
Fisher Center for Real Estate and Urban Economics

**32nd Annual Real Estate
& Economics Symposium**

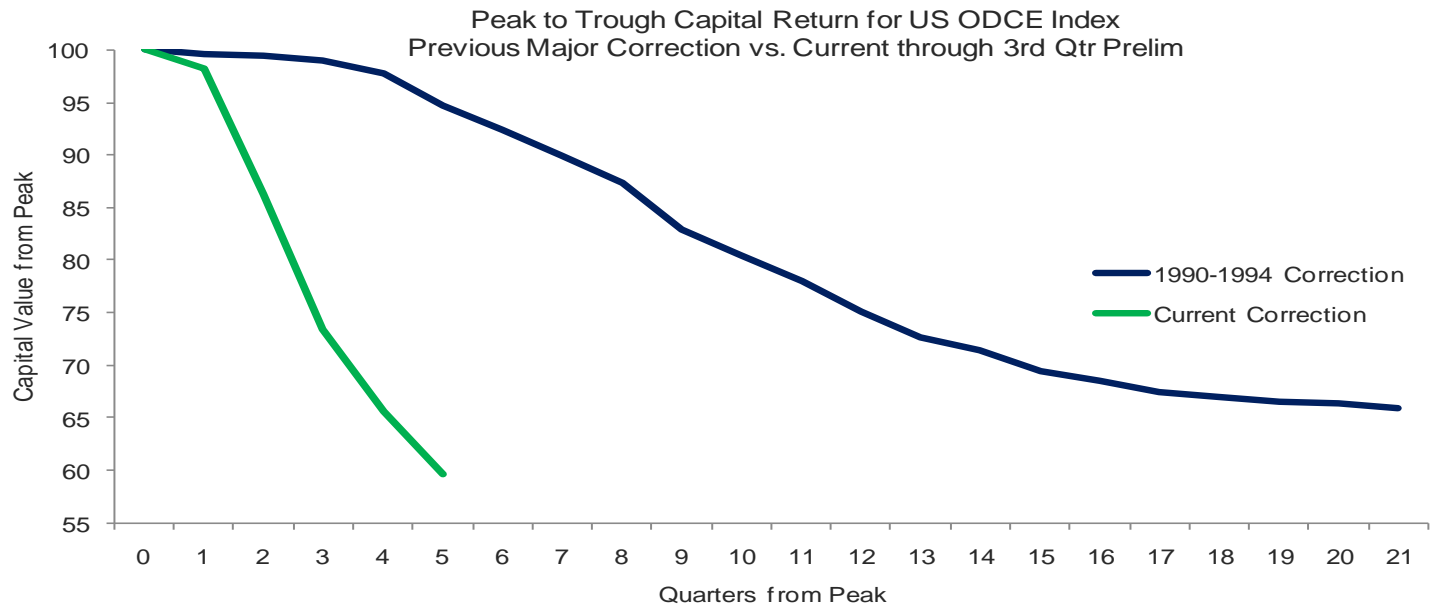
November 23, 2009

Micolyn Yalonis, Principal

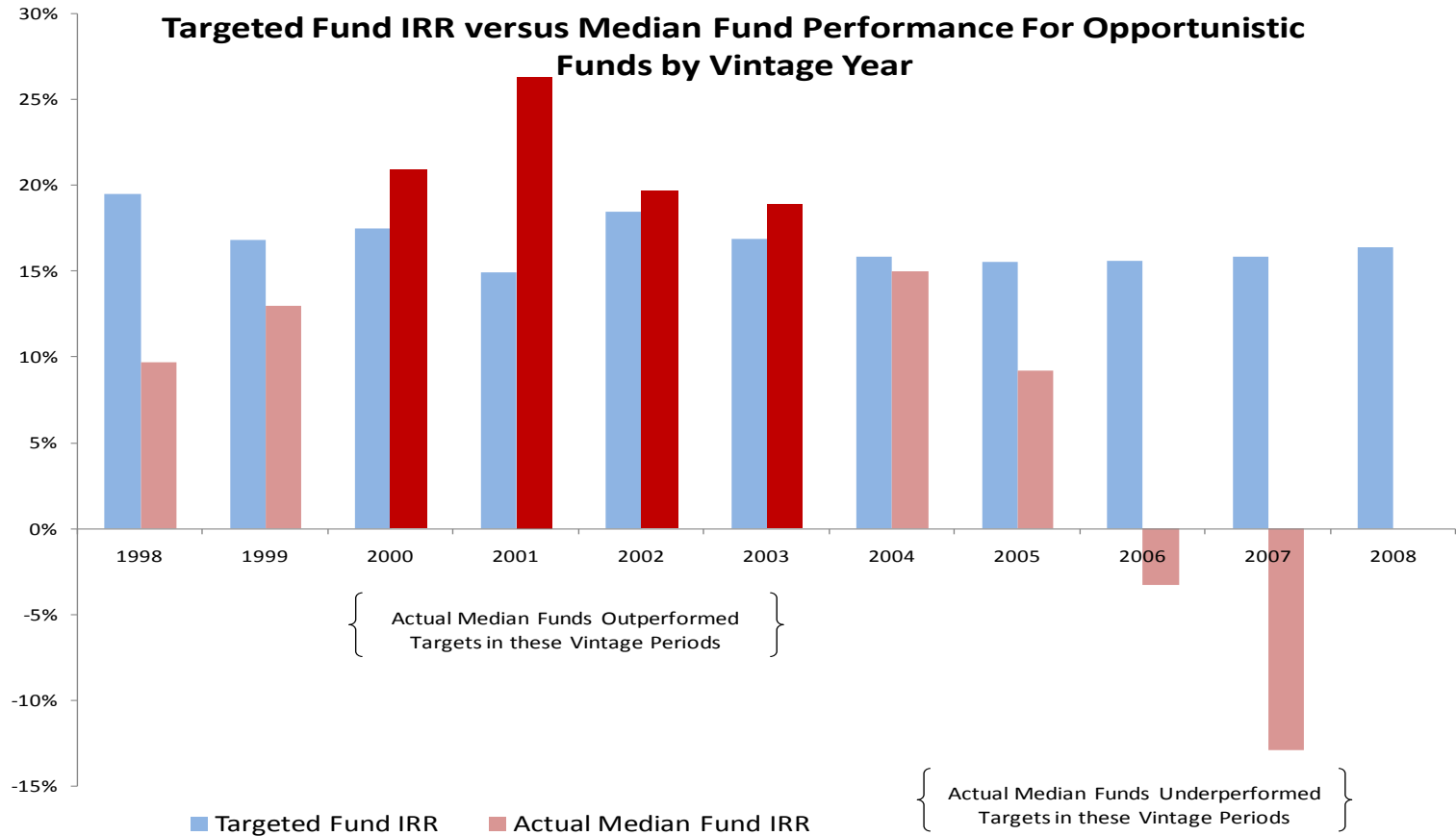
The Townsend Group

Market 'Reset'

- Expectation for 40% decline
 - Assets bought or marked with peak market dynamics
 - Compounded by leverage



It's All About Timing (i.e. Pricing)



Townsend Client - Capital Allocations

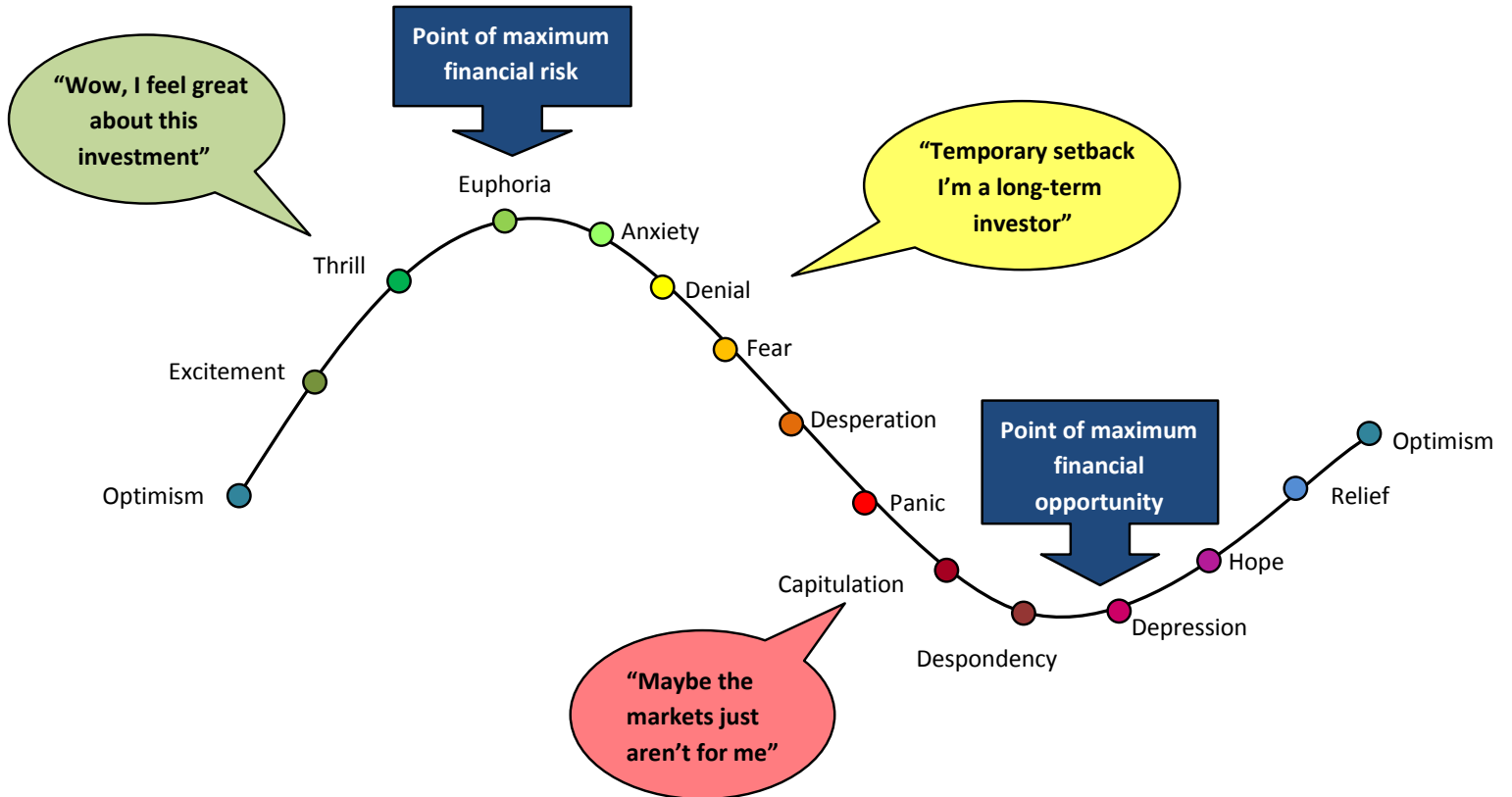
	2004	2005	2006	2007	2008
Closed-End Funds Approved (# of Funds)					
Asia	1	3	2	10	3
Europe	0	3	3	9	5
Global	3	9	7	4	8
Non-US Americas	0	0	2	4	4
Domestic	25	21	28	46	24
Total Closed-End Fund Recommendations	29	36	42	73	44
Open-End Funds Approved (# of Funds) **					
Domestic	12	13	15	14	2
Total Fund Approvals	41	49	57	87	46

- \$20 billion of capital allocated in 2007
- \$10 billion of capital allocated in 2008
- \$3 billion of capital allocated in 2009 and \$6 billion of capital available

Overall Global Themes and Future Opportunities

- US and Japan will offer sharply discounted pricing, with looming debt maturities, as rents continue to roll down. Need to watch for deflation in Japan; a jobless recovery in the US. Little transaction volume to date. Be prepared to capitalize on distress in the market.
- Expect U.K to be first economy in Eurozone to return to growth; rents will continue to fall; sharp correction in property values coupled with weak currency is attracting foreign investors.
- Fewer opportunities in France and Germany until 2011-2014 when assets need restructuring, debt maturities require recapitalization.
- China and Singapore offer comparatively outsized growth; need to avoid inflation and bubble pricing; Residential leads recovery; Logistics lags.
- Latin American offers growth, stability and relatively low unemployment. Development is key, with consequent risk of oversupply.

Where Are We Now?



Source: *Prospects for Property '09/Strutt & Parker*