Capital Markets Overview
Investment Properties

Market Briefing

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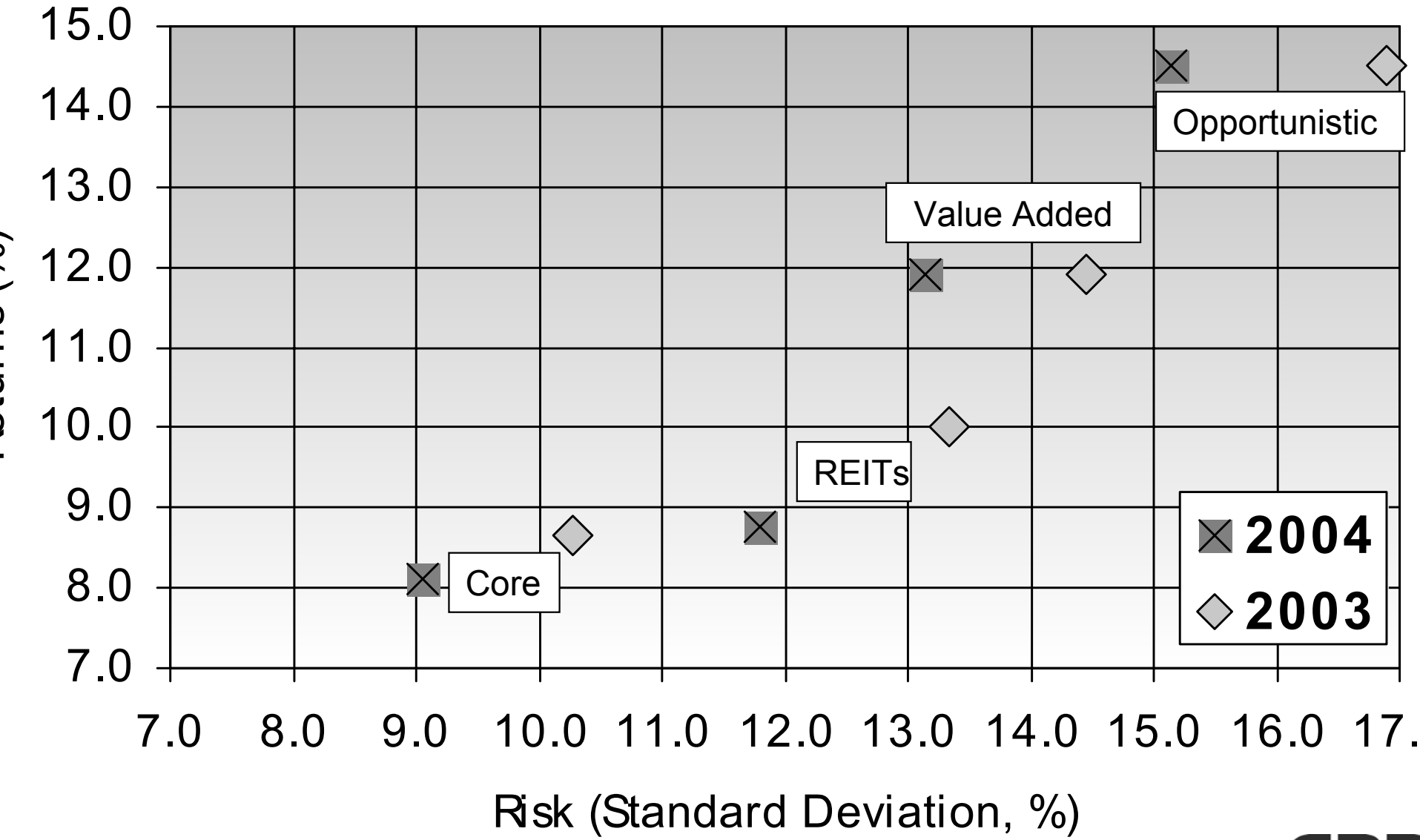
REAL ESTATE INVESTMENT RISK-RETURN PROFILES



Source: CB Richard Ellis

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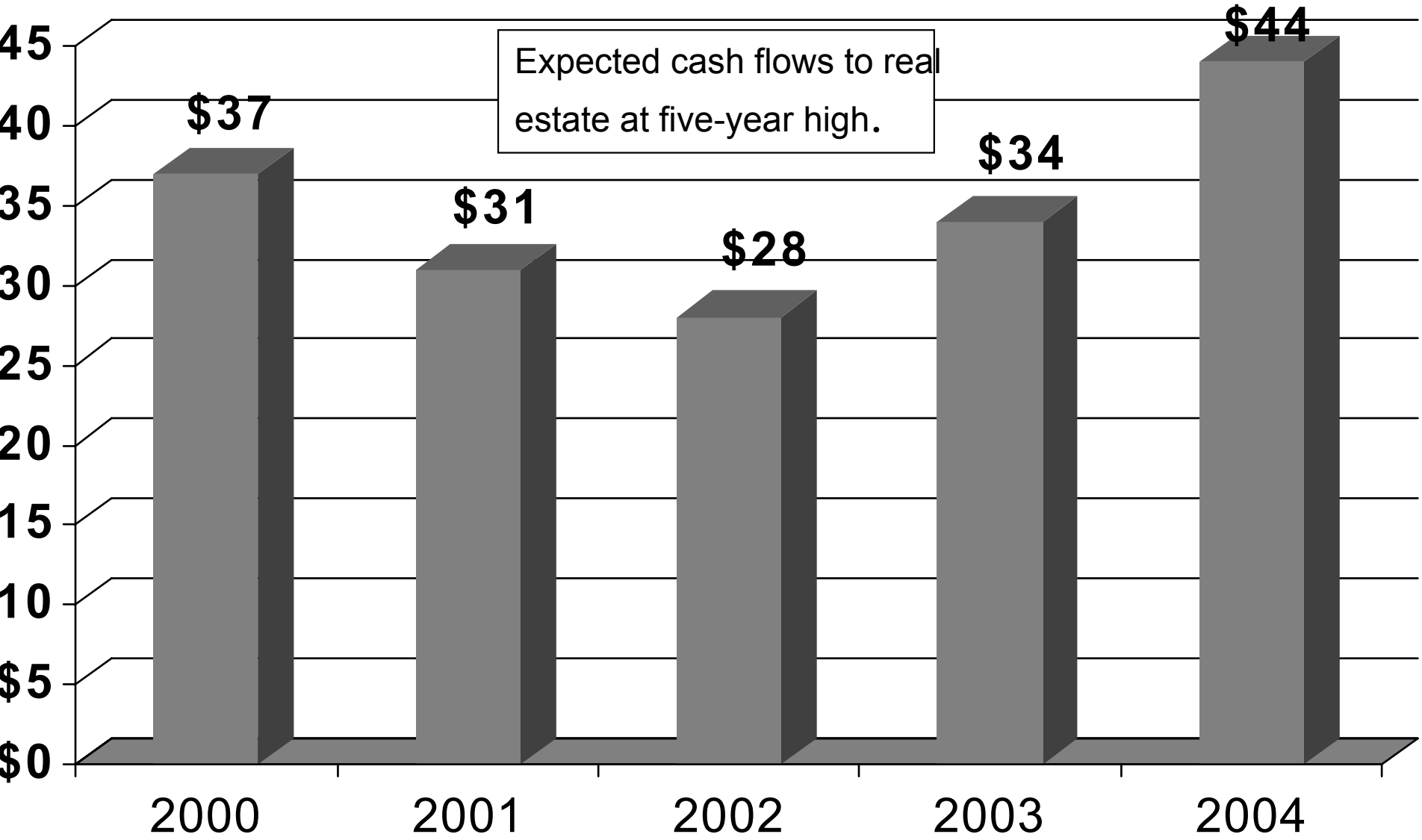
EXPECTED CAPITAL FLOWS TO REAL ESTATE



Source: CB Richard Ellis

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FINANCIAL RETURNS – OFFICE NATIONAL AVERAGES

CLASS A	2003	2002	2001	2000
Avg. Sale Cap Rate	**7.8%**	**8.0%**	**8.5%**	**9.6%**
Avg. Stabilized Cap Rate	**8.4%**	**8.6%**	**9.0%**	**9.0%**
Avg. IRR (Cash)	**9.6%**	**9.8%**	**10.8%**	**10.8%**

CLASS B	2003	2002	2001	2000
Avg. Sale Cap Rate	**8.9%**	**10.0%**	**10.7%**	**10.4%**
Avg. Stabilized Cap Rate	**9.3%**	**10.9%**	**10.8%**	**11.4%**
Avg. IRR (Cash)	**11.1%**	**12.1%**	**14.1%**	**12.5%**

Source: CB Richard Ellis

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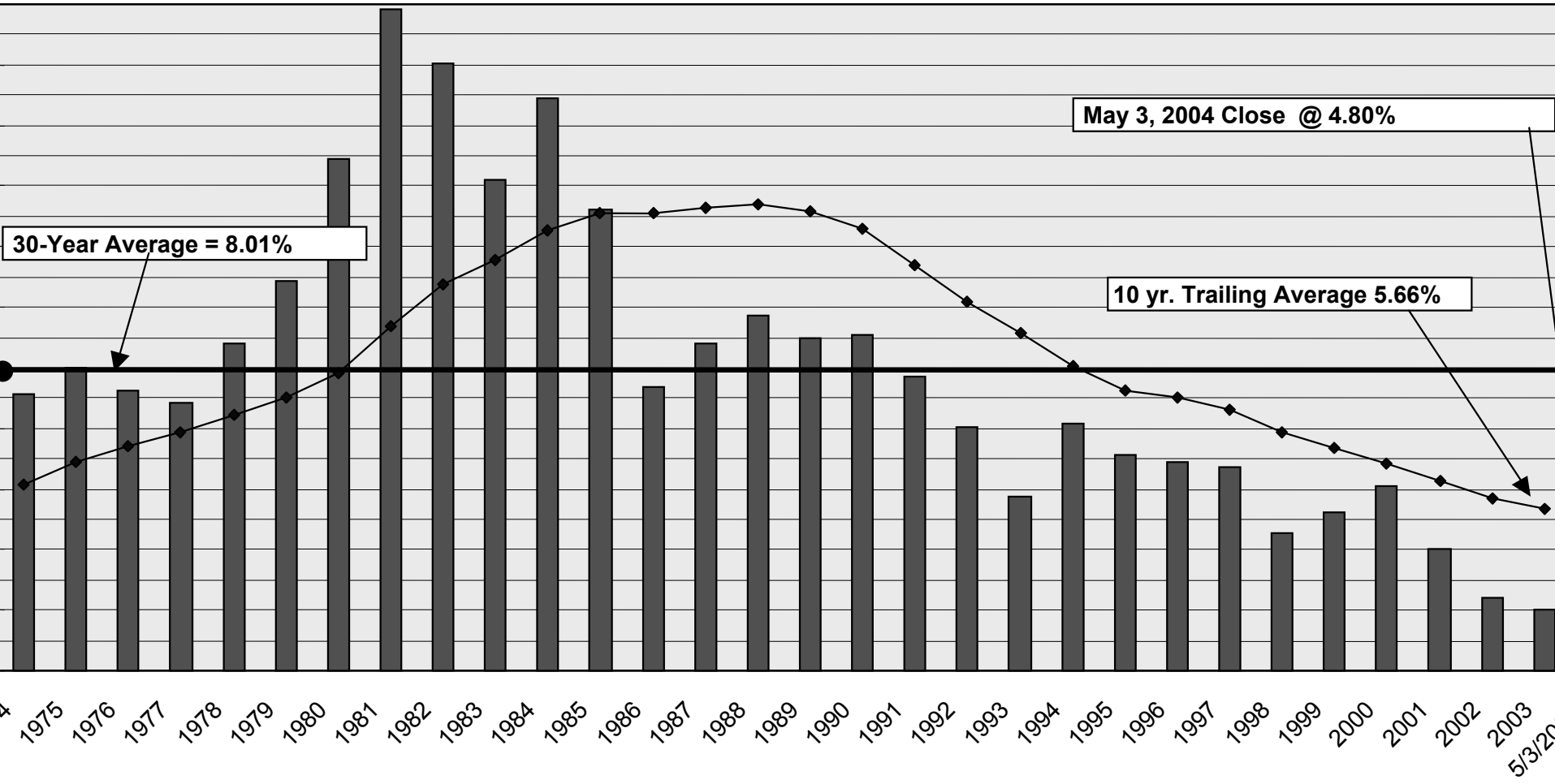
HISTORIC 10-YEAR TREASURY RATE



Source: Federal Reserve Bank of Dallas

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NATIONAL OFFICE BIDDING PROFILE?

	2003		2002	
	Bids %	Win %	Bids %	Win %
Life & Pension Funds	19%	23%	23%	27%
REIT's	9%	8%	13%	23%
Equity / Opportunity Funds	20%	12%	24%	13%
Foreign	4%	2%	5%	2%
Individual / S. Syndicates	44%	42%	34%	34%
Other	4%	13%	1%	1%
Total	100%	100%	100%	100%

Source: CB Richard Ellis

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TRENDS FOR REMAINDER OF 2004

- Abundant capital
- Rising rates
- Higher delinquencies
- Prudent, less aggressive underwriting
- Window is closing

Source: CB Richard Ellis

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