



Commercial Real Estate Outlook

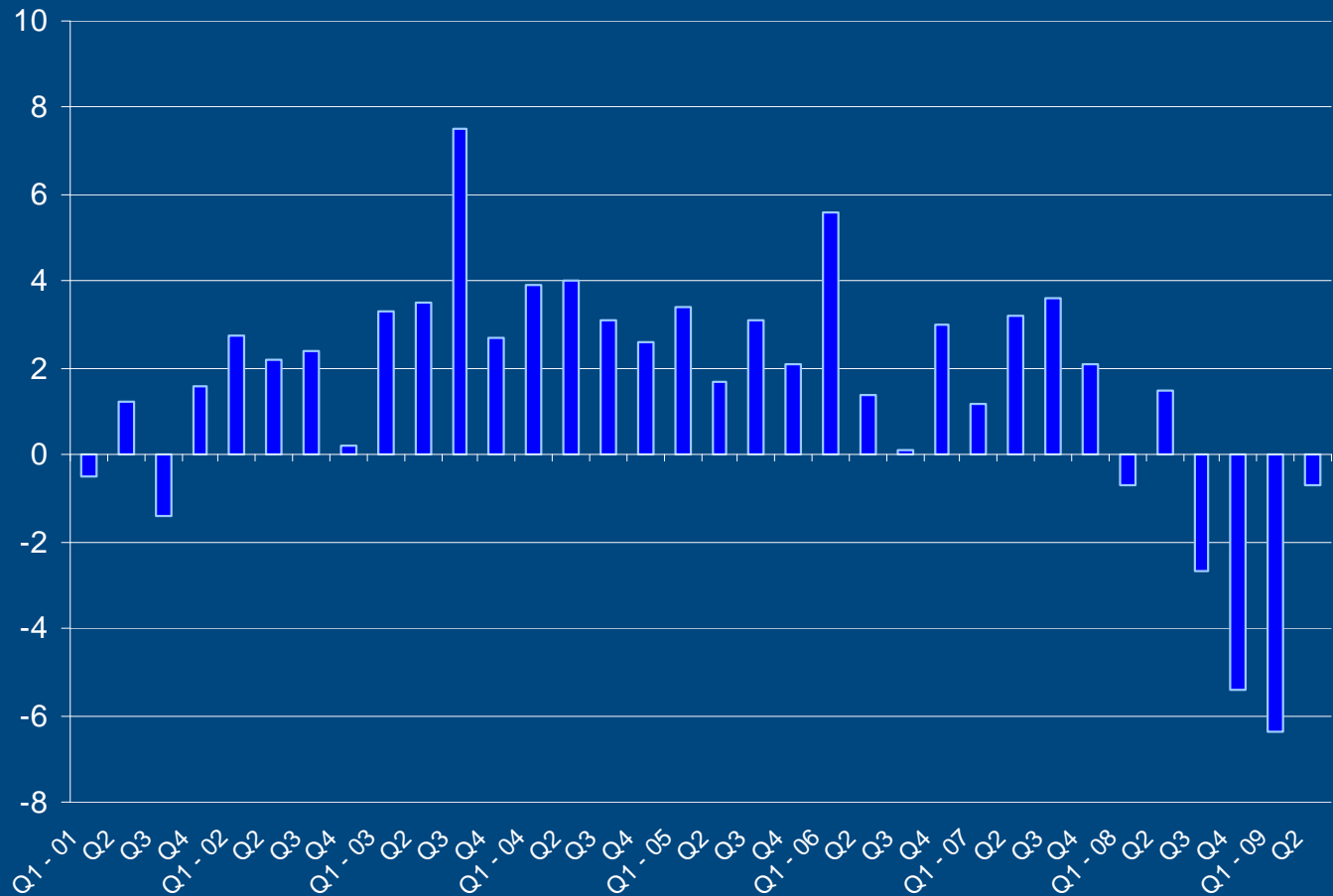
The New Business Landscape –
How less bad is good!

Kansas City

October 21st, 2009

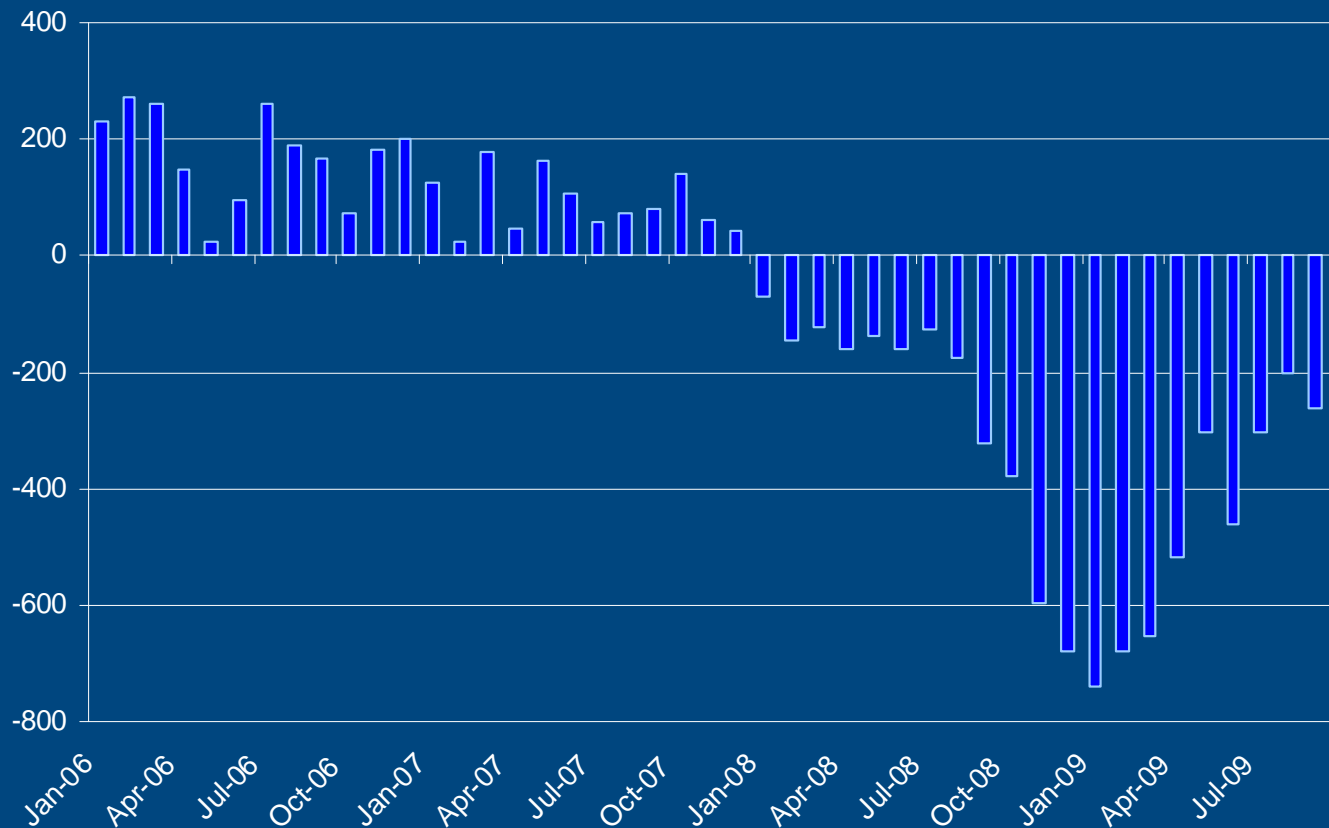


Gross Domestic Product, Real - Annual %, SAAR

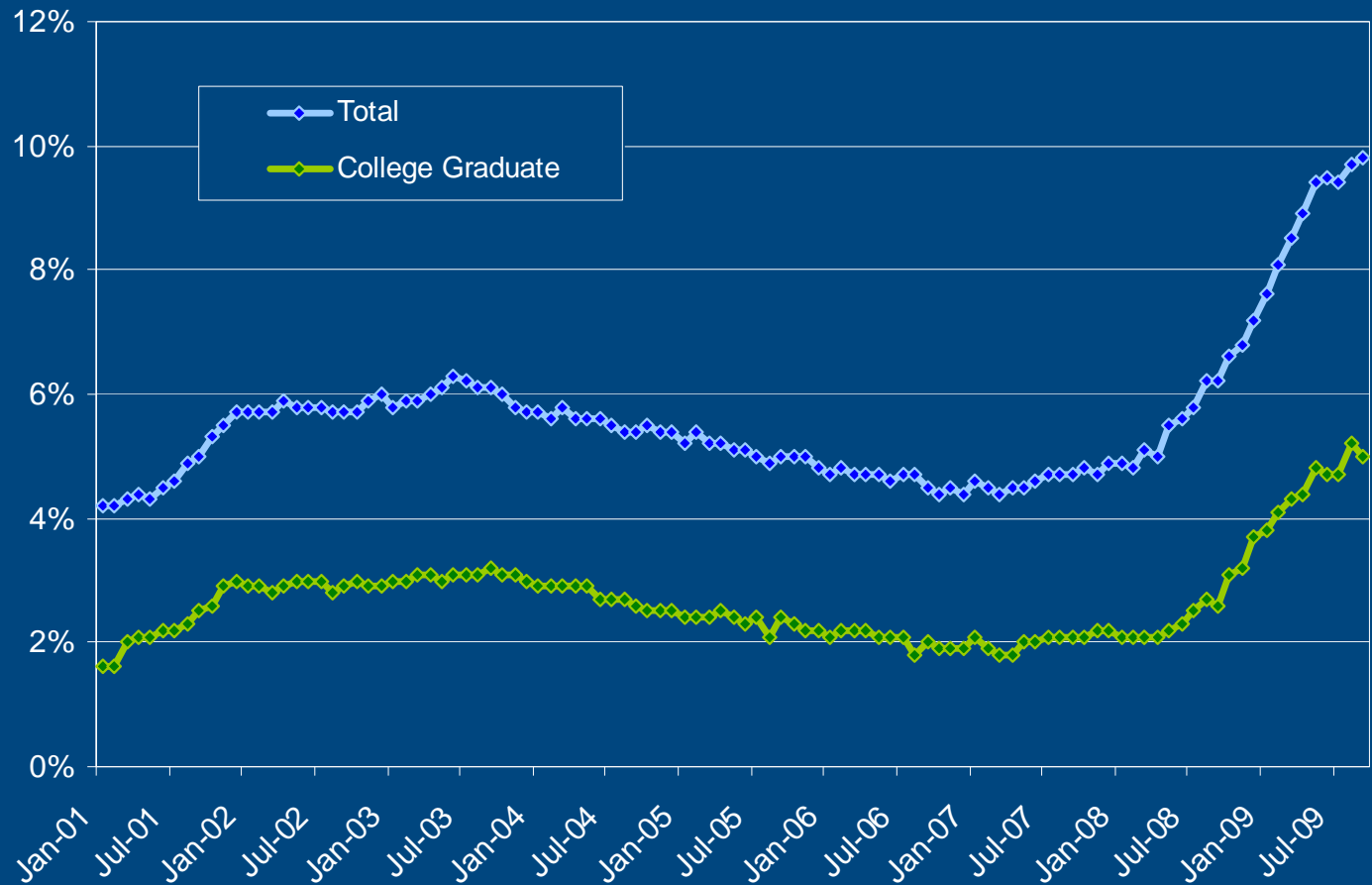




Employment – Non-Farming (Thousands, SA, Month-Month Change)

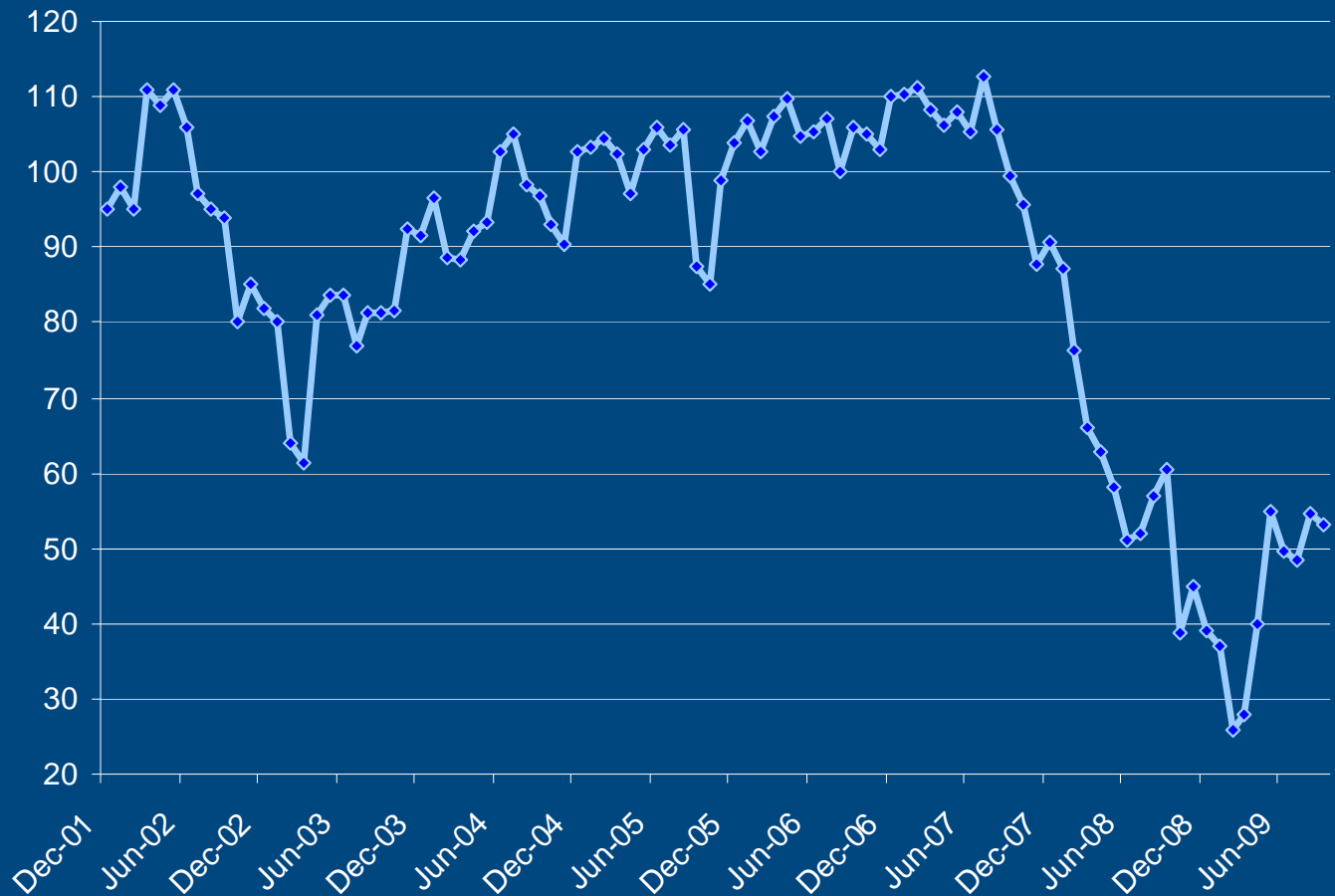


Unemployment Rate



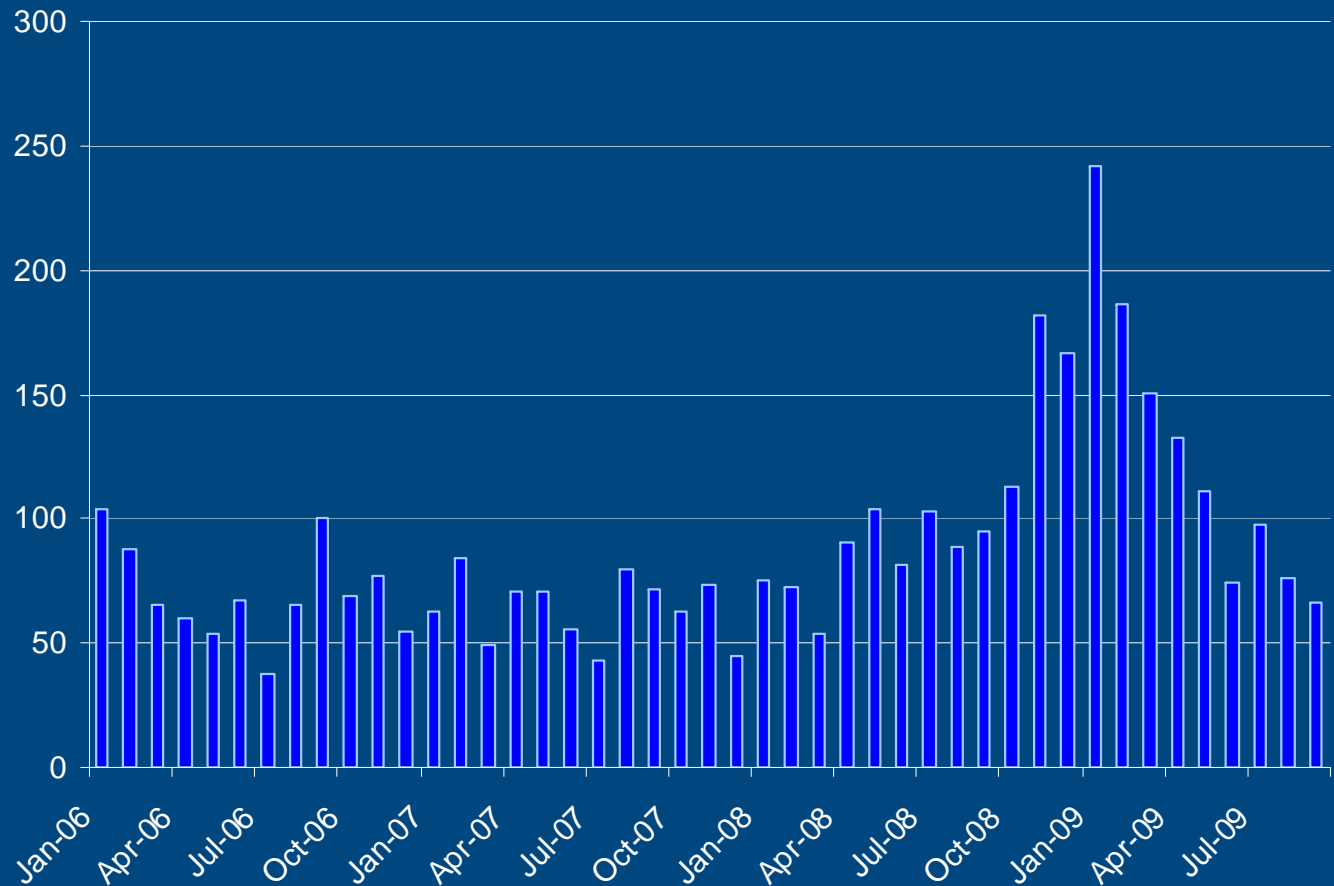


Consumer Confidence





Announced Layoffs, Thousands



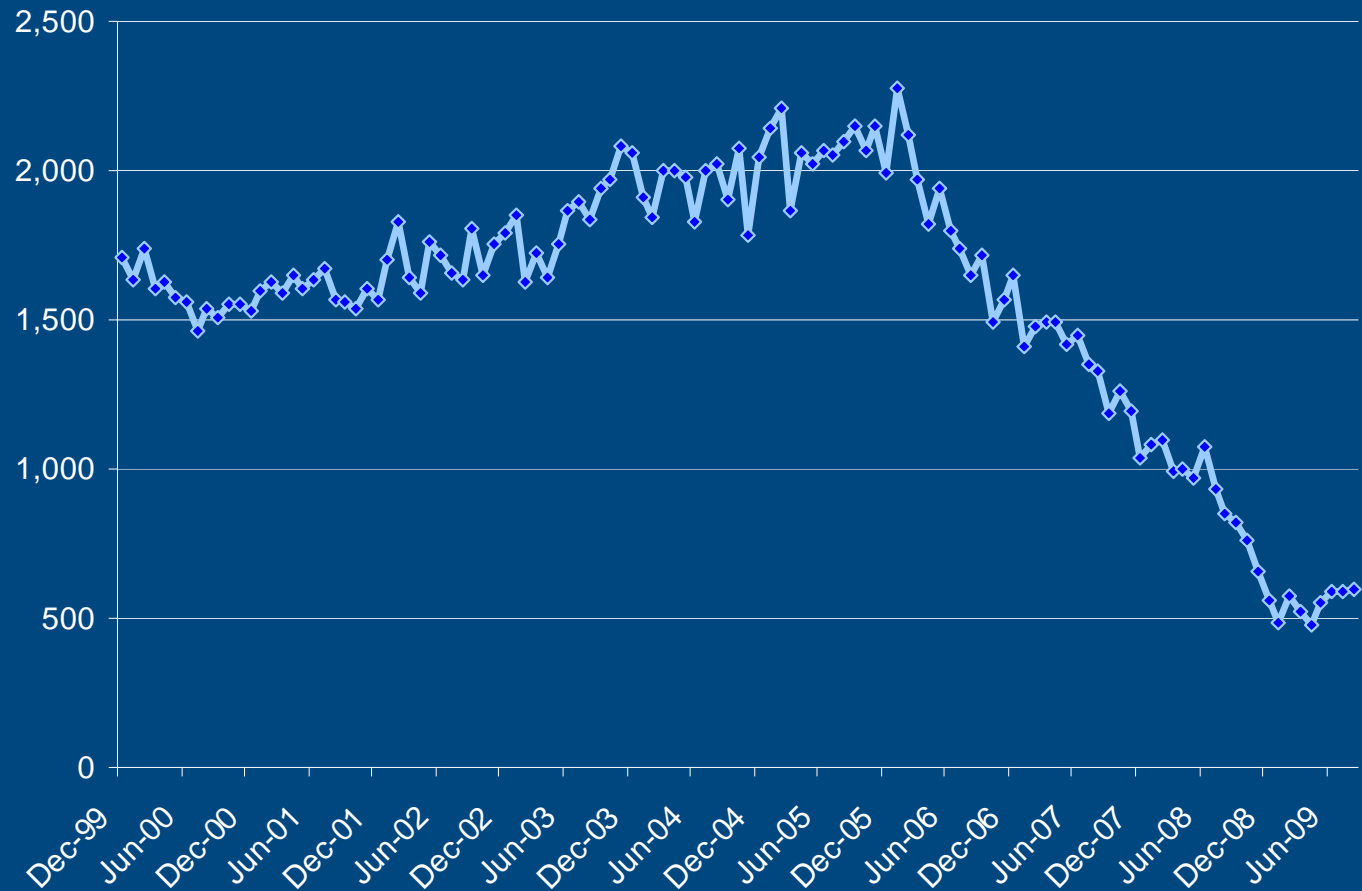


Housing Sales, Existing (Millions)





Housing Starts, Thousands



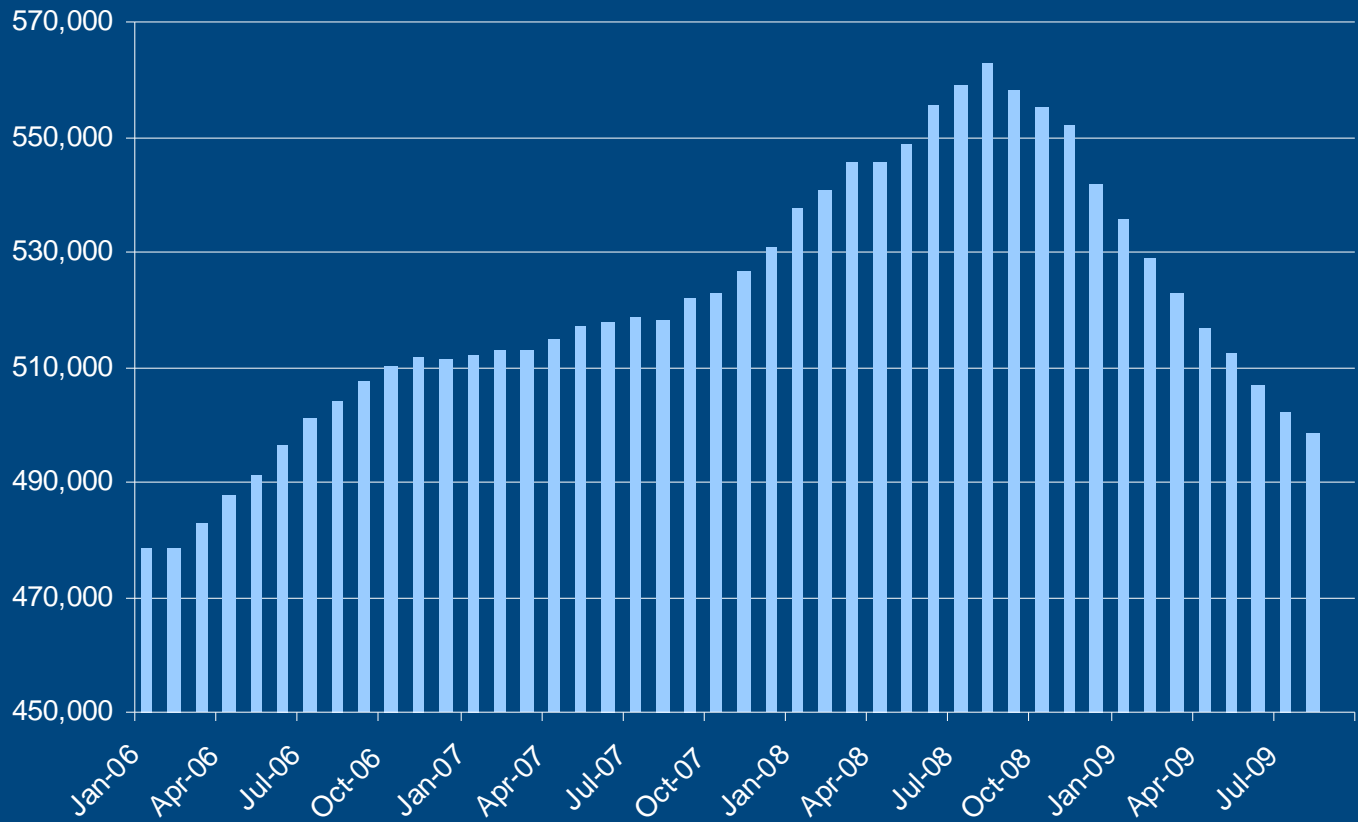


Institute for Supply Management Manufacturing Index





Total Manufacturing Inventories (\$, Million)



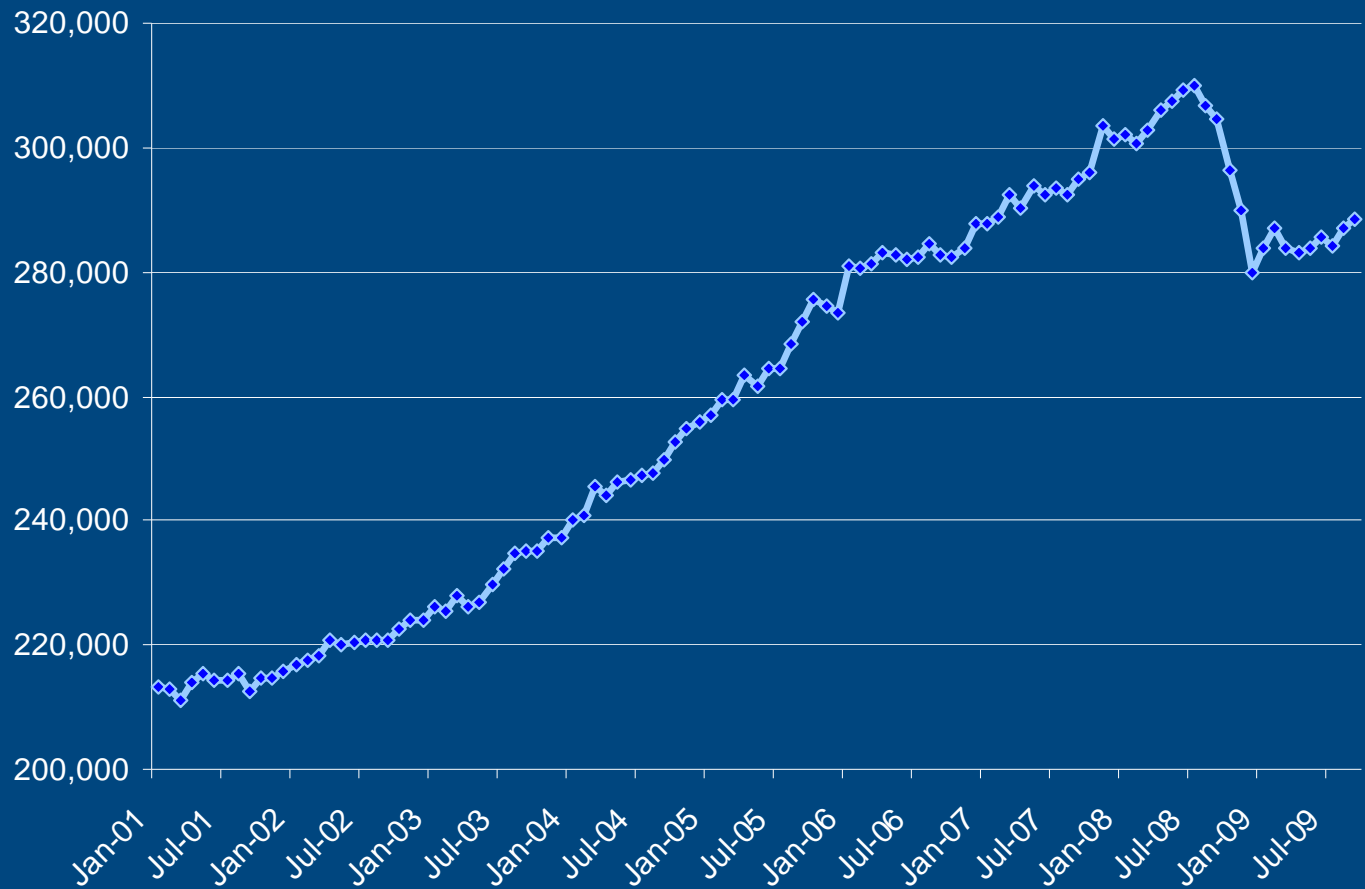


Inventory to Sales Ratio



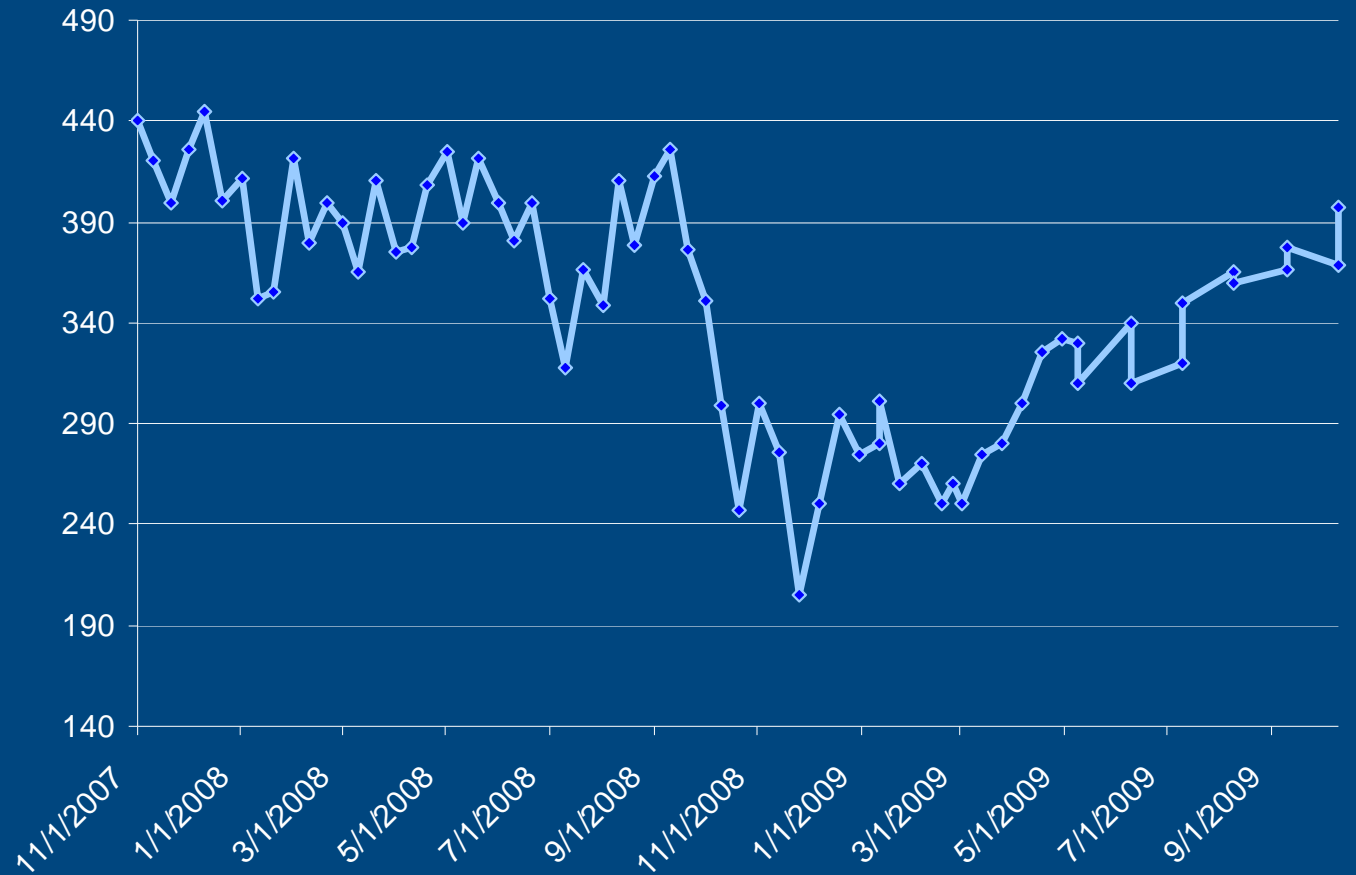


Retail Sales — Retail Sales and Food Services excl. Motor Vehicle and Parts





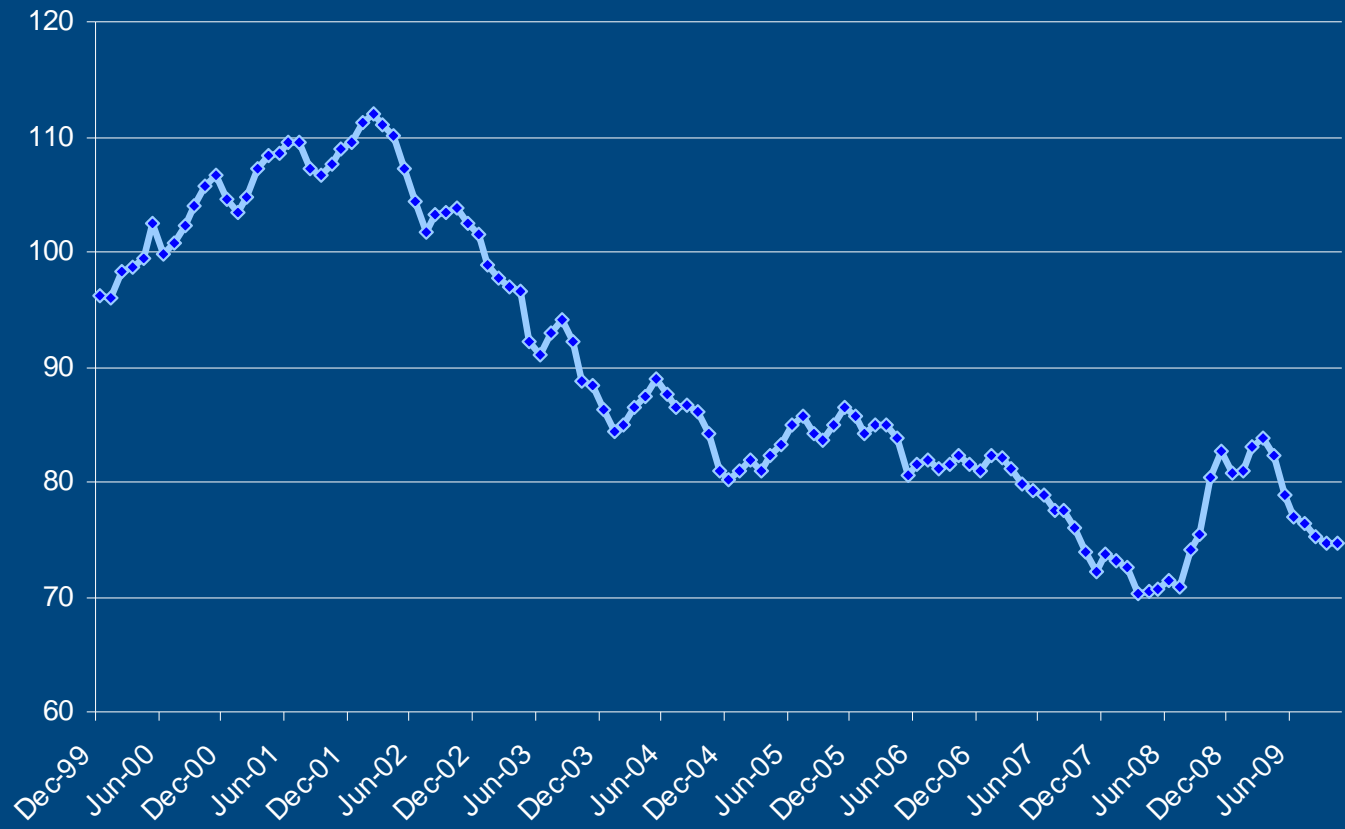
S&P Retail Index





US Dollar: Major Currencies Index

Nominal (March 1973 = 100)

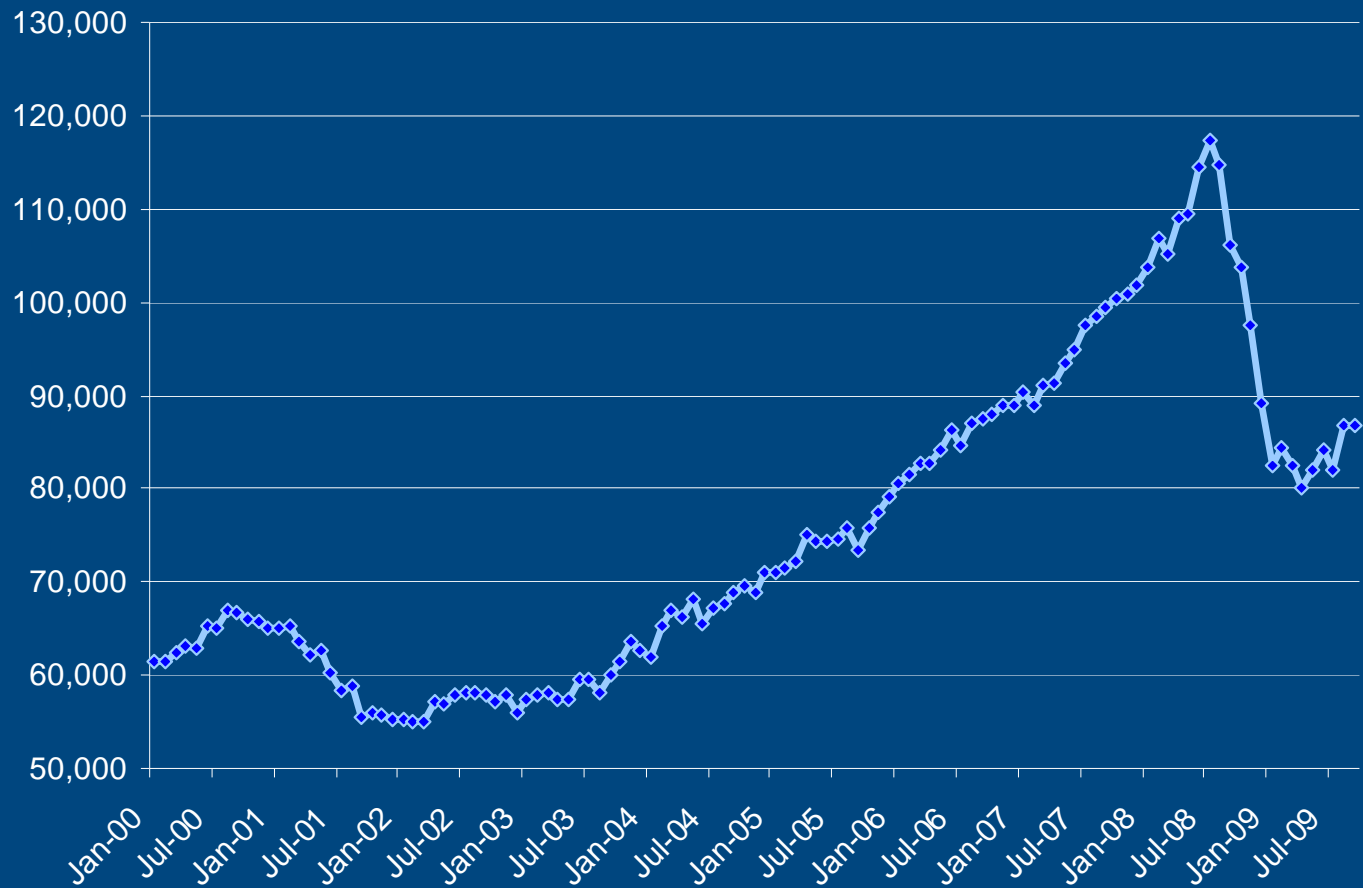




Baltic Dry Index, Quarterly Average

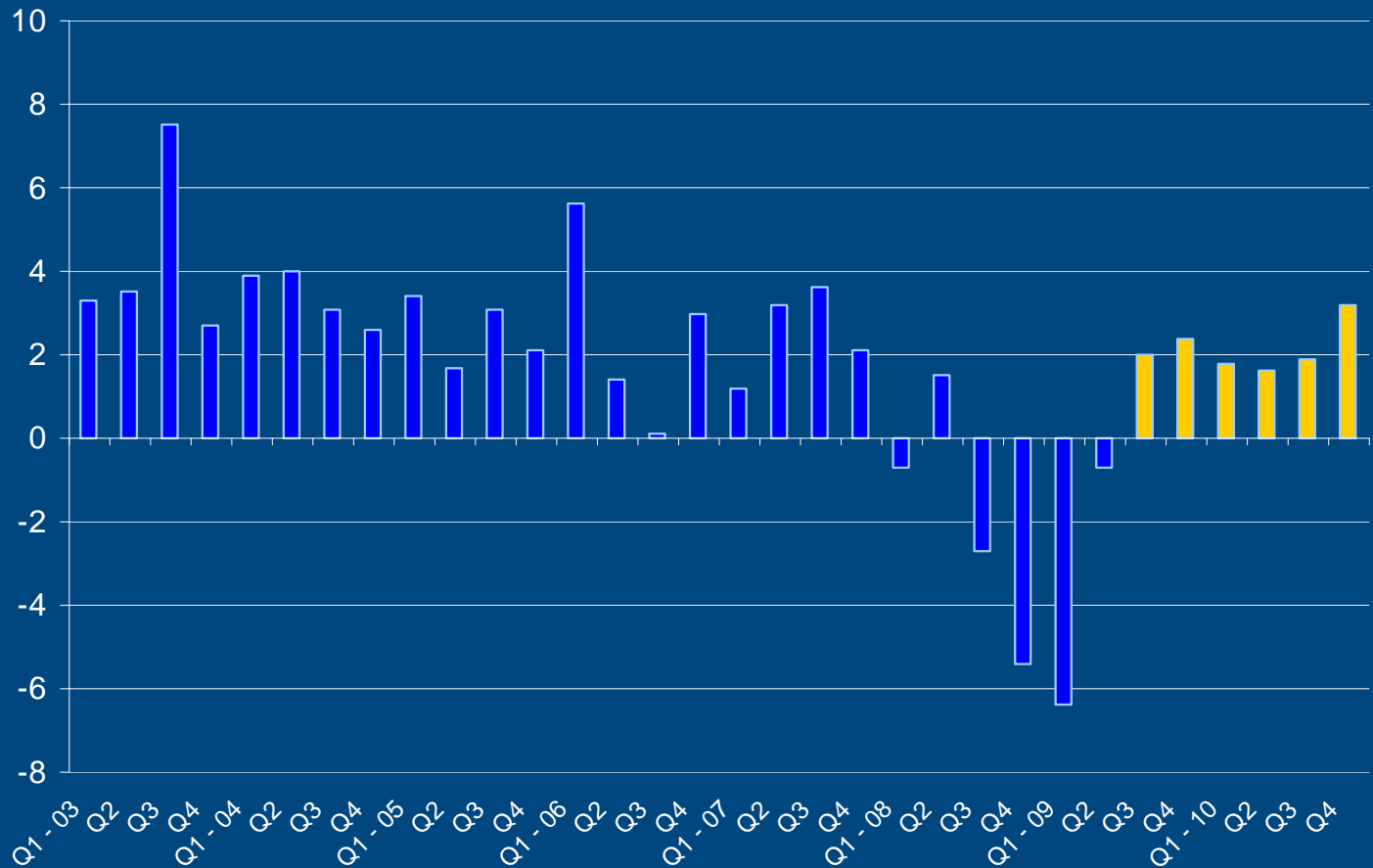


Trade: Exports - Goods, (\$ Million, S.A.)





Gross Domestic Product, Real - Annual %, SAAR, Forecast – Global Insight





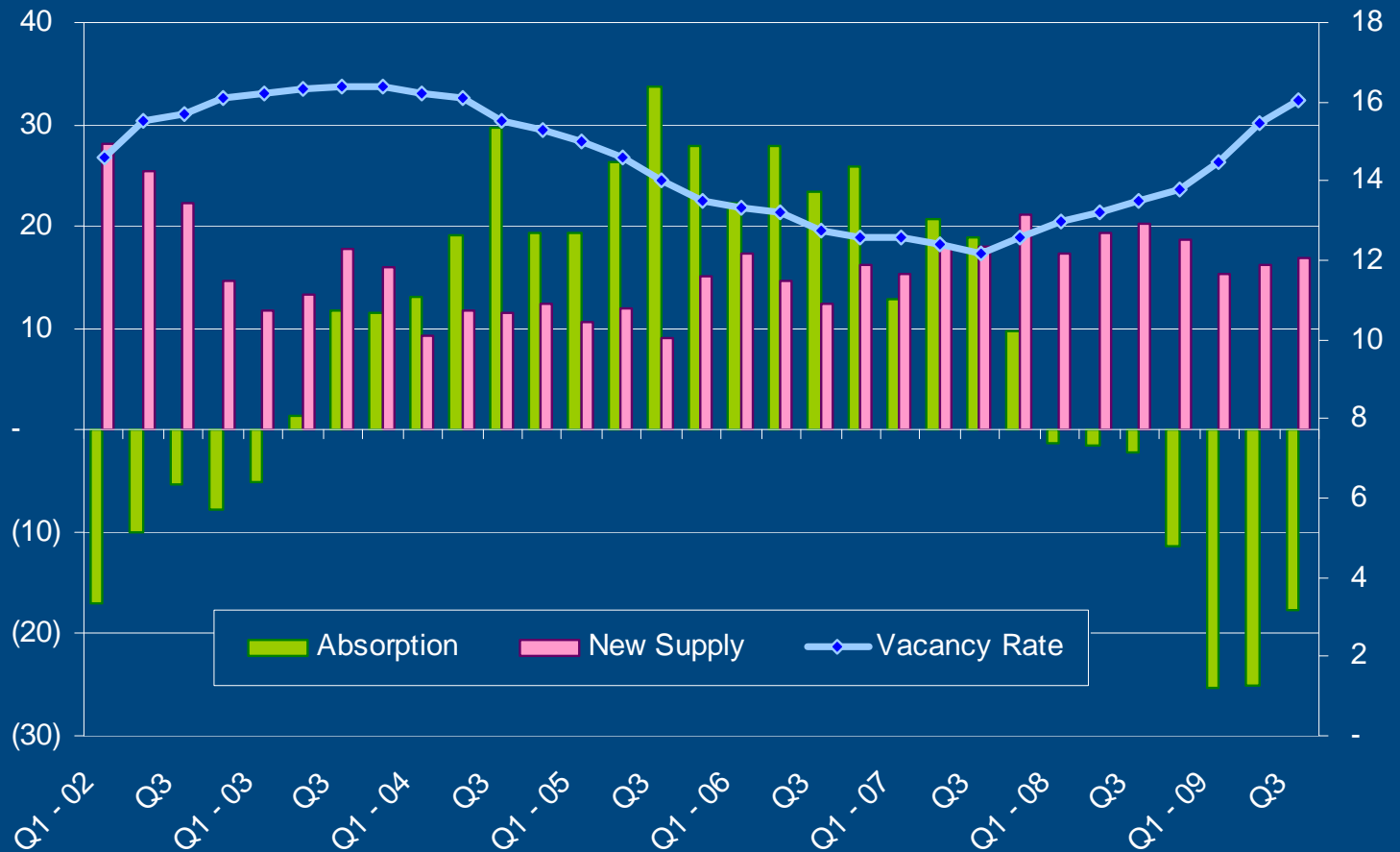
Leasing Markets

“While there is a lot of uncertainty about the pace of economic recovery, we believe the worst of the recession is behind us and now feel confident about investing heavily in our future,”

- Eric Schmidt, CEO Google (October 15th , 2009)

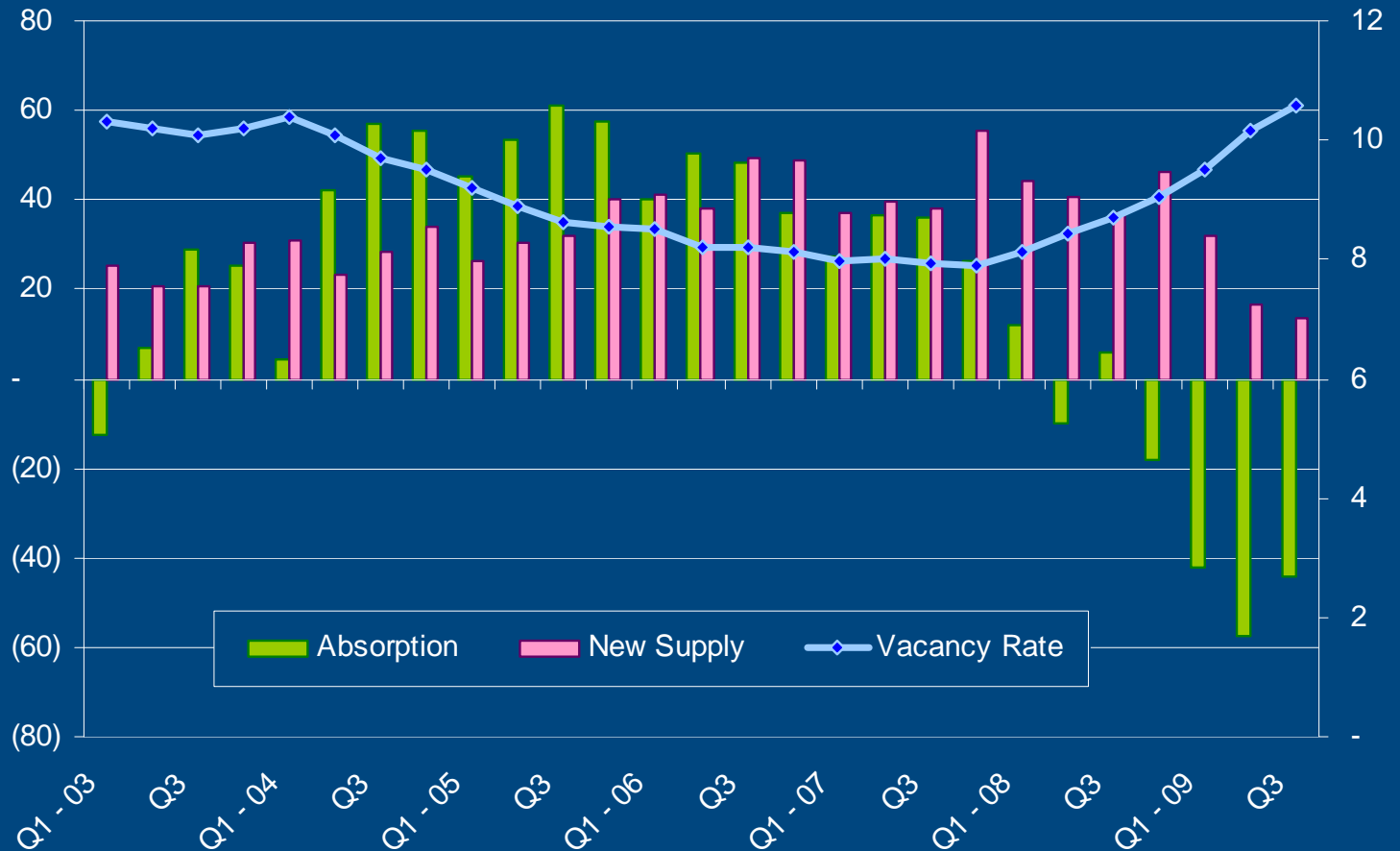


Office Absorption, New Supply and Vacancy Rate (Million SF & %)



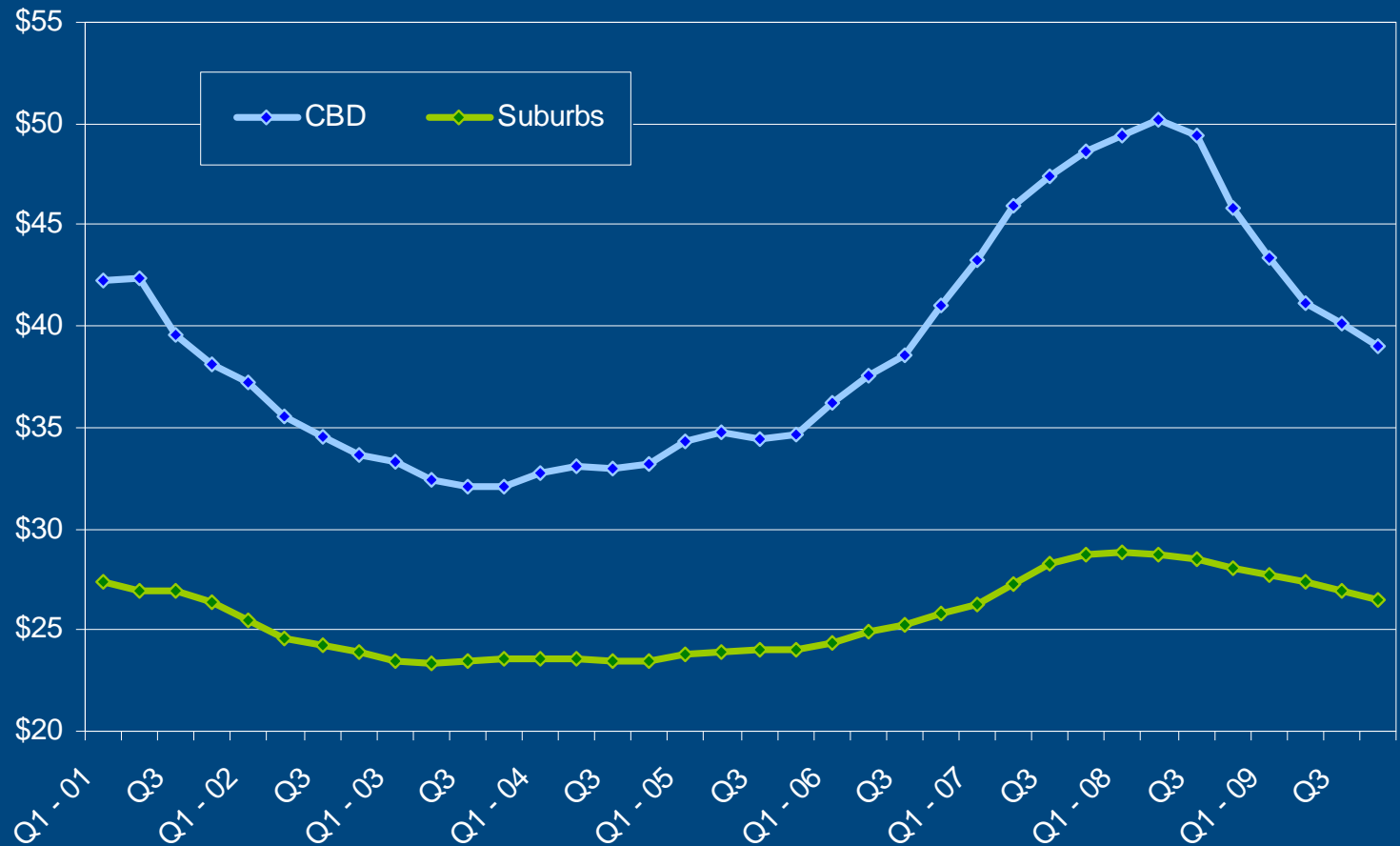


Industrial Absorption, New Supply and Vacancy Rate (Million SF & %)



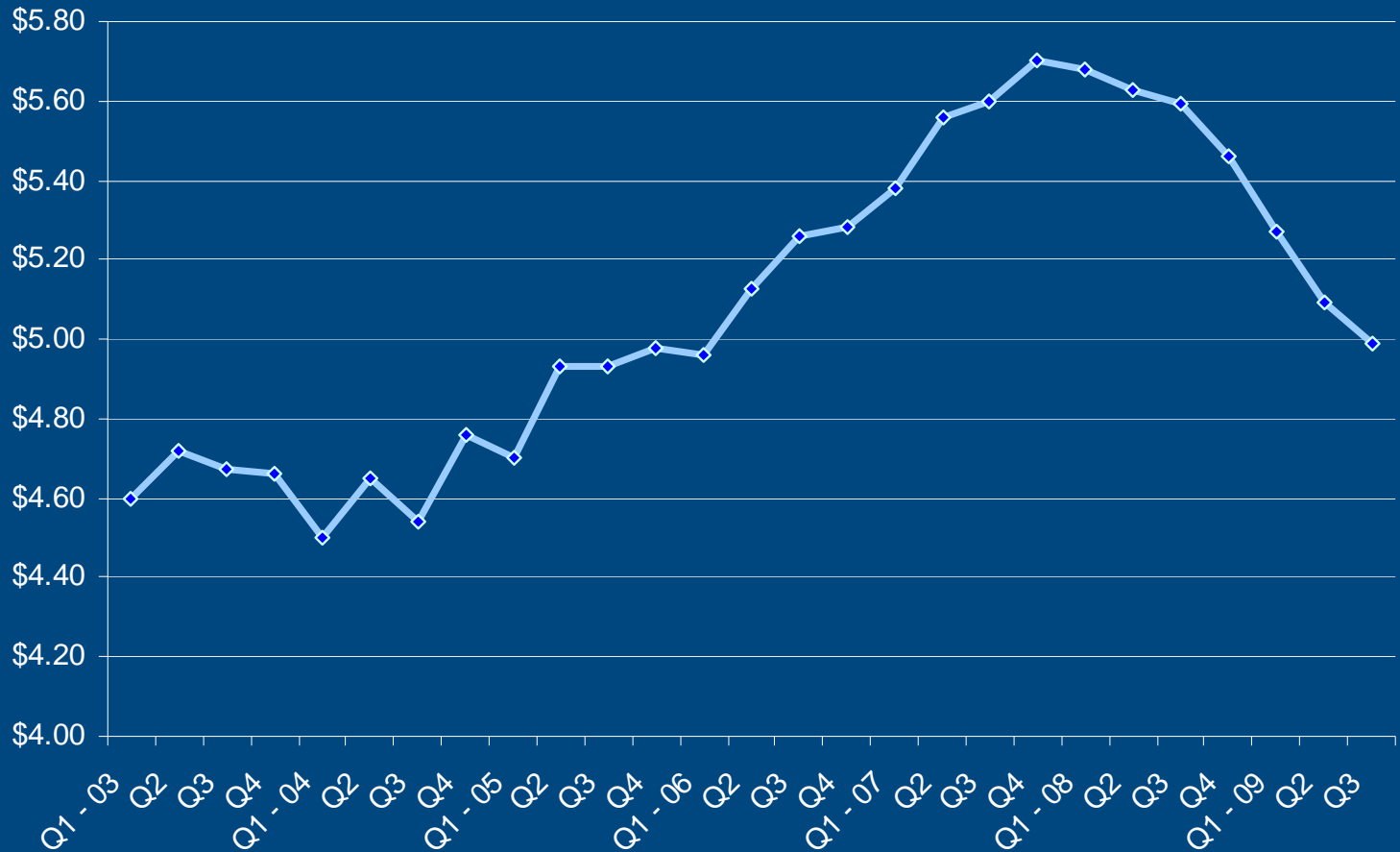


Office Rental Rates (USD per SF)





Industrial Warehouse Rental Rates (USD per SF)





Investment Market

Reworked Commercial Real Estate Loans –

"should be encouraged, not criticized," "We are encouraging banks to restructure these loans."

- Sheila Bair, Chairman Federal Deposit Insurance Corporation, testimony to a Senate subcommittee (October 14th, 2009)

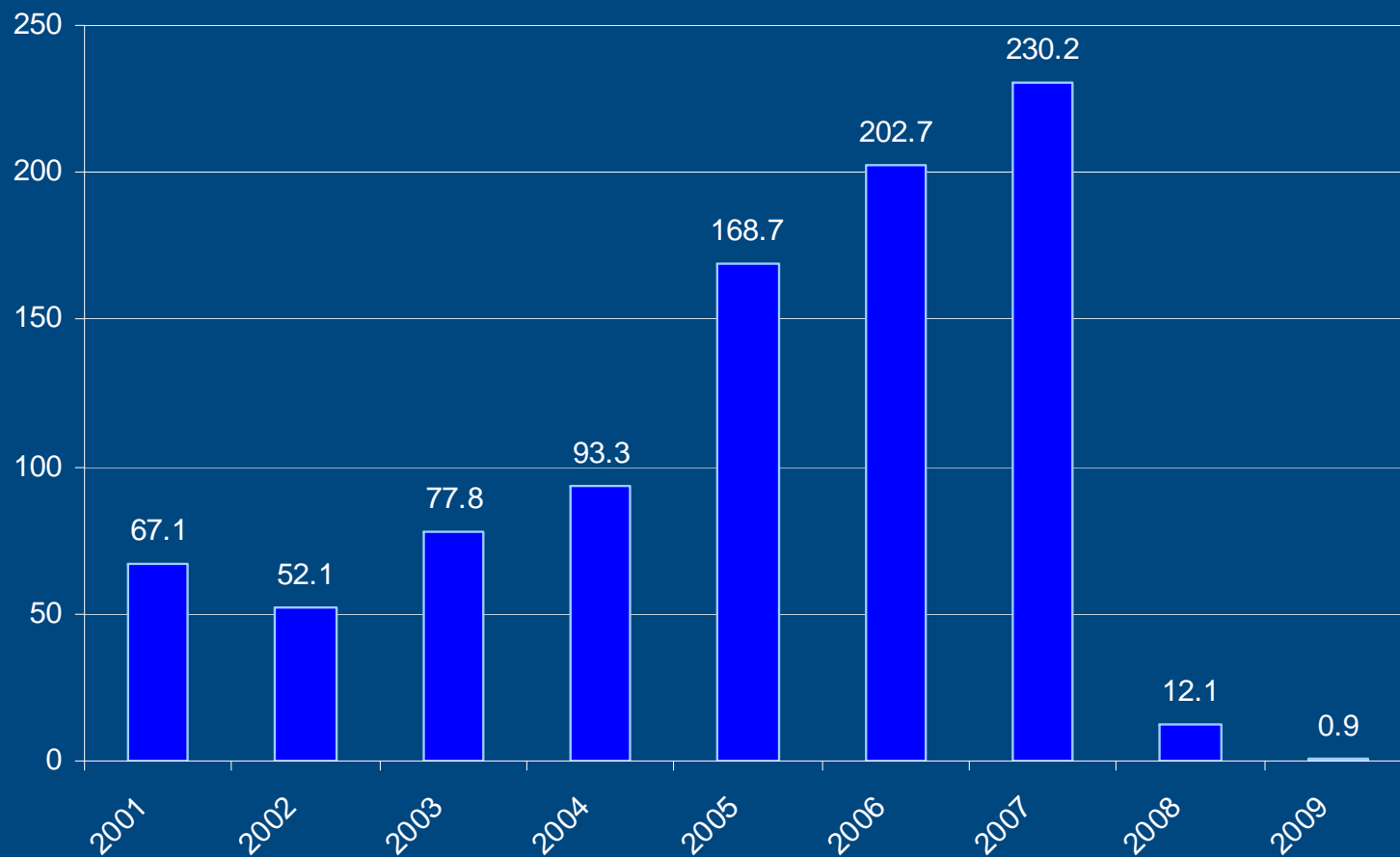


CMBS Spreads – Basis Points

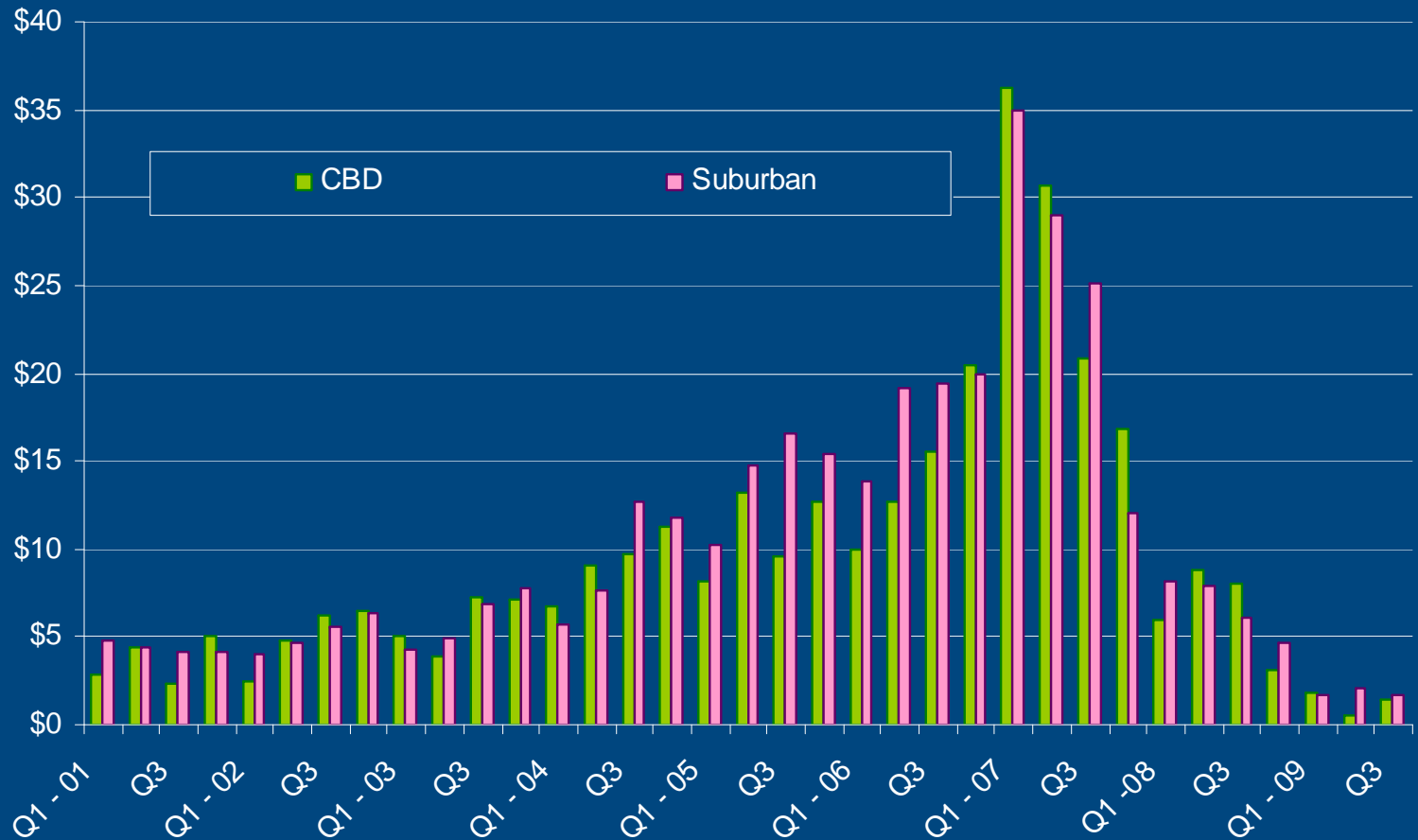




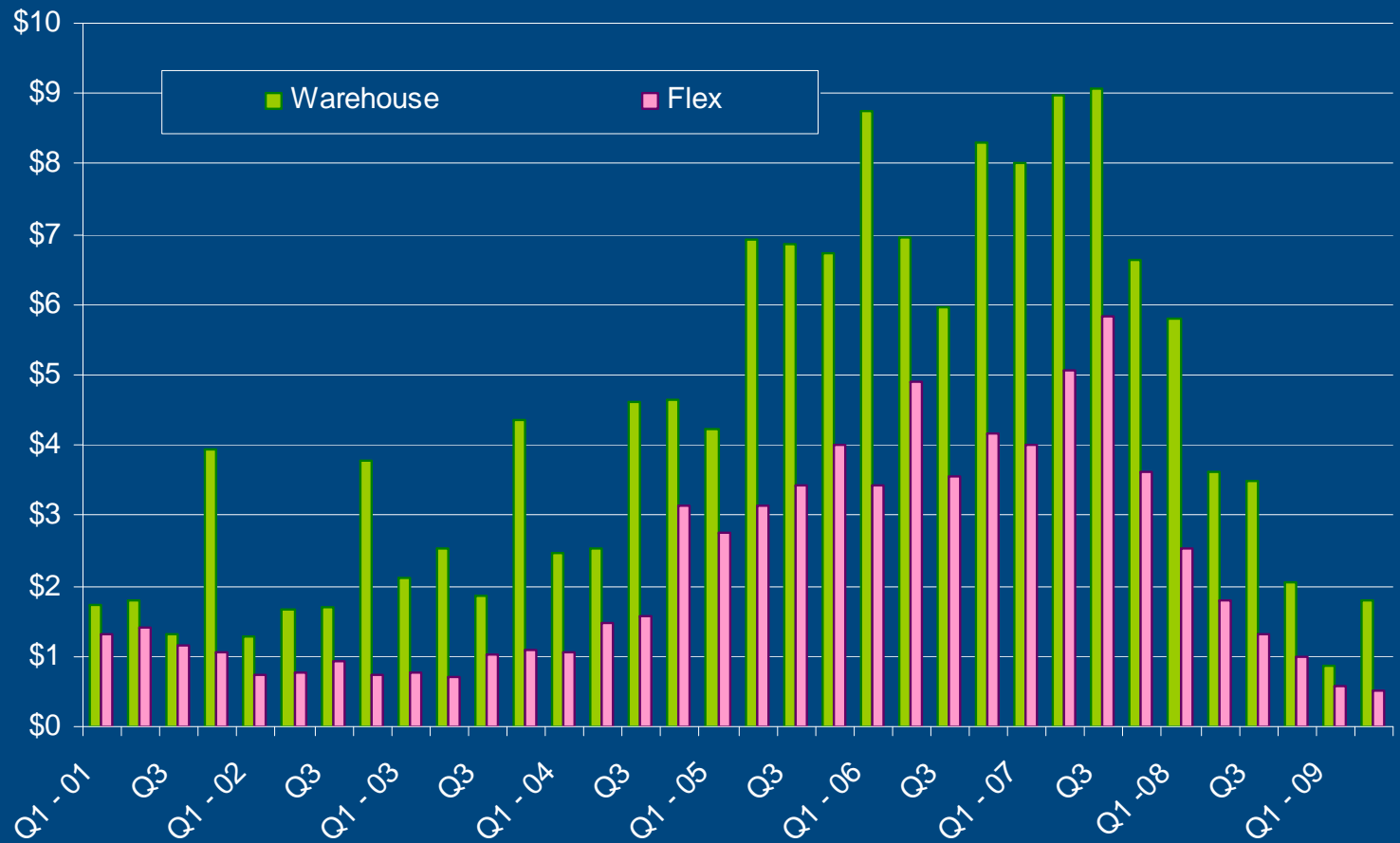
CMBS Originations (\$ Billions)



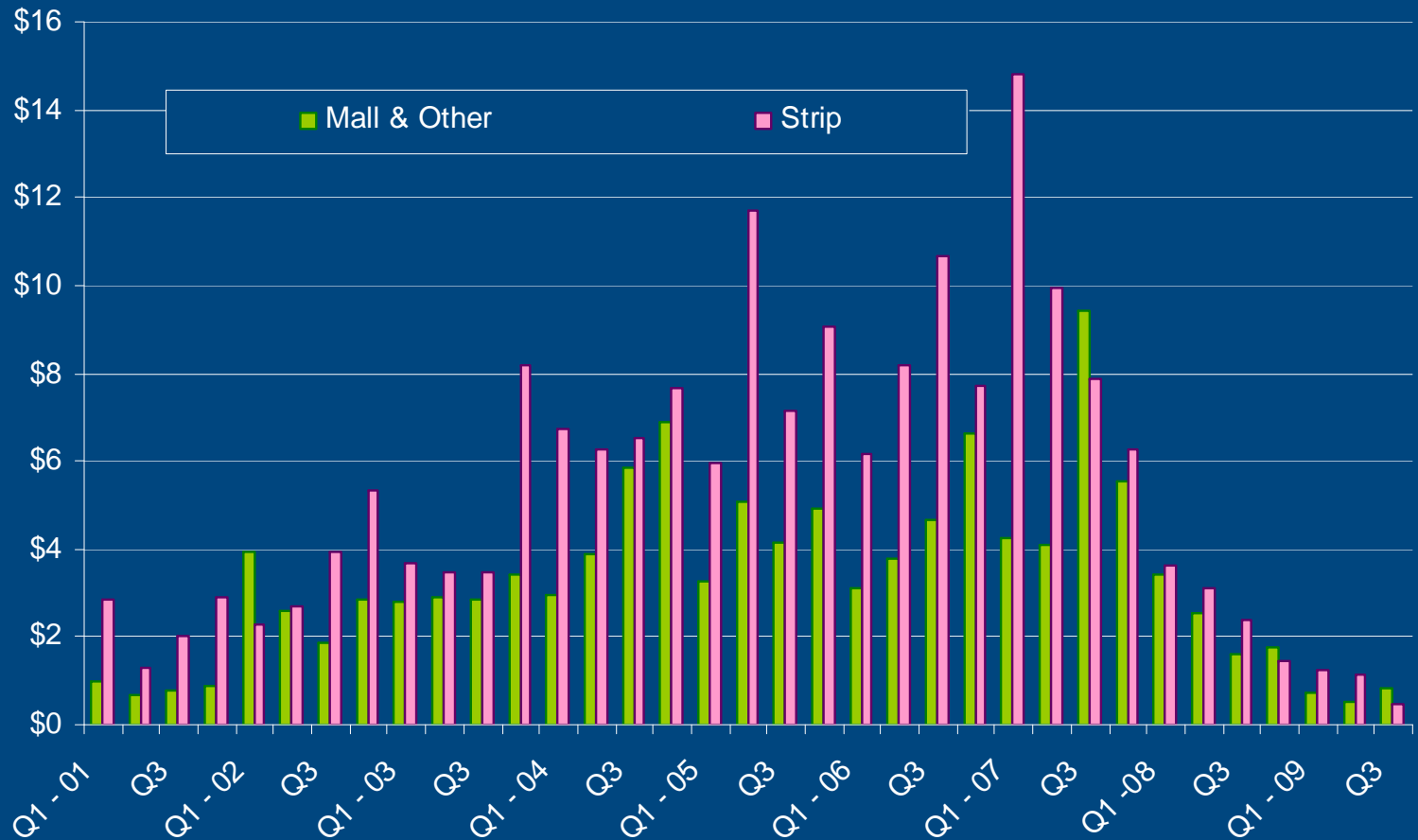
Office Investment Sales (\$ Billions)



Industrial Investment Sales (\$ Billions)

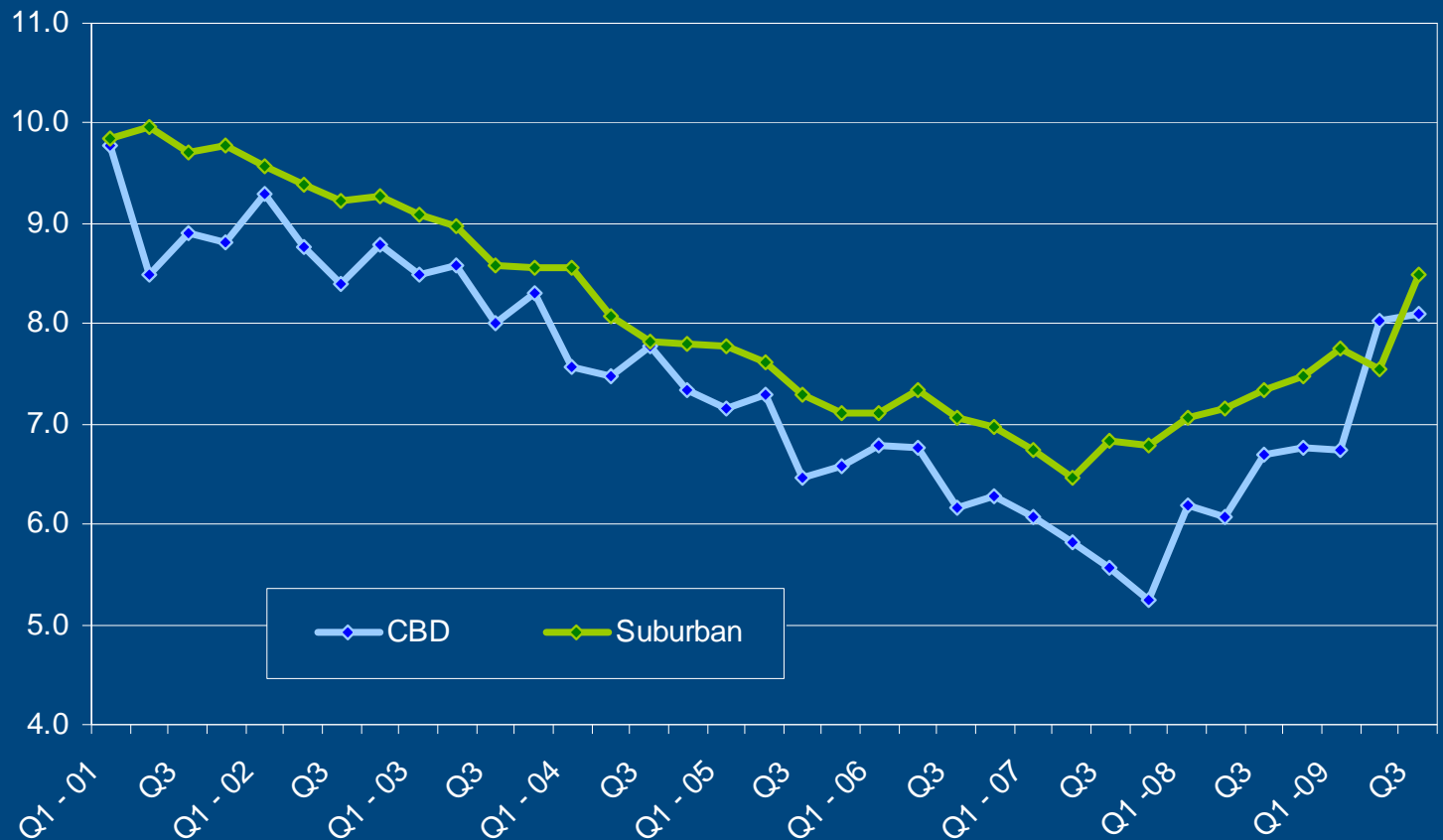


Retail Investment Sales (\$ Billions)

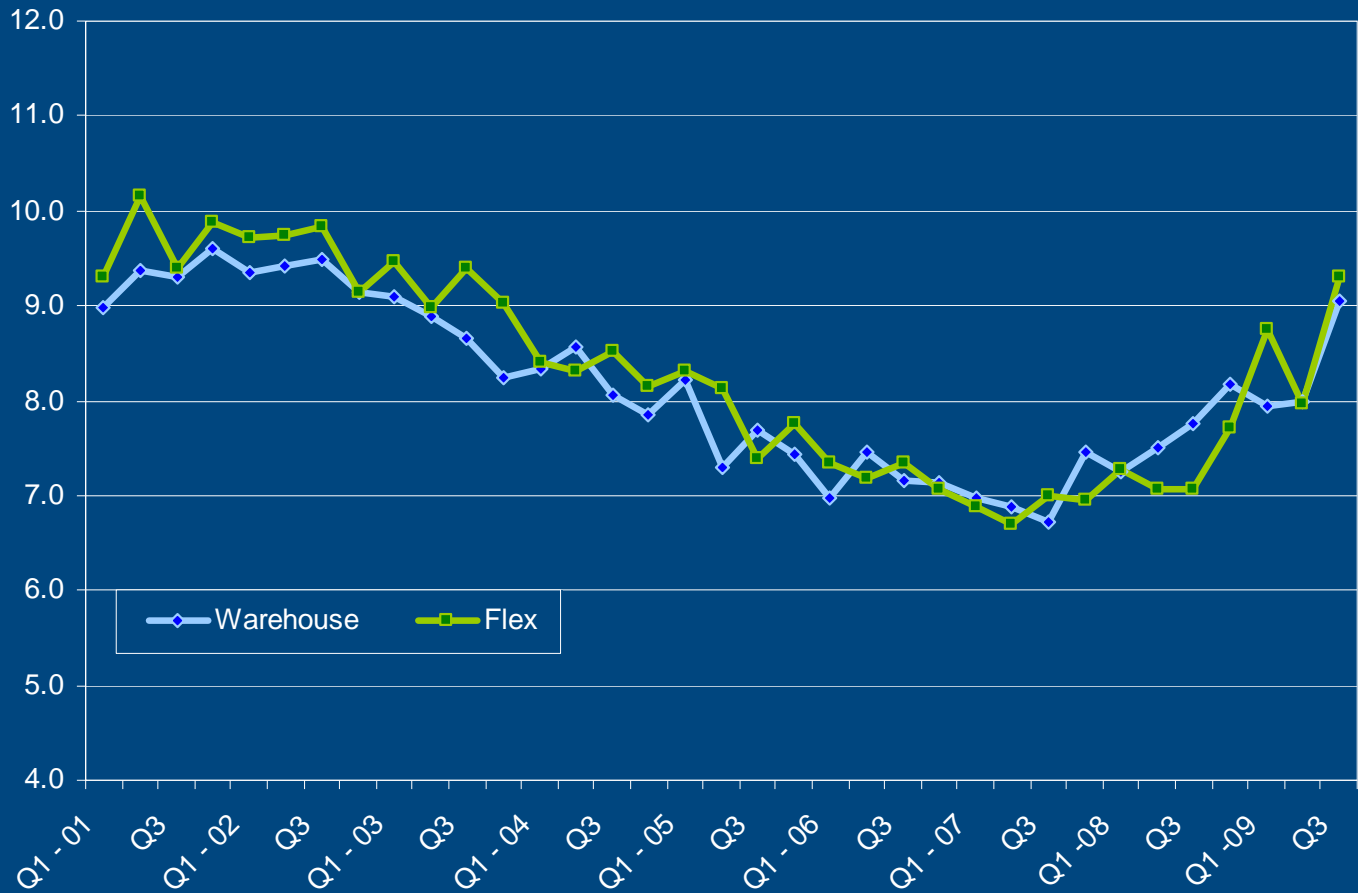




Office Capitalization Rates

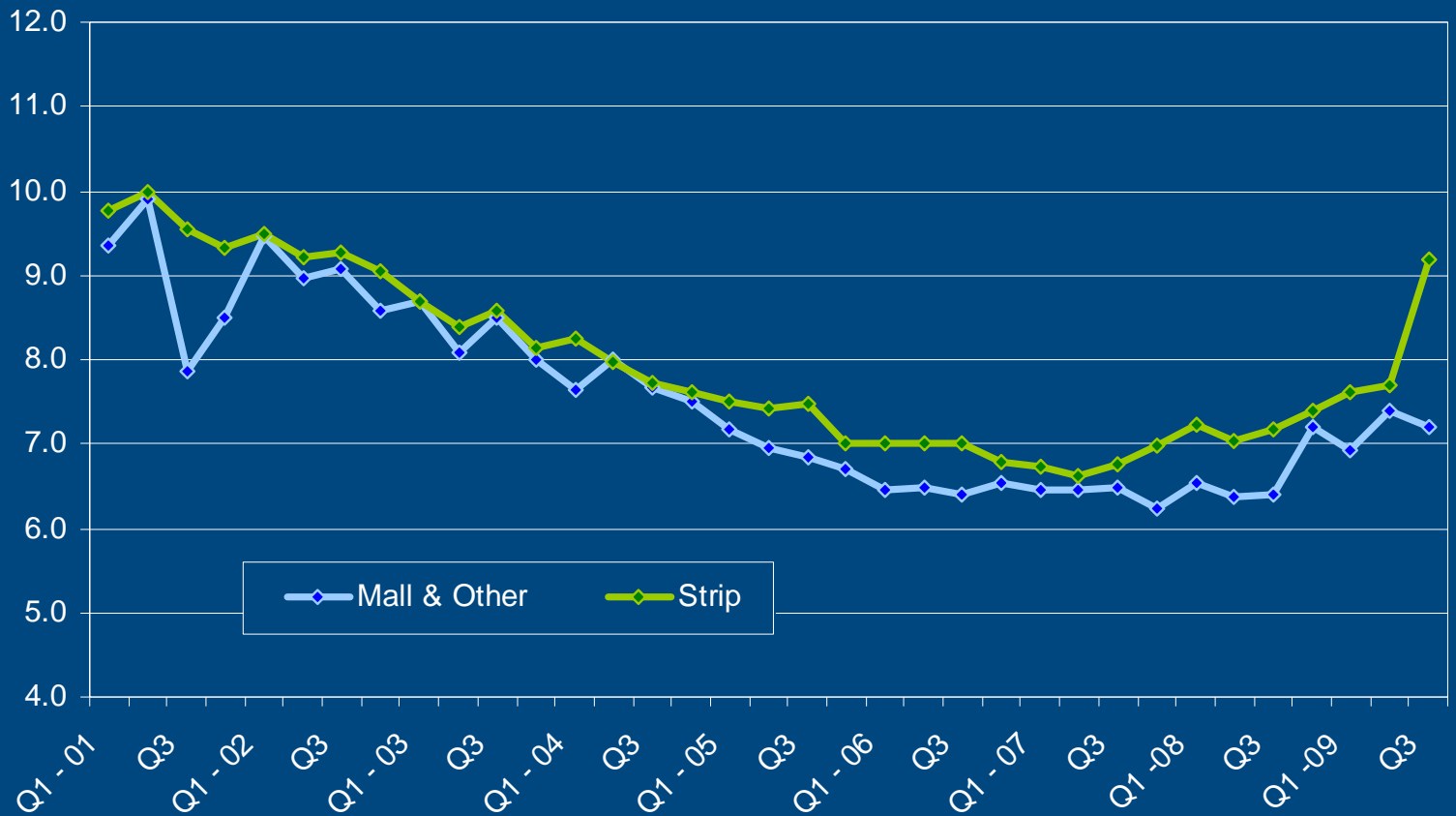


Industrial Capitalization Rates





Retail Capitalization Rates





Closing Thoughts

- It's really quiet out there but things will start to heat up soon.....
- Fundamentals may not deteriorate as much as previously feared
- Public markets *might* save the day but not CMBS
- To foreclose or not to foreclose – a bankers/investors dilemma
- Peak to trough value declines now exceed 40%
- New supply quickly going to “zero”
- Threat of inflation – good news for CRE



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