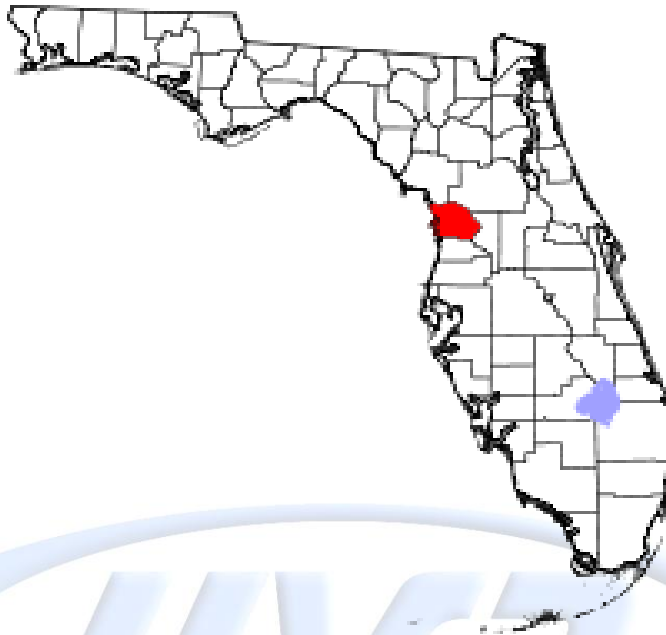


## Citrus County Area Analysis



Citrus County is located on the west central coast of Florida, and is bordered to the north by Levi and Marion Counties, to the south by Hernando County, to the east by Sumter County and to the west by the Gulf of Mexico. Citrus County encompasses a land area of approximately 773 square miles of which 584 square miles is land and 189 square mile is water. Municipalities located in Citrus County include Inverness and Brooksville while unincorporated areas include Beverly Hills, Floral City, Homosassa, and Lecanto to name a few.

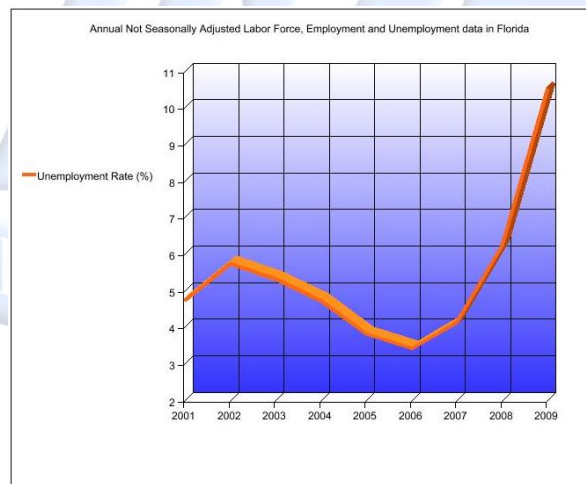
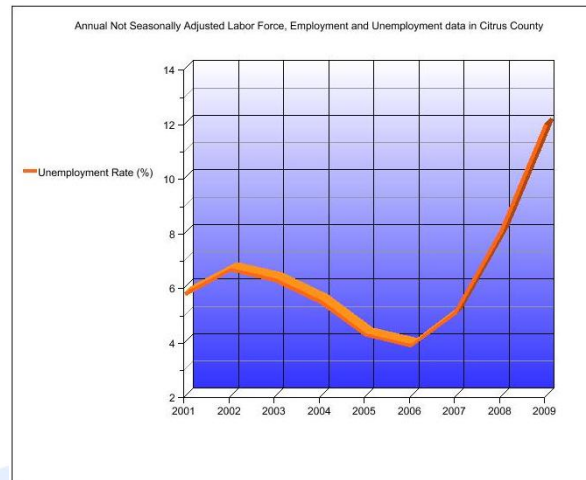
### ***Population***

As of 2009, Citrus County was the 32nd most populous county in the state with an estimated population of 142,609, which was up 566 from 2008 (142,043). This reflects a 0.40% increase over a 1-year period, which is above Florida's population growth as a whole, which was up 2.3% from 2008 to the 2009 estimate of 18,750,483. Both Citrus 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](http://labormarketinfo.com)) employment trends for both Citrus County and the State of Florida have followed a similar pattern since 2001,

and from 2002 to 2006 this pattern was very positive as the unemployment rate steadily decreased. However, in 2007 this rate began to increase and this trend continued through 2009. From 2007 through 2009, Citrus County had a higher increase in unemployment when compared to the State of Florida as shown in the charts below.



Florida's unemployment rate for December 2009 was 11.8%, which reflected the highest rate since the Bureau of Labor Statistics began keeping records in January 1976. As comparison, the unemployment rate for the state in December 2008 was 7.8%. From December 2008 to December 2009 the state lost a total of 433,000 jobs. In Citrus County the December 2009 unemployment rate was 12.9%, up from 9.9% in December 2008 and 6.0% in December 2007.

The varied composition of the region's and state's employment base and an examination of its major employers indicate a diversified economy that is not dependent upon any particular sector. Therefore, Citrus County and the State of Florida should be less susceptible to cyclical fluctuations that have occurred in other areas dominated by a

single industry. The top industries are the same for Citrus County and the State of Florida as evidenced by the following chart:

### Employment by Industry (2008)

| Industry                            | Citrus County | Florida |
|-------------------------------------|---------------|---------|
| Education & Health Services         | 21.4%         | 19.4%   |
| Trade, Transportation and Utilities | 19.2%         | 20.5%   |
| Leisure & Hospitality               | 11.4%         | 11.9%   |
| Professional & Business Services    | 9.7%          | 14.4%   |
| Construction                        | 8.8%          | 6.5%    |
| Public administration               | 5.7%          | 5.9%    |
| Financial Activities                | 3.5%          | 6.6%    |
| Other Services                      | 3.3%          | 3.2%    |
| Manufacturing                       | 2.2%          | 4.7%    |
| Information                         | 1.6%          | 2.0%    |
| Natural Resources & Mining          | 0.6%          | 1.2%    |

Source: Enterprise Florida - January 2010

### Major Citrus County Employers

| Rank | Name                                | Employees |
|------|-------------------------------------|-----------|
| 1    | Progress Energy                     | 1,100     |
| 2    | Citrus County School Board          | 1,000     |
| 3    | Citrus Memorial Hospital            | 1,000     |
| 4    | Seven Rivers Community Hospital     | 500       |
| 5    | Pro-Line Boats                      | 250       |
| 6    | Citrus County Sheriffs Department   | 250       |
| 7    | Spring Lodge 378                    | 100       |
| 8    | Service Zone, Inc.                  | 100       |
| 9    | Citrus County Detention Facility    | 100       |
| 10   | Cypress Creek Correctional Facility | 100       |

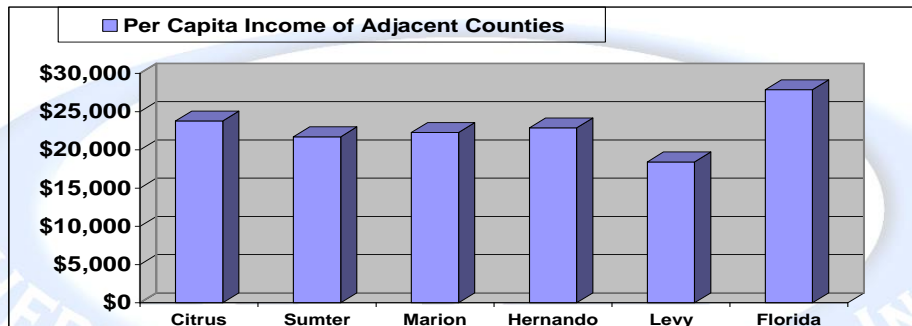
Source: Enterprise Florida - January 2010

## ***Income***

Personal income is also a significant factor in determining the real estimated demand in a given market. Citrus County's per capita income has historically achieved a growth rate similar to that of the State of Florida.

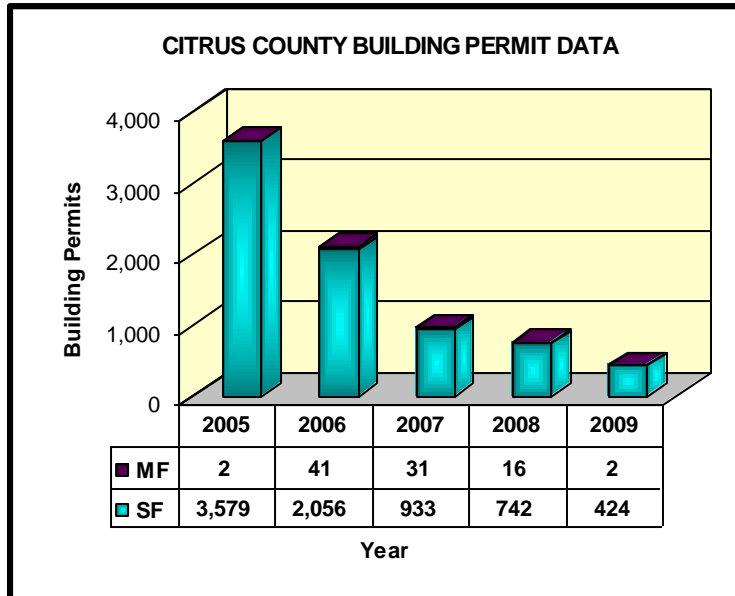
According to the Florida Legislature Office of Economic and Demographic Research, from 2000 to 2007, Citrus County has achieved per capita income growth at an average annual compound rate of 3.82%. For the same time period, the average annual compound rate of growth for Florida was 4.35%.

*Per Capita Income (2008:)* The following chart compares the per capita income of Citrus County with adjacent counties including Sumter, Marion, Hernando, and Levy counties and the state of Florida average. *(Site to do Business)*



## ***Housing***

From 2005 through November 2009, there were 7,827 single family and multifamily permits issued in Citrus 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 2009. The permits issued in 2006 (2,097) reflect a 41% decrease from 2005 (3,581) and a 54% decrease from 2006 to 2007 (964). Permits decreased another 21% in 2008 to a total of 758. For the first eleven months of 2009, 391 permits were issued equating to an annualized 426 permits. This downward trend is expected to continue in the short term (1 to 2 years), as there is currently an abundance of inventory on the market.



### ***Governmental and Political Characteristics***

Citrus County government consists of a five member Board of Commissioners, representing five districts, elected to four-year terms. Commissioners must reside in one of the five districts to qualify for office although they are elected "at large" by all voters in the County. The BCC serving as the board of directors, are responsible for establishing policies and procedures. The County Administrator serves as the chief executive and is responsible for implementing the policies set by the Board and for the day-to-day operations of the County Government. Departments and Divisions report to the County Administrator. The County Attorney is appointed by the Board to serve as their legal advisor.

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 Citrus County School Board District currently oversees 22 schools including 10 elementary, 4 middle/junior, 3 senior high, and 5 schools for other types of education. In addition, there are private schools available. Higher education is offered by Central Florida Community College, whose campuses are located in Ocala, Lecanto, and Chiefland. The Citrus Campus opened in the Fall of 1984 at the Lecanto Joint Use Facility. A new free-standing campus opened in the Fall of 1996, located on 88 acres in Lecanto in central Citrus County.

### ***Transportation***

The two major airports in Citrus County are the Crystal River Airport and the Inverness Airport. The Crystal River Airport is located at the northeast corner of U.S. Highway 19 and Venable Road in Crystal River in southwestern Citrus County. It is located on 165 acres and is home to 65 based aircraft. Last year there were an estimated 30,000 aircraft operations there. The Crystal River Airport is owned and maintained by the Citrus County Board of County Commissioners and operated by Crystal Aero Group, Inc. The Inverness Airport is located approximately 2 miles south of Inverness on US 41, on approximately 350 acres. It is also owned and maintained by the Citrus County Board of County Commissioners and operated by Tom Owens of Owens Air Service, Inc. The Airport is served by one runway and approximately 75 percent of the Airport's annual operations are related to sport aviation and recreational flying. Flight training is a small component of the airport's general aviation activity. Businesses on the airport at present are the FBO operator and AeroMed Corporation. The Citrus County Sheriff's Office and the Citrus County Mosquito Control conduct their flight operations from the Inverness Airport. The airport also attracts a number of transient or visiting aircraft, with approximately 20 percent of its business originating from visiting aircraft.

Major roadways servicing Citrus County include U.S. Highway 19/U.S. Highway 98, State Road 44, U.S. Highway 41, and County Road 491 to name a few. U.S Highway 19/U.S. Highway 98 is a primary north/south high volume commercial highway that connects the county to the entire west coast of Florida. U.S. Highway 19 is primarily a six-lane roadway and becomes four lanes in some parts of the county. State Road 44 is a four and six lane primary east/west commercial thoroughfare servicing central Citrus County and the City of Crystal River. State Road 44 commences at U.S. Highway 19

and spans the entire width of the State of Florida. It connects to Interstate 75 and the Florida Turnpike system. U.S. Highway 41 is a two lane medium volume roadway that services eastern Citrus County and also spans the entire State of Florida primarily along the western side of the state. County Road 491 is primarily a two-lane, north/south highway servicing central Citrus County. It commences at Fort Dade Avenue in Hernando County as CR 491 and travels north becoming Lecanto Highway at the Citrus/Hernando County line. It then travels in a northeasterly direction ending at its intersection with SR 200 in eastern Citrus County.

### ***Quality of Life***

Medical facilities in Citrus County include but are not limited to Citrus Memorial Hospital located in Inverness and Seven Rivers Regional Medical Center located in Crystal River.

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 69 to 44 degrees F in January and 92 to 72 degrees F in July. The county also enjoys 249 average days a year without rain. Recreational activities include Chassahowitcka & Crystal River National Wildlife Refuge, Crystal River State Buffer Preserve, Fort Cooper State Park, Homosassa Springs State Wildlife Park, Liberty Park, Wallace Brooks Park, Whispering Pines Park, and Withlacoochee State Trail. Citrus County is also home to several historical points of interest such as the Coastal Heritage Museum, Homosassa Springs Wildlife State Park, Old Courthouse Heritage Museum, the State Arch, and the Yulee Sugarmill Historic Site. Organized activities within the county are also abundant. Recurring annual events include the Citrus 95 Super Raft Race, the Family Freedom Festival, the Festival of the Arts, the Floral City Strawberry Festival, the Florida Manatee Festival, the Great American Cooter Festival, Homosassa Springs State Park Arts & Crafts Festival, Taste of Citrus, and the Uncle Sam Jam.

### ***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 Citrus 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 Citrus 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.