

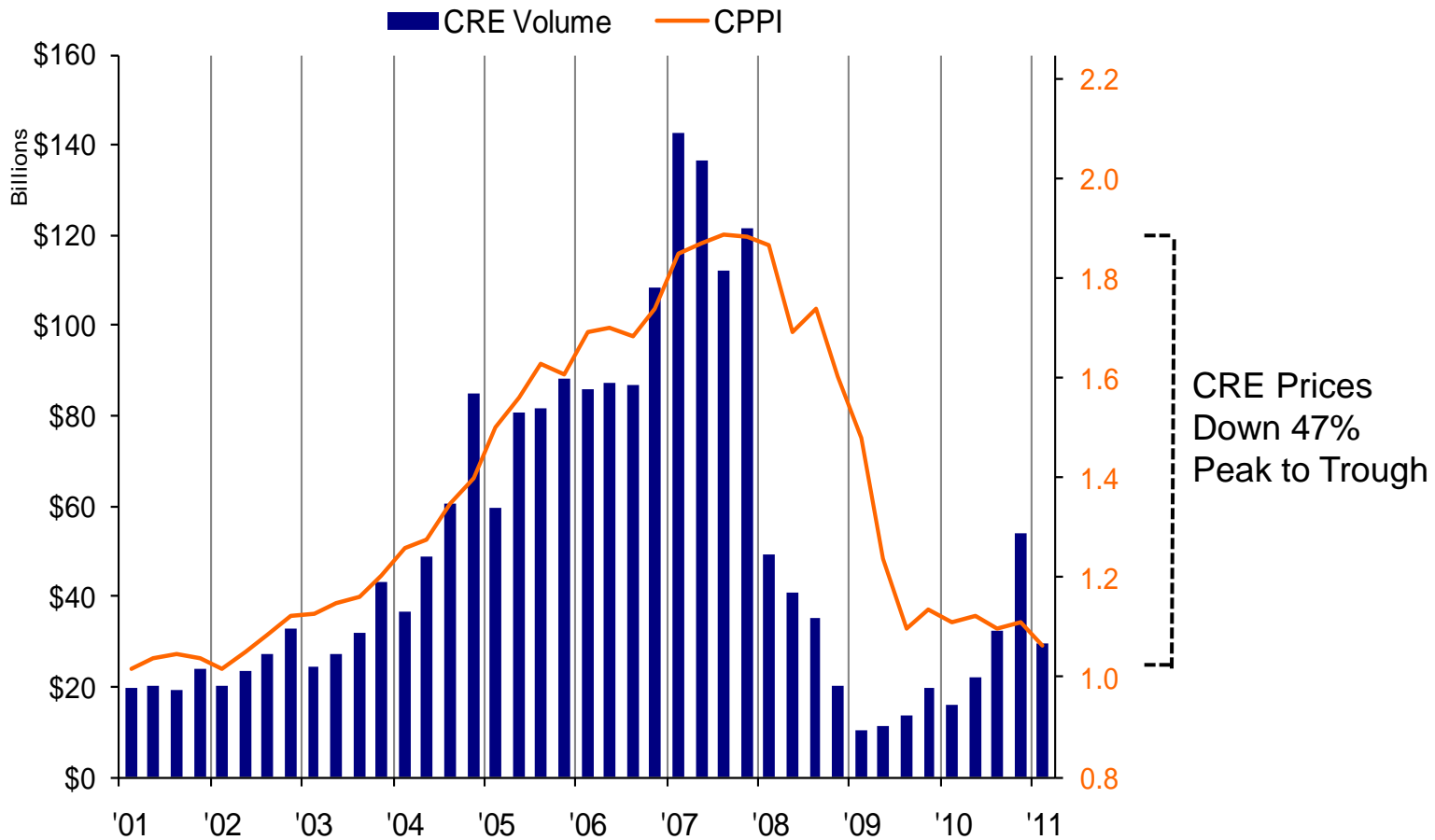
15th Annual
Northern Colorado
Real Estate Conference

Capital Flows and the Current Market

Robert M. White, Jr., CRE, FRIC
September 27, 2011

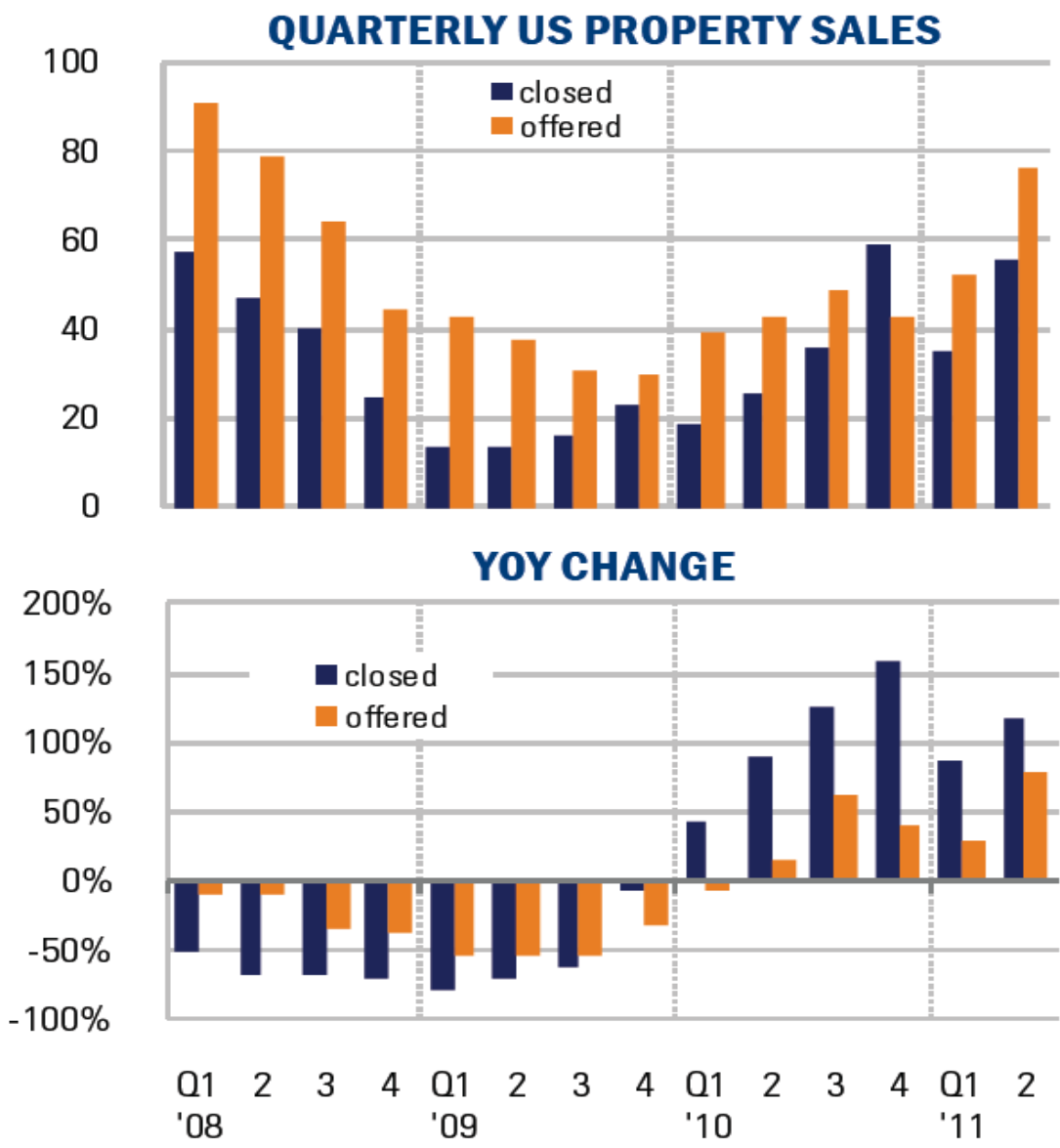
A Roller Coaster of a Decade

Quarterly Commercial Real Estate Investment



sources:
 CRE Sales: Real Capital Analytics, office, industrial, retail, multi-family properties \$5mil+
 CRE Prices: Moody's/REAL CPPI National Aggregate Index

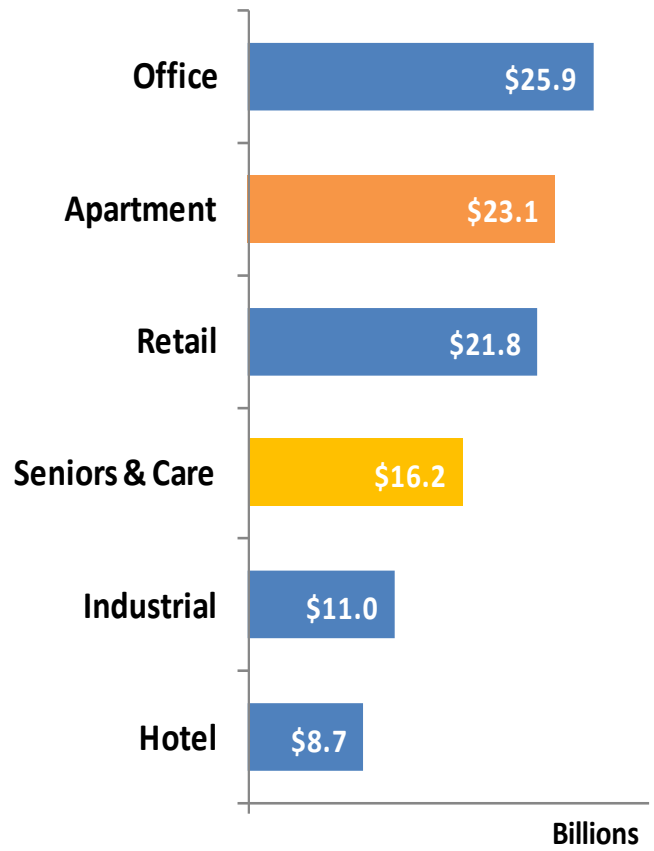
Strong Q2 and H1 Transaction Volumes



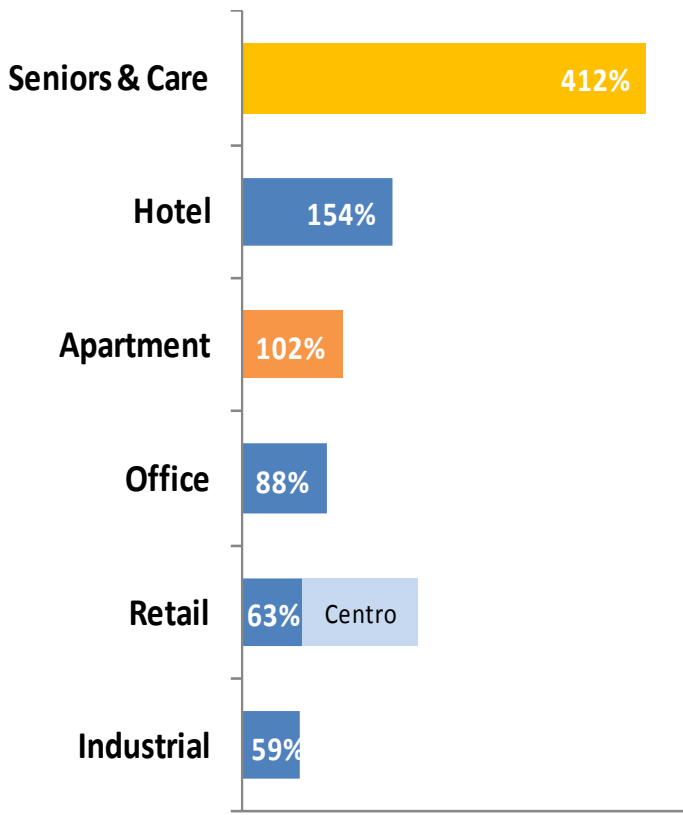
Broad Rebound in Sales Across Property Types

H1'11 Sales Across Property Types

H1 '11 Volume



H1 '11 Year-Over-Year Change in Volume



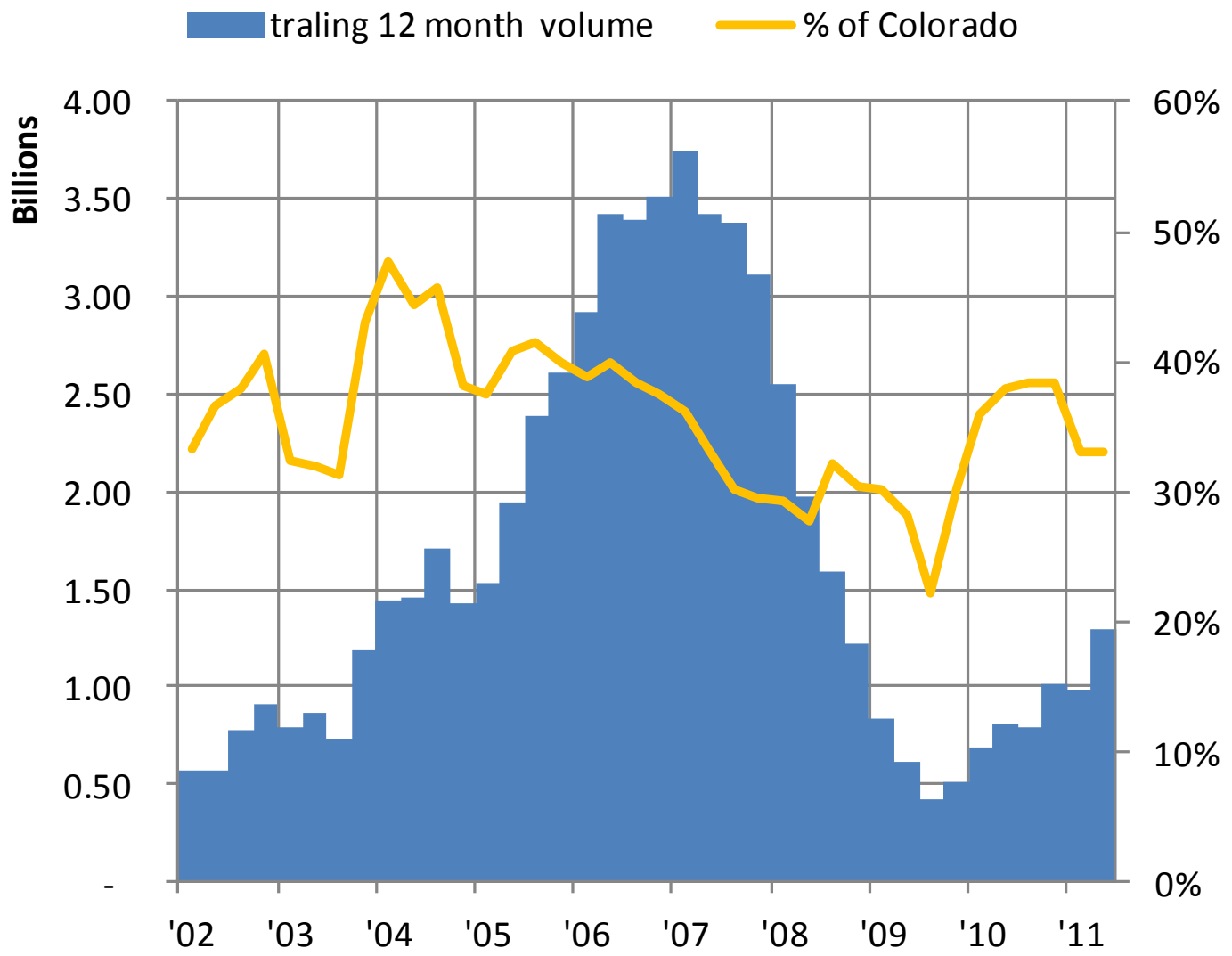
Broad Rebound in Sales Across Markets

ALL PROPERTY TYPES

RANKINGS				MARKET	H1'11 SALES VOLUME (\$M)	YOY CHANGE
08	09	10	H1'11			
1	2	1	1	Manhattan	\$9,720	151%
2	1	2	2	Los Angeles	\$5,943	148%
3	3	3	3	Chicago	\$3,770	249%
15	15	9	4	DC	\$3,178	71%
25	16	6	5	San Francisco	\$2,901	141%
16	11	11	6	San Diego	\$2,892	103%
4	6	16	7	Atlanta	\$2,831	204%
9	4	7	8	Boston	\$2,746	58%
5	8	4	9	Dallas	\$2,641	90%
19	7	5	10	DC VA burbs	\$2,503	71%
8	12	15	11	Phoenix	\$2,468	253%
6	9	8	12	Houston	\$2,272	29%
7	13	10	13	Seattle	\$2,051	125%
12	10	13	14	No NJ	\$1,958	88%
14	14	23	15	Denver	\$1,854	157%
17	22	18	16	East Bay	\$1,803	77%
10	17	21	17	Miami	\$1,589	128%
21	19	17	18	DC MD burbs	\$1,426	73%
18	20	19	19	Inland Empire	\$1,401	132%
11	21	12	20	San Jose	\$1,315	15%
20	5	14	21	Orange Co	\$1,236	28%
13	18	20	22	NYC Boroughs	\$1,148	35%
24	38	45	23	Las Vegas	\$1,129	562%
31	29	30	24	Minneapolis	\$1,103	136%
33	28	26	25	Tampa	\$1,084	25%

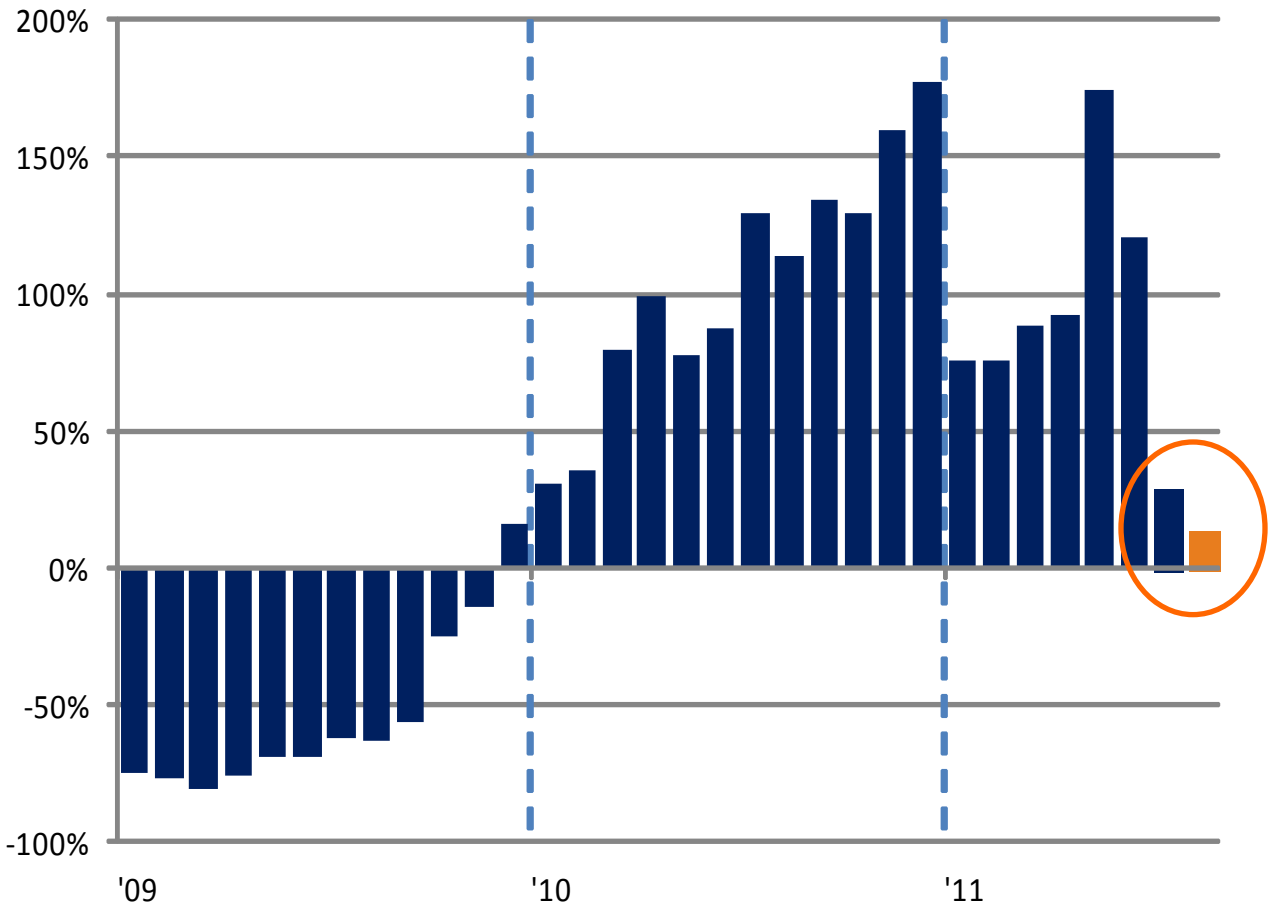
Front Range is Rebounding Too

Front Range Commercial Property Sales



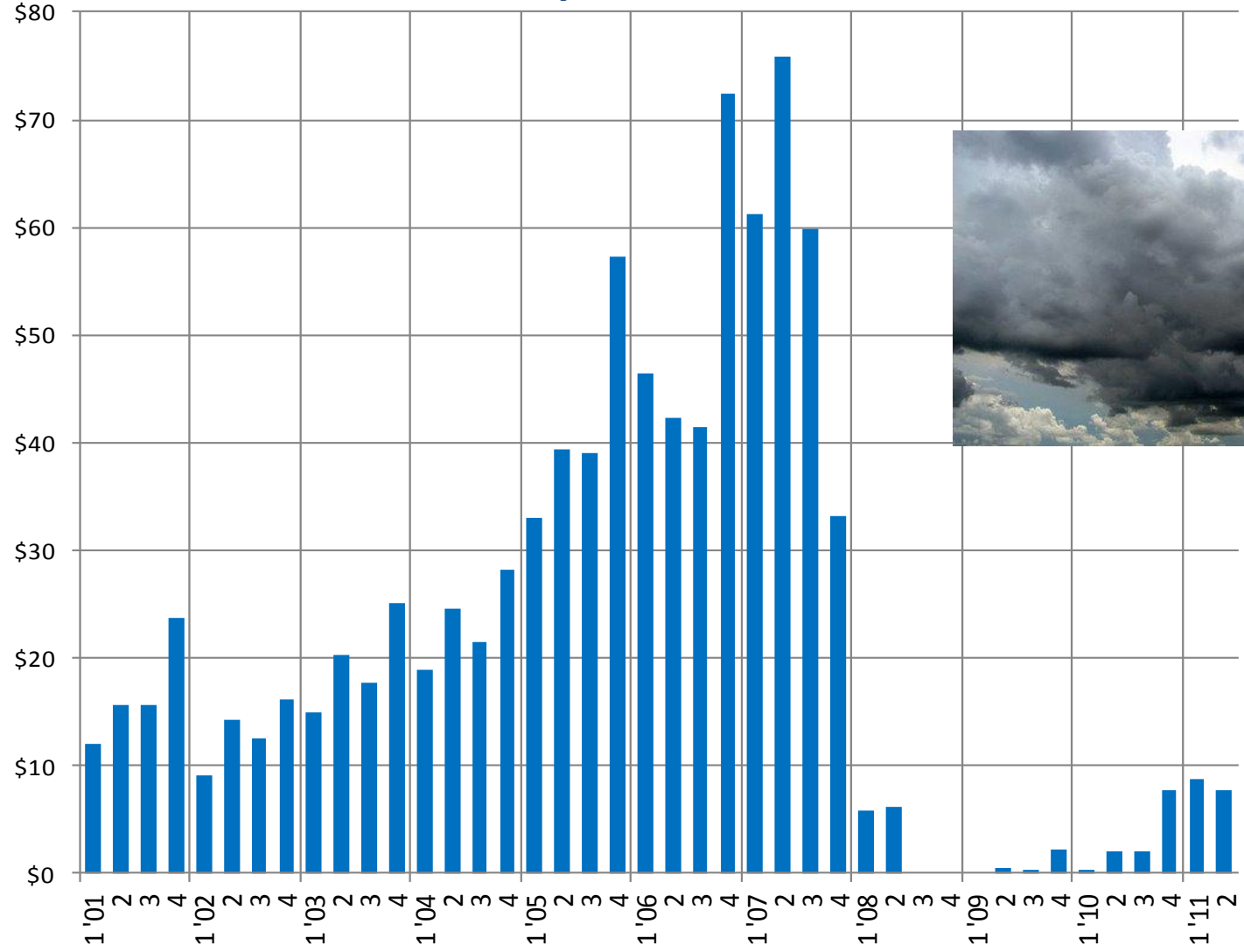
But, US Investment Markets May be Stumbling...

YOY Change in US Property Sales
Office, Apartment, Retail, Industrial, Hotel and Dev Sites



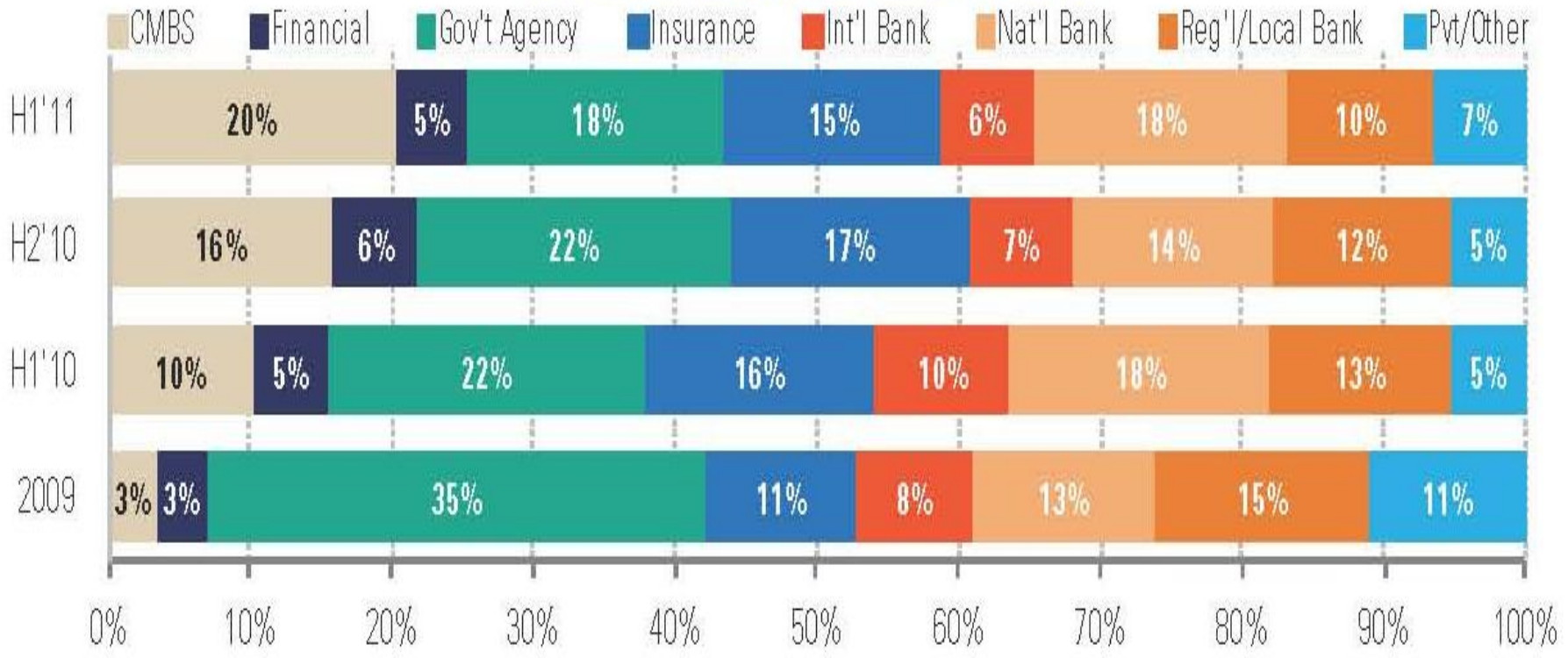
CMBS Market Turbulent; Conduits Pulling Back

Quarterly CMBS Issuance



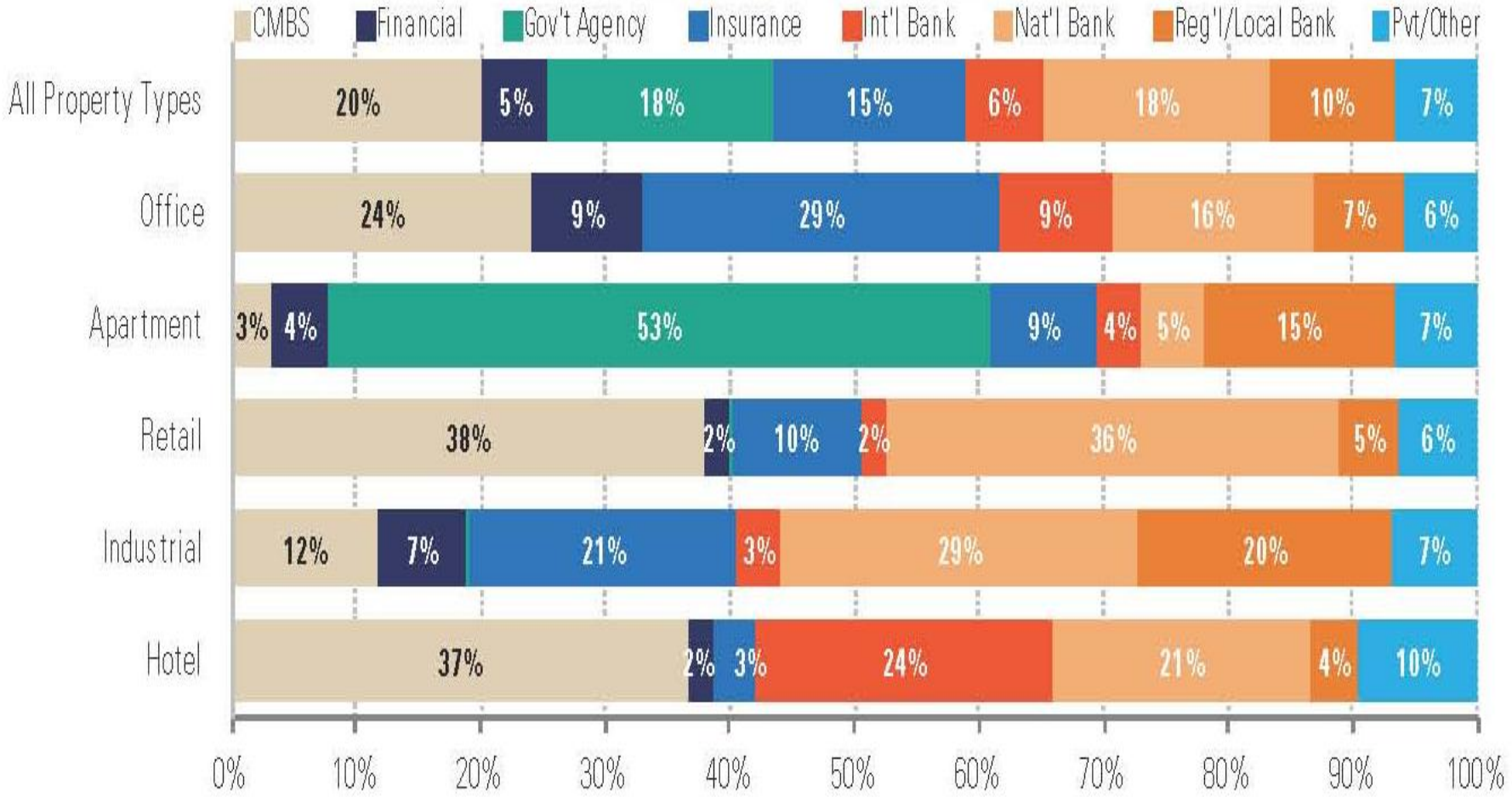
CMBS Has Been Critical in Recovery of Investment Markets

H1'11 CRE MORTGAGE ORIGINATIONS



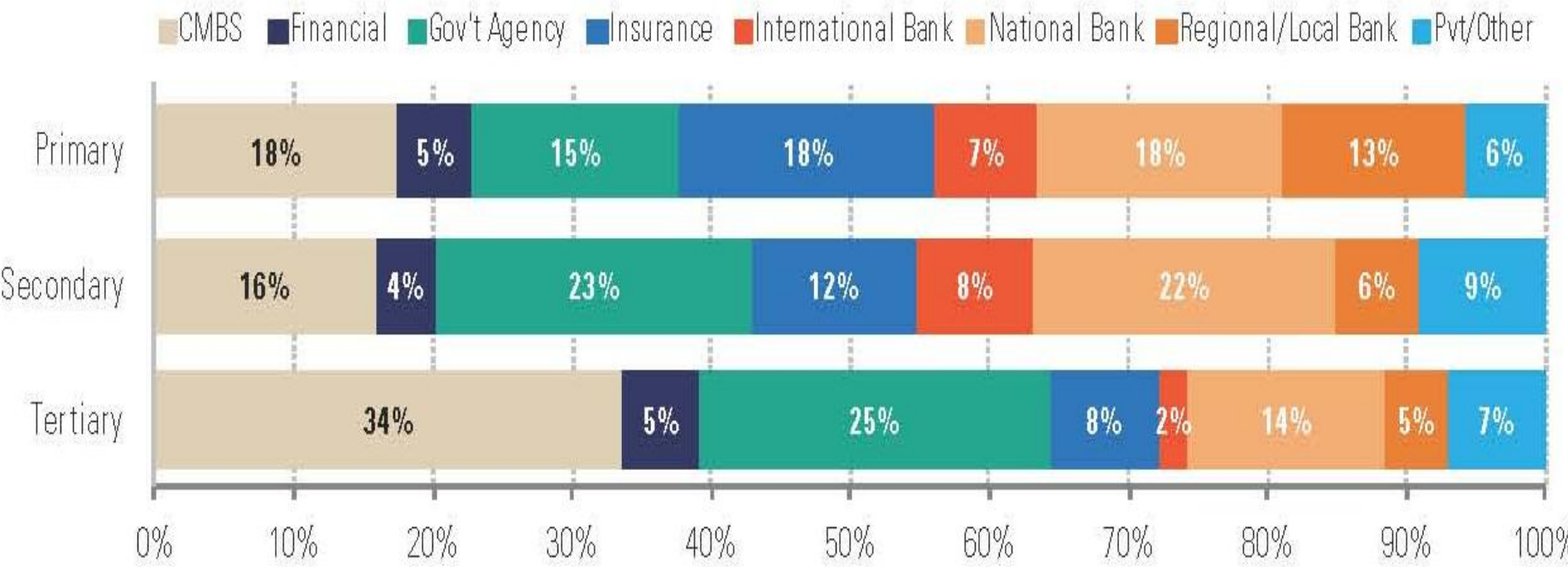
Hotel & Retail Most Reliant on CMBS Financing

H1'11 CRE MORTGAGE ORIGINATIONS



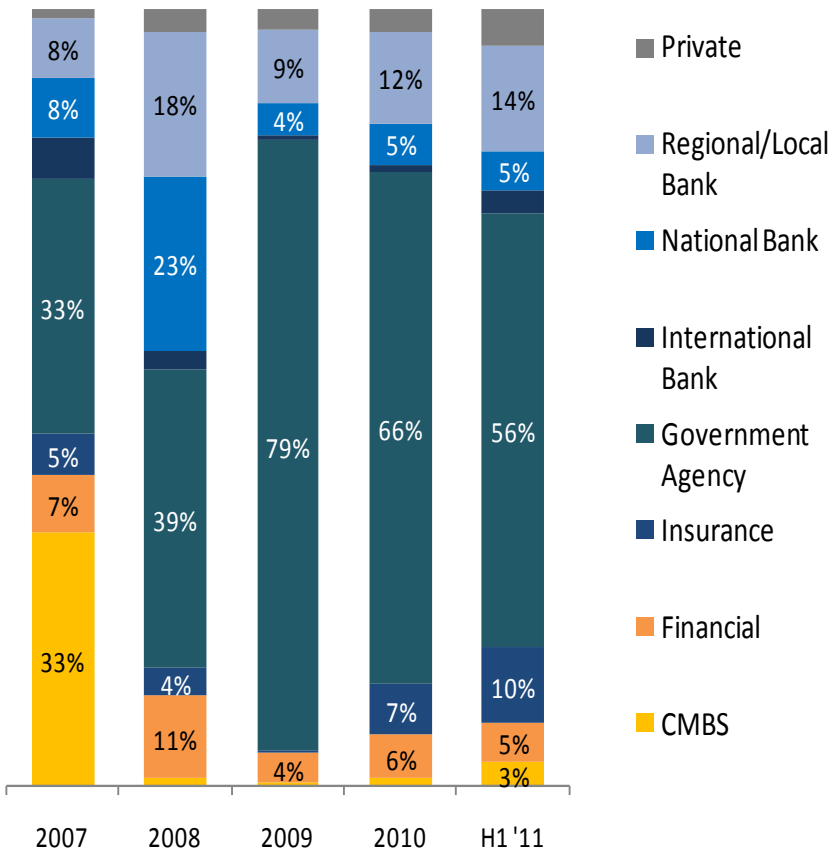
Tertiary Markets Most Reliant on CMBS Financing

H1'11 CRE MORTGAGE ORIGINATIONS

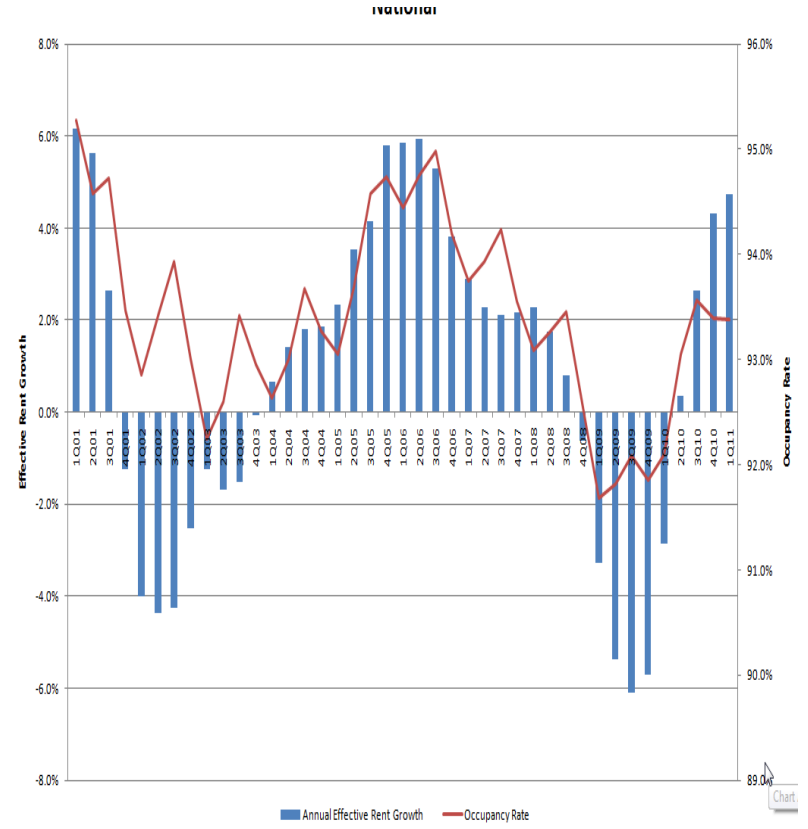


Apartments Are Different: Better Fundamentals & More Debt

Composition of Apartment Lenders

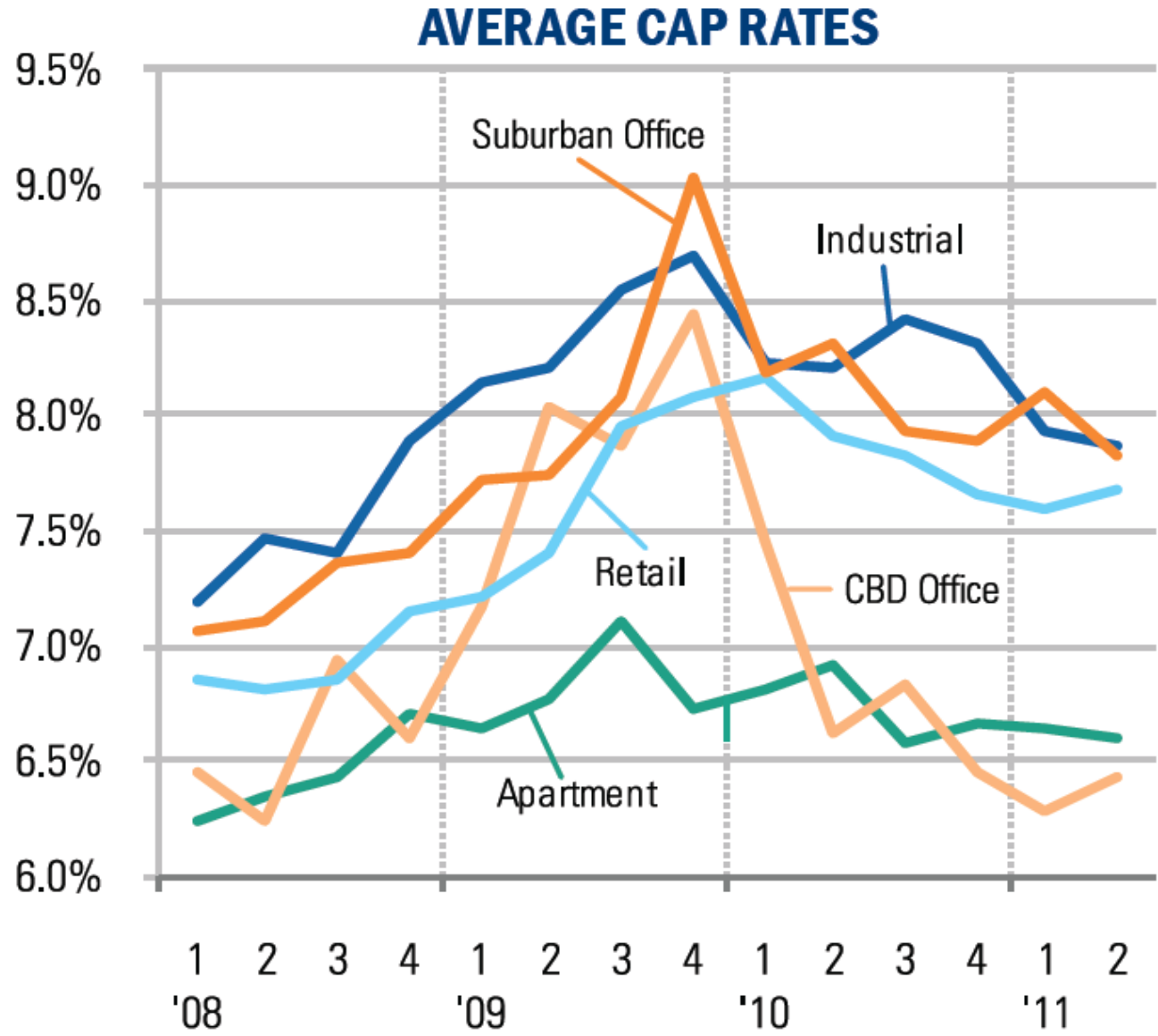


Apartment Rent Growth & Occupancy Trends



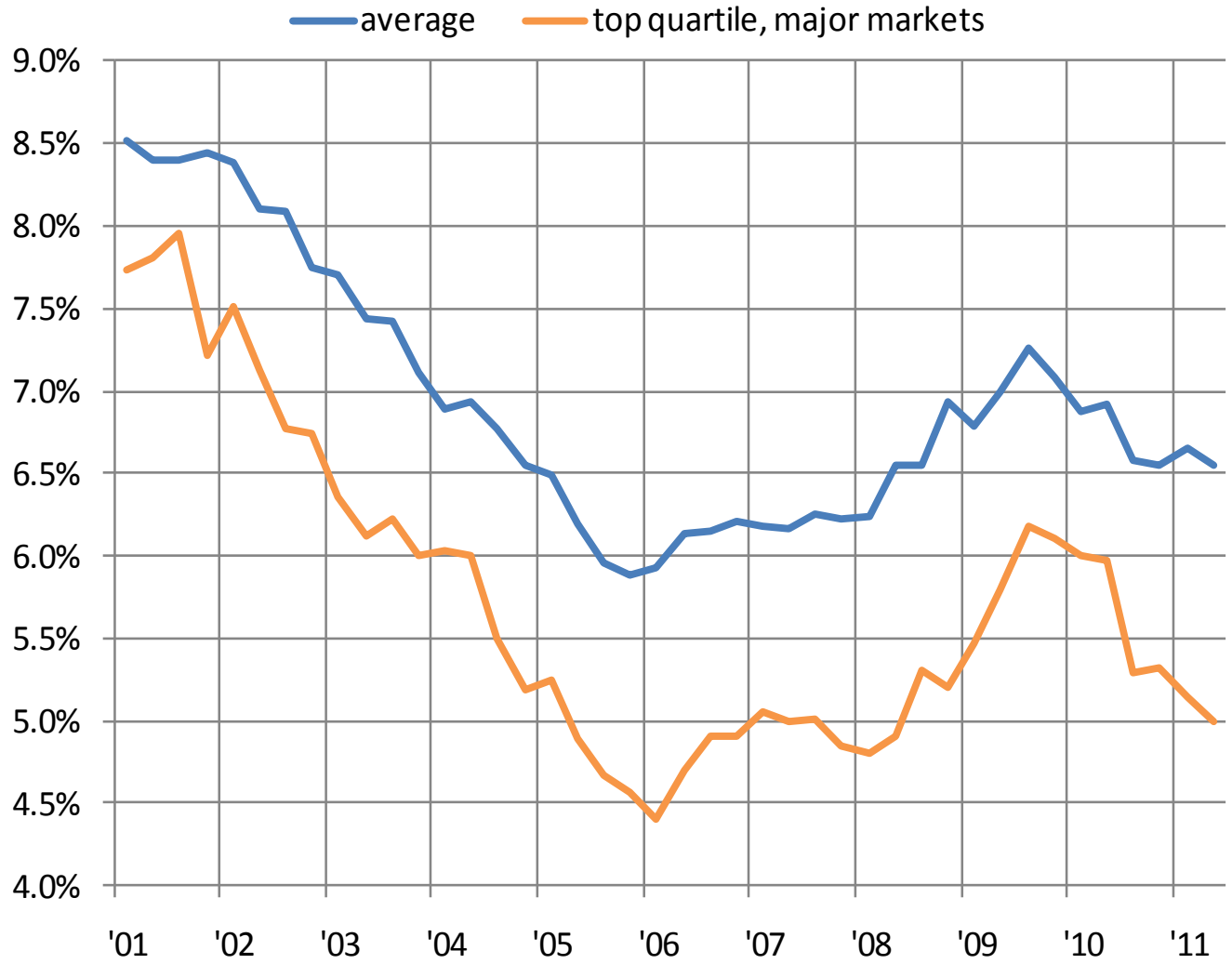
Source: Axiometrics (www.axiometrics.com)

■ Pricing Holding Relatively Steady



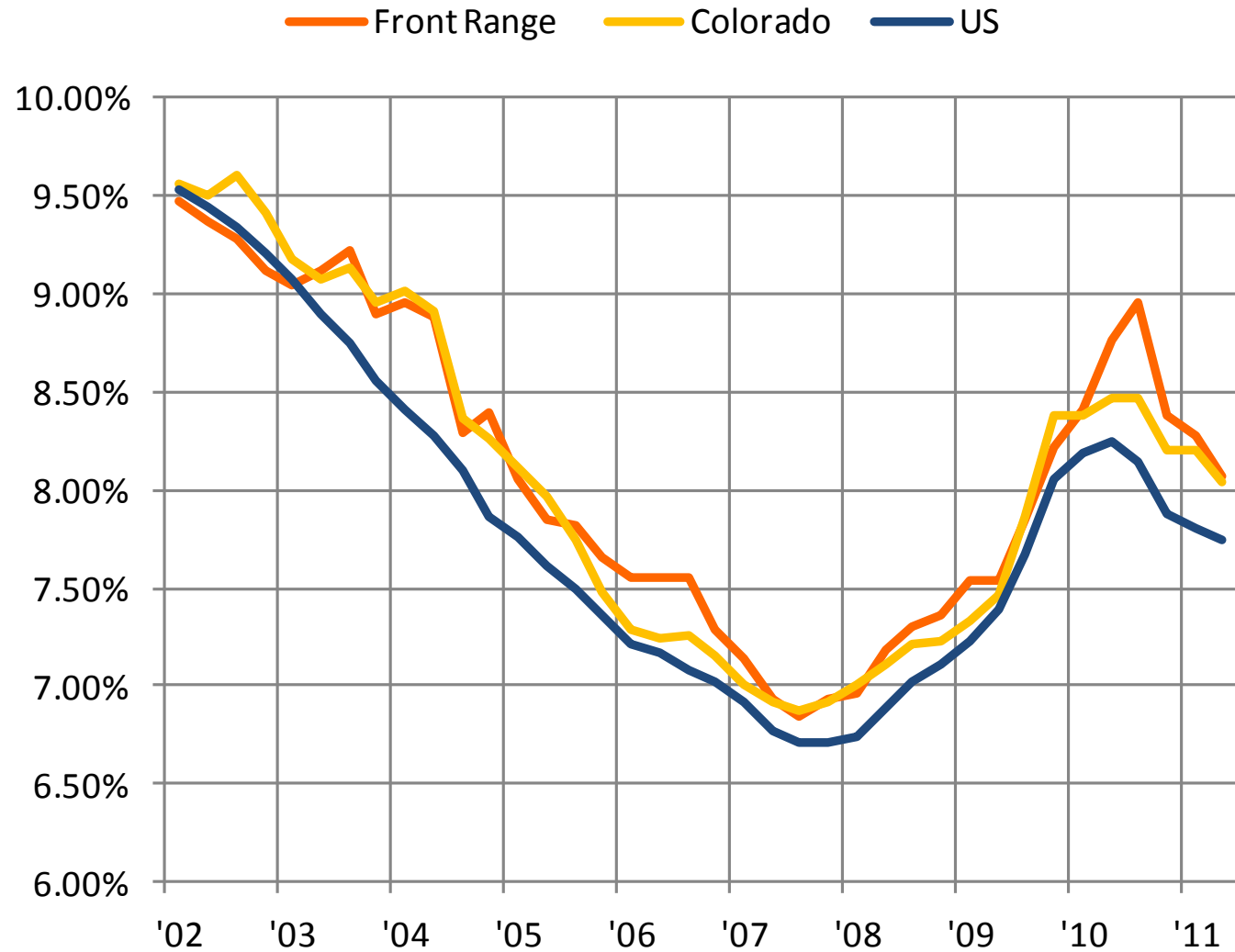
Competition Greater for Top Assets

Apartment Cap Rates



Front Range is Rebounding Too

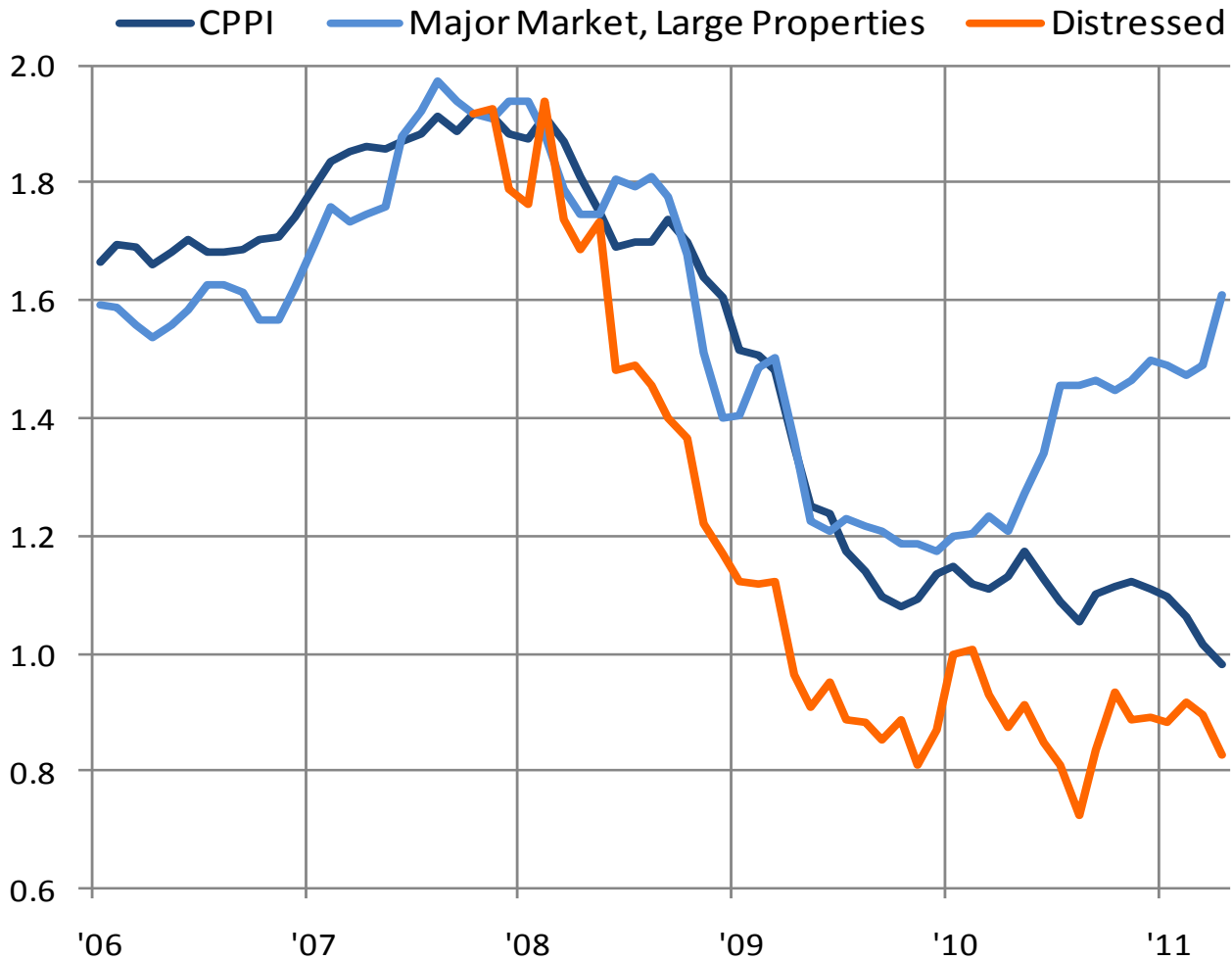
Front Range Commercial Cap Rates



Sales of Distressed Properties Rising



US Commercial Property Prices

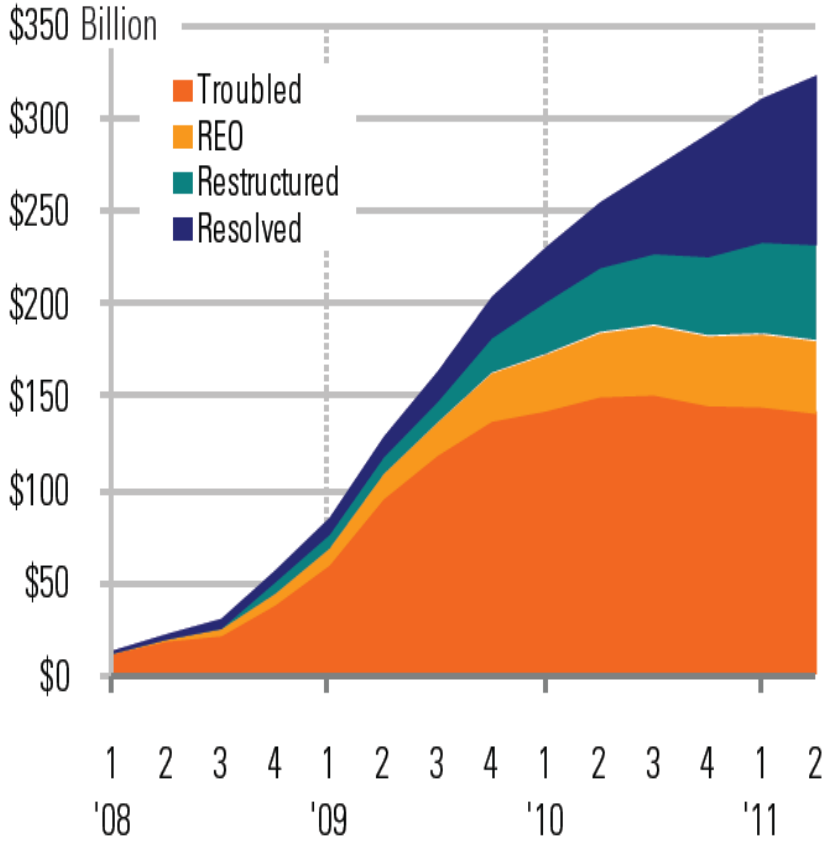


Major Market, Major Assets: properties values \$10 million and greater in NY, DC, SF, LA ,Boston, Chicago,
Distressed: properties sold by or on behalf of creditors
Sources: Real Capital Analytics, Geltner & Associates, Moody's/REAL CPPI National Aggregate Index

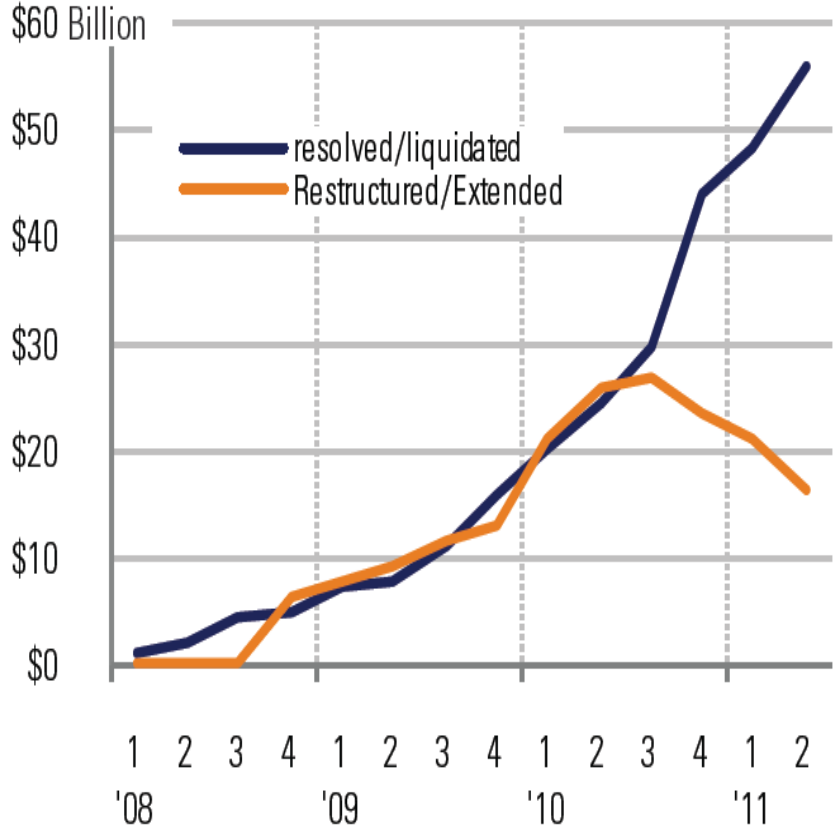
Distressed Situation Improving Slowly...

...An End to Extend & Pretend?

QUARTERLY CUMULATIVE DISTRESS VOLUME

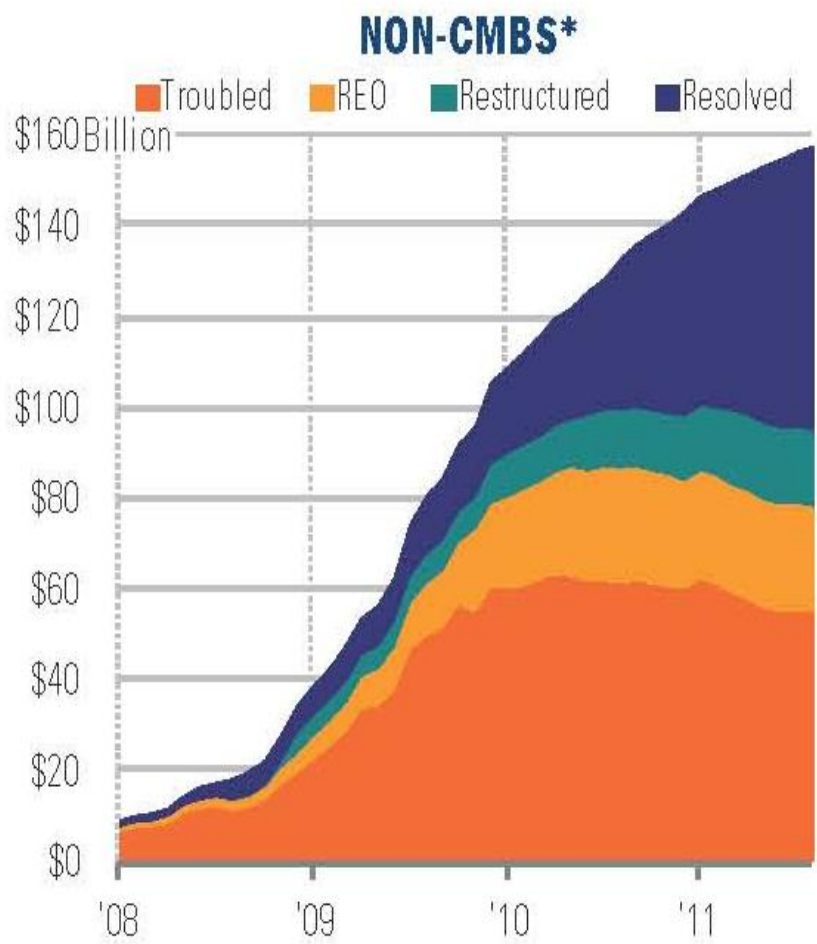
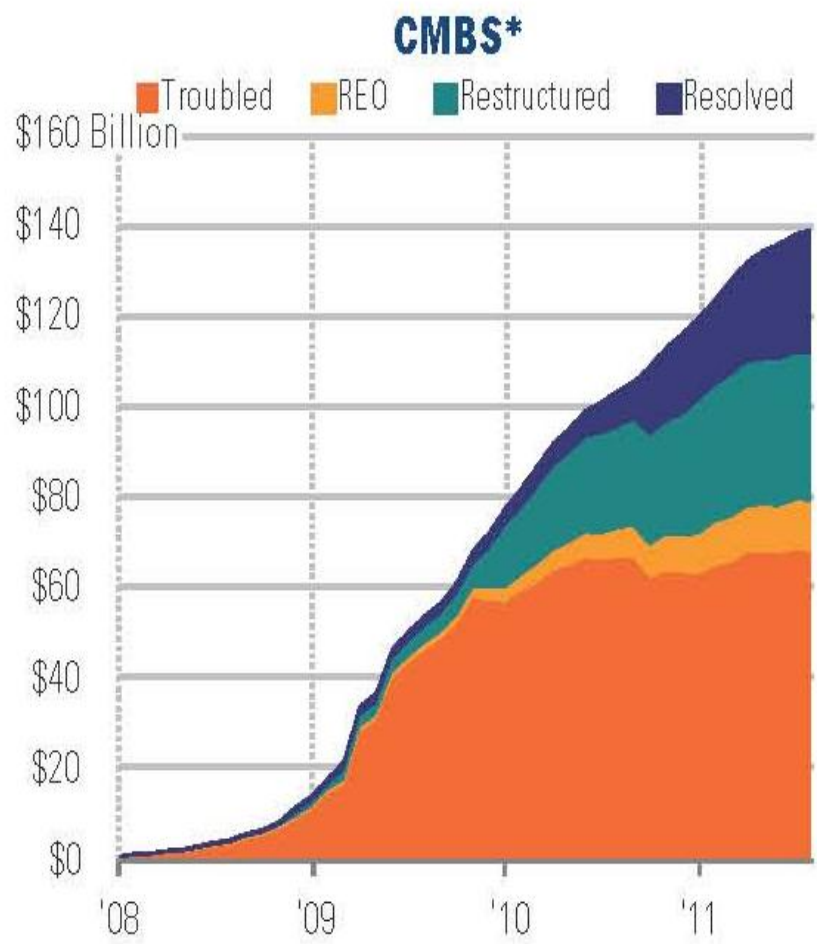


WORKOUT STRATEGIES (Trailing 12 Month Total)



CMBS Still Not Out of the Woods

Cumulative Distress



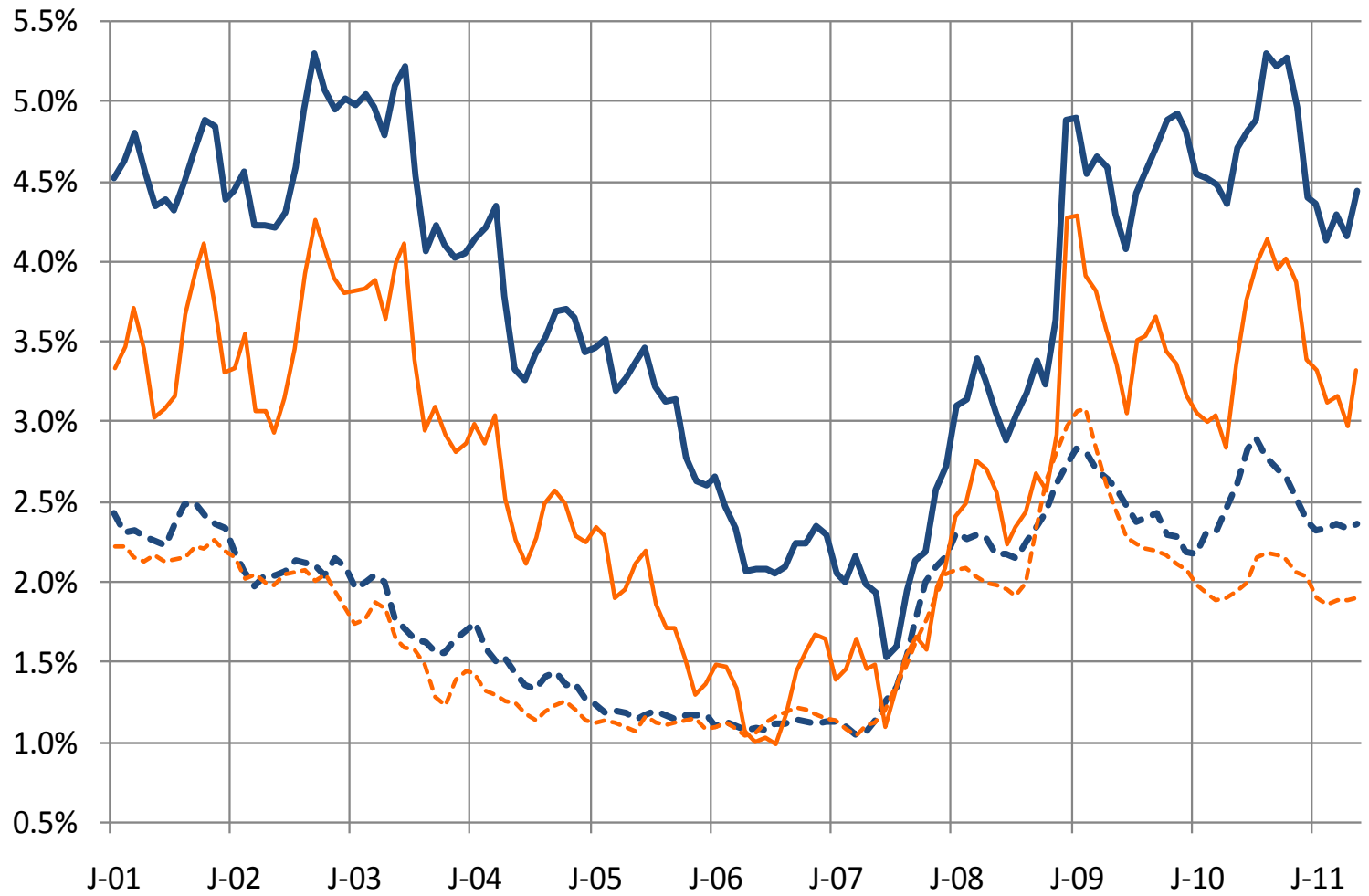
Yields & Spreads Still Make CRE A Relative Buy

Risk Premium

- Comm'l- Caps to UST
- Apts- Cap to UST

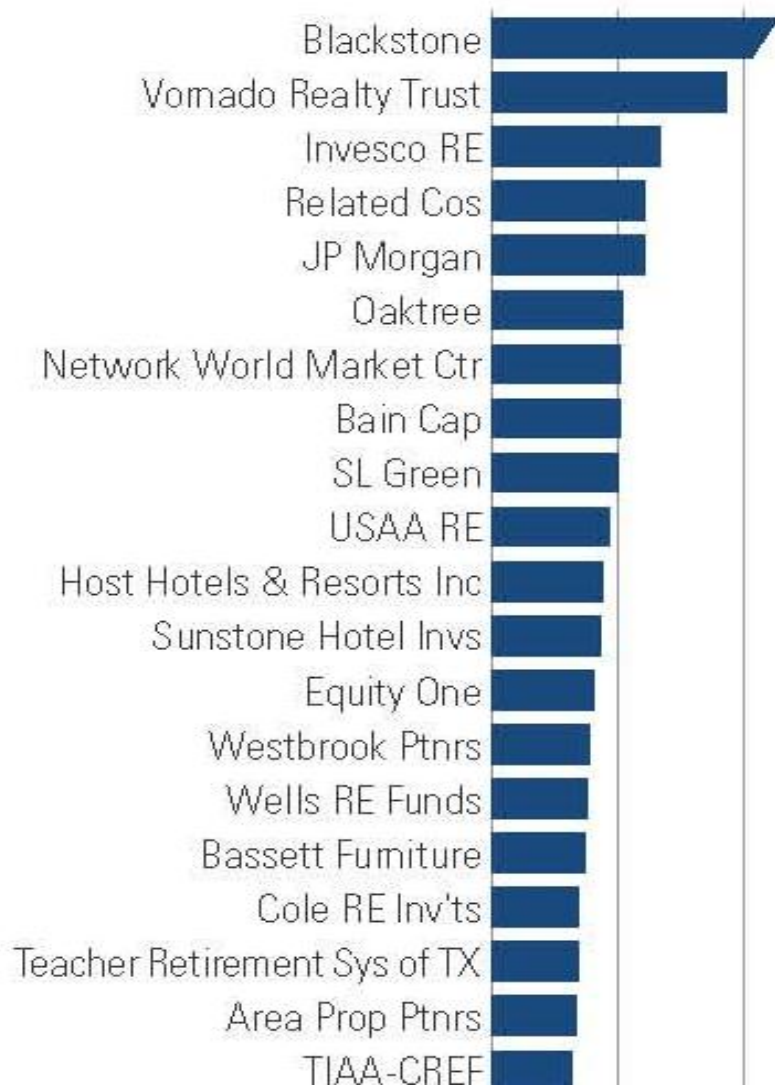
Positive Leverage

- - - Comm'l- Caps to Mtg Rates
- - - Apts- Caps to Mtg Rates

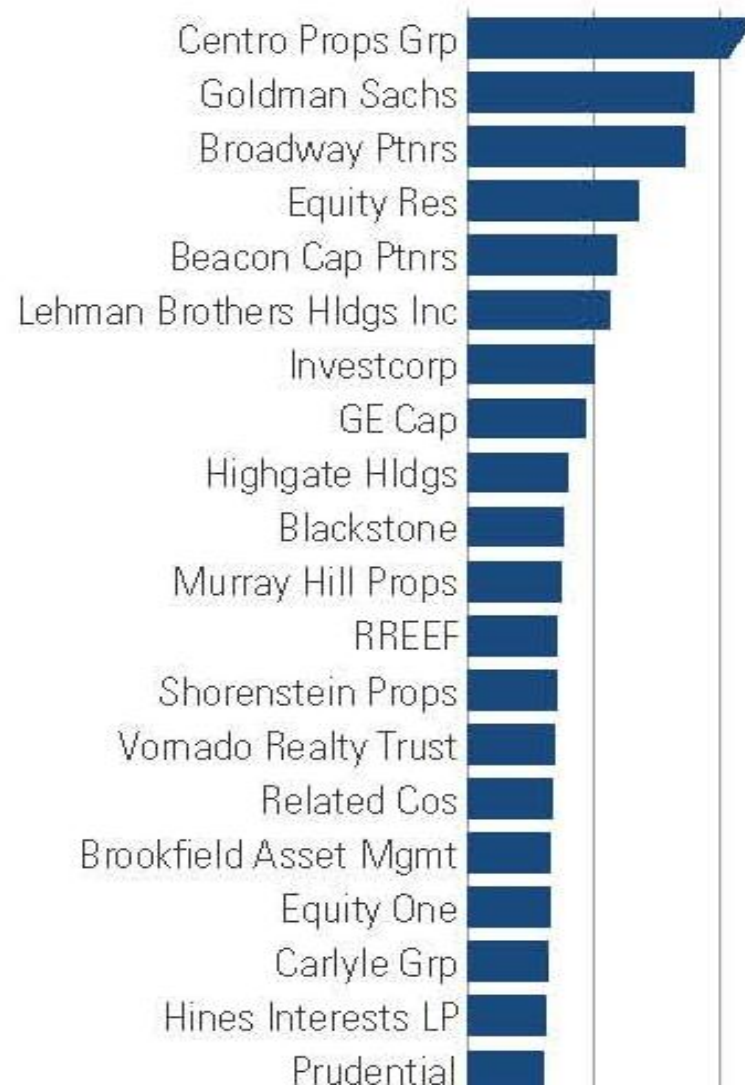


Top Buyers and Sellers in First Half of 2011

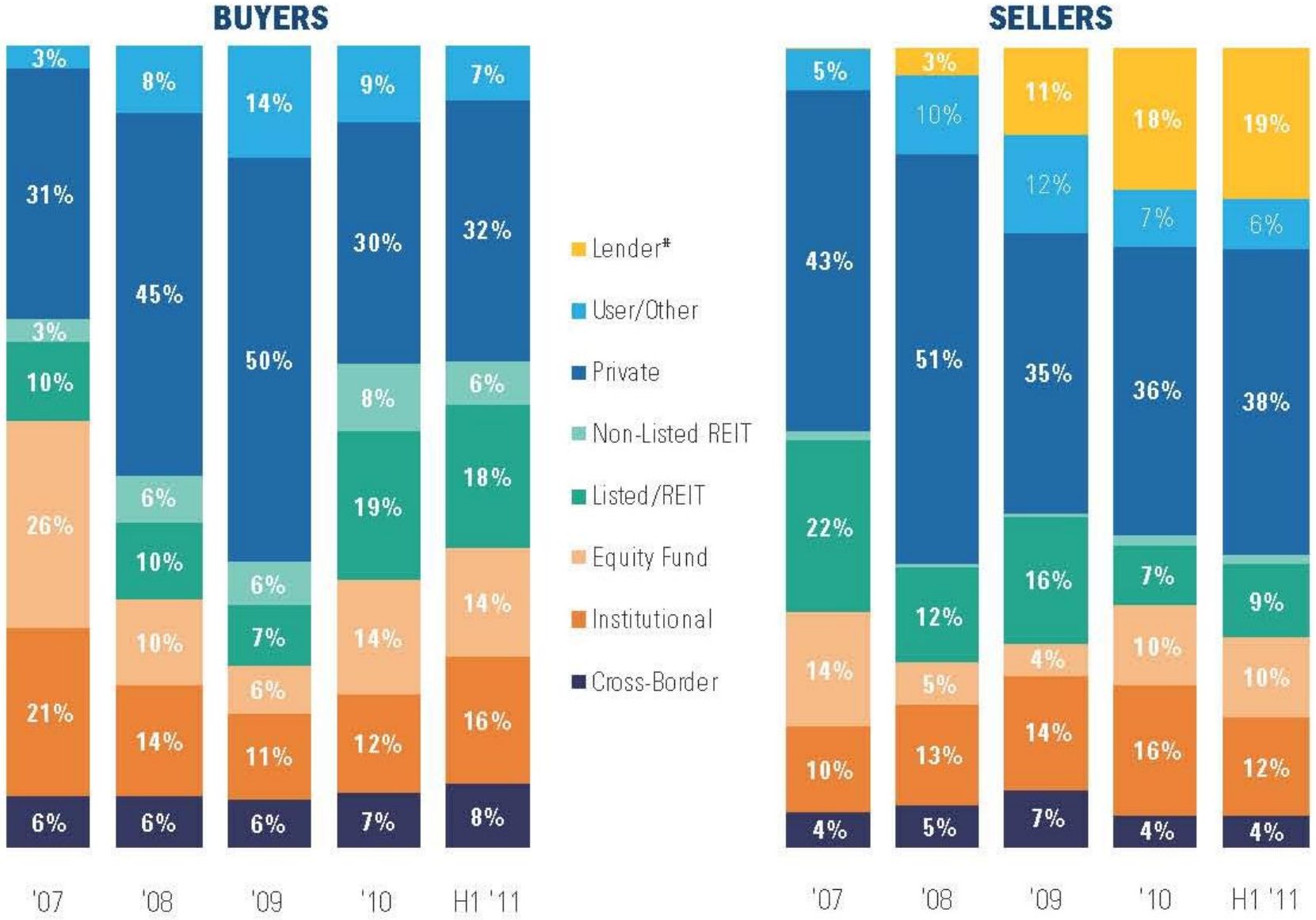
BUYERS



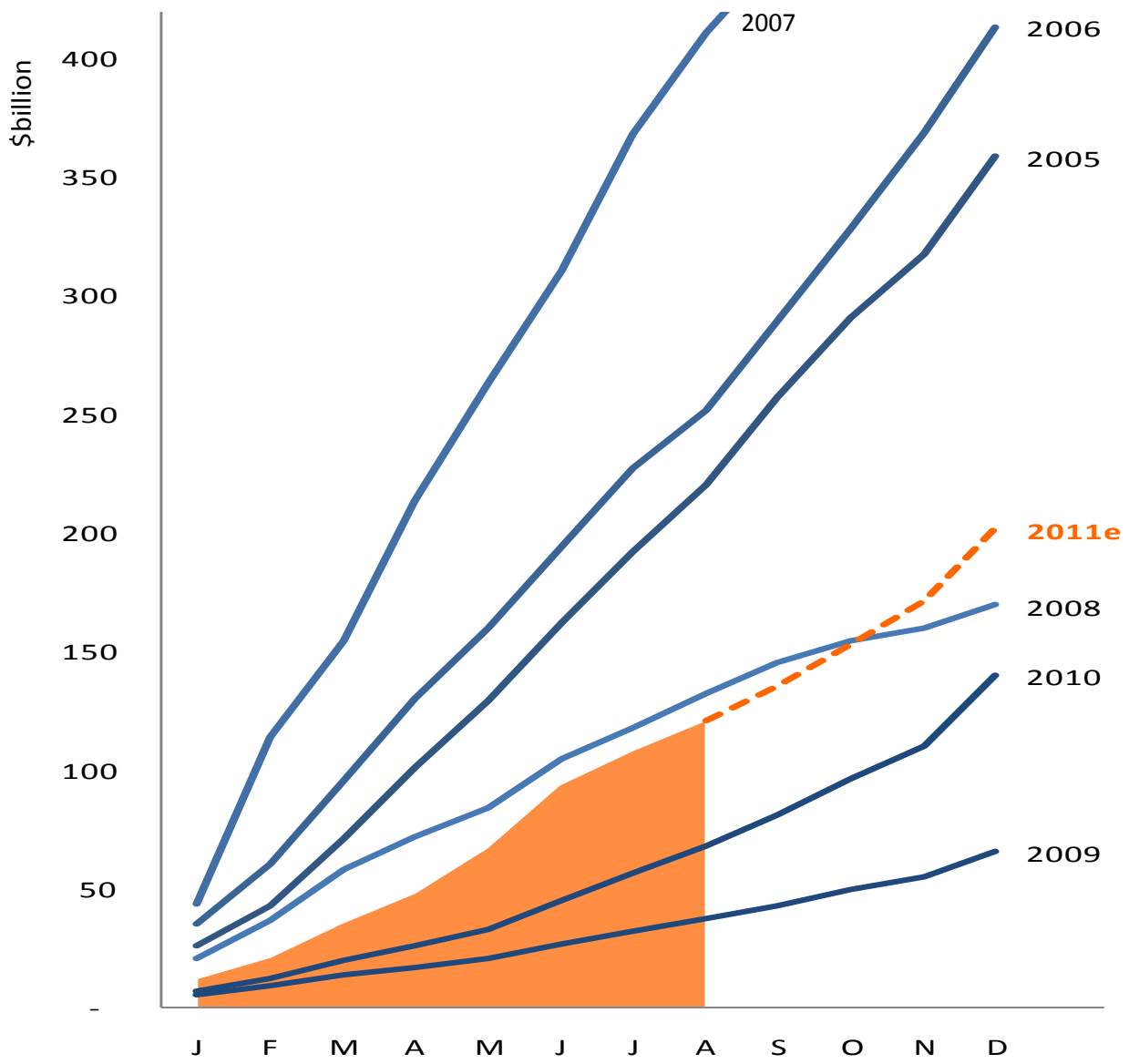
SELLERS



Equity Capital Relatively Deep & Diverse



Forecast: \$200 Billion in Property Sales in 2011



 Thank You

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