

# RERC/CCIM Investment Trends Quarterly

## Winter 2007

Thank you for your insights and contributions. Please return completed survey to [asmith@rerc.com](mailto:asmith@rerc.com) or fax to 319.352.4050, attention: Ashley Smith. If at all possible, please return by **January 18, 2008**.

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Firm Type/Property  
Specialty: \_\_\_\_\_

Metro or State: \_\_\_\_\_

Phone Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

### **4** ways to submit your survey

<b>FAX</b>	<b>EMAIL</b>
<b>319-352-4050</b>	<b>asmith@rerc.com</b>
<b>ONLINE</b>	<b>MAIL</b>
<b>www.rerc.com</b>	Real Estate Research Corporation 99 E. Bremer Avenue Waverly, IA 50677 Attention: Ashley Smith

1. On a scale of 1 to 10 (1=very weak, 10=very strong), how do you expect the national economy to perform during the coming quarter?

\_\_\_\_\_

2. On a scale of 1 to 10 (1=very weak, 10=very strong), how do you expect your metro's economy to perform during the coming quarter?

\_\_\_\_\_

3. What is your general outlook for your metro's economy over the coming four quarters?

\_\_\_\_\_ Worse          \_\_\_\_\_ Same          \_\_\_\_\_ Better

4. On a scale of 1 to 10 (1=very weak, 10=very strong), how do you expect these property types in your metro to perform during the coming quarter?

- \_\_\_\_\_ CBD Office
- \_\_\_\_\_ Suburban Office
- \_\_\_\_\_ Industrial Warehouse
- \_\_\_\_\_ Industrial R&D
- \_\_\_\_\_ Industrial Flex
- \_\_\_\_\_ Regional Mall - Retail
- \_\_\_\_\_ Power Centers - Retail
- \_\_\_\_\_ Neighborhood/Community Mall - Retail
- \_\_\_\_\_ Apartments
- \_\_\_\_\_ Hotels

5. Local Strategies: In a mixed-asset context, will next quarter be a good time to buy, sell, and/or hold real estate in your market? (Scale: 1 = worst time to 10 = best time)

\_\_\_\_\_ Buy          \_\_\_\_\_ Sell          \_\_\_\_\_ Hold

6. Return vs. Risk: Please rate the current relationship between return and risk.

- Overall: \_\_\_\_\_
- Office: \_\_\_\_\_
- Industrial: \_\_\_\_\_
- Retail: \_\_\_\_\_
- Apartment: \_\_\_\_\_
- Hotel: \_\_\_\_\_



7. Value vs. Price: Please rate the current relationship between value and price.

- Overall: \_\_\_\_\_
- Office: \_\_\_\_\_
- Industrial: \_\_\_\_\_
- Retail: \_\_\_\_\_
- Apartment: \_\_\_\_\_
- Hotel: \_\_\_\_\_



8. Please rate the outlook for the following investment alternatives. (1 = poor to 10 = excellent)

- Stocks: \_\_\_\_\_
- Bonds: \_\_\_\_\_
- Cash: \_\_\_\_\_
- Commercial Real Estate: \_\_\_\_\_

## Investment Criteria For Your Specific Metro Area

9. What is your **best estimate** of the following criteria by property type over the past quarter?

Property Types	Yield Rate/IRR %	Going-In Cap Rate %	Terminal Cap Rate %	1-Year Value Change %	1-Year Effective Rent Change %
CBD Office					
Suburban Office					
Industrial - Warehouse					
Industrial - R&D					
Industrial - Flex					
Retail - Regional Mall					
Retail - Power Center					
Retail - Neigh/Comm					
Apartments					
Hotels					

**IRR** is the rate of interest that discounts the pre-income tax cash flows received by the equity investor(s) back to a present value that is exactly equal to the amount of the original equity investment. (It is in effect a time-weighted average return on equity and, as used here, is synonymous with the term “yield.”)

**Going-In Cap Rate** is the first year NOI (before capital items of tenant improvements and leasing commissions and debt service but after real estate taxes) divided by present value (or purchase price).

**Terminal Cap Rate** is the rate used to estimate resale or reversion value at the end of the holding period. Typically, it is the NOI in the year following the last year of the holding period that is capped.

**Note:** IRR responses are assumed to be for unleveraged all-equity transactions.

\*New construction in pipeline vs. absorption prospects for the coming year.

\*\* Risk of oversupply is relative Supply vs. Demand for the coming year.

**10. Investment:** What will be the best commercial investment opportunity in the next 4 quarters? Why? (please be specific)

**11. Investment:** What property type should be avoided in the coming 4 quarters? Why? (please be specific)

**12.** What are the current commercial trends in your market? (reports, PDFs, your comments are welcome)

**13.** Do you have any specific transaction details/sources/databases you can share? If so, how can we obtain this information?

**14.** Is there anyone you recommend we contact for additional information/research?

**Thank you very much for your contributions and participation!**