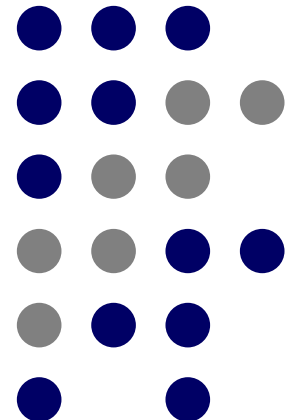


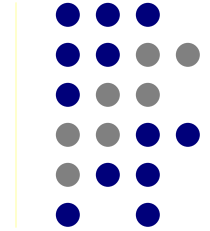


The Capital Markets for Commercial Real Estate and Northern California's Position Within It

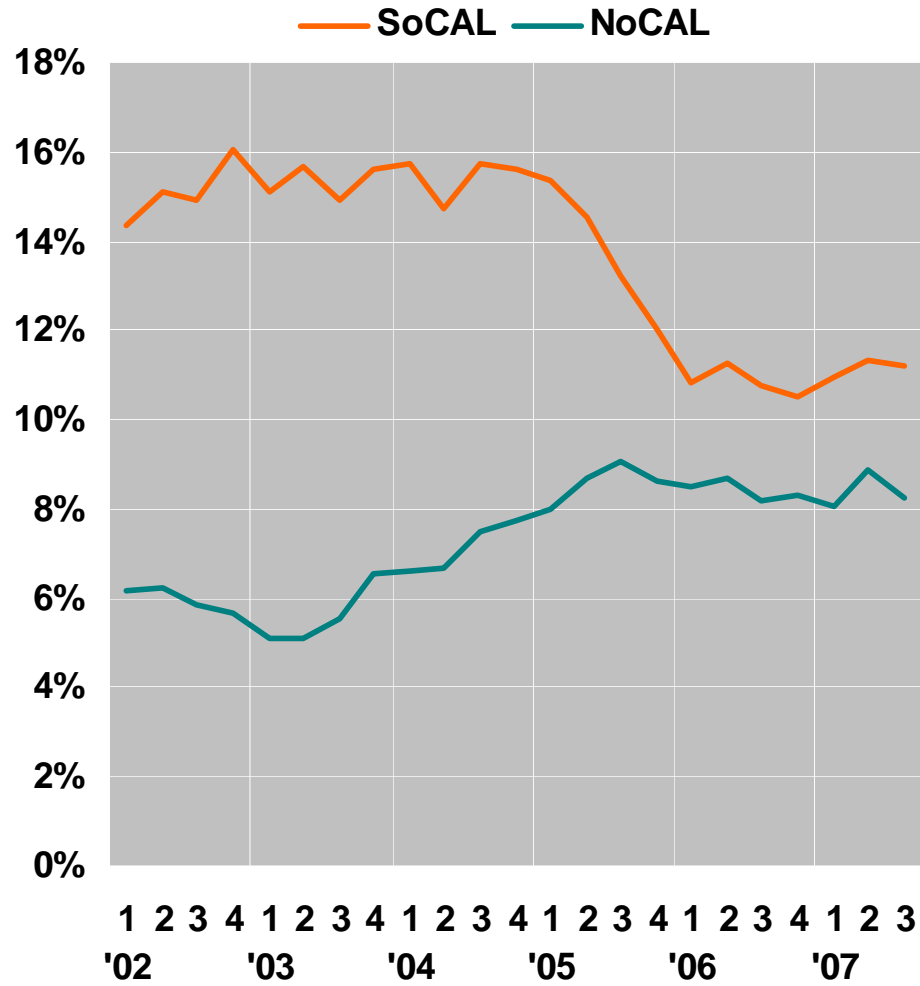
November 2, 2007

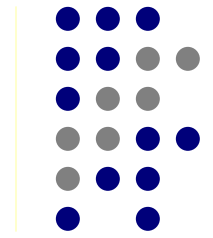
Robert M. White, Jr
Real Capital Analytics





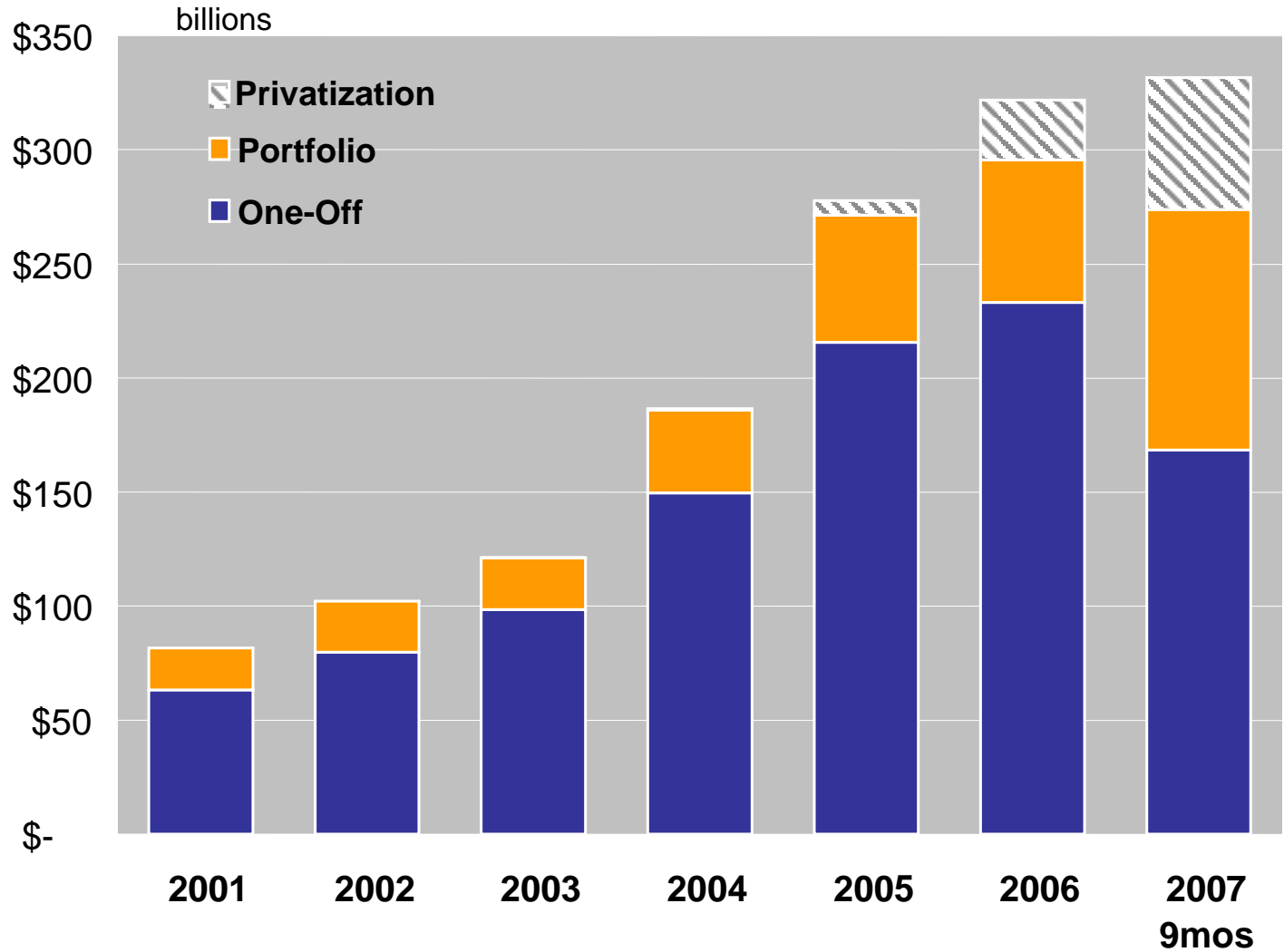
Percent of US Property Acquisitions

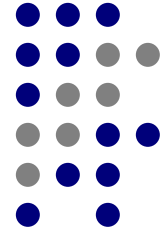




US Property Acquisitions

office, industrial, multifamily & retail properties \$5 mil.+

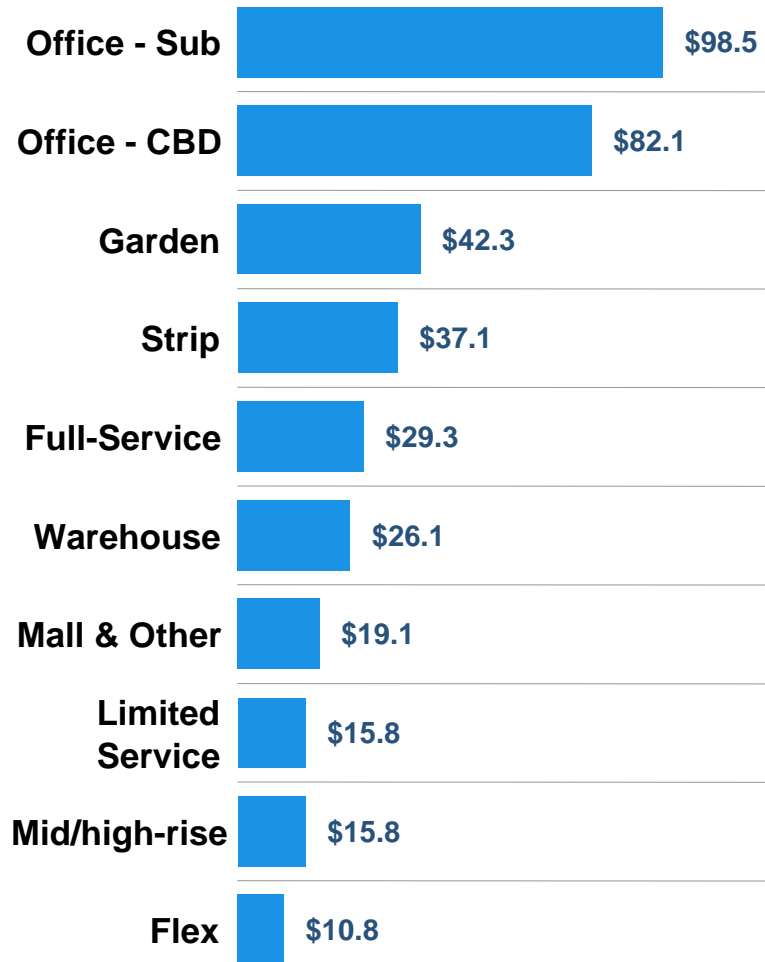




Sales Volume

2007 first 9 mos

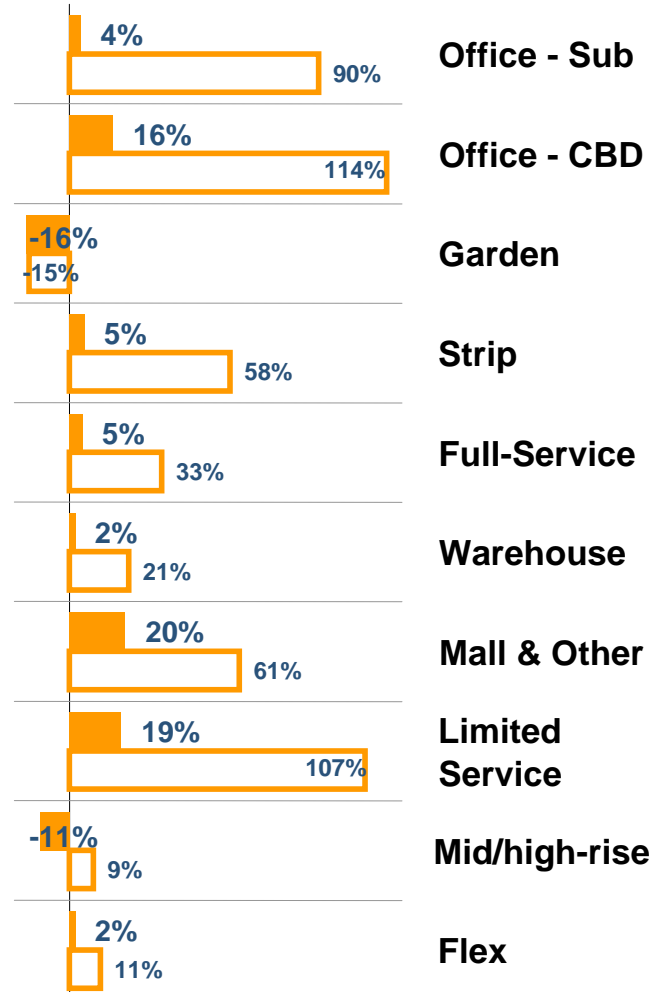
Billions

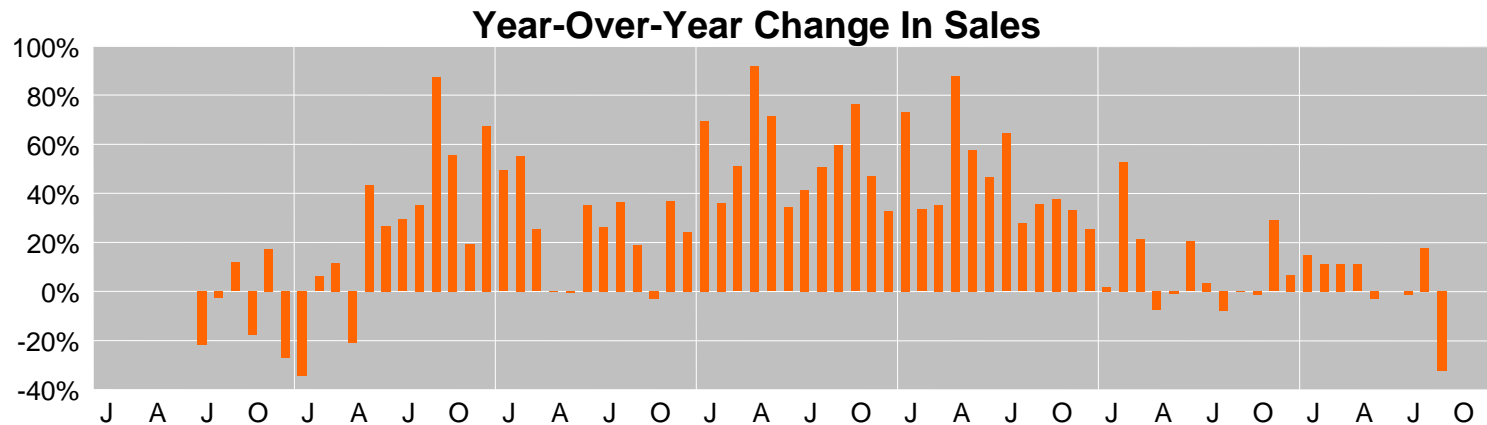
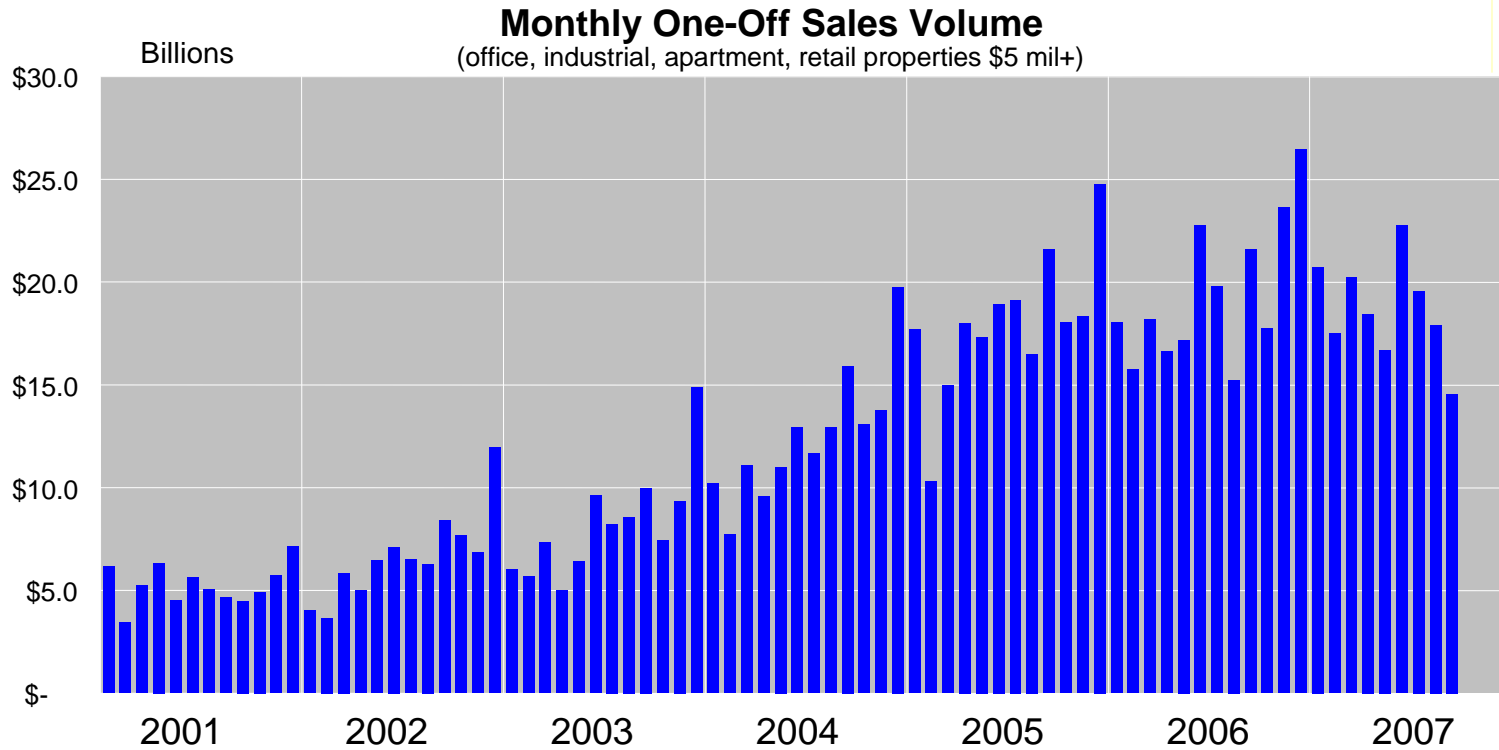
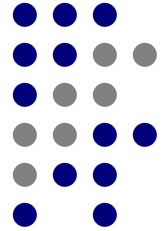


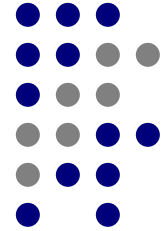
Change In Sales

One-Off Portfolios

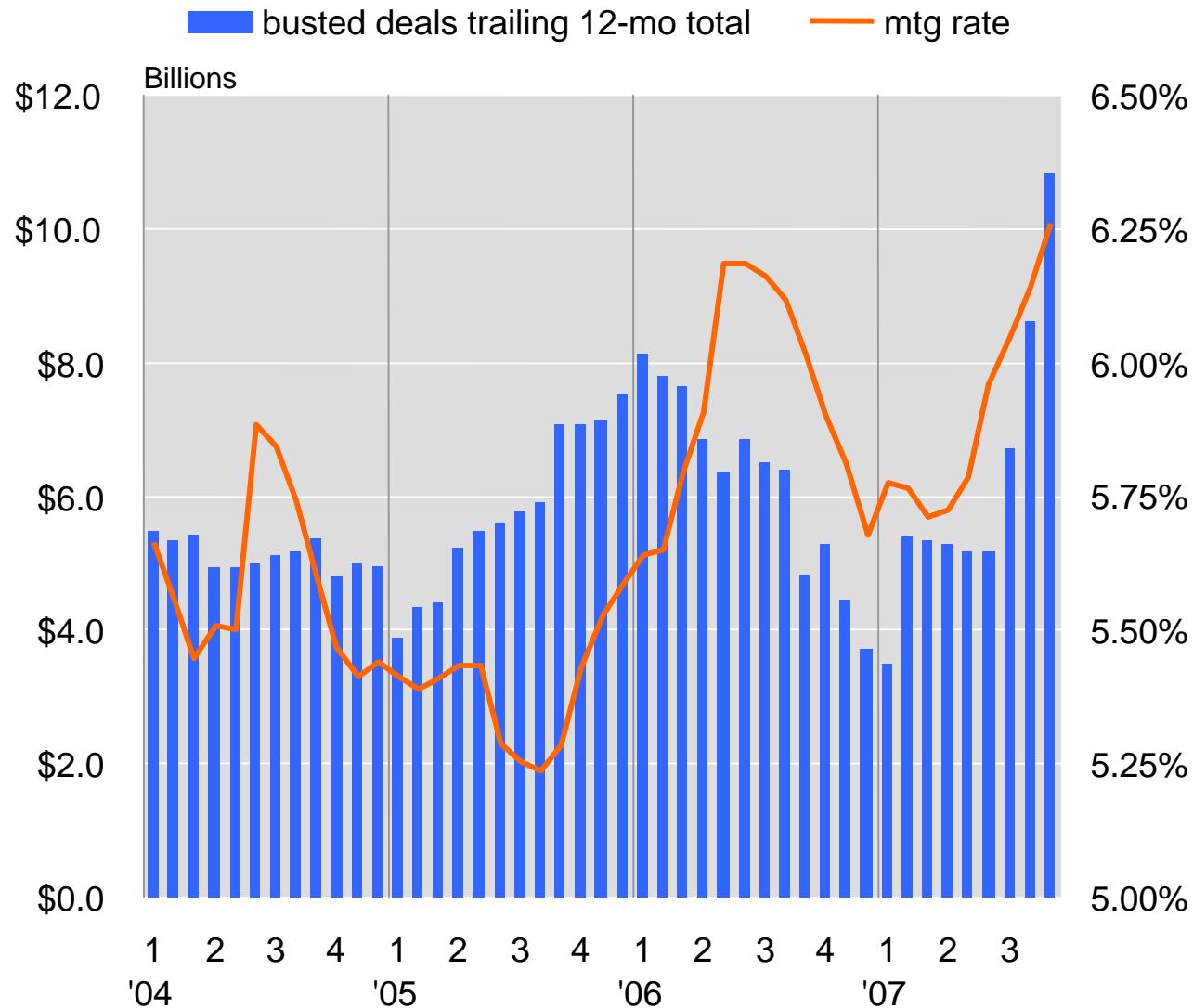
9 mos 2007 v 9 mos 2006

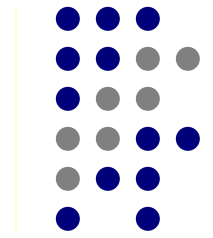




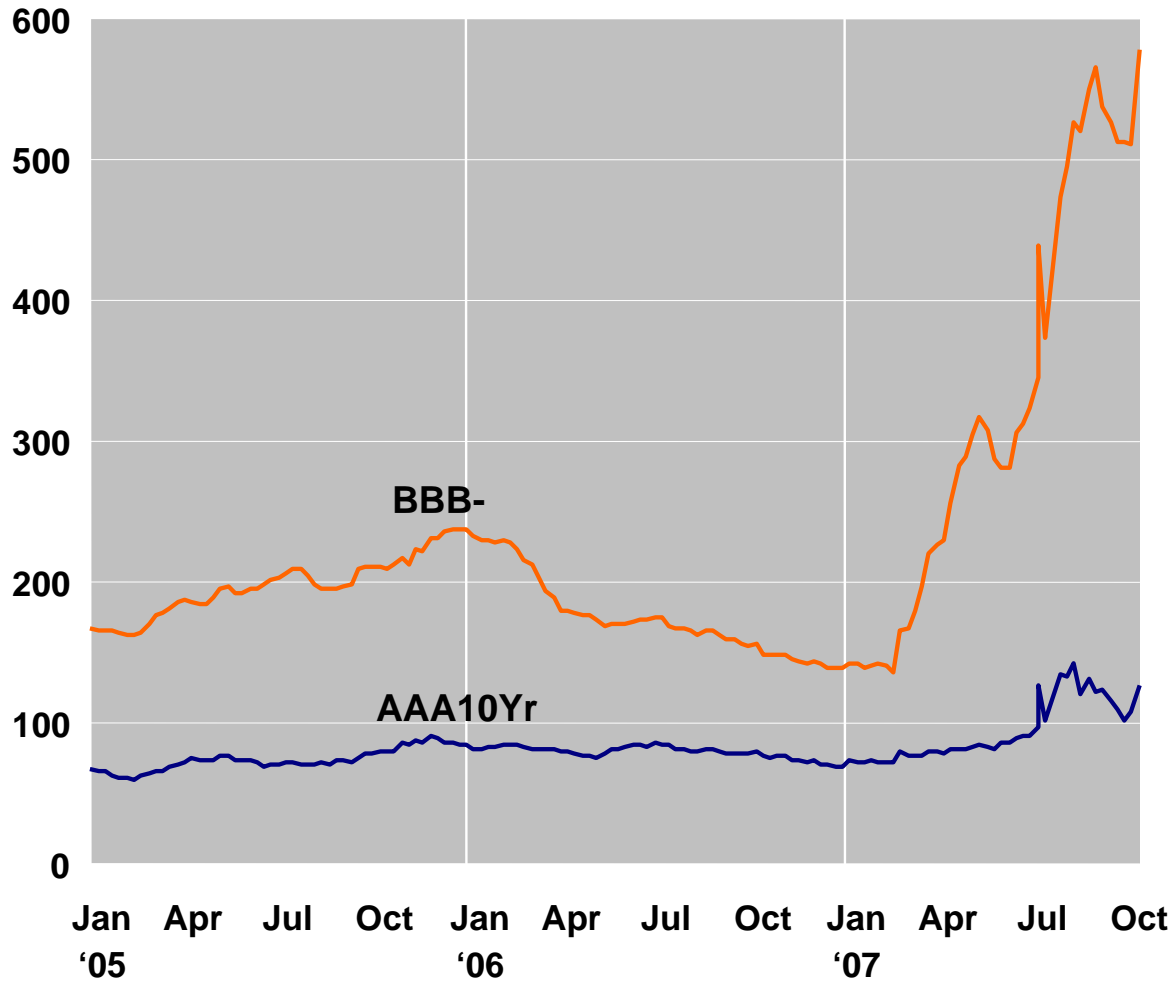


A Surge In Deals Falling Out of Contract

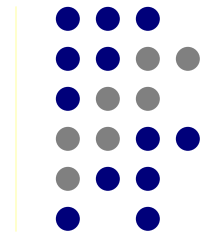




CMBS Spreads to Treasuries

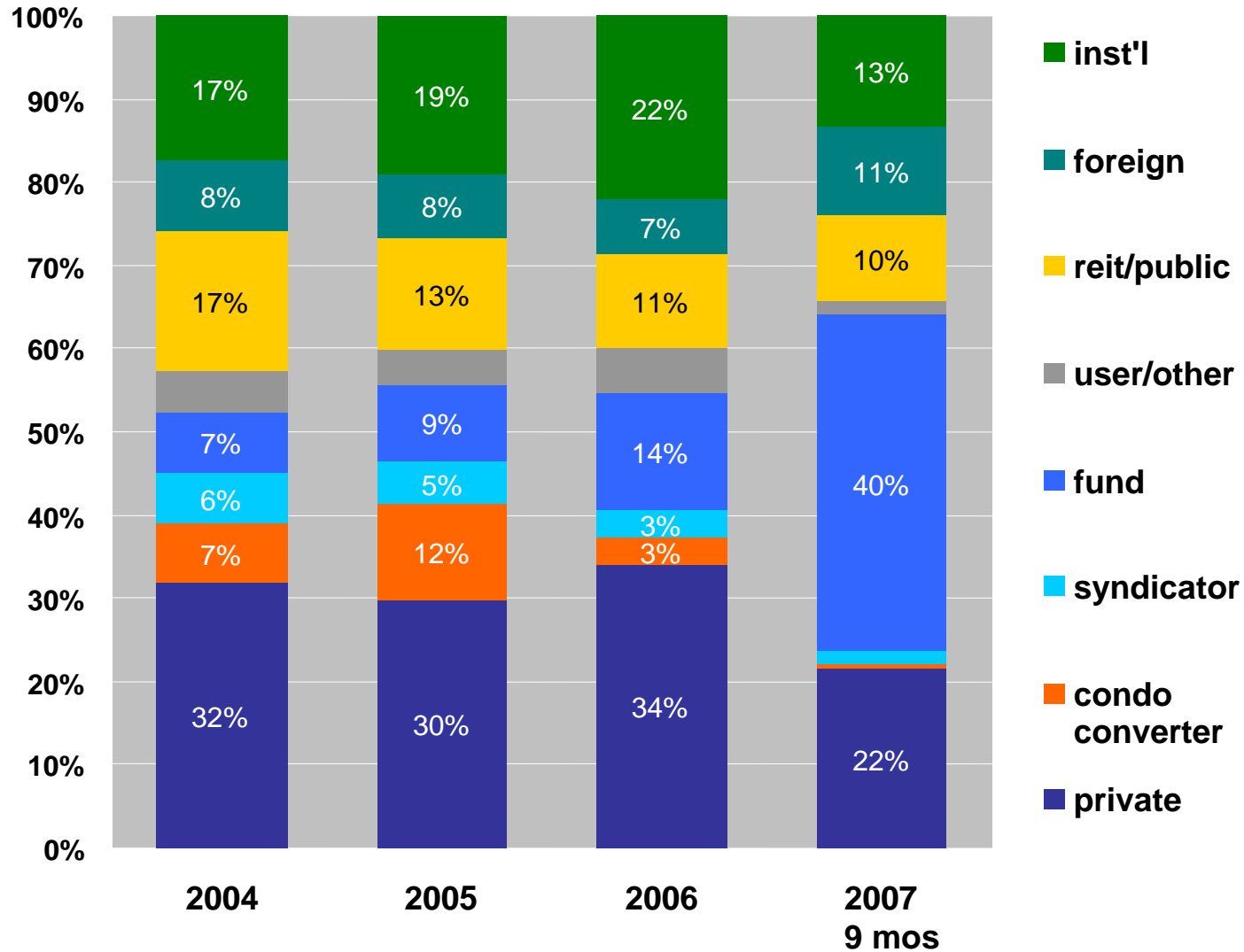


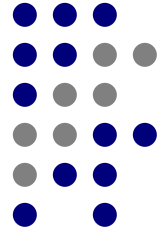
Source: Commercial Real Estate Direct



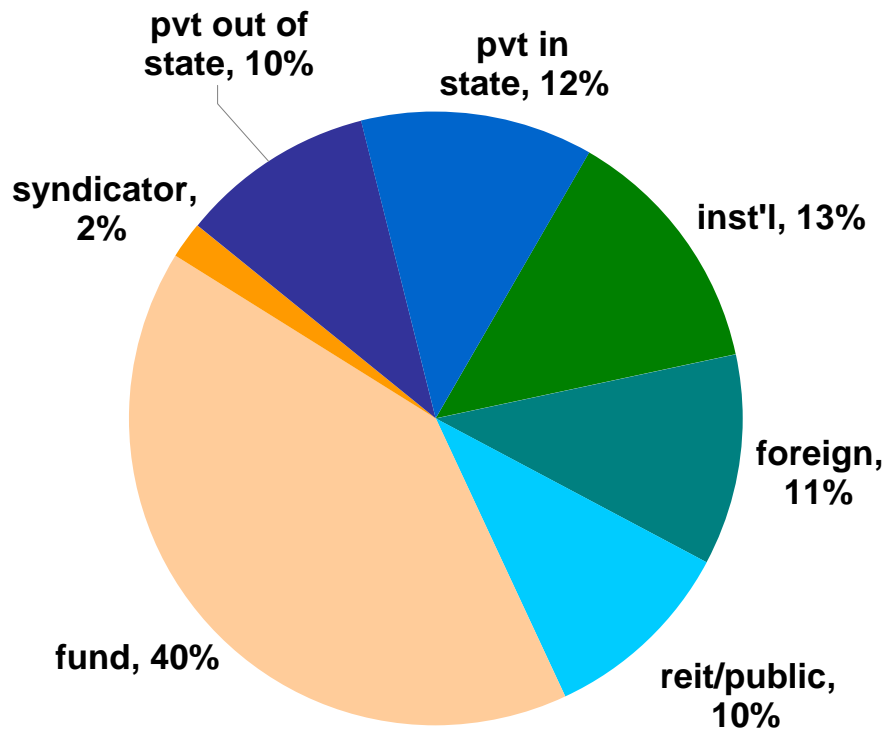
Composition of Buyers

office, industrial, retail and multifamily properties \$5 mil.+

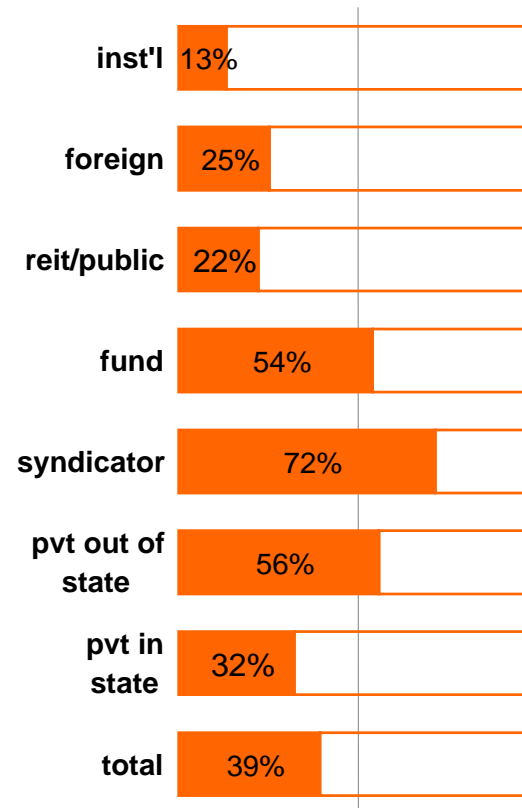


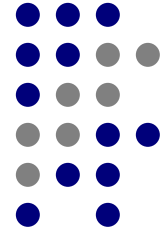


Sources of Equity Capital

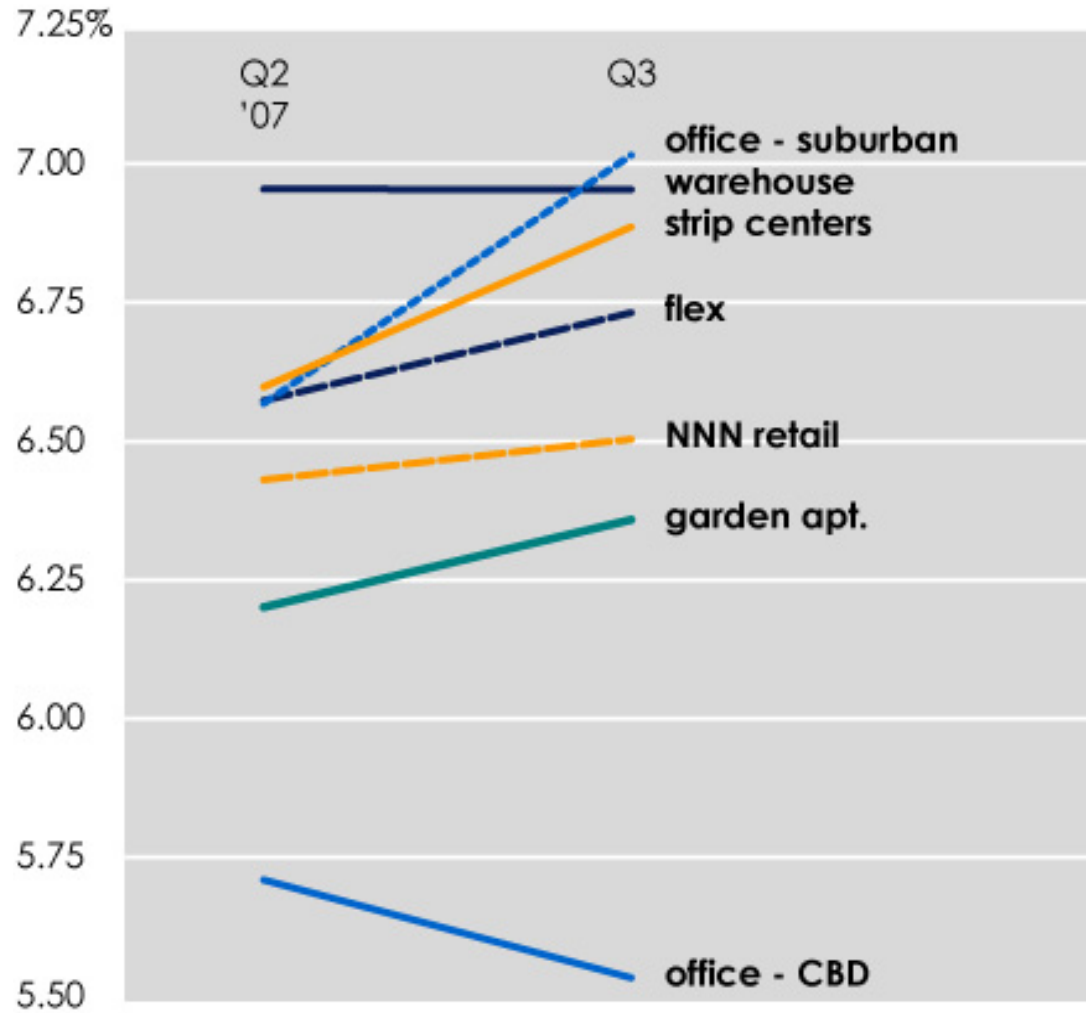


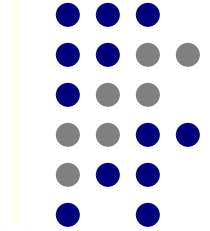
% of Acquisitions Finance by CMBS



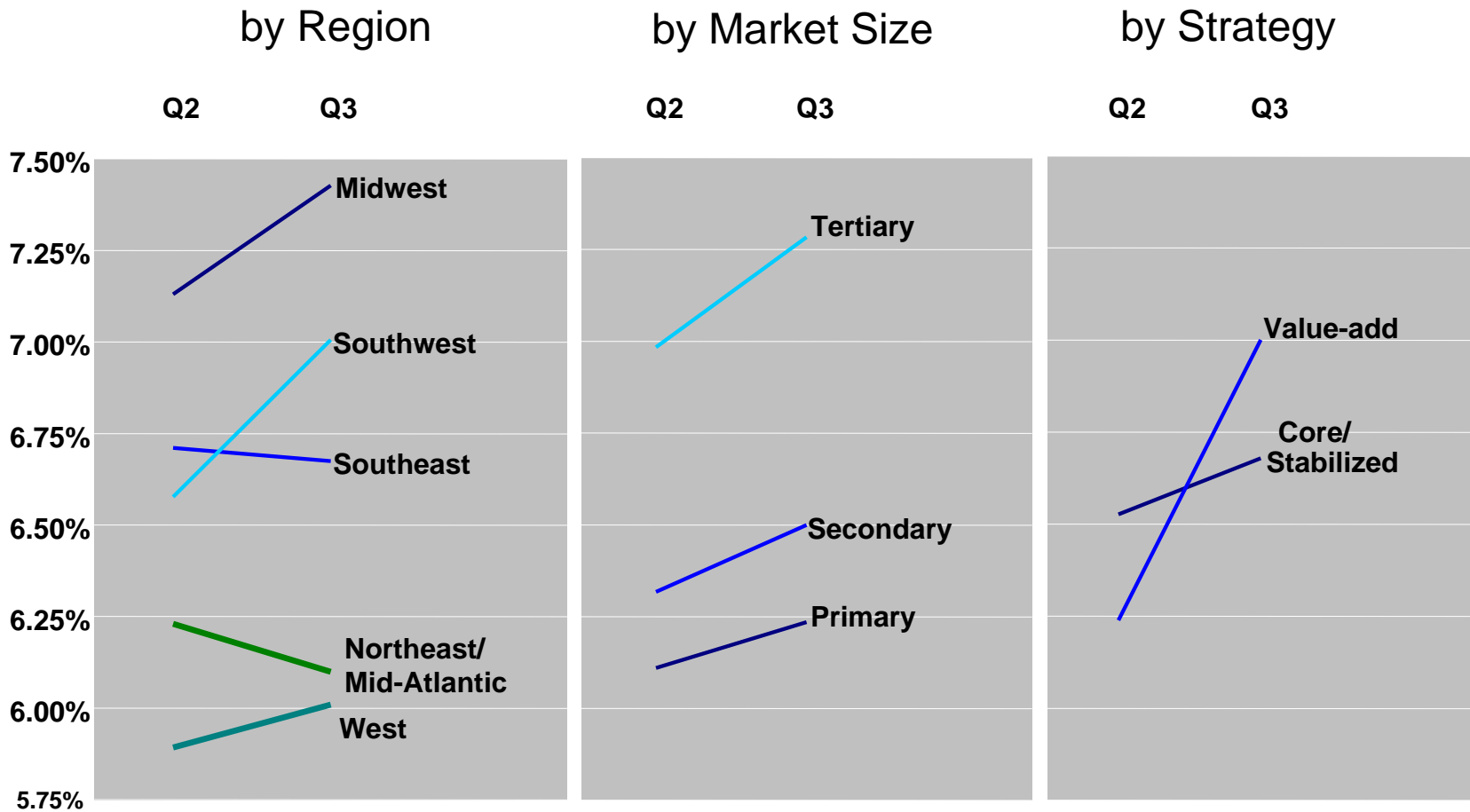


Changes in Cap Rates Q2'07 vs Q3 '07



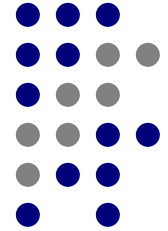


Changes in Cap Rates Q2'07 vs Q3 '07

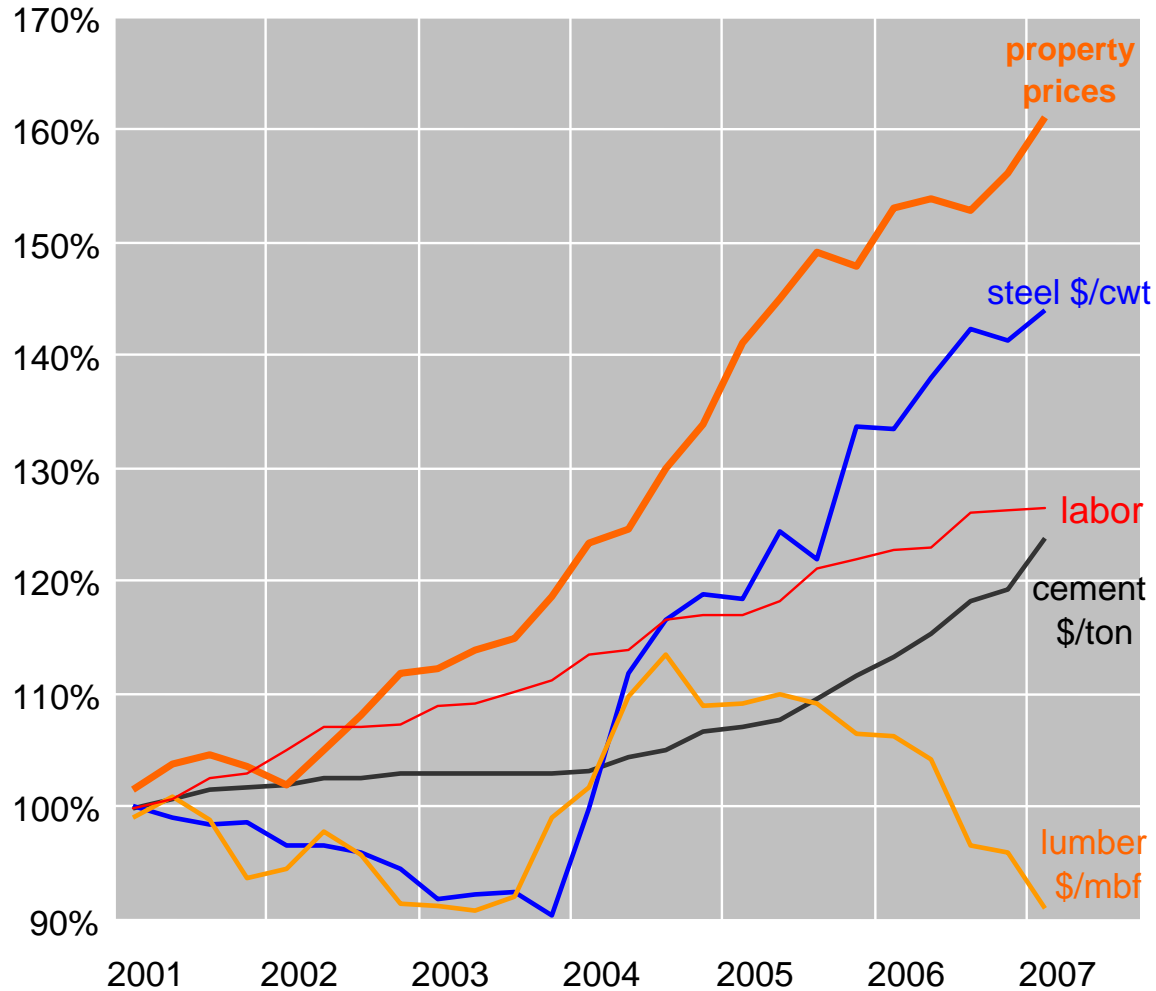


Rising Construction Costs

Can it Still Rationalize Higher Prices?

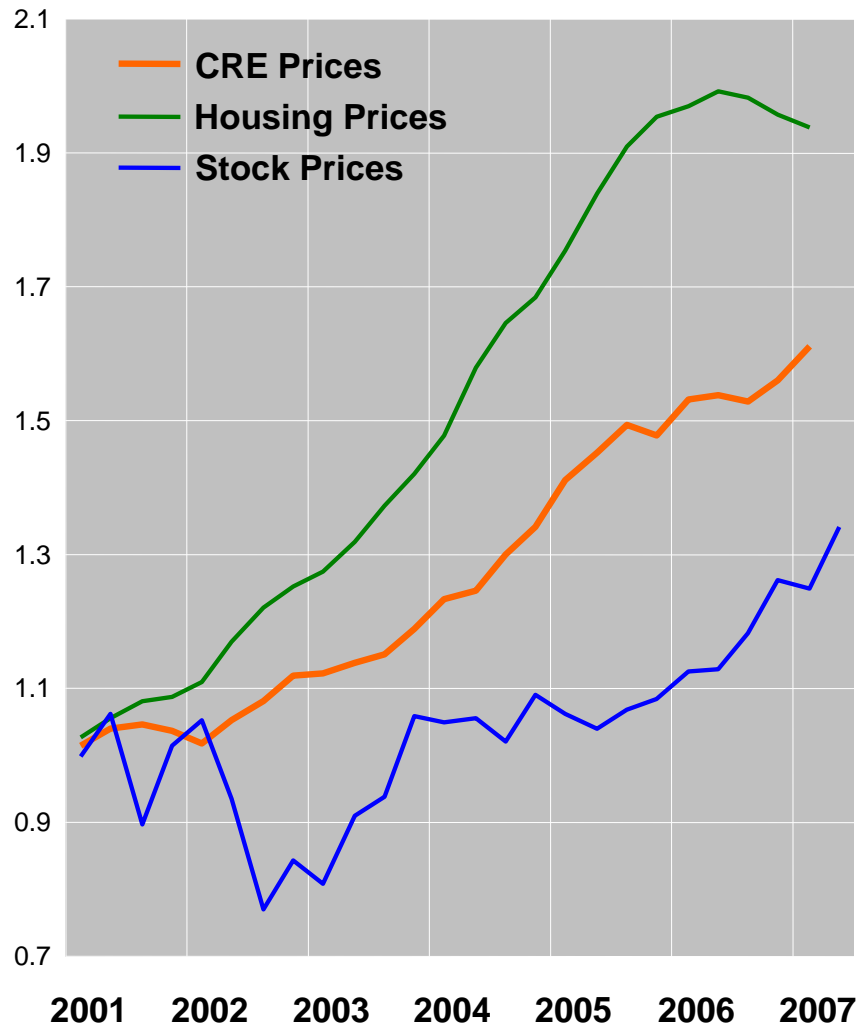
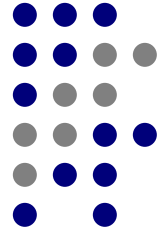


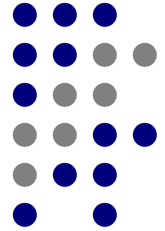
Property Values vs. Construction Costs



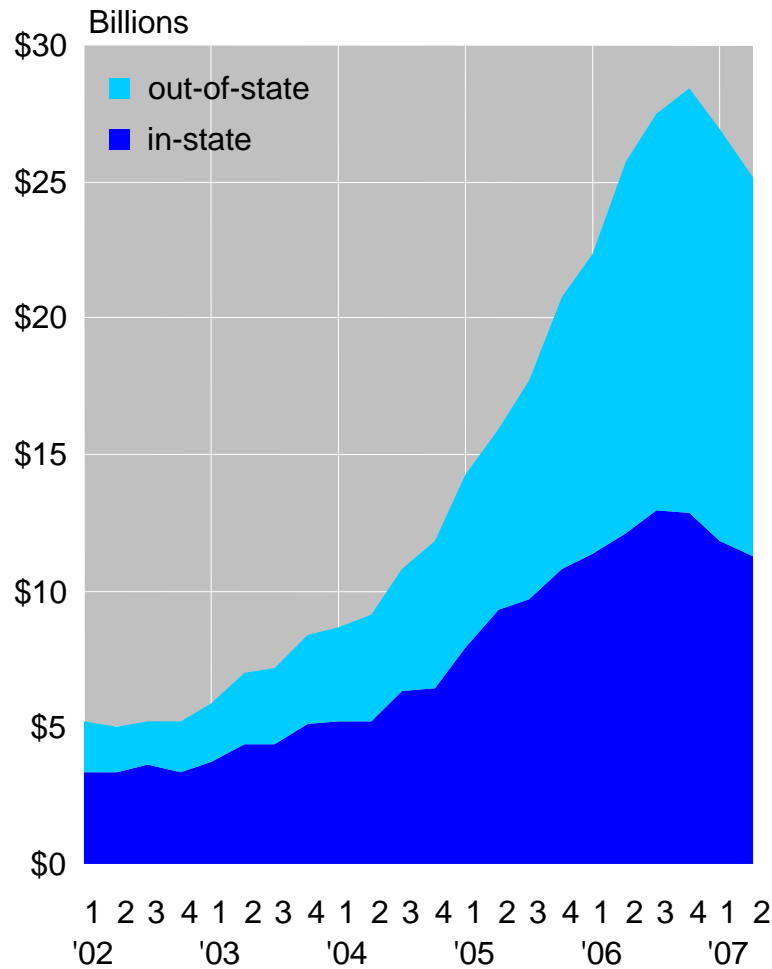
Real Estate v Alternative Investments

Will It Continue to Attract Fresh Capital?

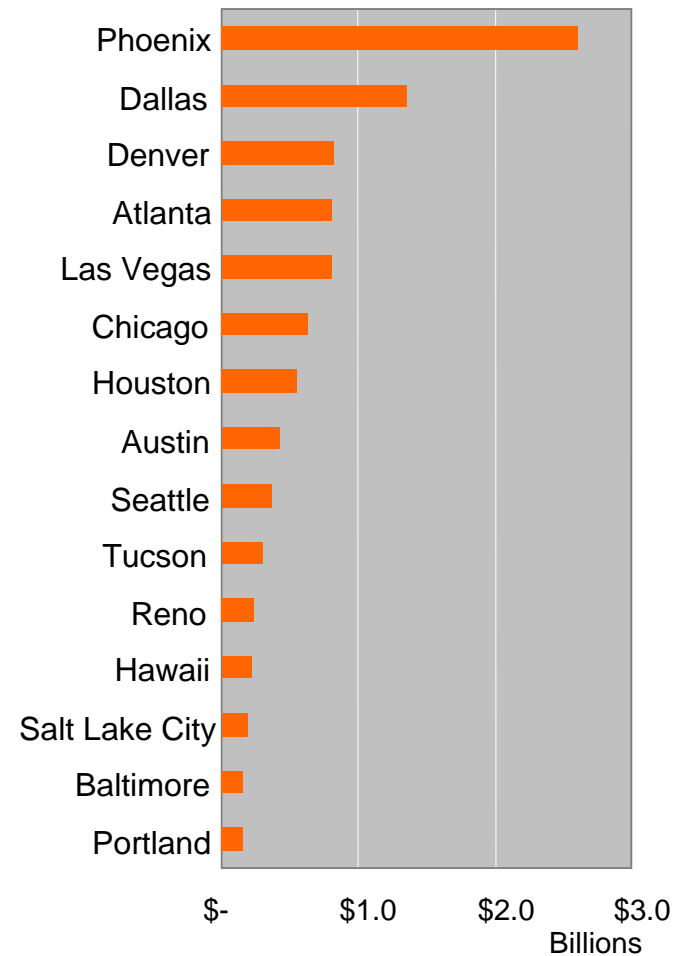


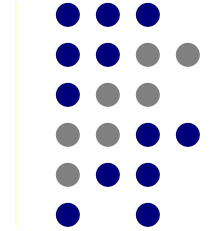


Acquisitions by California-Based Private Investors

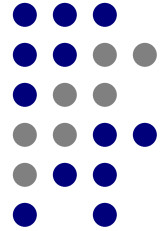


Favored Markets For California Buyers

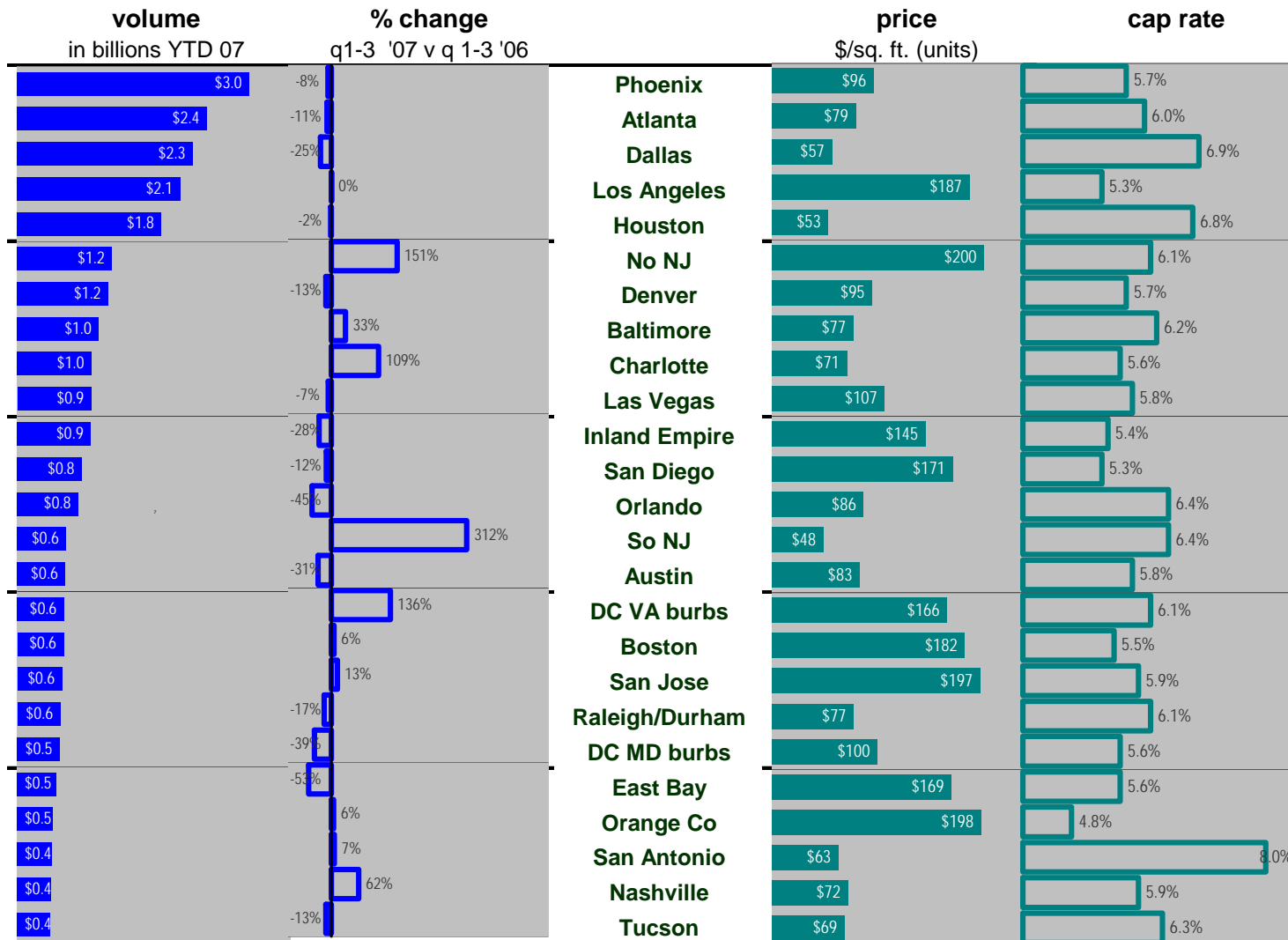


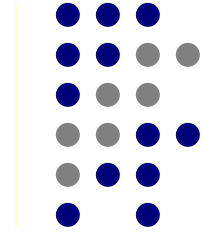


APARTMENTS

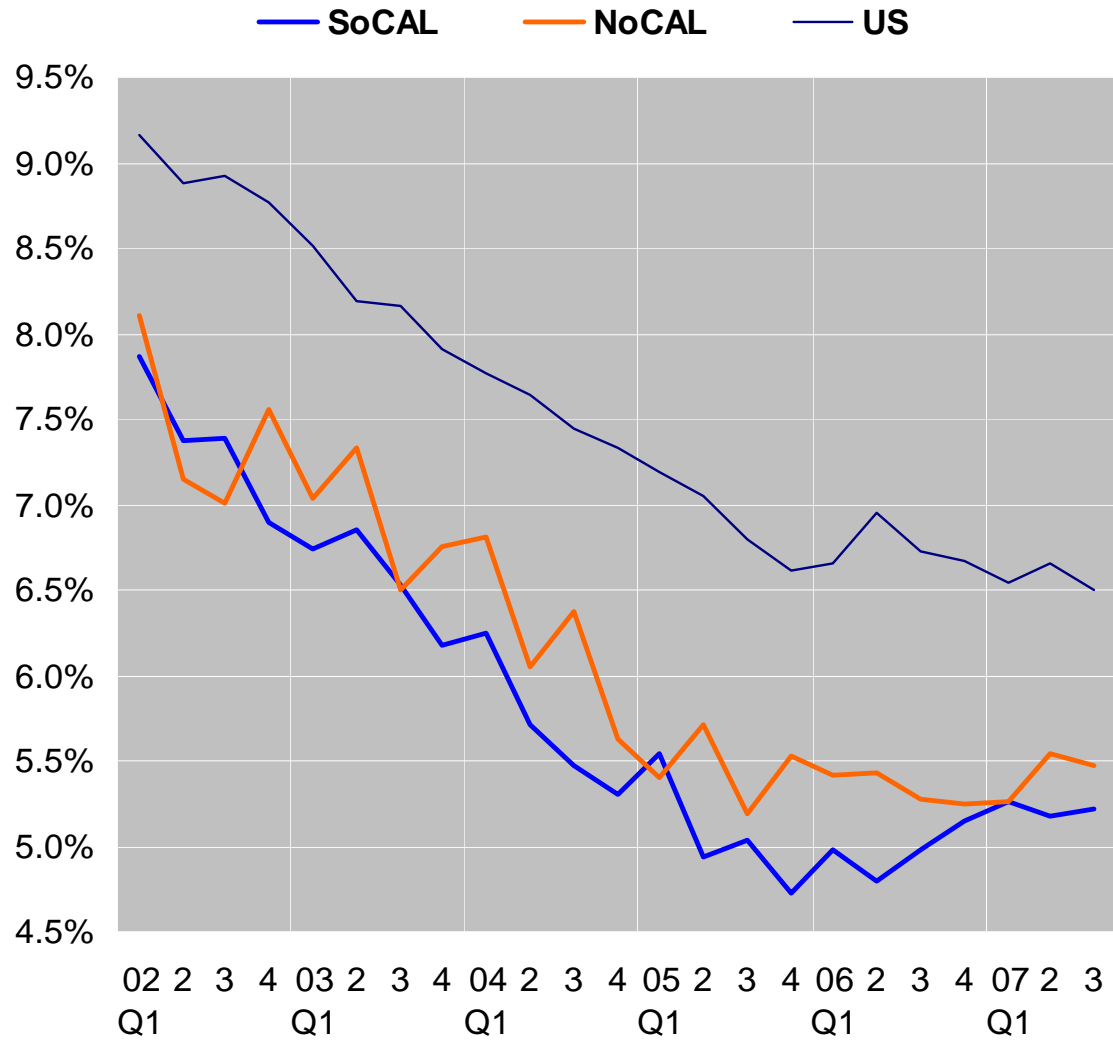


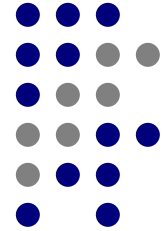
Garden Apartments top 25 mkts by sales vol



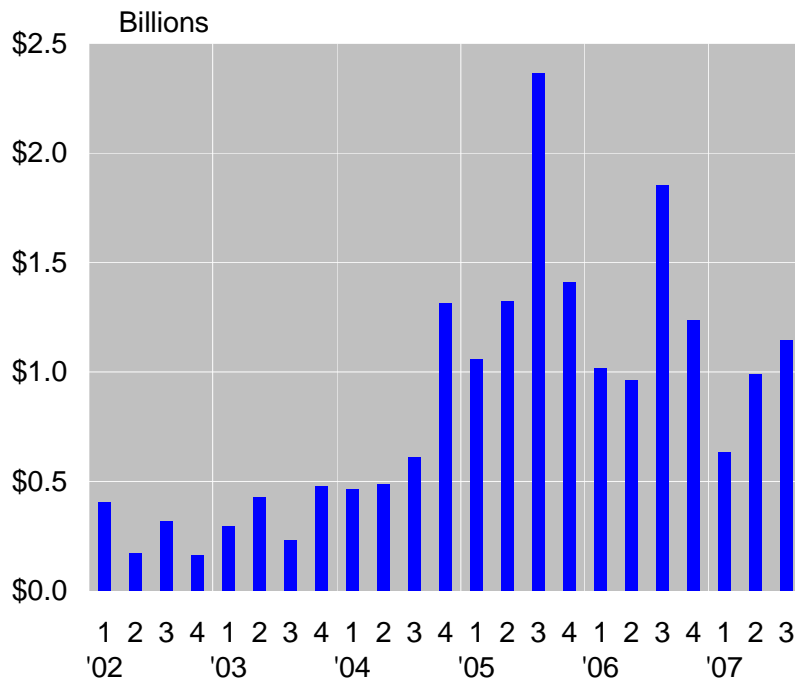


Average Initial Apartment Cap Rates



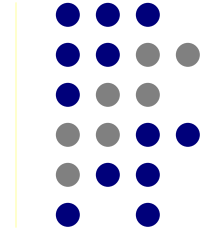


No Cal Quarterly Volume

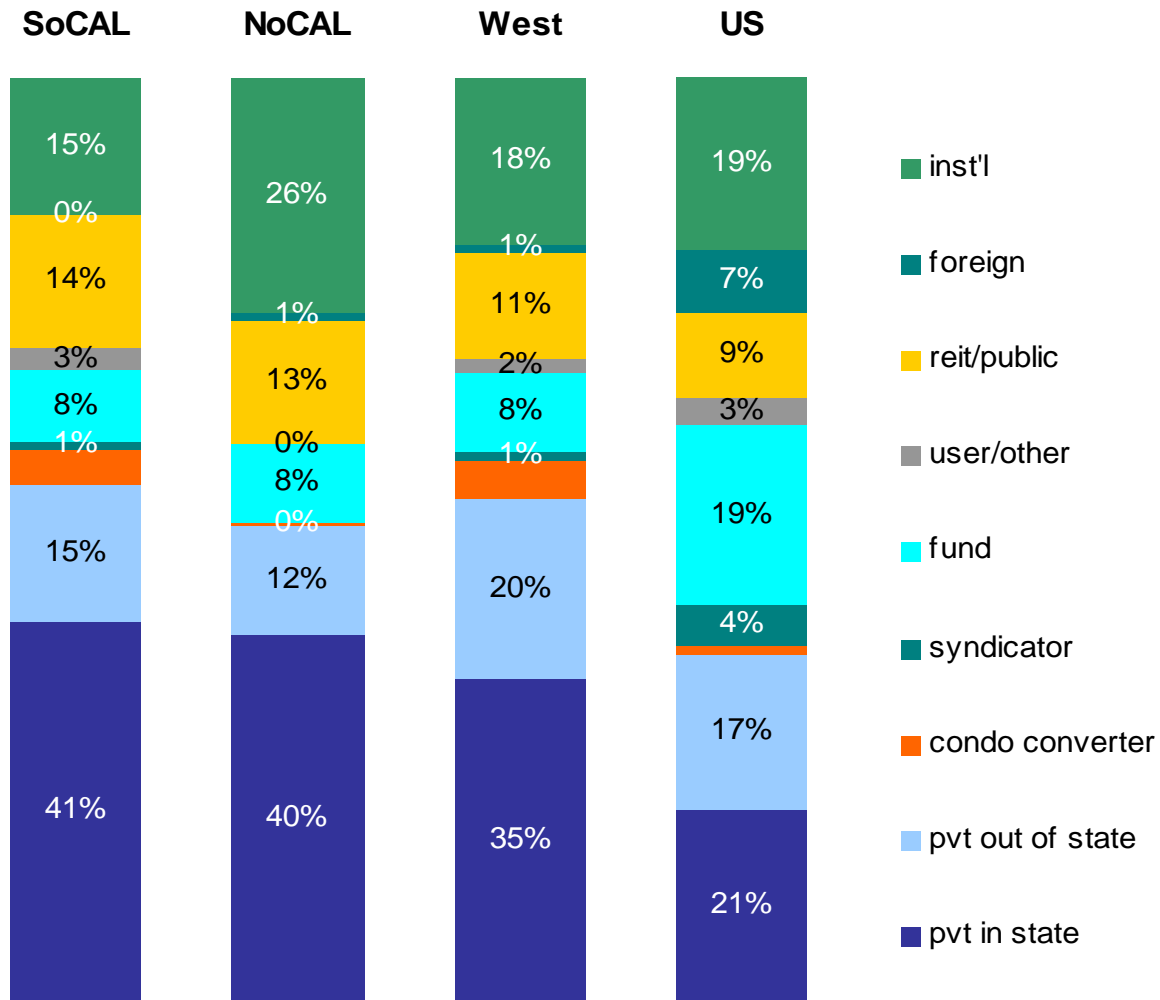


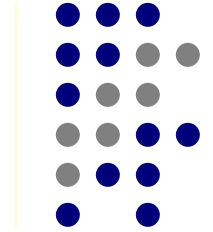
Apartment

	2006	2007 Q1-Q3	vs Q1-Q3 '06
East / North Bay	\$1,816,495,936	\$935,870,127	-33.4%
Sacramento	\$689,236,932	\$407,836,984	5.2%
San Francisco	\$1,189,720,806	\$528,428,989	-52.7%
San Jose	\$842,443,643	\$652,325,417	14.7%
No Cal	\$5,063,778,567	\$2,769,966,516	-45.3%

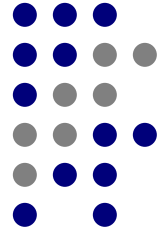


Composition Of Apartment Buyers

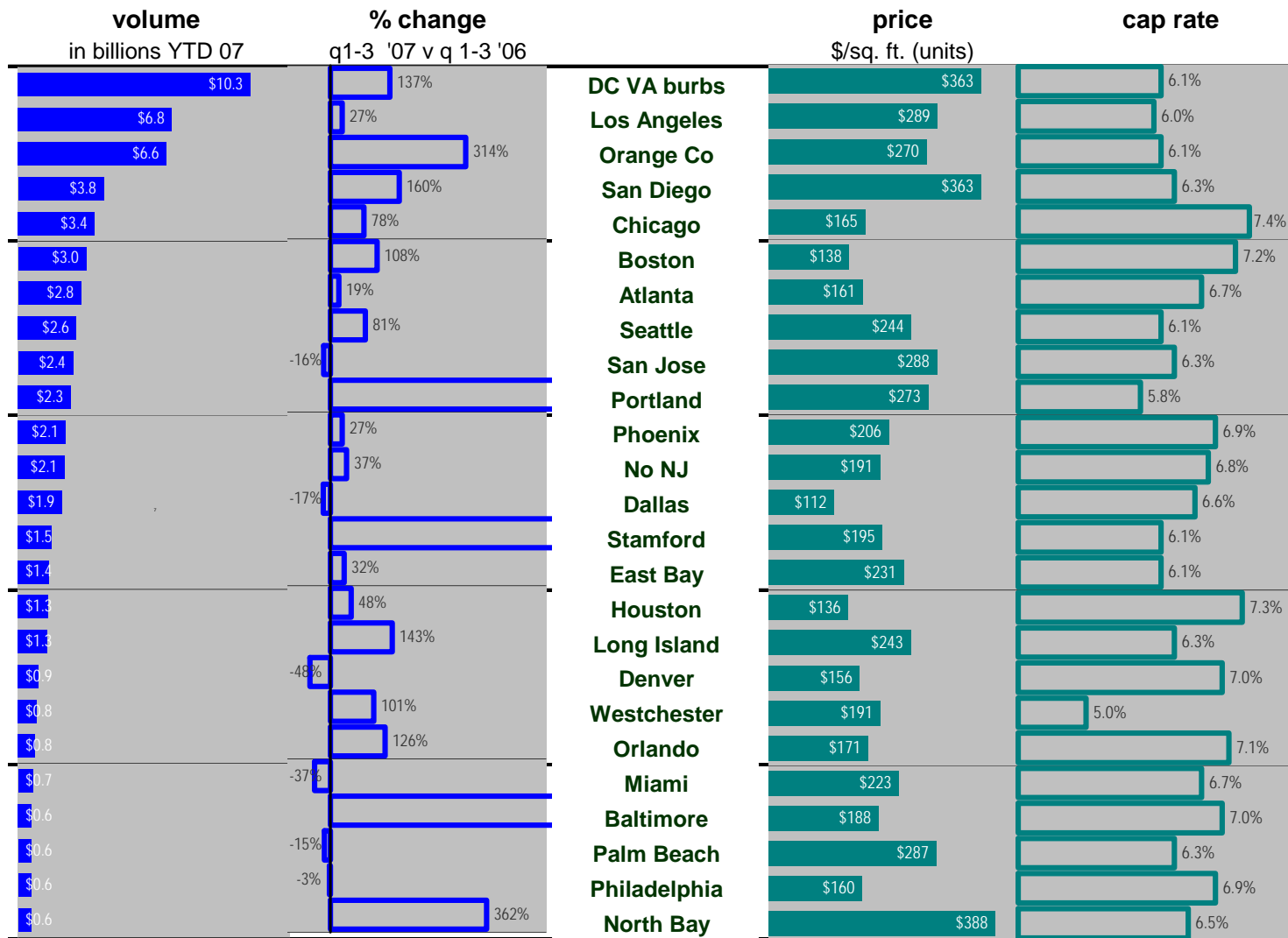


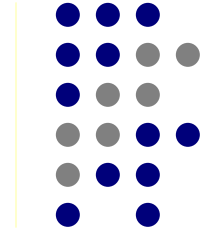


OFFICE



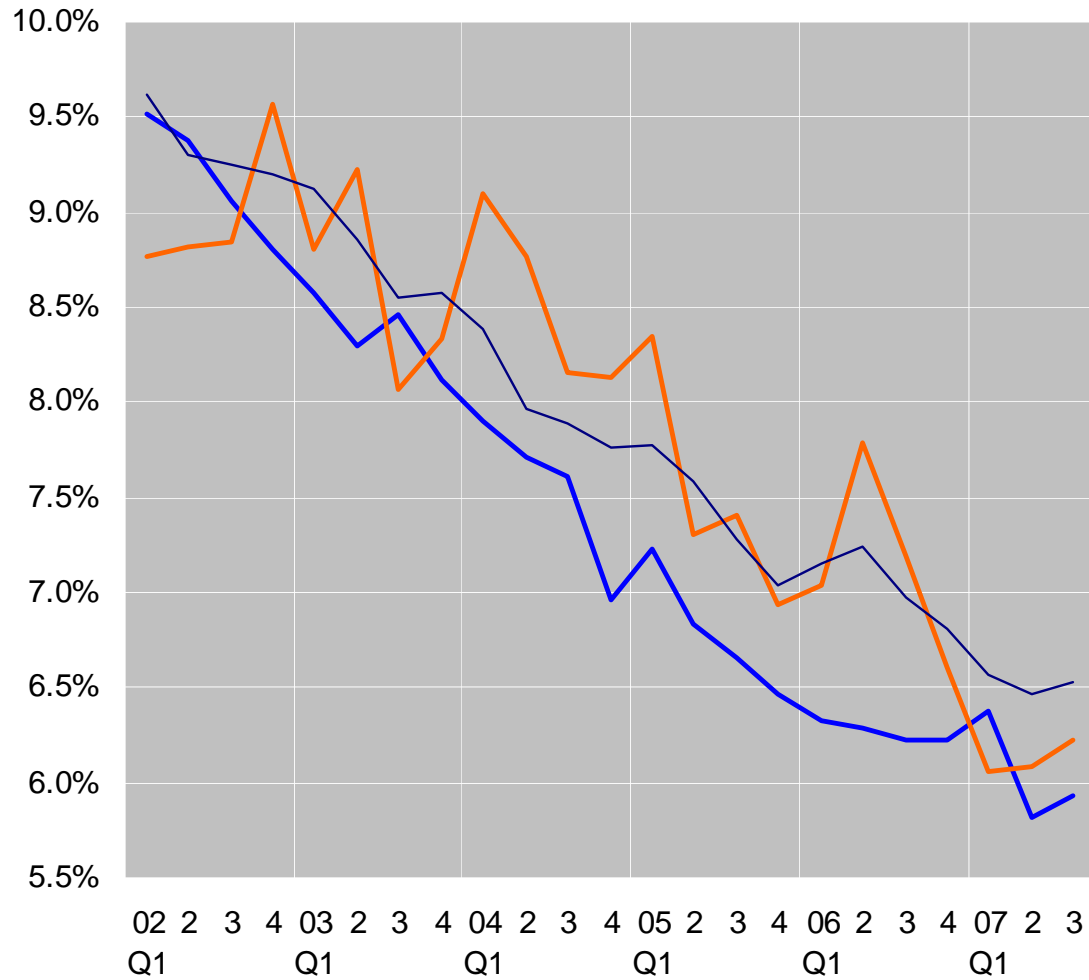
Suburban Office top 25 mkts by sales vol





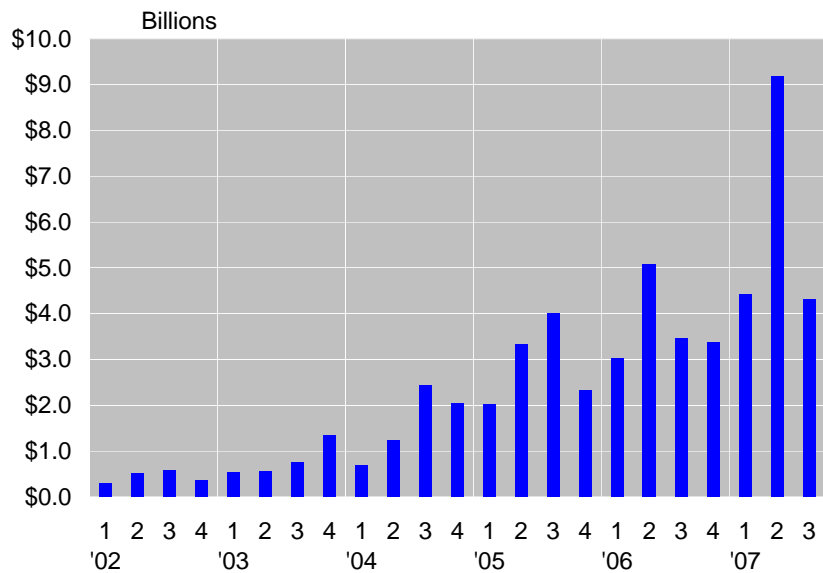
Average Initial Office Cap Rates

— SoCAL — NoCAL — US



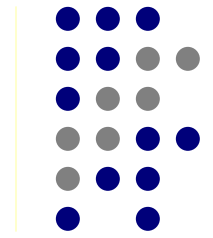


No Cal Quarterly Volume

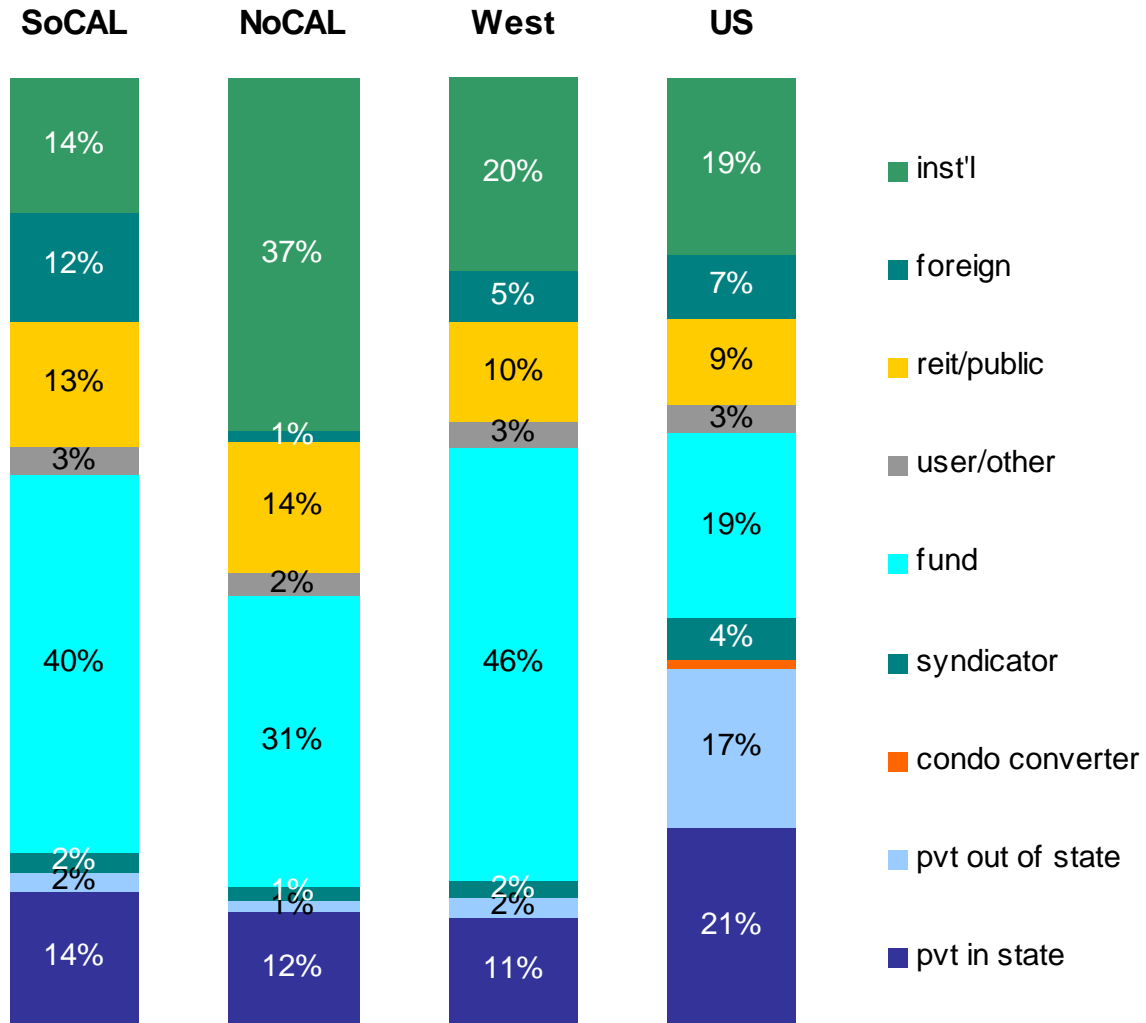


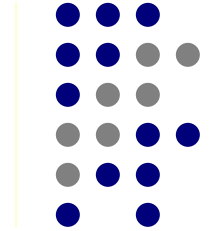
Office

	2006	2007 Q1-Q3	vs Q1-Q3 '06
East / North Bay	\$2,008,722,139	\$2,078,013,874	41.6%
Sacramento	\$1,175,174,340	\$2,321,526,577	212.4%
San Francisco	\$5,291,367,501	\$10,503,306,897	159.1%
San Jose	\$4,083,686,903	\$2,856,221,583	-3.5%
No Cal	\$14,935,283,183	\$17,898,468,522	19.8%

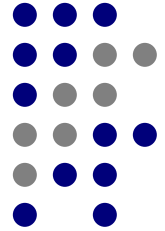


Composition Of Office Buyers

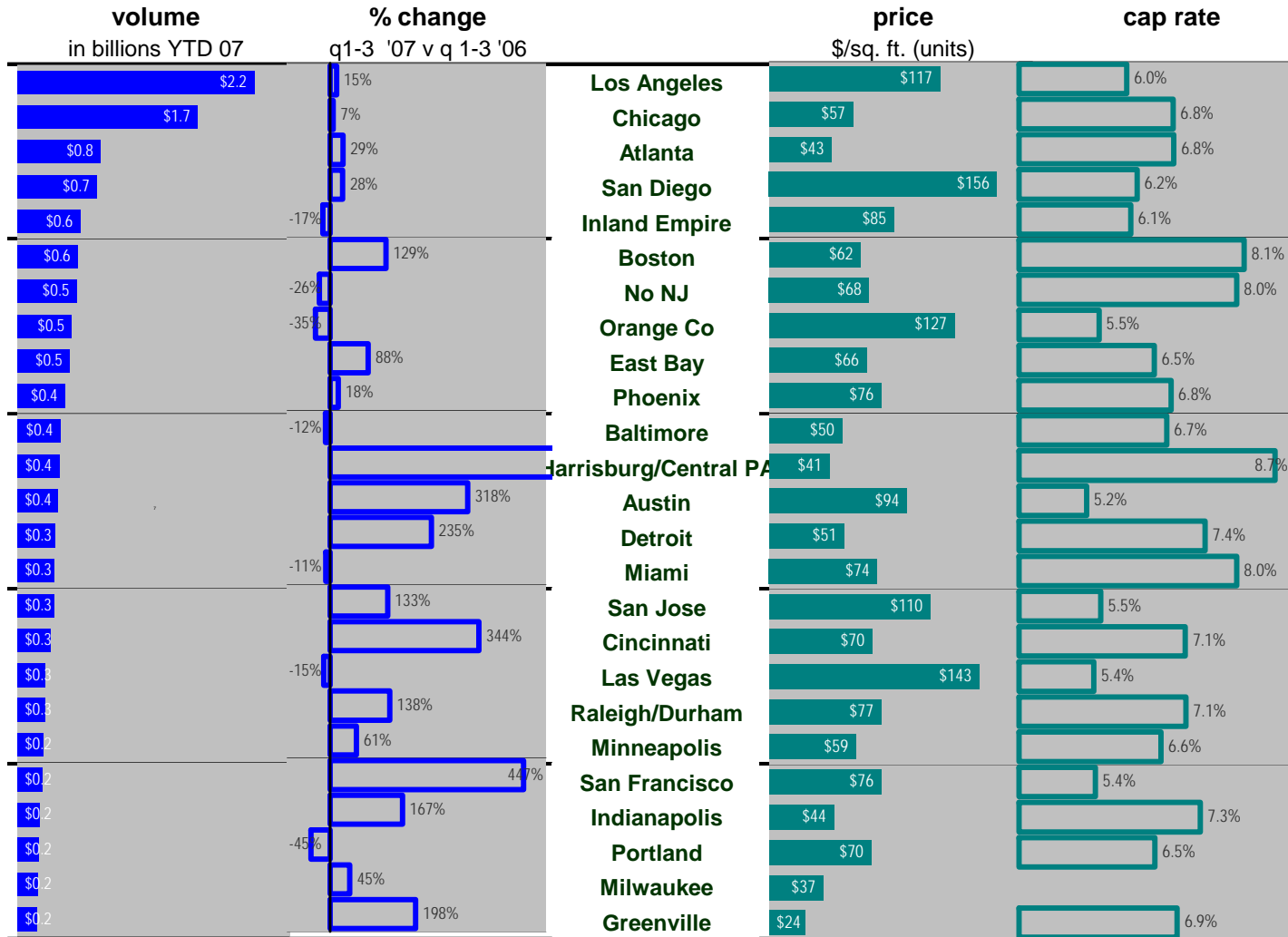


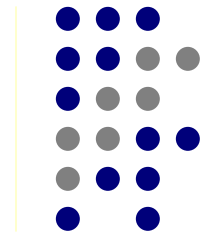


INDUSTRIAL

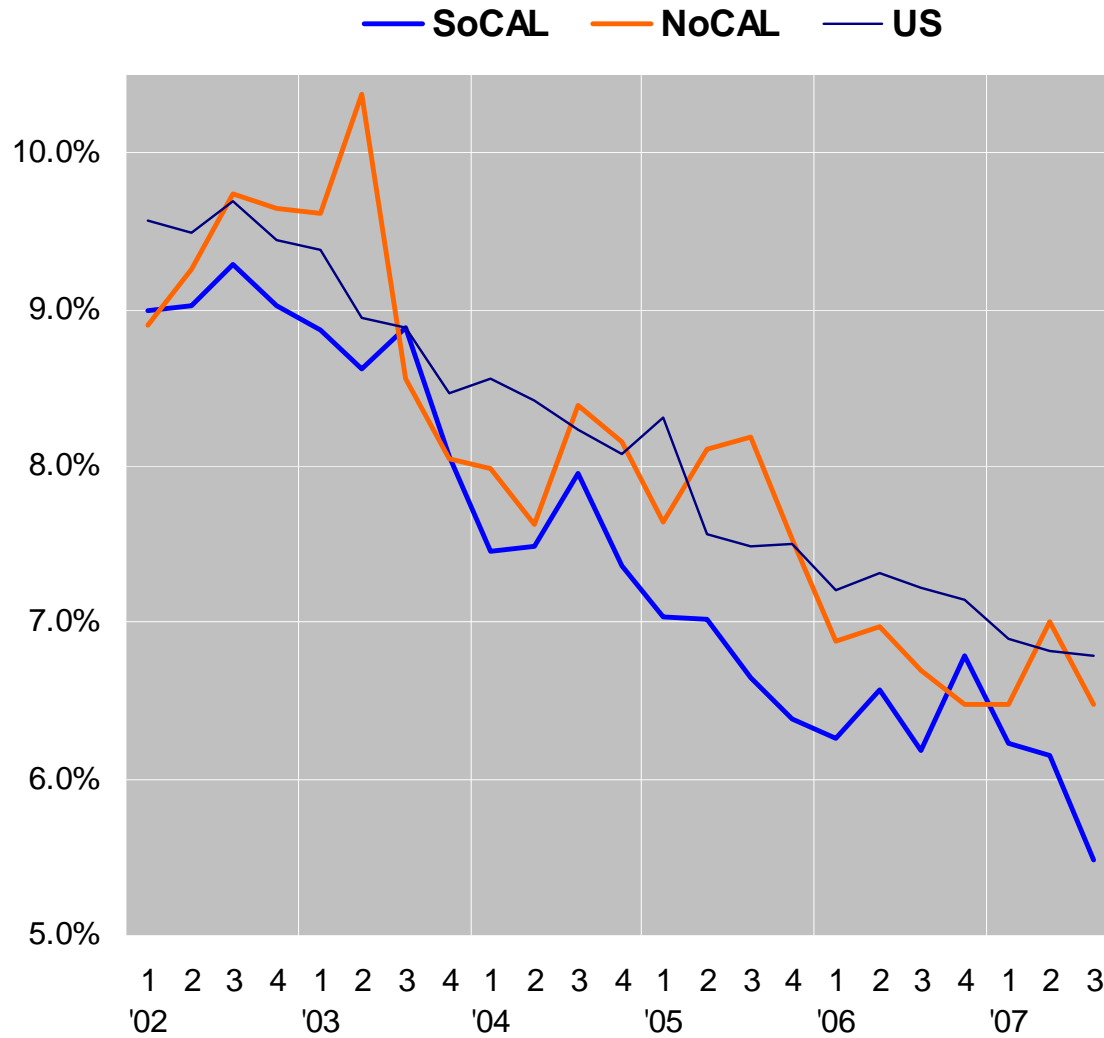


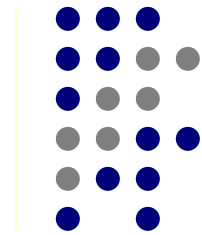
Warehouse top 25 mkts by sales vol



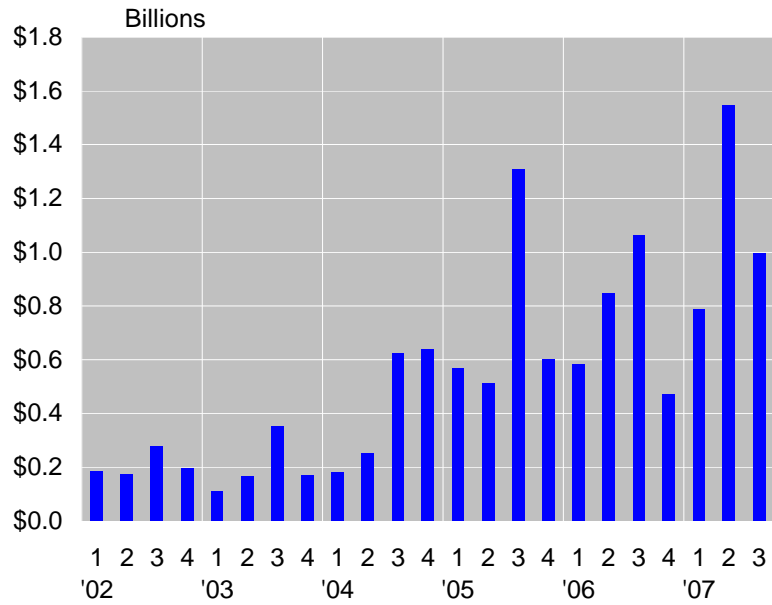


Average Initial Industrial Cap Rates



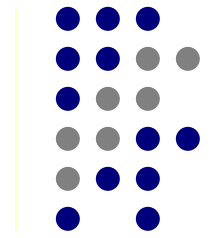


No Cal Quarterly Volume

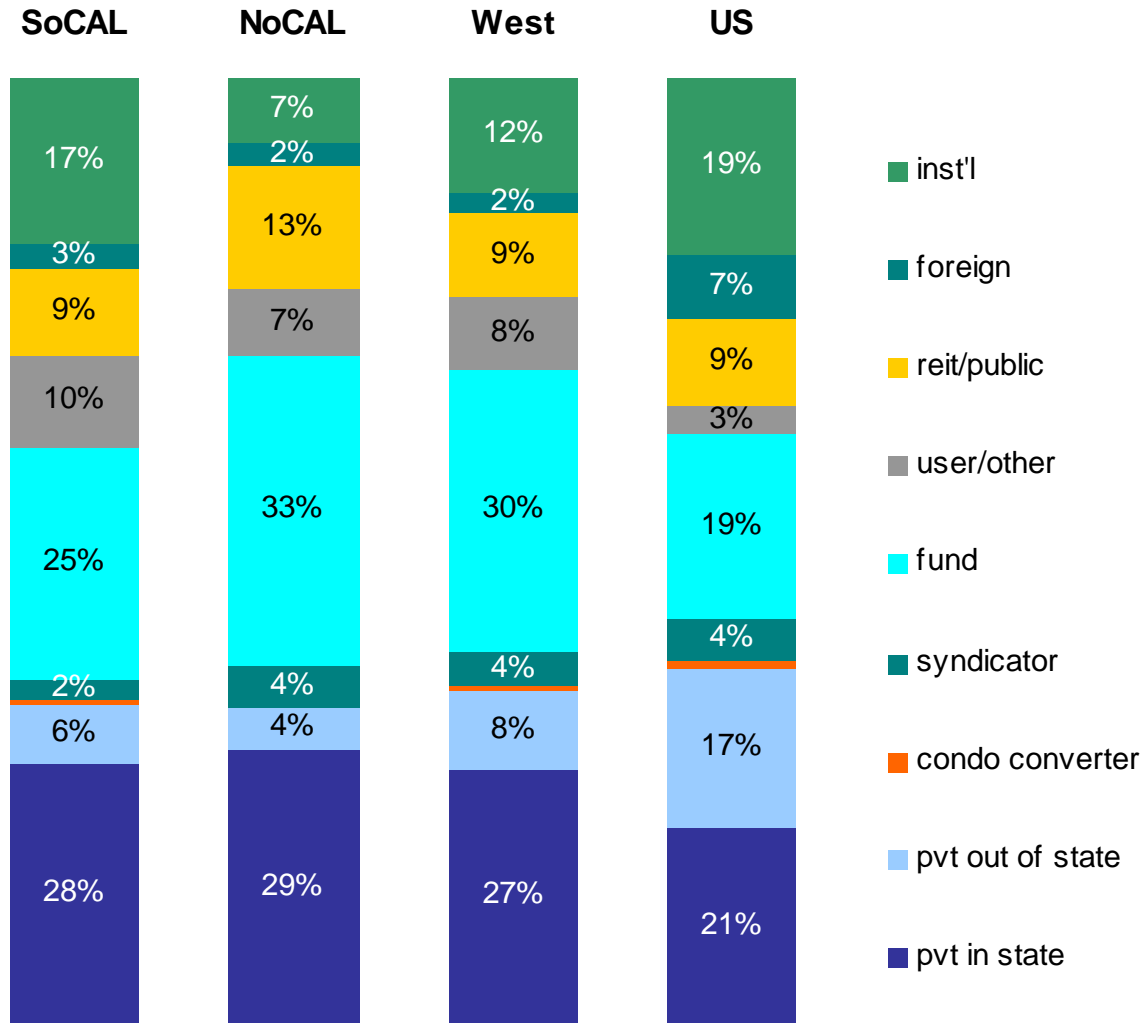


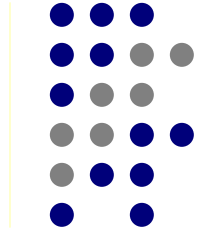
Industrial

	2006	2007 Q1-Q3	vs Q1-Q3 '06
East / North Bay	\$972,639,110	\$1,440,310,179	72.2%
Sacramento	\$135,684,500	\$200,458,110	63.0%
San Francisco	\$148,020,833	\$307,817,817	124.9%
San Jose	\$1,346,497,727	\$1,189,228,646	7.6%
No Cal	\$2,960,429,406	\$3,326,878,724	12.4%

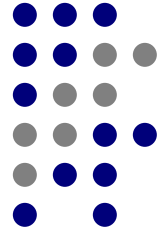


Composition Of Industrial Buyers



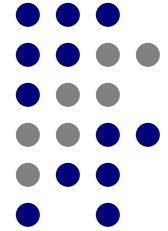


RETAIL

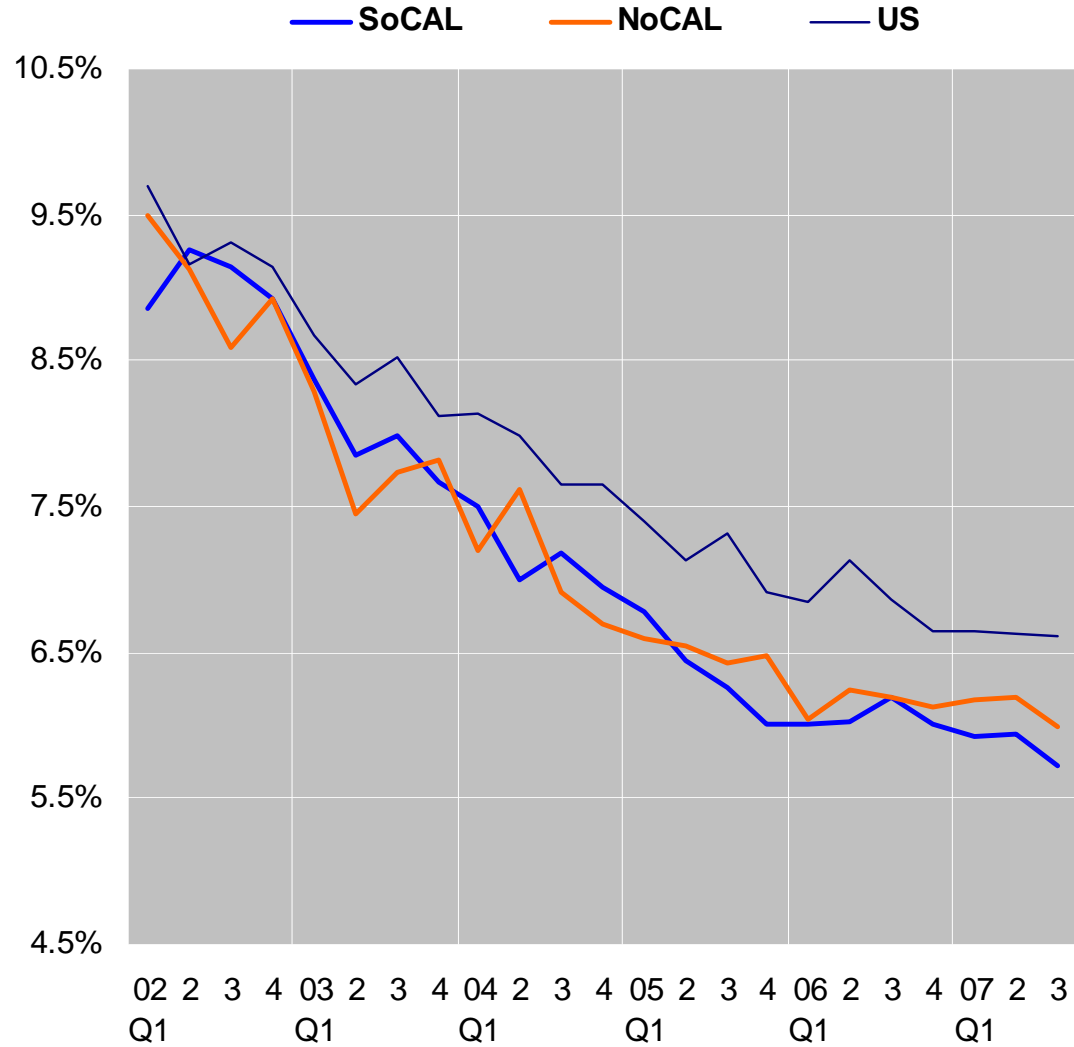


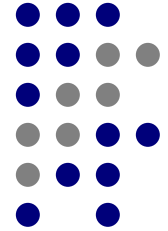
Strip Centers top 25 mkts by sales vol

volume in billions YTD 07	% change q1-3 '07 v q 1-3 '06		price \$/sq. ft. (units)	cap rate
\$2.4	177%	Atlanta	\$170	6.8%
\$1.4	89%	Dallas	\$172	6.6%
\$1.2	6%	Chicago	\$150	7.0%
\$1.1	40%	Houston	\$173	7.0%
\$0.9	477%	Palm Beach	\$217	6.3%
\$0.8	163%	Tampa	\$157	7.1%
\$0.8	56%	Boston	\$195	7.3%
\$0.8	46%	Orlando	\$164	6.3%
\$0.7	91%	Broward	\$186	6.0%
\$0.6	-50%	Phoenix	\$201	6.6%
\$0.6	160%	East Bay	\$303	6.1%
\$0.6	37%	Las Vegas	\$220	6.8%
\$0.6	43%	Miami	\$215	6.2%
\$0.5	34%	Denver	\$180	6.8%
\$0.5	145%	Philadelphia	\$301	6.5%
\$0.4	32%	No NJ	\$212	6.9%
\$0.4	72%	SW Florida	\$123	6.7%
\$0.4	56%	San Diego	\$245	6.3%
\$0.4	157%	Raleigh/Durham	\$131	7.1%
\$0.4	11%	Long Island	\$230	5.8%
\$0.4	377%	Baltimore	\$121	6.4%
\$0.4	40%	DC MD burbs	\$201	5.9%
\$0.3	160%	Cincinnati	\$147	7.2%
\$0.3	84%	Jacksonville	\$185	7.0%
\$0.3	178%	Detroit	\$125	7.6%

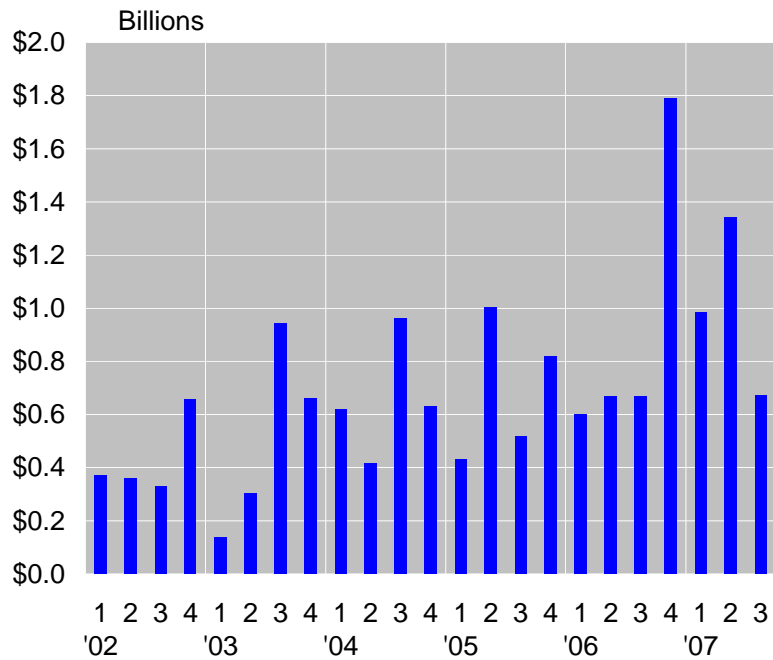


Average Initial Retail Cap Rates



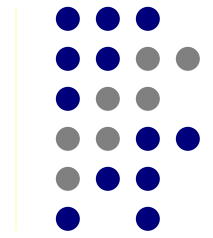


No Cal Quarterly Volume

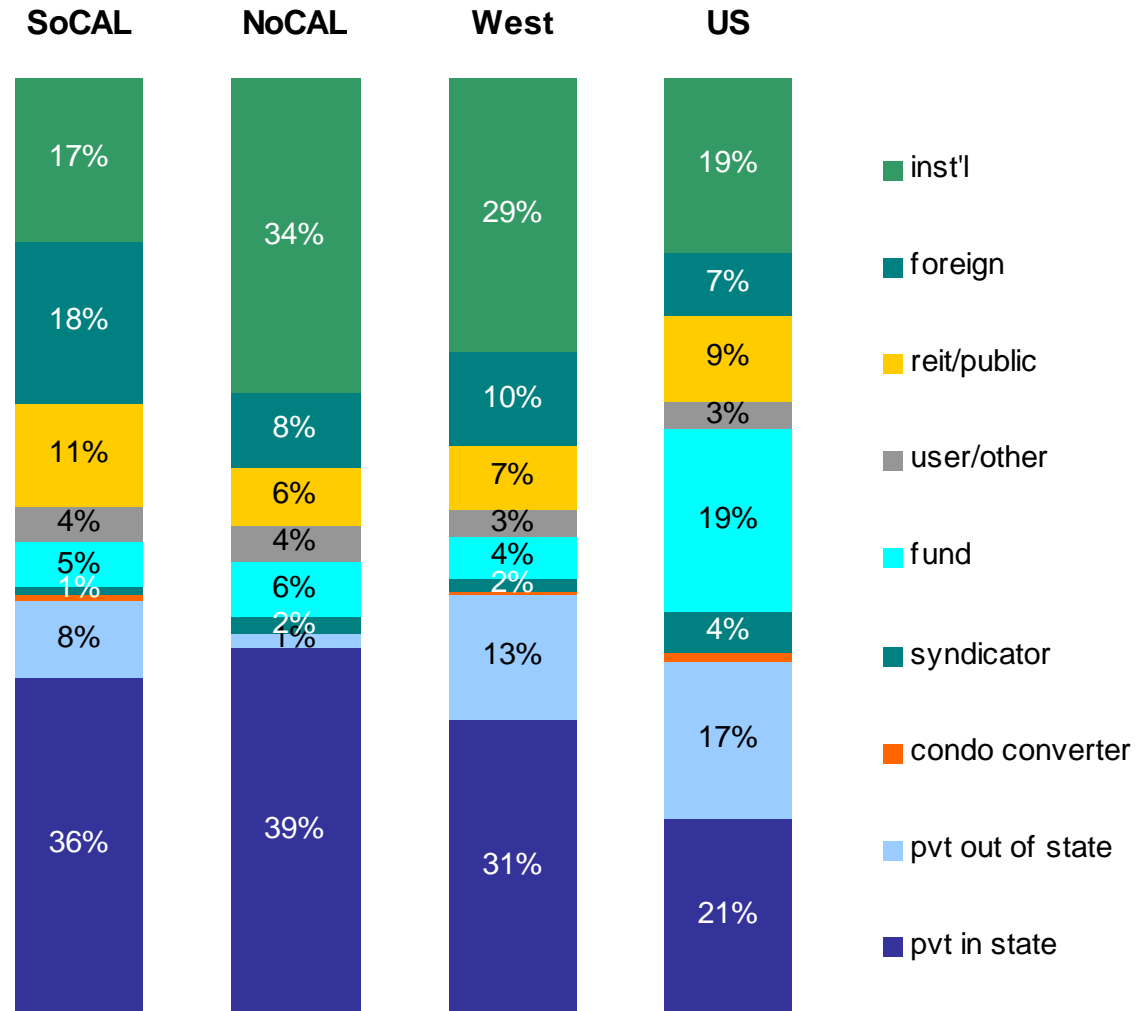


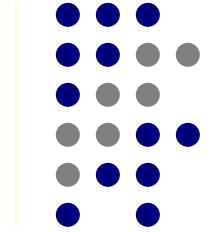
Retail

	2006	2007 Q1-Q3	vs Q1-Q3 '06
East / North Bay	\$888,094,621	\$783,312,635	107.8%
Sacramento	\$779,080,990	\$353,856,842	8.0%
San Francisco	\$546,747,700	\$446,616,835	47.6%
San Jose	\$556,186,500	\$314,983,046	-30.4%
No Cal	\$3,728,349,389	\$3,000,376,295	-19.5%

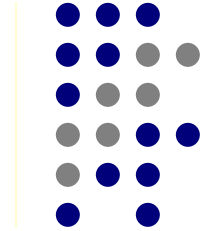


Composition Of Retail Buyers

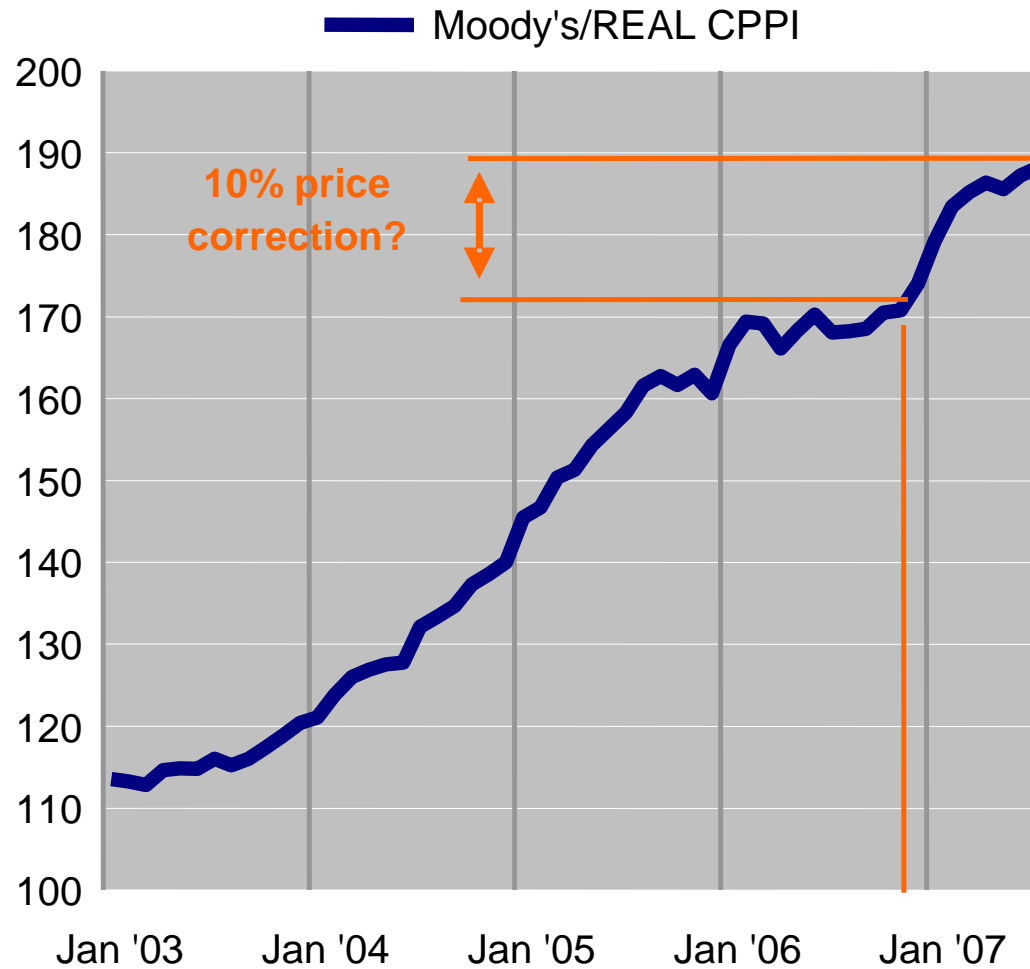




CONCLUSION



Commercial Real Estate Prices



SOURCE: Moody's/REAL, national all property type composite, monthly