

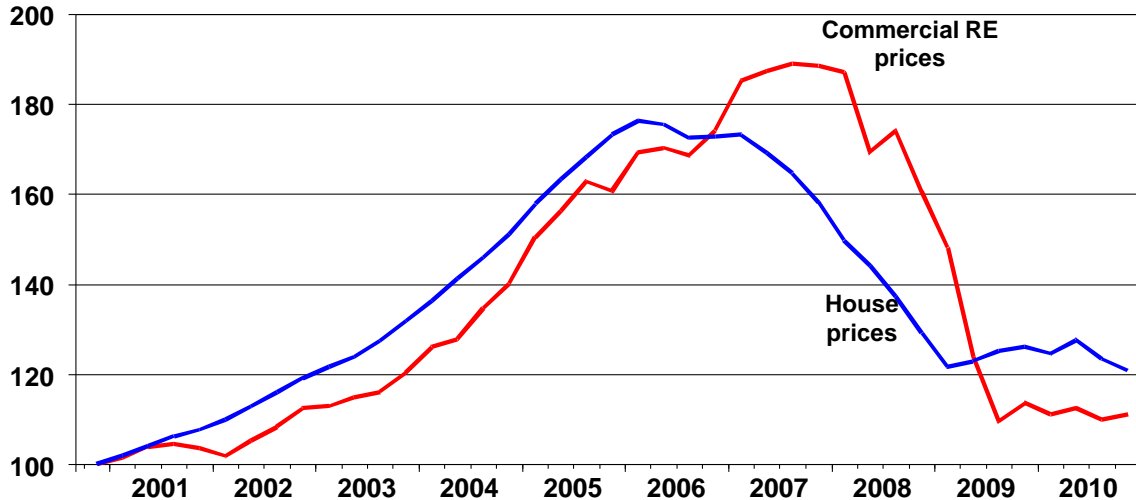
# Real estate prices bottom, but remain stagnant

*United States*



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Index 2000Q4 = 100



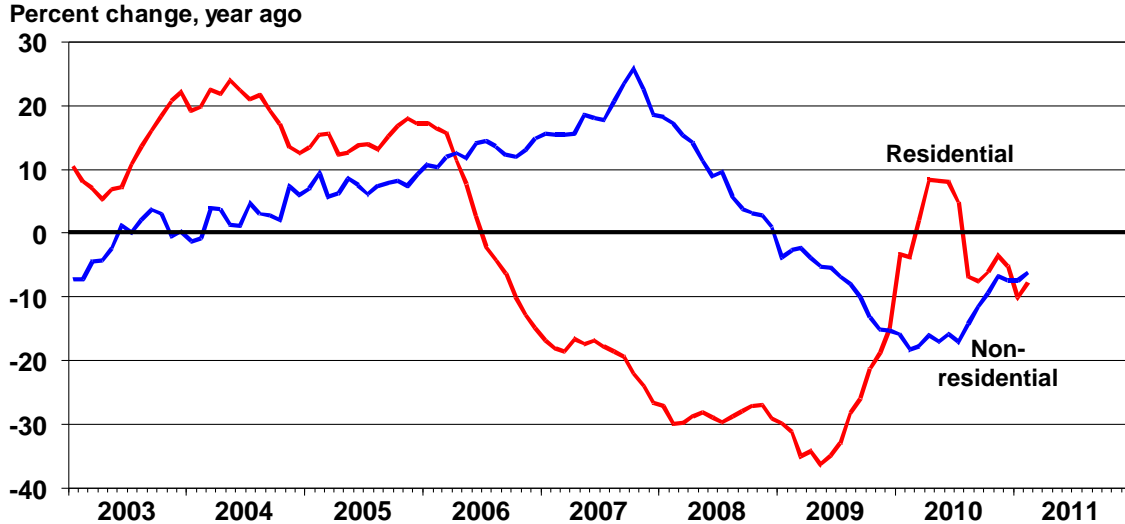
Sources: Standard & Poor's and Fiserv, Moody's Investors Service, Moody's Analytics.

# Construction put-in-place

*United States*



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Sources: U.S. Census, Moody's Analytics.

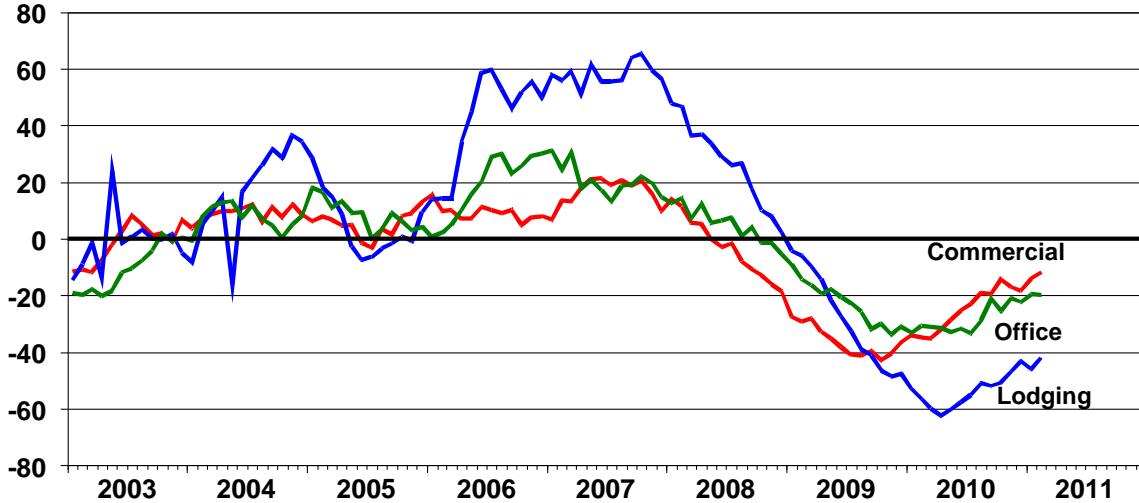
# Construction put-in-place

*By non-residential sub-sector*



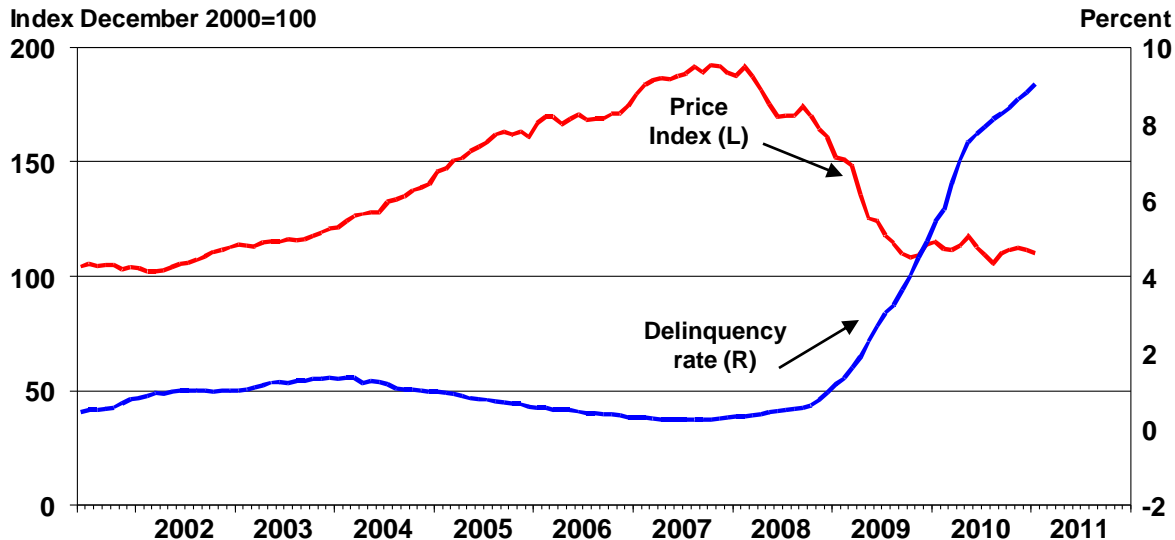
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Percent change, year ago



Sources: U.S. Census, Moody's Analytics.

# Commercial real estate valuation and delinquency trends



Sources: Moody's Investors Service, Moody's Analytics.

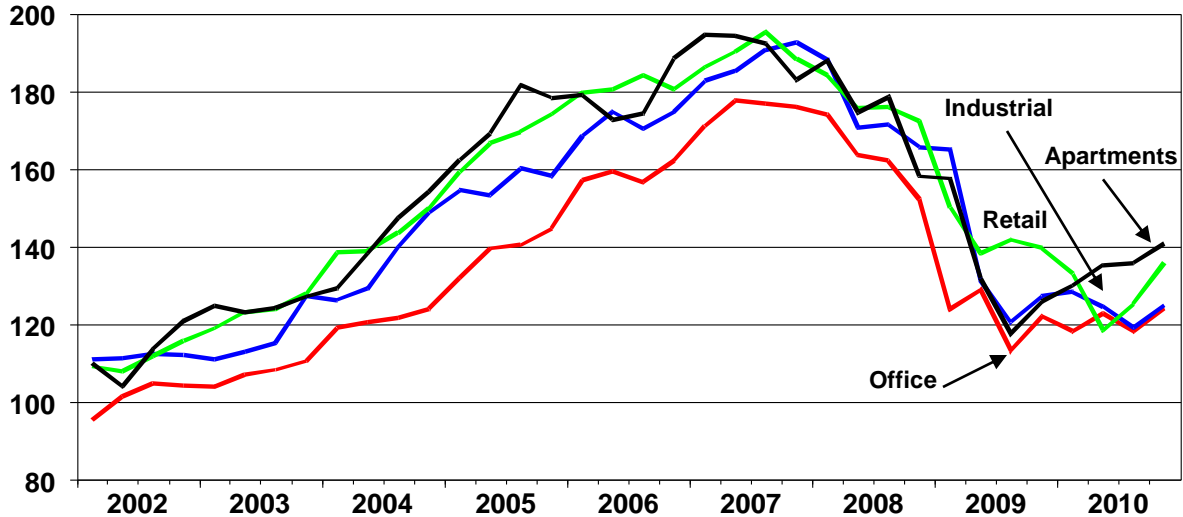
# Moody's Real Commercial Property Price Index

*By property sector*



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Index Q4 2000=100



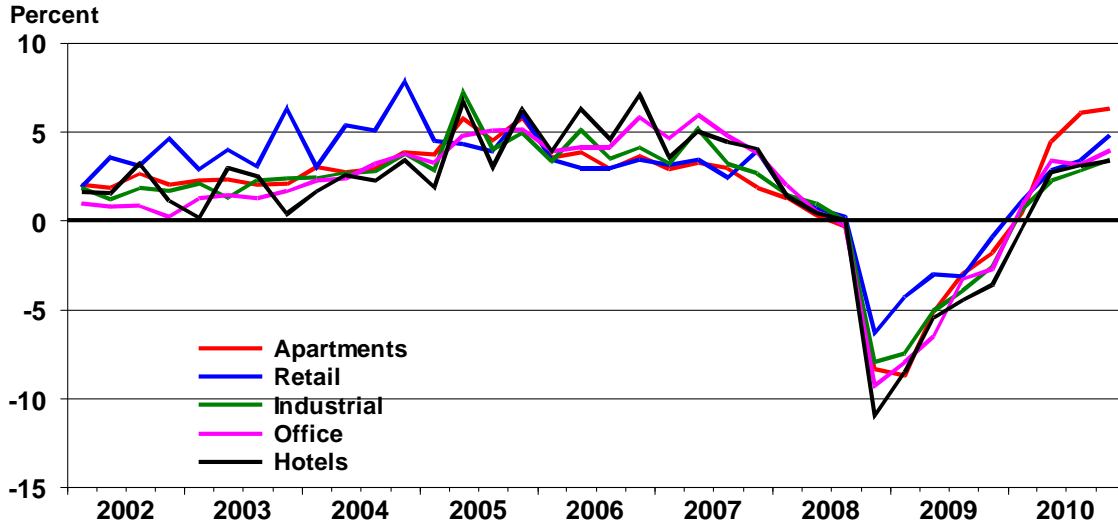
Sources: Moody's Investors Service, Moody's Analytics.

# NCREIF Property Index returns

*Recent returns by property sector*



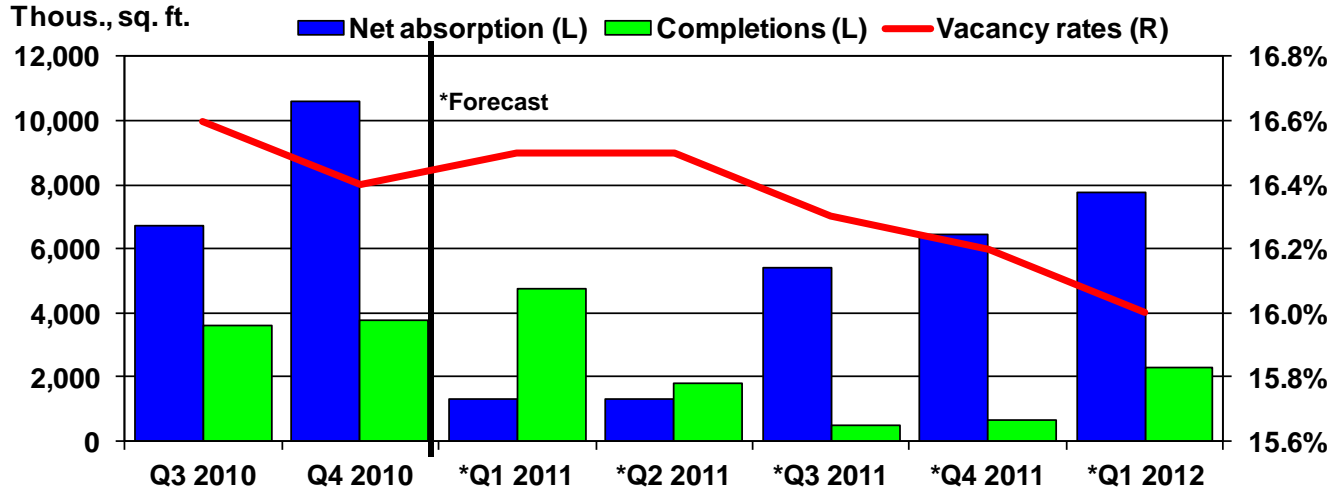
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Sources: National Council of Real Estate Investment Fiduciaries (NCREIF), Moody's Analytics.

# Office space supply and demand

## United States



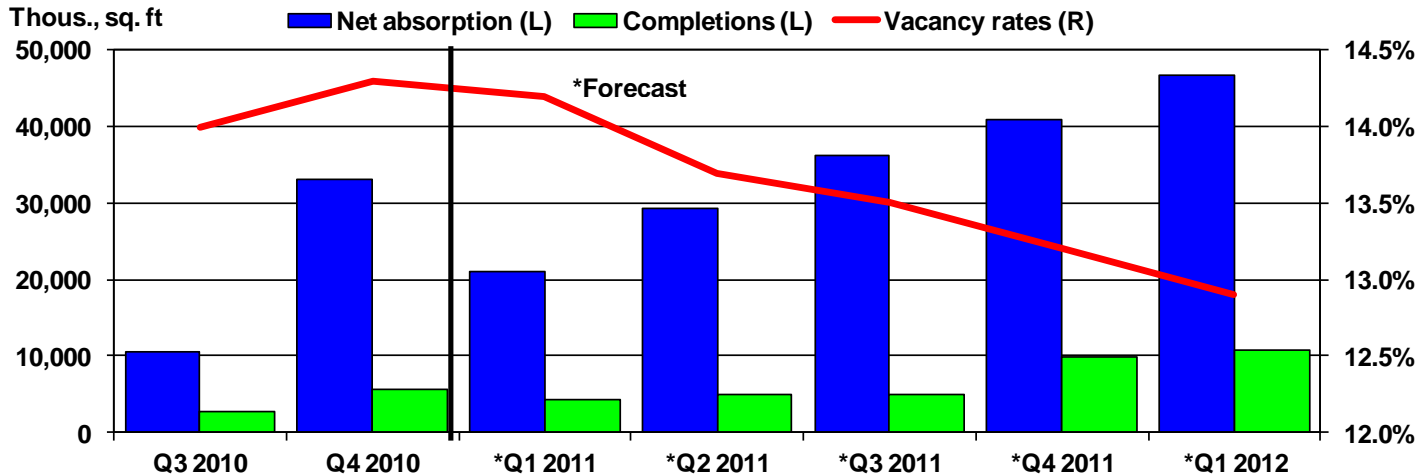
Source: National Association of Realtors, CBRE – Econometric Advisors.

# Industrial space supply and demand

*United States*



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Source: National Association of Realtors, CBRE – Econometric Advisors.

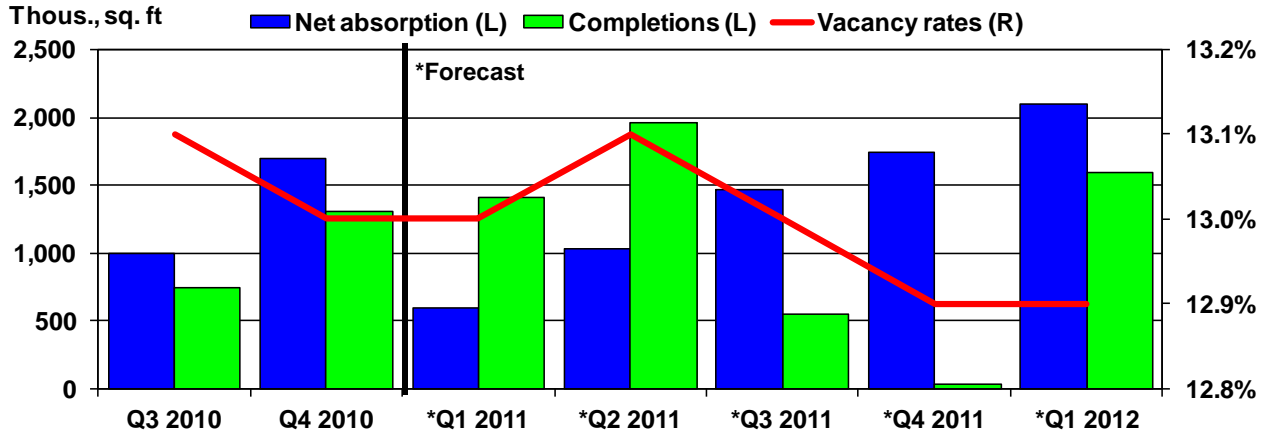


# Retail space supply and demand

## United States



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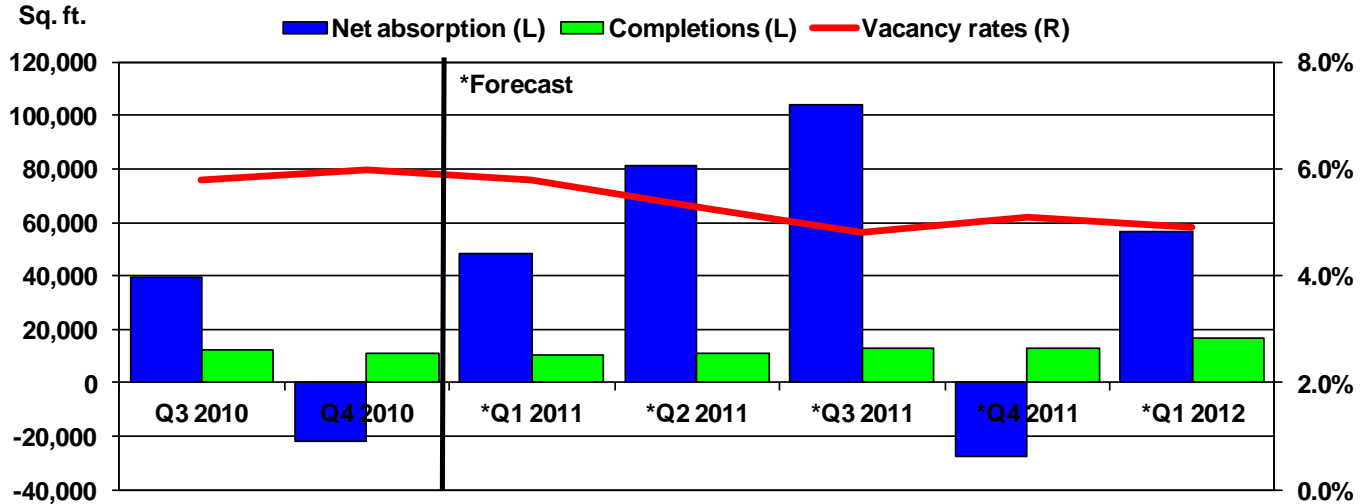
Source: National Association of Realtors, CBRE – Econometric Advisors.

# Multi-family space supply and demand

*United States*



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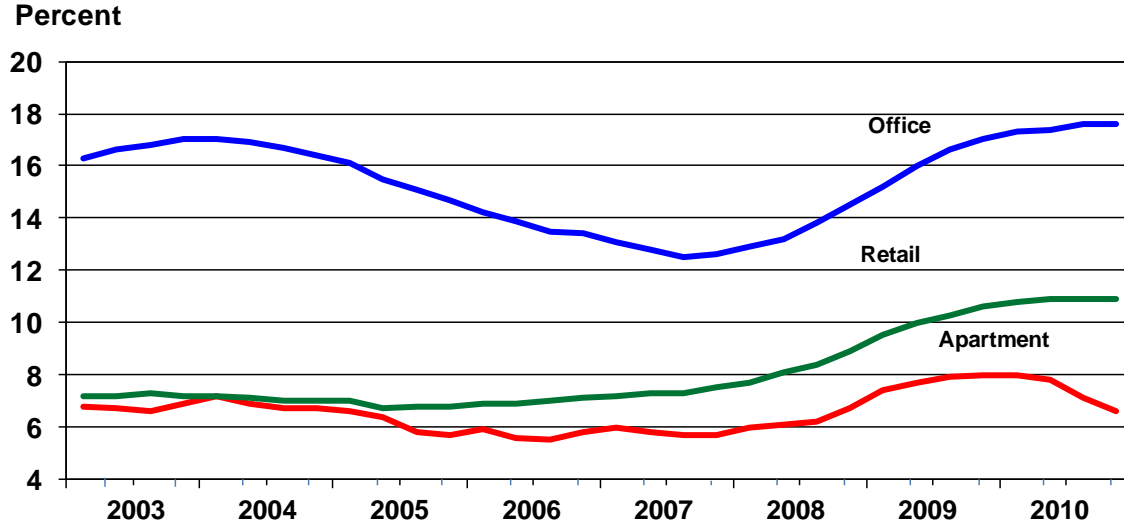
Source: National Association of Realtors, CBRE – Econometric Advisors.

# Vacancy rates

*By property sector*



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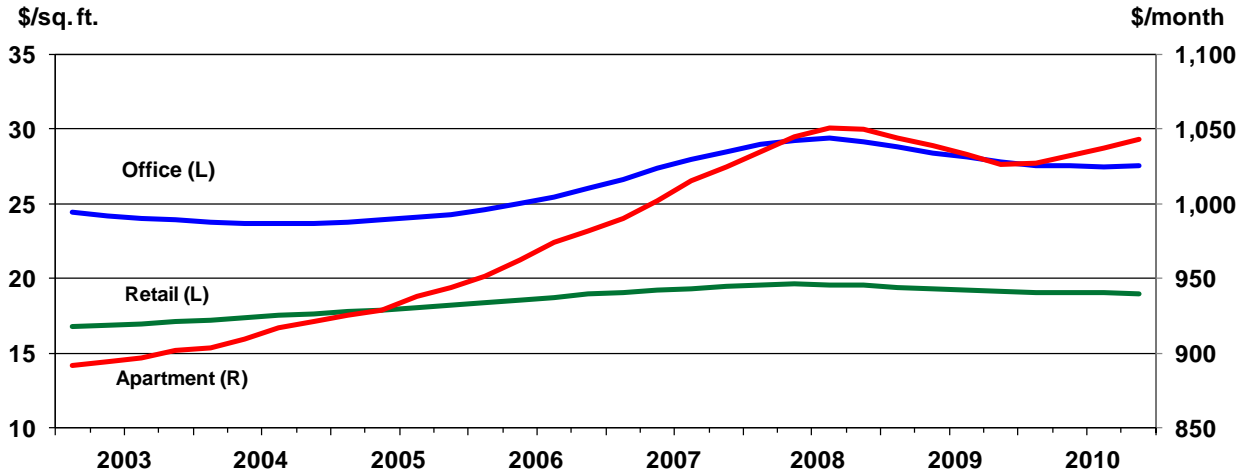
Sources: REIS, Mortgage Bankers Association.

# Average asking rents

*By property sector*



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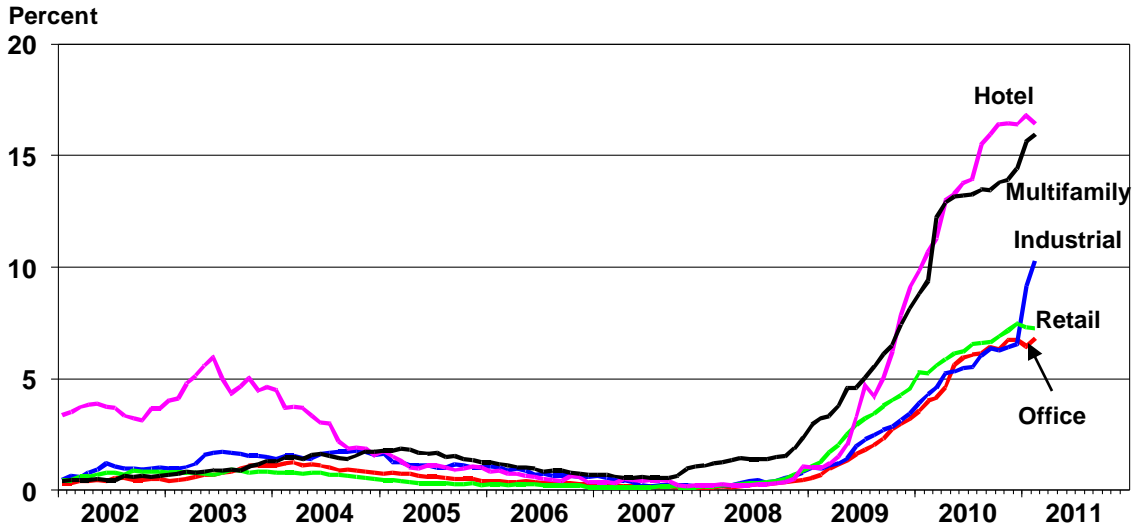
Sources: Mortgage Bankers Association, REIS.

# Delinquency rates

*By property type*



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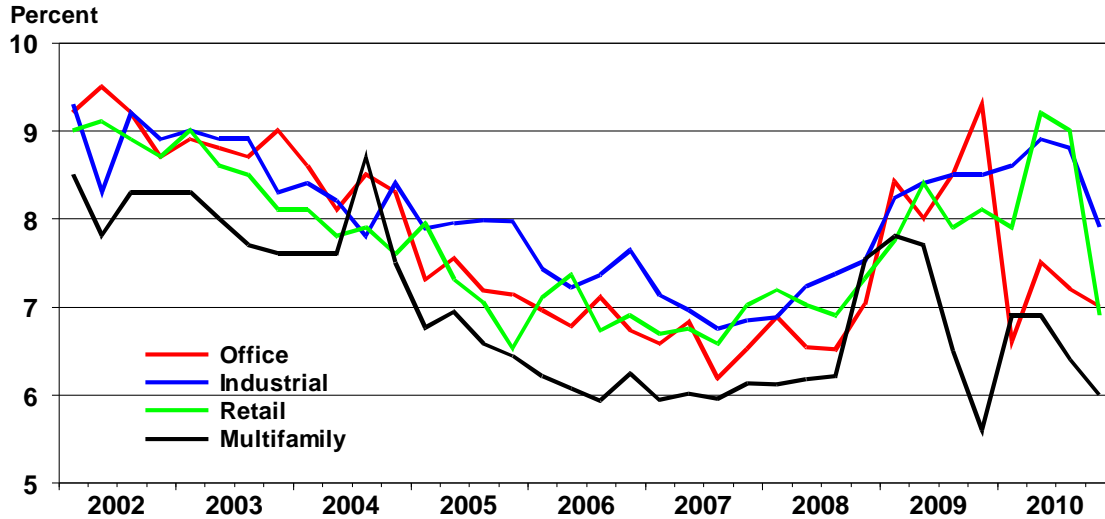
Sources: Moody's Investors Service, Moody's Analytics.

# Capitalization rates

*By property type*



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Sources: American Council of Life Insurers, Moody's Analytics.

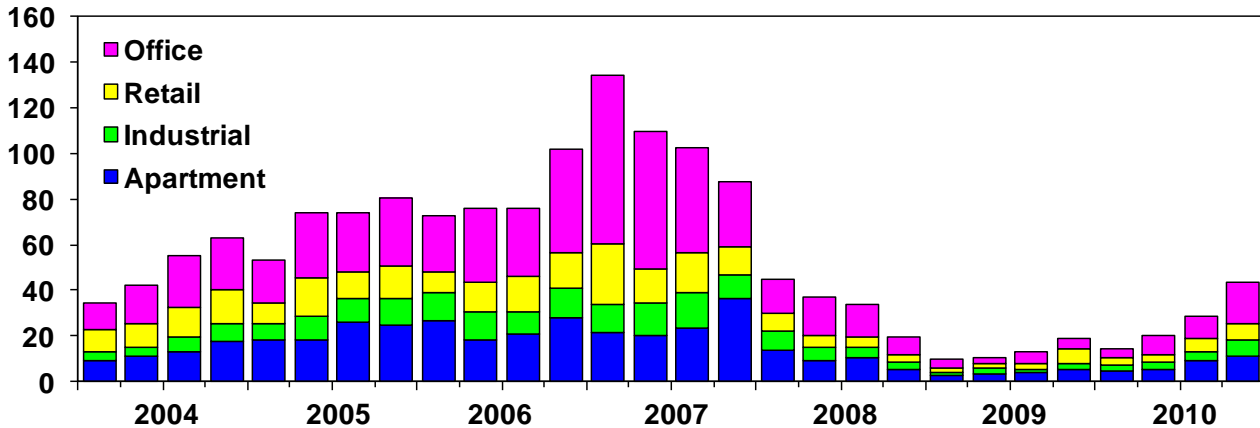
# Sales of commercial properties over \$5 million

*By property sector*



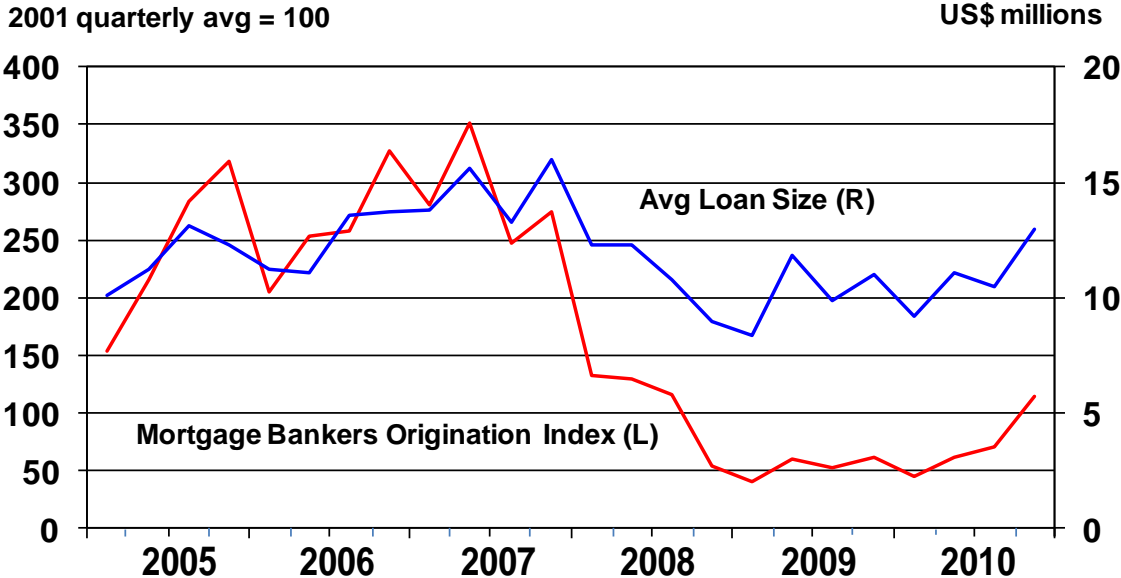
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US\$ billions



Sources: Real Capital Analytics, Mortgage Bankers Association.

# Mortgage Bankers Origination Index



Source: Mortgage Bankers Association.

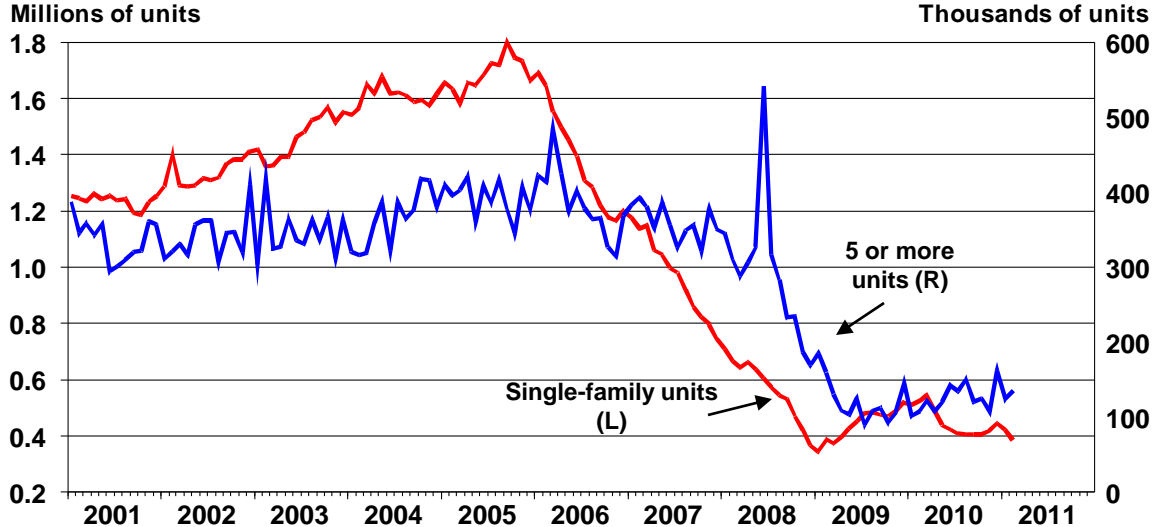


# New private housing units authorized by permits

*United States*



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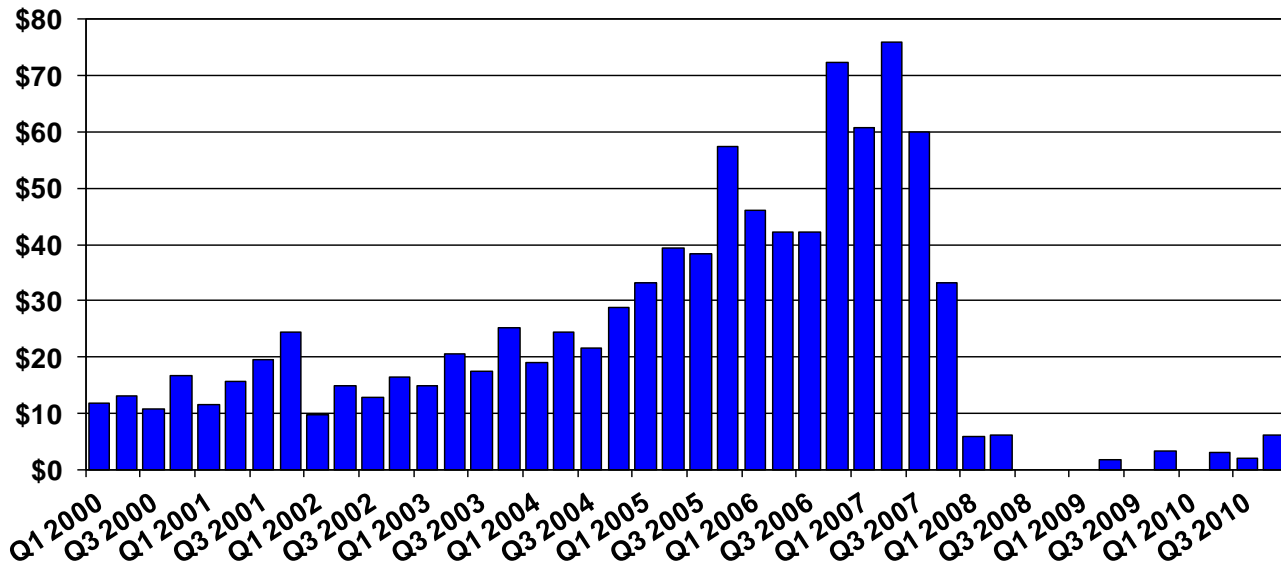
Sources: U.S. Census Bureau, IHS Global Insight.

# CMBS Issuances

*US\$ billions*

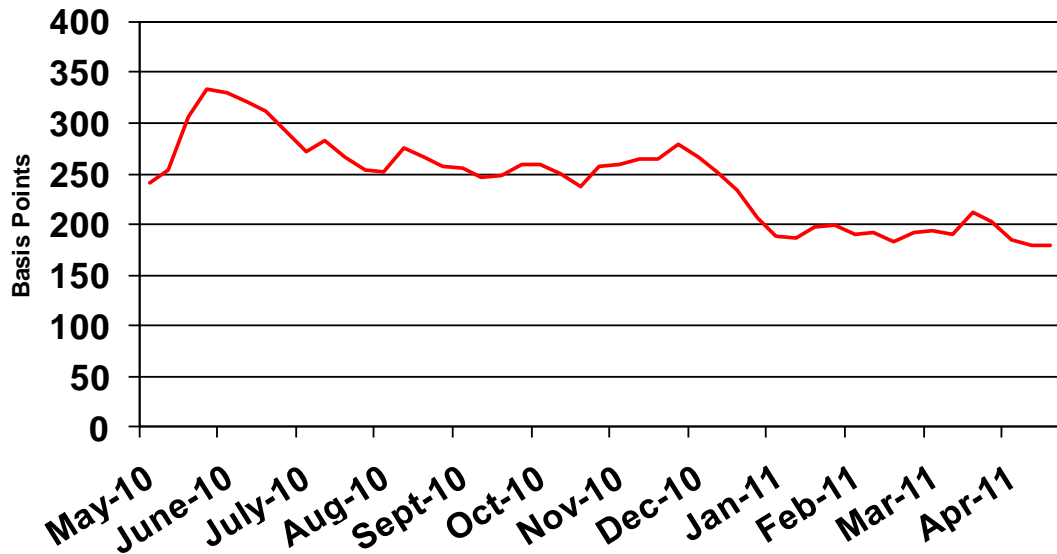


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Sources: Commercial Real Estate Direct, Mortgage Bankers Association.

# CMBS spreads



Source: TreppWire.

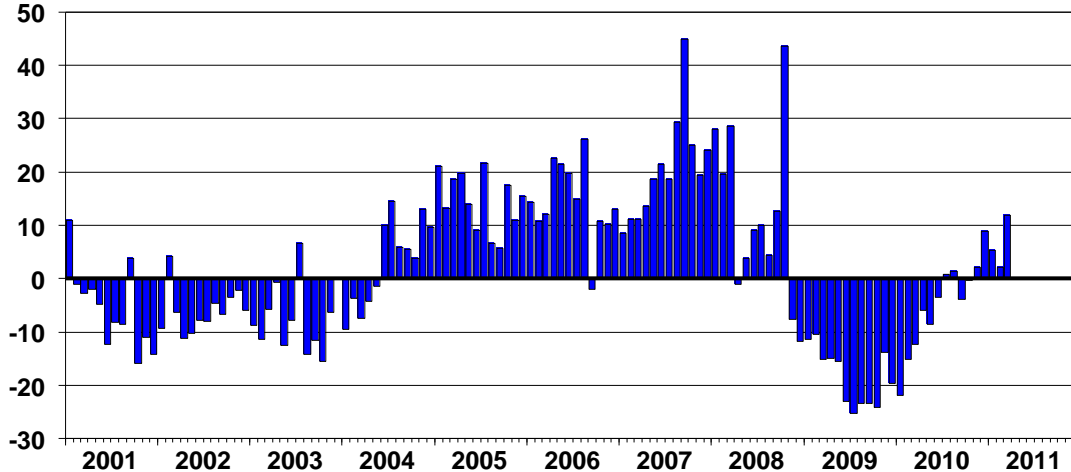
# Commercial and industrial loans

*Loans at all commercial banks*



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Compound annual growth rate



Sources: Federal Reserve Bank of St. Louis, Moody's Analytics.

## Top 10 markets by smallest change in vacancy rates



Metro	Q1 2010 (%)	YOY Chg (bps)
San Jose	4.5	-110
New Haven-Fairfield County	4.6	-70
New York City	2.8	-60
Sacramento	7.4	-40
Denver	8.3	-30
Tucson	11.4	-30
Philadelphia	6.3	0
Washington, DC	6.0	0
Boston	6.5	10
San Diego	4.8	10
Average	8.0	60

## Top 10 markets by greatest change in vacancy rates



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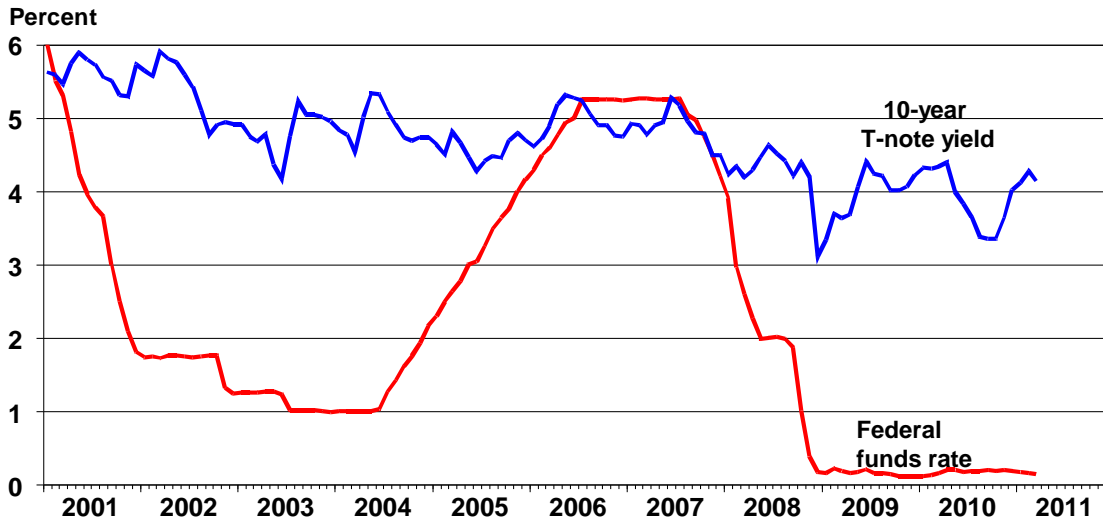
Metro	Q1 2010 (%)	YOY Chg (bps)
Dallas- Fort Worth	10.6	270
Las Vegas	11.5	270
Houston	12.9	240
Charlotte	10.6	170
Kansas City	10.3	170
Indianapolis	10.0	160
Salt Lake City	7.0	160
Columbus	9.5	120
Oklahoma City	10.1	120
Orlando	11.5	120
Average	8.0	60

# Interest rates



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## *Fed funds rate vs. 10-year bond yield*



Sources: Federal Reserve Board, IHS Global Insight.

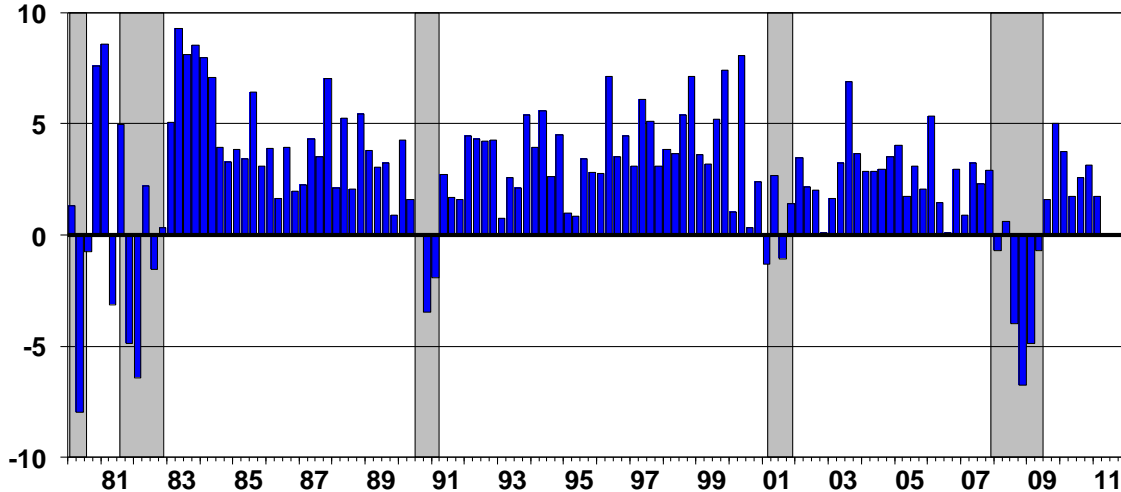
# Real gross domestic product

*United States*



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Compound annual growth rate

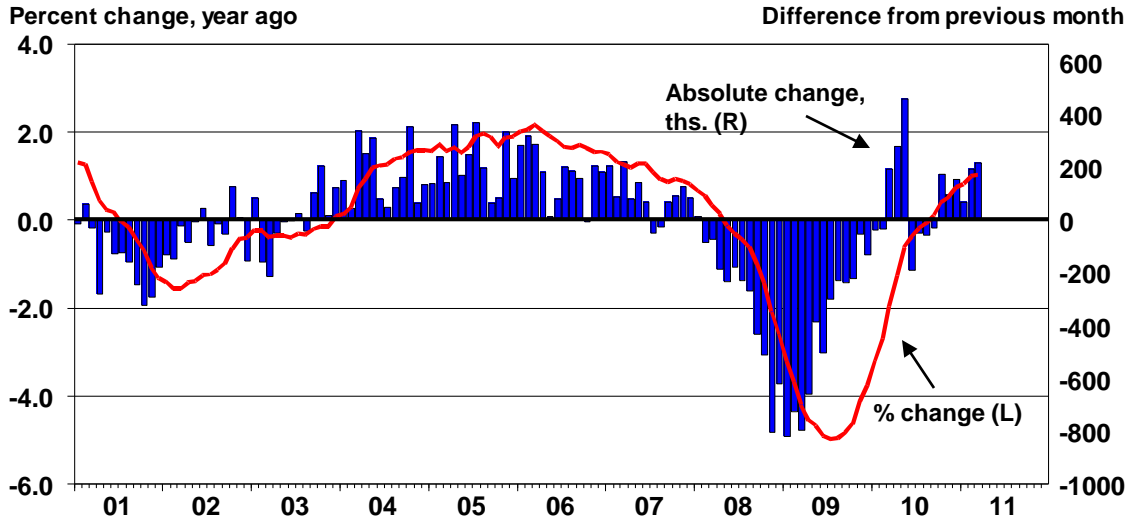


Sources: Bureau of Economic Analysis, IHS Global Insight.



# Job market showing modest improvement

*Non-farm employment, United States*



Sources: Bureau of Labor Statistics, IHS Global Insight.

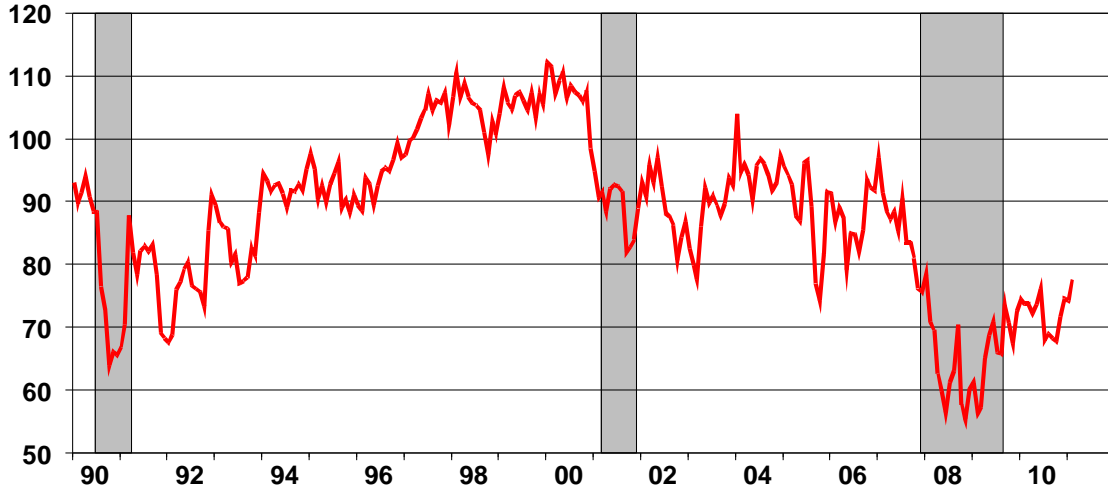
# Consumer Sentiment Index

*University of Michigan*



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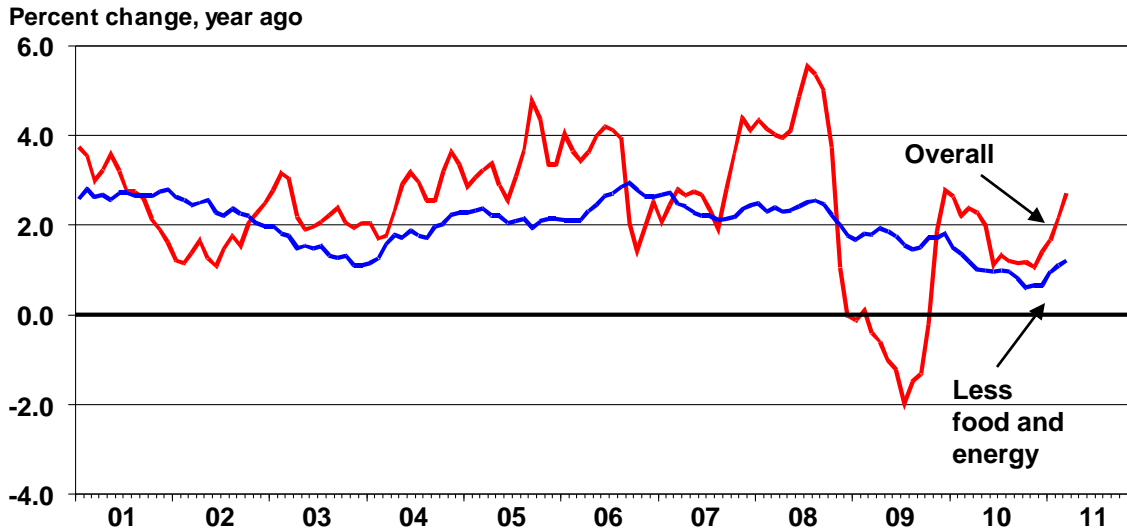
Index 1966Q1= 100



Sources: Federal Reserve Bank of St. Louis, University of Michigan, Moody's Analytics.

# Headline CPI inflation gaining momentum

## Overall vs. core Consumer Price Index



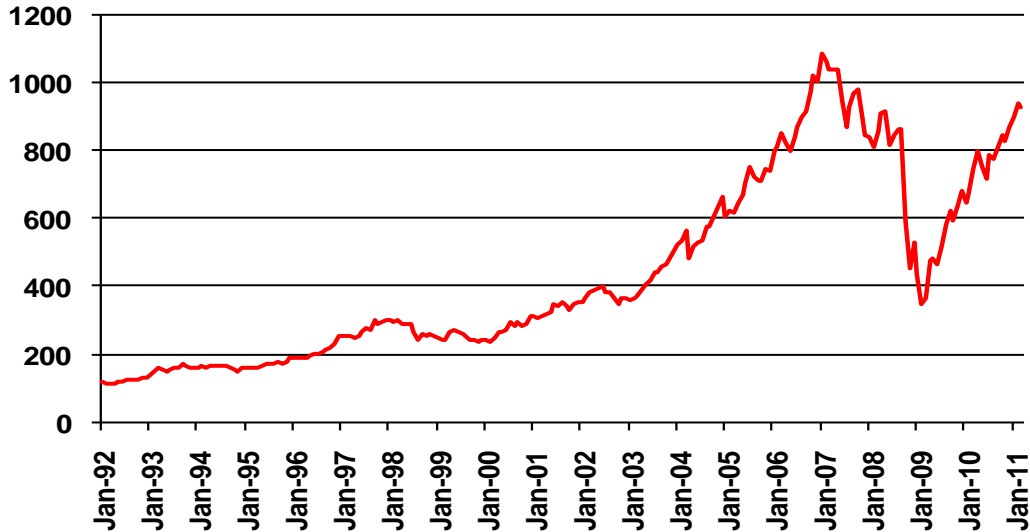
# Dow Jones Equity REIT Index



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## Total Return

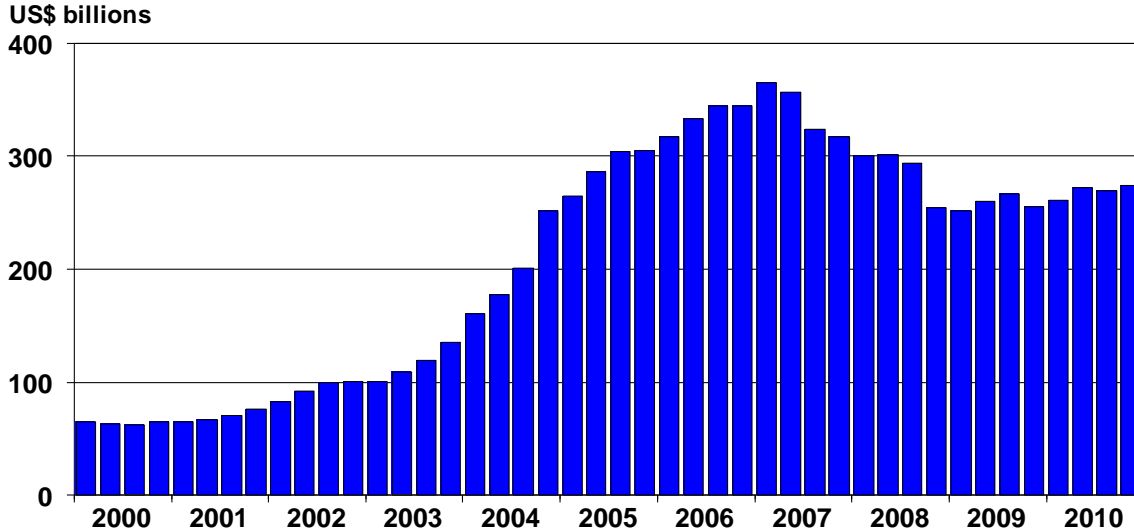
Index, Jan-90=100



Source: Moody's Analytics.

# Real Estate Investment Trusts

## *Net acquisition of financial assets*



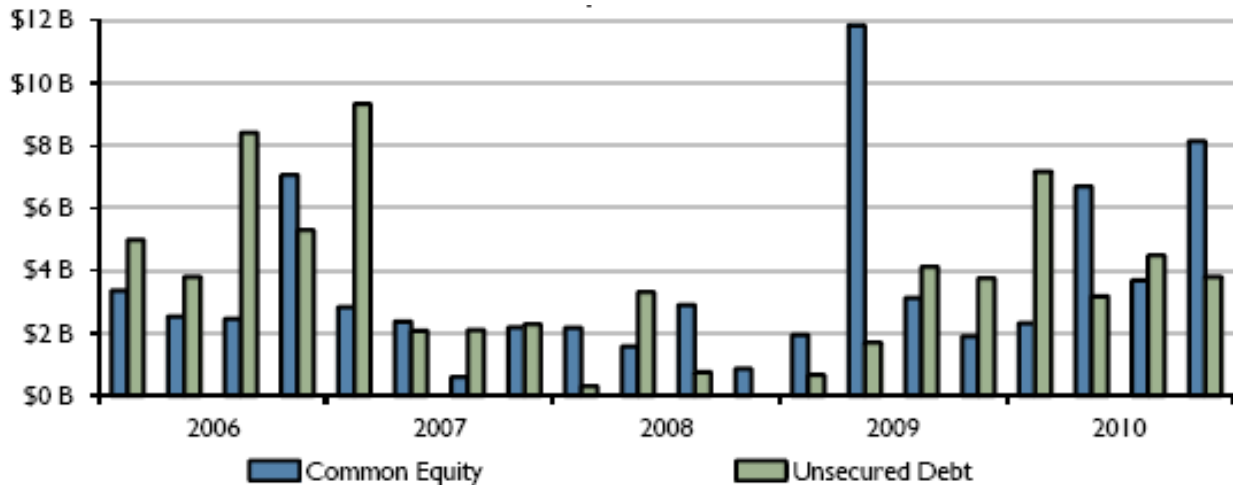
Sources: Federal Reserve, IHS Global Insight.

# REIT issuance

## *Common equity and unsecured debt*



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Sources: NAREIT, MP3 Capital Partners.

# REIT IPO Performance

2009 – 2011



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Company	IPO Price (\$)	YOY Change	IPO Change	IPO Date
Hyatt	25	-4.68%	74.48%	Nov-09
Pebblebrook	20	6.35%	8.05%	Dec-09
Chesapeake	20	-9.04%	-14.45%	Jan-10
Piedmont	14.5	-2.04%	36.07%	Feb-10
Terrino	20	-6.92%	-16.55%	Feb-10
Chatham	20	-5.10%	-18.15%	Apr-10
Excel	14	-3.97%	-17.00%	Apr-10
Hudson Pacific	17	-5.12%	-16.00%	Jun-10
Whitestone	12	-3.35%	19.20%	Aug-10
CoreSite	16	13.34%	-3.37%	Sep-10
Campus Crest	12.5	-20.90%	11.28%	Oct-10
American Assets	20.5	n/a	5.76%	Jan-11
Summit Hotel	9.74	n/a	5.13%	Feb-11
Preferred Apt	9.75	n/a	-2.40%	Mar-11
STAG Industrial	13	n/a	-6.62%	Apr-11

Source: NAREIT: IPO Rundown 2011

# 2011 Equity REIT IPO Candidates

*according to NAREIT*



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Company	Industry	S-11 Filed	Size (\$ml)
Inland Western Retail (IWST)	Retail	14-Feb-11	350
Schottenstein Realty Trust (SCRT)	Retail	13-Apr-11	500
RLJ Lodging Trust (RLJ)	Hotel	13-Apr-11	550
NAREIT Shadow Candidates:			
CenterPoint Properties	Industrial		
Archstone	Apartments		
Hilton	Lodging		
Equity Office	Office		
Malkin	Office		
Stonehenge	Commercial		
Morgan	Hotel		
Healthcare Trust of America	Medical		
Moinian Group	Commercial		



# Homebuilder Stock Performance

## SNL Homebuilders Index



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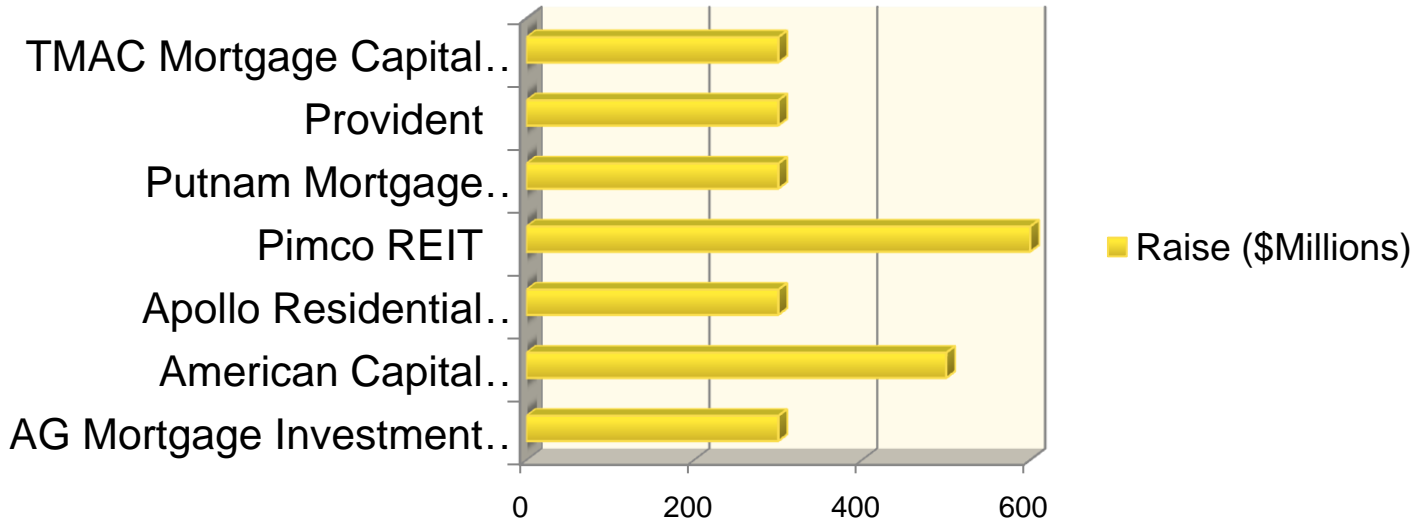
Homebuilder	Week of April 21	TOTAL RETURN (%)		YOY	Symbol
		Month	Q1		
<b>Beazer Homes</b>	7.1	3.8	-13.3	-20.9	BZH
<b>Brookfield</b>	-5.4	na	na	na	BRP
<b>Comstock</b>	-3	-5.2	1.6	-32.6	CHCI
<b>DR Horton</b>	5.1	-1	-5.2	-6.4	DHI
<b>Hovnanian</b>	7.9	-6.1	-20.3	-44	HOV
<b>KB Home</b>	1.9	-14.5	-22.5	-34.4	KBH
<b>Lennar</b>	4.2	-4.6	-2.9	3.1	LEN
<b>MDC Holdings</b>	4.4	5.3	-7.4	-18.1	MDC
<b>M/I Homes</b>	1.6	-3.9	-8.5	-17.1	MHO
<b>Meritage</b>	3.6	1.4	11.5	20.6	MTH
<b>NVR</b>	-4.1	-4.4	-7.1	-3	NVR
<b>Pulte</b>	1.6	8.1	-5.7	-33.9	PHM
<b>Ryland</b>	8	2.6	-0.09	-26.7	RYL
<b>Standard Pacific</b>	2.4	-0.05	-16	-33.9	SPF
<b>Toll Brothers</b>	1.7	-3.2	-0.02	-6.3	TOL

# Mortgage REITs

## *Registration Statements on File with SEC*



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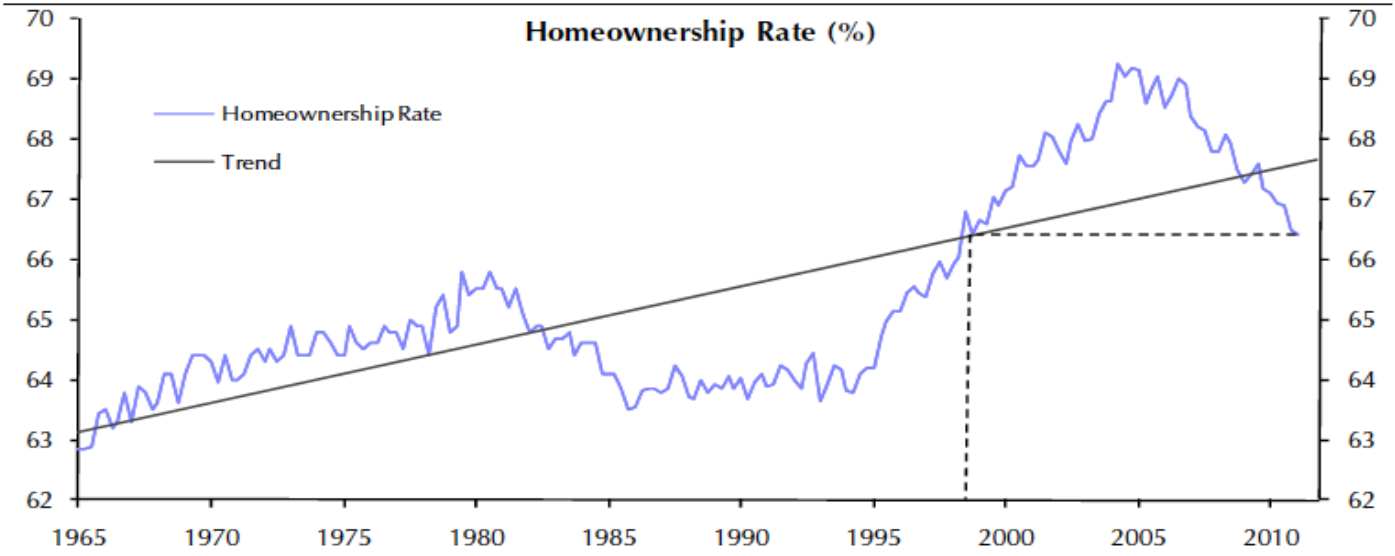


# United States Home Ownership Rate

1965 - 2011



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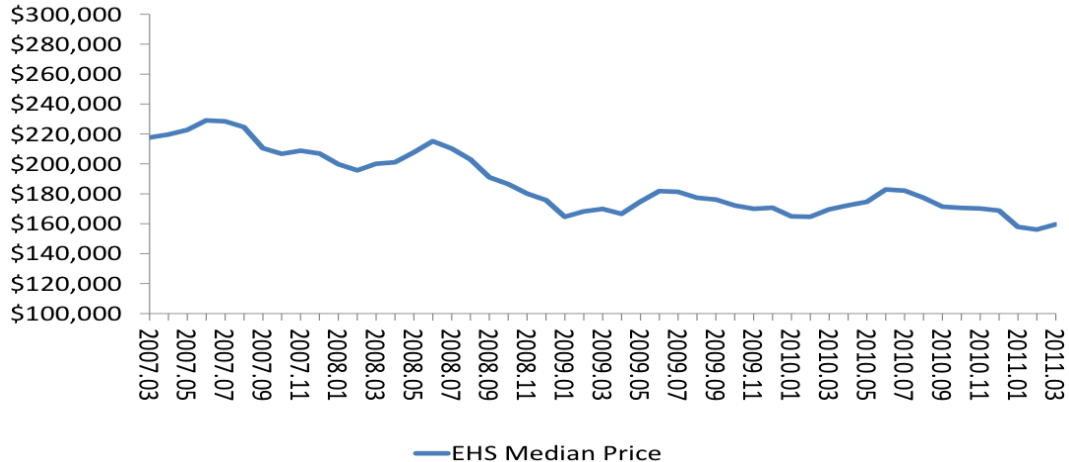
# Median Price of an Existing Home

2007 -2011



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### Median Price of Existing Home Sales



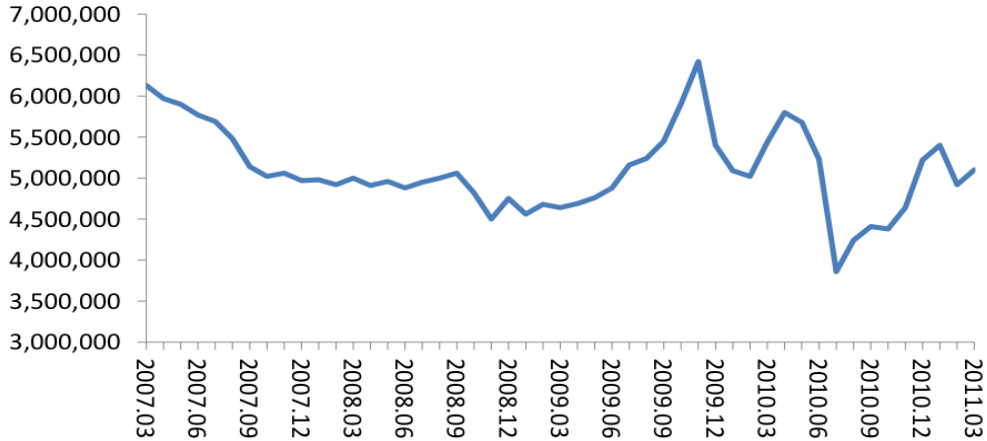
# Total Annual Existing Home Sales

2007 - 2011



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### Total Existing Home Sales, Annualized



— EHS Total Sales

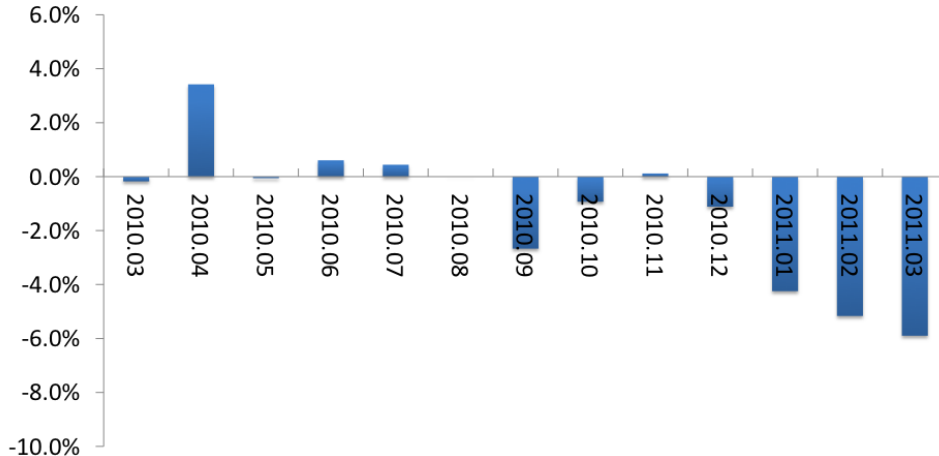
# Existing Home Sales Median Price Change

*Percentage Change 2010 -2011*



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Existing Home Sales Median Price,  
Percent Change Year-Over-Year



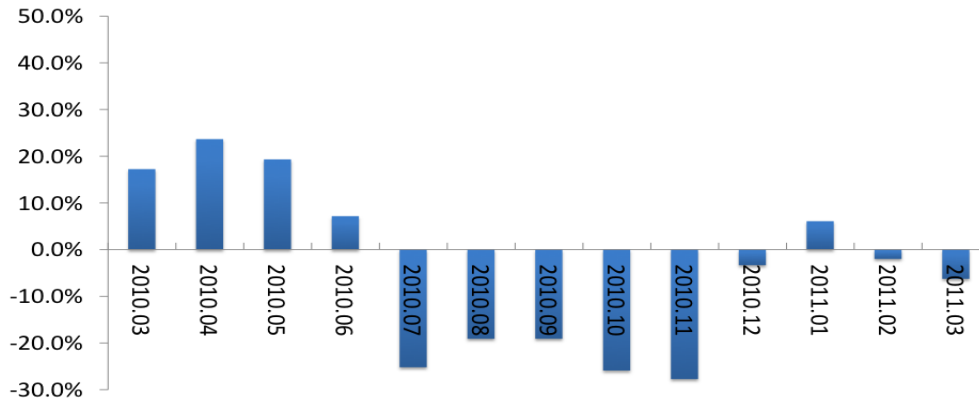
# Existing Home Sales Percentage Change

2010-2011



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**Total Existing Home Sales,  
Percent Change Year-Over-Year**



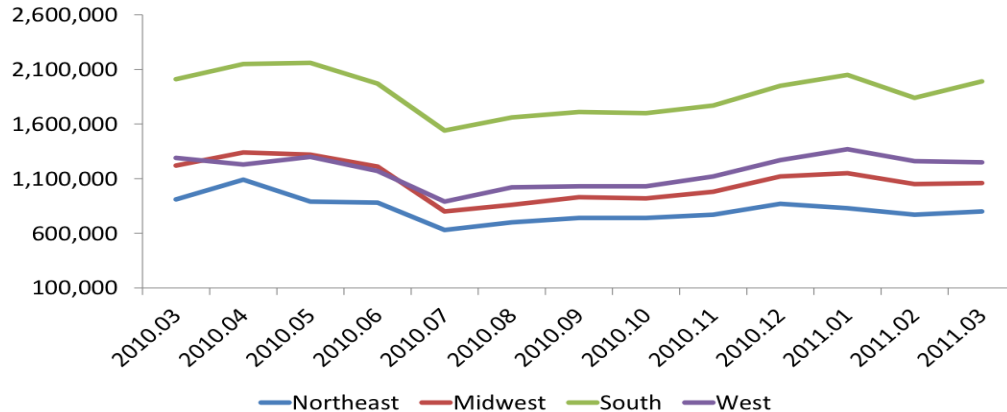
# Regional Existing Home Sales

2010 - 2011



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### Total Existing Home Sales Annualized by Region





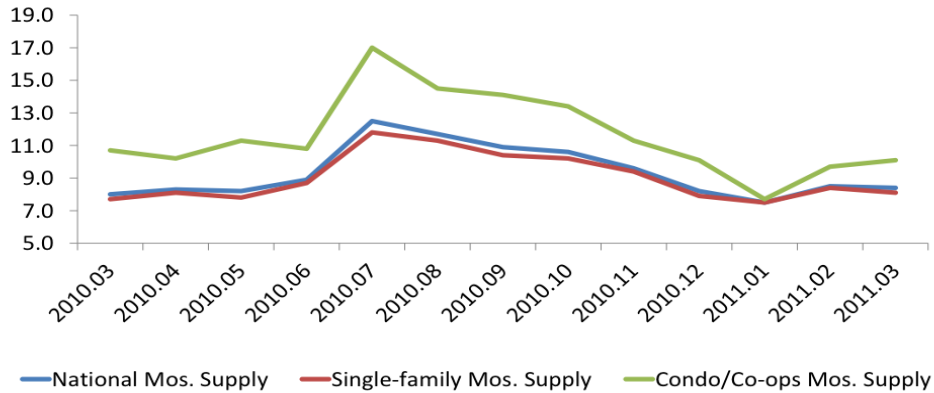
# National Housing Inventory 2011

## Number of Months of Supply



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### Housing Supply at the National Level



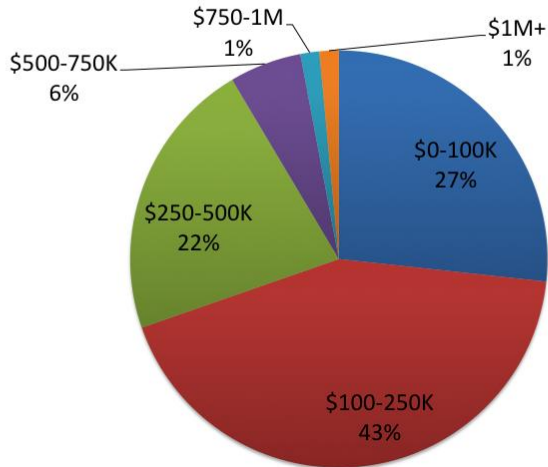
# Existing Home Sales 2011

## *Sales by Price Range*



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Sales by Price Range

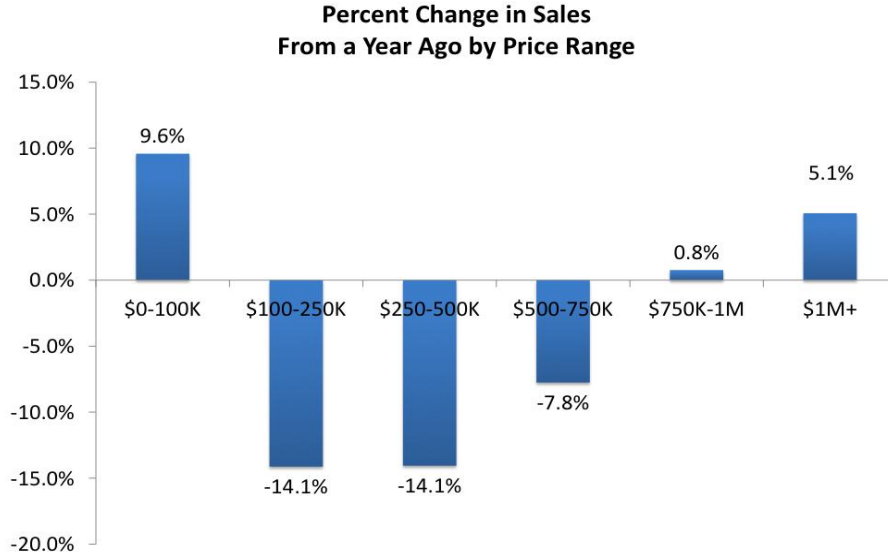


# Existing Home Sales by Price Range

*Percentage Change 2010 - 2011*



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# The Employment Picture

*Bureau of Labor Statistics latest report*



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- The US unemployment rate declined from 8.9 percent in February to 8.8 percent in March.
- 34 states saw a decline in the unemployment rate in this month with New Mexico, Florida, and Nevada seeing the largest fall.
- The unemployment rate was unchanged in 9 states and DC.
- In March, North Dakota, Nebraska, and South Dakota had the lowest unemployment rates—all under 5%.
- Rhode Island, Florida, California, and Nevada had the highest rates among the 50 states and DC.

# The Employment Picture

*Bureau of Labor Statistics latest report*



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- 38 states had positive job growth in March
- Average job growth was 0.1%.
- The greatest job growth in March was in Missouri, while Maine had the largest job decline.
- Moving forward, increasing labor force participation may keep the unemployment rate high even as jobs are being added.