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# **Wall Street and Commercial Real Estate**

Everett (Allen) Greer, MAI, FRICS  
Greer Advisors, LLC

January 22, 2015 – Appraisal Institute

# Goals of Presentation

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- New News!
- Market Drivers
- Real Estate Trends – National
- Real Estate Trends - Local
- Capital Markets – REITs/CMBS
- Conclusions

Note: PPT Deck will be posted to [www.GreerAdvisors.com](http://www.GreerAdvisors.com)

Most information is updated via Quarterly Newsletter, sign up on web site.

# What's New with EAG

- Daniel Michael Greer
- November 12, 2014
- 4 lbs. 13 oz.



^ Dad next day ^

<<Diana seconds after birth

**Greer Advisors, LLC**

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# ■ Market Drivers

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# Market Drivers

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## Supply / Demand – Drives Vacancy & Rents

- Most Demand ties to Jobs – Results Impact Rent & Vacancy
  - Office – FIRE Employment, Portion of Service Employment
  - Retail – Household Formations, Income Growth
  - Industrial – Manufacturing & Distribution (Logistics)
  - Multifamily – Households, non-Top 25% HH Income
  - Hotel – Corporate Travel – Office & Industrial Employment

## Financing –DRIVES VALUE!

- Availability
- Leverage
- Rate and Term
- Recourse

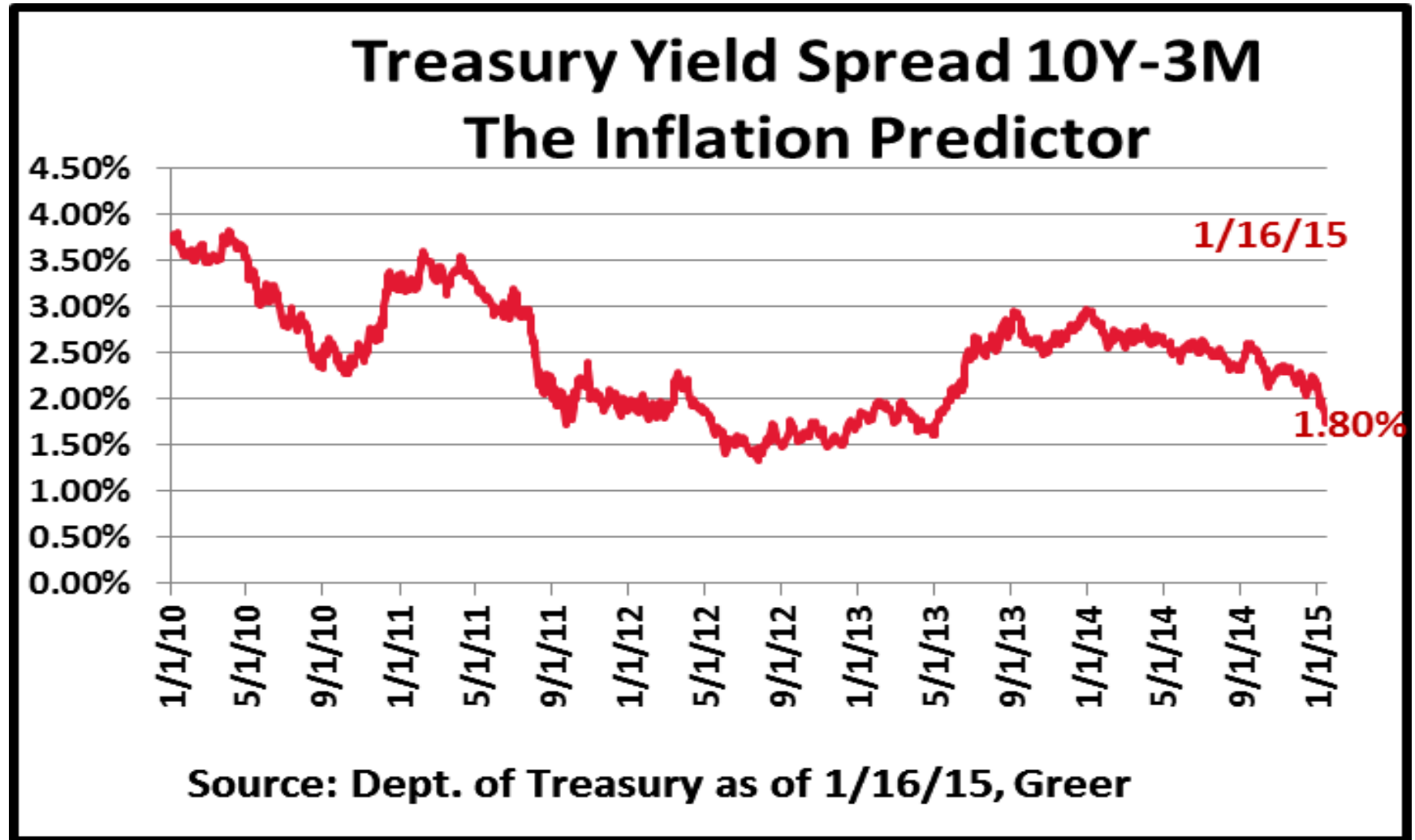
# Interest

## 10 Year Treasury Yields



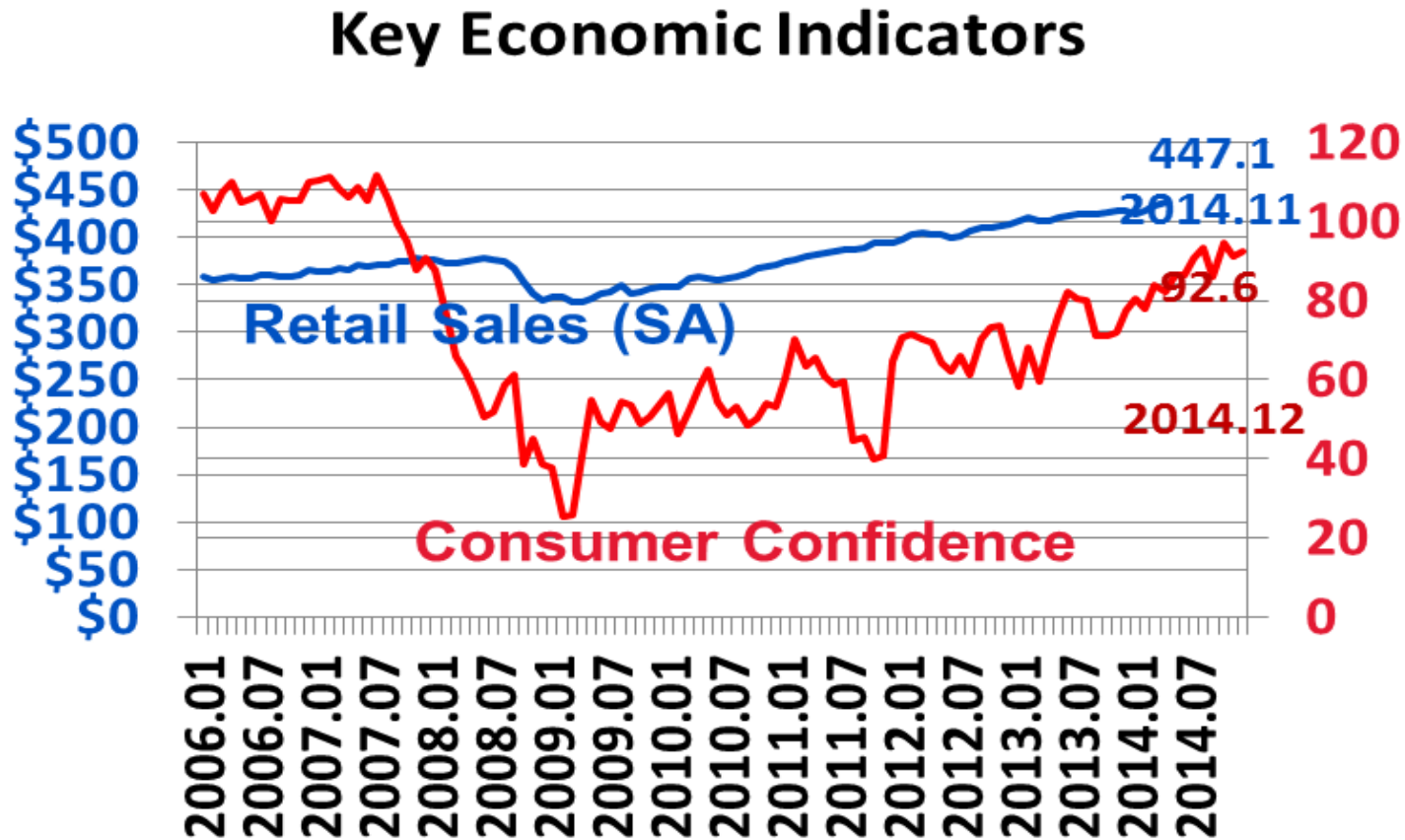
Source: Dept. of Treasury as of 1/16/15, Greer

# Inflation



Comment: Chinese Debt

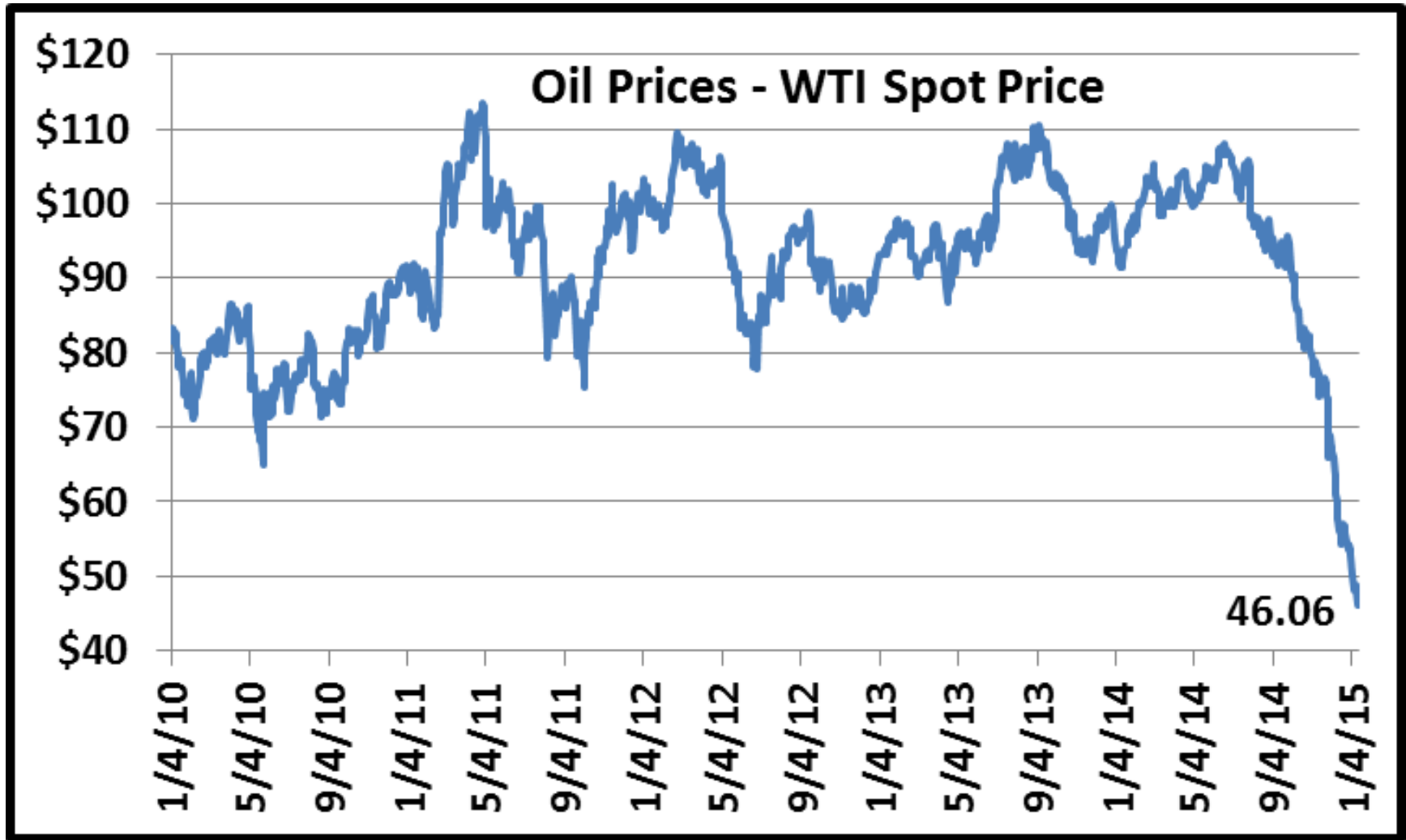
# Key Economic Indicators



Source: Conference Board, Census, Greer Advisors, LLC



# Oil Prices Falling – as of 1/12/15, EIA



\$46.39 a.m. 1/21

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# ■ Real Estate Trends

# National Industrial Markets Top 10/B 5\*

| Total Industrial Market Statistics |                                 |                    |              |              |              |             |              |              | Year-End 2014 |                |
|------------------------------------|---------------------------------|--------------------|--------------|--------------|--------------|-------------|--------------|--------------|---------------|----------------|
| Size                               | Market                          | Existing Inventory |              | Vacancy      |              |             | YTD Net      | YTD          | Under         | Quoted         |
| Rank                               |                                 | # Bldgs            | TotalRBA     | DirectSF     | TotalSF      | Vac %       | Absorption   | Deliveries   | ConstSF       | Rates          |
| 3                                  | Los Angeles                     | 36,850             | 985,390,330  | 30,248,158   | 32,022,583   | 3.2%        | 14,342,585   | 1,950,127    | 2,290,710     | \$ 8.18        |
| 19                                 | Orange County (.)               | 12,581             | 302,247,743  | 11,119,750   | 11,653,190   | 3.9%        | 2,680,690    | 1,219,738    | 266,406       | \$ 9.00        |
| 34                                 | Salt Lake City                  | 7,458              | 215,487,683  | 8,953,717    | 9,268,546    | 4.3%        | 45,680       | 621,037      | 1,313,368     | \$ 4.80        |
| 22                                 | Denver                          | 10,256             | 287,745,897  | 12,246,816   | 13,307,499   | 4.6%        | 6,357,898    | 3,278,157    | 1,803,943     | \$ 7.29        |
| 13                                 | Long Island Ne.                 | 14,723             | 347,649,648  | 16,117,512   | 16,539,485   | 4.8%        | 725,737      | 451,359      | 125,000       | \$ 12.53       |
| 8                                  | Houston                         | 17,655             | 535,490,714  | 25,349,922   | 25,658,148   | 4.8%        | 10,350,088   | 8,951,383    | 9,115,977     | \$ 6.04        |
| 20                                 | Seattle/Puget S.                | 8,186              | 301,964,627  | 14,314,678   | 15,079,361   | 5.0%        | 4,120,307    | 2,395,163    | 3,831,245     | \$ 7.22        |
| 55                                 | Oklahoma City                   | 5,921              | 110,485,601  | 5,485,680    | 5,560,195    | 5.0%        | 1,173,671    | 725,342      | 2,822,985     | \$ 4.86        |
| 39                                 | Portland                        | 6,033              | 196,038,364  | 9,872,989    | 10,334,402   | 5.3%        | 2,248,695    | 1,096,301    | 5,336,871     | \$ 6.63        |
| 9                                  | Inland Empire (.)               | 12,670             | 532,950,422  | 28,264,610   | 28,988,860   | 5.4%        | 17,438,063   | 19,741,202   | 14,248,284    | \$ 5.50        |
|                                    |                                 |                    |              |              |              |             |              |              |               |                |
| 36                                 | Westchester/So .                | 6,984              | 206,122,342  | 19,592,023   | 19,704,419   | 9.6%        | 2,873,076    | 425,051      | 459,780       | \$ 7.39        |
| 33                                 | Sacramento                      | 7,418              | 217,419,854  | 21,521,039   | 21,973,661   | 10.1%       | 4,159,032    | 771,150      | 1,313,814     | \$ 5.20        |
| 17                                 | Phoenix                         | 9,941              | 307,235,915  | 34,570,042   | 36,322,955   | 11.8%       | 7,776,144    | 6,916,857    | 3,986,684     | \$ 6.62        |
| 29                                 | Memphis                         | 3,789              | 241,585,264  | 27,870,903   | 29,017,503   | 12.0%       | 2,077,551    | 2,635,632    | 2,486,760     | \$ 2.77        |
| 52                                 | Dayton                          | 3,602              | 118,343,323  | 14,559,203   | 14,773,682   | 12.5%       | 1,987,797    | 1,791,246    | 50,114        | \$ 3.25        |
|                                    | <b>Totals</b>                   | <b>623,146</b>     | <b>#####</b> | <b>#####</b> | <b>#####</b> | <b>7.2%</b> | <b>#####</b> | <b>#####</b> | <b>#####</b>  | <b>\$ 5.50</b> |
|                                    | <i>Source: CoStar Property®</i> |                    |              |              |              |             |              |              |               |                |
|                                    |                                 |                    |              |              |              |             |              |              |               |                |
| 3                                  | Los Angeles                     | 36,850             | 985,390,330  | 30,248,158   | 32,022,583   | 3.2%        | 14,342,585   | 1,950,127    | 2,290,710     | \$ 8.18        |
| 19                                 | Orange County (.)               | 12,581             | 302,247,743  | 11,119,750   | 11,653,190   | 3.9%        | 2,680,690    | 1,219,738    | 266,406       | \$ 9.00        |
| 41                                 | San Diego                       | 8,519              | 189,527,831  | 12,482,406   | 12,857,808   | 6.8%        | 2,818,475    | 382,299      | 647,824       | \$ 11.05       |
| 9                                  | Inland Empire (.)               | 12,670             | 532,950,422  | 28,264,610   | 28,988,860   | 5.4%        | 17,438,063   | 19,741,202   | 14,248,284    | \$ 5.50        |

\*Note: Based on Top 55 of CoStar's 140+ Markets

# National Office Markets Top 10/B 5\*

| Total Office Market Statistics |                                |                    |                       |                      |                      |              | Year-End 2014      |                   |                    |                |
|--------------------------------|--------------------------------|--------------------|-----------------------|----------------------|----------------------|--------------|--------------------|-------------------|--------------------|----------------|
| Size                           | Market                         | Existing Inventory |                       | Vacancy              |                      |              | YTD Net            | YTD               | Under              | Quoted         |
| Rank                           |                                | # Blds             | TotalRBA              | DirectSF             | TotalSF              | Vac %        | Absorption         | Deliveries        | ConstSF            | Rates          |
| 43                             | Nashville                      | 4,312              | 77,838,515            | 4,969,999            | 5,193,483            | 6.7%         | 1,525,156          | 791,551           | 797,935            | \$20.59        |
| 39                             | Salt Lake City                 | 4,422              | 90,512,839            | 5,887,798            | 6,089,313            | 6.7%         | 1,482,211          | 1,247,736         | 942,754            | \$18.25        |
| 18                             | San Francisco                  | 3,813              | 161,667,395           | 10,899,311           | 12,015,047           | 7.4%         | 3,385,936          | 979,035           | 5,610,299          | \$45.84        |
| 47                             | A l bany/Schenect.             | 3,887              | 62,823,924            | 4,587,229            | 4,674,034            | 7.4%         | 144,782            | 199,400           | 6,447              | \$14.24        |
| 52                             | O klahom a C ity               | 4,126              | 54,881,886            | 4,125,036            | 4,187,900            | 7.6%         | 529,993            | 267,899           | 511,671            | \$14.83        |
| 1                              | New York C ity                 | 3,849              | 558,211,997           | 39,355,044           | 43,373,931           | 7.8%         | 6,287,500          | 3,118,668         | 6,103,620          | \$55.91        |
| 24                             | P ittsburgh                    | 6,462              | 124,340,172           | 9,746,436            | 10,052,191           | 8.1%         | 1,191,385          | 1,456,413         | 2,324,245          | \$20.61        |
| 36                             | P ortland                      | 5,290              | 95,741,835            | 7,526,876            | 7,793,769            | 8.1%         | 1,032,747          | 120,938           | 582,296            | \$20.90        |
| 86                             | Tallahassee                    | 2,217              | 21,729,940            | 1,751,076            | 1,769,947            | 8.1%         | 23,384             | 49,008            | 0                  | \$15.07        |
| 53                             | P ain Beach Coun.              | 2,788              | 54,771,353            | 7,833,693            | 7,928,377            | 14.5%        | 982,446            | 245,023           | 55,590             | \$26.29        |
| 2                              | Washington                     | 9,898              | 466,205,505           | 64,121,348           | 67,526,380           | 14.5%        | 954,833            | 4,197,327         | 6,891,234          | \$34.46        |
| 11                             | Detroit                        | 9,159              | 196,274,751           | 31,312,246           | 31,570,285           | 16.1%        | 1,688,395          | 99,548            | 385,848            | \$17.80        |
| 17                             | Phoenix                        | 8,130              | 161,679,479           | 26,727,354           | 27,391,932           | 16.9%        | 2,936,094          | 1,092,591         | 2,898,337          | \$21.19        |
| 49                             | Las Vegas                      | 3,867              | 61,340,904            | 10,121,859           | 10,517,398           | 17.1%        | 884,336            | 200,886           | 614,476            | \$19.22        |
|                                | <b>T o tals</b>                | <b>503,652</b>     | <b>10,467,340,622</b> | <b>1,103,252,876</b> | <b>1,145,820,635</b> | <b>10.9%</b> | <b>104,369,767</b> | <b>56,346,662</b> | <b>117,684,714</b> | <b>\$22.65</b> |
|                                | <i>Source: CoStarProperty®</i> |                    |                       |                      |                      |              |                    |                   |                    |                |
| 4                              | Los Angeles                    | 17,709             | 424,910,259           | 47,630,843           | 48,736,118           | 11.5%        | 3,005,569          | 644,390           | 2,702,271          | \$30.30        |
| 19                             | O range County (.)             | 6,081              | 153,437,889           | 15,624,828           | 16,160,571           | 10.5%        | 2,995,472          | 1,364,532         | 587,406            | \$24.55        |
| 26                             | San D iego                     | 5,351              | 113,302,944           | 11,672,360           | 12,674,295           | 11.2%        | 1,470,836          | 878,292           | 906,936            | \$28.16        |
| 44                             | I nland Em pire (.)            | 6,076              | 71,292,472            | 7,776,705            | 7,878,513            | 11.1%        | 1,102,439          | 352,620           | 373,439            | \$19.52        |

# National Retail Markets Top 10/B 5\*

| Total Retail Market Statistics |                                |                    |                       |                    |                    |             | Year-End 2014      |                   |                   |                 |
|--------------------------------|--------------------------------|--------------------|-----------------------|--------------------|--------------------|-------------|--------------------|-------------------|-------------------|-----------------|
| Size                           | Market                         | Existing Inventory |                       | Vacancy            |                    |             | YTD Net            | YTD               | Under             | Quoted          |
| Rank                           |                                | # Bids             | Total GLA             | Direct SF          | Total SF           | Vac %       | Absorption         | Deliveries        | Const SF          | Rates           |
| 53                             | San Francisco                  | 10,427             | 81,337,867            | 1,486,320          | 1,668,456          | 2.1%        | 357,207            | 91,359            | 83,635            | \$ 34.11        |
| 55                             | South Bay/San J.               | 6,589              | 78,260,720            | 2,479,324          | 2,690,698          | 3.4%        | 1,244,978          | 641,141           | 448,968           | \$ 28.29        |
| 32                             | Ham Hamade Coun.               | 9,851              | 124,235,343           | 4,353,107          | 4,380,730          | 3.5%        | 1,063,743          | 896,614           | 1,455,300         | \$ 32.11        |
| 28                             | Pittsburgh                     | 13,030             | 135,697,548           | 4,985,853          | 5,030,818          | 3.7%        | 1,177,214          | 748,439           | 126,894           | \$ 12.20        |
| 8                              | Boston                         | 25,847             | 320,781,115           | 11,834,893         | 12,553,983         | 3.9%        | 2,958,047          | 2,014,884         | 1,799,497         | \$ 16.86        |
| 31                             | East Bay/Oakland               | 13,486             | 126,527,706           | 4,713,663          | 5,018,489          | 4.0%        | 983,614            | 104,882           | 438,204           | \$ 21.98        |
| 29                             | San Diego                      | 12,823             | 134,240,249           | 5,170,954          | 5,340,635          | 4.0%        | 1,172,524          | 440,099           | 360,891           | \$ 22.53        |
| 9                              | Long Beach                     | 35,514             | 286,172,279           | 11,812,579         | 11,948,374         | 4.2%        | 1,884,665          | 865,254           | 1,508,039         | \$ 31.03        |
| 30                             | Salt Lake City                 | 10,140             | 126,544,057           | 5,282,088          | 5,389,007          | 4.3%        | 836,197            | 634,192           | 639,900           | \$ 12.87        |
| 11                             | Washington                     | 16,243             | 221,375,349           | 9,550,615          | 9,771,197          | 4.4%        | 1,923,766          | 1,611,729         | 1,894,008         | \$ 26.19        |
| 36                             | Sacramento                     | 9,522              | 117,350,638           | 9,753,603          | 9,990,346          | 8.5%        | 1,622,242          | 604,306           | 465,981           | \$ 16.17        |
| 52                             | Memphis                        | 7,573              | 82,315,773            | 6,959,857          | 7,121,134          | 8.7%        | 1,172,912          | 284,820           | 299,032           | \$ 9.48         |
| 10                             | Detroit                        | 23,004             | 240,353,799           | 20,395,973         | 21,177,514         | 8.8%        | 1,855,402          | 396,814           | 661,175           | \$ 11.92        |
| 38                             | Las Vegas                      | 6,984              | 108,977,388           | 9,442,377          | 10,109,544         | 9.3%        | 2,427,214          | 1,989,195         | 556,790           | \$ 15.59        |
| 13                             | Phoenix                        | 13,319             | 216,309,190           | 20,486,462         | 21,226,120         | 9.8%        | 2,019,402          | 700,237           | 427,089           | \$ 13.87        |
|                                | <b>Totals</b>                  | <b>1,080,203</b>   | <b>12,576,643,826</b> | <b>743,203,513</b> | <b>765,654,053</b> | <b>6.1%</b> | <b>109,806,440</b> | <b>60,568,713</b> | <b>49,367,365</b> | <b>\$ 14.90</b> |
|                                | <i>Source: CoStar Property</i> |                    |                       |                    |                    |             |                    |                   |                   |                 |
| 3                              | Los Angeles                    | 45,572             | 456,814,690           | 20,752,387         | 21,531,601         | 4.7%        | 2,540,475          | 1,280,774         | 1,690,835         | \$ 25.15        |
| 24                             | Orange County (.)              | 10,017             | 140,976,978           | 6,245,195          | 6,592,929          | 4.7%        | 1,113,308          | 432,598           | 991,111           | \$ 23.01        |
| 29                             | San Diego                      | 12,823             | 134,240,249           | 5,170,954          | 5,340,635          | 4.0%        | 1,172,524          | 440,099           | 360,891           | \$ 22.53        |
| 18                             | Inland Empire (.)              | 15,514             | 185,143,031           | 14,655,127         | 15,224,620         | 8.2%        | 1,086,148          | 796,236           | 359,545           | \$ 15.98        |

# National Industrial – Vac.↓ Rent↑

| Total Industrial Market Statistics* |                    |                |               |               |       |                |            |             |              |             | Year-End 2014 |  |
|-------------------------------------|--------------------|----------------|---------------|---------------|-------|----------------|------------|-------------|--------------|-------------|---------------|--|
| Period                              | Existing Inventory |                | Vacancy       |               |       | Net Absorption | Deliveries |             | UC Inventory |             | Quoted Rates  |  |
|                                     | # Blds             | TotalRBA       | DirectSF      | TotalSF       | Vac % |                | # Blds     | TotalRBA    | # Blds       | TotalRBA    |               |  |
| 2014 4q                             | 418,661            | 14,872,689,471 | 1,040,314,352 | 1,067,061,607 | 7.2%  | 59,102,677     | 182        | 34,446,101  | 620          | 133,517,405 | \$ 5.95       |  |
| 2014 3q                             | 418,527            | 14,842,059,695 | 1,068,355,846 | 1,095,534,508 | 7.4%  | 62,150,970     | 178        | 33,709,441  | 643          | 133,011,758 | \$ 5.92       |  |
| 2014 2q                             | 418,391            | 14,815,835,505 | 1,104,235,795 | 1,131,461,288 | 7.6%  | 50,480,744     | 192        | 31,294,313  | 596          | 119,019,270 | \$ 5.88       |  |
| 2014 1q                             | 418,279            | 14,795,630,218 | 1,135,320,029 | 1,161,736,745 | 7.9%  | 38,712,091     | 209        | 25,583,444  | 570          | 116,484,297 | \$ 5.82       |  |
| 2013 4q                             | 418,193            | 14,779,260,802 | 1,156,047,528 | 1,184,079,420 | 8.0%  | 59,524,864     | 143        | 18,269,844  | 581          | 111,464,677 | \$ 5.78       |  |
| 2013 3q                             | 418,141            | 14,767,199,013 | 1,200,745,697 | 1,231,542,495 | 8.3%  | 50,189,370     | 167        | 28,524,167  | 520          | 92,814,027  | \$ 5.72       |  |
| 2013 2q                             | 418,041            | 14,746,073,744 | 1,227,265,271 | 1,260,606,596 | 8.5%  | 36,845,235     | 148        | 19,679,080  | 491          | 84,709,422  | \$ 5.65       |  |
| 2013 1q                             | 417,949            | 14,730,489,219 | 1,247,943,295 | 1,281,867,306 | 8.7%  | 38,013,096     | 155        | 16,150,608  | 441          | 79,471,417  | \$ 5.60       |  |
| 2012                                | 417,885            | 14,724,725,091 | 1,276,675,178 | 1,314,116,274 | 8.9%  | 130,589,529    | 534        | 54,109,815  | 391          | 59,006,491  | \$ 5.54       |  |
| 2011                                | 417,627            | 14,692,284,082 | 1,370,257,761 | 1,412,264,794 | 9.6%  | 119,009,947    | 471        | 35,971,422  | 357          | 37,677,872  | \$ 5.44       |  |
| 2010                                | 417,394            | 14,675,598,120 | 1,461,025,239 | 1,514,588,779 | 10.3% | 20,387,003     | 611        | 36,254,910  | 351          | 30,353,605  | \$ 5.48       |  |
| 2009                                | 416,985            | 14,659,768,710 | 1,455,773,340 | 1,519,146,372 | 10.4% | (56,253,949)   | 1,563      | 101,751,844 | 472          | 31,452,746  | \$ 5.77       |  |
| 2008                                | 415,651            | 14,571,947,684 | 1,219,866,789 | 1,275,071,397 | 8.8%  | 74,835,054     | 3,480      | 224,032,442 | 1,251        | 92,279,340  | \$ 6.30       |  |
| 2007                                | 412,438            | 14,369,943,273 | 1,105,142,859 | 1,147,902,040 | 8.0%  | 212,505,277    | 4,160      | 222,395,525 | 2,582        | 182,362,246 | \$ 6.23       |  |
| 2006                                | 408,555            | 14,166,950,503 | 1,109,892,887 | 1,157,414,547 | 8.2%  | 241,840,744    | 4,557      | 238,306,489 | 3,197        | 189,808,654 | \$ 6.02       |  |
| 2005                                | 404,292            | 13,946,553,570 | 1,127,716,377 | 1,178,858,358 | 8.5%  | 234,245,387    | 4,436      | 205,943,335 | 3,571        | 198,567,533 | \$ 5.80       |  |

Source: CoStar Property® \*Select markets included in this historical chart - see Methodology page.

# National Office – Vac.↓ Rent↑

| Total Office Market Statistics* |                    |               |             |               |       |                |            |             |              |             | Year-End 2014 |
|---------------------------------|--------------------|---------------|-------------|---------------|-------|----------------|------------|-------------|--------------|-------------|---------------|
| Period                          | Existing Inventory |               | Vacancy     |               |       | Net Absorption | Deliveries |             | UC Inventory |             | Quoted Rates  |
|                                 | # Blds             | TotalRBA      | DirectSF    | TotalSF       | Vac % |                | # Blds     | TotalRBA    | # Blds       | TotalRBA    |               |
| 2014 4q                         | 319,416            | 7,814,502,397 | 862,448,544 | 898,379,703   | 11.5% | 31,303,069     | 140        | 14,633,451  | 690          | 104,193,439 | \$24.42       |
| 2014 3q                         | 319,319            | 7,802,253,475 | 881,277,613 | 917,433,850   | 11.8% | 19,699,087     | 164        | 9,405,534   | 727          | 104,687,295 | \$24.18       |
| 2014 2q                         | 319,194            | 7,796,311,950 | 895,000,865 | 931,191,412   | 11.9% | 19,833,428     | 165        | 9,968,807   | 765          | 95,245,695  | \$23.99       |
| 2014 1q                         | 319,074            | 7,788,220,899 | 906,830,277 | 942,933,789   | 12.1% | 12,469,058     | 204        | 11,383,150  | 765          | 91,224,357  | \$23.83       |
| 2013 4q                         | 318,933            | 7,780,532,158 | 912,011,446 | 947,714,106   | 12.2% | 16,833,831     | 153        | 11,469,507  | 741          | 78,379,756  | \$23.67       |
| 2013 3q                         | 318,843            | 7,772,781,482 | 920,095,798 | 956,797,261   | 12.3% | 16,584,406     | 183        | 11,636,860  | 726          | 76,006,389  | \$23.35       |
| 2013 2q                         | 318,717            | 7,764,371,833 | 926,813,865 | 964,972,018   | 12.4% | 16,100,255     | 179        | 10,673,444  | 736          | 70,325,876  | \$23.17       |
| 2013 1q                         | 318,590            | 7,756,983,866 | 935,294,704 | 973,684,306   | 12.6% | 8,268,929      | 161        | 7,249,402   | 739          | 70,298,113  | \$22.92       |
| 2012                            | 318,472            | 7,751,373,754 | 938,409,253 | 976,343,123   | 12.6% | 51,561,609     | 643        | 33,291,968  | 668          | 64,181,611  | \$23.11       |
| 2011                            | 318,015            | 7,730,677,395 | 965,791,464 | 1,007,208,373 | 13.0% | 43,718,709     | 667        | 28,366,812  | 596          | 51,571,697  | \$22.94       |
| 2010                            | 317,489            | 7,711,566,091 | 982,236,275 | 1,031,815,778 | 13.4% | 21,778,881     | 987        | 45,510,376  | 632          | 43,413,479  | \$23.12       |
| 2009                            | 316,610            | 7,670,280,956 | 948,672,800 | 1,012,309,524 | 13.2% | (40,431,464)   | 2,142      | 91,163,202  | 956          | 65,588,820  | \$23.29       |
| 2008                            | 314,616            | 7,582,822,486 | 825,256,121 | 884,419,590   | 11.7% | 27,037,667     | 3,992      | 125,375,146 | 2,054        | 123,187,034 | \$24.99       |
| 2007                            | 310,816            | 7,465,005,793 | 740,652,743 | 793,640,564   | 10.6% | 93,894,953     | 4,976      | 124,806,174 | 3,741        | 168,780,724 | \$24.86       |
| 2006                            | 306,070            | 7,349,943,227 | 716,349,900 | 772,472,951   | 10.5% | 134,463,954    | 4,816      | 110,777,394 | 4,782        | 164,272,166 | \$23.37       |
| 2005                            | 301,430            | 7,247,344,076 | 740,088,887 | 804,337,754   | 11.1% | 149,099,584    | 4,306      | 91,859,882  | 4,559        | 143,273,360 | \$22.16       |

Source: CoStar Property © \*Select markets included in this historical chart - see Methodology page.

# National Retail – Vac.↓ Rent↑

| Total Retail Market Statistics* |                    |                |             |             |       |             |            |             |              |            | Year-End 2014 |
|---------------------------------|--------------------|----------------|-------------|-------------|-------|-------------|------------|-------------|--------------|------------|---------------|
| Period                          | Existing Inventory |                | Vacancy     |             |       | Net         | Deliveries |             | UC Inventory |            | Quoted        |
|                                 | # Blds             | Total GLA      | Direct SF   | Total SF    | Vac % | Absorption  | # Blds     | Total GLA   | # Blds       | Total GLA  | Rates         |
| 2014 4q                         | 858,148            | 10,117,449,857 | 601,769,807 | 620,525,016 | 6.1%  | 29,357,238  | 447        | 12,295,105  | 1,247        | 43,815,381 | \$ 15.55      |
| 2014 3q                         | 857,819            | 10,108,029,721 | 621,401,858 | 640,462,118 | 6.3%  | 23,646,582  | 567        | 14,047,646  | 1,494        | 50,214,244 | \$ 15.51      |
| 2014 2q                         | 857,381            | 10,098,719,634 | 635,826,226 | 654,798,613 | 6.5%  | 19,208,091  | 540        | 11,279,528  | 1,696        | 55,736,357 | \$ 15.46      |
| 2014 1q                         | 857,016            | 10,090,082,379 | 645,627,038 | 665,369,449 | 6.6%  | 19,369,588  | 723        | 11,976,761  | 1,676        | 54,586,980 | \$ 15.29      |
| 2013 4q                         | 856,440            | 10,080,108,871 | 654,791,123 | 674,765,529 | 6.7%  | 17,554,624  | 734        | 13,968,084  | 1,737        | 54,126,781 | \$ 15.23      |
| 2013 3q                         | 855,903            | 10,071,862,124 | 664,045,328 | 684,073,406 | 6.8%  | 18,883,448  | 752        | 14,897,194  | 1,955        | 57,069,771 | \$ 15.19      |
| 2013 2q                         | 855,326            | 10,058,918,839 | 668,601,205 | 690,013,569 | 6.9%  | 18,702,551  | 638        | 10,076,037  | 2,061        | 55,073,277 | \$ 15.12      |
| 2013 1q                         | 854,821            | 10,050,960,099 | 678,730,209 | 700,757,380 | 7.0%  | 16,686,085  | 711        | 11,946,798  | 1,829        | 48,231,731 | \$ 15.10      |
| 2012 4q                         | 854,276            | 10,041,886,825 | 686,173,211 | 708,370,191 | 7.1%  | 24,686,145  | 831        | 14,876,519  | 1,699        | 41,233,066 | \$ 14.99      |
| 2012 3q                         | 853,579            | 10,028,355,975 | 696,702,842 | 719,525,486 | 7.2%  | 11,759,835  | 544        | 10,492,412  | 1,938        | 44,439,604 | \$ 15.04      |
| 2012 2q                         | 853,144            | 10,019,925,426 | 699,666,139 | 722,854,772 | 7.2%  | 14,100,111  | 520        | 8,623,633   | 1,795        | 42,957,833 | \$ 15.07      |
| 2012 1q                         | 852,734            | 10,012,943,344 | 694,641,316 | 717,282,701 | 7.2%  | 20,992,401  | 828        | 13,581,105  | 1,595        | 37,847,612 | \$ 15.11      |
| 2011                            | 852,056            | 10,001,816,782 | 704,175,156 | 727,148,540 | 7.3%  | 52,110,189  | 2,671      | 47,119,956  | 1,698        | 37,383,686 | \$ 15.12      |
| 2010                            | 849,902            | 9,962,934,860  | 715,490,342 | 740,376,807 | 7.4%  | 58,178,391  | 2,925      | 52,798,868  | 1,874        | 40,384,170 | \$ 15.44      |
| 2009                            | 847,366            | 9,915,638,987  | 720,076,030 | 751,259,325 | 7.6%  | (360,791)   | 5,211      | 10,174,533  | 2,294        | 48,197,826 | \$ 16.34      |
| 2008                            | 842,490            | 9,818,111,000  | 624,581,465 | 653,370,547 | 6.7%  | 118,431,148 | 9,730      | 198,649,449 | 4,141        | 92,047,843 | \$ 17.37      |

Source: CoStar Property® \*Select markets included in this historical chart - see Methodology page. \*Select markets included in this historical chart - see Methodology page.



# Los Angeles Industrial – Vac.↓ Rent↑

| Total Industrial Market Statistics |                    |             |            |            |       |                |            |            |              |           | Year-End 2014 |  |
|------------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|------------|--------------|-----------|---------------|--|
| Period                             | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |            | UC Inventory |           | Quoted Rates  |  |
|                                    | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA   | # Blds       | TotalRBA  |               |  |
| 2014 4q                            | 36,850             | 985,390,330 | 30,248,158 | 32,022,583 | 3.2%  | 3,584,466      | 9          | 484,473    | 21           | 2,290,710 | \$ 8.18       |  |
| 2014 3q                            | 36,847             | 985,011,838 | 33,828,466 | 35,228,557 | 3.6%  | 3,655,443      | 5          | 865,091    | 23           | 2,039,694 | \$ 8.10       |  |
| 2014 2q                            | 36,842             | 984,146,747 | 36,650,955 | 38,018,909 | 3.9%  | 4,694,992      | 9          | 291,055    | 24           | 2,436,266 | \$ 7.96       |  |
| 2014 1q                            | 36,840             | 984,134,439 | 41,221,350 | 42,701,593 | 4.3%  | 2,407,684      | 9          | 309,508    | 24           | 2,176,514 | \$ 7.76       |  |
| 2013 4q                            | 36,839             | 984,047,768 | 43,393,559 | 45,022,606 | 4.6%  | 4,212,479      | 9          | 1,081,760  | 22           | 1,348,704 | \$ 7.60       |  |
| 2013 3q                            | 36,836             | 983,092,358 | 46,638,835 | 48,279,675 | 4.9%  | 2,374,160      | 4          | 753,761    | 23           | 2,080,263 | \$ 7.45       |  |
| 2013 2q                            | 36,836             | 982,551,865 | 47,919,745 | 50,113,342 | 5.1%  | (662,565)      | 10         | 892,431    | 20           | 2,637,673 | \$ 7.25       |  |
| 2013 1q                            | 36,834             | 981,803,197 | 46,595,357 | 48,802,109 | 5.0%  | 463,756        | 5          | 387,683    | 23           | 3,316,356 | \$ 7.24       |  |
| 2012                               | 36,836             | 981,949,565 | 47,327,380 | 49,412,233 | 5.0%  | 3,205,738      | 36         | 3,013,258  | 18           | 1,107,351 | \$ 7.13       |  |
| 2011                               | 36,836             | 981,161,838 | 49,587,974 | 51,830,244 | 5.3%  | 1,862,712      | 24         | 1,972,130  | 21           | 1,959,342 | \$ 6.91       |  |
| 2010                               | 36,836             | 980,665,987 | 49,932,553 | 53,197,105 | 5.4%  | (3,298,038)    | 34         | 985,146    | 13           | 1,558,375 | \$ 6.98       |  |
| 2009                               | 36,838             | 980,815,272 | 46,679,677 | 50,048,352 | 5.1%  | (8,353,497)    | 101        | 3,684,969  | 28           | 643,821   | \$ 7.52       |  |
| 2008                               | 36,783             | 979,803,369 | 37,363,932 | 40,682,952 | 4.2%  | (8,832,982)    | 135        | 4,293,214  | 75           | 2,939,888 | \$ 8.61       |  |
| 2007                               | 36,691             | 977,099,525 | 26,788,883 | 29,146,126 | 3.0%  | 1,561,960      | 178        | 6,228,874  | 105          | 4,092,468 | \$ 8.67       |  |
| 2006                               | 36,567             | 974,044,276 | 25,742,137 | 27,652,837 | 2.8%  | 13,349,026     | 229        | 9,337,860  | 139          | 5,187,195 | \$ 7.79       |  |
| 2005                               | 36,389             | 966,897,049 | 32,469,191 | 33,854,636 | 3.5%  | 14,108,840     | 232        | 10,713,363 | 172          | 7,246,612 | \$ 7.43       |  |

Source: CoStar Property®

# Los Angeles Office – Vac.↓ Rent↑

| Total Office Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|--------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                         | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA  | # Blds       | TotalRBA  | Rates         |
| 2014 4q                        | 17,709             | 424,910,259 | 47,630,843 | 48,736,118 | 11.5% | 1,006,114      | 3          | 45,695    | 58           | 2,702,271 | \$ 30.30      |
| 2014 3q                        | 17,712             | 425,037,297 | 48,724,337 | 49,869,270 | 11.7% | 943,954        | 7          | 187,566   | 56           | 2,485,410 | \$ 29.76      |
| 2014 2q                        | 17,710             | 425,316,966 | 49,968,416 | 51,092,893 | 12.0% | 778,848        | 6          | 138,171   | 61           | 2,637,433 | \$ 29.63      |
| 2014 1q                        | 17,706             | 425,407,795 | 50,703,817 | 51,962,570 | 12.2% | 276,653        | 4          | 272,958   | 42           | 1,868,872 | \$ 29.26      |
| 2013 4q                        | 17,707             | 425,244,704 | 50,587,882 | 52,076,132 | 12.2% | 707,345        | 17         | 226,909   | 28           | 1,017,278 | \$ 29.22      |
| 2013 3q                        | 17,693             | 425,279,323 | 51,236,666 | 52,818,096 | 12.4% | 1,809,552      | 8          | 618,003   | 41           | 1,115,952 | \$ 28.67      |
| 2013 2q                        | 17,688             | 424,850,436 | 52,629,413 | 54,198,761 | 12.8% | 243,395        | 6          | 141,997   | 40           | 1,347,809 | \$ 27.87      |
| 2013 1q                        | 17,684             | 424,724,327 | 52,677,695 | 54,316,047 | 12.8% | (1,094,365)    | 13         | 542,845   | 37           | 1,332,228 | \$ 27.89      |
| 2012                           | 17,674             | 424,203,103 | 51,212,214 | 52,700,458 | 12.4% | 1,778,776      | 33         | 1,444,430 | 37           | 1,675,781 | \$ 28.32      |
| 2011                           | 17,655             | 423,481,550 | 51,648,017 | 53,757,681 | 12.7% | 23,332         | 33         | 870,026   | 36           | 2,393,786 | \$ 27.97      |
| 2010                           | 17,632             | 422,973,689 | 50,522,801 | 53,273,152 | 12.6% | (2,461,873)    | 45         | 1,277,073 | 37           | 1,724,535 | \$ 27.77      |
| 2009                           | 17,600             | 422,233,326 | 46,195,744 | 50,070,916 | 11.9% | (6,273,753)    | 121        | 3,587,178 | 50           | 1,991,803 | \$ 28.61      |
| 2008                           | 17,491             | 419,252,492 | 36,853,346 | 40,816,329 | 9.7%  | (6,216,240)    | 195        | 3,615,019 | 128          | 4,639,724 | \$ 31.23      |
| 2007                           | 17,320             | 416,427,891 | 29,013,511 | 31,775,488 | 7.6%  | 959,037        | 109        | 3,643,512 | 211          | 5,313,828 | \$ 31.08      |
| 2006                           | 17,243             | 414,338,176 | 28,389,573 | 30,644,810 | 7.4%  | 4,118,197      | 86         | 2,248,084 | 138          | 4,629,139 | \$ 27.79      |
| 2005                           | 17,183             | 413,133,343 | 30,992,049 | 33,558,174 | 8.1%  | 9,739,759      | 78         | 2,225,499 | 84           | 3,172,421 | \$ 25.52      |

Source: CoStar Property®

# Los Angeles Retail – Vac.↓ Rent↑

| Total Retail Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|--------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                         | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                | # Blds             | Total GLA   | Direct SF  | Total SF   | Vac % |                | # Blds     | Total GLA | # Blds       | Total GLA | Rates         |
| 2014 4q                        | 45,572             | 456,814,690 | 20,752,387 | 21,531,601 | 4.7%  | 627,255        | 11         | 197,367   | 56           | 1,690,835 | \$25.15       |
| 2014 3q                        | 45,567             | 456,657,108 | 21,271,244 | 22,001,274 | 4.8%  | 773,787        | 26         | 366,523   | 65           | 1,873,695 | \$24.57       |
| 2014 2q                        | 45,551             | 456,948,235 | 22,323,128 | 23,066,188 | 5.0%  | 441,419        | 15         | 241,426   | 83           | 1,634,298 | \$24.25       |
| 2014 1q                        | 45,546             | 456,882,958 | 22,525,871 | 23,442,330 | 5.1%  | 698,014        | 27         | 475,458   | 77           | 1,449,184 | \$24.35       |
| 2013 4q                        | 45,525             | 456,429,454 | 22,791,909 | 23,686,840 | 5.2%  | 697,286        | 28         | 396,757   | 75           | 1,617,096 | \$24.25       |
| 2013 3q                        | 45,510             | 456,161,321 | 23,234,930 | 24,115,993 | 5.3%  | 762,185        | 16         | 208,328   | 82           | 1,594,376 | \$24.40       |
| 2013 2q                        | 45,499             | 456,064,992 | 23,854,579 | 24,781,849 | 5.4%  | 797,762        | 14         | 145,554   | 73           | 1,494,847 | \$24.18       |
| 2013 1q                        | 45,489             | 455,995,287 | 24,627,518 | 25,509,906 | 5.6%  | (20,448)       | 17         | 217,904   | 62           | 1,155,546 | \$24.47       |
| 2012 4q                        | 45,486             | 455,890,681 | 24,456,320 | 25,384,852 | 5.6%  | 762,550        | 27         | 574,469   | 54           | 927,864   | \$24.02       |
| 2012 3q                        | 45,469             | 455,402,201 | 24,761,470 | 25,658,922 | 5.6%  | (590,232)      | 14         | 180,447   | 60           | 1,185,988 | \$23.92       |
| 2012 2q                        | 45,459             | 455,257,104 | 23,986,175 | 24,923,593 | 5.5%  | (1,334,409)    | 21         | 214,007   | 64           | 1,158,568 | \$24.18       |
| 2012 1q                        | 45,447             | 455,118,541 | 22,481,948 | 23,450,621 | 5.2%  | 785,610        | 16         | 154,599   | 70           | 1,179,517 | \$24.27       |
| 2011                           | 45,446             | 455,098,056 | 23,246,403 | 24,215,746 | 5.3%  | 2,169,692      | 84         | 2,058,291 | 64           | 879,169   | \$24.15       |
| 2010                           | 45,408             | 453,837,380 | 23,958,644 | 25,124,762 | 5.5%  | 2,384,864      | 109        | 2,017,360 | 58           | 1,782,793 | \$24.89       |
| 2009                           | 45,333             | 452,170,067 | 24,006,180 | 25,842,313 | 5.7%  | (3,064,127)    | 156        | 2,796,171 | 102          | 2,263,052 | \$26.37       |
| 2008                           | 45,208             | 449,895,759 | 19,609,667 | 20,503,878 | 4.6%  | (1,275,643)    | 297        | 6,375,623 | 141          | 3,301,594 | \$28.68       |

Source: CoStar Property®

# Orange County Industrial – Vac.↑ Rent↑

| Total Industrial Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|------------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                             | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                    | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA  | # Blds       | TotalRBA  | Rates         |
| 2014 4q                            | 12,581             | 302,247,743 | 11,119,750 | 11,653,190 | 3.9%  | 44,221         | 4          | 625,950   | 4            | 266,406   | \$9.00        |
| 2014 3q                            | 12,579             | 301,744,793 | 10,814,157 | 11,194,461 | 3.7%  | 1,452,471      | 5          | 339,445   | 4            | 625,950   | \$8.91        |
| 2014 2q                            | 12,574             | 301,405,348 | 11,931,944 | 12,307,487 | 4.1%  | 589,953        | 1          | 13,530    | 9            | 965,395   | \$8.81        |
| 2014 1q                            | 12,574             | 301,518,493 | 12,727,874 | 13,010,585 | 4.3%  | 594,045        | 2          | 240,813   | 10           | 978,925   | \$8.80        |
| 2013 4q                            | 12,574             | 301,424,561 | 13,306,453 | 13,510,698 | 4.5%  | 655,616        | 1          | 6,200     | 12           | 1,219,738 | \$8.72        |
| 2013 3q                            | 12,573             | 301,418,361 | 13,984,843 | 14,160,114 | 4.7%  | 1,131,947      | 4          | 411,800   | 5            | 356,951   | \$8.50        |
| 2013 2q                            | 12,574             | 301,589,469 | 15,249,478 | 15,463,169 | 5.1%  | 1,044,267      | 2          | 92,078    | 7            | 724,123   | \$8.38        |
| 2013 1q                            | 12,574             | 301,541,094 | 16,123,129 | 16,459,061 | 5.5%  | 731,856        | 0          | 0         | 6            | 503,878   | \$8.25        |
| 2012                               | 12,574             | 301,541,094 | 16,800,456 | 17,190,917 | 5.7%  | 525,765        | 2          | 31,225    | 5            | 402,078   | \$8.09        |
| 2011                               | 12,575             | 301,981,622 | 17,633,505 | 18,157,210 | 6.0%  | 2,350,495      | 0          | 0         | 2            | 35,000    | \$8.03        |
| 2010                               | 12,579             | 302,371,506 | 20,077,163 | 20,897,589 | 6.9%  | (53,617)       | 6          | 701,161   | 0            | 0         | \$7.82        |
| 2009                               | 12,574             | 302,170,345 | 19,401,580 | 20,542,811 | 6.8%  | (7,035,219)    | 0          | 0         | 2            | 196,500   | \$8.65        |
| 2008                               | 12,574             | 302,170,345 | 12,497,967 | 13,507,592 | 4.5%  | (997,348)      | 66         | 1,359,836 | 1            | 184,000   | \$10.26       |
| 2007                               | 12,513             | 301,400,166 | 10,716,069 | 11,740,065 | 3.9%  | 937,314        | 86         | 1,551,308 | 58           | 1,328,647 | \$10.40       |
| 2006                               | 12,431             | 300,280,443 | 10,541,177 | 11,557,656 | 3.8%  | 2,175,637      | 69         | 1,869,278 | 79           | 1,559,032 | \$9.84        |
| 2005                               | 12,376             | 299,310,484 | 11,695,786 | 12,763,334 | 4.3%  | 3,528,920      | 120        | 1,523,435 | 74           | 1,644,884 | \$9.16        |

Source: CoStar Property®

# Orange County Office – Vac.↓ Rent↑

| Total Office Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|--------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                         | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA  | # Blds       | TotalRBA  | Rates         |
| 2014 4q                        | 6,081              | 153,437,889 | 15,624,828 | 16,160,571 | 10.5% | 1,409,108      | 0          | 0         | 6            | 587,406   | \$24.55       |
| 2014 3q                        | 6,081              | 153,437,889 | 17,122,125 | 17,569,679 | 11.5% | 604,867        | 4          | 507,861   | 5            | 162,362   | \$23.99       |
| 2014 2q                        | 6,077              | 152,930,028 | 17,149,427 | 17,666,685 | 11.6% | 1,123,424      | 2          | 387,671   | 9            | 670,223   | \$23.58       |
| 2014 1q                        | 6,075              | 152,542,357 | 17,958,901 | 18,402,438 | 12.1% | (41,927)       | 1          | 469,000   | 10           | 1,015,343 | \$23.26       |
| 2013 4q                        | 6,074              | 152,073,357 | 17,441,833 | 17,791,511 | 11.7% | 77,583         | 0          | 0         | 10           | 1,463,032 | \$22.95       |
| 2013 3q                        | 6,074              | 152,073,357 | 17,475,062 | 17,869,094 | 11.8% | 29,460         | 2          | 129,548   | 9            | 1,459,932 | \$22.67       |
| 2013 2q                        | 6,073              | 152,110,809 | 17,465,797 | 17,936,006 | 11.8% | 750,245        | 3          | 139,960   | 8            | 1,335,784 | \$22.36       |
| 2013 1q                        | 6,071              | 152,240,069 | 18,301,330 | 18,815,511 | 12.4% | 531,363        | 3          | 94,504    | 11           | 1,475,744 | \$22.23       |
| 2012                           | 6,068              | 152,145,565 | 18,744,542 | 19,252,370 | 12.7% | 1,875,968      | 6          | 222,344   | 12           | 1,228,183 | \$22.15       |
| 2011                           | 6,064              | 151,947,627 | 20,401,044 | 20,930,400 | 13.8% | 2,523,554      | 9          | 433,115   | 7            | 797,948   | \$22.61       |
| 2010                           | 6,058              | 151,719,113 | 22,529,427 | 23,225,440 | 15.3% | (375,586)      | 6          | 141,409   | 8            | 503,676   | \$23.12       |
| 2009                           | 6,053              | 151,594,704 | 21,524,877 | 22,725,445 | 15.0% | (3,191,135)    | 18         | 577,537   | 6            | 173,026   | \$25.21       |
| 2008                           | 6,038              | 151,047,937 | 17,601,897 | 18,987,543 | 12.6% | (1,019,229)    | 68         | 2,382,495 | 19           | 655,947   | \$28.61       |
| 2007                           | 5,973              | 148,886,584 | 14,273,334 | 15,806,961 | 10.6% | (867,768)      | 148        | 5,102,510 | 69           | 2,281,335 | \$31.17       |
| 2006                           | 5,830              | 143,984,409 | 8,433,111  | 10,037,018 | 7.0%  | 1,337,059      | 75         | 1,805,095 | 182          | 5,854,149 | \$29.50       |
| 2005                           | 5,761              | 142,315,757 | 8,775,550  | 9,705,425  | 6.8%  | 4,706,417      | 59         | 1,025,081 | 92           | 3,763,327 | \$26.37       |

Source: CoStar Property®

# Orange County Retail – Vac.= Rent↑

| Total Retail Market Statistics |                    |             |           |           |       |                |            |           |              |           | Year-End 2014 |
|--------------------------------|--------------------|-------------|-----------|-----------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                         | Existing Inventory |             | Vacancy   |           |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                | # Blds             | Total GLA   | Direct SF | Total SF  | Vac % |                | # Blds     | Total GLA | # Blds       | Total GLA | Rates         |
| 2014 4q                        | 10,017             | 140,976,978 | 6,245,195 | 6,592,929 | 4.7%  | 138,905        | 2          | 62,085    | 14           | 991,111   | \$23.01       |
| 2014 3q                        | 10,015             | 140,914,893 | 6,324,234 | 6,669,749 | 4.7%  | 273,485        | 6          | 53,040    | 15           | 1,050,696 | \$22.82       |
| 2014 2q                        | 10,014             | 140,933,685 | 6,555,221 | 6,962,026 | 4.9%  | 601,562        | 6          | 290,473   | 20           | 1,089,252 | \$22.36       |
| 2014 1q                        | 10,010             | 140,649,859 | 6,865,041 | 7,279,762 | 5.2%  | 99,356         | 4          | 27,000    | 22           | 970,529   | \$22.09       |
| 2013 4q                        | 10,007             | 140,631,545 | 6,897,645 | 7,360,804 | 5.2%  | 361,489        | 12         | 103,886   | 21           | 938,609   | \$22.27       |
| 2013 3q                        | 9,996              | 140,533,815 | 7,229,346 | 7,624,563 | 5.4%  | 394,022        | 6          | 53,606    | 28           | 991,712   | \$22.08       |
| 2013 2q                        | 9,991              | 140,490,509 | 7,552,168 | 7,975,279 | 5.7%  | 210,104        | 3          | 23,900    | 22           | 448,187   | \$22.27       |
| 2013 1q                        | 9,990              | 140,473,764 | 7,767,035 | 8,168,638 | 5.8%  | (64,422)       | 3          | 8,999     | 16           | 411,661   | \$22.13       |
| 2012 4q                        | 9,988              | 140,467,522 | 7,755,769 | 8,097,974 | 5.8%  | 319,761        | 6          | 37,326    | 14           | 287,989   | \$22.23       |
| 2012 3q                        | 9,987              | 140,522,462 | 8,140,902 | 8,472,675 | 6.0%  | 181,189        | 8          | 117,861   | 15           | 133,330   | \$22.20       |
| 2012 2q                        | 9,980              | 140,408,187 | 8,162,522 | 8,539,589 | 6.1%  | 46,020         | 4          | 168,903   | 18           | 237,130   | \$22.14       |
| 2012 1q                        | 9,976              | 140,239,284 | 7,988,014 | 8,416,706 | 6.0%  | (4,369)        | 8          | 93,860    | 17           | 367,056   | \$22.39       |
| 2011                           | 9,969              | 140,154,007 | 7,922,105 | 8,330,060 | 5.9%  | 325,292        | 16         | 295,016   | 17           | 407,172   | \$22.39       |
| 2010                           | 9,959              | 139,879,011 | 7,914,892 | 8,380,356 | 6.0%  | (100,878)      | 11         | 283,054   | 13           | 143,034   | \$22.66       |
| 2009                           | 9,958              | 139,907,957 | 7,734,918 | 8,308,424 | 5.9%  | (2,035,819)    | 22         | 409,832   | 9            | 293,931   | \$25.05       |
| 2008                           | 9,937              | 139,503,895 | 5,741,686 | 5,868,543 | 4.2%  | (192,766)      | 44         | 1,496,575 | 12           | 370,352   | \$27.98       |

Source: CoStar Property®

# San Diego Industrial – Vac.↓ Rent↑

| Total Industrial Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|------------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                             | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                    | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA  | # Blds       | TotalRBA  | Rates         |
| 2014 4q                            | 8,519              | 189,527,831 | 12,482,406 | 12,857,808 | 6.8%  | 736,782        | 0          | 0         | 2            | 647,824   | \$ 11.05      |
| 2014 3q                            | 8,520              | 189,682,231 | 13,325,859 | 13,748,990 | 7.2%  | 797,440        | 2          | 155,720   | 2            | 647,824   | \$ 10.56      |
| 2014 2q                            | 8,518              | 189,526,511 | 13,870,087 | 14,390,710 | 7.6%  | 253,285        | 0          | 0         | 3            | 773,720   | \$ 10.41      |
| 2014 1q                            | 8,520              | 189,566,335 | 14,012,417 | 14,683,819 | 7.7%  | 1,030,968      | 2          | 226,579   | 3            | 773,720   | \$ 10.36      |
| 2013 4q                            | 8,519              | 189,346,612 | 14,972,107 | 15,495,064 | 8.2%  | 899,901        | 1          | 31,246    | 4            | 382,299   | \$ 10.19      |
| 2013 3q                            | 8,520              | 189,386,299 | 15,813,810 | 16,434,652 | 8.7%  | 548,185        | 1          | 37,050    | 4            | 298,545   | \$ 10.06      |
| 2013 2q                            | 8,521              | 189,362,628 | 16,392,596 | 16,959,166 | 9.0%  | 565,108        | 1          | 59,815    | 5            | 335,595   | \$ 9.95       |
| 2013 1q                            | 8,522              | 189,334,848 | 16,689,942 | 17,496,494 | 9.2%  | 92,850         | 2          | 157,733   | 3            | 128,111   | \$ 9.93       |
| 2012                               | 8,523              | 189,270,971 | 16,759,930 | 17,525,467 | 9.3%  | 2,815,472      | 2          | 179,101   | 5            | 285,844   | \$ 9.83       |
| 2011                               | 8,525              | 189,257,429 | 19,418,393 | 20,327,397 | 10.7% | 437,174        | 4          | 355,591   | 2            | 80,502    | \$ 9.78       |
| 2010                               | 8,525              | 188,972,338 | 19,329,103 | 20,479,480 | 10.8% | 764,225        | 4          | 307,770   | 2            | 189,591   | \$ 9.84       |
| 2009                               | 8,525              | 188,718,726 | 19,407,123 | 20,990,093 | 11.1% | (4,132,481)    | 27         | 969,656   | 2            | 233,020   | \$ 10.55      |
| 2008                               | 8,503              | 187,872,491 | 14,794,445 | 16,011,377 | 8.5%  | (1,433,392)    | 68         | 976,275   | 24           | 878,213   | \$ 12.16      |
| 2007                               | 8,436              | 186,906,216 | 12,864,687 | 13,611,710 | 7.3%  | 1,483,979      | 131        | 2,690,932 | 56           | 574,330   | \$ 12.01      |
| 2006                               | 8,321              | 185,524,219 | 12,394,486 | 13,713,692 | 7.4%  | 2,861,987      | 170        | 3,547,784 | 48           | 1,842,835 | \$ 11.84      |
| 2005                               | 8,153              | 182,053,635 | 11,730,694 | 13,105,095 | 7.2%  | 3,981,617      | 79         | 3,485,915 | 117          | 2,347,497 | \$ 11.24      |

Source: CoStar Property®

# San Diego Office – Vac.↓ Rent ↑

| Total Office Market Statistics |                    |             |            |            |       |                |            |           |              |           | Year-End 2014 |
|--------------------------------|--------------------|-------------|------------|------------|-------|----------------|------------|-----------|--------------|-----------|---------------|
| Period                         | Existing Inventory |             | Vacancy    |            |       | Net Absorption | Deliveries |           | UC Inventory |           | Quoted        |
|                                | # Blds             | TotalRBA    | DirectSF   | TotalSF    | Vac % |                | # Blds     | TotalRBA  | # Blds       | TotalRBA  | Rates         |
| 2014 4q                        | 5,351              | 113,302,944 | 11,672,360 | 12,674,295 | 11.2% | 886,295        | 1          | 410,000   | 6            | 906,936   | \$28.16       |
| 2014 3q                        | 5,350              | 112,892,944 | 12,242,593 | 13,150,590 | 11.6% | 735,842        | 1          | 7,800     | 5            | 1,217,041 | \$27.25       |
| 2014 2q                        | 5,349              | 112,885,144 | 13,004,879 | 13,878,632 | 12.3% | (312,411)      | 3          | 460,492   | 5            | 1,047,572 | \$27.07       |
| 2014 1q                        | 5,350              | 112,540,363 | 12,686,434 | 13,502,610 | 12.0% | (120,060)      | 0          | 0         | 8            | 1,508,064 | \$26.74       |
| 2013 4q                        | 5,352              | 112,560,163 | 12,768,684 | 13,402,350 | 11.9% | 399,955        | 1          | 70,000    | 7            | 1,202,112 | \$26.12       |
| 2013 3q                        | 5,352              | 112,557,563 | 13,104,228 | 13,799,705 | 12.3% | (324,233)      | 1          | 250,000   | 7            | 1,268,292 | \$25.91       |
| 2013 2q                        | 5,351              | 112,307,563 | 12,593,207 | 13,225,472 | 11.8% | 531,817        | 3          | 363,358   | 6            | 1,186,292 | \$25.81       |
| 2013 1q                        | 5,348              | 111,944,205 | 12,835,569 | 13,393,931 | 12.0% | 437,709        | 1          | 127,373   | 9            | 1,549,650 | \$25.64       |
| 2012                           | 5,351              | 111,872,118 | 13,133,482 | 13,759,553 | 12.3% | 1,908,411      | 12         | 750,648   | 8            | 1,599,223 | \$25.47       |
| 2011                           | 5,341              | 111,295,939 | 14,366,078 | 15,091,785 | 13.6% | 1,295,046      | 4          | 465,660   | 12           | 993,408   | \$25.38       |
| 2010                           | 5,337              | 110,830,279 | 15,284,023 | 15,921,171 | 14.4% | 1,463,101      | 12         | 739,916   | 7            | 581,147   | \$25.98       |
| 2009                           | 5,327              | 110,103,698 | 15,783,148 | 16,657,691 | 15.1% | 312,222        | 30         | 1,369,354 | 14           | 1,081,666 | \$27.45       |
| 2008                           | 5,298              | 108,738,826 | 14,244,770 | 15,605,041 | 14.4% | (993,677)      | 83         | 3,045,813 | 31           | 1,580,958 | \$31.22       |
| 2007                           | 5,219              | 105,708,486 | 10,625,669 | 11,581,024 | 11.0% | 2,036,037      | 118        | 3,509,027 | 79           | 3,019,937 | \$32.05       |
| 2006                           | 5,104              | 102,221,482 | 8,972,045  | 10,130,057 | 9.9%  | 966,337        | 62         | 2,820,362 | 115          | 4,837,338 | \$30.70       |
| 2005                           | 5,046              | 99,503,418  | 7,673,839  | 8,378,330  | 8.4%  | 2,759,323      | 50         | 2,093,292 | 58           | 3,543,701 | \$28.46       |

Source: CoStar Property®



# San Diego Retail – Vac.↓ Rent↓

| Total Retail Market Statistics |                    |             |           |           |       |                |            |          |              |          | Year-End 2014 |
|--------------------------------|--------------------|-------------|-----------|-----------|-------|----------------|------------|----------|--------------|----------|---------------|
| Period                         | Existing Inventory |             | Vacancy   |           |       | Net Absorption | Deliveries |          | UC Inventory |          | Quoted        |
|                                | # Blds             | TotalGLA    | DirectSF  | TotalSF   | Vac % |                | # Blds     | TotalGLA | # Blds       | TotalGLA | Rates         |
| 2014 4q                        | 12,823             | 134,240,249 | 5,170,954 | 5,340,635 | 4.0%  | 297,492        | 3          | 117,322  | 17           | 360,891  | \$22.53       |
| 2014 3q                        | 12,820             | 134,122,927 | 5,342,225 | 5,520,805 | 4.1%  | 467,423        | 11         | 197,308  | 18           | 447,391  | \$22.55       |
| 2014 2q                        | 12,811             | 133,932,883 | 5,481,016 | 5,798,184 | 4.3%  | 276,059        | 9          | 85,558   | 27           | 607,123  | \$22.34       |
| 2014 1q                        | 12,804             | 133,869,990 | 5,667,723 | 6,011,350 | 4.5%  | 131,550        | 8          | 39,911   | 32           | 676,540  | \$21.81       |
| 2013 4q                        | 12,798             | 133,862,043 | 5,900,513 | 6,134,953 | 4.6%  | 194,791        | 6          | 159,762  | 20           | 413,150  | \$21.49       |
| 2013 3q                        | 12,796             | 133,739,471 | 5,993,342 | 6,207,172 | 4.6%  | 378,400        | 16         | 328,281  | 17           | 334,626  | \$21.62       |
| 2013 2q                        | 12,786             | 133,455,586 | 6,020,128 | 6,301,687 | 4.7%  | (65,743)       | 3          | 16,577   | 29           | 612,927  | \$21.31       |
| 2013 1q                        | 12,790             | 133,568,675 | 6,084,077 | 6,349,033 | 4.8%  | 130,073        | 4          | 79,917   | 19           | 459,029  | \$21.02       |
| 2012 4q                        | 12,788             | 133,494,057 | 6,121,145 | 6,404,488 | 4.8%  | 767,952        | 11         | 369,380  | 17           | 416,479  | \$20.83       |
| 2012 3q                        | 12,781             | 133,141,477 | 6,542,457 | 6,819,860 | 5.1%  | 276,571        | 4          | 17,085   | 19           | 583,919  | \$20.89       |
| 2012 2q                        | 12,777             | 133,124,392 | 6,810,260 | 7,079,346 | 5.3%  | 104,766        | 4          | 15,742   | 20           | 582,017  | \$20.91       |
| 2012 1q                        | 12,777             | 133,124,634 | 6,808,477 | 7,184,354 | 5.4%  | 232,942        | 5          | 216,036  | 17           | 564,950  | \$21.08       |
| 2011                           | 12,778             | 132,948,399 | 6,871,334 | 7,241,061 | 5.4%  | 672,641        | 17         | 330,404  | 13           | 389,457  | \$21.06       |
| 2010                           | 12,778             | 132,974,119 | 7,499,228 | 7,939,422 | 6.0%  | 70,791         | 26         | 326,572  | 11           | 233,424  | \$21.70       |
| 2009                           | 12,769             | 132,783,508 | 7,159,382 | 7,819,602 | 5.9%  | (1,566,031)    | 51         | 887,518  | 18           | 227,544  | \$22.88       |
| 2008                           | 12,730             | 131,950,653 | 5,074,551 | 5,420,716 | 4.1%  | (438,847)      | 62         | 647,902  | 37           | 816,224  | \$24.75       |

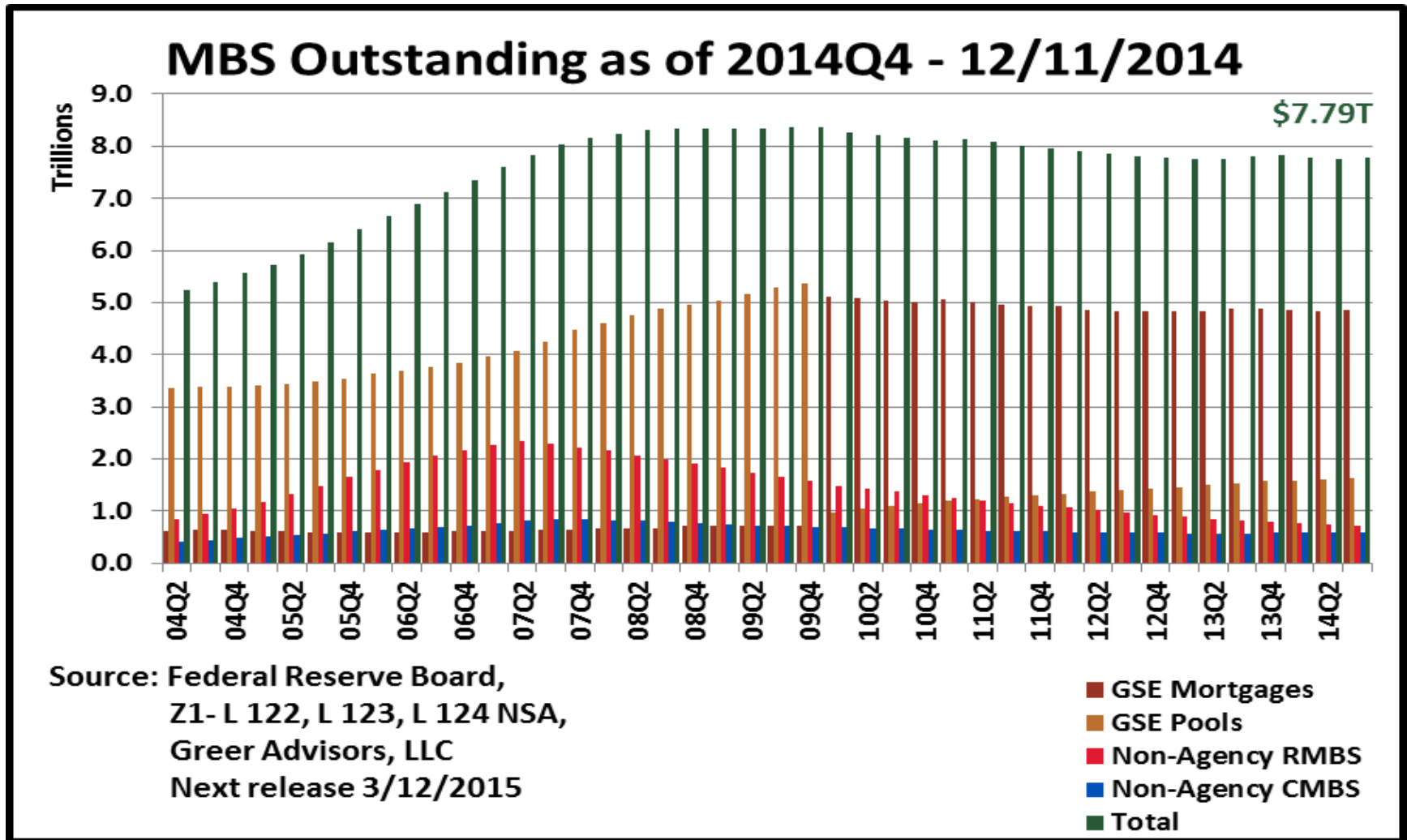
Source: CoStar Property®

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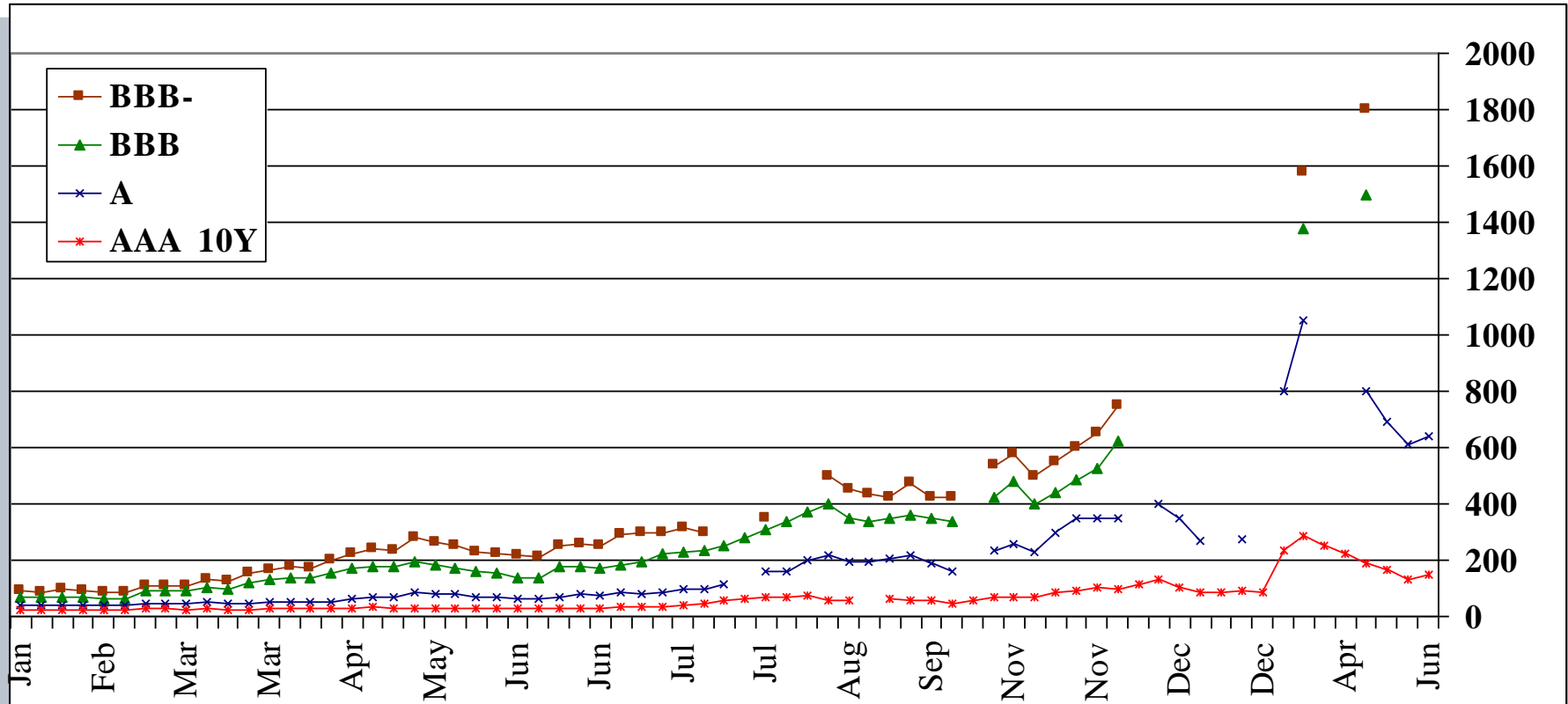
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- Real Estate Capital Markets

# MBS Outstanding Balances



# CMBS Yield Spreads (Spread to Swap)



Source: CM Alert, Greer Advisors, LLC

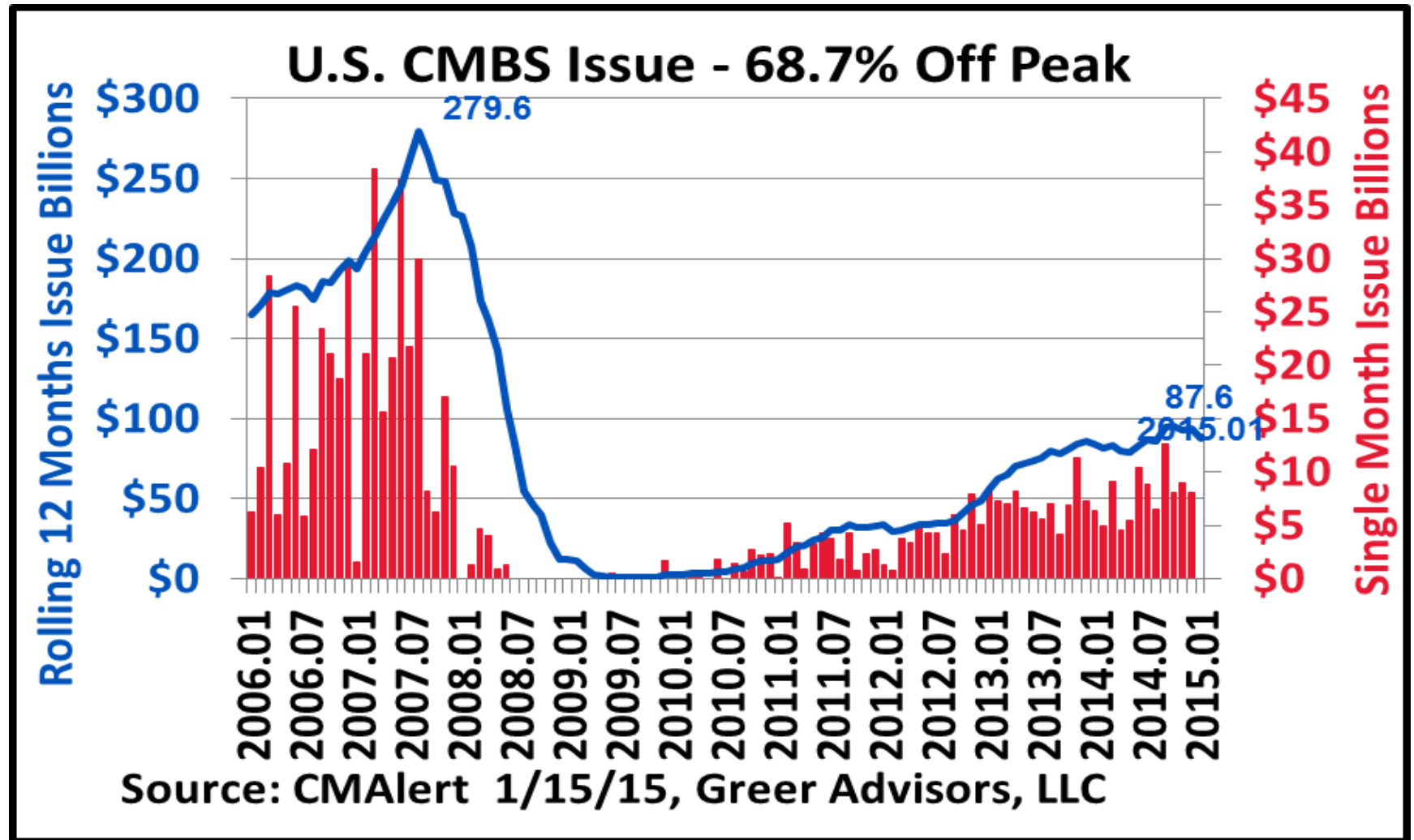
Note: X-axis not to scale. Spreads are "over swaps" for 10-year Treasuries.

Note: Last this is what I sent throughout BofA in mid 2007.

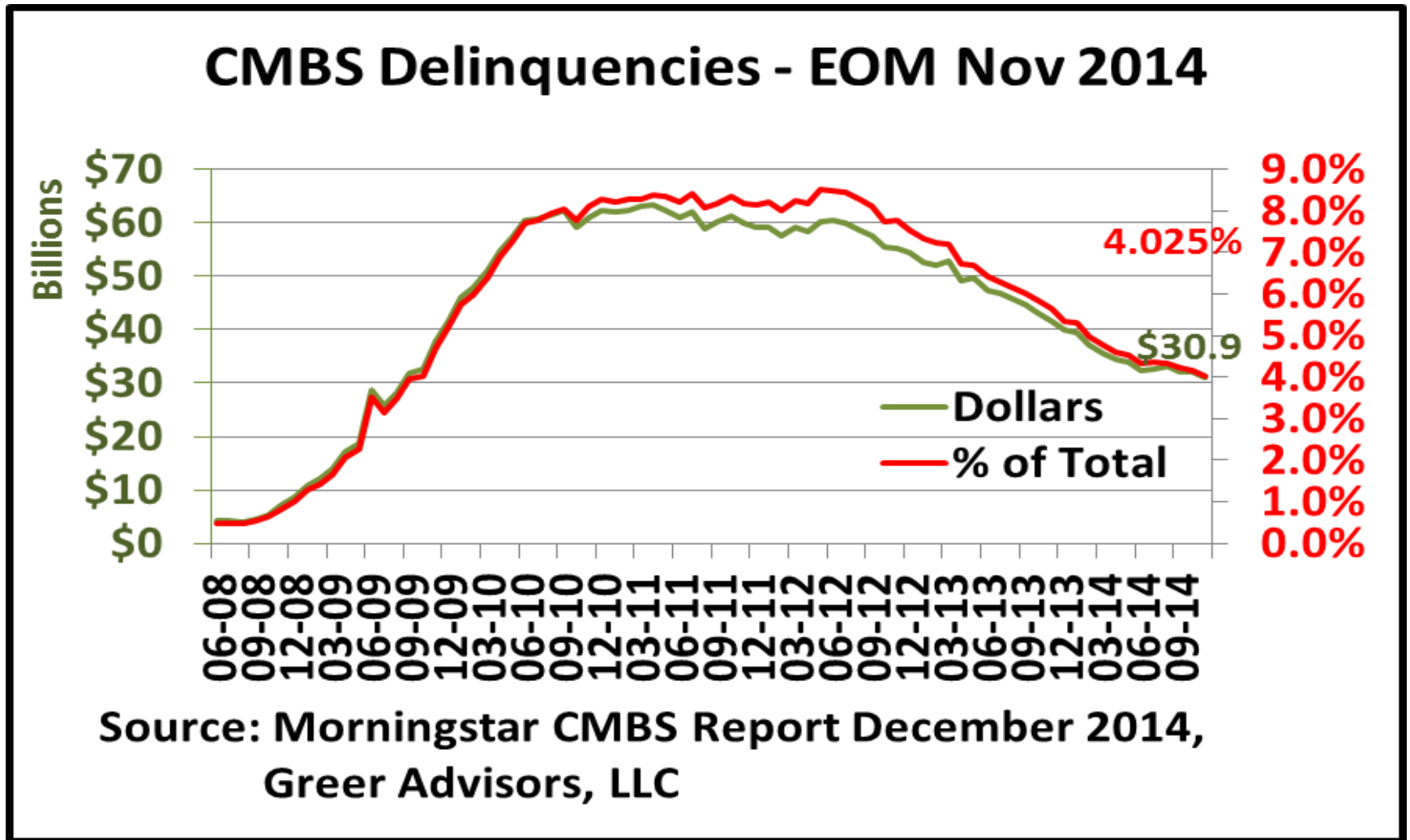
28 Also sent prior versions early 2007

**Greer Advisors, LLC**

# CMBS Issuance - Rising from Floor



# CMBS Delinquencies – Rise & Fall



## Synthetic CMBX Yields (Spreads to Swaps) – See Risk

| <b>Greer CMBS / CMBx Yield Rate<sup>TM</sup></b> |               |                |                           |                              |
|--|---------------|----------------|---------------------------|------------------------------|
| <b>Tranche</b>                                   | <b>Yield</b>  | <b>Suboord</b> | <b>% of Capital Stack</b> | <b>Contribution to Total</b> |
| <b>CMBX.NA.AAA.6</b>                             | <b>2.45%</b>  | <b>30.9%</b>   | <b>69.1%</b>              | <b>1.70%</b>                 |
| <b>CMBX.NA.AS.6</b>                              | <b>2.95%</b>  | <b>21.1%</b>   | <b>9.8%</b>               | <b>0.29%</b>                 |
| <b>CMBX.NA.AA.6</b>                              | <b>3.44%</b>  | <b>15.7%</b>   | <b>5.4%</b>               | <b>0.19%</b>                 |
| <b>CMBX.NA.A.6</b>                               | <b>3.93%</b>  | <b>12.1%</b>   | <b>3.6%</b>               | <b>0.14%</b>                 |
| <b>CMBX.NA.BBB-.6</b>                            | <b>4.96%</b>  | <b>6.9%</b>    | <b>5.2%</b>               | <b>0.26%</b>                 |
| <b>CMBX.NA.BB.6</b>                              | <b>6.98%</b>  | <b>5.3%</b>    | <b>1.6%</b>               | <b>0.11%</b>                 |
| <b>All others</b>                                | <b>13.00%</b> | <b>0.0%</b>    | <b>5.3%</b>               | <b>0.69%</b>                 |
| <b>Implied Overall Debt Yield (Interest)</b>     |               |                | <b>100.0%</b>             | <b>3.37%</b>                 |

Notes: ① The table is somewhat complicated, as evidenced by the numerous footnotes. Several conclusions can be drawn. 1) If the 'Implied Overall Debt Yield' is greater than loan rates in the marketplace, the CMBS market CAN NOT recover because the required bond yields are too high to make debt affordable to borrowers. 2) When the spread between AAA and BB tranches is high, say above 500 bps (now at 452 bps), the market can't recover because of risk aversion for lower-rated tranches. In January 2007, spreads between the AAA Sr tranche and BB tranches were around 65 bps. For most of late 2008 through 2012 and most of 2013, spreads were near 10,000 bps. Lastly, the yields for each tranche provide tremendous insight into the pricing of risk premiums for each layer in the capital stack.

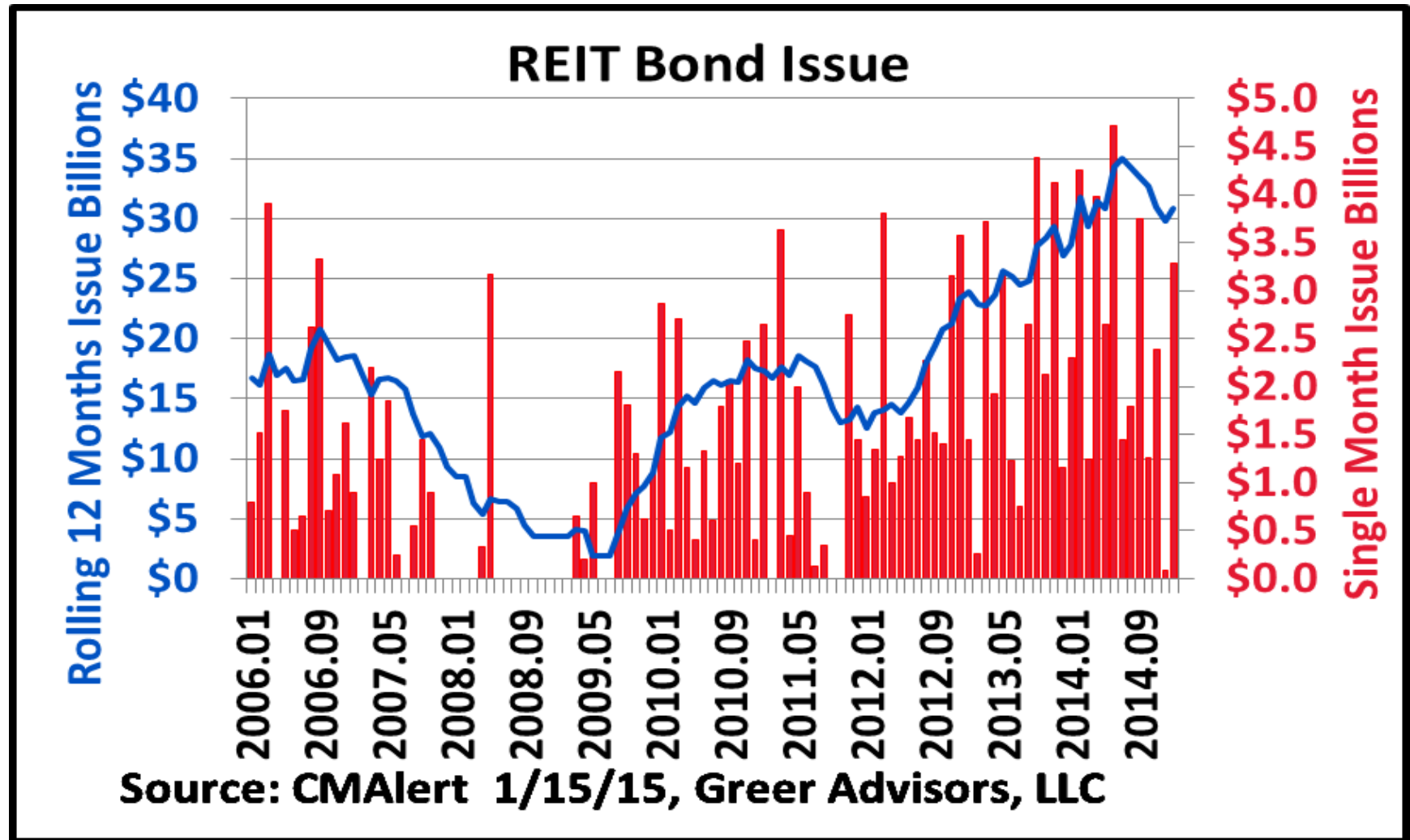
② Markit<sup>TM</sup> Data and Calculations based on close of 1/20. Swap (10Yr) as of 1/16. CMBx prices are based on Series 6 data. Subordination levels are based on average credit enhancement.

③ Coupon and Price data were from Markit<sup>TM</sup> for AAA Senior through BB bonds. Markit<sup>TM</sup> data was used as part of the calculations by Greer Advisors, LLC to determine yields.

④ Profit / arbitrage opportunity for the issuer was ignored.

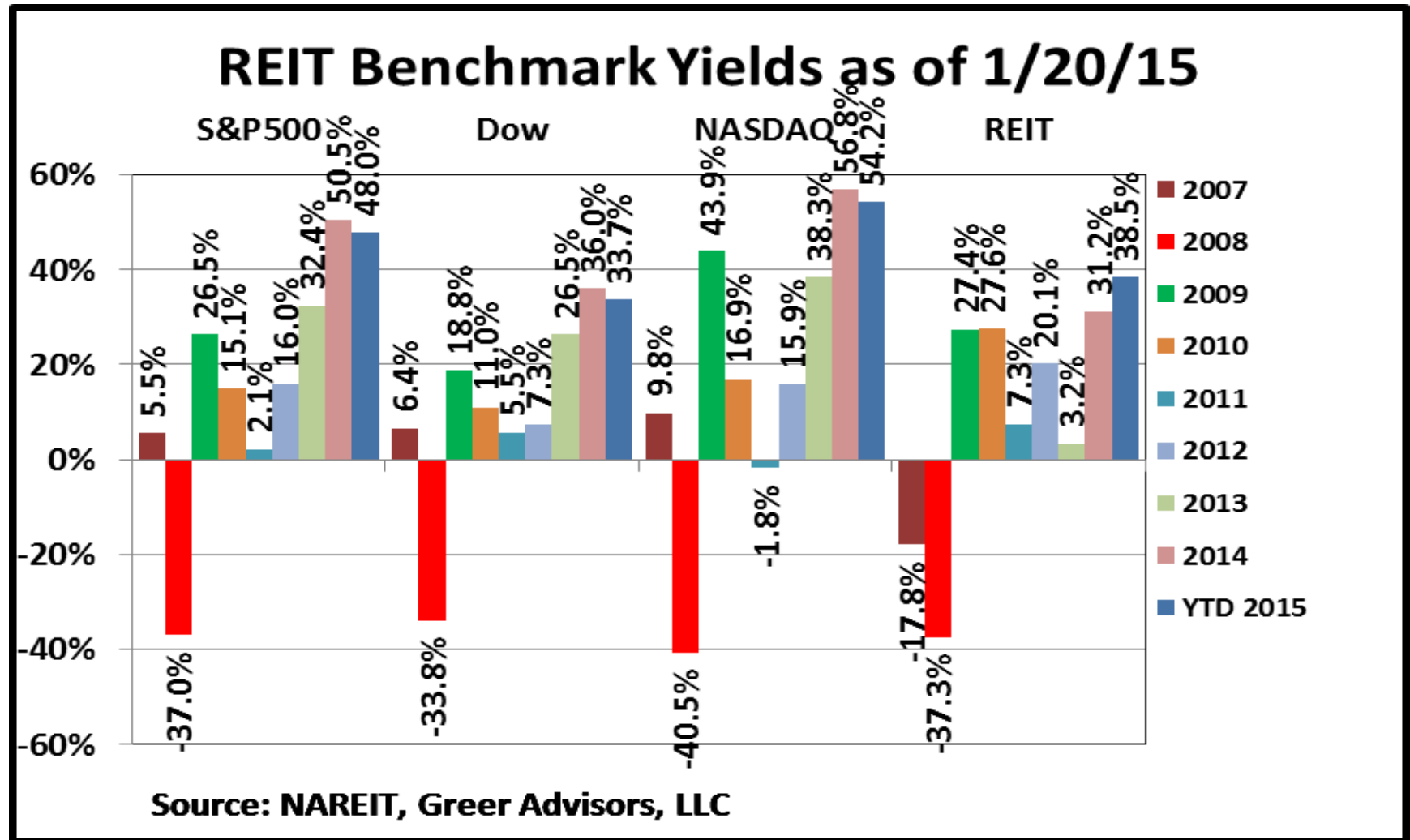
⑤ The yield for 'All Others' class was based on the yield spread between the BB yield (6.98%) and the BBB- yield (4.96), times 4.0 (8.05), plus the yield on the BBB- class, rounded to the nearest bp.

# REIT Bond Issuance

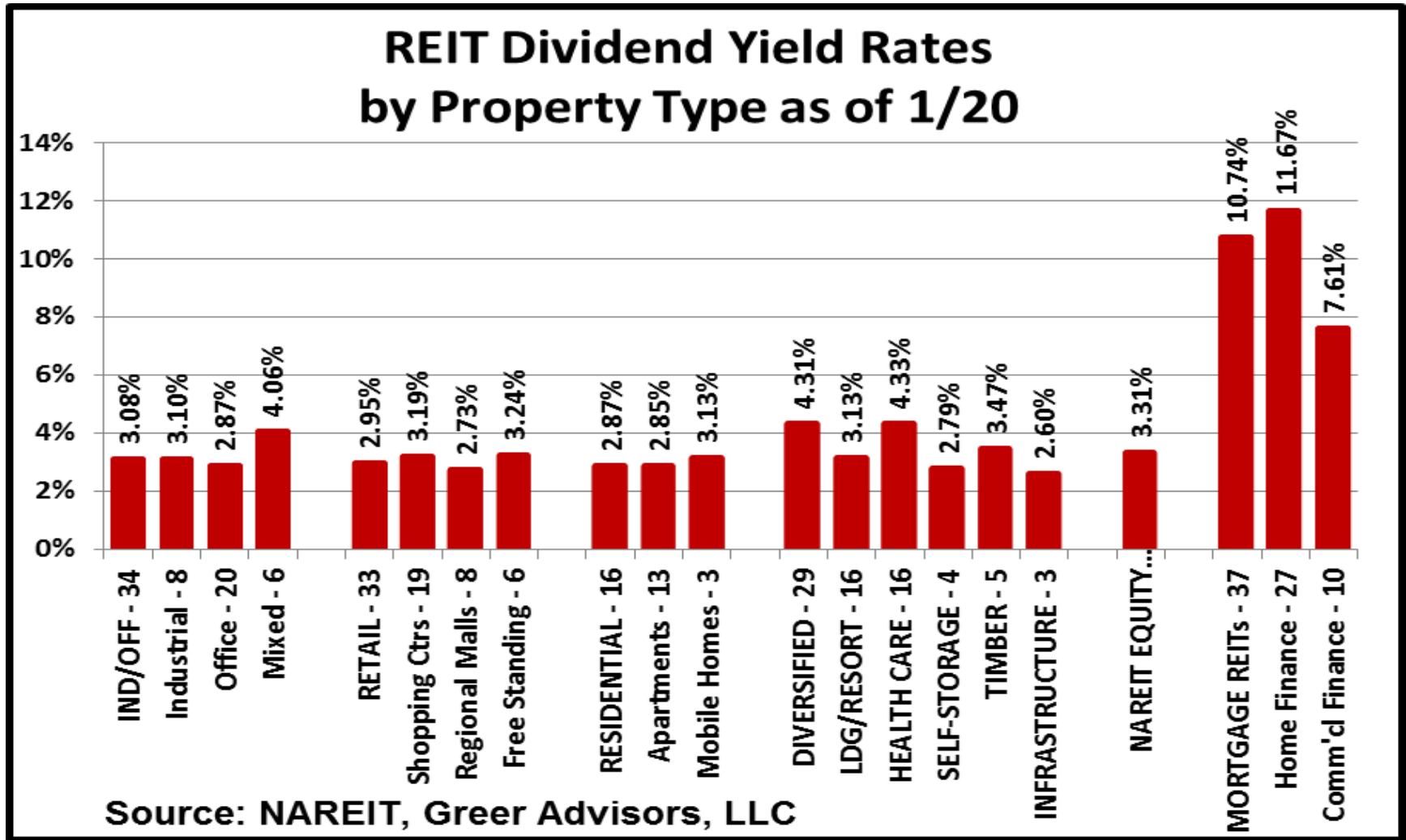




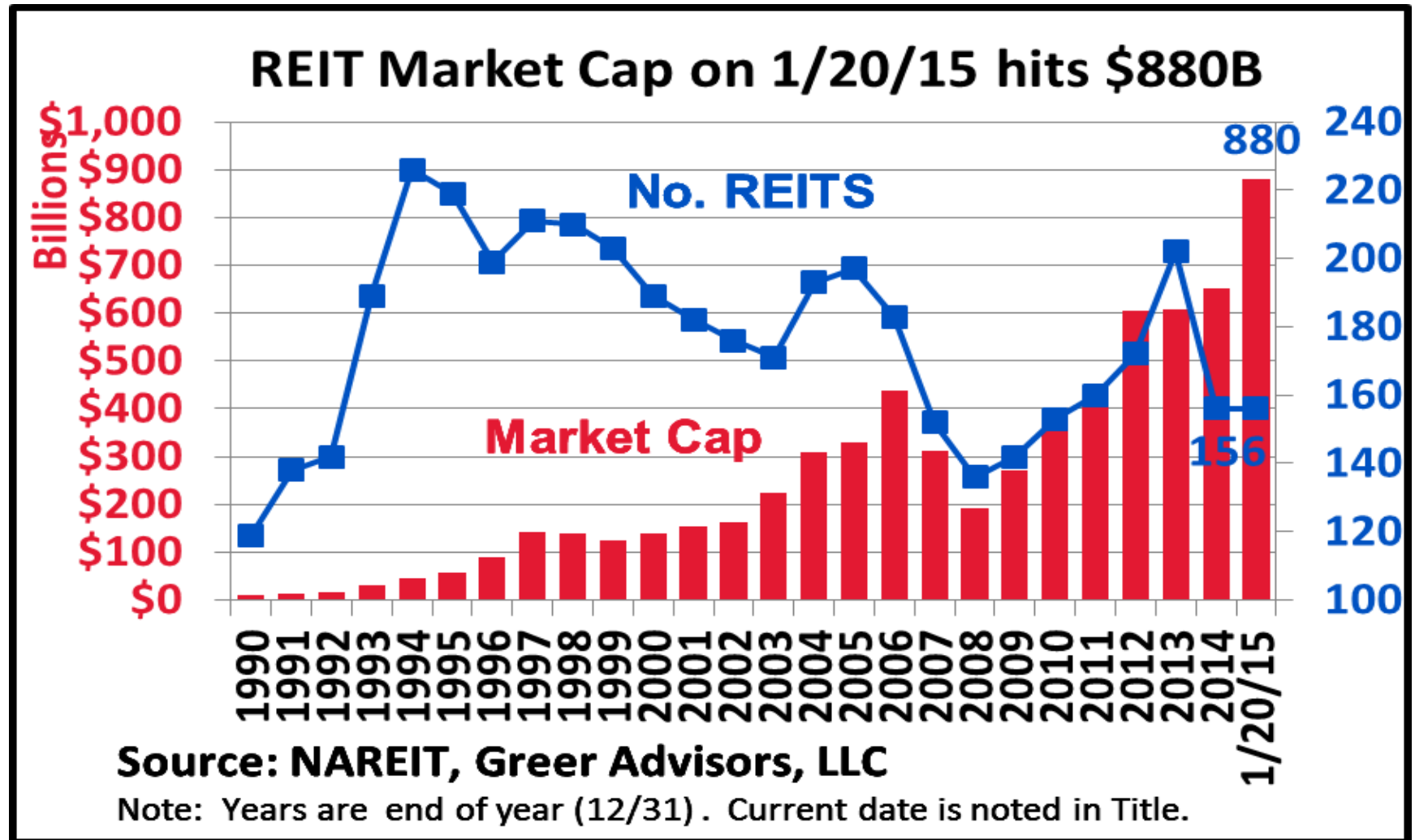
# REIT Benchmark Yields



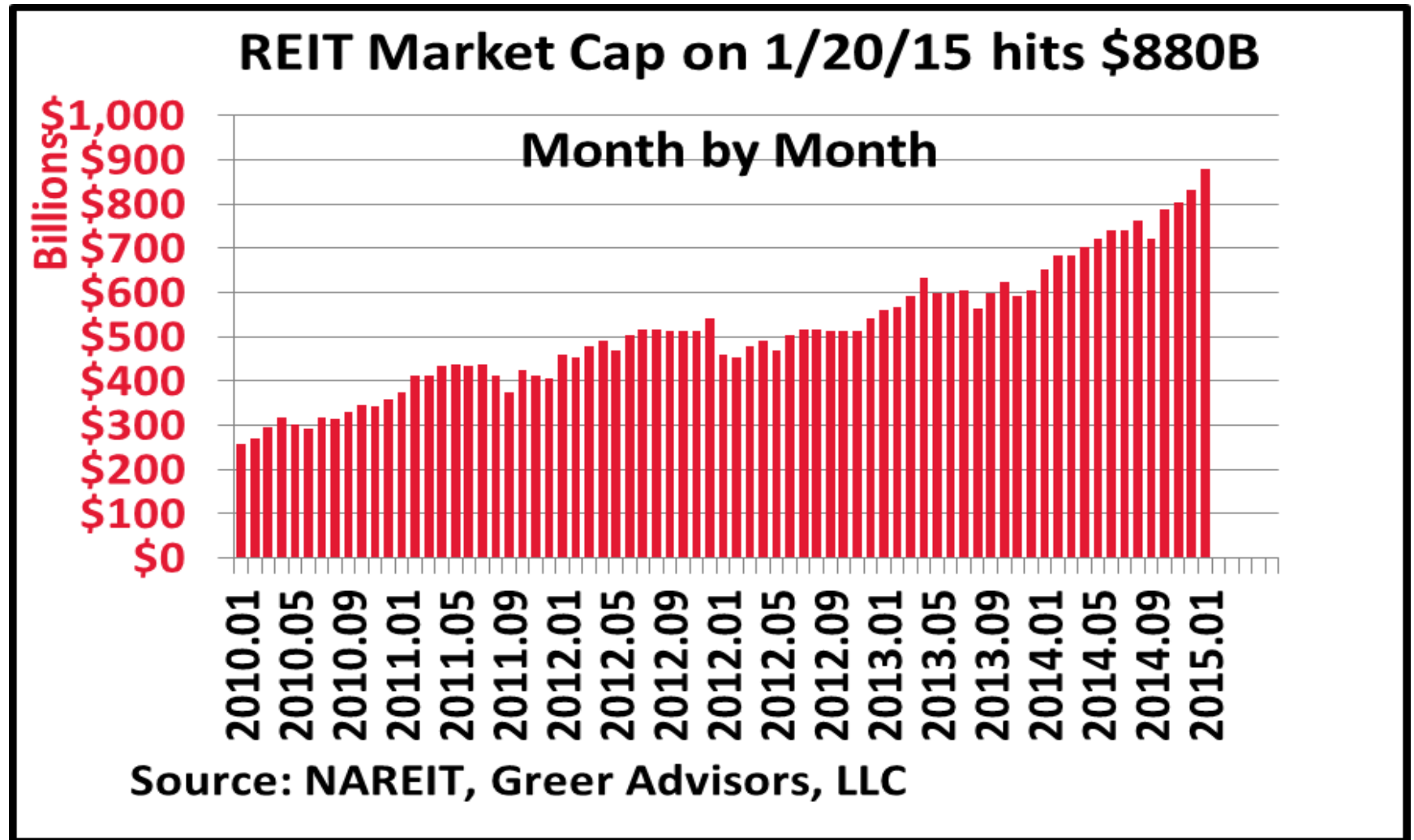
# REIT Yields by Property Type



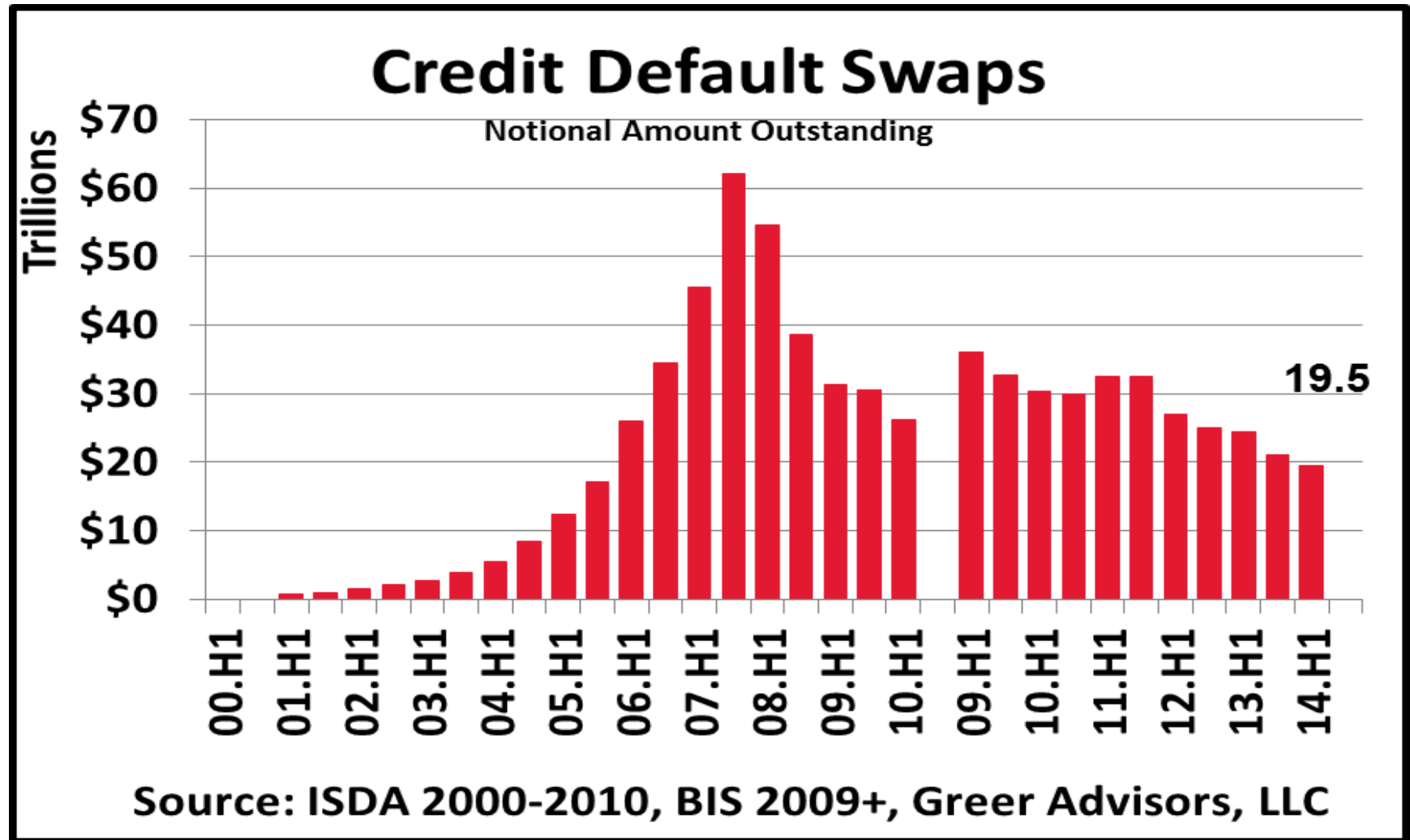
# REIT Market Capitalization – Long Term



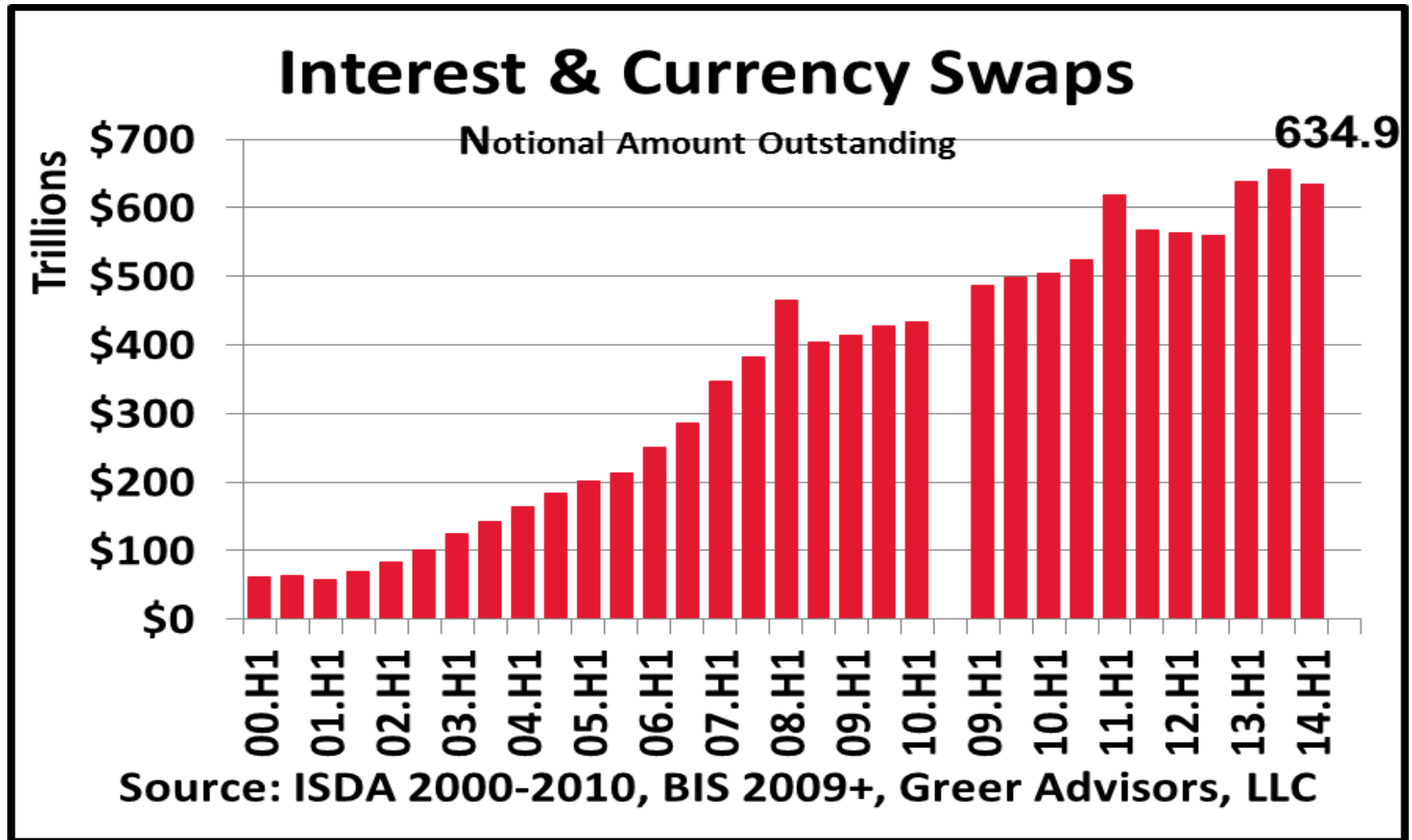
# REIT Market Capitalization – Short Term



# Credit Default Swaps



# More Swaps – Gambling



# Conclusions

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- 14Q4 Rents & Vacancies have Improved Across Country
- 14Q4 Rents & Vacancies have Improved in SoCal
- Most Markets Remain Below 2007 Rent Levels
- Drop in Oil Prices Helps Interest Rates Stay Low
- Russia, Venezuela and Iran Depend on High Oil Prices
- Chinese Domestic Debt has nearly Doubled since 2008
- Sudden Rise in Oil Prices Could be Devastating
- Tech & Oil Markets have Improved the Most
- CMBS is still is finally recovering
- REITs are “Off the Charts”

# Questions / Answers

A red and black racing bicycle is the central focus, positioned on a light-colored tiled floor against a plain white wall. The bike features a red frame with black accents and 'GIRO' branding. It has a black seat, handlebars with a water bottle, and a black front fender. The wheels are black with red and white graphics. In the foreground, a black and red Giro helmet and a pair of red and black cycling shoes are visible.

Greer Advisors, LLC

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