in the Southwest Coast area are, on average, higher (0.10 percentage points) than that of the state, and range from 7.5% (**Apartments**) to 9.8% (**Strip Centers**).

Cap rates increased across most property types over the last quarter, with the largest increases being seen in **Apartments** (+0.70% change) and **Warehouse** (+0.62% change).

Cap rate expectations are neutral across property types.

Required yields for the Southwest Coast are lower, on average, than that of the state, 11.35% compared to 12.70% statewide.

Required yields are highest for **Condo Conversions** at 22.3% and lowest for **Free Standing Retail** at 8.4%.

Required yields are mixed over the last quarter, with the largest decreases occurring in **Free Standing Retail** (-1.52% change) and **Flex Space** (-1.26% change). The largest increases occur in **Condo Conversion** (+2.80% change) and **Warehouse** (+0.55% change).

The investment outlook is positive across most property types with the largest positive expectations in **Apartments** and **Flex Space**.

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

Occupancy levels are expected to remain stable across most property types with the exception of **Neighborhood Centers** and **Strip Centers** which are expected to increase.

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

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												
Q1-11												
Cap Rate	7.5	9.3	8.8	9.0		8.4	9.3	8.3	8.1	9.8		8.7
Percent Expecting Rise	29%	50%	20%	50%		20%	40%	50%	33%	22%		50%
Percent Expecting Fall	29%		40%			20%	50%	25%	33%	33%		
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%
Yields												
Q1-11												
Yield	9.7	22.3	10.2	11.0		11.0	11.2	9.3	9.5	10.9		8.4
Percent Expecting Rise			25%	17%		60%	22%	50%	33%	11%		33%
Percent Expecting Fall	14%	100%		33%		22%	25%			44%		
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%			20%		14%	29%		33%	50%		67%
Percent Expecting Fall				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%		
Investment Outlook												
Q1-11												
Fair to Good	100%		40%	75%		40%	60%	50%		30%		50%
Bad to Poor			20%	13%			25%			20%		
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%		

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
Q1-11						
Fair to Good	24%	36%	28%	25%	21%	24%
Bad to Poor	56%	40%	40%	50%	50%	36%
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%

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: B	Class	Retail - Large	Neighborhood Centers
Q1-11											
Private Buyers	75%	83%		100%	80%	75%	40%	80%			
R.E. Companies		17%	33%			13%	40%	20%	75%	33%	
REITs	25%		50%			13%			25%	67%	
Institutions			17%		20%						
Foreign Buyers							20%				
Q4-10											
Private Buyers	50%	100%	33%	50%	100%	100%	50%	100%	25%	20%	
R.E. Companies	33%						50%		25%	40%	
REITs			67%						50%	20%	
Institutions											20%
Foreign Buyers	17%			50%							
Q3-10											
Private Buyers	100%	80%			25%	71%	17%	83%			15%
R.E. Companies					25%		17%		17%	8%	
REITs			50%				17%	17%	67%	54%	
Institutions		20%	50%	100%	50%	14%	17%		17%	15%	
Foreign Buyers						14%	33%			8%	

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												
Q1-11												
Higher	43%		20%	50%		20%	30%	50%	67%	60%		25%
Lower	14%		20%	13%			20%		33%	10%		50%
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%			
Rental Rate Increases												
Q1-11												
Faster than Inflation	29%											
Slower than Inflation	57%	100%	80%	88%		80%	70%	100%	100%	60%		75%
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%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	25%	33%
Lower	13%	17%
Q4-10		
Higher	33%	33%
Lower	17%	
Q3-10		
Higher	14%	20%
Lower	14%	20%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	63%	83%
Q4-10		
Faster than Inflation		
Slower than Inflation	67%	67%
Q3-10		
Faster than Inflation		
Slower than Inflation	71%	80%

Daytona Beach Area

Cap rates in Daytona Beach are, on average, slightly lower (0.38 percentage points) than those of the state, and range from 7.0% (**Apartments**) to 9.3% (**Strip Centers**).

Cap rates decreased across most property types in the latest quarter. The largest decrease in cap rates occurred in **Condo Conversion** (-1.33% change) and **Flex Space** (-1.34% change).

Cap rates are expected to decrease for **Retail Large** and remain stable for all other reported properties.

Required yields for Daytona Beach are, on average, higher than that of the state, 13.99% compared to 12.70% statewide.

Required yields increased this quarter ranging from 11% for **Free Standing Retail** to 25.0% for **Condo Conversion**. The largest increases occur in **Condo Conversion** (+3.48% change) and **Warehouse** (+1.22% change).

The investment outlook is neutral to positive for all reported property types this quarter. **Office Class B** and **Neighborhood Centers** have the highest expectations.

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

Occupancy is expected to stabilize or increase across all reported property types. Respondents expect occupancy to increase in **Apartments** and **Retail Large**.

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											
Q1-11											
Cap Rate	7.0	8.8	8.3	8.5	7.9	8.8	7.8	7.6	9.3		8.2
Percent Expecting Rise			14%	20%				29%			33%
Percent Expecting Fall	33%		14%		25%		100%		27%		33%
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%
Yields											
Q1-11											
Yield	12.4	25.0	12.8	13.6	13.6	13.8	12.0	12.2	13.6		11.0
Percent Expecting Rise											
Percent Expecting Fall							100%	57%			33%
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%
Investment Outlook											
Q1-11											
Fair to Good			29%	40%	50%	83%		57%	55%		
Bad to Poor			29%	20%		17%		14%	27%		
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%			

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
Q1-11						
Fair to Good	22%	39%	32%	15%	19%	36%
Bad to Poor	52%	30%	27%	35%	14%	23%
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%

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
Q1-11												
Private Buyers	50%	80%		67%		43%	80%	25%	100%		14%	91%
R.E. Companies	38%			33%		14%		25%			43%	9%
REITs						43%	20%	50%			14%	
Institutions										100%	29%	
Foreign Buyers	13%	20%			100%							
Q4-10												
Private Buyers	100%	67%			50%	25%	57%		88%		20%	83%
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%
R.E. Companies	25%	25%							10%		11%	
REITs				33%		60%	17%	67%	10%		11%	
Institutions				33%			33%		10%	33%	33%	20%
Foreign Buyers												

Table 7d

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy										
Q1-11										
Higher	75%		14%		50%	57%	100%	29%	18%	67%
Lower			29%	20%		14%		14%	27%	
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%	
Rental Rate Increases										
Q1-11										
Faster than Inflation	25%									
Slower than Inflation	75%		100%	100%	100%	71%	100%	100%	91%	33%
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%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	38%	40%
Lower	25%	20%
Q4-10		
Higher	17%	33%
Lower	17%	33%
Q3-10		
Higher	25%	25%
Lower	13%	25%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	88%	80%
Q4-10		
Faster than Inflation		
Slower than Inflation	83%	67%
Q3-10		
Faster than Inflation		25%
Slower than Inflation	75%	75%

Orlando Area

Cap rates in Orlando are, on average, lower (0.45 percentage points) than that of the state, and range from 7.0% (**Apartments**) to 9.2% (**Strip Centers**).

Cap rates decreased over the past quarter, with the largest changes being seen in **Condo Conversion** (-0.82% change) and **Flex Space** (-0.83% change).

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

Required yields for Orlando are, on average, higher than that of the state, 13.36% compared to 12.70% statewide.

Required yields are highest for **Condo Conversion** at 24.3% and lowest for **Free Standing Retail** at 10.4%.

Required yields increased across most property types the past quarter, the largest changes occurring in **Condo Conversions** (+3.27%) and **Warehouse** (+1.01%).

The investment outlook is neutral to positive across most property types. The strongest indication of a positive outlook occurs for **Apartments, Office: Class A and Strip Centers**.

The outlook for **Land Development** is neutral to negative across all land classifications except **Land for Urban Redevelopment** which is neutral to positive.

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

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

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates											
Q1-11											
Cap Rate	7.0	8.8	8.3	8.5	7.8	8.8	7.7	7.6	9.2	8.1	
Percent Expecting Rise	20%	33%	8%	14%		17%		25%	9%	25%	
Percent Expecting Fall	10%		33%	29%	38%	33%	50%	13%	27%	25%	
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%	
Yields											
Q1-11											
Yield	11.7	24.3	12.2	13.0	13.0	13.2	11.3	11.5	12.9	10.4	
Percent Expecting Rise	11%		8%		14%	40%	50%		11%		
Percent Expecting Fall			25%	33%	29%	20%	50%	38%		25%	
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%	
Investment Outlook											
Q1-11											
Fair to Good	88%		46%	50%	67%	71%		40%	67%	60%	
Bad to Poor			8%	13%				20%			
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%		

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
Q1-11						
Fair to Good	25%	38%	20%	31%	24%	44%
Bad to Poor	48%	32%	37%	31%	24%	24%
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%

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	Class Retail - Large	Neighborhood Centers	Strip Centers
Q1-11											
Private Buyers	50%	100%	25%		31%	75%	11%	100%		20%	83%
R.E. Companies	25%		31%		15%		22%		67%	30%	17%
REITs	13%		19%		31%	13%	33%			20%	
Institutions	13%		25%		23%	13%	22%			20%	
Foreign Buyers				100%			11%		33%	10%	
Q4-10											
Private Buyers	100%	100%	21%	80%	43%	50%	14%	70%	17%	31%	79%
R.E. Companies			16%		7%		7%	30%	25%	15%	7%
REITs			26%		29%	20%	29%		50%	46%	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%
R.E. Companies	10%		21%	20%	7%			13%	50%	10%	21%
REITs			29%		40%	23%	36%		25%	50%	
Institutions		25%	21%		20%	23%	43%	6%		20%	7%
Foreign Buyers				20%		8%	14%	6%			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											
Q1-11											
Higher	80%	33%	62%	38%	67%	50%	33%	40%	27%		
Lower			8%		11%	17%	33%	20%	18%		
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%		
Rental Rate Increases											
Q1-11											
Faster than Inflation	47%				11%						
Slower than Inflation	27%		69%	88%	56%	83%	67%	50%	55%		20%
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%

Table 8e

Orlando Area	Single Family Development	Condominiu m
Future Absorption Rates		
Q1-11		
Higher	38%	
Lower	25%	33%
Q4-10		
Higher	56%	
Lower	11%	50%
Q3-10		
Higher	40%	
Lower	10%	50%
Future Price Increases		
Q1-11		
Faster than Inflation	13%	
Slower than Inflation	63%	67%
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	56%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	100%

Lakeland-Winter Haven

Cap rates in Lakeland-Winter Haven are, on average, lower (0.23 percentage points) than that of the state, and range from 7.2% (**Apartments**) to 9.4% (**Strip Centers**).

Cap rates have decreased across most property types over the last quarter. The largest changes occurred in **Condo Conversion** (-1.01% change) and **Flex Space** (-1.01% change).

Cap rates are expected to increase or remain stable across property types over the next quarter. The strongest indications of rate increases occur in **Condo Conversion and Flex Space**.

Required yields for Lakeland-Winter Haven are, on average, lower than that of the state, 12.51% compared to 12.70% statewide.

Required yields are highest for **Condo Conversion** at 23.5% and lowest for **Free Standing Retail** at 9.5%.

Required yields decreased across most property types in the last quarter. The largest changes occurred in **Flex Space** (-3.55% change) and **Free Standing Retail** (-3.81%).

The investment outlook is positive across most reported property types with **Apartments, Warehouse and Flex Space** showing the greatest potential for a positive investment outlook.

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

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

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

Future absorption rates are expected to remain stable for **Single Family Development**.

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

Table 9a

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-11										
Cap Rate	7.2	9.0	8.5	8.7	8.0	9.0	8.0	7.8	9.4	8.3
Percent Expecting Rise	25%	100%	33%	67%		50%			14%	50%
Percent Expecting Fall	25%				33%				14%	
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%
Yields										
Q1-11										
Yield	10.9	23.5	11.3	12.1	12.1	12.3	10.5	10.7	12.1	9.5
Percent Expecting Rise			20%		33%	100%		50%		
Percent Expecting Fall	25%	50%							17%	
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%
Investment Outlook										
Q1-11										
Fair to Good	100%		71%	75%					43%	
Bad to Poor									14%	
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%	

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
Q1-11						
Fair to Good	35%	53%	53%	40%	44%	50%
Bad to Poor	40%	21%	12%	27%	22%	17%
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%

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: B	Class	Retail - Large	Neighborhood Centers
Q1-11											
Private Buyers	60%		20%	50%	43%	50%		100%			
R.E. Companies			20%			25%	33%				
REITs			60%		29%	25%	33%				33%
Institutions	40%				14%		33%				33%
Foreign Buyers				50%	14%					100%	33%
Q4-10											
Private Buyers	67%	100%		75%	44%	40%		83%			50%
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%
R.E. Companies	33%		33%						50%		
REITs			33%		43%						60%
Institutions		33%			14%	50%	50%				20%
Foreign Buyers				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										
Q1-11										
Higher	60%	50%	71%	25%	33%	50%		33%	14%	25%
Lower		50%		25%		50%	100%		14%	25%
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%	
Rental Rate Increases										
Q1-11										
Faster than Inflation	20%		29%							
Slower than Inflation	40%	50%	29%	50%	100%	100%	100%	100%	71%	50%
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%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium
Future Absorption Rates		
Q1-11		
Higher	20%	
Lower	40%	
Q4-10		
Higher	33%	
Lower		100%
Q3-10		
Higher	22%	
Lower	22%	67%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	60%	
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	78%	100%

Tampa-St. Petersburg

Cap rates in the Tampa-St. Petersburg area are, on average, lower than that of the state (0.26%), and range from 7.2% (**Apartments**) to 9.4% (**Strip Centers**).

Cap rates decreased over the past quarter, with the largest changes occurring in **Condo Conversion** (-0.68% change) and **Flex Space** (-0.68% 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 **Condo Conversion**.

Required yields for Tampa-St. Petersburg are lower, on average, than that of the state, 12.60% compared to 12.70% statewide.

Required yields are highest for **Condo Conversion** at 23.6% and lowest for **Neighborhood Centers** at 9.6%.

Required yields decreased dramatically across property types last quarter. The largest increases in required yields occurred in **Flex Space** (-3.40% change) and **Free Standing Retail** (-3.66% change).

The investment outlook is positive across property types, with the most positive outlook occurring in **Apartments** and **Flex Space**.

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

Future occupancy is expected to increase 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 positive for **Single Family** and neutral for **Condominium Development**.

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										
Q1-11										
Cap Rate	7.2	8.9	8.5	8.7	8.0	9.0	7.9	7.8	9.4	8.3
Percent Expecting Rise	13%	100%	8%	50%	17%	20%	25%	15%	18%	50%
Percent Expecting Fall	13%		25%		33%	13%	25%	23%	9%	
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%		
Yields										
Q1-11										
Yield	11.0	23.6	11.4	12.2	12.2	12.4	10.6	10.8	12.2	9.6
Percent Expecting Rise	13%		20%	25%	14%	25%		33%	20%	
Percent Expecting Fall	6%	50%	10%	25%	43%		43%	17%	30%	
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%
Investment Outlook										
Q1-11										
Fair to Good	95%		69%	86%	64%	58%	60%	50%	38%	50%
Bad to Poor	5%		8%		9%	16%	20%	14%	23%	
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%	

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
Q1-11						
Fair to Good	33%	42%	27%	31%	21%	39%
Bad to Poor	47%	39%	36%	29%	30%	25%
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%

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	Class	Retail - Large	Neighborhood Centers
Q1-11												
Private Buyers	83%	71%		18%	33%	23%	29%		84%			7%
R.E. Companies	8%	14%		18%	33%	15%	29%	18%	5%		30%	29%
REITs				27%		38%	29%	27%	5%		10%	29%
Institutions				36%		15%	14%	36%			30%	29%
Foreign Buyers	8%	14%			33%	8%		18%	5%		30%	7%
Q4-10												
Private Buyers	92%	75%		21%	60%	25%	63%	6%	80%		8%	13%
R.E. Companies	8%			26%			25%	6%	10%		31%	13%
REITs		13%		26%		25%		31%			38%	63%
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%
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%	

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										
Q1-11										
Higher	77%	67%	58%	50%	64%	39%	60%	36%	23%	25%
Lower		33%	8%	17%		6%	10%		15%	25%
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%
Rental Rate Increases										
Q1-11										
Faster than Inflation	45%		8%	17%	18%	11%	10%		8%	25%
Slower than Inflation	18%	33%	50%	50%	36%	72%	60%	71%	85%	25%
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%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	55%	33%
Lower		17%
Q4-10		
Higher	17%	
Lower	8%	38%
Q3-10		
Higher	10%	
Lower	10%	13%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	75%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	75%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	70%	100%

Sarasota-Bradenton

Cap rates in the Sarasota-Bradenton area are, on average, lower (0.30 percentage points) than that of the state, and range from 7.1% (**Apartments**) to 9.4% (**Strip Centers**).

Cap rates decreased across most property types in the last quarter, with the largest changes occurring in **Flex Space** (-0.73% change) and **Condo Conversion** (-0.72% change).

Cap rates are expected to increase across a majority of reported property types with **Condo Conversion** 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, 11.77% compared to 12.70% statewide.

Required yields are highest for **Condo Conversions** at 22.7% and lowest for **Free Standing Retail** at 8.8%.

Required yields decreased this quarter across most property types. The largest shifts occurred in **Flex Space** (-2.50% change) and **Free Standing Retail** (-2.76% 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 **Apartments** is expected to increase.

Rental rates are expected to lag inflation across most property types over the next quarter.

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

Respondents indicate that future prices will increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 11a

Sarasota-Bradenton	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q1-11											
Cap Rate	7.1	8.9	8.4	8.6		8.0	8.9	7.9	7.7	9.4	8.3
Percent Expecting Rise	40%	100%	50%	50%			13%		67%	25%	25%
Percent Expecting Fall	20%										
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%
Yields											
Q1-11											
Yield	10.2	22.7	10.6	11.4		11.4	11.6	9.7	9.9	11.4	8.8
Percent Expecting Rise									33%	25%	
Percent Expecting Fall	25%	50%							33%	25%	
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%		
Investment Outlook											
Q1-11											
Fair to Good	100%		50%	50%			71%			25%	60%
Bad to Poor			50%	17%						25%	
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%

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
Q1-11						
Fair to Good	35%	45%	28%	22%	20%	25%
Bad to Poor	45%	35%	39%	28%	45%	25%
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%

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
Q1-11												
Private Buyers	100%	83%		40%	50%	25%	50%		100%		33%	100%
R.E. Companies		17%						100%			33%	
REITs				60%		50%	33%			100%	33%	
Institutions						25%	17%					
Foreign Buyers					50%							
Q4-10												
Private Buyers	78%	100%		17%	100%	67%	83%	33%	91%			67%
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%
R.E. Companies				33%		13%			8%	33%	14%	17%
REITs						25%	13%	50%	8%	33%	43%	
Institutions				33%							14%	
Foreign Buyers								50%	8%			17%

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											
Q1-11											
Higher	80%	50%	25%	17%		38%			33%	20%	
Lower		50%		33%		13%			33%	40%	25%
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%	
Rental Rate Increases											
Q1-11											
Faster than Inflation	20%		25%								
Slower than Inflation	40%	50%	50%	50%		63%	100%	67%	60%	75%	
Q4-10											
Faster than Inflation											
Slower than Inflation	33%	50%	100%	80%	67%	67%	100%	33%	67%	57%	
Q3-10											
Faster than Inflation	50%							33%	14%		
Slower than Inflation	50%	100%	75%	100%	100%	82%	33%	57%	43%	67%	

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	43%	33%
Lower		
Q4-10		
Higher	33%	20%
Lower	11%	
Q3-10		
Higher	33%	17%
Lower	11%	17%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	86%	100%
Q4-10		
Faster than Inflation	11%	
Slower than Inflation	33%	60%
Q3-10		
Faster than Inflation	11%	
Slower than Inflation	56%	83%

Jacksonville

Cap rates in Jacksonville are, on average, equal (0.00 percentage points) to that of the state, and range from 7.4% (**Apartments**) to 9.7% (**Strip Centers**).

Cap rates have increased across most property types, with the largest changes occurring in **Warehouse** (+0.63% change) and **Apartments** (+0.72% change).

Cap rates are expected to remain stable across most property types over the next quarter. Respondents indicated decreasing cap rates in **Retail Large** and **Strip Centers**.

Required yields for Jacksonville are, on average, higher than that of the state, 13.46% compared to 12.7% statewide.

Required yields are highest for **Condo Conversion** at 24.4% and lowest for **Free Standing Retail** at 10.5%.

Required yields increased significantly across all property types this quarter with the largest changes occurring in **Condo Conversions** (+5.67% change) and **Warehouse** (+3.41% change).

The investment outlook is neutral positive across most property types this quarter. The strongest positive indications occur in **Apartments** and **Neighborhood Centers**.

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

Future occupancy is expected to increase across most property types.

Rental rates are expected to lag inflation across all property types except **Apartments** which are expected to increase faster than inflation.

Future absorption rates are expected to increase 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										
Q1-11										
Cap Rate	7.4	9.2	8.7	8.9	8.3	9.2	8.2	8.0	9.7	8.6
Percent Expecting Rise						17%				
Percent Expecting Fall					25%	17%	100%	22%	67%	
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%	
Yields										
Q1-11										
Yield	11.8	24.4	12.3	13.1	13.1	13.3	11.4	11.6	13.0	10.5
Percent Expecting Rise	25%		33%		25%	50%				
Percent Expecting Fall					25%		100%	38%	50%	100%
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%		67%	11%	33%	10%		
Percent Expecting Fall	25%		25%		33%	11%	33%	40%		33%
Investment Outlook										
Q1-11										
Fair to Good	100%		25%		60%	33%		70%	40%	
Bad to Poor						17%		10%	20%	
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%	

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
Q1-11						
Fair to Good	35%	38%	23%	23%	16%	35%
Bad to Poor	46%	35%	31%	31%	28%	42%
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%

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
Q1-11												
Private Buyers	60%	57%		17%			50%			83%		10%
R.E. Companies	30%	14%		33%	50%	50%			20%			40%
REITs		14%		33%		25%	50%					20%
Institutions				17%		25%			60%	17%	100%	30%
Foreign Buyers	10%	14%			50%				20%			
Q4-10												
Private Buyers	92%	71%		42%	67%		100%		25%	78%		43%
R.E. Companies		14%		25%	33%	67%				22%	33%	29%
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%
R.E. Companies				50%		17%			40%	17%	25%	17%
REITs				33%		17%			20%		25%	42%
Institutions				17%		33%			20%		25%	17%
Foreign Buyers	17%											

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										
Q1-11										
Higher	67%	50%	100%	50%	80%	50%	100%	56%	17%	
Lower	17%					50%		22%	17%	50%
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%
Rental Rate Increases										
Q1-11										
Faster than Inflation	50%				20%				17%	
Slower than Inflation	17%		75%	50%	60%	67%	100%	70%	83%	100%
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%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	60%	71%
Lower	10%	
Q4-10		
Higher	31%	
Lower	15%	43%
Q3-10		
Higher	17%	33%
Lower		
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	80%	71%
Q4-10		
Faster than Inflation		
Slower than Inflation	69%	86%
Q3-10		
Faster than Inflation		
Slower than Inflation	83%	100%

Gainesville-Ocala

Cap rates in Gainesville-Ocala are, on average, higher (0.16 percentage points) than that of the state, and range from 7.6% (**Apartments**) to 9.8% (**Strip Centers**).

Cap rates decreased for most property types over the last quarter, with the largest changes occurring in **Flex Space** (-0.72% change) and **Condo Conversions** (-0.71% change).

Cap rates are expected to stabilize over the next quarter for all property types with the exception of **Apartments** which are expected to increase.

Required yields for Gainesville-Ocala are, on average, lower than that of the state, 12.51% compared to 12.70% statewide.

Required yields are highest for **Condo Conversions** at 23.1% and lowest for **Retail Large** at 10.1%.

Required yields were mixed over the past quarter for most property types. The largest changes occurred in **Condo Conversions** (+2.50% change) and **Flex Space** (-1.56% change).

The investment outlook is positive for 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 Apartments**.

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

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

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

Table 13a

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q1-11												
Cap Rate	7.6	9.4	8.9	9.1	8.4	9.4		8.3	8.2	9.8		
Percent Expecting Rise	50%			20%	25%			25%		25%		
Percent Expecting Fall	25%				25%			50%		25%		
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%				
Yields												
Q1-11												
Yield	10.6	23.1	11.0	11.8	11.8	12.0		10.1	10.3	11.8		
Percent Expecting Rise	25%									33%		
Percent Expecting Fall	25%			20%	25%	33%		100%	100%			
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%				
Investment Outlook												
Q1-11												
Fair to Good	100%			80%	100%	57%		40%		80%		
Bad to Poor				20%		14%		20%		20%		
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%				

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
Q1-11						
Fair to Good	35%	33%	37%	20%	19%	39%
Bad to Poor	45%	33%	26%	47%	31%	33%
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%

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
Q1-11											
Private Buyers	57%	50%		29%		67%	60%	67%	100%		
R.E. Companies				14%	100%		20%			60%	
REITs				29%		33%	20%	17%			
Institutions	29%			29%				17%		20%	50%
Foreign Buyers	14%	50%								20%	50%
Q4-10											
Private Buyers	57%	67%		38%	100%		100%	40%	89%	50%	
R.E. Companies	43%					100%			11%	25%	40%
REITs				13%				40%		25%	20%
Institutions				38%				20%			20%
Foreign Buyers		33%		13%							20%
Q3-10											
Private Buyers	67%	67%		50%	67%	75%	100%	50%	67%	25%	
R.E. Companies	17%	33%						50%	33%	25%	
REITs				50%						25%	50%
Institutions						25%				25%	50%
Foreign Buyers	17%				33%						

Table 13d

Gainesville-Ocala	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Future Occupancy											
Q1-11											
Higher	63%	100%		20%	67%	29%	40%	50%	50%		
Lower	13%				17%		20%	50%			
Q4-10											
Higher	38%	100%			80%	33%	75%	40%	50%		
Lower									13%		
Q3-10											
Higher	60%	67%			17%						50%
Lower	20%				17%	33%	33%				
Rental Rate Increases											
Q1-11											
Faster than Inflation	25%				17%		20%		17%		
Slower than Inflation	38%		100%	80%	67%	86%	60%	50%	50%		
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%	

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	29%	
Lower		50%
Q4-10		
Higher	14%	
Lower		33%
Q3-10		
Higher	17%	33%
Lower		33%
Future Price Increases		
Q1-11		
Faster than Inflation		
Slower than Inflation	100%	100%
Q4-10		
Faster than Inflation		
Slower than Inflation	100%	100%
Q3-10		
Faster than Inflation		
Slower than Inflation	50%	67%

Pensacola-Tallahassee

Cap rates for property types in Pensacola-Tallahassee are, on average, lower (0.34 percentage points) than that of the state, and range from 7.1% (**Apartments**) to 9.3% (**Strip Centers**).

Cap rates have decreased for most property types over the past quarter. The largest cap rate movements occurred in **Condo Conversion** (-1.34% change) and **Flex Space** (-1.34% change).

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

Required yields for Pensacola-Tallahassee are, on average, lower than that of the state, 12.53% compared to 12.70% statewide.

Required yields are highest for **Condo Conversion** at 23.5% and lowest for **Free Standing Retail** at 9.5%.

Required yields are increased across most property types over the past quarter. The largest changes occurred in **Condo Conversion** (+3.09% change) and **Warehouse** (+0.83% 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 **Warehouse** while the strongest indication of an increase occurs in **Apartments** and **Condo Conversion**.

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	Class	Retail - Large	Neighborhood Centers	Strip Centers
Cap Rates										
Q1-11										
Cap Rate	7.1	8.9	8.4	8.6	7.9	8.9	7.8	7.7	9.3	
Percent Expecting Rise	33%		50%	50%		17%	50%			
Percent Expecting Fall	33%			50%	50%	17%	50%	50%	17%	
Q4-10										
Cap Rate	7.6	10.2	9.0	9.9	9.1	9.8	8.7	8.4	10.3	
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	
Percent Expecting Rise				100%	100%			25%	22%	
Percent Expecting Fall	67%					20%	100%	25%	11%	
Yields										
Q1-11										
Yield	10.9	23.5	11.4	12.2	12.1	12.4	10.5	10.7	12.1	
Percent Expecting Rise	33%									
Percent Expecting Fall	33%			100%			100%	100%	20%	
Q4-10										
Yield	11.7	20.4	10.5	13.1	11.8	11.7	11.2	9.9	12.7	
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	
Percent Expecting Rise	33%			100%				25%	13%	
Percent Expecting Fall						25%	100%	50%		
Investment Outlook										
Q1-11										
Fair to Good						57%			50%	
Bad to Poor									17%	
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%	

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
Q1-11						
Fair to Good	17%	28%	22%	17%	18%	6%
Bad to Poor	50%	33%	44%	50%	53%	61%
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%

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: B	Class	Retail - Large
Q1-11										
Private Buyers	100%	100%			100%		50%	86%		
R.E. Companies				100%		100%	50%	14%		50%
REITs			67%							
Institutions			33%							50%
Foreign Buyers										
Q4-10										
Private Buyers	91%	88%	40%	100%	100%	100%		100%		
R.E. Companies	9%									
REITs		13%	20%				50%			100%
Institutions			40%				50%			
Foreign Buyers										
Q3-10										
Private Buyers	100%	100%	40%	100%	100%		100%	83%		
R.E. Companies								17%		
REITs			60%							
Institutions										100%
Foreign Buyers										

Table 14d

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers
Future Occupancy										
Q1-11										
Higher	75%	100%						50%	50%	33%
Lower			50%			33%				17%
Q4-10										
Higher						17%			33%	25%
Lower								100%		25%
Q3-10										
Higher	20%								33%	11%
Lower			100%		50%	75%				33%
Rental Rate Increases										
Q1-11										
Faster than Inflation										
Slower than Inflation	25%		100%	50%		67%		100%	100%	67%
Q4-10										
Faster than Inflation										
Slower than Inflation	25%		100%	100%		83%		100%	67%	75%
Q3-10										
Faster than Inflation										
Slower than Inflation	40%		100%	100%		75%		100%	100%	89%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-11		
Higher	13%	17%
Lower	13%	17%
Q4-10		
Higher	9%	25%
Lower	9%	
Q3-10		
Higher	22%	20%
Lower	33%	80%
Future Price Increases		
Q1-11		
Faster than Inflation		17%
Slower than Inflation	75%	83%
Q4-10		
Faster than Inflation		13%
Slower than Inflation	82%	75%
Q3-10		
Faster than Inflation		
Slower than Inflation	89%	100%