

Market Trends

USA Q2 2009

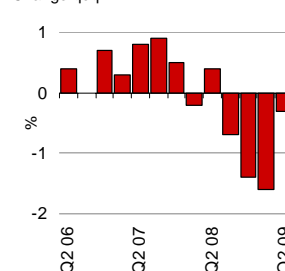
Economy

12-Months-Outlook ↘

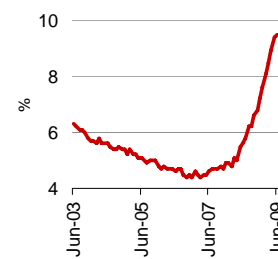
The US economy contracted severely in recent quarters, but signs of improvement arose midyear 2009. The fall in GDP moderated strongly and economic sentiment rebounded substantially. The downturn lost momentum. However, economic recovery will not start before 2010. The reduction in employment is unabated and will continue. Given some slight improvements for the overall economy, commercial real estate markets still face grim perspectives as they are typically lagging sectors.

GDP

Change qoq



Unemployment Rate

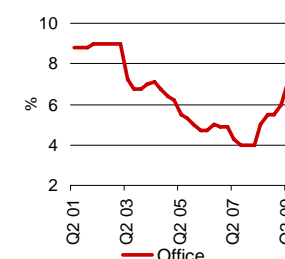


Investment

12-Months-Outlook ↘

Coming from historical lows, cap rates increase strongly since the outbreak of the crisis. Combined with falling rents, rising vacancies and less available debt capital property values continue their downward trend across all sectors. Further depreciations are foreseeable, but less pronounced. Problems for investors to meet near term debt obligations will increase and opportunities arise for equity strong investors as distress becomes more widespread.

Cap Rate New York



Market Value Changes

Real Estate

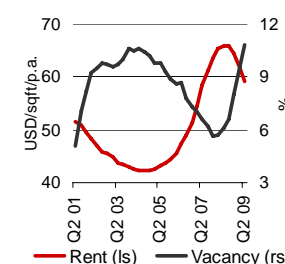
	Previous 12 Months	Outlook 12 Months
Office	-20%	-5%
Retail	-25%	-10%
Multi-Family	-10%	-5%

Office

12-Months-Outlook ↓

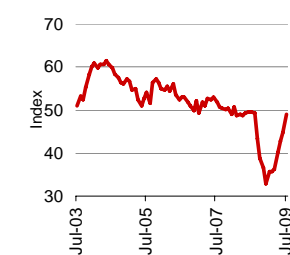
The current situation of the office market is determined by a contracting economy with a fast worsening labour market. Employment is plummeting particularly in the business services sector with the pace of reduction being unabated. Vacancies will rise and rents will fall further in the quarters to come. Consequently the outlook for the office market remains fraught at least until the employment development turns noticeably to the better.

Office New York



Economic Sentiment

ISM Index



Retail

12-Months-Outlook ↓

The environment for the retail market remains strongly negative. Although the decline in retail sales recently stopped and consumer confidence seems to level off, consumers are still financially heavily constrained (housing market crisis, strong indebtedness, recession, labour market development). Even when economic recovery will set up retail sales growth will be dampened for years as households have to reduce their indebtedness. All in all, the sector will continue to suffer for a longer period to come.

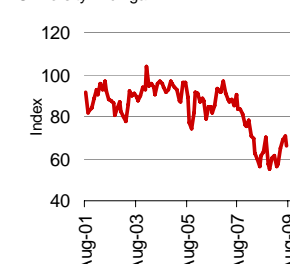
Retail Sales

Change yoy, Current Prices



Consumer Confidence

University Michigan



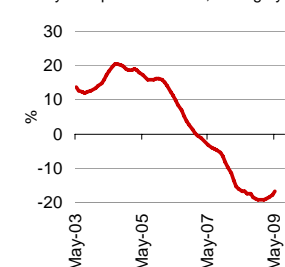
Residential

12-Months-Outlook ↘

The US housing market remains on the downswing. Despite first signs for consolidation the whole situation remains very poor and fragile. Positive effects from governmental and financial measures may be offset by the very negative development of the labour market. Negative job growth dampened demand for multi-family units too. However, due to demographics and a very limited supply pipeline the apartment sector should recover before others.

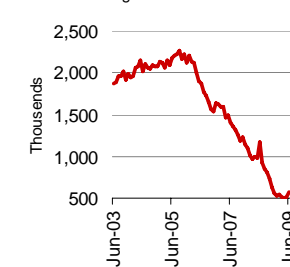
House Prices

10-City Comp. Case-Shiller, Change yoy



Units Authorized

Private Housing



ZRS RAC Research

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