Broward Real Estate Market Overview

Broward County Governmental Center Downtown Campus
Fort Lauderdale, Florida

October, 2006

HDR
in association with
Dickey Consulting Services
Bermello, Ajamil & Partners
Real Estate Research Consultants

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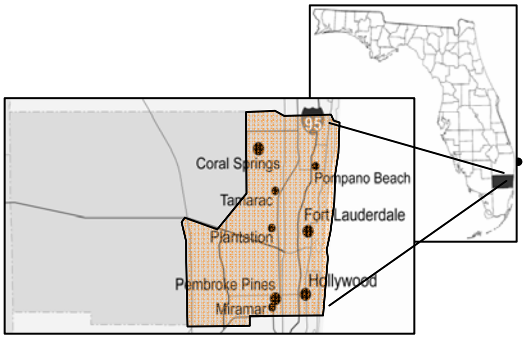


I. Executive Summary

The Broward County economy continues to grow with solid employment and population growth. The real estates markets are expected to continue growing as well. However, as the housing market prices continue to increase, more people are turning to the rental market and the non-rental housing construction will likely level off in the future. The business and professional services sectors continue to add jobs, supporting a strong office market. Broward County's increasing population is supporting an improving retail market and warehouse market. The County's strong hospitality and tourism industry is maintaining the hotel market.

II. Introduction

This market analysis addresses the geographical area of Broward County sometimes referred to or defined as the Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Metropolitan Division, a subset of the Miami-Fort Lauderdale-Miami Beach Metropolitan Area. From here forward, this report will refer to this market area solely as Broward County.

The particular markets studied within this geographical area include those of multi-family housing, offices, retail, warehouses and hotels.

The data represents a timeline of five years past to five years out and includes forecasts from Economy.com and Property & Portfolio Research.

III. Demographic & Economic Overview

From software technology to international trade, from financial services to tourism, Broward enjoys a robust business climate. In recent years, Broward County has substantially outpaced the national economic growth rate, while its population has climbed to nearly 1.7 million.

NAICS Category	2006 Employment (000)	Year-over-Year Metro	U.S.
Construction	56	7.2%	3.1%
Manufacturing	33	5.1%	0.1%
Trade, Trans & Util	176	2.0%	0.5%
Retail Trade	103	1.8%	-0.2%
Wholesale Trade	48	2.6%	1.8%
Trans, Ware & Util	25	1.6%	1.5%
Financial Activities	70	2.9%	2.5%
Government	104	2.5%	0.8%
Education/Health Serv	96	5.3%	2.2%
Prof & Business Serv	134	6.1%	2.6%
Information	23	2.4%	-0.1%
Leisure & Hospitality	84	3.0%	1.6%
Other Services	36	3.8%	0.2%
Total Employment	812	3.9%	1.4%

Source: Property & Portfolio Research, 2nd Q, 2006

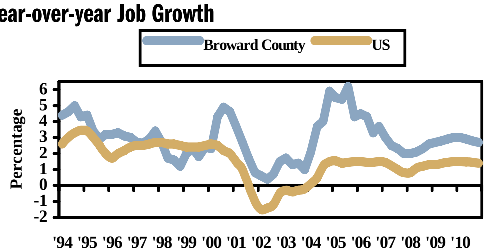
Centrally located Fort Lauderdale-Hollywood International Airport is the fastest-growing passenger hub in the nation, and was the fastest recovering airport hub since 9/11. In addition, the bustling Port Everglades is attracting new cruise ships and cargo lines. Contemporary high-rise condominium residences and hospitality properties are transforming the downtown and central beach areas, and adding a new dimension to the region's year-round appeal to travelers.

However, tourism is not the only sector booming. As the base of its economy, Fort Lauderdale's downtown is growing at a tremendous pace and as it introduces new residents to the area, the demand for office space and retail space is climbing.

Employment Trends

In the four years following the 2001 recession, Florida saw average annual job growth of 2.2 percent – third highest in the nation. Real per

Year-over-year Job Growth



Source: Property & Portfolio Research, 2nd Q,2006

capita incomes rose during the same period but at a rate more in line with the national average. Over the past year, job growth has remained exceptionally strong, but rising gasoline prices and a predicted active hurricane season may pose a risk to the state's vital tourism industry. Broward County's high exposure to the tourism industry adds to the volatility in the market. The annual change in employment over the last 10 years in Broward County compared with the U.S. average is shown in the graph to the left. Employment growth over the past decade has never dipped into negative.

Demographics

Broward County's demographic profile has been changing over the past two decades. The share of the County's population age 65 and older dropped from nearly 20 percent of the total population in 1990 to just over 15 percent in early 2006. The area's population is relatively older than the US on average. The median age of 37.8 years is higher than the national level of 35.3 years. Broward County has a relatively low share of young adults (aged 20-34), those most likely to rent apartments. The metro does boast a strong number of prime spenders (aged 35-54), which bodes well for future retail sales.

Cost of Living

It is relatively expensive to live in Broward County. The cost of living in the area is 11 percent above the national average. However, Broward provides a lower-cost alternative to its neighbor Miami (15.4 percent above) and continues to attract residents from there. Business costs are also higher than in the rest of the nation.

Fortune 500 and Metro Area's Largest Employers

AutoNation is the only Fortune 500 Company headquartered in Broward County. With over $19 billion in annual revenue, AutoNation ranked #115 in 2006, outselling all other automotive retailers in the US.

The table to the left lists the Metro Area's Largest Employers with two giant retailers ranking two and three on the chart. The County's jobs are highly concentrated in the professional and business services sector. Business and professional employment has increased 40 percent in the past six years. With 15 percent of the area's population above the age of 65, the healthcare industry has seen tremendous growth over the past six years. Since June 2000, education/healthcare employment has risen by 28 percent. Education services have grown even faster than health services since 2000, however. The industry will get a further boost once Kaplan University locates a regional headquarters in the County. Broward beat out Chicago and Atlanta for the new 660-job hub, which will pay wages about one-third higher than the average for Broward County. The University's new headquarters will employ support and administrative staff, and professors and will make the education/health services industry one of the fastest growing industries in Broward division over the long-term forecast horizon.

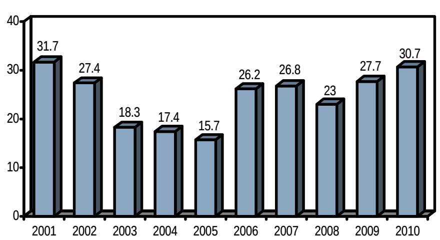
Economic Indicators

Broward County's economy slowed down in the second half of 2005, and has now stabilized on a somewhat flatter growth trajectory. The near-term rate of expansion is less clear cut. If job growth does not slow down, or residential construction does not speed up to accommodate in-migration, Broward County will run out of available hands. The Moody's Economy.com forecast includes a mix of the two: job growth will slow down to about 3 percent per year and residential construction will increase, with housing starts accelerating significantly. Another, albeit secondary, source of labor is increased labor force participation which is expected to increase gradually. Unemployment is expected to remain very low for the foreseeable future, keeping the labor market in a state of permanent full employment.

2001	2002	2003	2004	2005	Economic Indicators	2006	2007	2008	2009	2010
49.1	51.5	53.7	58.2	63.1	**Gross Metro Product, C$B**	66.3	68.9	71.8	74.9	78.2
5.6	5.1	4.2	8.3	8.5	**% Change**	5.1	3.8	4.2	4.4	4.4
690.1	695.5	705.0	732.7	771.9	**Total Employment (000)**	801.1	821.1	841.2	866.0	892.1
2.2	0.8	1.4	3.9	5.4	**% Change**	3.8	2.5	2.4	2.9	3.0
4.5	5.8	5.4	4.7	3.8	**Unemployment Rate**	2.9	2.9	2.8	2.7	2.6
4.9	4.3	1.7	6.9	8.1	**Personal Income Growth**	9.2	7.9	6.7	7.2	7.2
1,671	1,704	1,728	1,753	1,778	**Population (000)**	1,811	1,846	1,876	1,912	1,951
8,275	5,705	3,880	4,784	3,609	**Single-Family Permits**	5,018	6.551	7,655	8,255	8,962
2,486	6,323	4,338	3,925	3,342	**Multifamily Permits**	5,229	6,092	6,368	6,552	6,914
31.7	27.4	18.3	17.4	15.7	**Net Migration (000)**	26.2	26.8	23.0	27.7	30.7

Source: Economy.com, Inc., July 2006

Net Migration (000)



Source: Economy.com, Inc., July 2006

Net Migration

Broward County continues to attract residents, particularly from Miami/Dade County, which accounts for 34 percent of all domestic in-migrants to Broward. Over 80 percent of all net migration is foreign migrants. Population growth was above average at 1.9 percent compared to 0.9 percent nationwide over the last year. Broward County's population growth is forecasted to continue to outpace the national average. Broward County experienced a net in-migration of 15,700 in 2005 and is expected to increase significantly to 30,700 by 2010.

Strengths, Weaknesses and Forecast Risks

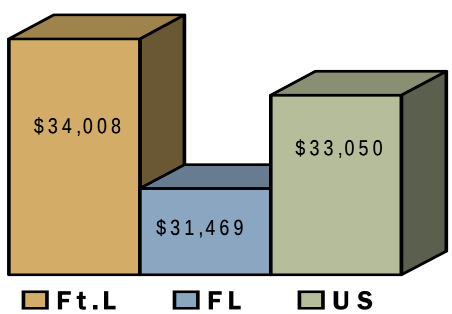
The strengths include: increasing international ties, particularly with Latin America; strong rate of in-migration; and spillover effect from booming international trade in Miami-Dade County. The weaknesses include the geographic limits to expansion due to the proximity to the Everglades to the west and proximity of the Atlantic Ocean to the east; and sharp decrease in housing affordability. The upsides to the forecast include the weakening value of the dollar, which boosts tourism and the increased Medicare funding that will keep the healthcare industry afloat. The downsides to the forecast include a potential slowdown in population growth on account of stricter immigration policies and the fact that the hurricanes have had a prolonged impact on tourism and migration.

Leading Industries

Industry	Employees (000)
State & Local Government	93.5
Full-Service Restaurants	29.9
Employment Services	25.2
Limited-Service Eating Places	19.2
Grocery Stores	18.3
Building Equipment Contractors	14.9
Services to Buildings and Dwellings	14.9
Offices of Physicians	14.5
Legal Services	12.4
Traveler Accommodation	11.7
Nondepository Credit Intermediation	11.7
Automobile Dealers	11.1
Department Stores	11.1
Foundation, Structure & Bldg. Ext. Contract	10.3
General Medical & Surgical Hospitals	10.2

Source: BLS, Moody's Economy.com, July 2006

Per Capita Income (2004)



Source: BLS, Moody's Economy.com July 2006

Leading Industries

The government sector definitely has the lead when it comes to industry employees in Broward County (see table on the left). With three times the number of employees compared to any other industry, the government industry dominates. The construction sector exhibited the strongest growth over the past year, expanding by 7.2 percent, while the business and professional services sector added the most new jobs through March, totally 7,739. Every sector grew at an above average pace over the past year.

The high-tech jobs in Broward County employ 32,100 individuals, which is 4.7 percent of total employment. Additionally, the education and healthcare industries are expected to get a further boost once Kaplan University locates a regional headquarters in Broward County.

Per Capita Income

Both Broward County and Florida are close in comparison to the National Per Capita Income average. Broward County is a little higher than the national average and Florida is a little lower. Broward County's Per Capita Income for 2004 is $34,008, Florida's is $31,469 and the national average is $33,050.

IV. Real Estate Markets

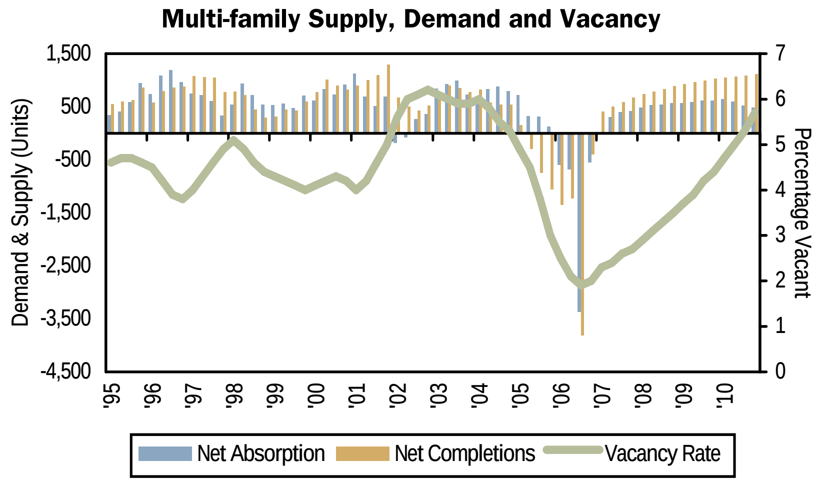
Housing Market

Current Trends

Nationally, apartment vacancies have fallen to their lowest level since the third quarter of 2001. While the pace of apartment demand in the first six months of 2006 is easing off the post-recession bounce between 2004-05, the market did manage to absorb slightly over 58,000 units. Net completions were meager in the second quarter (6,439 units) as developers maintained their focus on condos, both ground-up and conversion. This trend will reverse itself, however, as a floundering for-sale housing market will temper demand for convertible apartment product, and capital will begin to divert towards development of new rental product to meet the needs of the next new wave of apartment renters. Indeed, that wave will hit later in the decade as the Echo Boomers enter their prime rental years. However, forecast supply additions of about 1.1 percent per year will inhibit vacancies from falling too steeply over the remainder of the decade.

Supply, Demand and Vacancy

The vacancy rate in Broward County continued to fall in the second quarter, dropping to just 2.1 percent. Vacancies are now as low as they have ever been and are likely to decline further as condo converters remove units from apartment inventory. A strong employment picture as well as stellar population growth is driving apartment-renting household formation. Condo conversions continue to counterbalance new rental supply, and net completions from 2006-07 are expected to average a net loss of 2,300 units per year. New rental units will come on line, as an imbalance of this magnitude is not sustainable. Supply additions over the five-year forecast window should average approximately 1.2 percent of inventory, compared with the market's historical average of 2.7 percent, and so vacancies are not expected to crack even 6 percent by year-end 2010.



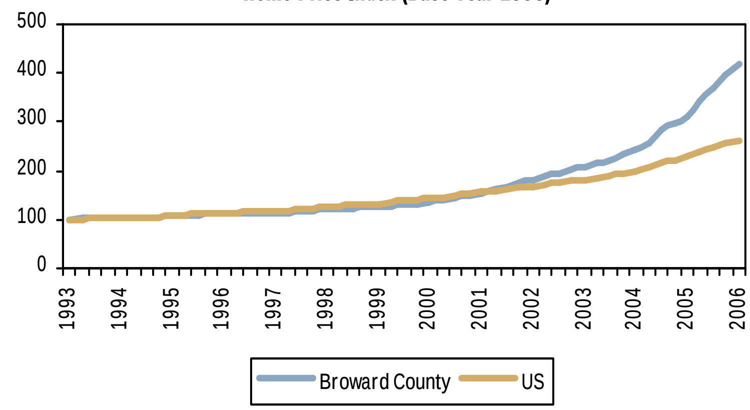
Relevant Statistics	Current	Historical Peak		Historical Trough	
1994-Present	06Q2	Value	Qtr	Value	Qtr
Vacancy Rate (%)	2.1	6.2	02Q4	2.1	06Q2
Net Absorption (Units)	-686	1,186	96Q3	-686	06Q2
Completions (Units)	-1,230	1,300	01Q4	-1,355	06Q1
Yr/Yr Rent Change (%)	6.9	6.9	06Q2	0.8	04Q1

Source: Property & Portfolio Research, 2nd Q, 2006

The homeownership rate in Broward County is around 74 percent, which is well above the national average of 69 percent.[1] The homeownership rate has actually decreased since 2001, when it was 76.1 percent, and this fall in the homeownership rate has benefited apartment demand. A flood of in-migration and rapidly rising living costs have pushed many would-be owners back into the renter-by-necessity pool. Indeed, home prices have increased 19.7 percent per year from 2001-05, compared with annual growth of 8.8 percent nationally, and this meteoric growth rate has drastically reduced affordability, supporting increased demand for apartments going forward as interest rate increases curb the use of exotic mortgages to afford local housing units.

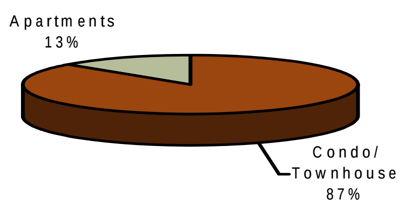
[1] According to the US Census, the homeownership rate in the Ft. Lauderdale Metropolitan area is 69 percent. According to Property & Portfolio Research, the rate is 74 percent. Although HDR cannot obtain a clear explanation for this discrepancy, it appears the variance results from the US Census area including Miami and Miami Beach in the same statistical area, as opposed to the PPR using only Broward County. In any case, the discrepancy has no material bearing on the Broward County Downtown Campus project .

Home Price Index (Base Year 1993)



Source: © 2006 Freddie Mac

Multi-family Construction Underway by Subclass



Source: Property & Portfolio Research, 2nd Q, 2006

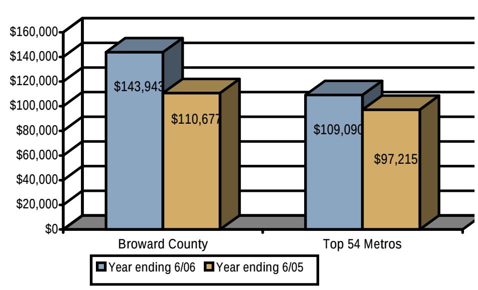
Construction Activity

The rapid rate at which investors are converting apartment units has resulted in a just-as-rapid drop in vacancies as the metro's rental inventory shrinks. As a result, net new apartment deliveries fell to their lowest levels in over a decade in the first quarter of 2006, as the market had its first net loss of apartment units in nearly 15 years. Additionally, the hot condo market is likely to cool as rising interest rates slow buying and speculation dries up. Tight vacancies will once again spur new apartment development, particularly in the outer years of the forecast (whether in the form of ground-up construction or the return of unsold condo units to the market), and completions are expected to average nearly 1,400 units annually from 2006–10.

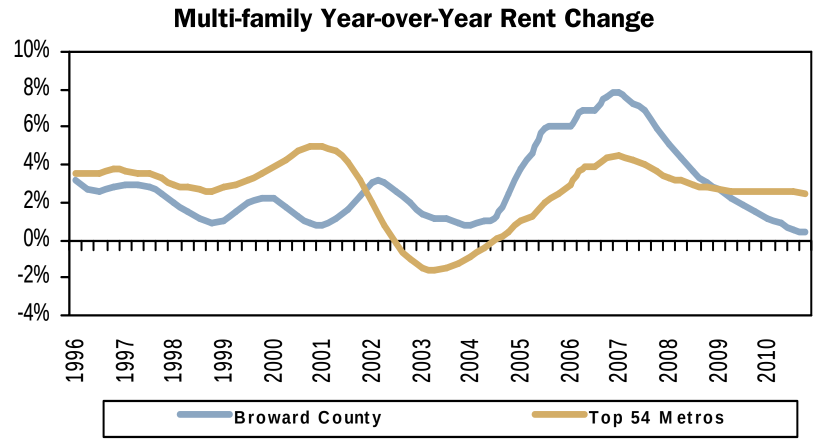
Rent and Sales Activity

Average rents in the Broward County apartment market were $1,153 per unit in the second quarter, up 6.9 percent from year-ago levels and up 2.0 percent from last quarter. Rent growth is forecast to accelerate, with growth of 7.3 percent expected during the upcoming 12 months. During the next five years, metro wide rent growth is forecast to average 3.7 percent annually, compared with 3.2 percent for the average of major metropolitan areas. Over the past 12 months, 68 properties have traded at a median price of $143,934/unit. The median cap rate in this market over the last six months where data was available was 4.9 percent, compared to the national median of 6 percent.

Multi-family Median Sales Price per Unit



Source: Property & Portfolio Research, 2nd Q, 2006



Source: Property & Portfolio Research, 2nd Q, 2006

Current Projects

Solid demographics, beaches, and sunshine make Broward County a perfect place for condo conversions, and condo converters have arrived in full force over the past two years. While activity has shifted further north in the state, Broward County still ranked fourth among the major metropolitan areas with the most units bought for conversion in 2005. Outpaced by Tampa, Orlando, and Phoenix, the metro had nearly 12,600 units purchased for conversion in the past year and more than 3,000 units were purchased for conversion in the first half of 2006.

Office Market

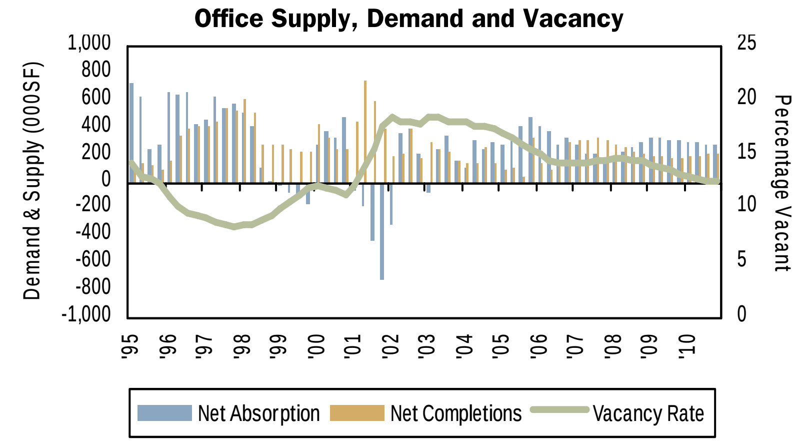
Current Trends

Nationally, office landlords continue to reap the benefits of steady employment gains, and vacancies fell another 0.2 percentage points in the second quarter of the year. Now standing at 16.2 percent, the national vacancy rate is 1.8 percentage points below its peak and nearly a percentage point lower than its level one year ago. Excluding New Orleans, only six markets have vacancy rates higher than year-ago levels, while seven markets experienced decreases of two percentage points or more, led by Salt Lake City, Austin, and Charlotte. Absorption in the first half of the year topped 54 million square feet (SF), up from slightly less than 50 million SF in the same period last year. An expected moderation in absorption for 2006 is unfolding, but office tenants are still on pace to absorb more than 103 million SF. New construction is slowly ramping up, with 110 million SF currently underway, but at only 1.9 percent of inventory, this level is quite low by historical standards, and fundamentals will continue to improve.

Supply, Demand and Vacancy

Vacancies in the Broward County office market continue to tighten, and the vacancy rate dropped to 14.6 percent in the first quarter, compared to 15.1 percent last quarter and 16.6 percent one year ago. As the local economy continues to add jobs at a strong clip, particularly in the office-intensive business and professional services sector, demand for office space should remain strong, although it will slow some from 2005.

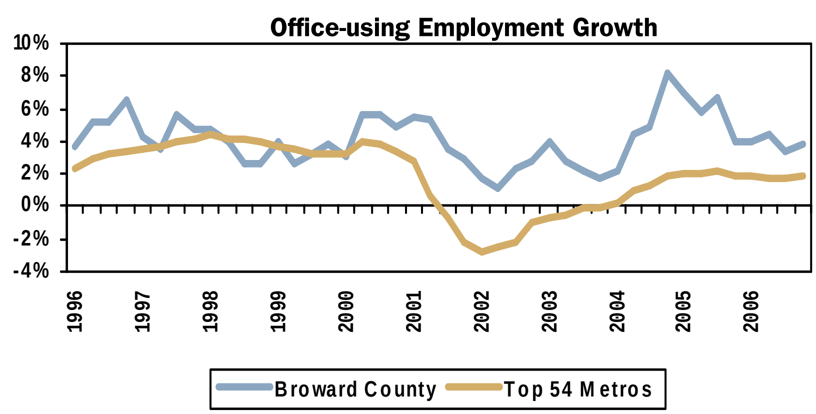
Completions for the years 2006-07 are expected to average 969,992 SF per year, and supply additions over the next five years should average 1.6 percent of inventory, compared with the market's historical average of 5.1 percent. As a result, vacancies are forecast to settle to about 13 percent by the 2010.



Relevant Statistics	Current	Historical Peak		Historical Trough	
1994-Present	06Q2	Value	Qtr	Value	Qtr
Vacancy Rate (%)	14.6	18.5	02Q1	8.5	97Q4
Net Absorption (Units)	374	668	96Q3	-722	01Q4
Completions (Units)	98	750	01Q2	42	05Q3
Yr/Yr Rent Change (%)	5.0	8.8	97Q1	-5.1	03Q2

Source: Property & Portfolio Research, 2nd Q, 2006

Office-using employment accounts for an above-average share of the metro's total employment base at 26.3 percent giving the office market a strong base for new demand. Growth in office-using jobs over recent history has been above the national average and should remain above average over the next five years. Vacancies have averaged 18.6 percent since 1982, 4.0 percentage points above their current level.



Source: Property & Portfolio Research, 2nd Q, 2006

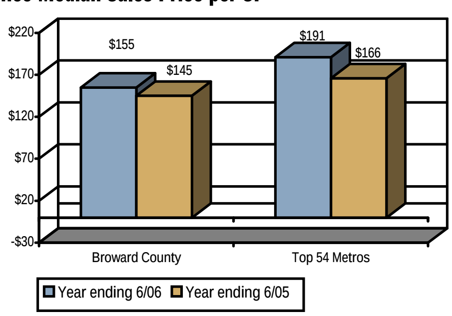
The professional, scientific, and technical services sector accounts for a significant share (24 percent) of the office-using employment base in the metro.

New office-job creation will depend on this sector, which will create 24.3 percent of the new jobs over the next five years. Office-using employment growth has been strong, and while the base of office employees here is small, in the bottom third of the major metropolitan area markets, the total number of office-using jobs added over the past year, 9,700, ranks in the top 20. It is the smaller tenants in the 15,000 SF–30,000 SF range that are driving current activity. Many of these business services firms have ties to the housing industry (whether legal or financial). However, this source of demand is a double-edged sword, as a softening in the residential market could quickly dry up the very demand that has fueled the recovery.

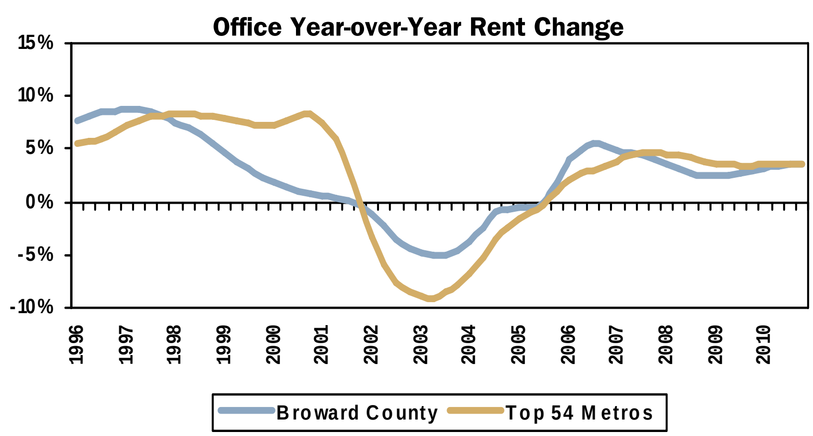
Rent and Sales Activity

Average rents in the Broward County office market were $22.04/SF in the second quarter, up 5 percent from year-ago levels and up 1.1 percent from last quarter. Rent growth is forecast to accelerate, with growth of 4.7 percent expected during the upcoming 12 months. During the next five years, metro-wide rent growth is forecast to average 3.6 percent annually. In sales activity, 48 transactions have occurred over the last 12 months with a median price per square foot of $155.38. The median cap rate for trades over the last six months where data was available was 6.5 percent.

Office Median Sales Price per SF



Source: Property & Portfolio Research, 2nd Q, 2006



Source: Property & Portfolio Research, 2nd Q, 2006

Forecast

Office owners in Broward County, fresh from a solid improvement in fundamentals in 2005, are optimistic that the market will continue to strengthen this year. Employment growth will support demand in 2006, and with minimal completions, vacancy will decline for the fourth consecutive year. An area benefiting from a lack of new supply is the Downtown Fort Lauderdale submarket, where no construction is planned for the next few years.

Current Projects

In Broward County, submarkets in the southwest are faring the best as far as attracting new tenants. This is due in part to adequate and convenient parking, ease of travel to and from work, and many of the decision makers reside in these areas. The area of Cypress Creek, also referred to as “Uptown” is finally showing a resurgence, with excellent proximity to interstate travel and the feel of a downtown. The Central Business District (CBD) is also in a major recovery mode, with the vacancy rate down over 3 percent from last year. The CBD recorded the most leasing activity in the first quarter of 2006 than in the previous six years.

Approximately 500,000 square feet of office condos are under construction in the market, including more than 120,000 square feet in both Pompano Beach and Plantation/Davie submarkets. Additionally, several multi-tenant assets have been purchased for conversion to office condos, including the Emerald Hills Plaza in Hollywood.

Retail Market

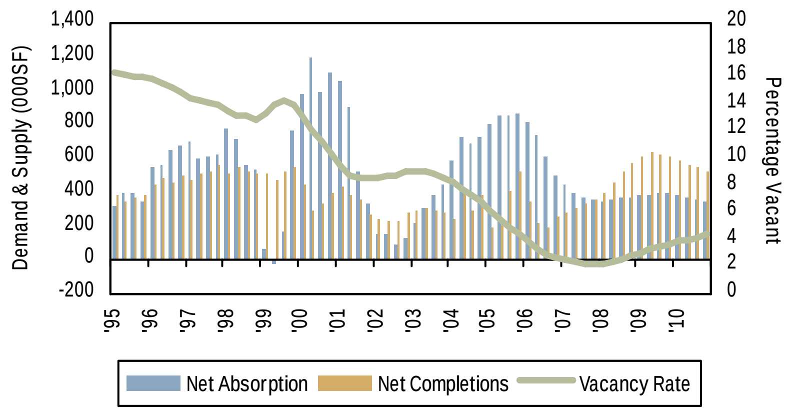
Current Trends

Nationally, an increase in retail demand over the past two years is spurring an increase in new development. Supply deliveries this year will jump to the highest one-year total since 1989, topping 134 million SF. However, at the same time that supply is picking up, demand is waning. Consumer spending has been buttressed by the housing boom, which allowed many homeowners to unlock home equity. But the housing boom is now ebbing, and the absence of extracted equity will cause retail demand growth to fall from its extraordinary levels of the past two years. Economic vacancies are at record lows, but the slower demand growth, combined with an increase in construction, will cause them to bottom by the end of the year and drift higher over the next five years.

Supply, Demand and Vacancy

The retail market in Broward County is improving, as economic vacancies fell during the second quarter and now rest at 3.4 percent. Over the last 12 months, vacancies decreased 2.1 percentage points. The pace of retail construction in the metro will slow going forward. Completions for the years 2006-07 are expected to average 1.2 million SF per year, and supply additions over the five-year forecast window should average 2 percent of inventory, compared with the market's historical average of 3.1 percent. Based on supply and retail sales growth forecasts, economic vacancies are expected to reach 4.4 percent by 2010.

Retail Supply, Demand and Vacancy



Relevant Statistics	Current	Historical Peak		Historical Trough	
1994-Present	06Q2	Value	Qtr	Value	Qtr
Vacancy Rate (%)	3.4	15.8	96Q1	3.4	06Q2
Net Absorption (Units)	745	1,200	00Q2	-22	99Q2
Completions (Units)	225	560	97Q4	200	05Q1
Yr/Yr Rent Change (%)	6.0	7.8	98Q1	-0.3	03Q3

Source: Property & Portfolio Research, 2nd Q, 2006

In terms of retail investments, southeast Florida is considered to be one of the hottest markets in the country. Retail demand in Broward County has historically been supported by strong population growth. Median incomes were 8.3 percent greater than the U.S. level in the second quarter. Real retail sales per capita are strong, at 23.7 percent above the national average. Historically, the Broward County retail market has been known for being a heavy builder, adding 3.1 percent to inventory per year since 1982, compared to the national average of 2.4 percent.

Wal-Mart has established a foothold in Broward County with eight stores per million residents in the market which is comparable with its national average of eight stores per million residents. This will be a challenge for established grocers in the market like Winn-Dixie and Publix.

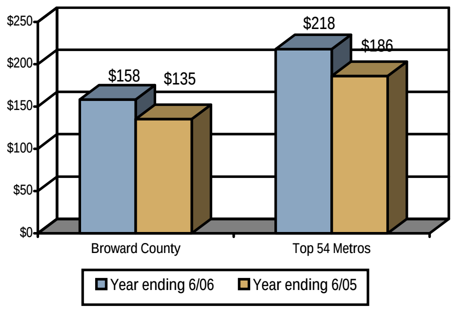
Construction Activity

Retail construction activity is moderating in Broward County. About one million square feet are scheduled to complete in 2006, down 23 percent from 2005. The amount of planned retail construction is relatively low. The total space in the planning, bidding, and post-bidding phases currently equates to 1.7 percent of the existing retail inventory, ranking the market near the bottom among other major metropolitan areas. Still, given the metro's low economic vacancies, development is likely to ramp up, as both the national and local economies continue to expand and new projects are entering the pipeline. Most recently, Duke Realty announced a 400,000 SF retail project in Pembroke Pines at the intersection of I-75 and Pines Boulevard, and Orangetree Blossom announced its 300,000 SF Pembroke Lakes Square Shopping Center.

Rent and Sales Activity

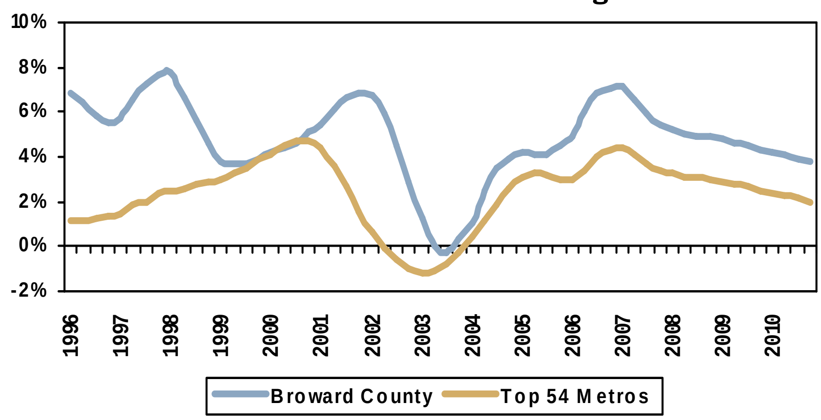
Second quarter rent levels were $17.64/SF, up from year-ago levels and up from last quarter. Rent growth is forecast to accelerate, with growth of 6.5 percent expected during the next 12 months. During the next five years, metro wide rents are forecast to expand by an average of 5.1 percent annually, compared to 3 percent for the national retail market. Sales activity has been strong, with 29 major transactions during the past 12 months at a median price of $158/SF. The median cap rate for trades over the last six months where data was available was 6.4 percent. The largest transaction was the purchase of the 86,810 SF Nob Hill Plaza in Fort Lauderdale by Nob Hill Place LLC (Lauderhil, FL) for $166/SF.

Retail Median Sales Price per SF



Source: Property & Portfolio Research, 2nd Q, 2006

Retail Year-over-Year Rent Change



Source: Property & Portfolio Research, 2nd Q, 2006

Forecast

Stronger retailer space demand will persist through year end, as most of the metro's retail submarkets are expected to post improving fundamentals. The prospect of stronger fundamentals in the near term, plus the substantial appreciation potential of local assets, will continue to draw investors to the Broward County retail market.

Current Projects

Current Projects	City	Stage	Size (000SF)	Start	Target Completion
Pompano City Centre (renovation)	Pompano Beach	Completed	1,000		1/05
Hollywood's City Place	Hollywood	Completed	1,000		
Lakeside Town Shops	Davie	Completed	275	9/04	10/05

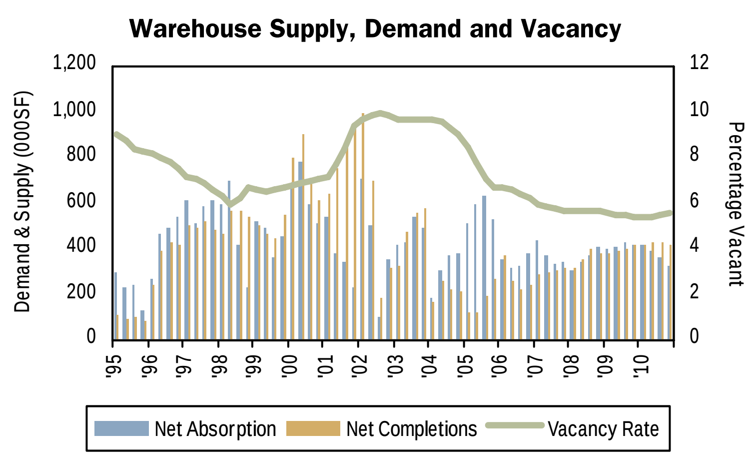
Warehouse Market

Current Trends

Resurgent domestic and foreign economies, aided by rampant U.S. consumer spending, have yielded strong absorption levels in the warehouse sector. Vacancies have been tightening for the last 12 quarters, ending the second quarter at 8.8 percent, down about 70 basis points from where they stood a year ago. Second quarter warehouse absorption was 33.1 million SF, a slight decline from the first quarter's 33.5 million SF. Though demand should continue to be solid, demand growth is expected to slow going forward due to a number of challenges, including lower retail sales growth and lower levels of new home starts. In addition, excess supply is already challenging markets like Atlanta and Chicago, both of which are seeing more than twice their historical rate of supply growth (10 million SF in 2006). Total new product for the national warehouse markets will be a whopping 135 million SF this year, and construction is expected to slow little through 2007, as healthier markets collide with liquidity-laden investors to produce a barrage of speculative warehouse activity.

Supply, Demand and Vacancy

Vacancies in the Broward County warehouse market continued to rapidly tighten in 2005, and at 6.6 percent, they are down more than three percentage points from their 2002 peak. Despite robust demand (net absorption totaled 2.3 million SF in 2005) driven by Broward County's rapidly growing population, increasing port traffic, and a heated housing market, construction activity has remained moderate, and supply deliveries totaled less than one million SF in 2005. Completions are expected to increase some, but decreasing availability of land and the high prices for land that is availability will retard supply growth. As a result, supply additions over the five-year forecast window should average 1.9 percent of inventory, compared to the market's historical average of 5.1 percent. As a result, vacancies will continue their downward trend in the near term, dropping below 5 percent by 2007.



Relevant Statistics	Current	Historical Peak		Historical Trough	
1994-Present	06Q2	Value	Qtr	Value	Qtr
Vacancy Rate (%)	6.6	10.0	02Q3	6.0	98Q2
Net Absorption (Units)	319	779	00Q2	101	02Q3
Completions (Units)	260	1,000	02Q1	119	05Q2
Yr/Yr Rent Change (%)	4.2	5.7	98Q2	-2.4	02Q4

Source: Property & Portfolio Research, 2nd Q, 2006

Broward County is a local warehouse market. The warehouse inventory here is 70.3 million SF, ranking the market 34th among major metropolitan areas. Population growth in southern Florida is forecast to be quite strong, and Broward County's central location between Miami/Dade and Palm Beach counties makes it an attractive location for distribution centers needed to serve this expanding population base. Net absorption here is also tied heavily to Port Everglades, and although both TEUs and break-bulk volumes have slipped over the past few years as a result of the economic downturn in Latin America, trade through the port should begin to pick up again, as Brazil and Argentina emerge from their recessions.

Broward County's current vacancy rate is relatively healthy compared with its long-term average of 8.9 percent. Historically, this market has been a heavy builder, with annual net completions as a percentage of inventory averaging 5.1 percent, compared to 2.6 percent for the national average. Local wholesale trade employment, a major driver of warehouse demand, has grown faster than the national average over the last five years. Over the forecast, wholesale trade employment growth should average 2.6 percent.

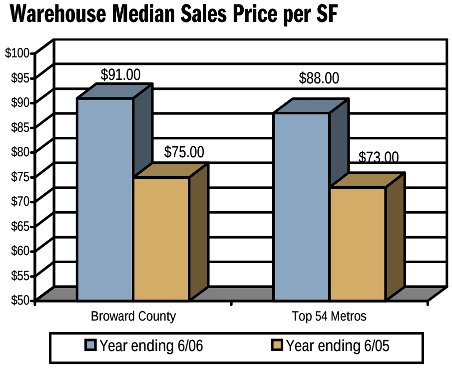
Construction Activity

Warehouse development activity in the metro is increasing. About 1.1 million SF are scheduled to be completed in 2006, up 54 percent from 2005. Several new planned industrial projects are nearing groundbreaking, and nearly three million SF of planned construction are on the drawing board, including the 300,000 SF Beacon Park at Coral Springs, the 245,000 SF Quiet Waters Business Park 4 and 5, and the 247,684 SF Panattoni Business Park.

Rent and Sales Activity

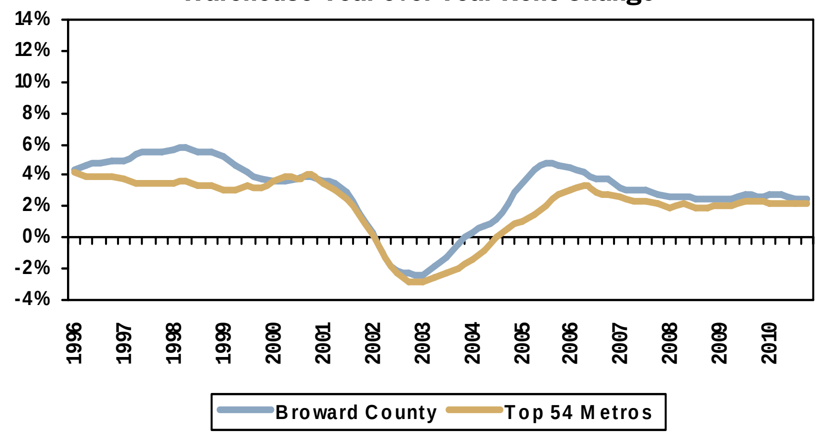
Average rents in the Broward County warehouse market were $6.98/SF in the second quarter, up 4.2 percent from year-ago levels and up 0.8 percent from the previous quarter. In the near term, rent growth will moderate, with growth of 3 percent expected during the upcoming 12 months. During the next five years, metro-wide rent growth is forecast to average 2.8 percent annually, compared with 2.3 percent for the top metropolitan areas. On the investment front, 20 transactions over $5 million occurred over the last 12 months at a median price of $90.61/SF.

Warehouse Median Sales Price per SF



Source: Property & Portfolio Research, 2nd Q, 2006

Warehouse Year-over-Year Rent Change



Source: Property & Portfolio Research, 2nd Q, 2006

Current Projects

Current Projects	City	Stage	Size (000SF)	Start	Target Completion
Former Enron Site	Pompano Beach	Completed	230		12/05
Federal Express Automated Distribution	Pompano Beach	Underway	215	6/05	9/06
Pompano Beach Industrial Park	Pompano Beach	Completed	200	1/05	9/05

Hotel Market

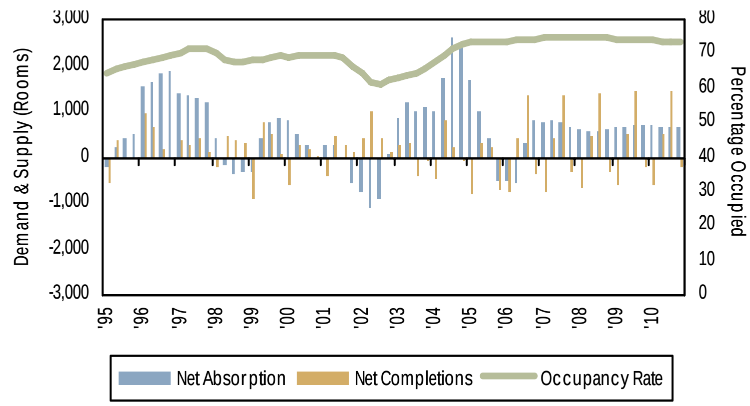
Current Trends

The U.S. economy has continued to grow at a moderate pace, which has spurred increasing occupancy rates over the past year. Occupancies closed the second quarter at 67.8 percent, up 190 basis points from a year ago. Aside from increased business and leisure travel, restrained development has also put upward pressure on occupancies. From 2002-05, the national inventory grew by only 2 percent cumulatively, compared to nearly 8 percent during the previous three years. However, solid fundamentals and heated investment activity are sparking interest within the development community. Over the next five years, hotel stock is expected to grow by upwards of 2 percent annually, which will slow occupancy gains. New supply will be concentrated in markets with strong population growth and metros with major redevelopment and convention center plans. Recent occupancy gains have allowed hoteliers to push up room rates, which grew by a healthy 7.5 percent over the past year. But room rate growth will be considerably slower over the next two years, around 4.5 percent, as occupancy gains slow

Supply, Demand and Vacancy

Hotel occupancy rates in Broward County have improved over the past year, closing the second quarter 2006 at 73.9 percent. Demand has slowed, with net absorption declining by 568 rooms over the past year, compared with growth of 1,005 rooms over the previous 12 months. Over the next five years, demand will improve from current levels, averaging 683 rooms per year. New construction totaled -844 rooms over the last 12 months. Completions in 2006-07 will average 686 rooms per year, and supply additions over the five-year forecast window should average 3.6 percent of inventory. As a result, occupancies are expected to be near 74 percent by 2010.

Hotel Supply, Demand and Vacancy



Relevant Statistics	Current	Historical Peak		Historical Trough	
1994-Present	06Q2	Value	Qtr	Value	Qtr
Occupancy Rate (%)	73.9	73.9	06Q2	61.4	02Q3
Net Absorption (Yr to Yr Rooms)	-568	2,608	04Q3	-1,080	02Q2
Completions (Rooms)	414	1,017	02Q2	-882	99Q1

Source: Property & Portfolio Research, 2nd Q, 2006

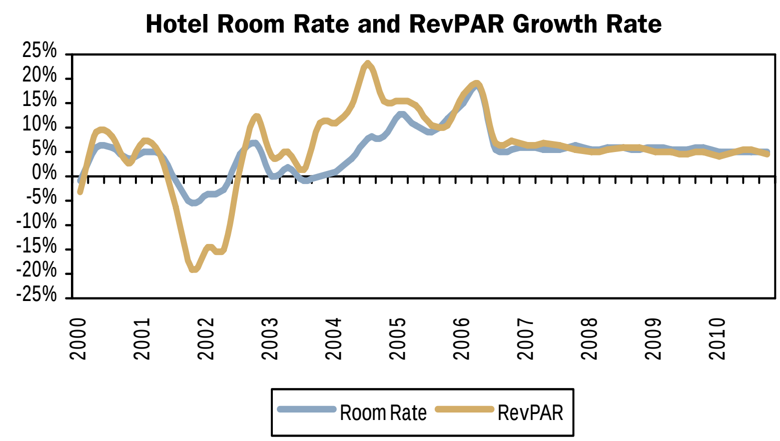
Occupancies in Broward County are currently above their historical average of 67 percent. Leisure and hospitality employment is more concentrated in the metro than in the U.S. as a whole, accounting for 10.2 percent of total employment, compared to 9.7 percent nationally. Growth in leisure and hospitality employment has lagged behind the national average over the past 20 years. Since 1988, this market has been a light builder, with annual supply as a percentage of inventory averaging 0.8 percent, compared to 1.5 percent for the national average.

Construction Activity

Broward County's hotel inventory is relatively dense at 16.3 rooms per thousand residents, compared with 14.6 rooms per thousand residents at the national level. Construction activity is increasing. Nearly 654 rooms are scheduled to complete in 2006, up 166 percent from 2005. The amount of planned hotel construction is relatively high. The total number of rooms in the planning, bidding, and post-bidding phases is 13.9 percent of inventory, ranking the market in the top ten among major metropolitan areas.

Hotel RevPAR and Room Rate Growth

Room rate growth in Broward County has been strong, averaging 5.1 percent over the last 10 years, compared with 3.2 percent growth for other major metropolitan areas. Accordingly, RevPAR (revenue per available room) growth, which factors in occupancy and room rates, has been above the national average of 3.3 percent, at 6.2 percent per year. Over the forecast, room rate growth will average 5.5 percent per year, while RevPAR growth will average 5.5 percent annually.



Source: Property & Portfolio Research, 2nd Q, 2006

Resources

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