Investment Market Review

Presented By:
J. Scott Adams, CCIM
President, Mid-South Region

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TOPICS TO COVER

- Trends in Property Sales (DOWN!)
  - Nationally
  - Hampton Roads
- Trends in Distressed Assets (UP!)
- The Lending Market Today (IT DEPENDS)
- Commercial Real Estate as an Investment Class (A WINNER OVER THE LONG TERM)

Trends in Property Sales

Nationally

<table>
<thead>
<tr>
<th>Value</th>
<th>2007</th>
<th>2006</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>$443.4 Billion</td>
<td>$135.4 Billion</td>
<td>$51.1 Billion</td>
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</tbody>
</table>

Source: Real Capital Analytics

Hampton Roads

<table>
<thead>
<tr>
<th>Value</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>$1,383 Billion</td>
<td>$602.3 Million</td>
<td>$139.5 Million</td>
<td></td>
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</tbody>
</table>

Source: CB Richard Ellis Market Research

2009 Top Local Sales Transactions: Multi-Family

Springhouse @ Newport
The Townes @ Jones Run
Woodshire Apartments

2009 Top Local Sales Transactions: Retail

Harbour View East
**Trends in Distressed Assets**

**WHAT IS A “DISTRESSED ASSET”?**

- A loan default has occurred or is imminent
  - and/or
- The owner/sponsor of the asset is bankrupt or faces financial trouble

**The Lending Market Today**

**HOW IS THE LENDING MARKET TODAY? It Depends!**

1. **By Property Type**
   - Multi-Family vs. all other Property Types

2. **By Asset Stability**
   - Stable Positive Cash Flow vs.
   - Unstable Positive or Negative Cash Flow

3. **By Investor Type (For Office and Industrial Assets)**
   - Owner-Occupants vs. Traditional Investors

**Commercial Real Estate as an Investment**

**Commercial Real Estate vs. Stocks and Bonds**

*Higher Returns for real estate over a 5 and 10 year hold period*

Commercial Real Estate as an Investment

What Goes Down Does Come Back Up!
Changes in Commercial Real Estate Values Over Time
1985 - 2009

Investment Market Review

GAME PLAN FOR SUCCESS
FOR SERVICE PROVIDERS

- Be sensitive to the stress on real estate owners
- Educate our clients with fresh, thorough information
- Seize every opportunity for our clients
- Make a difference in our clients' lives