

Market Research

MULTI-FAMILY

MID YEAR

2009



MARKET INDICATORS

INVENTORY/UNITS	160,177
OCCUPANCY	
Occupancy: 92.84%	↑
% Change: +0.80%	
RENTAL RATE	
Rent: \$858	↓
% Change: - 2.5%	
CONCESSIONS	
Amount: \$962	↔
% Change: 0%	
Reporting: 404	↓
% Change: - 44%	

WHAT IT TAKES TO DO A DEAL

Buying Off of Actual Income is what most prospective buyers tell us they want; however, that is NOT what is happening. None of the seven most recent transactions (four closed, three under contract) were based upon in-place actual income. What we are seeing is more of a blend of current cash flow with a conservative projection stabilizing within three +/- years.

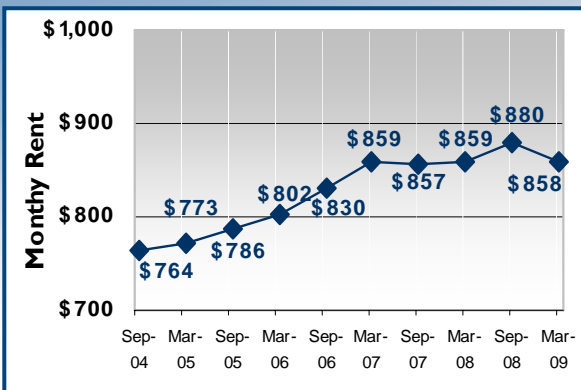
Lender OREO's are only now starting to hit the market. In March of this year, we sold a lender-owned, 84 unit property in SW Florida. It was 30% occupied (thus no NOI), needing \$10,000+/unit for renovations. The cash buyer anticipated a six month renovation and releasing with stabilization at year three. They anticipated a 70% mortgage once stabilized and a sale in year five, generating a 15%+ IRR. Transaction closed in 60 days per contract terms.

Buying the Mortgage has been an option for some time, but it is only now that we are seeing lenders ready to accept market pricing. In a recent opportunity, the buyer entered into contract to buy the lender position with expectations that they would end up with the property through a friendly foreclosure. The price is 39% of loan balance, which is a 4.77% cap on actual NOI; however, actual NOI is based upon a 35% economic vacancy. The transaction was a cash purchase going in the door, projecting stabilization four years out, and with a reasonable exit CAP rate, the buyer anticipates a 20%+ IRR.

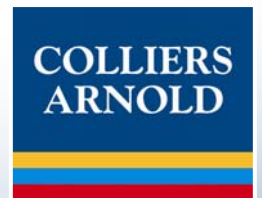
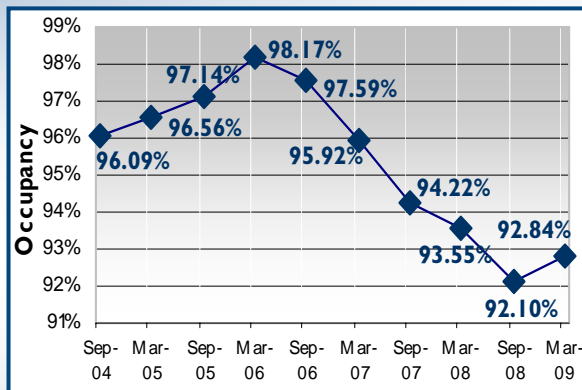
Short Sales – Finally lender and owner are starting to work together to resolve the problem! In a recent transaction, the buyer failed in an attempt to buy the mortgage, but ultimately purchased title from the developer via a short sale. Lender accepted an offer that was 71% of the outstanding loan amount. The property was new construction, 59% occupied, and the cap rate was 3.6% on in-place NOI. Conservatively underwritten to reach stability by year four, and subject to 80% seller financing, buyer anticipates a 20%+ IRR.

If you would like to learn more on what it takes to make a deal today, we would be happy to discuss in more detail. You can contact us (John Stone or Jason Stanton) at 727-442-7184.

AVERAGE MONTHLY RENT



AVERAGE OCCUPANCY RATES



www.colliersarnold.com

www.colliers.com

PAYING TOO MUCH ON TAXES?

Property values have dropped, so why haven't your real estate taxes? During this recent economic downturn, we have seen some dramatic changes in real estate values across a broad variety of property types. As such, the assessed values for real property "should" also show a similar decline in value.

Considering that real estate taxes are such a significant operating expense, it is important to review your assessment to determine if your property is reasonably assessed.

You have 25 days to challenge your assessment! Properties in the state of Florida are assessed annually as of January 1st of each year, with real taxes due in arrears on March 1st of the following year.

TRIM notices are available in August of each year, with a 25 calendar day window to challenge your real estate assessment.

You have 3 options to challenge your assessment, and in this order:

- 1) Have an informal meeting with the property appraiser;
- 2) File a petition with the Value Adjustment Board (VAB);
- 3) File suit with the Circuit Court.

While you don't have to follow this order, meaning you can skip either the first or second options and file suit in Circuit Court, our experience tells us most can accomplish the goal without resorting to the last option.

You need an expert in your corner to ensure a reasonable assessment, due to the complexities of *determining* a reasonable assessment. Colliers has a dedicated team of professionals who specializes in tax advisory and valuation services throughout Florida.

We can save you money. Call us and let's discuss!

CONDO SALES SUMMARY				
At Auction	51	1,647	\$165,636	\$99
Post Auction	9	1,474	\$153,778	\$105
PRE-Auction	15	1,496	\$194,200	\$128
Grand Total	75	1,597	\$169,926	\$105

FORT MYERS RIVER CONDO SALES					
Jan 2007 thru April 2009 per Public Records					
Sale	Land	#	Heated SF	Avg Sale	Avg \$
2007	RIVER	310	1,732	\$527,840	\$304
2008	RIVER	84	1,836	\$524,907	\$275
2009	RIVER	33	1,849	\$296,124	\$157
CONDOS (ALL RESALES PRIOR TO AUCTION)					
2009	RIVER	5	1,618	\$267,980	\$166

Economics If Sold At Market Value (\$166/SF)		
		\$/SF
Gross Sales Prices	\$ 19,800,000	\$166
Acquistion (Net Auction)	\$ 12,700,000	\$105
Normal Marketing	\$ 2,350,000	\$20
Total Costs	\$ 15,050,000	\$125
Gross Profit	\$ 4,750,000	
Annualized Return		12%

AUCTION VERSUS BULK SALE

Can an auction net you more than selling in bulk or via a direct sales program? The answer is YES! Conventional underwriting reveals your net price can be higher than a bulk buyer could afford to pay in some situations.

The perfect example is in May of this year 75 remaining units of a Fort Myers condo community were sold through the auction process. The top chart on the left shows the net pricing obtained. The second chart shows what similar units sold for from Jan 2007 through April 2009. The last chart shows the return on investment if you could sell all 75 units at two 2 sales a month (double the current activity level) at an average price of \$166 PSF; The resulting annualized return of 12% is at least half what an investor today would require to undertake this kind of risk. In order obtain a 25% unleveraged IRR they could pay no more than \$84 PSF (\$10 mil) versus the \$105 PSF (\$12.7 mil) realized from the auction, this is a 22% increase than a bulk sale could generate.

If you are willing to sell the units on an individual basis this is numeric proof that in today's market, the auction process is a very viable method to generate a higher net price than selling in bulk. When the auction program is made part of a traditional marketing plan you get the best of both worlds.

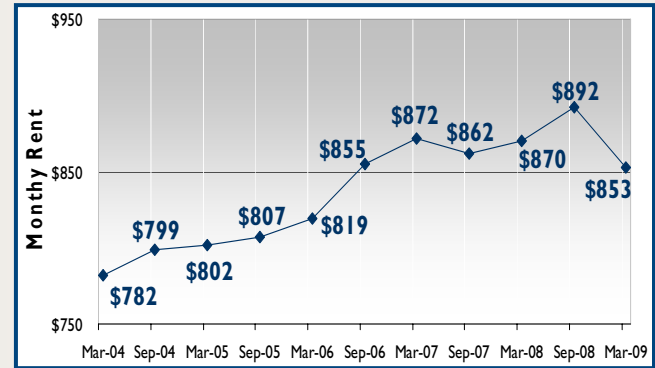
HILLSBOROUGH COUNTY

The rental market appears to have strengthened as reported occupancy has risen for the first time in 3 yrs. Rental rates have however softened as reverting condo rentals continue to put pressure on the market.

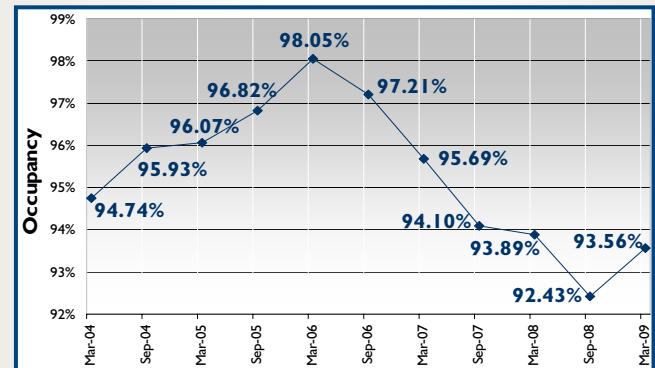
HILLSBOROUGH COUNTY SALES (100+ UNITS)

PROPERTY	CITY	BLT	UNITS	PRICE	\$/UNIT
RENTAL					
Hidden Palms	Tampa	1986	256	14,500,000	56,641
CONDOMINIUM / REVERSIONS					
Carrollwood Arbors	Tampa	2001	149	5,800,000	38,926
AVERAGE:			203	10,150,000	47,784
TOTALS:	2		405	20,300,000	95,567

AVERAGE MONTHLY RENT



OCCUPANCY RATE



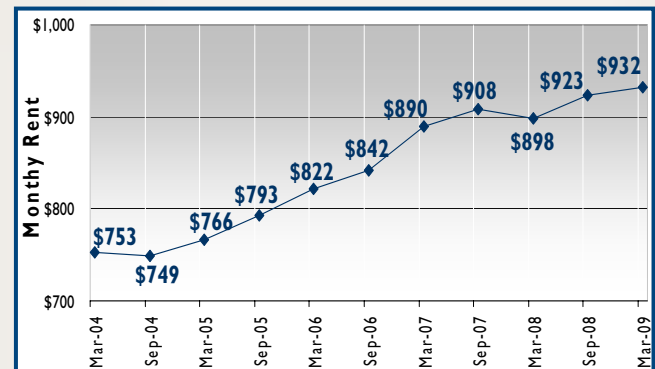
PINELLAS COUNTY

The rental market appears to have strengthened as reported occupancy has risen for the first time in 3 yrs. Reported rental rates appear to have risen most likely due to the inclusion of reverting condo rentals.

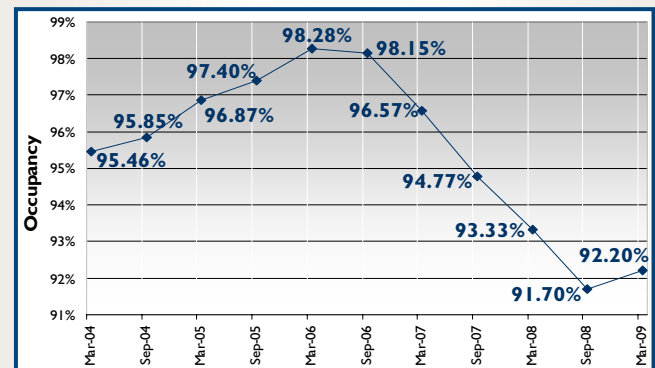
PINELLAS COUNTY SALES (100+ UNITS)

PROPERTY	CITY	BLT	UNITS	PRICE	\$/UNIT
CONDOMINIUM / REVERSIONS					
Park Village	Largo	1984	141	5,500,000	39,007
Bayfront Villas	St Petersburg	1964	121	8,500,000	70,248
AFFORDABLE HOUSING					
Boca Ciega	St Petersburg	1974	109	7,800,000	71,560
SENIOR HOUSING					
518 3rd Ave	St Petersburg	1972	188	6,800,000	36,170
AVERAGE:			140	7,150,000	54,246
TOTALS:	4		559	28,600,000	216,985

AVERAGE MONTHLY RENT



OCCUPANCY RATE



US Office Locations



The Authors



John W. Stone, CCIM

John is a Principal with Colliers and has been with the company since 1989 and active in the real estate industry since 1977. John works out of the Colliers Arnold Corporate office in Clearwater, FL and travels among other offices throughout the US and Europe.

He specializes in selling and buying cash flow driven investment properties and mortgages; with a focus on multi-family related investments and performing and non-performing debt. He also helps direct foreign capital placement in the USA.



Jason T. Stanton, CCIM

Jason joined Colliers Arnold in May of 2000. Starting out in the research department he joined the Multi-Family Investment team in September 2000.

Since joining the team Jason has been involved in more than \$400,000,000 in Multi-Family Investment Sales.

Jason works directly with John W. Stone, CCIM, and the Multi-Family Investment team in the Clearwater office.

This Colliers Arnold market report contains information obtained from many sources. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports.

Sources include: County Records, Real Capital Analytic, Tampa Bay Apartment Association, Triad Research, Pierce-Eislen and survey results of Colliers Arnold. Colliers Arnold is a member firm of Colliers International – an affiliation of independently owned and operated companies with offices worldwide.

Questions should be directed to John Stone or Jason Stanton, at 727-442-7184 or by e-mail: john.stone@colliers.com or jason.stanton@colliers.com. Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof.

Rental data as of March 31, 2009.

COLLIERS INTERNATIONAL

Offices Worldwide

www.colliers.com

COLLIERS ARNOLD

4 Florida Locations

www.colliersarnold.com

Clearwater 727-442-7184

Fort Myers 239-418-0300

Orlando 407-843-1723

Tampa 813-221-2290

CONTACT INFORMATION

COLLIERS ARNOLD

311 Park Place Blvd. #600
Clearwater, FL 33759

Phone: 727-442-7184

Fax: 727-449-2428

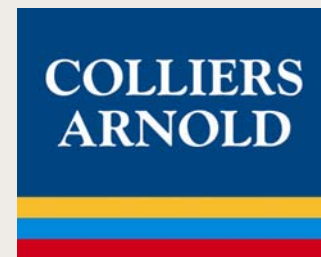
PROVIDED BY

John W. Stone, CCIM

john.stone@colliers.com

Jason T. Stanton, CCIM

jason.stanton@colliers.com



www.colliersarnold.com

www.colliers.com