Economic Update for Commercial Real Estate:

The Three C’s Behind the Crisis: Credit, Confidence & Collateral

Presentation to Attendees:

WSCAR Education Day 2008

Washington State Commercial Association of REALTORS®

by

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October 29, 2008
Presentation Overview

• Macro-View
  – Economic Conditions
  – Real Estate Capital Markets
  – Real Estate Fundamentals

• Seattle Regional View
  – Economic/Capital/Real Estate Markets
  – Challenges, Issues and Opportunities
Survey Responses

- Objective
  - Link academic/industry perspectives
  - Provide local market insights
  - Compare to national perspective

- Who Responded?

- Response Rate
  - 69 usable
  - 50% +/-
The Definition of Real Estate

• What is Real Estate?
  – Artificially delineated space over time with a fixed reference point to the earth.......

• What key approaches to Real Estate?

  Money-time

  Space-time
What is the Spatial Side of Real Estate?

What are the three key dimensions of Real Estate?

S..... E..... L....

Static

Environment

Linkages

S..... E..... L....
Key Questions: Where are we? Where is bottom? When?
Three Major Attributes of Real Estate

Three major attributes of real estate . . .

– $L$, 
– $L$, 
– $L$. 
Three Major Attributes of Real Estate

Three major attributes of real estate . . .

- L, \( \forall \)
- L, \( \forall \)
- L. \( \forall \)
- \( \forall \)

\( \ldots \ldots ulnerable, \)
\( \ldots \ldots ulnerable, \)
\( \ldots \ldots ulnerable. \)
The Three C’s of our Disconnect

- **Credit Crisis**
  - Easy Credit
  - Cheap Credit
  - Plentiful Credit

- **Crisis of Confidence**
  - Consumer Confidence
  - Corporate Confidence

- **Crisis of Collateral**
  - Value attributable to delinking spatial market/capital market
  - Values correction as “marked to market”
  - Re-pricing of Risk
The Risk Management Process

- Identify exposures
- Identify alternative control procedures
- Select appropriate control
- Implement
- Monitor and feedback
Types of Risks in Real Estate

- Business risk
- Financial risk
- Liquidity risk
- Inflation risk
- Management risk
- Interest rate risk
- Legislative/Political risk
- Environmental risk
- Accounting risk
- Exit risk
- Market Balance
- Demand

- Risk to underlying activity
- Not generate sufficient funds
- Inability to transfer assets
- Loss of purchasing power
- Administrative, HR risks
- Changing cost of capital
- Changing “rules” of the game
- Changing standards
- Changing accepted practices
- Unable to liquidate position
- Excess or imbalance supply
- Changing nature, level of demand
### Political Preferences and Prognostications

- **Which Presidential ticket do you personally prefer?**

<table>
<thead>
<tr>
<th>Ticket</th>
<th>25</th>
<th>40%</th>
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<tbody>
<tr>
<td>Barack Obama/Joe Biden</td>
<td></td>
<td></td>
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<tr>
<td>John McCain/Sarah Palin</td>
<td>34</td>
<td>54%</td>
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<tr>
<td>Other, please specify</td>
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  **Total:** 63 (100%)

- **Which ticket do you think will win?**

<table>
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<th>Ticket</th>
<th>52</th>
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<tr>
<td>John McCain/Sarah Palin</td>
<td>8</td>
<td>13%</td>
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<tr>
<td>Other, please specify</td>
<td>1</td>
<td>2%</td>
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</table>

  **Total:** 61 (100%)

- **Who will win for Governor?**

<table>
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<th>Candidate</th>
<th>26</th>
<th>43%</th>
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<tbody>
<tr>
<td>Christine Gregoire</td>
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<tr>
<td>Dino Rossi</td>
<td>35</td>
<td>57%</td>
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</table>

  **Total:** 61 (100%)
Part I: Economic Growth & Recession?

GDP was up 3.5% in 2nd Q, but…

Where?

How bad?

How long?

Heading into major recession?

Source: Moody’s Economy.com
Unemployment Rates

Employment to improve early ’09?

How Bad?

Who’s Next?

- State & Local Government
- Technology, retail
- Everyone????
- University Professors???

Unemployment

How Widespread?

Rising Unemployment Insurance Claims
Initial UI claims, 3 mo. sum, August

U.S.=26%

Source: economy.com
### Business Indicators & Business Confidence

**Corp Balance Sheets OK?**
Exports will propel economy

<table>
<thead>
<tr>
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<th>Neither</th>
<th>Disagree</th>
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<td>20%</td>
<td>26%</td>
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<tr>
<td>5%</td>
<td>72%</td>
<td>12%</td>
<td>12%</td>
<td>0%</td>
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**Inventories/Shipments**

- Inventories
- Shipments

**Source:** Haver Analytics, economy.com

**Inventories/Shipments**

- Source: Haver Analytics

**Corporate Profits, % change year ago**

- Source: economy.com

**Source:** Census Bureau/Haver Analytics, Census Bureau/Haver Analytics
Global Contagion: Diffusion of Credit Innovation

Most Affected Regions

- **Netherlands** to inject €10 billion ($13.4 billion) into ING Groep NV
- **Germany** worked out details of a €500 billion rescue package
- **Sweden’s** financial stability plan, includes $206 b bank guarantee
- **South Korea’s** $130 b guarantee and $30 b infusion Korean banking
- **Iceland's** banking system essentially collapsed in the past month
- **China's** economic growth slowed more sharply than expected
- **Russia's** financial markets face rising interest rates and a liquidity shortage.
- **Japanese** economic stimulus package worth $107 b.

Emerging Markets

Source: economy.com
Stock Market: Now and Then

CBA on Where bottom?

CBA on Where in 2 years?

8000 - 9000

Post election pro-business incentives

Stocks surged 900 pts on 10/28/08…
Crisis on Wall Street: From East Coast to West

- **Residential market:** Start of it all??
  - Went into a deep tailspin in 2006; focus on sub-prime mortgages; delinquencies up
  - New Federal Housing Finance Agency (FHFA) in July 2008
  - October, Fannie Mae and Freddie Mac conservatorship; $200b

- **Bailout**
  - Approved $700 billion “bail-out” under “Troubled Asset Relief Program” (TARP)
  - Bernanke: Fed paying depository interest on required and excess reserves
  - Treasury Secretary Paulson w/ $200b infusion for financial institutions

- **Fallout**
  - September, 2008: watch Lehman Brothers bankruptcy
  - Gov help sell Bear Stearns sale to JP Morgan Chase
  - Seized control of AIG and made an $85 billion infusion
  - Provided Morgan Stanley and Goldman Sachs with a credit agreement, under supervision
  - Bank of America acquired Merrill Lynch, with similar credit agreement
  - Acquisition of Washington Mutual by Wells Fargo & Co.
Consumer Confidence, Spending & Credit

Consumers Contracting dramatically

Source: economy.com
Inflation Trends

Inflation not major concern

Decline due to Apparel & Auto Reductions

Source: economy.com
Interest Rates, Mortgage Rates & Spreads

Fed Funds Rate

Mortgage Rates

Mortgage Spreads

Fed likely cutting rate 50bp 10/29/08

Source: economy.com
Housing Activity and Delinquency Rates

In 6 mo, housing crisis behind us

Construction

Housing Index

Delinquency & Default

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The American Dream or ...
Economic Environment: Snapshot

Macroeconomic Environment

• Economy in recession; painful and long

• Businesses struggling, stocks volatile

• Consumers bearish
Part II: Capital Markets & Submerging Trends

The Perfect Storm
- Credit
- Confidence
- Collateral

Institutional Capital Flows

Source: 2008 Emerging Trends

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Institutional RE Investment: An Historical Look

Total Return

Value Change

ERISA

Tax Reform

Deregulate Fin Inst.

Tax Recovery: ACRS

Tax Reform

RE Collapse

Thrifts Collapse

RTC

UPREITs

CMBS

Defensive Capital $’s

9/11
Recession

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Contemporary Portfolios: Capital/Spatial Convergence

Client Goals & Objectives: Portfolio Strategy

Aggregate First Generation Portfolio

Aggregate Second Generation Portfolio

Open-end Fund 1
Open-end Fund 2
Closed End Fund 1
Closed End Fund 2
Specialty Fund

Core

Non-Core
International
Commercial Mortgages
REITs
Securitized Products/

Aggregate Second Generation Portfolio

Main Street
Wall Street

© JR DeLisle, Ph. D.
Valuation: Spatial Balance, Capital Surplus

**Property Level**
- Direct Ownership
- Property-level
- Most important

**Entity Level**
- Partnerships
- Funds
- Syndications
- REITs
- CMBS
- REOCs
- Entity-level
- Most important

**Spatial Balance**
- Cap Rates

**Capital Surplus**
- SWAPs, Derivatives
- Synthetics, TICs

**Property-level**
- Less important
Capital/Spatial Divide: Commoditization

Market Risk/Return Long-Term

Recent: 5 yrs

Commoditized Pricing
Impact of Commoditized Pricing

Commoditized Pricing Behind Us

Prediction: Re-emergence of Market Fundamentals

- Reward strong projects
- Penalize weak

Challenges
- 2nd and 3rd Tier Markets
- Weak Product: location, design, tenancy

Opportunities
- Market Targeting/Timing
- Market Fundamentals; specialized skills & expertise
Market Vulnerability for Re-pricing

- Secondary and Tertiary Markets
- Moderate and Static Markets
Institutional Cap Rates: Today & Tomorrow

**Cap Rates today**
- Cap Rates too low
- Cap Rates up for 2+ years
- Lenders too risk-average
- Investors can’t price risk

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<td>42%</td>
<td>25%</td>
<td>22%</td>
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<td>10%</td>
<td>46%</td>
<td>14%</td>
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<td>11</td>
<td>30</td>
<td>4</td>
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<tr>
<td>18%</td>
<td>50%</td>
<td>7%</td>
<td>22%</td>
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**NCREIF Cap Rates**
- 4 quarter moving average

**Cap Rates Today**
- 5% or less
- 5.5%
- 6%
- 6.5%
- 7%
- 7.5%
- 8%
- 8.5%
- 9%

**Cap Rates in 2 Yrs**
- 5% or less
- 5.5%
- 6%
- 6.5%
- 7%
- 7.5%
- 8%
- 8.5%
- 9%
Institutional Cap Rate: NCREIF Income Returns
Impact of Cap Rate Change: Reversion to Mean

What if Cap Rate Increases From 6.25% to 7.75%?

What Value impact on $100,000 NOI?

What if NOI down 10%?

4.6% NCREIF Apartment Cap in 2008!
Commercial Leverage: Problems & Implications

- **Project Risk: Ability to Pay**
  - DCRs: lowered; escrow subsidized; eased via bullets: 3, 5, 10 yrs
  - LVs
    - Record values/low Cap Rates;
    - Some 100% financing; financial engineering, mezzanine debt

- **Borrower Risk: Will to Pay**
  - Easy credit & relaxed underwriting
  - Non-recourse debt
  - Unqualified/unregulated Investors: (TICs)

- **Outlook for Commercial Debt**
  - Limited supply; flight to quality
  - Tighter; increased equity and recourse
Institutional Capital Flows & Outlook

• Decreased capital flows
  – Rising Return/Yield hurdle
  – Allocation down via denominator effect

• Investment Preferences
  – Search for value/yield; eschew risk
  – Fewer products/structures

• Timing
  – Patient; waiting for bottom
  – Indecisive; slower to act

• Risks

• Opportunities
  – Cash is king; Big and Quick
  – Channel sourcing; REO, TICs
  – Asset takeovers
  – Promoted interests
  – Portfolio Acquisitions
Local Market Challenges

Market Challenges
- Financial Service-Dominated
- Secondary and Tertiary Markets

Fundamental Opportunities
- High Growth
- High Barriers to Entry

Diversification Opportunities
- Strategic Diversification
- Portfolio Acquisitions & SWAT Team Mobilized
Real Estate Capital Markets Overview

- Construction Activity
- Private Equity Market
- Public Equity Market
- Commercial Mortgage Market
- Foreign Investment

- Significant Contraction
- Demand off, wait & see
- Tightening, discipline
- Red light; down, down
- Still attracted by cheap $, but more deliberate
Economic Environment vs. Real Estate Capital Market

**Macro-economic Environment**

- Economy tottering with risk of recession
- Businesses struggling, stock market volatile
- Consumers bearish

**Real Estate Capital Market**

- Wavering, delayed investor demand
- Rising Cap rates on private side
- Challenge accessing equity and non-recourse debt
Part III: Real Estate Market Fundamentals

Vacancy Rates

Construction Activity

Source: 2008 Emerging Trends

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Office Real Estate

- Overview
  - Rents softening
  - Credit tightening
  - Construction declining
  - Tenants giving back space
  - Subleasing activity increasing
  - Vacancy rates rising

- Areas of Concern
  - Speculative projects
  - Commodity product
  - Capital Needs: Cap X, TI’s
  - Second and third tier markets
  - Emerging sub-markets

- Opportunities
  - Projects
    - Abandoned /Entitled Projects
    - Capital Needs Projects
    - Asset Takeovers
  - Sourcing
    - Institutional REO
    - Corporate REO
    - Marginal Owner Refin
Retail Real Estate

• Overview
  – Retail sales slowing
  – Inventories tightening
  – Credit shortening
  – Retailer contracting
  – Defensive capital needed

• Areas of Concern
  – New unproven & unopened stores
  – Underperforming existing units
  – Unanchored Life-style centers
  – Tenant Bankruptcies
  – Mixed-use, TOD in marginal markets
  – Underparked MU

• Opportunities
  – Projects
    • Lost Anchors
    • Entitled/Spec Projects
    • Capital Needs Projects
    • Asset Takeovers
  – Sourcing
    • Undercapitalized owners
    • REO: Institutional & Corp
    • Tenant-owned Pads
Industrial Real Estate

• Overview
  – Absorption slowing
  – Rents softening
  – Construction moderating
  – Logistics models changing
  – Design standards increasing
  – Globalization slowing

• Areas of Concern
  – Overbuilt markets/submarkets
  – Functional obsolescence
  – Office Showroom/Flex
  – R&D facilities

• Opportunities
  – Projects
    • Lost Tenants
    • Functional Obsolescence
    • Capital Needs Projects
  – Sourcing
    • Undercapitalized owners
    • REO: Institutional & Corp
    • Asset Takeovers
Multifamily Properties

• Overview
  – Rent vs. Own preference shifting
  – Tenant diversity rising
  – Vacancy rates declining
  – Rents rising

• Areas of Concern
  – Homogenized Product
  – Poor Product Positioning
  – Re-apartmenting
  – Density as an End vs. Means

• Opportunities
  – Projects
    • In development: not finished
    • Entitled: not started
    • Repositioning existing
  – Sourcing
    • Undercapitalized owners
    • Stuck Condo developers
    • REO: Institutional
    • Asset Takeovers
Hotels

- **Overview**
  - High risk/return profile
  - Travel down
  - Companies down-scaling
  - Occupancy falling
  - Rates slipping

- **Areas of Concern**
  - Homogenized Product
  - Poor Product Positioning
  - Hotel/Apartment Hybrids
  - Weak flags

- **Opportunities**
  - **Projects**
    - In development: not finished
    - Entitled: not started
    - Reflagging existing
  - **Sourcing**
    - Undercapitalized owners
    - REO: Institutional
    - Asset Takeovers
Economy vs. Capital Market vs. Spatial Market

Macro-economic Environment
- Economy tottering with risk of recession
- Businesses struggling, stock market volatile
- Consumers bearish

Real Estate Capital Market
- Wavering, delayed investor demand
- Rising Cap rates on private side
- Challenge accessing equity and nonrecourse debt

Spatial Market
- Fundamentals continue to weaken mirroring economy
- Vacancy rates rising, rents softening
- Stagnating demand, tempered recovery
Will Government Intervention Work?

• No
  – Not enough $; too little, too late
  – Not address mortgage issue
  – Ill-conceived; gov only stupid buyer
  – Cycle inevitable, let it play out
  – Not deal with fundamental issues
  – Not deal with commercial bomb

• Not right away
  – Not until credit crisis resolved
  – Curtail negative, but take time
  – Not a quick fix; eventually

• Limited
  – Marginal help
  – Too long, slow, costly

• Mixed/Maybe
  – Ok for banks, not taxpayers/econ
  – Essential to avoid further erosion
  – Create illusion of stability
  – They don’t know what they’ll do

• Yes, but only if...
  – Buy truly toxic loans
  – Have Stopgaps to avoid foreclosure
  – Banks forced to loan vs. hoard

• Yes
  – Restore Confidence; banks/market
  – Fear removed, mitigated
  – Put a floor on bottom
  – Add essential liquidity
  – Get wheels in motion

Yes; 50% of votes
What More Should Government Do?

• No more actions
  – Don’t know
  – Nothing
  – Enough already; Out of tricks

• Taxes
  – Cut capital gains taxes
  – Cut income & capital gains
  – Create incentives

• Mortgages
  – Lower rates
  – National loan program

• Market-based solutions
  – Stimulus package
  – Eliminate mark to market accounts

• Equity infusion
  – Inject equity; take positions
  – Pari pasu with private investors
  – Force liquidity; flow-through

• Psychic Interventions
  – Leadership stability (Paulson)
  – Restore accountability
  – Remove “entitlement”

• Regulation
  – Increase Oversight
  – Proactive regulations

• Other:
  – Global action/world leader
  – Create RTC-like entity
  – Education
Seattle CBA on National Market Trends/Issues

Please indicate strongly you agree or disagree with the following statements regarding the real estate market at the national level:

- Lenders Too Risk Averse
- Cap Rates Too Low
- Investors Can't Price Risk
- Commoditized Pricing Gone
- RE Mkts Dramatically Eroding
- RE Underperform
- Comm't Mkt Avoid Res Fate
- Cap Rates Up 2 Yrs
- Dev Will Explode
- Commodities are about to dramatically erode.
- Lenders have become too risk averse.
- Real estate fundamentals are about to dramatically erode.
- Cap rates are still too low; they are not sustainable.
- Lenders don't know how to properly pricing risk.
- Curtailment in investor demand will drive cap rates up for at least 2 years.
- Real estate development will implode even more than it has already.
- Commercial real estate market will avoid the fate of the housing bubble.
- Over the next two years, real estate will underperform other asset classes.
National: Greatest Risks to Commercial RE?

- **Equity**
  - Decline in qualified buyers
  - Capital shortage near-term
  - Players on sidelines

- **Debt Access**
  - Tightened credit
  - Credit hangover
  - General shortages
  - Deleveraging effects
  - Illiquidity

- **Debt Rollover**
  - Maturing bullets
  - Mezzanine
  - Default increases
  - Non-recourse walk-always

- **Demand**
  - Employment losses
  - Tenant Bankruptcies
  - Consumers and confidence

- **Fundamentals**
  - Overall deterioration
  - Erosion in market balance
  - Rising vacancies, rents declines
  - Rising costs

- **Re-pricing/Valuation**
  - Some already occurred
  - Further valuations slippage
  - Foreclosures
  - Non-recourse walk-always
National: Greatest Opportunities?

- Get in the game
  - Be a player
  - Be Opportunistic
- Cash
  - At bottom
  - Cash is king
  - Deleverage
- Debt
  - Distressed
  - Discounted
- Distressed
  - Properties
  - Sellers; overleveraged
  - REO
  - Any form
- Markets
  - Secondary and Tertiary
  - Lower Cost
- Property Types
  - Land
  - Apartments, student, assisted
  - Industrial/flex
  - Medical
- Value creation
  - Repositioning assets
  - Adding management expertise
  - Takeovers
  - Re-tenanting
  - Provide liquidity, capital
Seattle’s Economy and Real Estate Outlook

The Seattle region is in the midst of a major housing collapse. Proposition will pass as voters approve the transit measure. Seattle will lag the U.S. in the recovery phase. Voters have clear understanding of the implications of their decisions. The Seattle economy has bottomed out. Seattle’s issues should be approached from a regional vs. local perspective. Seattle recognizes its challenges and will develop effective solutions.

Regional Approach Needed

Prop 1 Pass

Voters Get It

SEA Econ Bottomed Out

Need to Diversify

SEA Econ Lag US

Exploiting Advantage

SEA Sees & Will Change
Seattle as an Institutional Market: Why it Matters

How significant are Institutional Dollars?

$9,229,158,125

How many Players/Properties?

203

35
How is Institutional Real Estate Priced in Seattle?

What are Implicit Cap Rates?

![Graph showing Seattle Cap Rate over time]

How Cap Rates Compare to US?

![Graph comparing Cap Rates across various sectors (Retail, Industrial, Apartment, Office, Seattle Cap Rate)]

Not as Different as we thought

What’s Coming?

![Table showing changes in sales price appreciation over past year for National and Top 10 MSAs]

Seattle has some catching up to do!!!
Seattle Institutional Investment: Performance

What is Average Value?

$45,805,624

How is it Doing?

Why is it Doing What it is?

Recent Outperformer
High Barriers to Entry
Seattle Commercial RE: What’s Happening/Not?

GREATER DOWNTOWN SEATTLE

1. 151 John St.
   17 apartments
2. Icon
   283 condominiums
3. Insignia
   646 condominiums
4. 2030 Eighth Ave.
   230 condominiums
5. Stewart & Minor Lofts
   150 apartments, 160-room hotel
6. 7th@Westlake
   342,000 square feet office space, 365 condominiums
7. 1800 Terry Ave.
   261 retirement units
8. 2700 Elliott Ave.
   100 condominiums
9. 2nd & Bell
   102 apartments
10. The Martin
    170 condominiums
11. Ava
    236 condominiums, 190-room hotel
12. 1519 Minor Ave.
    80 condominiums
13. Art House
    140 condominiums
14. Western and Blanchard
    113 condominiums
15. 2000 3rd Ave.
    441 apartments, 40-room hotel
16. Heron and Pagoda Towers
    267,000 square feet office space, 400 condominiums, 200-room hotel, retail
17. 1915 2nd Avenue
    175 condominiums
18. 1 Hotel & Residences
    51 condominiums, 44 “condo-hotel” units, 192-room hotel, retail
19. SkyGarden
    116 condominiums
20. 5th and Columbia Tower
    760,000 square feet office space
21. Colman Center
    170,000 square feet office space
22. Smith Tower condo conversion
    12 condominiums
23. 200 Occidental Ave. S.
    130,000 square feet office space, 62 condominiums, retail
Bellevue RE: What’s Happening/Not?

Some of the Buzz

• Seattle's commercial real-estate market is No. 1 for 2009
• Seattle beats rivals in bleak commercial real-estate picture
• Prospective condo buyers in Seattle area sitting on the fence
• Retail Tenant’s backing out of deals
• Area office vacancies climb
Who’s Hurting? Who’s Not?

- **Who is Hurting?**
  - Developers
  - Architects
  - Contractors
  - Brokers
  - Mortgage Bankers/Brokers
  - Leveraged Owners

- **Who is Not Hurting (yet…)?**
  - Long-term, non-market value, non-leveraged owners
  - Tenants looking for space
  - Property managers creating value
  - Consultants… who you going to turn to????
Biggest Risks in Seattle?

- Employment
  - Layoffs
  - Loss of jobs (Safeco, Wamu & Who?)
  - Minimal job growth
- Infrastructure
  - Transportation
  - Service cutbacks
- Business Environment
  - Anti-business mindset
  - Onerous regulations
  - Lack of leadership (effective)
  - Apathy
- National Economy
  - Recession
  - Static economy
- Capital
  - Lack of capital flows
  - Lack of credit
- Real Estate Fundamentals
  - Weakening occupancy
  - Overbuilding continues
- Transactions
  - Sellers unrealistic
  - Tenants non-committal
  - Buyers on fence
Biggest Opportunities in Seattle?

- **None**
  - Buyers & sellers not adjusted
  - Cap rates too high

- **Property Types**
  - Apartments favored by many
  - Industrial; port
  - Medical
  - Lifestyle
  - Renovation/Rehab

- **Core Locations/Assets**
  - Develop waterfront; viaduct
  - Buy core; CBD; Queen Anne
  - TOD; infill; South Lake Union

- **Real Estate Services**
  - Tenant Rep
  - Leasing

- **Investors**
  - Cash rich
  - Opportunistic Buyers

- **Distressed**
  - Buy properties
  - Buy debt

- **Channel**
  - Distressed owners
  - Refinance
Key Topics of Interest?

• Real Estate Outlook
  – What’s happening?
  – Where are we headed?
  – How low can it go?
  – When will it bottom?

• Capital Markets
  – Where’s the money?
  – Who steps in?
  – What role securitization?

• The Seattle Difference?
  – Are we different?
  – What does it mean?

• What to do?
  – How will we be affected?
  – Where are the Opportunities
  – How do we Survive?
  – How do we go forward?
  – How do we get ahead of the curve?

• What are the lessons learned?
  – What can the past tell us?
  – What are the dangers ahead?
  – How will this get turned around?

• Other Questions?
  – What about sustainability?
  – Where’s the demand?
Summary (vs. Conclusion.....)

• The 3 C’s and the Macro-view
  – Macroeconomic Conditions
  – Capital Markets
  – Real Estate Fundamentals

• The Seattle Experience
  – What it is
  – What it will be
  – What are the Risks and Opportunities

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