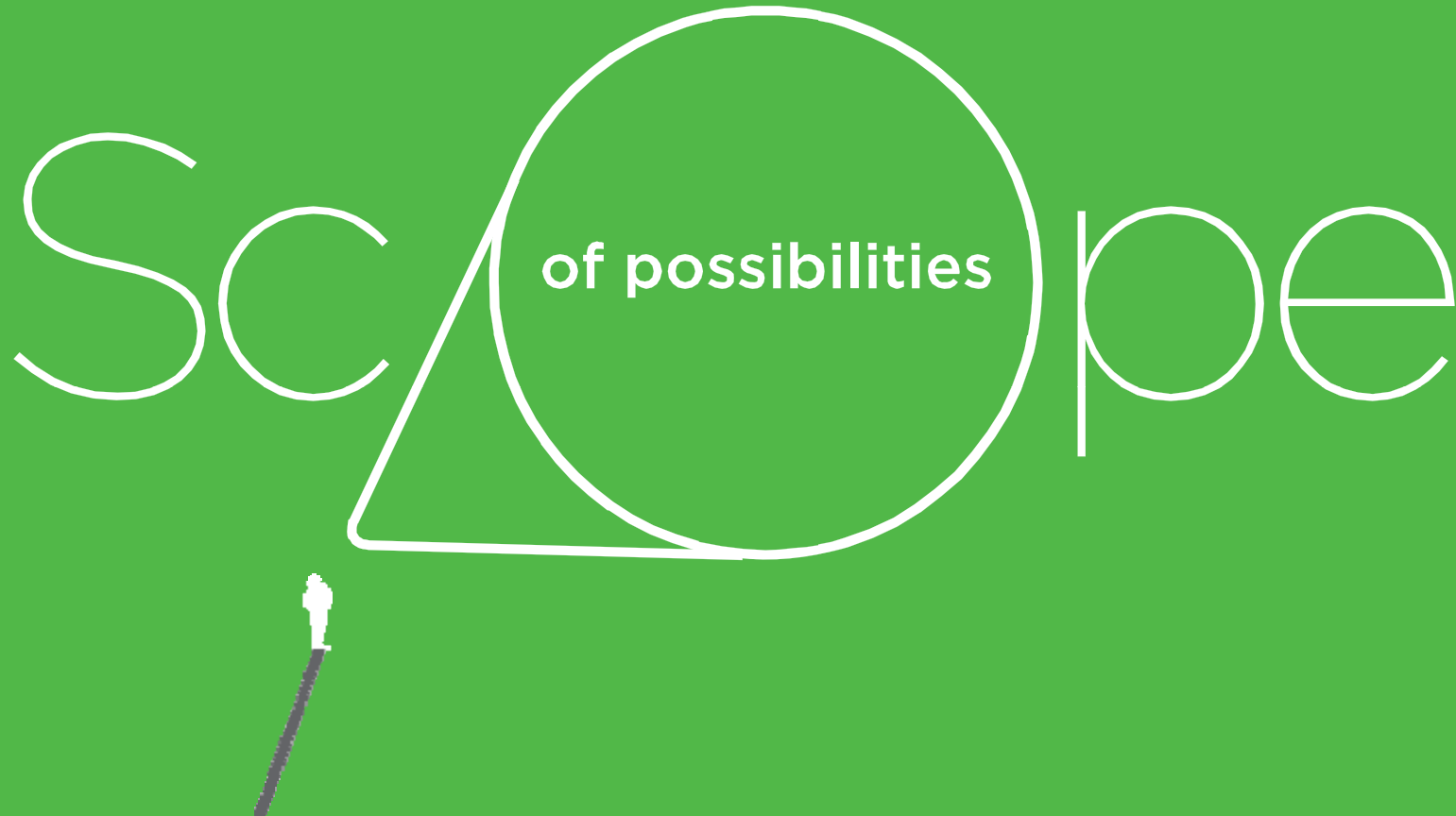


CASSIDY TURLEY PRESENTS
THE STATE OF REAL ESTATE 2011



Examining the Market with an Eye on the Future

Cassidy
Turley

Economic Outlook



Jason W. Tolliver, J.D.
Research Director

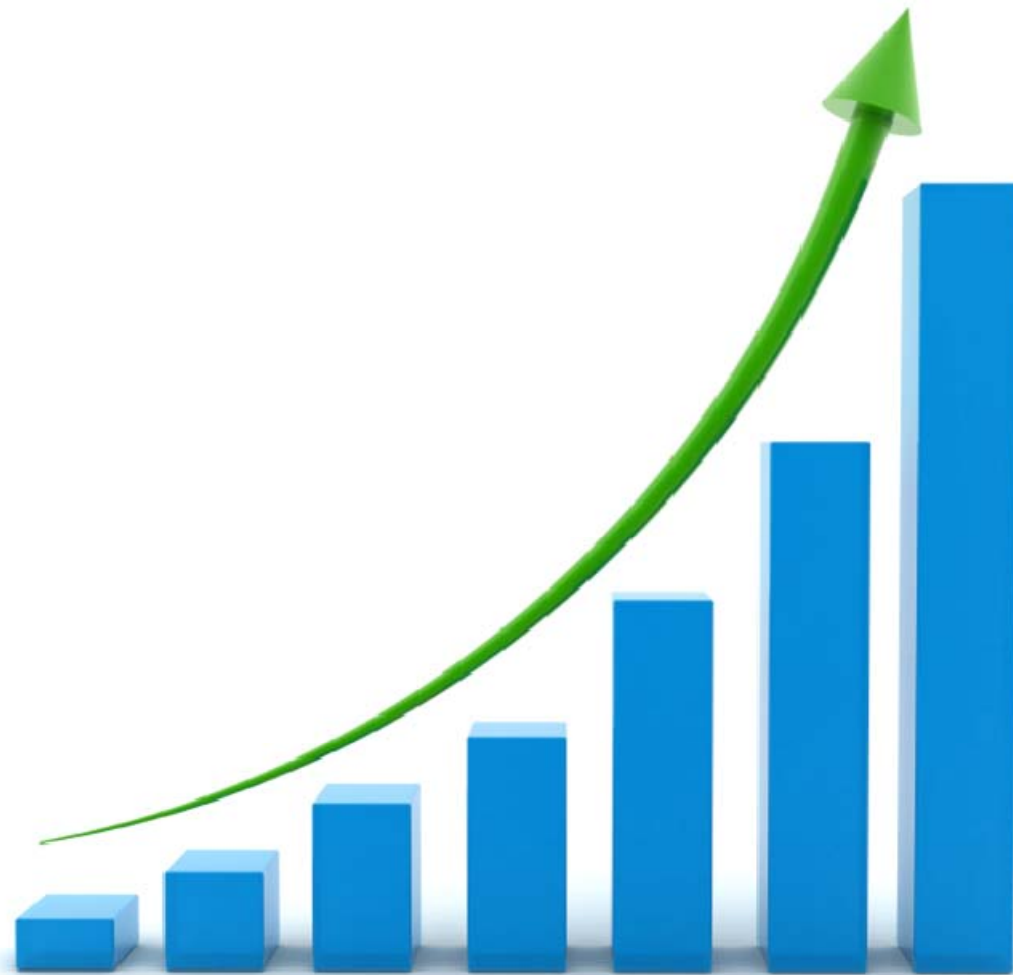
Examining the Market with an Eye on the Future

Cassidy
Turley

“Anyone can produce data. It’s harder to produce information. The real key is producing an insight.”

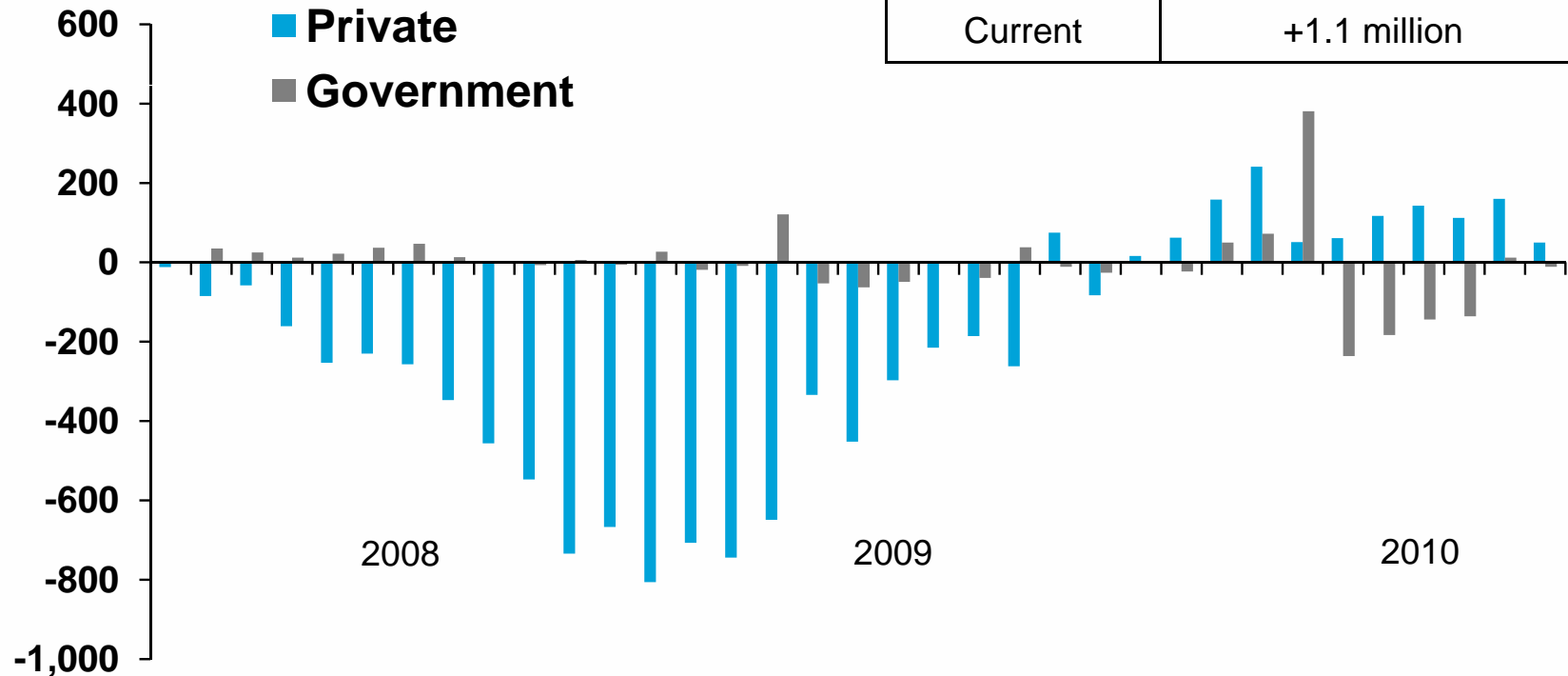
Christopher Liddell
Chief Financial Officer
General Motors

U.S. Economy



Private Sector Recovery

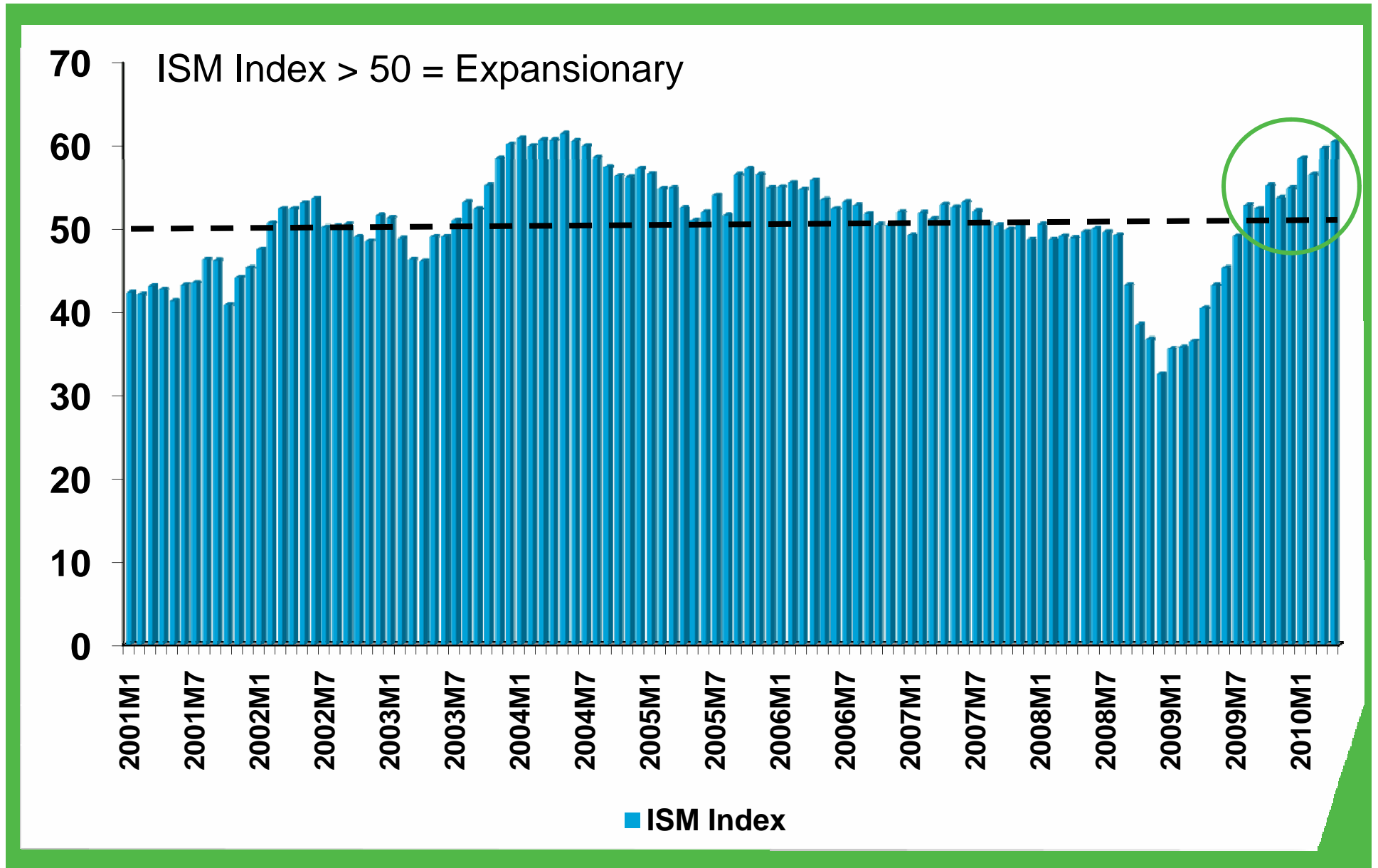
Employment Change, 000s, SA



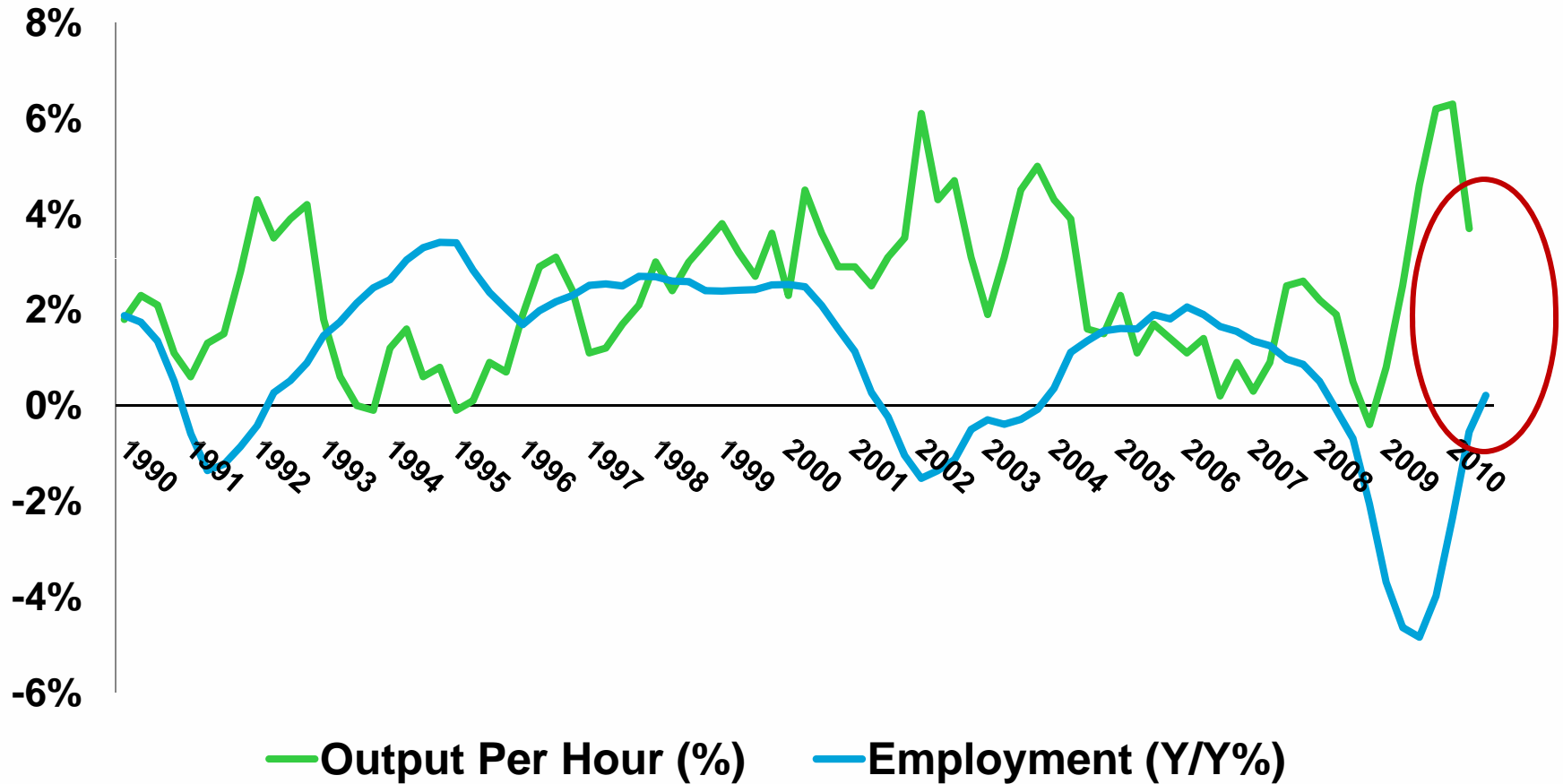
Past Recessions	Job Gains Following Recession
1990-91	614,000
2001	-586,000
Current	+1.1 million

Source: Bureau of Labor Statistics, Moody's

Manufacturing Sector is Expanding



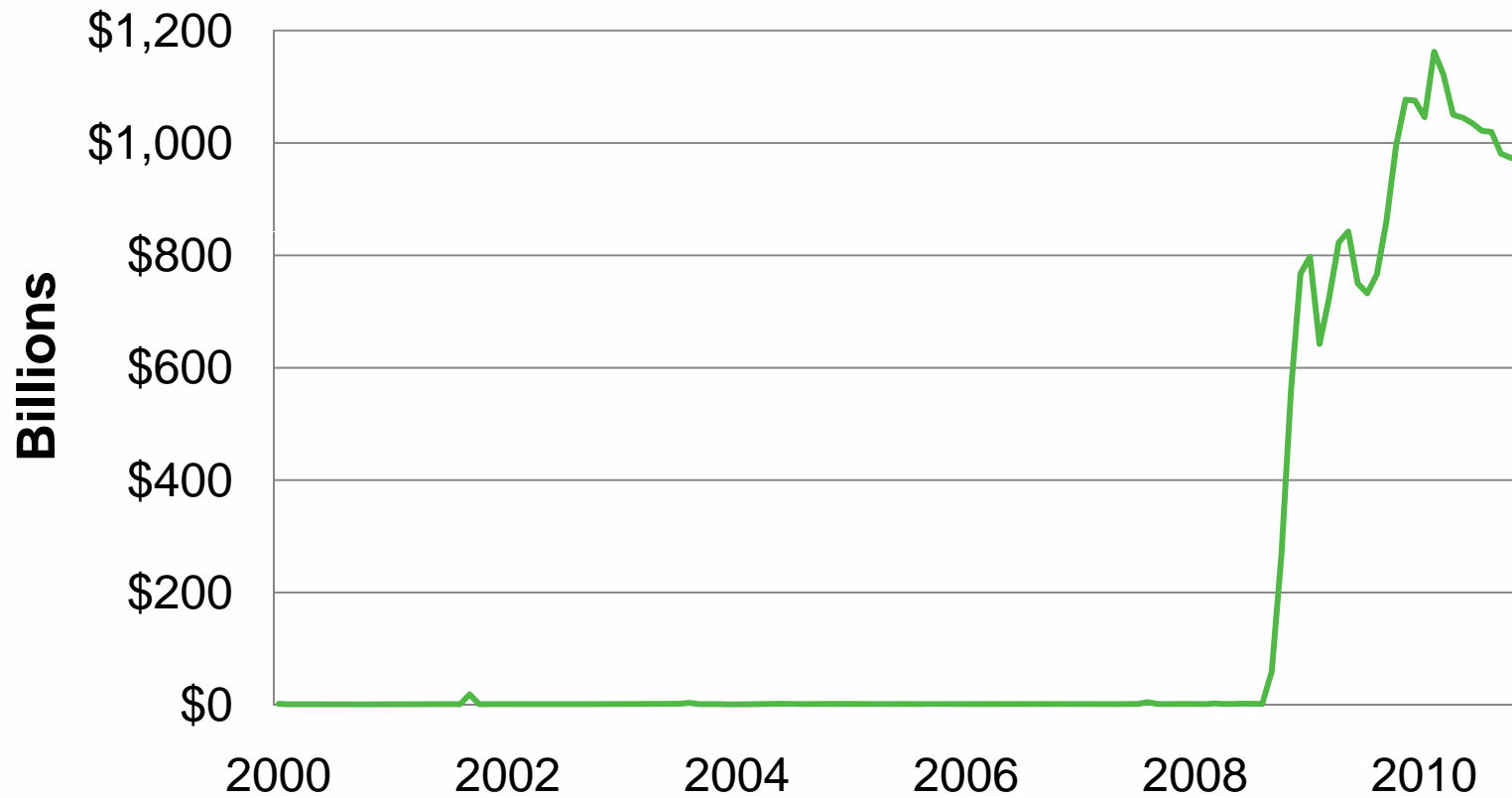
Productivity at Tipping Point



Source: BLS

Eye on the Future

Excess Reserves of Depository Institutions



Source: Federal Reserve

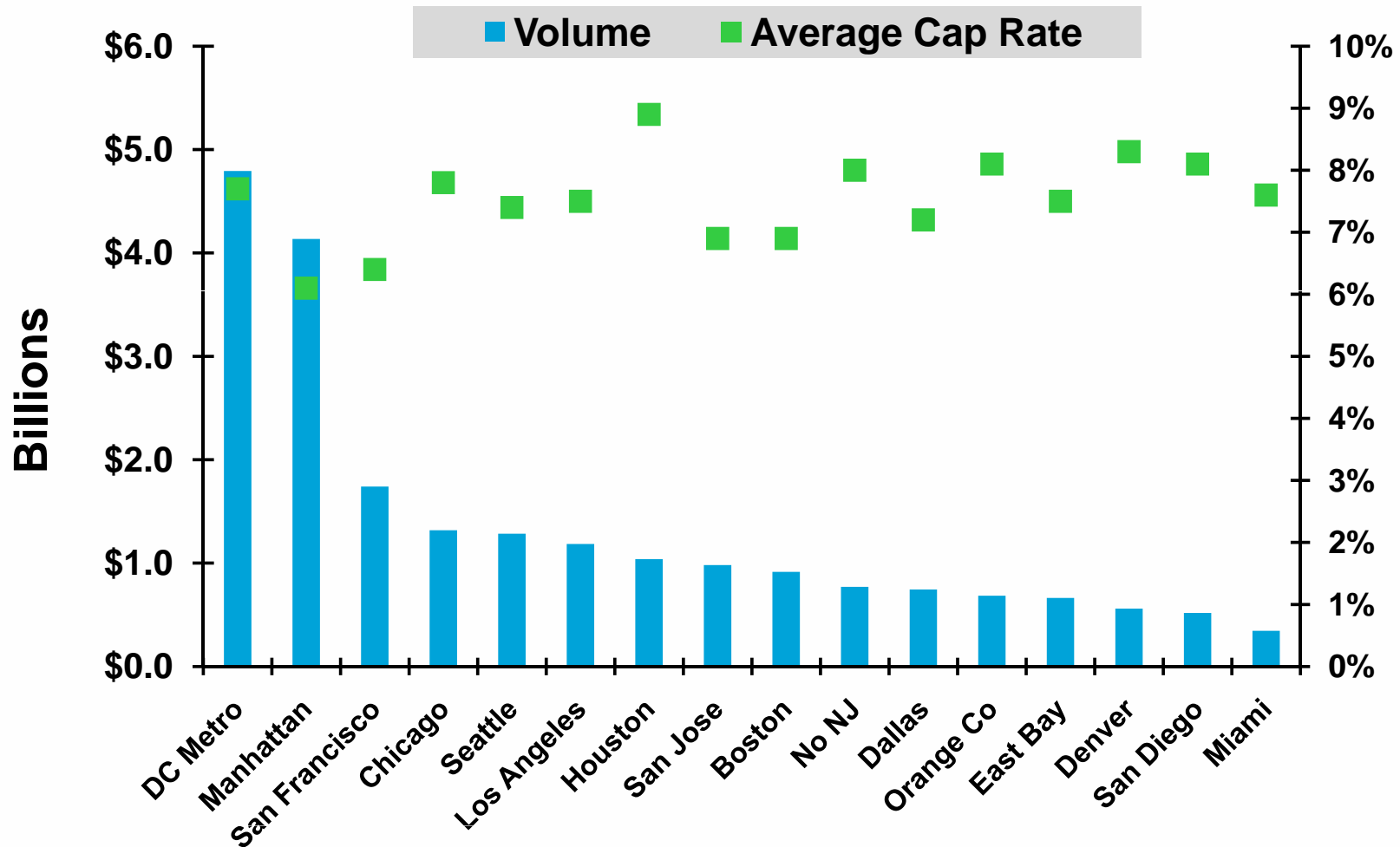
— Excess Reserves

Commercial Trends

**First leg of
the recovery
has begun!**

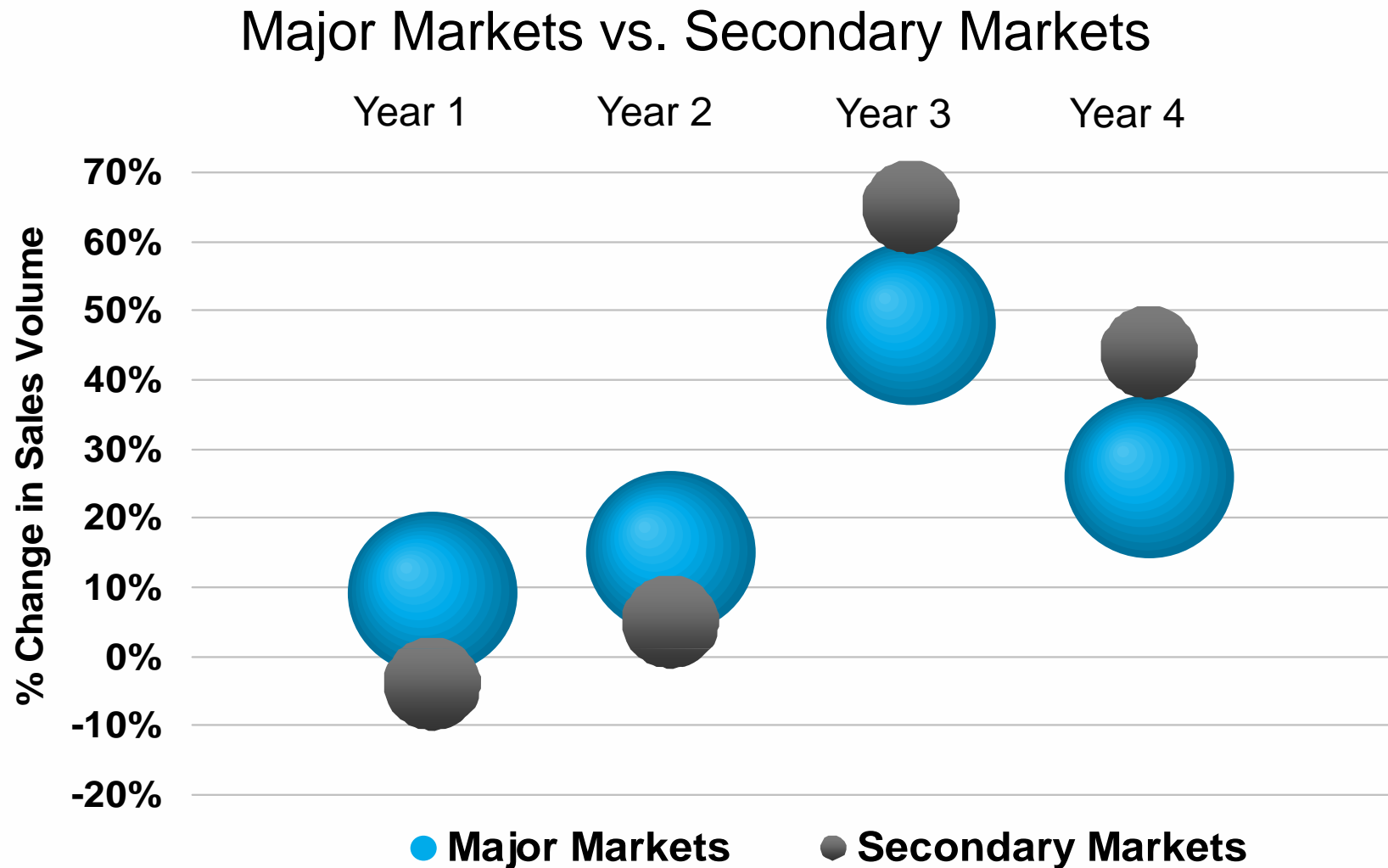


Major Metros – Office Sales Volume



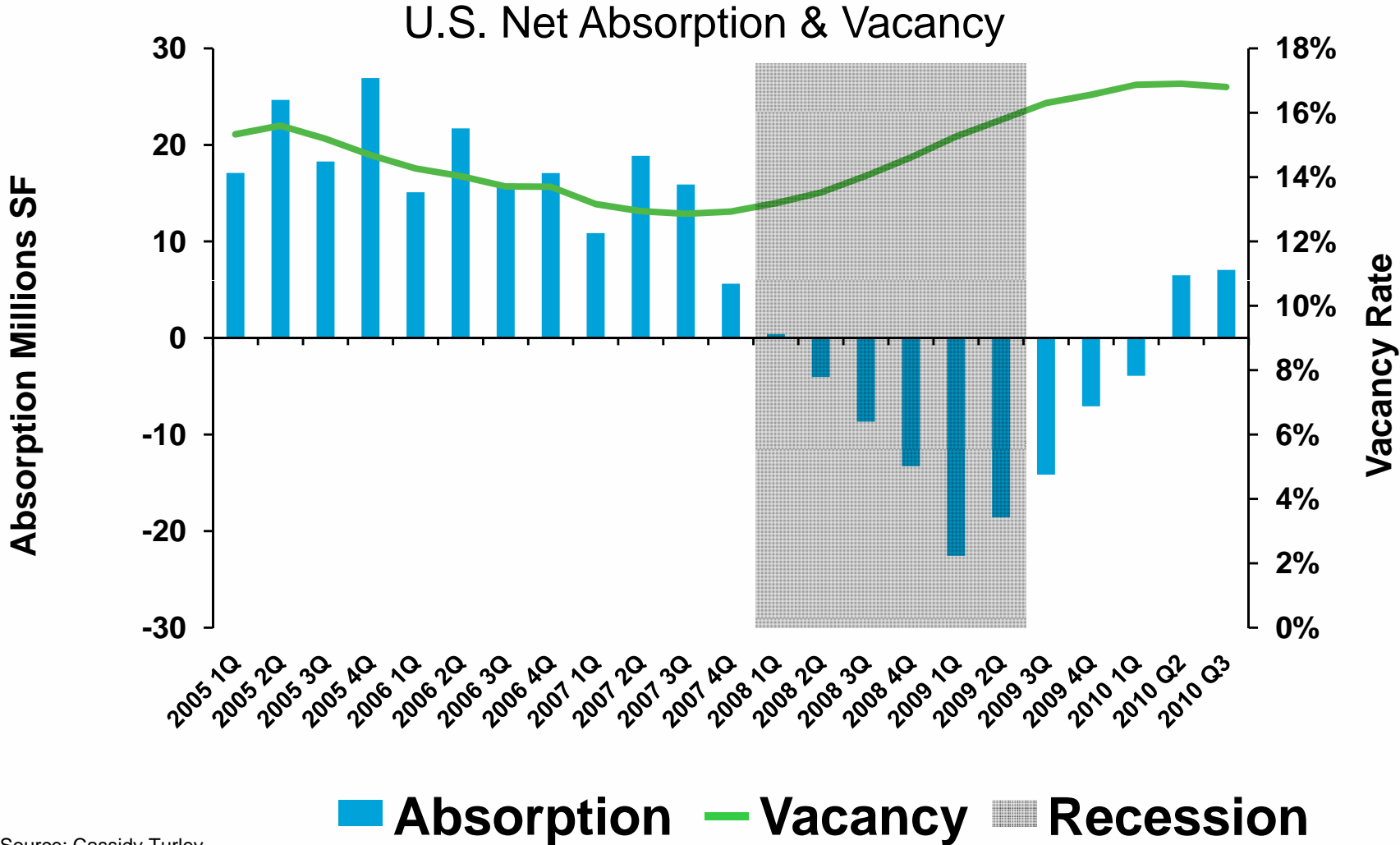
Source: Real Capital Analytics

Recovery Lag Time



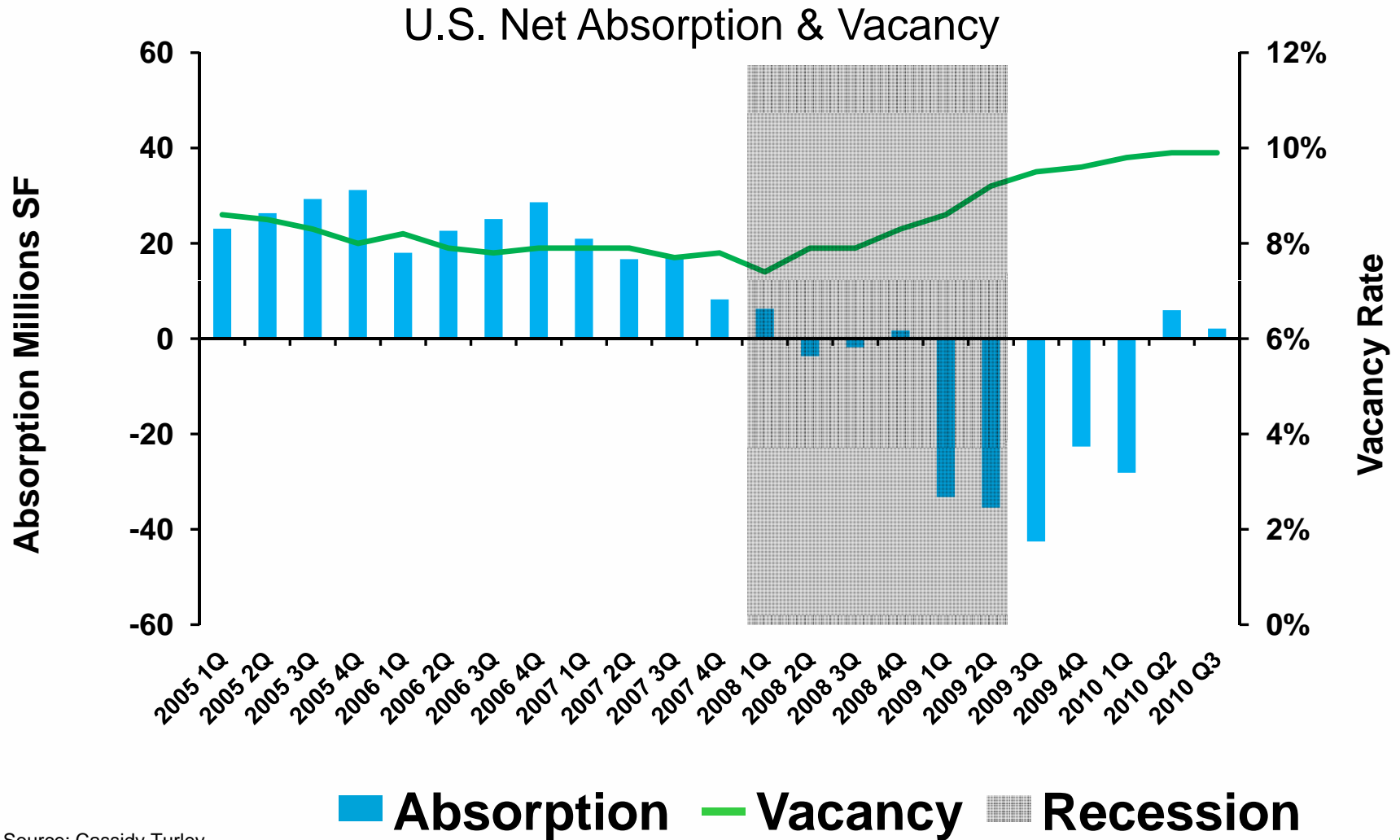
Source: Real Capital Analytics

Demand Rising for Office



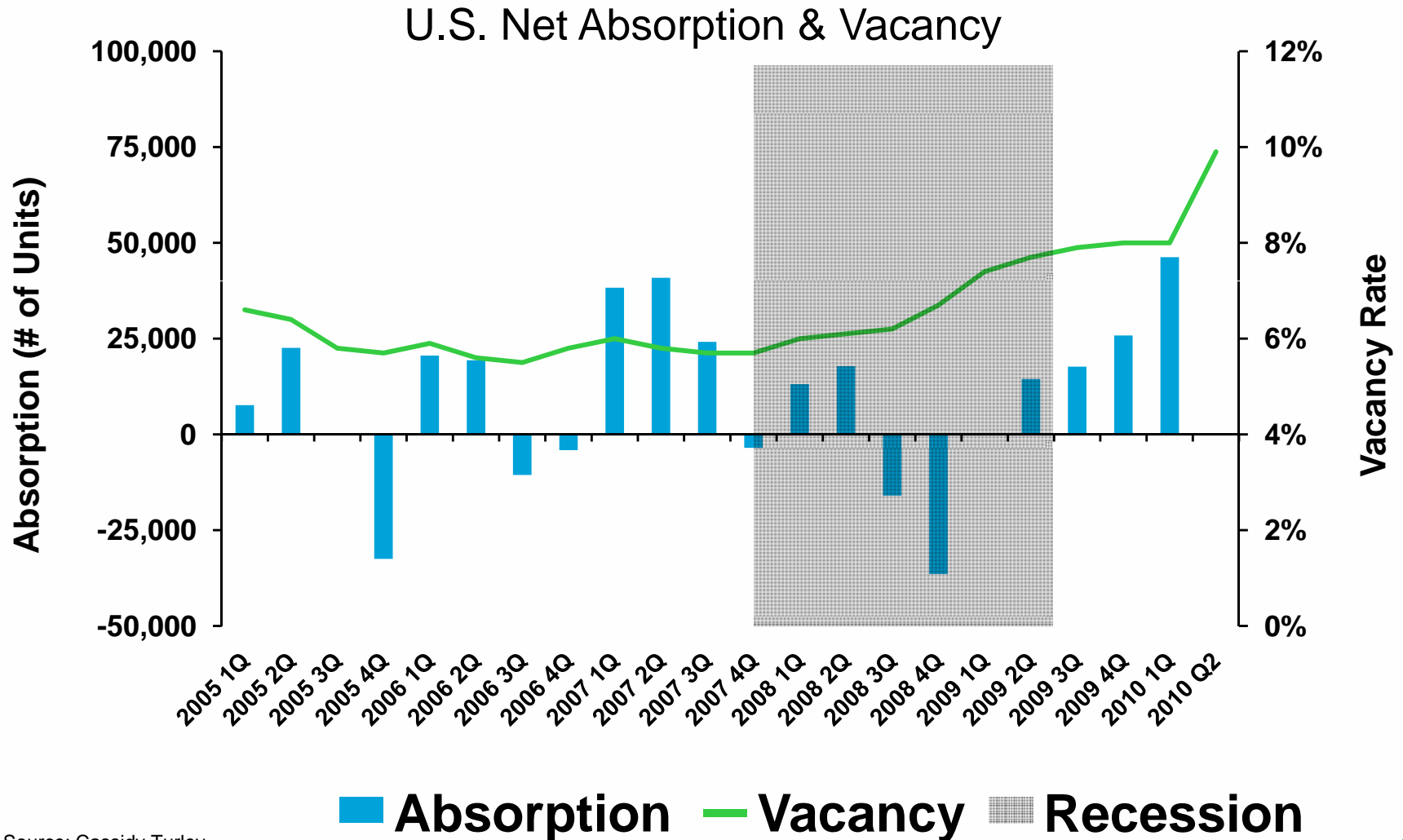
Source: Cassidy Turley

Demand Rising for Industrial



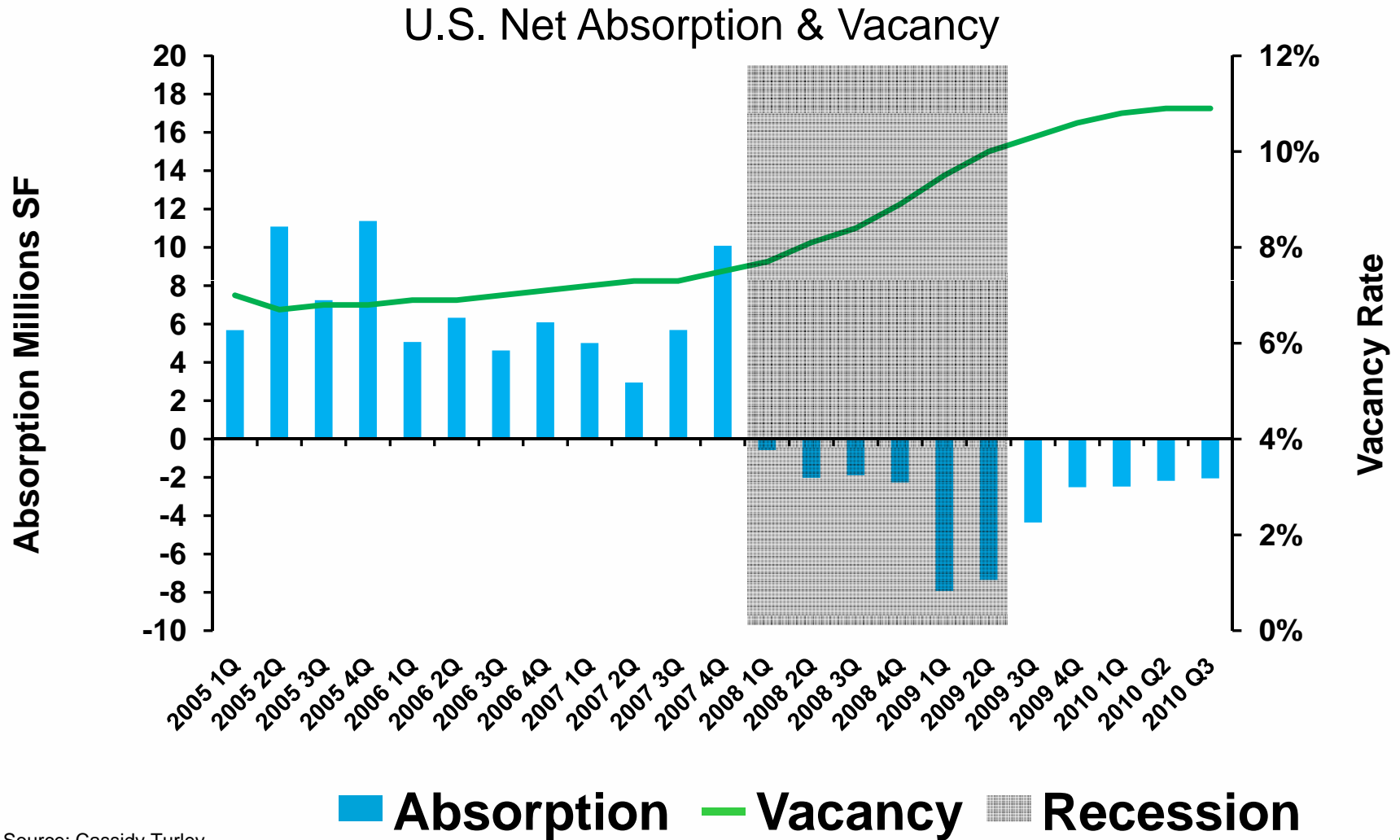
Source: Cassidy Turley

Demand Rising for Apartments



Source: Cassidy Turley

Demand Rising for Retail



Source: Cassidy Turley

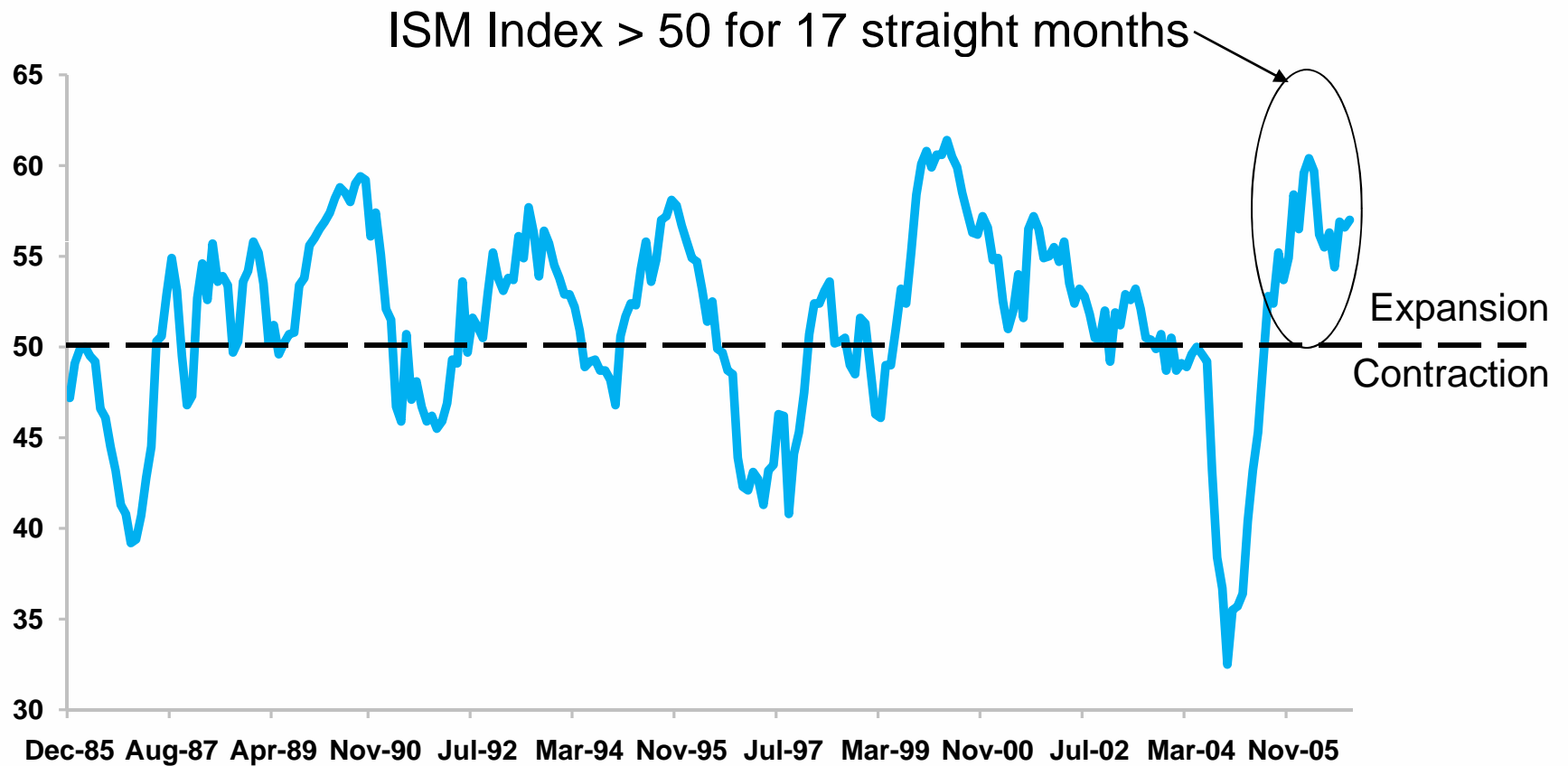
Forecast for 2011

- ▶ Slow economy, but double-dip unlikely
- ▶ Low interest rates continue
- ▶ Demand for space spreads to secondary markets
- ▶ Vacancy stabilizes
- ▶ Rents remain flat and competitive
- ▶ Core assets preferred

Forecast for 2012

- ▶ GDP may grow 4-5%
- ▶ Recovery gains traction in secondary markets
- ▶ Vacancy trends downward
- ▶ Rents up in major markets and begin to inch up in secondary markets (Indy)
- ▶ Recovery to pre-recession levels another two years away

U.S. Economy

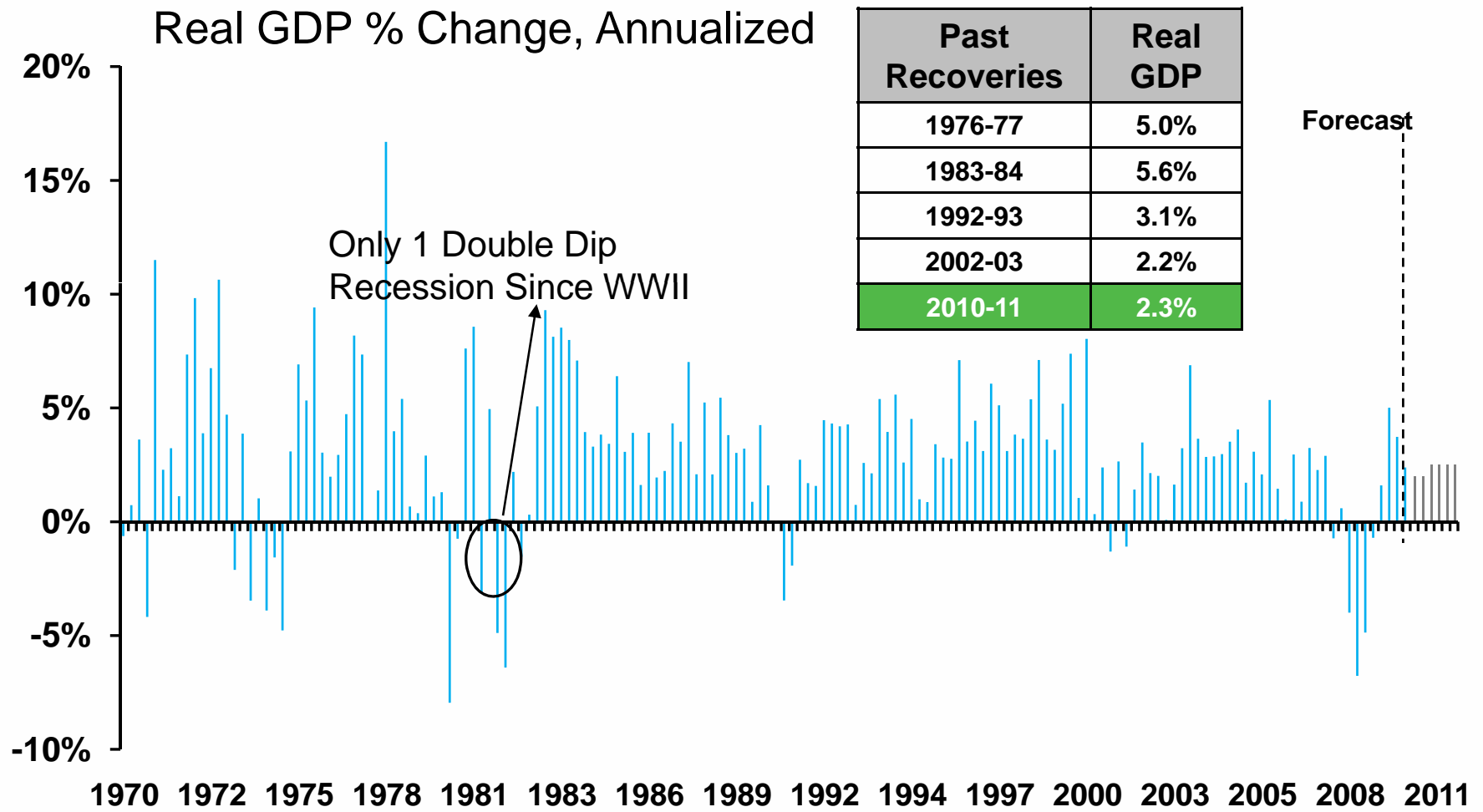


Source: Institute for Supply Management

“I can't work any harder!”



Safe Bet



Source: Census Bureau, Cassidy Turley

Eye on the Future

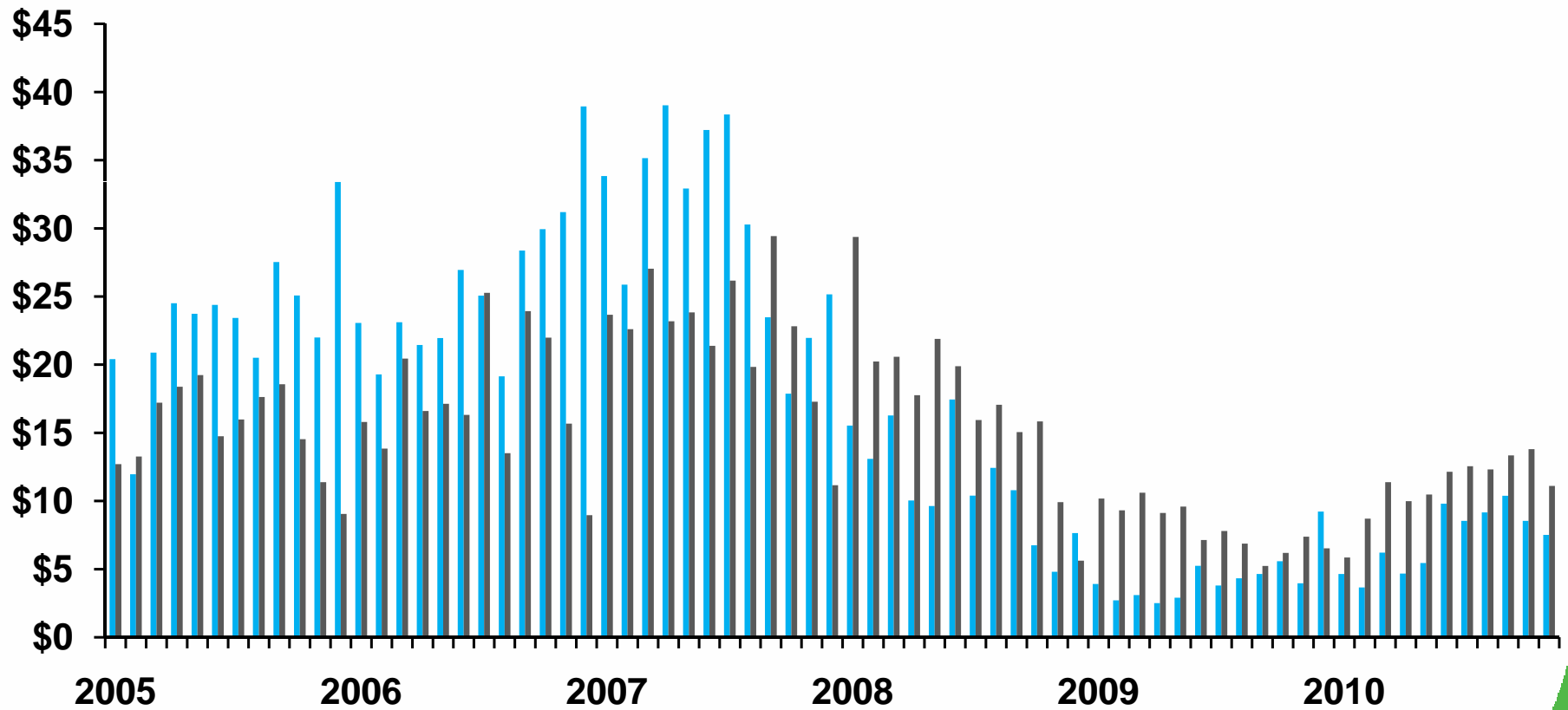
- ▶ Jobs headed up
- ▶ Reduced home foreclosures
- ▶ Home prices rising
- ▶ Equity markets up
- ▶ Exports and imports more balanced

Eye on the Future

- ▶ Retail sales up
- ▶ Treasuries signal growth
- ▶ ISM Index trends up
- ▶ Manufacturing expansion up
- ▶ Cash will move into investment

Commercial Trends

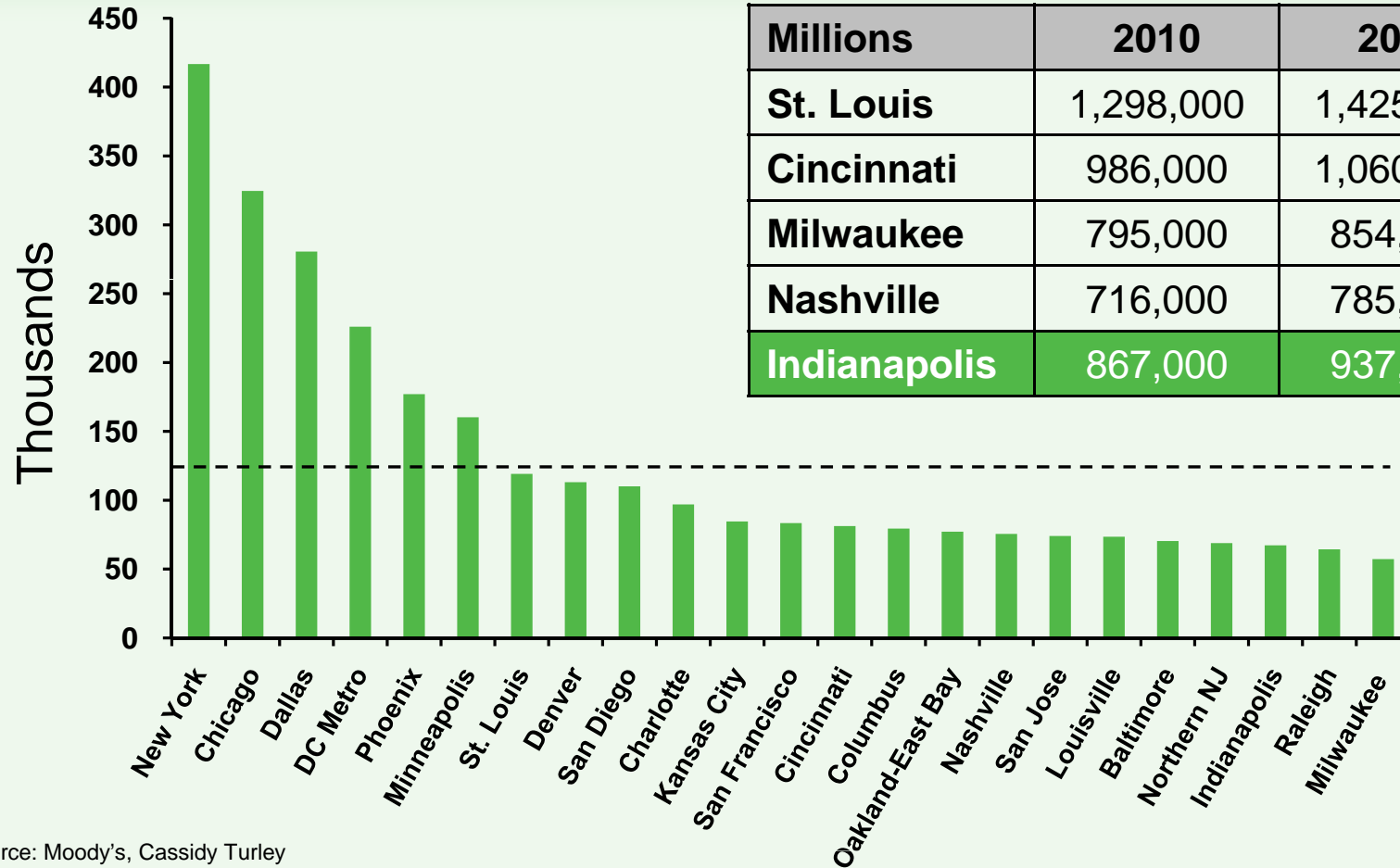
Y/Y%: Office +106% Industrial +62% Apartment +92% Retail +58%



Source: Real Capital Analytics

■ Closed ■ Offered

Job Growth 2010-14



Source: Moody's, Cassidy Turley

Forecast for 2012

