



# **U.S. and South Florida**

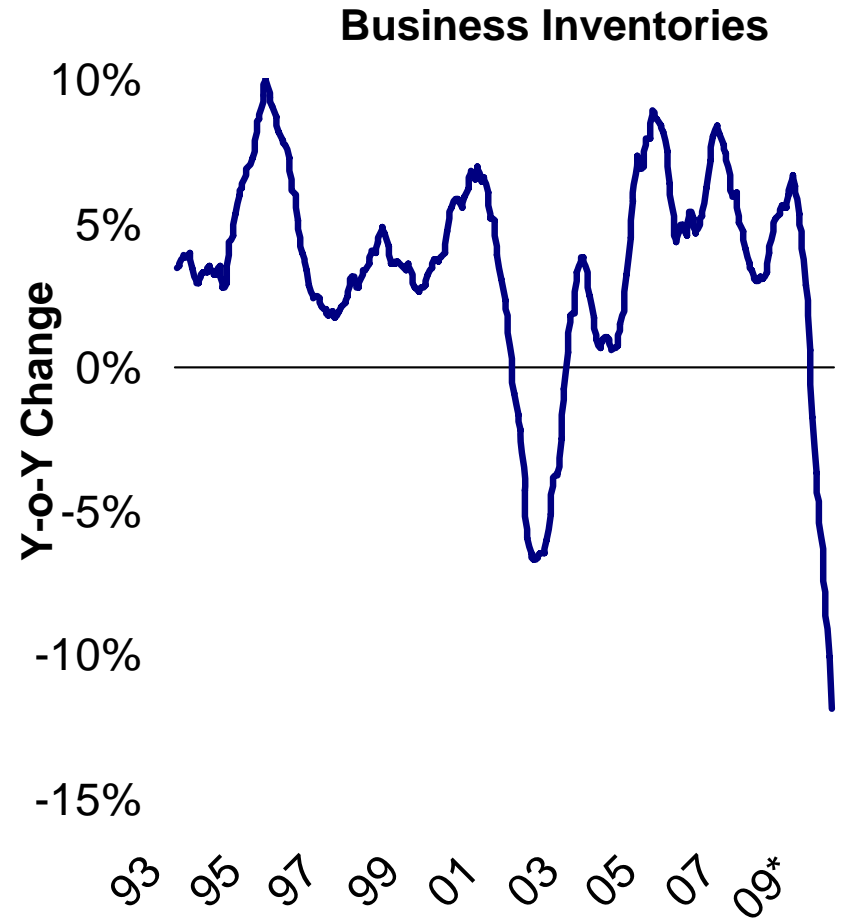
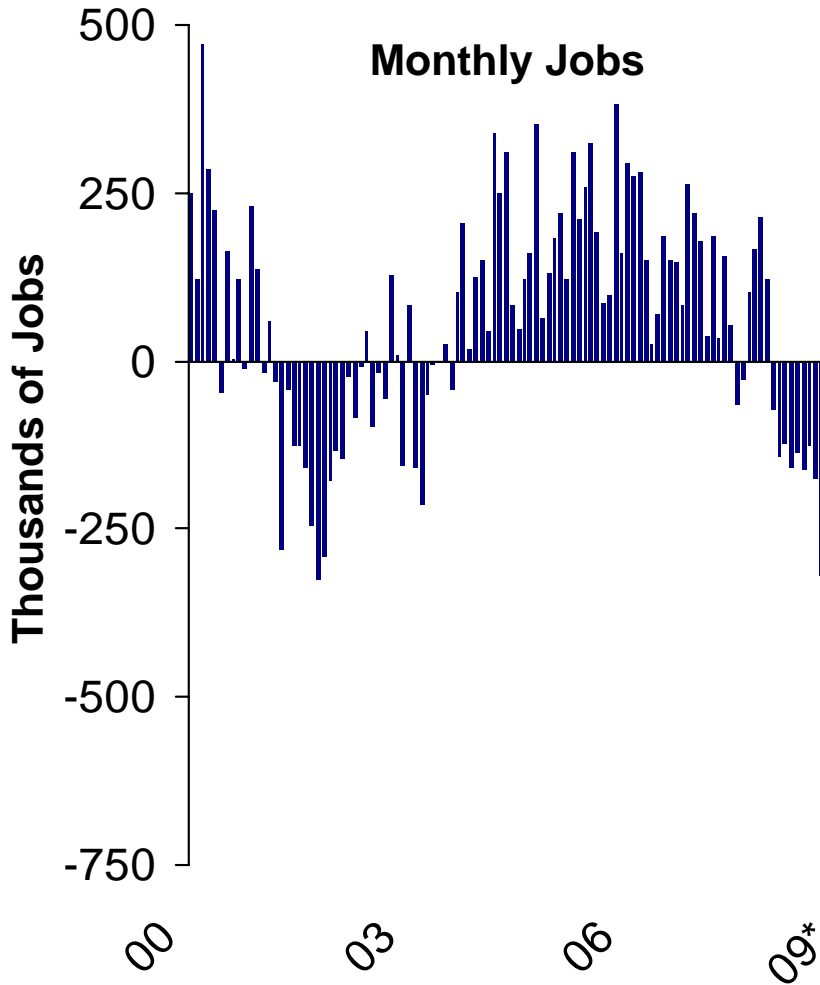
## **Economic and Real Estate Overview**

**Presented by: Hessam Nadji**

**Managing Director, Research Services**

**October 1, 2009**

# Moderation in Job Losses Signals End of Recession Approaching



\* Employment Through August, Inventories Through July

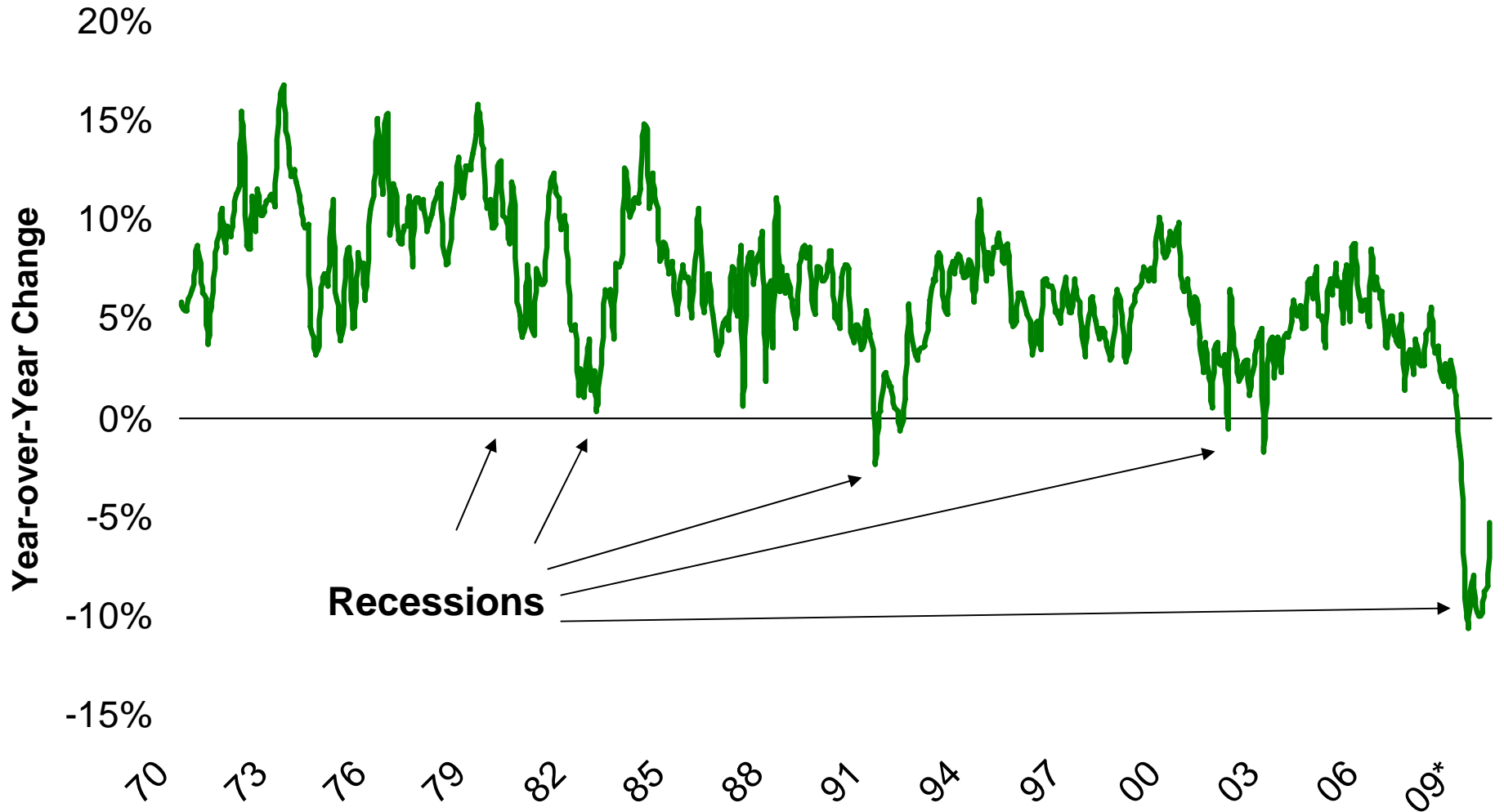
Sources: Marcus & Millichap Research Services, Bureau of Labor Statistics

# Employment Ranking by Metro Y-O-Y Change – August 2009

Top 15 Markets	Abs Change	% Change
San Antonio	(6,925)	-0.8%
Austin	(6,908)	-0.9%
Northern New Jersey	(14,108)	-1.4%
Washington, D.C.	(41,590)	-1.4%
New York	(100,800)	-1.9%
Oklahoma City	(11,000)	-1.9%
Dallas-Fort Worth	(63,602)	-2.1%
Columbus	(20,800)	-2.2%
Kansas City	(24,000)	-2.3%
Baltimore	(37,600)	-2.9%
<b>Miami</b>	<b>(31,300)</b>	<b>-3.0%</b>
Boston	(84,204)	-3.4%
Philadelphia	(97,500)	-3.5%
<b>West Palm Beach</b>	<b>(19,500)</b>	<b>-3.6%</b>
Houston	(95,239)	-3.6%
<b>U.S.</b>	<b>(5,830,000)</b>	<b>-4.3%</b>

Bottom 15 Markets	Abs Change	% Change
Salt Lake City	(29,600)	-4.6%
Chicago	(210,700)	-4.6%
Orlando	(51,900)	-4.8%
San Jose	(45,000)	-4.9%
San Francisco	(50,500)	-5.1%
Portland	(61,400)	-5.9%
Tucson	(23,200)	-6.0%
Cleveland	(63,800)	-6.0%
Milwaukee	(51,700)	-6.1%
Charlotte	(53,500)	-6.2%
Atlanta	(151,800)	-6.3%
Inland Empire	(78,700)	-6.5%
Las Vegas	(60,141)	-6.6%
Phoenix	(148,300)	-8.0%
Detroit	(157,900)	-8.3%
<b>U.S.</b>	<b>(5,830,000)</b>	<b>-4.3%</b>

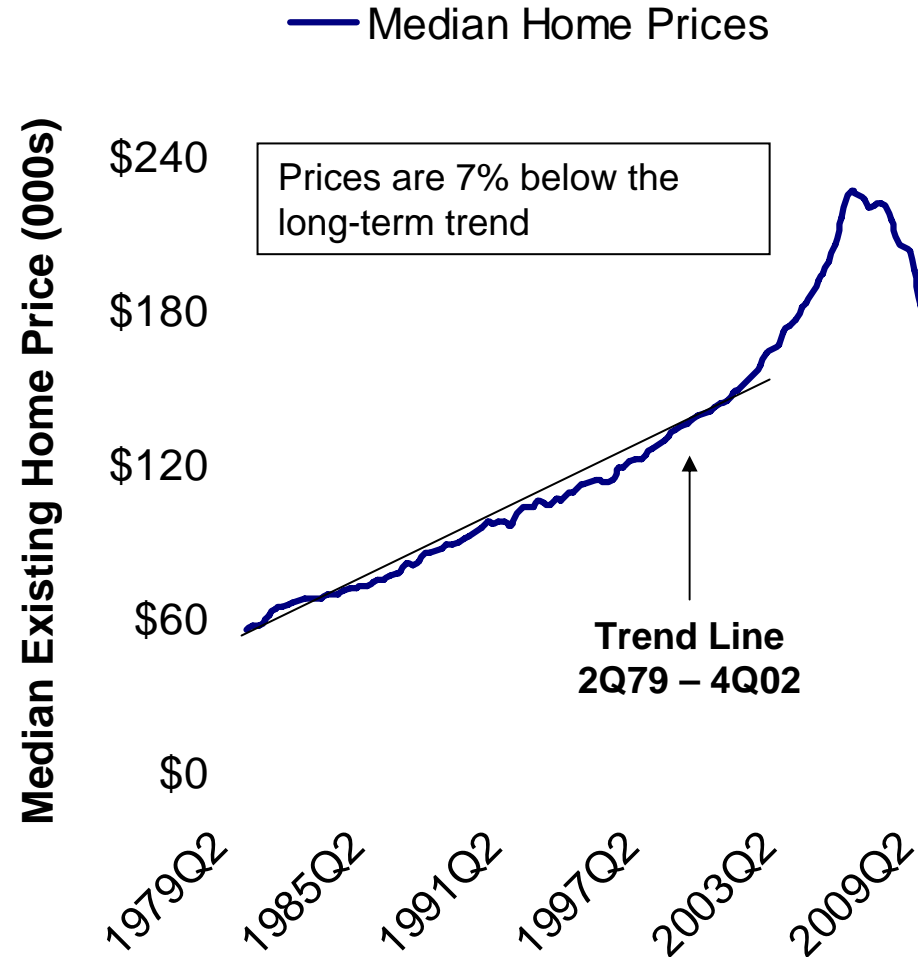
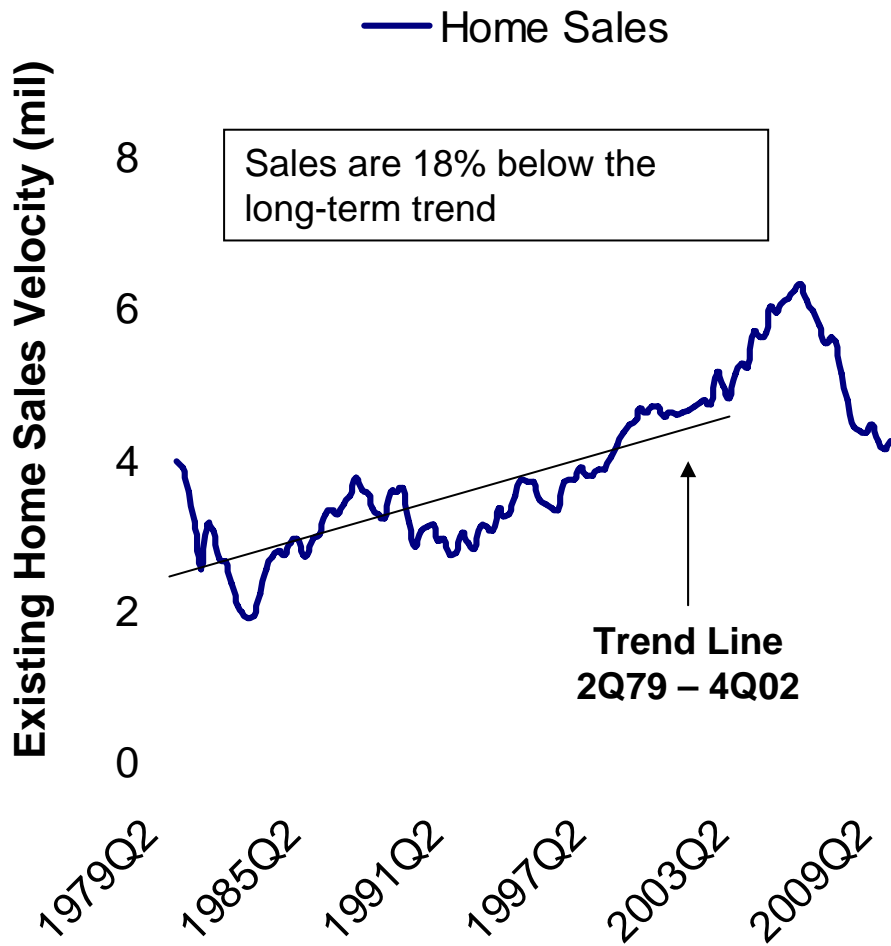
# Long-Term U.S. Retail Sales



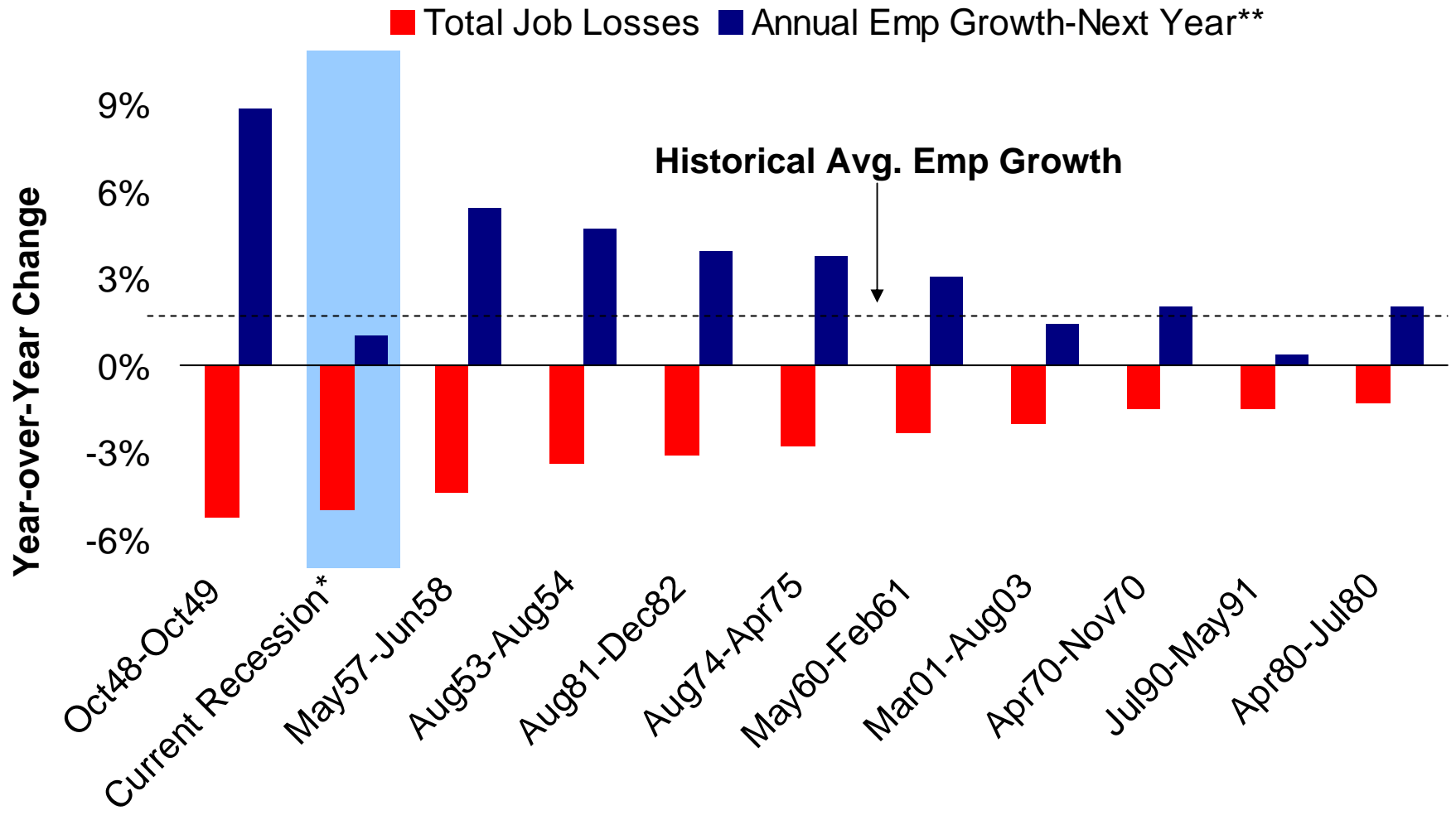
\* As of August 2009

Sources: Marcus & Millichap Research Services, Bureau of Labor Statistics

# U.S. Existing Single-Family Home Price and Sales Trends



# Employment Growth Expected to Fall Short of Most Prior Recovery Periods

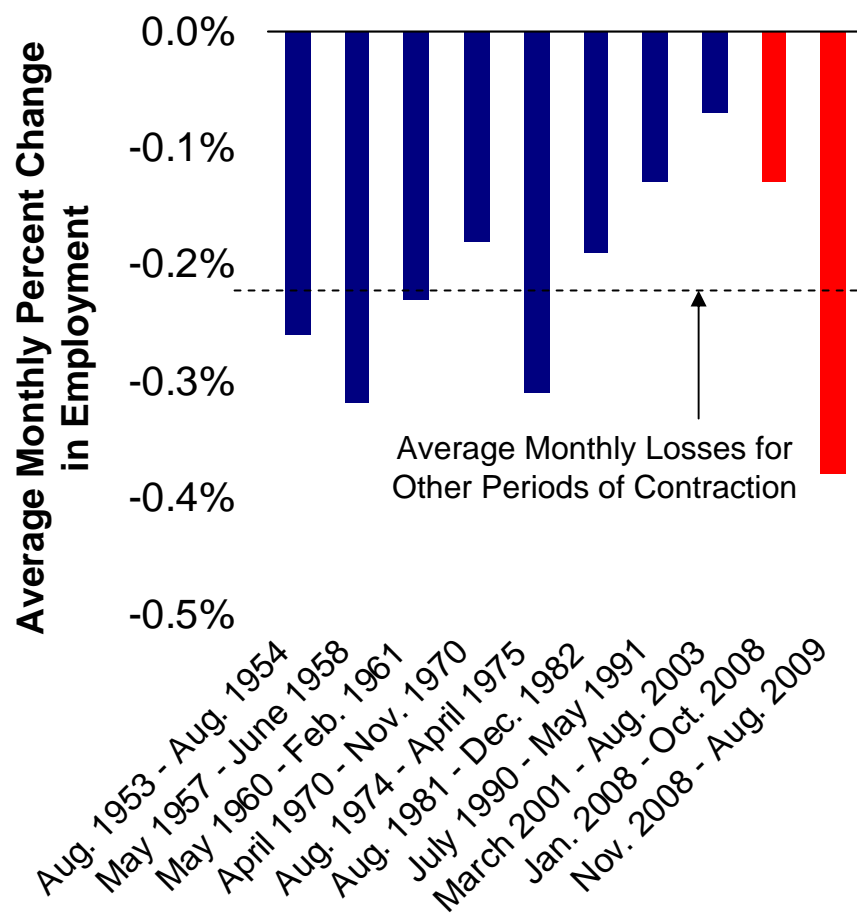
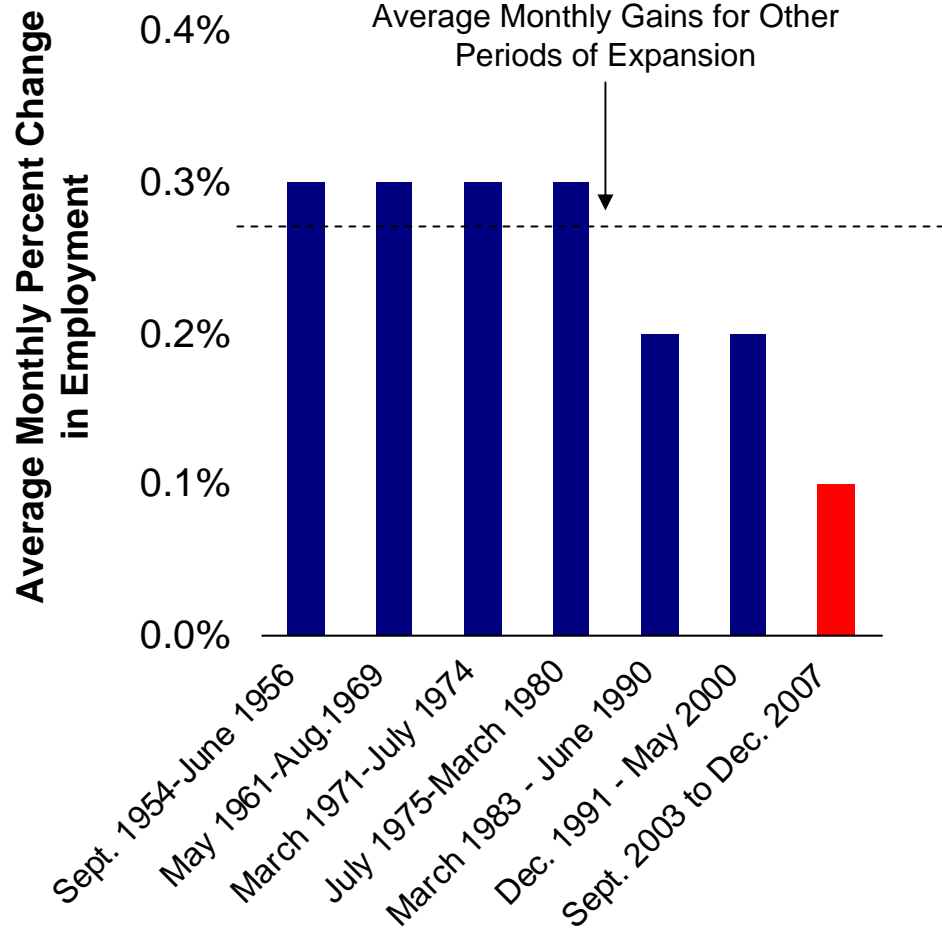


\* Forecast

\*\* Based on employment for the 12 months after the contraction period

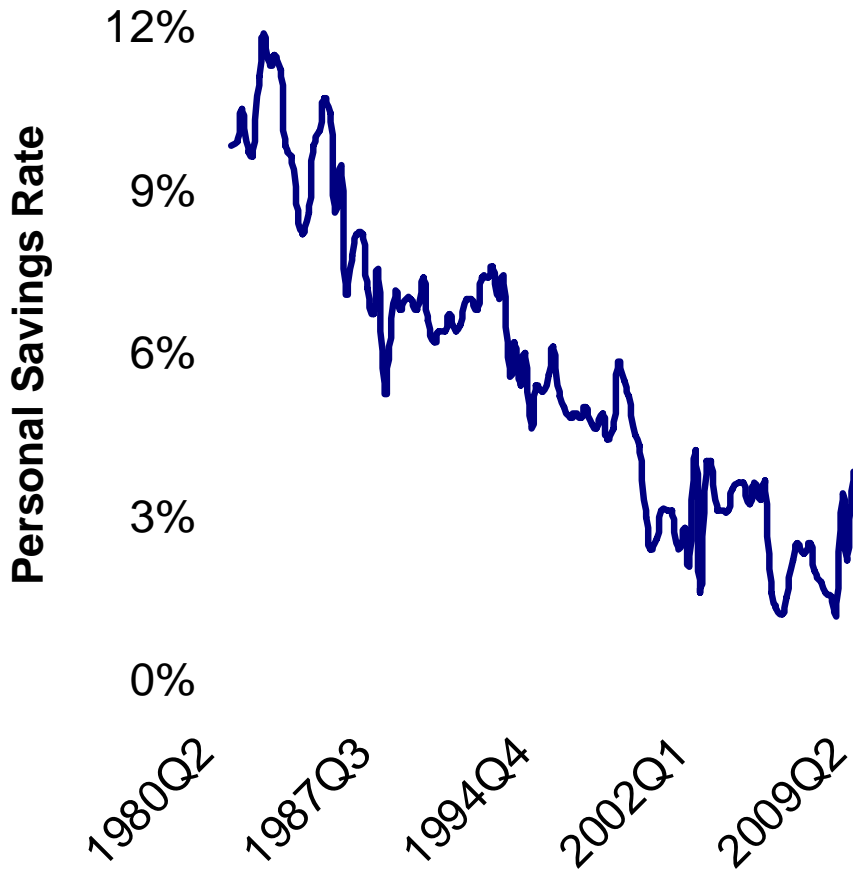
Sources: Marcus & Millichap Research Services, BLS

# Job Losses Had Been Below Trend Through August 2008 - Are Extreme Losses Since An Over-Reaction?

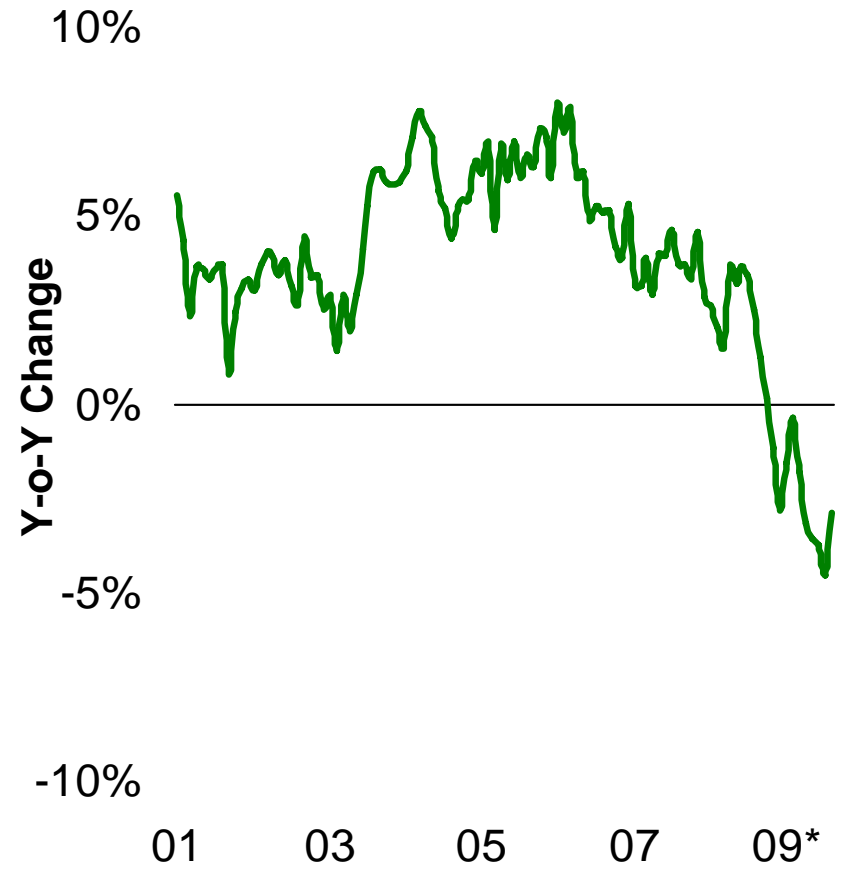


# Cash Preservation Effect Reflected In Personal Savings Rate Trend

## Personal Savings Rate



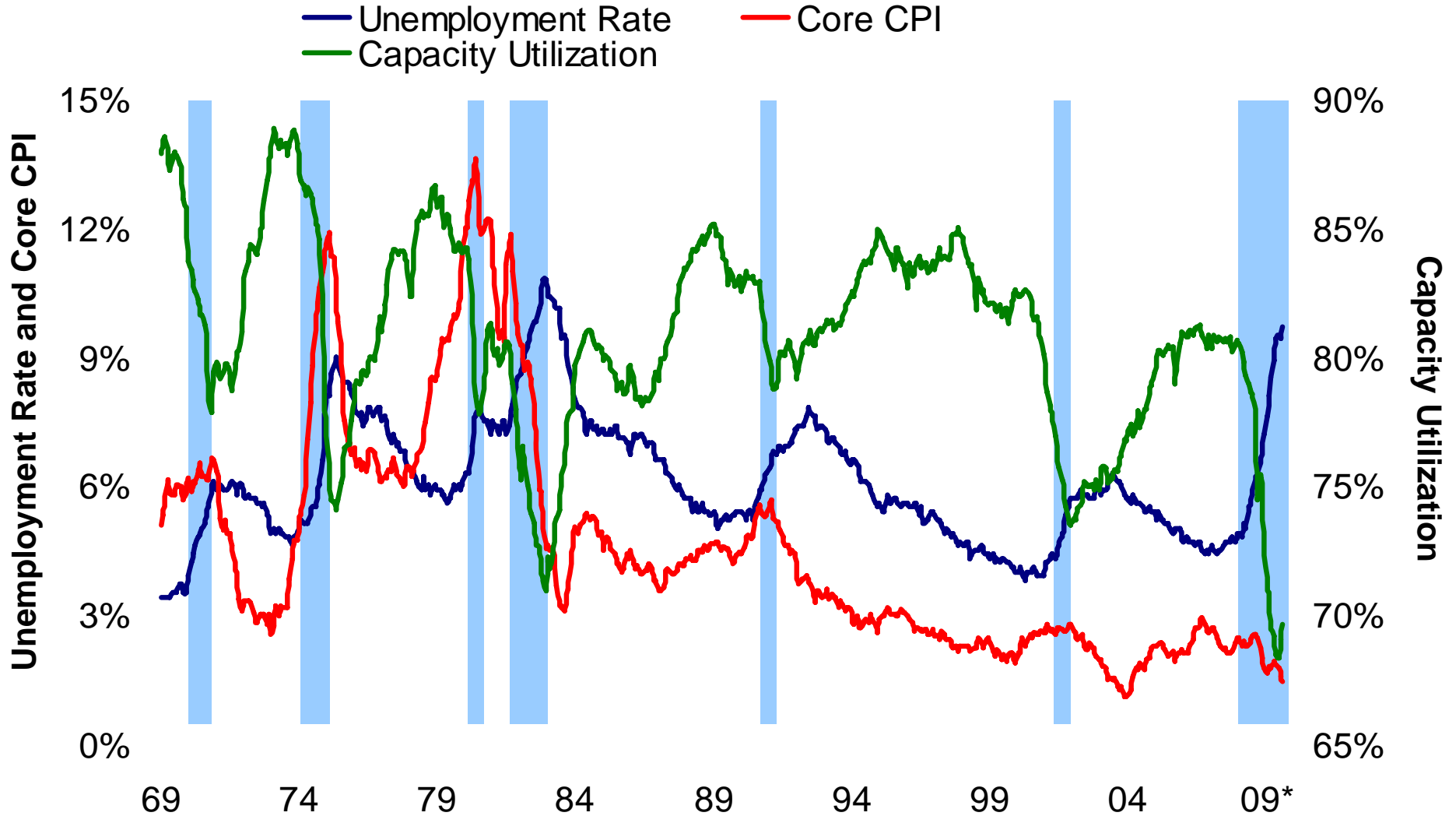
## Retail Sales Excl. Auto and Gas



\*Through August 2009

Sources: Marcus & Millichap Research Services, BEA, U.S. Census Bureau

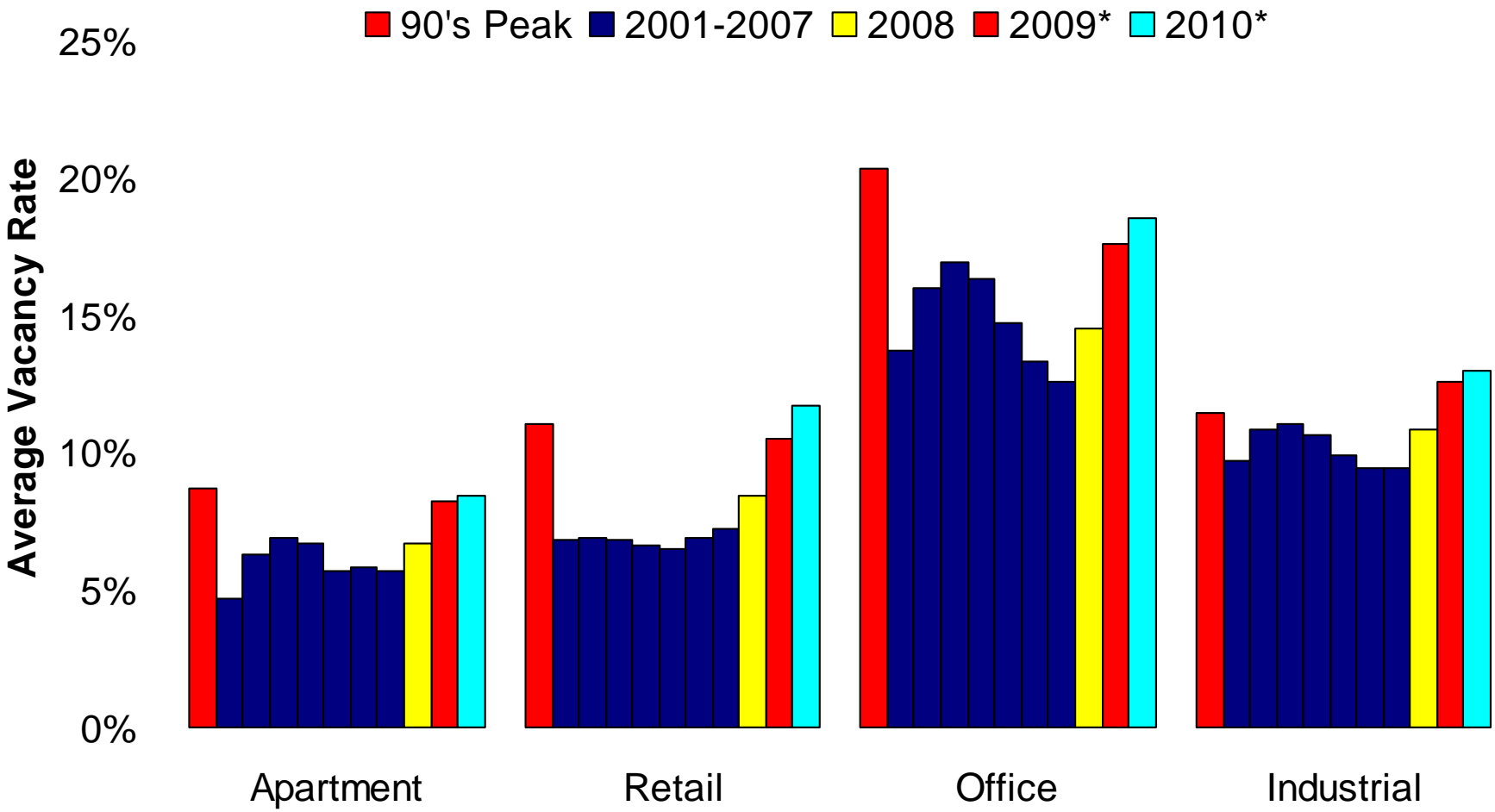
# Inflation Not a Threat...Yet



\* Through August

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

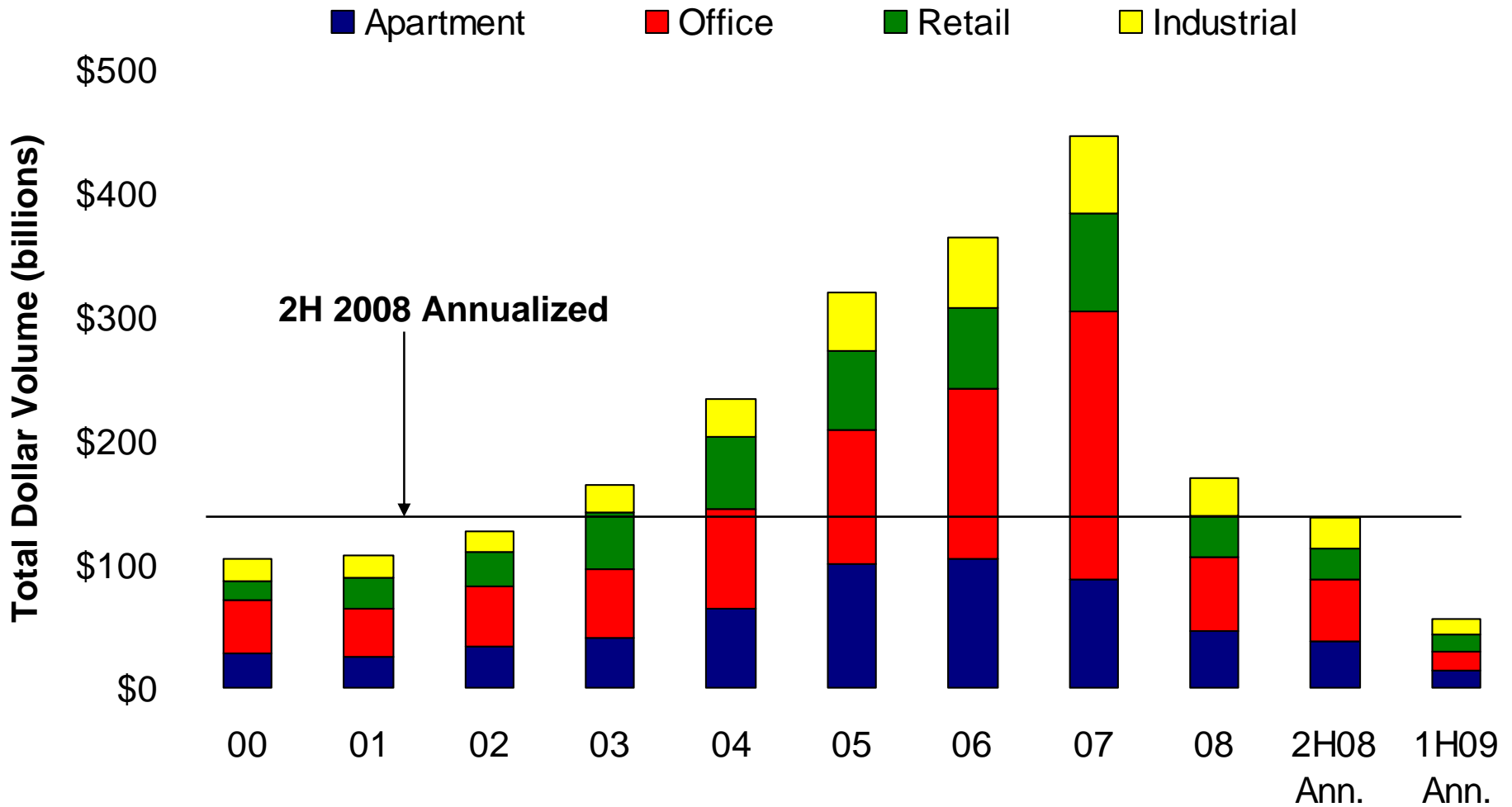
# Commercial Real Estate Vacancies Approaching or Exceeding Levels Reached in '90s Crisis and 2001 Recession



\* Forecast  
 Source: Marcus & Millichap Research Services, Reis

# U.S. Commercial Real Estate Investment Trends

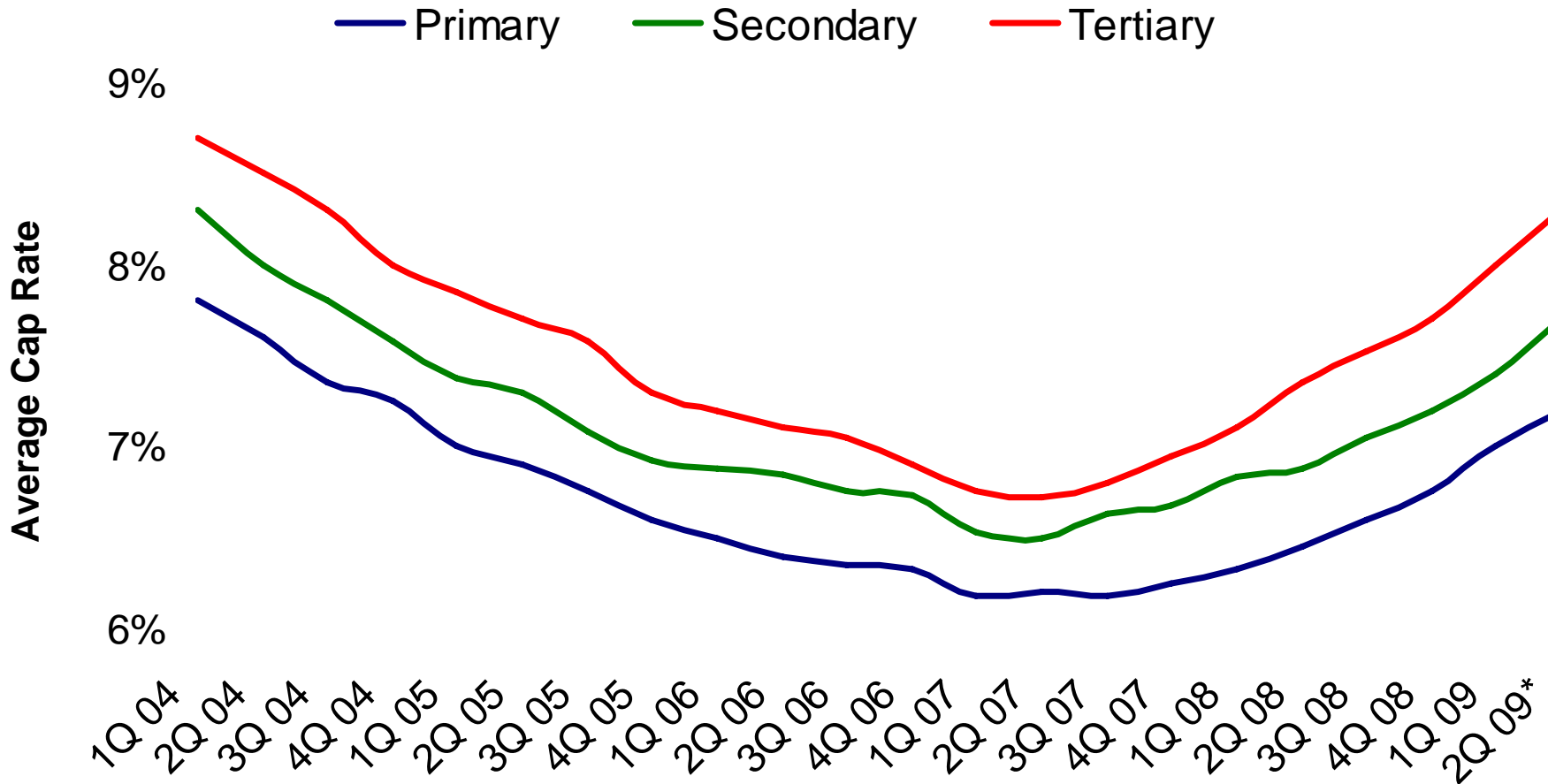
## Dollar Volume by Property Type



U.S. Sales \$1 million and above

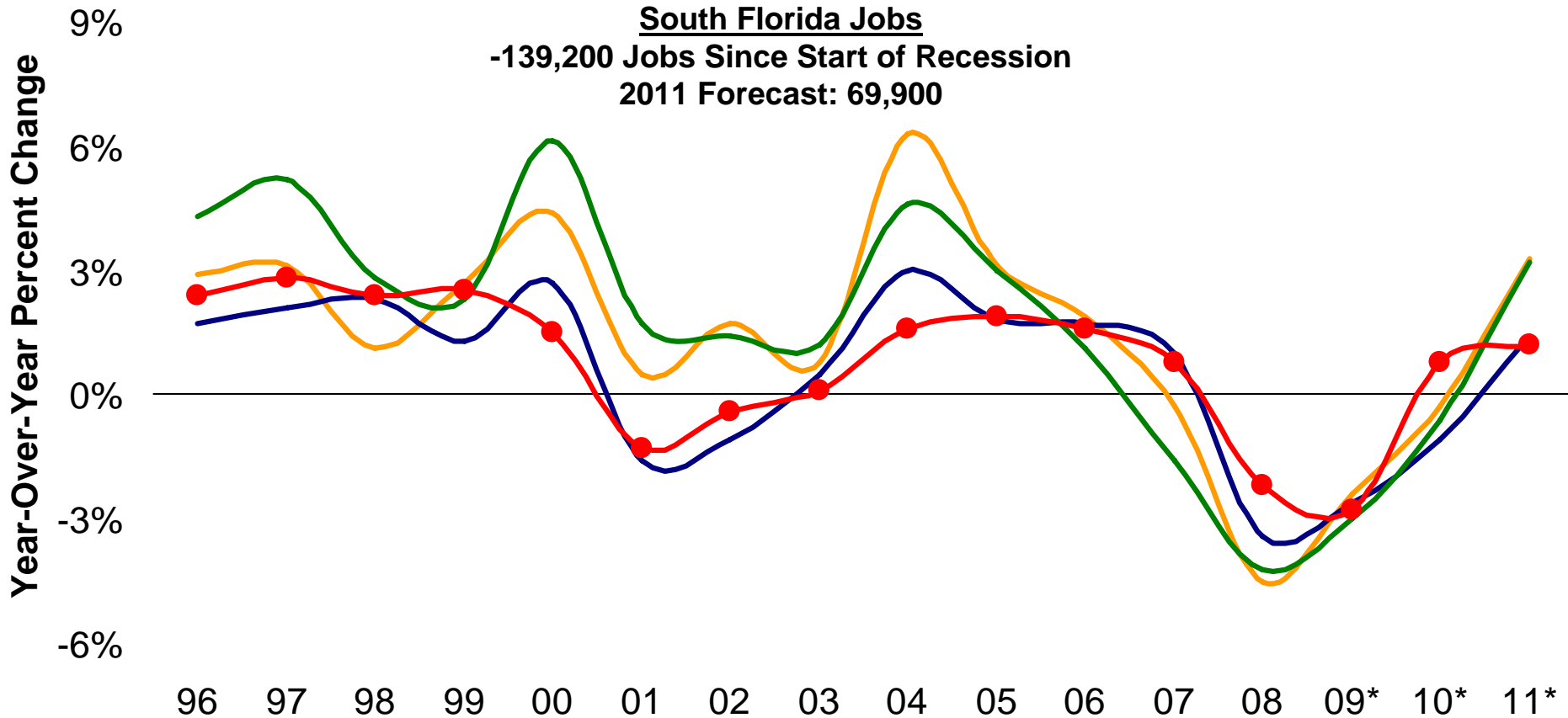
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

# Flight to Quality, Re-Pricing of Risk Reflected in Cap Rate Trends by Market Type



# Employment Growth South Florida vs. United States

— Fort Lauderdale — Miami — Palm Beach — United States

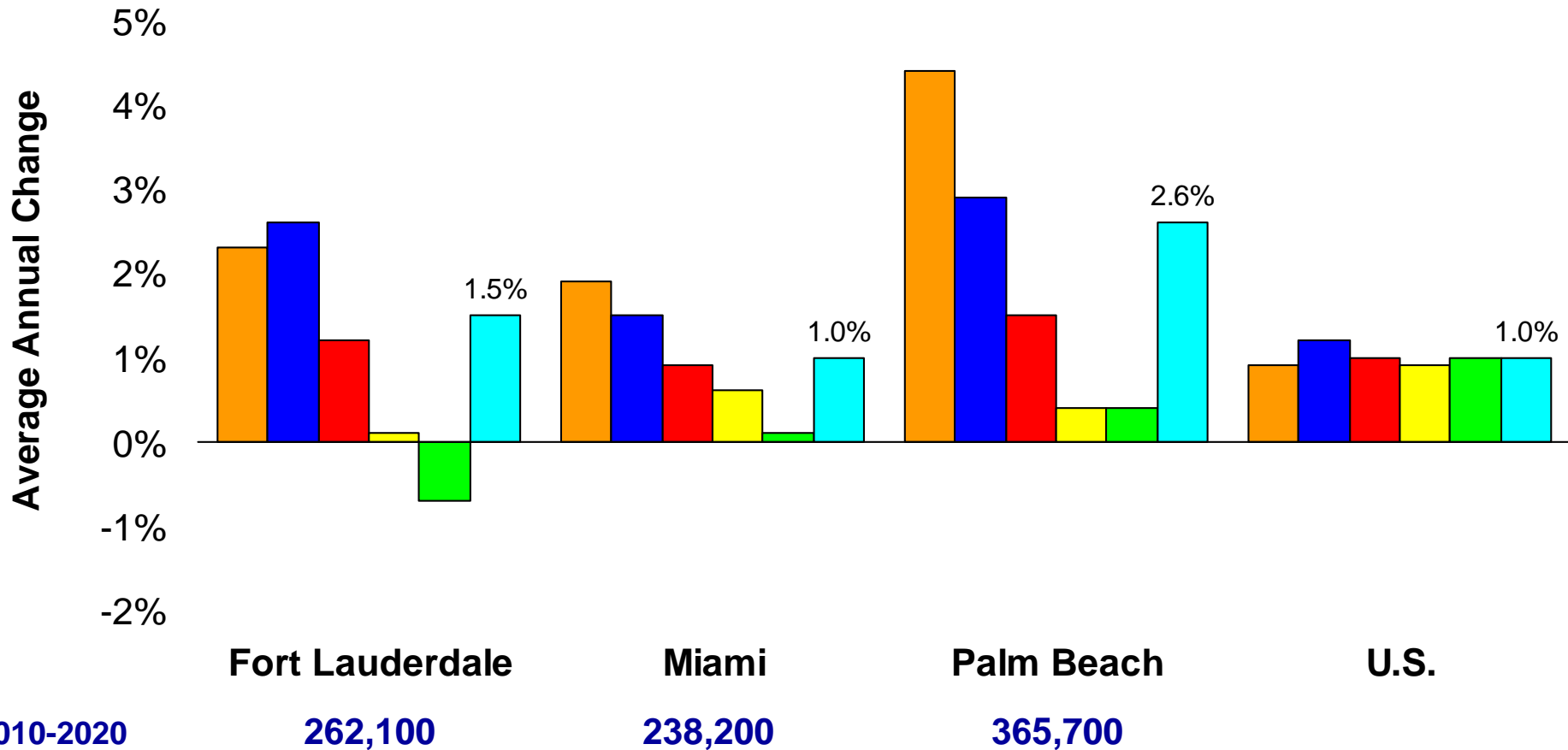


\* Forecast

Sources: Marcus Millichap Research Services, BLS

# South Florida Population Growth

■ 1980s   
 ■ 1990s   
 ■ 2000-2007   
 ■ 2008   
 ■ 2009\*   
 ■ 2010\*-2020\*

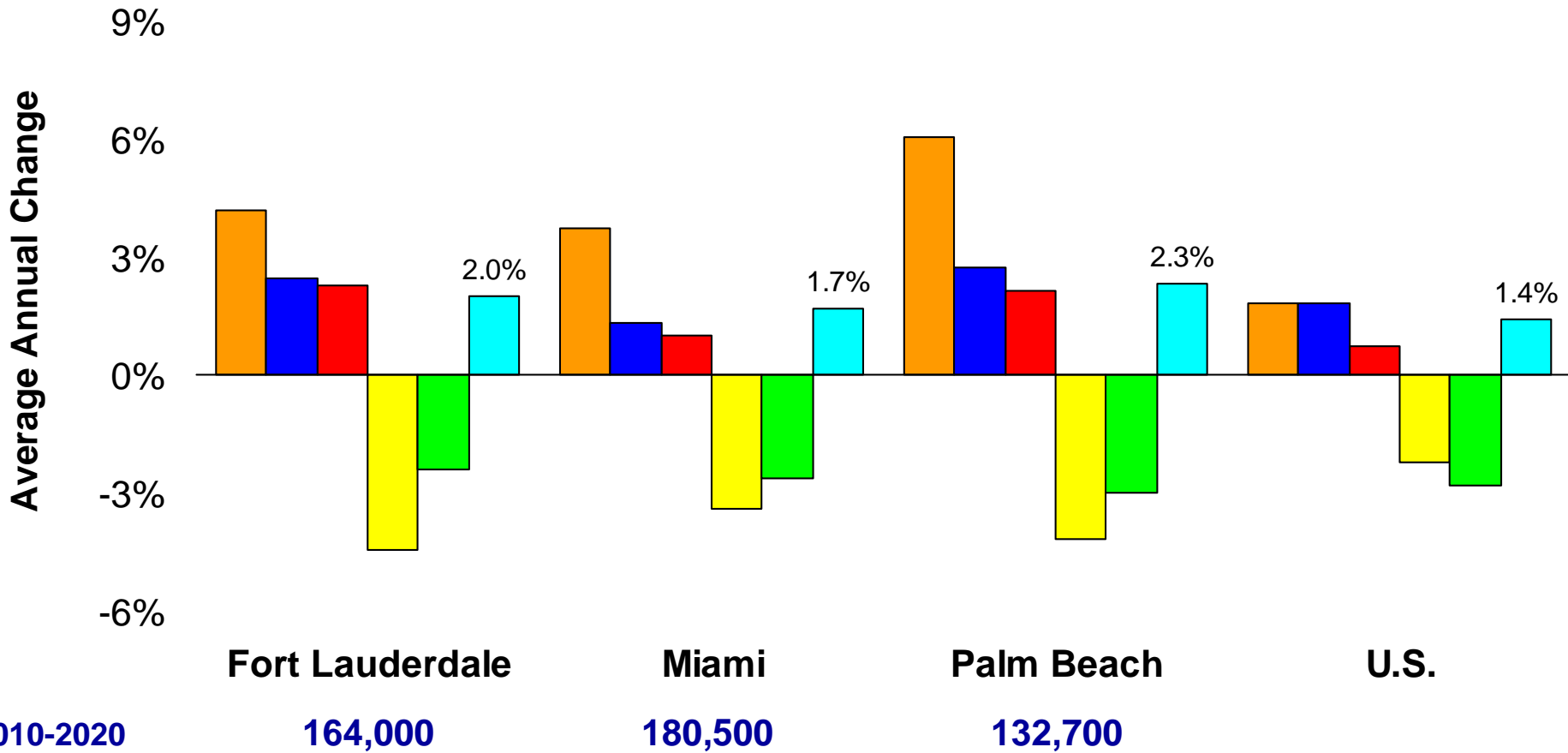


\* Forecast

Sources: Marcus & Millichap Research Services, Economy.com

# South Florida Job Growth

■ 1980s   
 ■ 1990s   
 ■ 2000-2007   
 ■ 2008   
 ■ 2009\*   
 ■ 2010\*-2020\*



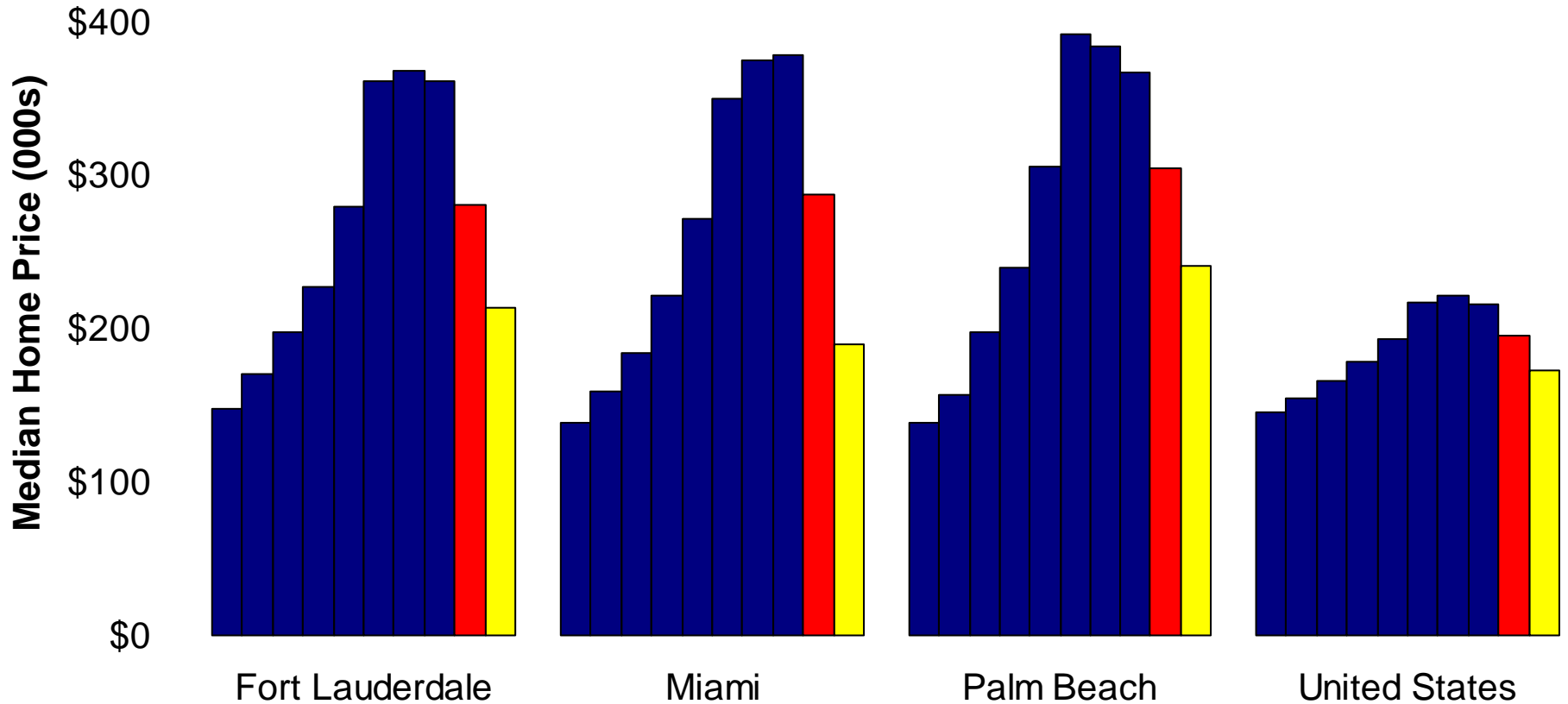
\* Forecast

Sources: Marcus & Millichap Research Services, BLS, Economy.com

# Existing Single-Family Home Prices

■ 2000-2007   ■ 2008   ■ 2009\*

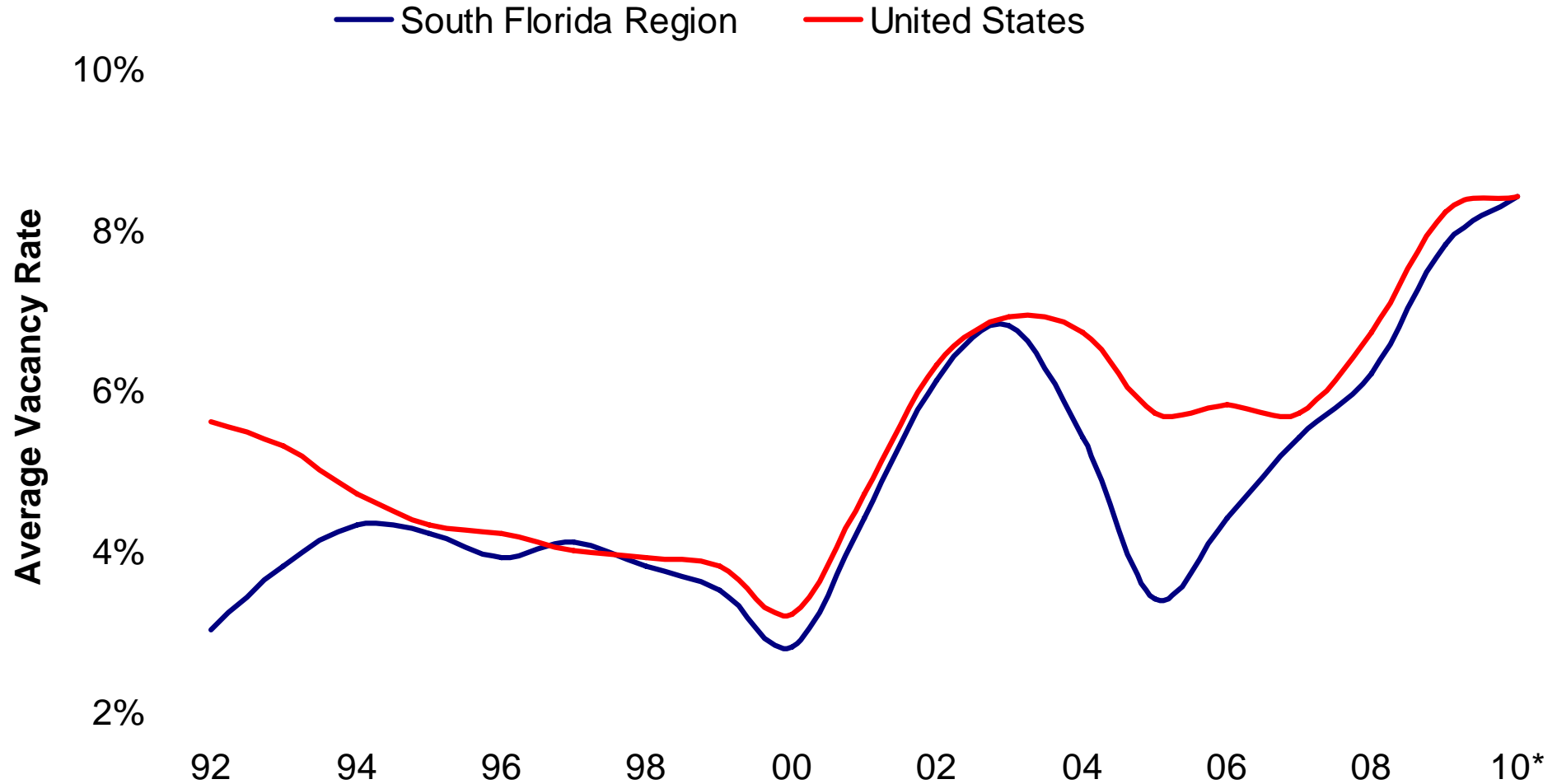
Percent Change '02-Peak:	86%	105%	99%	34%
Percent Change Peak-'08:	-44%	-53%	-43%	-24%



\* Through August

Sources: Marcus & Millichap Research Services, Economy.com, Florida Association of REALTORS®, NAR

# Apartment Vacancy Rate South Florida vs. United States



\* Forecast

South Florida Region includes: Fort Lauderdale, Miami, and Palm Beach

Sources: Marcus Millichap Research Services, Reis

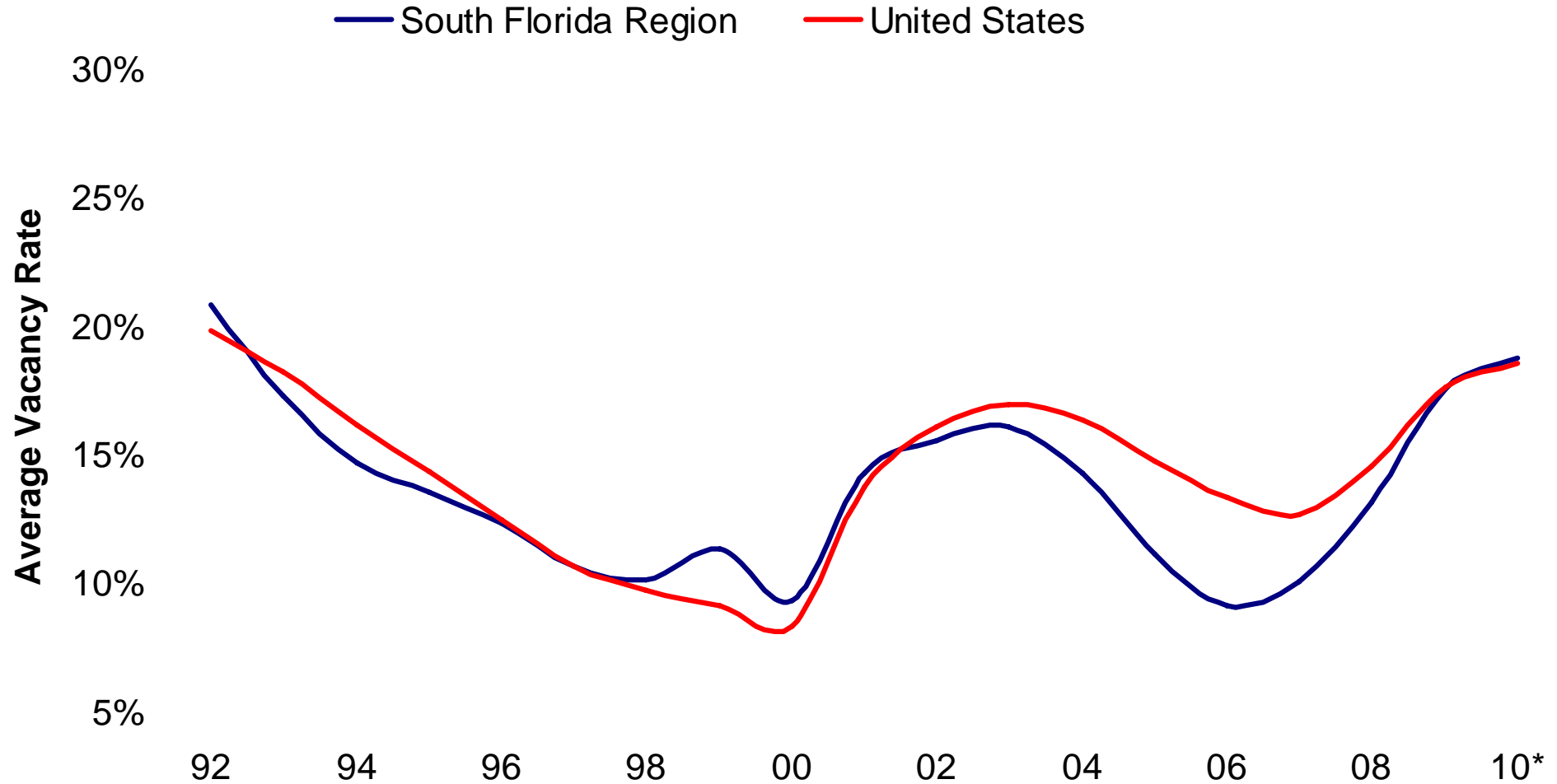
# South Florida Apartment Submarkets Vacancy Ranking

<b>Top 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
Hialeah	Miami	3.0%
South Dade/Homestead	Miami	4.0%
North Dade	Miami	4.1%
Plantation	Fort Lauderdale	4.3%
North Miami/Bayshore	Miami	4.3%

<b>Bottom 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
North Palm Beach	Palm Beach	9.6%
Oakland Park	Fort Lauderdale	9.8%
Fort Lauderdale	Fort Lauderdale	12.1%
Opa-Locka/Brownsville	Miami	12.2%
Lauderhill/Lauderdale	Fort Lauderdale	14.0%

# Office Vacancy Rate

## South Florida vs. United States



\* Forecast

South Florida Region includes: Fort Lauderdale, Miami, and Palm Beach

Sources: Marcus Millichap Research Services, Reis

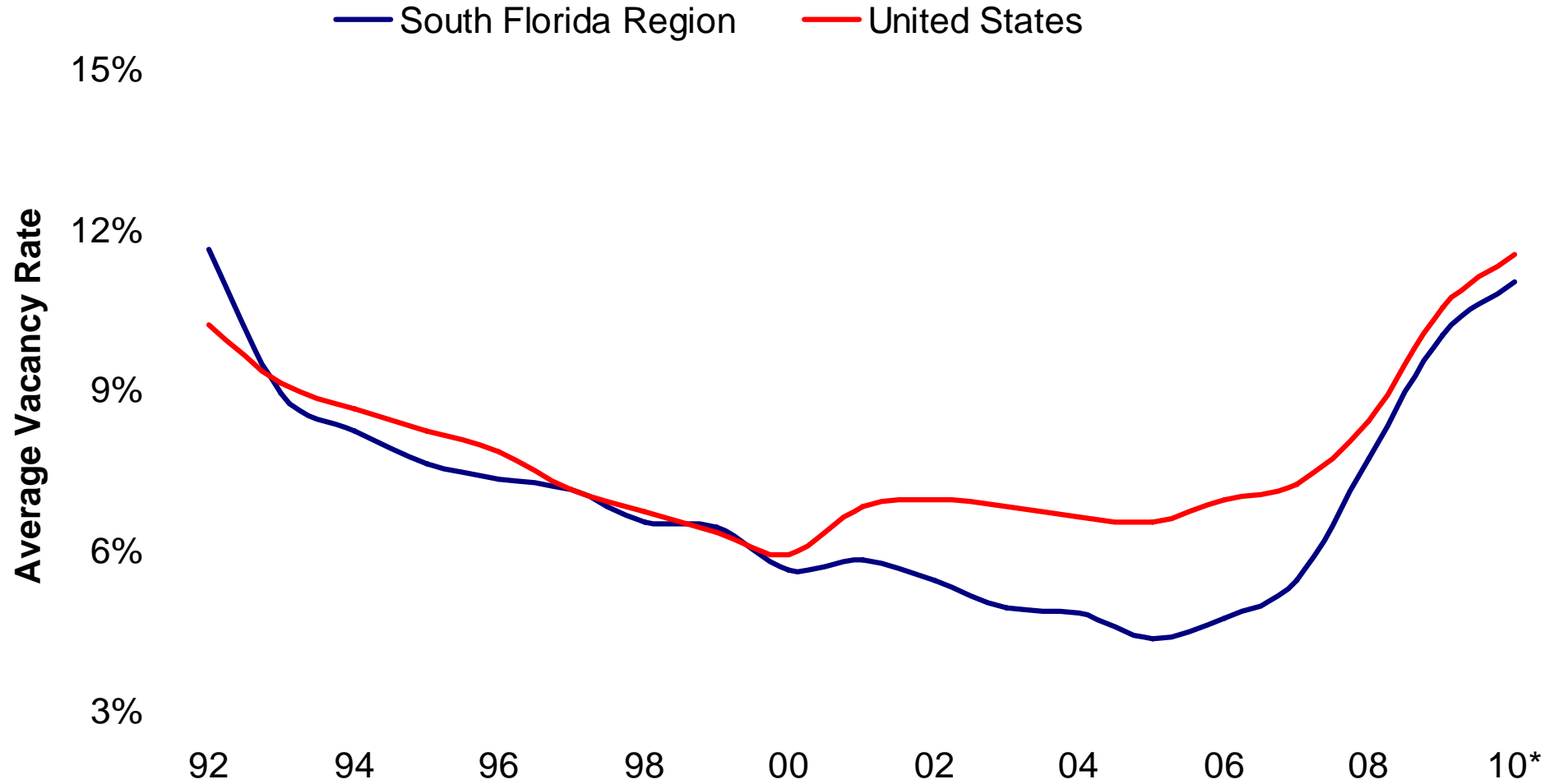
# South Florida Office Submarkets Vacancy Ranking

<b>Top 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
South Miami/Gables	Miami	2.2%
Downtown	Miami	10.6%
Coral Gables	Miami	10.8%
North Palm Beach	Palm Beach	11.5%
Hollywood/Hallandale	Fort Lauderdale	12.7%

<b>Bottom 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
Jupiter/Juno	Palm Beach	19.1%
Cypress Creek/Airport	Fort Lauderdale	20.4%
Hialeah	Miami	25.9%
Delray Beach	Palm Beach	26.3%
Coral Springs	Fort Lauderdale	28.5%

# Retail Vacancy Rate

## South Florida vs. United States



\* Forecast

South Florida Region includes: Fort Lauderdale, Miami, and Palm Beach

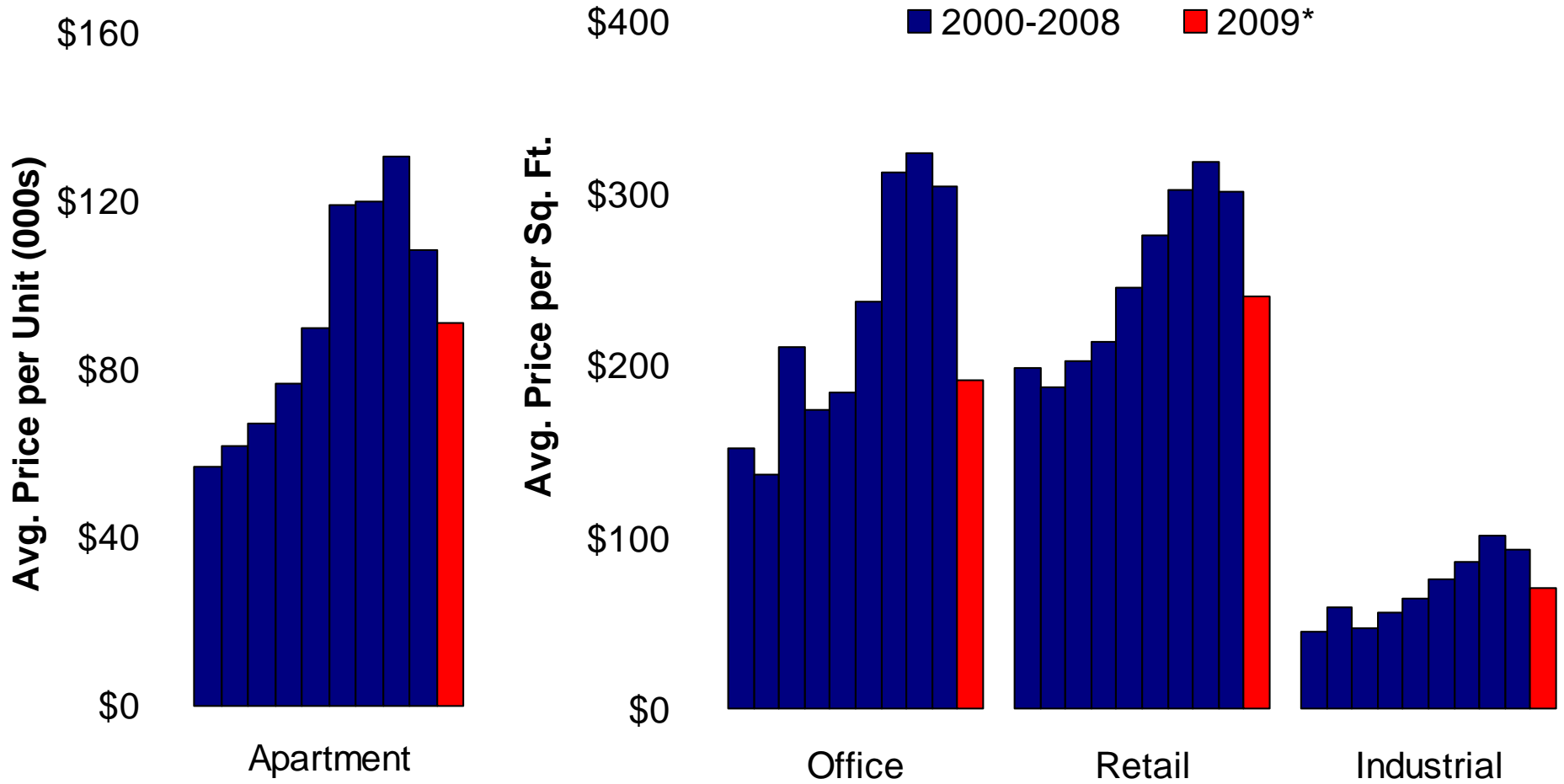
Sources: Marcus Millichap Research Services, Reis, CoStar Group, Inc.

# South Florida Retail Submarkets Vacancy Ranking

<b>Top 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
South Dade	Miami	5.0%
Coral Gables/Kendall	Miami	5.6%
Dania/Hollywood	Fort Lauderdale	7.0%
West Palm Beach	Palm Beach	7.6%
Fort Lauderdale	Fort Lauderdale	8.0%

<b>Bottom 5 Submarkets</b>	<b>Metro</b>	<b>2Q09 Vacancy</b>
Miami/Miami Beach	Miami	19.1%
Boynton Beach	Palm Beach	20.4%
Plantation/Sunrise/Tamarac	Fort Lauderdale	25.9%
North Palm Beach/Jupiter	Palm Beach	26.3%
Coral Springs/Margate	Fort Lauderdale	28.5%

# South Florida Average Price Trends



\* Through 2Q09

Includes Sales \$1,000,000 and above

Sources: Marcus & Millichap Research Services, CoStar Group, Inc.



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