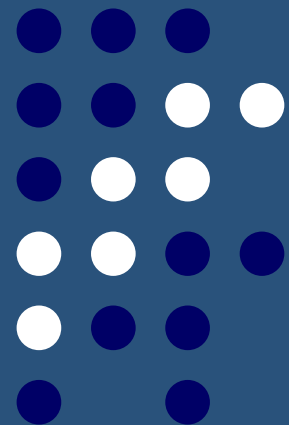


Location, Location, Location

Robert M. White, Jr, CRE, FRICS
President, Real Capital Analytics

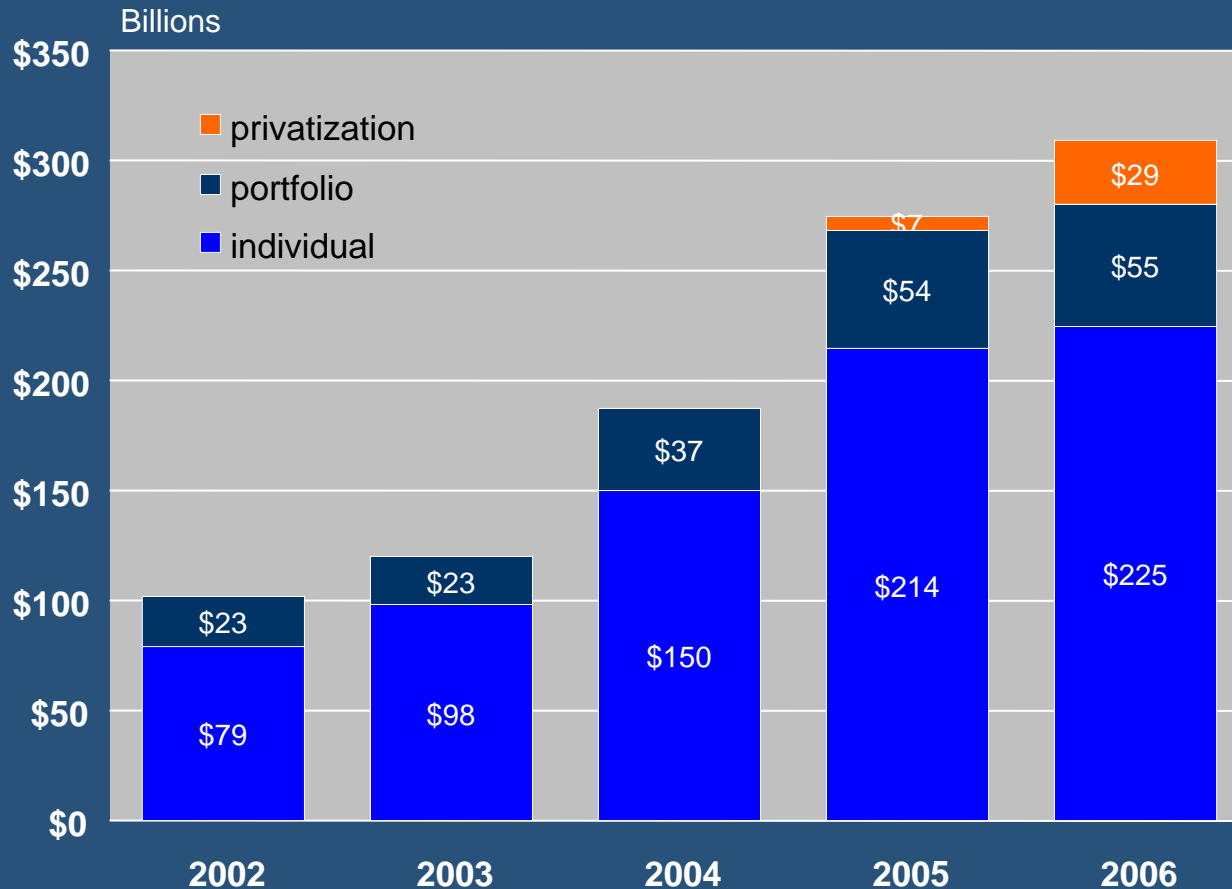
February 5, 2007
San Diego, CA





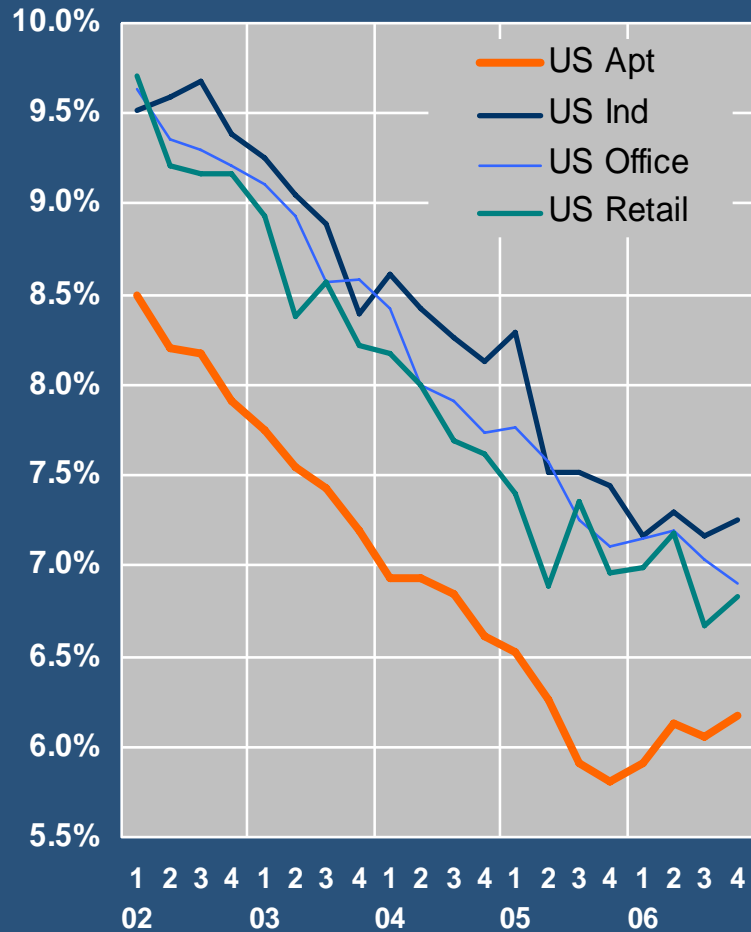
US Property Acquisitions

office, industrial, multifamily, retail properties \$5 mil.+



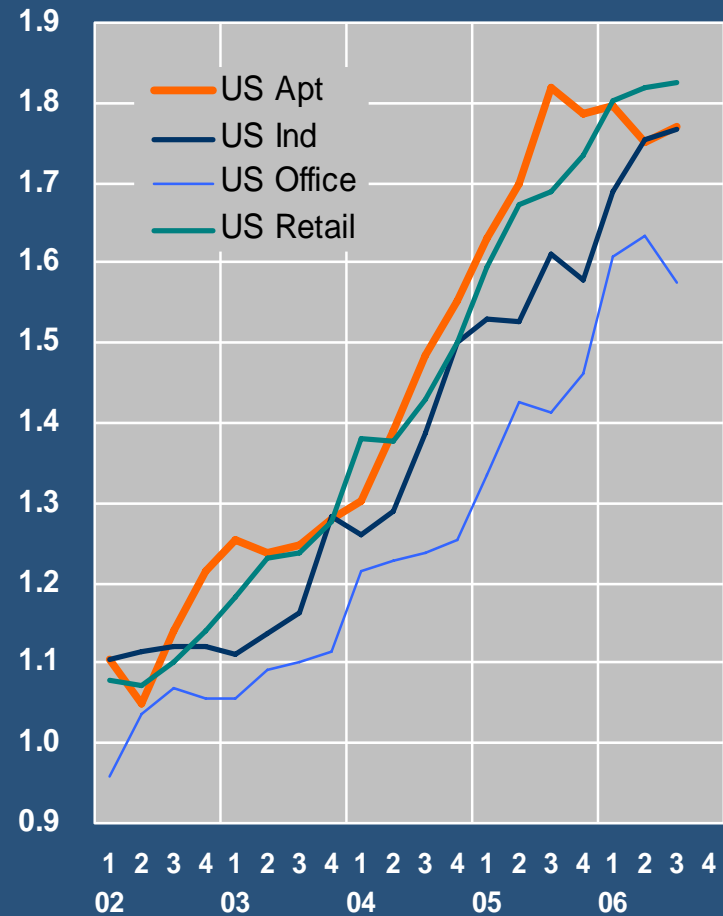


cap rates



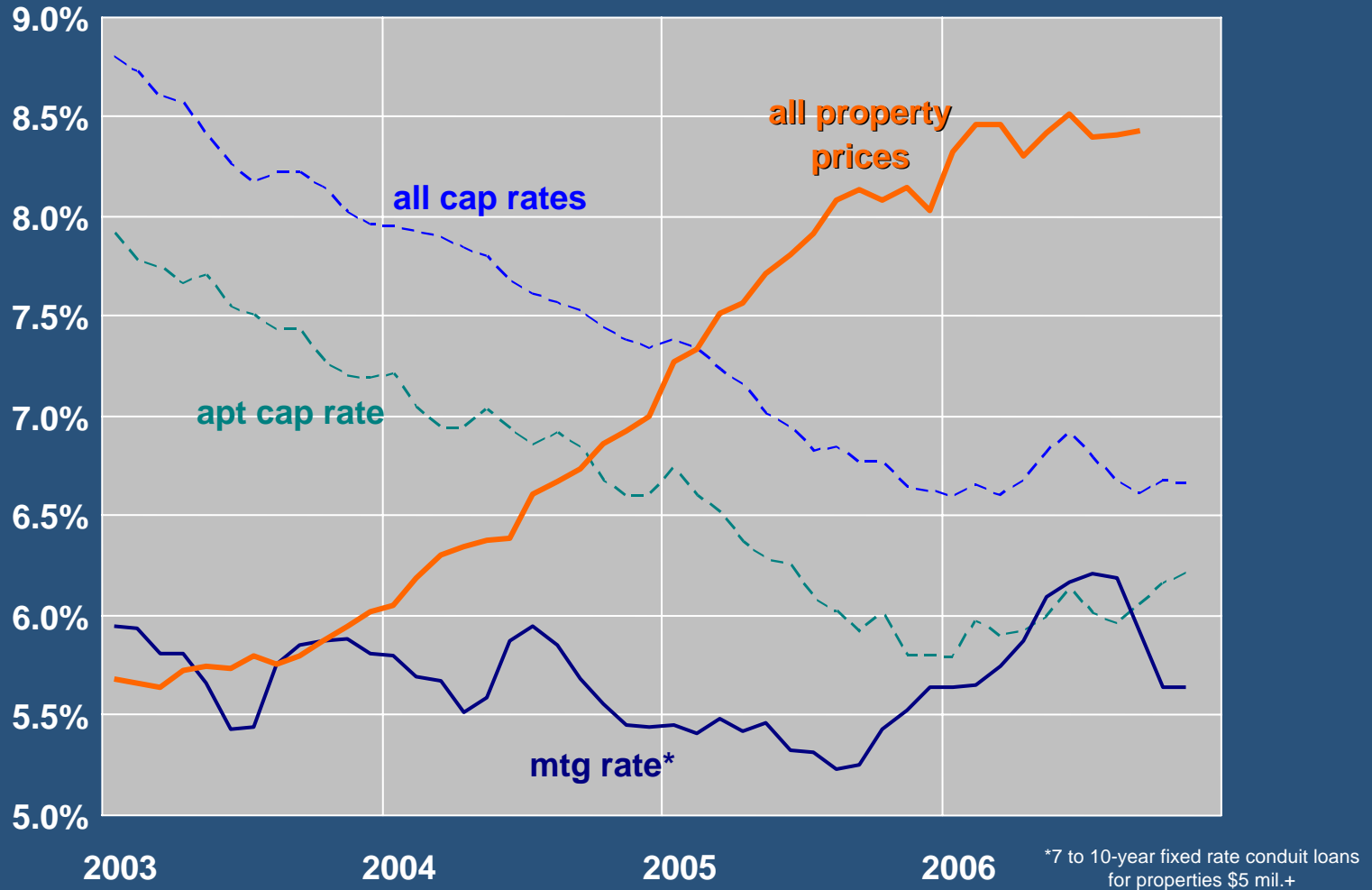
price appreciation

MIT-CRE/RCA repeat sales





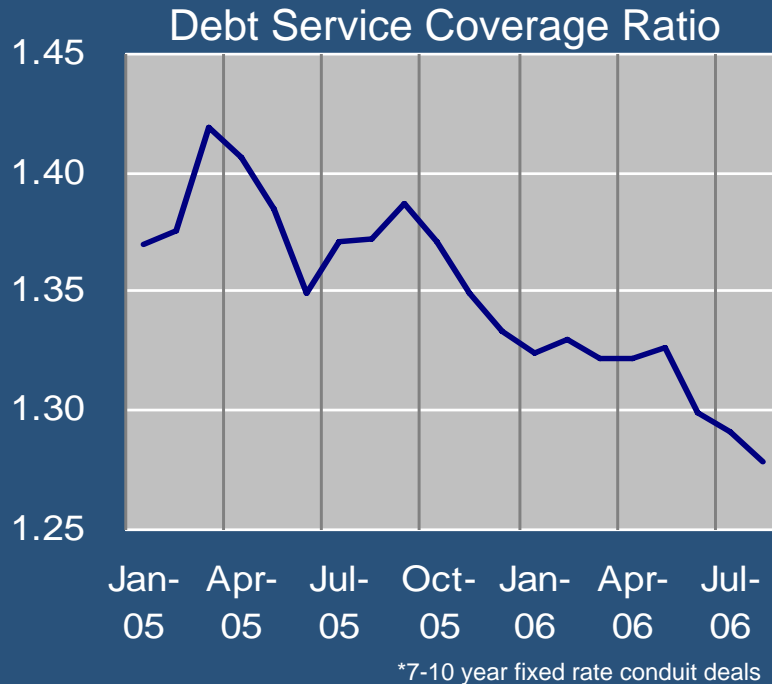
cap rates, mortgage rates & price appreciation



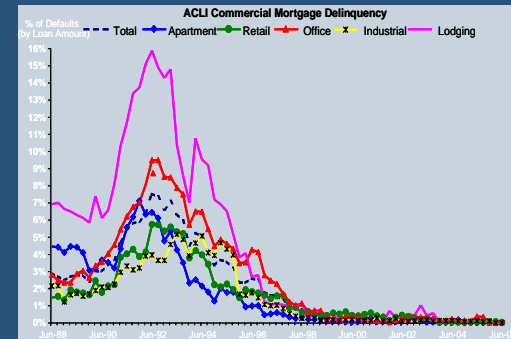


Higher Interest Rates – but still low by historic standards

and plenty of aggressive lenders...

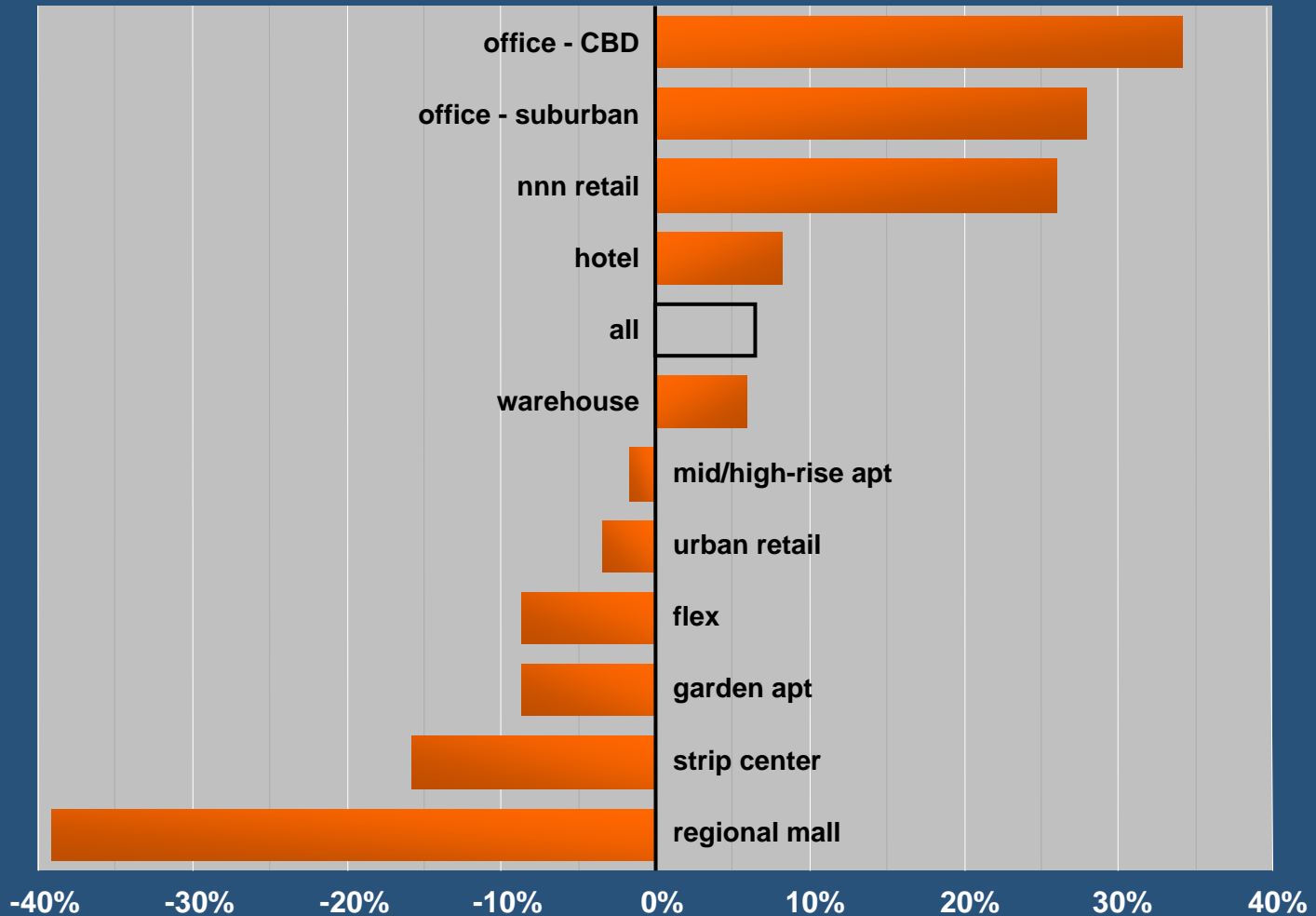


But defaults are rare





change in sales volume
2006 vs. 2005

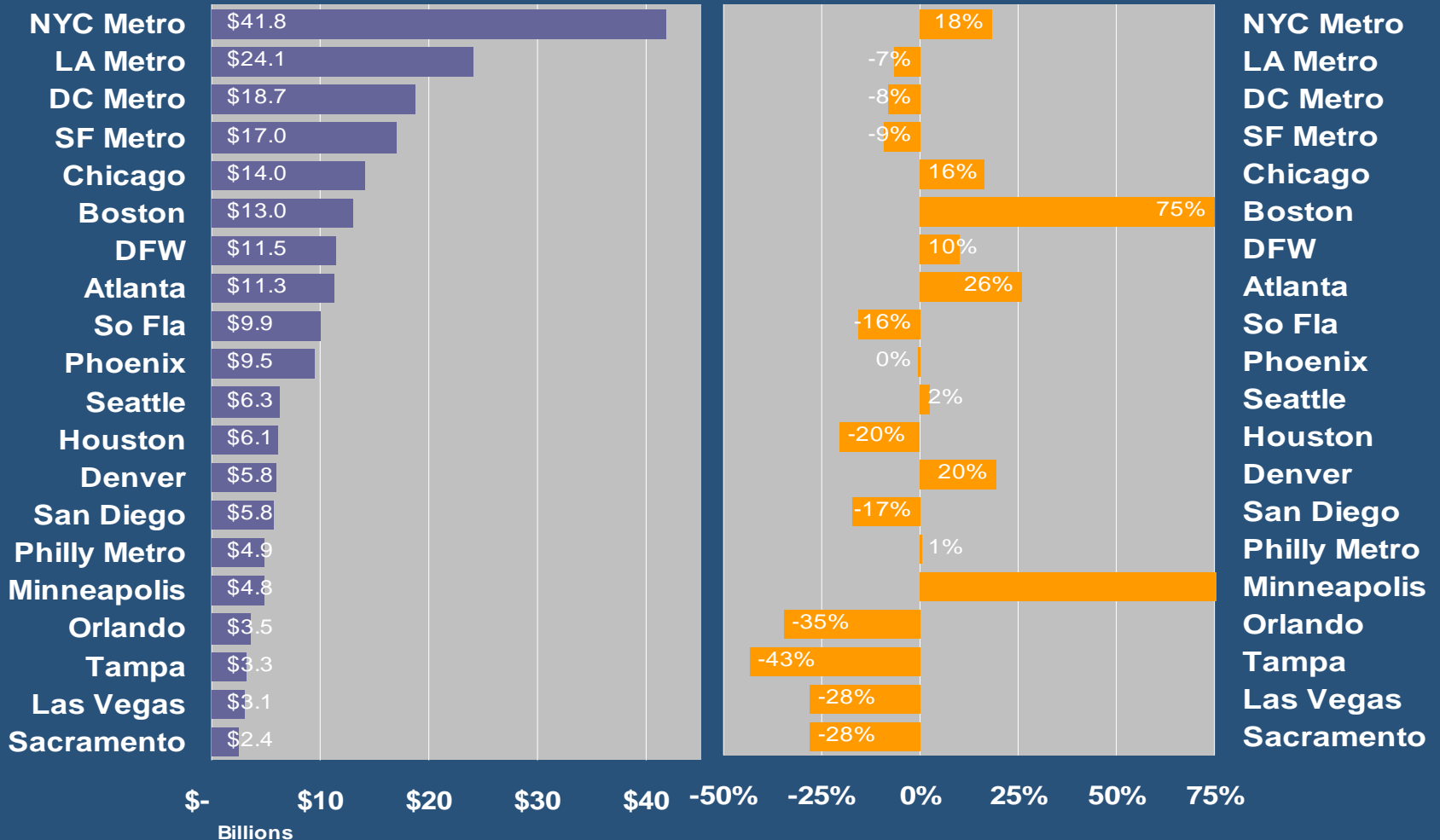




office, industrial, retail and multifamily properties \$5 mil.+

sales volume in 2006

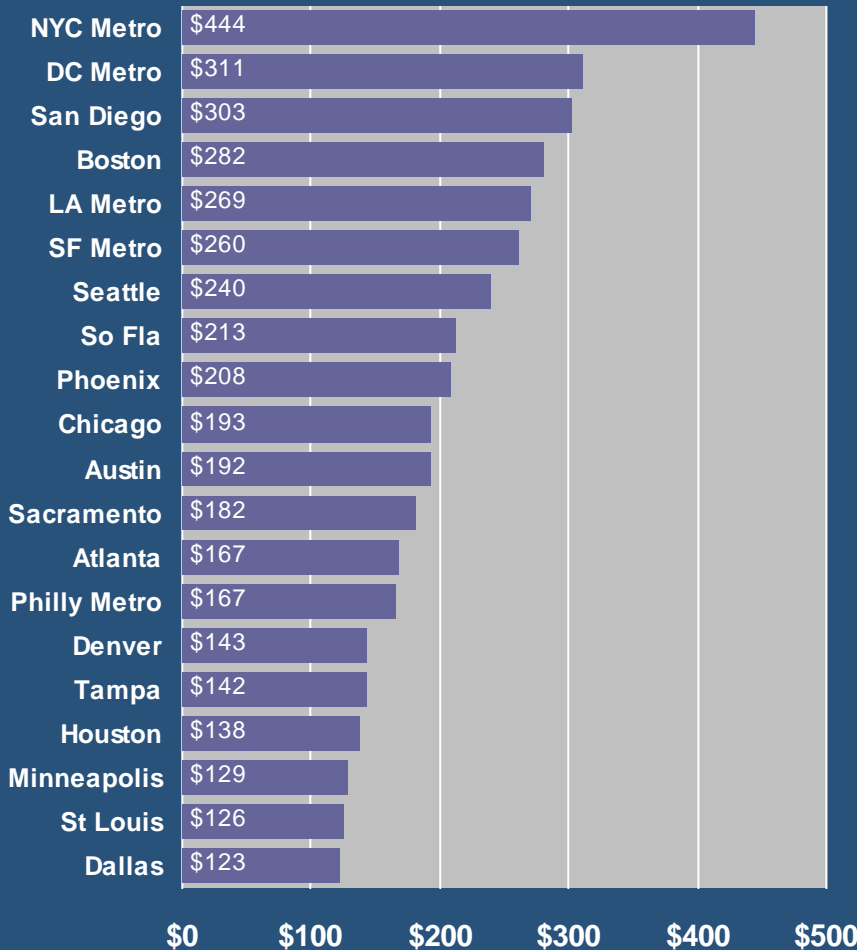
change since 2005



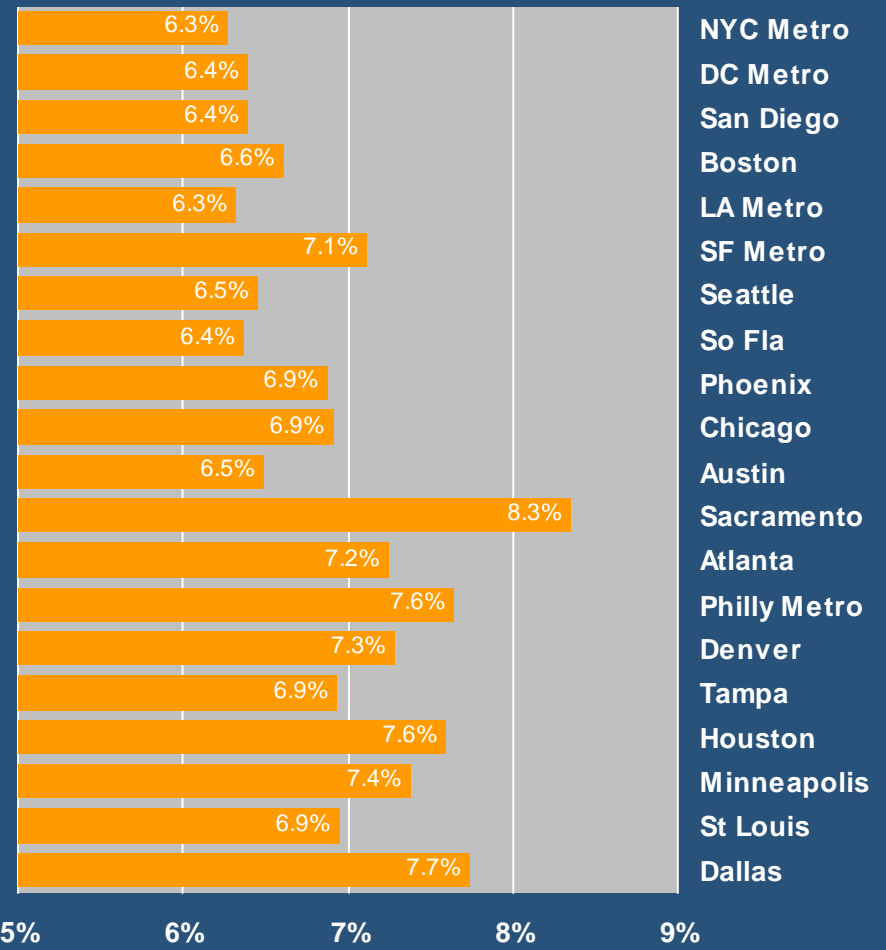


2006 Office Prices

price per unit

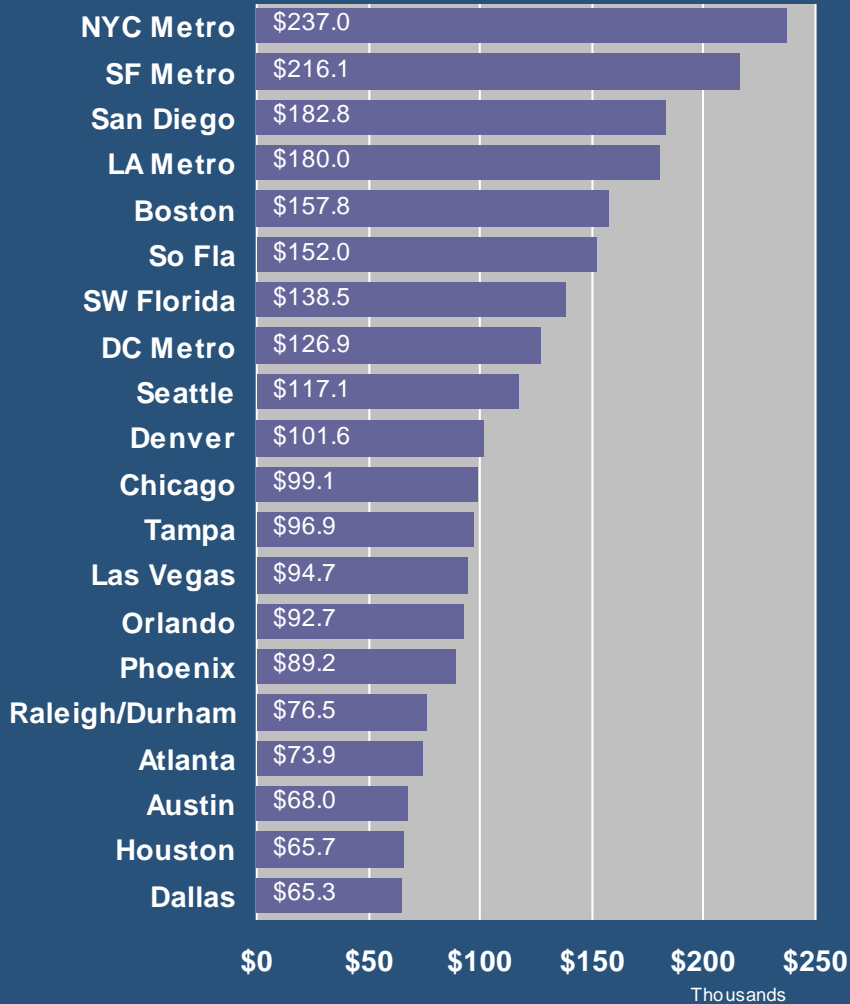


cap rates

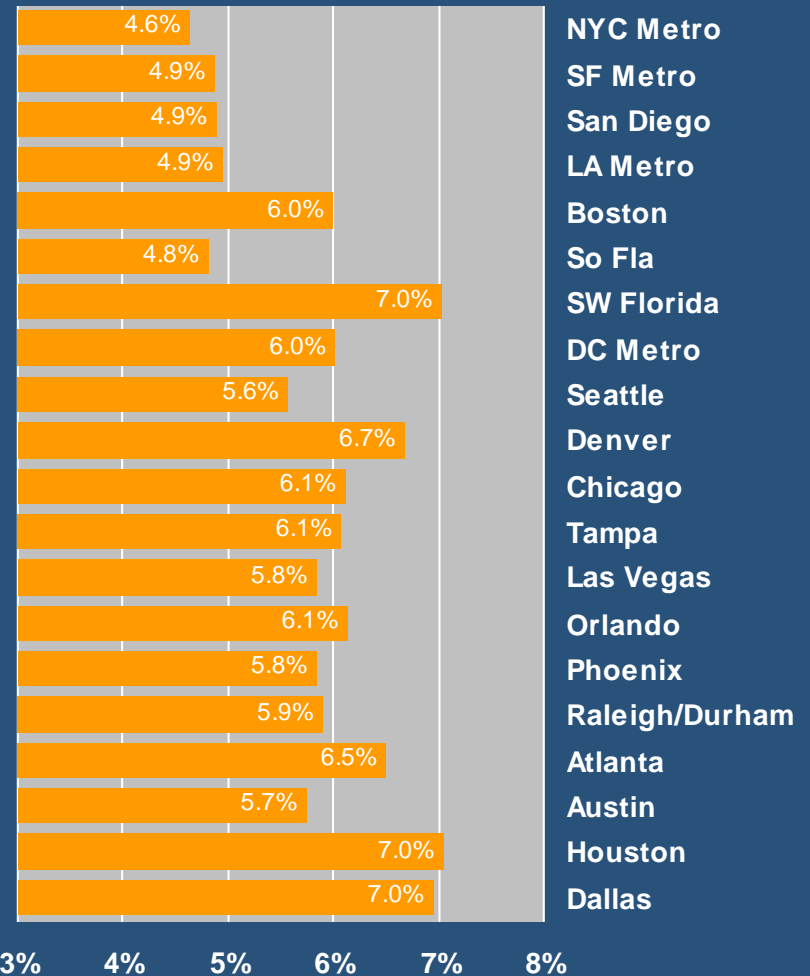




price per unit

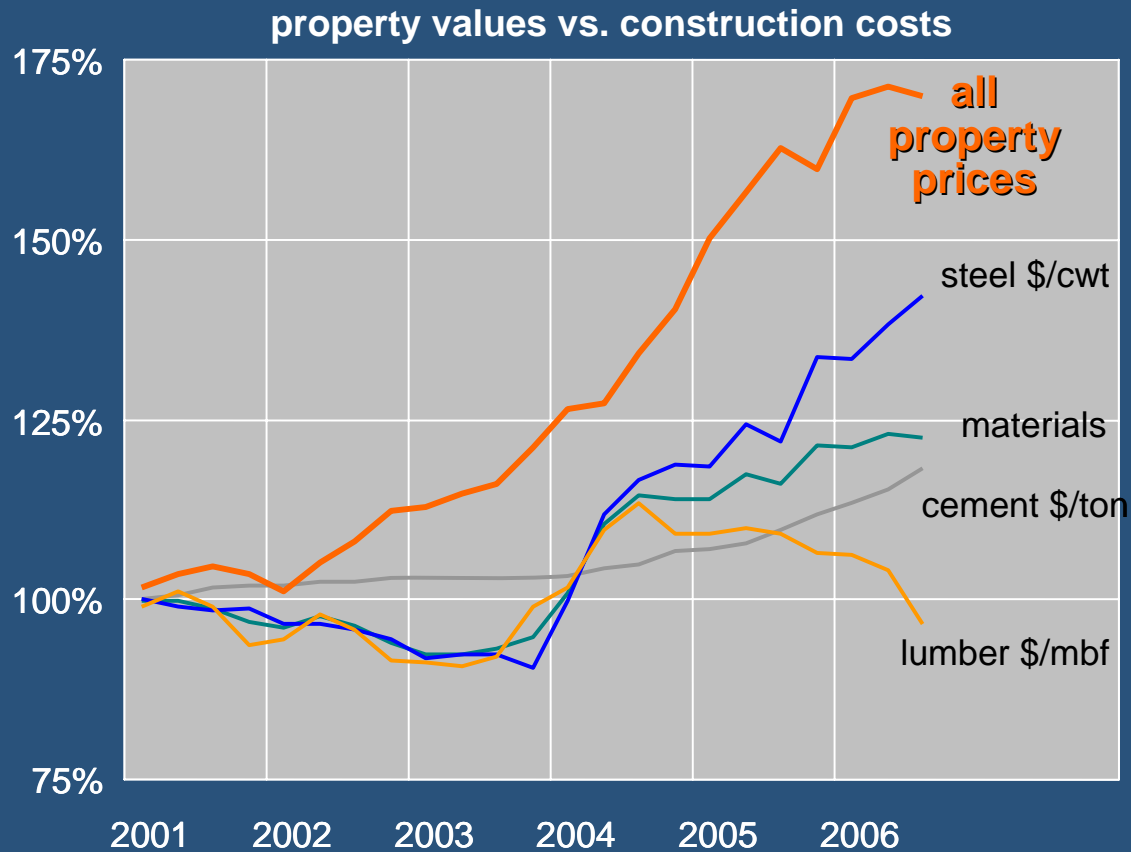


cap rates





Construction Costs – replacement cost justifying high prices



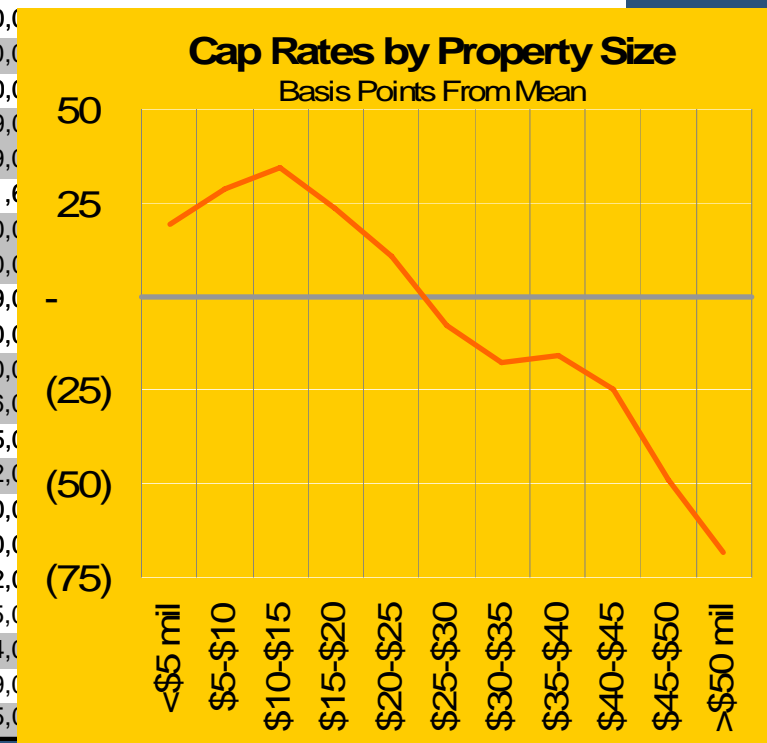
sources: ENR, MIT-CRE/RCA



Mega Deals – buyers & lenders with extremely deep pockets

Date	Property	City	Type	Price	Buyer
Nov-06	PeterCooperVill & StuyTown	New York	apt	\$ 5,400,000,000	Tishman Speyer/BlackRock Realty
Nov-06	<i>Mall of America*</i>	Minneapolis	mall	\$ 1,800,000,000	Triple Five Group
contract	666 Fifth Ave*	New York	Office - CBD	\$ 1,800,000,000	Kushner Companies
Aug-06	1211 Sixth Ave	New York	Office - CBD	\$ 1,520,000,000	Beacon Capital Partners/Lehman Bros
Nov-06	Five Times Square	New York	Office - CBD	\$ 1,284,000,000	AVR Realty
Mar-06	AXA Financial Ctr	New York	Office - CBD	\$ 1,246,450,000	Hudson Waterfront Associates
Jun-06	280 Park Ave	New York	Office - CBD	\$ 1,200,000,000	
Mar-06	Bank of America Ctr	San Francisco	Office - CBD	\$ 1,050,000,000	
Sep-06	425 Park Ave	New York	Office - CBD	\$ 1,000,000,000	
Dec-06	State Street Financial Ctr	Boston	Office - CBD	\$ 889,000,000	
contract	Pacific Shores Ctr	Redwood City	Office - Sub	\$ 829,000,000	
Mar-06	One Madison Ave	New York	Office - CBD	\$ 801,000,000	
May-06	Hard Rock Hotel & Casino	Las Vegas	Hotel	\$ 770,000,000	
Aug-06	<i>High St/Oliver St Towers*</i>	Boston	Office - CBD	\$ 730,000,000	
contract	Manhattan Mall	New York	Office - CBD	\$ 689,000,000	
Aug-06	450 Lexington Ave	New York	Office - CBD	\$ 600,000,000	
Sep-06	<i>Technology Square*</i>	Cambridge	Office - CBD	\$ 600,000,000	
contract	South Coast	Las Vegas	Hotel	\$ 576,000,000	
contract	Two Park Ave	New York	Office - CBD	\$ 565,000,000	
Oct-06	Citadel Center	Chicago	Office - CBD	\$ 562,000,000	
contract	One Park Ave	New York	Office - CBD	\$ 550,000,000	
Nov-06	340 Madison Ave	New York	Office - CBD	\$ 550,000,000	
Nov-06	350 Park Ave	New York	Office - CBD	\$ 542,000,000	
Jul-06	Bertelsmann Building	New York	Office - CBD	\$ 525,000,000	
May-06	One Federal Street	Boston	Office - CBD	\$ 514,000,000	
Dec-06	Random House HQ	New York	Office - CBD	\$ 509,000,000	
Jun-06	<i>Comcast Center*</i>	Philadelphia	Office - CBD	\$ 505,000,000	

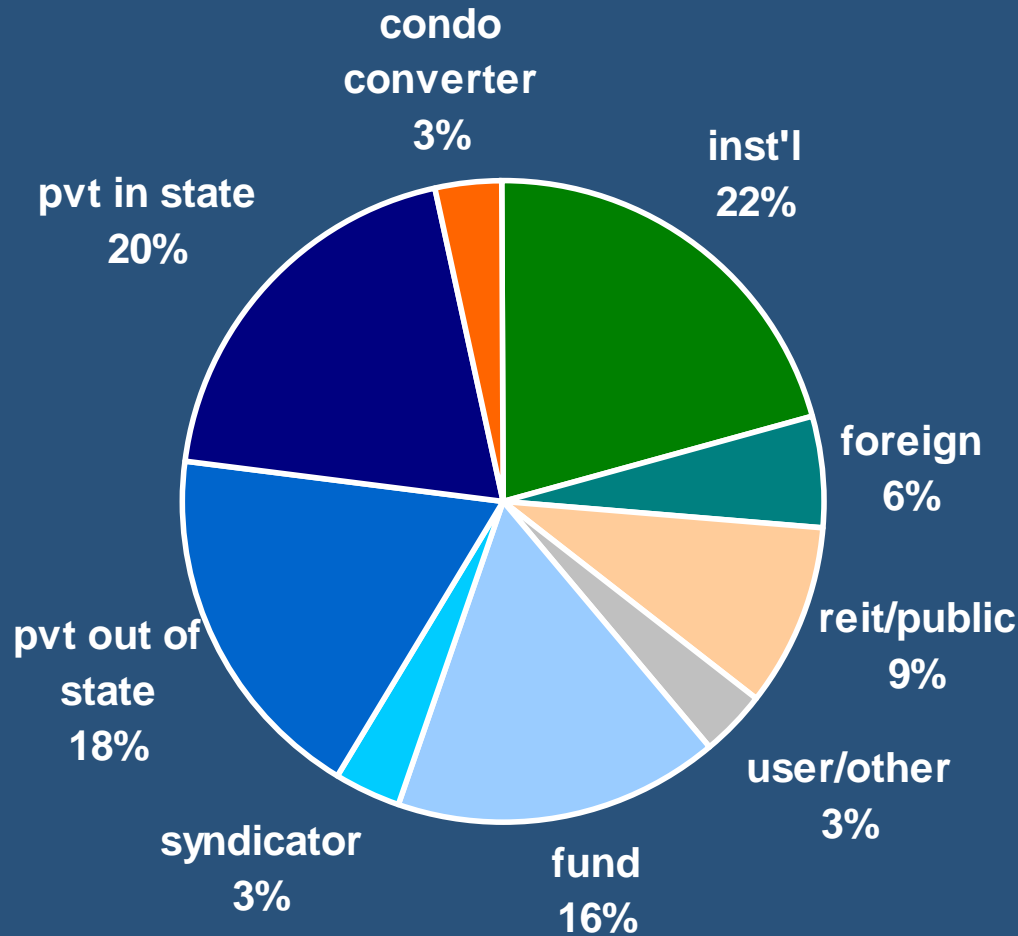
*partial-interest sale





2006 Composition of Buyers

office, industrial, retail and multifamily properties \$5 mil.+





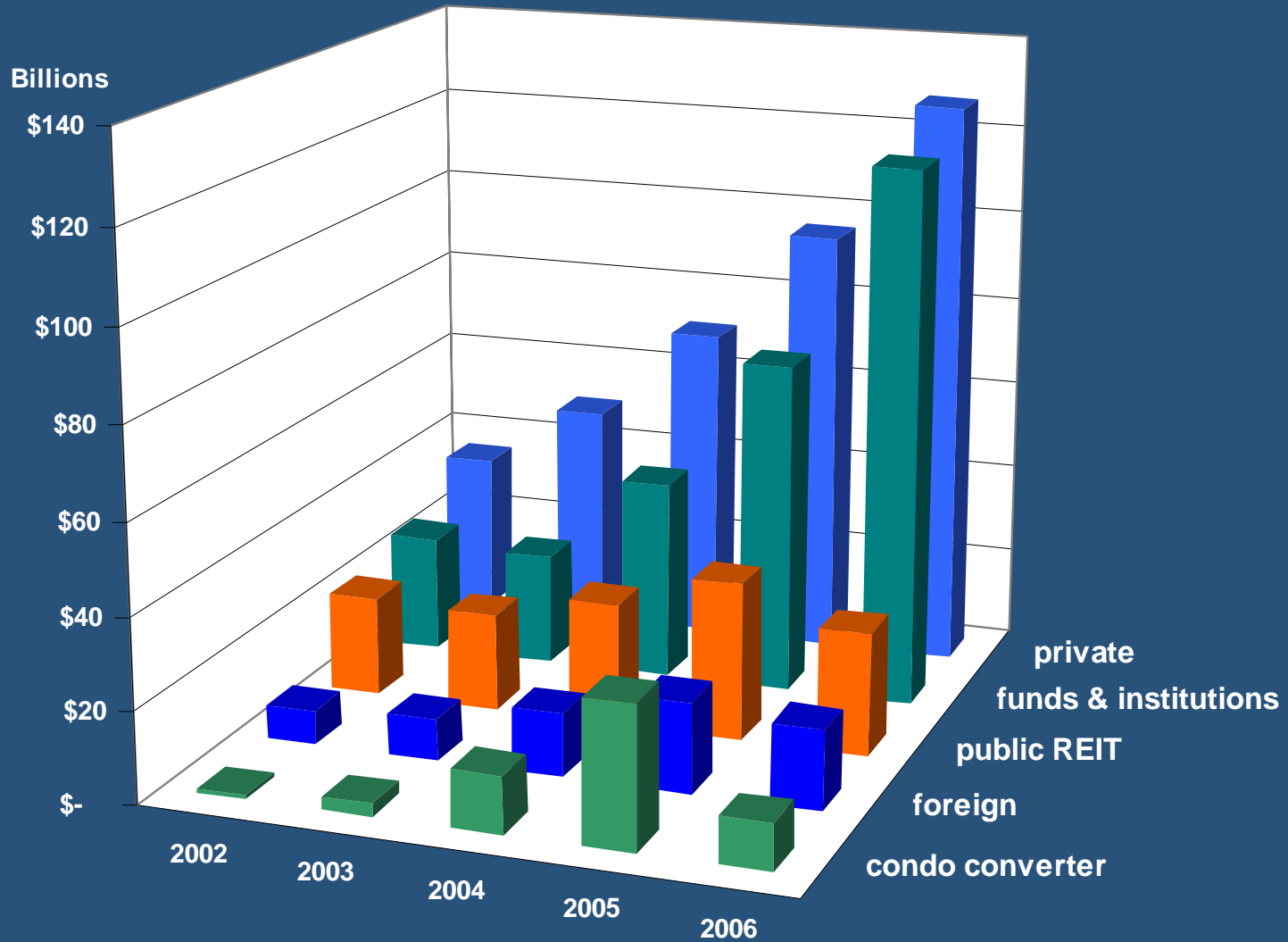
Buyers Seeking Yield

2006 Texas Commercial Property Buyers By State of Origin

Origin	Acquisitions
California	4,957,349,309
Texas	4,808,248,050
New York	2,925,947,601
Illinois	1,251,210,982
Massachusetts	926,195,675
Georgia	464,186,000
Other	4,021,387,866
Total	19,354,525,483



Total Acquisitions By Capital Sector





Decisions Currently Facing Buyers:

Lower yield expectations

Be more optimistic

Look to new markets

Develop