Commercial Real Estate

What’s Next?

November 23rd, 2009
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Real Capital Analytics, Inc.
What’s Next? Over The Near-Term, More of The Same

US Property Markets
First 9 Months of 2009

listed for sale
$89.6

In default/foreclosure
$86.7

Foreclosed/REO
$7.6

closed/sold
$34.5
What’s Next? A Big Debt Problem

Monthly Property Acquisitions & Refinancings

Change in Property Prices
Moody's/REAL CPPI
% Change to Aug 2009

$1.8 Trillion

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What’s Next? Distress Grows, Resolutions Elusive
What’s Next? **Two-Tiered Pricing**

**Commercial Property Prices**

- **CPPI**
- **Healthy**
- **Distressed**

Since Oct 2007:
- CPPI: -41%
- Healthy: -33%
- Distressed: -56%

Moodys/REAL CPPI, Geltner & Associates
What’s Next? US No Longer Center of CRE Universe

**QUARTERLY GLOBAL CAP RATES**

- Americas
- EMEA
- Asia Pac

**QUARTERLY GLOBAL VOLUME**

- Americas
- EMEA
- China
- Asia Pac (w/o China)

$160 billion
What's Next? Watch the Public Markets

**Public Debt**
(Monthly US CMBS/CDO Issuance)

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**Public Equity**
(Monthly US REIT Equity Issuance)

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What’s Next? Foreign Buyers to The Rescue?
What’s Next? **Investors Still Love San Francisco**

**San Francisco Metro Cap Rate Spread to US**
(basis points, trailing 12 mos avg)

**San Francisco Metro % of US Sales Volume**
(trailing 12 mos avg)

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