



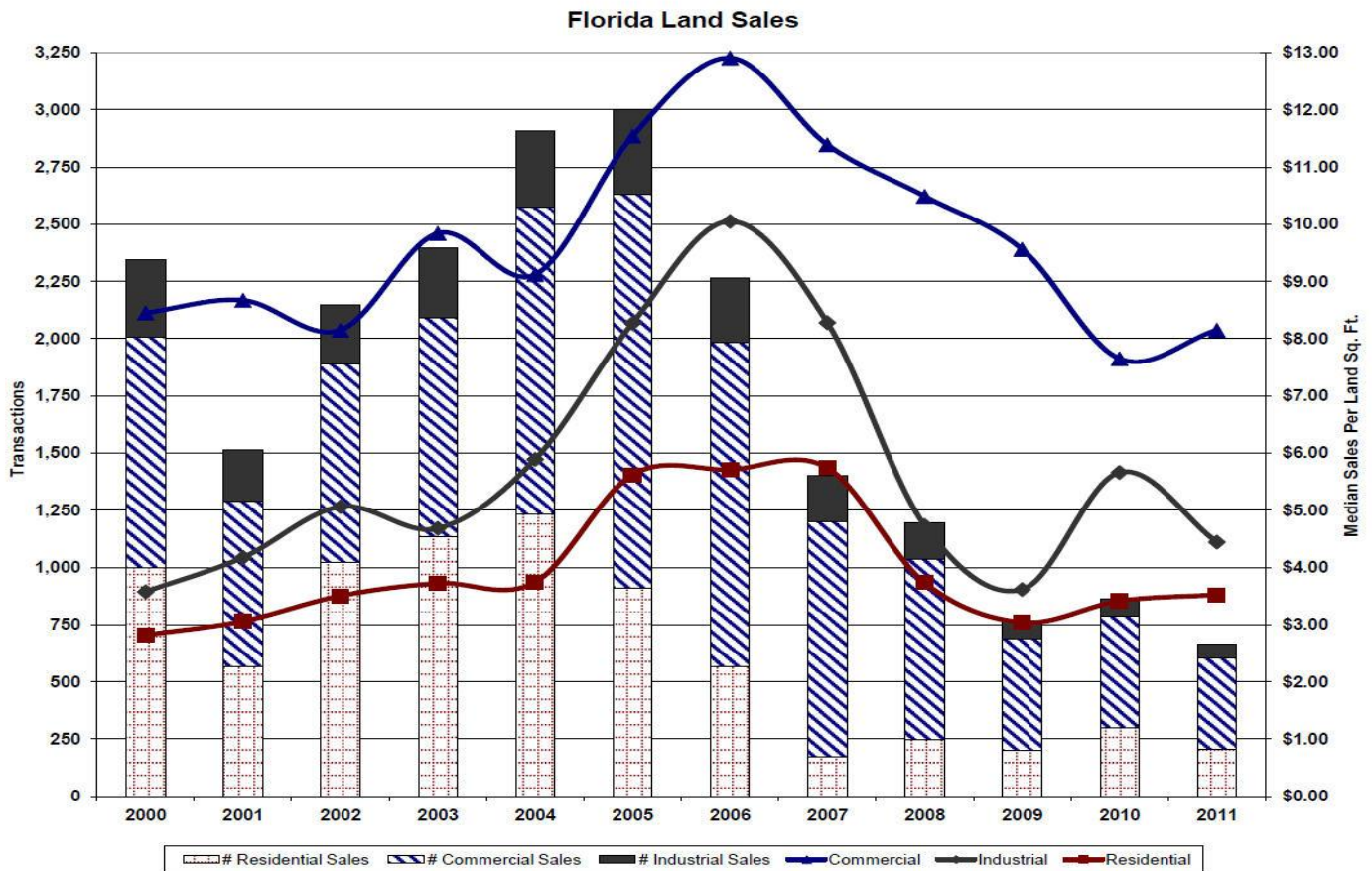
Fourth Quarter 2011 Land Newsletter

This month's newsletter covers the Florida land market, which is one of the most difficult property types to value in the State of Florida at this time.

STAY LEAN TILL 2015

In the following analysis we attempt to make some sense of the Florida land market. Drawing conclusions from all these statistics and graphs can be confusing. What is clear is the demand for land in Florida has dropped dramatically, with transactions at 25% of the 2005 peak. Demand is lower than any time over the 12-year period we studied. It appears that most of the markets have bottomed out in terms of price points, most at levels from ten years ago. However, with significantly fewer transactions, the price points represent the more desirable properties. If the rate at which the less desirable parcels are unloaded increases, these median land value price points could come down further.

In 1991, during the last major real estate crash, well-known Tampa Land Use attorney, Ron Weaver, crafted a saying, "Survive till 95". As I review this data, I've been trying to come up with something that rhymes with 2015, "Stay lean till 2015"?



What's most striking is the dramatic decline in the number of transactions, falling from a peak of over 3,000 transactions in 2005 to less than 800 in 2009, 2010 and year to date 2011.

While 2005 hit the high point of transactions, 2006 was generally the high point for median land sale values, but developers had already started to pull back in terms of their purchasing, and many of the contracts had been negotiated in prior months. By 2007, the pull back was apparent in both median land sale price points and the number of transactions. Transactions continued to drop in 2008 and 2009, along with median price points. In 2009, values began bottoming out for industrial, residential and multi-family land, while commercial land continued to fall before bottoming out in 2010.

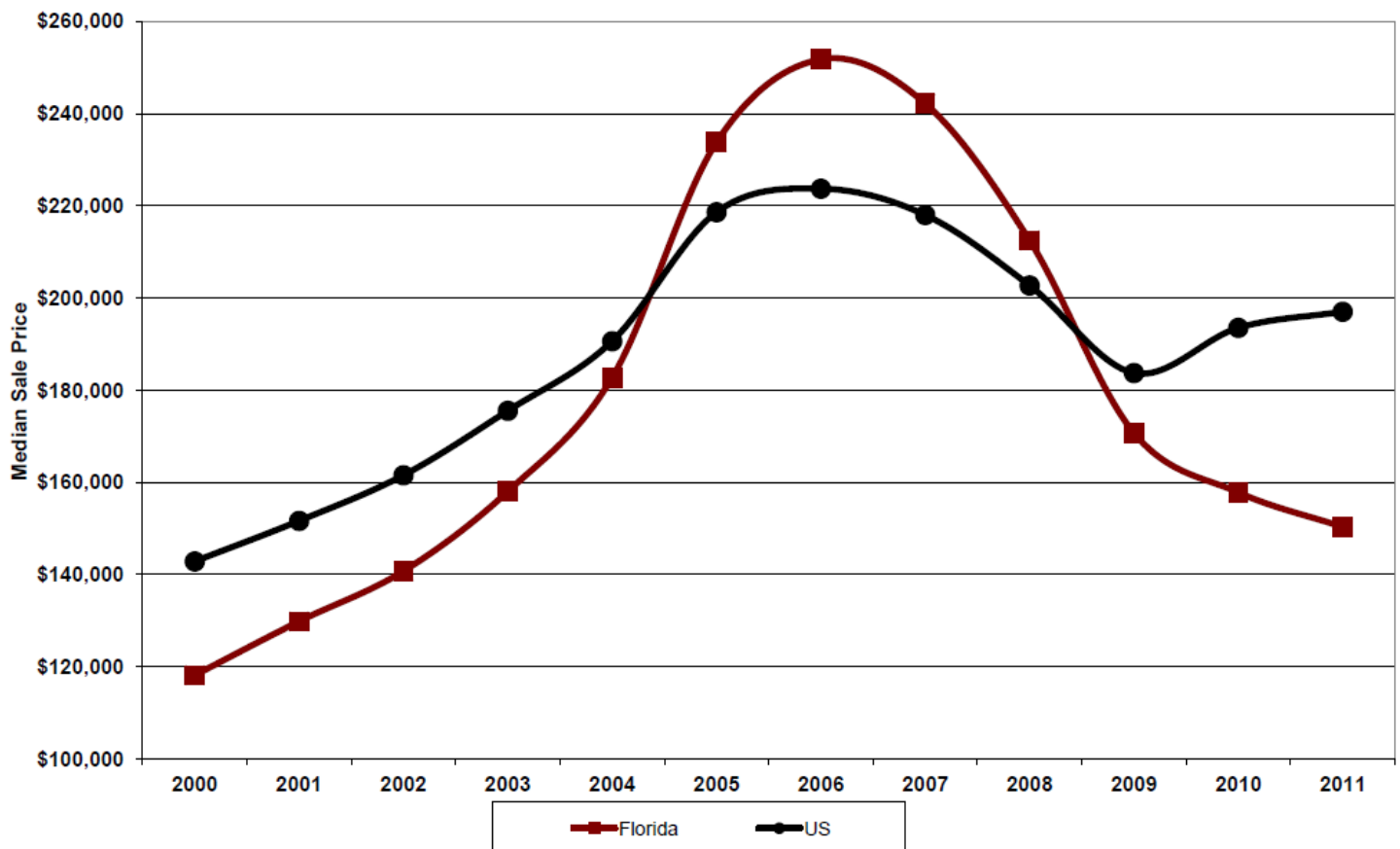
Industrial land showed a significant jump in median land value in 2010, before falling back down in 2011. Commercial land bottomed out in 2010 and showed a slight uptick in 2011. Residential and multi-family land values began bottoming out in 2009 and edged slightly back up in 2010 and 2011. Generally land values today are at 2002 prices and the number of transactions are 30% of what they were in 2002.

Therefore, this suggests that the transactions that are occurring are of the choicest parcels. Undoubtedly the sale of the less desirable land would bring the median values down. A review of current listings or a look at bank asset lists indicates that there is a significant amount of less desirable land inventory.

Between 2000 and 2006 US median home values went up 57%, while Florida's median home values shot up 113%. Since 2006, US home values have dropped 12% and are in the 2004-2005 price range and have seen an uptick in value since 2009. Florida home values dropped 40% since 2006 and are at 2002-2003 levels. Further, Florida home values are continuing to decline, albeit at a slower rate than experienced in 2008, 2009, and 2010.

The sharp increase in residential and multi-family land transactions was driven by the rapid increase in the median home sale price in Florida. According to Zillow in 2000, the US median home sale value was \$142,800 and the Florida median home sale value was \$118,100.

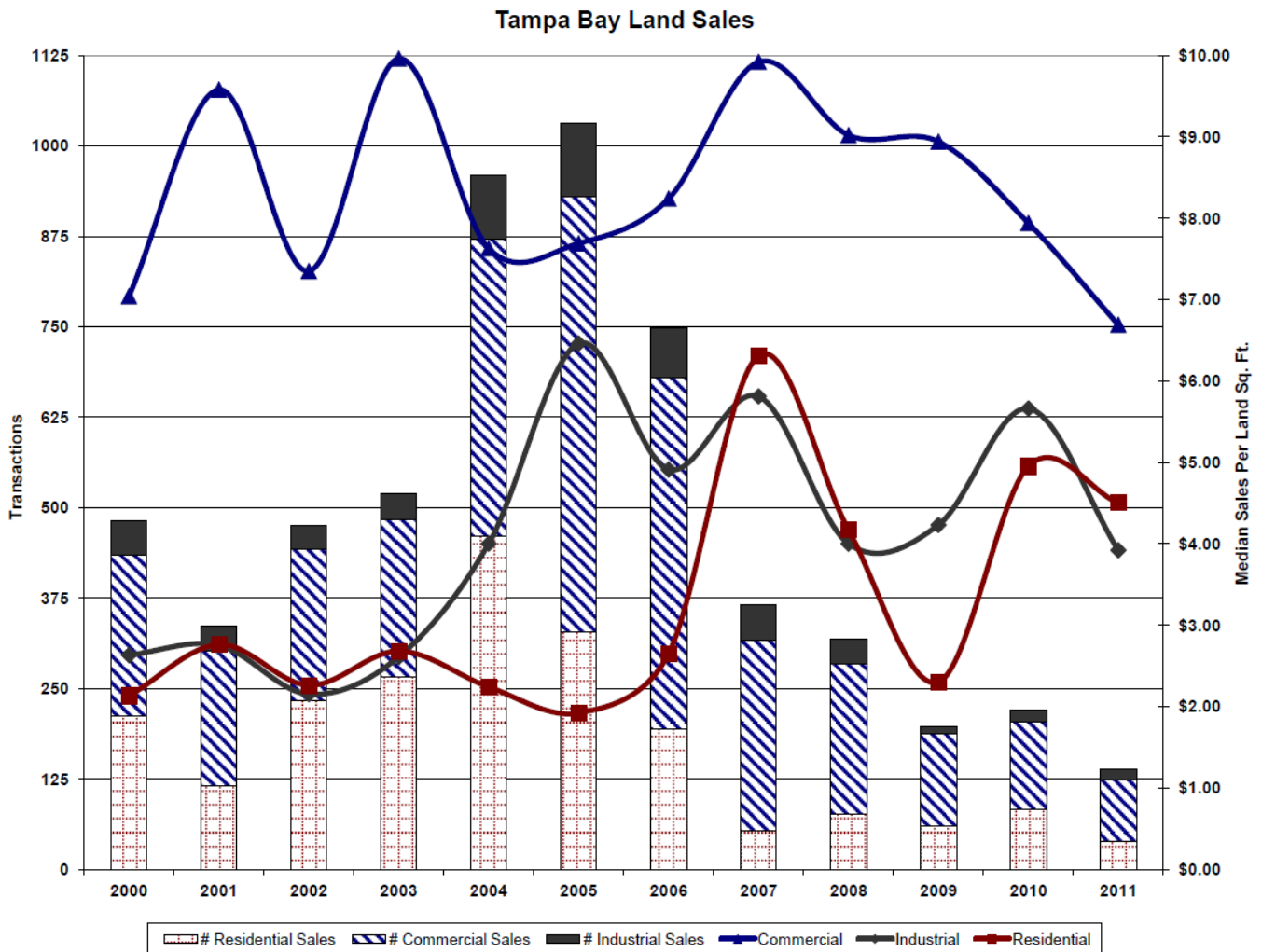
Single Family Home Sales



TAMPA BAY

The Tampa Bay market shows the same trends as the State in terms of the number of transactions, with the current level of transactions over the past three years at 20% of what they've been at the peak.

Commercial land in Tampa Bay hit a peak in value in 2003, and then again in 2007. Median land values actually went down in 2004, 2005, and 2006, but the number of transactions was also significantly higher. However, as the number of transactions dropped, the median values shot up, but now we've seen a downward trend in the median values of commercial land and at \$6.69 per square foot, it is lower than any time during the 12 year trend. Industrial land, after traditionally being in the \$2.50 to \$3.00 range, shot up in 2004 and reached heights as high as \$6.64 per square foot in 2005, while also registering over 101 industrial land sale transactions. However, since that peak in 2005, the values and the number of transactions have dropped significantly. Currently, with only 14 transactions year to date, median industrial land sales are at \$3.92 per square foot. While residential and multi-family land transactions reached their peak in 2004 at 460, the value peak was reached in 2007 at \$6.31 per square foot, however, that occurred with only 53 transactions. Currently, residential and multi-family land sales are at \$4.50 per square foot on only 39 transactions. Again, this represents the higher quality parcels being purchased, while the vast number of parcels are sitting idle.



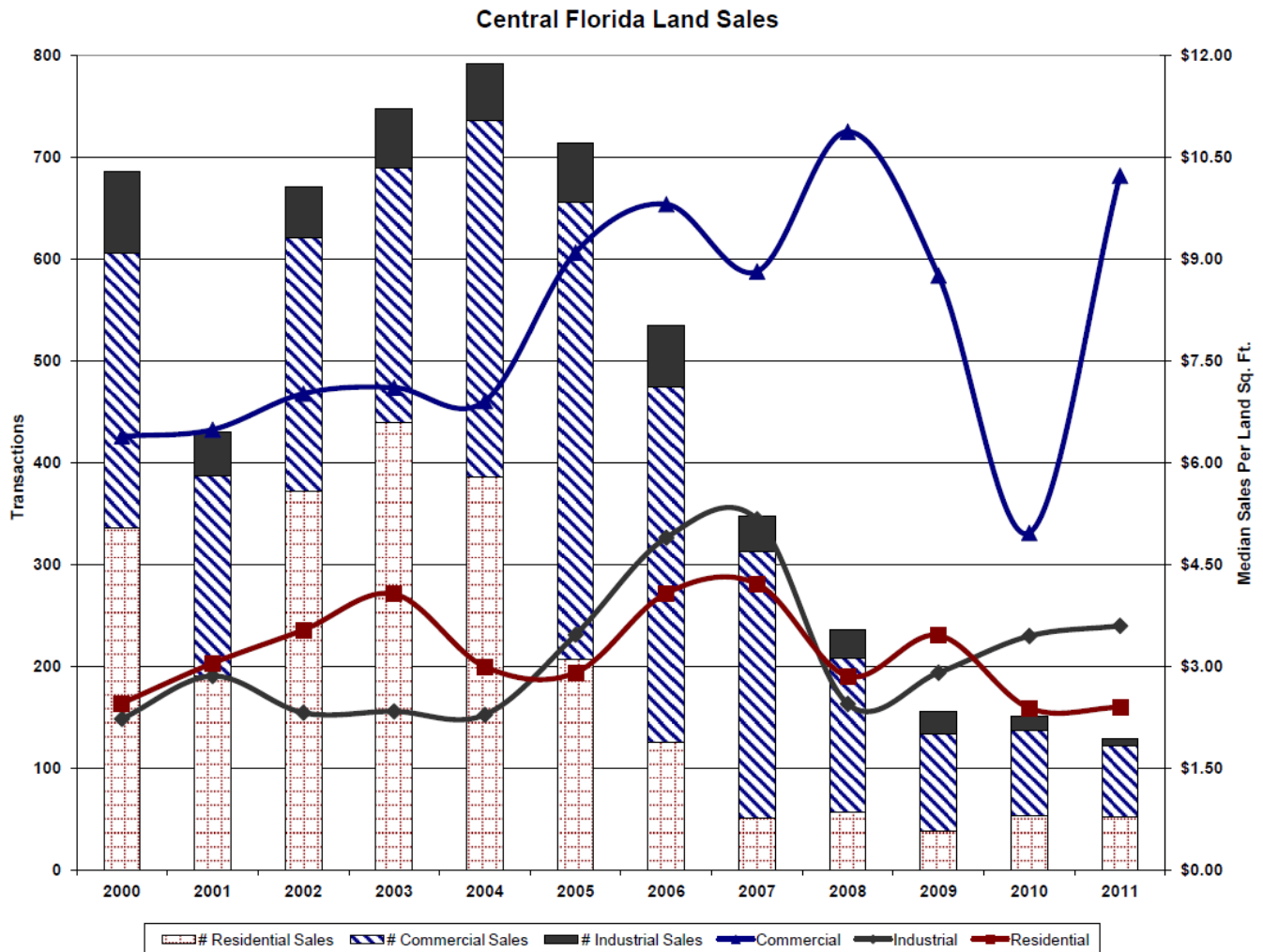
CENTRAL FLORIDA

While the Tampa Bay market peaked in the number of transactions in 2005, Central Florida peaked in 2004. Central Florida's commercial land sales registered only 84 transactions in 2010 and 70 year to date in 2011 after being at 449 transactions in 2005.

Median land value has dropped from \$9.80 per square foot in 2006 and has moved erratically down to \$4.96 in 2010 before jumping to \$10.22 per square foot in 2011.

Industrial land sales have continued to fall in Central Florida from a high of 60 sales in 2006 to a low of 14 sales in 2010 and less than 7 sales thus far in 2011. Prices in the \$3.50 per square foot range is still higher than prices at the beginning of the last decade, but the number of transactions is only a fraction, indicating significantly less demand.

Residential and multi-family land sales, after peaking at 439 transactions in 2003, began to trail off and has generally stayed in the 50 sales range annually since. Current median land values at \$2.39 per square foot is at the lowest point in the 12 year period. It would appear that land values have bottomed out in the Central Florida market area, but again, this is based upon a significantly lower number of transactions.



SOUTHEAST FLORIDA

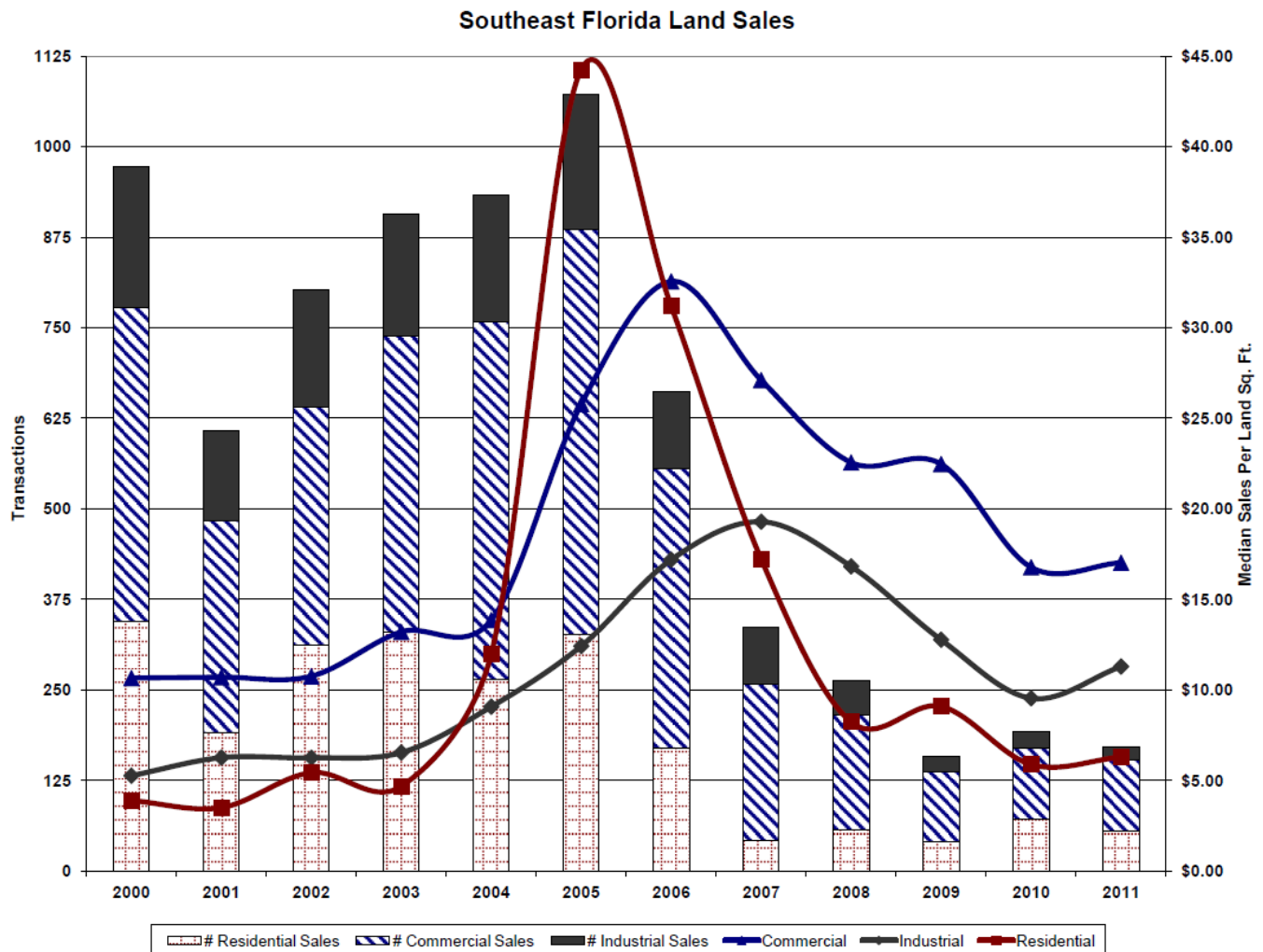
The Southeast Florida market is extremely dynamic and sets all of the records for price per land square foot. Unlike other Florida submarkets, the residential and multi-family land market in South Florida obtained the highest prices per square foot due to the significant condominium development.

Median residential and multi-family land prices hit a high in 2005 at \$44.25 per land square foot on 327 transactions. However, by 2006 both the median value and the number of sales began dropping dramatically.

In 2007, the number of residential and multi-family land transactions dropped to less than an eighth of what it had been only two years earlier, and the median value was less than a third and continued to drop. Year to date, land values on 55 transactions are at \$6.28 per square foot, putting it at 2003 and 2004 price levels.

Commercial transactions, hit a peak in 2005 at 559, but hit the median value high point in 2006 at \$32.55 per square foot. Values have declined steadily, hitting bottom in 2010 at \$16.76 per square foot and climbing to \$17.01 per foot in 2011. The number of transactions have been consistent since 2009, reaching nearly 100 transactions each year.

Industrial land for the Southeast market also appears to be recovering. After reaching a high point of 186 transactions in 2005, the number of new transactions has fallen to less than 25 in 2009, 2010 and year to date 2011. Pricing hit a low point in 2010 at \$9.53 per square foot and has moved back up to \$11.28 per square foot in 2011.



Florida Real Estate Trends

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tampa Bay												
# Commercial Transactions	223	185	209	217	410	602	486	263	206	129	121	85
# Industrial Transactions	48	35	34	37	89	101	69	49	35	9	17	14
# Residential Transactions	211	116	233	266	460	328	193	53	77	59	82	39
Commercial Median \$/LSF	\$7.04	\$9.58	\$7.35	\$9.96	\$7.63	\$7.69	\$8.24	\$9.92	\$9.02	\$8.94	\$7.94	\$6.69
Industrial Median \$/LSF	\$2.63	\$2.75	\$2.15	\$2.61	\$4.00	\$6.46	\$4.91	\$5.81	\$4.00	\$4.23	\$5.66	\$3.92
Residential Median \$/LSF	\$2.13	\$2.76	\$2.26	\$2.68	\$2.24	\$1.92	\$2.65	\$6.31	\$4.17	\$2.30	\$4.95	\$4.50
Median SF Home Sales	\$105,700	\$117,100	\$126,500	\$139,400	\$159,100	\$197,200	\$224,000	\$209,500	\$186,200	\$151,900	\$144,500	\$131,900
Central Florida												
# Commercial Transactions	269	197	250	250	349	449	349	261	152	95	84	70
# Industrial Transactions	81	43	50	58	57	59	60	35	28	22	14	7
# Residential Transactions	336	190	371	439	386	206	125	51	56	38	53	52
Commercial Median \$/LSF	\$6.38	\$6.48	\$7.01	\$7.10	\$6.90	\$9.09	\$9.80	\$8.81	\$10.87	\$8.75	\$4.96	\$10.22
Industrial Median \$/LSF	\$2.22	\$2.85	\$2.31	\$2.33	\$2.28	\$3.46	\$4.89	\$5.16	\$2.44	\$2.90	\$3.44	\$3.59
Residential Median \$/LSF	\$2.45	\$3.04	\$3.53	\$4.06	\$2.99	\$2.90	\$4.07	\$4.21	\$2.85	\$3.45	\$2.38	\$2.39
Median SF Home Sales	\$118,800	\$133,000	\$141,800	\$157,900	\$180,400	\$242,100	\$267,300	\$261,700	\$224,600	\$175,300	\$150,700	\$139,300
Southeast Florida												
# Commercial Transactions	433	293	328	409	493	559	386	217	160	97	98	98
# Industrial Transactions	194	125	163	169	175	186	106	78	46	21	23	18
# Residential Transactions	345	190	312	329	265	327	170	41	56	40	71	55
Commercial Median \$/LSF	\$10.64	\$10.69	\$10.74	\$13.19	\$13.84	\$25.77	\$32.55	\$27.10	\$22.55	\$22.46	\$16.76	\$17.01
Industrial Median \$/LSF	\$5.25	\$6.25	\$6.24	\$6.53	\$9.06	\$12.41	\$17.18	\$19.28	\$16.81	\$12.76	\$9.53	\$11.28
Residential Median \$/LSF	\$3.88	\$3.49	\$5.42	\$4.67	\$11.97	\$44.25	\$31.19	\$17.22	\$8.22	\$9.08	\$5.87	\$6.28
Median SF Home Sales	\$139,600	\$155,700	\$175,000	\$208,400	\$252,000	\$321,900	\$340,000	\$345,400	\$301,200	\$235,000	\$218,300	\$209,000
Florida Total												
# Commercial Transactions	1006	725	867	958	1343	1721	1417	1026	789	487	491	402
# Industrial Transactions	339	222	258	304	337	370	285	204	159	83	74	60
# Residential Transactions	1,000	565	1,021	1,135	1,230	911	565	173	247	199	296	202
Commercial Median \$/LSF	\$8.45	\$8.67	\$8.15	\$9.84	\$9.12	\$11.54	\$12.91	\$11.39	\$10.49	\$9.56	\$7.65	\$8.15
Industrial Median \$/LSF	\$3.57	\$4.17	\$5.06	\$4.68	\$5.89	\$8.27	\$10.05	\$8.28	\$4.73	\$3.61	\$5.66	\$4.44
Residential Median \$/LSF	\$2.82	\$3.06	\$3.50	\$3.72	\$3.74	\$5.62	\$5.71	\$5.74	\$3.73	\$3.04	\$3.41	\$3.52
Median SF Home Sales	\$118,100	\$129,800	\$140,700	\$158,000	\$182,700	\$233,800	\$251,800	\$242,200	\$212,500	\$170,700	\$157,800	\$150,300
US Median SF Home Sales	\$142,800	\$151,600	\$161,500	\$175,500	\$190,600	\$218,600	\$223,700	\$218,000	\$202,700	\$183,700	\$193,500	\$197,000

Source: Costar Group; Zillow; Beshears & Associates market research

About Beshears & Associates

Beshears & Associates is a commercial real estate appraisal firm located in Tampa, Florida. To date in 2011, our firm has valued over 650 properties throughout the State of Florida for special servicers, life insurance companies, federal agencies, and lending institutions. Periodically we publish a newsletter analyzing either apartments, retail, office, industrial or land property types within Florida in order to give our stakeholders information in which to make better investment and business decisions.

If you know of someone who would like to be added to our mailing list or if you have any questions about our services, please contact David Beshears.

Property Types Appraised

Apartments	Land
Hotels	Office
Industries	Retail

Specialties

Gas Stations
Bank Branches
Self - Storage



David W. Beshears, MAI

610 S. Albany Avenue Tampa, FL 33606 www.beshears.net

dbeshears@beshears.net 813-254-2885 x204