



North American Real Estate Outlook

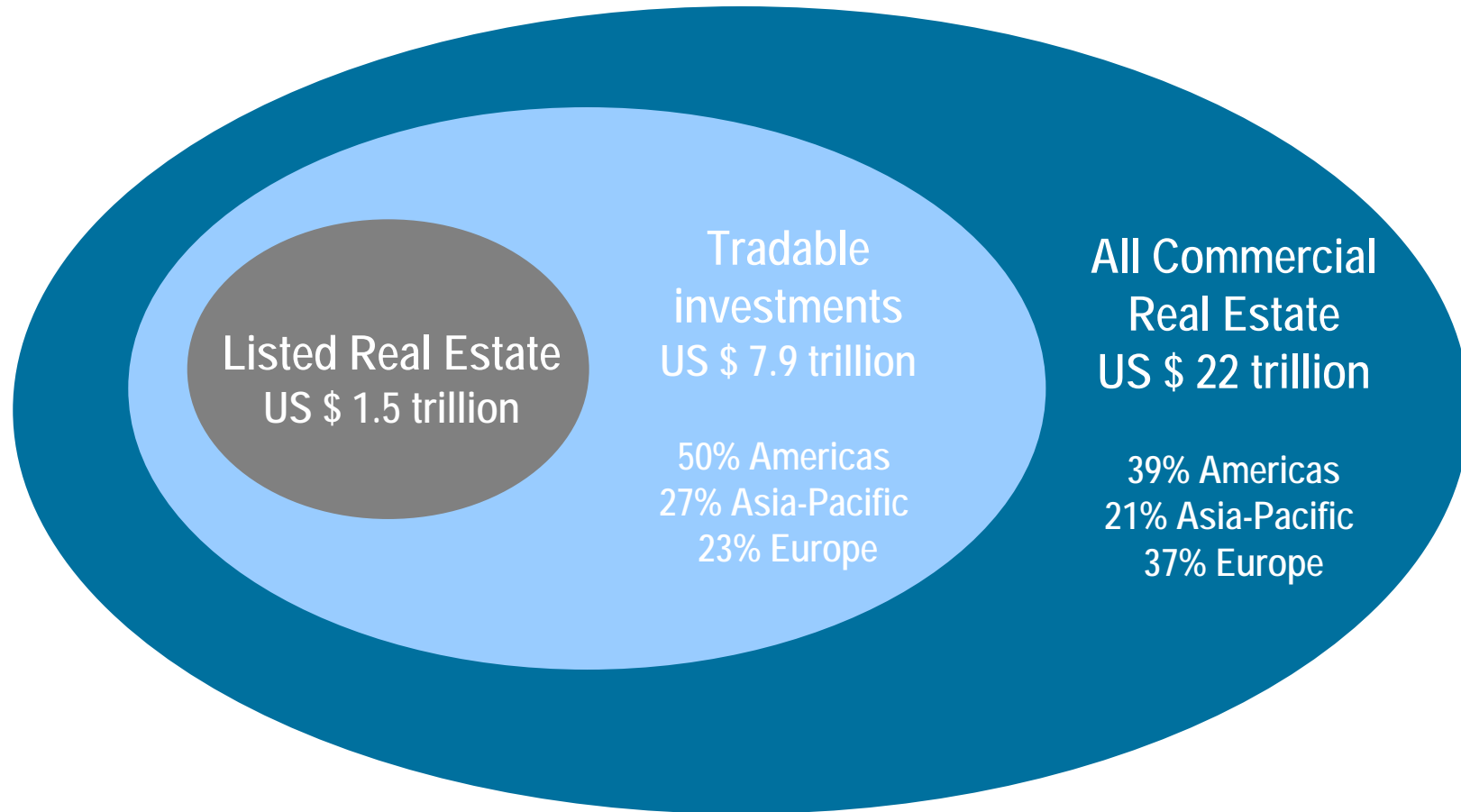


Jones Lang LaSalle's Global Capital Flows Research



- Definitive guide to global real estate investment activity and cross-border capital flows.
- Tracks the growth and globalisation of real estate investment markets since 2003. Now in 5th volume
- Leverages Jones Lang LaSalle's capital markets and research teams in over 150 markets worldwide.
- Jones Lang LaSalle provided advice on over \$70bn of transactions globally during 2006 - over 10% of Global transaction volumes.

Global Real Estate Universe

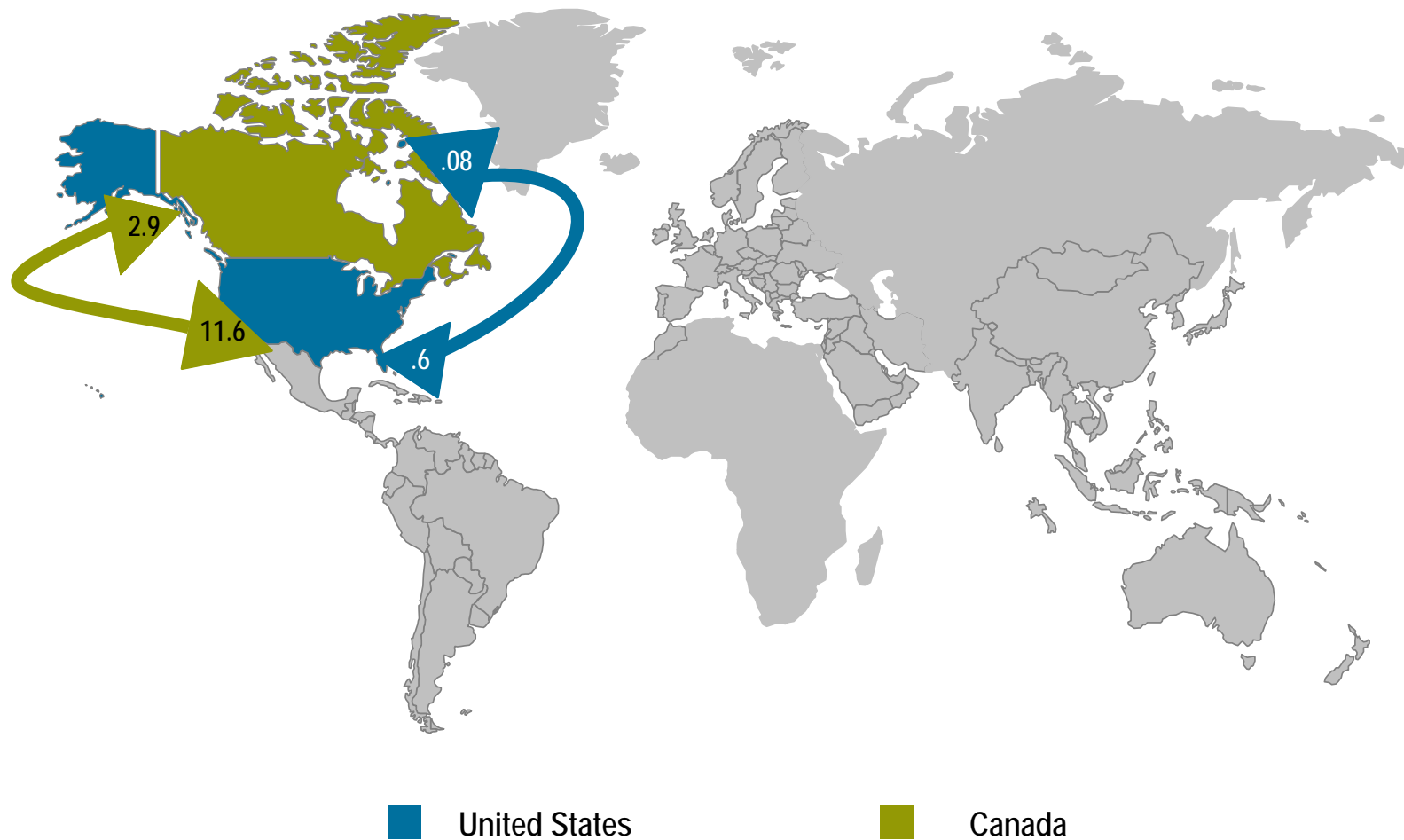


2006 – ANOTHER record year for Commercial Real Estate

- ‘Wall of Money’:
 - **\$5** of investment targeting every **\$1** of available product
 - Increased parity of weightings to asset class
 - Historically low cost debt environment
 - New investment players (private, VC, Private Equity)
 - Emerging market boom (CEE, Latin America, Turkey)

- Outcome:
 - All major developed and emerging real estate market returns aligned and strongly positive.
 - Continued yield compression
 - Increasing number of ‘mega deals’
 - Globalisation of investment

Inter-regional capital flows of \$201bn in 2006, Canadians #2 investor in U.S. Real Estate



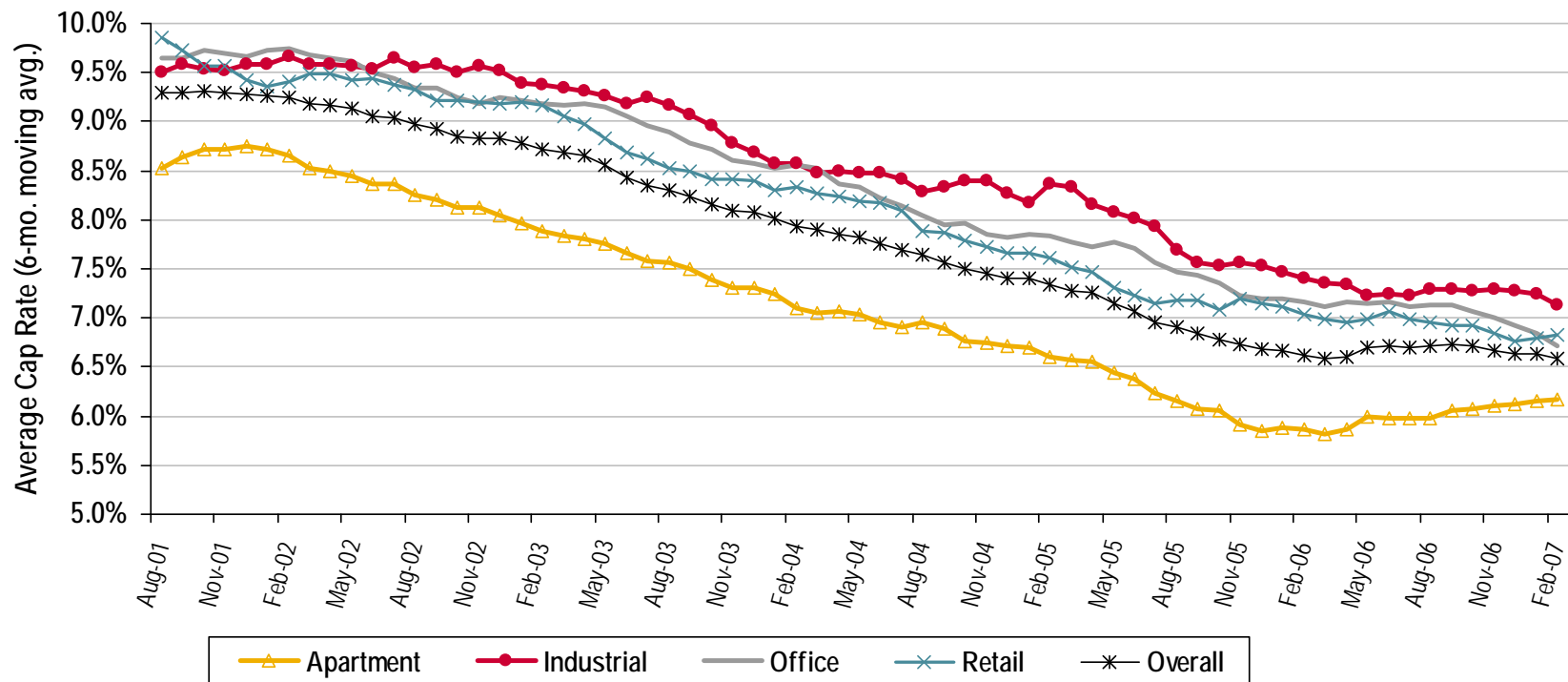
The Ten Most Transparent Countries, 2006

2006	2004	Country	2006 Real Estate Transparency Score	2006 Tier	2004 Tier
1	1	Australia	1.15	1	1
1	3	United States	1.15	1	1
3	2	New Zealand	1.20	1	1
4	5	Canada	1.21	1	1
5	4	United Kingdom	1.25	1	1
6	7	Hong Kong	1.30	1	2
7	6	Netherlands	1.37	1	1
8	8	Sweden	1.38	1	2
9	11	France	1.40	1	2
10	9	Singapore	1.44	1	2

In 2006, 10 countries were considered Highly Transparent up from 6 in 2004.

After Falling Dramatically, Cap Rates are Stabilizing

Notably, Office Cap Rates Still Declining in 2007



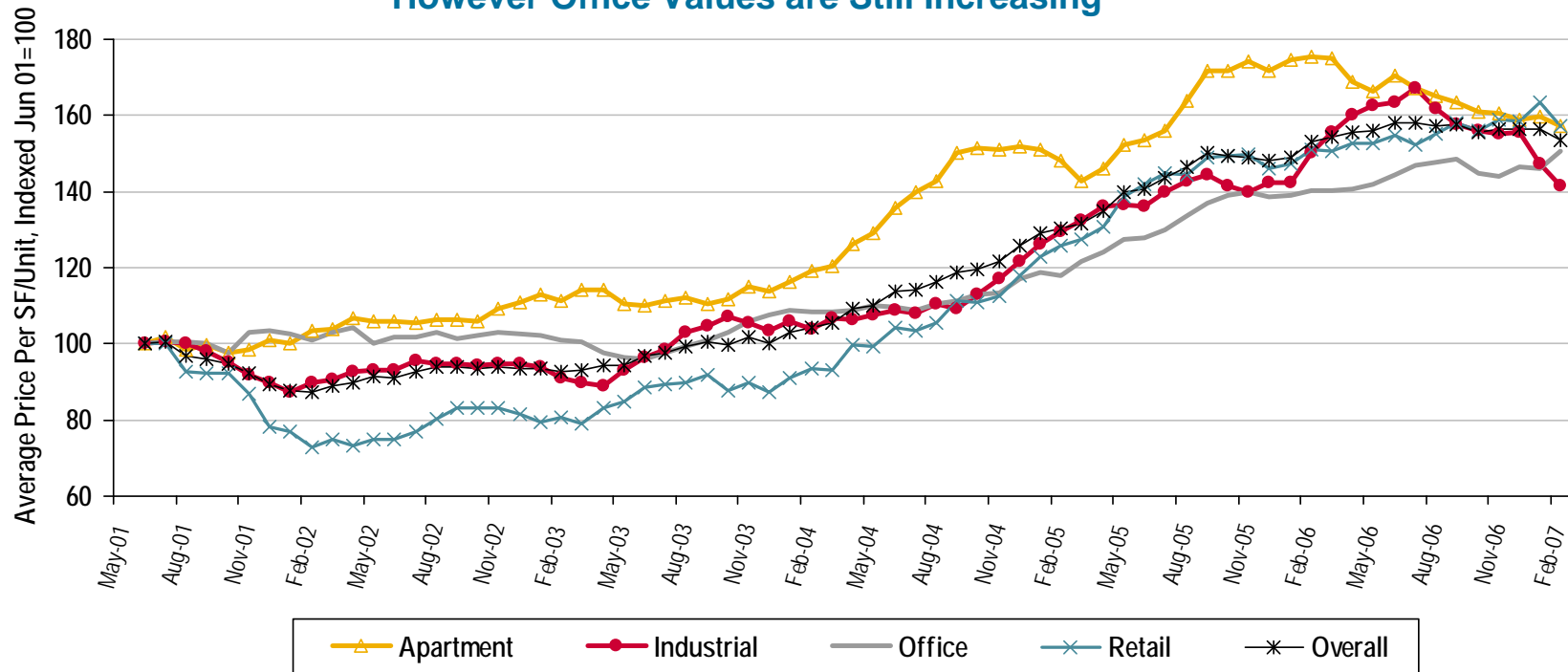
- While downward pressure on office cap rates could continue, overall likely to remain fairly flat in 2007.

* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

After Rising Dramatically, Overall Property Values have Leveled-Off

However Office Values are Still Increasing

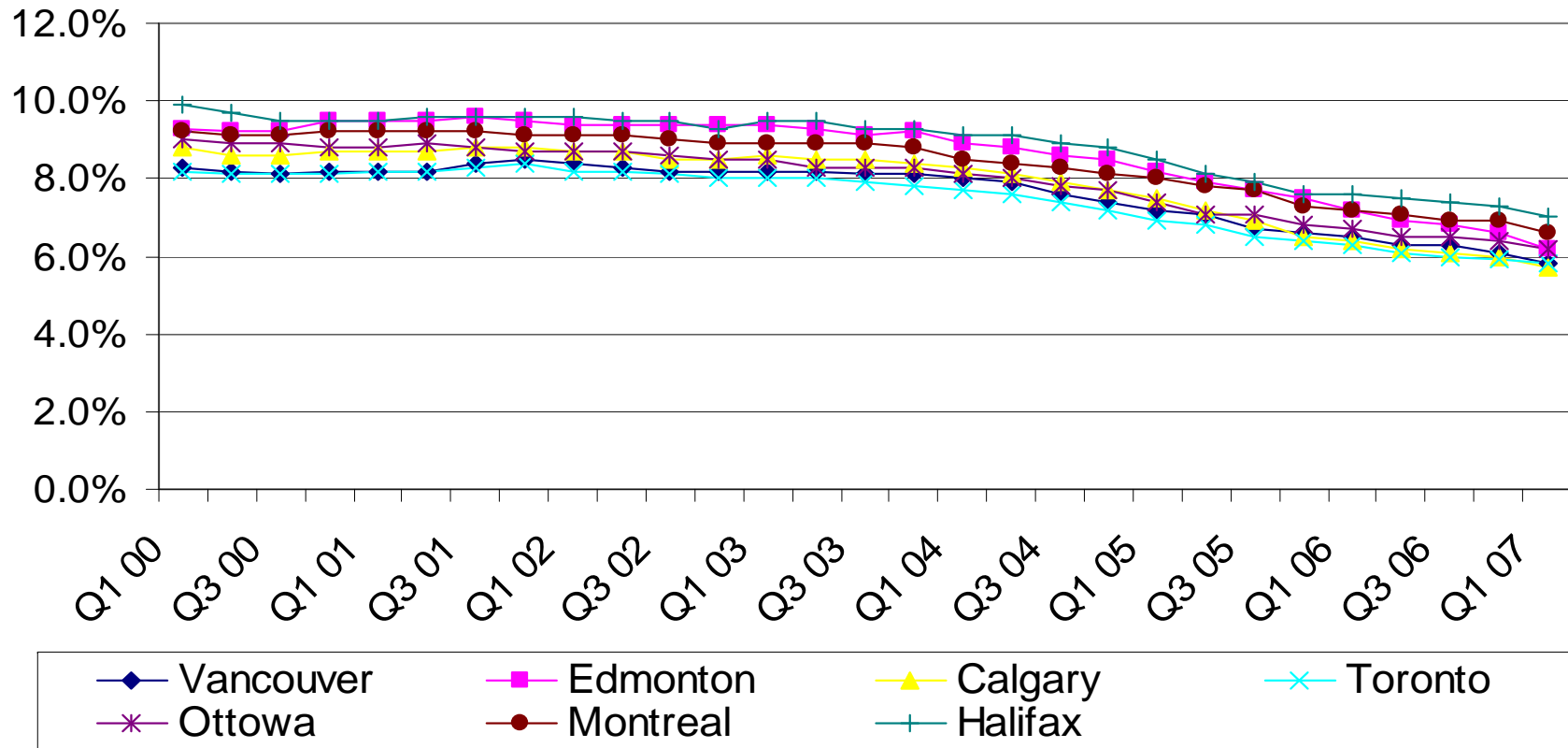


- Values continue to increase in most preferred coastal markets.

* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

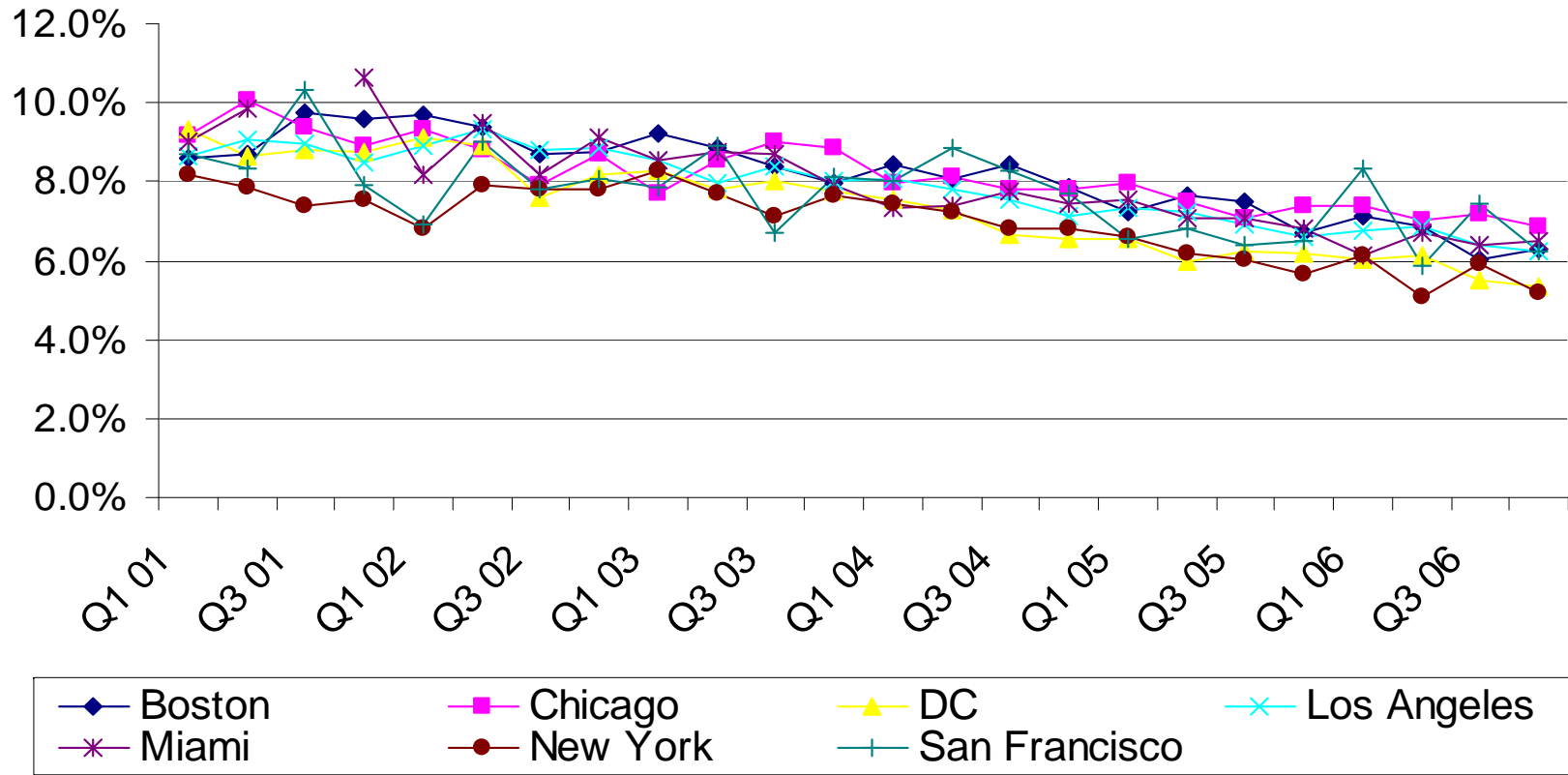
Cap Rates Steadily Decreasing For Core CBD Office Properties



* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

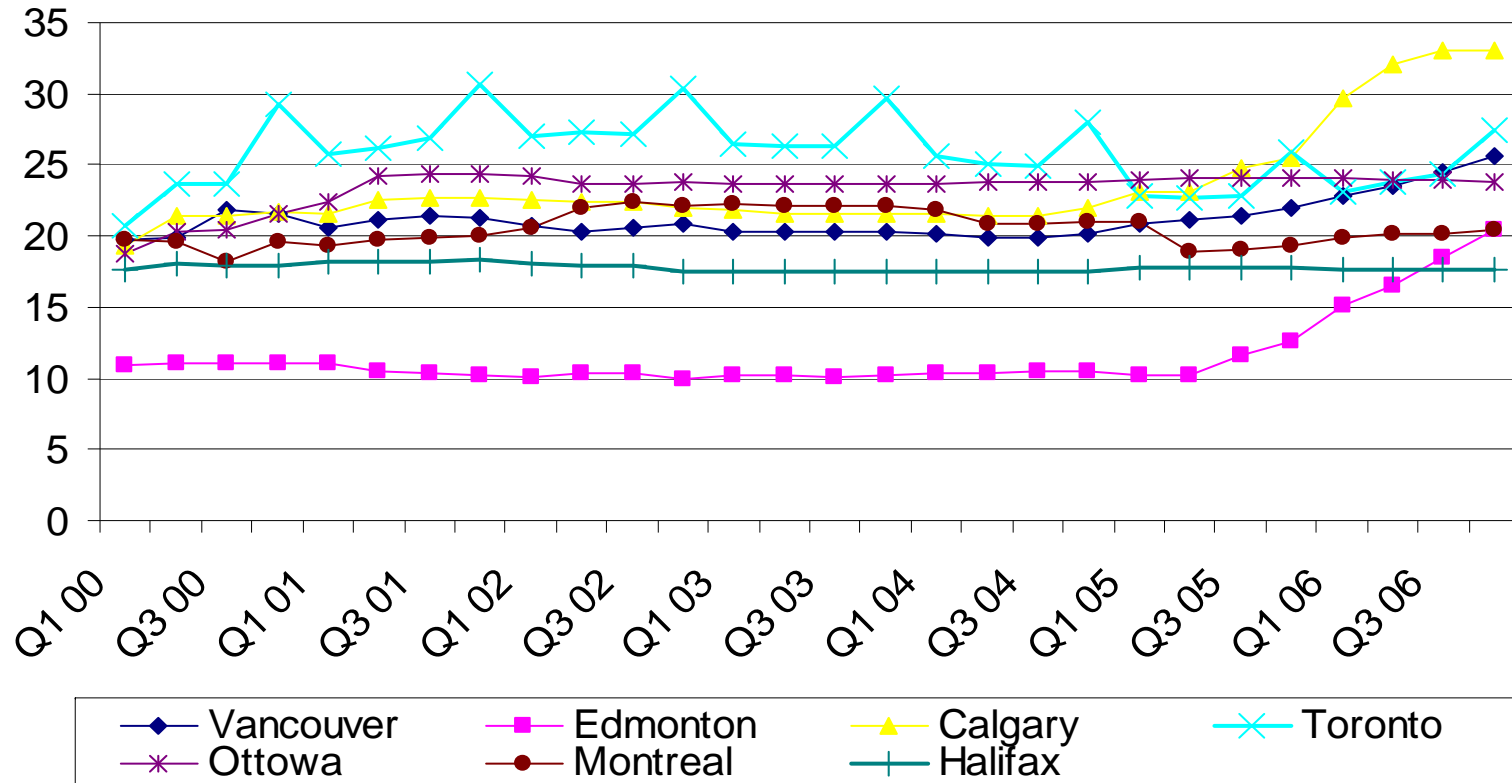
Cap Rates Continue to Fall in the US Core Office Markets



* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

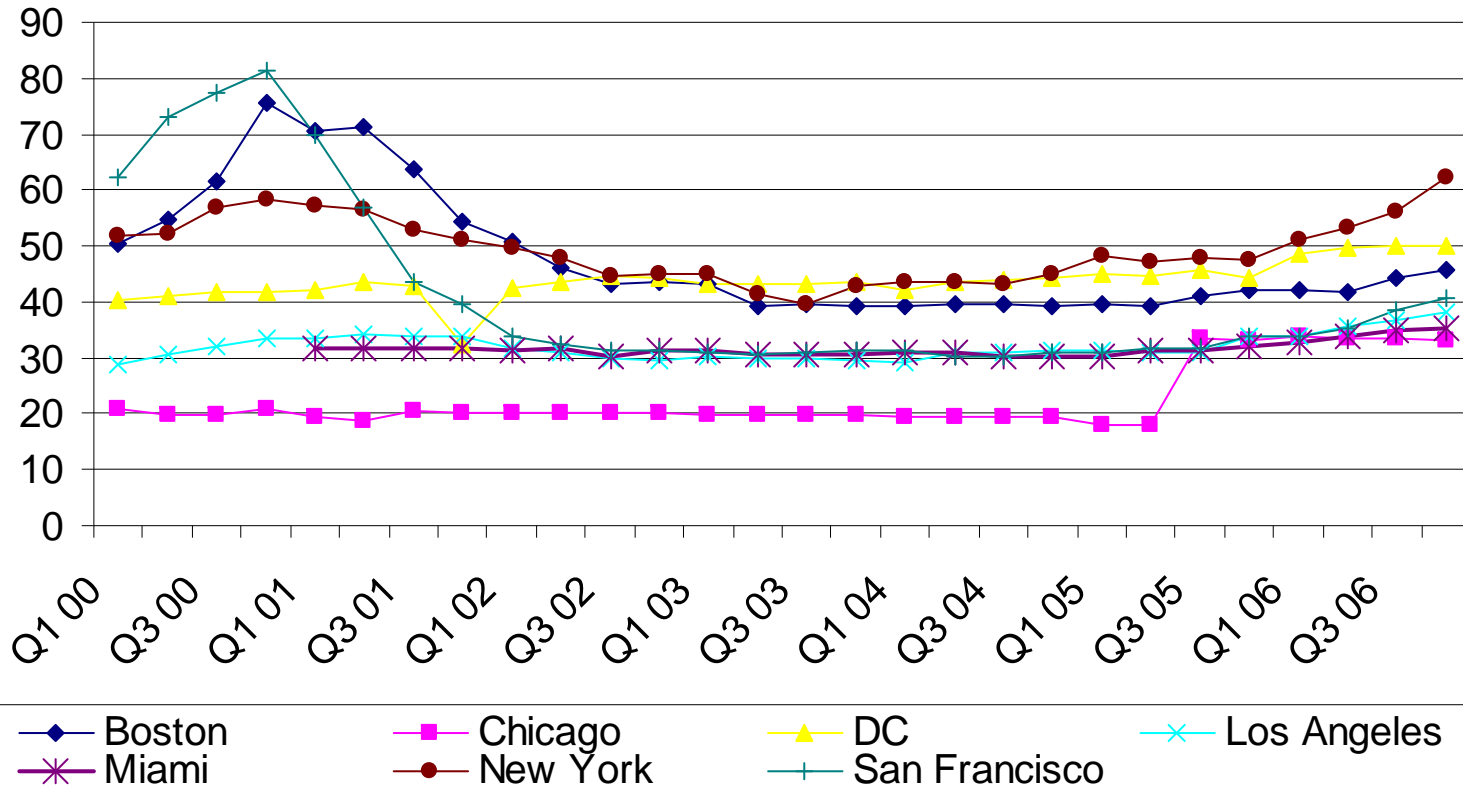
Rental Rates Increasing in Growing Markets



* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

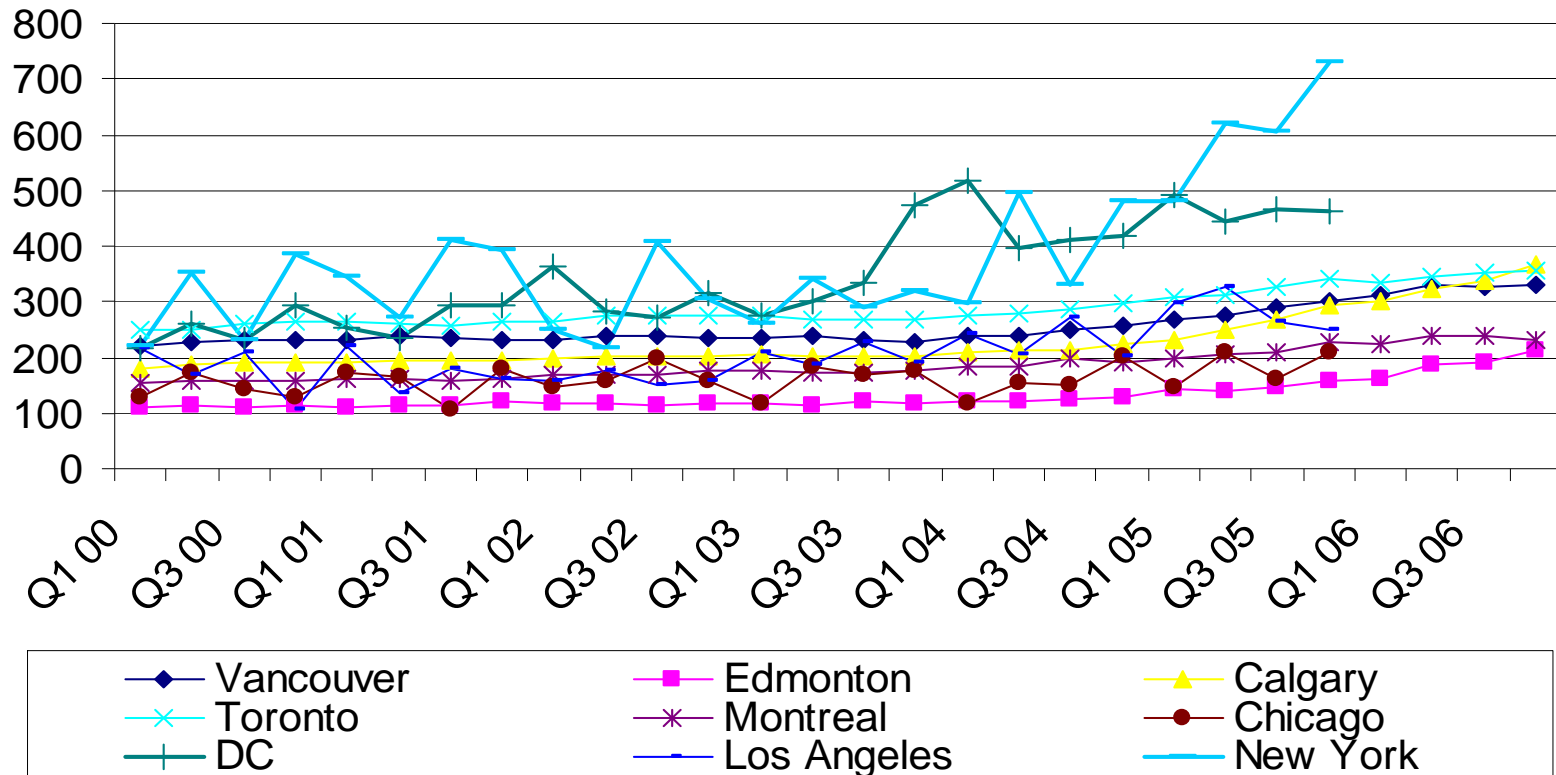
Rental Rates Increasing Across All Markets



* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

Price PSF Increasing Across All Target Markets



* Properties of at Least \$5 Million

Sources: Jones Lang LaSalle, Real Capital Analytics

Contact

Steve Collins

International Capital Group

Tel : +202 478 2397

Email: steve.collins@am.jll.com