

Metropolitan Area Economic Overview

POPULATION

Total Est. 2006	1,900,408
Population Growth Index – 2011	2.66
Income Index	1.00
Affordability Index	1.10
Education Index	1.05
Age Index	1.00

EMPLOYMENT

Total Est. 2006	888,768
Office Index	0.88
Health Services Index	0.88
Government Index	0.76
Retail Services Index	1.13
Wholesale Index	0.97

Orlando At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	\$ 24.00	\$ 28.00	\$ 26.10	20.0%
Class A (Prime)	\$ 22.00	\$ 28.00	\$ 24.85	9.4%
Class B (Secondary)	\$ 18.00	\$ 24.00	\$ 22.70	10.4%
SUBURBAN OFFICE				
New Construction (AAA)	\$ 20.00	\$ 24.00	\$ 23.60	16.0%
Class A (Prime)	\$ 18.00	\$ 24.00	\$ 20.50	8.0%
Class B (Secondary)	\$ 16.00	\$ 22.00	\$ 19.20	10.5%
INDUSTRIAL				
Bulk Warehouse	\$ 3.95	\$ 6.00	\$ 5.60	5.8%
Manufacturing	\$ 3.00	\$ 6.50	\$ 5.00	5.0%
High Tech/R&D	\$ 8.50	\$ 16.00	\$ 11.24	7.2%
RETAIL				
Downtown	\$ 18.00	\$ 40.00	\$ 30.00	5.0%
Neighborhood Service Centers	\$ 13.00	\$ 35.00	\$ 13.00	9.1%
Community Power Center	\$ 19.00	\$ 32.00	\$ 23.00	2.1%
Regional Malls	\$ 16.00	\$ 40.00	\$ 18.00	1.2%

DEVELOPMENT LAND

	Low (Price/Acre)	High (Price/Acre)
Office in CBD (Per Buildable SF)	\$ 60	\$ 90
Land in Office Parks	\$ 230,000	\$ 350,000
Land in Industrial Parks	\$ 140,000	\$ 283,000
Office/Industrial Land - Non-park	\$ 95,000	\$ 217,800
Retail/Commercial Land	\$ 218,000	\$ 871,200
Residential	\$ 50,000	\$ 110,000

Market Overview

■ The Orlando office market in late 2006 saw a steady vacancy rate of 7.6%, unchanged from the vacancy rate mid-year. Net absorption for the third quarter was 745,000 square feet, 2.28 million square feet year-to-date. The average quoted rental rate for all classes of office space was \$20.35 per square foot at the end of the third quarter, up 2.7% from the previous quarter. The average quoted rate in the Class A sector was \$23.58, and \$19.19 per square foot for Class B space. Construction activity remains steady with 2.1 million square feet under construction market-wide. Office building sales activity is up compared to 2005 with an average sales price of \$160 per square foot. Cap rates have been lower in 2006, averaging 7.07% compared to the same period in 2005 when they averaged 8.94%.

The Orlando industrial market ended the third quarter 2006 with a vacancy rate of 6.1%. Net absorption was 1.37 million square feet for the quarter and 2.49 million square feet year-to-date. The average quoted asking rental rate for industrial space was \$6.68 per square foot at the end of the third quarter, down 1.2% from the previous quarter. Just over 1.4 million square feet of industrial space is currently under construction. Industrial building sales volume is up with an average price of \$71.08 per square foot. Cap rates have been higher in 2006, averaging 8.96%, compared to the first six months of 2005 when they averaged 7.45%.

The Central Florida retail market remains bolstered by continued job growth, population and household growth, and continued expanding tourism. Significant new construction has been occurring in the expanding west and east suburban sub-markets. Retail space continued to be an important component of many condominium towers under construction in downtown Orlando with full-service grocery stores and neighborhood convenience retailers located at street level.

Construction is underway on Winter Garden Village at Fowler Groves, a 1.1 million square foot open-air shopping center developed by The Sembler Company in west Orange County. Super Target and Lowe's will be the anchor tenants along with major big-box retailers currently in Central Florida. The center is scheduled to open in October 2007.

Planning is underway for Lake Nona Town Center, a 1.5 million square foot retail center at the 7,000-acre master-planned community located near Orlando International Airport.

IKEA plans to open a 310,000 square foot building near the Mall at Millenia. When completed in the summer of 2007, it will be the largest freestanding store in the region.

In northeast Seminole County, Oviedo on the Park, a mixed-use, \$275 million community located at Alafaya and Mitchell Hammock Road will include 100,000 square feet of retail and restaurant space.

Source: NAI Realvest