

CBRE Global In-Sights

December Outlook on U.S. Commercial Real Estate Returns

Presented by

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Serguei Chervachidze, *Capital Markets Economist, CBRE
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December 2011

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Jim Costello

Principal and Director, Investment Strategy Services, CBRE Econometric Advisors

James (Jim) Costello joined CBRE Econometric Advisors (CBRE EA) in 1996 with economic and real estate research experience developed through work with government agencies and EA's parent company, CBRE, Inc. In 2008, Jim Costello became a Principal of CBRE EA in addition to his role as Director of the Investment Strategy Group, which delivers investment opinions and insights to an expanding base of advisory clients.

With over 13 years of experience at CBRE EA, Jim has effectively managed the office and industrial models and broadened EA's capability to integrate modeling results directly into applications relating to the services provided in the EA Investment Strategy Services platform.

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Serguei Chervachidze, Ph.D.
*Capital Markets Economist, CBRE
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Serguei Chervachidze is a Capital Markets Economist in the Investment Strategy Services group at CBRE Econometric Advisors (CBRE EA). Serguei is responsible for managing CBRE EA's capital market views. He develops and uses econometric models to forecast key CRE investment performance measures such as capitalization rates, investment returns, and asset prices as well as indexes used for real estate derivatives.

Serguei has authored articles for academic journals and has been quoted widely in the press, including the Wall Street Journal.

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Mark Gallagher

*Senior Strategist, CBRE Econometric
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Mark Gallagher is a Senior Strategist in the Investment Strategy Services (ISS) Group. Mr. Gallagher works closely with a variety of clients to provide customized real estate market research and to develop market strategies. With his past experience in the real estate lending markets, Mark has a background in developing and implementing risk analysis tools and portfolio management strategies. Prior to joining CBRE EA, Mr. Gallagher was a Vice President at Centerline Capital Group, where he worked on high-yield debt acquisitions for the firm's managed funds, conducted CMBS acquisition due diligence, and underwrote agency multifamily mortgage originations.

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Asieh Mansour, Ph.D.

Head of Research, Americas and Senior Managing Director, Global Research, CBRE

Asieh directs Americas commercial real estate market analysts, advises Americas leadership and professionals on economic issues, and serves as spokesperson on the commercial real estate environment. She has more than 20 years experience as a leading real estate economist in commercial real estate.

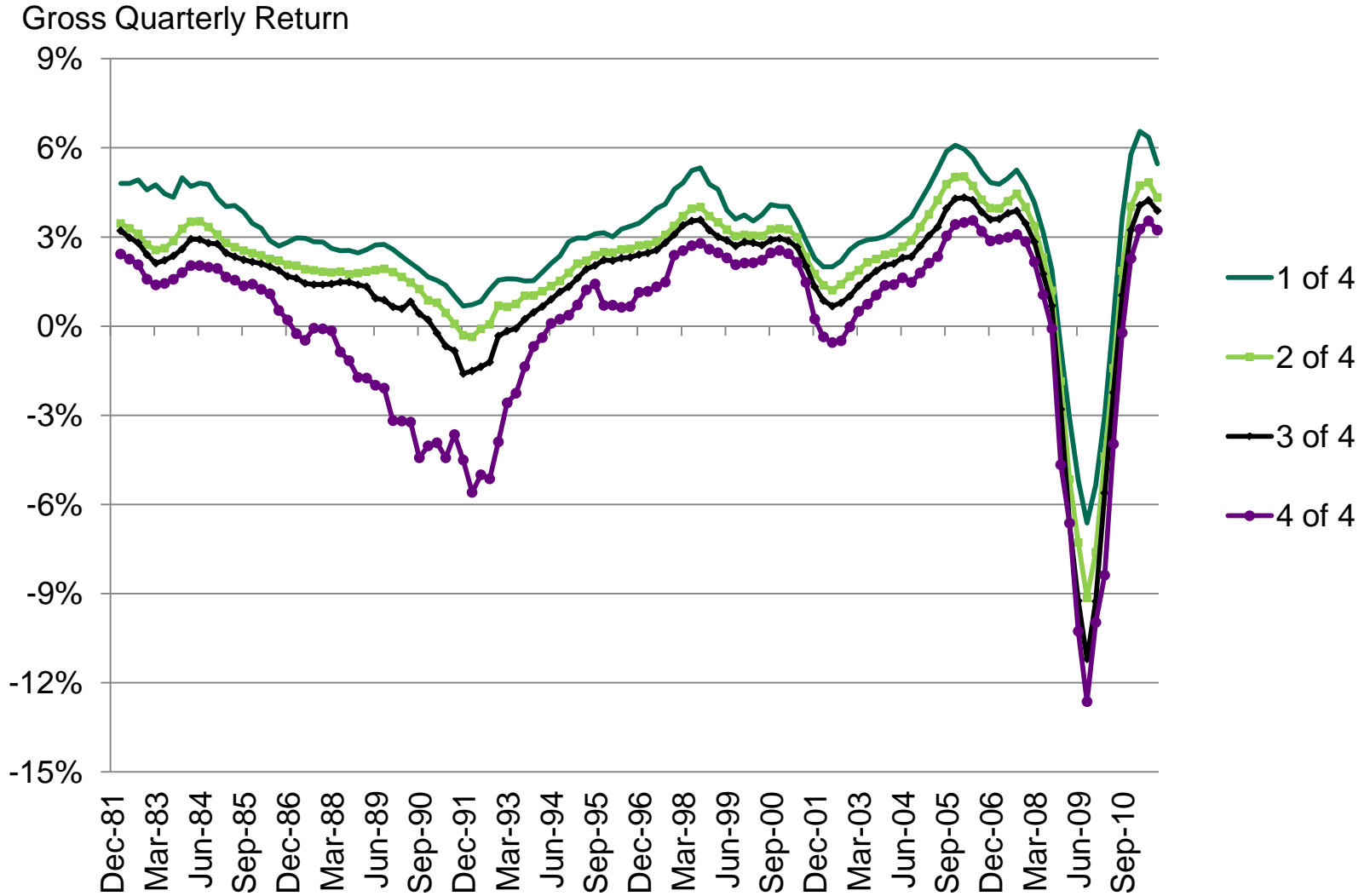


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A Range of Performance in NCREIF Funds

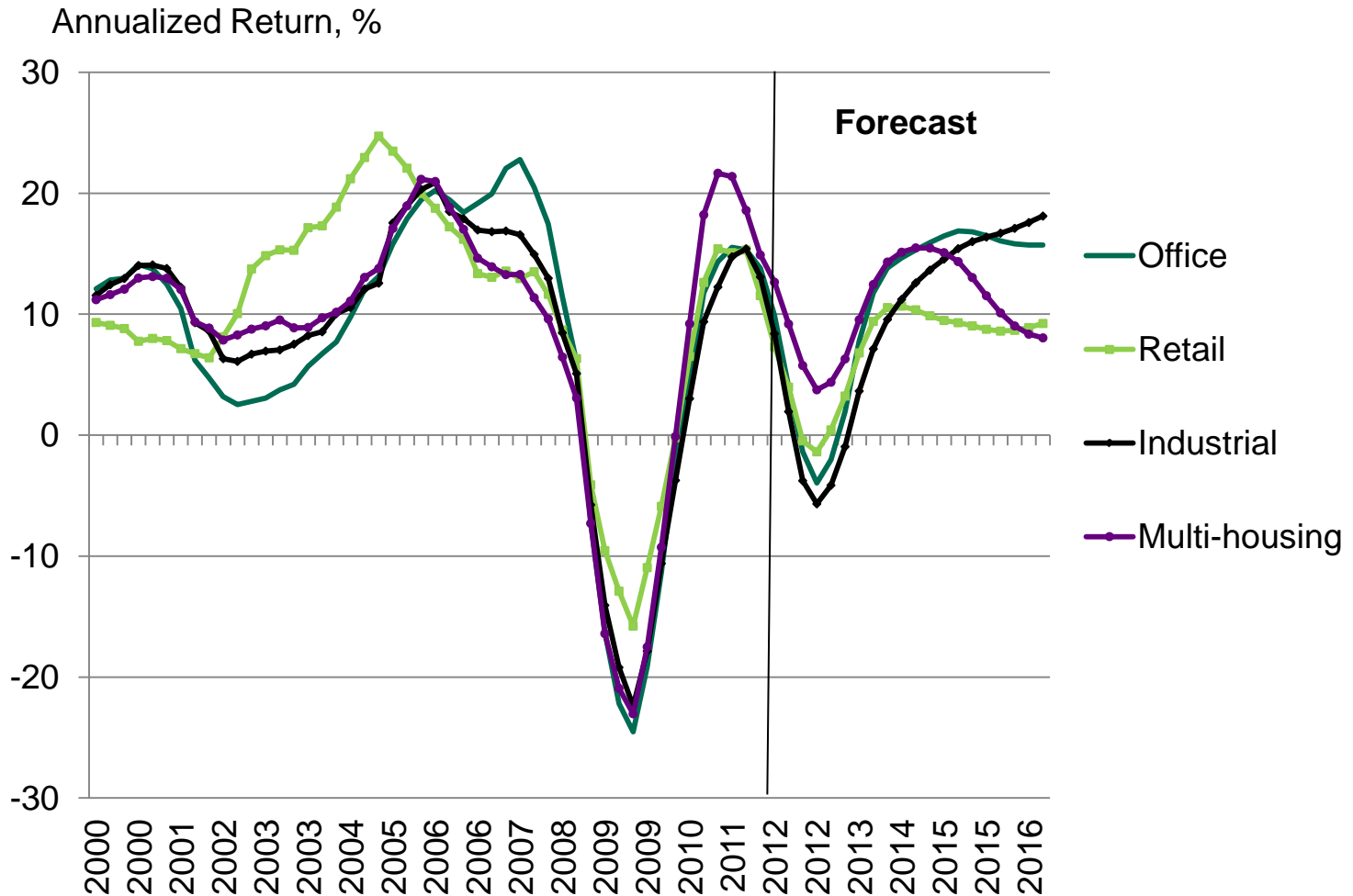


Source: CBRE Econometric Advisors; NCREIF ODCE Index 2011 Q3

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Property Types Outperforming Moving Forward

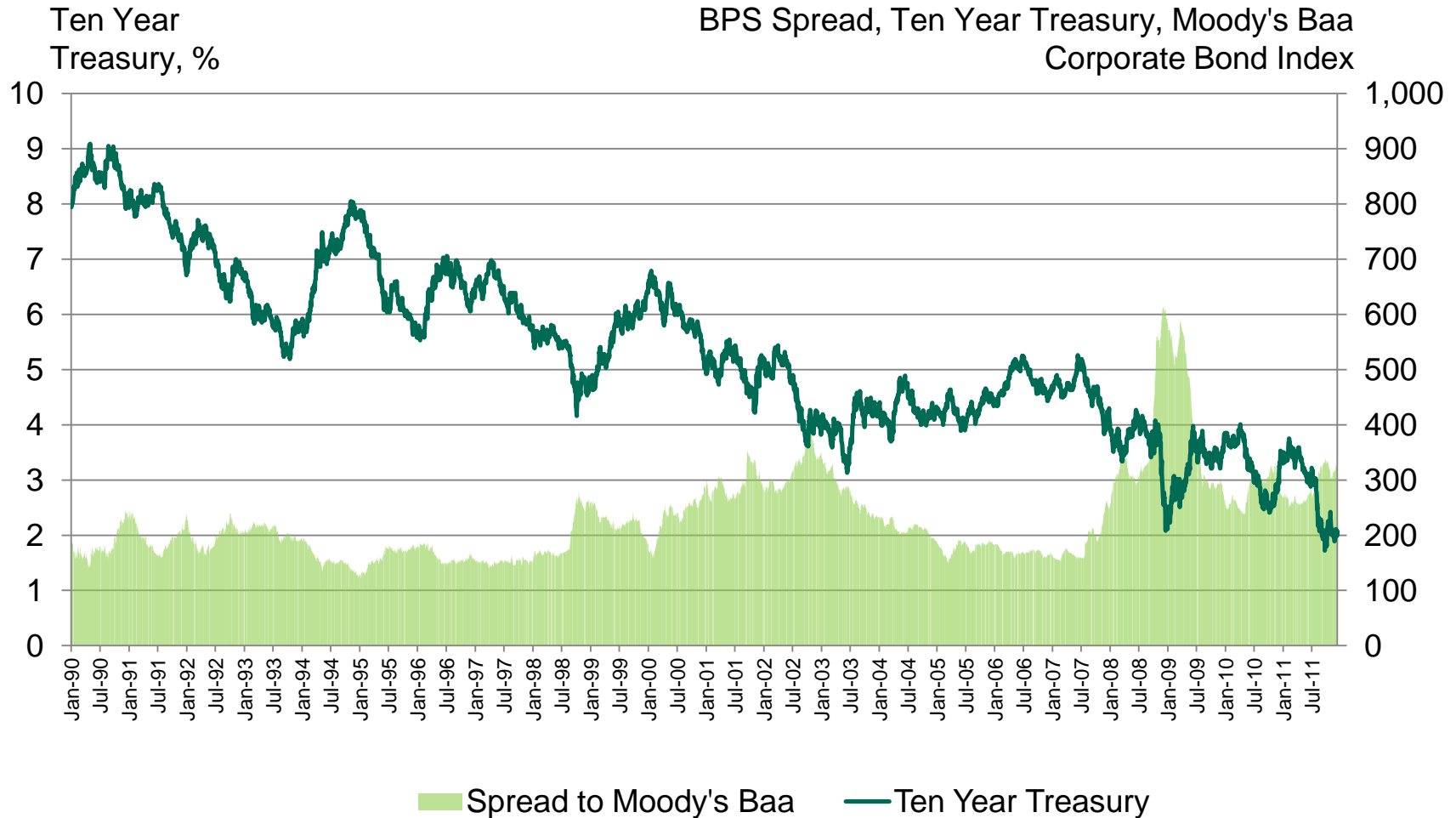


Source: CBRE Econometric Advisors; NCREIF Property Index 2011 Q3

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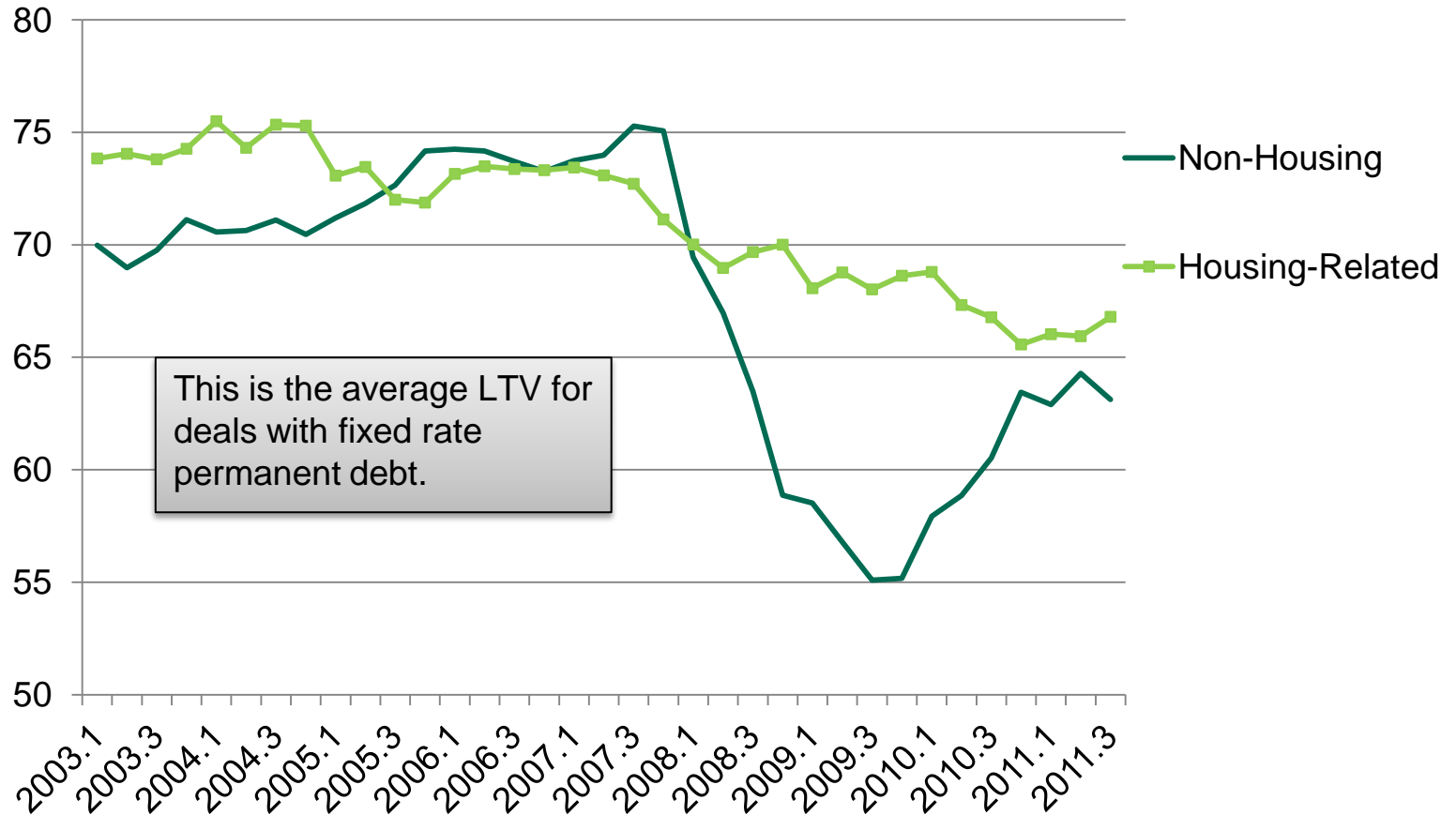
Low Interest Rates With More Risk Aversion



Source: CBRE Econometric Advisors; Moody's Analytics, Federal Reserve Bank

Average Loan-to-Value Ratios Are Stabilizing

Average LTV %



This is the average LTV for deals with fixed rate permanent debt.

Source: CBRE Econometric Advisors; CBRE Capital Markets, Data as of September 2011

Thank You

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