

HILLSBOROUGH COUNTY AREA ANALYSIS



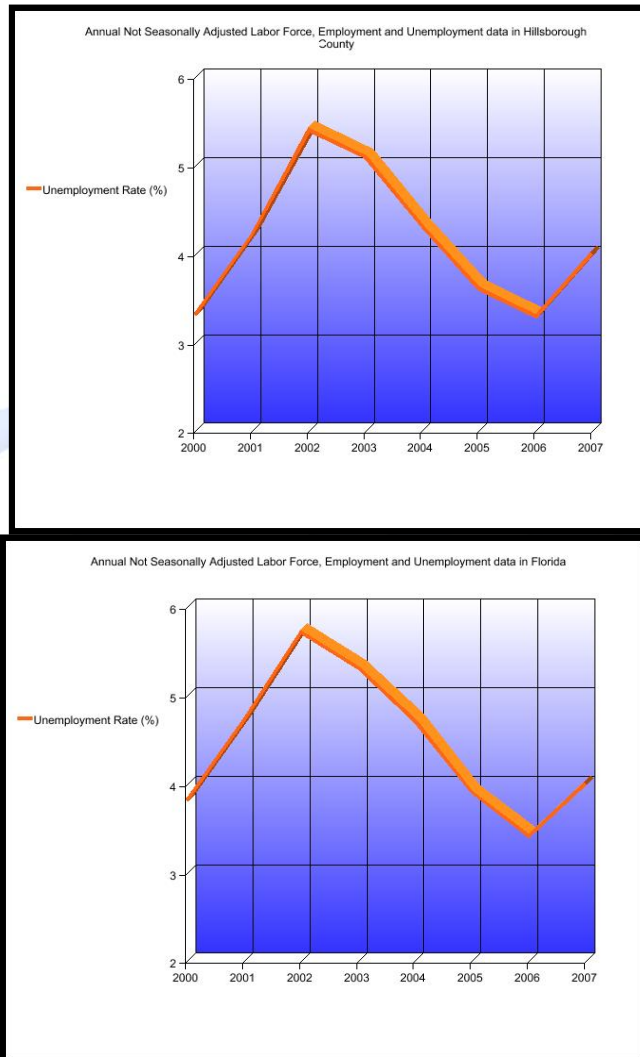
Hillsborough County, located on the west central coast of Florida, is part of the Tampa-St. Petersburg-Clearwater MSA, and is bordered to the north by Pasco County, to the south by Manatee County, to the east by Polk County and to the west by Pinellas County and Tampa Bay. Hillsborough County encompasses 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, Bloomindale, Valrico, and Citrus Park. The City of Tampa's corporate limits cover approximately 84.4 square miles within Hillsborough County.

Population

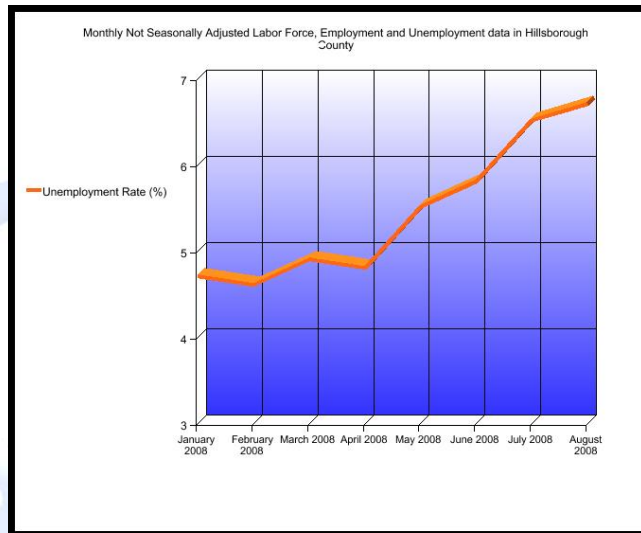
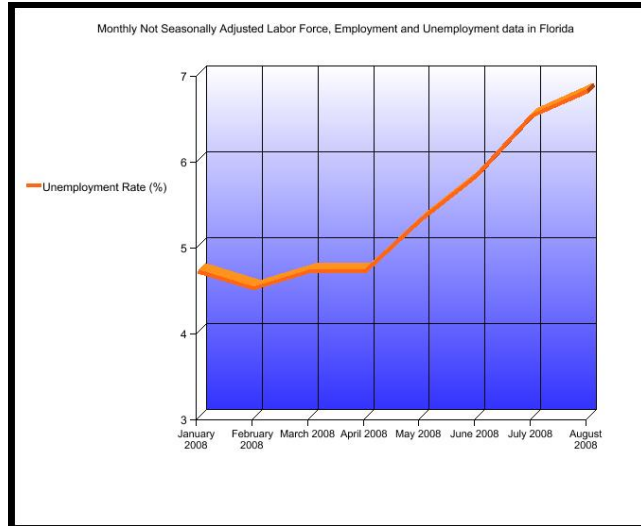
As of 2007, Hillsborough County was the fourth most populous county in the state with a population of 1,192,861, which was up 28,436 from 2006 (1,164,425). This reflects a 2.4% increase over a 1-year period, which is higher than Florida's population growth as a whole, which was 1.1% from 2006 to 2007. 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. According to the Office of Demographic and Economic Research, Hillsborough County ranked third in the state for population added since 2000. Both Hillsborough County and the State of Florida are anticipated to experience continued growth, however at lower rates than those experienced in the past.

Employment

According to the Bureau of Labor Statistics (labormarketinfo.com) employment trends for both Hillsborough County and the State of Florida have followed a similar pattern since 2000, and from 2002- 2006 this pattern was very positive as the unemployment rate steadily decreased with a slight increase from 2006 to 2007 as shown in the charts below.



For the first eight months of 2008, Hillsborough County and the State of Florida have continued to follow a similar pattern, however more recently this pattern has been a steady increase in unemployment.



Florida's unemployment rate for August 2008 was 6.5%, which reflected the highest rate in 13 years. As comparison, the unemployment rate for the state in August 2007 was 4.2%. From August 2007 to August 2008 the state lost a total of 99,100 non agricultural jobs and the hardest hit was the construction industry, which lost 76,400 jobs. In Hillsborough County the August 2008 unemployment rate was 6.7%, up from 4.2% in August 2007.

| Employment by Industry (2007) | | |
|--|----------------------------|----------------|
| Industry | Hillsborough County | Florida |
| Natural Resource and Mining | 1.9% | 1.2% |
| Construction | 6.3% | 7.5% |
| Manufacturing | 4.7% | 4.9% |
| Trade, Transportation, & Utilities | 18.6% | 20.2% |
| Information | 3.3% | 2.0% |
| Financial Activities | 9.3% | 6.8% |
| Professional & Business Svc. | 21.7% | 16.7% |
| Education & Health Svc. | 10.9% | 12.3% |
| Leisure and Hospitality | 9.0% | 11.7% |
| Other Services | 2.8% | 3.2% |
| Government | 11.5% | 13.6% |
| <i>Source: Florida Legislature Office of Economic and Demographic Research – August 2008</i> | | |

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

| 2007 Major Hillsborough County Employers (Public & Private) | |
|--|------------------|
| Name | Employees |
| Hillsborough County School District | 25,487 |
| Verizon Communications* | 14,000 |
| MacDill Air Force Base | 12,000 |
| University of South Florida* | 11,607 |
| Hillsborough County Government* | 10,886 |
| Tampa International Airport* | 7,760 |
| James A Haley Veterans Hospital | 5,900 |
| St Joseph's Hospital | 5,242 |
| JPMorgan Chase* | 5,237 |
| Verizon Information Technologies | 5,000 |
| Publix Super Markets* | 4,630 |

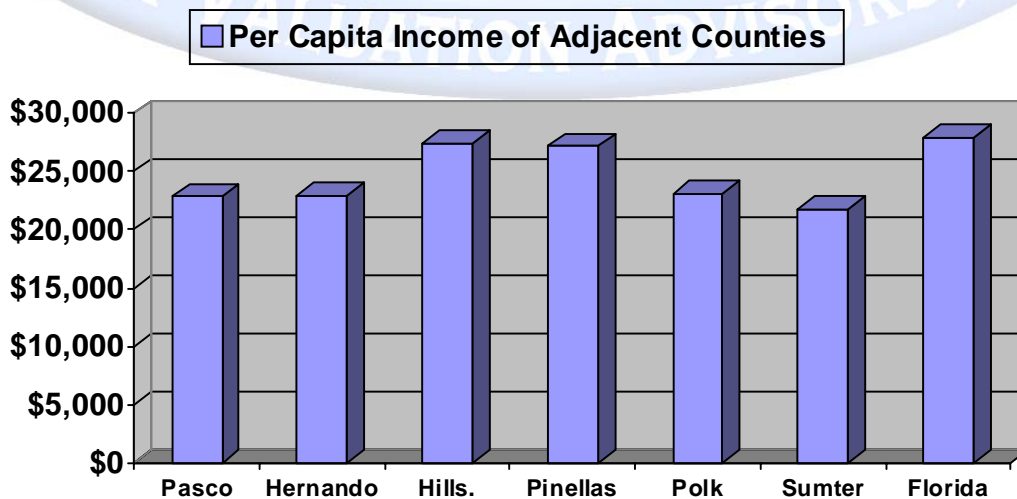
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|--|-------|
| City of Tampa* | 4,500 |
| U.S. Postal Service* | 3,947 |
| Bank of America* | 3,754 |
| Outback Steakhouse* | 3,625 |
| TECO Energy* | 3,211 |
| Tampa General Hospital | 3,166 |
| University Community Hospital* | 3,100 |
| Citigroup | 3,000 |
| *Company has more than one location List is a representative sampling Source: Committee of One Hundred Research, 7/12/2007 | |

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.

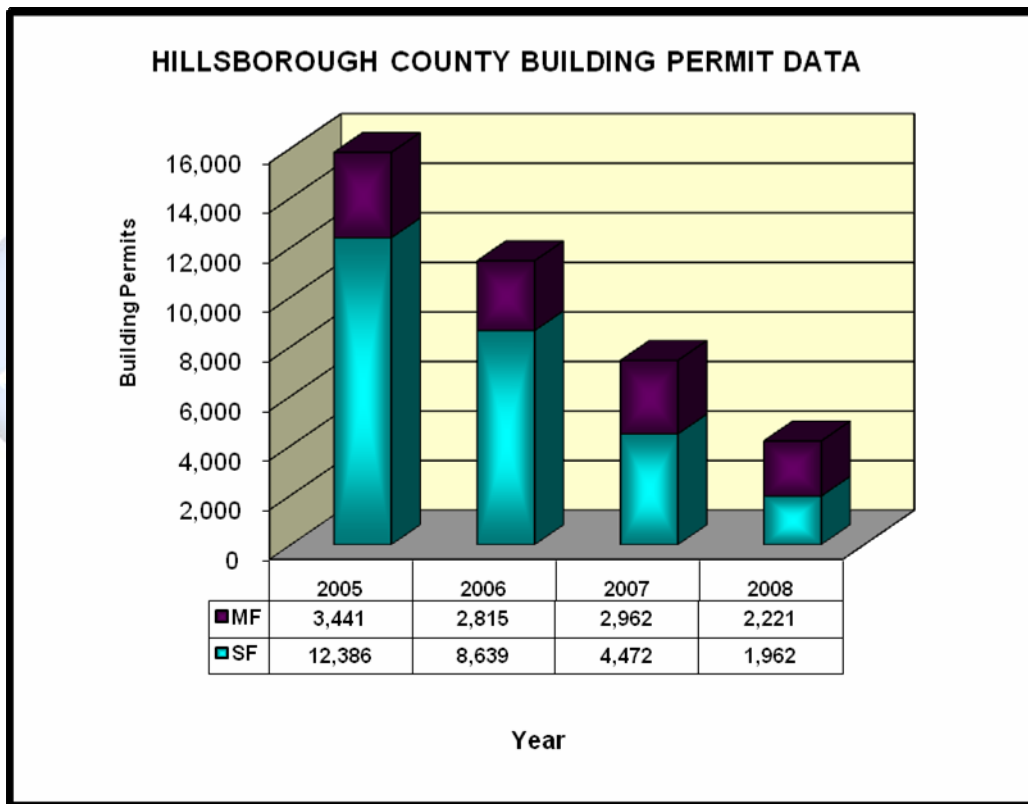
According to the Florida Legislature Office of Economic and Demographic Research, from 2000 to 2006, Hillsborough County has achieved per capita income growth at an average annual compound rate of 3.00%. For the same time period, the average annual compound rate of growth for Florida was 3.68% and 3.00%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

Per Capita Income (2008) 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. *(Site to do Business)*



Housing

From 2005 – 2007, there were 34,715 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 market began to slow down, and this trend has continued into 2008. The permits issued in 2006 (11,454) reflect a 27.6% decrease from 2005 (15,827) and a 35.1% decrease from 2006 to 2007 (7,434). For the first eight months of 2008, 4,183 permits were issued. This downward trend is expected to continue in the short term (1 – 2 years), as there 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 third largest in the state of Florida with a total enrollment of 44,891 for the 2007 academic year. USF is currently ranked ninth in the country in terms of enrolled students 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 an enrollment of approximately 5,500 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 Westshore business district and minutes from downtown. The airport features 59 active gates and is served by 21 passenger airlines and nine cargo airlines. In 2006 18,867,541 passengers (www.tampaairport.com) passed through the airport, which reflected a -0.93% decrease from the previous year. Daily averages included 275 departures and 40,000 traveling passengers. TIA's top market share airlines include Southwest, Delta, US Airways, American, Air Tran, Continental, United, and Northwest. The top 10 markets for Tampa include New York, Chicago, Philadelphia, Boston, Atlanta, Baltimore, Washington D.C., Detroit, Ft. Lauderdale, and Hartford.

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 Interstate 4 is under renovations to be widened from four to six lanes (with eight lanes in certain segments).

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 will play host to Super Bowl XLIII in 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 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 subject neighborhood and for the subject property. These conditions should stimulate increases in general property values.

