CBRE Capital Markets

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Where Are We Now?

US Investment Market

- 3Q09 YTD market wide sales volume off 91.3% vs 3Q07 YTD Peak
- 3Q market wide sales volume fell 73% from a year ago to $32.6 billion
- Asset values down 20-50%
- CMBS Maturities growing, coming under stress – loan extensions increasingly common
- Owners are generally unwilling to sell at current values/bids
- Higher yields on “core properties” beginning to fit “value add” parameters

US Debt Market

- Spreads on commercial 350+/- over 10-year treasury with 60-65% LTV and little I/O
- Fannie / Freddie 5-6% - 65-70% LTV and little I/O
- TALF II tailored to reinvigorate the commercial CMBS market – many issues but driving spreads lower

Source: Real Capital Analytics

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Where Are We Now?

Buyer/Seller

- Pension Advisors and REITs largely on sidelines
- Buyers are largely private capital, selected value add funds, non-traded REITs and foreigners
- Distressed, smaller assets (under $25 million), residential, and assets with reasonable in-place debt are most likely to trade

The Returns

Cap Rates	3Q 2009 Average
Office	8.3%
Retail	7.9%
Industrial	8.5%
Multi-Housing	7.1%

Source: Real Capital Analytics

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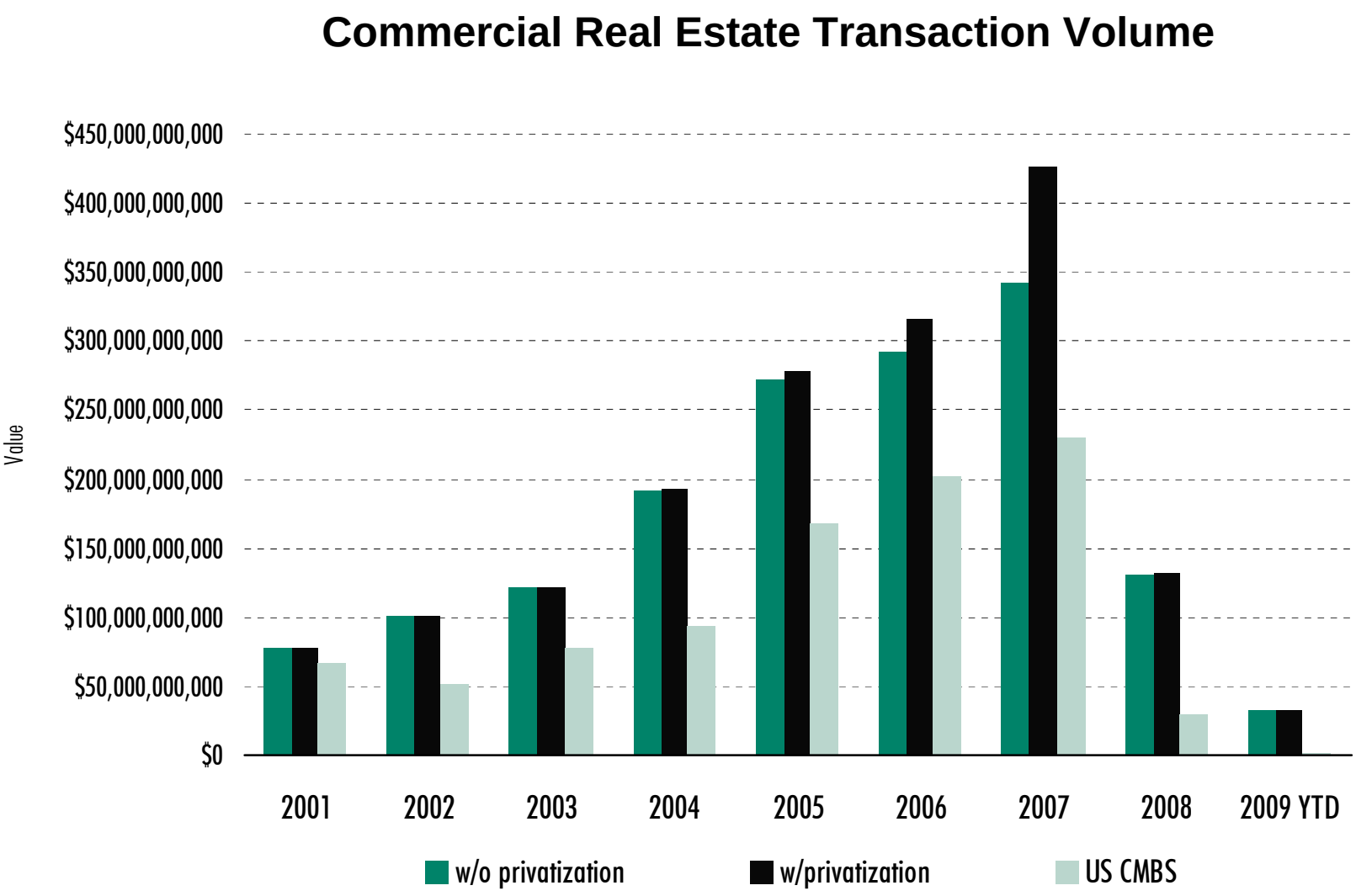
Debt Spawns and Stalls Activity



Source: Real Capital Analytics, Commercial Mortgage Alert

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Q3 2009 U.S. CBRE Capital Markets Activity

Capital Markets Activity			
	Q3 2009	Q3 2008	% Change
Investment Sales Volume	$1.6B	$5.9B	-72.9
Loan Origination Volume	$1.3B	$2.9B	-55.2
Total Capital Markets Activity	**$2.9B**	**$8.8B**	**-67.0**

Loan Servicing			
Total Loan Servicing*	$59.4B	$64.0 B	**-7.0**

Direct Lending Production	
Fannie/Freddie/FHA	$2.5 B Year-to-Date

* Reflects loans serviced by GEMSA, a joint venture between CBRE Capital Markets and GE Capital Real Estate
Source: Investment Sales numbers from Real Capital Analytics

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CBRE's U.S. Capital Markets Activity Levels

	($ in billions)		
	Q3 09 YTD	**Q3 08 YTD**	**% chg**
Investment Sales			
Office	1.8	9.9	-81.8
Retail	0.6	1.5	-60.0
Industrial	0.8	3.8	-78.9
Multi-Housing	1.9	6.0	-68.3
Hotels	0.1	0.3	-66.7
Land	0.1	0.7	-85.7
Investment Sales Volume	**5.3**	**22.2**	**-76.1**
Loan Origination Volume	4.4	8.5	-48.2
Total Capital Markets Activity	**9.7**	**30.7**	**-68.4**

Source: Investment Sales data from Real Capital Analytics

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Investment Sales Broker Rankings – Q3 2009 YTD

All Property Types

Source: Real Capital Analytics

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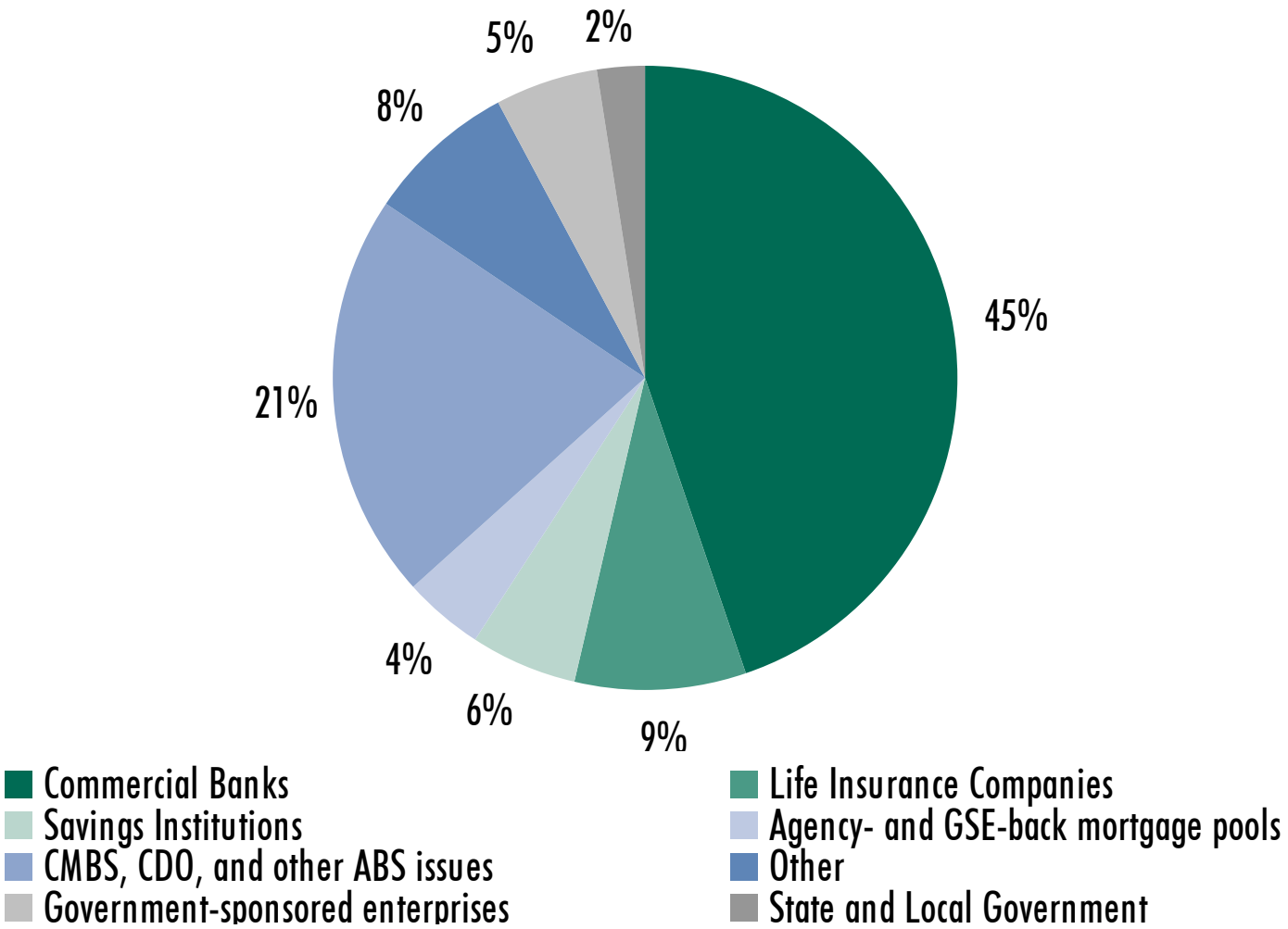
U.S. Commercial & Multifamily Debt Outstanding

Total $3.5 Trillion

By Capital Source



Source: Mortgage Bankers Association September 2009

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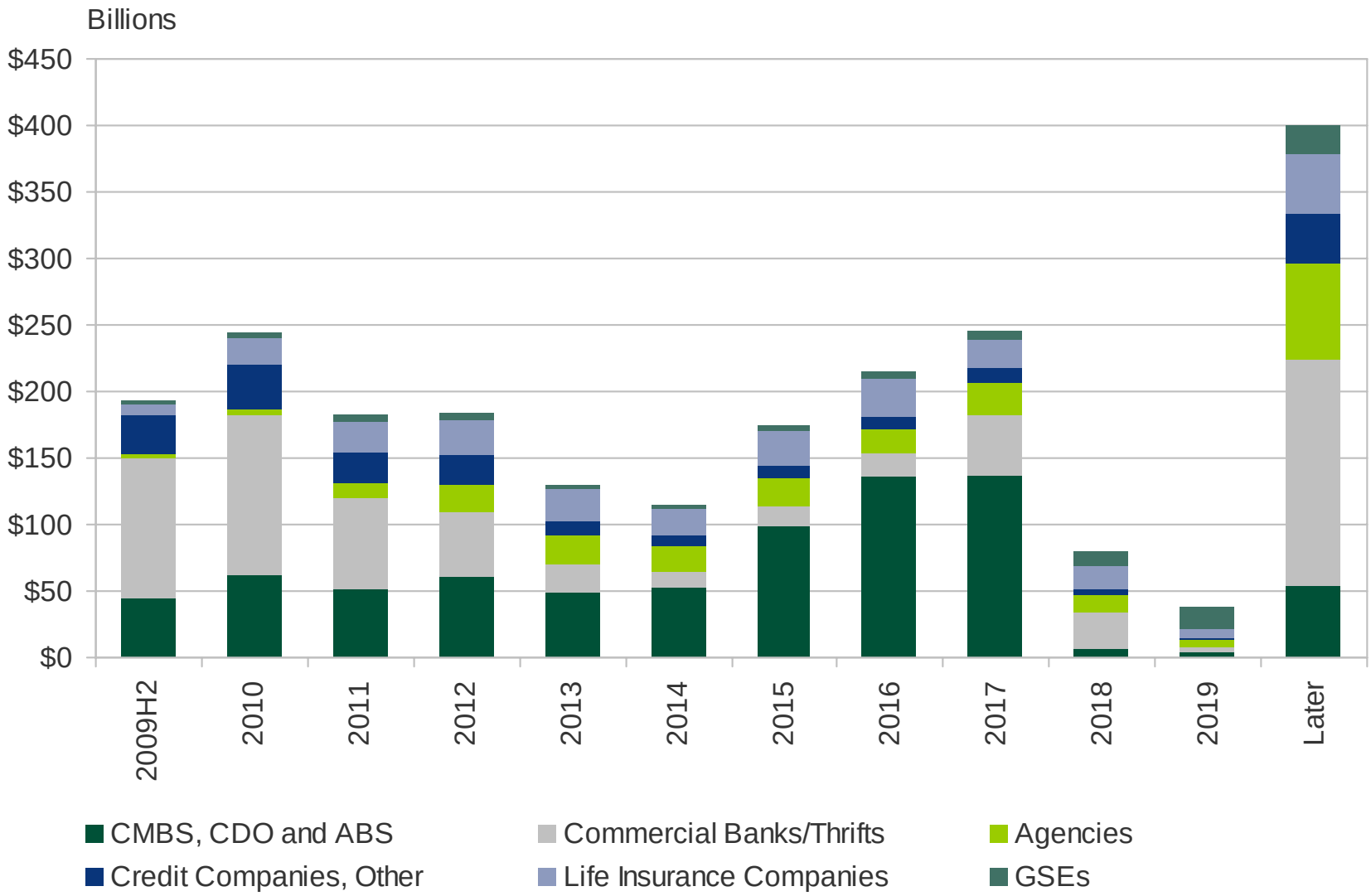
The Wave of Refinancings: Short-term Problems Loom



Source: MBA Loan Maturity Survey, CBRE-EA Calculations

* Does not include construction or land acquisition loans

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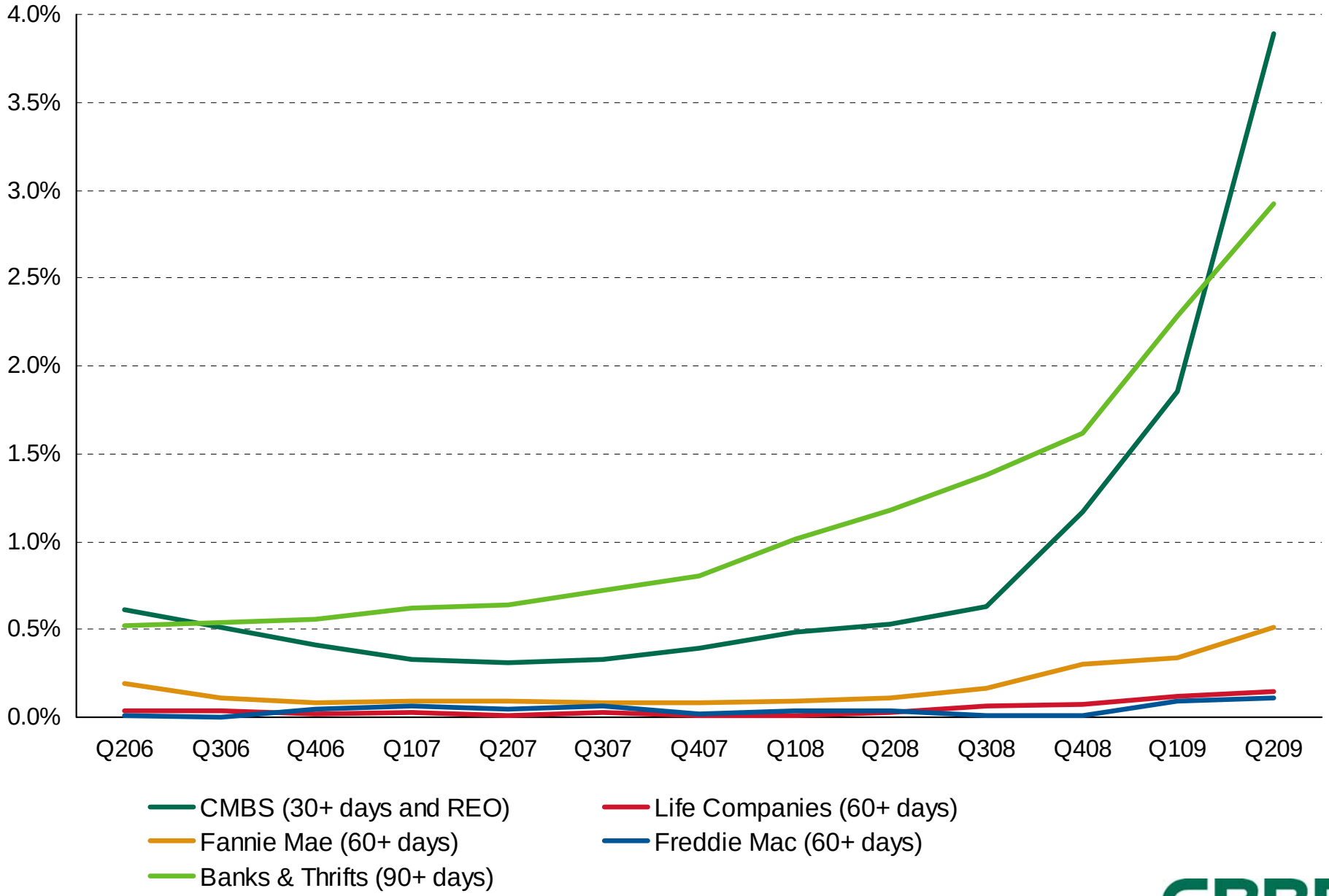
Delinquencies



Source: Mortgage Bankers Association

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2009: What's In & What's Out

IN	OUT
On-Book Lending	CMBS
Conservative Leverage	High Octane Capital Stack
Equity In-Deal	Cash Out Financing
Risk Based Pricing	Inefficient Pricing of Capital
Correspondent & Relationship Lending	Loan Brokerage
High Touch Loan Servicer	Securitized/Impersonal Servicer
Amortization- 25-30 Year Schedule	Interest Only
Reserves Funded in Cash	No Funded Escrow
450+/- Spreads	100+/- Spreads
Floor Rates	Unlimited Float
DCR's In-Place	Proforma DCR's
Recourse	Non-recourse

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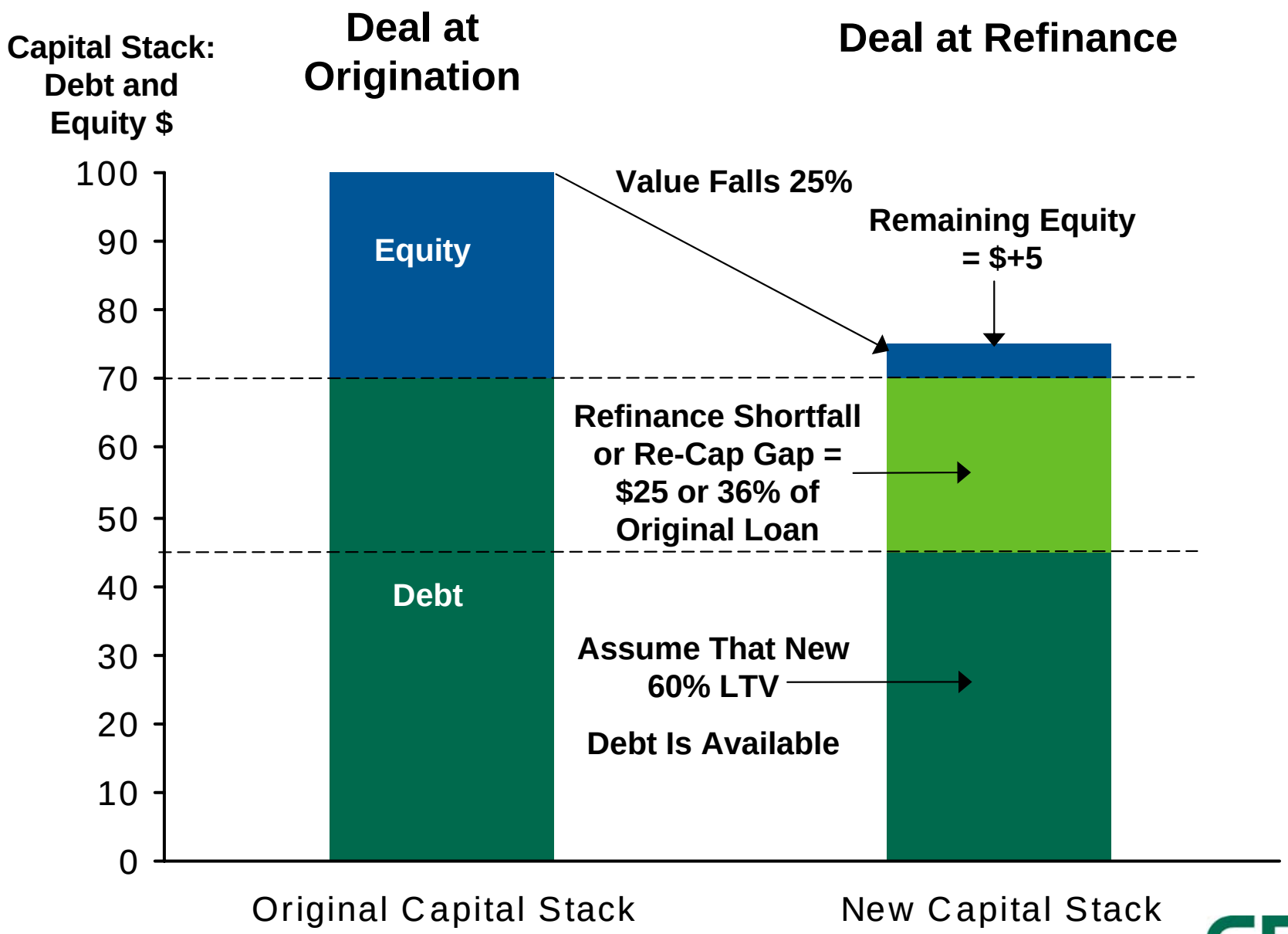
Impact of De-Leveraging On CMBS



Source: CBRE Econometric Advisors (formerly TWR)

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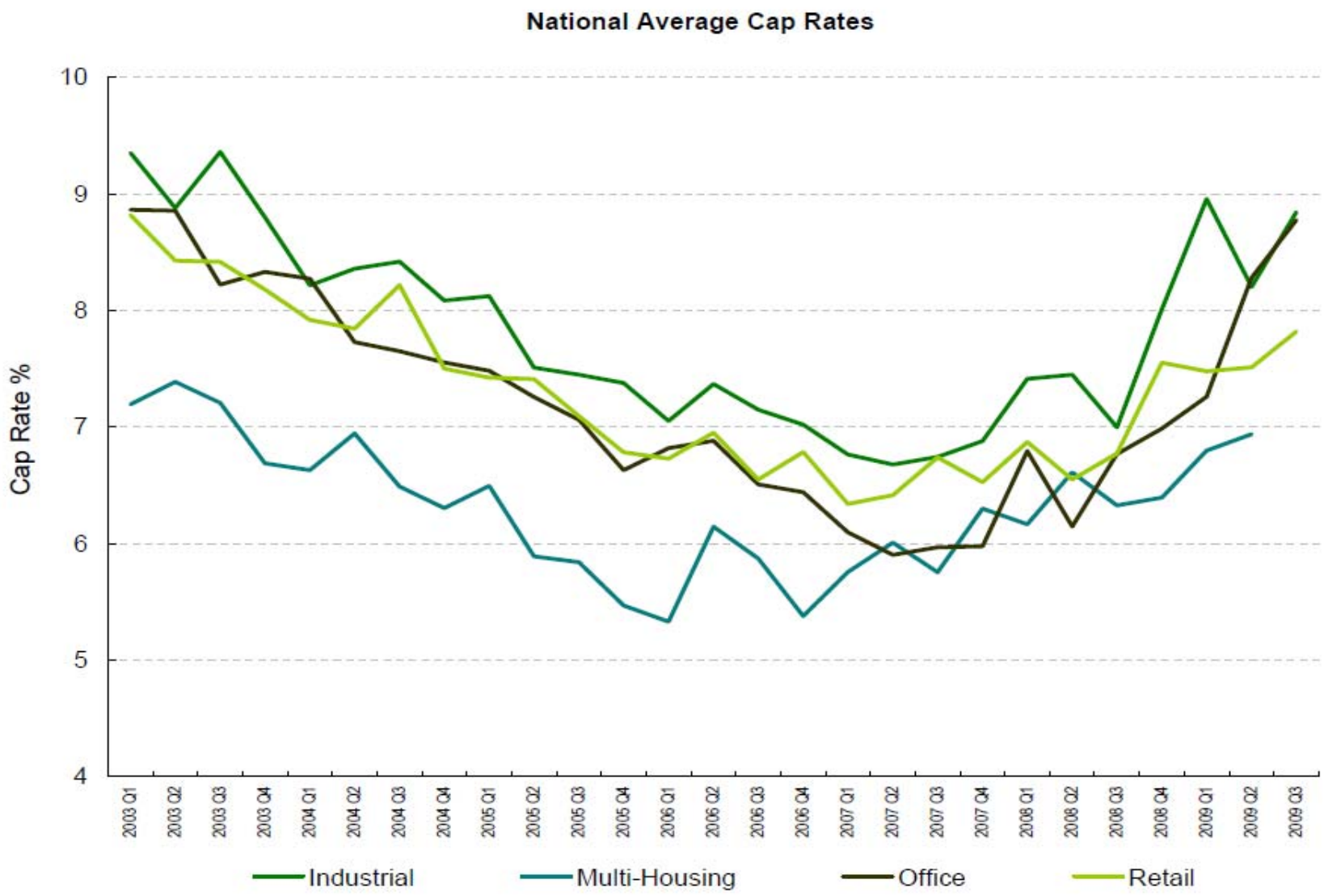
Cap Rate by Property Type



Source: CBRE Econometric Advisors (formerly TWR), Bureau of Labor Statistics

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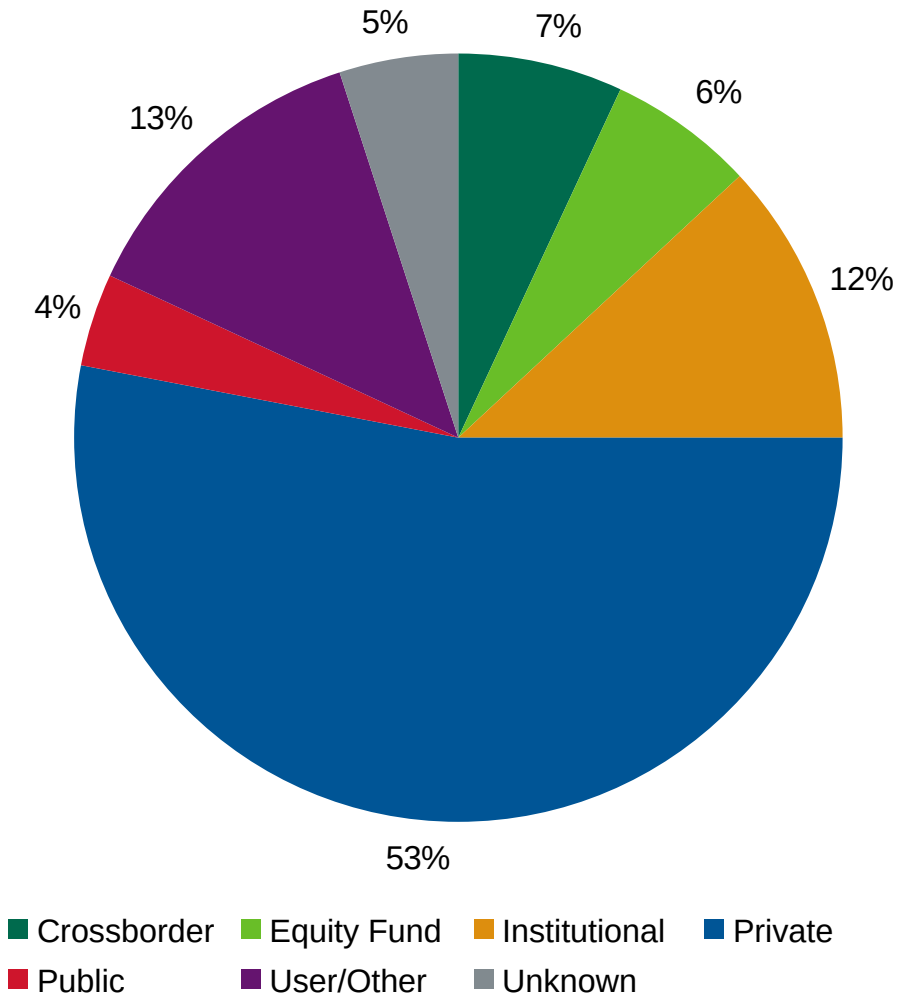
Transaction Volume – YTD Q3 2009

Transaction Volume By Buyer



Source: Real Capital Analytics

Case Study: Duke Realty Trust

$270 Million Financing

- Secured $270 million financing on behalf of Investment Grade REIT, Duke Realty Trust, from two lenders (3-tranches $114, $113 and $43 million) during Q1 2009.

- Setting: Jan-Mar 2009, Un-secured bond markets closed to REIT's and secured lenders in full scale retreat from lending. Duke Realty concerned with closed markets and $300 million of 2009 and $700 million of 2010 maturities.

- In order to preserve better assets for 2nd and 3rd tranches, CBRE negotiated with lender to include 1.2 million SF of vacant industrial with a master-lease from the parent company of the borrower until the assets reached stabilized occupancy.

- Involved CBRE Valuation Services

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Case Study: Social Security Center

$147 Million Sale

- CBRE represented both seller (TransAmerica & Opus South) and buyer (Rainier Capital Management/Net Lease Capital Advisors) in $147 million sale
- 587,528 SF property occupied by Social Security Administration with 20-year lease term
- Largest office transaction in Southeastern US Q3 2009 YTD
- IP-IG team in Atlanta collaborated with IP Dallas office to execute transaction

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Case Study: Aspen Crossing

$20.8 Million Sale & $17.1 Million Financing

- Aspen Crossing Apartments, a 192-unit garden apartment complex located in Maryland.

- CBRE D.C. Multi-housing and Debt & Equity Finance team's collaborated to secure the $17.1 million permanent financing through Freddie Mac and $20.8 million sale.

- Contract to closing in 35 days due to the efficiencies of the integrated Investment Sales and Debt & Equity Finance platform.

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Case Study: RREEF Apartment Communities

$103.7 Million Financing

- Arranged first mortgage refinancing totaling $103.7 million for four apartment communities in Colorado, Texas, and Washington.
- Arranged a $26.4 million, 10-year fixed rate loan with an interest rate of 5.79% for Bay Court at Harbour Pointe.
- CBRE arranged a $13.7 million, 10-year fixed rate loan with an interest rate of 5.79% for Monte Vista.
- $45 million, 10-year fixed rate loan with an interest rate of 5.79% for Manchester State Thomas.
- CBRE arranged a $18.5 million, 7-year Capped ARM loan with a starting interest rate of 4.1% and an internal cap of 7.00% for Hardrock Canyon.

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2010 Initiatives

- Investment Banking – Broker/Dealer
- Opportunities in Distressed Assets
- Auction space
- Fannie Mae DUS / FHA business

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