

Wall Street and Commercial Real Estate

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

January 22, 2015 – Appraisal Institute

Goals of Presentation

- 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

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

■ Market Drivers

Market Drivers

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

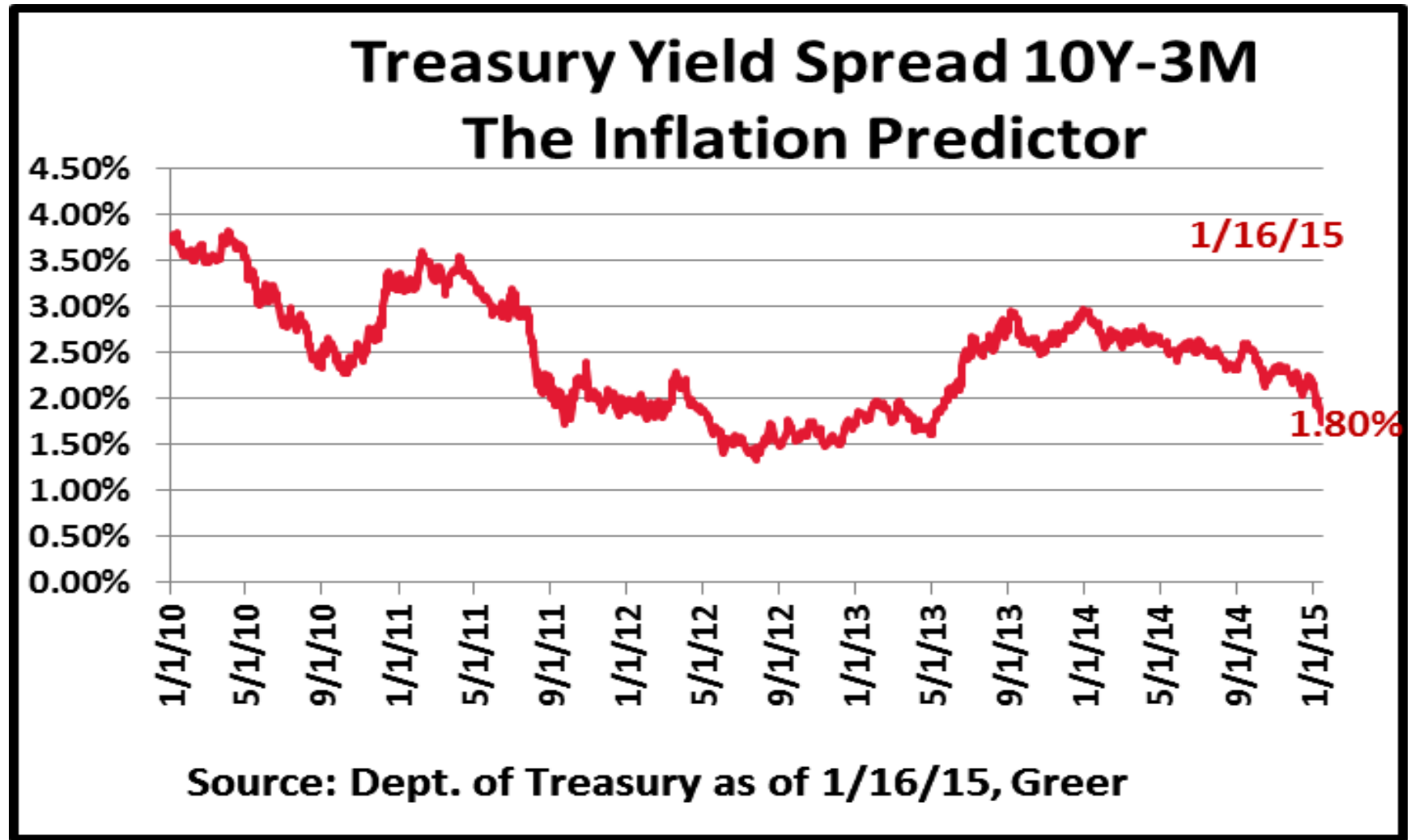
Interest

10 Year Treasury Yields



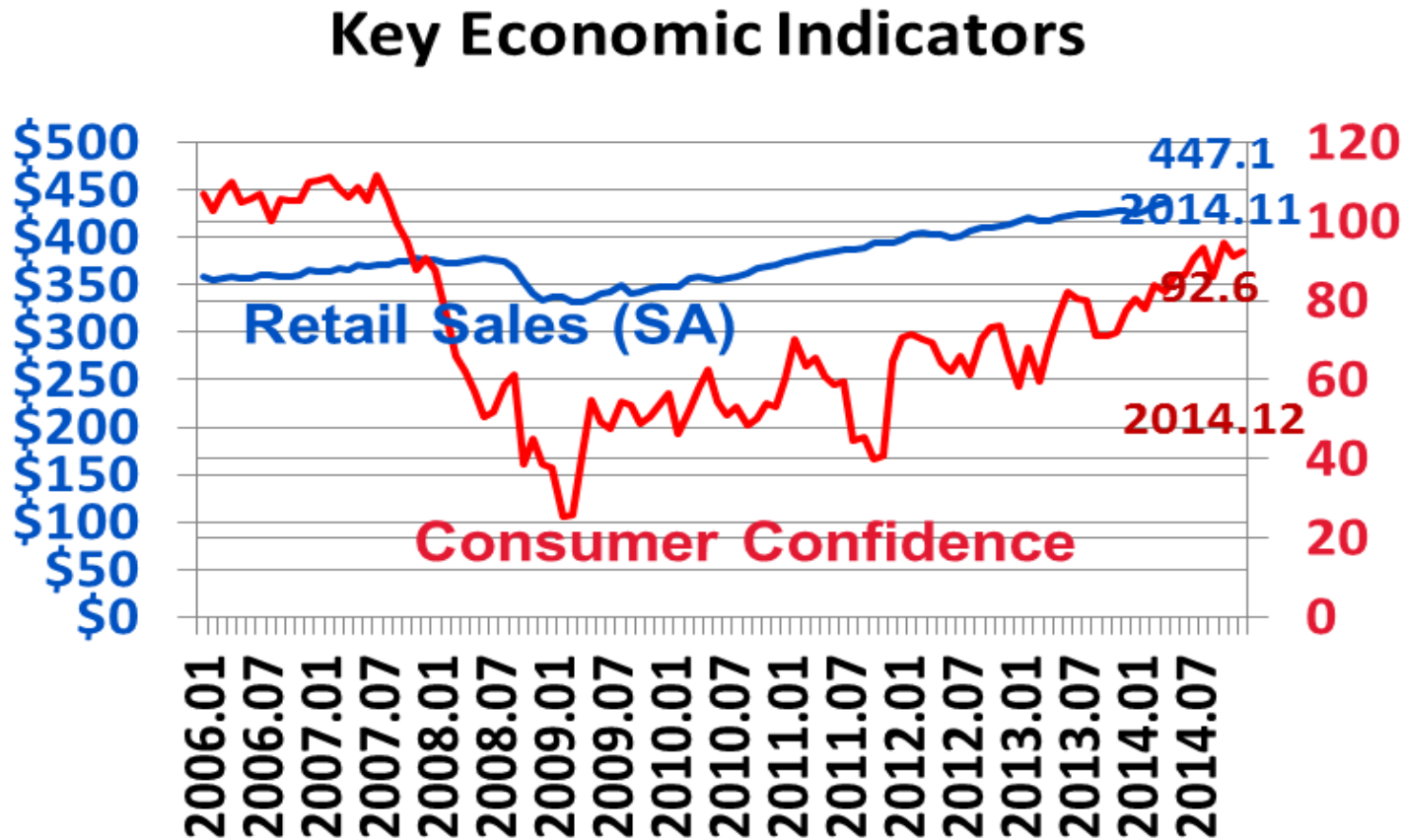
Source: Dept. of Treasury as of 1/16/15, Greer

Inflation



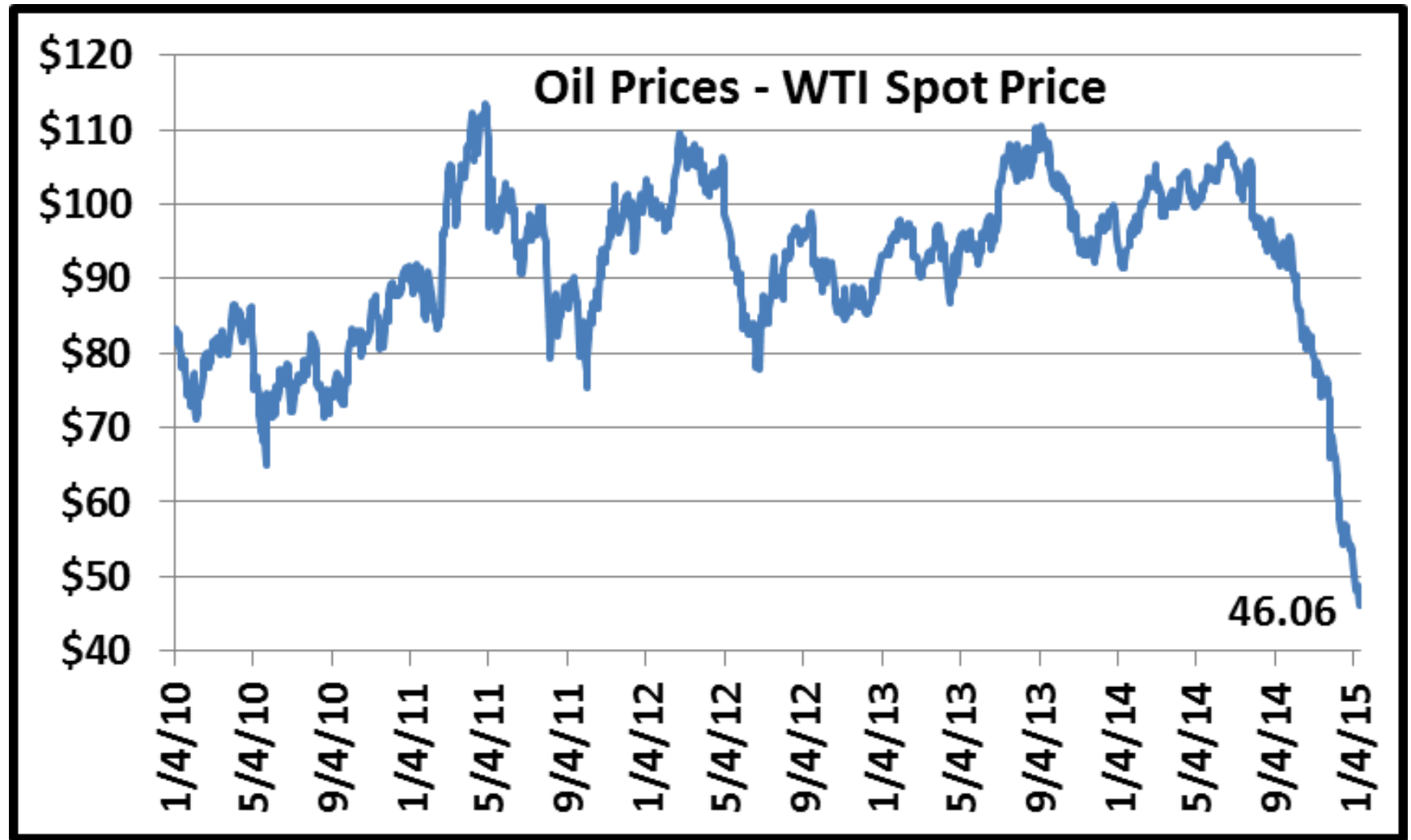
Comment: Chinese Debt

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

■ 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	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	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
	Totals	623,146	#####	#####	#####	7.2%	#####	#####	#####	\$ 5.50
	Source: CoStar Property®									
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	Albany/Schenect.	3,887	62,823,924	4,587,229	4,674,034	7.4%	144,782	199,400	6,447	\$14.24
52	Oklahoma City	4,126	54,881,886	4,125,036	4,187,900	7.6%	529,993	267,899	511,671	\$14.83
1	New York City	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	Pittsburgh	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	Portland	5,190	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	Palm 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
	Totals	503,652	10,467,340,622	1,103,252,876	1,145,820,635	10.9%	104,369,767	56,346,662	117,684,714	\$22.65
	Source: CoStar Property®									
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	Orange 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 Diego	5,351	113,302,944	11,672,360	12,674,295	11.2%	1,470,836	878,292	906,936	\$28.16
44	Inland Empire (.	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	4,353,407	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/Ne.	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
	Totals	1,080,203	12,576,643,826	743,203,513	765,654,053	6.1%	109,806,440	60,568,713	49,367,365	\$ 14.90
	Source: CoStar Property®									
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	Indian 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	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA		
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
	# B lds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# B lds	Total GLA	# B lds	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	101,745,332	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
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	Rates
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%	(562,565)	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:CoStarProperty®											

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	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	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%	145,271	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	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	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	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# 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	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	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 ↑

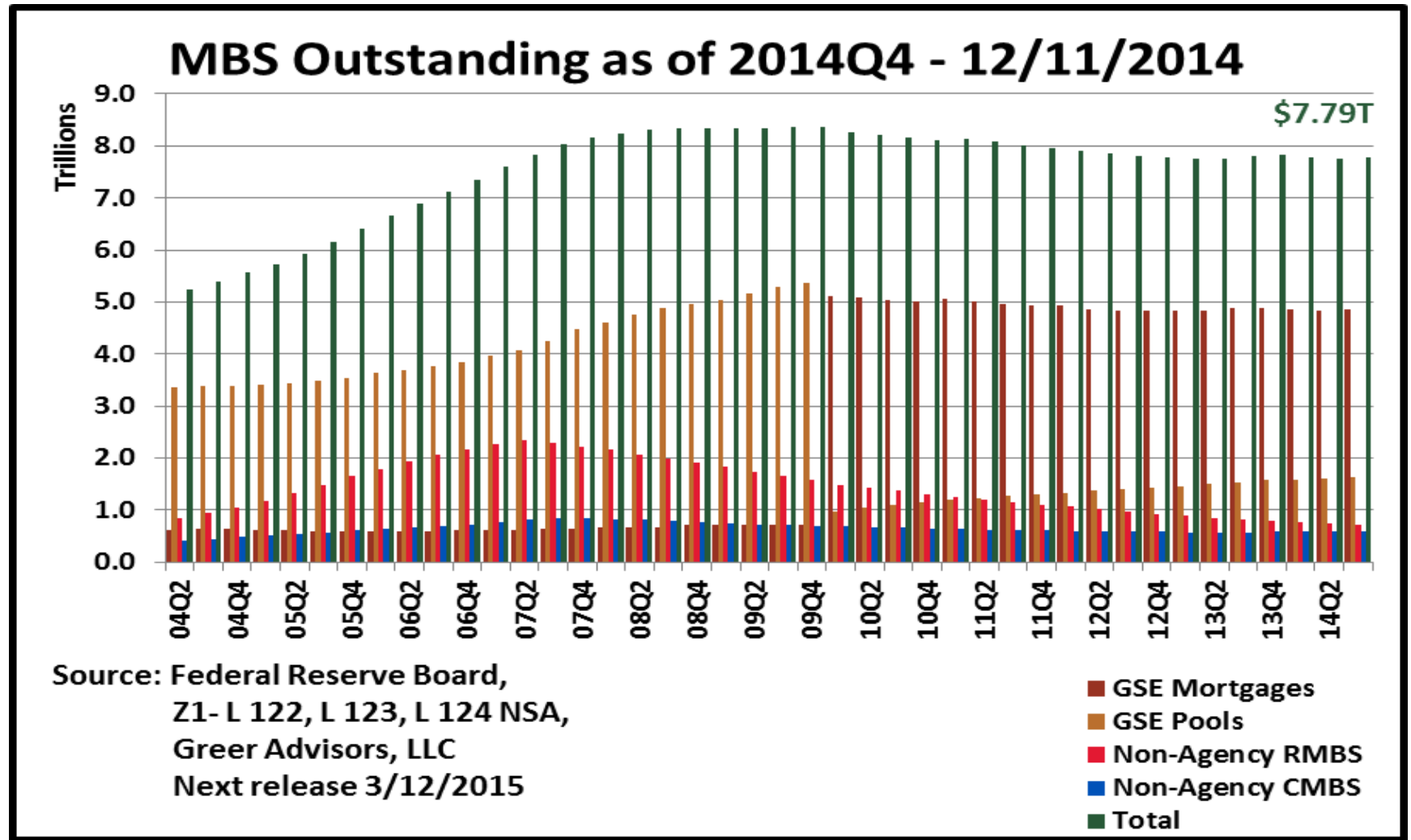
Total Office Market Statistics										Year-End 2014	
Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# B lds	TotalRBA	DirectSF	TotalSF	Vac %	Absorption	# B lds	TotalRBA	# B lds	TotalRBA	Rates
2014 4q	5,351	113,302,944	11,672,360	12,674,295	11.2%	886,295	1	410,000	6	906,936	\$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:CoStarProperty®											

San Diego Retail – Vac.↓ Rent↓

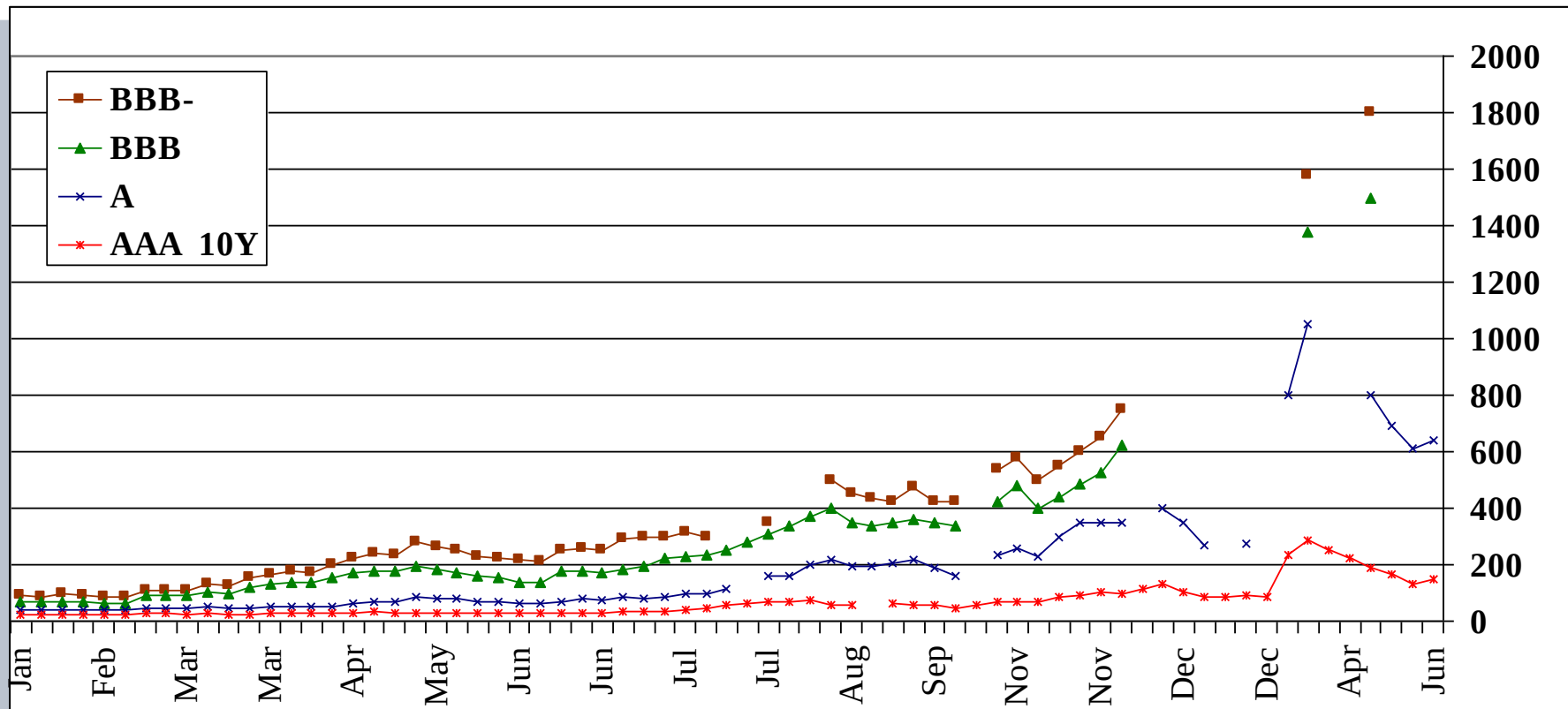
Total Retail Market Statistics										Year-End 2014	
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 4q	12,823	134,240,249	5,170,954	5,340,635	4.0%	297,492	3	117,322	17	360,891	\$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®											

■ Real Estate Capital Markets

MBS Outstanding Balances



CMBS Yield Spreads (Spread to Swap)



Source: CM Alert, Greer Advisors, LLC

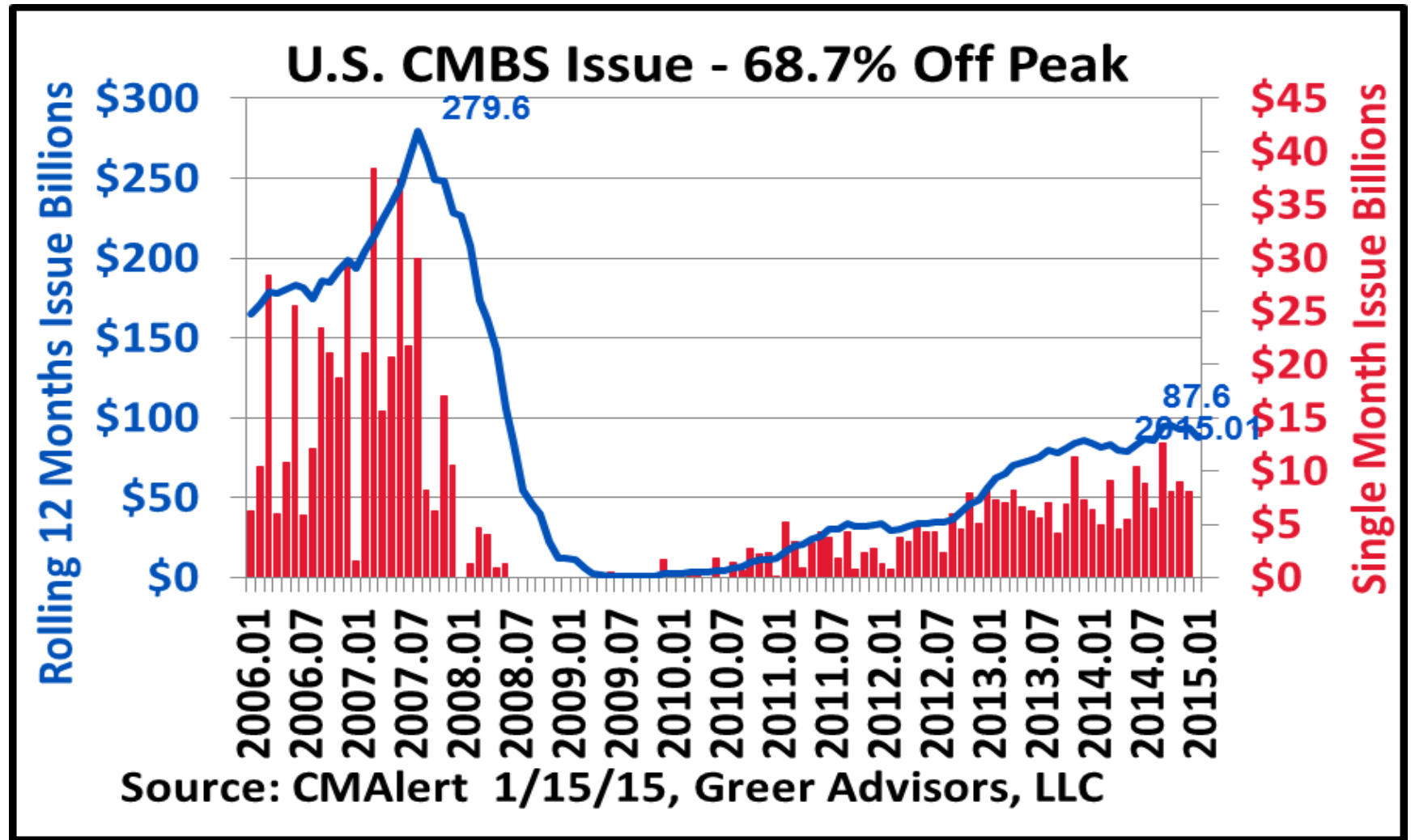
Note: X-axis not to scale. Spreads are "over swaps" for 10-year Treasuries.

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

28 Also sent prior versions early 2007

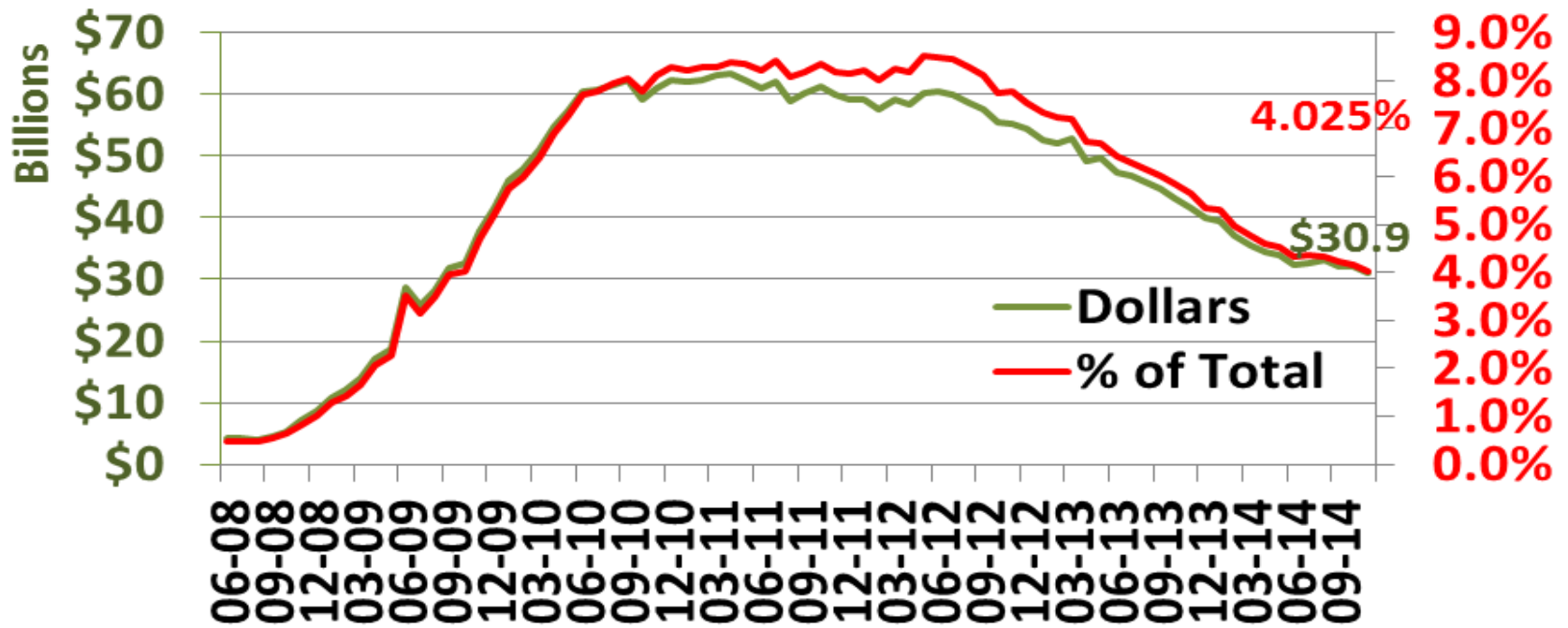
Greer Advisors, LLC

CMBS Issuance - Rising from Floor



CMBS Delinquencies – Rise & Fall

CMBS Delinquencies - EOM Nov 2014

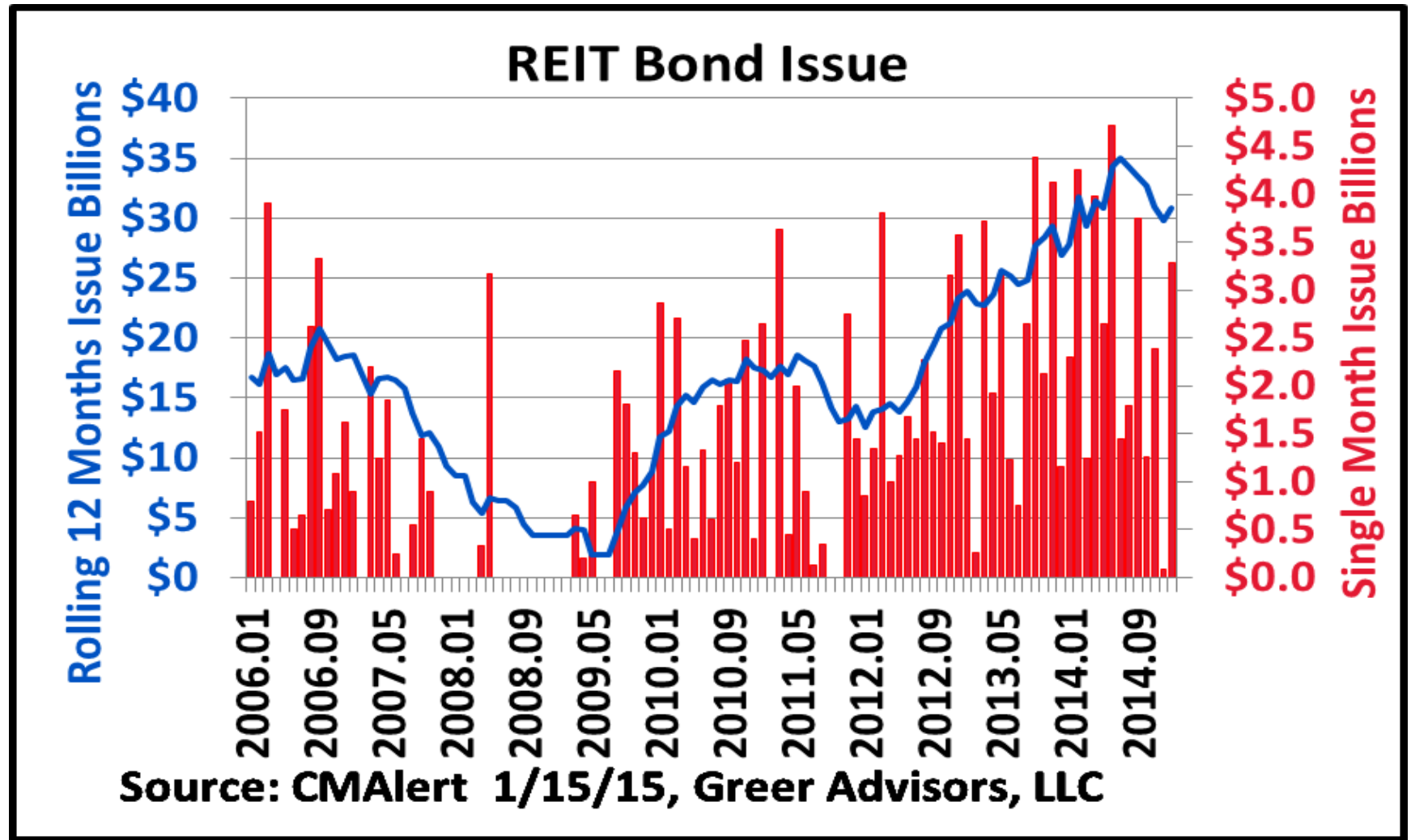


Source: Morningstar CMBS Report December 2014,
Greer Advisors, LLC

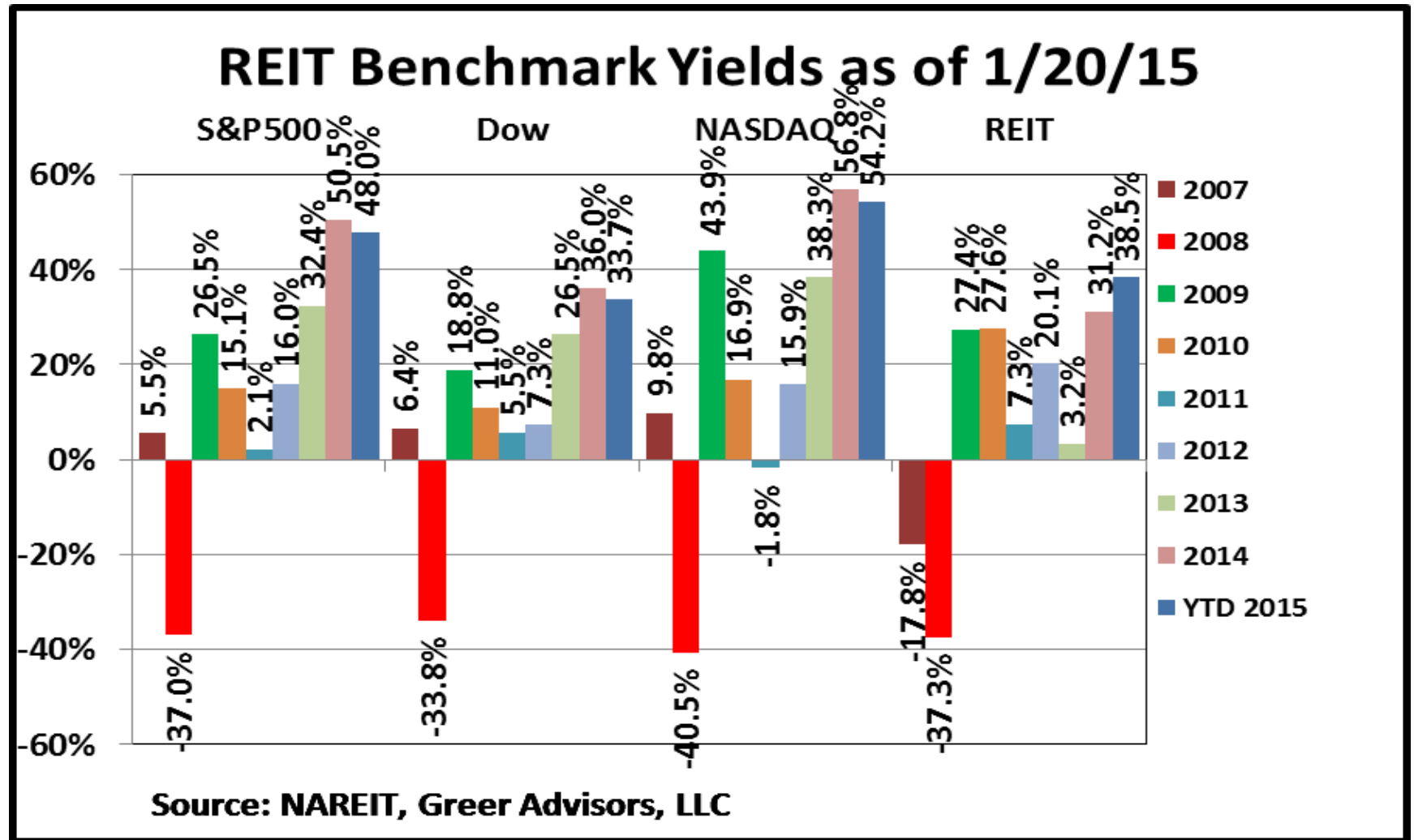
Synthetic CMBX Yields (Spreads to Swaps) – See Risk

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

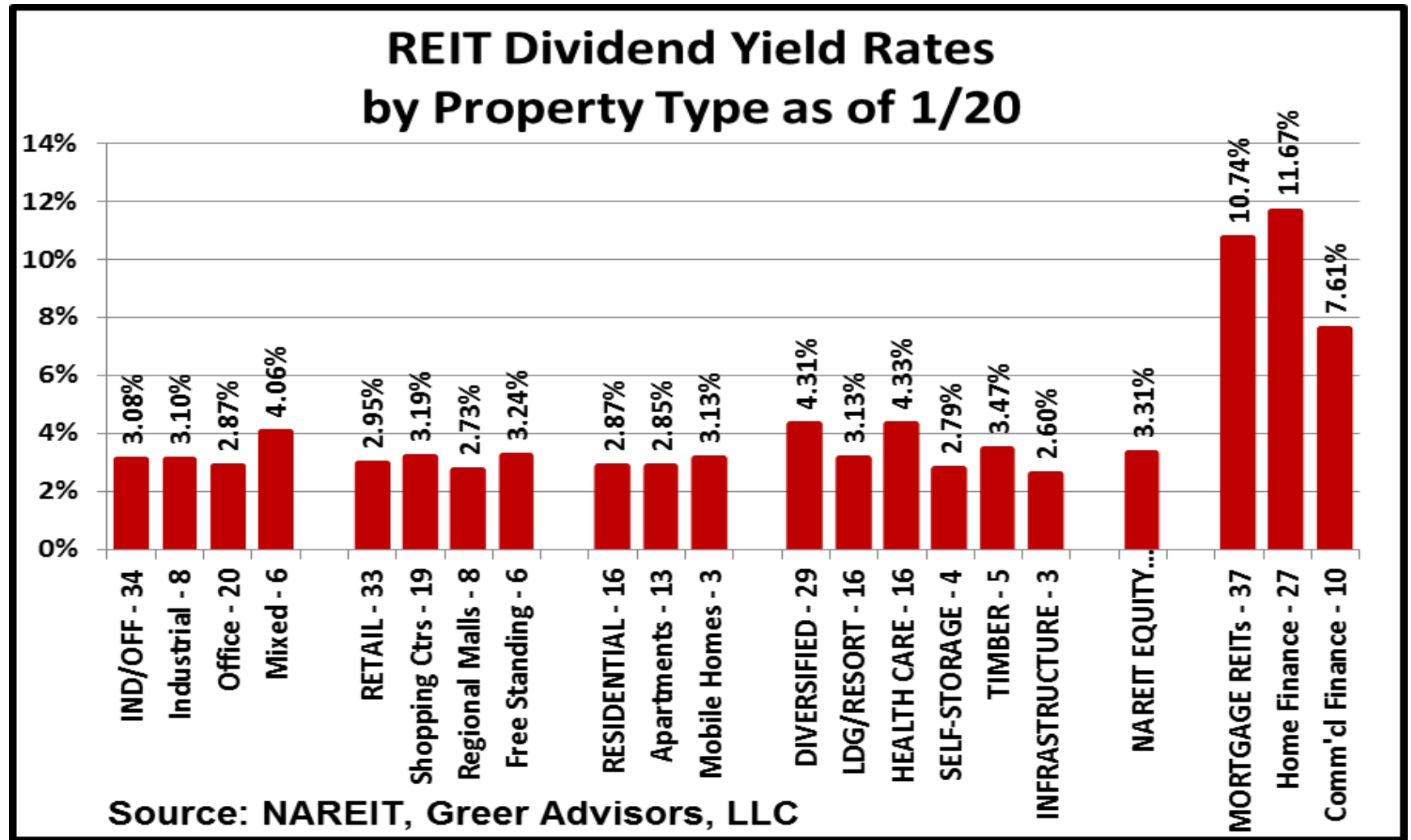
REIT Bond Issuance



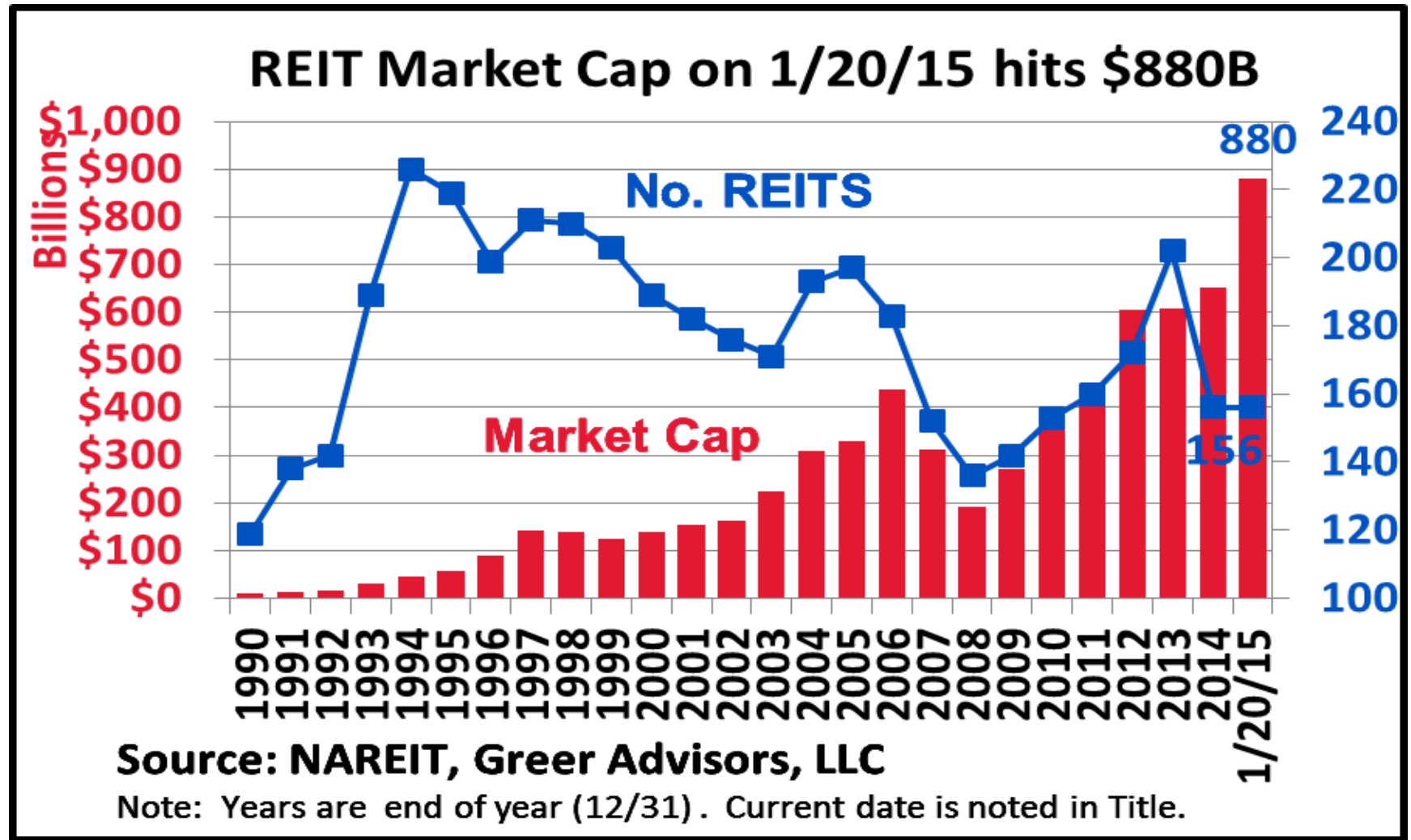
REIT Benchmark Yields



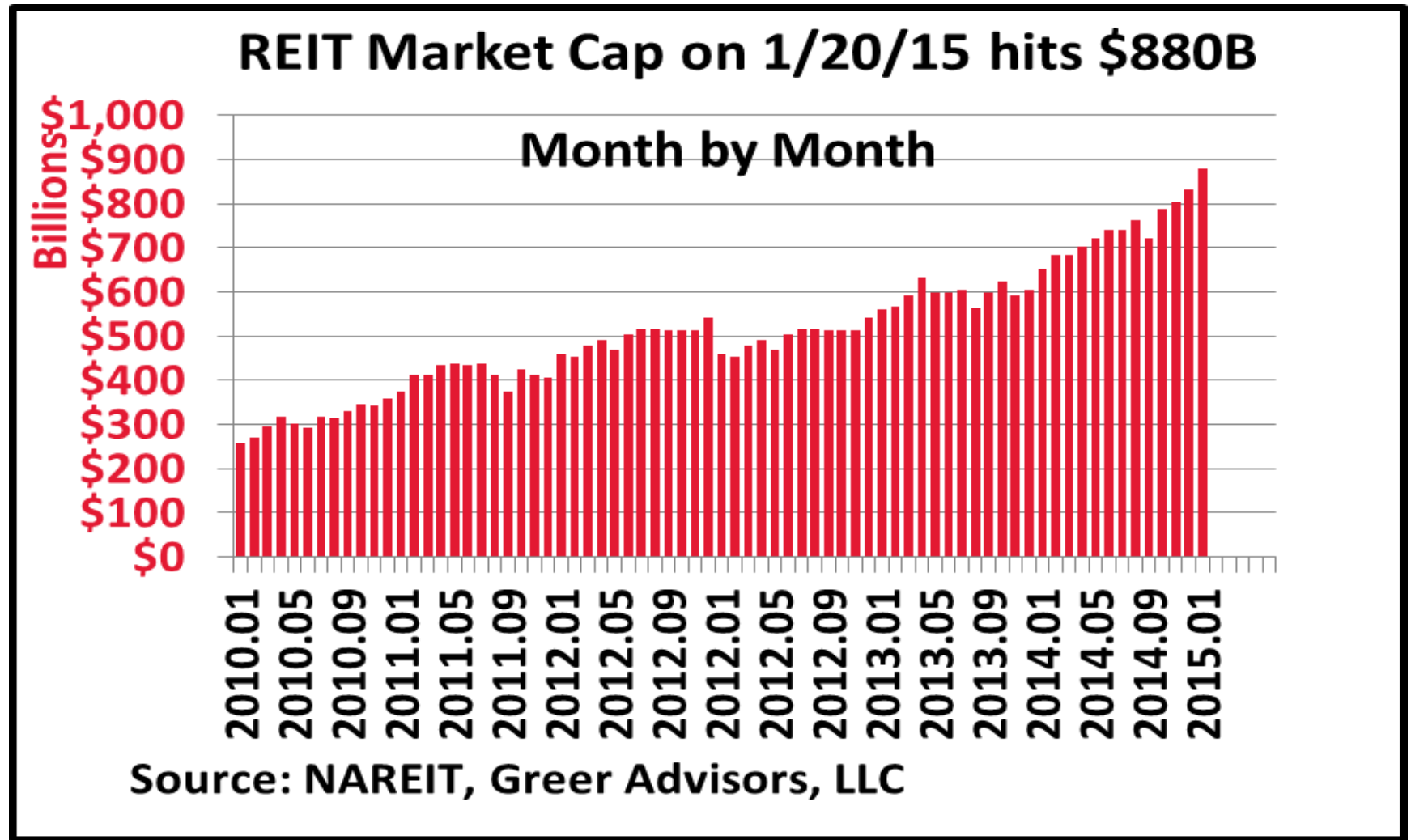
REIT Yields by Property Type



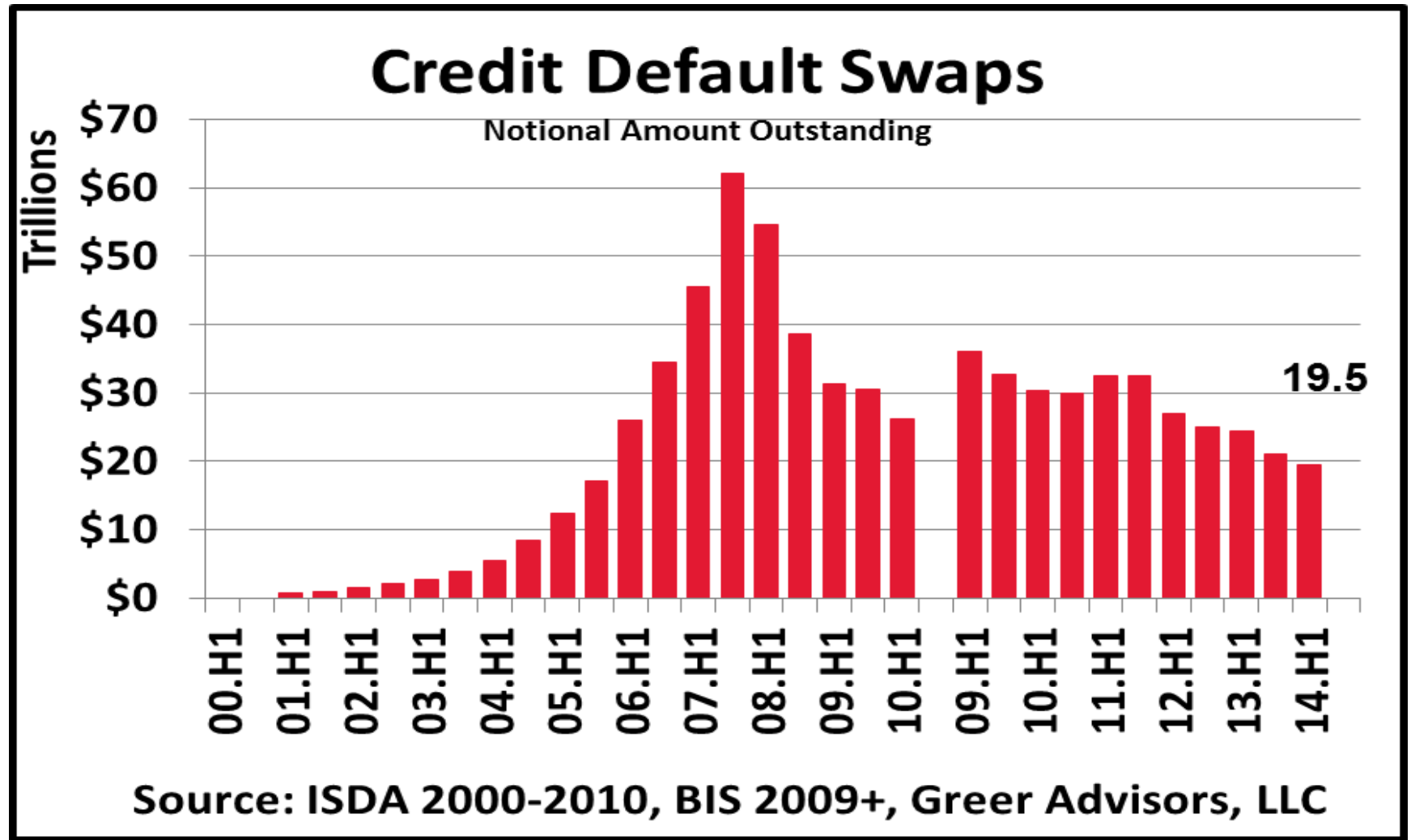
REIT Market Capitalization – Long Term



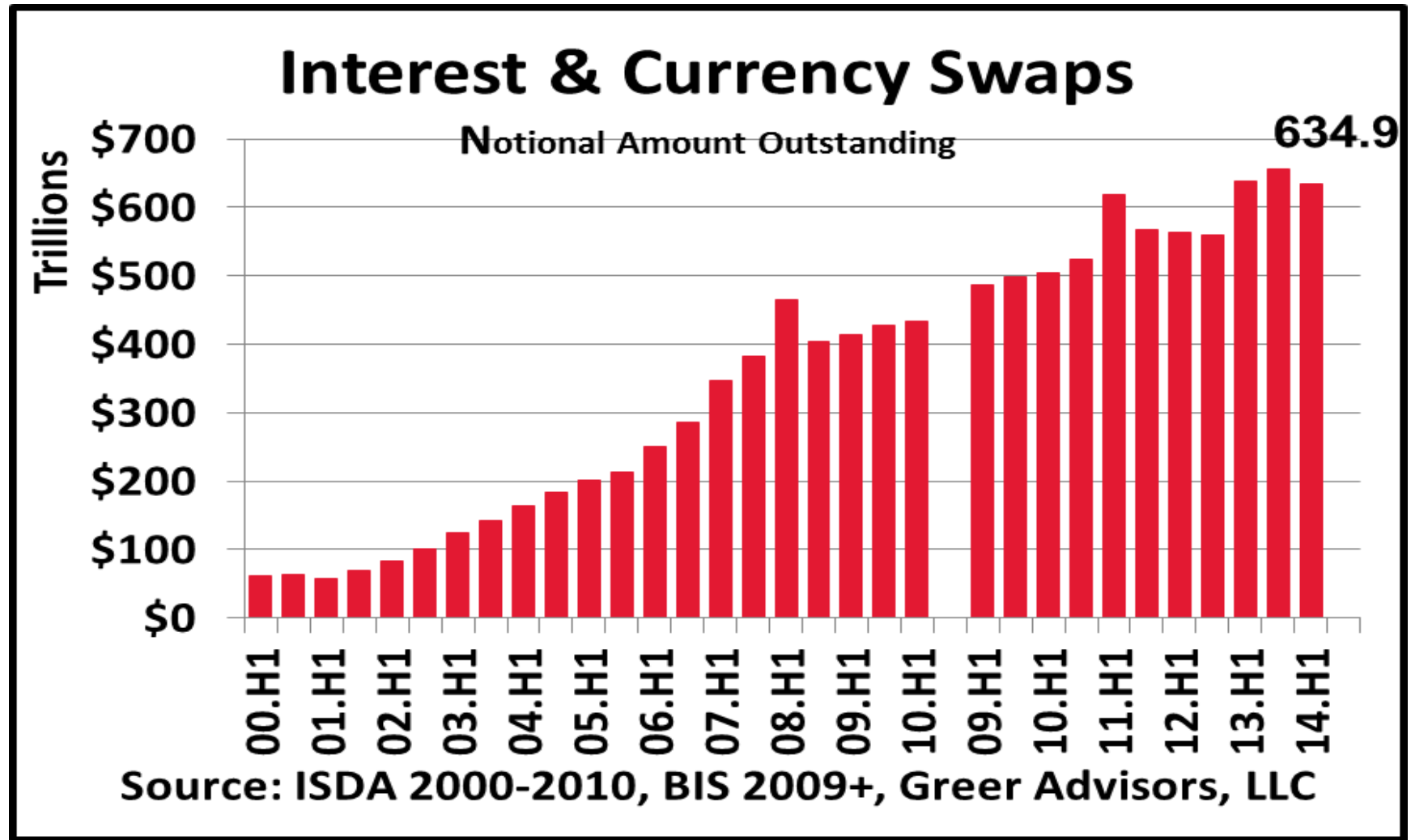
REIT Market Capitalization – Short Term



Credit Default Swaps



More Swaps – Gambling



Conclusions

- 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, leaning against a light-colored wall. It features a red frame with black accents, black wheels with red lightning bolt graphics, and a black saddle. A white water bottle is attached to the handlebars. In the foreground, a red and black cycling helmet with the brand name 'GIRO' is visible, along with a red cycling shoe. The background is a plain, light-colored wall, and the floor is made of large, light-colored tiles.

Greer Advisors, LLC

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