

2007 Global Real Estate Market Forecast for Institutional Investors

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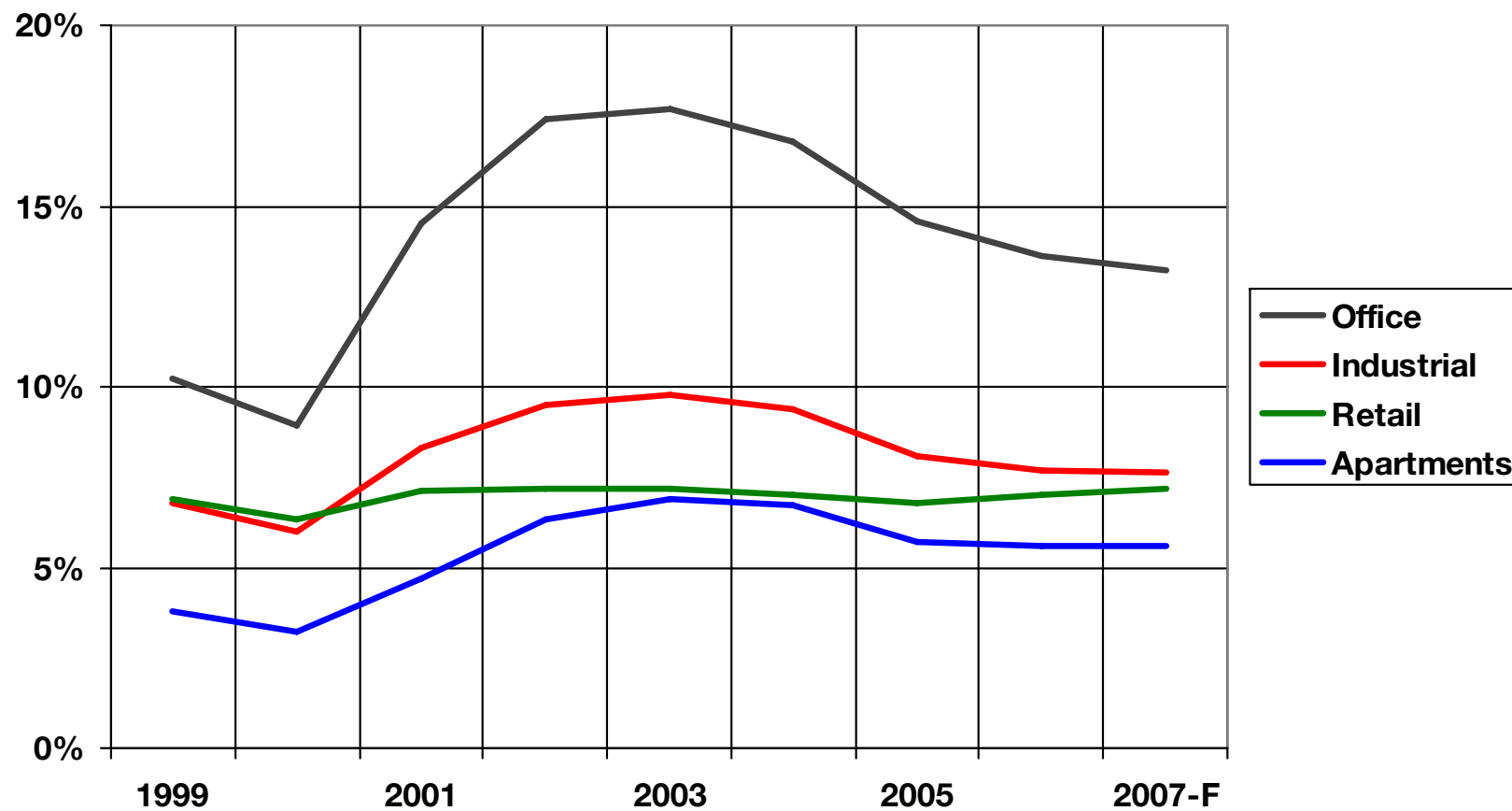
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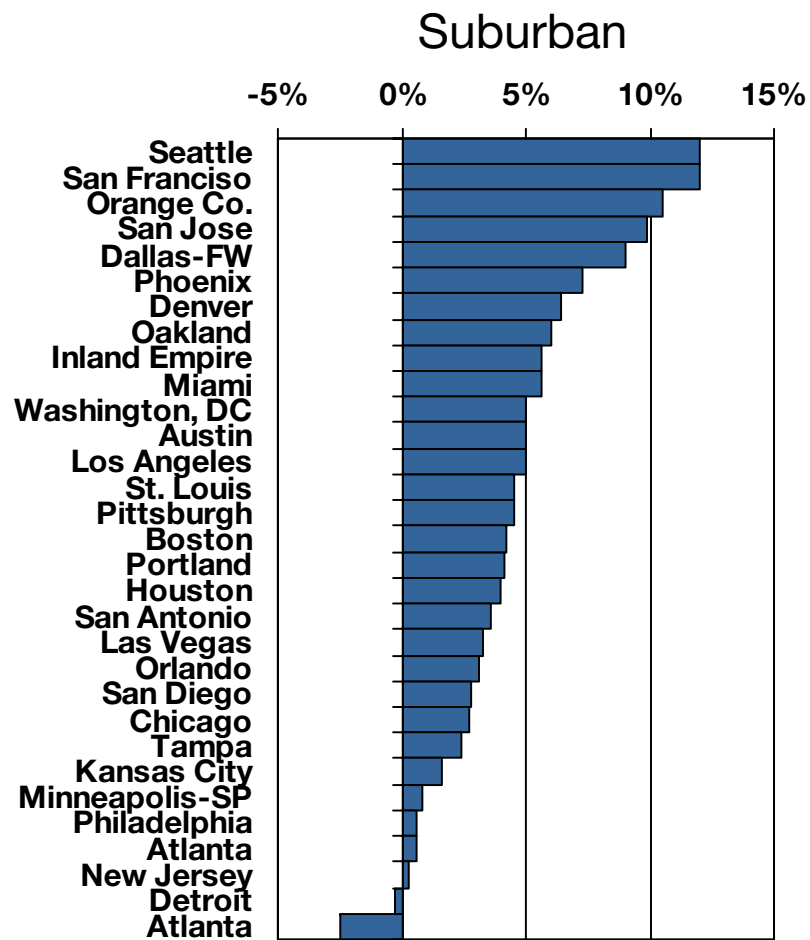
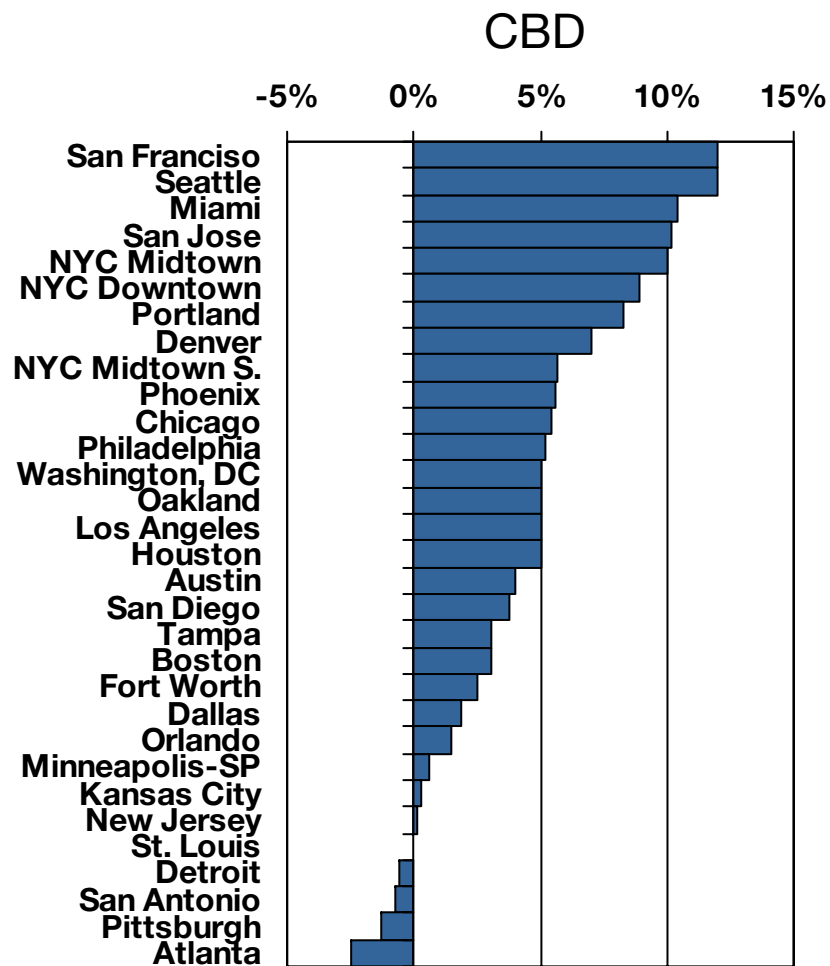


Domestic: Vacancy Rates Headed Mostly Lower

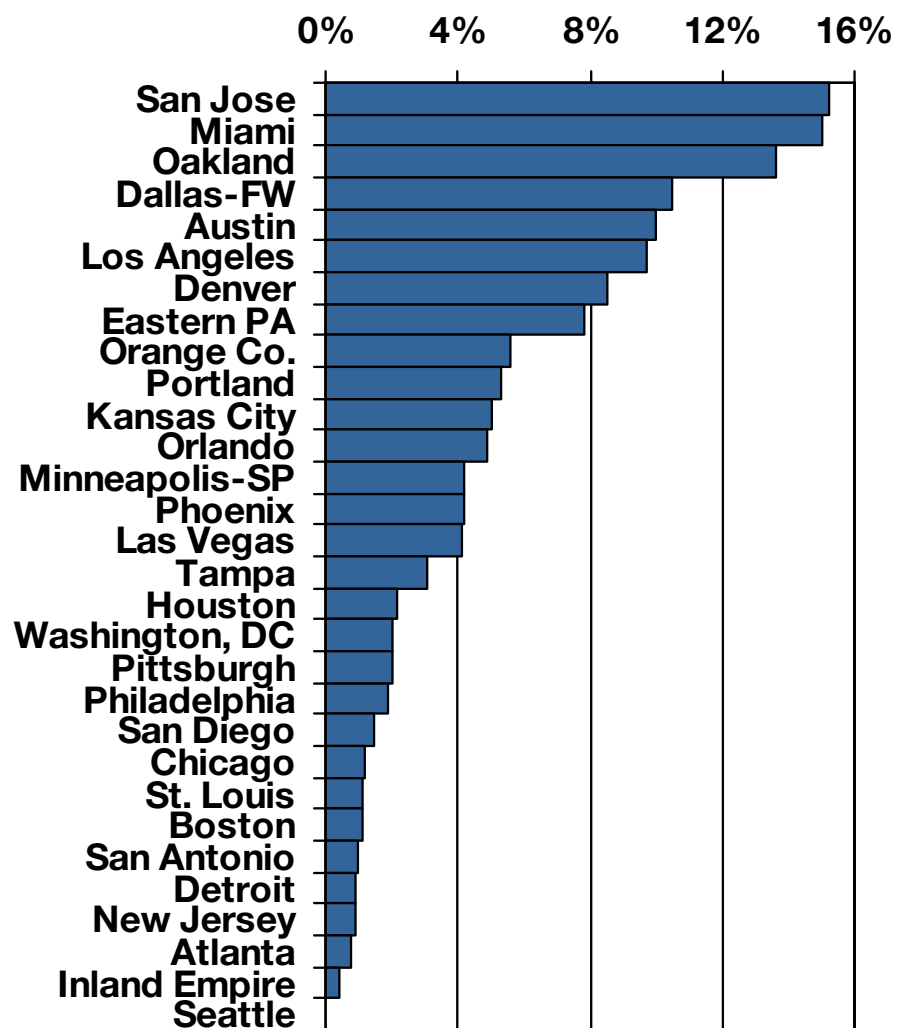


Source: REIS, Grubb & Ellis

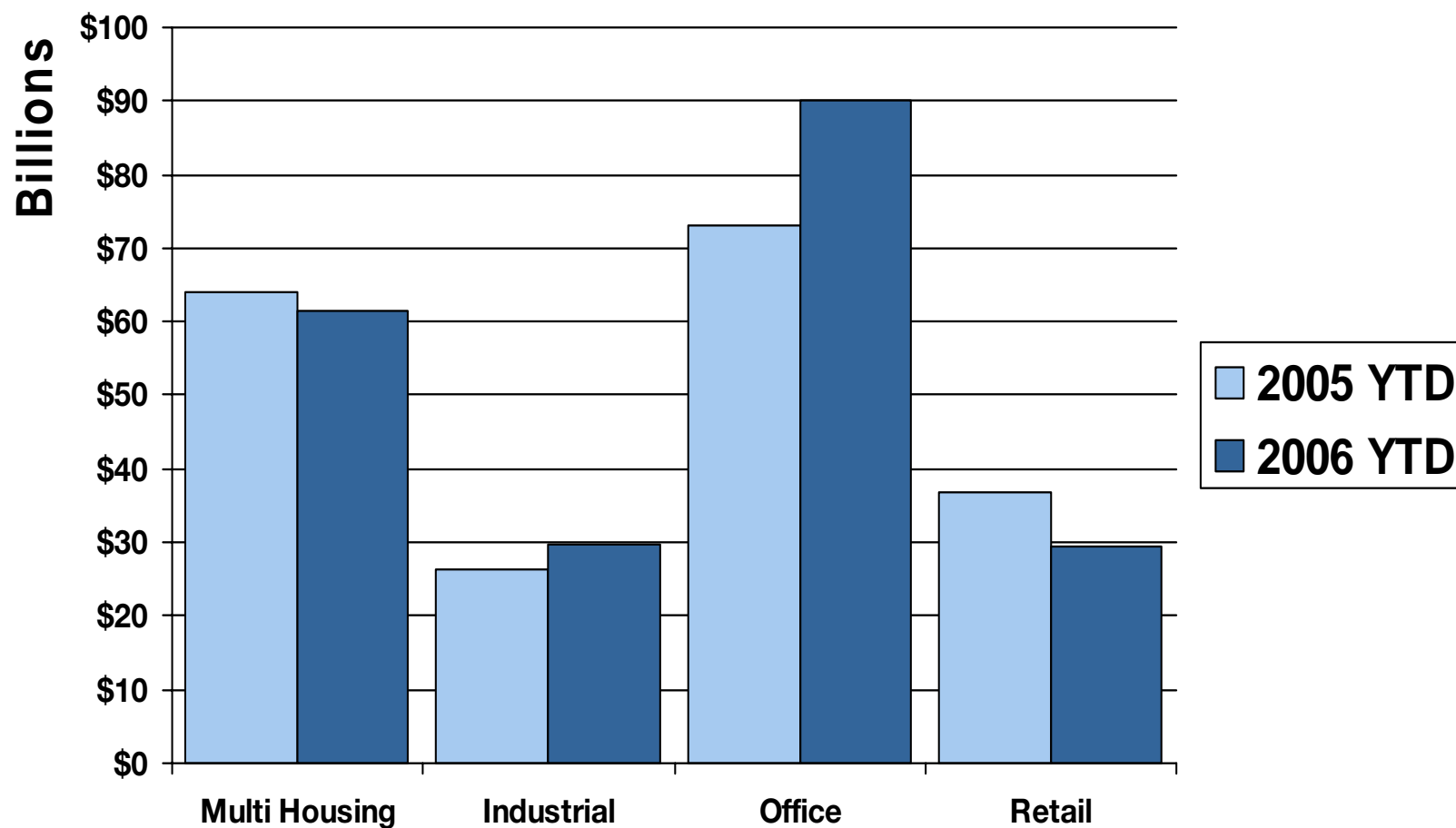
Domestic: Office Class A Asking Rent - % Change 2007



Domestic: Warehouse-Distribution Asking Rent - % Change 2007



Domestic: Investment Volume Year-to-date through Q3



Source: Real Capital Analytics, Grubb & Ellis

Domestic: 2007 Forecasts

■ Leasing Market

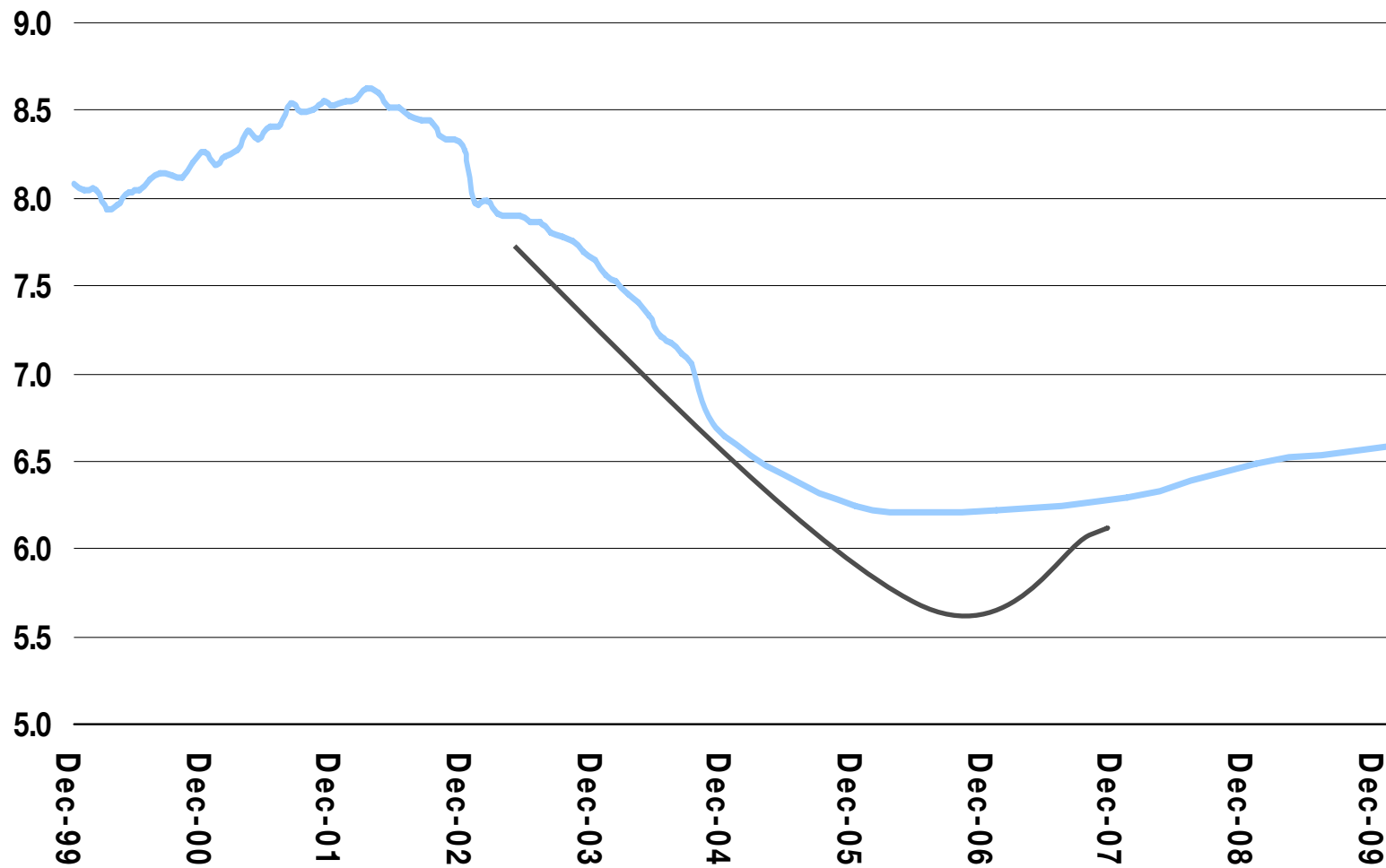
- **Office:** Job creation averaging 100K per month in 2007 will generate net absorption of 55M SF. Completions will trail at 45M SF, pushing vacancies down and rental rates up.
- **Industrial:** Demand solid in the primary logistics centers but also in secondary and tertiary markets, generating 140M SF of absorption versus 150M SF of completions.
- **Retail:** Core retail sales could ease to mid-single digits in 2007. Construction will fall as new home sales stay low.
- **Apartment:** Absorption picks up as households lose their desire to stretch. Some product slated for condos will return to the rental market.

■ Investment Market

- Lots of capital, low interest rates and rising NOI will keep investor demand strong.

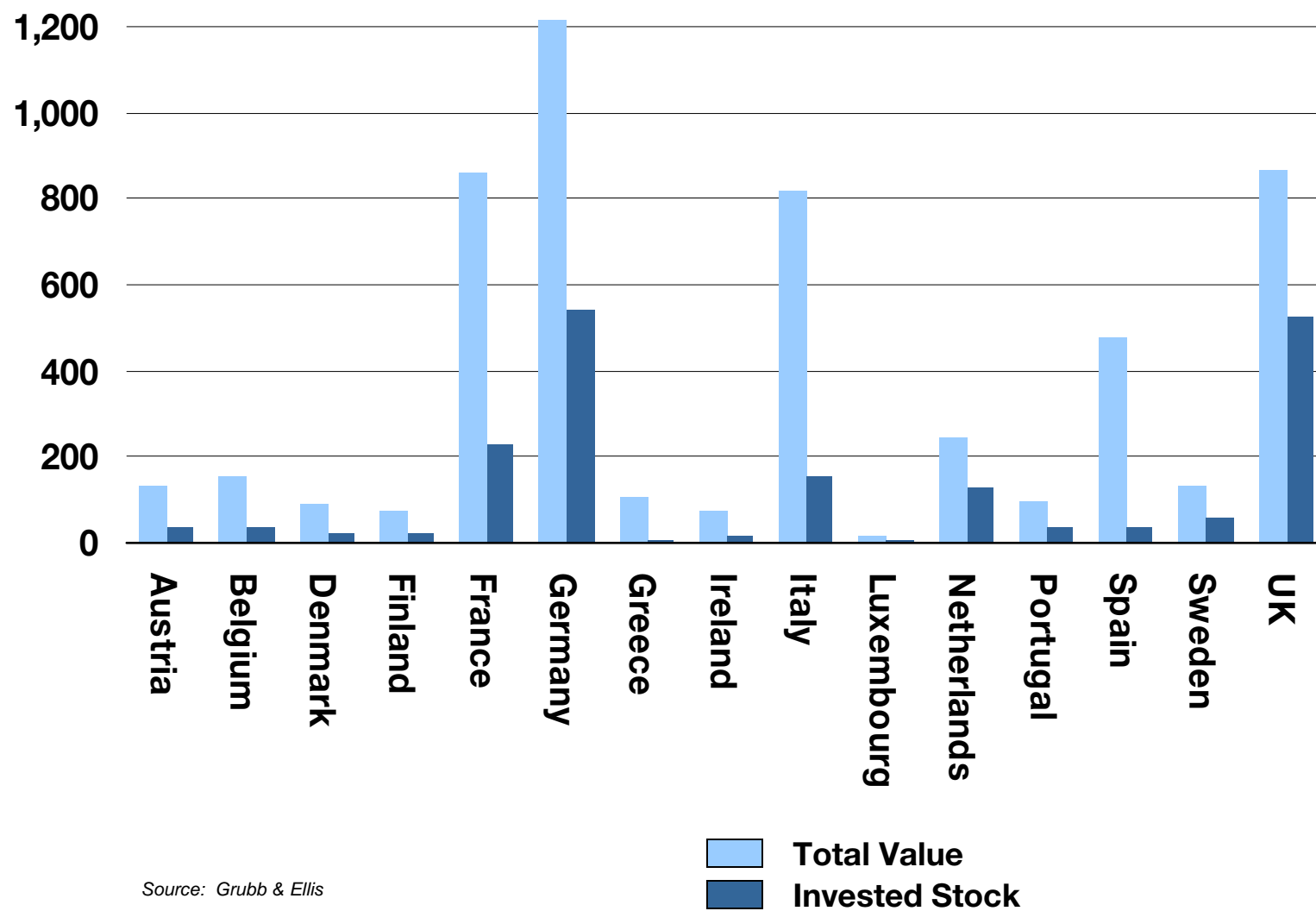
Global: All Commercial Real Estate Net Initial Yields

Major Market Composite Index



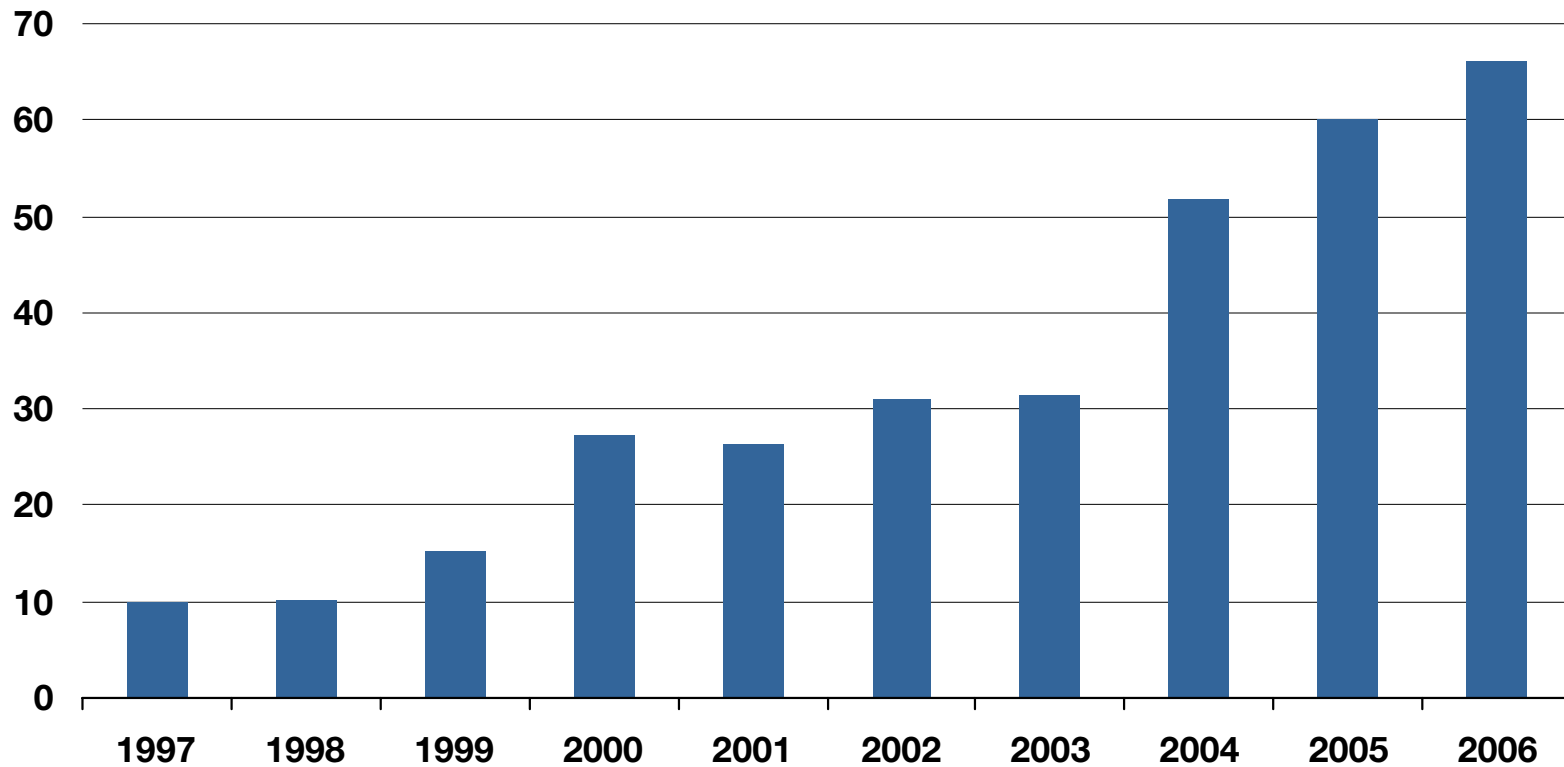
Source: Grubb & Ellis

Global: Europe: “Invested” & “Uninvested” Stock (€ billion)



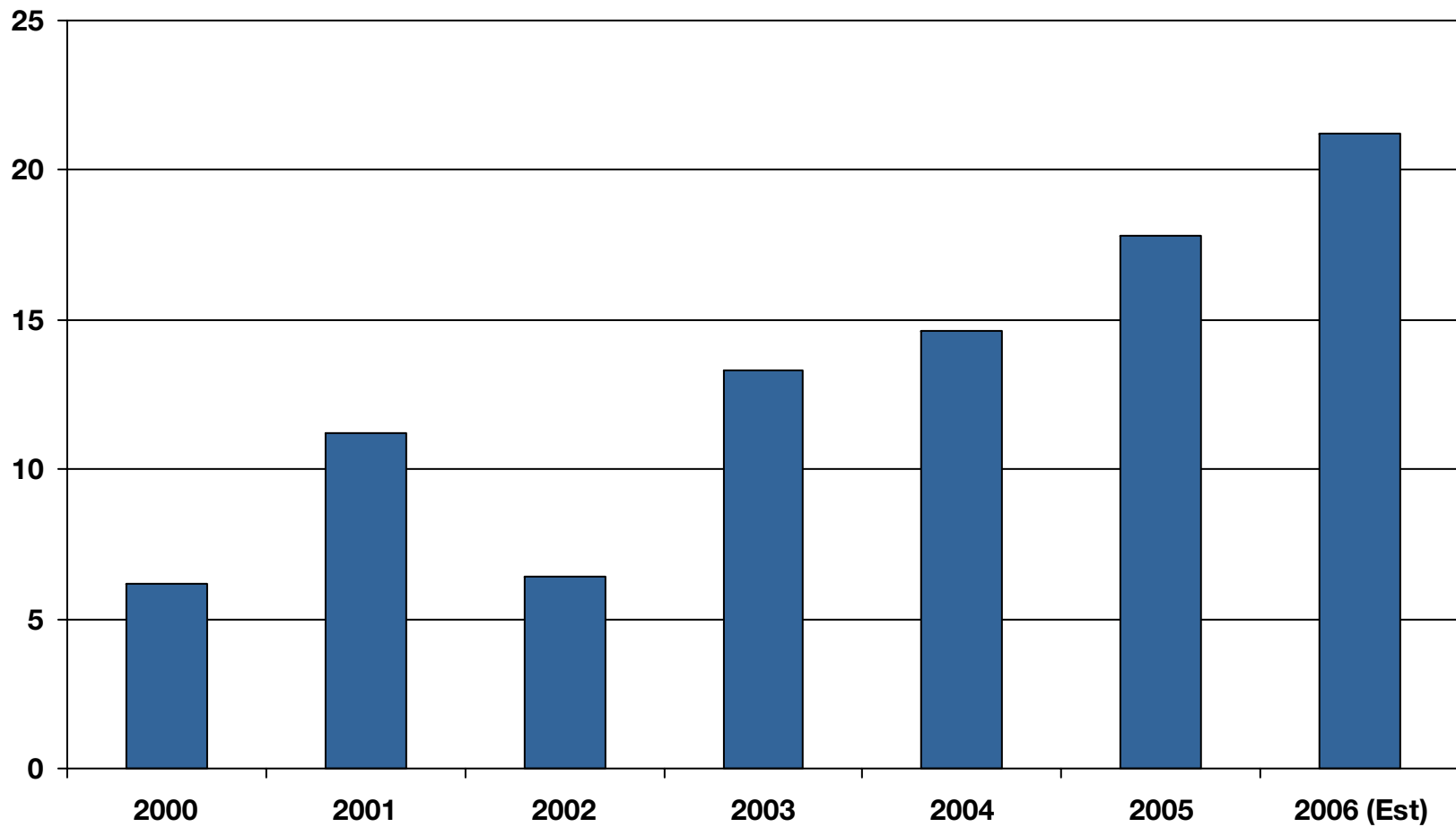
Source: Grubb & Ellis

Global: EU Cross-Border Property Investment (€ billion)



Source: Grubb & Ellis

Global: US Investment in EU Commercial Real Estate (€ billion)



Source: Grubb & Ellis

Global: 2007 Forecasts

- Real estate to remain an asset class of choice for at least a decade
- Institutional and private real estate weightings will rise around the globe
- Demographic and social shift provide key dynamics
- Cap rate compression and convergence raises real concerns over long term fair pricing
- Access to stock intensely problematic in core markets
- Ongoing shift to new and emerging markets and sectors is assured
- A new world order of value and market depth is emerging
- The “REITization” of the world is a progressive revolution
- Proliferation of derivative, hedge & CMBS instruments around the world
- Asset and property management are crucial in established markets