

Real Estate Capital Market Symposium – June 2010



RECOVERY GAINS TRACTION

Where Do We Stand Today?

U.S. Real Estate Market Overview

Del Kendall, RERC

Moderator

Bob White, RCA

Panelist

Ken Riggs, RERC

Panelist

INTRODUCTION

Del Kendall

RERC Managing Director

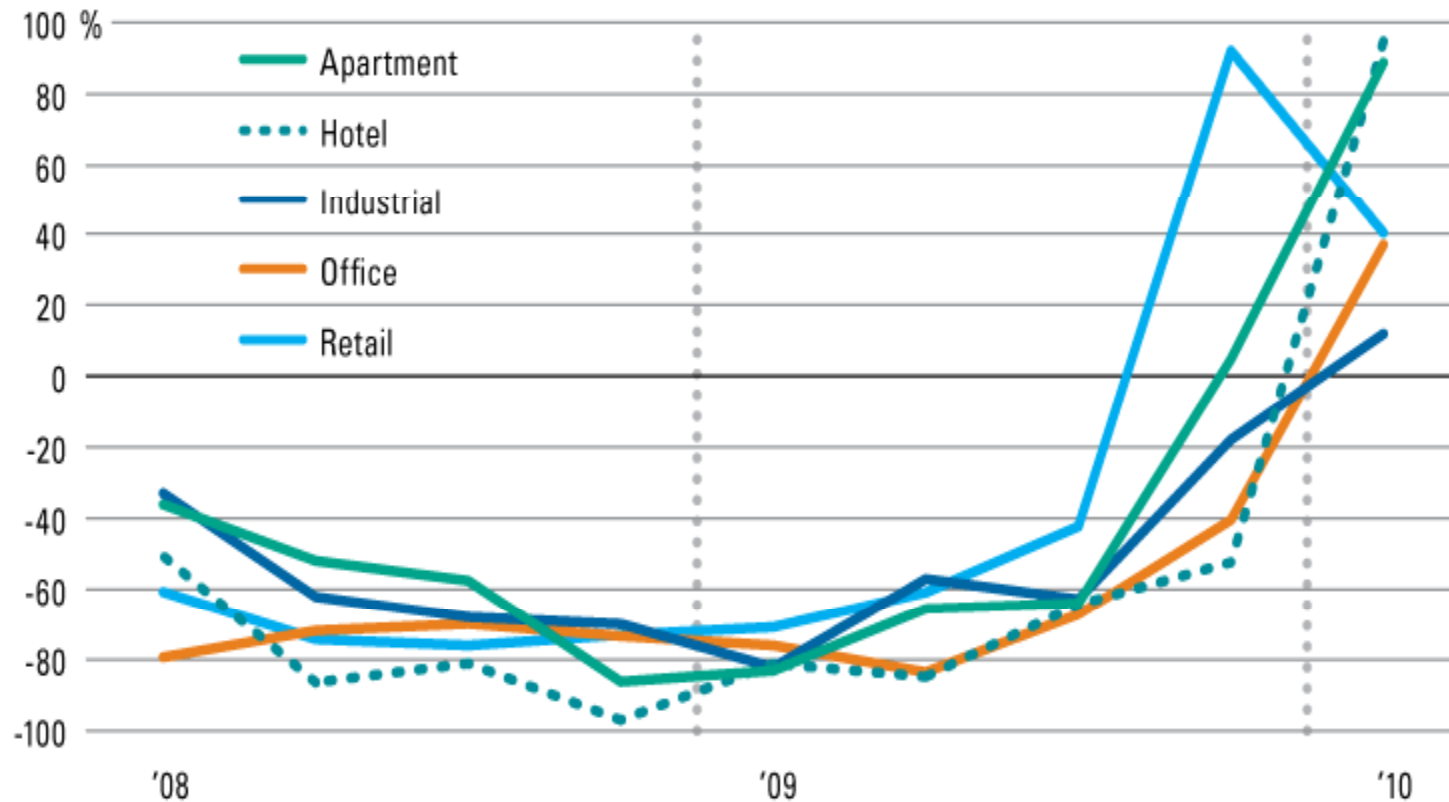
TRANSACTION OVERVIEW

Bob White

RCA Founder & President

Investment Looking Up

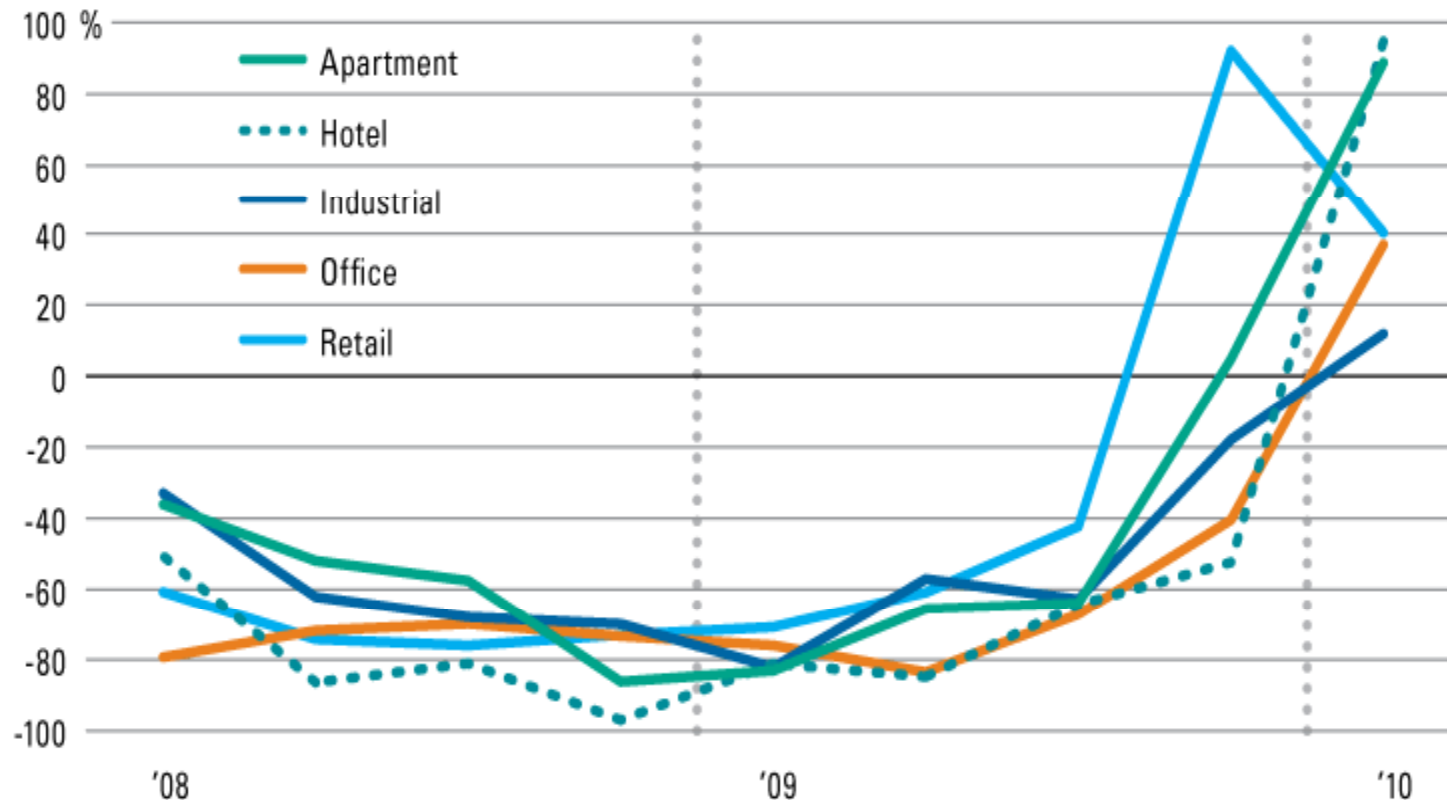
YOY CHANGE IN SALES BY QUARTER



Source: RCA, June 2010.

Investment Looking Up

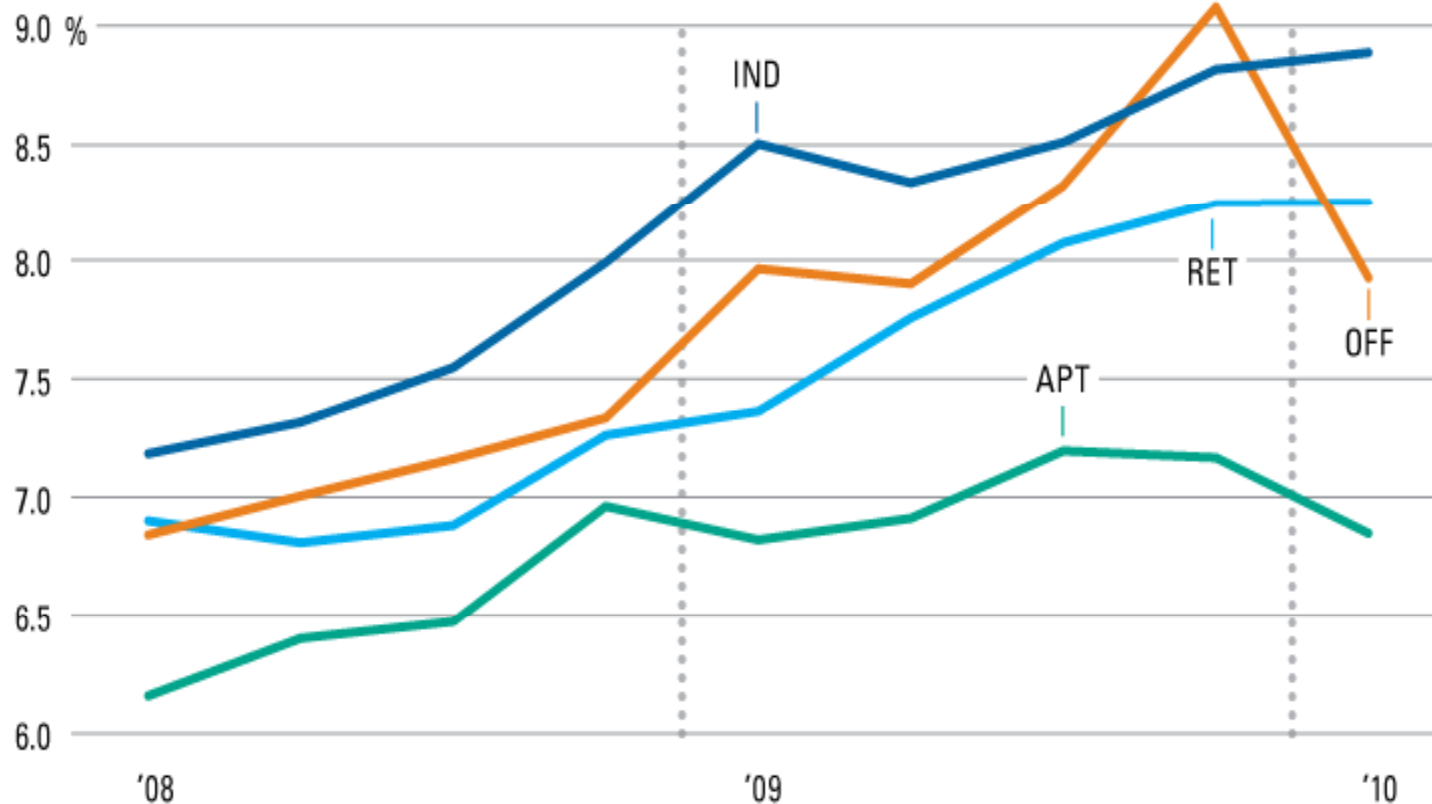
YOY CHANGE IN SALES BY QUARTER



Source: RCA, June 2010.

Yields Starting to Fall

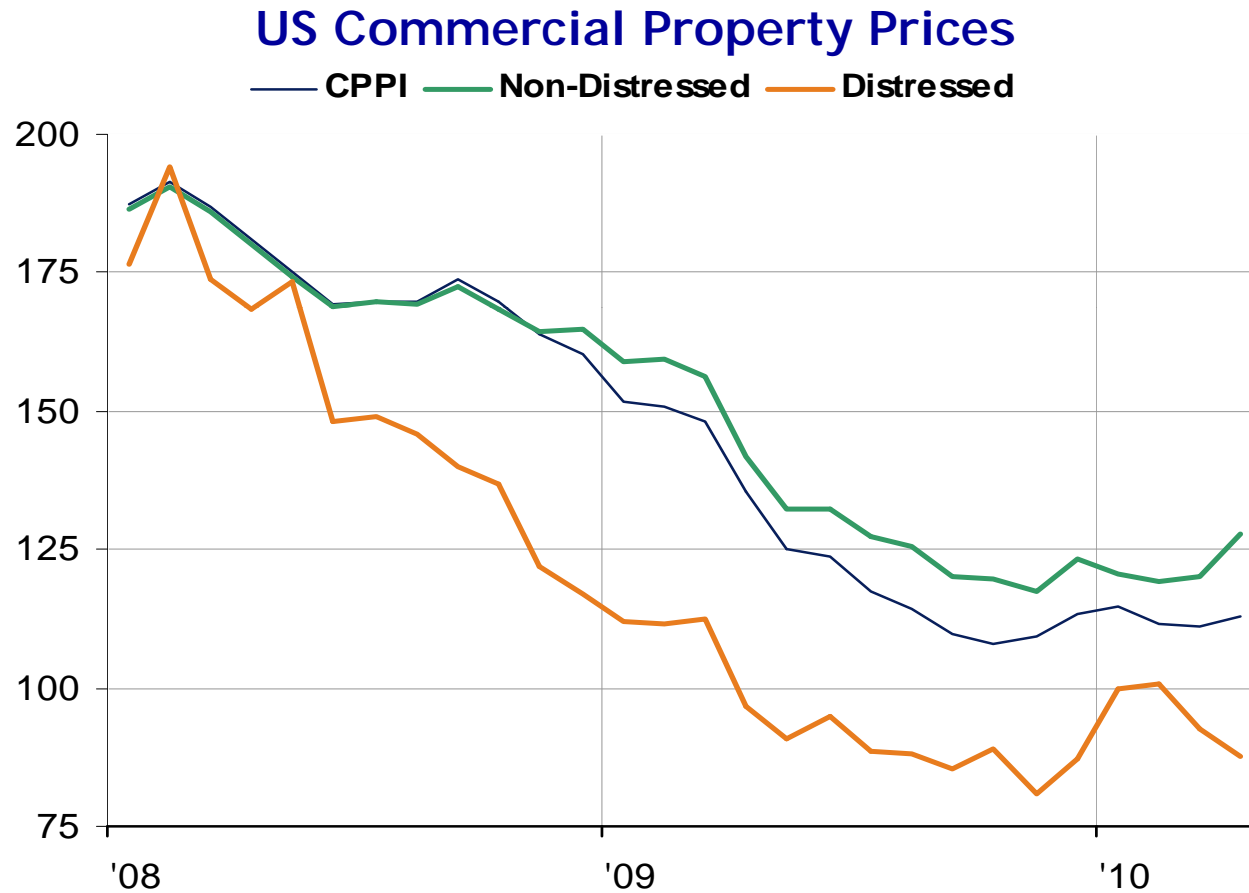
AVERAGE CAP RATE BY SECTOR
BY QUARTER



Source: RCA, June 2010.

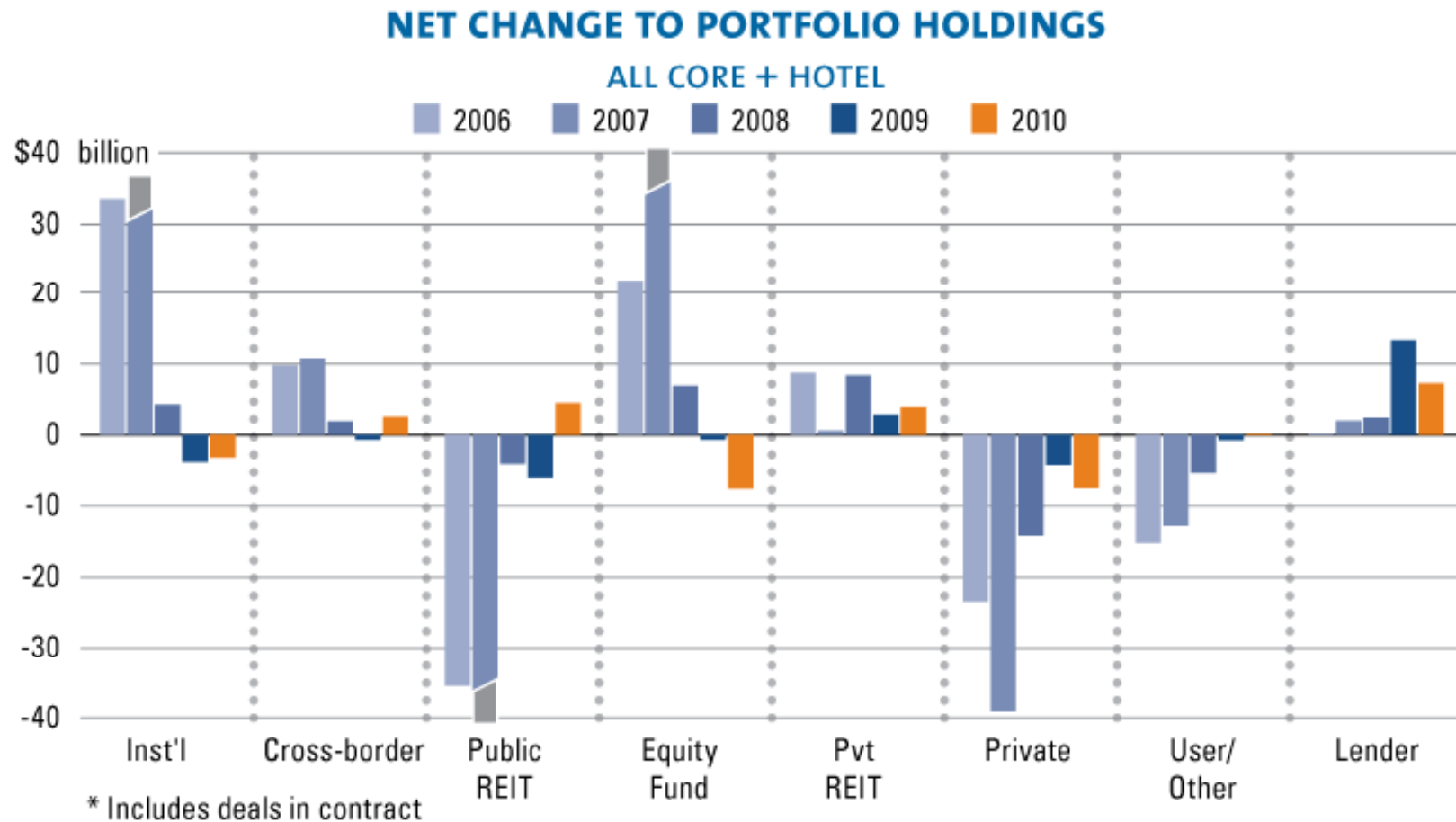
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Prices Going Up or Down?



Sources: Moody's / Real CPPI, Geltner & Associates, RCA.

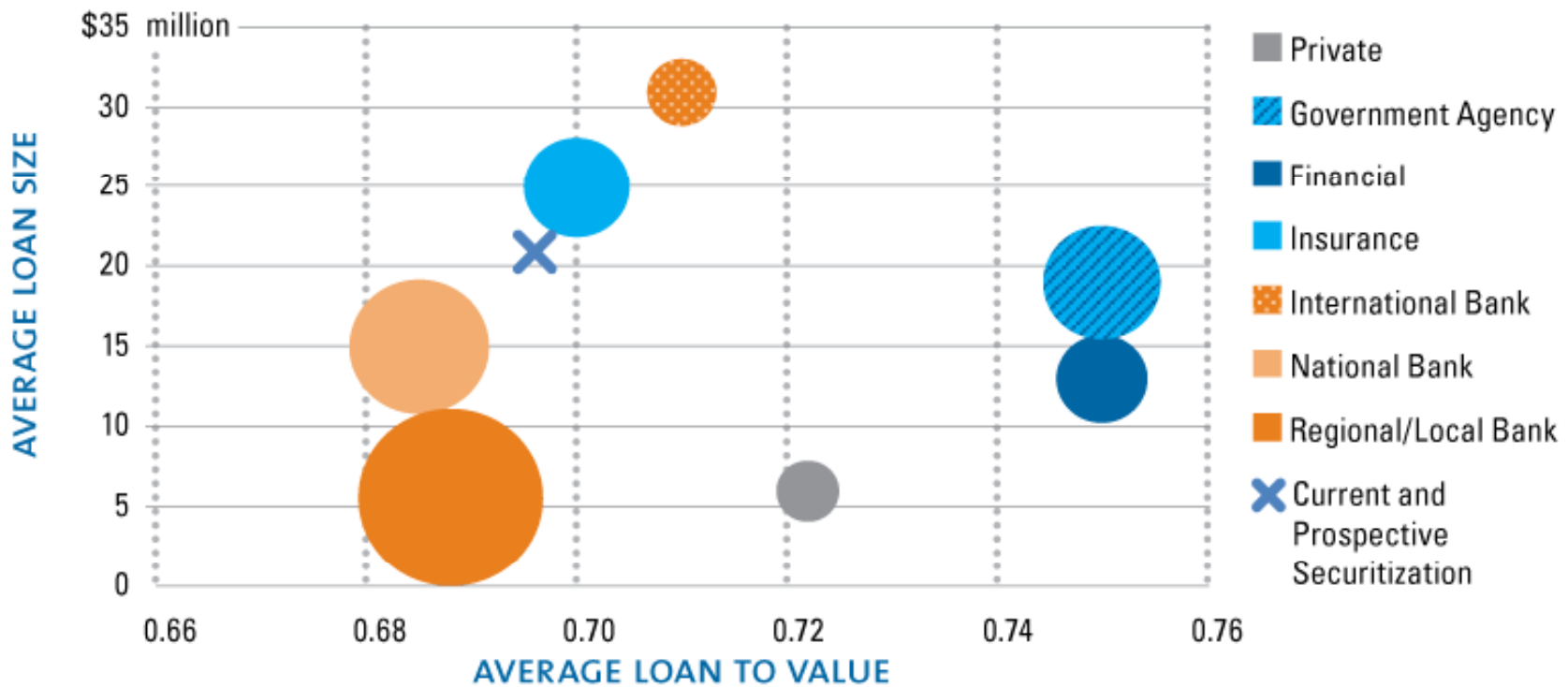
Equity Capital Is Not A Problem



Source: RCA, June 2010.

Debt Capital Returning

AVERAGE LOAN SIZE & LTV IN RELATION TO MARKET SHARE
LOANS ORIGINATED IN 2009 & 2010

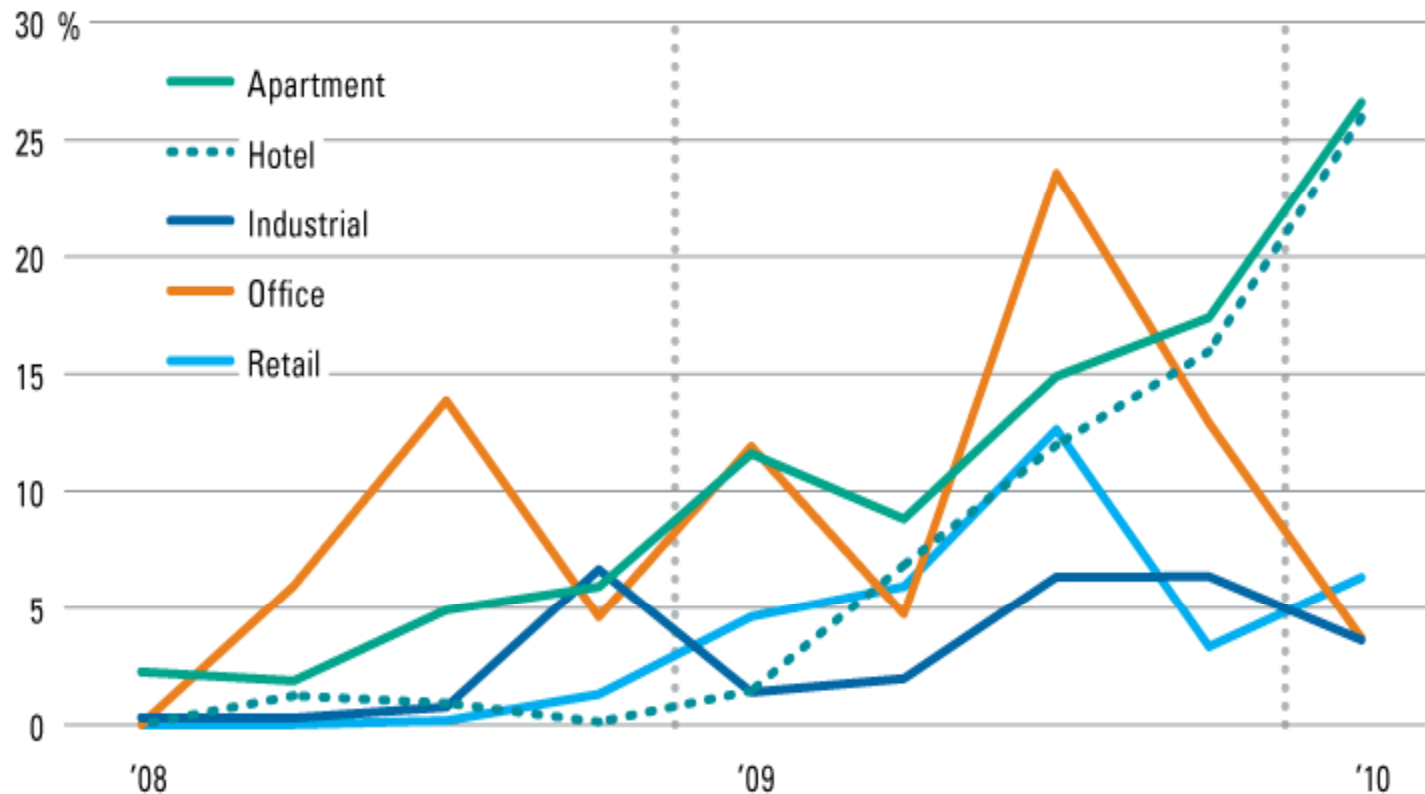


*Bubble size represents market share of lender group by loan count

Source: RCA, June 2010.

Where's the Distress?

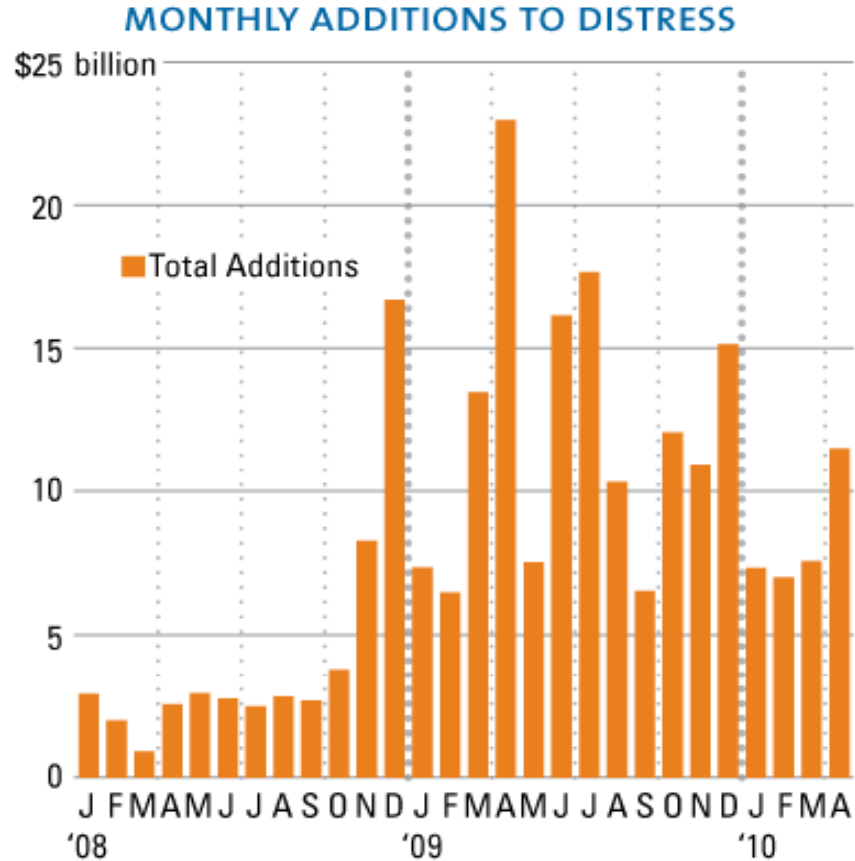
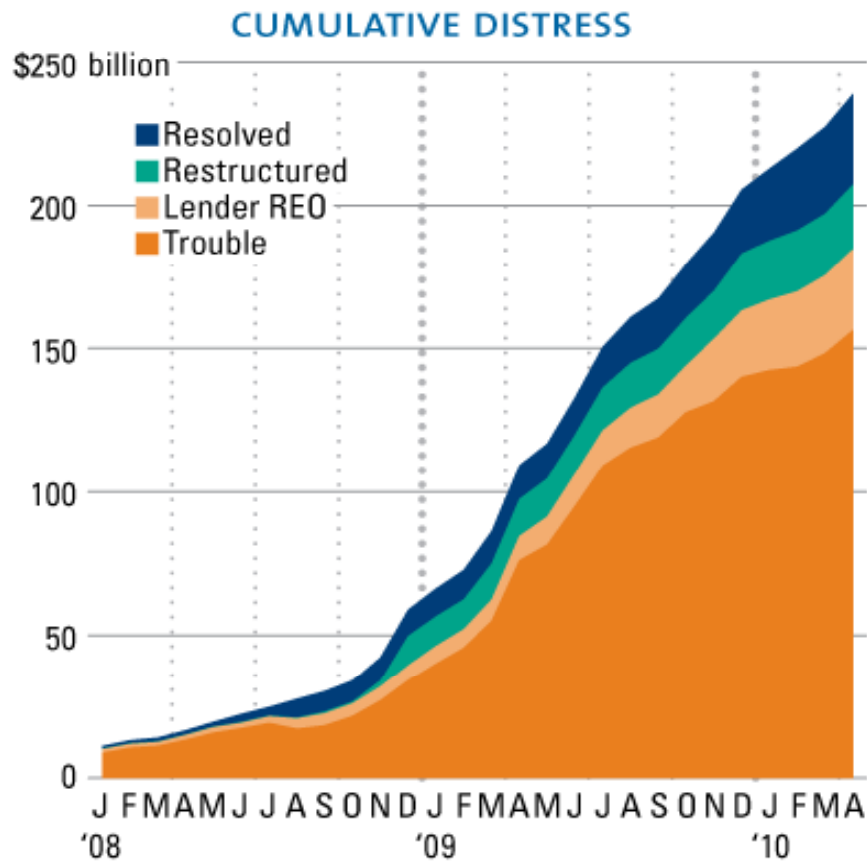
PERCENT OF SALES ASSOCIATED WITH DISTRESS BY QUARTER



Source: RCA, June 2010.

New Distress Yet to Slow

ALL CORE + HOTEL DISTRESS VOLUME

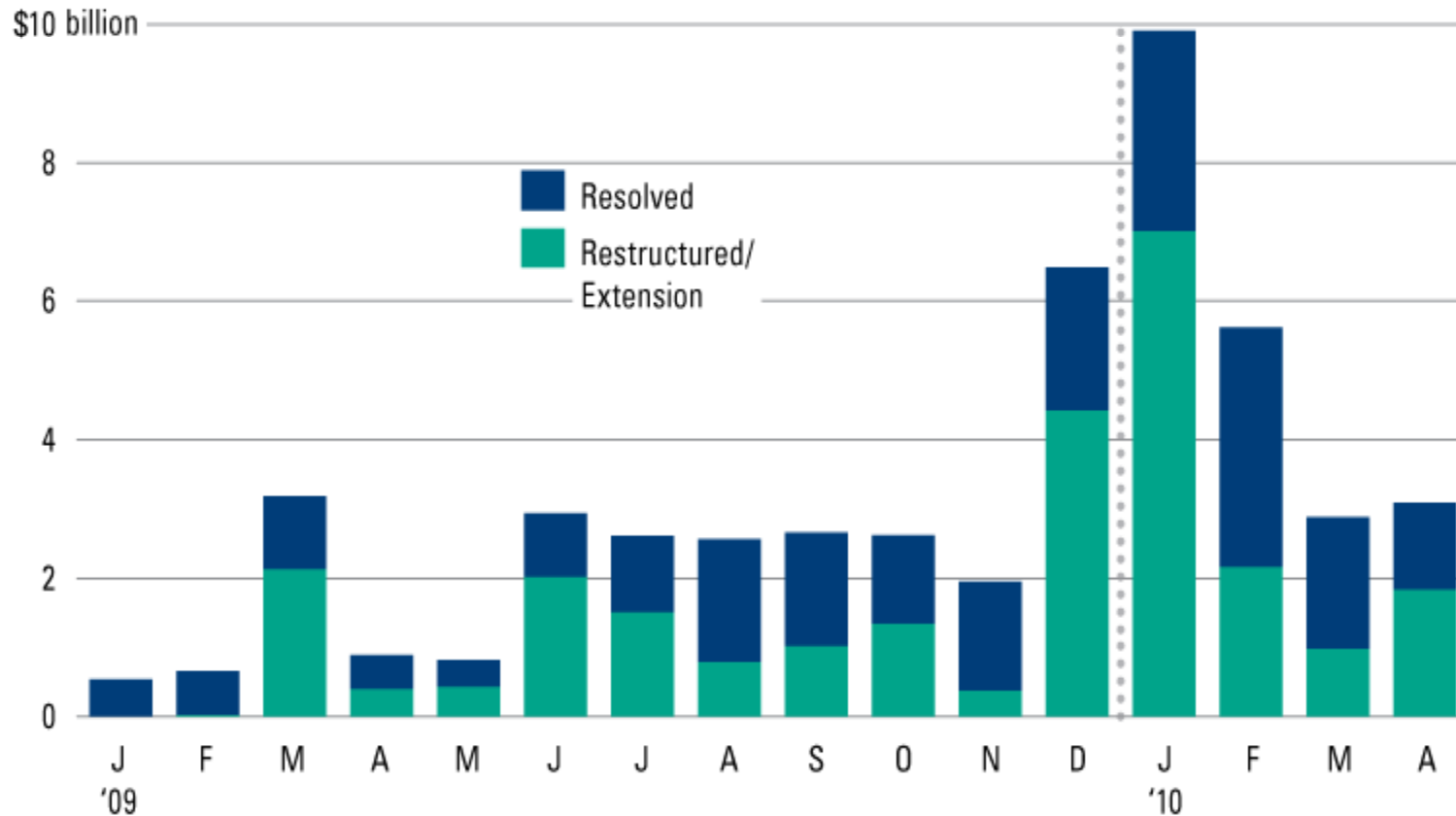


Source: RCA, June 2010.

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Workout Activity Just Starting

WORKOUTS PER MONTH



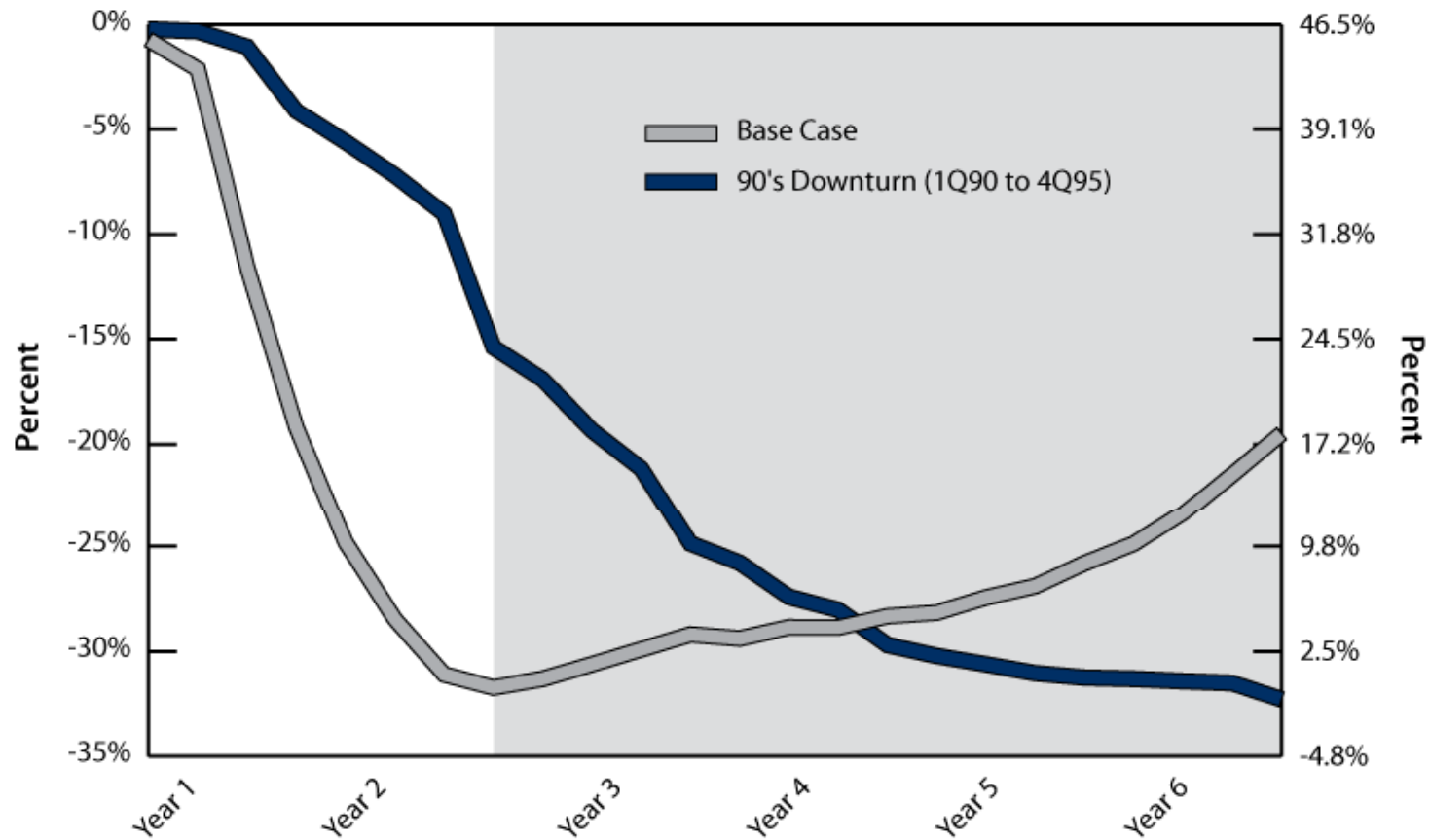
Source: RCA, June 2010.

HOW IS IT DIFFERENT TODAY?

Ken Riggs

RERC President & CEO

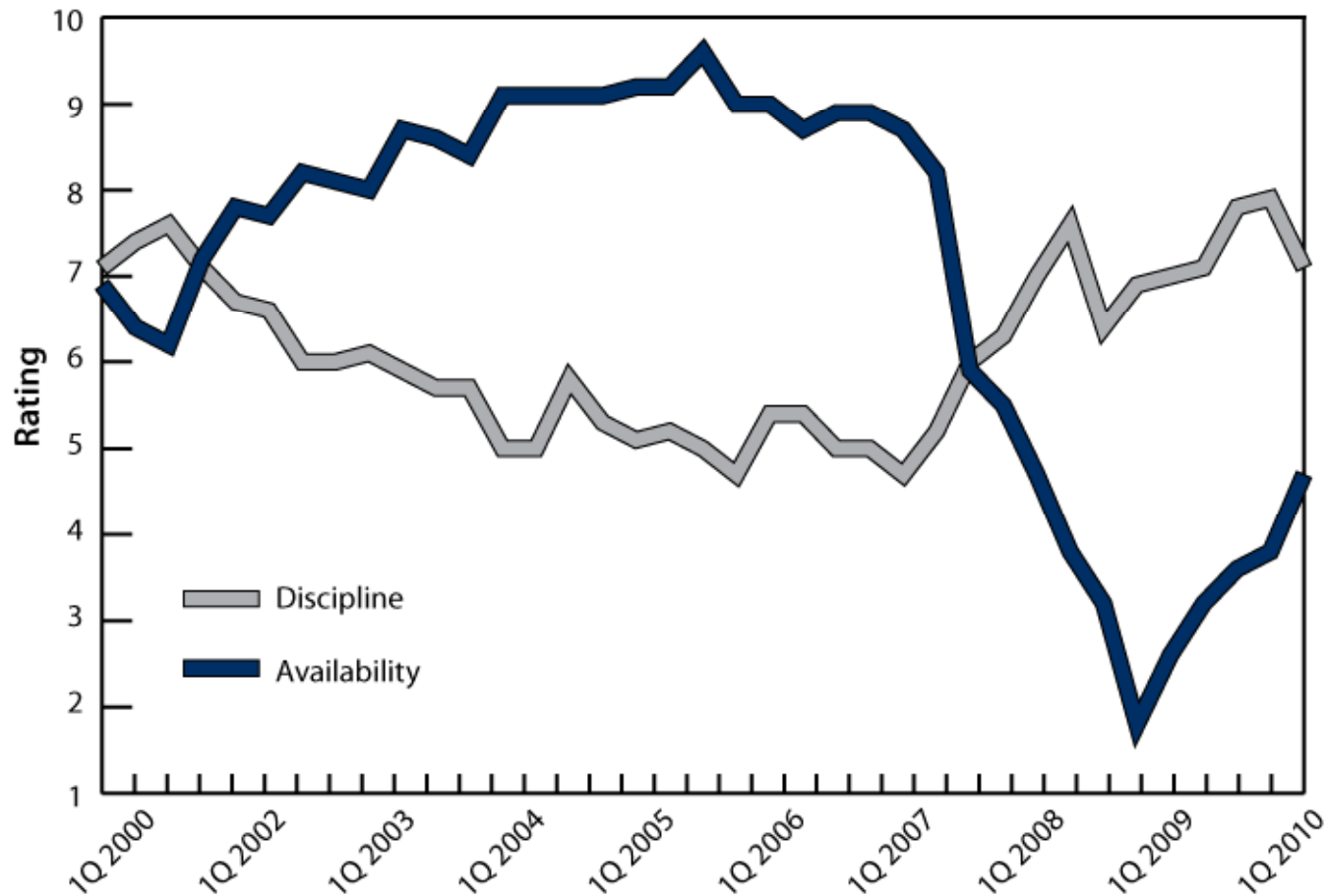
Value Peak-to-Trough Estimates (NPI Index)



NOTE: Shaded area reflects RERC's outlook for the Base, Upside, and Downside Scenarios, from 2q2010 to 1q2014.

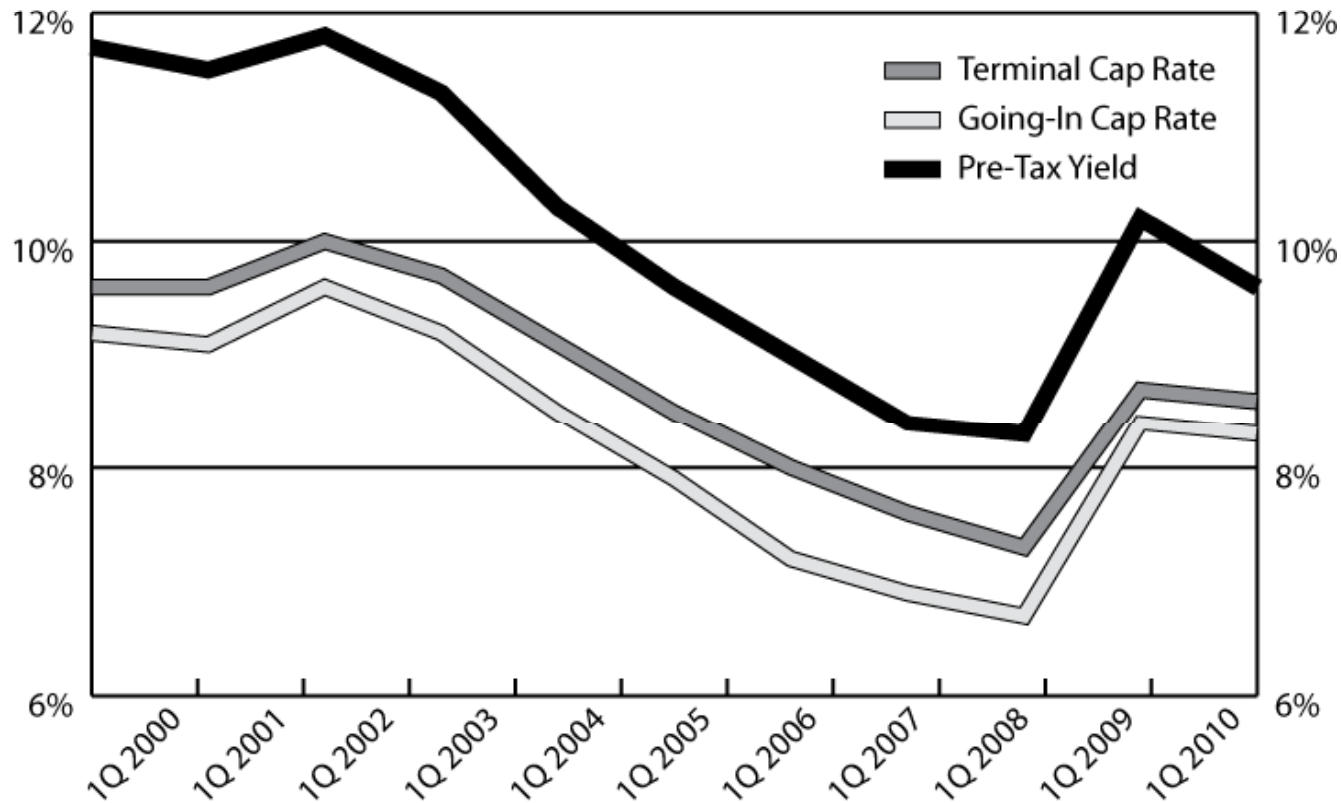
Sources: NCREIF, RERC, 1Q 2010.

Availability and Discipline of Capital



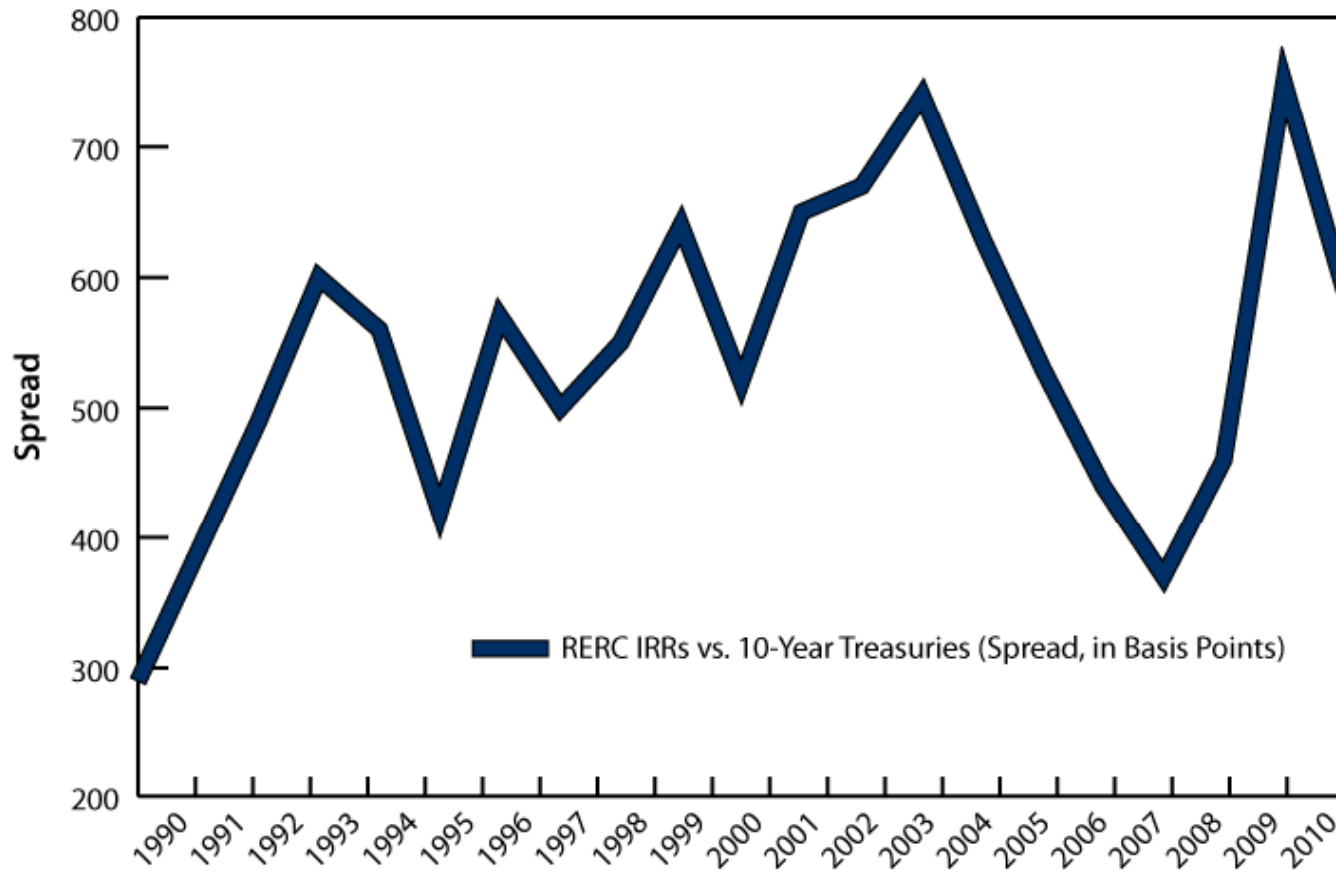
Source: RERC, 1Q 2010.

Historical IRRs, Going-In Cap Rates, and Terminal Cap Rates 2000 - 2010



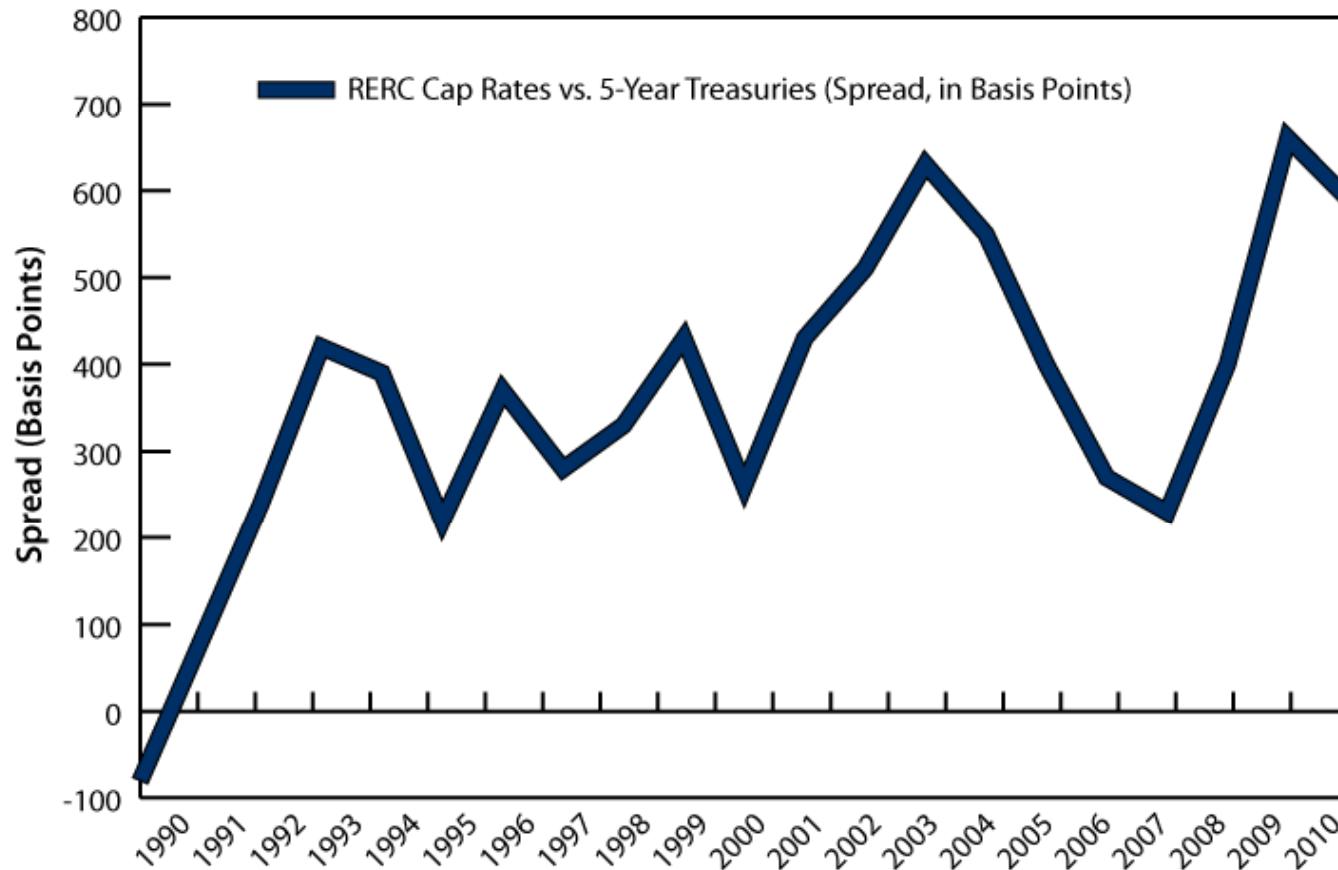
Sources: RERC, 1Q 2010.

RERC IRRs vs. 10-Year Treasuries (Spread)



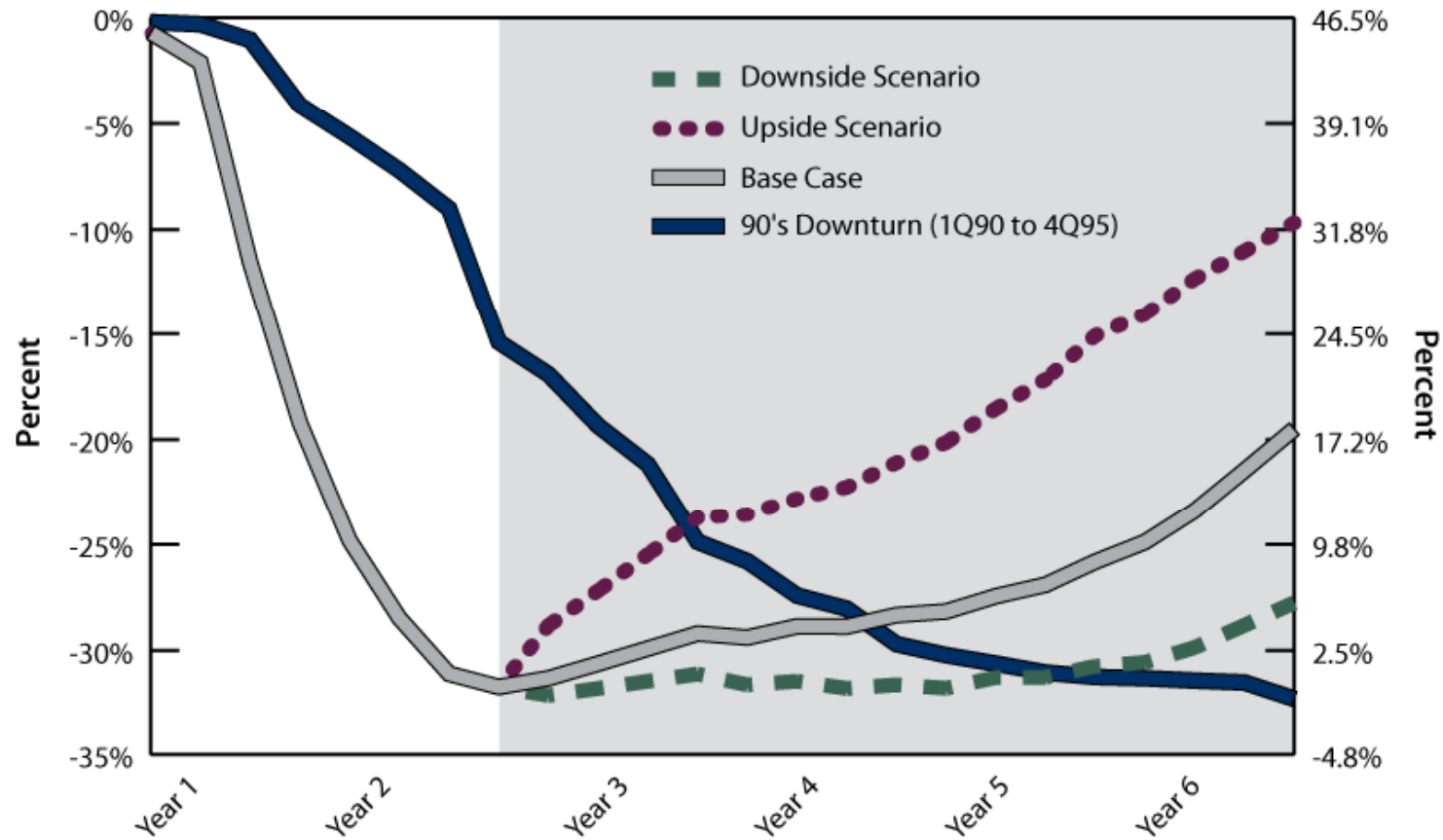
Sources: Federal Reserve, RERC, 1Q 2010.

RERC Cap Rates vs. 5-Year Treasuries (Spread)



Sources: Federal Reserve, RERC, 1Q 2010.

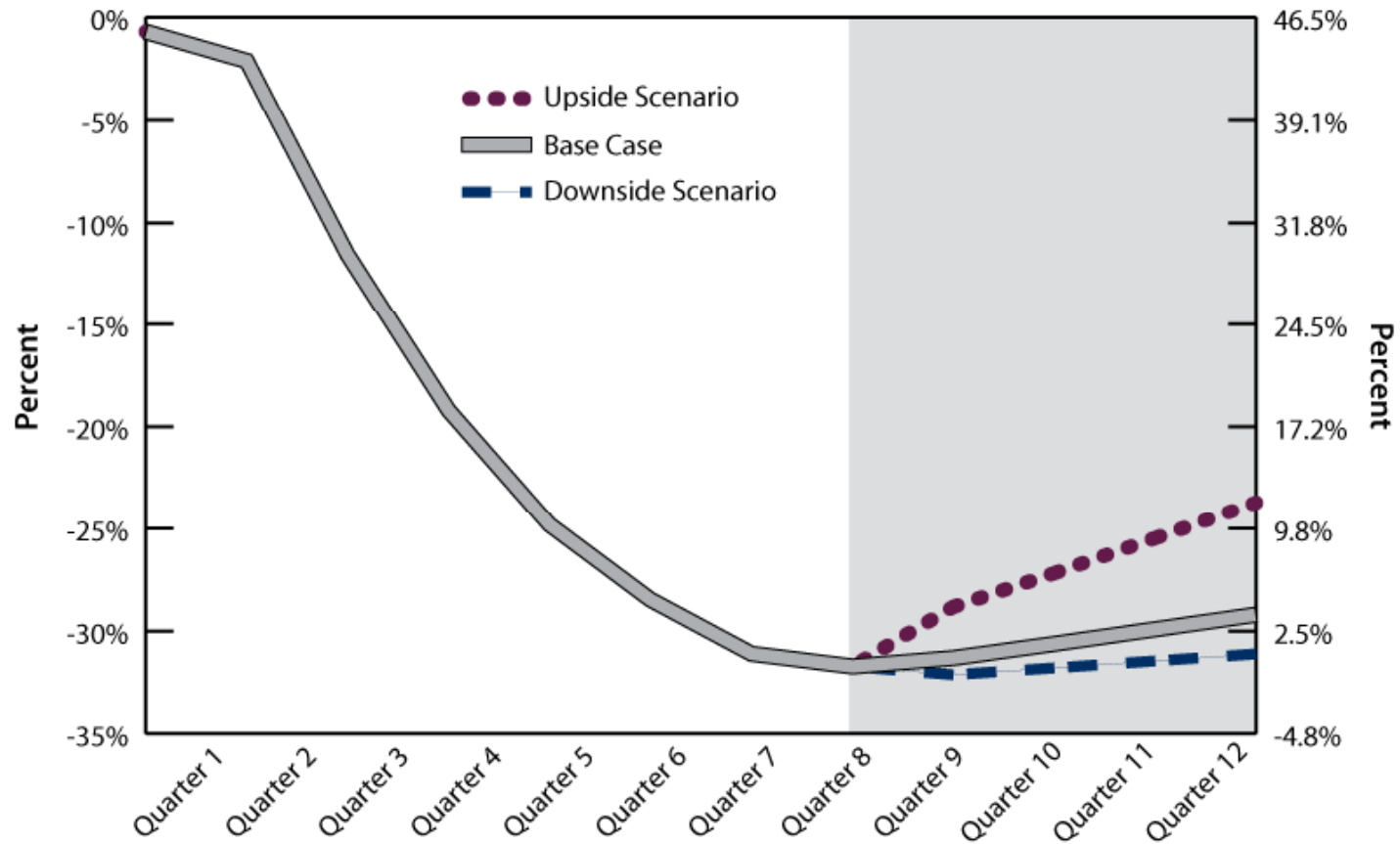
Value Peak-to-Trough Estimates (NPI Index)



NOTE: Shaded area reflects RERC's outlook for the Base, Upside, and Downside Scenarios, from 2q2010 to 1q2014.

Sources: NCREIF, RERC, 1Q 2010.

RERC Quarterly Value Outlook (NPI Index)



NOTE: Shaded area reflects RERC's outlook for the Base, Upside, and Downside Scenarios, from 2q2010 to 1q2011.

Sources: NCREIF, RERC, 1Q 2010.

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Questions?

Thank You!