

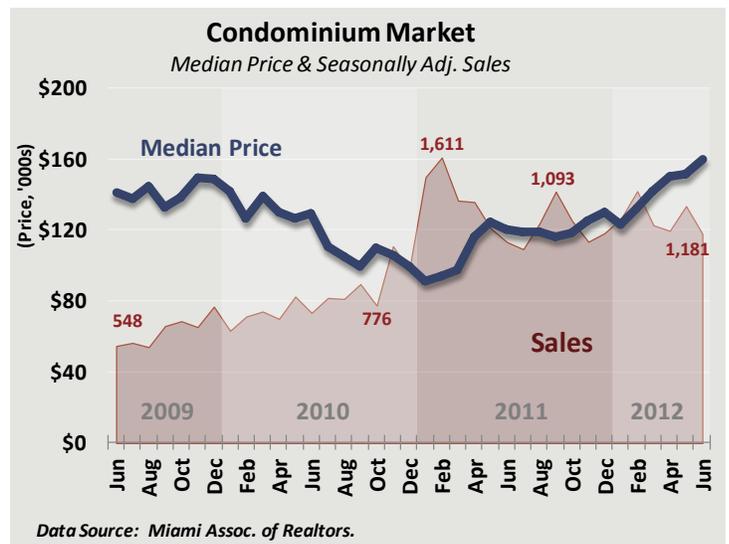
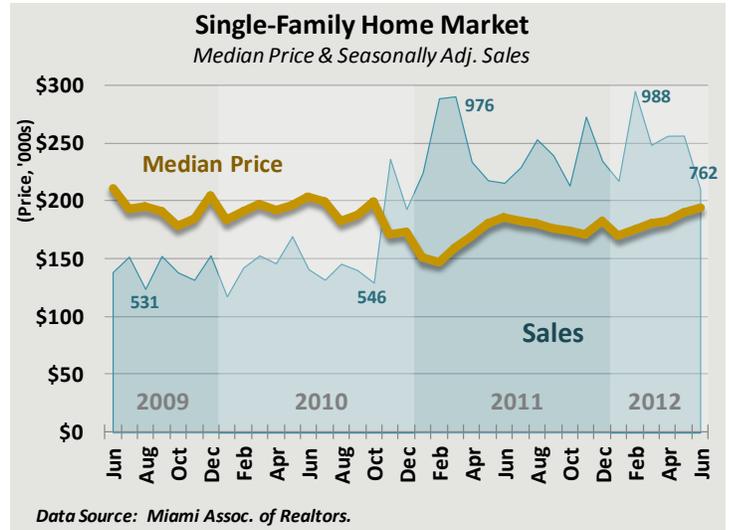
### Miami-Dade Housing and Commercial Real Estate Markets

**Housing:** Existing single-family home sales of 762 units in June, after seasonal adjustment, were nearly 14% less than in May. The monthly sales volume has been especially volatile over the past year and the trend in monthly sales has been flat the past year. The median sales price reached \$194,000 in June, up nearly 14% from the beginning of this year, +5% from June 2011, and erasing the decline in median prices observed in the second half of 2011. The market appears to be tightening. Median prices are at their highest levels since the summer of 2010 when the federal *first-time homebuyers* program was providing significant price support for single-family homes. Price indices based on same-sales transactions (i.e. comparing prices of recently sold homes to the price when they were previously sold) suggest that stronger demand is a more important factor underlying these higher prices.

June sales of condominiums (1,181 units) were down nearly 12% from May, but also have yet to demonstrate a clear positive trend over the past 12 months. Median transaction prices of condominiums, however, have risen significantly since January (+31%), with stronger demand allowing sellers to benefit from higher values.

The Case-Shiller Housing Price Index for the Miami tri-county metro area, a broadly watched single-family home price index, was up 3.4% year-over-year in May and up for the sixth consecutive month to 145.4. This is the highest level since August of 2010. Regional gains in home prices did not run

parallel to national trends. The composite home price index for the nation's 20 largest metropolitan areas was down nearly 1% from a year ago. Regional prices for homes valued a more than \$260,000 rose 3.7% from last year. Homes valued between \$150,000 and \$260,000 rose by 3.3%, while prices for homes valued by less than \$150,000 grew by 1.8%. Higher home prices, fortunately, have not reduced home ownership affordability because their effects have been offset by falling mortgage interest rates.

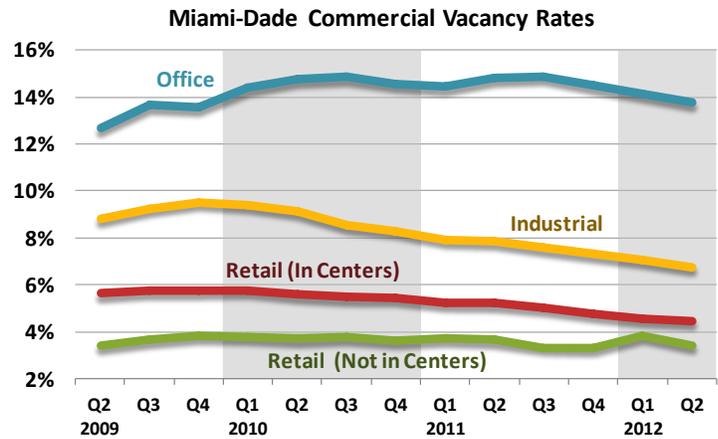


Building permit activity continues to inch higher. The average number of permits for the three months ending in June stood at 451, among the highest levels reached since early 2008, but well below levels during more normal market conditions. Two factors suggest that housing construction is not likely to turn around soon. While foreclosure completions were up 39% in June from last year to 594 REOs, initial foreclosure filings in June were up 65% to 2,206 from June 2011, suggesting that additional supply will continue to enter the market. And, despite recent price appreciation, single-family and condo prices for existing properties remain low enough to prevent new residential construction from being price competitive.

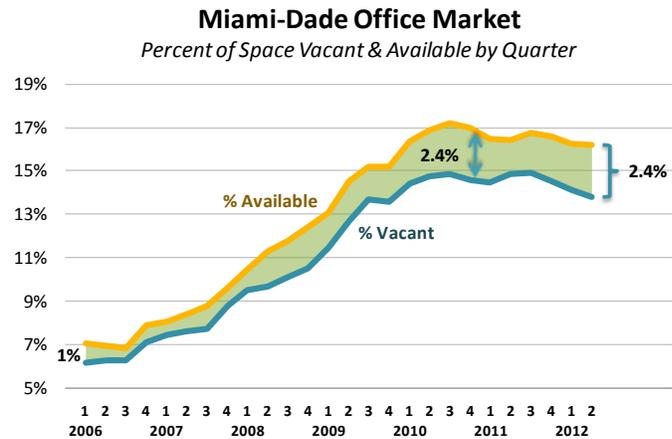
**Commercial Real Estate**

**Office** vacancy rates in Miami-Dade declined for the third consecutive quarter and reaching 13.8% for Q2 of 2012, down a third of a percent from the Q1. While the decline in vacancy rates is encouraging, the office market remains very competitive with the percentage of space marketed as available for lease (vacant space, new space coming on line or occupied space on leases about to expire) barely budged from Q1 at 16.2%. The widening difference between available and vacant space suggests there may still be considerable churning in the marketplace. In 2006 and 2007 the gap between available and vacant space averaged 0.8%, but the gap reached a new (recent) high of 2.4% in the second quarter.

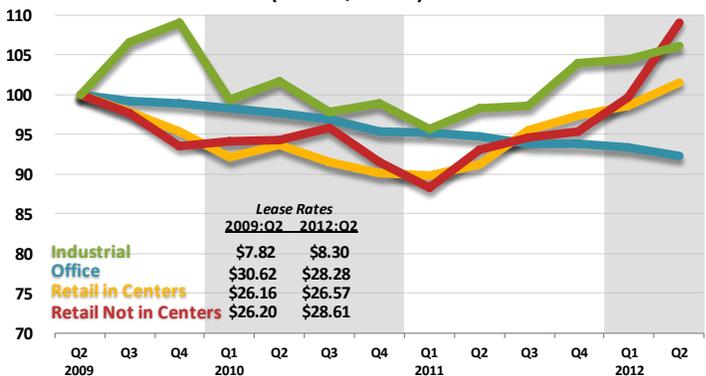
Another positive note is the 520,000 SF jump in net absorption in Q2, the best showing in the office market since the 3<sup>rd</sup> quarter of 2007. Net absorption has been averaging over 370,000 SF the last four quarters. This growth in leasing, however, has been accompanied by significant price cuts. The average lease rate peaked at \$32.40 in the Q3 2008 and has since declined nearly 13% to \$28.28. Average revenue per square foot has declined steadily from a high of \$29.12/SF in Q3 2008 to a new low of \$24.38/SF in Q2 2012, but it appears to have stabilized over the past four quarters at 85% of its level at the start of 2008.



Data Source: CoStar Group



Miami-Dade Commercial Lease Rate Index (2009:Q2 = 100)



Data Source: CoStar Group

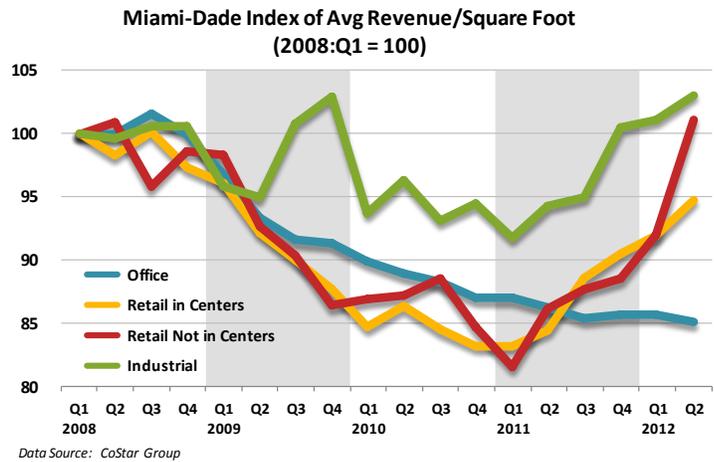
Despite the encouraging trends in occupancy and net absorption, the office market continues to face headwinds led by a significant deceleration in the growth in office jobs (information, financial activities and professional and business services). The pace of gains in office jobs rose to an annual rate of 2.7% in 2011, but the average annual rate in 2012 stands just below 1.0%.

**Industrial** space vacancy continued to decline in Q2 reaching 6.8% and down nearly three percentage points from the high of 9.5% in Q4 2009. Not only has the industrial market seen marked reductions in the vacancy rate, it experienced a decline in the percent of space available for lease in Q2 to 10.1% from 10.4% in Q1.

The demand for industrial space has been strong enough to support an increase in the average lease rate. Since the low of \$7.49/SF in Q1 2006, the average rate for industrial space has increased to \$8.30/SF in Q2 2012 and the pace of growth in lease rates appear to be gaining some momentum (+1.6% in the latest 3 month period). Net absorption has also been strong, averaging 624,000 SF per quarter since Q1 2010. The combination of rising lease rates and declining vacancy has led to a vigorous recovery in average revenue per SF. Average revenue hit \$7.74/SF in Q2, 12% above its previous low of \$6.90/SF in Q1 2011 and slightly above its level in Q1 2008.

**Shopping center retail** marked its 9<sup>th</sup> consecutive quarter of declining (or constant) vacancy rate in Q2. The vacancy rate stands at 4.5%, and the percent of inventory available for lease for the first time since 2009 dipped below 6%. Average lease rates increased to \$26.57/SF in Q2, representing a 20% gain since the low set in Q1 2011. Net absorption was 102,000 SF in Q2 and has been positive in every quarter since 3Q 2009. Quarterly net absorption has averaged 181,000 SF over the past 11 quarters. Favorable trends in occupancy and lease rates have strengthened the financial position of property owners with average revenue per square foot climbing 14% since the beginning of 2008 to \$25.38/SF.

**Retail space not in centers** experienced a vacancy rate of 3.5% in 2Q, while the percent available for lease remained flat at 4.8% where it has been since the first half of 2010. The average lease rate, though, has surged by nearly 24% from its Q1 2011 low to \$28.61/SF. Net absorption since then has been less than 3,000 SF per month compared to an average of nearly 90,000 SF per quarter over the last 5 years. As with retail space in shopping centers, revenue per square foot for retail space not associated with centers has recovered to near-peak levels, at \$27.62/SF in Q2, up 24% from the beginning of 2011.



For additional information visit our website at:

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

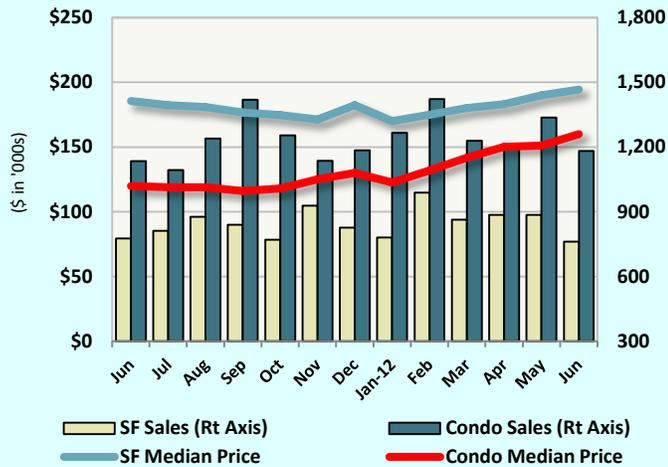
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# Miami-Dade County Housing Market

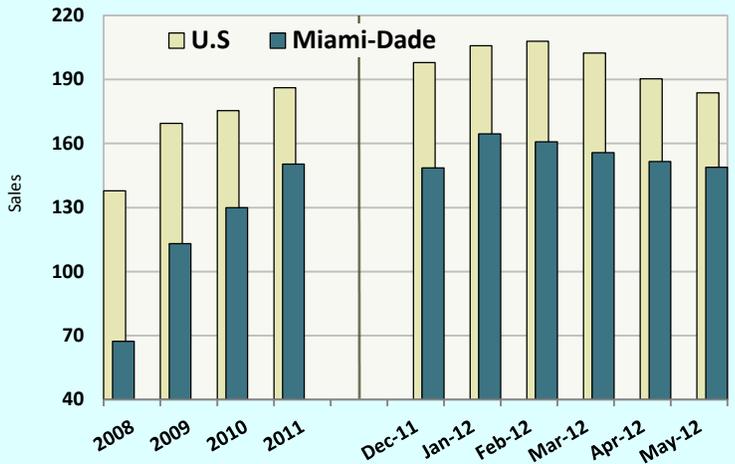


## Existing Homes Sales: Seasonally Adjusted Sales and Median Price



Data Source: Miami Association of Realtors.

## Housing Affordability Index\*



Data Source: SPEE Economic Analysis Section.

## Miami-Dade Existing Home Sales

	Jun-12	% Chg from May-12	% Chg from Jun-11
Single Family Sales	762	-13.9%	-1.8%
Med. Sales Price	\$194,250	2.2%	4.8%
Condo Sales	1,181	-11.6%	4.2%
Med. Sales Price	\$160,000	6.0%	33.6%

Data Source: Miami Association of Realtors

## Housing Affordability\* (based on Single Family Home Sales)

	May-12 (p)	% Chg from Apr-12 (r)	% Chg from May-11
<b>Miami-Dade County</b>			
Affordability Index	148.8	-1.8%	5.7%
<b>US</b>			
Affordability Index	183.8	-3.4%	4.1%

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*	May-12	% Chg from Apr-12	% Chg from May-11
<b>Miami MSA</b>			
Low Tier (< \$147,778)	121.8	2.9%	1.8%
Middle Tier	139.5	1.7%	3.3%
High Tier (> \$259,261)	150.4	-0.1%	3.7%
<b>Aggregate Index</b>	<b>145.4</b>	<b>0.7%</b>	<b>3.4%</b>
<b>US 20 City Composite Index</b>	139.9	0.9%	-0.7%
<b>Federal Housing Finance Agency**</b>	<b>2012:1Q</b>	<b>% Chg from 2011:4Q</b>	<b>% Chg from 2011:1Q</b>
Miami HPI	153.5	-2.1%	-2.6%
Broward HPI	147.0	-2.1%	-1.7%
Florida HPI	137.1	-2.1%	-3.2%

\* 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

	Jun-12	May-12	Chg from Jun-11
Miami-Dade	4.01	4.12	-0.85
US	4.00	4.11	-0.80

Data Source: HSH Associates, Inc.

## Building Permits (Units)

	Jun-12	% Chg from May-12	% Chg from Jun-11
<b>Miami-Dade County</b>			
3 Mo. Trailing Avg	451	-5.8%	71.8%
<b>US</b>			
Units (000s)	70.6	3.1%	25.6%

Data Source: US Census Bureau.

**Note: All numbers are seasonally adjusted unless otherwise indicated.**

## Miami-Dade Foreclosures & Filings (Not seasonally adjusted)

	Jun-12	% Chg from May-12	% Chg from Jun-11
REO Foreclosures	594	-37.2%	39.1%
Lis Pendens	2,206	-0.9%	65.1%

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

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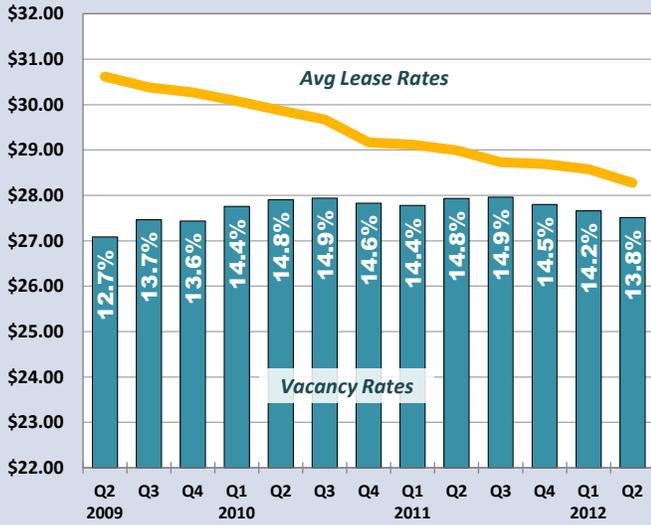
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# Miami-Dade County Commercial Real Estate

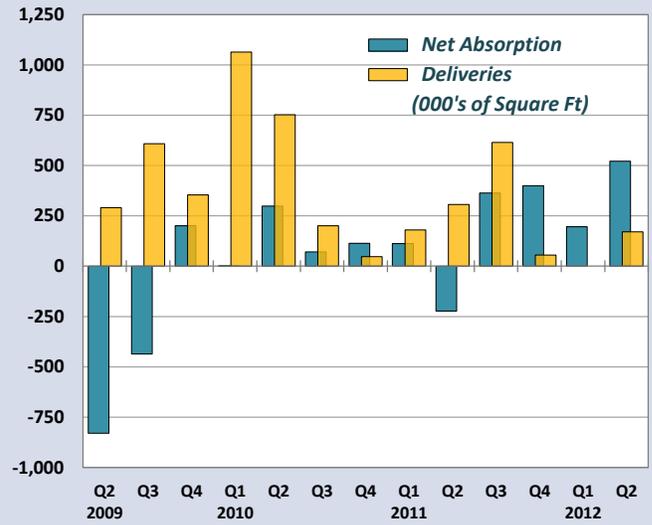


Miami-Dade Office Market Vacancy & Lease Rates



Data Source: Costar

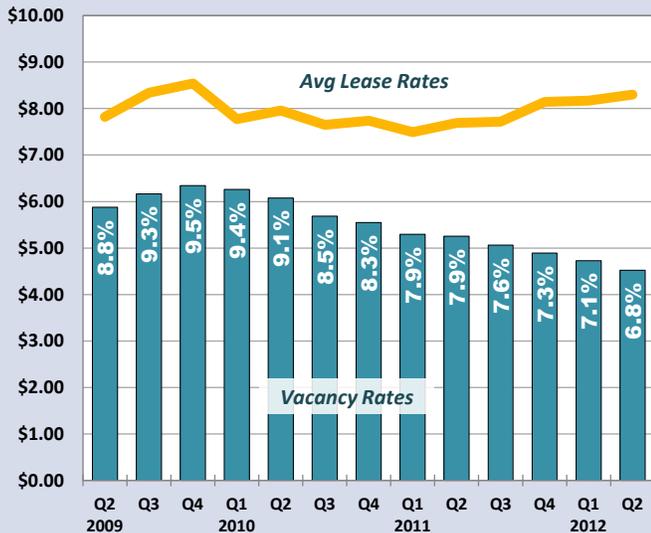
Miami-Dade Office Market Absorptions & Deliveries



Data Source: Costar

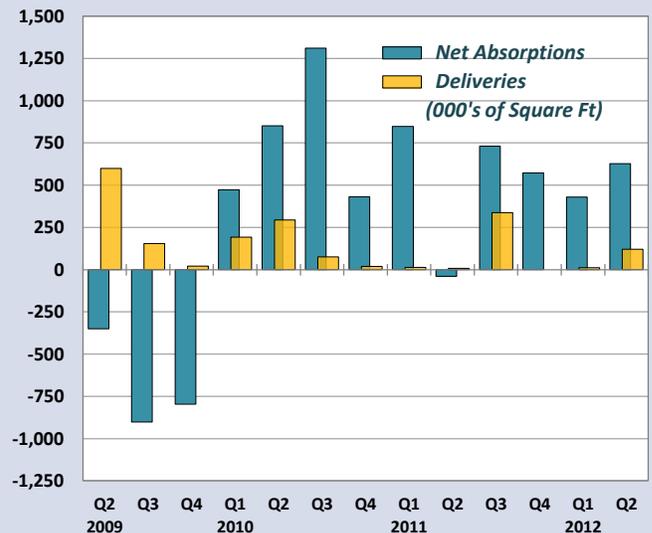
Square Feet (SF) are in '000s		2009	2010	2010		2011				2012	
				3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Office Market	Rentable Building Area (SF)	96,757	98,805	99,139	98,951	98,929	99,114	99,619	99,624	99,448	99,629
	Vacancy Rate	12.9%	14.6%	14.9%	14.6%	14.4%	14.8%	14.9%	14.5%	14.2%	13.8%
	Available %	14.5%	16.8%	17.2%	17.0%	16.5%	16.4%	16.8%	16.6%	16.3%	16.2%
	Net Absorption (SF)	(408)	121	71	113	111	(223)	364	399	196	521
	RBA Deliveries (SF)	442	516	201	48	181	307	615	56	0	170
	Average Lease Rate (/fs)	\$30.65	\$29.70	\$29.67	\$29.17	\$29.12	\$28.99	\$28.73	\$28.69	\$28.58	\$28.28

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	
				3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Industrial Market	Rentable Building Area (SF)	240,736	241,206	241,223	241,145	241,074	240,869	240,917	240,864	240,692	240,576
	Vacancy Rate	9.0%	8.8%	8.5%	8.3%	7.9%	7.9%	7.6%	7.3%	7.1%	6.8%
	Available %	11.7%	12.3%	12.1%	12.0%	11.6%	11.5%	11.0%	10.6%	10.4%	10.1%
	Net Absorption (SF)	(782)	766	1,310	432	847	(39)	732	573	430	627
	RBA Deliveries (SF)	620	146	75	20	14	8	338	0	11	121
	Average Lease Rate (nnn)	\$8.14	\$7.78	\$7.65	\$7.74	\$7.49	\$7.69	\$7.72	\$8.14	\$8.17	\$8.30

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

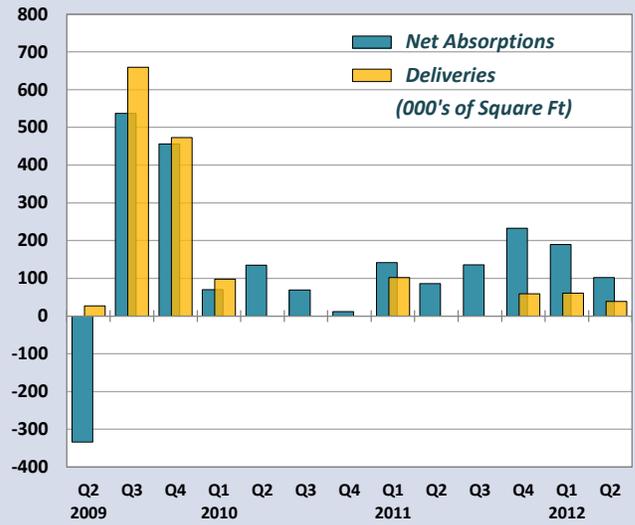


Miami-Dade Retail in Centers - Vacancy & Lease Rates



Data Source: Costar

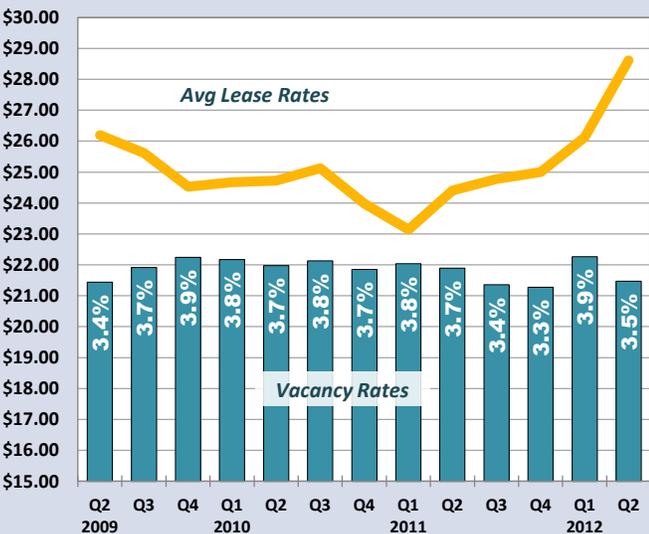
Miami-Dade Retail in Centers - Absorptions & Deliveries



Data Source: Costar

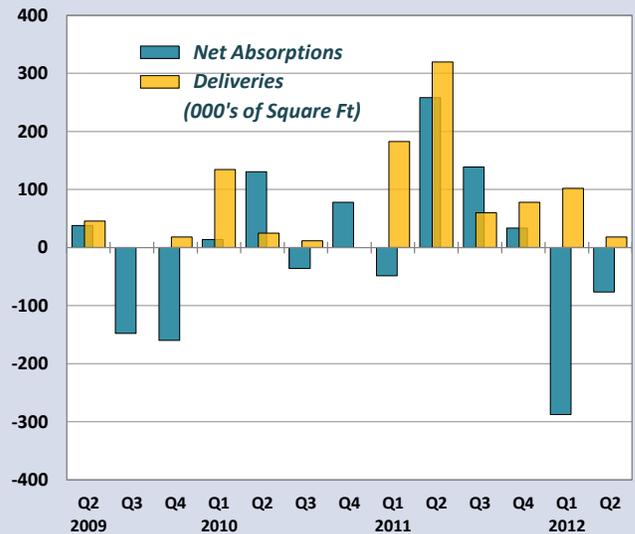
Square Feet (SF) are in '000s		2009	2010	2010		2011				2012	
				3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Retail in Centers	Rentable Building Area (SF)	64,780	65,576	65,577	65,577	65,577	65,654	65,679	65,738	65,799	65,838
	Vacancy Rate	5.5%	5.6%	5.5%	5.4%	5.2%	5.2%	5.0%	4.8%	4.6%	4.5%
	Available %	6.0%	6.6%	6.5%	6.5%	6.4%	6.6%	6.5%	6.6%	6.2%	6.0%
	Net Absorption (SF)	105	72	69	12	142	86	136	232	189	102
	RBA Deliveries (SF)	325	24	0	0	102	0	0	59	61	38
	Average Lease Rate (nnn)	\$25.94	\$24.03	\$23.94	\$23.58	\$23.52	\$23.87	\$24.98	\$25.47	\$25.80	\$26.57

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	
				3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Retail Not in Ctrs	Rentable Building Area (SF)	59,507	59,535	59,562	59,552	59,561	59,782	59,749	59,755	59,787	59,445
	Vacancy Rate	3.6%	3.8%	3.8%	3.7%	3.8%	3.7%	3.4%	3.3%	3.9%	3.5%
	Available %	4.6%	4.8%	4.8%	4.7%	4.8%	4.8%	4.8%	4.6%	4.8%	4.8%
	Net Absorption (SF)	164	47	(36)	78	(49)	258	139	34	(288)	(77)
	RBA Deliveries (SF)	277	43	12	0	182	319	60	78	102	18
	Average Lease Rate (nnn)	\$26.03	\$24.62	\$25.12	\$23.98	\$23.14	\$24.40	\$24.78	\$25.00	\$26.12	\$28.61