REAL CAPITAL ANALYTICS

Transactions. Trends. Tools.

UNC

February 18, 2010

Robert M. White, Jr. CRE, FRICS

The Roller Coaster Decade

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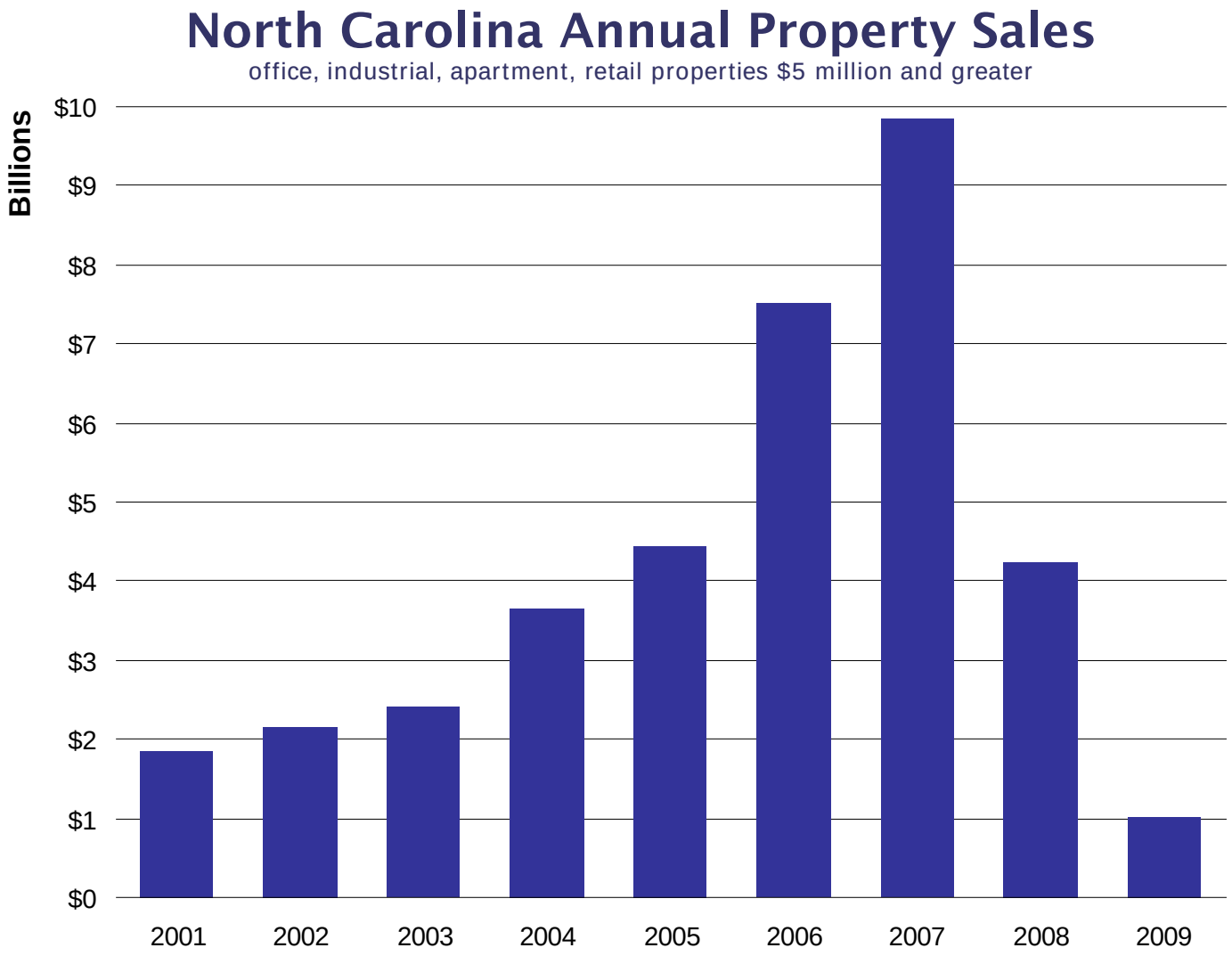
The Roller Coaster Decade



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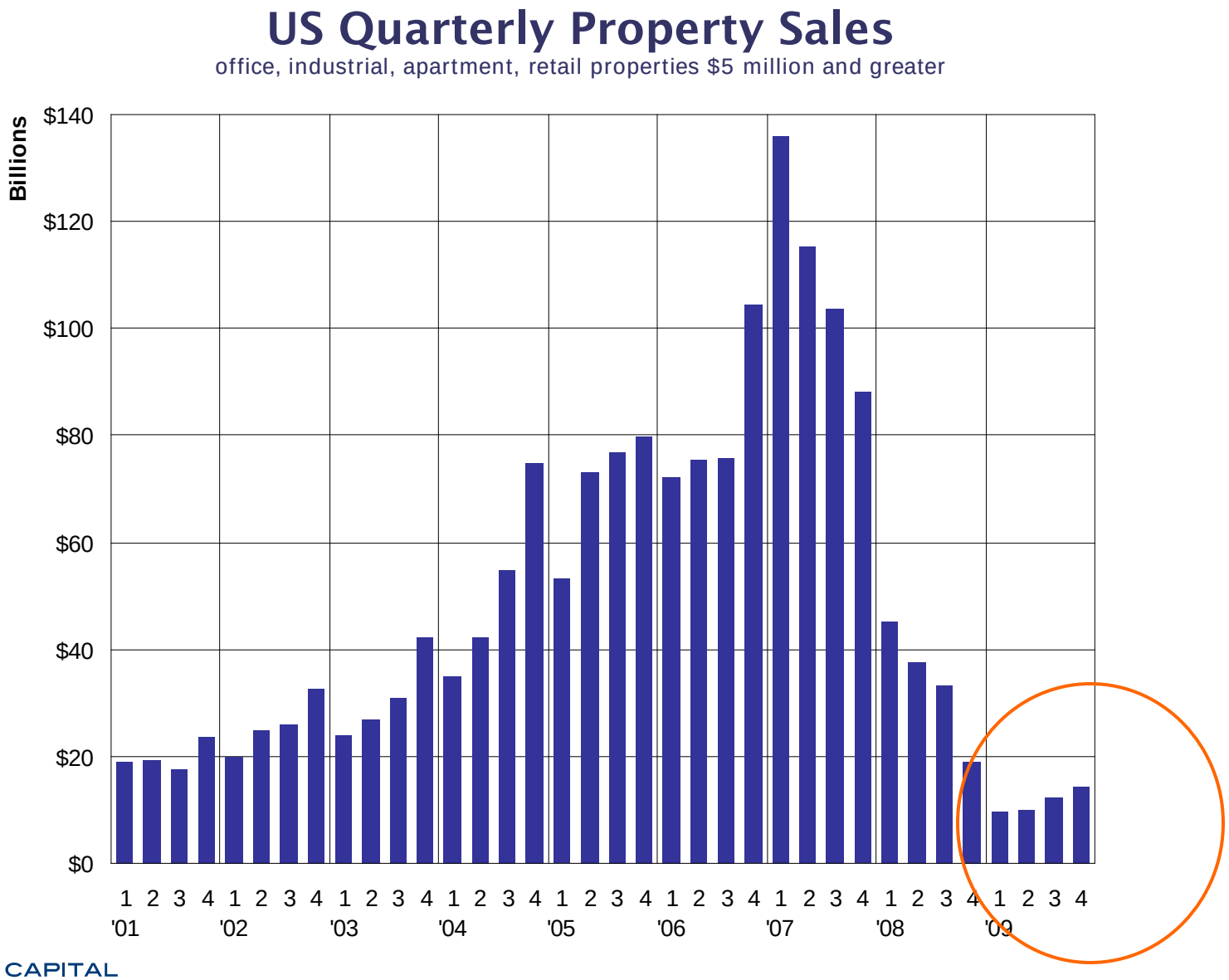
Investment Looking Up



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Outlook for Fundamentals Still Poor

Fundamentals remain poor and are expected to stay that way in 2010, but most buyers have already priced that in.

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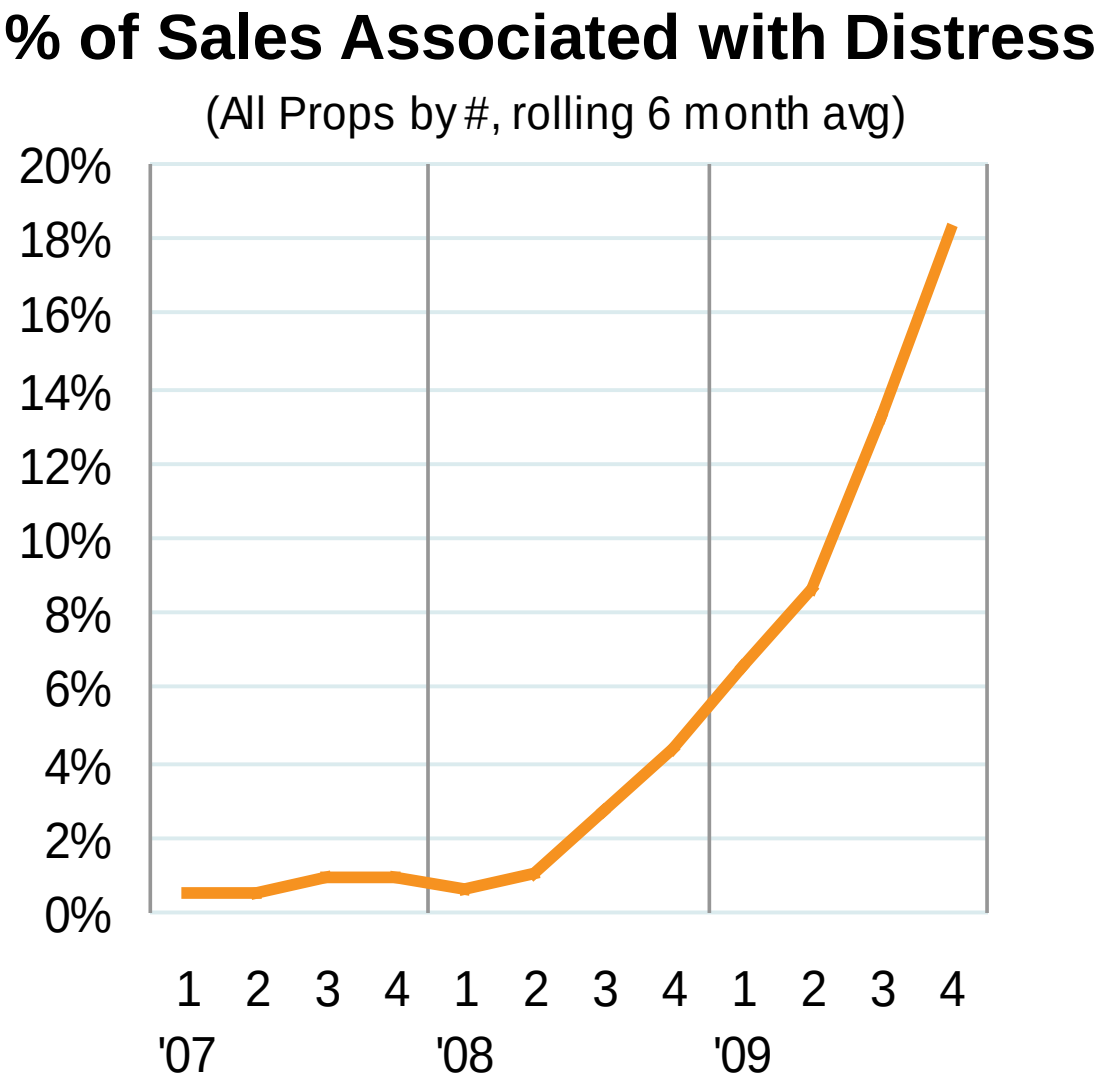
The Vultures Are Frustrated



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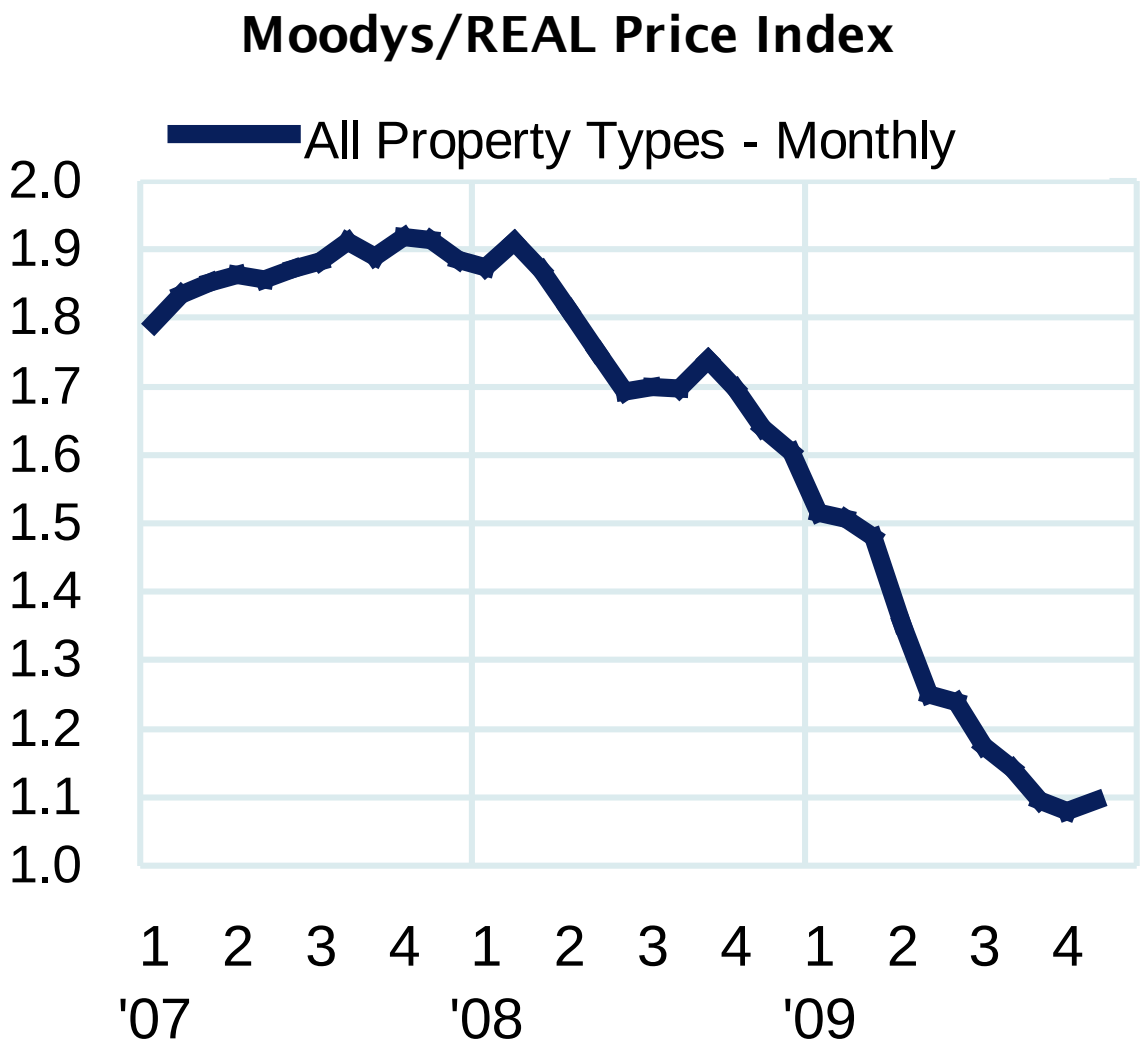
Property Prices



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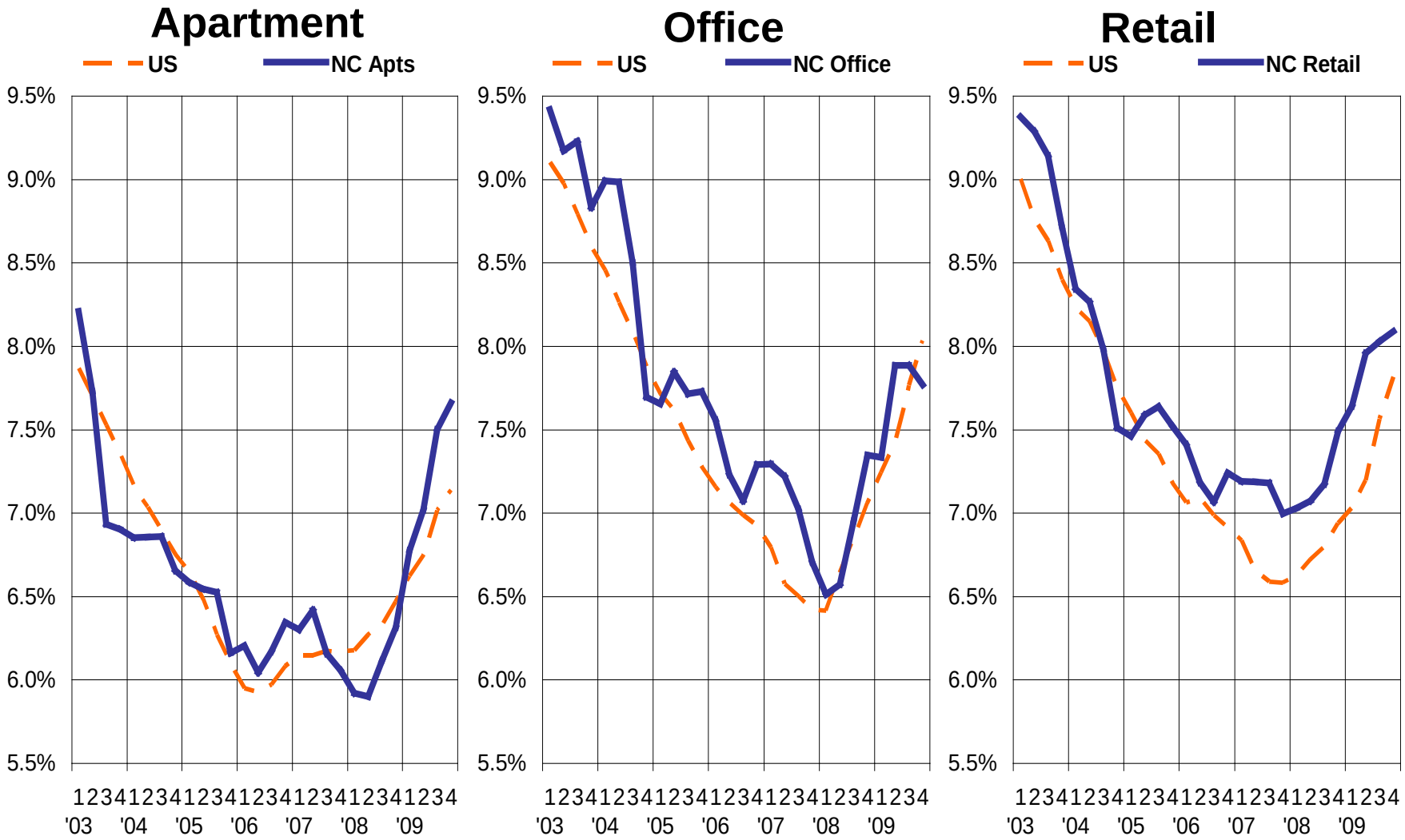
Cap Rates



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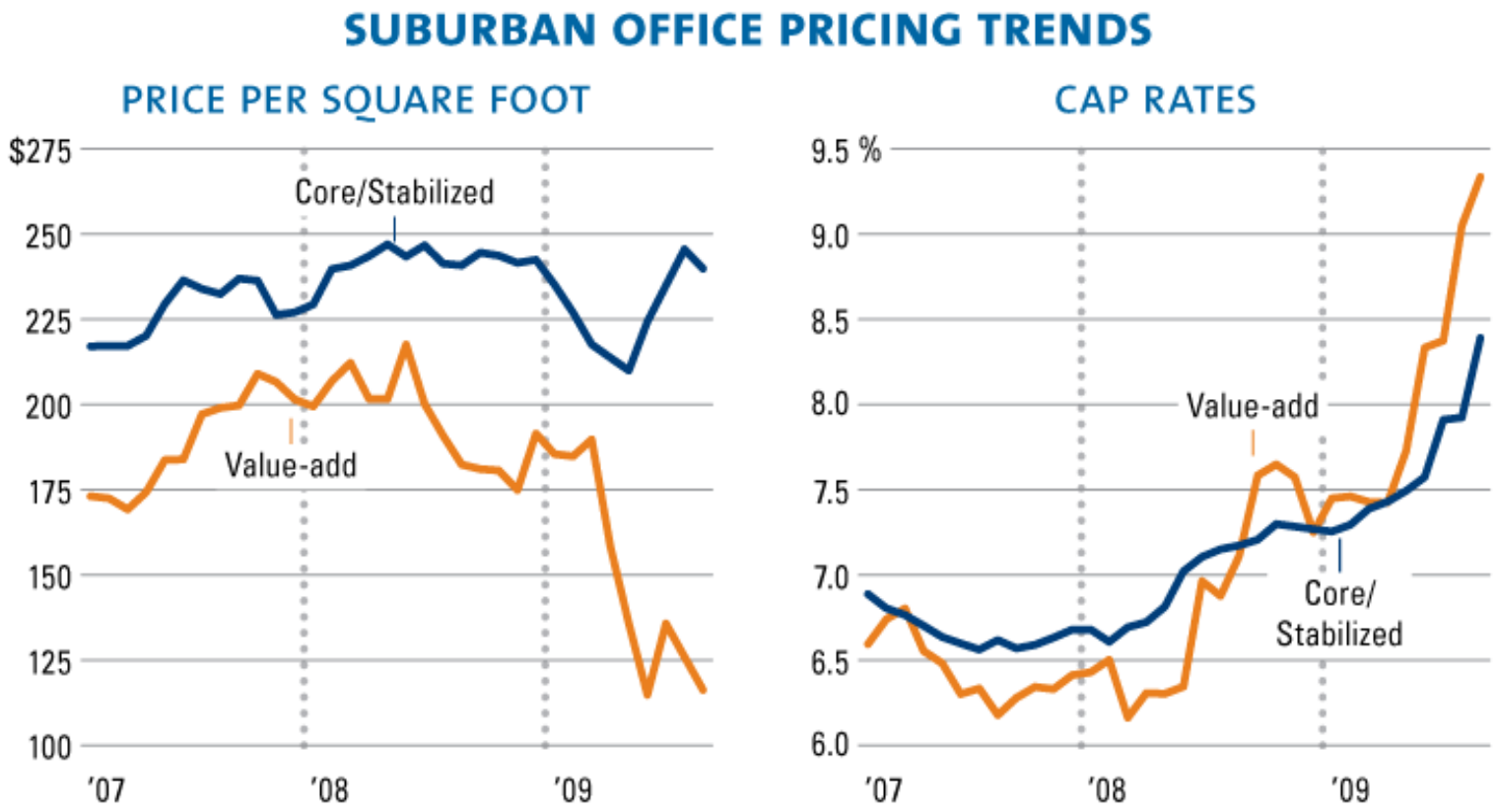
A Two-Tiered Market

Investment trends and pricing will continue to diverge between stabilized, cash flowing properties (Core) and those that aren't (Value-Add/Distressed).



Through October 2009; 6-month rolling average
single assets deals in primary and secondary markets only

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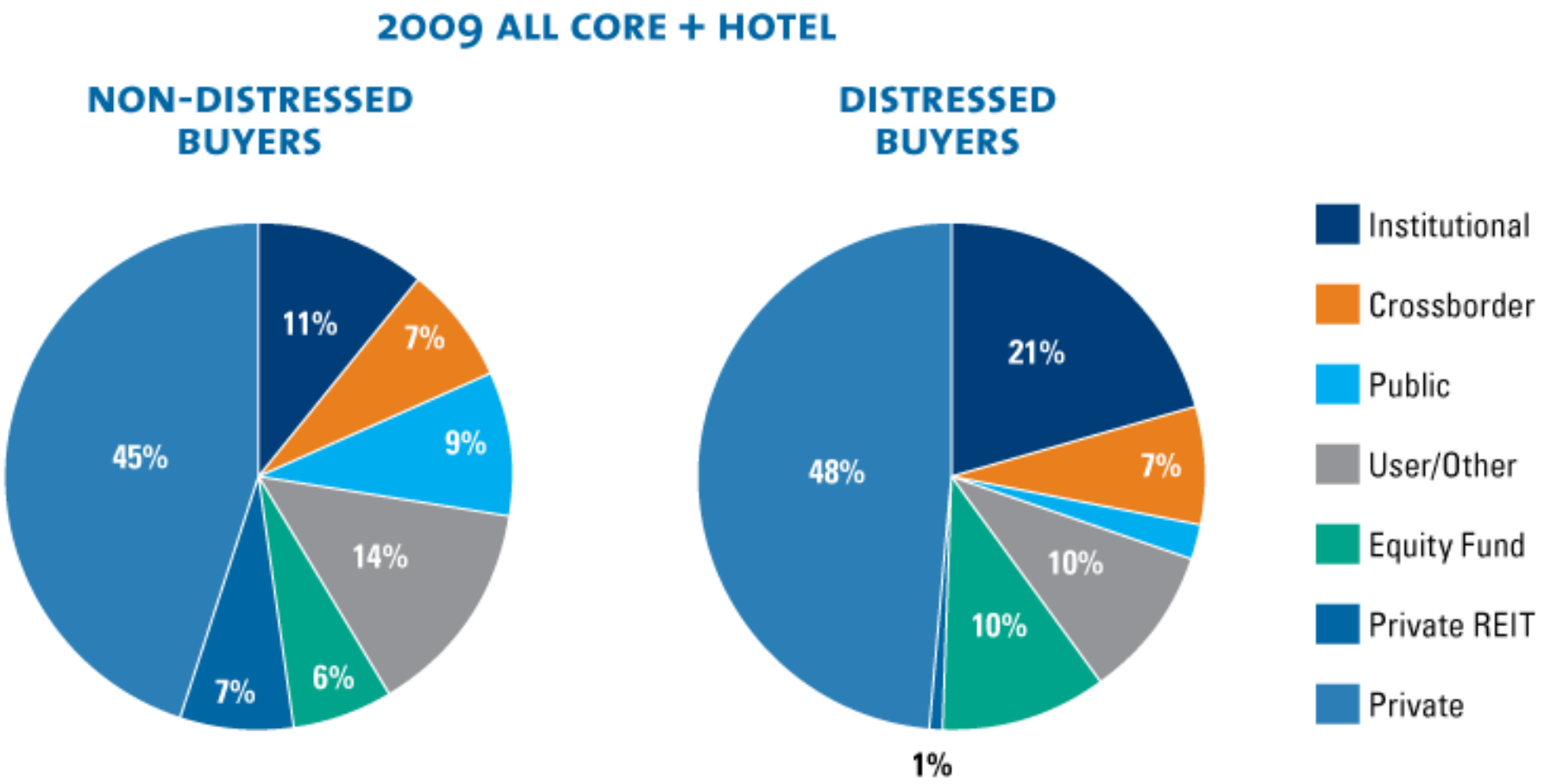
Equity Capital is Not the Problem



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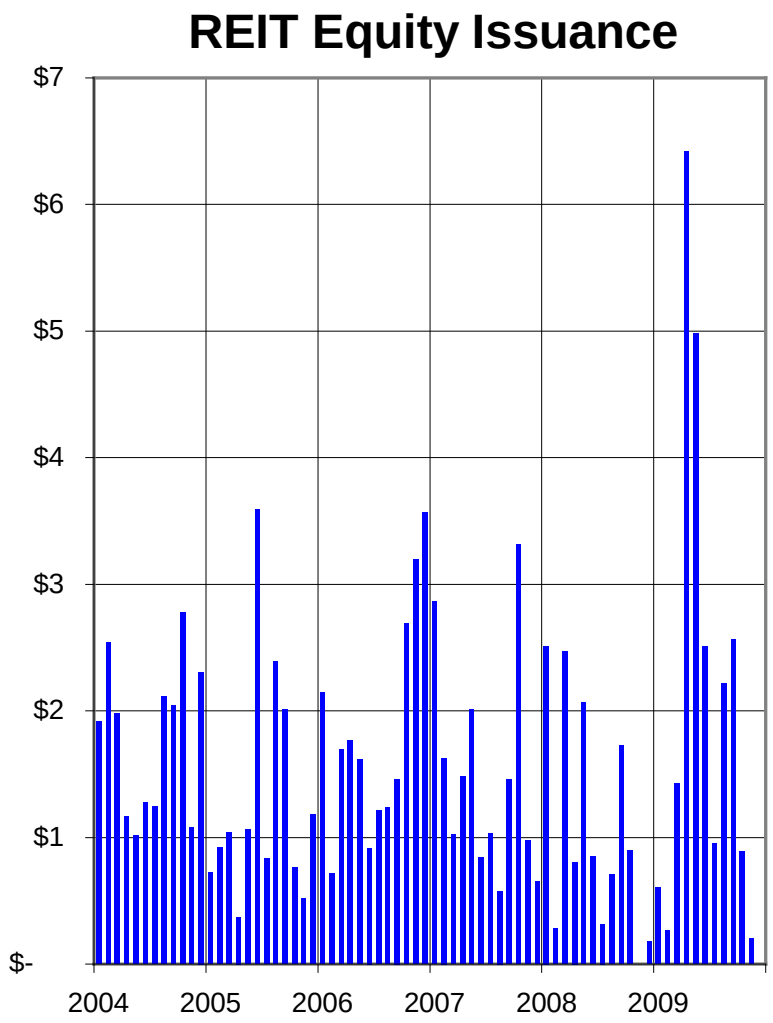
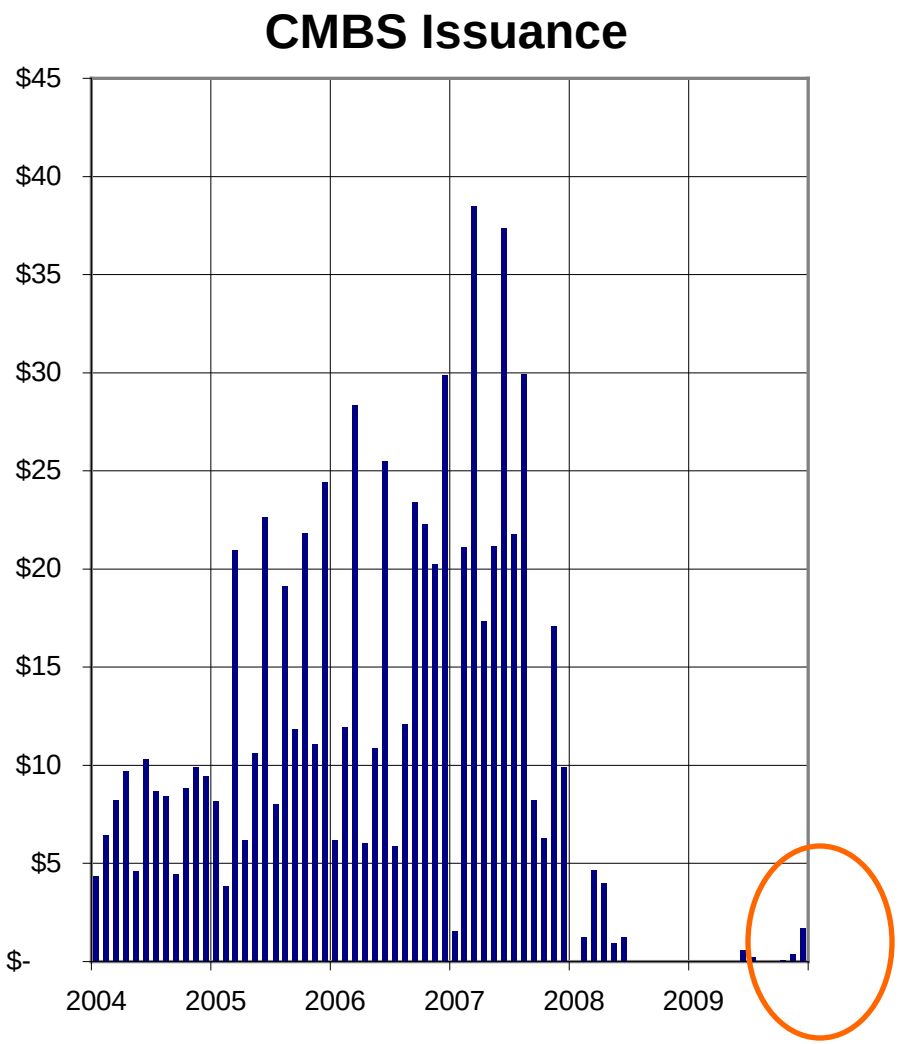
REITs to Dominate Acquisitions in 2010





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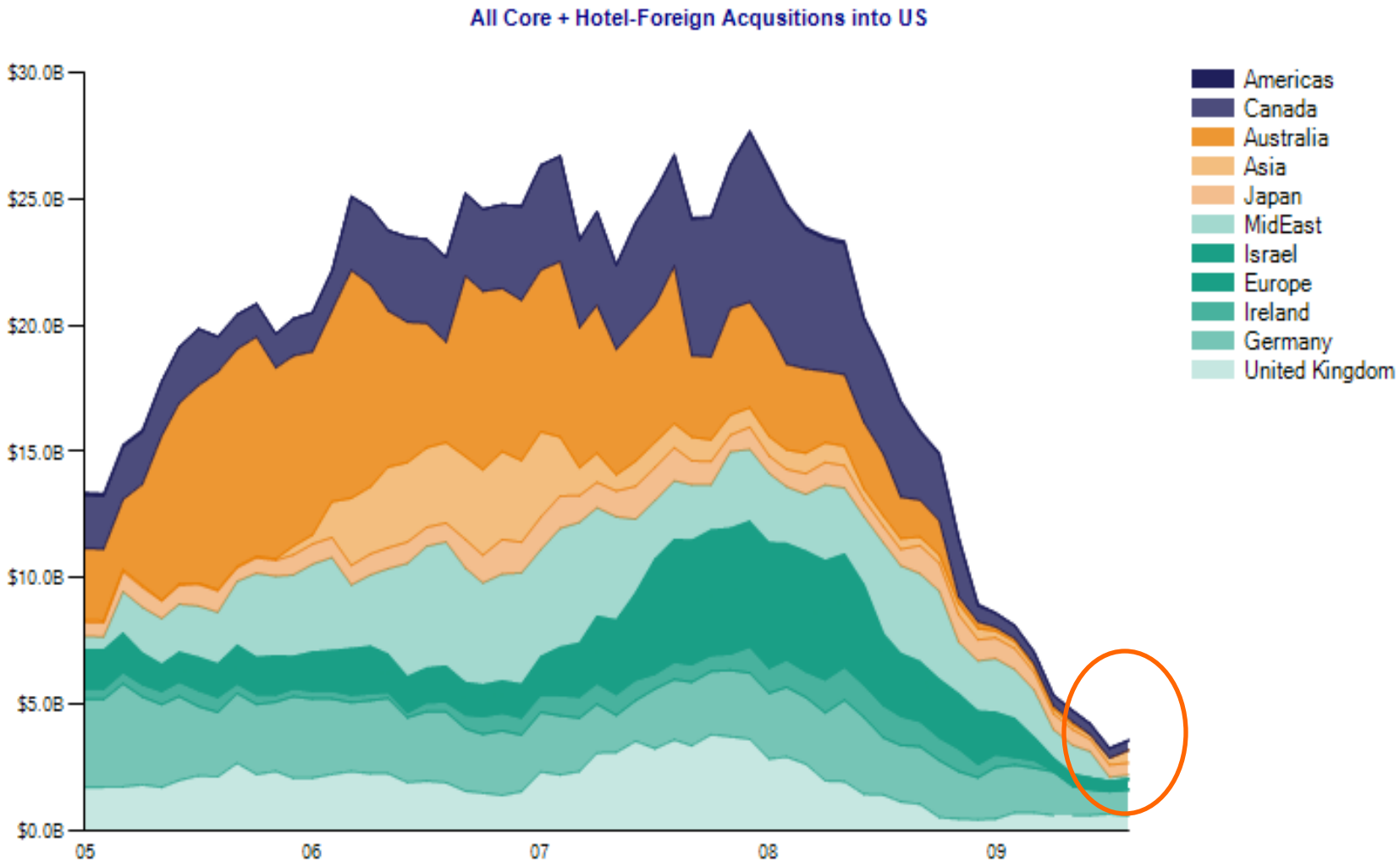
Foreign Interest in US Property Currently High



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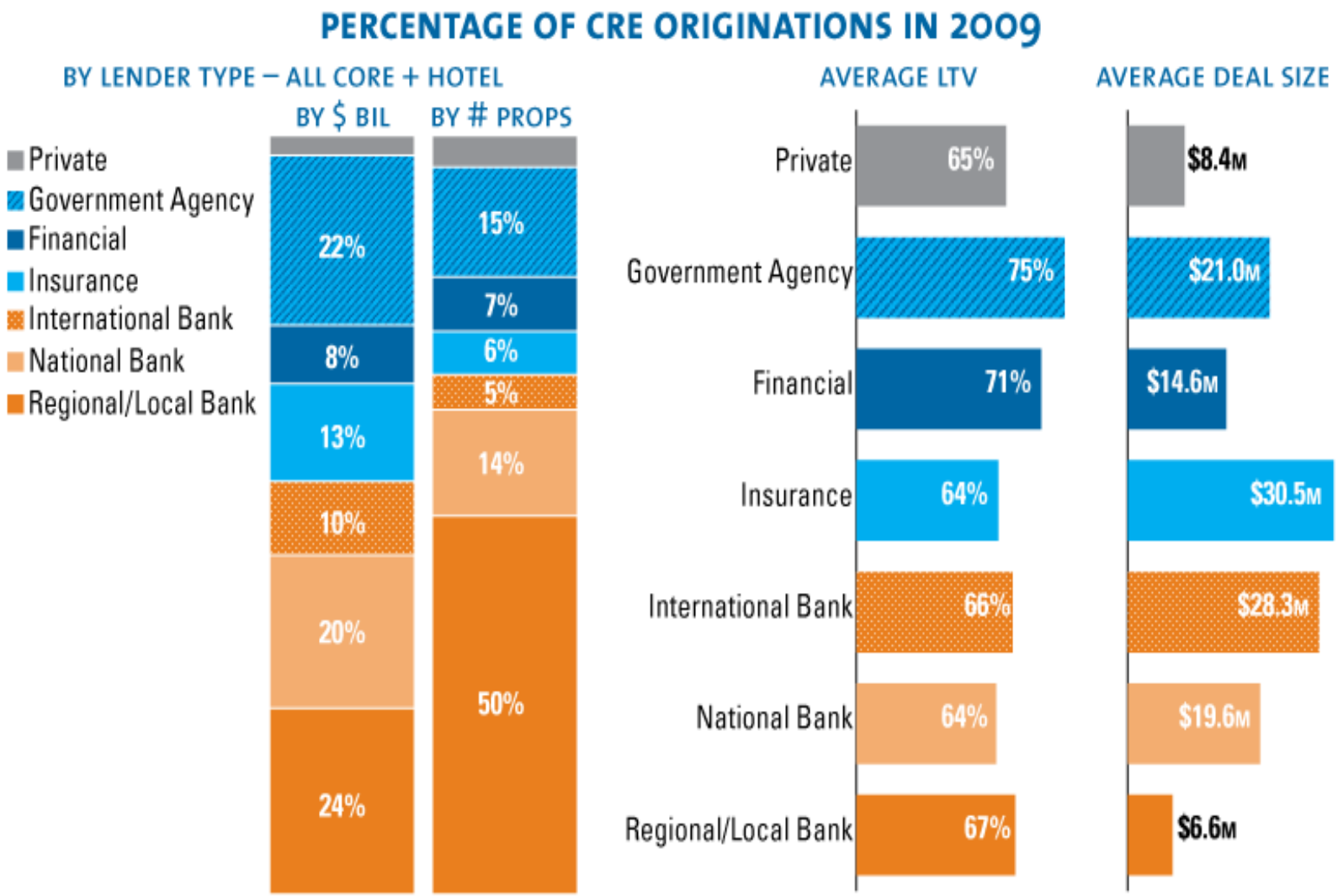
Debt Capital – A Slow Thaw



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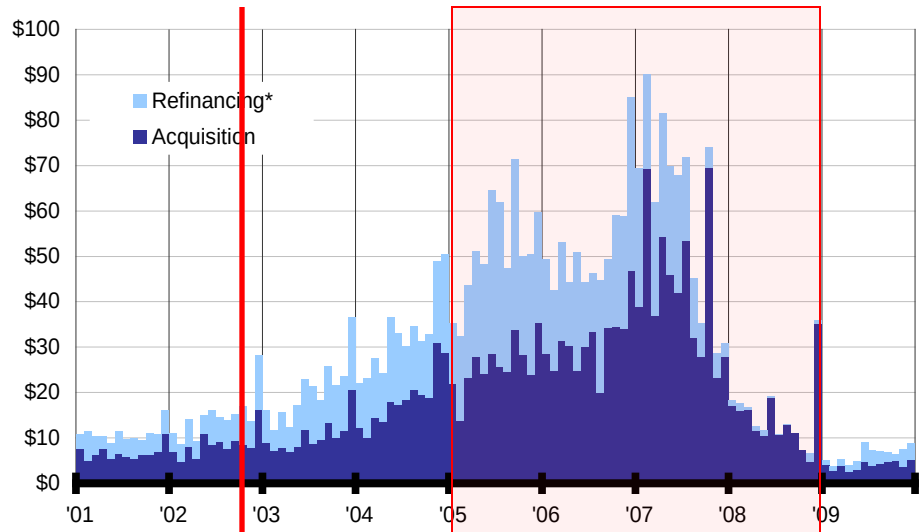
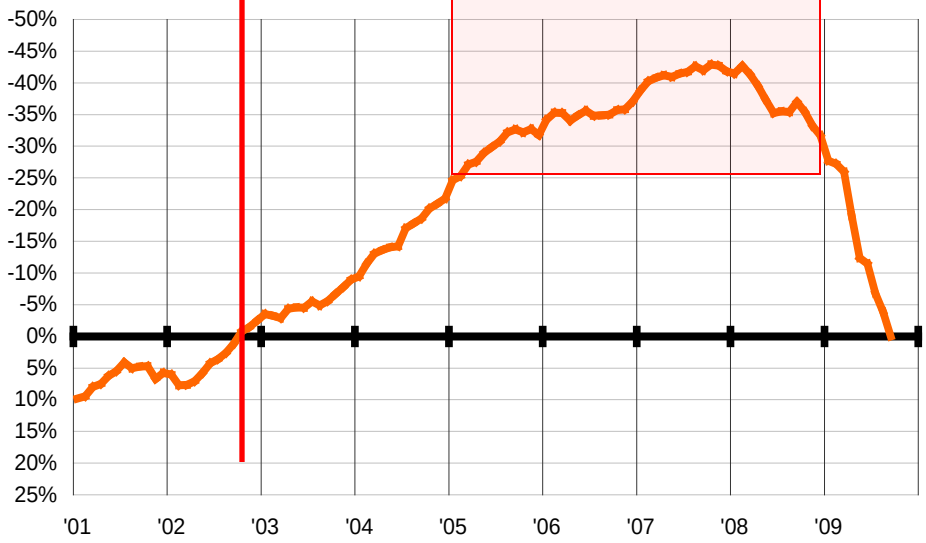
How Big Is The Problem?

Monthly Property Acquisitions & Refinancings



Change in Property Prices

Moody's/REAL CPPI
% Change to Nov 2009



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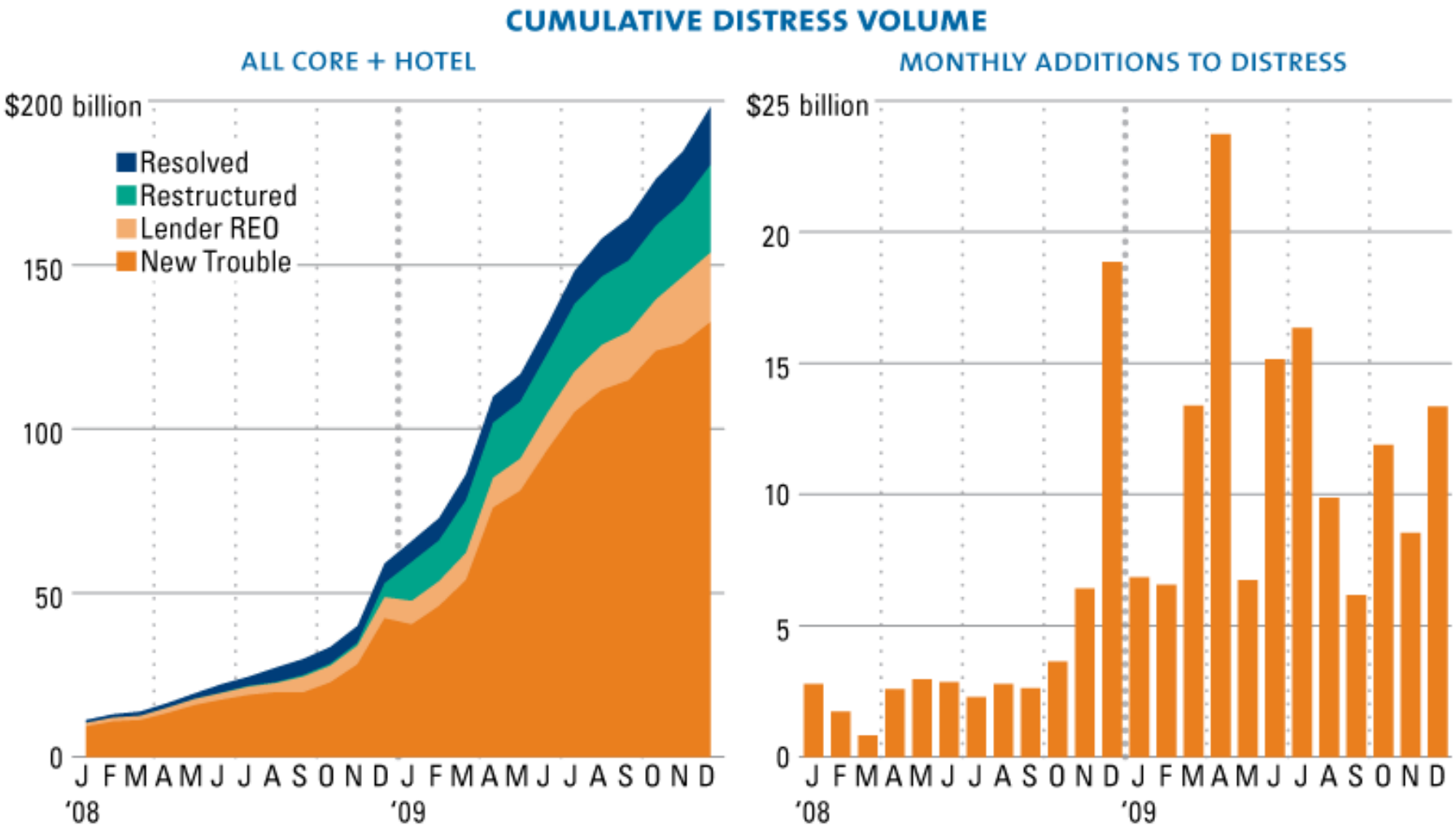
Distress Continues to Increase



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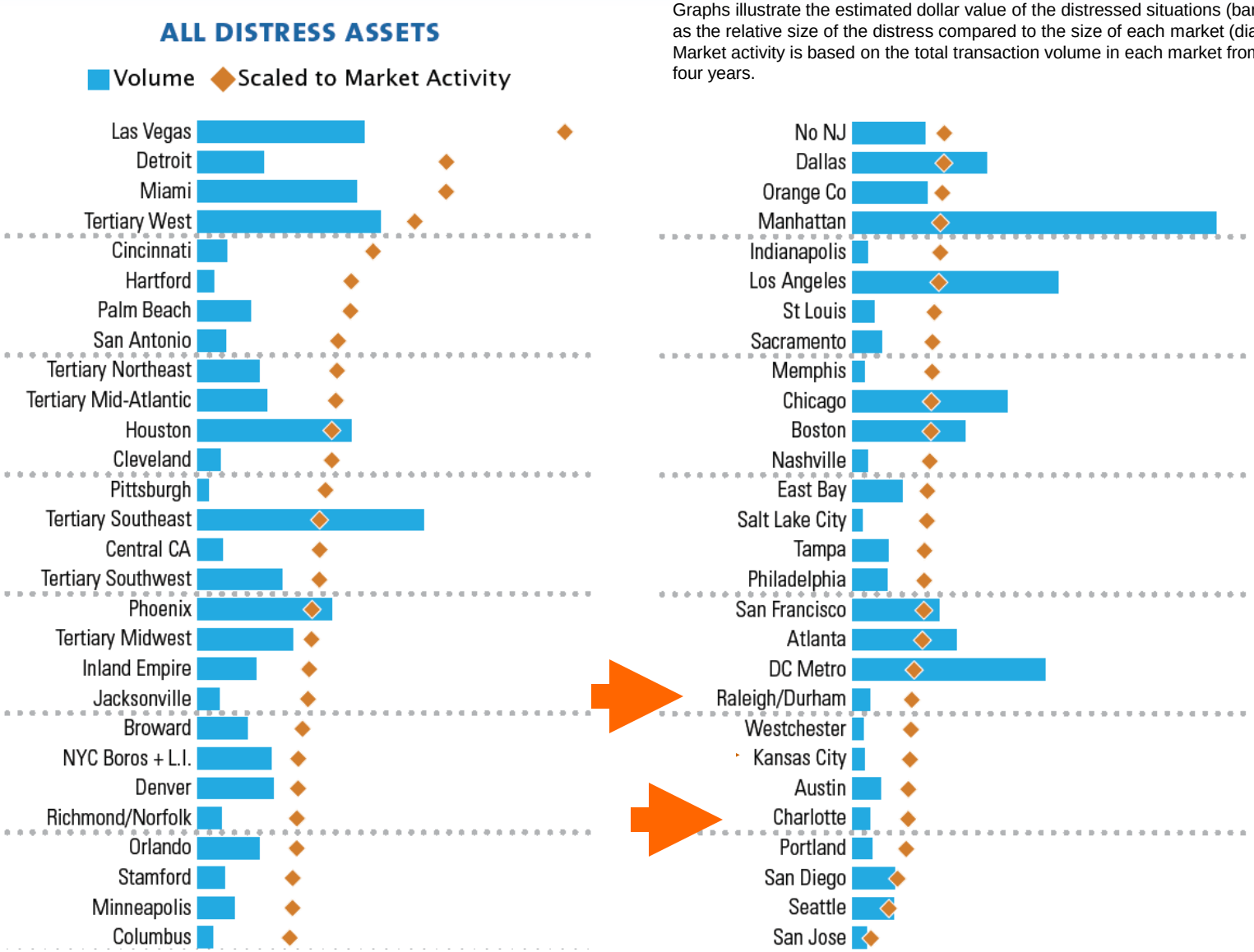
Relative Distress by Market

Graphs illustrate the estimated dollar value of the distressed situations (bars) as well as the relative size of the distress compared to the size of each market (diamonds). Market activity is based on the total transaction volume in each market from the past four years.



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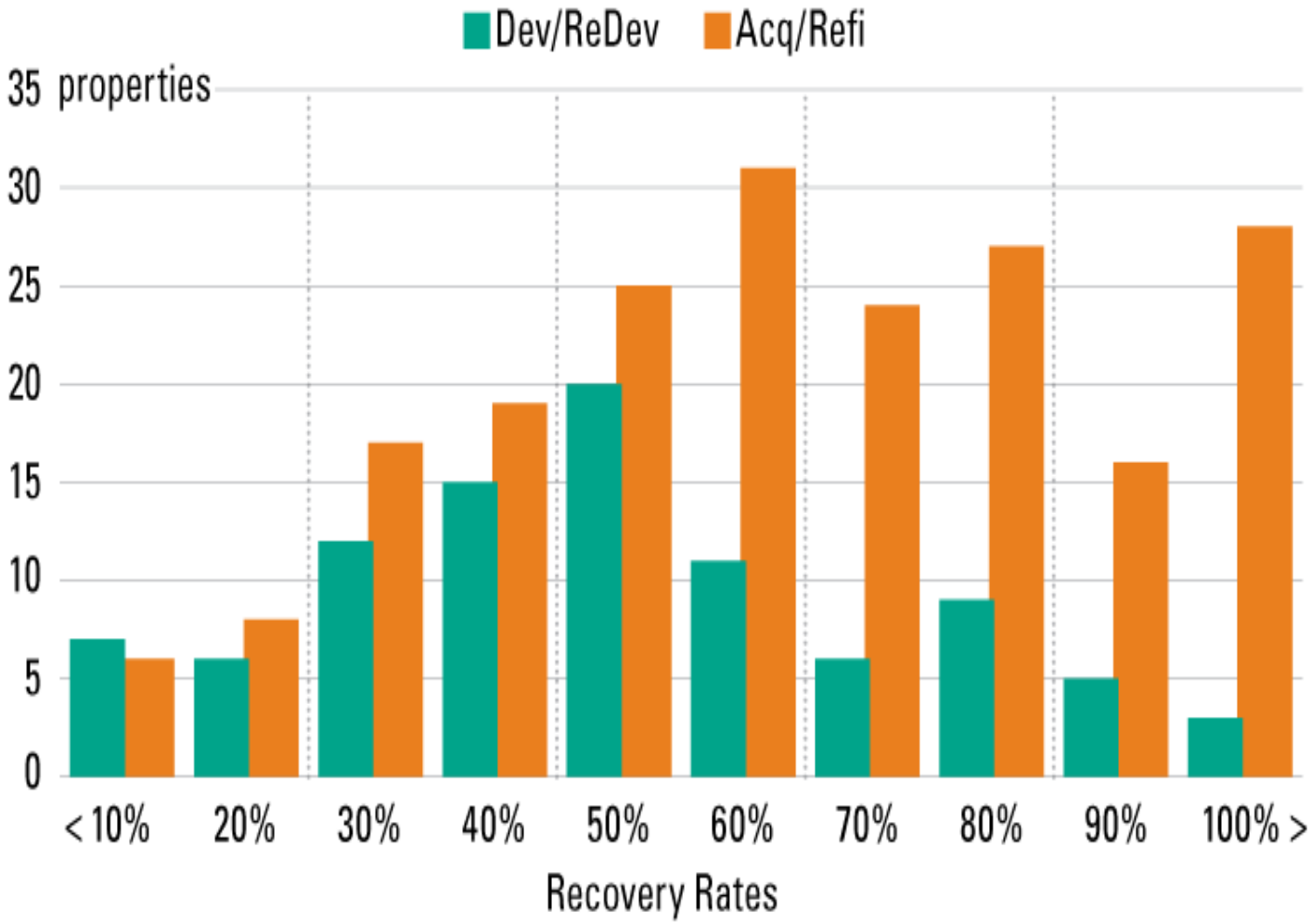
Recovery Rates

Recovery Rates on Defaulted Commercial Mortgages

(before costs and expenses)



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Work-out Strategies

Kicking the can down the street

Pretend & Extend

A rolling loan gathers no loss

Pray & Delay

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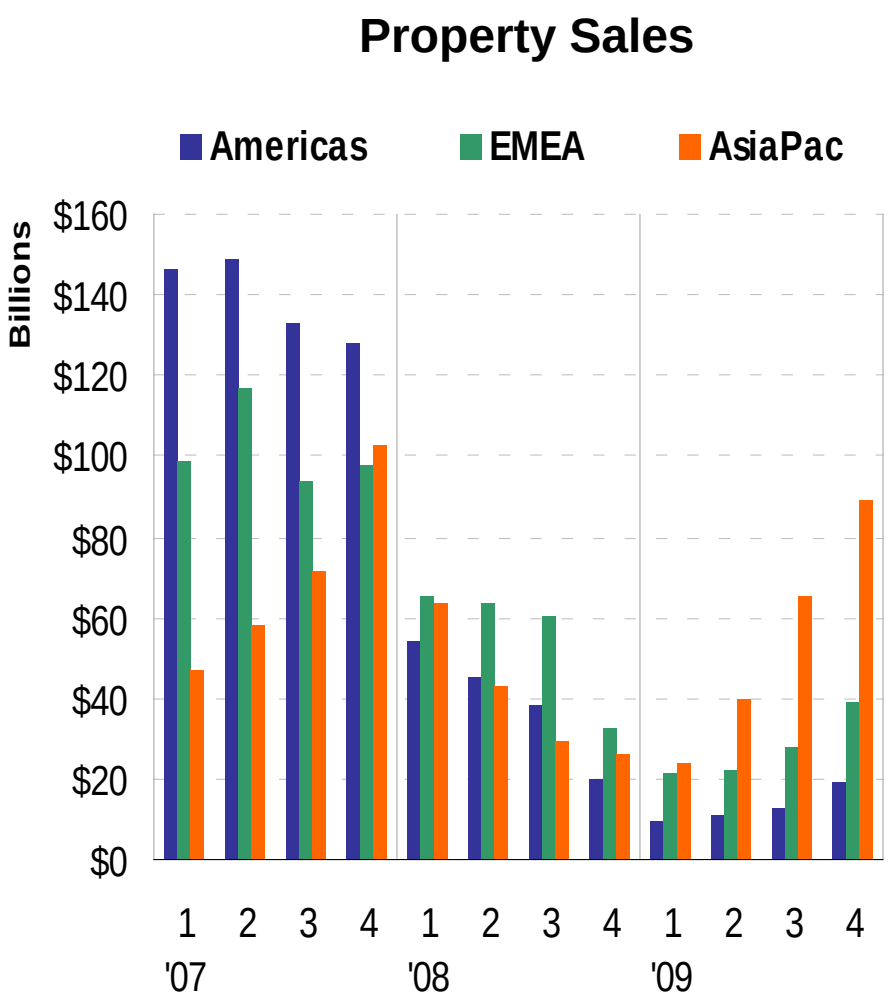
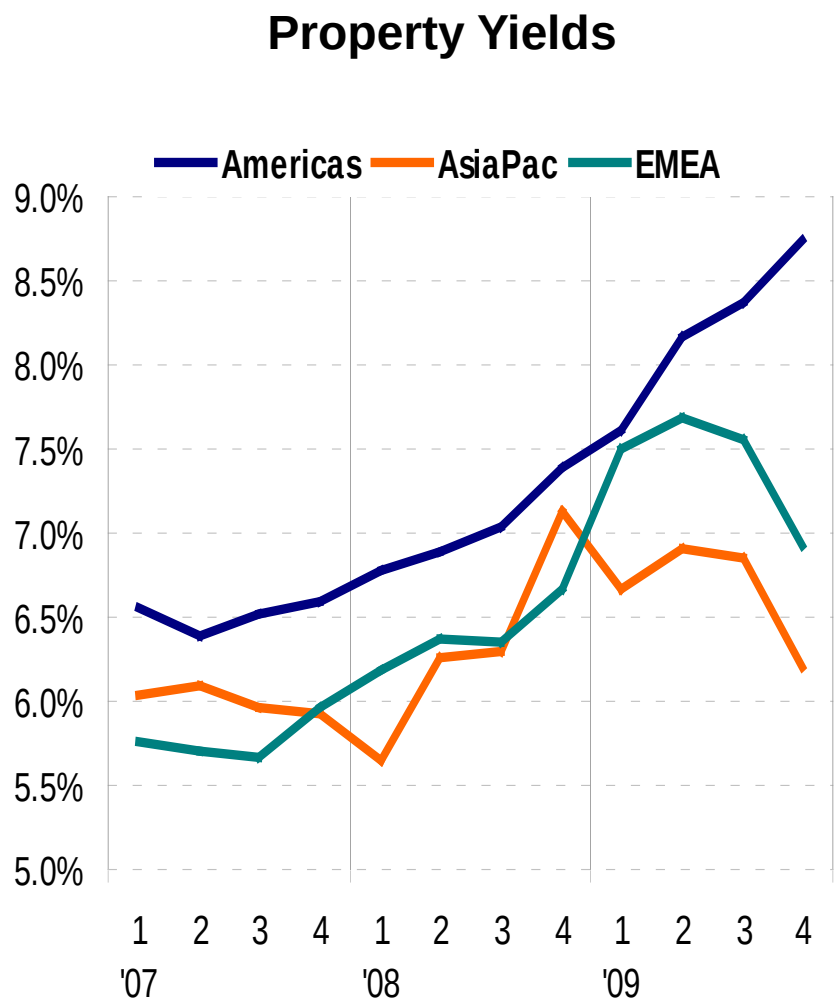
Rest of the Globe Already Rebounding





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Conclusion

- 2010 will be much better than 2009

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