

OFFICE MARKET OVERVIEW

The compilation of the *Maddux Report* survey, a local real estate monthly publication, includes multi-tenant office buildings with a minimum of 25,000 square feet in Hillsborough and Pinellas counties and 15,000 square feet in Polk, Pasco, Pinellas, Sarasota and Manatee counties. Buildings fully leased for two or more quarters are excluded. The survey gives a good indication of the health of the office market in general. Therefore, we have considered the Maddux data accordingly. The subject property is located in the West Shore submarket of the Hillsborough County Office Market.

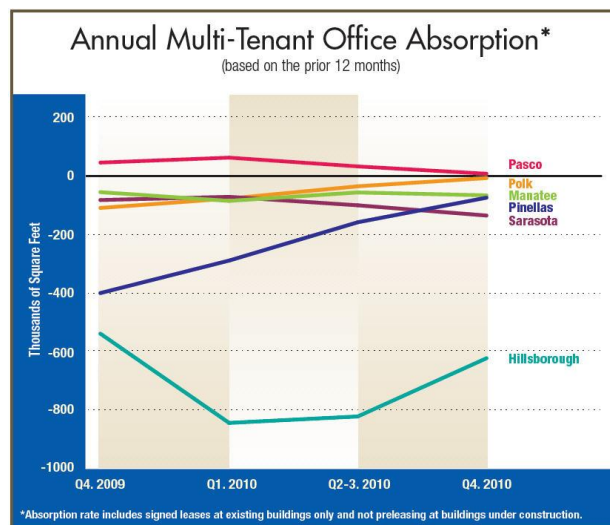
According to the Maddux Report, in their research report by Laurel S. McQueen entitled *Office Vacancy: An All-Time High* she reports:

“At the end of 2010 Tampa Bay’s office vacancy rate hit the highest level reported by the Maddux Report in the past 27 years – 23.7 percent.

At least 13.7 million square feet stands vacant out of a total inventory of 57.7 million square feet region-wide. Of those vacancies, 52.3% are in Hillsborough County; 26.2% in Pinellas; and 9.6% in Sarasota.

Meantime the region’s ongoing contraction of office leasing activity – or negative absorption – slowed in 2010 by only about one-fifth when compared to 2009. But it’s still worst than 2008.

Only two counties improved over 2009 – Pinellas and Polk. Of the region’s loss this year, Hillsborough accounted for 69 percent; that compares to 47 percent in 2009.”



Multi-Tenant Office Market							
	Existing Leasable Space (S.F.)	Existing Vacant Space (S.F.)	% Vacant	Total Space Under Construction	Net Qtrly. Absorp.*	12-Month Absorp.*	Weighted Average Rents
Downtown	6.67-Mil	1.57-Mil	23.6%	0	4,100	-120,000	\$21.75
Westshore	12.27-Mil	2.98-Mil	24.3%	0	-80,300	-342,030	\$23.60
Southwest	413,010	70,100	17.0%	0	-2,370	-14,380	\$21.61
Northwest	2.86-Mil	484,140	16.9%	0	-65,340	-71,740	\$18.02
North Central	881,210	261,215	29.6%	0	-44,130	-16,160	\$16.67
I-75 Parkway	8.13-Mil	1.79-Mil	22.0%	0	-600	-59,180	\$18.33
Hillsborough Total	31.22-Mil	7.16-Mil	22.9%	0	-188,640	-623,490	\$21.21
Clearwater/North	3.23-Mil	920,970	28.5%	0	44,120	41,920	\$16.90
Bayside	1.6-Mil	413,250	25.8%	0	47,760	-900	\$17.68
Gateway and Mid	5.1-Mil	1.31-Mil	25.8%	0	-84,800	-37,230	\$17.76
South	641,290	360,080	56.1%	0	-750	840	\$14.86
St. Petersburg	2.29-Mil	577,270	25.3%	0	-53,530	-78,820	\$20.21
Pinellas Total	12.86-Mil	3.58-Mil	27.9%	0	-47,200	-74,190	\$17.86
Downtown	2.33-Mil	418,540	18.0%	0	-75,960	-101,390	\$20.88
I-75 Corridor	2.82-Mil	595,930	21.2%	0	7,440	15,570	\$18.32
Suburban/Venice	1.88-Mil	294,490	15.7%	0	6,190	-48,970	\$14.62
Sarasota Total	7.02-Mil	1.31-Mil	18.6%	0	-62,330	-134,790	\$18.16
Manatee	3.08-Mil	682,420	22.2%	0	-31,335	-65,880	\$17.75
Pasco	1.49-Mil	444,990	29.9%	0	-8,140	7,590	\$14.66
Polk	2.05-Mil	497,980	24.3%	0	11,980	-7,020	\$13.77
REGION TOTAL	57.72-Mil	13.68-Mil	23.7%	0	-325,665	-897,780	\$19.49

For Hillsborough:

“The region’s largest office market has now endured 12 quarterly absorption losses in a row. The total net move-outs in that time period amount to 1.82-million sf; two-thirds of that exodus occurred in Westshore. The county’s fourth-quarter loss of 188,630 sf is about half of the first quarter’s. Hillsborough’s vacancy rate of 22.9 percent is its highest since 1986. Meantime, Class A space stands at 20.3 percent vacant and Class B-C at 26.6 percent.

In the first quarter of 2007 the West Shore vacancy rate was 7.2% compared to 10.4% in Hillsborough County. By the first quarter of 2008 it had increase to 9.9% (13.8% for Hillsborough County); first quarter 2009 it had was 13.5% (17.8% for Hillsborough County); first quarter 2010 it had was 20.3% (20.2% for Hillsborough County); and we are currently, fourth quarter 2010 at 24.3% (22.9% for Hillsborough County). We expect this office market to continue to struggle until the real estate market and economy begin a recovery and the excess inventory of space is absorbed over the next several years.