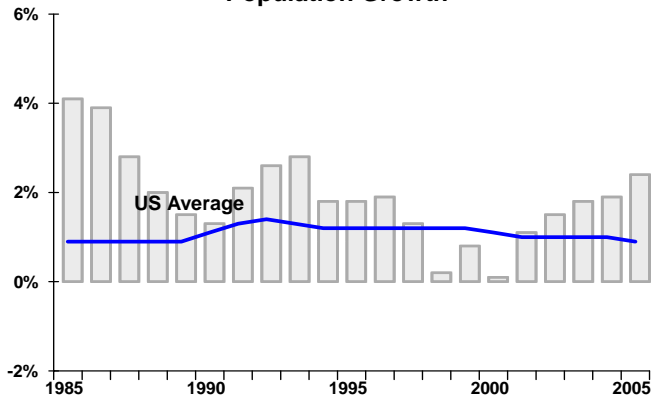


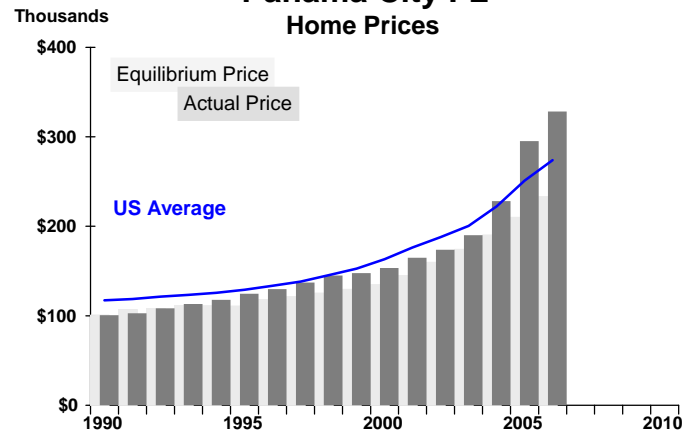
Panama City FL

**Panama City FL
Population Growth**



Census Bureau

**Panama City FL
Home Prices**



OFHEO, Local Market Monitor

Demographics: The population is skewed toward the older age categories, indicating a large *retiree* segment and out-migration of young adults. Population growth has been highly erratic in the past and on a *steady upswing* in recent years.

Local Economy: The local economy follows the national cycle but with more erratic growth. The economy features a large *finance* sector (credit card operations) that has grown rapidly, and large *health services* and *hotel/restaurant* sectors that serve the retirement community and *tourist* industry. The current economic situation is *deteriorating*, with job losses in several sectors,

Housing: Apartments/condos provide 25% of local housing and made up *60% of new construction* in recent years. A large amount of new construction is for the *investor market*. Multi-family construction was at very high levels in recent years, but down 46% in the last 12 months. Mobile homes provide close to 20% of housing.

Home prices have in the past been mildly cyclical in response to surges of in-migration. Prices were up 29% in 2005 but *just 1%* in the last 12 months, signaling an end to the *speculative boom*.

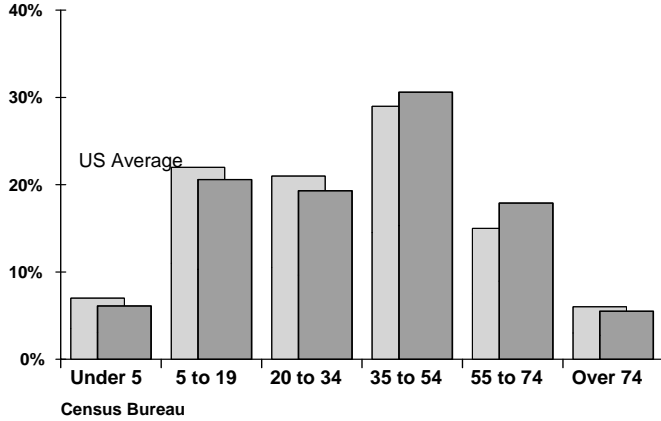
Investment Risk is high because of the large amount of current construction and the rapid increase in home prices. This market has been in a building boom for second homes, with a strong speculative element. Once the investment demand has been satisfied, many empty condos will be put on the rental market. I recommend **SELLING** apartment/condo properties quickly. Single-family developments should be avoided.

Reviewed by Ingo Winzer

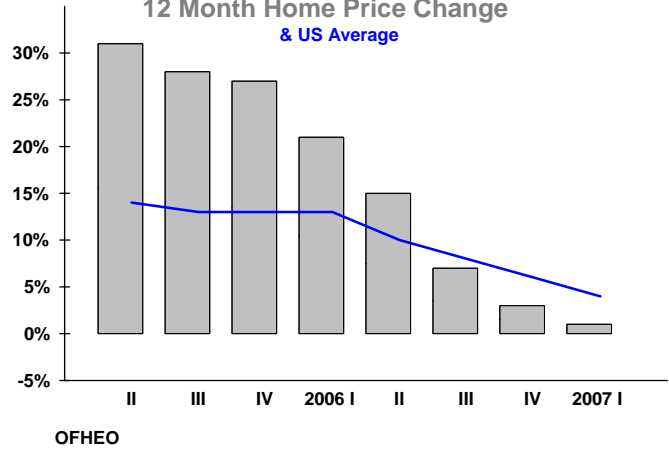
Investing in real estate is risky, even in favorable markets. This Review gives our best estimate of current and future economic circumstances in this market, but we could easily be wrong. The Review should not be considered investment advice regarding any particular property.

Panama City FL

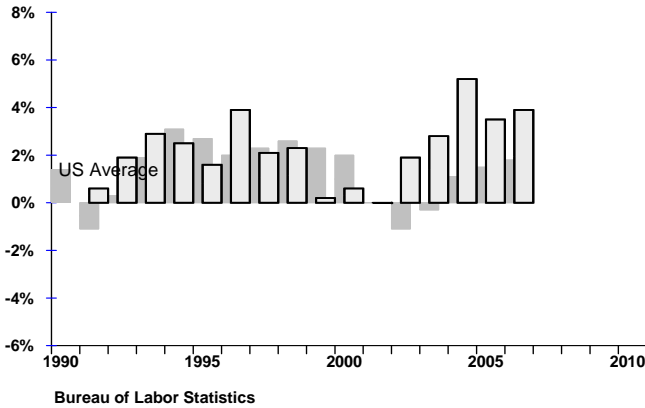
Panama City FL
Population Age Distribution



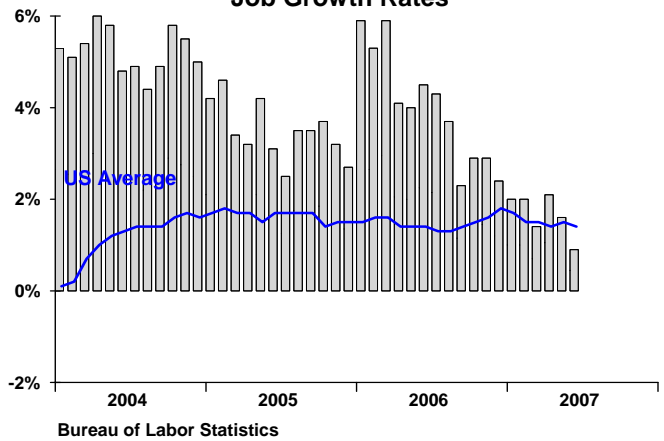
Panama City FL
12 Month Home Price Change & US Average



Panama City FL
Job Growth



Panama City FL
Job Growth Rates



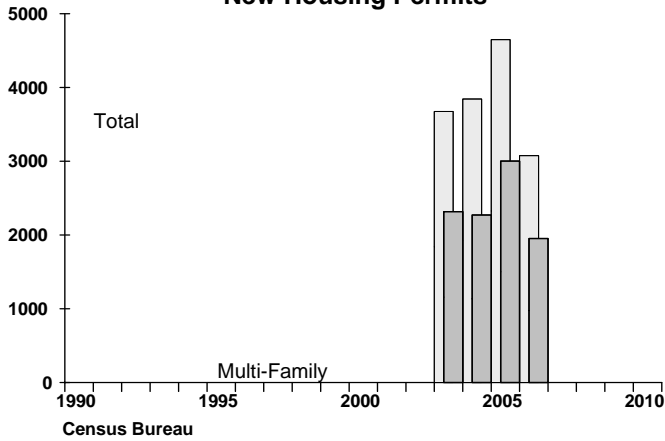
Panama City FL	Current Jobs			Job Growth	
	(000)	%	US Avg	2006	Jun 07
Total	78.1	100%	100%	3.9%	0.9%
Construction/Mining	7.2	9%	5%	7.1%	-7.7%
Manufacturing	3.9	5%	13%	11.8%	5.4%
Retail Trade	10.1	13%	12%	0.0%	1.0%
Transport, Util.	1.4	2%	5%	0.0%	0.0%
Finance	5.6	7%	6%	0.0%	0.0%
Business Services	8.4	11%	10%	8.9%	-4.5%
Health Services	8.2	10%	10%	5.3%	5.1%
Hotels, Restaurants	12.8	16%	10%	8.0%	9.4%
Government	13.1	17%	16%	2.3%	0.8%

Bureau of Labor Statistics

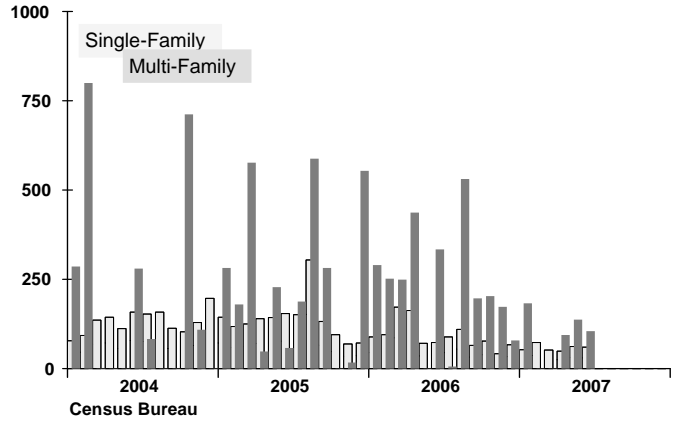
Panama City FL	Total US
Total Home Sales 2005:	5,550 8.4 Mil
Home Sales to Investors:	47% 15%
12 Months Housing Permits:	2,507 1,559,107
6 Months Permits Increase:	-61% -25%
Average Home Price 2006:	\$328,435 \$274,030
Home Price Increase 2006:	11% 9%
Population 2005:	161,545 296,410,404
Estimated Pop. Growth '00-05:	9% 5%
Foreclosure Risk Rating:	Medium
Home Value Rating:	Overpriced

Panama City FL

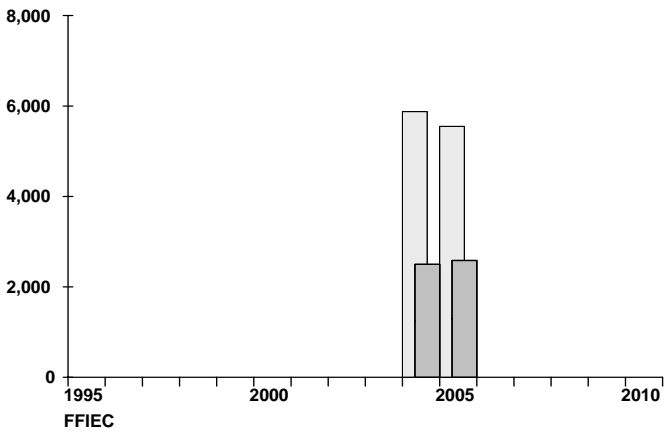
**Panama City FL
New Housing Permits**



**Panama City FL
New Housing Permits**



**Panama City FL
Total Home Sales & Sales to Investors**



Panama City

Housing Construction Balance

Units Absorbed by Population Growth	1,299
Units Lost thru Deterioration, etc.	392
Total Annual Units Needed for Balance	1,691
Current Annual Construction Level	2,507
Overbuilding as % of Existing Housing	1.0%
12 Month Construction Change, Single-family:	-46%
12 Month Construction Change, Multi-family:	-46%

Vacancy Data
Not Available

**Panama City FL
Home Sales by Price Range**

