

Daytona Beach/Palm Coast (Volusia/Flagler Counties) Florida

NAI Realvest

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Metropolitan Area Economic Overview

Population

Total Est. 2005	N/A
Population Growth Index – 2010	N/A
Income Index	N/A
Affordability Index	N/A
Education Index	N/A
Age Index	N/A

Employment

Total Est. 2005	N/A
Office Index	N/A
Health Services Index	N/A
Government Index	N/A
Retail Services Index	N/A
Wholesale Index	N/A

Market Overview

The Daytona Beach Market (Volusia and Flagler Counties) area economy experienced strong and continued growth in both job creation/employment and population through 2005. The widening to six lanes of Interstate 4 and Interstate 95 north continues to integrate Orlando/Central Florida with the Daytona Beach market in Volusia and Flagler Counties. Over 27,000 people a day commute out of the county to work. The area's labor demographics continue to attract national interest from site selectors for manufacturing and office technologies.

Volusia and Flagler Counties include 18 municipalities including Deltona, Deland, Daytona Beach, Ormond Beach, Port Orange and Palm Coast. The Palm Coast MSA was named The Fastest Growing Micropolitan Area in the US with growth exceeding 25% from 2000 - 2003.

The commercial and residential markets are growing with the value of construction for which building permits issued estimated to exceed \$1.4 billion in 2005.

The Class A office market is growing the opening of the Duva Sako Building, which was fully leased in 2004 and the second building currently under construction which is already 50% preleased for a first quarter 2006 opening. The office submarket leasing activity has been strong with an overall vacancy of less than 9%. Sales activity has also been strong with limited product available for sale.

The industrial market remains strong and new development is impeded by the limited availability

of entitled sites. Over 425,000 square feet of industrial buildings are under construction with over 81% on a build to suit basis. Industrial building sales activity was brisk in 2005 and is experiencing an 8% vacancy rate. The average industrial building size has doubled in size to 50 -100,000 square feet compared to what was typical 3 years ago.

Shopping center and other retail development remain strong in most markets – several markets are underserved and create future opportunities for in-fill development.

The single and multi family residential growth remains strong and is challenged by available entitled sites. Over 5,000 condominium units are at various stages of planning and development primarily along the beach and inter coastal waterways.

Several of the area's largest planned developments are moving forward through the entitlement process and will be coming on line in the 2006-2007 time frame. These include Ormond Crossings – Ormond Beach A mixed use development of 3,000 acres including a planned 2,550,000 square feet of retail and commercial space, 1,100,000 square feet of office space, 1,100,000 square feet of industrial space and 3600 residential units and Palm Coast – A mixed use development on 4,700 acres along the US 1 Corridor including 1,500,000 square feet of retail commercial space, 800,000 square feet of office space, 800,000 square feet of industrial space and 3600 residential units.

Daytona Beach/Palm Coast (Volusia/Flagler Counties) At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 20.00	\$ 24.00	\$ 22.75	9.70%
Class B (Secondary)	\$ 12.00	\$ 17.00	\$ 13.25	8.10%
SUBURBAN OFFICE				
New Construction (AAA)	\$ 19.00	\$ 22.00	\$ 19.40	20.00%
Class A (Prime)	\$ 16.00	\$ 22.00	\$ 17.25	7.00%
Class B (Secondary)	\$ 10.00	\$ 15.00	\$ 12.00	11.10%
INDUSTRIAL				
Bulk Warehouse	\$ 3.90	\$ 6.00	\$ 5.50	0.00%
Manufacturing	\$ 3.00	\$ 6.50	\$ 5.00	0.00%
High Tech/R&D	\$ 8.50	\$ 16.00	\$ 9.45	0.00%
RETAIL				
Downtown	\$ 12.00	\$ 20.00	\$ 13.00	5.00%
Neighborhood Service Centers	\$ 12.00	\$ 24.00	\$ 16.00	10.10%
Community Power Center	\$ 16.00	\$ 24.00	\$ 17.00	4.70%
Regional Malls	\$ 20.00	\$ 60.00	\$ 33.00	1.10%
DEVELOPMENT LAND				
Office in CBD (per buildable SF)	Low (Price/Acre) N/A	High (Price/Acre) N/A		
Land in Office Parks	\$ 230,000	\$ 350,000		
Land in Industrial Parks	\$ 140,000	\$ 196,000		
Office/Industrial Land - Non-park	\$ 130,000	\$ 225,000		
Retail/Commercial Land	\$ 218,000	\$ 522,720		
Residential	\$ 50,000	\$ 110,000		

Source: NAI Realvest