

Moody's/REAL Commercial Property Price Indices, January 2008

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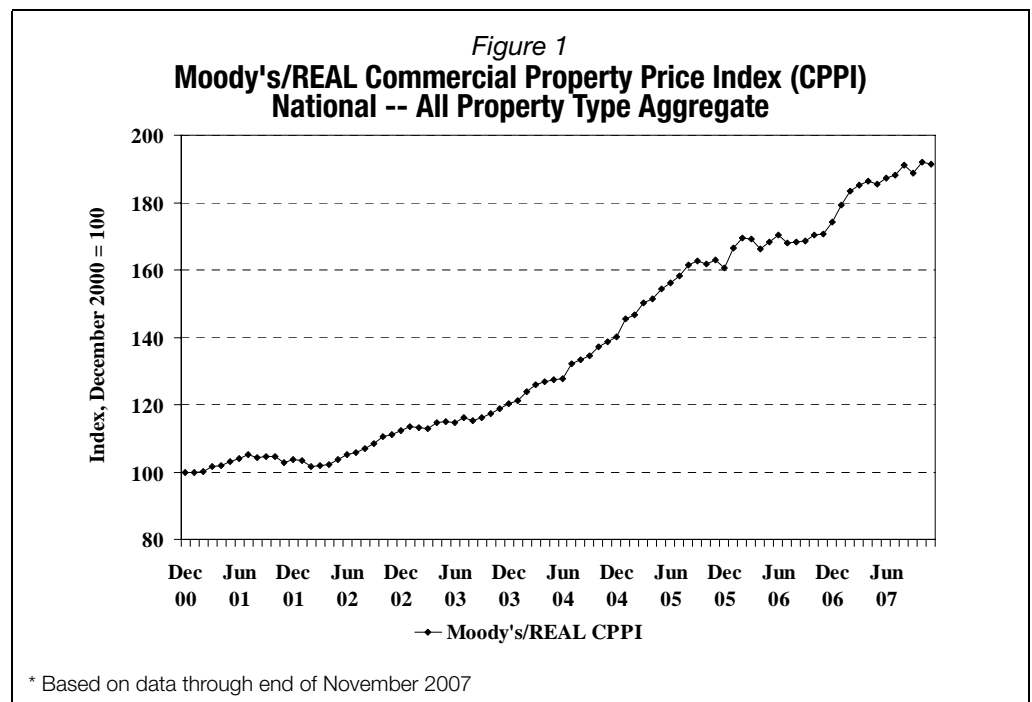
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- Overview: Moody's/REAL Commercial Property Price Index (CPPI)
- National All-Property Type Aggregate Index Declines Slightly, And for the Second Time in Three Months
- Appendix

OVERVIEW

The Moody's/REAL Commercial Property Price Indices (CPPI) measure the change in actual transaction prices for commercial real estate assets based on the repeat sales of the same assets at different points in time. In this January report, based on data through the end of November, Moody's/REAL index measures 191.40, a decrease of 0.2% from the previous month, but an increase of 12.1% over the same period of the previous year, and 17.5% over two years¹.



¹ A summary or short version of the repeat sales methodology is available in a Moody's Special Report. *US CMBS: Moody's Publishes the First Commercial Property Price Indices Based on Commercial Real Estate Repeat Sales Data*. Sept. 19, 2007. This is available on Moodys.com > Structured Finance > Commercial MBS > CRE Indices. A very detailed and complete explanation of the methodology is available in a White Paper from MIT. David Geltner and Henry Pollakowski. *A Set of Indexes for Trading Commercial Real Estate Based on the Real Capital Analytics Transaction Prices Database*. MIT Center for Real Estate. Sept. 26, 2007.



Figure 2

Current Moody's/REAL CPPI and Change from Earlier Periods

New This Period: National All Property Type Aggregate

Repeated: National - Four Property Types
 Top 10 MSAs - Four Property Types
 West - Four Property Types

Repeated: East - Four Property Types
 South - Four Property Types
 Southern California - Four Property Types
 MSA Office Markets - New York, San Francisco, and Washington DC
 MSA Apartment Market - Florida

	Current Index ^M	1 Month Earlier	1 Year Earlier	2 Years Earlier
National All Property Type Aggregate	191.40	-0.2%	12.1%	17.5%
	Current Index ^Q	1 Quarter Earlier	1 Year Earlier	2 Years Earlier
National - Apartments	192.33	-1.0%	10.4%	6.0%
National - Industrial	190.68	3.0	11.9	19.1
National - Office	176.73	-0.5	12.8	25.9
National - Retail	195.19	2.6	6.0	15.1
Top 10 MSAs ¹ - Apartments	222.82	0.1	12.8	12.9
Top 10 MSAs - Industrial	197.91	2.3	9.1	18.4
Top 10 MSAs - Office	171.06	-0.2	8.5	23.6
Top 10 MSAs - Retail	196.47	4.1	10.0	11.5
West - Apartments	191.38	-2.6	10.7	14.6
West - Industrial	180.40	2.9	10.6	16.3
West - Office	173.60	4.5	20.6	37.4
West - Retail	198.61	3.2	3.2	15.0
	Current Index ^A	1 Year Earlier	2 Years Earlier	
East - Apartments	219.34	14.1%	13.9%	
East - Industrial	185.71	10.2	15.0	
East - Office	193.60	16.1	31.1	
East - Retail	210.56	11.9	16.5	
South - Apartments	165.88	4.1	-5.1	
South - Industrial	194.79	9.9	29.4	
South - Office	180.68	3.3	18.3	
South - Retail	184.97	8.8	21.2	
So. California - Apartments	226.30	8.2	18.0	
So. California - Industrial	220.76	16.4	38.1	
So. California - Office	207.96	16.0	24.5	
So. California - Retail	226.89	4.2	21.6	
New York - Office	232.46	19.8	39.6	
San Francisco - Office	137.39	18.4	31.7	
Washington DC - Office	194.24	11.1	25.4	
Florida - Apartments	220.51	-3.1	4.9	

M Monthly series. Most recent data is through November 31, 2007.

Q Quarterly series. Most recent data is through the end of the 3rd quarter 2007. Analysis is based on data from that 3rd quarter.

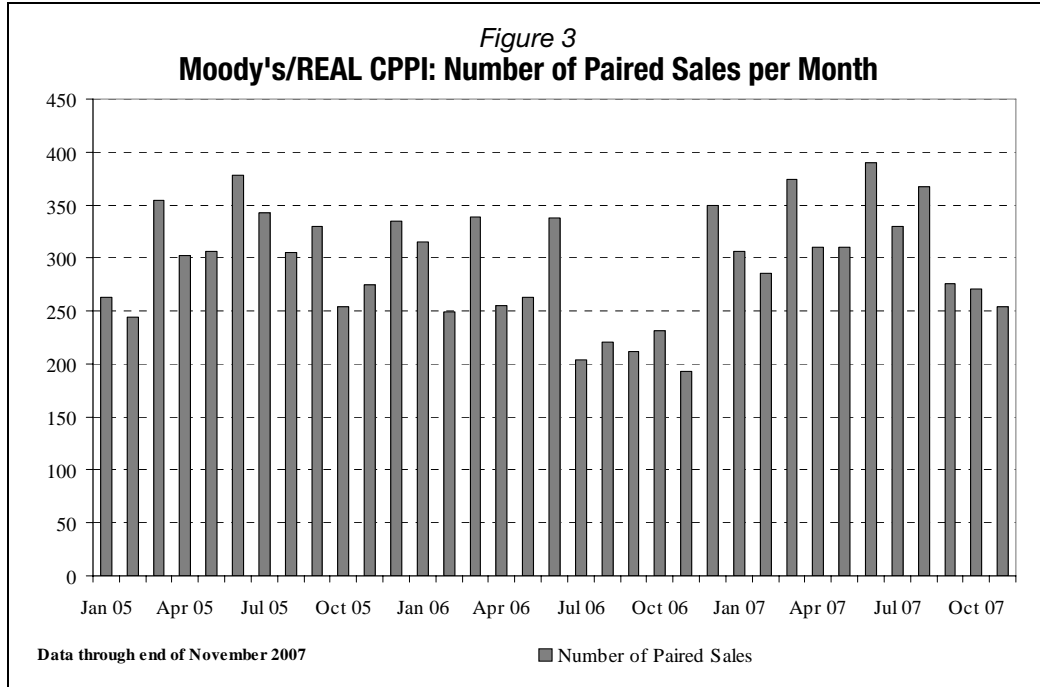
¹ Top Ten MSAs refers to the ten MSAs with the most transactions by dollar volume, in each property type.

A Annual series. Most recent data is through the end of the 3rd quarter 2007. Analysis is based on data from four quarters (4Q06, 1Q07, 2Q07, and 3Q07). Given that the measure is of a rolling four-quarter period, data as of the end of the 3rd quarter can not be compared with that from the end of the previous quarter.

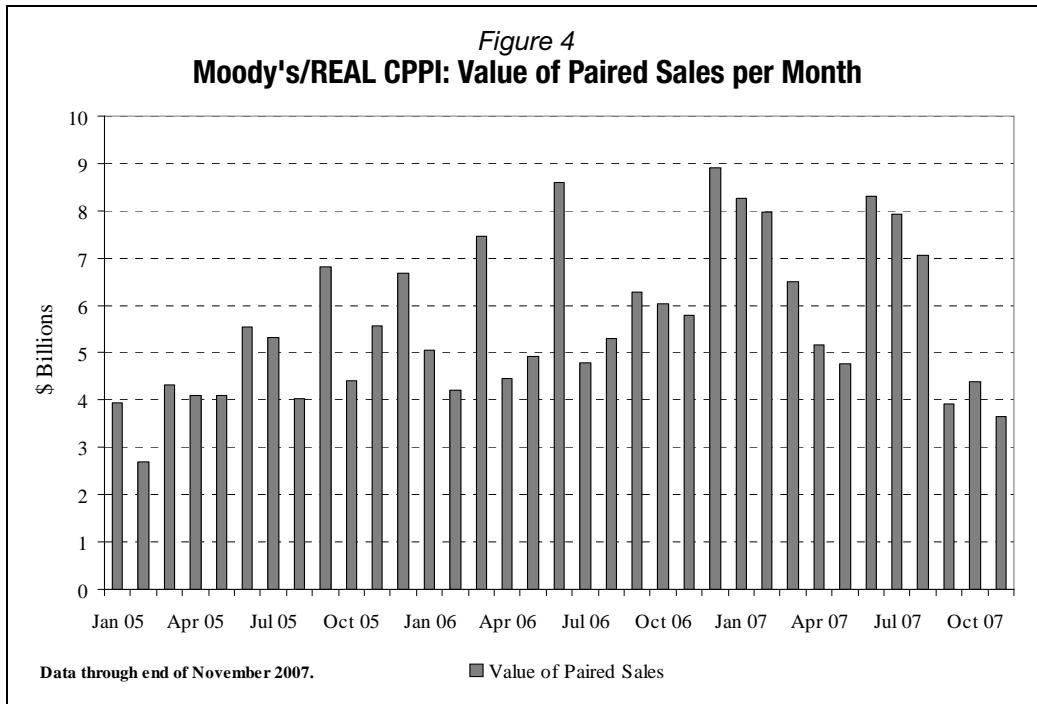
MOODY'S/REAL NATIONAL ALL PROPERTY AGGREGATE DECLINES SLIGHTLY, AND FOR THE SECOND TIME IN THREE MONTHS

As noted above, the Moody's/REAL CPPI declined in January (based on data through the end of November), albeit by a small amount. Nonetheless, this does represent the second decline in the last three months and appears to represent a plateau in commercial real estate prices. Price series often stumble along at the top, leveling off before experiencing a more consistent downward trajectory. Furthermore, we anticipate that at an inflection point in the market, the index would demonstrate some jumpiness, albeit with more downs than ups on a net basis.

Repeat sale transaction volume has declined in each of the last three months, measured either by number or dollar value. The number of transactions is below the monthly average pattern of the last three years (see *Figure 3*). However, it is not even to the lowest level in that time frame, and, more important, the pace of transactions is still more than ten times the threshold needed to calculate index.



Similarly, the dollar volume has backed off to a level below the average of the last three years, although not to the lowest level seen in that time horizon (see *Figure 4*). The value of the paired sales is not a factor in the ability to calculate the index, but these data are nonetheless provided here in the interest of transparency.



The attached Appendix includes the following:

- A calendar summarizing the report cycle, i.e., which indices are recalibrated in which month. The calendar also indicates the precise release dates for Moody's/REAL Indices for 2008 (*Figures 5, 6, and 7*).
- Charts for the 28 sub-indices that were not recalculated for this report. These are repeated from the previous report so that both data and charts for all indices, whatever the most recent calculation, are included here in one document for investors' convenience (*Figures 8 - 15*).

APPENDIX

Figure 5

CPPI: Report Release Cycle, 2008

	JANUARY	FEBRUARY	MARCH
	Jan. 22, 2008	Feb. 19, 2008	March 19, 2008
Report to be released:	Aggregate	Aggregate	Aggregate
For period:	November	December	January
Based on data through:	November 30	December 31	January 31
Report to be released:		12 Quarterly Indices (A)	16 Annual Indices (B)
For period:		4th Quarter	4th Quarter
Based on data through:		December 31	December 31
	APRIL	MAY	JUNE
	April 21, 2008	May 19, 2008	June 19, 2008
Report to be released:	Aggregate	Aggregate	Aggregate
For period:	February	March	April
Based on data through:	February 28/29	March 31	April 30
Report to be released:		12 Quarterly Indices (A)	16 Annual Indices (B)
For period:		1st Quarter	1st Quarter
Based on data through:		March 31	March 31
	JULY	AUGUST	SEPTEMBER
	July 21, 2008	Aug. 19, 2008	Sept. 22, 2008
Report to be released:	Aggregate	Aggregate	Aggregate
For period:	May	June	July
Based on data through:	May 31	June 30	July 31
Report to be released:		12 Quarterly Indices (A)	16 Annual Indices (B)
For period:		2nd Quarter	2nd Quarter
Based on data through:		June 30	June 30
	OCTOBER	NOVEMBER	DECEMBER
	Oct. 20, 2008	Nov. 19, 2008	Dec. 22, 2008
Report to be released:	Aggregate	Aggregate	Aggregate
For period:	August	September	October
Based on data through:	August 31	September 30	October 31
Report to be released:		12 Quarterly Indices (A)	16 Annual Indices (B)
For period:		3rd Quarter	3rd Quarter
Based on data through:		September 30	September 30

Figure 6

(A) 12 Quarterly Indices include the following:

APARTMENT	RETAIL	OFFICE	INDUSTRIAL
National Apartment	National Retail	National Office	National Industrial
Top 10 MSAs Apartment	Top 10 MSAs Retail	Top 10 MSAs Office	Top 10 MSAs Industrial
West Apartment	West Retail	West Office	West Industrial

Figure 7

(B) 16 Annual Indices with Quarterly Releases include the following:

APARTMENT	RETAIL	OFFICE	INDUSTRIAL
East Apartment	East Retail	East Office	East Industrial
South Apartment	South Retail	South Office	South Industrial
So. California Apartment	So. California Retail	So. California Office	So. California Industrial
Florida Apartment		New York Office San Francisco Office Washington DC Office	

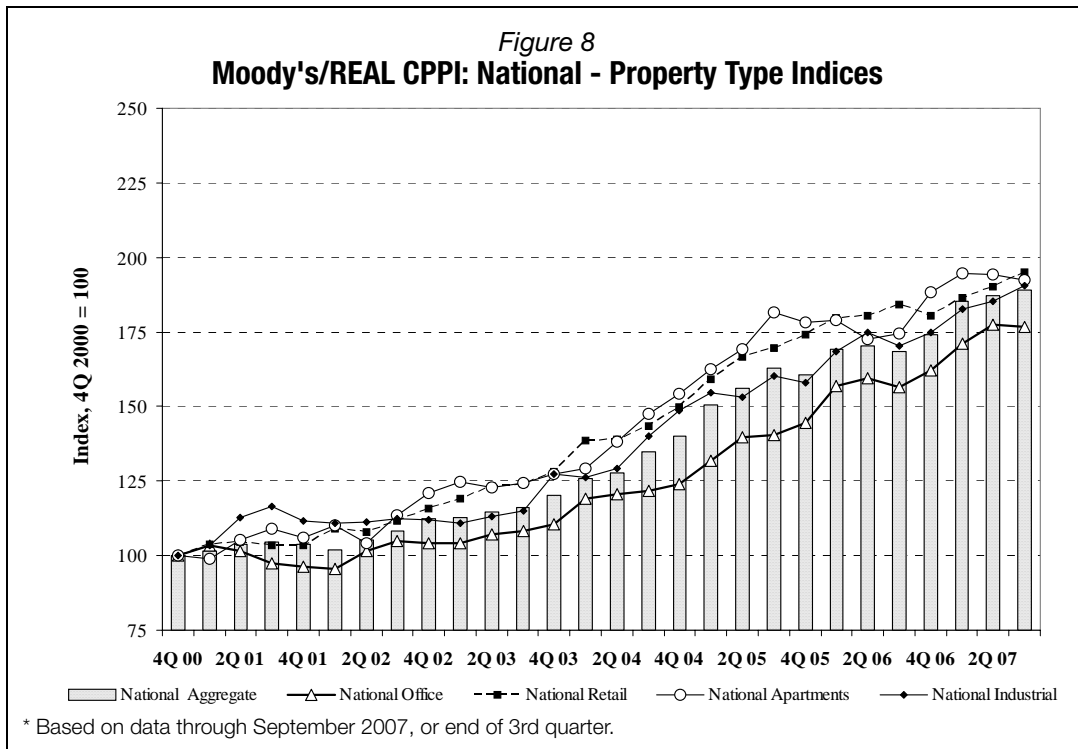
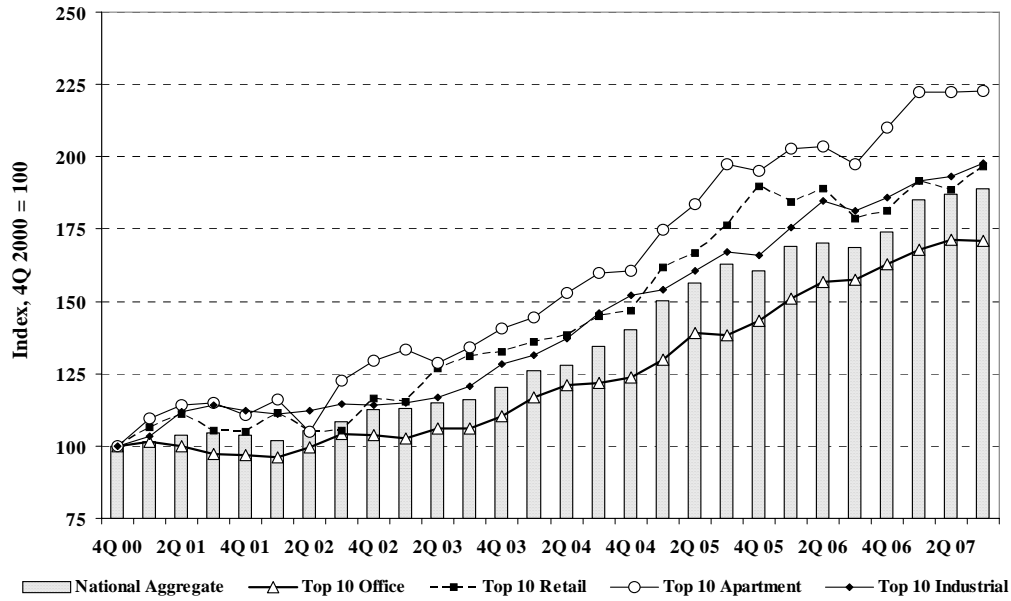
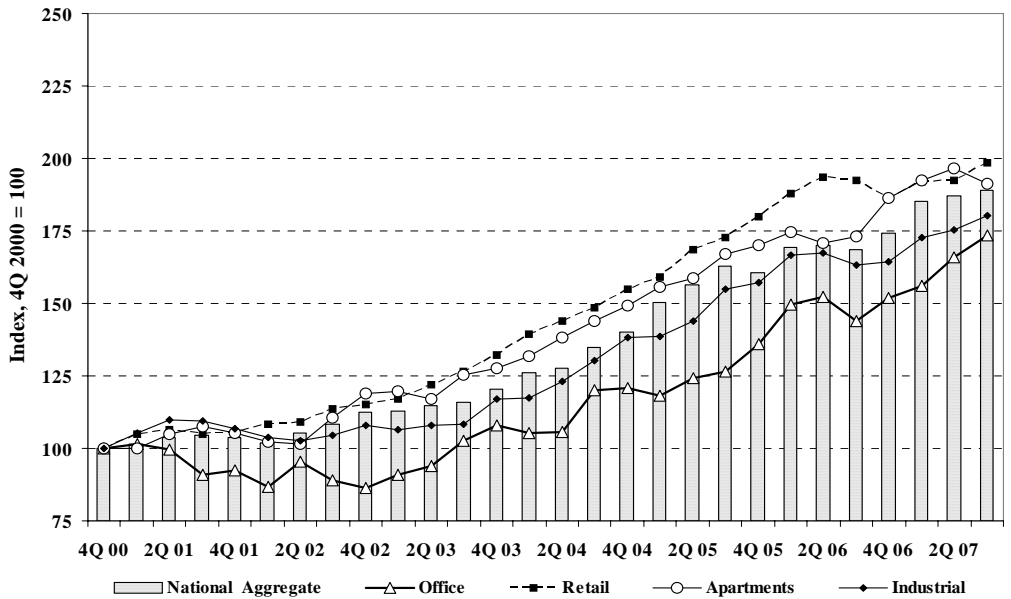


Figure 9
Moody's/REAL CPPI: Top Ten MSAs - Property Type Indices



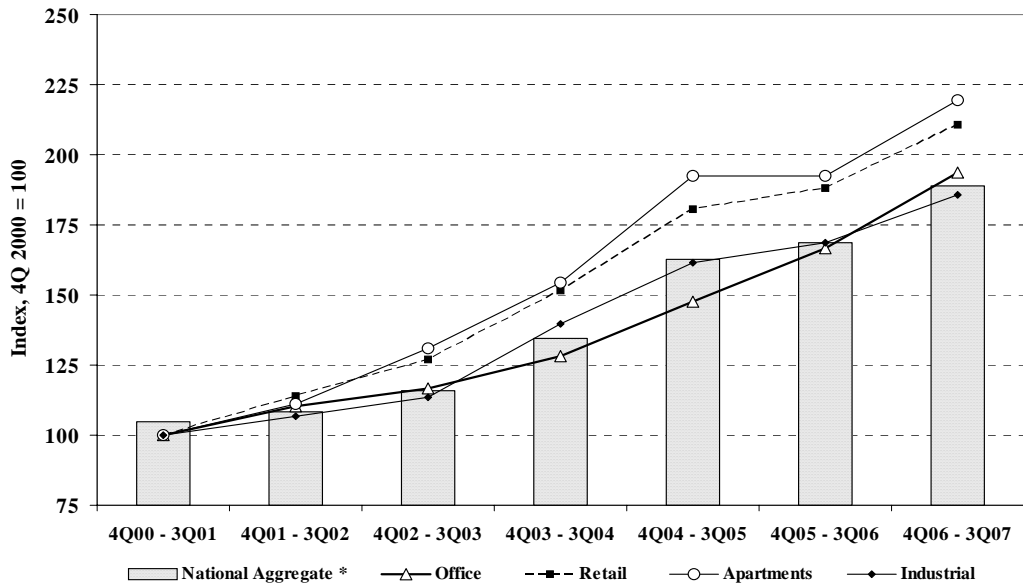
* Based on data through September 2007, or end of 3rd quarter.

Figure 10
Moody's/REAL CPPI: West - Property Type Indices



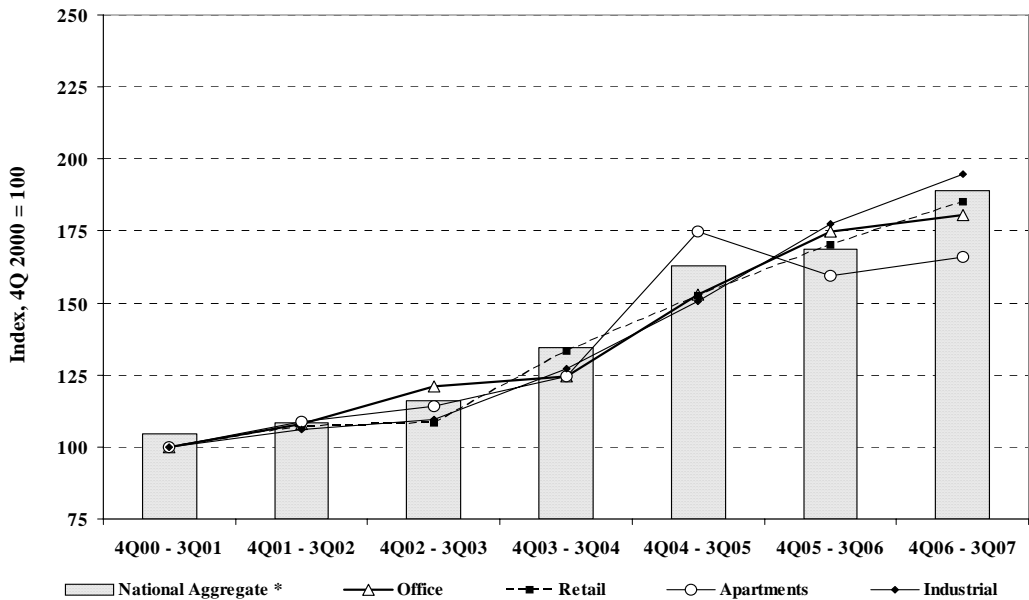
* Based on data through September 2007, or end of 3rd quarter.

Figure 11
Moody's/REAL CPPI: East - Property Type Indices



* National aggregate index, like the other series, is as of end of 3Q of each one-year period

Figure 12
Moody's/REAL CPPI: South - Property Type Indices



* National aggregate index, like the other series, is as of end of 3Q of each one-year period

Figure 13
Moody's/REAL CPPI: Southern California -- Property Type Indices

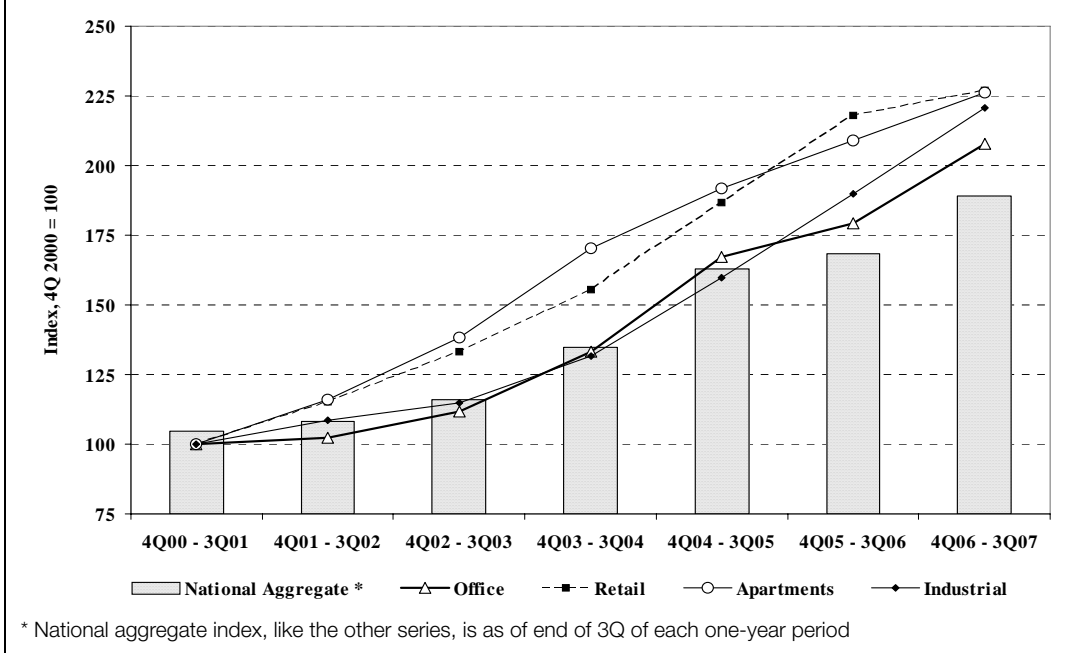


Figure 14
Moody's/REAL CPPI: Major Office Markets Indices

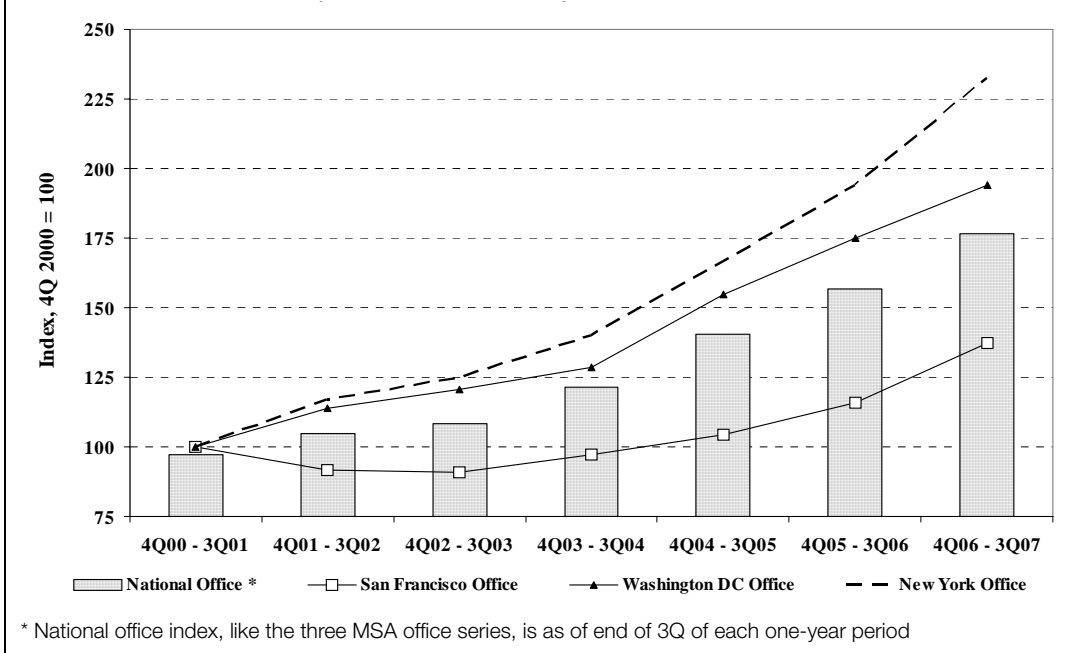
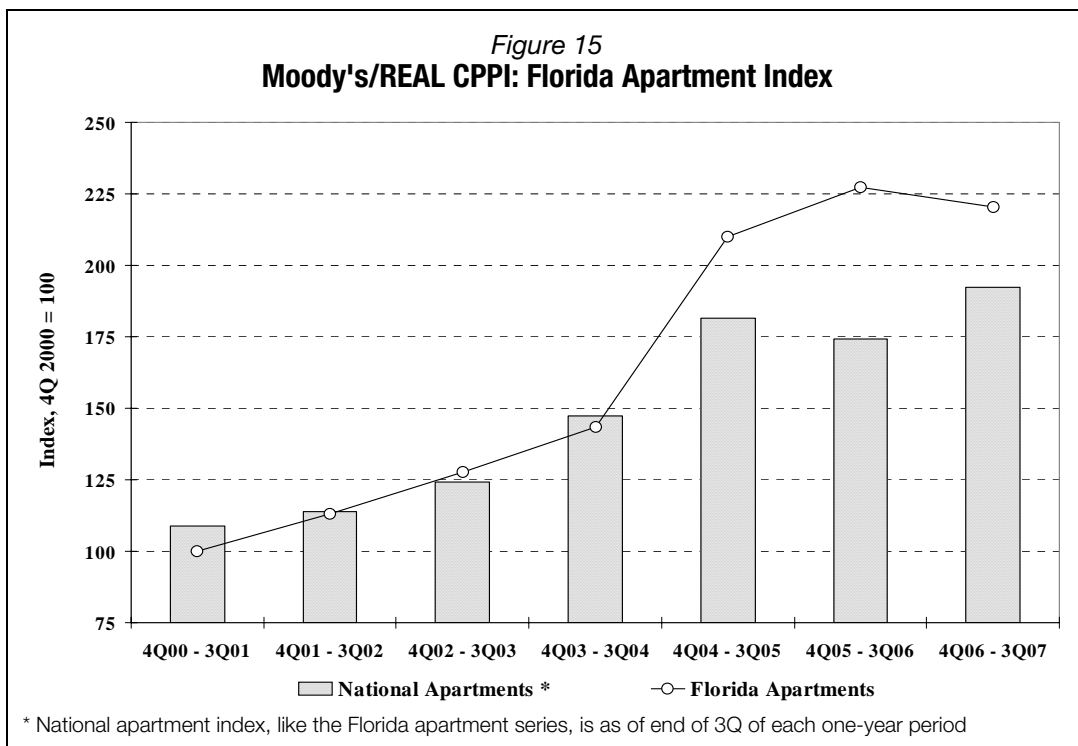


Figure 15
Moody's/REAL CPPI: Florida Apartment Index



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