



**Location, Location, Location:
The State of the US Property Markets**

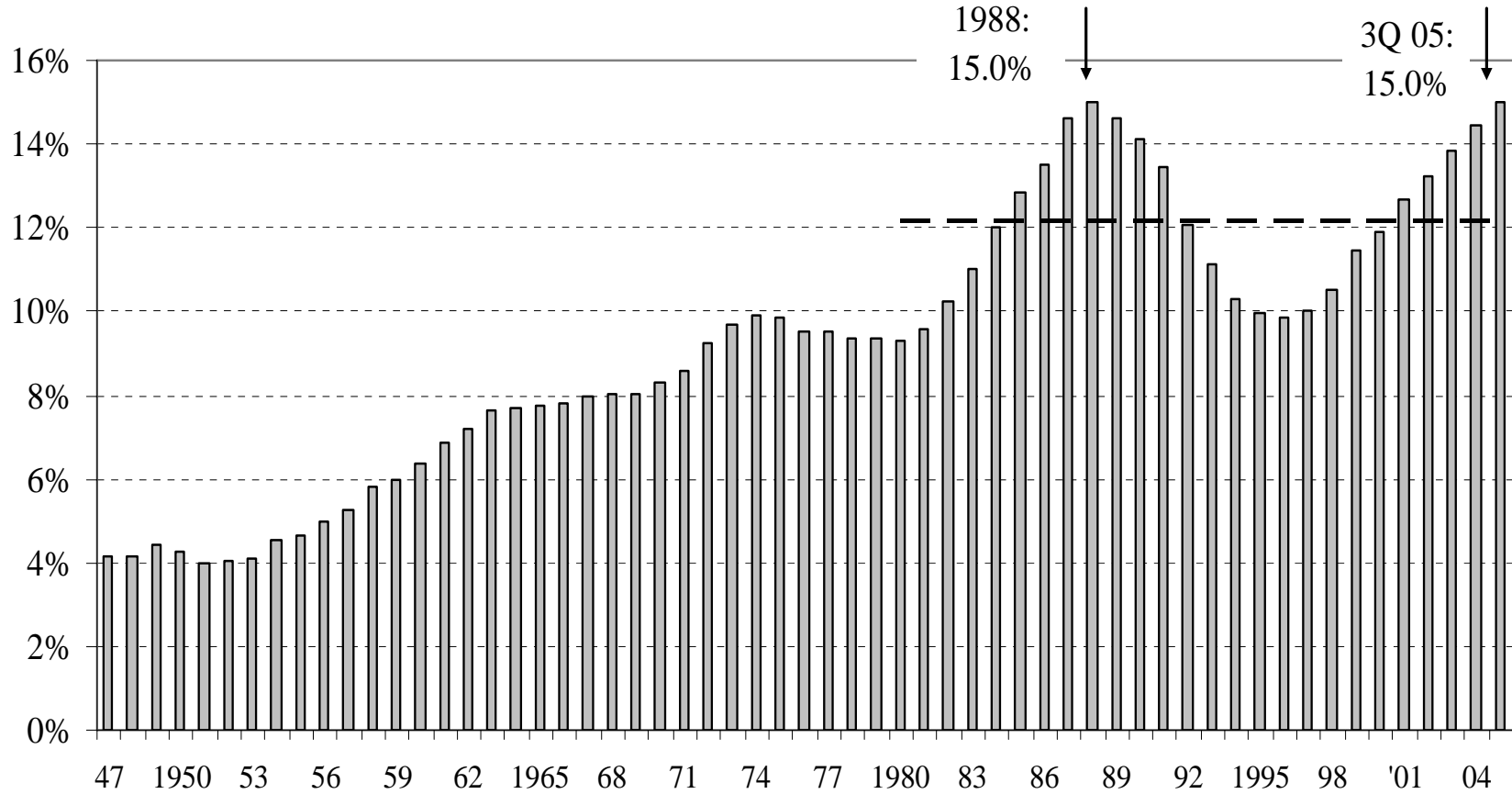
**MBA Commercial Real Estate Finance
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Moody's Investors Service

Commercial Mortgages Outstanding as a Percent of GDP



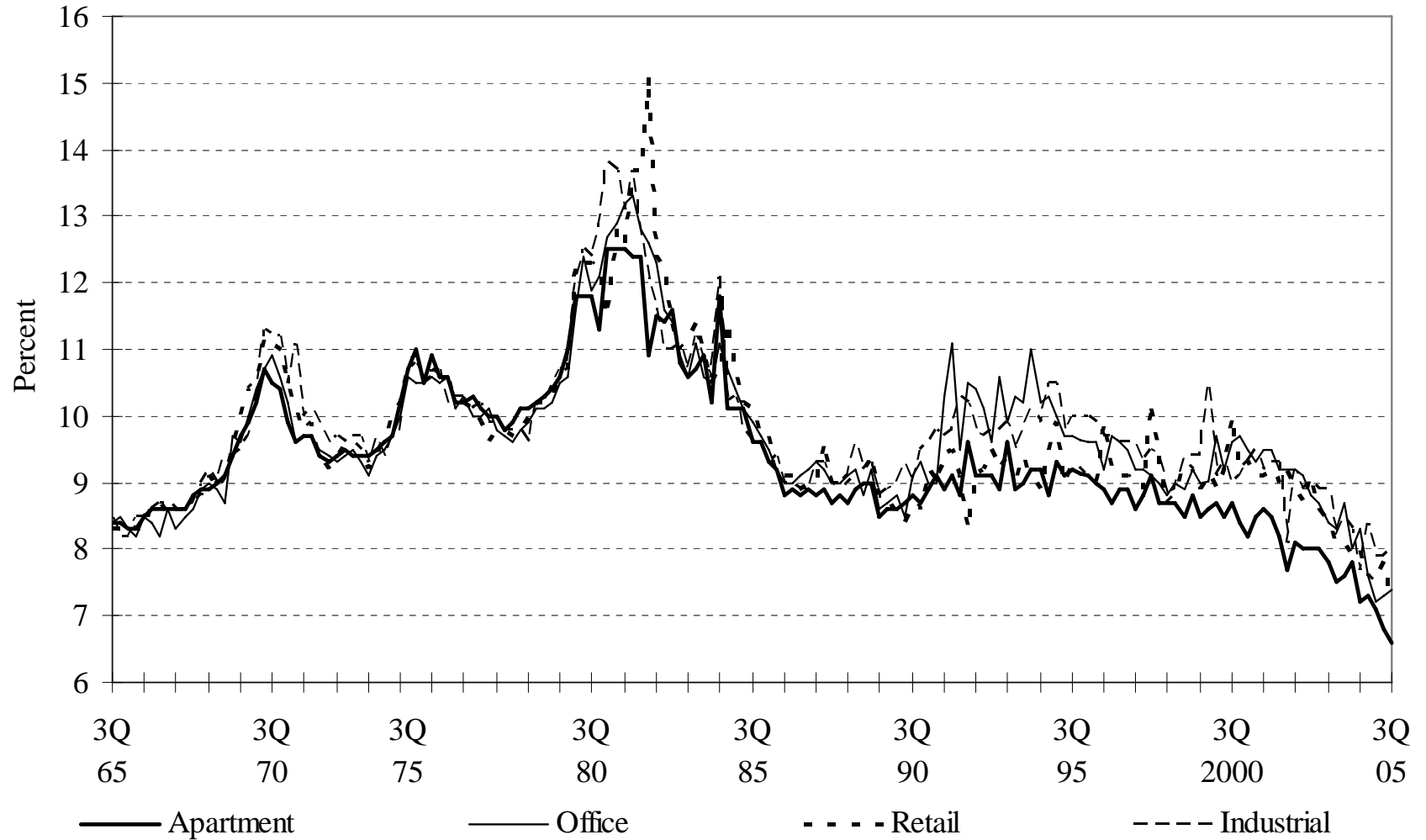
Data through 3Q 2005.

Sources: Bureau of Economic Analysis;
Federal Reserve, Flow of Funds.

Comm Mtgs O/S as % GDP

Average, 1980-2005 (12.2%)

Cap Rates By Property Type



Source: American Council of Life Insurers (ACLI)
Data through 3Q 2005

Origination Year:	2000	2005	2000	2005
Property Type	Multifamily	Multifamily	Office	Office
Net Cash Flow	\$1,000	\$1,000	\$1,000	\$1,000
Market Cap Rate	8.7%	6.6%	9.6%	7.4%
Value at Market Cap	\$11,494	\$15,151	\$10,417	\$13,514
75% LTV Loan	\$8,621	\$11,364	\$7,813	\$10,135
Increase in Loan Proceeds		31.8%		29.7%

Increase in loan proceeds calculated using the same cash flow and solely considering the decrease in the reported cap rate for each asset class between 3Q 2000 and 3Q 2005 as reported by the American Council of Life Insurers (ACLI).

CBD Office:
Markets With Above-Average Supply Growth
AND Below-Average Supply-Demand Relationships
(8/46 markets)

Market	Supply As a Percent of Inventory	Supply-Demand Relationship *
Orlando	9.0%	-4.6%
Atlanta	4.4	-3.0
Nashville	4.1	-4.6
San Diego	3.8	-4.7
Washington DC	3.4	-1.8
Detroit	3.1	-4.3
Philadelphia	3.0	-2.8
Wilmington	2.1	-1.7
US Composite	1.2%	-0.8%
Hurdle Rate	1.8	-1.2

Suburban Office:
Markets With Above-Average Supply Growth
AND Below-Average Supply-Demand Relationships
(11/52 markets)

Market	Supply As a Percent of Inventory	Supply-Demand Relationship *
Las Vegas	13.1%	-8.0%
Phoenix	7.4	-3.3
Baltimore	6.8	-5.3
Cincinnati	6.3	-4.1
Salt Lake City	6.0	-3.7
Orlando	5.2	-2.3
Trenton	5.1	-4.5
Sacramento	4.1%	-3.3%
Philadelphia	3.5	-1.9
San Diego	3.2	-3.3
Jacksonville	3.0	-4.3
US Composite	1.9%	-1.0%
Hurdle Rate	2.9	-1.5

* Negative number means that supply is expected to outpace demand growth by that amount over the next one-year horizon.

**Full-Service Hotel:
Markets With Above-average Supply Growth
AND Below-Average Supply-Demand Relationships
(8/59 markets)**

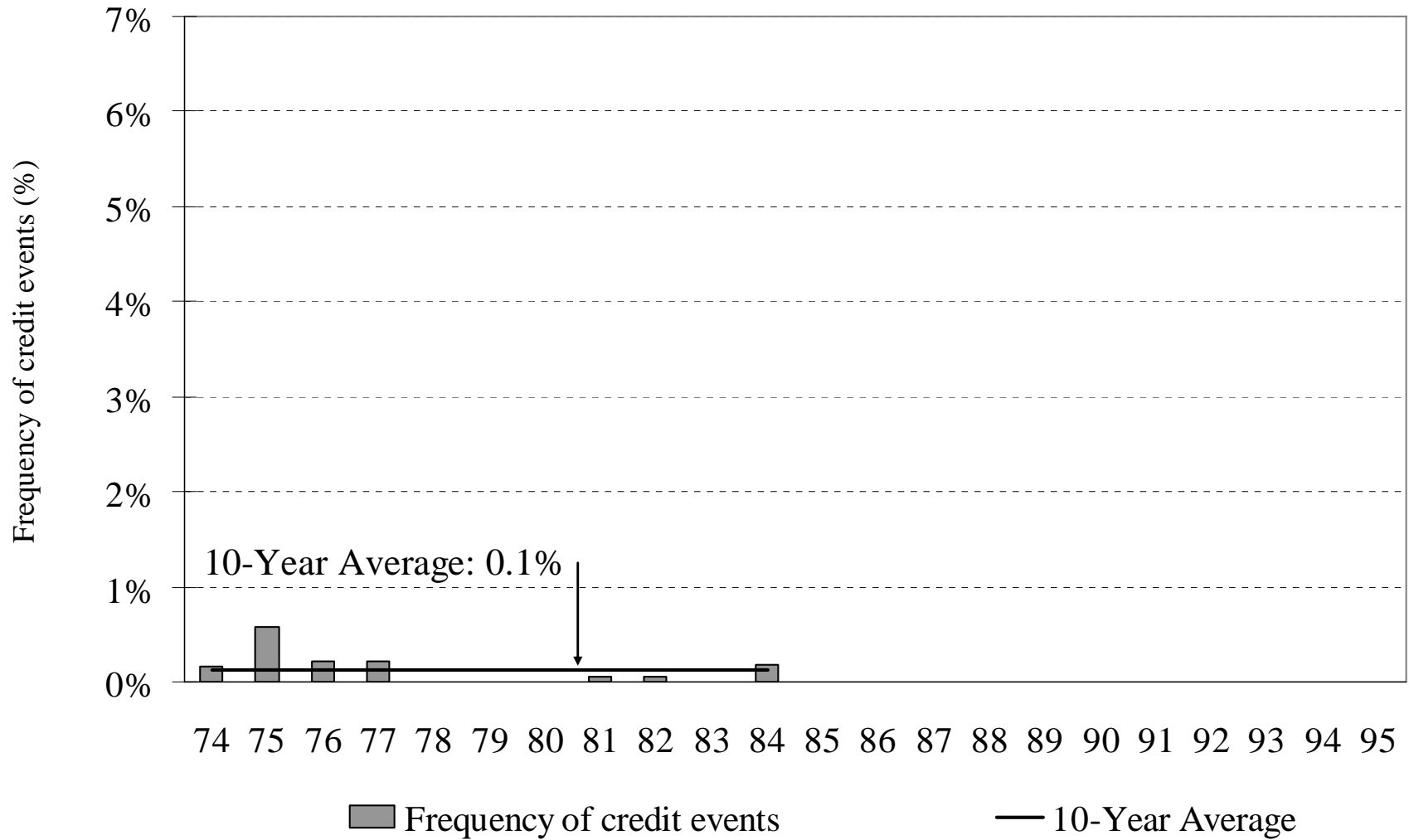
Market	Supply As a Percent of Inventory	Supply-Demand Relationship *
Denver	7.4%	-10.9%
Fort Worth	6.8	-16.0
Seattle	6.3	-7.4
Orange County	4.3	-9.5
Miami	4.3	-3.6
Baltimore	4.2	-4.8
Cincinnati	4.1	-2.9
Wilmington	3.8	-8.1
US Composite	2.5%	-0.2%
Hurdle Rate	3.8	-0.3

**Limited-Service Hotel:
Markets With Above-Average Supply Growth
AND Below-Average Supply-Demand Relationships
(9/48 markets)**

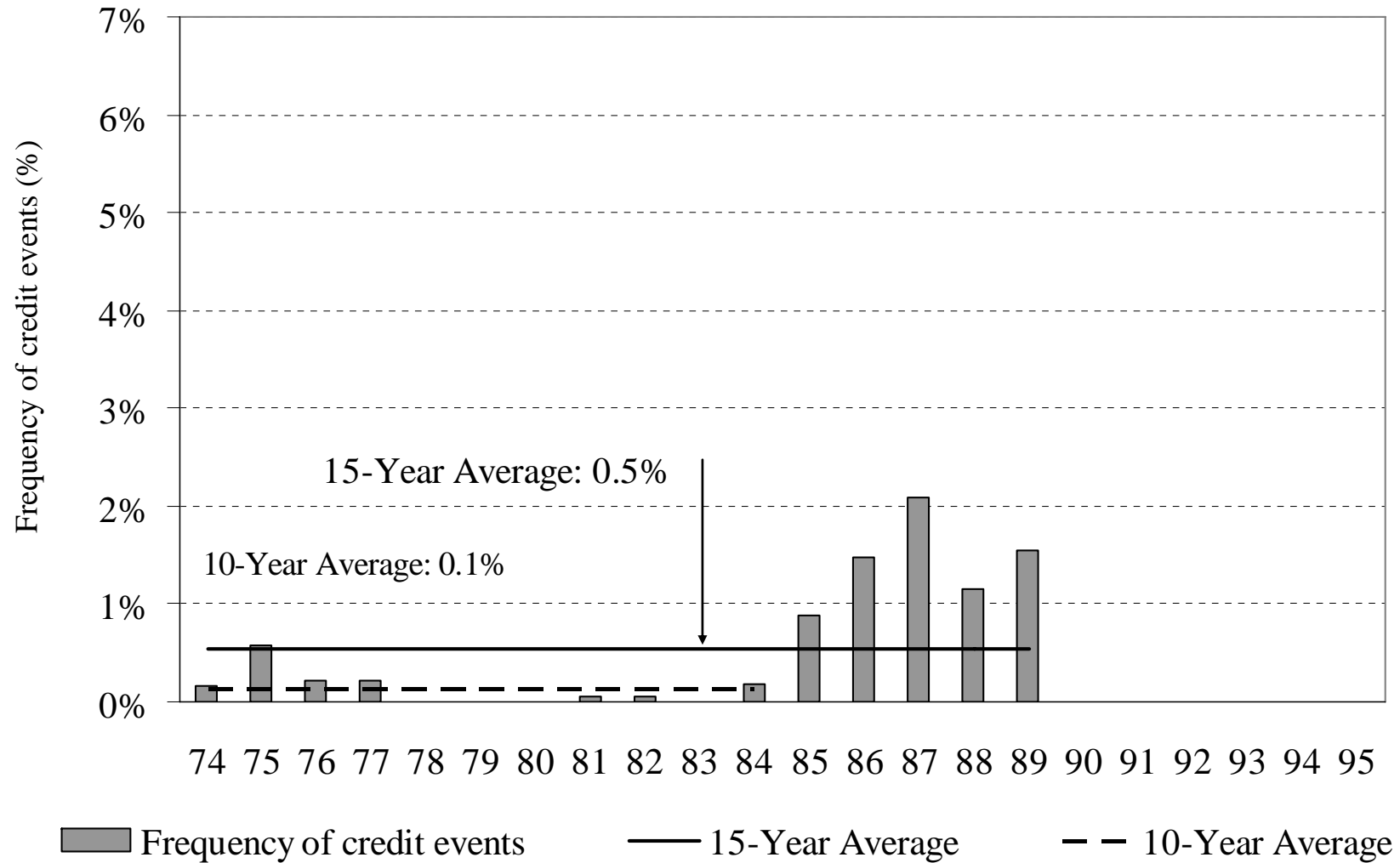
Market	Supply As a Percent of Inventory	Supply-Demand Relationship *
Memphis	5.7%	-6.9%
West Palm Beach	5.6	1.1
Trenton	5.5	-22.2
Tampa	5.2	-2.3
Kansas City	5.2	-1.2
Baltimore	5.0	-3.6
San Antonio	4.6	-6.2
Tucson	4.5	-8.6
Fort Lauderdale	4.3	-6.7
US Composite	2.7%	2.3%
Hurdle Rate	4.1	1.2

* Negative number means that supply is expected to outpace demand growth by that amount over the next one-year horizon.

10-Year Horizon: Frequency of Credit Events



15-Year Horizon: Frequency of Credit Events



20+-Year Horizon: Frequency of Credit Events

