



# Overview of Florida Commercial Real Estate Markets

Presented to:



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**CBRE**  
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# Florida Overview

## Trends

- Increasing population (4<sup>th</sup> most populous state)
  - Current population +/- 17.9 million
  - 12.2% increase since 2000
  - Forecasted to grow 9.7% from 2006 to 2011
- Over 1.5 million businesses (4<sup>th</sup> highest in country)
- Low unemployment +/- 3.3%
- Leads the nation in number of "Fastest-Growing 100" companies
- 8<sup>th</sup> largest economy in western hemisphere
- Growth markets: Life Sciences; Construction; Healthcare; Financial Services; Information Tech

# General Florida Overview

	<u>Miami-Dade</u>	<u>Broward</u>	<u>Palm Beach Co.</u>	<u>Tampa Bay</u>	<u>Orlando</u>	<u>Jacksonville</u>
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## OFFICE

Inventory (SF)	39 million	24 million	21 million	36 million	26 million	24 million
Vacancy Rate	7.7%	7.2%	8.8%	10.5%	7.2%	13.3%
Average Asking Rent	\$26.29 FS	\$26.15 FS*	\$27.55 FS*	\$19.87 FS	\$20.94 FS	\$16.75 FS

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## INDUSTRIAL

Inventory (SF)	199 million	110 million	46 million	133 million	98 million	89 million
Vacancy Rate	4.1%	3.4%	3.9%	4.0%	7.1%	5.3%
Average Asking Rent	\$8.35 FS	\$7.99 NNN	\$8.80 NNN	\$6.93 NNN	\$6.50 NNN	\$5.00 NNN

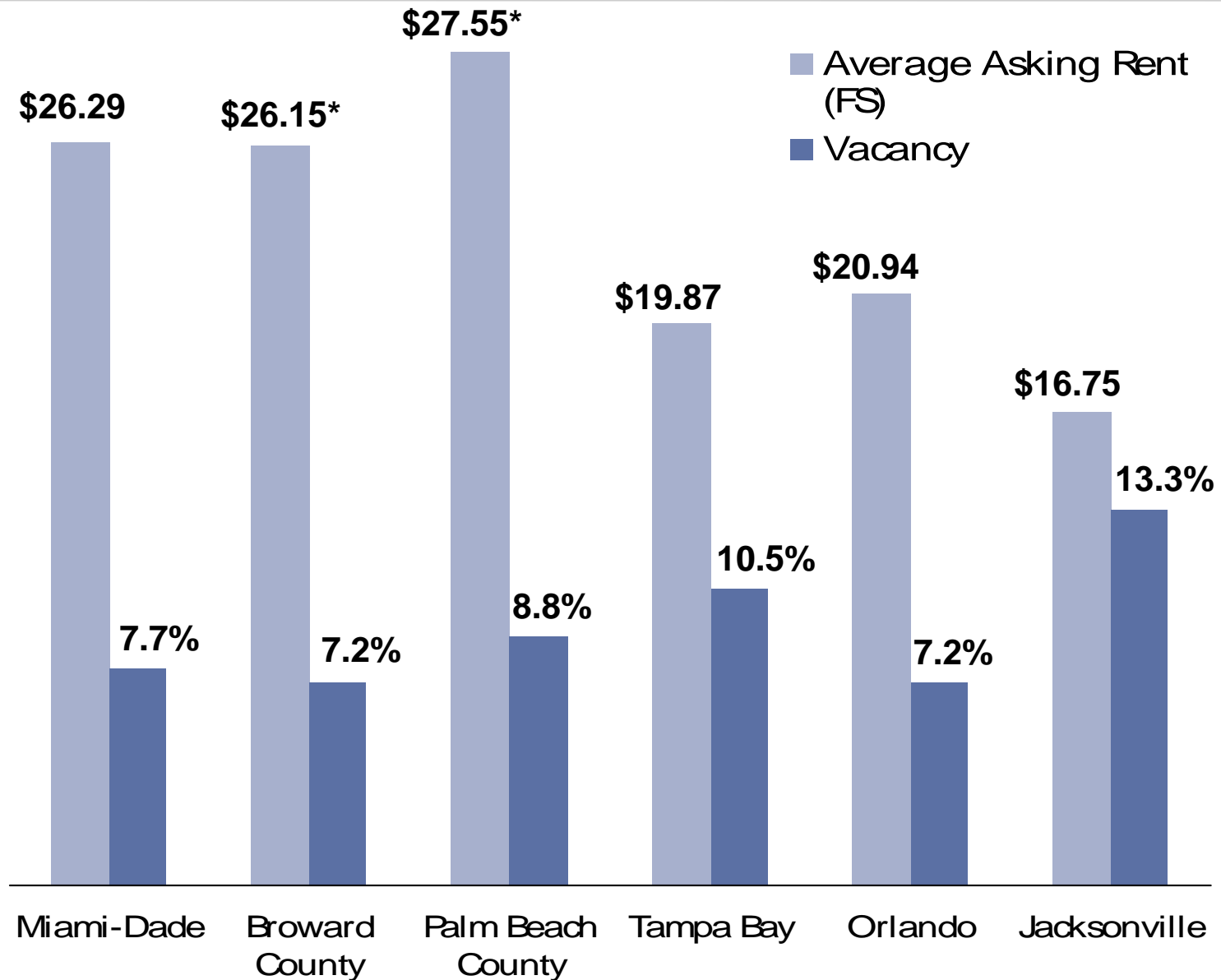
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## RETAIL

Inventory (SF)	29 million	35 million	28 million	54 million	55 million	28 million
Vacancy Rate	2.7%	3.5%	3.1%	4.0%	5.2%	5.3%
Average Asking Rent	\$30.36 NNN	\$20.11 NNN	\$21.54 NNN	\$14.05 NNN	\$14.14 NNN	\$13.93 NNN

\* Rounded up to reflect full service rate

# Florida Office Market Conditions



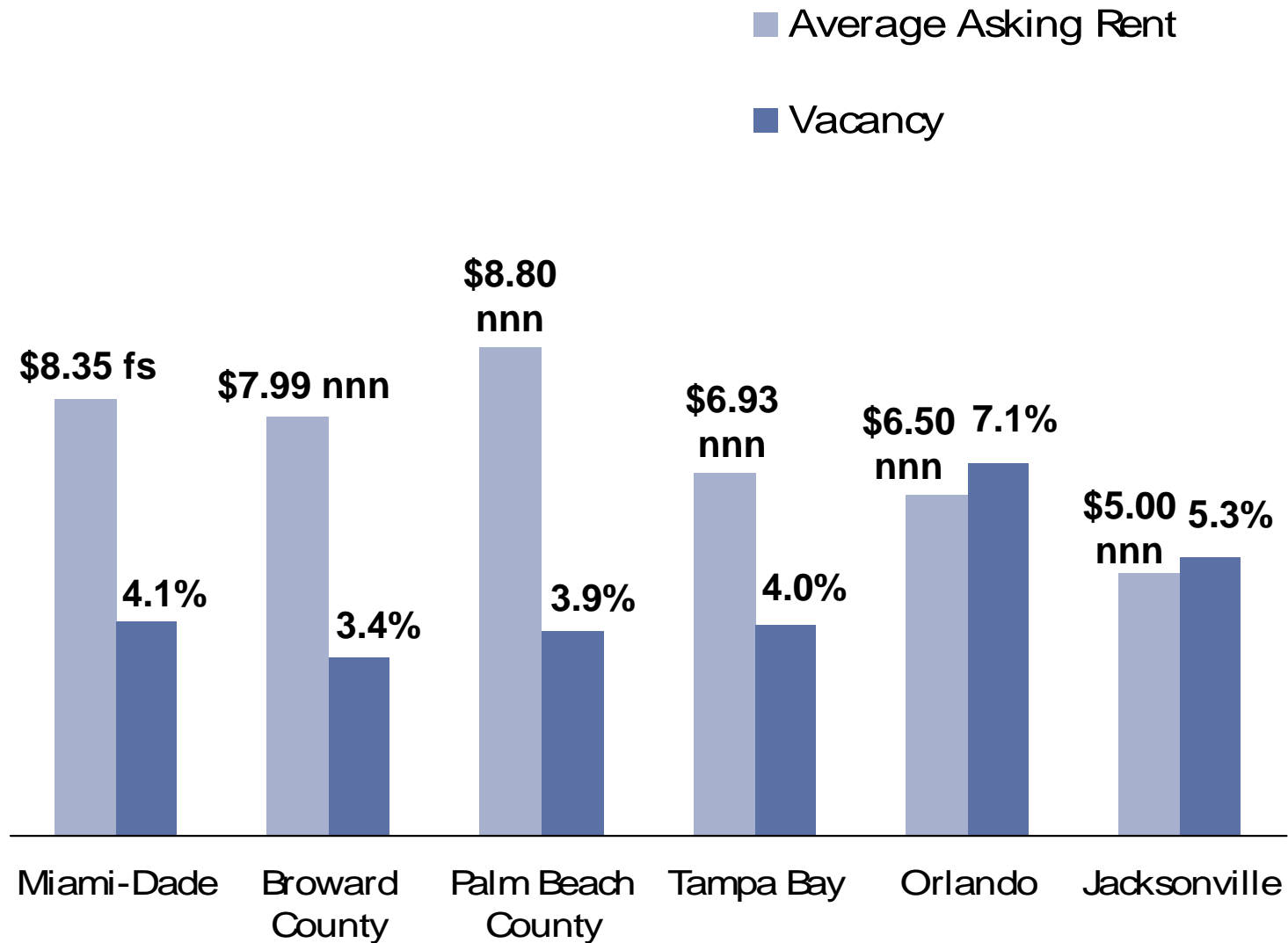
*\* Rounded up to reflect average full service rate*

# Florida Office Market Conditions

## Trends

- Decreasing vacancies across all markets
- Increasing rents
- Higher operating expenses, mean real “net” rent increases are minimal
- Limited product under construction. Upsurge in office construction is forecasted
- Rent increases between 5-20% in 2007
- More buildings quoting NNN
- Office condo market is starting to become less desirable
- Robust investment market

# Florida Industrial Market Conditions

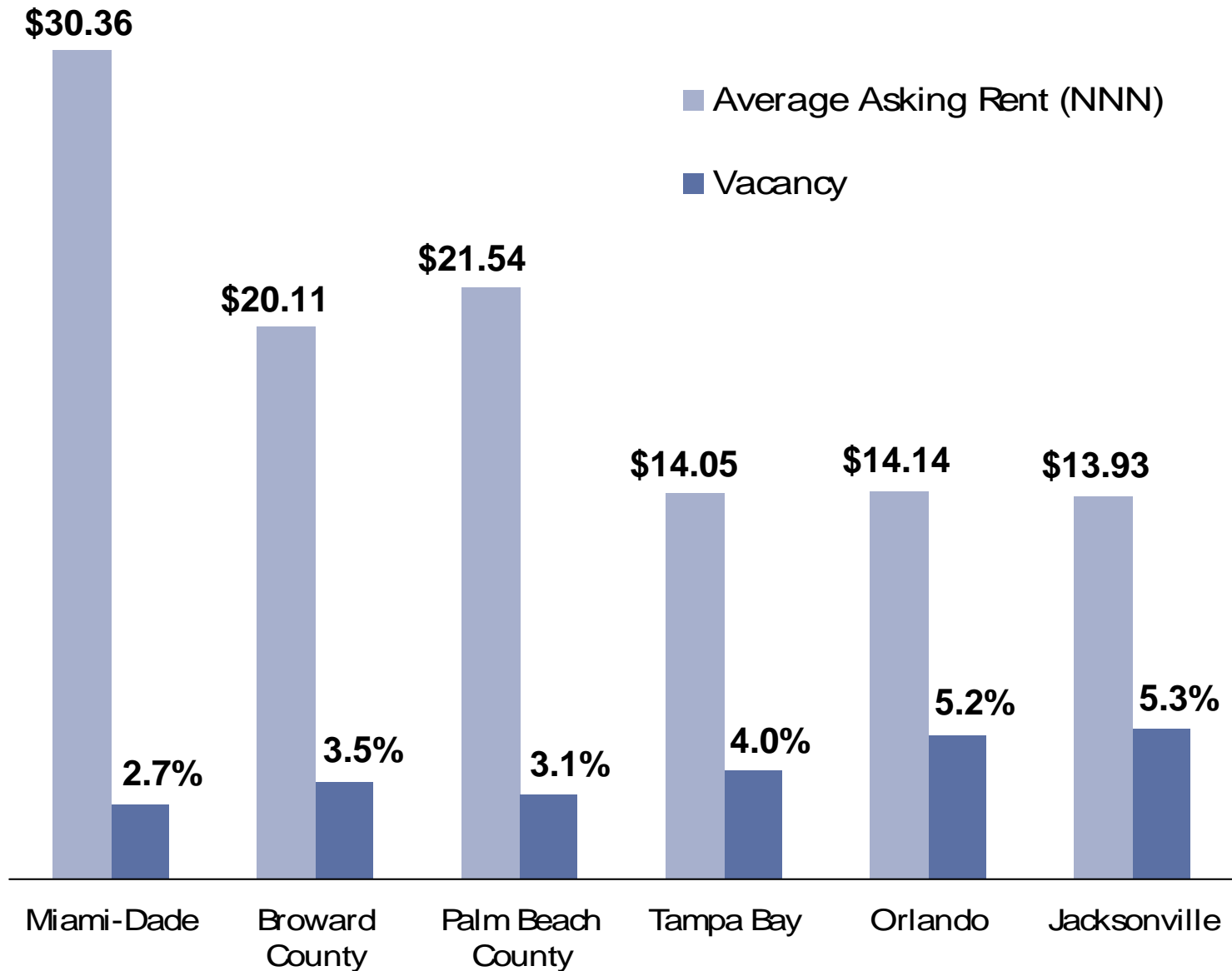


# Florida Industrial Market Conditions

## Trends

- Great time to be a landlord; tougher times for tenants
- Decreasing vacancy rates, increasing rental rates
- Lease rates are rising, but not keeping pace with the increases in land and building costs
- Limited new supply
- Rent increases between 5-20% in 2007
- Insurance issue is giving institutional owners advantage over private ownerships

# Florida Retail Market Conditions



# Florida Retail Market Conditions

## Trends

- Excellent market fundamentals.
- Demand continues to outpace supply
- Movement towards multi-level retail
- Ground floor retail in South Florida condo's will struggle
- Landlord market

# Florida Multifamily Market Conditions

## Trends

- Positive demand drivers: population and employment
- Continued limited supply due to land and construction costs
- Average rent growth between 6% to 10%
- Very strong demand for value-add opportunities
- Complete retreat of condo converters from acquisitions
- Re-appearance of concessions and vacancies in submarkets with by large inventories of converted unsold units
- Insurance costs continue to affect private local and regional owners and buyers

# Florida Summary

## Trends

- Record high rents and record low vacancies
- Great time to be a landlord
- Rents are forecasted to increase, however, much of this will be absorbed by higher operating costs
- Continued High Development Costs - Land, Construction, Governmental Exactions
- Tenant demand largely from internal tenant expansion
- Downtown Development Boom - Public and Private Sector
- Increasing rental rate and cap rate environment driving aggressive pricing levels
- Office condo market remains an unproven commodity