



**Four Forecasts for Commercial Real Estate Markets**

**Wednesday, October 29**

**11:00 a.m. – 12:30 p.m.**

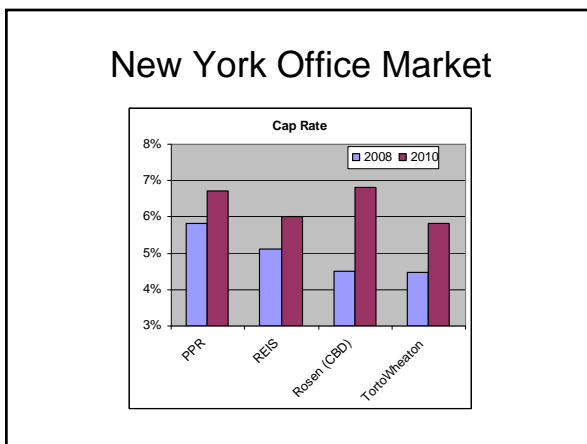
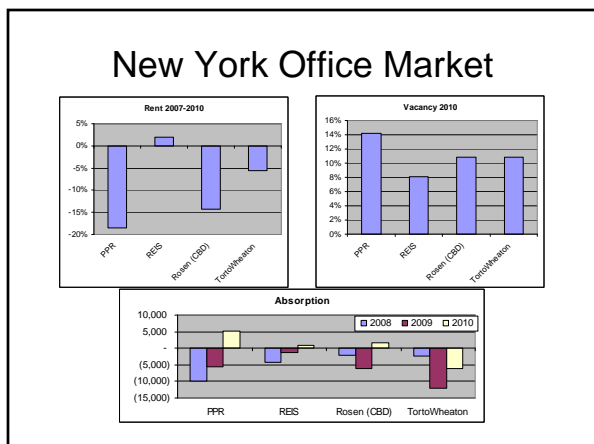
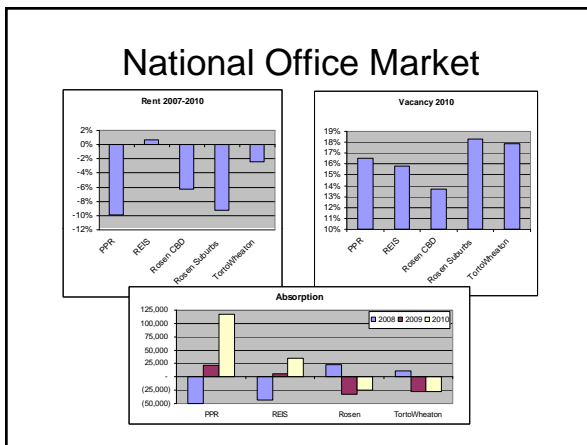
- ### The Rules
1. There are Rules in a Forecast Fight
  2. All four submitted their forecasts for selected concepts to the moderator by October 17<sup>th</sup> (almost)
  3. No one has seen the results except the moderator but...
  4. I did tell each panelist the topics they would be asked to address first
  5. Audience Questions after we move through the prepared slides
  6. At conclusion, audience selects who they would most like to follow in these turbulent times

### The Competitors

- Sam Chandan, REIS
- Ken Rosen, Rosen Consulting Group
- Jon Southard, CBRE Torto Wheaton Research
- Bret Wilkerson, Property Portfolio Research



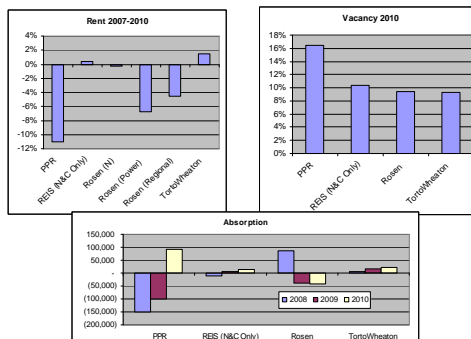




### Office Related Best and Worst

- Best Bets
  - TortoWheaton: Buy Texas Office, but get out before the building comes back (Dallas, Austin)
  - PPR: London office buildings (needs help following directions)
- Worst Bests
  - TWR: Buy office in Auto Markets (Detroit, Toledo)
  - TWR: Keep building Phoenix and Tampa office
  - Rosen: Detroit

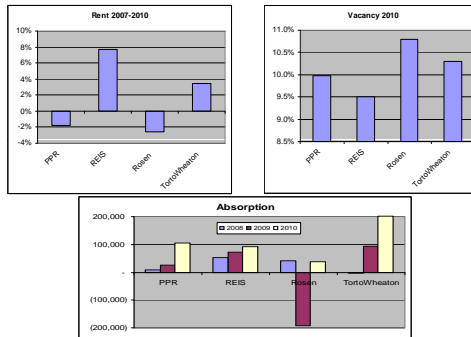
### National Retail Market



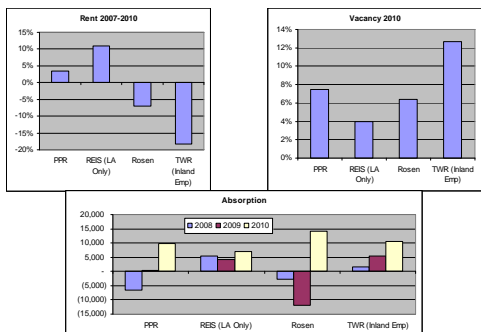
### Retail Related Best and Worst

- Best Bets
  - TortoWheaton: Buy Grocery-Anchored Centers in areas as housing sales are hitting bottom (So Cal, Las Vegas, Sacramento)
- Worst Bests
  - PPR: Anything retail – day old lunch meat
  - Rosen: Lifestyle Retail

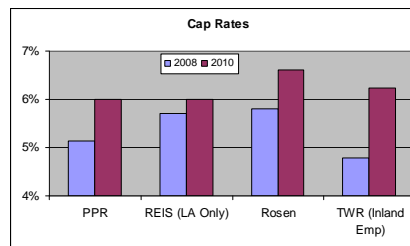
### National Industrial Market



### So Cal Industrial Market



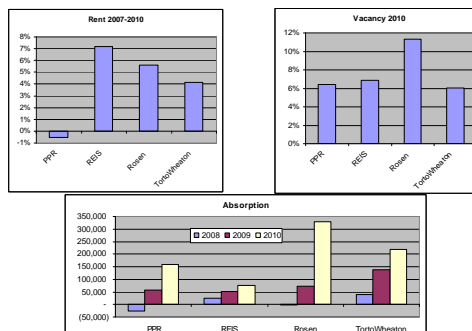
### So Cal Industrial Market



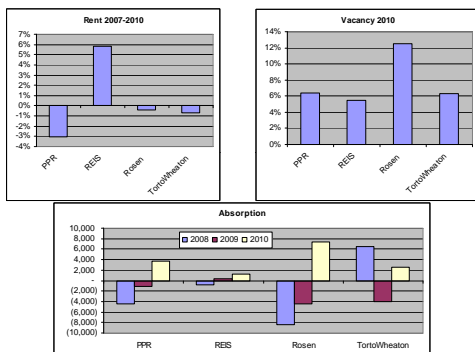
### Industrial Related Best and Worst

- **Best Bets**
  - Rosen: Industrial at ports/airports
- **Worst Bets**
  - TWR: Keep building Chicago and Dallas warehouses
  - Rosen: Older industrial cities

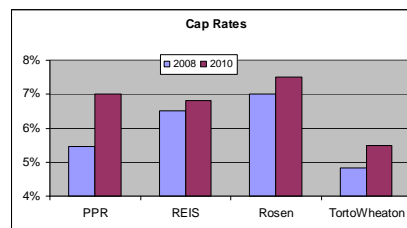
### National Apartment Market



### Miami Apartment Market



### Miami Apartment Market



### Apartment Related Best and Worst

- **Best Bets**
  - Rosen: Multi-family, supply-constrained markets
  - REIS: Charlotte Apartment
- **Worst Bets**
  - PPR: Housing in Peripheral Europe (again, needs improvement in following directions)

### Other Best and Worst

- **Best Bets**
  - Rosen: REITs at 9% or more cash flow yield with modest leverage
  - Rosen: Land at foreclosure prices
  - PPR: 2006-2007 vintage AAA CMBS
  - PPR: Land in neighborhoods in former growth housing markets
  - PPR: Help regional banks recapitalize "loan to own"
  - PPR: Class A assets in secondary markets
  - TWR: Buy Discounted (as opposed to distressed) assets, conservatively lever as debt becomes available
  - TWR: Buy Single A and above CMBS, ignore volatility, and sell in 2 years
- **Worst Bets**
  - PPR: financing with floating rate debt
  - PPR: Blindly buying BBB CMBS
  - PPR: Rushing to get capital to work
  - Rosen: Low-end hotels
  - Rosen: China (about those instructions...)
  - TWR: Look for distressed assets this week, and expect to find sellers
  - TWR: Naked short CMBX for more than a week at a time

## The Vote

- Sam Chandan, REIS
- Ken Rosen, Rosen Consulting Group
- Jon Southard, CBRE Torto Wheaton Research
- Bret Wilkerson, Property Portfolio Research

