

Survey of Emerging Market Conditions

Quarter 1 2010

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The *Survey of Emerging Market Conditions* is provided to all invited survey respondents who completed the survey during the December 2009 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

One quarter into a new year and we may be starting to see a few rays of sunshine with the real estate market. Results of the first quarter survey indicate that the real estate market in Florida has hit bottom and is in the process of stabilizing across most property types. Before we get too optimistic, however, we should note that in weather terms we would probably call it mostly cloudy with a few breaks in the clouds. That seems fitting as we enter the spring and summer months in the Sunshine State. In fact, most of the respondents of the first quarter survey indicate that the market probably won't get any worse. What few will tell you is that we are getting better. One respondent stated that if anything "we will get less bad." So goes the sentiment of real estate professionals in this state.

Unemployment continues to be one of the darkest clouds as the state edged upward in the first quarter to 12.3% unemployment according to the Bureau of Labor Statistics. Since the start of 2007 Florida has lost over 880,000 jobs. However, that one break in the clouds is the outlook by most economists in the state that the unemployment picture will get less bad in the next few quarters with a potential for job growth by the end of the year. A small but much needed ray of sunlight. Unfortunately, even under the most optimistic assumptions it will take three to four years of growth to get back to where we started at the end of 2006.

Another dark cloud in the state is the lack of debt capital. Large commercial banks continue to be reluctant to lend on real estate as pressure from regulators and poor fundamentals keep them on the sidelines. This along with depressed values is making it very difficult to refinance mortgages coming due even on performing assets. Fortunately, there are a few breaks in the clouds in the capital outlook. Our respondents noted that private capital, both foreign and domestic is continuing to enter the state in search of quality deals. As banks start to deal with their problem assets, as respondents indicate they are, more deals will come to market and the capital will be fighting for the best of those assets. Additionally, life companies have increased their appetite for Florida real estate and newly formed or previously conservative community banks are being aggressive in providing capital.

Certainly, only time will tell if we have truly turned a corner and have started on the long rough road up the growth curve. But a few rays of sunshine are better than none.

Highlights

- The outlook for occupancy and rental rates indicates that our respondents expect stabilization across most property types.
- Cap rates have declined modestly over most property types.
- Required yields have declined over most property types.
- The outlook for investment remains mixed for all property types.
- Respondents' own business outlook continues to improve across all professions in the industry.

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 seventeenth fielding. The total number of participants, at 278, is the most extensive survey of Florida professional real estate analysts and investors conducted on an ongoing basis. It includes respondents representing thirteen urban regions of the state and up to fifteen property types.

General Investment Outlook

Our general index of real estate investment outlook, weighted 40 percent for single family and condo development, 40 percent for apartments and commercial rental property and 20 percent for developable land, remained stable from the previous quarter with respondents indicating that the outlook is mixed.

Single Family & Condominium Development

The outlook for single family absorption and prices increased slightly this quarter. Low prices and interest rates will continue to have a positive effect on the absorption as will low levels of inventory. However that will be dampened by the continued high unemployment rate. Additionally, further foreclosures will continue to put downward pressure on prices. The investment outlook for single family development also increased this quarter with respondents indicating that it is a mixed to positive time to invest.

Apartments

Expectations for occupancy decreased slightly this quarter with respondents' believing that occupancies will stabilize at current levels. Additionally, they believe that current occupancy levels may warrant price increases in line with inflation in the future as we see fewer concessions. The expectation for apartment investment continues to be mixed to positive. Cap rates, an indication of long term value, have stabilized at approximately 8% with respondents now believing that future cap rates will remain stable at this level.

Industrial

The outlook for industrial occupancy approached stabilization this quarter with most respondents now believing that future occupancy will remain unchanged. The outlook for rentals rates, while improving, continues to be for rates to lag inflation. With occupancies stabilizing and rental rates improving slightly, it follows that the outlook for investment in industrial remained slightly positive overall. For the first time since the 1st quarter of 2008, cap rates for industrial properties moved downward supporting the other fundamentals that stabilization is occurring. Most respondents believe that we will stabilize at current cap rate levels.

Office

As with all the other property types, the respondents believe that we are stabilizing occupancy in the office markets. This is reinforced by the stabilization of cap rates this quarter at the 9% level and by respondents' view that we will continue at that level in the future. The outlook for office investment remained mixed.

Retail

Retail occupancy expectations are also moving positively toward stabilization with the exception of strip centers. Prices will continue to lag inflation as tenants will have their choice of prime space at reduced rates. Cap rates have followed this perception by leveling off or slightly declining in all areas except strip centers. The expectation from respondents' is for the stabilization to occur at this level. The investment outlook in Retail remains mixed but took a large drop for strip centers as tenants move to anchored centers for lower rates and financing is non-existent for this types of centers.

Land Investment

The outlook for investment in land remains mixed to negative across all categories. Lack of financing for land purchase and development continues to put downward pressure on expectations. This may change in the coming quarters as respondents contemplate the effects of passage of amendment 4 in November.

Capital Availability

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

Own Business Outlook

Own business outlook continued its positive trend this quarter as developers, lenders and consultants' views took a large positive jump. Clearly everyone is expecting an increase in business as troubled assets increasingly get worked out or sold. Respondents' indicate that banks are becoming more active in addressing their issues as pressure from the regulators grow and bank balance sheets continue to improve because of increased earnings. However, expectations are still dampened by the high unemployment rate and lack of refinancing dollars.

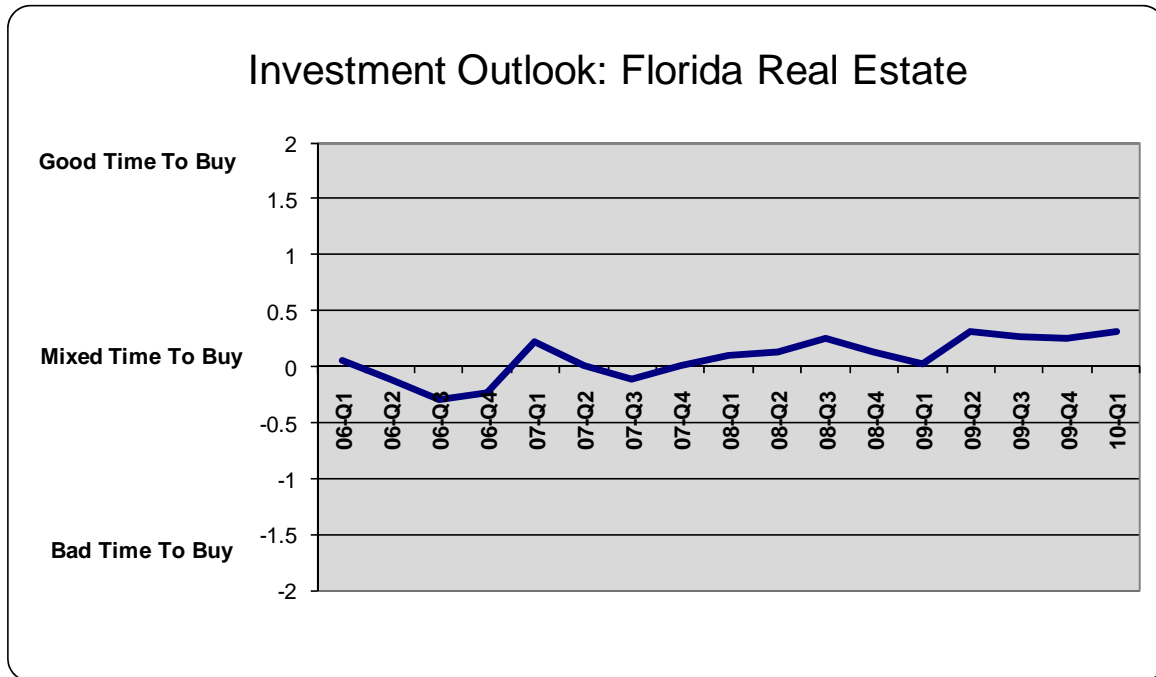
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Section 1: Investment Outlook

The investment outlook for Florida remains mixed this quarter but continues to hover around survey highs. Respondents generally believe that we have seen the bottom of the market, but their vision of the future is clouded by high unemployment, lack of capital and the uncertainty of the CMBS defaults that are looming. However, the picture isn't all cloudy. Our respondents continue to tell us that more private capital is coming to the state and that banks are slowly trying to move through their REO and troubled assets. Additionally, Life companies have increased their appetite for quality real estate. All evidence points to a continued partly cloudy picture in the state for the foreseeable future.

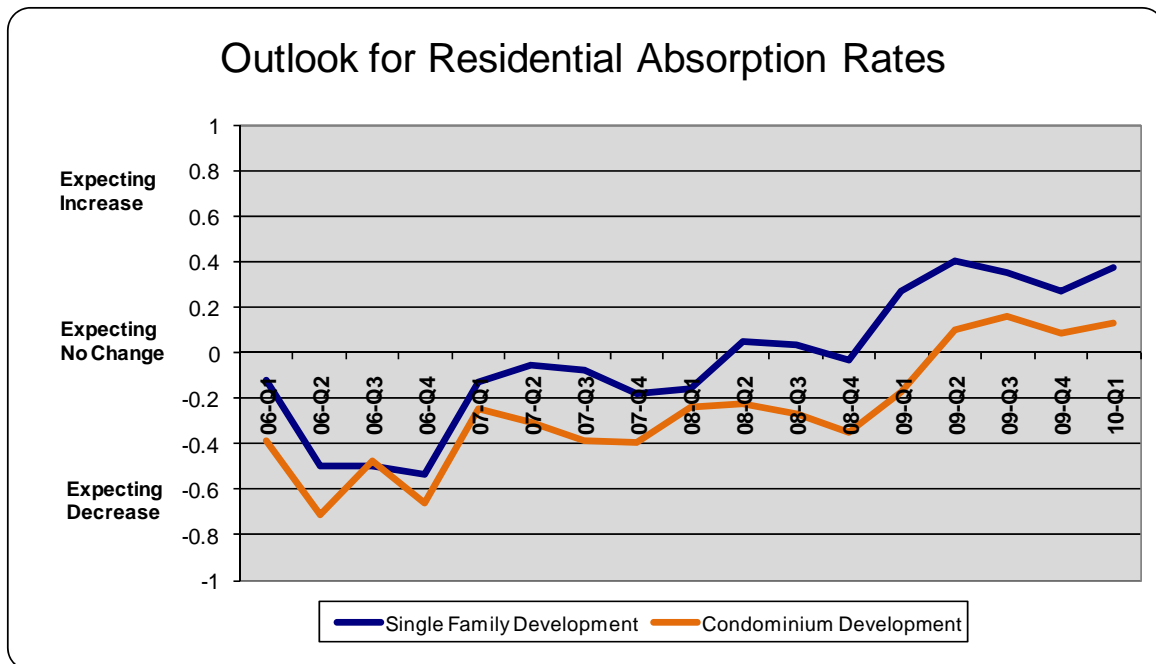


This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.

Section 2: Residential Development

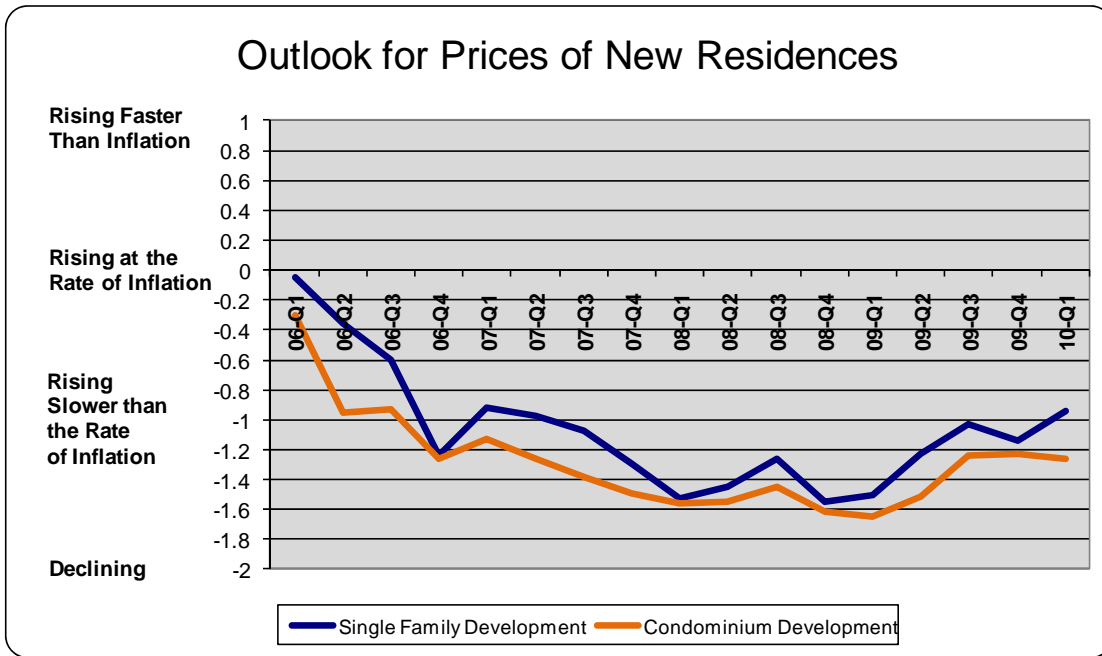
Expected Absorption Rates

Our respondents' view of new housing absorption grew slightly more positive this quarter, after a few quarters of decline. Low prices, interest rates and government assistance through the home buyer tax credit continue to influence the market; however, several continue to give respondents reason to be mixed about the market. Unemployment remains the top concern as fewer jobs mean fewer large purchases and muted growth for the state. The perception of slightly higher absorption is only comforting in the fact that it is higher, but from historically low levels. Our respondents agree that continued high unemployment will keep absorption depressed. The uncertainty of inflation and higher interest rates in our future may encourage more potential, qualified borrowers to buy now versus later, but the affect will be short lived as rates rise dampening demand.



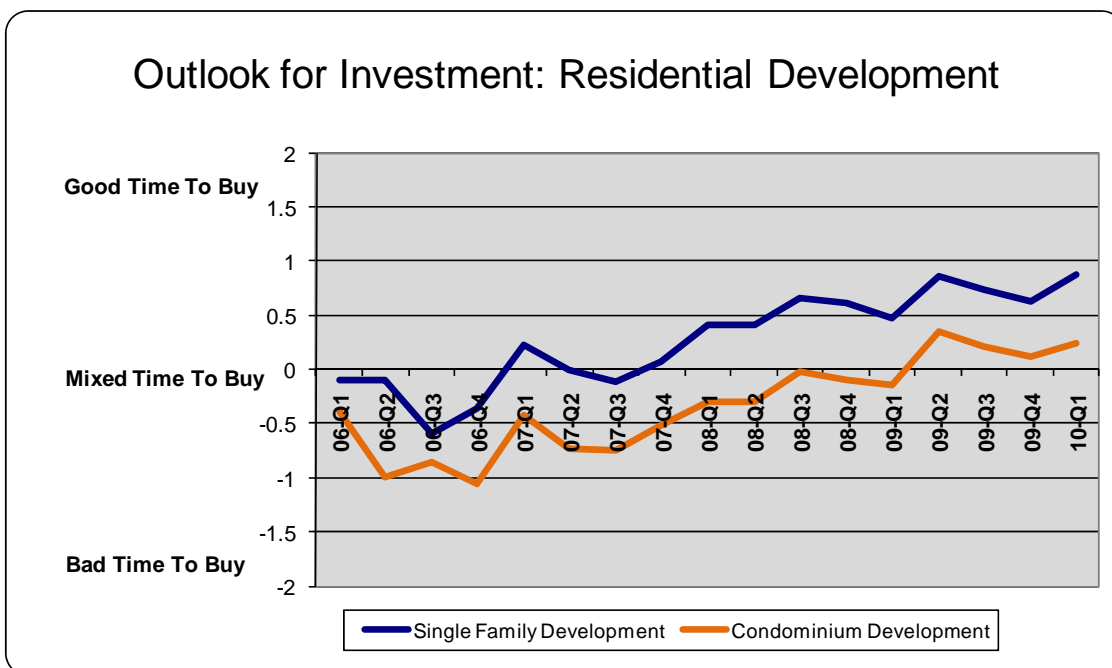
Expected Price Changes

Prices will continue to lag inflation in the new future as we continue to see large numbers of foreclosures and stagnant to negative job growth. Our respondents confirm that banks are becoming more aggressive at foreclosing on problem residential units which will continue the downward pressure on prices which has a direct effect on the new units being brought to market. We continue to see new home buyers wanting less instead of more which will also lead to lower pricing.



Investment Outlook

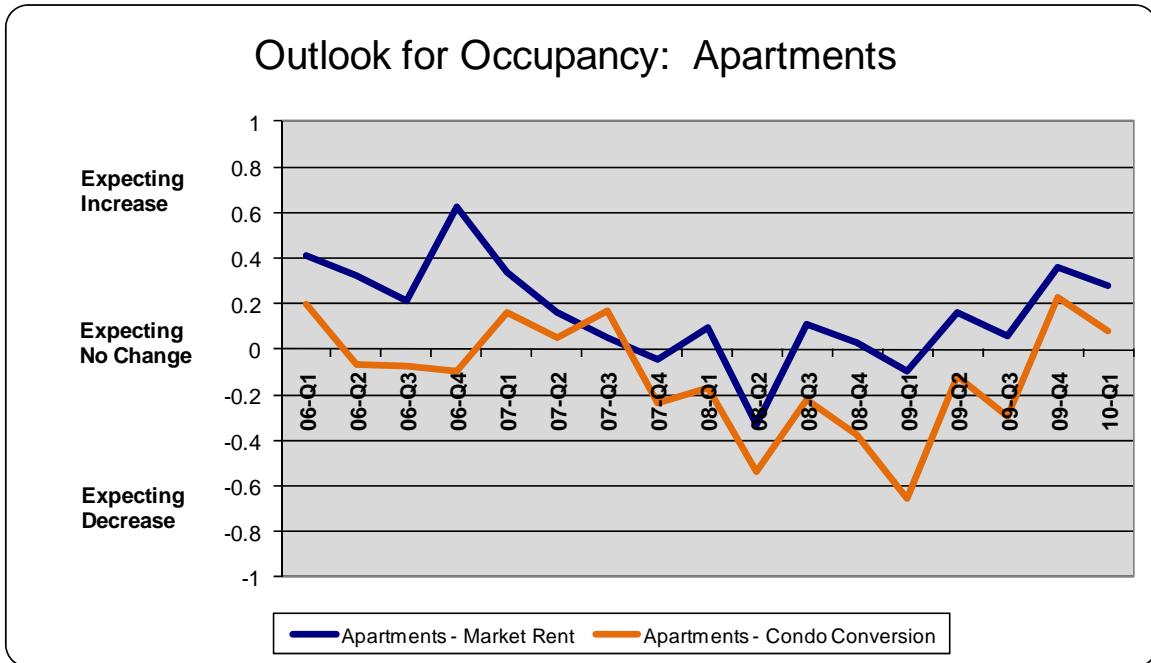
After several quarters of decline, the outlook for residential investment increased slightly this quarter. Respondents increasing state that home builders with low inventories are becoming more aggressive in buyer finished lots at less than replacement costs. This allows homebuilders to build homes at competitive prices with the glut of foreclosures on the market. It is important to note, however, that this sentiment is only occurring in a few markets where the unemployment picture is not as gray as the rest of the state. Unemployment continues to cast a dark cloud over much of the state and will depress expectation on residential investment for the foreseeable future.



Section 3: Apartments

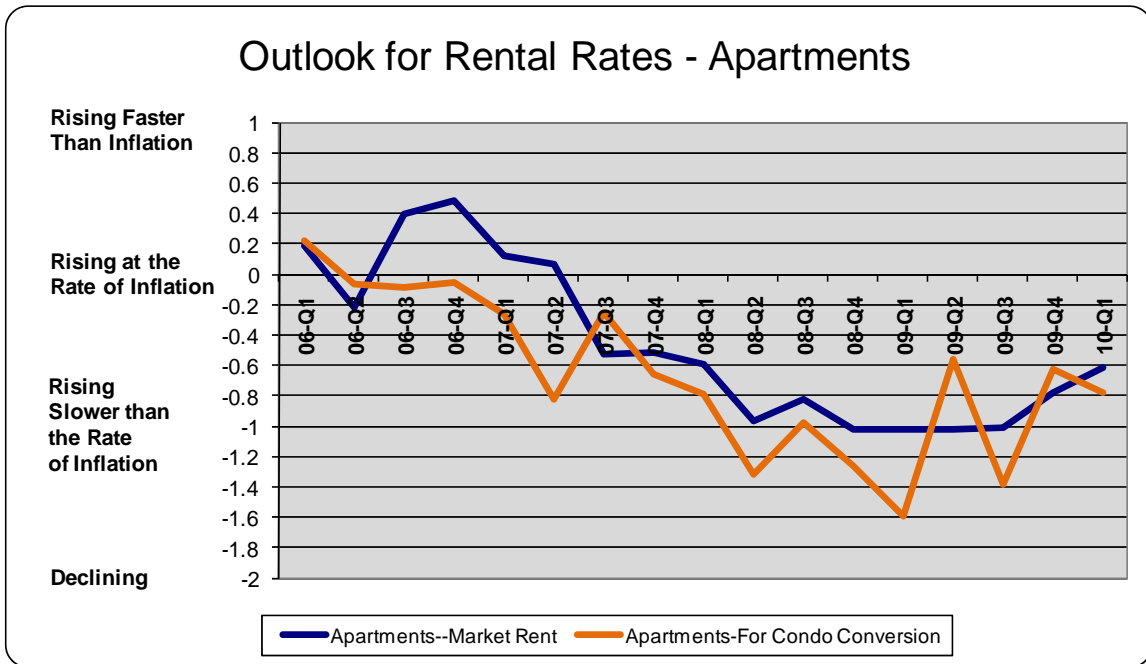
Expected Occupancy

The outlook for apartment occupancy continued its recent volatility, decreasing slightly from the previous quarter. While our respondents continue to believe that the apartment sector will be the strongest sector in the survey, unemployment in the state will weigh heavily on future expectations. Additionally, apartments will continue to compete against single family homes and condos that have converted to rentals in the depressed housing markets.



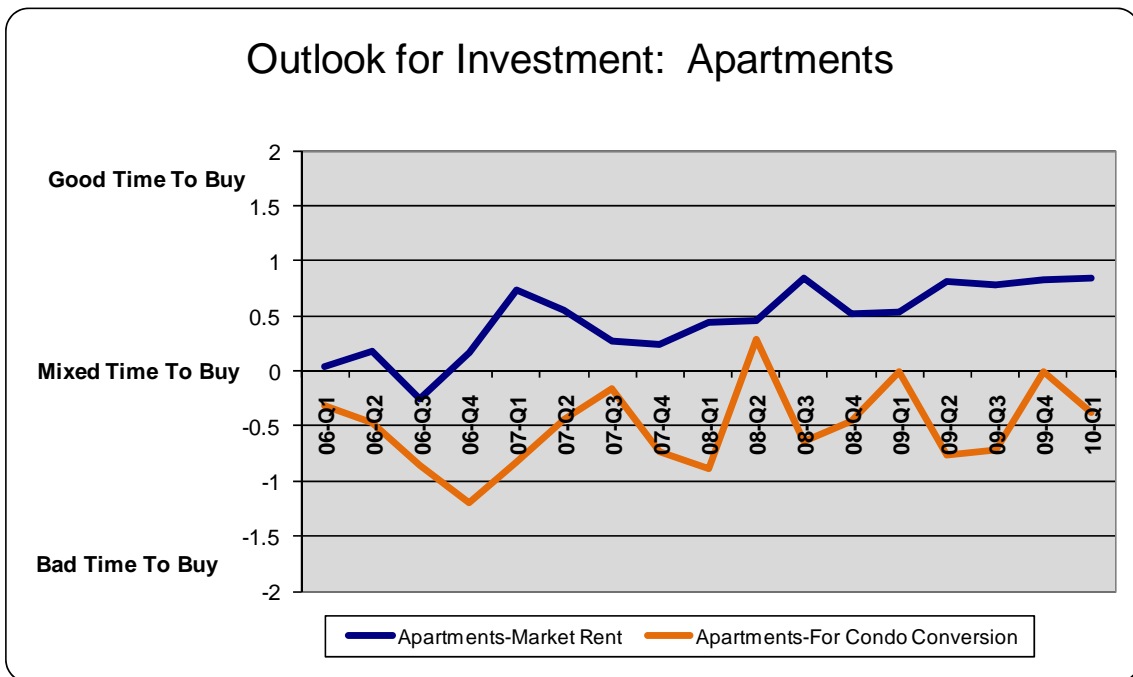
Expected Rental Rates

The outlook for rental rates of market rent apartments continues to reflect our respondents' belief that rates will increase slower than inflation, however, their optimism has increased for the second consecutive quarter that rates may start increase with inflation. Given that inflation hasn't increased much, that doesn't provide as rosy a picture as we would like, but with the shadow market of homes and condos putting downward pressure on prices any sign of an increase is a good sign.



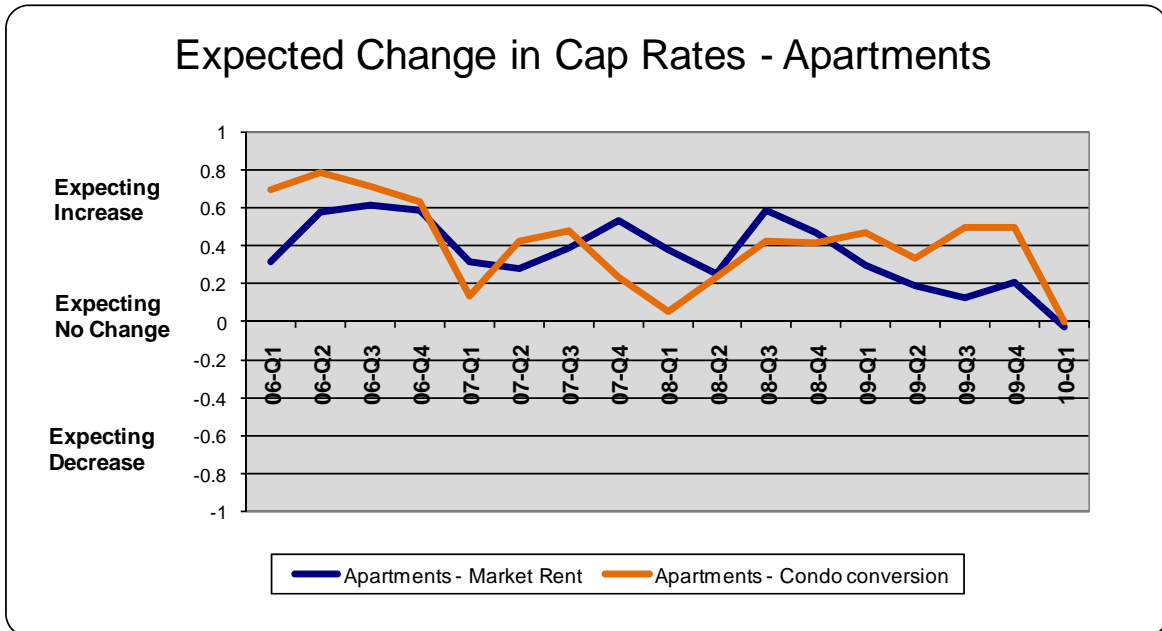
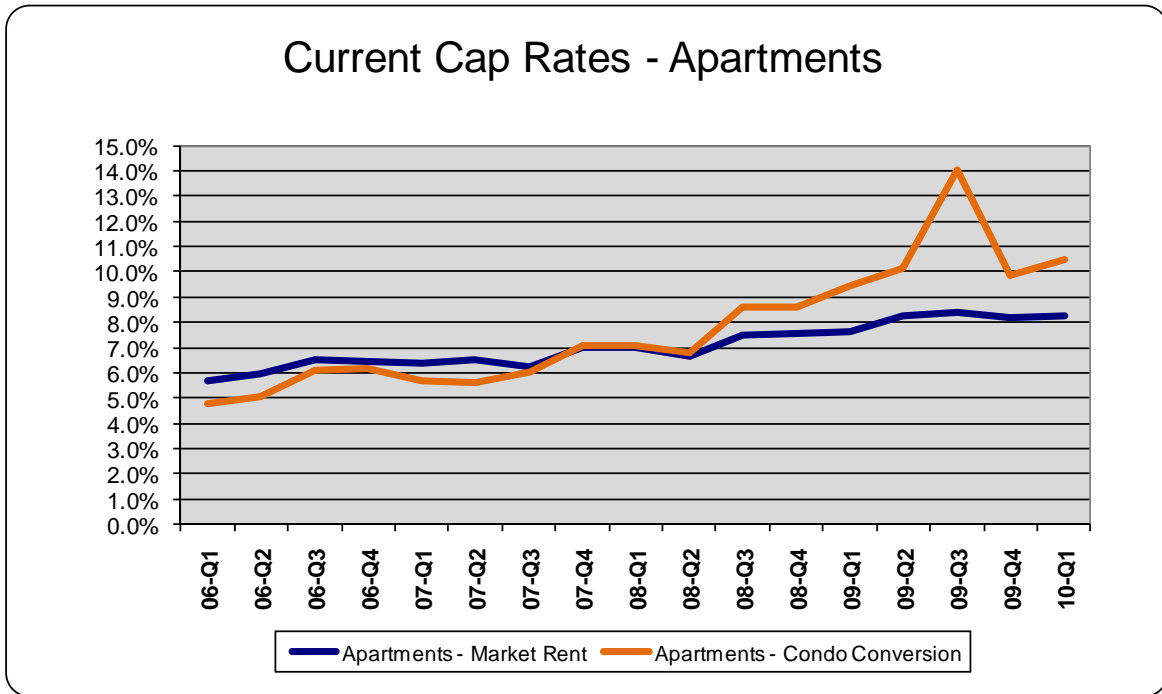
Investment Outlook

The outlook for investment in market rent apartments remained stable and positive this quarter as respondents continue to believe that this is the best asset class to invest in. Investment will continue in this sector as the financing climate is significantly better than every other property type due to support from government agencies.



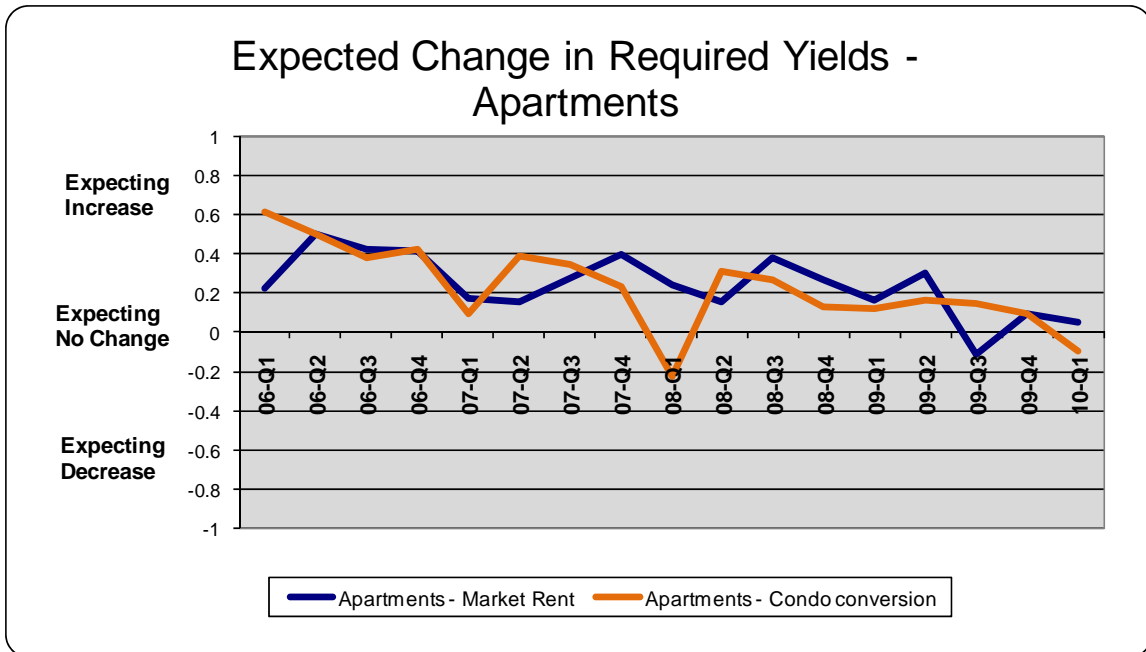
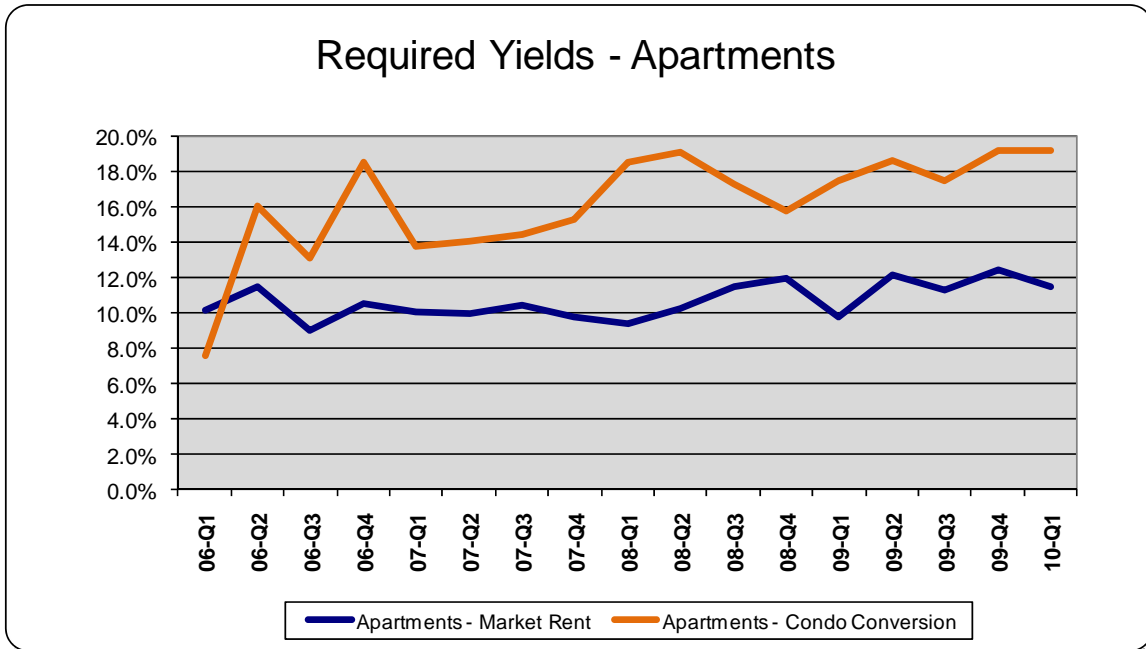
Cap Rates

Cap rates for market rent apartments stabilized this quarter at approximately 8% which confirms our respondents' belief from previous quarters that cap rates will remain stable in future quarters. Continued liquidity in this sector along with reasonable fundamentals has helped to stabilize the risk and therefore the cap rates. Expectations for future cap rates indicate that respondents believe this sector has stabilized.



Required Yields

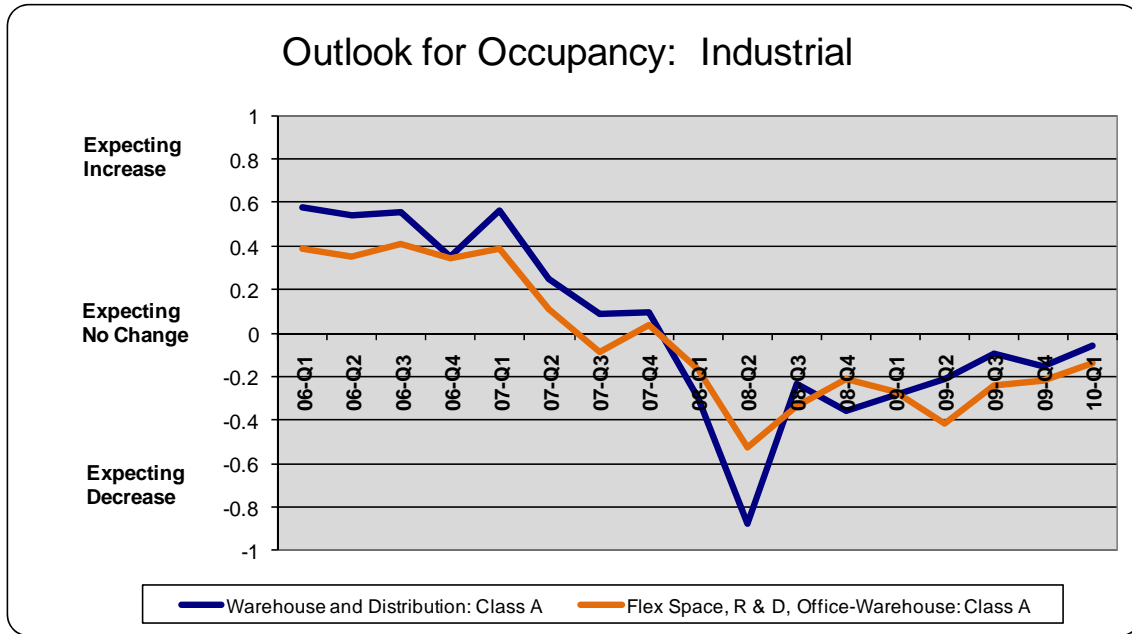
Required yields decreased this quarter for market rent apartments with respondents indicating yields below 12%. This follows the stabilization of cap rates in this sector and also is indicative of the investment competition currently going on. With the liquidity provided by GSEs and HUD along with the relatively solid fundamentals, more apartments are being transacted with competitive bidding from multiple investors, thus driving down yields. Required yields for condo conversion continue to be high this quarter. Expectations for future cap rates changed slightly for market rent apartments but remains with most expecting no change.



Section 4: Industrial

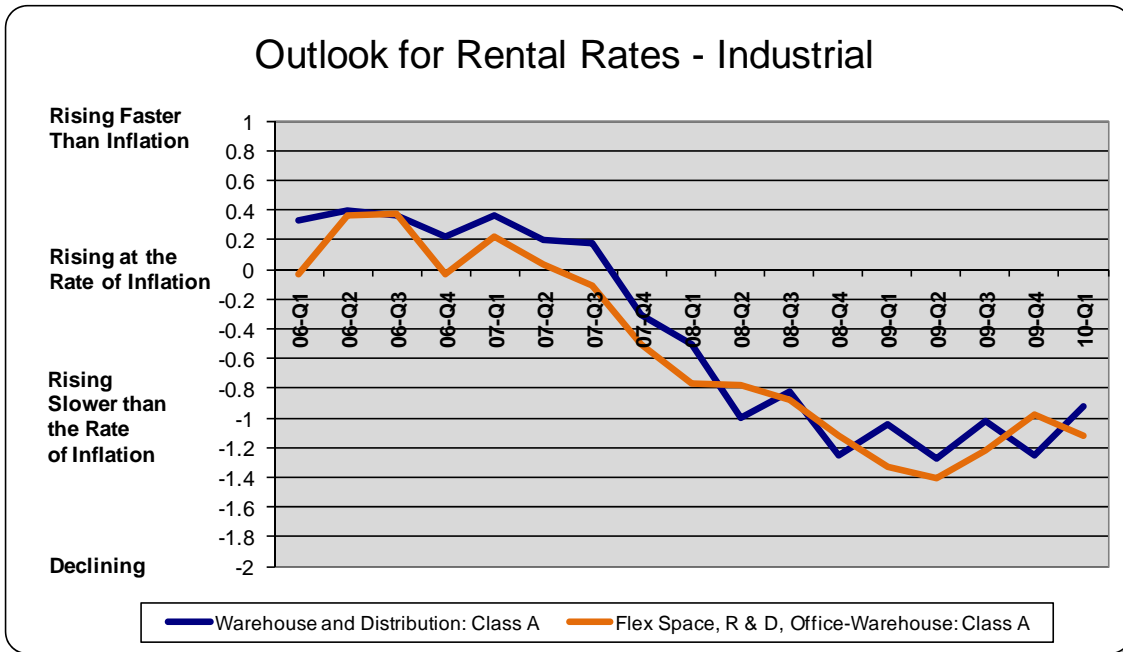
Expected Occupancy

The outlook for occupancy in both industrial segments continues a slow steady improvement with most respondents now expecting no change in future occupancy. This reflects most respondents' view that we've hit bottom in the market. While continue high unemployment will dampen any future growth, respondents believe that we may stabilize at the current levels for the foreseeable future.



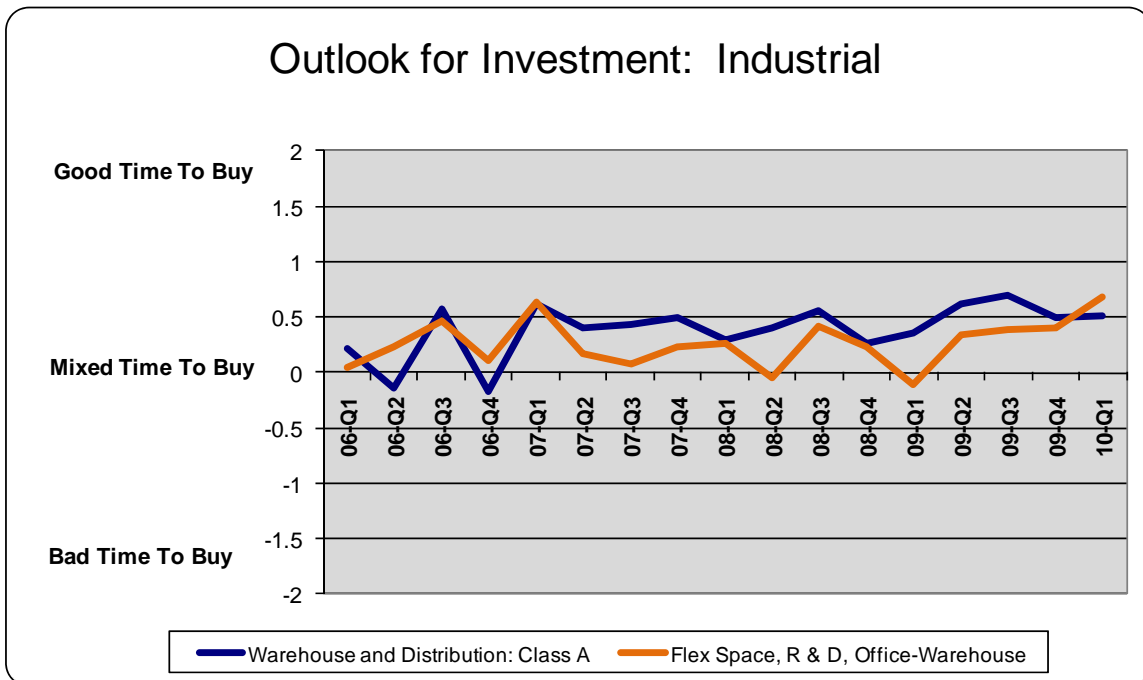
Expected Rental Rates

Expectations for rental rates continue to be volatile in this sector, however a majority of respondents believe that rental rates will remain stable lagging inflation. This may change in some markets as expansions to Ports and distribution infrastructure spur additional warehouse and distribution space.



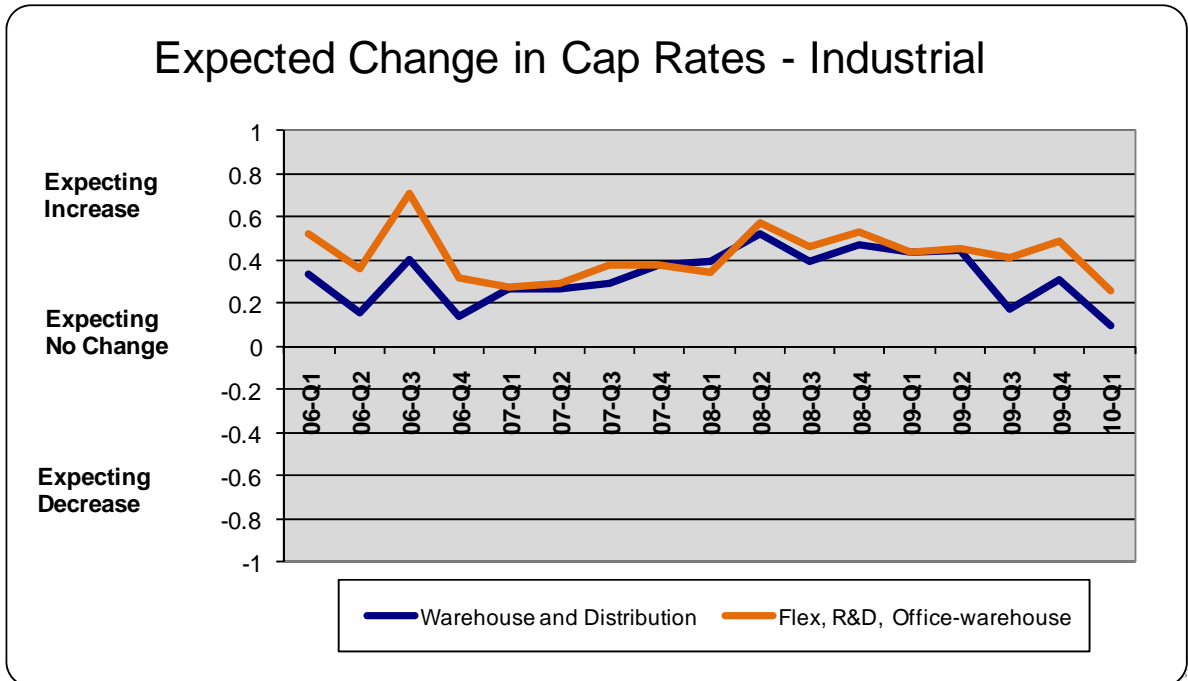
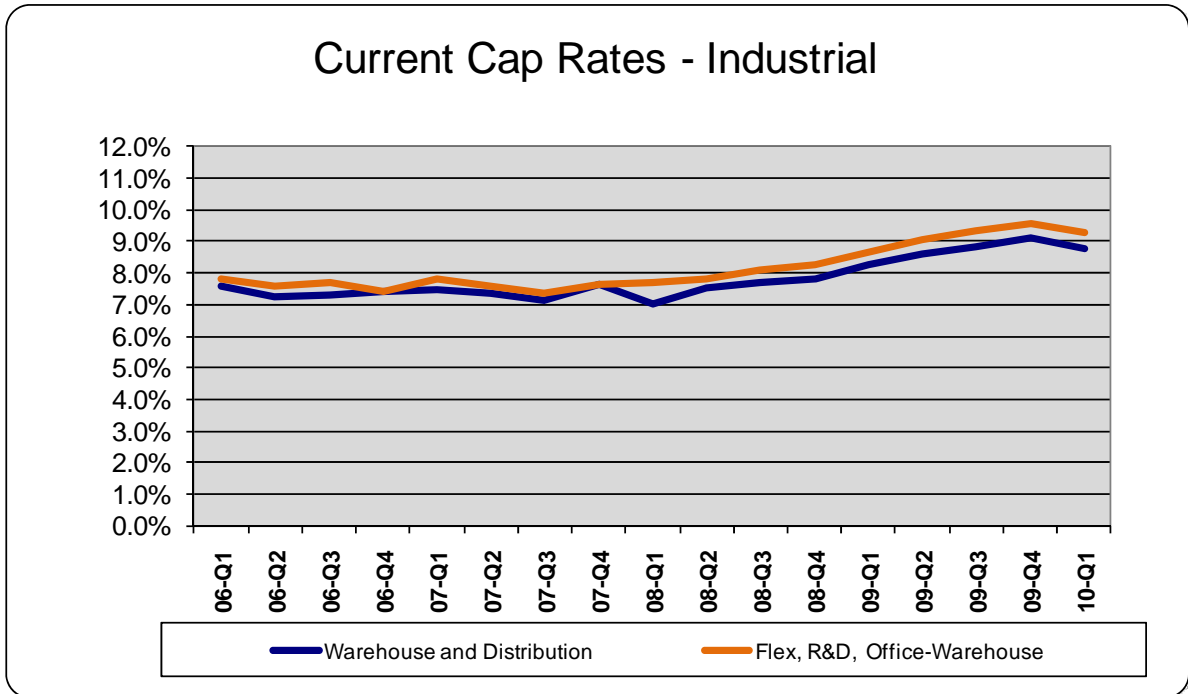
Investment Outlook

The investment outlook for both industrial categories remained mostly stable this quarter. Respondents continue to believe that it's a mixed time to buy industrial properties as pressure from unemployment and the financial markets hinder growth potentials in most markets but potential growth from expansion of Ports and the addition of a new airport put upward pressure on other markets.



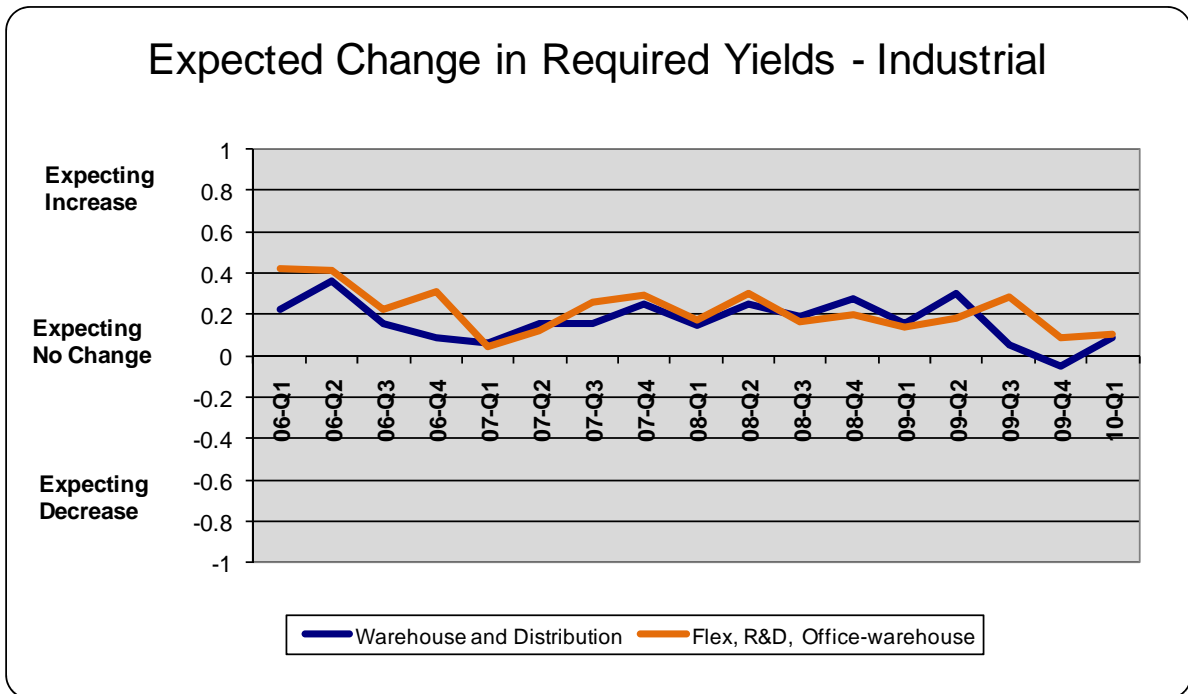
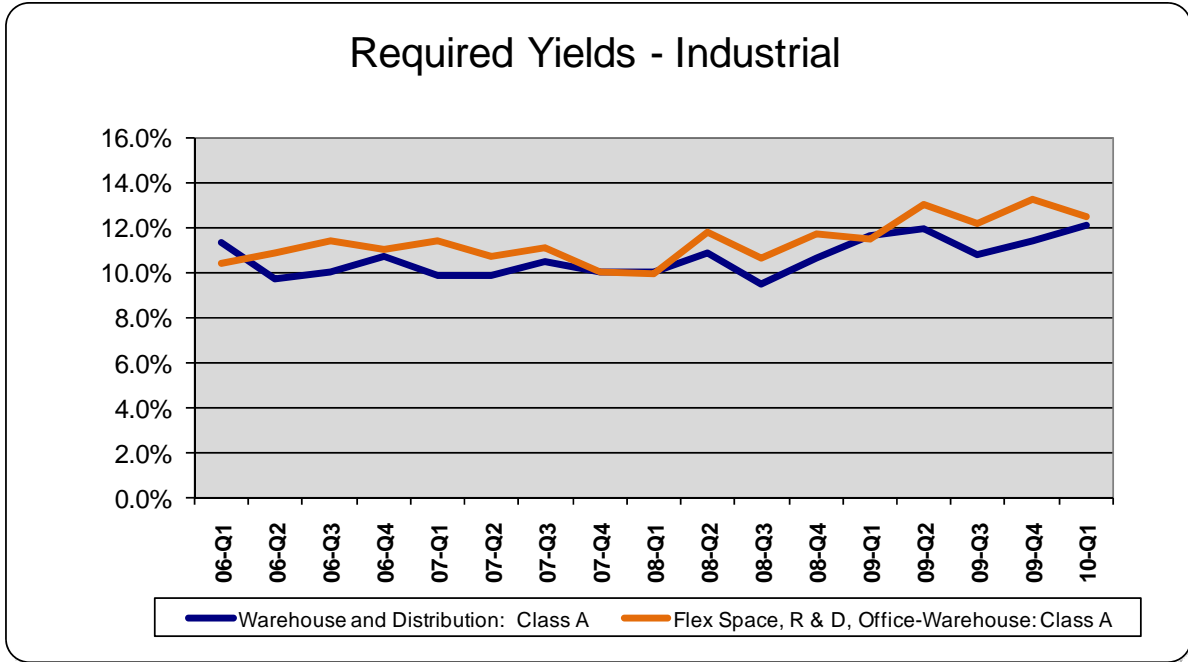
Cap Rates

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



Yields

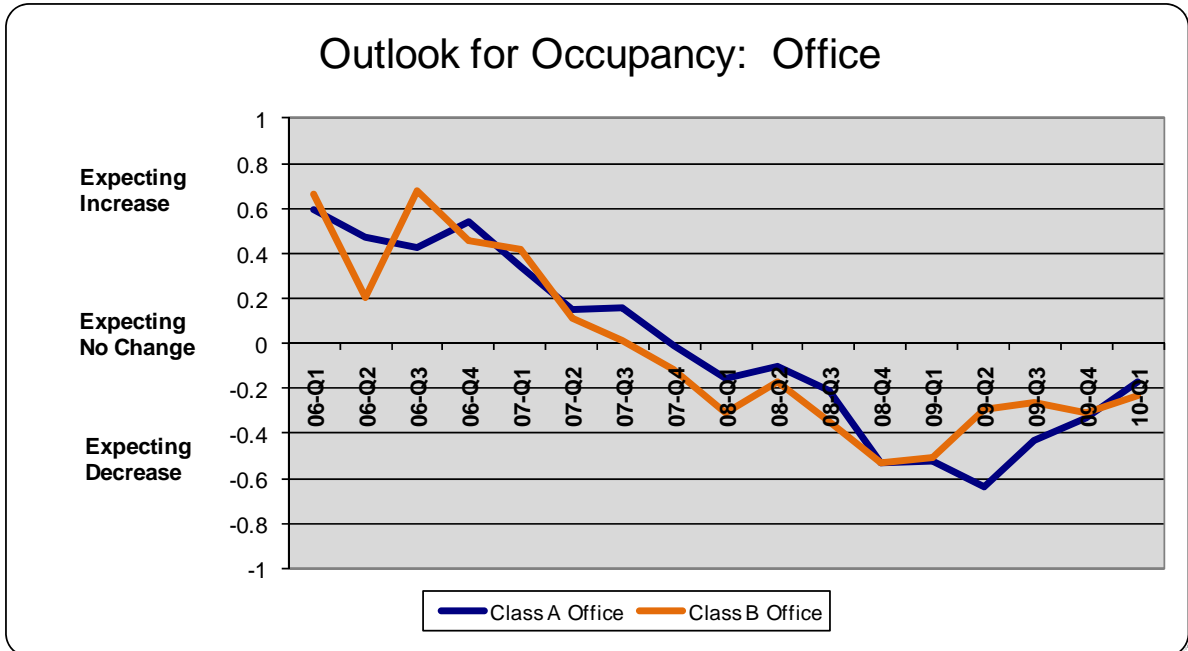
Yields in the industrial sector varied this quarter as yields for flex space declined while yields for warehouse space increased. Both are just above 12%. Expectations for future yields indicate that most respondents' believe they will remain stable.



Section 5: Office

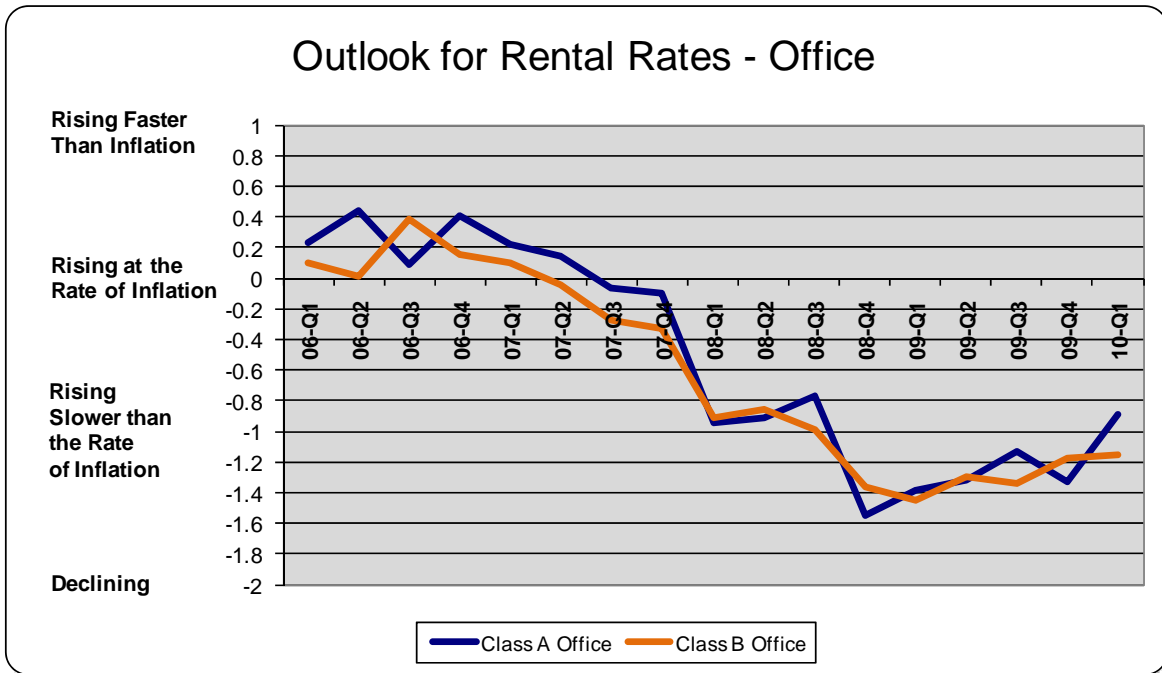
Expected Occupancy

The occupancy outlook for office space continues the general survey trend of stabilization. Our respondents' indicate that office occupancies are getting closer to stabilization albeit at very low levels. The high unemployment rate in the state has taken a dramatic toll on office occupancies and will continue to be a dark cloud on the future, but it appears there is at least a bottom. Trends over the next couple of quarters in unemployment will tell us whether this perceived stabilization will take hold.



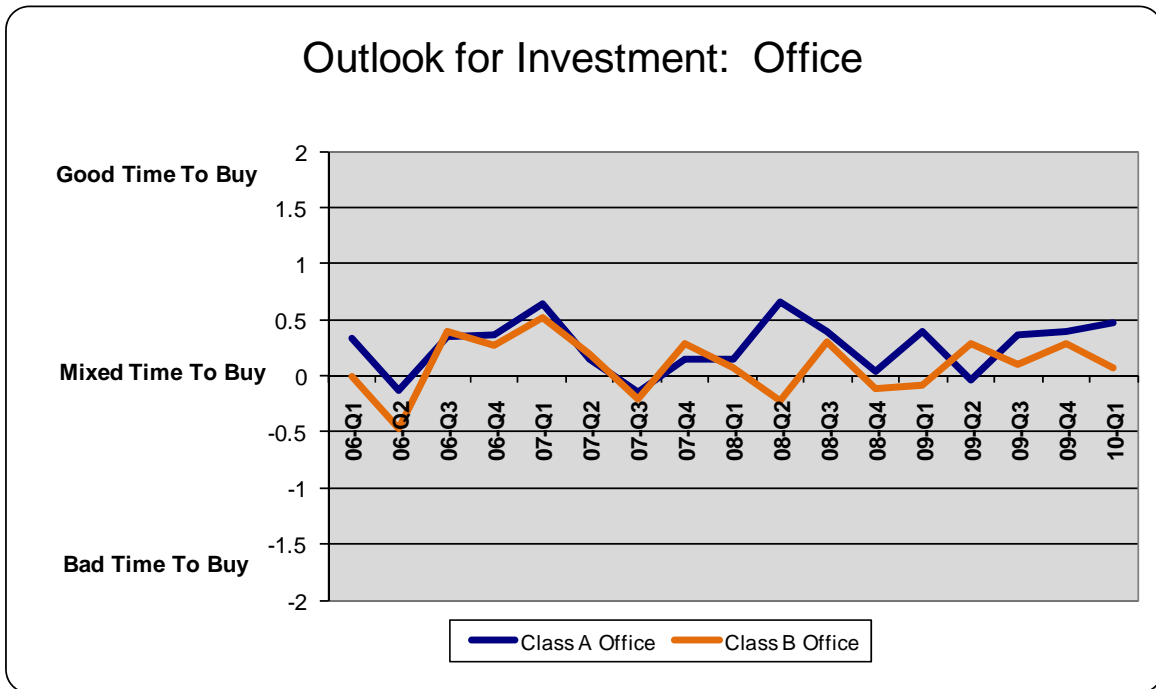
Expected Rental Rates

Even though Class A office took a sizable jump this quarter, most respondents continue to believe that rental rates will lag inflation in the near future. Rental subsidies will continue as owners try to attract the limited number of tenants to their buildings. A turn in unemployment will help, but it will take several quarters before we see any positive impact on rental rates.



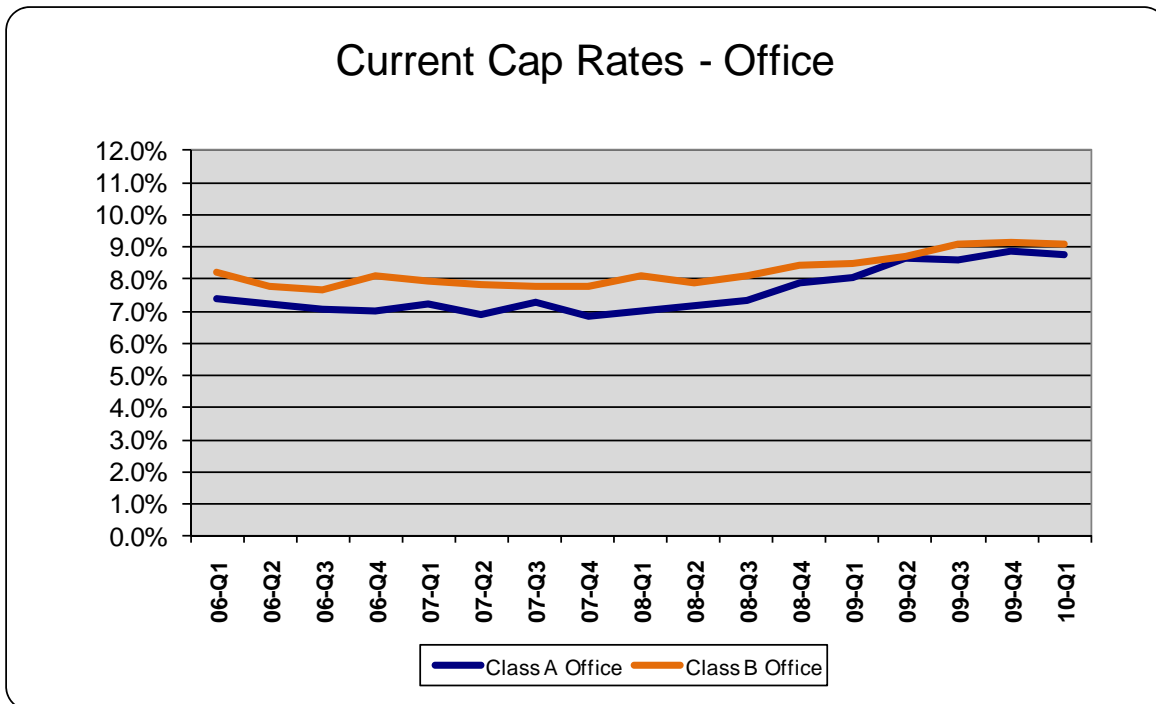
Investment Outlook

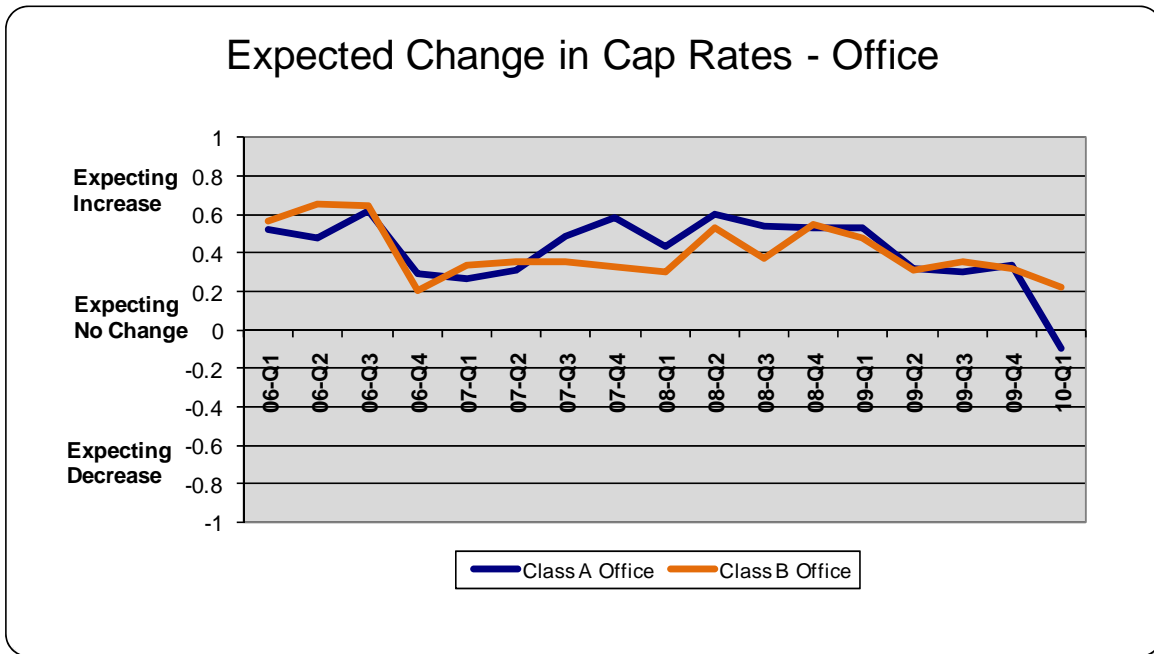
The investment outlook for office space continues to be volatile as respondents continue to believe this is a mixed time to buy. Uncertainty in employment trends in Florida is going to continue to have a dampening effect on investment outlook. Regions that are effective at producing jobs will see a better environment for investment. Will we continue to see investment in underperforming quality assets from institutions that don't need debt capital to complete the deal.



Cap Rates

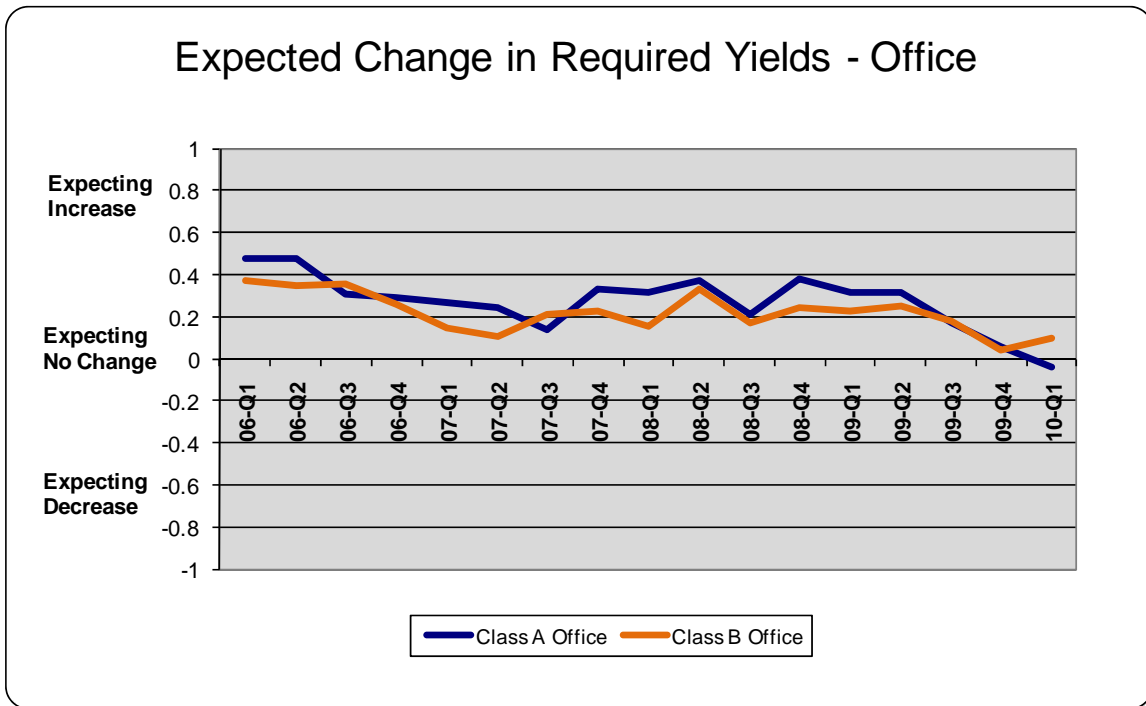
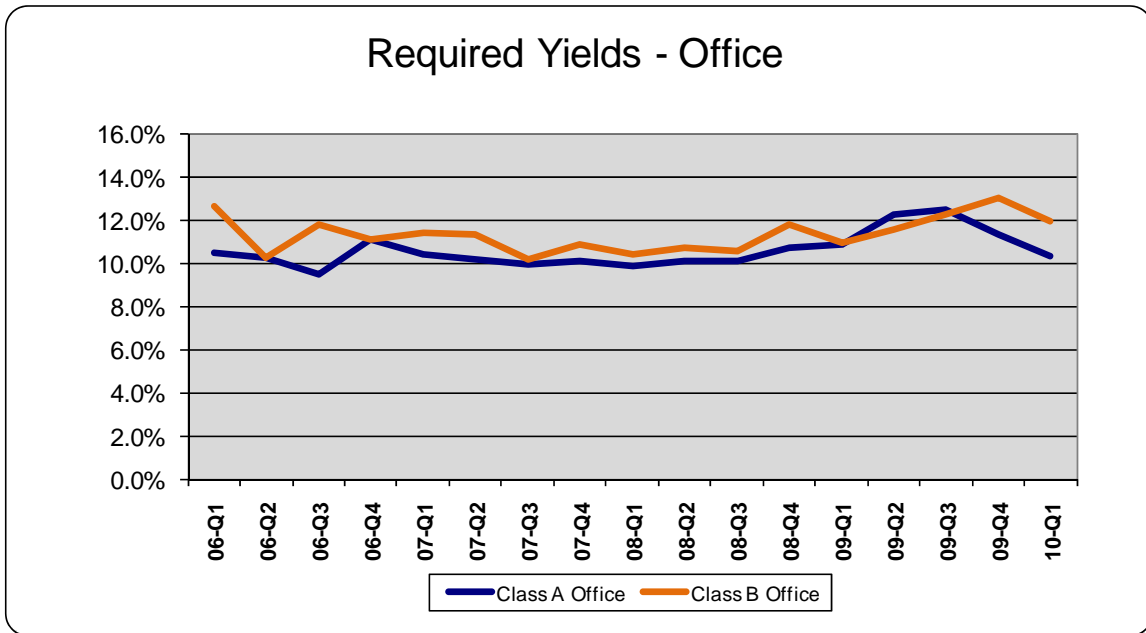
Following a common theme of this quarter’s survey, Office cap rates for have declined slightly with both Class A and B space around 9%. Expectations for future cap rates remained stable this quarter with respondents believing that cap rates will be stable over the near future.





Yields

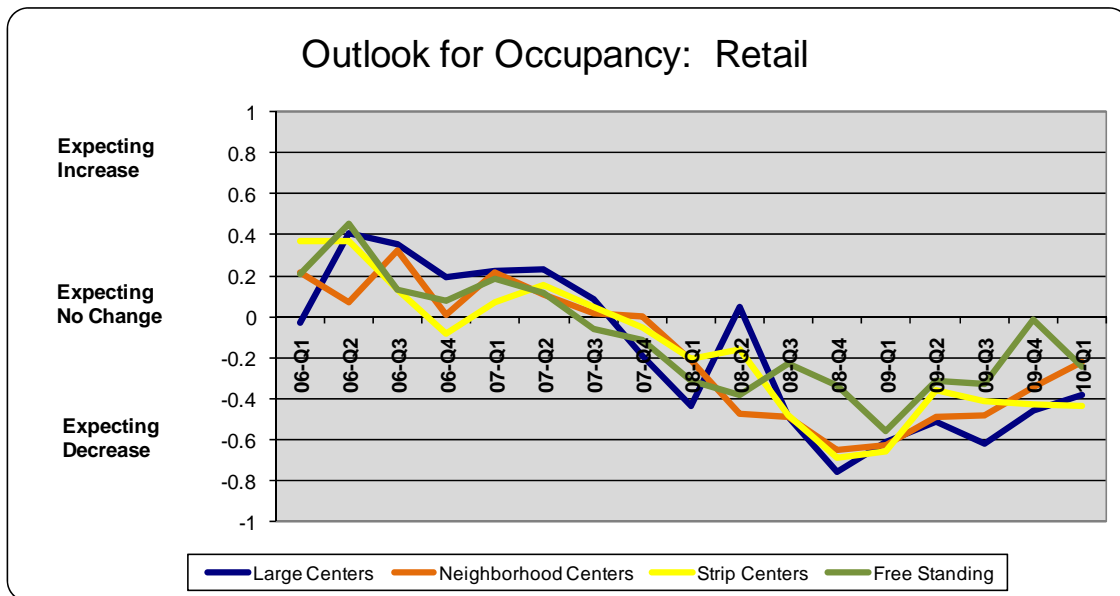
Required yields for Class A office space declined for the second consecutive quarter reaching approximately 10%. Class B also declined this quarter confirming the notion that our respondents believe the market is stabilizing. Expectations for future yield declined for the second consecutive quarter with most respondents now indicating that yield will remain unchanged in future quarters.



Section 6: Retail

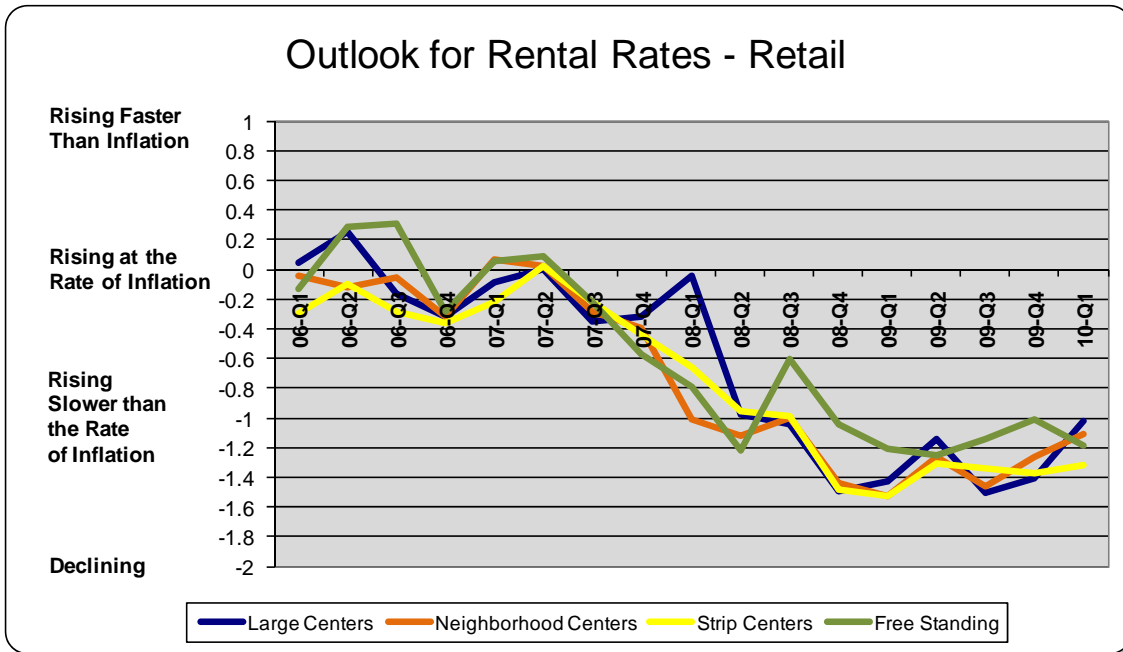
Expected Occupancy

The outlook for occupancy rates continued their generally positive trend this quarter. Free Standing retail declined this quarter and is now in line with the expectations of neighborhood centers. Strip Centers continued its slight decline over the last 3 quarters as tenants continue their flight to higher quality, anchored centers for similar or lower rental rates. This will continue in the near future as prices continue to be depressed in the retail sector. The continued upward trend in the higher quality products indicates that respondents believe we are getting closer to a bottom in the retail market. Continued high unemployment has hurt retail sales but as expectations of an employment market that is less bad provides retails at least some hope that consumers will return to spending, even if they are at lower levels than historical.



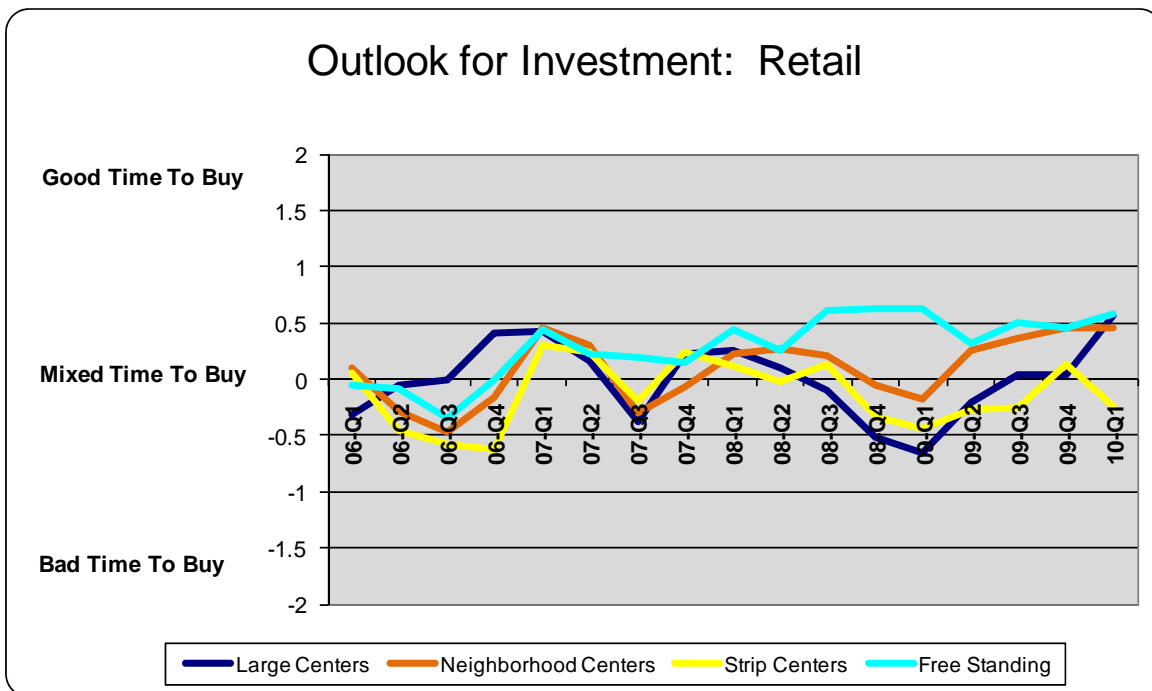
Expected Rental Rates

Rental rates will continue to lag inflation as tenants continue to shop for better quality space and consumers continue to be very conservative with their spending. While the latest Consumer Sentiment Index from the University of Michigan has rebounded slightly from the previous year it is still well below historical norms which furthers the thoughts that retail sales will be depressed in the near term.



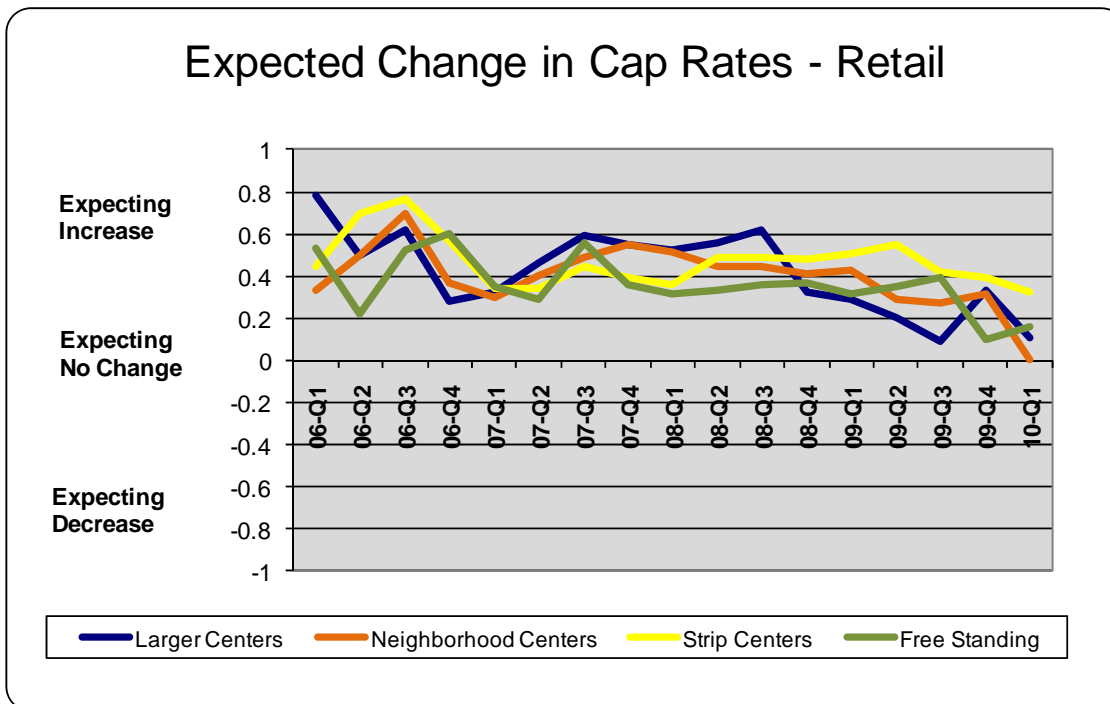
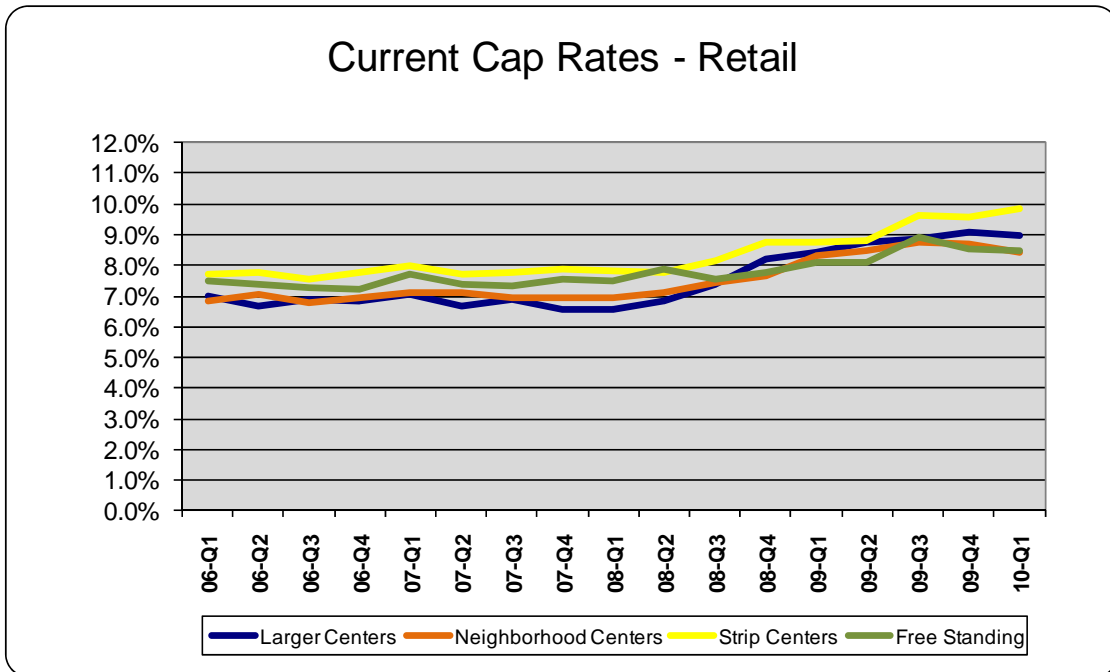
Investment Outlook

The investment outlook for retail properties continued its upward movement this quarter in all sectors but strip centers. This outlook seems to reflect the continued investment in quality retail assets by large or institutional investors as tenants move to quality space for relatively cheap rents.



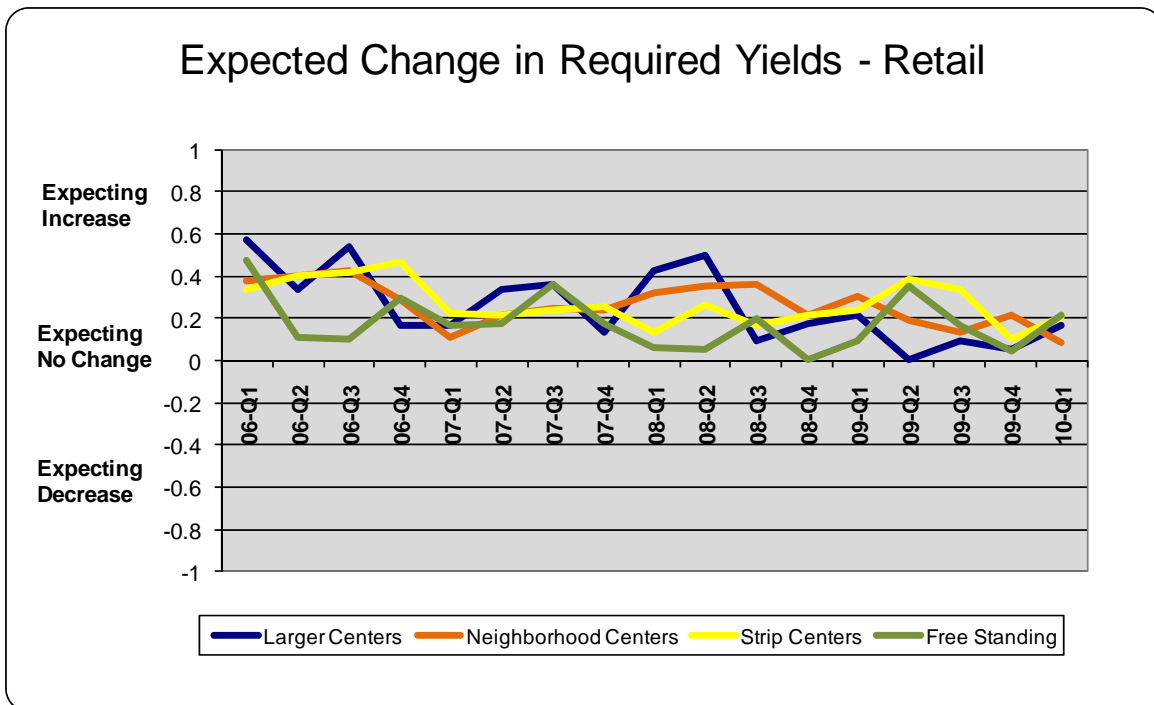
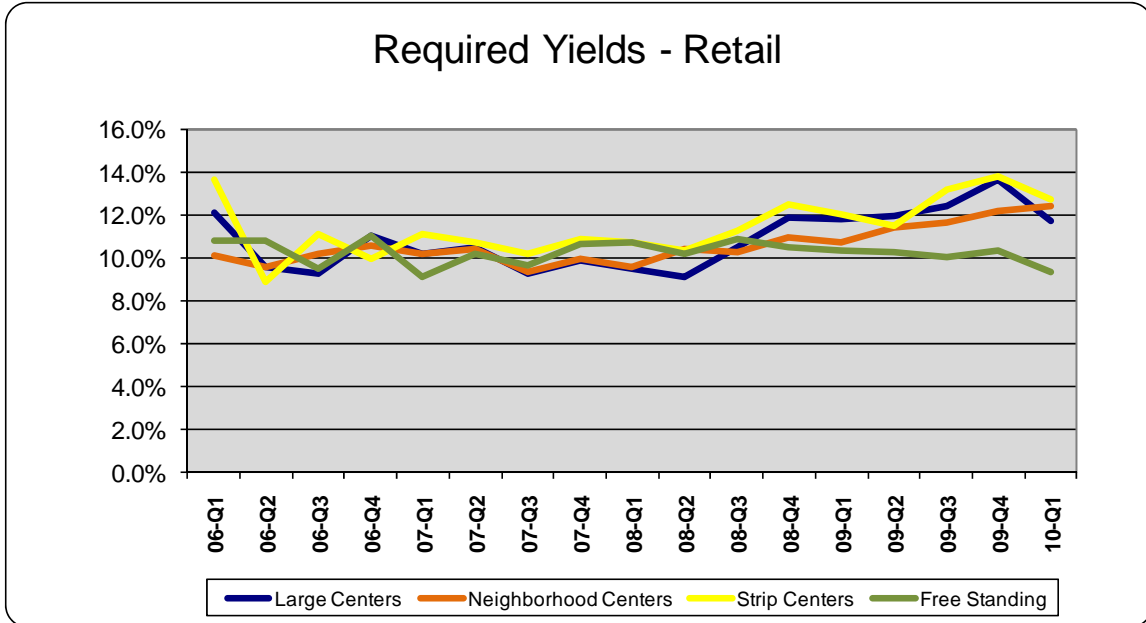
Cap Rates

Cap rates stabilized this quarter across all retail types with the exception of strip centers. This provides us another indication that our respondents see the retail sector reaching a point of stabilization. This notion is furthered by our respondents' expectations for future cap rates which have move toward no change for all retail types except strip centers.



Yields

Surprisingly required yields declined this quarter for all property types except neighborhood centers. This seems to indicate that competition for assets and a reduced risk outlook have driven required yields down. Expectations for future yields continue to be volatile but respondents believe there will be little to no change in future yields in all categories.



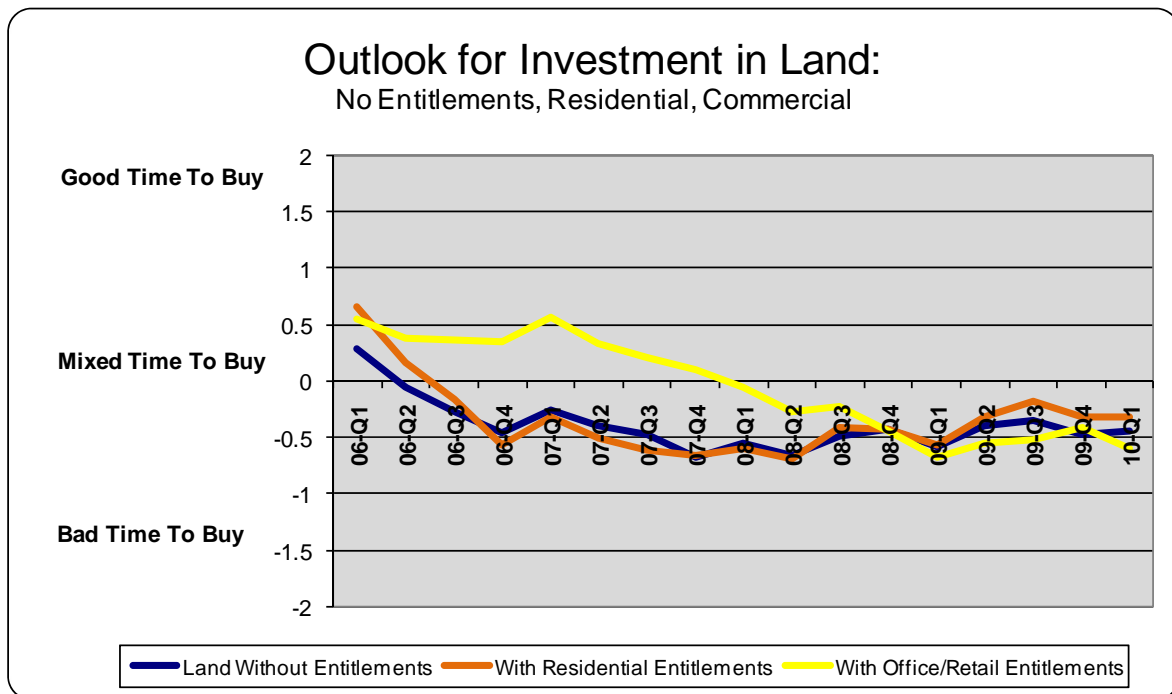
Section 7: Outlook for Investment in Undeveloped Land

Land Without Entitlements or with Residential Entitlements

The outlook for investment in land without entitlements or with residential entitlements continues to be mixed to negative. More respondents indicated that there is little value in entitlements currently because of the large number of developed lots on the market. Additionally, the coming vote on Amendment 4 to the state constitution provides respondents with little confidence in investment in un-entitled land. Passage of amendment 4 would clearly depress land prices further. If you have any belief that the amendment will pass, you won't invest in this land. What is somewhat surprising is that more respondents don't believe that it is a good time to invest in entitled land of any kind. Clearly if amendment 4 passes the immediate value of that property will increase potentially netting a positive gain to the investor. According to our respondents, the lack of development financing and the ability to acquire built assets for less than replacements cost is an overriding factor to the passage of amendment 4.

Land with Office or Retail Entitlements

The outlook for investment in land with office or retail entitlements continues to be mixed to negative. As we described above, the thought that amendment 4 might pass in November would instantly increase the value of entitled land. Given that the respondent's don't believe that is such, land values must still be higher than reasonable even in the face of amendment 4.



Land with Hospitality Entitlements

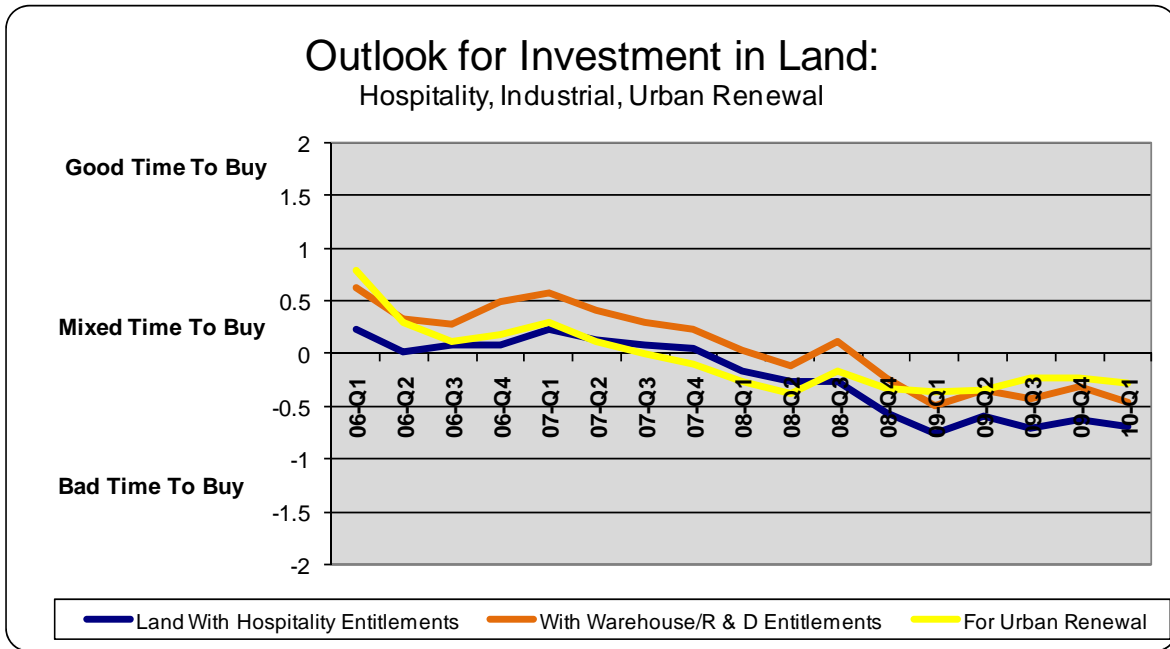
The investment outlook for land with hospitality entitlements continues to be mixed to negative. Development of any kind is hindered by lack of financing, the ability to by existing cash flow for less than replacement costs and a poor tourism market.

Land with Entitlements for Warehouse or R & D

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

Land for Urban Renewal

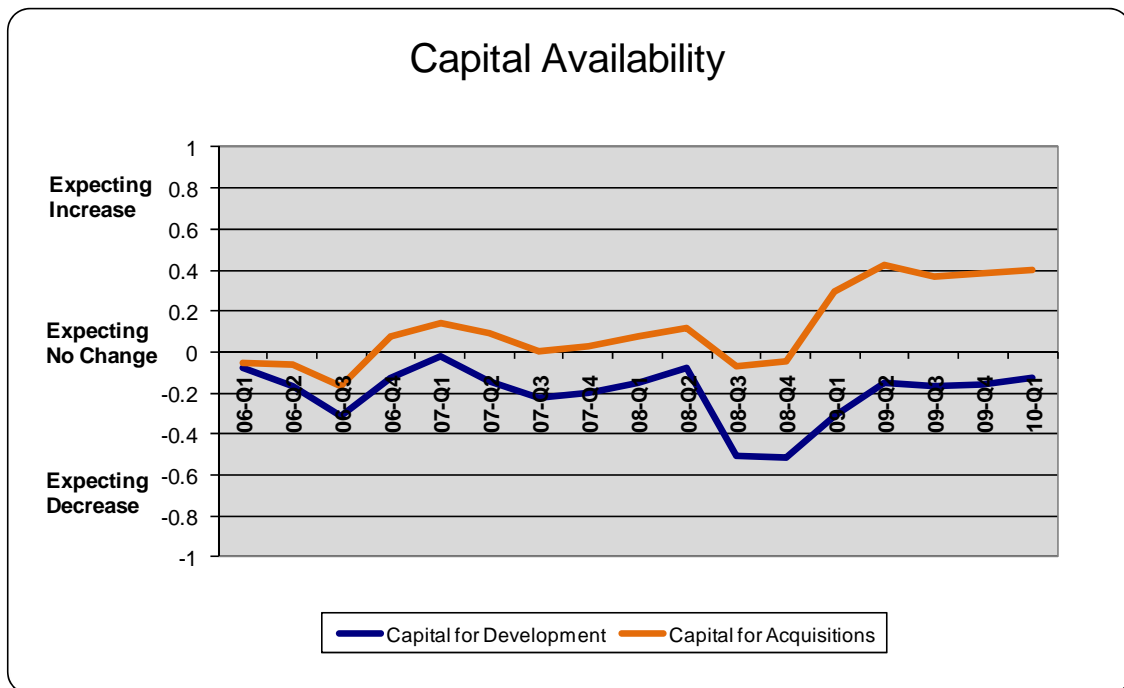
The outlook for investment in urban renewal remains mixed to negative.



Section 8: Business and Capital Availability Outlook

Capital Availability

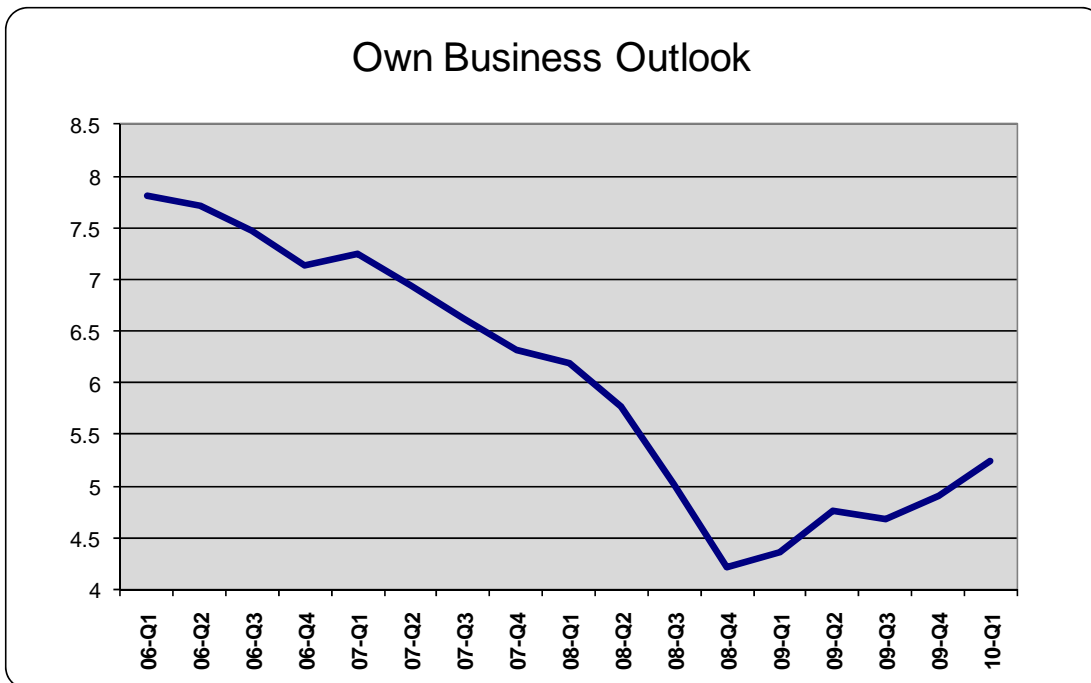
The outlook for capital available for acquisitions increased slightly this quarter and remains near survey highs. Respondents continue to tell us that private capital, both domestic and foreign, is actively looking for investment opportunities in the state. While there continues to be a lack of quality deals to go after, our respondents indicate that banks are slowing starting to work out their troubled assets as their financials improve and the regulators start pushing them to address their problems. This will allow that private capital to start the investment process and may drive prices higher and cap rates lower as competition becomes fierce for those deals. Additionally, our respondents indicate that life insurance companies have started to increase their funding in Florida for quality deals. The requirements to fund continue to be conservative but are slowing becoming more attractive. Some respondents indicate that community banks, either newly formed or well positioned are the primary sources of debt capital for most deals. Large commercial lenders will continue to be very conservative in lending as regulators scrutinize their portfolios and discourage any more investment in the real estate markets. Until fundamentals start improving and the economic outlook for Florida improves, that trend will continue. There will also continue to be large numbers of bank failures in the state that will exacerbate the problem in the near term.

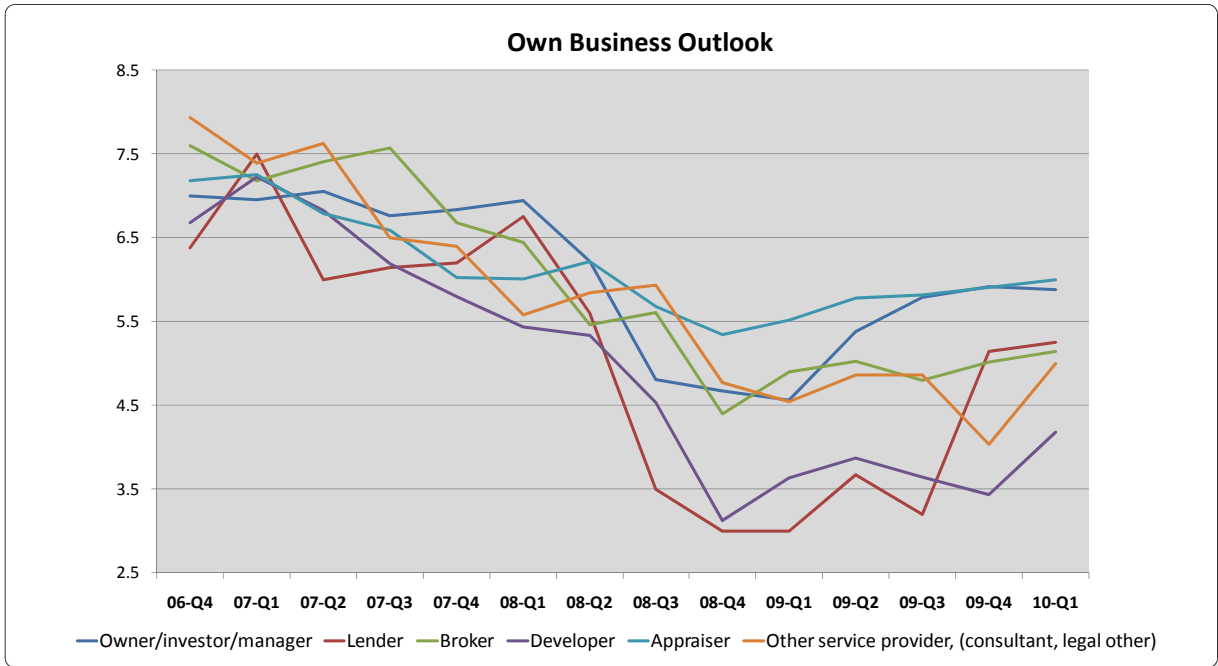


Outlook of Own Business

You will notice a few changes this quarter in how we report on our respondents own business outlook. First, we've added a graph that breaks out the responses by business type. As you can see it provides a very interesting picture of this question. In addition, we changed how we calculate the single state wide metric in the graph below going from a weighted average to a simple average of the various business types. We implemented the change in the calculation to eliminate the bias of the larger number of appraisers in our survey. You will see that the absolute value of the index changed but the trend remained the same.

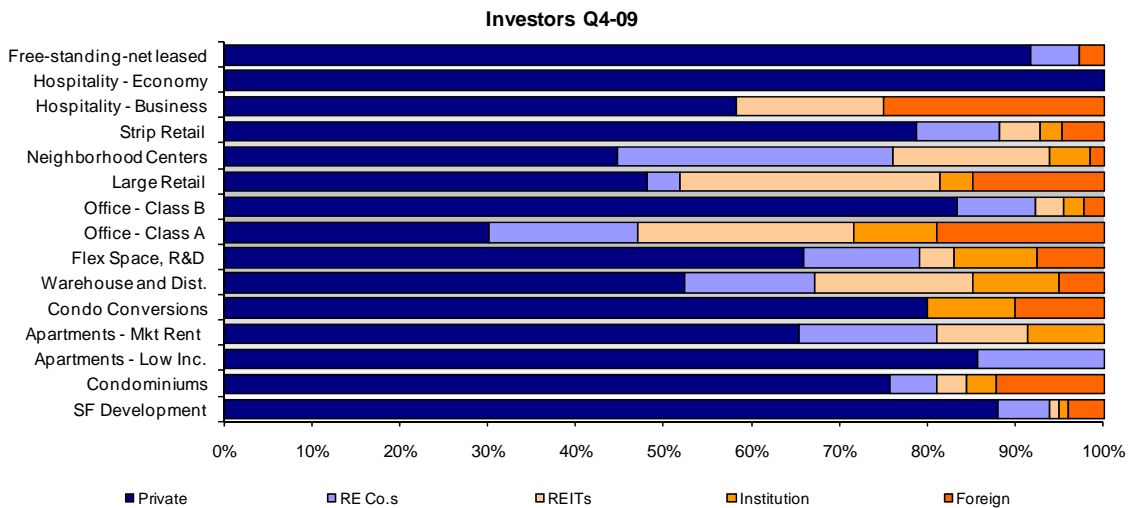
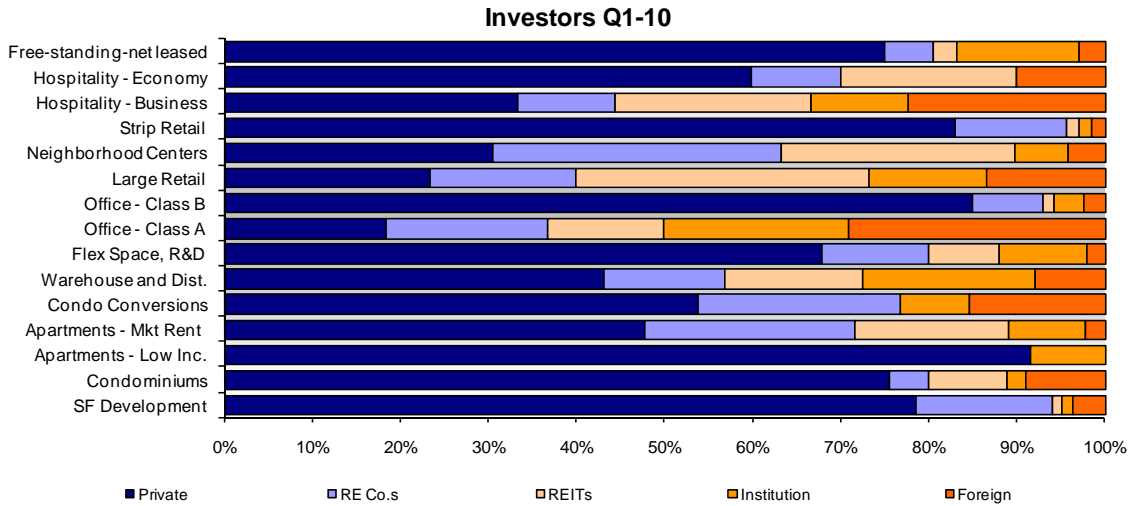
The positive trend in own business outlook continues this quarter. You will notice in the second graph that the continued optimism is driven by large jumps in the development, lender and consultant professionals. This clearly provides evidence that our respondents believe that we have bottomed and may even be on the long road to recovery. Most respondents tell us that traffic has increased throughout all sectors, more private capital is looking to invest and deals are starting to get done. This stabilization of the real estate market is boosting optimism that the economy in general will start to turn for the better in Florida. It is clear however, that our respondents' believe it will be a long road to recovery with several indicating that the "market won't get any worse, it will just get less bad." This is certainly not overwhelming enthusiasm but it does represent a marked shift from last few years. What is also encouraging is the large jump in expectations from our lender professionals. With capital constraints as one of the main constraints to growth, a feeling of optimism on the part of lenders concerning their business provides hope that we are in fact moving in the right direction.





Section 9: Dominant Investors

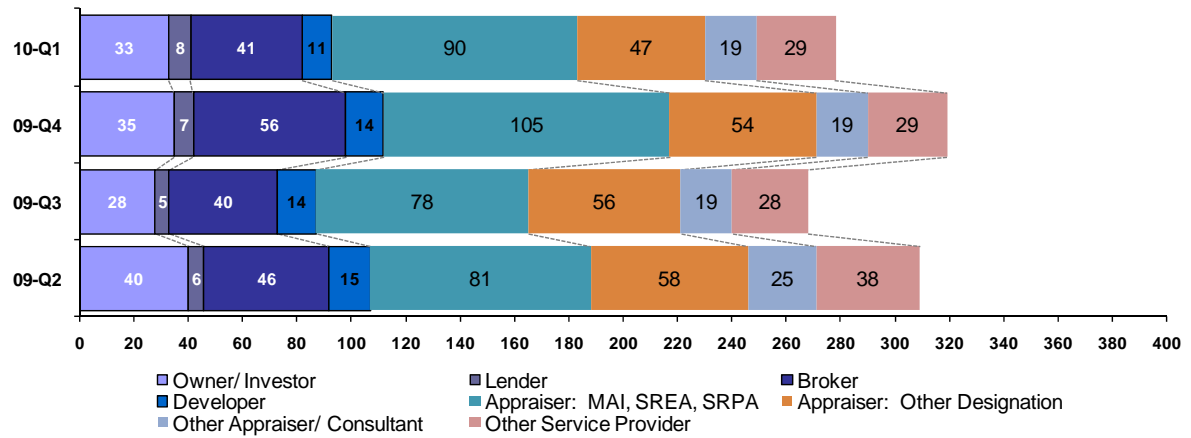
Respondents were asked to indicate which of five investor groups they perceived to be the most active for each type of property they analyze. Not surprisingly, private investors continue to remain dominant in almost every category. However, there is a shift in some categories as foreign and institution capital returns to the state. You will notice a shift in several property types including Class A office, Free Standing Retail, and Warehouse properties.



Section 10: Characteristics of Survey Respondents

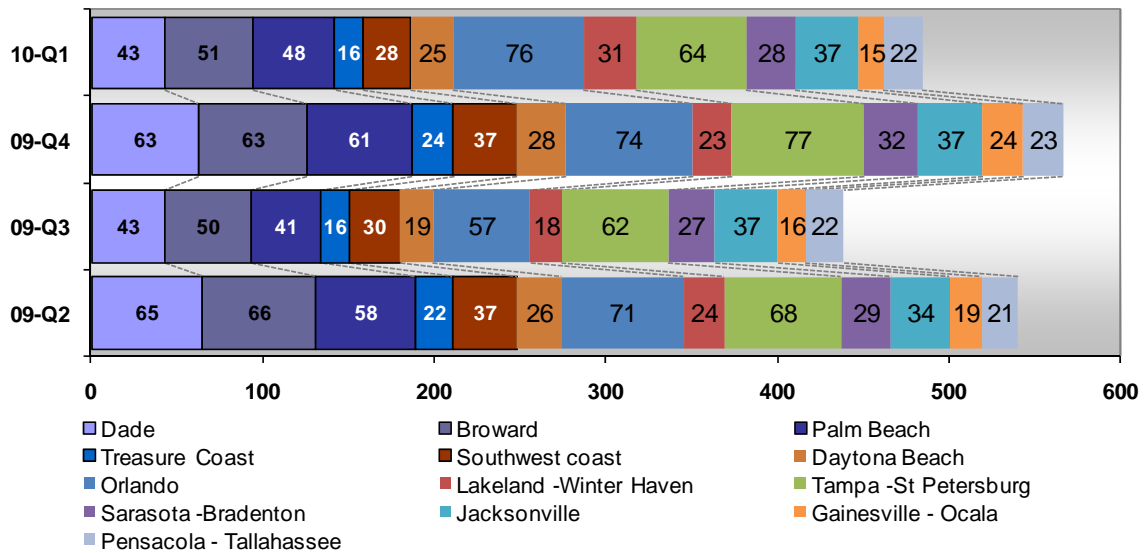
Survey responses decreased this quarter to 278 respondents. Approximately 56 percent of the respondents reported being an appraiser; well over half with designations of MAI, SREA or SRPA. The next largest groups were brokers and owners/investors.

Profession of Respondents



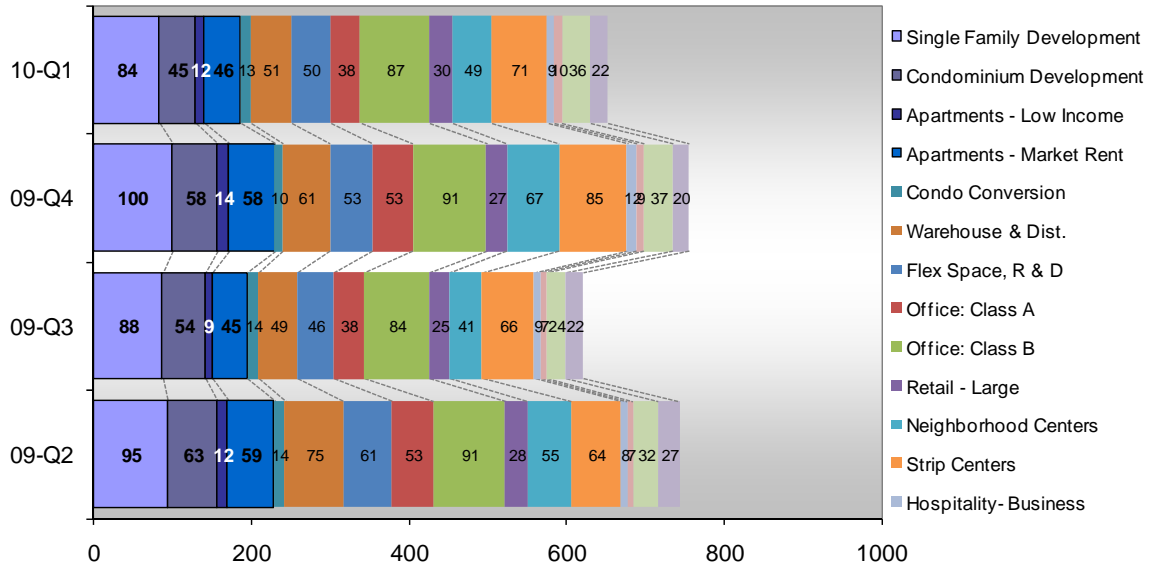
Markets of Familiarity

Each respondent was asked to select up to four regional markets with which they are familiar. In the latest survey, these choices accumulated to 484 observations. The highest number of responses was for the Orlando market, which had 76 representatives. The lowest respondent support came from Pensacola-Tallahassee with 15.



Property types of Familiarity

Each respondent was asked to select up to three property types with which they were familiar. Altogether, 653 selections were made in the latest survey round. Single family development was selected by 84 respondents while condominium development was selected by 45. Eight property types were selected by at least 40 respondents.



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

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

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

Florida	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighbor-hood Centers	Strip Centers	Hospitality Business	Hospitality Economy	Free Standing
Cap Rates												
Q1-10												
Cap Rate	8.3%	10.5%	8.8%	9.3%	8.8%	9.1%	9.0%	8.4%	9.9%	10.4%	11.9%	8.5%
Percent Expecting Rise	19.5%	16.7%	28.6%	40.4%	16.7%	31.6%	27.8%	19.0%	38.5%	33.3%	40.0%	22.6%
Percent Expecting Fall	22.0%	16.7%	19.0%	14.9%	26.7%	9.2%	16.7%	19.0%	6.2%	33.3%	0.0%	6.5%
Q4-09												
Cap Rate	8.2%	9.8%	9.1%	9.5%	8.9%	9.1%	9.1%	8.7%	9.6%	9.8%	10.6%	8.5%
Percent Expecting Rise	32.7%	50.0%	35.6%	51.0%	48.7%	37.6%	42.9%	38.6%	44.4%	54.5%	44.4%	19.4%
Percent Expecting Fall	12.2%	0.0%	4.4%	2.0%	15.4%	5.9%	9.5%	7.0%	4.9%	18.2%	0.0%	9.7%
Q3-09												
Cap Rate	8.4%	14.1%	8.8%	9.3%	8.6%	9.1%	8.9%	8.7%	9.7%	10.1%	10.4%	8.9%
Percent Expecting Rise	28.2%	57.1%	27.5%	47.7%	36.7%	41.6%	31.8%	40.0%	48.4%	50.0%	100.0%	43.5%
Percent Expecting Fall	15.4%	7.1%	10.0%	6.8%	6.7%	6.5%	22.7%	12.5%	6.5%	0.0%	0.0%	4.3%
Q2-09												
Cap Rate	8.2%	10.2%	8.6%	9.0%	8.6%	8.7%	8.7%	8.5%	8.8%	8.4%	9.5%	8.1%
Percent Expecting Rise	33.3%	33.3%	51.8%	58.3%	51.2%	37.5%	40.0%	47.6%	56.4%	42.9%	66.7%	50.0%
Percent Expecting Fall	14.6%	0.0%	7.1%	12.5%	19.5%	6.3%	20.0%	19.0%	1.8%	14.3%	0.0%	15.4%
Yields												
Q1-10												
Yield	11.5%	19.2%	12.1%	12.5%	10.4%	12.0%	11.7%	12.5%	12.7%	14.5%	13.5%	9.4%
Percent Expecting Rise	17.9%	10.0%	25.0%	30.8%	19.2%	23.4%	22.2%	17.1%	29.8%	14.3%	28.6%	26.1%
Percent Expecting Fall	12.8%	20.0%	16.7%	20.5%	23.1%	14.1%	5.6%	8.6%	8.8%	42.9%	0.0%	4.3%
Q4-09												
Yield	12.5%	19.2%	11.4%	13.3%	11.4%	13.1%	13.7%	12.2%	13.8%	15.8%	13.3%	10.3%
Percent Expecting Rise	20.5%	18.2%	14.6%	23.4%	26.3%	19.2%	20.0%	31.4%	23.2%	36.4%	33.3%	12.5%
Percent Expecting Fall	11.4%	9.1%	19.5%	14.9%	21.1%	15.1%	15.0%	9.8%	13.0%	9.1%	0.0%	8.3%
Q3-09												
Yield	11.3%	17.4%	10.8%	12.2%	12.5%	12.3%	12.5%	11.6%	13.2%	14.3%	14.8%	10.1%
Percent Expecting Rise	8.3%	35.7%	19.4%	38.5%	27.6%	29.2%	28.6%	26.3%	35.1%	28.6%	60.0%	25.0%
Percent Expecting Fall	19.4%	21.4%	13.9%	10.3%	10.3%	11.1%	19.0%	13.2%	1.8%	0.0%	0.0%	8.3%
Q2-09												
Yield	12.2%	18.6%	12.0%	13.1%	12.3%	11.6%	11.9%	11.4%	11.5%	11.7%	13.7%	10.3%
Percent Expecting Rise	34.9%	16.7%	41.3%	38.5%	40.0%	31.7%	23.1%	37.8%	45.5%	57.1%	50.0%	47.1%
Percent Expecting Fall	4.7%	0.0%	10.9%	20.5%	8.6%	6.3%	23.1%	18.9%	6.8%	0.0%	0.0%	11.8%

Section 12: Local Markets

Dade County

- Cap rates in Dade County, on average, are lower than the state mean (0.60 percentage points) and range from 7.7% (**Apartments – Market Rental**) to 11.4% (**Apartments – Condo Conversion**).
- Over the past quarter, cap rates have decreased across most property types with **Office: Class A** (-0.44 percentage points) and **Neighborhood Retail** (-0.34 percentage points) representing the largest decreases.
- Cap rates are expected to remain stable over the next quarter for most property types. Respondents' expect **Warehouse and Flex Space** cap rates to decline.
- Required yields for Dade County (12.68%) are, on average, slightly higher than the state mean (12.66%).
- Required yields in Dade County have decreased, on average, over the last quarter from 12.76% to 12.68%.
- The largest shifts in required yields occurred in **Condo Conversion** (-1.24% change) and **Office: Class B** (-1.23% change).
- The investment outlook is mixed across property types. The most positive outlook occurs for **Apartments-Market Rent** while the most negative outlook occurs for **Condo Conversion**.
- The outlook for **Land Development** appears to be mixed to negative for all property types with the outlook becoming more negative in each type from last semester.
- Future occupancy rates in Dade County are expected to remain neutral over most property types with **Flex Space** and **Strip Centers** showing the strongest indication for occupancy decreases.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types.
- Future absorption rates are expected to be higher for **Single Family and Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family and Condominium Development**.

Table 2a

Dade County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R & Office: A	Class Office:	Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q1-10												
Value	7.7	11.4	8.9	8.9	8.3	8.7	8.6	8.0	9.4	8.1		
Percent Expecting Rise	8%	33%			17%	29%		11%	29%			
Percent Expecting Fall	33%	17%	50%	50%	33%	14%	25%	11%	14%			
Q4-09												
Value	7.7	9.6	8.7	9.3	8.7	8.9	8.7	8.4	9.3	8.1		
Percent Expecting Rise	30%	100%	25%	63%	78%	46%	25%	29%	53%	17%		
Percent Expecting Fall			8%									
Q3-09												
Value	7.9	15.9	8.4	9.0	8.4	8.7	8.5	8.6	9.4			
Percent Expecting Rise	43%	75%		29%	38%	33%	57%	50%	67%			
Percent Expecting Fall				14%		17%	14%	13%				
Yields												
Q1-10												
Value	11.5	17.8	13.2	13.2	10.4	12.1	12.5	12.7	13.6	9.8		
Percent Expecting Rise	25%	25%			33%	17%		13%	50%			
Percent Expecting Fall	25%	25%			17%	33%	25%					
Q4-09												
Value	12.0	19.1	10.5	13.0	10.8	13.3	13.4	12.0	13.7	9.7		
Percent Expecting Rise	10%	67%	8%	25%	44%	18%		23%	15%			
Percent Expecting Fall			8%	25%	22%	18%	25%	8%	23%	25%		
Q3-09												
Value	11.1	18.0	11.1	12.1	12.4	12.3	12.6	11.7	13.4			
Percent Expecting Rise		50%		29%	25%	17%	43%	25%	44%			
Percent Expecting Fall	17%			14%		17%	14%	13%				
Investment Outlook												
Q1-10												
Fair to Good	73%	17%	40%	50%	33%	22%	50%	36%	11%			
Bad to Poor	20%	83%		25%	33%	22%	20%	27%	44%			
Q4-09												
Fair to Good	60%		47%	55%	44%	43%	20%	32%	19%	57%		
Bad to Poor	7%		12%	27%	38%	36%	60%	27%	38%	29%		
Q3-09												
Fair to Good	56%		58%	30%	30%		22%	25%	10%			
Bad to Poor	11%	100%		20%	20%	29%	22%	63%	70%			

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
Q1-10						
Fair to Good	21%	30%	12%	9%	19%	30%
Bad to Poor	60%	49%	60%	67%	47%	47%
Q4-09						
Fair to Good	24%	27%	22%	19%	24%	32%
Bad to Poor	59%	48%	54%	57%	44%	41%
Q3-09						
Fair to Good	14%	26%	9%	7%	16%	16%
Bad to Poor	58%	49%	56%	63%	53%	49%

Table 2c

Investors by Property Type

Dade County	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10														
Private Buyers	44%	67%		47%	83%	10%	25%			78%	10%	64%	89%	67%
R.E. Companies	44%			27%	17%	20%			11%		30%	18%		
REITs		11%		7%		20%	50%				30%	9%		
Institutions	6%	11%		13%		40%	25%		56%	11%	10%	9%	11%	33%
Foreign Buyers	6%	11%		7%		10%			33%	11%	20%			
Q4-09														
Private Buyers	87%	42%		80%	100%	53%	55%		13%	71%	60%	50%	69%	71%
R.E. Companies	7%	17%		7%		18%	9%		25%	14%		27%	19%	29%
REITs	7%	17%				12%	18%		13%		20%	14%		
Institutions		8%		13%		12%	9%		6%			5%	6%	
Foreign Buyers		17%				6%	9%		44%	14%	20%	5%	6%	
Q3-09														
Private Buyers	88%	38%		89%	80%	50%	90%		36%	71%	20%	40%	100%	71%
R.E. Companies						42%			18%	29%	20%	10%		14%
REITs							10%		9%		20%	10%		
Institutions	13%	25%		11%		8%			9%		20%	10%		
Foreign Buyers		38%							18%		10%	10%		

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	Free Standing
Future Occupancy										
Q1-10										
Higher	38%	33%	40%	25%	13%	22%	10%	15%		
Lower	23%	17%	10%	50%	25%	33%	30%	31%	50%	33%
Q4-09										
Higher	50%	33%	29%	27%	31%	31%		15%	6%	
Lower	14%	33%	18%	36%	50%	62%	20%	40%	69%	14%
Q3-09										
Higher		33%	17%							
Lower	14%	67%	33%	40%	73%	86%	78%	80%	70%	
Rental Rate Increases										
Q1-10										
Faster than Inflation										
Slower than Inflation	69%	67%	90%	100%	88%	89%	100%	100%	90%	67%
Q4-09										
Faster than Inflation			12%	9%		8%			13%	14%
Slower than Inflation	57%	67%	71%	64%	75%	77%	100%	80%	75%	43%
Q3-09										
Faster than Inflation	13%		8%							
Slower than Inflation	63%	100%	67%	70%	100%	100%	100%	100%	90%	

Table 2e

Dade County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	50%	50%
Lower	13%	38%
Q4-09		
Higher	67%	64%
Lower	7%	
Q3-09		
Higher	75%	63%
Lower		
Future Price Increases		
Q1-10		
Faster than Inflation	6%	
Slower than Inflation	69%	89%
Q4-09		
Faster than Inflation	7%	
Slower than Inflation	80%	83%
Q3-09		
Faster than Inflation	13%	13%
Slower than Inflation	88%	75%

Broward County

- Cap rates in Broward County are, on average, lower (0.66 percentage points) than the state mean, and range from 7.6% (**Apartments**) to 11.3% (**Condo Conversion**).
- Cap rates decreased across most property types, with the largest movements occurring in **Office: Class A** (-0.44 percentage points) and **Flex Space** (-0.37 percentage points). Rates increased dramatically in **Condo Conversion** (+1.76 percentage points).
- Cap rate outlooks indicate stability across most property types with a slight decrease expected in **Warehouse and Flex Space**.
- Required yields for Broward County are, on average, lower than that of the state, 11.76% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 16.9% and lowest for **Free Standing Retail** at 8.9%.
- Over the past quarter, required yields have decreased dramatically across most property types, with the largest shifts occurring in **Condo Conversions** (-2.70% change) and **Office: Class B** (-2.69% change).
- The investment outlook mixed to positive across most property types with the most positive outlook in **Apartments**.
- The outlook for **Land Development** appears to be negative for **Land with Hospitality Entitlements**. However, the outlook for the remaining classifications appears to be more neutral to negative.
- In Broward County, future occupancy rates are expected to stabilize among most property types with the exception of **Retail-Large** which is expected to decline.
- There is strong indication that rental rates are expected to increase at a rate slower than inflation across all property types.
- Expectations for future absorption rates are neutral for **Single Family** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**

Table 3a

Broward County	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-10										
Cap Rate	7.6	11.3	8.8	8.8	8.2	8.7	8.6	8.0	9.4	8.0
Percent Expecting Rise	8%					13%	40%	18%	27%	
Percent Expecting Fall	31%	20%	50%	50%	43%	13%	20%	27%		20%
Q4-09										
Cap Rate	7.7	9.6	8.7	9.2	8.6	8.8	8.7	8.3	9.3	8.1
Percent Expecting Rise	33%	100%	31%	56%	64%	38%	20%	33%	50%	17%
Percent Expecting Fall	11%		15%		9%					17%
Q3-09										
Cap Rate	7.8	15.8	8.3	8.9	8.3	8.6	8.4	8.4	9.3	8.6
Percent Expecting Rise	44%	60%		27%	22%	36%	40%	45%	44%	
Percent Expecting Fall				9%		9%	20%	9%		
Yields										
Q1-10										
Yield	10.5	16.9	12.3	12.3	9.5	11.2	11.6	11.8	12.7	8.9
Percent Expecting Rise	23%				29%		40%	20%	22%	
Percent Expecting Fall	23%	25%	20%	20%	14%	25%	20%	10%		
Q4-09										
Yield	12.5	19.6	11.1	13.5	11.4	13.9	14.0	12.5	14.3	10.2
Percent Expecting Rise	11%	67%	15%	22%	36%	14%	20%	23%	9%	
Percent Expecting Fall	11%		15%	22%	27%	14%	20%	8%	27%	33%
Q3-09										
Yield	10.8	17.7	10.8	11.8	12.1	12.0	12.3	11.4	13.1	10.3
Percent Expecting Rise		20%		30%	22%	20%	20%	40%	38%	
Percent Expecting Fall	22%	20%		10%		10%	20%	10%		
Investment Outlook										
Q1-10										
Fair to Good	81%	20%	40%	43%	40%	30%	50%	58%	17%	50%
Bad to Poor	19%	80%	10%	14%	30%	40%	20%	25%	42%	17%
Q4-09										
Fair to Good	58%		44%	55%	41%	41%	17%	30%	27%	50%
Bad to Poor	8%		17%	27%	29%	29%	50%	26%	40%	33%
Q3-09										
Fair to Good	64%		60%	46%	50%	17%	14%	30%	20%	
Bad to Poor	9%	100%		15%	8%	17%	29%	40%	60%	

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
Q1-10						
Fair to Good	24%	31%	14%	12%	20%	27%
Bad to Poor	57%	41%	61%	67%	49%	45%
Q4-09						
Fair to Good	21%	32%	24%	17%	24%	30%
Bad to Poor	54%	52%	57%	62%	44%	40%
Q3-09						
Fair to Good	18%	30%	14%	12%	22%	22%
Bad to Poor	56%	50%	54%	66%	50%	48%

Table 3c

Investors by Property Type

Broward County	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10												
Private Buyers	41%	70%	44%	60%	20%	57%	70%	10%	33%	83%	83%	
R.E. Companies	47%		25%	20%	20%	14%	20%	10%	20%	25%	8%	
REITs		10%	6%			14%	10%		40%	25%		
Institutions	6%	10%	19%		40%	14%	40%	10%	10%	17%	8%	17%
Foreign Buyers	6%	10%	6%	20%	20%		30%	10%	20%			
Q4-09												
Private Buyers	89%	53%	67%	100%	50%	73%	18%	76%	33%	43%	73%	83%
R.E. Companies	6%	18%	8%		11%	9%	18%	12%		35%	20%	17%
REITs	6%	12%			17%	9%	18%		50%	17%		
Institutions		6%	25%		11%	9%	12%					
Foreign Buyers		12%			11%		35%	12%	17%	4%	7%	
Q3-09												
Private Buyers	77%	62%	75%	83%	47%	79%	31%	77%	25%	42%	100%	100%
R.E. Companies			8%		53%	7%	23%	15%	13%	17%		
REITs	8%					7%			25%	8%		
Institutions	15%	15%	8%				23%		25%	8%		
Foreign Buyers		23%					15%			8%		

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										
Q1-10										
Higher	36%	20%	10%	14%		11%		23%	8%	20%
Lower	7%	20%	30%	29%	44%	33%	60%	46%	50%	40%
Q4-09										
Higher	45%	33%	22%	27%	29%	19%		14%	13%	33%
Lower			33%	64%	47%	63%	50%	38%	73%	17%
Q3-09										
Higher	11%		7%					8%		
Lower	22%	25%	33%	64%	69%	62%	75%	75%	64%	100%
Rental Rate Increases										
Q1-10										
Faster than Inflation										
Slower than Inflation	64%	100%	70%	71%	89%	67%	100%	92%	83%	100%
Q4-09										
Faster than Inflation			6%	18%		13%			7%	
Slower than Inflation	82%	100%	72%	73%	88%	69%	83%	81%	73%	50%
Q3-09										
Faster than Inflation			7%							
Slower than Inflation	89%	100%	73%	87%	92%	85%	100%	83%	82%	50%

Table 3e

Broward County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	53%	50%
Lower	24%	10%
Q4-09		
Higher	56%	53%
Lower	11%	
Q3-09		
Higher	77%	69%
Lower	8%	15%
Future Price Increases		
Q1-10		
Faster than Inflation	12%	
Slower than Inflation	53%	80%
Q4-09		
Faster than Inflation		
Slower than Inflation	78%	82%
Q3-09		
Faster than Inflation	15%	8%
Slower than Inflation	85%	92%

Palm Beach County

- Cap rates in Palm Beach County are, on average, lower (0.47 percentage points) than that of the state, and range from 7.8% (**Apartments**) to 11.5% (**Condo Conversion**).
- Cap rates have increased in most of the property types, with the largest increases in **Condo Conversion** (+1.97% change) and **Warehouse** (+0.35% change).
- Cap rates are expected to stabilize across all property types in the near future.
- Required yields for Palm Beach County are, on average, lower than that of the state, 11.68% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 16.8% and lowest for **Free Standing Retail** at 8.8%.
- Required yields have decreased across the majority of property types over the last quarter with **Condo Conversions** (-1.69%) and **Office: Class B** (-1.67%) showing the largest decrease. **Warehouse** increased significantly by 2.26%.
- The investment outlook is mixed across most property types. However, respondents appear to indicate a positive outlook for **Apartments** and a negative outlook for **Condo Conversions**.
- The outlook for **Land Development** appears to be negative for **Land with Hospitality Entitlements**. The outlook is more neutral to negative for the remaining land classifications.
- Occupancy rates are expected to stabilize over the next quarter for the majority of property types with the exception of **Office: Class A** and **Retail-Large** where occupancy is expected to decline.
- Rental rates are expected to increase at a rate slower than inflation across all property types.
- Expectations for future absorption rates are mixed to positive 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										
Q1-10										
Cap Rate	7.8	11.5	9.0	9.0	8.4	8.8	8.8	8.1	9.5	8.2
Percent Expecting Rise	14%				17%	9%	20%	18%	23%	
Percent Expecting Fall	29%	25%	20%	20%	33%	18%	20%	18%		17%
Q4-09										
Cap Rate	7.6	9.5	8.7	9.2	8.6	8.8	8.6	8.3	9.3	8.0
Percent Expecting Rise	33%	100%	33%	60%	67%	29%	20%	33%	35%	25%
Percent Expecting Fall	11%								6%	25%
Q3-09										
Cap Rate	7.9	15.9	8.4	9.0	8.4	8.7	8.5	8.5	9.4	8.7
Percent Expecting Rise	38%	67%	14%	27%	22%	33%	40%	50%	38%	
Percent Expecting Fall			14%	18%		11%	20%	13%		33%
Yields										
Q1-10										
Yield	10.5	16.8	12.2	12.2	9.4	11.1	11.5	11.7	12.6	8.8
Percent Expecting Rise	21%				17%		20%	20%	20%	
Percent Expecting Fall	21%	33%			17%	30%	20%	10%		
Q4-09										
Yield	11.4	18.5	10.0	12.4	10.3	12.8	12.9	11.4	13.2	9.1
Percent Expecting Rise	11%	100%	13%	33%	56%	17%	25%	25%	8%	
Percent Expecting Fall	11%			11%	11%	8%	25%	8%	23%	50%
Q3-09										
Yield	10.3	17.2	10.3	11.3	11.6	11.6	11.9	10.9	12.7	9.8
Percent Expecting Rise		33%	14%	27%	11%	22%	20%	29%	29%	
Percent Expecting Fall	25%		14%	18%		11%	20%	14%		33%
Investment Outlook										
Q1-10										
Fair to Good	67%	20%	40%	33%	29%	27%	56%	58%	14%	57%
Bad to Poor	27%	80%	10%	17%	43%	40%	11%	17%	43%	29%
Q4-09										
Fair to Good	67%		54%	67%	43%	44%		36%	39%	25%
Bad to Poor	8%		15%	17%	36%	31%	50%	23%	33%	50%
Q3-09										
Fair to Good	50%		38%	27%	25%	18%	17%	14%	11%	
Bad to Poor	17%		13%	18%	13%	27%	50%	43%	67%	

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
Q1-10						
Fair to Good	23%	27%	15%	8%	17%	27%
Bad to Poor	56%	44%	58%	67%	46%	35%
Q4-09						
Fair to Good	21%	28%	20%	11%	16%	26%
Bad to Poor	51%	52%	54%	66%	44%	43%
Q3-09						
Fair to Good	12%	15%	7%	7%	12%	10%
Bad to Poor	66%	59%	59%	66%	54%	59%

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	Free Standing
Q1-10														
Private Buyers	50%	83%		40%	60%	30%	17%		73%	11%	42%	79%	71%	
R.E. Companies	44%			20%	20%	30%	17%	14%	7%	22%	25%	14%		
REITs				7%		10%	33%	14%		22%	25%			
Institutions	6%	17%		27%		20%	17%	14%	7%		8%	7%	14%	
Foreign Buyers				7%	20%	10%	17%	57%	13%	44%				14%
Q4-09														
Private Buyers	89%	47%		58%	100%	46%	50%	29%	75%	50%	50%	78%	100%	
R.E. Companies	6%	20%		8%		23%	25%	29%	25%		27%	17%		
REITs				8%		15%	17%	7%		38%	18%			
Institutions		7%		25%		8%	8%							
Foreign Buyers	6%	27%				8%		36%		13%	5%	6%		
Q3-09														
Private Buyers	89%	64%		92%	75%	50%	82%	44%	82%	29%	44%	100%	67%	
R.E. Companies		9%				38%		11%	18%	14%				
REITs							9%	11%		14%	22%			
Institutions	11%	9%		8%				11%		29%	11%			
Foreign Buyers		18%				13%	9%	11%						33%

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										
Q1-10										
Higher	27%			17%		23%		15%	7%	14%
Lower	13%	25%	22%	33%	63%	38%	67%	54%	50%	43%
Q4-09										
Higher	36%	50%	8%	8%	29%	13%		14%	18%	25%
Lower	9%		31%	50%	64%	60%	75%	48%	65%	25%
Q3-09										
Higher	10%		13%		11%	9%		11%		33%
Lower	50%	50%	63%	67%	56%	36%	86%	78%	60%	33%
Rental Rate Increases										
Q1-10										
Faster than Inflation										
Slower than Inflation	67%	75%	78%	83%	88%	69%	100%	100%	79%	86%
Q4-09										
Faster than Inflation										
Slower than Inflation	100%	100%	77%	75%	93%	67%	88%	81%	71%	50%
Q3-09										
Faster than Inflation										
Slower than Inflation	80%	50%	100%	83%	89%	82%	100%	89%	70%	67%

Table 4e

Palm Beach County	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	56%	67%
Lower	19%	17%
Q4-09		
Higher	72%	53%
Lower	11%	
Q3-09		
Higher	67%	45%
Lower		9%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	13%	67%
Q4-09		
Faster than Inflation		
Slower than Inflation	6%	87%
Q3-09		
Faster than Inflation		
Slower than Inflation	11%	91%

Treasure Coast

- Cap rates in the Treasure Coast area are, on average, lower (0.13 percentage points) than that of the state, and range from 8.2% (**Apartments**) to 11.9% (**Condo Conversions**)
- Cap rates have increased across all property types in the last quarter. The largest changes have occurred in **Condo Conversion** (+2.33% change) and **Warehouse** (+0.71% change).
- Cap rates are expected to stabilize across most property types with a slight indication of decrease in **Office: Class A**.
- Required yields for the Treasure Coast are lower than those of the state, 10.47% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversions** at 15.6% and lowest for **Free Standing Retail** at 7.6%.
- Required yields have decreased dramatically across most property types, with the largest shift occurring in **Condo Conversion** (-3.83% change), **Office: Class B** (-3.81% change) and **Retail-Large** (-3.53% change).
- The investment outlook is positive in **Warehouse and Distribution** and **Retail-Large**, with a negative outlook for **Strip Centers**.
- The outlook for **Land Development** is neutral to negative for the all of the land classifications.
- Future occupancy rates are expected to decrease for most property types.
- Future rental rates are expected to increase at a rate that is slower than inflation for all property types except **Warehouse** which is expected to remain neutral.
- Expectations for future absorption rates are mixed for both **Single Family Development and Condominium Development**.
- Future price increases are expected to occur slower than inflation in **Single Family** but mixed in **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											
Q1-10											
Cap Rate	8.2	11.9	9.4	9.4	8.7	9.2	9.1	8.5	9.9		8.5
Percent Expecting Rise			20%	20%		25%	33%	25%	20%		33%
Percent Expecting Fall	33%		20%	20%	50%	25%		25%			
Q4-09											
Cap Rate	7.6	9.5	8.6	9.1	8.6	8.8	8.6	8.3	9.2		8.0
Percent Expecting Rise		50%		75%	67%	50%		33%	38%		67%
Percent Expecting Fall			17%								
Q3-09											
Cap Rate	7.7		8.1	8.8	8.1	8.5	8.3	8.3	9.2		8.5
Percent Expecting Rise			20%	50%		25%		25%			33%
Percent Expecting Fall			20%	25%			50%	25%			33%
Yields											
Q1-10											
Yield	9.2	15.6	11.0	11.0	8.2	9.9	10.3	10.5	11.4		7.6
Percent Expecting Rise	50%		25%	25%	100%			33%	25%		50%
Percent Expecting Fall						25%					
Q4-09											
Yield	12.4	19.4	10.9	13.3	11.2	13.7	13.8	12.4	14.1		10.1
Percent Expecting Rise		50%		50%	67%	20%		20%			50%
Percent Expecting Fall			17%	13%		20%	33%	20%	29%		50%
Q3-09											
Yield	8.8		8.8	9.8	10.1	10.1	10.3	9.4	11.1		8.3
Percent Expecting Rise				50%		25%					33%
Percent Expecting Fall			20%	25%							33%
Investment Outlook											
Q1-10											
Fair to Good			80%	25%		40%	75%	50%			
Bad to Poor						60%			60%		
Q4-09											
Fair to Good	25%		67%	67%		14%		25%			
Bad to Poor			17%	17%		43%		13%	50%		
Q3-09											
Fair to Good			40%			20%			25%		
Bad to Poor						60%			75%		

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
Q1-10						
Fair to Good	19%	13%	19%	13%	31%	19%
Bad to Poor	56%	63%	63%	69%	50%	44%
Q4-09						
Fair to Good	17%	13%	13%	13%	17%	29%
Bad to Poor	71%	67%	63%	67%	50%	42%
Q3-09						
Fair to Good	31%	38%			13%	13%
Bad to Poor	56%	56%	50%	69%	50%	50%

Table 5c

Investors by Property Type

Treasure Coast	Single Family Dev.	Condo	Dev. Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10												
Private Buyers	75%	50%			40%	50%	50%	80%	25%	50%	60%	50%
R.E. Companies	25%			100%	40%	25%	50%		50%	25%	20%	
REITs			33%							25%		
Institutions		50%	67%				20%				20%	50%
Foreign Buyers					20%	25%			25%			
Q4-09												
Private Buyers	100%	57%	50%	100%	33%	67%		71%	67%	50%	88%	100%
R.E. Companies		14%	25%		50%	33%	33%	29%		38%	13%	
REITs									33%	13%		
Institutions		14%	25%		17%							
Foreign Buyers		14%					67%					
Q3-09												
Private Buyers	88%	50%	67%		40%	50%		100%			100%	67%
R.E. Companies					40%		100%		50%			
REITs										50%		
Institutions	13%	17%	33%							25%		
Foreign Buyers		33%			20%	25%						33%

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											
Q1-10											
Higher											
Lower			40%	40%	100%	50%	100%	75%	67%		67%
Q4-09											
Higher	100%	50%	17%	38%							
Lower			33%	50%	67%	50%	100%	57%	100%		33%
Q3-09											
Higher											
Lower	50%		60%	50%		60%	50%	100%	50%		
Rental Rate Increases											
Q1-10											
Faster than Inflation											
Slower than Inflation	100%		40%	80%	100%	100%	100%	100%	100%		100%
Q4-09											
Faster than Inflation				13%							
Slower than Inflation		50%	50%	75%	100%	83%	100%	86%	100%		67%
Q3-09											
Faster than Inflation											33%
Slower than Inflation	100%		80%	100%	100%	100%	100%	100%	100%		33%

Table 5e

Treasure Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	50%	50%
Lower	25%	
Q4-09		
Higher	44%	29%
Lower	11%	
Q3-09		
Higher	75%	50%
Lower		
Future Price Increases		
Q1-10		
Faster than Inflation	33%	50%
Slower than Inflation	67%	50%
Q4-09		
Faster than Inflation	11%	
Slower than Inflation	67%	71%
Q3-09		
Faster than Inflation		
Slower than Inflation	75%	100%

Southwest Coast

- Cap rates in the Southwest Coast area are, on average, lower (0.37 percentage points) than that of the state, and range from 7.9% (**Apartments**) to 11.6% (**Condo Conversion**).
- Cap rates have decreased across most property types over the last quarter, with the largest changes being seen in **Office: Class A** (-0.36% change) and **Flex Space** (-0.29% change).
- Cap rates are expected to increase in **Warehouse, Flex Space, Retail-Large, and Strip Centers**.
- Required yields for the Southwest Coast are lower, on average, than that of the state, 11.93% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversions** at 17.1% and lowest for **Free Standing Retail** at 9.1%.
- Required yields have decreased over the last quarter for all but one property type, with the largest shifts occurring in **Office: Class B** (-1.93% change) and **Retail-Large** (-1.65% change).
- The investment outlook is mixed across most property types. Respondents appear to have positive expectations for **Office: Class A and Class B**.
- The outlook for **Land Development** is neutral to negative across all classifications.
- Occupancy rates are expected to stabilize across all property types with the exception of **Strip Centers** which is expected to decline.
- Rental rates are expected to increase slower than inflation across most property types. **Apartments** and **Condo Conversion** prices are mixed.
- Expectations of future absorption rates are mixed for **Single Family**, but decidedly negative for **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation in both **Single Family** and **Condominium Development**.

Table 6a

Southwest Coast	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates												
Q1-10												
Cap Rate	7.9	11.6	9.1	9.1		8.5	8.9	8.9	8.2	9.6		8.3
Percent Expecting Rise	25%		63%	63%		25%	44%	67%	20%	75%		33%
Percent Expecting Fall		50%										
Q4-09												
Cap Rate	7.9		8.9	9.4		8.9	9.0	8.9	8.5	9.5		8.3
Percent Expecting Rise	11%			33%		67%	46%	33%	44%	40%		20%
Percent Expecting Fall	33%						15%		22%	10%		20%
Q3-09												
Cap Rate	8.6	16.6	9.1	9.7		9.1	9.4	9.2	9.2	10.1		9.4
Percent Expecting Rise	38%	75%		50%		50%	36%		50%	57%		
Percent Expecting Fall	25%					25%	18%	33%	33%	14%		
Yields												
Q1-10												
Yield	10.7	17.1	12.5	12.5		9.6	11.3	11.7	11.9	12.9		9.1
Percent Expecting Rise	50%		43%	43%		25%	43%	67%	40%	50%		100%
Percent Expecting Fall		50%										
Q4-09												
Yield	11.9		10.5	12.9		10.8	13.3	13.4	12.0	13.7		9.6
Percent Expecting Rise	22%					20%	25%	33%	33%	20%		20%
Percent Expecting Fall	22%		33%	13%		20%	17%		11%			
Q3-09												
Yield	10.9	17.8	10.9	11.9		12.2	12.2	12.5	11.5	13.3		10.4
Percent Expecting Rise	25%	50%	50%	33%		25%	50%	33%	67%	43%		
Percent Expecting Fall	25%					25%	10%	33%	17%			
Investment Outlook												
Q1-10												
Fair to Good			20%	38%		60%	67%	43%	56%	43%		50%
Bad to Poor			40%	38%		20%	11%	29%	22%	29%		
Q4-09												
Fair to Good	100%		40%	33%		57%	33%	60%	50%	38%		67%
Bad to Poor			20%	22%			8%	20%	10%	13%		17%
Q3-09												
Fair to Good	44%			50%		40%	36%		33%	50%		
Bad to Poor	11%	75%					27%	25%	50%	17%		

Table 6b

Outlook for Land Development

Southwest Coast	Land without Entitlements	Land with Residential Entitlements	Land with Commercial Entitlements	Land with Hospitality Entitlements	Land with Industrial Entitlements	Land for Urban Redevelopment
Q1-10						
Fair to Good	21%	25%	18%	7%	11%	25%
Bad to Poor	57%	36%	54%	61%	46%	43%
Q4-09						
Fair to Good	22%	32%	19%	14%	22%	32%
Bad to Poor	43%	32%	43%	49%	41%	32%
Q3-09						
Fair to Good	20%	33%	13%	13%	13%	17%
Bad to Poor	57%	43%	67%	70%	63%	50%

Table 6c

Investors by Property Type

Southwest Coast	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10													
Private Buyers	50%	60%	33%	50%	80%	88%	40%	89%	29%			86%	100%
R.E. Companies	30%	20%	33%		20%	13%	20%	11%			33%		
REITs		20%					20%			29%	56%	14%	
Institutions	10%		33%	50%						43%			
Foreign Buyers	10%						20%				11%		
Q4-09													
Private Buyers	82%	100%	44%		80%	100%	29%	83%	60%	40%	88%	100%	
R.E. Companies	9%		22%		20%		57%	17%		30%	13%		
REITs			11%						20%	30%			
Institutions			22%										
Foreign Buyers	9%						14%		20%				
Q3-09													
Private Buyers	83%	67%	67%	50%	100%	80%	40%	82%	75%	67%	86%	100%	
R.E. Companies		11%	22%	25%			20%	18%		17%			
REITs			11%				20%		25%	17%			
Institutions	8%						20%						
Foreign Buyers	8%	22%		25%									

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											
Q1-10											
Higher	25%		33%	25%			20%	14%	13%	20%	25%
Lower			50%	38%		50%	50%	57%	38%	60%	25%
Q4-09											
Higher	44%		25%	11%			17%		30%	10%	20%
Lower	11%		50%	33%		29%	42%	50%	20%	40%	
Q3-09											
Higher	25%			50%		20%	27%	25%	17%	29%	50%
Lower	13%	50%	25%			80%	18%	75%	67%	29%	50%
Rental Rate Increases											
Q1-10											
Faster than Inflation	25%	50%									
Slower than Inflation	25%	50%	100%	88%	100%	90%	100%	100%	100%	80%	75%
Q4-09											
Faster than Inflation									10%		
Slower than Inflation	78%		100%	89%	86%	92%	100%	100%	90%	100%	80%
Q3-09											
Faster than Inflation											
Slower than Inflation	88%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%

Table 6e

Southwest Coast	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	30%	20%
Lower	40%	80%
Q4-09		
Higher	45%	33%
Lower	9%	11%
Q3-09		
Higher	25%	44%
Lower	42%	44%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	90%	100%
Q4-09		
Faster than Inflation	9%	11%
Slower than Inflation	64%	67%
Q3-09		
Faster than Inflation	8%	
Slower than Inflation	75%	100%

Daytona Beach Area

- Cap rates in Daytona Beach are, on average, lower (0.10 percentage points) than those of the state, and range from 8.5% (**Apartments**) to 10.2% (**Strip Centers**).
- Cap rates have been mixed across property types in the latest quarter. The largest increase in cap rates occurred in **Warehouse** (+0.31% change) while the largest drop occurred in **Office: Class A** (-0.27% change).
- Cap rates are expected to stabilize across the majority of property types, with the strongest indication for rate increases occurring in **Warehouse and Flex Space**.
- Required yields for Daytona Beach are, on average, lower than that of the state, 11.95% compared to 12.67% statewide.
- Required yields have decreased dramatically over most of the property types this quarter. The largest shifts occurred in **Office: Class B** (-3.28% change), **Retail-Large** (-3.01% change) and **Apartments** (-2.60% change).
- The investment outlook is positive for **Apartments** and negative for **Neighborhood Centers**.
- The outlook for **Land Development** is neutral to negative across all land classifications.
- Occupancy is expected to decrease across most property types.
- Rental rates are expected to increase slower than inflation across property types with the exception of **Neighborhood Centers** which is neutral.
- Absorption rates are expected to be mixed over the next quarter for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 7a

Daytona Beach Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, & D	R	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free	Standing
Cap Rates													
Q1-10													
Cap Rate	8.5		9.7	9.7		9.1	9.5		9.4	8.8	10.2		8.8
Percent Expecting Rise	25%		75%	75%			30%			40%	29%		40%
Percent Expecting Fall	50%		25%	25%			10%			40%	14%		20%
Q4-09													
Cap Rate	8.3	10.2	9.4	9.9		9.3	9.5		9.3	9.0	10.0		8.7
Percent Expecting Rise	33%		67%	63%		75%	25%				33%		75%
Percent Expecting Fall						25%	13%			29%			
Q3-09													
Cap Rate	8.6	16.5	9.0	9.7		9.0	9.4		9.2	9.2	10.1		9.4
Percent Expecting Rise	50%	100%		50%		50%	33%		25%		17%		50%
Percent Expecting Fall	25%						17%						
Yields													
Q1-10													
Yield	11.3		13.1	13.1		10.2	11.9		12.3	12.5	13.5		9.6
Percent Expecting Rise	50%		25%	25%			20%			25%	14%		40%
Percent Expecting Fall			50%	50%			20%				29%		20%
Q4-09													
Yield	13.9	21.0	12.4	14.9		12.7	15.2		15.3	13.9	15.6		11.6
Percent Expecting Rise	33%		33%	38%		50%	14%			40%	17%		33%
Percent Expecting Fall			33%			25%	14%			20%			33%
Q3-09													
Yield	10.7	17.6	10.7	11.7		12.0	11.9		12.2	11.2	13.0		10.1
Percent Expecting Rise				50%			17%		33%	33%	33%		33%
Percent Expecting Fall	67%	100%					17%						
Investment Outlook													
Q1-10													
Fair to Good	80%						25%				14%		
Bad to Poor							25%			60%	29%		
Q4-09													
Fair to Good			50%	43%		40%	44%			67%	64%		50%
Bad to Poor			50%	29%		20%	33%				7%		
Q3-09													
Fair to Good	50%						50%		75%		43%		
Bad to Poor	25%						25%				14%		

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
Q1-10						
Fair to Good	28%	32%	16%	8%	20%	20%
Bad to Poor	60%	56%	52%	60%	60%	56%
Q4-09						
Fair to Good	25%	21%	25%	25%	25%	32%
Bad to Poor	50%	46%	43%	46%	36%	39%
Q3-09						
Fair to Good	42%	47%	47%	26%	32%	37%
Bad to Poor	37%	47%	32%	42%	32%	32%

Table 7c

Investors by Property Type

Daytona Beach Area	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10													
Private Buyers	67%	67%		20%		50%	67%		92%		20%	86%	33%
R.E. Companies	22%	17%					33%		8%	100%	40%		33%
REITs	11%	17%		80%		50%		50%			40%		33%
Institutions													
Foreign Buyers								50%					14%
Q4-09													
Private Buyers	82%	83%		50%	100%	75%	57%	40%	78%	33%	67%	86%	100%
R.E. Companies	9%					25%	14%		11%		17%		
REITs				50%				20%		67%	17%		
Institutions	9%						29%	20%	11%				7%
Foreign Buyers		17%						20%					7%
Q3-09													
Private Buyers	78%	60%		50%		100%	50%		75%	25%	33%	57%	100%
R.E. Companies										25%	33%		
REITs	11%			25%					13%	25%	33%		29%
Institutions							25%	50%	13%				14%
Foreign Buyers	11%	40%		25%				50%		25%			

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											
Q1-10											
Higher	40%				50%						
Lower			50%	75%		27%	100%	60%	57%		40%
Q4-09											
Higher	33%	100%	33%	25%			33%	17%	27%		25%
Lower			67%	13%	33%	33%	33%	17%	27%		25%
Q3-09											
Higher	20%		50%	20%		29%			17%		
Lower	20%	100%	50%	40%		14%	50%	33%	50%		25%
Rental Rate Increases											
Q1-10											
Faster than Inflation											
Slower than Inflation	60%		50%	100%	100%	91%		40%	86%		100%
Q4-09											
Faster than Inflation											
Slower than Inflation	33%		100%	88%	100%	67%	67%	67%	80%		100%
Q3-09											
Faster than Inflation											
Slower than Inflation	80%	100%	100%	100%	100%	71%	100%	100%	100%		100%

Table 7e

Daytona Beach Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	56%	50%
Lower	11%	17%
Q4-09		
Higher	18%	
Lower	18%	17%
Q3-09		
Higher	44%	20%
Lower	33%	40%
Future Price Increases		
Q1-10		
Faster than Inflation	11%	
Slower than Inflation	89%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation	82%	83%
Q3-09		
Faster than Inflation		
Slower than Inflation	89%	100%

Orlando Area

- Cap rates in Orlando are, on average, slightly lower (0.01 percentage points) than that of the state, and range from 8.3% (**Apartments**) to 12.0% (**Condo Conversions**).
- Cap rates have increased over the past quarter, with the largest changes being seen in **Condo Conversion** (+1.86% change) and **Warehouse** (+0.24% change).
- Cap rates are expected to stabilize for all property types over the next quarter.
- Required yields for Orlando are, on average, lower than that of the state, 12.55% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 17.7% and lowest for **Free Standing Retail** at 9.7%.
- Required yields have decreased for all but 1 property type the past quarter, the largest being **Condo Conversions** (-2.51%) and **Office: Class B** (-2.49%).
- The investment outlook is mixed across most property types. The strongest indication of a positive outlook occurs for **Apartments** and the strongest indication of a negative outlook occurs for **Condo Conversion**.
- The outlook for **Land Development** is neutral to negative across land classifications. It appears that the most negative outlook occurs for **Land with without Entitlements**.
- Occupancy rates are expected to stabilize across the majority of property types. Respondents indicate that occupancy should increase in **Apartments**.
- Rental rates are expected to increase slower than inflation for all property types.
- Future absorption rates are expected to be neutral for **Single Family Development** and **Condominium Development**.
- Future price increases are expected to occur slower than inflation in both **Single Family** and **Condominium Development**.

Table 8a

Orlando Area	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: A	Class Office: B	Class Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-10										
Cap Rate	8.3	12.0	9.5	9.5	8.9	9.3	9.2	8.6	10.0	8.6
Percent Expecting Rise	25%		46%	46%	15%	37%	33%	14%	41%	33%
Percent Expecting Fall	31%		15%	15%	23%	11%	22%	29%	18%	
Q4-09										
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.8	9.8	8.6
Percent Expecting Rise	47%	40%	73%	60%	62%	25%	63%	45%	35%	20%
Percent Expecting Fall	12%		9%		23%	13%		10%	6%	20%
Q3-09										
Cap Rate	8.2	16.1	8.6	9.3	8.6	9.0	8.8	8.8	9.7	9.0
Percent Expecting Rise	47%	50%	25%	67%	29%	38%	50%	33%	33%	20%
Percent Expecting Fall	13%								7%	
Yields										
Q1-10										
Yield	11.3	17.7	13.1	13.1	10.3	12.0	12.3	12.5	13.5	9.7
Percent Expecting Rise	15%		22%	22%	25%	27%	33%	17%	23%	50%
Percent Expecting Fall	15%		44%	44%	25%	13%	11%	8%	8%	
Q4-09										
Yield	13.1	20.2	11.7	14.1	11.9	14.4	14.6	13.1	14.9	10.8
Percent Expecting Rise	33%		20%	20%	33%	25%	29%	39%	29%	25%
Percent Expecting Fall	13%		30%	30%	17%	13%		11%	7%	25%
Q3-09										
Yield	11.8	18.7	11.8	12.8	13.1	13.0	13.3	12.4	14.1	11.2
Percent Expecting Rise	8%	25%		40%	33%	15%	56%	27%	27%	20%
Percent Expecting Fall	15%	25%	43%	40%		8%	11%	18%	7%	
Investment Outlook										
Q1-10										
Fair to Good	79%	20%	63%	63%	59%	15%	50%	47%	6%	38%
Bad to Poor		80%	16%	6%	12%	25%	21%	32%	28%	13%
Q4-09										
Fair to Good	81%	40%	40%	42%	47%	40%	11%	46%	44%	50%
Bad to Poor		20%	13%	42%	12%	10%	33%	8%	6%	
Q3-09										
Fair to Good	63%		18%	14%	56%	23%	33%	46%	31%	50%
Bad to Poor		100%	27%	29%		23%	33%	31%	31%	17%

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
Q1-10						
Fair to Good	18%	29%	13%	11%	18%	25%
Bad to Poor	63%	45%	51%	57%	53%	42%
Q4-09						
Fair to Good	18%	23%	19%	14%	22%	27%
Bad to Poor	50%	41%	47%	53%	41%	35%
Q3-09						
Fair to Good	19%	32%	18%	9%	12%	25%
Bad to Poor	53%	44%	44%	58%	47%	32%

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	Free Standing
Q1-10													
Private Buyers	77%	100%	42%	40%	21%	69%	6%	80%	14%	21%	83%	75%	
R.E. Companies	23%		37%	20%	11%	6%		10%	21%	37%	17%	13%	
REITs			21%		21%	13%	12%		43%	26%			
Institutions					37%	13%	41%	10%	14%	11%			13%
Foreign Buyers				40%	11%		41%		7%	5%			
Q4-09													
Private Buyers	81%	100%	67%	60%	33%	50%	35%	50%	44%	46%	72%	88%	
R.E. Companies	13%		14%		13%	8%		20%	11%	25%	6%		
REITs			14%		7%		29%	20%	44%	25%	11%		
Institutions			5%	20%	33%	33%	18%	10%		4%	6%		
Foreign Buyers	6%			20%	13%	8%	18%			6%	13%		
Q3-09													
Private Buyers	75%	100%	56%	75%	45%	57%	11%	85%	8%	31%	69%	67%	
R.E. Companies	8%		19%		18%		22%	8%	17%	31%	19%		
REITs			13%		18%	14%	11%		17%	23%	6%		
Institutions	8%		6%		9%	14%	44%	8%	42%	15%	6%	17%	
Foreign Buyers	8%		6%	25%	9%	14%	11%		17%				17%

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										
Q1-10										
Higher	63%	40%	32%	44%	24%	20%		16%	6%	11%
Lower	5%		11%	13%	35%	25%	43%	32%	41%	11%
Q4-09										
Higher	62%	17%	14%		13%		11%	8%	11%	
Lower	5%		29%	58%	38%	60%	56%	40%	58%	50%
Q3-09										
Higher	33%	25%	36%		11%					
Lower	20%		27%	29%	78%	23%	92%	54%	69%	17%
Rental Rate Increases										
Q1-10										
Faster than Inflation	11%		5%							
Slower than Inflation	47%	60%	84%	94%	82%	85%	71%	68%	89%	67%
Q4-09										
Faster than Inflation								4%	5%	
Slower than Inflation	67%	50%	86%	83%	67%	90%	89%	83%	79%	75%
Q3-09										
Faster than Inflation			18%		11%					
Slower than Inflation	80%	75%	64%	100%	89%	92%	92%	100%	100%	83%

Table 8e

Orlando Area	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	46%	33%
Lower	8%	
Q4-09		
Higher	50%	33%
Lower	19%	33%
Q3-09		
Higher	50%	29%
Lower	17%	43%
Future Price Increases		
Q1-10		
Faster than Inflation	8%	
Slower than Inflation	77%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation	88%	100%
Q3-09		
Faster than Inflation	8%	
Slower than Inflation	75%	86%

Lakeland-Winter Haven

- Cap rates in Lakeland-Winter Haven are, on average, higher (+0.28 percentage points) than that of the state, and range from 8.6% (**Apartments**) to 12.3% (**Condo Conversion**).
- Cap rates increased across all property types over the last quarter. The largest changes occurred in **Condo Conversion** (+2.16 % change) and **Warehouse** (+0.54% change).
- Cap rates are expected to stabilize across most property types over the next quarter. The strongest indication of rate increases occurs in **Free Standing Retail**.
- Required yields for Lakeland-Winter Haven are, on average, lower than that of the state, 12.27% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 17.4% and lowest for **Free Standing Retail** at 9.4%.
- Required yields decreased dramatically across all property types in the last quarter. The largest changes occurred in **Condo Conversion** (-6.12% change), **Retail Large** (-5.83% change) and **Office: Class B** (-6.11%).
- The investment outlook is mixed to positive across most property types with **Warehouse and Distribution** and **Office: Class A** showing the greatest potential for a positive investment outlook.
- The outlook for **Land Development** is mixed across land classifications.
- Occupancy is expected to stabilize across a number of property types. The most significant indication of potential decreases occurs in **Office: Class B**.
- Rental rates are expected to increase slower than inflation for most 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 both **Single Family** and **Condominium Development**.

Table 9a

Lakeland-Winter Haven	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-10										
Cap Rate	8.6	12.3	9.8	9.8	9.1	9.6	9.5	8.9	10.3	8.9
Percent Expecting Rise			20%	20%		43%		14%		67%
Percent Expecting Fall	33%		20%	20%	50%	14%		14%	14%	
Q4-09										
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.8	9.8	8.6
Percent Expecting Rise			67%	100%	67%	43%			43%	
Percent Expecting Fall			33%		33%			100%		
Q3-09										
Cap Rate	9.4	17.4	9.9	10.5	9.9	10.2	10.0	10.1	10.9	10.2
Percent Expecting Rise	50%	100%	33%	67%		33%		33%	50%	67%
Percent Expecting Fall										
Yields										
Q1-10										
Yield	11.0	17.4	12.8	12.8	10.0	11.7	12.1	12.3	13.2	9.4
Percent Expecting Rise			20%	20%	25%	43%		17%		67%
Percent Expecting Fall			60%	60%	50%	29%		17%	14%	
Q4-09										
Yield	16.5	23.5	15.0	17.4	15.3	17.8	17.9	16.5	18.2	14.2
Percent Expecting Rise			33%	50%	33%	29%		50%	29%	
Percent Expecting Fall			33%		33%			50%		
Q3-09										
Yield	11.8	18.7	11.8	12.8	13.1	13.0	13.3	12.4	14.1	11.3
Percent Expecting Rise	50%	100%	33%	67%		33%	33%	67%	50%	33%
Percent Expecting Fall			33%							
Investment Outlook										
Q1-10										
Fair to Good	40%		73%	50%	80%	29%		38%	29%	40%
Bad to Poor			9%		20%	29%		13%		20%
Q4-09										
Fair to Good			63%			50%			43%	
Bad to Poor					25%				14%	
Q3-09										
Fair to Good			75%				25%		25%	
Bad to Poor							25%		50%	

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
Q1-10						
Fair to Good	23%	42%	32%	13%	32%	32%
Bad to Poor	48%	45%	48%	48%	45%	32%
Q4-09						
Fair to Good	30%	30%	30%	22%	30%	30%
Bad to Poor	48%	48%	43%	39%	39%	39%
Q3-09						
Fair to Good	44%	61%	39%	33%	44%	50%
Bad to Poor	44%	28%	33%	39%	28%	22%

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	Strip Centers	Free Standing
Q1-10													
Private Buyers	100%	100%	80%	100%	55%	67%		71%		50%	25%	71%	60%
R.E. Companies								14%			50%	29%	20%
REITs			20%		9%	17%	20%			50%	25%		
Institutions					27%	17%	40%	14%					20%
Foreign Buyers					9%		40%						
Q4-09													
Private Buyers	89%	100%	100%	100%	50%	67%	25%	88%		100%		86%	100%
R.E. Companies	11%				13%								
REITs					13%						100%	14%	
Institutions					13%	33%	50%	13%					
Foreign Buyers					13%		25%						
Q3-09													
Private Buyers	100%	100%	67%	100%	50%	100%		100%			33%	60%	67%
R.E. Companies													
REITs					25%					50%	33%	20%	
Institutions					25%		100%			50%	33%		
Foreign Buyers			33%										33%

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										
Q1-10										
Higher	20%		55%	33%	20%	14%	50%	14%	14%	
Lower	20%	50%	18%	17%		71%		29%	43%	50%
Q4-09										
Higher			40%	33%		14%				
Lower			20%	33%	33%	29%		50%	63%	33%
Q3-09										
Higher	50%		25%	33%						
Lower			25%	67%	100%	33%	75%	67%	60%	33%
Rental Rate Increases										
Q1-10										
Faster than Inflation			9%							
Slower than Inflation	80%	100%	64%	67%	20%	86%	50%	86%	86%	75%
Q4-09										
Faster than Inflation										
Slower than Inflation	100%	67%	60%	67%	100%	100%	100%	100%	88%	100%
Q3-09										
Faster than Inflation			25%							
Slower than Inflation	100%	100%	25%	33%		67%	100%	100%	80%	100%

Table 9e

Lakeland-Winter Haven	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	44%	
Lower	11%	
Q4-09		
Higher		
Lower	22%	
Q3-09		
Higher	17%	
Lower	33%	
Future Price Increases		
Q1-10		
Faster than Inflation	11%	
Slower than Inflation	89%	50%
Q4-09		
Faster than Inflation		
Slower than Inflation	100%	50%
Q3-09		
Faster than Inflation		
Slower than Inflation	100%	50%

Tampa-St. Petersburg

- Cap rates in the Tampa-St. Petersburg area are, on average, lower (0.24 percentage points) than that of the state, and range from 8.0% (**Apartments**) to 11.7% (**Condo Conversion**).
- Cap rates decreased over the past quarter across most property types, with the largest changes occurring in **Office: Class A** (-0.57% change) and **Neighborhood Retail** (-0.47% change). The largest positive change occurred in **Condo Conversions** (+1.63% change).
- Cap rate outlooks indicate that rates are expected to stabilize across most property types in the next quarter.
- Required yields for Tampa-St. Petersburg are lower, on average, than that of the state, 11.83% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 17.0% and lowest for **Free Standing Retail** at 9.0%.
- Required yields decreased significantly across most property types last quarter. The largest shifts in required yields occurred in **Condo Conversions** (-3.70% change) and **Office: Class B** (-3.68% change).
- The investment outlook is mixed to positive across property types, with the most positive outlook occurring in **Warehouse and Distribution, Apartments and Office: Class A**.
- The outlook for **Land Development** appears to be neutral to negative for all land classifications.
- Future occupancy is expected to stabilize for all property types except **Strip Centers** which is expected to decline further.
- Rental rates are expected to increase slower than inflation across almost all property types over the next quarter.
- Future absorption rate expectations are neutral for both **Condominium Development** and **Single Family**.
- Future price increases are expected to occur at a rate that is slower than inflation for both **Single Family** and **Condominium Development**.

Table 10a

Tampa-St Pete	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-10										
Cap Rate	8.0	11.7	9.2	9.2	8.6	9.1	9.0	8.4	9.8	8.4
Percent Expecting Rise	10%		22%	22%	13%	38%	20%	21%	33%	50%
Percent Expecting Fall	10%		33%	33%	25%	15%	20%	14%		
Q4-09										
Cap Rate	8.2	10.1	9.2	9.7	9.2	9.4	9.2	8.9	9.8	8.6
Percent Expecting Rise	41%	50%	22%	25%	73%	42%	43%	38%	40%	33%
Percent Expecting Fall	18%		11%	13%		17%	14%	23%	7%	
Q3-09										
Cap Rate	8.5	16.4	8.9	9.6	8.9	9.3	9.0	9.1	10.0	9.3
Percent Expecting Rise	29%	20%	50%	80%	20%	40%	11%	27%	45%	33%
Percent Expecting Fall	14%	20%			10%	10%	22%	18%		
Yields										
Q1-10										
Yield	10.6	17.0	12.4	12.4	9.5	11.2	11.6	11.8	12.8	9.0
Percent Expecting Rise	11%		50%	50%	43%	27%	20%	17%	33%	33%
Percent Expecting Fall			38%	38%	29%	27%		8%		
Q4-09										
Yield	13.6	20.7	12.1	14.6	12.4	14.9	15.0	13.6	15.3	11.3
Percent Expecting Rise	13%		14%	29%	40%	33%	17%	45%	42%	
Percent Expecting Fall	27%	17%	14%	14%		22%	17%	9%	8%	
Q3-09										
Yield	12.2	19.1	12.2	13.2	13.5	13.4	13.7	12.8	14.5	11.6
Percent Expecting Rise	21%	20%	50%	60%	30%	30%	22%	36%	36%	
Percent Expecting Fall	21%		17%		10%	20%	22%	27%		
Investment Outlook										
Q1-10										
Fair to Good	80%		64%	33%	64%	29%	40%	59%	21%	43%
Bad to Poor			9%		9%	29%	30%	29%	43%	14%
Q4-09										
Fair to Good	71%	33%	73%	50%	53%	41%	22%	63%	32%	33%
Bad to Poor	5%	33%	18%	10%	12%	29%	33%		26%	
Q3-09										
Fair to Good	57%	33%	73%	57%	47%	42%	27%	62%	36%	
Bad to Poor	7%	67%		14%	20%	33%	36%	23%	45%	75%

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
Q1-10						
Fair to Good	22%	36%	20%	20%	25%	34%
Bad to Poor	56%	45%	53%	50%	45%	39%
Q4-09						
Fair to Good	23%	32%	31%	21%	27%	29%
Bad to Poor	49%	42%	52%	55%	43%	31%
Q3-09						
Fair to Good	26%	34%	23%	16%	24%	32%
Bad to Poor	52%	47%	53%	61%	48%	48%

Table 10c

Investors by Property Type

Tampa-St Pete	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10														
Private Buyers	88%	56%		67%	33%	36%	67%		76%		10%	24%	86%	100%
R.E. Companies	6%	11%		33%	67%	9%	22%	18%	12%		20%	35%	14%	
REITs		11%				27%		27%	6%		40%	29%		
Institutions						27%	11%	27%	6%		20%	6%		
Foreign Buyers	6%	22%						27%			10%	6%		
Q4-09														
Private Buyers	90%	79%		71%	83%	55%	60%	24%	100%		56%	56%	100%	83%
R.E. Companies	5%			14%		9%	20%	12%			11%	19%		17%
REITs				10%		27%		41%			22%	19%		
Institutions		7%		5%		9%		12%				6%		
Foreign Buyers	5%	14%			17%		20%	12%			11%			
Q3-09														
Private Buyers	89%	73%		64%	50%	45%	57%	7%	100%		36%	54%	100%	75%
R.E. Companies		18%		14%		27%	14%	27%			9%	23%		
REITs				14%	33%	18%	14%	33%			27%	8%		
Institutions				7%		9%		27%			27%	8%		
Foreign Buyers	11%	9%			17%		14%	7%				8%		25%

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										
Q1-10										
Higher	38%		42%	30%	45%	24%	20%	18%	14%	14%
Lower			25%	40%	36%	35%	40%	35%	71%	14%
Q4-09										
Higher	50%		18%	10%	29%	20%	13%	27%	33%	17%
Lower	9%		18%	10%	29%	13%	25%	40%	33%	33%
Q3-09										
Higher	25%		36%	29%	21%		9%	15%	9%	
Lower		17%	18%	43%	57%	27%	73%	62%	82%	67%
Rental Rate Increases										
Q4-09										
Faster than Inflation			17%	10%	9%					
Slower than Inflation	46%	75%	42%	60%	55%	76%	70%	76%	86%	57%
Q4-09										
Faster than Inflation			9%	10%	6%			7%	6%	
Slower than Inflation	55%	50%	73%	80%	65%	80%	88%	80%	83%	83%
Q3-09										
Faster than Inflation			9%		7%					
Slower than Inflation	75%	67%	82%	71%	86%	82%	100%	100%	91%	100%

Table 10e

Tampa-St Pete	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	44%	22%
Lower		11%
Q4-09		
Higher	20%	31%
Lower	15%	8%
Q3-09		
Higher	50%	46%
Lower	19%	38%
Future Price Increases		
Q1-10		
Faster than Inflation	6%	11%
Slower than Inflation	56%	78%
Q4-09		
Faster than Inflation	5%	14%
Slower than Inflation	80%	79%
Q3-09		
Faster than Inflation	6%	
Slower than Inflation	50%	55%

Sarasota-Bradenton

- Cap rates in the Sarasota-Bradenton area are, on average, lower (0.50 percentage points) than that of the state, and range from 7.8% (**Apartments**) to 11.5% (**Condo Conversion**).
- Cap rates decreased across all but two property types in the last quarter, with the largest changes occurring in **Flex Space** (-0.48% change) and **Office: Class A** (-0.55% change). Cap rates increased for **Condo Conversions** (+1.65% change).
- Cap rates are expected to stabilize in the next quarter for all property types.
- Required yields for Sarasota-Bradenton are, on average, higher than that of the state, 13.13% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 18.3% and lowest for **Free Standing Retail** at 10.3%.
- Required yields have decreased this quarter across most property types. The largest shifts occurred in **Condo Conversion** (-2.21% change) and **Office: Class B** (-2.20% change). **Warehouse** increased dramatically this quarter (+1.74% change).
- The investment outlook is neutral to positive across most available property types with the most positive outlook in **Apartments** and **Neighborhood Centers**.
- The outlook for **Land Development** is neutral to negative across land classifications.
- Future occupancy is expected to stabilize over the next quarter for all property types.
- Rental rates are expected to lag inflation across all property types over the next quarter.
- Future absorption rates are expected to be higher for **Single Family Development** and neutral for **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											
Q1-10											
Cap Rate	7.8	11.5	9.0	9.0		8.4	8.8	8.7	8.1	9.5	8.2
Percent Expecting Rise			33%	33%			27%			22%	20%
Percent Expecting Fall	20%										
Q4-09											
Cap Rate	7.9	9.8	9.0	9.5		8.9	9.1	8.9	8.6	9.5	8.3
Percent Expecting Rise			100%	17%		50%	44%	33%	50%	50%	25%
Percent Expecting Fall								33%			
Q3-09											
Cap Rate	8.1	16.1	8.6	9.2		8.6	8.9	8.7	8.8	9.6	8.9
Percent Expecting Rise	29%	25%		20%			33%		33%	43%	67%
Percent Expecting Fall	29%	25%				100%	11%	67%	33%	14%	
Yields											
Q1-10											
Yield	11.9	18.3	13.7	13.7		10.8	12.5	12.9	13.1	14.1	10.3
Percent Expecting Rise			33%	33%			33%			13%	25%
Percent Expecting Fall			33%	33%		100%	11%		20%	13%	
Q4-09											
Yield	13.4	20.5	12.0	14.4		12.2	14.7	14.8	13.4	15.1	11.1
Percent Expecting Rise				17%			50%			38%	25%
Percent Expecting Fall								33%			
Q3-09											
Yield	11.2	18.1	11.2	12.2		12.5	12.5	12.7	11.8	13.5	10.7
Percent Expecting Rise	29%	25%		25%			38%		33%	29%	33%
Percent Expecting Fall	29%					100%	13%	33%	17%		
Investment Outlook											
Q1-10											
Fair to Good	60%		17%	50%			27%		83%	33%	80%
Bad to Poor			33%	17%			18%			22%	20%
Q4-09											
Fair to Good	67%			67%		75%	56%		75%	56%	56%
Bad to Poor	17%					25%					11%
Q3-09											
Fair to Good	43%	25%	80%	60%			44%		83%	14%	
Bad to Poor	14%	75%							17%	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
Q1-10						
Fair to Good	18%	39%	18%	4%	7%	18%
Bad to Poor	46%	29%	50%	54%	46%	25%
Q4-09						
Fair to Good	25%	38%	28%	16%	25%	31%
Bad to Poor	56%	34%	47%	47%	41%	25%
Q3-09						
Fair to Good	1%	1%	1%	1%	1%	1%
Bad to Poor	2%	2%	2%	2%	2%	2%

Table 11c

Investors by Property Type

Sarasota-Bradenton	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10												
Private Buyers	100%	100%	100%	100%	83%	67%		82%		17%	100%	80%
R.E. Companies								9%		67%		20%
REITs									100%	17%		
Institutions					17%	33%		9%				
Foreign Buyers							100%					
Q4-09												
Private Buyers	91%	86%	83%	100%		83%	50%	100%	33%	25%	100%	89%
R.E. Companies	9%					17%	50%			25%		11%
REITs			17%		100%				67%	50%		
Institutions												
Foreign Buyers		14%										
Q3-09												
Private Buyers	89%	63%	71%	50%	100%	100%		89%	67%	100%	100%	33%
R.E. Companies	11%	25%	14%									33%
REITs			14%	25%			100%	11%	33%			
Institutions												
Foreign Buyers		13%		25%								33%

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										
Q1-10										
Higher	20%			17%				17%	22%	
Lower			17%			45%			33%	20%
Q4-09										
Higher	17%				25%	22%		25%	22%	14%
Lower	17%		100%	33%	25%	44%	100%	50%	44%	
Q3-09										
Higher	17%	25%	25%	40%		22%	33%	17%	14%	33%
Lower		25%	25%	40%		22%	33%	50%	43%	33%
Rental Rate Increases										
Q1-10										
Faster than Inflation										
Slower than Inflation	40%	50%	83%	67%		91%	50%	83%	89%	80%
Q4-09										
Faster than Inflation										
Slower than Inflation	83%	75%		67%	75%	78%	100%	100%	78%	57%
Q3-09										
Faster than Inflation	17%									
Slower than Inflation	67%	50%	75%	80%	100%	89%	100%	83%	86%	67%

Table 11e

Sarasota-Bradenton	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	63%	29%
Lower		14%
Q4-09		
Higher	27%	14%
Lower	27%	29%
Q3-09		
Higher	67%	50%
Lower	22%	13%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	86%
Q4-09		
Faster than Inflation		14%
Slower than Inflation	91%	86%
Q3-09		
Faster than Inflation	22%	13%
Slower than Inflation	56%	75%

Jacksonville

- Cap rates in Jacksonville are, on average, higher (0.06 percentage points) than that of the state, and range from 8.3% (**Apartments**) to 12.0% (**Condo Conversion**).
- Cap rates have increased across most property types, with the largest increase occurring in **Warehouse** (+0.35% change) and **Strip Centers** (+0.29% change).
- Cap rates are expected to stabilize for most property types over the next quarter.
- Required yields for Jacksonville are, on average, higher than that of the state, 13.09% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversion** at 18.2% and lowest for **Free Standing Retail** at 10.2%.
- Required yields have been mixed this quarter with increases occurring in **Warehouse** (+2.53% change) and **Neighborhood Retail** (+0.49% change) and decreases occurring in **Office: Class B** (-1.40% change) and **Retail Large** (-1.13% change).
- The investment outlook is mixed to positive across all property types this quarter. The most positive outlook for investment occurs in **Apartments** and **Office: Class A**.
- The outlook for **Land Development** is neutral to negative across all land classifications.
- Future occupancy is expected stabilize across the majority of property types. Respondents expect occupancy to decrease in **Large Retail**.
- Rental rates are expected to lag inflation across most property types with the exception of **Apartments** and **Office: Class A**.
- Future absorption rates are expected to remain the same for **Single Family Development** and **Condominium Development**.
- Respondents expect future prices to increase at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 12a

Jacksonville	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates										
Q1-10										
Cap Rate	8.3	12.0	9.5	9.5	8.9	9.4	9.3	8.7	10.1	8.7
Percent Expecting Rise	20%		50%	50%		25%		11%	31%	25%
Percent Expecting Fall	20%		25%	25%	33%	17%		22%	15%	
Q4-09										
Cap Rate	8.2		9.2	9.7	9.2	9.3	9.2	8.8	9.8	8.6
Percent Expecting Rise	33%		33%			80%	60%	43%	55%	
Percent Expecting Fall	17%				25%					25%
Q3-09										
Cap Rate	8.3	16.3	8.8	9.4	8.8	9.1	8.9	8.9	9.8	9.1
Percent Expecting Rise	40%	50%	25%	67%	33%	57%	38%	38%	55%	50%
Percent Expecting Fall	10%		50%				13%	13%	9%	
Yields										
Q1-10										
Yield	11.9	18.2	13.7	13.7	10.8	12.5	12.9	13.1	14.0	10.2
Percent Expecting Rise			25%	25%		20%			31%	33%
Percent Expecting Fall			25%	25%	100%	20%			15%	
Q4-09										
Yield	12.6		11.1	13.6	11.4	13.9	14.0	12.6	14.3	10.3
Percent Expecting Rise	25%		33%	50%	25%	20%	20%	31%	40%	
Percent Expecting Fall	8%		17%			40%		8%	10%	
Q3-09										
Yield	10.6	17.5	10.6	11.6	11.9	11.8	12.1	11.2	12.9	10.0
Percent Expecting Rise				33%	20%	29%	29%		33%	25%
Percent Expecting Fall	13%	50%	67%				14%	14%		
Investment Outlook										
Q1-10										
Fair to Good	88%		63%	67%	100%	29%		56%	8%	50%
Bad to Poor						7%		22%	54%	
Q4-09										
Fair to Good	79%		25%		80%	14%	60%	57%	17%	25%
Bad to Poor	7%		38%			43%		14%	42%	25%
Q3-09										
Fair to Good	50%		80%	50%	25%	38%	25%	89%	17%	50%
Bad to Poor	10%			17%			13%	11%	50%	50%

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
Q1-10						
Fair to Good	16%	24%	14%	8%	19%	19%
Bad to Poor	62%	54%	54%	62%	49%	49%
Q4-09						
Fair to Good	11%	22%	8%	8%	16%	24%
Bad to Poor	57%	35%	43%	65%	30%	41%
Q3-09						
Fair to Good	19%	27%	8%	8%	14%	19%
Bad to Poor	46%	46%	59%	68%	54%	51%

Table 12c

Investors by Property Type

Jacksonville	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, D	R &	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10														
Private Buyers	91%	75%		38%		25%	67%			93%	33%	22%	85%	75%
R.E. Companies	9%	25%		38%	100%	13%			25%	7%	33%	44%	15%	
REITs				25%		13%	17%		25%		33%	22%		
Institutions						38%	17%		25%					25%
Foreign Buyers						13%			25%			11%		
Q4-09														
Private Buyers	100%	83%		50%		25%	100%			100%	20%	36%	83%	100%
R.E. Companies				36%		25%			60%			36%	8%	
REITs				14%		38%			40%		40%	14%	8%	
Institutions						13%					20%	14%		
Foreign Buyers		17%									20%			
Q3-09														
Private Buyers	73%	75%		40%	50%	17%	83%			78%	25%	44%	83%	100%
R.E. Companies				10%		33%	17%		25%	11%	25%	44%	17%	
REITs				30%					38%		13%			
Institutions				10%		33%			13%		25%			
Foreign Buyers	27%	25%		10%					25%		13%	11%		

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										
Q1-10										
Higher	50%		38%		50%	7%	33%	22%	8%	25%
Lower			13%	17%		21%	67%	44%	54%	13%
Q4-09										
Higher	54%		38%		25%			23%	8%	25%
Lower	8%		25%		50%	43%	80%	46%	67%	
Q3-09										
Higher	33%		50%	20%	14%	11%	14%	22%	25%	25%
Lower	11%	50%		20%	57%	44%	86%	56%	58%	50%
Rental Rate Increases										
Q1-10										
Faster than Inflation	13%									
Slower than Inflation	50%		88%	67%	25%	86%	67%	67%	85%	100%
Q4-09										
Faster than Inflation	8%									
Slower than Inflation	50%		88%		100%	100%	100%	100%	92%	75%
Q3-09										
Faster than Inflation			17%		14%					
Slower than Inflation	56%	100%	50%	80%	86%	100%	86%	100%	92%	100%

Table 12e

Jacksonville	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	45%	
Lower	9%	50%
Q4-09		
Higher	33%	
Lower		33%
Q3-09		
Higher	36%	13%
Lower	9%	38%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	73%	100%
Q4-09		
Faster than Inflation	8%	
Slower than Inflation	92%	100%
Q3-09		
Faster than Inflation		
Slower than Inflation	82%	50%

Gainesville-Ocala

- Cap rates in Gainesville-Ocala are, on average, higher (0.21 percentage points) than that of the state, and range from 8.4% (**Apartments**) to 12.1% (**Condo Conversion**).
- Cap rates decreased for most property types over the last quarter, with the largest changes occurring in **Office: Class A** (-0.53% change) and **Flex Space** (-0.46% change).
- Cap rates are expected to stabilize over the next quarter for all property types.
- Required yields for Gainesville-Ocala are, on average, lower than that of the state, 12.42% compared to 12.67% statewide.
- Required yields are highest for **Condo Conversions** at 17.2% and lowest for **Office: Class A** at 9.8%.
- Required yields decreased over the past quarter for most property types. The largest decreases occur in **Condo Conversions** (-2.95% change) and **Office: Class B** (-2.93% change).
- The investment outlook is neutral to positive over all of the available property types in this region. The largest positive indication is for **Apartments**.
- The outlook for **Land Development** is neutral to negative across almost all land classifications. **Land without Entitlements** has the most negative outlook.
- Future occupancy expectations are mixed across available property types. The strongest indications of future occupancy increases occur in **Apartments and Condo Conversions**.
- Rental rates are expected to lag inflation across the majority of available property types over the next quarter.
- Future absorption rates are expected to increase for **Single Family Development** and **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											
Q1-10											
Cap Rate	8.4	12.1	9.6	9.6	9.0	9.4	9.4	8.7	10.1		
Percent Expecting Rise			33%	33%					50%		
Percent Expecting Fall	33%				50%		33%		50%		
Q4-09											
Cap Rate	8.5	10.4	9.6	10.1	9.5	9.7	9.5	9.2	10.2	8.9	
Percent Expecting Rise	25%	100%	20%	100%	33%	43%	50%		67%		
Percent Expecting Fall	25%				33%		50%				
Q3-09											
Cap Rate	9.4	17.3	9.8	10.5	9.8	10.2	10.0	10.0	10.9	10.2	
Percent Expecting Rise	33%	100%	50%	67%		40%	50%		67%	100%	
Percent Expecting Fall	33%		25%		50%		50%		33%		
Yields											
Q1-10											
Yield	10.9	17.2	12.7	12.7	9.8	11.5	11.9	12.1	13.0		
Percent Expecting Rise			33%	33%					100%		
Percent Expecting Fall	33%				50%						
Q4-09											
Yield	13.1	20.2	11.7	14.1	11.9	14.4	14.5	13.1	14.8	10.8	
Percent Expecting Rise			20%						17%		
Percent Expecting Fall	50%		40%	33%	33%	20%	50%		33%		
Q3-09											
Yield	11.0	17.9	11.0	12.0	12.3	12.3	12.6	11.6	13.4	10.5	
Percent Expecting Rise			33%	33%	50%	25%	50%				
Percent Expecting Fall	67%	100%			50%	50%	50%				100%
Investment Outlook											
Q1-10											
Fair to Good	80%					25%					
Bad to Poor											
Q4-09											
Fair to Good	67%		60%		67%	50%			57%		
Bad to Poor	17%		40%		17%	13%			14%		
Q3-09											
Fair to Good			75%		50%	71%			50%		
Bad to Poor					25%	14%			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
Q1-10						
Fair to Good	7%	27%	7%	13%	20%	27%
Bad to Poor	60%	47%	40%	40%	27%	40%
Q4-09						
Fair to Good	13%	21%	33%	21%	25%	21%
Bad to Poor	58%	50%	38%	46%	42%	42%
Q3-09						
Fair to Good	31%	38%	38%	31%	31%	44%
Bad to Poor	56%	31%	44%	50%	63%	31%

Table 13c

Investors by Property Type

Gainesville-Ocala	Single Family Dev.	Condo	Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10													
Private Buyers	100%	50%		80%		33%	100%	33%	100%	67%	100%	100%	
R.E. Companies		50%		20%	100%			33%					
REITs						67%		33%		33%			
Institutions													
Foreign Buyers													
Q4-09													
Private Buyers	100%	50%		67%		40%	67%	67%	100%	100%		71%	100%
R.E. Companies				17%		20%		17%				14%	
REITs						40%						14%	
Institutions				17%			33%	17%			100%		
Foreign Buyers		50%			100%								
Q3-09													
Private Buyers	75%	67%		67%		100%	67%	75%	100%	50%		100%	
R.E. Companies							33%			50%	100%		
REITs				33%									
Institutions	13%							25%					
Foreign Buyers	13%	33%											

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												
Q1-10												
Higher	75%	100%			33%			33%				
Lower			33%	33%	33%					67%		
Q4-09												
Higher	14%		40%		17%			33%		14%		
Lower			60%	50%	67%	13%			100%	29%		
Q3-09												
Higher	50%		50%	33%		29%				50%		
Lower	25%		25%	33%	50%	43%		50%				100%
Rental Rate Increases												
Q1-10												
Faster than Inflation	25%											
Slower than Inflation	75%	100%	67%	100%	33%	75%		33%		100%		
Q4-09												
Faster than Inflation												
Slower than Inflation	57%		80%	100%	67%	75%		67%	100%	86%		100%
Q3-09												
Faster than Inflation												
Slower than Inflation	50%	100%	100%	100%	75%	100%		50%	100%	75%		100%

Table 13e

Gainesville-Ocala	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	75%	50%
Lower		
Q4-09		
Higher	44%	
Lower	11%	50%
Q3-09		
Higher	38%	33%
Lower		17%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	100%	75%
Q4-09		
Faster than Inflation		
Slower than Inflation	67%	50%
Q3-09		
Faster than Inflation		
Slower than Inflation	88%	83%

Pensacola-Tallahassee

- Cap rates for property types in Pensacola-Tallahassee are, on average, lower (0.23 percentage points) than that of the state, and range from 8.3% (**Apartments**) to 10.1% (**Strip Centers**).
- Cap rates have increased for most property types over the past quarter. The largest cap rate movements occurred in **Warehouse** (0.51% change) and **Strip Centers** (+0.45% change).
- Cap rates are expected to stabilize across available property types.
- Required yields for Pensacola-Tallahassee are, on average, higher than that of the state, 13.45% compared to 12.67% statewide.
- Required yields are highest for **Strip Centers** at 15.0% and lowest for **Free Standing Retail** at 11.1%.
- Required yields have increased dramatically for all property types over the past quarter. The largest shifts occurred in **Warehouse** (+4.43% change) and **Neighborhood Retail** (+2.39% change).
- For available property types, the investment outlook is mixed.
- The outlook for **Land Development** is negative across all land classifications.
- Future occupancy expectations are mixed across property types. The strongest indication of an expected decrease in occupancy over the next quarter occurs in **Retail-Large and Office: Class A**.
- For the majority of available property types, rental rates are expected to increase at a rate slower than inflation.
- Future absorption rates are neutral for both **Single Family** and **Condominium Development**.
- Future price increases are expected to occur at a rate slower than inflation for both **Single Family** and **Condominium Development**.

Table 14a

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Cap Rates											
Q1-10											
Cap Rate	8.3		9.5	9.5	8.9	9.4	9.3	8.7	10.1	8.7	
Percent Expecting Rise	50%				33%	33%		14%	43%		
Percent Expecting Fall											
Q4-09											
Cap Rate	8.0	9.9	9.0	9.5	9.0	9.2	9.0	8.6	9.6	8.4	
Percent Expecting Rise	17%		100%	33%	25%	38%	50%	43%	86%		
Percent Expecting Fall	17%				25%						
Q3-09											
Cap Rate	8.2	16.1	8.6	9.3	8.6	9.0	8.7	8.8	9.7	9.0	
Percent Expecting Rise	25%	50%	25%	25%	40%	83%	33%		83%	50%	
Percent Expecting Fall			25%	25%		17%					
Yields											
Q1-10											
Yield	12.8		14.6	14.6	11.7	13.4	13.8	14.0	15.0	11.1	
Percent Expecting Rise	50%				33%	29%		33%	43%		
Percent Expecting Fall					33%						
Q4-09											
Yield	11.6	18.7	10.2	12.6	10.4	12.9	13.0	11.6	13.3	9.3	
Percent Expecting Rise	33%			50%		29%	50%	29%	71%		
Percent Expecting Fall	17%		100%		33%	14%			14%		
Q3-09											
Yield	8.4	15.3	8.4	9.4	9.7	9.6	9.9	9.0	10.7	7.9	
Percent Expecting Rise			25%	50%		75%	33%	50%	50%	25%	
Percent Expecting Fall	25%	100%			20%	25%					
Investment Outlook											
Q1-10											
Fair to Good					20%	14%		57%	17%		
Bad to Poor					20%	43%		14%	50%		
Q4-09											
Fair to Good	71%				25%	17%		67%	38%		
Bad to Poor					25%	17%			38%		
Q3-09											
Fair to Good	75%										
Bad to Poor	25%			50%	40%	83%			67%	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
Q1-10						
Fair to Good	23%	27%	18%	9%	9%	23%
Bad to Poor	68%	55%	59%	64%	64%	55%
Q4-09						
Fair to Good	26%	17%	9%	4%	17%	22%
Bad to Poor	43%	35%	48%	65%	43%	43%
Q3-09						
Fair to Good	27%	32%	5%	5%	9%	18%
Bad to Poor	59%	55%	59%	73%	73%	55%

Table 14c

Investors by Property Type

Pensacola to Tallahassee	Single Family Dev.	Condo Dev.	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Q1-10													
Private Buyers	83%	86%	33%			100%	40%	100%			43%	100%	100%
R.E. Companies	17%		33%				40%				29%		
REITs			33%							100%	14%		
Institutions													
Foreign Buyers		14%					20%				14%		
Q4-09													
Private Buyers	100%	100%	57%		50%	100%	75%	83%			17%	88%	100%
R.E. Companies			29%				25%				50%	13%	
REITs					50%			17%		50%	33%		
Institutions			14%							50%			
Foreign Buyers													
Q3-09													
Private Buyers	78%	60%	75%		75%	100%	20%	67%		33%		100%	100%
R.E. Companies							20%	17%					
REITs			25%				40%	17%		67%	100%		
Institutions	11%												
Foreign Buyers	11%	40%			50%		20%						

Table 14d

Pensacola to Tallahassee	Apartments - Market Rental	Condo Conversion	Warehouse and Dist.	Flex Space, R & D	Office: Class A	Office: Class B	Class	Retail - Large	Neighborhood Centers	Strip Centers	Free Standing
Future Occupancy											
Q1-10											
Higher							13%		29%	14%	
Lower					67%	25%		100%	29%	43%	50%
Q4-09											
Higher	33%						13%				50%
Lower				33%	100%	38%		100%	71%	57%	
Q3-09											
Higher	50%				20%	17%			50%		25%
Lower	25%	50%	50%	50%	40%	17%		67%	50%	50%	50%
Rental Rate Increases											
Q1-10											
Faster than Inflation											
Slower than Inflation	40%			100%		100%		100%	71%	100%	100%
Q4-09											
Faster than Inflation											
Slower than Inflation	83%	100%	100%	67%		100%		100%	100%	86%	100%
Q3-09											
Faster than Inflation	25%										
Slower than Inflation	75%	100%	75%	75%		83%		100%	100%	83%	50%

Table 14e

Pensacola to Tallahassee	Single Family Development	Condominium Development
Future Absorption Rates		
Q1-10		
Higher	33%	29%
Lower		43%
Q4-09		
Higher	40%	17%
Lower	10%	33%
Q3-09		
Higher	56%	40%
Lower	11%	40%
Future Price Increases		
Q1-10		
Faster than Inflation		
Slower than Inflation	75%	100%
Q4-09		
Faster than Inflation		
Slower than Inflation	89%	100%
Q3-09		
Faster than Inflation		
Slower than Inflation	56%	80%