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REAL ESTATE AND ECONOMIC CONDITIONS IN FLORIDA:

A Look at Some Key Counties

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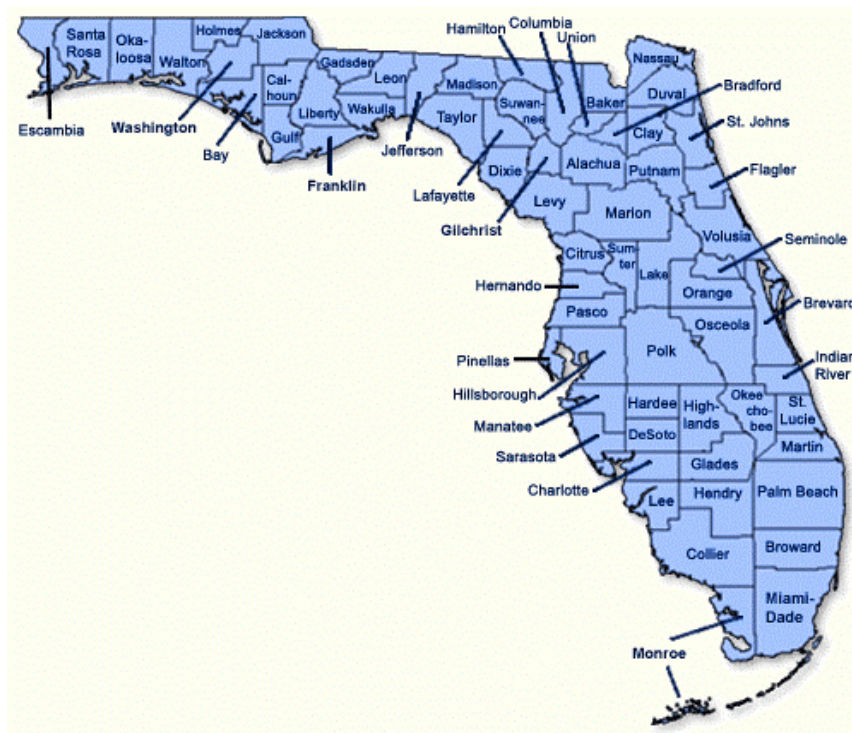


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BROWARD COUNTY:



ECONOMICS

Demographics

Broward County, located in Southeastern Florida, is the second most populous county in the state¹. Its major cities include Fort Lauderdale and Hollywood. The 2006 population estimate is calculated at 1,757,590 residents, according to the Census Bureau. The population grew 10.1% from April 2000 through July 1, 2006. That number, however, is lower than the population growth for the state of Florida, which was 13.2%. Close to half (49.9%) of Broward residents are white non-Hispanics. Blacks account for 24.9% of the population. Hispanics are the third largest ethnic group with 21.9%²³.

Income Statistics

As of 2005, Broward county had a median household income of \$46,673; furthermore, it had a median family income of \$55,151 and a per capita income of \$26,281^{4, 5}. More recent data from 2007 estimates that the median hourly wage for a Broward resident is \$13.85⁶. Assuming a 40-hour work week and a 52-week calendar year, we calculate that a typical Broward resident is earning \$28,808 *per annum*.

Broward has a robust labor market—shown in Figure 1 below—as measured by its unemployment rates. These county rates have been outpacing State figures. In actuality, 2003 was the last year that Broward's average unemployment rate was higher than the State's rate. During the past few months, both Broward and the State have maintained their rates of unemployment, 2.9% and 3.2%, respectively.

¹ Only Miami-Dade County is more populous.

² U.S. Census Bureau: State and County Quickfacts.

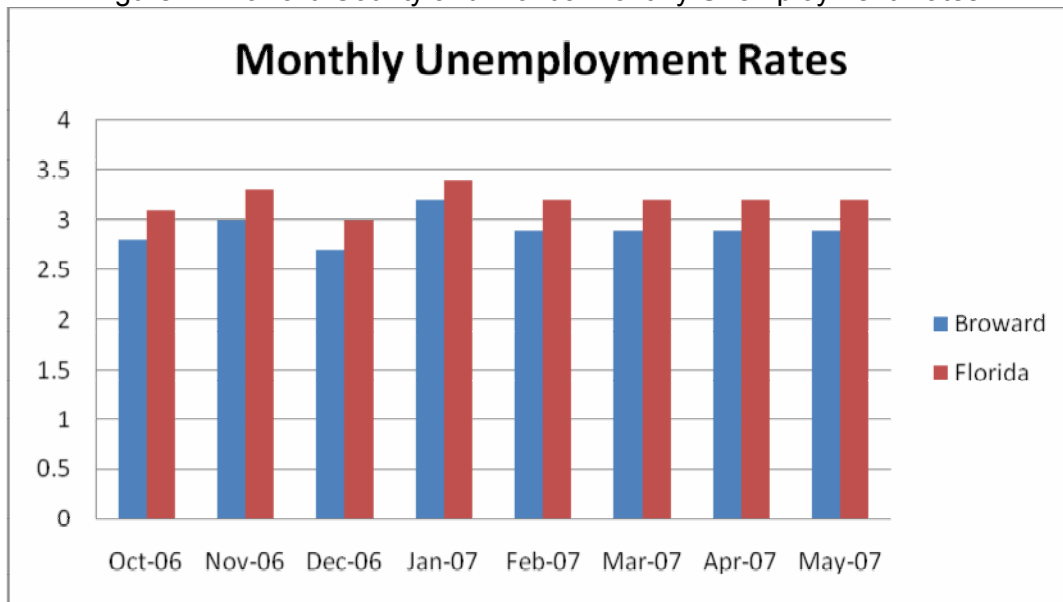
³ Hispanics may be of any race, so they are included in applicable race categories.

⁴ Ibid.

⁵ According to Census definitions, a household includes all of the people who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters. A family includes a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption.

⁶ Agency for Workforce Innovation: Florida Occupational Employment and Wages, Broward County, May 2007.

Figure 1: Broward County and Florida Monthly Unemployment Rates⁷



REAL ESTATE

Single-Family Existing Homes

Realtor sales of existing homes and condominiums tell much of the story since they account for approximately 75% of all home purchases nationwide. The single-family existing homes market in Broward is similar to much of the state. Small changes in prices from the previous year translate into more houses not selling. For example, when we compare March of this year to the figures of last year (Table 1), we see that a one percent increase in the median sales price led to a 25% drop in the number of sales by realtors. Also, a drop in the sales price from one year to the next does not necessarily induce people to purchase homes. If we look at November 2006 and compare it to November 2005, we see a drop in sales of 23% even after accounting for the seven percent decline in price. May 2007 proved to be a difficult month for realtor sales of single family homes. As compared with one year ago, there were 33% fewer realtor sales this year.

Table 1: Median Sale Prices and Sales for Single-Family, Existing Homes in Broward County⁸

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 605 | \$362,000 | Nov-05 | 788 | \$391,100 | -23 | -7 |
| Dec-06 | 618 | \$367,600 | Dec-05 | 666 | \$369,000 | -7 | 0 |
| Jan-07 | 458 | \$364,500 | Jan-06 | 552 | \$370,500 | -17 | -2 |
| Feb-07 | 498 | \$362,200 | Feb-06 | 622 | \$360,800 | -20 | 0 |
| Mar-07 | 601 | \$372,400 | Mar-06 | 804 | \$368,100 | -25 | 1 |
| Apr-07 | 580 | \$363,800 | Apr-06 | 694 | \$360,600 | -16 | 1 |
| May-07 | 574 | \$367,700 | May-06 | 862 | \$379,800 | -33 | -3 |

⁷ Agency for Workforce Innovation: Local Area Unemployment Statistics, May 2007.

⁸ Florida Association of Realtors and University of Florida Real Estate Research: Florida Sales Reports.

Existing Condominiums

The figures on existing condominiums paint an even dimmer picture of real estate market conditions in Broward. We see both a significant drop in prices from the same month one year before and fewer sales going through. To illustrate, in Table 2, the month of February shows a 10% decrease in price from one year to the next; yet, we still see a 24% drop in sales. Analogously, in the following month of April, a 4% drop in price from the previous year is associated with a 32% drop in sales from the same month a year before.

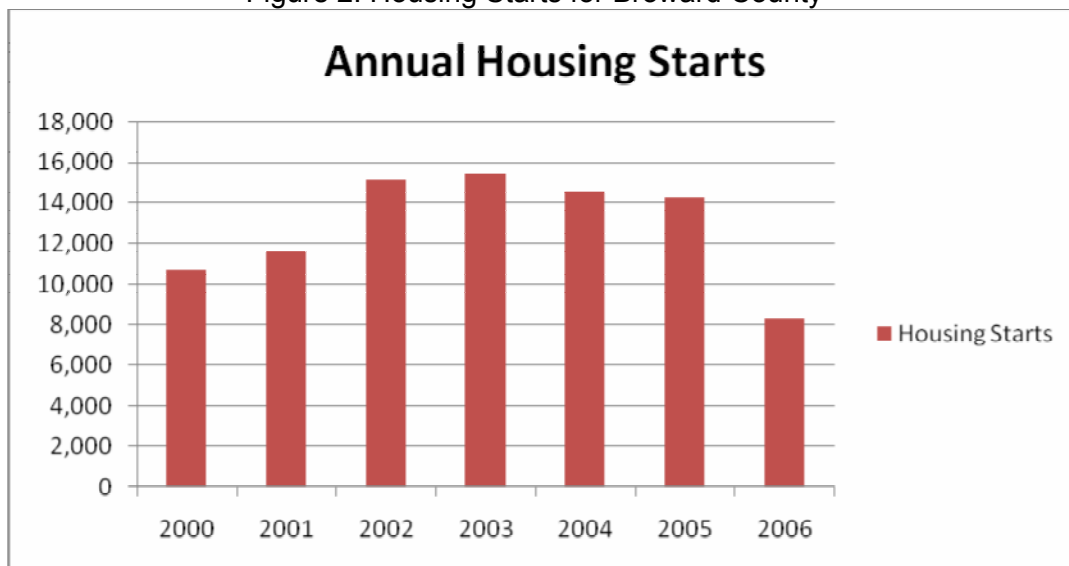
Table 2: Median Sale Prices and Sales for Existing Condominiums in Broward County⁹

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-07 | 560 | \$199,700 | Nov-07 | 910 | \$198,900 | -38 | 0 |
| Dec-07 | 622 | \$199,700 | Dec-07 | 856 | \$197,700 | -27 | 1 |
| Jan-07 | 556 | \$199,200 | Jan-07 | 753 | \$211,500 | -26 | -6 |
| Feb-07 | 562 | \$194,800 | Feb-07 | 740 | \$216,800 | -24 | -10 |
| Mar-07 | 663 | \$195,500 | Mar-07 | 982 | \$202,600 | -32 | -4 |
| Apr-07 | 683 | \$197,800 | Apr-07 | 873 | \$214,200 | -22 | -8 |
| May-07 | 655 | \$202,600 | May-06 | 929 | \$212,300 | -29 | -5 |

New Homes

Broward has reached a critical point where it has basically run out of land to build on. The county has gone west as far as possible. In order to keep growing, condominiums are being built on the eastern edge of the county while new construction of single family homes will be built on what little remains of the western side. Yearly declines for both housing starts and permits—Figure 2 and Table 3—corroborate this story. However, in Table 4 we see that the number of units built and their associated costs have remained steady for most of 2007.

Figure 2: Housing Starts for Broward County¹⁰



⁹ Florida Association of Realtors and University of Florida Real Estate Research: Florida Sales Reports.

¹⁰ Office of Economic and Demographic Research: Broward County.

Table 3: Yearly Building Permits and Constructions costs for Broward County¹¹

| Year | Buildings | Units | Construction Cost |
|------|-----------|--------|-------------------|
| 2000 | 9,362 | 11,970 | \$1,486,624,200 |
| 2001 | 8,476 | 10,761 | \$1,381,461,200 |
| 2002 | 6,003 | 12,028 | \$1,576,728,127 |
| 2003 | 4,133 | 8,218 | \$1,118,885,875 |
| 2004 | 5,021 | 8,709 | \$1,065,926,206 |
| 2005 | 3,826 | 6,951 | \$1,106,812,826 |
| 2006 | 3,740 | 6,716 | \$988,266,436 |

Figure 3: Construction Costs for Yearly Building Permits in Broward County¹²



Table 4: 2007 Building Permits, Units and Construction Costs for Broward County¹³

| 2007 | Buildings | Units | Construction Cost |
|------------|-----------|--------|-------------------|
| Jan-07 | 171 | 302 | \$44,158,428 |
| Feb-07 | 207 | 402 | \$56,570,100 |
| Mar-07 | 231 | 434 | \$61,472,270 |
| Apr-07 | 197 | 466 | \$55,310,722 |
| 2007 TOTAL | 2,418* | 4,812* | \$652,534,560* |

**Note: Henceforth, all similar data for the different counties is attained from the same sources as they were for Broward County, respectively.

¹¹ U.S. Census Bureau: Monthly New Privately-Owned Residential Building Permits.

¹² Ibid.

¹³ Ibid.

* Estimated adding the first 4 months and multiplying by 3.

COLLIER COUNTY



ECONOMICS

Demographics

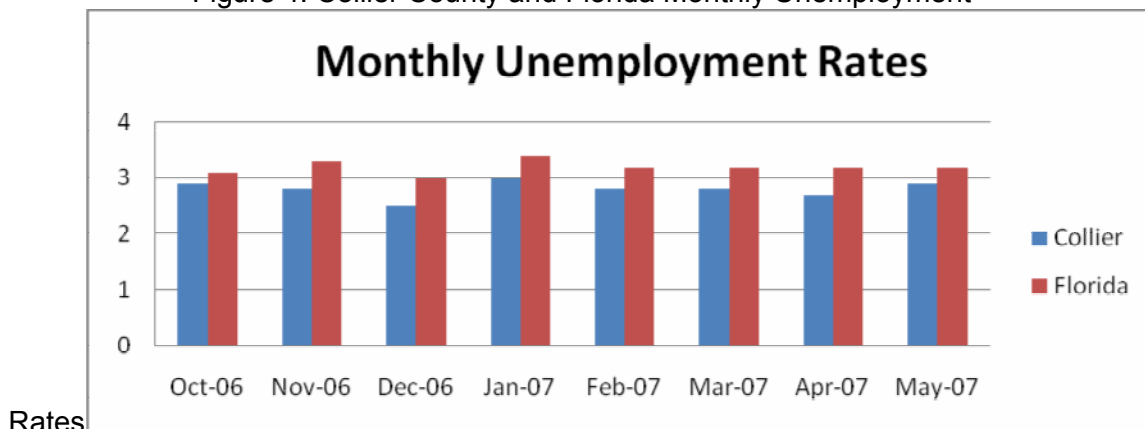
Collier County is located in Southwestern Florida, with its most notable cities being Naples and Marco Island. Its population is about 326,658 persons, which represents a growth of 29.9% from the year 2000. Collier County's growth is more than double that of the State, which was 13.2%. The majority of Collier county residents are White non-Hispanics: 68.6% of the population as of 2005. Hispanics, as in many other Florida counties, comprise the second largest ethnic group with 24.4% of the population. Blacks account for 5.9% of the population.

Income Statistics

The latest available figures show that for 2005, the median household income was \$52,179. The median family income was \$60,417, and the per capita income was \$33,374. Data for 2007 show the median hourly wage to be \$13.67.

The labor market in Collier County is strong, continually outperforming the state average. The unemployment rate in May 2007 was 2.9%; the State of Florida averaged 3.2%. To be specific, Collier County has maintained a lower annual unemployment rate than the state of Florida going back to the year 2000.

Figure 4: Collier County and Florida Monthly Unemployment



REAL ESTATE

Single-Family Existing Homes

Unfortunately, much of the data on Single-Family Existing Homes from Collier County are unavailable. Essentially, only data available from the Marco Island Association of Realtors are used. While we admit that this sample size is too small to derive any robust conclusions, it is fair to assume that Collier County faces similar issues as the rest of state. These issues can include a stagnant market and an overabundance of homes for sale. In Table 5, we provide the figures available.

Table 5: Median Sales Price and Sales for Single Family, Existing Homes in Collier County¹⁴

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Dec-07 | 31 | \$532,600 | Dec-05 | 19 | \$532,100 | 63 | 0 |
| Jan-07 | N/A | N/A | Jan-06 | N/A | N/A | N/A | N/A |
| Feb-07 | 17 | \$529,200 | Feb-06 | 22 | \$531,300 | -23 | 0 |
| Mar-07 | 26 | \$518,800 | Mar-06 | 49 | \$537,200 | -47 | -3 |
| Apr-07 | N/A | N/A | Apr-06 | N/A | N/A | N/A | N/A |
| May-07 | 37 | \$536,200 | May-06 | 29 | \$531,000 | 28 | 1 |

Existing Condominiums

Collier County data for Existing Condominiums are also incomplete, with the only data available originating from the Marco Island Association of Realtors. Available figures are shown in Table 6.

Table 6: Median Sales Price and Sales for Existing Condominiums in Collier County¹⁵

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Dec-07 | 22 | \$400,000 | Dec-05 | 48 | \$535,100 | -54 | -25 |
| Jan-07 | N/A | N/A | Jan-06 | N/A | N/A | N/A | N/A |
| Feb-07 | 28 | \$500,000 | Feb-06 | 42 | \$485,700 | -33 | 3 |
| Mar-07 | 41 | \$502,400 | Mar-06 | 49 | \$505,800 | -16 | -1 |
| Apr-07 | N/A | N/A | Apr-06 | N/A | N/A | N/A | N/A |
| May-07 | 6 | \$350,000 | May-06 | 53 | \$375,000 | -89 | -7 |

New Homes

New construction in Collier County has been coming down for a while now. Housing starts have been declining in Collier County since the year 2000, when it had 8,255 housing starts. In 2006, the county was down to 5,473 housing starts. Monthly figures for building permits and construction costs during 2007 indicate that this year is going to see an even further drop in construction.

¹⁴ Data from the Naples Area Board of Realtors and Association of Real Estate Professionals is not included.

¹⁵ Ibid.

Figure 5: Housing Starts for Collier County

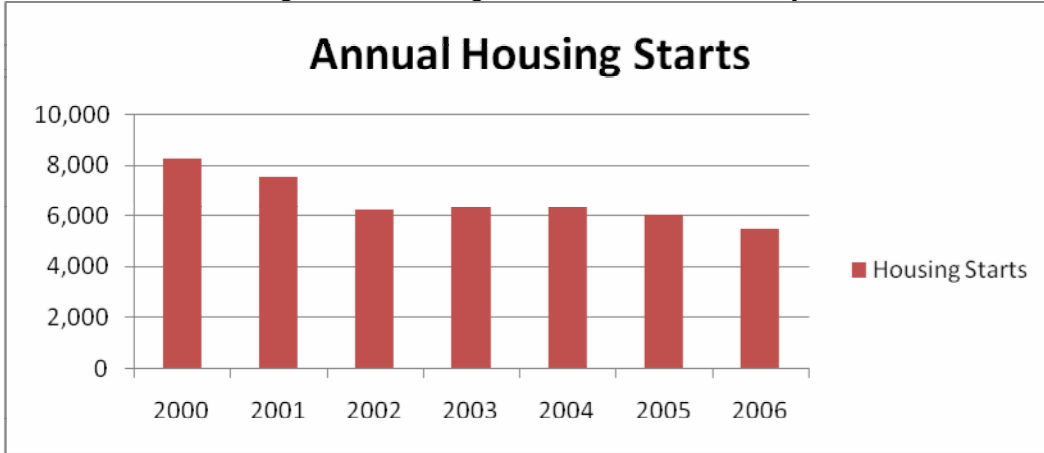


Table 7: Yearly Building Permits and Construction Costs for Collier County

| Year | Buildings | Units | Construction Cost |
|------|-----------|-------|-------------------|
| 2000 | 4,502 | 7,970 | \$1,188,311,382 |
| 2001 | 4,427 | 8,158 | \$1,093,849,788 |
| 2002 | 4,605 | 7,282 | \$1,113,548,021 |
| 2003 | 3,700 | 5,820 | \$977,444,600 |
| 2004 | 4,551 | 6,921 | \$1,487,543,161 |
| 2005 | 4,390 | 6,622 | \$1,655,668,851 |
| 2006 | 3,163 | 4,788 | \$1,228,774,215 |

Figure 6: Construction Costs for Yearly Building Permits in Collier

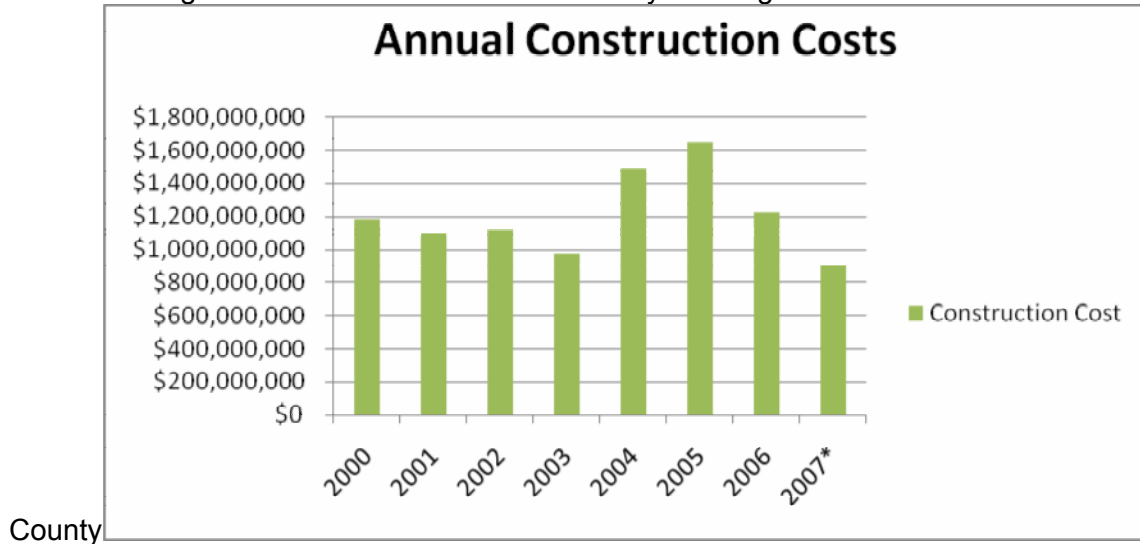


Table 8: 2007 Building Permits, Units and Construction Costs for Collier County

| 2007 | Buildings | Units | Construction Cost |
|-------------|------------------|--------------|--------------------------|
| Jan-07 | 115 | 194 | \$45,828,843 |
| Feb-07 | 166 | 195 | \$48,281,688 |
| Mar-07 | 105 | 253 | \$65,478,730 |
| Apr-07 | 155 | 342 | \$139,534,004 |
| TOTAL | 1,623 | 2,952 | \$897,369,795 |

LEE COUNTY:



ECONOMICS

Demographics

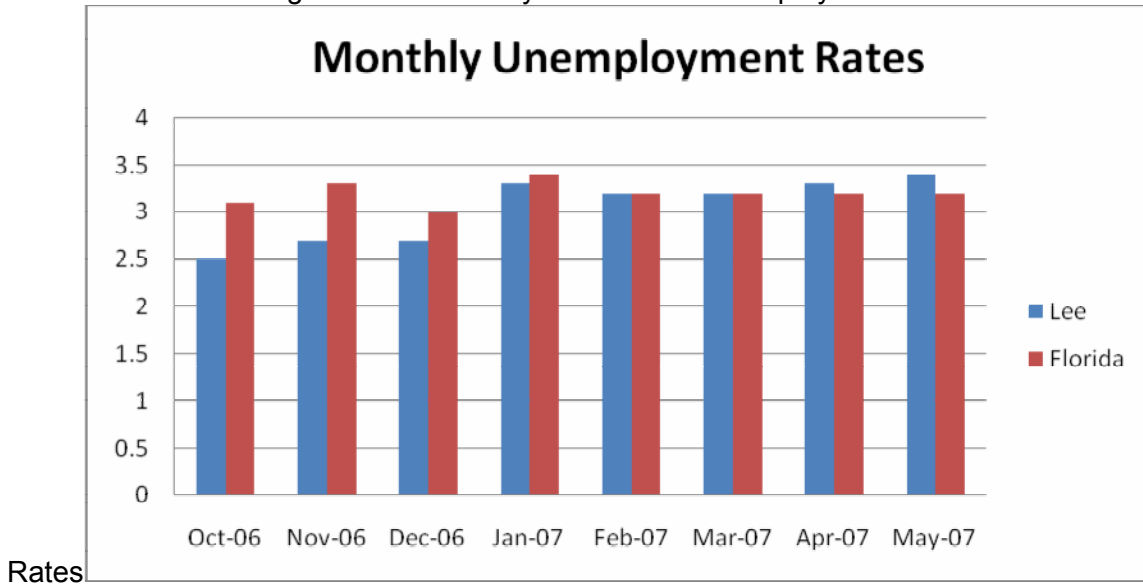
Lee County is located in Southwestern Florida, directly to the north of Collier County. Its major cities include Cape Coral and Fort Myers. The 2006 population is estimated to be 585,608 residents. This figure encompasses an impressive 32.8% increase in population since 2000. White non-Hispanics citizens comprise 76.6% of the population; Hispanics account for 14.3%. Lee County has a Black population of 7.5%

Income Statistics

Median household income for Lee County (for 2005) is measured at \$46,503. Additionally, median family income was \$51,848 and per capita income was \$28,286. As of May 2007, the median hourly wage for residents was \$13.38.

The labor market in Lee County has been commensurate with state averages. However, annualized rates of unemployment for Lee County have always been better than state averages.

Figure 7: Lee County and Florida Unemployment



REAL ESTATE

Single Family Existing Homes

The real estate market in Lee County has seen difficult times. The county has experienced (on average) a 36% decline in the number of realtor sales during the last seven months. December proved to be particularly painful when compared with the number of sales the year before. We also notice that the disconnect between changes in price and changes in demand still remains. Even though home prices have steadily fallen, this has not been matched by an increase in purchases.

Table 9: Median Sale Prices and Sales for Single-Family, Existing Homes in Lee County

| 2006/2007 | Realtor Sales | Median Sales Prices | 2005/2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|-----------|---------------|---------------------|-----------|---------------|---------------------|-------------------|-------------------|
| Nov-06 | 637 | \$258,600 | Nov-05 | 810 | \$295,400 | -21 | -12 |
| Dec-06 | 598 | \$262,500 | Dec-05 | 1084 | \$322,300 | -45 | -19 |
| Jan-07 | 492 | \$266,900 | Jan-06 | 751 | \$287,200 | -34 | -7 |
| Feb-07 | 423 | \$256,100 | Feb-06 | 682 | \$280,300 | -38 | -9 |
| Mar-07 | 636 | \$268,000 | Mar-06 | 955 | \$281,300 | -33 | -5 |
| Apr-07 | 573 | \$283,200 | Apr-06 | 916 | \$280,500 | -37 | 1 |
| May-07 | 575 | \$281,500 | Apr-07 | 993 | \$286,500 | -42 | -2 |

Existing Condominiums

Similar to what we have seen with the other countries of interest, Lee County has seen a staggering decrease in both the price of condos and in the amount of activity in the market. With the one exception of December 2006, each of the past seven months has seen a decline in sales from last year's levels ranging anywhere from eight percent all the way up to a dramatic forty percent drop in sales activity. As mentioned before, the drops in sales are accompanied by similarly

remarkable decreases in price. Although it may certainly be a buyer's market, no one is interested in buying.

Table 10: Median Sale Prices and Sales for Existing Condominiums in Lee County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 119 | \$245,000 | Nov-05 | 130 | \$285,000 | -8 | -14 |
| Dec-06 | 161 | \$256,300 | Dec-05 | 127 | \$306,500 | 27 | -16 |
| Jan-07 | 138 | \$285,000 | Jan-06 | 229 | \$313,800 | -40 | -9 |
| Feb-07 | 149 | \$247,600 | Feb-06 | 195 | \$356,600 | -24 | -31 |
| Mar-07 | 221 | \$250,800 | Mar-06 | 272 | \$318,900 | -19 | -21 |
| Apr-07 | 223 | \$244,100 | Apr-06 | 259 | \$322,500 | -14 | -24 |
| May-07 | 194 | \$226,500 | Apr-07 | 250 | \$320,800 | -22 | -29 |

New Homes

New home construction has had a cyclical pattern for the past seven years of records. While building permits and construction of new homes steadily increased from 2000 through 2005, the housing market took a sudden downturn in 2006. After rising nearly 300% in only five years, building permits suddenly dropped 34% to 15,091. While certainly much lower than the previous couple years, this figure still represents an inordinate jump from normal annual figures. This downward trend is expected to continue through the year 2007, with a further drop in new home construction of approximately 53%. Congruent with this drop in new home construction, we see the annualized cost of construction steadily falling beginning in 2006. This decrease is predicted to continue.

Figure 8: Housing Starts for Lee

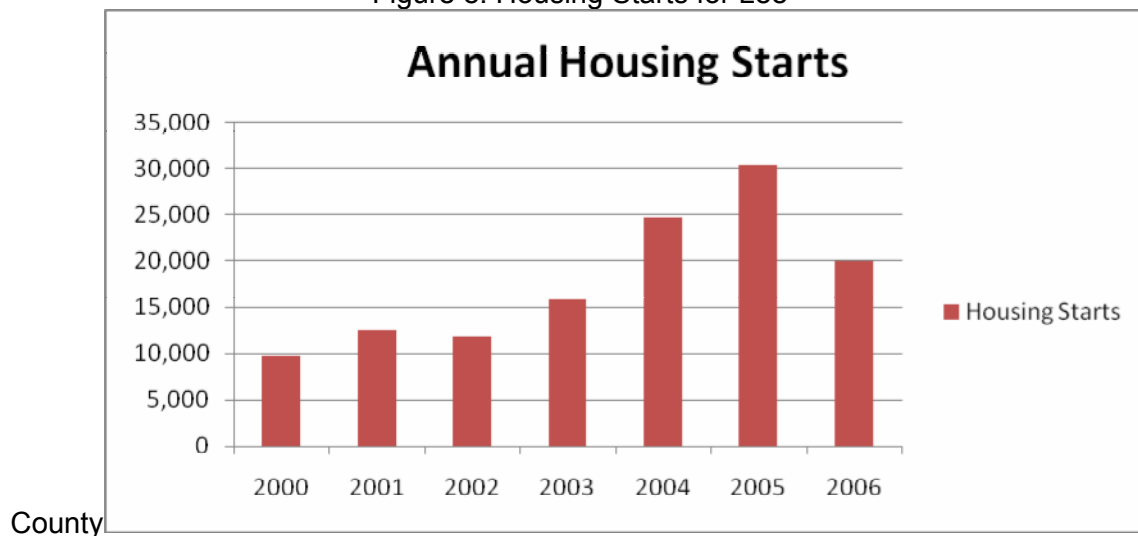


Table 11: Yearly Building Permits and Constructions Costs for Lee County

| Year | Buildings | Units | Construction Cost |
|------|-----------|-------|----------------------|
|------|-----------|-------|----------------------|

| | | | |
|-------|--------|--------|-----------------|
| 2000 | 5,714 | 9,120 | \$1,283,813,422 |
| 2001 | 7,182 | 10,959 | \$1,464,768,414 |
| 2002 | 7,849 | 11,146 | \$1,459,694,947 |
| 2003 | 10,702 | 15,675 | \$1,994,694,871 |
| 2004 | 15,826 | 20,395 | \$3,035,890,088 |
| 2005 | 22,814 | 29,330 | \$4,762,930,051 |
| 2006 | 15,091 | 18,746 | \$3,732,955,446 |
| 2007* | 7,086 | 9,462 | \$1,878,109,119 |

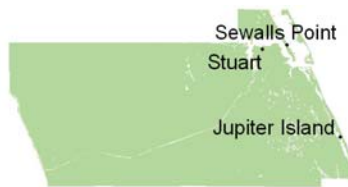
Figure 9: Construction Costs for Yearly Building Permits in Lee County



Table 12: 2007 Building Permits, Units and Construction Costs for Lee County

| 2007 | Buildings | Units | Construction Cost |
|---------------|-----------|-------|-------------------|
| Jan-07 | 556 | 705 | \$141,819,841 |
| Feb-07 | 543 | 684 | \$135,342,701 |
| Mar-07 | 728 | 1,172 | \$228,949,867 |
| Apr-07 | 535 | 593 | \$119,923,964 |
| 2007 Estimate | 7,086 | 9,462 | \$1,878,109,119 |

MARTIN:



ECONOMICS

Demographics

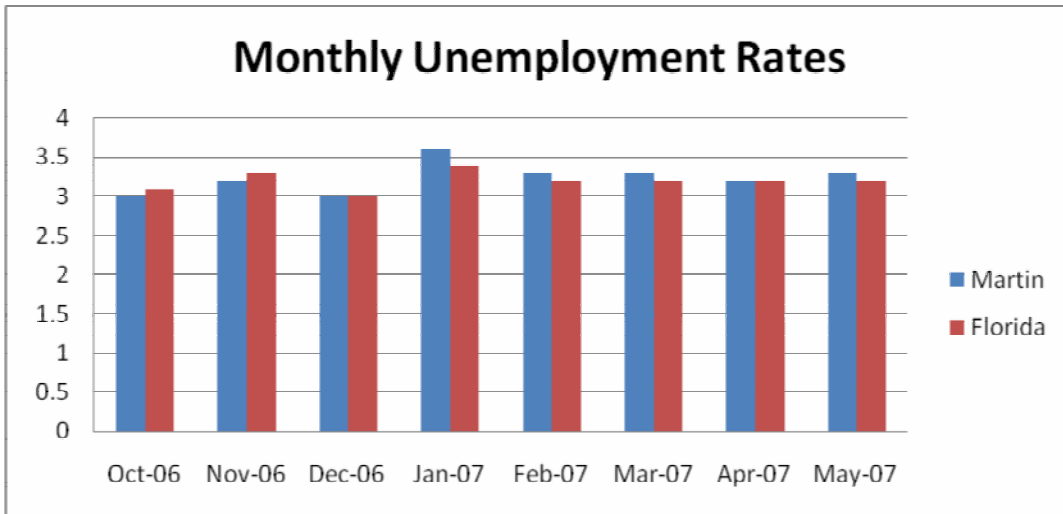
Located in-between St. Lucie and Palm Beach counties, Martin County has a population of only 142,645 residents. Whereas our counties of interest have had population growth rates in the range of nineteen percent, Martin County has grown only slightly above twelve percent since 2000. This county, which contains the cities of Jupiter Island and Stuart, is not racially or ethnically diverse. Nearly 84% of the county's inhabitants are white, non-Hispanics. Hispanics comprise nine percent, and Blacks, 5.5%.

Income Statistics

As measured in 2005 dollars, the median household income for those living in Martin County was \$45,511. Median family income was higher than this at \$54,145. Noticeably, per capita income—measured at \$31,933—was higher than for other comparable counties in our study.

For the past eight months, the unemployment figures for Martin County have remained remarkably stable. Except for an isolated spike in January 2007, the county unemployment rate has hovered at 3.3%. But monthly 2007 figures show that the county has above average unemployment levels when compared with state numbers. As I illustrate in Figure 10, while the figures are very close, state data show a slightly lower level of unemployment than Martin County.

Figure 10: Martin County and Florida Monthly Unemployment Rates



REAL ESTATE

Single Family Existing Homes

As of this time, there are no data available on “single family existing homes” for Martin County. Data for this county is mixed in with the data for the St. Lucie County Metropolitan Statistical Area.

Existing Condominiums

As of this time, there are no data available on “existing condominiums” for Martin County. Data for this county is mixed in with the data for the St. Lucie County Metropolitan Statistical Area.

New Homes

Unlike the wildly fluctuating housing start figures for other counties, Martin County seems to remain within a predictable range of activity. Housing starts briefly dropped in 2001 (972 units down from 1,072), but then quickly recovered—rising to 1,458 units. For the next couple years, this number held steady. But in 2004, the market suffered a 10% drop, falling to only 1,235 permits for new construction. This number is expected to fall even further in 2007—dropping significantly to only 390 permits. Correspondingly, Martin County has seen the construction costs associated with these new building permits fall. The industry is expecting to see a drastic fall in the costs of building for the year 2007.

Figure 11: Housing Starts for Martin County

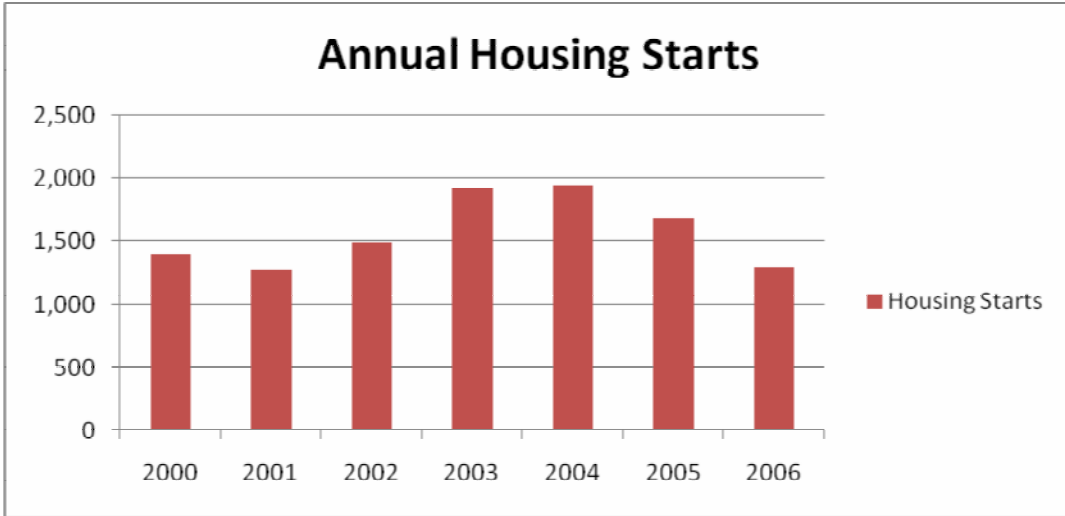


Table 13: Yearly Building Permits and Construction Costs for Martin County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|-------|-------------------|
| 2000 | 1,072 | 1,384 | \$248,290,473 |
| 2001 | 972 | 1,306 | \$260,565,683 |
| 2002 | 1,458 | 1,477 | \$320,340,750 |
| 2003 | 1,443 | 2,006 | \$377,023,340 |
| 2004 | 1,287 | 1,459 | \$309,466,164 |
| 2005 | 1,235 | 2,006 | \$370,366,198 |
| 2006 | 941 | 964 | \$278,218,779 |
| 2007* | 390 | 390 | \$140,608,971 |

Figure 12: Construction Costs for Yearly Building Permits in Martin

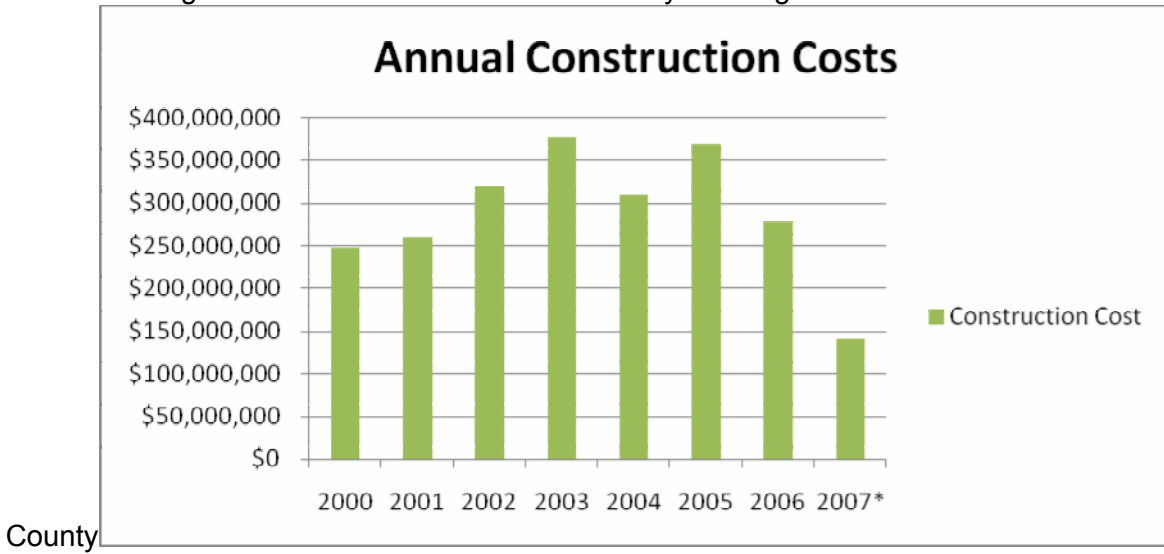


Table 14: 2007 Building Permits, Units and Construction Costs for Martin County

| 2007 | Buildings | Units | Construction Cost |
|--------|-----------|-------|-------------------|
| Jan-07 | 43 | 43 | \$15,730,804 |
| Feb-07 | 30 | 30 | \$11,282,445 |
| Mar-07 | 39 | 39 | \$12,798,294 |
| Apr-07 | 18 | 18 | \$7,058,114 |
| TOTAL | 390 | 390 | \$140,608,971 |

ORANGE



ECONOMICS

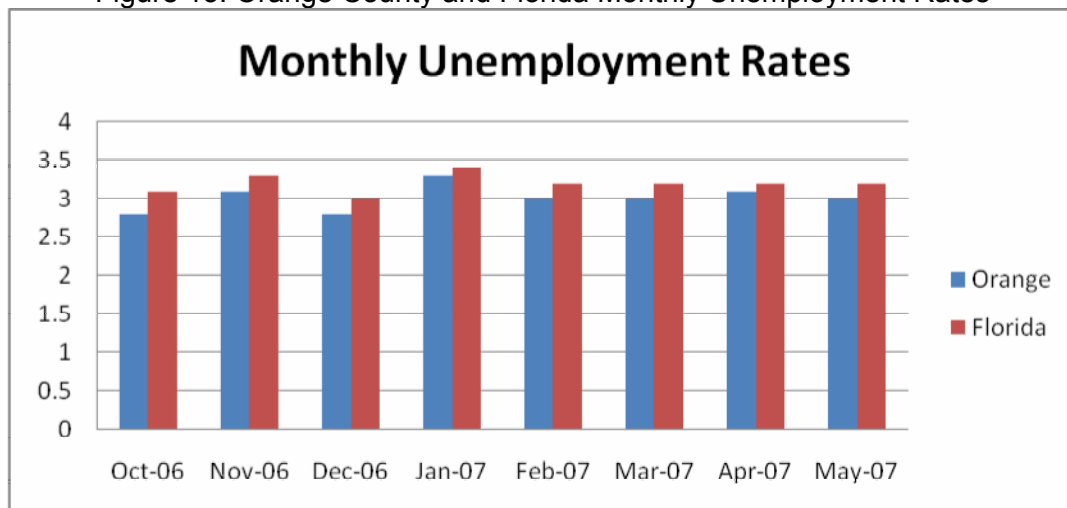
Demographics

The state's fifth most populous county, Orange County is home to Orlando. The county has grown by over 20% in the past five years, going from a population of 896,344 in 2000 to over a million residents (1,079,524) in 2006. Orange County is considered to be quite racially diverse: 51% of its residents are white, non-Hispanics, 23% are of Hispanic heritage, and 20.7% are African-American.

Income Statistics

Household income for Orange County residents is measured at \$44,236. Likewise, median family income is \$51,877 and per capita income is \$23,605. Figure 13 below depicts the comparison between the unemployment levels in Orange County with the State of Florida. As is evident, Orange County is consistently and persistently below state averages—ranging anywhere from one-tenth of a percent to three-tenths of a percent lower than Florida figures. Reasons for this should be intuitive. The vibrant tourism economy provides a powerful mechanism that allows the county to maintain low levels of unemployment.

Figure 13: Orange County and Florida Monthly Unemployment Rates



REAL ESTATE

Single Family Existing Homes

Table 15 below shows the staggering drop in existing home sales for Orange County between November 2006 and May 2007, inclusive. For all relevant months, home sales fell from their levels in the previous year. While within-month variation of sales is present (for example, sales rose from November 2006 to December 2006, but then fell dramatically from December 2006 to January 2007), the underlying trend in home sales from one year to the next is pronouncedly negative. Sales for existing homes fell steadily in the range of 35-40% for all months from their previous year values. Prices, however, in general rose from previous year's values. With prices falling only in the last few months, there was a general and sustained increase in existing home selling prices.

Table 15: Median Sale Prices and Sales for Single-Family, Existing Homes in Orange County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 1,705 | \$263,600 | Nov-05 | 2,656 | \$254,600 | -36 | 4 |
| Dec-06 | 1,790 | \$260,800 | Dec-05 | 2,716 | \$254,600 | -34 | 2 |
| Jan-07 | 1,385 | \$259,900 | Jan-06 | 2,116 | \$254,100 | -35 | 2 |
| Feb-07 | 1,529 | \$263,500 | Feb-06 | 2,210 | \$257,200 | -31 | 2 |
| Mar-07 | 1,822 | \$250,100 | Mar-06 | 2,768 | \$259,700 | -34 | -4 |
| Apr-07 | 1,609 | \$250,300 | Apr-06 | 2,491 | \$263,100 | -35 | -5 |
| May-07 | 1,729 | \$252,700 | May-06 | 2,898 | \$267,000 | -40 | -5 |

Existing Condominiums

The story is very similar with condos. While the prices of existing condos show no general trend (they both increase and decrease), the number of condo sales has been relentlessly falling. Sales of existing condos have fallen from their 2005 levels by anywhere from 40% to a staggering 62% in the latest recorded month. This fact reinforces the general trend we see in other Florida counties: a persistent and sustained drop in the number of existing condo sales as well as existing home sales.

Table 16: Median Sale Prices and Sales for Existing Condominiums in Orange County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 276 | \$171,800 | Nov-05 | 467 | \$182,400 | -41 | -6 |
| Dec-06 | 320 | \$163,600 | Dec-05 | 550 | \$172,400 | -42 | -5 |
| Jan-07 | 247 | \$166,900 | Jan-06 | 439 | \$185,100 | -44 | -10 |
| Feb-07 | 225 | \$170,300 | Feb-06 | 432 | \$164,400 | -48 | 4 |
| Mar-07 | 259 | \$163,500 | Mar-06 | 630 | \$159,600 | -59 | 2 |
| Apr-07 | 207 | \$154,500 | Apr-06 | 486 | \$166,100 | -57 | -7 |
| May-07 | 177 | \$155,600 | May-06 | 468 | \$163,300 | -62 | -5 |

New Homes

The years 2000-2005 saw an ever-growing number of building permits and new housing starts. This is shown in Table 17. Orange County experienced a 75% increase in new home construction. This trend halted and then reversed itself beginning in 2006, when new home starts dropped to 9,817—down from the previous year’s level of 11,303. This trend is expected to continue; the 2007 level of new building permits is predicted to fall a further 45%, to only 3,352. This figure is the lowest it has been in nearly ten years.

Figure 14: Housing Starts for Orange County

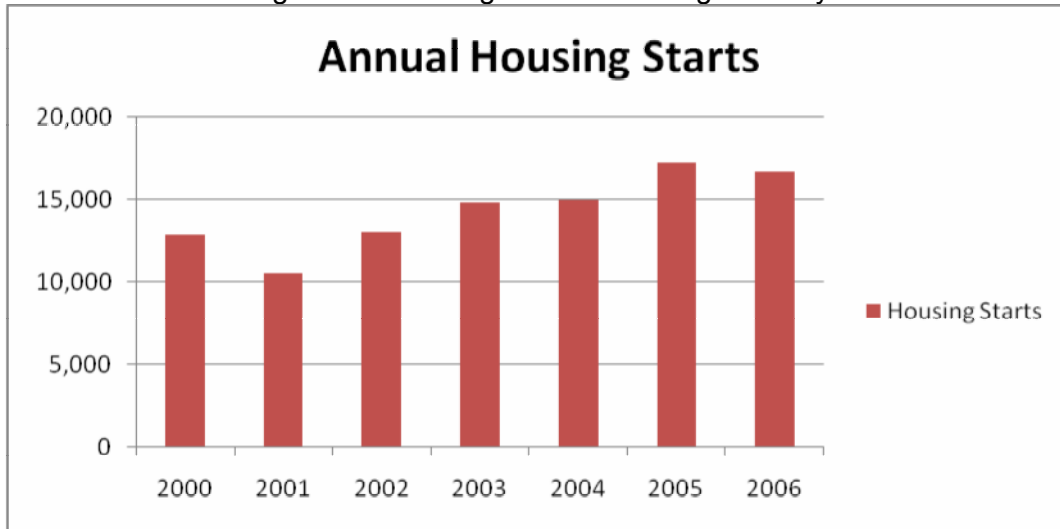


Table 17: Yearly Building Permits and Construction Costs for Orange County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|--------|-------------------|
| 2000 | 6,474 | 10,239 | \$907,845,193 |
| 2001 | 7,585 | 10,738 | \$1,046,780,937 |
| 2002 | 8,442 | 13,667 | \$1,380,381,743 |
| 2003 | 10,210 | 13,950 | \$1,631,140,360 |
| 2004 | 11,925 | 14,628 | \$2,154,997,634 |
| 2005 | 11,303 | 17,220 | \$2,357,377,351 |
| 2006 | 9,817 | 14,146 | \$2,341,793,658 |
| 2007* | 5,352 | 10,512 | \$1,411,385,340 |

Figure 15: Construction Costs for Yearly Building Permits in Orange County

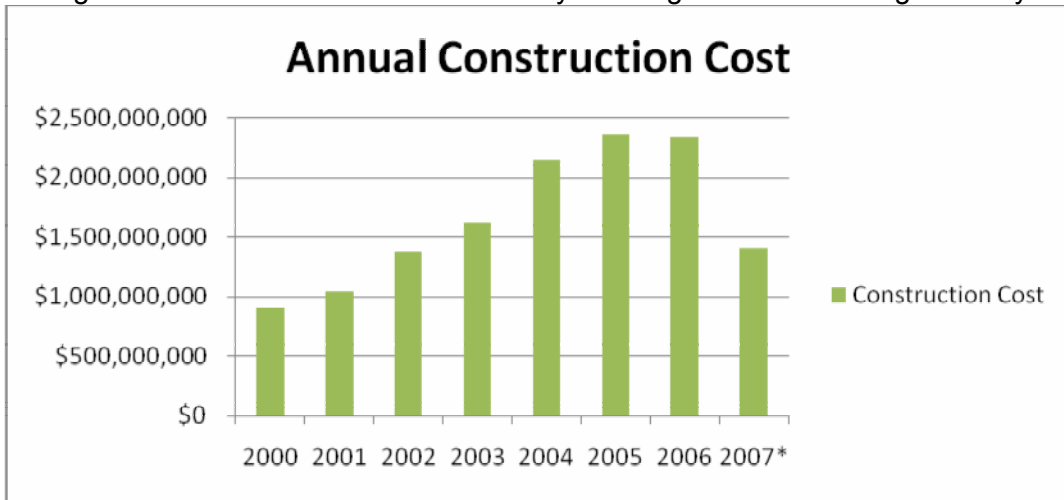


Table 18: 2007 Building Permits, Units and Construction Costs for Orange County

| 2007 | Buildings | Units | Construction Cost |
|---------------|-----------|--------|-------------------|
| Jan-07 | 366 | 477 | \$80,578,693 |
| Feb-07 | 368 | 582 | \$81,143,577 |
| Mar-07 | 565 | 1,185 | \$157,962,563 |
| Apr-07 | 485 | 1,260 | \$150,776,947 |
| 2007 Estimate | 5,352 | 10,512 | \$1,411,385,340 |

PALM BEACH:



ECONOMICS

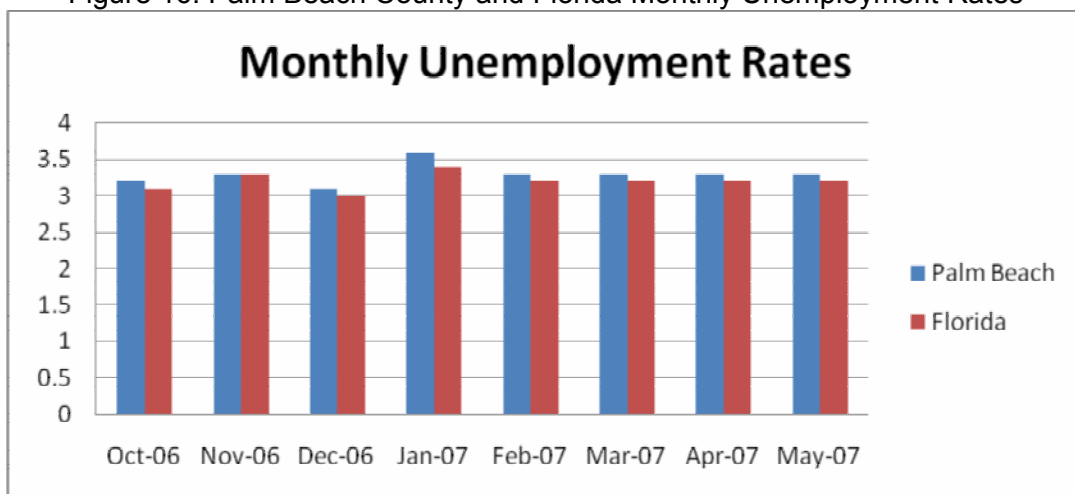
Demographics

Palm Beach county encompasses the cities of Boca Raton, Boynton Beach and West Palm Beach. It is the third most populous county in the state, only behind Miami-Dade and Broward Counties respectively. It has a population of over a million people (1,287,987), and the population has grown at a rate of 13.9% since 2000. Whites non-Hispanic comprise 65.5% of the population while Hispanics make up 16.1% of the population. Some 16% of Palm Beach residents are classified as Black.

Income Statistics

Median household income in Palm Beach County is of \$48,099, while the median family income is of \$57,677. Per capita income is of \$30,440. The Median hourly wage figure is of \$14.45. Figure 16 below shows that recent unemployment figures have averaged the same or above those of the state.

Figure 16: Palm Beach County and Florida Monthly Unemployment Rates



REAL ESTATE

Single Family Existing Homes

Table 19 shows that the number of sales by realtors is down from the same time period last year. The number of sales has averaged a 20% drop the last six months. May 2007 for example saw a drop of 25% in sales when compared to last year. However, November 2006 saw an even greater decline in sales in the spa of 12 months. The number of sales in November 2006 was 45% lower than those of November 2005. The change was drastic although there was a 12% drop in prices.

Table 19: Median Sale Prices and Sales for Single-Family, Existing Homes in Palm Beach County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 525 | \$370,400 | Nov-05 | 952 | \$421,500 | -45 | -12 |
| Dec-06 | 607 | \$368,200 | Dec-05 | 743 | \$408,200 | -18 | -10 |
| Jan-07 | 496 | \$388,000 | Jan-06 | 586 | \$393,700 | -15 | -1 |
| Feb-07 | 560 | \$374,300 | Feb-06 | 707 | \$391,000 | -21 | -4 |
| Mar-07 | 725 | \$375,100 | Mar-06 | 929 | \$393,700 | -22 | -5 |
| Apr-07 | 665 | \$376,300 | Apr-06 | 804 | \$386,500 | -17 | -3 |
| May-07 | 741 | \$387,800 | May-06 | 982 | \$391,000 | -25 | -1 |

Existing Condominiums

Realtor sales of existing condominiums in Palm Beach County tell an eclectic story. For example, November 2006 saw a drop of 23% in realtor sales from last year. While the following month saw an increase of 24% from those of the previous year. The last two months for which we have data show that the percentage change in sales from one year to the next is positive, while prices have only differ one or two percent from the year before.

Table 20: Median Sale Prices and Sales for Existing Condominiums in Palm Beach County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 420 | \$219,800 | Nov-05 | 549 | \$203,200 | -23 | 8 |
| Dec-06 | 508 | \$215,700 | Dec-05 | 410 | \$212,500 | 24 | 2 |
| Jan-07 | 381 | \$213,100 | Jan-06 | 409 | \$209,100 | -7 | 2 |
| Feb-07 | 462 | \$209,600 | Feb-06 | 535 | \$220,800 | -14 | -5 |
| Mar-07 | 650 | \$211,800 | Mar-06 | 706 | \$224,600 | -8 | -6 |
| Apr-07 | 646 | \$218,400 | Apr-06 | 522 | \$222,300 | 24 | -2 |
| May-07 | 613 | \$217,400 | May-06 | 552 | \$218,900 | 11 | -1 |

New Homes

Housing starts in Palm Beach County peaked in 2003 when they reached a level of 15,543 and they have been coming down since. As a matter of fact 2006 had a little more than half that figure, 8,321. Construction costs are headed towards the same drastic direction, of having about half those figures from the year before.

Figure 17: Housing Starts for Palm Beach County

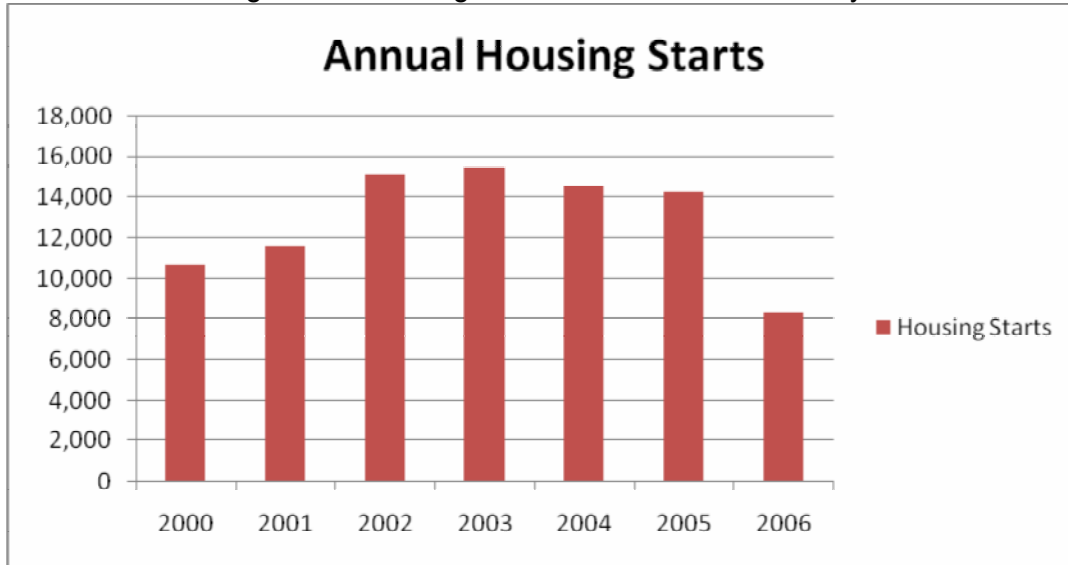


Table 21: Yearly Building Permits and Construction Costs for Palm Beach County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|--------|-------------------|
| 2000 | 7,016 | 10,504 | \$1,331,562,915 |
| 2001 | 7,722 | 10,775 | \$1,440,204,486 |
| 2002 | 9,707 | 12,960 | \$1,865,551,157 |
| 2003 | 11,150 | 15,844 | \$2,481,609,070 |
| 2004 | 10,581 | 14,519 | \$2,553,192,784 |
| 2005 | 8,960 | 12,491 | \$2,702,573,590 |
| 2006 | 4,874 | 8,377 | \$2,016,999,525 |
| 2007* | 2,211 | 2,778 | \$758,866,407 |

Figure 18: Construction Costs for Yearly Building Permits in Palm Beach County



Table 18: 2007 Building Permits, Units and Construction Costs for Palm Beach County

| 2007 | Buildings | Units | Construction Cost |
|---------------|-----------|-------|-------------------|
| 7-Jan | 173 | 193 | \$55,520,293 |
| 7-Feb | 172 | 251 | \$58,829,448 |
| 7-Mar | 201 | 251 | \$65,931,168 |
| 7-Apr | 191 | 231 | \$72,674,560 |
| 2007 Estimate | 2,211 | 2,778 | \$758,866,407 |

ST. LUCIE:



ECONOMICS

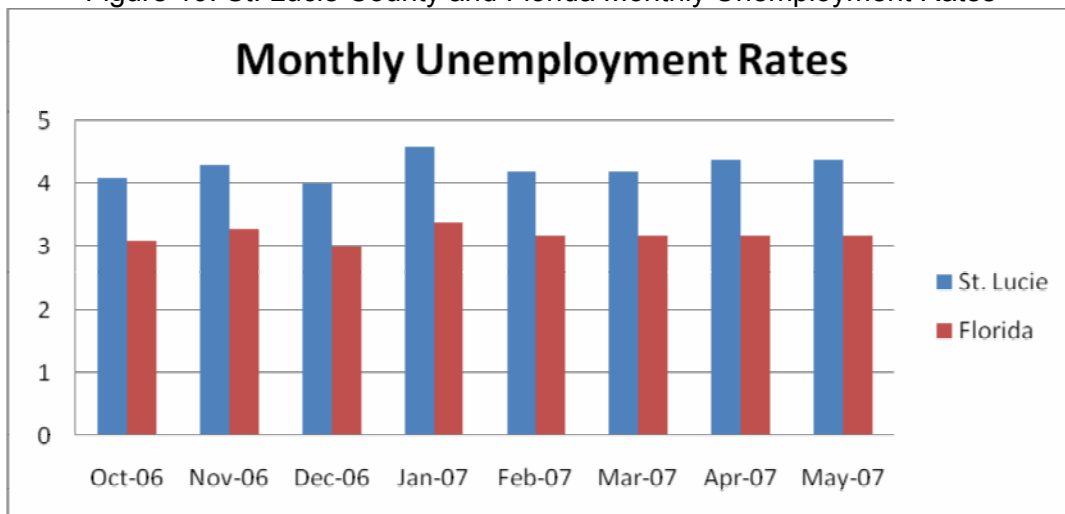
Demographics

St. Lucie County is located on the east coast near central Florida. Its population is a bit above a quarter million (259,315 as of 2006). The population in this county has grown a staggering 34.6% since the year 2000 and although its projected to grow in the future, it will not be near these rates. Whites non-Hispanics make up 69.2% of the population and Hispanics are 12.4% of its residents. Black persons make up 16.5% of the population.

Income Statistics

All income figures for St. Lucie County are below those of the national level. The Median household income is of \$42, 847, while the Median Family income is of \$48,119 with a per capita income of 23,488. For the United States those figures are \$46,242, \$55,832, and \$25,035, respectively. Also, the rates of unemployment far outpace those of the State. For example in May 2007, while the state maintained an average of 3.2% of unemployment, St. Lucie County had a 4.2%.

Figure 19: St. Lucie County and Florida Monthly Unemployment Rates



REAL ESTATE

Single Family Existing Homes

When analyzing the numbers for the realtor sales of single family, existing homes it is evidently clear than in the span of one year the market conditions have become worse. For example for the months of March and April 2007, the percentage change in sales has been a whopping 41% drop from a year ago. They have averaged a 35% drop, although prices have dropped an average of seven percent from last year's figures.

Table 23: Median Sale Prices and Sales for Single-Family, Existing Homes in St. Lucie County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 305 | \$247,600 | Nov-05 | 459 | \$261,000 | -34 | -5 |
| Dec-06 | 330 | \$240,000 | Dec-05 | 455 | \$263,300 | -27 | -9 |
| Jan-07 | 252 | \$241,000 | Jan-06 | 343 | \$261,500 | -27 | -8 |
| Feb-07 | 252 | \$239,000 | Feb-06 | 401 | \$262,100 | -37 | -9 |
| Mar-07 | 338 | \$239,700 | Mar-06 | 573 | \$258,000 | -41 | -7 |
| Apr-07 | 290 | \$242,600 | Apr-06 | 491 | \$253,200 | -41 | -4 |
| May-07 | 315 | \$228,500 | May-06 | 519 | \$252,300 | -39 | -9 |

Existing Condominiums

Existing condominiums have fared a little better off than single family existing homes when comparing number of sales. Sales have actually averaged an increase of 10% while prices have only dropped an average of one percent.

Table 24: Median Sale Prices and Sales for Existing Condominiums in St. Lucie County

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 53 | \$174,000 | Nov-05 | 54 | \$173,300 | -2 | 0 |
| Dec-06 | 78 | \$192,000 | Dec-05 | 58 | \$215,600 | 34 | -11 |
| Jan-07 | 51 | \$225,000 | Jan-06 | 62 | \$211,500 | -18 | 6 |
| Feb-07 | 60 | \$186,700 | Feb-06 | 61 | \$218,100 | -2 | -14 |
| Mar-07 | 87 | \$202,300 | Mar-06 | 87 | \$186,300 | 0 | 9 |
| Apr-07 | 83 | \$163,800 | Apr-06 | 71 | \$179,100 | 17 | -9 |
| May-07 | 118 | \$220,800 | May-06 | 85 | \$202,100 | 39 | 9 |

New Homes

While in some counties in Florida annual housing starts peaked as early as 2003, in St. Lucie County they actually peaked in 2005, after which they plummeted some 42% in 2006. Constructions costs also reached their crest in 2005 and they dropped the next year and they will probably drop some more this year as well.

Figure 20: Housing Starts for St. Lucie County

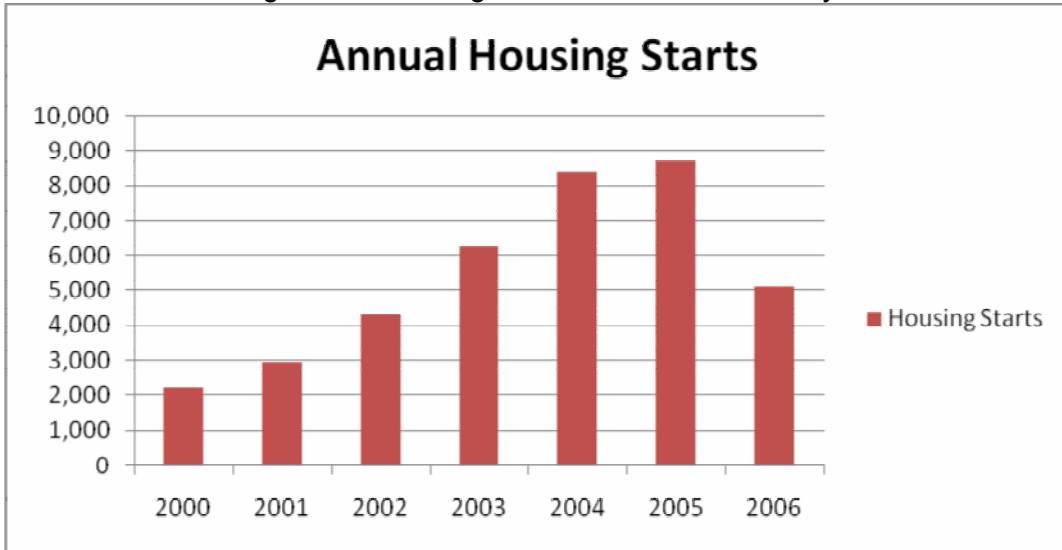


Table 25: Yearly Building Permits and Construction Costs for St. Lucie County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|-------|-------------------|
| 2000 | 1,752 | 2,093 | \$193,996,935 |
| 2001 | 2,201 | 2,770 | \$271,359,820 |
| 2002 | 3,391 | 4,555 | \$436,757,882 |
| 2003 | 6,902 | 7,684 | \$782,331,748 |
| 2004 | 7,739 | 9,097 | \$1,011,950,385 |
| 2005 | 8,095 | 8,776 | \$1,175,738,322 |
| 2006 | 4,713 | 5,364 | \$670,852,479 |
| 2007* | 2,112 | 2,679 | \$403,995,768 |

Figure 21: Construction Costs for Yearly Building Permits in St. Lucie County



Table 26: 2007 Building Permits, Units and Construction Costs for St. Lucie County

| 2007 | Buildings | Units | Construction Cost |
|---------------|------------------|--------------|--------------------------|
| 7-Jan | 178 | 258 | \$43,570,217 |
| 7-Feb | 112 | 172 | \$22,237,578 |
| 7-Mar | 202 | 232 | \$35,520,457 |
| 7-Apr | 212 | 231 | \$33,337,004 |
| 2007 Estimate | 2,112 | 2,679 | \$403,995,768 |

HILLSBOROUGH COUNTY:



ECONOMICS

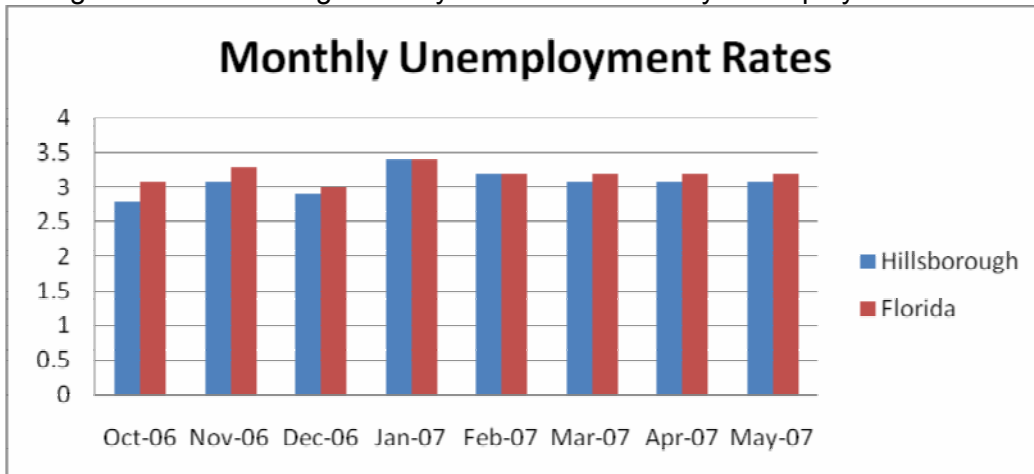
Demographics

Located in the central portion of the western coast of Florida, Hillsborough County is the fourth most populous county in Florida. The primary city located here is Tampa. In 2006, the population of Hillsborough County is estimated to be 1,164,425 residents. This number represents an almost 17% increase from 2000 levels (up from 998,948 residents). The county is predominantly White, with 59% of its population claiming to be of white, non-Hispanic origin. The second primary ethnic group is Hispanics (21.2%), followed by African-Americans (16.3%).

Income Statistics

As recorded using 2005 dollars, the median household income for the typical household in Hillsborough County was \$45,129. Similarly the median family income was \$53,228, and per capita income was measured at \$25,086. All of these figures are comparable to other Florida counties. From October 2006 to May 2007, the county unemployment rate has remained remarkably steady at 3.1% (see Figure 22 below). There was a slight dip in December 2006 to 2.9% followed by a corrective increase in January 2007 to 3.4%. But overall, the average of 3.1% has remained persistently below the State average of 3.2%.

Figure 22: Hillsborough County and Florida Monthly Unemployment Rates



REAL ESTATE

Single-Family Existing Homes

Table 27 below shows that over the past seven months, we continue to see a precipitous drop in the number of existing home sales. Comparing any given month to its previous year's value, we see that current sales have dropped anywhere from 35% to 43%. The most drastic fall took place between November 2005 and November 2006, when sales of existing homes declined from 3,799 to 2,182. Note also that the concurrent changes in sales prices are not intuitive. Instead of a decline in price leading to an increase in the quantity demanded and thus an increase in the total number of sales, we see the opposite. Although prices for existing homes declined overall (except for brief increases in price in November and December 2006), there was not a corresponding increase in sales. Notice that the month with one of the largest drops in sales (May 2007) was also accompanied by one of the largest declines in price.

Table 27: Median Sale Prices and Sales for Single-Family, Existing Homes in Tampa

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 2,182 | \$229,000 | Nov-05 | 3,799 | \$222,900 | -43 | 3 |
| Dec-06 | 2,438 | \$230,800 | Dec-05 | 4,119 | \$223,200 | -41 | 3 |
| Jan-07 | 1,768 | \$214,900 | Jan-06 | 3,014 | \$216,000 | -41 | -1 |
| Feb-07 | 2,001 | \$213,300 | Feb-06 | 2,957 | \$216,700 | -32 | -2 |
| Mar-07 | 2,502 | \$209,700 | Mar-06 | 4,006 | \$218,600 | -38 | -4 |
| Apr-07 | 2,257 | \$209,700 | Apr-06 | 3,480 | \$221,600 | -35 | -5 |
| May-07 | 2,241 | \$209,300 | May-06 | 3,891 | \$226,300 | -42 | -8 |

Existing Condominiums

The story is much the same when looking at data covering the sales of existing condominiums. Even though we observe a steady and sustained drop in prices, this is not commensurate with an increase in sales. In fact, the opposite occurs. Changes in monthly sales of condominiums from their previous year's levels have been consistently negative. The smallest percentage change in sales is recorded for May 2007 (26%) which, one should note, is also the month that saw the steepest drop in price—excluding November 2006. Similarly, months with very little changes in price (such as January 2007) experience the steepest decline in sales (down 49%).

Table 28: Median Sale Prices and Sales for Existing Condominiums in Tampa

| 2006/ 2007 | Realtor Sales | Median Sales Prices | 2005/ 2006 | Realtor Sales | Median Sales Prices | % Change in sales | % Change in Price |
|---------------|------------------|---------------------------|---------------|------------------|---------------------------|-------------------------|-------------------------|
| Nov-06 | 474 | \$154,100 | Nov-05 | 762 | \$178,800 | -38 | -14 |
| Dec-06 | 731 | \$183,200 | Dec-05 | 1052 | \$180,800 | -31 | 1 |
| Jan-07 | 379 | \$183,200 | Jan-06 | 740 | \$184,300 | -49 | -1 |
| Feb-07 | 411 | \$171,200 | Feb-06 | 726 | \$177,000 | -43 | -3 |
| Mar-07 | 500 | \$164,100 | Mar-06 | 968 | \$172,300 | -48 | -5 |
| Apr-07 | 549 | \$170,400 | Apr-06 | 904 | \$174,700 | -39 | -2 |
| May-07 | 610 | \$166,000 | May-06 | 819 | \$178,400 | -26 | -7 |

New Homes

Housing starts in Hillsborough County grew steadily over the six years covering 2000-2005. Figures 23 and 24 below help to illustrate the growth patterns. The growth in housing starts ranged in the 10-15% area. Correlated with this, we see annual construction costs rising in tandem. This positive trend abruptly reversed itself in 2006, as new housing starts declined from 2005 levels by a significant margin of 30%. This trend is expected to continue throughout the year 2007, with new starts falling by another 45% down to only 4860. This is the lowest the numbers have been in a decade. It is important to note that this pattern in the new home construction market (several years of positive growth, followed by a sudden and staggering drop in 2006 and 2007) is not unique to Hillsborough County. Rather we see this in almost every county in Florida.

Figure 23: Housing Starts for Hillsborough

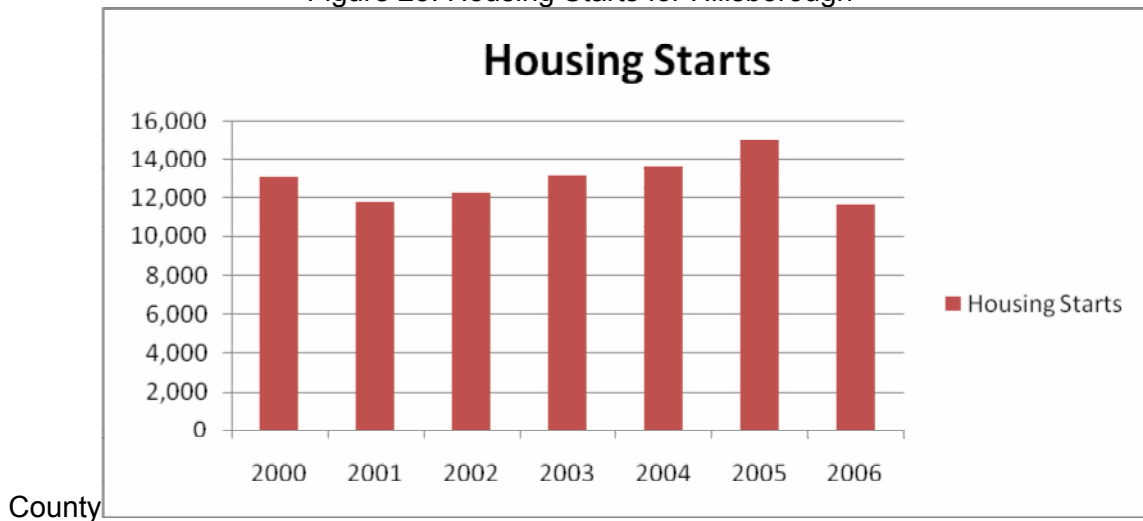


Table 29: Yearly Building Permits and Constructions costs for Hillsborough County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|--------|-------------------|
| 2000 | 7,697 | 11,656 | \$995,236,371 |
| 2001 | 8,833 | 10,971 | \$968,749,286 |
| 2002 | 9,759 | 13,581 | \$1,340,962,373 |
| 2003 | 10,753 | 16,110 | \$2,083,063,112 |
| 2004 | 11,496 | 13,713 | \$1,990,981,688 |
| 2005 | 12,676 | 15,827 | \$2,430,624,583 |
| 2006 | 8,916 | 11,454 | \$1,723,724,944 |
| 2007* | 4,860 | 7,767 | \$1,053,290,802 |

Figure24: Construction Costs for Yearly Building Permits in Hillsborough



County

Table 30: 2007 Building Permits, Units and Construction Costs for Hillsborough County

| 2007 | Buildings | Units | Construction Cost |
|--------|-----------|-------|-------------------|
| Jan-07 | 427 | 701 | \$87,700,334 |
| Feb-07 | 356 | 387 | \$67,742,597 |
| Mar-07 | 483 | 1,119 | \$134,722,265 |
| Apr-07 | 354 | 382 | \$60,931,738 |
| TOTAL | 4,860 | 7,767 | \$1,053,290,802 |

PINELLAS COUNTY:



ECONOMICS

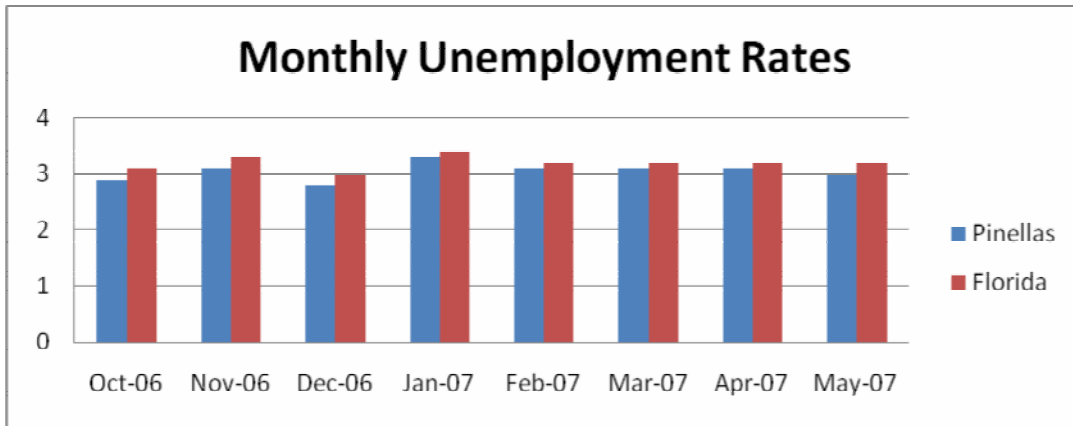
Demographics

Pinellas County is located on Central Florida's West Coast. It is the home of 5.2% of Florida's residents making it the sixth most populous county in the state. The cities of Clearwater, Largo and St. Petersburg are located in this county. In 2006, the population of Hillsborough County is estimated to be 948,102 residents. This number represents a meager 2.9% from 2000 levels. Like Hillsborough County, Pinellas County is predominantly White, with 79.8% of its population claiming to be of white, non-Hispanic origin. The second primary ethnic group is Blacks with 10.1% of the population.

Income Statistics

The median household income Pinellas County was \$40,694, with a median family income of \$51,273, and a per capita income of \$27,137. Pinellas county unemployment is healthy, with the latest available figures for the month of May 2007 putting it at a healthy 3%. The county unemployment rate has remained fairly steady, and has always done a little better than the state and the country as a whole (see Figure 4 below).

Figure 25: Pinellas County and Florida Monthly Unemployment Rates



REAL ESTATE

Single-Family Existing Homes

*This sections figures were reported together with those of Hillsborough County in the Tampa Metropolitan Statistical Area. To see the discussion, please see above.

Existing Condominiums

*This sections figures were reported together with those of Hillsborough County in the Tampa Metropolitan Statistical Area. To see the discussion, please see above.

New Homes

Housing starts (Figure 5) in Pinellas County do not paint a clear picture of what has occurred in the market for new homes. However, construction costs (Figure 6) do paint a clear picture, which says that the expenditure in construction of new homes was growing steadily from 2002 through 2005, and then a sudden drop in 2006 which shall linger through 2007.

Figure 26: Housing Starts for Pinellas

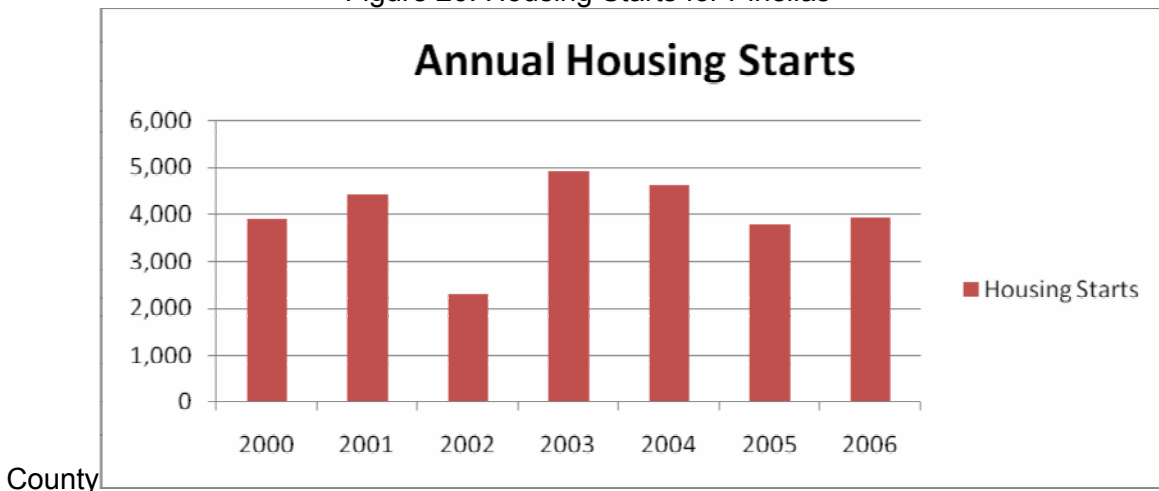


Table 31: Yearly Building Permits and Constructions costs for Pinellas County

| Year | Buildings | Units | Construction Cost |
|-------|-----------|-------|-------------------|
| 2000 | 1,870 | 2,776 | \$410,941,371 |
| 2001 | 2,233 | 4,405 | \$594,242,253 |
| 2002 | 1,696 | 2,336 | \$369,255,592 |
| 2003 | 1,802 | 3,543 | \$455,614,479 |
| 2004 | 2,321 | 3,569 | \$571,103,499 |
| 2005 | 2,823 | 3,871 | \$747,009,261 |
| 2006 | 1,808 | 2,180 | \$471,088,197 |
| 2007* | 804 | 1,731 | \$454,459,491 |

Figure 27: Construction Costs for Yearly Building Permits in Pinellas



County

Table 32: 2007 Building Permits, Units and Construction Costs for Pinellas County

| 2007 | Buildings | Units | Construction Cost |
|---------------|-----------|-------|-------------------|
| 7-Jan | 71 | 78 | \$23,231,353 |
| 7-Feb | 69 | 69 | \$21,135,235 |
| 7-Mar | 67 | 83 | \$31,355,604 |
| 7-Apr | 61 | 347 | \$75,764,305 |
| 2007 Estimate | 804 | 1,731 | \$454,459,491 |

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