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Miami-Dade Housing and Commercial Real Estate Markets

Residential real estate data for Miami-Dade continues to paint a picture of a fragile market. While the median sales prices of single-family homes and condos have increased from the previous month and from last year, it appears to be at the cost of lower sales volume. Single-family home prices are up 13% year-over-year, while sales through realtors are down nearly 12%. There are also indications of a shift in the market, with higher value homes commanding higher prices as the lower end of the market continues to experience price depreciation. Condominiums are doing better than single-family units. The median condo price is up more than 45% from last year, and sales are off just over 10%.

With sales prices starting to increase, the housing affordability index for Miami-Dade County declined nearly 3% from last year even as mortgage rates have fallen. Initial foreclosure filings (*lis pendens*) in March were over 126% higher than a year ago, and completed foreclosures increased 74% from last year. Both filings and completed foreclosures, however, still remain far below post-bubble peaks.

Despite higher existing home prices, the current pace of completed foreclosures represents a significant constraint on new home building. New residential construction has yet to show any sign of turning the corner, as new building permits remaining at extremely low levels and are likely to continue to be low for at least the near-term.

After steady declines since the third quarter of 2008, lease rates in the office market may be poised for a recovery. Net absorption in the last six months has far outpaced new deliveries and the office vacancy rate has dropped for the second quarter in a row, from 15% in 2011:Q3 to 14% 2012:Q1. Signs going forward are encouraging as net absorption has been positive for 3 quarters in a row, increasing occupancy by nearly 900,000 SF. Square footage under construction ticked up slightly to 513,000 SF, but still just a tenth of what it was in the boom year of 2007.

The market for industrial space has been improving since early 2011. Lease rates have improved (\$8.14 in 2012:Q1) since the low point in 2011:Q1 (\$7.48), while industrial vacancy rates have been declining since the beginning of 2010. The vacancy rate in the 1st quarter had fallen to 7.1% from 8% last year. Net absorption continues to be strongly positive, increasing absorption by a little more than 2 million SF during the past 12 months. Despite gains in absorption, very little new space has come on line since mid-2009 and just 200,000 SF were under construction in 2012:Q1.

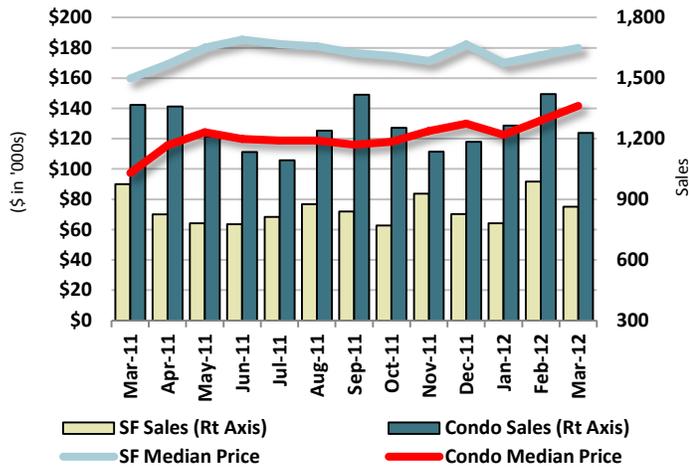
Retail occupancy has begun to rebound strongly, with vacancies rates in shopping center falling from nearly 6% in early 2010 to 4.6% last quarter, and from 4% at the end of 2009 to 3.4% last quarter in stand-alone retail space. Lease rates at the same time are experiencing a robust recovery, up 9.4% from 2011:Q1 to an average of \$25.70 (triple net/SF) in centers, and over 13% outside of centers to an average of \$26.40.

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Miami-Dade County Housing Market

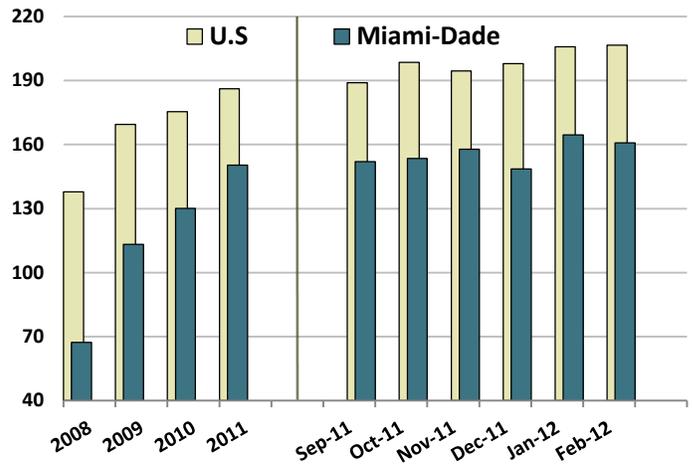


Existing Homes Sales: Seasonally Adjusted Sales and Median Price



Data Source: Florida Realtors.

Housing Affordability Index*



Data Source: SPEE Economic Analysis Section.

Miami-Dade Existing Home Sales

	Mar-12	% Chg from Feb-12	% Chg from Mar-11
Single Family Sales	864	-12.6%	-11.5%
Med. Sales Price	\$180,000	2.9%	12.6%
Condo Sales	1,229	-13.6%	-10.2%
Med. Sales Price	\$141,700	7.4%	45.5%

Data Source: Florida Realtors

Housing Affordability* (based on Single Family Home Sales)

	Feb-12 (p)	% Chg from Jan-12 (r)	% Chg from Feb-11
Miami-Dade County			
Affordability Index	160.8	-2.3%	-2.6%
US			
Affordability Index	206.6	0.4%	8.9%

Data Source: National Association of Realtors; OEDIT.

* The index is a ratio of monthly median income over the P & I payment on a 30 yr fixed rate mortgage. A higher index means more affordable.

Housing Price Indices & Comparisons (2000=100)

Case-Shiller*	Feb-12	% Chg from Jan-12	% Chg from Feb-11
Miami MSA			
Low Tier (< \$141,850)	114.3	1.6%	-3.5%
Middle Tier	133.7	0.9%	-1.5%
High Tier (> \$250,821)	145.8	1.0%	3.0%
Aggregate Index	139.9	1.2%	0.8%
US 20 City Composite Index	136.7	0.2%	-3.4%
Federal Housing Finance Agency**	2011:4Q	% Chg from 2011:3Q	% Chg from 2010:4Q
Miami HPI	156.8	0.7%	-5.5%
Broward HPI	149.8	0.7%	-4.0%
Florida HPI	140.3	0.6%	-5.7%

* Existing homes paired sales, seasonally adjusted.

** All transactions quarterly index, not seasonally adjusted.

Data Source: Standard & Poors; Federal Housing Finance Agency

30-Year Fixed Mortgage Rates

	Mar-12	Feb-12	Chg from Mar-11
Miami-Dade	4.19	4.16	-0.95
US	4.22	4.18	-0.95

Data Source: HSH Associates, Inc.

Building Permits (Units)

	Mar-12	% Chg from Feb-12	% Chg from Mar-11
Miami-Dade County			
3 Mo. Trailing Avg	341	24.5%	35.0%
US			
Units (000s)	55.2	11.8%	30.5%

Data Source: US Census Bureau.

Note: All numbers are seasonally adjusted unless otherwise indicated.

Miami-Dade Foreclosures & Filings (Not seasonally adjusted)

	Mar-12	% Chg from Feb-12	% Chg from Mar-11
REO Foreclosures	952	-42.5%	74.0%
Lis Pendens	2,507	32.5%	126.3%

Data Sources: Miami-Dade Clerk of Courts, RealtyTrac.

For additional information visit our website at:

<http://www.miamidade.gov/oedit/economic.asp>

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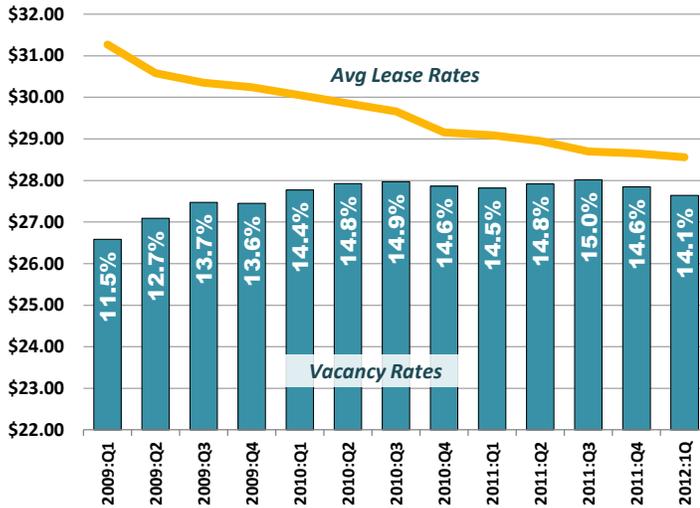
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Miami-Dade County Commercial Real Estate

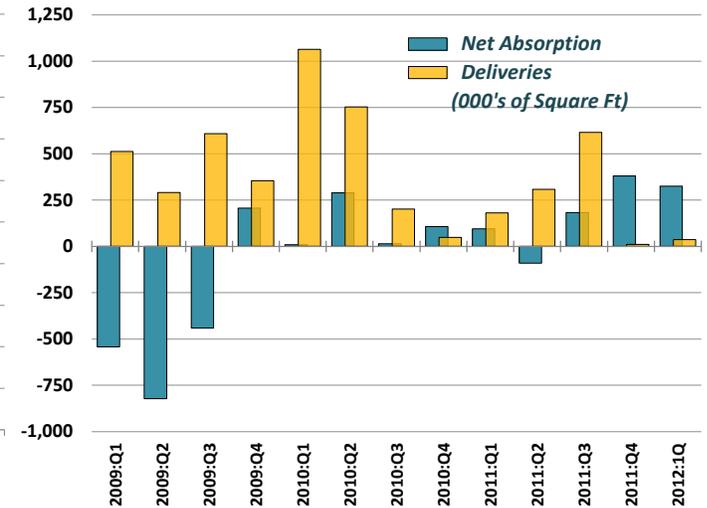


Miami-Dade Office Market Vacancy & Lease Rates



Data Source: Costar

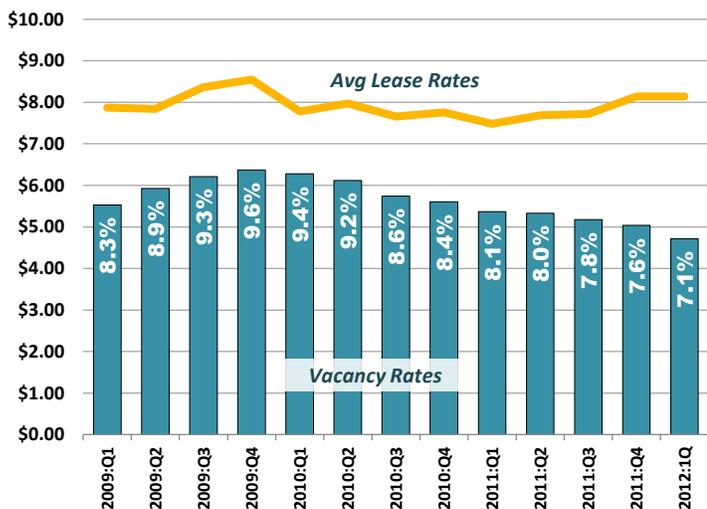
Miami-Dade Office Market Absorptions & Deliveries



Data Source: Costar

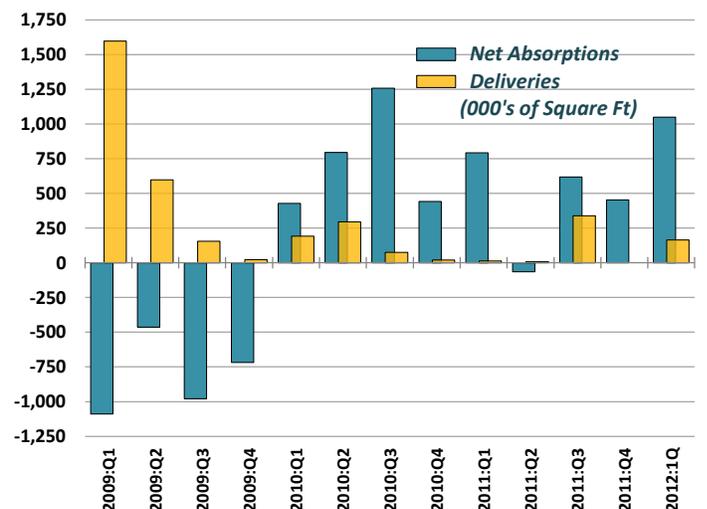
Square Feet (SF) are in '000s		2009	2010	2010			2011				2012
				2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Office Market	Rentable Building Area (SF)	96,454	98,521	98,667	98,855	98,667	98,645	98,830	99,335	99,295	99,122
	Vacancy Rate	12.9%	14.7%	14.8%	14.9%	14.6%	14.5%	14.8%	15.0%	14.6%	14.1%
	Available %	14.5%	16.9%	16.9%	17.2%	17.1%	16.6%	16.5%	16.8%	16.6%	16.2%
	Net Absorption (SF)	(400)	105	289	15	107	94	(91)	182	379	324
	RBA Deliveries (SF)	441	516	752	201	48	181	307	615	11	36
	Average Lease Rate (/fs)	\$30.61	\$29.68	\$29.85	\$29.66	\$29.16	\$29.09	\$28.95	\$28.70	\$28.65	\$28.56

Miami-Dade Industrial Market Vacancy & Lease Rates



Data Source: Costar

Miami-Dade Industrial Market Absorptions & Deliveries



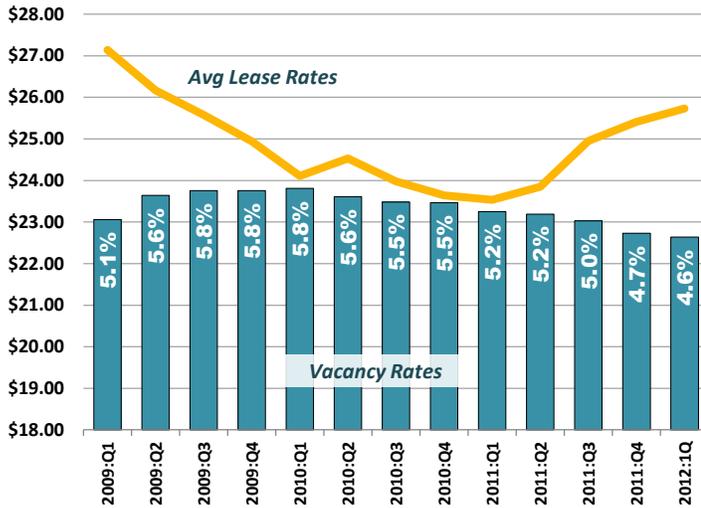
Data Source: Costar

Square Feet (SF) are in '000s		2009	2010	2010			2011				2012
				2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Industrial Market	Rentable Building Area (SF)	241,903	242,295	242,423	242,312	242,234	242,163	241,958	242,006	241,953	241,847
	Vacancy Rate	9.0%	8.9%	9.2%	8.6%	8.4%	8.1%	8.0%	7.8%	7.6%	7.1%
	Available %	11.7%	12.3%	12.5%	12.2%	12.1%	11.8%	11.6%	11.2%	10.8%	10.4%
	Net Absorption (SF)	(812)	731	794	1,259	441	792	(64)	618	453	1,050
	RBA Deliveries (SF)	593	146	294	75	20	14	8	338	0	165
	Average Lease Rate (nnn)	\$8.16	\$7.79	\$7.97	\$7.66	\$7.76	\$7.48	\$7.69	\$7.72	\$8.14	\$8.14

Miami-Dade County Commercial Real Estate (Cont'd)

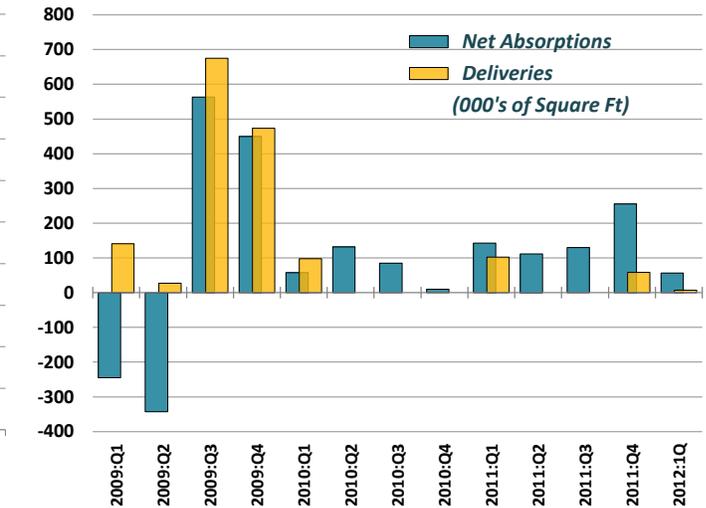


Miami-Dade Retail in Centers - Vacancy & Lease Rates



Data Source: Costar

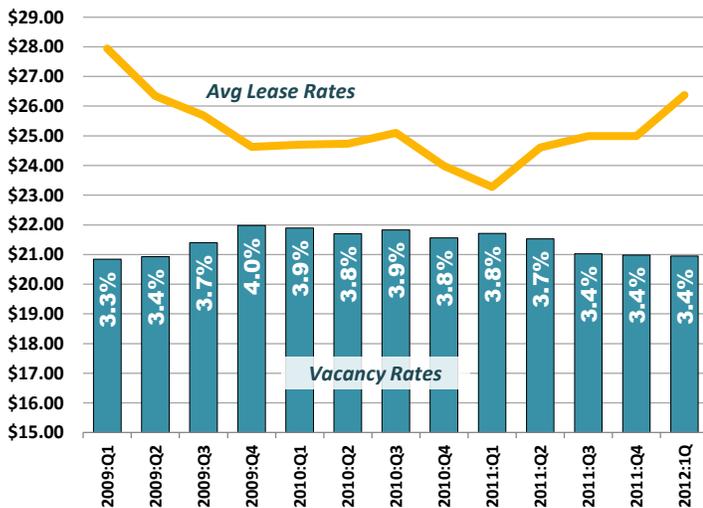
Miami-Dade Retail in Centers - Absorptions & Deliveries



Data Source: Costar

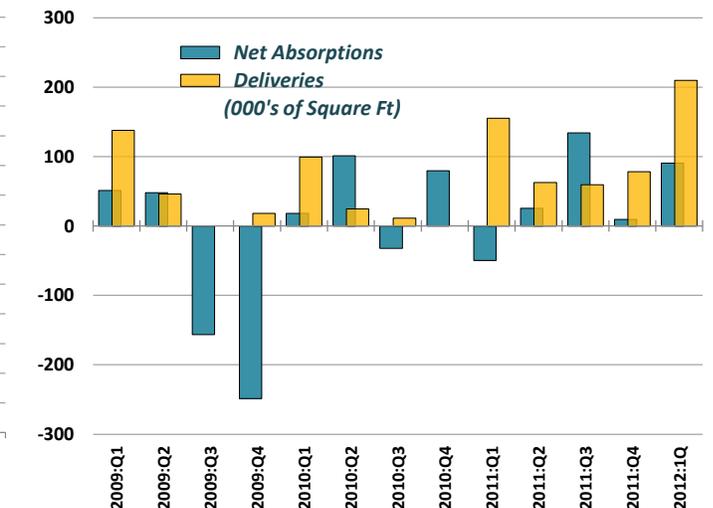
Square Feet (SF) are in '000s		2009	2010	2010			2011				2012
				2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Retail in Centers	Rentable Building Area (SF)	64,832	65,636	65,637	65,637	65,637	65,637	65,713	65,739	65,798	65,816
	Vacancy Rate	5.6%	5.6%	5.6%	5.5%	5.5%	5.2%	5.2%	5.0%	4.7%	4.6%
	Available %	6.0%	6.6%	6.6%	6.5%	6.6%	6.5%	6.6%	6.6%	6.6%	6.2%
	Net Absorption (SF)	106	71	132	85	10	143	112	130	255	57
	RBA Deliveries (SF)	329	24	0	0	0	102	0	0	59	7
	Average Lease Rate (nnn)	\$25.96	\$24.07	\$24.53	\$23.98	\$23.64	\$23.53	\$23.85	\$24.95	\$25.41	\$25.73

Miami-Dade Retail Not in Ctrs - Vacancy & Lease Rates



Data Source: Costar

Miami-Dade Retail Not in Ctrs - Absorptions & Deliveries



Data Source: Costar

Square Feet (SF) are in '000s		2009	2010	2010			2011				2012
				2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Retail Not in Ctrs	Rentable Building Area (SF)	58,666	58,665	58,672	58,683	58,674	58,672	58,636	58,599	58,595	58,708
	Vacancy Rate	3.6%	3.9%	3.8%	3.9%	3.8%	3.8%	3.7%	3.4%	3.4%	3.4%
	Available %	4.6%	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	4.9%	4.7%	4.9%
	Net Absorption (SF)	(77)	42	101	(32)	80	(50)	26	134	10	91
	RBA Deliveries (SF)	51	34	25	12	0	155	63	59	78	210
	Average Lease Rate (nnn)	\$26.15	\$24.63	\$24.74	\$25.10	\$23.98	\$23.28	\$24.61	\$24.99	\$24.99	\$26.38