

HILLSBOROUGH COUNTY AREA ANALYSIS



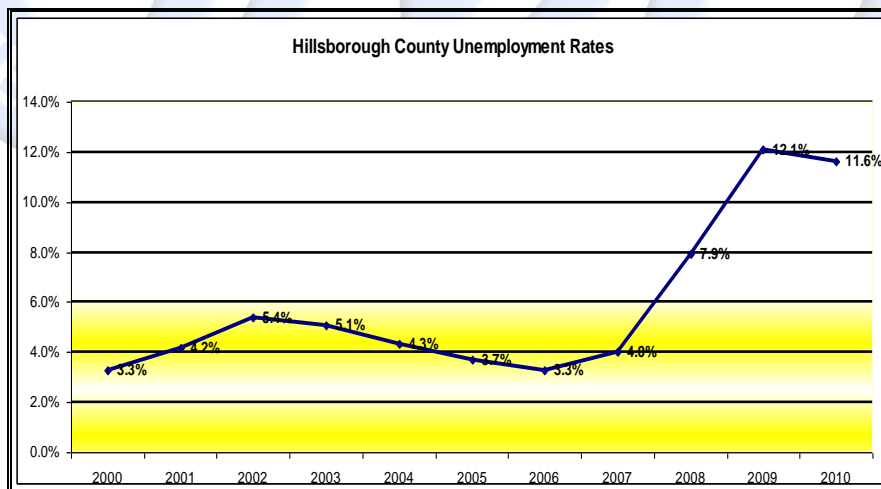
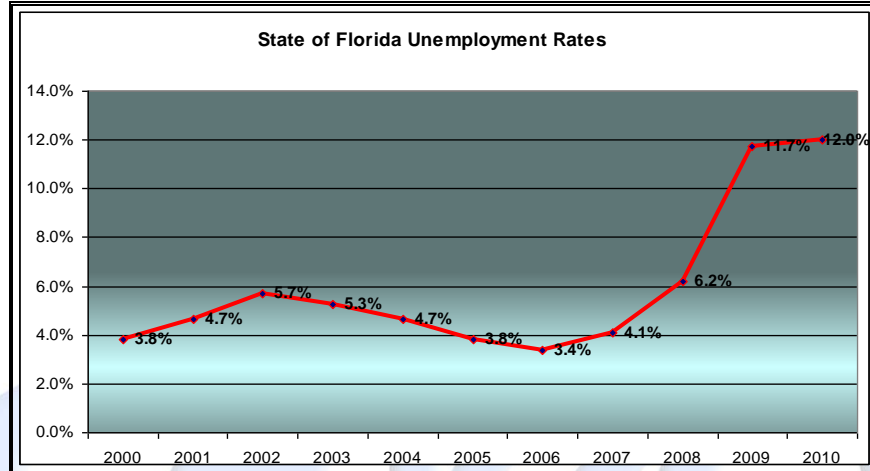
Hillsborough County, located on the west central coast of Florida, is part of the Tampa-St. Petersburg-Clearwater MSA, and is bordered to the north by Pasco County, to the south by Manatee County, to the east by Polk County and to the west by Pinellas County and Tampa Bay. Hillsborough County encompasses a land area of approximately 1,040 square miles and an inland water area of 24 square miles. Municipalities located in Hillsborough County include: Tampa, Plant City, and Temple Terrace. Unincorporated communities include but are not limited to Apollo Beach, Brandon, Lutz, Bloomingdale, Valrico, and Citrus Park. The City of Tampa's corporate limits cover approximately 84.4 square miles within Hillsborough County.

Population

According to the US Census Bureau, as of 2010, Hillsborough County was the fourth most populous county in the state with a population of 1,203,245, which was up 6,057 from 2007 (1,174,727). This reflects a 2.43% increase over a three-year period, which is slightly higher than Florida's population growth as a whole. According to the Site to Do Business (stdbonline.com) the median age was 35.1 in 2000 and increased to 36.4 in 2008. The projected median age for 2013 is 36.9. For the State of Florida, the median age was 38.7 in 2000 and increased to 41.0 in 2008. The projected median age for 2013 is 42.2.

Employment

According to the Bureau of Labor Statistics (<http://fred.labormarketinfo.com>) employment trends for Hillsborough County have followed a similar pattern as the State of Florida since 2000, and from 2002 to 2006 this pattern was very positive as the unemployment rate steadily decreased. However, there was a significant increase from 2006 to December 2010 as shown in the charts below.



The current unemployment rates for the state of Florida and Hillsborough County as of December 2010 were 12.0% and 11.6%, respectively.

The county's employment distribution by industry in comparison to Florida's is shown in the following chart:

Employment by Industry (2010)		
Industry	Hillsborough County	Florida
Health Care and Social Assistance	12.2%	10.9%
Retail Trade (44 & 45)	10.6%	10.0%
Accommodation and Food Services	8.1%	8.2%
Professional, Scientific & Technical Svc	7.8%	4.7%
Admin., Support, Waste Mgmt, Remediation	7.8%	5.8%
Education Services	7.4%	5.9%
Finance and Insurance	7.0%	3.4%
Public Administration	4.7%	5.3%
Wholesale Trade	4.4%	3.4%
Construction	4.4%	3.9%
Manufacturing (31-33)	3.8%	3.3%
Transportation & Warehousing (48 & 49)	3.0%	2.6%
Information	2.9%	1.5%
Other Services (except Public Admin.)	2.6%	2.5%
Arts, Entertainment, and Recreation	2.1%	2.1%
Agriculture, Forestry, Fishing & Hunting	2.0%	1.0%
Real Estate and Rental and Leasing	1.8%	1.7%
Management of Companies and Enterprises	1.4%	0.8%
Mining	0.05%	0.4%
Utilities	Confidential	0.3%
<i>Source: Florida Legislature Office of Economic and Demographic Research 2nd quarter 2010</i>		

The county's major employers are identified in the following chart:

2010 Tampa Bay M.S.A Leading Private Sector Employers	
Name	Employees
Publix Super Markets	144,000
OSI Restaurant Partners	100,000
Jabil Circuit Inc.	61,000
Sykes Enterprises Inc.	32,940
Bealls Inc.	10,200
Gerdau Ameristeel Corp	10,140
Lincare Holdings Inc.	9,957
Tech Data Corp	8,000
Roper Industries Inc.	7,900

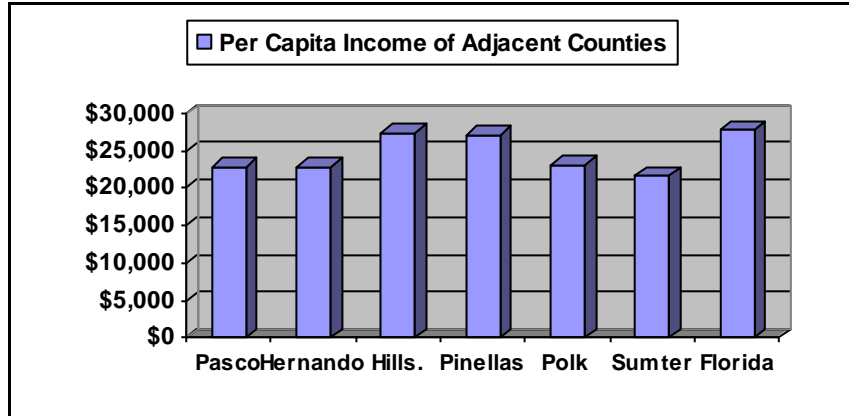
2010 Tampa Bay M.S.A Leading Private Sector Employers (cont.)	
Raymond James Financial Inc.	6,820
Shriner's Hospitals for Children	6,100
Tampa General Hospital	6,031
RTG Furniture Corp	5,418
Brown & Brown Inc.	5,398
HSN Inc.	5,137
St. Joseph's Hospital	4,337
Wellcare Health Plans Inc.	4,100
Checkers Drive-In Restaurants Inc.	4,000
Busch Gardens Tampa Bay/Adventure Island	4,000
Kforce Inc.	3,500
Horizon Bay Management LLC	3,500
Casper's Co.	3,312
TECO Energy Inc.	3,212
Morton Plant Hospital	3,000
Cott Corp	2,803
<i>*The Tampa Bay Business Journal 2010Book of Lists</i>	

Income

Personal income is also a significant factor in determining the real estimate demand in a given market. Hillsborough County's per capita income has historically achieved a growth rate similar to that of the United States.

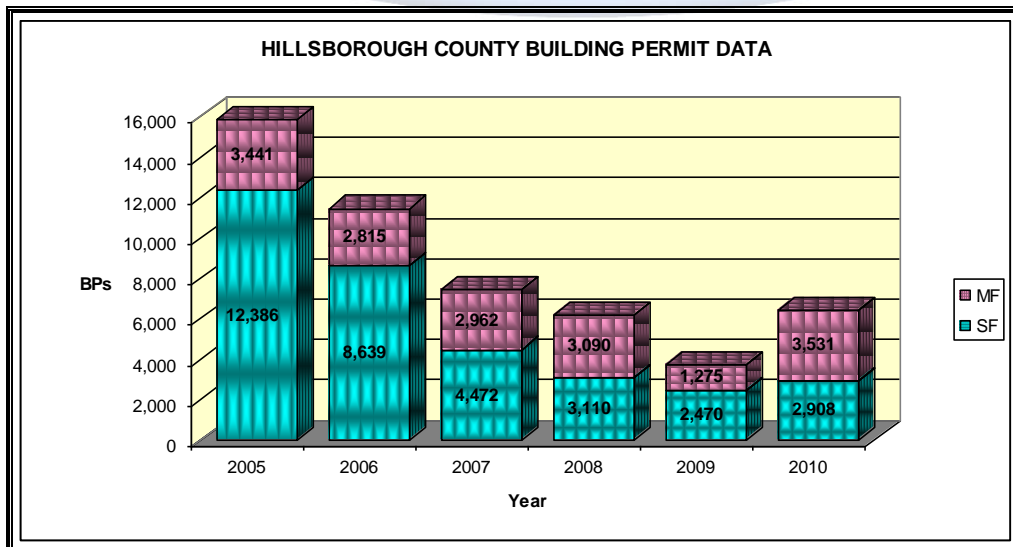
According to the Florida Legislature Office of Economic and Demographic Research, from 2000 to 2006, Hillsborough County has achieved per capita income growth at an average annual compound rate of 3.00%. For the same time period, the average annual compound rate of growth for Florida was 3.68% and 3.00% for the United States.

Per Capita Income (2008 latest available) The following chart compares the per capita income of Hillsborough County with adjacent counties including Hernando, Pinellas, Pasco, Polk, and Sumter counties and the state of Florida average.



Housing

From 2005 through 2008, there were 40,920 single family and multi family permits issued in Hillsborough County. From 2001 to 2005, the trend indicated a steady increase in housing starts. At the end of 2005 the residential building permit data began a downward trend that continued into 2009. The permits issued in 2006 (11,454) reflect a 27.6% decrease from 2005 (15,827). The number of permits decreased another 35.1% in 2007, decreased 16.6% in 2008 and decreased 39.60% to 3,745 units in 2009 which appears to mark the bottom of this downward trend. In 2010 the building permits increased by 71.94% to 6,439 units. This is a good sign for the residential real estate market, but a continued bad sign is the high number of foreclosures that are ongoing. Our search on www.foreclosure.com showed a list of 5,136 preforeclosure properties and 8,479 short sales properties in Hillsborough County in February 2011. So here is currently an abundance of inventory on the market.



Governmental and Political Characteristics

On October 27, 1994, Hillsborough County adopted a comprehensive land use plan known as the "2015 Land Use Plan." The plan was intended to provide for infrastructure planning and to guide growth and development in an orderly manner, and has been modified to accommodate new development patterns.

Hillsborough County and the City of Tampa revised their zoning ordinances in the context of objectives set forth in the land use plan. These changes were part of an attempt by the Hillsborough County City-County Planning Commission, the Hillsborough County Department of Development Coordination, and other local planning and zoning agencies to more effectively plan for new growth and avoid many of the problems experienced in recent years.

The state of Florida and its municipalities do not levy personal income taxes; however a major source of county and state revenue is from property taxes. Residential property owners receive a homestead exemption on their primary residences. The homestead exemption is a constitutional benefit of a \$25,000 exemption from the property's assessed value. It is granted to those applicants with legal or beneficial title in equity to real property as recorded in official records who are bona fide Florida residents living in a dwelling and making it their permanent home on January 1 of the taxable year. The exemption results in approximately a \$500 savings to Florida residents on their property tax.

On January 29, 2008, Florida voters approved an additional \$25,000 homestead exemption to be applied to the value between \$50,000 and \$75,000. If a home is worth \$75,000 or more, the owner would receive the full exemption benefit. If the home is worth between \$50,000 and \$75,000, he or she would receive a pro-rated exemption amount. This exemption does not apply to school taxes. No additional application is required. Property taxes are anticipated to increase in future years to help fund infrastructure costs.

Education

The Hillsborough County School Board District is the third largest district in Florida and the eighth largest in the United States. With 206 elementary, middle, high and specialty public schools, the district serves all of Hillsborough County. The School Board is independent of the Board of County Commissioners, and levies its own millage in order to purchase textbooks, pay teachers, and keep classrooms and other facilities in good condition. Higher education is offered by the University of South Florida, University of Tampa and Stetson University College of Law. The University of South Florida is the

nation's ninth largest public university with a total enrollment of 40,429 for the 2010 academic year and is a first-tier research university, and one of three "research flagship schools" in the State University System of Florida. The University of Tampa is a medium-sized comprehensive, private university with a total enrollment of approximately 6,300 students. The University offers more than 100 areas of study and pre-professional programs through a strong core curriculum rooted in the liberal arts. Stetson University College of Law is fully accredited by the Florida Bar Association and was founded in 1900 as Florida's first law school. The main campus is located in south St. Petersburg; however in 2004 a satellite campus was built in downtown Tampa, known as The Tampa Law Center. Limited part-time and full-time classes are held at this location and Florida's Second District Court of Appeal has offices in and hears arguments in this building.

Transportation

Tampa International Airport sits on 3,300 acres and is centrally located in South Tampa just north of the West Shore business district and minutes from downtown. The airport features 59 active gates and is served by 18 passenger airlines and nine cargo airlines. In 2010 a total of 16,645,765 passengers (www.tampaairport.com) passed through the airport, which reflected a 13.10% decrease from the over 19 million passengers in 2007. Daily averages included 225 departures and 22,000 traveling passengers. Tampa International Airport's top market share airlines include Southwest (32.3%), Delta (17.5%), US Airways (10.3%), American (8.9%), Air Tran (7.9%), Continental (7.1%), JetBlue (5.1%) and United (5.0%). The top 10 markets for Tampa include in order are New York, Chicago, Philadelphia, Baltimore, Atlanta, Detroit, Washington D.C., Indianapolis and Dallas/Ft. Worth.

Major roadways serving Hillsborough County include Interstate 275, Interstate 4, the Veteran's Expressway/Suncoast Parkway, and the Lee Roy Selmon Expressway. Interstate 275 is a limited access highway that extends off Interstate 75. I-275 begins just south of the Hillsborough-Pasco County Line and extends southward through Tampa, westward across Tampa Bay (Howard Frankland Bridge), and southward again along the eastern section of Pinellas County. I-275 then extends across Tampa Bay again (Suncoast Skyway Bridge), to Manatee County where it rejoins I-75, which is the major north/south highway on Florida's west coast.

Interstate 4 extends from Interstate 275 near downtown Tampa to Interstate 95 in Daytona Beach and serves as the main route between Tampa and Orlando. The Interstate 4/Interstate 275 interchange was rebuilt from 2002 to 2006, and the section of I-4 from 14th Street to 50th Street was recently expanded from four to eight lanes.

The Suncoast Parkway is a 43-mile toll road that extends from the Courtney Campbell Causeway and I-275 in Tampa, to its terminus at U.S. Highway 98, just north of the Citrus-Hernando County line. The accessibility of Pasco, Hernando, and Citrus counties and the linkage with Tampa Bay were greatly enhanced in 2001 with the completion of the first phase of the Suncoast Parkway. The Expressway is a carefully planned and aesthetically designed modern highway. It includes a recreational trail, wildlife crossings, and extensive preservation of environmentally sensitive lands. As a toll facility, it is part of the Florida Department of Transportation's Turnpike Enterprise. It has four lanes and access is limited to interchanges located at major crossroads. Many secondary roads cross the Parkway without interchanges, maintaining the continuity of the regional roadway system.

Lee Roy Selmon Expressway (Toll 618) is a "Crosstown" expressway connecting South Tampa at Gandy Boulevard to U.S. 301 and I-75 in the Brandon area of east Hillsborough County. It is a limited access, toll highway with entrance and exit ramps throughout the City of Tampa. This expressway has been improved with an additional new, elevated highway deck, opened in 2006. This new elevated road, which does not have any toll booths, accommodates only vehicles equipped with Sunpass toll sensors and has traffic flow that changes to accommodate commuter traffic into the city in the morning and out of the city in the evening.

Quality of Life

Medical facilities in Hillsborough County include but are not limited to Brandon Regional Hospital, H. Lee Moffitt Cancer Center & Research Institute, St. Joseph's Hospital, Tampa General Hospital, Memorial Hospital of Tampa, Town & Country Hospital, and University Community Hospital. Additionally, several nursing and convalescent homes serve the area.

A wide variety of recreational activities are available year round due to the subtropical climate that the County enjoys. The county experiences temperatures ranging from of 70 to 50 degrees F in January and 90 to 75 degrees F in August. The county also enjoys 258 days of sunshine on average. Recreational activities are plentiful and include over 200 parks, 35+ golf courses, Busch Gardens, Lowry Park Zoo, the Tampa Bay Performing Arts Center, and the Museum of Science and Industry. Hillsborough County is also home to two professional franchises, the Tampa Bay Buccaneers (football) and the Tampa Bay Lightning (ice hockey). Major sports venues include the St. Pete Times Forum and Raymond James Stadium, which played host to Super Bowl XLIII in February 2009. Organized activities within the County are also abundant. Recurring annual events include Air Fest at MacDill Air Force Base, the Florida State Fair, the Florida Strawberry Festival in Plant City, the Gasparilla Pirate Invasion, Guavaween in Ybor City, and the Outback Bowl and Parade.

Summary and Conclusion

Despite negative factors regarding unemployment and the downturn in both the residential and commercial real estate markets and the credit crisis, the overall long term economic outlook for Hillsborough County and the State of Florida is still positive. Total population for both areas is projected to increase slightly. More importantly, both areas are projected to experience employment growth in the future. Based on this analysis, it is anticipated that the State of Florida and Hillsborough County will continue to grow and prosper, albeit at a slower pace than at the height of the real estate market of a few years ago. In time, the expected growth should provide an economic base that supports demand for real estate in the county and subject neighborhood. These conditions should stimulate gradual increases in general property values.

