

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

MBA Commercial Real Estate Finance

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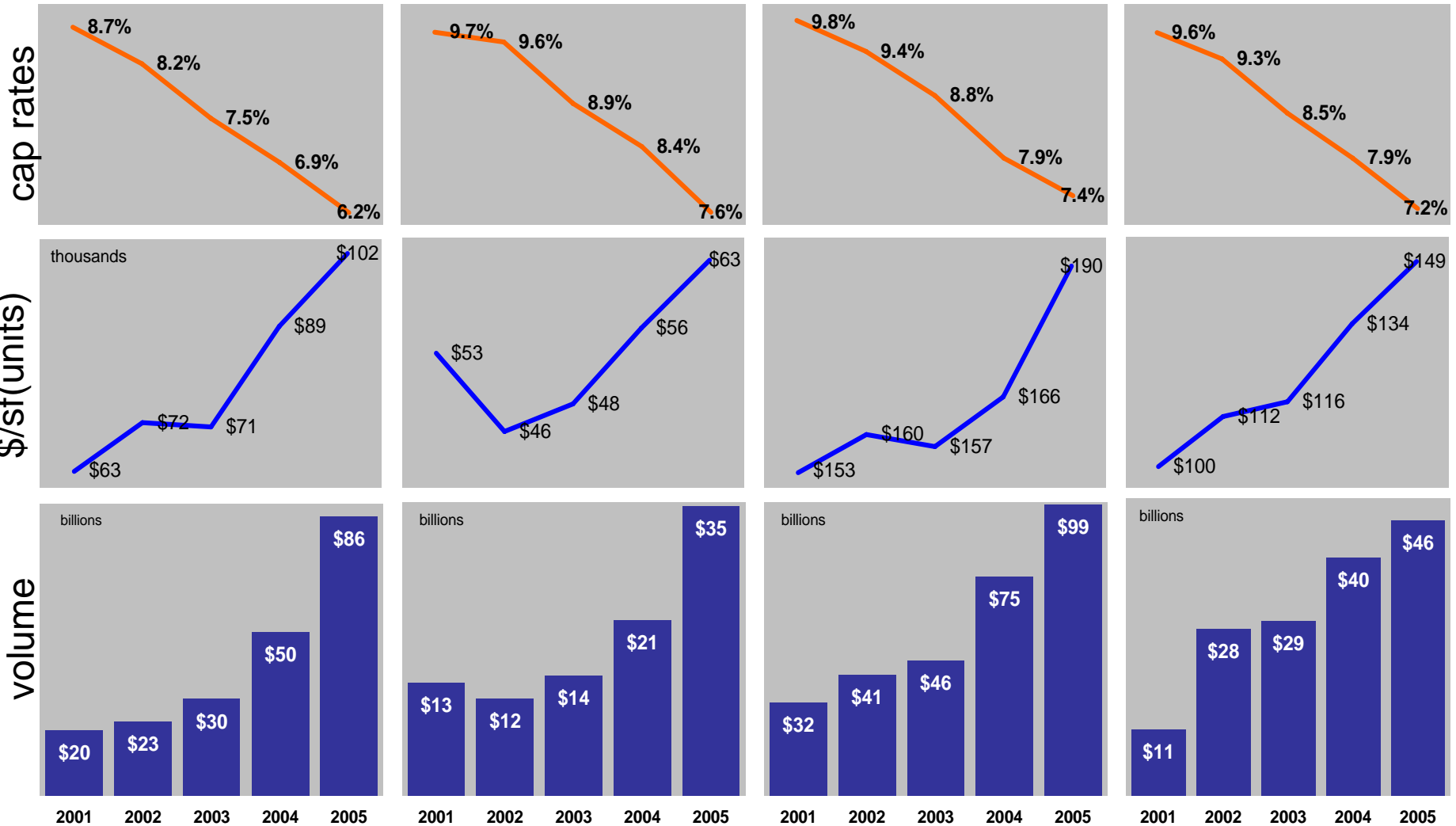
\$270 billion of core property sales in 2005, a 45% increase over 2004

apartment

industrial

office

retail



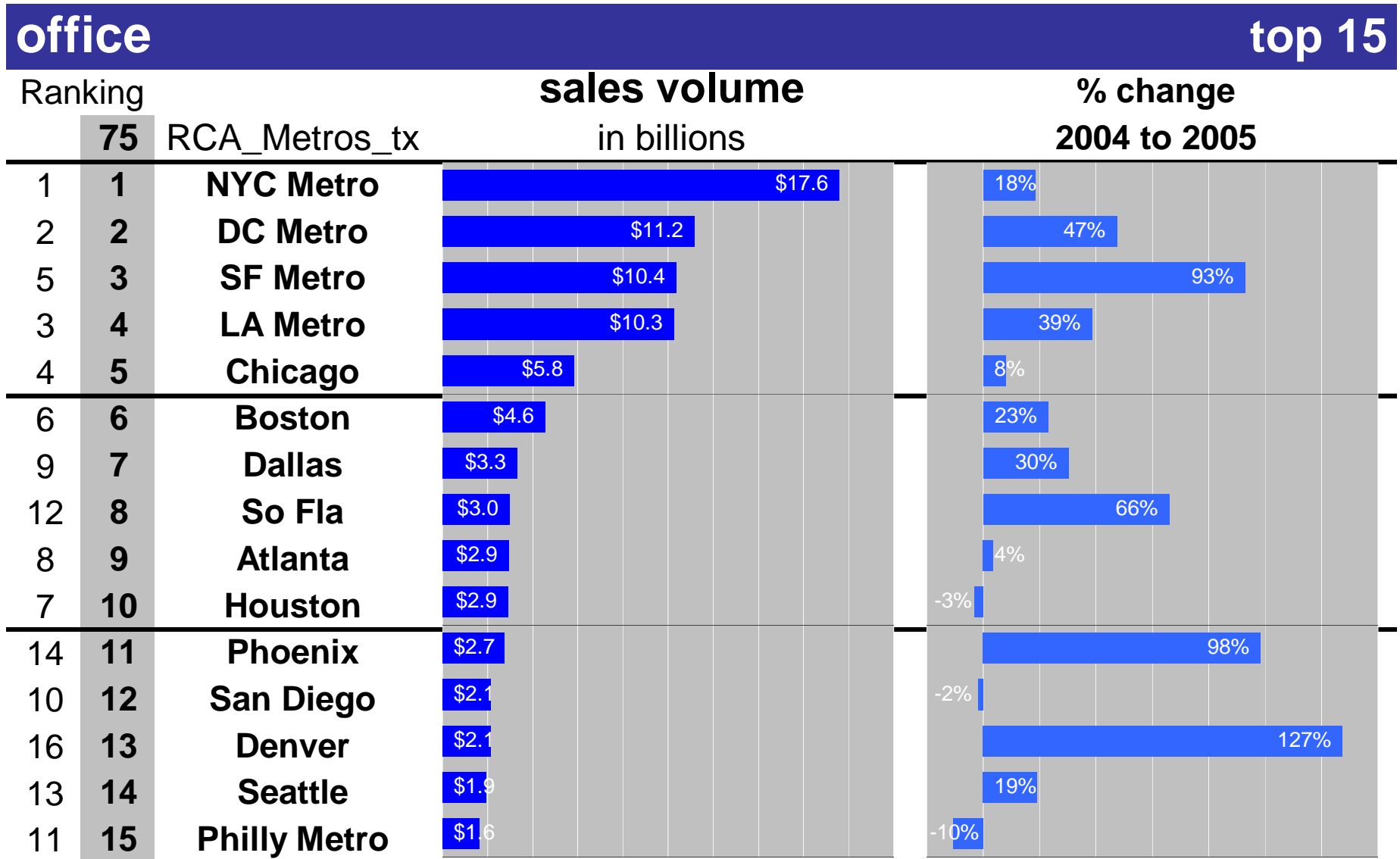
market by market, capital is fickle

apartments

top 15

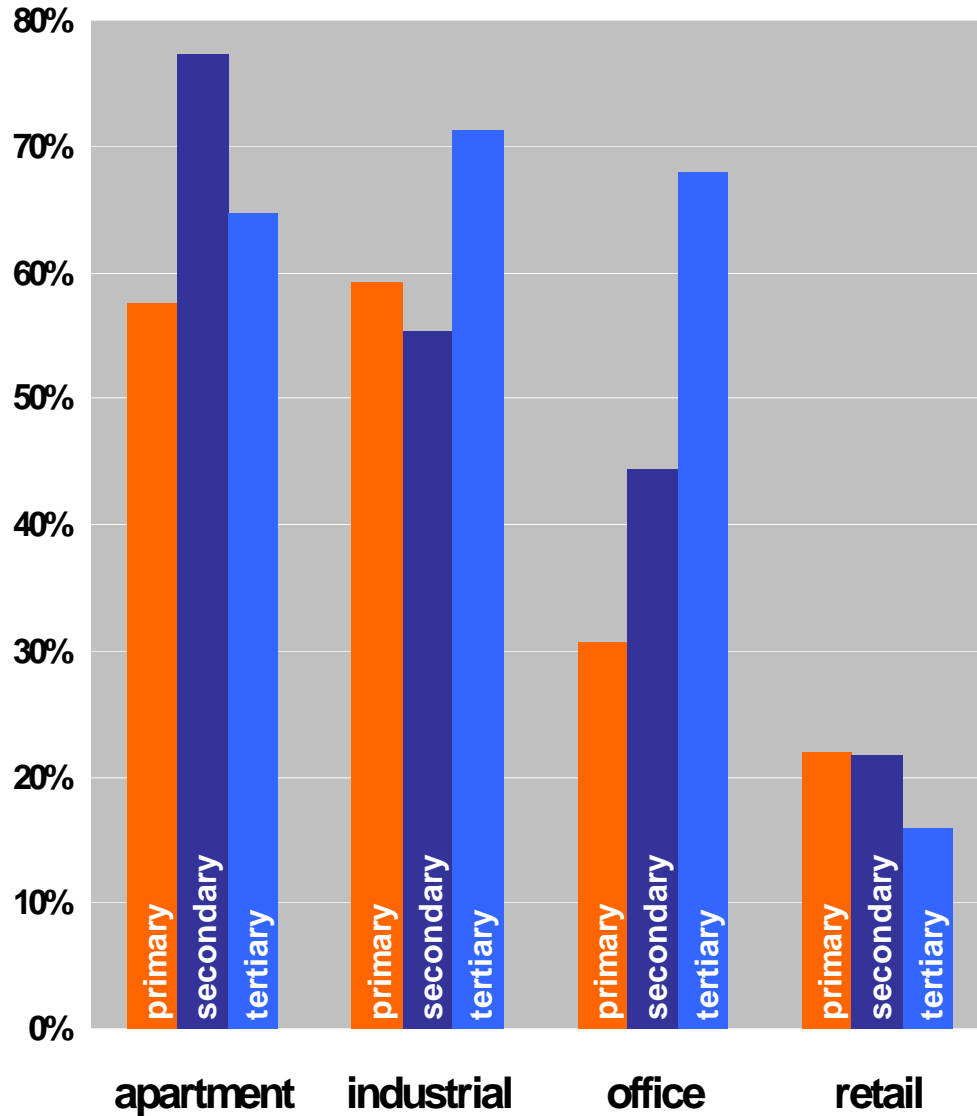
Ranking		market	sales volume		% change	
'04	'05		in billions		2004 to 2005	
2	1	NYC Metro	\$10.7		117%	
1	2	LA Metro	\$6.6		7%	
3	3	So Fla	\$6.4		50%	
4	4	DC Metro	\$4.6		11%	
8	5	Phoenix	\$4.5		146%	
7	6	SF Metro	\$4.4		128%	
15	7	Tampa	\$3.6		264%	
12	8	Orlando	\$3.3		153%	
6	9	Atlanta	\$3.2		54%	
10	10	Dallas	\$2.8		59%	
14	11	Seattle	\$2.4		103%	
9	12	Las Vegas	\$2.3		29%	
13	13	Houston	\$2.3		90%	
11	14	Chicago	\$2.2		65%	
5	15	San Diego	\$2.1		-18%	

market by market, capital is fickle

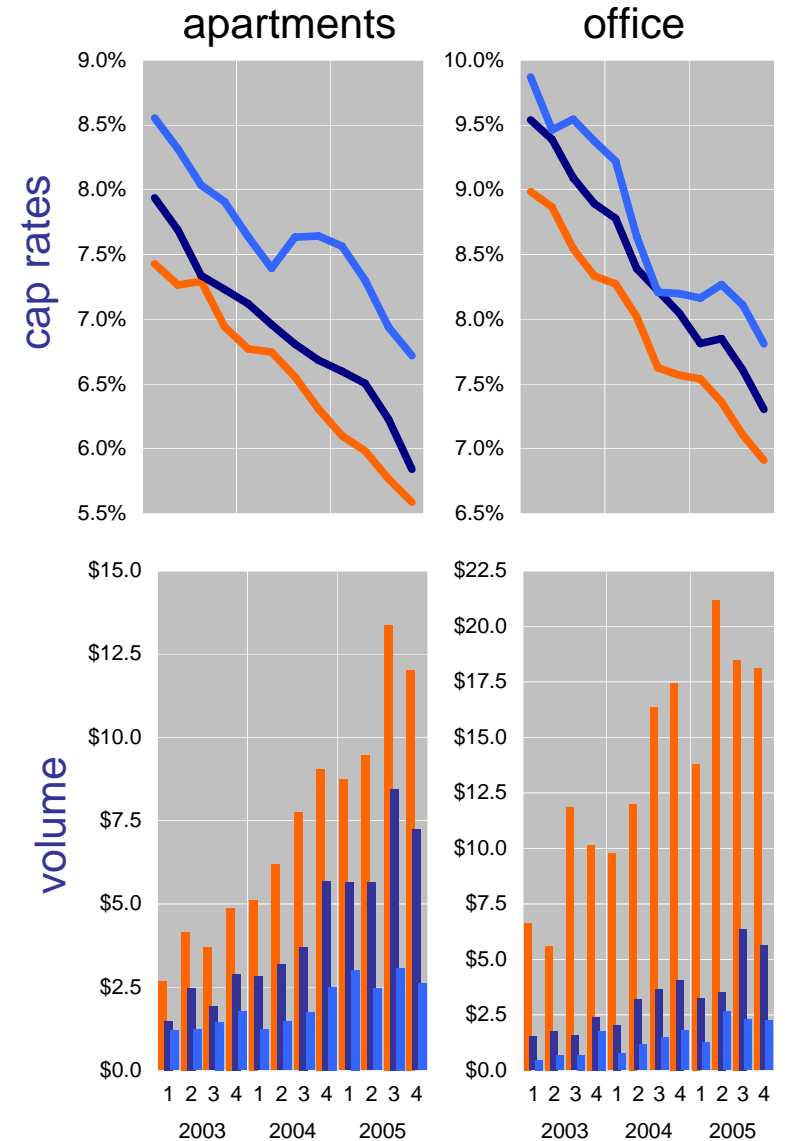


investment in secondary and tertiary markets rising fast

**% increase in sales activity
2005 vs 2004**



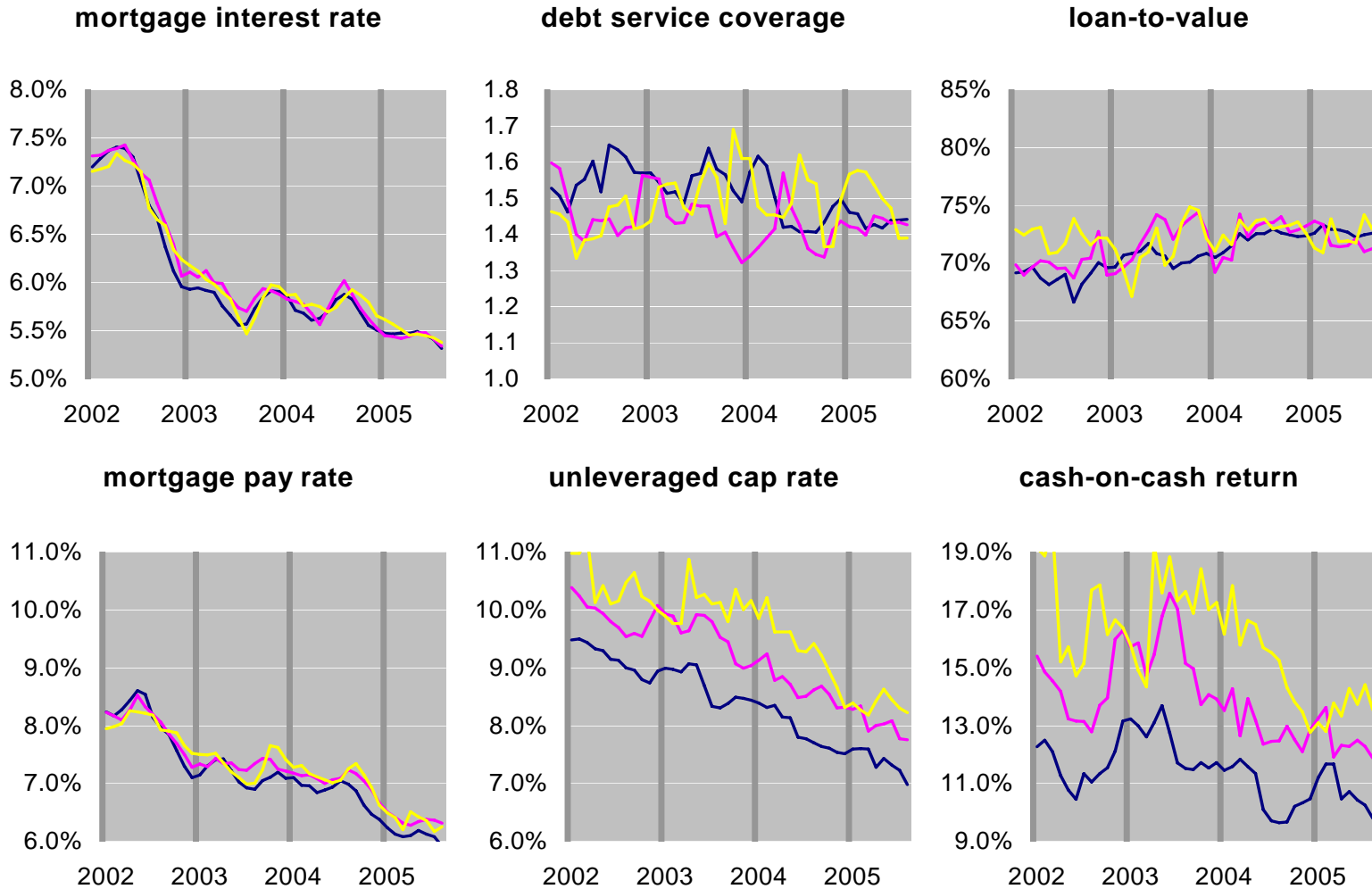
pricing trends by market size



debt markets are channeling capital to secondary and tertiary markets

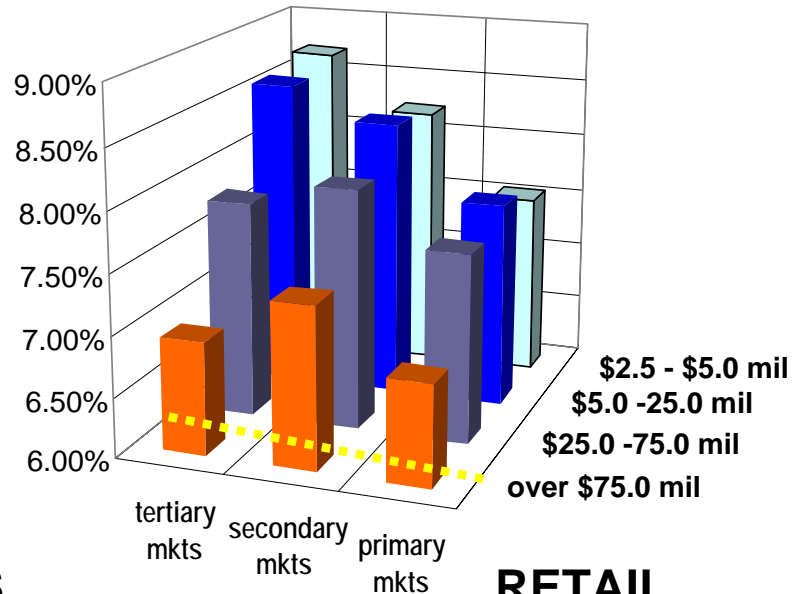
mortgage terms for core properties by market size

— tertiary — secondary — primary

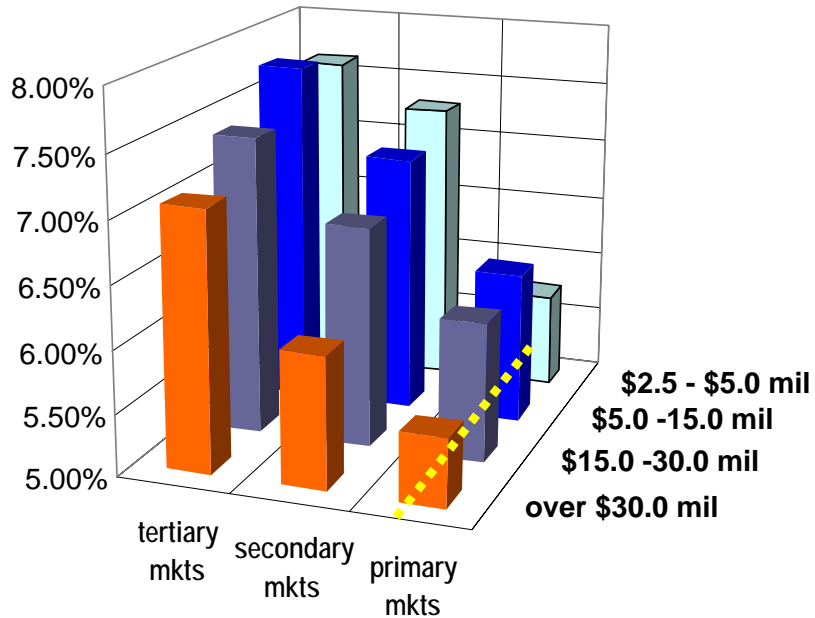


location,
location,
location size

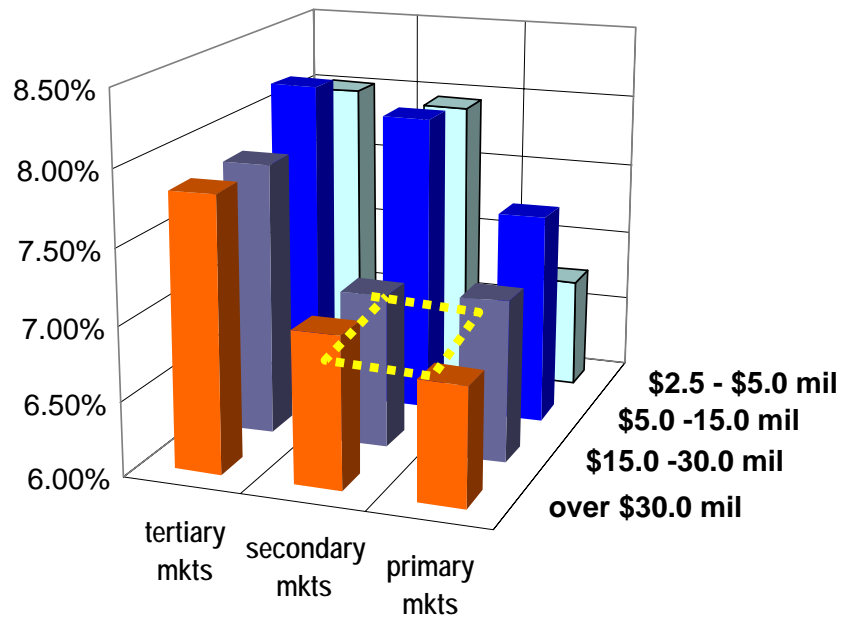
OFFICE



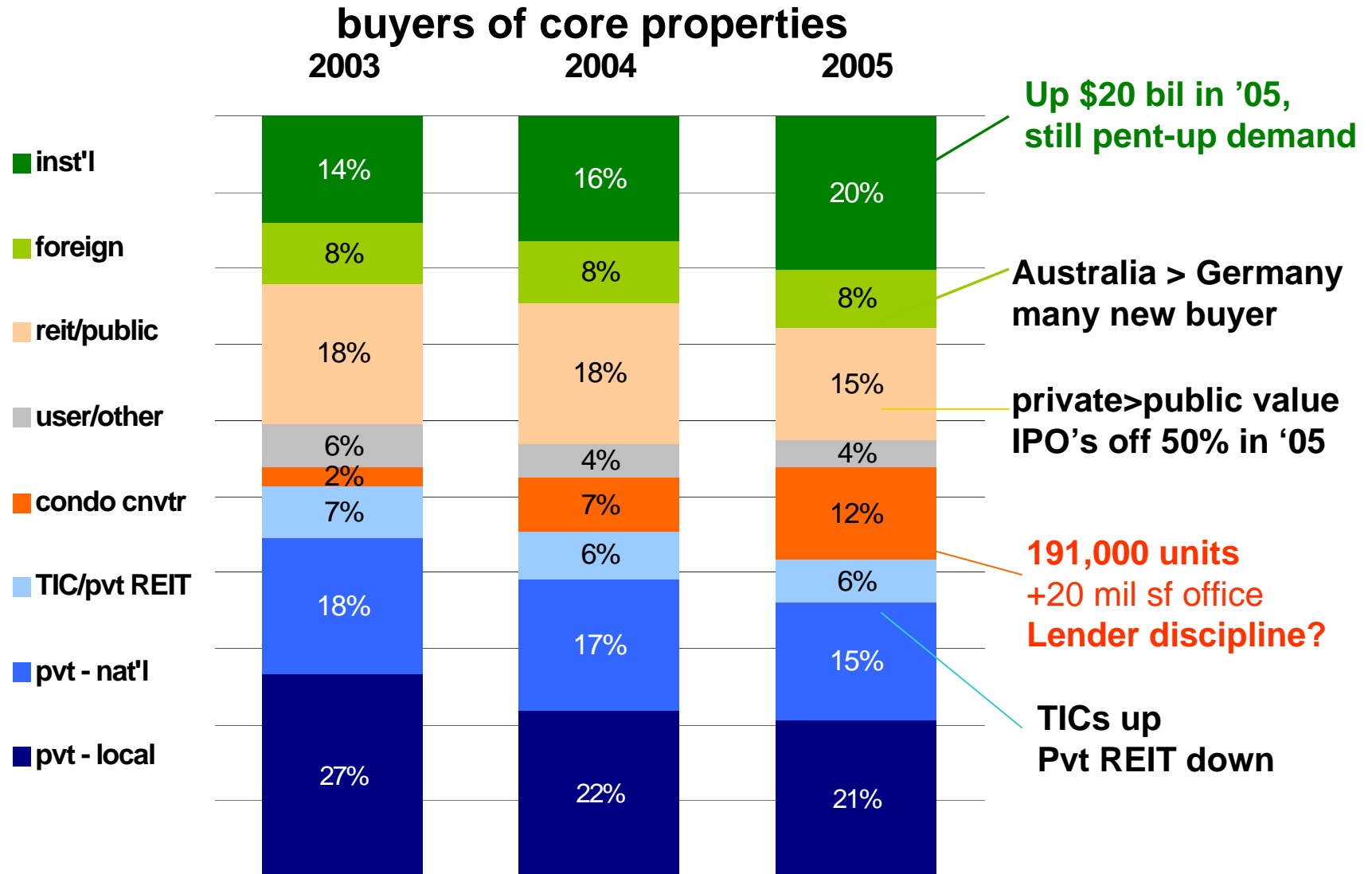
APARTMENTS



RETAIL

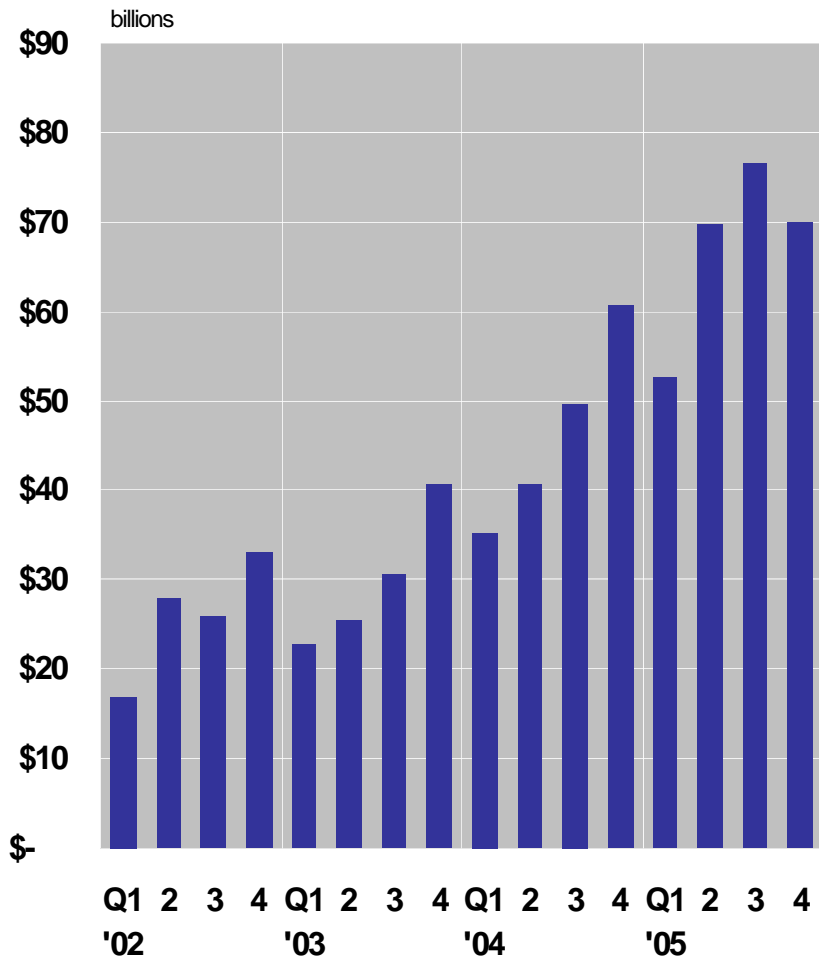


**the composition of buyers has become deep and diverse
and more willing to invest in new markets, fewer local buyers**

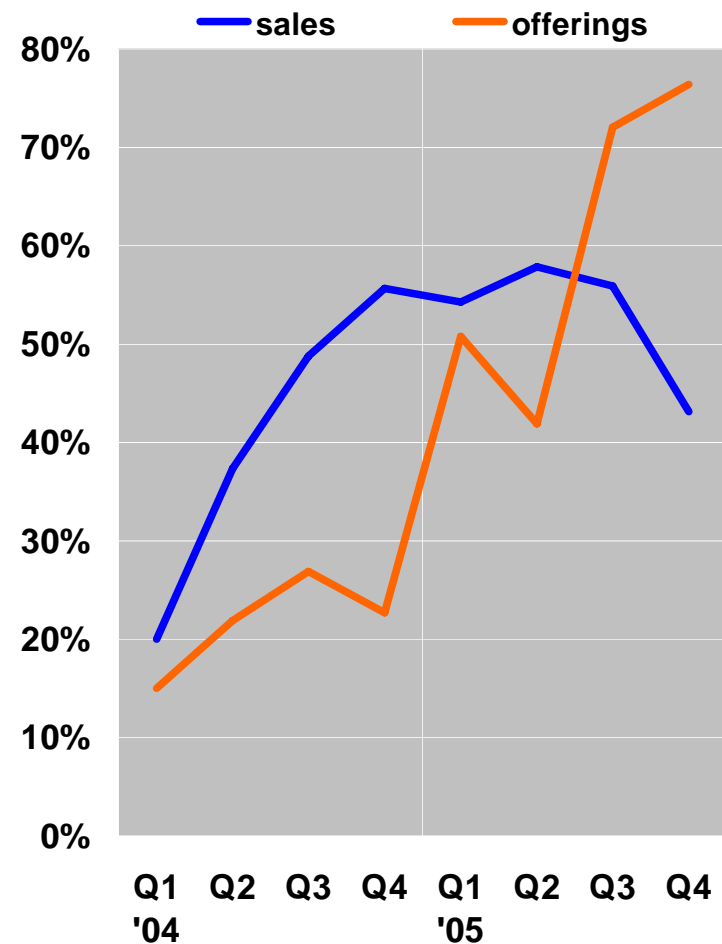


**investment sales have started to slow, offerings rising:
the supply and demand balance is changing**

Quarterly Sales of Core Properties



Yr over Yr Changes in Sales and Offerings



outlook

- 2005 was a record year for investment, but the expansion is starting to slow
- the investment market is still solid; debt and equity capital plentiful
- capital is following yield; secondary and tertiary markets are the beneficiaries
- supply & demand balance shifting; volume and cap rates stabilizing
- prices could still rise;
local market fundamentals not the capital markets to drive prices in 2006
- conclusion: **location is more important than ever**