

# MarketView State of Florida Office

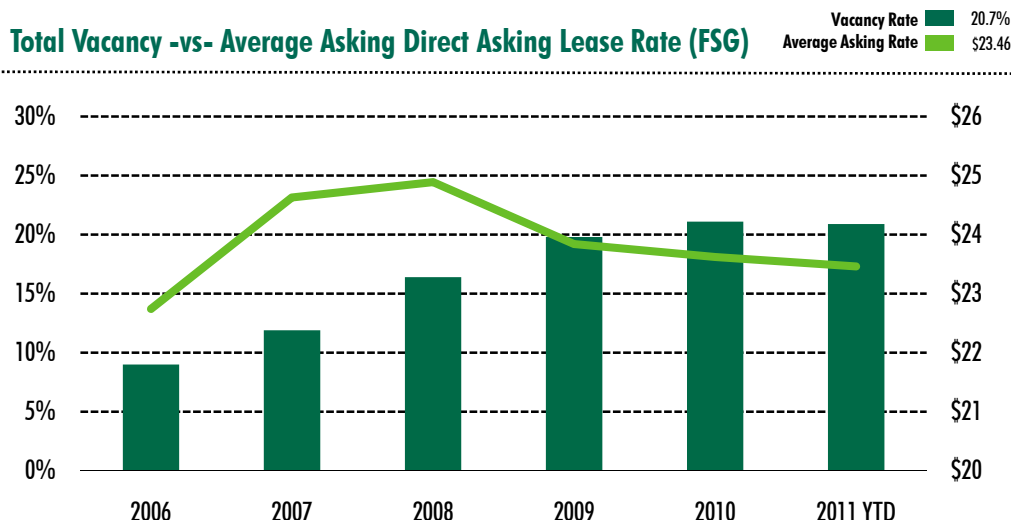
The Florida office market continues to show signs of stabilization and, in some markets, small indicators that recovery is on the way. Year-to-date absorption currently stands at positive 570,405 SF. Tampa and Orlando both demonstrated strong activity with 547,180 SF and 111,877 SF of positive absorption respectively. In Tampa, the Mid-Pinellas and North Pinellas submarkets contributed the most positive absorption this quarter, and in Orlando more than 100,000 SF was absorbed through sublease space. As a result of the positive absorption this quarter, the total vacancy rate declined by 10 basis points to the current rate of 20.7%. This is a decline of 40 basis points since the same time last year.

The average direct asking lease rate for Florida increased by \$0.13 PSF from first quarter to the current Full Service Gross rate of \$23.46 PSF. Broward County saw the largest increase in Full Service Gross asking lease rates with an increase of \$0.69 PSF from second quarter. The increase can be attributed to adjustments in operating expenses during the year as the average base lease rates have remained consistent through the year. General consensus for the Florida office market is that lease rates have stabilized through mid-year and will not see major changes through the remainder of the year.

Construction activity in Florida remained slow in comparison to a few years ago when some markets had more than 4 MSF of product under construction. Currently, Florida has just over 1 MSF under construction. Miami has the most product with 832,184 SF between three buildings set to deliver in the second half of this year. The largest of these buildings is 600 Brickell at Brickell World Plaza, a 614,908 SF Class A, pre-certified LEED Platinum tower, which signed its first anchor tenant during second quarter. Orlando was one of the few markets to see new construction begin in 2011 with the developers of Kirkman Point in South Orlando breaking ground on 134,000 SF of product during second quarter. Palm Beach was the only market to deliver new product during second quarter with the completion of 2200 Butts Road in Boca Raton. The 32,000 SF building was completed in June with only 7,358 SF available for lease.

Sales volume during the first half of the year totaled just over \$1.3 billion, with over 7.7 MSF trading across the state. Miami saw the most activity, with 2 MSF sold and a total transaction value over \$412 million. Palm Beach currently has the highest cap rate average of the Florida markets with 8.4%, well above the Florida average of 7.9%.

**Total Vacancy -vs- Average Asking Direct Asking Lease Rate (FSG)**



**Vacancy by Market**

Market	Current Vacancy	Change from last Yr.	Change from last Qtr.
Miami	18.3%	↑	↓
Broward	18.8%	↓	↓
Palm Beach	26.0%	↓	↔
Tampa Bay	21.1%	↓	↓
Orlando	20.4%	↓	↓
Jacksonville	21.4%	↓	↓
State of Florida	20.7%	↓	↓

## Market Statistics

Overall by Market	Building SF	Direct Vacant	Direct Vac %	Sublease	Total Vac %	Avg Rate (FSG)	2Q11 Net Abs	YTD Net Abs	Under Construction
Miami	43,568,406	7,666,504	17.6	299,632	18.3	\$30.03	83,230	(99,349)	832,184
Broward	26,512,188	4,833,498	18.2	151,475	18.8	\$25.97	59,441	(22,573)	0
Palm Beach	23,323,226	5,694,331	24.4	377,597	26.0	\$28.22	27,163	40,697	0
Tampa Bay	46,552,622	9,355,303	20.1	460,625	21.1	\$20.14	259,248	547,180	88,000
Orlando	36,938,908	7,010,040	19.0	540,131	20.4	\$19.86	(3,507)	111,877	160,550
Jacksonville	23,850,849	4,980,127	20.9	114,453	21.4	\$17.33	(76,237)	(7,427)	0
<b>Totals</b>	<b>200,746,199</b>	<b>39,539,803</b>	<b>19.7</b>	<b>1,943,913</b>	<b>20.7</b>	<b>\$23.46</b>	<b>349,338</b>	<b>570,405</b>	<b>1,080,734</b>

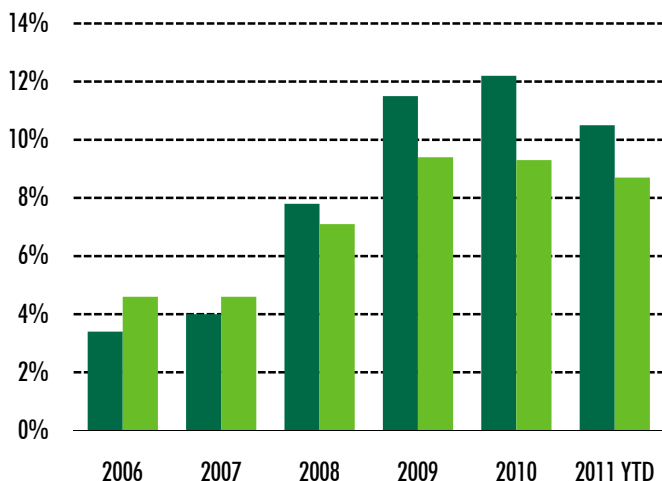
## Employment

### 3 Month Change

Industry	Employees (000's)	% of Total	12 Month Change
Construction	336.7	4.7%	(4.1%)
Education/Health	1,102.3	15.2%	2.3%
Financial	468.9	6.5%	(0.3%)
Government	1,107.8	15.3%	(3.6%)
Information	130.5	1.8%	(3.5%)
Leisure/Hospitality	959.0	13.2%	4.9%
Manufacturing	307.5	4.2%	(0.3%)
Mining & Lodging	5.4	0.1%	1.9%
Prof & Bus Services	1,040.5	14.4%	0.6%
Trans & Utilities	1,469.0	20.3%	0.7%
Other Services	310.7	4.3%	0.3%

## Unemployment Rate

Florida 10.5%  
United States 8.7%



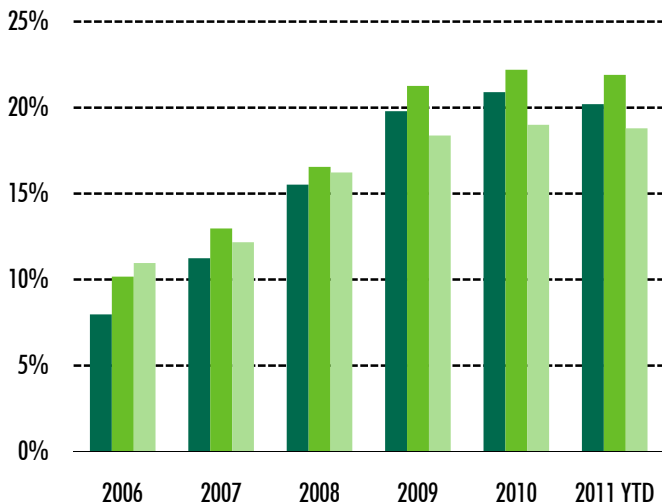
## Unemployment by Market & Annual Trend

Market	Labor Force	Employed	Unemployed	Unemployment Rate
Miami-Dade	1,284,932 ↑	1,132,865 ↑	152,067 ↑	11.8% ↑
Broward	978,692 ↑	884,091 ↑	94,601 ↓	9.7% ↓
Palm Beach	614,034 ↑	545,796 ↑	68,238 ↓	11.1% ↓
Tampa Bay	1,298,850 ↓	1,161,948 ↑	136,902 ↓	10.5% ↓
Orlando	1,121,589 ↑	1,010,275 ↑	111,314 ↓	9.9% ↓
Jacksonville	687,176 ↓	620,502 ↑	66,674 ↓	9.7% ↓
State of Florida	9,260,000 ↑	8,290,000 ↑	971,000 ↓	10.5% ↓

Source: Bureau of Labor Statistics  
Non-Seasonally Adjusted  
May 2011

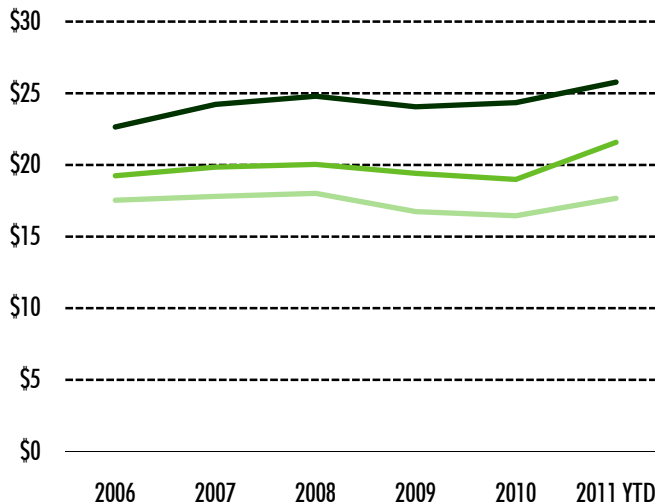
### Vacancy by Class

Class A 20.2%  
Class B 21.9%  
Class C 18.8%



### Asking Rates by Class (FSG)

Class A \$25.78  
Class B \$21.58  
Class C \$17.67



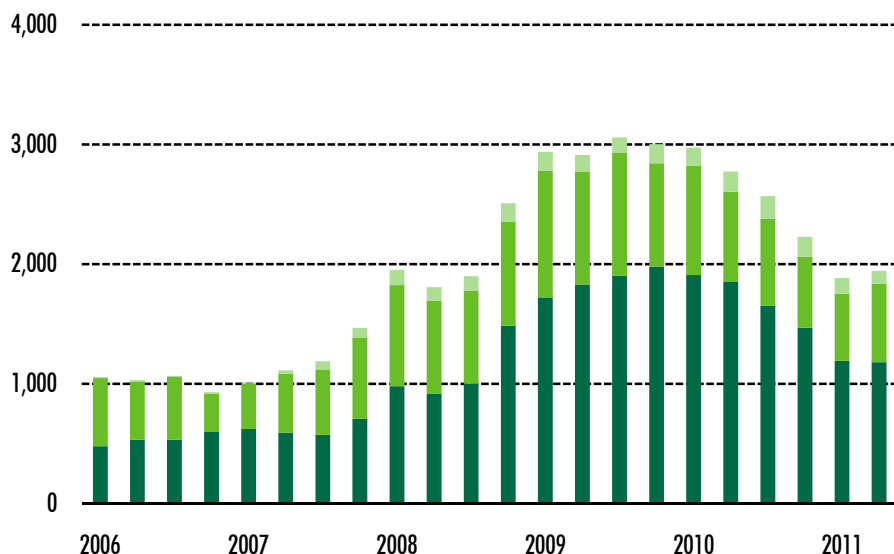
### Vacancy by Class

Market	Building SF	Direct SF	Direct Vac %	Sublease SF	Total Vacant SF	Overall Vacancy %	Asking Rate (FSG)
Class A	92,294,294	17,484,555	18.9	1,179,857	18,664,412	20.2	\$25.78
Class B	77,621,653	16,354,369	21.1	656,232	17,010,601	21.9	\$21.58
Class C	31,025,140	5,700,879	18.4	107,824	5,808,703	18.7	\$17.67
<b>State of Florida</b>	<b>200,746,199</b>	<b>39,539,803</b>	<b>19.7</b>	<b>1,943,913</b>	<b>41,483,716</b>	<b>20.7</b>	<b>\$23.46</b>

### Sublease Space by Class

Class A 1,180 K  
Class B 656 K  
Class C 108 K

Thousands of Square Feet



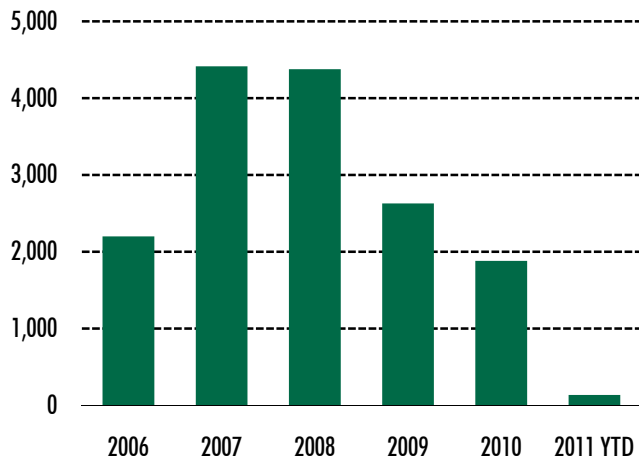
### Sublease Space by Market

Market	Sublease SF	% of Total Vacant
Miami	299,632	3.8
Broward	151,475	3.0
Palm Beach	377,597	6.2
Tampa Bay	460,625	4.7
Orlando	540,131	7.2
Jacksonville	114,453	2.2
<b>State of Florida</b>	<b>1,943,913</b>	<b>4.7</b>

## Completions

2011 YTD 137,000

Thousands of Square Feet



## Properties by Year Built

Year Built	# Bldgs	Total SF	Vac %	Average Asking Rate (FSG)
2005–Current	227	18,062,382	27.5	\$30.27
2000–2004	288	22,094,206	14.3	\$24.27
1990–1999	384	32,216,674	19.0	\$21.53
1980–1989	1,211	87,183,741	21.7	\$22.14
1970–1979	426	23,627,406	19.5	\$18.59
1969–Prior	199	13,541,822	26.7	\$20.95

## 2011 Deliveries

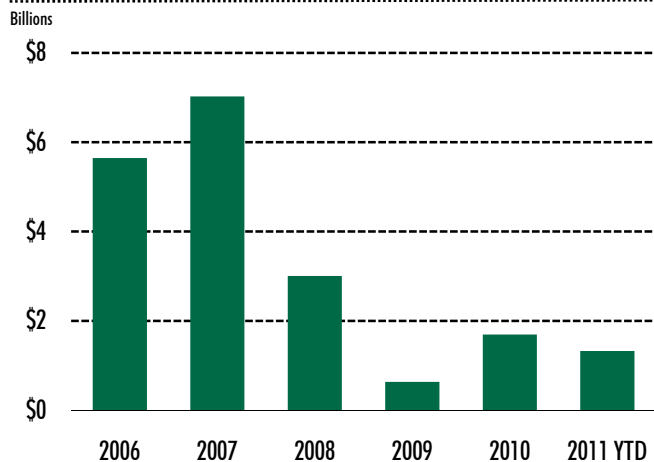
Market	Property	City	Submarket	Building SF	Vacancy %	Average Asking Rate (FSG)
Orlando	GAI Building	Orlando	Downtown	105,000	70.5	Negotiable
Palm Beach	2200 Butts Road	Boca Raton	Boca Raton	32,000	23.0	\$35.00

## Currently Under Construction

Market	Property	City	Submarket	Building SF	Pre-Leased %	Qtr/Year Delivering
Miami	600 Brickell at Brickell World Plaza	Miami	Brickell	614,908	3.3	3Q11
Miami	396 Alhambra Circle North	Coral Gables	Coral Gables	172,276	3.7	4Q11
Orlando	Kirkman Point Building 1	Orlando	South Orlando	134,000	0.0	4Q11
Tampa Bay	Park Centre at Telecom Park	Temple Terrace	Northeast Tampa	88,000	0.0	4Q11
Miami	IFB Headquarters	Miami	Coral Gables	45,000	66.7	3Q11
Orlando	1150 Douglas Avenue	Altamonte Springs	North Orlando	16,550	32.5	3Q11
Orlando	4901 International Parkway	Lake Mary	Lake Mary/Heathrow	10,000	100.0	3Q11

## Sales Volume

2011 YTD 1.326 M



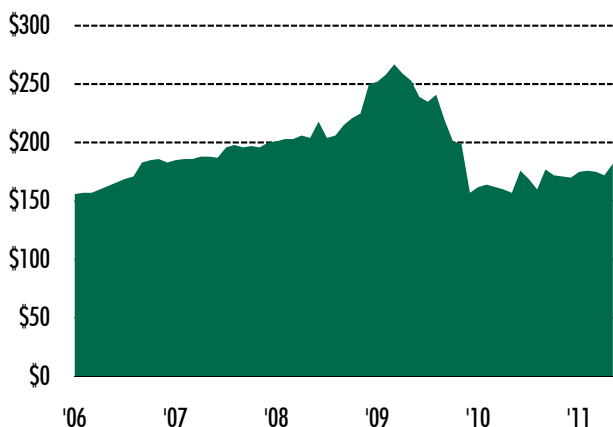
## Sales Volume by Market

2011	# Deals	Total SF	Volume	\$ PSF	Cap Rate
Miami	13	2,057,507	\$412,998,700	\$201	8.0%
Broward	16	1,117,578	\$217,250,000	\$194	8.2%
Palm Beach	13	1,775,349	\$374,849,449	\$211	8.4%
Tampa Bay	15	1,745,084	\$196,822,238	\$113	7.5%
Orlando	4	507,732	70,692,753	\$139	N/A
Jacksonville	4	545,467	\$53,025,000	\$97	7.5%
<b>State of Florida</b>	<b>65</b>	<b>7,748,717</b>	<b>\$1,325,638,141</b>	<b>\$171</b>	<b>7.9%</b>

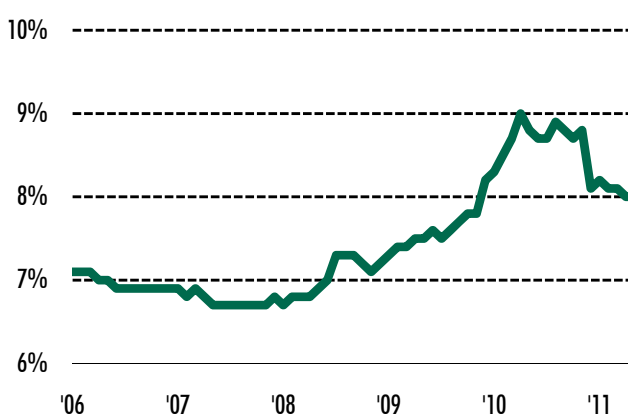
## 2Q11 Recent Sales

Market	Size (SF)	Buyer	Property/Address	Price
Miami	750,000	Genting Group	Miami Herald Headquarters/1 Herald Plaza, Miami	\$236,000,000
Miami	671,088	Terra Group	FPL Headquarters/9250 West Flagler Street, Miami	\$37,000,000
Tampa Bay	500,000	In-Rel Management	Rivergate Tower/400 North Ashley Avenue, Tampa	\$22,000,000
Orlando	421,069	Parkway Properties JV Teachers	Bank of America Center/390 North Orange Avenue, Orlando	\$60,833,620
Tampa Bay	250,097	Parkway Properties JV Teachers	Corporate Center 4/4301 W Boy Scout Blvd, Tampa	\$45,000,000
Miami	197,611	Swire Properties	Eastern National Building/799 Brickell Plaza, Miami	\$13,100,000
Tampa Bay	152,758	Parkway Properties JV Teachers	Cypress Center I/5404 Cypress Center Drive, Tampa	\$31,366,581
Palm Beach	137,066	Brookside Realty Corporation	750 Park Of Commerce Drive, Boca Raton	\$7,000,000
Palm Beach	137,021	Keystone Property Group	1200 Corporate Place/1200 North Federal Highway, Boca Raton	\$15,250,000
Jacksonville	136,550	100 North Laura Street LLC	The Jacksonville Bank Building/100 North Florida Street, Jacksonville	\$3,500,000
Broward	135,819	Government Properties Income Trust	Southpointe I/7850 SW 6 Court, Fort Lauderdale	\$40,760,000
Miami	135,000	Triarch Capital Group	One Turnberry Place/19495 Biscayne Blvd, Miami	\$53,000,000
Jacksonville	135,000	Parkway Properties JV Teachers	SPI Riverside Corporate Center/245 Riverside, Jacksonville	\$18,500,000
Broward	96,400	Wells Real Estate Funds	Miramar Centre II/3501 Sw 160th Avenue, Hollywood	\$21,500,000
Tampa Bay	82,871	Parkway Properties JV Teachers	Cypress Center III/5405 Cypress Center Drive, Tampa	\$17,016,326
Miami	67,793	Mandy Management	Sheridan Center/400-410 Arthur Godfrey Road, Miami	\$9,500,000
Miami	64,684	TA Realty	8550 NW 33rd Street, Miami	\$6,250,000

## Price Per Square Foot

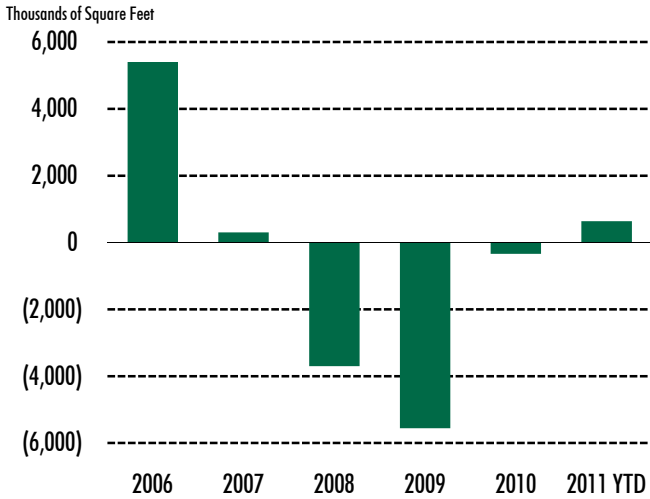


## Average Cap Rate



**Net Absorption**

2011 YTD 576 K



**Absorption by Market**

Market	2Q11	YTD 2011
Miami	83,230	(99,349)
Broward	59,441	(22,573)
Palm Beach	27,163	40,697
Tampa Bay	259,248	547,180
Orlando	(3,507)	111,877
Jacksonville	(76,237)	(7,427)
<b>State of Florida</b>	<b>349,338</b>	<b>570,475</b>

**2Q11 Recent Leases**

Market	Tenant	Property/Address	Size (SF)
Broward	State Farm Insurance	Wespoint Business Center, Tamarac	50,000
Broward	Convergys	Wespoint Business Center, Tamarac	50,000
Miami	Morgan Stanley Smith Barney	Miami Center, Miami	41,892
Miami	Dade Medical College	Miami Lakes Business Center, Miami Lakes	39,000
Broward	Gray Robinson	Bank of America Tower, Fort Lauderdale	37,176
Miami	IATA	703 Waterford Way, Maimi	35,000
Tampa Bay	Humana	800 Carillon Corporate Park, Saint Petersburg	33,278
Orlando	Burr & Forman, LLP	SunTrust Center, Orlando	31,952
Broward	Sunshine State Health Plan	Lake Shore Plaza, Sunrise	29,547
Miami	Cherry Bekaert & Holland	2525 Ponce, Coral Gables	29,000
Broward	Massachusetts Mutual Insurance	Radice Corporate Center III, Fort Lauderdale	27,021
Miami	Berger Singerman	1450 Brickell, Miami	25,837
Broward	Regions Bank	One Financial Plaza, Fort Lauderdale	25,233
Broward	Bank of America	Sawgrass Corporate Center II, Sunrise	24,090
Miami	Regus Business Centers	Miami Center, Miami	23,544
Jacksonville	Florida Coastal School of Law	Oak Grove Plaza, Jacksonville	22,913
Miami	Lydecker Diaz	1221 Brickell, Miami	22,712
Broward	Fox Sport Florida	Broward Financial Center, Fort Lauderdale	20,696
Miami	Credit Agricole	Brickell Financial Center, Miami	20,137
Palm Beach	Florida Peninsula Managers	Congress Corporate Center, Boca Raton	19,319
Palm Beach	Oxford Global Resources	Corporate Center at the Gardens	18,582
Orlando	Kronos	Primera V, Lake Mary	17,294
Orlando	Ricoh Americas Corporation	Maitland Promenade I, Maitland	17,045
Miami	Willis HRH	1450 Brickell, Miami	16,000
Miami	Smith Barney	Mercantil Commercebank Center, Coral Gables	16,000
Miami	Exxon	Columbus Center, Coral Gables	16,000
Miami	Florida International University	420 Lincoln Road, Miami Beach	16,000
Jacksonville	Cisco Systems	Deerwood South, Jacksonville	15,995
Orlando	JVI	701 Heathrow, Lake Mary	14,790

**Miami**

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Miami, FL 33131  
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**Broward**

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