



Colliers
INTERNATIONAL

South Florida

SOUTH FLORIDA COMMERCIAL REAL ESTATE REVIEW

Q4 2011

Accelerating success.

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SOUTH FLORIDA COMMERCIAL REAL ESTATE REVIEW | Q4 2011



South Florida

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Market Report Criteria

Office: Properties classified class A, B, and C that are both existing and under construction measuring greater than 10,000 square feet of rentable area for single and multi-tenant, non-government and non-medical tenant users. Criteria is also pulled for properties classified class A, B, and C that are both existing and under construction measuring greater than 25,000 square feet of rentable area for single and multi-tenant, non-government, non-medical tenant and non-owner occupied users.

Industrial: Properties that are both existing and under construction measuring greater than 20,000 square feet of rentable area for single and multi-tenant users.

Retail: Properties measuring greater than 10,000 square feet of rentable area located in a shopping center.

Hotels: Information used in this report includes data from Smith Travel Research and from PKF Hospitality Research's Hotel Horizons®. PKF is an affiliate of Colliers International.

Cover photo provided by the Greater Miami Convention & Visitors Bureau.

The Colliers International South Florida Commercial Real Estate Review provides market data for the Tri-County area, highlighting the office, industrial, retail and hotel markets.

Dear Valued Client,

For those that pointed to 2012 as the start of the recovery several years ago, congratulations on having the clearest crystal ball. After a strong finish to 2011, we are anxiously awaiting the progress 2012 will bring. Top-down economic factors are beginning to improve: improvements in the unemployment rate, increases in travel and trade volume and general stabilization in consumer confidence. Bottom-up economics are also looking favorable: increases in positive net absorption almost across the board, rental rates bottoming out and investment sales activity hitting year-over-year highs.

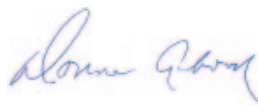
While every market is different and each has their own definition of recovery, we in South Florida look to 2012 as the continuation of positive change. Strong sectors remain strong (multifamily) while others are beginning to rebound (industrial). Following the real estate cycle through we see a broad based recovery in retail and then office over the next 24 months. At a more micro level core markets have shown improvement at a faster pace than suburban markets. This transition to the urban cores of South Florida has been supported by foreign demand looking to invest in places with familiar and similar cultures, demographics, lifestyles and investment profiles.

Make no mistake though. There is a long road to sow as banks continue to make sense of their portfolios and excess inventory makes its way through the market. There is an obvious shift in capital allocation towards quality and scale (trophy properties in core markets) which has left most local lenders struggling to cleanse. We see 2012 as a year of continued bank dispositions and recapitalizations. Billions of CMBS mortgage defaults will be coming to market over the next several years. This will weigh in on overall property values, and could effect rental rates in some submarkets. Trophy properties, however, will continue to do well and experience increases in rental rates.

The office space market will continue to see shifts in tenancy over relocations and, fortunately, expansions. We see continued relocation of marquis tenants to better quality space, providing a vacuum through the quality stack (up from class C to B to A). The rental rates are beginning to stabilize. Although the market is still not fully recovered, the “tenants “ markets will still have the upper hand and free rent and excessive tenant improvements will continue to be a major factor in lease negotiations. The influx of international tenants coming into Miami from Latin America continues and as a result, supports absorption in core office buildings.

We are thankful we were able to share success with so many of our clients and we look forward to a more prosperous 2012.

Sincerely,



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South Florida Market Overall Executive Summary

2009 saw consistent declines across all metrics (rental rates, net absorption, and construction activity) while 2010 saw the bottoming out of most major markets. But, looking back, 2011 will probably come to be known as the official start of the commercial real estate recovery. As of year end 2011, vacancy rates are falling. Rental rates are actually seeing increases in certain submarkets for certain product types. What's more, the macro economy appears to be showing signs of life. Unemployment rates are slowly trending downward, the residential market has seen near double digit growth in sales volume and we're starting to see plans for new construction of spec residential and build-to-suit commercial product.

MARKET INDICATORS

	Rent	Vacancy
MIAMI-DADE OFFICE	—	—
BROWARD OFFICE	↓	—
PALM BEACH OFFICE	↓	↓
MIAMI-DADE INDUSTRIAL	↑	↓
BROWARD INDUSTRIAL	↓	↓
PALM BEACH INDUSTRIAL	—	↓
MIAMI-DADE RETAIL	↑	↓
BROWARD RETAIL	—	↓
PALM BEACH RETAIL	↓	—
MIAMI-DADE HOTELS	↑	↓
BROWARD HOTELS	↑	↓
PALM BEACH HOTELS	↑	↓

Tri-County South Florida has always benefited from international investment and 2011 was no exception. Cross-border investment activity has jumped (+100% year over year), especially from Asian, German and Canadian investors. Demand from foreign buyers coupled with general economic improvement has put downward pressure on cap rates, down almost 1.00% from the start of 2010. Core product has garnered the most attention. However, suburban assets, especially for multifamily product, have seen equally positive demand.

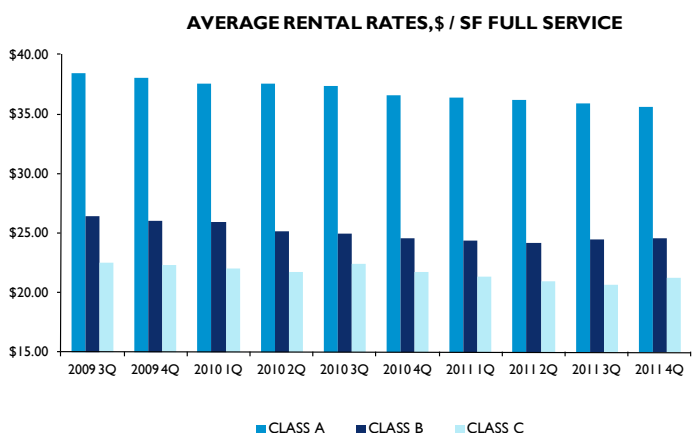
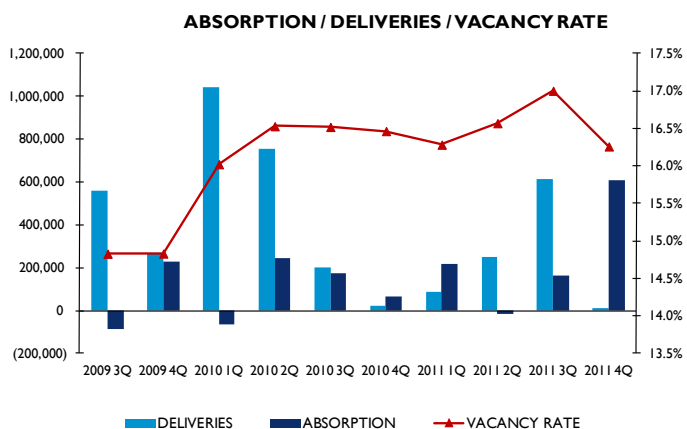
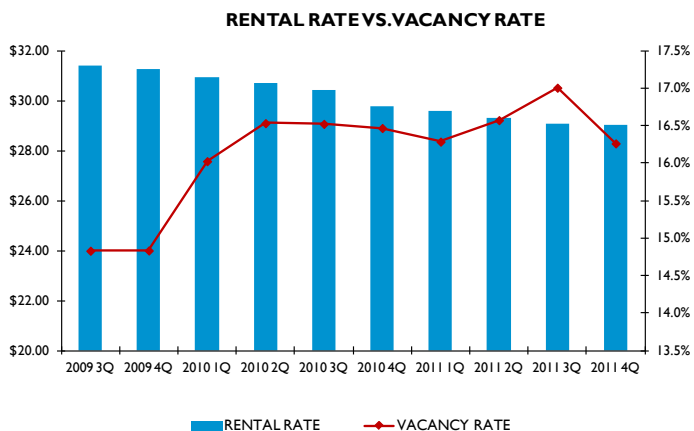
Many look to CMBS maturities as a source of investment opportunity, but, private client buyers have seen similar success capitalizing on micro level trends. Financing remains an obstacle. However, as the market continues to improve, both in terms of space market fundamentals and local / global capital markets, buyers can look to the next few years to leverage purchases again. This will create substantial opportunities when one looks at the expected volume of bank CMBS REO and institutional debt that is coming on line over the next 24 months.

On average South Florida remains a tenant's market, but there are signs that the tide is changing for select product in certain markets, including strength in industrial rent growth and general retail performance.

The dearth of new supply is bolstering the recovery of hotels in the Tri-County area. Fueled by international travel, Miami-Dade returned to its 2007 RevPAR peak in 2011. Broward is expected to return to its peak this year. Because of Palm Beach County's influx of new hotels at the beginning of the recession it is not expected to return to its 2006 high until 2014.

We close out 2011 on a high note and look ahead at 2012 to be a year of continued improvement, growth and success.

Miami-Dade County Office



- The largest office sale of the quarter closed just before the end of the year. Waterford at Blue Lagoon, a 344,000 square foot Class B office portfolio near Miami International Airport, was sold for \$44 million by MetLife to DRA Advisors.
- The largest lease of the quarter was signed by HBO Latin America during the last weeks of December. The tenant signed approximately 66,000 square feet of space for 15 years in the newly developed 396 Alhambra building in Coral Gables.
- After increasing slightly last quarter, vacancy rates in the county have leveled off to just above 16%, the average vacancy of the last two years. Class A product maintains the distinction of having the largest vacancy rate at 23%. Class A rates remain virtually unchanged when viewed over the last year but are still down from the previous quarter.
- Average asking rental rates remain nearly unchanged from the previous quarter at \$29 per square foot, gross. This is still down from \$29.60 per square foot from this time last year. Average asking rental rates for Class B product has remained almost flat (0.16% decline) over the same period, while Class A product saw the biggest decline (1.74%)
- Two of the most highly anticipated Class A office projects were delivered recently: 396 Alhambra (Coral Gables) and 600 Brickell (Brickell). Combined, both properties amount to 785,000 square feet of new inventory. 396 Alhambra is nearly 50% occupied thanks to two large leases signed just before the close of 2011 and 600 Brickell is still less than 20% leased.
- Net absorption for Q4 was strong at 606,000 square feet. This brings total net absorption for 2011 to nearly 1M square feet. Most of the absorption for the quarter occurred in Class A product, the largest portion of which took place in the Doral submarket.

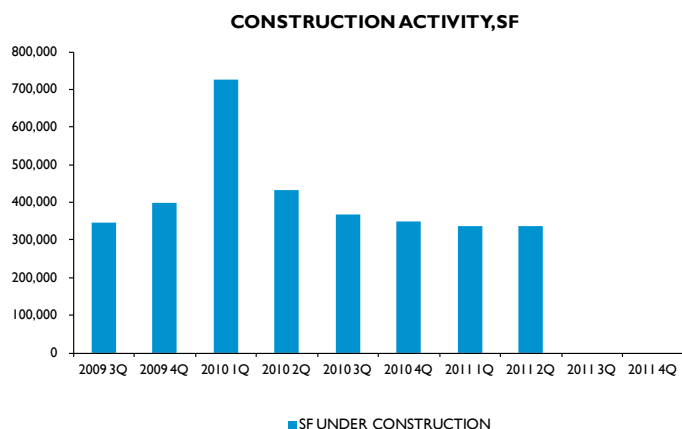
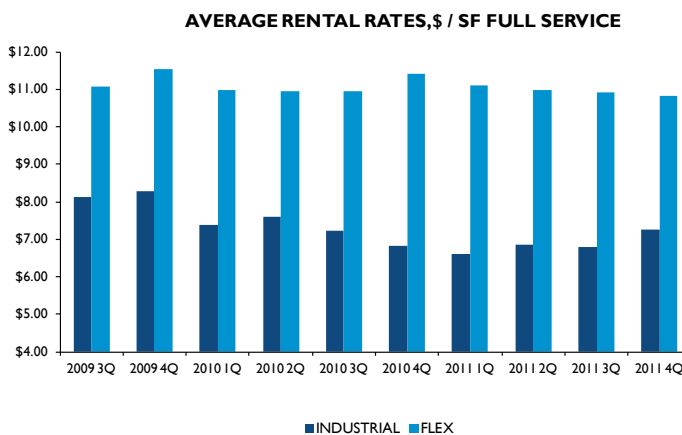
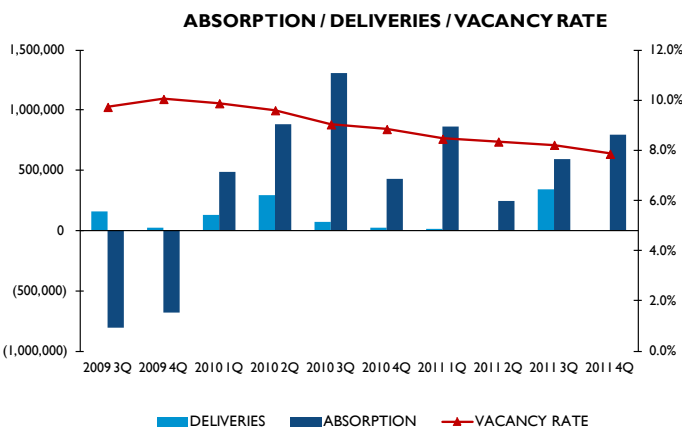
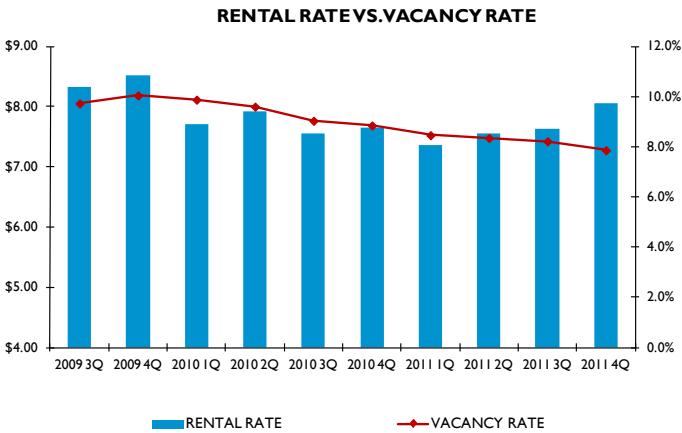
Office 25,000 Square Feet + : Institutional office product appears to be moving in the right direction, albeit slowly. Vacancy rates are down from this time last year at 24%. Net absorption ended the year strong with nearly one million square feet of positive change. Now with only four notable institutional projects left in the pipeline totaling approximately 400,000 square feet, the market should continue to improve steadily. Declines in rental rates are supporting net absorption. Asking rates have fallen just below \$30 per square foot, down from \$34 per square foot seen during 2008.

Miami-Dade County Office Submarket Statistics

CLASS	TOTAL INVENTORY (SF)	% OF SUBMARKET RBA	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	# OF DELIVERIES	WEIGHTED AVERAGE RENTAL RATE (FULL SERVICE)
AVENTURA								
CLASS A	706,881	59.9%	101,608	14.4%	5,084	0	0	\$37.02
CLASS B	415,877	35.2%	15,690	3.8%	8,325	0	0	\$32.51
CLASS C	57,251	4.9%	8,875	15.5%	1,535	0	0	\$0.00
SUBTOTAL	1,180,009	100.0%	126,173	10.7%	14,944	0	0	\$33.63
BISCAYNE CORRIDOR								
CLASS A	610,925	10.9%	258,925	42.4%	0	0	0	\$31.15
CLASS B	2,768,083	49.5%	502,147	18.1%	20,423	0	0	\$24.67
CLASS C	2,208,950	39.5%	285,630	12.9%	17,935	0	0	\$19.69
SUBTOTAL	5,587,958	100.0%	1,046,702	18.7%	38,358	0	0	\$23.41
CBD / BRICKELL								
CLASS A	4,573,845	61.6%	1,280,253	28.0%	161,352	0	0	\$41.30
CLASS B	2,725,613	36.7%	480,881	17.6%	12,297	0	0	\$29.21
CLASS C	126,339	1.7%	13,000	10.3%	0	0	0	\$18.39
SUBTOTAL	7,425,797	100.0%	1,774,134	23.9%	173,649	0	0	\$36.47
CENTRAL MIAMI								
CLASS A	252,079	8.3%	123,327	48.9%	9,074	0	0	\$0.00
CLASS B	1,335,827	44.1%	110,833	8.3%	12,500	10,600	1	\$15.36
CLASS C	1,440,289	47.6%	57,089	4.0%	4,950	0	0	\$22.28
SUBTOTAL	3,028,195	100.0%	291,249	9.6%	26,524	10,600	1	\$17.37
COCONUT GROVE								
CLASS A	515,216	37.2%	71,498	13.9%	12,365	0	0	\$32.43
CLASS B	630,431	45.6%	74,298	11.8%	11,896	0	0	\$26.56
CLASS C	238,032	17.2%	53,844	22.6%	0	0	0	\$25.02
SUBTOTAL	1,383,679	100.0%	199,640	14.4%	24,261	0	0	\$28.48
CORAL GABLES								
CLASS A	4,182,261	45.3%	905,676	21.7%	-9,919	0	0	\$34.98
CLASS B	3,570,146	38.7%	364,964	10.2%	39,792	0	0	\$28.26
CLASS C	1,472,413	16.0%	79,047	5.4%	22,974	0	0	\$26.92
SUBTOTAL	9,224,820	100.0%	1,349,687	14.6%	52,847	0	0	\$31.09
CORAL WAY								
CLASS A	24,000	1.7%	0	0.0%	0	0	0	\$0.00
CLASS B	814,328	58.8%	53,651	6.6%	18,767	0	0	\$22.15
CLASS C	545,969	39.4%	69,497	12.7%	-7,095	0	0	\$24.99
SUBTOTAL	1,384,297	100.0%	123,148	8.9%	11,672	0	0	\$22.89
DORAL / AIRPORT WEST								
CLASS A	6,547,148	41.0%	1,222,717	18.7%	159,771	0	0	\$27.81
CLASS B	6,894,952	43.2%	1,464,967	21.2%	34,836	0	0	\$21.89
CLASS C	2,516,678	15.8%	133,159	5.3%	345	0	0	\$19.78
SUBTOTAL	15,958,778	100.0%	2,820,843	17.7%	194,952	0	0	\$23.99
CBD / DOWNTOWN								
CLASS A	4,810,686	46.5%	1,109,709	23.1%	37,641	0	0	\$42.08
CLASS B	4,369,477	42.2%	801,171	18.3%	33,137	0	0	\$25.96
CLASS C	1,166,038	11.3%	23,666	2.0%	-2,492	0	0	\$15.36
SUBTOTAL	10,346,201	100.0%	1,934,546	18.7%	68,286	0	0	\$32.26

CLASS	TOTAL INVENTORY (SF)	% OF SUBMARKET RBA	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	# OF DELIVERIES	WEIGHTED AVERAGE RENTAL RATE (FULL SERVICE)
HIALEAH / MIAMI GARDENS								
CLASS A	0	0.0%	0	0.0%	0	0	0	\$0.00
CLASS B	596,864	45.1%	152,568	25.6%	-4,938	0	0	\$20.32
CLASS C	726,649	54.9%	106,479	14.7%	-9,210	0	0	\$18.94
SUBTOTAL	1,323,513	100.0%	259,047	19.6%	-14,148	0	0	\$19.56
KENDALL								
CLASS A	1,287,985	12.9%	284,328	22.1%	-1,637	0	0	\$33.82
CLASS B	5,880,073	58.8%	632,487	10.8%	-14,431	0	0	\$22.36
CLASS C	2,824,793	28.3%	114,352	4.0%	-9,637	0	0	\$20.80
SUBTOTAL	9,992,851	100.0%	1,031,167	10.3%	-25,705	0	0	\$23.40
MIAMI BEACH								
CLASS A	636,411	16.9%	68,875	10.8%	11,097	0	0	\$35.30
CLASS B	2,168,510	57.6%	264,993	12.2%	16,413	0	0	\$31.55
CLASS C	962,333	25.5%	43,594	4.5%	3,700	0	0	\$28.10
SUBTOTAL	3,767,254	100.0%	377,462	10.0%	31,210	0	0	\$31.30
MIAMI LAKES								
CLASS A	416,748	13.2%	150,917	36.2%	-2,688	0	0	\$27.26
CLASS B	2,513,342	79.3%	621,820	24.7%	-265	0	0	\$22.70
CLASS C	238,441	7.5%	48,329	20.3%	4,085	0	0	\$18.50
SUBTOTAL	3,168,531	100.0%	821,066	25.9%	1,132	0	0	\$22.98
NE DADE								
CLASS A	160,000	4.4%	96,197	60.1%	0	0	0	\$35.07
CLASS B	1,332,750	36.3%	217,373	16.3%	2,728	0	0	\$22.81
CLASS C	2,182,203	59.4%	250,812	11.5%	5,950	0	0	\$18.82
SUBTOTAL	3,674,953	100.0%	564,382	15.4%	8,678	0	0	\$20.97
SOUTH DADE / HOMESTEAD								
CLASS A	190,719	10.8%	36,332	19.1%	-324	0	0	\$24.05
CLASS B	1,225,206	69.3%	123,614	10.1%	3,314	0	0	\$21.44
CLASS C	353,124	20.0%	56,382	16.0%	-460	0	0	\$26.08
SUBTOTAL	1,769,049	100.0%	216,328	12.2%	2,530	0	0	\$22.65
CLASS A TOTAL	24,914,904	NA	5,710,362	22.9%	381,816	0	0	\$34.89
CLASS B TOTAL	37,241,479	NA	5,881,457	15.8%	194,794	10,600	1	\$24.37
CLASS C TOTAL	17,059,502	NA	1,343,755	7.9%	32,580	0	0	\$21.05
MIAMI DADE OFFICE TOTAL	79,215,885	NA	12,935,574	16.3%	609,190	10,600	1	\$26.96

Miami-Dade County Industrial

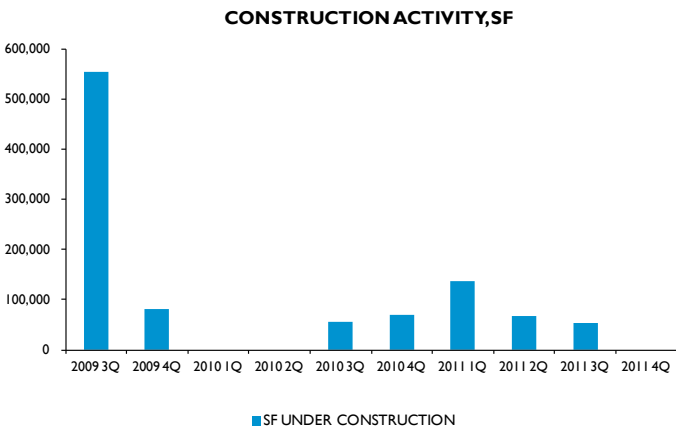
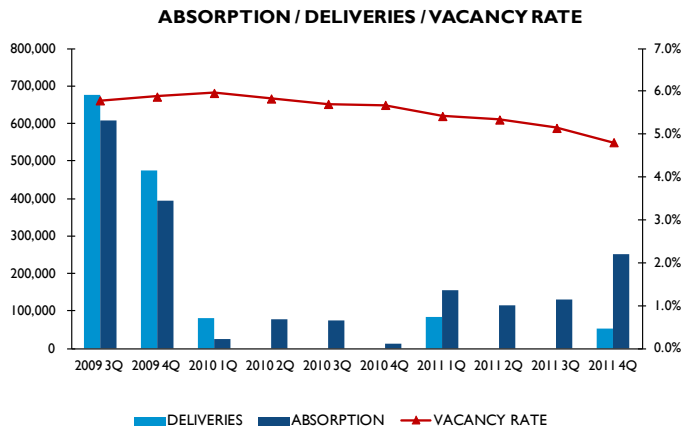
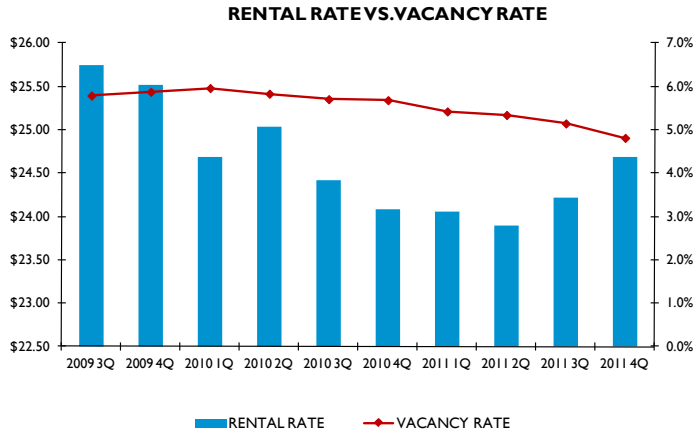


- Vacancy rates have continued to improve through the end of the year, a sign of a long-term positive trend in the industrial product type in Miami-Dade County. Vacancy rates have fallen to 8% from a high of 10% seen during Q4 2009. Flex product has witnessed the most pronounced decline, improving 200 basis points over the last 12 months.
- Net absorption remains strong for industrial product in the county. For the eighth consecutive quarter net absorption has been positive, this time nearly 800,000 square feet, bringing the annual total up to almost 2.5 million square feet.
- Average asking rental rates recorded a slight increase over the previous quarter, now at roughly \$8 per square foot, gross. This positive change is due almost entirely to increases in the average asking rate for warehouse space, which jumped from \$6.75 to \$7.25 per square foot gross as of Q4. Asking rates for flex space remained flat from the previous quarter at \$10.80 per square foot.
- The largest sale of the quarter was closed by Leon Medical Centers, which purchased 355,000 square feet of industrial space at 8600 NW 41st Street. Also known as Royal Palm Doral Center II, the \$15 million sale took place during the second week of December.
- The largest lease of the quarter also happened to be one of the largest of the last few years. Bullet Line signed 473,000 square feet of space at Centergate at Gratigny. The 15-year lease was signed during December, the same month another large transaction took place. Banah International signed a 10-year, 301,000-square-foot deal at 213 SE 10th Avenue in Hialeah.

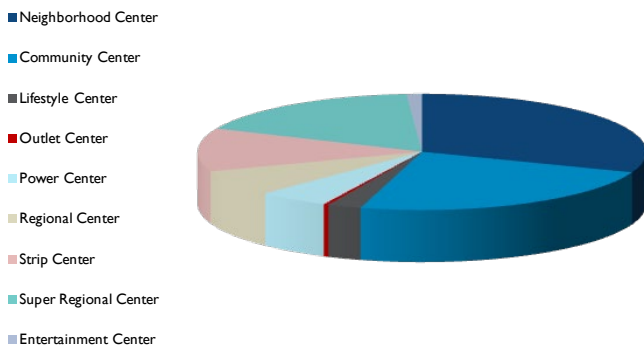
Miami-Dade County Industrial Submarket Statistics

TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (NNN)
AIRPORT WEST							
INDUSTRIAL	52,421,873	5,034,036	9.6%	255,166	0	0	\$6.48
FLEX	6,744,767	899,724	13.3%	34,703	0	0	\$11.96
SUBTOTAL	59,166,640	5,933,760	10.0%	289,869	0	0	\$7.10
BIRD / TAMAMI							
INDUSTRIAL	10,441,563	328,029	3.1%	10,603	0	0	\$11.93
FLEX	1,689,771	57,827	3.4%	9,478	0	0	\$15.00
SUBTOTAL	12,131,334	385,856	3.2%	20,081	0	0	\$12.36
CENTRAL DADE							
INDUSTRIAL	17,189,347	1,366,133	7.9%	11,098	0	0	\$10.48
FLEX	533,329	54,800	10.3%	600	0	0	\$0.00
SUBTOTAL	17,722,676	1,420,933	8.0%	11,698	0	0	\$10.16
HIALEAH / MIAMI GARDENS							
INDUSTRIAL	21,402,457	2,122,434	9.9%	42,636	0	0	\$5.00
FLEX	860,251	29,520	3.4%	-6,660	0	0	\$0.00
SUBTOTAL	22,262,708	2,151,954	9.7%	35,976	0	0	\$4.81
MEDLEY							
INDUSTRIAL	30,986,262	2,266,546	7.3%	192,135	0	0	\$7.34
FLEX	2,696,103	250,326	9.3%	-1,516	0	0	\$8.23
SUBTOTAL	33,682,365	2,516,872	7.5%	190,619	0	0	\$7.41
NORTH DADE							
INDUSTRIAL	38,610,605	2,943,963	7.6%	198,924	0	0	\$5.67
FLEX	2,439,665	330,762	13.6%	33,948	0	0	\$9.40
SUBTOTAL	41,050,270	3,274,725	8.0%	232,872	0	0	\$5.89
SOUTH DADE / HOMESTEAD							
INDUSTRIAL	4,502,720	356,800	7.9%	-38,564	0	0	\$6.57
FLEX	645,936	9,105	1.4%	2,250	0	0	\$12.92
SUBTOTAL	5,148,656	365,905	7.1%	-36,314	0	0	\$7.37
TOTAL INDUSTRIAL	175,554,827	14,417,941	7.5%	671,998	0	0	\$6.99
TOTAL FLEX	15,609,822	1,632,064	0.9%	72,803	0	0	\$10.22
MIAMI DADE TOTAL INDUSTRIAL	191,164,649	16,050,005	8.4%	744,801	0	0	\$7.25

Miami-Dade County Retail



TOTAL INVENTORY (% OF SUBMARKET TOTAL)



- The largest investment sale of the quarter was closed by The VVV Partnership, which purchased a string of adjacent retail buildings in Miami Beach for \$13.15 million during the last week of December. The 16,000-square-foot portfolio is located between 800 and 817 Washington Avenue in Miami Beach.
- The largest retail lease of the quarter was signed by Axis Behavioral Health at the Bird-Ludlam shopping center at 6710 SW 40th Street. The 15,700-square-foot lease was signed in November for two years.
- Vacancy rates for retail space are beginning to trend downward toward historic lows, now below 5% at the county level. This is down from 6% at the start of 2010.
- Net absorption recorded one of its strongest quarters of the last few years during Q4 2011. Absorption saw 250,000 square feet of space during Q4 and more than 600,000 square feet for all of 2011. After accounting for historical revisions, net absorption has remained positive for each quarter of the last two and a half years.
- Average asking lease rates for the quarter saw improvement from Q3 as well as Q4 2010. Rates increased to just above \$24.00 PSF, triple net and marks the third consecutive increase since Q1 2011.

Miami-Dade County Retail Statistics by Product Type

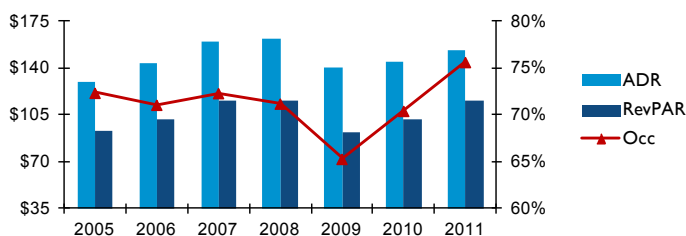
TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (NNN)
NEIGHBORHOOD CENTER	18,433,863	1,060,473	5.8%	60,482	0	0	\$22.47
COMMUNITY CENTER	14,157,394	776,730	5.5%	124,571	52,780	0	\$20.71
LIFESTYLE CENTER	1,459,477	73,350	5.0%	11,227	0	0	\$33.71
OUTLET CENTER	207,873	0	0.0%	0	0	0	\$0.00
POWER CENTER	3,062,139	42,756	1.4%	4,951	0	0	\$39.72
REGIONAL CENTER	4,324,712	233,025	5.4%	-2,393	0	0	\$31.92
STRIP CENTER	7,223,463	438,054	6.1%	21,643	0	0	\$22.02
SUPER REGIONAL CENTER	10,377,043	201,257	1.9%	22,822	0	0	\$97.07
ENTERTAINMENT CENTER	667,588	73,956	11.1%	6,779	0	0	\$23.14
MIAMI DADE RETAIL TOTAL	59,913,552	2,899,601	4.8%	250,082	52,780	0	\$36.82

Miami-Dade County Hotels

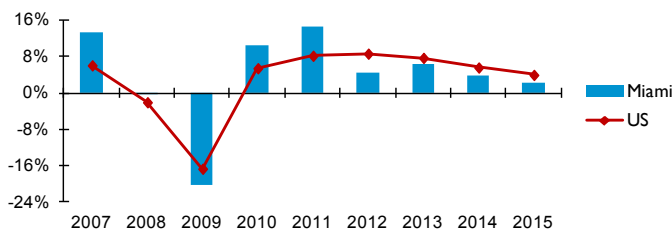
Year	ADR	RevPAR	Occ
All Hotels			
2005	\$129	\$93	72.4%
2006	\$144	\$102	71.1%
2007	\$160	\$116	72.3%
2008	\$162	\$115	71.2%
2009	\$140	\$92	65.3%
2010	\$144	\$102	70.4%
2011	\$153	\$116	75.7%
Upper-Priced			
2005	\$165	\$116	70.1%
2006	\$183	\$128	69.9%
2007	\$204	\$147	72.3%
2008	\$203	\$145	71.0%
2009	\$173	\$112	64.5%
2010	\$179	\$126	70.4%
2011	\$190	\$144	75.9%
Lower-Priced			
2005	\$81	\$61	75.6%
2006	\$91	\$66	72.8%
2007	\$99	\$72	72.4%
2008	\$103	\$74	71.5%
2009	\$89	\$60	66.7%
2010	\$88	\$62	70.5%
2011	\$92	\$69	75.2%

- In 2011 Miami-Dade County hotels posted a very impressive 14.6% RevPAR gain over the prior year, which was 76% more than the US average. Much of this increase can be attributed to a third quarter gain of 24%.
- The overall county hotel market finished the year with occupancy of 76%, ADR of \$153, and RevPAR of \$116. Both Upper-priced and Lower-priced Hotels shared in this dramatic improvement, which resulted in each segment returning to RevPAR levels that approximated their 2007 peak.
- With the exception of Downtown/North, additions to supply in each submarket were modest. The opening of the 313-room JW Marriott Marquis downtown was the most significant addition.
- There were 25 transfers of title for hotel related assets above \$1.0MM in Miami-Dade County in 2011 including arms-length and non-arms-length sales, foreclosures, bulk hotel-condos and land sales. This is double the 12 transfers recorded during the prior year. The following transactions are the most notable.
 - o KSL Capital Partners' acquisition of the Royal Palm on South Beach for \$130MM; a slight premium above Sunstone Hotel Partners' acquisition a few months earlier.
 - o Hersha Hospitality's entrance into Florida with its \$95MM acquisition of the Courtyard Miami Beach Oceanfront.
 - o Insite Group's acquisition of the Continental Hotel South Beach for \$61MM.
 - o Bethesda based Pebblebrook Hotel Trust (a REIT similar to Hersha Hospitality) also made its entrance into the Florida market with its acquisition of the Viceroy Tower for almost \$36MM.

PERFORMANCE ALL HOTELS - MIAMI-DADE



FORECASTED REVPAR PERCENT CHANGE 2007-2011 (A) 2012-2015 (F)

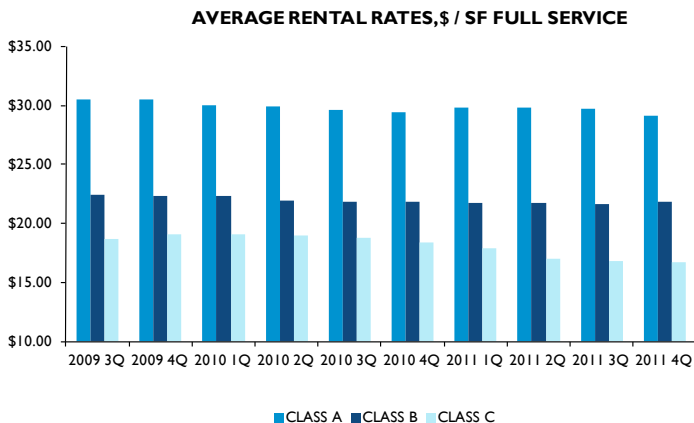
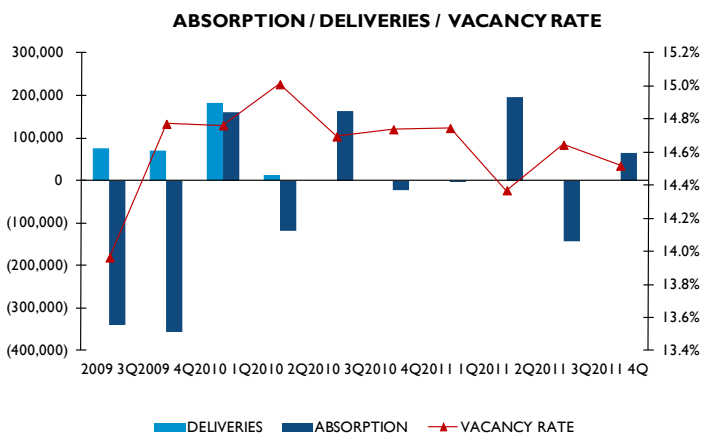
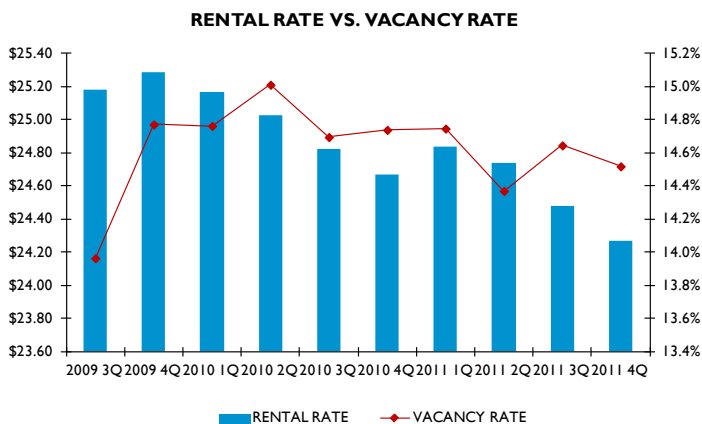


Miami Dade County Hotel Submarket Statistics

YEAR	OCC	ΔOCC	ADR	ΔADR	REVPAR	ΔREVPAR	ΔSUPPLY
DOWNTOWN/NORTH							
2006	67.6%	-	\$142	-	\$96	-	-
2007	69.2%	2.4%	\$156	10.3%	\$108	13.0%	4.3%
2008	68.8%	-0.6%	\$157	0.2%	\$108	-0.4%	-0.6%
2009	63.6%	-7.6%	\$132	-16.0%	\$84	-22.4%	6.8%
2010	69.5%	9.3%	\$134	1.9%	\$93	11.4%	5.3%
2011	74.9%	7.8%	\$141	5.2%	\$106	13.4%	4.4%
MIAMI BEACH							
2006	69.4%	-	\$181	-	\$126	-	-
2007	72.1%	3.8%	\$204	12.6%	\$147	16.8%	-1.7%
2008	71.8%	-0.3%	\$205	0.6%	\$147	0.2%	11.5%
2009	65.8%	-8.4%	\$182	-11.1%	\$120	-18.5%	8.6%
2010	68.6%	4.2%	\$194	6.6%	\$133	11.1%	1.4%
2011	75.0%	9.3%	\$208	7.3%	\$156	17.2%	1.7%
SOUTH							
2006	70.7%	-	\$121	-	\$85	-	-
2007	68.0%	-3.8%	\$133	10.1%	\$90	5.9%	0.8%
2008	63.7%	-6.3%	\$135	1.8%	\$86	-4.7%	1.7%
2009	60.2%	-5.5%	\$113	-16.8%	\$68	-21.4%	3.4%
2010	65.6%	9.1%	\$110	-2.7%	\$72	6.2%	1.3%
2011	70.2%	7.0%	\$112	2.2%	\$79	9.3%	2.2%
AIRPORT/CIVIC CENTER							
2006	77.0%	-	\$101	-	\$77	-	-
2007	78.0%	1.4%	\$110	9.6%	\$86	11.1%	3.3%
2008	76.5%	-1.9%	\$111	0.8%	\$85	-1.1%	4.7%
2009	68.7%	-10.2%	\$92	-17.2%	\$63	-25.6%	8.9%
2010	76.8%	11.8%	\$91	-1.1%	\$70	10.5%	0.4%
2011	80.4%	4.7%	\$95	4.5%	\$76	9.4%	-0.1%

- Miami Beach submarket was not only the shining star of Miami-Dade, but was the all-star of South Florida's three counties. Its 17.2% RevPAR increase was driven by 9.3% occupancy increase and 7.3% increase in ADR. Its 75.0% occupancy was the highest this decade and ADR edged above the 2007 peak.
- The Downtown/North submarket posted a 13.4% increase in RevPAR; fueled by 7.8% occupancy increase; and 5.2% increase in ADR. The achieved occupancy of 74.9% was also the highest this decade while ADR remained slightly below the peak.
- The South and Airport/Civic Center submarkets each posted RevPAR gains slightly above 9%, that resulted in RevPAR's of \$79 and \$76, respectively. Of interest, the South submarket achieved 70% occupancy while Airport/Civic Center topped 80%. Conversely, South posted an ADR premium of \$17 above Airport/Civic Center.

Broward County Office



- Vacancy rates ended the year at roughly 14.50%, nearly unchanged at the county level from Q4 2010. While Class C product has seen some improvement during the year, Class A and B space saw little activity, hindered by erratic net absorption.
- Net absorption ended the quarter and the year positive, but only marginally. Q4 saw a positive net of roughly 65,000 square feet, helping offset losses recorded earlier in the year.
- Construction activity remains quiet with no new notable speculative projects slated for delivery. This marks the seventh consecutive quarter the new construction pipeline has been empty.
- Although slight, asking rental rates appear to be sliding. While still ranging between \$24 and \$25, rates have started to fall to the low of the range, ending the year at \$24.25 per square foot, gross.
- The largest investment sale of the quarter was closed by DRA Advisors. They purchased Trade Center South, a 215,000-square-foot Class A office asset located at 100 W Cypress Creek Road for \$22 million or approximately \$102 PSF during October. This represented a 7% cap on in-place income.
- The largest office lease of the quarter was signed by the University Of Miami Bascom-Palmer Institute at the Crossroads Business Park in Plantation. The 52,200-square-foot lease was closed during November with an initial rate of \$16.75 per square foot, triple net.

Office 25,000 Square Feet + : While vacancy rates for all classes of office product have remained relatively stable from this time last year, institutional space has actually seen an increase in vacancy over the same period. Although unchanged from the previous quarter at 23%, this is up from 21% during fourth quarter 2010. Rental rates for class A product are also declining, now down to almost \$25 per square foot at the close of the year. This downward trend is supported by five consecutive quarters of negative absorption, a total of -443,000 square feet, the majority of which occurred during 2011. As a result there hasn't been a notable Class A product proposed in the market for more than two years.

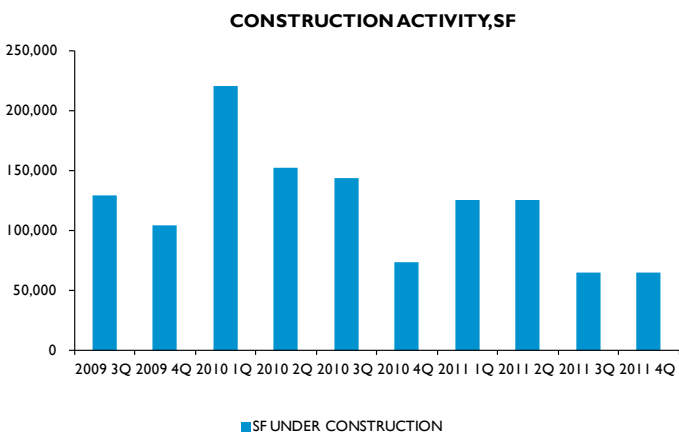
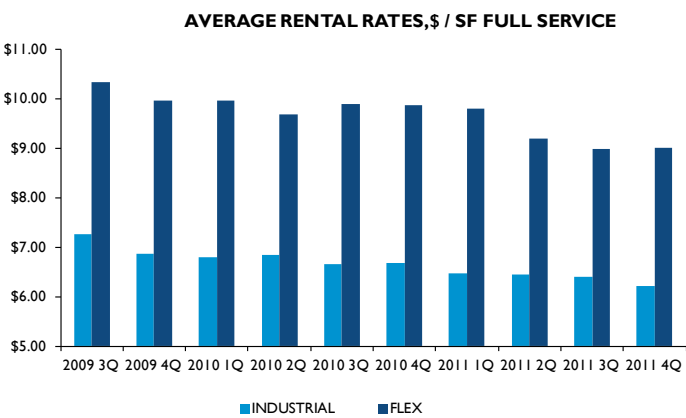
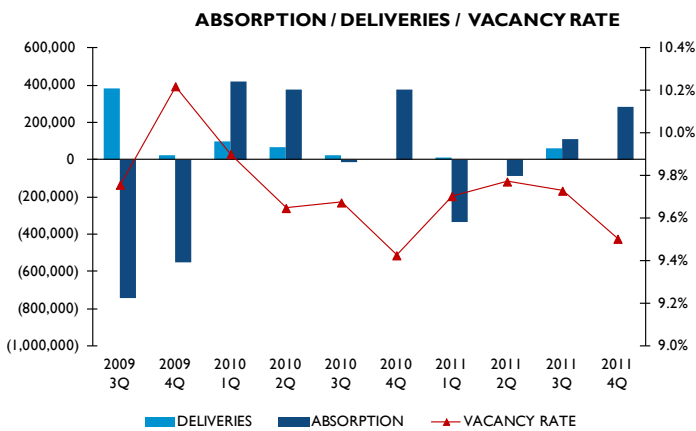
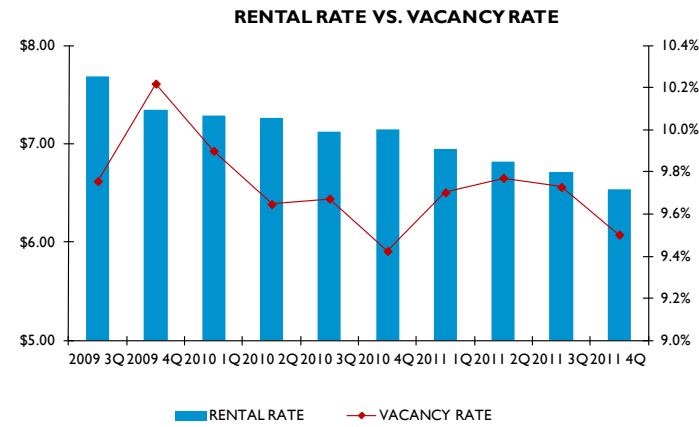
Broward County Office Submarket Statistics

CLASS	TOTAL INVENTORY (SF)	% OF SUBMARKET RBA	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (FULL SERVICE)
COMMERCIAL CORRIDOR								
CLASS A	52,000	2.5%	34,688	66.7%	-3,495	0	0	\$16.28
CLASS B	1,243,130	60.2%	193,177	15.5%	6,984	0	0	\$18.10
CLASS C	769,550	37.3%	59,541	7.7%	4,066	0	0	\$15.57
SUBTOTAL	2,064,680	100.0%	287,406	13.9%	7,555	0	0	\$17.11
CYPRESS CREEK								
CLASS A	1,285,050	25.9%	343,597	26.7%	11,558	0	0	\$26.20
CLASS B	2,653,446	53.5%	439,923	16.6%	-45,407	0	0	\$20.03
CLASS C	1,022,165	20.6%	95,422	9.3%	4,235	0	0	\$14.82
SUBTOTAL	4,960,661	100.0%	878,942	17.7%	-29,614	0	0	\$20.55
CBD / DOWNTOWN FT. LAUDERDALE								
CLASS A	4,454,238	53.9%	1,060,571	23.8%	-77,510	0	0	\$31.52
CLASS B	2,235,410	27.1%	246,505	11.0%	-22,436	0	0	\$24.95
CLASS C	1,574,083	19.0%	62,185	4.0%	36,665	0	0	\$20.41
SUBTOTAL	8,263,731	100.0%	1,369,261	16.6%	-63,281	0	0	\$27.63
FT. LAUDERDALE								
CLASS A	399,254	8.5%	165,558	41.5%	3,325	0	0	\$26.99
CLASS B	2,955,288	63.2%	516,759	17.5%	6,239	0	0	\$23.49
CLASS C	1,321,790	28.3%	108,269	8.2%	-2,167	0	0	\$17.34
SUBTOTAL	4,676,332	100.0%	790,586	16.9%	7,397	0	0	\$22.05
HOLLYWOOD								
CLASS A	562,739	14.9%	64,776	11.5%	13,889	0	0	\$28.63
CLASS B	1,649,932	43.7%	248,003	15.0%	24,451	0	0	\$24.62
CLASS C	1,564,570	41.4%	125,832	8.0%	-8,441	0	0	\$15.00
SUBTOTAL	3,777,241	100.0%	438,611	11.6%	29,899	0	0	\$21.23
NE BROWARD / DEERFIELD BEACH								
CLASS A	334,043	11.5%	103,300	30.9%	23,894	0	0	\$26.53
CLASS B	2,152,416	74.0%	275,992	12.8%	1,091	0	0	\$19.10
CLASS C	421,659	14.5%	25,953	6.2%	3,445	0	0	\$15.96
SUBTOTAL	2,908,118	100.0%	405,245	13.9%	28,430	0	0	\$19.50
NW BROWARD / CORAL SPRINGS								
CLASS A	819,563	21.0%	222,854	27.2%	18,408	0	0	\$26.35
CLASS B	2,100,837	53.7%	321,519	15.3%	-12,954	0	0	\$22.57
CLASS C	989,267	25.3%	54,844	5.5%	1,494	0	0	\$17.01
SUBTOTAL	3,909,667	100.0%	599,217	15.3%	6,948	0	0	\$21.96
PLANTATION								
CLASS A	1,663,724	28.1%	399,189	24.0%	18,018	0	0	\$28.49
CLASS B	3,145,308	53.2%	324,193	10.3%	10,315	0	0	\$20.97
CLASS C	1,104,847	18.7%	74,937	6.8%	-11,170	0	0	\$16.14
SUBTOTAL	5,913,879	100.0%	798,319	13.5%	17,163	0	0	\$22.18

CLASS	TOTAL INVENTORY (SF)	% OF SUBMARKET RBA	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (FULL SERVICE)
POMPANO BEACH								
CLASS A	1,259,587	31.4%	323,491	25.7%	11,972	0	0	\$27.06
CLASS B	1,840,767	45.9%	351,613	19.1%	-9,007	0	0	\$19.23
CLASS C	910,150	22.7%	101,277	11.1%	6,761	0	0	\$15.76
SUBTOTAL	4,010,504	100.0%	776,381	19.4%	9,726	0	0	\$20.90
SUNRISE / SAWGRASS								
CLASS A	1,744,313	47.9%	255,400	14.6%	2,840	0	0	\$29.15
CLASS B	1,476,884	40.6%	155,190	10.5%	4,421	0	0	\$23.99
CLASS C	420,871	11.6%	32,083	7.6%	0	0	0	\$20.99
SUBTOTAL	3,642,068	100.0%	442,673	12.2%	7,261	0	0	\$26.11
SW BROWARD								
CLASS A	2,454,580	35.4%	367,189	15.0%	-10,335	0	0	\$31.01
CLASS B	3,603,551	51.9%	381,521	10.6%	56,673	0	0	\$25.42
CLASS C	881,672	12.7%	64,860	7.4%	8,596	0	0	\$20.33
SUBTOTAL	6,939,803	100.0%	813,570	11.7%	54,934	0	0	\$26.75
CLASS A TOTAL	15,029,091	NA	3,340,613	22.2%	12,564	0	0	\$29.32
CLASS B TOTAL	25,056,969	NA	3,454,395	13.8%	20,370	0	0	\$22.28
CLASS C TOTAL	10,980,624	NA	805,203	7.3%	43,484	0	0	\$17.13
BROWARD OFFICE TOTAL								
	51,066,684	NA	7,600,211	14.9%	76,418	0	0	\$23.25

Broward County Industrial

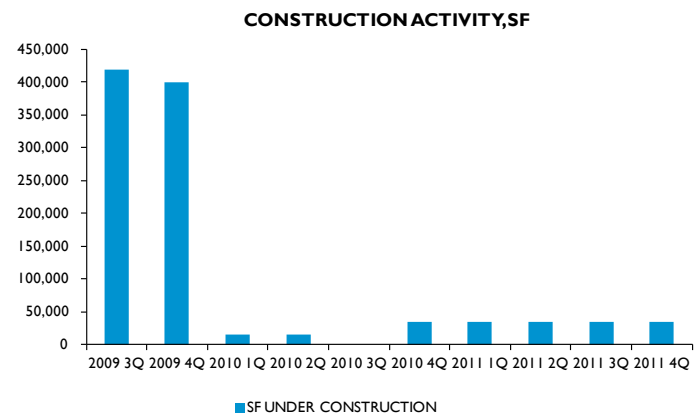
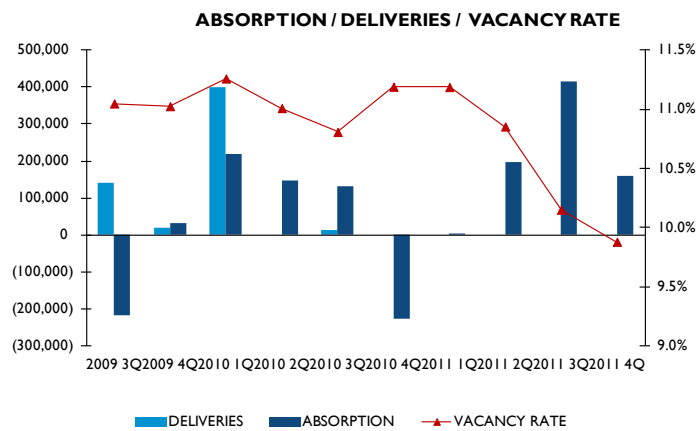
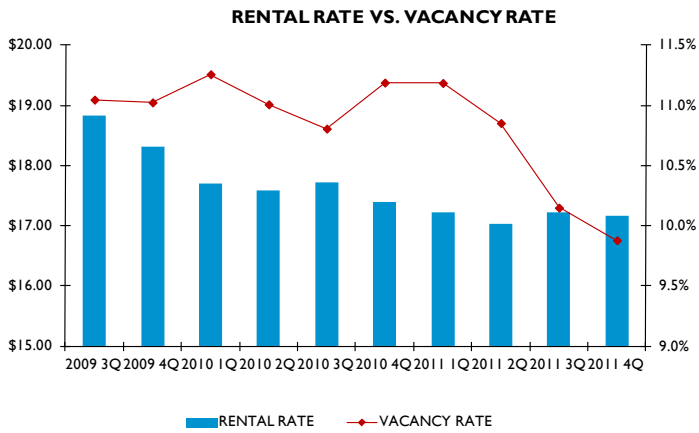
- Industrial vacancy rates mark another quarter of flat performance. Vacancy for all product types ended the year at 9.5%, unchanged from this time last year. While flex space has seen some improvement, down to 12.50%, warehouse space maintains its margin at roughly 9.0%. However, if user buildings are removed from the equation, vacancy is more than doubled.
- Net absorption ended the year on a high note, recording a positive 290,000 square feet. However, this was not enough to close the year out in the black. Net absorption for 2011 remained negative due to poor performance during the first half of the year.
- Construction activity is coming to a slow stop after the delivery of 2100 S. State Road 7. 1950 Banks Road, a 65,000-square-foot build to suit, is the only notable activity scheduled for delivery over the short term.
- Rent rates have seen the most dramatic change over the last year. Q4 saw rates fall to \$6.50 PSF nearly 10% lower than this time last year.
- The largest lease of the quarter, by far, was the signing of a 217,800-square-foot lease at 2800 N. Andrews Avenue in Pompano Beach. The 10-year deal signed at the KTR Capital Partners owned cold storage asset, also represents one of the largest deals of the year.
- The largest investment sale of the quarter was closed by NIPRO Diagnostics. They purchased 2400-2500 NW 55th Court, a two property 102,000-square-foot sale during November for \$8.8 million.



Broward County Industrial Submarket Statistics

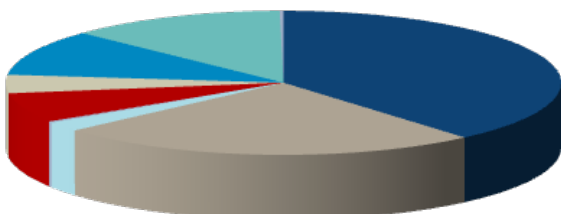
TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER	WEIGHTED AVERAGE RENTAL RATE (NNN)
CENTRAL BROWARD							
INDUSTRIAL	12,418,791	1,244,210	10.0%	-12,008	0	0	\$5.37
FLEX	1,632,532	190,843	11.7%	-3,973	0	0	\$8.69
SUBTOTAL	14,051,323	1,435,053	10.2%	-15,981	0	0	\$5.76
NORTH BROWARD							
INDUSTRIAL	36,434,190	4,204,054	11.5%	43,124	0	0	\$6.14
FLEX	4,644,115	769,190	16.6%	14,520	0	0	\$8.58
SUBTOTAL	41,078,305	4,973,244	12.1%	57,644	0	0	\$6.42
SE BROWARD							
INDUSTRIAL	20,640,172	1,634,302	7.9%	12,288	0	0	\$5.48
FLEX	2,387,519	214,295	9.0%	1,864	0	0	\$8.80
SUBTOTAL	23,027,691	1,848,597	8.0%	14,152	0	0	\$5.82
SW BROWARD							
INDUSTRIAL	14,721,291	1,150,593	7.8%	95,010	0	0	\$7.12
FLEX	2,787,032	293,461	10.5%	119,818	0	0	\$8.93
SUBTOTAL	17,508,323	1,444,054	8.2%	214,828	0	0	\$7.41
WEST BROWARD							
INDUSTRIAL	13,708,514	1,163,938	8.5%	19,846	0	65,000	\$6.94
FLEX	3,197,882	482,232	15.1%	-7,647	0	0	\$9.22
SUBTOTAL	16,906,396	1,646,170	9.7%	12,199	0	65,000	\$7.37
TOTAL INDUSTRIAL	97,922,958	9,397,097	8.3%	158,260	0	65,000	\$6.16
TOTAL FLEX	14,649,080	1,950,021	1.7%	124,582	0	0	\$8.83
BROWARD INDUSTRIAL TOTAL	112,572,038	11,347,118	10.1%	282,842	0	65,000	\$6.51

Broward County Retail



TOTAL INVENTORY (% OF SUBMARKET TOTAL)

- Neighborhood Center
- Community Center
- Lifestyle Center
- Outlet Center
- Power Center
- Regional Center
- Strip Center
- Super Regional Center
- Entertainment Center



- Vacancy rates ended the year on an improving trend, inching towards 10%. This is a marketed improvement over the 11% seen during the end of 2010 and strong confirmation of the short term downward trend.
- The continued fall in vacancy rates are attributable to the strong net absorption recorded during 2011. Q4 saw nearly 150,000 square feet of positive activity, bringing the annual total to more than 750,000 square feet. This is three times the amount of positive net recorded during 2010.
- Retail rental rates on the other hand have seen little improvement. They remain virtually unchanged near \$17 per square foot, triple net with little fluctuation throughout the year.
- Construction activity remains quiet with only a handful of notable projects still under construction including a 35,000-square-foot Whole Foods at Pines Boulevard. In fact, the majority of all pipeline activity consists of build to suit projects for grocers. Recent construction has been almost solely build-to-suits such as fast food restaurants, drug stores and banks.
- The largest retail lease of the quarter was signed by a 10,000-square-foot tenant at Meadowbrooks Square located at 308-370 E Dania Beach Boulevard in Dania.
- The majority of retail investment sales were bank owned properties from foreclosures. The largest investment sale of the quarter was closed by Dacar Management during November for \$12.2 million. The Center at Sawgrass, a 57,000-square-foot strip shopping center with a Jared Galleria of Jewelry outparcel, sold at an in-place cap rate of 8.42%.

Broward County Retail Statistics by Product Type

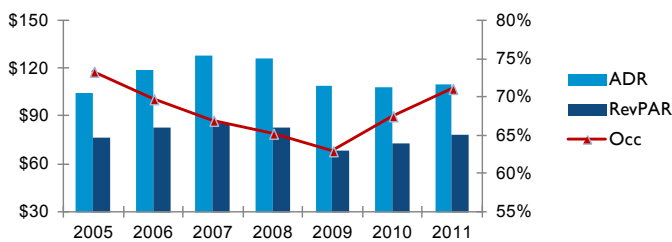
TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (NNN)
NEIGHBORHOOD CENTER	22,928,335	2,729,717	11.9%	39,911	0	35,000	\$16.17
COMMUNITY CENTER	14,672,414	1,110,012	7.6%	76,969	0	0	\$20.80
LIFESTYLE CENTER	1,289,081	478,037	37.1%	17,165	0	0	\$19.23
OUTLET CENTER	167,180	0	0.0%	2,855	0	0	\$0.00
POWER CENTER	3,953,742	237,728	6.0%	31,952	0	0	\$19.94
REGIONAL CENTER	2,451,381	856,081	34.9%	-12,055	0	0	\$9.64
STRIP CENTER	6,112,786	591,850	9.7%	2,700	0	0	\$15.73
SUPER REGIONAL CENTER	7,514,689	229,318	3.1%	0	0	0	\$26.99
ENTERTAINMENT CENTER	131,680	0	0.0%	0	0	0	\$0.00
BROWARD RETAIL TOTAL	59,221,288	6,232,743	10.5%	159,497	0	35,000	\$18.71

Broward County Hotels

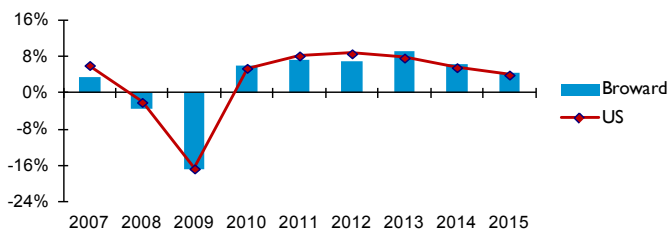
Year	ADR	RevPAR	Occ
All Hotels			
2005	\$105	\$77	73.3%
2006	\$118	\$83	69.7%
2007	\$128	\$85	66.9%
2008	\$126	\$82	65.2%
2009	\$109	\$69	62.9%
2010	\$108	\$73	67.5%
2011	\$110	\$78	71.0%
Upper-Priced			
2005	\$138	\$97	70.6%
2006	\$156	\$105	67.2%
2007	\$167	\$113	67.9%
2008	\$165	\$110	66.7%
2009	\$144	\$91	63.7%
2010	\$141	\$96	68.3%
2011	\$143	\$103	72.0%
Lower-Priced			
2005	\$76	\$57	75.7%
2006	\$86	\$62	72.0%
2007	\$89	\$59	65.9%
2008	\$86	\$54	63.6%
2009	\$73	\$45	62.1%
2010	\$72	\$48	66.5%
2011	\$73	\$51	69.9%

- Broward County hotels posted a 7.2% increase in RevPAR in 2011, trailing the 8.2% national average. The county's increase was mostly attributable to a notable 5.2% bump in occupancy, but was hampered by only a 1.9% increase in ADR.
- Both the Upper-priced Hotels and Lower-priced Hotels segments experienced occupancy and ADR gains commensurate with the overall county market. The Upper-priced segment has surpassed its 2007 occupancy peak, but lagging ADR resulted in RevPAR that is still 8% below the peak. The Lower-priced segment remains almost 18% below its 2006 peak, with both occupancy and ADR trailing. This is attributed to the substantial increases in supply during 2006 and 2007.
- There were no additions to supply in the West Broward/Plantation and Hollywood/Airport submarkets. Ft. Lauderdale/Beach and Coral Springs/Pompano Beach experienced 3.1% and 0.9% increases in supply; respectively.
- There were 23 transfers of title for hotel related assets above \$1.0MM in Broward County in 2011 including arms-length and non-arms-length sales, foreclosures, bulk hotel-condos and land sales. Up slightly from the 18 recorded transfers in 2010. The most notable of these was, West Palm based The Kolter Group's acquisition of the Hyatt Place in Ft. Lauderdale.

PERFORMANCE ALL HOTELS - BROWARD



FORECASTED REVPAR PERCENT CHANGE
2007-2011(A) 2012-2015(F)

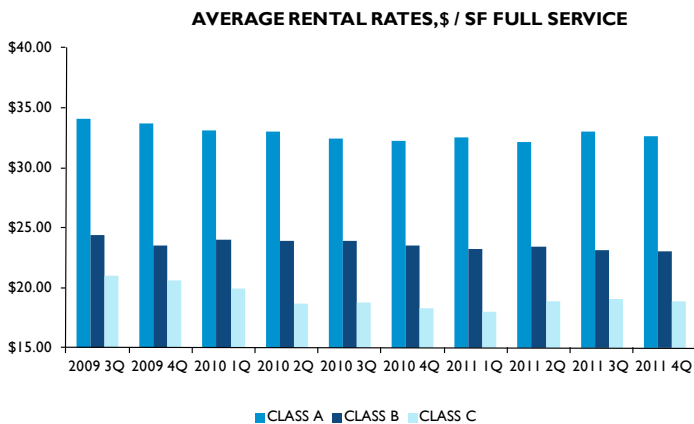
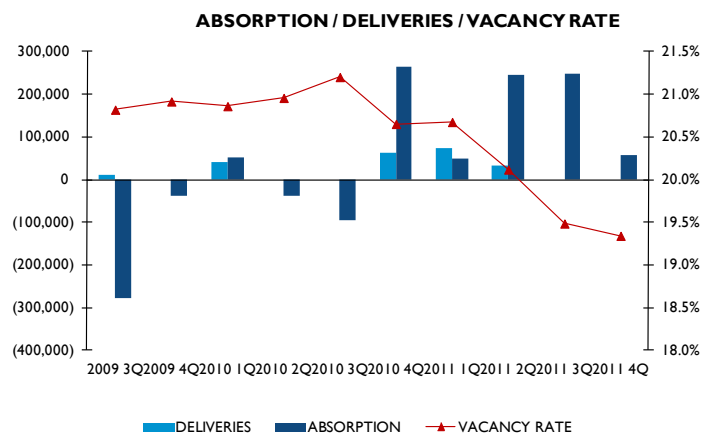
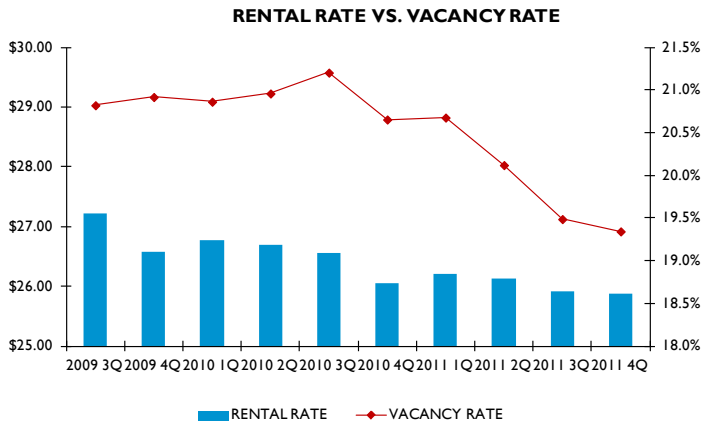


Broward County Hotel Submarket Statistics

YEAR	OCC	ΔOCC	ADR	ΔADR	REVPAR	ΔREVPAR	ΔSUPPLY
WEST BROWARD/PLANTATION							
2006	69.5%	-	\$100	-	\$70	-	-
2007	66.1%	-4.8%	\$105	4.9%	\$70	-0.1%	0.3%
2008	64.9%	-1.8%	\$101	-3.7%	\$66	-5.4%	2.8%
2009	63.9%	-1.6%	\$88	-13.0%	\$56	-14.3%	2.3%
2010	66.8%	4.5%	\$87	-1.2%	\$58	3.2%	1.0%
2011	69.8%	4.5%	\$87	0.0%	\$61	4.3%	0.0%
HOLLYWOOD/AIRPORT							
2006	73.4%	-	\$127	-	\$93	-	-
2007	71.7%	-2.4%	\$134	5.6%	\$96	3.2%	6.1%
2008	68.6%	-4.2%	\$133	-1.1%	\$91	-5.3%	1.6%
2009	65.4%	-4.8%	\$113	-14.5%	\$74	-18.6%	4.2%
2010	69.0%	5.6%	\$110	-3.2%	\$76	2.2%	5.8%
2011	74.8%	8.4%	\$111	1.4%	\$83	10.0%	0.0%
FT. LAUDERDALE/BEACH							
2006	66.6%	-	\$151	-	\$100	-	-
2007	65.7%	-1.4%	\$166	10.2%	\$109	8.7%	3.9%
2008	64.3%	-2.1%	\$169	2.0%	\$109	-0.1%	1.2%
2009	60.8%	-5.4%	\$148	-12.4%	\$90	-17.1%	6.5%
2010	66.3%	9.1%	\$148	-0.2%	\$98	8.8%	7.9%
2011	69.9%	5.4%	\$150	1.2%	\$105	6.6%	3.1%
CORAL SPRINGS/POMPANO BEACH							
2006	69.2%	-	\$100	-	\$69	-	-
2007	64.2%	-7.3%	\$106	6.8%	\$68	-1.0%	0.1%
2008	62.7%	-2.2%	\$102	-3.9%	\$64	-6.1%	2.5%
2009	61.3%	-2.2%	\$86	-16.0%	\$53	-17.9%	1.9%
2010	67.7%	10.4%	\$83	-3.1%	\$56	7.0%	-2.8%
2011	69.3%	2.3%	\$87	4.6%	\$60	7.0%	0.9%

- Hollywood/Airport submarket posted an impressive 8.4% increase in occupancy, but only a modest 1.4% increase in ADR. With 74.8% occupancy in 2011 we should expect hoteliers to aggressively improve average rate in 2012.
- West Broward/Plantation and Ft. Lauderdale/Beach markets each experienced approximate 5% increases in occupancy. West Broward/Plantation had no growth in ADR, while Ft. Lauderdale/Beach achieved only 1.2% growth. With both submarkets achieving occupancy approximating 70% in 2011 we can expect moderate improvement in rates in 2012.
- At 2.3% Coral Springs/Pompano Beach submarket had the smallest increase in occupancy of the four submarkets, but posted the greatest increase in ADR, placing it second in overall RevPAR gain in county. The occupancy in this submarket also approximates 70% and we can expect moderate improvement in pricing in 2012 as well.

Palm Beach County Office



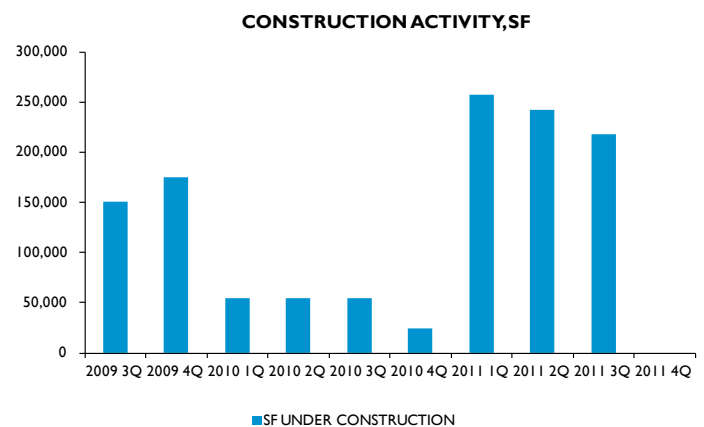
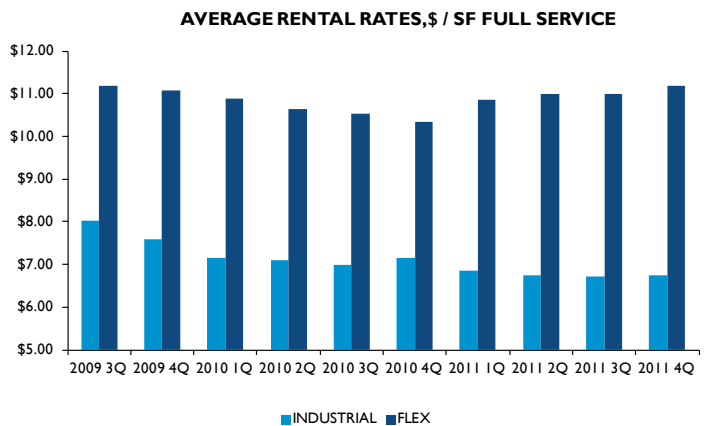
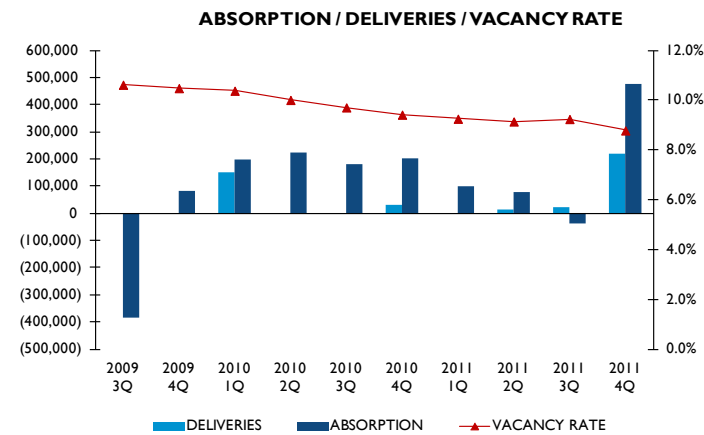
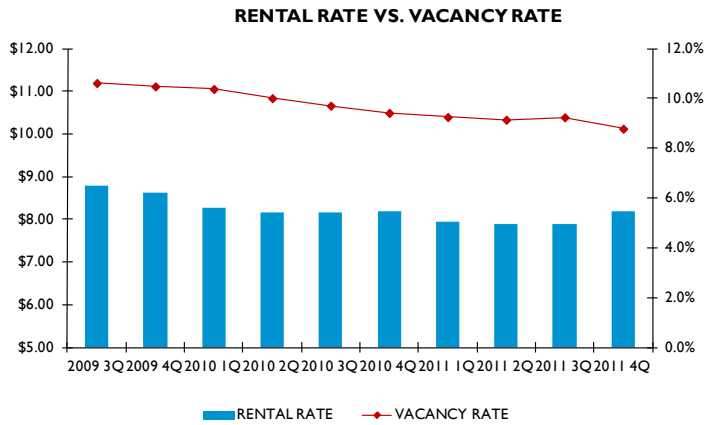
- Vacancy rates continue to improve, marking the fifth consecutive quarter of positive change. Vacancy has fallen from above 21% to near 19% over the last year. Not all markets are improving equally. Class A space vacancy increased from the previous quarter to 19%.
- Net absorption for the year ended strong, recording positive net absorption of almost 600,000 square feet. Class A space recorded its first quarter of negative absorption since late 2010.
- Construction activity remains quiet. There are no notable projects currently under construction.
- Rental rates continue to slide, now down to approximately \$25.75 per square foot, gross. This is down from the low \$26 per square foot rate from this time last year. Class B space is flat from the last quarter while Class A and C space saw declines.
- The largest lease of the quarter was signed by the Health Care District of Palm Beach during December. They signed 31,700 square feet at Datura Place located at 324 Datura Street.
- The largest office investment sale of the quarter was closed by Investcorp, which purchased the Class A, 133,000-square-foot office building at 10301 Hagen Ranch Road in Boynton Beach during October for \$37 million.

Office 25,000 Square Feet + : Vacancy rates for institutional product are virtually unchanged at approximately 27.50% from this time last year after seeing little movement during 2011. Net absorption ended with a down quarter but was still positive for the year at +113,000 square feet. Rental rates have exhibited a slight downward trend over the long-term, approaching \$26 per square foot at the close of 2011 down from \$29 per square foot during 2008. But, over the short-term, rents are nearly flat which is a good signal of gradual improvement. After the delivery of the 32,000 square foot partially owner occupied office building at 2200 Butts Road during the second quarter of 2011, there has been no news of notable planned institutional projects in the market.

Palm Beach County Office Submarket Statistics

CLASS	TOTAL INVENTORY (SF)	% OF TOTAL MARKET RBA	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (FULL SERVICE)
BOCA RATON								
CLASS A	6,732,767	17.7%	1,289,928	19.2%	-73,745	0	0	\$31.96
CLASS B	7,773,977	20.5%	2,341,051	30.1%	37,457	0	0	\$22.98
CLASS C	1,034,478	2.7%	86,428	8.4%	18,075	0	0	\$20.51
SUBTOTAL	15,541,222	41.0%	3,717,407	23.9%	-18,213	0	0	\$26.71
DELRAY BEACH / BOYNTON BEACH								
CLASS A	262,204	0.7%	110,164	42.0%	-16,190	0	0	\$24.44
CLASS B	1,693,000	4.5%	247,547	14.6%	-15,658	0	0	\$22.49
CLASS C	490,147	1.3%	49,143	10.0%	-905	0	0	\$19.45
SUBTOTAL	2,445,351	6.4%	406,854	16.6%	-32,753	0	0	\$22.09
JUPITER								
CLASS A	1,376,451	3.6%	140,291	10.2%	-4,403	0	0	\$29.55
CLASS B	3,977,628	10.5%	643,207	16.2%	18,618	0	0	\$22.03
CLASS C	445,665	1.2%	77,622	17.4%	8,690	0	0	\$23.61
SUBTOTAL	5,799,744	15.3%	861,120	14.8%	22,905	0	0	\$23.94
LAKE WORTH / ROYAL PALM BEACH								
CLASS A	528,608	1.4%	30,001	5.7%	1,054	0	0	\$28.42
CLASS B	1,024,996	2.7%	215,230	21.0%	8,733	0	0	\$19.90
CLASS C	675,996	1.8%	50,837	7.5%	4,365	0	0	\$15.18
SUBTOTAL	2,229,600	5.9%	296,068	13.3%	14,152	0	0	\$20.49
NORTH PALM BEACH								
CLASS A	112,665	0.3%	15,707	13.9%	22,000	0	0	\$19.83
CLASS B	653,707	1.7%	108,031	16.5%	-2,662	0	0	\$16.85
CLASS C	250,912	0.7%	37,913	15.1%	0	0	0	\$14.07
SUBTOTAL	1,017,284	2.7%	161,651	15.9%	19,338	0	0	\$16.49
PALM BEACH GARDENS								
CLASS A	223,139	0.6%	60,957	27.3%	-5,894	0	0	\$30.88
CLASS B	628,772	1.7%	72,102	11.5%	5,711	0	0	\$22.69
CLASS C	32,392	0.1%	0	0.0%	0	0	0	\$0.00
SUBTOTAL	884,303	2.3%	133,059	15.0%	-183	0	0	\$23.93
WEST PALM BEACH (CBD)								
CLASS A	3,323,026	8.8%	714,862	21.5%	-1,971	0	0	\$36.71
CLASS B	4,851,460	12.8%	892,599	18.4%	25,002	0	0	\$25.48
CLASS C	1,853,886	4.9%	219,003	11.8%	14,996	0	0	\$17.81
SUBTOTAL	10,028,372	26.4%	1,826,464	18.2%	38,027	0	0	\$27.78
CLASS A TOTAL	12,558,860	33.1%	2,361,910	18.8%	-79,149	0	0	\$32.52
CLASS B TOTAL	20,603,540	54.3%	4,519,767	21.9%	77,201	0	0	\$22.99
CLASS C TOTAL	4,783,476	12.6%	520,946	10.9%	45,221	0	0	\$18.41
PALM BEACH OFFICE TOTAL	37,945,876	100.0%	7,402,623	19.5%	43,273	0	0	\$25.57

Palm Beach County Industrial

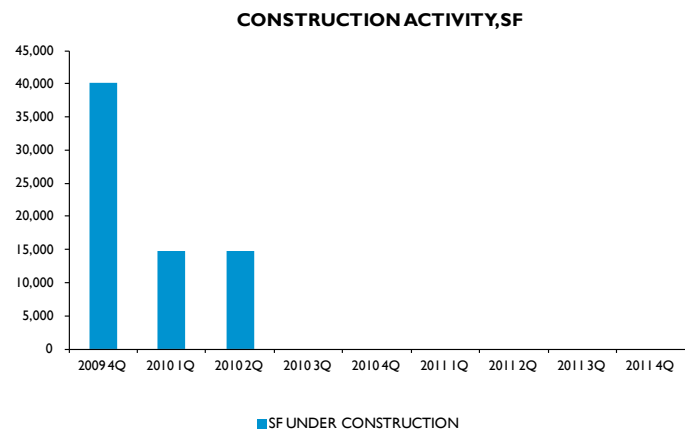
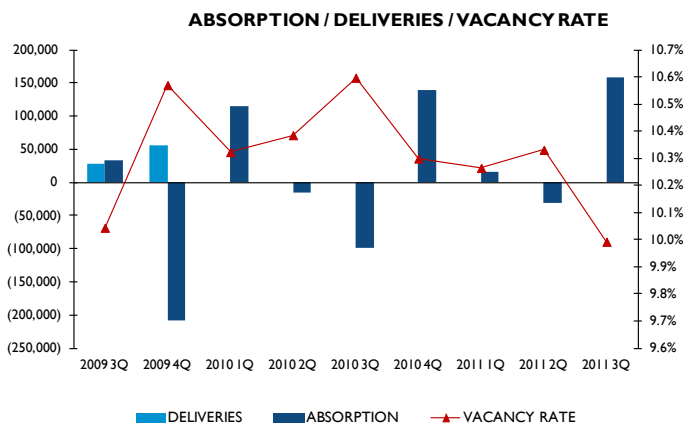
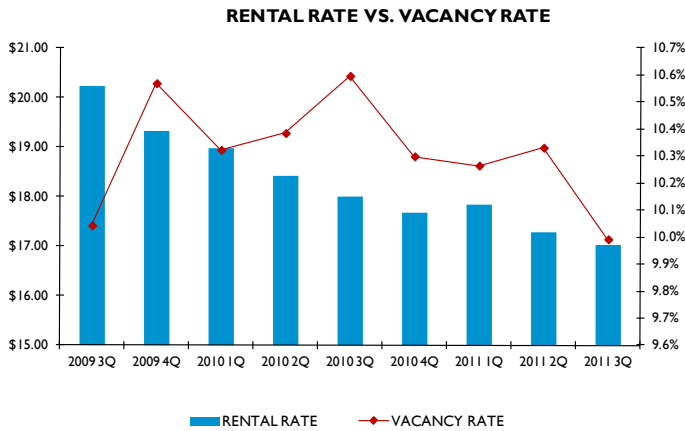


- Vacancy rates continue to trend downward as the overall market improves. Rates have fallen just below 9% at the county level across all products. Warehouse space vacancy approached 8% at the end of the year.
- This improvement is due to more than 600,000 square feet of positive net absorption for the year including a strong Q4. In fact, the fourth quarter was one of the strongest on recent record, attributable to several large leases and the delivery of several fully-occupied build to suit projects.
- After the delivery of the 218,000-square-foot manufacturing facility owned and occupied by Oxygen Development, there are no notable projects currently under construction.
- Average asking rental rates have seen a slight jump at the end of 2011. After seeing rates below \$8.00 per square foot gross for most of the year, asking rates jumped above the threshold on increases in the flex space product type.
- The largest lease of the quarter was signed by Locus Traxx at International Corporate Center III in Jupiter. The 60,000-square-foot, 10-year deal was closed during the end of December.
- The largest investment sale of the quarter was closed by Access Medical Labs. They purchased a 24,000-square-foot, Class B flex space at 5151 Corporate Way in Jupiter for \$3.1 million.

Palm Beach County Industrial Statistics

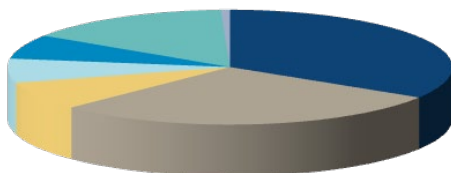
TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (NNN)
BOCA RATON							
INDUSTRIAL	4,486,343	320,746	7.1%	-8,369	0	0	\$8.11
FLEX	3,275,714	412,417	12.6%	59,552	0	0	\$12.12
SUBTOTAL	7,762,057	733,163	9.4%	51,183	0	0	\$9.80
CENTRAL PALM BEACH							
INDUSTRIAL	16,325,765	1,278,982	7.8%	323,052	218,000	0	\$6.31
FLEX	2,137,578	215,516	10.1%	46,982	0	0	\$11.03
SUBTOTAL	18,463,343	1,494,498	8.1%	370,034	218,000	0	\$6.86
NORTH PALM BEACH							
INDUSTRIAL	17,241,001	1,434,484	8.3%	20,567	0	0	\$6.68
FLEX	2,562,175	365,288	14.3%	24,713	0	0	\$10.55
SUBTOTAL	19,803,176	1,799,772	9.1%	45,280	0	0	\$7.18
TOTAL INDUSTRIAL	38,053,109	3,034,212	6.6%	335,250	218,000	0	\$6.69
TOTAL FLEX	7,975,467	993,221	2.2%	131,247	0	0	\$11.32
PALM BEACH INDUSTRIAL TOTAL							
	46,028,576	4,027,433	8.7%	466,497	218,000	0	\$7.49

Palm Beach County Retail



TOTAL INVENTORY (% OF SUBMARKET TOTAL)

- Neighborhood Center
- Community Center
- Lifestyle Center
- Outlet Center
- Power Center
- Regional Center
- Strip Center
- Super Regional Center
- Entertainment Center



- Vacancy rates remain virtually unchanged from the previous quarter and are exhibiting a longer-term flat trend. While other product types have seen improved vacancy rates across the county, Palm Beach retail has been near 10% for the better part of three years.
- Positive to the tune of almost 300,000 square feet for 2011, net absorption has seen obvious improvement from 2010 which recorded a loss of 200,000 SF. 2011 ended strong with roughly 150,000 square feet of positive net change.
- There has been no notable speculative retail construction activity since early 2010. This has helped maintain a neutral performance in the market.
- Average asking rental rates have fallen by their largest margin during the last quarter of 2011. Now at \$17.00 per square foot, triple net, rates have fallen from the \$20's per square foot from only three years ago.
- The largest lease deal of the quarter was signed by Variety Children's Hospital. They took up 23,300 square feet in Legacy Place in North Palm Beach during December.
- The largest investment sale of the quarter was signed by Publix Supermarkets which purchased Military Crossing for \$13.78 million during December. The 64,000-square-foot shopping center traded for approximately \$215 per square foot.

Palm Beach County Retail Statistics by Product Type

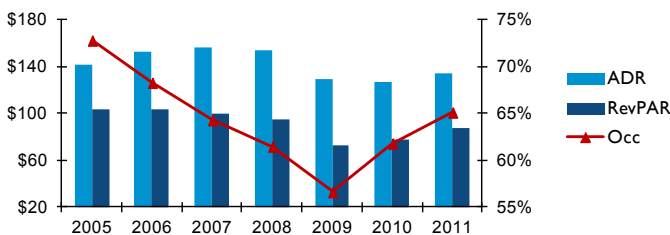
TYPE	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY RATE	TOTAL NET ABSORPTION	TOTAL RBA DELIVERED	TOTAL RBA UNDER CONSTRUCTION	WEIGHTED AVERAGE RENTAL RATE (NNN)
NEIGHBORHOOD CENTER	15,846,907	1,782,703	11.2%	2,434	0	0	\$17.15
COMMUNITY CENTER	13,447,390	1,386,105	10.3%	66,975	0	0	\$16.67
LIFESTYLE CENTER	3,729,593	109,314	2.9%	40,658	0	0	\$28.79
OUTLET CENTER	0	0	0.0%	0	0	0	\$0.00
POWER CENTER	3,171,937	253,908	8.0%	10,943	0	0	\$15.44
REGIONAL CENTER	0	0	0.0%	0	0	0	\$0.00
STRIP CENTER	3,206,871	262,028	8.2%	36,511	0	0	\$15.86
SUPER REGIONAL CENTER	7,077,230	850,093	12.0%	0	0	0	\$0.00
ENTERTAINMENT CENTER	309,983	0	0.0%	0	0	0	\$0.00
PALM BEACH RETAIL TOTAL	46,789,911	4,644,151	9.9%	157,521	0	0	\$17.85

Palm Beach County Hotels

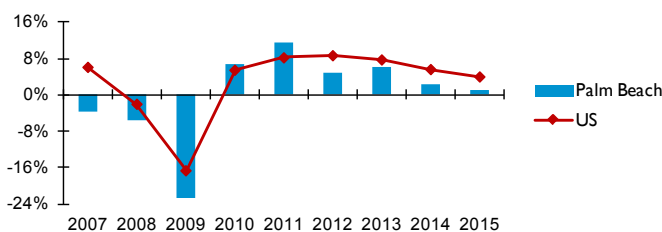
Year	ADR	RevPAR	Occ
ALL HOTELS			
2005	\$142	\$103	72.8%
2006	\$152	\$104	68.3%
2007	\$156	\$100	64.3%
2008	\$154	\$95	61.5%
2009	\$130	\$73	56.6%
2010	\$127	\$78	61.8%
2011	\$134	\$87	65.1%
UPPER-PRICED			
2005	\$190	\$136	71.6%
2006	\$199	\$139	69.8%
2007	\$204	\$136	66.4%
2008	\$204	\$132	64.5%
2009	\$170	\$100	59.1%
2010	\$166	\$107	64.1%
2011	\$177	\$121	68.3%
LOWER-PRICED			
2005	\$89	\$66	74.1%
2006	\$99	\$66	66.6%
2007	\$98	\$61	62.0%
2008	\$93	\$54	58.2%
2009	\$79	\$42	53.8%
2010	\$74	\$44	59.0%
2011	\$76	\$47	61.3%

- Palm Beach County hotels achieved 11.6% increase in RevPAR in 2011, over 40% greater than the 8.2% US average. As impressive as this increase was, it was well behind that posted by Miami-Dade hotels, but well ahead of Broward County. The improved performance in Palm Beach is attributed almost precisely 50/50 to increases in occupancy and ADR.
- These increases were not uniformly distributed across hotel segments. Upper-priced Hotels experienced a 13% RevPAR increase while Lower-priced Hotels achieved slightly less than 7% increase. The same 50/50 approximation for increases in occupancy and ADR held true for both hotel segments. Upper-priced Hotels are somewhat below their RevPAR 2006 peak while Lower-priced Hotels are a worrisome 30% below peak. Obviously, the economic downturn severely impacted the segments, but the large influx of new supply in the Lower-priced segment heavily contributed to occupancy dropping from 74% in 2005 to 54% in 2009. 2011 occupancy in the Lower-priced segment finished at 61.3%, indicating only modest growth in ADR in 2012.
- There were two transfers of title for hotel related assets in 2011 in Palm Beach County. Both were modest in size; one of which will be removed from hotel inventory.

PERFORMANCE ALL HOTELS - PALM BEACH



FORECASTED REVPAR PERCENT CHANGE
2007-2011(A) 2012-2015(F)



West Palm Beach County Hotel Submarket Statistics

YEAR	OCC	ΔOCC	ADR	ΔADR	REVPAR	ΔREVPAR	ΔSUPPLY
BOCA RATON							
2006	68.8%	-	\$150	-	\$103	-	-
2007	63.8%	-7.3%	\$152	1.4%	\$97	-6.0%	4.7%
2008	60.3%	-5.4%	\$149	-1.9%	\$90	-7.2%	-0.4%
2009	55.5%	-8.0%	\$128	-13.9%	\$71	-20.8%	3.0%
2010	61.1%	10.1%	\$127	-0.5%	\$78	9.5%	0.8%
2011	64.4%	5.4%	\$134	4.9%	\$86	10.5%	-0.1%
WEST PALM BEACH							
2006	67.7%	-	\$154	-	\$104	-	-
2007	64.6%	-4.5%	\$159	3.2%	\$103	-1.5%	5.9%
2008	62.3%	-3.6%	\$157	-0.9%	\$98	-4.5%	3.7%
2009	57.3%	-8.1%	\$130	-17.2%	\$75	-23.9%	7.2%
2010	62.3%	8.7%	\$125	-3.7%	\$78	4.6%	0.0%
2011	65.6%	5.3%	\$134	6.9%	\$88	12.5%	-0.2%

- Interestingly, both the Boca Raton and West Palm Beach submarket occupancy rates were approximately 65% with identical average rates of \$134.
- Each had occupancy increases of nearly 5.5% over the prior year. While occupancy in both submarkets is nearing the 2006 highs, RevPAR still trails by approximately 16% in each submarket; obviously due to lagging ADR.

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512 offices in 61 countries

- \$1.5 billion in annual revenue
- 978.6 million square feet under management
- Over 12,500 professionals

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